

**MARKET FUNDAMENTALS**

	YOY Chg	12-Month Forecast
<b>13%</b> Vacancy Rate	▲	▲
<b>-94,465</b> YTD Net Absorption, SF	▼	▲
<b>\$1.91</b> Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▬	▬

**ECONOMIC INDICATORS**

	YOY Chg	12-Month Forecast
<b>271.1K</b> Reno Employment	▲	▲
<b>4.5%</b> Reno Unemployment Rate	▲	▼
<b>4.1%</b> U.S. Unemployment Rate <i>Source: BLS</i>	▲	▼

**ECONOMY**

In Q3 2024, the Reno market reported 271,100 jobs, with the unemployment rate rising 50 basis points (bps) to 4.5% year-over-year (YOY). The metro area saw steady growth, with households increasing by 2.0% YOY to 208,400. Wage growth continues to attract job seekers, as the median household income reached \$87,200, a 3.4% YOY increase.

**SUPPLY**

In the third quarter of 2024, Reno's office market vacancy rose to 13.0%, up 90 basis points (bps) from the previous quarter. Direct vacancy increased to 10.7% (+100 bps), while sublease vacancy remained steady at 2.3%. Vacancy decreased in South Meadows (-20 bps) and Downtown (-50 bps) and remained flat in Central Airport and West Reno. Sparks saw the largest increase, rising 24.4% to 31%, while Meadowood rose 8% to 12.4%.

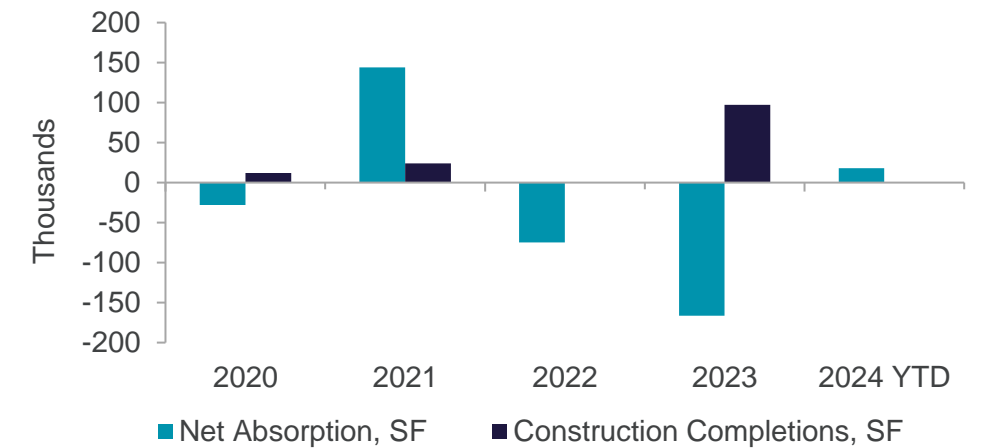
**DEMAND**

The Reno office market saw 127,291 square feet (sf) of gross leasing activity in Q3 2024, a 3% increase quarter-over-quarter (QOQ) but flat year-over-year. Meadowood and Central Airport submarkets accounted for over 90% of the activity, with 53,309 sf and 32,056 sf leased, respectively. Despite positive absorption in four submarkets, the market posted -94,465 sf in net absorption, driven by Sparks (-95,010 sf) and Meadowood (-16,461 sf). Downtown led with 11,825 sf of positive absorption. Class A had -4,719 sf, Class B saw 4,046 sf in positive absorption, and Class C posted -93,792 sf, reflecting the shift toward higher-quality spaces.

