

Las Vegas Industrial Market

Positive Momentum Continues into 2021

The strong momentum from year-end 2020 carried into the first quarter of 2021 for the Las Vegas industrial market. Net absorption remained strongly positive and measured 1.3 million square feet in first-quarter 2021, which is the second-highest quarterly total in the last five years. Vacancy continues to remain low, dropping 30 bps from fourth-quarter 2020 to 5.8%, even with robust development of speculative space. Asking rent growth is flat quarter-over-quarter at \$0.71/SF but increased modestly year over year by 1.4%. Construction levels continue to remain elevated thanks to strong tenant demand, particularly for newer vintage Class A space. Investor demand remained strong in first-quarter 2021, although sales volumes were down relative to previous quarters, with fewer, larger portfolio transactions occurring in first-quarter 2021.

Much of the new supply and demand for warehouse and distribution space is occurring in the North Las Vegas submarket, which accounted for the bulk of the positive net absorption in first-quarter 2021 and all the construction deliveries.

Some of the significant leases of the quarter included: DHL taking 365,251 square feet at Raceway Industrial Park; WinCo Foods signing a 189,785-square-foot lease at the recently delivered Marion Logistics Center; and local, prefabricated, tiny home

Current Conditions

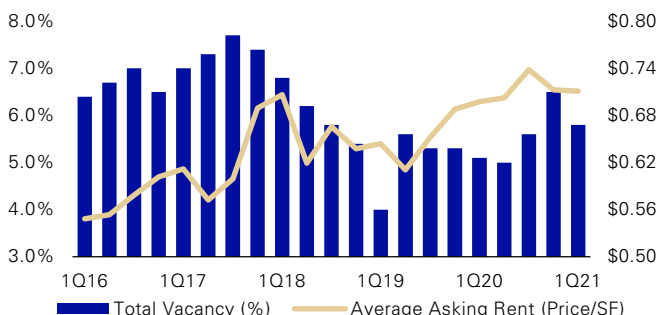
- Net absorption continues to remain strongly positive, measuring 1.3 million square feet for first-quarter 2021.
- Construction levels continue to remain high and concentrated in warehouse/distribution space in the North Las Vegas and Henderson submarkets.
- Asking rents have remained largely flat over the last few quarters but rising construction and material costs should increase rents over the coming quarters.

Market Summary

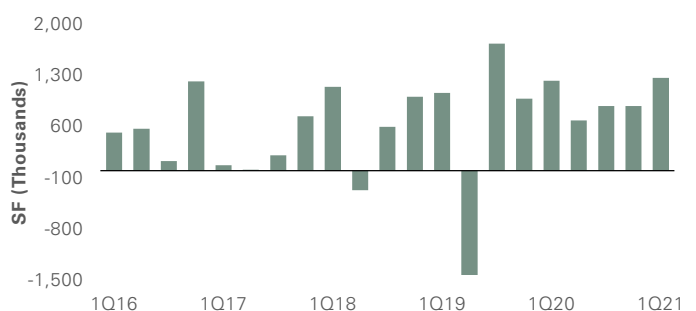
| | Current Quarter | Prior Quarter | Year Ago Period | 12-Month Forecast |
|-------------------------------|-----------------|---------------|-----------------|-------------------|
| Total Inventory | 133.9 MSF | 133.2 MSF | 128.6 MSF | ↑ |
| Vacancy Rate | 5.8% | 6.5% | 5.1% | ↑ |
| Quarterly Net Absorption (SF) | 1,268,050 | 883,928 | 1,227,595 | → |
| Average Asking Rent PSF | \$0.71 | \$0.71 | \$0.70 | → |
| Under Construction (SF) | 5.4 MSF | 6.0 MSF | 5.5 MSF | → |
| Deliveries (SF) | 0.4 MSF | 2.2 MSF | 0.8 MSF | ↑ |

