



2021



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A YEAR
IN REVIEW

NORTHERN NEVADA 2021 COMMERCIAL MARKET REPORT

NOTABLE NEW & EXPANDED COMPANIES IN 2021

NE Nanotech
Energy
Nanotech Energy
Manufacturing - Tech
900 Jobs

AMS
ADVANCED MASK SYSTEMS INC.
Advanced Mask Systems
Manufacturing
450 Jobs

solar**edge**
SolarEdge
Manufacturing
350 Jobs

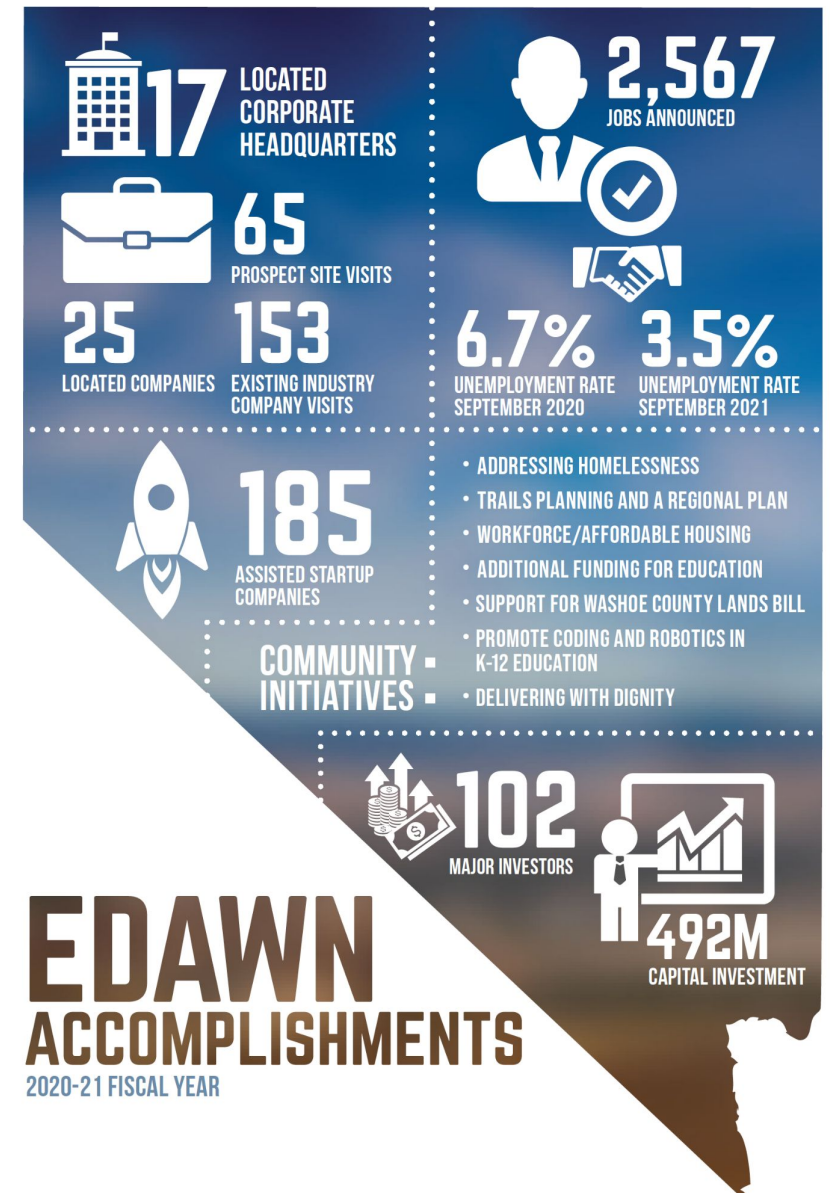
 **PRIME SHIPPERS**
Prime Shippers
Logistics, Distribution
200 Jobs

LEDGER^{87%}
Ledger 8760
Tech
158 Jobs

TEMPUR+SEALY
TempurSealy
Manufacturing
128 Jobs

RENO RANKED #18 BEST PERFORMING CITIES 2021

Milken Institute's Best-Performing Cities 2021



INDUSTRIAL



SALES RECAP

Sales volume for 2021 was a record year for Northern Nevada. We had a 46% increase in the number of sales transactions and a 47% increase in overall sales volume. This figure includes both owner user and investment sales. However the large increase in volume is primarily due to the influx of institutional capital looking to acquire industrial real estate. We are seeing strong rent growth, and historically low cap rates in the market. 2022 will be a test for both cap rates and rental growth in the market. We do not expect a major slow down in either fundamental this year. This report details a few of the larger transactions that took place in the market on page 6.

OF
TRANSACTIONS
116



+45.69%

FROM LAST YEAR

SALES VOLUME
\$991,887,812



+47.08%

FROM LAST YEAR



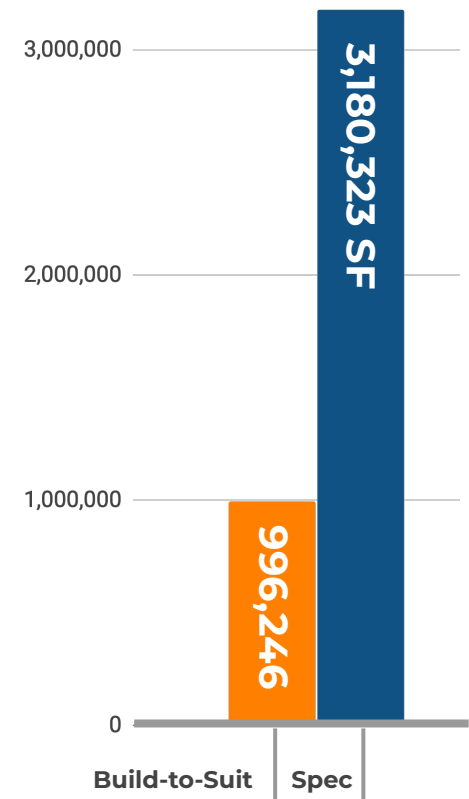
NEW CONSTRUCTION

Similar to 2020, new construction for industrial buildings was robust in 2021. Dermody Properties/Reno Land Development are exemplary of the demand for big box distribution hub placement in Northern Nevada, and their project at Mill and McCarran marks the largest single building completions in our market since 2018.

At year end, there was over three million square feet of speculative construction underway in our market. In the fourth quarter alone, four buildings broke ground: Avenue 55's 167,400 square foot Mt Limbo Industrial Center in North Valleys and McKenzie Properties' 3-building South Reno Industrial project totaling 396,690 square feet, both of which are speculative projects. Expected completions for 2022 total just under 5 million square feet, 33% which is build-to-suit and/or pre-leased with an additional 27% which will likely have leases finalized within the next few months.

Looking forward, the 2023 outlook will feature several sought after projects in the premier South Reno and West Reno submarkets. One of which will include Dermody Properties' LogistiCenterSM at I-80 West Phase II, featuring a 429,000 square foot 2-building project fronting Interstate 80. The project's anticipated groundbreaking is March/April 2022 with estimated completion in Q1/Q2 2023. DCG's Industrial Team is representing Dermody Properties on all leasing activity for the project.

