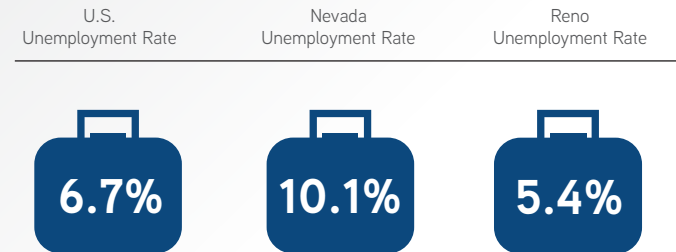


Reno/Sparks Revs into High Gear

- > Industrial vacancy decreased to 4.4 percent in the fourth quarter of 2020
- > Industrial inventory expanded by 2.4 million square feet in 2020
- > Asking rents increased to an all-time high of \$0.49 per square foot on a triple net basis

Reno's industrial market ended 2020 on a high note, posting 1.5 million square feet of net absorption in the fourth quarter and 5.4 million square feet during the year. Strong tenant demand has pushed warehouse/distribution asking rents up 16 percent year-over-year. Robust leasing activity and minimal availability will continue to increase rents throughout 2021. The encouraging momentum throughout the region, with new companies entering the market and more development underway, should combine to propel Reno into one of the top performing industrial markets in the country in 2021.

Market Indicators



Market Indicators

Relative to prior period	Q4 2020	Q1 2021*
Vacancy	↓	↓
Net Absorption	↑	↔
Completions	↓	↑
Rental Rate	↑	↑

*Projected

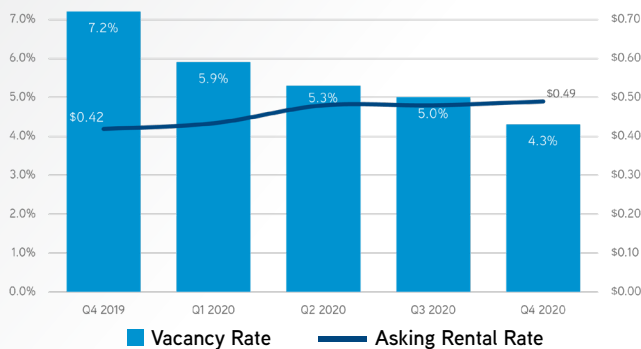
Summary Statistics

Q4 2020 Reno Market	Previous Quarter	Current Quarter
Vacancy Rate	5.0%	4.4%
Asking Rent (PSF)	\$0.48	\$0.49
Net Absorption (SF)	809,764	1,500,150

Overall Asking Rents

Per Square Foot	Previous Quarter	Current Quarter
Warehouse/Distribution	\$0.43	\$0.44
Manufacturing	\$0.38	\$0.43
Light Industrial	\$0.78	\$0.71
Flex	\$0.91	\$1.22

Historical Vacancy Rates and Asking Lease Rates



Strong preleasing at new developments throughout 2020 resulted in substantial rent growth and declining vacancy. These encouraging tailwinds will continue into 2021.

Industrial Employment

	Nov. 2019	Nov. 2020	Change
Construction	18,300	17,800	-2.7%
Manufacturing	25,200	26,000	+3.2%
Wholesale Trade	9,900	9,600	-3.0%
Transportation & Warehousing	20,500	17,800	-13.2%

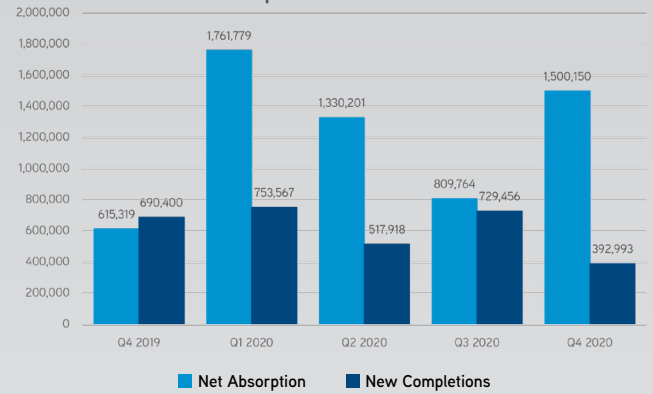
Source: Nevada Department of Employment, Training and Rehabilitation.

