



Street Commercial Real Estate
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2023

RELOCATE TO THE SILVER STATE

*Key Factors That Every Business Owner Needs to
Know About the Reno-Tahoe Area*

PREPARED BY

STREET COMMERCIAL REAL ESTATE

REGION & LOCATION

Just East of the Sierras, the Great Basin region of Northern Nevada is home to a diverse, growing, and unexpected hub of development. While the gaming, downtown nightlife, and world-class ski-resorts draw people to the region, the low cost of living, job growth, and sense of community makes them hesitate to leave.

For businesses especially, the low-regulation, pro-business climate paired with resource availability and growing sustainability efforts makes for an attractive investment. As the region develops and shows no signs of slowing, more and more businesses are coming to find this western hotspot.



COMMUNITY EVENTS

- Food Truck Fridays
- Hot August Nights
- Reno Balloon Races
- Art Town
- Burning Man



RECREATION

- 11 Ski Resorts
- 78 Hiking Trails
- 87 Parks
- 7 Lakes
- 16 Rivers



EDUCATION

- 3 Universities
- 3 Community Colleges
- 22 High Schools
- 76 Elementary



Over 130 Departures/Arrivals in a day at Reno Tahoe Airport and more than 500 daily at McCarran Airport in Las Vegas



20% of the country can be reached in 1 day through major shipping carriers, with the rest reached within 2-3 days



Less than one day's drive to 60 million customers and 5 major US ports on the Pacific Rim

SAN FRANCISCO- 219 MI
3.75 HR DRIVE- 45 MIN FLIGHT

SALT LAKE CITY- 518 MI
7 HR DRIVE- 1.5 HR FLIGHT

BOISE- 424 MI
7 HR DRIVE- 1.25 HR FLIGHT

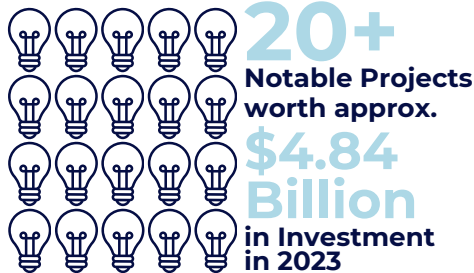
PHOENIX- 730 MI
11.5 HR DRIVE- 1.25 HR FLIGHT

LOS ANGELES- 472 MI
7.5 HR DRIVE- 1.75 HR FLIGHT

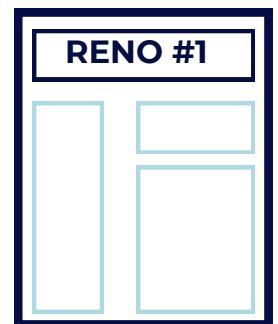
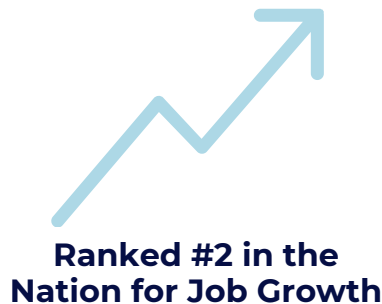
*DISTANCES CALCULATED FROM RENO, NV

YEAR IN REVIEW: DEVELOPMENT

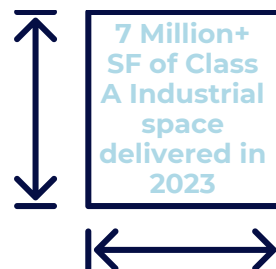
BY THE NUMBERS



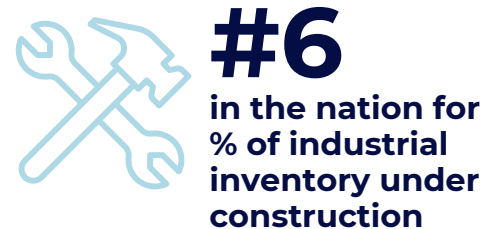
*EDAWN, 2023



**Ranked 1 of 15 Happiest
Place to Live in the US by
Outside Magazine
(Sep, '23)**



*EDAWN, 2023



*CoStar, 2024

Northern Nevada finished out 2023 with a promising level of momentum for 2024. While rising interest rates and construction costs kept development slightly restricted, the region showed strong resilience and was able to deliver millions of square feet of commercial space to the market by the end of Q4.

