

2024

NORTHERN NEVADA

Q1 INDUSTRIAL REPORT



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Where Do We Stand?

Vacancy

Three vacant new spec buildings and a large new vacancy in TRI contributed 1.36M sq. ft. of availability in the first quarter lifting the direct vacancy rate to over 7%. As new construction deliveries decelerate in 2024, vacancy will expect to stabilize.

Absorption

Despite a decrease in transaction volume, several sizable new leases were completed in TRI accounting for 67% of the gross absorption throughout the quarter. However, new vacancy outpaced demand leading to negative net absorption to start the year.

Lease Rates & Sale Prices

Bulk rates remain stable in the central submarkets, while rate concessions for mid-bay and flex space are prevalent as landlord's compete with increasing inventory. Sale volume remains limited due to economic uncertainty and challenging interest rates.

New Lease Transactions



AVERAGE BULK INDUSTRIAL ASKING LEASE RATE
\$0.87 SF/MO NNN

Gross Absorption
2,259,425 SF ▼

Newly Available
2,528,878 SF ▲

Net Absorption
-269,453 SF ▼

Direct
Vacancy Rate
7.13% ▼



New Construction

- The active construction pipeline is expected to remain below 2 million sq. ft. through 2024 with 1.1 million sq. ft. of spec deliveries and an equal amount of ground breakings slated for the remainder of the year.

Under Construction

VS

Build-to-Suit: 0 SF
Spec: 1,606,937 SF

Completed

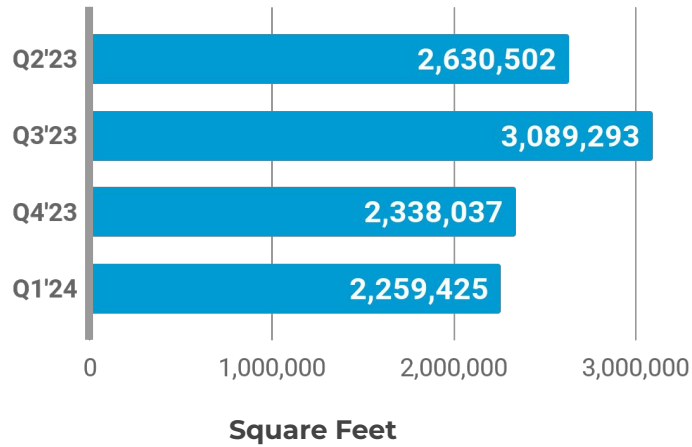
Submarket	Delivery	Project	Developer	SF	Type
Central-West Reno	Q1 2024	LogistiCenter at I-80 West Phase II - Bldg 2	Dermody Properties	258,500	Spec
South Reno	Q3 2024	9735 Double R Blvd	McKenzie Properties	72,380	Spec
I-80 East	Q2 2024	500 Denmark Dr	Pure Development	322,400	Spec
				653,280	

