

**Q3** NORTHERN  
2021 NEVADA

## OFFICE REPORT

SALES |  
LEASING |



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## CAUTIOUS OPTIMISM

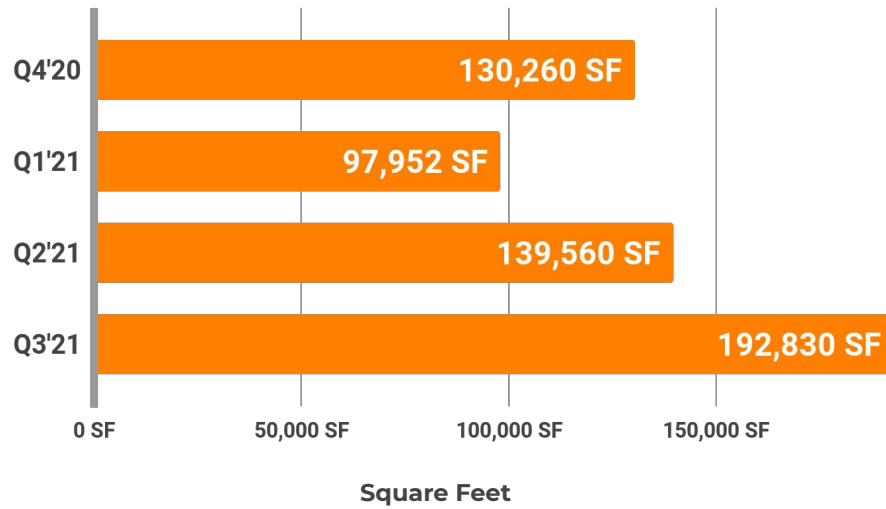
**The office market is showing steady positive results in the third quarter of 2021 with 68,054 square feet of positive net absorption.**

The office market is showing steady positive results in the third quarter of 2021 with 68,054 square feet of positive net absorption. Employees are returning to work, relocations from out of state continue, and companies are locating to more efficient and redesigned spaces. As reported last quarter, the ever-changing COVID message is still a factor and we still haven't seen the end of what the future will bring, but the uptick in absorption is favorable for the overall market. Unemployment for the region fell to 4.2 percent as the pre-pandemic job losses continue to recover, but attracting employment coming out of the pandemic is still challenging.

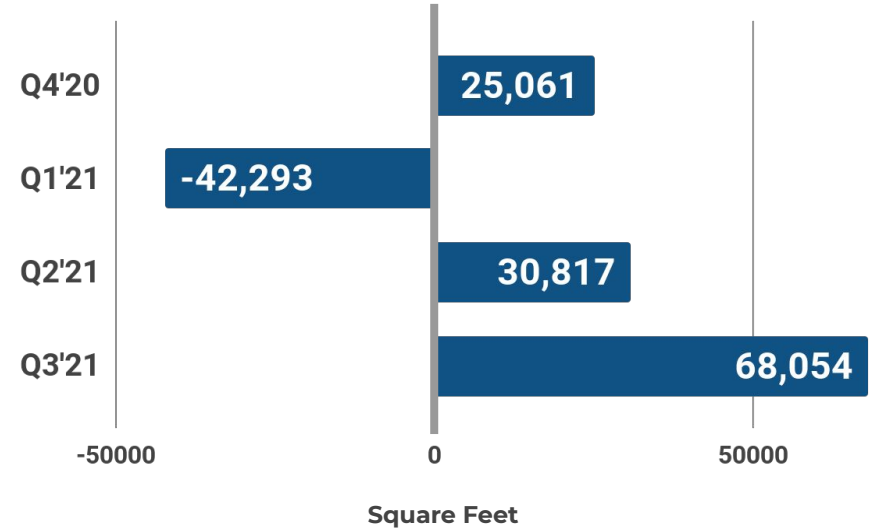
On the cautionary side, we will more than likely see larger spaces coming back to the market as companies term out of their leases and decide to downsize as they figure out the hybrid system of work from home or come back to the office, always weighing the importance of company culture, employee health, and personal collaboration within an office environment.

