

FIGURES | RENO INDUSTRIAL | Q1 2025

Increased demand and large transactions contribute to a positive start to 2025

▼ 11.5%

Vacancy Rate

▲ 948K

SF Net Absorption

▼ 1.5M

SF Under Construction

▼ \$0.81

NNN / Lease Rate
Existing Properties

▲ 96K

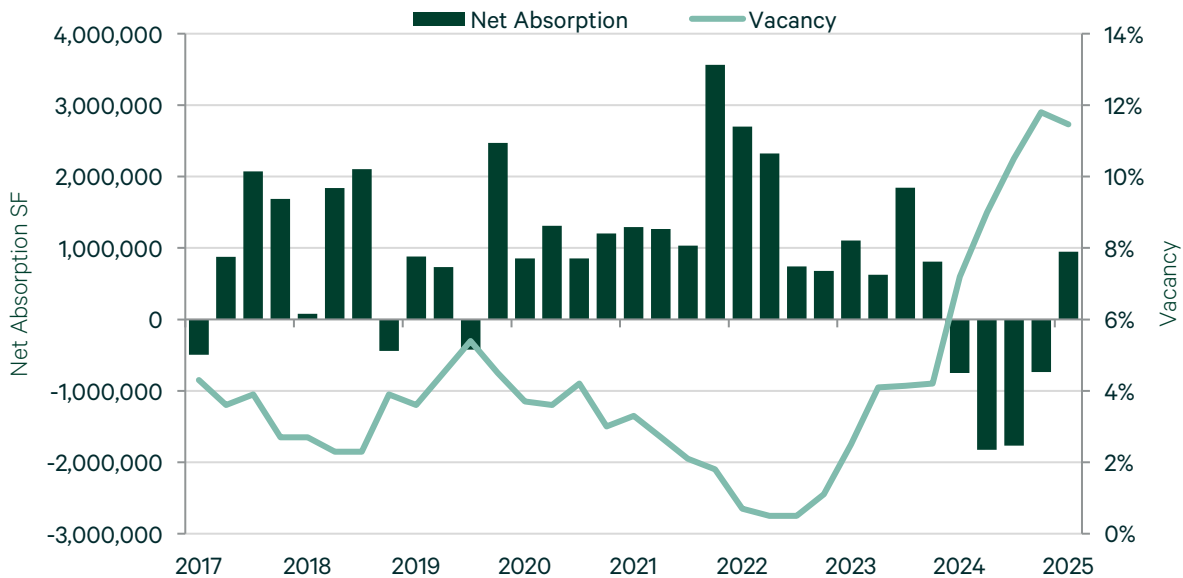
Industrial Using Employment
Reno Market

Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

- The Reno region is home to 578,000 residents with a labor force of 296,000. During Q1 2025, the industrial sector provided 96,000 jobs, accounting for 33% of total employment in the region. The unemployment rate ended Q1 2025 at 4.7%, up 10-basis-points (bps) from the previous quarter.
- The overall net absorption of the Reno industrial market closed Q1 2025 at positive 948,000 sq. ft., the first quarter in positive territory since Q4 2023.
- The entirety of the 1.5 million sq. ft. of new product under construction is slated for delivery at the end of 2025, all of which remained available.
- The market absorbed approximately 1.7M sq. ft. in sublease space in Q1 2025 reflecting the strong space demand of industrial tenants.
- Continued interest by institutional investors in the region have led to cap rate compression.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q1 2025

INDUSTRIAL OVERVIEW

The Reno industrial market was comprised of approximately 116 million sq. ft. at the close of Q1 2025. There were three new industrial buildings delivered to the market in Q1 2025, totaling 600,000 sq. ft. The construction pipeline had 1.5 million sq. ft. underway with another 15.9 million sq. ft. in various planning stages.

The overall average asking lease rate at the end of the quarter was \$0.81 NNN. The Central/Airport and South Reno posted the highest average asking rates at \$0.98 NNN and \$1.03 NNN, respectively.

During Q1 2025, the overall vacancy rate decreased to 11.5%, while the availability rate decreased to 13.0%. Notably, this quarter marked the first instance of positive net absorption since 2023. Sublease space continued to flow into the market, which represented 1.3 million sq. ft. of the total available space in Q1 2025.

Q1 2025 boasted a large increase in overall transactions with sublease space spearheading that growth. East Valley continued to be a hotbed for many industrial users, as it recorded 1.1 million sq. ft. of absorption.

Looking ahead, we expect to see a high volume of transactions throughout 2025 thanks to inbound demand and tenants that were on the sideline taking advantage of an opportunistic market. The market is expected to continue experiencing an upswing in tenant demand indicative of the increased number of letters of intent, RFPs, and lease activity at the end of Q1 2025. Institutional owner interest in the region will persist, and sales activity is expected to increase throughout 2025.

