



TRENDS:

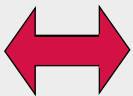
Vacancy Rate



Net Absorption



Construction



Asking Rents

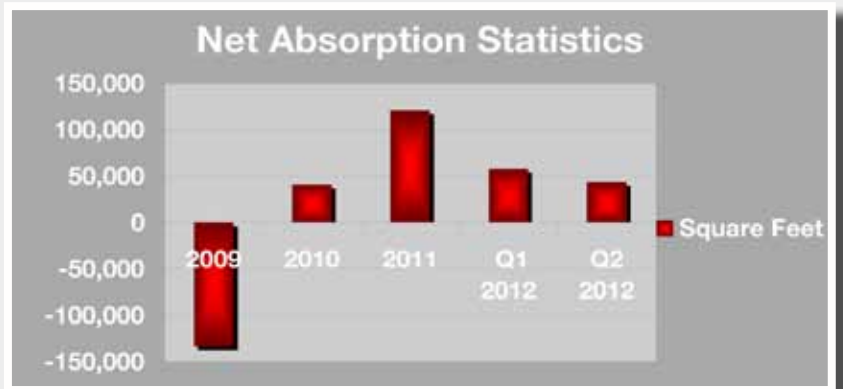


VACANCY:

At the half way point through the year, we have positively absorbed (net) almost 100,000sf of office space. This has put the overall direct vacancy at 16.17% and available square footage at 1,210,044sf. Yes, this is great news, but most of that space continues to be absorbed in Class A buildings in the core submarkets; Downtown and Meadowood. Vacancy rates in Class B and C buildings in most submarkets are still over 20%.

ACTIVITY:

The Apple announcement grabbed all the headlines in the second quarter and for good reason. With an expected move of office employees to Downtown, new development could be on the horizon. That timeline has yet to be set but the announcement has added to the excitement of Downtown Reno. Activity did not stop there as the South



Meadows Submarket had positive absorption due mainly to NJVC leasing Oracle's former data center of almost 20,000sf. Other deals this quarter include Video Game Technology's expansion in NevDex, the new office of Brownstein Hyatt Farber Schreck LLP at Basin Street Properties' 50 W. Liberty Street, the new office of Scott Weed D.D.S. at 6151 Lakeside Drive and the new office of Raymond James Financial Planning in Downtown Reno.

THE OUTLOOK:

Look for Q3 vacancy numbers to level off. The macro economy might be slipping back towards recession as unemployment ticked up, previous GDP growth numbers were revised down, and corporate profits scaled back. This is a major cause for concern not only in the Northern Nevada office market but in overall consumer confidence as well. According to the US Census Bureau, June marked the third straight month that retail sales have declined, the first time since 2008 when the economy was in a deep recession. The owners with the cash for Tenant Improvements and the willingness to cut a deal, especially in the South Meadows Submarket, are the owners who will keep weathering the proverbial storm.



2012 OFFICE TRANSACTIONS:

Meadowood Submarket:

- Scott T. Weed, DDS, PLLC - 6151 Lakeside Drive, Suite 2200 - 2,003 SF
- imortgage - 6005 Plumas Street, Suite 130 - 4,843 SF
- Video Gaming Technologies - 5390 Kietzke Lane, Suite 104 - 9,950 SF
- Video Gaming Technologies Expansion - 5390 Keitzke Lane, Suite 102 - 8,050
- H Dhindsa Retina Eye Center - 5470 Kietzke Lane, Suite 205 - 4,926 SF
- TNT Construction - 6151 Lakeside Drive, Suite 2,100 - 2,356 SF
- California Donor Network - 1495 Ridgeview Drive, Suite 90 - 2,182 SF
- Muzea Insider Consulting Services - 1575 Delucchi Lane, Suite 204 - 1,200 SF

Airport Submarket:

- Scientific Games International - 1005 Terminal Way, Suite 130 - 834 SF
- Hire Dynamics - 5580 Mill Street, Suite 100 - 3,822 SF
- Majen Training - 1005 Terminal Way, Suite 145 - 2,415 SF

South Meadows Submarket:

- Miller Heiman - 10509 Professional Circle - 11,500 SF
- Elizabeth S. Massie Trust - 10381 Double R Boulevard - 7,900 SF
- Security National Mortgage Company - 800 South Meadows Parkway, Suite 600 - 1,346 SF
- Atley Group LLC - 8610 Technology - 6,482 SF
- Professional Billing Services - 800 South Meadows Parkway, Suite 500 - 2,878 SF
- WorldStrides - 9441 Double Diamond, Suite 12 - 1,283 SF

