

RENO SPARKS | **2019** A YEAR IN REVIEW



COMMERCIAL **MARKET REPORT**



NOTABLE NEW & EXPANDED COMPANIES IN 2019

Reno ranked **#1** for year over year growth and **#1** for 5-year growth as well as being named one of the **15 “Hottest”** real estate markets for the next decade. Unemployment remains positive, EPIC Report Numbers surpass new projection, and Construction Index declines for the 10th straight month.

MOBĒ®

MOBE HEALTH AND WELLNESS
Health, Medical Tech
300 Jobs

Uplift

UPLIFT TRAVEL
Tech Ecosystem
267 Jobs



RED DOT MANAGEMENT
Tech Ecosystem
40 Jobs

FIGURE

FIGURE TECHNOLOGIES
Tech Ecosystem
240 Jobs

Makita®

MAKITA POWER TOOLS
Distribution
85 jobs

ULINE

ULINE SHIPPING SUPPLIES
Distribution
80 Jobs

GREENCELLFOAM™

KTM INDUSTRIES, INC.
Manufacturing
75 Jobs



MARATHON TRUCK BODY
Manufacturing
50 Jobs



1A AUTO PARTS
Logistics, Distribution
150 Jobs



SUSTAINABLE FURNITURE INC.
Manufacturing
80 Jobs



OZARK MATERIALS
Manufacturing
50 Jobs

charles river

CHARLES RIVER LABORATORIES
Health, Medical Tech
38 Jobs

RENO AREA UNEMPLOYMENT

The U.S. Bureau of Labor Statistics Unemployment Rate for the Reno area decreased from 3.2% in August 2019 to 2.7% in November 2019. The Reno Area unemployment rate continued to outpace the 3.3% United States nation rate, which reflected a similar 0.5% decrease from August 2019 to November 2019. The Reno area Professional and Business Services sector lead the Reno area employment growth rate with a 9.7% year over year increase in jobs from November 2018 to November 2019. The Reno area Construction sector was not far behind reporting a 9.1% year over year increase in jobs. The year over year increase in the job rate for both sectors fell when compared to August 2019.

The December 2019 edition of the Job Flash prepared by RCG Economics, reported; “The Reno-Sparks MSA “headline” unemployment rate declined 0.2 points to 2.7% in November. Compared to November 2018, the region created 10,300 new private payroll jobs (103% of the total) and the unemployment rate fell 0.5 points. Year over year job growth peaked in December 2004 with 17,700 total jobs. Meanwhile, YOY average weekly inflation-adjusted wages declined 0.1% compared to November 2018. Reno-Sparks had the seventh-highest job growth in the nation. The Reno-Sparks economy continues to grow relatively quickly, as it has for the last few years. We expect to see similar growth in 2020.

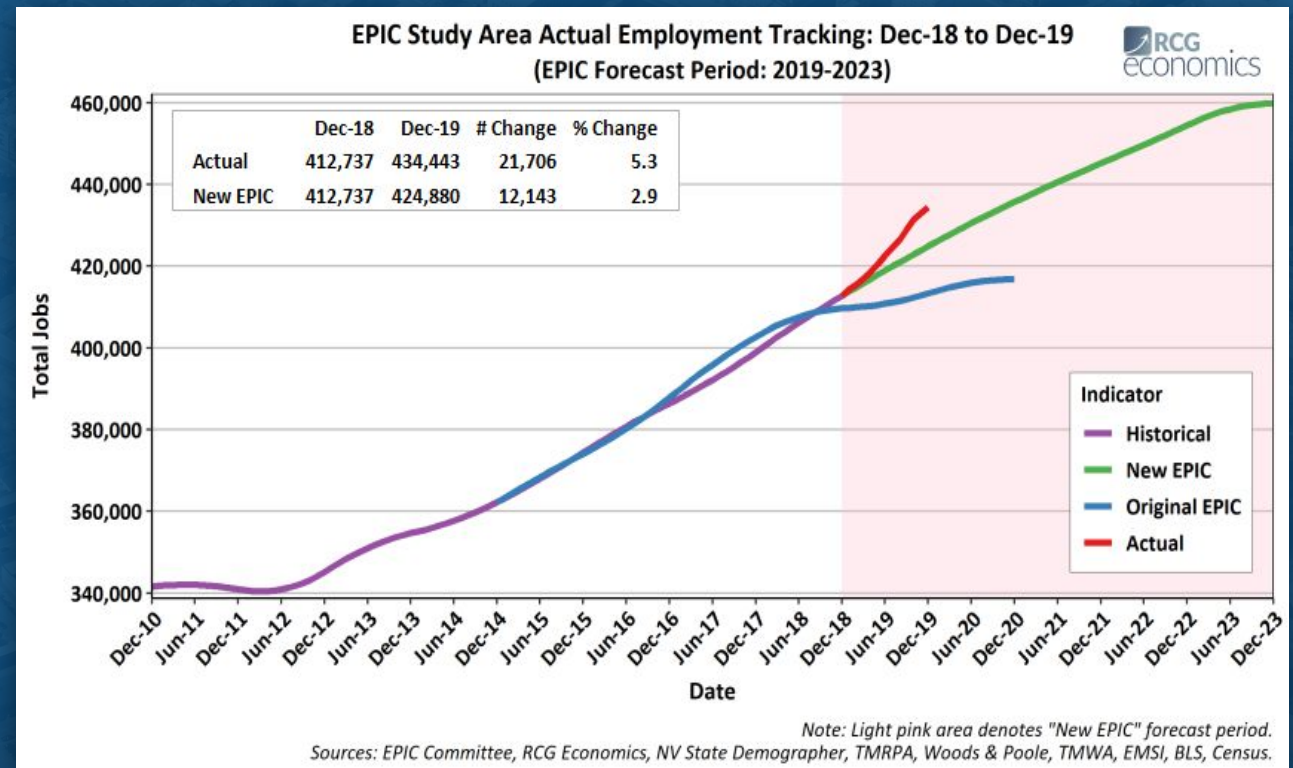


ECONOMIC OVERVIEW



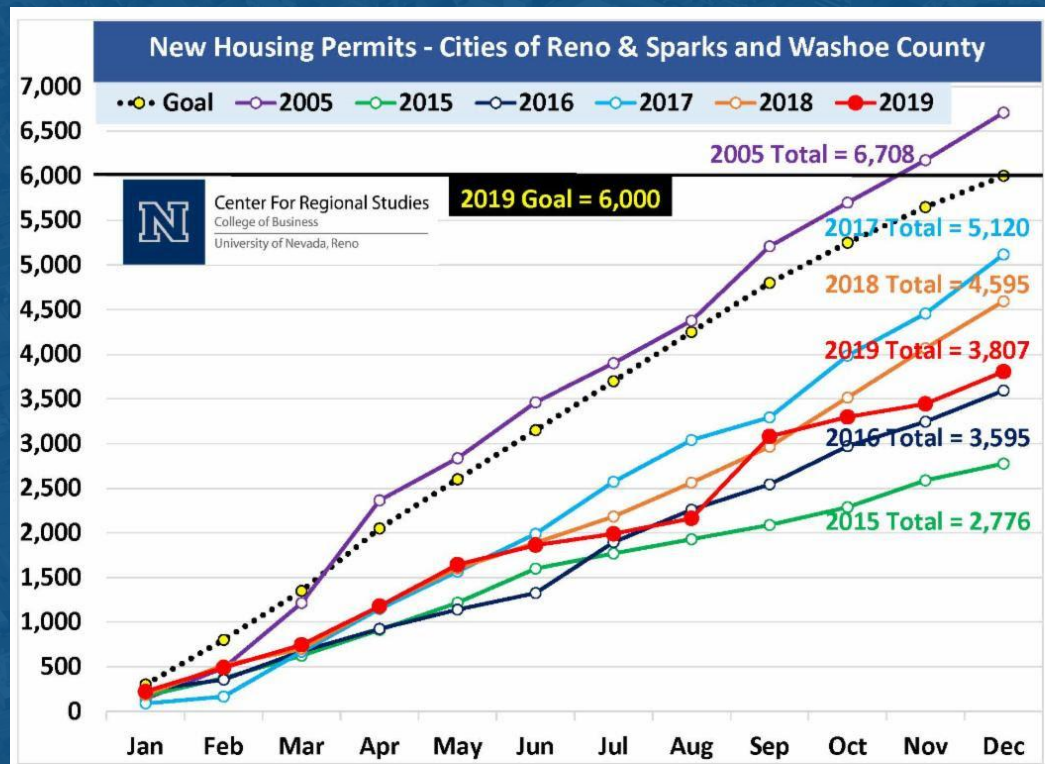
EPIC REPORT NUMBERS

The latest graph for the EPIC 2.0 Study Area Actual Employment Tracking for December 2018 to August 2019 reports actual Job Growth and the New EPIC Scenario B Job Growth in the Study Area from December 18 to August 19 was 13,010 and 8,177 respectively reflecting 4,833 actual jobs in excess of the New EPIC Scenario B forecast. The actual jobs in excess of the New EPIC Scenario B forecast for December 18 to April 19 was 1,539, so the actual job growth in the 4 months since April 2019 has surpassed the New EPIC projection.



HOUSING REMAINS A **SERIOUS CONCERN:**

The EDAWN CEO Updates dated January 11, 2020, reported “Housing remains a serious concern: The chart below shows that we are well off the goal for the number of permits for new housing units (including apartments and condos). As of October, we are almost 2,000 permits short of where we should be for the year and the lowest number in three years. Our housing is not keeping up with our growth. The shortage of new housing continues to drive our housing prices and rents up and is causing other challenges like an increase in homelessness.”



