

MarketView

Reno Multi-Housing

www.cbre.com/mhgreno

80+ Units | Third Quarter 2008

QUICK STATS

Change from last

	Current	Yr.	Qtr
Vacancy	7.35%	↑	↑
Avg. Asking Rent	\$885	↑	↑



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

There really isn't much in the way of 'paradigm shift' type newsworthy events that we can bring to your attention. You all know the state of the nation's economy and the Northern Nevada region mirrors the nation's economic woes in most indicators. Existing home sales are up nationally and so are they here. The Reno Sparks Association of Realtors reports that more homes were sold in the first three quarters of 2008 than were sold in the entire year of 2007. The median sales price for the third quarter was \$245,000, down 9 percent from the previous quarter and 20 percent from the same period last year. Prudential Nevada Realty reported that 19 percent of the transactions in Washoe County were bank-owned or short sales, accounting for the price decline. Foreclosure-related activity was down overall according to Realty Trac. However, notices of trustee's sale or auctions jumped 74 percent month-over month.

Regionally, unemployment rates rose to 6.9 percent in Washoe County and 7.3 percent in Carson City. The merchandise/clothing sector of retail added 100 jobs in September. But the region's construction hotel-casino sectors each lost an estimated 300 jobs. On a brighter note, the Department of Employment, Training and Rehabilitation is forecasting 1.6% annual job growth in 2009. According to a recent EDAWN (Economic Development Authority of Western Nevada) survey, business/financial services, life sciences, and software companies expect to add 550 new jobs and \$39 million in capital investment to our market by 2011.

There are other bright spots to the future of our local market as well. Northern Nevada is at the forefront of the renewable energy movement. Just recently the U.S. Department of Energy awarded a \$3.4 million grant to Ormat Technologies of Reno, NV to test an enhanced geothermal system at Brady Power

Plant northeast of Fernley, NV. In addition Washoe County ranked 19th in the nation for per capita income (\$46,734). According to a survey completed by the Development Counselors International of New York City, the Nevada Business climate ranks 5th among all states (Texas is #1 and California is #50). On the tourism front, Reno will be included in National Geographic Adventure Magazine's next big segment, "Next 50 Great Adventure Towns". As for long-term growth, the State of Nevada Demographer projected Washoe County's population to grow 36% over the next 20 years to 595,000.

Specifically speaking to multi-family (80 units +), occupancy slipped again from 93.17 percent to 92.65 (Johnson-Perkins). RealFacts reports occupancy at 93.3 percent including properties less than 80 units. Frankly, we have not seen this level of vacancy since the 1st quarter of 1998. Overall monthly average rent rate remains relatively flat through September YTD at \$885 including all unit types (Johnson-Perkins). The implosion of the single-family housing market has been mixed for the apartment market. The decrease in homeownership has increased the pool of renters, but this is mitigated by the loss of jobs and the fallout in the single-family and condominium markets, which has created a shadow supply of rental units. Locally, larger new construction condominium projects such as Caviata, Waterstone, and the Village at Idlewild all hit the street as rentals.

Despite the weakening job market and sluggish economy, demand for apartment residences is still holding up well. The aforementioned new construction condo projects are leasing up at about 6 to 7 units per month. Needless to say, concessions this quarter are up over the previous quarter as owners are managing to maximize occupancy. (Continued on Page 2)

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Economic trends favor renting as well. The costs of renting are still lower than the costs of owning. Though we expect demand to remain constant through next year, new supply in 2009 will present a continued challenge to maintain occupancy. There are approximately 1,040 units approved and we expect all but 80 units to come on line early next year. Next year's market entries include Pioneer Meadows - 300 units in East Sparks, Park View Terrace - 308 units in Northeast Reno, and The Alexander - 350 units in South Reno.

