

YoY
Chg

12-Mo.
Forecast

1.2%

Vacancy Rate

**1.4M**

Net Absorption, SF

**\$0.65**

Asking Rent, PSF



Overall, NNN Asking Rent

ECONOMIC INDICATORS Q1 2022

YoY
Chg

12-Mo.
Forecast

253.2KReno
Employment**2.9%**Reno
Unemployment Rate**3.6%**U.S.
Unemployment Rate

Source: BLS

ECONOMIC OVERVIEW

Reno's employment market has recovered 39,300 jobs since mid-2020, outpacing the loss of 35,300 jobs during the beginning of the pandemic between March and May of 2020. Nonfarm employment grew 11,200 jobs or +4.7% year-over-year (YOY) between February 2021 and February 2022. During the same time, the monthly unemployment rate decreased from 4.8% to 2.9%. The current monthly unemployment rate is 70 basis points (bps) lower compared to the U.S. quarterly average of 3.6%.¹ All employment sectors are expected to grow at a combined rate of 4.7% in 2022, while office-using employment is forecasted to grow 3.5%. Reno's economy of \$29.2 billion as measured by 2021 gross regional product is forecasted to grow 4.8% in 2022, above its 10-year average of 3.3%.²

MARKET OVERVIEW

Overall vacancy dropped 120 bps quarter over quarter (QOQ) and decreased 250 bps YOY to 1.2% in Q1 2022. The current industrial vacancy rate is 290 bps below the 5-year quarterly average of 4.7%. Occupancy gains in Q4 2021 totaled 486,722 square feet (sf) with three submarkets recording losses. However, vacancy in manufacturing space increased 10 bps QOQ to 0.9%, whereas warehouse and distribution (W/D) space decreased 150 bps at 1.2% QOQ and high-tech space decreased 80 bps to 2.3%. Tenants absorbed the most space in Q1 2022 in the Storey County, Airport and Sparks submarkets or 647,364 sf combined. Demand remains high for W/D space. The leading product type remains W/D with 611,663 sf of positive absorption, accounting for 126% of the 486,772 sf of absorption in Q1 2022. Tenants leased 3.4 million square feet (msf) in Q1 2022 combined (51 deals) of which 3.4 msf (50 deals) were new leases and 24,000 sf (one deal) were renewals. Leasing of W/D space accounted for 80% of total leasing.

The average asking rate for all product types combined increased 3.2% QOQ and increased 32.7% YOY to \$0.65 per square foot (psf) triple net on a monthly basis. Average asking rent for manufacturing space increased 28.3% YOY, followed by average rent increase in W/D space (17.8%) and flex space (4.5%). With demand outpacing supply, average rents are poised to increase over the next 12 months. As of Q1 2022, there were 11 W/D properties under construction, totaling 3.8 msf, under construction, just level with the five-year quarterly average of 3.8 msf.

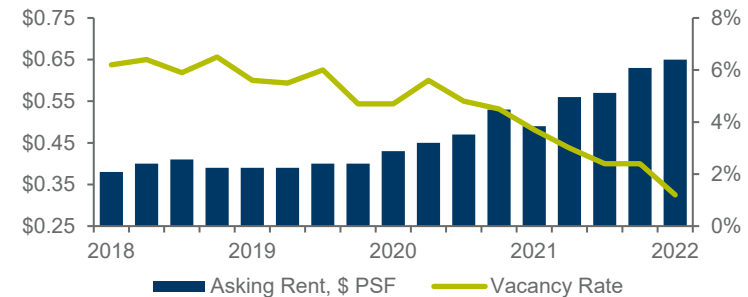
SALES ACTIVITY

The northern Nevada industrial market recorded \$25 million in sales across 11 properties totaling 253,321 sf in Q1 2022 compared to \$350 million in Q4 2021 and \$217 million in Q1 2021.⁴ The average price psf was \$109 in Q1 2022 (+31% YOY) compared to \$84 recorded in Q1 2021.⁴ Private buyers comprised the majority (100%) of buying activity so far in 2022 (vs. 58% in 2021). Private sellers comprised the majority (100%) of selling activity (vs. 29% in 2021).³

SPACE DEMAND / DELIVERIES



OVERALL VACANCY / ASKING RENT



MARKETBEAT RENO

Industrial Q1 2022



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	CONSTRUCTION COMPLETIONS (SF)	AVG ASKING NNN RENT (MFG)	AVG ASKING NNN RENT (W/D)	AVG ASKING NNN RENT (ALL TYPES)
Airport	8,954,354	353,958	4.0%	196,916	196,916	206,648	0	\$0.57	\$0.67	\$0.82
Central	1,945,564	3,550	0.2%	-3,356	-3,356	0	0	-	\$0.80	\$0.83
Douglas County/Carson City	5,381,402	210,091	3.9%	-142,380	-142,380	0	0	\$0.65	\$0.56	\$0.59
Fernley	4,843,427	0	0.0%	0	0	815,000	0	\$0.60	-	\$0.60
North Valleys	23,613,230	330,476	1.4%	25,450	25,450	2,118,316	0	-	\$0.57	\$0.57
South Reno	9,747,784	79,496	0.8%	-40,356	-40,356	136,700	0	-	\$1.12	\$1.12
Sparks	28,720,458	175,433	0.6%	53,643	53,643	66,560	0	\$0.93	\$0.68	\$0.63
Storey County	20,165,515	111,925	0.6%	396,805	396,805	1,289,120	0	-	\$0.45	\$0.49
West Reno	954,168	0	-	0	0	0	0	-	\$0.68	\$0.68
RENO TOTALS	104,325,902	1,264,929	1.2%	486,722	486,722	4,632,344	0	\$0.59	\$0.53	\$0.65
FLEX	7,340,432	168,498	2.3%	-13,795	-13,795	0	0			\$1.16
MFG	18,128,532	164,272	0.9%	-111,146	-111,146	259,740	0			\$0.59
W/D	78,856,938	932,159	1.2%	611,663	611,663	4,372,604	0			\$0.53
RENO TOTALS	104,325,902	1,264,929	1.2%	486,722	486,722	4,632,344	0	\$0.59	\$0.53	\$0.65

*Rental rates reflect weighted net asking \$psf/month. FLEX = Flex MFG = Manufacturing W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Nevada Pacific Highway – Bldg. A	Fernley	Redwood Materials	815,000	New
2200 E. Newlands Dr.	Fernley	Lilac Solutions	481,401	New
3450 Airway Dr.	South Reno	ITS	396,000	New
700 Milan Dr.	Storey County	Panasonic Energy of North America	328,285	New
455 Ingenuity Ave.	Sparks	Unknown	314,280	New

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
1555 Forrest Way	Carson City County	Michael S. Jackson / Michael Kottke	48,800	\$4.4M / \$90
280 Greg St.	Airport	Barta Investments, Inc. / John Hsu	38,657	\$7.8M / \$203
975 Terminal Way	Airport	Michael Grashuis / Unknown	27,600	\$3.8M / \$138
695 Ferrari McLeod Blvd	North Valleys	John T. Cordova / Sunbelt Rentals	12,575	\$2.6M / \$212
1590 Miami Way	Central Reno	Unknown	12,333	Unknown

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