

Industrial Q1 2021

5.9%
Vacancy Rate



418K
Net Absorption, SF



\$0.76
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2021

908.6K
Las Vegas Employment



9.8%
Las Vegas Unemployment Rate



6.0%
U.S. Unemployment Rate



Source: BLS

ECONOMIC OVERVIEW

The Las Vegas employment market has been significantly impacted by COVID-19 stay-at-home orders, resulting in loss of 145,100 jobs or -13.8% year-over-year (YOY) through February 2021. Of the 145,100 jobs lost, 95,600 (-32.7% YOY) or 66% of losses were in the leisure and hospitality sector. Professional and business services sector lost 25,400 jobs (-16.3% YOY) or 18% of total jobs lost. During the same time, the monthly unemployment rate increased from 3.9% last year to 9.3% and is currently 50 basis points (bps) below the Q1 2021 quarterly average of 9.8%.¹ All employment sectors are expected to grow at a combined rate of 2.7% in 2021 and 7.2% in 2022. Las Vegas's economy of \$107.1 billion as measured by gross regional product is forecasted to grow 4.8% in 2021 and 10.9% in 2022, above its 10-year average of 1.4%.²

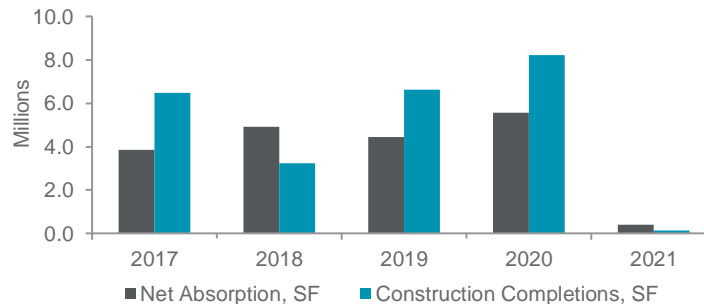
SUPPLY AND DEMAND

Industrial vacancy, including sublease, decreased 30 bps quarter-over-quarter (QOQ) and increased 140 bps since last year to 5.9% in Q1 2021. The Las Vegas market experienced a slight bump in vacancy YOY due to the wealth of new construction projects across the market. Vacancy rates increased for all property types compared to a year ago. Flex vacancy grew 300 bps to 9.0%, warehouse and distribution (W/D) vacancy rate increased 130 bps to 5.9% and manufacturing vacancy grew 130 bps to 2.1% YOY. Tenants absorbed 417,618 square feet (sf) this quarter, with North Las Vegas, the largest submarket by inventory, dominating the occupancy growth compared to every other submarket in terms of both absorption and leasing activity. Six tenants took occupancy this quarter in North Las Vegas submarket exceeding 50,000 sf, all in distribution space. This includes EZ Flo, Inc. (213,989 sf) at Northgate Industrial Center - Bldg. 9, City Electric Supply Co. (95,513 sf) at the Northgate Distribution Center - Bldg. 5 and Kayne (58,690 sf) at the Matter Logistics Center at W. Cheyenne - Bldg. E.

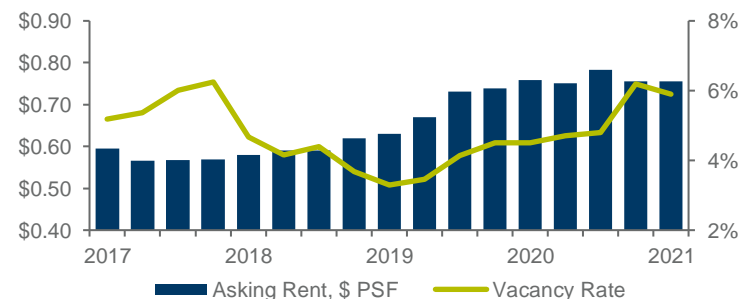
Leasing activity totaled 2.8 msf (97 deals) in Q1 2021, including renewals, compared to 4.2 msf (116 deals) in Q4 2020 and 2.3 msf (145 deals) in Q1 2020. Leasing of W/D space accounted for 99% or 2.6 msf leased in Q1 2021. Three submarkets combined accounted for 99% of space leased in Q1 2021: North Las Vegas (65%), Southwest (28%) and Henderson (6%).

