



**Q1**  
**2022**

**OFFICE  
REPORT**



**SALES  
LEASING  
INVESTMENTS**

**DOMINIC BRUNETTI, CCIM**

dbrunetti@dicksoncg.com  
775.850.3109 **OFFICE**  
775.240.1192 **CELL**  
S.58419

**SCOTT SHANKS, SIOR**

sshanks@dicksoncg.com  
775.850.3102 **OFFICE**  
775.846.1019 **CELL**  
S.66593

**PATRICK RIGGS**

priggs@dicksoncg.com  
775.220.4957 **CELL**  
S.180878

**NORTHERN NEVADA**



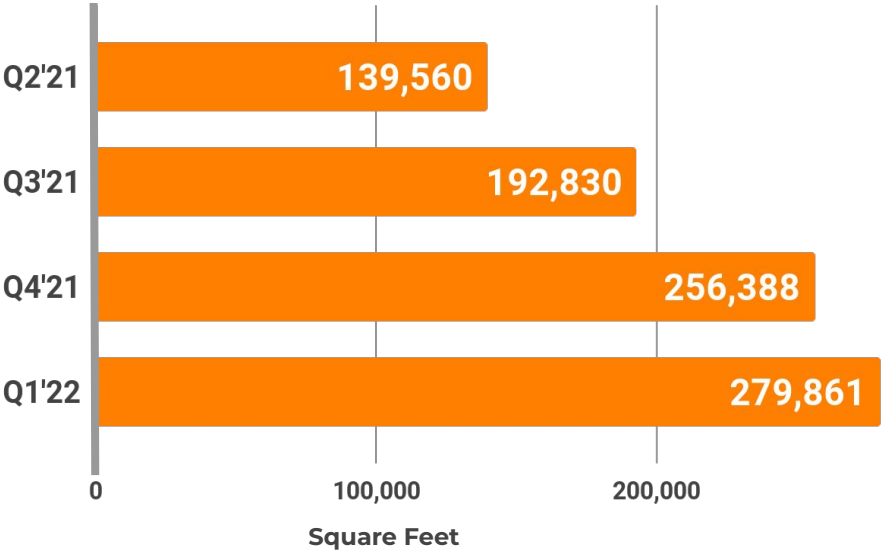
## A TALE OF WHOA or WOE?

The “whoa!” reflects another solid performance in Q1 2022 gaining 115,000 square feet in net absorption and voluminous activity, specifically in tenants seeking space under 5,000 SF. Local logistics brokerage firm, ITS Logistics, stole the spotlight in doubling their footprint downtown to over 41,000 SF. ITS has claimed the title for the largest private office occupier in Downtown Reno; and they have a cool slide that connects them floor to floor in their flagship at 50 W. Liberty Street. Other notable leases include Thrive Wellness at 201 W. Liberty Street, The Children’s Cabinet at 961 Matley Lane, LegalMatch at Park Center Tower-300 E. 2nd Street and Damon Industries at 5905 S. Virginia Street. Vacancy rates have stabilized at 10% direct and nearing 12% to include sublease offerings. And, the owner-user market continues to hustle. Although interest rates are accelerating, this facet of our office market is tight on inventory and strong in demand resulting in unprecedented pricing.

