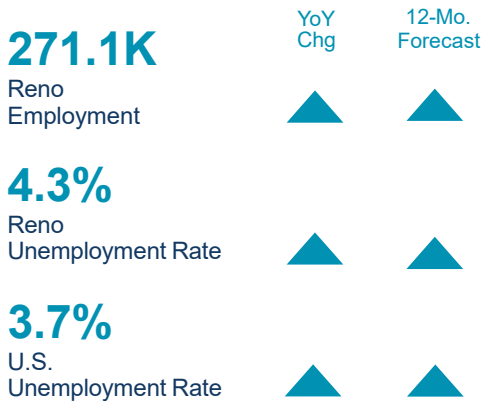


Overall, NNN Asking Rent

ECONOMIC INDICATORS Q3 2023



Source: BLS

ECONOMIC OVERVIEW

Nonfarm employment grew by 8,000 jobs or +3.0% year-over-year (YOY) between August 2022 and August 2023. During the same time, the monthly unemployment rate increased from 3.6% to 4.3%. The current monthly unemployment rate is 60 basis points (bps) higher compared to the U.S. quarterly average of 3.7%. The Reno employment sectors are expected to grow at a combined rate of 2.2% in 2023, while education & health services employment is forecasted to grow 5.5% with service-producing 2.3%. Reno's economy of \$28.7 billion as measured by 2022 gross regional product is forecasted to rise to \$29.9 billion in 2023 and \$31.0 billion in 2024, as a comparison the 10-year average is \$25.0 billion.²

MARKET OVERVIEW

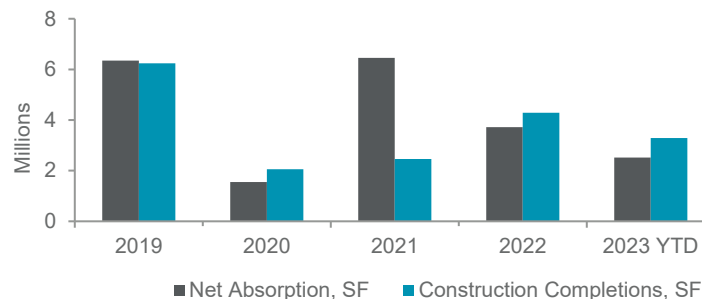
Overall vacancy increased 50 bps quarter over quarter (QOQ) and 200 bps YOY to 3.4% in Q3 2023. The current industrial vacancy rate is 10 bps below the five-year average of 3.5%. Vacancy within flex space rose the sharpest with a 2.6% rise YOY ending the quarter at 5.1%, followed by a 2.3% climb for warehouse and distribution (W/D) space to bring that to 3.7%, lastly manufacturing (MFG) space edged higher by of 0.8% leaving the vacancy rate at 1.5% as of September 2023. Deliveries helped push the vacancy rate higher in Q3 2023 as 58% of the 904,727-sf delivered vacant. Occupancy gains in Q3 2023 totaled 879,782 square feet (sf) with the Storey County submarket leading the charge with 616,520 sf of positive absorption. Over the last five years W/D (warehouse/distribution) net absorption dominated the market with 15.5 msf absorbed followed by MFG space netting 5.2 msf, and flex space yielding -97,609 square feet (sf). Tenants leased 492,901 sf in the third quarter combined across 45 deals.

The average asking rate for all product types combined increased 2.1% QOQ and 29.3% YOY to \$0.97 per square foot (psf) triple net on a monthly basis. The average asking rent for manufacturing space surged 61.8% YOY, followed by an average rent rise in W/D space of 35.8%, and remained the same for flex space. As of Q3 2023, there were nine properties under construction, totaling 2.3 msf. This figure is below the five-year quarterly average of 3.6 msf.