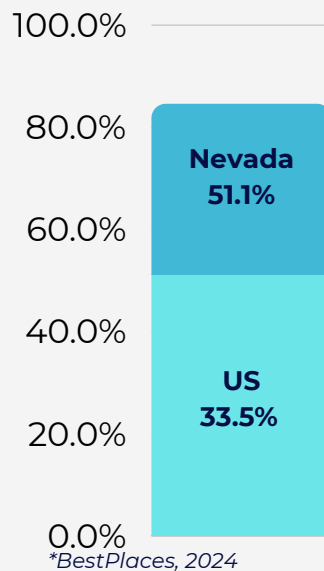
ECONOMIC ACTIVITY

 **272,692** People in Reno-Sparks Labor Force
*YCHARTS, 2024

“DIVERSIFICATION WITHIN THE NORTHERN NEVADA REGION HAS PROVEN TO PROVIDE STABILITY DURING RECENT ECONOMIC VOLATILITY MORE BROADLY,” GORDON SAID. “AT THE SAME TIME, WAGES ARE RISING AND CONSUMER SPENDING HAS BEEN STRONG.”

-Brian Gordon, Principal Analyst with Applied Analysis

PREDICTED 10 YR JOB GROWTH RATE



KEY INDUSTRIES

- Manufacturing & Logistics
- Aerospace & Defense
- Health
- Information Technology
- Mining
- Tourism/Gaming

GROWING INDUSTRIES

- Technology
- Advanced Manufacturing
- Renewable Energy
- Financial Services

\$93,306 Avg Household Income for Reno

*World Population Review, 2024

6.3% NV Real GDP Growth in Q4 of 2023, above the Nation's rate of 4.9%

Diversification has been the name of the game for the Northern Nevada region in recent years. Leaving the dependence upon Tourism and Gaming behind, northern counties have been focusing on new and emerging industries such as lithium battery technology, data centers, advanced manufacturing, and e-commerce distribution. While the region was not immune to the effects of the pandemic and is still in the recovery stages, the region predicts nothing but growth in the future.

Nevada Governor's Office of
ECONOMIC DEVELOPMENT

Empowering Success

An excellent resource for both current residents and prospective ones, the Nevada Governor's Office of Economic Development (GOED) works to create a vibrant, innovative, and sustainable economy with high paying and high-quality jobs for Nevadans.

TAX BENEFITS

- **NO Corporate Income Tax**
- **NO Personal Income Tax**
- **NO Capital Gains Tax**
- **NO Inventory Tax**
- **NO Franchise Tax**
- **NO Special Intangible Tax**
- **NO Inheritance or Gift Tax**
- **NO Unitary Tax**
- **NO Estate Tax**

STATE INCENTIVES

- **Business Development & Assistance Programs**
- **Workforce Development Programs**
- **Innovations-Based Economic Development Programs**
- **International Trade Program**
- **Rural Community & Economic Development Programs**

RIGHT TO START STATE

As of July 2023, Nevada became the first state to sign the "Right to Start" bill, which aims to "foster entrepreneurship and economic growth" by removing unnecessary hurdles and regulations for new businesses

*NV GOED, 2024

#7

In the nation for Best Business Tax Climate as of July 2022

While the Reno-Tahoe area's location, community, and economy attracts a large customer base, the business-friendly and low-regulation policies allow them to put their roots down and sustain their businesses. With California refugee companies especially, operations and strategy managers are on the lookout for markets that allow a break from the regulations, restrictions, and start-up obstacles that plague so many other states. Nevada remains a prime destination for allowing not only start ups, but also established companies to keep their doors open.

