

Las Vegas Industrial Market

Northwest Las Vegas and Henderson Submarkets Undergird Strong Industrial Performance

The recent solid performance of the Las Vegas industrial market continued into the second quarter of 2021, with many metrics pointing to a fundamentally sound market: strong positive net absorption, a decreasing vacancy rate and rising asking rents. The acceleration of ecommerce spending, a broader economic recovery, a lower cost of doing business relative to the Southern California markets, as well as Las Vegas's access to large population centers within a one-day truck drive, are tailwinds underpinning continued industrial market strength.

Much of the new supply and demand for warehouse and distribution space is occurring in the North Las Vegas submarket, which offers quick freeway access and a lower land cost basis relative to other submarkets. The 750,000-square-foot Google Data Center in Henderson delivered in second-quarter 2021, and Google announced plans to expand its presence in Henderson with an additional \$600.0-million investment in the site.

Some of the significant leases of the quarter included: ecommerce retailer Barkbox signing a 397,656-square-foot lease at CapRock Interchange Industrial, One Solution inking a 225,937-square-foot lease at Distribution Circle Commerce Center and an undisclosed global third-party logistics company taking 174,615 square feet at Silver State Commerce Center Building 3. All of the

Current Conditions

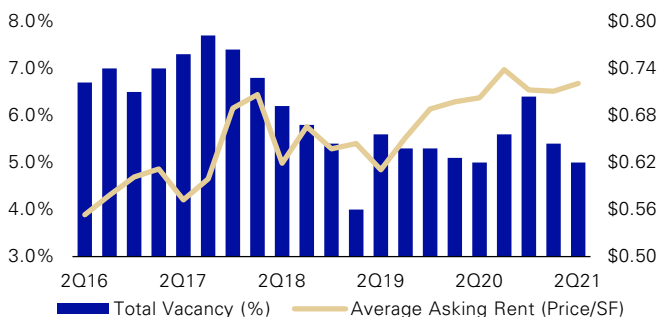
- Net absorption continues to remain strongly positive, measuring 1.9 million square feet for second-quarter 2021.
- Construction levels continue to remain high and concentrated in warehouse/distribution space in the North Las Vegas and Henderson submarkets.
- The average asking rent rose modestly for the first time in the last three quarters; continued increases should be seen over the coming quarters, especially with rising construction costs.

Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory	135.3 MSF	133.9 MSF	128.2 MSF	↑
Vacancy Rate	5.0%	5.4%	5.0%	→
Quarterly Net Absorption (SF)	1,894,890	1,652,237	665,609	→
Average Asking Rent PSF	\$0.72	\$0.71	\$0.70	↑
Under Construction (SF)	5.9 MSF	6.0 MSF	5.4 MSF	→
Deliveries (SF)	1.2 MSF	0.4 MSF	0.7 MSF	↑

Market Analysis

ASKING RENT AND VACANCY RATE



NET ABSORPTION



RESEARCH Q2 2021

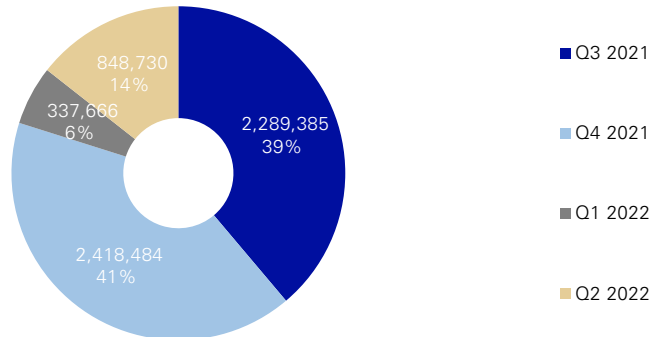
top leases of the quarter were within the North Las Vegas submarket.

Investor interest in Las Vegas industrial product continued into second-quarter 2021, which marked the fourth straight quarter of increased transaction dollar volume and was the second highest quarterly total since 2011. A large portion of the transaction dollar volume was thanks to the Golden Triangle Industrial Park transaction that sold to Clarion Partners for \$335.6 million and included over 2.4 million square feet. The asset reportedly traded at an allocated cap rate of 3.8%, demonstrating investor desire to pay a premium for warehouse/distribution space in the sought-after North Las Vegas submarket.

