

APARTMENT SURVEY

4TH QUARTER 2014 DATA

RENO/SPARKS METRO AREA

PRESENTED BY

JOHNSON-PERKINS & ASSOCIATES, INC.
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TABLE OF CONTENTS

SURVEY COMMITTEE.....	1
DATA ACCUMULATION AND ANALYSIS.....	1
ACKNOWLEDGEMENTS.....	1
SURVEY SPONSORS.....	1
STATEMENT OF METHODOLOGY.....	2
ECONOMIC OUTLOOK.....	3
SUMMARY OF FINDINGS.....	4
HISTORICAL RENTAL AND VACANCY RATES BY UNIT TYPE.....	5
COMMENTARY.....	6
GUIDELINES.....	7
MARKET AREAS.....	8
MARKET AREA MAP.....	9
PROJECTS APPROVED AND/OR UNDER CONSTRUCTION.....	10
ABSORPTION.....	12
RENT CONCESSIONS.....	13
CONCESSIONS VERSUS VACANCIES CHART.....	14
SURVEY RESULTS.....	15
OVERALL RENO/SPARKS RENT & VACANCY DATA-ALL UNIT TYPES.....	16
STUDIO UNITS.....	17
ONE BEDROOM/ONE BATHROOM.....	18
TWO BEDROOM/ONE BATHROOM.....	19
TWO BEDROOM/TWO BATHROOM.....	20
THREE BEDROOM/TWO BATHROOM.....	21
TOWNHOUSE UNITS.....	22
AREA 1-NORTHWEST RENO.....	23
AREA 2-NORTHEAST RENO.....	24
AREA 3-WEST SPARKS/NORTH VALLEYS.....	25
AREA 4-EAST SPARKS.....	26
AREA 5-WEST RENO.....	27
AREA 6-SOUTHWEST RENO.....	28
AREA 7-BRINKBY/GROVE.....	29
AREA 8-AIRPORT.....	30
AREA 9-LAKERIDGE.....	31
AREA 10-SOUTHEAST RENO.....	32
SUMMARY BY UNIT TYPE.....	33
SUMMARY BY MARKET AREA.....	34
SUMMARY OF MAJOR APARTMENT PROJECT SALES IN 2014.....	35
SURVEY PARTICIPANTS.....	36

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**DATA ACCUMULATION AND ANALYSIS
COMPLETED BY**

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We would like to thank all participating management companies, municipalities, and the Survey Committee for their invaluable contributions to the design and content of this report.

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STATEMENT OF METHODOLOGY

The information presented in this report was collected and assembled from a combination of original research and secondary sources. This section summarizes the methods used in gathering the data.

Sources

The survey data is collected on a quarterly basis from participating apartment managers, management companies and owners. All information collected from individual complexes is completely confidential and only aggregate statistics are reported. The information furnished by the survey participants is considered reliable. However, the Survey Committee makes no warranty as to the reliability of the data and assumes no legal responsibility for the use of the data from the survey.

Survey Criteria

- The projects have 80 units or more in the Reno/Sparks service area;
- Projects reflect market rents. **Affordable housing, Student & Senior Housing Projects are excluded;**
- New projects have reached a stabilized occupancy of at least 90%;
- The projects have a competitive on-site management program; and
- A willingness of the on-site manager to participate in the survey.

The results of this survey depict the operating conditions of the average of 19,685 units reported. A total of 78 projects were surveyed. We believe the statistics presented here are representative of the overall conditions of the Reno-Sparks Survey Area.

Survey Modifications

One apartment project was taken out of the current survey as they were extensively renovating units, and therefore vacancies were significantly impacted in the project. The total apartment projects participating in the survey decreased from 78 projects to 77 projects, and total units decreased from 19,685 units to 19,559 units.

TOTAL NUMBER OF PROJECTS & UNITS-PRIOR TO CURRENT QUARTER			
	3 rd Quarter 2014	4 th Quarter 2014	Change
Total Projects	78	77	1 Less Project
Total Units	19,685	19,559	126 Fewer Units

ECONOMIC OUTLOOK

Nevada’s unemployment rate continued its downward trend in November, falling to a seasonally adjusted 6.9 percent from October’s 7.1 percent. This marks the 46th consecutive month of unemployment rate declines, year over year. “This is tremendous news for the state of Nevada. Today’s announcement marks the first month our unemployment rate has fallen below 7 percent since June 2008,” said Governor Brian Sandoval. “This news is a direct reflection on the strong, solid growth we are witnessing in our labor market which is becoming more sustainable and diversified. We must continue our efforts to create innovative opportunities to help the business community rebound and help our citizens find gainful employment.”

The Las Vegas-Paradise and Reno-Sparks MSAs are both down 1.9 percentage points from November 2013. Las Vegas’ rate registered at 7.1 percent in November and the Reno-Sparks rate was 6.4 percent. The Carson City MSA is down 2.1 percentage points over the year to 7.1 percent. “Month to month volatility in the metro areas is not unusual,” said Bill Anderson, chief economist for Nevada’s Department of Employment, Training and Rehabilitation. “A better indication of the state’s labor market can be seen in the year-over-year readings of the adjusted unemployment rates. All indications suggest that the state and metro areas are showing positive signs of recovery.” Nevada’s jobs grew by a seasonally adjusted 2,400 in November, relative to October. Year over year, jobs are up by 27,100, the 47th consecutive year-over-year gain. Professional and business services had the highest growth rate in November at 7.5 percent, adding 11,300 jobs to payrolls relative to last November. This was followed by a 5.3 percent growth rate in the construction industry, in adding 3,100 jobs year-over-year.

November 2014 Unemployment Rates By Region

Economic Indicators	
UNEMPLOYMENT RATES November 2014	
Nevada*	6.9%
Las Vegas MSA	7.1%
Reno-Sparks MSA	6.4%
Carson City MSA	7.1%
Elko Micropolitan Area	4.4%
United States*	5.8%
California*	7.2%
JOB GROWTH (YOY)*	
Nevada*	2.3%
Las Vegas MSA	2.5%
Reno-Sparks MSA	1.6%
Carson City MSA	-1.1%
United States*	2.0%
California*	2.2%
CONSUMER PRICE INDEX (YOY)	
United States	1.3%
GAMING WIN (YOY) Oct 2014	
Nevada	-4.3%
Clark County	-6.2%
Washoe County	6.8%
TAXABLE SALES (YOY) Oct 2014	
Nevada	4.9%
Clark County	5.3%
Washoe County	10.8%

* Seasonally Adjusted

Source: Nevada Department of Employment, Training and Rehabilitation Economic Summary November 2014

SUMMARY OF FINDINGS

AVERAGE SIZE, AVERAGE RENT & AVERAGE VACANCY RATE BY UNIT TYPE

	STUDIOS	1 BED/ 1 BATH	2 BED/ 1 BATH	2 BED/ 2 BATH	3 BED/ 2 BATH	TOWNHOME	TOTALS
Average SF-By Unit Type	406 SF	718 SF	849 SF	1,037 SF	1,263 SF	1,288 SF	883 SF
Average Rent-By Unit Type	\$555	\$775	\$797	\$968	\$1,176	\$1,096	\$868
Average Rent/SF-By Unit Type	\$1.37	\$1.08	\$0.94	\$0.93	\$0.93	\$0.85	\$0.98
Indicated Vacancy Rate-By Unit Type	1.35%	3.14%	3.90%	3.24%	4.23%	4.44%	3.31%

OVERALL AVERAGE RENT & VACANCY-PRIOR & CURRENT QUARTER

	3 rd Quarter 2014	4 th Quarter 2014	Change
Average Vacancy	2.13%	3.31%	+ 118 Basis Points
Average Rent	\$887	\$868	-\$19 or -2.14%

COMPARISON OF RENTAL RATES & VACANCY RATES TO PRIOR QUARTER

UNIT TYPE	AVERAGE RENT			AVERAGE VACANCY		
	3 rd Qtr. 2014	4 th Qtr. 2014	Result	3 rd Qtr. 2014	4 th Qtr. 2014	Result
Studio	\$540	\$555	↑	1.35%	1.35%	=
1 Bedroom/1 Bath	\$768	\$775	↑	2.16%	3.14%	↑
2 Bedroom/1 Bath	\$796	\$797	↑	2.58%	3.90%	↑
2 Bedroom/2 Bath	\$1,023	\$968	↓	1.96%	3.24%	↑
3 Bedroom/2 Bath	\$1,189	\$1,176	↓	2.10%	4.23%	↑
Townhouse	\$1,106	\$1,096	↓	6.23%	4.44%	↓
TOTALS	\$887	\$868	↓	2.13%	3.31%	↑

RENTAL AND VACANCY RATES BY SUB-MARKET AREA

Area	Sub-Market	AVERAGE RENT			AVERAGE VACANCY		
		3 rd Qtr. 2014	4 th Qtr. 2014	Result	3 rd Qtr. 2014	4 th Qtr. 2014	Result
1	Northwest Reno	\$923	\$902	↓	1.58%	3.13%	↑
2	Northeast Reno	\$825	\$805	↓	2.51%	3.27%	↑
3	W. Sparks/N. Valley	\$762	\$769	↑	1.85%	2.37%	↑
4	East Sparks	\$975	\$982	↑	2.02%	4.23%	↑
5	West Reno	\$787	\$790	↑	0.44%	1.33%	↑
6	Southwest Reno	\$738	\$779	↑	2.90%	3.21%	↑
7	Brinkby/Grove	\$651	\$674	↑	4.41%	5.08%	↑
8	Airport	\$748	\$746	↓	1.25%	3.39%	↑
9	Lakeridge	\$959	\$945	↓	2.32%	2.48%	↑
10	Southeast Reno	\$972	\$898	↓	2.16%	3.28%	↑
Overall Reno-Sparks		\$887	\$868	↓	2.13%	3.31%	↑

[Apartment Survey-4th Quarter 2014]

HISTORICAL RENTAL AND VACANCY RATES BY UNIT TYPE

Quarter/ Year	UNIT TYPE													
	Studio		1/1		2/1		2/2		3/2		Townhouse		TOTAL	
	Avg. Rent	Vacancy %	Avg. Rent	Vacancy %	Avg. Rent	Vacancy %	Avg. Rent	Vacancy %	Avg. Rent	Vacancy %	Avg. Rent	Vacancy %	Avg. Rent	Vacancy %
Q1-2006	\$524	3.47%	\$733	3.01%	\$795	3.93%	\$914	4.40%	\$1,080	5.20%	\$1,044	5.70%	\$848	3.83%
Q2-2006	\$545	3.47%	\$732	2.56%	\$814	3.80%	\$915	4.26%	\$1,081	4.58%	\$1,055	3.42%	\$857	3.50%
Q3-2006	\$548	5.04%	\$739	2.19%	\$821	3.63%	\$924	3.55%	\$1,093	3.76%	\$1,052	3.13%	\$863	3.07%
Q4-2006	\$549	4.68%	\$743	3.31%	\$815	4.67%	\$930	5.90%	\$1,103	6.10%	\$1,100	7.41%	\$873	4.70%
Q1-2007	\$527	4.32%	\$745	5.00%	\$813	7.02%	\$934	6.99%	\$1,111	8.36%	\$1,102	5.98%	\$872	6.24%
Q2-2007	\$527	8.99%	\$750	3.24%	\$817	6.29%	\$940	5.38%	\$1,118	7.46%	\$1,106	4.27%	\$876	4.88%
Q3-2007	\$526	7.19%	\$754	3.18%	\$818	6.39%	\$946	4.72%	\$1,124	5.45%	\$1,115	4.84%	\$881	4.54%
Q4-2007	\$527	7.14%	\$754	4.43%	\$822	7.24%	\$949	8.02%	\$1,130	8.06%	\$1,127	8.12%	\$885	6.50%
Q1-2008	\$527	8.58%	\$756	5.37%	\$820	8.22%	\$950	7.73%	\$1,130	5.79%	\$1,132	7.28%	\$886	6.85%
Q2-2008	\$524	6.34%	\$752	6.00%	\$814	8.46%	\$949	6.59%	\$1,132	6.24%	\$1,132	13.37%	\$884	6.83%
Q3-2008	\$524	5.62%	\$755	6.93%	\$813	8.82%	\$953	7.10%	\$1,132	7.72%	\$1,134	7.52%	\$885	7.35%
Q4-2008	\$523	5.43%	\$744	8.70%	\$798	11.83%	\$933	9.72%	\$1,130	10.44%	\$1,122	10.03%	\$875	9.63%
Q1-2009	\$523	7.90%	\$727	10.08%	\$776	11.97%	\$914	11.43%	\$1,119	11.45%	\$1,118	10.14%	\$863	10.87%
Q2-2009	\$515	8.64%	\$696	9.76%	\$753	12.20%	\$886	11.29%	\$1,088	13.18%	\$1,122	13.65%	\$844	10.93%
Q3-2009	\$501	9.57%	\$699	8.15%	\$741	11.46%	\$930	9.02%	\$1,117	7.23%	\$1,156	8.96%	\$857	9.08%
Q4-2009	\$500	8.97%	\$693	7.74%	\$728	9.48%	\$925	8.46%	\$1,111	10.32%	\$1,141	9.52%	\$848	8.54%
Q1-2010	\$490	10.96%	\$701	7.40%	\$734	6.70%	\$936	8.11%	\$1,128	10.16%	\$1,090	10.48%	\$858	7.87%
Q2-2010	\$489	10.96%	\$687	6.70%	\$725	10.03%	\$909	7.43%	\$1,102	8.58%	\$1,068	9.35%	\$837	7.79%
Q3-2010	\$483	7.06%	\$687	5.68%	\$721	7.27%	\$905	6.10%	\$1,091	6.04%	\$1,100	6.23%	\$834	6.18%
Q4-2010	\$480	7.66%	\$677	5.57%	\$711	7.40%	\$895	8.37%	\$1,085	9.40%	\$1,073	7.65%	\$824	7.16%
Q1-2011	\$487	10.36%	\$675	4.86%	\$716	5.06%	\$887	6.25%	\$1,086	6.30%	\$1,056	4.53%	\$821	5.64%
Q2-2011	\$476	7.21%	\$686	5.22%	\$738	5.33%	\$902	5.73%	\$1,115	5.06%	\$1,009	6.52%	\$837	5.51%
Q3-2011	\$484	4.20%	\$691	4.76%	\$744	3.87%	\$913	6.31%	\$1,098	9.06%	\$1,027	6.83%	\$840	5.38%
Q4-2011	\$463	6.31%	\$680	5.61%	\$756	7.30%	\$875	6.67%	\$1,070	8.96%	\$1,074	7.37%	\$822	6.56%
Q1-2012	\$472	3.60%	\$673	4.25%	\$752	5.84%	\$883	6.43%	\$1,070	9.30%	\$1,028	7.65%	\$822	5.59%
Q2-2012	\$482	5.86%	\$679	3.89%	\$758	4.96%	\$910	6.12%	\$1,094	7.10%	\$1,038	7.65%	\$836	5.13%
Q3-2012	\$507	4.25%	\$689	3.59%	\$757	4.86%	\$899	5.77%	\$1,074	7.19%	\$1,068	7.08%	\$836	4.83%
Q4-2012	\$487	8.86%	\$687	4.37%	\$757	6.35%	\$892	5.85%	\$1,083	6.43%	\$1,074	9.35%	\$830	5.60%
Q1-2013	\$494	7.96%	\$683	3.81%	\$759	5.75%	\$888	5.49%	\$1,080	6.81%	\$1,029	8.22%	\$829	5.11%
Q2-2013	\$509	7.66%	\$695	3.50%	\$770	5.54%	\$912	4.72%	\$1,082	6.05%	\$1,051	7.93%	\$843	4.65%
Q3-2013	\$531	4.35%	\$713	3.18%	\$780	4.96%	\$928	4.20%	\$1,113	5.58%	\$1,067	4.92%	\$859	4.05%
Q4-2013	\$545	2.40%	\$717	3.81%	\$785	4.05%	\$917	4.52%	\$1,117	5.28%	\$1,068	3.92%	\$860	4.12%
Q1-2014	\$548	3.89%	\$731	4.03%	\$795	3.28%	\$948	3.94%	\$1,123	3.04%	\$1,093	5.47%	\$876	3.83%
Q2-2014	\$533	2.69%	\$753	2.51%	\$764	2.33%	\$969	2.40%	\$1,170	1.97%	\$1,105	1.92%	\$852	2.41%
Q3-2014	\$540	1.35%	\$768	2.16%	\$796	2.58%	\$1,023	1.96%	\$1,189	2.10%	\$1,106	6.23%	\$887	2.13%
Q4-2014	\$555	1.35%	\$775	3.14%	\$797	3.90%	\$968	3.24%	\$1,176	4.23%	\$1,096	4.44%	\$868	3.31%
AVERAGE	\$513	6.23%	\$717	4.94%	\$774	6.47%	\$924	6.23%	\$1,110	6.94%	\$1,086	7.14%	\$855	5.84%
MEDIAN	\$523	6.33%	\$715	4.40%	\$773	6.07%	\$921	6.11%	\$1,111	6.62%	\$1,092	7.33%	\$857	5.55%
LOW	\$463	1.35%	\$673	2.16%	\$711	2.33%	\$875	1.96%	\$1,070	1.97%	\$1,009	1.92%	\$821	2.13%
HIGH	\$555	10.96%	\$775	10.08%	\$822	12.20%	\$1,023	11.43%	\$1,189	13.18%	\$1,156	13.65%	\$887	10.93%

