

FIGURES | RENO INDUSTRIAL | Q4 2023

Consistent EV demand continues to drive Reno industrial market

▲ 4.2%

Vacancy Rate

▼ 810K

SF Net Absorption

▼ 2.6M

SF Under Construction

▲ \$0.89

NNN / Lease Rate
Existing Properties

▲ 93K

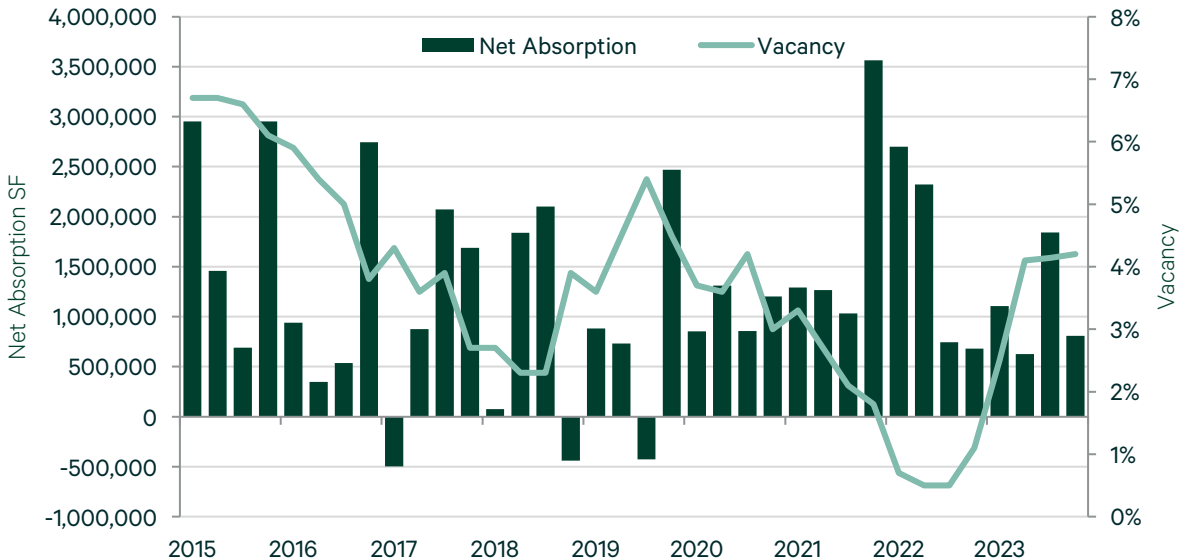
Industrial Using Employment
Reno Market

Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

- The Reno region is home to 572,000 residents with a labor force of 292,000. During Q4 2023, the industrial sector provided 93,000 jobs, accounting for 32% of total employment in the region. The unemployment rate ended Q4 2023 at 4.9%, up 60 basis points (bps) from the previous quarter.
- The overall net absorption of the Reno industrial market closed Q4 2023 at 809,000 sq. ft., bringing the year-to-date total to 4.3 million sq. ft. As preleased construction projects deliver, the market continued to see healthy absorption numbers.
- New construction starts slowed due to continued high cost of construction, interest rate pressure, and supply chain delays. In turn, overall demand continued to outpace supply.
- The average direct asking rate closed the quarter at \$0.89 per sq. ft. monthly on a NNN basis (NNN).

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q4 2023

INDUSTRIAL OVERVIEW

The Reno industrial market was comprised of approximately 112 million sq. ft. at the close of Q4 2023. The market substantially grew in 2023, adding over 7.3 million sq. ft. of new inventory across 25 buildings. The construction pipeline remained plentiful, with a variety of projects totaling over 2.5 million sq. ft. underway and 16.1 million sq. ft. in various planning stages.