Regarding transactional activity (units sold), this has been the slowest year in the last decade. So far this

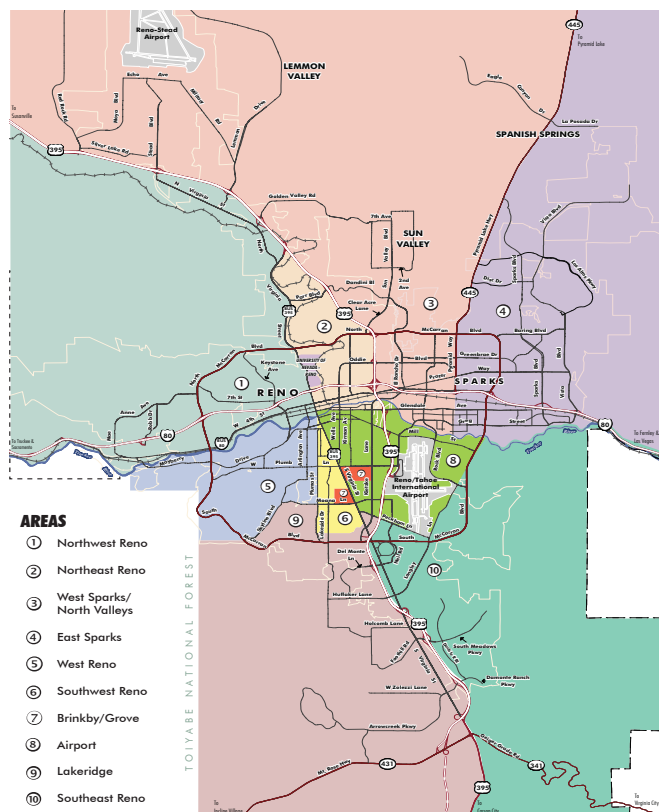
year 438 units have been sold. This compares to 2,227 units for all of last year. Annualized this represents approximately an 80% decrease in sales activity. There are several properties currently listed for sale. However, the challenge to realize a successful transaction continues to be a prevailing 'wait and see attitude' as investors seek a better sense of where the economy is going before making any new commitments, coupled with owners' perceived value compared to current value indices.....there is a gap. Investors will step up to acquire a stabilized performing asset with assured good rate of return, or one with obvious and predictable value add potential.

Market Statistics

LOCATION	VACANCY RATE	AVERAGE RENT
Area 1 – Northwest Reno	5.18%	\$909
Area 2 – Northeast Reno	8.28%	\$811
Area 3 – West Sparks/North Valleys	8.01%	\$786
Area 4 – East Sparks	3.77%	\$986
Area 5 – West Reno	8.44%	\$797
Area 6 – Southwest Reno	12.60%	\$816
Area 7 – Brinkby/Grove	7.81%	\$832
Area 8 – Airport	3.99%	\$862
Area 9 – Lakeridge	7.25%	\$1,072
Area 10 – Southeast Reno	7.66%	\$909

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

Reno/Sparks Area Apartment Map: 80+ Units



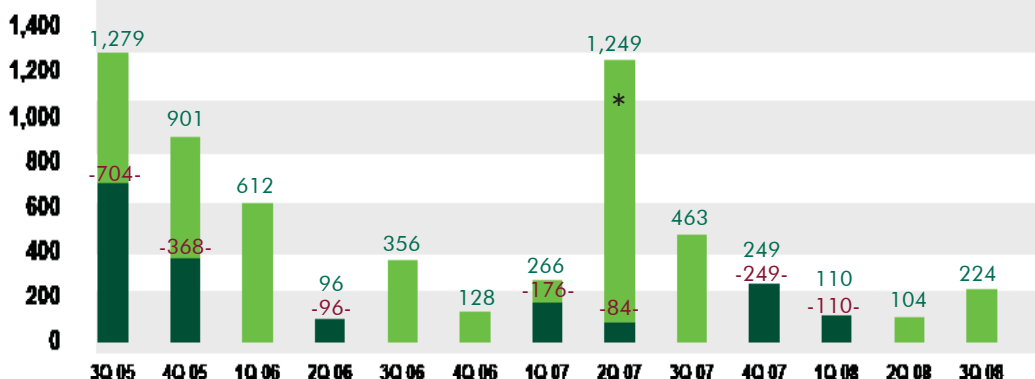
Source: Johnson-Perkins Apartment Survey

