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Policy Development & Research

Analysis of the Reno, Nevada

Housing Market As of October 1, 2005



ECONOMIC RESEARCH

U.S. Department of Housing and Urban Development

Foreword

This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the "as-of" date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD wishes to express its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

This analysis takes into consideration changes in the economic, demographic, and housing inventory characteristics of the market area during three periods: from 1990 to 2000, from 2000 to the as-of date of the analysis—October 1, 2005 (Current date)—and from the Current date to a Forecast date—October 1, 2008. In the analysis, 1990 and 2000 refer to the dates of the decennial census—April 1 unless specified otherwise. This analysis presents counts and estimates of employment, population, households, and housing inventory as of the 1990 Census, 2000 Census, Current date, and Forecast date. For purposes of this analysis, the forecast period is 36 months.

The prospective demand expressed in the analysis should not be construed as a forecast of building activity; rather, it presents the prospective housing production that would maintain a reasonable balance in the demand-supply relationship given the market conditions on the as-of date of the analysis. This analysis was prepared by Pamela J. Leong, the Division's economist in HUD's San Francisco Regional Office, based on fieldwork conducted in September 2005. Questions regarding the findings and conclusions of the analysis may be addressed to Ms. Leong at 415-489-6518 and at pamela_j_leong@hud.gov.

Housing Market Area

The Reno, Nevada Housing Market Area (HMA), located in northwest Nevada, includes Washoe and Storey Counties. For purposes of this analysis, the HMA has been divided into two submarket areas: the city of Reno and the Remainder of the HMA. The Remainder of the HMA includes the city of Sparks, second to Reno in size; Virginia City, which is the government seat of Storey County; and several unincorporated communities. More than three-fourths of the HMA is public land consisting of forests, mountains, lakes, and high desert areas. The Pyramid Lake Indian Reservation, which is located in the HMA, is not covered by this analysis.

Summary

Population growth in the Reno HMA remains strong, primarily due to in-migration. As of the Current date, the population of the Reno HMA is estimated to be 406,600. This figure reflects an average annual gain of 11,600, or 3.2 percent, since the 2000 Census. Recent growth has been faster than that of the 1990-to-2000 period, when gains averaged 8,575, or 2.9 percent, annually. Population is anticipated to increase by 12,750 annually, or 3 percent, during the 3-year forecast period.

Employment in the gaming-based HMA is increasing. Since 2000, the average annual growth of nonfarm employment has been 4,500 jobs, or 2.3 percent. During the current 12-month period, nonfarm employment was 215,600, a new record for the HMA, and the unemployment rate was 3.9 percent. Employment is anticipated to increase at an average annual rate of 2.7 percent, or 6,100 jobs, during the 3-year forecast period.

Strong population growth in the Reno HMA has contributed to an active sales market. Demand for sales housing has been strong because of the favorable combination of move-up buyers and retirees primarily from California, strong employment growth, and low interest rates. In the 12 months ending September 2005, existing home sales, including condominiums, totaled 6,850 units, a 12-percent gain over the comparable period a year earlier. Strong demand in the sales market has led to substantial increases in sales prices. The median price of existing homes increased 27 percent to \$315,800 in the 12-month period ending September 2005. During the 3-year forecast period, demand for approximately 12,100 homes is expected.

The rental market in the Reno HMA has become balanced in recent years. From 2000 through 2004, multifamily permit activity decreased each year. In addition, strong demand for sales housing during the early 2000s prompted developers to build a number of multifamily projects as condominiums instead of as rental properties. The overall rental market vacancy rate is currently estimated to be 5.8 percent. Demand for about 2,525 rental units is anticipated during the 3-year forecast period.

Economy of the Area

The Reno HMA is the second largest economic and demographic center in Nevada. From 1990 to 2000, total nonfarm employment increased from 144,600 to 194,100 jobs,

representing an average annual growth rate of 3 percent. During the 1993-through-1996 period, employment increased rapidly, led by the leisure and hospitality, construction, and trade sectors. Since 2000, the average annual growth rate of nonfarm employment has been 2.3 percent. During the current 12-month period, nonfarm employment averaged 215,600, a new record for the HMA.

From 1990 to 2000, labor force and resident employment increased at average annual rates of 2.9 and 3 percent, respectively. The unemployment rate decreased from 5.2 percent in 1990 to 3.7 percent in 2000. Since 2000, the labor force has grown slightly faster than employment at 1.5 percent annually compared with 1.4 percent. During the current 12-month period, the labor force averaged 211,100 people; 3.9 percent were unemployed. Trends in annual average resident employment, civilian labor force, and nonfarm employment by industry sector from 1990 through the Current date are shown in Tables 1 and 2.

