South Reno sees significant move ins as leasing activity doubles for the entire market

▲9.5%
Vacancy Rate

▼(6,503)
SF Net Absorption

▶0
SF Construction Delivered

▶0
SF Under Construction

▼$2.32
FSG/MTH Direct Lease Rate

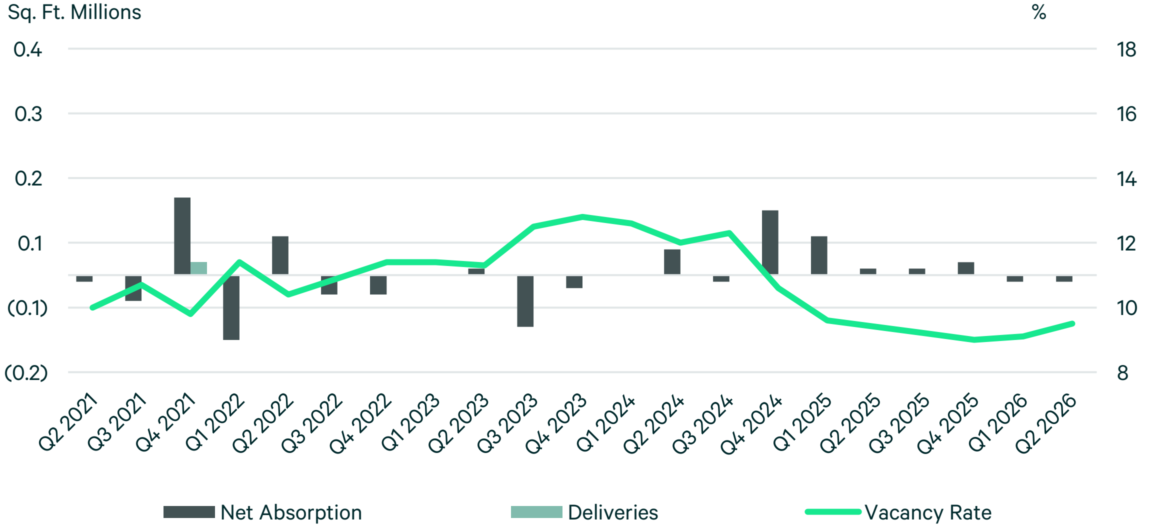
Note: Arrows indicate change from previous quarter.

Market Overview

The market in Q2 2026 saw notable leasing activity, highlighted by several large transactions. Net absorption was negative 7,000 sq. ft., following negative 6,000 sq. ft. in Q1 2026, pulling year-to-date net absorption to negative 12,000 sq. ft. Vacancy increased quarter-over-quarter from 9.1% to 9.5%, while availability rose from 13.2% to 13.6%. Compared with Q2 2025, vacancy edged up from 9.4% and availability climbed from 12.5%. Average asking rent declined quarter-over-quarter from $2.39 to $2.32 but remained above the $2.18 recorded in Q2 2025.

New leasing this quarter was marked by three sizable transactions among the largest new deals in the market, totaling 43,000 sq. ft. Capital Insurance Group committed to 18,000 sq. ft. in South Reno, underscoring that submarket's appeal for insurance and financial services users. South Reno also attracted OX Biomed with a 10,000 sq. ft. lease, highlighting continued interest from life science and technology-related occupiers. Downtown captured a 15,000 sq. ft. commitment from a confidential tenant, signaling ongoing demand for centrally located space. Additionally, Meadowood saw a significant move in from iSleep for 9,000 sq. ft. These transactions illustrate active tenant movement across both suburban and urban nodes, with South Reno accounting for two of largest leases signed this quarter.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