FIGURE 2: Submarket Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Q1 Net Absorption	YTD Net Absorption	Average Asking Rate NNN (\$)
Central / Airport	10,787,157	5.1	5.6	3,090	3,090	0.98
Bulk	8,125,683	5.1	5.4	18,974	18,974	0.94
Flex	2,661,474	5.2	6.1	(15,884)	(15,884)	1.07
East Valley	32,475,919	11.0	13.2	1,125,655	1,125,655	0.73
Bulk	32,353,232	11.1	13.3	1,125,655	1,125,655	0.73
Flex	122,687	0.0	0.0	0	0	0.00
North Valley	27,695,101	13.6	16.1	247,637	247,637	0.81
Bulk	27,466,145	13.7	16.2	247,637	247,637	0.81
Flex	228,956	0.0	0.0	0	0	0.00
South Reno	11,246,701	16.8	17.6	(121,085)	(121,085)	1.03
Bulk	9,262,650	19.4	20.2	(116,275)	(116,275)	1.01
Flex	1,984,051	4.4	5.3	(4,810)	(4,810)	1.33
Sparks	31,106,039	10.1	11.0	(406,371)	(406,371)	0.72
Bulk	28,144,775	10.9	11.8	(405,711)	(405,711)	0.71
Flex	2,961,264	2.6	3.1	(660)	(660)	1.27
West Reno	3,053,123	13.4	13.4	98,785	98,785	0.89
Bulk	2,644,063	15.2	15.2	104,000	104,000	0.88
Flex	409,060	1.3	0.0	(5,215)	(5,215)	1.50
Market Total	116,364,040	11.5	13.0	947,711	947,711	0.81
Bulk	107,996,548	12.1	13.7	974,280	974,280	0.80
Flex	8,367,492	3.7	4.3	(26,569)	(26,569)	1.20

Source: CBRE Research, Q1 2025

FIGURE 3: Notable Lease Transactions Q1 2025

Tenant	Address	SF Leased	Type
Confidential EV	1895 Duffy Rd, Fernley	815,215	Sublease
Confidential EV	455 Denmark Dr, McCarran	649,240	New Lease
Fosdick	8730 Military Rd, Reno	317,572	Renewal
Almo Distributing Co.	8020 N Virginia St, Reno	302,680	Renewal

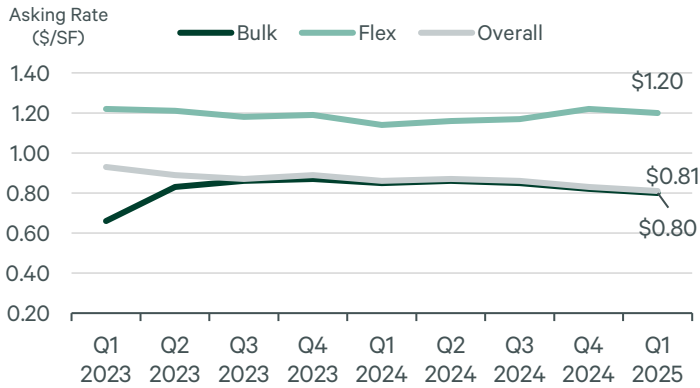
Source: CBRE Research, Q1 2025

FIGURE 4: Notable Sale Transaction Q4 2024

Buyer	Address	SF Sold	Sale Price
Nuveen	Portfolio Sale – Central/Airport Submarket	497,875	\$90.2M

