







q3 2021 comments.

Amidst The Great Supply Chain Disruption of 2021, a “No Vacancy” sign has started to flicker over Las Vegas’ industrial market. In North Las Vegas, the submarket largely responsible for adding 45 million square-feet of economic diversity over the last seven years, there is no immediate option if you need new, concrete tilt-up, distribution space. One of multiple tenant prospects will soon occupy the last available unit within the area’s standing inventory at 171,000 square feet.

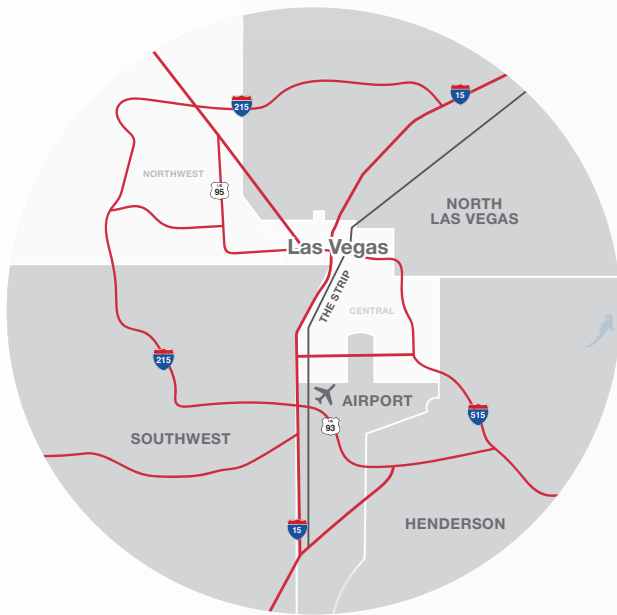
The availability of other product types, and within other submarkets, is similarly scarce. As one would expect, low supply and high demand continue to push up rents across the board. Pre-leasing is up 55% quarter over a quarter, while standing inventory is down almost 400% in the same period. Tenants are committing to space early or having to consider other markets. California relocations and 1031 exchange money drive the Las Vegas market. While our industrial market dynamics seem extreme and expensive, we are still a bargain compared to our neighboring state of California.

 SUBMARKET	 STANDING INVENTORY	 UNDER CONSTRUCTION	 UNDER CONSTRUCTION AVAILABLE	 UNDER CONSTRUCTION PRE-LEASED	 PLANNED
North	170,982	8,248,040	4,254,434	3,980,606	6,992,863
Southwest	89,712	1,032,677	702,902	329,775	1,399,331
Henderson	130,220	3,626,381	2,665,466	960,915	258,021
Airport	0	409,500	258,300	151,200	150,120
TOTAL	390,914	13,316,598	7,881,102	5,422,496	8,800,335

construction.

Our 13 million square feet of construction looks healthy—however, timing and ongoing demand present challenges. By most estimates, we have over 10 million square feet of demand, equating to just over a one year supply of space. Adding further strain are delayed construction deliveries resulting from supply chain disruptions. Roof components, dock packages, and things as simple as nails are difficult to find or are slow to arrive. The resulting delays for deliveries in 2022 and even 2023, make the next 12 months hyper-competitive.

Developers are still bullish on space demand and rent growth, which continues to push land prices higher. Any available parcel of significant size gets interest from a long list of developers. Project announcements as small as 25,000 square-feet on smaller lots are a welcome new trend, but delivery dates will be fluid. In a recent McCarran Airport Auction, several parcels that looked suitable for industrial development went to apartment developers willing to pay over \$1 million per acre.



submarkets.

North Las Vegas — A North Las Vegas discount is nearly unrecognizable, with mid to high \$0.60's SF/M for distribution units. Tenants must request proposals to see actual rates, and the quoted rent may increase if not locked in. Smaller spaces can be \$0.70 - \$0.90 SF/M. A 19,000 SF NNN leased dock-high building occupied by Goodman is seeking \$200 a square foot.

Southwest — A 40,000 SF dock-high building just south of the Stadium District is listed at \$261 per SF and rumored to be in escrow. Another similar building in the Stadium Area is asking \$250 per SF. Multiple comps prove at least \$225 per SF, but another 10%-15% pricing jump feels imminent by the year's end. Lease rates hover around \$0.95 to \$1.05 SF/M with dock-high distribution buildings under construction, expecting closer to \$1.25 SF/M when delivered next year.

Airport — Rents and pricing are similar to the Southwest, with lesser signs of an immediate increase by the end of 2021. Expect a maximum of \$225 per SF.

East Henderson — Like the airport area, for-sale and for-lease pricing mirror the Southwest with less runway to finish 2021.

West Henderson — West Henderson is still in the pricing discovery stages on a for-sale basis but on pace to be the most expensive submarket in town. Shell buildings should close at well over \$200 a square foot. Leasing rates are on pace with Southwest and, in some cases, more expensive.

notable transaction.

“ When we planned a west coast manufacturing facility, we trusted NAI Global for market expertise in Las Vegas. Mike Kenny and his team at NAI Vegas were referred and did not disappoint. Evanesce secured an ideal North Las Vegas location, in a hyper-competitive market, and signed before a significant increase in rental rates. ”

– Scott Duddy, Chief Operating Officer

EVANESCE
PACKAGING SOLUTIONS

challenge.

At Evanesce, developing innovative technologies to replace single-use plastics and Styrofoam gained significant momentum. To meet the growing demands of sustainable packaging alternatives, they needed distribution centers from coast to coast.

action.

The leadership at Evanesce looked to NAI Global for logistics expertise on the west coast. The NAI global network of real estate professionals was the perfect resource for site selection. They selected Las Vegas, NAI Vegas, and the Larkin Industrial Group.

results.

Evanesce will disrupt the \$980 billion packaging industry with innovative solutions for consumers, the food industry, and the planet from a new NLV location. Their new facility is under construction and will be ready for 2022 operations.

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