



TRENDS:

Occupancy Rate



Construction



Room Rates



Tourism



Investor vs. Investor

Wisdom, knowledge, and experience are the brick and mortar of a good investor...or are they? Gut instincts, capital (cash is king), and being at the right place at the right time are quickly emerging as the biggest factors of today's successes or failures. Our quickly changing market is a flurry of activity in deed, but the spin tactics of the media and the government leave those of us even in the "know" perplexed at times. The quick sand of our market coupled with the dooms day prophecies has some scrambling to invest while others hunker down for the storm. When is the price right?

The antithesis of one another, two schools of investors are making their way through the aftermath of the economic meltdown of the real estate market. Both groups have their supporting data and research to assert the foundation of the real estate theories driving their investment strategies. Just like religions and political parties they both have their preachers and their followers. Determining whose philosophy is right and what makes the most sense in a market that makes no sense is the conundrum of the day.

Investor Group A is determined to wait "it" out while reserving the strength and the funds to pick up the pieces; we'll call them the bench warmers. These conservative investors sit on the sidelines lacking an impetuous emotional response to slashed prices, government incentives, and the pressured environment that attempts to force the economy back on track. These cool characters exude the wisdom of having run this race previously and despite what may appear to be a lack of aggression they are not out on the sidelines suffering a leg cramp.

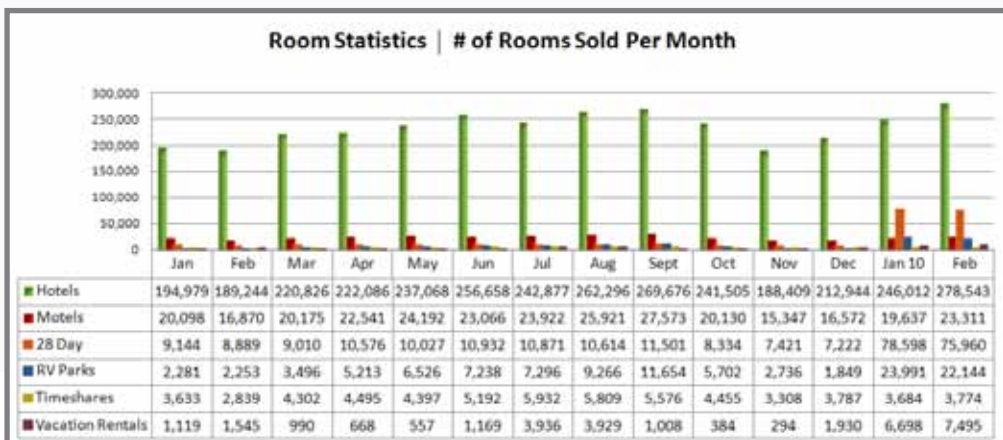
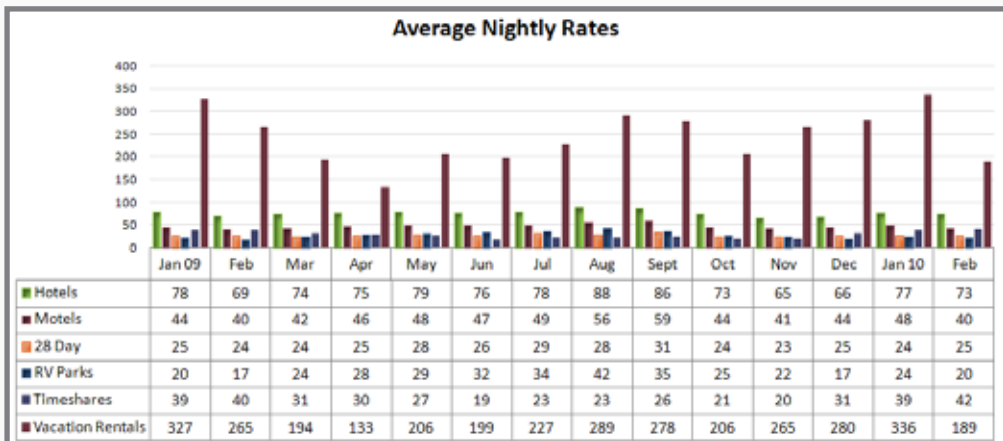
Don't be fooled their wait and see attitude as a common motto among this group is that the money will run out long before the deals will. This second string syndicate proves that although they are not currently in the game they have the skills to come to the rescue when someone else drops the ball. The old adage "your patience will be rewarded" rings this bell.



