Market shows resilience driven by 3PL and data center growth

▲ 11.7%
Vacancy Rate

▼ 130.4K
SF Net Absorption

▲ 1.6M
SF Under Construction

▼ $0.80
NNN / Lease Rate
Existing Properties

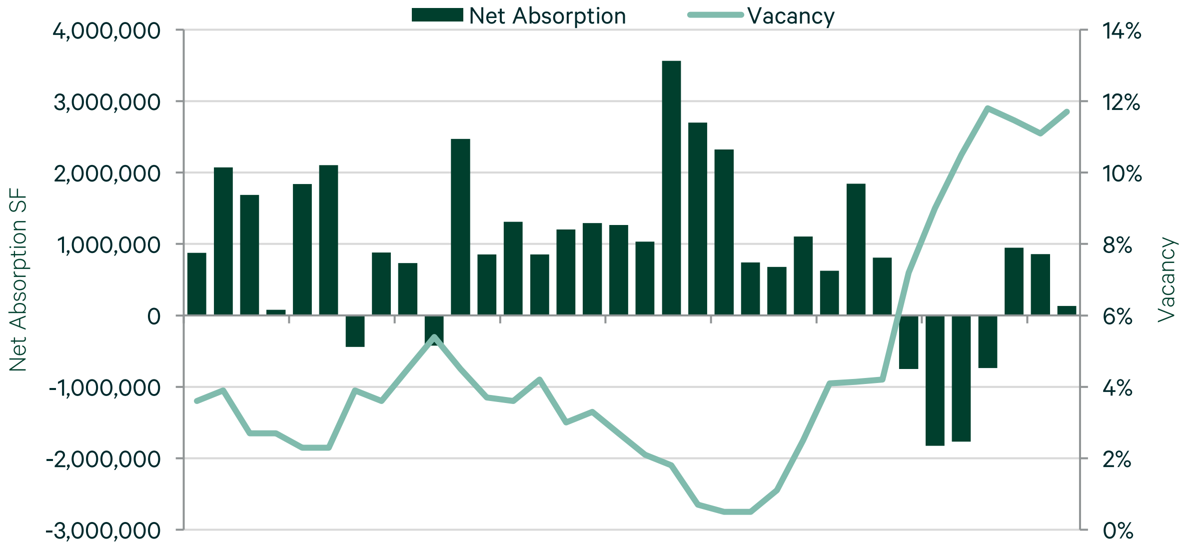
▲ 86K
Industrial Using Employment
Reno Market

Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

- The Reno region is home to 581,900 residents with a labor force of 297,000. During Q3 2025, the industrial sector provided 86,140 jobs, accounting for 29% of total employment in the region. The unemployment rate ended Q3 2025 at 4.7%, down 1-basis-point (bps) from the previous quarter.
- The overall net absorption of the Reno industrial market closed Q3 2025 at positive 130,433 sq. ft., down from 859,899 sq. ft in Q2 2025.
- All new construction is slated for delivery at the end of 2025 or the beginning of 2026, none of which is preleased.
- The average direct asking rate closed the quarter at $0.80 per sq. ft. monthly on a NNN basis (NNN).
- Activity in the flex market segment remains decent, although it has slowed down slightly compared to last quarter.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q3 2025

INDUSTRIAL OVERVIEW

The Reno industrial market is comprised of approximately 118 million sq. ft. at the close of Q3 2025. There were three new industrial buildings delivered to the market in Q3 2025, totaling 976,480 sq. ft. The construction pipeline has 1.6 million sq. ft. underway with another 15.8 million sq. ft. in various planning stages.

The overall average asking lease rate at the end of the quarter was $0.80 NNN. The Central/Airport and South Reno posted the highest average asking rates at $0.94 NNN and $1.00 NNN, respectively.

During Q3 2025, the overall vacancy rate Increased to 11.7%, while the availability rate increased to 14.4%. Sublease space continued to flow into the market, which represented 2.1 million sq. ft. of the total available space in Q3 2025.

