



Las Vegas industrial market report

Q1 2024

**AVISON
YOUNG**

Las Vegas industrial market trends

3.3m

Deliveries (sf)

The Las Vegas industrial market is undergoing its most substantial development activity since before the pandemic. In Q1 2024 alone, 3.3 million square feet of new inventory was delivered, with an additional 12.2 million square feet in the pipeline. The majority of this development is concentrated in areas such as North Las Vegas, Speedway, and SE/Henderson. Despite the influx of new inventory, rising construction levels indicate that new projects are commencing in 2024, leading to an increase in vacancy rates. Negative net absorption of -182,000 square feet suggests that supply may exceed demand, with absorption experiencing a significant decline in the last two quarters compared to post-pandemic trends.

5.7%

Total vacancy rate (%)

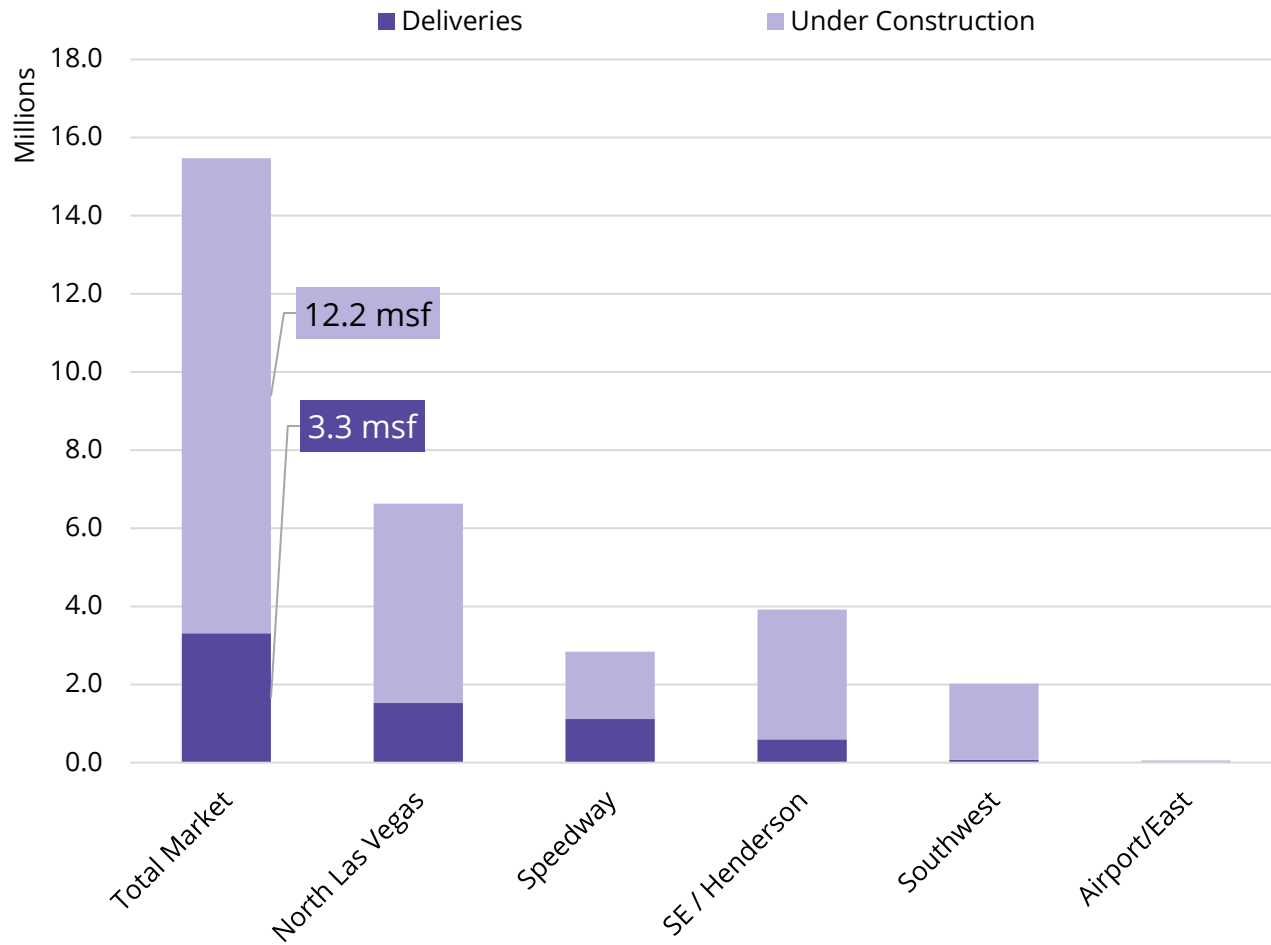
In Q1 2024, Las Vegas saw a notable increase in industrial vacancy, reaching 5.7%, with direct vacancy at 4.8% and sublet vacancy at 0.9%. Direct vacancy rose by 180 basis points from Q4 2023, while sublet vacancy increased by 40 basis points from Q3 2023. This surge was expected due to 3.3 million square feet of new construction added to the market. Notably, the reported 17.9 million square feet of direct space includes areas with expiring leases awaiting renewal, compared to 14.9 million square feet last quarter. With only 3.2 million square feet of the 12.2 million square feet under construction fully pre-leased, vacancy rates may rise further.

