

FIGURES | LAS VEGAS INDUSTRIAL | Q4 2024

Industrial market reaches new record for annual deliveries in 2024

▲ 9.1%

Direct Vacancy Rate

▼ 305K

SF Net Absorption

▲ 3.2M

SF Deliveries

▼ 8.4M

SF Under Construction

▼ \$ 1.11 NNN

Avg. Achieved Lease Rate PSF/Month

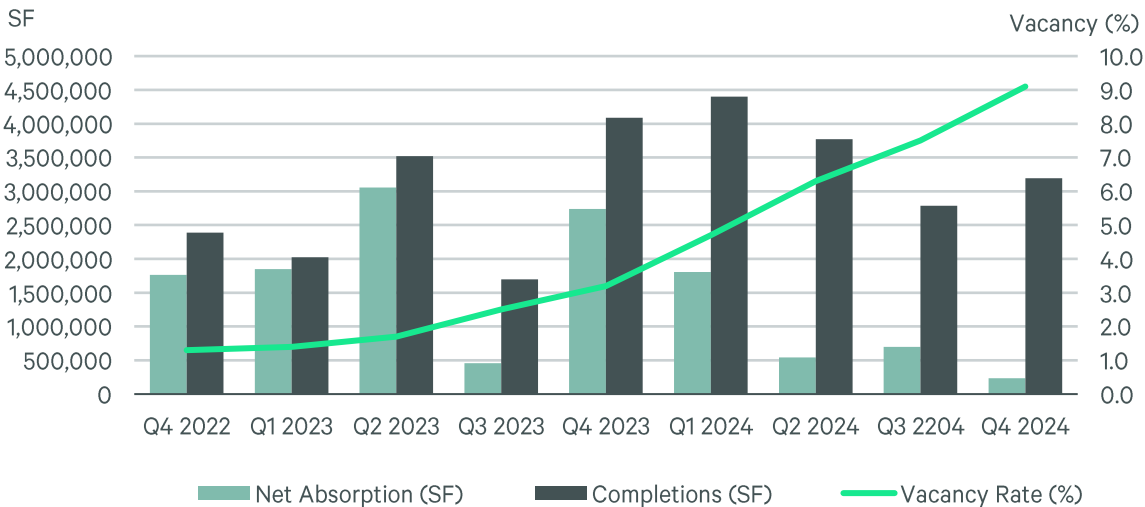
Note: Arrows indicate change from previous quarter.

SUMMARY

The industrial market showed a combination of varied but anticipated results in Q4 2024. Net absorption for the quarter reached 305,000 sq. ft., bringing the annual total to 3.2 million sq. ft., or about 60.0% lower than in 2023. Despite this decline, the market saw a record-breaking 14.1 million sq. ft. of new deliveries for the year, surpassing the previous record by 2.8 million sq. ft. However, the overall vacancy rate increased from 7.5% to 9.1% this quarter, reflecting a 160 basis-point (bps) rise quarter-over-quarter and a 440-bps increase since Q1 2024.

The construction pipeline showed an expected year-over-year decline of 51.8%, with 6.0 million sq. ft. of speculative space and 2.4 million sq. ft. of built-to-suit space currently under construction. With the speculative construction pipeline rapidly tapering off in 2025, the market is expected to stabilize over the course of the year. As developers pause new projects and demand starts to align with supply, the vacancy rate will begin to shift downward. Tenants have been relatively slow to sign leases over the last two years, and any uptick in activity will be a favorable sign for the market.

Figure 1: Net Absorption (MSF), Construction Completions (MSF), Vacancy Rate (%)



Source: CBRE Research, Q4 2024

Market Overview

The market posted 305,000 sq. ft. of positive net absorption in Q4 2024, bringing the annual total to 3.2 million sq. ft. Although net absorption was positive on the year, 2024 set a record for deliveries and supply exceeded demand.

The North Las Vegas submarket posted the most positive net absorption during the quarter. An international logistics company signed for nearly 145,000 sq. ft. at the newly-delivered 336,000-sq.-ft. LogistiCenter Speedway II, and an event equipment supplier, committed to a full-building, 130,421-sq.-ft. lease of Building A of Desert Willow Logistics Center.