COMMENTARY

Studios, 1 bed/1 bath and 2 bed/1 bath experienced an increase in average rental rates within the Reno-Sparks market, while 2 bed/2 bath, 3 bed/2 bath, and Townhome units all experienced a decrease in average rental rates. Vacancy rates in all unit types increased from the prior quarter; this increase to 3.31% is from an historical low overall vacancy rate of 2.13% from the prior quarter.

Although several projects are under construction, supply within the major apartment projects in the region is expected to remain extremely tight over the coming year. Although the overall decrease in average rental rate was somewhat unexpected, it should be short-lived and may be the result of seasonal turnovers in December. Tight supply should result in increases in rental rates in the next quarter.

GUIDELINES

The units reported in the survey are subject to the following conditions:

- Occupancy rates represent conditions as of the date of survey.
- Rents utilized in the report represent the base price of an unfurnished apartment.
- Units with more than one size per unit type were calculated on a weighted average for each unit type.
- Weighted averages were used in all charts to give the most accurate statistics possible. The averages were weighted by the number of units reporting each data type.
- Vacant units are defined as those units currently available for lease (no contract in place).

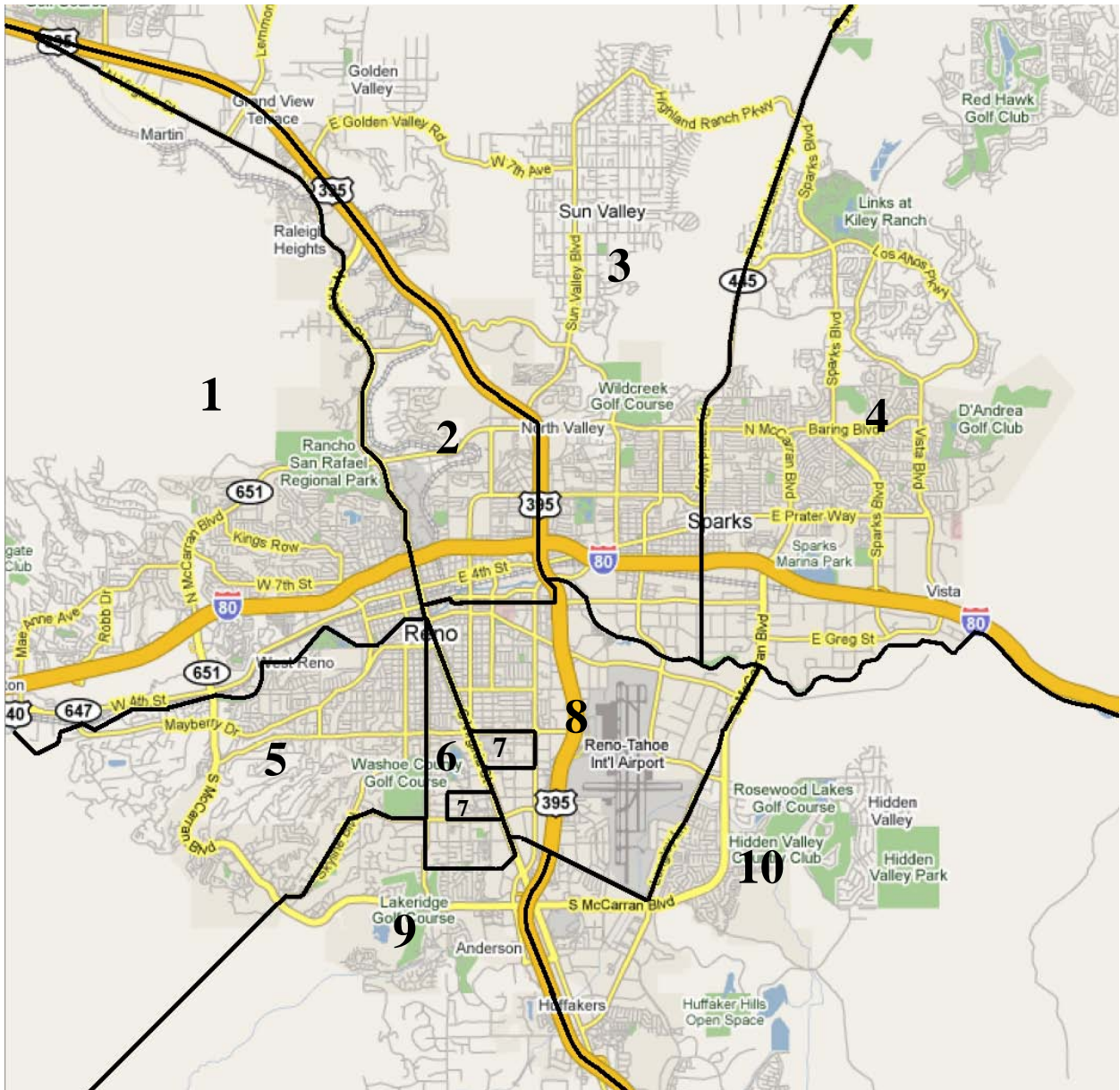
The apartment units were classified as follows:

STUDIO	Units with one living area plus bath & kitchen
1BR/1BA	Units with one bedroom and 1 bath or 1-1/2 baths
2BR/1BA	Units with 2 bedrooms, 1 bath OR 1 bedroom, den, 1 bath
2BR/2BA	Units have 2 bedrooms and 2 baths or 1-1/2 baths
3BR/2BA	Units having 3 bedrooms and 2 baths (Some Units Include a 3 rd Bath)
TOWNHOUSE	Units having 2 or 3 bedrooms, 2 baths OR 2 bedrooms, den, 2 baths

MARKET AREAS

Area	Sub-Market	Location
1	Northwest Reno	North of Truckee River & West of N. Virginia St.
2	Northeast Reno	North of 2 nd St.; West of US-395 & Northtowne Lane; East of N. Virginia St.
3	West Sparks/North Valleys	North of the Truckee River; West of Pyramid Way; East of US-395
4	East Sparks	North of the Truckee River & East of Pyramid Way
5	West Reno	North of Moana Lane; West of Plumas St.; South of Truckee River
6	Southwest Reno	South of Truckee River; West of S. Virginia St.; East of Plumas St.; North of Redfield Parkway
7	Brinkby/Grove	North of Moana Lane; West of S. Virginia St.; South of Brinkby Ave.; East of Lakeside Dr. & North of Linden St.; West of Kietzke Lane; South of Plumb Lane; East of S. Virginia St.
8	Airport	North of Peckham Lane; West of Longley Lane; East of S. Virginia St.; South of 2nd St. & Truckee River
9	Lakeridge	South of Moana Lane and Redfield Parkway; West of S. Virginia St.
10	Southeast Reno	South of Truckee River; East of S. Virginia St. & Longley Lane

MARKET AREA MAP



PROJECTS APPROVED AND/OR UNDER CONSTRUCTION

According to the City of Reno Planning Department, Silver Peak Apartments received a five year extension on their special use permit which was set to expire April 2011. The special use permit is for the development of a 420 unit apartment complex and is now set to expire March 2016.

The Bungalows at Sky Vista is a 338 unit apartment complex in the North Valley's. Phase I of this project includes 180 units. Groundbreaking began on Phase II in the 3rd Quarter of 2014, which will include 158 units. As of the date of our survey in the 4th Quarter 2014, 172 units were completed, with 188 expected to be completed by January 15, 2015. Phase II is expected to be completed by the end of 2015. The Bungalows at Sky Vista is located on the northwest side of Silver Sky Parkway in the North Valley's area of Reno.

Ryder Homes is currently constructing a 208 unit apartment complex in south Reno. The Village at Arrow Creek Parkway is located at the intersection of Arrowcreek Parkway and Wedge Parkway. As of December 31, 2014, 160 units were completed, with the remaining units having an anticipated completion date of January 20, 2015. According to representatives of Ryder Homes, a 252-unit project will begin construction adjacent to this project once it has been completed.

The Villas at Keystone Canyon is currently under construction, and began pre-leasing in September 2014, according to owner-manager Kromer Investments. Apartments in the 288-unit development will have from one to three bedrooms. The first units are expected to be available for occupancy in December 2014, with completion occurring in late 2015 or early 2016. A second phase of this project, which would include 120 additional units, is in the planning stages.

Silverwing Development began construction in July 2014 on The Edgewater at Virginia Lake, a 336 unit condo/apartment project which will replace the 108 unit Virginia Lake Apartments. When completed in 2015, 48 three-story two and three-bedroom condominiums with garages will all face Virginia Lake along Eastshore Drive. Behind them will be 288 one and two-bedroom apartment units.

The chart below summarizes the market rate projects within the Reno-Sparks market with approvals, in planning stages, or under construction.

Proposed & Under Construction

Project Name	Units	Location	Area	Status
The Villas at Keystone Canyon	288	Keystone Avenue & North McCarran Boulevard	Area 1	Under Construction
The Villas at Keystone Canyon-Phase II	120	Keystone Avenue & North McCarran Boulevard	Area 1	Planning Stages
Silver Peak Apartments	420	Intersection of Military Road & Lemmon Drive	Area 3	Special Use Permit will expire March 2016
The Bungalows At Sky Vista	338	Northwest Side of Silver Sky Parkway, Just South of Lear Blvd.	Area 3	Under Construction
Edgewater at Virginia Lake	336	Virginia Lake-Demolition of Portion of Existing Project	Area 6	Under Construction
The Village at Arrow Creek Parkway-I	208	Intersection of Arrowcreek Parkway & Wedge Parkway	Area 9	Under Construction (Nearing Completion)
The Village at Arrow Creek Parkway-II	252	Intersection of Arrowcreek Parkway & Wedge Parkway	Area 9	Beginning Construction 2015
Total Units:	1,962			

In addition to the above projects, there are other projects in the area which are in the initial planning stages, including several proposed projects in Sparks (both in-town and in the Spanish Springs market), and several projects in the South Reno market. Finally, a number of smaller apartment projects, including market rate and tax credit projects, are in the planning stages.

ABSORPTION

Due to a lack of new construction, limited current data is available with respect to absorption within the market.

