

**Q1**  
**2023**

# OFFICE REPORT



**SALES**  
**LEASING**  
**INVESTMENTS**

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**NORTHERN NEVADA**



## LEASING RECAP

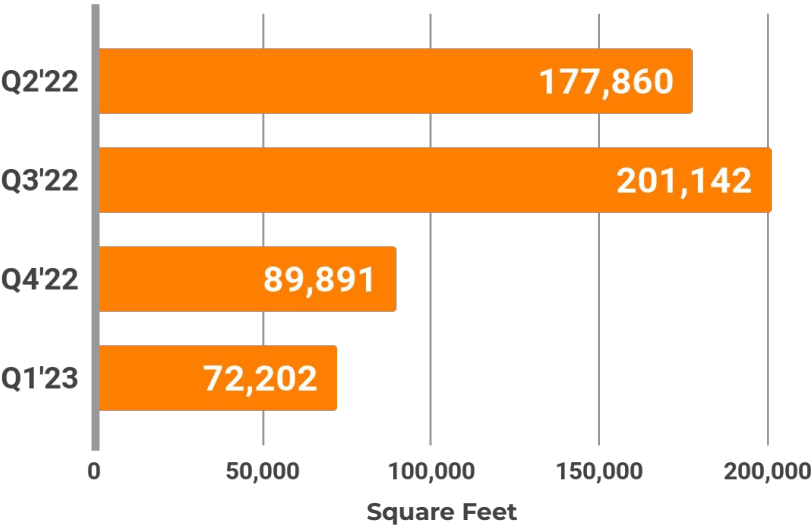
The Reno/Sparks office market began the year with positive net absorption, indicating a favorable trend. However, the number of completed transactions, both for lease and purchase, was relatively slow. Throughout the quarter, the total gross absorption amounted to 72,202 square feet, with a net absorption of 23,314 square feet. While these figures may seem promising, it's important to note that there are larger vacancies in South Meadows that are not officially classified as vacant until the tenant stops paying rent, which gives a misleading impression of overall vacancy.

The ongoing evaluation persists for employers, landlords, and tenants, as all parties grapple with evaluating their space requirements. Remote work has shown some negative impacts on productivity, and employers recognize the challenge of building a cohesive culture within a remote environment. On the other hand, employees seek attractive and inviting workspaces, which come at a significant cost due to the current construction market and result in higher rental rates. Landlords, in turn, have to achieve adequate rent levels to justify the investment into the space.

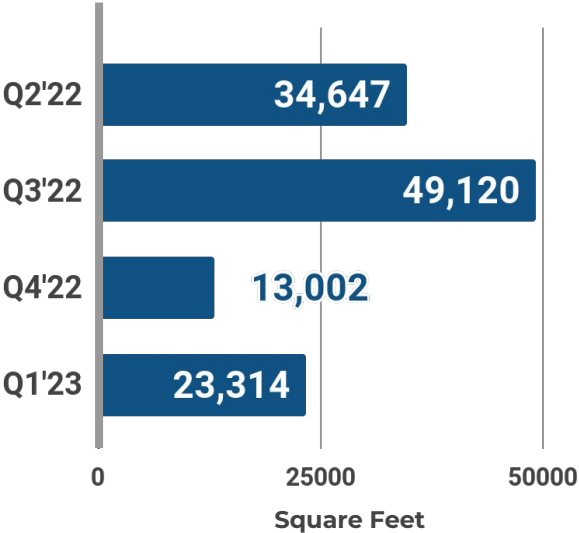
Fortunately, the Reno/Sparks office market did not experience an overabundance of office construction in years past, which has shielded it from the distress witnessed in other markets with much larger office portfolios. Our area still continues to be a strong market for job creation and a business friendly alternative to neighboring Western states.

Looking ahead, we anticipate a mixed leasing landscape over the next 12 months, as many companies have yet to determine their long-term office plans. Our office team is actively engaged with landlords and tenants, working diligently to navigate the current market and ensure leases are finalized while meeting the unique space requirements of each client.

