

Q3
2023

RETAIL REPORT

SALES
LEASING
INVESTMENTS



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INVESTMENT **ACTIVITY**

Throughout the third quarter of 2023, a notable bid-ask gap remained present in the market, which we anticipate will persist until we see stability in response to the Fed Funds rate hikes. In spite of the current nature of capital markets, there were a number of significant retail investment transactions during this period. Noteworthy single-tenant investment activity included the sale of Muscle Motors in South Reno, while multi-tenant investment activity was highlighted by the sale of Parq Commons Shopping Center in Sparks.

Single Tenant

In the Meadowood submarket, a free-standing building at 5405 Meadowood Mall Cir, occupied by 4 Wheel Parts sold for \$2,450,000 (\$136.16 per sq ft.) at a reported 9.8% cap rate. In the Airport submarket at 1110 S Rock Blvd, a newly constructed 7-Eleven and land adjacent to it sold for \$4,752,475 (\$1,578.90 per sq ft).

Neighborhood Center / Multi-tenant

Multi-tenant sales included Parq Commons Shopping Center in Sparks at 2244 Oddie Blvd, which traded for \$7,611,635 (\$116.98 per sq ft). Tenants include Community Health Alliance, Goodwill, and Sparks Coffee Shop.

The Legends Outlets in Sparks had a couple notable transactions, both of which being free-standing retail strips. The first at 1360 Scheels Dr. sold for \$4,750,000 (\$672.82 per sq ft.) at a 6.05% cap rate and tenants include Mattress Firm and Triple A Insurance. The second at 1370 Big Fish Dr. sold for \$4,654,577 (\$672.82 per sq ft.) at a 5.79% cap rate and tenants include The Habit, Jersey Mike's, and Blaze Pizza.

NOTABLE SALES

Address	Price	Details
2244 Oddie Blvd 65,067 SF	\$7,611,635 \$116.98 p/sf	In Sparks, the Parq Commons Shopping Center sold as an investment with no cap rate reported. Tenants include Community Health Alliance, Goodwill, and Sparks Coffee Shop.
1110 S Rock Blvd 3,010 SF	\$4,752,475 \$1,578.90 p/sf	In the Airport submarket near Southern Glazer's Wine and Spirits and S McCarran Blvd. This Portfolio purchase included a 7/11 building and land adjacent to it.
1360 Scheels Dr 7,060 SF	\$4,750,000 \$672.82 p/sf	In Sparks, located at the Outlets at Legends. Tenants included Mattress Firm and Triple A Insurance. 6.05% cap rate reported.
1370 Big Fish Dr 6,918 SF	\$4,654,577 \$672.82 p/sf	In Sparks, located at the Outlets at Legends. Tenants include The Habit, Jersey Mike's, and Blaze Pizza. 5.79% cap rate reported.
9501 S Virginia St 3,101 SF	\$3,159,040 \$1,018.72 p/sf	In South Reno, a property and adjacent land occupied by Muscle Motors Auto Sales was bought as an owner-user sale.
324 E 4th St 11,508 SF	\$3,000,000 \$260.69 p/sf	In Downtown Reno, the building previously occupied by The Alpine was sold. This was an owner-user sale.
5405 Meadowood Mall Cir 17,994 SF	\$2,450,000 \$136.16 p/sf	4 Wheel Parts was tenant on a 10 year length term set to expire in September of 2032. Sold at a reported 9.8% cap rate.
1211/1215 S Virginia St 6,550 SF	\$2,170,000 \$172.91 p/sf	In Midtown, the 12,500 square foot building (6,000 SF was finished basement) and adjacent parking lot where Ace Hardware is located sold as an owner-user deal.

