



2024

NORTHERN NEVADA

# Q1 OFFICE REPORT



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## Positive Momentum to Kick Off

### The 2024 Reno Office Leasing Market

The first quarter of 2024 has ignited a wave of optimism in Reno's office leasing market. Notably, the direct vacancy rate dropped from 10.61% in Q4 2023 to 9.76% in Q1 2024, indicating a solid improvement in occupancy levels. Moreover, the quarter witnessed an impressive positive net absorption of 60,585 sq ft, the highest since Q1 of 2022 (114,995 sqft). The key contributors to this include the State of Nevada's lease of 79,428 sq ft at the former Employers Building on 10357 Professional Circle and Ridgeline's relocation from 9870 Gateway (17,227 sq ft) to 9390 Gateway (24,886 sq ft), adding 7,659 sq ft to the positive absorption. These leases have given a positive life to the South Meadows leasing market, which has faced significant challenges bouncing back since the fallout of the pandemic.

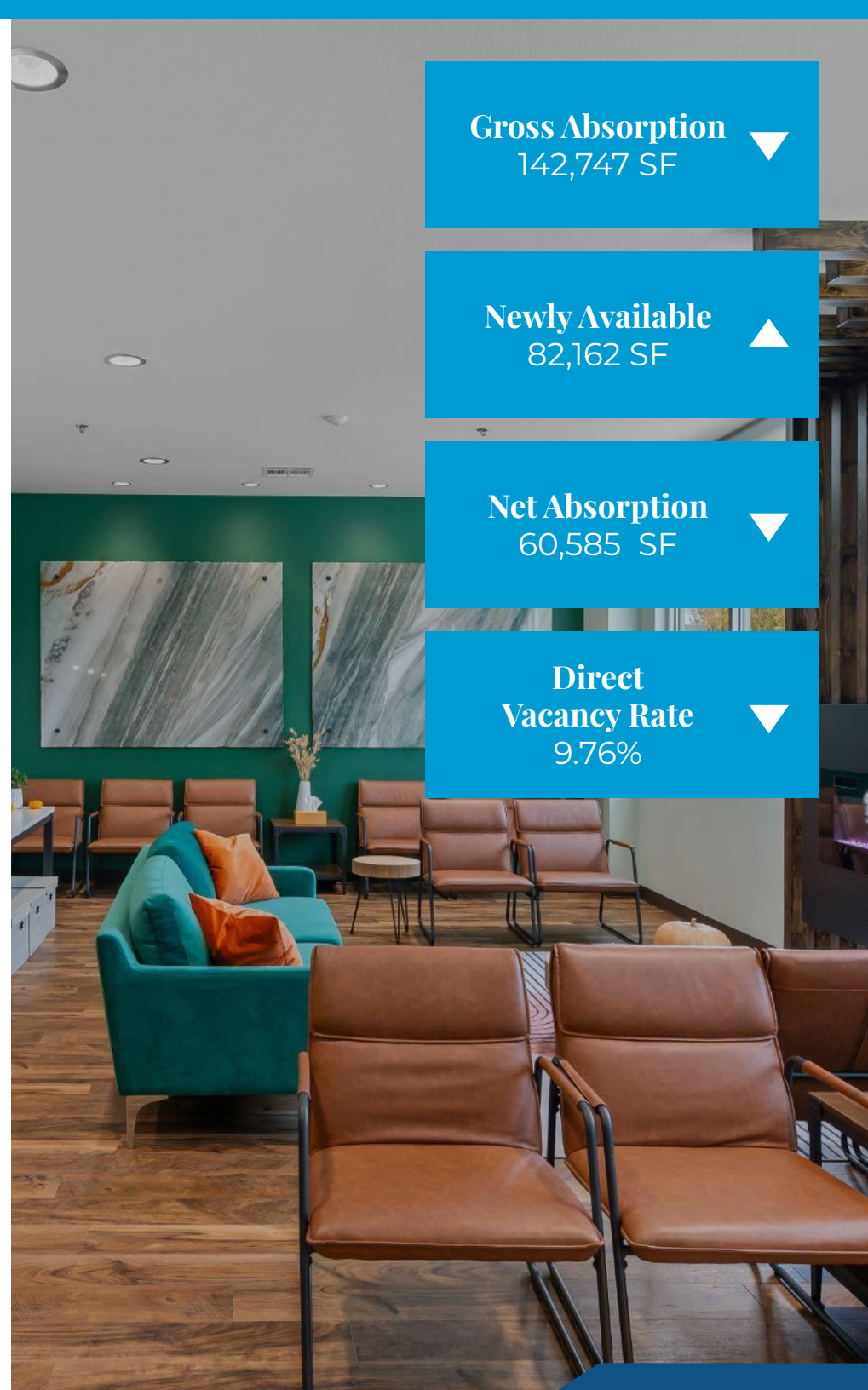
Looking ahead to the remainder of 2024, our optimism for the Reno Office Leasing market remains strong. Companies are increasingly proficient at understanding and implementing their post-pandemic office needs, driving demand for modern and adaptable workspaces. However, it's essential to recognize the ongoing challenge of rising construction costs, impacting both landlords and tenants, particularly in terms of escalating tenant improvement expenses. This situation gives Class A buildings a competitive edge, offering more move-in ready spaces with upgraded finishes compared to Class B and C buildings. We anticipate this trend to persist throughout 2024, as relief in construction costs is not expected in the near future.

