



# Las Vegas industrial market report

Q2 2023

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**AVISON  
YOUNG**

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# Las Vegas industrial market: Trends

## 18.0 msf

### 2023 Development Activity (sf)

As the Southwest United States continues to grow its industrial footprint outside of California, Las Vegas's industrial market has continued to set records for development activity – with Las Vegas adding 6.1 msf of new inventory to the market during the first 2 quarters of the year, and an additional 11.8 msf of new developments that have broken ground.

Within the first 2 quarters of 2023 Las Vegas is already nearing the 5-year moving average for annual deliveries of 6.7 msf – with 6.1 msf already delivered during Q1 and Q2.

## 3.1%

### Total vacancy rate

The total vacancy rate in Las Vegas remained steady in the first half of the year – with Q1 and Q2 posting a total vacancy rate of 3.1%.

Though the total vacancy rate saw an increase of 110 basis points from Q4 2022 to Q1 2023, owners and investors should not be overly concerned as Las Vegas experienced record low vacancy rates throughout 2022, and the current total vacancy rate of 3.1% is 31.1% lower than the 5-year moving average of 4.5%.

## \$408.9m

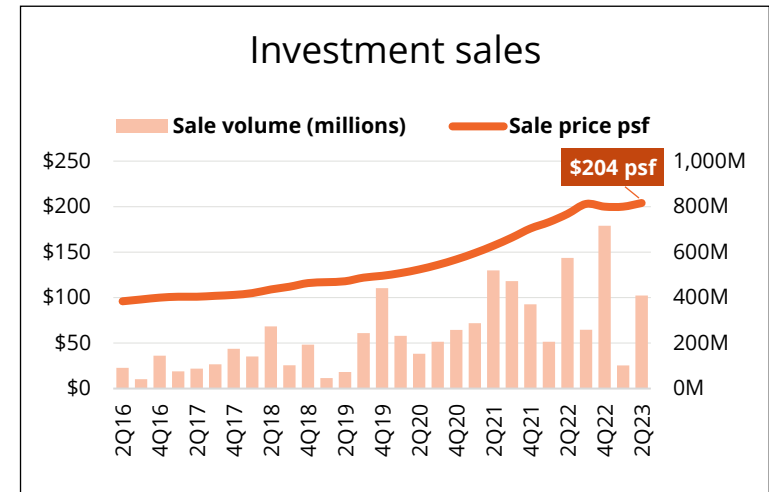
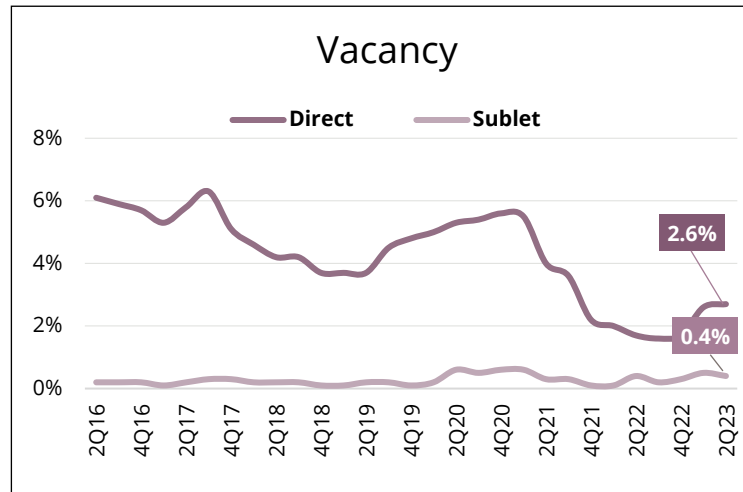
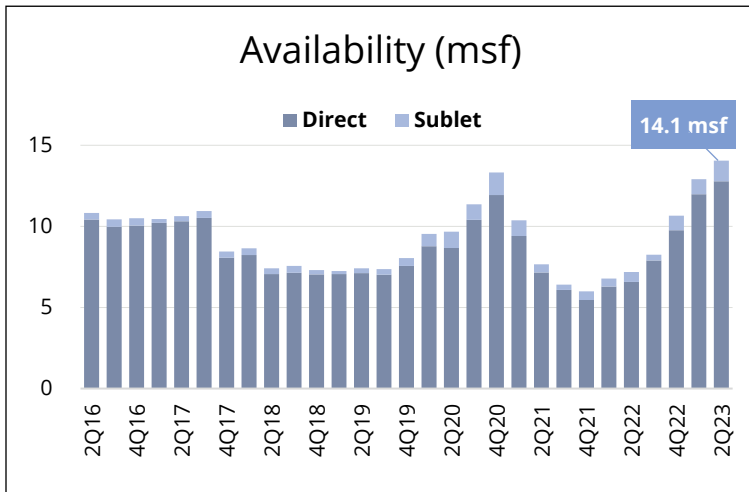
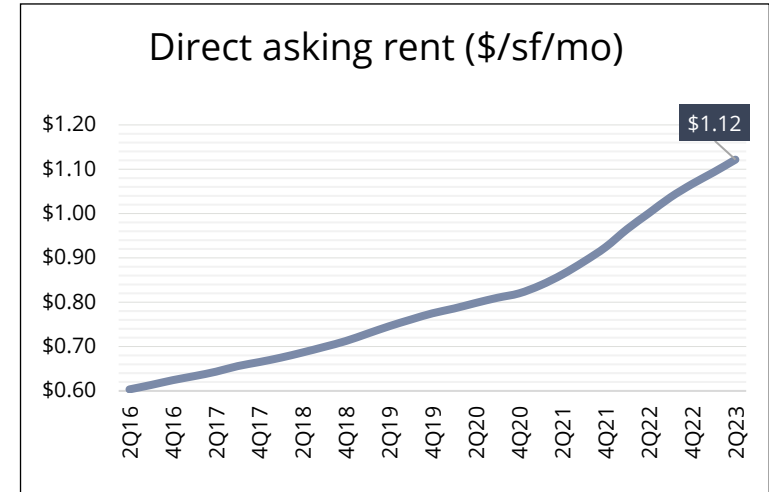
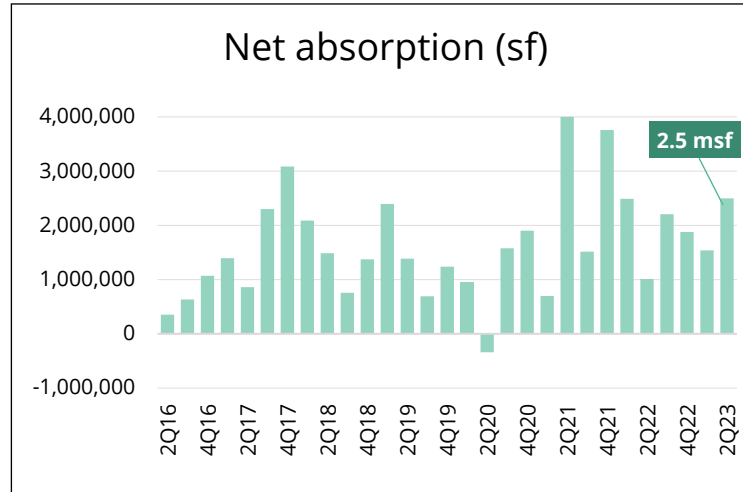
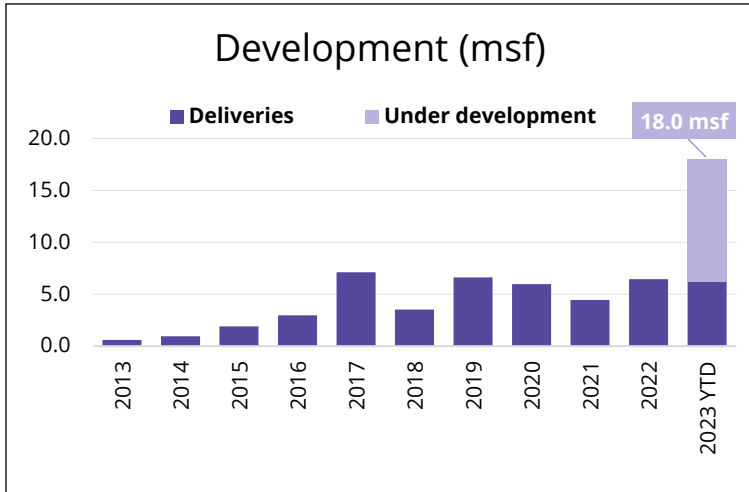
### Transaction volume (Q2)

Transaction volume for industrial sales increased significantly in the 2<sup>nd</sup> quarter, with sales quadrupling quarter-over-quarter with \$408.9m transacted during the quarter.

Along with overall transaction volume (by \$ amount), it should be noted that industrial properties held their value well - as the price per square foot on completed sales was reported to be \$204/sf.

