



Las Vegas industrial market report

Q4 2022

**AVISON
YOUNG**

Las Vegas industrial market trends

45.1%

Increase in development activity year-over-year

Development activity surged in 2022 - up 45.1% from 2021's year-end with 6.4 msf of total industrial space delivered.

Our take on this trend...

Las Vegas posted its first year-over-year increase in industrial deliveries (by sf) in 4 years. Specifically, 2022 delivered a total of 6.4 msf over the course of the year - which is over 2 msf more than what was delivered in 2021.

Construction activity shows no signs of slowing down with another 14 msf currently under development.

6.6 msf

Of positive net absorption in 2022

Net absorption remains strong in Las Vegas's industrial market - ending the year with 6.6 msf of positive absorption.

Our take on this trend...

Total net absorption was down in 2022, as it followed the largest single year of positive absorption in 2021.

Despite the year-over-year decrease in net absorption it should be noted that net absorption in 2022 was still higher than 4 out of the past 5 years - and shows strong signs of growth following setbacks caused by the pandemic.

26%

Increase in average \$/sf rate on industrial sales

The Las Vegas industrial market continues to post strong transaction numbers - with transaction volume by dollar amount reaching \$1,239,260,998 across 40 transactions.

Our take on this trend...

Las Vegas's quality industrial real estate continues its long-term upward trend in value.

This is evidenced by the fact that the average price per sf on completed transactions has increased year-over-year for 8 consecutive years. With 2022 posting a record setting \$203.26 psf.

Las Vegas industrial market indicators

45.1%

Development activity rebounded in 2022. Posting 6.4 msf in new deliveries across 39 new properties. This uptick in development led to a 2 msf (45.1%) **increase** in new industrial space added to the market in comparison to 2021.

6.6 msf

Total net absorption was **down** in 2022 - posting a year-over-year decrease of 2.6 msf (-28%). Although total net absorption was down from 2021's numbers it should be noted that net absorption in 2022 was still higher than 4 out of the past 5 years.

15.7%

Asking rental rates for industrial space were **up** for their 9th consecutive year - averaging \$12.17 psf in 2022. This year's increase in rent per sf was the highest on record - posting an increase of \$1.65 psf (15.7%) year-over-year.

9.6 msf

Total availabilities are **up** greatly in 2022 - ending the year with 9.6 msf of total available industrial space in Las Vegas. Total availabilities for both direct & sublet space doubled year-over-year with respective increases of 119% & 106%

