



# Las Vegas industrial market report

Q4 2023

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**AVISON  
YOUNG**

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# Las Vegas industrial market trends

2.9%

**Direct vacancy rate**

For the past two years, the Las Vegas industrial market has maintained historically low vacancy rates, reaching 3.5% in Q4 2023 despite the delivery of 5.7 million sf in Q1 and Q2 of 2023.

This suggests strong demand, with spaces being pre-leased or quickly filled upon completion. The market's stability and control outperform others, signaling positive prospects.

-606.3k

**Net absorption (sf)**

After 13 consecutive quarters of positive net absorption, the Las Vegas industrial market experienced a reversal in Q4 2023, with a net absorption of -606,289 square feet. Only North Las Vegas and Southwest Las Vegas submarkets recorded positive absorption. This shift is attributed to a surge in construction over the past two years, particularly in the first two quarters of 2023, delivering 5.5 million square feet to the market. However, a slowdown occurred in Q3 and Q4, with the market witnessing a 42% increase in square footage under construction from Q1 2022 to Q4 2023.

\$1.12

**Direct FS asking rent (psf/mo.)**

In Q4 2023, asking rents, both for direct and sublet leasing, showed a slowdown in growth, with a marginal increase of \$0.01/month from Q3 to Q4. Despite significant growth in 2021, the market's momentum seems to be stabilizing. Throughout 2023, there were fluctuations in direct rents, but overall, asking rents only grew by 2%, rising from \$2.05 psf/month to \$2.01 psf/month, combining both direct and sublet values.

Note: This report is indicative of properties that are 5,000 sf and up.

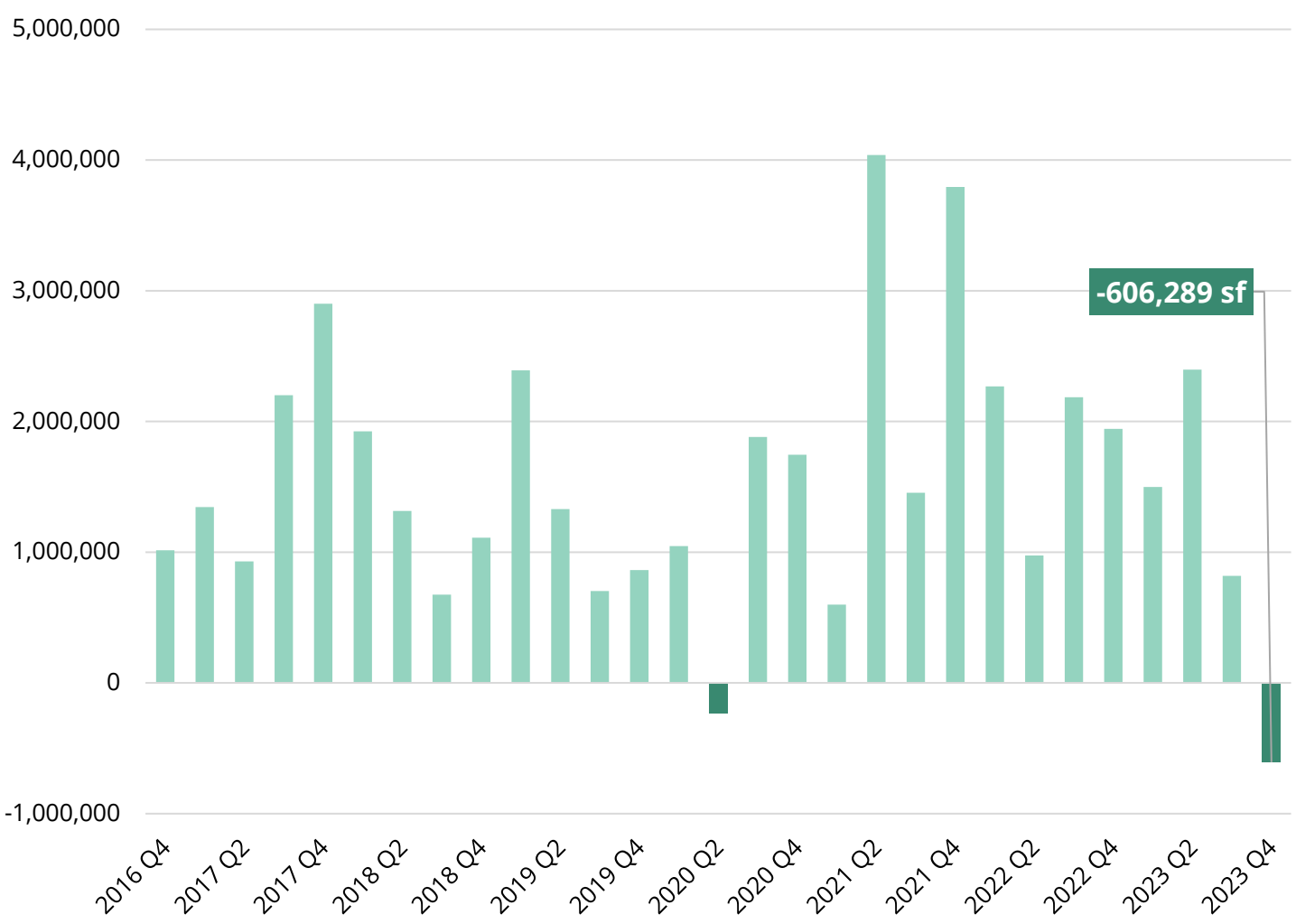
# Las Vegas industrial: Vacancy rates (%)



