

## Second Quarter 2Q14 Industrial Market Report

Industrial

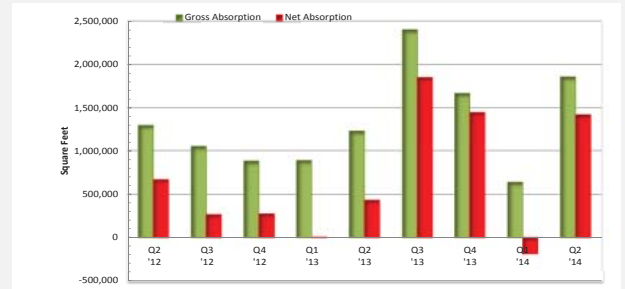


Buildings continued to fill throughout the second quarter leading to a continued drop in the vacancy rate to below 8% at 7.92% and even lower at 7.35% when excluding sublease space. These numbers are lower than what would be considered sufficient to meet demand and made up mostly of Class B product. Only two class A spaces greater than 300,000 sf are available.

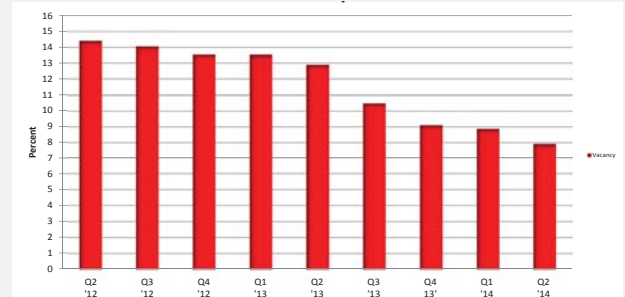
There were 38 transactions total for the quarter with an average deal size of 48,873 sf. While 38 is about normal the average deal size was elevated due to two big deals. There were 27 transactions between 5,000 to 20,000 sf; 5 transactions 20,000 to 40,000 sf; 2 transactions 40,000 to 100,000 sf and 4 transactions in excess of 100,000 sf. Compared to prior quarters, small spaces less than 20,000sf and large spaces over 100,000sf were most active. Class A was the beneficiary as its vacancy is down a full 7% as a vacancy factor where Class B increased and Class C remained the same. Class A vacancy is now a very low 2.78%. Overall, distribution space vacancy dropped by 1½ % while manufacturing space was relatively unchanged.

Gross absorption was an impressive 1,857,165 sf driven by two large transactions, a 707,010 sf Build-To-Suit for Zulily and Chewy.com taking the previously occupied 303,870 sf Toys-R-Us space. This is a strong indicator that internet fulfillment continues to be a valid driver of activity in the area. Net absorption for the quarter was a healthy 1,423,893 sf.

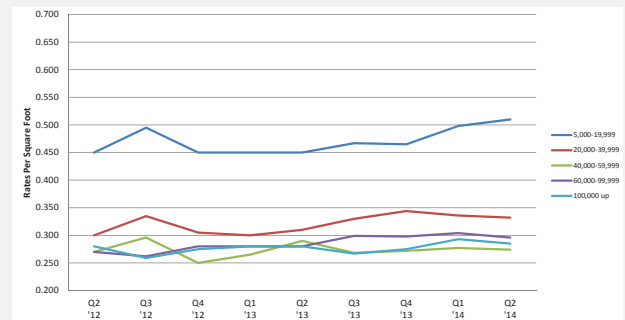
Gross & Net Absorption



Vacancy Rates



Rental Rates



### Trends for 2Q14

▲  
NET ABSORPTION

▼  
VACANCY RATE

▲  
CONSTRUCTION

▲  
ASKING RATES

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Rental rates continue to increase for bulk distribution space (almost a full \$.01 last quarter) and thus we may see more developers announce construction starts. There is a solid 1,040,000 of speculative construction planned in addition to Dermody's 624,000 under construction. There is talk by some that over 5M sf will be under construction by year end spurred by several different projects.

2014 is setting up to have an excellent second half and we continue to be optimistic for construction to commence providing inventory needed to meet demand... whether or not the eagerly awaited announcement is made.

### Market Overview:

SUBMARKET	TOTAL RBA (SF)	DIRECT AVAILABLE (%)	SUBLET AVAILABLE (%)	TOTAL AVAILABLE (%)	TOTAL AVERAGE RATE (\$/SF/YR)	UNDER CONSTRUCTION (SF)
North Valleys	15,653,157	5.37%	0.150%	5.52%	\$0.370	624,000
Sparks	25,628,241	11.17%	0.008%	11.18%	\$0.381	0
Airport	8,954,456	11.02%	0%	11.02%	\$0.458	0
South Reno	8,963,019	5.66%	0%	5.66%	\$0.474	0
Central & West Reno	1,267,960	14.64%	0%	14.64%	\$0.426	0
I-80 East Corridor	13,587,913	3.38%	0%	3.38%	\$0.460	0

### Significant Lease Transactions:

Tenant	Address	Size	Submarket
Zulily	3200 USA Parkway	707,010 SF	I-80 East Corridor
Chewy.com	700 Milan Drive	303,870 SF	I-80 East Corridor
Weaver Popcorn	400-450 Parr Blvd.	168,927 SF	North Valleys
Chesapeake Spice	TBD Technology Way	70,240 SF	South Reno
Turn 17	12035 Moya Blvd.	52,000 SF	North Valleys
Essentra Plastics	695 Vista Blvd. Ste.105	39,567 SF	Sparks