HOUSING: RENO NAMED ONE OF THE 15 **'HOTTEST' REAL ESTATE MARKETS** FOR THE NEXT DECADE:

Jason Hidalgo and the Reno Gazette-Journal published an article entitled “Housing, Reno named one of the 15 ‘hottest’ real estate markets for the next decade” on December 23, 2019. Included in the article Jason Hidalgo wrote; “Reno’s hot housing market is expected to continue sizzling in the coming decade, according to a new real estate ranking. Business Insider included The Biggest Little City in its list of the top 15 “hottest new places to live.” The ranking is based on feedback by real estate agents from across the U.S. who were asked to predict the most popular real estate markets for the next 10 years. Las Vegas also made the rankings, making Nevada the only state with two cities in the top 15. Although Business Insider did not rank the cities in a particular order, one real estate expert who took part was especially bullish on Reno. “In addition to Tesla moving to Reno, the area benefits from no state income tax, lower housing costs, an international airport, and proximity to Lake Tahoe,” said Chris Lim, founder of San Francisco-based firm Climb Real Estate. “Reno will surely be the hottest real estate market in the US for 2020 and beyond.”



WE'RE NUMBER 1!

The EDAWN CEO Updates dated January 11, 2020, reported; “We’re Number 1! Reno-Sparks ranks number one for year over year growth, number one for five-year growth, and third for economic strength out of 399 metros; according to Area Development – Site and Facility Planning Insider article, January 3, 2020. By the way, we were number 218 in 2014, so quite a change in just 5 years.”

The Area Development – Site Planning Insider article published January 3, 2020 explained; “The Reno-Sparks metro area (population: over 500,000) is no longer heavily focused on gaming and entertainment. Today, about 65 percent of Reno’s workforce is employed in the trade and services sector, and it’s total employment rate is more than triple the national average. Corporate citizens now include diverse players in healthcare, technology, and entrepreneurial startup businesses. A notable regional addition is Elon Musk’s Tesla Gigafactory 1, the world’s highest-volume battery plant, built just outside Reno. Meanwhile, New Deantronics is set to open a \$40 million, 200-job medical device R&D and manufacturing campus in the Reno-Sparks area in 2020. Not surprisingly, the metro is now enjoying an expansion in distribution and warehousing facilities as well.”












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CONSTRUCTION INDEX

Ekay Economic Consultants and the Center for Regional Studies created the Reno MSA Construction Index to provide a picture of the performance of the construction industry in the Reno MSA region. EKAY states “Reno MSA Construction Index declined between October and November 2019, the tenth month of decline in the index. The index shows a decline of 4.70% between October and November 2019. The index declined by 30.72% compared to the same month in the previous year (November 2018 and 2019). Construction employment in the region continues to grow. All commercial and residential permit series declined this month and compared to the same month last year. This continues a trend of declines in the level of building permits in the region, compared to high levels of growth in previous years.”

“It should be noted City of Reno building permit data has not been reported directly by the city since February 2019. These data were collected from the Accela database, but maybe not directly comparable to historical data due to potential differences in the data reporting methodology.”

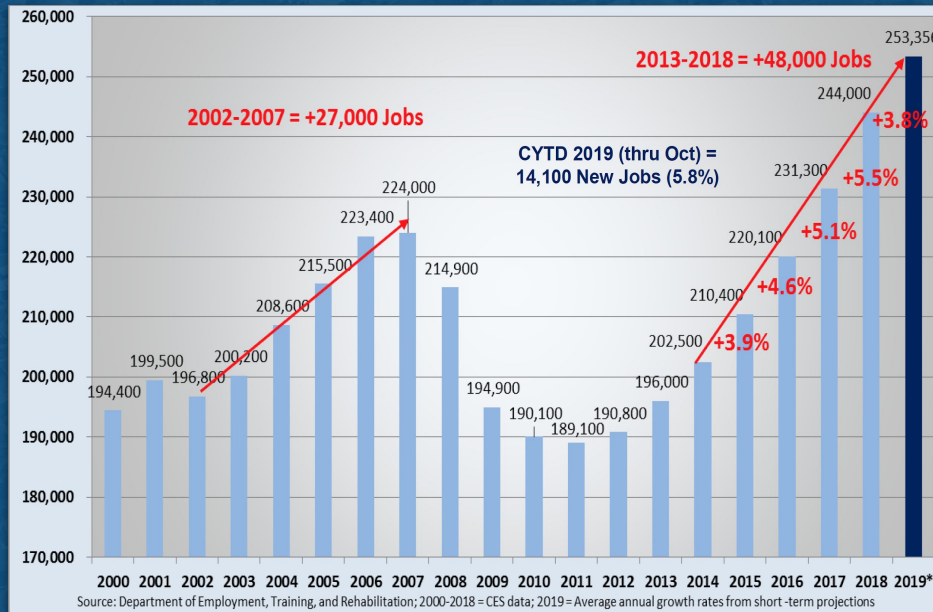
-4.70% 					
	Construction	Commercial	Commercial	Residential	Residential
	Employment	Building	Building	Building	Building
% Change		Permit	Permits	Permit	Permit
		Valuation		Valuation	Units
Month to	0.73% 	-7.58% 	-6.35% 	-7.72% 	-9.20% 
Month					
-30.72% 					
	Construction	Commercial	Commercial	Residential	Residential
	Employment	Building	Building	Building	Building
% Change		Permit	Permits	Permit	Permit
		Valuation		Valuation	Units
Year to	9.90% 	-53.14% 	-80.27% 	-13.13% 	-15.63% 
Year					

Reno MSA Construction Index-November 2019

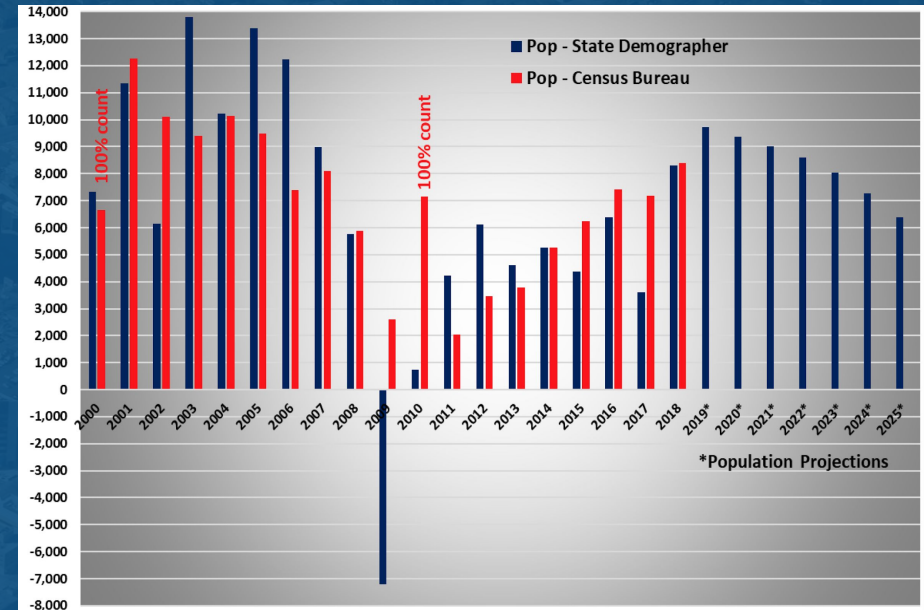
Provides historical and current trends for the construction industry in the Reno MSA region.



