



2024

NORTHERN NEVADA

Q3 OFFICE REPORT



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Q3 2024 Reno Office Leasing Market Report

Overview

The Reno office market in Q3 2024 showed a steady state, with **vacancy decreasing to 9.76% from 10.03% in Q2** and a modest **net positive absorption of 21,438 square feet**.

The good news: there's no dramatic change in market conditions. The bad news: there's no dramatic change in market conditions. While some brokers are encouraging developers to "build, build, build," that approach may not align with current market realities. Instead, the emphasis should be on maintaining a competitive **cost basis** and employing **deal creativity** to secure tenants.

Key Leasing Strategies

- 1. Cost Basis:** If your budget allows for securing a strong credit tenant, seize the opportunity.
- 2. Don't Wait:** Be willing to offer creative rent concessions if needed to close deals within a few months.
- 3. Be a Business Partner:** Go beyond standard landlord obligations. Host quarterly tenant lunches, acknowledge birthdays, and foster health and wellness initiatives in the workplace.

Market Trends

Today's leasing trends are becoming less about a "flight to quality" and more about a "flight to experience." Focusing on unique and interactive tenant experiences rather than just upgraded finishes. Office spaces are evolving to prioritize meaningful interactions and elevated amenities to support tenant retention and satisfaction.

Here's how:

- **Enhanced Amenities:** Outdoor areas, modern conference rooms, and training facilities are designed to boost tenant engagement.
- **Service-Driven Property Management:** Emphasis on face-to-face tenant interactions over emails or calls.
- **Experiential Spaces:** Lobby coffee bars, concierge services, podcast studios, game rooms, and golf simulators are becoming common.

Outlook

Our advice? "Open mind for a different view" to win deals in today's environment. Now is the time for landlords to set themselves apart by acting as business partners rather than just leaseholders. Moving forward, fostering tenant loyalty and investing in tenant experience could be the true differentiators for property success in Q4 and beyond.

