

2Q25

# Las Vegas Industrial Market Overview



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# Market Observations

## Economy

- Southern California’s seaports (the nation’s top trade gateway) had their second busiest year on record in 2024. Traffic since has been uneven.
- [Broad U.S. tariffs](#) on foreign goods in early April were followed by deadline extensions, country-by-country negotiations, and warnings of additional duties. U.S. importers are in a cat-and-mouse game as they race to bring in product before new duties go into effect.
- Business leaders have cautioned that an inconsistent tariff policy will increase inflation risk and keep volatility high.
- Consumer Confidence has fallen in recent months, and U.S. retail sales are expected to slow. The sales drop will be steep if domestic unemployment sharply increases.
- The Fed maintained its benchmark interest rate at 4.25%-4.5%.

## Major Transactions

- The lion’s share of leasing activity is occurring in the high-growth North Las Vegas submarket, which accounts for 66.7% of new supply built over the last five years.
- Alo Yoga (Alo) is expanding its brick-and-mortar presence throughout the region and subleased 198,720 SF of newly built industrial space in North Las Vegas.
- Leasing activity in the first half of 2025 totaled 5.5 MSF, flat relative to the same period last year.
- Blackstone appears to be scaling back its industrial holdings, given recent sales to NorthPoint Development (587,254 SF) and MDH Partners (898,398 SF).

## Leasing Market Fundamentals

- 0.3 MSF in quarterly net absorption gains were met with 2.0 MSF in construction deliveries, causing vacancy to rise to 12.2%.
- Total vacancy has been in the double-digits since the fourth quarter of 2024.
- Available sublease space (just 2.0 MSF) dropped 29.6% from last quarter. Modern space offerings are finding sub-tenants quicker than second-gen space.
- Still-high inflation and more-restrained retail spending continue to delay the expansion plans of some tenants. New and ever-changing tariffs are a factor, too.
- New construction is taking longer to lease.
- Purpose-built construction (e.g., Haas Automation’s 2.4-MSF manufacturing facility in Henderson) aside, most developers have hit the pause button on groundbreakings.

## Outlook

- Returning to tariffs: Occupiers tend to adopt a wait-and-see approach during periods of volatility, which can dampen near-term leasing activity.
- Sustained tariffs will increase raw material prices, while federal immigration raids may lead to construction labor shortages. Both will elevate replacement costs, limit future construction, and insulate rents of existing product.
- 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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1. Southern California's Ports and U.S. Retail Sales
  2. Local Employment
  3. Leasing Market Fundamentals
  4. Sales Activity
  5. Appendix



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# Southern California's Ports and U.S. Retail Sales





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## Ocean Container Spot Rates Remain Volatile



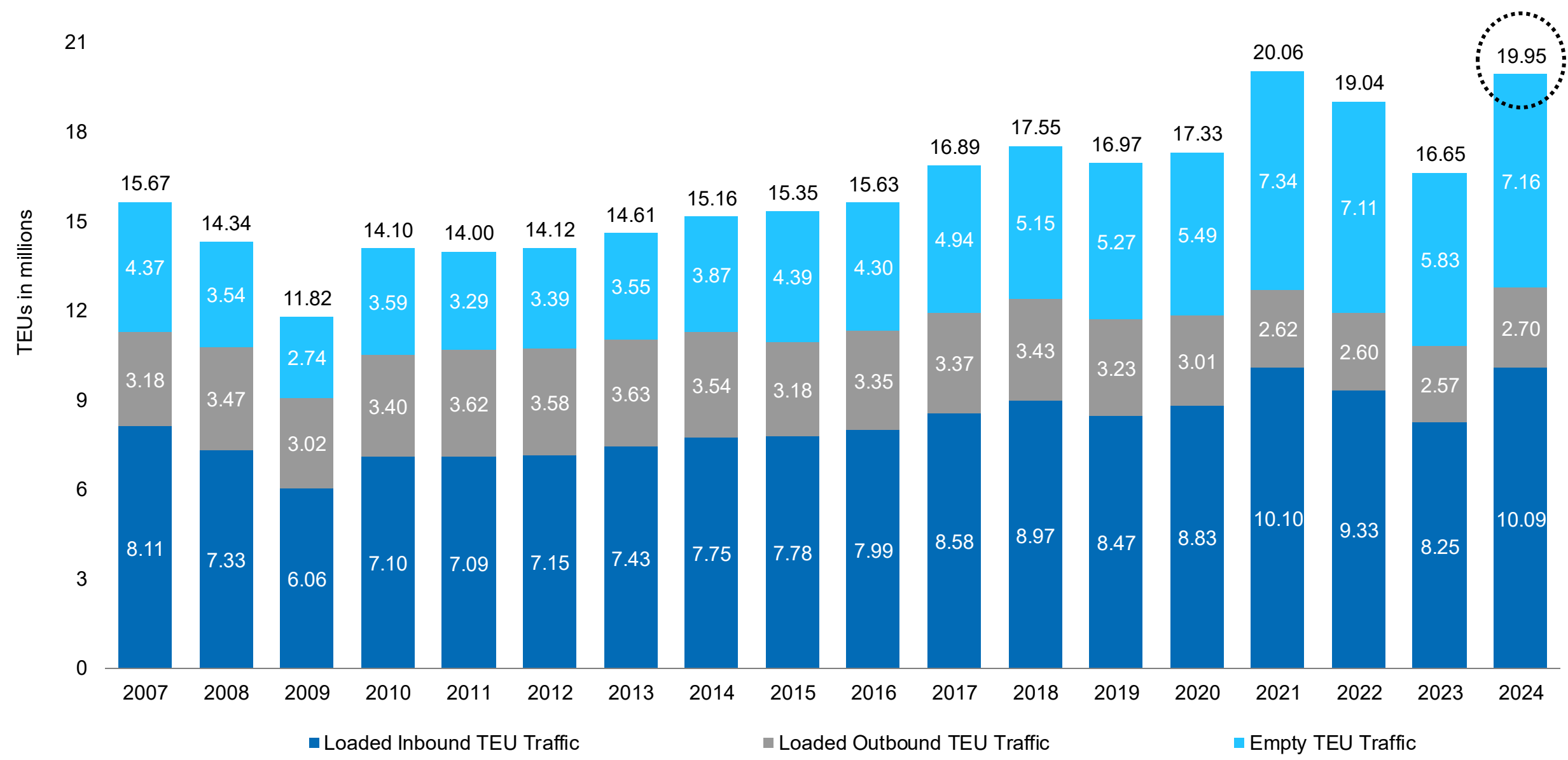
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# Southern California’s Ports: 2024 Was the Second Busiest Year on Record

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 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

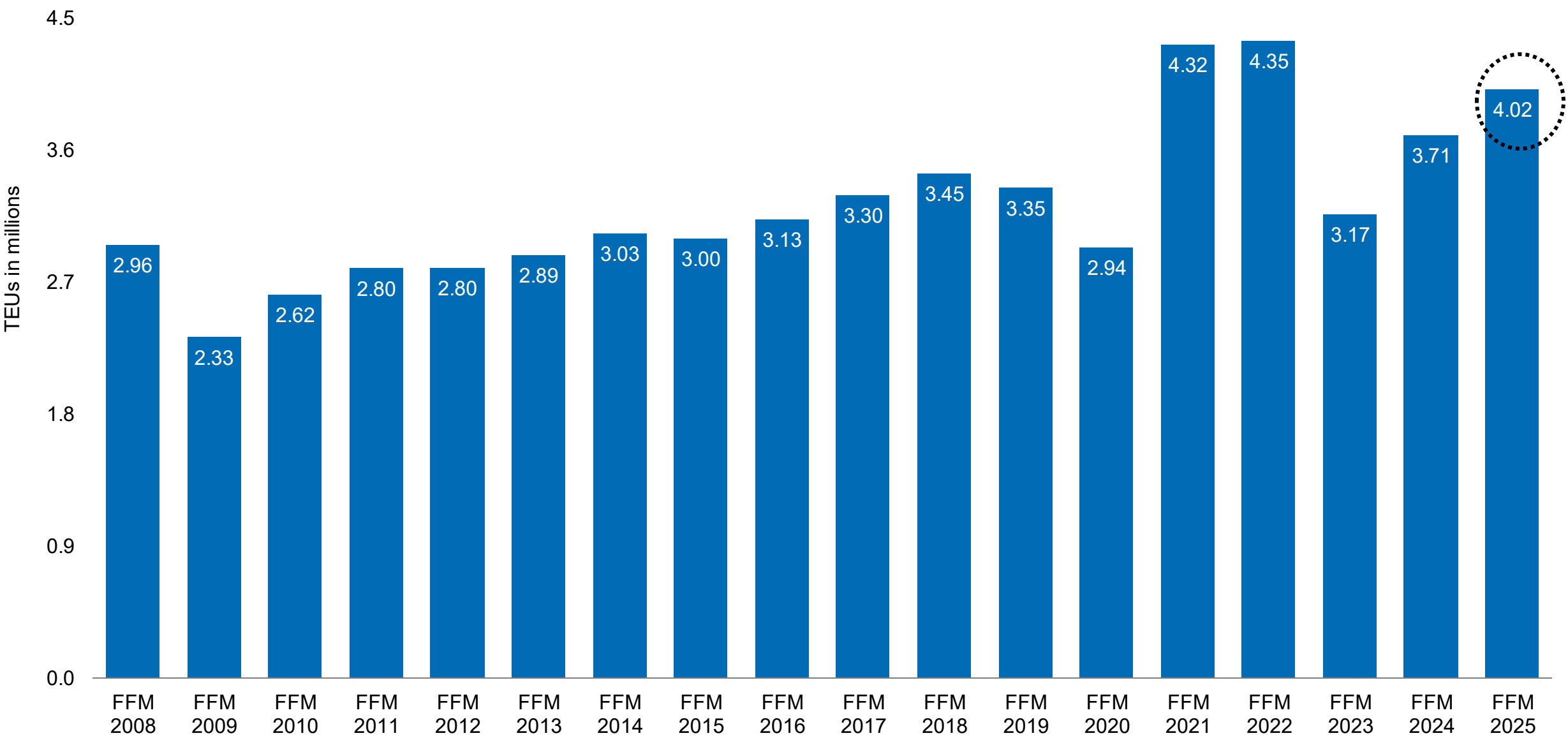


Source: Newmark Research, The Port of Long Beach and Los Angeles  
Note: TEUs are a standard measure for the steel cargo containers commonly used interchangeably on ships, trucks and trains. A TEU or 20-foot equivalent unit is the industry measure used to tally cargo containers, whether the containers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

# Loaded Import Volume in the First Five Months of 2025 Third Highest on Record

The frontloading of imports before President Trump’s tariffs went into effect shaped 2025’s year-to-date figure. Future volume will be uneven, as the next graph explores.