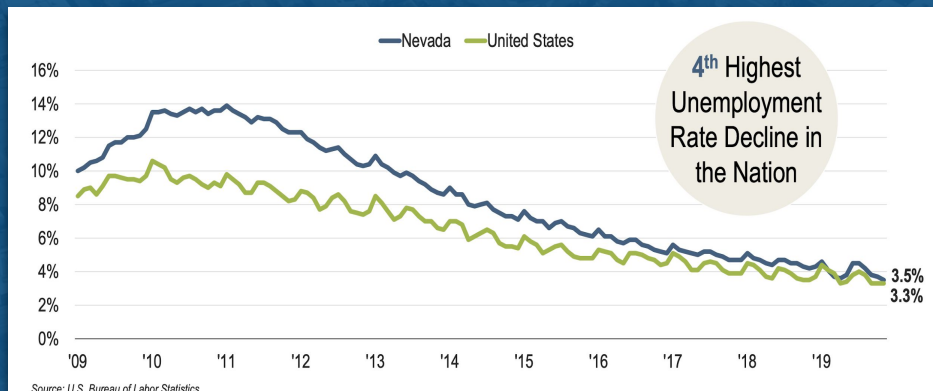
EMPLOYMENT GROWTH RENO/SPARKS



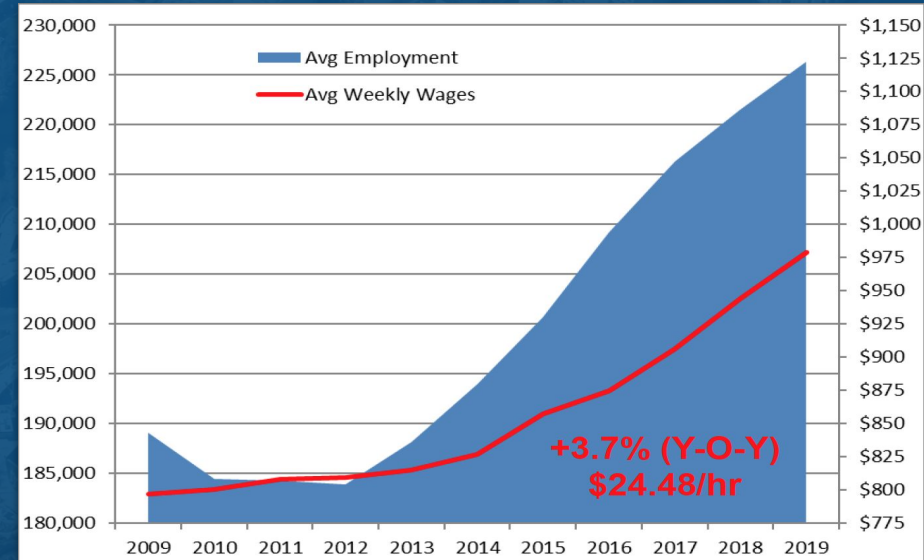
NEW POPULATION TRENDS WASHOE COUNTY



UNEMPLOYMENT RATE



AVERAGE EMPLOYMENT & WEEKLY WAGES



INDUSTRIAL PROPERTY



SALES RECAP

Industrial sales in 2019 posted a record for any asset class, post recession with over \$1billion in sale volume (including the Blackstone / GLP entity sale). Industrial is now the darling of the investment market and should remain that way.

There were a total of 7 sales over \$50,000,000 with 1 sale being \$157,000,000 in Northern Nevada, which was part of a multi-billion dollar portfolio acquisition. Of those 7 sales over \$50,000,000, none were local developers or investors. Blackstone, Black Creek (2), Exeter, Stockbridge, Uline & Seagate accounted for these 7 sales which are companies ranging from Pennsylvania (Exeter) to San Francisco (Stockbridge).

OF TRANSACTIONS

73



-9.88%

FROM LAST YEAR

SALES VOLUME

\$689,859,664



+116.48%

FROM LAST YEAR

NEW CONSTRUCTION

As our developers continue to meet demand with new product, we are seeing new industrial developments in almost all markets including TRI, Fernley, Sparks, West Reno, North Valleys, and South Meadows.

In 2019, we saw roughly 3.3M sf new construction completions. Roughly 50% of these completions were speculative and 50% were build-to-suit.



LEASING RECAP

2019 was another strong year for leasing with over 7,400,000 square feet of gross absorption and for rent growth, with over 20% gains in rental rates. The year finished strong for the industrial sector, with Q4 featuring some of the largest big box transactions of the year contributing to over 3,000,000 square feet of direct gross absorption. Direct vacancy dropped back down to 4.72% after spiking to 7.02% in the 3rd quarter. That was partially due to the completion of the Kmart redevelopment project in Q3 which, in turn, was 100% absorbed in Q4.

Several large announcements came in Q4 including Makita, ULIN, Fracht USA, and Case New Holland all completing transactions in the market with over 2,000,000 square feet of absorption in Q4 alone. As space availability continues to decrease, landlords' ability to increase rental rates holds true in nearly all lease negotiations with consistent increases in nearly all size categories. The average bulk industrial rate for space over 75,000 square feet reached \$0.40 sf/mo, with some completed leases landing in the mid \$0.40's for bulk space.