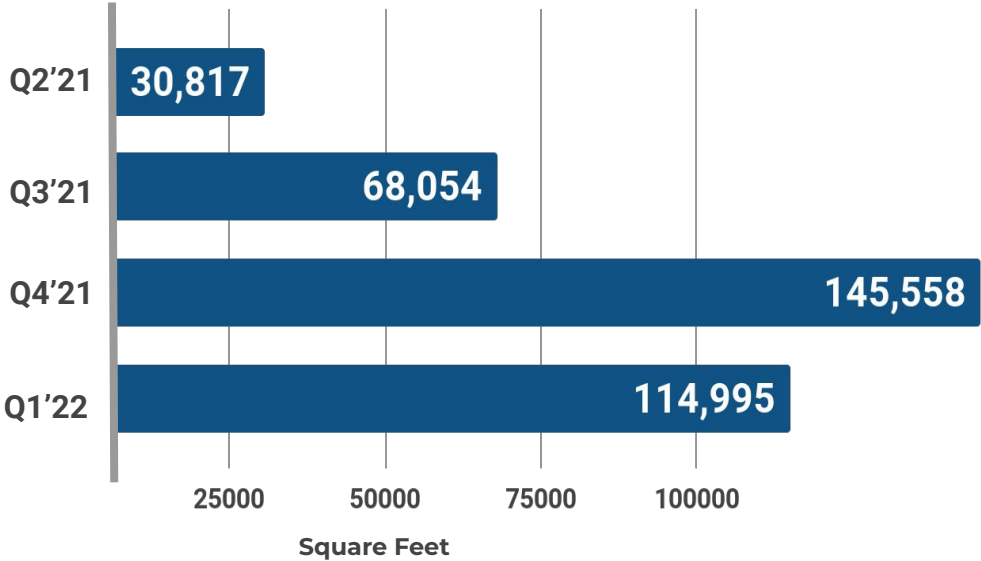
The “woe”, on the other hand, eludes to our subtle mentioning of shadow space over the past 4 quarters. Yes, the market feels free of the pandemic, yet the resulting effects are apparent. There is over 400,000 square feet of shadow vacancy not being reported in local brokerage market surveys. IGT, Mitel, PODS, Employers Insurance; these are companies that have space up for sublease or are willing to vacate their spaces due to a dynamic shift in workplace protocols. National and international companies with regional offices in northern Nevada tend to be those that have adopted a corporate wide change in workplace policy vacating substantial office spaces. Local news has reported that the correction is over, yet we believe it is just beginning. As we have discussed with our clients, the time to address the wave of the Covid aftermath is now as we may see vacancy rates, to include sublease and shadow vacancy, gasp at 17%.

The silver lining is entrepreneurship fortifies our market. Small business owners are becoming the foundation of our occupiers. And, there is demand for quality. Newly designed spaces, and new Class A buildings, will retain highest desirability.

