

## Industrial Q2 2021

**5.1%**  
Vacancy Rate



**936K**  
Net Absorption, SF



**\$0.97**  
Asking Rent, PSF



Overall, Net Asking Rent

### ECONOMIC INDICATORS Q2 2021

**931.4K**  
Las Vegas Employment



**9.1%**  
Las Vegas Unemployment Rate



**5.9%**  
U.S. Unemployment Rate



Source: BLS

### ECONOMIC OVERVIEW

The Las Vegas employment market has recovered more than half (60%) of the 274,800 jobs lost during the beginning of the pandemic between March and May of 2020. Nonfarm employment grew by 165,800 or +21.4% year-over-year (YOY) between May 2020 through May 2021, with the leisure and hospitality sector accounting for 89,400 jobs added. During the same time, the monthly unemployment rate decreased from 28.1% last year to 8.9% and is currently 210 basis points (bps) above than the 30-year monthly average of 6.8% and 20 bps lower than the Q2 2021 quarterly average of 9.1%.<sup>1</sup>

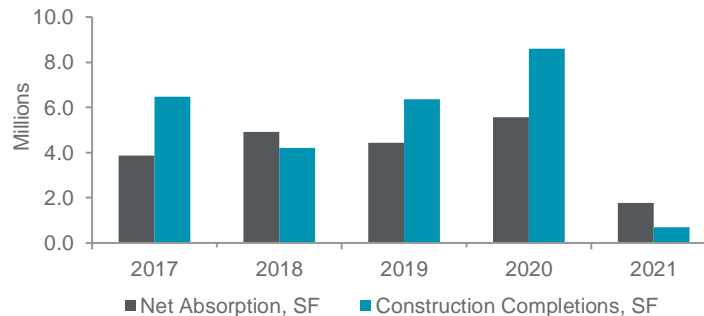
All employment sectors are expected to grow at a combined rate of 3.9% in 2021 and 7.2% in 2022, while employment in manufacturing sector is forecasted to grow 1.6% in 2021 and 2.7% in 2022. Las Vegas's economy of \$103.6 billion as measured by 2020 gross regional product is forecasted to grow 9.7% in 2021 and 10.3% in 2022, above its 10-year average of 1.5%.<sup>2</sup>

### SUPPLY AND DEMAND

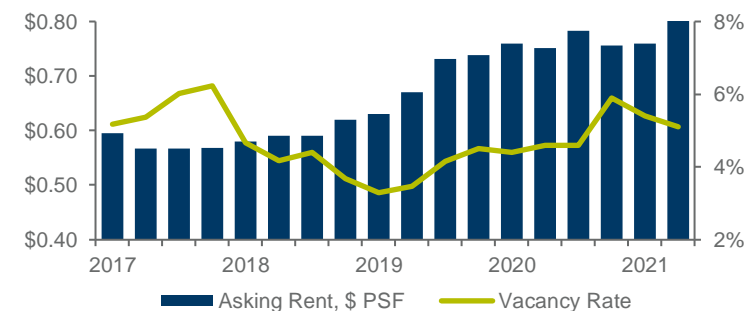
Industrial vacancy, including sublease, decreased 30 bps quarter-over-quarter (QOQ) and increased 50 bps since last year to 5.1% in Q2 2021. The Las Vegas market experienced a slight bump in vacancy YOY due to the wealth of new construction projects across the market. Vacancy rates increased for all property types compared to a year ago except for flex space. Warehouse and distribution (W/D) vacancy rate grew 70 bps to 5.4%, manufacturing vacancy rate increased 100 bps to 2.1% and flex vacancy decreased 50 bps to 5.6% YOY. Tenants absorbed 935,652 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. Henderson and the Southwest submarkets came in second and third in terms of sf absorbed with 294,739 and 257,459 sf, respectively.

