Kidder Mathews

MARKET TRENDS

# RENO *INDUSTRIAL*

3Q 2025

*Northern Nevada's strategic location continues to be a key driver of industrial demand.*

Positioned near major transportation corridors, the region offers efficient access to key Western States, making it an attractive hub for distribution and logistics operations. This logistical advantage has supported the growth of a diverse industrial base, drawing companies from sectors such as e-commerce, advanced manufacturing, data centers, and third-party logistics. As supply chain strategies evolve, Reno's connectivity and infrastructure remain central to its appeal for occupiers seeking regional reach and operational efficiency.

At the end of 3Q 2025, the Northern Nevada industrial real estate market continued to demonstrate its resilience following the headwinds and challenges in recent years, marked by elevated vacancy rates, subdued gross absorption, and broader economic uncertainty. While 2024 saw limited leasing activity and a steady rise in vacancies, the first three quarters of 2025 show signs of stabilization and renewed optimism.

The Northern Nevada total vacancy rate stood at 11.3%, a slight increase from 10.9% in the previous quarter and 90 basis points higher than at the same time last year. The increases are attributed to a handful of recent mid-sized and large tenant move-outs in addition to new construction deliveries being added to the market without committed tenants. Encouragingly, recent trends show a rise in tour activity and tenant demand, indicating the market is beginning to regain solid momentum.

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## *Market Summary*

| | 3Q25 | 2Q25 | 3Q24 | YOY Change |
|---|---|---|---|---|
| MSA Unemployment Rate | 4.2% | 4.6% | 4.5% | **-30 bps** |
| Total Vacancy Rate | 11.3% | 10.9% | 10.4% | **90 bps** |
| Sublease Availability (SF) | 1,767,749 | 1,907,060 | 2,886,495 | **-38.8%** |
| Asking Lease Rate | $0.87 | $0.87 | $0.84 | **3.2%** |
| Under Construction | 2,427,913 | 4,382,606 | 3,389,865 | **-28.4%** |

| | 3Q25 | 2025 YTD | 2024 YTD | YOY Change |
|---|---|---|---|---|
| Leasing Activity (SF) | 1,277,075 | 4,711,011 | 3,559,614 | **32.3%** |
| Net Absorption (SF) | 497,887 | 1,866,749 | -2,635,644 | **N/A** |
| Deliveries (SF) | 1,954,693 | 3,309,836 | 1,552,425 | **N/A** |

## *Average Lease Rates*

| | Older/Flood Zone/Sublease | Newer |
|---|---|---|
| 5,000-30,000 SF | $0.80-$1.10 | **$1.05-$1.40** |
| 30,000-100,000 SF | $0.60-$0.90 | **$0.70-$1.05** |
| 100,000+ SF | $0.50-$0.85 | **$0.6-$0.95** |