Sales volume for the quarter has declined, but this is mainly due to the lack of available product. The velocity of interest in Northern Nevada is at an all-time high, which has resulted in compressed cap rates and pricing that is hard to ignore if you're on the sale side. With continued low cost of capital, the uncertainty of what will come out of potential tax restructuring, and the desire for companies to locate into more favorable business-friendly states, we don't expect the interest in our area to die down anytime soon. Challenging that interest is the increased cost of housing in our area and the lack of supply, but it's not hard to observe that product, especially apartments, are being developed at a hyper pace.

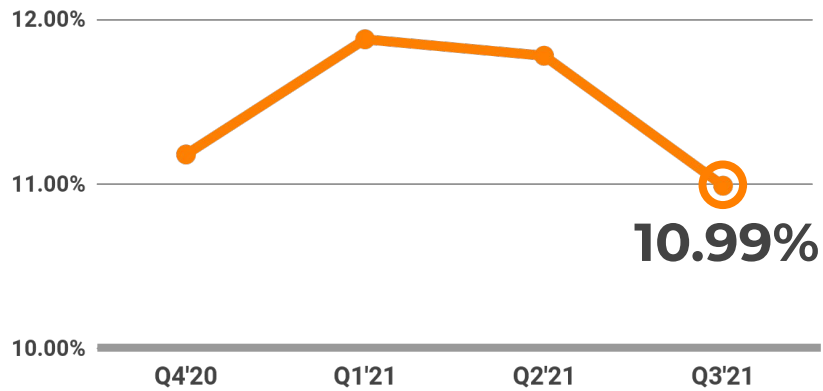
**GROSS**  
Absorption



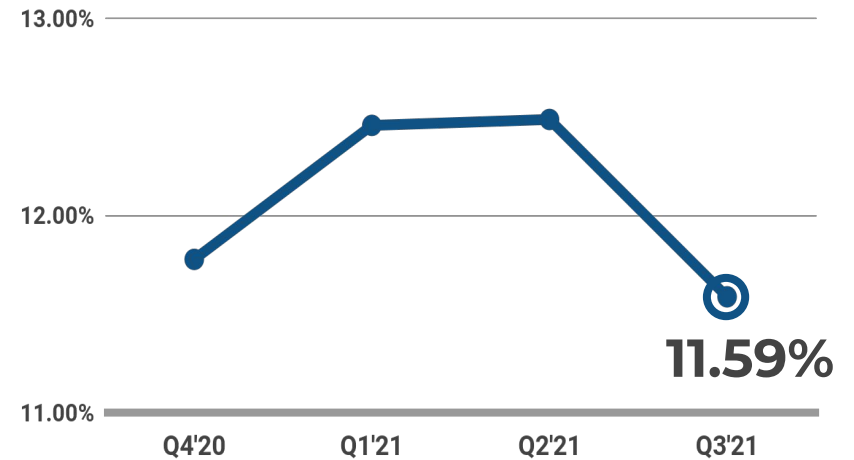
**NET**  
Absorption



**DIRECT**  
Vacancy Rates



**WITH SUBLEASE**  
Vacancy Rates



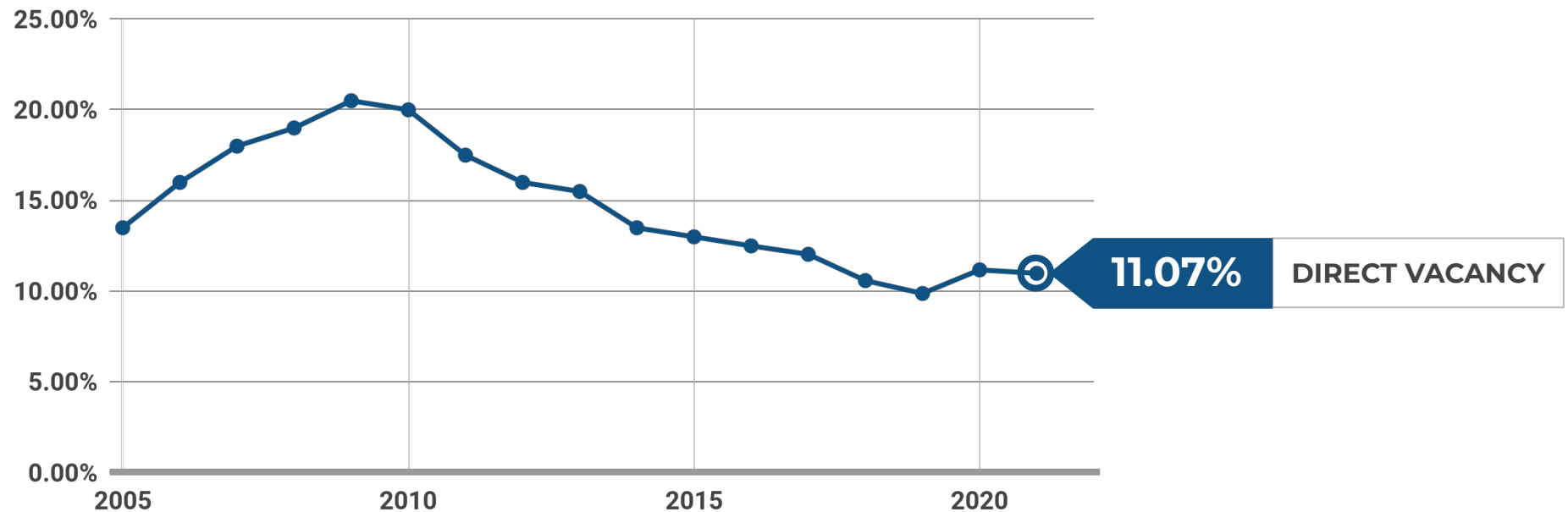
## MARKET STATISTICS

Gross Absorption	192,830 sf
Net Absorption	68,054 sf
Newly Available SF	124,776 sf

## VACANCY RATES

	DIRECT	WITH SUBLEASE
Downtown	12.70%	12.87%
South Meadows	4.20%	6.47%
Meadowood	10.02%	10.38%
Central	17.94%	17.94%