The Ports of Los Angeles and Long Beach: Loaded Imports | First Five Months (FFM) 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.



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## Southern California Ports Lead the Nation in Imports—Most of Which Originate from China



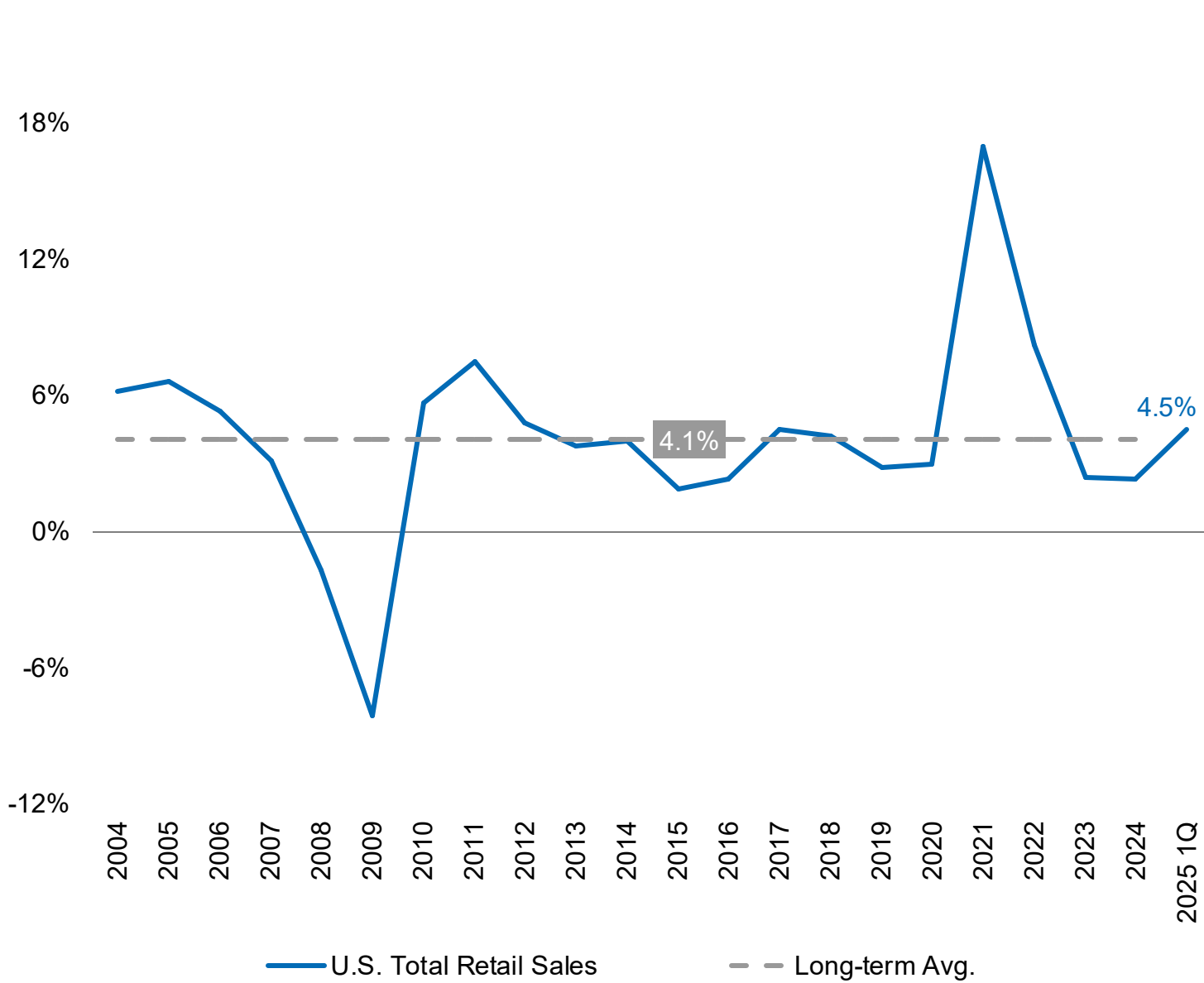
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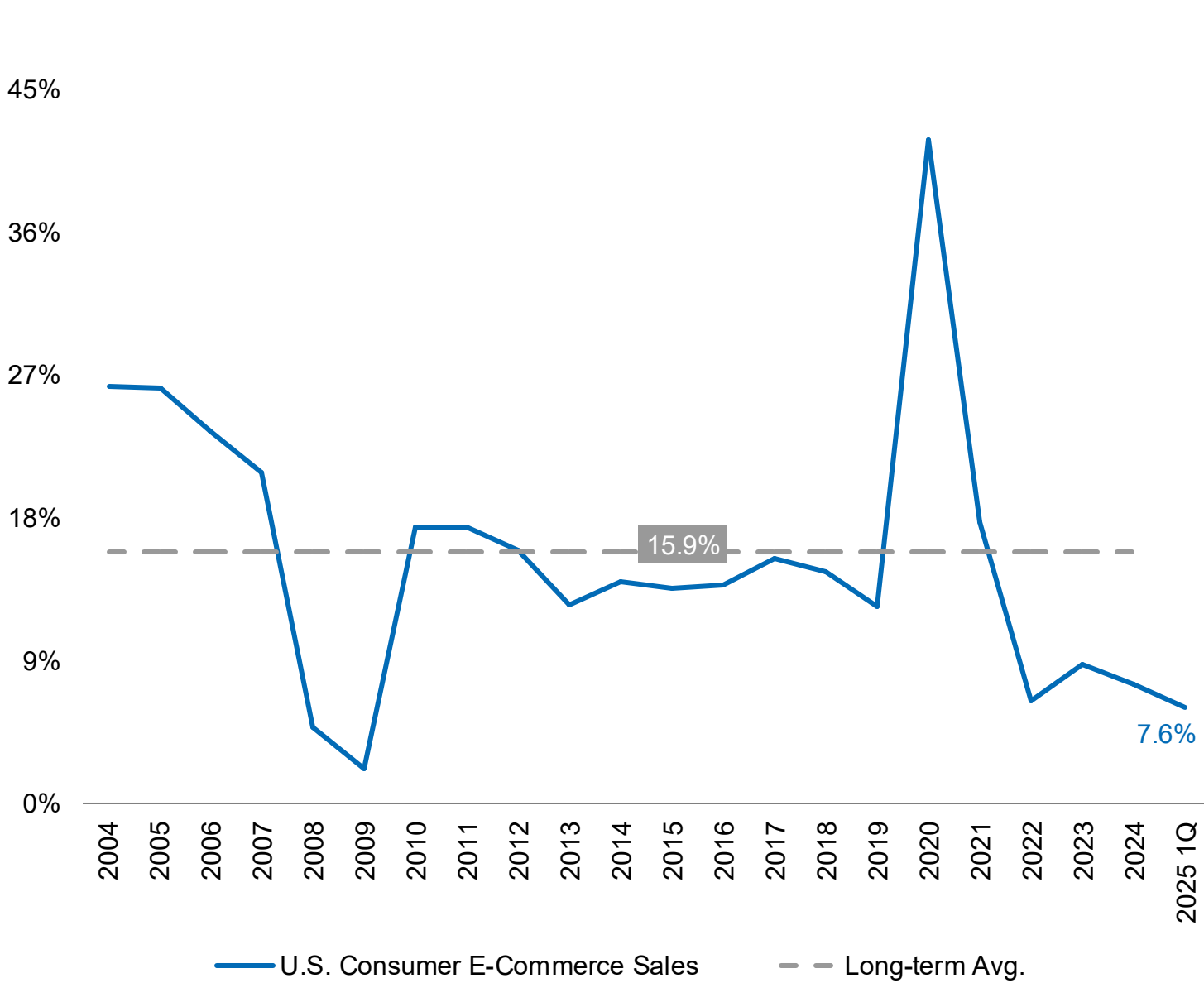
# Retail Sales (an Indicator of Warehouse Demand) Up, But Projected to Slow

Overall retail sales were up 4.5% in the first quarter of 2025 relative to the same period in 2024 as consumers frontloaded purchases – led by motor vehicles – ahead of expected higher prices due to impending tariffs. For e-commerce specifically: Growth exceeded total retail sales (+7.6% over the same period), yet the decline from 2021 onward is noticeable as consumer spending generally registers slower gains. Since tariffs are typically stagflationary shocks, which simultaneously increase the likelihood of an economic slowdown while putting upward pressure on prices, many economists have lowered their retail sales growth projections.

U.S. Overall Retail Sales Annual Growth



U.S. Consumer E-Commerce Sales Annual Growth



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



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# The Pandemic Accelerated E-Commerce Sales Growth and Adoption Rates



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# U.S. Wage Growth is Outpacing Inflation While Unemployment Remains Low



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## U.S. Consumer Confidence is Down



