

The background of the slide is a blurred industrial scene. In the foreground, a yellow tape measure is visible on a metal surface. Sparks are flying from a welding or grinding process in the center-right. In the background, there are green industrial containers and a yellow wheel.

**AVISON  
YOUNG**

# Las Vegas industrial insight report

Q2 2021

**AVANT**  
by AVISON YOUNG





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# U.S. industrial drivers

LAS VEGAS INDUSTRIAL INSIGHT REPORT  
Q2 2021

# U.S. total retail and e-commerce sales

# 15.7%

**E-commerce share of overall retail sales in Q1 2021**

Demand for e-commerce surged during the initial shock of lockdowns, driving industrial demand to record levels. As the economy begins to reopen, the rate of e-commerce growth is nearly double pre-COVID levels, suggesting accelerated e-commerce demand is sustainable.



Source: Federal Reserve Bank of St. Louis

# Property type job gains and losses

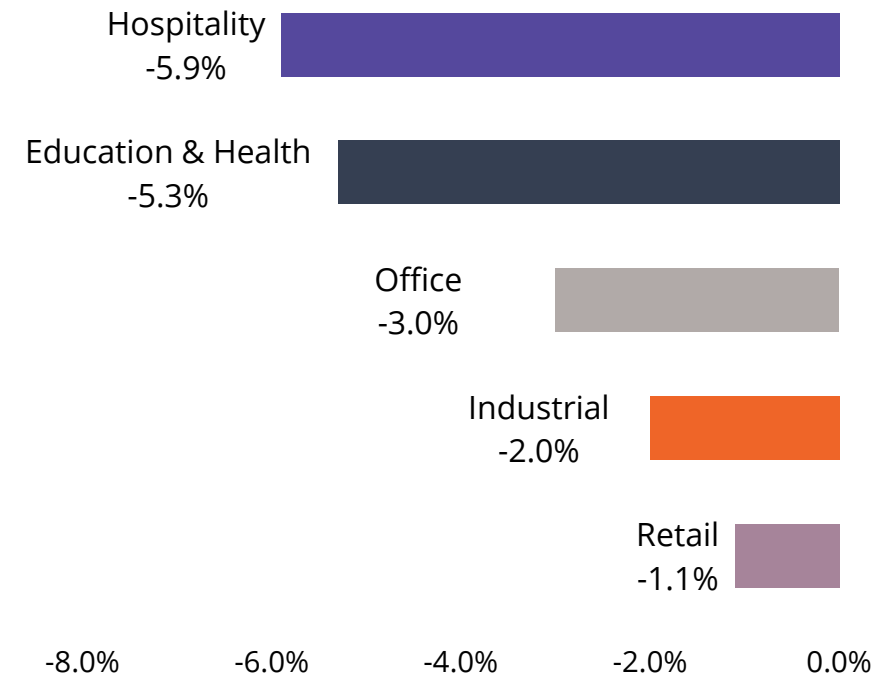
# -2.9%

## Change in total industrial employment during the pandemic

Post-COVID industrial job losses have been mild compared with other segments of the labor market, underscoring the industry's comparative strength as cities and economies reopen.

[VIEW DASHBOARD](#)

**Total change in U.S. job gains/(losses)**  
February 2020 to May 2021



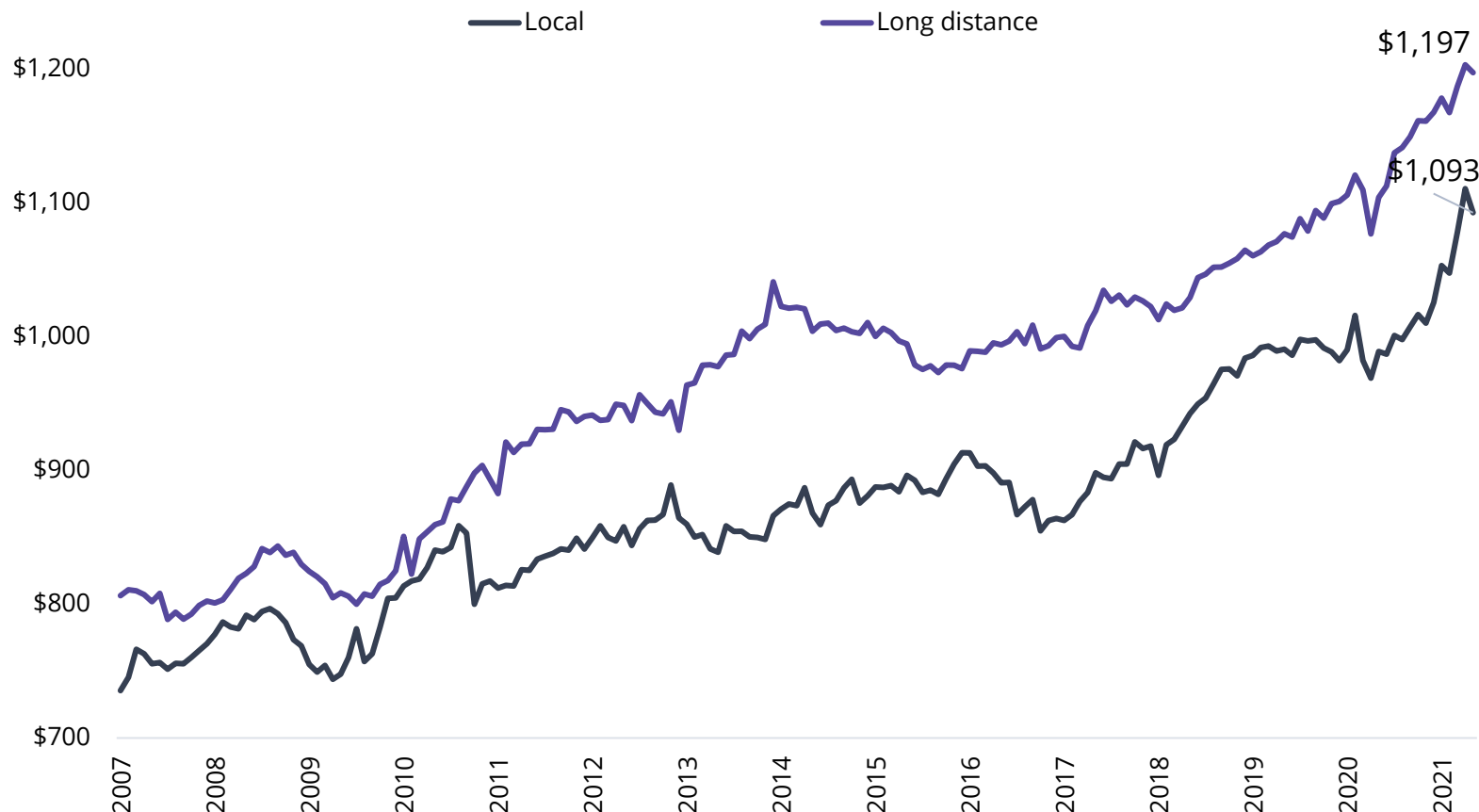
Note: Not seasonally adjusted data.  
Source: Bureau of Labor Statistics

# Weekly earnings for U.S. trucking employees

# +10.5%

**Annual change in local trucking weekly earnings, 2007 to 2021**

As employers compete to fill vacant positions, wage pressure for trucking has accelerated sharply over the past 15 months. Initially focused on long-distance truckers in the early stages of the pandemic, the trend has increasingly spread to local trucking.



