

Las Vegas

Unprecedented growth leads to a record-setting year

- More than eight million s.f. delivered in 2022, a new Vegas record. This nearly matches the total from the previous two years combined.
- Occupancy growth also reached a new highwater mark, exceeding eight million s.f. for the first time.
- Strong demand for this new product continues to push total asking rents higher, up 10% quarter-over-quarter and 30% year-over-year.
- Pricing has begun to flatten for both existing inventory and land sites providing an opportunity for entry into the market.

Demand for industrial space in Las Vegas continues to outpace supply for the second year in a row. For the first time, eight million s.f. of new product delivered, but was surpassed by 8.5 million s.f. of positive net absorption. This exceeds the previous record established just last year. As a result, the market remains highly constricted with current availability rates below 6% and vacancy rates even lower at sub 3%. A tight market continues to place upward pressure on total asking rents which now approach \$11.25 p.s.f., a 30% increase from last year.

Continued demand in the big box arena, primarily from large 3PLs and distribution type users remains at the forefront of industrial activity. Where the market experienced its first seasonal slowdown in recent years towards the end of Q4, large big box leasing continued. Crane Worldwide Logistics, Spector & Co. and L.A. Specialty Produce are just some of the end users that signed deals in the 100,000-s.f. range this quarter, all at record rents. Look for this trend to continue into 2023 as multiple requirements remain in the market seeking space in this size range.

Outlook

Uncertainty regarding interest rates, construction costs and the ability to secure capital offers challenges but also opportunities heading into 2023. As interest rates rose, pricing on both land and building acquisitions were impacted. Some pricing lowered by as much as 20-25% and cap rates have moved almost 200 basis points from the lows seen earlier in the year.

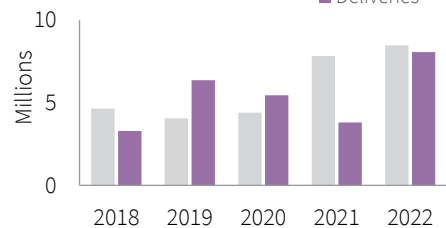
While this has some groups tapping the breaks in the short term, it provides opportunities for those with capital or able to secure financing as land pricing lowers and projects adjust. Leasing fundamentals remain strong in Las Vegas with demand for space still at record highs and asking rents reflective of that demand. Look for this to continue into the new year and render any pause in further construction to be brief.

Fundamentals

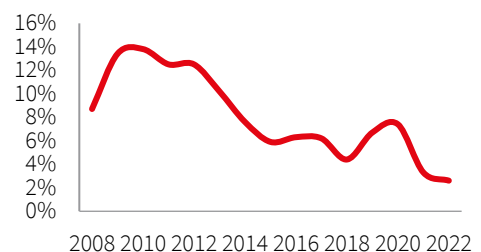
Forecast

YTD net absorption	8,474,656 s.f.	►
Under construction	7,411,715 s.f.	►
Total vacancy	2.6%	►
Sublease vacancy	366,201 s.f.	►
Direct asking rent	\$11.22 p.s.f.	►
Sublease asking rent	\$10.03 p.s.f.	►
Concessions	Stable	►

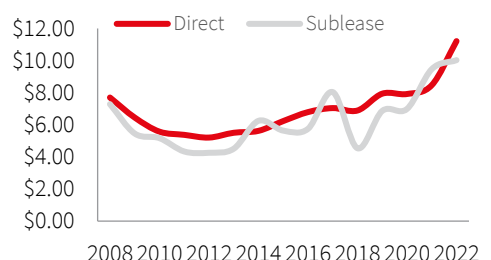
Supply and demand (s.f.)

Net absorption
Deliveries


Total vacancy (%)



Average asking rent (\$ p.s.f.)



Industrial Statistics

	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total availability (%)	Average total asking rent (\$ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
Las Vegas total										
Warehouse & Distribution	98,949,562	1,519,457	8,292,222	8.4%	2.4%	5.9%	\$11.04	1,975,041	7,825,808	7,411,715
Manufacturing	9,390,256	-127,267	182,434	1.9%	2.6%	3.6%	\$9.72	0	38,842	0
Overall Total	108,548,729	1,392,190	8,474,656	7.8%	2.6%	5.9%	\$11.12	2,183,952	8,073,561	7,411,715
Airport/E Las Vegas										
Warehouse & Distribution	8,199,455	18,322	254,640	3.1%	6.4%	6.3%	\$10.87	0	486,120	0
Manufacturing	1,282,284	0	24,000	1.9%	0.0%	0.8%	\$7.50	0	0	0
Overall Total	9,481,739	18,322	278,640	2.9%	5.6%	5.6%	\$10.80	0	486,120	0
Central Las Vegas										
Warehouse & Distribution	3,280,032	68,814	101,663	3.1%	0.0%	0.5%	\$13.20	0	0	0
Manufacturing	276,801	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	3,556,833	68,814	101,663	2.9%	0.0%	0.5%	\$13.20	0	0	0
North Las Vegas										
Warehouse & Distribution	38,105,982	433,547	3,164,532	8.3%	2.4%	7.5%	\$11.57	968,676	3,237,542	4,428,949
Manufacturing	3,417,438	-58,162	169,490	5.0%	1.7%	1.7%	\$0.00	0	0	0
Overall Total	41,523,420	375,385	3,334,022	8.1%	2.3%	7.1%	\$11.57	968,676	3,237,542	4,428,949
Northwest Las Vegas										
Warehouse & Distribution	249,039	0	0	0.0%	0.0%	4.5%	\$17.88	0	0	0
Manufacturing	104,748	0	886	0.8%	0.0%	4.5%	\$15.90	0	0	0
Overall Total	353,787	0	886	0.3%	0.0%	4.5%	\$17.29	0	0	0
SE LV/Henderson										
Warehouse & Distribution	13,910,633	619,008	2,613,607	18.8%	1.9%	4.1%	\$12.26	512,619	2,263,968	756,635
Manufacturing	2,270,876	0	3,773	0.2%	3.8%	7.5%	\$19.80	0	0	0
Overall Total	16,181,509	619,008	2,617,380	16.2%	2.2%	4.5%	\$12.45	512,619	2,263,968	756,635
Speedway										
Warehouse & Distribution	10,204,540	258,837	1,192,014	11.7%	2.2%	8.2%	\$9.29	360,941	1,010,077	1,482,511
Manufacturing	400,917	0	-16,952	-4.2%	6.9%	6.9%	\$0.70	0	0	0
Overall Total	10,605,457	258,837	1,175,062	11.1%	2.4%	8.2%	\$9.05	360,941	1,010,077	1,482,511
SW Las Vegas										
Warehouse & Distribution	20,862,076	126,577	906,667	4.3%	1.7%	3.5%	\$10.80	132,805	828,101	743,620
Manufacturing	1,330,214	-69,105	1,237	0.1%	5.2%	5.2%	\$0.00	0	38,842	0
Overall Total	22,401,201	57,472	907,904	4.1%	2.8%	4.5%	\$11.53	341,716	1,075,854	743,620
West Las Vegas										
Warehouse & Distribution	4,137,805	-5,648	59,099	1.4%	2.4%	5.1%	\$9.06	0	0	0
Manufacturing	306,978	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	4,444,783	-5,648	59,099	1.3%	2.2%	4.7%	\$9.06	0	0	0