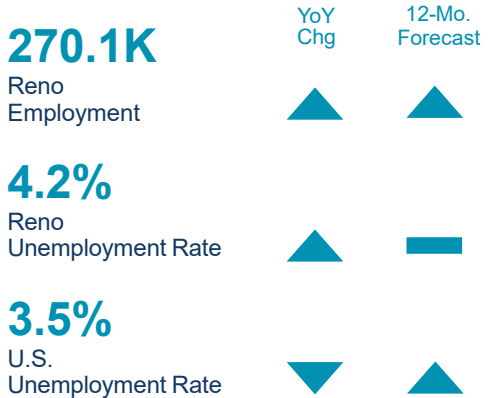


Overall, NNN Asking Rent

ECONOMIC INDICATORS Q1 2023



Source: BLS

ECONOMIC OVERVIEW

Nonfarm employment grew 10,100 jobs or 4% year-over-year (YOY) between February 2022 and February 2023. During the same time, the monthly unemployment rate increased from 2.9% to 4.2%. The current monthly unemployment rate is 70 basis points (bps) higher compared to the U.S. quarterly average of 3.5%. The Reno employment sectors are expected to grow at a combined rate of 1.3% in 2023, while leisure & hospitality employment is forecasted to grow 1.9% with service-producing 1.3%. Reno's economy of \$29.0 billion as measured by 2022 gross regional product is forecasted to grow to \$30.2 billion in 2023 and \$31.2 billion in 2024, as a comparison the 10-year average is \$25.0 billion.²

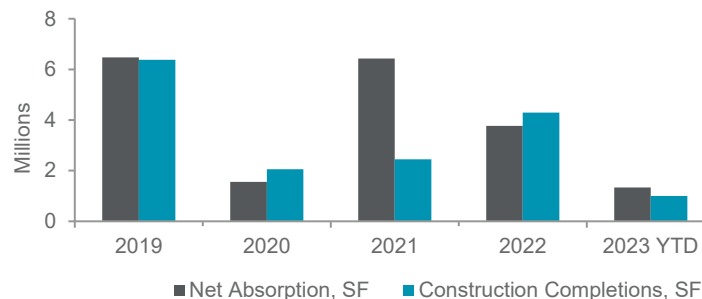
MARKET OVERVIEW

Overall vacancy increased 50 bps quarter over quarter (QOQ) and 10 bps YOY to 2.2% in Q1 2023. The current industrial vacancy rate is 150 bps below the five-year quarterly average of 3.7%. Occupancy gains in Q1 2023 totaled 1.3 million square feet (msf) with four of the nine submarkets recording positive gains. Vacancy within warehouse and distribution (W/D) space increased 70 bps QOQ to 2.5%. This is most likely contributed to large blocks of space becoming vacant such as Stellar Snacks vacating 14100 Lear Blvd. making 465,217 sf vacant in Q1 2023. Deliveries did not impact vacancy rate as the two Q1 deliveries in this product type were fully leased. The majority of the 1.3 msf of net absorption occurring in Q1 2023 was concentrated in the South Reno and North Valleys submarket accounting for 1.1 msf of positive absorption or 83% of the total net absorption. Over the past five years W/D (warehouse/distribution) net absorption dominated the market with 14 msf absorbed followed by MFG (manufacturing) space netting 5.6 msf, and flex space netting 31,560 square feet (sf). Tenants leased 998,898 sf in Q1 2023 combined across 44 deals. Of note, all leases were new deals. The average asking rate for all product types combined increased 24.4% QOQ and surged 51.6% YOY to \$0.97 per square foot (psf) triple net on a monthly basis. The average asking rent for W/D space increased 66.0% YOY, followed by an average rent rise in manufacturing space of 66.1% YOY, and an 17.5% (YOY) increase in the average rent of flex space. As of Q1 2023, there were eight properties under construction, totaling 3 msf. This figure is below the five-year quarterly average of 4 msf.

