

FIGURES | RENO INDUSTRIAL | Q3 2026

Strong Demand Continues to Outpace New Supply, Driving Rent Growth



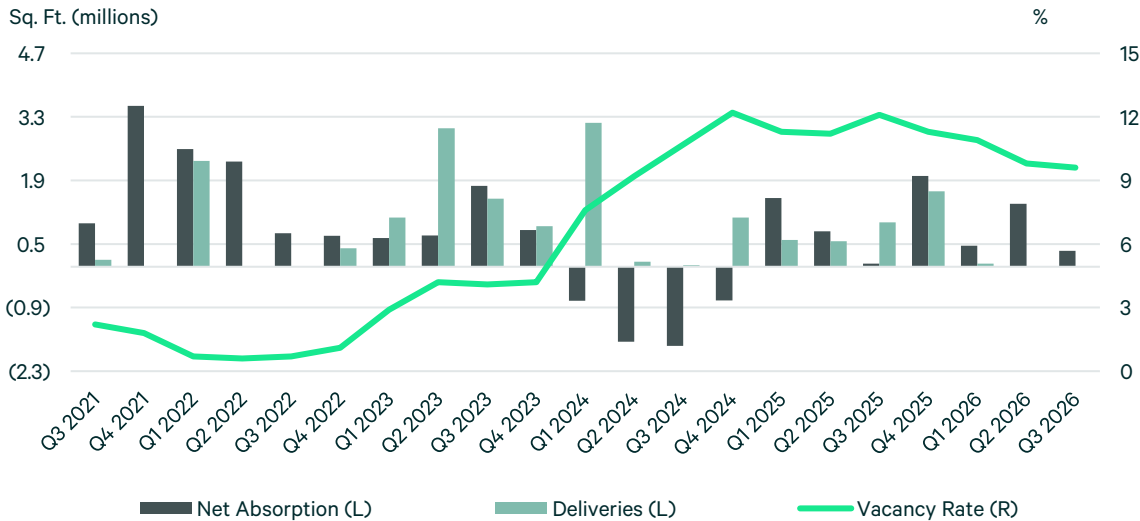
Note: Arrows indicate change from previous quarter.

Market Overview

Despite a higher interest rate environment and elevated energy costs, tenant demand remained resilient throughout Q3 2026, supporting positive absorption and continued improvement in occupancy fundamentals. Net absorption totaled 701,000 sq. ft., lowering vacancy to 9.3%, while availability remained stable at 12.4%. No new deliveries were completed during the quarter, and approximately 150,000 sq. ft. broke ground, bringing the total under construction to 802,000 sq. ft. Since the beginning of 2025, strengthening demand and limited new supply have supported a steady recovery in occupancy, with vacancy declining from 10.9% in Q1 2026 to 9.3% at the close of Q3 2026.

Tenant demand remained broad-based throughout Q3 2026, with activity originating from a diverse mix of industrial users across multiple sectors. This quarter saw an increase in direct distribution as well as 3PL users. Other demand drivers for the market this quarter included data center suppliers and vendors, EV, and advanced manufacturing. Data center and advanced manufacturing requirements continue to drive activity, especially in the East Valleys.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



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Vacancy Rate

In Q3 2026, the market vacancy rate declined, with overall vacancy at 9.3%. This represented a decrease of 55 basis points quarter-over-quarter from 9.8%, indicating modest improvement after earlier increases in available space. Year-over-year, overall vacancy was down 250 bps from 12.1% in Q3 2025, showing that conditions were less soft than at the recent peak.

Vacancy varied meaningfully by submarket in Q3 2026, with Central/Airport posting the lowest overall vacancy at 5.5%, followed by South Reno at 7.1%. On the other end of the spectrum, North Valleys recorded the highest overall vacancy rate at 13.8%, with direct vacancy at 12.7% and a 1.1% sublease rate, signaling the greatest concentration of available space for occupiers.

