



Street Commercial Real Estate
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Northern Nevada

BUSINESS CONFIDENCE SURVEY

2024

Prepared by
STREET COMMERCIAL REAL ESTATE

Introduction

The commercial real estate industry is driven by the companies that buy, sell, and lease properties for their operations. As CRE brokers, understanding the concerns and intentions of these companies is the best way to address and anticipate trends in the market and allows us to better represent our clients. With that in mind, Street CRE created this Business Confidence Survey to measure how companies within the local area feel about their future over the next six to twelve months and what main concerns they might have.

Methods

Survey data was gathered through one-on-one phone interviews and in-person meetings over the last 60 days. Well over one hundred Reno/Sparks businesses were contacted and we received responses from over 70. The following questions were asked of each:

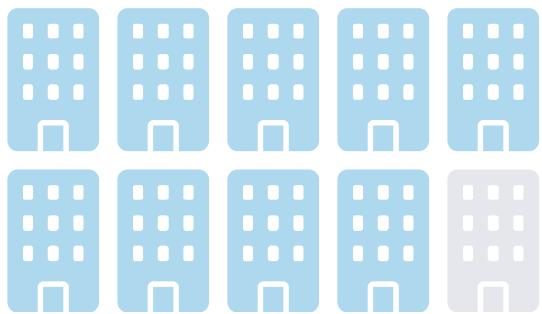
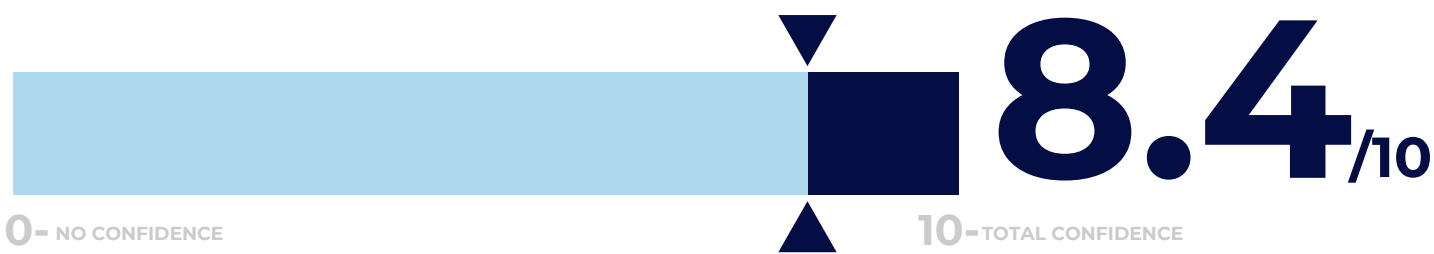
- 2) How would you rate your current level of business confidence (1-10)?
- 2) What are your company's concerns for today and in the near term?
- 3) Are you planning to hire or lay off employees within the next 6 months?
- 4) Are you planning any large capital projects or investments in your business?
- 5) Own Vs Lease – Level of satisfaction of real estate – Expansion or Reduction plans?

Results

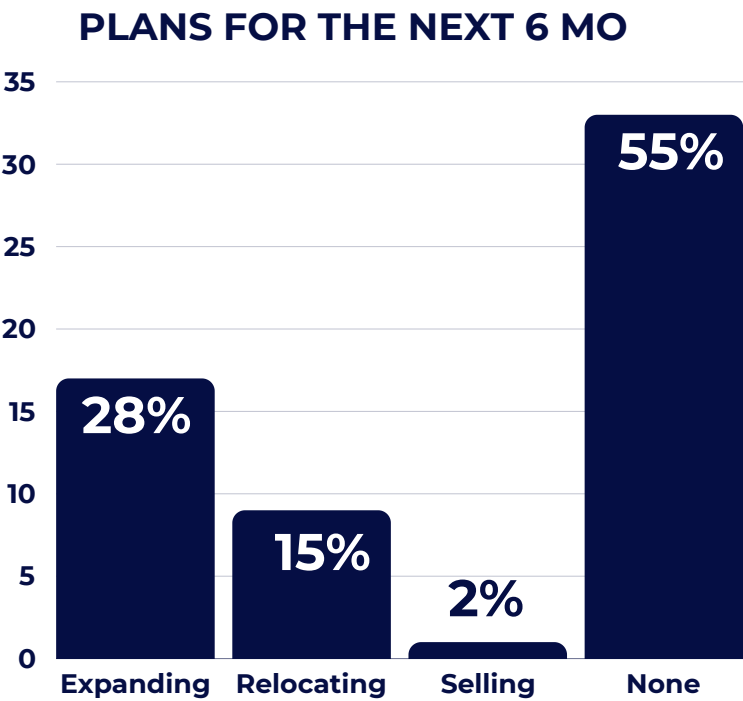
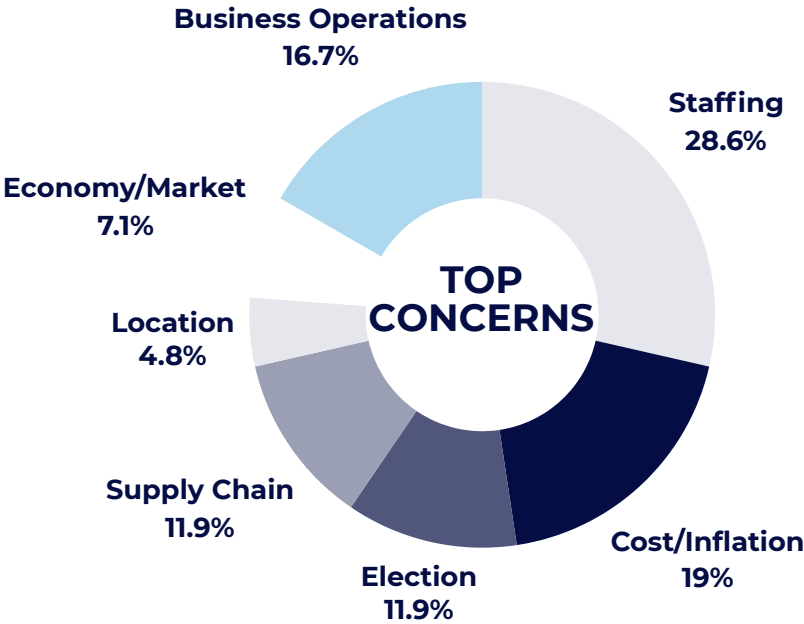
The overall confidence of businesses was measured with a simple scale of 1-10, with 1 being no confidence and 10 being total confidence. The average response-marked as the *Business Confidence Index*- was 8.4. This high ranking indicates a strong sign with company managers and owners, as it signals high confidence in their business and its future.