Market Analysis

ASKING RENT AND VACANCY RATE



NET ABSORPTION



RESEARCH Q1 2021

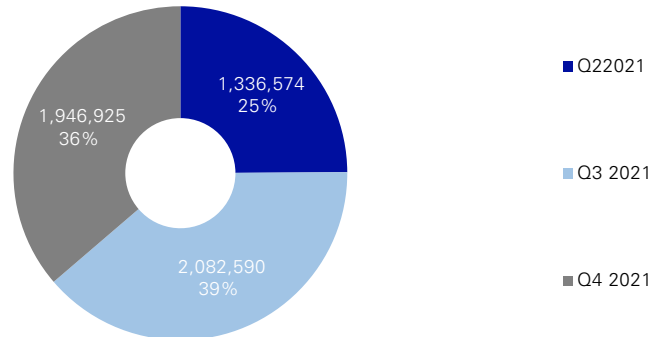
Boxabl inking a 137,225-square-foot lease at CapRock Interchange Industrial. Amazon continues to expand in Southern Nevada with plans to open a new fulfillment center and several delivery stations, adding hundreds of jobs in 2021.

Since the onset of the pandemic, investors are increasingly attracted to the relative safety and upside of the industrial asset type compared to other commercial real estate asset types. This trend continues to play out in Las Vegas, with newer vintage warehouse and distribution buildings highly sought after by investors. Notable sales transactions of the quarter included: Pannatoni Development Company buying the 190,667-square-foot Creel-occupied building in the Southwest submarket in a sale-leaseback transaction; ClearBags purchased the building at 5360 North Beesley Drive and plans to occupy a portion of the building and lease the remaining space; and owner-user Channell Commercial Corporation purchasing the 93,995-square-foot Lone Mountain Logistics.

Industrial construction continues to remain elevated in Southern Nevada, with 5.4 million square feet under construction as of first-quarter 2021. Most of the development is warehouse and distribution space being constructed in the North Las Vegas and Henderson submarkets. In fact, 85.7% of the under construction square footage is occurring in these two submarkets.

Pending Las Vegas Industrial Deliveries

TOTAL SQUARE FOOTAGE BY QUARTER



Total Square Footage by Submarket

| | |
|-----------------|-----------|
| Airport | 325,815 |
| East Las Vegas | 70,814 |
| Henderson | 2,202,006 |
| North Las Vegas | 2,396,392 |
| Southwest | 371,062 |

Select Under Construction Properties

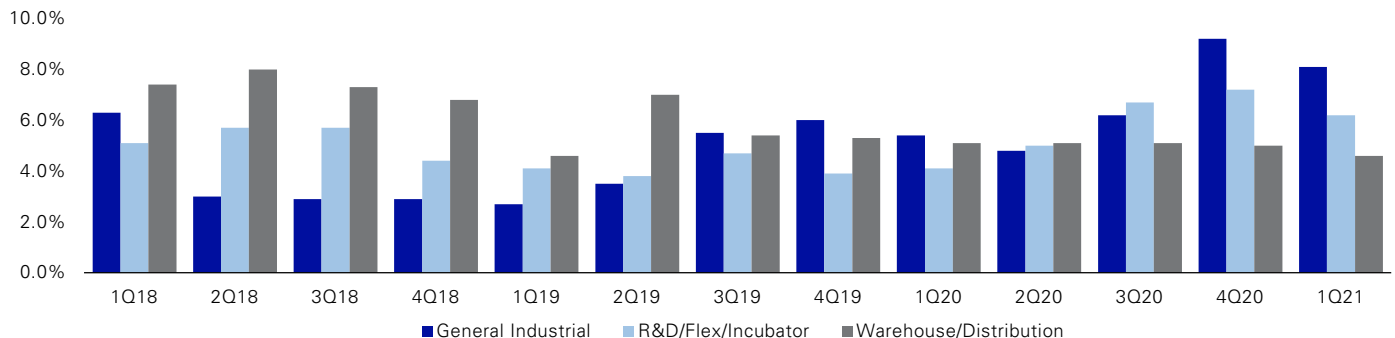
| Building | Square Feet | Estimated Delivery Date |
|----------------------------------|-------------|-------------------------|
| 5802 E. Tropical Pky. | 857,060 | September 2021 |
| Google Data Center | 750,000 | April 2021 |
| Prologis I-15 Speedway Center II | 649,136 | October 2021 |
| South 15 Airport Center | 614,520 | October 2021 |
| Silver State Commerce Center | 367,600 | July 2021 |
| Silver State Commerce Center | 291,564 | July 2021 |
| Stephanie Commerce Center | 260,448 | June 2021 |
| Mountain West Industrial Park | 252,900 | December 2021 |