The overall average asking lease rates closed Q4 2023 at \$0.89 NNN. West Reno and South Reno posted the highest average asking rates at \$1.11 NNN and \$1.08 NNN, respectively. The vacancy and availability rates rose quarter-over-quarter (QoQ) to 4.2% and 6.5%, respectively. The East Valley submarket continued to be one of the most active submarkets in Reno, which delivered over 5.1 million sq. ft. of new product and experienced over 3.8 million sq. ft. of net absorption in 2023.

The industrial tenant demand remained stable in Q4 2023 with increased demand by consumer product users. Multiple leases and sales over 100,000 sq. ft. were signed at the close of 2023 as noted in the top leases and sales. Q4 2023 also witnessed a resurgence of activity for users under 100,000 sq. ft. after two quarters of reduced demand. The Reno market totaled 810,000 sq. ft. of net absorption, maintaining the market’s ongoing robust occupancy growth.

Looking forward, there will continue to be strong market fundamentals for space needs over 100,000 sq. ft. Electric Vehicle and related supply chain manufacturing and data center users will remain a demand driver for the Reno market, specifically in the East Valley as the Tahoe Reno Industrial Center expands. As demand continued to outpace supply, there will be a need for more construction starts as we head into 2024 and beyond in the Reno industrial market.

FIGURE 2: Submarket Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Q4 Net Absorption	YTD Net Absorption	Average Asking Rate NNN (\$)
Central / Airport	10,787,034	3.4	5.9	17,934	(86,833)	0.95
Bulk	8,125,560	3.3	6.4	6,465	(125,084)	0.94
Flex	2,661,474	3.8	4.5	11,469	38,251	1.02
East Valley	30,240,017	6.2	7.0	174,640	3,891,187	0.77
Bulk	30,117,330	6.2	7.0	174,640	3,891,187	0.77
Flex	122,687	0.0	0.0	0	0	0.00
North Valley	27,009,257	3.5	7.2	210,077	168,648	0.86
Bulk	26,780,301	3.5	7.3	210,077	168,648	0.86
Flex	228,956	0.0	0.0	0	0	0.00
South Reno	10,149,149	4.2	4.4	379,041	668,430	1.08
Bulk	8,165,098	4.2	4.3	404,651	693,981	1.00
Flex	1,984,051	4.2	4.7	(25,610)	(25,551)	1.38
Sparks	30,788,395	2.6	6.0	(33,849)	(172,183)	0.96
Bulk	27,827,143	2.5	6.1	17,444	(101,548)	0.93
Flex	2,961,252	3.9	5.5	(51,293)	(70,635)	1.18
West Reno	2,794,623	9.7	10.3	62,026	(85,422)	1.11
Bulk	2,385,563	11.4	11.4	62,026	(87,621)	1.10
Flex	409,060	0.0	4.0	0	2,199	1.23
Market Total	111,768,475	4.2	6.5	809,869	4,383,827	0.89
Bulk	103,400,995	4.2	6.7	875,303	4,439,563	0.87
Flex	8,367,480	3.6	4.7	(65,434)	(55,736)	1.19

Source: CBRE Research, Q4 2023

FIGURE 3: Notable Lease Transactions Q4 2023

Tenant	Address	SF Leased	Type
Confidential	385 Milan Dr, McCarran	566,866	New Lease
Confidential	450 Pittsburgh Ave, Sparks	354,640	New Lease
Cannon Equipment	755 Lillard Dr, Sparks	163,200	New Lease
Marvin Logistics	3300 Airway Dr, Reno	113,432	New Lease