\*Values reflect data on industrial properties 5k sf and above

# Las Vegas Industrial Market: Indicators



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# Total vacancy rate

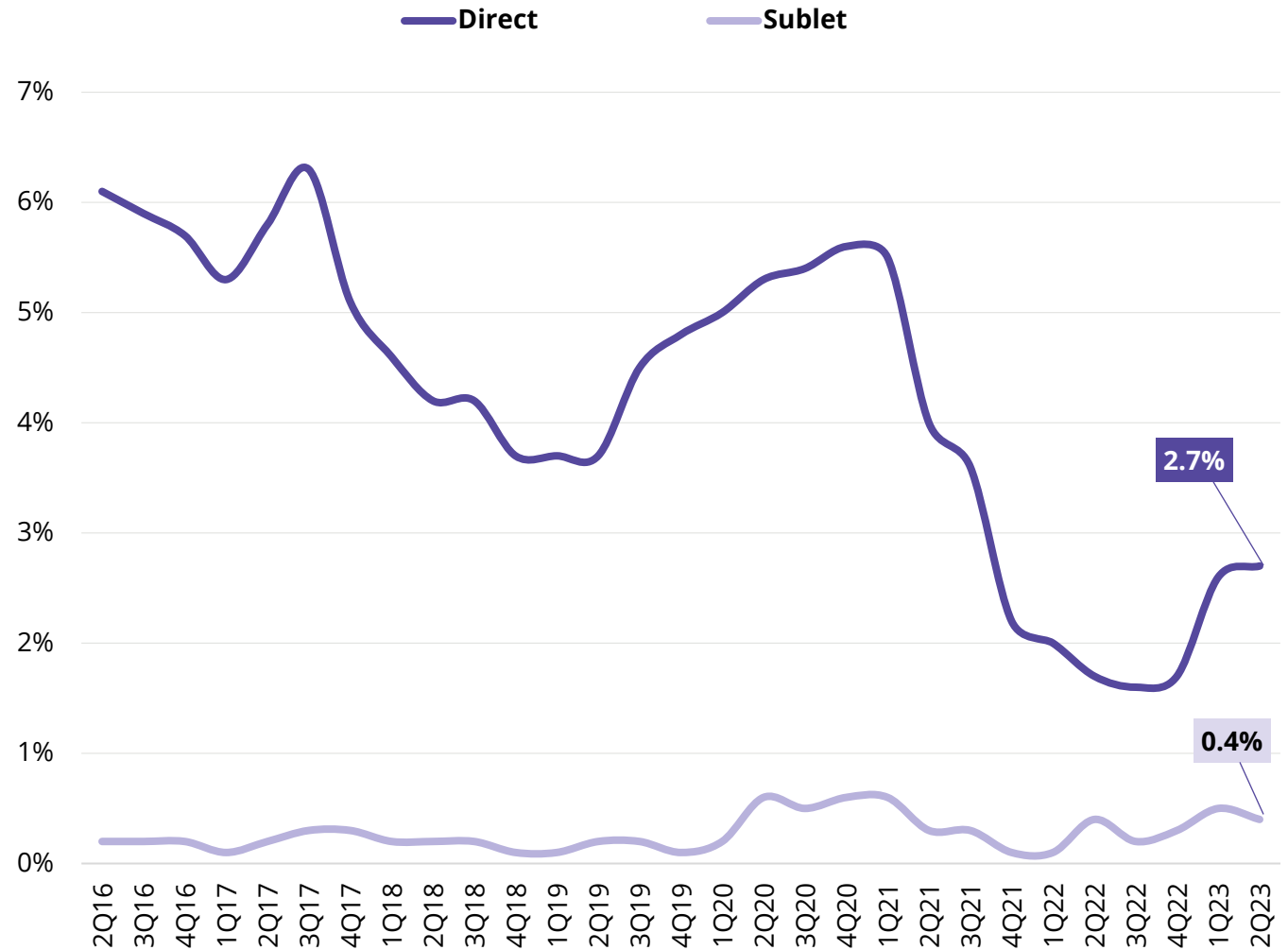
## 3.1%

Industrial market's total vacancy rate remains steady in first half of 2023

The total vacancy rate in Las Vegas remained consistent during the first half of the year with both Q1 and Q2 ending their respective periods at 3.1%.

Though the total vacancy rate saw a jump of 110 basis points from 2.0% in the 4<sup>th</sup> quarter of 2022 to 3.1% during the first quarter, investors and owners should not be overly concerned as Las Vegas experienced record low vacancy rates throughout 2022, and the current total vacancy rate of 3.1% is 31.1% lower than the 5-year moving average of 4.5%.

