

## LET THE GOOD TIMES ROLL

Following a record breaking third quarter, we thought activity might slow as the market took a breather heading into the holidays. Strong activity carried into the fourth quarter resulting in high absorption numbers and another significant drop in vacancy. Our market is viewed as balanced when vacancy is in the 8 to 10% range. This provides enough vacancy to accommodate demand but not too high forcing rent discounts. Through the “great recession”, like other markets around the country, the Northern Nevada industrial market was well in excess of 10% vacancy. This quarter, landlord’s prayers were answered and the vacancy rate dropped below 10% for the first time since the 1st quarter of 2008. Our market is squarely in the healthy range finishing the year at 9.1% (excluding sublease space, vacancy is 8%). For the year, 15 transactions

were completed with users in excess of 100,000 square feet which was significantly higher than prior years. With only one new building completed, all but one filled existing buildings. We have swung so fast from a tenant’s market to a landlords market that it has caught many of the developers off guard. We are now concerned about not having the product available to capture the demand should activity continue. The area has a number of developers who own land and are ready to act, however, few are willing to build on speculation. Only one developer is currently grading for a new 399,000 square feet speculative project. Lack of options will result in a tightening market throughout 2014 and possible transaction loss to other markets due to tenant inability to wait for ground up development. Rental rates have firmed and are now increasing for most all product types. There remains plenty of options for seekers of class B and C product as well as smaller 5,000 to 20,000 square feet spaces. Rents for these spaces are increasing but not high enough to justify new development. Today’s need is for large bulk warehouse buildings. The fourth quarter and the whole of 2013 were much better than expected and we head into 2014 with momentum and optimism. Hopefully, the good times will continue to roll.

## Trends ahead

Vacancy Rate



Net Absorption



Construction



Asking Rents



## 4th QUARTER STATISTICS

### GROSS ABSORPTION - 1,668,673 SF

- 31% Lower than last quarter
- 89% Higher than Q4 last year
- 150% Higher than the 5 year average

### NET ABSORPTION - 1,449,351 SF

- 20% Lower than last quarter
- 526% Higher than Q4 last year
- 768% Higher than the 5 year average

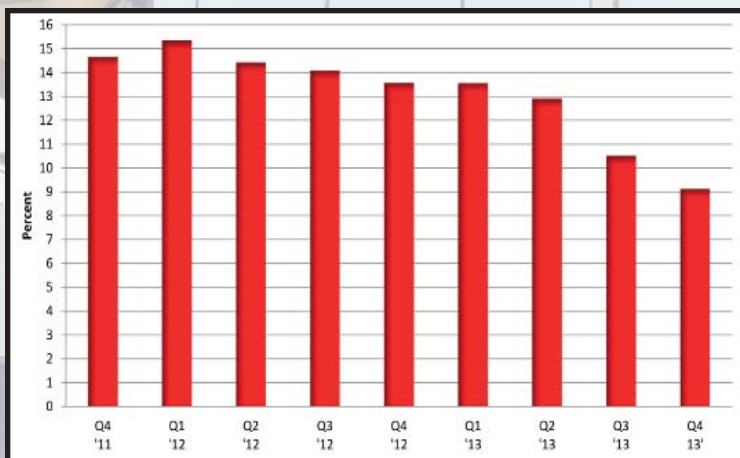
### TRANSACTION COUNT

- 41 Transactions
- 15% Lower than last quarter
- 16% Higher than the 5 year average