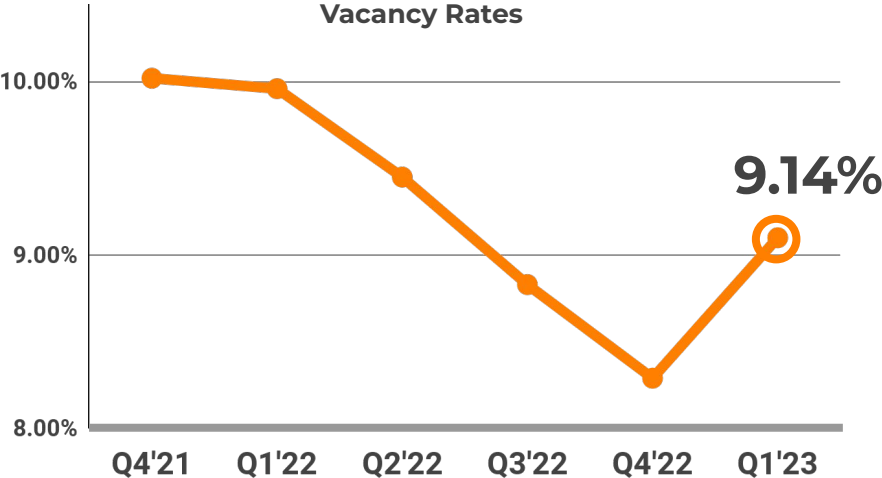
**GROSS**  
Absorption



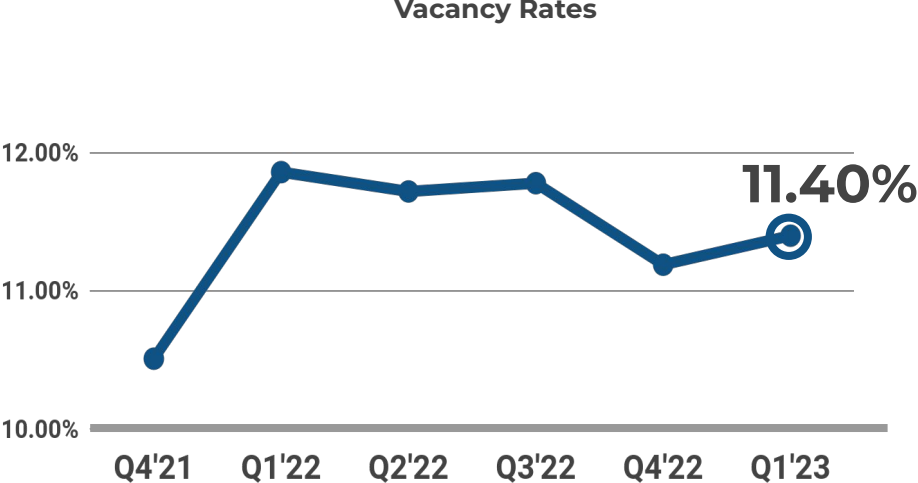
**NET**  
Absorption



**DIRECT**  
Vacancy Rates



**WITH SUBLEASE**  
Vacancy Rates

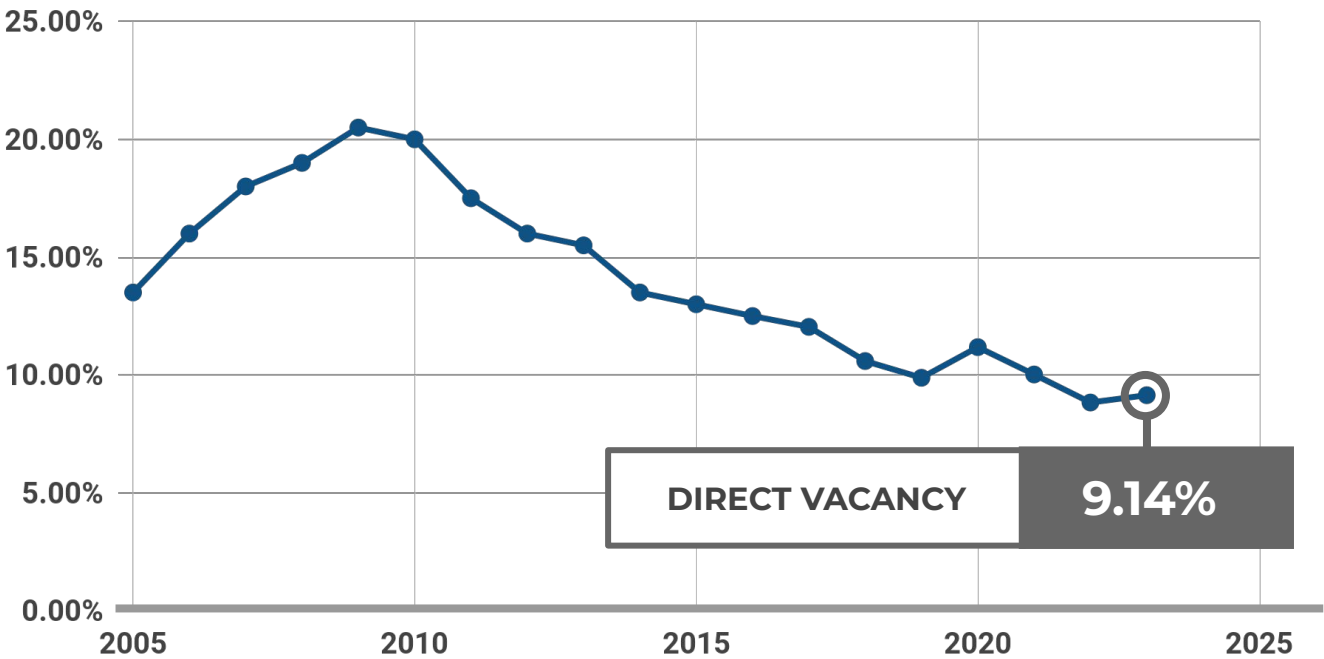


MARKET STATISTICS

Gross Absorption	72,202 SF
Net Absorption	23,314 SF
Newly Available SF	48,888 SF

VACANCY RATES	DIRECT	WITH SUBLEASE
Downtown	10.85%	12.38%
South Meadows	5.72%	13.18%
Meadowood	11.19%	12.18%
Central	4.00%	4.32%
Airport	8.59%	9.50%
OVERALL	9.14%	11.40%

TOP 200 OFFICE BUILDING HISTORICAL VACANCY DCG



# NORTHERN NEVADA OFFICE

Q1

## SALES RECAP

Q1 of 2023 saw a large drop in sales volume and number of overall sale transactions in Washoe County.

