

# Q4

NORTHERN  
NEVADA

2021

## OFFICE REPORT

SALES

LEASING



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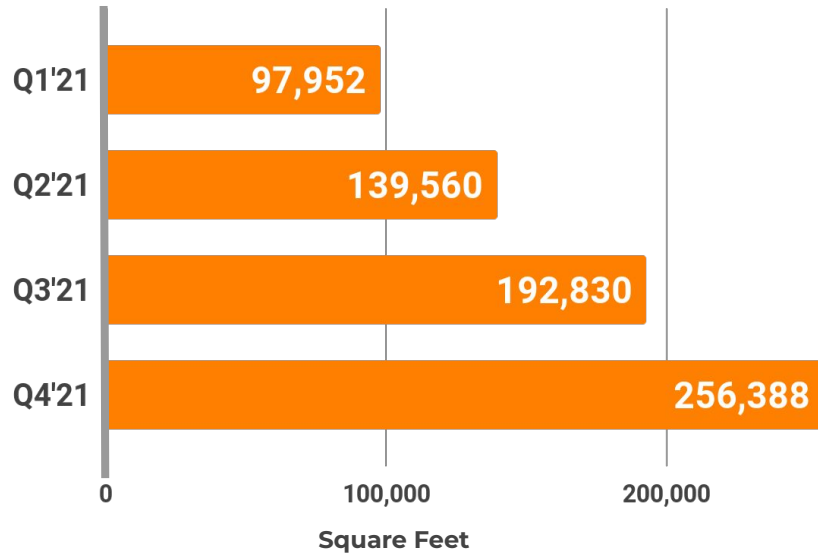
## LET'S GET BACK TO THE OFFICE

The Reno office market ended 2021 with positive momentum. The fourth quarter of 2021 concluded with an impressive 145,558 square feet of positive net absorption. Outside of the 95,000 square foot Panasonic lease at 645 E Plumb Lane, we have continued to see smaller local and regional office tenants carry the weight in driving down vacancy rates. Overall vacancy rates are nearing pre-pandemic levels as we cautiously start to think the worst of the pandemic is finally behind us.

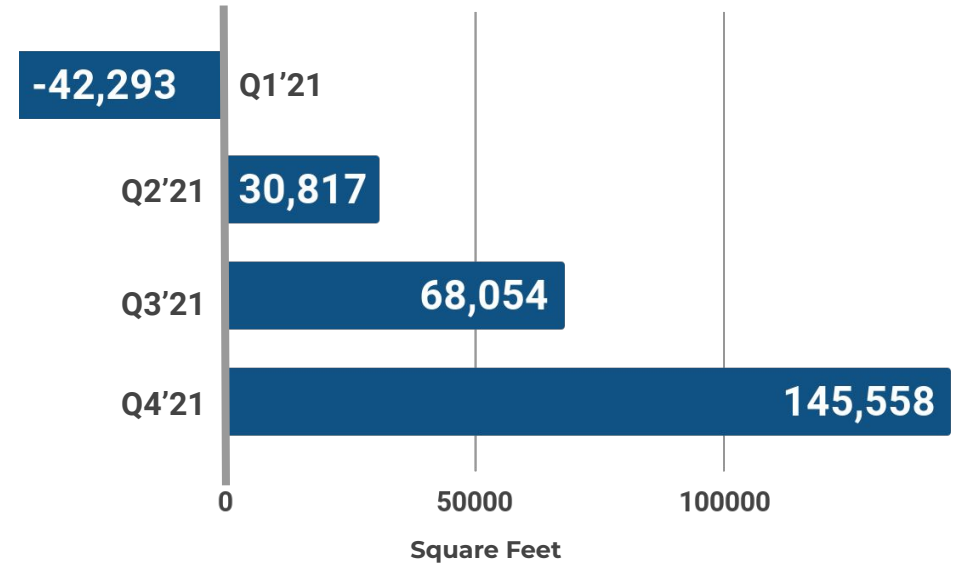
So, what then will be the big trends we see in 2022? Will the larger companies that implemented a hybrid or work from home order adjust their strategy? How will Landlords continue to adapt to new tenant demands concerning flexibility and layout changes? Will inflationary risk start to affect the leasing market rates, annual escalations, and tenant improvement concessions? These are examples of some of the big questions that the DCG office team will keep an eye on as we progress through this ever-changing environment. No matter what we see in 2022, the past two years can tell us that the Reno office market is resilient and adaptable.