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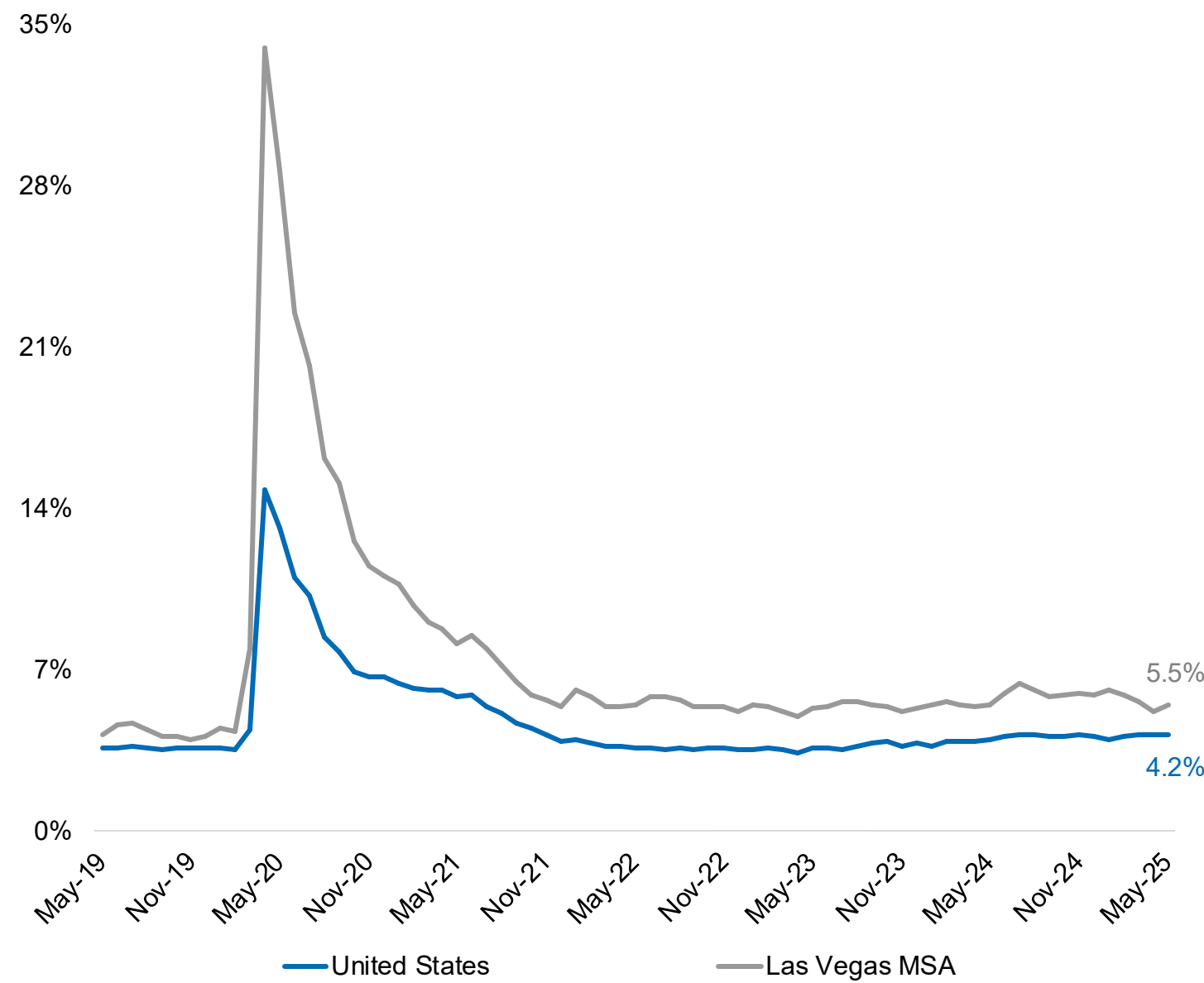
# Local Employment



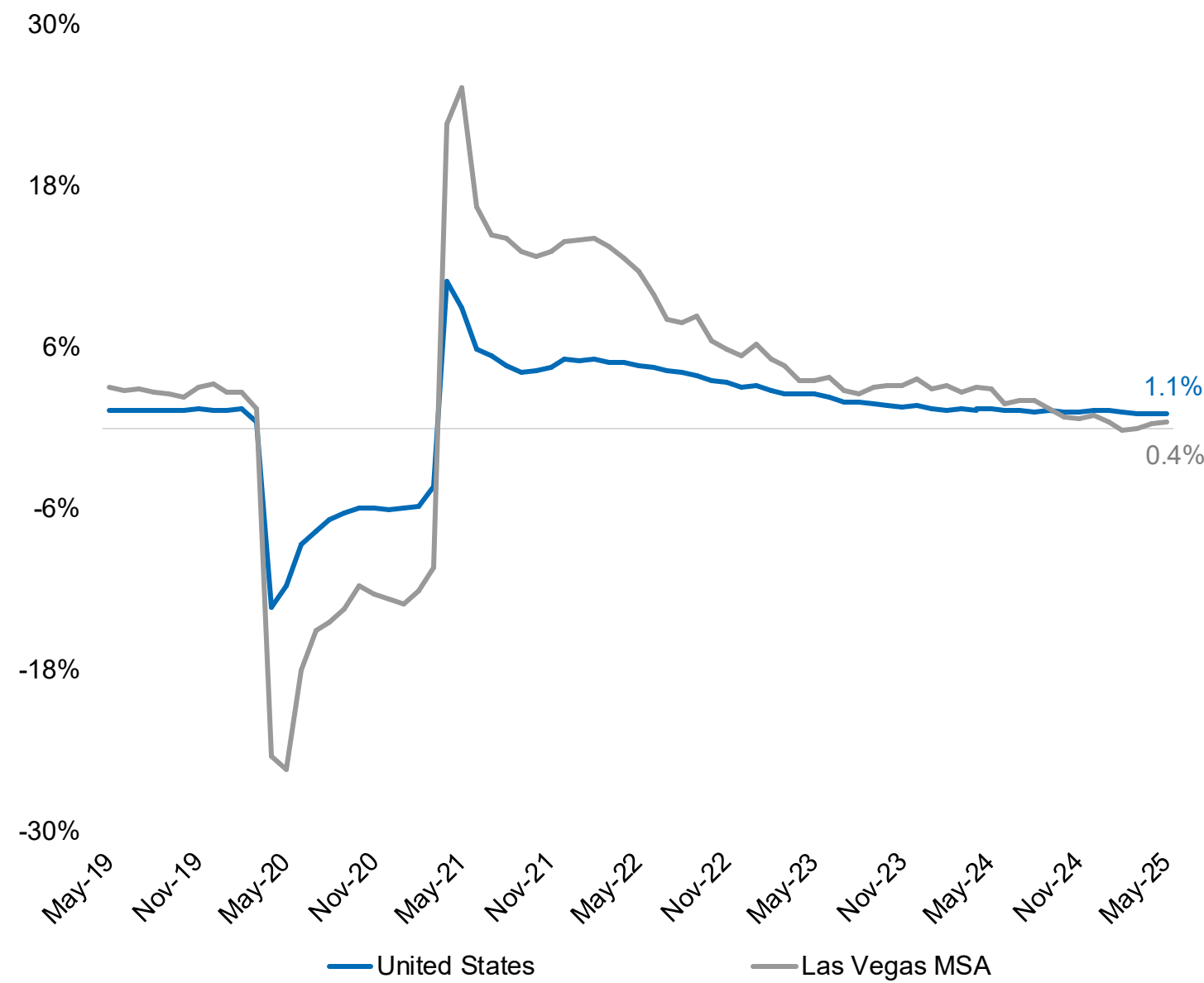
# Las Vegas Nonfarm Employment Growth Close to Zero

Las Vegas has outpaced national employment growth in recent years, rebounding rapidly from pandemic-related losses. However, recent job declines in office- and industrial-using sectors highlight economic headwinds tied to higher capital costs and heightened uncertainty from new U.S. tariffs on foreign goods.

Unemployment Rate, Seasonally Adjusted



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



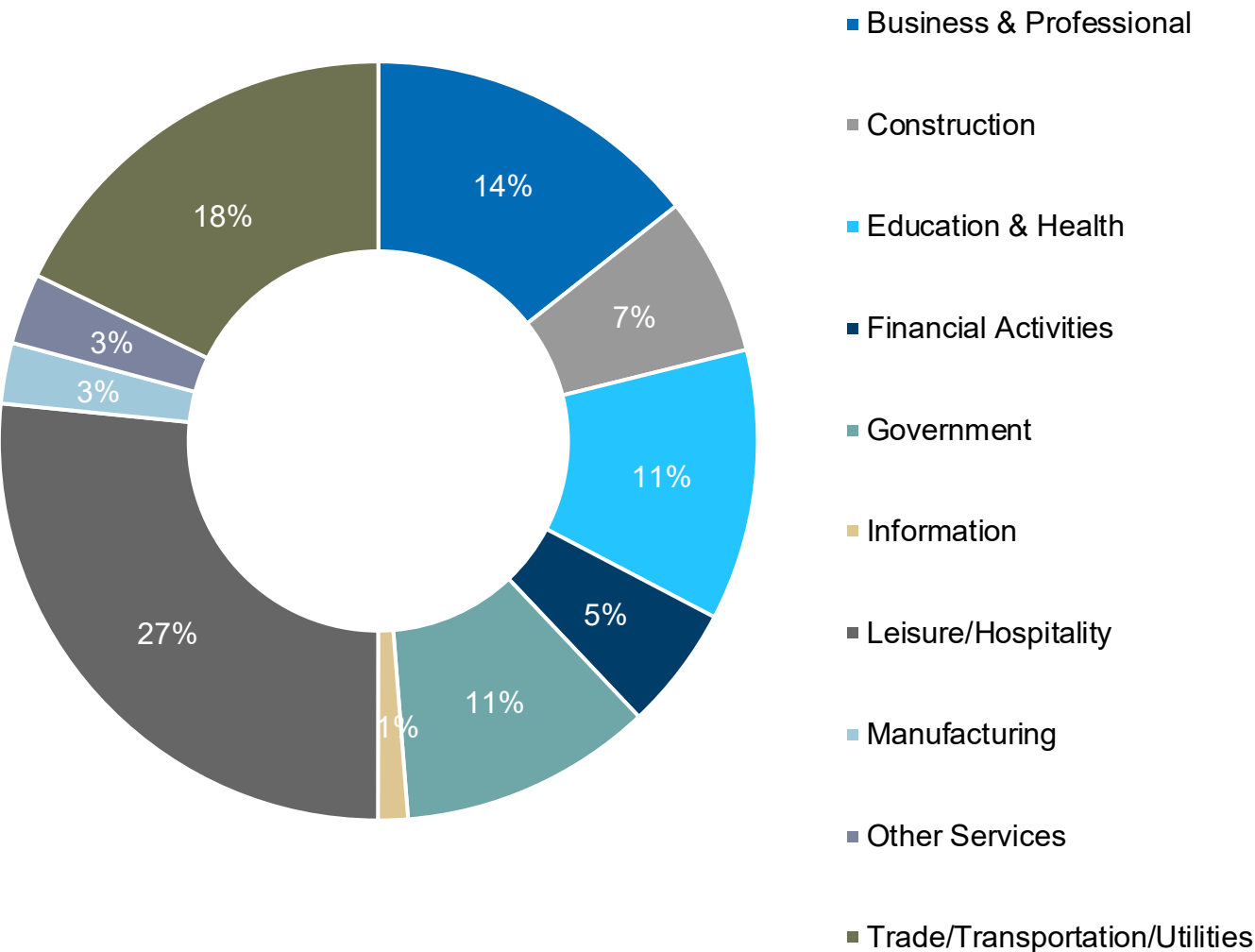
Source: U.S. Bureau of Labor Statistics, Las Vegas MSA  
Note: Las Vegas' unemployment is historically higher than the U.S. average due to volatility in the tourism industry when the economy downcycles; hence, the 34.0% unemployment average at the start of the pandemic.