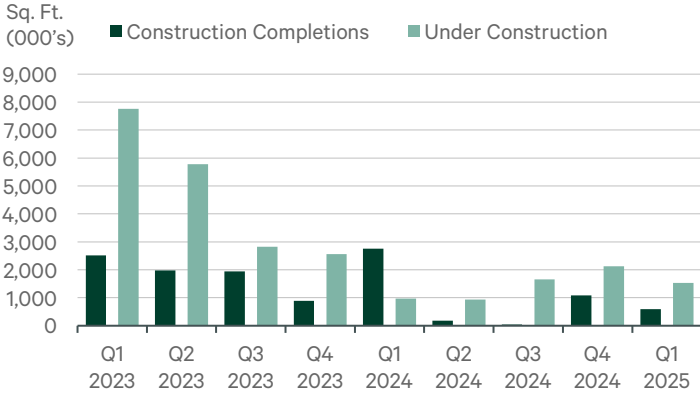
Source: CBRE Research, Q1 2025

FIGURE 5: Asking Rates



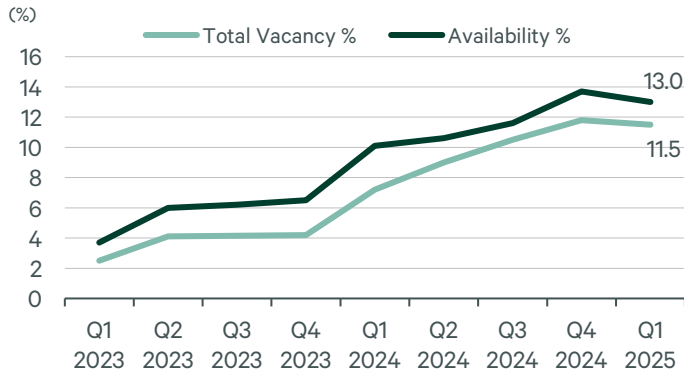
Source: CBRE Research, Q1 2025

FIGURE 7: Construction Activity



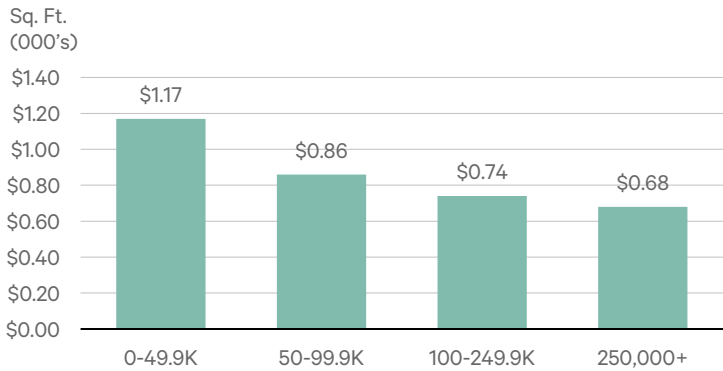
Source: CBRE Research, Q1 2025

FIGURE 6: Vacancy & Availability



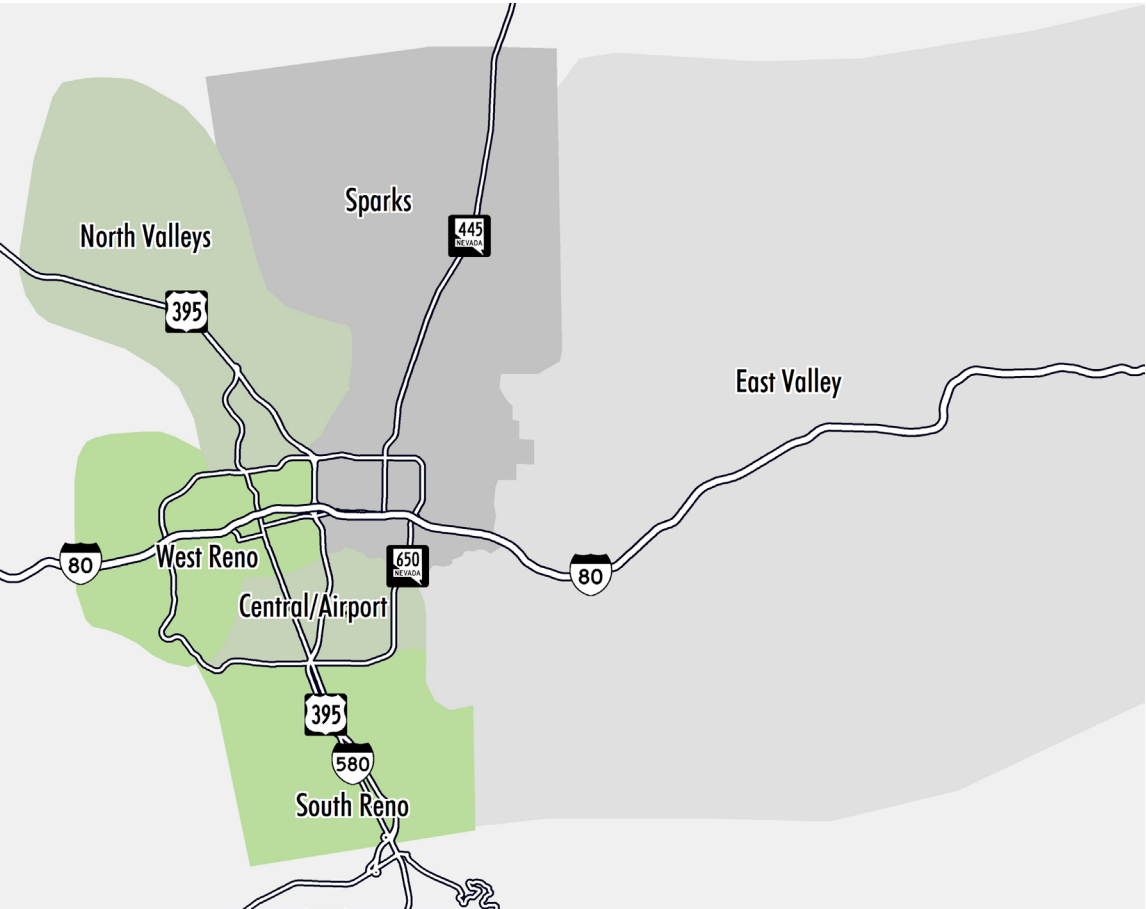
Source: CBRE Research, Q1 2025

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



Source: CBRE Research, Q1 2025

Submarket Map



Source: CBRE Research, Location Intelligence

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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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