Thru the 4th Quarter of 2014, The Village at Arrowcreek had released 160 units for occupancy. A total of approximately 180 units were leased or preleased; preleasing began in October 2013 for this project, indicating an absorption rate of 12.00 units per month when accounting for occupied and preleased units.

The Bungalows at Sky Vista began preleasing activity in March 2014. As of the date of survey, 112 units were occupied, with another 60 units being complete and ready for occupancy. This indicates an absorption rate of approximately 11.20 units. Groundbreaking began on Phase II in the 3rd Quarter of 2014, with an anticipated completion date of the end of 2015.

The chart below summarizes the absorption rates of several market apartment projects in the Reno-Sparks area between 2001 and a current date, and includes the current absorption rate of The Village at Arrowcreek and the Bungalows at Sky Vista-Phase I.

Historical & Current Absorption Rates

Project Name	Number of Units	Lease up Dates		Absorption Per Month
		Start	Stabilized	
Silver Creek	376	January 2001	August 2003	11.75
Villas at D'Andrea	256	April 2002	December 2003	12.19
Sharlands Terrace	304	March 2000	January 2002	13.22
Aviana at Tuscany	311	July 2001	April 2003	14.14
Canyon Hills Phase I	256	June 2001	July 2002	18.29
The Village at Wildcreek	240	July 2001	September 2002	16.00
Marina Village	240	October 2004	October 2006	10.00
Horizons at South Meadows	344	November 2005	January 2007	22.93
Caviata at Kiley Ranch	184	June 2007	October 2009	6.10
Waterstone at Kiley Ranch	203	July 2007	October 2009	7.00
The View Apartments	308	April 2009	January 2011	13.33
The Trails at Pioneer Meadows	300	August 2009	July 2011	11.78
The Alexander at South Virginia	350	August 2009	July 2011	13.87
The Village at Arrowcreek	208	October 2013	Not Stabilized- 160 Units Completed (180 Units Leased)	12.00
The Bungalows at Sky Vista-Phase I	180	March 2014	Not Stabilized- 112 Units Occupied (Additional 60 Completed)	11.20

RENT CONCESSIONS

During the 4th Quarter of 2014, 35% of the apartment projects in our Survey offered rent concessions, in comparison to 24% in the 3rd Quarter of 2014. Concessions range from discounted deposits to one month free rent with a six or twelve-month lease. The most commonly found rent concessions consist of:

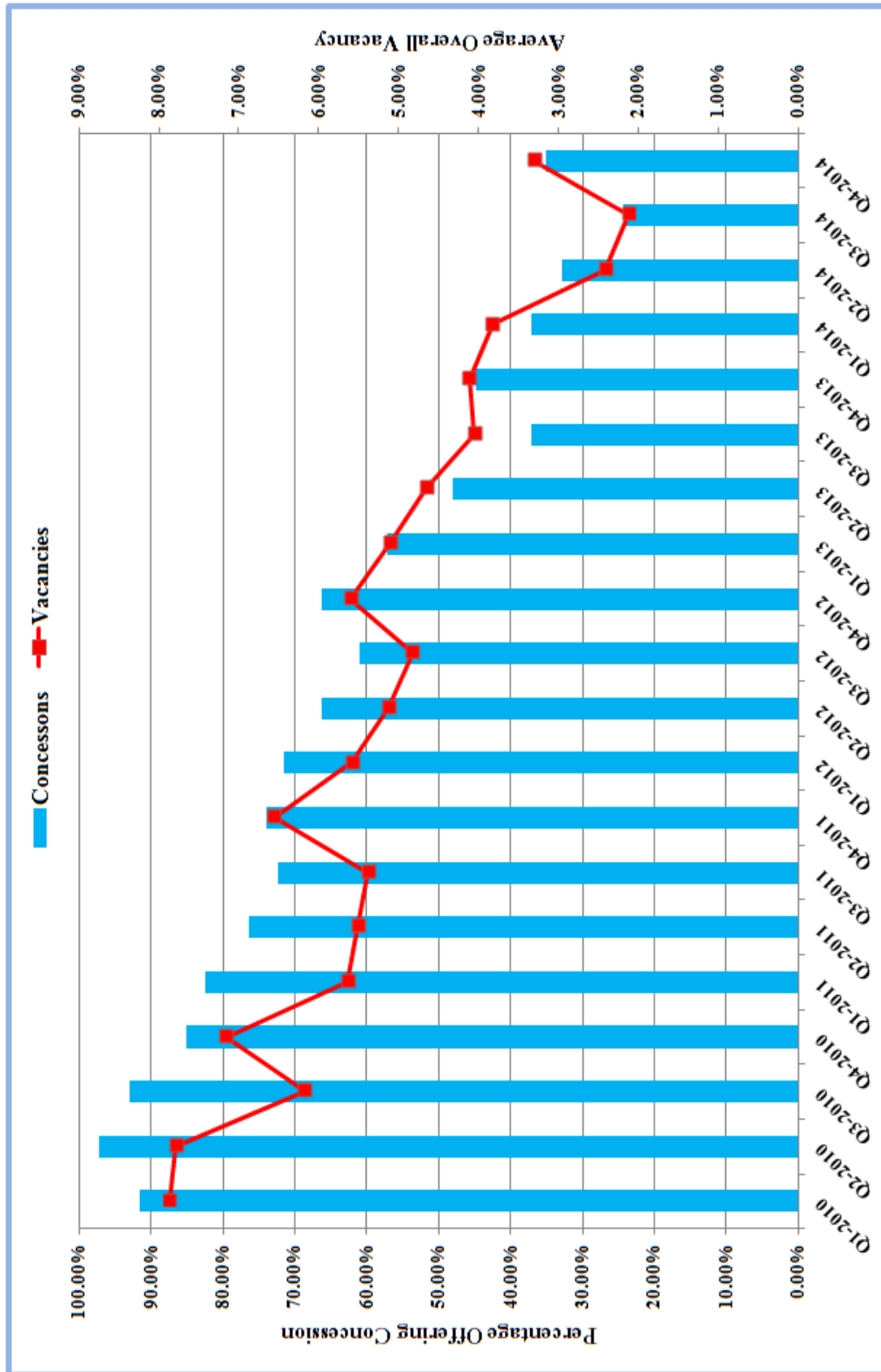
- One month free rent
- Discounted deposit
- Reduced Rent with 6 or 12 month lease

The chart below and the graph on the following page summarize the percentage of projects which have offered concessions, and the overall vacancy rate, between 2010 and a current date.

Regional Concession History

Month/ Year	% Offering Concessions	Overall Vacancy %
Q1-2010	91.55%	7.87%
Q2-2010	97.22%	7.79%
Q3-2010	93.06%	6.18%
Q4-2010	85.14%	7.16%
Q1-2011	82.43%	5.64%
Q2-2011	76.32%	5.51%
Q3-2011	72.37%	5.38%
Q4-2011	74.03%	6.56%
Q1-2012	71.43%	5.59%
Q2-2012	66.23%	5.13%
Q3-2012	61.04%	4.83%
Q4-2012	66.23%	5.60%
Q1-2013	57.14%	5.11%
Q2-2013	48.05%	4.65%
Q3-2013	37.18%	4.05%
Q4-2013	44.87%	4.12%
Q1-2014	37.18%	3.83%
Q2-2014	32.89%	2.41%
Q3-2014	24.36%	2.13%
Q4-2014	35.06%	3.31%

CONCESSIONS VERSUS VACANCIES CHART



SURVEY RESULTS

This section of the report covers survey findings pertaining to the total survey area for the 4th Quarter of 2014.

OVERALL QUARTERLY TRENDS:

The graphs in this section illustrate percentage vacant, percentage of rent increases or decreases and average monthly rent per quarter. The following graphs are included in overall trends:

- Overall Reno/Sparks Averages
- Overall Trends For Studio Units
- Overall Trends For 1 Bedroom/1 Bath Units
- Overall Trends For 2 Bedroom/1 Bath Units
- Overall Trends For 2 Bedroom/2 Bath Units
- Overall Trends For Townhouse Units
- Overall Trends For 3 Bedroom/2 Bath Units
- Average Rent Per Unit Type

TRENDS PER MARKET AREA:

These graphs illustrate quarterly vacancy percentage and average monthly rent. The sub-market categories are as follows:

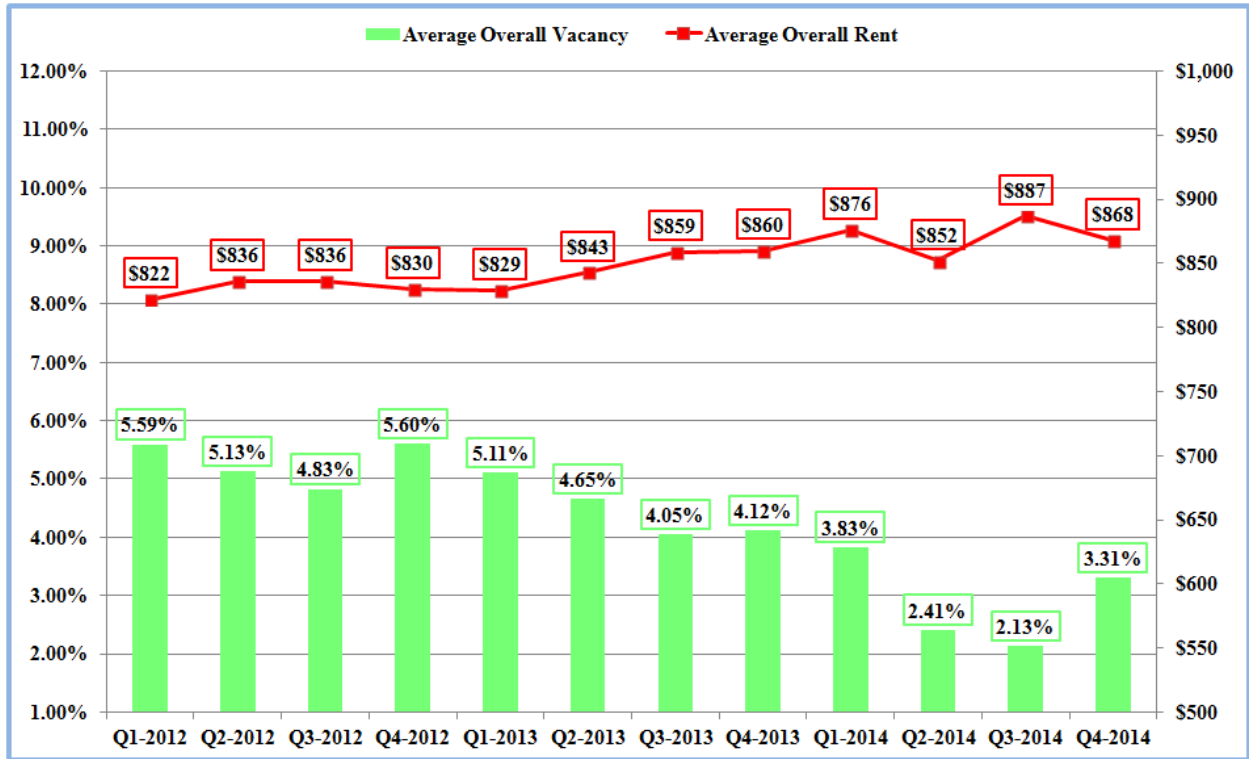
- Area 1-Northwest Reno
- Area 2-Northeast Reno
- Area 3-West Sparks/North Valleys
- Area 4-East Sparks
- Area 5-West Reno
- Area 6-Southwest Reno
- Area 7-Brinkby/Grove
- Area 8-Airport
- Area 9-Lakeridge
- Area 10-Southeast Reno

CURRENT SURVEY COMPARISONS:

This section of graphs illustrates overall comparisons based on unit type and sub-market categories. These graphs include:

- Summary By Unit Type
- Summary By Area

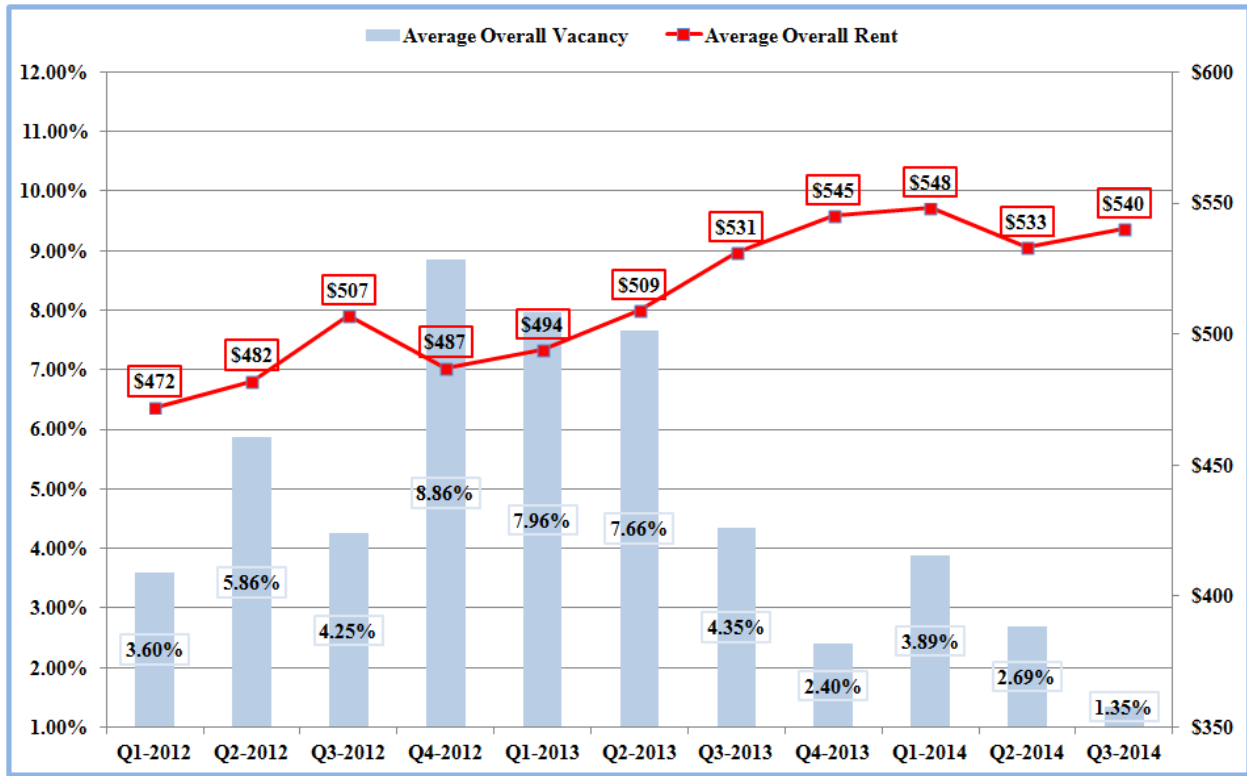
OVERALL RENO/SPARKS RENT & VACANCY DATA-ALL UNIT TYPES



**Overall Reno-Sparks Market Averages-All Unit Types
(Based Upon Units Surveyed)**

Category	4 th Quarter 2014 Overall Reno-Sparks Averages
Average Square Feet Per Unit Surveyed	883± Square Feet
Average Rent For Units Surveyed	\$868 Per Month
Average Rent Per Square Foot For Units Surveyed	\$0.98 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	3.31%

