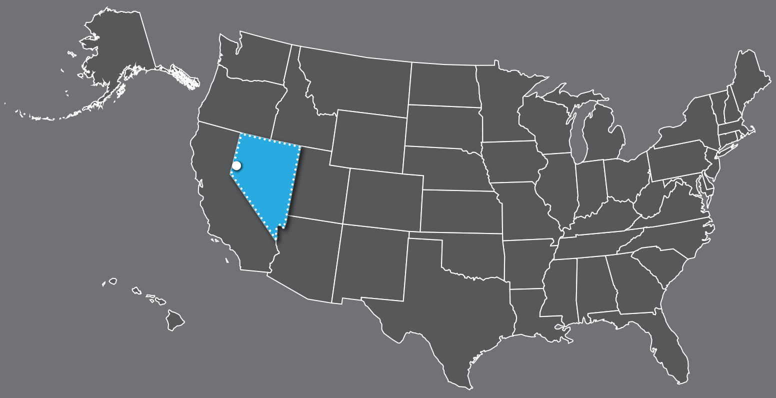
# HUD PD&R Housing Market Profiles

## Reno-Sparks, Nevada

Reno, Nevada

### Quick Facts About Reno

- **Current sales market conditions: balanced**
- **Current apartment market conditions: soft**
- **The Tahoe-Reno Industrial Center (TRIC), encompassing 107,000 acres, is the largest industrial center in the country, occupying more than one-half of the land mass of Storey County. Consisting of logistics, fulfillment, and data centers, TRIC is home to more than 100 companies including Tesla, Inc. the largest employer in the Reno-Sparks metropolitan area, which operates Gigafactory 1.**



By Rhine Islam | As of January 1, 2024

## Overview

The Reno-Sparks, NV Metropolitan Statistical Area (hereafter, Reno metropolitan area) includes Storey and Washoe Counties in western Nevada and borders northern California. The city of Reno is the largest city in the metropolitan area and the second largest in the state after Las Vegas. The metropolitan area is a major employment center for western Nevada, an area historically known for its tourism and logistics industries. Recently, however, the metropolitan area has attracted many businesses due to its favorable location, low tax rate relative to California, and availability of developable land for industrial use. Large companies, such as Apple Inc. and Google LLC, and new tech startups have based operations in the metropolitan area, resulting in a developing technology hub.

- As of January 1, 2024, the population of the metropolitan area was estimated at 505,600, representing an average increase of 2,950, or 0.6 percent, annually since 2022. Net in-migration into the metropolitan area increased during the COVID-19 pandemic, partly due to remote work opportunities and lower-priced housing relative to the

continued on page 2

continued from page 1

neighboring Bay Area, with the population averaging 4,700, or 1.0 percent, annually from 2020 to 2022. By comparison, from 2010 to 2020, the population increased by an average of 6,525, or 1.4 percent, annually due to both high levels of net in-migration and net natural change (U.S. Census Bureau decennial census; estimates by the analyst).

- Population growth started accelerating in 2013, coinciding with the start of significant industrial expansion of the TRIC and corresponding job growth as companies relocated to the metropolitan area. In addition, rapid housing price growth occurred in California, the origin of many migrants into the metropolitan area. From 2010 to 2013, net in-migration averaged 1,375 people annually before accelerating to an average of 6,625 people annually from 2013 to 2020 (Census Bureau decennial census; population estimates as of July 1; estimates by the analyst).
- From 2020 through 2021, net natural change fell to an average increase of 120 people annually, partly because of the COVID-19 pandemic. Since 2022, net natural change has increased to an average of 690 people annually as excess deaths from the pandemic diminished. However, net natural change is still below the average of 1,575 people a year from 2010 to 2020 (Census Bureau decennial census; estimates by the analyst).

# Economic Conditions

Economic conditions in the Reno metropolitan area are strong. Following the year-over-year nonfarm payroll decline of 3.6 percent as of the fourth quarter of 2020 resulting from the COVID-19-related recession, the metropolitan area fully recovered lost jobs by the fourth quarter of 2021. From 2021 through 2022, average fourth quarter nonfarm payrolls increased by 12,700 jobs, or 5.0 percent annually. As of the fourth quarter of 2023, nonfarm payrolls averaged 276,400 jobs, an increase of 7,800 jobs, or 2.9 percent, compared with the same period a year ago. Nonfarm payrolls during the fourth quarter of 2023 were 9.2 percent higher than during the fourth quarter of 2019, and all 11 nonfarm payroll sectors surpassed levels prior to those during the COVID-19 downturn as widespread job growth continued.