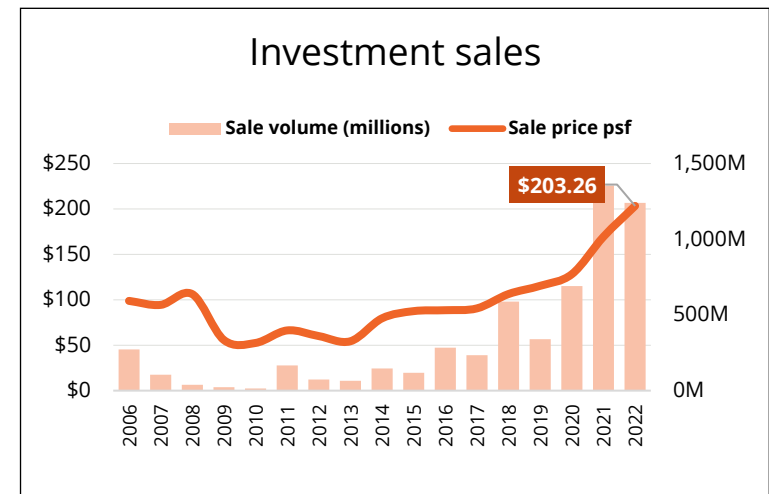
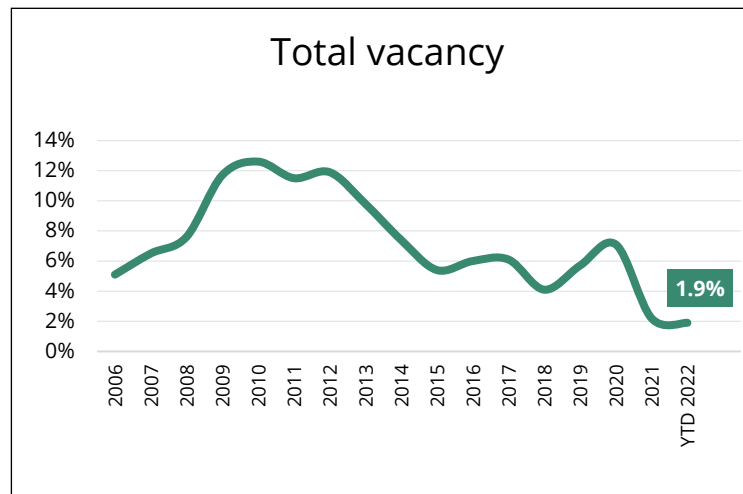
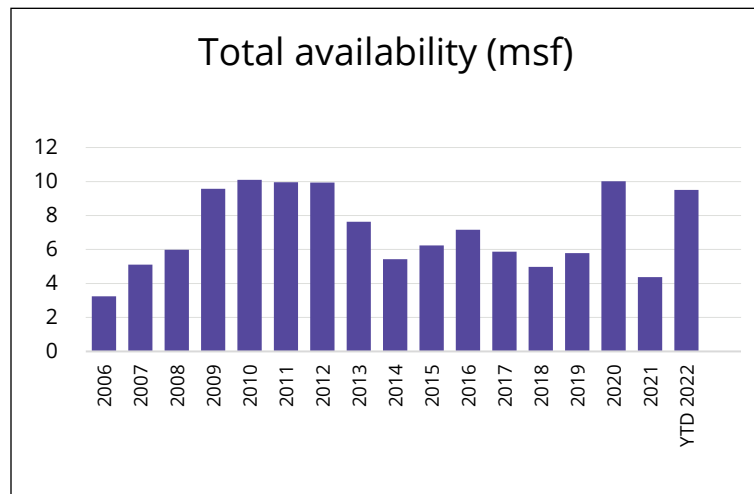
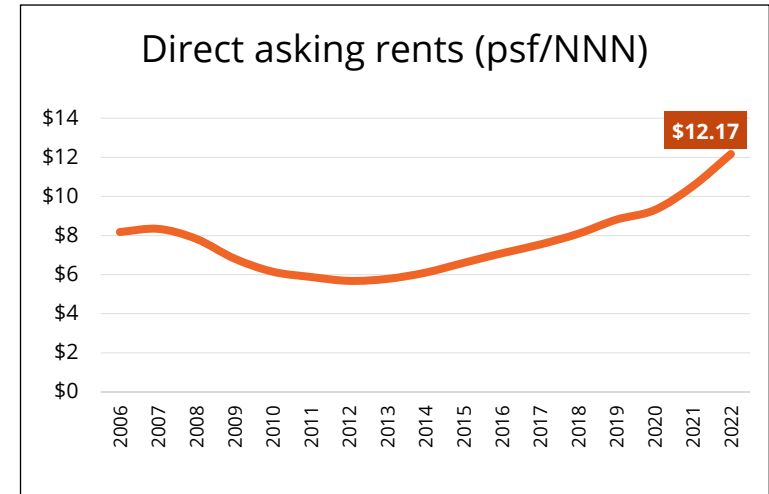
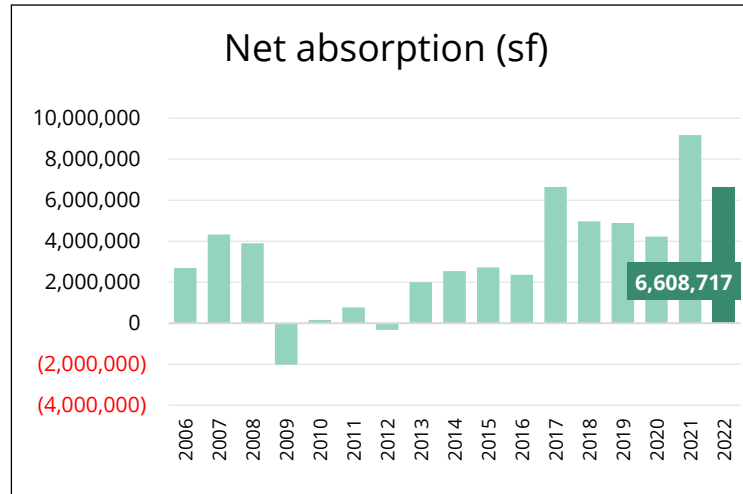
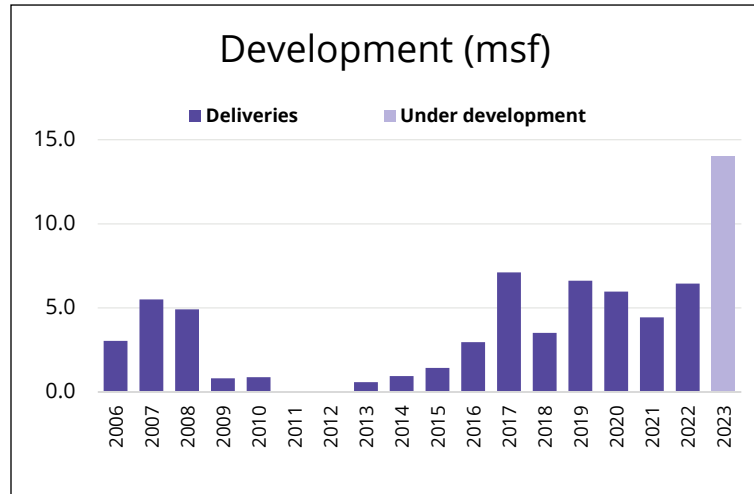
1.9%