The Reno industrial market is seeing a modest improvement in sentiment, evidenced by an uptick in general market inquiries, survey requests, and touring activity. While fundamentals are stabilizing, users and occupiers, formerly seized by tariff/policy anxiety, are cautiously moving forward with operational initiatives and updating forecasts. There is heightened demand for shorter-term leases (12-24 months) to maximize flexibility and renewal activity remains strong. Sector-wise, 3PL, high-tech manufacturing, and service-related construction/trades are expanding. Data center expansion in the East Valley is driving new industrial demand at the Tahoe Reno Industrial Center, requiring general contractors to store electrical equipment and materials. Conversely, development momentum has significantly stalled, with major construction effectively halted until 2026. However, the investment outlook remains strong, with increased institutional portfolio sales and building purchases anticipated in Q4 2025 and Q1 2026, confirming large-scale investors view the market's underlying long-term value favorably.

FIGURE 2: Submarket Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Q3 Net Absorption	YTD Net Absorption	Average Asking Rate NNN ($)
Central / Airport	10,768,827	6.9	7.1	(148,390)	(142,439)	0.94
Bulk	8,107,353	8.2	8.2	(200,719)	(188,367)	0.91
Flex	2,661,474	2.9	3.8	52,339	45,938	1.20
East Valley	33,138,760	12.9	16.4	30,000	1,083,969	0.74
Bulk	32,016,071	13.0	16.4	107,500	1,161,469	0.74
Flex	122,687	0.0	0.0	0	0	N/A
North Valley	28,220,034	13.4	17.5	8,888	766,968	0.81
Bulk	27,466,145	13.5	17.6	8,888	766,968	0.81
Flex	228,956	0.0	0.0	0	0	N/A
South Reno	11,357,170	11.2	13.1	485,021	631,221	1.00
Bulk	9,454,901	12.6	14.8	494,344	637,606	.96
Flex	1,902,269	4.5	4.7	(9,323)	(6,385)	1.41
Sparks	31,225,920	10.6	12.5	(270,834)	(545,212)	0.75
Bulk	28,144,775	11.4	13.3	(133,689)	(391,839)	0.73
Flex	2,797,788	3.1	4.9	(137,145)	(153,373)	1.26
West Reno	3,095,868	13.6	13.6	25,748	127,898	0.87
Bulk	2,644,063	15.6	15.6	25,748	129,748	0.85
Flex	409,060	0.5	0.5	0	(1,850)	1.50
Market Total	**117,836,579**	**11.7**	**14.4**	**130,433**	**1,922,405**	**0.80**
Bulk	**109,714,343**	**12.4**	**15.1**	**224,572**	**2,038,085**	**0.79**
Flex	**8,122,236**	**3.1**	**4.0**	**(94,139)**	**(115,680)**	**1.30**

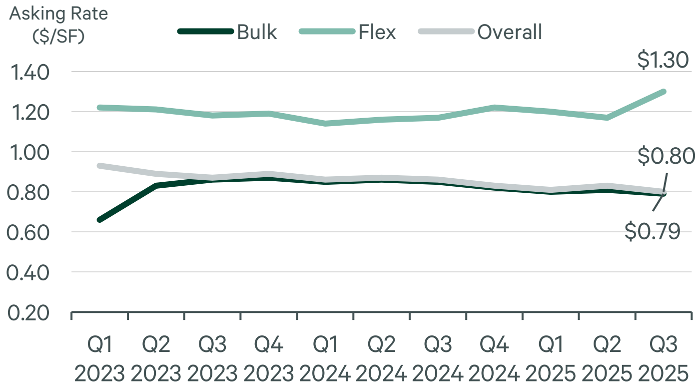
Source: CBRE Research, Q3 2025

FIGURE 3: Notable Lease Transactions Q3 2025

Tenant	Address	SF Leased	Type
Arrow Electronics	3020 Airway Dr, Reno	199,725	New Lease
Undisclosed E-Commerce	580 S Virginia St - Building 4	145,600	New Lease
Krone	9515 N. Virginia St., Reno	111,416	New Lease
Rexel USA, Inc.	2777 Usa Pkwy, Sparks	77,500	New Lease