As of the fourth quarter of 2023—

- The education and health services sector added the highest number of jobs, with an increase of 2,500 jobs, or 8.5 percent. The strong growth is partly due to the expansion of medical facilities, including two new intensive care units by Renown Health, one of the largest employers in the metropolitan area.
- The government, the mining, logging, and construction, and the manufacturing sectors also had strong growth, increasing by 1,500, 1,400, and 800 jobs, or 4.6, 6.2, and 2.8 percent, respectively. Gains in the construction subsector accounted for all of the growth in the mining, logging, and construction sector,

continued on page 3

## Year-over-year gains in 8 of the 11 nonfarm payroll sectors contributed to overall job growth in the Reno metropolitan area as of the fourth quarter of 2023.

| | 3 Months Ending | | Year-Over-Year Change | |
|---|---|---|---|---|
| | December 2022 (Thousands) | December 2023 (Thousands) | Absolute (Thousands) | Percent |
| Total Nonfarm Payrolls | 268.6 | 276.4 | 7.8 | 2.9 |
| Goods-Producing Sectors | 51.8 | 53.9 | 2.1 | 4.1 |
| Mining, Logging, & Construction | 22.7 | 24.1 | 1.4 | 6.2 |
| Manufacturing | 29.0 | 29.8 | 0.8 | 2.8 |
| Service-Providing Sectors | 216.8 | 222.5 | 5.7 | 2.6 |
| Wholesale & Retail Trade | 35.2 | 35.9 | 0.7 | 2.0 |
| Transportation & Utilities | 24.7 | 25.0 | 0.3 | 1.2 |
| Information | 3.7 | 3.7 | 0.0 | 0.0 |
| Financial Activities | 11.9 | 11.7 | -0.2 | -1.7 |
| Professional & Business Services | 34.4 | 35.1 | 0.7 | 2.0 |
| Education & Health Services | 29.5 | 32.0 | 2.5 | 8.5 |
| Leisure & Hospitality | 38.6 | 39.1 | 0.5 | 1.3 |
| Other Services | 6.5 | 6.2 | -0.3 | -4.6 |
| Government | 32.4 | 33.9 | 1.5 | 4.6 |
| Unemployment Rate | 3.6% | 3.9% | | |

Note: Numbers may not add to totals due to rounding.
Source: U.S. Bureau of Labor Statistics

continued from page 2

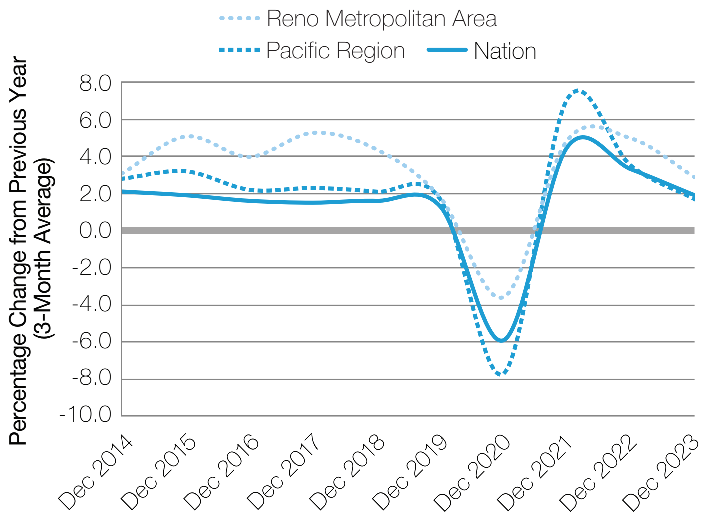
partly because of new commercial and industrial expansion projects underway in the metropolitan area.

- The leisure and hospitality sector—the largest sector in the metropolitan area, accounting for 14 percent of nonfarm payrolls, and the hardest hit by the COVID-19 pandemic—grew by 500 jobs, or 1.3 percent. Nonfarm payrolls in the sector fully recovered during the fourth quarter of 2023 and surpassed prepandemic levels by 430 jobs, or 1.1 percent.
- The unemployment rate in the metropolitan area averaged 3.9 percent, up from 3.6 percent as of the fourth quarter of 2022, partly because 3.7-percent year-over-year growth in the labor force outpaced 3.4-percent resident employment growth.