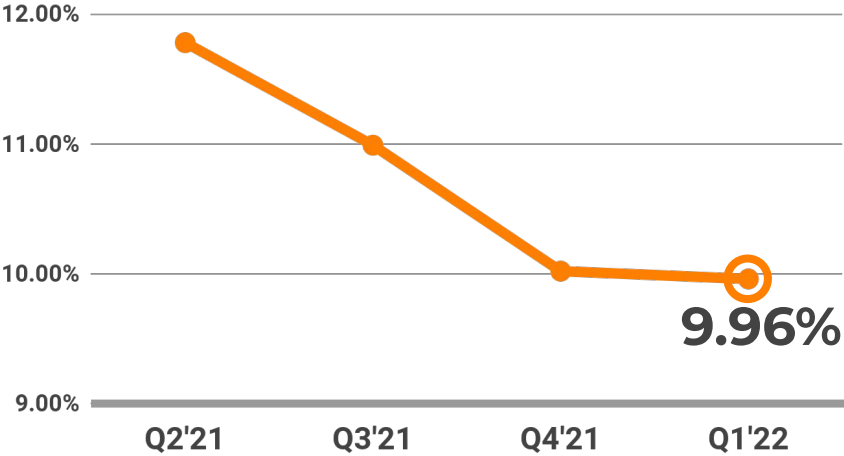
**GROSS**  
Absorption



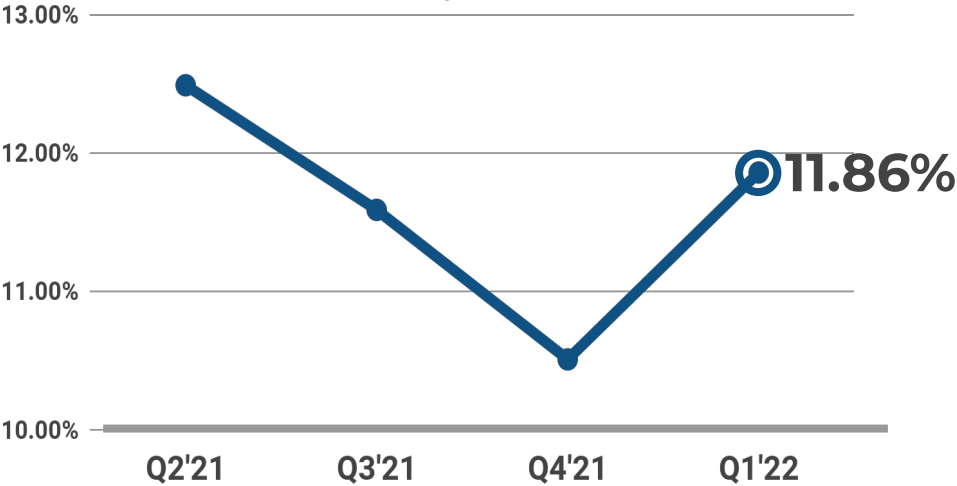
**NET**  
Absorption



**DIRECT**  
Vacancy Rates



**WITH SUBLEASE**  
Vacancy Rates



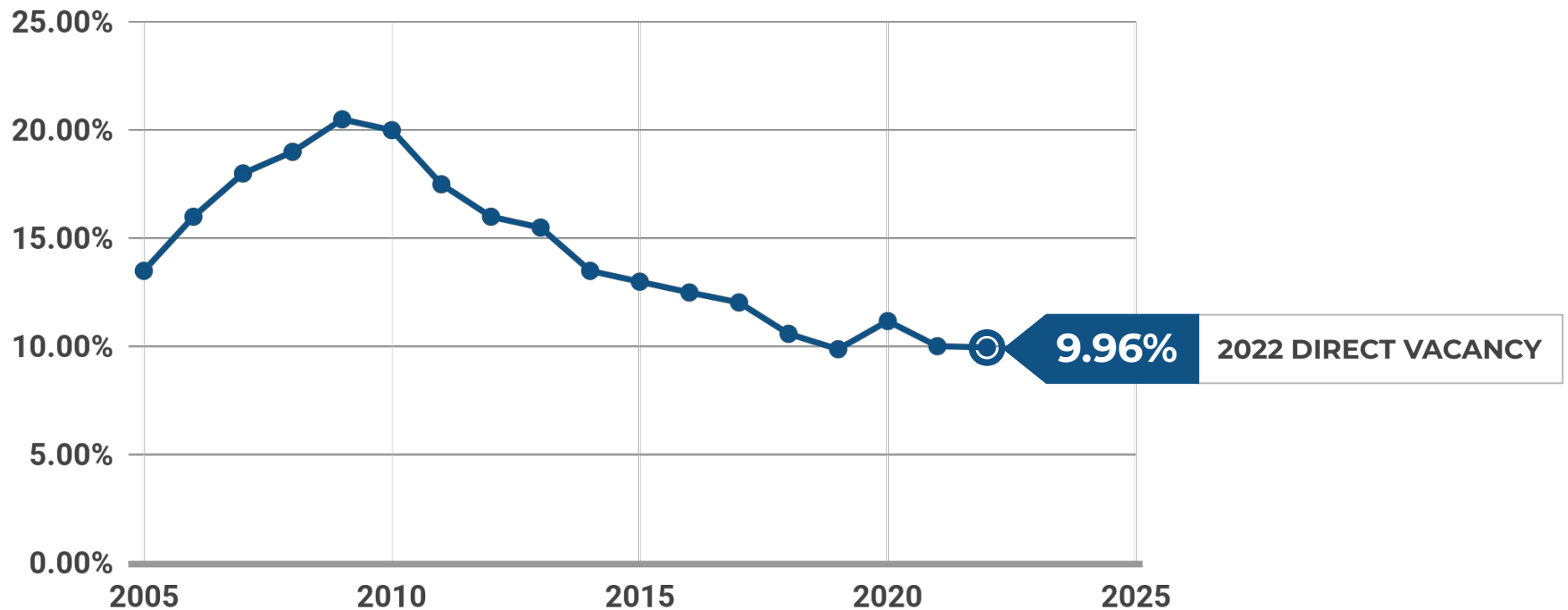
## MARKET STATISTICS

Gross Absorption	279,861 SF
Net Absorption	114,995 SF
Newly Available SF	164,866 SF

