



Las Vegas industrial market report

Q3 2024

**AVISON
YOUNG**

Las Vegas industrial market trends

8.0%

Rising Vacancy Rates Due to Record Supply

Over the past 24 months, starting from Q3 2022, the Las Vegas industrial market has seen a significant rise in vacancy rates driven by an influx of new supply. Between Q2 and Q3 of 2024 alone, vacancy increased by 120 basis points, with a total growth of 140 basis points since the start of the year—indicating that much of the rise occurred in the most recent quarter. Nearly 10 million square feet of new inventory has been added year-to-date, further contributing to the swelling vacancy rate.

\$1.11

Decelerating Asking Rent Growth Amid High Historicals

After consistent quarter-over-quarter increases, asking rents have plateaued at \$1.11 per square foot per month, with rent growth slowing significantly in Q3 2024 due to oversupply and increased negotiability among landlords. Rent growth dropped to 3.5% in Q3, down from 6.5% in Q2 and 9.1% in Q1. Two years ago, rent growth peaked at 15.2% in Q3 2022, but it has steadily decelerated as landlords face rising vacancy and heightened competition.

267,652 sf

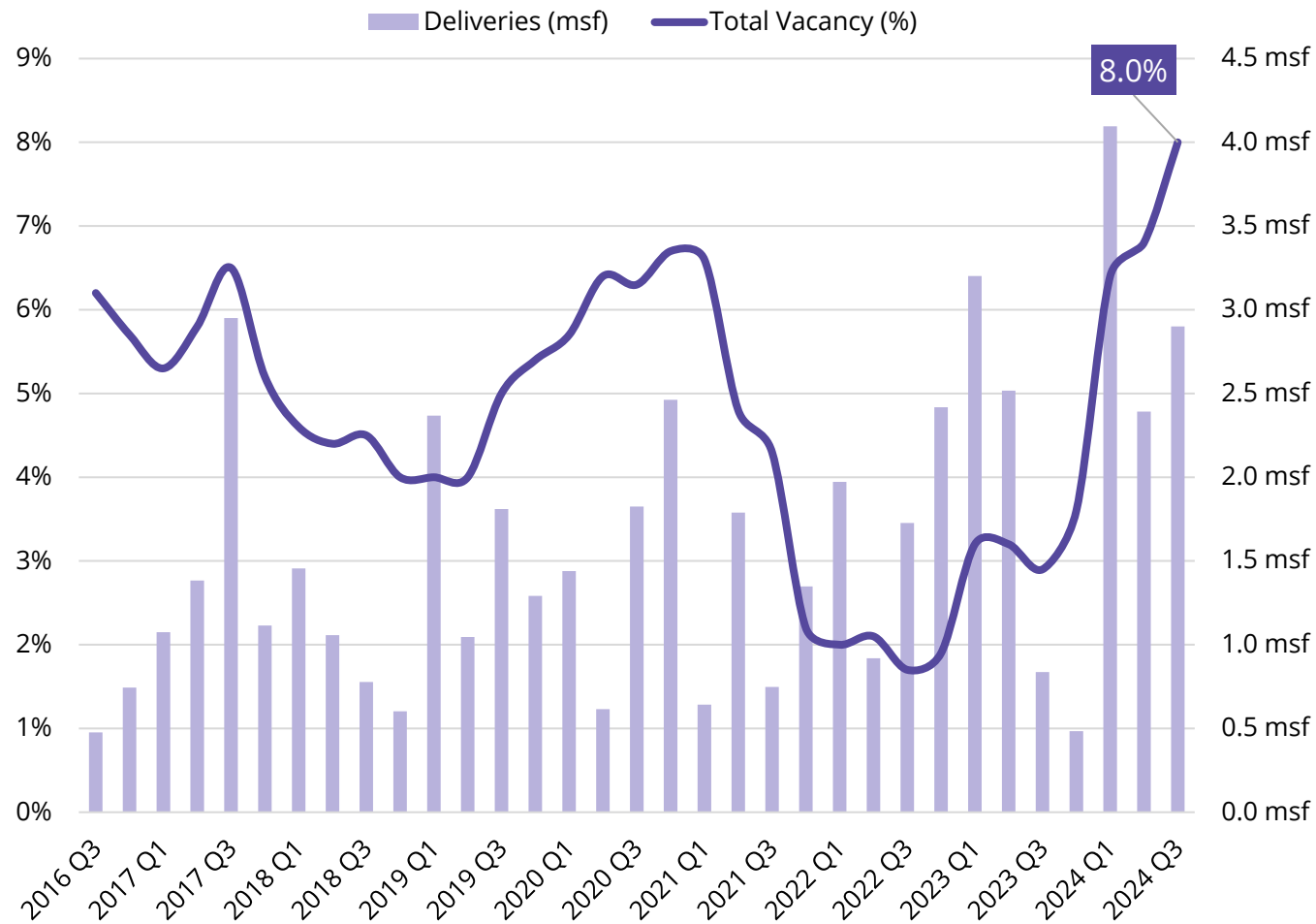
Shift in Leasing Preferences to Smaller Spaces

