

1Q25

Las Vegas Industrial Market Overview



Market Observations

Economy

- Southern California’s seaports (the nation’s top trade gateway) had their second busiest year on record in 2024. The outlook for 2025 is muted at best.
- [Widespread tariffs](#) on foreign goods from the Trump Administration sent shockwaves across global financial markets in early April.
- Uncertainty presently reigns: How long the new tariffs remain in effect, the degree to which other countries retaliate, and Trump’s willingness (or lack thereof) to negotiate were looming questions at the time of writing.
- Consumer Confidence is trending down, and U.S. retail sales will follow if consumer prices rise. The sales drop will be precipitous if domestic unemployment increases.
- The 10-Year Treasury yield fell from 4.79% in mid-January to 4.02% on April 4.

Major Transactions

- The lion’s share of leasing activity is occurring in the high-growth North Las Vegas submarket, which accounts for nearly 37.4% of the under-construction pipeline.
- Findlay Machine & Tool, LLC dba Kreate signed this quarter’s largest lease for 235,148 SF at Building A of SunPoint Commerce Center (built in 2024) in North Las Vegas. Kreate received approval for state tax incentives before committing to its first West Coast facility.
- MDH Partners paid \$94.0 million for Sunrise Industrial Park One and Two, a two-building portfolio, totaling 509,216 square feet, from Blackstone. MDH Partners is Atlanta-based.

Leasing Market Fundamentals

- 1.5 MSF in quarterly net absorption gains met with 2.6 MSF in construction deliveries caused vacancy to rise to 11.3%.
- Available sublease space has hovered in the 1.3- to 1.8-MSF range for the last five quarters. A plateau, suggesting tenant givebacks of excess space are winding down.
- Still-high inflation and more-restrained retail spending continue to delay the expansion plans of some tenants.
- Construction received a boost this quarter after foundation work was done for what will become Haas Automation’s 2.4-MSF manufacturing facility in Henderson.
- Leasing activity was modestly up for the second consecutive quarter.

Outlook

- Returning to tariffs: Occupiers tend to adopt a wait-and-see approach during periods of volatility, which can dampen near-term leasing activity.
- The sudden shift in the 10-Year Treasury will give property buyers and sellers pause. There will likely be a readjustment period during which sales volume will slow.
- Prolonged tariffs will increase raw material prices and, in the end, overall replacement costs. Construction activity will decrease in this scenario.
- Population growth and infrastructure enhancements favor long-term market dynamics. Recently, a proposed intermodal terminal that will have connectivity to the Port of Oakland and Southern California was announced in Southern Nevada.

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 4. Sales Activity
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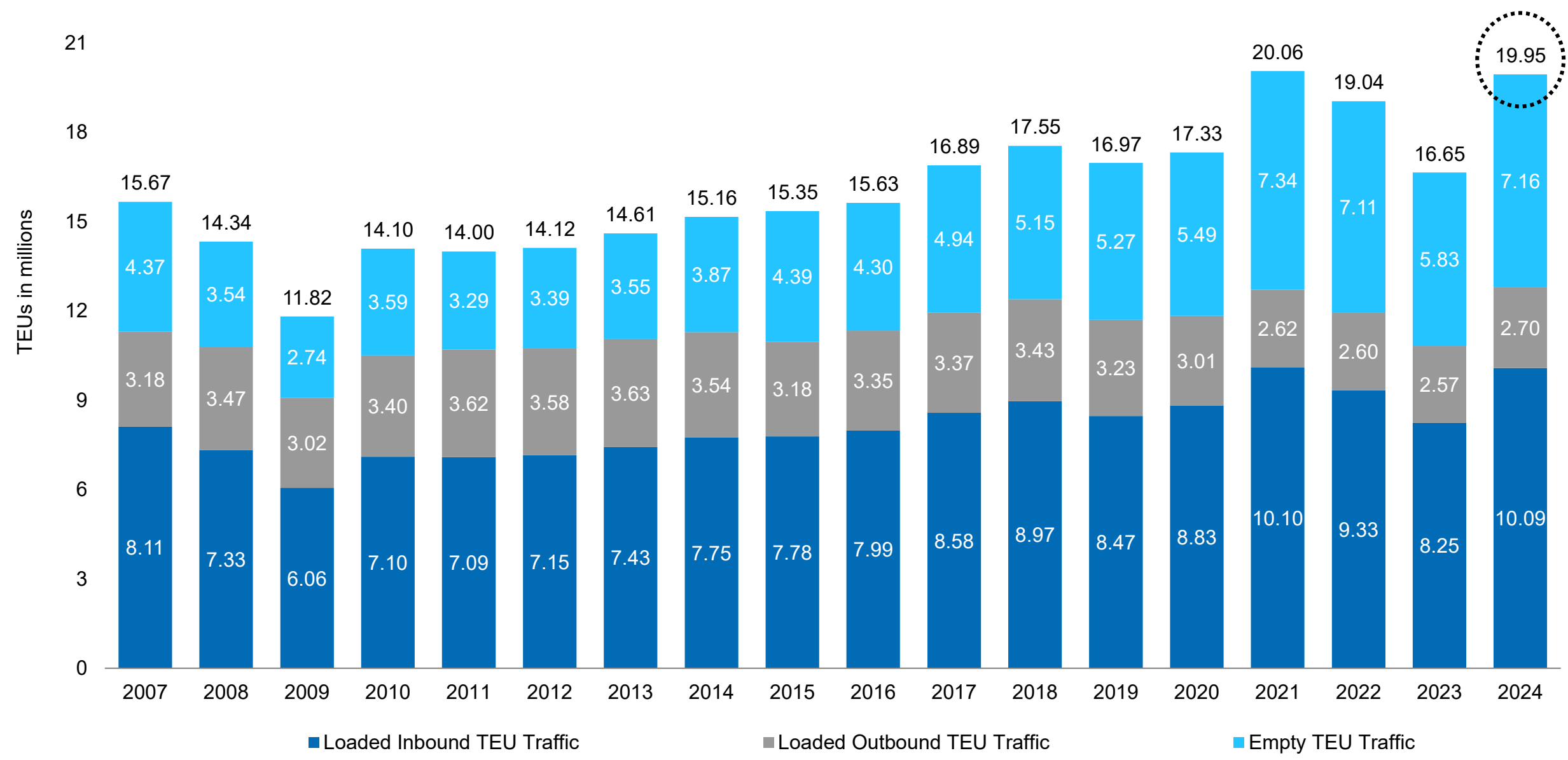
Southern California's Ports and U.S. Retail Sales



Southern California’s Ports: 2024 Was the Second Busiest Year on Record

The inflated growth of 2021-2022 (due to strong retail sales from stay-at-home measures, government stimulus and distributors stockpiling goods) has passed. Southern California’s ports then contended with an influx of imports in 2024 due to labor contract negotiations with Gulf and East Coast dockworkers and the frontloading of cargo as a hedge against potential tariffs.

The Ports of Los Angeles and Long Beach: Combined TEU Volume | Loaded Imports, Loaded Exports and Empty Containers | By Year

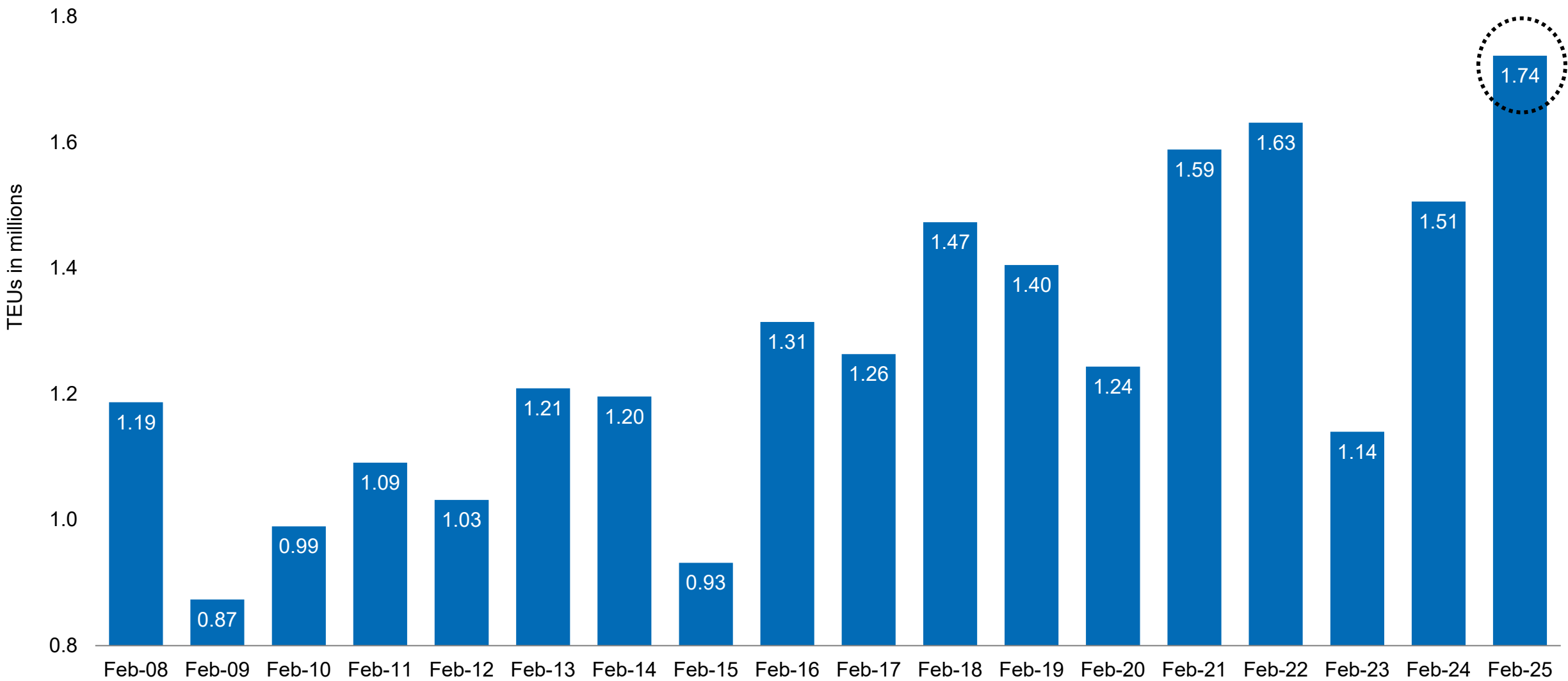


Source: Newmark Research, The Port of Long Beach and Los Angeles
Note: TEUs are a standard measure for the steel cargo containers commonly used interchangeably on ships, trucks and trains. A TEU or 20-foot equivalent unit is the industry measure used to tally cargo containers, whether the containers are 20-foot long, 40-foot long or some other size.

Loaded Import Volume in the First Two Months of 2025 Was Highest on Record

Import activity is expected to decelerate amid President Trump’s new (and potentially escalating) tariffs. The return of stability at U.S. Gulf and East Coast ports is another factor.