In contrast, Group B is comprised of enterprising individuals who have bought in to the idea that the

sky is not falling and prices are rising. Fueled by the fervor of the roller coaster stock and real estate markets, these buyers are lined up to purchase. Better buyers than these, there are none. Distressed properties have quickly become the object of bidding wars creating responsive if not compulsive purchasing urged onward by a sense of fear that they will miss the boat. These savvy players are getting on the train to recovery town and have the mind set that things are only getting better.

Our conflicting teams share a desire to engage in the real estate market and although starkly different on many levels, both sides have astute perceptions that shouldn't be discarded. Having played the real estate investment game myself and taken a beating that I am not soon to forget, I find myself analyzing and conjecturing the methods of the opposing factions in search of an answer to when is the price right? How can we learn to trust our instincts if we've so badly failed in the past?





Tourism Information | Visitor Counts

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
January	330,883	396,999	404,414	393,109	370,232	374,601	359,999	333,022	315,092	294,059
February	362,626	434,991	406,306	412,210	391,020	392,051	384,426	370,723	295,138	328,058
March	454,451	477,397	456,349	489,776	455,989	439,528	447,820	392,945	347,408	-
April	429,549	488,624	432,623	466,071	423,478	426,346	412,427	368,515	355,994	-
May	441,891	485,015	475,334	484,733	426,084	442,604	444,338	386,746	383,952	-
June	470,970	490,358	513,922	506,215	484,017	476,803	466,676	405,058	407,199	-
July	471,732	536,935	529,559	509,804	515,986	478,819	467,583	423,823	392,702	-
August	484,504	558,542	547,962	509,878	490,844	487,293	485,625	455,120	419,108	-
September	448,778	525,753	506,085	502,379	501,916	473,713	471,151	415,503	425,876	-
October	427,174	482,519	489,173	485,207	447,094	407,275	435,218	399,343	370,325	-
November	352,534	411,099	397,527	377,557	377,414	350,151	374,977	316,383	307,233	-
December	333,412	400,236	384,724	398,874	381,479	371,935	347,351	316,117	334,396	-

Visitor Counts

Reno ranked among the best places to live in April 2010's "Men's Journal". With 252 days of sunshine, the average home price of \$274,670, and the myriad outdoor activities available in the

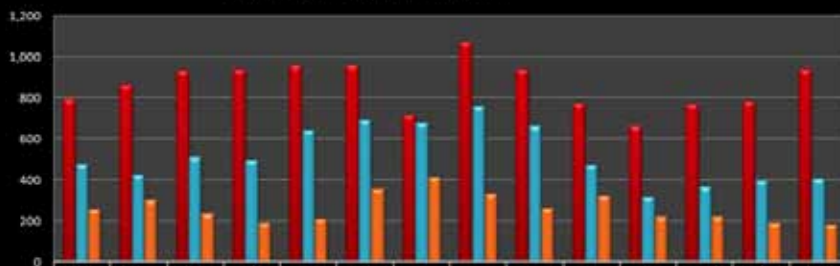


surrounding areas, Reno was dubbed the place to "Ski and Climb Without the Crowds". If not there yet, this article evidences the fresh faced Reno attempting to

emerge from months of lying dormant with the foreboding shadow of the nearly vacant Montage and the eerily vacant downtown buildings and businesses. The baseball park construction is nearly complete bringing several new downtown restaurants & pubs while the Montage Marketing Group has now released units available for cash sales at \$115.00 per square foot landing close to 10 deals in contract within days of the release. It is too soon to tell if these are to serve as obvious signs of our local recovery. A strong case can be made that with national media attention, a triple A baseball team and a beautiful sky rise condo residence that Reno is renovating successfully.