## VACANCY RATES

	DIRECT	WITH SUBLEASE
Downtown	11.58%	11.58%
South Meadows	7.67%	16.19%
Meadowood	9.84%	10.79%
Central	5.73%	5.73%
Airport	13.17%	13.17%
OVERALL	9.96%	11.86%

## TOP 200 OFFICE BUILDING HISTORICAL VACANCY DCG



# NORTHERN NEVADA OFFICE

## SALES RECAP

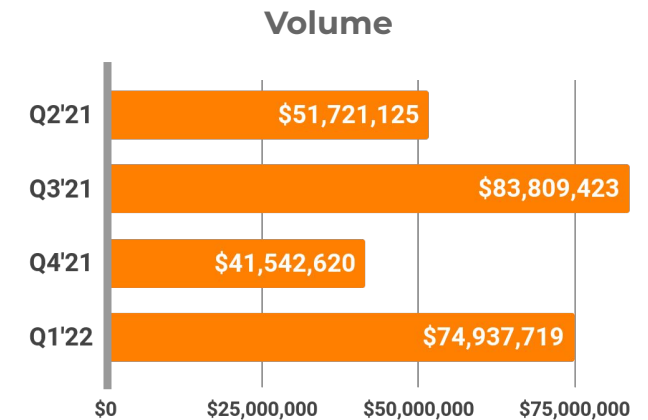
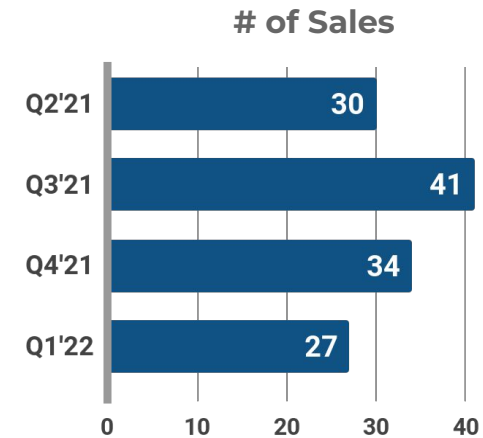
Office sales saw a large increase in overall volume for the first quarter of the year. Although there were only 27 sales transactions in Q1 2022, the overall volume was nearly double the previous quarter thanks to some larger transactions.

### Multi-Tenant/Larger Sales

In the Meadowood Submarket, TDC sold the newly constructed multi-tenant office building at Rancharrah to an investor for \$14,000,000 (\$544.11 per sf) or a reported 5.31% cap rate. Tenants include CBRE, Remax, and Kimley Horn. There were also a number of larger sales in South Meadows including the Intuit building at 6884 Sierra Center Parkway, the multi-tenant medical building at 15 McCabe and the multi-tenant professional office building at 595 Double Eagle Court. DCG's office team represented the buyer in both the 15 McCabe and 595 Double Eagle Court transactions. Please see page 6 for more transaction details.