The overall vacancy rate ticked up another 160 bps quarter-over-quarter, reaching 9.1% this quarter. While this is the highest rate recorded since Q1 2014, it was an expected outcome, given the record 14.1 million sq. ft. of new construction that came online in 2024.

The North Las Vegas submarket was responsible for 55.0% of the market’s total completions in Q4 2024, adding about 1.8 million sq. ft. Due to the lack of preleasing among these projects, the vacancy rate surged by 230 bps, rising from 9.0% to 11.3%. Tenant move-outs further intensified the increase in vacancy rates this quarter. For instance, an international manufacturing company vacated about 220,000 sq. ft. in North Las Vegas but expanded its space threefold with a prelease in the Speedway area in 2022.

The Henderson submarket also saw a notable rise in vacancy, climbing 240 bps from Q3 2024. Although there were no major move-outs, there was also no preleasing activity in newly-delivered projects, much like what occurred in in North Las Vegas.

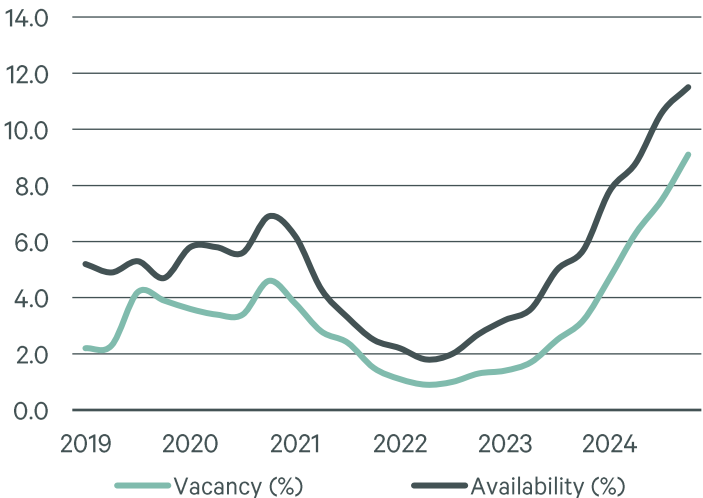
FIGURE 2: Market Statistics by Submarket

Market	Net Rentable Area (SF)	Availability Rate (%)	Vacancy Rate (%)	Q4 2024 Completions (SF)	YTD Completions (SF)	Under Construction (SF)	Q4 2024 Net Absorption (SF)	YTD Net Absorption (SF)	Avg. Achieved Lease Rate (\$/SF/Mo NNN)
Airport	14,726,940	6.6	3.7	48,896	102,226	-	(130,103)	(57,004)	1.37
Apex	5,498,086	56.0	52.4	-	3,464,970	922,569	-	583,320	0.85 *
Central	8,174,135	4.3	2.3	-	-	-	(24,825)	(74,616)	1.00
Henderson	24,215,119	11.6	9.3	749,887	2,050,728	3,626,989	123,245	3,895	1.25
North Las Vegas	76,696,397	13.3	11.0	1,759,105	6,951,931	2,214,846	312,994	2,210,419	1.02
Southwest	47,853,232	6.2	3.8	636,274	1,579,463	1,605,894	24,138	524,214	1.26
Las Vegas Total	177,163,909	11.5	9.1	3,194,162	14,149,318	8,370,298	305,449	3,190,228	1.11