↓ *4.2%*
UNEMPLOYMENT RATE

↑ *1.2M SF*
LEASING ACTIVITY

↑ *497K SF*
NET ABSORPTION

↑ *11.3%*
VACANCY RATE

↑ *$0.87*
OVERALL AVG RENT

↑ *1.9M SF*
NEW DELIVERIES

↓ *1.7M SF*
AVAILABLE SUBLEASE

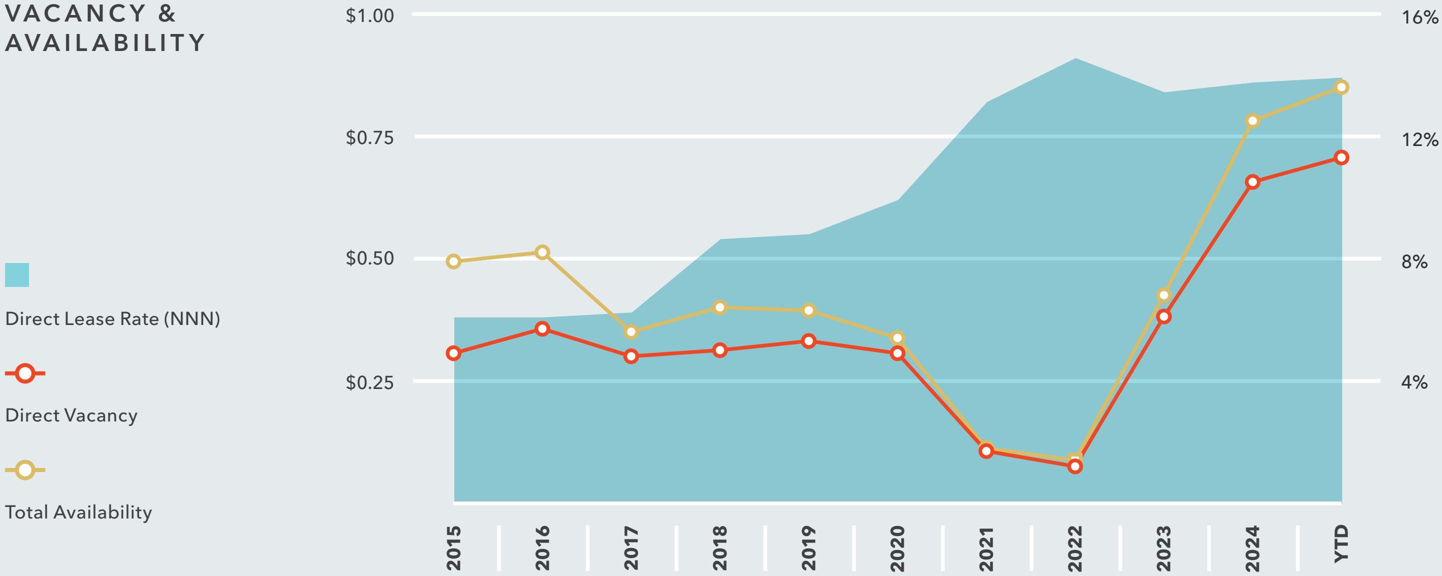
Year-Over-Year Trend

## *Market Highlights*

**YTD SALES VOLUME**
increased to 4.0M SF

**YTD NET ABSORPTION**
rose to 1.9M SF YTD

## LEASE RATE, VACANCY & AVAILABILITY

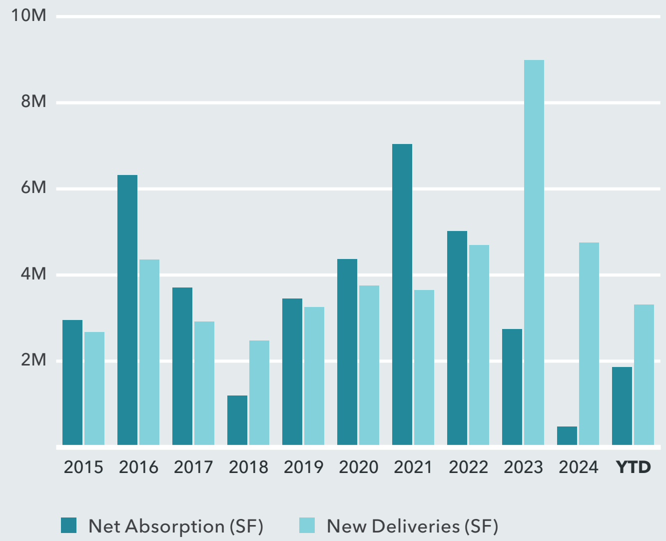



## BIGGEST SALE OF THE QUARTER

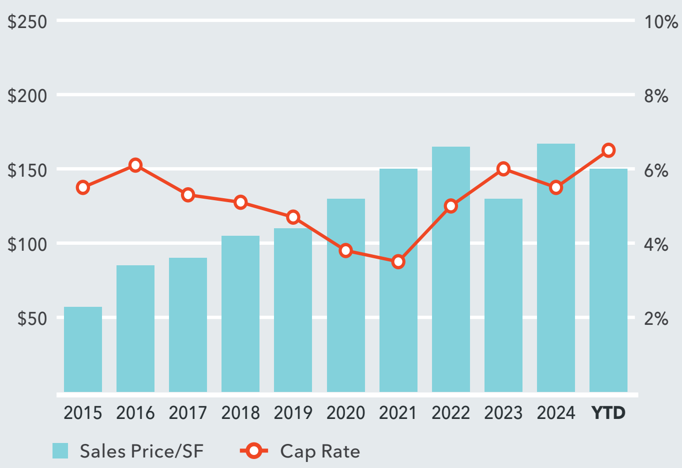
*831 Deming Way, Sparks, NV*

68,277 SF | $9,655,500 | $141 PSF

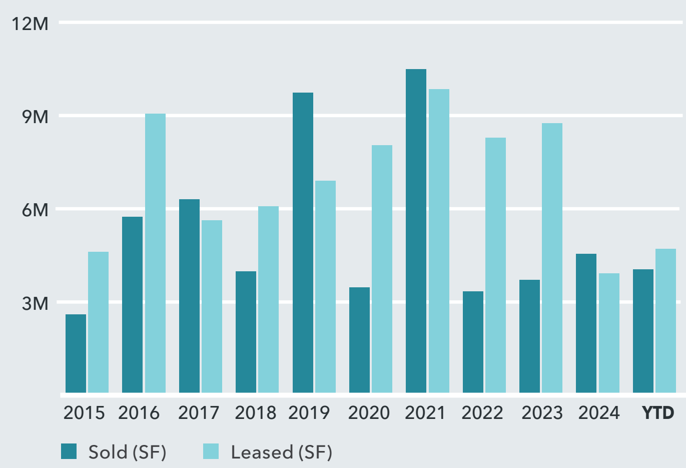
## NET ABSORPTION & NEW DELIVERIES




## AVERAGE SALES PRICE/SF & CAP RATE




## SALE VOLUME & LEASING ACTIVITY



## SUBMARKET STATISTICS

| Submarket | Total Inventory | Total Vacancy Rate | 3Q Overall Net Absorption | YTD Overall Net Absorption | YTD Leasing Activity (SF) | Avg Asking Lease Rate | Under Construction (SF) | YTD Deliveries (SF) |
|---|---|---|---|---|---|---|---|---|
| North Valleys | 27,415,662 | 13.8% | 36,660 | 638,760 | 964,956 | $0.87 | 957,433 | 0 |
| Sparks | 33,064,843 | 11.7% | -221,698 | 609 | 1,048,295 | $0.87 | 0 | 411,244 |
| Airport | 10,886,961 | 7.3% | -55,888 | -79,752 | 406,177 | $0.92 | 0 | 0 |
| South Reno | 11,301,278 | 13.6% | 296,749 | 226,684 | 654,198 | $1.08 | 343,600 | 0 |
| Central/West Reno | 4,173,068 | 3.7% | 12,760 | 17,413 | 96,866 | $0.97 | 0 | 0 |
| I-80 East Corridor | 30,528,835 | 10.2% | 429,304 | 1,063,036 | 1,540,521 | $0.75 | 1,126,880 | 2,898,592 |