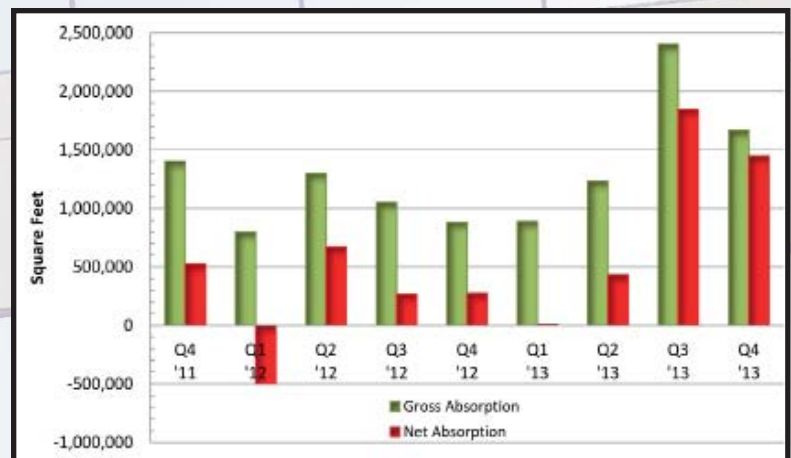
### TRANSACTION SIZE

- 40,699 SF Average
- 77% Higher than the 5 year average

## VACANCY



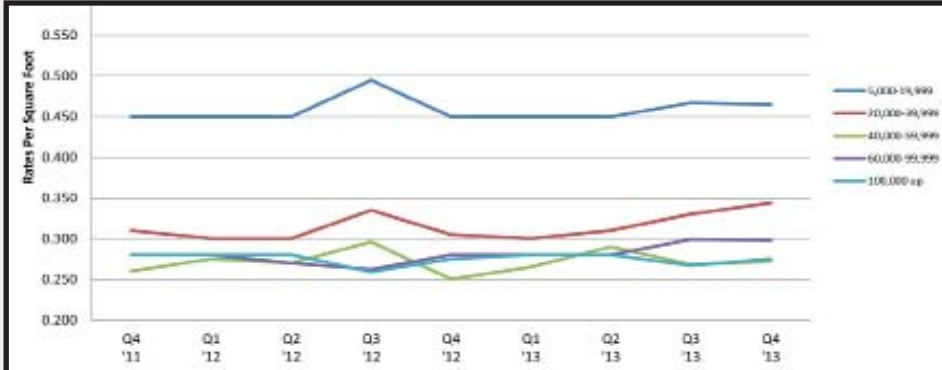
## GROSS & NET ABSORPTION



## WHAT TO EXPECT IN 2014

We should have a quick start to the year as there are a number of prospects currently looking at the market. As indicated in the prior section, demand is strong but we might slow during the year due to space constraints in the class A 100K to 300K range. Another notable change in

### MEDIAN ASKING RATES



the market is the number of large users of greater than 500,000sf. A few have committed and a few more are looking so it appears 2014 will be a good year for construction. One of the prospects will be moving from an equal size space locally, but the others are new to the area which will result in a significant positive impact on net absorption. Rental rates within new construction will be at higher levels further elevating market rents. Barring any economic blindside, the year should see continued strong activity, lower vacancy, higher rents and more construction than we have seen since 2007. Industrial land sales will see increasing activity as both users and developers recognize the need to build. Investment and users sales will be strong with users focused on value and relatively low interest rates and institutions focused on achieving high returns relative to major markets. Northern Nevada should continue to benefit from California's troubles with both large and small companies looking for greener pastures.

### SIGNIFICANT BUILDING SALES

ADDRESS	SIZE (SF)	BUYER	PRICE	PRICE/SF
9085 Moya Blvd.	336,000	KTR Capital	\$13,400,000	\$39.88
400 Western Rd.	61,152	Eco Windows	\$1,750,000	\$28.62
127 Woodland Ave.	48,000	Garlock Printing	\$2,300,000	\$47.92
2300 Vassar St.	42,000	Chilkur LLC	\$1,800,000	\$42.86
9475 Double R Blvd.	39,338	BP Capital LLC	\$2,835,000	\$72.07
775 E. Glendale Ave.	32,850	Wombles & Owens	\$2,100,000	\$63.93
911 Linda Way	30,000	Liberty Capital	\$1,099,000	\$36.63
1949 Pacific Ave.	21,404	Wolfhound Holdings	\$1,014,000	\$47.37
1475 Hulda Way	16,000	Knight Transportation	\$1,937,500	\$121.07

### SIGNIFICANT LEASE TRANSACTIONS

TENANT	SQUARE FEET
Swank	276,800
Fosdick (Expansion)	234,000
New West	128,489
Amerisource	102,500
Genco	101,673
Charter Distribution	89,852
Confidential DST (Expansion)	75,022

### SIGNIFICANT LAND SALES

ADDRESS	ACRES	BUYER	PRICE	PRICE/SF
450 Ingenuity Ave.	66 Acres	J&J Spanish Springs	\$6,532,000	\$2.27
Ampere Drive	18.32 Acres	Sierra Pacific Power	\$3,751,000	\$4.70

### Q4 2013 MARKET AT-A-GLANCE

Area	Total Space (sq. ft.) 12/31/13	Vacant Rentable (sq. ft.) 12/31/13	Vacant percent 12/31/13	Gross Absorption (sq.ft) Q4	Net Absorption (sq.ft.) Q4	NNN Median Asking Rate* (sq.ft./month)	Total Under Construction 12/31/13	BTS Construction (sq. ft.) YTD	Spec Construction (sq. ft.) YTD
1 North Valleys	15,693,157	1,503,596	9.58%	473,057	444,257	\$0.33	0	0	0
2 Sparks	25,628,240	2,643,926	10.32%	622,637	384,610	\$0.36	0	0	0
3 Airport	8,954,456	1,040,625	11.62%	80,545	94,325	\$0.39	0	0	0
4 South Reno	8,892,779	462,617	5.20%	153,138	114,380	\$0.48	0	0	0
5 Central & West Reno	1,267,960	182,600	14.40%	62,496	91,204	\$0.39	0	0	13,000
6 East I-80 Corridor	12,880,903	892,944	6.93%	276,800	320,575	\$0.38	0	0	524,800
<b>TOTALS</b>	<b>73,842,296</b>	<b>6,726,308</b>	<b>9.11%</b>	<b>1,668,673</b>	<b>1,449,351</b>	<b>\$0.36</b>	<b>0</b>	<b>0</b>	<b>537,800</b>

