

## MARKET TRENDS

# RENO MULTIFAMILY



Year-Over-Year Change

*A total of 10 multifamily assets traded in Q4 of 2023 with a total volume of \$20,150,000 or an average price per unit of \$214,643.*

Of note, a private investment company based out of San Jose, CA acquired Quail Manor Apartments (56 units) for \$14,500,000 (\$258,929 per unit) at a 5.20% cap rate (in place), Ben Nelson of Kidder Mathews conducted the sale. The buyer was coming out of a 1031 exchange in San Jose and sourced financing through Plumas Bank.

Apartment vacancies remain relatively low for Q4. Johnson Perkins-Griffin reported that the overall vacancy rate increased to 3.09% (+36 basis points) while asking rents decreased from \$1,653 to \$1,612.

Just over 3,684 apartment units are currently under construction, and nearly 4,771 apartment projects are in planning stages. All submarkets showed rental decreases during the quarter, led by Downtown experiencing the largest decrease (down \$1,687 in Q4 compared to \$1,835 in Q3). With vacancies on the rise, the hardest hit area remains the Airport submarket, with vacancies trending up (5.36% in Q4 compared to 3.21% in Q3). Several factors weigh into these changes, namely that tenants have been saving their money and have opted to “fly higher” to Class A apartments; another factor being lead tracking. Two property management sources stated that apartments are simply not getting the lead tracking they have been enjoying in the last several months.

A headline from Forbes stated that the Fed will be slow to cut interest rates in 2024, adding that The Federal Reserve will start cutting interest rates around mid-year 2024, but the cuts will be slow and gradual. Bond and mortgage rates will move earlier in anticipation of the Fed’s change in short-term interest rates. Underpinning the Fed’s policies will be the

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### MARKET BREAKDOWN

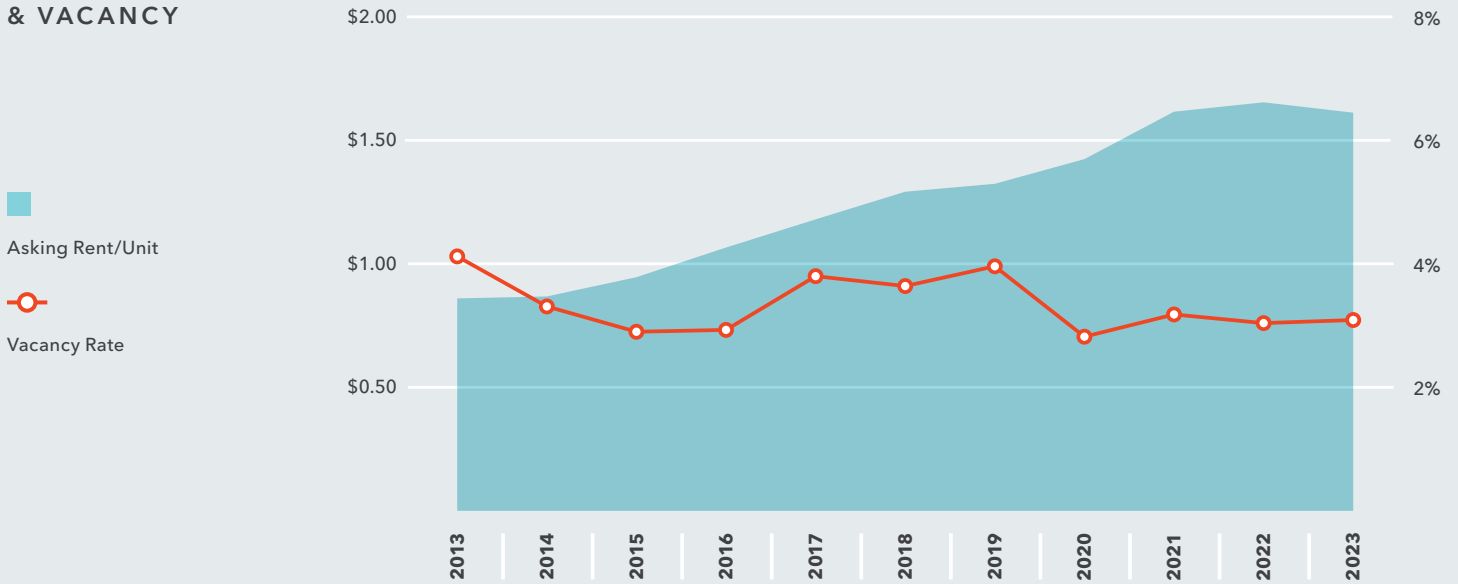
	4Q23	3Q23	4Q22	Annual % Change
New Construction	300	548	434	<b>-30.88%</b>
Under Construction	3,684	3,926	3,758	<b>-1.97%</b>
Vacancy Rate	3.09%	2.73%	3.04%	<b>1.64%</b>
Average Asking Rents	\$1,612	\$1,653	\$1,625	<b>-0.80%</b>
Average Sales Price	\$214,643	\$208,690	\$165,661	<b>29.57%</b>
Cap Rates	6.2%	5.1%	6.3%	<b>-1.59%</b>
Net Absorption	148	243	157	<b>N/A</b>