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 any 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. There were not any sales transactions over \$3 million in Q4, but the smaller to midsize deal size is very active with local and regional investors.

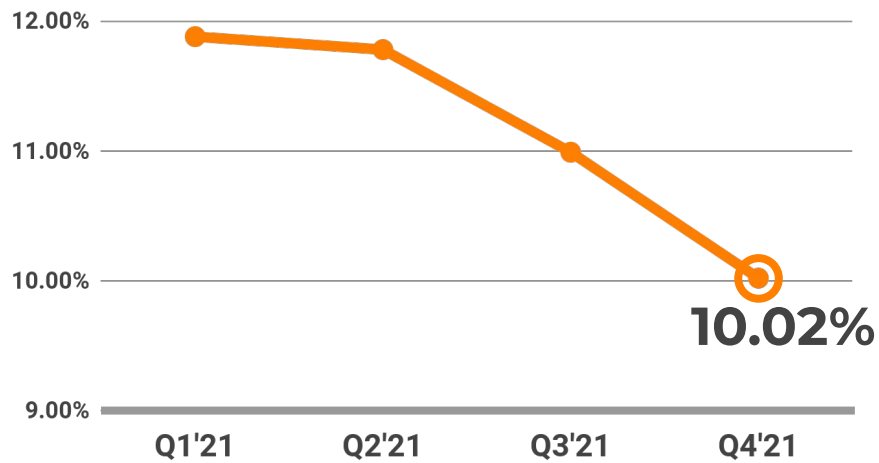
**GROSS**  
Absorption



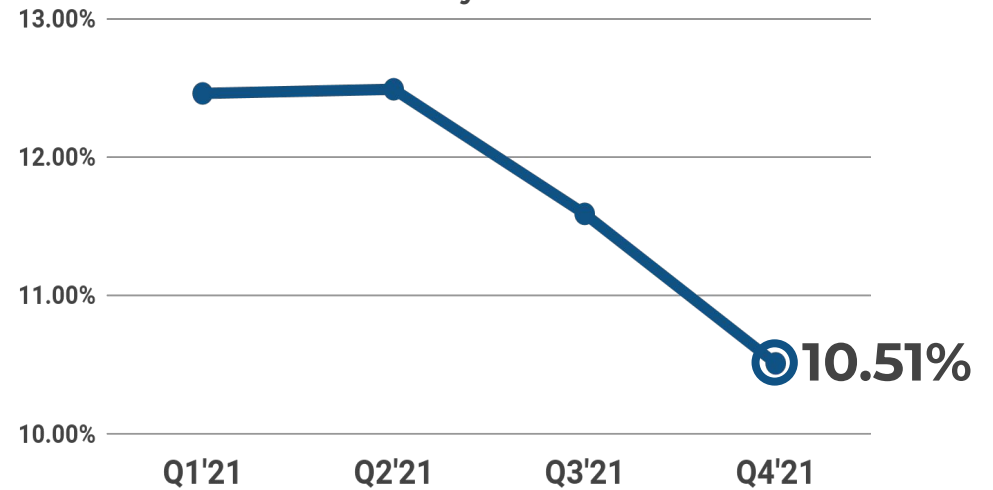
