

# MARKETBEAT

# Reno

Industrial Q1 2018



## RENO INDUSTRIAL

### Economic Indicators

	Q1 17	Q1 18	12-Month Forecast
Reno Employment	226.7k	236.7k	▲
Reno Unemployment	4.1%	3.7%	▼
U.S. Unemployment	4.7%	4.1%	■

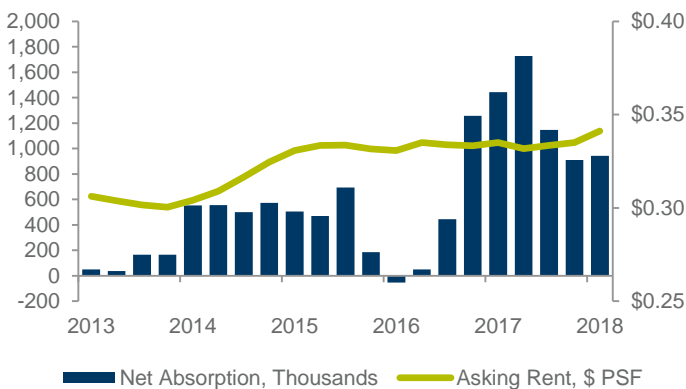
### Market Indicators (Overall, All Property Types)

	Q1 17	Q1 18	12-Month Forecast
Vacancy	7.6%	6.5%	▼
Net Absorption (sf)	560k	696k	▲
Under Construction (sf)	5.3M	5.4M	▼
Average Asking Rent*	\$0.34	\$0.36	▲

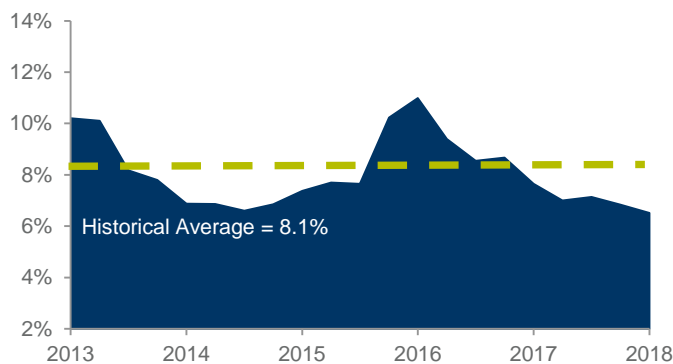
\*Rental rates reflect net asking \$psf/month (NNN)

### Overall Net Absorption/Overall Asking Rent

#### 4-QTR TRAILING AVERAGE



### Overall Vacancy



## Economy

The Northern Nevada economy saw continued growth throughout first quarter of 2018. Unemployment fell 40 basis points (bps) year-over-year (from 4.1% to 3.2%) as the Reno MSA employment grew by 10,000 jobs for the period. Economic growth is expected to continue as companies like Google, Tesla and Switch continue to invest in new facilities in the region. Similarly, the U.S. unemployment rate declined by 60 bps year-over-year, reporting a rate of 4.1% at the close of the first quarter 2018.

## Market Overview

The Reno industrial market closed a very strong first quarter 2018. Two buildings completed for 147,000 square feet (sf) of new product, bringing total market inventory to 79.1 million square feet (msf). User demand remained strong for a total of +696,000 sf net absorption. Sale activity slowed during the quarter as five transactions of more than 10,000 sf transacted during the quarter.

The vacancy rate fell by 30 basis points (bps) during the first quarter, 130 bps year-over-year and 200 bps in the last two years. This activity is more impressive given that same two year time period the market has added 13 buildings for 6.4 msf. The first quarter saw the start of 953,000 sf of new projects bringing the total Northern Nevada to over 5.4 msf.

Average asking rates increased by 10.1% to \$0.36 per square foot (psf) per month during the quarter. Northern Nevada is experiencing significant demand from users relocating to the market. These new users are pushing asking rates for existing product and driving much of the demand for new construction. This is most evident in the most significant transaction of the quarter, the purchase of 67,000 acres of industrial land at the Tahoe-Reno Industrial Center by Blockchains, LLC. The purchase speaks to the economic drivers in the region: low cost-basis for new construction and an increasingly important data & technology cluster.

## Outlook

- New-to-market tenants will continue to fuel industrial market growth.
- Asking rates increased by 10.1% during the quarter
- Two buildings completed totaling 146,000 sf, 62,000 sf of which is occupied at the time of completion.

# MARKETBEAT

## Reno

Industrial Q1 2018



SUBMARKET	INVENTORY	SUBLET VACANT	DIRECT VACANT	VACANCY RATE	CURRENT NET ABSORPTION	YTD NET ABSORPTION	UNDER CONSTRUCTION	AVERAGE ASKING RENT NNN
Airport	6,386,600	195,118	164,693	5.6%	-63,428	-63,428	0	\$0.42
Central Reno	1,885,832	0	72,822	3.9%	0	0	27,000	\$0.81
Fernley	4,263,970	256,000	337,515	13.9%	-122	-122	0	\$0.31
North Valleys	18,522,954	133,000	483,696	3.3%	338,375	338,375	1,155,070	\$0.33
South Reno	7,213,314	122,000	247,335	5.1%	-110,836	-110,836	322,975	\$0.48
Sparks	26,491,308	88,241	2,548,725	10.0%	452,786	452,786	136,010	\$0.35
Storey County	14,294,095	182,000	314,016	3.5%	79,245	79,245	3,800,000	\$0.36
<b>TOTAL</b>	<b>79,058,073</b>	<b>976,359</b>	<b>4,168,802</b>	<b>6.5%</b>	<b>696,020</b>	<b>696,020</b>	<b>5,441,055</b>	<b>\$0.36</b>

### Key Lease Transactions Q1 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
9460 N Virginia St	190,871	The Boys Nevada, LLC	New	North Valleys
855 Sandhill Rd	38,576	Dal-Tile Distributions	New	South Reno
9250 Red Rock Rd	33,350	Crystal Creek Logistics	New	North Valleys
1750 Purina Way	28,000	Ernest Packagin	New	Sparks
960-990 E Greg St	27,807	Whole Hog Hospitality Logisitics	New	Sparks

### Key Sales Transactions Q1 2018

PROPERTY	SF	BUYER / SELLER	PRICE / \$PSF	SUBMARKET
Sparks Business Center	396,090	Dermody Properties, Inc / WDCI, Inc	\$38,850,000 / \$97	Sparks
6565 Echo Ave	394,400	General Moters LLC / ICG Leaseback Fund 1 LLC	\$22,449,907 / \$57	North Valleys
550 Spice Islands	174,837	AIC Ventures / Wingate Partners	\$10,500,000 / \$60	Sparks
1455 Glendale Ave	22,650	Jeanine Landsinger / Charles & Gloria Watson	\$5,800,000 / \$256	Sparks

Cushman & Wakefield  
6121 Lakeside Dr. Suite 160  
Reno, NV 89511  
Tel: (775) 851-9500

For more information, contact:  
Will Austin  
Senior Research Analyst  
Sacramento & Reno  
Tel: +1 916 288 4562

#### About Cushman & Wakefield

Cushman & Wakefield is a leading global real estate services firm with 45,000 employees in more than 70 countries helping occupiers and investors optimize the value of their real estate. Cushman & Wakefield is among the largest commercial real estate services firms with revenue of \$6 billion across core services of agency leasing, asset services, capital markets, facility services (C&W Services), global occupier services, investment & asset management (DTZ Investors), project & development services, tenant representation, and valuation & advisory. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

Copyright © 2018 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources considered to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.