



Las Vegas

Industrial 21Q4

Key Takeaways

- Record 11.6 MM square feet of net absorption in 2021
- Vacancy hits lowest level ever at 2.3%
- Asking rates end year at \$0.82 PSF NNN



A Record Year for Las Vegas Industrial

Southern Nevada's industrial market had record demand in 2021, with the year's 11.6 million square feet of net absorption easily besting the previous record of 7.8 million square feet in 2017. Industrial vacancy decreased to 2.3% at the end of 2021, the lowest industrial vacancy rate we have recorded for Southern Nevada. Asking rental rates for industrial space ended the year at \$0.82 per square foot (psf) on a triple net (NNN) basis.

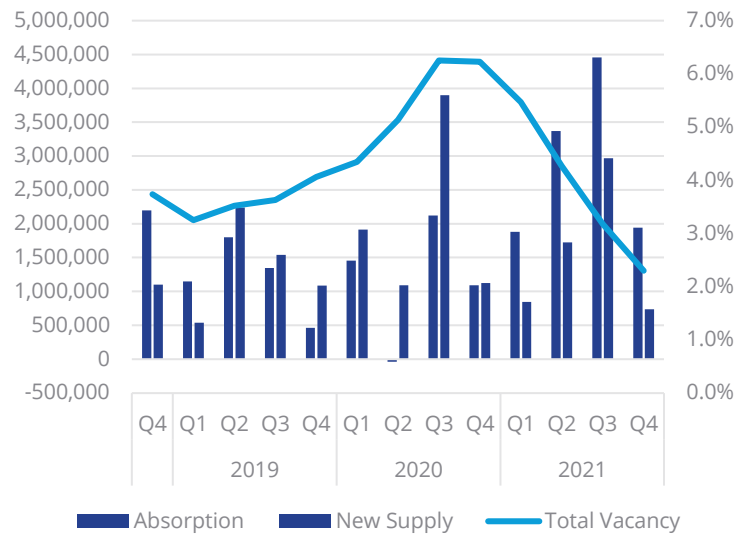
Market Indicators



Historic Comparison

	20Q4	21Q3	21Q4
Total Inventory (in Millions of SF)	142.2	147.7	148.6
New Supply (in Millions of SF)	1.1	3.0	0.9
Net Absorption (in Millions of SF)	1.1	4.5	1.9
Total Vacancy	6.2%	3.2%	2.3%
Under Construction (in Millions of SF)	1.7	6.6	6.0
Overall Asking Lease Rates (NNN)	\$0.70	\$0.81	\$0.82

Market Graph



With record high net absorption and record low vacancy in 2021, Southern Nevada's industrial market is poised for more success in the year to come

Recent Transactions



Lease
4350 North Fifth
246K SF | \$0.56 NNN



Lease
12010 Bermuda
124K SF | \$0.77 NNN



Lease
5445 North Belt
115K SF | \$0.79 NNN



Lease
4230 North Fifth
83K SF | \$0.60 NNN



Lease
6900 South Decatur
80K SF | \$0.99 NNN



Lease
5475 South Wynn
34K SF | \$0.93 NNN

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Employment

According to the Nevada Department of Employment, Training and Rehabilitation, Southern Nevada gained 7,100 industrial jobs between November 2020 and November 2021. The logistics and wholesale sectors added jobs on a year-over-year basis, while manufacturing, natural resources and construction lost jobs.

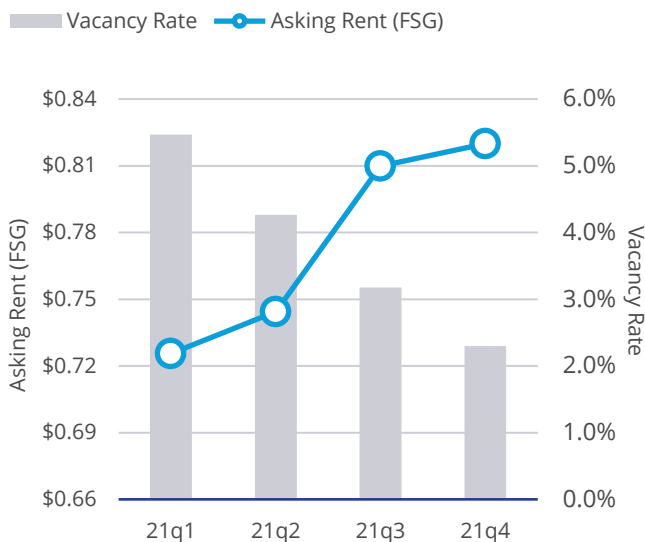
Unemployment in the Las Vegas-Paradise MSA was 6.3% in November 2021. Over the past 12 months, total employment in Southern Nevada increased by 45,600 jobs, a 4.8% increase. Southern Nevada lost 241,900 jobs between February and April 2020 and had regained 81% of those lost jobs by November 2021.