Airport	13.70%	13.70%
OVERALL	10.99%	11.64%

## TOP 200 OFFICE BUILDING HISTORICAL VACANCY DCG



## SALES RECAP

Office sales volume for the third quarter of 2021 was the highest volume since before the pandemic started in Q2 2020. Washoe County recognized \$83,809,423 in sales volume with 41 total sales.

The average price per square foot in Q3 came in at \$349.50 p/sf, down from \$267.14 per square foot in Q2 2021. In the four quarters prior to COVID, our market averaged \$51.2 million in volume per quarter with just over 25 deals per quarter. We saw a large increase in demand beginning in Q1 2021 with double the average sales per quarter and nearly \$66 million in total sales volume across Washoe County. Medical office and stabilized professional office investment demand is as high as it has been in recent memory, even with the ongoing discussions of the long term strengths of office space.

### Multi Tenant/Larger Sales

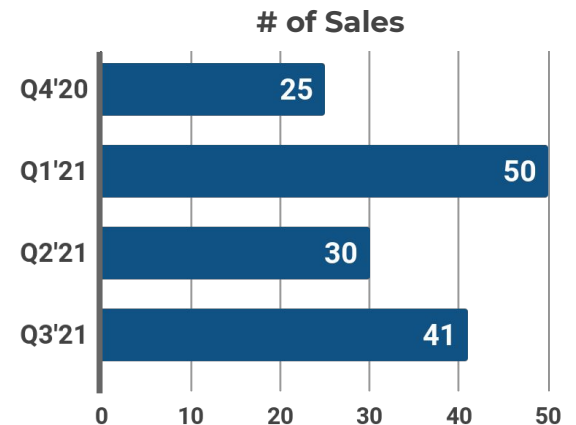
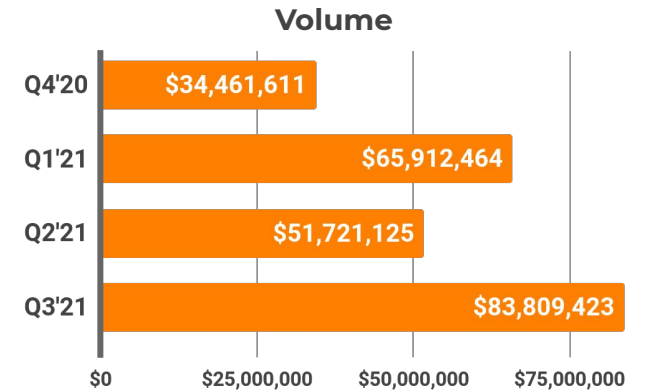
5595 Kietzke Lane is an executive suites office building in the Meadowood Submarket that sold for \$3,280,000 (\$305 p/sf). The reported cap rate was 5.50% and was 87% at time of sale.

