

## Reno/Sparks, NV 2Q14 Retail Market Report

### MARKET OVERVIEW:

The Northern Nevada economic climate continues showing signs of improvement, providing further evidence that the retail vacancy rates have receded from the peak of the recession. The improvements in the vacancy rates continued during the second quarter. The current overall vacancy level in Reno/Sparks decreased to 16.57% from the previous quarter of 17.25%. It was down from the previous year of 17.54%.

The anchor space vacancy is currently at 13.09%. In-Line shops have decreased in vacancy to 21.52% this quarter from 22.30% last quarter. Total net absorption for this quarter was 109,604 square feet, while the gross absorption was 247,843 square feet.

### UNEMPLOYMENT, SALES TAX REVENUE AND HOUSING:

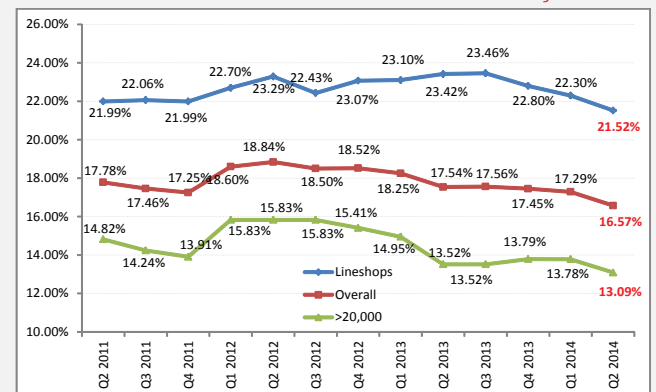
Local consumer spending has been consistently higher with positive year over year increases each month since January of 2013. Washoe County Sales Tax figures show spending in May 2014 was up 11.7% over the previous year, following a 6.1% increase in April and 11.4% increase in March. There has been marked improvement in the unemployment rate. The Reno Sparks MSA Unemployment Rate was 7.2% in June, down from 10.0% in June of 2013 and its record high of 14.2% in January of 2011.

The number of housing sales for the period of April through June of 2014 was lower than the previous year. The number of re-sales of existing homes decreased 3.8% during this period, with 88 less sales in 2014 over the same time period the previous year (2,200 for April - June 2014 vs. 2,288 for 2013). New home sales decreased 18.8% over the previous year with 53 fewer sales occurring in 2014 (229 for April - June 2014 vs. 282 for 2013). According to the Reno/Sparks Association of Realtors, the median sales price in May was \$336,500, up 8.5% from the prior year.

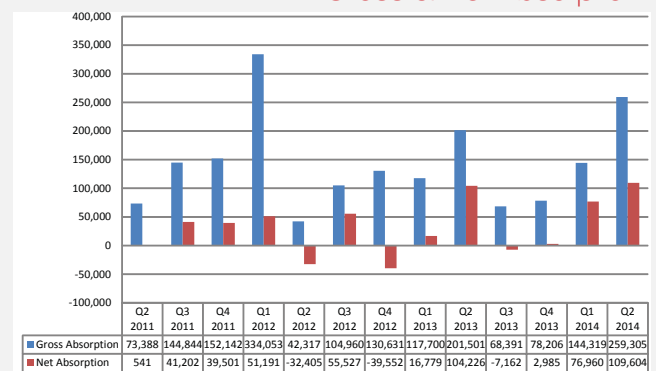


Refinances and equity loans decreased 42% over the previous year, with a total of 1,565 refinancings during the 2nd quarter. This pullback is a direct result of an uptick in interest rates following the Fed's decreasing their monthly bond buying program. Even with a decrease from the peak interest rates a few months back, the higher interest rates over last year have taken a large segment of the refinance market off the table. We expect to see the number of refinancing's decrease should interest rates continue to increase in the future.

Vacancy Rates



Gross & Net Absorption



### Trends for 2Q14



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## RENO/SPARKS RETAIL MARKET:

There are currently 16 vacant anchor shopping center spaces over 20,000 square feet in the Reno/Sparks market. These spaces total 1,072,260 square feet, which amounts to a 13.09% vacancy rate. The area currently has 1,235,043 square feet available of in-line shop space throughout the market. Total combined vacancy within the market now stands at 2,307,303 square feet. This is still a substantial amount of vacant space that will take time to be absorbed.