Source: Bureau of Labor Statistics





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# Las Vegas market fundamentals

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Q2 2021

# Key industrial takeaways



## Economic conditions

- Essential workers, a logistics hub and a sharp but entrenched rise in e-commerce spending have helped bring Las Vegas unemployment figures down to **8.9 percent**.
- Local employment in Transportation, warehousing & utilities increased by **11,000 jobs** year-to-date as of May 2021.



## Industrial demand

- Overall leasing activity has reached historic levels as the industrial market has seen **8.1 msf** of leasing activity so far in 2021; Las Vegas is on pace for a record setting year of leasing activity.
- Las Vegas has seen **7.7 msf** of total net absorption through the first half of the year, aggregate 2021 net absorption could actually outpace totals from the last two decades.

# Key industrial takeaways



## Industrial supply

- Vacancy continues to face downward pressure as industrial direct vacancy has dropped to **4.4 percent** while the flex market has grown increasing tight with a direct vacancy rate of **3.2 percent**.
- **50.0 percent** of all available large blocks of space are in under construction as demand has accelerated and limited overall availability.



## Pricing trends

- Base rents have increased by **6.5 percent** since the start of the pandemic and have continued a steady upward trajectory since 2015.
- Healthy demand and tightening leasing fundamentals continue to drive new leasing activity and development.



## Capital markets

- Las Vegas Industrial investment activity continues to accelerate as average pricing has jumped to almost **\$150 psf** for 2021, a 13.2 percent increase since 2020.
- Overall sales volume has reached almost **\$1B for 2021** compared to 2020 which stood at approximately \$1B for the entire year.

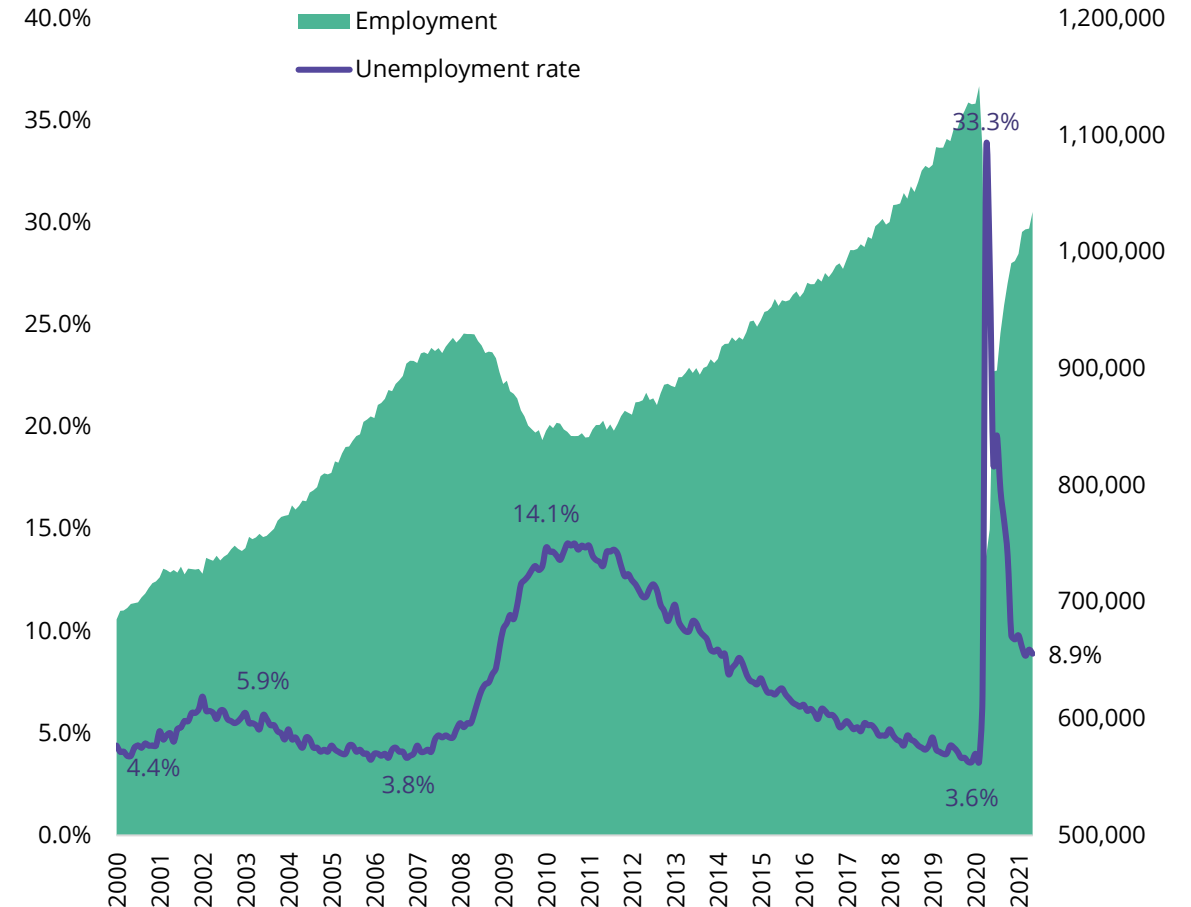


# Employment and unemployment

# 8.9%

**Las Vegas unemployment rate as of May 2021, nearing levels last experienced in 2013**

Before the pandemic, unemployment was at historical lows at 3.6%. Between February and April 2020, Las Vegas lost 403,000 jobs, almost 40% of which were in the leisure and hospitality industries. Since April, the economy has recovered 295,000 jobs.