Under Construction

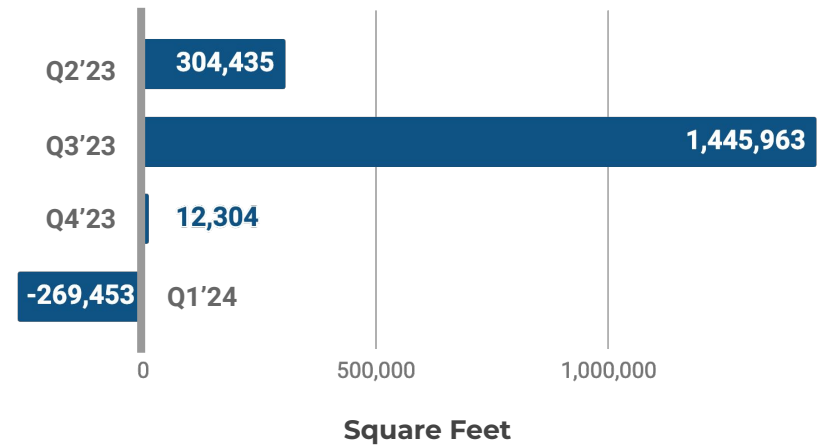
Submarket	Delivery	Project	Developer	SF	Type
South Reno	Q3 2024	Gateway Dr - Bldg A	McKenzie Properties	55,620	Spec
South Reno	Q3 2024	Gateway Dr - Bldg B	McKenzie Properties	40,320	Spec
South Reno	TBD	580 South Bldgs 1-4	Panattoni	840,560	Spec/BTS
North Valleys	Q1 2025	Reno AirLogistics Park - Bldg 2	Dermody Properties	468,697	Spec
North Valleys	Q2 2024	875 Panther Dr	Sierra Development	58,300	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
I-80 East	TBD - On Hold	Tahoe-Reno 5	Prologis	709,640	Spec/BTS
I-80 East	TBD - On Hold	Tahoe-Reno 6	Prologis	327,180	Spec/BTS
I-80 East	Q4 2024	1575 Venice Dr - Bldg A	Buzz Oates	64,480	Spec
I-80 East	Q4 2024	1400 Electric Ave	Buzz Oates	202,800	Spec
I-80 East	TBD - On Hold	Nevada Commerce Center - Bldg B	Buzz Oates	641,920	Spec/BTS
I-80 East	TBD - On Hold	Nevada Commerce Center - Bldg C	Buzz Oates	96,720	Spec/BTS
I-80 East	TBD - On Hold	Nevada Commerce Center - Bldg D	Buzz Oates	105,040	Spec/BTS

Absorption & Submarket Vacancies

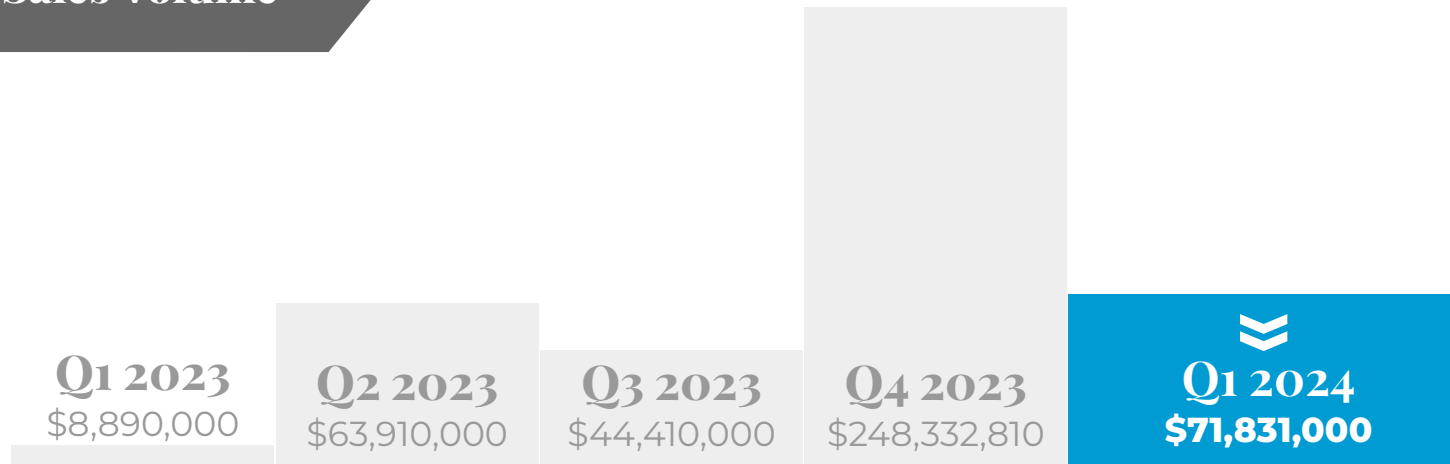
Gross Absorption



Net Absorption



VACANCY					
Submarket	Total SF	Direct Available SF	Vacancy Rate	Completed Construction SF	Under Construction SF
NORTH VALLEYS	28,962,521	1,495,556	5.16%	-	526,997
SPARKS	27,894,650	1,666,362	5.97%	-	-
AIRPORT	11,193,502	1,144,325	10.22%	-	-
SOUTH RENO	10,809,349	624,380	5.78%	72,380	95,940
CENTRAL-WEST RENO	2,519,572	449,988	17.86%	258,500	-
I-80 EAST CORRIDOR	28,054,857	2,424,923	8.64%	322,400	984,000
TOTAL	109,434,451	7,805,534	7.13%	653,280	1,606,937