\$1.17

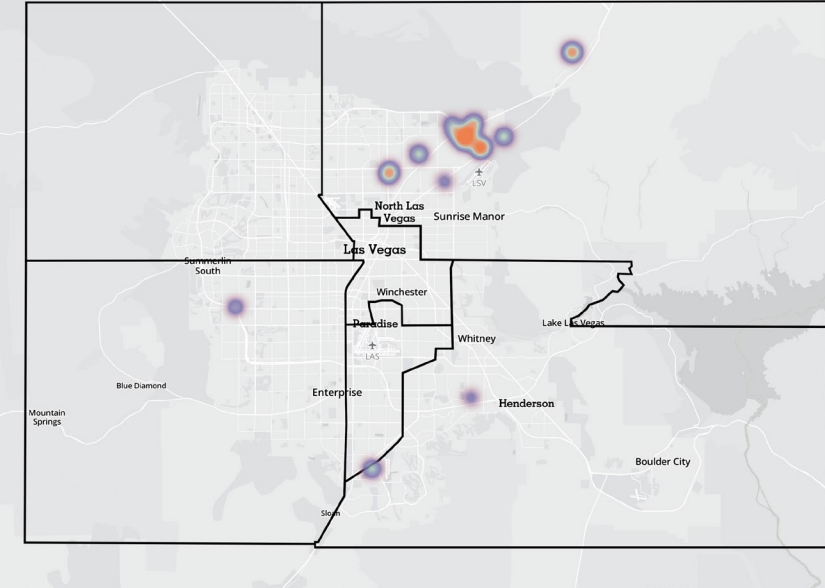
Direct asking rent (psf/month)

In the Las Vegas industrial market, Class A and Class B rents have historically remained relatively close, typically differing by just \$0.10. However, in the most recent quarter, Class B rents edged slightly above Class A. On average, Las Vegas industrial monthly asking rents reached \$1.17 per square foot in Q1 2024, with Class A commanding \$1.20, Class B at \$1.18, and Class C at \$1.10. Overall, asking rents have experienced a notable increase of \$0.11 since Q1 2023, indicating a robust uptick of over 10% in just one year. These trends suggest a healthy and growing industrial market in Las Vegas, with demand driving rents upward across all classes of industrial properties.

Las Vegas industrial development (msf)

