

YoY Chg 12-Mo. Forecast

12.5%

Vacancy Rate



5K

Net Absorption, SF



\$1.88

Asking Rent, PSF



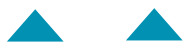
(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2023

YoY Chg 12-Mo. Forecast

274.2K

Reno Employment



4.4%

Reno Unemployment Rate



3.7%

U.S. Unemployment Rate



Source: BLS

ECONOMIC OVERVIEW

In Q4 2023, the Reno market recorded an employment level of 274,200 jobs and the unemployment rate increased from 3.9% in Q4 2022 to 4.4% in Q4 2023. The metro area continues to record strong growth, as the number of households increased by 2.1% year-over-year (YOY) to 206,330. Wage growth continues to bring job seekers back into the labor market, as the median household income reached \$85,375 in Q4 2023, an increase of 3.7% YOY. Reno's economy of \$29.8 billion as measured by 2023 gross metro product is forecasted to grow to \$30.9 billion in 2024 and \$32.2 billion in 2025.²

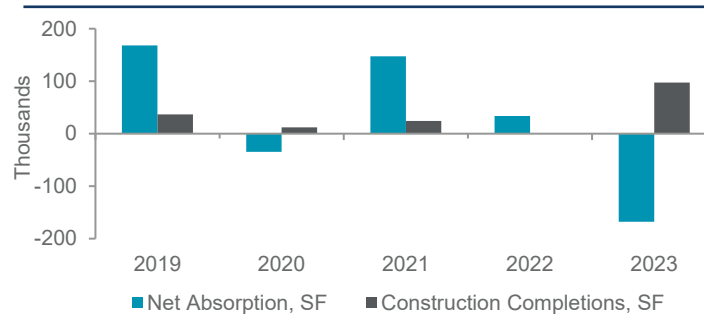
MARKET OVERVIEW

The overall vacancy, including sublease, increased 20 basis points (bps) from last quarter and 360 bps from a year ago to 12.5%. Class A vacancy increased 110 bps quarter-over-quarter (QOQ) and 1,090 bps YOY to 22.0% while Class B vacancy rate decreases 50 bps QOQ but increased 110 bps YOY to 10.7%. Three submarkets ended the quarter with single-digit vacancies: West Reno (5.4%), Sparks (5.5%), and Central/Airport (8.0%). The Reno office market reported positive absorption for the first time since Q3 2022. Occupancy fell by -20,266 square feet (sf) in Class A space, rose by 40,046 sf in Class B space, and fell by 14,972 sf in Class C space, bringing overall occupancy gains across all classes to 4,808 sf in Q4 2023. There are two new office projects in the works for the Reno office market including a new 20,000 sf Class A building in the Meadowood submarket and a larger 101,000 sf Class building in the Central/Airport submarket. In addition, the Mt. View Business Center located at 5435 Kietzke Ln. delivered in September 2023 that is 100% occupied by Great Basin Oral and Facial Surgery. In March of this year an 87,000-sf medical office building was delivered 36% pre-leased to Erickson OBGYN Associates, Ltd. These are the first new office projects under construction since the Q4 2021 delivery of the 24,000 sf Class A project located at The Village at Rancharrah in Meadowood. This brings the total under construction value to 121,819 sf market-wide. The average asking rate for all classes combined remained the same over the last three months and decreased by \$0.08 (-4.1%) YOY. Class A average asking rate recorded a decrease of \$0.18 (-7.7%) YOY, while Class B average rate recorded a decrease of \$0.04 (-2.1%) YOY.

SALES ACTIVITY

The northern Nevada office market recorded \$14.8 million in sales activity in Q4 2023 compared to \$40.6 million in Q3 2023 and \$31.5 million in Q4 2022. The average price per sf was \$281 in Q4 2023 (-4.7% YOY) compared to the Q4 2022 average of \$295. The leading buyers of office properties in 2023 were private investors (87% vs. 100% in 2022). Private sellers accounted for 100% of activity in 2023 (vs. 100% in 2022).³

SPACE DEMAND / DELIVERIES



OVERALL VACANCY / ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY** (SF)***	UNDER CONSTRUCTION (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Central/Airport	1,542,800	16,113	107,089	8.0%	-3,033	-24,725	100,070	101,819	\$1.40	-
Downtown	2,464,017	22,745	315,289	13.7%	-5,379	-28,683	77,642	0	\$2.01	\$1.87
Meadowood	2,319,127	11,607	221,920	10.1%	-6,037	60,694	135,826	20,000	\$2.10	\$2.76
South Meadows	1,439,773	53,539	256,416	21.5%	27,904	-176,979	71,448	0	\$1.85	\$2.11
Sparks	361,938	0	19,958	5.5%	-8,647	577	22,304	0	\$1.46	-
West Reno	151,909	960	7,289	5.4%	-	1,157	1,157	0	\$1.05	-
RENO TOTALS	8,279,564	104,964	927,961	12.5%	4,808	-167,959	408,447	121,819	\$1.88	\$2.16
Class A	1,727,069	51,410	329,186	22.0%	-20,266	-80,124	87,227	121,819	\$2.16	-
Class B	4,867,913	37,441	485,027	10.7%	40,046	-36,810	246,574	0	\$1.86	-
Class C	1,684,582	16,113	113,748	7.7%	-14,972	-51,025	74,646	0	\$1.36	-
RENO TOTALS	8,279,564	104,964	927,961	12.5%	4,808	-167,959	408,447	121,819	\$1.88	\$2.16

*Rental rates reflect full service asking. **Leasing statistics include renewals. ***Not reflective of U.S. Tables

KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
10101 Double R Blvd.	South Meadows	Renown	40,000	New
343 Elm St.	Downtown	Undisclosed	5,137	New
6630 S. McCarran Blvd.	Meadowood	Northern Nevada Medical Group, LLC	4,857	New
5370 Kietzke Ln.	Meadowood	Whiting Turner	4,627	New
6005 Plumas St – Phase I	Meadowood	State of Nevada Nursing Board	4,268	New

KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
950 Sandhill Rd.	South Meadows	Sandhill Property Owner LLC / Ale950Sandhill LLC	43,800	\$11.8M / \$269
661 Sierra Rose Dr.	Meadowood	WTM Management Solutions LTD / Solis Organic Solution Inc	6,048	\$3M / \$501
781 Mill St.	Downtown	Triple 7 LLC / Weed Island LLC	4,369	\$1.2M / \$275

JEFF PLATTS

Research Analyst, Nevada

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

JEFF COOLEGGE

Senior Research Manager

Mountain States

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

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