The Ports of Los Angeles and Long Beach: Loaded Imports | First Two Months of a Given Year



Source: Newmark Research, The Port of Long Beach and Los Angeles
Note: TEUs are a standard measure for the steel cargo containers commonly used interchangeably on ships, trucks and trains. A TEU or 20-foot equivalent unit is the industry measure used to tally cargo containers, whether the containers are 20-foot long, 40-foot long or some other size.

West Coast Dockworkers Signed a New Contract in 2023; Their Eastern Counterparts Just Settled

The ILWU and PMA signed a new labor contract in September 2023, restoring a sense of much-needed stability at U.S. West Coast seaports through late 2029. For Gulf and East Coast Ports: After a contentious negotiation period since late 2023 (that gave shippers the jitters—causing some imports to be rerouted to western ports of entry), a Master Contract between the ILA and USMX was finally signed, restoring stability.

West Coast Ports Agreement Reached; New Contract Good Through Mid-2028

- The International Longshore Warehouse Union (ILWU) represents dockworkers at 29 ports from Washington State to California. The Pacific Maritime Association (PMA) represents ocean carriers and terminal operators.
- The prior contract expired on July 1, 2022.
- The ILWU has a history of work disruptions in prior negotiation periods, ranging from strikes, to deliberate work slowdowns to under-staffing shifts.
- These disruptions have cost major retailers billions of dollars in the past.
- A tentative agreement was reached on June 15, 2023 for what became a new six-year contract. Longshore workers secured a 32% salary increase.
- Many Asian importers temporarily pushed inbound goods to East and Gulf Coast ports before an agreement was reached.



Gulf and East Coast Ports Strike a Deal in March 2025

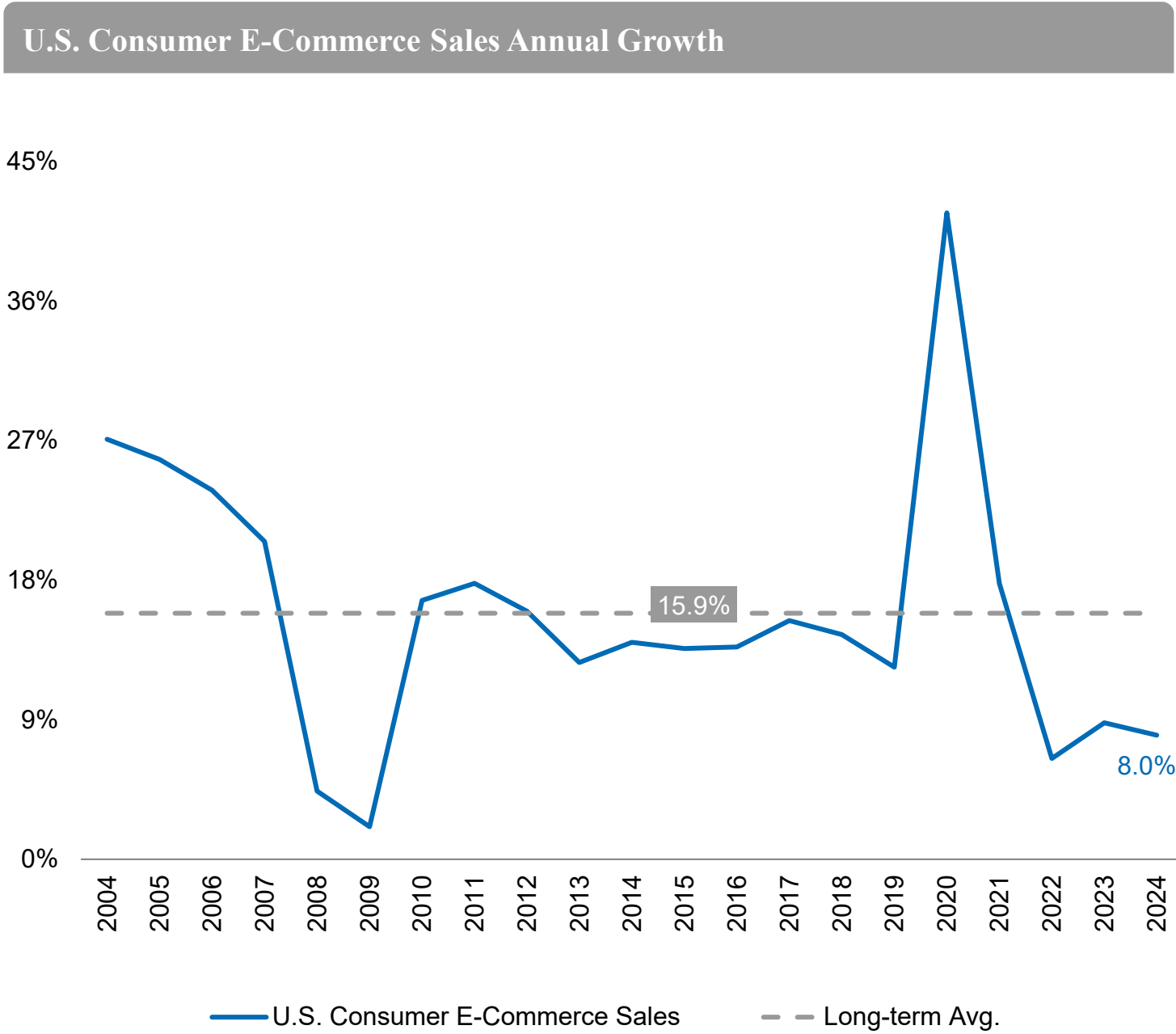
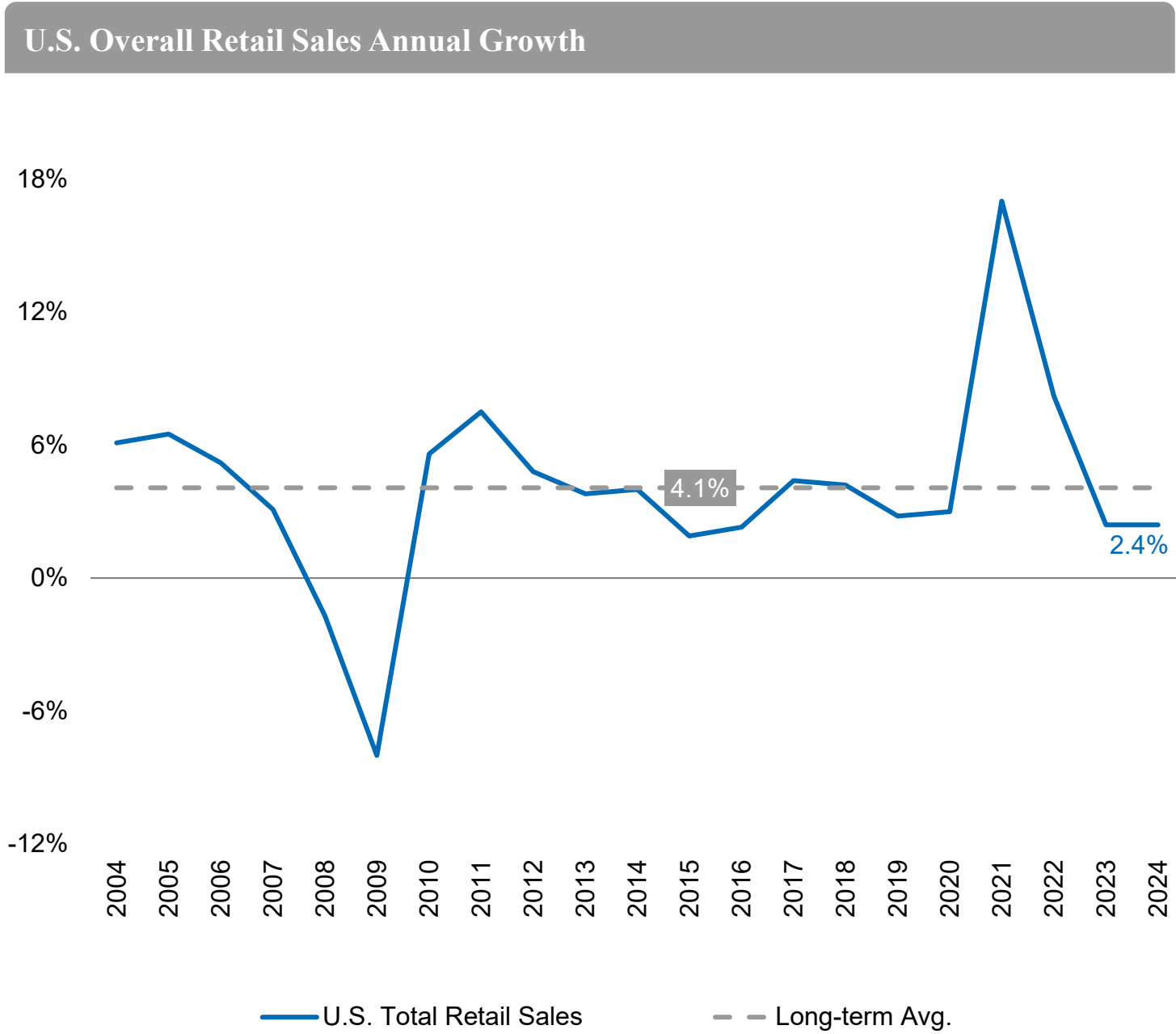
- The International Longshoremen's Association (ILA) represents dockworkers at 36 ports from Maine to Texas. The United States Maritime Alliance (USMX) represents ocean carriers and terminal operators.
- Their last contract expired on September 30, 2024.
- Harold Daggett, International President of the ILA, initiated a strike on October 1, 2024 that ended two days later.
- A new six-year Master Contract was signed on March 11, 2025. It is effective from October 1, 2024 through September 30, 2030.
- Job protection from automation and higher pay (a 62% wage increase over six years) for longshore workers are highlights from the new contract.
- Imports that were temporarily diverted to western ports of entry will return.



Source: Newmark Research, CNBC, Journal of Commerce, Reuters

Retail Sales (an Indicator of Warehouse Demand) Continue to Moderate

Consumer e-commerce sales were up 2.4% in 2024 relative to 2023. Although e-commerce sales growth exceeded total retail sales (+8.0% over the same period), the decline from 2021 onward is noticeable as consumer spending registers slower gains. Economists are lowering their retail growth projections due to economic uncertainty from tariffs.