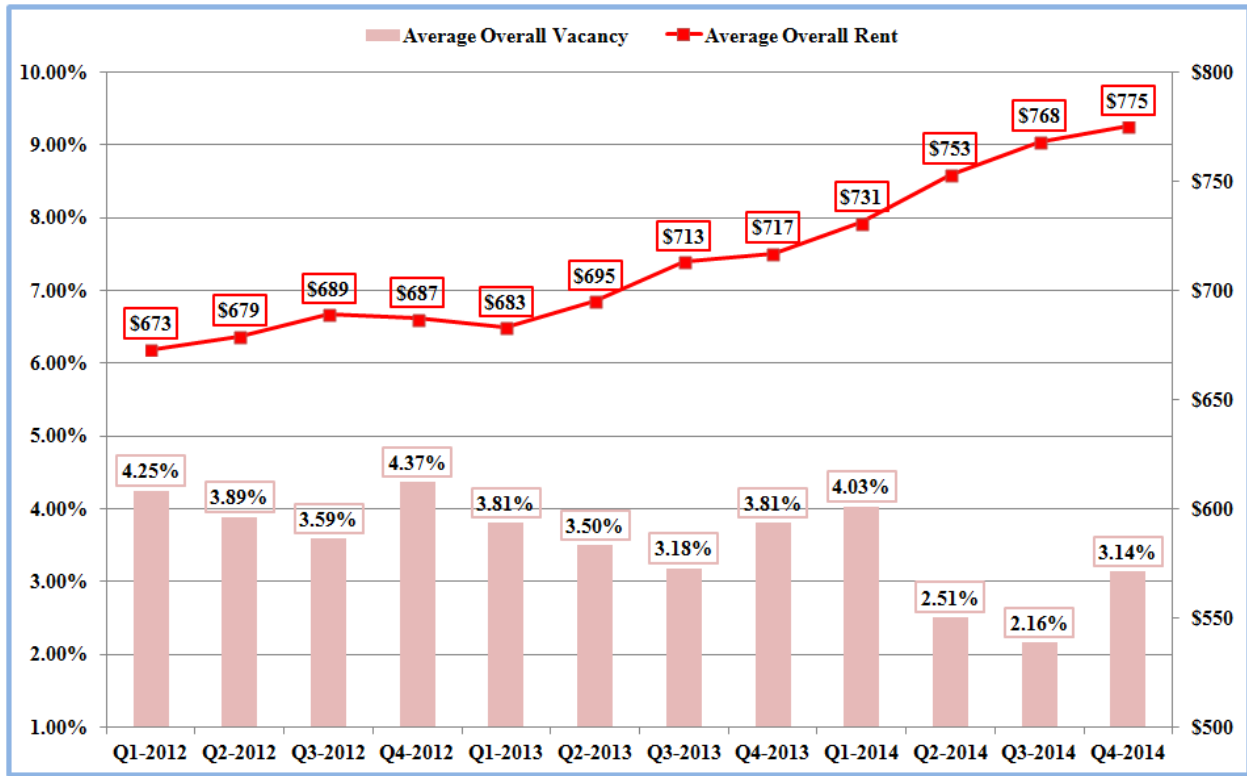
**STUDIO UNITS
OVERALL RENO/SPARKS AVERAGE RENT & VACANCY DATA**



**Overall Reno-Sparks Market Averages-Studio Units
(Based Upon Units Surveyed)**

Category	4 th Quarter 2014 Overall Reno-Sparks Averages
Average Square Feet Per Unit Surveyed	406± Square Feet
Average Rent For Units Surveyed	\$555 Per Month
Average Rent Per Square Foot For Units Surveyed	\$1.37 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	1.35%

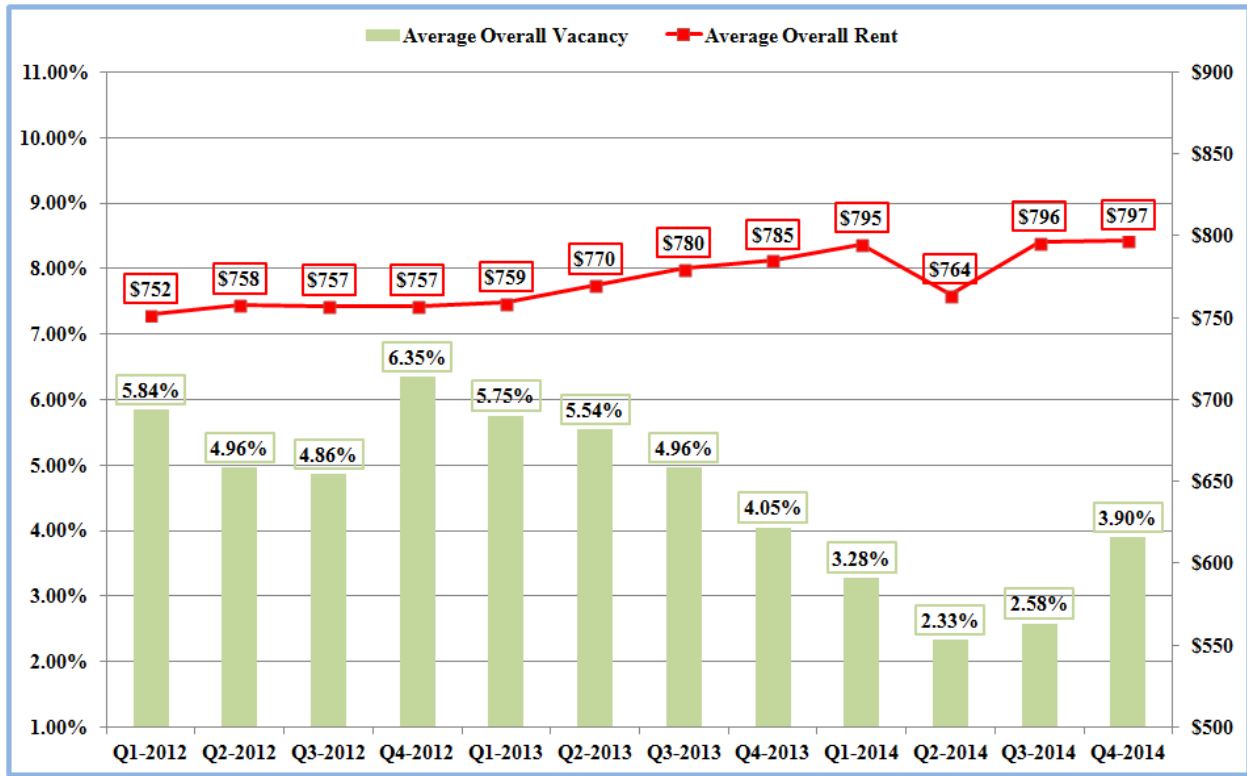
**ONE BEDROOM/ONE BATHROOM
OVERALL RENO/SPARKS AVERAGE RENT & VACANCY DATA**



**Overall Reno-Sparks Market Averages-One Bedroom/One Bathroom Units
(Based Upon Units Surveyed)**

Category	4 th Quarter 2014 Overall Reno-Sparks Averages
Average Square Feet Per Unit Surveyed	718± Square Feet
Average Rent For Units Surveyed	\$775 Per Month
Average Rent Per Square Foot For Units Surveyed	\$1.08 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	3.14%

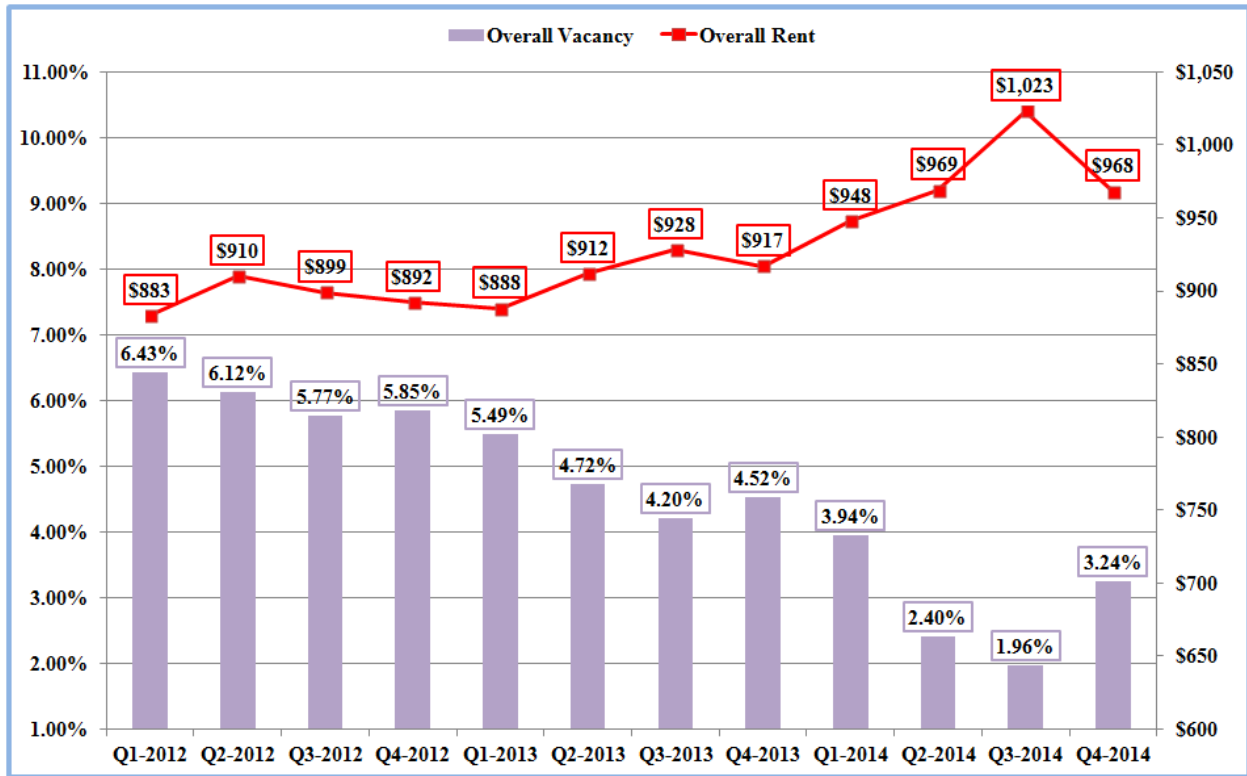
**TWO BEDROOM/ONE BATHROOM
OVERALL RENO/SPARKS AVERAGE RENT & VACANCY DATA**



**Overall Reno-Sparks Market Averages-Two Bedroom/One Bathroom Units
(Based Upon Units Surveyed)**

Category	4 th Quarter 2014 Overall Reno-Sparks Averages
Average Square Feet Per Unit Surveyed	849± Square Feet
Average Rent For Units Surveyed	\$797 Per Month
Average Rent Per Square Foot For Units Surveyed	\$0.94 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	3.90%

