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Las Vegas Industrial Market Overview

Market Observations

Economy

- Import traffic at Southern California's seaports was uneven this quarter due to ever-changing U.S. tariffs on foreign goods.
- Tariffs have a delayed impact, as businesses try to pass on costs to suppliers, stockpile goods before new duties go into effect, and/or utilize existing inventory first before higher prices work their way down the supply chain to consumers.
- For now, unemployment is low and retail sales are healthy. Slackening consumer confidence and a slowing labor market hint at deceleration to come.
- The Fed cut interest rates by 25 bps in September, bringing its benchmark rate to 4.00-4.25%. Two more reductions are anticipated by year-end.
- Las Vegas' housing market has cooled, which will affect industrial leasing.

Leasing Market Fundamentals

- 1.4 MSF in quarterly net absorption gains were met with 2.0 MSF in construction deliveries, causing vacancy to rise to 12.6%. Total vacancy has been in the double-digits since the fourth quarter of 2024.
- Available sublease space (1.3 MSF) was flat compared to last quarter. Modern space offerings are finding sub-tenants quicker than second-gen space.
- New construction is taking longer to lease, and most speculative developers have hit the pause button on groundbreakings.
- Large-block (250,000+ SF) leasing is generally slow due to the economy and declining rents in Southern California. Large-block vacancy is currently 19.4%.

Major Transactions

- Leasing activity noticeably dipped this quarter. On a year-to-date basis, however, volume is up 13.4% compared to the same period in 2024.
- Welspun USA, a leader in home textiles, signed one of the quarter's larger leases when it committed to 228,760 SF. The single-tenant North Las Vegas building finished construction in 2024.
- The lion's share of leasing activity is occurring in the high-growth North Las Vegas submarket, which accounts for 65.1% of new supply built over the last five years.
- Blackstone appears to be scaling back its industrial holdings, given recent sales to NorthPoint Development (587,254 SF) and MDH Partners (898,398 SF).

Outlook

- U.S. business spending is slowing due to volatile government policy, economic uncertainty, and high capital costs. This will limit leasing activity.
- Sustained tariffs will increase raw material prices, while federal immigration raids may lead to construction labor shortages. Both will elevate replacement costs, hinder future construction, and insulate rents of existing product.
- Population growth and infrastructure enhancements favor long-term market dynamics. Last year, a proposed intermodal terminal that will have connectivity to the Port of Oakland and Southern California was announced in Southern Nevada.

1. Southern California’s Ports and U.S. Retail Sales
2. Local Economy
3. Leasing Market Fundamentals
4. Sales Activity
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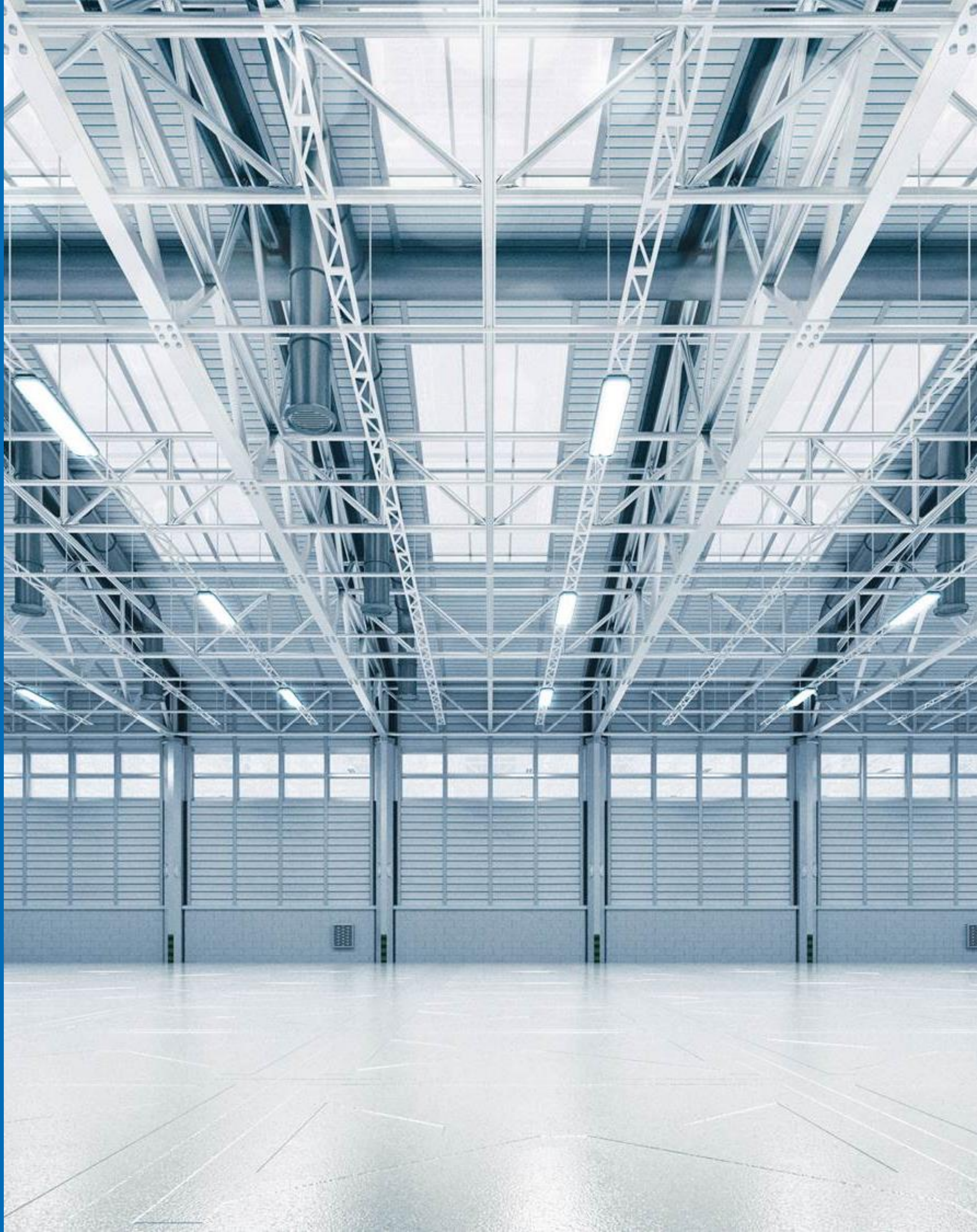
Southern California's Ports and U.S. Retail Sales