**NET**  
Absorption



**DIRECT**  
Vacancy Rates



**WITH SUBLEASE**  
Vacancy Rates



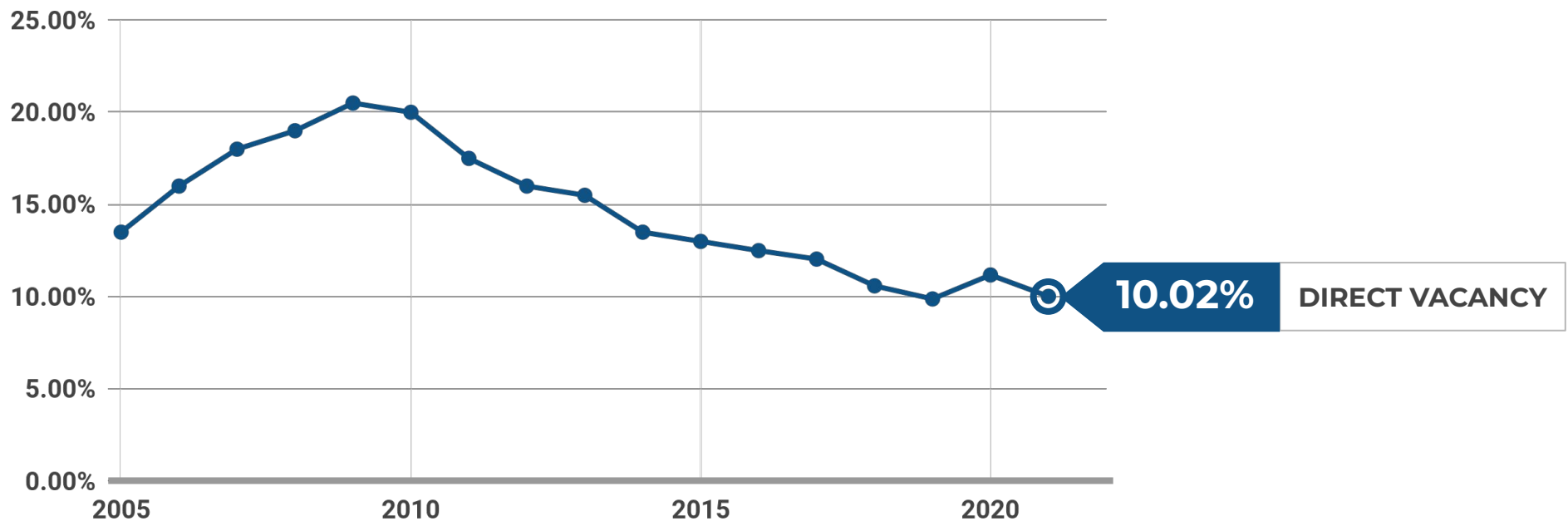
## MARKET STATISTICS

Gross Absorption	256,388SF
Net Absorption	145,558 SF
Newly Available SF	110,830 SF

## 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%

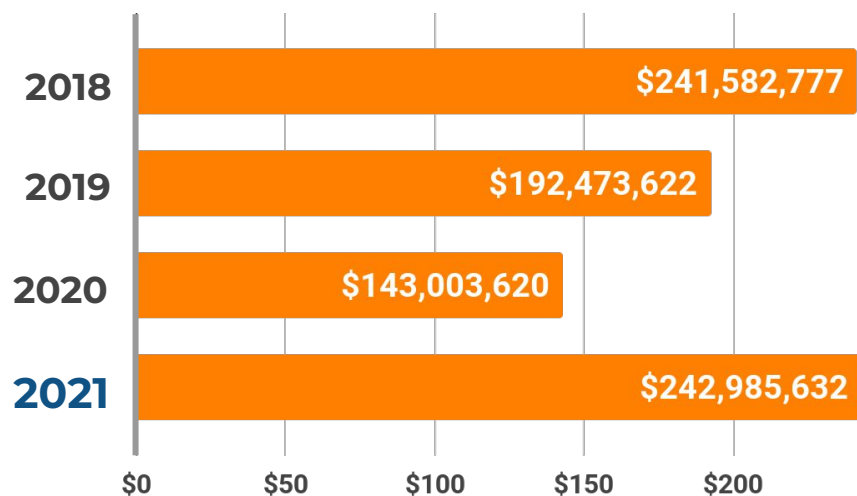
## TOP 200 OFFICE BUILDING HISTORICAL VACANCY DCG