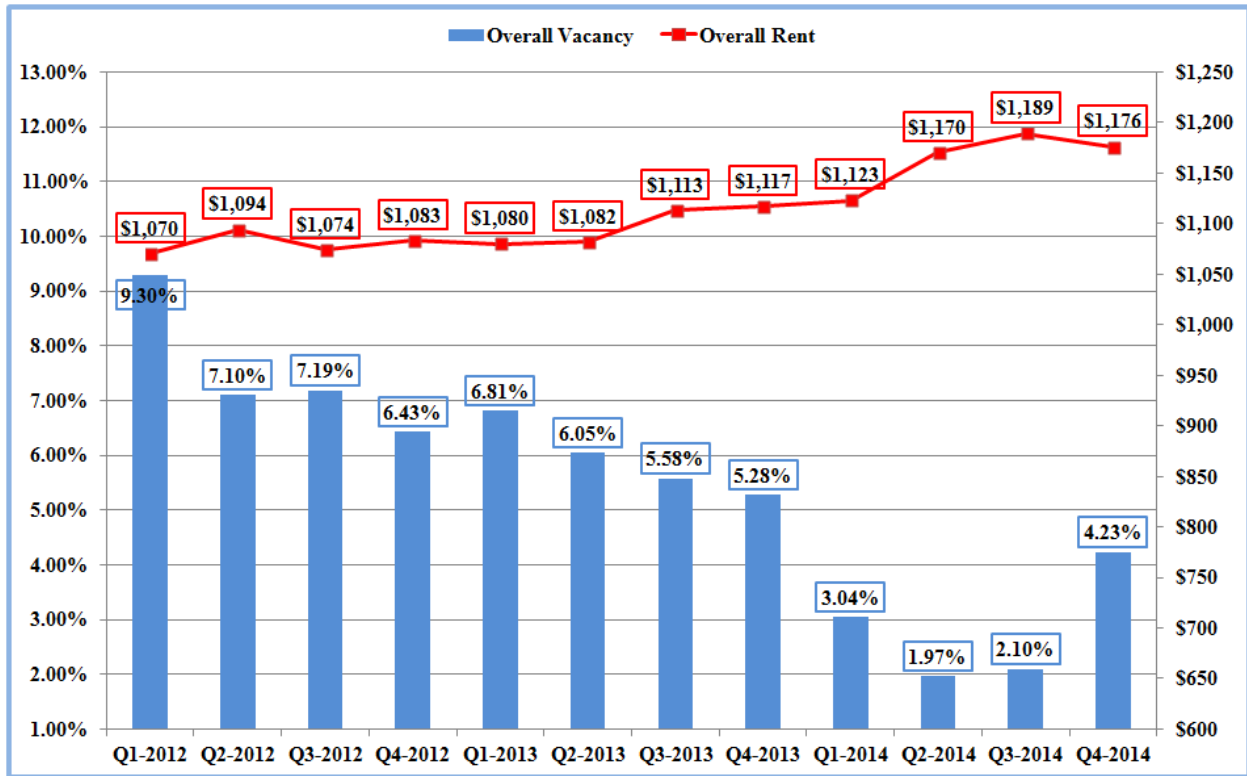
**TWO BEDROOM/TWO BATHROOM
OVERALL RENO/SPARKS AVERAGE RENT & VACANCY DATA**



**Overall Reno-Sparks Market Averages-Two Bedroom/Two Bathroom Units
(Based Upon Units Surveyed)**

Category	4 th Quarter 2014 Overall Reno-Sparks Averages
Average Square Feet Per Unit Surveyed	1,037± Square Feet
Average Rent For Units Surveyed	\$968 Per Month
Average Rent Per Square Foot For Units Surveyed	\$0.93 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	3.24%

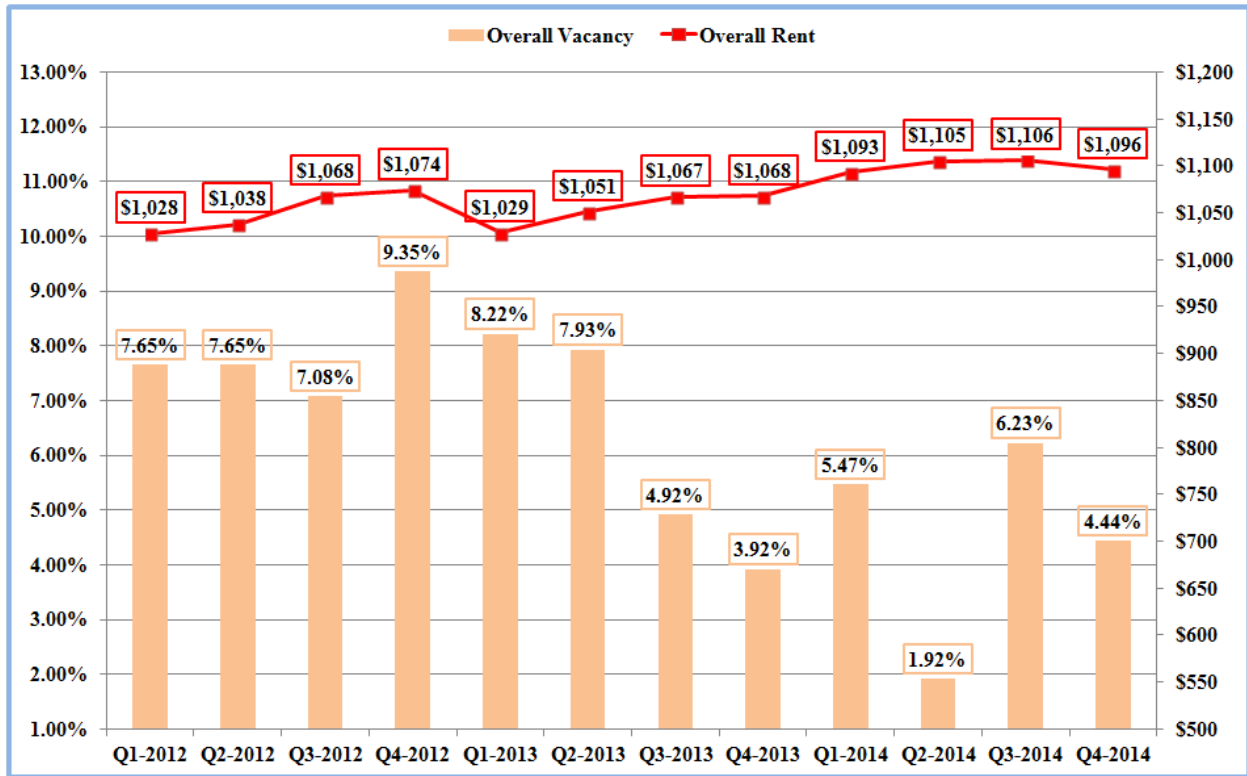
**THREE BEDROOM/TWO BATHROOM
OVERALL RENO/SPARKS AVERAGE RENT & VACANCY DATA**



**Overall Reno-Sparks Market Averages-Three Bedroom/Two Bathroom Units
(Based Upon Units Surveyed)**

Category	4 th Quarter 2014 Overall Reno-Sparks Averages
Average Square Feet Per Unit Surveyed	1,263± Square Feet
Average Rent For Units Surveyed	\$1,176 Per Month
Average Rent Per Square Foot For Units Surveyed	\$0.93 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	4.23%

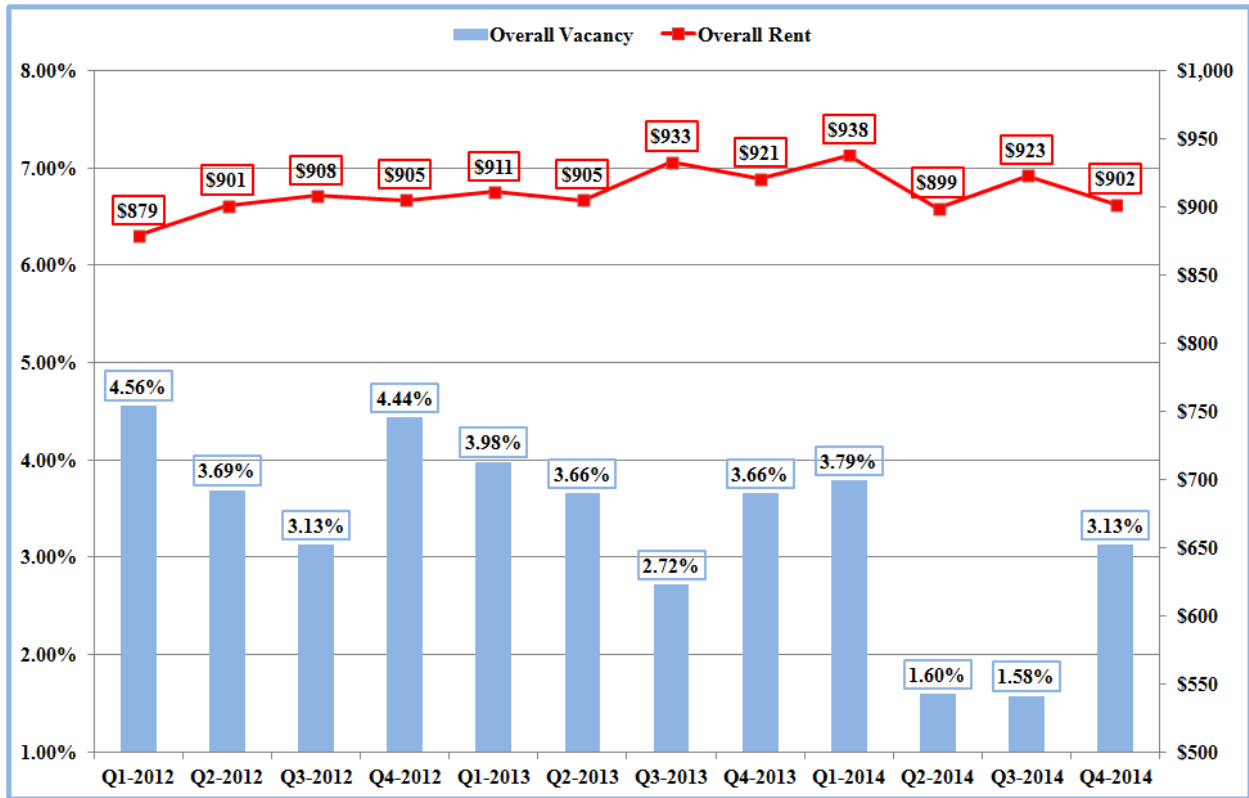
**TOWNHOUSE UNITS
OVERALL RENO/SPARKS AVERAGE RENT & VACANCY DATA**



**Overall Reno/Sparks Market Averages-Townhouse Units
(Based Upon Units Surveyed)**

Category	4 th Quarter 2014 Overall Reno/Sparks Averages
Average Square Feet Per Unit Surveyed	1,288± Square Feet
Average Rent For Units Surveyed	\$1,096 Per Month
Average Rent Per Square Foot For Units Surveyed	\$0.85 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	4.44%

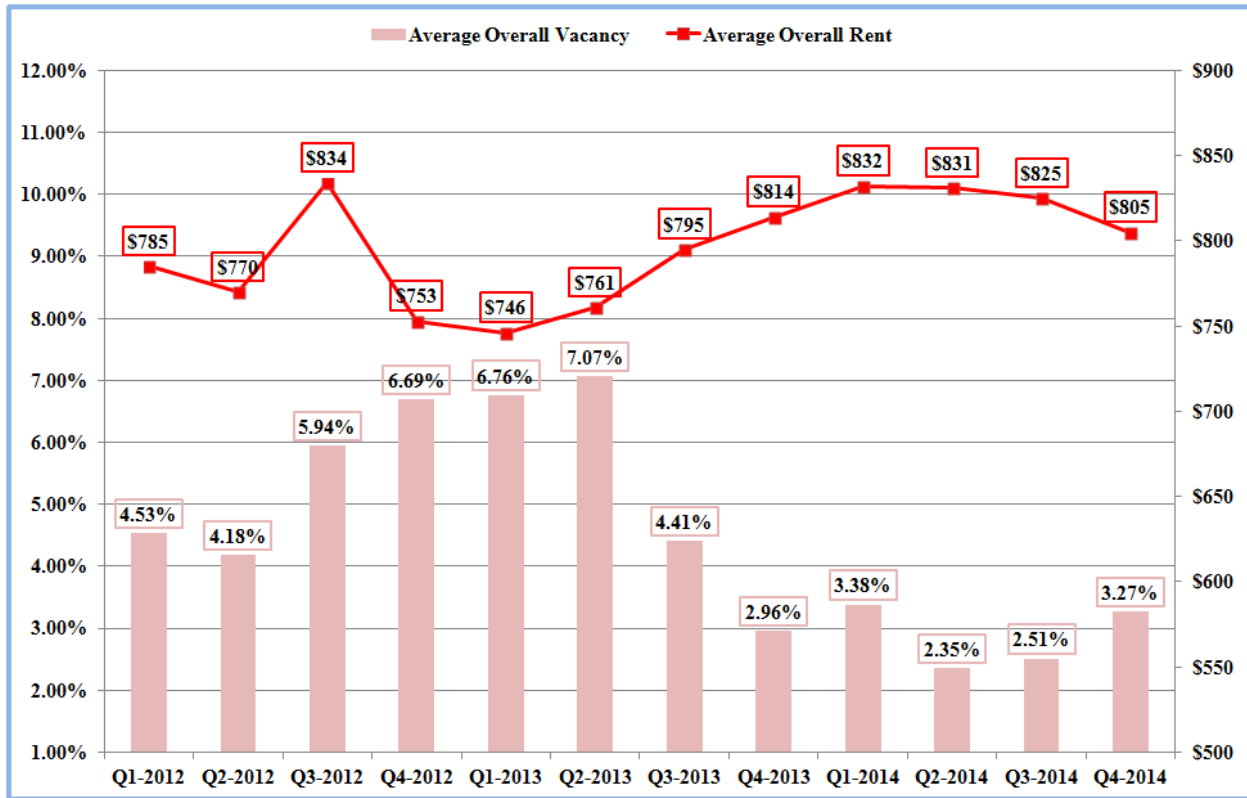
**AREA 1-NORTHWEST RENO
AVERAGE RENT & VACANCY DATA**



**Northwest Reno Submarket Averages
(Based Upon Units Surveyed)**

Category	4 th Quarter 2014 Data
Total Projects Surveyed	14 Projects
Total Units Surveyed	3,742 Units
Average Square Feet Per Unit Surveyed	882± Square Feet
Average Rent For Units Surveyed	\$902 Per Month
Average Rent Per Square Foot For Units Surveyed	\$1.02 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	3.13%
Number of Projects Offering Concessions As Of Date Surveyed	5 Projects