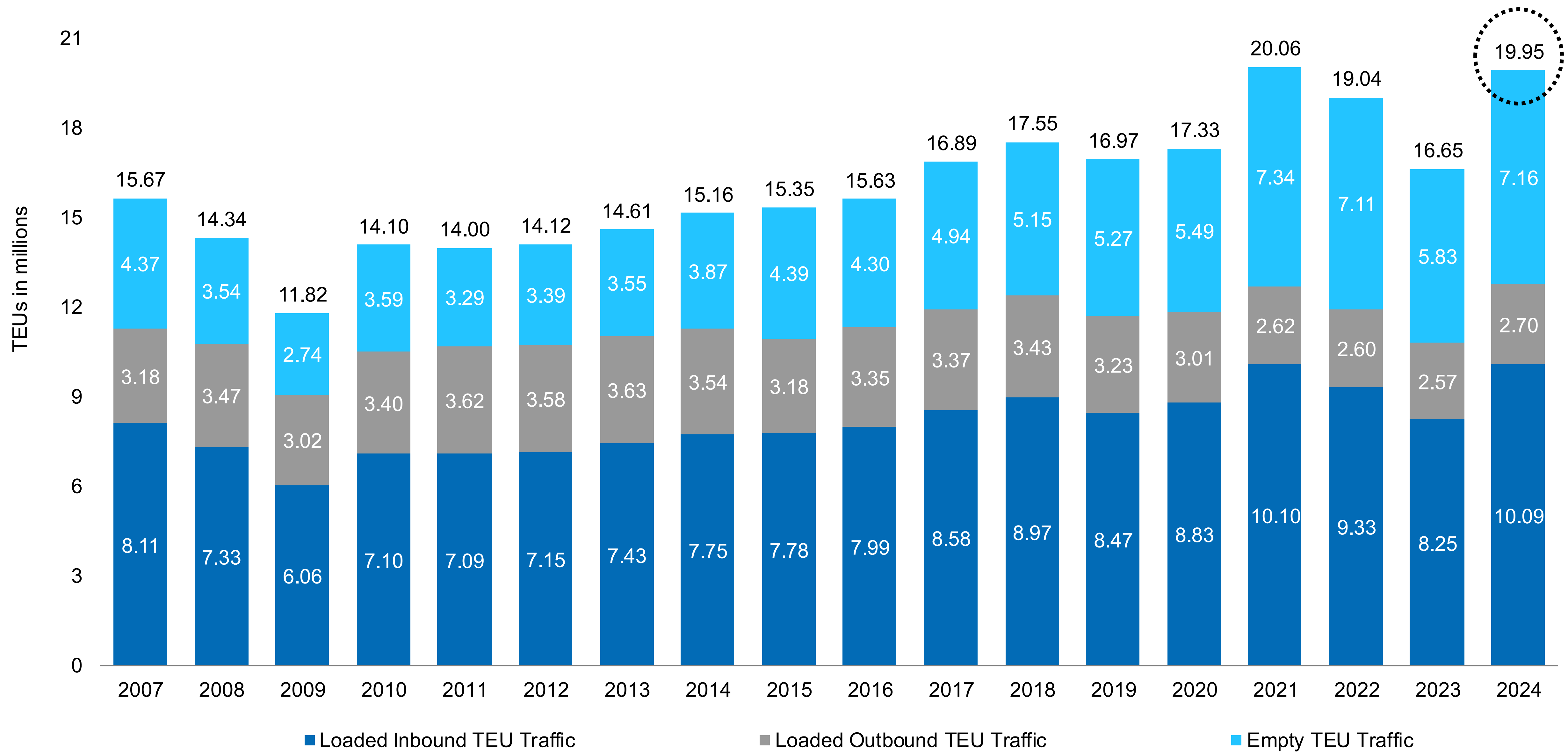


Ocean Container Spot Rates Remain Volatile

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

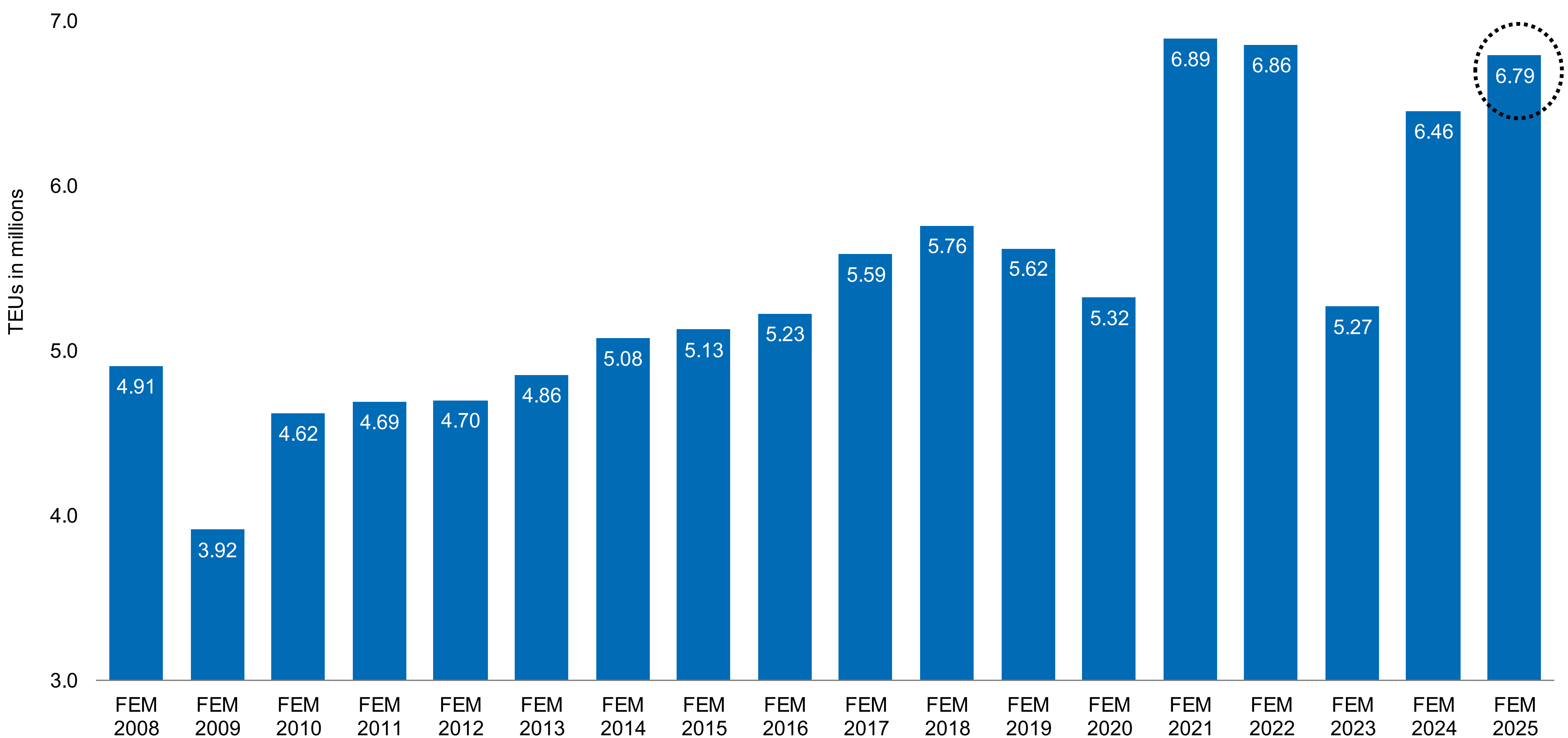


Source: Newmark Research, The Port of Long Beach and Los Angeles
Note: TEUs are a standard measure for the steel cargo containers commonly used interchangeably on ships, trucks and trains. A TEU or 20-foot equivalent unit is the industry measure used to tally cargo containers, whether the containers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

Loaded Import Volume in the First Eight 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. Recent volume is uneven, as the next slide explores.