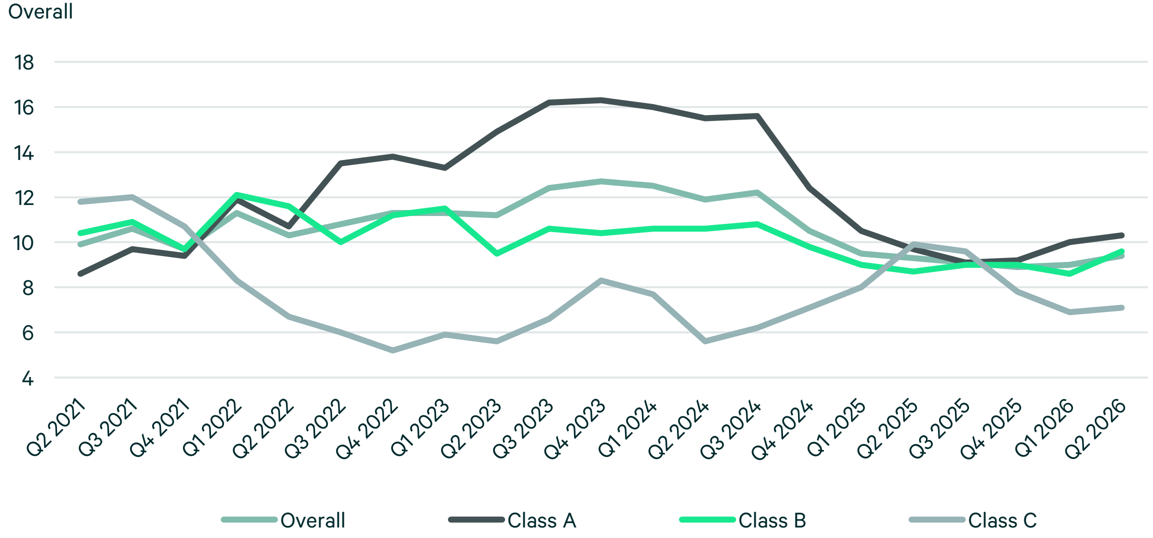
Vacancy

In Q2 2026, overall vacancy stood at 10.4% in Class A, 9.7% in Class B, and 7.2% in Class C. Compared with Q1 2026, this reflects increases of 30 basis points, 100 basis points, and 20 basis points, respectively. Year-over-year, vacancy is 60 basis points higher in Class A and 90 basis points higher in Class B, while Class C is 280 basis points lower. Over a three-year horizon since Q2 2023, vacancy has fallen by 460 basis points in Class A, edged up 10 basis points in Class B, and risen 150 basis points in Class C. Over the longer period since Q4 2023, vacancy has tightened from 12.8% to 9.5%.

At the submarket level in Q2 2026, West Reno recorded the lowest overall vacancy at 2.1%, followed by Sparks at 4.8%. Meadowood posted the highest vacancy at 11.4%, slightly above Downtown at 11.3%, with South Reno and Airport in a mid-range at 7.1% and 8.7%, respectively.

Sublease vacancy in Q2 2026 was 1.1% in Class A, 0.4% in Class B, and 0.5% in Class C; compared with Q1 2026, this represents increases of 10 basis points in Class A and 20 basis points in Class C, while Class B was unchanged. Across all submarkets, sublease space totaled 42,000 sq. ft. in Q2 2026.