Eight of the ten largest private-sector employers in the HMA are either hotel casinos or gaming-related enterprises. International Gaming Technology, a manufacturer of slot machines, is the leading employer in the HMA with more than 2,500 people on its payroll. The three largest hotel casinos, which have more than 5,000 employees combined on their payrolls, are the Silver Legacy Resort Casino, the Peppermill Hotel Casino, and the Reno Hilton. Northern California residents account for as many as half the tourists who visit the area.

Led by hotel-casinos, the leisure and hospitality industry remains the leading employment sector in the HMA. In 1990, leisure and hospitality accounted for 38,000 jobs, or 26 percent of all jobs in the HMA. From 1990 to 2000, the number of jobs in the leisure and hospitality sector rose by an average annual rate of 1.2 percent. Since 2000, new gaming establishments in California have provided additional competition for casinos in the Reno HMA. During the current 12-month period, employment in the leisure and hospitality sector averaged 39,100, or 18 percent of the jobs in the HMA.

Government efforts to strengthen the economy and large population gains in the HMA have led to rapid growth in the construction and service-providing sectors. The Reno Transportation Rail Access Corridor, a \$280 million project that diverts train traffic from downtown Reno, will be completed in 2006. The Reno-Sparks Convention Center completed a \$105 million expansion in 2002. The city of Reno recently built the \$65 million Reno Events Center. Since 2000, the construction, professional and business services, and educational and health services sectors have had average annual gains of 1,650, 1,125, and 840 jobs, respectively. During this same period, the average annual growth rates for these three sectors have been 9.6, 5.1, and 4.8 percent, respectively.

Completing the list of the 10 largest private-sector employers in the Reno HMA are Washoe Medical Center and Saint Mary's Health Network, which, combined, have more than 4,000 employees. In response to the growing population, Washoe Medical Center is undergoing a \$240 million expansion with an anticipated completion in 2007.

The outlook for the economy of the Reno HMA is positive for the 3-year forecast period. Growth in nonfarm employment is expected to average 2.7 percent annually in the next 3 years. The construction sector is expected to remain strong, not only in housing but also in Sierra Pacific Power's new \$420 million gas-fired power plant just east of Sparks, some casino-gaming expansion, and additional retail development.

Household Incomes

According to HUD, the fiscal year 2005 median family income in the Reno HMA was \$63,700. The median income in this area has increased at an average annual rate of 2.7 percent since 1999, when the median income was \$54,284.

Population

Population growth in the Reno HMA remains strong, primarily due to in-migration. The population of the HMA is currently an estimated 406,600, reflecting an average annual gain of 11,600, or 3.2 percent, since the 2000 Census. Recent growth has been slightly faster than that of the 1990-to-2000 period when growth occurred at an average annual rate of 8,575, or 2.9 percent, annually.

Domestic in-migration, which has been the primary source of population growth in the Reno area, has accelerated in recent years. From 1990 to 2000, net migration averaged 6,250 people each year, or approximately 73 percent of total population growth in the HMA. U.S. Census Bureau studies in 1995 and 2000 indicate that people from Californian accounted for about half of the domestic migrants who moved into the Reno HMA. Californians still account for half of the domestic in-migration. Other new residents primarily come from the nearby states of Arizona, Oregon, and Washington. Since 2000, net migration averaged 9,000 people a year, a 44-percent increase from the 1990-to-2000 period. Net migration has increased in response to the numerous employment opportunities in the HMA.

Based on the level of economic growth anticipated during the forecast period, net-migration is expected to continue to increase. By the Forecast date, the population is estimated to be 444,800, reflecting an average growth of 3.0 percent, or 12,750 people a year. Table 3 shows trends in population and households in the Reno HMA from 1990 through the Forecast date.

Households

As of the Current date, the Reno HMA had approximately 159,000 households. This figure represents an average annual increase of 4,625 households, or 3.2 percent, since the 2000 Census. In contrast, the number of households increased at a slower rate of 3,025 a year, or 2.6 percent, between 1990 and 2000. During the 1990-to-2000 period, the pace of household formation lagged population growth primarily due to the greater in-migration of larger families.

With the expectation of continued job and population growth in the Reno area, the number of households is forecast to reach 174,100, a 3.1-percent average annual growth rate, by October 1, 2008.