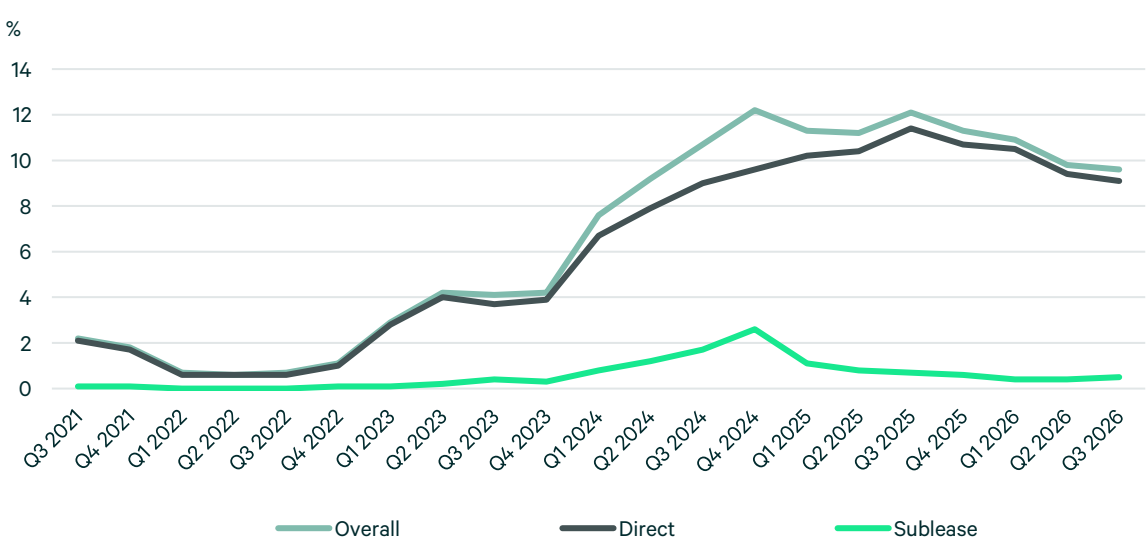
Sublease vacancy in Q3 2026 increased slightly, rising 10 bps quarter-over-quarter from 0.4% to 0.5%. Sublease space totaled 573,607 sq. ft. of vacant area across the market, offering a limited but notable alternative to direct options.

Asking Rent

In Q3 2026, the overall market recorded an average asking rent of \$0.82 per sq. ft., marking the latest reading in a series that began in Q3 2021. This level represented a 2.5% increase quarter-over-quarter and a 2.5% increase year-over-year, following several years of more pronounced rent adjustments. Across the full data series, average asking rents rose from \$0.59 per sq. ft. in Q3 2021 to a peak of \$1.00 per sq. ft. in Q4 2022 before easing back into a narrower \$0.80–\$0.93 per sq. ft. band from 2023 through 2026.

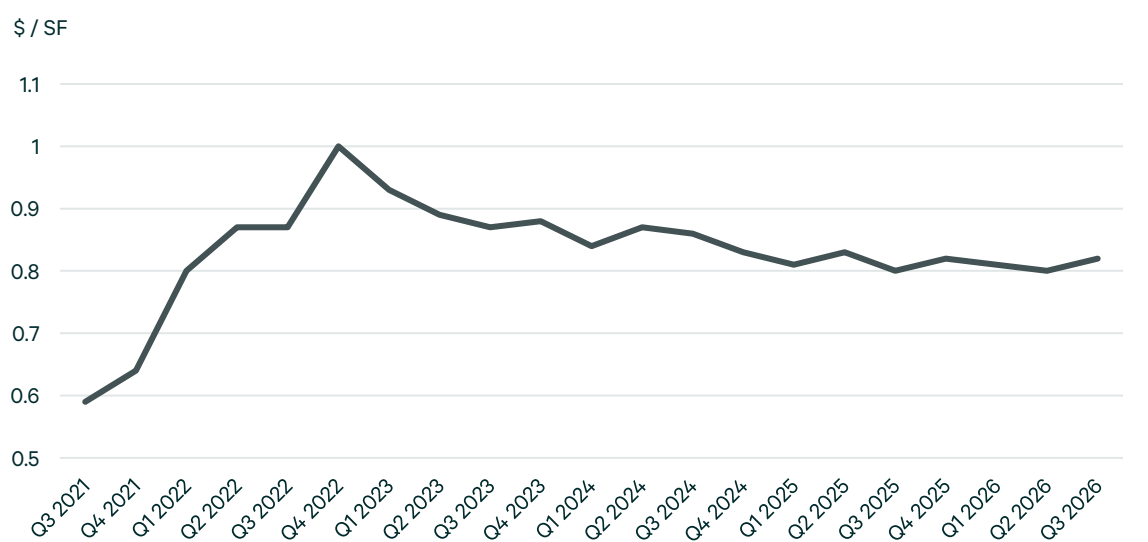
In Q3 2026, Sparks and Central/Airport posted the highest average asking lease rates, at \$0.92 per sq. ft. and \$0.91 per sq. ft., respectively. South Reno and West Reno followed closely at \$0.90 per sq. ft. and \$0.87 per sq. ft., while North Valleys averaged \$0.82 per sq. ft. and East Valley remained the most cost-effective option at \$0.74 per sq. ft., underscoring a clear tiering of advertised rents across the market.