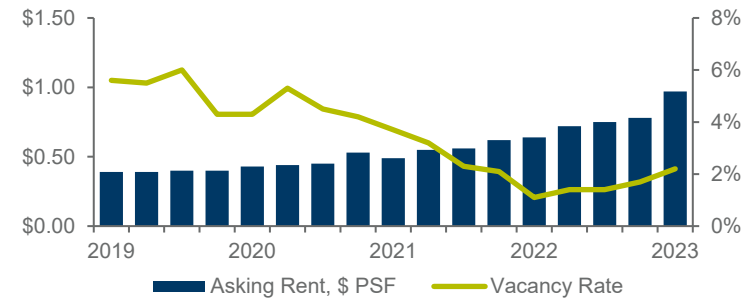
SALES ACTIVITY

The northern Nevada industrial market recorded \$9.5 million in sales across seven properties totaling 186,000 sf in Q1 2023.⁴ This compares to \$100 million in Q4 2022 and \$12 million in Q1 2022. The average price psf was \$173 in Q1 2023 (+40% YOY) compared to \$123 recorded in Q1 2022. Private buyers comprised the majority (100%) of buying activity in 2023 (vs. 23% in 2022). Private sellers comprised the majority (100%) of selling activity (vs. 68% in 2021).³

SPACE DEMAND / DELIVERIES



OVERALL VACANCY / ASKING RENT



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 YTD (SF)	AVG ASKING NNN RENT (MFG)	AVG ASKING NNN RENT (W/D)	AVG ASKING NNN RENT (ALL TYPES)
Airport	10,156,347	347,493	3.4%	69,777	69,777	0	145,048	-	\$0.96	\$1.10
Central	1,964,865	89,027	4.5%	-21,517	-21,517	0	0	-	\$1.34	\$1.34
Douglas County/Carson City	6,100,425	178,773	2.9%	-101,846	-101,846	0	0	\$0.95	\$0.95	\$0.96
Fernley	5,646,427	256,000	4.5%	0	0	1,268,215	0	-	\$0.60	\$0.60
North Valleys	25,804,801	712,647	2.8%	358,533	358,533	111,000	777,240	-	\$1.03	\$1.03
South Reno	9,542,256	152,158	1.6%	747,000	747,000	0	0	-	\$1.08	\$1.25
Sparks	28,756,262	634,082	2.2%	-120,126	-120,126	0	0	\$1.10	\$0.95	\$0.63
Storey County	20,141,201	0	-	405,120	405,120	1,743,960	75,000	-	\$0.72	\$0.98
West Reno	953,916	0	-	0	0	0	0	-	-	-
RENO TOTALS	109,066,500	2,370,180	2.2%	1,336,941	1,336,941	3,123,175	997,288	\$0.98	\$0.88	\$0.97
FLEX	7,223,919	189,966	2.6%	-44,135	-44,135	0	0			\$1.34
MFG	18,727,135	116,220	0.6%	1,356,078	1,356,078	0	606,886			\$0.98
W/D	83,115,446	2,063,994	2.5%	24,998	24,998	3,123,175	390,402			\$0.88
RENO TOTALS	109,066,500	2,370,180	2.2%	1,336,941	1,336,941	3,123,175	997,288	\$0.98	\$0.88	\$0.97

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

KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
655 Waltham Way	Storey County	Symbia	332,640	New
277 USA Pkwy.	Storey County	Tesla	282,500	New
1910 S. McCarran Blvd.	Airport	Fosdick Fulfillment	110,118	New
1240 Icehouse Ave.	Sparks	Confidential	35,520	New
980-996 United Cir.	Sparks	Confidential	35,028	New

KEY SALES TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
2999 Waltham Way	Storey County	Steven D. & Corina B. Pokrajac / Aqua Metals, Inc.	21,050	\$4.3M / \$203
151-156 Coney Island Dr.	Sparks	Robert A. Jr. & Linda G. Dewey / Forward Investments LLC	20,000	\$1.3M / \$65
3493 Arrowhead Dr.	Carson City County	Steven R. Nightingale / Artesyn BioSolutions USA	12,250	\$1.8M / \$150
1770 Dori Way	Carson City County	Jordan Bennett / Mountain Pacific Dev Co.	12,120	\$900K / \$74

JEFF PLATTS

Research Analyst, Nevada

Tel: +1 702 605 1852 / jeff.platts@cushwake.com

JEFF COOLEGE

Senior Research Manager

Arizona, Nevada, Utah, Colorado

Tel: +1 602 224 4448 / jeffrey.coolege@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 52,000 employees in over 400 offices and approximately 60 countries. In 2022, the firm had revenue of \$10.1 billion across core services of property, facilities and project management, leasing, capital markets, and valuation and other services. To learn more, visit www.cushmanwakefield.com or follow [@CushWake](https://twitter.com/CushWake) on Twitter.

©2023 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.