



Las Vegas Industrial Market

Pre-Leasing Shapes Overall Activity, Given Record Low Vacancy

The robust performance of the Las Vegas industrial market continued into the first quarter of 2022 amid continued strong job growth, especially in the hard-hit leisure and hospitality industry. Vacancy reached a historic market low of 2.4%. For the second straight quarter, rents experienced more than 10.0% growth quarter over quarter. Las Vegas’s location allows it to connect to both Southern and Northern California metros and ports in a one-day truck drive, as well as some of the fastest-growing metro areas in the West, including Phoenix, Salt Lake City, Reno and Boise. Economic headwinds are clouding the outlook for the second half of 2022 and into 2023, as tenants are experiencing rising logistics, labor, and real estate costs at the same time consumers are seeing rising wages outstripped by high inflation.

Las Vegas development increased substantially from 6.3 million square feet under construction in the fourth quarter of 2021 to 8.5 million square feet in the first quarter of 2022. Most of the development continues to be focused in the North Las Vegas (5.5 million square feet; 65.0% of total) and Henderson submarkets (2.9 million square feet; 26.9% of total). The overwhelming majority of new construction is speculative development; with vacancy at a record low, Las Vegas is experiencing strong pre-leasing. Close to 60% of the space currently under construction is already pre-leased. These submarkets offer strategic advantages

Current Conditions

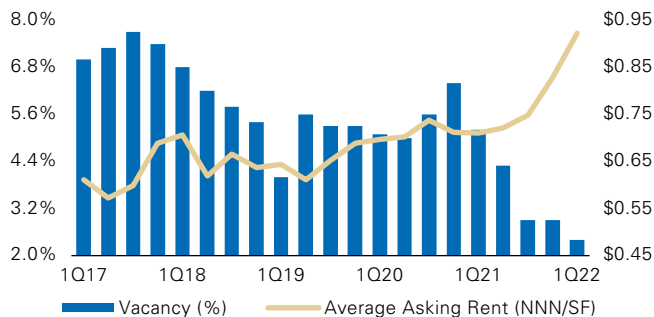
- Asking rent increased 11.5% quarter-over-quarter to \$0.92/SF after a 10.5% increase in the previous quarter.
- The market experienced record-low vacancy of 2.4% for the quarter, down 280 basis points year over year.
- Close to 60% of the square footage under construction is pre-leased as tenants struggle to find existing available space.

Market Summary

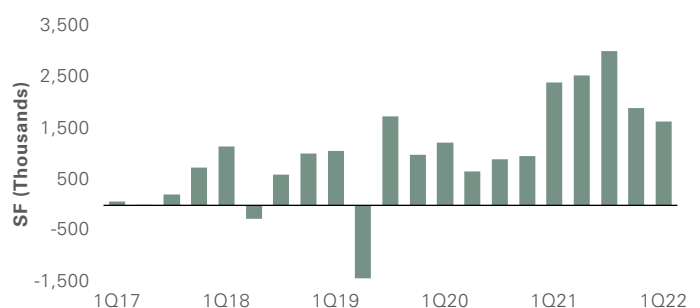
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	139.4 M	138.5 M	134.0 M	↑
Vacancy Rate	2.4%	2.9%	5.2%	↑
Quarterly Net Absorption (SF)	1.6 M	1.9 M	2.4 M	↑
Average Asking Rent/SF	\$0.92	\$0.83	\$0.71	↑
Under Construction (SF)	8.5 M	6.3 M	6.4 M	→
Deliveries (SF)	1.0 M	2.0 M	2.2 M	↑

Market Analysis

ASKING RENT AND VACANCY RATE



NET ABSORPTION



RESEARCH Q1 2022

to industrial developers: availability of industrial land; quick access to I-15; and less traffic congestion relative to the other submarkets.