Figure 2: Vacancy Rate



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Figure 3: Average Direct Asking Rate



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Net Absorption

In Q3 2026, net absorption totaled 701,000 sq. ft., reflecting healthy occupancy gains across the market. This total was below Q2 2026, when net absorption reached 1.39 million sq. ft., representing a 49.6% decline quarter-over-quarter, but significantly exceeded Q3 2025, when net absorption totaled 70,000 sq. ft., a 901.4% increase year-over-year. On a trailing basis, the rolling four-quarter average net absorption continued to improve, signaling strengthening occupancy trends and sustained demand despite quarterly fluctuations.

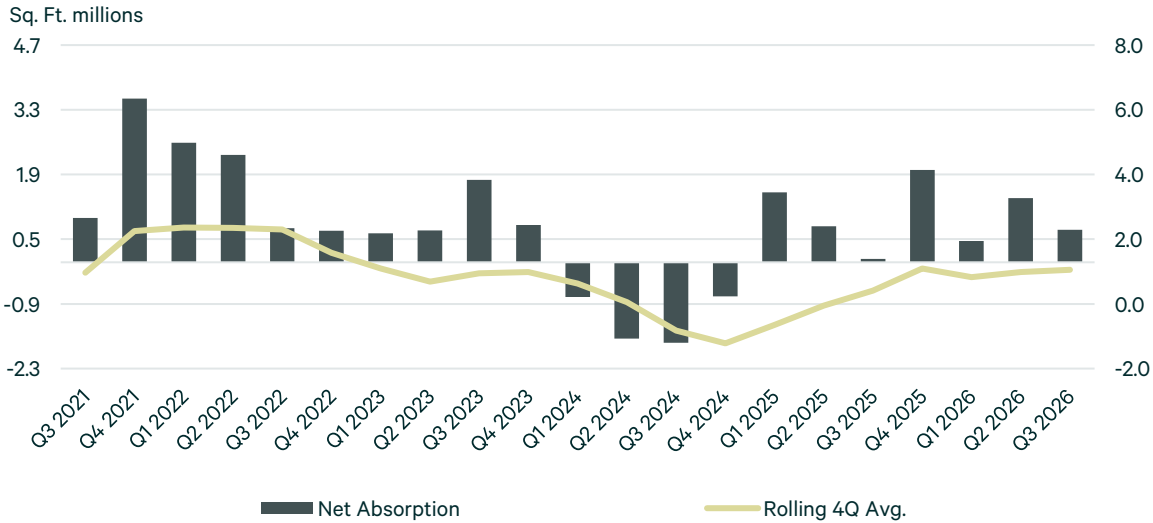
Within the quarter, East Valley and Sparks posted the strongest positive net absorption, with 423,000 sq. ft. and 158,000 sq. ft., respectively. Central/Airport and South Reno followed, adding 130,000 sq. ft. and 73,000 sq. ft. of occupied space, respectively.