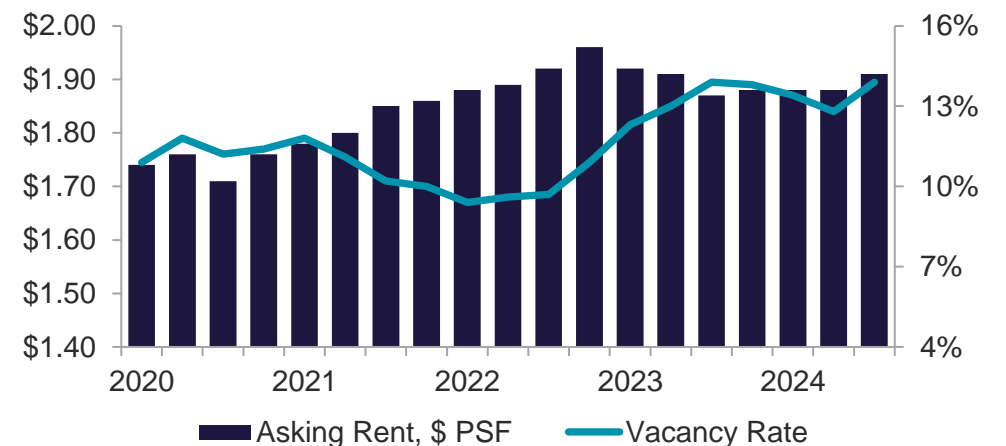
**PRICING**

Reno's full-service gross asking rent rose slightly to \$1.91 psf/month in Q3 2024 from \$1.88 one quarter ago. Meadowood and Downtown remained the most expensive submarkets at \$2.19 and \$2.08 psf/month, respectively. The largest change was Downtown, where rents rose 3.5% QOQ to \$2.08 psf/month.

**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 NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Central/Airport	1,547,972	0	95,431	6.2%	771	36,698	82,213	0	\$1.39	N/A
Downtown	2,446,453	16,748	279,621	12.1%	11,825	44,876	84,975	0	\$2.08	\$1.88
Meadowood	2,241,932	6,800	272,169	12.4%	-16,461	-21,851	118,349	20,000	\$2.19	\$4.10
South Meadows	1,710,710	167,978	202,775	21.7%	4,410	45,092	165,961	121,117	\$1.85	\$2.11
Sparks	406,938	0	126,075	31.0%	-95,010	-106,117	4,524	0	\$1.46	N/A
West Reno	141,859	960	12,420	9.4%	0	-5,131	0	0	\$1.58	N/A
<b>RENO TOTALS</b>	<b>8,495,864</b>	<b>192,486</b>	<b>988,491</b>	<b>13.0%</b>	<b>-94,465</b>	<b>-6,433</b>	<b>456,022</b>	<b>141,117</b>	<b>\$1.91</b>	<b>\$2.24</b>
Class A	1,527,730	42,523	260,256	18.1%	-4,719	-14,998	121,143	20,000	\$2.24	\$2.24
Class B	5,246,350	141,288	530,314	12.8%	4,046	81,126	294,771	121,117	\$1.86	N/A
Class C	1,721,784	8,675	197,921	12.0%	-93,792	-72,561	40,108	0	\$1.60	N/A
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\*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
9990 Double R Boulevard	South Meadows	Renown Health	20,549	Direct
2450 Oddie Boulevard	Sparks	Nevadaworks	15,779	Direct
5560 Longley Lane	Meadowood	Qualus	15,316	Direct
5310 Kietzke Lane	Meadowood	Swift Institute	11,495	Direct
5301 Kietzke Lane	Meadowood	Distinctive Homes Lake Tahoe	9,759	Sublease

\*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
241 Ridge Street	Downtown	Tolles Development / SFG Capital	40,915	\$8.1M / \$198
201 West Liberty Street	Downtown	Tolles Development / Bogart-Gall	28,964	\$7.3M / \$252
830-850 Harvard Way	Downtown	Renown Health / JBJM Investments	57,600	\$6M / \$104
1201-1281 Terminal Way	Central/Airport	Airport Center Properties / Bighorn Hospitality	58,344	\$5.2M / \$90
3773 Baker Lane	Central/Airport	Snowbird XIV / Mello Properties	10,477	\$2.3M / \$222

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