PREFACE

In June 2015, University of Nevada, Reno ("UNR") engaged Brailsford & Dunlavey ("B&D") to complete a student housing demand analysis (the "Analysis" or the "Plan"). The purpose of the Plan was to understand overall housing demand from UNR students for living in a new student housing development located near or within the downtown Reno area. Precincts or zones within the University District were identified using maps found in the University's campus master plan (2015-2024) and used in the Analysis to assess students' location preferences. In addition to testing demand for a new student housing development within each zone, the concept of a renovated downtown hotel was also assessed in this Analysis.

B&D would like to thank the following individuals for their assistance in this analysis:

Gerald Marczynski, Associate Vice President, Student Life Services & Dean of Students

Rod Aeschlimann, Executive Director, Residential Life, Housing & Food Services

Jerome Maese, Director, Residential Life, Housing & Food Services

The findings contained herein represent the professional opinions of B&D's personnel based on assumptions and conditions detailed in this report. B&D has conducted research using both primary and secondary information sources which were deemed reliable, but whose accuracy cannot be guaranteed.

B&D wishes to acknowledge the support and contributions of all the individuals involved in the project. The project team was comprised of the following individuals:

Jeff Turner, Senior Vice President

Matthew Bohannon, Regional Vice President

Andrew Perez, Project Manager

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EXHIBITS

MARKET ANALYSIS

B&D conducted a market analysis that consisted of focus groups, intercept interviews, an evaluation of the off-campus housing market, and a campus-wide student survey. Below is a summary of the market analysis as well as additional data points supporting the overall themes heard throughout the Plan.

FOCUS GROUPS & INTERCEPT INTERVIEWS

The intent of the focus groups and intercept interviews was to engage a variety of students in dynamic conversations about their interest and preferences for living in a new student-focused housing facility near or in the downtown Reno area. B&D focused on understanding the various characteristics of students' decisions as they relate to amenities, services, price points, and advantages or disadvantages to living within the identified redevelopment zones.

With the assistance of Residential Life, Housing, and Food Services, B&D held focus groups to obtain a diverse mix of feedback from a wide range of UNR students. Three focus groups were held on July 22nd with a total of 32 students participating, including freshman and upper division students, as well as those living on campus or off campus.

SUMMARY OF FINDINGS

1. How would you describe the on-campus housing options provided at UNR? What would you change?

Participants felt that on-campus housing provided students with a convenient, friendly, and social living environment their first year. In contrast, some participants said they have experienced issues with securing housing as an upper division student which has led to a culture of moving into the off-campus market their sophomore year. Most sophomores indicated staying within a mile of the campus while juniors and seniors have more commonly moved further away from campus to save money.

Students' favorite residence halls were generally a product of their experiences with Resident Assistants and the programming offered on their floor. Largely, participant comments were focused not on the lack of existing amenities or unit offerings for freshmen but about the lack of on-campus housing options appropriate for upper division students, such as apartments. Students perceived the University as "favoring freshman needs" over upper division student housing needs based on the availability of existing unit types and the above average first-year capture rate living in housing. If apartment options are not feasible, students also shared that future housing should resemble full-suite options found in The Nevada Living Learning Community because of their designed double room configurations. Additionally, students want more single and double options made available to upper division students to allow for greater privacy while living in an on-campus residence hall.

Lastly, participants indicated future upper division housing should include three primary amenities: 1) a small convenience or grocery store, 2) a grab-and-go food option, and 3) sufficient quiet study areas throughout the building.

2. How would you describe the local off-campus market?

In general, students described the condition of off-campus properties within the local market as being in "good condition" as it relates to the physical quality. Options range from apartment units in large complexes to converted single-family homes or duplexes, which students tended to gravitate to because of the lower rental rates. Units students primarily chose to live in were generally close to the campus (up to 1 mile) while other students also sought housing in nearby towns east and west along I-80, such as Sparks.

Amenities in the off-campus market were found not to be the main attractor for students and instead were deemed as “minimal” or “lacking” by some participants. Properties that did provide greater amenities, such as The Highlands and the Villager were more expensive. It is not common for students to have utilities included in the cost of rent but smaller, more essential amenities, such as a stove, refrigerator, and microwave were reported to be included.

3. What are your thoughts about living in or near the downtown Reno area? What amenities and unit types would be needed for you to move there?

Participants did not overwhelmingly support the concept of living in downtown Reno generally because of safety concerns associated with the area. However, students were open to the idea of being off campus between 9th Street and I-80 (Zone 1) if a student-focused housing facility geared toward upper division students was developed. Students were also more inclined to support living in the development if it was operated and managed by UNR but with less restrictive rules and supervision appropriate to apartment-style living and upper division students. The most important feature to students was the availability of a resident shuttle for zones furthest from the campus. A safer pedestrian walkway system was also recommended on streets surrounding the South and Gateway Precincts, as well as areas closest to campus on the east and west sides.

Finally, students expressed divergent viewpoints on the configuration of the facility’s housing units based on their class level. Upper division students were more interested in single room configurations for apartments and suites because of the privacy.