Downtown Submarket:

- The P.E.T. Family Trust - 500 Ryland Drive - 15,689 SF
- Routt Dialysis, LLC - 1500 East Second Street, Suite 101, 103 & 106 - 11,074 SF
- Brownstein Hyatt Farber Schreck, LLP - 50 West Liberty Street, Suite 1030 - 2,090 SF
- McCarthy & Holthus, LLP - 200 South Virginia Street, Suite 660 - 1,027 SF
- Fair Share Alliance - 100 Washington Street, LL-50 - 628 SF
- Certified CPR - 140 Washington Street, LL-70 - 646 SF
- Josh Peterson - 401 Court Street - 97 SF
- 590 Real Estate Group - 300 East Second Street, Suite 1409 - 1,595 SF
- 7Q10, Inc. - 401 Court Street, Second Floor - 603 SF



For Lease
50 West Liberty
Reno, Nevada



For Lease
300 East 2nd Street
Reno, Nevada



For Lease
200 South Virginia Street
Reno, Nevada



For Lease
9635 Gateway Drive
Reno, Nevada



For Sale/Lease
1195 Corporate Boulevard
Reno, Nevada



For Lease
980 Sandhill Road
Reno, Nevada



Absorption (Net)

The change in occupied space in a given time period.

Available Square Footage

Net rentable area considered available for lease; excludes sublease space.

Average Asking Rental Rate

Rental rate as quoted from each building's owner/management company. For office space, a full service rate is requested; for retail, a triple net rate is requested; for industrial, a NNN basis is requested.

Building Class

Class A Product is office space of steel and concrete construction, built after 1980, quality tenants, excellent amenities & premium rates. Class B product is office space built after 1980, fair to good finishes & wide range of tenants.

Direct Vacancy

Space currently available for lease directly with the landlord or building owner.

Market Size

Includes all existing and under construction office buildings (office, office condo, office loft, office medical, all classes and all sizes, both multi-tenant and single-tenant, including owner-occupied buildings) within each market.

Overall Vacancy

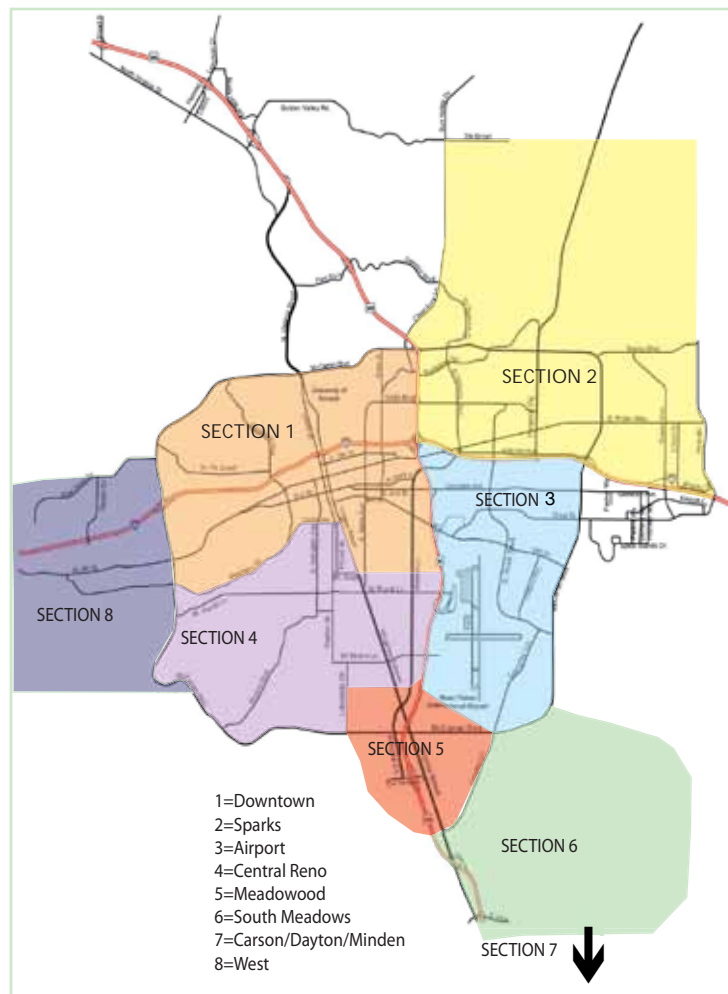
All unoccupied lease space, either direct or sublease.

SF/PSF

Square foot/per square foot, used as a unit of measurement.

Sublease

Arrangement in which a tenant leases rental property to another, and the tenant becomes the landlord to the subtenant.



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