## NEW DEVELOPMENT:

The Legends at Sparks Marina has had many tenants open during the last few years, and continues to add stores. Wal-Mart is in the planning stages to open a store in the Legends center, likely to occur in 2015. Most other large retail developments within the market have either been completed or put on hold. However, there are a few smaller developments that have recently occurred including 18,630 sf of line shops at the Sky Vista Wal-Mart in Lemmon Valley and 11,520 sf of new buildings in the Southcreek center at Foothill Road.

## TENANTS MOVING IN AND OUT:

The first quarter of 2014 saw a positive net square footage occupied with a net absorption of 109,604 square feet. There were 48 tenants moving into space in the 2nd quarter consisting of 247,843 square feet of new leases with the largest being Floor and Decor (55,269 sf) in Firecreek Crossing, Hobby Lobby along S. Virginia Street (50,915 sf) and Consign Furniture (26,040 sf) in the Sierra Town Center. There were 41 tenants moving out consisting of 130,074 square feet including Sak N Save on Plumb (44,062 sf), Vista Grill (5,100 sf) in the Spanish Springs Shopping Center, and China King (4,926 sf) in the Silver State Plaza.

## INVESTMENT SALES:

There were a couple of significant retail sales in the 2nd quarter of 2014. The Texaco at 1365 Baring Blvd. sold in May for \$3.1 million. The building was 2,560 sf with 28,004 sf of land. There was also a small retail strip center at 1145 N. McCarran Blvd. that sold in May. It consisted of 13,594 sf on 1.2 acres and sold for \$3,075,000 or \$226/sf.

## LOOKING FORWARD:

Many of the underlying statistics are improving. Housing value and consumer spending are trending higher, while unemployment has dropped significantly. These numbers allude to an improving local economy. The retail vacancy rates have come off their highs and are trending lower. You might say, things are working their way through the system.

As we look forward, we project that there will be an uptick in the anchor vacancy as additional anchors vacate their spaces later this year. We also expect to see a higher rate of gross absorption than the last three years as vacant space continues to be absorbed.

At NAI Alliance, we work with our clients to provide the timeliest, most accurate and complete sense of the market possible so they can make more informed decisions. We assist our clients to see where the market is going, and help position them properly. We help our clients react quicker than the competition, guiding them to achieve higher profits over the long run. This report is a sample of what we can provide you with to better understand the local retail marketplace. We hope you appreciate it and find it useful. Please let us know how we can assist you further.

Market Snapshot*	Total Square Feet (SF):	Vacant Square Feet (SF):	Vacancy Rate:
Overall Reno/Sparks Market	15,474,365 SF	2,307,303 SF	16.57%
Lineshops	5,738,550 SF	1,235,043 SF	21.52%
Buildings 20,000 or greater	8,188,605 SF	1,072,260 SF	13.09%

## Reno/Sparks, NV 2Q14 Retail Market Report



**For Lease**

Damonte Ranch Town Center  
Damonte Ranch & Steamboat Parkway, Reno, Nevada



**For Lease**

6,543 SF Equipped Restaurant  
Sparks Crossing Shopping Center  
137 Los Altos Pkwy, Sparks, Nevada



3809 N. Carson St., Carson City, NV



2205 W. 4th Street, Reno NV

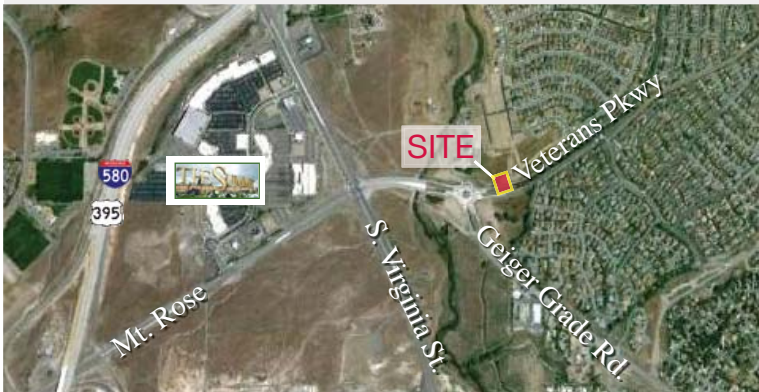
**For Sale**

Combined Price \$1,324,000 & 8.4% CAP Rate  
Investment Property - Two Restaurant Buildings  
Carson City and Reno, Nevada



**For Lease**

45,524 SF - Former Circuit City  
Firecreek Crossing  
Kietzke Lane & Redfield Promenade, Reno, Nevada



**Land for Sale or Lease**

0.87 Acres at NE Corner Veterans Parkway / Geiger Grade  
South Reno Nevada



**Newly Completed!**

**For Lease**

Vista Hills Shopping Center  
Anchored by Walmart  
NEC of Sky Vista & Lemmon Dr, Reno, Nevada

### Methodology/Definitions

#### Absorption (Net)

The change in occupied space in a given time period.

