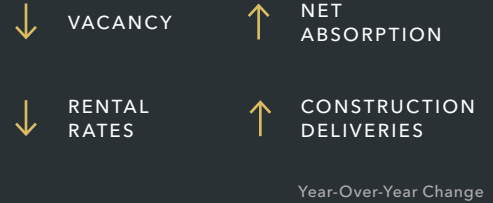


## MARKET TRENDS

# RENO

## MULTIFAMILY



*A total of 14 multifamily assets traded in Q3 of 2023 with a total volume of \$65,320,000 or an average price per unit of \$208,690.*

Of note, Northland out of Seattle acquired 2300 West Apartments (220 units) for \$46,200,000 (\$210,000 per unit) at a 5.15% pro forma cap rate. Even with spiking interest rates and cap rate expansion, buyer demand remains robust in northern Nevada. Apartment vacancy remains relatively low for Q3. Johnson Perkins-Griffin reported that the overall vacancy rate increased to 2.73% (+54 basis points) while asking rents decreased from \$1,661 to \$1,653.

Just under 4,000 apartment units are currently under construction, and nearly 5,000 apartment projects are in planning stages. With the increase in housing supply, we can expect monthly rents to decrease in certain submarkets.

To that end, eight of the eleven submarkets showed vacancy increases with the Midtown experiencing the highest vacancy, up +1.35% to 6.74% in Q3 compared to just 5.39% in Q2. One possible reason could be that Midtown rents are averaging \$1,835 per unit, the highest rent level in all submarkets. Anecdotally, RED Reno has seen rents averaging \$2,130 or \$2.47 per square foot averaging 81% occupancy. For perspective, just over a year ago RED was averaging \$2,353 or \$2.68 per square foot.

U.S. Treasury yields were steady after slipping back below 5%, though they remained near 16-year highs. The improvement in interest rates last week reflects the move to safer investments after the terrorist attack in Israel and concern over a broader conflict. Fannie Freddie reports that there's a good amount of economic data and factors working against interest rates. Essentially, the notion of an impending recession, which would give room for the Fed to start normalizing monetary policy, has been pushed further into 2024. We've likely seen the high watermark on 10-year rates, but it's not possible to say with conviction due to the recent volatility.

continued on page 4

### MARKET BREAKDOWN

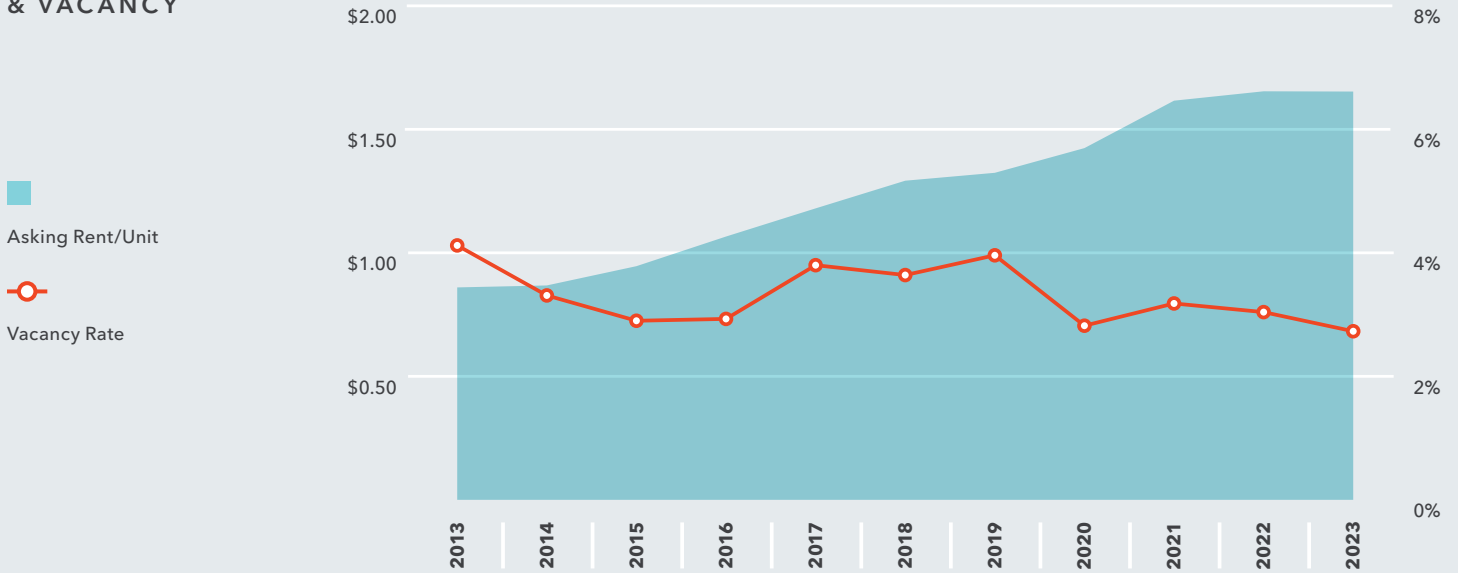
	3Q23	2Q23	3Q22	Annual % Change
New Construction	548	115	324	<b>69.14%</b>
Under Construction	3,926	4,584	3,815	<b>2.91%</b>
Vacancy Rate	2.73%	2.19%	3.44%	<b>-20.64%</b>
Average Asking Rents	\$1,653	\$1,661	\$1,654	<b>-0.06%</b>
Average Sales Price	\$208,690	\$249,395	\$201,887	<b>3.37%</b>
Cap Rates	5.1%	5.6%	4.5%	<b>13.33%</b>
Net Absorption	343	489	(112)	<b>-406.25%</b>