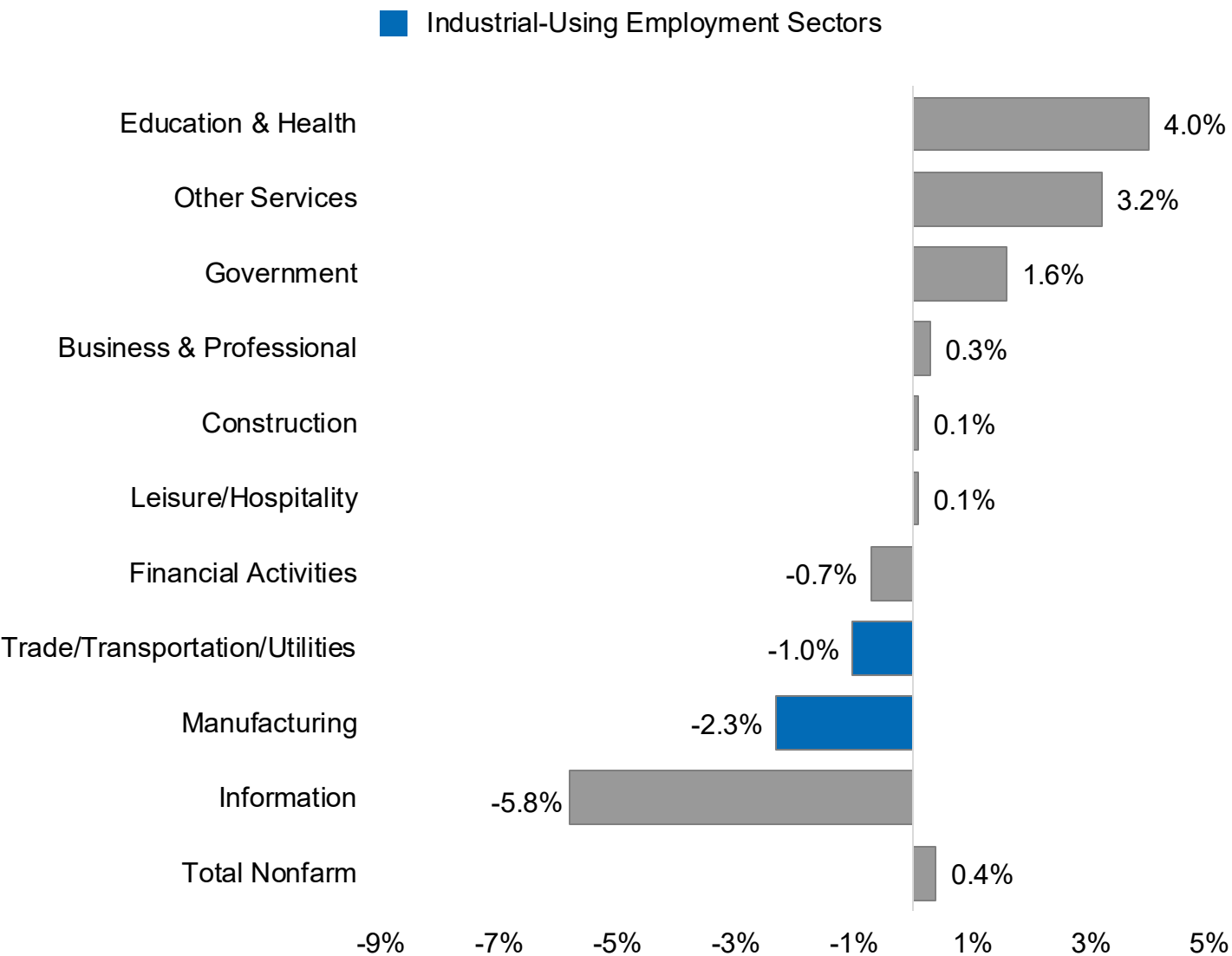
# Shifting Toward a More Diverse Economy

Leisure/hospitality continues to be the dominant sector, comprising 26.6% 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: education and health led in gains, while information had the most losses. Population-serving industries (such as education and health and government) are expected to be more resilient than those that often trend with the macro economy (e.g., financial activities).

Employment by Industry, May 2025



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

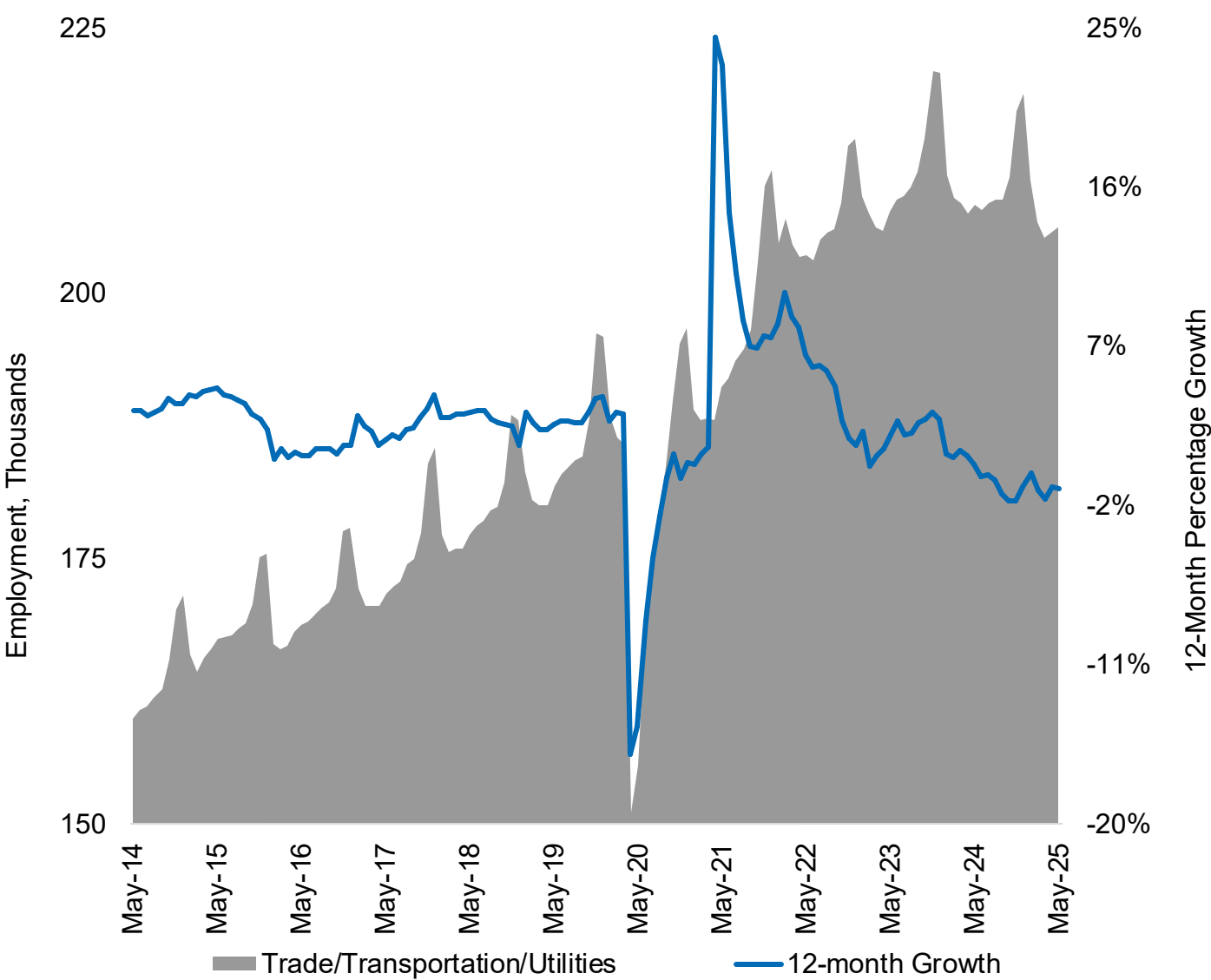


Source: U.S. Bureau of Labor Statistics, Las Vegas MSA

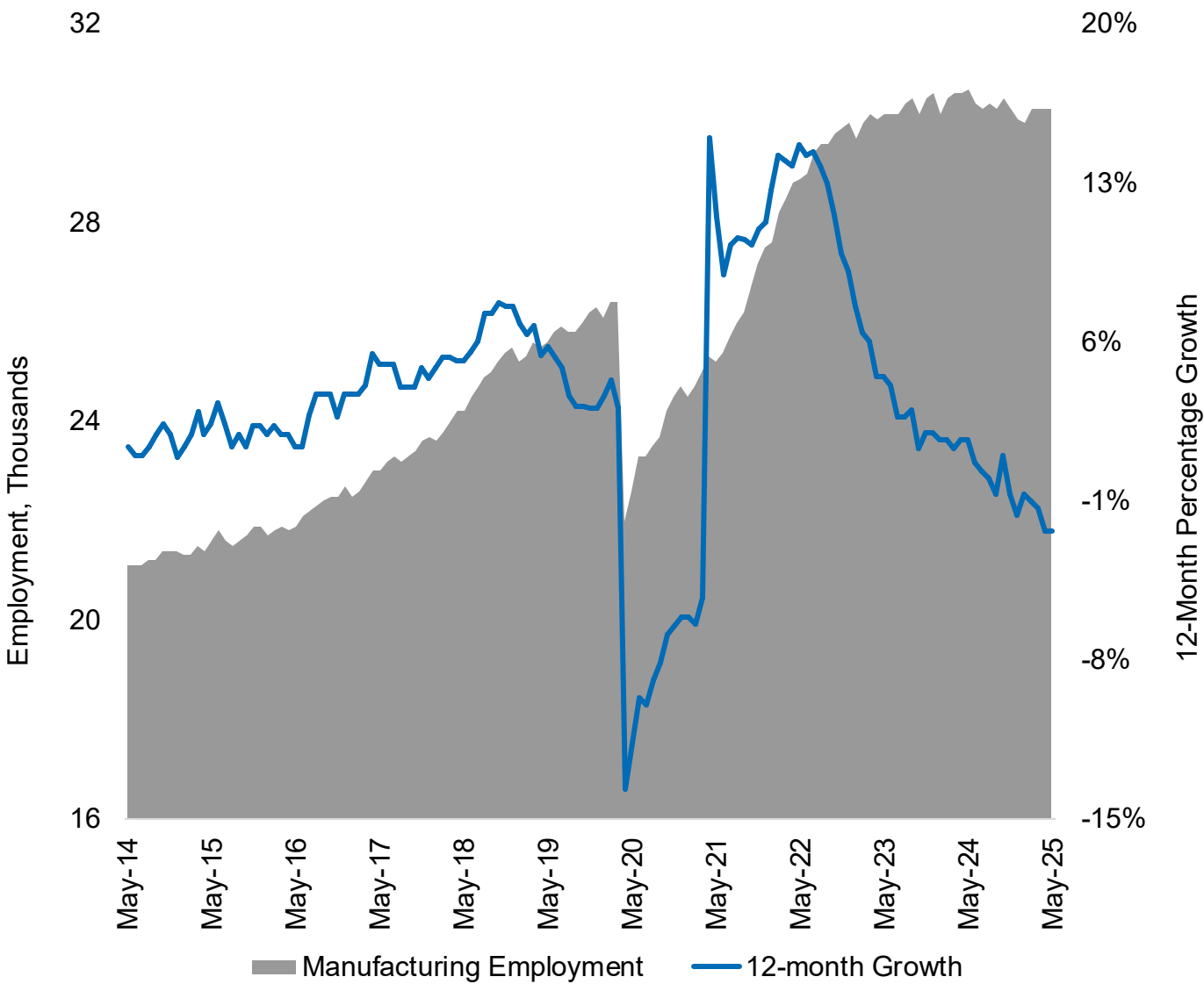
# Seasonal Volatility Aside, Industrial Employment Remains Strong