UNDER CONSTRUCTION SPEC VS BUILD-TO-SUIT



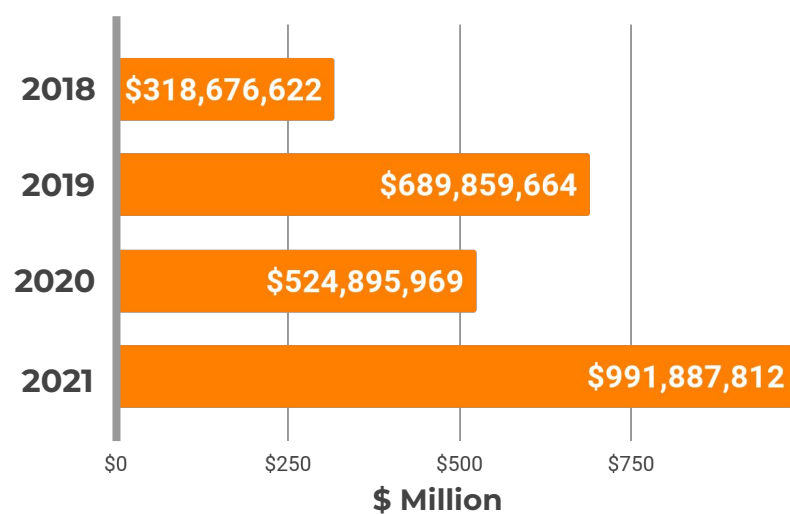


TOP SALES 2021

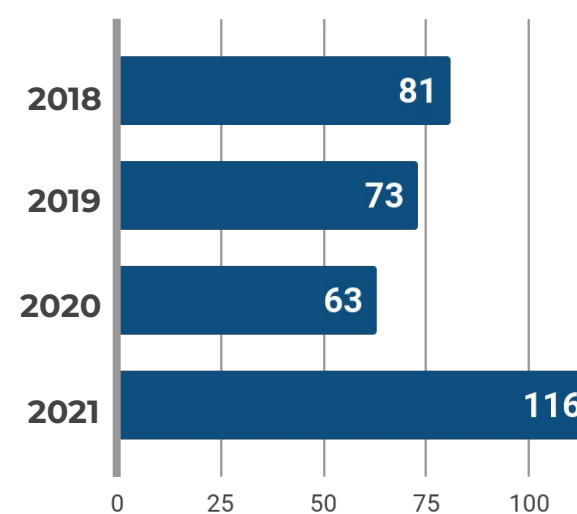
INDUSTRIAL

PROJECT	SIZE	SALE PRICE	BUYER
16 Building Portfolio	3,143,741 SF	\$396,300,000	Starwood Capital
11111 Stead Blvd	1,556,880 SF	\$150,950,354	LBA Realty
1200 Venice Way	872,720 SF	\$72,723,607	GIC Real Estate
9715 North Virginia St	187,275 SF	\$30,000,000	LBA Realty
250 Lillard Dr	285,121 SF	\$29,700,000	Southern Glazer's Wine & Spirits
14101 Lear Blvd	417,410 SF	\$29,000,000	Industrial Realty Group

TRANSACTION VOLUME YEAR OVER YEAR



NUMBER OF SALES YEAR OVER YEAR



INDUSTRIAL



LEASING RECAP

VACANCY

With 5 consecutive quarters of declining vacancy, 2021 finalized at a blistering 2.31%, testing the grit of many tenants and owner-users in search of new space. Particular submarkets, such as the North Valleys, Central-West Reno, Airport, and South Reno are experiencing extreme inventory shortages with sub 1% vacancy.

ABSORPTION

The year posted the a total absorption of 5,120,175 square feet of net absorption, and an average of over 2.2 million square feet of gross absorption per quarter rounding out the year. There is little second generation availability (539,221 sf) returned to market providing few opportunities for second generation existing space heading into the beginning of the year.

LEASE RATES | SALE PRICES

While lease rates in Northern Nevada steadily rise, our region still remains affordable compared to many larger markets, allowing for a competitive edge against many of our neighbors. The average lease rate for bulk industrial space is up 11% from the beginning of the year and over 30% increases for mid-bay product in our market. Sale prices also continue upward as overall sale volume remains strong with over \$257 million of sale volume produced during the quarter.