Though regional employment is down six percent from its peak in January 2020, companies from California continue to be attracted to Reno/Sparks for expansion and relocation because of its more business friendly environment, which should result in a strong job market recovery throughout 2021 and a burgeoning industrial development pipeline. Industrial employment declined slightly year-over-year, however, some 30 companies have relocated or expanded their workforce in Northern Nevada in 2020, according to the EDAWN, adding a combined 2,295 new jobs. Cosmetic company Mary Kay recently opened a new distribution facility. Other companies relocating from out of state bringing at least 50 new jobs to Reno in 2020 include American Battery Technology, Coldo Logistics, HMI Glass, Makita, and Starbrook Modular.

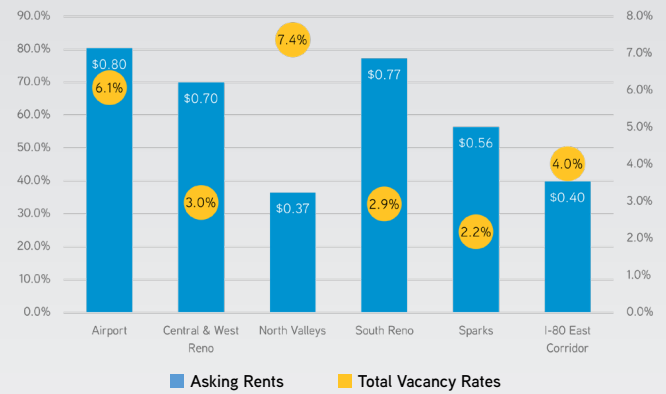
Accelerating demand despite the pandemic will result in an uptick in development throughout 2021. As space remains scarce throughout the market, there is plenty of competition for new speculative developments. The inventory of available product around 50,000 square feet remains critically tight. There was 2.4 million square feet of new supply delivered in the Reno/Sparks region throughout 2020. In the fourth quarter, Panattoni completed North Valleys Commerce Center – Bldg. K (362,000 SF). Dermody Properties has secured a one million square foot tenant for its Park at McCarran project, which will start construction in early 2021. There is 1.6 million square feet of industrial space under construction across the market, which is concentrated in the North Valleys and Sparks submarkets. With solid market fundamentals and rising rents, more speculative development will break ground in the first half of 2021.

Northern Nevada's industrial market continues to flourish with robust tenant demand. Annual net absorption in 2020 recorded 5.4 million square feet after posting 1.5 million square feet of net absorption in the fourth quarter alone. Large industrial users continue to compete for a decreasing amount of available properties in the region, which has placed significant upward pressure on rental rates. Demand was boosted in the fourth quarter by UPS' 324,000 square foot occupancy at 45 Vista Boulevard in Sparks, Geodis' 255,000 square foot lease at 725 Waltham Way in McCarran, and two large leases by Sealy Mattress (145,000 SF) and Union Supply Group (129,000 SF) in North Valleys.

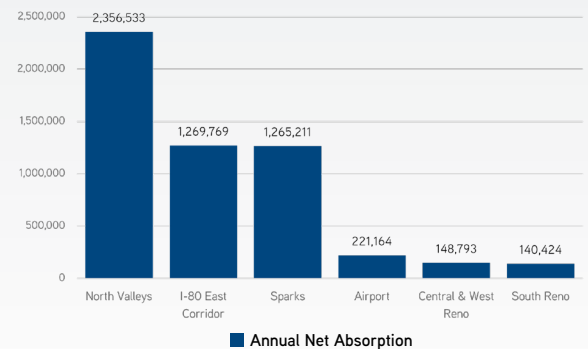
Absorption vs. Construction



Total Vacancy Rate & Average Asking Rent per Submarket



2020 Annual Net Absorption by Submarket



Despite a significant amount of new development delivering during the year, Reno's industrial market vacancy rate declined 290 basis points year-over-year, ending 2020 at 4.3 percent. Preleasing activity at new developments has been promising and available space for tenants seeking 100,000 square feet or less remains especially scarce. The regional warehouse/distribution vacancy rate declined 150 basis points quarter-over-quarter to 4.7 percent.