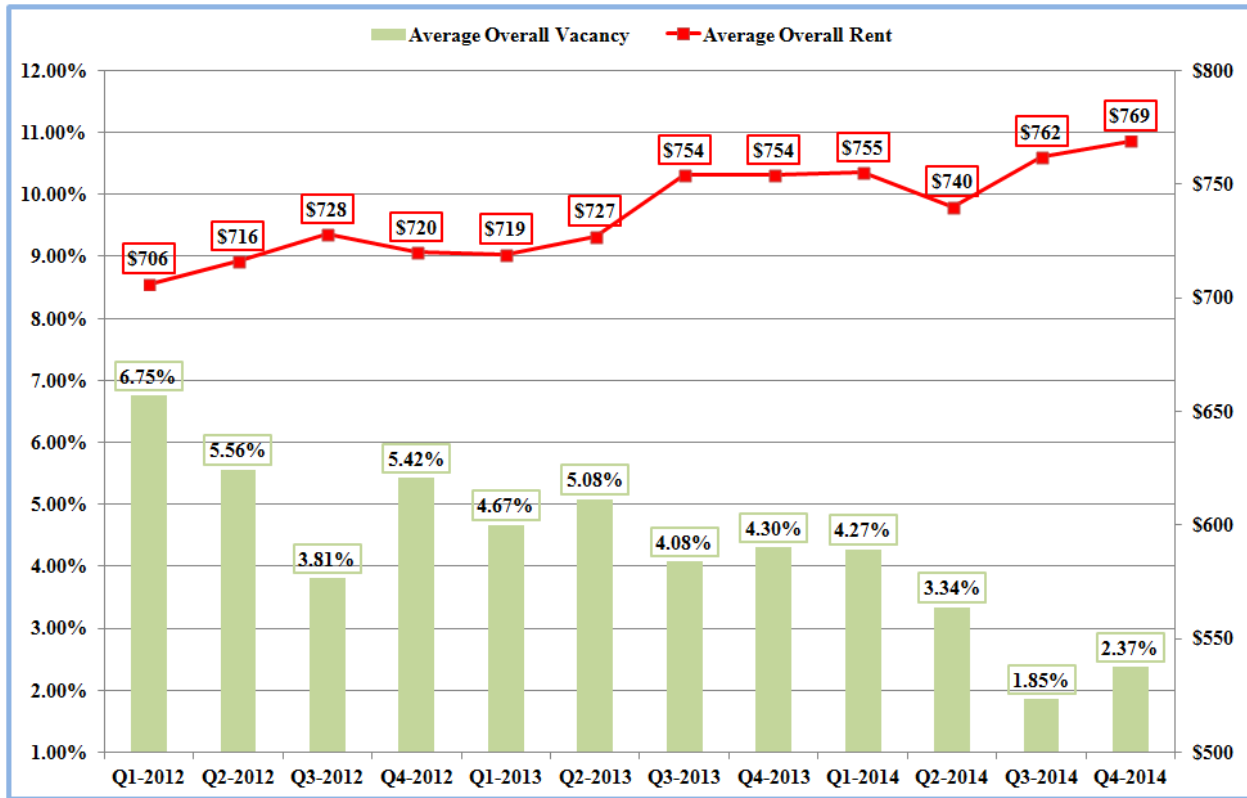
**AREA 2-NORTHEAST RENO
AVERAGE RENT & VACANCY DATA**



**Northeast Reno Submarket Averages
(Based Upon Units Surveyed)**

Category	4 th Quarter 2014 Data
Total Projects Surveyed	6 Projects
Total Units Surveyed	1,316 Units
Average Square Feet Per Unit Surveyed	853± Square Feet
Average Rent For Units Surveyed	\$805 Per Month
Average Rent Per Square Foot For Units Surveyed	\$0.94 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	3.27%
Number of Projects Offering Concessions As Of Date Surveyed	2 Projects

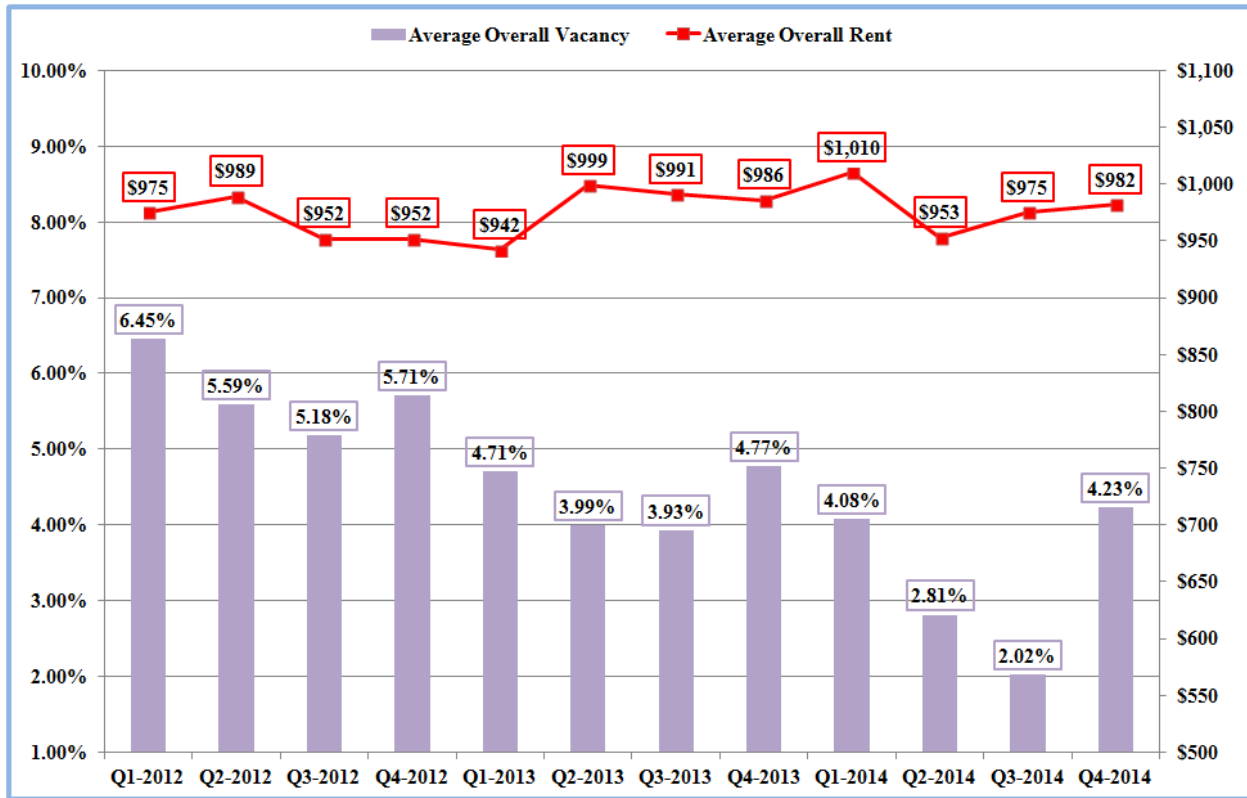
**AREA 3-WEST SPARKS/NORTH VALLEYS
AVERAGE RENT & VACANCY DATA**



**West Sparks/North Valleys Submarket Averages
(Based Upon Units Surveyed)**

Category	4 th Quarter 2014 Data
Total Projects Surveyed	12 Projects
Total Units Surveyed	2,696 Units
Average Square Feet Per Unit Surveyed	831± Square Feet
Average Rent For Units Surveyed	\$769 Per Month
Average Rent Per Square Foot For Units Surveyed	\$0.93 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	2.37%
Number of Projects Offering Concessions As Of Date Surveyed	3 Projects

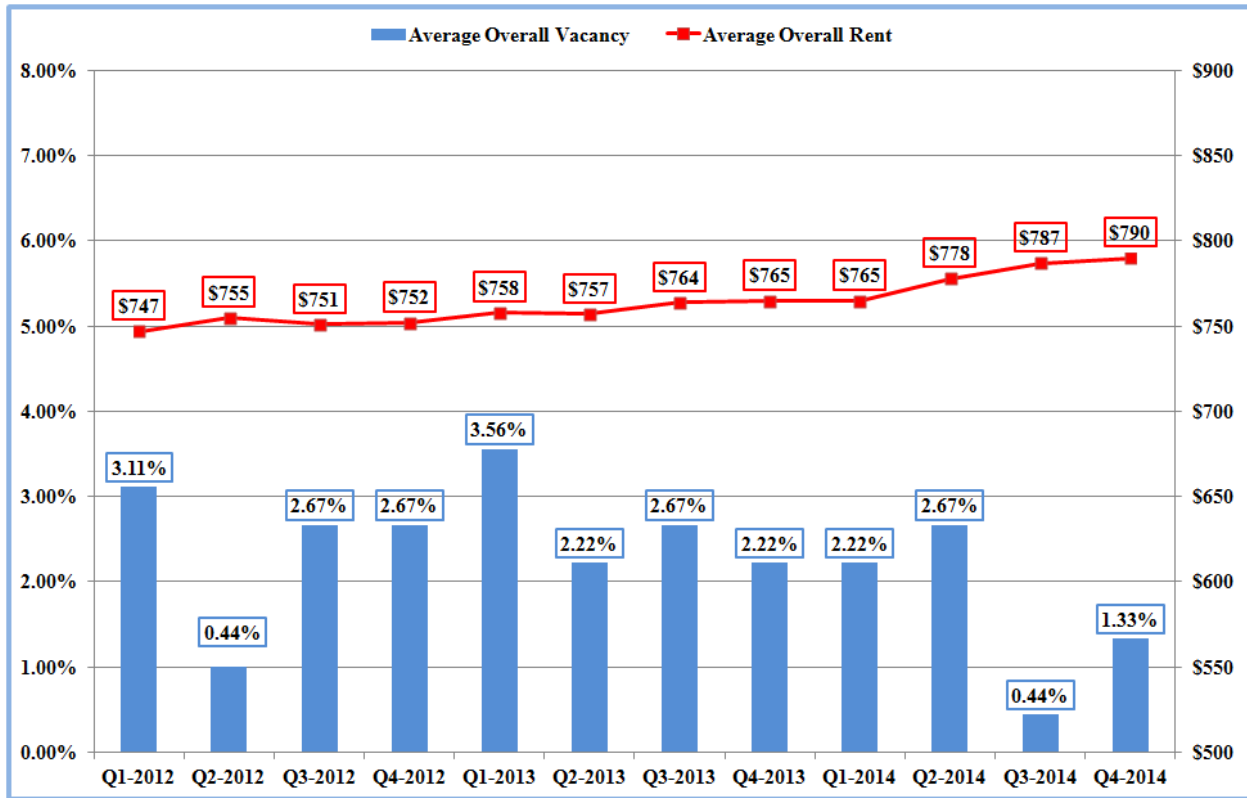
**AREA 4-EAST SPARKS
AVERAGE RENT & VACANCY DATA**



**East Sparks Submarket Averages
(Based Upon Units Surveyed)**

Category	4 th Quarter 2014 Data
Total Projects Surveyed	12 Projects
Total Units Surveyed	3,311 Units
Average Square Feet Per Unit Surveyed	972± Square Feet
Average Rent For Units Surveyed	\$982 Per Month
Average Rent Per Square Foot For Units Surveyed	\$1.01 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	4.23%
Number of Projects Offering Concessions As Of Date Surveyed	4 Projects

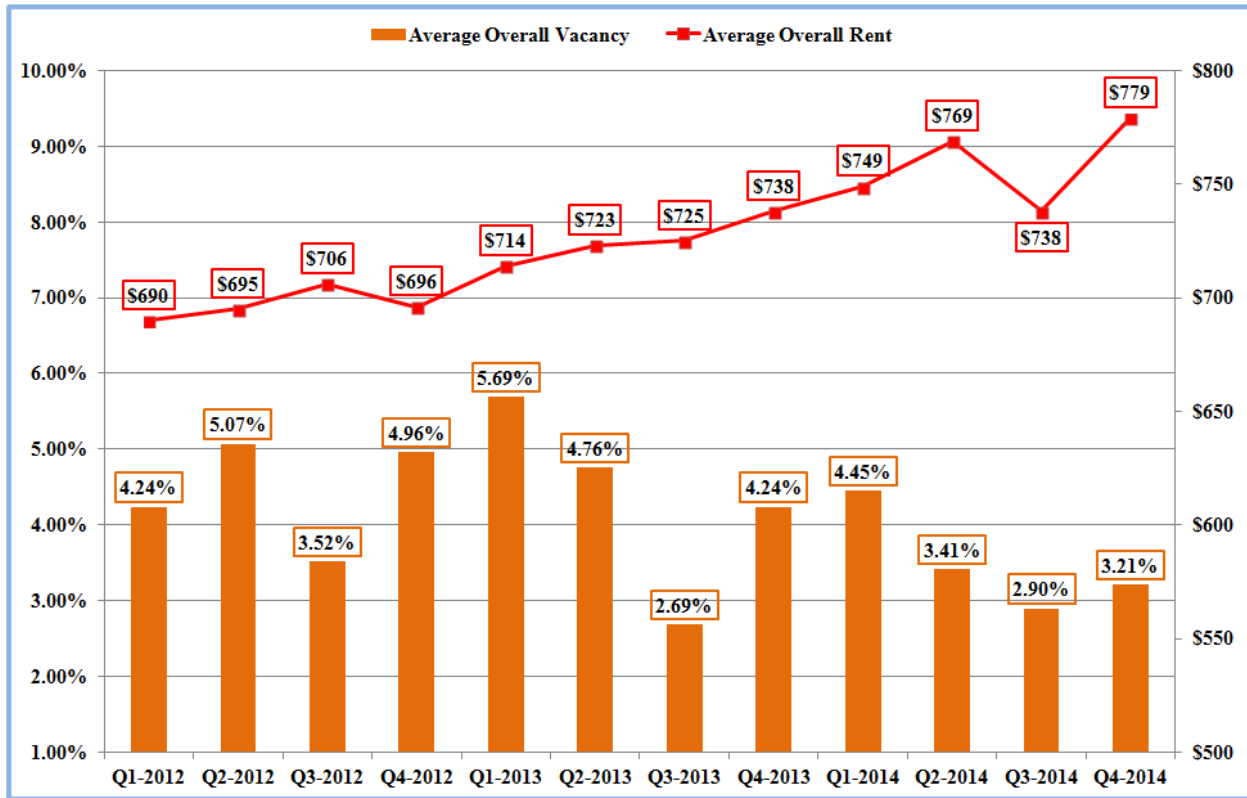
**AREA 5-WEST RENO
AVERAGE RENT & VACANCY DATA**