Source: US Census Bureau (consumer adjusted retail sales); most current data available

The Pandemic Accelerated E-Commerce Sales Growth and Adoption Rates



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U.S. Consumer Confidence Dropped for Fourth-Straight Month



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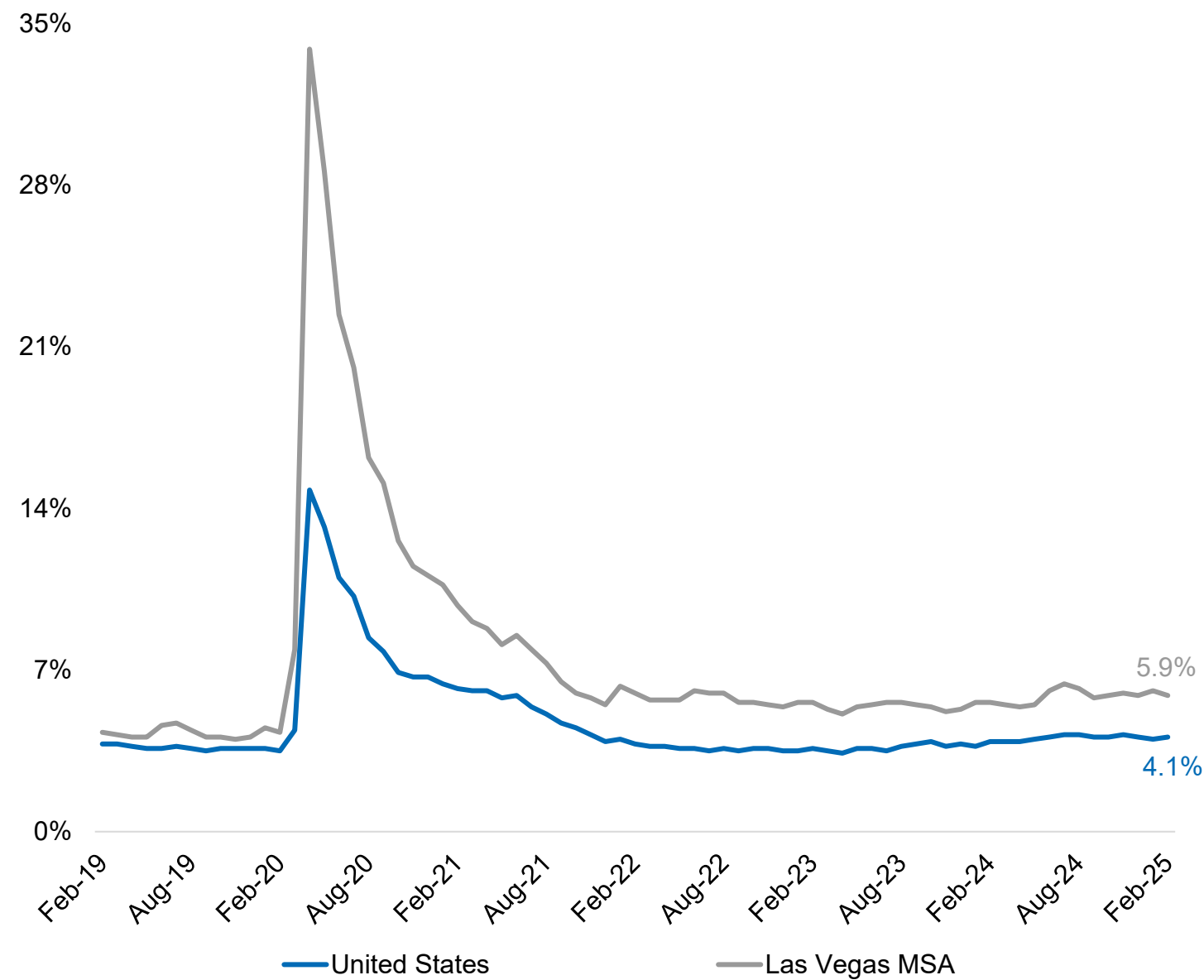
Local Employment



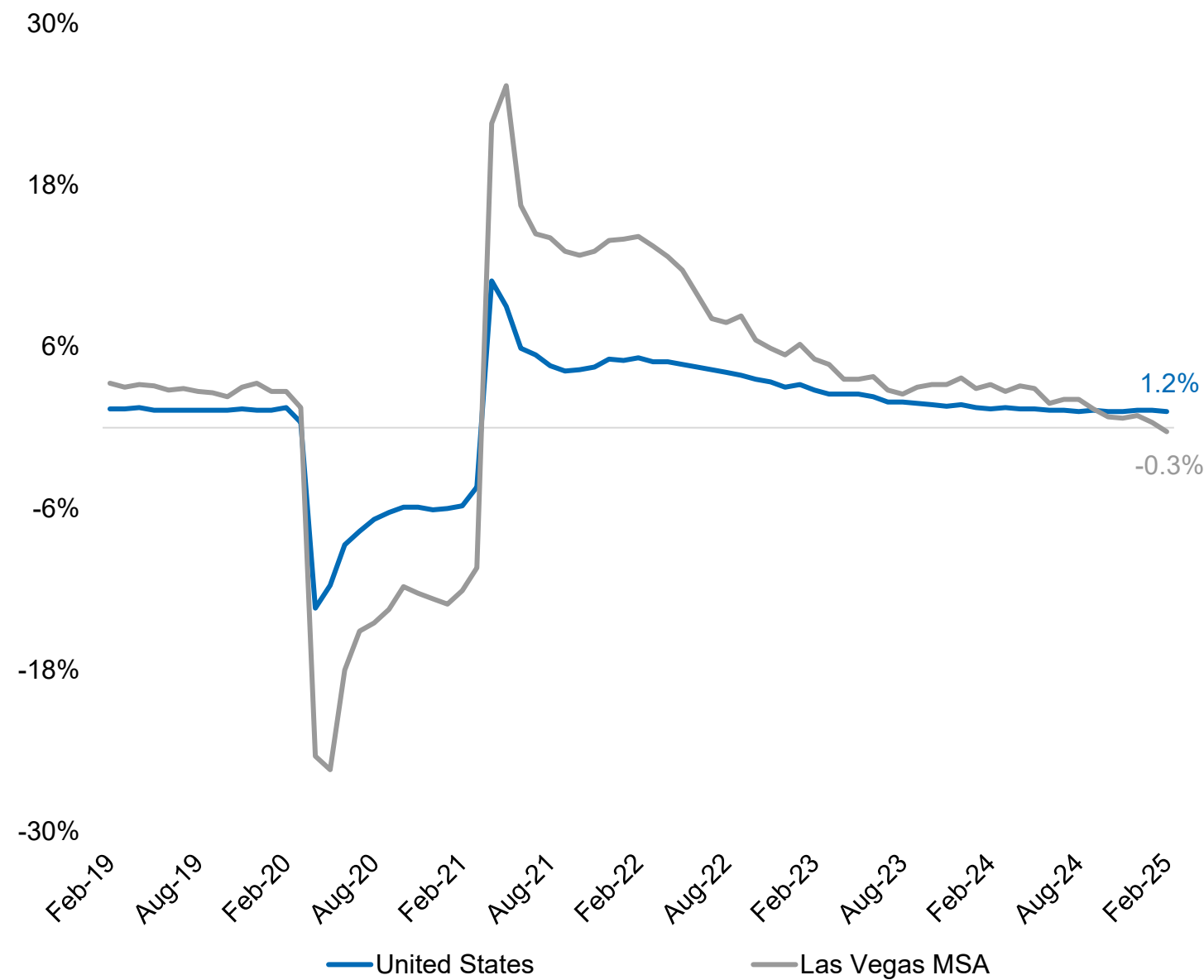
Las Vegas Nonfarm Employment Contracts for First Time Since 2021

Las Vegas has outpaced national employment growth in recent years, rebounding rapidly from pandemic-related losses. However, recent job declines in both white-collar and tourism sectors highlight emerging economic headwinds. Historically strong growth has been supported by population gains and Nevada’s business-friendly environment, characterized by lower costs and fewer regulations compared to coastal Southwest markets.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

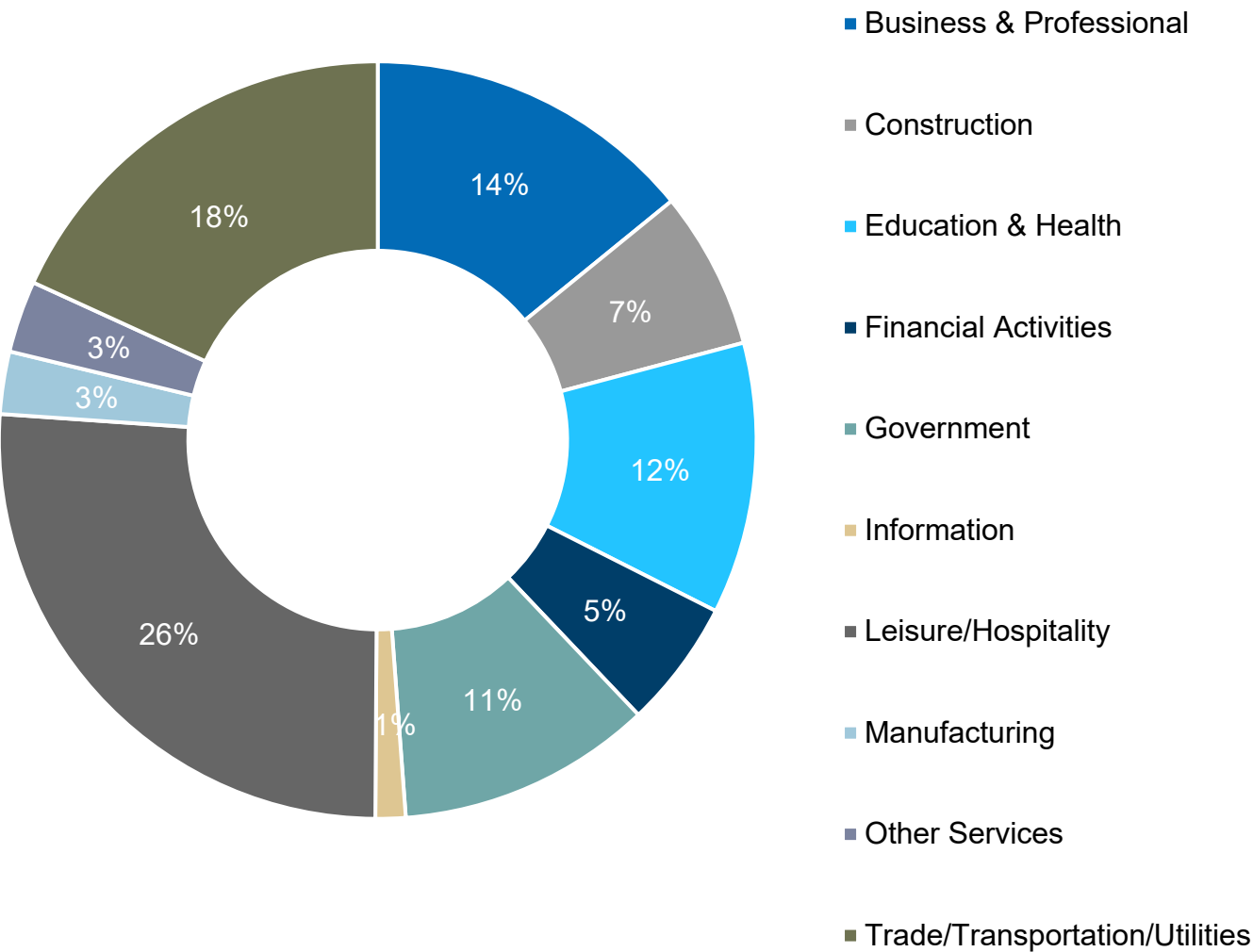


Source: U.S. Bureau of Labor Statistics, Las Vegas MSA
Note: Las Vegas’ unemployment is historically higher than the U.S. average due to volatility in the tourism industry when the economy downcycles; hence, the 34.0% unemployment average at the start of the pandemic.