Construction and Absorption

New industrial completions in 2021 totaled 6.2 million square feet, almost all of it warehouse/distribution product and most of it in the North Las Vegas submarket. Southern Nevada is in its third major wave of post-Great Recession industrial development, with almost 6 million square feet now under construction. 2022 could see more than 6.2 million square feet added to inventory. Projects scheduled for completion in 22q1 are currently 57.9% pre-leased. Projects completed this quarter were 87.1% pre-leased when completed.

Vacancy vs. Rents

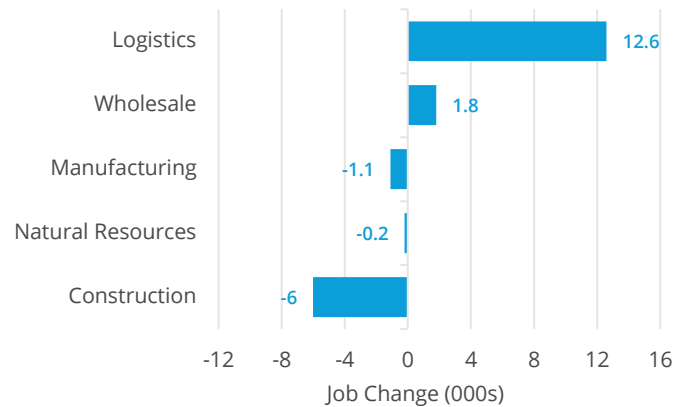
Past four quarters



Source: Colliers International

Employment Growth by Sector

November 2021, year-over-year



Source: Colliers International

Net absorption this quarter was 1.9 million square feet, bringing net absorption for 2021 to a record 11.6 million square feet.

Warehouse/Distribution net absorption totaled 9.9 million square feet in 2021, accounting for 85% of the Valley's net absorption. Demand for other industrial product types improved in 2021, but was still dwarfed by the demand for bulk warehouse space. No sector ended the year in negative territory, and light distribution product almost reached 1 million square feet of net absorption.

The North Las Vegas submarket had the Valley's highest net absorption in 2021, at 8.3 million square feet, followed by Southwest at 1.2 million square feet and West Henderson at 362,089 square feet.

The businesses most active in leasing space in 2021 were in the manufacturing (38.4%), logistics (14.3%), retail (11.1%) and wholesale (9.7%) sectors.

Local companies took 27.1% of the leased square footage we tracked over the past four quarters. Companies headquartered in the Northeast U.S. took 14.1% of the space occupied, followed by Southeastern companies at 12.7% and Southwestern companies at 11.9%. The top five states by company headquarter location that took space in Southern Nevada were located in Nevada, New York, California, Illinois and Georgia.

Vacancy

Industrial vacancy decreased to 2.3% at the end of 2021, the lowest vacancy rate we have recorded since we began keeping records in 1999. On a submarket basis, the Valley's highest vacancy was 5.0% in the Northwest submarket, while North Las Vegas had the Valley's lowest at 1.3%.