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 what is expected to be a slowing 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

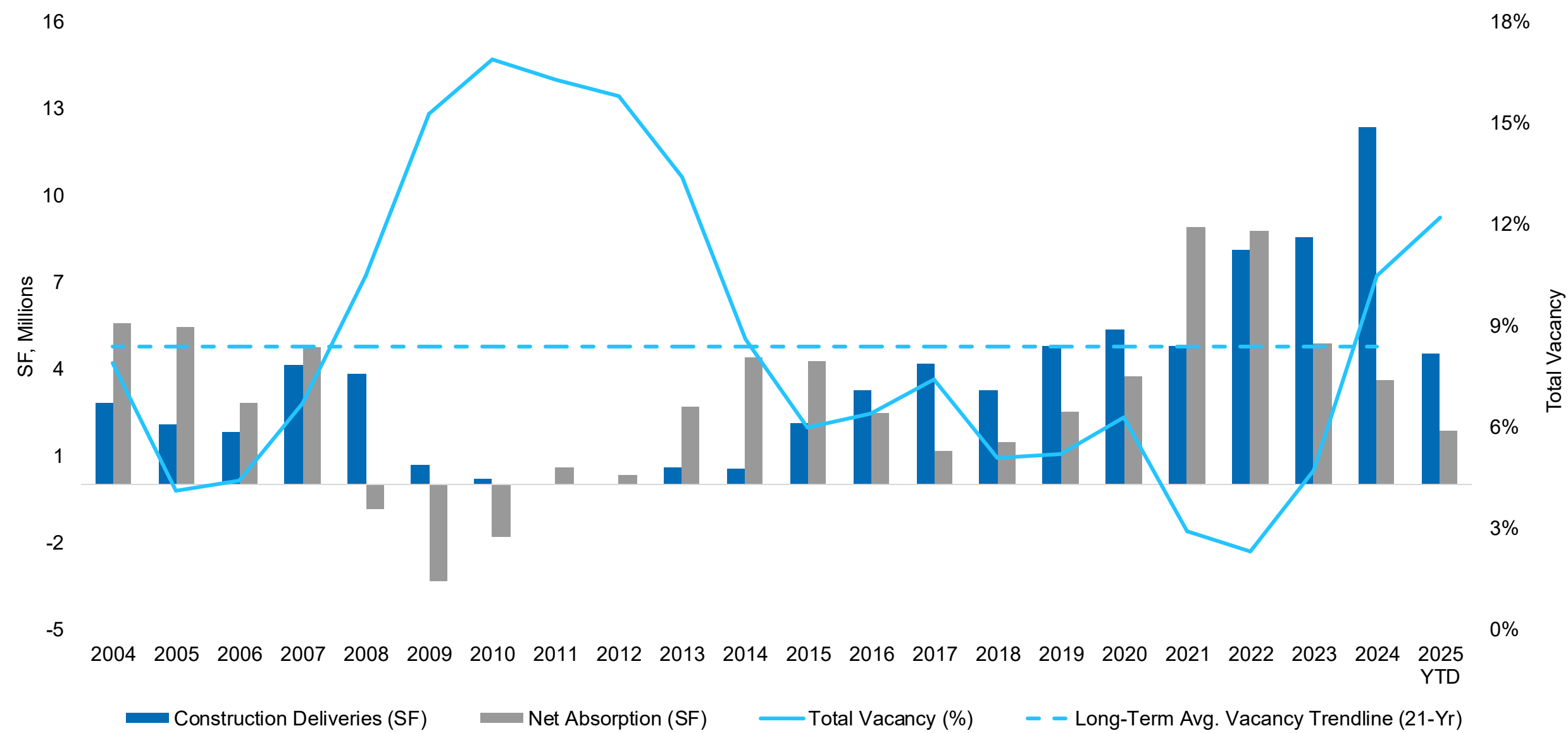




# Vacancy Rose After Construction Deliveries Eclipsed Net Absorption

1.9 MS in net absorption gains were met with 4.5 MSF in construction deliveries, causing vacancy to rise to 12.2%. A slow-growth economy, coupled with 7.4 MSF in under construction space (of which 3.4 MSF is still available), will lead to even higher vacancy as new supply delivers.

Historical Construction Deliveries, Net Absorption, and Vacancy

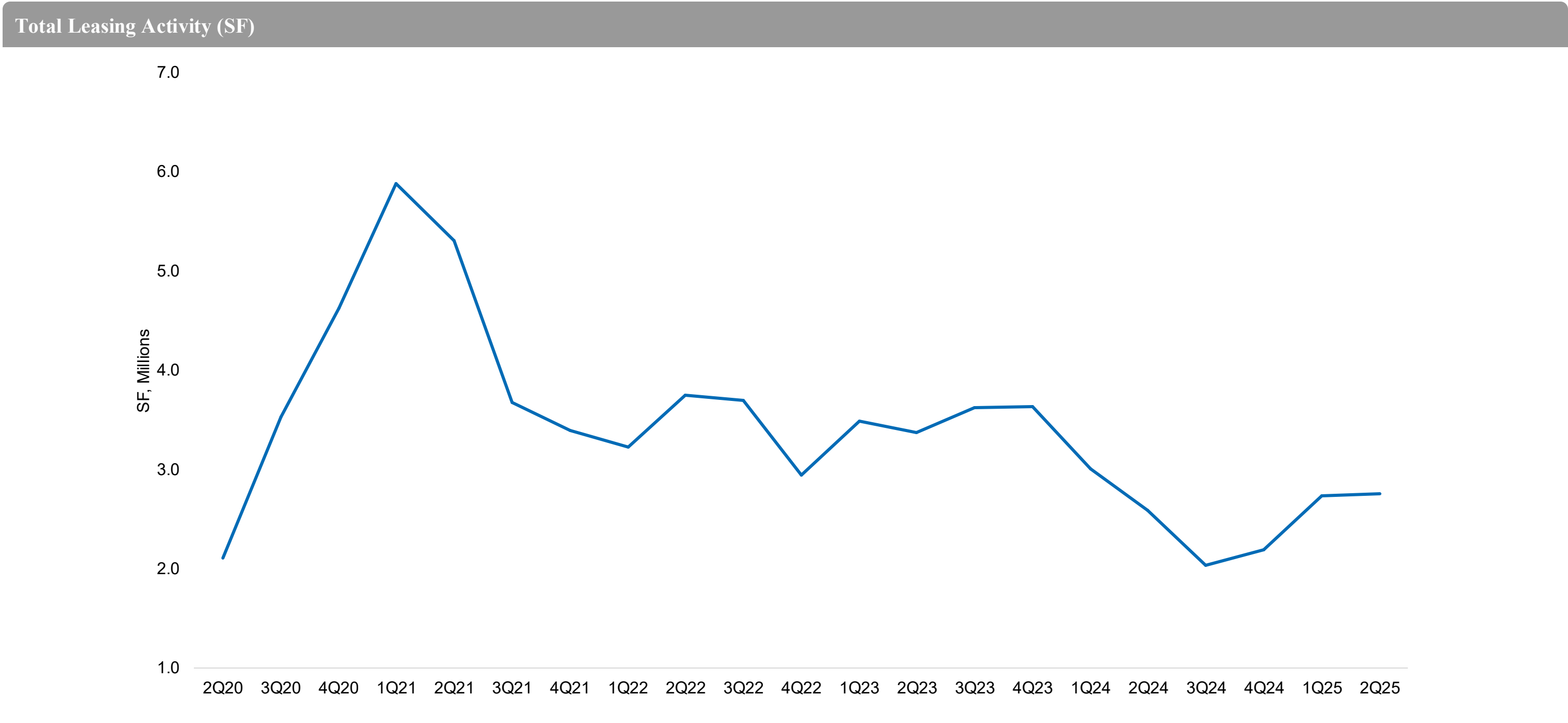


Source: Newmark Research



# Leasing Activity Trends Up, Though Remains Below 2021-2023 Levels

The modest and noticeable increases over the last three quarters are 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.



