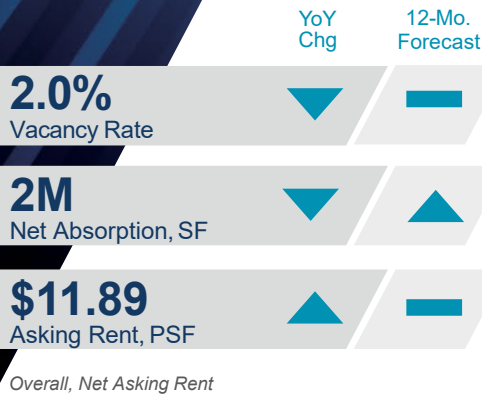
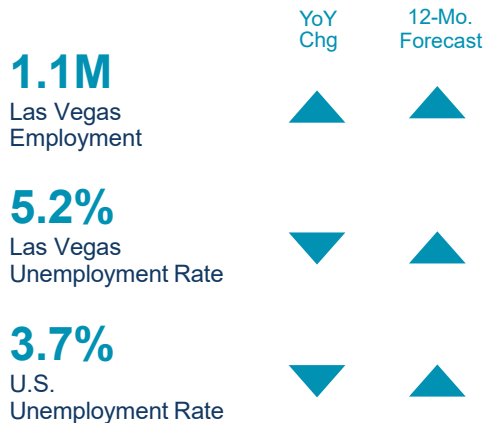


Industrial Q4 2022

ECONOMIC INDICATORS
Q4 2022

Source: BLS

ECONOMIC OVERVIEW

Nonfarm employment grew by 47,200 jobs or +4.6% year-over-year (YOY) from December 2021 through December 2022, with the service producing sector accounting for 37,350 jobs added (+4.0% YOY), while leisure & hospitality added 17,620 jobs (+6.6%) YOY. During the same time, the monthly unemployment rate decreased from 6.0% to 5.2% and is currently 150 basis points (bps) higher than the U.S. unemployment rate of 3.7%. Nine of the 12 employment sectors are expected to grow at a combined rate of 4.2% in 2023, notably the leisure & hospitality sector is forecasted to climb 3.2% and the service-producing sector is projected to grow 1.5%. Las Vegas's economy of \$118.8 billion as measured by 2022 gross regional product is forecasted to increase by 3.6% in 2023 and 4.6% in 2024, above its 10-year average of 2.9%.²

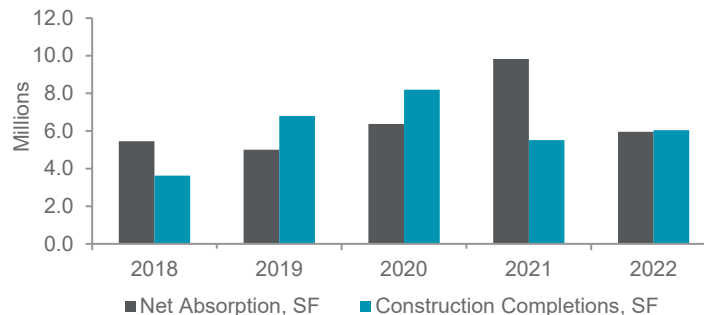
SUPPLY AND DEMAND

Industrial vacancy, including sublease, increased 50 basis points quarter-over-quarter (QOQ) and decreased 10 bps from 2.1% last year to 2.0% in Q4 2022. Across the region, the market is the tightest for manufacturing space with overall vacancy at 0.5% in Q4 2022 compared to 0.7% last year. The warehouse and distribution (W/D) vacancy rate now stands at 2.0%, 10 bps lower than the 2.1% rate last year. Vacancy for flex space stands at 3.7%, increasing from 2.8% one year ago. In addition, 19.7 msf (million square feet) has been delivered into the market since the start of 2020. Warehouse and distribution product make up 95% (18.8 msf) of new inventory delivered since 2020. The North Las Vegas submarket has benefited the most from new developments in recent years adding over 12 msf (59%) of new inventory since 2020, followed by Henderson with 4 msf (20%) and the Southwest with 2.2 msf (10%). The robust development in the North Las Vegas submarket is due to availability of land and more appealing land prices.