Industrial construction remains high in the Las Vegas metro, with 5.9 million square feet under construction as of second-quarter 2021. Most of the development is warehouse and distribution space being constructed in the North Las Vegas and Henderson submarkets. In fact, 81.9% of the under-construction square footage is occurring in these two submarkets.

Pending Las Vegas Industrial Deliveries

TOTAL SQUARE FOOTAGE BY QUARTER



Under Construction Square Footage by Submarket

Airport	401,784
East Las Vegas	47,264
Henderson	1,531,783
North Las Vegas	3,300,452
Southwest	612,982

Select Under Construction Properties

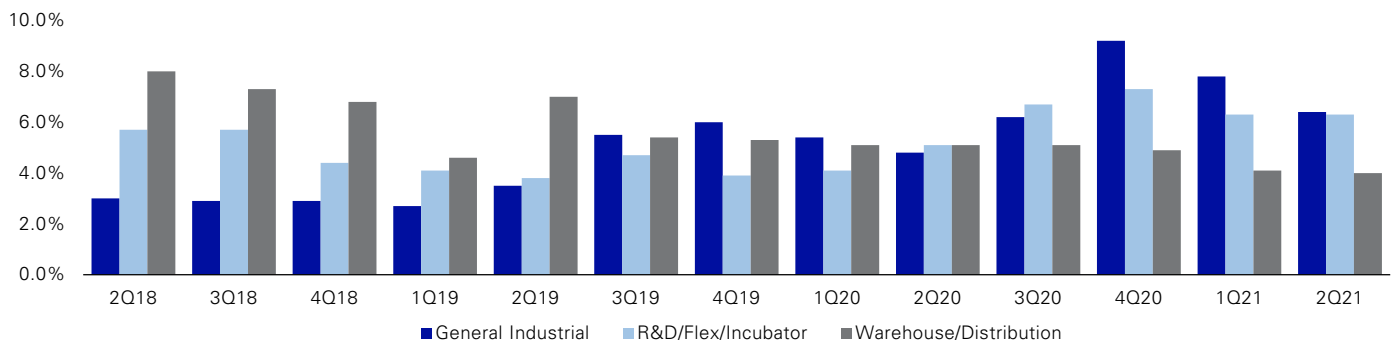
Building	Square Feet	Estimated Delivery Date
5802 E. Tropical Pky.	857,060	September 2021
Prologis I-15 Speedway Center II	649,136	October 2021
South 15 Airport Center	614,520	October 2021
Silver State Commerce Center	367,600	July 2021
Prologis I-15 Speedway Center II	337,666	February 2022
Silver State Commerce Center	291,564	July 2021
5902 E. Tropical Pky.	271,262	December 2021
NWC Tropical Pky. & Nicco Wy.	246,400	May 2022

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
South 15 Airport Center Building F	614,520
Range Road Industrial Park	464,292
LogistiCenter at I-15 South Bldg. 4 (Planned)	330,720
LogistiCenter at I-15 South Bldg. 1 (Planned)	330,720
Prologis I-15 Speedway Logistics Center #11 (Planned)	293,930

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	401,784	0	3.6%	72,071	\$0.89
Central Las Vegas	5,311,417	0	0	3.9%	18,612	\$0.74
East Las Vegas	2,502,850	47,264	0	4.3%	39,625	\$0.63
Henderson	18,754,875	1,531,783	1,088,048	5.3%	789,423	\$0.74
North Las Vegas	53,270,204	3,266,651	150,851	6.4%	916,185	\$0.59
Northwest	887,850	0	0	7.4%	1,482	\$0.88
Southwest	39,041,265	612,982	0	3.6%	57,492	\$0.89
Market	135,257,503	5,860,464	1,238,899	5.0%	1,894,890	\$0.72

Select Lease Transactions				
Tenant	Submarket	Building	Type	Square Feet
Barkbox	North Las Vegas	CapRock Interchange Industrial	New	397,656
One Solution	North Las Vegas	Distribution Circle Commerce Center	New	225,937
Undisclosed Global 3PL	North Las Vegas	Silver State Commerce Center Bldg. 3	New	174,615
Fresh n' Lean	North Las Vegas	Sloan Logistic Center	New	171,083
Packaging Corporation of America	North Las Vegas	5902 E. Tropical Pky.	New	149,191