Note: Not seasonally adjusted data. Metropolitan statistical area.  
Source: Bureau of Labor Statistics

# Property type job gains and losses

# +1.1%

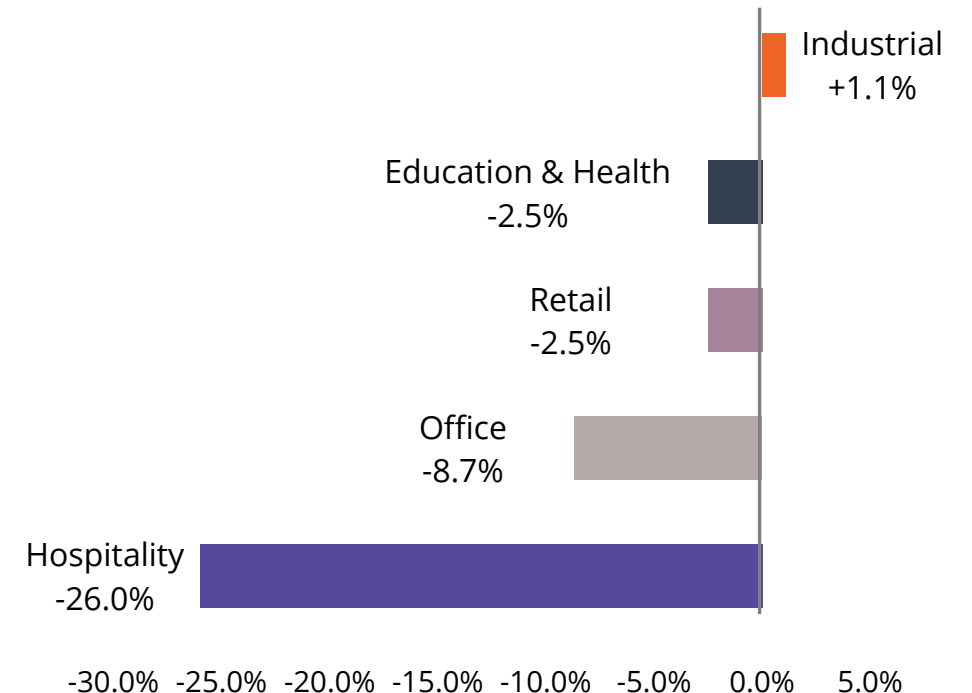
## Change in industrial-employment since February 2020

Las Vegas industrial-centric employment has surpassed pre-pandemic levels as employment now stands at 178,000 compared to 176,100 in February 2020, despite seeing over 20,000 jobs losses among industrial-centric employment between February and April 2020.

[VIEW DASHBOARD](#)

## Total change in Las Vegas MSA\* job gains/(losses)

February 2020 to May 2021



Note: Not seasonally adjusted data. Metropolitan statistical area.  
Source: Bureau of Labor Statistics

# Industrial job gains and losses

# +21.3%

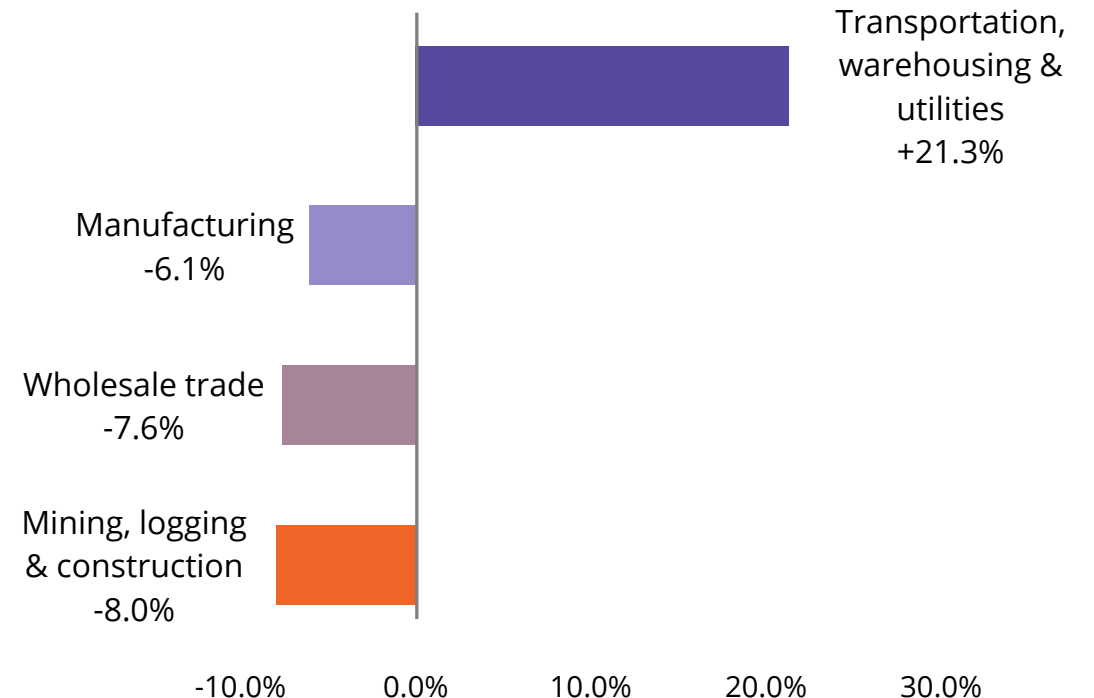
## Change in transportation, warehousing & utilities employment since February 2020

Las Vegas added over 11,000 jobs within the transportation, warehousing & utilities industries between February 2020 and May 2021, while manufacturing, wholesale trade and mining, logging, & construction have yet to return to pre-pandemic levels.

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### Total change in Las Vegas MSA\* job gains/(losses)