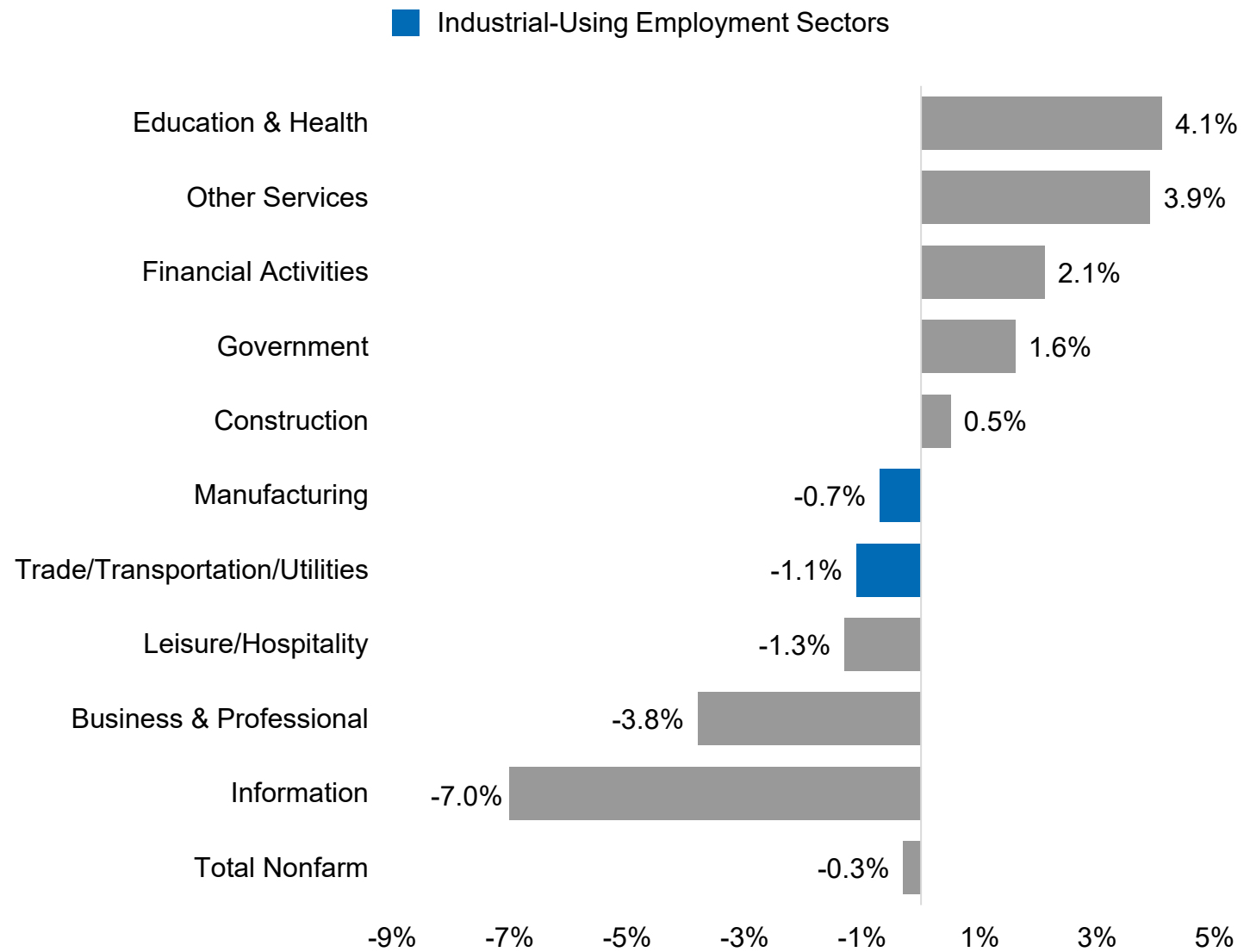
Shifting Toward a More Diverse Economy

Leisure/hospitality continues to be the dominant sector, comprising 26.0% of overall employment. Still dominant, but less so when considering the average was 32.7% in 2010, a gradual decrease that illustrates continued diversification within the local economy. Annual job fluctuations were mixed across the region’s industries, leading to a modest dip in total nonfarm employment. Not surprising as most companies continue to focus on cost-savings.

Employment by Industry, February 2025



Employment Growth by Industry, 12-Month % Change, February 2025

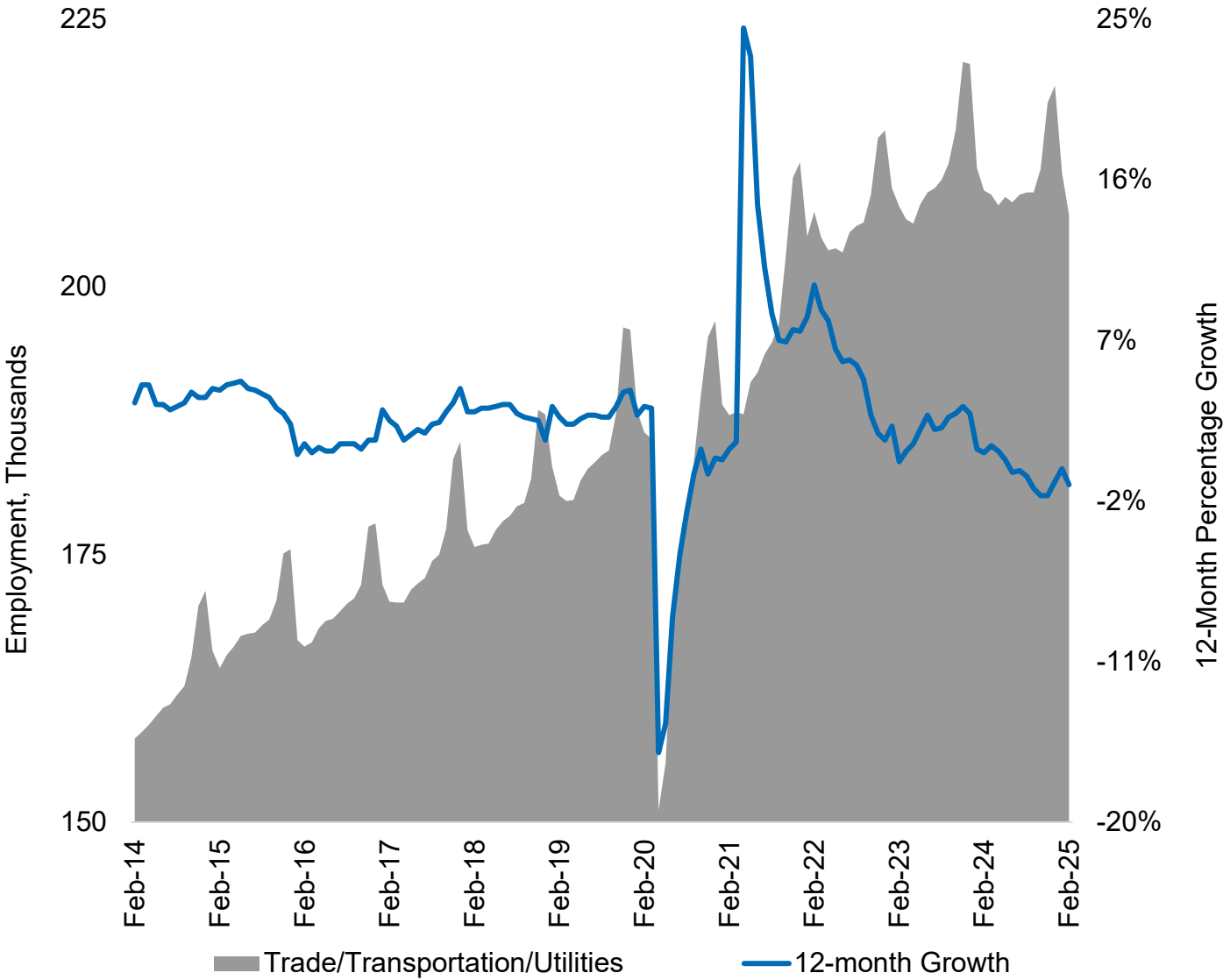


Source: U.S. Bureau of Labor Statistics, Las Vegas MSA

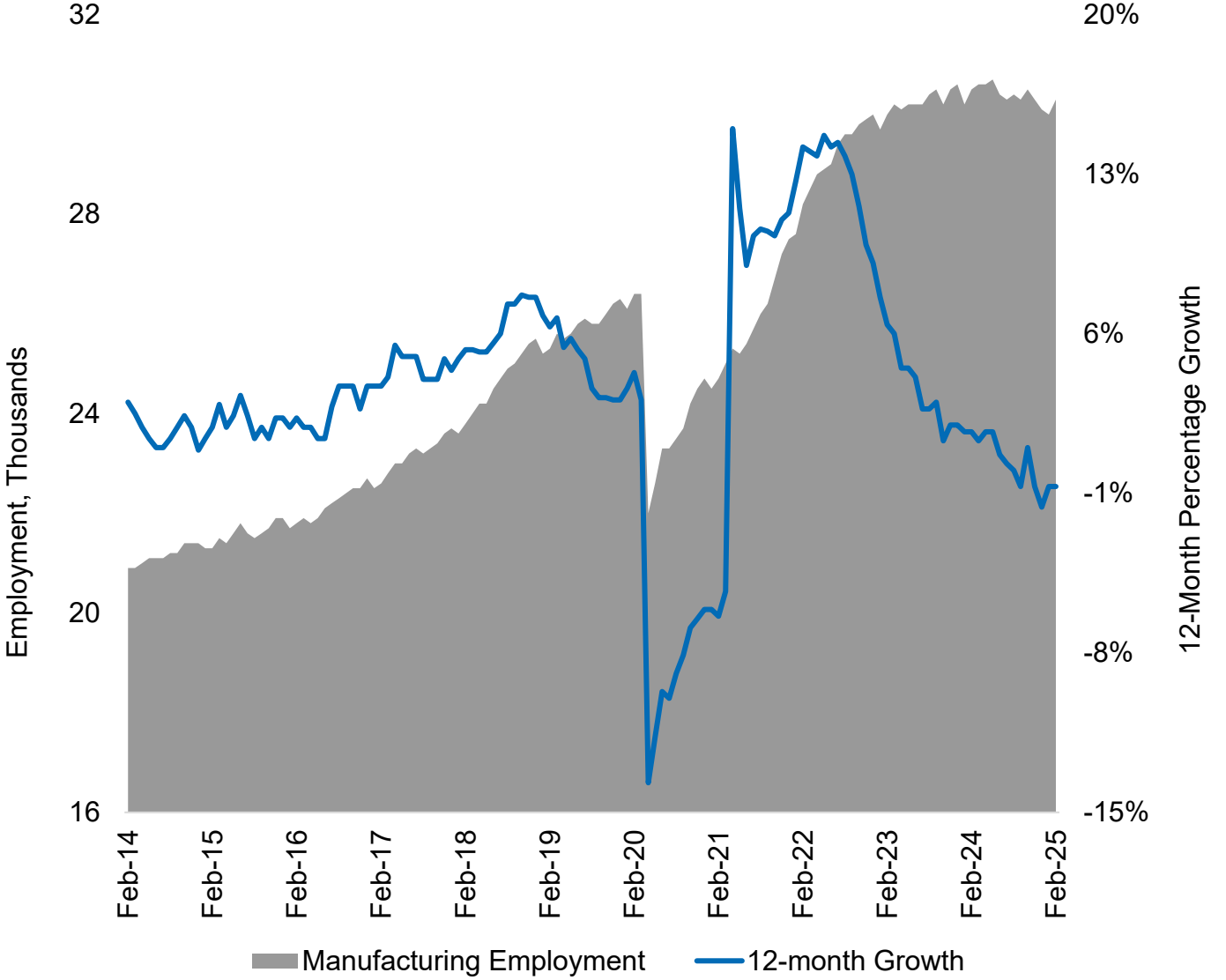
Seasonal Volatility Aside, Industrial Employment is Stronger Than Ever

New to market entrants and prior expansions from existing companies account for trade/transportation/utilities' (TPU's) long-term employment growth. Though, increases are slowing amid a lukewarm retail sales environment. Five-year job gains in manufacturing meanwhile are reflective of Nevada's business-friendly environment (e.g., a Right-to-Work state that does not have any corporate and personal income taxes).