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

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

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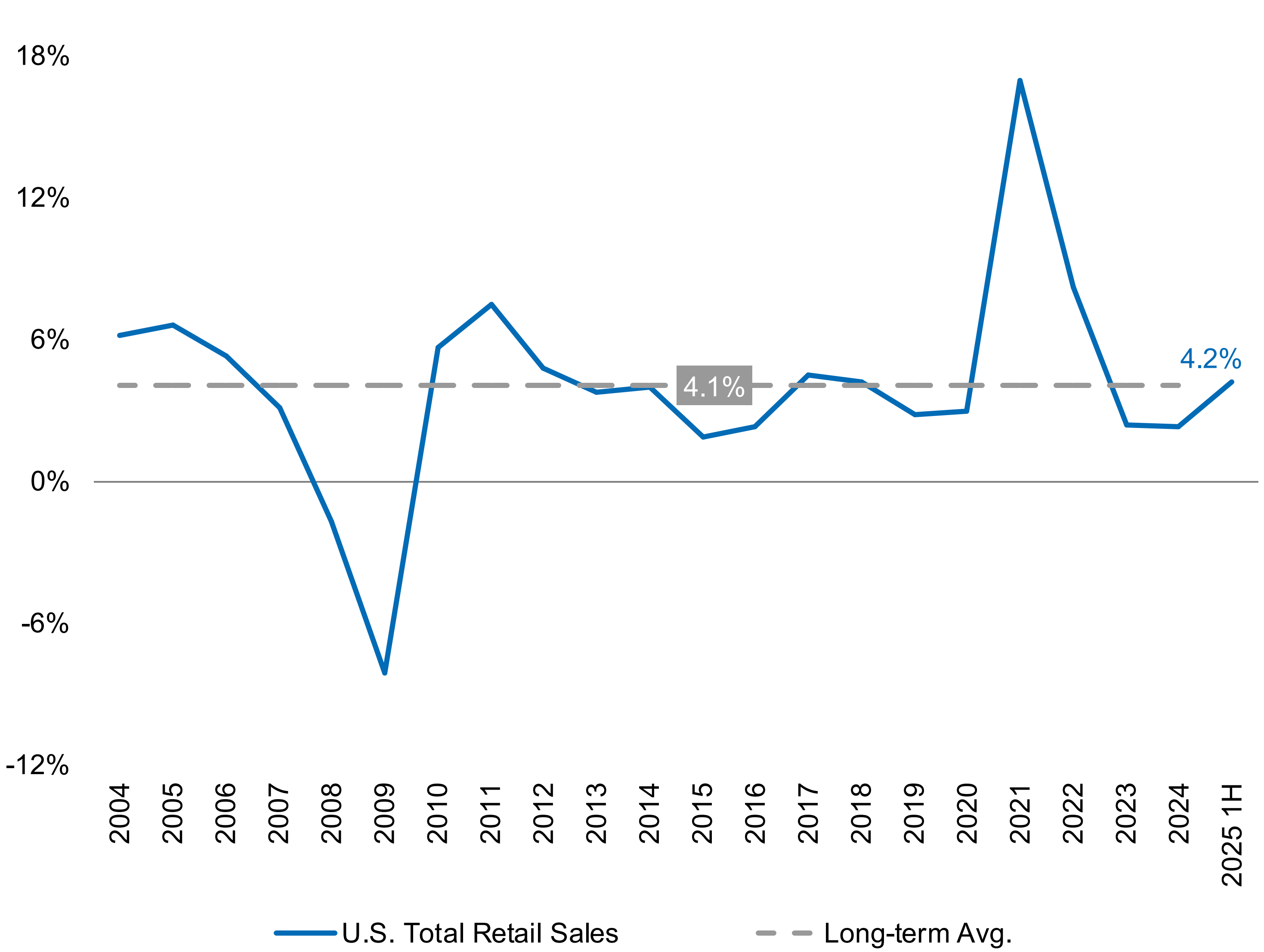
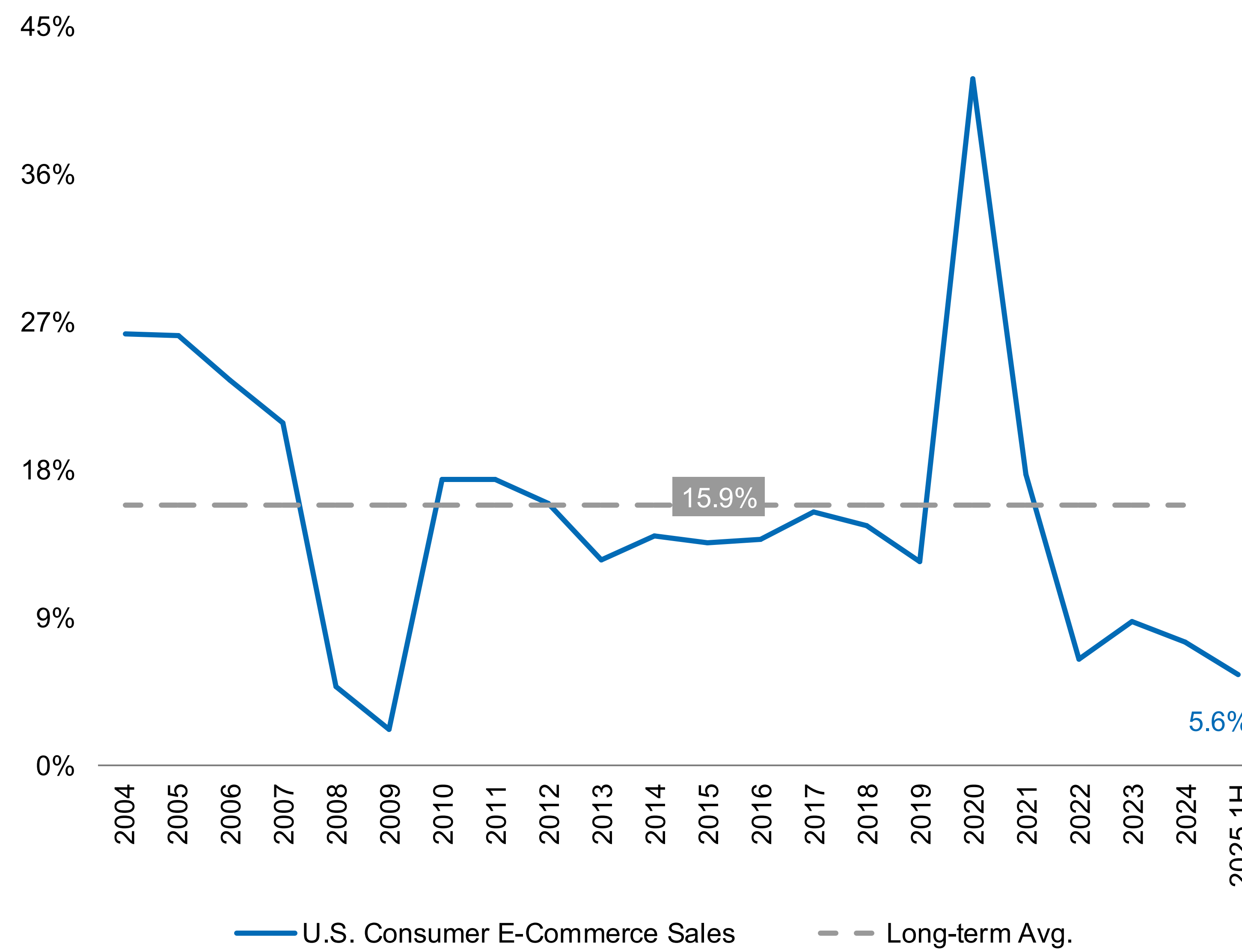
Retail Sales (an Indicator of Warehouse Demand) Up, But Projected to Slow

Overall retail sales were up 4.2% in the first half 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 (+5.6% 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