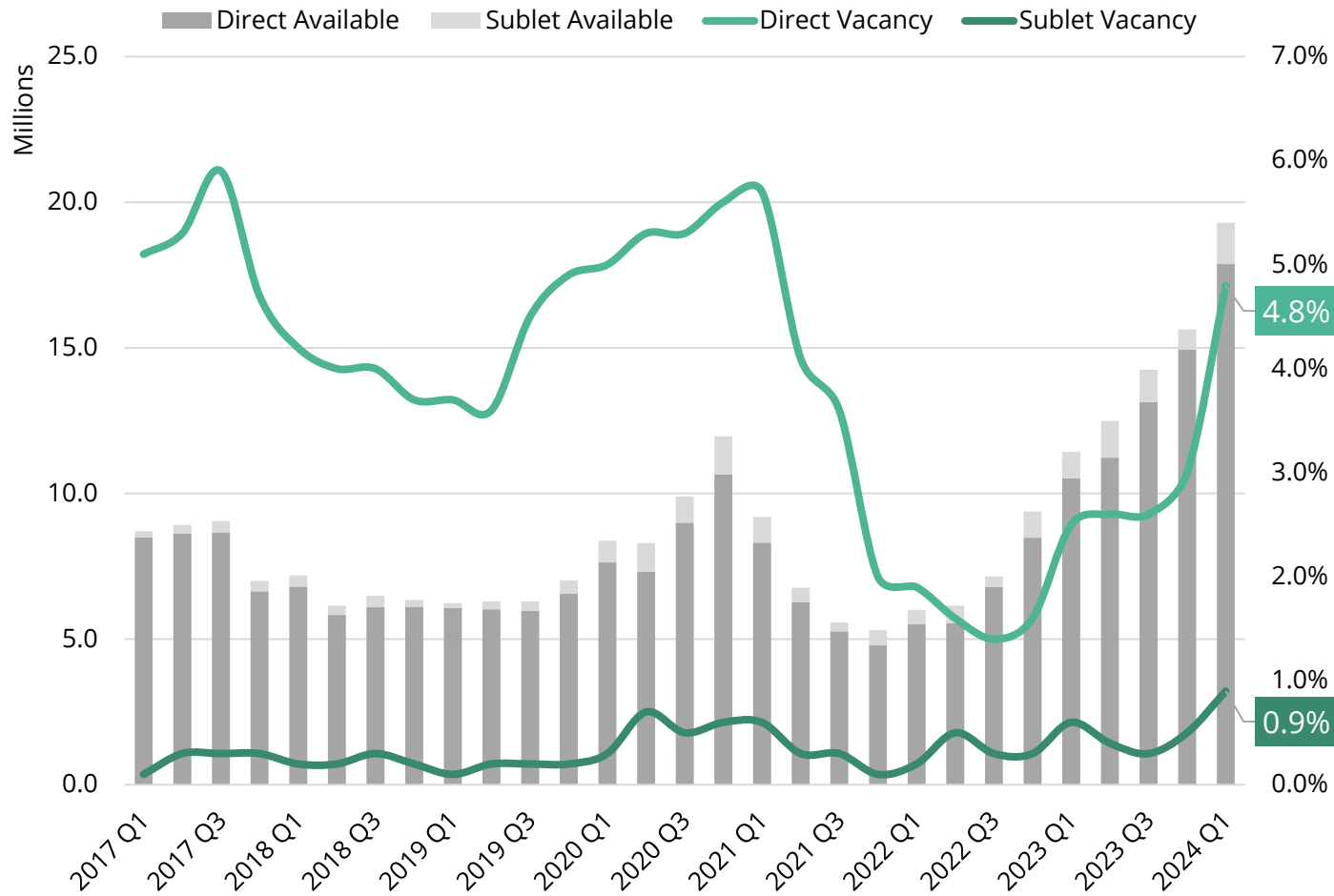


Robust Development Activity



Las Vegas industrial development surges in Q1 2024, with significant new inventory and rising construction levels, especially in North Las Vegas possibly leading to increased vacancy rates amid negative net absorption trends.