Trade/Transportation/Utilities Employment and 12-Month Growth Rate



Manufacturing Employment and 12-Month Growth Rate



Source: U.S. Bureau of Labor Statistics, Las Vegas MSA

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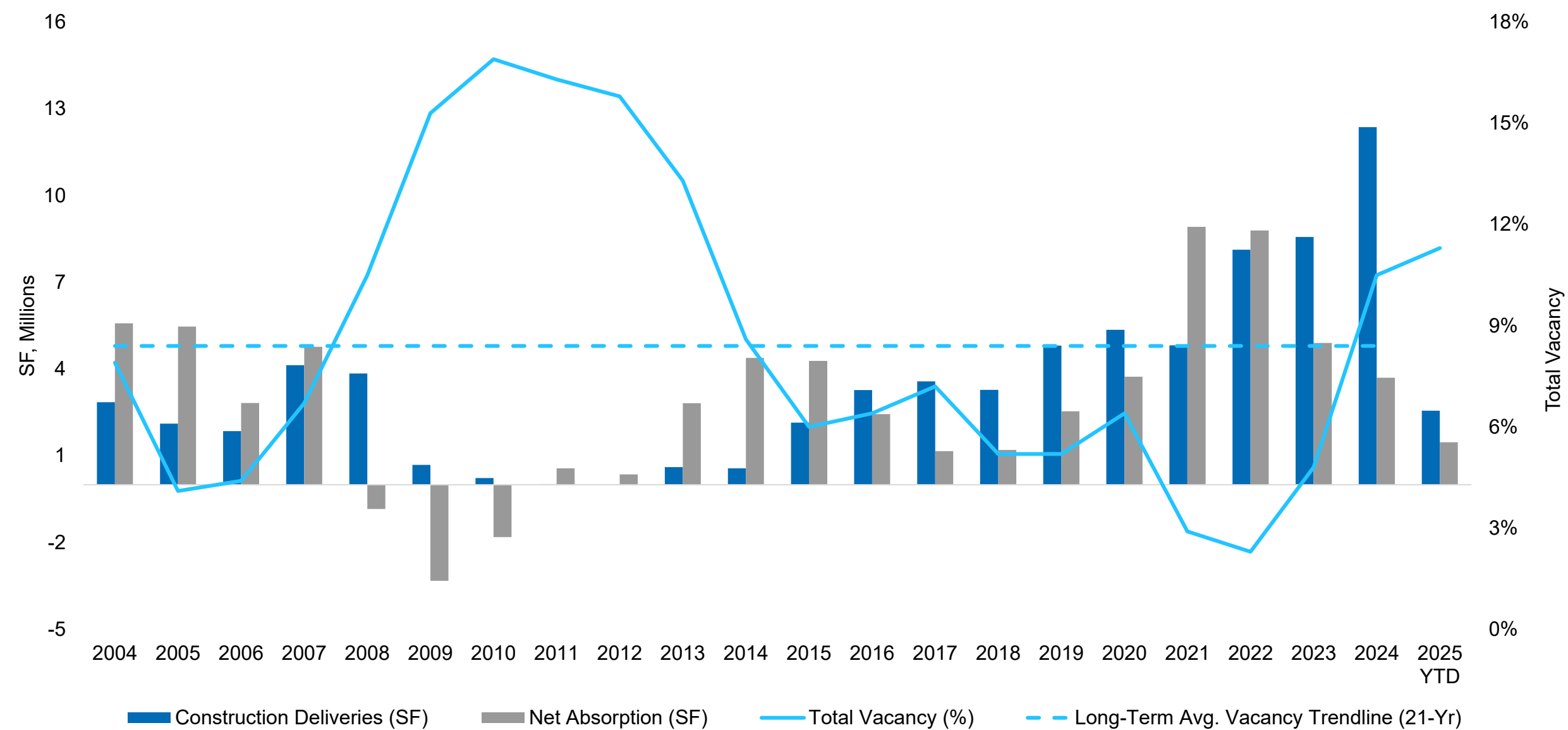
Leasing Market Fundamentals



Vacancy Rose After Construction Deliveries Eclipsed Net Absorption

This quarter, 1.5 MS Fin net absorption gains were met with 2.6 MSF in construction deliveries, causing vacancy to rise to 11.3%. A slow-growth economy, coupled with 4.3 MSF in still-available under construction space, will lead to even higher vacancy as new supply delivers.

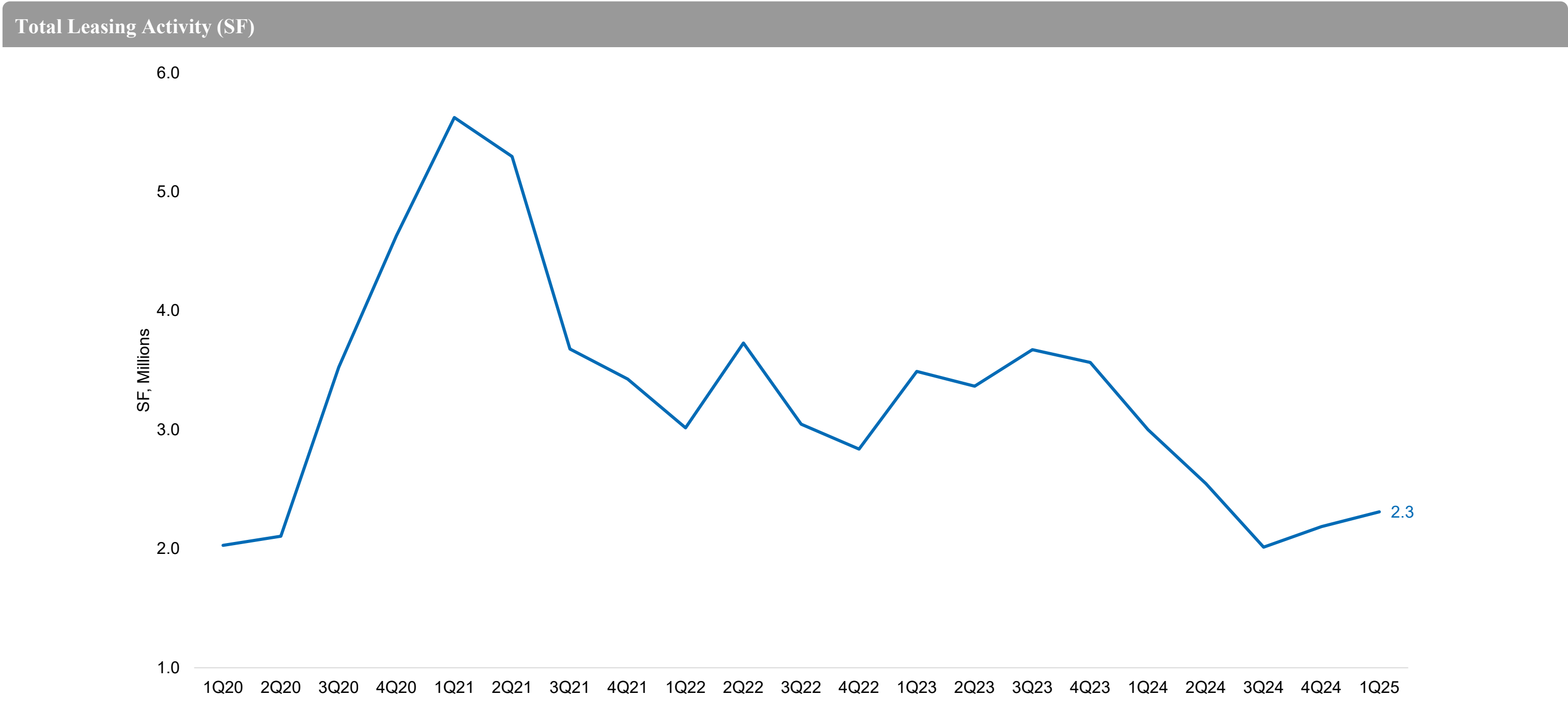
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research

Leasing Activity Trends Up, Though Remains Below 2020-2023 Levels

The modest and noticeable increase over the past two quarters is encouraging and it will be interesting to see if this trend persists Las Vegas’ strong population growth and lower occupancy and labor costs relative to Southern California’s markets, while still providing one-day truck service to those markets and their ports, favor long-term leasing fundamentals.

