

QUICK STATS

	Current	Change from last Qtr.
Vacancy	6.89%	↓
Avg. Asking Rent	\$645	↑

*The arrows are trend indicators over the specified time period and do not represent a positive or negative value.

INSIDE THE 2ND QUARTER

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MARKET OVERVIEW

Apartment market conditions for small and mid-size apartments (4 to 79 units) in Reno/Sparks continue to improve as vacancy decreased and rents increased for the second consecutive quarter. The average rental rate increased from \$625 to \$645 and the overall vacancy rate decreased from 7.56% to 6.89%. The overall rental rate for small and mid-size apartments has increased approximately 4.65% YTD 2008, which is much better than the YTD 2008 rent growth for large apartments (80+ units), which has actually decreased by 0.11%. However, large apartments are still showing a slightly lower vacancy rate at 6.83%. These improved indicators for small & mid-size apartments are most likely due to the continued absorption of the shadow market (single-family homes and condos available for rent), more renters for small & mid-size apartments being priced out of the shadow market, and the fact that there has been virtually no new supply coming on-line in 2007 and YTD 2008.

Unemployment for Washoe County was 6.4% at the end of the 2nd quarter up from 6.3% at the end of the 1st quarter and 4.4% a year earlier. However, total employment has increased by 5,100 jobs over the last year. We should experience more job growth in the short-term especially with projects such

as The Legends at Sparks Marina, a retail/entertainment destination center, which is set to generate 1,900 jobs in the first phase and open in late September 2008. The project may create up to 7,000 jobs when all phases are complete.

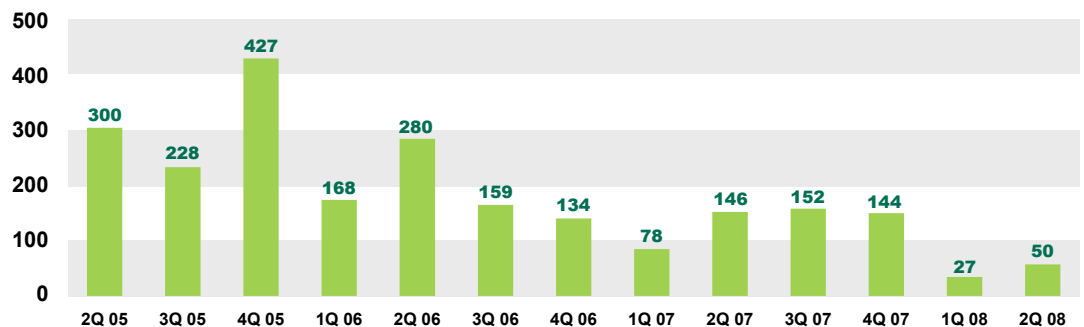
The Reno/Sparks market will continue to be considered a very strong market for future employment and population growth. Reno/Sparks was ranked the 31st best city in the United States to raise a family by Best Life Magazine (5/20/08). Nevada was ranked 2nd for having the best business tax structure in the country by the Small Business & Entrepreneurship Council (4/10/08) and California was ranked last. Lake Tahoe was picked as the top U.S destination among travelers who participate in Trip Advisor.

Future apartment development is currently strained due to the lack of good apartment land within the commercial core, high gas prices discouraging developers to build outside the McCarran Loop, and competitive construction financing becoming more difficult to obtain. Therefore, the primary economic indicators for the Reno/Sparks apartment market will continue to improve with continued job and population growth along with only 1,000 units +/- coming on-line through 2009.

Rents and Occupancy Increase for the 2nd Consecutive Quarter

NUMBER OF UNITS SOLD: 4-79 UNITS

Washoe County

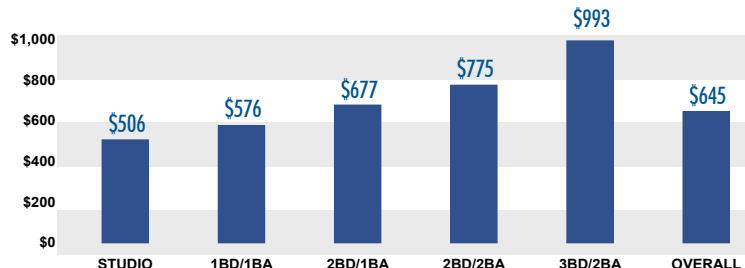


Source: Washoe County Assessors Office

RENTAL RATE BY UNIT TYPE

Washoe County

The average rental rate for the Reno/Sparks market for small & mid-size apartments is \$645, which is a 3.2% increase over last quarter. The average rental rate increased for 1bd/1ba and 3bd/1ba+ units by 1.41% and 16.28%, respectively. The substantial increase for 3bd/1ba+ units was primarily derived from large rental increases within the University submarket. The average rental rates for studios, 2bd/1ba, and 2bd/2ba units experienced minor decreases of 3.25%, 1.02%, and 1.52%, respectively.