The Tesla, Inc. Gigafactory 1 has a significant impact on the metropolitan area, contributing more than $20 billion in economic output to Nevada since 2014 (Applied Analysis). Tesla, Inc. plans to invest an additional $3.6 billion and add 3,000 jobs in two new battery production factories, which will produce battery cells for a range of Tesla, Inc. vehicles, just outside Sparks, Nevada. To further strengthen lithium battery production in the metropolitan area, Aqua Metals, Inc. will open a lithium-ion battery recycling plant in TRIC in 2024.

TRIC is also home to many data centers, partly due to the lower cost of land and power along with the proximity to major fiber routes for operating purposes. Large data companies, such as PowerHouse and NOVVA Data Centers, are rapidly opening, and construction of facilities to support the data companies is underway. The largest project involves Tract, a data center land acquisition and development company, developing 2,200 acres of land at TRIC to construct the largest data center park in northern Nevada.

### The rate of job growth in the Reno metropolitan area was above both the Pacific region and national rates during 2023.




Source: U.S. Bureau of Labor Statistics

### Largest Employers in the Reno Metropolitan Area

| Name of Employer | Nonfarm Payroll Sector | Number of Employees |
|---|---|---|
| Tesla, Inc. | Manufacturing | 10,500 |
| University of Nevada, Reno | Government | 8,050 |
| Renown Health | Education & Health Services | 6,500 |

Note: Excludes local school districts.
Sources: Economic Development Authority of Western Nevada; Nevada Workforce; State of Nevada

# Sales Market Conditions

Sales housing market conditions in the Reno metropolitan area are currently balanced, with an estimated vacancy rate of 1.4 percent, up slightly from 1.3 percent in April 2020. Home sales in the metropolitan area fell for the second consecutive year. Total home sales in the metropolitan area decreased 23 percent to 7,350 homes from the 9,575 homes sold during 2022 and down 39 percent from the 12,000 homes sold in 2021, when the market was very tight. The metropolitan area had approximately 1,000 single-family homes, townhomes, and condominiums for sale as of December 2023, representing a 2.1-month supply, down slightly from the 1,250 homes for sale, or a 2.3-month supply, during December 2022 but up significantly from the 620 homes for sale, or a 0.9-month supply, during December 2021. By comparison, 1,400 homes were for sale, or a 2.0-month supply, during December 2019 before the COVID-19 pandemic (CoreLogic, Inc.). Despite strong economic conditions and population growth, high interest rates and lower levels of supply have led to a moderating demand for homes. The interest rate for a 30-year, fixed-rate mortgage averaged 6.8 percent in December 2023, up slightly from an average of 6.4 percent in December 2022 and up significantly from the rate of 3.1 percent in December 2021 (Freddie Mac), contributing to large declines in home sales during the past 2 years. Although home sales decreased, the average sales price for both new and existing homes was $614,000, up 1 percent from the $608,000 average sales price a year earlier and up 11 percent from the $552,100 average sales price during 2021.