Housing Inventory

In tandem with the strong population and household growth, the housing inventory in the Reno HMA increased substantially between 1990 and 2000 and has increased even faster since 2000. From 1990 to 2000, the inventory of all housing units, including mobile homes, increased at the average rate of 3,350 units a year, or 3.0 percent annually. The Reno HMA has an inventory currently estimated at 173,100 units, reflecting an average annual change of 5,025 units, or 3.2 percent, since the 2000 Census. Table 4 shows the housing inventory, occupancy, and vacancy counts for the Reno HMA as of 1990, 2000, and the Current date.

Since 1990, the single-family housing sector has accounted for at least three-fourths of all new residential construction activity in the Reno HMA. Single-family activity, as measured by building permits, averaged 2,550 units annually during the 1990s, with more than 3,000 units permitted in the last 2 years of the decade. Since 2000, the number of single-family permits has increased to an average of 4,100 each year. Due to strong growth in population and employment and low mortgage rates, demand has remained high. In 2004, approximately 5,000 single-family permits were issued. The number of single-family permits issued in 2005 is expected to match the number issued in 2004.

Future housing construction will be constrained more by the availability of water than by the availability of land. Starting in 2005, the Truckee Meadows Water Authority has not been able to provide water rights for builders whose land did not have water access. The limited availability of open-market water rights will slow construction and increase per-unit development costs. The recent legal resolution of land control in Washoe County has made more land available for development. Officials in Washoe County and the cities of Reno and Sparks have an understanding that urban development will take place within the boundaries of the two cities and not in unincorporated county land. From 2000 to the Current date, the cities of Reno and Sparks have increased the land that is incorporated by at least 11,000 and 4,000 acres, or 20 and 25 percent, respectively. Much of these former ranchlands are now either approved for or planned as master-planned communities dominated by single-family housing.

The combination of low interest rates and the predominance of single-family new construction have led to a continued shift in tenure in the Reno HMA. The proportion of households that own homes has increased from 54.3 percent in 1990 to 59.5 percent in 2000 and 62.5 percent as of the Current date. Of the two submarkets, the Remainder of the HMA currently has a higher level of homeownership, at 76.9 percent compared with 50.8 percent in the city of Reno. The Reno submarket currently has approximately three-fourths of the multifamily housing stock in the HMA.

As measured by building permit activity, multifamily units in the HMA have been built at a much slower pace than single-family units. During the 1990s, an average annual 790

multifamily units were permitted; 85 percent of these units were located in the Reno submarket. Since 2000, activity has picked up as an average of 1,030 multifamily units have been approved; 72 percent of these units were located in the Reno submarket. As traffic congestion has increased within the Reno submarket, city officials have begun planning for greater density, transit-oriented developments, especially along Virginia Street south of the downtown area. An estimated one-fourth of new multifamily construction units built during 2005 were condominiums. In downtown Reno, a new condominium tower currently is under construction and two hotels are being converted to condominiums for a total of 600 units. Prices for these units start in the mid-\$200,000s. Table 5 shows building permit activity from 1990 through the Current date for single and multifamily housing.

Sales Market Conditions

The sales market in the Reno HMA has been strong since 2000 compared with the sales market in the 1990s. From 1990 to 2000, the sales vacancy rate in the HMA increased from 1.8 to 2.0 percent. During the 1990s, sales of existing homes averaged 2,875 a year, according to the Northern Nevada Regional Multiple Listing Service. From 1990 to 2000, the median price of an existing house increased from \$106,250 to \$150,000, an average change of 3.5 percent a year. The sales market became more active after 2000. From 2000 through 2004, the sales volume averaged 4,850 houses sold a year and the median sales price increased 17 percent a year on average to \$280,000. The sales market vacancy declined to 1.6 percent as of the Current date.

Demand for sales housing has been high because of the favorable combination of increased buyers from outside the HMA, strong employment growth, and low interest rates. In the 12 months ending September 2005, existing home sales, including condominiums, totaled 6,850, a 12-percent gain over the comparable period a year earlier. Sales activity has also been brisk in the new homes segment of the market according to the Gregory Group. In the 12 months ending September 2005, new home sales totaled 5,550 units, a 30-percent increase from the same period the previous year.

The strong demand in the sales market has led to substantial increases in sales prices. The median price for existing homes, including condominiums, increased 27 percent to \$315,800 in the 12-month period ending September 2005. Prices for new single-family homes have also increased at similar rates. In the 12 months ending September 2005, the median price for a new home increased by 30 percent to \$341,000; this gain is partially due to the higher sales volume of luxury homes. During the past 24 months, sales in the upscale southwestern part of the Reno area, where the average sales price is \$960,000, increased from 1 percent to 10 percent of total new sales.