TOP LEASES 2021

Q1

8001 N. Virginia
North Valleys
Chewy.com
795,926 SF

Q2

6125 Echo Ave
North Valleys
FTDI West
286,487 SF

Q3

Sage Point 7
North Valleys
GameStop
531,886 SF

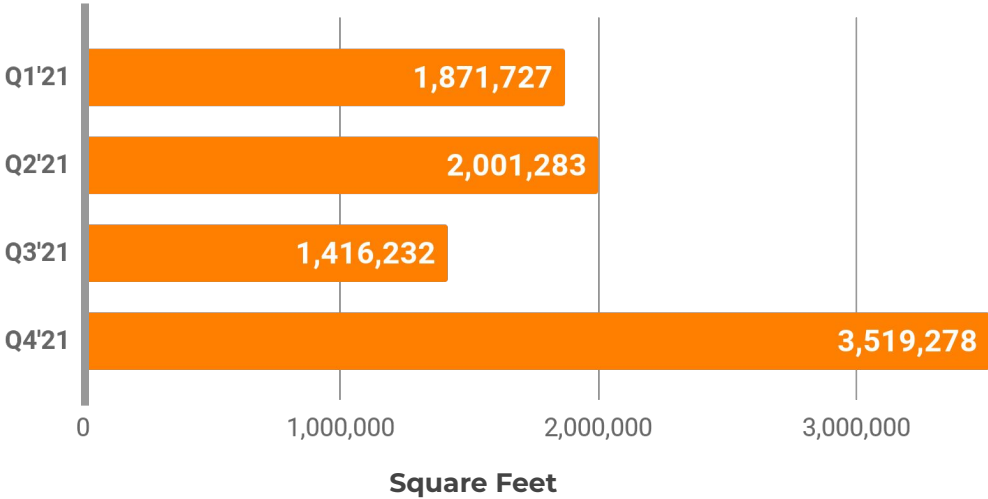
Q4

727 Milan Drive
Sparks
Confidential user
302,680 SF

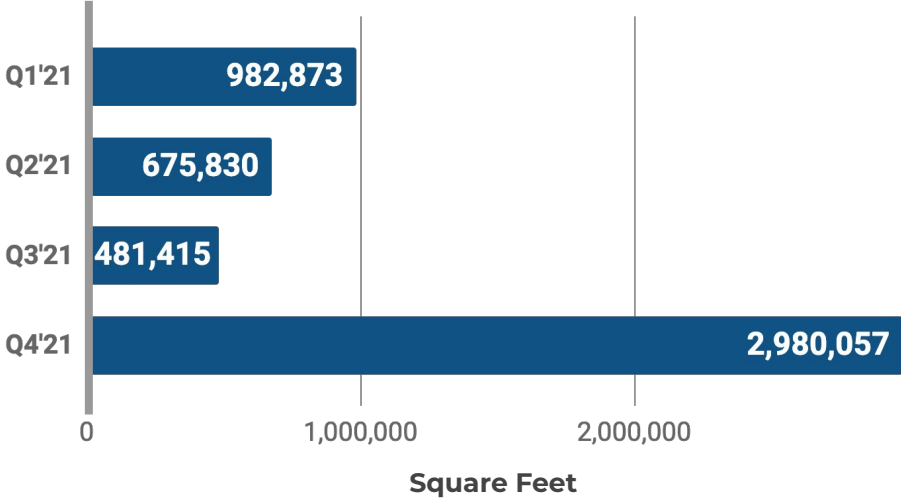
ABSORPTION & VACANCIES

INDUSTRIAL

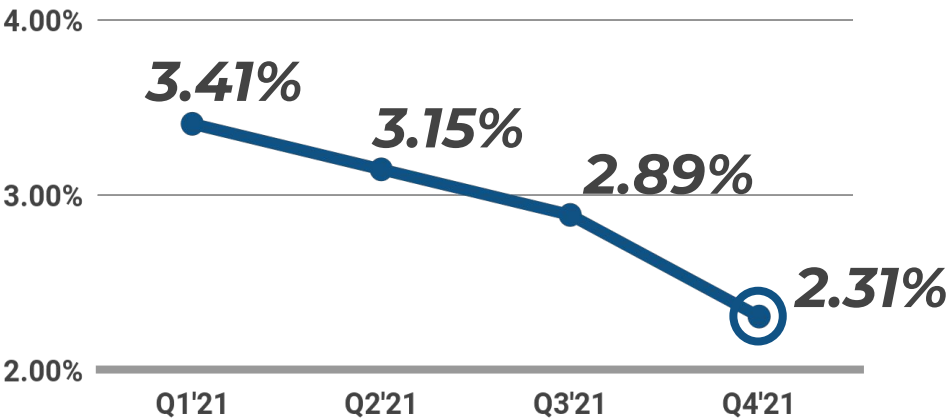
Gross Absorption



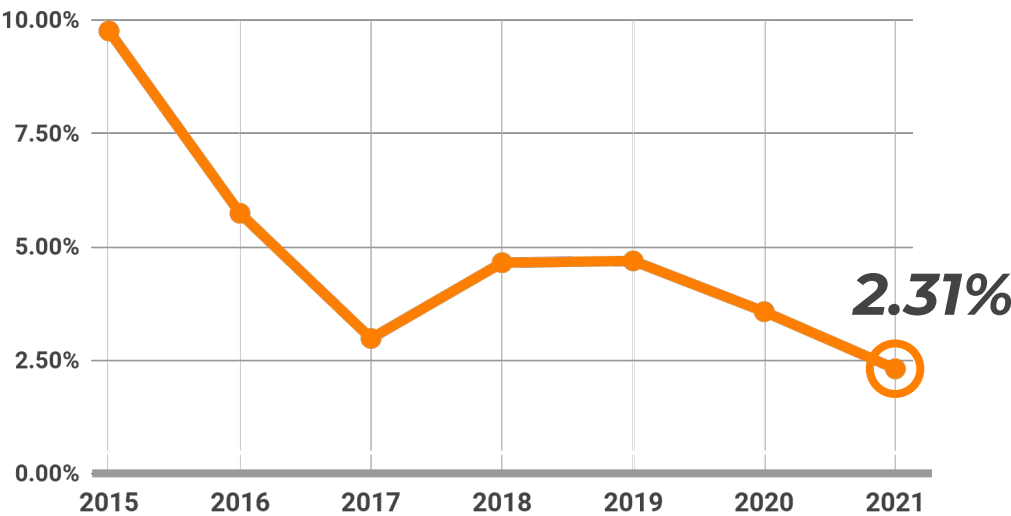
Net Absorption



QUARTERLY
DIRECT VACANCY RATES



YEAR OVER YEAR
DIRECT VACANCY RATES



OFFICE

SALES RECAP

The office sales market saw a strong overall year in Washoe County. There were increases across the board in overall volume, price per square foot, and number of sales. Both volume and the number of sales nearly doubled year over year.

Despite naysayers of the office market, our area's stabilized and well positioned investment sales are still attracting a rush of multiple offers. Owner users looking to acquire real estate are having a hard time finding available properties, so it still feels very much like a seller's market.

Average sales pricing is coming in at \$300 per square foot; new build to suit construction is over \$400 per square foot; with no slow down in sight. Owner-users and office investors have been aggressive in their acquisitions by taking advantage of the lower interest rate environment and continued economic growth and stability. We expect to see a similar story in 2022 with increased Buyer demand and limited inventory across all professional and medical office product.

OF TRANSACTIONS
155



+76.14%

FROM LAST YEAR

TRANSACTION VOLUME
\$233,185,632



+63.06%

FROM LAST YEAR

AVERAGE P/SF
\$297.90



+11.77%

FROM LAST YEAR



LEASING RECAP

The leasing market in Reno/Sparks is back on track following a strong end to 2021. The fourth quarter of 2021 concluded with an impressive 145,558 square feet of positive net absorption. This was the third straight quarter of positive net growth. Panasonic Energy stole the headlines in Q4 with their 95,000 square foot lease at 645 E Plumb Lane in Reno's central submarket. However, demand in the smaller office spaces under 5,000 square feet continue to be the driving force in this rebound. Local and regional companies with more flexibility to maneuver the pandemic were rewarded in 2020 and 2021 by capitalizing on aggressive Landlord concessions. We are starting to see these concessions being rolled back as demand continues and vacancy nears pre-pandemic levels

Our office team at DCG remains cautiously optimistic in our office market for 2022 as we begin to see a pandemic end in sight. However, we will continue to monitor additional storylines such as inflation, supply chain delays, and construction costs, in the new year. Reno and the greater Northern Nevada office market has displayed impressive resiliency in the last two years and we do not expect anything less for 2022.



NEW CONSTRUCTION

New professional and medical office developments are on the horizon to be completed this year. Most notably, the new UHS hospital will be in Reno's South Meadows submarket and projected to be 350,000 square feet of hospital and medical office. Another project expected to be completed this year is the Reno City Center in Downtown Reno. This mixed use development will consist of 105,000 square feet of office with 85,000 square feet of ground floor restaurant and retail.