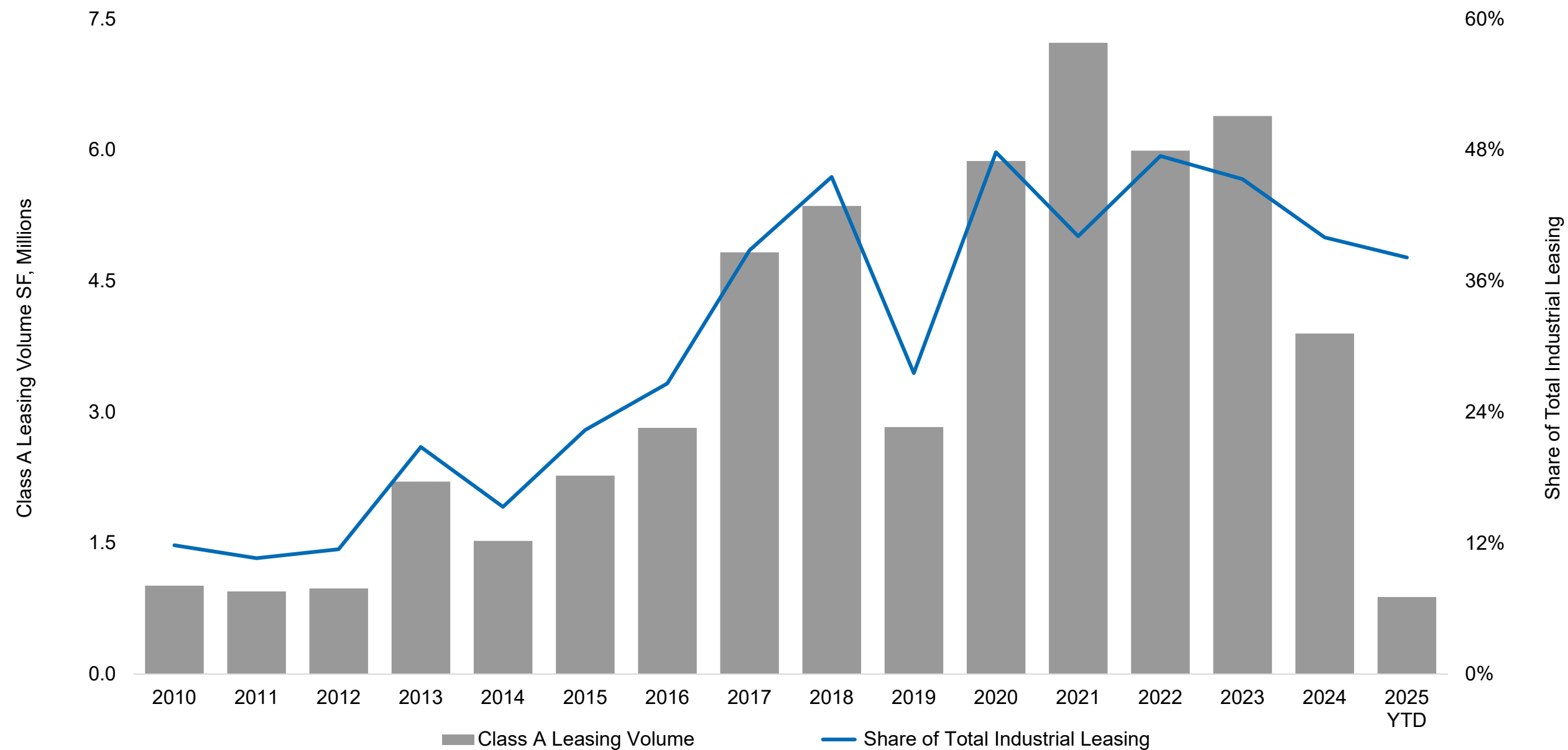


Source: Newmark Research, CoStar

Class A Warehouse Leasing Above Long-Term Average

Las Vegas is a growth market and Class A leasing activity has shaped overall leasing dynamics in recent years. The only exception to the rule was 2019, a year when there was a dearth in available product.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume

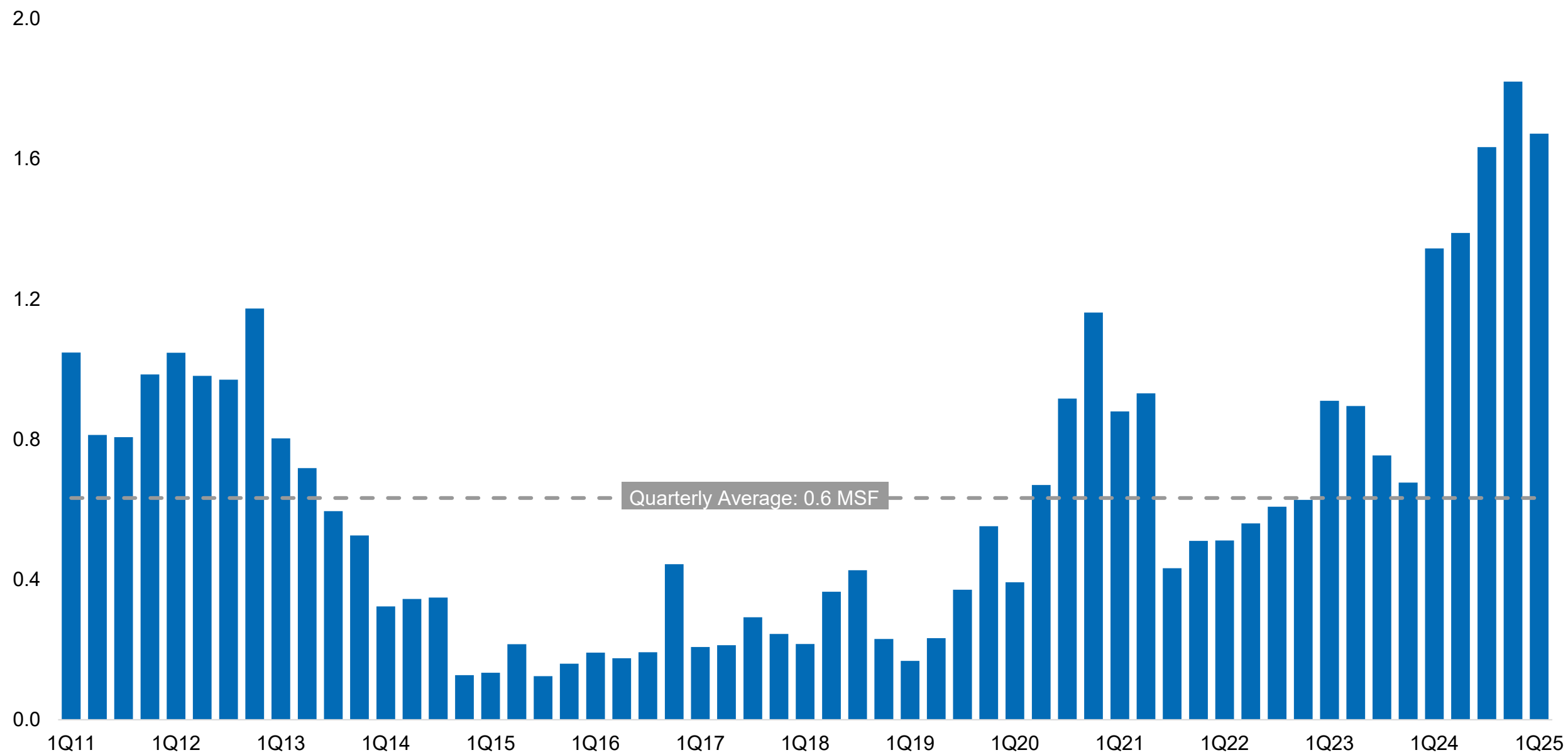


Source: Newmark Research, CoStar
Note: Class A is defined as 100,000+ SF, 30'+ minimum interior ceiling height and constructed since 2000.

Sublease Space Down 8.1% from Last Quarter

Larger block offerings at 5450 N Sloan Rd (171,083 SF) and 2951 Marion Dr (52,800 SF) found sub-tenants, leading to the decrease. The sublet pool will likely fluctuate in the quarters ahead as cost-cutting measures from some occupiers are counterbalanced with the progressive leasing of desirable sublet offerings.

Available Industrial Sublease Volume (MSF)

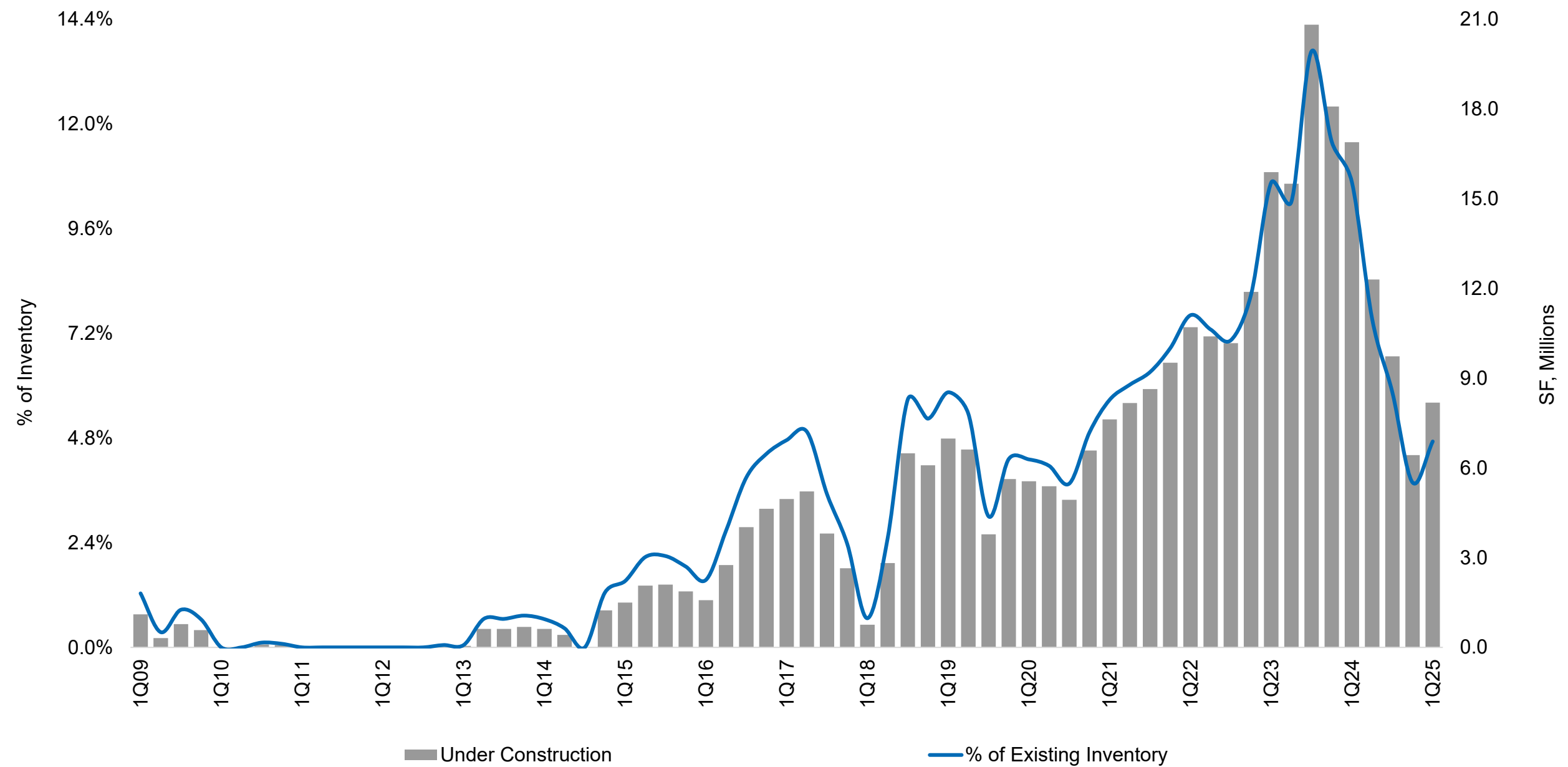


Source: Newmark Research

Construction Up After Haas Automation Poured Slabs on a 2.4-MSF Manufacturing Facility

This long-planned project aside: rising vacancy, new supply set to come online, slower leasing activity and difficulty in sourcing construction debt are acting as barriers to new construction starts. Most speculative developers have paused groundbreakings, while some have sold their land positions.