Total vacancies have continued to **decrease** over the past three years - with 2022 ending with only 2.1 msf of total vacant space & a total vacancy rate of 1.9%, both of which are the lowest values the Vegas industrial market has seen to-date.

\$1.2B

Transaction volume (by \$) was **down** by 8.5% in 2022. With sales totaling \$1.2B over 40 transactions during the year - down \$114,872,725 in transaction volume with 22 less transactions compared to 2021.

Las Vegas industrial market indicators



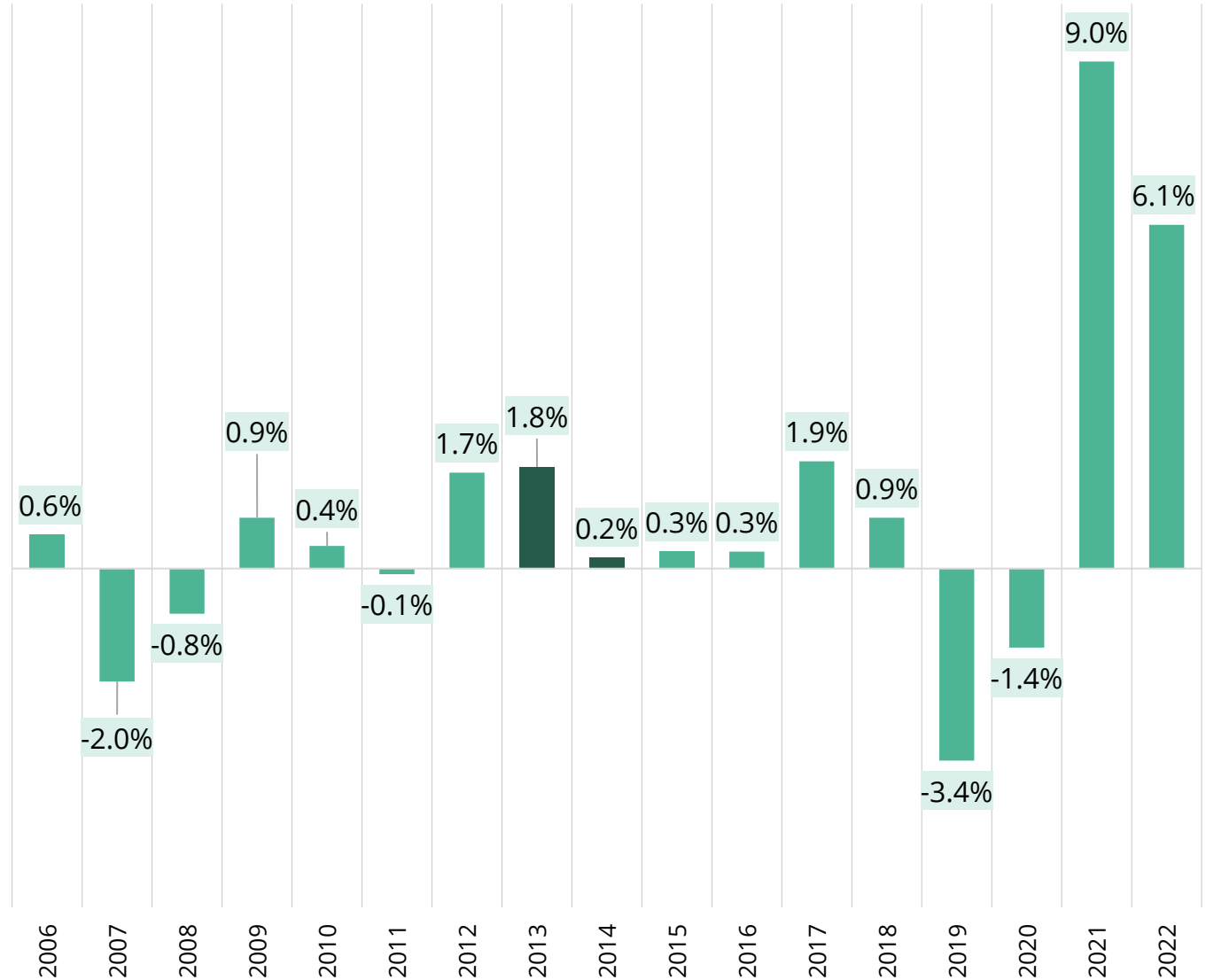
Net absorption as a share of inventory

6.1%

Net absorption falls from record highs set in 2021

Total net absorption was down following the largest single year of positive absorption in 2021. Year-over-year net absorption decreased by 2.6 msf (-27.9%) – which brought 2022’s total net absorption to 6,608,717 sf.

Although total net absorption was down from the year prior it should be noted that net absorption in 2022 was still higher than 4 out of the past 5 years – and shows strong signs of growth following setbacks caused by the pandemic.



Source: AVANT by Avison Young, CoStar

Las Vegas NNN asking rents

\$12.17 psf

Lease rates continue to rise, seeing Q4 rates rise 15.7% from the year prior

Las Vegas's quality industrial product remains in high demand, with rents continuing to increase for the 10th consecutive year – ending Q4 with a record setting \$12.17 psf.

As industrial market demand continues to grow at record levels companies have been willing to pay a premium on needed space for their businesses.