Development Schedule

Project	Subtype	Status	Submarket	Size (SF)	Pre-Leasing
22q1				2,740,584	57.9%
2730 West Brooks Avenue	Light Distribution	EX	North Las Vegas	14,544	0.0%
AirParc Heights	Light Distribution	UC	West Henderson	339,214	54.8%
Beltway Business Park 11/12	Warehouse/Distribution	UC	Southwest	329,775	60.6%
Bromigo Industrial A/B	Light Distribution	UC	West Henderson	154,481	0.0%
CapRock Pointe @ Cheyenne	Warehouse/Distribution	UC	North Las Vegas	101,332	0.0%
Executive Business Park	Warehouse/Distribution	UC	West Henderson	101,693	0.0%
Mosaic Commerce Center	Light Distribution	UC	North Las Vegas	262,985	0.0%
Northern Industrial Center	Light Industrial	UC	North Las Vegas	14,520	0.0%
South15 Airport Center F/G/H	Warehouse/Distribution	UC	West Henderson	862,040	74.3%
Switch SuperNAP 14/15	Warehouse/Distribution	UC	Southwest	560,000	100.0%
22q2				1,704,403	48.2%
Harsch Sunset Airport Center II A/B/C/D	Light Industrial	UC	Airport	258,300	11.4%
Odyssey Tier Industrial Park	Light Distribution	UC	West Henderson	65,590	51.8%
Range Road Industrial Park	Warehouse/Distribution	UC	North Las Vegas	464,292	100.0%
Silver & Black Industrial Park	Light Industrial	UC	West Henderson	150,374	0.0%
Stephanie Industrial Park 2/3/6	Light Industrial	UC	East Las Vegas	35,076	0.0%
SunPoint West 1/2/3/4/5/6	Warehouse/Distribution	UC	North Las Vegas	730,771	40.1%
22q3				1,963,095	13.3%
3825 N Las Vegas Blvd	Warehouse/Distribution	PC	North Las Vegas	100,230	0.0%
Becknell Blue Diamond 1/2	Warehouse/Distribution	UC	Southwest	254,492	0.0%
CapRock Spanish Ridge 1/2/3	Warehouse/Distribution	PC	Southwest	230,899	0.0%
Compass Logistics Center	Warehouse/Distribution	PC	Airport	150,120	0.0%
Gibson Industrial Park 1/2	Warehouse/Distribution	PC	Henderson	127,440	0.0%
Harsch Tropical Speedway Commerce Center II	Warehouse/Distribution	PC	North Las Vegas	155,300	50.0%
I-15 North Distribution Center III 1/2	Warehouse/Distribution	PC	North Las Vegas	238,516	0.0%
Matter Park @ West Henderson	Warehouse/Distribution	UC	West Henderson	182,824	100.0%
Stephanie Industrial Park 4/5	Light Industrial	UC	East Las Vegas	18,050	0.0%
Tropical Distribution Center	Warehouse/Distribution	PC	North Las Vegas	246,400	0.0%
Tropical Innovative Logistics	Warehouse/Distribution	PC	North Las Vegas	258,824	0.0%
22q4				3,704,868	17.6%
2617 N Lamb Blvd	Warehouse/Distribution	PC	North Las Vegas	74,400	0.0%
4343 Sobb Avenue	Warehouse/Distribution	PC	Southwest	29,780	0.0%
6705 W Post Road	Warehouse/Distribution	UC	Southwest	182,520	0.0%
7065-7095 Placid	Warehouse/Distribution	PC	Airport	49,850	0.0%
Beltway Business Park 13/14/15	Warehouse/Distribution	PC	Southwest	267,952	0.0%
Dean Martin Business Center	Incubator	PC	Southwest	194,863	0.0%
First Sloan Commerce Center	Warehouse/Distribution	PC	Southwest	174,600	0.0%
Golden Triangle Logistics Center 3	Warehouse/Distribution	UC	North Las Vegas	652,010	100.0%
Harsch Southwest Project	Light Distribution	PC	Southwest	261,650	0.0%
Lincoln Commerce Center	Warehouse/Distribution	PC	North Las Vegas	102,168	0.0%
Odyssey Lamb Industrial Center	Warehouse/Distribution	PC	North Las Vegas	89,284	0.0%
Pioneer Business Center 1/2	Light Distribution	UC	Southwest	261,751	0.0%
Prologis I-15 Speedway Logistics Center III 9/10	Warehouse/Distribution	PC	North Las Vegas	798,670	0.0%
South 95 Logistics	Warehouse/Distribution	PC	Henderson	406,070	0.0%
SW Premiere Industrial Center	Warehouse/Distribution	PC	Southwest	159,300	0.0%

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Rents

The weighted average asking rate for industrial product in Southern Nevada increased slightly to \$0.82 psf NNN in the fourth quarter. This represented 17.1% annual growth.