Q3 NOTABLE TRANSACTIONS

NOTABLE SALES

1. 2244 Oddie Blvd
65,067 SF
\$7,611,635
\$116.98 p/sf

2. 1110 S Rock Blvd
3,010 SF
\$4,752,475
\$1,578.90 p/sf

3. 1360 Scheels Dr
7,060 SF
\$4,750,000
\$672.82 p/sf

4. 1370 Big Fish Dr
6,918 SF
\$4,654,577
\$672.82 p/sf

5. 9501 S Virginia
3,101 SF
\$3,159,040
\$1,018.72 p/sf

6. 324 E 4th St
11,508 SF
\$3,000,000
\$260.69 p/sf

7. 5405 Meadowood Mall Cir.
17,994 SF
\$2,450,000
\$136.16 p/sf

8. 1211/1215 S Virginia St
6,550 SF
\$2,170,000
\$172.91 p/sf

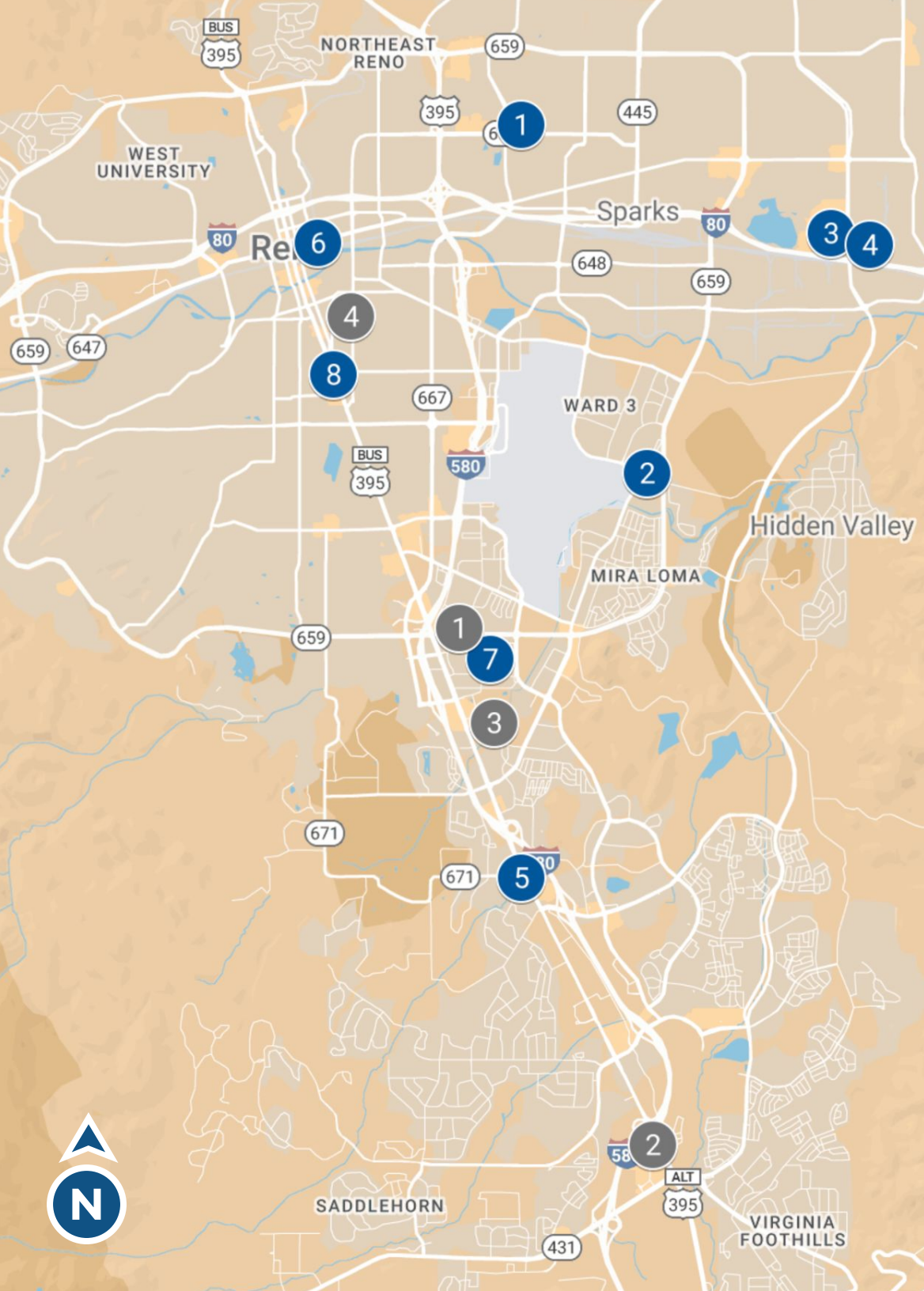
NOTABLE LEASES

1. O'Reilly Auto Parts
35,086 SF Leased
Smithridge Plaza
Central Reno

2. Burn Boot Camp
6,584 SF Leased
The Summit
South Reno

3. Nevada Restaurant Services
5,080 SF Leased
Sierra Town Center
South Reno

4. El Chavo's Tortas Ebenezer Mexican Grill
3,016 SF Leased
Free-Standing
Midtown Reno



MARKET FACTS & LEASING

The retail market has encountered ongoing obstacles in terms of development, such as elevated construction expenses and the imperative to address escalating inflation. Nevertheless, there are several new projects advancing. Both regional and national tenants have shown sustained interest in our region, helping to maintain stable vacancy rates.