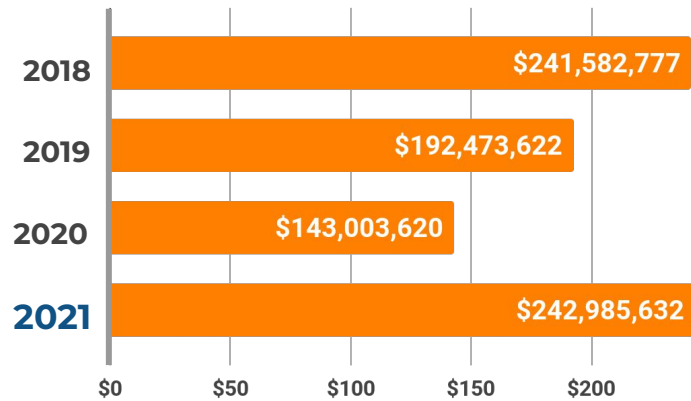
AVERAGE CAP RATE



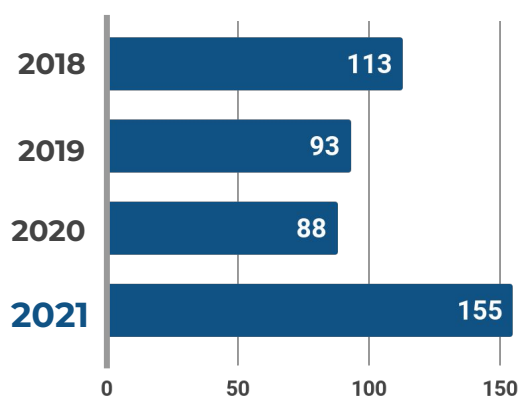
6.08%

OFFICE

TRANSACTION **VOLUME**
YEAR OVER YEAR



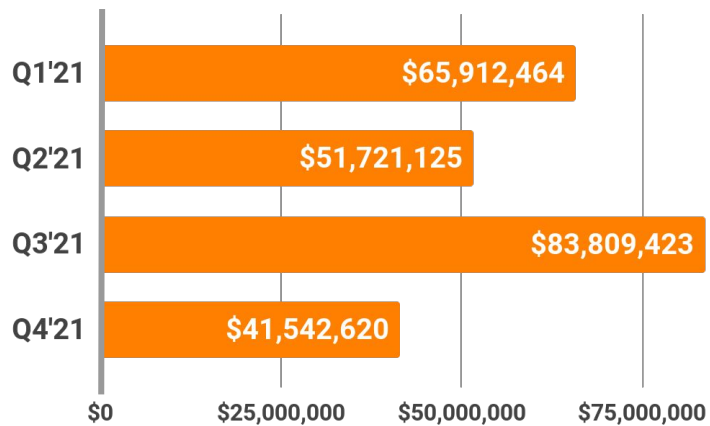
NUMBER OF **SALES**
YEAR OVER YEAR



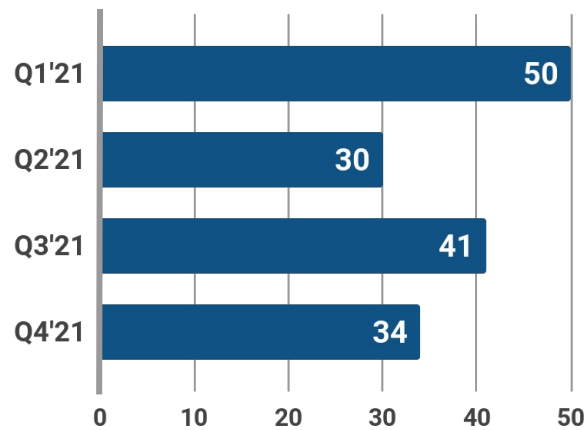
AVERAGE **P/SF**
YEAR OVER YEAR



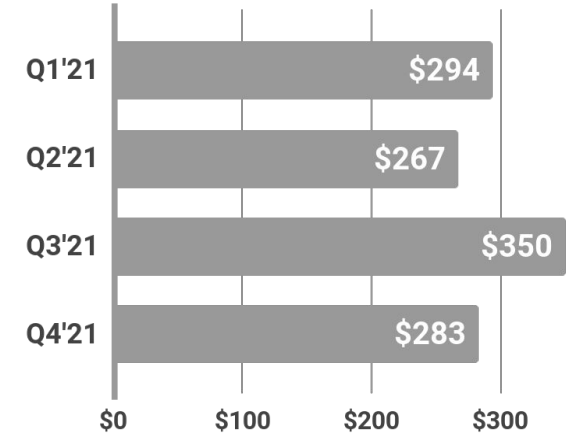
TRANSACTION **VOLUME**



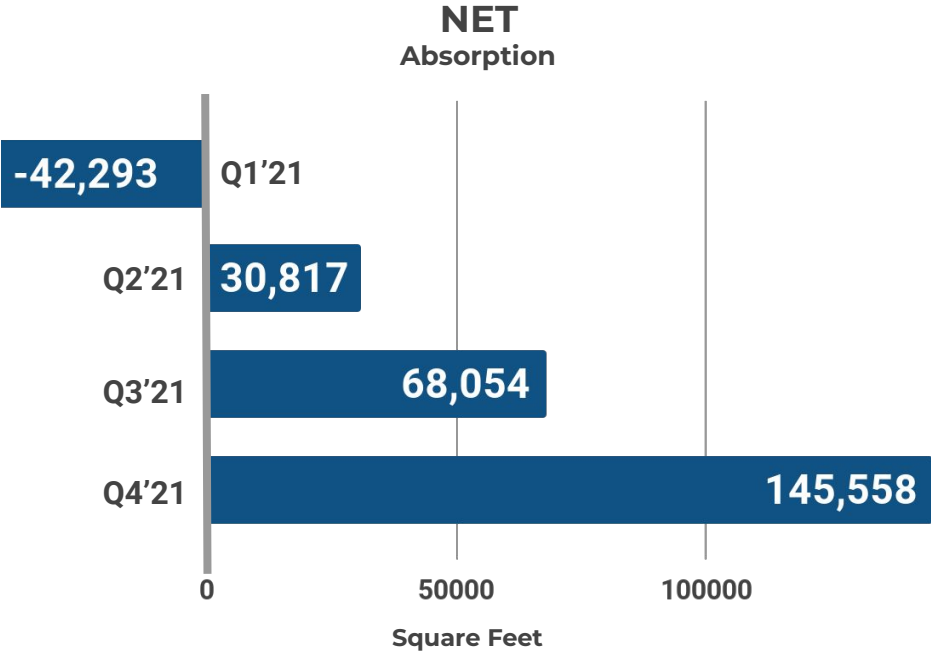
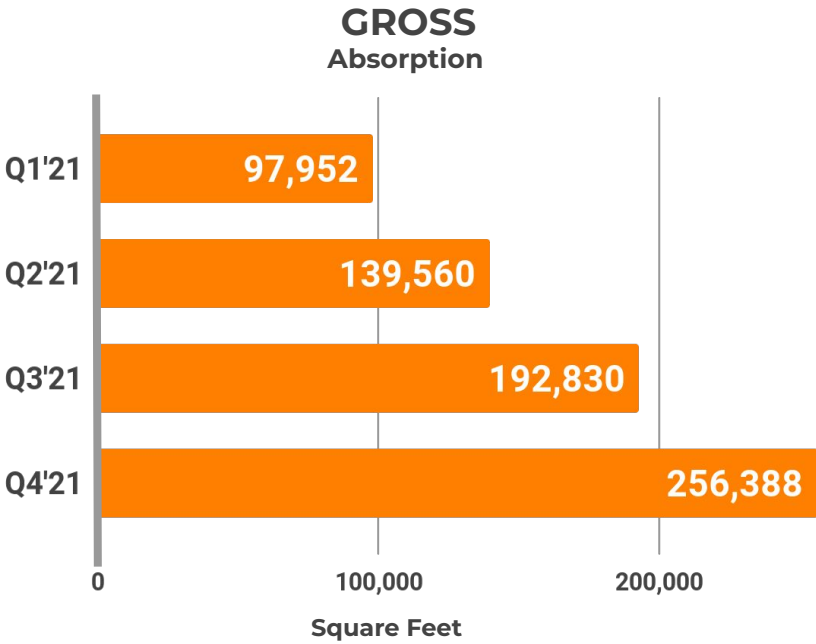
NUMBER OF **SALES**