Currently, most of the new single-family houses are built within or very close to the cities of Reno and Sparks. Within the Reno submarket, new subdivisions are concentrated in the North Valley areas, the southeast, and the west side of the city just north of Highway 80. The North Valley areas, which are located along Highway 395, include new subdivisions with home prices starting in the mid-\$200,000s. Construction of the communities of Double Diamond Ranch and Damonte Ranch in the southeast began in

the late 1990s. New homes in these two communities are currently priced from the low \$400,000s. A major development in western Reno is the 2,375-acre community of Somerset, where new houses start in the \$400,000s. Somerset is the location of Del Webb's first active-adult retirement community in northern Nevada; upon completion in 2010, the community will include 1,200 units for active adults. Within the Remainder of the HMA, new single-family houses are being built in Kiley Ranch in northern Sparks, where the homes are priced from the mid-\$300,000s, and in Washoe County just southwest of the city of Reno, where prices begin in the \$700,000s.

The sales market is anticipated to remain stable but with lower rates of price increases during the forecast period.

Rental Market Conditions

The rental market in the Reno HMA has become balanced in recent years. From 1990 to 2000, the vacancy rate in the HMA increased from 7.2 to 7.8 percent. Many apartment projects entered the rental market simultaneously in the late 1990s, causing the vacancy rate to rise. From 2000 through 2004, multifamily construction decreased each year. In addition, as low interest rates supported the sales market during the early 2000s, some multifamily projects were built as condominiums instead of as rental properties. The overall rental market is currently estimated to have a vacancy rate of 5.8 percent.

The vacancy rate for large market-rate apartment complexes is estimated to be less than that of the overall rental market. As of September 30, 2005, Johnson-Perkins Associates and Kimmel Associates (JPAKA) recorded a vacancy rate of 3.0 percent in market-rate, stabilized-occupancy multifamily projects of 80 or more units. In the first 6 months of 2005, JPAKA recorded average vacancy rates of 4.5 percent. Rents in the HMA average \$720 for a one-bedroom unit, \$840 for a two-bedroom unit, and \$1,050 for a three-bedroom unit. Rents are 2.8 percent higher on average than for the same 6-month period in the previous year.

For the 12 months ending September 2005, 1,178 multifamily permits were issued. All but 5 percent of these units were located in the city of Reno, where about 800 apartment units are currently under construction.

Several factors indicate that the rental market in the Reno HMA will tighten during the next 3 years. Employment and population are anticipated to continue to increase. Rising home prices and higher interest rates will also increase the demand for rental units. The strong sales market has also led owners of some apartment projects to explore converting the rental units to condominiums. Currently, planning is under way to convert one 150-unit apartment project in Reno to condominiums. One 240-unit apartment project in Sparks, which is currently for sale, has received a permit for conversion, but the owner is leaving the decision to the potential buyer.

Forecast Housing Demand

Forecast household growth is the principal factor of demand for additional housing. In addition, units lost because of demolition and other causes will need to be replaced. Based on anticipated household growth and current market conditions, estimates indicate a demand for approximately 14,625 new housing units during the 3-year forecast period ending October 1, 2008. This demand would be successfully met by the construction of 12,100 units of sales housing and 2,525 rental units.

Table 6 shows estimates of demand for new market-rate rental units. The distribution of forecast demand by bedroom size was based on the distribution of the rental inventory by bedroom size as of the 2000 Census and on trends in housing production since 2000, current pipeline activity, and market conditions. Estimates indicate a demand for approximately 1,100 one-bedroom units at \$725, 1,175 two-bedroom units at \$800, and 250 three-bedroom units at \$1,050. Most new rental units are anticipated to be built in the Reno submarket.

Table 7 shows demand estimates for owner-occupied units. Most of the forecast demand will be for single-family detached houses selling for less than \$475,000. Townhomes and condominiums are anticipated to meet 15 percent of this demand. With the recent land annexations, most of these units will be located in the cities of Reno and Sparks.

