

RENO, NEVADA

HEALTHY APARTMENT DEMAND WILL CONTINUE AMID STRONG ECONOMIC RECOVERY

After the Greater Reno workforce contracted in 2020, payrolls are forecast to improve and to surpass pre-pandemic levels by the end of next year. Driving the recovery will be the manufacturing sector and related development around it. Advanced manufacturing has established itself as a pillar of the local economy with the presence of Panasonic Corporation and Tesla Inc. While operational, the 5.3 million-square-foot Tesla Gigafactory 1 is about 30% done and will boost the construction industry over the next couple of years. Also underpinning construction hiring is a rise in apartment development. After approximately 1,700 units were added to the Greater Reno inventory in 2020, more than 2,600 units are scheduled to begin lease-up by year-end 2021. While deliveries will be spread across the metro, more than one out of every three additions will be in the South Reno submarket in residential neighborhoods with retail hubs near Interstate 580. The influx of new inventory, the rise in payrolls, and steady in-migration will sustain apartment demand this year. Even with positive leasing activity, annual absorption is projected to fall slightly short of deliveries to lead to a 10-basis-point dip in apartment occupancy to 96.1% by year-end. Operators are expected to respond with a measured acceleration in rent. After advancing 1.4% in 2020, monthly effective rent is forecast to increase 3.2% over the next four quarters to finish 2021 at \$1,316.



2021 MARKET AT A GLANCE



OCCUPANCY RATE

96.1%
Down 10 bps YOY



EFFECTIVE RENT

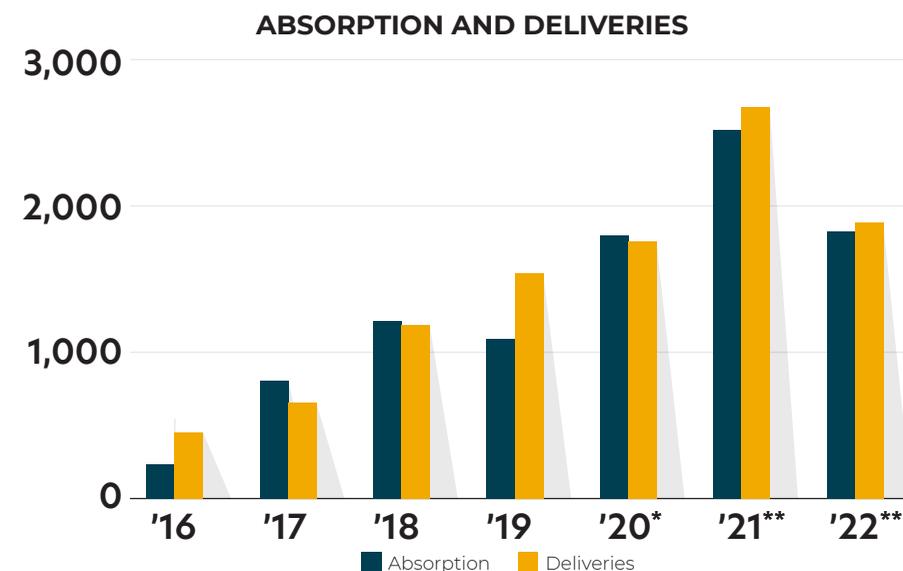
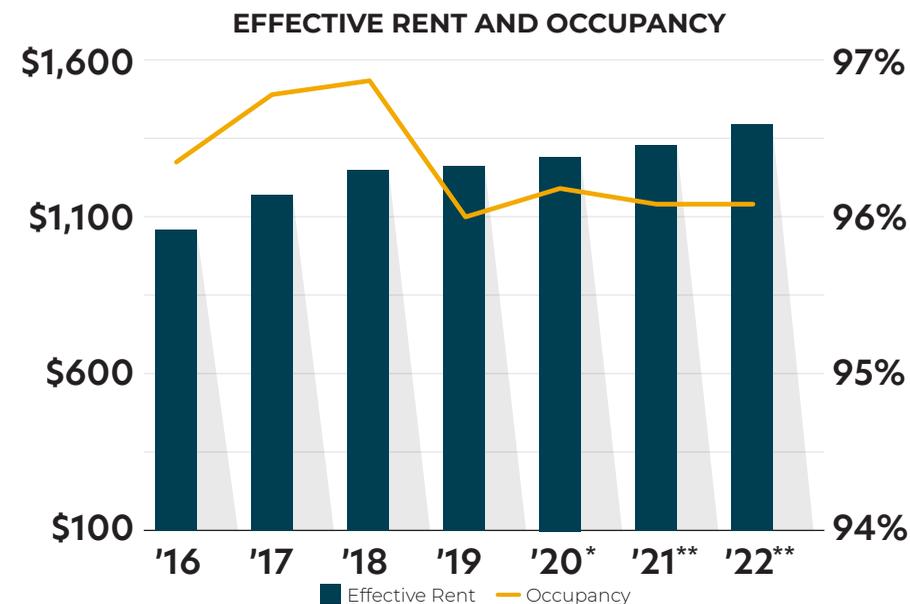
\$1,316
Up 3.2% YOY