Source: CBRE Research, Q3 2024

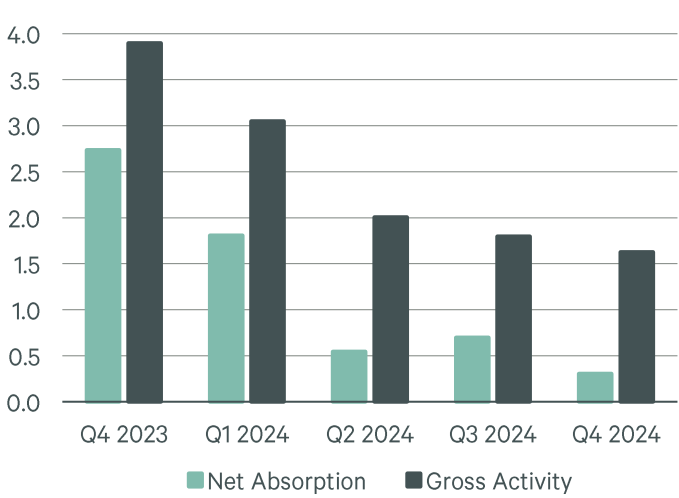
* avg asking rate

FIGURE 3: Historical Vacancy (%) and Availability (%)



Source: CBRE Research, Q4 2024

FIGURE 4: Lease Activity & Net Absorption (MSF)



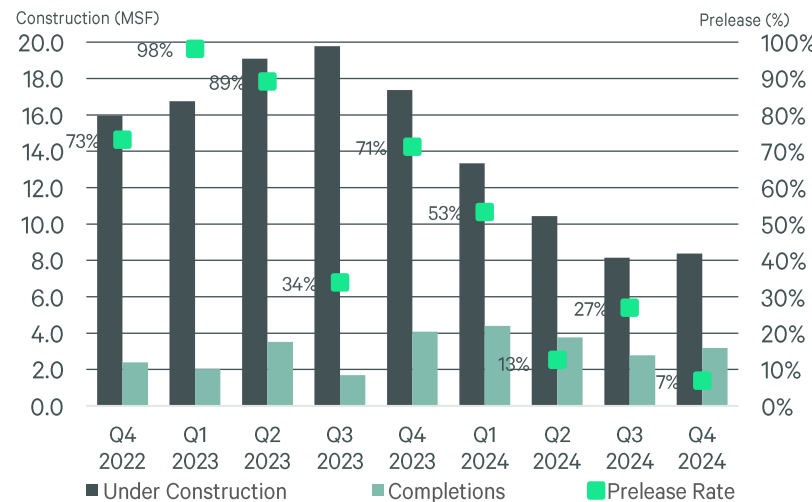
Source: CBRE Research, Q4 2024

Construction

Another 3.2 million sq. ft. of new space was added to the market in Q4 2024, bringing the annual total to 14.1 million sq. ft. This set a new record for the most space delivered in a single year. Due to the significant number of completions, the construction pipeline now stands at 8.4 million sq. ft. – the lowest level in nearly four years. Significant deliveries in Q4 2024 included the 422,020-sq.-ft. Oasis Commerce Center in the Southwest submarket, as well as the 672,233-sq.-ft. Becknell Galleria in the Henderson submarket.

Speculative projects totaling 1.1 million sq. ft. broke ground in Q4 2024, including two in the North Las Vegas submarket: Building 2 of the 669,975-sq.-ft. Prologis Speedway North Distribution Center, which was nearly three-fourths leased, and the 327,844-sq.-ft. LogistiCenter at Nellis Boulevard.

FIGURE 5: Construction Completions (MSF) by Quarter and Prelease Rate (%)



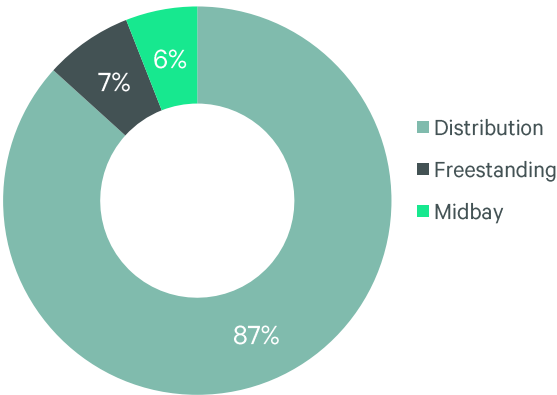
Source: CBRE Research, Q4 2024

FIGURE 6: Significant Developments Under Construction

Property Name	Developer	Property Size (SF)	Estimated Completion	Submarket
Moonwater West	Moonwater Capital	922,569	Q1 2025	Apex
Prologis Speedway North Distribution Ctr 2	Prologis	669,975	Q3 2025	North Las Vegas
Phelan Commerce Ctr	Phelan Development	525,548	Q1 2025	Southwest
Warm Springs Commerce Ctr	Overton Moore	504,768	Q1 2025	Henderson
Southern Gateway at I-15	Overton Moore	420,000	Q1 2025	Henderson