Table 1
Labor Force and Employment
Reno HMA
1990 to September 2005

| | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
|--------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Labor Force | 148,500 | 152,900 | 160,800 | 166,400 | 170,000 | 175,400 | 178,400 | 182,700 | 188,700 | 189,100 |
| Employment | 140,800 | 144,300 | 150,400 | 156,600 | 161,100 | 166,900 | 170,100 | 175,300 | 181,300 | 182,300 |
| Unemployment | 7,800 | 8,600 | 10,400 | 9,800 | 8,800 | 8,500 | 8,300 | 7,400 | 7,400 | 6,800 |
| Rate (%) | 5.2 | 5.6 | 6.5 | 5.9 | 5.2 | 4.9 | 4.7 | 4.1 | 3.9 | 3.6 |

| | 2000 | 2001 | 2002 | 2003 | 2004 | Previous 12 Mos. ^a | Current 12 Mos. ^b |
|--------------|---------|---------|---------|---------|---------|----------------------------------|---------------------------------|
| Labor Force | 196,900 | 203,100 | 204,600 | 206,100 | 208,600 | 208,000 | 211,100 |
| Employment | 189,600 | 194,100 | 194,700 | 196,900 | 200,200 | 199,300 | 202,900 |
| Unemployment | 7,300 | 9,000 | 9,900 | 9,300 | 8,400 | 8,700 | 8,200 |
| Rate (%) | 3.7 | 4.4 | 4.8 | 4.5 | 4.0 | 4.2 | 3.9 |

^a Previous 12 Months reflects annual average for period ending September 30, 2004.

^b Current 12 Months reflects annual average for period ending September 30, 2005.

Note: Numbers may not add to totals due to rounding.

Source: U.S. Department of Labor, Bureau of Labor Statistics

Table 2
Nonfarm Employment by Industry
Reno HMA
1990 to September 2005 (1 of 2)

| Employment Sector | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Total Nonfarm | 144.6 | 143.5 | 146.0 | 150.8 | 158.9 | 166.5 | 173.2 | 178.5 | 183.4 | 187.7 |
| Goods-Producing | 17.0 | 16.6 | 17.0 | 18.5 | 21.6 | 23.1 | 25.2 | 25.8 | 27.0 | 27.5 |
| Nat. Res. & Mining | 1.3 | 0.8 | 0.8 | 0.6 | 0.7 | 0.6 | 0.6 | 0.7 | 0.6 | 0.5 |
| Construction | 8.0 | 7.5 | 7.3 | 7.8 | 9.4 | 10.6 | 11.9 | 12.1 | 12.9 | 13.8 |
| Manufacturing | 7.7 | 8.2 | 9.0 | 10.1 | 11.5 | 11.9 | 12.7 | 13.1 | 13.5 | 13.2 |
| Service-Providing | 127.6 | 127.0 | 129.0 | 132.3 | 137.3 | 143.3 | 148.0 | 152.7 | 156.4 | 160.3 |
| Trade | 25.9 | 24.7 | 24.5 | 24.7 | 26.0 | 27.4 | 28.5 | 29.3 | 29.7 | 31.0 |
| Wholesale Trade | 7.7 | 7.2 | 7.1 | 7.2 | 7.7 | 8.5 | 9.0 | 9.4 | 9.6 | 10.1 |
| Retail Trade | 18.2 | 17.5 | 17.4 | 17.5 | 18.3 | 18.9 | 19.5 | 19.9 | 20.1 | 20.9 |
| Transport. & Utilities | 7.4 | 7.9 | 7.9 | 8.3 | 8.9 | 9.6 | 9.6 | 10.0 | 10.4 | 10.3 |
| Information | 3.6 | 3.5 | 3.4 | 3.3 | 3.3 | 3.1 | 3.1 | 3.3 | 3.5 | 3.5 |
| Financial Activities | 8.3 | 8.1 | 8.0 | 8.2 | 8.4 | 8.2 | 8.5 | 9.1 | 9.5 | 9.5 |
| Prof. & Bus. Svcs. | 10.2 | 10.3 | 10.9 | 12.7 | 13.9 | 14.7 | 15.3 | 16.4 | 17.7 | 19.1 |
| Educ. & Health Svcs. | 11.4 | 12.4 | 12.7 | 13.1 | 13.5 | 13.2 | 13.6 | 14.0 | 14.3 | 15.2 |
| Leisure & Hospitality | 38.0 | 36.8 | 37.5 | 37.4 | 38.1 | 40.7 | 41.9 | 42.2 | 42.0 | 42.0 |
| Casino Hotels | 27.1 | 25.9 | 26.4 | 26.3 | 27.1 | 29.3 | 30.3 | 30.3 | 30.0 | 29.6 |
| Government | 4.3 | 4.3 | 4.3 | 4.5 | 4.5 | 4.9 | 5.0 | 5.4 | 5.7 | 5.7 |
| Federal | 18.4 | 19.1 | 19.8 | 20.0 | 20.8 | 21.6 | 22.5 | 23.2 | 23.8 | 24.0 |
| State | 144.6 | 143.5 | 146.0 | 150.8 | 158.9 | 166.5 | 173.2 | 178.5 | 183.4 | 187.7 |
| Local | 17.0 | 16.6 | 17.0 | 18.5 | 21.6 | 23.1 | 25.2 | 25.8 | 27.0 | 27.5 |

Notes: Figures are in thousands.

