

Q1 2023 | RETAIL REPORT

SALES
LEASING
INVESTMENTS



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CORFAC
INTERNATIONAL

INVESTMENT **ACTIVITY**

The first quarter of the year saw a significant increase in volume over Q4 2022, but most of the volume increase was due to the sale of the Summit Mall, acquired by Rhino Properties in South Meadows.

There was a decrease in sales in Q1 2023 compared to Q4 2022, but a decent increase in sales volume and average price per square foot. The largest sale was in South Reno at the Summit Shopping Mall alongside multiple restaurant/QSR properties trading hands, including the Applebees in the Ironhorse Shopping Center and the Taco Bell at Legends.

We are beginning to see both buyers and sellers come to grips with today's cap rates, and appropriately priced centers are seeing demand as the market inventory is still low. The shift in buyer and seller expectations on cap rates is a big reason for the decrease in volume. On the owner-user side, increased borrowing costs are contributing to slower sales.

Single Tenant

A STNL Taco Bell in The Outlets at Legends sold for \$3,967,500 (5% cap rate.) Also in Sparks, A 6,906 sf Applebees at 693 N McCarran Blvd sold for \$1,565,217 (\$226.65 per sq ft) in the Ironhorse Shopping Center.

In the Midtown area, 124 Wonder St, the former Silver Peak Brewery sold for \$1,540,000 (\$225.87 per sq. ft.). DCG's Gary Tremaine represented the seller in this transaction. Also in Midtown, Brick's restaurant and wine bar at 1695 S Virginia St sold for \$2,200,000 (\$336.49 per sq ft).

Neighborhood Center / Multi-tenant

In South Reno, the Summit Shopping Mall highlighted the retail sales market for Q1 2023. The property located at 13951-13987 (including pads 3,4,8,9) S Virginia St sold for \$75,875,000 (\$688.24 per sq ft), with a cap rate at time of sale being 7.8%. Tenants include; Lululemon, Apple, Century Theaters, Starbucks, Sunglass Hut, Williams Sonoma, Pottery Barn, etc.

NOTABLE SALES

Address	Price	Details
13951-13987 S Virginia St 110,165 SF	\$75,875,000 \$688.74 p/sf	In South Reno, the Summit Shopping Mall sold with a cap rate of 7.8%. Tenants include; Lululemon, Apple, Century Theaters, Starbucks, Sunglass Hut, Williams Sonoma, Pottery Barn, etc.
195 Kietzke Ln 5,637 SF	\$4,750,000 \$842.65 p/sf	A service/gas station but selling with a 4.72% cap rate and a triple net lease for Maverick.
1395 Big Fish Dr 2,707 SF	\$3,967,500 \$1,465.64 p/sf	A Taco Bell in The Outlets at Legends sold with a reported 5% cap rate.
1695 S Virginia St 6,538 SF	\$2,200,000 \$336.49 p/sf	Brick's restaurant and wine bar sold off of South Virginia near the new Reno Public Market and the RED District.
693 N McCarran Blvd 6,906 SF	\$1,565,217 \$226.65 p/sf	An Applebees in the Ironhorse Shopping Center in Northeast Sparks.
124 Wonder St 6,818 SF	\$1,540,000 \$225.87 p/sf	In the South Virginia region off of Holcomb Ln. The current tenant is Huntsman Brewing Company. DCG represented the seller of this restaurant property.



MARKET FACTS & LEASING

The retail market continues to face development factors, combating high construction costs and the need to fight growing inflation. Although this has made new development challenging, several new projects are moving forward in our market but are still a year out. We are still seeing regional and national tenants show interest in our area which will help keep vacancy rates stable. The transactions moving forward have helped keep heads high in the retail market.

Two notable lease transactions occurred in Q1 in excess of 7,000 square feet, Rock Thrift Store in the Ironhorse Shopping Center alongside Sweet Suites Corporation at Sparks Crossing in Spanish Springs, both represented by Gary Tremaine at DCG. These two leases showed a total of 14,083 sf leased in the Sparks region.

Net Absorption



115,000 SF

SALES	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Total Volume	\$97,968,389	\$29,202,021	\$37,051,551	\$97,072,060
Total Deals	20	16	15	13
Average P/SF	\$363.78	\$260.68	\$342.44	\$474.23

NEW DEVELOPMENT

There have been a few recent notable developments announced with significant retail components. In South Meadows, a 50,000 square foot retail center at the corner of Double R Blvd and Damonte Ranch Pkwy represented by DCG and DiLoreto has joint ventured with the David Duffield to create a headquarters campus for Ridgeline. Downtown Damonte, an adjacent mixed-use development to Ridgeline, is also underway, which includes 244,000 square feet of planned retail and 150,000 square feet of office space, as well as a world class companion animal dog training facility.

On the entertainment front, Reno is set to get its first ground-up hotel-casino project in decades, tentatively named the Firecreek Crossing Resort-Casino project, located on the corner of Kietzke Lane and South Virginia Street. In addition to a hotel-casino with a lobby bar, initial plans for the project include a public park, restaurants, food court and beer garden. The resort-casino will comprise of 201 rooms and 48 suites as part of its plans.