OFF-CAMPUS MARKET ANALYSIS

OVERVIEW

B&D conducted an analysis of the University of Nevada, Reno’s off-campus housing market by quantitatively assessing the price points, amenities, and services that are available to students. In order to make the research as accurate as possible, properties were selected based on how likely a student would choose that option. As a part of this process, B&D surveyed twenty-four (24) apartment rental properties and thirteen (13) single-family homes located in Reno and other surrounding areas.

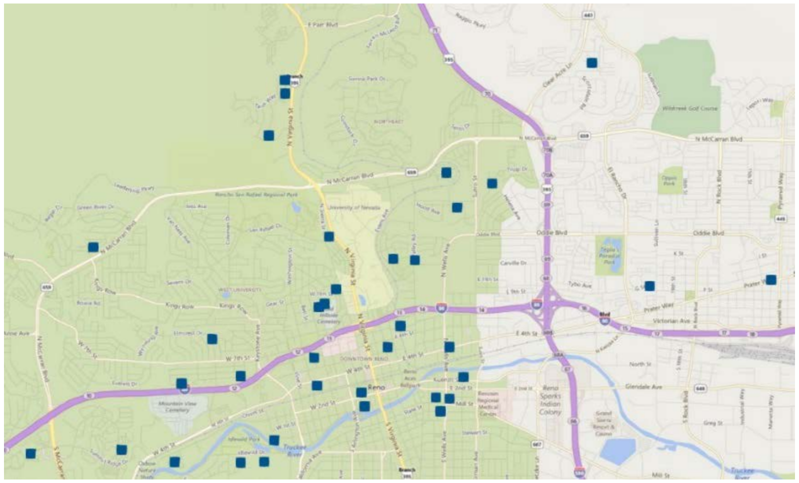

FIGURE 1: Map of Off-Campus Rental Properties Researched in Analysis

B&D research was conducted in August 2015 and found that surrounding properties were:

- An average of 3.6 miles from UNR,
- An average of 117 units per apartment complex,
- An average of 37 years old (built in 1978), and
- An average security deposit of $325.

RENO HOUSING MARKET

The Reno housing market has a large supply to meet the market's demand with a vacancy rate of 9.3%. However, with the tendency for the student population to live within close proximity to campus, the vacancy rate within a 5-mile radius of the University is 3.9%. The disproportional rate can be explained by the high demand for housing near the University while the demand for housing decreases towards the outer regions of Reno.

Since 2000, Reno's housing stock has grown by 29,320 units, an increase of 2.2% per year. On average, single-family homes comprise 52% of the market, while multi-family homes are 42%, and mobile homes are 6% of the market. The tendency for students to transition from living on campus to an apartment unit can lead to the disproportionate amount of multi-family housing; this may make students' ability to find housing more difficult close to campus and cause students to move to the surrounding areas of Reno.

	2000		2010		2014	
Housing Type	Number of Units	Percent of Total Units	Number of Units	Percent of Total Units	Number of Units	Percent of Total Units
Single-Family	39,930	50%	55,057	55%	56,956	52%
Multi-Family	34,975	44%	40,062	40%	47,046	43%
Other	4687	6%	4210	4%	4,910	5%
Total	79,592	100%	99,329	100%	108,912	100%

Source: Census

FIGURE 2: City of Reno Housing Composition

OFF-CAMPUS RENTAL RATES

The average apartment rental rates (excluding utilities) for an entire efficiency, one-, two-, three-, and four-bedroom apartment unit in the Reno area were $566, $698, $875, $1,327 and $2,179, respectively. Single-family home average rental rates were slightly higher for 1- and 2-bedroom options at $580 and $905, respectively, while 3-bedroom options were lower than the apartment average for the same unit size at $1,282.

Due to students' cost sensitivity, the market provides affordable options when students share a unit. Double occupancy rates assume each room in the unit is shared which may or may not comply with policies of the property owner or local group housing regulations from the city, which limit the number of shared room configurations for students. The average rental rates per person for a double bedroom in the surrounding Reno area were $283, $349, $219, $221, and $272, respectively. Students are seeing the greatest value with sharing a bedroom in 2- and 3-bedroom apartment units or single-family homes.

Apartments	Studio	1BR	2BR	3BR	4BR
Unit Price	$566	$698	$875	$1,327	$2,179
Private	$566	$698	$438	$442	$545
Double	$283	$349	$219	$221	$272

Single-Family Homes	1BR	2BR	3BR
Unit Price	$580	$905	$1,282
Private	$580	$453	$427
Double	$290	$226	$214

FIGURE 3: Off-Campus Rental Rates near the UNR Campus

Of the researched apartment properties, the following top five unit and building amenities were offered as part of the cost of rent (percentage total indicates number of properties offering the particular amenity):

- Stove (100%),
- Ground Parking (100%),
- Refrigerator (96%),
- Pets Allowed (79%),
- Laundry Facility (67%), and
- Patio/Balcony (63%).

Similarly, the top five utilities included in the cost of rent within off-campus market properties researched by B&D, included the following:

- Trash (100%),
- Water / Sewer (100%),
- Electricity (33%),
- Gas (25%), and
- Wi-Fi / Internet (8%).