**Gross Absorption** ▼  
142,747 SF

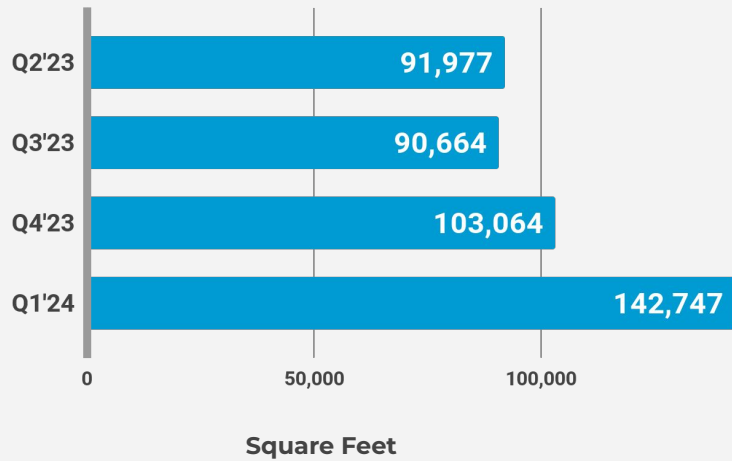
**Newly Available** ▲  
82,162 SF

**Net Absorption** ▼  
60,585 SF

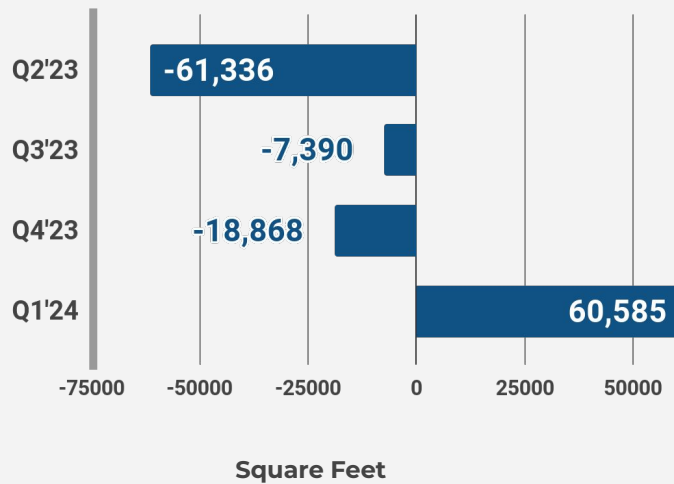
**Direct  
Vacancy Rate** ▼  
9.76%



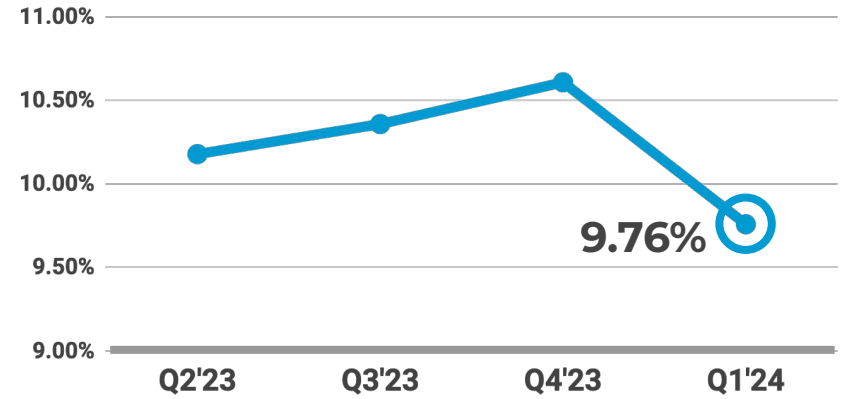
## Gross Absorption



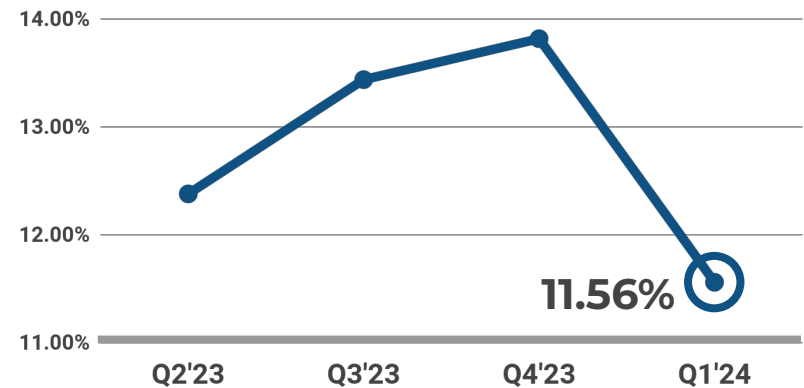
## Net Absorption



## Direct Vacancy Rates



## With Sublease Vacancy Rates



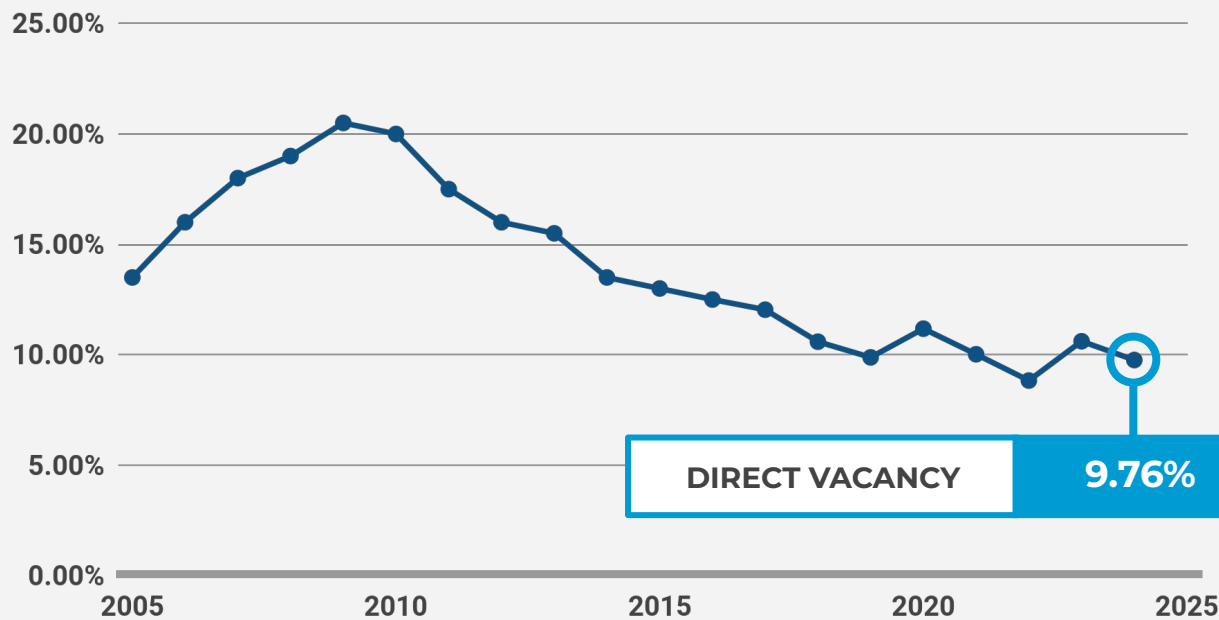
## Market Insight

Overall, the flight-to-quality theme is still playing out as we expected in the Reno Office market. The suburban South Meadows submarket continues to see more headwinds with big vacancies and shadow space while the Class A properties in the Meadowood and Downtown submarkets get the majority of the activity and absorption.