Reno/Sparks average industrial asking rents for all property types increased 16.6 percent year-over-year to \$0.49 per square foot triple net. Market average warehouse/distribution asking rents jumped 15.8 percent year-over-year to \$0.44 per square foot triple net, an all-time high. With supply not keeping pace with demand, the market is poised to get even tighter in 2021 with asking rents for warehouse/distribution space likely continuing to set record highs over the next 12 months.

Reno/Sparks industrial sales activity declined dramatically in 2020. Annual sales volume totaled \$354 million, which equated to an average sale price of \$77 per square foot. Pricing has held up through the pandemic with strong interest from investors in the Reno market. This interest from investors in Reno's industrial assets was evidenced by two significant sales closing in the fourth quarter. Black Creek acquired a 722,000 square foot building from Dermody Properties for \$67.7 million (\$94/SF) and LBA Logistics purchased a 561,000 square foot asset from Scannell Properties for \$44.5 million (\$79/SF). Look for sales activity to get back on track in 2021 as developers look to dispose of newly delivered developments.

Reno's current industrial market growth rate shows no signs of slowing down anytime soon. While some industries in Northern Nevada have been impacted by business closures and layoffs, many industrial occupiers have thrived throughout the COVID-19 pandemic. As e-commerce sales spike and the number of companies relocating out of California to Northern Nevada continues to accelerate, Reno's industrial market is poised for a phenomenal 2021 with accelerating demand, rising rents, new spec development, and a surge in sales activity.

LogistiCenter at 395 Phase II – Bldg. 1
722,512 SF - \$67,735,500 (\$93.75 PSF)



Mustang Industrial Park – 12475 Mustang Road
561,000 SF - \$44,500,000 (\$79.32 PSF)



Q4 2020 Significant Lease Activity

PROPERTY NAME	SIZE	TENANT	TYPE
The Park at McCarran	997,004 SF	Confidential	Ware-house/Distribution
725 Waltham Way	255,000 SF	Geodis	Ware-house/Distribution
2555 USA Parkway	182,000 SF	Marmon	Ware-house/Distribution
9565 N Virginia	145,000 SF	Sealy Mattress	Ware-house/Distribution
9565 N Virginia	129,378 SF	Union Supply Group	Ware-house/Distribution

Q4 2020 Significant Sale Activity

PROPERTY NAME	SIZE	PRICE (\$/SF)	BUYER
LogistiCenter at 395 Phase II – Bldg. 1	722,512 SF	\$67,735,500 (\$93.75)	Black Creek Group
Mustang Industrial Park – 12475 Mustang Road	561,000 SF	\$44,500,000 (\$79.32)	LBA Logistics
45-55 Vista Boulevard	440,946 SF	\$30,645,747 (\$69.50)	UPS
4910 Longley Lane	314,200 SF	\$22,000,000 (\$70.02)	GPR Ventures
655 Spice Islands Drive	164,918 SF	\$12,539,500 (\$76.03)	Investcorp