2018

2,721,609 SF

2019

3,347,166 SF

0

1,000,000

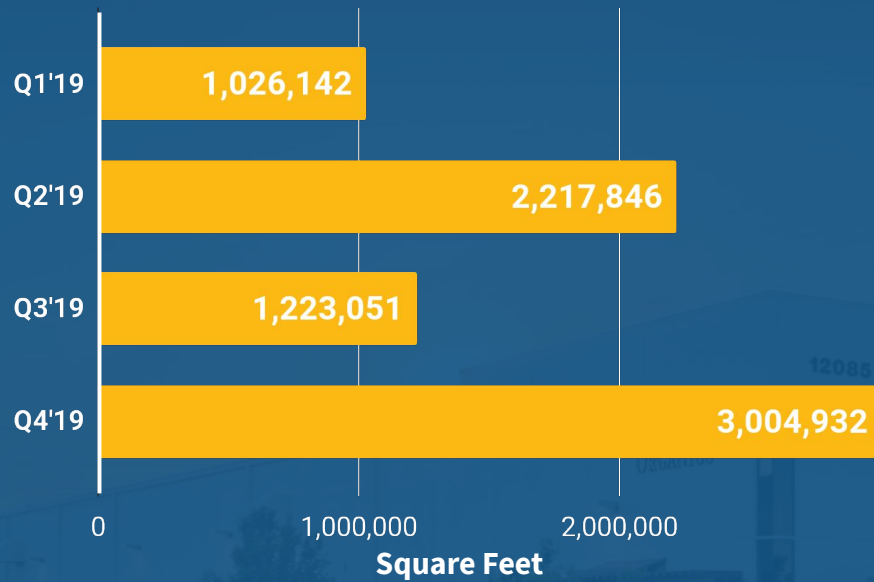
2,000,000

3,000,000

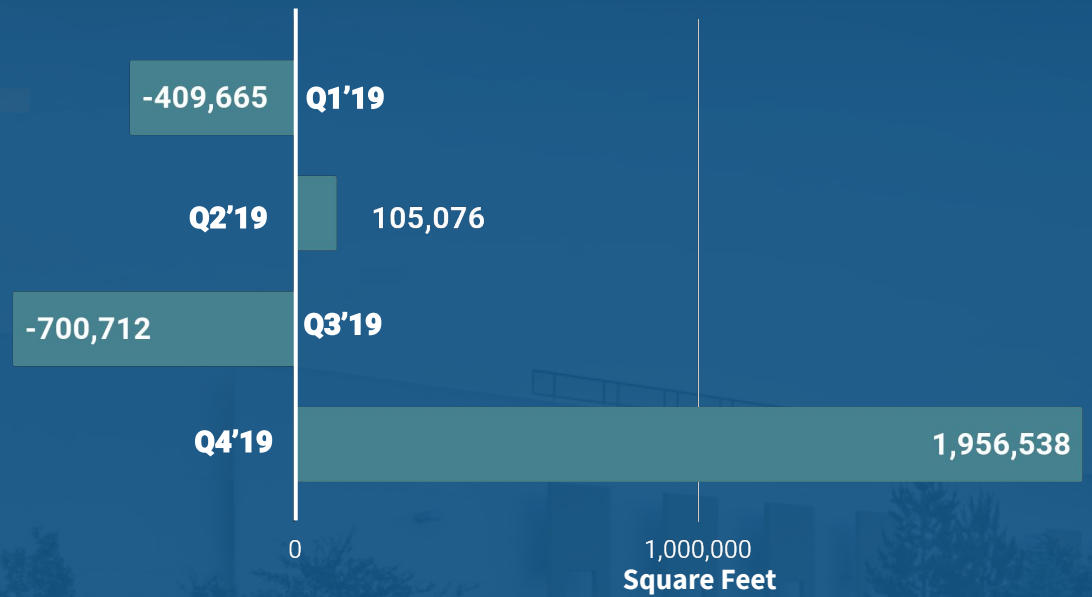
DCG DICKSON COMMERCIAL

INDUSTRIAL

GROSS ABSORPTION



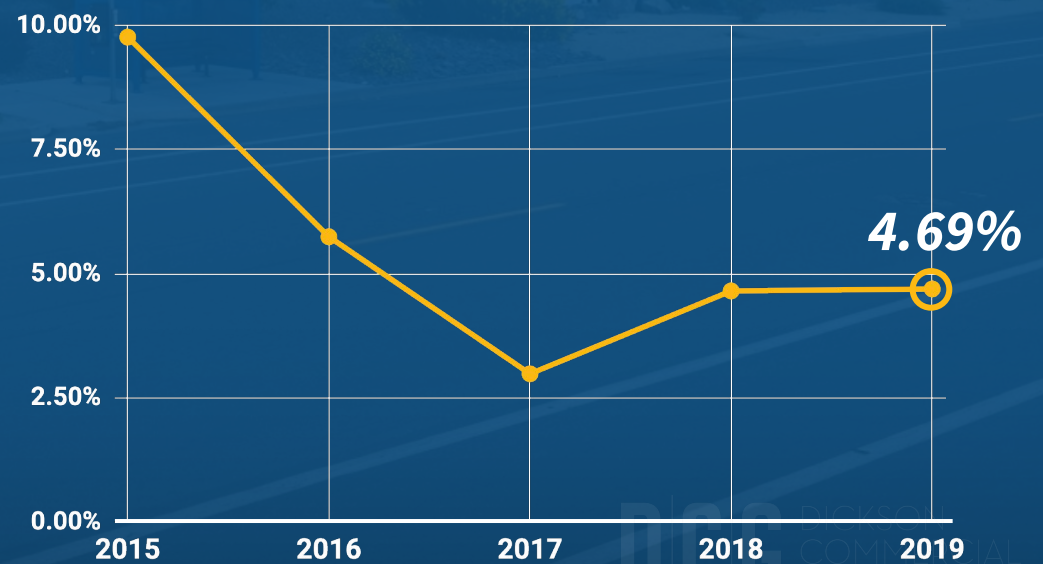
NET ABSORPTION



VACANCY RATES 2019 QUARTERLY



VACANCY RATES YEAR OVER YEAR





NOTABLE LEASES 2019

INDUSTRIAL

1



FRACHT FWO INC.
1402 S. McCarran Blvd
785,953 SF
Q4

2



CASE NEW HOLLAND
1600 Newlands Dr
266,000 sf
Q4

3



PATAGONIA
365 Cabela & 385 Cabela Dr
143,000 & 104,000 sf
Q1

4



GROVE COLLABORATIVE
1190 Trademark Ave
198,000 sf
Q2

5



SYMBIA
775 Waltham Way
180,000 sf
Q2

6



IAL
1402 S McCarran Blvd
165,000 sf
Q2

7



1A AUTO INC.
9175 Moya Blvd
149,196 sf
Q3

8



TIRE RACK
3300 Waltham Way
143,520 sf
Q3

9



L.A. T SPORTSWEAR
2070 Brierley Way
110,000 sf
Q1

10



GEODIS LOGISTICS
475 Lillard Way
106,720 sf
Q4

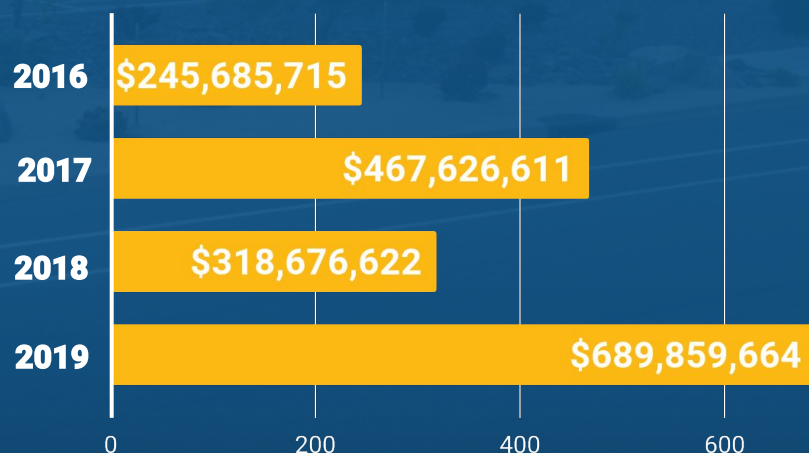


TOP 10 SALES 2019

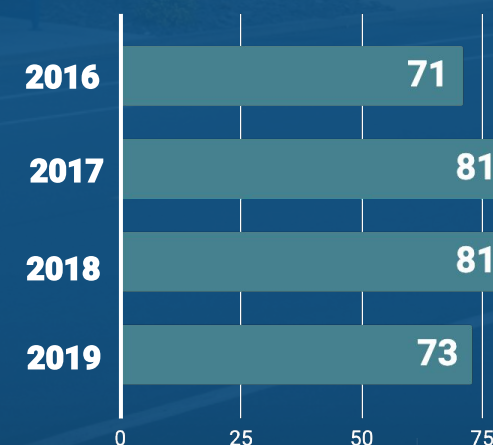
INDUSTRIAL

PROJECT	SIZE	SALE PRICE	BUYER
GLP Reno/Sparks Portfolio	10,130,000 SF	Entity Sale	Link Industrial Properties
Greg St, S McCarran Blvd, Maestro Dr.	1,844,498 SF	\$157,800,000	Link Industrial Properties
Westcore Portfolio	1,125,269 SF	\$79,946,284	Stockbridge Capital Group
LogistiCenter I-80 West	792,547 SF	\$72,322,250	Black Creek Group
Petsmart Distribution Center	827,710 SF	\$54,000,000	Exeter Property Group
LogistiCenter 395 North Valleys	626,960 SF	\$53,900,000	Black Creek Group
South Sparks Industrial Park	584,866 SF	\$50,150,000	Seagate Properties

TRANSACTION VOLUME YEAR OVER YEAR



NUMBER OF SALES YEAR OVER YEAR



OFFICE



SALES RECAP

Overall, office sales dropped compared to 2018. 2019 sales volume decreased by 20.33% and the number of transactions dropped from 113 to 94, a 16.8% decline. Although those two stats declined, the price per square foot rose to \$242.83 and the average volume per quarter in 2019 was just over \$46 million. Historically speaking, this is still strong compared to prior years with the exception of 2018 being a banner year for sales.

Investment demand continues to significantly outweigh the quantity of quality products. Average cap rates in 2019 were 5.94% for properties under 10,000 square feet and 6.59% for buildings larger than 10,000 square feet.

Despite a small drop YOY, we are still seeing investor demand and belief in the market to acquire larger, older age class buildings with renovation and re-tenanting in mind. The cost of ground up construction continues to help this strategy, and now just finding the available deals is the challenge! Occupied and stabilized buildings continue to perform well, with a large number of exchange buyers from western states, specifically California, looking to get out of higher taxed states into Nevada.

OF TRANSACTIONS

94



-16.8%

FROM LAST YEAR

TRANSACTION VOLUME

\$184,373,622.00



-20.33%

FROM LAST YEAR

AVERAGE P/SF

\$242.83



+15.1%

FROM LAST YEAR



LEASING RECAP

The state of the Northern Nevada office leasing market is still healthy.

We continued to head in a positive direction, with year-end vacancy falling to 9.93%; a reduction from 10.56% the year before. We finished the year with 3 straight quarters of positive net absorption and rental rates are continuing to climb. Top of market deals for brand new Class-A space are coming in above \$3 per square foot, per month, a nice sign for landlords and developers. Also, we are seeing rates for second generation space continuing to bump up as vacancy drops and TI's become more expensive.

This year we'll see the completion of Rancharrah by Tolles Development Group and progress on two new proposed projects in Downtown and Meadowood, including McKenzie Properties 180,000 square foot Skypoint project at Virginia and McCarran.

There is a shortage of larger (15,000 sq.ft. +) Class A space in the market, and although many of the lease transactions in the office market continue to be local companies, this new product will prove critical in attracting higher wage, white collar jobs and companies to the region.

