


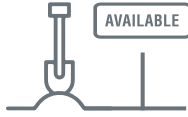




q2 2024 comments.

On July 7, Las Vegas broke its all-time temperature record, reaching 120°F at Harry Reid International Airport, surpassing the previous high of 117°F set in 1942. Amidst the heat, the industrial real estate market in Las Vegas has unfolded as anticipated this summer, with slowing demand and rising vacancies. Despite expectations for decreasing rental rates, they have remained relatively steady. Notably, North Las Vegas distribution rates have dropped to

the mid to high \$0.80's per square foot from a high of +/- \$1.10 per square foot. Landlords increasingly secure deals through concessions such as tenant improvement allowances, early access, and abated rents, rather than lowering rates. Unlike the weather, no records have been set in the industrial real estate market, but the volume of concessions, including free rent, is nearing levels not seen since the financial crisis.

					
SUBMARKET	STANDING INVENTORY	UNDER CONSTRUCTION	UNDER CONSTRUCTION AVAILABLE	UNDER CONSTRUCTION PRE-LEASED	PLANNED
North	6,742,506	10,811,893	9,170,841	1,641,052	14,992,414
Southwest	66,000	2,969,291	2,251,071	718,220	2,291,000
Henderson	569,300	5,522,166	5,489,410	32,756	3,572,200
Airport	37,500	32,000	32,000	0	43,299
TOTAL	7,415,306	19,335,350	16,943,322	2,392,028	20,898,913

construction.

According to CoStar, industrial deliveries in Las Vegas are set to reach a record high in 2024, with 13 million SF slated for completion. This will expand the inventory by over 7%, surpassing the past five years' 4% annual growth rate. Late-2023 construction starts remained strong, with nearly 6 million SF breaking ground in the year's second half. Nationally, construction starts have slowed below the three-year average during the same period. With over 17 million SF under construction in early 2024, vacancies may increase faster than the national average. The total space under construction represents 10% of existing

inventory in Las Vegas, compared to 2.2% nationally. Approximately 70% of the industrial space currently being built is available for lease, higher than the national rate of 55%. Projects of 400,000+ square feet face significant challenges, with leasing in this segment virtually nonexistent in the past year. About 17% of the inventory of properties 400,000 square feet or larger is available for lease, nearly double the national rate of 9.6%, making it one of the highest comparable rates in the U.S.

submarkets.












North Las Vegas – Rental Rates | $\pm 50,000$ SF - \$1.00-\$1.10 | $\pm 150,000$ SF \$0.90-\$0.95 **Sale Comp:** May 8th, 2024 – Panda Window & Doors expanded with a 41,309 SF building at 3865 N. Pecos Rd., for \$237/SF. | **Sale Comp:** May 30th, 2024 – IOS fund purchased XPO truck terminal with a short lease for \$38/SF.

Southwest – Rental Rates | $\pm 50,000$ SF - \$1.15-\$1.30 | $\pm 150,000$ SF - \$1.05 - \$1.15 **Sale Comp:** April 26th, 2024 – IOS fund acquired a 20-yr NNN lease on a 4.54-acre low-coverage property for \$31/SF. | **Sale Comp:** May 2nd, 2024 – Freestanding 42,645 SF building, sold to a mechanical contractor user for \$258/SF.

Airport – Rental Rates | $\pm 50,000$ SF - \$1.15-\$1.30 | $\pm 150,000$ SF - \$1.05-\$1.15 **Sale Comp:** June 24th, 2024 – 32,756 SF dock-high new build, sold to a construction user for \$256/SF. The user unit is shell, and the for-lease unit is turn-key.

Henderson – Rental Rates | $\pm 50,000$ SF - \$1.10-\$1.12 | $\pm 150,000$ SF - \$1.05-\$1.10 **Sale Comp:** May 15th, 2024 – T Brokers Tile bought 941 Empire Mesa Way., 6,869 SF building - \$237/SF. | **Sale Comp:** May 23rd, 2024 – A private investor purchased 1735 Chaparral Rd., a 98,023 SF NNN leased investment for \$284/SF – Pro Forma cap rate of 4.91%.

new availabilities.

	FOR SALE	7925 W. Arby Ave			\$317/SF	$\pm 22,805$ SF
	FOR LEASE	2695 N. Lamb Blvd			\$0.99/SF	$\pm 70,369$ SF
	FOR LEASE	6425 Richmar Ave			NEGOTIABLE	± 6.76 AC

lending update.



We are halfway through the year. The Fed Minutes from last month's meeting and comments from Fed Chair Powell reveal a slightly dovish and highly data-dependent stance, with Powell indicating that significant progress has been made to a disinflationary path. The minutes highlight a 'K-shaped' recovery, with higher-income households benefiting from rising asset prices and lower-income households struggling with increased costs. The potential risk of increased layoffs in a cooling labor market influenced a rally in the 10-year Treasury yield, which fell below 4.30% from a recent high of 4.60%, as markets anticipate the upcoming jobs report for further insights. A moderate Q2 increase in loan activity correlated to these softening long-term rates and the continued loan maturities precipitating refinances, extensions, or property trades. In such a dynamic landscape, what constitutes 'current rates' quickly becomes outdated as yields fluctuate. Nonetheless, the positive news is that spreads remain pertinent and aligned with deal characteristics. CommCap stands ready to assist in understanding your objectives and navigating this market terrain, offering early rate locks, cash-out refinancing, and more.

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