RENT SHARE OF WALLET

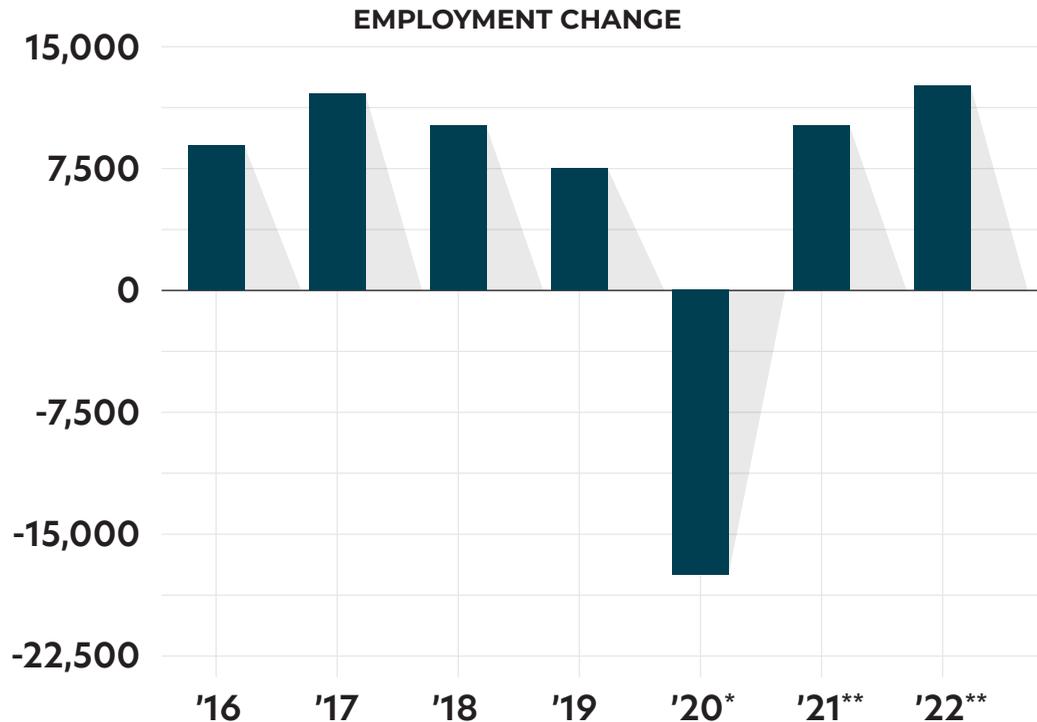
26.3%
Up 60 bps YOY

MARKET TRENDS



Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. *Numbers for 2020 are projected values; **2021/2022 figures are forecast projections. Apartment market data criteria and methodologies vary by market.

EMPLOYMENT TRENDS



EMPLOYMENT				
2019	YOY CHANGE	2020*	YOY CHANGE	2021**
253,600	-6.9%	236,100	4.3%	246,200

UNEMPLOYMENT RATE				
2019	YOY CHANGE	2020	YOY CHANGE	2021
2.0%	610 BPS	8.1%	-100 BPS	7.1%

POPULATION				
2019	YOY CHANGE	2020	YOY CHANGE	2021
479,900	1.3%	486,300	1.4%	493,300

HOUSEHOLDS				
2019	YOY CHANGE	2020	YOY CHANGE	2021
190,000	1.8%	193,400	2.3%	197,900

MEDIAN HOUSEHOLD INCOME				
2019	YOY CHANGE	2020	YOY CHANGE	2021
\$73,330	-18.9%	\$59,444	1.0%	\$60,030

SALES TRENDS

PRICE PER UNIT		
2019	YOY CHANGE	2020*
\$152,882	12.7%	\$172,228

CAP RATE		
2019	YOY CHANGE	2020
5.6%	-20 BPS	5.4%



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