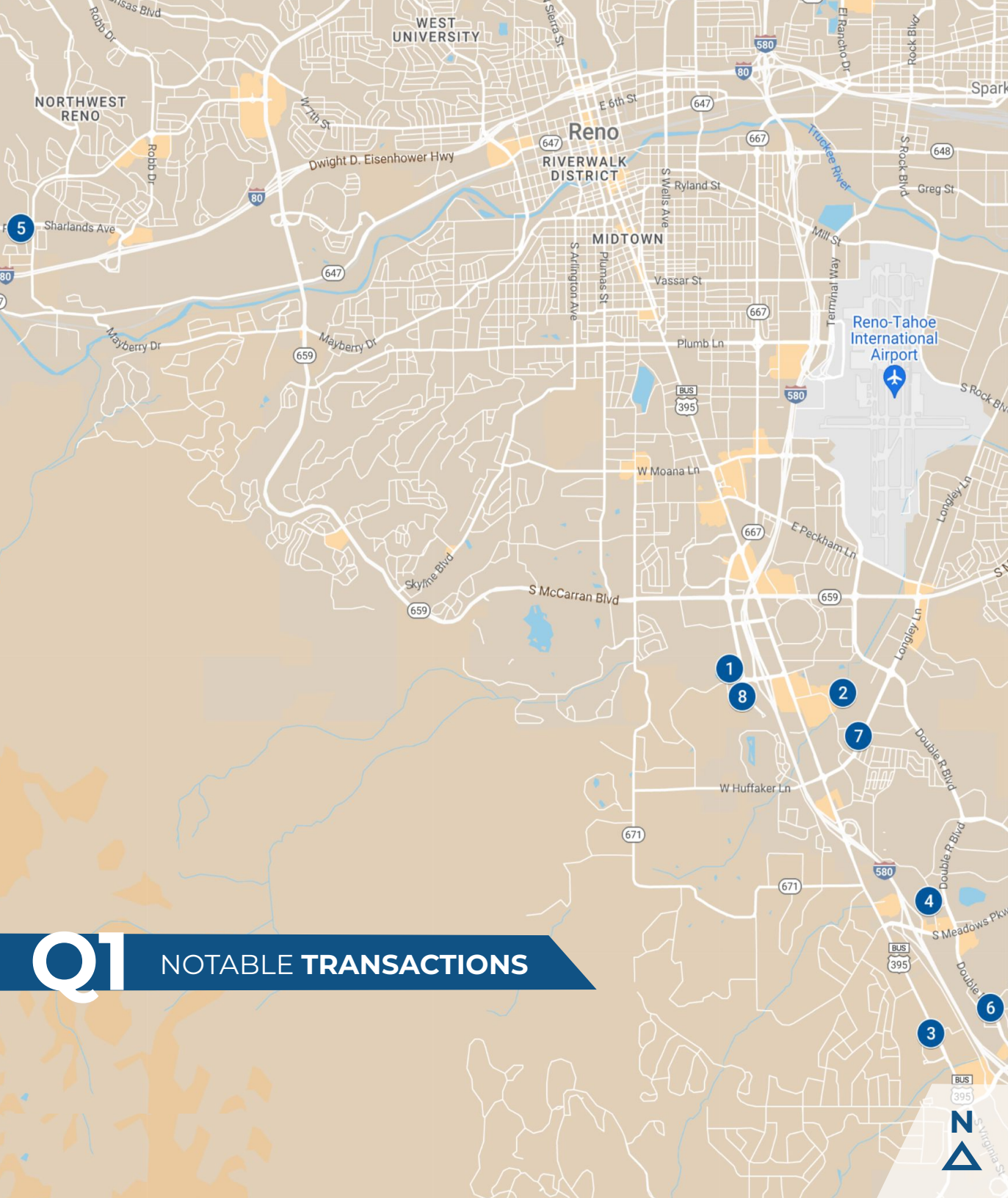
### Single Tenant/Smaller Sales

There was a small portfolio of dental buildings that sold to a couple of different investors including 475 Somerset Parkway and 10455 Double R Boulevard. Both traded at approximately a 4.5% cap rate.



## NOTABLE SALES

Address/SF	Price	Details
<b>7900 Rancharrah Pkwy</b> 25,730 SF	<b>\$14,000,000</b> \$544.11 p/sf	The two story class A office building was completed by Tolles Development Group in 2021. Tenants include CBRE, Remax, and Kimley Horn. The reported cap rate was 5.31%
<b>6884 Sierra Center Pkwy</b> 45,167 SF	<b>\$9,200,000</b> \$203.69 p/sf	This investment sale is 100% occupied by Intuit, Inc. and had an actual cap rate of 8.08% at the time of sale. There was less than 2 years remaining on the lease term.
<b>15 McCabe Dr</b> 21,504 SF	<b>\$8,350,000</b> \$388.30 p/sf	It is 100% occupied by Best Dental Care, Pinnacle Medical Group, The Reno Dentist, Dentistry for Today, and other health care tenants and had an in-place cap rate of 5.19%.
<b>595 Double Eagle Ct</b> 18,964 SF	<b>\$4,475,000</b> \$235.97 p/sf	DCG represented the buyer of a 18,964 square foot office building in South Meadows. This multitenant sale was a 1031 exchange and had a cap rate of 6.70%.
<b>475 Somerset Pkwy</b> 5,659 SF	<b>\$4,431,222</b> \$783.04 p/sf	The building is 100% leased to medical / dental tenants. Leases are long term. This was an investment with an actual cap rate of 4.5%
<b>10455 Double R Blvd</b> 7,900 SF	<b>\$3,936,556</b> \$498.30 p/sf	The building is 100% leased on a long-term NNN lease by a single tenant. This was an investment with an actual cap rate of 4.5%
<b>7025 Longley Ln</b> 13,800 SF	<b>\$3,200,000</b> \$231.88 p/sf	Multi-tenant building consisting of ±13,800 square feet on a ±1.476 acre parcel. This property offers excellent visibility and access from I-580.
<b>5411 Kietzke Ln</b> 14,918 SF	<b>\$3,100,000</b> \$207.80	Construction was completed in 1998 and it sits on 1.53 acres zoned SPD. The property is located at the south west corner of Del Monte Ln. and Kietzke Ln.