RENTAL RATE COMPARISON

In order to understand the competitiveness of off-campus market rates, B&D compared UNR's existing 2015-2016 apartment rates to the average rates found in the rental market. Ponderosa Village, a public-private partnership, consists of one- and two-bedroom units offered to graduate and professional students.

To create a more accurate comparison, an additional $75 was added to the average off-campus market price to account for the monthly cost of utilities. The $75 utility rate was obtained from B&D's student survey and reflects a self-reported average contribution per month as a method of approximating total living costs. As a result, the average rental rate for a one-bedroom single occupancy apartment in the off-campus market was 17% lower than Ponderosa Village, while the single occupancy option for a two-bedroom was 43% more expensive than the off-campus rental rate (Figure 4). Although rates may vary by location within the Reno market, it is an average of 30% more expensive to live in on-campus apartments. As a note, B&D finds that a 20-30% premium for on-campus living is common due to the amenities, services, and proximity to campus that students receive.

One-Bedroom Apartment Units

	Single Occupancy	Double Occupancy
Off-Campus	$773	$387
UNR Rates	$929	NA
Variance	*-17%*	*NA*

Two-Bedroom Apartment Units

	Single Occupancy	Double Occupancy
Off-Campus	$513	$257
UNR Rates	$900	NA
Variance	*-43%*	*NA*

Note: UNR 2015-2016 rates; cost of meal plans excluded

FIGURE 4: Rental Rate Comparison (Off-Campus Market vs. UNR)

STUDENT SURVEY ANALYSIS

From November 2nd to November 12th, 2015, students were surveyed via an on-line link distributed to their campus e-mail. A total population of 20,898 undergraduate and graduate students (total headcount) were given an opportunity to indicate their level of support for a range of contemporary student housing unit types, amenities, and potential downtown redevelopment locations. During that time, 2,866 of the surveyed population participated in the survey (13.7% of the campus population), rendering 1,636 total completions to the survey. The survey analysis reflects responses from the total response population of 2,411 students.

DEMOGRAPHICS

Students who participated in the survey were an average age of 22.6 years old and primarily full-time students (92%). The majority of respondents indicated living in the off-campus market as renters (55%), while the second largest subset of the population said they reside in on-campus housing (23%). Students living off campus commute an average of 11.4 miles one way to campus or approximately 15 minutes. Lastly, student class levels represented within the survey were almost identical to those of the university's with first-year students as the largest group of respondents (26%) followed by juniors (20%), seniors (18%), sophomores (16%), and graduate/professional students (14%).

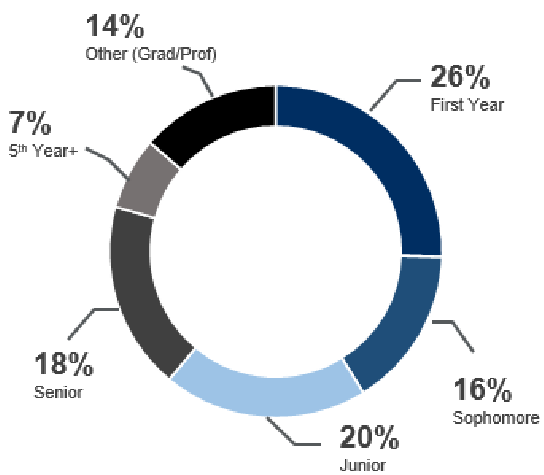

FIGURE 5: Student Year Level (B&D Survey)

CURRENT LIVING

In general, students living at home were the most satisfied with their living situation and conditions with 92% indicating they were very satisfied or satisfied. Those living on campus (84%), as well as those renting in the off-campus market (84%) followed closely in the satisfaction of their current living situations. Students' satisfaction levels can play a major role in the decision-making process for situations such as remaining in on-campus housing or moving to a different off-campus neighborhood. Several questions were asked of students to indicate the important factors that are considered when making a decision of where to live.

As seen in Figure 6, the survey identified respondents' top five factors as the following: having a safe/secure environment (96%), total cost of rent (96%), availability of Internet access (94%), physical condition of the building (90%), and proximity to classes (90%). Students in the off-campus market are primarily driving the concerns of safety because of the close proximity of surrounding neighborhoods to the downtown Reno area.