### Single Tenant/Smaller Sales



Scientific Games, 950 Sandhill Road, is a 43,800 SF office building that sold for \$8,000,000 (\$183 p/sf). Scientific Games has roughly 1 year remaining on their lease. Reported cap rate at time of sale was 7.63%.

Truckee Meadows Fire purchased 3663 Barron Way for \$6,290,000 (\$185 p/sf). This is a 34,000 SF building in South Reno.

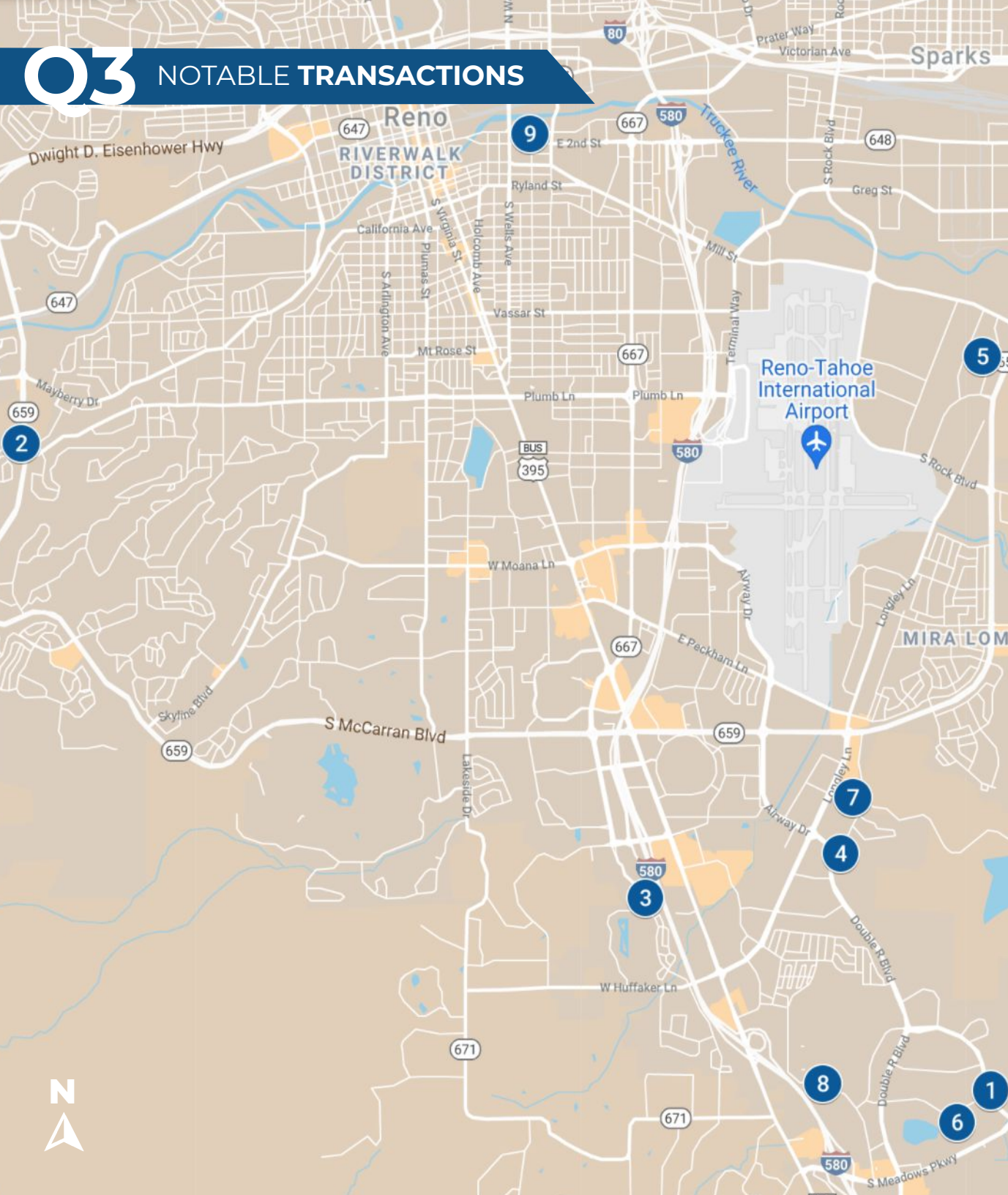
DCG represented both sides in the sale of 21 Locust St. The property was 100% occupied by Renown with 3 years remaining on their NNN lease. Reported cap rate was 5.08%.



