

2024

NORTHERN NEVADA

# Q2 OFFICE REPORT



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## Reno's Resilient Office Market

### Q2 2024 Reno Office Leasing Market

#### Market Sentiment

Despite the rise in vacancy and negative absorption, total gross absorption has exceeded 100,000 SF for the third consecutive quarter, with 142,747 SF in Q1 and 125,392 SF in Q2. This represents a 36% increase in gross absorption from Q2 2023, signaling positive momentum and greater stabilization that has not been seen since the pandemic. The State of Nevada has played a significant role in this stabilization, leasing over 100,000 SF in 2024 alone.

Class A properties, particularly in the Downtown and Meadowood submarkets, continue to see a flurry of leasing activity across diverse industries. This diversification spans from traditional tenants like law firms and finance to newer sectors such as logistics, energy, and technology companies.

#### Key Lease Transactions

- **State of Nevada's Department of Health and Human Services:** Leased 28,856 SF at 9850 Double R Blvd in the South Meadows Submarket.
- **Adopt a Vet Dental Program:** Leased 15,721 SF at 1885 S Arlington.
- **Holland and Hart:** Vacated 30,081 SF at 5441 Kietzke and downsized to 12,941 SF at 5470 Kietzke.

#### Outlook

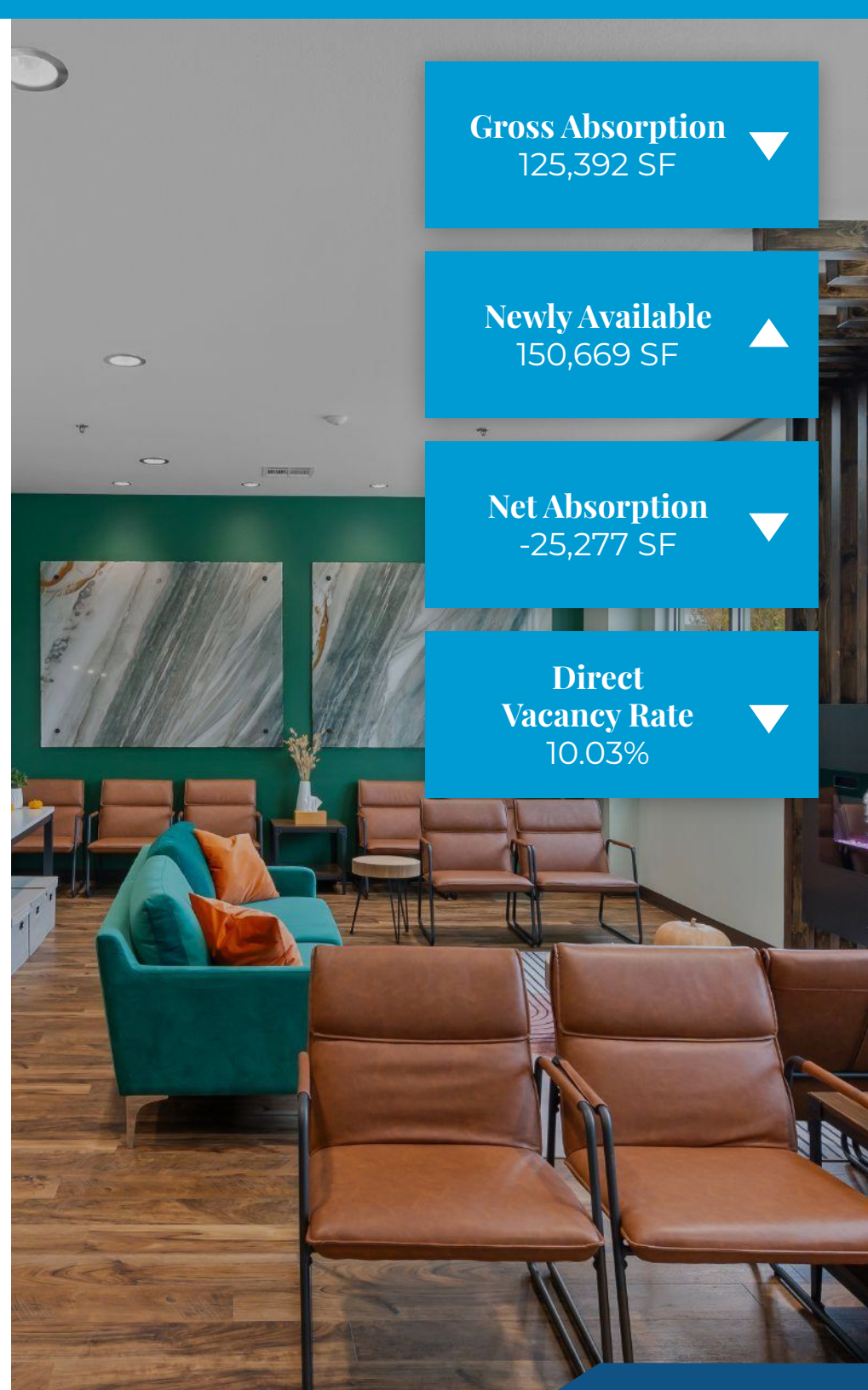
Looking ahead, we expect tenants to continue to "right-size" their space needs, as highlighted above by Holland and Hart's 57% size reduction. While this trend presents challenges in achieving consistent positive net absorption, the Reno office market is in a more positive position than in years past. The market's resilience, bolstered by stronger leasing activity and the ongoing appeal of Class A properties, provides a solid foundation for continued growth.