Rents increased year-over-year for incubator and flex product, with the largest growth, 31.0%, in incubator. Asking rents decreased by \$0.04 psf NNN for warehouse/distribution product, and both light distribution and light industrial product saw rents decrease by \$0.01 in 2021.

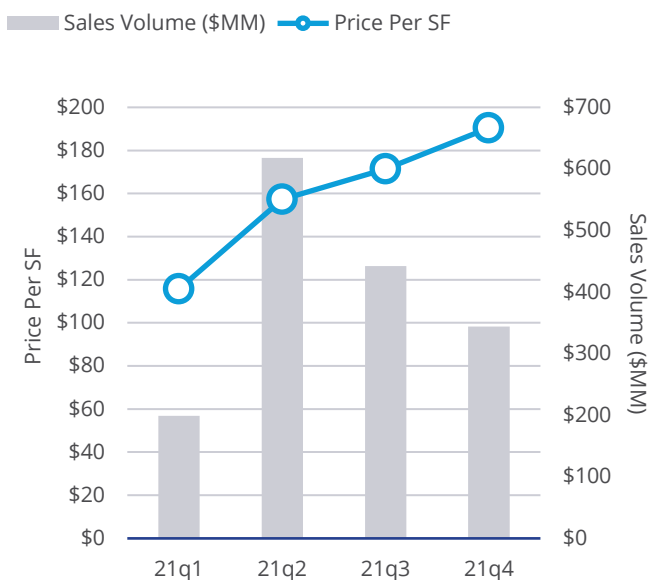
All submarkets except West Central and Henderson experienced asking rent growth on a year-over-year basis. North Las Vegas had 31.6% asking rent growth compared to 20q4.

Sales

In 2021, Southern Nevada's industrial market saw investment sales volume of \$1.6 billion in 144 sales totaling over 10 million square feet at an average sales price of \$159.76 psf. This put 2021 sales ahead of the 2020 in all data points. Industrial investors are clearly bullish on Southern Nevada's industrial market.

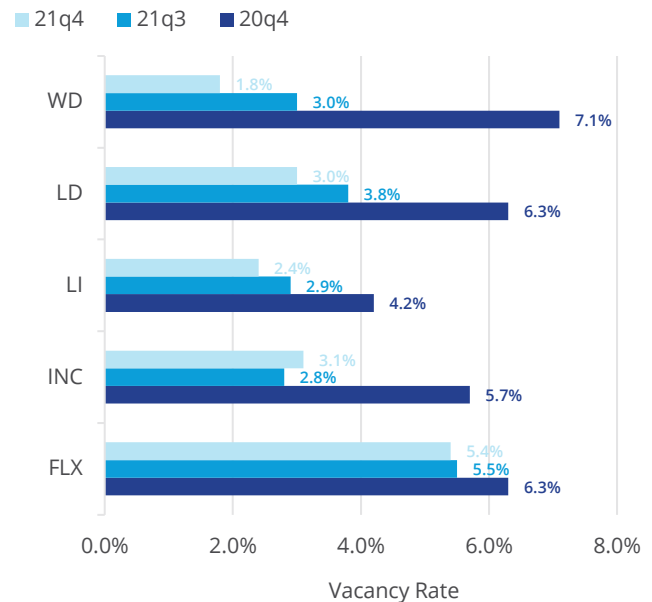
Investment Sales Volume vs. PPSF

Past four quarters



Source: Colliers International

Industrial Vacancy by Subtype



Source: Colliers International

User sales volume in 2021 was \$286.7 million in 126 sales totaling 1.9 million square feet at an average sales price of \$154.39 psf. Owner-user pricing dipped in the second and third quarters of 2021, but rebounded in the fourth for most product types. Light industrial and flex properties saw a 15.4% price increase in 2021, while incubator properties saw a 17.8% decrease in prices.