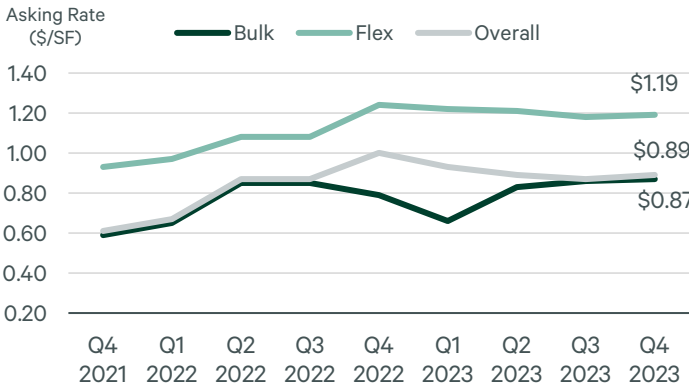
Source: CBRE Research, Q4 2023

FIGURE 4: Notable Sale Transaction Q4 2023

Buyer	Address	SF Sold	Sale Price
Westcore	700 Milan Dr, Reno	632,130	\$82.5M
Saxum Real Estate	1900 Peru Dr, Sparks	254,460	N/A
STAG Industrial	655 Spice Islands Dr, Sparks	165,000	\$29.9M