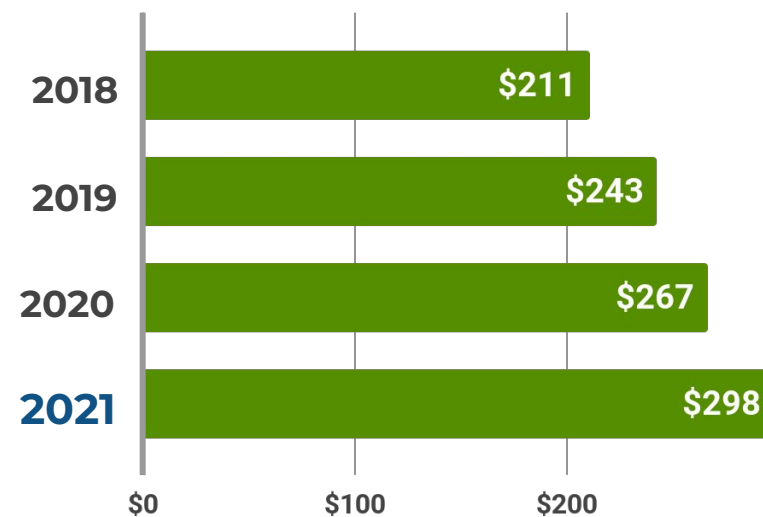
# YEAR OVER YEAR **SALES** **OFFICE**

# 2021

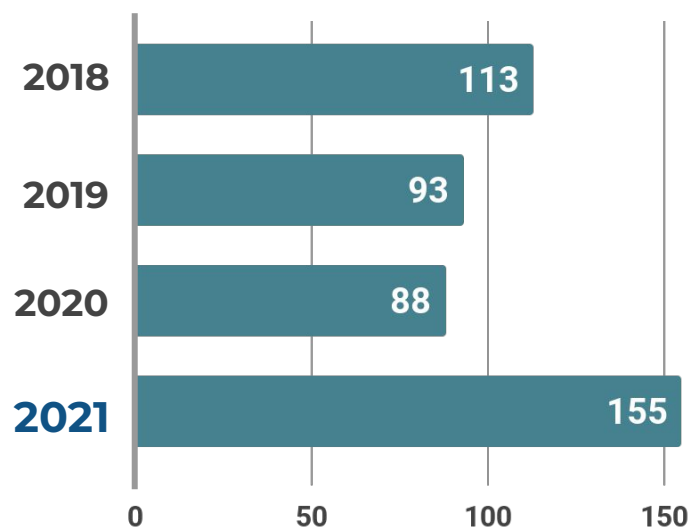
## TRANSACTION **VOLUME**



## AVERAGE **P/SF**

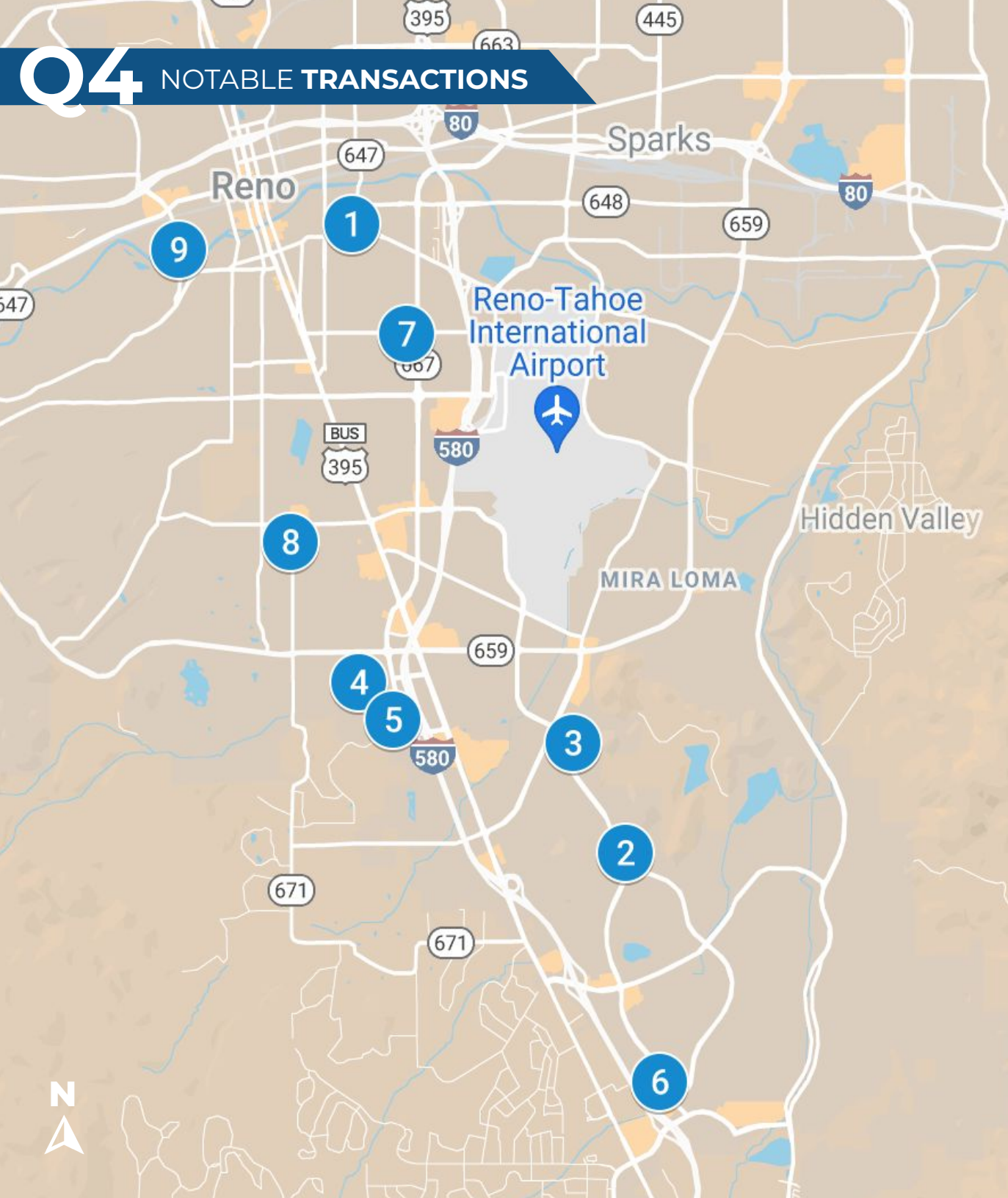


## NUMBER OF **SALES**



## NOTABLE SALES

	Address/SF	Price	Details
	<b>850 Mill Street</b> 21,165 sf	<b>\$3,495,000</b> \$165.13 p/sf	This was an investment with a 5.7 actual cap rate. Occupancy was reported to be 74%.
	<b>8600 Technology Way</b> 7,320 sf	<b>\$1,700,000</b> \$232.24 p/sf	7,320 square feet of single-story office space located in South Meadows at the corner of Double R Boulevard and Technology Way
	<b>5452 Reno Corporate Drive</b> 4,122 sf	<b>\$1,220,370</b> \$296.06 p/sf	4,122 square foot office building in the Meadowood submarket
	<b>630 Sierra Rose Drive</b> 5,994 sf	<b>\$2,400,000</b> \$400.40 p/sf	It was 100% occupied by Renown, Dr. McMullen DDS & Ageless Men's Health. The cap rate at time of sale was 5.15%
	<b>5375 Kietzke Lane</b> 9,625 sf	<b>\$2,800,000</b> \$290.91 p/sf	The multi-tenant, two story building in the Meadowood submarket is in a populated location with ample parking with a pro forma cap rate of 6.29%
	<b>10645 Double R Boulevard</b> 3,506 sf	<b>\$2,200,000</b> \$627.50 p/sf	The single tenant building features plenty of parking and is located in one of Reno's top submarkets
	<b>1301 Cordone Avenue</b> 25,543 sf	<b>\$2,800,000</b> \$109.62 p/sf	This was an investment sale in Airport submarket; 3 story building.
	<b>3725 Lakeside Drive</b> 4,338 sf	<b>\$2,500,000</b> \$576.30 p/sf	Investment Sale; 100% occupied at time of sale with a 4.75% cap
	<b>63 Keystone Avenue</b> 8,660 sf	<b>\$2,350,000</b> \$271.36 p/sf	Multi-tenant investment sale with a 5.94% cap