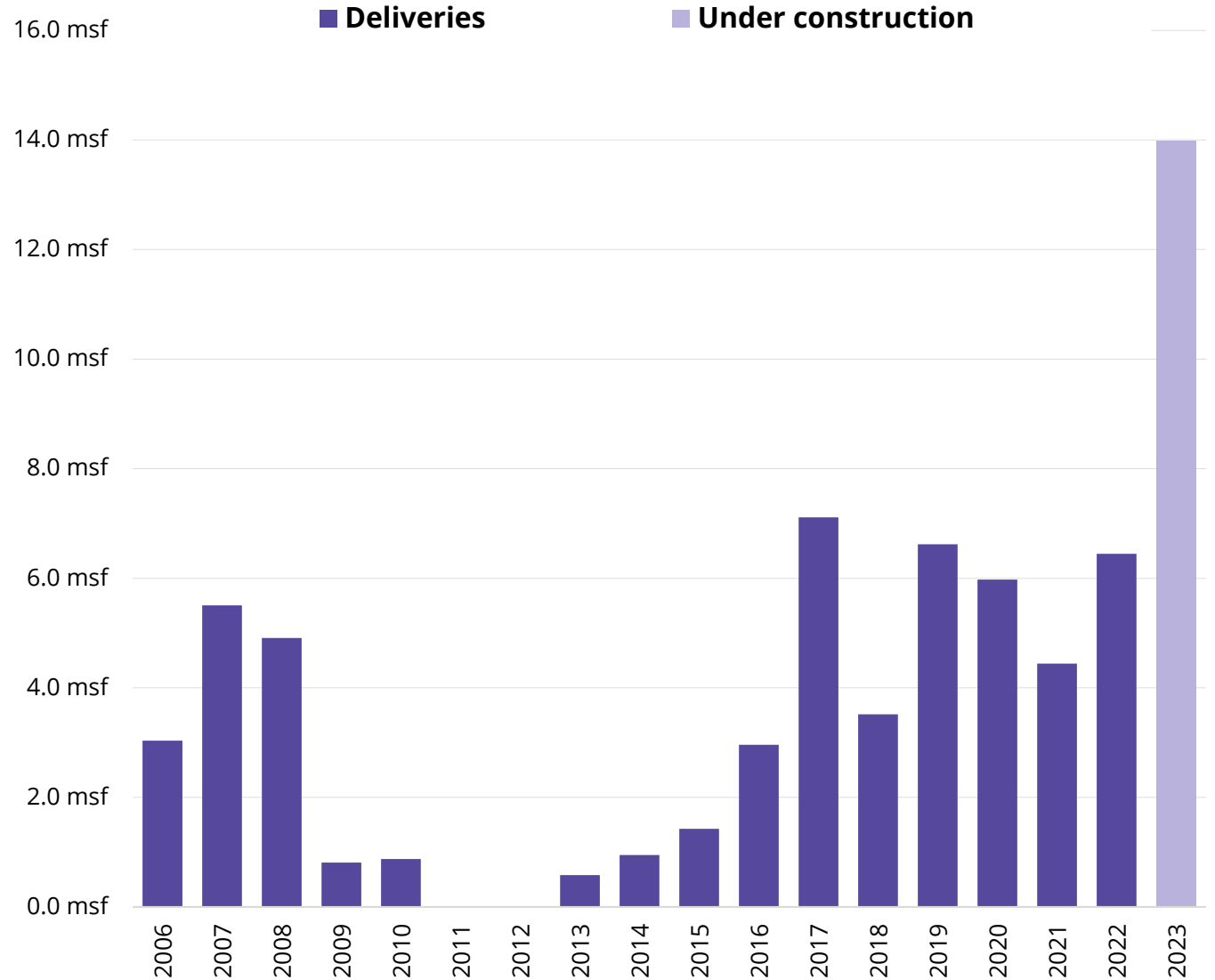
Las Vegas development activity

6.4 msf

Development nearly reaches pre-Covid heights

Development activity surged in 2022, up 45.1% from the year prior with 6.4 msf of industrial space delivered during the year. Las Vegas's Northern, Speedway, & Southeastern/Henderson submarkets