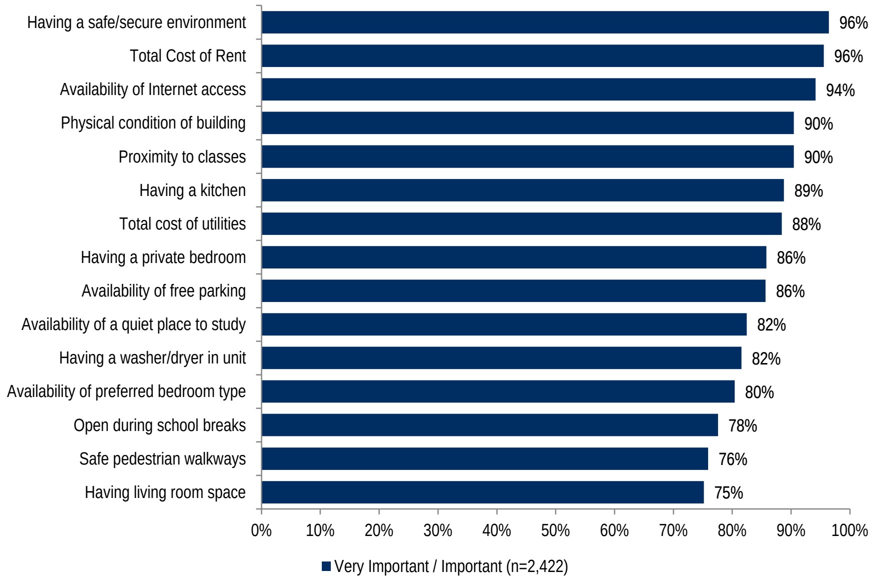

FIGURE 6: Important Factors in Decision of Where to Live This Year (B&D Survey)

TOP FIVE | UTILITIES (n=2,006)	
1	Electric (73%)
2	Internet (66%)
3	Gas (51%)
4	Water (40%)
5	Trash (28%)

FIGURE 7: Common Utilities Paid For by Students Off Campus (B&D Survey)

In the case of off-campus students, both renters and those living at home with parents felt that the total cost of rent was a first or third priority, respectively. In contrast, on-campus students indicated it was a fifth priority in their decision of where to live this year. Similarly, having a kitchen was a number two priority for both sets of off-campus students while it did not make the top ten of on-campus students' priorities. Off-campus students value adequate safety / security in their neighborhood, amenities typically found in an apartment or house, and availability of affordable rent.

Among those who rent in the off-campus market, students self-reported paying an average of $478 per month and an additional $75 per month on utilities, totaling a cost of living at $553 per month per student. Students are living with 1 to 2 other students (40%) and renting an apartment/condo (46%) with three or more bedrooms (61%). The five most common types of utilities students pay for include the following (Figure 7):

FUTURE LIVING

Although students generally do not make a decision on where to live the following year until the spring term, students' preliminary living considerations were evaluated in the survey. Overall responses indicated that 5% of students would choose to stay or move into on-campus housing, while 57% will move into the off-campus rental market. A small number of respondents (15%) will graduate or leave the University, while a remaining 14% are still undecided on their appropriate living option.

Figure 8 demonstrates the difference in responses between on-campus residents, renters, and those living with parents. Half of students (50%) living on campus indicated they will move into the off-campus rental market or back home with family / parents (25%). In contrast, some on-campus students have confirmed they will remain on campus (19%) and a remaining 25% are still undecided.

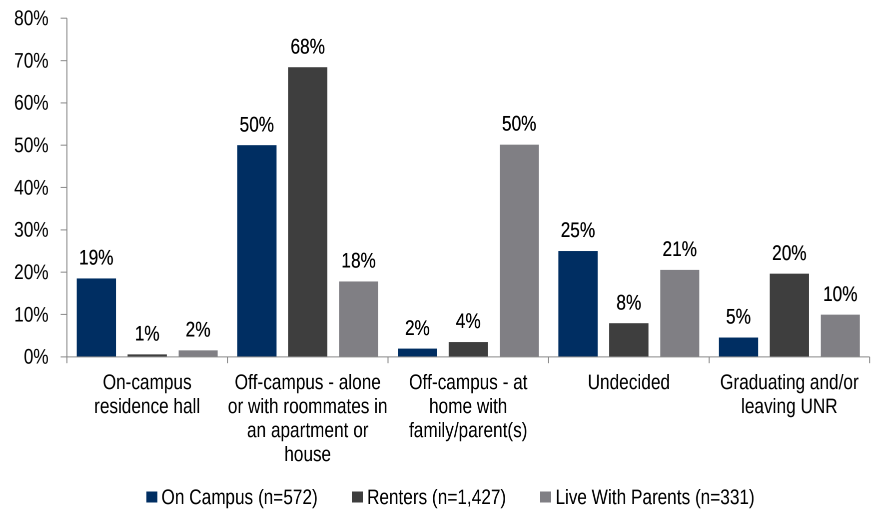

FIGURE 8: Planned Living Situation for Fall 2016 (B&D Survey)