### AVERAGE RENT

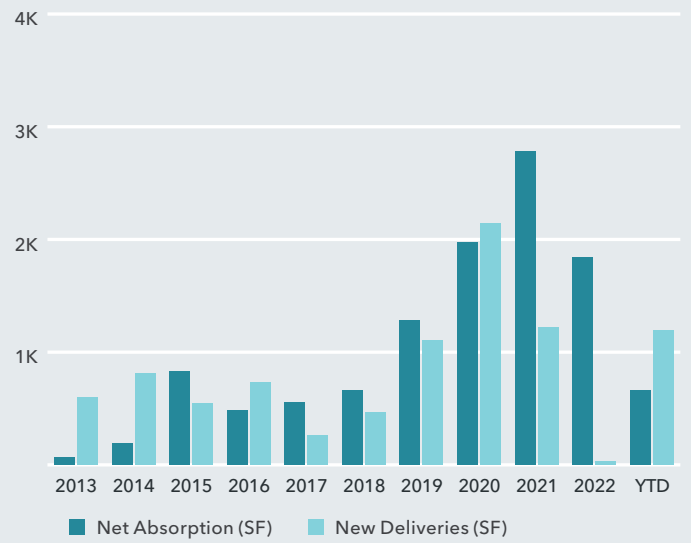
Unit Size	3Q23	2Q23	3Q22
Studio	\$1,248	\$1,180	\$1,184
1 Bedroom	\$1,466	\$1,479	\$1,473
2 Bedroom	\$1,665	\$1,678	\$2,012
3 Bedroom	\$2,202	\$2,181	\$2,215



