



TRENDS:

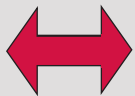
Vacancy Rate



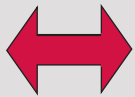
Net Absorption



Construction

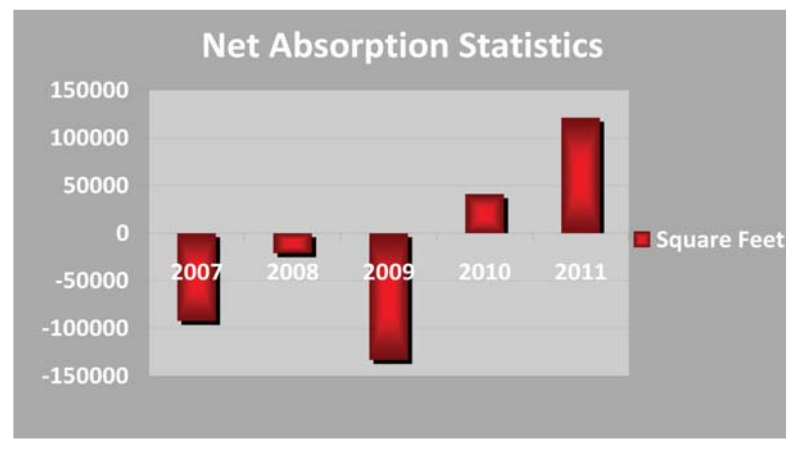


Asking Rents



VACANCY:

Looking back to our Q1 2011 report of nearly 12 months ago, the adage repeats itself; activity breeds activity. The Northern Nevada Office Market closes out a two year trend of positive net absorption and a decrease in overall vacancy. Some of the impactful players of 2011 were newcomers to Northern Nevada; Reality Engineering out of California, Fusion Contact Centers out of Arizona and Stifel Nicolaus out of Missouri. The other impactful players were the local staples such as Jones Vargas and Muckel Anderson; two companies that remained downtown, but after a combined 20+ years of tenancy in the former Porsche Building moved out of 100 W. Liberty St. into the Jones Vargas Center at 300 E. 2nd Street. Most people report this good news to inbound companies such as Brightpoint North America and Benco Dental Supply which are absorbing hundreds of thousands of square feet within the advanced logistics niche market. On the other hand, we do not hear enough about companies within the business service sectors such as Consolidated Agency Partners, MyNewPlace.com, Sanare, B&B Medical Services, Enel Geothermal and others that are new to our market or expanding locally, creating an economic impact, diversifying the economy and absorbing office space.



ACTIVITY:

Ending 2011 with a decreasing overall vacancy rate of 17.36%, the office market continues to improve netting positive absorption of 27,200 square feet. Possibly the better news, the funnel of sublease space on the market is diminishing, a tell tale that the general office market is preparing for steady improvement. From a submarket perspective, Meadowood, particularly the Kietzke Lane-McCarran Boulevard corridor, continues to outperform the overall market standing at 14.28% vacancy. Rents within the Meadowood Submarket are exceeding an effective \$2.00 per square foot, full service gross. Yet, Downtown recorded the most improvement absorbing nearly 90,000 square feet year over year.

THE OUTLOOK:

The outlook, although optimism persists, continues to hinge on the growth of GDP, consumer confidence and the woes of widespread deleveraging. These factors, affected gravely by the upcoming election and future legislation, will determine the organic and inbound office space absorption of 2012. Specific market sectors such as alternative energy, tech infrastructure and mining substantiate innovation in the local economy, yet the anxiety level remains high and is the impediment for job creation. Northern Nevada must continue to focus on industry diversification and the quality of life, Reno-Tahoe experience to attract and retain emerging companies.

(continued on next page)



SIGNIFICANT 2011 TRANSACTIONS:

Meadowood Submarket:

Ormat Technologies - 6225 Neil Road, Suite 100, 200, 201, 203 & 300 - 18,079 SF

MetLife - 6151 Lakeside Drive - 5,312 SF

H Dindsa Retina Eye Center - 5470 Kietzke Lane, Suite 102 - 4,000[±] SF

The Holder Hospitality Group - 5355 Kietzke Lane, Suite 103 - 3,266 SF

Cornerstone Retirement Group - 5525 Kietzke Lane, Suite 103 - 2,890 SF

Behavioral Health Resources - 1495 Ridgeview Drive, Suite 210 - 2,377 SF

Avisen Securities - 6880 S. McCarran Blvd., Suite 3 - 2,172 SF

Airport Submarket:

Konica Minolta - Mill@McCarran, 5580 Mill Street, Suite 1200-1400 - 7,550 SF

Kautz Environmental - Mill@McCarran, 1140 Financial Blvd., Suite 100 - 3,957 SF

Chrysalis - Mill@McCarran, 5595 Equity Ave., Suite 400 - 3,440 SF

Northshore Construction - Mill@McCarran, 1140 Financial Blvd., Suite 700 - 2,100 SF