Average Cap Rate

5.94%

UNDER 10K SF

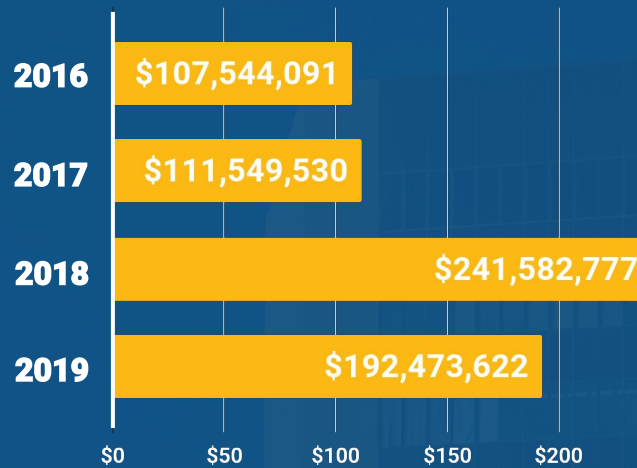
Average Cap Rate

6.59%

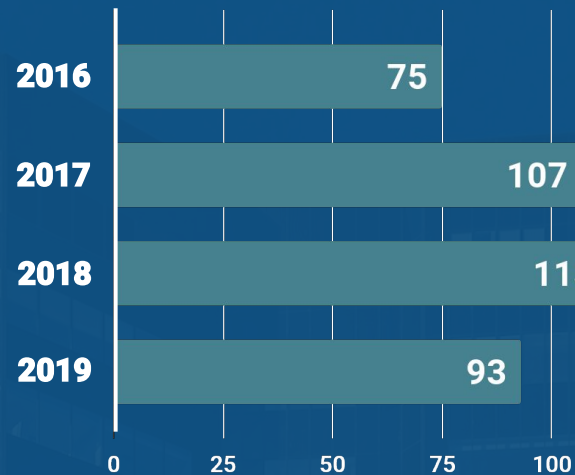
OVER 10K SF

OFFICE

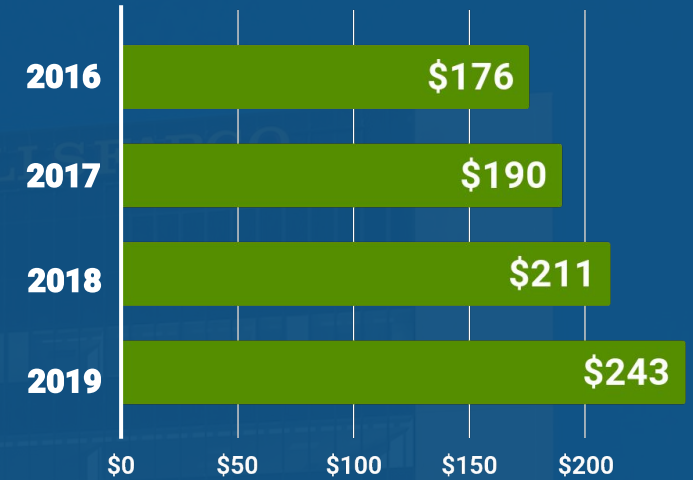
TRANSACTION **VOLUME**
YEAR OVER YEAR



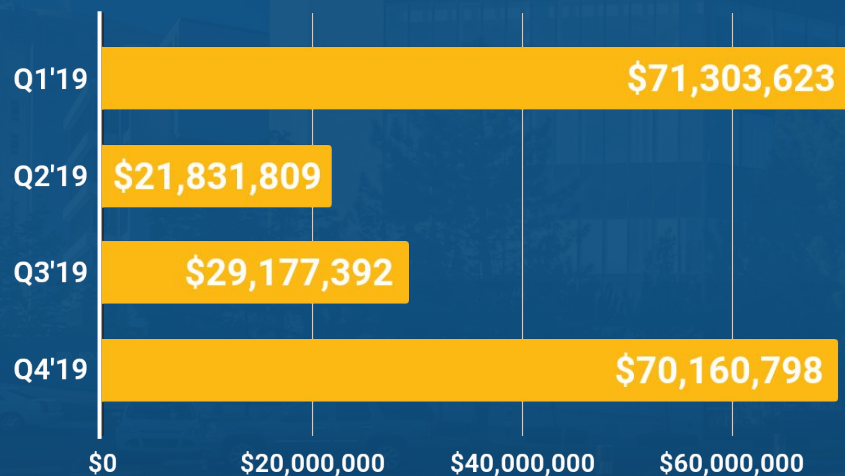
NUMBER OF **SALES**
YEAR OVER YEAR



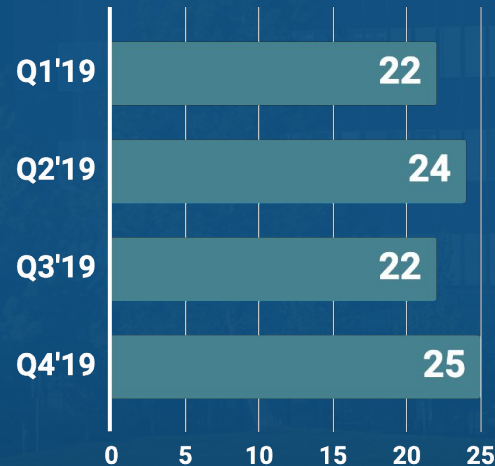
AVERAGE **P/SF**
YEAR OVER YEAR



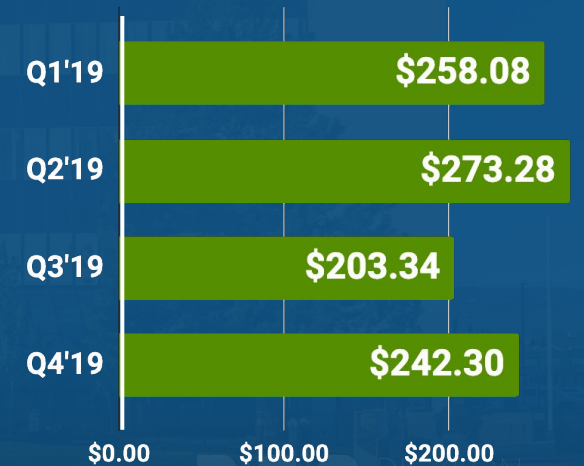
TRANSACTION **VOLUME**



NUMBER OF **SALES**

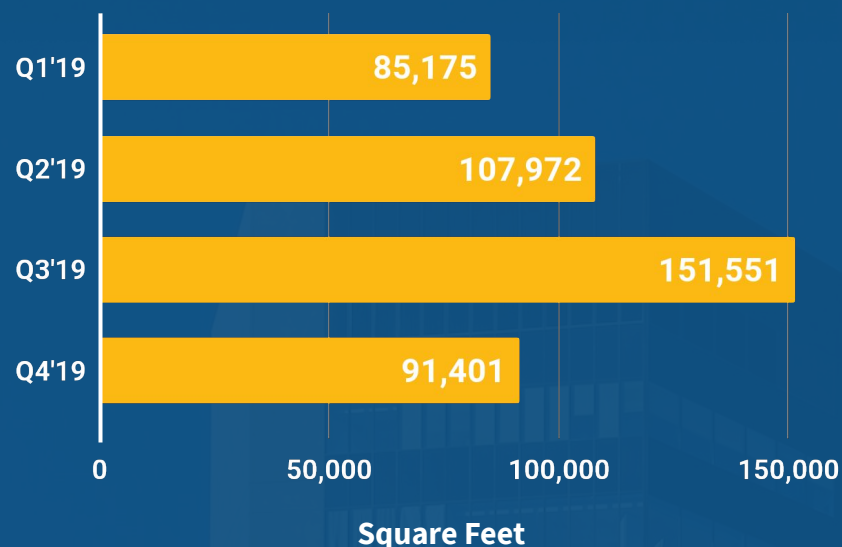


AVERAGE **P/SF**

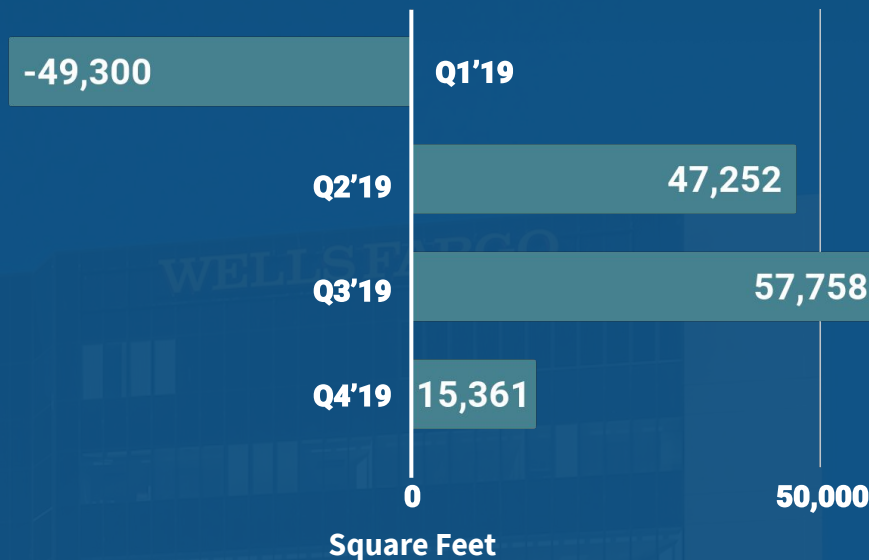


OFFICE

GROSS ABSORPTION

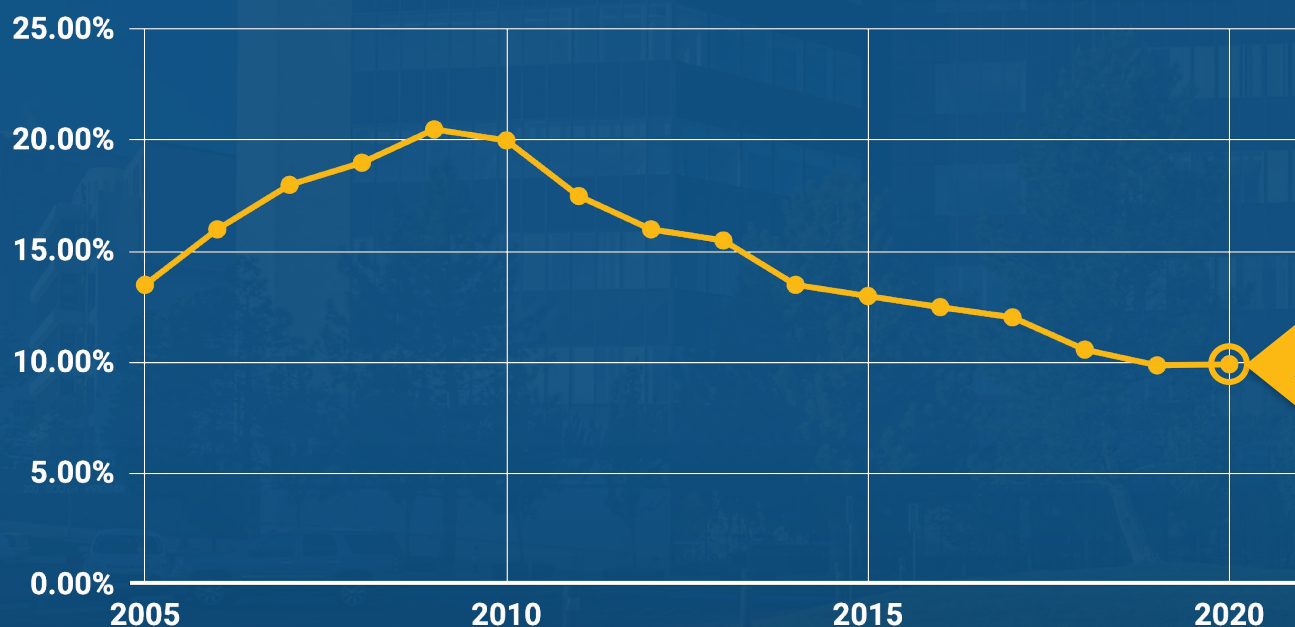


NET ABSORPTION



TOP 200 OFFICE BUILDING HISTORICAL VACANCY DCG

DIRECT VACANCY



VACANCY RATES

Overall Vacancy Rate



9.93%

Downtown 11.40%

South Meadows 3.60%

Meadowood 7.70%

Central 17.58%

Airport 13.10%



NOTABLE LEASES 2019

OFFICE

Tenant	SF	Address/Submarket
Unitek	13,696	5250 S. Virginia St, Meadowood
McDonald Carano	29,385	100 W Liberty, 10th & 11th Floor, Downtown (renewal)
Eldorado Resorts	16,742	100 W Liberty 12th Floor, Downtown (renewal/expansion)
Ticor Title	13,242	5441 Kietzke Lane, Meadowood (renewal)
Dianda Construction	15,346	825 Steneri, Sparks
Charles Schwab	10,129	5301 Kietzke, Meadowood
Microsoft	47,860	6840 Sierra Center Parkway, South Meadows (renewal)
Trinet	52,998	9805 Double R, South Meadows (renewal/expansion)
Fennemore Craig	12,000	The Village at Rancharra, Meadowood
ITS Logistics	17,744	50 W. Liberty St, Downtown
Figure Technologies	12,471	100 W. Liberty, Downtown