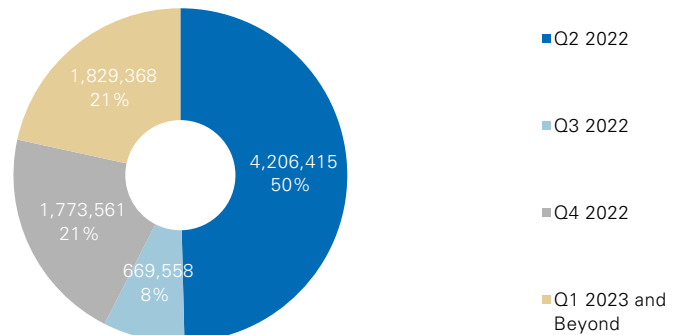
In an indication of lack of market supply, four of the top five leases of the quarter were pre-leases. Two of the significant leases of the quarter, Hagen USA pre-leased all 201,500 square feet at Prologis I-15 Speedway Logistics Center 10 and local hardware retailer Fasteners, Inc. pre-leased Golden Triangle Logistics Center 5.

Las Vegas experienced a drop in investment activity from the fourth quarter of 2021 to the first quarter of 2022, similar to the nearby western metros of Phoenix and Salt Lake City. One of the more notable transactions of the quarter included Dream Alternatives and PaulsCorp acquiring the 683,436-square-foot Interchange Industrial Center in the North Las Vegas submarket from CapRock. Investors will move forward with caution as they process the Federal Reserve's interest rate increases to curb rampant inflation and its effect on the market.

Asking rent increased to \$0.92/SF from \$0.83/SF, an 11.5% increase quarter-over-quarter. Even with the rapid rise, Las Vegas is anywhere from 10.7% to 35.2% lower in terms of asking rents relative to the Southern California markets.

Pending Las Vegas Industrial Deliveries

TOTAL SQUARE FOOTAGE BY QUARTER



Under Construction Square Footage by Submarket

Airport	124,434
East Las Vegas	59,266
Henderson	2,280,261
North Las Vegas	5,513,278
Southwest	501,663

Select Under Construction Properties

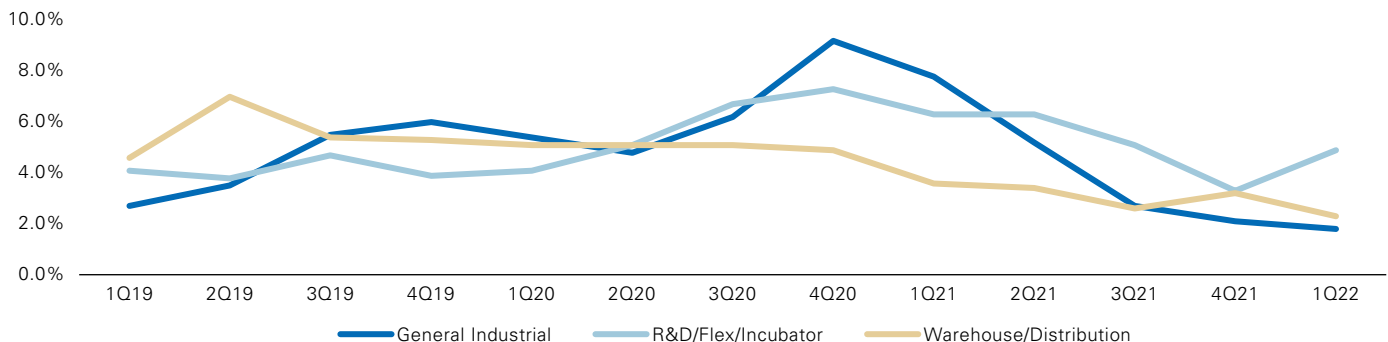
Building	Square Feet	Estimated Delivery Date
North Logistics Phase II Bldg. 3	788,841	Q1 2023
Golden Triangle Logistics Center 3	675,360	Q2 2022
LogistiCenter at Miner's Mesa	664,300	Q1 2023
South 15 Airport Center	614,520	Q2 2022
Range Road Industrial Park	464,292	Q2 2022
CapRock Tropical Logistics 2	400,801	Q4 2022
Prologis I-15 Speedway Center II B	337,666	Q2 2022

Select Large Blocks of Available Space

Building	Square Feet
North Vegas Logistics Center 1 (Planned)	1,043,620
North Vegas Logistics Center 2 (Planned)	1,007,536
Vantage North 3 (Planned)	763,860
LogistiCenter at Miner's Mesa (Under Construction)	664,300
North 15 Logistics II 4 (Planned)	656,267
Vantage North 2 (Planned)	583,320
Vantage North 1 (Planned)	434,000