Gross Absorption
124,868 SF



Newly Available
103,430 SF



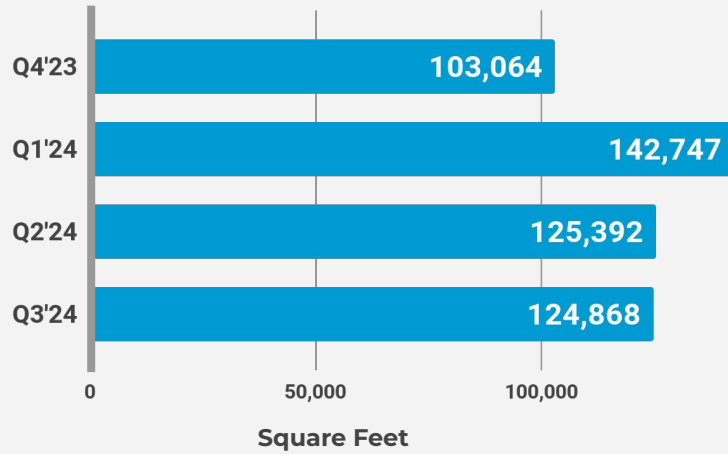
Net Absorption
21,438 SF



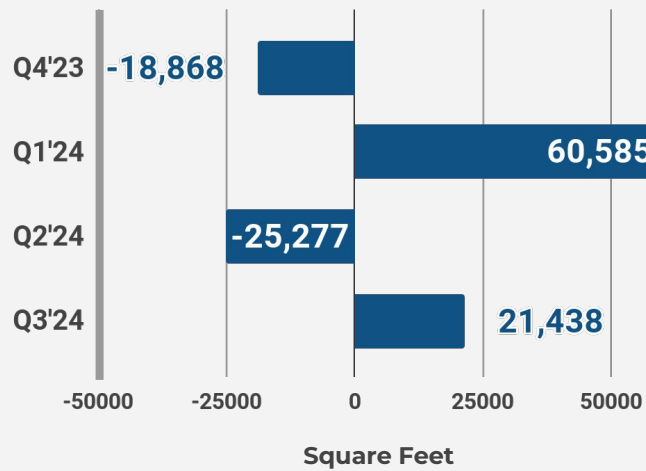
**Direct
Vacancy Rate**
9.76%



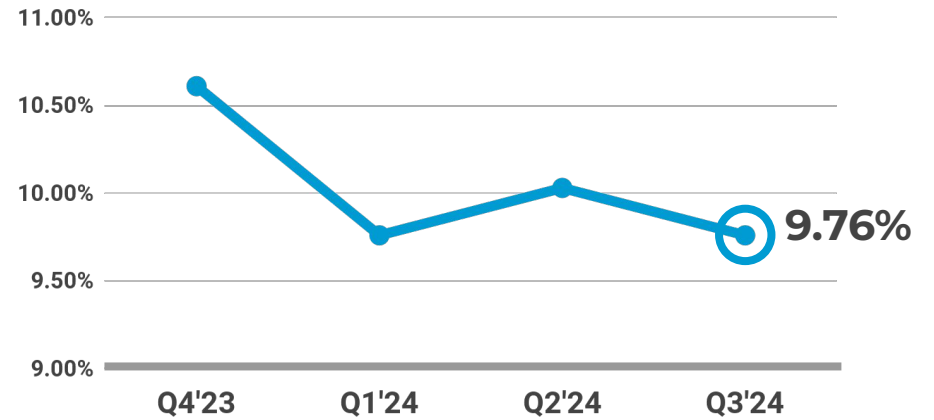
Gross Absorption



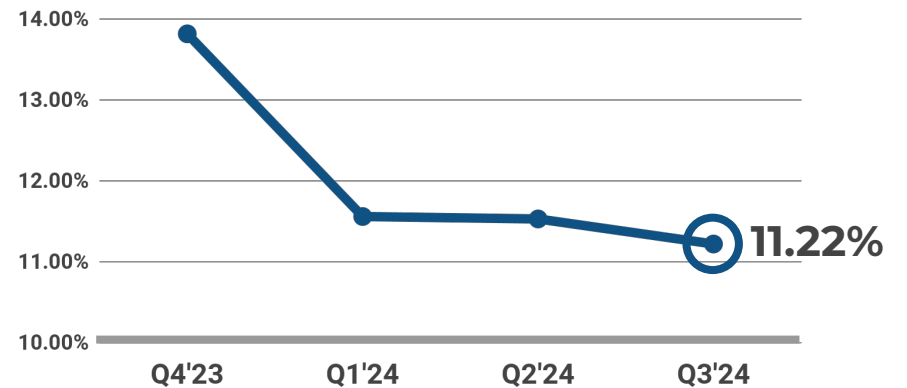
Net Absorption



Direct Vacancy Rates



With Sublease Vacancy Rates



Q3

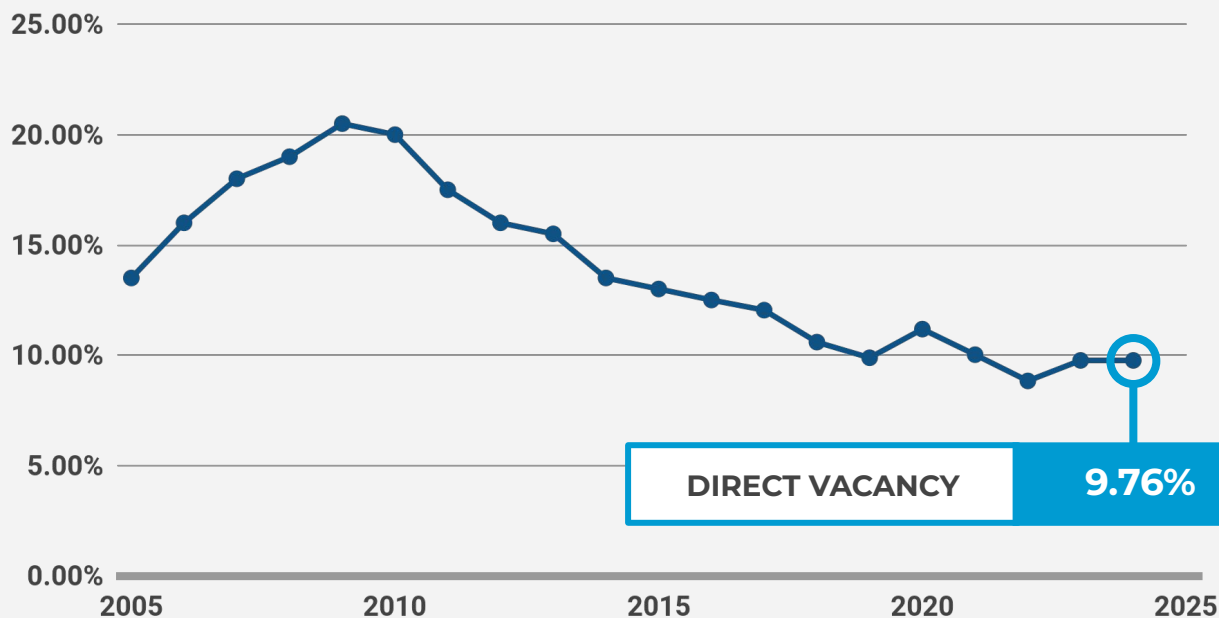
Market Insight

The Reno office leasing market in Q3 2024 showed modest improvement. The direct vacancy rate decreased slightly from 10.03% in Q2 to 9.76% in Q3 and net absorption was positive 21,438 SF. Notably, two office spaces totaling 46,647 sq. ft. on Double R Boulevard in the South Meadows submarket led leasing efforts for the quarter.

Vacancy Rates

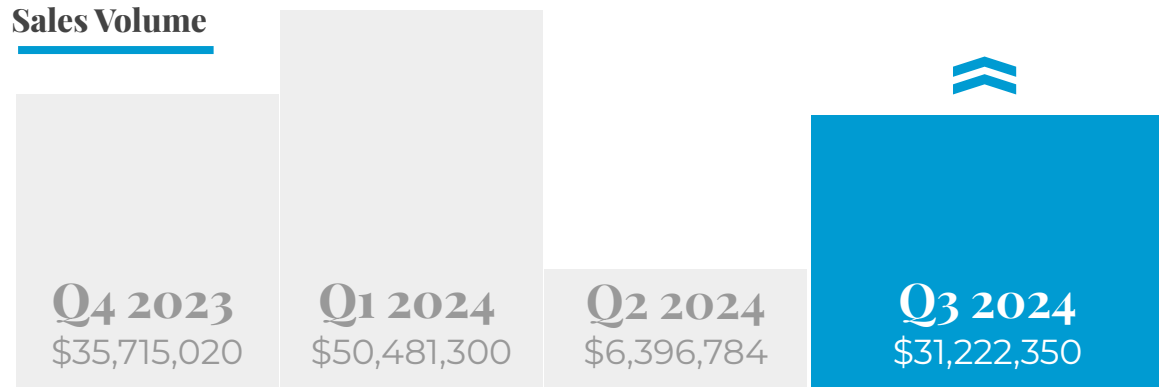
| Submarket | Direct | With Sublease |
|----------------|--------------|---------------|
| DOWNTOWN | 11.42% | 11.91% |
| SOUTH MEADOWS | 10.69% | 15.99% |
| MEADOWOOD | 10.90% | 11.59% |
| CENTRAL | 4.33% | 4.33% |
| AIRPORT | 8.08% | 8.77% |
| OVERALL | 9.76% | 11.22% |

Top 200 Office Building Historical Vacancy DCG



Q3

Sales Volume



The third quarter of 2024

An upward trending quarter for sales volume in Q3 2024.

Total sales volume for Q3 saw a sizeable increase in the total sales volume in Washoe County, Transaction volume saw a favorable increase, totaling \$31,222,350, a 388.09% increase compared to the volume of Q2 2024. The total number of transactions increased slightly from Q2.

Year over year, the sales volume of Q3 2024 was slightly larger than that of Q3 2023. Q3 of 2023 only reached \$22,013,647 of transaction volume, while Q3 of 2024 was at \$31,222,350. This is another slow quarter of office transactions, as high interest rates, capital and financing challenges, and economic uncertainty regarding the presidential election leave buyers sidelined for the time being.