The city of Reno and RTC's planned expansion of phased in mass transit lines to link the downtown area with more shopping and the Peppermill, Atlantis, and the Reno Sparks Convention center will be welcoming signs of a more connected Reno. The city is also investing further in the Freight District with new street lights and side walks. The city's efforts to beautify Reno cannot be denied and now we wait to see if the "If we build it, they will come" motto really works. It's time to back up your bets as we all gamble on our future.

Washoe County Foreclosures



Foreclosures by Submarket

Submarket #	Property Type	# of Units	Building Sq ft	Lot SF	Lot Acres	Recorded Date	Original Loan Amount
4	Motel/ Multi-Family	18	6,606	19,166	.44	2/1/2010	\$242,255



SOLD
Submarket #6
22 Units | \$400,000



SOLD
Submarket #8
1 Casino | \$5,225,000

Sales

The Bill's Casino Lake Tahoe located on Hwy 50, Stateline, Nevada opened July 1, 1987 and closed its doors on January 4, 2010. With Michael Laub's purchase of the vacant casino on February 26, 2010, the dust did not have time to settle. Mr. Laub purchased the 16,500 sq foot property for \$5,225,000 creating a big stir with possible plans for a renovation of the casino including a space for a gentlemen's club. An article by Kathryn Reed in the Lake Tahoe News sparked heated controversy and debate over whether it is right to have a "strip club" among the casinos in South Lake. Bloggers commented back and forth on values, women's rights, and on public opinion with out any thought at all to the devastating possibilities of a vacant property withering among the living.

Nevada has long been on the forefront of the money making business as evidenced by our past endeavors such as the first public boxing match, divorce ranches, brothels, and legalized gaming. Surprisingly much of what made Nevada great is now looked down upon by the newer and trendier residents. The city of Reno is focused on bringing industry to our area that would sustain jobs outside of the tourism and hospitality industry while Las Vegas has embraced what they are...."Sin City". The Biggest Little City in the World seems to have grown out of its cocktail waitress costume and teeming with outdoor enthusiasts and those seeking escape from bigger cities desires to emerge as something different.