Numbers may not add to totals due to rounding.

Source: U.S. Department of Labor, Bureau of Labor Statistics—North American Industry Classification System (NAICS)

Table 2
Nonfarm Employment by Industry
Reno HMA
1990 to September 2005 (2 of 2)

| Employment Sector | 2000 | 2001 | 2002 | 2003 | 2004 | Previous 12 Mos. ^a | Current 12 Mos. ^b |
|------------------------|-------|-------|-------|-------|-------|----------------------------------|---------------------------------|
| Total Nonfarm | 194.1 | 199.4 | 196.8 | 200.1 | 208.6 | 206.1 | 215.6 |
| Goods-Producing | 28.5 | 30.3 | 29.6 | 31.0 | 34.3 | 33.4 | 36.8 |
| Nat. Res. & Mining | 0.5 | 0.5 | 0.5 | 0.4 | 0.4 | 0.4 | 0.4 |
| Construction | 14.3 | 15.8 | 15.7 | 17.1 | 19.9 | 19.1 | 22.1 |
| Manufacturing | 13.6 | 14.0 | 13.4 | 13.5 | 14.1 | 13.9 | 14.3 |
| Service-Providing | 165.7 | 169.1 | 167.1 | 169.1 | 174.3 | 172.8 | 178.8 |
| Trade | 32.1 | 32.7 | 32.1 | 32.0 | 33.4 | 33.1 | 34.1 |
| Wholesale Trade | 10.9 | 11.5 | 10.9 | 10.3 | 10.7 | 10.6 | 10.9 |
| Retail Trade | 21.2 | 21.2 | 21.2 | 21.7 | 22.7 | 22.5 | 23.2 |
| Transport. & Utilities | 10.3 | 10.6 | 10.4 | 10.5 | 10.3 | 10.4 | 10.3 |
| Information | 3.7 | 3.6 | 3.4 | 3.2 | 3.1 | 3.2 | 3.0 |
| Financial Activities | 10.1 | 10.3 | 10.3 | 10.5 | 10.7 | 10.7 | 10.8 |
| Prof. & Bus. Svcs. | 20.3 | 20.9 | 20.3 | 21.3 | 23.7 | 23.0 | 25.7 |
| Educ. & Health Svcs. | 15.9 | 17.0 | 18.0 | 18.6 | 19.3 | 19.1 | 19.9 |
| Leisure & Hospitality | 42.9 | 42.2 | 40.0 | 39.7 | 39.0 | 39.0 | 39.1 |
| Casino Hotels | 30.1 | 29.1 | 26.4 | 25.7 | 24.4 | 24.7 | 23.9 |
| Government | 5.9 | 6.5 | 6.6 | 6.8 | 7.5 | 7.3 | 8.1 |
| Federal | 24.5 | 25.3 | 26.0 | 26.6 | 27.2 | 27.0 | 27.7 |
| State | 194.1 | 199.4 | 196.8 | 200.1 | 208.6 | 206.1 | 215.6 |
| Local | 28.5 | 30.3 | 29.6 | 31.0 | 34.3 | 33.4 | 36.8 |

^a Previous 12 Months reflects annual average for period ending September 30, 2004.

^b Current 12 Months reflects annual average for period ending September 30, 2005.

Notes: Figures are in thousands.

Numbers may not add to totals due to rounding.

Source: U.S. Department of Labor, Bureau of Labor Statistics—NAICS

Table 3
Population and Household Trends
Reno HMA
April 1, 1990 to October 1, 2008

| | April 1, 1990 | April 1, 2000 | Current Date | Forecast Date | Average Annual Change | | | | | |
|-------------------|------------------|------------------|-----------------|------------------|-----------------------|----------|-----------------|----------|---------------------|----------|
| | | | | | 1990 to 2000 | | 2000 to Current | | Current to Forecast | |
| | | | | | Number | Rate (%) | Number | Rate (%) | Number | Rate (%) |
| Population | | | | | | | | | | |
| Reno HMA | 257,193 | 342,885 | 406,600 | 444,800 | 8,575 | 2.9 | 11,600 | 3.2 | 12,750 | 3.0 |
| City of Reno | 133,850 | 180,480 | 213,500 | 233,600 | 4,675 | 3.0 | 6,000 | 3.1 | 6,700 | 3.0 |
| Remainder of HMA | 123,343 | 162,405 | 193,100 | 211,200 | 3,900 | 2.8 | 5,600 | 3.2 | 6,025 | 3.0 |
| Households | | | | | | | | | | |
| Reno HMA | 103,300 | 133,546 | 159,000 | 174,100 | 3,025 | 2.6 | 4,625 | 3.2 | 5,050 | 3.1 |
| City of Reno | 57,286 | 73,904 | 87,800 | 96,200 | 1,650 | 2.6 | 2,525 | 3.2 | 2,825 | 3.1 |
| Remainder of HMA | 46,014 | 59,642 | 71,200 | 77,900 | 1,375 | 2.6 | 2,100 | 3.3 | 2,225 | 3.1 |