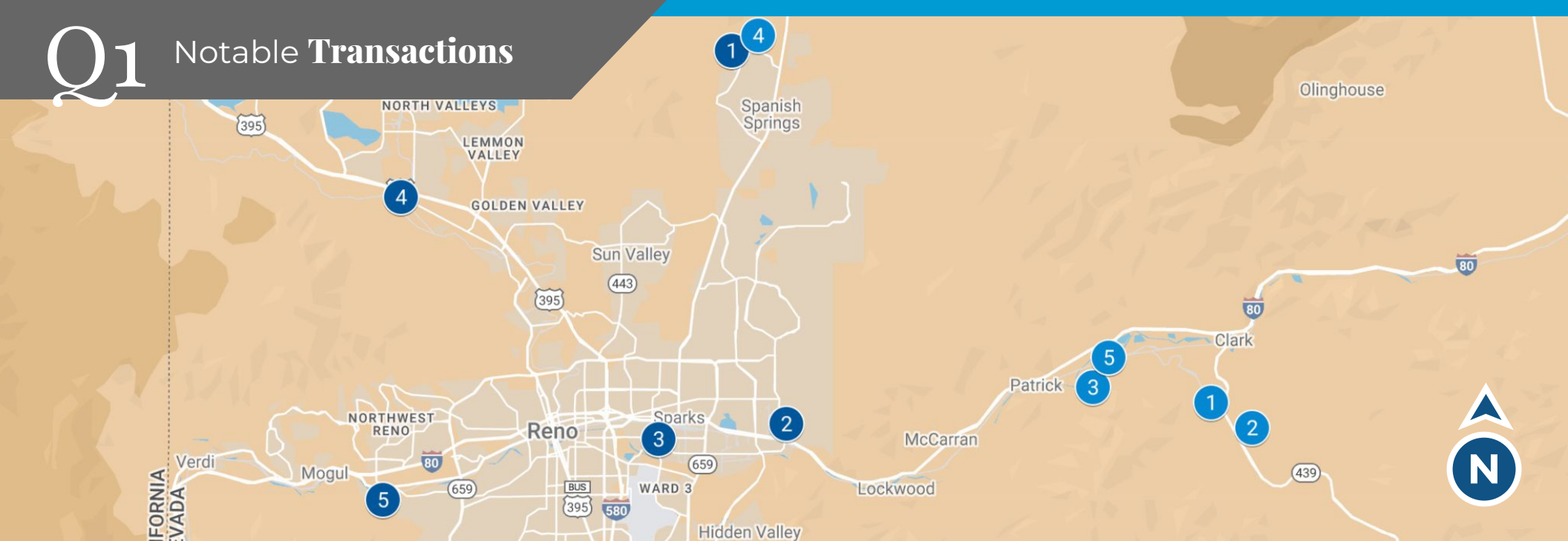


Sales Recap

Sales volume got off to a slow start in the beginning of 2024, a trend not uncommon during election years when buyers tend to wait on the sidelines until the forecast becomes clearer. This overall uncertainty is likely expected to keep sales activity stagnant until later in the year. Despite lackluster results for the quarter, the Sparks industrial submarket showcased the three largest transactions. The largest sale was located in the Spanish Springs Business Center at 10 Isidor Ct., involving the acquisition of a 464,360 sq. ft. building by Kin Properties from Scannell Properties. The Footlocker build-to-suit sold for \$43,111,000 (\$92.84 psf) at a 5.63% cap rate. Also in the Sparks submarket there was an owner-user purchase at 350 Salomon Cir., where global pump manufacturer Ebara sold a three building property totaling 73,084 sq. ft. for \$10,250,000 (\$140.25 psf) to Paris Lash Company. The third largest transaction was conducted by Florida based Outour Storage Investments who purchased 1565 Glendale Ave to add to their substantial portfolio. The property is comprised of three buildings totaling 38,600 sq. ft. and was sold for \$5,850,000 (\$151.55 psf).



