MARKET REPORT

MULTIFAMILY 2Q/26

Reno Metro Area

Marcus & Millichap

2026 FORECAST

EMPLOYMENT
5,500 Jobs will be created
1.9% Increase Y-O-Y

CONSTRUCTION
580 Units will be added
1.1% Inventory increase Y-O-Y

VACANCY
3.2% Vacancy rate
70 BPS decrease Y-O-Y

RENT
$1,770 Average effective rent by year-end
4.1% Increase Y-O-Y

Low Vacancy Stands Out on a National Scale Following Years of Significant Supply Pressure

Market overcomes multiyear delivery spike. Reno experienced the largest vacancy compression among major U.S. rental markets during the 12 months ended in March, reducing vacancy to 3.7 percent. While this would appear to warrant future supply additions, the metro's pipeline is scant by recent standards — a dynamic that is poised to aid local multifamily fundamentals. As of May, roughly 760 units were under construction, following 3,000 to 5,000 rentals that were underway at any time during 2021-2024. Most of the apartments currently under construction are slated for completion in 2027, limiting near-term competition for newer properties' stabilization and renewal efforts.

Rentals retain tenants with increased frequency. Driven by in-migration, the metro's population grew by more than 25,000 residents over the past five years. Recent renewal conversion rates indicate many of these households are staying in the market following their initial relocation. During the first quarter of 2026, the metro registered a 59.1 percent renewal rate, the highest mark since mid-2021. With steady domestic in-migration projected for the foreseeable future and multifamily construction pulling back, the metro is poised to rank as one of the nation's least-vacant rental markets by year-end.

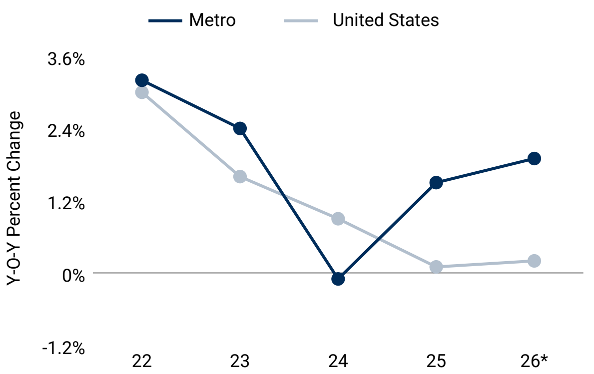
Employment

Reno employers added 2,100 jobs during the first four months of 2026, positioning the metro for a second consecutive year of moderate job creation. Manufacturing and logistics-related hiring continues following a wave of noteworthy industrial leasing highlighted by Tesla's 300,000-square-foot commitment this February. The metro is also projected to add office-using positions this year, which bodes well for Class A rental demand at a time when sector vacancy is nearly 100 basis points below its prior five-year average.

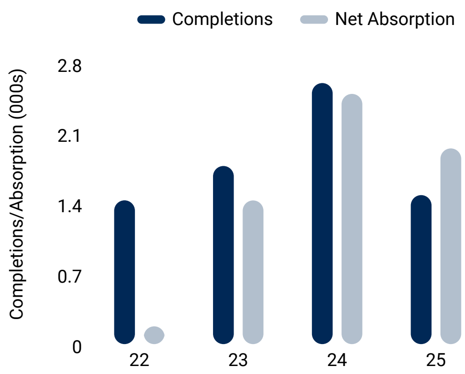
Construction

For the first time in six years, Reno's multifamily sector is slated to add fewer than 1,400 apartments, with a 320-unit property in Fernley highlighting the list of near-term deliveries. Local multifamily construction is poised to remain constrained in the near term, as the first half of 2026 saw no project starts. The pullback in rental construction is occurring alongside a slowdown in single-family homebuilding, with permitting down 33 percent year-over-year during the year ended in March.