2019-2022 Construction Activity

DEVELOPER	SITE	TENANT	SQUARE FEET	SUBMARKET	DELIVERY	TYPE
Dermody Properties	Park at McCarran - Building 3	TBD	206,648	Airport	Q1 2022	Spec
Dermody Properties	Park at McCarran - Building 2	TBD	145,048	Airport	Q1 2022	Spec
Prologis	Sage Point 7	TBD	538,000	North Valleys	Q4 2021	BTS
Mark IV Capital	Victory Logistics District	TBD	815,215	I-80 East Corridor	Q4 2021	Spec
McKenzie Properties	O Double Diamond PKWY	TBD	84,000	South Reno	Q3 2021	Spec
McKenzie Properties	O Trademark Dr - Building C	TBD	27,200	South Reno	Q4 2021	Spec
McKenzie Properties	O Trademark Dr - Building B	TBD	25,500	South Reno	Q4 2021	Spec
Land Baron Investments	Reno Logistics Warehouse	TBD	1,215,200	North Valleys	Q3 2021	Spec
Dermody Properties	Park at McCarran - Building 1	Confidential	997,004	Airport	Q3 2021	BTS
Avenue 55/Tarragon	Ingenuity Industrial Center - Bldg. C	TBD	66,560	Sparks	Q3 2021	Spec
Avenue 55/Tarragon	Ingenuity Industrial Center - Bldg. B	TBD	173,680	Sparks	Q3 2021	Spec
Avenue 55/Tarragon	Ingenuity Industrial Center - Bldg. A	TBD	419,040	Sparks	Q3 2021	Spec
Prologis	Sage Point 8	TBD	242,840	North Valleys	Q2 2021	Spec
Dermody Properties	LogistiCenter at 395 - Phase II, Building 3	TBD	405,456	North Valleys	Q1 2021	Spec
Panattoni	North Valleys Commerce Center - Building J	TBD	138,200	North Valleys	Q1 2021	Spec
Panattoni	North Valleys Commerce Center - Building K	TBD	362,290	North Valleys	Q4 2020	Spec
Dermody Properties	LogistiCenter at 395 - Phase II, Building 2	TBD	405,000	North Valleys	Q3 2020	Spec
Panattoni	Amazon Fulfillment	Amazon	164,000	North Valleys	Q3 2020	BTS
Devcon	Quality Bicycle Products	QBP	160,000	North Valleys	Q3 2020	BTS
Panattoni	North Valleys Commerce Center - Building H	TBD	228,540	North Valleys	Q2 2020	Spec
Consolidated Construction Co. Inc.	Spanish Spring Corporate Park	Luxe Locker	96,000	Sparks	Q2 2020	BTS
Q&D	New Deantronics - Phase 1	New Deantronics	60,000	Sparks	Q2 2020	BTS
Panattoni	North Valleys Commerce Center - Building G	Multi-Tenant	228,540	North Valleys	Q2 2020	Spec
United Construction	LUX Dynamics	LUX Dynamics	50,000	Airport	Q1 2020	BTS
Becknell Industrial	Echo Avenue	Vacant	286,487	North Valleys	Q1 2020	Spec
Panattoni	North Valleys Commerce Center - Building F	TBD	405,040	North Valleys	Q1 2020	Spec
United Construction	2555 Peru Drive	Berkley	80,000	Sparks	Q4 2019	BTS
Tolles Development	West America Commerce Center - Bldg. 2	Tesla	610,040	I-80 East Corridor	Q4 2019	Spec
Prologis	Makita	Makita	622,839	North Valleys	Q4 2019	BTS
Panattoni	North Valleys Commerce Center - Building E	TBD	313,220	North Valleys	Q3 2019	Spec
M. A. Mortenson Company	Spanish Spring Corporate Park	Ellsworth	156,000	Sparks	Q2 2019	BTS
Scannell Properties	Mustang Industrial Park	Vistar	560,850	I-80 East Corridor	Q2 2019	Spec

Industrial Construction History

SUBMARKET	2021-P	2020	2019	2018	2017	2016	2015	2014	GRAND TOTAL
North Valleys	2,539,696	2,322,737	1,123,659	1,238,481	740,371	1,880,172	1,596,970	624,000	12,066,086
I-80 East Corridor	815,215	0	2,012,930	630,240	1,030,000	2,203,000	866,866	907,010	8,465,261
Sparks	659,280	316,000	236,000	0	200,000	409,600	0	606,000	2,426,880
South Reno	136,700	0	270,975	174,793	0	389,792	0	70,240	1,042,500
Central & West Reno	0	0	0	391,750	477,000	0	0	0	868,750
Airport	997,004	0	0	0	0	0	0	0	997,004
Grand Total	5,147,895	2,638,737	3,643,564	2,435,264	2,447,371	4,882,564	2,463,836	2,207,250	25,866,481