Furthermore, five tenant industries accounted for over 60% of total new leasing in Q1 2021. These occupiers were: e-commerce and technology tenants (16%), followed by manufacturing (15%), retail trade (13%), wholesale trade (10%) and construction (6%). As these tenants take occupancy across the market in the coming quarters, Las Vegas should experience occupancy gains which will further drive down vacancy.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY / ASKING RENT



The Las Vegas industrial market added over 15.0 msf to its inventory over the last two years with 6.6 msf delivered in 2019 and 8.2 msf in 2020. Majority of new space or 89% totaling 7.4 msf was added to W/D inventory in 2020, with 5.4 msf added to North Las Vegas submarket. In Q1 2021, 143,300 sf across two properties were delivered of which 82% were speculative (SPEC) distribution space.

FUTURE INVENTORY

There are 63 msf (37 properties) currently under construction in the Las Vegas industrial market with 34% already pre-leased. SPEC development comprises 4.4 msf across 33 buildings, with 1.8 msf (17 properties) in Henderson and 1.5 msf (7 properties) in North Las Vegas submarket. Comparatively, build-to-suit (BTS) projects encompass 1.9 msf across four buildings, with 92% (1.8 msf or three properties) being built in the North Las Vegas submarket. Clarion Partners' development of the Silver State Commerce Center, consisting of three SPEC buildings or 833,779 sf, continues. Once complete, the park will feature four buildings (both BTS and SPEC), including an approximately 202,200 sf BTS building for a large e-commerce tenant that was completed in Q4 2020. Additionally, there are 50 proposed projects, totaling 6.2 msf, across all product types.

PRICING

Average asking rent for all product types combined was \$0.76 per square foot (psf) per month on a triple net basis, unchanged from last quarter and a year ago. The average rent increased 5.7% QOQ and 7.2% YOY for W/D space to \$0.74 per month, while the average rent for manufacturing space increased 2.8% QOQ yet decreased 3.9% YOY to \$0.73 per month. Notably, the average rent has increased the most in Henderson and North Las Vegas submarkets YOY. Developers added nearly 2.0 msf in 2020 to the Henderson submarket alone, which contributed to its impressive rental rate hike.

SALES ACTIVITY

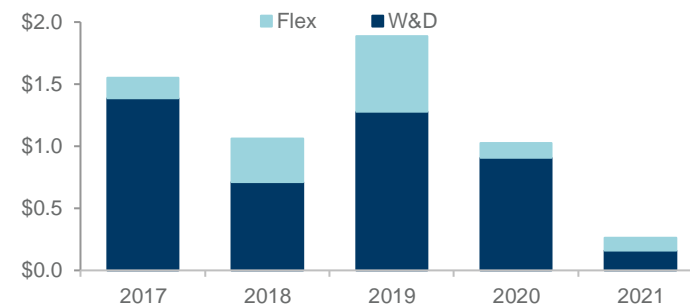
The industrial market recorded \$259 million in sales activity across 28 properties and 1.7 msf in Q1 2021 compared to \$294 million in Q4 2020 and \$342 million in Q1 2020. Average price psf was \$144 in Q1 2021, up 7.5% compared to the 2020 quarterly average of \$134. Private buyers comprised the majority (74%) of buying activity in Q1 2021 (vs. 50% in 2020), followed by cross border buyers (19% vs. 8% in 2020). Private sellers accounted for 91% of activity (vs. 74% in 2020), followed by institutional sellers (5% vs. 14% in 2020).³

Sources: ¹www.bls.gov ² GDP as of 2020. (f) by Moody's Analytics economy.com 3/2021 ³ RCA. 8