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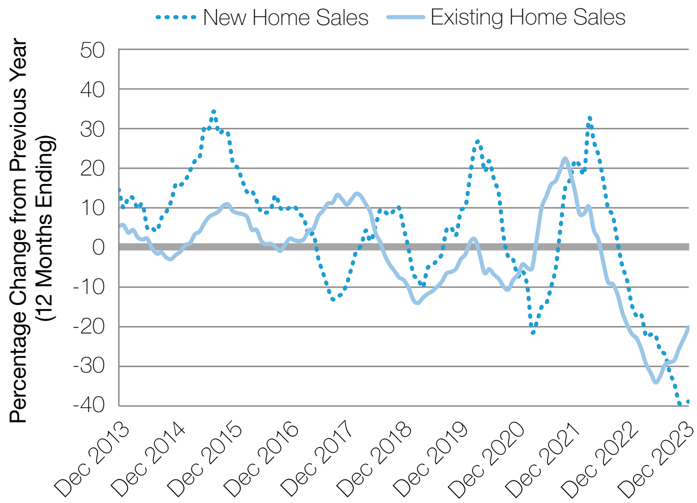
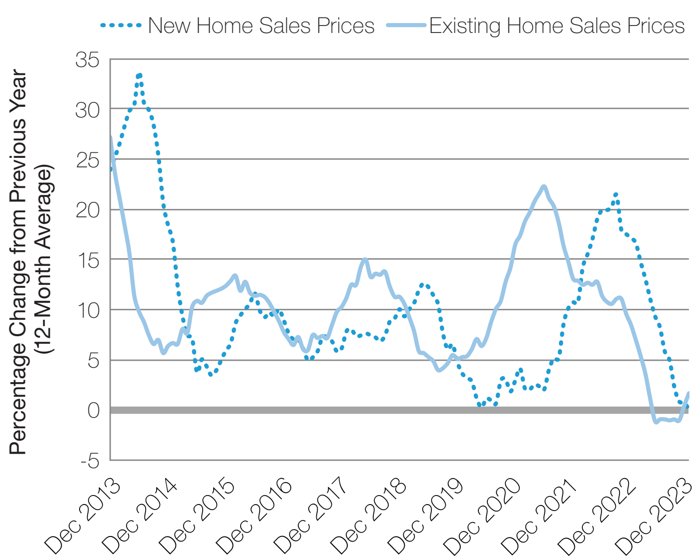
## New and existing home sales in the Reno metropolitan area continued to fall during 2023.




Note: Sales are for single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

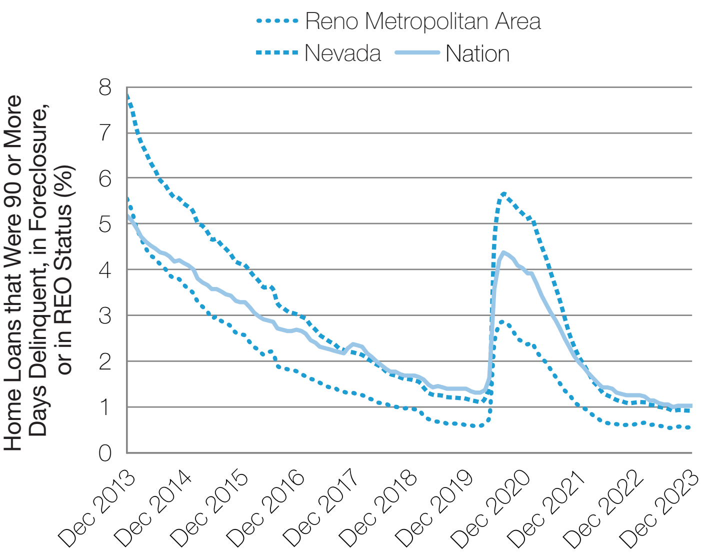
## In the Reno metropolitan area, both new and existing home sales prices increased at a slower pace during 2023 than in 2021 and 2022.




Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

The rate of seriously delinquent mortgages and real estate owned properties in the metropolitan area has remained at very low levels since 2022. The rate was 0.6 percent in December 2023, relatively unchanged from December 2022. The rate trended downward after reaching a 2.9-percent high in August 2020. The current rate in the metropolitan area is lower than both the 0.9-percent rate for Nevada and the 1.0-percent rate for the nation.

## The rate of mortgages that are seriously delinquent or transitioned to REO status in the Reno metropolitan area has been consistently lower than both the national and statewide rates since 2014.




REO = real estate owned.
Source: CoreLogic, Inc.

During 2023—

- Existing home sales in the metropolitan area decreased 20 percent to 6,325 homes from the 7,900 homes sold during 2022 (CoreLogic, Inc.). By comparison, existing home sales averaged 9,375 homes sold annually from 2014 through 2020, when strong job growth contributed to relatively high levels of net in-migration.
- The average sales price for existing homes was $606,000, up 2 percent from the $596,100 average sales price a year earlier. Year-over-year price growth is down from 9 percent during 2022. By comparison, the average sales price for existing homes increased 10 percent annually on average from 2014 through 2020.
- New home sales totaled 1,025 homes, a 39-percent decline from the 1,675 new homes sold during the previous year. By comparison, new home sales averaged 1,500 homes sold annually from 2014 through 2020.
- The average sales price for new homes was $663,200, relatively unchanged from the average sales price a year earlier. During 2022, year-over-year price growth was 17 percent. By comparison, the average sales price for new homes increased 8 percent annually on average from 2014 through 2020.