There has been a notable shift in leasing preferences over the past year. Previously, positive absorption prior to 2020 was driven by spaces in industrial buildings larger than 400,000 square feet. However, in the last four quarters, tenants have increasingly favored smaller spaces, specifically those ranging from 100,000 to 400,000 square feet. In Q3 2024, net absorption reached a positive 267,000 square feet.

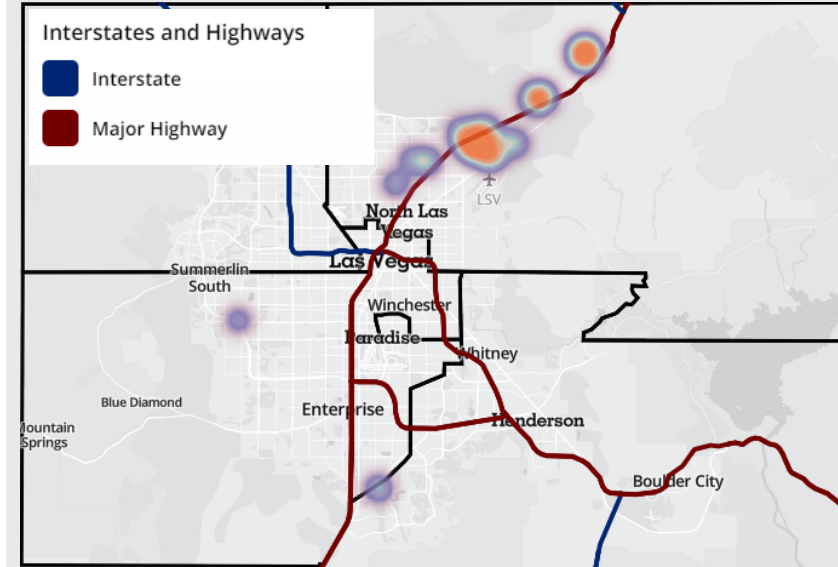
Survey criteria: Industrial properties sized 20k square feet and larger.

Source: AVANT by Avison Young, CoStar

Las Vegas industrial vacancy (%)



Largest Recent Deliveries



A total of nearly 3 million square feet of industrial space was delivered across Las Vegas in Q3 2024, with the largest portion in North Las Vegas.