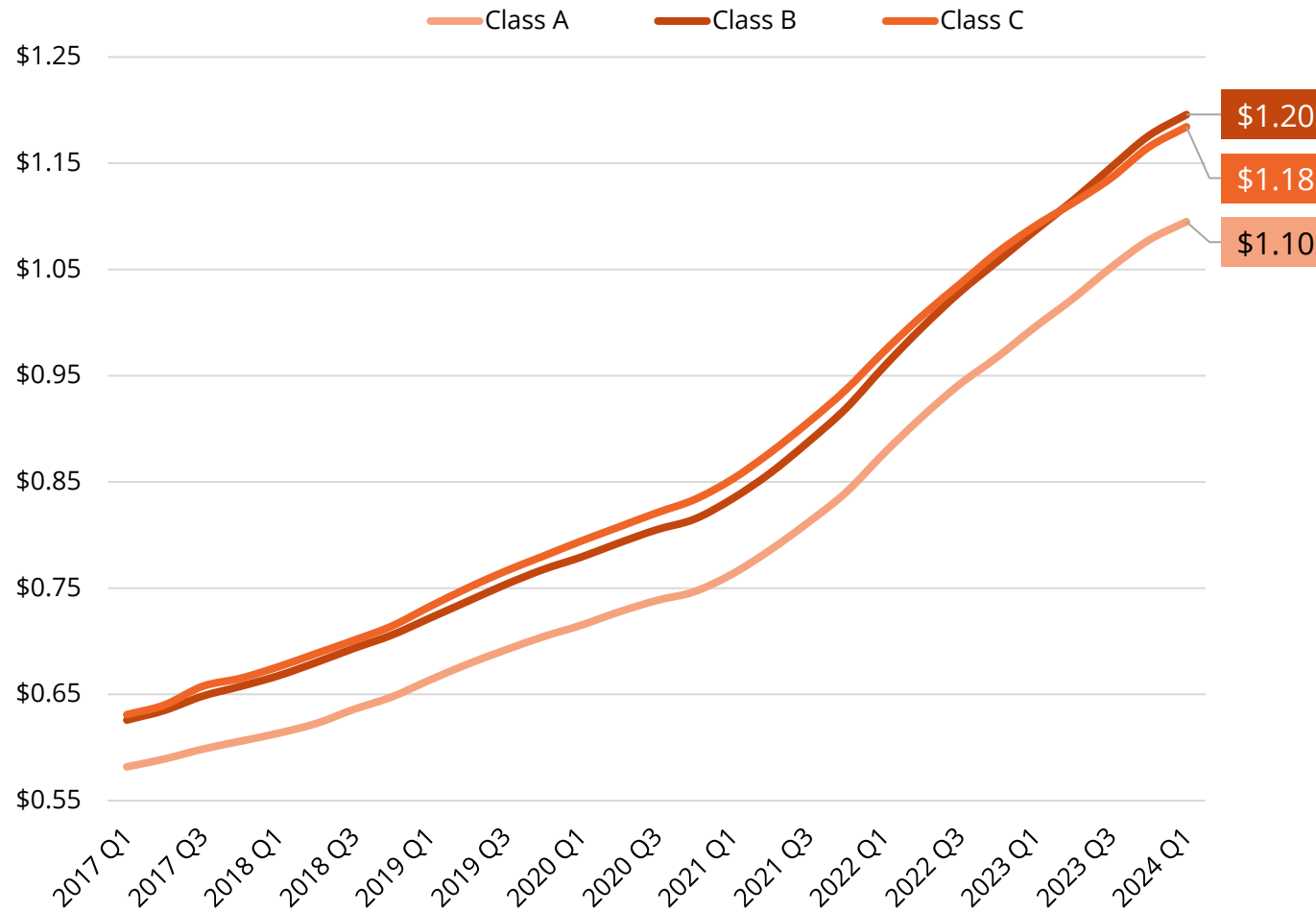
Las Vegas industrial vacancy (%)



Note: Available space differs from vacancy due to space being listed as available before current leases' expiration and the pre-leasing of unreleased space.

Las Vegas' industrial sector experienced a substantial uptick in vacancy rates in Q1 2024, driven by significant increases in both direct and sublet vacancies, alongside the introduction of 3.3 million square feet of new inventory, potentially signaling further rises in vacancy rates given ongoing construction activity and expiring leases awaiting renewal.

Las Vegas industrial monthly asking rents (\$)



Las Vegas' industrial market witnesses a close margin between Class A and Class B rents, with slight elevation in Class B rents over Class A in the latest quarter, while overall asking rents show a healthy increase since Q1 2023, marking a robust upward trend.

Appendix



Las Vegas industrial market activity

Q1 – Top leasing activity

Tenant	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Undisclosed	2300 W Carey Ave	North Las Vegas	January 2024	397,440	Direct	New Lease
Insomniac Holdings, LLC	4660 Berg St	North Las Vegas	January 2024	213,216	Direct	Renewal
Undisclosed	2185 E Washburn St	North Las Vegas	March 2024	200,186	Direct	New Lease
Art Guild	4490 Nexus Way	North Las Vegas	January 2024	87,007	Direct	Renewal