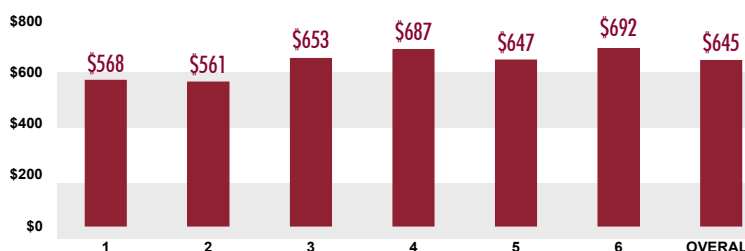


Source: The CBRE Multi-Housing Group - Reno June 2008 Apartment Survey

RENTAL RATE BY AREA

Washoe County

All submarkets except for Sparks (Area 1) and Downtown Reno (Area 2) experienced an increase in the average rental rate. The highest average rental rate submarket for small & mid-size apartments is still Northeast Reno (Area 6) at \$692. Please note that the Northeast submarket has a higher ratio of 2 bed units versus studio and 1 bed units when compared to the other submarkets, which is one reason it has the highest average rental rate. The other top rental submarkets are Northwest Reno (Area 4 – includes University area), Reno Core/Airport (Area 3 – the largest submarket), and Southwest Reno (Area 5) at \$687, \$653, and \$647, respectively. Sparks and Downtown Reno have average rental rates of \$568 and \$561, respectively. The Reno Core/Airport submarket had the largest quarter-to-quarter increase in average rental rate at 6.35%.

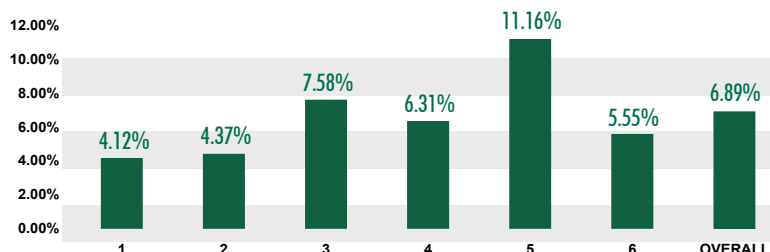


Source: The CBRE Multi-Housing Group - Reno June 2008 Apartment Survey

VACANCY RATE BY AREA

Washoe County

The overall vacancy rate for small & mid-size apartments in the Reno/Sparks market is 6.89%. Sparks (Area 1) and Downtown Reno (Area 2) have the lowest vacancy rates at 4.12% and 4.37%, respectively. The highest vacancy rate submarkets are Southwest Reno (Area 5) and Reno Core/Airport (Area 3) at 11.16% and 7.58%, respectively. The Northwest Reno (Area 4) submarket experienced the largest quarter-to-quarter decrease in vacancy from 10.43% in the 1st quarter to 6.31% in the 2nd quarter.



Source: The CBRE Multi-Housing Group - Reno June 2008 Apartment Survey

NORTHERN NEVADA 2Q SALES TRANSACTIONS: 4-79 UNITS

PROPERTY/ADDRESS	CITY	ZIP CODE	#OF UNITS	SALES PRICE	PRICE/UNIT	PRICE/SF
1263 & 1295 E. 7th St. / 775 & 795 Montello St.	Reno	89512	16	\$2,600,000	\$162,500	\$161.26
Grove Garden Condos *	Reno	89502	30	\$2,000,000	\$66,667	\$117.17
Carson Meadows Apartments **	Carson City	89701	30	\$1,960,000	\$65,333	\$75.29
25 S. Park Street	Reno	89502	4	\$350,000	\$87,500	\$114.45

