

MARKET TRENDS

# RENO INDUSTRIAL

*The industrial market in Reno, Nevada has demonstrated remarkable resilience in the face of challenging economic conditions.*

Despite such uncertainties, the region has maintained a strong industrial presence, showcasing its ability to adapt and thrive. Overall, the market delivered more than 22 million square feet of new construction since the start of 2020 and has experienced more than 50% rent growth over the same period, with bulk rates rising from \$0.55 NNN in 4Q 2019 to \$0.84 NNN by Q3 2024. As the nation grapples with inflation, supply chain disruptions, and shifting consumer behaviors, Reno’s industrial sector has managed to weather these challenges effectively. The city’s strategic location, combined with its pro-business environment, has positioned it as a critical logistics and distribution hub. These factors have allowed local businesses to remain competitive, even as national economic pressures mount.

Overall vacancy for the quarter increased from 9.77% in Q2 2024 to 10.40% in Q3 2024, however, direct vacancy fell for the first time in two years, down 5 basis points to 8.22%. Sublease space had another significant increase in the third quarter, rising from 1,704,566 SF in Q2 to 2,493,320 SF at the end of Q3. There is still little to no new construction expected to be delivered by the end of 2024 or well into 2025 which is a positive sign for the market as supply and demand should balance out, and we should see vacancy rates begin to creep down over the next few quarters.

The region’s central position near major transportation corridors, including Interstate 80 and U.S. Route 395, offers companies efficient access to key markets across the West Coast. This logistical advantage has attracted a diverse range of industries, including e-commerce, logistics, manufacturing, and distribution. Notably, the completion of infrastructure projects, such as the expansion of the Reno-Tahoe International Airport, has further enhanced the area’s appeal for industrial operations.

continued on page 3

## Market Summary

	3Q 2024	2Q 2024	3Q 2023
Direct Vacancy Rate	8.22%	8.27%	5.02%
Total Vacancy Rate	10.40%	9.77%	5.55%
Bulk Asking Lease Rate	\$0.84	\$0.84	\$0.91
Total Lease Transactions (SF)	1,036,938	655,581	2,882,633
Net Absorption	-391,693	-1,174,762	1,819,129