Industrial Under Construction and % of Existing Inventory

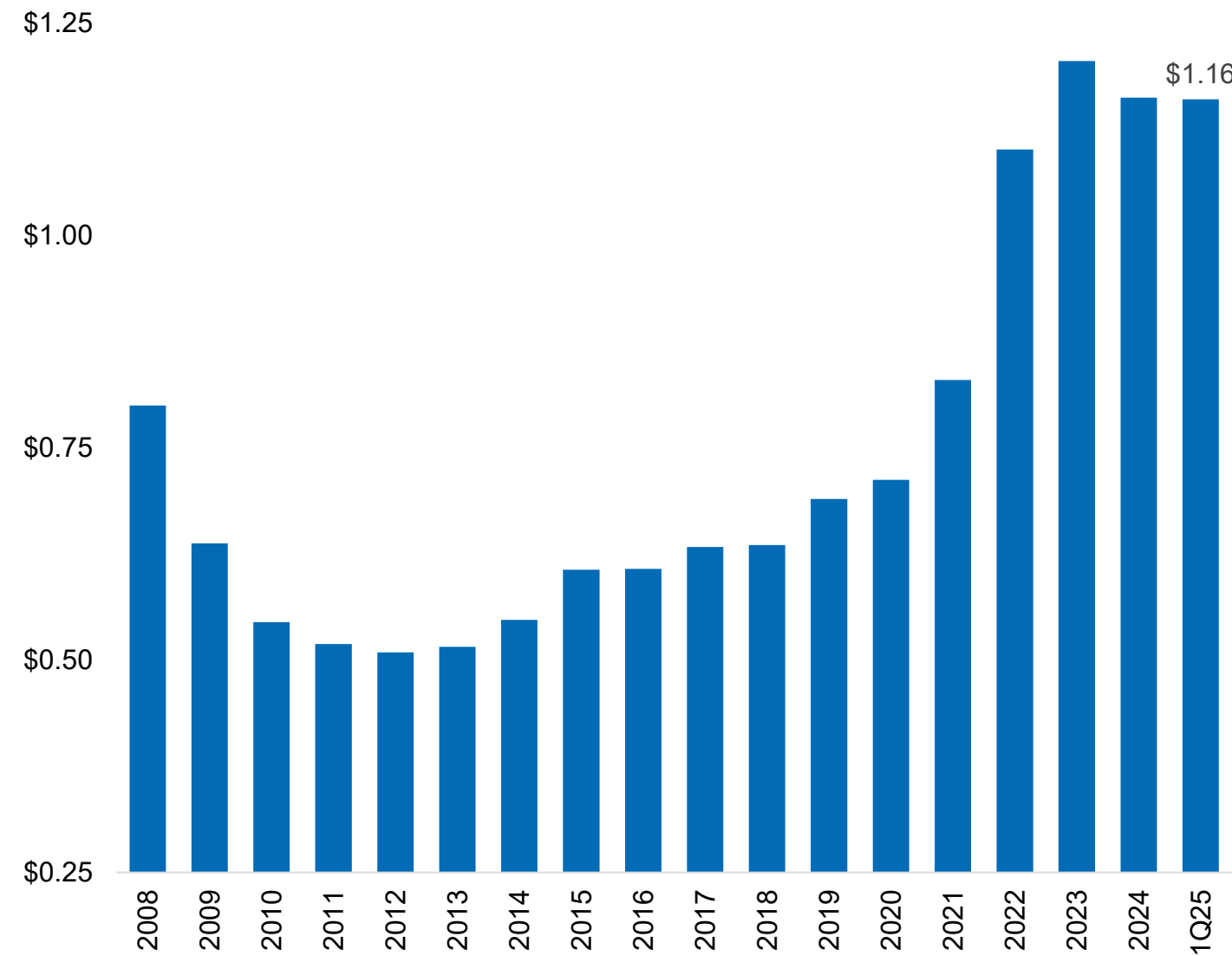


Source: Newmark Research

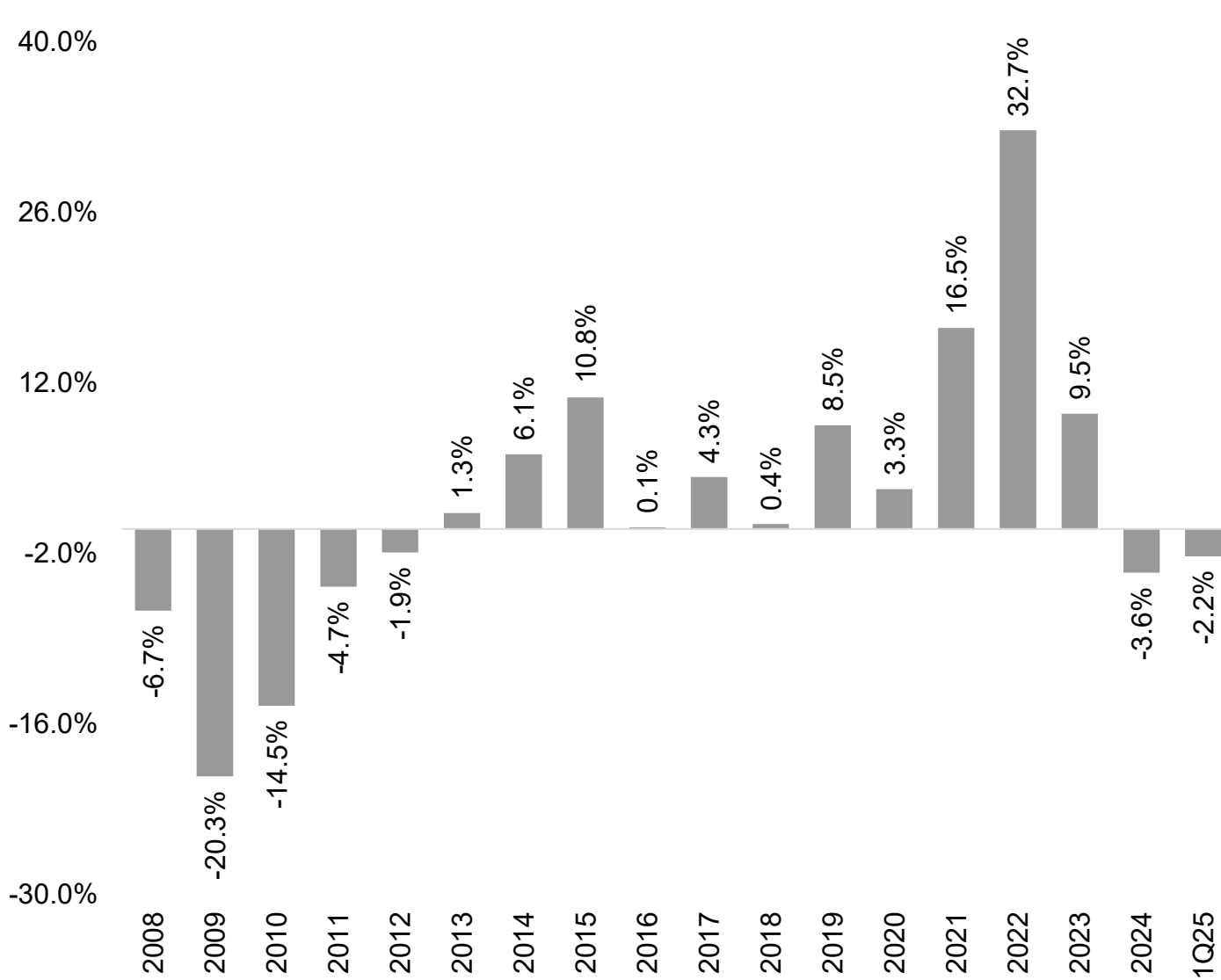
Direct Asking Rents Were Flat Relative to Year-End 2024

After unprecedented annual growth in 2021 (+16.5%) and 2022 (+32.7%), rent growth decelerated in 2023 (+9.5%) and turned negative in 2024 (-3.6%). New construction delivering vacant, along with sublease offerings, will continue to exert downward pressure on direct rents.

Industrial Average Asking Rent, \$/SF/Month, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research

Exceptional Effective Rent Growth in Recent Years is Reversing Course

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Notable 1Q25 Lease Transactions

Leasing activity continues to be concentrated in modern-gen buildings, predominantly in the North Las Vegas submarket where 45.6% of the region’s existing inventory is.

Select Lease Transactions				
Tenant	Building	Submarket	Type	Square Feet
Findlay Machine & Tool, LLC dba Kreate	SunPoint Commerce Center, Bldg. A	North Las Vegas	Direct	235,148
Kreate took the entirety of the building (constructed in 2024) for what will become its first West Coast facility. The plastic injection molding company will take occupancy next quarter.				
LCI Industries	5450 N Sloan Rd	North Las Vegas	Sublease	171,083
The company will be the sole occupant of the facility, which was built in 2022.				
Parker Plastics Nevada	Golden Triangle Industrial Park, Bldg. L	North Las Vegas	Renewal	126,720
The plastics packaging renewed its lease for a portion of the 253,420-building that was constructed in 2002.				
Frooogs	Rainbow @ Blue Diamond Logistics Park, Bldg. 3	Southwest	Direct	83,153
The company will be the sole occupant of the newly delivered building.				
America’s Auto Auction (AAA)	3108 Losee Rd	North Las Vegas	Extension	58,400
The tenant signed a 61-month extension.				