The Pandemic Accelerated E-Commerce Sales Growth and Adoption Rates

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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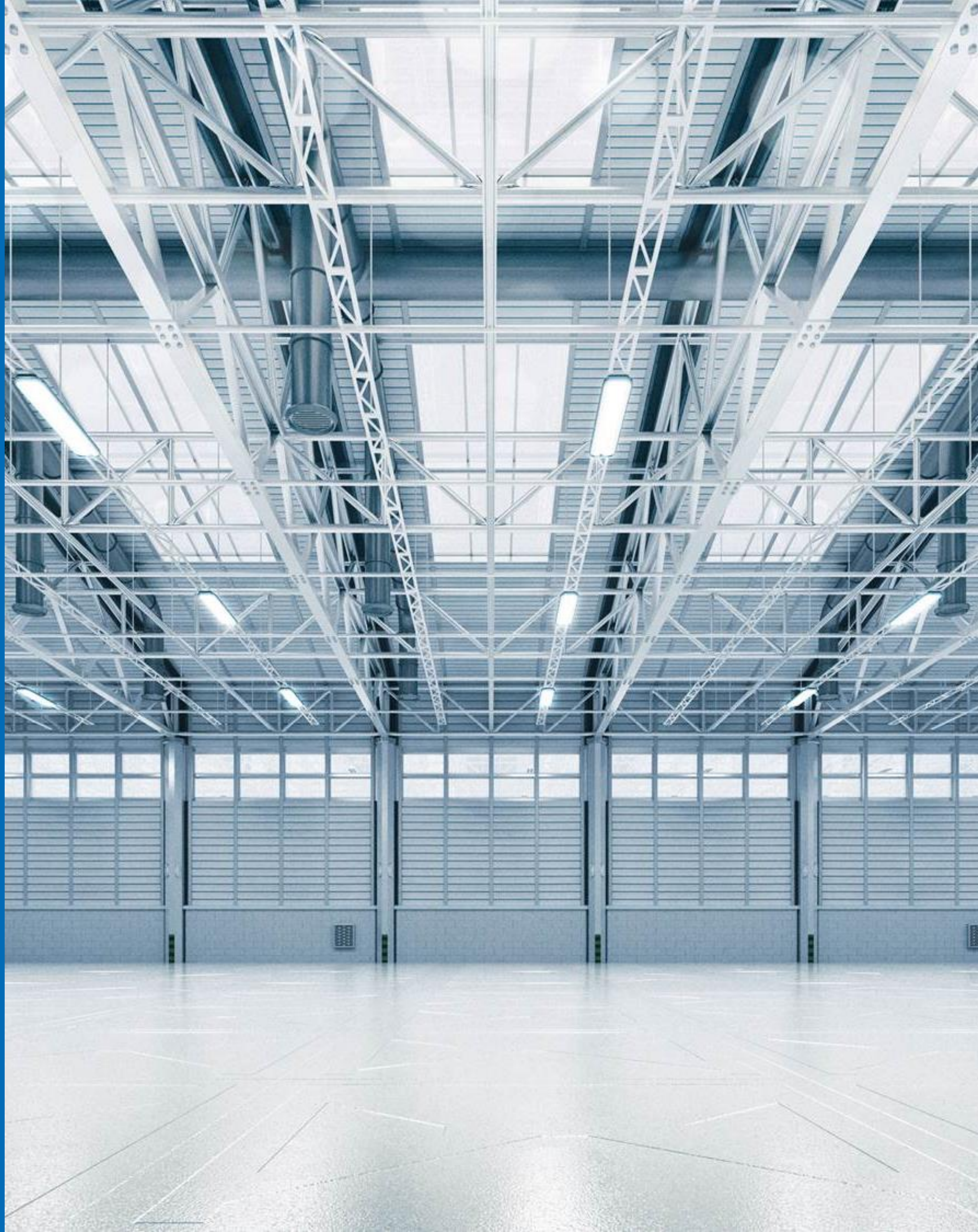
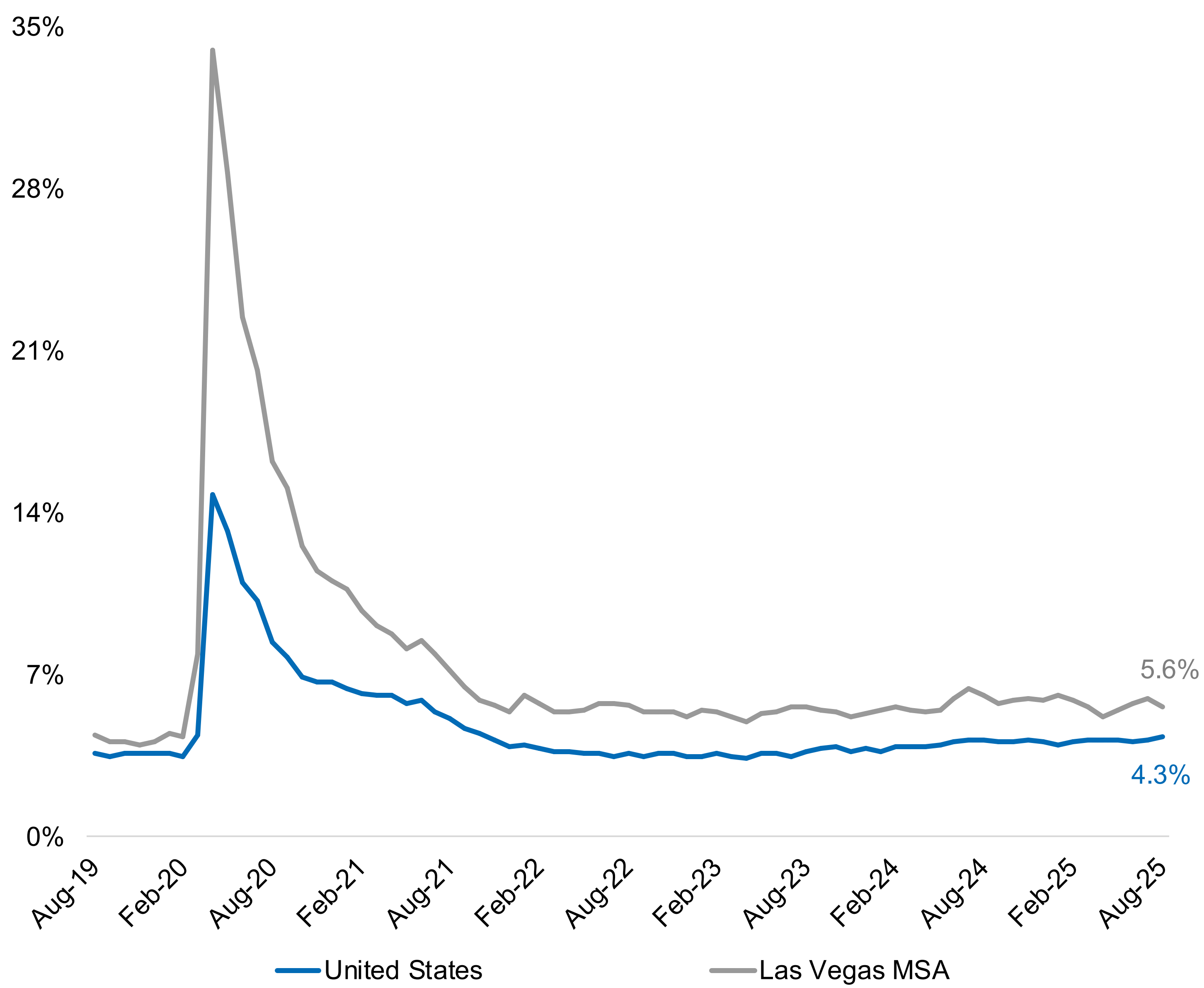
Local Economy