Web Corner

- 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

Number of Units Sold: 80+ Units

Total Units Sold
CBRE Transactions



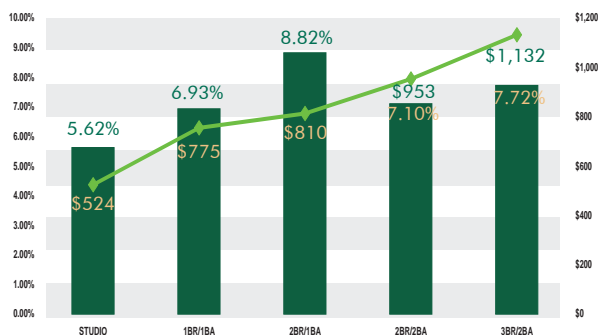
Source: Washoe County Assessor Offices

*1,052 Units were unbrokered in 2Q 2007

Current Vacancy & Rent Per Unit Type

Rent
Vacancy

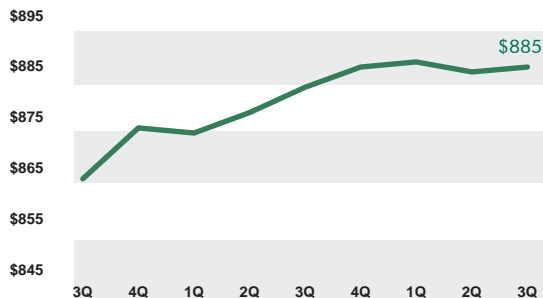
Washoe County



Vacancy rates increased for all type units except for studios which decreased from 6.34% to 5.62%. Perhaps we are experiencing some degree of gait-tightening on the part of singles tenant occupancy.

Average Rental Rates

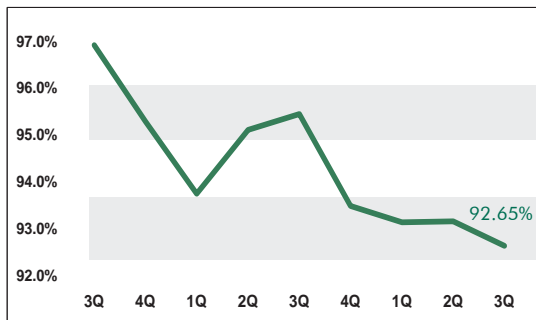
Washoe County



Through the third quarter of this year rents have remained flat. For the trailing 12 months the composite rent rate across all unit types has increased \$4 which represents an uptick of about one half of one percent.

Occupancy Rate

Washoe County



The overall vacancy rate for the 3rd quarter of 2008 shot above 7% for the first time in recent memory. Southwest Reno and area-wide luxury units had the highest vacancy at 12%. Northeast, Northwest Reno, East Sparks, and the Airport area all experienced a decrease in vacancy rate.

Northern Nevada 3Q Sales Transactions: 80+ Units

PROPERTY/ADDRESS	CITY	ZIP CODE	# OF UNITS	SALES PRICE	PRICE/UNIT	PRICE/SF
Bristle Point	Reno	89502	224	\$23,000,000	\$102,679	\$107.85

Source: Washoe County Assessor Offices

MarketView Office Name

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	\$17,500,000	250	6.40%	201,880	1977	
Stardust Apartments	Reno	\$2,600,000	38	7.75%	31,110	1963	
80-90 Burns St. and 123 Wonder St.	Reno	\$2,600,000	24	6.16%	17,620	1999/2000	
3700-3730 Kings Row	Reno	\$1,890,000	24	7.20%	18,000	1978	
Hwy 395 & Virbel Ln.	Reno	\$1,725,000	LAND	N/A	3 Acres	N/A	
W 11th Street & Buena Vista	Reno	\$1,585,000	17	5.40%	7,463	1929/48/66	
100 Ralston St. and 429 W. 1st St.	Reno	\$1,500,000	19	4.67%	10,639	1936/1960	
460 E. Grove Street	Reno	\$1,299,000	21	6.66%	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	6.03%	5,700	1987	
820 Spokane Street	Reno	\$625,000	9	7.00%	4,665	1961/1974	
1275 Berrum Lane	Reno	\$560,000	7	5.88%	4,580	1944/2001	
3371 Gypsum Road	Reno	\$527,000	6	6.16%	4,590	1976	
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	
2440 Sutro Street	Reno	\$485,000	6	6.80%	5,184	1964	
342 W. 11th Street	Reno	\$455,000	4	6.12%	3,198	1956	
438 E. Taylor Street	Reno	\$455,000	6	6.53%	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	\$1,250,000	30	N/A	6,792	N/A
Townhouse Apartments	IN CONTRACT	Carson City	\$1,599,000	26	7.05%	15,114	1963

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.

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Reno Multi-Housing Group

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