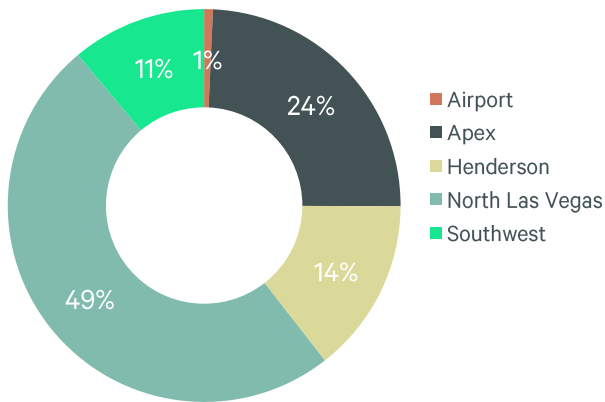
Source: CBRE Research, Q4 2024

FIGURE 7: YTD Deliveries by Product Type



Source: CBRE Research, Q4 2024

FIGURE 8: YTD Deliveries by Submarket



Source: CBRE Research, Q4 2024

Sales Activity

Total industrial sales volume for Q4 2024 reached \$441.5 million, marking the highest single-quarter total of the year. This represents a 95.6% increase year-over-year and a 198.8% increase compared to Q1 2024. For the entire year, industrial sales amounted to \$1.1 billion, on par with 2023's total of \$1.2 billion.

In the largest single-property sale of Q4 2024, AEW Capital Management purchased the 349,875-sq.-ft. IDV Speedway in the North Las Vegas submarket, from Link Logistics for nearly \$55.0 million. The property delivered to the market in Q1 2024. Additionally, Sunset 215 in the Southwest submarket, totaling 80,000 sq. ft., traded for \$23.6 million

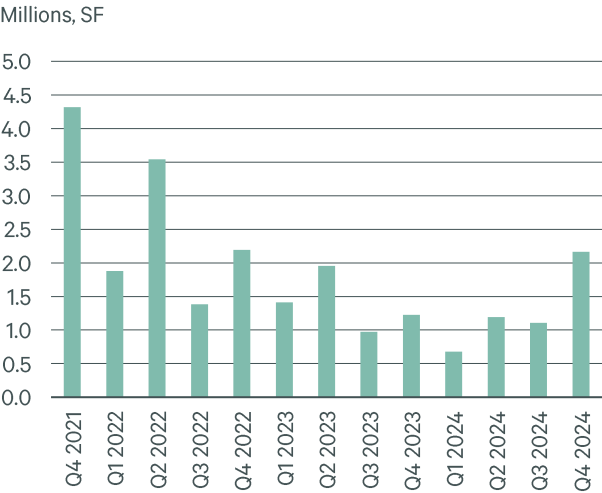
Looking ahead, we expect to see moderate industrial sales growth in 2025, driven by third-party logistics providers seeking new, efficient warehouse space, as well as a general focus on sustainability and supply chain resilience. Although this growth is a positive sign, it may be slower compared to previous years, largely due to ongoing economic uncertainties. Factors such as fluctuating global markets and supply chain disruptions may contribute to this slower pace.

FIGURE 9: Select Q4 2024 Investment/Owner User Sales

Building Name	Address	Submarket	Sale Size (SF)	Sale Price	Cap Rate
IDV Speedway	5150 N Sloan Ln	North Las Vegas	349,875	\$54.3M	N/A
4-Property Portfolio	1112-1240 S Commerce St	Central	111,946	\$24.3M	5.18%
Sunset 215 1-2	6475-6485 W Sunset Rd	Southwest	80,000	\$23.6M	5.46%
Walnut Industrial Ctr	3813 E Cheyenne Ave	North Las Vegas	82,240	\$21.9M	N/A