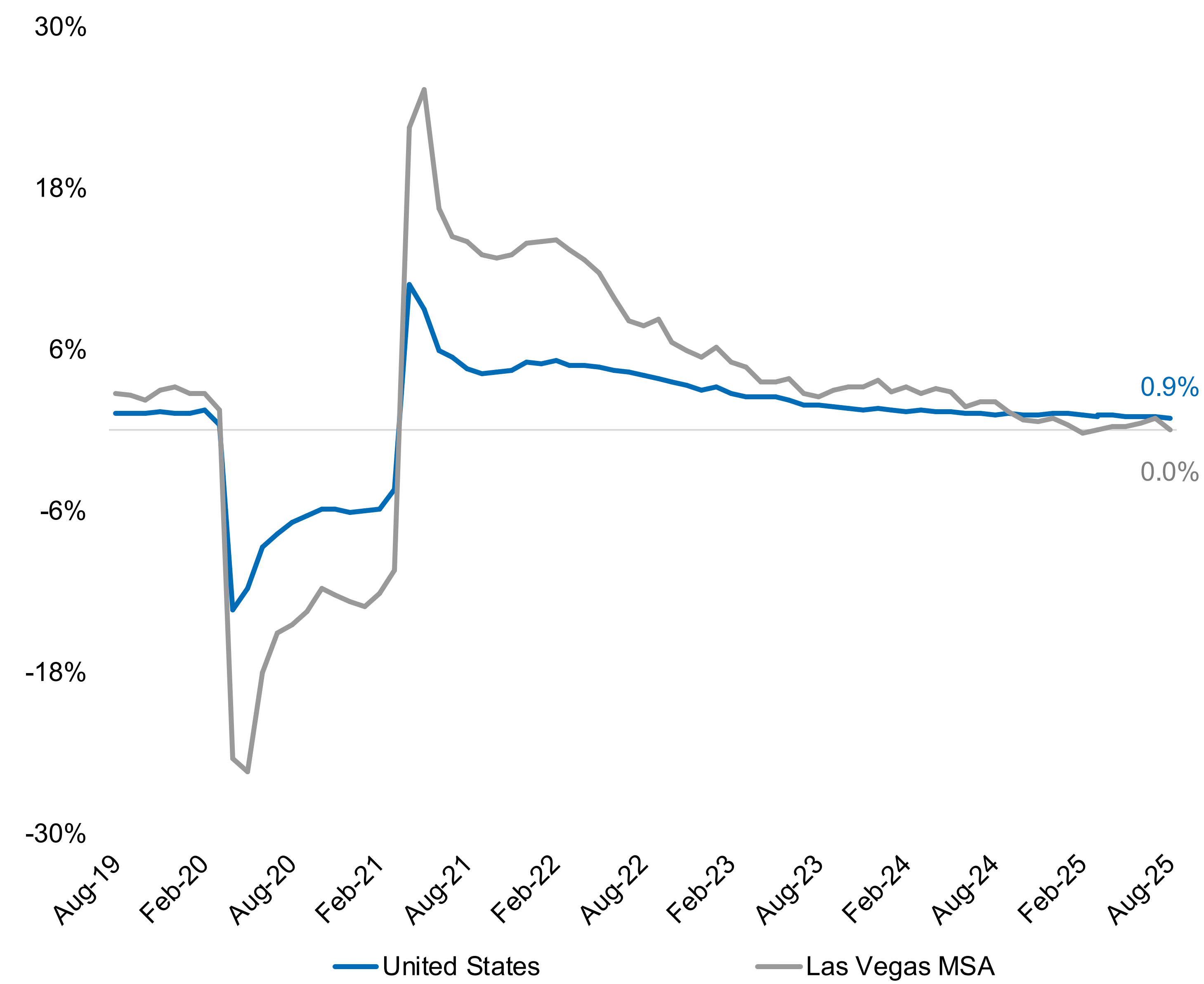
Las Vegas Nonfarm Employment is Flat

Las Vegas consistently outperformed national employment growth from 2021-2024, rebounding swiftly from pandemic-related losses. This strong performance was largely driven by population growth and Nevada's low-cost, business-friendly environment, especially compared to coastal Southwest markets. However, recent job declines across several industries signal economic headwinds, with a slowing housing market and fewer tourists in the region among present challenges.