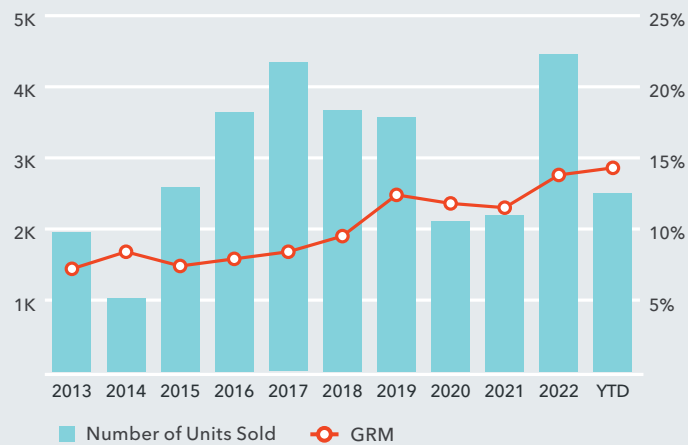
## LEASE RATE & VACANCY



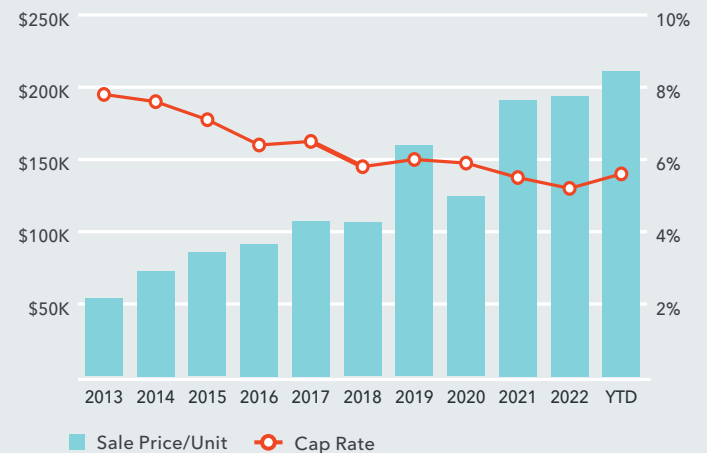
## NET ABSORPTION & NEW DELIVERIES



## NUMBER OF UNITS SOLD & GRM

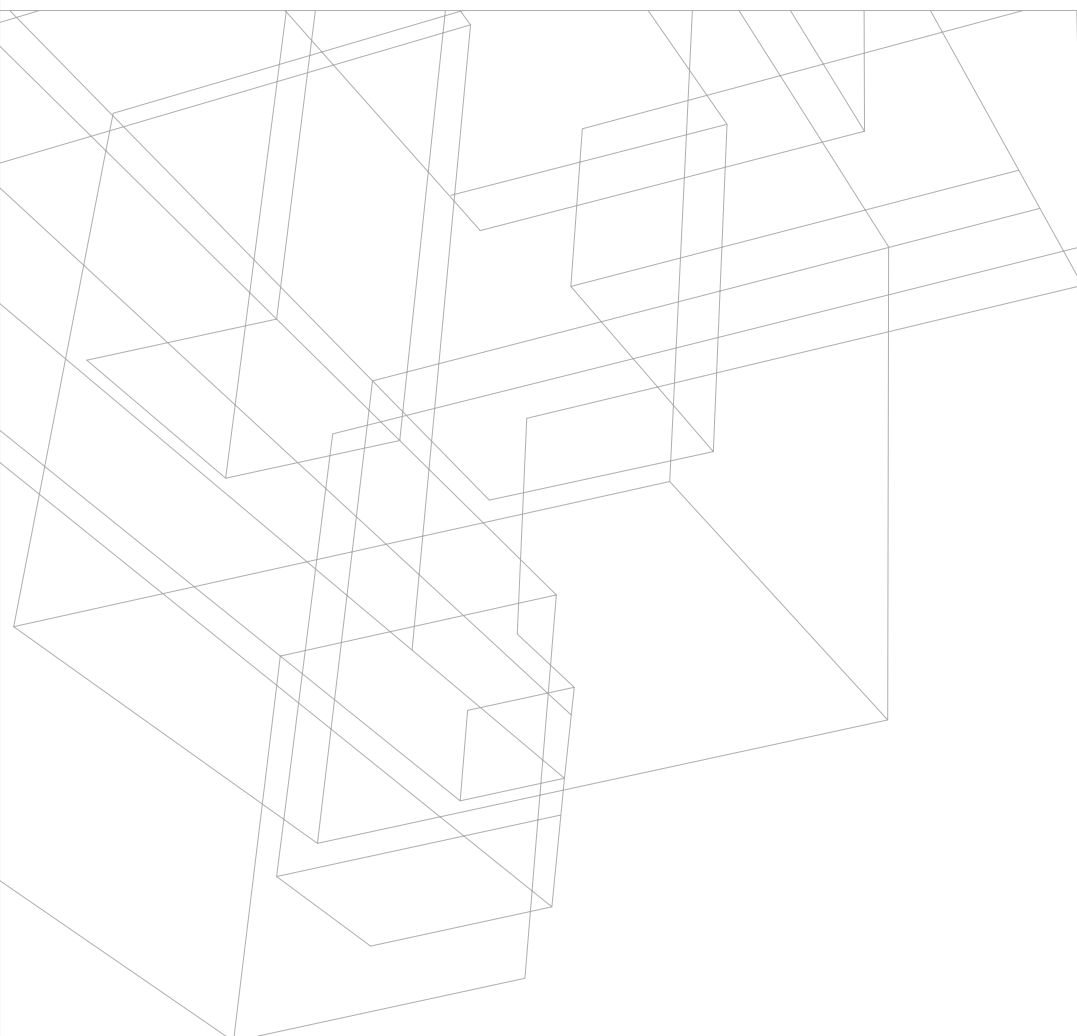


## AVERAGE SALES PRICE/UNIT & CAP RATE



## SUBMARKET STATISTICS

Submarket	Total Inventory	3Q23 Direct Vacancy Rate	2Q23 Direct Vacancy Rate	3Q23 Average Rates	2Q23 Average Rates
Downtown	4,234	6.74%	5.39%	\$1,835	\$1,774
Airport	8,500	3.21%	1.25%	\$1,509	\$1,458
Close-In Southwest	4,398	1.75%	1.53%	\$1,308	\$1,330
Southwest Reno	1,872	3.07%	1.93%	\$1,695	\$1,708
Northwest Reno	7,674	2.30%	1.86%	\$1,709	\$1,729
Northeast Reno	3,068	1.06%	1.81%	\$1,422	\$1,414
Southeast Reno	5,449	2.81%	1.84%	\$1,730	\$1,725
West Sparks/North Valley	9,474	2.29%	2.64%	\$1,500	\$1,462
East Sparks	6,561	3.43%	2.57%	\$1,778	\$1,865
<b>Reno-Sparks Total Market</b>	<b>51,230</b>	<b>2.73%</b>	<b>2.19%</b>	<b>\$1,653</b>	<b>\$1,661</b>



Markets are clearly trading off concern over the possibility of a broader conflict in the middle east. Additionally, Fed officials have indicated that they are ready to pause any further increases in the Fed Funds rate for the time being.

It remains to be seen what Q4 will look like, some community banks are starting to see strain on consumer lines of credit and residential real estate; however multifamily portfolios remain strong. Despite a looming recession, deals are still trading, and 1031 investors are still moving their capital to Reno.

**SIGNIFICANT SALE TRANSACTIONS**

Property	Submarket	# of Units	Sale Price	\$/SF	Buyer	Seller
2300 West	Northwest Reno	220	\$46,200,000	\$210,000	2300 West, LLC	Benedict Canyon Equities
Locust Canyon Apartments	Airport	24	\$4,500,000	\$187,500	Seaview Palms & Company	425 Grand Canyon Blvd, LLC