EMPLOYMENT TRENDS



CONSTRUCTION TRENDS



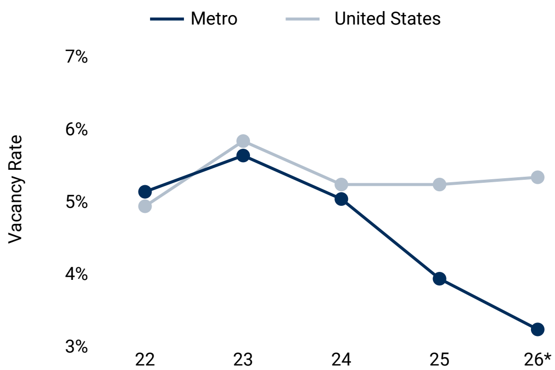
* Forecast

Sources: BLS; CoStar Group, Inc.; RealPage, Inc.

Vacancy

Vacancy declined or held in each of the metro's five submarkets during what was a volatile first quarter of 2026. As such, four of these areas entered April with vacancy in the 3 percent range, with East Reno the exception at 6.2 percent. With rental availability limited across most of the metro and favorable growth prospects in place, vacancy could again reach the 2 percent range in some of these submarkets. Should this materialize, investor interest in Reno could intensify.

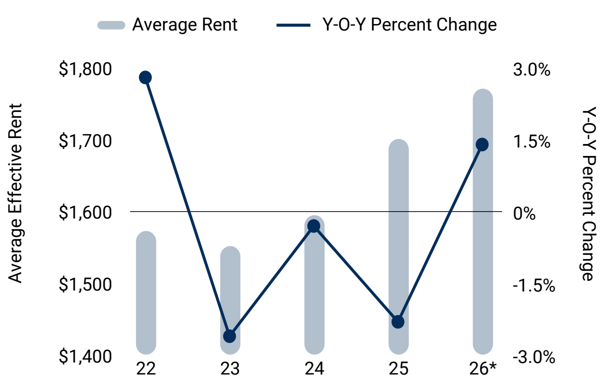
VACANCY TRENDS



Rent

The metro's improving renewal rate over the past 12 months, alongside encouraging new leasing activity, translated to the third-largest rent growth recorded across major U.S. rental markets. While the metro now represents the highest-cost major Mountain region market, its average effective rent will remain roughly $100 below the national average through year-end. Tight vacancy is likely to limit concessions usage, with fewer than 20 percent of units offering incentives during the first quarter.

RENT TRENDS



* Forecast ** Through 1Q

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

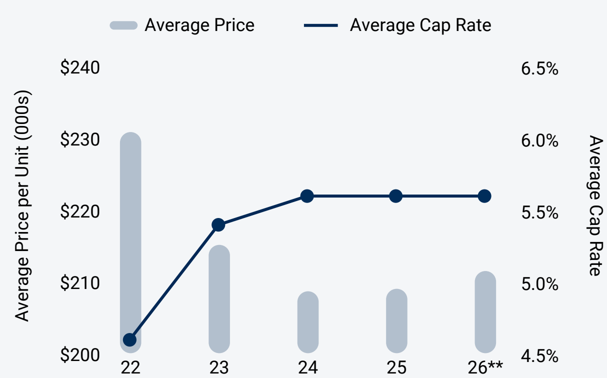
INVESTMENT HIGHLIGHTS

- A mix of Nevada- and California-based private investors is competing for smaller Class C properties throughout the metro, despite the segment's 5 percent vacancy rate. Over the past year, these assets commonly traded at prices below the metro average of $210,000 per unit — with cap rates ranging from the low-4 percent to the high-5 percent band. Lower-tier trading has been most apparent in Midtown and adjacent neighborhoods where opportunities to acquire sub-20 properties are most frequent.

- While sub-$5 million transactions drove deal flow over the past year, a handful of suburban properties with sizable unit counts also changed hands. Often requiring commitments of more than $40 million, these sales reflect a growing willingness by some institutional investors to enter or expand their existing footprint in tertiary markets with favorable long-term demand drivers. This interest may generate some sell-side activity among merchant builders with recent deliveries and owners who have executed value-add strategies at larger garden-style properties.

- Investors targeting submarkets where recent rent growth has offset or exceeded increases in operating costs may target listings in North Reno and Sparks. Spanning the past year ending in March, the average effective rent in these areas rose by 7.0 percent and 10.9 percent, respectively. Despite these spikes, the two submarkets led the metro in net absorption, translating to vacancy reductions of at least 90 basis points.

SALES TRENDS



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Price: $250