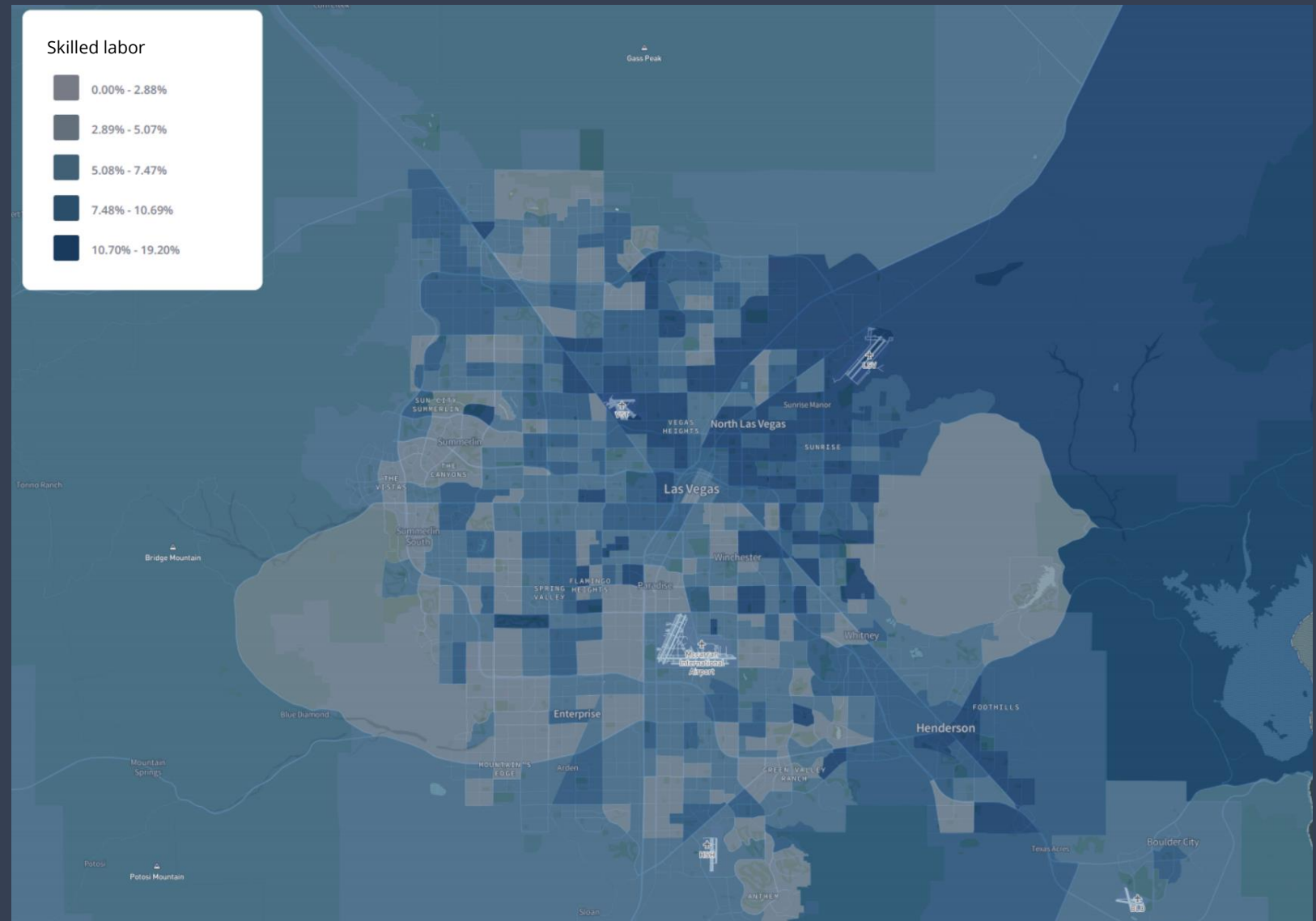
February 2020 to May 2021



Note: Not seasonally adjusted data. Metropolitan statistical area.  
Source: Bureau of Labor Statistics

# Skilled labor workforce concentration

Source: AVANT by Avison Young, ESRI  
Large pockets of skilled labor workforce are found  
throughout Las Vegas' largest Industrial submarkets



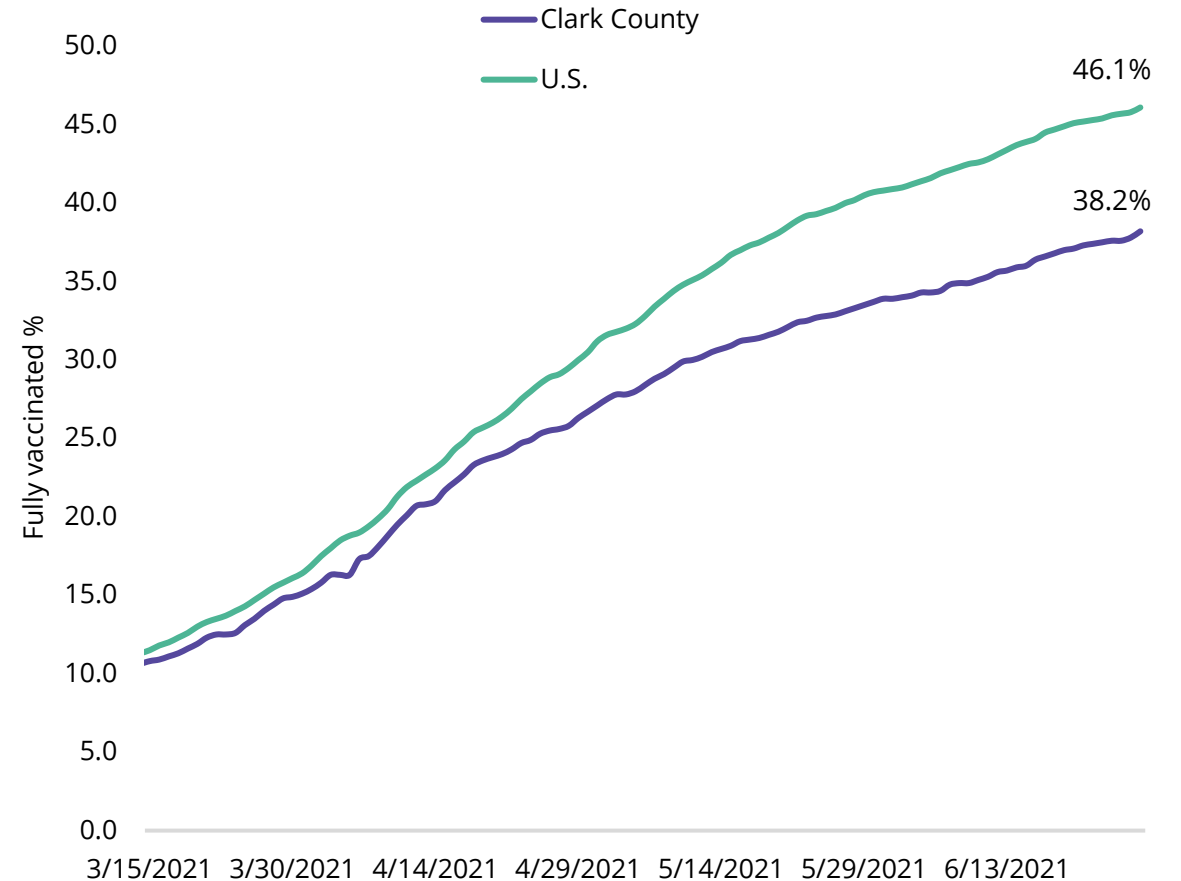


# Vaccination rates

# 38.2%

Share of total Clark County  
population that is fully vaccinated

Las Vegas vaccination rates remain slightly lower than the  
US average.



Source: CDC

A man with dark hair and a beard, wearing a grey work jacket over a light blue shirt, is seated at a table in a warehouse. He is looking down at a silver laptop and holding a white sheet of paper. The background shows high industrial shelving units filled with boxes and materials.

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# Las Vegas industrial overview

LAS VEGAS INDUSTRIAL INSIGHT REPORT  
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# Industrial leasing activity

# 8.1 msf

## Leasing activity 2021 YTD

Leasing has not let up during the pandemic and is on pace to achieve record levels by year-end.