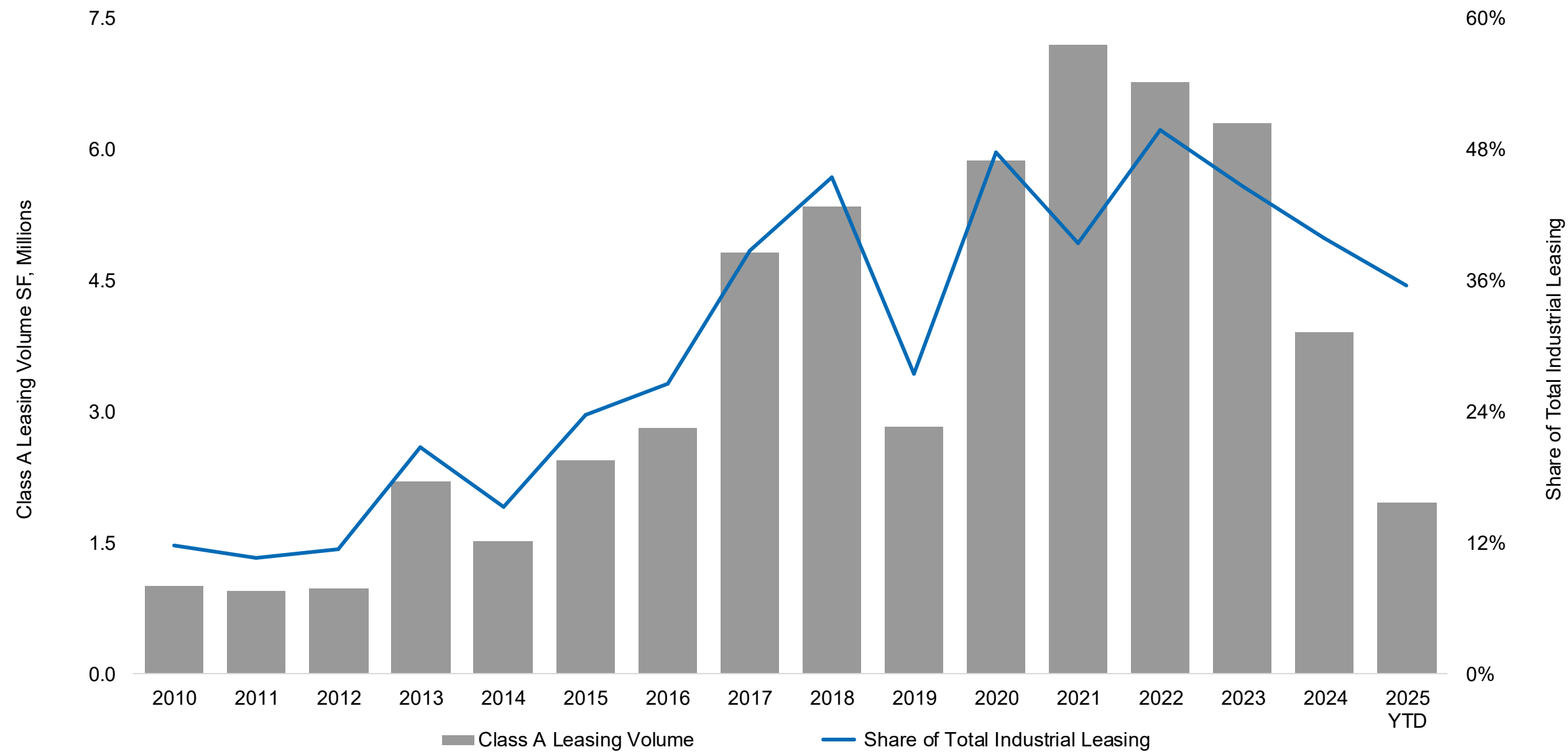
Source: Newmark Research, CoStar



# 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



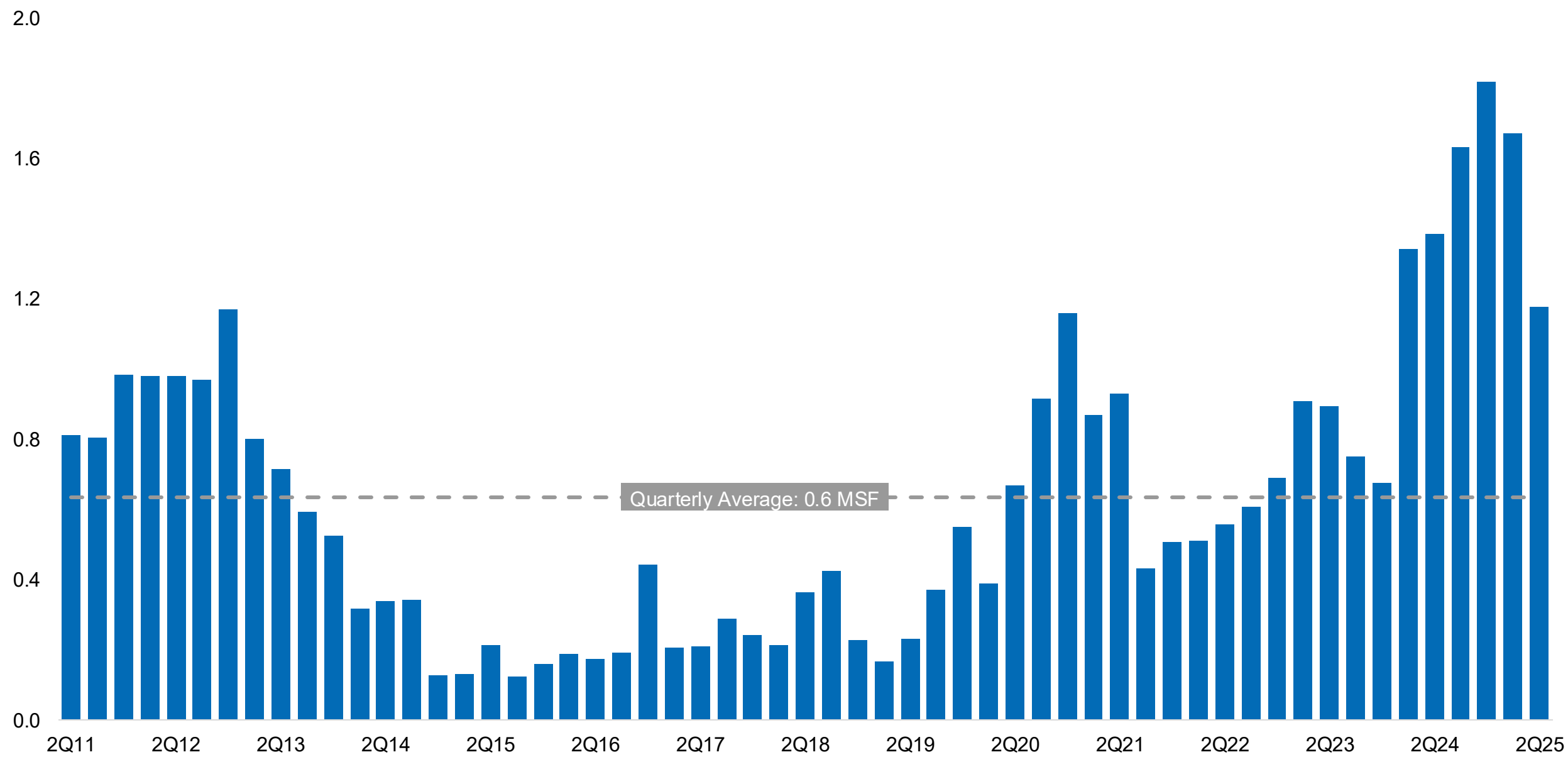
Source: Newmark Research, CoStar  
Note: Class A is defined as 100,000+ SF, 30'+ minimum interior ceiling height and constructed since 2000.



# Sublease Space Down 29.6% from Last Quarter

Larger block offerings at 2300 W Carey Ave (198,720 SF) and 5450 N Sloan Rd (171,083 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)



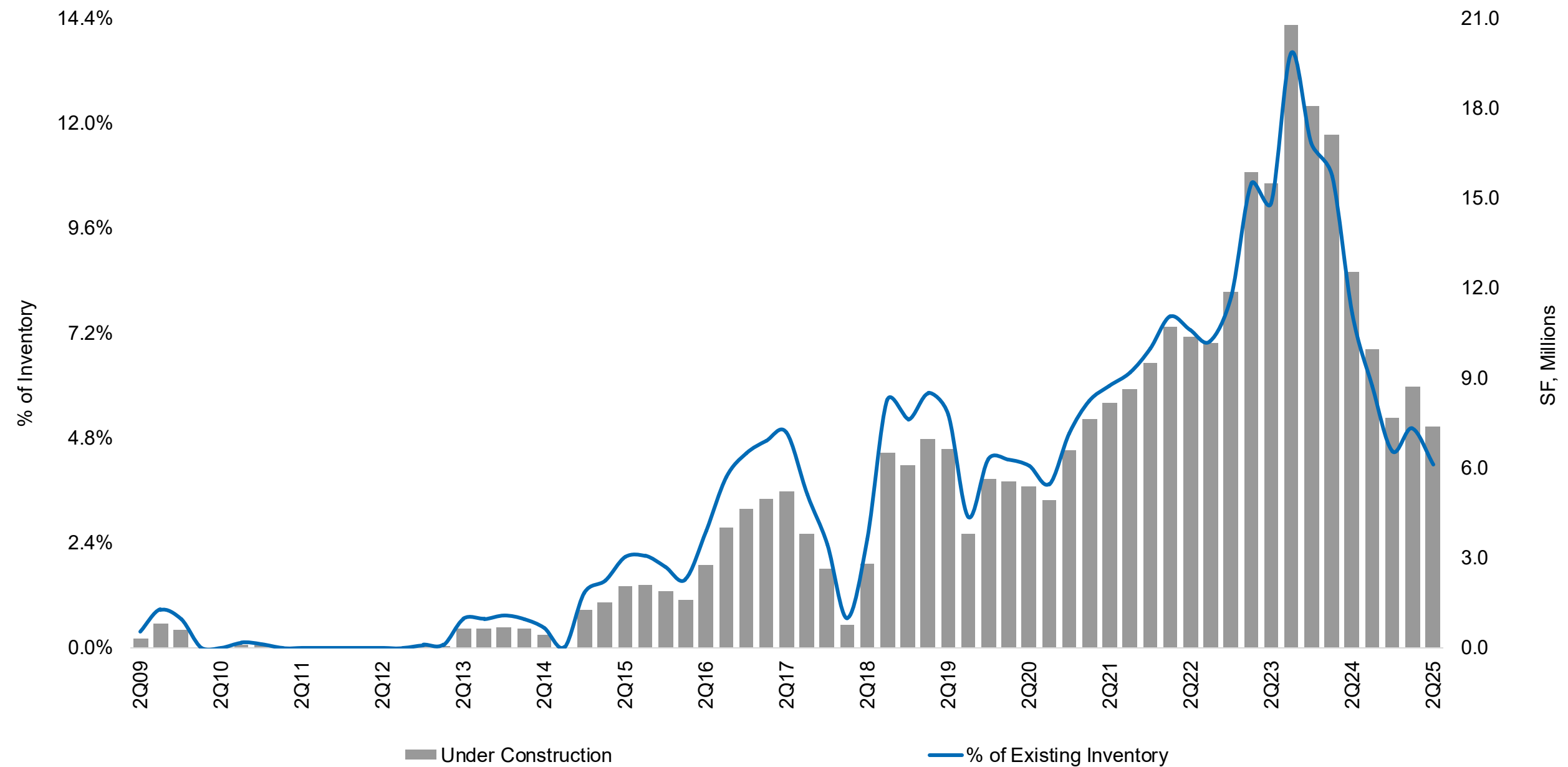
Source: Newmark Research



# Industrial Supply Pipeline Cools as Construction Starts Decrease

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 developers have paused new development for the time being.

