

BIGGEST LITTLE INDUSTRIAL REPORT

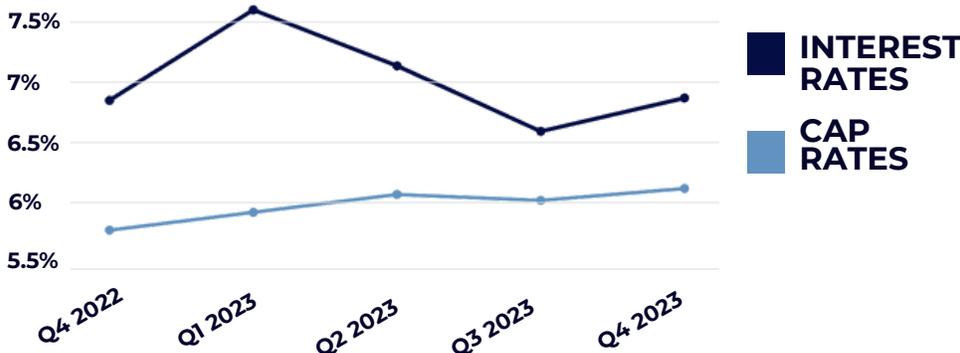
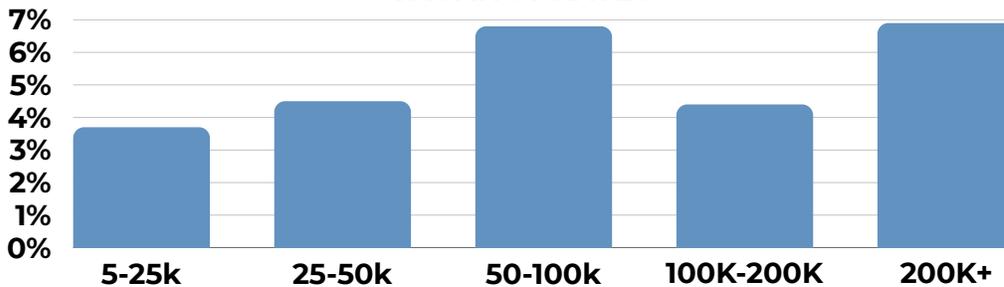
Q4 2023

Square Ft	Ask Rent Rate PSF	Avg Sale PSF
5-25k	\$1.22	\$256
25-50k	\$1.01	\$190
50-100k	\$0.97	\$161
100-200k	\$0.91	\$150
200k+	\$0.80	\$110

CHANGES SINCE LAST QUARTER

More of the same? Despite a highly volatile macroeconomic environment, Reno's industrial market stayed resilient, thanks to its appealing location and diverse economy. While rising interest rates, stricter lending conditions, and high construction costs have temporarily postponed new development launches, a recent national CoStar report has Reno ranked #6 for % of industrial inventory under construction. Further proof, the market still holds promising potential for the future. Tenant interest remains steady in the big box sector (200k+ SF), but the small bay product has experienced a rise in vacancy due to the slowing tenant demand and rate renewal adjustments working through the market.

VACANCY RATES



Our advice for occupiers:

Overall demand from industrial tenants remained steady but has trended lower from past highs, bringing with it asking rate stabilization. Yet renewals are still marking 20%-40% increases from their previous terms. We expect this to continue throughout 2024.

A potential decline in interest rates in '24 might spark increased market activity, leading to a resurgence of competition between occupiers and investors for available buildings. Q1 is prepared for buyers who can still leverage the more than 10% decrease in values.

Small-to-medium bay tenants are ringing in the new year with greater negotiating power, and committing to 5-year terms in Q2 can be advantageous for stabilizing costs. The rise in tenant improvement packages and free rent periods is contributing to tenants being able to manage the expenses associated with relocation and occupancy more effectively.

Our advice for landlords:

The fourth quarter of 2023, much like the rest of the year, was filled with uncertainty for developers, landlords, and tenants due to unattainable debt and a general economic slowdown. The holiday season this year appeared especially quiet, with many clients adopting a cautious approach. Will the New Year bring more positivity? The recent announcement of potential rate cuts in 2024 and a decline in treasury rates suggest optimism and a proactive approach as we enter 2024.

Landlords should consider seizing opportunities in a more dynamic industrial market as capital restrictions ease. The year 2024 holds promising prospects and investments with stabilized values, anchored rental rates, and yield expansion. However, a wild card to consider- IT'S AN ELECTION YEAR.

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THIS BIGGEST LITTLE INDUSTRIAL REPORT IS BROUGHT TO YOU BY THE STREET CRE INDUSTRIAL TEAM



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**FOR MORE INFORMATION ON THE
CURRENT INDUSTRIAL MARKET,
CONTACT US TODAY!**