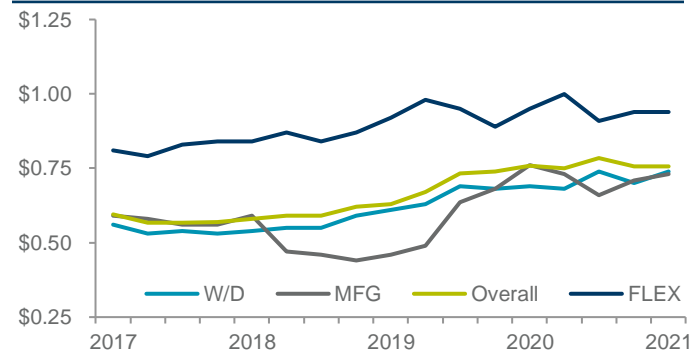
OUTLOOK

- The Las Vegas industrial market outpaced all other property types in 2020. Despite the COVID-19 pandemic, demand remains impressive for new W/D product. Rent growth is expected to continue into the near future as existing landlords compete with the influx of newly constructed properties.
- E-commerce/technology and manufacturing tenants need space thanks to shifting consumer demands. Las Vegas is poised to benefit. Industrial occupiers will keep choosing Las Vegas, thanks to the pro-business climate, lifestyle affordability, favorable tax structure and proximity to major Western markets.

INDUSTRIAL SALES VOLUME IN \$ BILLIONS



MONTHLY AVERAGE RENT, \$PSF TRIPLE NET



MONTHLY AVERAGE RENT, \$PSF TRIPLE NET



MARKETBEAT LAS VEGAS



Industrial Q1 2021

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT*	OVERALL WEIGHTED AVG NET RENT (W/D)	OVERALL WEIGHTED AVG NET RENT (MFG)
Airport	13,336,400	567,267	4.3%	54,007	54,007	151,200	0	\$0.78	\$0.75	\$0.80
Central	7,340,544	191,439	2.6%	-2,336	-2,336	0	0	\$0.81	\$0.82	\$0.65
East	1,244,713	85,402	6.9%	-17,200	-17,200	0	0	\$0.67	\$0.66	N/A
Henderson	18,888,427	804,917	4.3%	-67,896	-67,896	1,981,470	0	\$0.94	\$0.85	\$1.25
North Las Vegas	51,517,709	4,355,841	8.5%	627,078	627,078	3,290,960	118,021	\$0.60	\$0.57	\$0.62
Northwest	872,074	54,325	6.2%	-13,939	-13,939	0	0	\$1.00	\$1.05	\$0.90
Southwest	38,497,846	1,775,607	4.6%	-162,096	-162,096	861,405	25,277	\$0.90	\$0.87	\$0.77
FLEX	15,899,695	1,427,922	9.0%	-143,301	-143,301	38,800	25,277	\$0.90		
MFG	11,595,448	238,310	2.1%	12,495	12,495	0	0	\$0.73		
W/D	104,202,570	6,168,566	5.9%	548,424	548,424	6,246,235	118,021	\$0.74		
TOTAL	131,697,713	7,834,798	5.9%	417,618	417,618	6,285,035	143,298	\$0.76	\$0.74	\$0.73

*Rental rates reflect weighted net asking \$psf/month **Renewals not included in leasing statistics.

FX = Flex MFG = Manufacturing W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
5605 N. Hollywood Blvd.	North Las Vegas	Mann & Hummel	385,251	New
6350 Howdy Wells Ave.	North Las Vegas	Undisclosed	278,459	New
5445 E. Centennial Pkwy.	North Las Vegas	Boxabl	173,720	New
7900 W. Sunset Rd.	Southwest	Warby Parker	68,580	New
7050 E. Lindell Rd.	Southwest	MGM Resort Design & Development	68,640	New