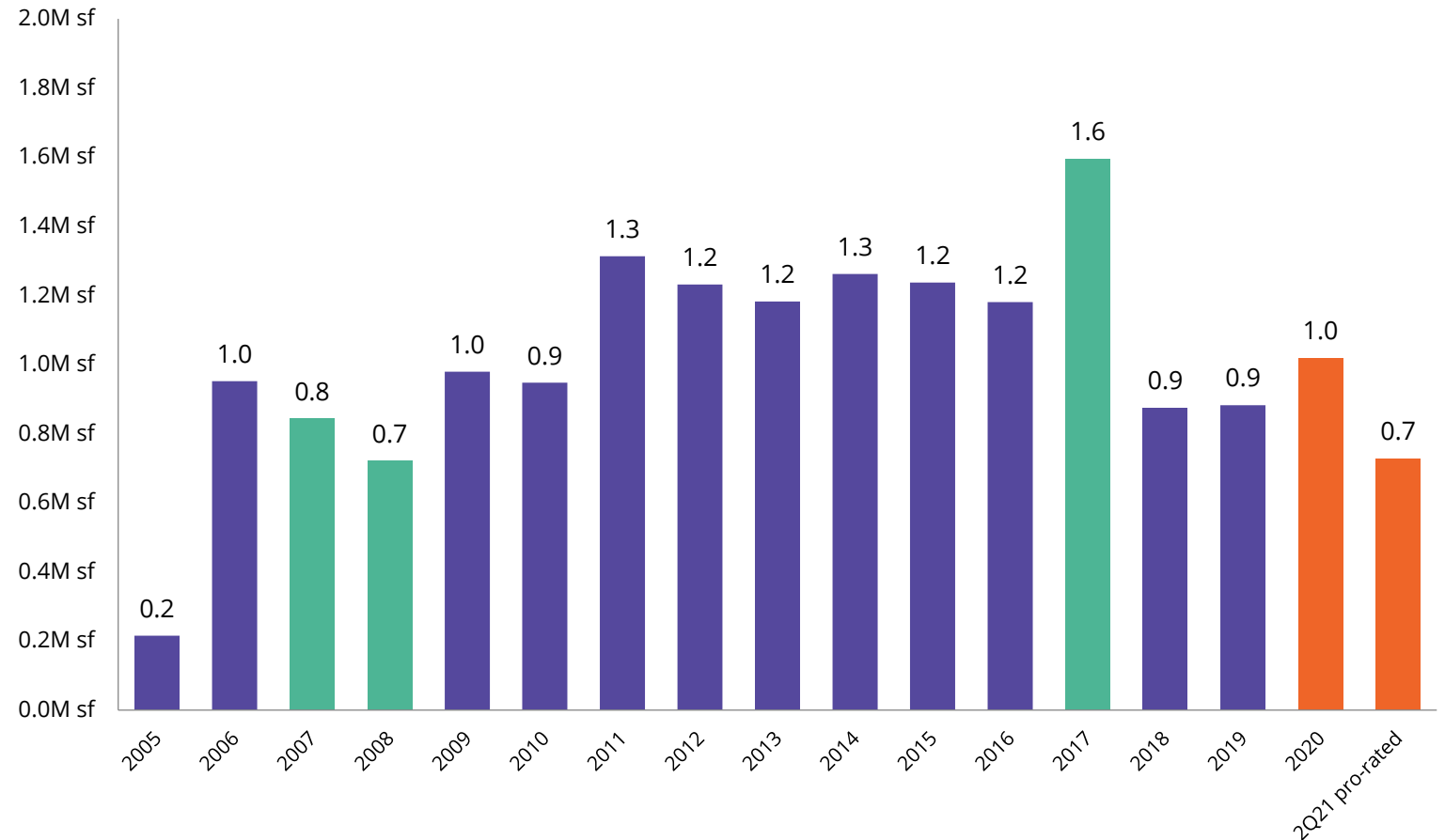
Source: CoStar

# Flex leasing activity

# 728k sf

## Leasing activity 2021 YTD

Leasing activity among flex inventory is also on pace to reach record levels by year-end.



Source: CoStar

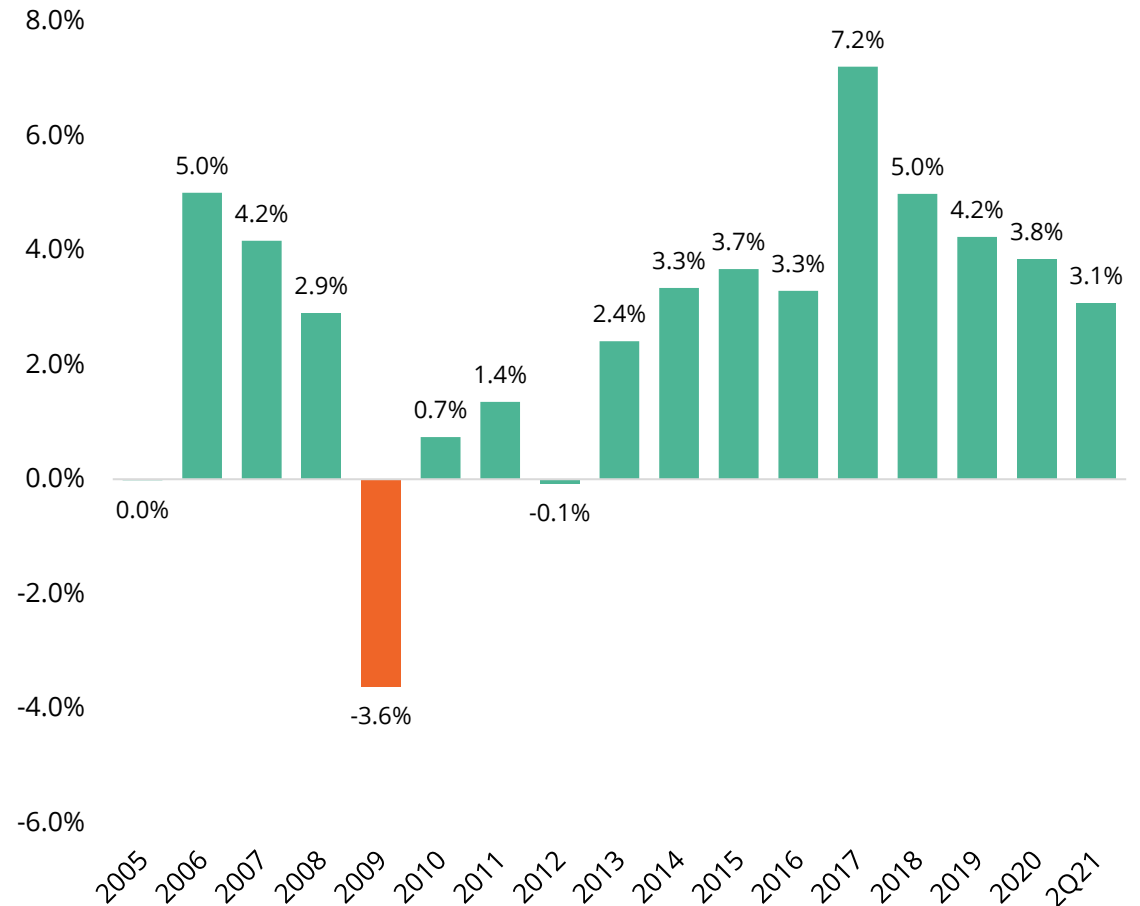


# Industrial net absorption

# 3.5%

**Net absorption as a percentage of inventory, 2020 through Q2 2021**

Absorption through mid-year remains quite healthy and on pace with levels throughout the prior decade. The market is not overbuilding and creating opportunities to avoid market inertia and movement to high-quality new development. At 7.7 million sf through the first half of the year, aggregate 2021 net absorption could actually outpace totals for the past 2-3 years.