Gross Absorption  
125,392 SF ▼

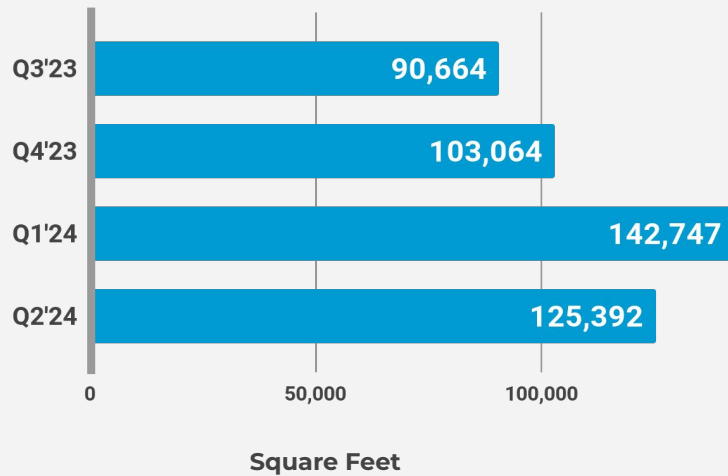
Newly Available  
150,669 SF ▲

Net Absorption  
-25,277 SF ▼

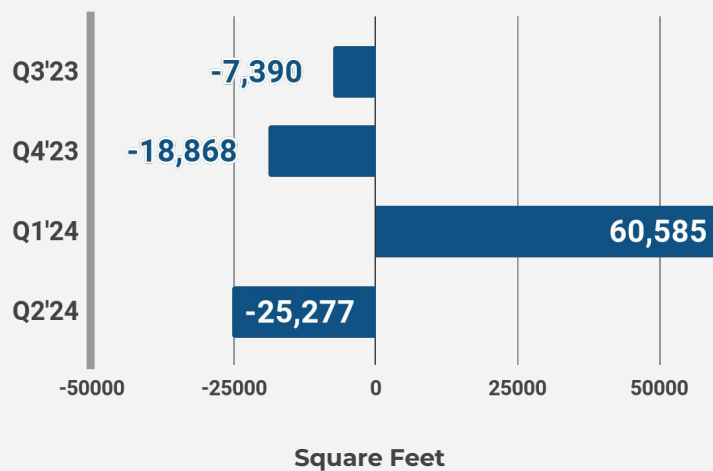
Direct  
Vacancy Rate  
10.03% ▼



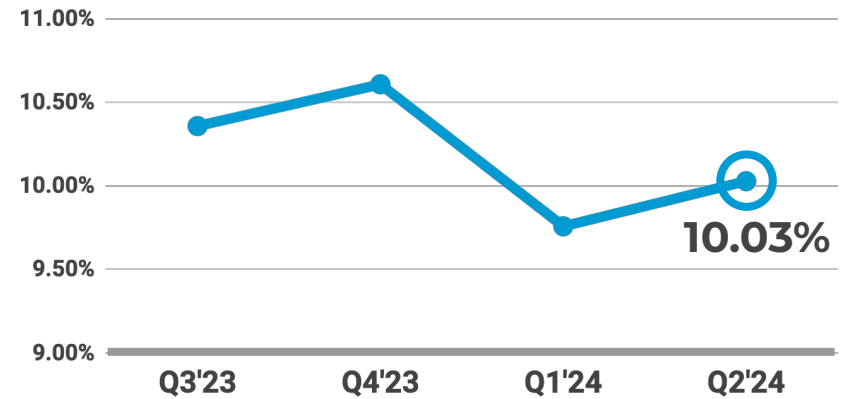
## Gross Absorption



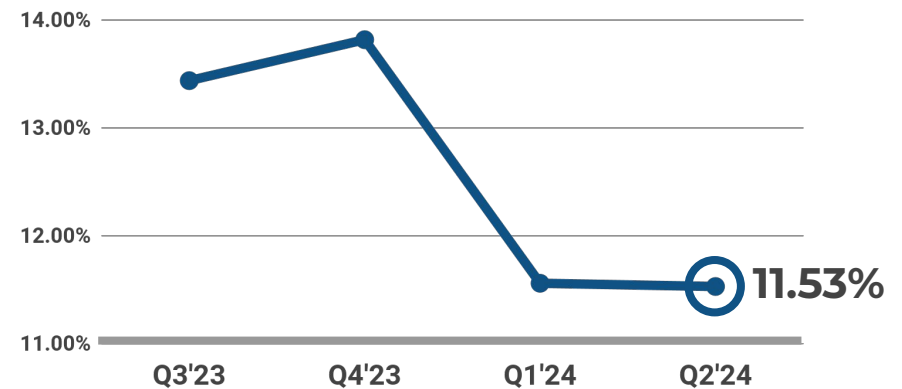
## Net Absorption



## Direct Vacancy Rates



## With Sublease Vacancy Rates



# Q2

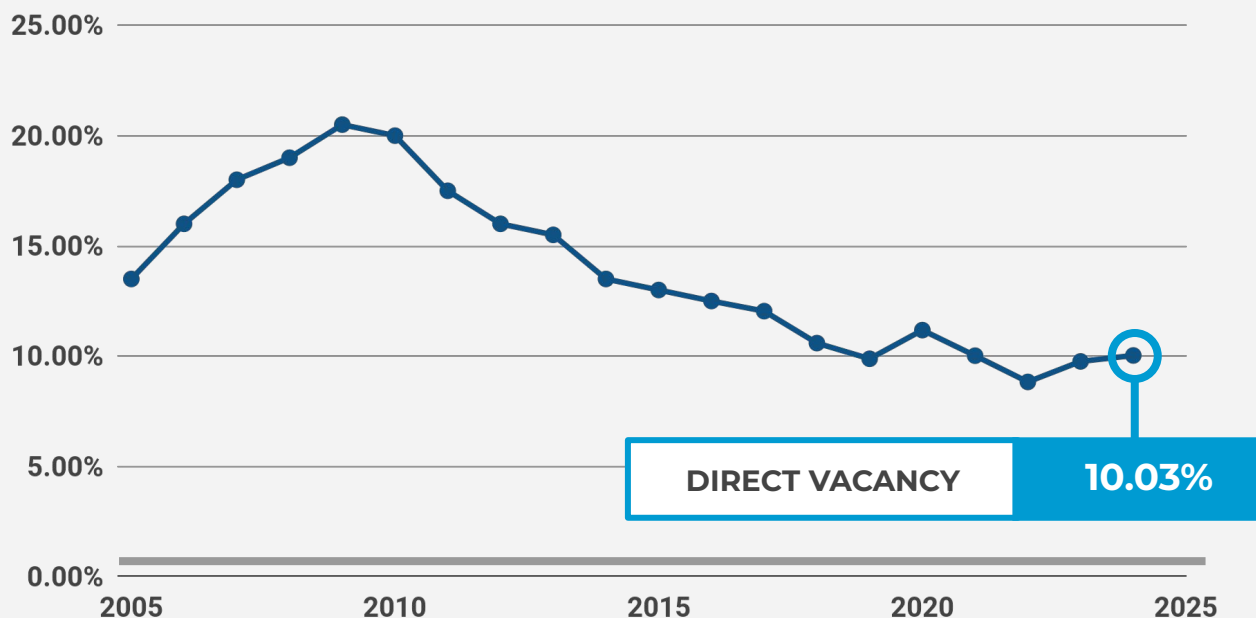