The rapid increase in vacancy seen during Q1 appears to have been contained within the quarter and can likely be attributed to healthy pullback coupled with a record-setting quarter of delivered space that hadn't yet been leased.



\*Values reflect data on industrial properties 5k sf and above  
Source: AVANT by Avison Young, CoStar

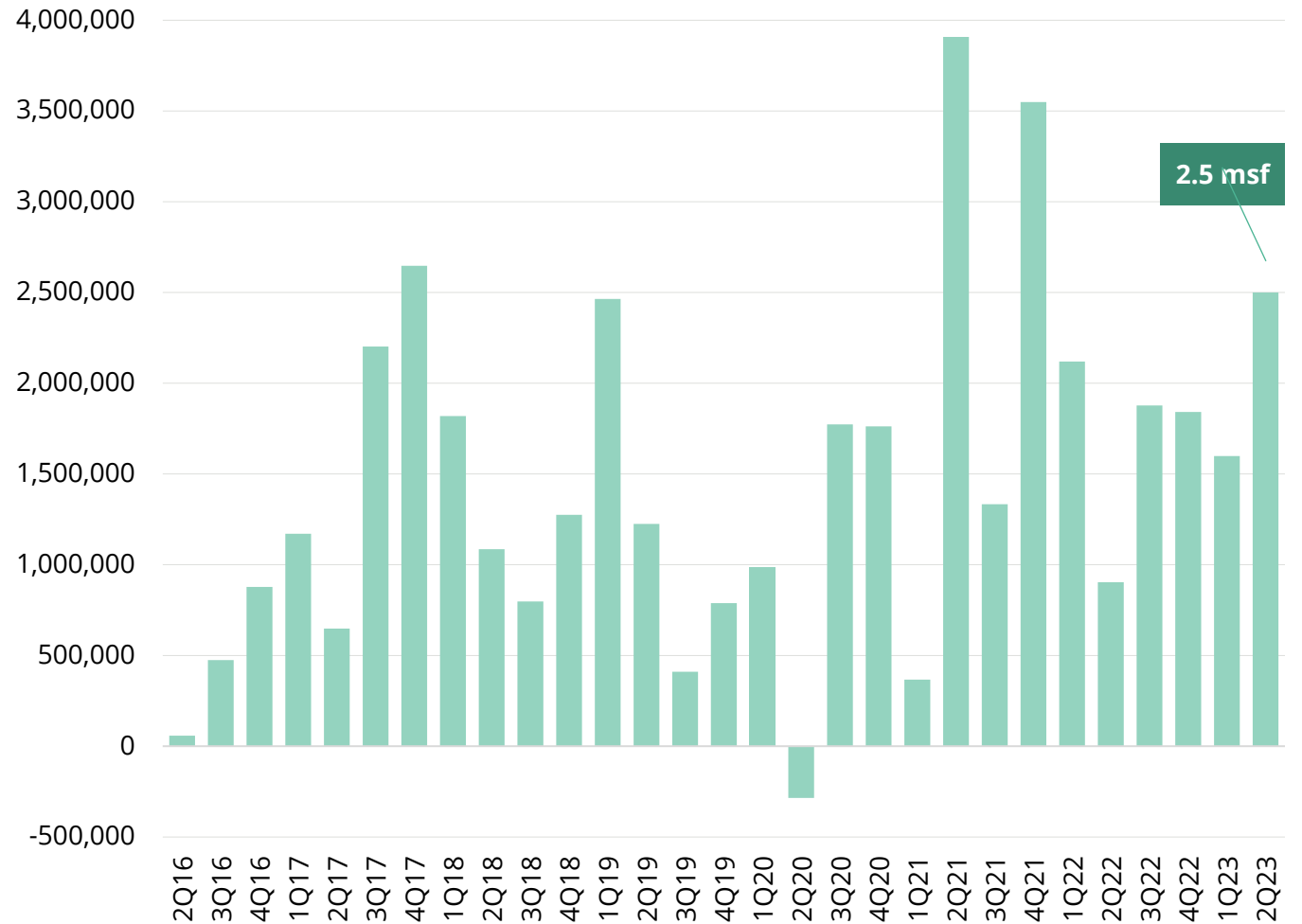
# Net absorption

## 2.5 msf

Net absorption remains positive for 12<sup>th</sup> consecutive quarter

Total net absorption was up 62.1% quarter-over-quarter, with Q1 reporting 1,539,531 sf of positive net absorption and Q2 ending the period with 2,496,466 sf of positive net absorption.