Select Sale Transactions				
Building	Submarket	Sale Price	Price/SF	Square Feet
Golden Triangle Industrial Park	North Las Vegas	\$335,600,000	\$136.80	2,453,188
7900 W. Sunset Rd.	Southwest	\$40,500,000	\$122.18	331,417
North Las Vegas Business Park #1	North Las Vegas	\$23,340,905	\$122.49	190,553
Valley Freeway Center	Henderson	\$20,975,000	\$184.75	113,531
5720 & 5740 Arville St.	Southwest	\$19,800,000	\$194.24	101,938

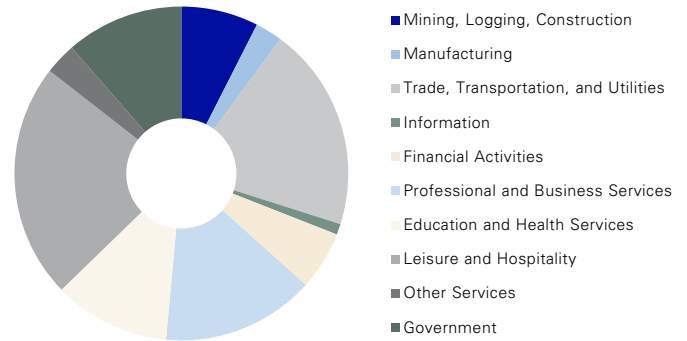
Top Deliveries				
Building	Address	Submarket	Type	Square Feet
Google Data Center	1627 Athol Ave.	Henderson	Owner-Built	750,000
Stephanie Commerce Center #1	1300 W. Wigwam Pky.	Henderson	Speculative	260,448
Tropical Commerce Speedway Center	6230 E. Tropical Pky.	North Las Vegas	Speculative	150,851
Stephanie Commerce Center #2	1350 W. Wigwam Pky.	Henderson	Speculative	77,600

Economic Overview

Since the onset of COVID-19 and its sudden halt to the nation’s economy, the unemployment rate for Las Vegas has continued to decrease, coming in at 8.9% in May 2021, a far cry from April 2020’s record high of 34.0%. Although still very high, the unemployment rate has steadily declined each month without seeing any increases from month to month as some of the surrounding metros have experienced. Over 160,000 jobs have been created from April 2020 to May 2021, with the largest increases occurring in the heavily hit leisure and hospitality sector, as well as the trade, transportation and utilities sector. As the full economy begins to come out of a COVID-19-induced slumber, industrial-occupying industries continue to build on the strong job growth experienced throughout the pandemic. This continued warehouse demand hints at consumer spending patterns, altered during the pandemic, becoming more permanent long term.

Employment by Industry

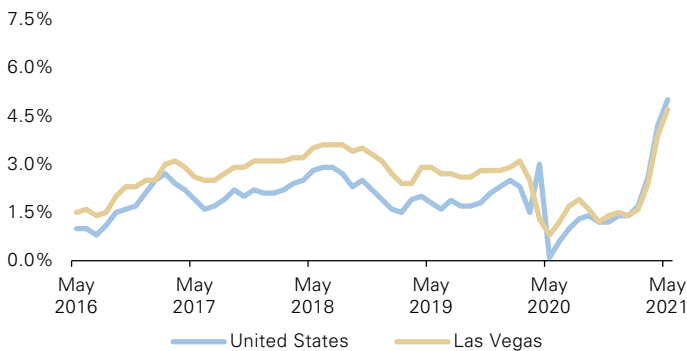
LAS VEGAS, 2020 ANNUAL AVERAGE



Source: U.S. Bureau of Labor Statistics

Consumer Price Index (CPI)

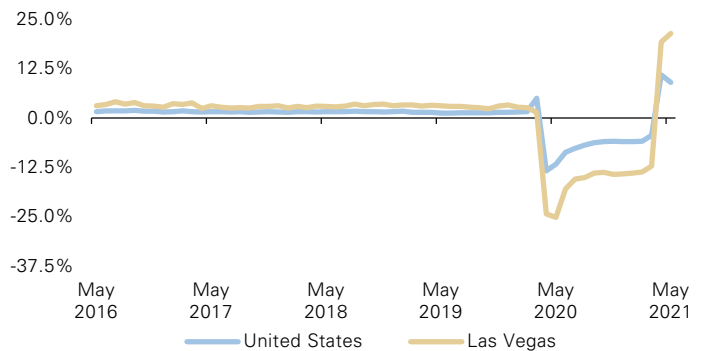
ALL ITEMS, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