## Market Insight

The Reno office leasing market in Q2 2024 presented both challenges and opportunities. While the direct vacancy rate increased slightly from 9.76% in Q1 to 10.03% in Q2 and net absorption was a negative 25,277 SF, the quarter was marked by notable leasing activities, spearheaded for the second consecutive quarter by the State of Nevada.

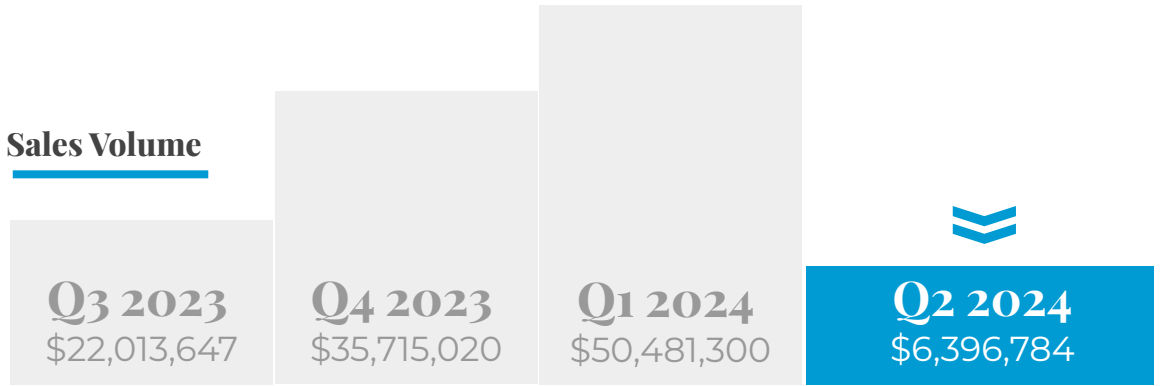
## Vacancy Rates

Submarket	Direct	With Sublease
DOWNTOWN	11.29%	11.79%
SOUTH MEADOWS	12.87%	17.98%
MEADOWOOD	10.42%	11.78%
CENTRAL	5.38%	5.38%
AIRPORT	7.48%	8.17%
<b>OVERALL</b>	<b>10.03%</b>	<b>11.53%</b>

## Top 200 Office Building Historical Vacancy DCG



## Sales Volume



# Q2

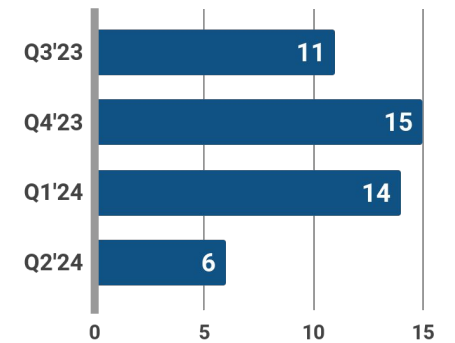
The second quarter of 2024

**A slow quarter for both volume and number of sales in Q2.**

Total sales volume for Q2 saw a considerable decrease in the total sales volume in Washoe County. Transaction volume experienced the lowest figure in the past four quarters, with just over \$6 million in transactions.