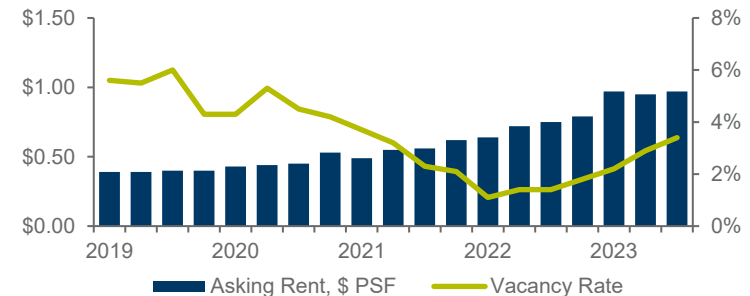
SALES ACTIVITY

The northern Nevada industrial market recorded \$92 million in sales across 5 properties totaling 1 msf in Q3 2023. This compares to \$54.4 million in Q2 2023 (+69% YOY) and \$139 million in Q3 2022 (-34% YOY). The average price psf was \$122 in Q3 2023 (-23% YOY) compared to \$159 recorded in Q3 2022. Cross-border buyers comprised the majority (41%) of buying activity in 2023 (vs. 18% in 2022). Private sellers comprised the majority (97%) of selling activity (vs. 69% in 2022).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	10,165,704	470,692	4.6%	37,470	-2,983	0	145,048	-	\$0.93	\$1.12
Central	1,967,518	127,391	6.5%	7,166	-43,383	0	0	-	\$1.03	\$1.04
Douglas County/Carson City	6,192,459	239,183	3.9%	-23,572	-160,082	0	0	\$0.85	\$0.96	\$0.96
Fernley	5,909,857	364,690	6.2%	112,000	108,757	1,268,215	217,447	-	\$0.60	\$0.61
North Valleys	25,809,768	774,736	3.0%	177,329	308,144	247,777	777,240	\$0.85	\$0.85	\$0.85
South Reno	9,576,749	120,499	1.3%	-40,564	709,745	332,712	0	\$0.86	\$1.09	\$1.14
Sparks	28,861,320	739,182	2.6%	-30,341	-173,494	0	0	\$1.00	\$1.06	\$0.63
Storey County	22,182,049	991,300	4.5%	616,520	1,772,920	434,480	2,151,600	-	-	\$1.20
West Reno	953,140	0	-	23,774	0	0	0	-	-	-
RENO TOTALS	111,618,564	3,827,673	3.4%	879,782	2,519,624	2,283,184	3,291,335	\$0.89	\$0.91	\$0.97
FLEX	7,322,159	370,959	5.1%	-109,947	-193,119	19,645	0			\$1.30
MFG	18,875,500	284,599	1.5%	31,174	1,164,323	0	606,886			\$0.89
W/D	85,420,905	3,172,115	3.7%	958,555	1,548,420	2,263,539	2,684,449			\$0.91
RENO TOTALS	111,618,564	3,827,673	3.4%	879,782	2,519,624	2,283,184	3,291,335	\$0.89	\$0.91	\$0.97

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

KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
905-1485 Southern Way	Sparks	Undisclosed	95,200	New
1910 S. McCarran Blvd.	Airport	Undisclosed	40,200	New
800-890 E. Glendale Ave.	Sparks	Undisclosed	35,886	New
4649 Aircenter Cir.	Airport	theBalm Cosmetics	35,100	Sublease
2600-2660 Lockheed Way	Carson City	Undisclosed	34,038	New

KEY SALES TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
75 Pittsburgh Ave.	Sparks	Tahoe-reno Indle Center LLC / Dalfen Industrial	489,440	\$62M / \$127
10 Isidor Ct.	Sparks	Scannell Properties / MGF Properties LLC	464,360	\$5.7M / \$12
4775 Aircenter Cir.	Airport	Tessco Reno Holdings LLC / Witkoff Group	84,000	\$15.7M / \$187
4835 Longley Ln.	Airport	Plain OL LLC / Clark Buildings LLC	19,244	\$5.3M / \$275
680 E. Glendale Ave.	Sparks	Eugene Lepire Jr. / Joerger LLC	11,200	\$3M / \$270

*Part of portfolio sale

Sources: ¹www.bls.gov ²Moody's Analytics economy.com 12/2021 ³RCA ⁴CoStar.

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