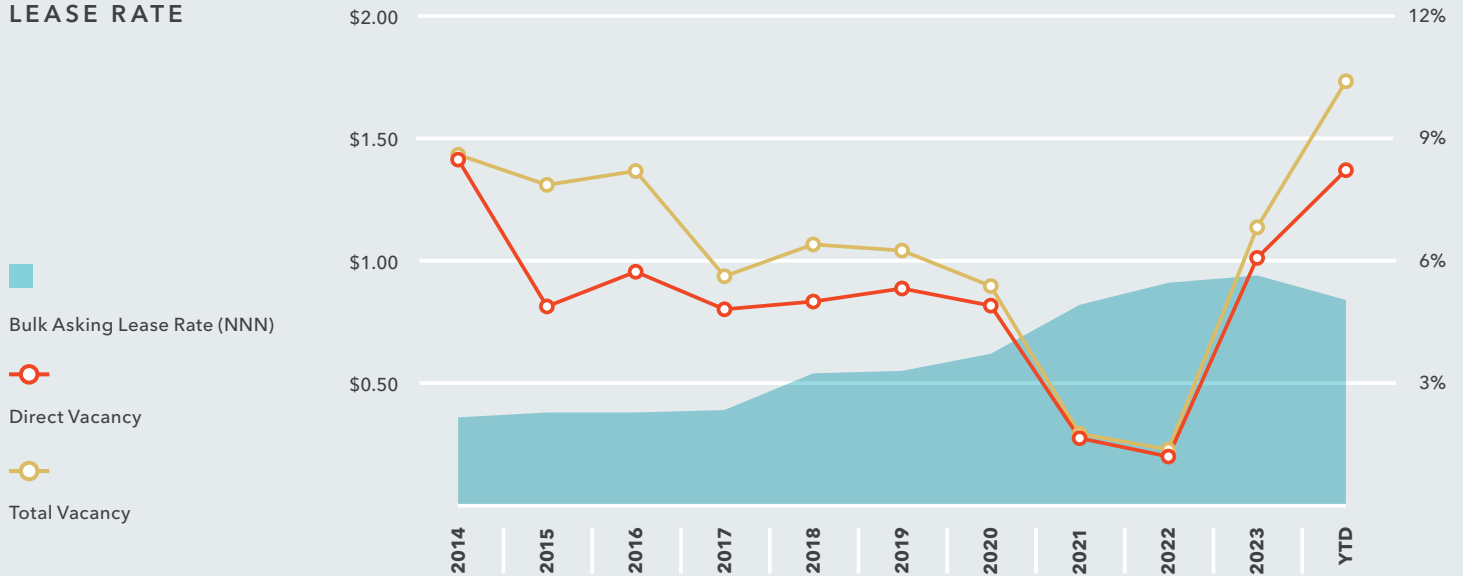
## Market Highlights

**DIRECT VACANCIES** market wide concluded the quarter at 8.22%

**AVERAGE ASKING RATES** for bulk warehouse remained steady QOQ at \$0.84/SF NNN

**DELIVERIES** in 3Q 2024 totaled 363,220 SF

## VACANCY & LEASE RATE

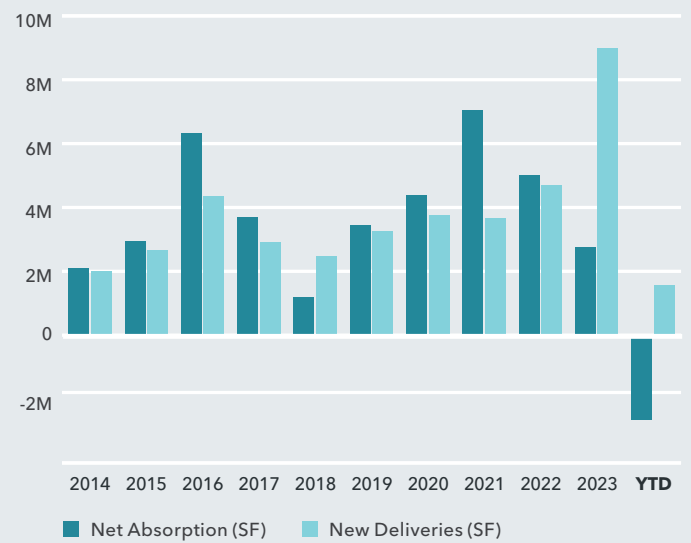


## BIGGEST SALE OF THE QUARTER

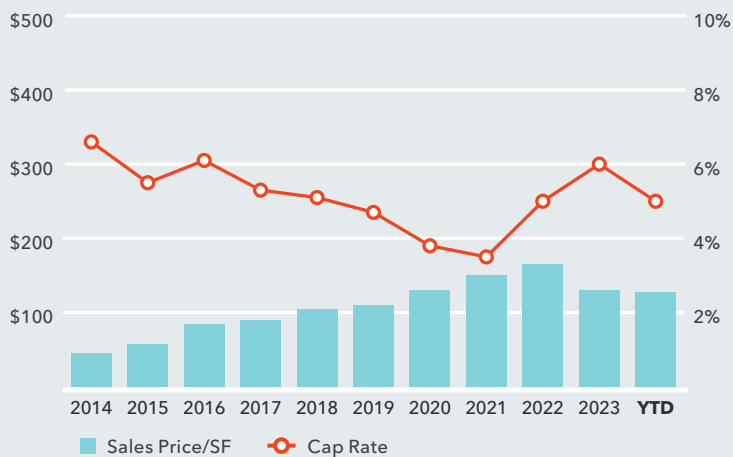
*USA Parkway Distribution Ctr,  
McCarran*



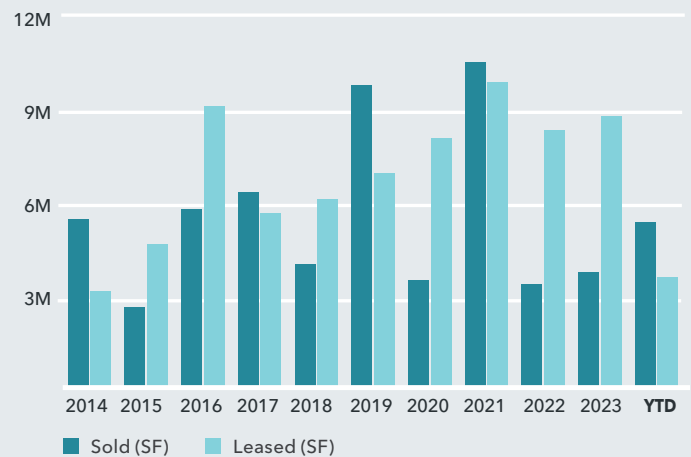
## NET ABSORPTION & NEW DELIVERIES



## AVERAGE SALES PRICE/SF & CAP RATE



## SALE VOLUME & LEASING ACTIVITY



## SUBMARKET STATISTICS

Submarket	Total Inventory	New Deliveries (SF)	Total Vacancy Rate	3Q24 Overall Net Absorption	YTD Overall Net Absorption	3Q24 Gross Absorption (SF)	YTD Gross Absorption (SF)	Bulk Rental Rate (50K+ SF)
North Valleys	31,467,560	-	12.39%	-781,843	-1,837,635	456,050	844,817	\$0.84
Sparks	25,383,749	-	7.53%	-49,037	-689,980	212,126	533,549	\$0.83
Airport	10,500,618	-	3.79%	151,289	216,951	164,269	427,862	\$0.93
South Reno	12,014,881	95,940	13.46%	-73,385	-314,935	170,467	352,501	\$0.98
Central/West Reno	2,595,961	-	21.76%	-94,400	-117,270	15,551	33,660	\$0.75
I-80 East Corridor	31,997,070	267,280	10.83%	455,683	107,225	18,475	1,367,225	\$0.75
<b>Reno Total</b>	<b>113,959,839</b>	<b>363,220</b>	<b>10.40%</b>	<b>-391,693</b>	<b>-2,635,644</b>	<b>1,036,938</b>	<b>3,559,614</b>	<b>\$0.84</b>

In addition to these favorable conditions, the Reno industrial market benefits from a growing population and increasing consumer spending, further driving the demand for industrial space. The ongoing investment in infrastructure and technology also positions the region for future success, making it a viable option for businesses looking to establish or expand their operations.