Notes: Rate of change is calculated on a compound basis.
Average annual changes rounded for comparison.
Averages may not add to HMA total due to rounding.

Sources: 1990 and 2000—U.S. Census Bureau
Current and Forecast—Estimates by analyst

Table 4
Housing Inventory, Tenure, and Vacancy
Reno HMA
1990, 2000, and October 1, 2005

| | Reno HMA | | | City of Reno | | | Remainder of HMA | | |
|--------------------------------|----------|---------|---------|--------------|--------|---------|------------------|--------|---------|
| | 1990 | 2000 | Current | 1990 | 2000 | Current | 1990 | 2000 | Current |
| Total Housing Inventory | 113,278 | 145,504 | 173,100 | 61,384 | 79,453 | 93,300 | 51,894 | 66,051 | 79,800 |
| Occupied Units | 103,300 | 133,546 | 159,000 | 57,286 | 73,904 | 87,750 | 46,014 | 59,642 | 71,200 |
| Owners | 56,069 | 79,462 | 99,350 | 24,409 | 35,134 | 44,600 | 31,660 | 44,328 | 54,750 |
| % | 54.3 | 59.5 | 62.5 | 42.6 | 47.5 | 50.8 | 68.8 | 74.3 | 76.9 |
| Renters | 47,231 | 54,084 | 59,600 | 32,877 | 38,770 | 43,200 | 14,354 | 15,314 | 16,400 |
| % | 45.7 | 40.5 | 37.5 | 57.4 | 52.5 | 49.2 | 31.2 | 25.7 | 23.1 |
| Vacant Units | 9,978 | 11,958 | 14,200 | 4,098 | 5,549 | 5,550 | 5,880 | 6,409 | 8,650 |
| For Sale | 1,034 | 1,634 | 1,650 | 539 | 788 | 680 | 495 | 846 | 980 |
| Rate (%) | 1.8 | 2.0 | 1.6 | 2.2 | 2.2 | 1.5 | 1.5 | 1.9 | 1.8 |
| For Rent | 3,679 | 4,577 | 3,675 | 2,550 | 3,305 | 2,550 | 1,129 | 1,272 | 1,125 |
| Rate (%) | 7.2 | 7.8 | 5.8 | 7.2 | 7.9 | 5.6 | 7.3 | 7.7 | 6.4 |
| Other Vacant | 5,265 | 5,747 | 8,850 | 1,009 | 1,456 | 2,300 | 4,256 | 4,291 | 6,550 |

Note: Numbers may not add to totals due to rounding.
Sources: 1990 and 2000—U.S. Census Bureau
Current—Estimates by analyst

Table 5
Residential Building Permit Activity
Reno HMA
1990 to September 2005 (1 of 2)

| | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Reno HMA | | | | | | | | | | |
| Total | 2,622 | 1,694 | 2,120 | 2,610 | 3,475 | 3,299 | 4,408 | 3,662 | 4,900 | 4,456 |
| Single-family | 1,881 | 1,618 | 2,003 | 2,363 | 2,834 | 2,495 | 2,916 | 2,851 | 3,296 | 3,105 |
| Multifamily | 741 | 76 | 117 | 247 | 641 | 804 | 1,492 | 811 | 1,604 | 1,351 |
| City of Reno | | | | | | | | | | |
| Total | 1,829 | 716 | 1,050 | 1,192 | 1,644 | 1,572 | 2,581 | 1,921 | 2,565 | 2,543 |
| Single-family | 1,129 | 668 | 965 | 974 | 1,067 | 928 | 1,161 | 1,227 | 1,465 | 1,328 |
| Multifamily | 700 | 48 | 85 | 218 | 577 | 644 | 1,420 | 694 | 1,100 | 1,215 |
| Remainder of HMA | | | | | | | | | | |
| Total | 793 | 978 | 1,070 | 1,418 | 1,831 | 1,727 | 1,827 | 1,741 | 2,335 | 1,913 |
| Single-family | 752 | 950 | 1,038 | 1,389 | 1,767 | 1,567 | 1,755 | 1,624 | 1,835 | 1,777 |
| Multifamily | 41 | 28 | 32 | 29 | 64 | 160 | 72 | 117 | 504 | 136 |