showed the most growth accounting for 5.1 of the 6.4 msf of total space delivered.

Development activity is projected to double in 2023 with another 12.9 msf currently under construction.



Source: AVANT by Avison Young, CoStar

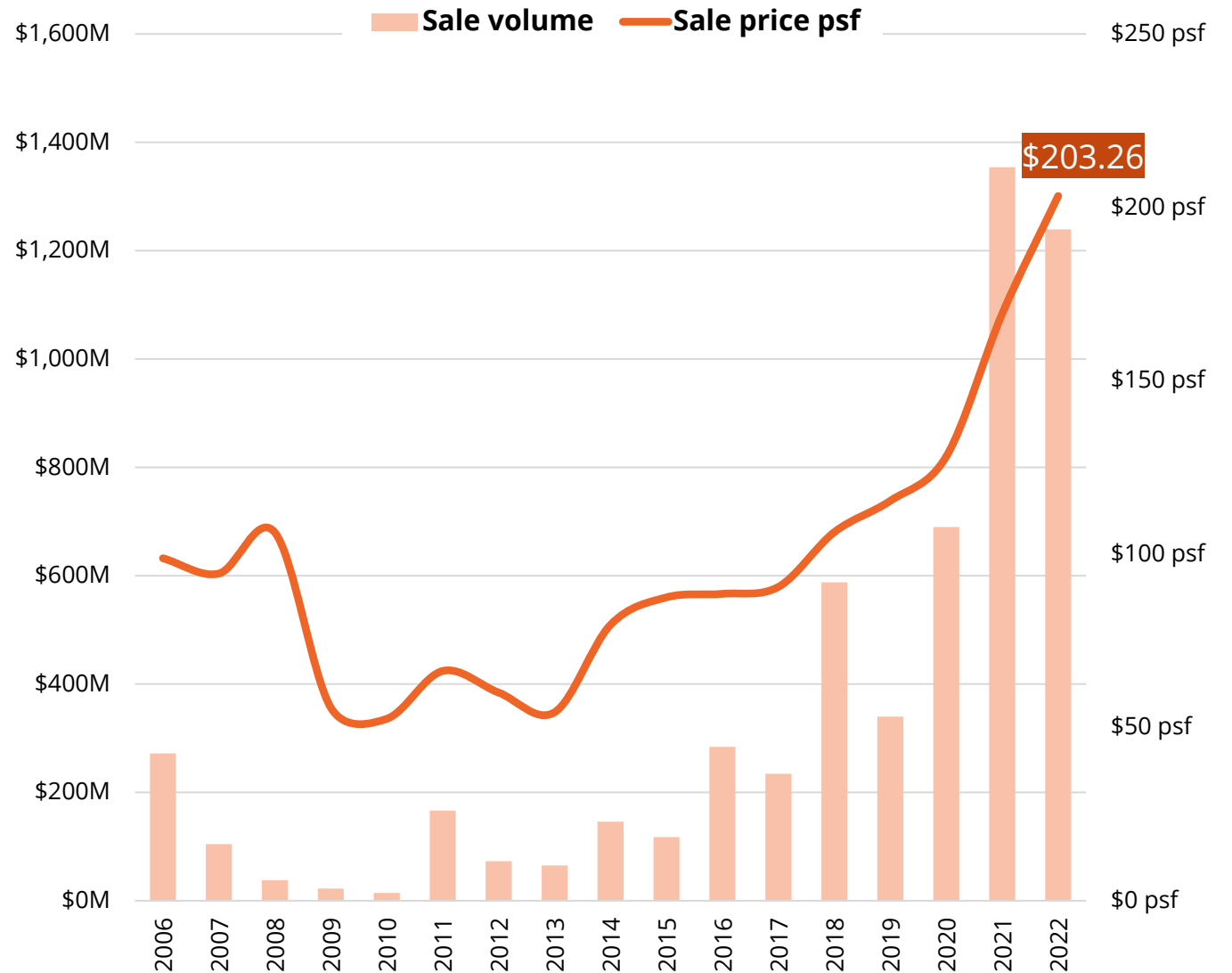
Las Vegas investment sales activity and price