# Q4 NOTABLE TRANSACTIONS

## NOTABLE SALES

**1. 850 Mill St**  
21,165 SF  
**\$3,495,000**  
\$165.13 p/sf

**2. 8600 Technology Way**  
7,320 SF  
**\$1,700,000**  
\$232.24 p/sf

**3. 5452 Reno Corporate Dr**  
4,122 SF  
**\$1,220,370**  
\$296.06 p/sf

**4. 630 Sierra Rose**  
5,994 SF  
**\$2,400,000**  
\$400.40 p/sf

**5. 5375 Kietzke Ln**  
9,625 SF  
**\$2,800,000**  
\$290.91 p/sf

**6. 10645 Double R Blvd**  
3,506 SF  
**\$2,200,000**  
\$627.50 p/sf

**7. 1301 Cordone Ave**  
25,543 SF  
**\$2,800,000**  
\$109.62 p/sf

**8. 3725 Lakeside Dr**  
4,338 SF  
**\$2,500,000**  
\$576.30 p/sf

**9. 63 Keystone Ave**  
8,660 SF  
**\$2,350,000**  
\$271.36



1

**Village at Rancharrah** Transformed into a community at 7100 Rancharrah Parkway on a 141 acre property with 49,000 SF. Currently has one office building space available with 4,436 SF.

2

**New UHS Hospital** Full service hospital at intersection of Double R Blvd and Longley Ln is projected to be 350,000 SF of hospital and medical office space after the initial phase. The new hospital, opening in 2022, will include 200 private patient rooms and 262 beds.

3

**New Renown Expansion of South Meadows Hospital** Renown plans to expand its 16.164 acre hospital site at 10101 Double R Blvd with 154,000 gross SF of new surgery rooms, public spaces, new facade and upgrades for the Medical Center. Majority of this project should be done by fall of 2023.

4

**Reno City Center** Former Harrah's property being redeveloped by CAI investments. Plans call for a mixed-use complex with 530 apartments, 150,000 square feet of office space and 78,500 square feet of retail (including a potential grocery store). The large plaza in front of Harrah's will be transformed to public green space with open seating.

5

**223 Court Street** - Kimpton hotel project being developed by CAI, starting in May 2021, 75,000 square feet of class A office space, upscale international boutique hotel with 271 rooms, and 45 branded residential units.

6

**Skypointe** Southeast corner of McCarran Boulevard and South Virginia Street, will offer a six story building with 180,000 SF of office space and 50,000 SF of energized retail and restaurant space.

7

**Mayberry Gardens Office Project** - 5 building, 23,200 square foot office and medical development. Under construction.

8

**UNR Gateway Project** - At the northern tip of downtown, the University has acquired all the land for the proposed Gateway Project that will include a new Life Sciences building, College of Business and a parking structure with a skyway bridge connecting to the path on Manzanita Lake. A new RTC Rapid transfer station is also part of this multi-block development project.

9

#### RED (Reno Experience District)

Tech campus includes 4 proposed buildings totaling 382,000 square feet  
One 6-story building offers ±132,000 sq. ft of rentable workspace  
Two 5-story buildings offer ±220,000 sq. ft of rentable workspace  
One 1-story building offers ±30,000 sq. ft. of rentable workspace

10

#### Bonde Lane

Single-story Medical Office, ±30,000-35,000 sq. ft. Construction commencing January 2022.

# OFFICE NEW DEVELOPMENTS

