BIGGEST LITTLE INDUSTRIAL REPORT

Q1 2025

Street Commercial Real Estate
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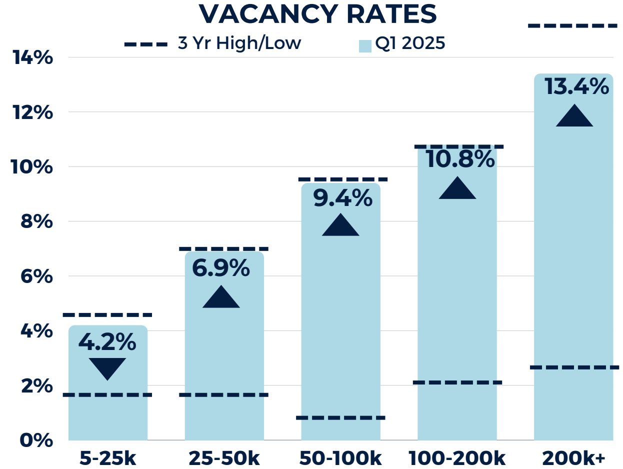
Reno's industrial sector kicked off 2025 with a noticeable—but not unexpected—rise in overall vacancy, reaching 11.2%. The culprit? A wave of new spec product hitting the market faster than tenants could absorb it. But despite the headline vacancy number, the story under the surface is more nuanced.

Demand for sub-50,000 SF spaces remains strong, with vacancy rates under 7% and lease rates continuing to climb. Meanwhile, big-box inventory (100,000+ SF) is seeing double-digit vacancy, softening rents, and longer lease-up times. This is a bifurcated market—and if you're playing it smart, there's opportunity on both sides.

Square Ft	Monthly Rent/SF	Avg Sold/SF
5-25k	$1.23 ▲	$244 ▲
25-50k	$1.10 ▲	$136 ▼
50-100k	$0.98 ▲	$140 ▼
100-200k	$0.92 ▲	$174 ▲
200k+	$0.74 ▼	$121 ▼

VACANCY RATES



KEY THEMES:

- Supply Outpaced Absorption
- Small-to-Mid Bay is Still King
- Market Optimism is Building

OUR NOTABLE TRANSACTIONS

875 Panther Dr #100
- 33,400 SF
- $1.00/SF
- 3.5% Ann. Escalations
- North Valleys

875 Panther Dr #105
- 24,900 SF
- $1.00/SF
- 3.5% Ann. Escalations
- North Valleys

131-135 Coney Island Dr
- 15,000 SF
- $1.10/SF
- 3.5% Ann. Escalations
- Sparks

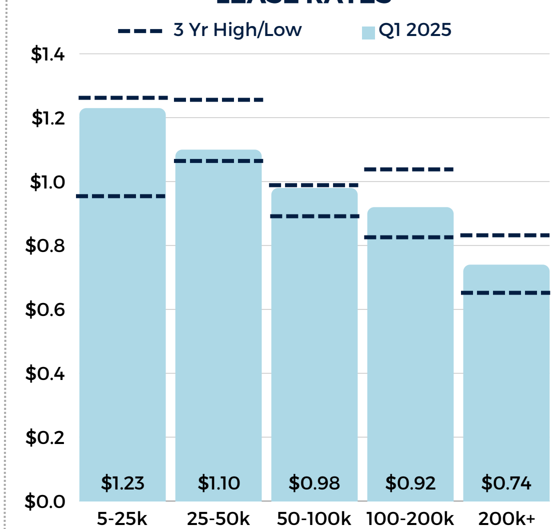
2535 Business Pkwy
- 51,000 SF Leaseback
- $6,100,000.00 Sale Price
- $0.82/SF Lease Rate
- Minden

CHANGES SINCE LAST QUARTER

In the first quarter of 2025, Reno's industrial market experienced a slight increase in vacancy rates, rising to 11.2% from the previous quarter. This uptick was primarily due to the delivery of new product, which outpaced tenant absorption. Despite this, tenant activity remained robust, particularly in spaces of 50,000 square feet and below, showcasing the market's resilience in accommodating smaller industrial users.

Concurrently, there was a notable shift in market sentiment, with growing optimism fueled by sustained demand from sectors such as electric vehicle manufacturing and data centers. This positive outlook is expected to drive future growth and absorption in the region.

LEASE RATES



Advice for Tenants:

- **Large Users Have Leverage:** Big spaces are sitting. If you're in the market for 100k+ SF, you're in the driver's seat. Use that leverage to secure TI, flexibility, or longer free rent periods.
- **Small Users Should Move Fast:** Vacancy under 7% in smaller product means limited options. Renew early or relocate strategically to lock in rates before further increases.

Advice for Investors:

- **Play Where It's Tight:** Sub-50k SF assets offer strong rent growth and low vacancy. The fundamentals are solid, and tenant demand is sticky.
- **Big Box Strategy Shift:** With 13.4% vacancy in the 200k+ category, investors should underwrite conservatively. Consider demising, enhanced TI packages, or creative lease terms to stay competitive.
- **Eyes on Future Demand:** EV and data center activity may not fill today's spec boxes, but they're setting up long-term demand for infrastructure-heavy industrial.

Looking Ahead:

We're in the early innings of Reno's next industrial cycle. Rising vacancy numbers shouldn't overshadow the broader momentum building across logistics, advanced manufacturing, and tech infrastructure. Smart capital is already repositioning for what's coming—because once this wave of new supply is absorbed, the window for value plays may close fast.

Expect steady absorption through 2025, increased leasing velocity by Q3, and the return of speculative development in bricks by '26.

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