The first three months of the year saw banking failures, liquidity concerns and economic headwinds dominate the headlines. Rising interest rates and pricing expectations have caused buyers and investors alike to head for the sidelines last quarter, as shown in the figures.

The first quarter had a paltry number of sales and no large sales that occurred. All transactions that occurred were less than \$2mm.

### Multi-Tenant/Larger Sales

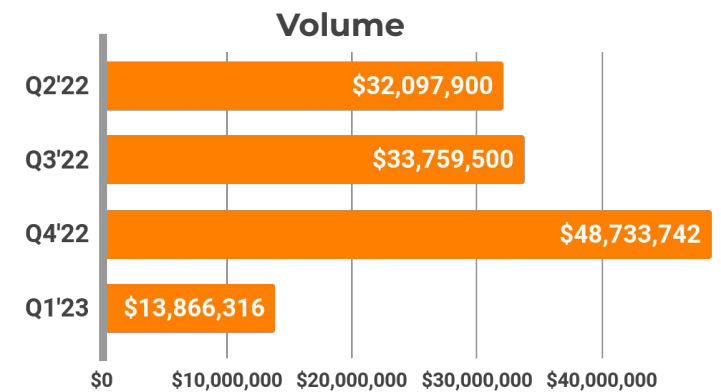
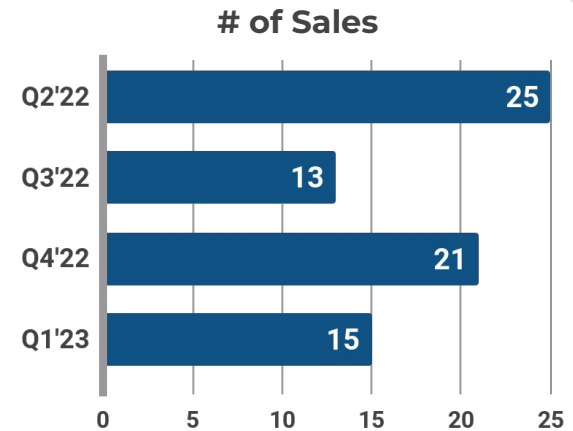
An office building in the Sparks submarket at 979 Pyramid Way sold for \$1,850,000 (\$312.29 per sq. ft.), with a reported cap rate of 5.75%. The tenants for the property include: Tax Plus, Edwards Jones, and Lend-A-Check.