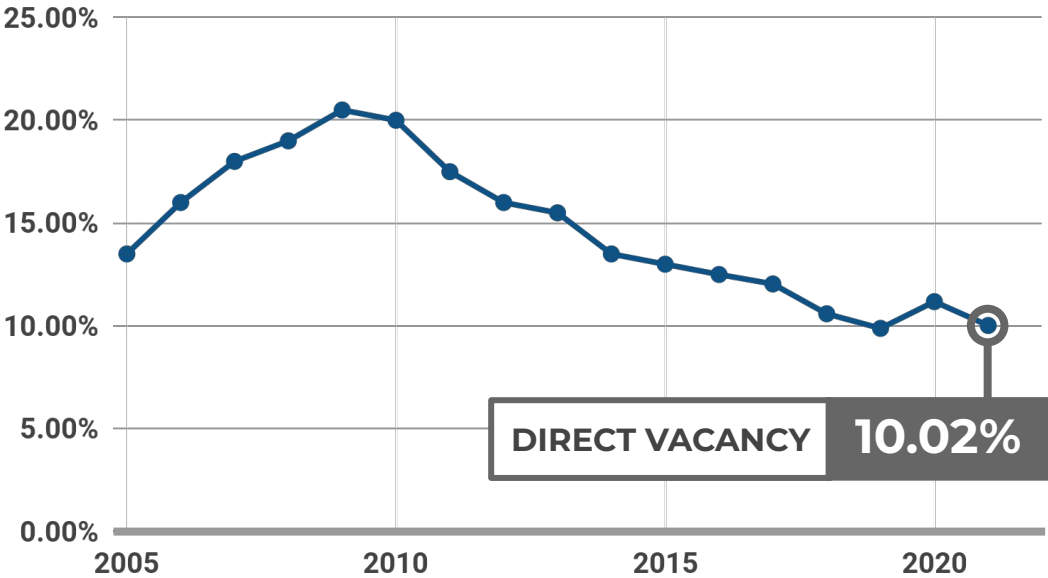
AVERAGE **P/SF**



OFFICE



TOP 200 OFFICE BUILDING HISTORICAL VACANCY DCG



VACANCY RATES	DIRECT	WITH SUBLEASE
Downtown	12.49%	12.49%
South Meadows	5.50%	6.91%
Meadowood	10.24%	11.00%
Central	7.36%	7.36%
Airport	13.04%	13.04%
OVERALL	10.02%	10.51%

ADDRESS & SF	PRICE P/SF	NOTES
5560 Kietzke Lane 21,575 SF	\$11,700,000 \$542.29 p/sf	Urology of NV sold in a hybrid sale leaseback, allowing the physicians to retain ownership in the real estate on a tax deferred basis. No cap rate reported.
950 Sandhill Road 43,800 SF	\$8,000,000 \$182.65 p/sf	Cap rate at time of sale of was 7.63%
5443 Kietzke Lane #100 8,452 SF	\$6,725,000 \$795.67	Surgical Center 100% occupied by Comprehensive Integrated Care on a 15 year NNN lease. Investment sale with a 6.16% cap rate.
7800 Rancarrah Parkway 11,593 SF	\$6,400,000 \$535.43 p/sf	100% occupied by Fennemore Law. A regional law firm. New Rancharra Development. Investment sale with a 5.75% cap rate.
3663 Barron Way 34,000 SF	\$6,290,000 \$185.00 p/sf	Truckee Meadows Fire purchased the 34,000 square foot building.
245 E Liberty Street 48,034 SF	\$6,400,000 \$133.24 p/sf	Investment sale. Office in Midtown/Downtown.
1000 Sandhill Road 52,100 SF	\$6,600,000 \$126.68 p/sf	Stem Express, a life science company, will occupy the property. Owner user sale.

RETAIL



INVESTMENT ACTIVITY

Similar to other asset classes, retail had increased investment demand in 2021 as compared to the prior year. We had been seeing a small downward trend in overall sales volume for the past 3 years, and 2021 was on a similar path until a robust 4th quarter that recognized \$188,000,921 in total volume spread between multiple grocery anchored and neighborhood centers. We saw our overall sales volume more than double from 2020 and the number of overall sales was up more than 35%. The market has limited inventory and single tenant net leased deals priced under \$5,000,000 are still seeing strong buyer interest. The buyer demand for well-priced centers with credit tenants remains as high as we have seen in recent memory. With our limited inventory, stabilized grocery-anchored and neighborhood centers are still seeing strong buyer interest and relatively low cap rates as compared to national averages.

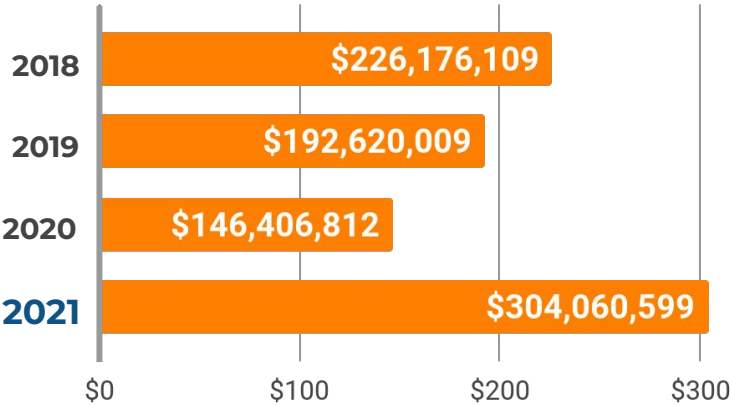


LEASING RECAP

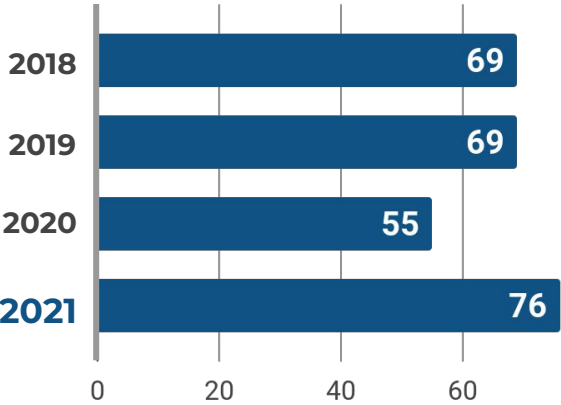
On the leasing front, retail remained relatively stable. The vacancy rate dropped about 1% to 5% overall, and there are a number of new projects including the RED Development, Keystone Commons, and Reno Public Market that are bringing in new space including grocery, food and beverage, and food hall concepts to Reno's Core. The cost of construction for ground up construction and for tenant improvements continue to push lease rates higher.