For the past two years, the Las Vegas industrial market has observed its lowest historical vacancy rates in the last two decades. From Q2 2022 until Q4 2023, the total vacancy rate has remained below 4%, reporting at 3.5% in Q4 2023 – 2.9% direct and 0.6% sublet.

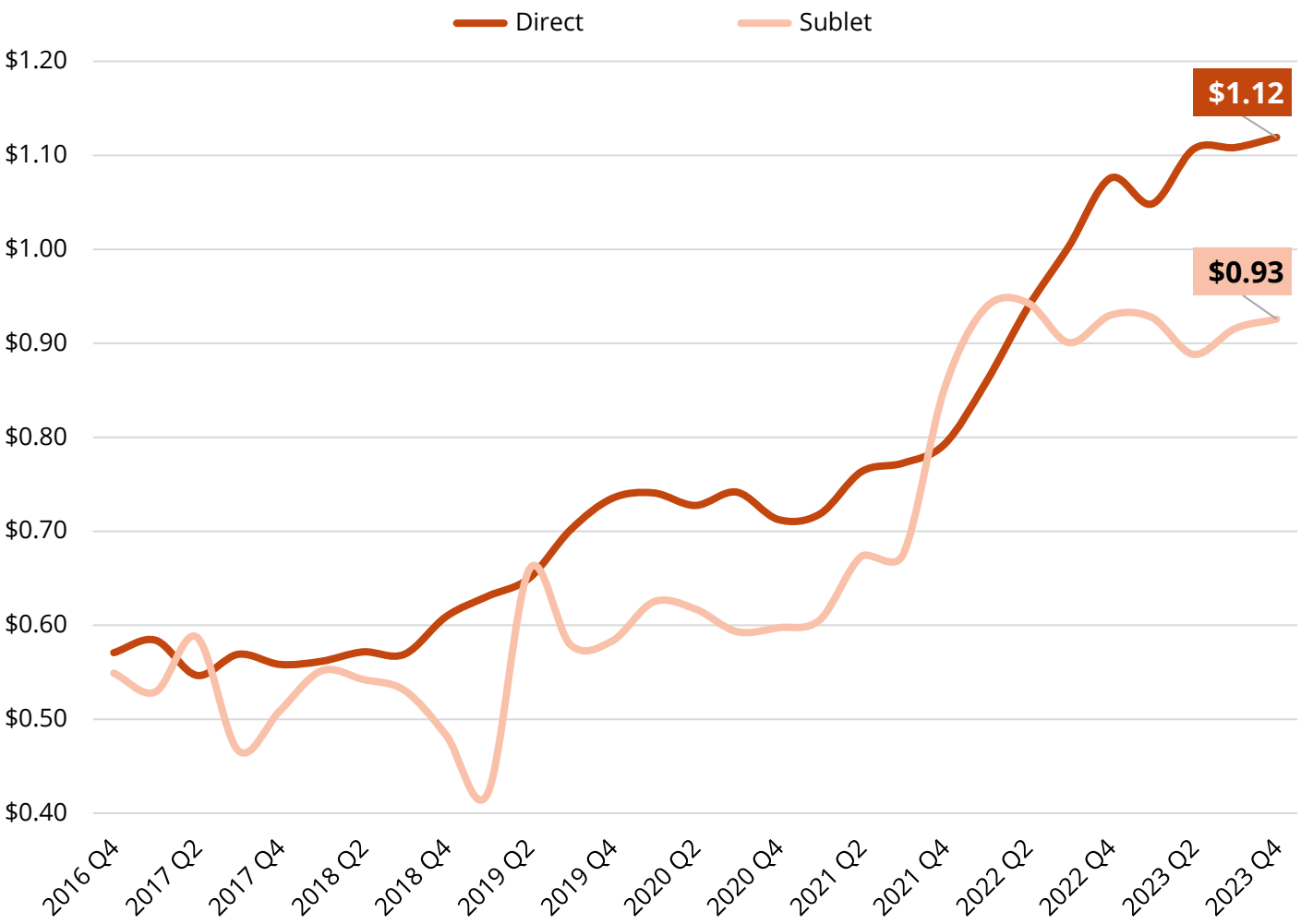
Regardless of the 5.7 million sf delivered in Q1 and Q2 of 2023, vacancies remained low, indicating that space has been pre-leased or immediately filled upon project completion. This is a great sign for the Las Vegas industrial market, as it outperforms other markets in stability and control.