| **Reno Total** | **117,370,647** | **11.3%** | **497,887** | **1,866,749** | **4,711,011** | **$0.87** | **2,427,913** | **3,309,836** |

Leasing activity has experienced a notable uptick in 2025 with 4.7M SF, compared to 3.6M SF over the first three quarters of last year. Net absorption has also started to rebound with positive 1.9M SF year-to-date, as the market is beginning to recalibrate. Landlords are still looking for creative ways to attract tenants, including lease incentives such as free rent and flexible terms. Overall asking rates remained about the same at $0.87 PSF NNN, quarter-over-quarter, but rose compared to last year when the rate was $0.84 PSF NNN. Asking lease rates are approximately 10% below the all-time highs recorded in 2023.

Development activity remains subdued compared to the peak in 2023, with relatively limited deliveries and a preference for tenant commitments prior to breaking ground. Currently, more than 2.4M SF of industrial space is under construction. The largest speculative development is Conco Milan in Sparks, totaling 652K SF and slated for delivery in Q1 2026, though it remains 0% pre-leased. Many prominent developers are choosing to delay new starts until the supply-demand imbalance normalizes.

Investment activity surged in 2025, with 63 transactions totaling about $419M year-to-date. The largest deal was 831 Deming Way in Sparks, purchased by Dornin Investment Group for $9.7M ($141 PSF). Average price per square foot reached $150 PSF, down slightly from $167 PSF in 2024.

