

Challenging Times

The second quarter of 2020 saw the easing of restrictions on businesses in Northern Nevada.

The first quarter of 2020 had 75 days in which businesses were open, and 15 days of closure, while the second quarter managed 45 days of closures and 45 days of partial re-opening. It will be some time before we see taxable sales data, though employment data has shown some improvement since things hit bottom in April and May. Several obstacles still face the retail market, though, both in terms of re-closures of bars, continued weak tourism numbers and the return of evictions in late July. We think the Reno/Sparks retail market will show some improvement in the second half of 2020, but do not think the recovery will be especially strong.

According to the Nevada Department of Employment, Training and Rehabilitation, Reno/Sparks added no jobs in the retail sector between June 2019 and June 2020. Over this same period, 3,700 jobs were lost in the food services and drinking places sector. The retail sector added 1,600 retail jobs between May 2020 and June 2020, though, indicating improvement after the job losses experienced in the April and May.

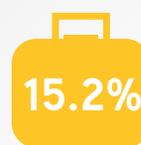
Unemployment in the Reno-Sparks MSA was 8.6 percent in June 2020, compared to 3.2 percent in June 2019. From June 2019 to June 2020, total employment in Reno/Sparks decreased by 18,300 jobs, a 7.4 percent decrease. Reno/Sparks did add 10,000 jobs between May 2020 and June 2020, a sign of economic improvement after the partial end to March's business closures.

Market Indicators

Unemployment Rate – Nevada

10-Year Nominal Interest Rate

National Consumer Confidence



The Nevada Department of Taxation reported that Washoe County's taxable retail sales for the twelve months ending in April 2020 (the most recent month of data available) totaled \$4.31 billion, up from \$4.29 billion in the previous twelve month period. This represented a 0.4 percent increase in retail taxable sales. By comparison, non-store retail sales totaled \$487.8 billion over the past twelve months, an 88.5 percent increase over the previous 12 month period.

The highest year-over-year taxable sales growth in April 2020 was in home and garden stores (14.5 percent), food and beverage stores (13.1 percent growth) and gasoline stations (11.7 percent growth). Year-over-year taxable sales decreased in clothing stores (negative 70.2 percent), sports and hobby stores (negative 48.2 percent), motor vehicle and parts dealers (negative 36 percent), furniture stores (negative 31.2 percent), electronics stores (negative 31 percent), health and personal care stores (negative 28.6 percent), general

Significant Lease Activity

PROPERTY ADDRESS	TENANT	DATE	TERM	SIZE	TYPE
Sparks Mercantile	D1 Sports Training	Jun 2020	NA	6,000 SF	Community Center
Moana Marketplace	Sweis Inc	May 2020	NA	5,111 SF	Strip Center
D'Andrea Pointe	Watros LLC	Jun 2020	63 months	2,430 SF	Strip Center
Shops at Bartley Ranch	Aural Care Hearing Centers	Jun 2020	36 months	2,292 SF	Strip Center
Iron Horse Shopping Center	Reno Capital Group	Jun 2020	36 months	1,625 SF	Community Center

merchandise stores (negative 14.1 percent) and miscellaneous retailers (negative 8.1 percent). Non-store retailers posted 153.8 percent year-over-year growth in April 2020.

Retail investment sales volume at midyear 2020 was \$29.8 million in 6 sales totaling 146,351 square feet at an average price per square foot of \$203.47. By comparison, the first two quarters of 2019 saw nine sales totaling 163,387 square feet,

with a total sales volume of \$47,125,000 and a price per square foot of \$288.43. Retail investment sales got off to a good start in the first quarter of 2020, but stalled in the second quarter. 2020 investment sales activity has now fallen behind 2019, no doubt due to the impact of the COVID-19 business closures. As investors adjust to new market conditions, we believe they will return to the market, boosting sales in the second half of 2020.

Significant Sale Activity

PROPERTY	BUYER	DATE	PRICE	SIZE	PRICE/SF	TYPE
Lakeside Plaza	Lakeside Plaza LLC	Feb 2020	\$12,678,000	69,236 SF	\$183.11	Multi-Tenant
Northtowne Plaza	DBB Holdings Inc	Jan 2020	\$7,100,000	44,467 SF	\$159.67	Multi-Tenant
1350 Neil Way	EBUC LLC	Jan 2020	\$4,300,000	26,538 SF	\$162.03	Single-Tenant
Monte Vista Village	M&K Properties LLC	Feb 2020	\$3,450,000	14,920 SF	\$231.23	Multi-Tenant
634 Ryland	SJM Properties LLC	Mar 2020	\$1,575,000	12,525 SF	\$125.75	Multi-Tenant

68 countries

\$3.5

billion in annual revenue*

2.0

billion square feet under management

18,000+

professionals and staff

\$129

billion in total transaction value

*All statistics are for YE 2019, are in U.S. dollars, and include affiliates

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