Figure 2: Vacancy Rates by Class



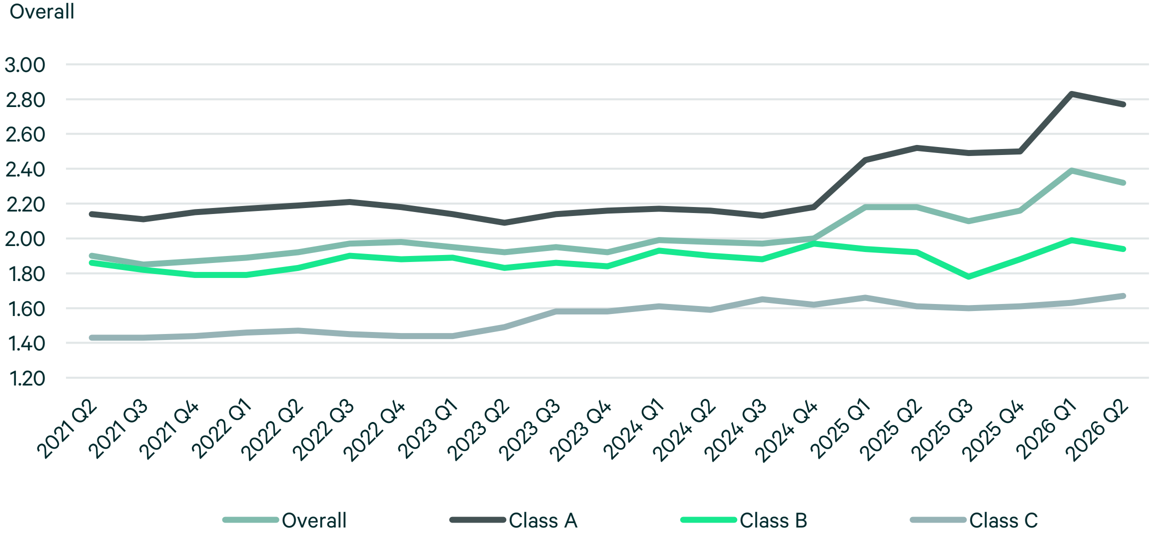
Source: CBRE Research, Q2 2026

Asking Rent

In Q2 2026, the overall market average asking rent was $2.32, with Class A space achieving $2.77. On a quarter-over-quarter basis, overall rents eased from $2.39 in Q1 2026, a negative 2.9% move, while Class A slipped from $2.83, a negative 2.1% change. Year-over-year, overall rents increased 6.4% from $2.18 and Class A climbed 9.9% from $2.52. Over the full series from Q2 2021 to Q2 2026, overall average asking rents rose 22.1% from $1.90, while Class A rates advanced 29.4% from $2.14, widening the Class A premium over the broader market from $0.24 to $0.45.

Submarket-level Class A asking rents in Q2 2026 were highest in Meadowood at $3.26 and South Reno at $2.46. Downtown and Airport followed at $2.37 and $2.30, respectively, while West Reno's Class C space commanded $1.88 in the absence of Class A or Class B offerings. More cost-conscious space was available in Sparks, where Class B product averaged $1.00, and in Central and Airport, where Class B and Class C rents ranged from $1.43 to $1.70.