*Data continued on next page

2024 BUSINESS CONFIDENCE INDEX



Nine out of Ten Businesses
Surveyed are Satisfied With
Their Current Location



Analysis

Top Concerns

One of the primary questions on the survey was identifying what companies are challenged with leading into 2025. Most business owners or key company decision makers highlighted their top concern as staffing; some noted the lack of a skilled labor force for their operation, increased wage demands, or general hiring concerns. Finding trained and experienced employees continues to be difficult as employers are experiencing barriers in every step of the process: few and/or underqualified applicants, high employee turnover, low retention rates, and high cost of labor wages.

With inflation still rising, overall cost of goods and services was another major concern, as nearly 20% of respondents have indicated. An increase in raw material and service prices means some companies must raise their consumer prices, lower their wages, or make cuts in other areas to make up the difference that was lost to inflation.

The third top concern to businesses surveyed was overall operations and pace of growth. While some companies were struggling to keep up with consumer demand, others were experiencing slowed growth and were working to maintain consistent sales. As seen with the pandemic, companies are affected differently by the same market conditions across industries and are constantly being required to adapt. A notable trend found in this survey was that more product-based companies were encountering the high demand, while service-based companies were experiencing a slowdown. While it seems as though demand for products would typically be down during a high inflationary period such as this, companies need materials to operate, regardless of price, so the demand remains. However as a result, companies are in turn cutting services that they typically pay for and doing it themselves as a way to save money that they lost to the higher price of supplies.

The upcoming 2024 presidential election was also mentioned; Along with this major political juncture comes potential shifts in tax rates, policies, and consumer behaviors. Supply chain disruptions were also high on the list of concerns due to changes in demand, labor shortages, and lead times. While more prevalent in some industries than others, businesses are still feeling the effects of lags in coordination from the 2020 disruption.

Growth and Expansion

As the results indicate, 50% of the businesses surveyed in the region are planning to hire additional employees within the next 6 months and astonishingly the layoff factor was surveyed at 0, which shows the economic strength of the local area. This intent of growth hints at an optimistic view by managers who anticipate that business operations are expected to rise enough that more employees are required. This in turn may signal a need for additional space or an increased square footage requirement for these businesses. A potential positive sign for the Reno / Sparks commercial real estate market.

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In addition, roughly 1 quarter of these companies intend on making significant capital investments into their operations over the next year. This is a sign that many expect future growth and are preparing for it, a significant sign of business confidence.

Specific Company Insight

One success story worth noting comes from a company specializing in the lithium battery industry. They currently occupy multiple locations within our community and still see future expansion as a real possibility. The expansion is a response to the continued and growing demand within the lithium battery industry. “Everything is going great in the market for lithium batteries” The manager stated, emphasizing the fact of the expanding interest in lithium batteries as companies and consumers drive demand for battery technology. This expansion within the region is becoming a bigger trend, which could mean more expansion and relocation for companies from other markets who work within the lithium battery industry. Some have dubbed Nevada as the Lithium Loop, due to its proximity to the raw lithium, its manufactures using it in batteries, and the recyclers in place reusing the materials for additional applications.

Conclusion

There are valuable takeaways from this latest survey. Revealing a positive outlook in the Reno/Spark Market, an average of 8.4 out of 10 in business confidence levels suggests that companies are optimistic despite some of the current headwinds they’re experiencing, and still looking to expand. Continued challenges around hiring and the supply chain disruptions will force many companies to focus on additional strategic planning and adapt to possible longer-term or permanent market changes. A local business offered one piece of advice that could stand out to the local community, “During any economic uncertainty, you have to adapt and diversify” being a reminder when times are changing to be flexible and focus on being creative to stay ahead and remain competitive. Overall, it is reflected that optimism in the local area suggests potential growth opportunities for business owners, despite challenges that are faced in 2024 leading into 2025. This optimism is likely tied to the diversification of the areas businesses and industries that has taken place over the last decade.



William Ramous

Summer 2024 Intern

Street CRE's 2024 Summer intern, Will Ramous, is currently a senior at the University of Nevada, Reno pursuing a bachelor's in Finance and a minor in Sports Management. Over the last few months, Will has been instrumental in the formation, execution, and publication of the 2024 Business Climate Survey. He is currently pursuing his Nevada real estate license and plans to stay involved in the CRE industry.

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