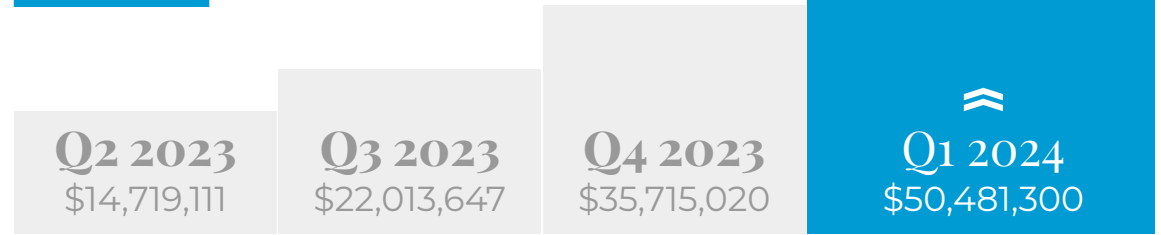
## Vacancy Rates

Submarket	Direct	With Sublease
DOWNTOWN	12.12%	13.72%
SOUTH MEADOWS	14.54%	19.45%
MEADOWOOD	8.30%	9.57%
CENTRAL	5.33%	5.40%
AIRPORT	6.53%	7.10%
<b>OVERALL</b>	<b>9.76%</b>	<b>11.56%</b>

## Top 200 Office Building Historical Vacancy DCG



## Sales Volume



The first quarter of 2024

**Recorded a welcome increase in office sales volume to start off the year.**

Total sales volume for Q1 saw a favorable increase in the total sales volume in Washoe County. Volume tallied the highest figure in the past four quarters, with \$50 million in transactions.

Year over year, the sales volume of Q1 2024 was significantly higher than that of Q1 2023. Q1 of 2024 had \$50,481,300 of transaction volume, while Q1 of 2023 only reached \$13,866,316, signifying a healthier commencement to the beginning of this year opposed to the slower start of 2023.

Office commercial real estate investment activity is expected to reduce further into 2024, as interest rates are still expected to rise. Although the uncertainty around interest rates still looms, the commercial real estate sector may be on the cusp of a promising rebound as alternative debt providers such as private debt funds and mortgage REITS are stepping up as traditional banks step back.

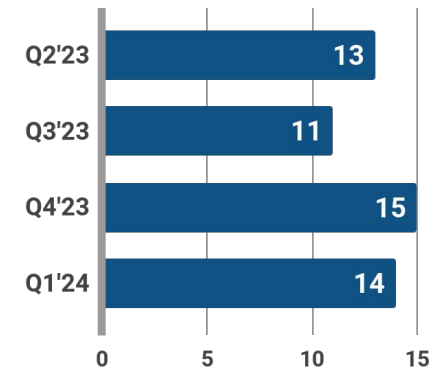
### Multi-Tenant/Larger Sales

In Q1, the most notable sale took place in the Downtown submarket and accounted for 56.29% of the total sales volume for the quarter. The Park Center Towers office building at 300 E 2nd Street, housing tenants like LP Insurance and ClearCapital, sold at a 7.1% cap rate. The property was purchased by the ownership group of the Reno Aces.