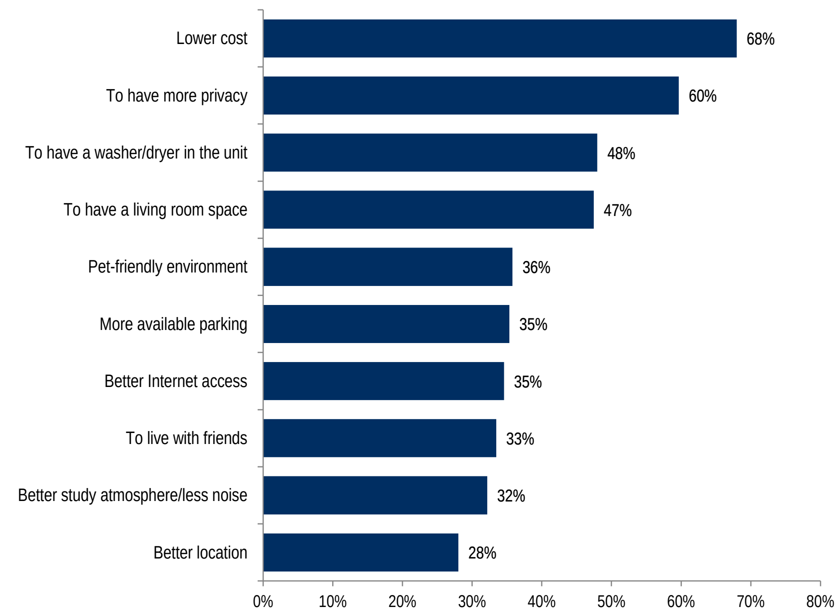

FIGURE 9: Top Ten Reasons Students Choose to Move/Stay Off Campus

Among the 80% of respondents who reported being undecided or not interested in living on campus, 68% said it was primarily due to the off-campus market offering the lowest cost option (Figure 9). Additionally, students said they wanted to live off campus because of more privacy (60%), to have a washer / dryer in-unit (48%), and to have a living room space (47%). Access to private amenities commonly found in apartment-style living while still finding the most affordable option is of greatest interest to students. The on-campus housing options available to students are limited in this capacity, which becomes a factor in students seeking off-campus solutions.

REDEVELOPMENT ZONES

As part of the University of Nevada, Reno's campus master plan, three zones have been identified for redevelopment (Figure 10) as opportunities to provide housing to students. Although a specific development has not been firmly identified by the University, this Analysis was charged with understanding the general interest from students to live within these zones. As seen in the map below, Zone 1 is located between the southern edge of campus and Interstate 80 (I-80), Zone 2 is located in the northern portion of downtown Reno south of I-80, and Zone 3 is comprised of central portions of downtown Reno north of the Truckee River.

FIGURE 10: Map of Downtown Reno Redevelopment Zones

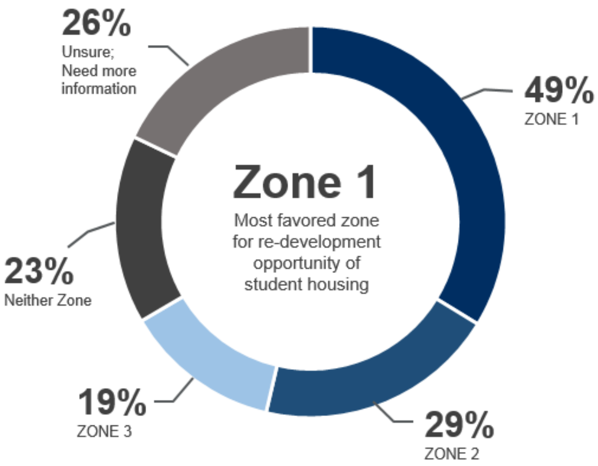

FIGURE 11: Interest in Living in Downtown Reno Redevelopment Zones

Almost half of survey respondents (49%) selected Zone 1 as the area in which they would most prefer to live. Students' second option was Zone 2 at 29% while Zone 3 received 19%. In contrast, some students also indicated they were not interested in living in any of the new development options. Due to the preliminary nature of this demand analysis, 26% of respondents also said they were unsure but would like more information on the development in order to make a more informed decision. Similarly, students were asked if they would be interested in living in a renovated hotel within Zone 3 but were also unsure of the concept and needed more information (41%). Only 20% of students said they would be interested in the concept of living in a newly renovated downtown hotel located in Zone 3.

If given the option to choose, respondents would like the new development to consist of apartment style housing (64%) but were also slightly interested in full-suite options (15%). In both cases, apartment and full-suite living reflect students' interest in a shared living room environment with common areas and greater privacy, which can be seen in the general off-campus market.

Among students who were not interested in living within the redevelopment zones, their top three reasons included: satisfaction with their existing living situation/location (58%), safety concerns associated with Zone 3 (53%), and safety concerns associated with Zone 2 (48%). Renters were more satisfied with their existing living situation (71%) than those living at home with parents (55%), which is likely due to the private and independent nature renting allows for students.

The opportunity to attract students into a potential development within the zones through the use of certain amenities or services was revealed and included the following: strong Wi-Fi / Internet access (84%), access to resident parking (72%), laundry in-unit (72%), dedicated student resident shuttle to/from campus (62%), and quiet study areas / low-noise atmosphere (62%). Amenities and services of least importance to students included: a large centralized laundry room in the building (17%), secure bike/skateboard storage (27%), social lounge/TV room (30%), 24-hour on-site staff (38%), and recreation lounge/games room (42%).