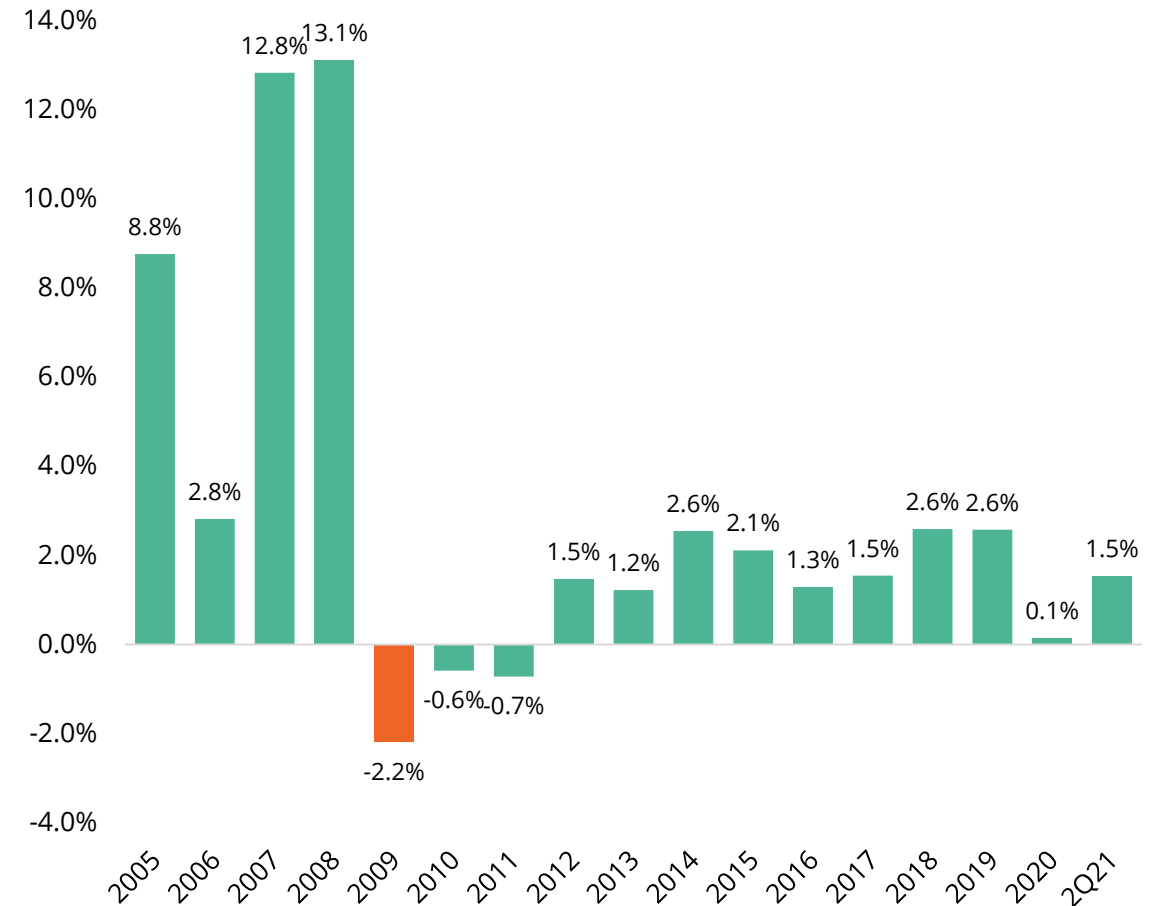
Note: Absorption is measured as the year-over-year change in occupied square feet.  
Source: CoStar

# Flex net absorption

# 243k sf

## Net absorption through Q2 2021

Absorption has reached 243,000 sf so through Q2 2021 as the flex market continues to tighten and demand remains strong.



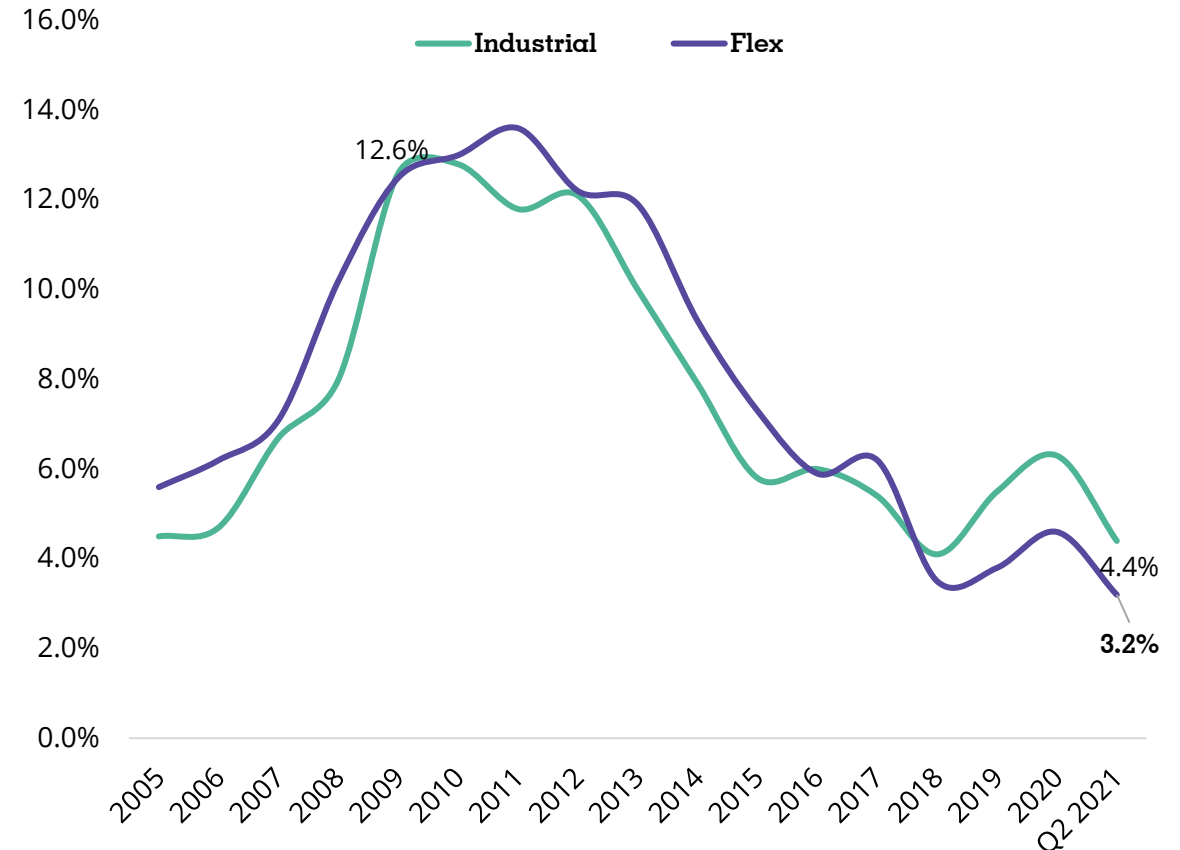
Note: Absorption is measured as the year-over-year change in occupied square feet.  
Source: CoStar