Select Large Blocks of Available Space

| Building | Square Feet |
|-------------------------------------------------------|-------------|
| LogistiCenter at Miner's Mesa (Planned) | 664,300 |
| Golden Triangle Logistics Center #3 (Planned) | 652,010 |
| Golden Triangle Logistics Center #2 | 651,010 |
| South 15 Airport Center Building F | 614,520 |
| CapRock Interchange Industrial | 509,761 |
| Prologis I-15 Speedway Logistics Center #11 (Planned) | 293,930 |
| Silver State Commerce Center Building Two | 291,564 |

Historical Vacancy Rates

BY PRODUCT TYPE



| Submarket Statistics | | | | | | |
|----------------------|----------------------|-------------------------|-----------------|--------------|-------------------------------|--------------------------------|
| | Total Inventory (SF) | Under Construction (SF) | Deliveries (SF) | Vacancy Rate | Quarterly Net Absorption (SF) | Average Asking Rent (Price/SF) |
| Airport | 15,479,042 | 325,815 | 0 | 4.7% | -77,160 | \$0.81 |
| Central Las Vegas | 5,311,417 | 0 | 0 | 4.2% | -62,131 | \$0.73 |
| East Las Vegas | 2,502,850 | 70,814 | 0 | 6.9% | -21,794 | \$0.62 |
| Henderson | 17,666,827 | 2,202,006 | 0 | 3.9% | 94,891 | \$0.76 |
| North Las Vegas | 53,020,416 | 2,396,392 | 376,215 | 8.3% | 1,204,425 | \$0.60 |
| Northwest | 887,850 | 0 | 0 | 7.6% | 23,282 | \$1.04 |
| Southwest | 39,041,265 | 371,062 | 0 | 3.7% | 106,537 | \$0.88 |
| Market | 133,909,667 | 5,366,089 | 376,215 | 5.8% | 1,268,050 | \$0.71 |

| Select Lease Transactions | | | | |
|---------------------------|-----------------|--------------------------------------------|----------|-------------|
| Tenant | Submarket | Building | Type | Square Feet |
| DHL | North Las Vegas | Raceway Industrial Park | New | 385,251 |
| Undisclosed | North Las Vegas | Prologis I-15 Speedway Logistics Center II | Sublease | 344,528 |
| WinCo Foods | North Las Vegas | Marion Logistics Center | New | 189,785 |
| Boxabl | North Las Vegas | CapRock Interchange Industrial | New | 137,225 |
| von Drehle | North Las Vegas | Craig Distribution Center I | Renewal | 108,600 |

| Select Sale Transactions | | | | |
|----------------------------------|-----------------|--------------|----------|-------------|
| Address | Submarket | Sale Price | Price/SF | Square Feet |
| 6330 W. Sunset Rd. | Southwest | \$34,000,000 | \$178.32 | 190,667 |
| 3679 N. Civic Center Dr. | North Las Vegas | \$14,531,925 | \$123.13 | 118,021 |
| 5360 N. Beesley Dr. | North Las Vegas | \$14,000,000 | \$131.20 | 106,705 |
| SWC Lone Mountain Rd. & Berg St. | North Las Vegas | \$11,796,373 | \$125.50 | 93,995 |
| 3915-3925 W. Hacienda Ave. | Southwest | \$11,771,483 | \$140.12 | 84,008 |