TOP FIVE | AMENITIES & SERVICES (n=2,258)	
1	Strong Wi-Fi / Internet access (84%)
2	Access to resident parking(72%)
3	Laundry in-unit (72%)
4	Dedicated student resident shuttle to/from campus (62%)
5	Quiet study areas / atmosphere (62%)

FIGURE 12: Top Five Amenities & Services for Future Developments

In addition to specific amenities and services, students would like to see in this new development, more than half of students (56%) also supported the concept of the Department of Residential Life, Housing, and Food Service managing the new building. On-campus residents were supportive of this concept with 72% of them showing support as well as 61% of students who currently live at home with parents. Nearly half (49%) of those currently renting in the off-campus market were also interested in the concept of University management.

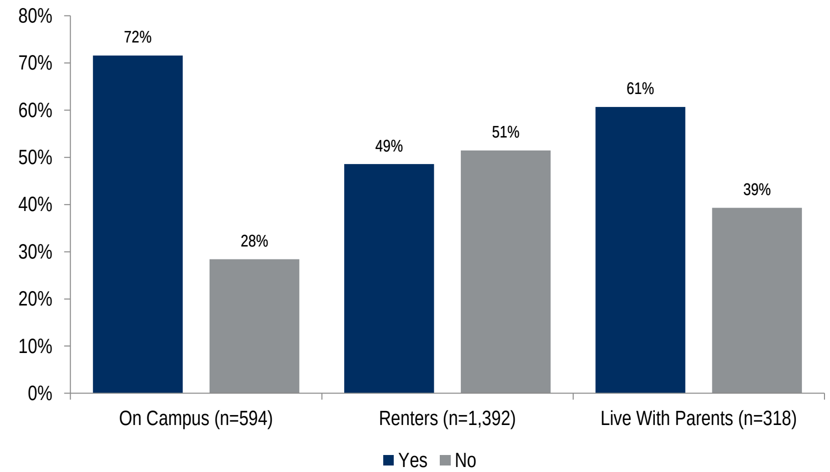

FIGURE 13: Support for Living in a Student Housing Development Managed by the University

DEMAND ANALYSIS

B&D developed a detailed model to project the specific level of demand for student housing within each redevelopment zone, as well as for a variety of full-suite and apartment style options. The model derives demand from electronic survey responses, as well as current and projected enrollment figures provided by the University. Survey respondents were provided with a narrative describing the potential unit types within zones 1, 2, and 3. The descriptions included sample floor plans of full-suite and apartment-style options along with estimated rental rates for each. Following the narrative, respondents were asked to indicate which unit type and occupancy option they would select if available the following academic year (2016-2017).

A target market was then defined to project conservative and realistic demand from UNR students as a method of isolating demand for each zone. Zones 1, 2, and 3, along with the option for living in a renovated hotel within Zone 3, were tested in the demand analysis. The target market included respondents who met all of the following criteria: (1) are full-time students; (2) indicated they were interested in living within a particular zone; (3) live on campus or off campus; (4) if living off campus, are renting a room, apartment or house; and (4) are currently paying rent of $700 or more per month within the off-campus market. Respondents not meeting the aforementioned criteria, including students who own a home were removed from the demand analysis. Although uncommon, students living with parents and contributing at least $700 per month in rent were also included in the demand analysis.

Using a total enrollment consistent with the most recent levels finalized by the institution (2014/2015) at approximately 20,400 undergraduate and graduate students, the maximum potential demand was found to be 1,951 beds for Zone 1; 1,069 beds for Zone 2; 538 beds for Zone 3; and 652 beds for the renovated hotel concept in Zone 3 (Figure 14). Although these demand figures represent an interest from students for individual zones, it does not adequately take into consideration the entire University housing portfolio and the affect it may have on existing bed capture rates. Total demand projections for each zone should be viewed as a viable method for supplementing existing capture rates and supporting unmet demand from upper division students.

Enrollment Classification	Zone 1	Zone 2	Zone 3	Renovated Hotel
Freshman	1,185	645	302	396
Sophomore	316	175	55	103
Junior	186	120	66	63
Senior & 5th year or more	122	48	68	33
Graduate	143	82	48	58
Total Demand (beds):	1,951	1,069	538	652

FIGURE 14: Overall Demand Projections by Class Level (2014-2015 Enrollment)

ZONE 1

Demand by unit type revealed an interest from students mostly for 4-bedroom/2-bathroom single units (508) and doubles (213), followed by full-suite singles (239) and triples (205). Double options among suite-style units were less popular than apartment doubles primarily due to the presence of a kitchen and value of having more space in an apartment. Demand for singles is being driven primarily from upper division students; however, cost sensitivity is also being considered which can be noted from the interest for full-suite triple units. Though the existing demand is for 1,951 beds, B&D recommends conservatively capturing up to 50% of the maximum potential demand (975 beds) to accommodate a variety of phased development scenarios for the student housing project. The conservative capture rate is also used to mitigate the potential for any unforeseen shifts in market demand outside of the project's control.

Zone 1 also received the greatest support from students within the survey (49%) as a redevelopment option largely because of its proximity to the southern edge of campus. Zone 1 provides the greatest integration into the South and Gateway Precincts (Campus Master Plan 2015-2024), as well as nearby Juniper and Sierra residence halls. Enhanced and lighted pedestrian walkways should be considered to improve the safety of the surrounding neighborhood.