### Significant Sales Transactions:

Buyer	Address	Price	Submarket
Z Loop LLC	190 Resource Dr.	\$6,000,000	Fernley
Panattoni	400-450 Parr Blvd.	\$4,350,000	North Valleys
MB & C Investments LLC	637-631 Dunn Cir.	\$1,214,500	Sparks
First Creek Glendale LLC	1236 Glendale Ave.	\$1,115,000	Sparks
Hensler	11975 Interstate 80 E.	\$1,112,000	I-80 East Corridor
WJW Holding Co LLC	581-587 Dunn Cir.	\$917,000	Sparks



**For Lease**  
1375 Greg St. Ste. 103  
Greg Park Bldg. B  
7,500±SF | \$0.50/SF NNN



**For Sale**  
1690 Industrial Way  
15,500±SF | \$1,775,000



**For Lease**  
665 Spice Islands Dr.  
Spice III  
79,200±SF | \$0.28/SF NNN



**For Lease**  
625 Waltham Way, Bldg. 3  
Patrick Industrial Park  
140,000±SF | \$0.30/SF NNN



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



**For Lease**  
555 Vista Blvd.  
622,500±SF | \$0.33/SF NNN

## Second Quarter 2Q14 Industrial Market Report

### NAI Transactions

Q2

**Lease 707,010 SF**  
Zulily  
3200 USA Parkway  
NAI represented landlord

**Sale 169,027 SF**  
Panattoni  
400/450 Parr Blvd.  
NAI represented seller

**Lease 169,027 SF**  
Weaver Popcorn  
400/450 Parr Blvd.  
NAI represented tenant

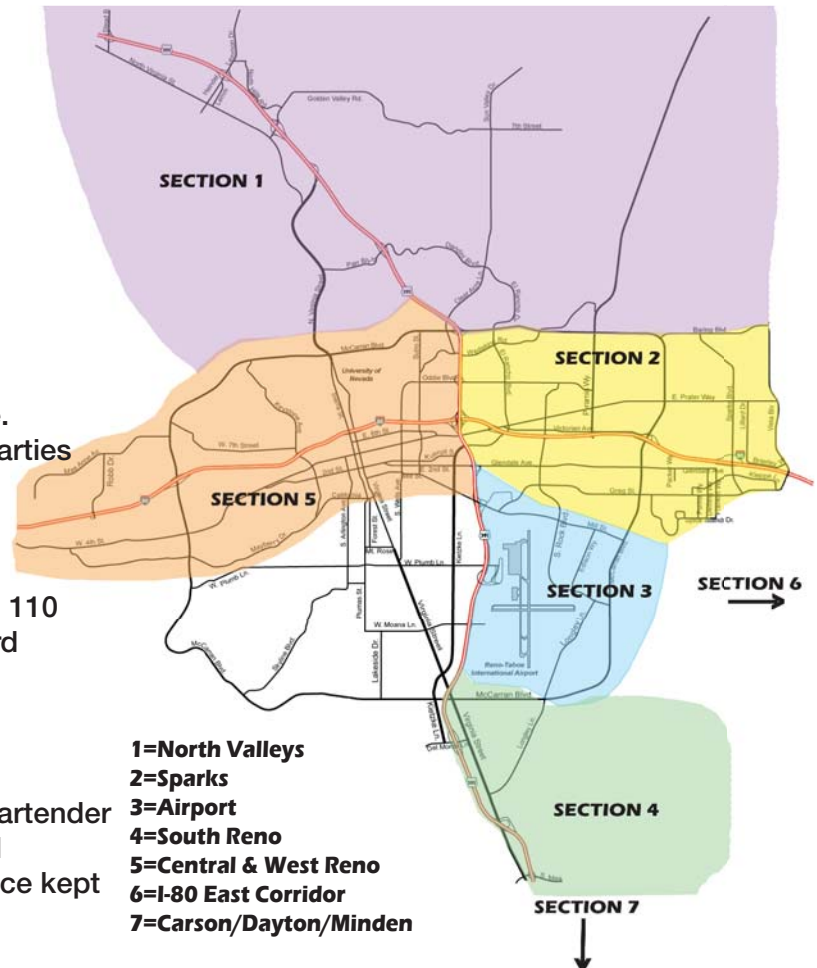
**Lease 39,567 SF**  
Essentra Plastics  
695 Vista Blvd. Ste. 105  
NAI represented tenant

**Sublease 23,616 SF**  
Rackstar  
855 E. Greg St. Ste. 104  
NAI represented both parties

**Lease 21,383 SF**  
Online Tech Stores  
1001 East Glendale Ave.  
NAI represented both parties

**Lease 7,000 SF**  
MRI Fitness  
895 E. Patriot Ste.109.  
NAI represented landlord

**Lease 7,000 SF**  
G7 Corporation  
895 E. Patriot Blvd. Ste. 110  
NAI represented landlord



### Did You Know?

In Tonopah the young Jack Dempsey was once the bartender and the bouncer at the still popular Mizpah Hotel and Casino. Famous lawman and folk hero Wyatt Earp once kept the peace in the town.

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



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