

2024
NORTHERN NEVADA

Q2 INDUSTRIAL REPORT



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CORFAC
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Where Do We Stand?

Vacancy

Direct vacancy rose by 148 basis points due to the addition of over 2 million sq. ft. of new vacant space. This includes 917,465 sq. ft. from newly completed construction. Additionally, absorption decreased by 80% quarter-over-quarter.

Absorption

Net absorption remains negative in 2024 as supply continues to outpace demand. In Q2, the majority of new lease transactions were between 20,000 - 30,000 sq. ft., accounting for 40% of the quarters gross absorption.

Lease Rates & Sale Prices

Asking rates have softened across all product types as increasing inventory continues to pressure landlords into taking a more competitive approach to renewals and new leases. Several individual class A bulk industrial building sales were reported with supportive sale values despite recent weakening in market conditions.

New Lease Transactions



AVERAGE BULK INDUSTRIAL ASKING LEASE RATE
\$0.85 SF/MO NNN

Gross Absorption
439,640 SF ▼

Newly Available
2,053,028 SF ▲

Net Absorption
(1,613,388) SF ▼

Direct Vacancy Rate
8.61% ▲



New Construction

- Vertical construction volume in progress totalled 948,838 sq. ft. across six buildings, while 4.3 million sq. ft. remained in pad-ready condition at the end of Q2.
- 99% of the newly delivered space was vacant upon completion, suggesting a continued lag in the speculative development pipeline as many developers hold out for absorption of existing inventory.

Under Construction*

VS

Build-to-Suit: 0 SF
Spec: 948,838 SF

*Does not include projects on standby in pad-ready or mass graded condition

Completed

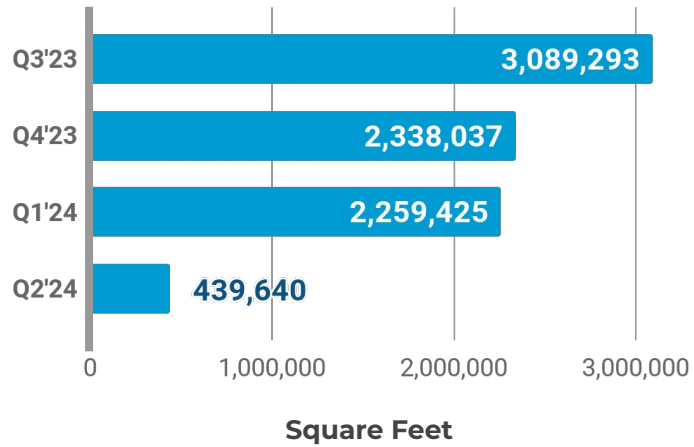
Submarket	Delivery	Project	Developer	SF	Type
North Valleys	Q2 2024	875 Panther Dr	Sierra Development	58,300	Spec
Sparks	Q2 2024	1280 Glendale Ave	Private	18,000	Spec
South Reno	Q3 2024	9445 Gateway Dr - Bldg B	McKenzie Properties	40,320	Spec
South Reno	Q2 2024	3770 Barron Way	Private	19,645	BTS/Spec
I-80 East	Q3 2024	1575 Venice Dr - Bldg A	Buzz Oates	64,480	Spec
I-80 East	Q3 2024	Parkway Industrial Center - Bldg A	Avenue 55	434,480	Spec
I-80 East	Q3 2024	Parkway Industrial Center - Bldg B	Avenue 55	282,240	Spec
				917,465	