#### Market Size

Includes all existing retail shopping centers (excluding regional malls) within the market consisting of 20,000 square feet or larger.

#### Overall Vacancy

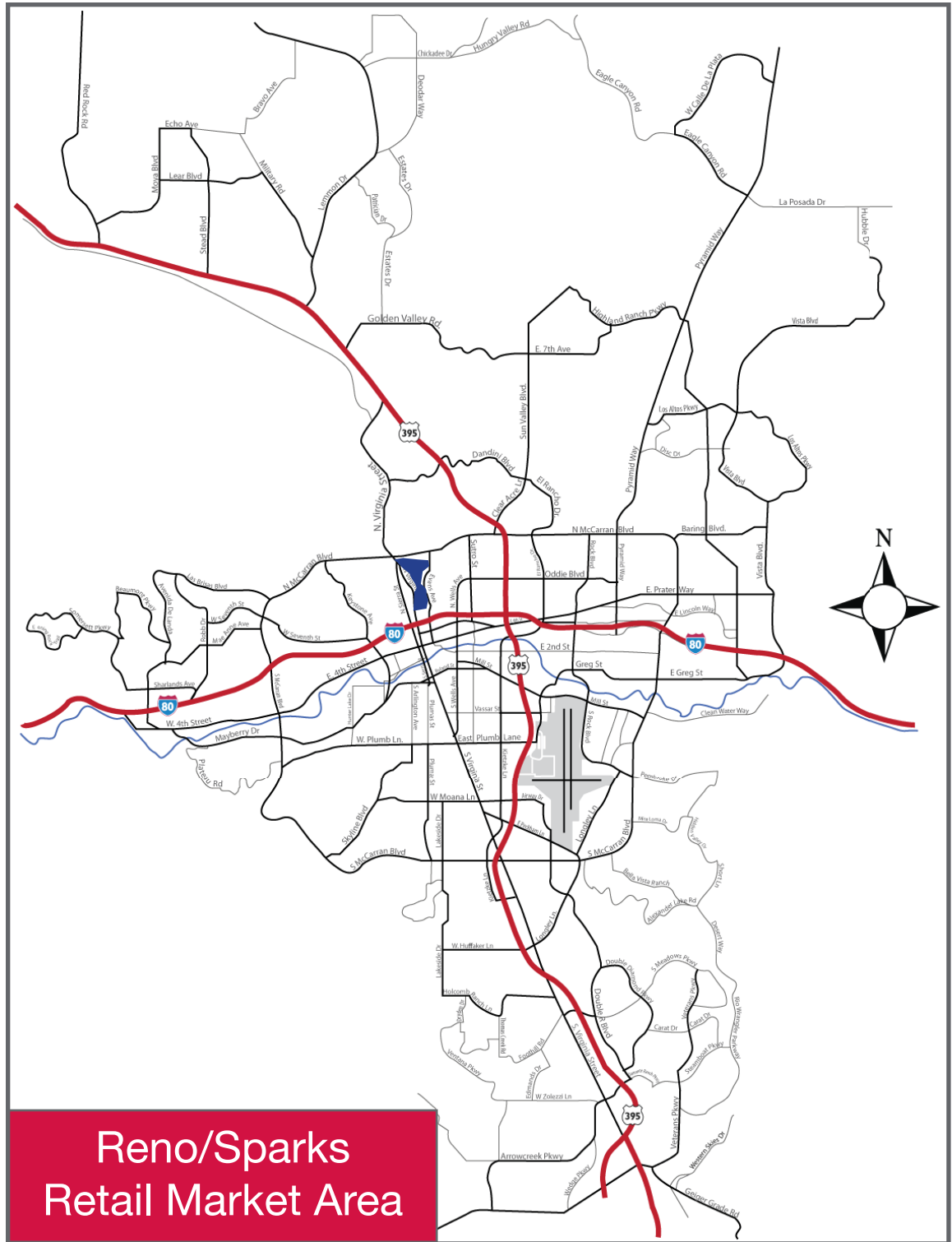
All unoccupied lease space, either direct or sublease.

#### 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.



### Reno/Sparks Retail Market Area

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