### AVERAGE RENT

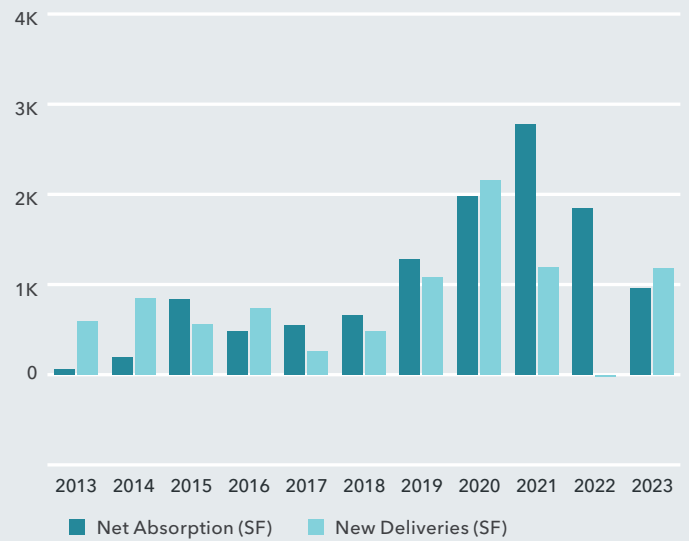
Unit Size	4Q23	3Q23	4Q22
Studio	\$1,193	\$1,248	\$1,099
1 Bedroom	\$1,433	\$1,466	\$1,463
2 Bedroom	\$1,624	\$1,665	\$1,633
3 Bedroom	\$2,182	\$2,202	\$2,123