Construction Activity

Construction activity remained relatively limited in Q3 2026, with 802,000 sq. ft. under construction and no new deliveries completed during the quarter. Development activity remains well below recent cycle highs, helping support improving occupancy fundamentals as demand continues to absorb available space.

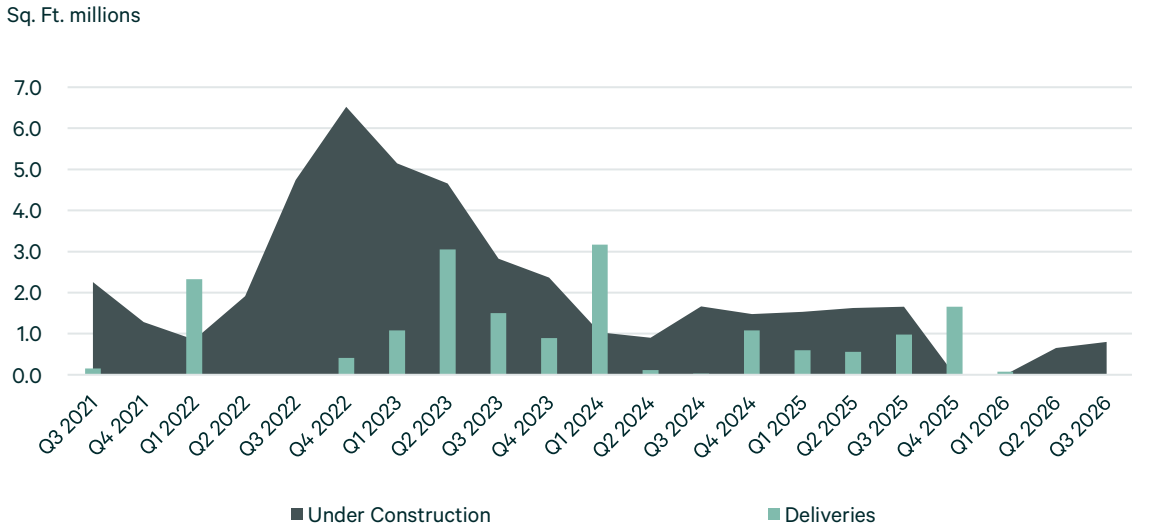
Development activity was concentrated in two submarkets. The East Valleys accounted for approximately 652,000 sq. ft. under construction, while Sparks contained roughly 150,000 sq. ft. of active development. Together, these projects represented nearly the entirety of the market's construction pipeline, with no significant construction activity reported elsewhere in the region.

Figure 4: Net Absorption Trend



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Figure 5: Construction Activity



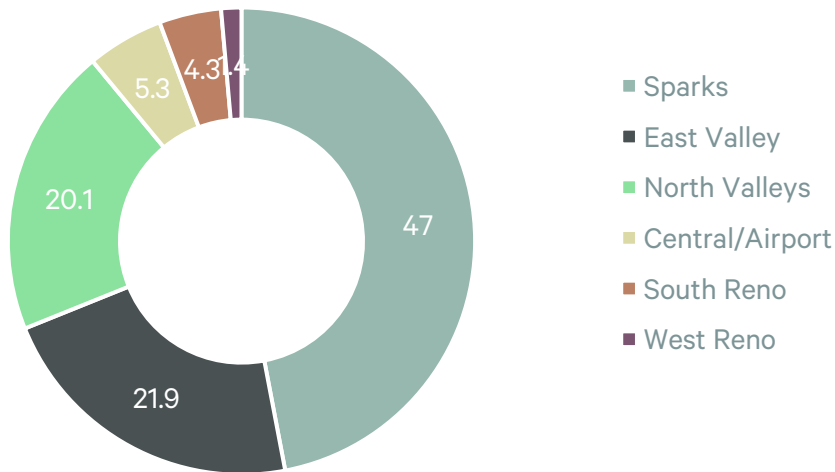
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Leasing Activity

Leasing activity totaled 3.4 million sq. ft. in Q3 2026, up 24.6% from the prior quarter and more than double the volume recorded one year ago. Year-to-date leasing reached 8.75 million sq. ft. through the first three quarters of 2026. Leasing activity from Q1 2026 to Q3 2026 has nearly matched the full-year total recorded in 2025, reaching 98% of last year's volume.