Overall Vacancy Rate:		4.9%
Neighborhood Center Vacancy:		8.3%
Power Center Vacancy:		3.7%
Strip Center:		3.9%
General Retail Vacancy: Free Standing		2.6%

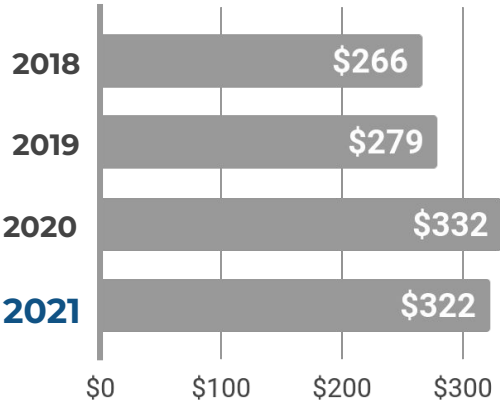
TRANSACTION VOLUME YEAR OVER YEAR



NUMBER OF SALES YEAR OVER YEAR



AVERAGE P/SF YEAR OVER YEAR





NOTABLE SALES 2021

RETAIL

SHOPPING CENTER

ADDRESS & SF	PRICE P/SF	NOTES
5090 Smithridge Drive (48,346 SF)	\$10,100,000 (\$237 P/SF)	The center is comprised of four buildings and was 97% occupied at time of sale. The cap rate was reported at 7.7%.
 537-597 S Meadows Parkway (80,000 SF)	\$34,000,000 (\$425 P/SF)	South Meadows Promenade, 5% cap rate. 1031 buyer from california, Sprouts anchored, Starbucks, Blaze pizza, Jersey Mike's, Chase bank
720 S Meadows Parkway (57,492 SF)	\$20,050,000 (\$349 P/SF)	4 property investment sale in south reno submarket

OF TRANSACTIONS

76



+38.18%

FROM LAST YEAR

TRANSACTION VOLUME

\$304,060,599



+103.88%

FROM LAST YEAR

AVERAGE P/SF

\$320.40



-2.32%

FROM LAST YEAR



NOTABLE SALES 2021

RETAIL

NEIGHBORHOOD CENTER

ADDRESS & SF	PRICE P/SF	NOTES
5150 Mae Anne Avenue (94,385 SF)	\$9,525,000 (101 P/SF)	Features a full Corporate Guaranty lease by Kohl's, with 11 years of operating history with six 5 year extension options and 7.5% rental escalations every five years. The net operating income was reported to be \$694,763, yielding an actual cap rate of 7.29%.
300 S Wells Avenue (39,816 SF)	\$10,057,500 (\$253 P/SF)	6.06% cap rate. This multi-tenant retail space has 39,816 square feet available with easy access to I-580 and I-80 and 50 parking spaces.
5365 Mae Anne Avenue (31,040 SF)	\$9,900,000 (\$319 P/SF)	31,040 square foot retail storefront building with a 6.50% cap rate.

STNL

ADDRESS & SF	PRICE P/SF	NOTES
8650 Boomtown Garson Road (127,616 SF)	\$38,957,622 (\$305 P/SF)	Cabela's Verdi - Purchased by CAI Investments out of Las Vegas with a 6.10% cap rate at time of sale.
9732 S Virginia Street (21,713 SF)	\$8,950,000 (\$412 P/SF)	100% occupied by Tesla, reported cap rate at 5.83%
5000 Smithridge Drive (43,131 SF)	\$9,400,000 (\$218 P/SF)	Goodwill sold with cap rate of 5.95%
12645 S Virginia Street (14,476 SF)	\$6,800,000 (\$470 P/SF)	Single tenant Investment sale with a 5.22% cap rate.
970 Harvard Way (19,633 SF)	\$7,150,000 (\$364 P/SF)	Mesa Rim Climbing sold with a 6.3% cap rate.

MULTIFAMILY

SALES RECAP

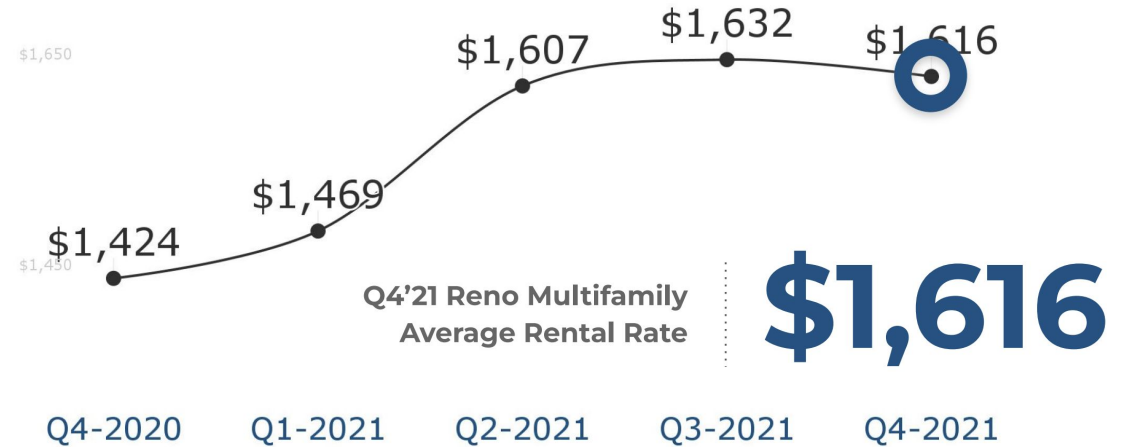
In 2021, we saw a huge increase in both deal volume and a slight increase in the number of transactions. The number of transactions was up 19% and deal volume was up 91% in 2021. Additionally, price per unit was up over 19.13% year over year, showing continued strength in underwriting and rent growth.

Cap rates continued to see compression in the marketplace with many regional and national buyers moving capital into the market from larger markets.

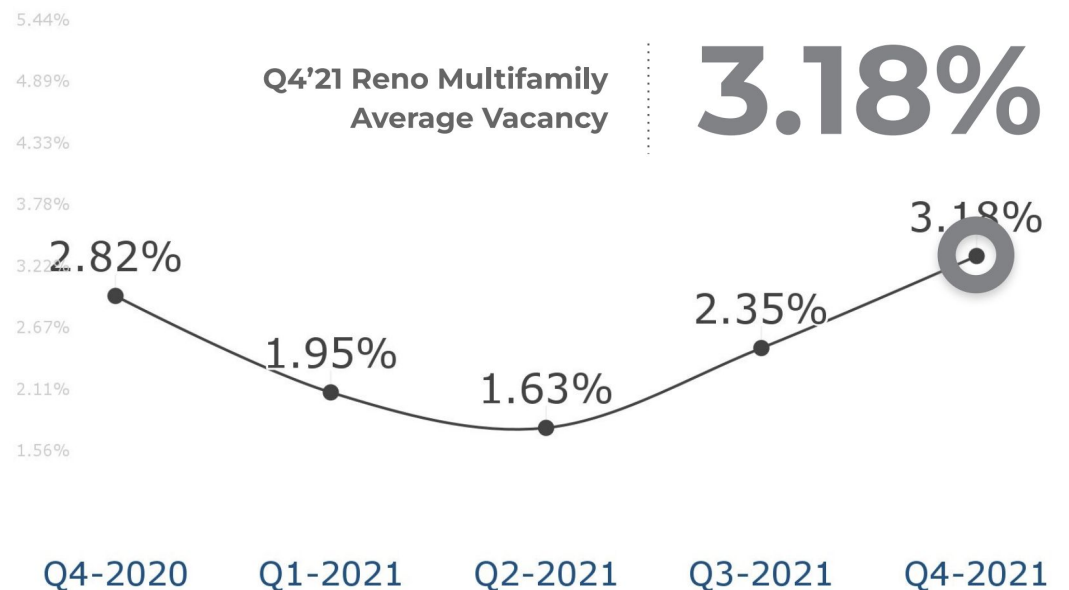
RENT & VACANCY

Average rental rates dipped \$16 per month to \$1,616 following the usual Q4 cycle. Overall vacancy increased to 3.18% from last quarter's vacancy rate of 2.35%. New renters continue to enter the market and job growth has also been at a robust rate with employment for the Reno/Sparks MSA nearing pre-pandemic levels.