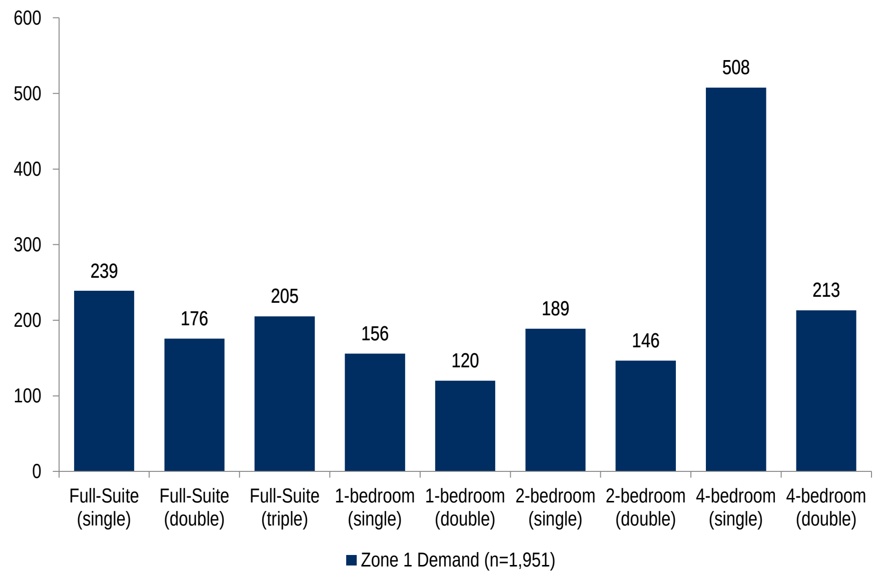

FIGURE 15: Zone 1 Unit Type Demand

ZONE 2

Similar to Zone 1 demand, students primarily favored the option of living in a 4-bedroom/2-bathroom single unit (250) or double unit (132), as well as full-suite options, such as the single (157) and triple occupancy (128). A recommendation of up to 547 beds (50% capture) of mostly 4-bedroom singles and doubles, as well as full-suite options could meet upper division demand within Zone 2 but would require additional considerations for amenities and services to attract students.

Zone 2 was met with some safety concerns due to its close proximity to downtown Reno – 4 to 6 blocks from the campus – but received the second highest level of interest among survey respondents at 29%. Zone 2 provides less connection into the South and Gateway Precincts of the campus due to the presence of I-80, which can act as a major pedestrian barrier. Pedestrian-friendly elements, signage, and enhanced street lighting should be considered by the city to enhance the appeal of Zone 2 to students. Additionally, to alleviate any negative perceptions of distance and safety with Zone 2, a student resident shuttle would be highly recommended in order to adequately accommodate student travel to-and-from the campus over I-80.

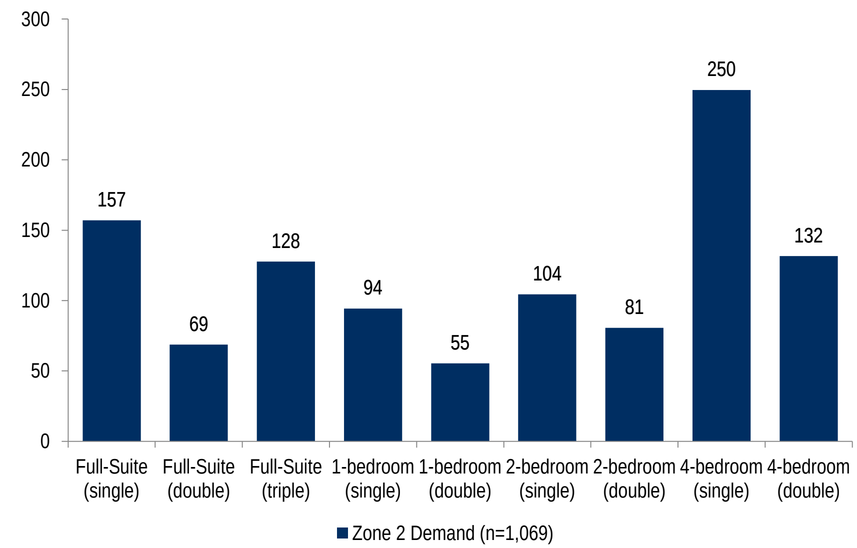

FIGURE 16: Zone 2 Unit Type Demand

ZONE 3

Demand by unit type from Zone 3 revealed nearly similar interests to Zone 1 and 2 demand. Students still favored the option of living in 4-bedroom/2-bathroom single units (125) but were also interested in 1-bedroom/1-bathroom single units (96). Double options were less popular than triples, which is driven by cost sensitivity from certain students. Student demand was not large enough to make a project viable at a 50% capture rate. Further assessment of potential site locations within this zone and overall financial viability is recommended along with the use of the amenities and services from Zone 2 to alleviate negative perceptions of distance and safety.

Zone 3 was the least favored option (19%) of the three zones and received the highest safety concern for the development of a student housing facility in downtown Reno (53%).

