



TRENDS:

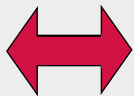
Vacancy Rate



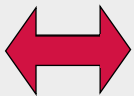
Net Absorption



Construction



Asking Rents



VACANCY:

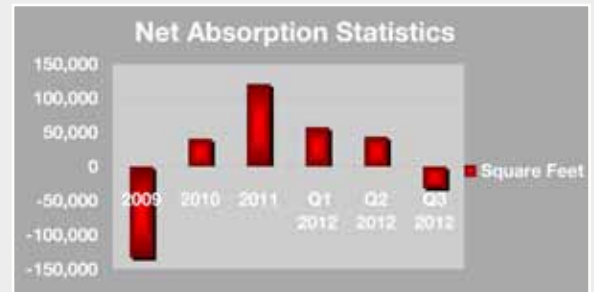
After a positive six months of net absorption, the market took a step backwards and gave back approximately 31,000 square feet in the 3rd quarter. Most of this give back space can be attributed to a few local companies downsizing in renegotiations of lease terms and the continued flight to quality benefiting the Meadowood and Downtown submarkets. This elevated the overall direct vacancy to 16.84% from 16.17%.

The Meadowood submarket, namely the Kietzke Lane & S. McCarran Boulevard corridor, continues to lead the way standing at 13.59% vacancy. Institutional tenants continue to endorse this area as it provides multiple Class A options with freeway visibility and access.

ACTIVITY:

The pending election has been the excuse for many delays in tenant expansion, movement and investment and it continues to make an impact on the Northern Nevada office market. The Apple announcement continues to be a topic of economic development conversation. In further, the region strives to become a tertiary hub for continued data center activity. Secondly, the call center trend of over a decade ago is back in swing. With the announcement of two new service support centers, one being One Contact Inc., headquartered in Toronto, taking foot in the region to take advantage of the available work force and near plug and play office space.

And, organically, Mid-Town continues to progress and attract small retailers and professional services firms to downtown. New vertical construction has commenced on the Thoma & S. Virginia Street site and Marmot Properties continues to transform their 2 block residential assemblage in the immediate area. This continued redevelopment and successful push in the downtown food and beverage landscape, has had a positive effect in attracting more tenants to the CBD.



THE OUTLOOK:

The forecast is continued progress. The Governor's Office of Economic Development, EDawn and the other local economic development authorities are working in a unified effort to attract and retain new companies and promote the Northern Nevada lifestyle. Areas of California, namely the Bay Area, continue to excel; a trend that typically sends a jolt of new companies to the region. According to the US Census Bureau, Manufacturers' Goods and Construction Spending are both on the rise. Yet, the political landscape, locally and nationally, continues to be the hypothetical impediment of the future.



Office Market Report | Third Quarter 2012

2012 OFFICE TRANSACTIONS:

Meadowood Submarket:

Video Gaming Technologies - 5390 Kietzke Lane, Suite 104 - 9,950 SF
Video Gaming Technologies Expansion - 5390 Keitzke Lane, Suite 102 - 8,050
Egghart & Associates - 5585 Kietzke Lane - 8,316 SF
H Dhindsa Retina Eye Center - 5470 Kietzke Lane, Suite 205 - 4,926 SF
imortgage - 6005 Plumas Street, Suite 130 - 4,843 SF
TNT Construction - 6151 Lakeside Drive, Suite 2,100 - 2,356 SF
California Donor Network - 1495 Ridgeview Drive, Suite 90 - 2,182 SF
Scott T. Weed, DDS, PLLC - 6151 Lakeside Drive, Suite 2200 - 2,003 SF
Muzea Insider Consulting Services - 1575 Delucchi Lane, Suite 204 - 1,200 SF
Duckworth Capital Management - 6005 Plumas Street, Suite 201 - 880 SF

Airport Submarket:

Bank of America - 2597 Mill Street - 6,360 SF
Hire Dynamics - 5580 Mill Street, Suite 100 - 3,822 SF
Majen Training - 1005 Terminal Way, Suite 145 - 2,415 SF
F & P Construction - 1140 Financial Blvd., Suite 600 - 2,100 SF
Scientific Games International - 1005 Terminal Way, Suite 130 - 834 SF
TLC Financial - 1005 Terminal Way, Suite 140 - 610 SF
RGIS, LLC - 1005 Terminal Way, Suite 135 - 465 SF

South Meadows Submarket:

KBA Enterprises - 900 Sandhill Road- 40,746
Exchange Intermediary, Inc. - 10619 Professional Circle - 17,631 SF
Miller Heiman - 10509 Professional Circle - 11,500 SF
Elizabeth S. Massie Trust - 10381 Double R Boulevard - 7,900 SF
Atley Group LLC - 8610 Technology - 6,482 SF
Robert V. Willmes, II Trustee - 500 Damonte Ranch Parkway, Suite 944 - 4,964
Professional Billing Services - 800 South Meadows Parkway, Suite 500 - 2,878 SF
Summit View Hospice - 800 South Meadows Parkway - 1,861 SF
Security National Mortgage Company - 800 South Meadows Parkway, Suite 600 - 1,346 SF
World Strides - 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
Snell & Wilmer LLP - 50 West Liberty Street, Suite 510 - 4,933 SF
Brownstein Hyatt Farber Schreck, LLP - 50 West Liberty Street, Suite 1030 - 2,090 SF
590 Real Estate Group - 300 East Second Street, Suite 1409 - 1,595 SF
HMC Group - 50 West Liberty Street, Suite 630 - 1,500 SF
McCarthy & Holthus, LLP - 200 South Virginia Street, Suite 660 - 1,027 SF
Certified CPR - 140 Washington Street, LL-70 - 646 SF
Fair Share Alliance - 100 Washington Street, LL-50 - 628 SF
7Q10, Inc. - 401 Court Street, Second Floor - 603 SF
Evolve Litigation - 401 Court Street - 147 SF
Paralegal Plus - 401 Court Street - 119 SF
Josh Peterson - 401 Court Street - 97 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
1005 Terminal Way
Reno, Nevada



For Sale/Lease
1200 Financial Boulevard
Reno, Nevada



For Lease
980 Sandhill Road
Reno, Nevada



Methodology/Definitions

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

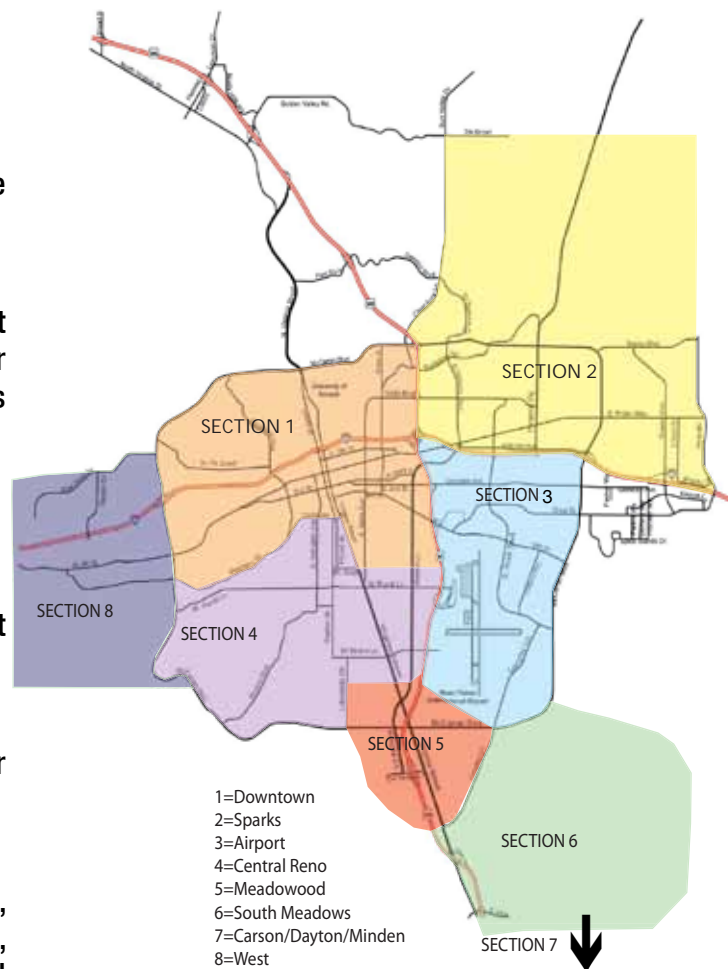
Space currently available for lease directly with the landlord or building owner.

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.



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Q3 2012 Office Market At A Glance

Area	Submarket	Direct Available Square Feet	Direct Vacancy Percent	Net Absorption
1	Downtown	277,954	16.16%	18,600
3	Airport	243,046	16.94%	-9,153
4	Central Reno	169,080	20.27%	-24,312
5	Meadowood	270,967	13.59%	11,627
6	South Meadows	298,138	19.34%	-27,840
TOTAL		1,259,185	16.84%	-31,078

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