# Las Vegas industrial: Net absorption (sf)



After 13 consecutive quarters of positive net absorption, the Las Vegas industrial market saw a reversal in Q4 2023 with -606,289 square feet of net absorption. Notably, North Las Vegas and Southwest Las Vegas submarkets showed positive absorption during this period. This shift may be attributed to a slowed leasing activity of the new construction space over the past two years. Specifically, the first two quarters of 2023 saw a delivery of 5.5 million square feet to the market, followed by a slowdown in Q3 and Q4. Additionally, the market is experiencing an accelerated construction pace, evident in a 42% increase in square footage under construction from Q1 2022 to Q4 2023.

# Las Vegas industrial: FS asking rents (\$/sf/mo.)



In Q4 2023, there was a noticeable deceleration in the growth of rents for both direct and sublet rates. The increase in direct and sublet rents was marginal, only \$0.01/month from Q3 to Q4 for both. Despite experiencing significant growth in 2021, the market's momentum appears to be leveling off. During the first half of 2023, direct rents witnessed an uptick of +\$1.06/month in Q1, followed by a temporary dip of -\$0.04/month in Q2, which rebounded in the subsequent quarter. However, beyond these fluctuations, there was limited progress in asking rents throughout the year. Direct asking rents registered a 6.7% rise from Q1 2023 to Q4 2023, and sublets registered a 0% change.