# Industrial vacancy rate

# 4.4%

## Industrial direct vacancy as of Q2 2021

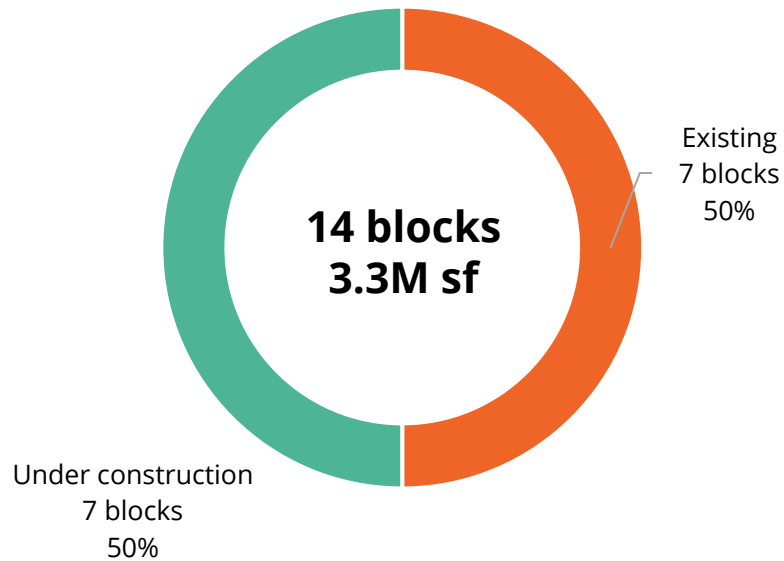
The Q2 2021 vacancy rate has reached record lows, falling from 6.5% in 2020. Meanwhile flex vacancy continues to tighten and has reached all time lows.



