

BIGGEST LITTLE INDUSTRIAL REPORT

Q1 2024

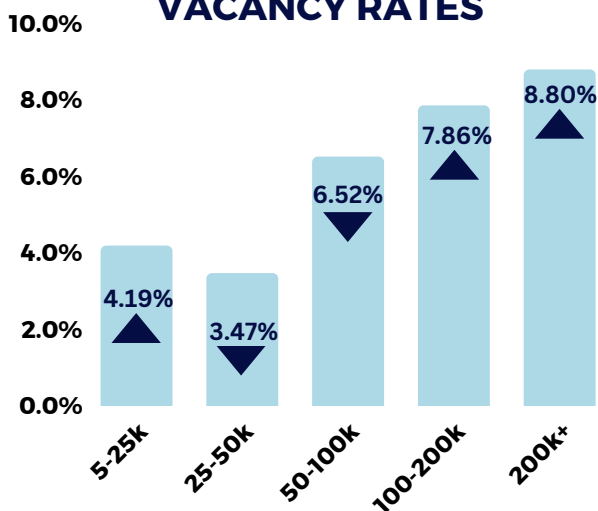


Square Ft	Monthly Rent PSF	Avg Sale PSF
5-25k	\$1.24 ▲	\$215 ▲
25-50k	\$1.10 ▲	\$178 ▼
50-100k	\$0.99 ▲	\$166 ▲
100-200k	\$0.92 ▲	\$154 ▲
200k+	\$0.80 ▬	\$93 ▼

Advice for occupiers:

Overall demand from industrial tenants remains active but is trending slightly lower from past highs. Reno's rent growth has also slowed due to the decrease in demand. Rents increased only 1.9%, which is down from the past average of 5.7%. Asking rates continue to hold steady but with vacancy rates increasing slightly higher than the national average, we may see landlords lose the ability to continue to push rents across the market. With the expectation of interest rates decreasing in 2024, we expect to see demand intensify throughout the year, potentially sparking increased competition between occupiers and investors for available buildings. Q1 has seen larger spaces sitting on the market for longer than average periods of time, forcing landlords to the negotiating table. For our occupiers sourcing opportunities in the small-to-medium bay space, vacancy rates remain lower than the national average. Overall demand and competition remain fierce as users continue to jockey for any available space. If you are a tenant that is considering a lease or purchase in 2024, the market is still moving extremely fast; we recommend that you have your finances in order and be ready to jump on the opportunity as it comes up.

VACANCY RATES



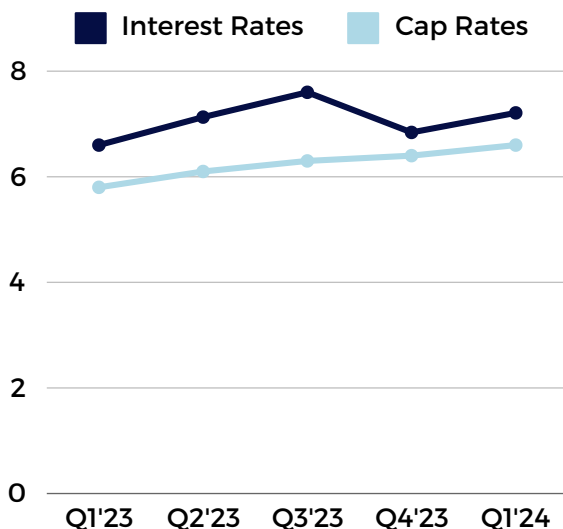
RENO RANKINGS

- #1 Best Small City in the US (*Forbes, 2024*)
- Top 15 Hottest Real Estate Markets for the Next Decade (*Business Insider, 2024*)
- #1 Destination for Tech Companies Leaving Silicon Valley (*INC, 2024*)
- #6 State with Best Economy (*US News, 2024*)

**28 properties between 100k-200k SF are currently sitting vacant- one year ago, there were less than 5.*

CHANGES SINCE LAST QUARTER

Deliveries outpaced absorption for the first time in many quarters, but the market remained healthy from the positive impacts seen from major MFG, tech, and battery companies in the region. Reno's appeal has not subsided and it is ready to capitalize on the increase in available space for incoming tenants.



Advice for landlords:

While the average time to lease has increased from the previous quarter, the market remains resilient as rents remain steady. With patience and creative dealmaking, Q2 2024 will allow aggressive landlords the opportunity to establish long-term leases with credit tenants, and in turn create strong and stabilized assets into 2025.

Interest rates are up nearly 100 BPS from Q4 2023, and inflation is stickier than most suspected, making a Q2 Fed rate cut less likely.

In January and February, the Reno area led the major Nevada metros with a 4.2 % unemployment rate, and data suggested even more job gains through the quarter.

Our tips for landlords this quarter are to sign credit tenants by offering attractive incentives (abated rent, increased TIA, etc.), and maintain liquidity for upcoming value-add opportunities. Monitor available financing options and adjust investment criteria accordingly.

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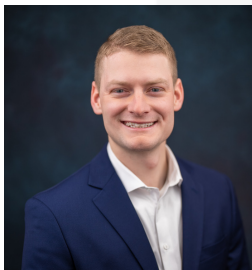
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For more information on the current industrial market, visit our website or contact us today!