Activity remained concentrated in Sparks and East Valley, which combined accounted for nearly 70% of leasing volume during the quarter. North Valleys also recorded notable activity despite elevated asking rates. Sparks saw the most significant increase in leasing active going from approximately 492k sq. ft. in Q2 2026 to 1.8 million square feet leased in Q3 2026.

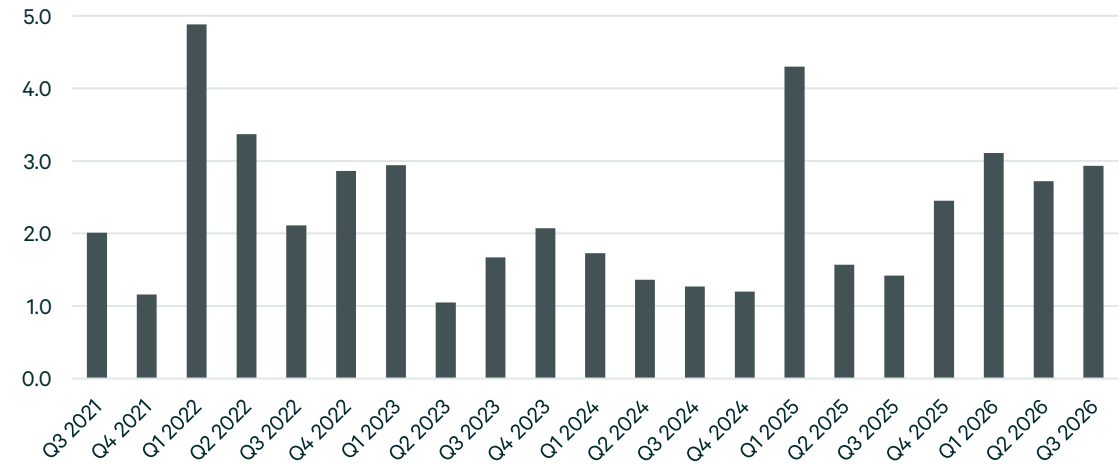
Figure 10: Leasing Activity by Submarket (% of Total Activity)



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Figure 9: Leasing Activity Trend

Sq. Ft. millions



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Figure 11: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Redhawk Global	374,000	New Lease	1402 S McCarran Blvd	Sparks
Panasonic Energy Corporation of North America	328,000	Renewal	700 Milan Dr	East Valley
Confidential Tenant	304,000	New Lease	14100 Lear Blvd	North Valleys
Acco Engineered Systems	277,000	New Lease	475 Lillard Dr	Sparks
Confidential Tenant	262,000	New Lease	1402 S McCarran Blvd	Sparks
Greif	183,000	New Lease	14100 Lear Blvd	North Valleys
Renorelo Worldwide	107,000	New Lease	475 Lillard Dr	Sparks
L & R Distributors	105,000	Renewal	455 Ingenuity Ave	Sparks

Source: CBRE Research, Q3 2026

Market Statistics by Size

Figure 12

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	14.38M	3.9	5.5	5.0	0.5	1.11	184,000	204,000	-	-
50K-99,999 SF	11.00M	10.1	11.7	11.2	0.5	1.00	(54,000)	28,000	-	-
100K-249,999 SF	25.09M	11.4	17.1	15.5	1.6	0.83	(110,000)	69,000	-	150,000
250K-499,999 SF	33.29M	13.8	15.8	14.2	1.7	0.81	547,000	1.29M	-	-
500K-749,999 SF	19.25M	10.4	15.0	13.4	1.6	0.73	-	816,000	-	652,000
750,000 SF +	15.79M	1.4	1.4	1.4	-	-	-	-	-	-
Total	118.80M	9.6	12.4	11.2	1.2	0.82	701,000	2.19M	-	802,000