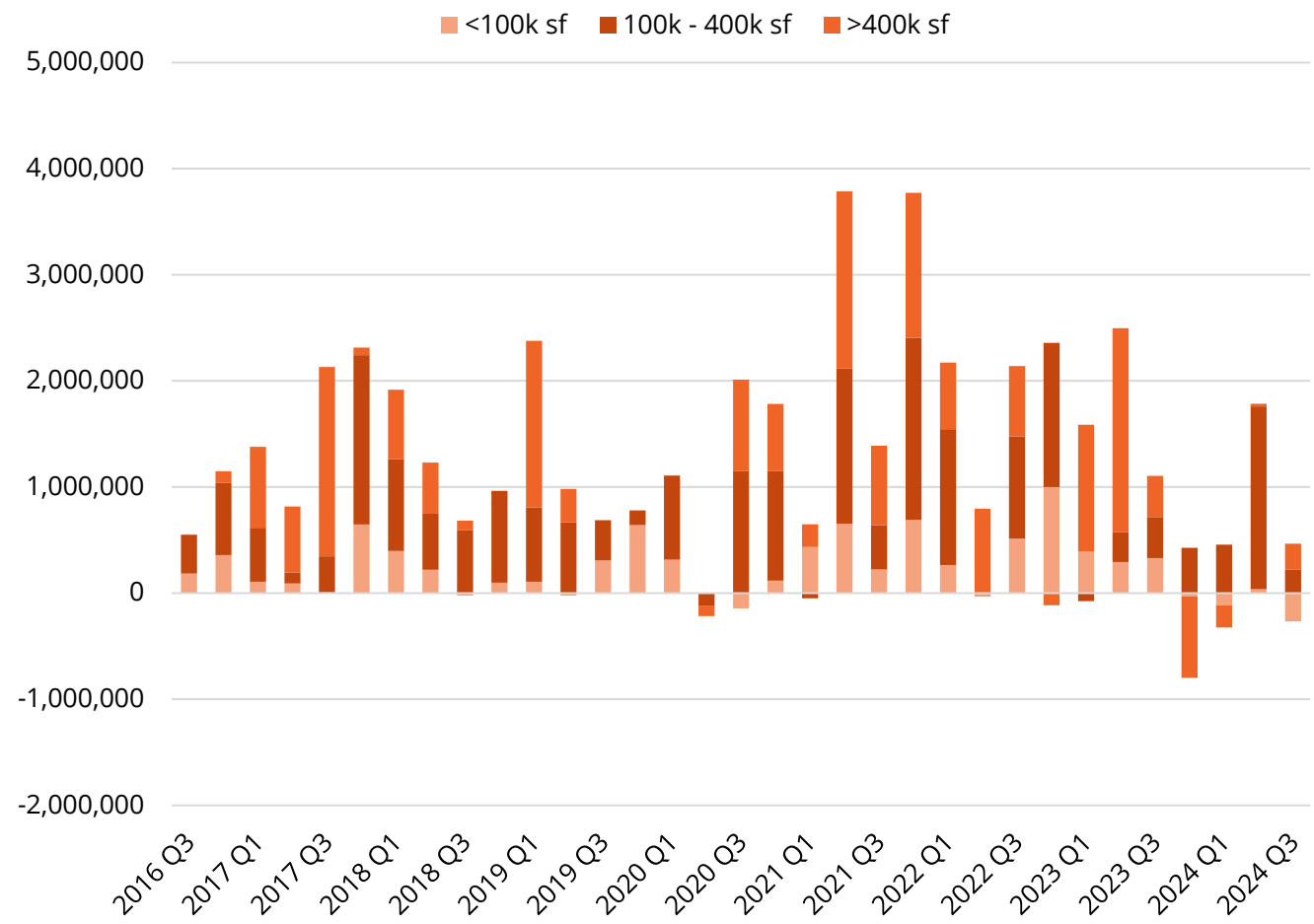
Las Vegas industrial asking rents (\$ psf)



Although asking rates remain above historical averages, the decelerating rent growth over the past 24 months since the Q3 2022 peak suggests weaker landlord leverage. Asking rents have plateaued over the past year, with year-over-year growth slowing dramatically compared to where rents stood this time last year.



Las Vegas industrial absorption (sf)



Over the past decade, the 100,000 to 400,000 square foot building size range has consistently seen positive absorption each quarter. In contrast, larger buildings (over 400,000 square feet) experienced significant negative absorption toward the end of 2023. Interestingly, in Q3 2024, both size categories recorded equal positive absorption, but this is not particularly significant due to the minimal overall absorption.

Appendix



Las Vegas industrial market activity

Q3 2024 – Top leasing activity

Tenant	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Amazon	6350 Howdy Wells Ave	North Las Vegas	July 2024	159,429	New Lease	Direct
Your Logistics	2125 W Cheyenne Ave	North Las Vegas	August 2024	138,246	New Lease	Direct
<i>Unknown</i>	7050 S Buffalo Dr	Southwest	July 2024	121,084	New Lease	Direct
Fuse Technical Group	6580 Lindell Rd	Southwest	September 2024	105,719	Renewal	Direct
<i>Unknown</i>	3770 N Commerce St	North Las Vegas	September 2024	86,765	New Lease	Direct