Forecast

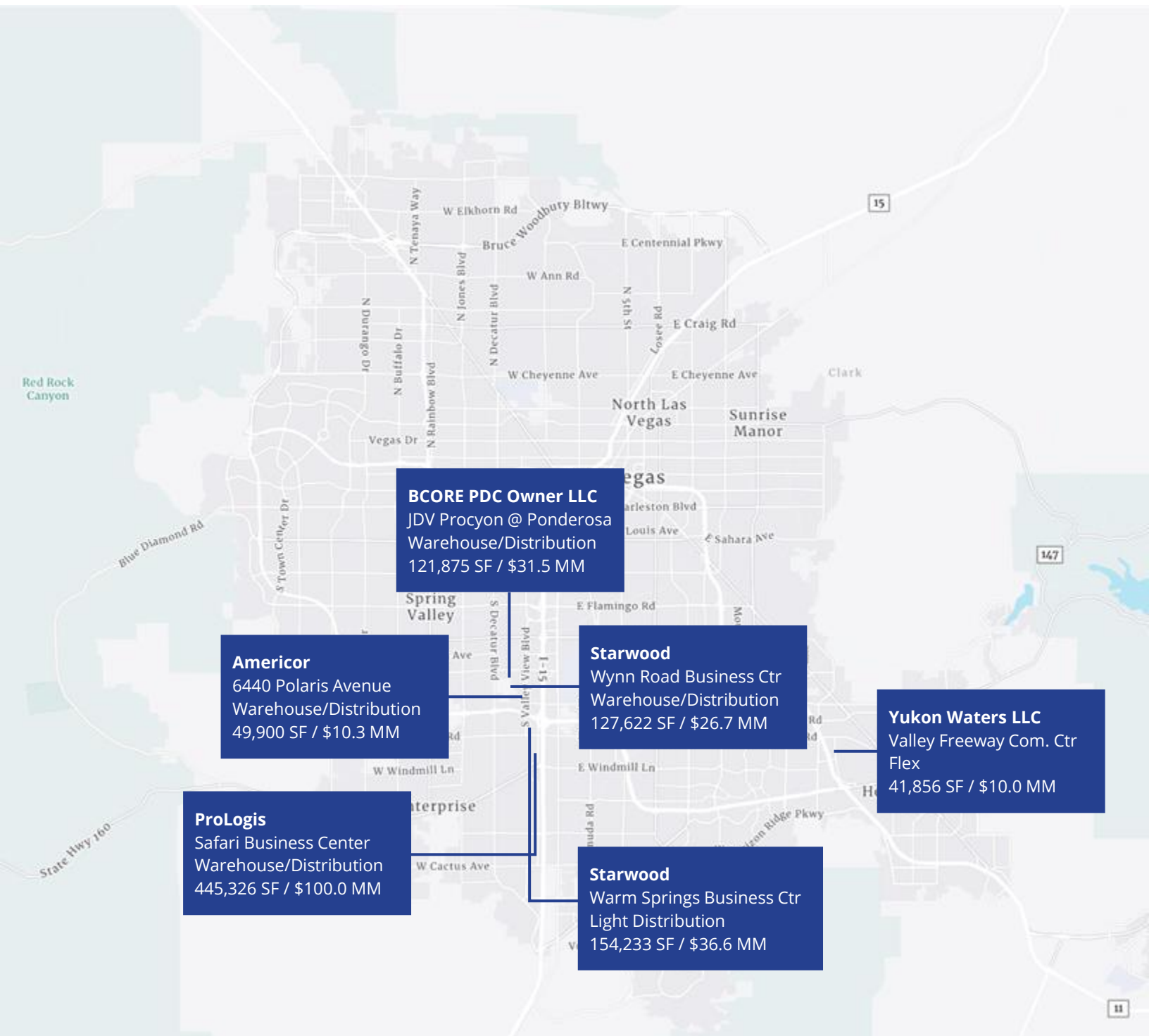
You really could not ask for a better year than 2021 for the industrial market in Southern Nevada. With record high net absorption and record low vacancy, it might appear that the market was overheating. In truth, the market appears to simply have reached a new plateau. Pre-leasing for space scheduled to be completed in 2022 is strong, and developers are already positioning themselves for 2023.

The U.S. and global economies are the wild cards when it comes to Southern Nevada's industrial market in 2022. Industrial users, both in logistics and light manufacturing, have found Southern Nevada to be an attractive location, and this interest is driving the Valley's current record demand. If the national economy remains strong in 2022, and is not derailed by continued supply chain problems and rising inflation rates, Southern Nevada's industrial market should continue to attract new and dynamic companies.