**West Reno Submarket Averages
(Based Upon Units Surveyed)**

Category	4 th Quarter 2014 Data
Total Projects Surveyed	2 Projects
Total Units Surveyed	225 Units
Average Square Feet Per Unit Surveyed	870± Square Feet
Average Rent For Units Surveyed	\$790 Per Month
Average Rent Per Square Foot For Units Surveyed	\$0.91 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	1.33%
Number of Projects Offering Concessions As Of Date Surveyed	0 Projects

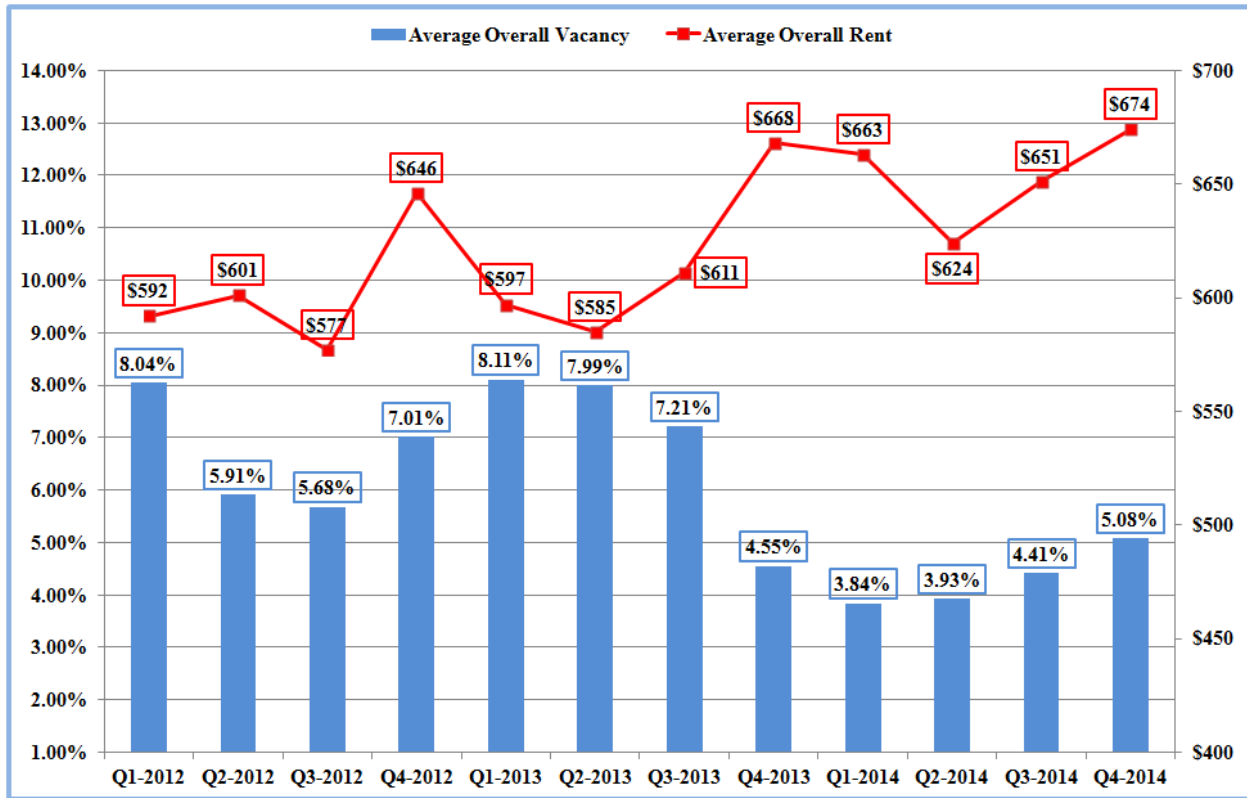
**AREA 6-SOUTHWEST RENO
AVERAGE RENT & VACANCY DATA**



**Southwest Reno Submarket Averages
(Based Upon Units Surveyed)**

Category	4 th Quarter 2014 Data
Total Projects Surveyed	4 Projects
Total Units Surveyed	967 Units
Average Square Feet Per Unit Surveyed	827± Square Feet
Average Rent For Units Surveyed	\$779 Per Month
Average Rent Per Square Foot For Units Surveyed	\$0.94 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	3.21%
Number of Projects Offering Concessions As Of Date Surveyed	2 Projects

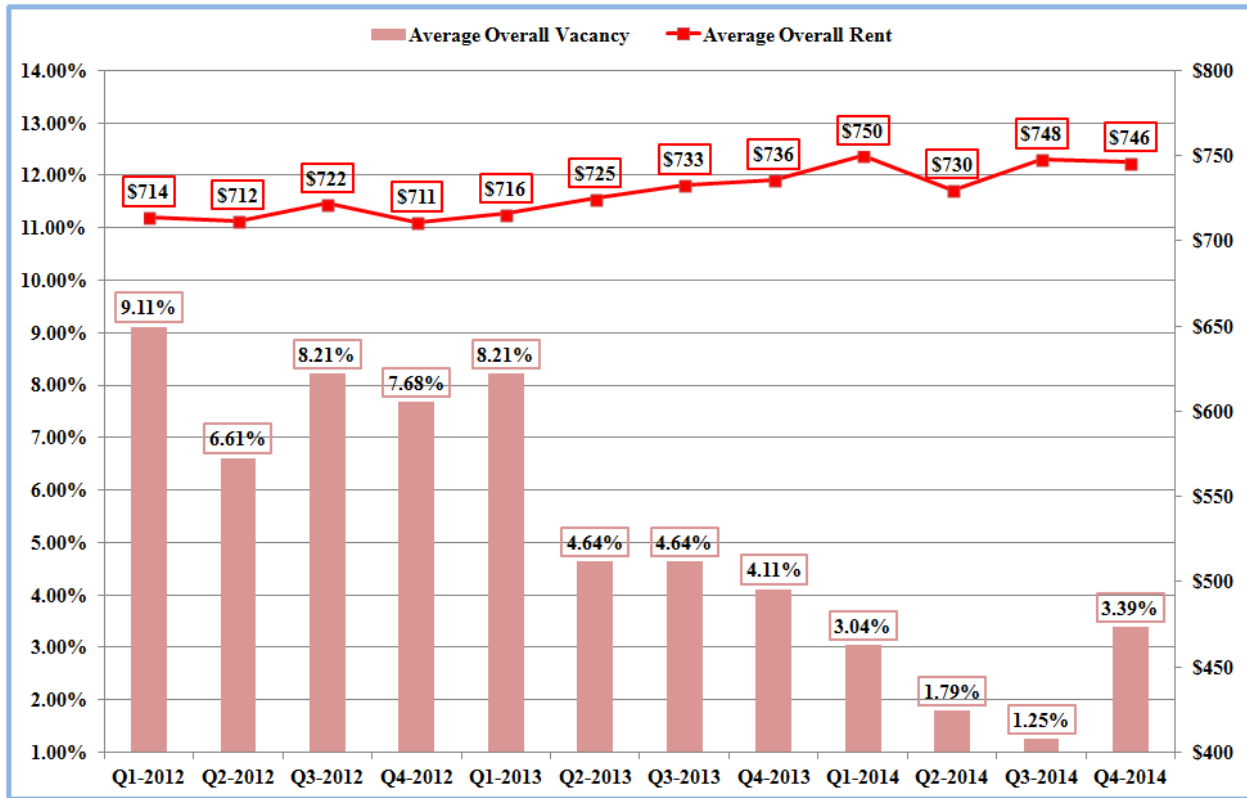
**AREA 7-BRINKBY/GROVE
AVERAGE RENT & VACANCY DATA**



**Brinkby/Grove Area Submarket Averages
(Based Upon Units Surveyed)**

Category	4 th Quarter 2014 Data
Total Projects Surveyed	6 Projects
Total Units Surveyed	1,044 Units
Average Square Feet Per Unit Surveyed	844± Square Feet
Average Rent For Units Surveyed	\$674 Per Month
Average Rent Per Square Foot For Units Surveyed	\$0.80 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	5.08%
Number of Projects Offering Concessions As Of Date Surveyed	2 Projects

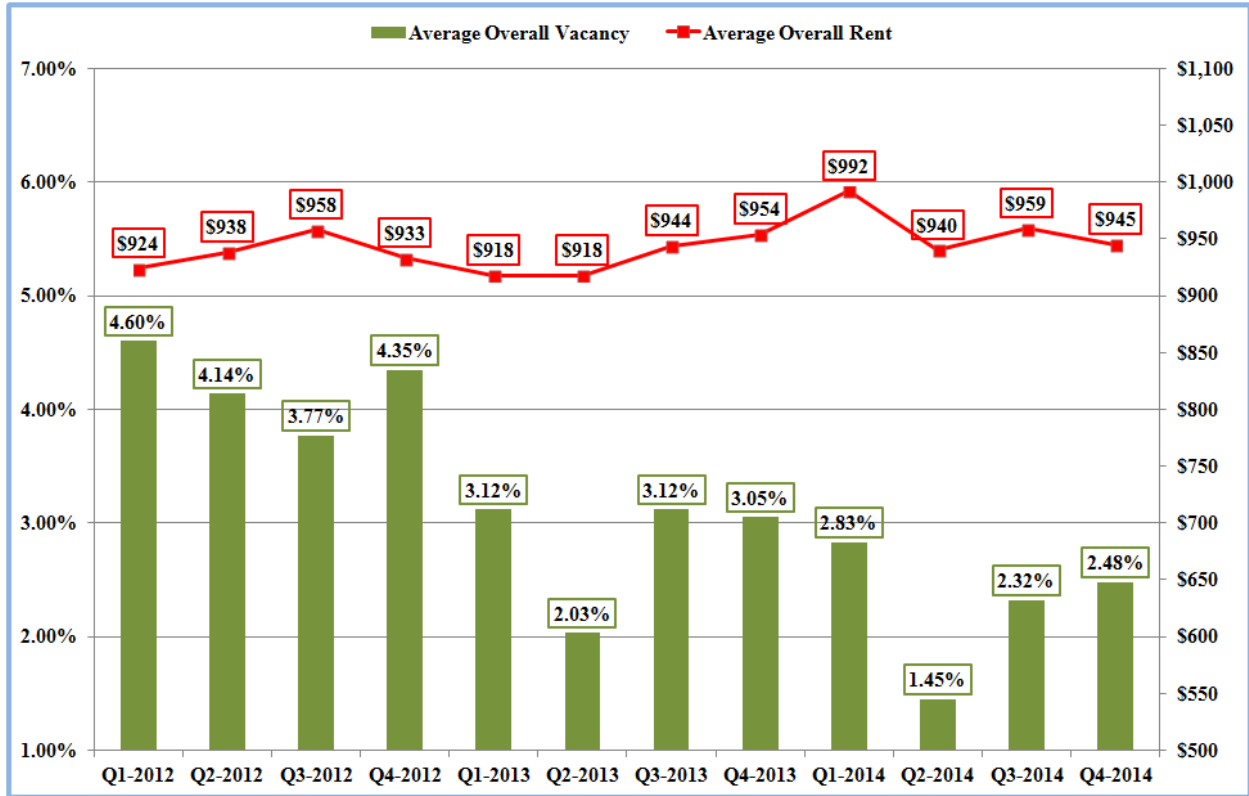
**AREA 8-AIRPORT
AVERAGE RENT & VACANCY DATA**



**Airport Submarket Averages
(Based Upon Units Surveyed)**

Category	4 th Quarter 2014 Data
Total Projects Surveyed	4 Projects
Total Units Surveyed	560 Units
Average Square Feet Per Unit Surveyed	869± Square Feet
Average Rent For Units Surveyed	\$746 Per Month
Average Rent Per Square Foot For Units Surveyed	\$0.86 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	3.39%
Number of Projects Offering Concessions As Of Date Surveyed	3 Projects

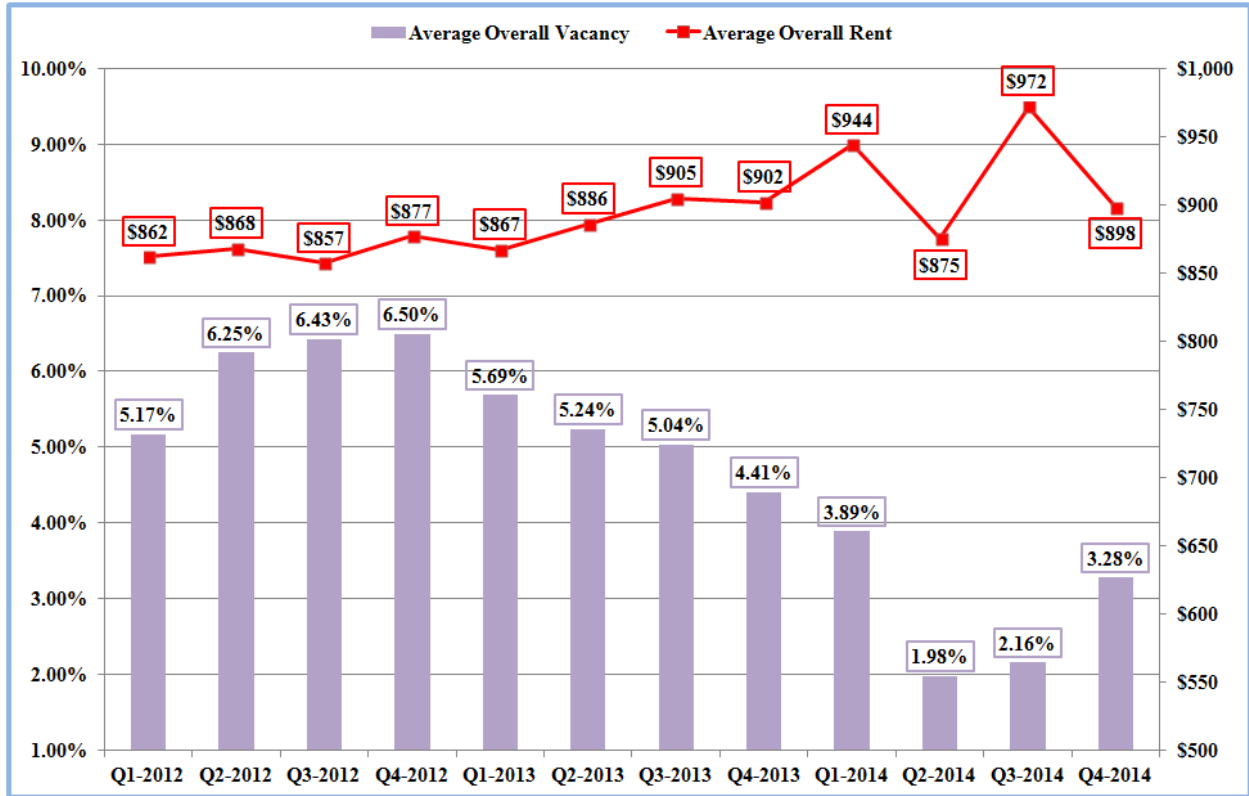
**AREA 9-LAKERIDGE
AVERAGE RENT & VACANCY DATA**