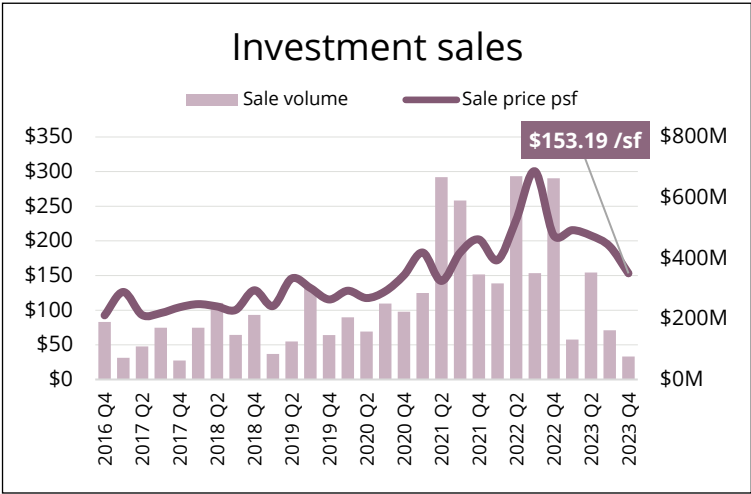
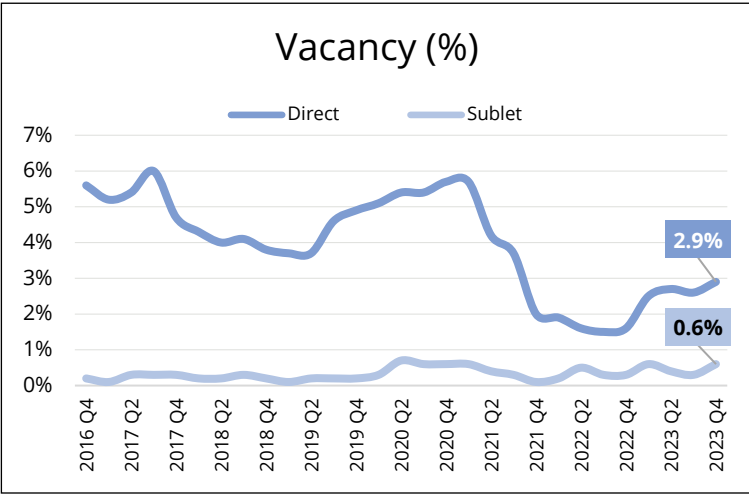
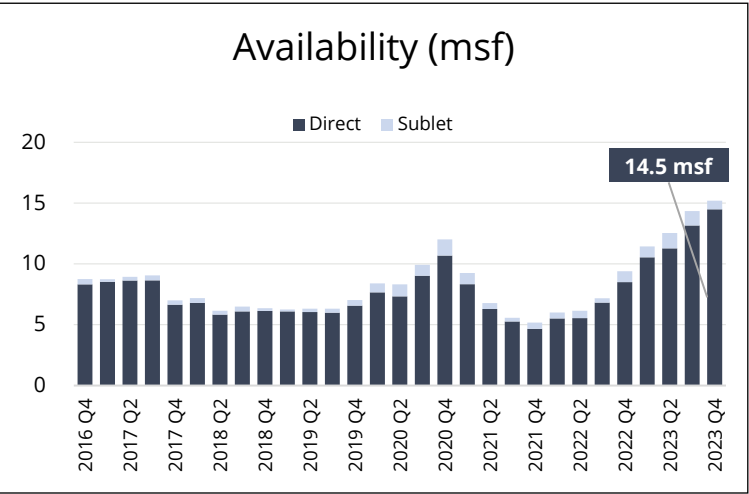
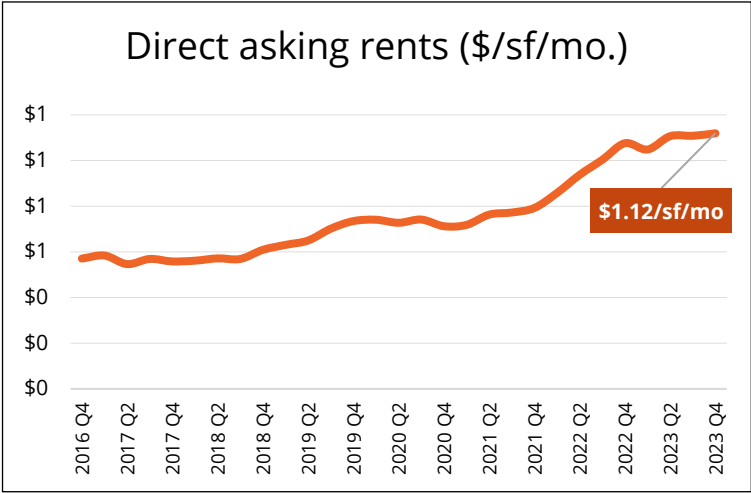
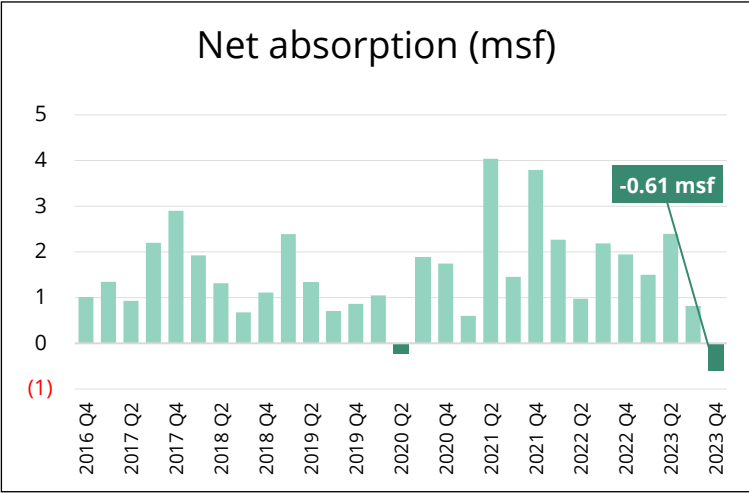
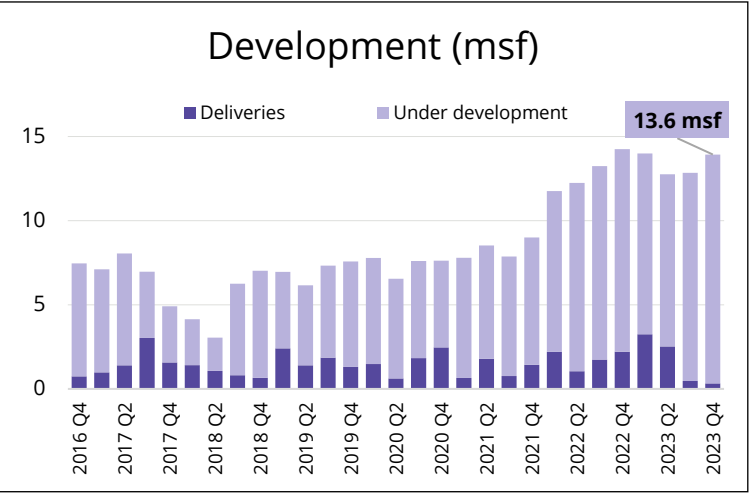
# Appendix