Leasing activity totaled 2.4 million square feet (msf) across 120 deals in Q2 2021, excluding renewals, compared to 3.4 msf (208 deals) in Q1 2021. Leasing of W/D space accounted for 91% or 2.2 msf leased in Q2 2021. Three submarkets combined accounted for 92% of space leased in Q2 2021: North Las Vegas (45%), Henderson (34%) and Southwest (13%). This activity will boost future absorption as tenants occupy their space later in 2021. During the first six months of the year, tenants leased the most space in North Las Vegas (52% or 3.0 msf), Southwest (20% or 1.2 msf) and Henderson (17% or 1.0 msf) or 5.2 msf combined of 5.8 msf total leased across 328 deals as of mid-year 2021 across all submarkets. Leasing of W/D space accounted for 88% or 5.1 msf (200 deals) leased as of mid-2021.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY / ASKING RENT



The Las Vegas industrial market added 702,846 sf to its existing inventory during the first six months of 2021 which only adds to the significant gains it has seen over the past two years, with 6.4 msf delivered in 2019 and 8.6 msf in 2020. Majority of the new space or 90% totaling 14.1 msf was added to the W/D inventory since 2019, with 11.5 msf added to North Las Vegas and 2.0 msf added to Henderson submarket. In 2021 so far 606,069 sf (86%) were added to W/D inventory in Henderson (338,048 sf) and North Las Vegas (268,021 sf), followed by 96,777 sf flex space in Southwest submarket.

### FUTURE INVENTORY

There are 6.8 msf (45 properties) currently under construction in the Las Vegas industrial market with 80% already pre-leased. Speculative (SPEC) development comprises 4.8 msf across 41 buildings, with 2.2 msf (14 properties) in North Las Vegas and 1.5 msf (15 properties) in Henderson submarket. Comparatively, build-to-suit (BTS) projects encompass 1.9 msf across four buildings, with 79% (1.5 msf or two 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 46 proposed projects, totaling 7.5 msf, across all product types.

### PRICING

Average asking rent for all product types combined was \$0.97 per square foot (psf) per month on a triple net basis, which increased \$0.21 (+28.3%) QOQ and \$0.22 (+29.2%) YOY. The average rent increased \$0.25 (+33.8%) QOQ and \$0.31 (+45.6%) YOY for W/D space to \$0.99 per month, while the average rent for manufacturing space decreased \$0.11 (-15.1%) QOQ and YOY to \$0.62 per month.

### SALES ACTIVITY

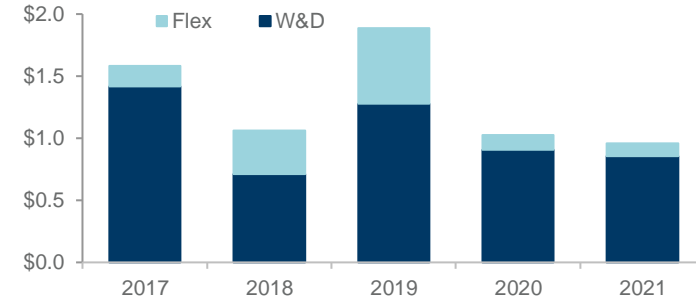
The industrial market recorded \$600 million in sales activity across 29 properties and 4.3 msf in Q2 2021 compared to \$359 million in Q1 2021 and \$139 million in Q2 2020. Average price psf was \$149 in Q2 2021, up 14.8% compared to the 2Q 2020 average of \$130. Institutional buyers comprised the majority (45%) of buying activity so far in 2021 (vs. 38% in 2020), followed by private buyers (35% vs. 50% in 2020). Private sellers accounted for 92% of activity (vs. 74% in 2020), followed by institutional sellers (7% vs. 14% in 2020).<sup>3</sup>

Sources: <sup>1</sup>www.bls.gov <sup>2</sup>GDP as of 2020. (f) by Moody's Analytics economy.com 6/2021 <sup>3</sup>RCA. 8

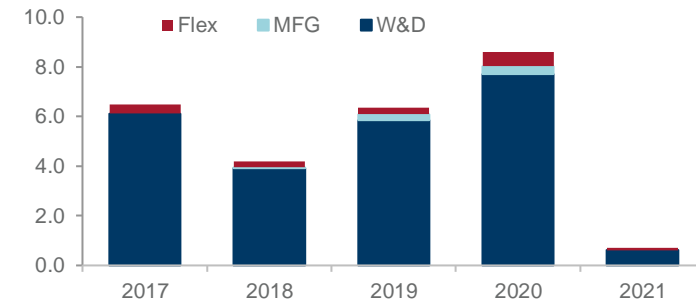
### OUTLOOK

- The Las Vegas industrial market outpaced all other property types in the first half of 2021. Despite the COVID-19 pandemic and new variants, 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.
- Although the impact of COVID-19 was felt heavily in the office market, it has only bolstered the significance of a strong industrial market with e-commerce and 3PL becoming more and more prominent. Tenants are reengaging old requirement and looking for new space that totals 2.8 msf in Las Vegas.