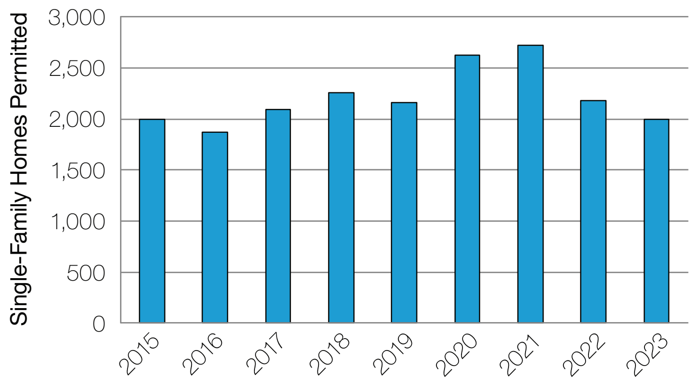
continued on page 5

continued from page 4

Homebuilding activity in the metropolitan area, as measured by the number of homes permitted, generally rose from 2017 through 2021, following population growth trends, but declined during 2022 and 2023.

- During 2023, approximately 2,000 homes were permitted in the metropolitan area (preliminary data). In 2022, 2,175 homes were permitted.
- Single-family permitting averaged 910 homes annually from 2010 through 2014 and increased to an average of 2,250 homes permitted from 2015 through 2021 as economic conditions improved and the population increased.
- The Willows at Harris Ranch master-planned community is underway in the city of Sparks. Construction began during the third quarter of 2022, with 120 homes built and another 70 homes planned. New home sales prices start at $690,000 for three-bedroom homes and $708,000 for four-bedroom homes.

The number of single-family homes permitted in the Reno metropolitan area during 2023 returned to levels comparable with those before 2020 and 2021, when permitting levels were elevated.




Sources: U.S. Census Bureau, Building Permits Survey; 2015–22—final data and estimates by the analyst; 2023—preliminary data and estimates by the analyst

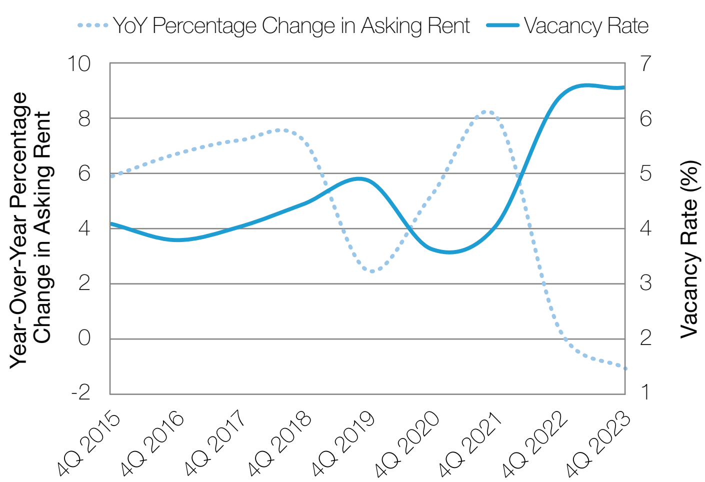
# Apartment Market Conditions

Apartment market conditions in the Reno metropolitan area are currently soft, with a 6.6-percent stabilized vacancy rate as of the fourth quarter of 2023, up from 6.4 percent as of the fourth quarter of 2022 and up from 4.0 percent as of the fourth quarter of 2021, when conditions were tight (CoStar Group). The apartment vacancy rate rose during the past year because new units added to the supply outpaced the absorption. During 2023, approximately 2,300 new apartment units were delivered in the metropolitan area, but only 1,475 units were absorbed. Construction was elevated in the late 2010s and early 2020s because developers had ramped up production in response to low interest rates and tight apartment market conditions.

As of the fourth quarter of 2023—

- The average apartment rent was $1,511, down 1 percent from a year ago. By comparison, rent growth in the metropolitan area averaged 7 percent annually from 2015 through 2018 but has declined to an average of 3 percent since 2019, partly because of increased apartment completions.
- The CoStar Group-defined University market area had one of the lowest stabilized apartment vacancy rates among the market areas in the metropolitan area, at 5.2 percent, up from 3.9 percent a year earlier, and rents were relatively unchanged from the previous year at $1,383. The market area is home to the University of Nevada, Reno, with many market-rate communities focused on serving more than 5,300 student renter households that make up approximately 7 percent of all renter households in the metropolitan area.