Payroll Employment

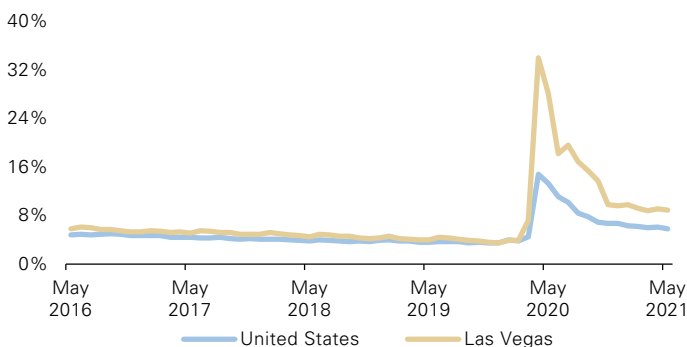
TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

Unemployment Rate

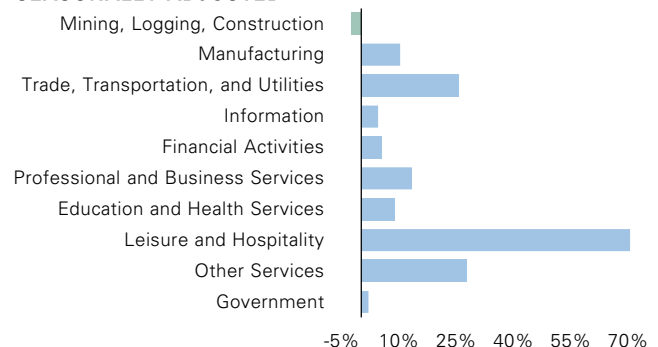
NOT SEASONALLY ADJUSTED



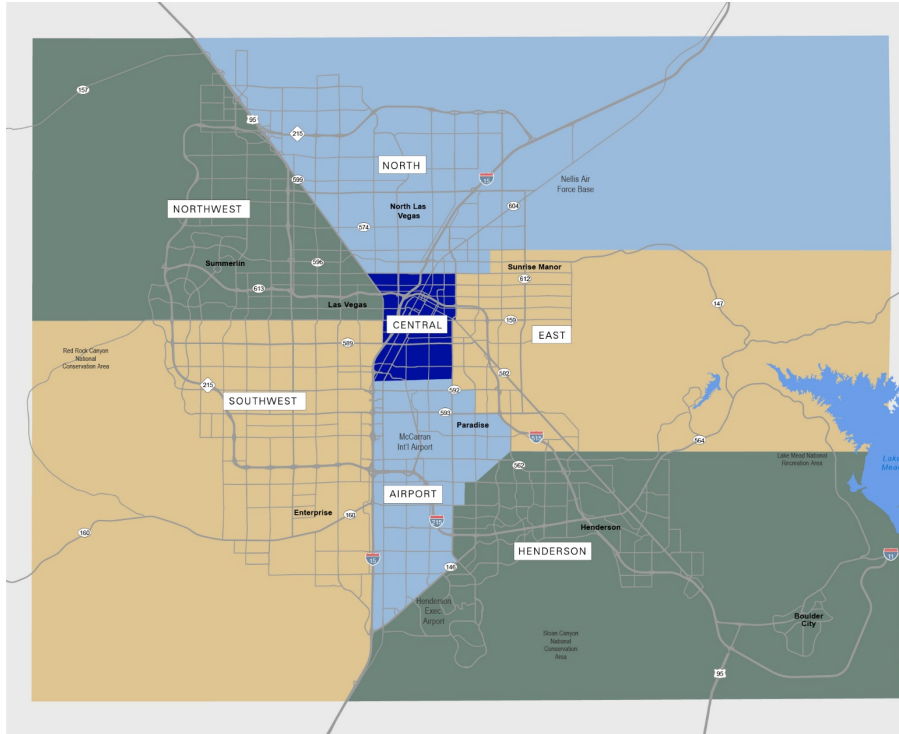
Source: U.S. Bureau of Labor Statistics

Employment Growth by Industry

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



Source: U.S. Bureau of Labor Statistics



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