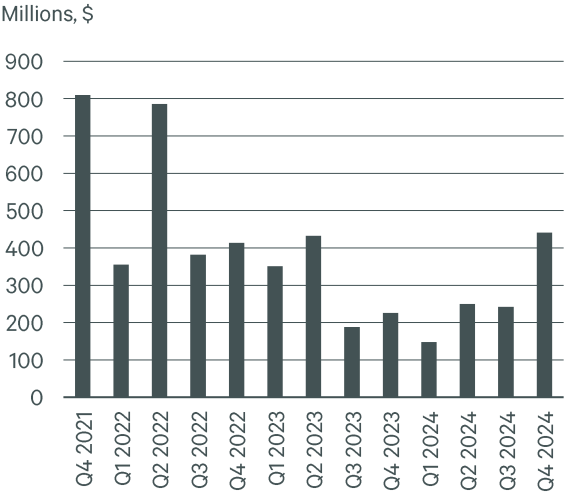
Source: CBRE, Real Capital Analytics, Q4 2024

FIGURE 10: Total Sales by Building Size (SF)



Source: CBRE, Real Capital Analytics, Q4 2024

Figure 11: Total Sales by Price (\$)



Source: CBRE, Real Capital Analytics, Q4 2024

Figure 12: Notable Q4 2024 Lease Transactions

Tenant Name	Lease Size (SF)	Property Name	Transaction Type	Submarket
Ryder Logistics	144,090	LogistiCenter at Speedway II	New Lease	North Las Vegas
Chivari	130,421	Desert Willow Logistics Ctr	New Lease	North Las Vegas
Dealer Tire	116,160	Sunrise Industrial Park	New Lease	North Las Vegas
KWI, LLC	79,441	Speedway Commerce Ctr	New Lease	North Las Vegas

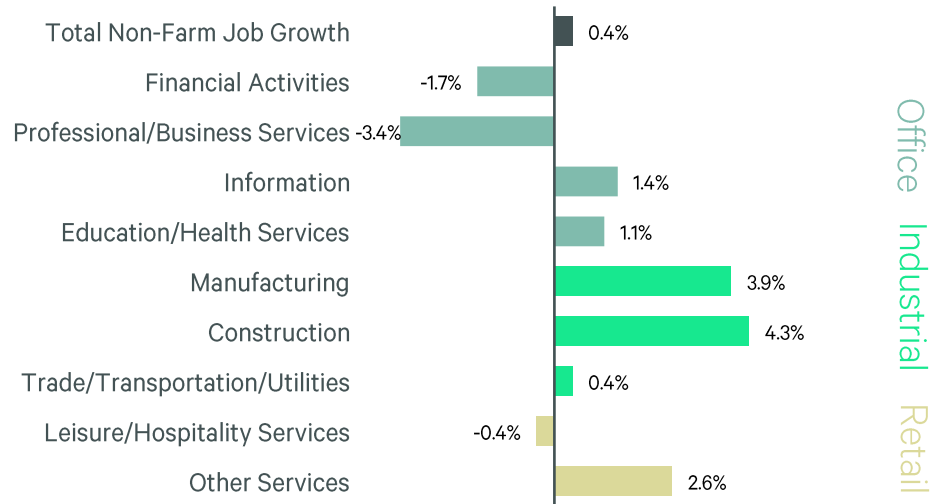
Source: CBRE Research, Q4 2024

National Economic Overview

The U.S. economy continues to exceed expectations. Much of this is due to a sturdy consumer who is enjoying increased household wealth, real income growth, and a resilient labor market. Consequently, CBRE is revising its outlook to be more optimistic for 2025 and raising its predicted annual average GDP growth by 60 bps to 2.3%.