Industrial Construction History

SUBMARKET	2021-P	2020	2019	2018	2017	2016	2015	2014	GRAND TOTAL
BTS	1,535,004	480,000	1,888,479	174,793	1,304,000	1,981,000	770,650	1,583,250	9,717,176
Spec	3,612,891	2,158,737	1,755,085	2,260,471	1,143,371	2,901,564	1,693,186	624,000	16,149,305
Grand Total	5,147,895	2,638,737	3,643,564	2,435,264	2,447,371	4,882,564	2,463,836	2,207,250	25,866,481

Market Comparisons - Reno

Industrial Market

CLASS	BLDGS	TOTAL RBA	DIRECT VACANT SF	DIRECT VACANCY RATE	SUBLEASE VACANT SF	SUBLEASE VACANCY RATE	TOTAL VACANT SF	TOTAL VACANCY RATE	TOTAL VACANCY RATE PRIOR QTR	NET ABSORPTION CURRENT QTR SF	NET ABSORPTION YTD SF	COMPLETIONS CURRENT QTR SF	UNDER CONSTRUCTION SF	AVERAGE ASKING RATE (DIRECT FSG RENT)
AIRPORT SUBMARKET														
WD	106	5,336,805	197,011	3.7%	126,268	2.4%	323,279	6.1%	7.3%	65,082	150,940	0	0	\$0.56
MF	11	688,796	25,525	3.7%	0	0.0%	25,525	3.7%	3.7%	0	0	0	0	\$0.85
LI	62	1,957,639	124,262	6.3%	0	0.0%	124,262	6.3%	6.7%	7,270	64,465	0	0	\$0.70
FL	38	1,254,531	74,823	6.0%	13,811	1.1%	88,634	7.1%	7.8%	9,600	5,759	0	0	\$1.60
Total	217	9,237,771	421,621	4.6%	140,079	1.5%	561,700	6.1%	7.0%	81,952	221,164	0	0	\$0.80
CENTRAL & WEST RENO														
WD	118	2,387,581	37,664	1.6%	0	0.0%	37,664	1.6%	2.4%	19,200	188,200	0	0	\$0.80
MF	14	399,020	15,410	3.9%	0	0.0%	15,410	3.9%	3.9%	0	-19,200	0	0	\$0.60
LI	45	668,609	56,757	8.5%	0	0.0%	56,757	8.5%	6.6%	-12,716	-12,269	0	0	\$0.66
FL	15	230,365	0	0.0%	0	0.0%	0	0.0%	0.0%	0	-7,938	0	0	-
Total	192	3,685,575	109,831	3.0%	0	0.0%	109,831	3.0%	3.2%	6,484	148,793	0	0	\$0.70
NORTH VALLEYS														
WD	146	20,649,579	1,332,676	6.5%	84,996	0.4%	1,417,672	6.9%	5.9%	162,251	1,922,051	361,993	786,496	\$0.36
MF	16	2,473,656	286,487	11.6%	0	0.0%	286,487	11.6%	11.6%	0	429,416	0	0	\$0.39
LI	2	42,890	11,266	26.3%	0	0.0%	11,266	26.3%	26.3%	0	5,066	0	0	\$0.37
FL	7	89,718	0	0.0%	0	0.0%	0	0.0%	0.0%	0	0	0	0	-
Total	171	23,255,843	1,630,429	7.0%	84,996	0.4%	1,715,425	7.4%	6.5%	162,251	2,356,533	361,993	786,496	\$0.37
SOUTH RENO														
WD	81	7,943,262	269,456	3.4%	12,500	0.2%	281,956	3.5%	5.0%	115,567	179,917	0	136,700	\$0.75
MF	16	1,752,445	0	0.0%	0	0.0%	0	0.0%	0.0%	0	0	0	0	-
LI	43	883,196	28,045	3.2%	0	0.0%	28,045	3.2%	3.2%	0	-27,515	0	0	\$0.90
FL	18	355,834	11,175	3.1%	0	0.0%	11,175	3.1%	4.4%	4,364	-11,978	0	0	\$0.98
Total	158	10,934,737	308,676	2.8%	12,500	0.1%	321,176	2.9%	4.0%	119,931	140,424	0	136,700	\$0.77
SPARKS														
WD	374	23,467,908	484,876	2.1%	66,415	0.3%	551,291	2.3%	5.2%	666,426	1,239,658	0	659,280	\$0.53
MF	36	2,553,921	0	0.0%	0	0.0%	0	0.0%	0.0%	0	55,200	0	0	\$0.54
LI	122	2,314,562	57,808	2.5%	9,650	0.4%	67,458	2.9%	2.4%	-12,450	11,063	0	0	\$0.75
FL	47	1,206,562	26,893	2.2%	0	0.0%	26,893	2.2%	2.8%	7,360	-40,710	0	0	\$0.79
Total	579	29,542,953	569,577	1.9%	76,065	0.3%	645,642	2.2%	4.4%	661,336	1,265,211	0	659,280	\$0.56
I-80 EAST CORRIDOR														
WD	76	15,032,484	870,671	5.8%	0	0.0%	870,671	5.8%	8.9%	468,196	1,325,836	0	0	\$0.39
MF	14	7,135,998	0	0.0%	0	0.0%	0	0.0%	0.0%	0	-16,065	0	0	\$0.37
LI	6	77,075	0	0.0%	0	0.0%	0	0.0%	0.0%	0	-40,002	0	0	-
FL	2	44,927	26,260	58.5%	0	0.0%	26,260	58.5%	58.5%	0	0	31,000	0	\$0.69
Total	98	22,290,484	896,931	4.0%	0	0.0%	896,931	4.0%	6.1%	468,196	1,269,769	31,000	0	\$0.40
MARKET TOTAL														
WD	901	74,817,619	3,192,354	4.3%	290,179	0.4%	3,482,533	4.7%	6.2%	1,496,722	5,006,602	361,993	1,582,476	\$0.44
MF	107	15,003,836	327,422	2.2%	0	0.0%	327,422	2.2%	2.2%	0	449,351	0	0	\$0.44
LI	280	5,943,971	278,138	4.7%	9,650	0.2%	287,788	4.8%	4.5%	-17,896	808	0	0	\$0.71
FL	127	3,181,937	139,151	4.4%	13,811	0.4%	152,962	4.8%	4.5%	21,324	-54,867	31,000	0	\$1.22
TOTAL	1,415	98,947,363	3,937,065	4.0%	313,640	0.3%	4,250,705	4.3%	5.4%	1,500,150	5,401,894	392,993	1,582,476	\$0.49