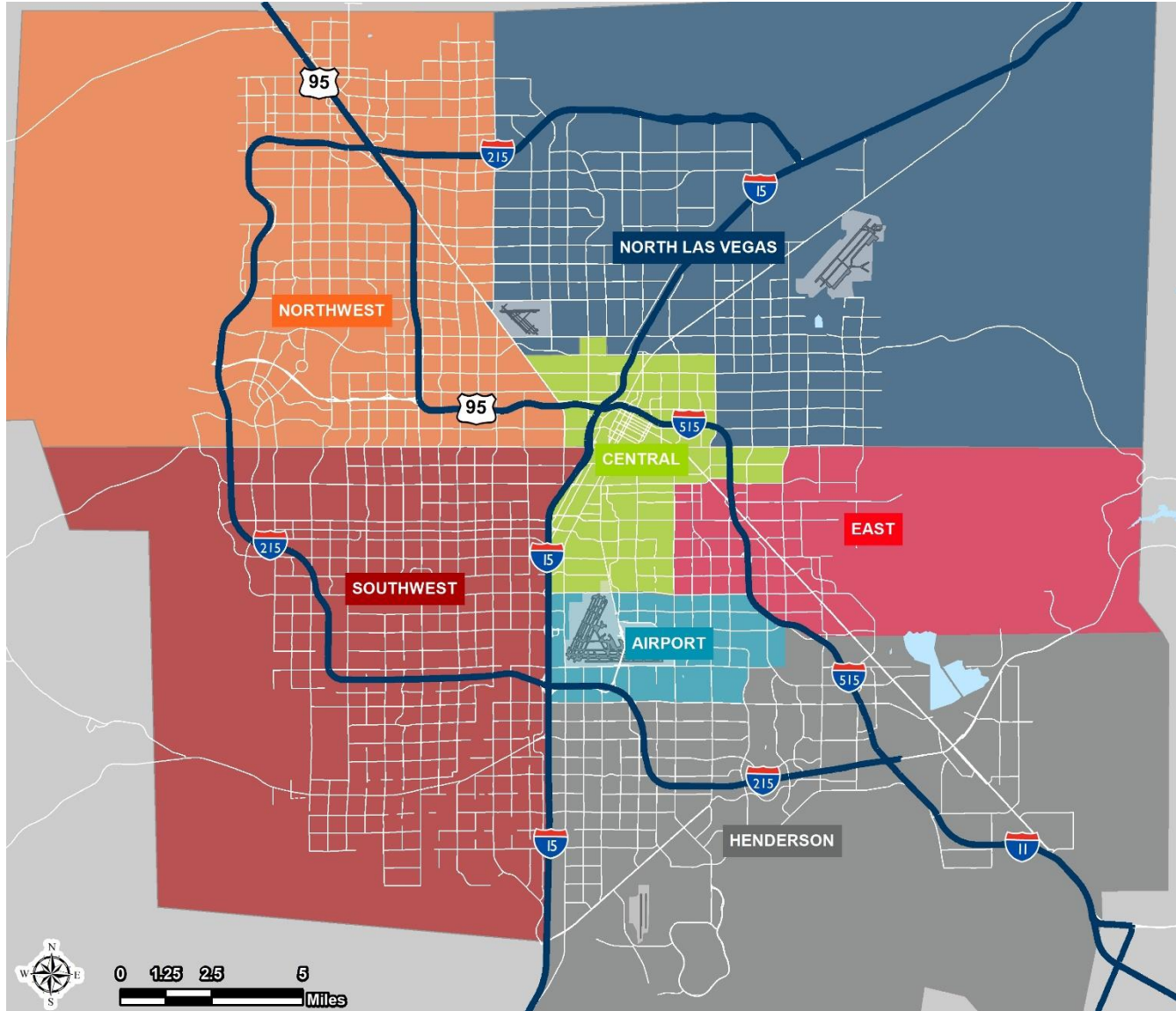
KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
6330 W. Sunset Rd.	Southwest	ACHC LLC / Panattoni Development Company, Inc.	190,667	\$34.0M / \$178
3679 N. Civic Center Dr.	North	Civic Center Industrial Owner, LLC. / Brothers Property Management LLC	118,021	\$14.5M / \$123
5360 N. Beesley Dr.	North Las Vegas	BIBRC LV I LLC / 5360 N Beesley Drive LLC	106,705	\$14.0M / \$131
2675 Lone Mountain Rd.	North Las Vegas	Lone Mountain Industrial Owner, LLC / WillCar Holdings, LLC	93,995	\$11.8M / \$126
3915-3925 W Hacienda Ave - Bldg A&B	Southwest	Russo Investments LLC/ Nicola Hacienda LP	84,008	\$11.8M / \$140

KEY CONSTRUCTION COMPLETIONS 2021YTD

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
3679 N. Civic Center Dr.	North Las Vegas	Brothers Property Management LLC	118,021	EBS Realty Partners
5401 W. Diablo Dr.	North Las Vegas	Bleu Blanc Rouge	25,277	Brass Cap Development

INDUSTRIAL SUBMARKETS



JOLANTA CAMPION

Director of Research,
Nevada, Utah & San Diego

+1 858 625 5235 / jolanta.campion@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.