Multi-Tenant/Larger Sales

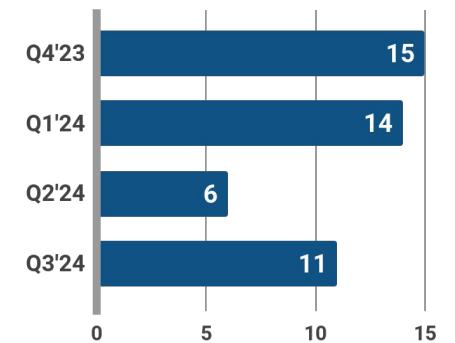
In Q3 there were multiple notable multi-tenant transactions. In Downtown Reno, a four-story office building at 241 Ridge Street, housing Santos Law and Manhard Consulting sold at a 7.50% in-place cap rate. Another building in Downtown Reno totaling three-stories at 201 W Liberty Street sold at a reported 7.75% in-place cap rate, with tenants at the time of sale including Thrive Wellness and Reno Engineering.

Single Tenant/Smaller Sales

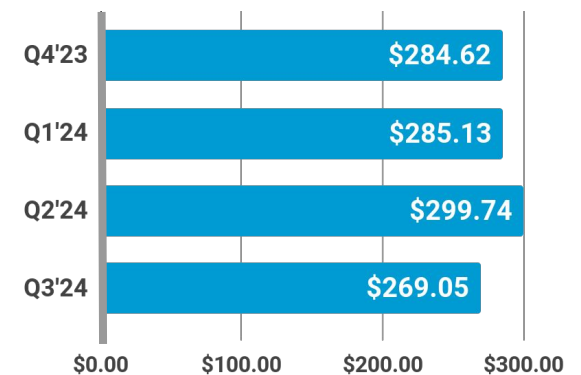
Q3 saw a handful of smaller office buildings transact in the Central and South Meadows submarkets including a 4,664 square foot building at 9600 Prototype Court, a 5,551 square foot building at 1855 Vassar Street, and a 2,858 square foot building at 3715 Lakeside Drive.