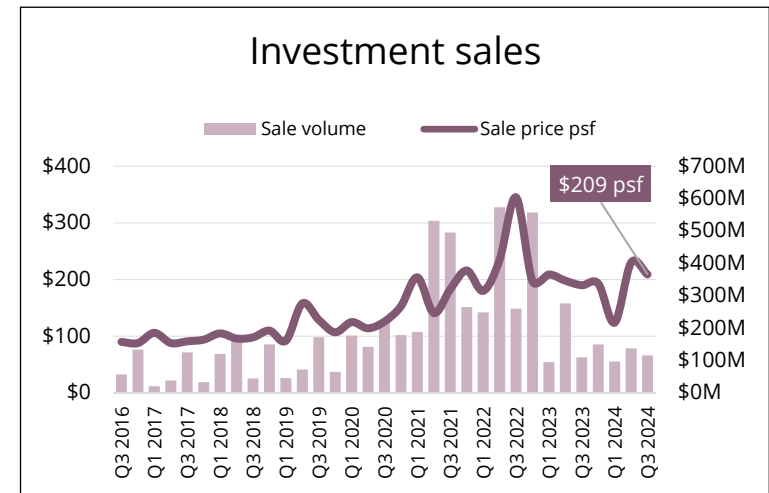
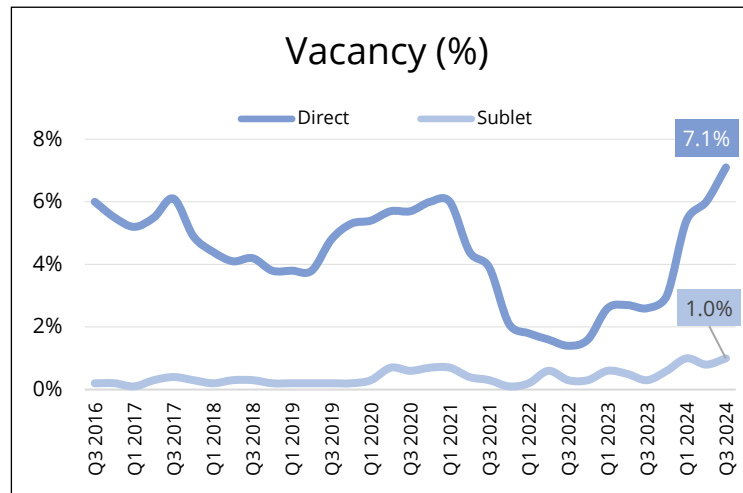
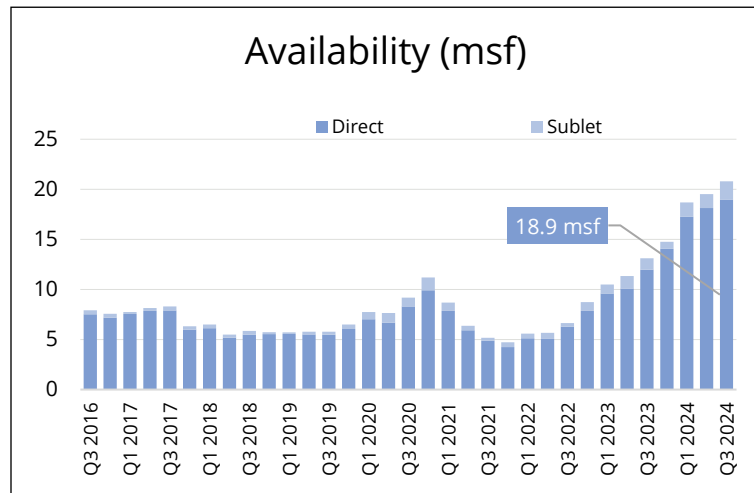