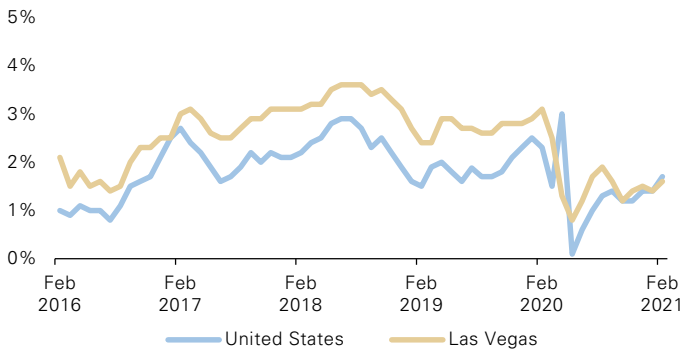
| Top Deliveries | | | | |
|-------------------------|---------------------------|-----------------|-------------|-------------|
| Building | Address | Submarket | Type | Square Feet |
| Marion Logistics Center | 3777 Marion Dr. | North Las Vegas | Speculative | 282,220 |
| Lone Mountain Logistics | 2643 E. Lone Mountain Rd. | North Las Vegas | Speculative | 93,995 |

Economic Overview

For the first time since the onset of COVID-19 and its sudden halt to the nation's economy, the unemployment rate for Las Vegas has dipped below 10.0%, coming in at 9.3% in February 2021, a far cry from April 2020's record high of 34.0%. Although still very high, the unemployment rate has steadily declined with each month without seeing any increases from month to month as some of the surrounding metros have experienced. Over 320,000 jobs have been created from April 2020 to February 2021, with the largest increases occurring in the heavily hit leisure and hospitality sector, as well as the trade, transportation and utilities sector. With safety measures and vaccine rollout plans in place, more business and offices plan to bring workers back to the workplace, which may create more needed jobs in coming months, especially as consumer confidence in the safety to travel and visit the Metro will help ignite the struggling economy once again.

Consumer Price Index (CPI)

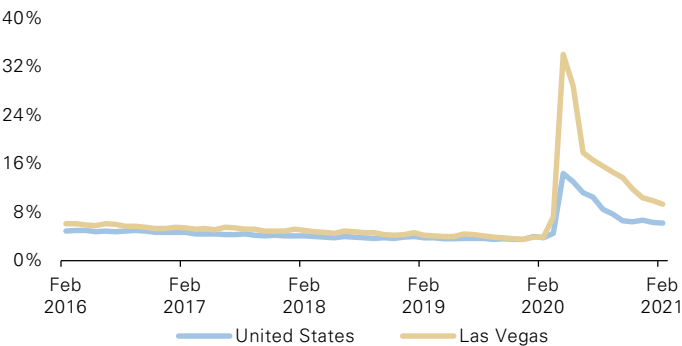
ALL ITEMS, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

Unemployment Rate

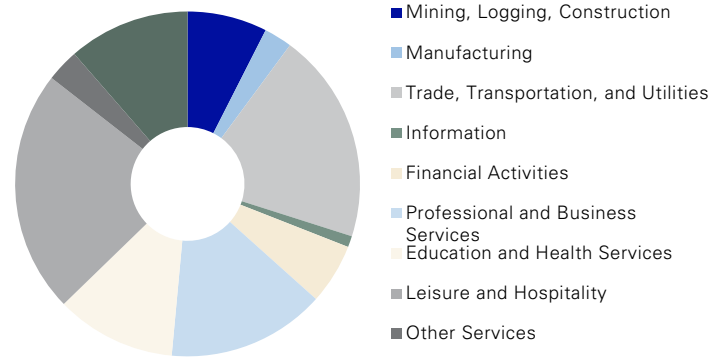
NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