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	15,880,826	124,434	250,584	4.4%	-9,471	\$0.84
Central Las Vegas	5,311,417	0	0	2.1%	19,460	\$0.85
East Las Vegas	2,524,398	59,266	11,548	1.5%	37,053	\$0.96
Henderson	19,155,675	2,280,261	253,800	3.9%	67,298	\$0.84
North Las Vegas	55,814,937	5,513,278	87,161	1.6%	1,210,855	\$0.81
Northwest	887,850	0	0	10.9%	-29,674	\$1.19
Southwest	39,860,181	501,663	384,198	2.0%	338,662	\$1.11
Market	139,435,284	8,478,902	987,291	2.4%	1,634,183	\$0.92

Select Lease Transactions				
Tenant	Submarket	Building	Type	Square Feet
Confidential	North Las Vegas	Silver State Commerce Center 4	New	488,100
Confidential	North Las Vegas	Range Road Industrial Park	New	464,292
Confidential	Henderson	Stephanie Commerce Center 1	New	260,448
Hagen USA	North Las Vegas	Prologis I-15 Speedway Logistics Center 10	New	201,500
Fasteners, Inc.	North Las Vegas	Golden Triangle Logistics Center 5	New	201,032

Select Sale Transactions				
Building	Submarket	Sale Price	Price/SF	Square Feet
Interchange Industrial Center	North Las Vegas	\$123,888,000	\$181.26	683,481
Escondido Industrial Park	Airport	\$20,200,000	\$129.03	156,556
Bromigo Industrial Plaza	Henderson	\$25,325,000	\$163.94	154,481
249 Elliott Rd.	Henderson	\$16,175,000	\$187.48	86,274
McCarran Commerce Center	Airport	\$22,540,000	\$265.09	85,027

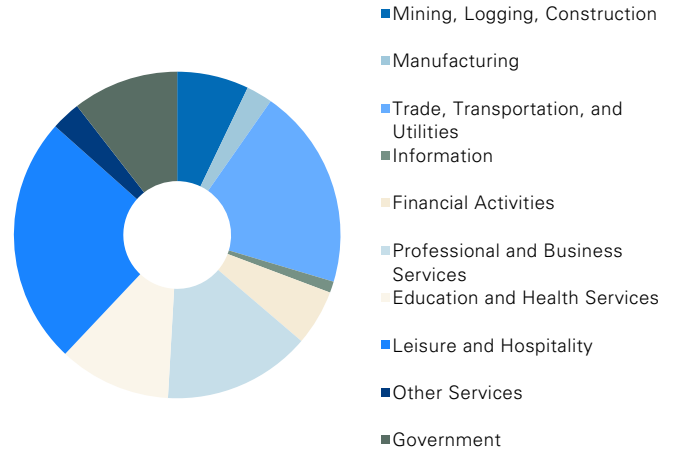
Top Deliveries				
Building	Address	Submarket	Type	Square Feet
Beltway Business Park 12	Decatur Blvd. & CC-215	Southwest	Speculative	232,275
Silver State Commerce Center	4250 N. 5 th St.	North Las Vegas	Speculative	174,615
South 15 Airport Center G	Bermuda Ave. & Bruner Ave.	Henderson	Speculative	123,760
Bromigo Industrial Plaza B	1645 Amigo St.	Henderson	Speculative	78,466
Bromigo Industrial Plaza A	1635 Amigo St.	Henderson	Speculative	75,969

Economic Overview

Facing the second-highest metro unemployment rate at the end of the COVID-19 recession in April 2020, Las Vegas has come a long way in recovering economically. Unemployment remains elevated compared to the national average for February 2022, Las Vegas sitting at 5.3% compared to 3.8% for the nation. The Metro has seen steady gains in creating jobs lost and lowering unemployment at a consistent rate since June 2021 due to the disruption the pandemic wreaked on the economy on a global scale. Overall job growth from April 2020 to February 2022 sits at 24.7%, with 255,000 net jobs created within that time. Overall employment is nearing pre-pandemic numbers, sitting only 1.6% below February 2020 total employment numbers. With a metro economy that is closely tied with its tourism industry and visitor volume up 69.9% year-over-year, more businesses and offices are bringing workers back to the workplace, creating potential for increased job creation in the office sector for the coming months.