The continued streak of positive absorption and increases in development activity seen in the Las Vegas industrial market is a positive sign that demand continues to grow for key emerging markets in the Southwest supply-chain outside of California.



\*Values reflect data on industrial properties 5k sf and above

Source: AVANT by Avison Young, CoStar

# Las Vegas industrial market: Sales, leasing, and development activity

## Q2 - Top sales activity

Buyer	Address	City	Sale date	Sale price	Size (sf)	Sale price (psf)	Seller
Stockbridge Capital Group	6325 N Beesley Dr – Bldg 1	Las Vegas	May 2023	\$46,299,552	249,085	\$186	CapRock Partners
EastGroup Properties	4325 Corporate Center Dr	North Las Vegas	Apr 2023	\$34,200,000	155,790	\$220	CLV Warehouse
Link Logistics Properties	6065 Polaris Ave	Las Vegas	Apr 2023	\$32,507,766	166,400	\$195	TA Realty
BKM Capital Partners	5475 S Decatur Blvd	Las Vegas	May 2023	\$25,900,000	88,205	\$294	Terry York Properties
Stockbridge Capital Group	6215 N Beesley Dr – Bldg 2	Las Vegas	May 2023	\$21,133,589	102,104	\$207	CapRock Partners

## Q2 - Top leasing activity

Tenant name	Address	City	Sign date	Size (sf)	Transaction type	Lease type	Term	Rent (psf/mo.)
Hey Dude Shoes	11515 N Donald Lee Adams Way	Las Vegas	April 2023	313,553	New	Direct	Not Disclosed	Not Disclosed
OnTel Products	4272 Corporate Center Dr	North Las Vegas	June 2023	253,200	New	Direct	Not Disclosed	Not Disclosed
Boxabl	5445 E North Belt Rd	Las Vegas	May 2023	114,613	New	Direct	Not Disclosed	Not Disclosed
Meridian Adhesives Group	5655 North Belt Rd	Las Vegas	April 2023	91,520	New	Direct	5.1 years	\$1.02 NNN
Updike Distribution	3000 Lincoln Rd	Las Vegas	May 2023	80,180	New	Direct	3 years	\$0.95 NNN

## Q2 – Top development activity

Project Name	Address	City	Projected Delivery Date	Size (sf)	Developer
Currently Unnamed	1050 Larson Ln	Henderson	Jul 2024	730,928	Not Yet Disclosed
Matter Logistics – Building 1	5850 E North Belt Rd	Las Vegas	Nov 2023	685,080	Matter Real Estate
Vantage North – Building 1	I-15 & N Hollywood	North Las Vegas	Oct 2023	445,954	VanTrust Real Estate
Nellis Landing Logistic Center	6100 Shatz St	Las Vegas	Dec 2023	408,556	Rockefeller Group
Golden Triangle Logistics Center – Building 4	E Washburn Rd	North Las Vegas	Oct 2023	400,371	Washington Capital Management

# Las Vegas industrial market: Submarket stats

Submarket cluster	Existing inventory sf	Deliveries sf (Q2 2023)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption sf (Q2 2023)	Direct asking rent (\$/sf/mo)
Airport / East Las Vegas	16,725,816	12,155	172,578	3.7%	0.4%	4.1%	30,417	\$1.25
Central Las Vegas	13,549,240	0	0	1.5%	0.0%	1.5%	(43,518)	\$1.30
North Las Vegas	51,870,978	698,448	4,989,965	2.7%	0.8%	3.4%	850,637	\$0.95
Northwest Las Vegas	891,974	0	0	5.9%	0.0%	5.9%	8,075	\$1.38
SE Las Vegas / Henderson	22,524,034	0	2,671,197	1.1%	0.2%	1.3%	85,377	\$1.16
Speedway	14,665,270	1,372,892	2,407,559	4.9%	0.2%	5.0%	1,130,839	\$0.91
Southwest Las Vegas	36,318,925	450,635	1,181,603	2.9%	0.3%	3.2%	394,195	\$1.29
West Las Vegas	10,387,212	0	400,000	2.3%	0.1%	2.4%	40,444	\$1.23
<b>Total</b>	<b>166,936,349</b>	<b>2,534,130</b>	<b>11,822,902</b>	<b>2.7%</b>	<b>0.4%</b>	<b>3.1%</b>	<b>2,496,466</b>	<b>\$1.12</b>

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# 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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