







q2 2022 comments.

Despite the quarter-point and half-point interest rate increases enacted by the Federal Reserve in March and May, the Las Vegas industrial real estate market did not appear to register any real impact. However, that all changed on June 15th when the Federal Reserve raised its key benchmark rate by three-quarters of a percentage point – its most significant hike since 1994 – after seeing U.S. inflation hit 8.6% in May. Our market has taken a hiatus from extreme pricing increases. In the first half of 2022, we looked immune to inflation, wild energy markets

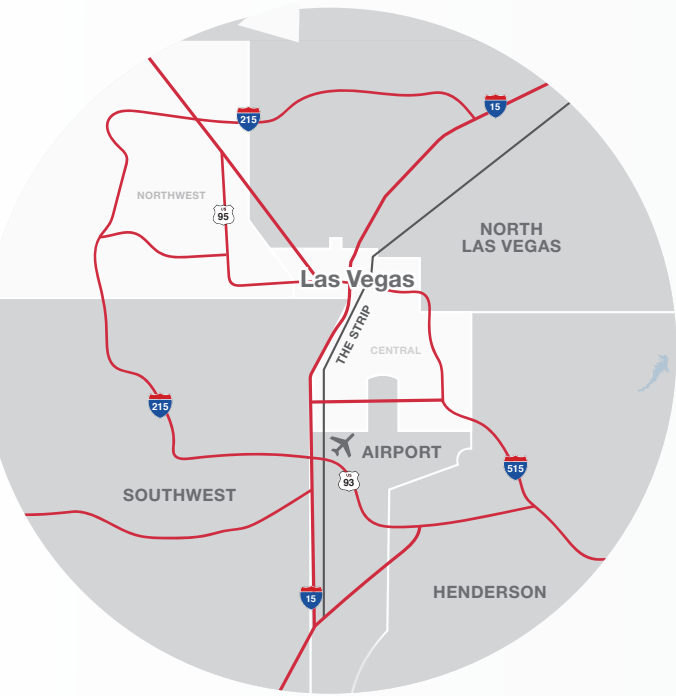
due to the war in Ukraine, and a sliding stock market. While there has been no immediate change to rents or values for Las Vegas industrial real estate, we think the feeding frenzy is over, and we may be flirting with peak pricing. Late June and early July have caused Sellers and Landlords to pause. Tenants should not misinterpret this pause as an immediate opportunity. Demand remains high with minimal availability

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|--|--|--|---|--|--|
| SUBMARKET | STANDING INVENTORY | UNDER CONSTRUCTION | UNDER CONSTRUCTION AVAILABLE | UNDER CONSTRUCTION PRE-LEASED | PLANNED |
| North | 0 | 9,039,097 | 4,267,733 | 4,771,364 | 18,861,840 |
| Southwest | 0 | 1,875,671 | 791,499 | 1,084,172 | 2,788,600 |
| Henderson | 0 | 3,130,385 | 663,756 | 2,466,629 | 3,575,027 |
| Airport | 0 | 559,620 | 270,120 | 289,500 | 0 |
| TOTAL | 0 | 14,604,773 | 5,993,108 | 8,611,665 | 25,225,467 |

construction.

Despite the potential changes in the market, the remainder of 2022 looks challenging for tenants. Still, not a single newly constructed building is available valley-wide. A 3% decrease in construction quarter over quarter doesn't provide immediate relief. All new projects are 56% pre-leased. Rental rates are steady as landlords control rate, terms, and deal speed. Over 40,000,000 ft.² is under construction or

planned, including several buildings over 1,000,000 ft.². This new construction wave started before the Fed's actions, so we question how much of this will come to fruition in the coming years. On paper, the future looks better for tenants, but landlords, developers, and their newly careful capital partners will control new supply, potentially keeping rates steady if demand remains the same.



submarkets.

North Las Vegas — Distribution tenants signed several transactions in q2 at \$0.90/SF/M NNN and higher. In May, a 25,000 SF freestanding dock-high building sold for \$249 per SF and a 4.5% cap rate.

Southwest — Rent quotes are around \$1.20/SF/M NNN, and values are about \$275 per SF. Asking prices of \$300 per SF and higher have yet to be justified.

Airport — Rent quotes are similar to the Southwest, and high sales comps are ±\$260 per SF. Several buildings are rumored to be in escrow at \$280 per SF.

East Henderson — East Henderson has verified \$225 per SF sales, slightly lagging the Airport and Southwest submarkets. Rental rate quotes are over \$1.00/SF/M NNN, but activity is slower.

West Henderson — Setting a market-wide high in q2 2022, a two-tenant newly constructed building traded at \$337 per SF and a 4.07% cap rate. Rent quotes are around \$1.10/SF/M NNN.

leased investment.

4050 W. Mesa Vista Ave. | Las Vegas, NV 89118



\$11,231,400
\$449,256 NOI
 06/30/27 Expiration Date



±37,438 SF
±6,173 SF (OFFICE)



**ONE (1) DOCK-HIGH
 LOADING DOORS**
**EIGHT (8) GRADE LEVEL
 LOADING DOORS**



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