The average rent declined, and stabilized vacancy rates increased in the Reno metropolitan area during the fourth quarter of 2023.




4Q = fourth quarter. YoY = year-over-year.
Note: Vacancy rate data are for stabilized vacancy rates.
Source: CoStar Group

- The Downtown market area had the highest stabilized apartment vacancy rate and the lowest rent growth among the market areas in the metropolitan area. The market area had a 10.1-percent stabilized vacancy, up from 9.3 percent a year earlier, and rents were relatively unchanged from the previous year at $1,105.

continued on page 6

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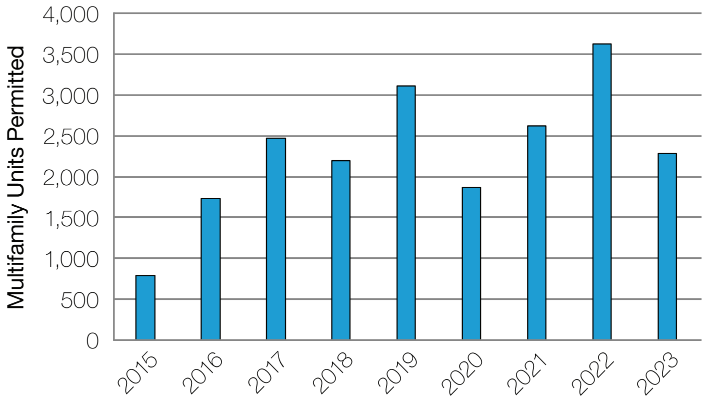
- The suburban Old Southwest Reno market area had the highest rent growth among the market areas in the metropolitan area. Rents in the area increased 2 percent to $1,399 as of the fourth quarter of 2023 from a year ago, down from a 4-percent year-over-year rate of rent growth during the previous year. The stabilized vacancy rate for the market area increased from 6.5 percent a year earlier to 8.5 percent as of the fourth quarter of 2023.

Multifamily construction activity, as measured by the number of units permitted, declined during the past year because builders responded to rising vacancy rates, slowing rent growth, and rising interest rates.

- During 2023, approximately 2,275 multifamily units were permitted in the metropolitan area (preliminary data, with adjustments by the analyst). In 2022, 3,625 multifamily units were permitted.
- An average of 2,100 multifamily units were permitted annually from 2015 through 2021, significantly more than the average of 280 multifamily units permitted annually from 2010 through 2014, partly due to improved economic conditions and strong population growth.
- The largest apartment property currently under construction in the metropolitan area is the Gateway at Galena complex, with 360 market-rate units in the city of Reno. Construction is expected to be complete in late 2024.

## The number of multifamily units permitted in the Reno metropolitan area during 2023 decreased to levels comparable with those for most years before the pandemic.




Sources: U.S. Census Bureau, Building Permits Survey; 2015–22—final data and estimates by the analyst; 2023—preliminary data and estimates by the analyst

- Recently completed developments include the 290-unit Copper Mesa Apartments, which opened in January 2024 in the city of Reno. Rents start at $1,036 for one-bedroom units, $1,237 for two-bedroom units, $1,422 for three-bedroom units, and $1,579 for four-bedroom units.

# Terminology Definitions and Notes

## A. Definitions

| | |
|---|---|
| Absorption | The net change, positive or negative, in the number of occupied units in a given geographic range. |
| Apartment Vacancy Rate/Average Monthly Rent | Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up. |
| Building Permits | Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits. |
| Distressed Sales | Short sales and real estate owned (REO) sales. |
| Existing Home Sales | Includes resales, short sales, and REO sales. |
| Home Sales/Home Sales Prices | Includes single-family home, townhome, and condominium sales. |
| Net Natural Change | Resident births minus resident deaths. |
| Resales | These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party. |
| Seriously Delinquent Mortgages | Mortgages 90 or more days delinquent or in foreclosure. |
| Stabilized | A property is stabilized once a 90-percent or above occupancy rate is reached, or at least 18 months pass since the property was changed from under construction to existing on the CoStar Group website. |

## B. Notes on Geography

| | |
|---|---|
| 1. | The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018. |