Employment by Industry

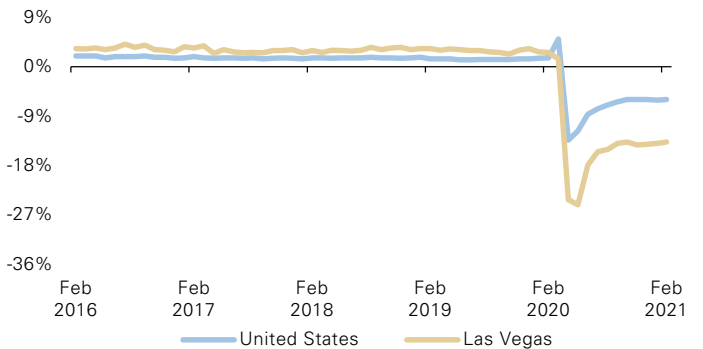
LAS VEGAS, 2020 ANNUAL AVERAGE



Source: U.S. Bureau of Labor Statistics

Payroll Employment

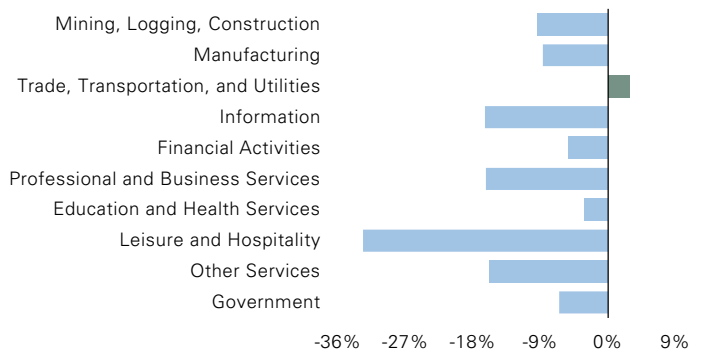
TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



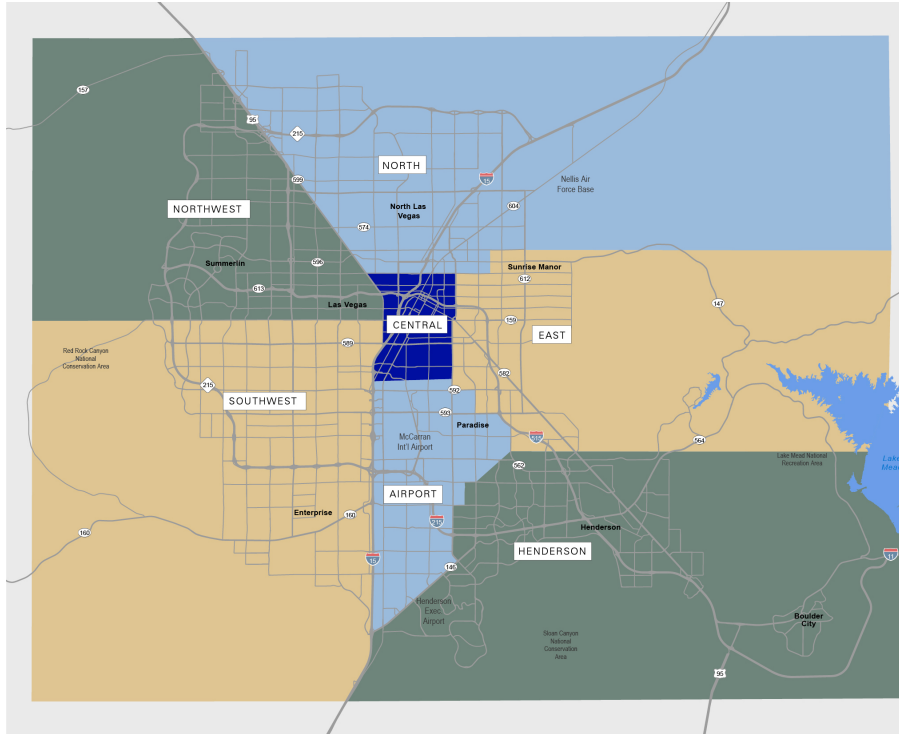
Source: U.S. Bureau of Labor Statistics

Employment Growth by Industry

LAS VEGAS, FEBRUARY 2021, 12-MONTH % CHANGE, NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics



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