Q1 – Top sales activity

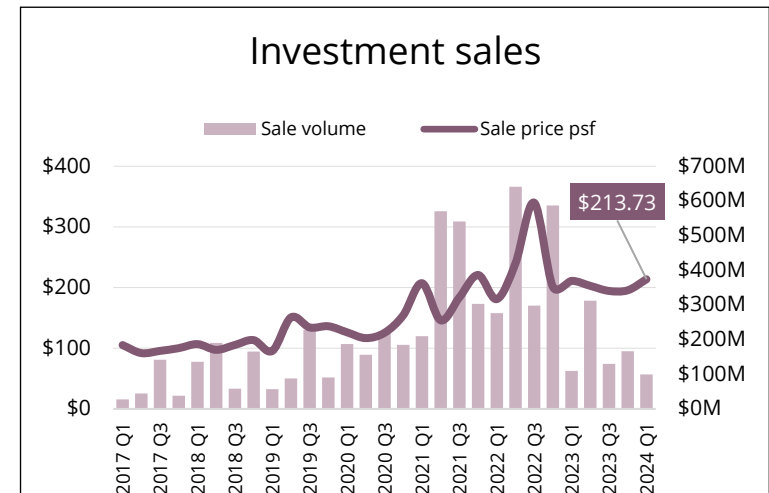
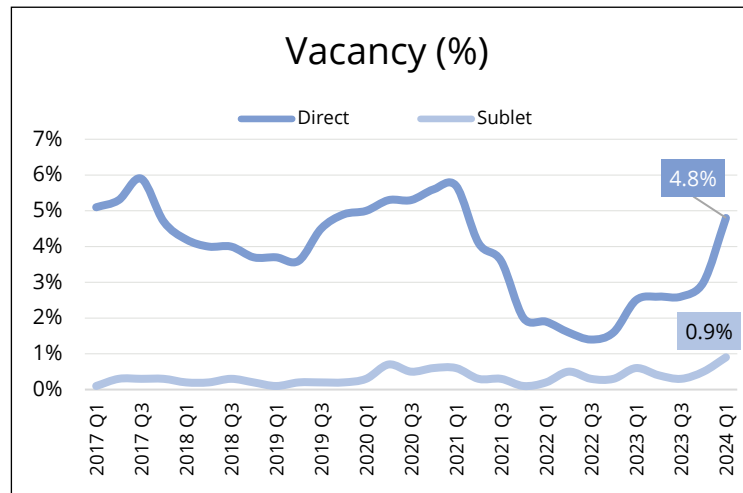
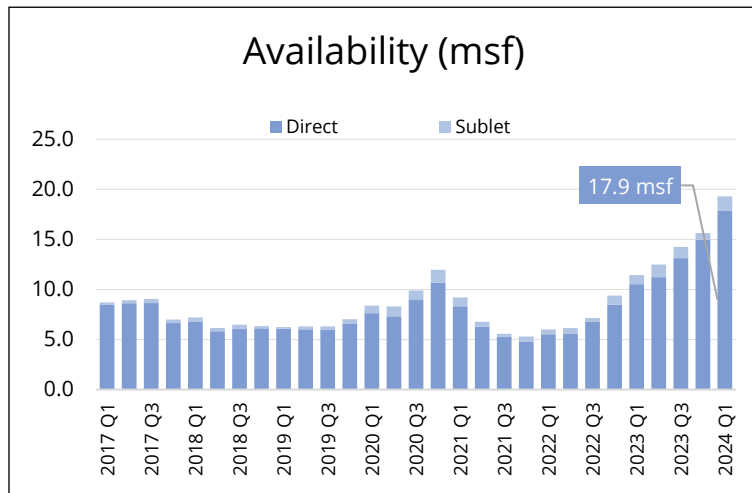
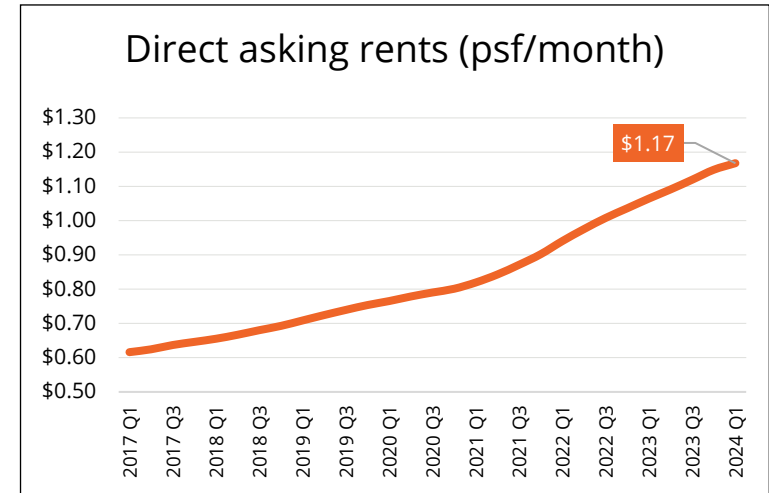
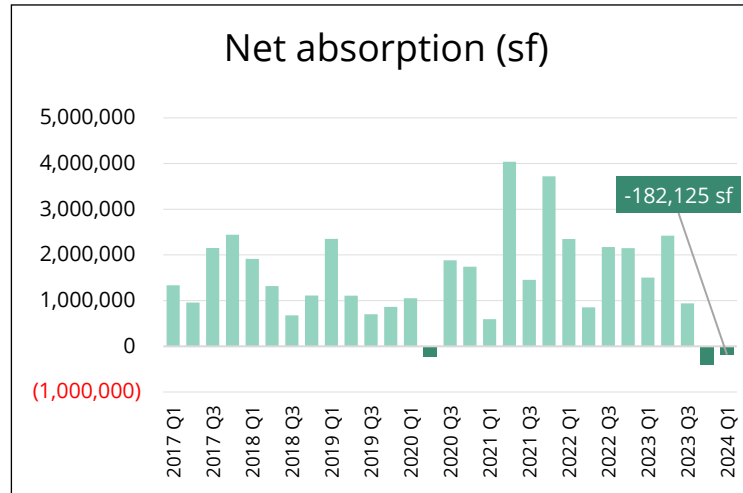
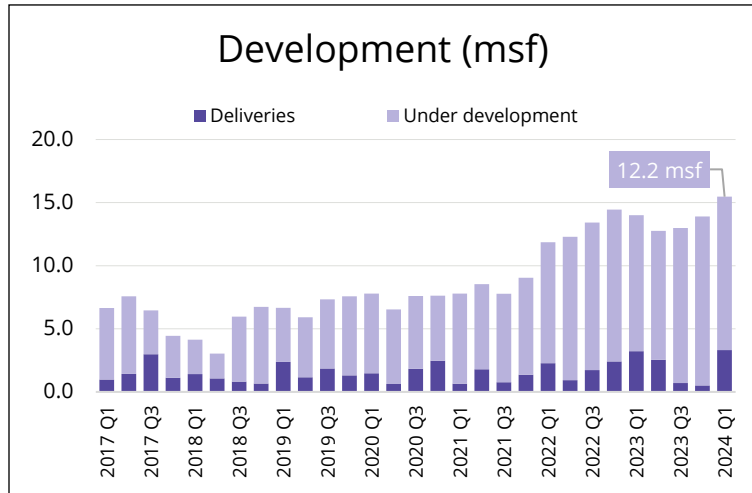
Buyer	Address	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
EastGroup Properties Inc.	5365 S Riley St	January 2024	76,836	\$28.3M	\$373.30	CapRock Partners
Womble Investments	7350 Prairie Falcon Rd	February 2024	148,643	\$21.6M	\$145.31	MCA Realty, Inc.
EastGroup Properties Inc.	8875 W Hacienda Ave	January 2024	134,450	\$21.5M	\$160.09	CapRock Partners
Big Apple Cleaners*	4040 Pioneer Ave	January 2024	45,000	\$8.1M	\$180.67	Revived Slots Inc