The industrial landscape has started to balance out although landlords are still having to be creative to win deals by offering attractive incentives such as free rent or flexible lease terms. Overall asking rates, however, have shown resilience as flex rates jumped from \$1.18 PSF/Month in the second quarter to \$1.33 PSF/Month in the third quarter. Mid-bulk and bulk rates, which have been the softest segments in the market, stayed generally flat, falling by only one cent to \$1.02 PSF/Month and bulk rates remaining at \$0.84 PSF/Month.

Reno's industrial market is also underpinned by strong fundamentals, which contribute to its long-term sustainability. Over the past 10 years, between 2014 and 2023, the market averaged just under 4 million square feet of net absorption annually, while the direct vacancy rate ranged between 1% to 6%. The region boasts a business-friendly

environment with regulatory framework, low taxes, and an appealing quality of life that attracts talent. The local government has also prioritized economic diversification, actively supporting initiatives that foster growth in high-demand sectors.

Reno has showcased impressive resilience in its industrial market amid challenging economic conditions. The combination of sustained tenant demand, ongoing investment, and strong market fundamentals lays the groundwork for continued growth. As businesses seek to navigate an evolving landscape, Reno stands out as a strategic location for industrial operations, making it a key player in the broader industrial sector of the western United States. The outlook remains optimistic, with potential for further development and expansion in the coming years.

The largest sale of the quarter was the sale of the 1,089,400 SF USA Parkway Distribution Center from Bentall GreenOak to Exeter \$140,000,000. There are several properties currently on the market which may transact in the 4th quarter.

## BIGGEST LEASE OF THE QUARTER

*10885 Lear Blvd, Reno*



SIGNIFICANT SALE TRANSACTIONS 3Q 2024

Property	City	SF	Buyer	Seller
USA Parkway Distribution Center	McCarran	1,089,400	Exeter	BGO
4950 Joule Str	Reno	74,610	Main Electric Supply	Joule Partners LLC

SIGNIFICANT LEASE TRANSACTIONS 3Q 2024

Property	City	SF	Landlord	Tenant
10885 Lear Blvd	Reno	168,000	Starwood	Grove Collaborative
1450 Greg St	Sparks	136,027	LINK	1 Click Logistics
9470 N. Virginia St	Reno	135,200	Prism	Nathan James
9355 Gateway Dr	Reno	115,680	Johnson	True Up Companies
10880 Lear Blvd	Reno	79,300	Prologis	Turn 14

SIGNIFICANT UNDER CONSTRUCTION

Property	City	SF	Delivery Date	Owner
Reno Airlogistics Center	Reno	468,697	Q4 2024	Dermody
100 Wild Horse Canyon Drive	McCarran	436,800	Q2 2025	Beretta
14003 Mount Anderson St	Reno	284,233	Q3 2025	Becknell/STAG
580 South	Reno	196,560	Q3 2025	Panattoni
9865 N Virginia St	Reno	187,880	Q3 2025	Mohr

Data Source: Kidder Mathews, CoStar



Kidder Mathews is the largest fully independent commercial real estate firm in the Western U.S., with over 900 real estate professionals and staff in 19 offices in Washington, Oregon, California, Idaho, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, asset services, consulting, and debt & equity finance services for all property types.

The information in this report was composed by the Kidder Mathews Research Group.

**GARY BARAGONA**  
Director of Research  
415.229.8925  
gary.baragona@kidder.com

**DAVID NELSON**  
Regional President, Brokerage  
Northern California & Nevada  
775.301.1300  
david.nelson@kidder.com  
LIC N° 01716942

COMMERCIAL BROKERAGE	<i>\$10B</i> 3-YEAR AVERAGE TRANSACTION VOLUME	<i>31.7M</i> ANNUAL SALES SF	<i>42.4M</i> ANNUAL LEASING SF
ASSET SERVICES	<i>55M SF</i> MANAGEMENT PORTFOLIO SIZE	<i>800+</i> ASSETS UNDER MANAGEMENT	<i>260+</i> CLIENTS SERVED
VALUATION ADVISORY	<i>2,600+</i> 3-YEAR AVERAGE ASSIGNMENTS	<i>43</i> TOTAL APPRAISERS	<i>27</i> WITH MAI DESIGNATIONS