Q1 Notable Transactions



Leases

1

2

3

4

5

1600 Peru Dr

410,750 SF

LL: Pure

T: Confidential

2625 USA Parkway

272,760 SF

LL: Conco

T: Valeo North America

725 Waltham Way

255,000 SF

LL: Link

T: Radio Systems

38 Isidor Court, Suite 130

102,000 SF

LL: Avenue 55

T: Greenworks

675 Waltham Way

84,240 SF

LL: Brasa Cap

T: Premiere Products

Sales

1

2

3

4

5

10 Isidor Ct

464,360 SF

\$43,111,000

BUYER: Kin Properties

SELLER: Scannell Properties

350 Salomon Cir

73,084 SF

\$10,250,000

BUYER: Paris Lash Company

SELLER: Elliott Company

1565 Glendale Ave

38,600 SF

\$5,850,000

BUYER: Outour Storage Investments

SELLER: Automotive Ind Machine SVC Inc.

9959 N Virginia St

8,000 SF

\$5,000,000

BUYER: Outour Storage Investments

SELLER: Private

7930 Sugar Pine Ct

23,224 SF

\$4,800,000

BUYER: Private

SELLER: Private

01	VACANCY Significant vacancy spike over the last 15 mo's primarily driven by a historical influx of new speculative development deliveries	<ul style="list-style-type: none"> Vacancy in the I-80 East Corridor represents 31% of the total existing availability in the market, split between TRI at 17% (1.3M sf.) and Fernley at 14% (1.1M sf.) Increasing turnover of mid-bay space over the last two quarters spiked vacancy in the Airport and Sparks submarkets. Softening rates are expected to improve absorption in these two core submarkets which experienced extraordinary rent growth over the last two years.
02	LEASING ACTIVITY Several notable leases completed in Q1, though new tenant demand decreased	<ul style="list-style-type: none"> Tour and lease proposal activity was down likely attributed to election year uncertainty and supply chain constraints. Demand for flex and smaller mid-bay space under 30K sf. remains persistent accounting for 63% of Q1 transactions, with a running average of 69% of total transaction activity since Q1 2023.
03	SALE ACTIVITY Sale volume remains low due to challenging conditions in the capital markets.	<ul style="list-style-type: none"> Many non-institutional investors continue to sit on the sidelines due to capital constraints and lack of motivated sellers. Minimal appetite for properties with vacancy risk by debt and equity providers presents limited funding sources for investors.
04	SUBLEASE ACTIVITY Sublease inventory increased, with a consecutive quarter of negative sublease net absorption.	<ul style="list-style-type: none"> Q1 posted 557,960 sq. ft. of new sublease vacancy for a total of 1,380,377 sf. available. 88,311 sf. was absorbed, marking five consecutive quarters of negative net absorption for sublease space. Multiple 50K-150K sf. options available in North Valleys and the central submarkets for tenants in need of affordable short term space.
05	NEW DEVELOPMENT Spec construction continues to slow as developers await existing spec inventory to be absorbed.	<ul style="list-style-type: none"> Several developers have performed mass grading to expedite construction with the intent to hunt for build-to-suit opportunities until demand catches up with supply.
06	LAND Acquisitions and rezoning continue to create opportunities for industrial development.	<ul style="list-style-type: none"> Land acquisition searches continue as developers look to opportunistically control the long-term development pipeline. Land owners adapt to industrial demand through rezoning initiatives, providing potential opportunities in the land-constrained central submarkets.

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 - ±108,000 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](#)



North Valleys Industrial Center
9630 N VIRGINIA ST
Build-to-Suit
±143,640 SF Available



Industrial Sublease
1450 E GREG ST
±52,752 - ±136,027 SF Available



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