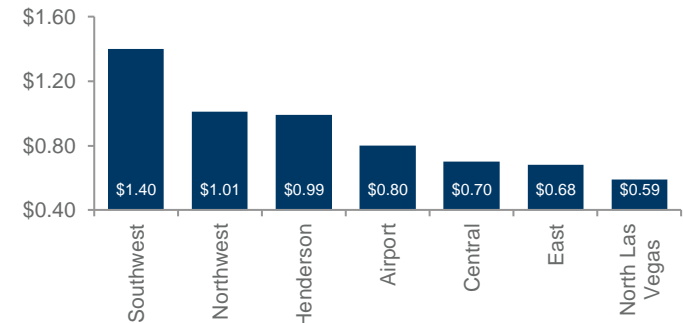
### INDUSTRIAL SALES VOLUME IN \$ BILLIONS



### COMPLETIONS BY PRODUCT TYPE IN MSF



### MONTHLY AVERAGE RENT, \$PSF TRIPLE NET



# MARKETBEAT LAS VEGAS



## Industrial Q2 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	13,333,318	388,599	2.9%	20,894	139,584	151,200	0	\$0.80	\$0.79	\$0.80
Central	7,309,376	192,589	2.6%	-65,500	-54,658	0	0	\$0.70	\$0.70	\$0.65
East	1,244,713	83,128	6.7%	0	-5,198	33,594	0	\$0.68	\$0.68	N/A
Henderson	19,227,962	769,934	4.0%	294,739	282,767	1,926,202	0	\$0.99	\$0.79	\$1.25
North Las Vegas	52,053,727	4,028,938	7.7%	431,226	1,082,087	3,701,954	338,048	\$0.59	\$0.58	\$0.50
Northwest	871,227	12,853	1.5%	-3,166	-1,630	0	150,000	\$1.01	N/A	\$0.90
Southwest	38,571,844	1,300,686	3.4%	257,459	319,309	946,932	0	\$1.40	\$1.70	\$0.78
<b>TOTAL</b>	<b>132,612,167</b>	<b>6,776,727</b>	<b>5.1%</b>	<b>935,652</b>	<b>1,762,261</b>	<b>6,759,882</b>	<b>488,048</b>	<b>\$0.97</b>		
FLEX	15,871,227	888,495	5.6%	250,930	295,348	33,594	0	\$1.01		
MFG	11,595,548	244,155	2.1%	-26,745	-14,250	0	0	\$0.62		
W/D	105,145,392	5,644,077	5.4%	711,467	1,481,163	6,726,288	488,048	\$0.99		
<b>TOTAL</b>	<b>132,612,167</b>	<b>6,776,727</b>	<b>5.1%</b>	<b>935,652</b>	<b>1,762,261</b>	<b>6,759,882</b>	<b>488,048</b>	<b>\$0.97</b>	<b>\$0.99</b>	<b>\$0.62</b>

\*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 Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3195 E. Washburn Rd.	North Las Vegas	Brother's Trading	258,705	New
3195 E. Washburn Rd.	North Las Vegas	ShipHero	196,652	New
3777 Marion Dr.	North Las Vegas	WinCo Foods	190,000	New
7055 S. Decatur Blvd.	Southwest	MGM Resorts Design & Development	165,000	Renewal
5345 E. Centennial Pkwy.	North Las Vegas	PCA	149,191	New