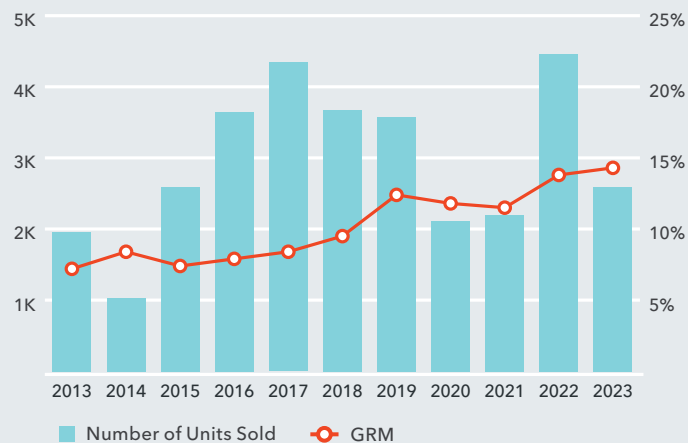
## LEASE RATE & VACANCY



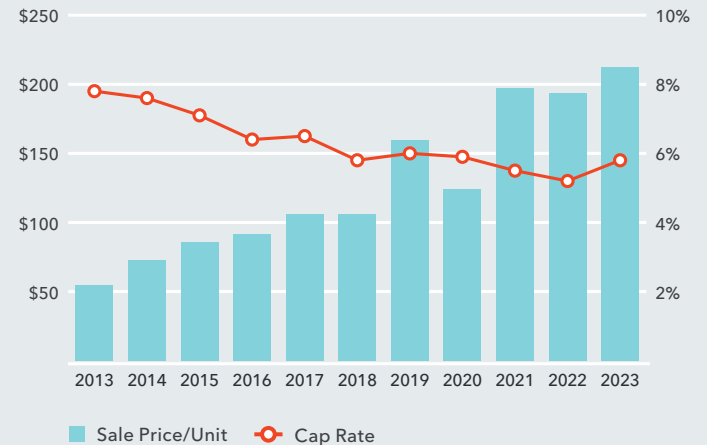
## NET ABSORPTION & NEW DELIVERIES



## NUMBER OF UNITS SOLD & GRM

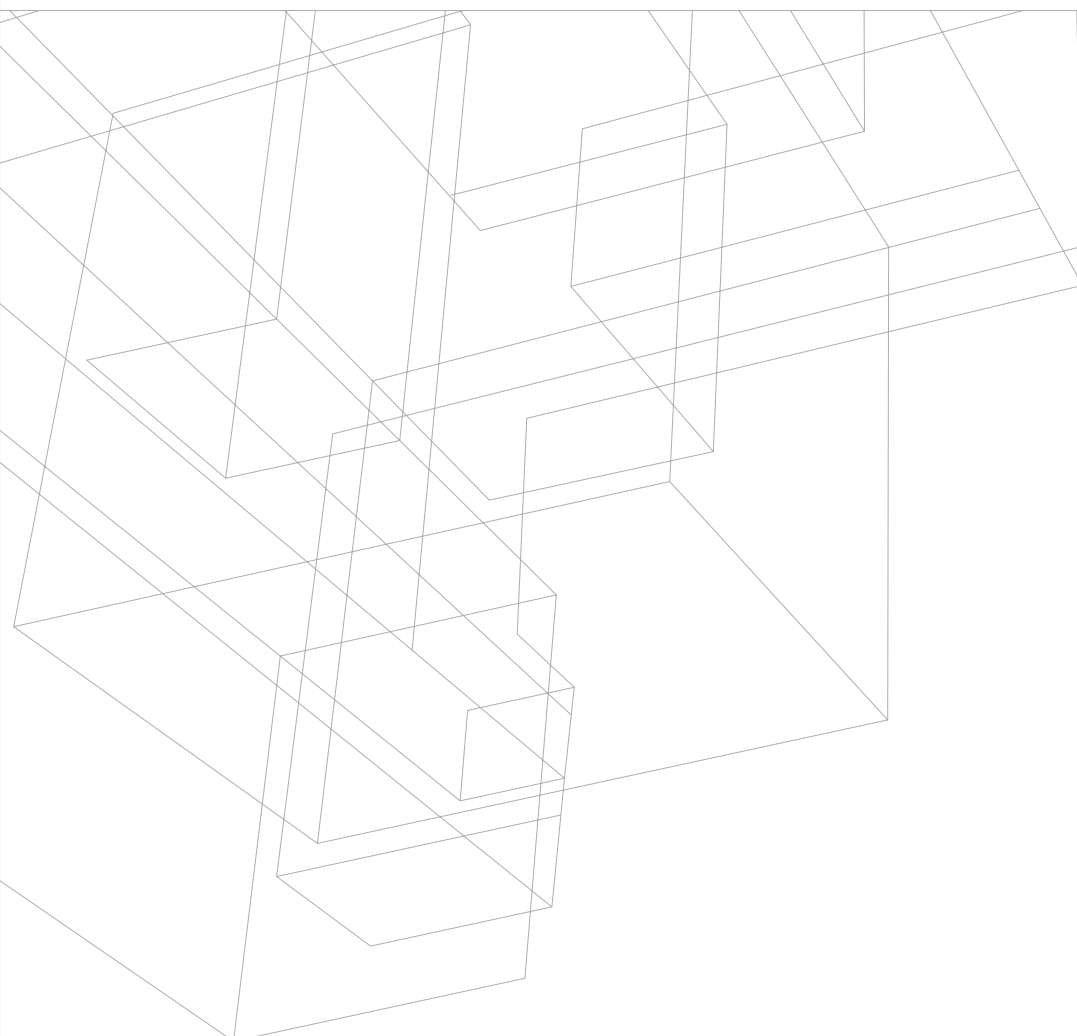


## AVERAGE SALES PRICE/UNIT & CAP RATE



## SUBMARKET STATISTICS

Submarket	Total Inventory	4Q23 Direct Vacancy Rate	3Q23 Direct Vacancy Rate	4Q23 Average Rates	3Q23 Average Rates
Downtown	4,234	6.64%	6.74%	\$1,687	\$1,835
Airport	8,500	5.36%	3.21%	\$1,430	\$1,509
Close-In Southwest	4,398	1.56%	1.75%	\$1,271	\$1,308
Southwest Reno	1,872	2.61%	3.07%	\$1,629	\$1,695
Northwest Reno	7,674	2.53%	2.30%	\$1,676	\$1,709
Northeast Reno	3,068	2.42%	1.06%	\$1,390	\$1,422
Southeast Reno	5,749	2.86%	2.81%	\$1,699	\$1,730
West Sparks/North Valley	9,474	2.60%	2.29%	\$1,450	\$1,500
East Sparks	6,561	4.21%	3.43%	\$1,764	\$1,778
<b>Reno-Sparks Total Market</b>	<b>51,530</b>	<b>3.09%</b>	<b>2.73%</b>	<b>\$1,612</b>	<b>\$1,653</b>



basic data on the economy regarding the risk of recession and the movement of inflation. The risk of recession has fallen, according to the judgment of economists. Notwithstanding, all of this is a welcome change for multifamily investment to Northern Nevada as cap rates have been following interest rates, averaging in the low to mid 5% range.

It remains to be seen what will 2024 will look like, community banks in northern Nevada are not seeing any strain yet with multifamily portfolios. If the Fed is true to form on decreasing rates, this should bode well for investment opportunities for buyers moving their capital to Reno.