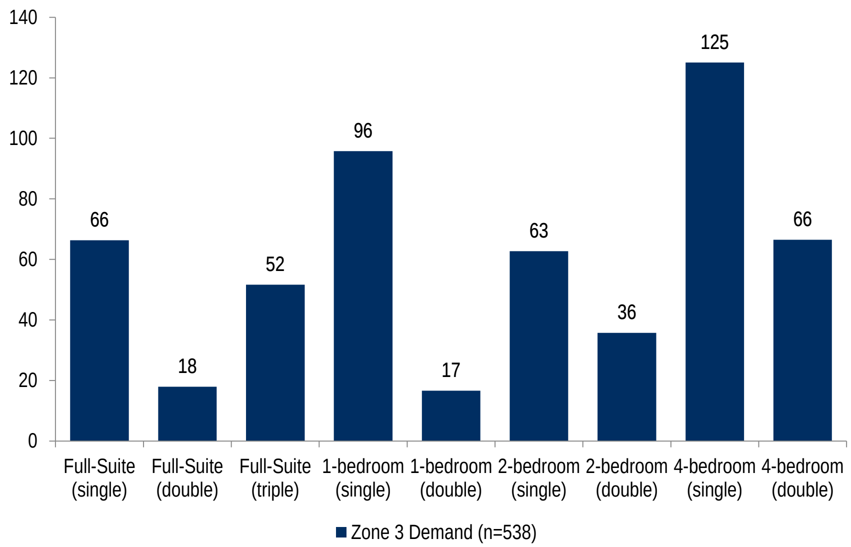

FIGURE 17: Zone 3 Unit Type Demand

ZONE 3 - RENOVATED HOTEL

Although overall demand was higher for the renovated hotel than a new development within Zone 3, student demand was not deemed large enough to support the concept of a project at a 50% capture rate. Students still favored the option of living in 4-bedroom/2-bathroom single units (142) as well as double units (93). Primarily lower division students drove full-suite demand while upper division demand showed greater support for singles within apartment style units. Future interest from the University or a private developer would require further assessment of the hotel and the financial viability to renovate the existing hotel building. Finally, to alleviate negative perceptions of distance and safety, amenities and services from Zone 2 should be strongly considered.

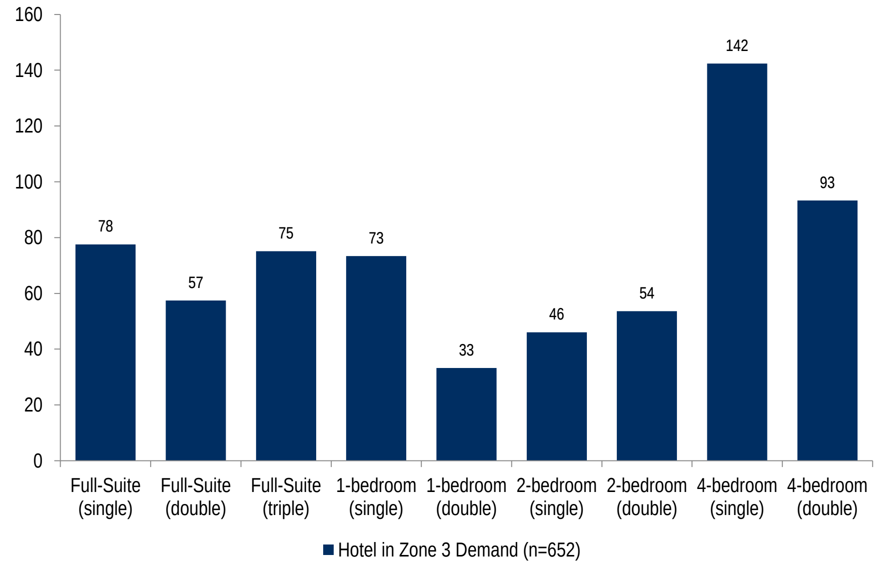

FIGURE 18: Renovated Hotel in Zone 3 Unit Type Demand

FINAL RECOMMENDATION

As the University continues to assess the viability of student housing located near or in the downtown Reno area, the following elements should be considered:

- Although sufficient demand is present for zones 1 and 2, B&D recommends capturing up to 50% of their maximums to conservatively account for any unforeseen changes within the housing market and student demand for living in downtown Reno.

- Any new development within zones 1 or 2 should also consider some of the amenities and services from the student survey to alleviate any negative perceptions of distance to the campus and safety concerns with living or walking around downtown Reno. For example, lighted pathways, visible signage, and additional traffic-calming elements would greatly enhance pedestrian accessibility from the new development to the campus.

- If the development of student housing is considered for zones 1 or 2, B&D recommends a project-specific concept development plan and financial analysis to refine the project concept and reassess student demand. The concept development plan should include thorough campus engagement, a project visioning session with key stakeholders, outline program of spaces, financial analysis of the project, and, if pursued through a public-private partnership (P3), P3 advisory services.

- If the development of housing in Zone 3 is considered (including the renovated hotel concept), B&D recommends the project be further assessed with a separate concept development and feasibility plan to determine its viability.