Overall Vacancy Rate:



4.5%

Neighborhood Center Vacancy:



6.1%

Power Center Vacancy:



4.5%

Strip Center:

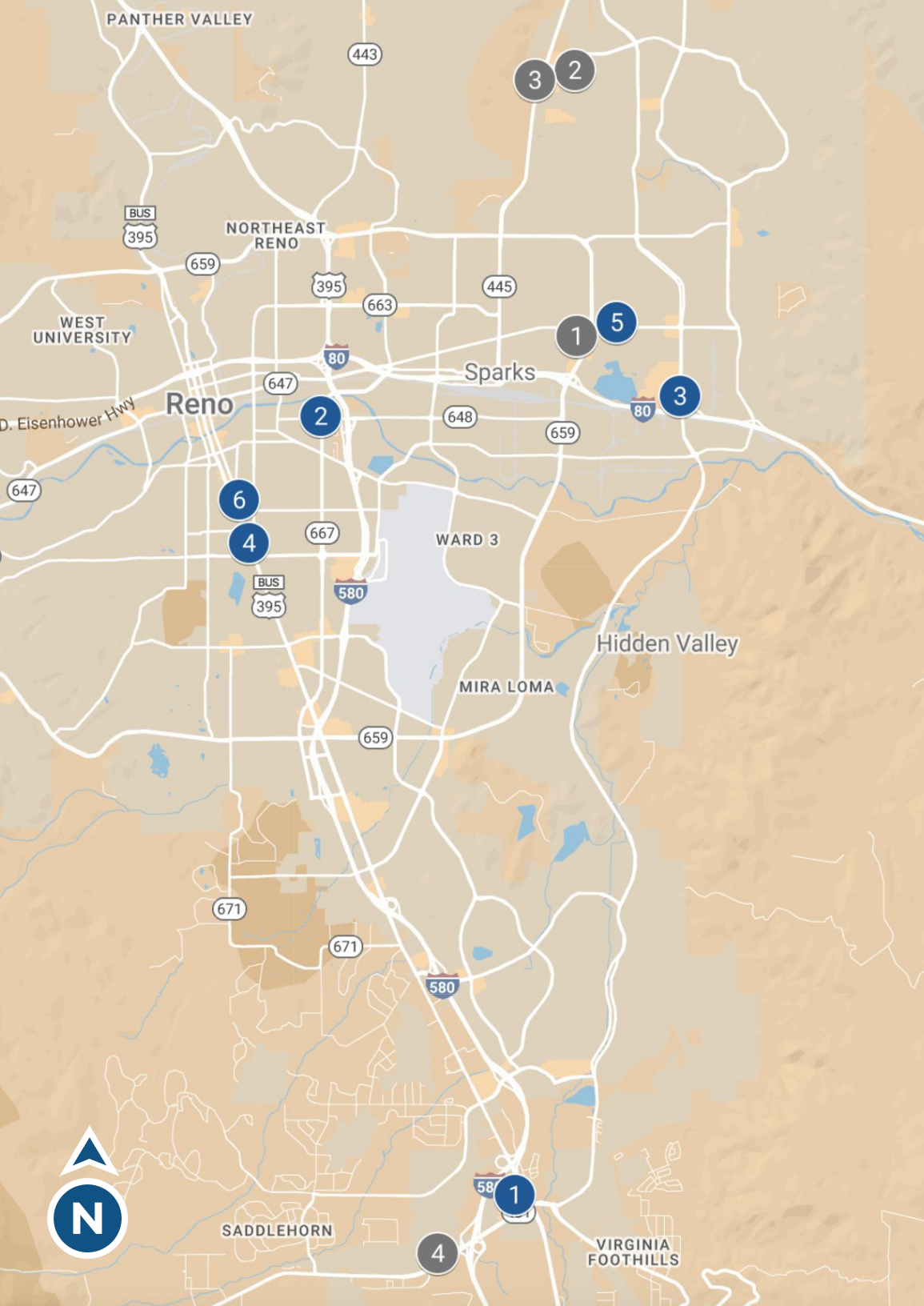


4.4%

General Retail Vacancy:
Free Standing



3.1%



NOTABLE TRANSACTIONS

NOTABLE SALES

1. 13951-13987 S Virginia St
110,165 SF
\$75,875,000
\$688.74 p/sf

2. 195 Kietzke Ln
5,637 SF
\$4,750,000
\$842.65 p/sf

3. 1395 Big Fish Dr
2,707 SF
\$3,967,500
\$1,465.64 p/sf

4. 1695 S Virginia St
6,538 SF
\$2,200,000
\$336.49 p/sf

5. 693 N McCarran Blvd
6,906 SF
\$1,565,217
\$226.65 p/sf

6. 124 Wonder St
6,818 SF
\$1,540,000
\$225.87 p/sf

NOTABLE LEASES

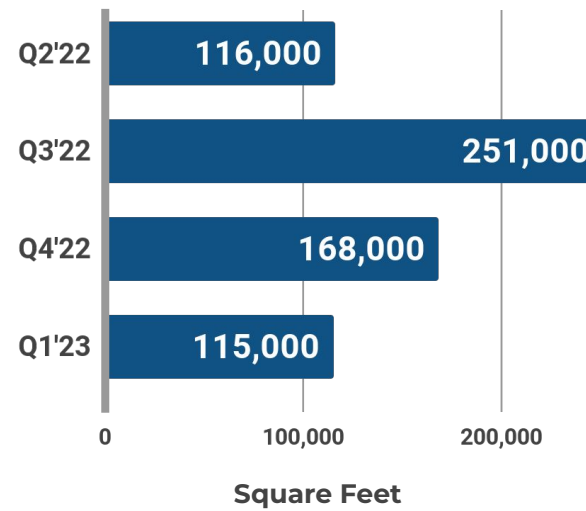
1. The Rock Thrift Store
7,083 SF Leased
Ironhorse Shopping Center
Northeast Sparks

2. Sweet Suites Corp.
7,000 SF Leased
Sparks Crossing
Spanish Springs

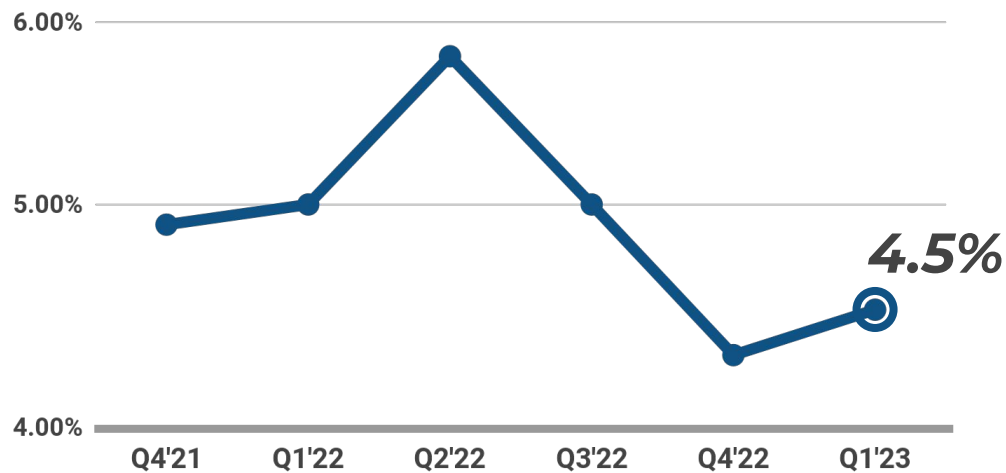
3. Mr Crab
5,860 SF Leased
Sparks Crossing
Spanish Springs

4. Dairy Queen
4,500 SF Leased
Galena Junction
South Reno

NET ABSORPTION



VACANCY RATES



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1

RED (Reno Experience District)

45.6 acre site with permits for residential, multifamily, student housing, office and retail on the SEC of South Virginia Street and East Plumb Lane. RED's location will create over 1,300 apartment homes and 70,000 SF of retail and restaurants. Offers retail spaces from 500 SF to 2,000 SF.

2

Reno Public Market

Former Shoppers Square Center at 370 Casazza Dr that is being redeveloped into a 150,000 square foot mixed use development anchored by a food hall and Sprouts grocery.

3

Tolles Development University Retail Center