* CB Richard Ellis represented the Seller

** CB Richard Ellis represented the Seller and Buyer

Source: Washoe County Assessor Offices

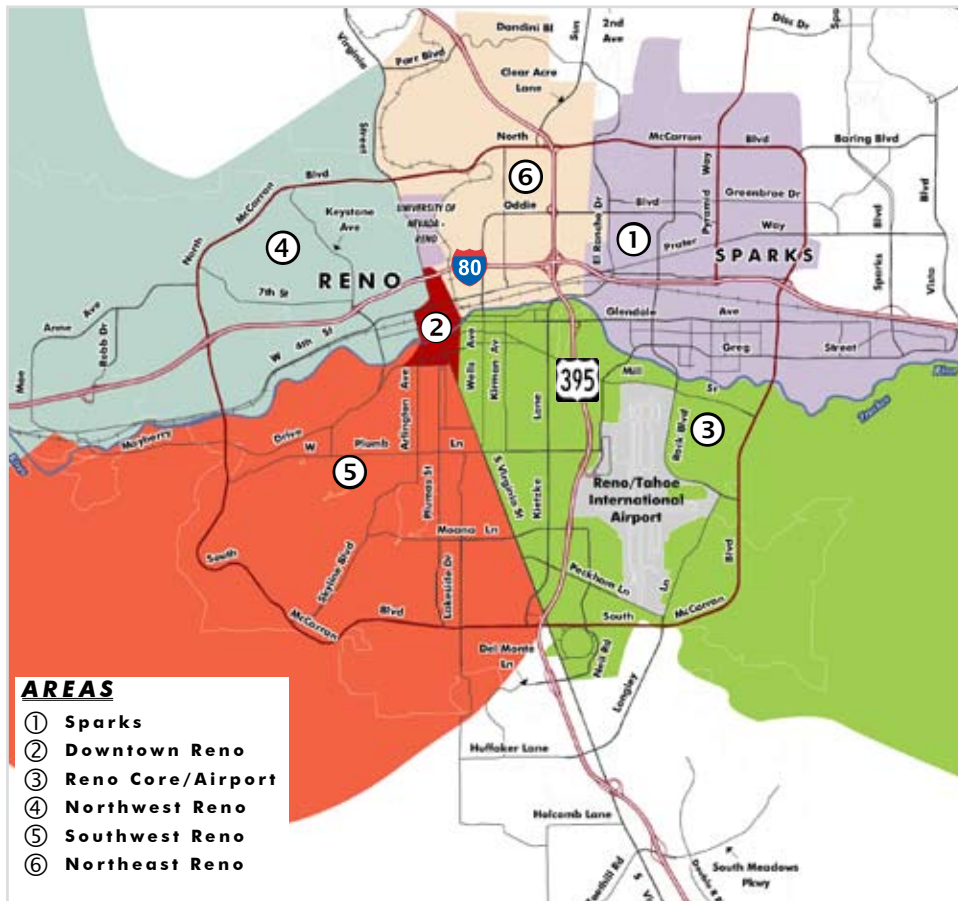
MULTI-HOUSING STATISTICS: 4-79 UNITS

LOCATION	VACANCY RATE	STUDIO	ONE BED / ONE BATH	TWO BED / ONE BATH	TWO BED / TWO BATH	THREE BED / ONE+ BATH	OVERALL
Area 1 - Sparks	4.12%	\$450	\$518	\$652	\$775	\$900	\$568
Area 2 - Downtown Reno	4.37%	\$503	\$584	\$706	\$960	N/A	\$561
Area 3 - Reno Core / Airport	7.58%	\$535	\$597	\$672	\$765	\$885	\$653
Area 4 - Northwest Reno	6.31%	\$499	\$597	\$694	\$773	\$1,650	\$687
Area 5 - Southwest Reno	11.16%	\$506	\$591	\$699	\$675	\$776	\$647
Area 6 - Northeast Reno	5.55%	N/A	\$522	\$639	\$895	\$839	\$692
OVERALL	6.89%	\$506	\$576	\$677	\$775	\$993	\$645

Source: Johnson-Perkins Apartment Survey July 2008 (Washoe County)

RENO/SPARKS AREA APARTMENT MAP: 4-79 UNITS

WEB CORNER



PLEASE NOTE THESE SUBMARKETS APPLY TO SMALL AND MID-SIZE APARTMENTS ONLY

- CBRE Multi-Housing Group | Reno Website www.cbre.com/MHGreno
- Economic Development Authority of Western Nevada (EDAWN) www.edawn.org
- Downtown Reno Makeover Site www.downtownmakeover.com
- Reno-Gazette Journal www.rgj.com
- Northern Nevada Business Weekly www.nnbw.biz
- Nevada Magazine www.nevadamagazine.com
- City of Reno www.ci.reno.nv.us
- City of Sparks www.ci.sparks.nv.us
- Washoe County (Reno/Sparks) www.co.washoe.nv.us
- Lyon County (Fernley/Dayton) www.lyon-county.org
- Carson City County (Carson City) www.carson-city.nv.us
- Douglas County (Minden/Gardnerville) www.douglascountynv.gov
- Churchill County (Fallon) www.churchillcounty.org