Quarterly Comparison and Totals

Q4-20	1,415	98,947,363	3,937,065	4.0%	313,640	0.3%	4,250,705	4.3%	5.0%	1,500,150	5,401,894	392,993	1,582,476	\$0.49
Q3-20	1,413	98,554,370	4,707,759	4.8%	256,549	0.3%	4,964,308	5.0%	5.3%	809,764	3,901,744	729,456	2,063,765	\$0.48
Q2-20	1,412	97,824,914	4,999,605	5.1%	209,157	0.2%	5,208,762	5.3%	5.9%	1,330,201	3,091,980	517,918	2,826,565	\$0.48
Q1-20	1,411	97,306,996	5,576,239	5.7%	204,500	0.2%	5,780,739	5.9%	7.2%	1,761,779	1,761,779	753,567	2,489,297	\$0.43

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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

COLLIERS INTERNATIONAL | RENO

5520 Kietzke Lane
Suite 300
Reno, Nevada 89511 | USA
+1 775 823 9666
www.colliers.com/reno

MARKET CONTACTS:

Chris Fairchild, SIOR, CCIM
Senior Vice President | Reno
+1 775 823 4662
Chris.Fairchild@colliers.com
NV Lic S.0071829

Randy Dixon
Regional Managing Director
+1 916 563 3023
Randy.Dixon@colliers.com

Bob Shanahan
Research Manager
+1 916 563 3018
Bob.Shanahan@colliers.com

Jordan Lehman
Research Analyst
+1 775 823 4671
Jordan.Lehman@colliers.com



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