In the third quarter, two lease transactions stood out: the leasing of O'Reilly Auto Parts in Smithridge Plaza and Burn Boot Camp in The Summit Sierra. These deals collectively secured 41,670 square feet of retail space. Specifically, 35,086 SF was leased in the Smithridge Plaza within the Meadowood submarket, while an additional 6,584 SF found successful leasing in the The Summit of the South Reno submarket.

Net Absorption



28,900 SF

SALES	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Total Volume	\$37,051,551	\$97,072,060	\$33,850,000	\$45,180,227
Total Deals	15	13	20	18
Average P/SF	\$342.44	\$474.23	\$362.78	\$471.17

NEW DEVELOPMENT

The Plumb Lane Retail Development was the most noteworthy project in Q3 within the Reno/Sparks retail landscape. Located on Plumb Lane next to the new Panasonic Headquarters, this development will offer 4,800 square feet and includes a multi-tenant establishment with an end-cap drive-thru.

The addition of Cracker Barrel marks the continued expansion of the recently constructed retail development, West End Commons. Located in West Downtown, the built-to-suit, 10,486-square-foot space will house the first Cracker Barrel establishment in Northern Nevada. Looking ahead, West End Commons sustains its path of expansion, with the expected addition of Panera Bread.

Panera Bread is also expanding to the Del Monte Plaza Shopping Center with tenants that include Sierra Trading Post and Whole Foods. The space feature 3,950 square feet of space.

Overall Vacancy Rate:



4.6%

Neighborhood Center Vacancy:



5.6%

Power Center Vacancy:



4.2%

Strip Center:



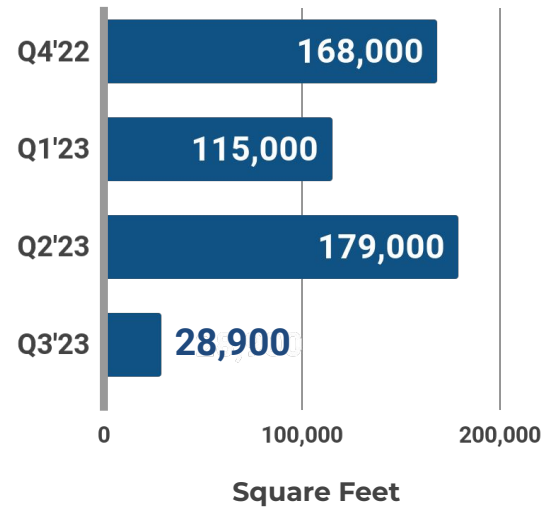
6.1%

General Retail Vacancy:
Free Standing

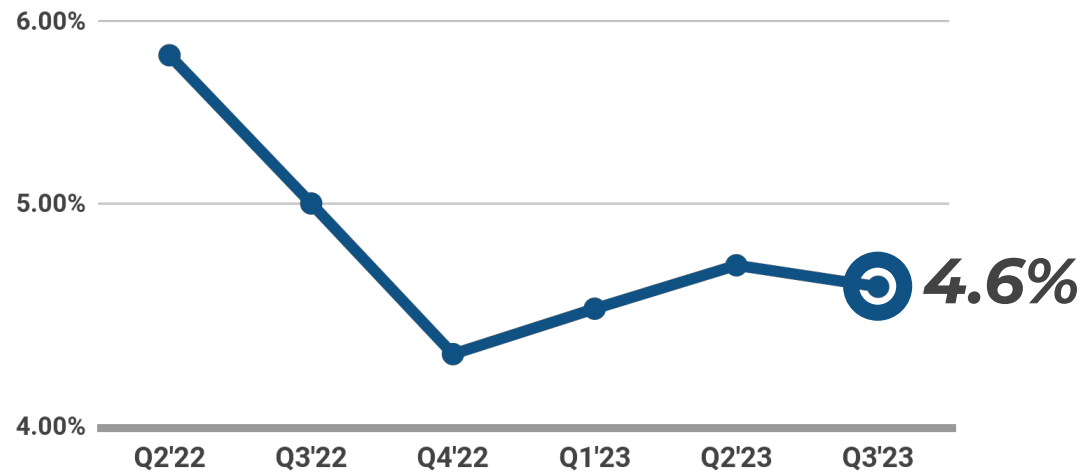


3.9%

NET ABSORPTION

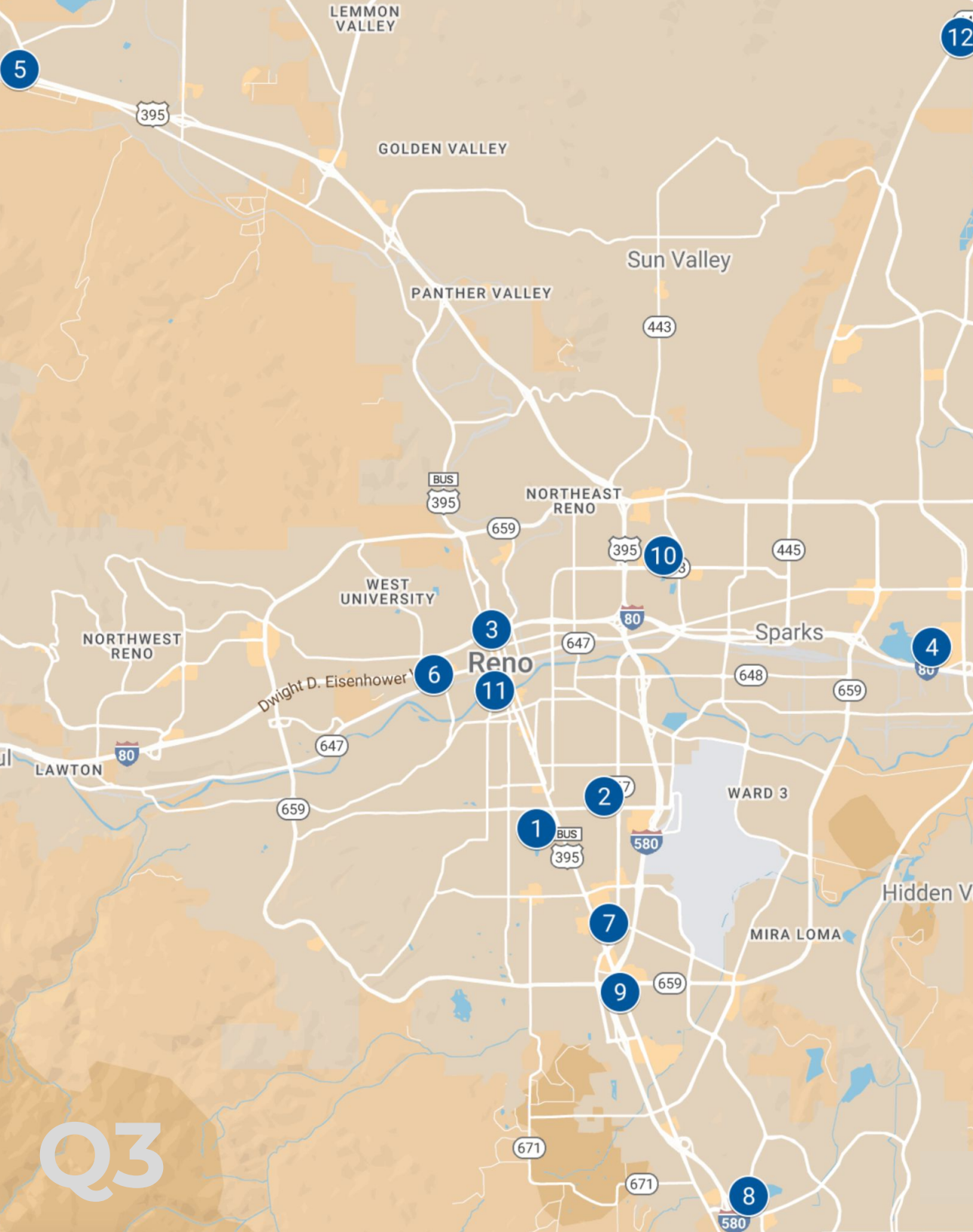


VACANCY RATES





RETAIL NEW DEVELOPMENTS



- 1 **RED (Reno Experience District)**- 1,300 apartment homes & 70,000 SF
- 2 **Reno Public Market**- 150,000 SF mixed use development
- 3 **University Crossing**- Five retail & restaurant suites
- 4 **Legends Bay Casino @ Legends in Sparks**- 80,000 SF casino
- 5 **Red Rock Retail**- 296-unit multifamily complex, 42,000 SF of office & retail space
- 6 **West End Commons** - 42,000 SF of office & retail space with 196 multifamily units
- 7 **Firecreek Crossing Resort - Casino**- Resort-casino, 201 rooms, & 48 suites
- 8 **Downtown Damonte**- 244,000 SF planned retail & 150,000 SF of office space
- 9 **Skypointe**- 208,272 SF of restaurant, café, retail, office, service and hospitality
- 10 **The Oddie District**- Art space, education, flex-tech workspaces, food & dining
- 11 **Neon Line District**- Art, gaming, and musical offerings
- 12 **Stonebrook Retail**- Multi-tenant retail strip with 2,800 SF to 3,000 SF