Note: Numbers may not add to totals due to rounding.
Source: U.S. Census Bureau, Building Permits Survey

Table 5
Residential Building Permit Activity
Reno HMA
1990 to September 2005 (2 of 2)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | Current 12 Mos. |
|-------------------------|-------|-------|-------|-------|-------|-------|--------------------|
| Reno HMA | | | | | | | |
| Total | 4,574 | 4,954 | 4,716 | 5,033 | 5,743 | 4,452 | 6,314 |
| Single-family | 3,204 | 3,878 | 3,801 | 4,265 | 5,009 | 3,414 | 5,136 |
| Multifamily | 1,370 | 1,076 | 915 | 768 | 734 | 1,038 | 1,178 |
| City of Reno | | | | | | | |
| Total | 2,380 | 1,914 | 2,019 | 2,301 | 3,485 | 2,820 | 4,165 |
| Single-family | 1,275 | 1,453 | 1,425 | 1,834 | 2,848 | 1,800 | 3,041 |
| Multifamily | 1,105 | 461 | 594 | 467 | 637 | 1,020 | 1,124 |
| Remainder of HMA | | | | | | | |
| Total | 2,194 | 3,040 | 2,697 | 2,732 | 2,258 | 1,632 | 2,149 |
| Single-family | 1,929 | 2,425 | 2,376 | 2,431 | 2,161 | 1,614 | 2,095 |
| Multifamily | 265 | 615 | 321 | 301 | 97 | 18 | 54 |

Notes: Numbers may not add to totals due to rounding.
2005 includes data through September.
Current 12 Months reflects total for period ending September 30, 2005.
Source: U.S. Census Bureau, Building Permits Survey

Table 6
Estimated Qualitative Demand for New Market-Rate Rental Housing
Reno HMA
October 1, 2005 to October 1, 2008

| One Bedroom | | Two Bedrooms | | Three Bedrooms | |
|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|
| Monthly Gross Rent (\$) | Units of Demand | Monthly Gross Rent (\$) | Units of Demand | Monthly Gross Rent (\$) | Units of Demand |
| 725 | 1,100 | 800 | 1,175 | 1,050 | 250 |
| 775 | 980 | 850 | 970 | 1,100 | 220 |
| 825 | 900 | 900 | 890 | 1,150 | 200 |
| 875 | 810 | 950 | 800 | 1,200 | 170 |
| 925 | 710 | 1,000 | 690 | 1,250 | 140 |
| 975 | 600 | 1,050 | 590 | 1,300 | 130 |
| 1,025 | 500 | 1,100 | 490 | 1,350 | 110 |
| 1,125 | 400 | 1,200 | 400 | 1,450 | 80 |
| 1,225 | 320 | 1,300 | 260 | 1,550 | 60 |
| 1,325 | 260 | 1,400 | 180 | 1,650 | 40 |
| 1,425 | 200 | 1,500 | 120 | 1,750 | 30 |
| 1,525 | 160 | 1,600 | 80 | 1,850 | 20 |
| 1,625 | 120 | 1,700 | 60 | 1,950 | 20 |
| 1,725 | 70 | 1,800 | 20 | 2,050 | 10 |

Notes: Distribution above is noncumulative.
Demand shown at any rent represents demand at that level and higher.

Source: Estimates by analyst

Table 7
Estimated Qualitative Demand for New Market-Rate Sales Housing
Reno HMA
October 1, 2005 through October 1, 2008

| Price Range (\$) | | Units of Demand |
|------------------|------------|-----------------|
| From | To | |
| 175,000 | 224,999 | 360 |
| 225,000 | 274,999 | 480 |
| 275,000 | 324,999 | 730 |
| 325,000 | 374,999 | 1,450 |
| 375,000 | 424,999 | 2,050 |
| 425,000 | 474,999 | 1,925 |
| 475,000 | 524,999 | 1,575 |
| 525,000 | 574,999 | 970 |
| 575,000 | 624,999 | 850 |
| 625,000 | 674,999 | 600 |
| 675,000 | 724,999 | 480 |
| 725,000 | 774,999 | 240 |
| 775,000 | and higher | 360 |

Note: Data are rounded.
Source: Estimates by analyst