Source: Newmark Research

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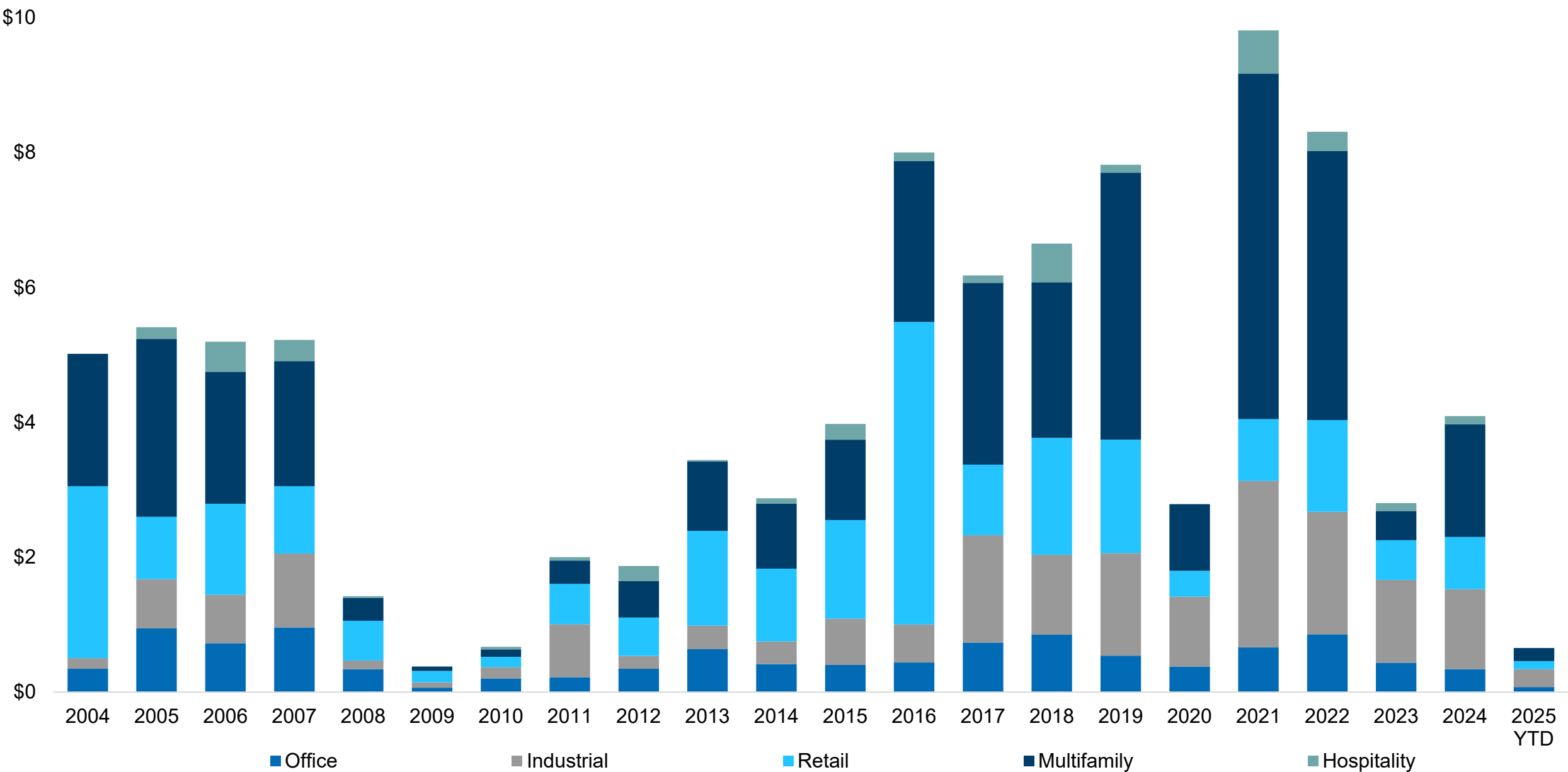
Sales Activity



Industrial Comprised 41% of Total Sales Volume in the First Quarter of 2025

This was much higher than the long-term* annual average of 19.2%. Heated rent growth in recent years favor the segment, with many investors targeting desirable buildings with credit tenants whose leases are up for renewal.

Las Vegas: Sales Volume Across Commercial Property Segments (\$ in Billions)

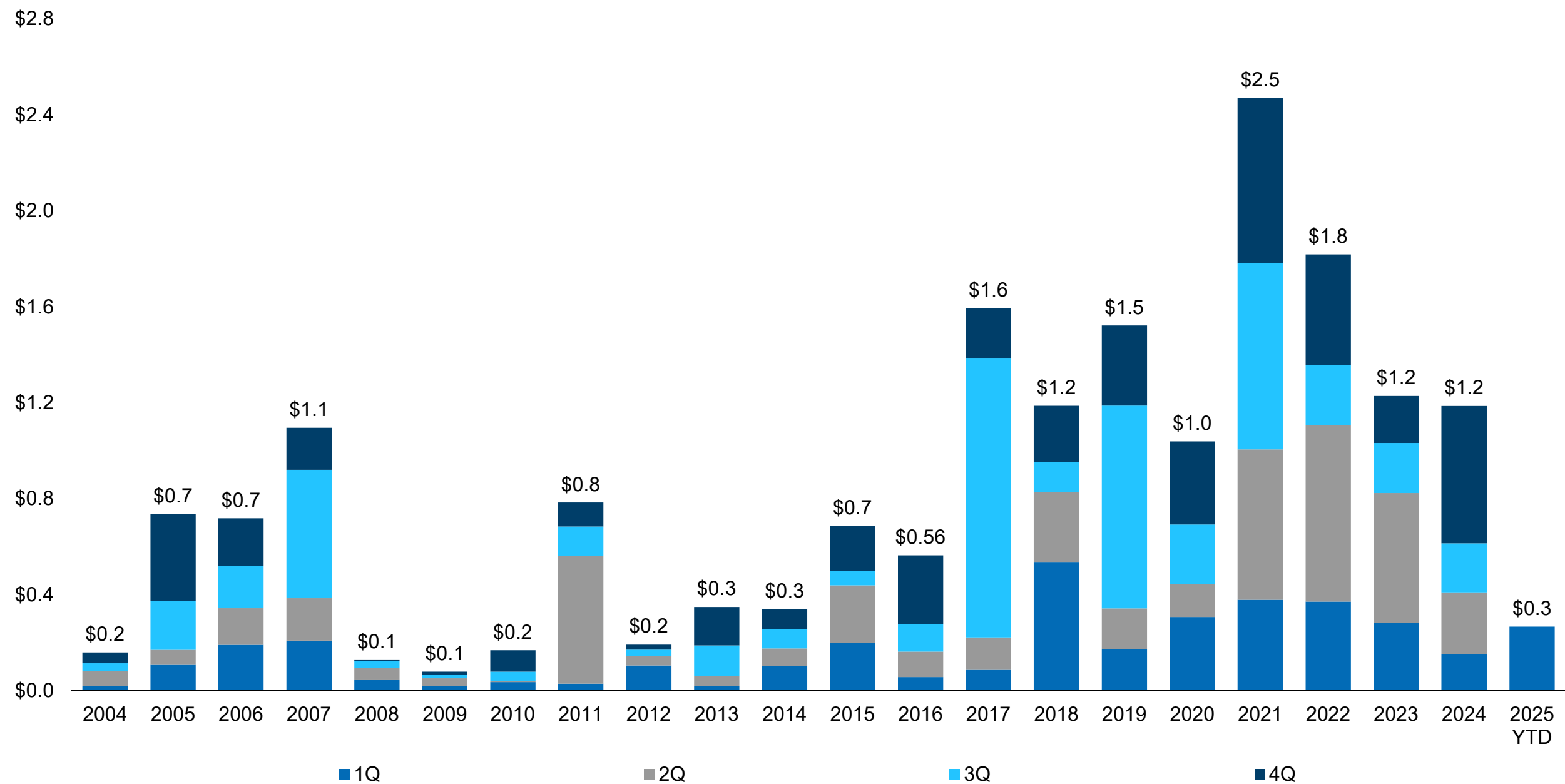


Source: Newmark Research, MSCI Real Capital Analytics
Note: Preliminary data is cited for the first quarter of 2025. The long-term annual average is from 2004 through 2024.

Industrial Sales Volume: Up Close

Industrial sales volume totaled \$266 million in the first quarter of 2025, up 74.9% from the same period in 2024. MDH Partners’ acquisition of a two-building portfolio from Blackstone for \$94.0 million and a Las Vegas-Phoenix cross-market portfolio sale to BKM Capital from Starwood Capital, were among first-quarter’s top sales.

Las Vegas: Industrial Sales Volume (\$ in Billions) | By Quarter



Source: Newmark Research, MSCI Real Capital Analytics
Note: Preliminary data is cited for the first quarter of 2025.

Private Buyers Are Active



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Appendix



Las Vegas Industrial Submarket Map and High-Level Statistics | 1Q25



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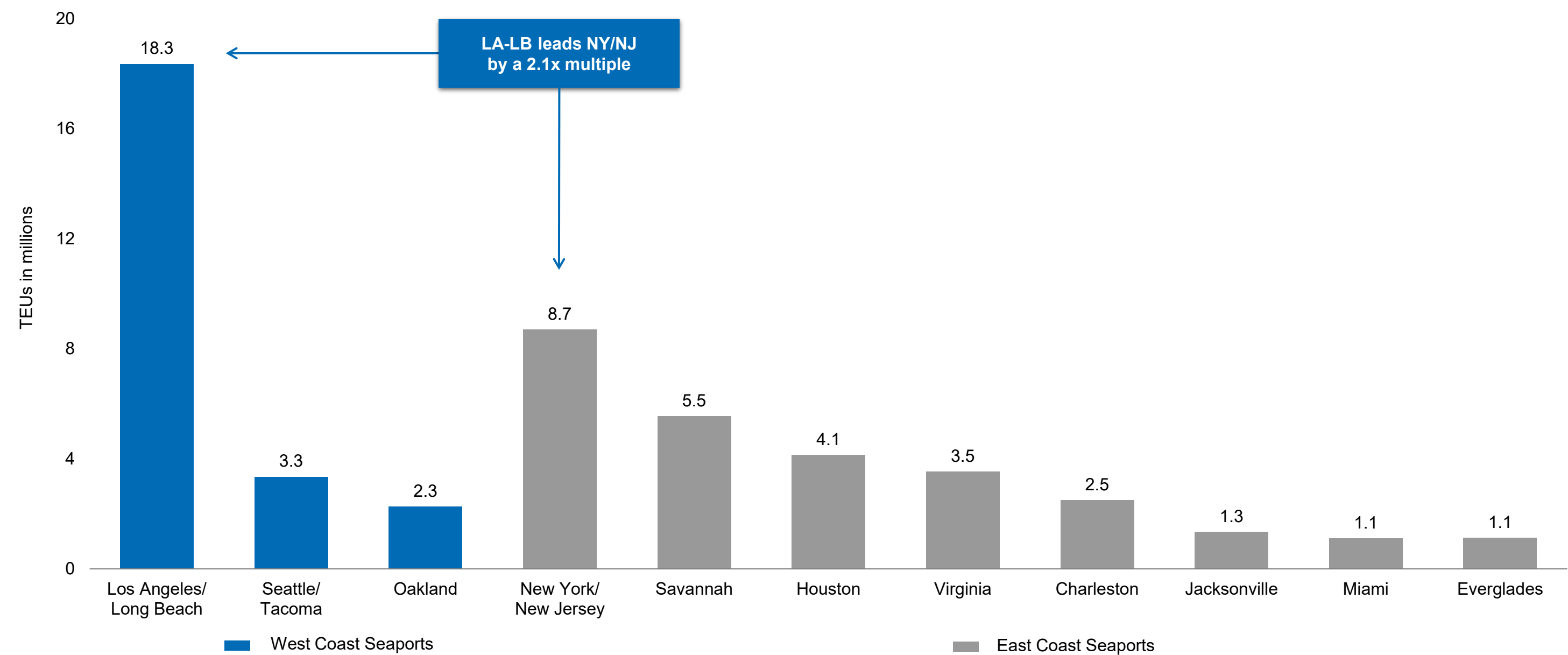
Population Has Increased Considerably in Recent Decades

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Los Angeles-Long Beach is the Nation’s Dominant Port System

Los Angeles-Long Beach can accommodate 18,000 TEU vessels, which are too wide to traverse the new Panama Canal. Additionally, both ports have Class 1 freight rail connectivity to the nation’s major population centers.

Major U.S. Seaports: 2024 TEU Volume (All Containers: Loaded and Empty)



Source: Newmark Research, Individual Seaports

Access to Large Populations and Lower Costs of Doing Business Favor Las Vegas

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