Year over year, the sales volume of Q2 2024 was slightly lower than that of Q2 2023. Q2 of 2024 only reached \$6,396,784 of transaction volume, while Q2 of 2023 was at \$15,118,111. Posting another slow quarter for the office market sales figures in Washoe County as a whole.

## # of Sales



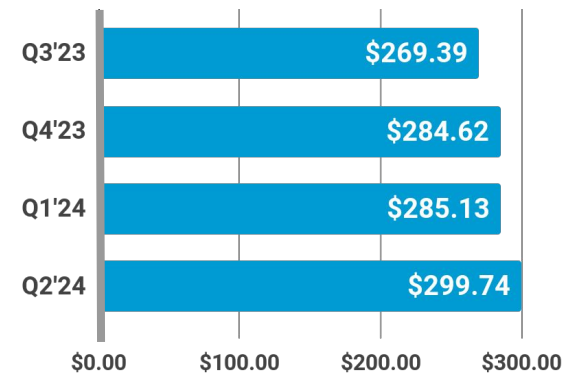
## Multi-Tenant/Larger Sales

In Q2 there were no notable multi-tenant office building sales.

## Single Tenant/Smaller Sales

A majority of the properties that transacted in Q2 were smaller garden style, owner user sales occurring all throughout the Washoe County submarkets. This included a 5,987 square foot building at 10639 Professional Circle, a vacant 3,506 square foot building at 10435 Double R Boulevard and a 4,793 square foot purchase at 1650 Meadowood Lane.

## Average Price/sf



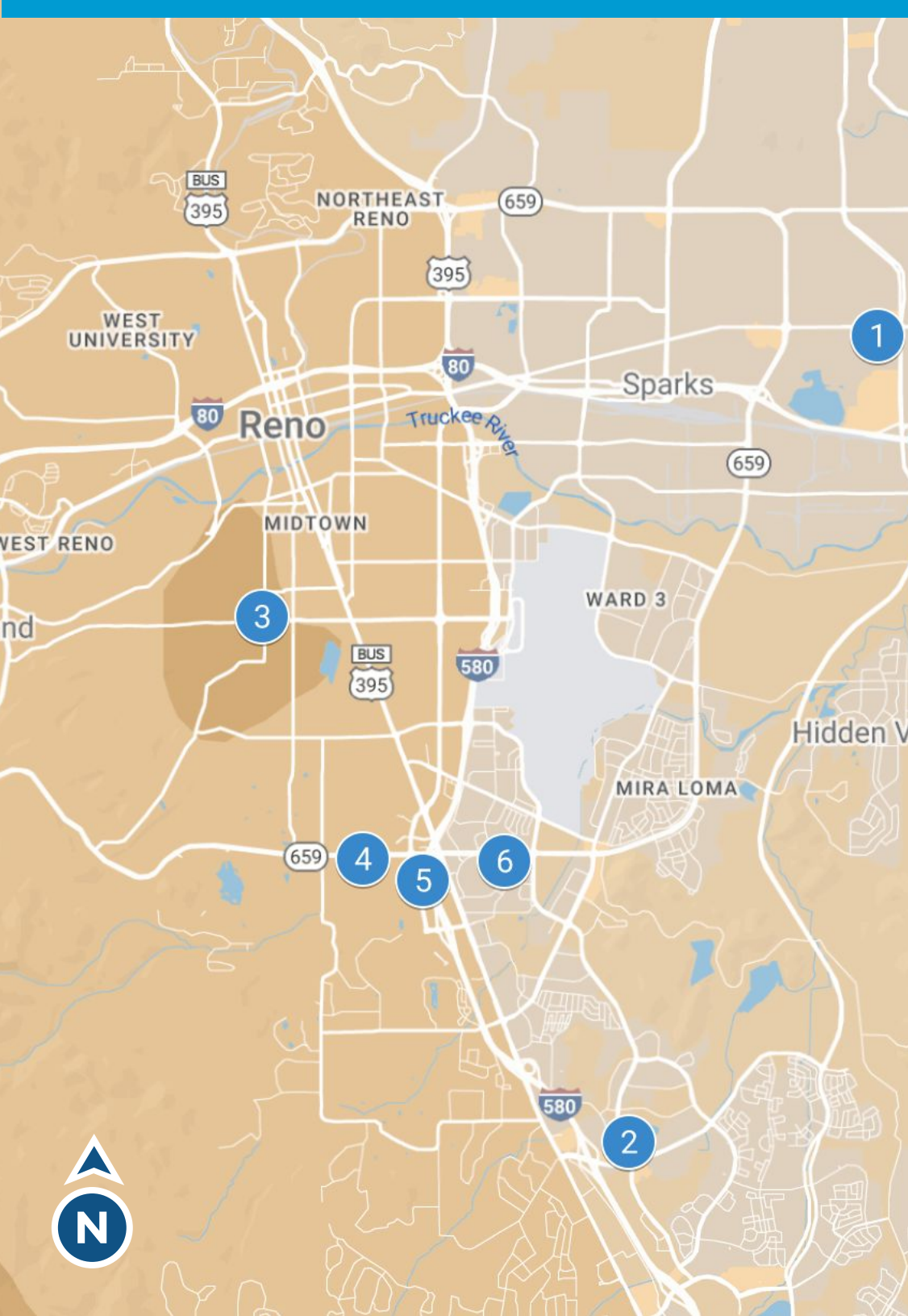
*\*See the next page for transaction detail and pricing.*