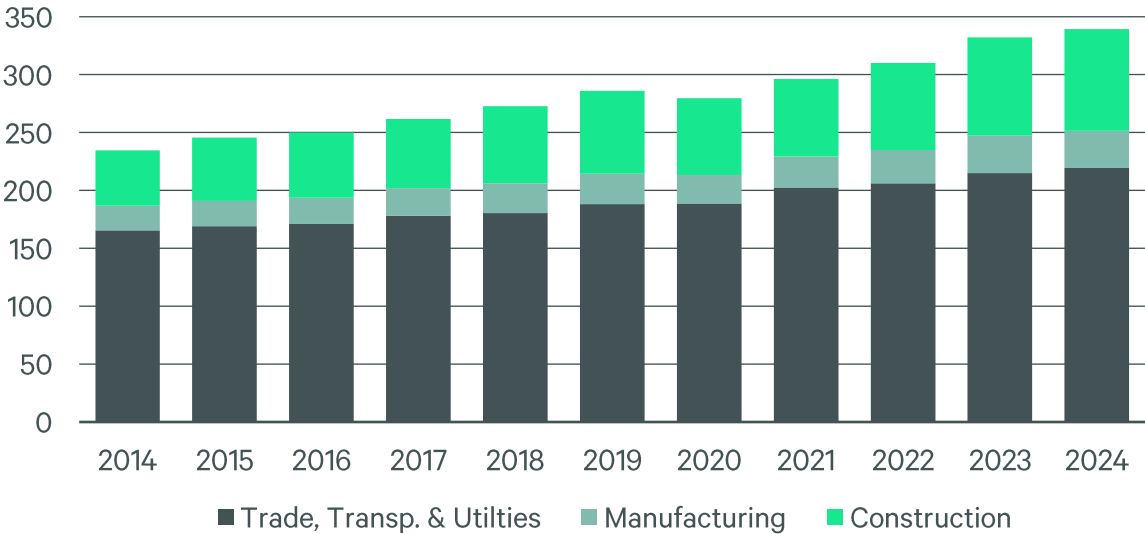
Typically, sturdy economic growth alongside Fed rate cuts would be rocket fuel for commercial real estate performance. The catch is capital markets have grown skeptical of just how low rates will go in 2025. The mix of sticky core inflation and future policy concerns are putting upward pressure on long-term rates. Nevertheless, real estate capital markets have made good progress in recent quarters. Lending spreads are tightening, and credit issuance is up. Lending conditions are easing a bit as multifamily LTVs are trending slightly upward. Stronger debt markets and balanced and/or recovering space market fundamentals should translate into a noticeable uptick in investment during the next several quarters.

FIGURE 13: Las Vegas Non-Farm Job Growth YOY by Industry (%)



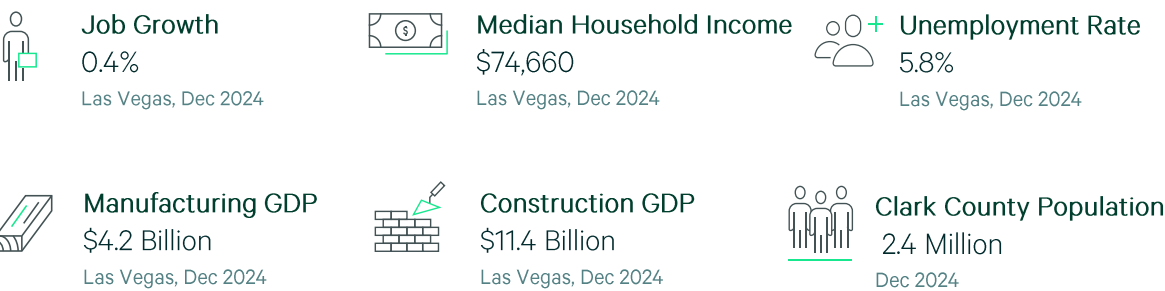
Source: Bureau of Labor Statistics, Dec 2024

FIGURE 14: Las Vegas Industrial-Using Employment (000s)