## NOTABLE SALES

Address/SF	Price	Details
<b>950 Sandhill Road</b> 43,800 sf	<b>\$8,000,000</b> \$183 p/sf	Reported cap rate at time of sale of 7.63%.
<b>3663 Barron Way</b> 34,000 sf	<b>\$6,290,000</b> \$185 p/sf	Truckee Meadows Fire purchased the building.
<b>9370 Gateway Drive</b> 23,148 sf	<b>\$4,175,000</b> \$205 p/sf	The Blue Kangaroo learning Center was sold to a local investor
 <b>21 Locust Street</b> 23,670 sf	<b>\$3,925,000</b> \$165 p/sf	DCG represented both parties. 100% occupied by Renown. The cap rate at time of sale was 5.08%.
 <b>1285 Financial Blvd.</b> 39,345 sf	<b>\$3,900,000</b> \$99.12 p/sf	DCG represented the seller. Call Center in the Airport Submarket.
<b>960 Caughlin Crossing</b> 6,120 sf	<b>\$3,875,000</b> \$633 p/sf	The reported cap rate was 5.25% and 100% occupied at time of sale.
<b>5595 Kietzke Lane</b> 10,752 sf	<b>\$3,280,000</b> \$305 p/sf	Reported cap rate of 5.50% at time of sale.
<b>5449 Reno Corporate Drive</b> 6,300 sf	<b>\$2,589,543</b> \$411 p/sf	DCG sold the newly constructed medical office building that was purchased by ophthalmologist surgeon, Dr. Hardeep Dhindsa.
<b>9190 Double Diamond Pkwy</b> 7,373 sf	<b>\$1,775,000</b> \$240 p/sf	South Meadows Executive Suites at 9190 Double Diamond Parkway has a net operating income around \$130,000, creating a cap rate of 7.3%

# Q3 NOTABLE TRANSACTIONS



## NOTABLE SALES

**1. 9190 Double Diamond Pkwy**  
7,373 SF  
**\$1,775,000**  
\$240.78 p/sf

**2. 960 Caughlin Crossing**  
6,120 SF  
**\$3,875,000**  
\$633.17 p/sf

**3. 5595 Kietzke Ln**  
10,752 SF  
**\$3,280,000**  
\$305.00 p/sf

**4. 5449 Reno Corporate**  
6,300 SF  
**\$2,589,543**  
\$411.04 p/sf

**5. 1285 Financial Blvd**  
39,345 SF  
**\$3,900,000**  
\$99.12 p/sf

**6. 950 Sandhill Rd**  
43,800 SF  
**\$8,000,000**  
\$183 p/sf

**7. 3663 Barron Way**  
34,000 SF  
**\$6,290,000**  
\$185 p/sf

**8. 9370 Gateway Dr**  
23,148 SF  
**\$4,175,000.00**  
\$205 p/sf

**9. 21 Locust St**  
23,670 SF  
**\$3,925,000.00**  
\$165.82