\$203 psf

Prices for Las Vegas industrial properties continue to climb

The Las Vegas industrial market continues to post strong transaction numbers – with transaction volume by dollar amount reaching \$1,239,260,998 across 40 transactions.

Though transaction volume was down slightly year-over-year (-8.8%) - the Las Vegas industrial market's strength is evidenced by the record setting average price per sf in 2022 (\$203.26 psf).



Source: AVANT by Avison Young, CoStar

Las Vegas industrial market activity

2022 leasing activity

Tenant name	Address	Sign date	Size (sf)	Term	Transaction type	Lease type	Submarket
Crocs	Nadine Peterson Blvd & N Las Vegas Blvd, N Las Vegas, NV	Jan 2022	730,067	-	New	Direct	Northeast Clark County
Geodis Logistics	5603 El Campo Grande Ave, Las Vegas, NV	Mar 2022	656,267	8 years	New	Direct	Speedway
Arvato Supply Chain Solutions	6200 Range Rd, Las Vegas, NV	Feb 2022	464,292	2 years	New	Direct	North Las Vegas
Amazon	5801 N Nicco Way, Las Vegas, NV	Feb 2022	341,254	10 years	New	Direct	Speedway
Aristocrat Technologies	Volunteer Blvd & Via Centro, Henderson, NV	Apr 2022	330,240	-	New	Direct	SE Las Vegas / Henderson

2022 sales activity

Buyer	Address	Sale date	Building Size (sf)	Sale price	Sale price psf	Seller
Bel Logistics	5802-5902 E Tropical Pky, Las Vegas, NV	Apr 2022	857,060	\$271,500,000	\$240.62	CapRock Partners
Clarion Partners	3049-3195 E Washburn Rd, N Las Vegas, NV	Dec 2022	1,001,538	\$149,850,000	\$149.62	Washington Capital Management
Pauls Corporation	5445 E N Bell Rd, Las Vegas, NV	Jan 2022	509,761	\$89,103,429	\$174.79	CapRock Partners
Elm Tree Net Lease Fund II	650 E Owens Ave, N Las Vegas, Nevada	Aug 2022	147,000	\$63,452,892	\$431.65	JPCG Equity Partners