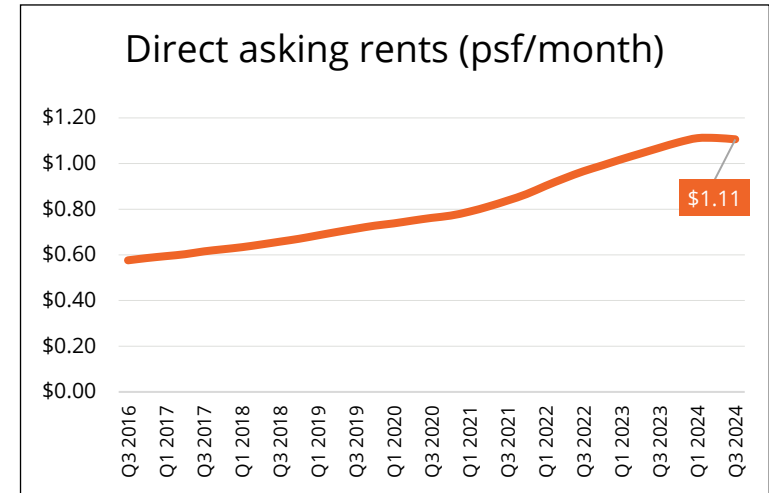
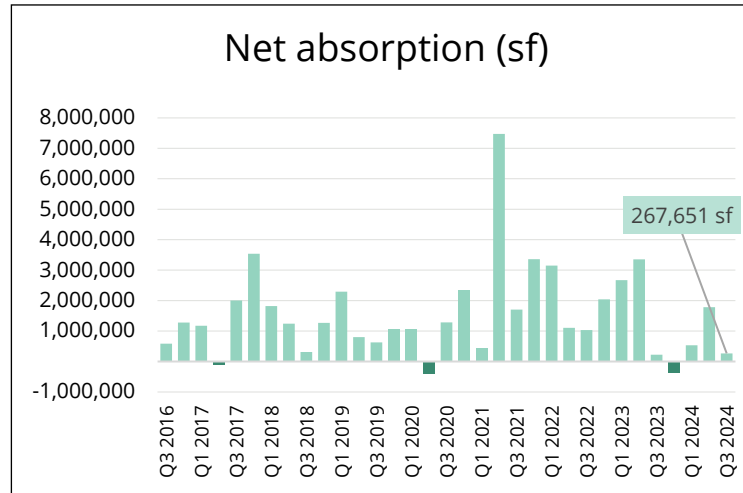
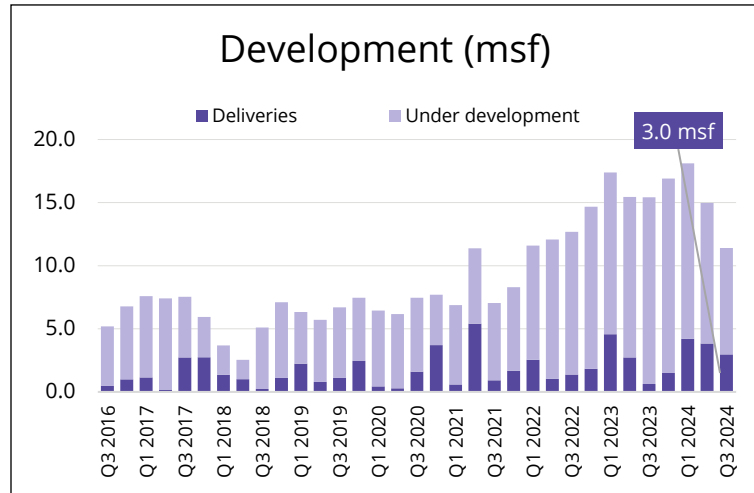
Q3 2024 – Top investment sales activity