\*Asking Rates are negotiable, typically effective rates are lower

## NAI AVAILABLE PROPERTIES



**For Lease**

895 East Patriot, # 107  
Southwest Commerce Center  
8,000±SF | Negotiable NNN



**For Lease**

4945 Aircenter Circle, Suite 101, Building 20  
Reno Aircenter  
35,000±SF | \$0.33/SF NNN



**For Lease**

1285 Southern Way  
225,515±SF | \$0.22/SF NNN



**For Lease**

655 Spice Island Drive  
62,672±SF | \$0.28/SF NNN



**For Sale**

1400 Waltham Way  
100,642± SF | \$8,000,000



**For Lease**

555 Vista Boulevard  
622,500±SF | \$0.33/SF NNN

# Industrial Market Report Fourth Quarter 2013

## NAI Transactions Q4

**Lease 89,852 SF**  
Charter Distribution  
1031-1051 E. Glendale  
NAI represented landlord

**Lease 75,022 SF**  
Confidential DST Company  
1071 East Glendale  
NAI represented landlord

**Sale 61,152 SF**  
Eco Windows  
400 Western Road  
NAI represented buyer & seller

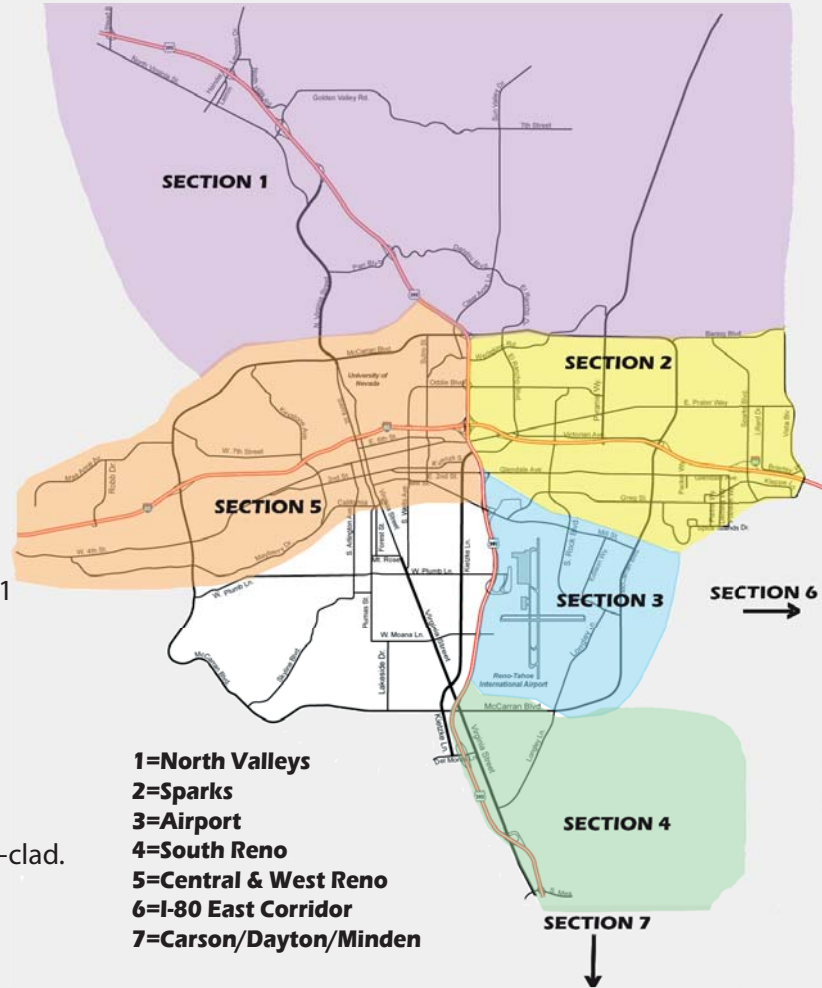
**Lease 60,000 SF**  
Winzer  
4795 Longley Lane  
NAI represented landlord

**Sale 48,000 SF**  
Garlock Printing  
127 Woodland Avenue  
NAI represented buyer

**Lease 26,895 SF**  
Almo (Expansion)  
9085 Moya Blvd.  
NAI represented landlord

**Sale 15,740 SF**  
Clark Pest Control  
690 Kresge Lane  
NAI represented seller

**Lease 6,720 SF**  
US Granite  
5350 Capital Court, Ste. 101  
NAI represented landlord



## Did You Know?

Nevada takes its name from a Spanish word meaning snow-clad.

\*Fun facts taken from [www.50states.com/facts/nevada.htm](http://www.50states.com/facts/nevada.htm)



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