Figure 3: Average Direct Asking Rate by Class

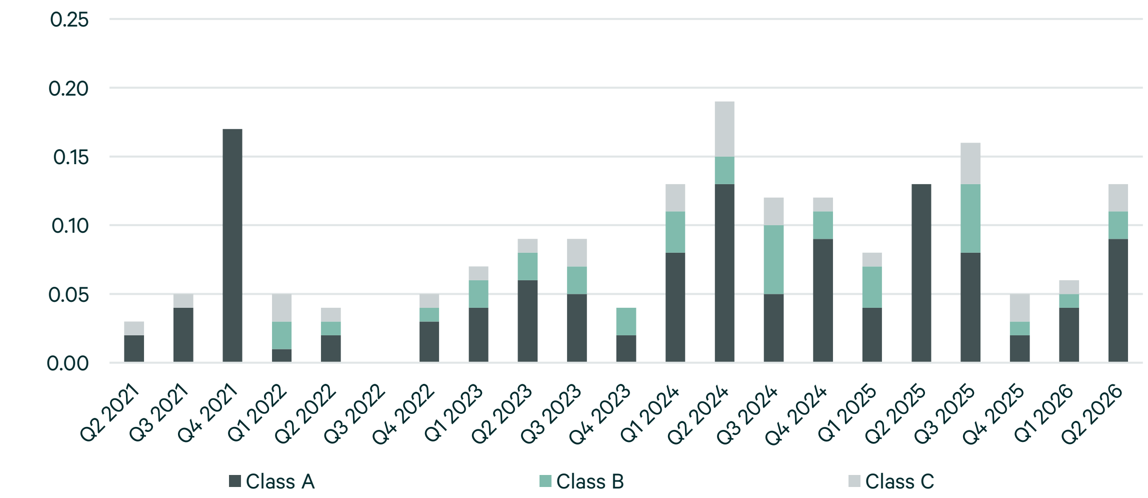


Source: CBRE Research, Q2 2026

Figure 4: Net Absorption Trend

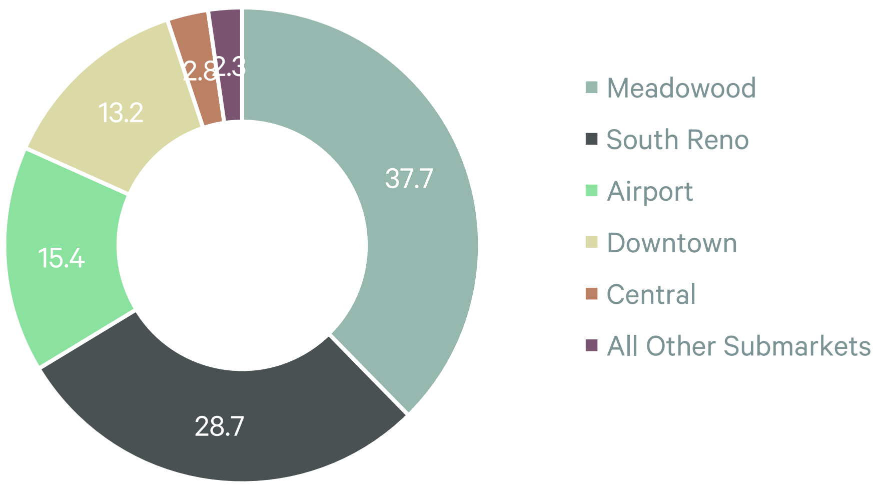
Source: CBRE Research, Q2 2026

Figure 5: Leasing Activity Trend



Source: CBRE Research, Q2 2026

Figure 6: Leasing by Submarket (% of Total Activity)



Source: CBRE Research, Q2 2026

Figure 7: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
General Services Administration	36,000	Renewal	6999 Sierra Center Pkwy	Meadowood
Capital Insurance Group	18,000	New Lease	887 Trademark Dr	South Reno
Confidential Tenant	15,000	New Lease	300 E 2nd St	Downtown
OX Biomed	10,000	New Lease	9805 Double R Blvd	South Reno
iSleep	9,000	New Lease	5310 Kietzke Ln	Meadowood
Barnard Volgler	8,000	New Lease	10615 Professional Cir	South Reno
Confidential Tenant	6,000	New Lease	5190 Neil Rd	Meadowood
Elements Counseling and Wellness	4,000	New Lease	1201 Terminal Way	Airport

Source: CBRE Research, Q2 2026

Market Statistics by Submarket

Figure 8

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate	Class A Asking Rent ($/SF FSG/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Airport	0.68M	8.7	9.0	8.8	0.3	1.53	2.30	9,000	15,000	-	-
Central	0.60M	9.4	11.8	11.8	-	1.66	-	(2,000)	1,000	-	-
Downtown	1.42M	11.3	15.1	14.3	0.8	2.23	2.37	(33,000)	(25,000)	-	-
Meadowood	1.72M	11.4	15.9	15.4	0.5	2.74	3.26	3,000	(13,000)	-	-
South Reno	1.26M	7.1	14.3	10.6	3.7	2.43	2.46	10,000	6,000	-	-
Sparks	0.01M	4.8	4.8	4.8	-	1.00	-	2,000	2,000	-	-
West Reno	0.02M	2.1	3.1	3.1	-	1.88	-	3,000	2,000	-	-
Total	**5.98M**	**9.5**	**13.6**	**12.4**	**1.1**	**2.32**	**2.77**	**(7,000)**	**(12,000)**	**-**	**-**