Under Construction

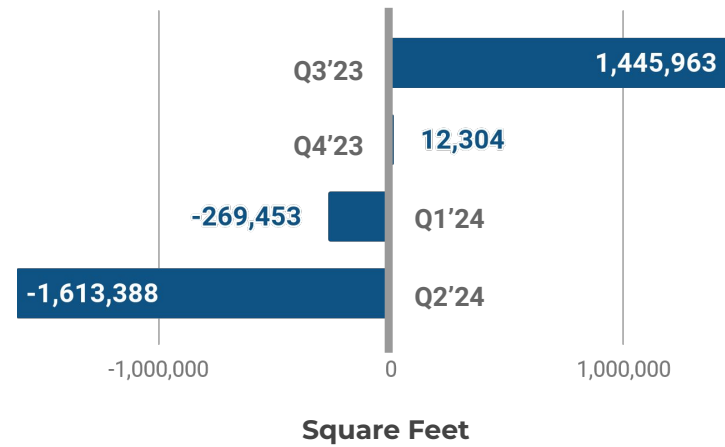
Submarket	Delivery	Project	Developer	SF	Type
South Reno	Q3 2024	Gateway Dr - Bldg A	McKenzie Properties	55,620	Spec
South Reno	Pad Ready - In Progress	580 South Bldgs 1-4	Panattoni	840,560	Spec/BTS
North Valleys	Q2 2025	Reno AirLogistics Park - Bldg 2	Dermody Properties	468,697	Spec
Sparks	Q2 2025	LogistiCenter at Kiley Ranch - Bldg 2	Dermody Properties	187,632	Spec
Sparks	Q4 2024	180 Design Pl	Private	26,579	Spec
Sparks	Q1 2025	140 Design Pl	Private	7,510	Spec
I-80 East	Pad Ready - In Progress	Tahoe-Reno 5	Prologis	709,640	Spec/BTS
I-80 East	Pad Ready - In Progress	Tahoe-Reno 6	Prologis	327,180	Spec/BTS
I-80 East	Q4 2024	1400 Electric Ave	Buzz Oates	202,800	Spec
I-80 East	Pad Ready - In Progress	Comstock Commerce Center - Bldg E5	Locus Dev. Group	815,360	Spec/BTS
I-80 East	Pad Ready - In Progress	Comstock Commerce Center - Bldg E6	Locus Dev. Group	465,920	Spec/BTS
I-80 East	Pad Ready - In Progress	Comstock Commerce Center - Bldg E7	Locus Dev. Group	329,280	Spec/BTS
I-80 East	Pad Ready - In Progress	Nevada Commerce Center - Bldg B	Buzz Oates	641,920	Spec/BTS
I-80 East	Pad Ready - In Progress	Nevada Commerce Center - Bldg C	Buzz Oates	96,720	Spec/BTS
I-80 East	Pad Ready - In Progress	Nevada Commerce Center - Bldg D	Buzz Oates	105,040	Spec/BTS