TOP 10 SALES 2019

Address & SF	Price P/SF	Notes
The Village at Lakeridge 6990 S McCarran Blvd. (71,678 SF)	\$17,900,000 (\$250 p/sf)	Year 1 cap rate of 6.2% was 100% occupied at time of sale.
5250 S Virginia St. (85,510 SF)	\$23,000,000 (\$269 p/sf)	McKenzie Properties was buyer, office building with 5.5 acres of vacant land (mixed-use project proposed)
Davita Analysis Center 777 Vista Blvd. (10,429 SF)	\$6,508,000 (\$625 p/sf)	100% occupied by Davita, reported cap rate was 5.00% at time of sale.
5580 Kietzke Ln. (14,670 SF)	\$4,450,000 (303 p/sf)	100% occupied by Carrington College, 7.2% cap rate on 2020 NOI.
Virginia Lake Crossing 2195 S Virginia St. (25,517 SF)	\$4,050,000 (\$159 p/sf)	Buyer will renovate building, first floor was fully leased at time of sale.
10455 Double R, 10645 Double R, 475 Sommerset (17,065 SF)	\$7,800,000 (\$457 p/sf)	Three dental offices with 10-year leases in place. Tenants: My Kid's Smile, Legendary Smiles & Sierra Oral and Facial Surgery. Cap rate of 5.66%.
100 N Sierra St. (55,626 SF)	\$5,700,000 (\$102 p/sf)	Property was 60% occupied at time of sale. Tenants were Liberty Food and Wine Exchange & Fitness for \$10.
E Plumb Ln. & Casazza Dr. (86,471 SF)	\$8,250,000 (\$95.41 p/sf)	Building was 100% vacant at time of sale. Sale includes 1.06 acre vacant lot.
5301 Kietzke Ln. (20,259 SF)	\$11,667,798 (\$595.93 p/sf)	Charles Schwab occupied 50% of the Class A office building at time of sale.
100 Washington St. (18,037 SF)	\$3,300,000 (\$182.96 p/sf)	Renovated in 2017, property had a reported cap rate of 7.03% of sale. It is 100% leased to multiple tenants.

RETAIL



INVESTMENT ACTIVITY

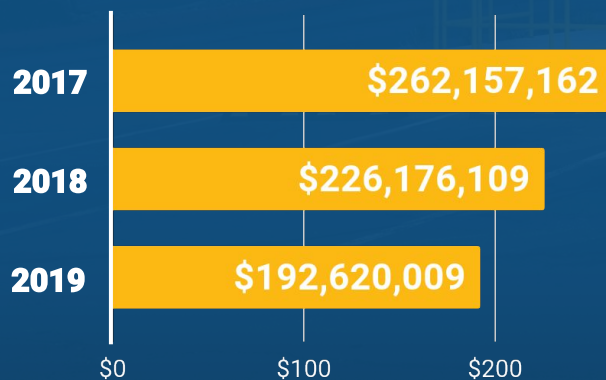
Despite a big shake-up in the retail market nationally, our retail market in Reno/Sparks stayed relatively consistent with respect to investment volume.

Sales numbers in 2019 remained consistent with 69 sales, which is the same number as 2018, but the volume dropped to \$192,620,009 as compared to 2018 with a total volume of \$226,176,109.

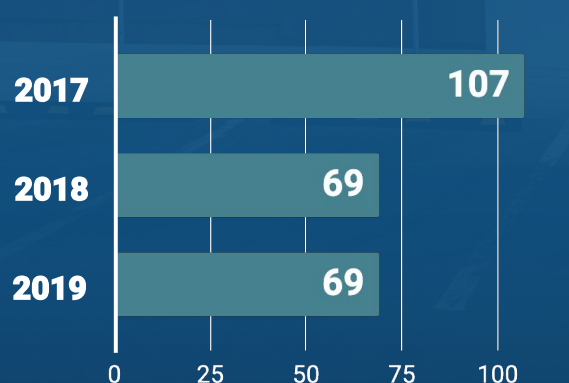
Average price per square foot did increase in 2019 to just over \$279, up from \$266 p/sf in 2018.

Quarter 2 and Quarter 4 were very strong, carrying over 73% of the total volume for the year. Q4 was by far the strongest quarter with \$87,140,000 in total volume equating to 45% of the 2019 total. This is in large part due to the Sparks Galleria selling in October for \$40,650,000.

TRANSACTION VOLUME YEAR OVER YEAR



NUMBER OF SALES YEAR OVER YEAR



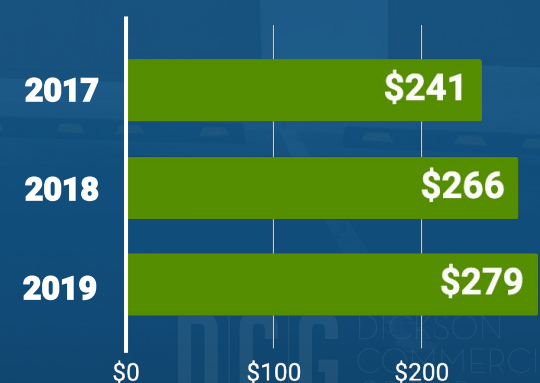
Free Standing

LEASING RECAP

On the leasing front, retail remained relatively stable. The vacancy rate dropped about 1% to 6.1% overall, and there are a number of new projects including Rancharrah, Keystone Commons, and Reno Public market that are bringing in new space including grocery, food and beverage, and food hall concepts to Reno's Core. The cost of construction for ground up construction and for tenant improvements continue to push lease rates higher.



AVERAGE P/SF YEAR OVER YEAR





NOTABLE SALES 2019

RETAIL

SHOPPING CENTER

Address & SF	Price P/SF	Notes
Sparks Galleria (210,429 SF)	\$40,650,000 (\$198 p/sf)	The center was 88.6% leased at the time of sale. The property is anchored by Sprouts Farmers Market and Marshall/Home Goods. The Net Operating Income was reported to be \$2,771,881 based on underwriting figures as of August 31, 2019, yielding a cap rate of 6.81%.
University Village Shopping Center (39,184 SF)	\$7,600,000 (\$194 p/sf)	University Village Shopping Center. Value add. Currently 97% occupancy. 9.25% cap rate.
2300-2360 Oddie Blvd. (81,247 SF)	\$5,900,000 (\$73 p/sf)	8.55% cap rate - Evergreen Plaza Anchor tenants include Savers & CVS
7111 S Virginia St. (50,708 SF)	\$5,200,000 (\$103 p/sf)	Sierra Meadows Plaza - 4 retail buildings. 65% occupied at time of sale. REO sale with plans for renovations over the next year and a half. Tenants include Bistro 7, All Creatures Vet Care, Reno Family Physicians, Miracle Ear, Corbin Chiropractice, and LabCorp.

OF TRANSACTIONS

69



0%

FROM LAST YEAR

TRANSACTION VOLUME

\$192,620,009



14.8%

FROM LAST YEAR

AVERAGE P/SF

\$279.27



5%

FROM LAST YEAR



NOTABLE SALES 2019

RETAIL

NEIGHBORHOOD CENTER

Address & SF	Price P/SF	Notes
530-538 W Plumb Ln. (14,327 SF)	\$3,500,000 (\$244 p/sf)	DCG rep'd buyer - Plumgate Shopping Center - 7.01% cap
10855 Double R Blvd. (9,980 SF)	\$3,100,000 (\$311 p/sf)	6.51% cap rate. Tenants include Goodwill Industries, Little Caesars, Town Liquor & Smoke, Haven on Earth Bread & Bakery, Ace Cleaners, Hutch's Quik Smog, and Best in Class Education Center
1155 W 4th St. (64,236 SF)	\$5,000,000 (77.84 p/sf)	The center was 83.8% leased at sale and sold for a reported cap rate of 6.5%. Mix of Office on the 2nd floor and ground floor Retail. Class C building on 3.47 acres. Tenants include: Pizza Baron, Absolute Dental, H&R Block, etc
188 California (7,000 SF)	\$1,925,000 (\$275 p/sf)	fully leased 7,000-square foot building. 6.25% reported cap rate. Tenants include Monaciello restaurant, The Loving Cup, a salon and yoga studio (second story)
1085 S Virginia St. (7,707 SF)	\$1,500,000 (194.63 p/sf)	Main tenant Blum Medical Dispensary - The NOI was reported to be \$120,000 yielding an 8% cap rate.

STNL

Address & SF	Price P/SF	Notes
6407 S VIRGINIA ST (31,300 SF)	\$4,475,000 (\$143 p/sf)	Investment sale. Single tenant, Goodwill. Over 5 years left on term.
470 N McCarran Blvd. (3,030 SF)	\$3,850,000 (\$1,271 p/sf)	Tenant Raising Cane's in the Silver State Plaza. \$195,000 NOI 5.06% cap rate.
10590 N McCarran Blvd. (2,700 SF)	\$2,500,000 (\$926 p/sf)	Investment sale. Check City is single tenant. New 5 yr lease. Cap rate 5.28% on \$132,000 NOI. Permitted drive-thru.