### SIGNIFICANT SALE TRANSACTIONS

Property	Submarket	# of Units	Sale Price	\$/SF	Buyer	Seller
Quail Manor	Southeast Reno	56	\$14,500,000	\$258,929	75 Duplex Manor Real Estate Investments, LLC	MJD Capital Partners, LLC
823 Ralston St	Northwest Reno	20	\$3,600,000	\$180,000	USA Properties Fund	Berger Realty, LLC
701 Lander St	West Reno	10	\$2,050,000	\$205,000	J-Plus Properties, LLC	Frederick Courts, LLC

### SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	# of Units	Owner	Expected Delivery Date
Reno City Center	219 North Center Street	Downtown	530	CAI Investments	2Q 2024
Palomino	1160 Damonte Ranch Pkwy	Southeast Reno	482	Wolff Company, The	3Q 2024
Seasons at Stonebrook	7755 Tierra Del Sol Pkwy	East Sparks	396	Mountain States Property Management	1Q 2025

### RECENT COMPLETIONS

Property	Address	Submarket	# of Units	Owner
Integra Peaks	875 Damonte Ranch Pkwy	Southeast Reno	300	LDK Ventures

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.

**GARY BARAGONA**  
 Vice President of Research  
 415.229.8925  
 gary.baragona@kidder.com

**DAVID NELSON**  
 Regional President, Brokerage  
 Northern California & Nevada  
 775.301.1300  
 david.nelson@kidder.com  
 LIC N° 01716942

<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>2,800+</i> ASSIGNMENTS ANNUALLY	<i>42</i> TOTAL APPRAISERS	<i>23</i> WITH MAI DESIGNATIONS

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