Q4 2023

MARKET DATA

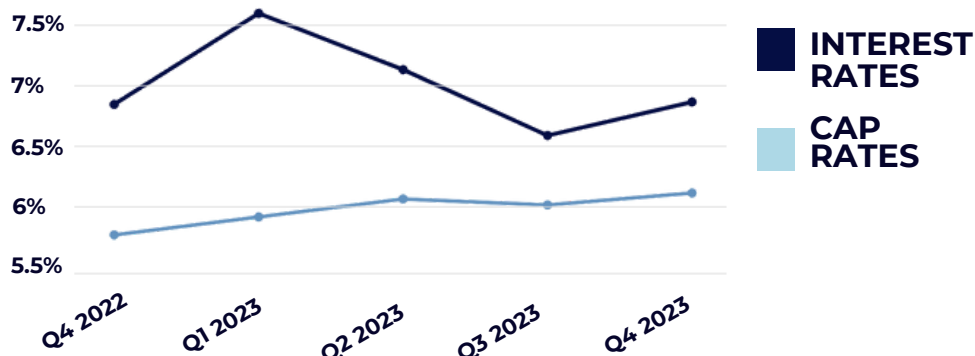
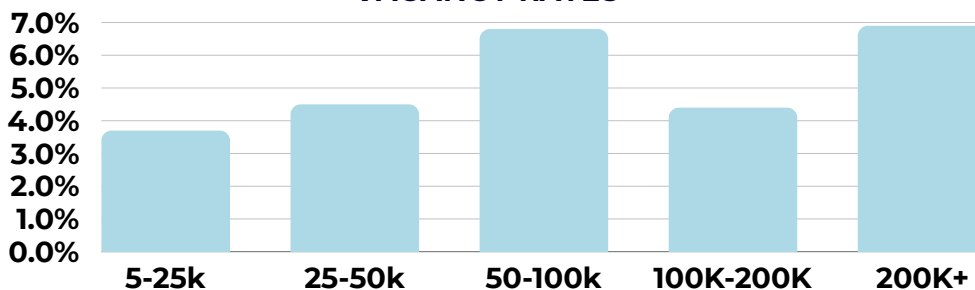
GREATER RENO AREA

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.

RESOURCES & CONTACTS

Nevada Governor's Office of
ECONOMIC DEVELOPMENT
Empowering Success

NEVADA GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT **(775) 687-9900** **goed.nv.gov**

The Nevada Governor's Office of Economic Development (GOED) was created during the 2011 Session of the Nevada Legislature through a collaboration of the Nevada Governor's Office and the Leadership of the Nevada State Senate and State Assembly with the vision of creating a vibrant, innovative, and sustainable economy with high-paying and high-quality jobs for Nevadans.



ECONOMIC DEVELOPMENT AUTHORITY OF WESTERN NEVADA **(775) 829-3700** **edawn.org**

The Economic Development Authority of Western Nevada (EDAWN) is a private/public partnership established in 1983, committed to adding quality jobs to the region by recruiting new companies, supporting the success of existing companies, and assisting newly forming companies, to diversify the economy and have a positive impact on the quality of life in Greater Reno-Sparks.



LAS VEGAS GLOBAL ECONOMIC ALLIANCE **(702) 791-0000** **lvgea.org**

LVGEA supports businesses looking to expand or relocate to the Greater Vegas region with a variety of services depending on the business needs. As the state-sanctioned regional economic development authority and a community-supported nonprofit, we offer our economic development services free of charge. Schedule a consultation with the team today.



MANUFACTURE NEVADA **(775) 784-1935** **manufacturenevada.com**

Manufacture Nevada is a key resource for manufacturing companies navigating their path to success. Acting as advocates, advisors, and a bridge between industry and state, Manufacture Nevada creates specific business plans finely-tuned to your company.

CONTACT US OCCUPIER TEAM



**FOR MORE INFORMATION ON OUR SERVICES, MARKET DATA,
OR DOING BUSINESS IN NEVADA, CONTACT US TODAY!**

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