Industrial Under Construction and % of Existing Inventory

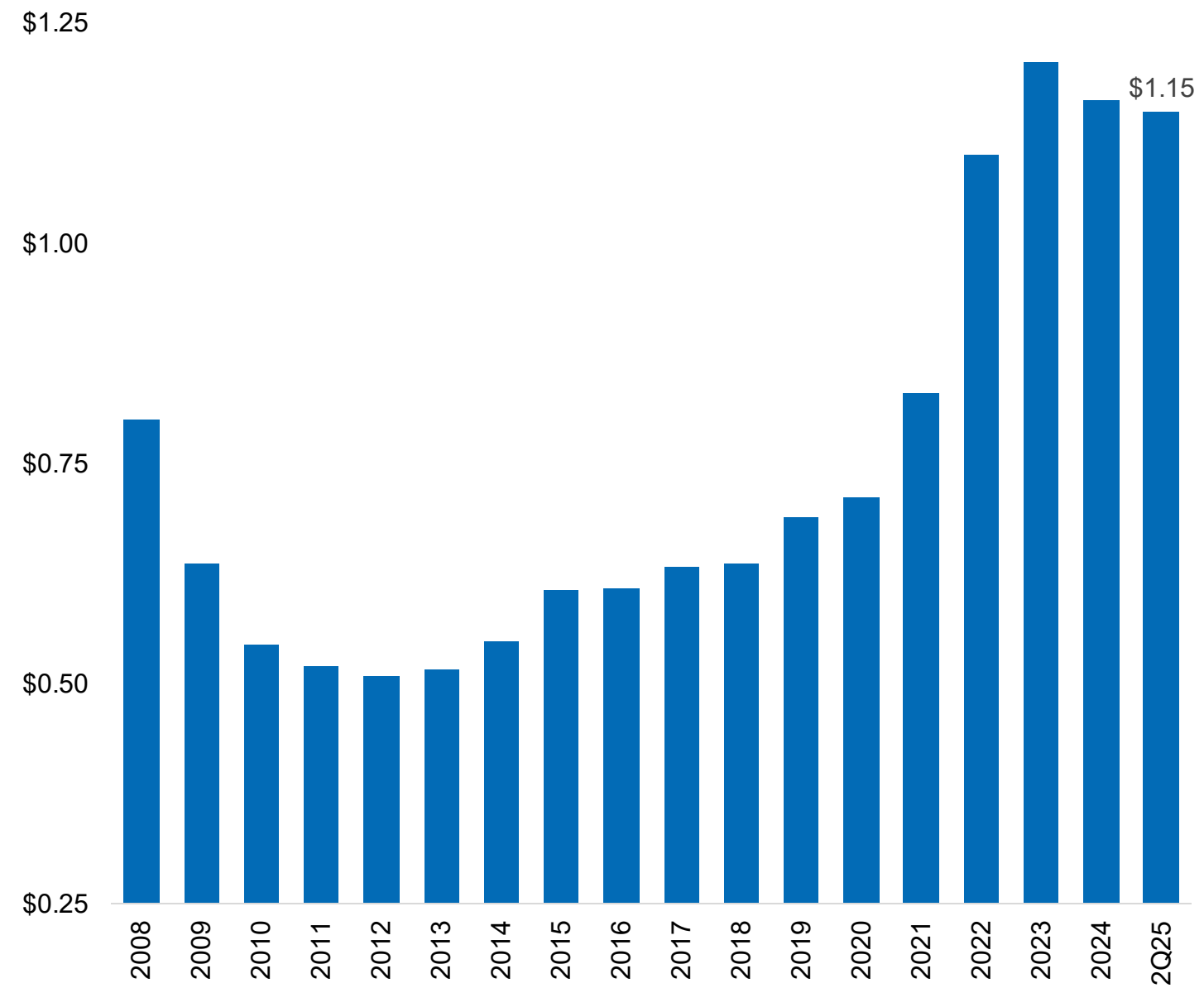


Source: Newmark Research

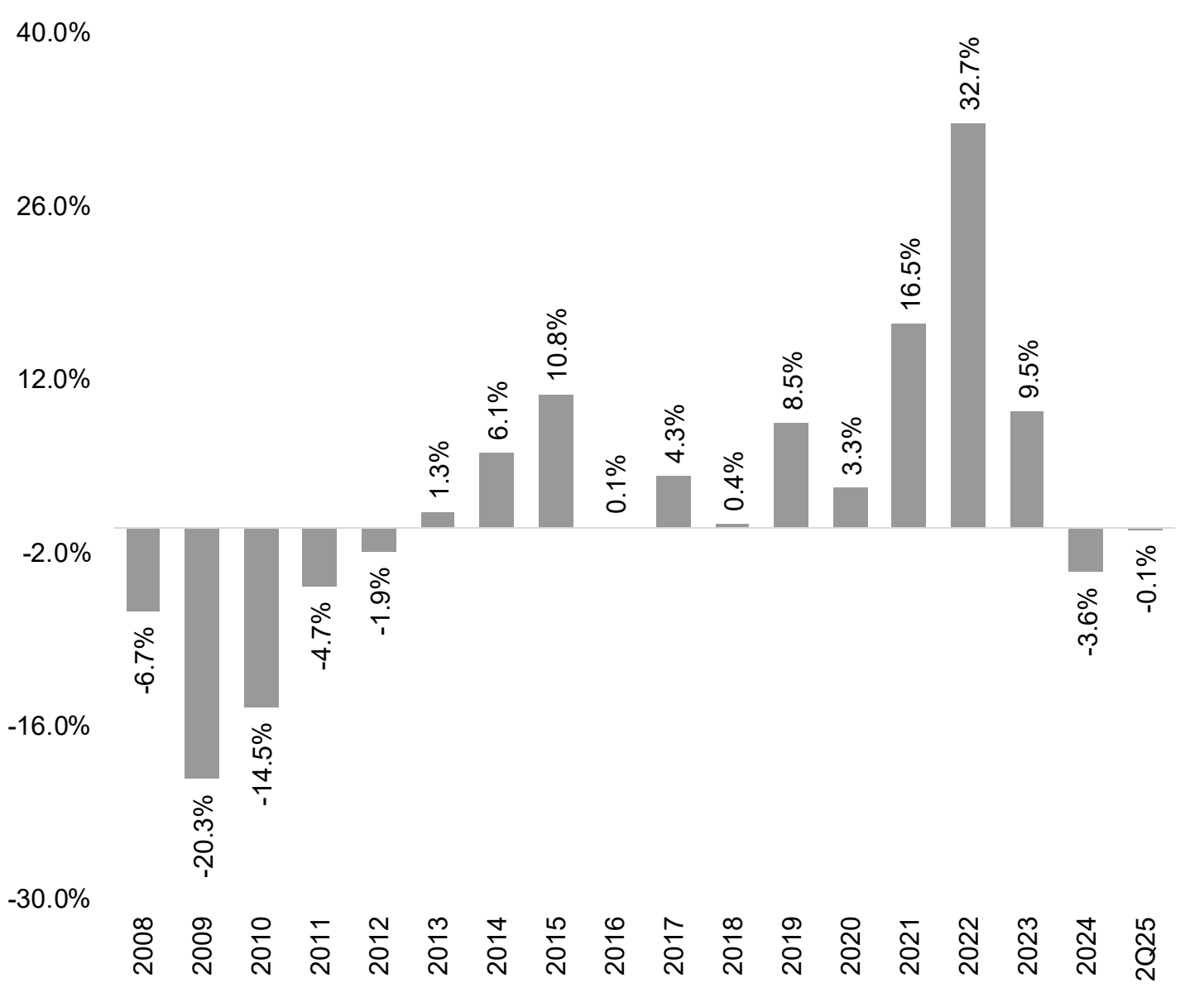
# Direct Asking Rents Are Flat Relative to Year-End 2024

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, coupled with subdued leasing activity, 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



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## Exceptional Effective Rent Growth in Recent Years is Reversing Course



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# Notable 2Q25 Lease Transactions

Leasing activity continues to be concentrated in modern-gen buildings, predominantly in the North Las Vegas submarket where 45.9% of the region’s existing inventory is.

Select Lease Transactions				
Tenant	Building	Submarket	Type	Square Feet
Walker Furniture & Mattress	Cheyenne Distribution Center	North Las Vegas	Renewal	239,800
The company renewed its lease for a portion of the 400,000-SF building that was constructed in 2022.				
Alo, LLC	Windsor Commerce Park, Bldg. G	North Las Vegas	Sublease	198,720
The clothing company (Alo Yoga) is opening new stores throughout the metro. Their new industrial space is within a 397,440-facility, built last year.				
Aristocrat Technologies, Inc.	3300 Birtcher Dr	Southwest Las Vegas	Direct	138,000
The entertainment and gaming content creation company will be the sole occupant of the facility.				
Columbus Vegetable Oils	Golden Triangle Industrial Park, Bldg. M	North Las Vegas	Direct	128,990
The company will occupy a portion of the 239,568-SF building that was built in 2022.				
Las Vegas Metropolitan Police Department	Lamb Blvd Blvd @ Cheyenne Ave	North Las Vegas	Direct	85,210
The single-tenant building was constructed in 2024.				