Industrial

21Q4

Sales Activity



Industrial

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Glossary

Industrial Subtypes

Flex (FL): Buildings without dock-high loading doors with parking ratios in excess of 3.5/1,000 SF.

Incubator (INC): General industrial buildings without dock-high loading doors that have a parking ratio lower than 3.5/1,000 square feet and bay sizes smaller than 3,500 SF.

Light Distribution (LD): General industrial buildings that include dock-high loading doors and have bay sizes of 15,000 square feet or smaller.

Light Industrial (LI): General industrial buildings without dock-high loading doors that have a parking ratio lower than 3.5/1,000 SF and, in the case of multi-tenant buildings, bay sizes of at least 3,500 square feet.

Warehouse/Distribution (WD): Buildings with dock-high loading doors that have bay sizes of at least 15,000 SF.

General Definitions

Direct Lease: Space in a building offered for lease directly by the owner of the building.

Sublease: Space in a building that is offered for sublease by the primary tenant.

Net Absorption: The difference in occupied square footage from one period to another.

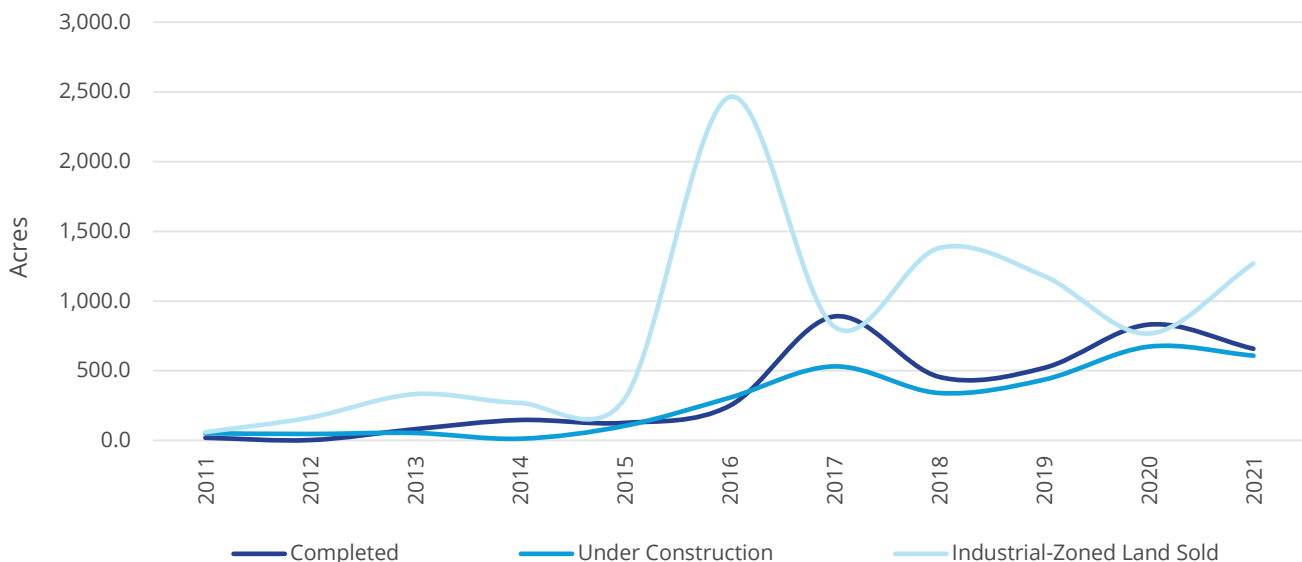
Direct Availability Rate: The percentage of total inventory available for direct lease, regardless of whether it is vacant.

Sublease Availability Rate: The percentage of total inventory available for sublease, regardless of whether it is vacant.

Availability Rate: The percentage of total inventory available for direct lease or sublease, regardless of whether that space is vacant or occupied.

Vacancy Rate: The percentage of total inventory that is available for direct lease or sublease that is vacant.