## Notable Office Sales

Address/SF	Price	Details
<b>10639 Professional Cir</b> 5,987 SF	<b>\$2,100,000</b> \$350.76 p/sf	In the South Meadows submarket, located off Hwy I-580 in the Reno Corporate Center, a single story office building sold. The property was purchased by Rawlins Infra Consult. DCG represented both sides of the transaction.
<b>10435 Double R Blvd</b> 3,506 SF	<b>\$1,300,000</b> \$370.79 p/sf	In South Reno, in the Sierra Vista Office Complex near Renown's South Meadow campus. The building appeared to be vacant at the time of sale.
<b>1650 Meadow Wood Ln</b> 4,793 SF	<b>\$1,250,000</b> \$260.80 p/sf	In the Airport submarket, west of the Meadowood Mall near Airway Drive, CFBR Structural Group purchased an office building. DCG represented the buyer in the transaction.
<b>621 Pyramid Way</b> 2,760 SF	<b>\$850,000</b> \$289.90 p/sf	In the Sparks submarket, C-Pap & More purchased an office property outright from Tom Dolan.
<b>16520 Wedge Pkwy B-200</b> 1,548 SF	<b>\$521,784</b> \$337.07 p/sf	In South Reno, in the Wedge Parkway Professional Center located off Wedge Pkwy between Mt. Rose Hwy and Reno Ice, an office condo sold.
<b>2125 Green Vista Dr</b> 1,983 SF	<b>\$375,000</b> \$189.11 p/sf	In Northeast Reno, located in the Wild Creek Business Park, McKay Drilling, Inc. purchased an office property.



# Q2 Notable Lease Transactions



1

2

<b>1421 Pullman Dr</b> Sparks	<b>9850 Double R Blvd</b> Reno
32,581 SF	28,856 SF
T: Alpine Academy	T: The Nevada Department of Health and Human Services