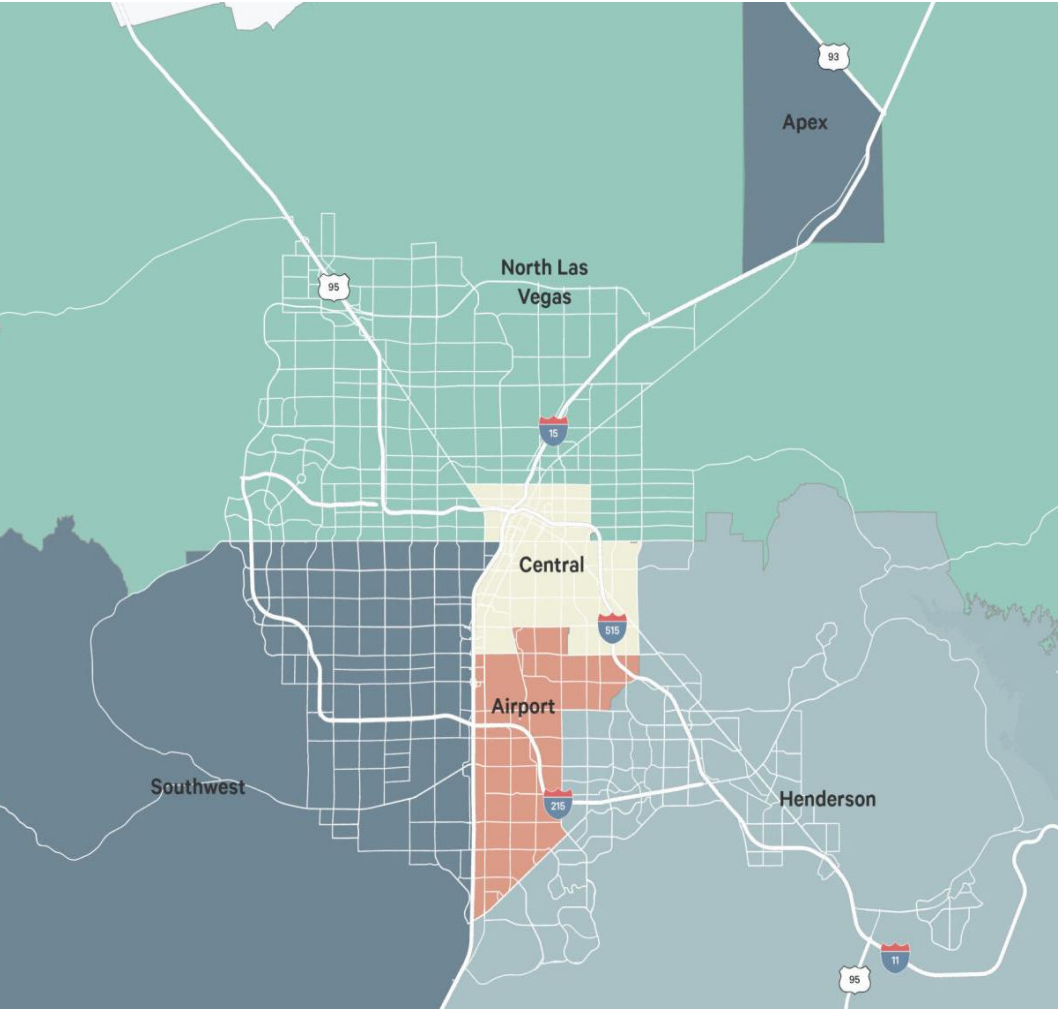
Source: Bureau of Labor Statistics, Dec 2024; Oxford Economics, Sep 2024; CBRE Research, Dec 2024

FIGURE 15: Industrial Market Indicators



Source: Bureau of Labor Statistics, Dec 2024

Market Area Overview



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Survey Criteria

The Las Vegas industrial dataset Includes all industrial and flex buildings in the Las Vegas metro area, excluding data centers. Buildings that have begun construction are evidenced by site excavation or foundation work.

Methodology

Positive absorption is based on the date the lease is signed. Average achieved lease rates are calculated using weighted average based on the square foot of the executed lease. Average asking lease rates are calculated using weighted average of asking lease rates for existing product with availability. Sublease availability is considered occupied. Lease activity is the sum of the square footage of leases signed during a designated time period.

Survey Criteria

Recent adjustments and property reclassification efforts in our database may have resulted in changes to historical report numbers. We continuously update our data to reflect these changes. Please refer to the most recent publications for the most up-to-date market information.

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