Absorption & Submarket Vacancies

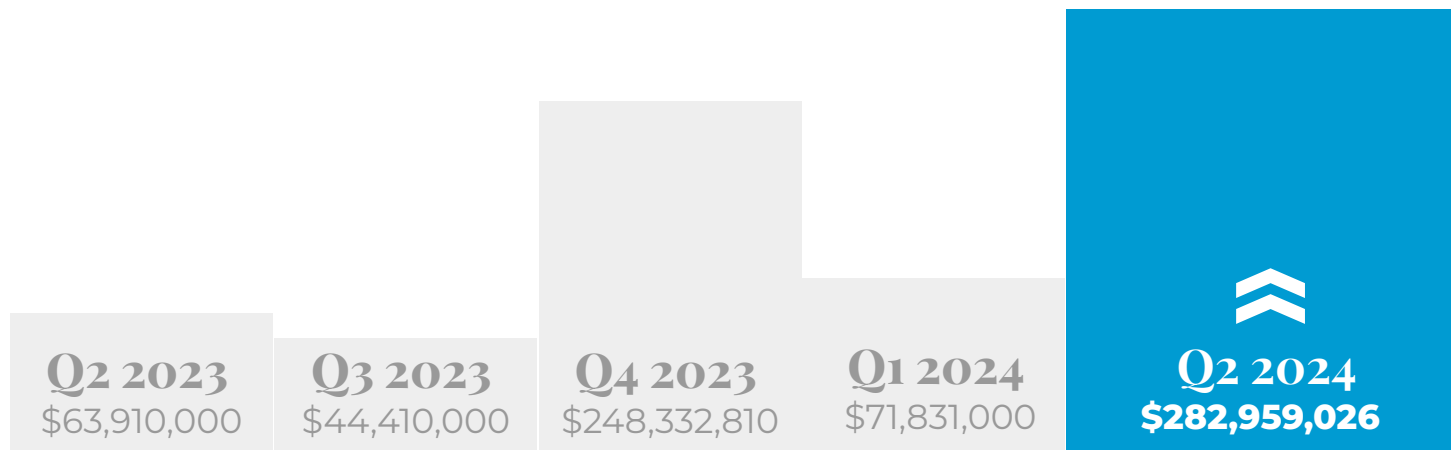
Gross Absorption



Net Absorption



VACANCY					
Submarket	Total SF	Direct Available SF	Vacancy Rate	Completed Construction SF	Under Construction SF
NORTH VALLEYS	29,020,821	1,802,278	6.21%	58,300	468,697
SPARKS	27,912,650	1,917,251	6.87%	18,000	221,721
AIRPORT	11,193,502	1,251,811	11.18%	-	-
SOUTH RENO	10,869,314	712,959	6.56%	59,965	55,620
CENTRAL-WEST RENO	2,519,572	424,580	16.85%	-	-
I-80 EAST CORRIDOR	28,836,057	3,387,123	11.75%	781,200	202,800
TOTAL	110,351,916	9,496,002	8.61%	917,465	948,838



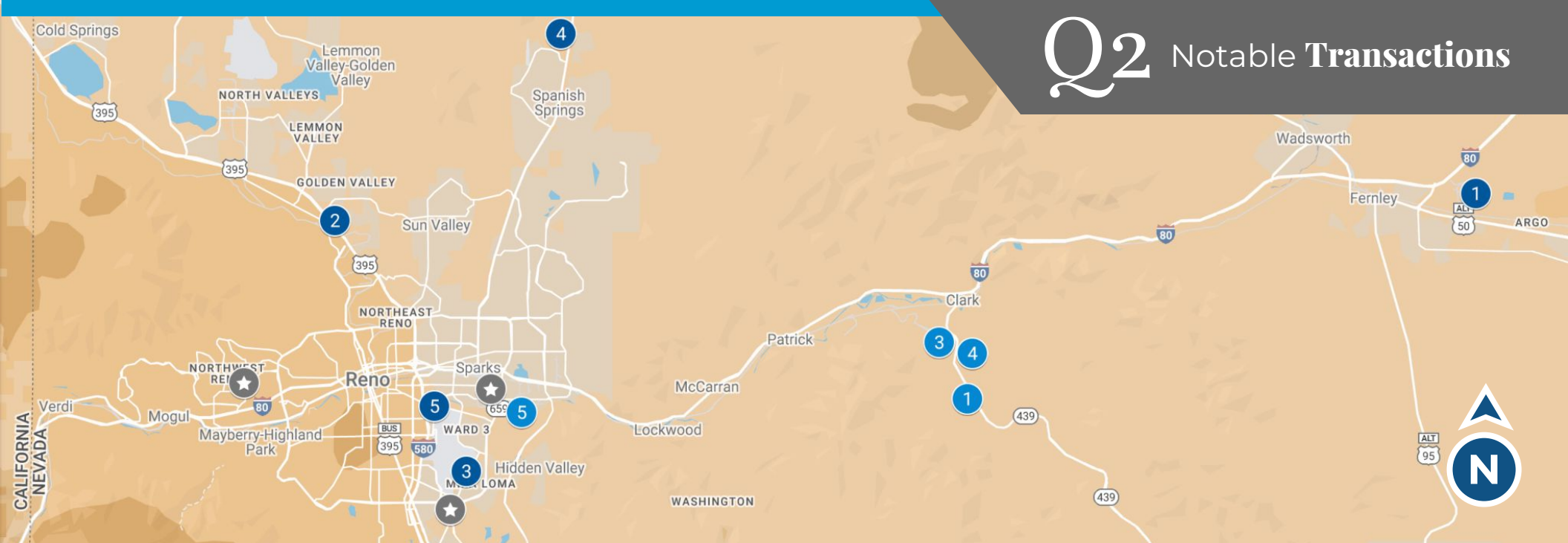
Sales Recap

Sales activity showed a robust increase in the second quarter, with transaction volume reaching over \$280,000,000. This surge was primarily fueled by acquisitions of several large warehouses in TRI and a significant portfolio comprised of properties in both the Airport and Sparks submarkets. The quarter's top deal occurred at 3200 USA Parkway, where CapRock Partners acquired a 707,010 sq. ft. building from Manulife US for \$81,500,000 (\$115.27 per sq. ft.). This property, formerly occupied by Zulily, was vacant at sale.

Dornin Investment Group purchased a diverse 20-property portfolio totaling 415,989 sq. ft. (93% flex / 7% office) spread across the Airport and Sparks submarkets, for \$67,892,815 (\$163.20 per sq. ft.). Pure Development sold two buildings in TRI: a 354,640 sq. ft. single tenant leased building (Tesla) at 450 Pittsburgh, which was acquired by Exeter for \$53,900,000 (\$151.98 per sq. ft.), and a 322,400 sq. ft. vacant building at 500 Denmark, sold to Clarion for \$41,000,000 (\$127.17 per sq. ft.).