AVERAGE APARTMENT RENTAL RATE TRENDS

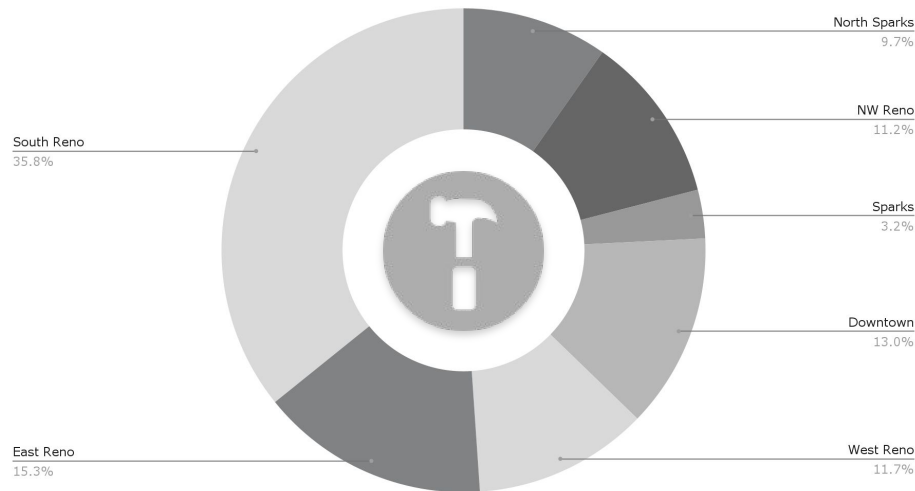


VACANCY RATES



*DATA PROVIDED BY JOHNSON PERKINS GRIFFIN APARTMENT SURVEY

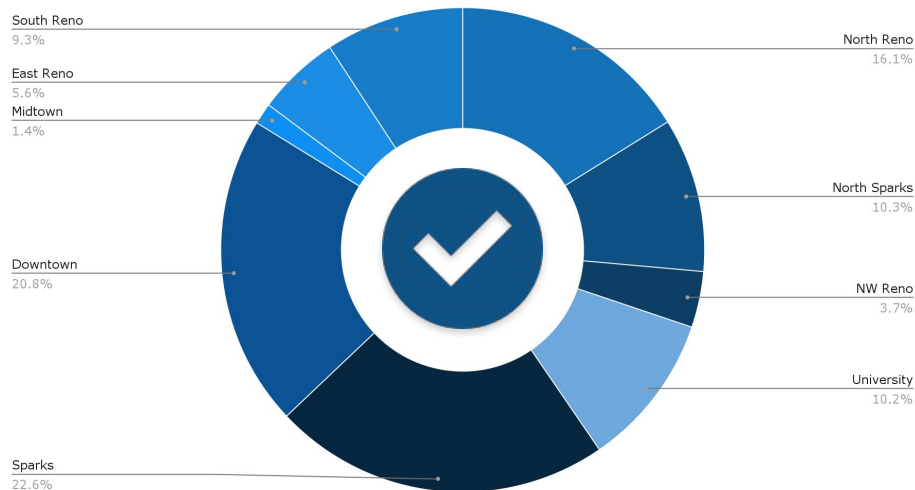
UNDER CONSTRUCTION



Total Multifamily Units
Under Construction

4,068

PLANNED CONSTRUCTION



Total Multifamily Units In
Planning

6,461

MULTIFAMILY



NEW CONSTRUCTION

Total units planned or under construction increased from 9,720 units last quarter to 10,529 units in quarter four of 2021. Developable land prices and cost of construction continue to be the most influential factors hindering new multifamily supply. On the demand side, job growth continues to increase as corporations expand or desire to move to the area. Nevada inbound moves have been some of the highest in the nation and affordability issues in Single Family housing push demand higher for multifamily inventory.

OF TRANSACTIONS

69



+18.97%

FROM LAST YEAR

TRANSACTION
VOLUME

\$855,034,849



+90.98%

FROM LAST YEAR

AVERAGE P/UNIT

\$176,091



+19.13%

FROM LAST YEAR

**DATA PROVIDED BY JOHNSON PERKINS GRIFFIN APARTMENT SURVEY*

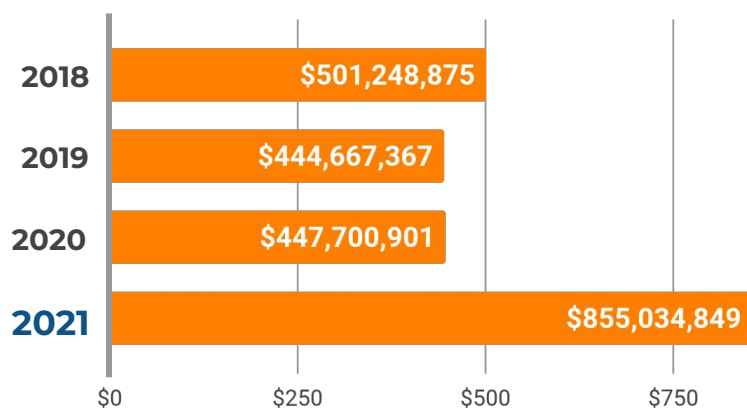


NOTABLE SALES 2021

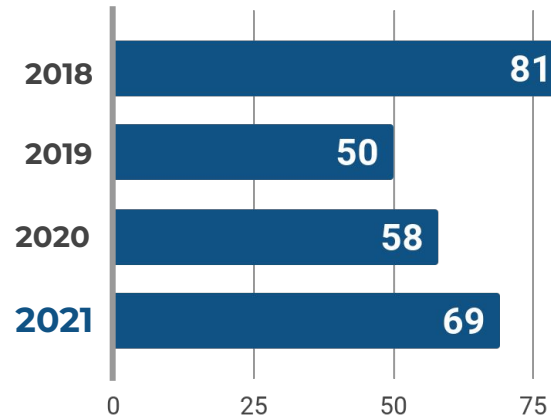
MULTIFAMILY

ADDRESS	SALE PRICE	UNITS	\$/UNIT	SUBMARKET	YEAR BUILT	NOTES
Lumina at Spanish Springs 6600 Rolling Meadows Drive	\$100,000,000	331	\$302,115	Spanish Springs	2019	Northland Investment Corporation has acquired Lumina at Spanish Springs from Sunroad Holding Corp.
The YUnion 2780 Enterprise Road	\$89,000,000	703	\$126,600 P/Bed	North East Reno	2016	The complex at 2780 Enterprise Road features rooms with up to 4 bedrooms and per bedroom rates with community amenities
Parq Crossing Apartments 2280 Oddie Boulevard	\$82,000,000	288	\$284,722	Sparks	2020	MG Properties Group bought the 288-unit Parq Crossing apartment complex from Guardian Capital.
The Highlands 2800 Enterprise Road	\$67,830,000	216	\$314,027	North East Reno	2004	The Highlands Student Housing. East of UNR
RedField Ridge 4959 Talbot Lane.	\$64,250,000	300	\$214,166	South Reno	1986	300 unit garden-style MF complex. Buyer was Fenway Capital Advisors and will be renovating the majority of the units.