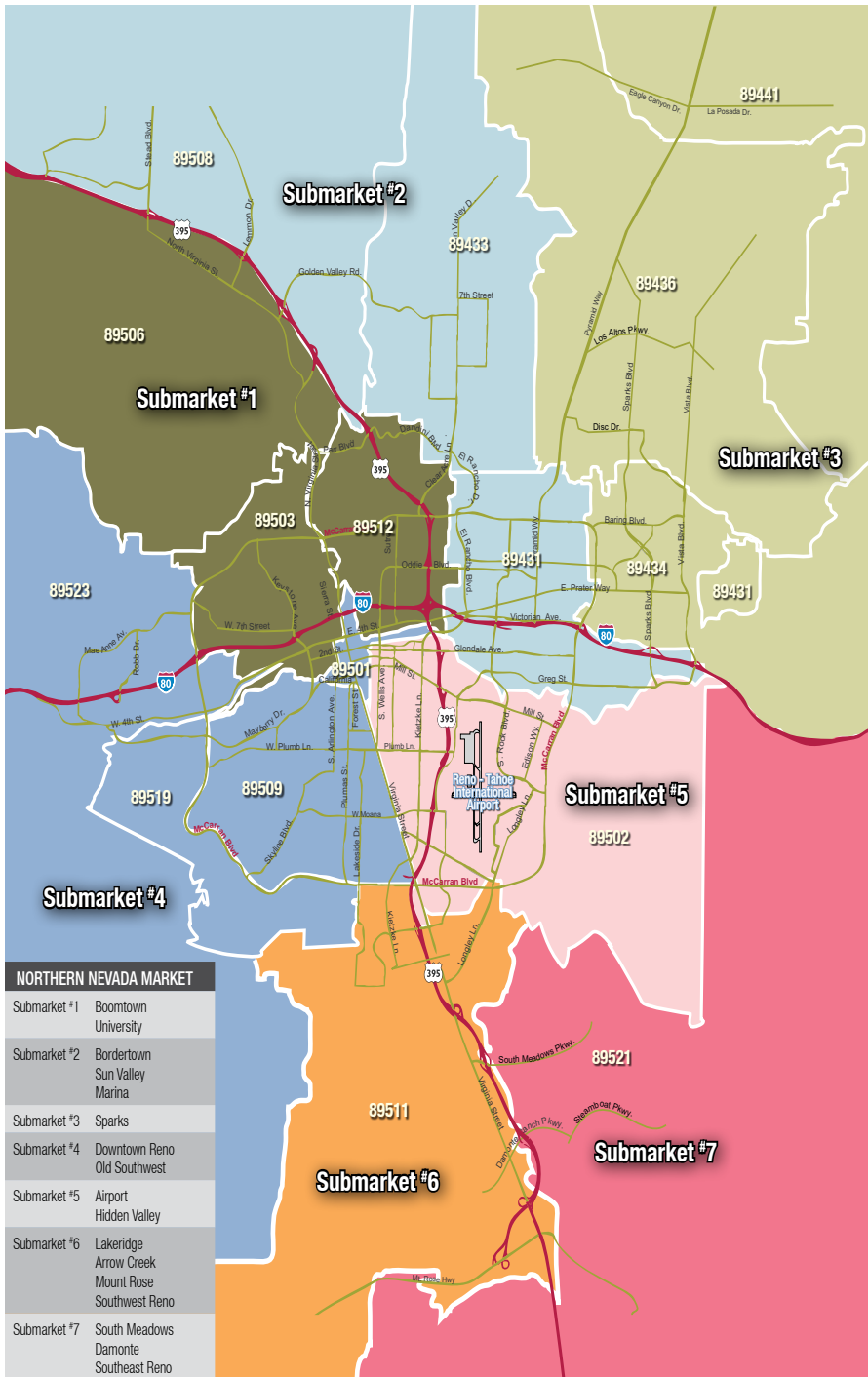
The problem with what should be done or more importantly with what needs to be done is that the public masses do not seem to have a good understanding of business. While business has a desire to please the public it has to watch out for the bottom line. It would be great if all fun and pretty ideas were fantastic venture capital opportunities, but like recycling most are just boondoggles. Nevadans are caught in a catch 22; Find new industry that can sustain jobs and take the focus off of tourism and gaming all while preventing Lake Tahoe, Reno, and surrounding areas from becoming a ghost town.

The best way to figure out what is going to happen in the future is to learn from the past, so perhaps before we rush to judgment we would all be better served to explore the cause and affect of what led Virginia City to it's place on the list of "historic" places to visit. Just like mining in that area dried up, gaming as a resource is depleting leaving our cities with less tax revenue to pay the bills then trickling down to employees with less tip income to pay their bills and less money to spend in our local economy. Before you rush to judgment on a new business in your area consider the masses of vacant buildings producing nothing and robbing our great Northern Nevada area of precious resources to sustain our communities.

Sales by Submarket

Sub-market #	Property Type	# of Units	Building Sq ft	Lot SF	Lot Acres	Recorded Date	Sale Amount
6	Motel	22	8,099	22,216	.51	2/4/2010	\$400,000
8	Casino	1	16,500	92,783	2.13	2/24/2010	\$5,225,000

Total First Quarter Sales for Hotel/Motel \$5,625,000



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