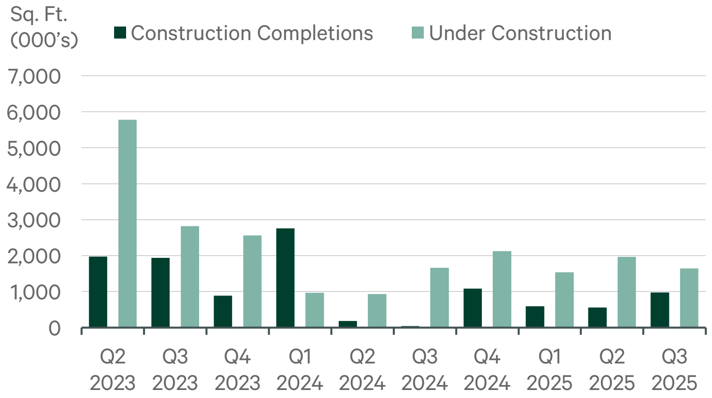
Source: CBRE Research, Q3 2025

FIGURE 5: Asking Rates



Source: CBRE Research, Q3 2025

FIGURE 7: Construction Activity



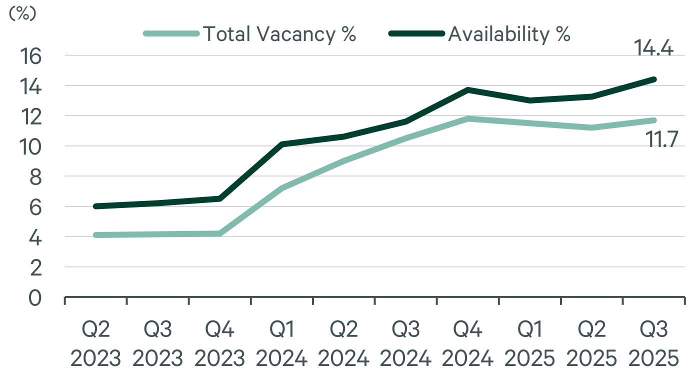
Source: CBRE Research, Q3 2025

FIGURE 4: Notable Sale Transaction Q3 2025

Buyer	Address	SF Sold	Sale Price
Dornin Investment Group	831 Deming Way, Sparks	61,770	$9.7M
JDFAZ, LLC	2609-2615 Mill Street, Reno	52,080	$6.9M
Ross Rentals, Ltd	680 E Glendale Ave, Sparks	11,200	$3.1M