Source: Newmark Research



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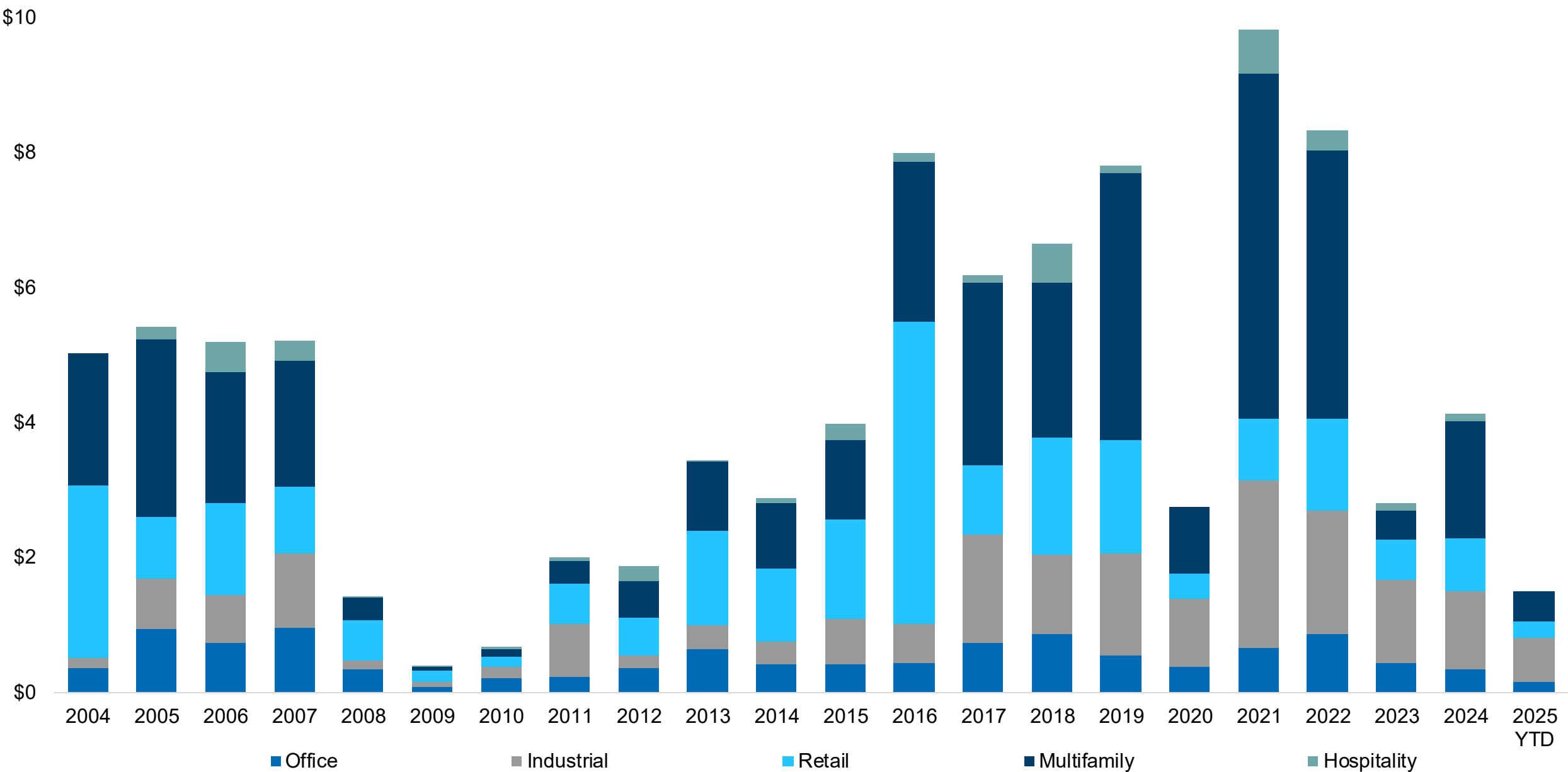
# Sales Activity



# Industrial Comprised 45% of Total Sales Volume in the First Half of 2025

This was much higher than the long-term\* annual average of 19%. 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)



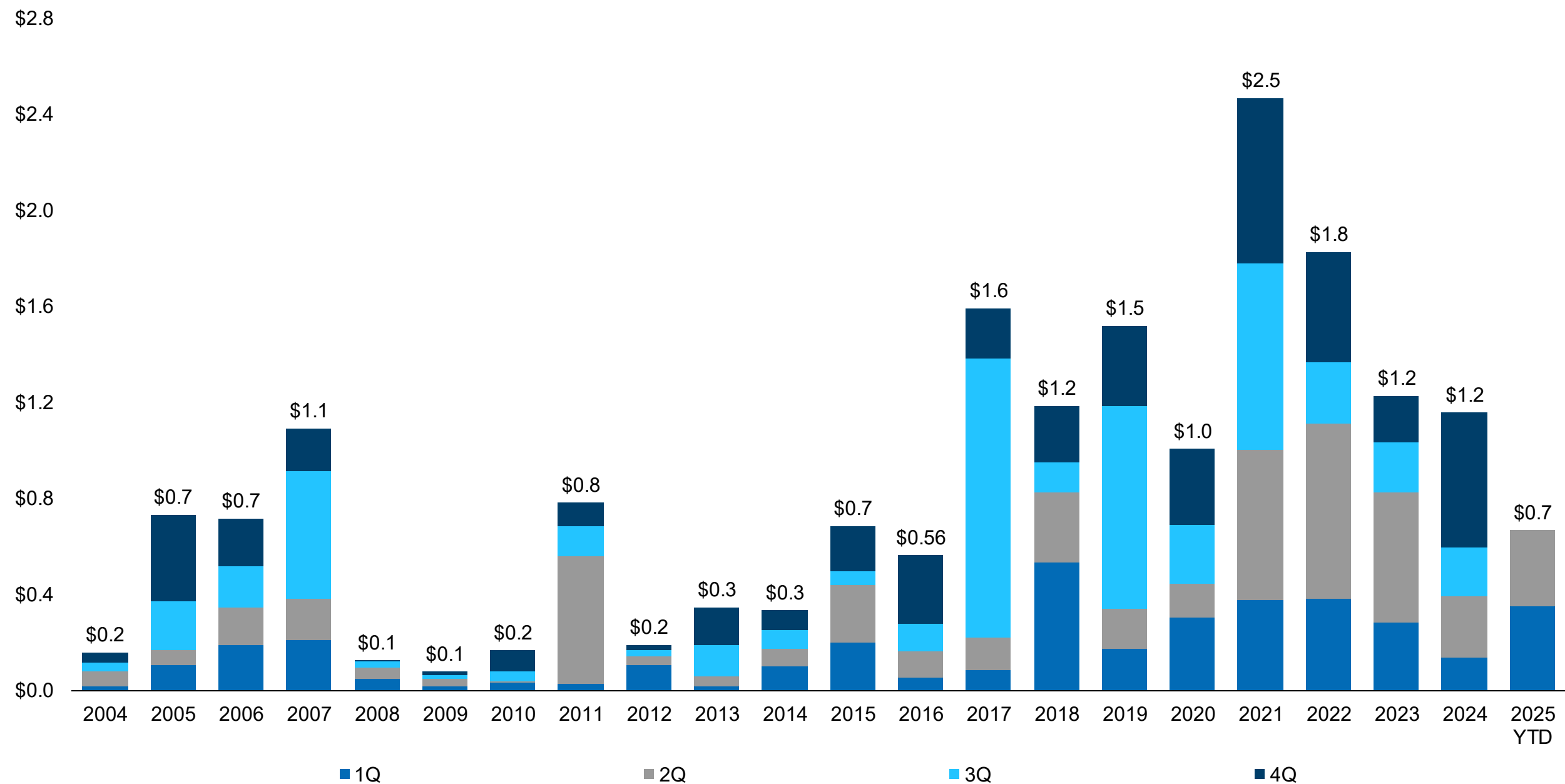
Source: Newmark Research, MSCI Real Capital Analytics  
Note: Preliminary data is cited for the second quarter of 2025. The long-term annual average is from 2004 through 2024.



# Industrial Sales Volume: Up Close

Industrial sales volume totaled \$667 million in the first half of 2025, up 71% from the same period in 2024. NorthPoint Development’s purchase of three buildings for \$175 million and MDH Partners’ acquisition of two buildings for \$94 million were among notable sales over the last six months. Blackstone was the seller in each transaction.

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



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



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## Private Buyers Are Active



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# Appendix





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## Las Vegas Industrial Submarket Map and High-Level Statistics | 2Q25



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Population Has Increased Considerably in Recent Decades



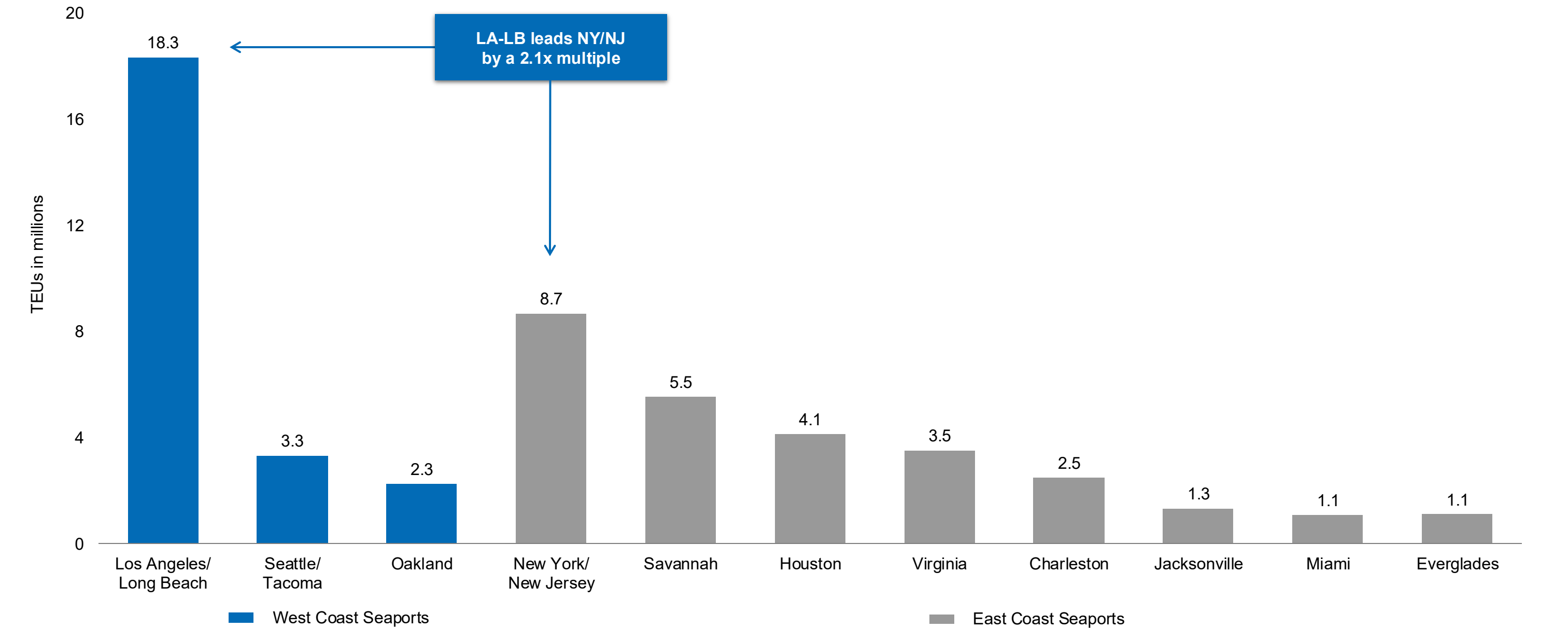
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# Los Angeles-Long Beach is the Nation’s Dominant Port System

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



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

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