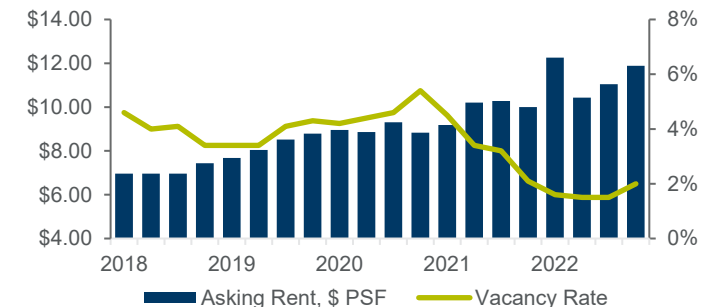
Tenants absorbed 2 msf in Q4 2022 compared to 820,000 sf in Q3 2022 and 2.8 msf in Q4 2021, with North Las Vegas, dominating the net occupancy growth in terms of absorption with 1.4 msf. Notable absorption impacts include the deliveries of 6200 Range Rd., and CapRock Tropical Logistics Phase II - Bldg. 1 at 6325 N. Beesley Dr. Both are fully occupied by Arvato Digital Services and Penske, respectively. Throughout 2022 absorption numbers totaled 6 msf compared to 9.8 msf totals during 2021. The Henderson and Southwest submarkets came in second and third in terms of total space absorbed with 273,678 and 159,898 sf, respectively.

Leasing activity totaled 1.4 msf across 31 deals in Q4 2022, excluding renewals, compared to 3.6 msf in Q3 2022 (54 deals) and 2.5 msf (74 deals) in Q4 2021. This activity will boost future absorption as tenants occupy their space over the next 12 months. Leasing through 2022 totaled 11.6 msf compared to the 14.2 msf of new leases in 2021.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY / ASKING RENT



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Industrial Q4 2022



Two submarkets accounted for the most space leased in Q4 2022: Henderson (38%) and North Las Vegas (32%) – combined 977,000 sf or 70% leased. By the end of 2022, tenants leased the most space in the North Las Vegas (6.6 msf or 58%), Henderson (2.6 msf or 22%) and Southwest (1.6 msf or 14%) submarkets or 10.9 msf combined (94%).

FUTURE INVENTORY

There are 16.6 msf (71 properties) currently under construction in the Las Vegas industrial market with 47% already pre-leased. Speculative (SPEC) development comprises 14.8 msf (89%) across 66 buildings, with 13.5 msf (81%) in two submarkets: 11.8 msf (34 properties) in North Las Vegas and 1.7 msf (21 properties) in the Southwest submarket. Comparatively, build-to-suit (BTS) projects total 1.9 MSF sf (11%) spanning five buildings across three submarkets. The 2-msf SPEC North Vegas Logistics Center which encompasses two 1 msf buildings is the largest project currently underway. Building II is fully available but Hey Dudes, Inc. signed a deal for 730,000 sf of building I, leaving 314,000 sf left. The next largest project is the 989,000-sf BTS Smith's distribution site. Smiths purchased 96.5 acres in North Las Vegas' Apex industrial park in March 2021. Both largest projects are in the North Las Vegas submarket. Additionally, there are 102 proposed projects, totaling 29 msf, across all product types, most of them in North Las Vegas 18.5 msf (64%) and Henderson 6 msf (20%) submarkets.

PRICING

The average asking rent for all built product types combined was \$11.89 per square foot (psf) per year on a triple net basis, which increased \$1.89 (+19% YOY). The average asking rate increased by \$2.80 (+26% YOY) to \$13.46 psf in Q4 2022 for manufacturing (MFG) space, followed by a \$1.85 (+20%) rise for warehouse/distribution space (W/D) to \$11.23 psf. The asking rate for flex space edged higher by \$1.66 (+15% YOY), reaching \$13.06 by the end of 2022.

SALES ACTIVITY

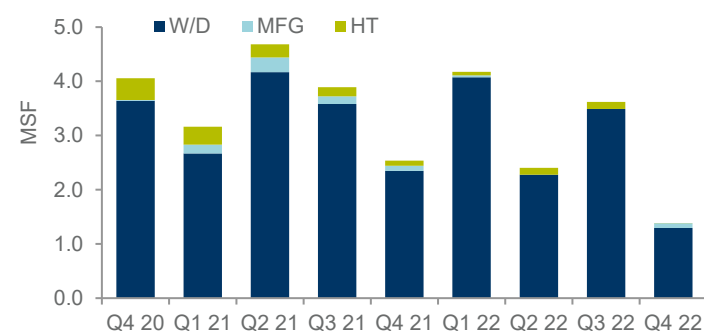
The industrial market recorded \$320 million in sales activity across nine properties and 7.7 msf in Q4 2022 compared to \$326 million in Q3 2022 and \$615 million in Q4 2021. The average price psf was \$219 in Q4 2022, up 26% compared to the Q4 2021 average of \$173. Institutional buyers comprised the majority (39%) of buying activity in 2022 (vs. 42% in 2021), followed by private buyers (46% vs. 37% in 2021). Private sellers accounted for 62% of activity (vs. 80% in 2021), followed by institutional sellers (27% vs. 8% in 2021).³

Sources: ¹www.bls.gov ² Moody's Analytics economy.com 12/2021 ³ RCA.