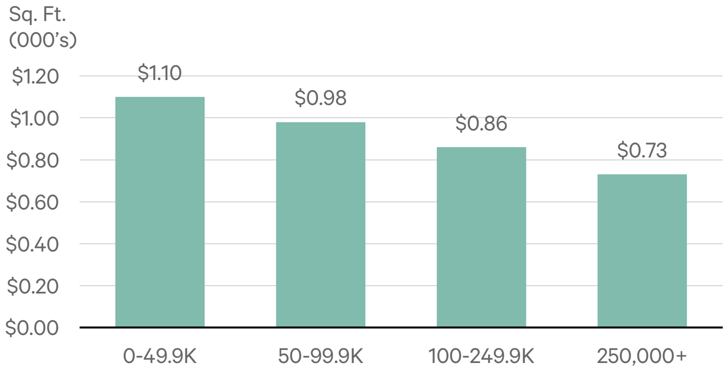
Source: CBRE Research, Q3 2025

FIGURE 6: Vacancy & Availability



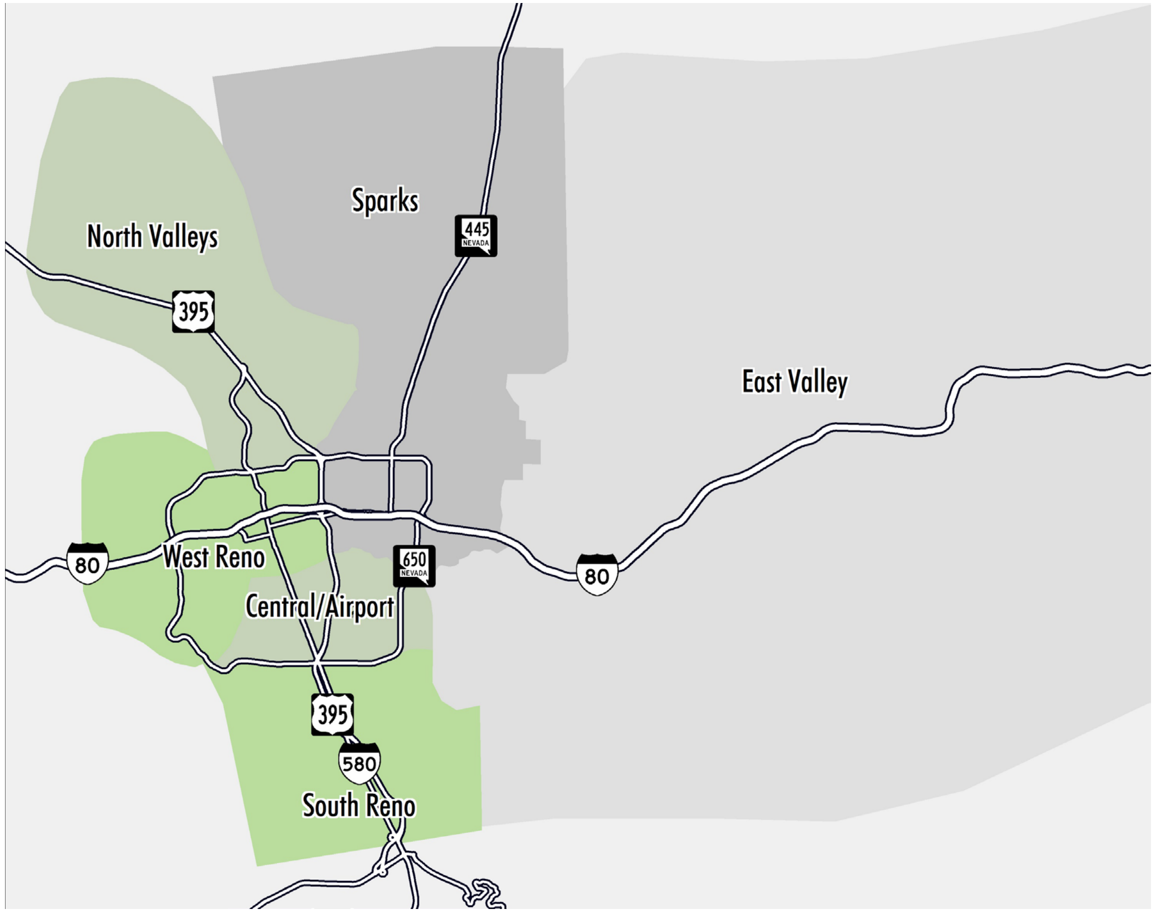
Source: CBRE Research, Q3 2025

FIGURE 8: Average Asking Rates by Size Segment (Sq. Ft.)



Source: CBRE Research, Q3 2025

Submarket Map



Source: CBRE Research, Location Intelligence

Definitions

Average Asking Rate: Direct Monthly Lease Rates., Triple Net (NNN). Availability: All existing space being marketed for lease. Total Vacancy Rate: Direct Vacancy + Sublease Vacancy.

CBRE's market report analyzes existing single- and multi-tenant industrial buildings that total 5,000+ sq. ft. within defined submarkets, including owner-occupied buildings. CBRE assembles all information through telephone canvassing, third-party vendors, and listings received from owners, tenants and members of the commercial real estate brokerage community.

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