MULTIFAMILY



SALES RECAP

In 2019 we saw a decrease in both deal volume and number of transactions. The number of transactions was down over 30% and deal volume was down 11% in 2019. Alternatively, pricing was over 20% year over year, showing continued strength in underwriting and rent growth.

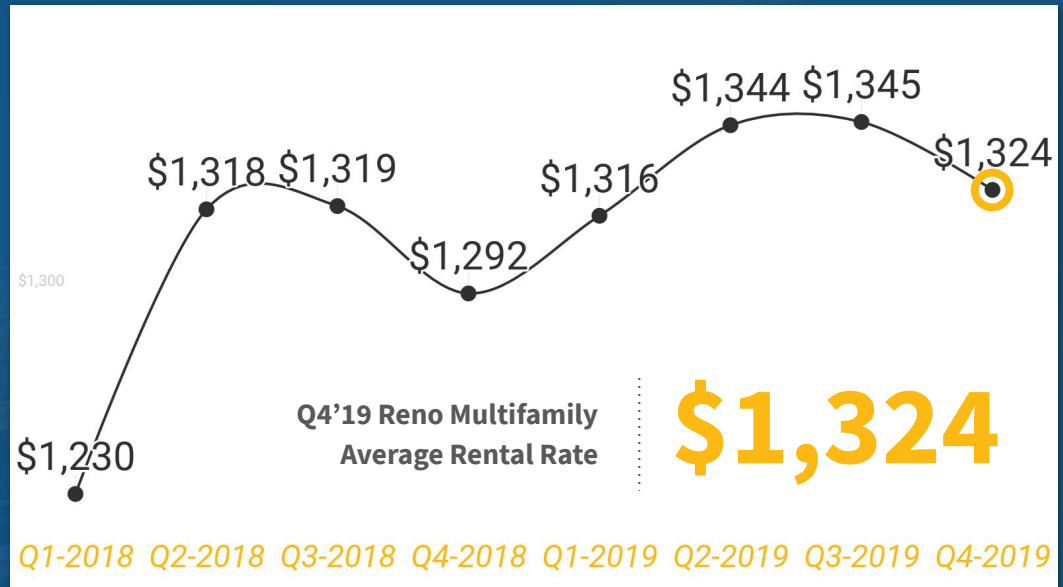
Cap rates continue to hover in the 5% range, with many regional and national buyers moving capital into the market from larger markets.



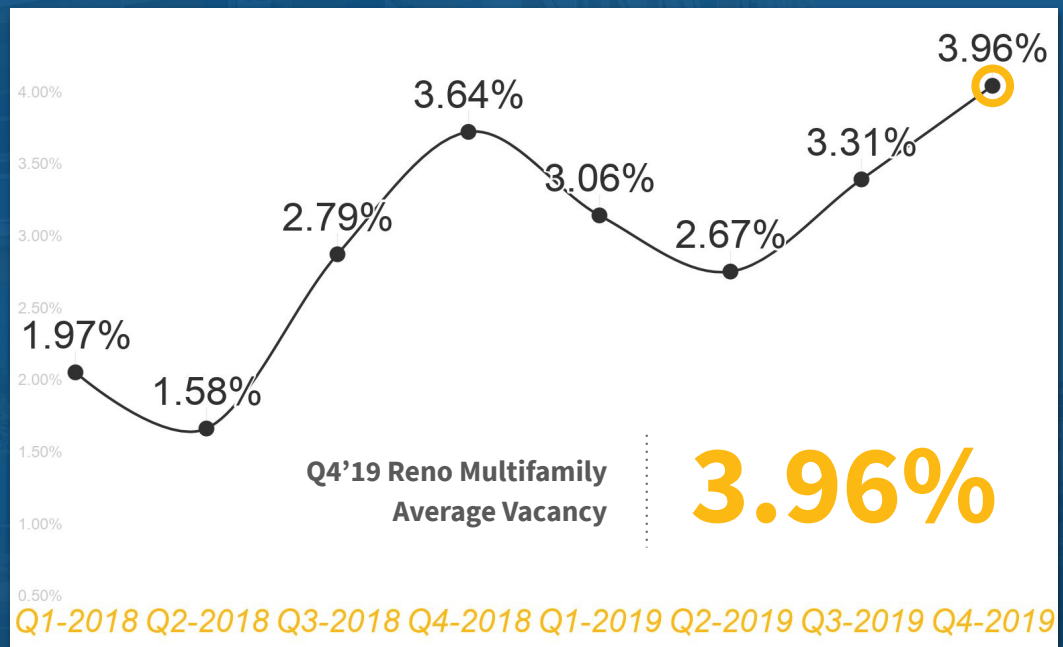
RENT & VACANCY

Apartment demand remains very strong with limited inventory, although we are seeing the vacancy rate rise as larger projects were completed through the second half of 2019. As of Q4 2019, we still have 4,867 units under construction, with 4,712 in planning phases. Vacancy went up to almost 4%, from a annual low of 2.6% in Q2 2019. Average rents actually decreased \$21 per month to \$1,324 to end the year.

AVERAGE APARTMENT RENTAL RATE TRENDS

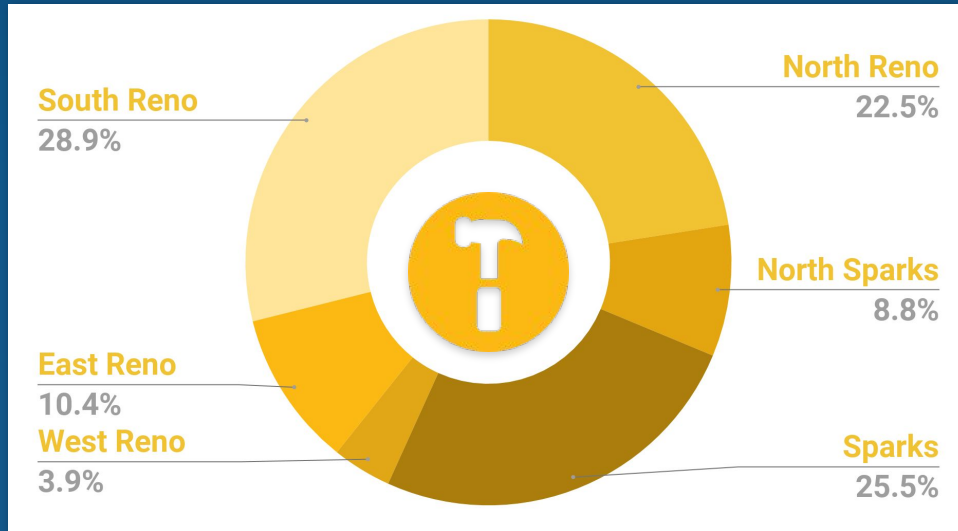


VACANCY RATES



*DATA PROVIDED BY JOHNSON PERKINS GRIFFIN APARTMENT SURVEY

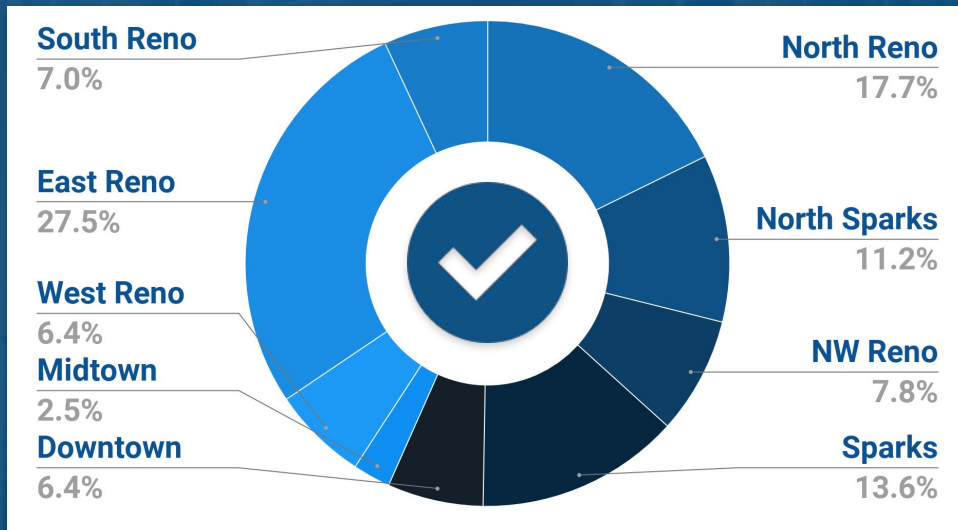
UNDER CONSTRUCTION



Total Multifamily Units
Under Construction

4,867

PLANNED CONSTRUCTION



Total Multifamily Units
In Planning

4,712

MULTIFAMILY



NEW CONSTRUCTION

Total units planned or under construction actually decreased slightly to 9,579 units at the end of 2019. Developable land prices and cost of construction continue to be the most influential factors hindering new multifamily development. There are a total of 4,876 units currently under construction, with the remainder in planning phases. Job growth continues to be high, and much of the growth continues to need apartments versus single family homes, as that is what they can afford.

