

RENO INDUSTRIAL

The Northern Nevada Industrial Market (NNIM) was tried and tested in 2024 as it weathered the highest volume of new construction deliveries the market has ever seen.

As we conclude the fourth quarter of 2024, the Northern Nevada industrial real estate market is showing signs of resilience despite a challenging year marked by rising vacancy rates, limited gross absorption, and economic uncertainty. While the industry struggled throughout 2024, with vacancy rates trending upward and minimal gross absorption, there is emerging optimism as we head into 2025. Several key trends are driving demand, including increased supply chain reshoring, sustained e-commerce growth, and regional demand shifts, indicating that the market could see a rebound in the upcoming year. Additionally, capital markets are showing signs of recovery, with more activity in the form of acquisitions, financing, and investment in strategic industrial assets.

After a small rebound in direct vacancy in the third quarter of 2024, vacancy rates once again rose to close out the year. Overall vacancy increased by 145 basis points, rising from 10.40% in Q3 to 11.85% in Q4. Direct vacancy had a similar increase, rising 116 basis points from 8.22% in Q3 to 9.38% in Q4. The primary drivers of these increases stemmed from a handful of large spaces coming back to the market, including an 815,215 SF sublease space in Fernley, NV, and 813,469 SF of new construction being delivered. Looking forward to 2025, general tour activity and proposals have increased, indicating a strong first few quarters of 2025.

The gross absorption of industrial space was notably subdued in 2024, with many occupiers opting for smaller leases or postponing expansion plans amid ongoing economic uncertainties. The slowdown in absorption is especially pronounced in the northern Nevada industrial market where speculative construction has outpaced demand in recent years. Gross absorption for the fourth quarter clocked in at 616,139 SF, marking the least active quarter of 2024, and bringing the yearly total gross absorption to 4,175,750 SF, down over 50% from 2023.

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Market Summary

	4Q 2024	3Q 2024	4Q 2023
Direct Vacancy Rate	9.38%	8.22%	6.07%
Total Vacancy Rate	11.85%	10.40%	6.82%
Bulk Asking Lease Rate	\$0.86	\$0.84	\$0.84
Total Lease Transactions (SF)	616,139	1,036,938	2,882,633
Net Absorption	-933,053	-391,693	1,819,129

Q4 2024



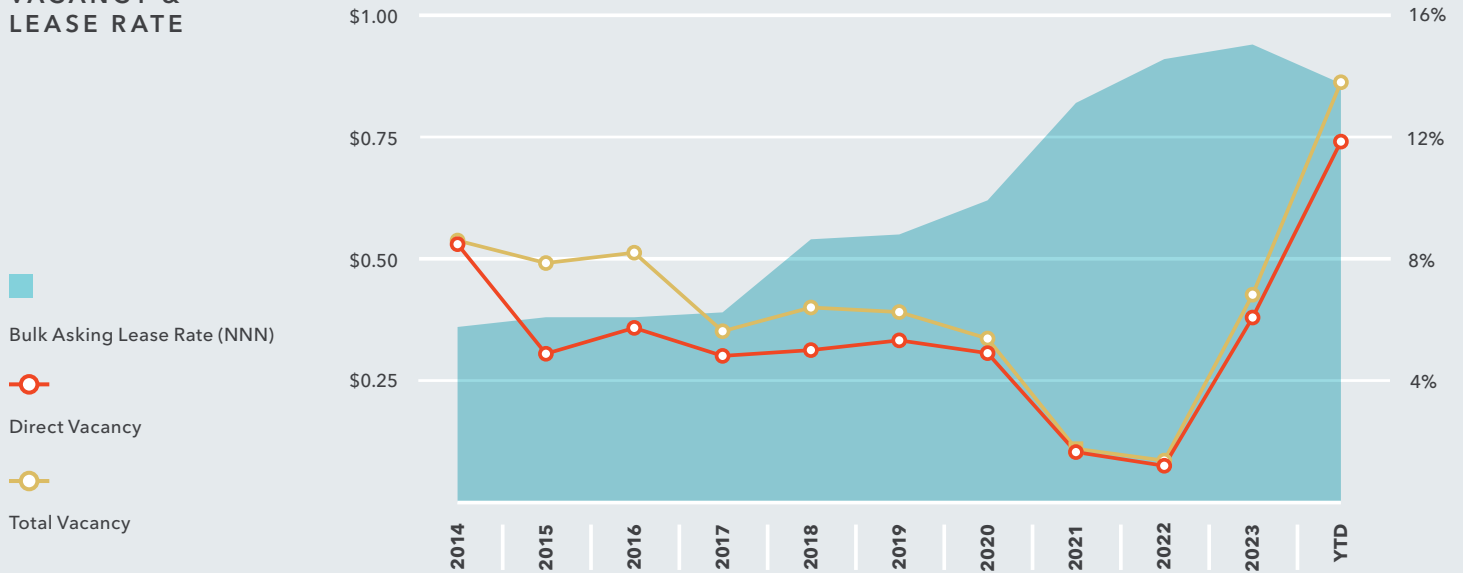
Market Highlights

DIRECT VACANCIES market wide increased this quarter to 11.85%

AVERAGE ASKING RATES for bulk warehouse remained relatively steady at \$0.86/ SF NNN