**Lakeridge Submarket Averages
(Based Upon Units Surveyed)**

Category	4 th Quarter 2014 Data
Total Projects Surveyed	5 Projects
Total Units Surveyed	1,252 Units
Average Square Feet Per Unit Surveyed	919± Square Feet
Average Rent For Units Surveyed	\$945 Per Month
Average Rent Per Square Foot For Units Surveyed	\$1.03 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	2.48%
Number of Projects Offering Concessions As Of Date Surveyed	1 Project

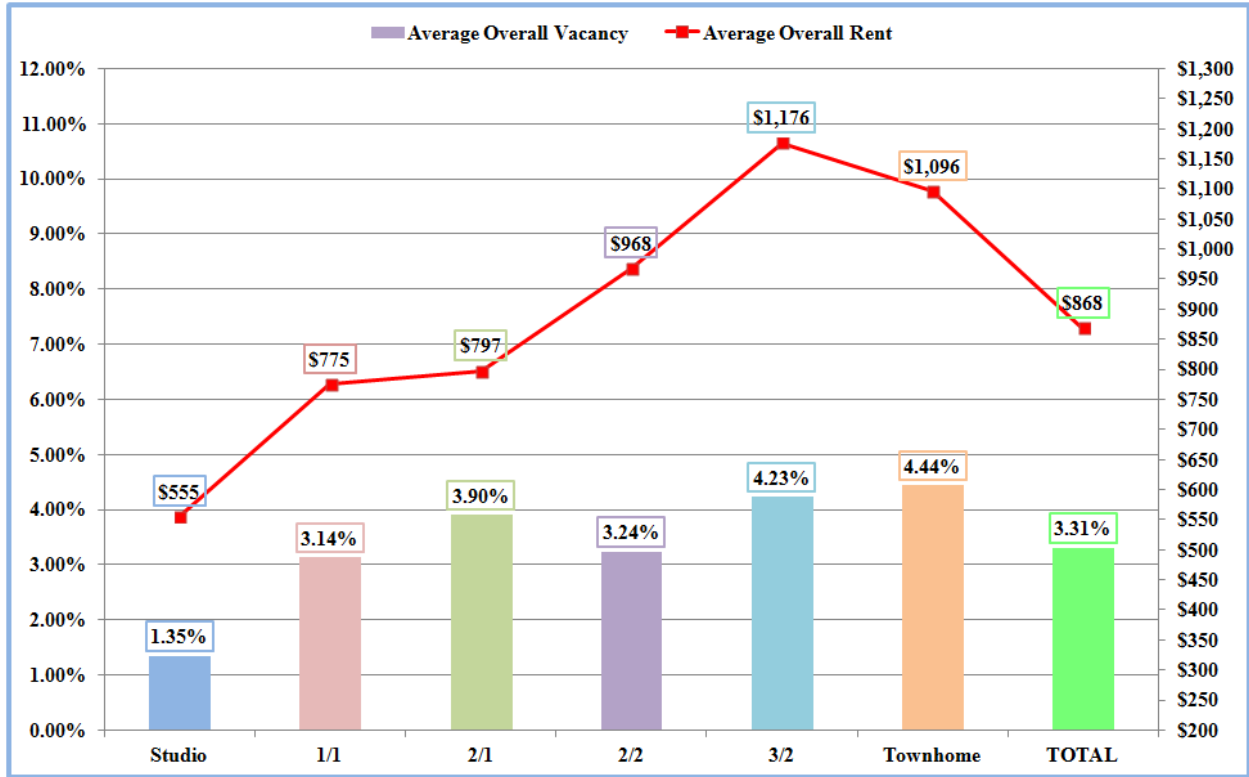
**AREA 10-SOUTHEAST RENO
AVERAGE RENT & VACANCY DATA**



**Southeast Reno Submarket Averages
(Based Upon Units Surveyed)**

Category	4 th Quarter 2014 Data
Total Projects Surveyed	12 Projects
Total Units Surveyed	4,446 Units
Average Square Feet Per Unit Surveyed	871± Square Feet
Average Rent For Units Surveyed	\$898 Per Month
Average Rent Per Square Foot For Units Surveyed	\$1.03 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	3.28%
Number of Projects Offering Concessions As Of Date Surveyed	5 Projects

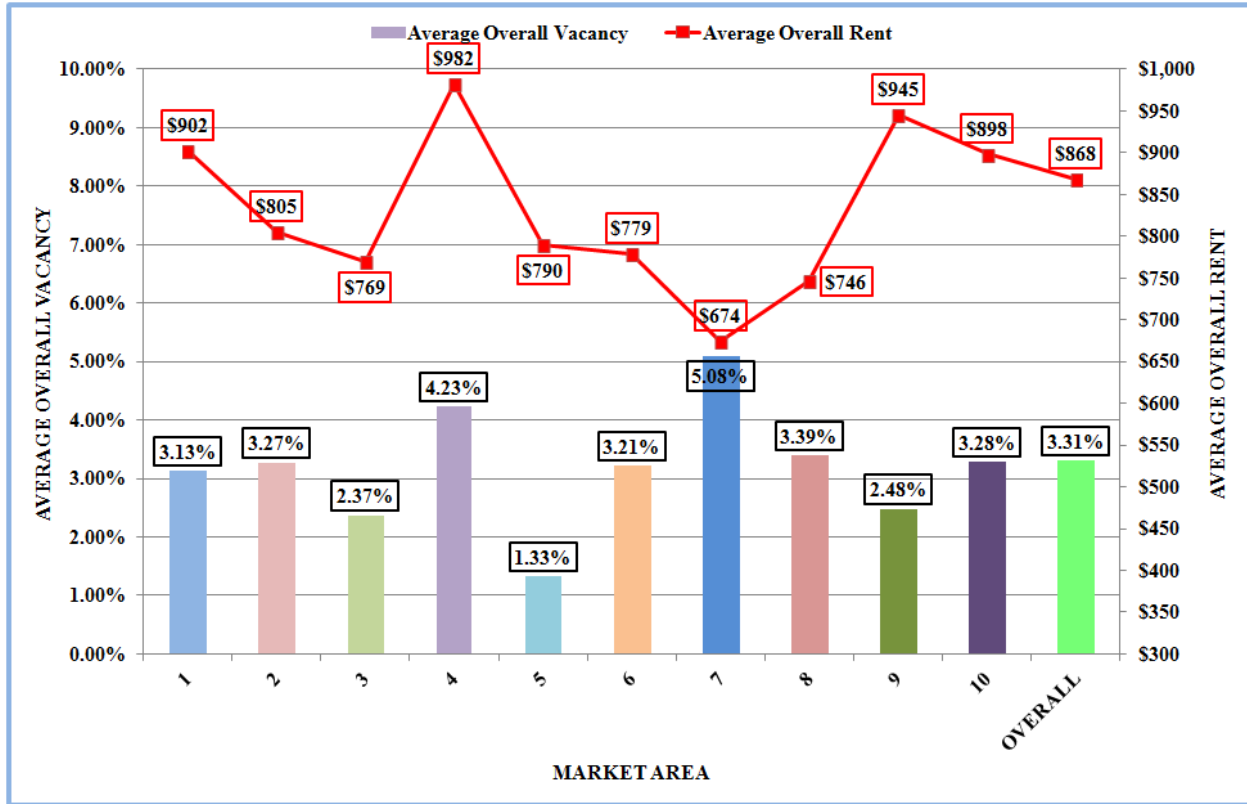
**SUMMARY BY UNIT TYPE
AVERAGE RENT & VACANCY DATA**



**Data By Unit Type
(Based Upon Units Surveyed)**

	STUDIOS	1 BED/ 1 BATH	2 BED/ 1 BATH	2 BED/ 2 BATH	3 BED/ 2 BATH	TOWN	TOTALS
Average SF-By Unit Type	406 SF	718 SF	849 SF	1,037 SF	1,263 SF	1,288 SF	883 SF
Average Rent-By Unit Type	\$555	\$775	\$797	\$968	\$1,176	\$1,096	\$868
Average Rent/SF-By Unit Type	\$1.37	\$1.08	\$0.94	\$0.93	\$0.93	\$0.85	\$0.98
Indicated Vacancy Rate-By Unit Type	1.35%	3.14%	3.90%	3.24%	4.23%	4.44%	3.31%

**SUMMARY BY MARKET AREA
AVERAGE RENT & VACANCY DATA**



**Data By Market Area
(Based Upon Units Surveyed)**

Area	Sub-Market	Average Rent 4 th Qtr. 2014	Average Vacancy 4 th Qtr. 2014
1	Northwest Reno	\$902	3.13%
2	Northeast Reno	\$805	3.27%
3	W. Sparks/N. Valley	\$769	2.37%
4	East Sparks	\$982	4.23%
5	West Reno	\$790	1.33%
6	Southwest Reno	\$779	3.21%
7	Brinkby/Grove	\$674	5.08%
8	Airport	\$746	3.39%
9	Lakeridge	\$945	2.48%
10	Southeast Reno	\$898	3.28%
Overall Reno-Sparks		\$868	3.31%

SUMMARY OF MAJOR APARTMENT PROJECT SALES IN 2014

Summary of 2014 Sales of Market Rate Projects Over 100 Units

Project Name	Submarket	Recording Date	Sale Price	# of Units	Sale Price/Unit
Woodside Village	Southeast Reno (Area 10)	1/23/2014	\$14,900,000	250	\$59,600
Green Leaf Pines	West Sparks (Area 3)	1/28/2014	\$5,925,000	116	\$51,078
The Alexander at Virginia	Southeast Reno (Area 10)	4/23/2014	\$55,300,000	350	\$158,000
Talus Point	Northeast Reno (Area 2)	7/3/2014	\$9,000,000	125	\$72,000
Eastland Hills	East Sparks (Area 4)	8/19/2014	\$27,500,000	296	\$92,905
Villas at D'Andrea	East Sparks (Area 4)	12/18/2014	\$32,000,000	256	\$125,000

The chart above depicts the major apartment project sales in the Reno-Sparks Market(over 100 units) in 2014. In addition to the above sales, the following major apartment projects sold in 2014 which were not market rate projects:

- Banbridge, a 128-unit Low Income Housing Tax Credit project sold in November 2014 for \$5,300,000, or \$41,406 per unit;
- Sterling Sierra, a 190-unit (704-bed) student housing project sold for \$48,500,000 in October 2014.

SURVEY PARTICIPANTS

Special thanks to the following apartment complexes for their continued and reliable support:

Ala Moana Apartments	Shoreline Plaza
Aspen Ridge	Sierra Point Apartments
Aviana at Tuscany	Sierra Sage Apartments
Balfour Place	Sierra View Apartments
Bristle Pointe	Sierra Woods
Bristol Bay Apartments	Silver Lake Apartments
Brooktree Apartments	Silver Ridge Apartments
Canyon Vista Apartments	Sky Vista Commons
Caviata at Kiley Ranch	Skyline Canyon
Century Park Apartments	Southwest Village
Club Ambassador	Spanish Oaks
Courtside Gardens	Spring Villas Townhomes
Creekside Apartments	Stonegate Apartments
Eastland Hills	Sundance West
El Chaparral	The Alexander at South Virginia
Green Leaf Pines	The Boulders
Horizons at South Meadows	The Element
Kirman Gardens	The Enclave
Lakeridge East Apartments	The Lodge at McCarran Ranch
Lakeview Apartments	The Meadows II
Lansdowne House	The Park at Idlewild
Manzanita Gate	The Trails at Pioneer Meadows
Marina Garden Apartments	The View Apartments
Marina Village	The Village at Iron Blossom
Meadowood Apartments	The Village at Wildcreek
Montebello at Summit Ridge	The Villas at D'Andrea
Northtowne Summit	Truckee River Terrace
Northwind Apartments	Village of the Pines
Park Vista	Vintage at South Meadows
Plumas Gardens	Vista Ridge Apartments
Redfield Ridge	Vizcaya Hilltop Apartments
Regency Park Apartments	Waters Edge Apartments
Reno Vista Apartments	Waterstone at Kiley Ranch
Riverwood Apartments	Westcreek Apartments
Roselake Apartments	Westridge Apartments
Rosewood Park	Willow Creek Villas
Sandpebble	Willowbrook Apartments
Sharlands Terrace	Woodside Village
Sherwood Forest	