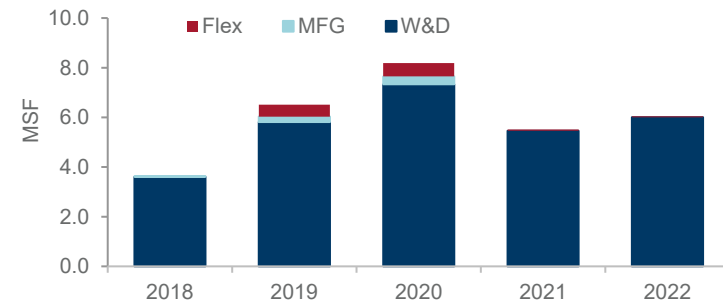
OUTLOOK

- Tenant activity continues to be robust. Capital market volatility and economic concerns have not yet translated to slower velocity or a significant increase in vacancy. Landlords are expected to pay close attention to any slow tenant payments or delinquencies.
- Industrial land prices are starting to see some softening. With the increase in debt costs and an increasingly limited equity pool, we anticipate land transactions to slow in the first half of 2023. Landowners without immediate needs to sell, will likely wait for pricing to stabilize rather than sell at a perceived discount. Shovel ready or entitled land will continue to have interest from fee developers and end-users.

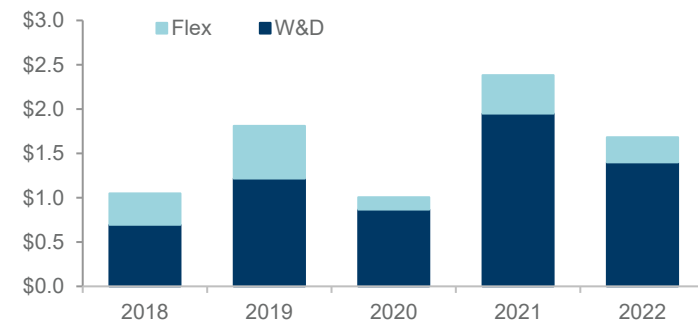
OVERALL NEW LEASING BY CLASS IN SF



COMPLETIONS BY PRODUCT TYPE IN MSF



INDUSTRIAL SALES VOLUME IN \$ BILLIONS



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Industrial Q4 2022

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	13,990,625	509,975	3.7%	6,549	63,386	0	408,420	\$12.51	\$11.96	\$14.68
Central	7,553,494	94,436	1.3%	84,316	93,738	0	0	\$11.40	\$11.54	N/A
East	1,138,929	18,342	1.6%	22,490	22,490	12,759	0	\$11.44	N/A	N/A
Henderson	21,534,862	483,254	2.2%	273,678	1,515,981	1,203,011	1,337,083	\$10.48	\$9.40	\$15.00
North Las Vegas	58,265,398	815,170	1.4%	1,481,819	3,428,621	12,963,372	3,273,091	\$10.53	\$10.34	\$12.89
Northwest	869,362	9,493	1.1%	0	0	0	0	\$12.93	N/A	N/A
Southwest	40,535,866	997,779	2.5%	159,898	828,839	2,452,590	1,023,047	\$12.56	\$11.73	\$11.50
TOTAL	143,888,536	2,928,449	2.0%	2,028,750	5,953,055	16,631,732	6,041,641	\$11.89	\$11.22	\$13.46
FLEX	15,902,908	595,145	3.7%	-62,860	-105,709	873,907	38,400	\$13.06		
MFG	11,541,598	58,470	0.5%	-20,789	28,051	193,571	0	\$13.46		
W/D	116,444,030	2,274,834	2.0%	2,112,399	6,030,713	15,564,254	6,003,241	\$11.22		
TOTAL	143,888,536	2,928,449	2.0%	2,028,750	5,953,055	16,631,732	6,041,641	\$11.89	\$11.22	\$13.46

*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 Q4 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
2855 E. Lone Mountain Rd.	North Las Vegas	UPS	247,125	Renewal/Expansion
4240 N. 5 th St.	North Las Vegas	PODS	146,318	New
6405 Ensworth St.	Airport	Shelby American, Inc.	135,000	Renewal
5430 Badura Ave.	Southwest	OSA International	128,431	New
3561 Volunteer Blvd.	Henderson	Aristocrat Technologies	124,700	New

KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Golden Triangle Logistics Center	North Las Vegas	Washington Capital Management, Inc. / Clarion Partners	1,001,538	\$150M / \$150
SunPoint West	North Las Vegas	Suncap, Diamond Realty Investments / RREEF Property Trust	730,000	\$143M / \$196
1415 Raiders Way	Henderson	Matter Real Estate Group / LVR Real Property LLC	200,000	\$56M / \$281
500 N. Gibson Rd.	Henderson	Penwood REIM / OID Holdings Inc.	127,440	\$35.5M / \$279
4432 Calimesa St.	North Las Vegas	Ming Han & Yuk K Wong / Inline Distribution Company	31,000	\$7.8M / \$252

KEY CONSTRUCTION COMPLETIONS YTD

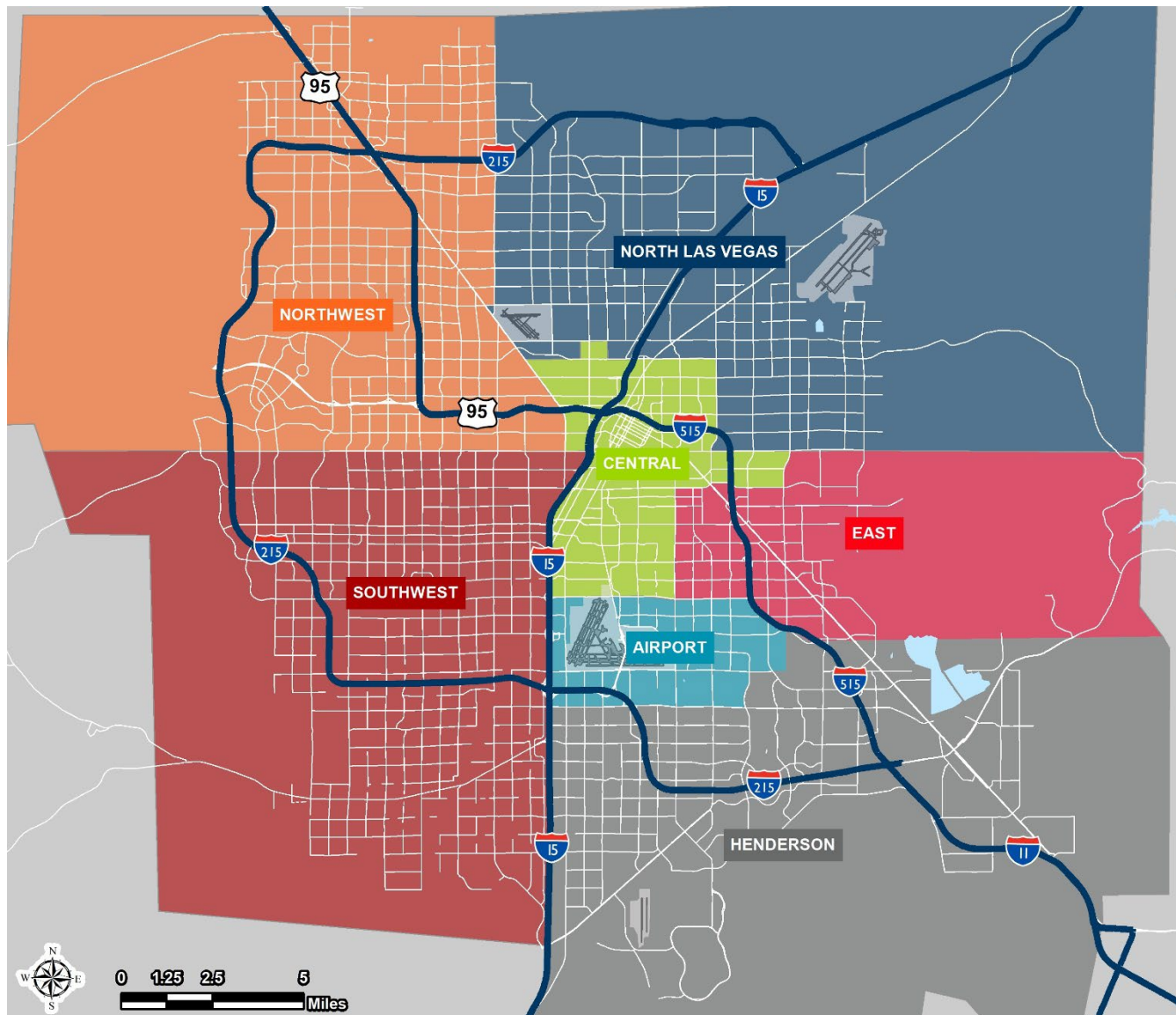
PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Golden Triangle Logistics Center – Bldg. III	North Las Vegas	Reckitt Benckiser LLC	652,010	Washington Capital Management, Inc.
South 15 Airport Center – Phase II – Bldg. F	Henderson	DB Scheckner	614,520	Panattoni Development Company

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