A class C multi-tenant office building at 1055 Moana Ln sold for \$1,550,000 (\$192.02 per sq. ft.) in central Reno.


An office building occupied by Choices for All health services at 3189 Mill St sold for \$1,550,000 (\$150.62 per sq. ft.). The property sold with a reported 8% cap rate.

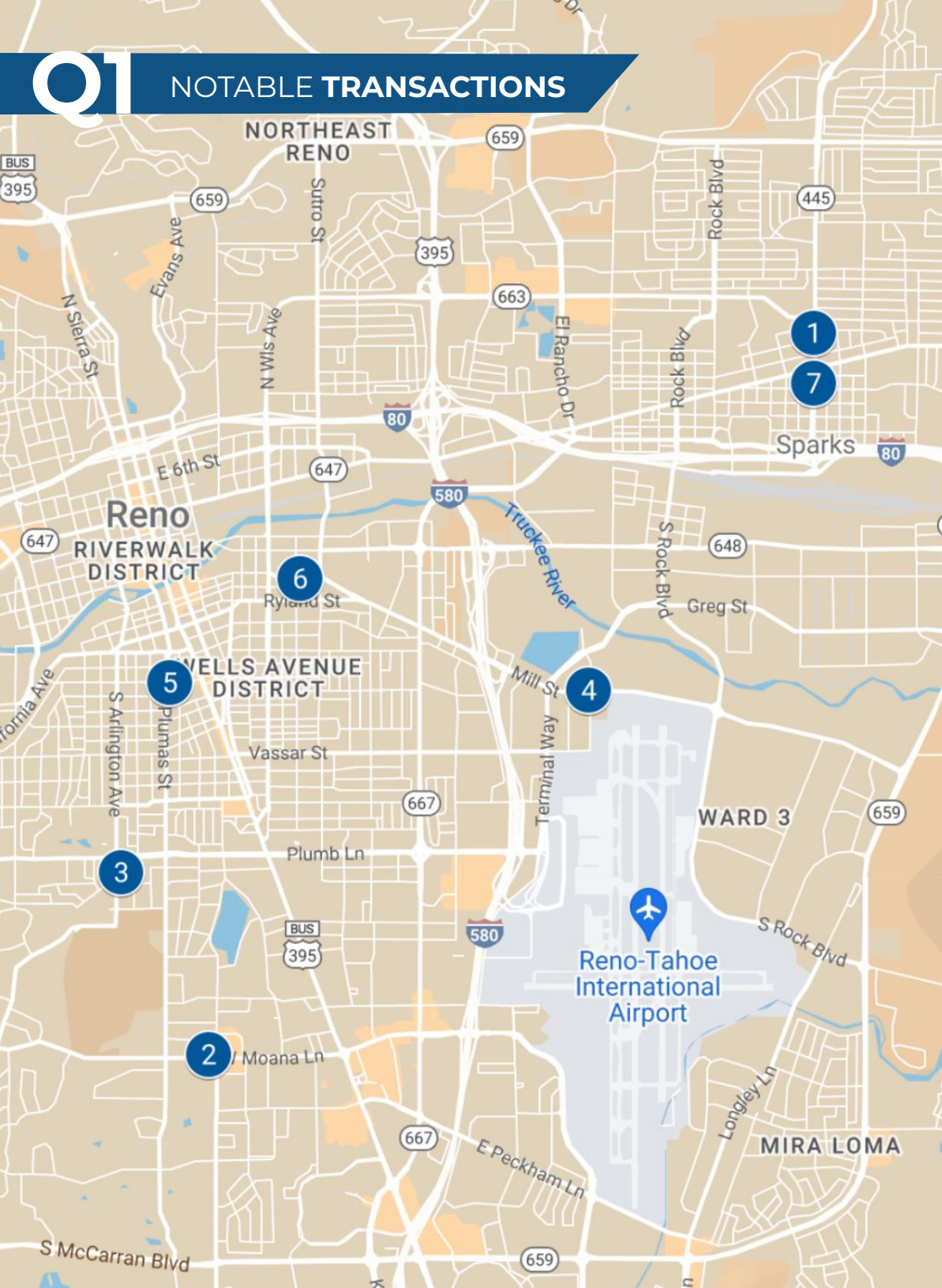
### Single Tenant/Smaller Sales

Near Renown Regional Medical Center at the corner of Locust and Mill St, 804 Mill St sold for \$640,000 (\$434.78 per sq. ft.) with Universal Retirement occupying the space. DCG represented the seller in this transaction.



Q1 NOTABLE **SALES**

Address/SF	Price	Details
<b>979 Pyramid Way</b> 5,924 SF	<b>\$1,850,000</b> \$312.29 p/sf	An office building in the Sparks Submarket sold with a reported cap rate of 5.75%. Tenants included Tax Plus, Edward Jones, and Lend-A-Check.
<b>548 W Plumb Ln</b> 2,500 SF	<b>\$1,510,000</b> \$604 p/sf	In the mixed-use Plumbgate Development a dental office building was acquired by a dental practice previously occupying the building.
<b>1055 Moana Ln</b> 8,072 SF	<b>\$1,550,000</b> \$192.02 p/sf	A class C multi-tenant office building in Central Reno. Tenants include Byoko Skincare, Reno Men's Health, and Mei Li Massage.
 <b>804 Mill St</b> 1,472 SF	<b>\$640,000</b> \$434.78 p/sf	At the corner of Locust Street and Mill Street with Universal Retirement occupying the space. <b>DCG represented the seller in the transaction.</b>
<b>702 Plumas St</b> 1,578 SF	<b>\$725,000</b> \$459.44 p/sf	A vacant office building at closing will be occupied by a law firm and real estate company in Midtown.