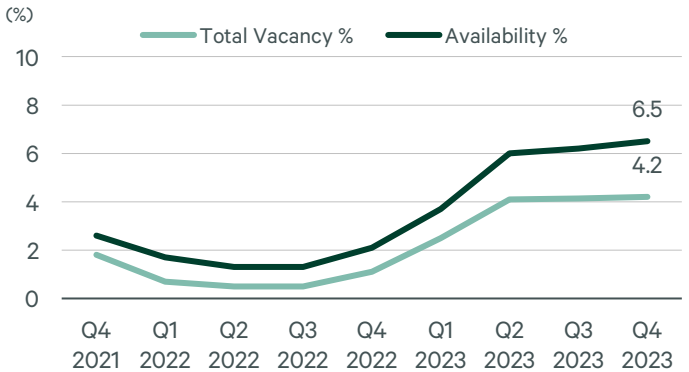
Source: CBRE Research, Q4 2023

FIGURE 5: Asking Rates



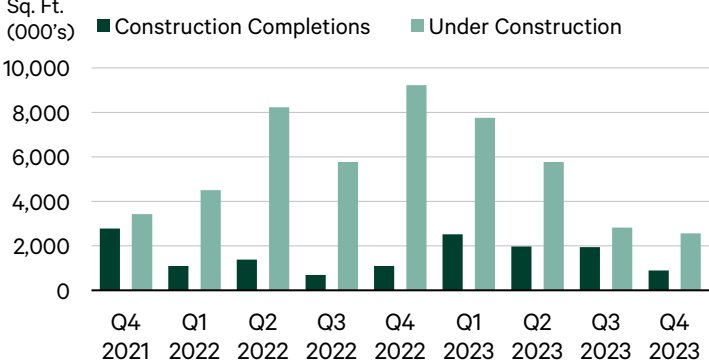
Source: CBRE Research, Q4 2023

FIGURE 6: Vacancy & Availability



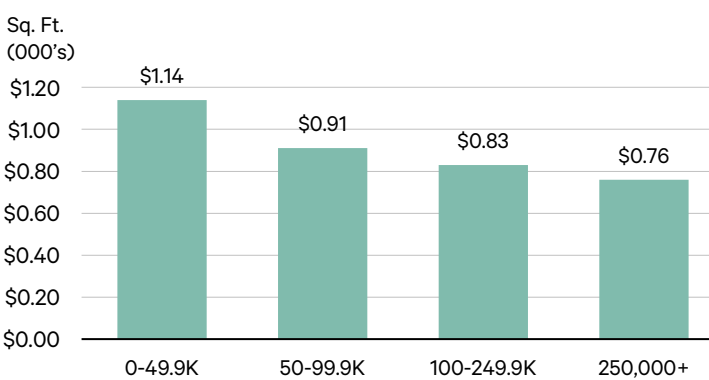
Source: CBRE Research, Q4 2023

FIGURE 7: Construction Activity



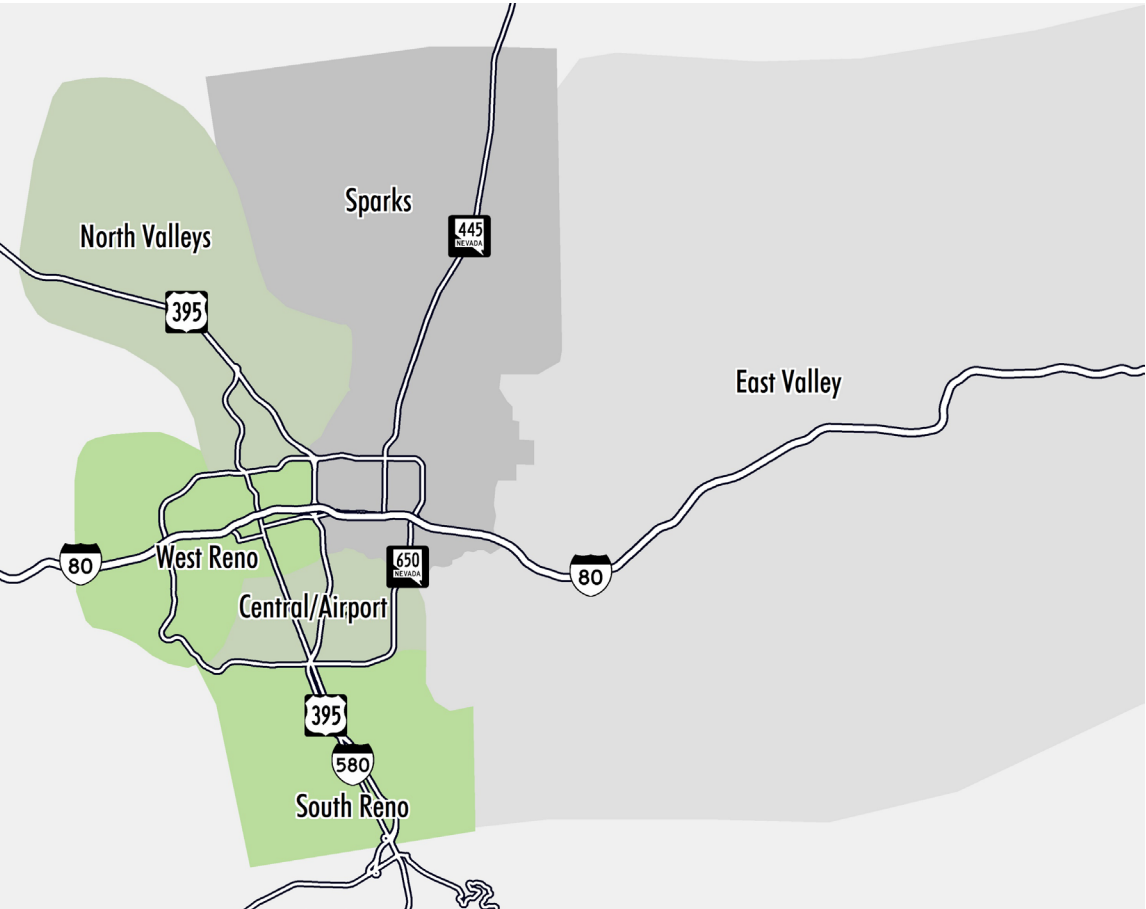
Source: CBRE Research, Q4 2023

FIGURE 8: Average Asking Rates by Size Segment (Sq. Ft.)



Source: CBRE Research, Q4 2023

Submarket Map



Source: CBRE Research, Location Intelligence

Definitions

Average Asking Rate: Direct Monthly Lease Rates., Triple Net (NNN). Availability: All existing space being marketed for lease. Total Vacancy Rate: Direct Vacancy + Sublease Vacancy.

CBRE’s market report analyzes existing single- and multi-tenant industrial buildings that total 5,000+ sq. ft. within defined submarkets, including owner-occupied buildings. CBRE assembles all information through telephone canvassing, third-party vendors, and listings received from owners, tenants and members of the commercial real estate brokerage community.

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