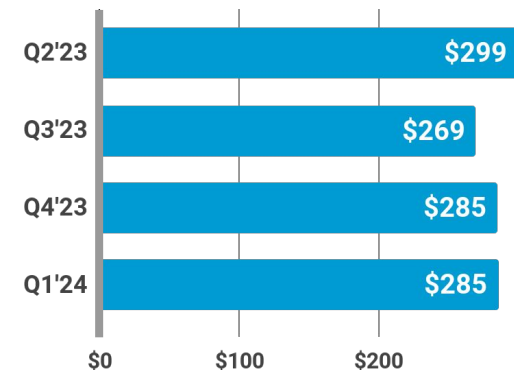
### Single Tenant/Smaller Sales

Following the trend from last quarter, Q1 saw a handful of owner user sales occur in both Downtown and the South Meadows Submarket including a 32,432 square foot building at 300 Sierra Manor Drive, a 27,593 square foot portfolio purchase of two buildings at 350 Crampton Street and a 5,246 square foot building at 4515 Towne Drive.

## # of Sales



## Average Price/sf

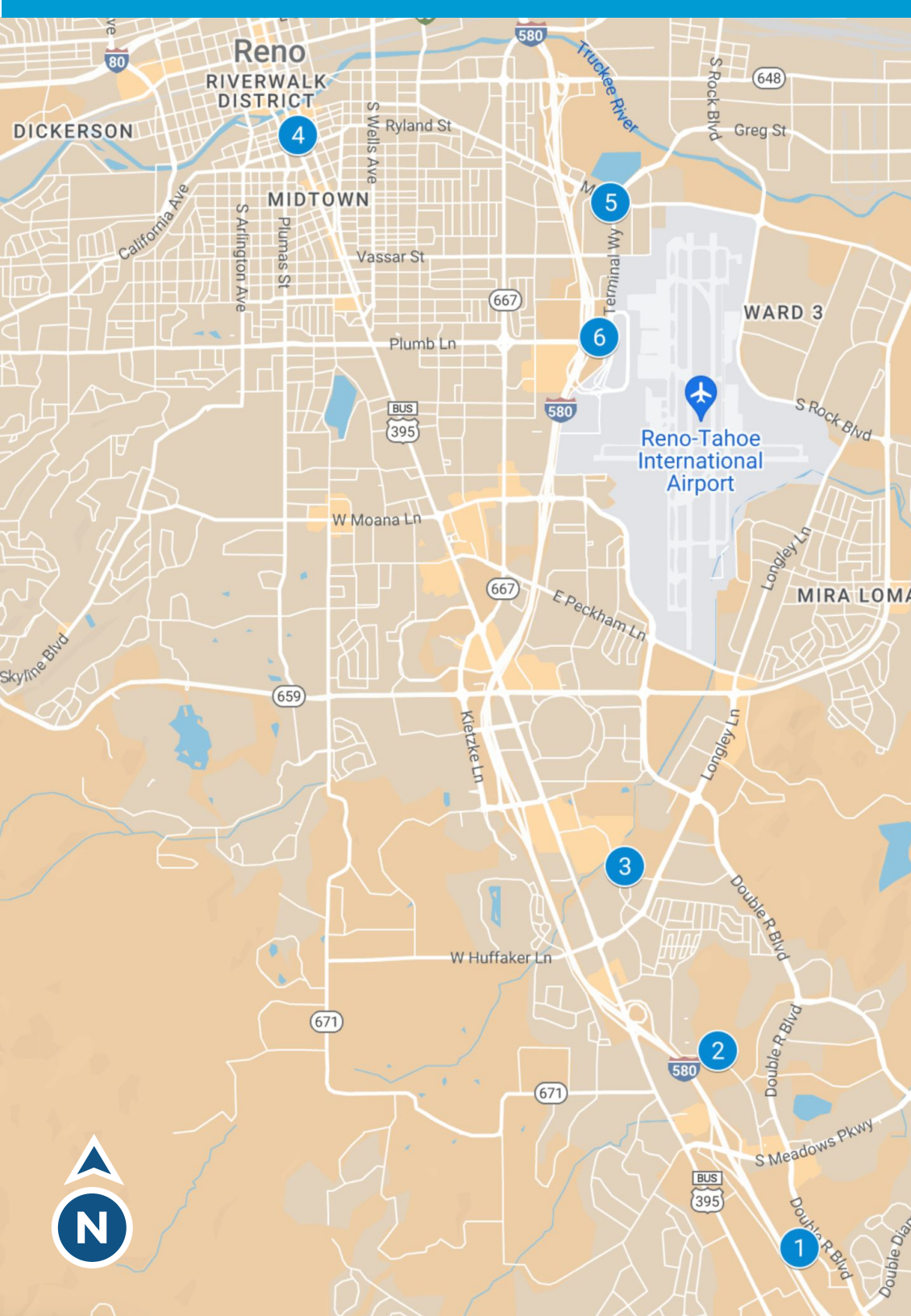


*\*See the next page for transaction detail and pricing.*

## Notable Office Sales

Address/SF	Price	Details
<b>300 E 2nd St</b> 142,000 SF	<b>\$28,416,000</b> \$200.11 p/sf	In Downtown Reno, an ownership group tied to Reno Aces owner Herb Simon purchased the Park Center Towers office building from Basin Street Properties at a reported 7.1% cap rate
<b>350 Crampton St &amp; 1055 S Wells Ave</b> 27,593 SF	<b>\$7,225,000</b> \$261.84 p/sf	A portfolio of two medical office buildings located on the corner of S. Wells and Crampton Street. An owner-user sale, as Community Health Alliance already occupied the buildings. DCG represented the buyer in this transaction.