South Meadows Submarket:

Practical Investors - 10581 Double R Blvd., Building 25 - 3,506 SF

Bauserman - 500 Damonte Ranch Pkwy, Suite 657-658 - 9,622 SF

Online Techstores.com, Inc. - 10381 Double R. Blvd. - 7,850 SF

Greater Nevada Credit Union - 9790 Gateway Drive, Suite 120 - 5,400 SF

Professional Billing Services - 800 S. Meadows Pkwy, Suite 500 - 2,878 SF

Dr. Fisher - 9476 Double R Blvd., Suite A - 2,812 SF

Muzea Insider Consulting - 9650 Gateway Drive, Suite 100 - 1,979 SF

Downtown Submarket:

Noble Studios - 50 West Liberty, Suite 1300 - 8,652

Reality Engineering - 50 West Liberty, Suite 301 - 5,453 SF

Olsen & Associates Public Relations - 427 Ridge Street - 1,555 SF

Fusion Contact Centers - 300 East Second Street, Suite 1200 - 13,000 SF

Legal Concierge, Inc. - 1 East Liberty Street, Suite 600 - 12,827 SF

Muckel Anderson - 300 East Second Street, Suite 690 - 6,700 SF

Western Asbestos Settlement Trust - 300 East Second Street, Suite 1410 - 4,097 SF

My New Place - 300 East Second Street - 5,000 SF

Erwin & Thompson - 1 East Liberty Street, Suite 424 - 2,417 SF

Navellier & Associates - 1 East Liberty Street, Suite 504 - 5,483 SF

CH2 Mill, LLC - 50 West Liberty Street, Suite 205 - 4,561 SF

Stiffel Nicholas Expansion - 50 West Liberty Street, Suite 100 - 3,100 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

Mill@McCarran
Reno, Nevada



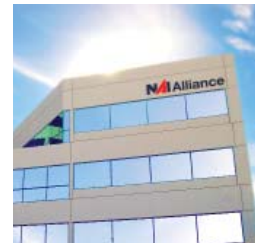
For Lease - Executive Suites

401 Court Street
Reno, Nevada



For Sale

8610 Technology Way
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 NN 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

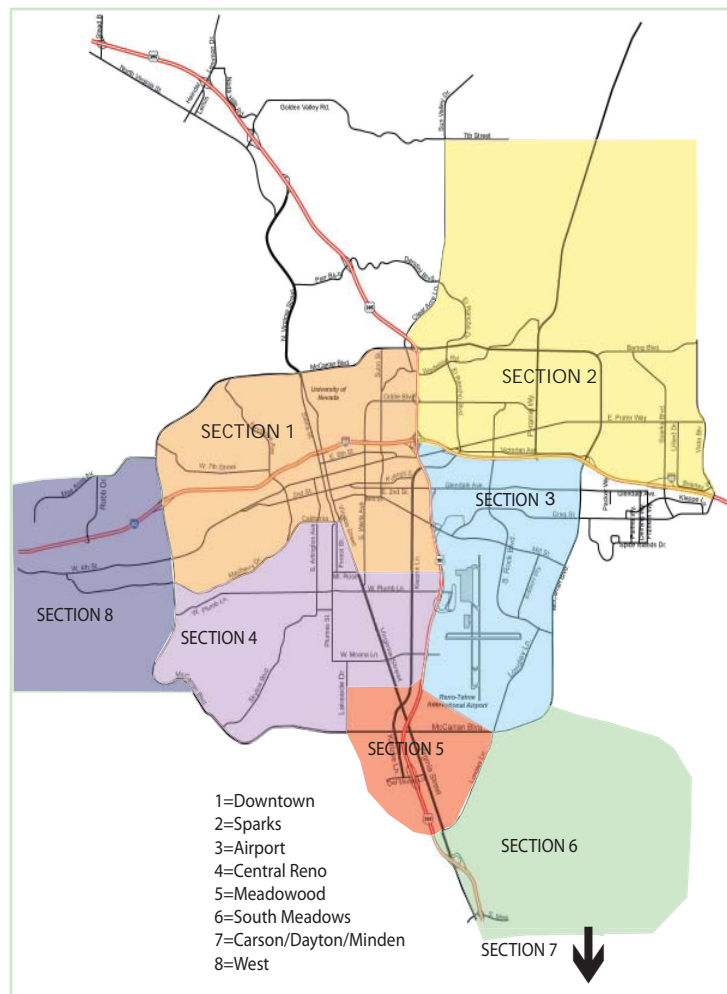
All unoccupied lease space, either direct or sublease.

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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