Employment by Industry

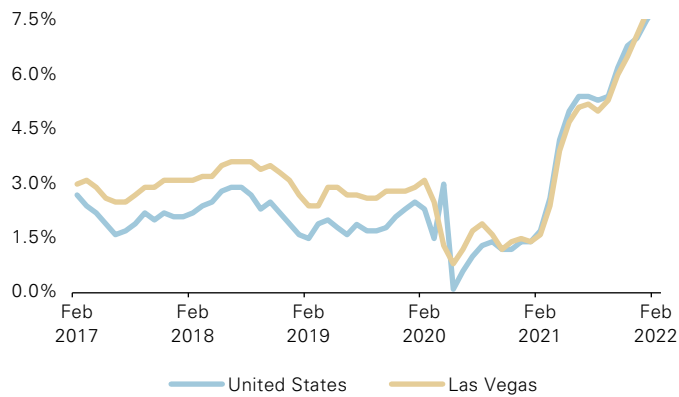
LAS VEGAS, 2021 ANNUAL AVERAGE



Source: U.S. Bureau of Labor Statistics

Consumer Price Index (CPI)

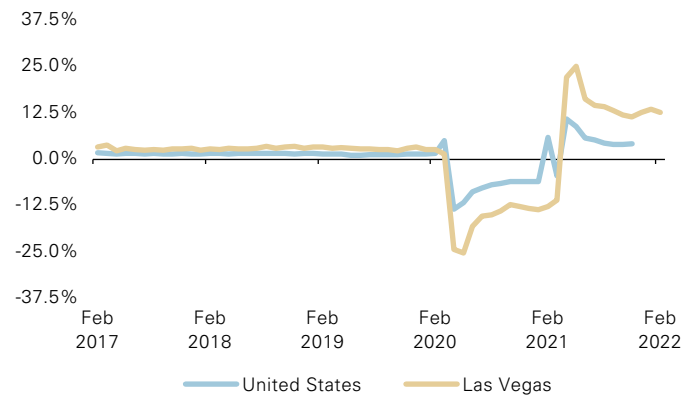
ALL ITEMS, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

Payroll Employment

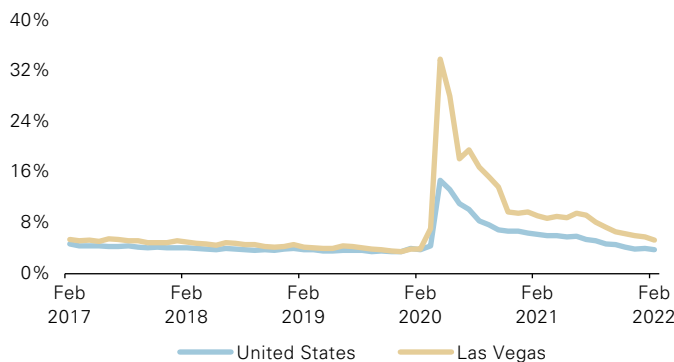
TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

Unemployment Rate

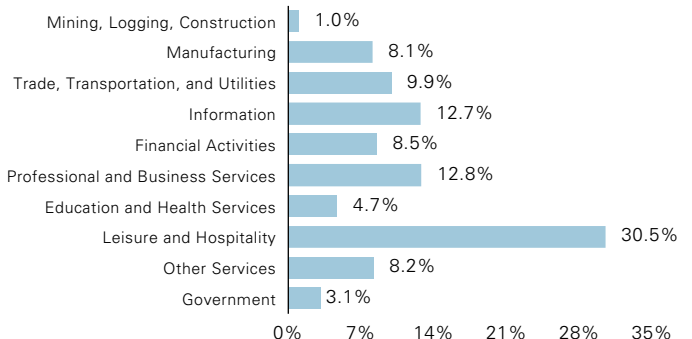
NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

Employment Growth by Industry

LAS VEGAS, FEBRUARY 2022, 12-MONTH % CHANGE, NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