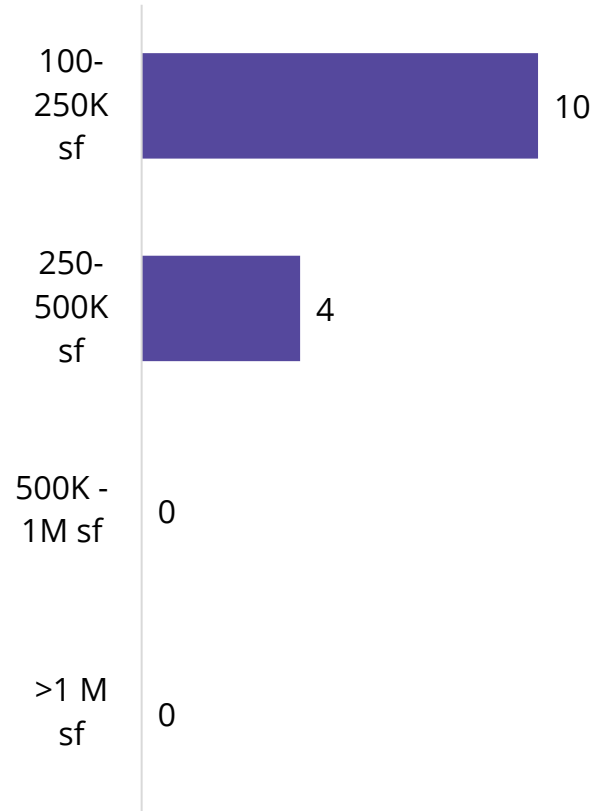
Source: CoStar

# Industrial large-block availabilities

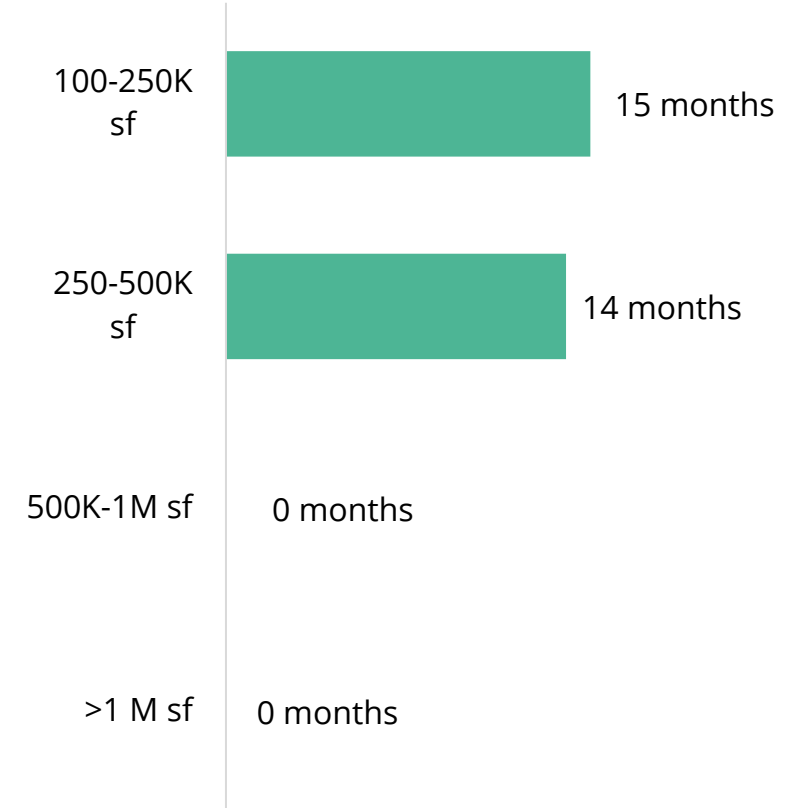
Availability by building status



Availability by size tranche



Average time on market by size tranche



Source: CoStar

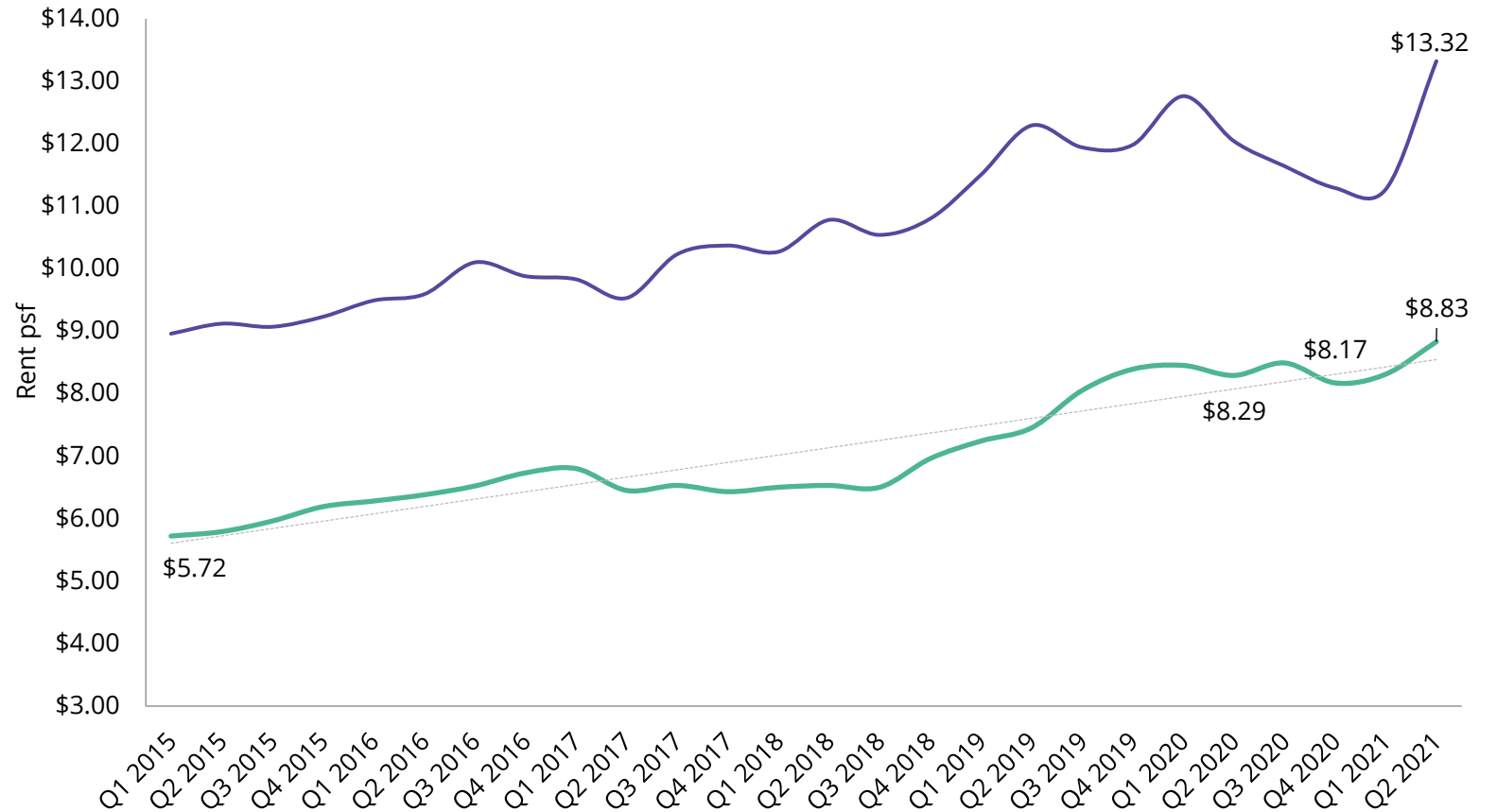


# Base rents

**+6.5%**

## Base industrial rents since the onset of the pandemic

Base rents have continued to accelerate in the second quarter and are reaching new highs.



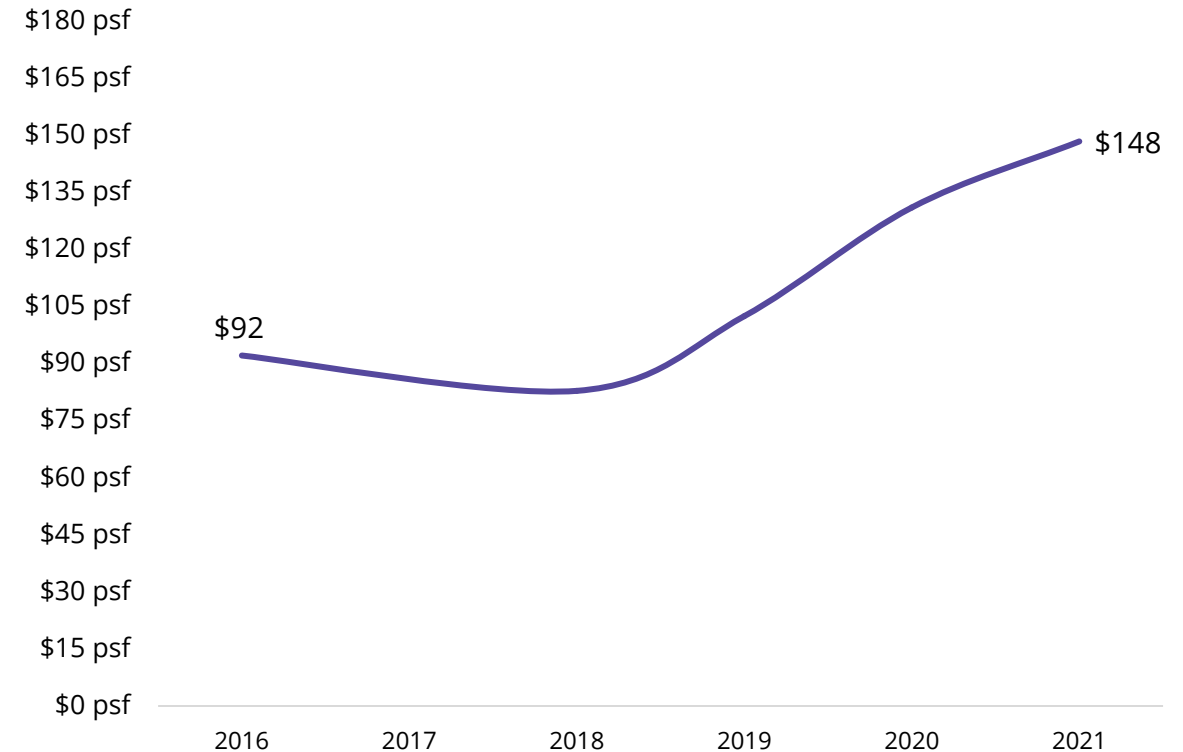
Source: AVANT by Avison Young

# Industrial asset pricing

# +13.2%

## Las Vegas industrial pricing, 2020 to June 2021

Pricing for Las Vegas industrial assets has continued to elevate, particularly since the pandemic, as an influx of investors seek exposure to properties that can accommodate the rise of e-commerce distribution.



Source: AVANT by Avison Young  
RCA

# Looking forward



## Here's what we can expect

- Solid leasing fundamentals have driven investment interest to industrial.  
**E-commerce penetration** has only reinforced the need for new and different types of last-mile facilities near Las Vegas consumers.
- **Increased demand for industrial space** will continue to place downward pressure on vacancy rates and continue to accelerate rent growth.
- **Sales** activity is expected to remain strong and is on pace to reach record highs in terms of volume and total price psf.
- **Industrial leasing demand has been consistent** as pre- and post-COVID transaction volumes are nearly identical. More speculative construction will provide outlets for tenants and are unlikely to shift leverage towards tenants.



# Get in touch



## David Jewkes

Principal and Managing Director

+1 702 472 7978

david.jewkes@avisonyoung.com



## Grant Hayes

Senior Insight Analyst

+1 512 717 3072

grant.hayes@avisonyoung.com