OF TRANSACTIONS

50



38%

FROM LAST YEAR

TRANSACTION VOLUME

\$444,667,367



11%

FROM LAST YEAR

Overall Vacancy Rate



3.93%

AVERAGE P/UNIT

\$130,294.70



21%

FROM LAST YEAR

*DATA PROVIDED BY JOHNSON PERKINS GRIFFIN APARTMENT SURVEY

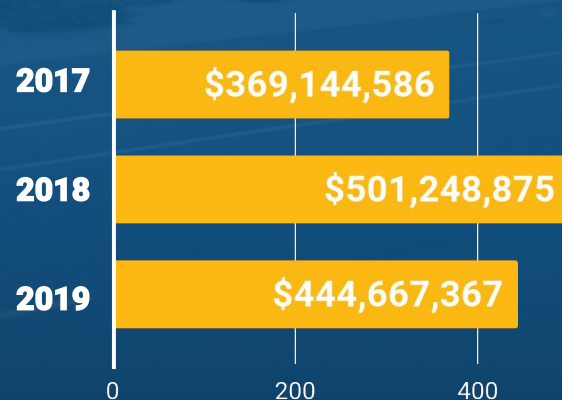


NOTABLE SALES 2019

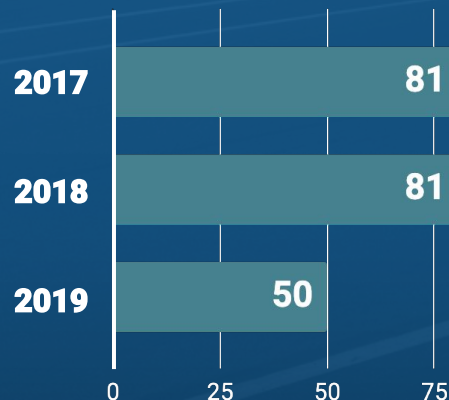
MULTIFAMILY

Address	Sales Price	Units	\$/Door	Submarket	Year Built	Notes
Waterstone at Kiley Ranch - 815 Kiley Pkwy.	\$55,900,000	302	\$185,099.34	Sparks	2007	1 and 2 bedroom apartments
Caviata at Kiley Ranch - 950 Henry Orr Pkwy.	\$51,700,000	184	\$280,978.26	Sparks	2006	4.97% cap rate, class A complex was 95% occupied at time of sale
Skyline Canyon - 3300 Skyline Blvd.	\$37,550,000	204	\$184,068.63	Central	1973	5.25% cap rate.
Southwest Village Apartments - 3295 S. Virginia St.	\$35,350,000	332	\$106,475.90	Virginia Lake	1972	5.45% Cap rate, 95% occupied at time of sale
Regent Care Center - 555 Hammill Ln.	\$13,600,000	122	\$111,475.41	Meadowood	1998	Convalescent Hospital
Advanced Health Care - 961 Kuenzli St.	\$11,850,481	42	\$282,154.31	Downtown	2016	Convalescent Hospital
Towers at Pink Hill - 1349-1385 N Virginia St.	\$9,350,000	23	\$406,521.74	Downtown	2017	6.25% cap rate.
Banbridge Apartments - 1000 El Rancho Dr.	\$8,950,000	128	\$69,921.88	North Reno	1989	Low income housing
444 Kirman Ave.	\$8,300,000	84	\$98,809.52	North Reno	1977	No cap rate reported. 99% occupied at time of sale.
La Casa Arms - 500 Linden St.	\$5,750,000	69	\$83,333.33	North Reno	1972	No cap rate reported. 88% occupied at time of sale.

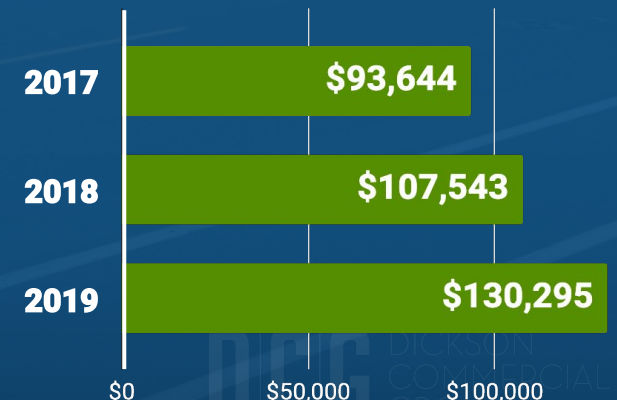
TRANSACTION VOLUME YEAR OVER YEAR



NUMBER OF SALES YEAR OVER YEAR



AVERAGE P/UNIT YEAR OVER YEAR





LAND OVERVIEW

Land sales continued to have another strong year in 2019, this past year not slowing at all for large-scale acquisitions. Despite the labor shortage and low unemployment, we continue to see developers and capital believe in growth for all asset classes in the region. Similar to prior years, multifamily (market rate, student, and senior) housing and industrial led the way, as those speculative markets are the hottest, with office and retail following behind. We are seeing rents continue to increase, but also our available workforce has been reduced with the economic recovery. We've gone from 14.2% unemployment in 2011 to 2.7% unemployment at the end of 2019, making available labor scarce and, subsequently, projects have been taking longer than expected. Our market is still less costly and has much easier entry to build in comparison to neighboring states, but we will need to have a continued focus on workforce attraction to meet the growing demand.

INDUSTRIAL LAND

With our industrial market experiencing historically low vacancy, and a large amount of distribution, e-commerce, and manufacturing companies choosing to consider the region, we've seen continued demand by local and national developers for suitable industrial land. The Reno/Sparks submarket has limited availability of larger industrial parcels, forcing land prices higher and developers to other markets like Fernley and TRI.

Land Type	Submarket	Sales Price	Acreage	Price/SF	Notes
447 Ingenuity Ave.	Sparks	\$4,774,916	39.53	\$2.77	Industrial land sale to Avenue 55, developer from Seattle, Washington
Echo Ave. & Military Rd.	North Valleys	\$3,900,000	46.58	\$1.92	Buyer was Makita USA Inc. out of La Mirada, California
Lincoln Hwy., State Route 427	Lyon County	\$45,000,000	4100	\$0.25	Mark IV Capital acquired approximately 4100 acres in Fernley.
505 USA Pkwy	N Outlying Washoe County	\$1,600,000	24.49	\$1.50	Located in Tahoe Regional Industrial Center, no approved plans for development
Echo Ave.	North Valleys	\$2,058,210	37.8	\$1.27	Purchased by developer out of Indiana, Becknell Industrial
Corporate Blvd.	Central/Airport	\$1,359,072	3.12	\$10.00	Proposed Industrial land, no construction dates have been determined.
Echo Ave / Mt. Limbo	North Valleys	\$1,250,000	12.48	\$2.30	Buyer was Prologis
Western Rd.	North Valleys	1,270,000	7.48	\$3.90	Local buyer was Ryno Land & Dev LLC

COMMERCIAL LAND

We saw a few speculative office land acquisitions in 2018, but as a whole, rents versus construction costs are still a challenge for new office product. Most office land acquisitions in 2018 were on the smaller side.

Land Type	Submarket	Sales Price	Acreage	Price/SF	Notes
Double R Blvd.	Meadowood	16,708,928	17.28	\$22.2	Buyer was Sparks Family Hospital
Island Ave. & Court St.	Downtown	11,282,000	1.484	\$174.56	55,000 SF Office building proposed, new restaurants, MF, Hotel, etc.
Talbott Ln.	Meadowood	11,000,000	14.78	\$17.09	Rancharrah Holdings to Toll South
Clean Water Way	Central/Airport	18,000,000	104	\$3.97	Buyer was Reno Land, purchased farmland from UNR
Wingfield Hills	Sparks	9,402,021	25.38	\$8.5	Kiley Ranch Business Park

MULTIFAMILY & SENIOR LIVING

LAND

Our market continued to see strong fundamentals for new apartment construction. We have almost 4,000 units under construction and another 6,000 units currently planned in the region. With a vacancy rate around 3% and double-digit rent growth the prior two years, apartment land was in high demand in 2018.

Land Type	Submarket	Sales Price	Acreage	Price/SF	Notes
Boomtown Garson Rd	West Reno	\$2,235,000	10.71	\$4.79	Local Buyer, over looks Truckee River, just off of I-80
755-765 S Meadows	South Meadows	\$2,400,000	5.17	\$10.66	Mountain Lake Estates - 120 units under construction
661 Lake St	Downtown	\$9,100,000	2.95	\$75	Plans for a 416 unit, Class A student housing development
4275 W 4th St	W. Reno Downtown	\$4,750,000	8.13	\$13.40	Ensemble Real Estate Solutions was buyer - Proposed use is 182 unit MF complex
Propel Dr & Century Way	Central/Airport	\$3,219,126	6.986	\$10.58	Lyon Living out of Newport Beach, CA purchased from RENO Land

SUBDIVISION & RESIDENTIAL LAND

Our subdivision land market has exceeded pricing from the last peak. We are still only pulling about half of the annual permits from the early 2000's, and sales of new inventory have remained consistent for the past 4 years.

Address	Submarket	Sales Price	Acreage	Price/SF	Notes
Rancharrah	Meadowood	10,560,000	7.826	\$30.98	Buyer was Toll Brothers
Stonebrook Pkwy.	Sparks	11,687,000	42.71	\$6.28	Buyer was Toll Brothers
Rusty Owl Dr.	Sparks	3,826,651	1.17	\$74.89	Buyer was DR Horton
N Center & N Virginia St	Downtown	4,400,000	1.94	\$52.2	Buyer was Compass Point Holdings LLC
Oppio Ranch, La Posada	Sparks	11,691,488	249.26	\$1.72	Buyer was Regent Properties

Institutional Experience.
Local Knowledge.

COMMERCIAL MARKET REPORT



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