*Owner-user sale

Top projects under development

Project Name Address	Submarket	Delivery date	Building size sf	% Preleased	Developer
Desert Willow Logistics Center 110 W Gowan Rd – Building B	North Las Vegas	June 2024	505,466	0%	Link Logistics
Oasis Commerce Center S Rainbow Blvd	Southwest Las Vegas	May 2025	422,020	0%	Panattoni
Golden Triangle Logistics Center 2185 E Washburn Rd – Building 4	North Las Vegas	April 2024	400,371	50%	Trammell Crow Company
Windsor Commerce Park 2300 W Carey Ave – Building G	North Las Vegas	April 2024	397,440	100%	Lincoln Property Company

Las Vegas industrial market indicators



Las Vegas industrial market stats

	Existing inventory sf	Deliveries sf (Q1)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption sf (Q1)	Monthly direct asking rent
Airport / East Las Vegas	13,746,002	-	56,305	3.9%	0.5%	4.4%	(215,404)	\$1.31
Central Las Vegas	7,079,776	-	-	3.3%	0.2%	3.5%	8,014	\$1.14
North Las Vegas	52,620,455	1,528,269	5,102,381	4.9%	0.9%	5.7%	185,172	\$1.03
Northwest Las Vegas	447,676	-	-	1.4%	0%	1.4%	1,777	\$1.33
SE Las Vegas / Henderson	22,484,587	595,532	3,320,842	5.4%	0.7%	6.1%	169,401	\$1.24
Speedway	15,372,598	1,116,803	1,725,491	9.0%	3.8%	12.8%	(61,902)	\$0.96
Southwest Las Vegas	32,281,270	73,446	1,949,124	3.4%	0.3%	3.7%	(281,048)	\$1.37
West Las Vegas	6,905,140	-	-	3.7%	0%	3.7%	11,865	\$1.28
Market total	150,937,504	3,314,050	12,154,143	4.8%	0.9%	5.7%	(182,125)	\$1.17

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

For more market insights and information visit **avisonyoung.com**

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