# Las Vegas industrial market: Submarket cluster stats

Submarket cluster	Existing inventory sf	Deliveries sf (Q4)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption sf (Q4)	Direct asking rent (\$/sf/mo.)
Airport / East Las Vegas	13,673,446	17,520	56,305	2.7%	0.1%	2.8%	(34,493)	\$1.17
Central Las Vegas	7,162,861	0	0	3.4%	0.2%	3.6%	(74,593)	\$1.13
North Las Vegas	50,647,140	61,238	5,964,361	3.0%	0.3%	3.3%	213,713	\$0.79
Northwest Las Vegas	448,521	0	0	1.8%	0%	1.8%	(4,440)	\$1.35
SE Las Vegas / Henderson	21,378,569	12,000	3,467,873	3.6%	0.4%	4.0%	(538,531)	\$1.19
Speedway	14,256,901	0	2,506,294	2.3%	3.3%	5.5%	(485,752)	\$1.08
Southwest Las Vegas	31,425,394	239,961	1,599,792	2.6%	0.2%	2.8%	465,115	\$1.43
West Las Vegas	6,914,132	0	0	3.6%	0.3%	3.9%	(147,308)	\$1.10
<b>Market total</b>	<b>145,906,964</b>	<b>330,719</b>	<b>13,594,625</b>	<b>2.9%</b>	<b>0.6%</b>	<b>3.5%</b>	<b>(606,289)</b>	<b>\$1.12</b>

# Las Vegas industrial: Market indicators



# Las Vegas industrial market: Top sales, leasing & development activity

## Q4 – Top leasing activity

Tenant	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Not Disclosed	E Cheyenne Ave	North Las Vegas	December 2023	356,820	New	Direct
OSM Worldwide	2750 Simmons St – Bldg A	North Las Vegas	December 2023	164,320	New	Direct
Not Disclosed	NWC Sunset & Middlegate – Bldg 1	SE LV/Henderson	November 2023	138,939	New	Direct
BulkSupplements.com	E Lake Mead Pky	SE LV/Henderson	December 2023	136,174	New	Direct
Lithion Battery Holdings	E Lake Mead Pky	SE LV/Henderson	October 2023	109,347	New	Direct

## Q4 – Top sales activity

Buyer	Address	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
K W FUND VII-NORTH BELT ROAD L P (subsidiary of Kennedy Wilson)	N Belt Rd	October 2023	582,510	\$115,000,000	\$197.42	Mosaic Commerce Center
Les Lederer	1030 E Craig Rd	October 2023	101,406	\$16,850,000	\$166.16	Siena Holding Management Company
Pecos-Mcleod LLC	975 American Pacific Dr	October 2023	55,975	\$9,583,651	\$171.21	Unilev Capital Corp.
Noil USA, Inc	1100-1022 E Colton Ave (2 property portfolio sale)	October 2023	18,952, 4,000	\$8,000,000	\$422.12	James Martinez
Bre Jupiter C Icon Nv Owner LLC	4170-4171 Distribution Circle (2 property portfolio sale)	December 2023	104,880	\$6,362,829	\$60.67	Icon Pac Nevada Owner Pool 3 Nevada LLC
Not Disclosed	4245 W Reno Ave	December 2023	13,142	\$6,100,000	\$464.16	American Property Financing

## Q4 – Top projects under development

Project Name	Address	Submarket	Size (sf)	Projected Delivery Date	Developer
Matter Logistics @ North 15	5850 E North Belt Rd – Bldg 1	North Las Vegas	686,449	March 2024	MDL Group
Desert Willow Logistics Center	110 W Gowan Rd – Bldg B	North Las Vegas	505,466	June 2024	Link Logistics
Nellis Landing Logistics Center	6100 Shatz St	Speedway	408,556	May 2024	CA Ventures and DWS/RREEF
Golden Triangle Logistics Center	2185 E Washburn Rd – Bldg 4	North Las Vegas	400,371	January 2024	Trammell Crow Company

# 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)

## Property subtypes

- **Distribution:** properties used primarily to ship good with higher proportions of dock doors and taller clear heights
- **General Warehouse:** properties used to store goods and materials
- **Manufacturing:** properties where goods are produced and assembled with heavier power and stronger floor loads for equipment

## 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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