As we move into the fourth quarter of 2025, sponsors seeking capital for their projects (whether for equity or financing) continue to have a variety of sources available that are looking to invest in Nevada. The cost of this capital has improved recently (although it varies widely), with fixed-rate loan programs reflecting good stability and floating-rate programs forecast to become more affordable as the Fed reduces rates. Underwriting continues to be conservative and varies from one source to another, with project economics driving pricing and other loan terms. For those seeking capital, it makes sense to explore multiple options

Looking ahead, the Northern Nevada industrial market appears poised for additional recovery fueled by growth in e-commerce, reshoring initiatives, and strengthening capital markets. This shift is expected to support increased demand for high-quality, strategically located industrial assets. Reno will continue to benefit from a diversified industrial base and strong logistics infrastructure, positioning the region for gradual economic recovery and continued resilience heading into 2026. While vacancy rates may take time to fully stabilize, these underlying trends provide a solid foundation for a more robust and balanced market in the coming year.

## BIGGEST LEASE OF THE QUARTER

*1430 E Greg St, Sparks, NV*

*201,295*

TOTAL SQUARE FEET

## TOP SALE TRANSACTIONS 3Q 2025

| Property | Submarket | SF | Sale Price | $/SF | Buyer |
|---|---|---|---|---|---|
| 831 Deming Way | Sparks | 68,377 | $9,655,500 | $141 | Dornin Investment Group |
| 2609-2615 Mill St | Airport | 52,080 | $6,933,000 | $133 | JDFAZ, LLC |
| 5385 Alpha Ave | North Valleys | 41,033 | $6,500,000 | $158 | Trek, Inc. |
| 1555 Crane Way | Sparks | 48,000 | $4,250,000 | $89 | Refrigeration Supplies Distributor |
| 873 Deming | Sparks | 27,020 | $3,500,000 | $130 | Capurro Trucking |

## TOP LEASE TRANSACTIONS 3Q 2025

| Property | Submarket | SF | Type | Tenant |
|---|---|---|---|---|
| 1430 E Greg St | Sparks | 201,295 | Renewal | Nestle |
| 3020 Airway Dr | Airport | 199,725 | Direct | Arrow Electronics |
| 9515 N Virginia St | North Valleys | 111,416 | Direct | Krone |
| 350 Lillard Dr | Sparks | 77,969 | Direct | Allstates Warehousing & Distribution |
| 2777 USA Pkwy | I-80 East Corridor | 77,500 | Direct | Rexel USA |
| 9085 Moya Blvd | North Valleys | 69,200 | Sublease | Wholesale Electric |

## TOP DEVELOPMENT PROJECTS

| Property | Submarket | SF | Owner/Developer | Status | Delivery Date |
|---|---|---|---|---|---|
| Conco Milan | I-80 East Corridor | 652,000 | Conco Companies | Under Construction | 1Q 2026 |
| Comstock Commerce Center (Bldg 6 East) | I-80 East Corridor | 474,880 | Locus Development | Under Construction | 4Q 2025 |
| 580 South (Bldg 4) | South Reno | 145,600 | Panattoni | Under Construction | 1Q 2026 |
| Tahoe-Reno Industrial Center | North Valleys | 338,500 | WG Group & The Krausz Companies | Under Construction | 2Q 2026 |
| 9835 N Virginia St | North Valleys | 178,880 | Mohr Partners | Under Construction | 4Q 2025 |

Data Source: Costar, Kidder Mathews, Bureau of Labor Statistics

Kidder Mathews

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, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, asset services, consulting, and debt & equity finance services for all property types.

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**COMMERCIAL BROKERAGE**

- $9B — AVERAGE ANNUAL TRANSACTION VOLUME
- 26.2M — ANNUAL SALES SF
- 36.7M — ANNUAL LEASING SF

**ASSET SERVICES**

- 53M SF — MANAGEMENT PORTFOLIO SIZE
- 800+ — ASSETS UNDER MANAGEMENT
- 250+ — CLIENTS SERVED

**VALUATION ADVISORY**

- 2,400+ — AVERAGE ANNUAL ASSIGNMENTS
- 39 — TOTAL APPRAISERS
- 24 — WITH MAI DESIGNATIONS

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