<b>3189 Mill St</b> 10,291 SF	<b>\$1,550,000</b> \$150.62 p/sf	The office building was occupied by Choices for All health services and sold at an 8% cap rate.
<b>707 Pyramid Way</b> 1,647 SF	<b>\$460,000</b> \$279.30 p/sf	A former insurance office sold in an owner-user transaction.



## NOTABLE SALES

**1. 979 Pyramid Way**  
5,924 SF  
**\$1,850,000**  
\$312.29 p/sf

**2. 1055 Moana Ln**  
8,072 SF  
**\$1,550,000**  
\$192.02 p/sf

**3. 548 W Plumb Ln**  
2,500 SF  
**\$1,510,000**  
\$604 p/sf

**4. 3189 Mill St**  
10,291 SF  
**\$1,550,000**  
\$150.62 p/sf

**5. 702 Plumas St**  
1,578 SF  
**\$725,000**  
\$459.44 p/sf

**6. 804 Mill St**  
1,472 SF  
**\$640,000**  
\$434.78 p/sf

**7. 707 Pyramid Way**  
1,647 SF  
**\$460,000**  
\$279.30 p/sf



- 1 Downtown Damonte** 73-acre mixed-use retail, office and residential. It will likely include 244,000 square feet of retail space and 150,000 square feet of Class A office space as well as a sprawling technology campus and world-class companion animal dog training facility.
- 2 New UHS Hospital** Full service hospital at intersection of Double R Blvd and Longley Ln is a 350,000 SF hospital and medical office space and 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, 40,000 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.
- 11 Panasonic Energy of North America (PENA) Headquarters**  
The 94,483 SF existing building at 645 East Plumb Lane is being renovated to become PENA's division headquarters and will feature state-of-the-art engineering labs, employee recruitment and training facilities, and other support functions.