Q2 Notable Transactions



Leases

1

2

3

4

5

2275 E Newlands Dr

64,000 SF

LL: Independent

T: DragonFly

880 N Hills Blvd

39,800 SF

LL: Link

T: Octillion Power Systems

3895 Corsair St

35,026 SF

LL: Link

T: Renewal by Anderson

420 Ingenuity Ave

27,000 SF

LL: Panattoni

T: Milbank Manufacturing Co.

2675 Mill St

26,000 SF

LL: Massie & Co.

T: Sebang Global Battery

Sales

1

2



3

4

5

3200 USA Pkwy

707,010 SF

\$81,500,000

BUYER: CapRock Partners

SELLER: Manulife US REIT

20 Property Portfolio

415,989 SF

\$67,892,815

BUYER: Dornin Investment Group

SELLER: The Ribeiro Companies

450 Pittsburgh Ave

354,640 SF

\$53,900,000

BUYER: Exeter

SELLER: Pure Development

500 Denmark Dr

322,400 SF

\$41,000,000

BUYER: Clarion

SELLER: Pure Development

945 Spice Island Dr

90,101 SF

\$15,300,000

BUYER: LBA Realty

SELLER: Libitzky Properties

01	VACANCY Vacancy expected to stabilize as spec construction deliveries ease for the remainder of the year.	<ul style="list-style-type: none"> With another 781K sq. ft. of vacant spec delivered in TRI, I-80 East Corridor continues to lead the market in vacancy representing 35.7% of the overall direct vacancy at 3.39M sq. ft. available. Core and central submarkets experienced minimal vacancy increase with an overall average of 66 basis points quarter over quarter.
02	LEASING ACTIVITY Significant dip in demand as many tenants await greater certainty in the economic forecast.	<ul style="list-style-type: none"> Tour and lease proposal activity remains slow in the first half attributed to the continuation of interest rate and inflation concerns, supply chain constraints, and the upcoming election. Demand from EV, battery, and food & beverage related users continue to lead leasing activity in the region.
03	SALE ACTIVITY Institutional investors remain active, completing several sizable transactions.	<ul style="list-style-type: none"> Quarterly sale volume was propped up by institutional investors in search of deal flow and opportunistic capital allocation, despite a challenging and generally stagnant sales environment.
04	SUBLEASE ACTIVITY Tenants continue to “right-size”, strategically reshaping their footprint to reduce overhead.	<ul style="list-style-type: none"> The increase to sublease availability continued to proportionately outpace direct availability, increasing by 55% to 2,144,513 sq. ft. total, compared to a 22% increase in direct available sq. ft..
05	NEW DEVELOPMENT Construction costs are evolving as builders and subs navigate the demand cycle.	<ul style="list-style-type: none"> Some general contractors are experiencing a small but measurable reduction in construction costs, in part driven by subcontractors getting more competitive with bids. Sentiment suggests this could be a short-term trend until post-election 2025, when demand could return and push costs back up.
06	ECONOMY Owner-user and non-institutional investment sales hindered by interest rate and financing challenges.	<ul style="list-style-type: none"> Buyers continue to be challenged by elevated interest rates and stringent lender underwriting in an environment where the bid ask gap has fueled a stalemate, especially for non-institutional buyers seeking higher cap rates.

Featured Listings

LogistiCenterSM at I-80 West Phase II
8800 & 8700 BOOMTOWN GARSON RD
±85,120 - ±343,620 SF Available

[VIEW VIDEO](#)



Pyramid Pointe Commerce Center
420 INGENUITY AVE
±9,000 - ±63,000 SF Available

[VIEW VIDEO](#)



Prologis Build-To-Suit
2453 HEYBOURNE RD
±216,000 SF Available
For Sale & For Lease



McCarran Business Park
1900 & 1950 SOUTH MCCARRAN BLVD
±6,260 - ±31,603 SF Available

[VIEW VIDEO](#)



Flex Industrial Space With Yard
200 ACADEMY WAY
±2,400 - ±25,880 SF Available
For Lease or Sale



Industrial Warehouse With Yard
215 & 205 LYON DR, FERNLEY
22,967 SF
For Sale



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