Top projects under development

Property	Address	Delivery Date	Building Size (sf)	% Preleased	Developer	Submarket
North Vegas Logistics Center	Nadine Peterson Blvd & N Las Vegas Blvd, N Las Vegas, NV	Oct 2023	1,043,620	70%	NorthPoint Development	NE Clark County
North Logistics Phase 2	5902 E Tropical Pky, Las Vegas, NV	Jan 2023	788,841	100%	LIT Industrial LP	Speedway
Matter Logistics	5850 E N Belt Rd, Las Vegas, NV	Nov 2023	1,200,140	0%	Matter Real Estate Group	North Las Vegas

Las Vegas industrial market stats

Submarket Cluster	Existing inventory sf	Deliveries sf	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption sf (Q4 2022)	Net absorption sf (2022)	Direct asking rent NNN
Airport / East Las Vegas	8,847,594	542,346	0	4.00%	1.10%	5.10%	(46,262)	477,806	\$14.05
Central Las Vegas	7,996,902	0	0	0.60%	0.00%	0.60%	41,378	23,118	\$16.50
North Las Vegas	39,183,315	1,658,728	3,484,723	1.40%	0.20%	1.60%	761,603	1,721,103	\$10.20
Northwest Las Vegas	357,212	0	0	0.00%	0.00%	0.00%	52,410	886	\$13.30
SE Las Vegas / Henderson	16,268,234	1,744,670	1,310,871	1.50%	0.20%	1.70%	640,846	1,910,005	\$12.91
Speedway	11,172,130	1,603,515	3,947,727	0.30%	0.40%	0.70%	229,708	1,932,534	\$10.54
Southwest Las Vegas	20,937,332	896,611	1,409,346	2.20%	0.90%	3.10%	(101,778)	480,894	\$14.17
West Las Vegas	3,869,338	0	400,000	1.30%	0.10%	1.50%	(14,046)	69,471	\$13.24
Overall	108,632,057	6,445,870	10,552,667	1.60%	0.40%	2.00%	1,563,859	6,615,817	\$12.22

*Overall values solely reflect data in submarket clusters displayed on page 10

Las Vegas industrial - flex vs. industrial stats

Flex

Property type	Existing inventory sf	Deliveries sf (2022)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption sf (Q4 2022)	Net absorption sf (2022)	Direct asking rent (NNN)
Flex	9,241,559	-	-	0.6%	0.0%	0.6%	34,028	112,652	\$15.89

Industrial

Property type	Existing inventory sf	Deliveries sf (2022)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption sf (Q4 2022)	Net absorption sf (2022)	Direct asking rent (NNN)
Industrial	99,390,498	6,445,870	11,474,420	1.6%	0.4%	2.0%	1,681,480	6,503,165	\$11.81

Las Vegas industrial market stats by class

Building Class

Class	Existing inventory sf	Deliveries sf (2022)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption sf (Q4 2022)	Net absorption sf (2022)	Direct asking rent NNN
Class A	34,725,317	3,281,644	4,270,730	1.8%	0.3%	2.1%	190,642	3,482,988	\$10.96
Class B	65,014,847	2,741,545	5,881,937	1.0%	0.4%	1.4%	1,135,872	2,766,645	\$12.83
Class C	8,441,659	422,681	0	1.9%	0.0%	1.9%	388,194	366,184	\$12.05
Market total	108,632,057	6,445,870	11,474,420	1.60%	0.40%	2.00%	1,563,859	6,615,817	\$12.22

*Overall values solely reflect data in submarket clusters displayed on page 10

Industrial insights glossary of terms

Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

Industrial rents and concessions

- **Triple net rents:** tenant is responsible for paying rent, utilities, taxes, operating expenses and common area maintenance
- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as triple net (NNN)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as triple net (NNN)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an industrial suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

Capital markets

- **Investment volume:** industrial sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales

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There is a vital role for our sector to create healthy, productive workplaces for employees, cities that are centers of prosperity for their citizens, and built spaces and places that create a net benefit to the economy, the environment and the community.

Global ESG Report



The built environment is changing

New needs, new policies, new use of space. How we live, work, and play is changing like we've never seen before. Tune in to our podcast, Changing Places, for conversations with experts that help us unpack the new and next normal.

Changing Places



Tracking U.S. employment trends

Rising layoffs and declining job postings are also indicating that the economy is becoming distressed. Employment data and industries are analyzed across cycles for a real-time and historical look at economic conditions.

U.S. Employment Overview

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