Buyer	Address	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
Synergos	22520 S Las Vegas Blvd	Sep 6, 2024	176,000	\$40M	\$227.27	Berry Global
Ares Management Corp	1085 Alper Center Dr	Aug 20, 2024	137,280	\$31.03M	\$226.06	TA Realty
Ares Management Corp	3255 Sunridge Heights Pky	Aug 20, 2024	72,122	\$19.24M	\$266.74	TA Realty
Ares Management Corp	3235 Sunridge Heights	Aug 20, 2024	63,506	\$16.02M	\$252.34	TA Realty
BKM Capital Partners	6620 Escondido St – Bldg B	Aug 26, 2024	76,672	\$10.93M	\$142.53	TA Realty

Top projects under development

Project Name Address	Submarket	Delivery date	Building size sf	% Preleased	Developer
Desert Willow Logistics Center 110 W Gowan Rd – Building B	North Las Vegas	November 2024	505,466	0%	Panattoni
Oasis Commerce Center S Rainbow Blvd	Southwest	October 2024	422,020	0%	Panattoni
Windsor Commerce Center 2300 W Carey Ave – Building G	North Las Vegas	October 2024	397,440	50%	LPC

Las Vegas industrial market indicators



Las Vegas industrial market stats

Submarket	Existing inventory sf	Deliveries sf (Q3)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption sf (Q3)	Monthly direct asking rent psf
North Las Vegas	70,058,814	1,983,491	5,198,655	12.1%	1.4%	13.3%	415,977	\$0.95
Southwest	33,372,478	547,971	1,504,681	4.5%	0.1%	4.6%	-12,109	\$1.28
Henderson / SE Las Vegas	19,293,126	416,687	1,724,344	10.5%	0.9%	11.1%	-121,497	\$1.20
Airport / East Las Vegas	12,501,301	28,490	0	4.8%	0.3%	4.7%	-42,549	\$1.28
Central	4,864,646	0	0	4.2%	0%	4.2%	34,454	\$1.10
Northwest	541,093	0	0	2.4%	0.9%	3.3%	-6,625	\$1.22
Market total	140,631,458	2,976,639	8,427,680	7.1%	1.0%	8.0%	267,651	\$1.11

Survey criteria: Industrial properties sized 20k square feet and greater



Las Vegas smaller industrial market

Let's examine more industrial trends in the valley for smaller properties.

Survey criteria: Industrial properties sized 20k square feet and smaller



Las Vegas smaller industrial market snapshot

3.0%

Market conditions differ from larger buildings for industrial properties under 20,000 square feet. With new construction focused on larger spaces, the smaller industrial market in Las Vegas remains tight, with 3.0% total vacancy in Q3 2024 (2.7% direct, 0.3% sublet).

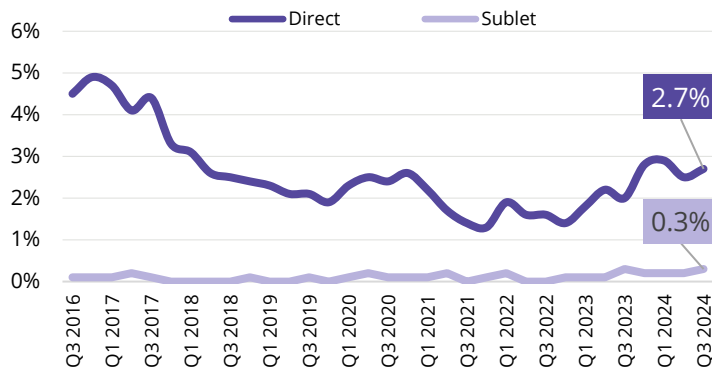
\$1.30 psf

With high landlord leverage and limited vacancy, rents for smaller properties averaged \$1.30 per square foot in Q3 2024, \$0.19 higher than larger spaces. Rents have held steady at this level for several quarters following years of consistent growth.

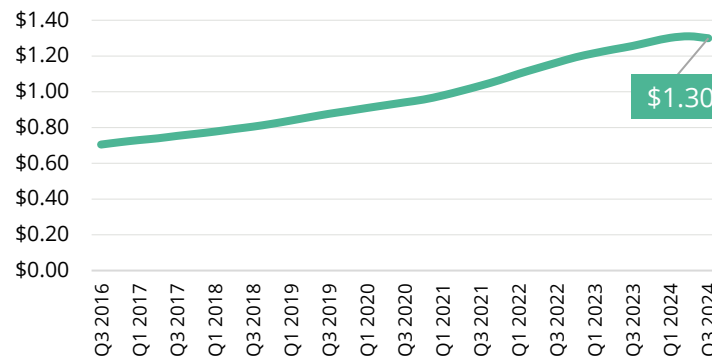
-48,273 sf

With low vacancy, net absorption in the small-space submarket typically ranges from -100,000 to 200,000 square feet. In Q3 2024, it was -48,273 square feet, reflecting more move-outs than move-ins, which can be favorable for the market given limited space.