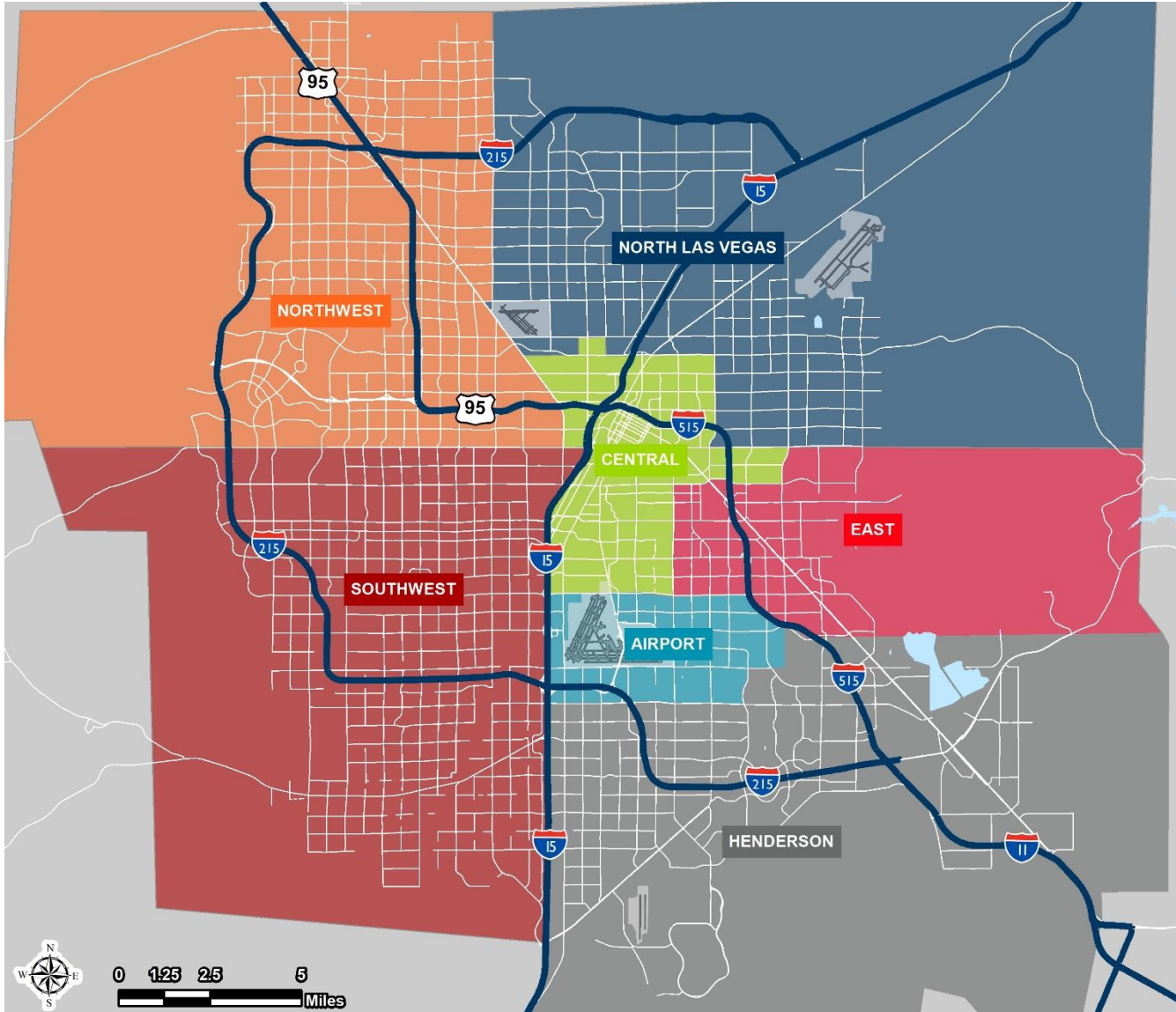
### KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
4980 Statz St.	North Las Vegas	International Union of Operating Engineers / Clarion Partners	2,453,190	\$343.2M / \$140
7900 W. Sunset Rd.	Southwest	Panattoni Development / PCCP (Pacific Coast), Brookhollow Group	331,471	\$40.5M / \$122
6250 Howdy Wells Ave.	North Las Vegas	Becknell Industrial / TCP Realty Services	190,538	\$23.3M / \$123
1201 Searles Ave.	Central	ZNZ Enterprises LLC / Highridge Provender	110,000	\$16.6M / \$151
6160 Stevenson Way	Airport	Buckeye Investments / GID	102,000	\$14.8M / \$145

### KEY CONSTRUCTION COMPLETIONS 2021 YTD

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
1300 Wigwam Pkwy. Bldg. 1	Henderson	N/A	260,448	Western RealCo.
1350 Wigwam Pkwy. Bldg. 2	Henderson	Lithion	77,600	Western RealCo.

INDUSTRIAL SUBMARKETS



**JOLANTA CAMPION**

Senior Director of Research  
Nevada, Utah & San Diego

+1 858 625 5235 / [jolanta.campion@cushwake.com](mailto:jolanta.campion@cushwake.com)

**JEFF PLATTS**

Research Analyst, Nevada

+1 702 605 1852 / [jeff.platts@cushwake.com](mailto:jeff.platts@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](http://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.