Midtown Manor	Airport	15	\$3,000,000	\$200,000	W & M Investments LLC	Pick Rentals, LLC

**SIGNIFICANT UNDER CONSTRUCTION**

Property	Address	Submarket	# of Units	Owner	Expected Delivery Date
Reno City Center	219 North Center Street	Downtown	530	CAI Investments	4Q 2023
Palomino	1160 Damonte Ranch Pkwy	Southeast Reno	482	Wolff Company, The	1Q 2024
Stonebrook	7900 Pyramid Way	East Sparks	396	Mountain States Property Management	1Q 2024

**RECENT COMPLETIONS**

Property	Address	Submarket	# of Units	Owner	Expected Delivery Date
The Dean	1475 North Virginia Street	Northeast Reno	196	GMH Communities	August 2023
Mod at Riverwalk 2	344 West 2nd Street	Downtown	69	Vargas, Christopher	August 2023
The Retreat	1100 Solitude Trail	Northwest Reno	283	Guardian Capital	July 2023

Data Source: EDD, CoStar, Johnson Perkins- Griffin



Kidder Mathews is the largest, independent commercial real estate firm on the West Coast, with 900 real estate professionals and staff in 20 offices in Washington, Oregon, California, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, asset services, consulting, project and construction management, and debt equity finance services for all property types.

The information in this report was composed by the Kidder Mathews Research Group.

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<b>COMMERCIAL BROKERAGE</b>	<i>\$12B</i> TRANSACTION VOLUME ANNUALLY	<i>32.1M</i> ANNUAL SALES SF	<i>41.2M</i> ANNUAL LEASING SF
<b>ASSET SERVICES</b>	<i>53M</i> MANAGEMENT PORTFOLIO SF	<i>771+</i> ASSETS UNDER MANAGEMENT	<i>250+</i> ASSET SERVICES CLIENTS
<b>VALUATION ADVISORY</b>	<i>2,600+</i> ASSIGNMENTS ANNUALLY	<i>41</i> TOTAL APPRAISERS	<i>23</i> WITH MAI DESIGNATIONS

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