Q1

## NOTABLE TRANSACTIONS

Q1



## NOTABLE SALES

**1. 7900 Rancharra Pkwy**  
25,730 SF  
**\$14,000,000**  
\$544.11 p/sf

**2. 6884 Sierra Center Pkwy**  
45,167 SF  
**\$9,200,000**  
\$203.69 p/sf

**3. 15 McCabe Dr**  
21,504 SF  
**\$8,350,000**  
\$388.30 p/sf

**4. 595 Double Eagle Ct**  
18,964 SF  
**\$4,475,000**  
\$235.97 p/sf

**5. 475 Somerset Pkwy**  
5,659 SF  
**\$4,431,222**  
\$783.04 p/sf

**6. 10455 Double R Blvd**  
7,900 SF  
**\$3,936,556**  
\$498.88 p/sf

**7. 7025 Longley Ln**  
13,800 SF  
**\$3,200,000**  
\$231.88 p/sf

**8. 5411 Kietzke Ln**  
14,918 SF  
**\$3,100,000**  
\$207.80 p/sf



1

**Village at Rancharrah** Transformed into a community at 7100 Rancharrah Parkway on a 141 acre property with 49,000 SF. Currently has one office building space available with 4,436 SF.

2

**New UHS Hospital** Full service hospital at intersection of Double R Blvd and Longley Ln is projected to be 350,000 SF of hospital and medical office space after the initial phase. The new hospital, opening in 2022, will include 200 private patient rooms and 262 beds.

3

**New Renown Expansion of South Meadows Hospital** Renown plans to expand its 16.164 acre hospital site at 10101 Double R Blvd with 154,000 gross SF of new surgery rooms, public spaces, new facade and upgrades for the Medical Center. Majority of this project should be done by fall of 2023.

4

**Reno City Center** Former Harrah's property being redeveloped by CAI investments. Plans call for a mixed-use complex with 530 apartments, 150,000 square feet of office space and 78,500 square feet of retail (including a potential grocery store). The large plaza in front of Harrah's will be transformed to public green space with open seating.

5

**223 Court Street** - Kimpton hotel project being developed by CAI, starting in May 2021, 75,000 square feet of class A office space, upscale international boutique hotel with 271 rooms, and 45 branded residential units.

6

**Skypointe** Southeast corner of McCarran Boulevard and South Virginia Street, will offer a six story building with 180,000 SF of office space and 50,000 SF of energized retail and restaurant space.

7

**Mayberry Gardens Office Project** - 5 building, 23,200 square foot office and medical development. Under construction.

8

**UNR Gateway Project** - At the northern tip of downtown, the University has acquired all the land for the proposed Gateway Project that will include a new Life Sciences building, College of Business and a parking structure with a skyway bridge connecting to the path on Manzanita Lake. A new RTC Rapid transfer station is also part of this multi-block development project.

9

#### **RED (Reno Experience District)**

Tech campus includes 4 proposed buildings totaling 382,000 square feet  
One 6-story building offers ±132,000 sq. ft of rentable workspace  
Two 5-story buildings offer ±220,000 sq. ft of rentable workspace  
One 1-story building offers ±30,000 sq. ft. of rentable workspace

10

#### **Bonde Lane**

Single-story Medical Office, ±30,000-35,000 sq. ft. Construction commencing January 2022.

# OFFICE NEW DEVELOPMENTS