A student-centric commercial project on 705 N Virginia, behind the Chevron gas station on Sierra Street and across from the Bank of America on Virginia Street, which may include Jimmy John's, a coffee shop catering to students and another retail business geared towards the University community.

4

Village at Rancharrah

Transformed into a community at 7100 Rancharrah Parkway on a 141 acre property with 49,000 SF featuring premier shopping, dining and wellness.

5

Olympia Gaming / Casino @ Legends in Sparks

80,000 square foot facility will include a casino, featuring slot machines, and table games, as well as several bars, dining options, and a sportsbook. The venue will sit between the Galaxy Theater and the Hampton Inn and Suites and Residence Inn hotels.

6

Red Rock Retail

16,000 square feet of inline retail + restaurant space + 1 acre drive through pad at the corner of Red Rock and 395.

7

West End Commons (Keystone and I-80)

Large residential component, composed of 296-unit multifamily complex. 42,000 square feet of office and retail space, including Starbucks and In N' Out Burger.

8

Corwin Ford Dealership

16-acre parcel on South Virginia Street, south of Foothill Road and north of Bishop Manogue High School. Purchased by Corwin Ford with plans to construct an automobile dealership beginning in Q2 2022.

9

Firecreek Crossing Resort - Casino

Will be located on the corner of Kietzke Lane and South Virginia Street. The resort-casino includes 201 rooms and 48 suites as part of its plans. In addition to a hotel-casino with a lobby bar, initial plans for the project include a public park, restaurants, food court and beer garden.

10

Downtown Damonte

Mixed use development in Damonte Ranch including 244,000 square feet of planned retail and 150,000 square feet of office space, as well as a world class companion animal dog training facility.

RETAIL NEW DEVELOPMENTS