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

of Sales



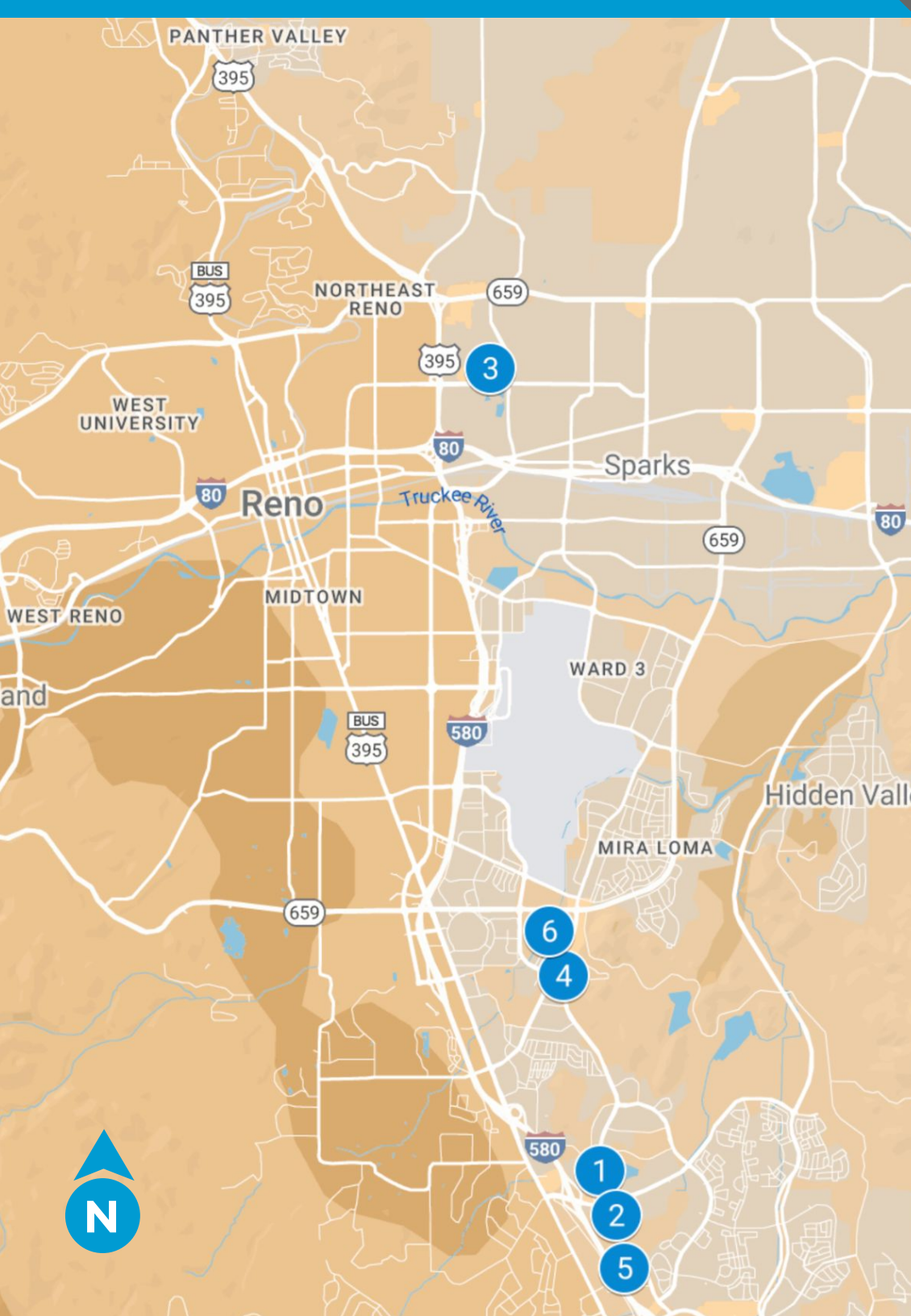
Average Price/sf



Notable Office Sales

| Address/SF | Price | Details |
|--|-------------------------------------|---|
| 241 Ridge St 32,107 SF | \$8,100,000 \$252.58 p/sf | In the Downtown submarket, on the corner of Ridge Street and Flint Street, a multi-tenant office building sold at a reported 7.50% in-place cap rate. An individual purchased the property from San Francisco, California, and was previously owned by Tolles Development Company. |
| 201 W Liberty St 31,120 SF | \$7,300,000 \$233.90 p/sf | Also, in the Downtown submarket, a multi-tenant office building totaling 31,210 sq ft. sold at a reported 7.75% in-place cap rate. The purchase also came with an adjacent 0.34-acre parking lot. An individual purchased the property from Incline Village and was previously owned by Tolles Development Company. |
| 1201/1281 Terminal Way 58,344 SF | \$5,250,000 \$89.98 p/sf | In the Airport submarket, on the corner of Terminal Way and Vassar Street near I-580 and the Reno-Tahoe International Airport, two multi-tenant, two-story office buildings totaling 58,344 sq. ft. sold. Nav Bajwa, the founder of Bighorn Hospitality, purchased the two properties. |
| 6774 S McCarran Blvd 9,600 SF | \$2,250,000 \$234.38 p/sf | In the Meadowood submarket, a freestanding office building sold as an owner-user transaction. |
| 9550 Prototype Ct 7,336 SF | \$1,900,000 \$259.00 p/sf | In South Reno, near Gateway Drive, a 7,336 sq. ft. multi-tenant garden office building sold. At the time of sale, the property was 57% occupied by DiPietro & Thornton, CPA. |
| 9600 Prototype Ct 4,664 SF | \$1,647,350 \$353.21 p/sf | In the South Meadows submarket, located off Gateway Drive, a single-story freestanding professional garden office building sold. Bonanno Concrete purchased the property as an owner-user transaction. DCG represented the seller in the transaction. |

Q3 Notable Lease Transactions



1

| |
|-----------------------------------|
| 9805 Double R Blvd Reno |
| 26,098 SF |
| T: State of Nevada |

2

| |
|-----------------------------------|
| 9990 Double R Blvd Reno |
| 20,549 SF |
| T: Renown Health |

3

| |
|----------------------------------|
| 2450 Oddie Blvd Sparks |
| 15,779 SF |
| T: Nevadaworks |

4

| |
|--------------------------------|
| 5560 Longley Ln Reno |
| 14,996 SF |
| T: Qualus |