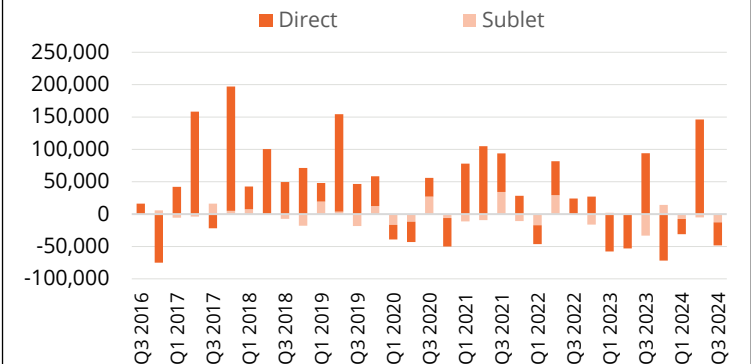
Vacancy



Monthly asking rent psf



Absorption sf



Las Vegas industrial market activity

Q3 2024 – Top leasing activity

Tenant	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
LeafFilter	7110 Placid St	Airport / East Las Vegas	July 2024	13,330	New Lease	Direct
Unknown	2582 Abels Ln	North Las Vegas	July 2024	9,850	New Lease	Direct
Crash Champions	2590 W Brooks Ave	North Las Vegas	Aug 2024	9,800	New Lease	Direct
JRNY, Inc.	901 S 1 st St	Central Las Vegas	July 2024	9,500	New Lease	Direct
<i>Unknown</i>	7115 Bermuda Road	Airport / East Las Vegas	Sep 2024	8,432	New Lease	Direct

Q3 2024 – Top investment sales activity

Buyer	Address	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
Jin W Choi	1850 Maule Ave	August 2, 2024	19,707	\$5.6M	\$284.16	Marx Digital manufacturing Inc
Matthew Wong	5 Sunset Way	August 13, 2024	13,282	\$3.6M	\$271.04	Ron Erickson
John T Michael	3510 Cavaretta Ct	September 25, 2024	14,008	\$2.9M	\$207.02	Frank Lovaas
Sky Top Vending	1415 Western Ave	July 18, 2024	10,937	\$2.65M	\$242.30	Craft Construction Company
Sol-Pak	6580 Spencer St, 1 st Floor B-4 (Condo)	July 26, 2024	4,994 (condo)	\$1.56M	\$312.37	Erick and Eva Wolf

Top projects under development

Project Name Address	Submarket	Delivery date	Building size sf	% Preleased
Rainbow Crossing Industrial Center 10710-10890 S Rainbow Blvd – Buildings 8-9	Southwest	January 2025	19,684	0%
Diamond Bermuda 3710 E Dale Ave	Henderson / SE Las Vegas	October 2024	19,060	0%
4865 E Tropical Pky	North Las Vegas	December 2024	17,140	100%

Las Vegas industrial market stats

Submarket	Existing inventory sf	Deliveries sf (Q3)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption sf (Q3)	Monthly direct asking rent psf
North Las Vegas / Speedway	5,220,214	0	17,140	3.0%	0.3%	3.3%	(36,672)	\$1.25
Southwest / West Las Vegas	6,396,171	0	105,035	1.7%	0.3%	2.0%	(30,741)	\$1.39
Henderson / SE Las Vegas	2,659,283	0	105,199	2.8%	0%	2.8%	3,475	\$1.27
Airport / East Las Vegas	1,918,759	0	7,928	4.5%	1.0%	5.5%	28,768	\$1.31
Central Las Vegas	2,242,339	0	0	3.5%	0%	3.5%	(13,103)	\$1.16
Northwest	118,455	0	0	0%	0%	0%	0	\$1.46
Market total	18,555,221	0	235,302	2.7%	0.3%	3.0%	(48,273)	\$1.30

Survey criteria: Industrial properties sized 20k square feet and smaller



Industrial insights glossary of terms

Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

Industrial rents and concessions

- **Triple net rents:** tenant is responsible for paying rent, utilities, taxes, operating expenses and common area maintenance
- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as triple net (NNN)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as triple net (NNN)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an industrial suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

Property subtypes

- **Distribution:** properties used primarily to ship goods with higher proportions of dock doors and taller clear heights
- **General Warehouse:** properties used to store goods and materials
- **Manufacturing:** properties where goods are produced and assembled with heavier power and stronger floor loads for equipment

Capital markets

- **Investment volume:** industrial sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales



For more market insights and information visit **avisonyoung.com**

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