DELIVERIES in 4Q 2024 totaled 813,469 SF

VACANCY & LEASE RATE

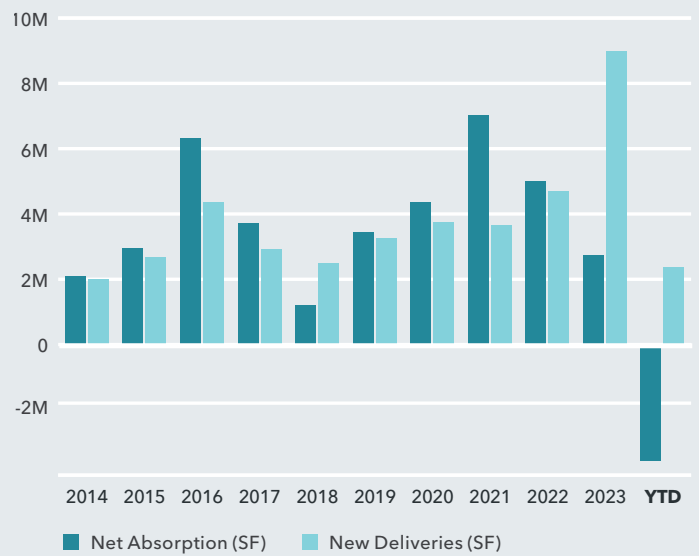


BIGGEST SALE OF THE QUARTER

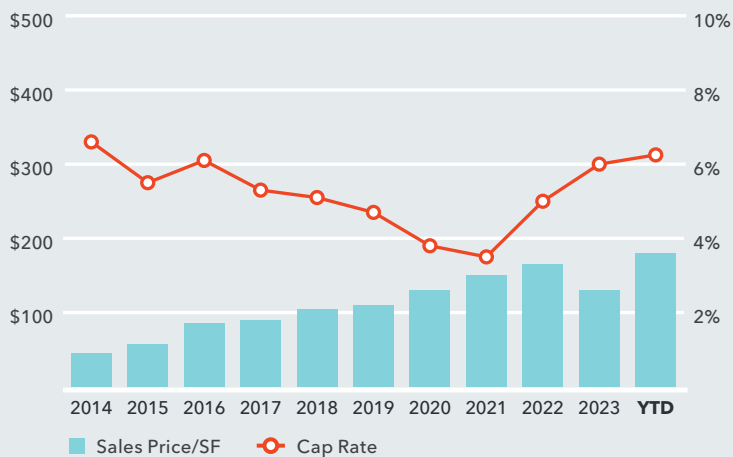
9195 Moya Blvd, Reno



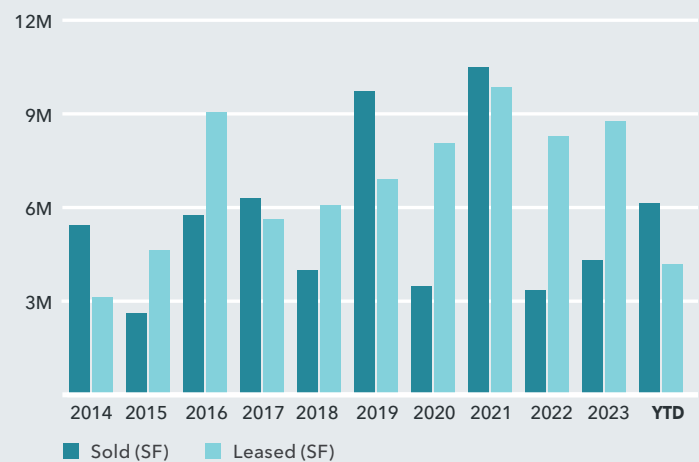
NET ABSORPTION & NEW DELIVERIES



AVERAGE SALES PRICE/SF & CAP RATE



SALE VOLUME & LEASING ACTIVITY



SUBMARKET STATISTICS

Submarket	Total Inventory	New Deliveries (SF)	Total Vacancy Rate	4Q24 Overall Net Absorption	YTD Overall Net Absorption	4Q24 Gross Absorption (SF)	YTD Gross Absorption (SF)	Bulk Rental Rate (50K+ SF)
North Valleys	32,281,029	813,469	13.37%	398,064	-1,439,571	456,050	844,817	\$0.86
Sparks	25,383,749	-	7.83%	-76,343	-766,323	212,126	533,549	\$0.84
Airport	10,500,618	-	5.16%	-144,307	72,644	164,269	427,862	\$0.89
South Reno	12,014,881	-	14.22%	-90,562	-405,497	170,467	352,501	\$1.06
Central/West Reno	2,595,961	-	16.03%	148,825	31,555	15,551	33,660	\$0.95
I-80 East Corridor	31,997,070	-	14.48%	-1,168,730	-1,061,505	18,475	1,367,225	\$0.72
Reno Total	114,773,308	813,469	11.85%	-933,053	-3,568,697	1,036,938	3,559,614	\$0.86

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. Flex rates did see a slight decline from the third quarter with asking rates decreasing from \$1.33 PSF/Month to \$1.24 PSF/Month in the fourth quarter. Mid-bulk and bulk rates both saw a nice uptick, with mid-bulk rates rising to \$1.06 PSF/Month and bulk rates increasing to \$0.86 PSF/Month, both roughly a 3% increase over the previous quarter.

The slim construction pipeline still managed to deliver 4 buildings in Q4 2024 totaling 813,469 SF. The largest was a 468,697 SF building in the Reno Airlogistics Center, as well as a 187,632 SF building in Kiley Ranch, both developed by Dermody Properties. Tryline also delivered their two buildings in the North Valleys submarket, a 84,240 SF and 72,900 SF development. Looking ahead to 2025, the speculative construction pipeline remains very slim as there is only 1.2M SF of new product currently under construction. Many prominent developers are still choosing to sit tight on the sidelines until the supply thins out before they decide to break ground.