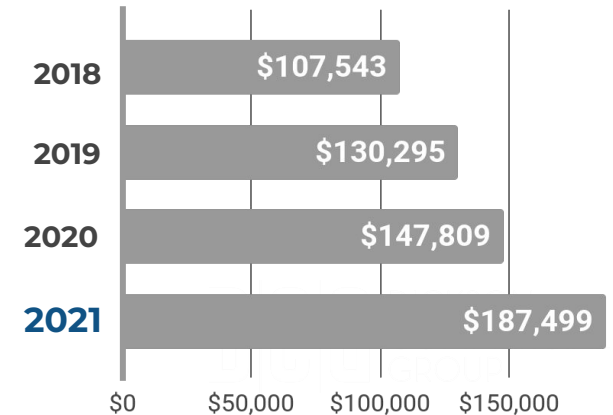
TRANSACTION **VOLUME**
YEAR OVER YEAR



NUMBER OF **SALES**
YEAR OVER YEAR



AVERAGE **P/UNIT**
YEAR OVER YEAR



LAND

Land sales continued to have another strong year in 2021, this past year not slowing at all for large-scale acquisitions. Despite the labor shortage and increases in construction costs, we continue to see developers and their capital believe in the future growth of the region. Similar to prior years, residential land and industrial led the way, as those speculative markets are the strongest.

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 in certain submarkets like Sparks and South Meadows, we are seeing double digit land sales become commonplace.

ADDRESS	SUBMARKET	SALES PRICE	ACREAGE	PRICE/SF	NOTES
14575 U.S. Highway 395 S.	South Meadows	\$32,600,000	19.62	\$8.44	Panattoni purchase of Stations Casino land just south of Summit Mall.
 0 Old Virginia Road	South Meadows	\$11,294,509	24.83	\$10.45	DCG represented buyer, McKenzie Properties. Plans for 3 industrial buildings totalling 380,000 SF
0 Old Virginia Road	South Meadows	\$10,620,640	19.52	\$12.50	Prologis purchased 19.51 acres of land along I-580 and S. Virginia Street.
 0 S. Verdi Road	Verdi	\$8,066,100	26.90	\$6.88	Dermody Properties closed on the 26.9-acre property in September 2021 with DCG as the procuring brokerage of the land acquisition.
11998 Interstate 80 E.	Sparks	\$7,400,000	35.82	\$4.74	Industrial Realty Group's acquisition of industrial land and yard space just east of Reno.
10 Isidor Court	Spanish Springs	\$5,850,804	44.86	\$2.99	Hawco development sold 44.86 acres in Spanish Springs business center to Scannell Properties. Sight was mass graded, all utilities at street. Water rights were included at .5 acres feet per acre
0 Mill Street	Airport	\$3,740,000	5.62	\$15.28	Avanzino Family Ranch sold to the SAIA Freight Company

LAND

COMMERCIAL LAND


Overall, 2021 was a slower year for office and retail transactions with those markets seeing more of a halt in ground up projects amidst the pandemic.

ADDRESS	SUBMARKET	SALES PRICE	ACREAGE	PRICE/SF	NOTES
13799 Old Virginia Road	South Meadows	\$35,283,600	56.202	\$14.41	Nevada Pacific Development Corp's acquisition of 56.202 acres in Damonte Ranch.
0 David Allen Parkway	Sparks	\$15,900,00	25.97	\$14.06	Purchased by Lewis Group - Plans not yet finalized
0 S. Virginia Street	South Meadows	\$14,735,926	15.92	\$21.25	Purchased by Corwin Ford for new dealership.
14500 S. Virginia Street	South Meadows	\$1,912,000	5.85	\$7.50	The land was purchased by Mardian Development, a commercial and residential developer.
0 Robb Drive	West Reno	\$1,800,000	2.17	\$19.04	Development parcel at the intersection of Robb Dr. and Sharlands Ave. The buyer plans on developing a storage facility.
 0 Bonde Lane	South Reno	\$1,300,000	2.35	\$12.70	This was reported to be the last available parcel in the Mountain View Corporate Center. The property is located right off Kietzke Ln. and close to I-580 and S. Virginia St.

MULTIFAMILY & SENIOR LIVING


LAND

Total units planned or under construction ended the year at 10,529 total units. Despite higher land prices and construction costs, our market continues to see demand for new multifamily units. Nevada inbound moves have been some of the highest in the nation and affordability issues in single-family housing push demand higher for multifamily inventory.

ADDRESS	SUBMARKET	SALES PRICE	ACREAGE	PRICE/SF	NOTES
 0 Museum Drive	Downtown	\$14,000,000	5.35	\$60.07	DCG represented the Seller in the disposition of approximately 5 acres on the Truckee River on Wild Waves Way. The parcel was located adjacent to the National Automobile Museum and is planned for a 375-unit apartment building.
0 Sparks Boulevard	Sparks	\$12,261,051	20.85	\$13.50	Stonehill Asset Management out of Las Vegas purchased the land consisting of 20.85 acres of commercial land in Sparks.
201 Evans Avenue	Downtown	\$12,000,000	2.89	\$95.00	Purchased by Pacific Development for a 372 unit high rise project
6026 Vista Boulevard	Sparks	\$9,300,000	14.88	\$14.35	A company based in Atlanta GA purchased a portion of the Golden Triangle for multifamily
0 Fababella Way	South Meadows	\$9,000,000	6.12	\$34.00	Buyer was a Newport Beach based developer.
11201 S. Virginia Street	South Meadows	\$8,800,000	10.63	\$19.00	Land was purchased by Oakmont Properties - an Apartment Developer

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, availability and lot supply will continue to be an issue in 2022.

AREA	SUBMARKET	SALES PRICE	ACREAGE	PRICE/SF	NOTES
2600 Quilici Ranch Road	Verdi	\$57,915,000	1,208.93	\$1.10	Toll Brothers Purchase of Mortonson Ranch 632 Approved Lots / \$91.6K / Lots
0 Lemmon Drive	Lemmon Valley	\$24,000,000	793.75	\$0.69	Purchased by Lansing Companies
13900 Red Rock Road	North Valleys	\$14,000,000	1,281	\$.25	North of Cold Springs in North Valleys, Lifestyle Homes bought out partner Bob Elias from Evans Ranch (1,281 acres) for \$14,000,000.
0 Kiley Parkway	Sparks	\$11,223,165	30.05	\$8.57	Angelo Gordon Corp. Purchased from Lennar. Single Family
 5130 Hunters Peak Road	SouthWest Reno	\$9,425,000	177.45	\$1.22	DCG represented seller. 5040 Hunter's Peak Rd sold for \$53,113.60 per acre. The property consists of a tentative map for an additional 154 acres and 53 homes

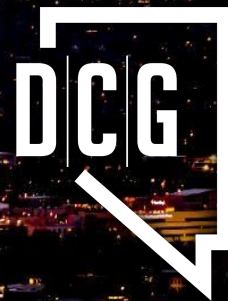
Market segments served

- Industrial
- Flex
- Office
- Medical Office
- Retail
- Multifamily
- Land
- Investment Services
- Property Management

Services Provided

- Listing for Sale or Lease
- Tenant and Buyer Representation
- Market Analysis
- Feasibility Studies
- Site Studies
- Relocation Coordination
- Development Process Consultation
- Financing Consultation

Institutional Experience.
Local Expertise.



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