Industrial Development



Source: Colliers International

Southern Nevada's industrial market has seen three waves of industrial vacant land sales since 2011, peaking in 2013, 2016 and 2018; industrial completions peaked in 2017 and 2020, and should peak again in 2022

Industrial

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Subtype	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Vacancy Rate	Vacancy Rate Previous Quarter	Net Absorption Current	Net Absorption YTD	Under Construction SF	Deliveries YTD	Average Direct Asking Rate (NNN)
Airport											
WD	6,503,131	5.0%	3.1%	8.1%	7.4%	3.9%	-224,906	-53,936	0	151,200	\$0.85
LD	3,526,865	2.1%	0.0%	2.1%	2.1%	2.7%	23,425	198,341	184,800	0	\$0.98
LI	2,581,143	1.2%	0.0%	1.2%	1.2%	2.5%	35,063	118,019	73,500	0	\$0.91
IN	1,499,336	4.8%	0.2%	5.0%	5.0%	4.6%	-5,177	12,186	0	0	\$1.18
FL	1,460,957	2.2%	0.6%	2.8%	2.7%	3.8%	16,266	21,486	0	0	\$0.86
Total	15,571,432	3.5%	1.4%	4.8%	4.5%	3.5%	-155,329	296,096	258,300	151,200	\$0.92
East Las Vegas											
WD	1,085,214	0.0%	0.0%	0.0%	0.0%	0.0%	0	0	0	0	n/a
LD	530,514	14.5%	0.0%	14.5%	14.5%	14.1%	-2,412	37,808	0	0	\$0.76
LI	1,520,045	5.5%	0.0%	5.5%	5.5%	3.8%	-25,173	-21,382	53,126	17,688	\$0.60
IN	280,959	4.0%	0.0%	4.0%	4.0%	5.1%	3,121	6,662	0	0	\$1.01
FL	240,816	4.0%	0.0%	4.0%	4.0%	4.5%	1,339	-1,649	0	0	\$1.00
Total	3,657,548	4.9%	0.0%	4.9%	4.9%	4.3%	-23,125	21,439	53,126	17,688	\$0.71
Henderson											
WD	7,582,515	6.4%	0.0%	6.4%	5.6%	3.8%	-131,068	144,196	0	338,048	n/a
LD	1,763,963	2.8%	2.1%	4.9%	4.3%	3.7%	-11,126	26,318	0	0	\$0.97
LI	3,688,113	1.0%	0.0%	1.0%	1.0%	1.9%	33,195	47,374	0	0	\$0.89
IN	485,339	1.2%	0.0%	1.2%	1.2%	2.5%	6,377	8,589	0	0	\$0.94
FL	1,330,596	5.6%	0.9%	6.5%	6.5%	3.3%	-42,310	-47,847	0	0	\$1.43
Total	14,850,526	4.4%	0.3%	4.7%	4.2%	3.2%	-144,932	178,630	0	338,048	\$0.31
North Las Vegas											
WD	43,655,846	0.7%	0.4%	1.1%	0.9%	3.2%	1,092,931	8,302,983	2,102,754	4,817,408	\$0.80
LD	5,237,322	3.7%	0.2%	3.9%	3.4%	5.1%	91,063	259,277	123,180	0	\$0.70
LI	7,952,627	1.9%	0.0%	1.9%	1.6%	2.6%	82,666	255,857	14,520	0	\$0.69
IN	881,633	0.0%	0.0%	0.0%	0.0%	0.8%	6,643	30,946	0	0	n/a
FL	806,509	6.4%	0.0%	6.4%	6.4%	7.0%	4,559	32,966	0	0	\$0.81
Total	58,533,937	1.2%	0.3%	1.5%	1.3%	3.3%	1,277,862	8,882,029	2,240,454	4,817,408	\$0.75
Northwest											
WD	212,826	0.0%	0.0%	0.0%	0.0%	0.0%	0	0	0	0	n/a
LD	50,000	26.8%	0.0%	26.8%	0.0%	0.0%	0	0	0	0	n/a
LI	314,065	13.9%	0.0%	13.9%	5.7%	8.5%	8,676	-2,962	0	0	\$1.20
IN	99,427	0.0%	0.0%	0.0%	0.0%	0.0%	0	0	0	0	n/a
FL	720,775	7.2%	0.0%	7.2%	7.2%	7.7%	3,221	-13,997	0	0	\$1.26