Unemployment Rate, Seasonally Adjusted



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

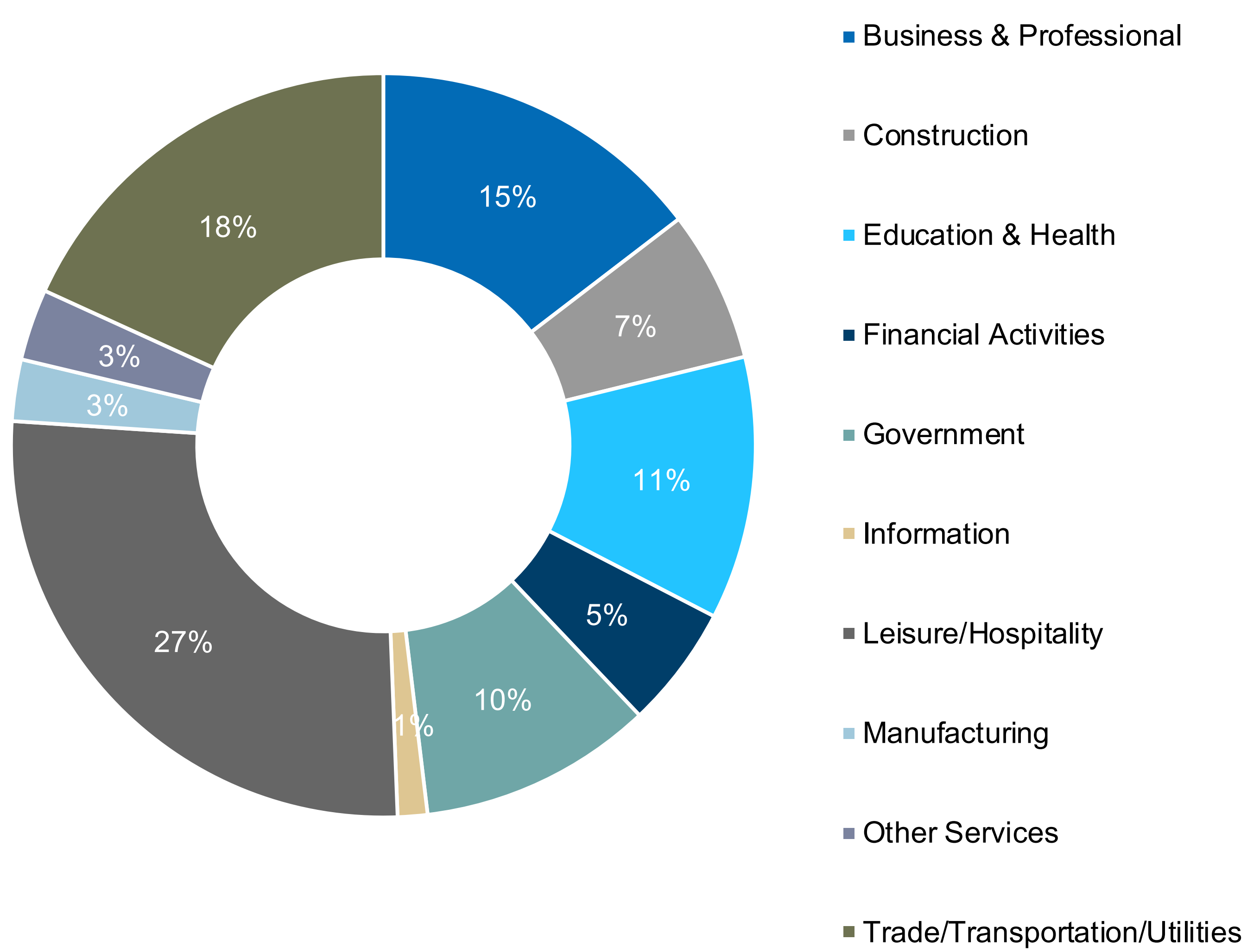


Source: U.S. Bureau of Labor Statistics, Las Vegas MSA
Note: Las Vegas' unemployment is historically higher than the U.S. average due to volatility in the tourism industry when the economy downcycles; hence, the 34.0% unemployment average at the start of the pandemic.