CURRENT LISTINGS

LOCATION/PROPERTY	CITY	PRICE	UNITS	CAP RATE	±SF	YEAR BUILT
Marina Village	Sparks	\$37,000,000	240	6.24%	227,640	2005
Woodside Village	Reno	\$21,250,000	250	6.10%	201,880	1977
Stardust Apartments	Reno	\$2,650,000	38	7.61%	31,110	1963
80-90 Burns St. and 123 Wonder St.	Reno	\$2,600,000	24	6.16%	17,620	1999/2000
Hwy 395 & Virbel Ln.	Reno	\$1,725,000	LAND	N/A	3 Acres	N/A
124 Ralston St. and 429 W. 1st St.	Reno	\$1,500,000	19	4.67%	10,639	1960
460 E. Grove Street	Reno	\$1,375,000	21	6.29%	12,600	1973
1365 & 1395 Stardust St.	Reno	\$1,200,000	16	7.02%	12,544	1964
1947-1965 Wedekind Road	Reno	\$1,190,000	17	7.23%	12,576	1963/1965
511 Roberts Street	Reno	\$1,185,000	12	7.28%	8,319	1939/2006
550 S. Wells Avenue	Reno	\$949,000	12	6.54%	8,178	1940
105 E. Nugget Avenue	Sparks	\$895,000	LAND	N/A	1.57 Ac.	N/A
231 1st Street	Sparks	\$860,000	11	6.10%	5,700	1987
3371 Gypsum Road	Reno	\$573,000	6	6.00%	4,590	1976
1275 Berrum Lane	Reno	\$560,000	7	5.88%	4,580	1944
2440 Sutro Street	Reno	\$505,000	6	6.53%	5,184	1964
2150(A) Sutro Street	Reno	\$499,950	4	6.77%	4,150	2003
2150(B) Sutro Street	Reno	\$499,950	4	6.77%	4,150	2003
2150(C) Sutro Street	Reno	\$499,950	4	6.77%	4,150	2003
2150(D) Sutro Street	Reno	\$499,950	4	6.77%	4,150	2003
342 W. 11th Street	Reno	\$495,000	4	5.68	3,198	1956
438 E. Taylor Street	Reno	\$475,000	6	6.25%	3,840	1984
Fremont Street	Fernley	\$395,000	LAND	N/A	3.63 Ac.	N/A
437 Wonder Street	Reno	\$299,950	2	5.97%	1,838	1939/1953
643 Elko Avenue	Reno	\$175,000	LAND	N/A	0.17 Ac.	N/A
Moran Street Land (S. Wells Ave.)	Reno	\$99,000	LAND	N/A	4,000	N/A
Rey Rex (Downtown) IN CONTRACT	Las Vegas	\$2,700,000	LAND	N/A	0.16 Ac.	N/A
Townhouse Apartments IN CONTRACT	Carson City	\$1,669,000	26	6.79%	15,114	1963
203-207 2nd Street SOLD	Sparks	\$960,000	12	6	6,960	1993

CBRE MULTI-HOUSING GROUP | RENO

The CBRE Multi-Housing Group - Reno is exclusively dedicated to multi-family properties in Northern Nevada. Offering over 35 years of combined experience in the apartment industry, the Team focuses on one-on-one relationships to understand the specific needs of each individual Client and the ability to maximize value in each transaction. Since 2001, the Team has sold approximately 6,054 units totaling over \$394 million dollars.

This unique assemblage of two highly experienced sales professionals offers our clients a diverse set of skills to better service them. The experience each partner brings to the table provides for a winning combination for our clients because it allows our team to accomplish multiple objectives simultaneously in order to provide superior service for our clients. Advising our clients to make intelligent real estate decisions regarding purchasing, selling or management of their existing assets are primary functions we provide.



CB RICHARD ELLIS

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THANK YOU to all those who contributed to making our 2nd Quarter 2008 Apartment Survey a success!

Please continue to join us in making this the "go-to" report for owners of small and mid-size apartment assets by submitting your survey starting the first day of September for our 3rd Quarter 2008 MarketView.

Please visit www.cbre.com/MHGreno for further details.

RENO MULTI-HOUSING GROUP

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