<b>300 Sierra Manor Dr</b> 32,432 SF	<b>\$5,100,000</b> \$257.25 p/sf	In the South Meadows submarket, freestanding building purchased by Construction Materials Engineers, Inc.
<b>599 California Ave</b> 6,501 SF	<b>\$1,850,000</b> \$284.57 p/sf	In the Downtown submarket, a multi-tenant office building with frontage on California Ave. DCG represented the buyer in the transaction.
<b>850 Tanager St</b> 3,480 SF	<b>\$1,834,000</b> \$527.01 p/sf	A four-suite office building on the corner of Tanager Street and Oriole Way in Incline Village.
<b>4864 Sparks Blvd</b> 5,912 SF	<b>\$1,650,000</b> \$279.09 p/sf	In the Sparks submarket, a standalone office building in the Vineyards Office Park.
<b>4515 Towne Dr</b> 5,246 SF	<b>\$1,222,000</b> \$232.94 p/sf	In the South Meadows submarket, an office property was purchased by Civil Solutions, a geotechnical and civil engineering firm based in Cincinnati, Ohio.

# Q1 Notable Lease Transactions



1

<b>10375 Professional Cir</b> Reno
79,248 SF
T: State of Nevada

2

<b>9390 Gateway Dr</b> Reno
24,886 SF
T: Ridgeline, Inc.

3

<b>6980 Sierra Center Pkwy</b> Reno
8,089 SF
T: Geodis Logistics, LLC.