3

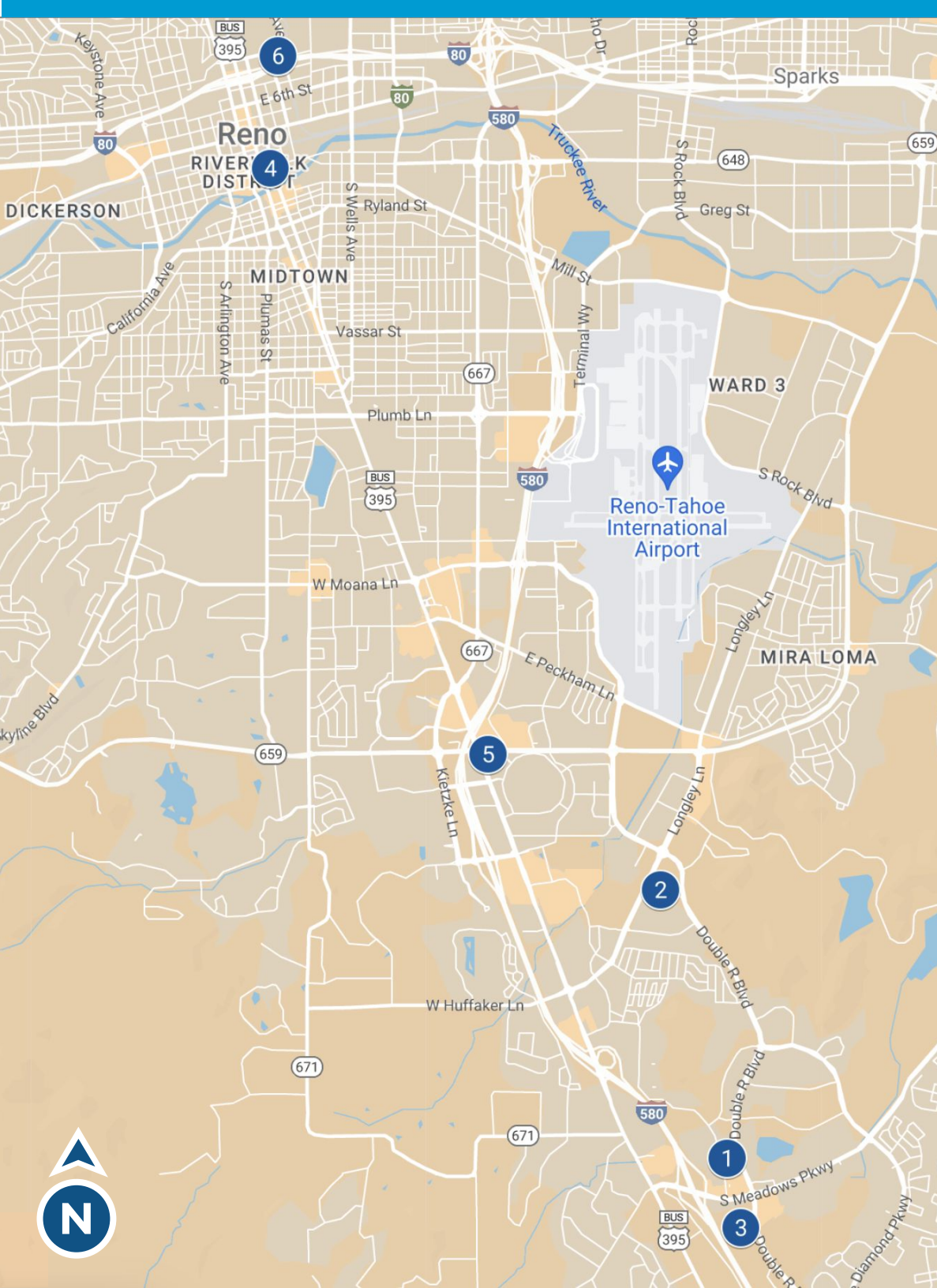
4

<b>1885 S Arlington Ave</b> Reno	<b>6630 S McCarran Blvd</b> Reno
15,721 SF	15,316 SF
T: Adopt A Vet Dental Program	T: Quail Surgical and Pain Mgt. Center

5

6

<b>5250 Kietzke Ln</b> Reno	<b>5190 Neil Road</b> Reno
9,536 SF	8,076 SF
T: Northern Nevada Endoscopy	T: I-80 Gold Corp



- 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



## Spanish Springs Office For Lease

**5070 ION DR - SUITE 100**  
**RENTAL RATE** (UPON REQUEST)  
11,137 SF Available



## 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



## Downtown Professional Office For Lease

**50 WASHINGTON ST - SUITE 200**  
**RENTAL RATE** - \$1.95 SF/MO FS  
7,000 SF Available



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