Source: CBRE Research, Q2 2026

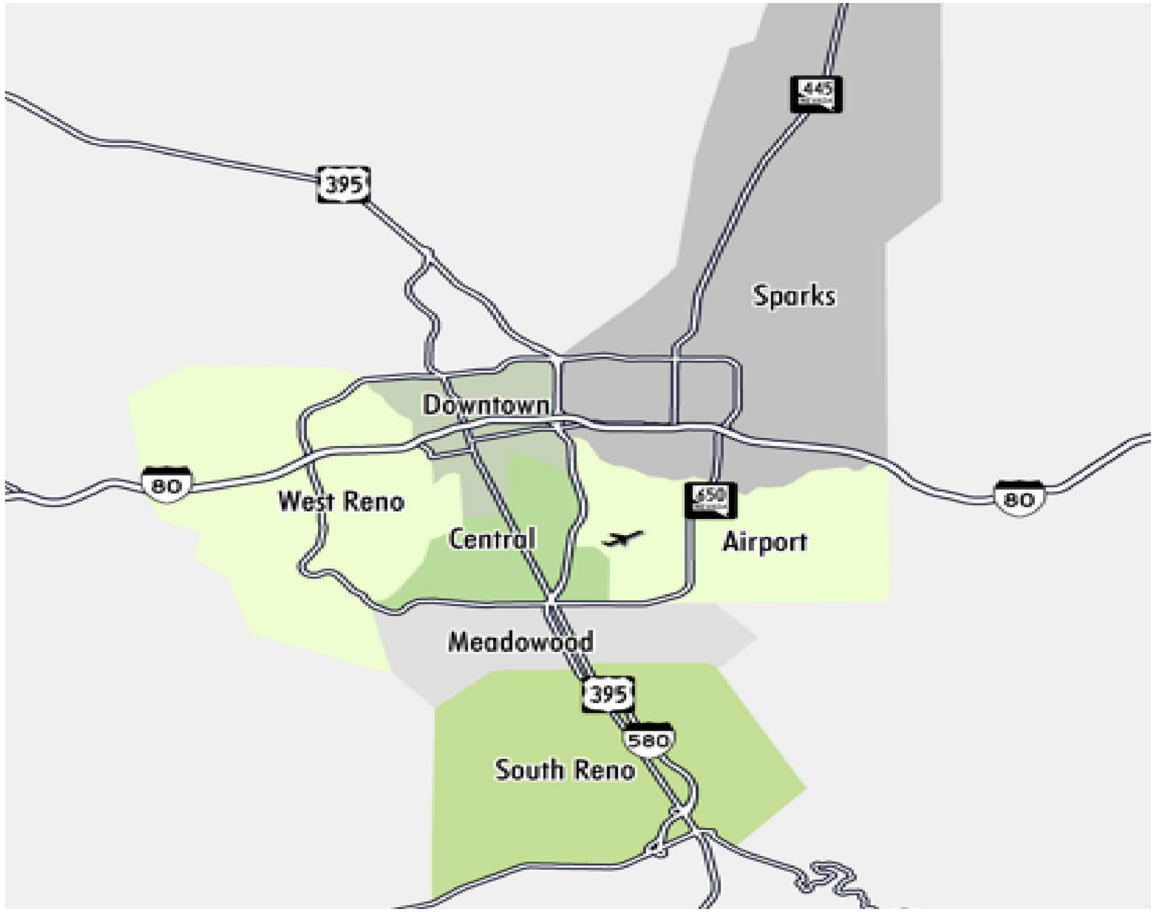
Market Statistics by Class

Figure 9: Metro Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	2.63M	10.4	15.3	13.5	1.9	2.77	9,000	(14,000)	-	-
Class B	2.31M	9.7	14.2	13.6	0.6	1.94	(16,000)	(8,000)	-	-
Class C	1.04M	7.2	7.8	7.3	0.5	1.67	1,000	10,000	-	-
Total	**5.98M**	**9.5**	**13.6**	**12.4**	**1.1**	**2.32**	**(7,000)**	**(12,000)**	**-**	**-**

Source: CBRE Research, Q2 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the ”net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

[Insert survey Criteria here. Contact your manager for specific criteria]

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