4

<b>200 S Virginia St</b> Reno
6,053 SF
T: Dunham Trust Company

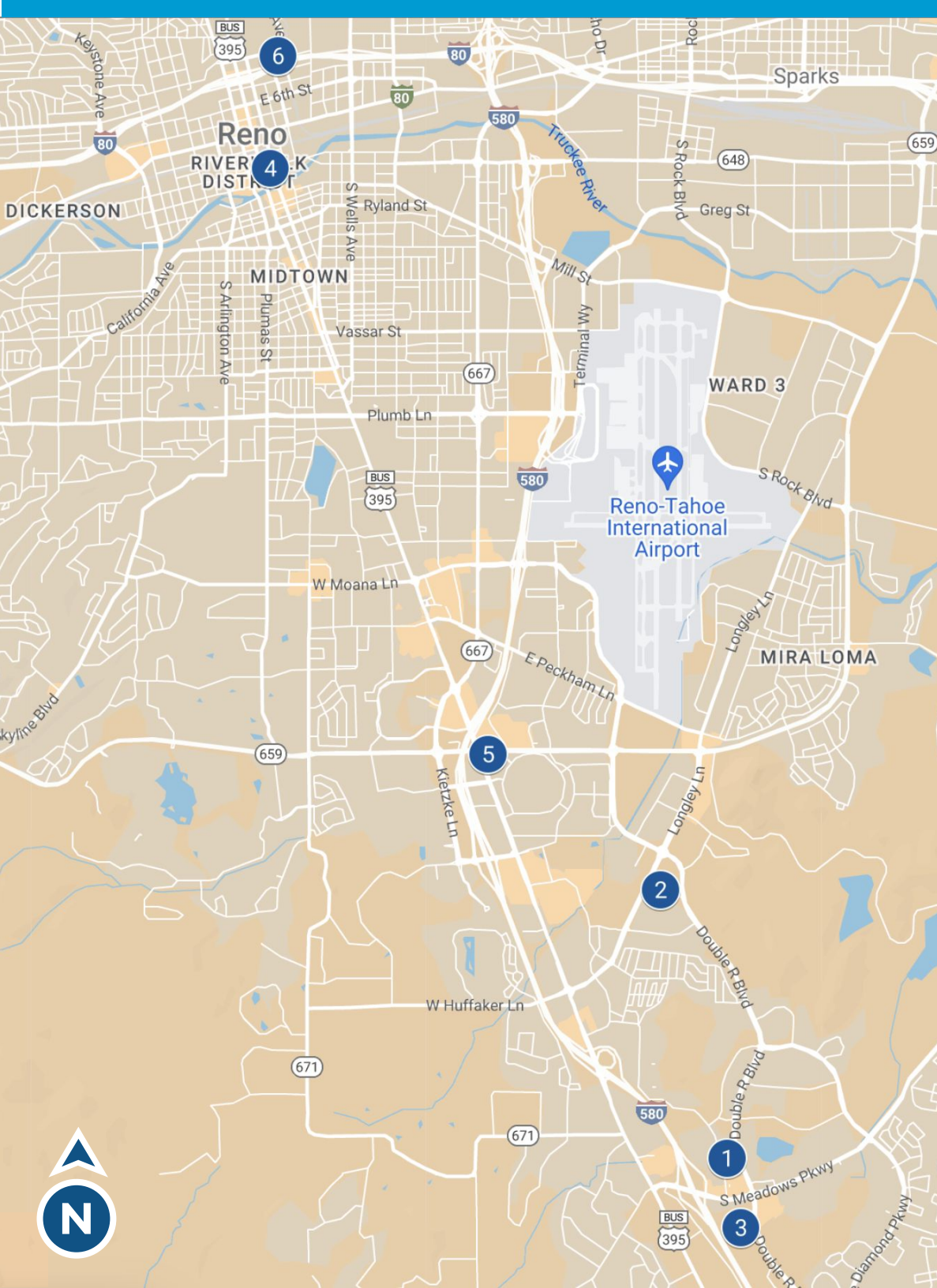
5

<b>2920 Mill St</b> Reno
6,020 SF
T: N/A

6

<b>1755 E Plumb Ln</b> Reno
4,877 SF
T: LPT Realty, LLC.

# Office Developments



- 1 Downtown Damonte**- 73-acre mixed-use development with 150,000 SF of Class A office space planned.
- 2 Northern Nevada Sierra Medical Plaza**- 87,000 SF of new medical office building equipped with Class A medical/office space.
- 3 Renown Expansion of South Meadows Hospital**- 154,000 SF of new surgery rooms, public spaces, new facade, and upgrades for the Medical Center. Expected Fall 2023.
- 4 Reno City Center**- Mixed-use complex with 150,000 SF of office space.
- 5 Skypointe**- Six story building with 180,000 SF of office space.
- 6 UNR Gateway Project**- Includes a new Life Sciences building, College of Business, and a parking structure with a skyway bridge.



# Featured Listings

## South Meadows Garden Office For Sale

**9600 PROTOTYPE CT**  
**\$1,750,000** (\$375/SF)  
4,664 SF



## Tahoe Reno Industrial Center Office & Land for Sale

**610 & 620 WALTHAM WAY**  
**\$10,000,000** (\$394.17/SF)  
25,370 SF (5 AC)



## Medical Office For Lease

**5390 LONGLEY LN**  
**\$2.35/SF/MO** NNN  
1,616 to 5,588 SF Available



## Downtown Office For Lease

**50 W LIBERTY ST - SUITE 800**  
**RENTAL RATE (UPON REQUEST)**  
9,670 SF



## Professional / Medical Office For Lease

**5435 KIETZKE LN - SUITE 200**  
**RENTAL RATE (UPON REQUEST)**  
5,000 SF Available



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