Total	1,397,093	7.8%	0.0%	7.8%	5.0%	5.9%	11,897	-16,959	0	0	\$1.25
Southwest											
WD	17,757,787	0.9%	0.0%	0.9%	0.9%	2.5%	601,105	1,246,737	1,326,769	630,064	\$0.92
LD	8,000,000	2.4%	0.0%	2.4%	2.3%	2.8%	289,339	395,091	261,751	252,500	\$1.07
LI	8,909,768	2.7%	0.2%	3.0%	3.0%	3.1%	12,915	139,769	0	0	\$1.07
IN	2,525,317	2.5%	0.4%	3.0%	3.0%	1.9%	-26,386	65,777	0	0	\$1.12
FL	1,763,777	6.7%	0.0%	6.7%	6.2%	7.7%	25,574	64,822	0	0	\$1.54
Total	38,956,649	2.0%	0.1%	2.1%	2.0%	2.9%	902,547	1,912,196	1,588,520	882,564	\$1.11
West Central											
WD	2,432,157	0.0%	2.7%	2.7%	2.7%	3.2%	11,960	-65,517	0	0	n/a
LD	933,421	7.3%	0.0%	7.3%	3.4%	4.5%	10,000	-7,639	0	0	\$0.90
LI	5,457,394	3.6%	0.0%	3.6%	3.3%	3.2%	-9,313	14,814	0	0	\$0.94
IN	2,528,860	3.5%	0.2%	3.7%	3.7%	3.3%	-8,962	64,068	0	0	\$1.16
FL	110,849	0.0%	0.0%	0.0%	0.0%	0.0%	0	2,164	0	0	n/a
Total	11,462,681	3.1%	0.6%	3.7%	3.2%	3.3%	3,685	7,890	0	0	\$1.00
West Henderson											
WD	3,419,296	0.0%	0.0%	0.0%	0.0%	0.0%	69,249	335,809	1,284,961	69,249	n/a
LD	260,016	0.0%	0.0%	0.0%	0.0%	0.0%	0	0	421,977	0	n/a
LI	242,000	0.0%	0.0%	0.0%	0.0%	0.0%	0	3,501	150,000	0	n/a
IN	49,896	4.0%	0.0%	4.0%	n/a	0.0%	-1,978	22,779	0	0	\$1.50
FL	63,096	0.0%	0.0%	0.0%	0.0%	0.0%	0	0	0	0	n/a
Total	4,034,304	0.0%	0.0%	0.0%	0.0%	0.0%	67,271	362,089	1,856,938	69,249	\$1.50
Grand Total											
WD	82,648,772	1.6%	0.5%	2.1%	1.8%	3.0%	1,419,271	9,910,272	4,714,484	5,936,720	\$0.55
LD	20,302,101	3.3%	0.3%	3.5%	3.0%	3.8%	400,289	909,196	991,708	252,500	\$0.89
LI	30,665,155	2.5%	0.1%	2.6%	2.4%	2.9%	138,029	554,990	291,146	17,688	\$0.90
IN	8,350,767	2.9%	0.2%	3.2%	3.1%	2.8%	-26,362	211,007	0	0	\$1.14
FL	6,497,375	5.2%	0.3%	5.5%	5.4%	5.5%	8,649	57,945	0	0	\$1.28
Total	148,464,170	2.2%	0.4%	2.6%	2.3%	3.2%	1,939,876	11,643,410	5,997,338	6,206,908	\$0.82
Historical											
21q4	148,464,170	2.2%	0.4%	2.6%	2.3%	3.2%	1,939,876	11,643,410	5,997,338	6,206,908	\$0.82
21q3	147,727,258	3.2%	0.3%	3.5%	3.2%	4.3%	4,454,889	9,703,534	6,586,660	5,539,245	\$0.81
21q2	144,758,084	4.3%	0.8%	5.1%	4.3%	5.5%	3,367,994	5,248,645	7,780,990	2,570,071	\$0.74
21q1	143,035,361	5.4%	0.8%	6.3%	5.5%	6.2%	1,880,651	1,880,651	5,449,926	847,348	\$0.73
20q4	142,188,013	6.5%	0.7%	7.2%	6.2%	6.3%	1,088,689	4,623,350	1,665,322	6,857,127	\$0.70

480 offices in 67 countries on 6 continents

United States: 160
Canada: 49
Latin America: 14
Asia Pacific: 97
EMEA: 108



\$3.3B
in revenue



2B
square feet under management



18,000 +
professionals and staff

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