Source: CBRE Research, Q3 2026

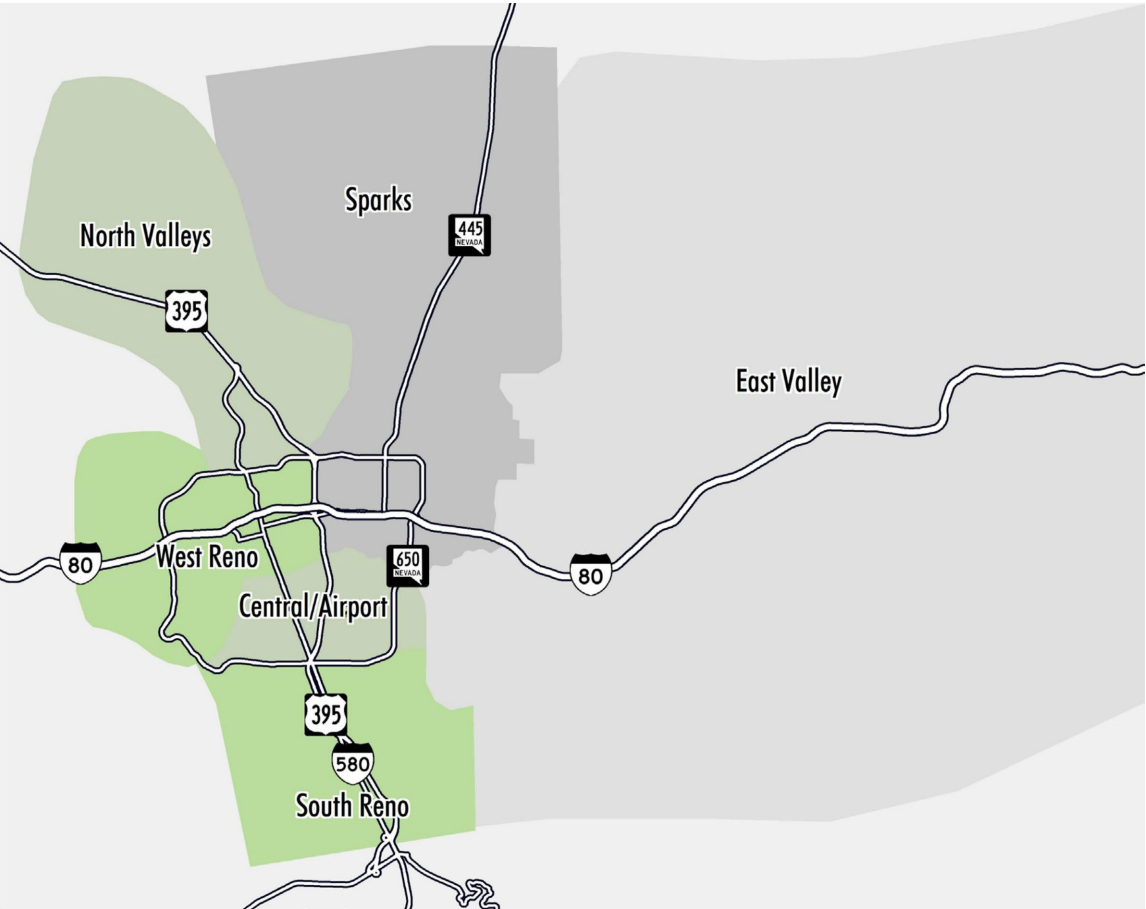
Market Statistics by Submarket

Figure 13

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Central/Airport	10.62M	5.5	6.9	6.4	0.5	0.91	130,000	116,000	-	-
East Valley	34.04M	10.4	13.8	12.9	0.9	0.74	204,000	1.17M	-	652,000
North Valleys	28.29M	13.8	15.1	14.1	1.1	0.82	(222,000)	275,000	-	-
South Reno	11.50M	7.1	11.9	11.5	0.4	0.90	73,000	410,000	-	-
Sparks	31.10M	7.2	11.0	8.7	2.3	0.92	158,000	181,000	-	150,000
West Reno	3.25M	7.8	8.0	8.0	-	0.87	3,000	39,000	-	-
Total	118.80M	9.6	12.4	11.2	1.2	0.82	701,000	2.19M	-	802,000

Source: CBRE Research, Q3 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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