There were several investment sales this quarter, the largest of which was the sale by Panattoni/AEW of 9195 Moya to LBA Logistics. The 136,777 SF net leased asset was sold for \$26,800,000 SF or \$196.94/SF in the North Valleys. McKenzie Properties sold their 280/320 South Rock assets for \$25,500,000 or \$191/SF and UPS Properties sold 55 Vista for \$14,850,000 or \$126.71/SF. The 133,414 SF and 117,198 SF properties were fully occupied at the time of the respective sales.

The industrial real estate market in 2024 faced multiple challenges, including rising vacancy rates and low absorption. However, as we look forward to 2025, signs of recovery are emerging, driven by a combination of e-commerce growth, reshoring trends, and an increase in capital markets. While vacancy rates may take time to stabilize fully, demand for high-quality, strategically located industrial spaces should provide a foundation for a more robust market in the coming year.

BIGGEST LEASE OF THE QUARTER

625 Pittsburgh Ave, Sparks



SIGNIFICANT SALE TRANSACTIONS 4Q 2024

Property	City	SF	Buyer	Seller
9195 Moya Blvd	Reno	136,777	LBA Logistics	Panattoni/AEW
280/320 S Rock Blvd	Reno	133,414	Willow Tree Properties	McKenzie Properties
55 Vista Blvd	Sparks	117,198	CapRock	UPS

SIGNIFICANT LEASE TRANSACTIONS 4Q 2024

Property	City	SF	Landlord	Tenant
625 Pittsburgh Ave	Sparks	141,107	Avenue 55	Boxout Health
385 Cabela Dr	Reno	104,000	Patagonia	Intex Recreation Group
9499 N Virginia St	Reno	94,656	Majestic	TAKKT
9460 N Virginia St	Reno	81,120	Prism	Ansell
6640 Echo Ave	Reno	42,500	Atlantic Packaging	Clarion Partners

SIGNIFICANT UNDER CONSTRUCTION

Property	City	SF	Delivery Date	Owner
100 Wild Horse Canyon Dr	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
6980 Resource Dr	Reno	75,820	Q2 2025	STAG

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.

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COMMERCIAL BROKERAGE	<i>\$9B</i> AVERAGE ANNUAL TRANSACTION VOLUME	<i>26.2M</i> ANNUAL SALES SF	<i>36.7M</i> ANNUAL LEASING SF
ASSET SERVICES	<i>58M SF</i> MANAGEMENT PORTFOLIO SIZE	<i>850+</i> ASSETS UNDER MANAGEMENT	<i>250+</i> CLIENTS SERVED
VALUATION ADVISORY	<i>2,400+</i> AVERAGE ANNUAL ASSIGNMENTS	<i>39</i> TOTAL APPRAISERS	<i>24</i> WITH MAI DESIGNATIONS