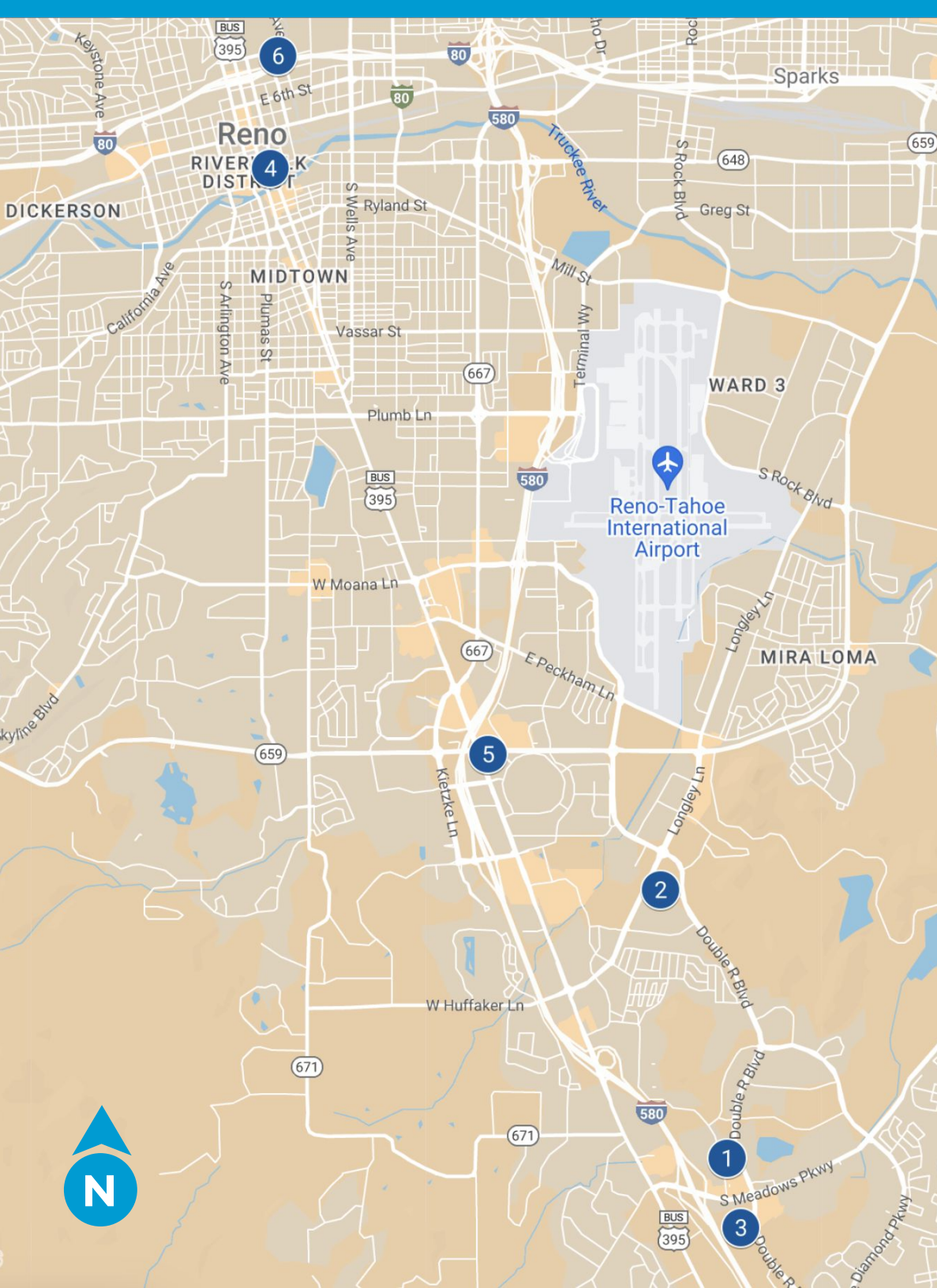
5

| |
|---------------------------------------|
| 10509 Professional Cir Reno |
| 9,324 SF |
| T: Evergreen Bank Group |

6

| |
|--------------------------------|
| 5401 Longley Ln Reno |
| 7,024 SF |
| T: Trinity Consultants, Inc. |





- 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 Office Building For Sale

595 DOUBLE EAGLE CT
\$5,000,000 (\$264/SF)
18,964 SF Available



Spanish Springs Office For Lease

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



Mountain View Corporate Center For Lease

5525 KIETZKE LN
NEGOTIABLE LEASE RATE
5,524 SF Available



Downtown Office For Lease

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



Professional Office Building For Sale

5200 NEIL RD
\$3,900,000 (\$297/SF)
13,114 SF Available



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