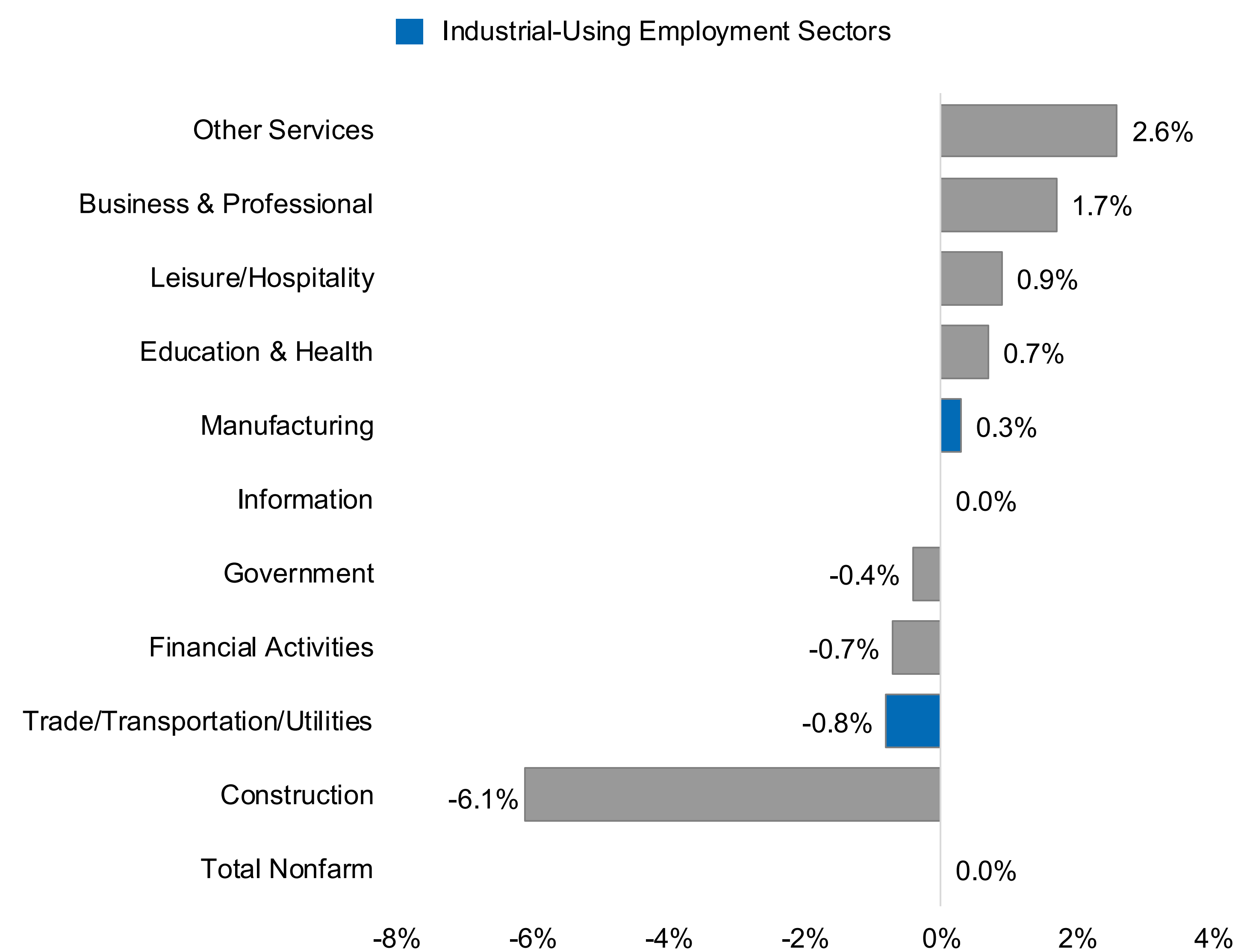
Shifting Toward a More Diverse Economy

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: other services and business and professional led in gains, while construction had the most losses. Construction's drop is from a slowdown in homebuilding.

Employment by Industry, August 2025



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

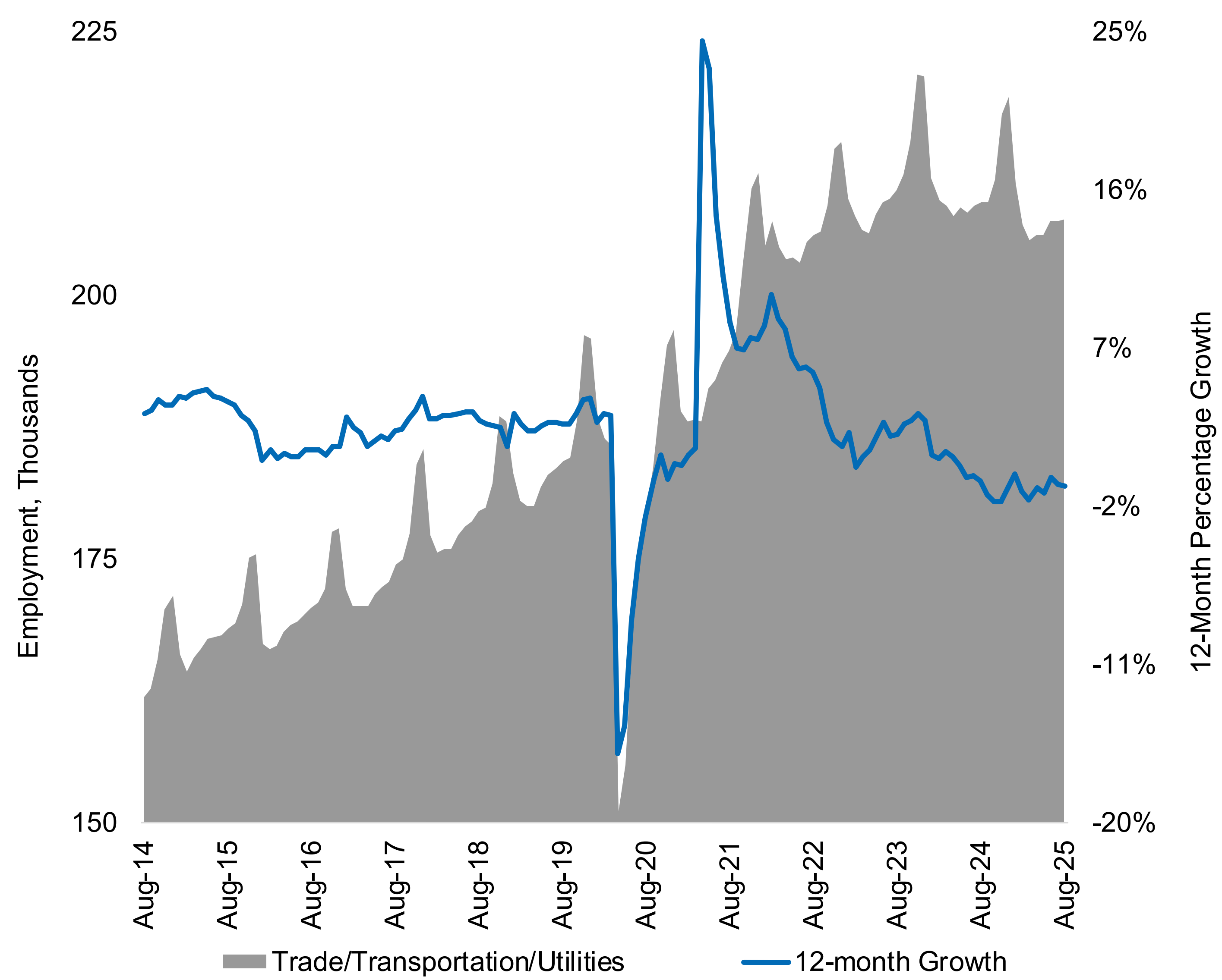


Source: U.S. Bureau of Labor Statistics, Las Vegas MSA

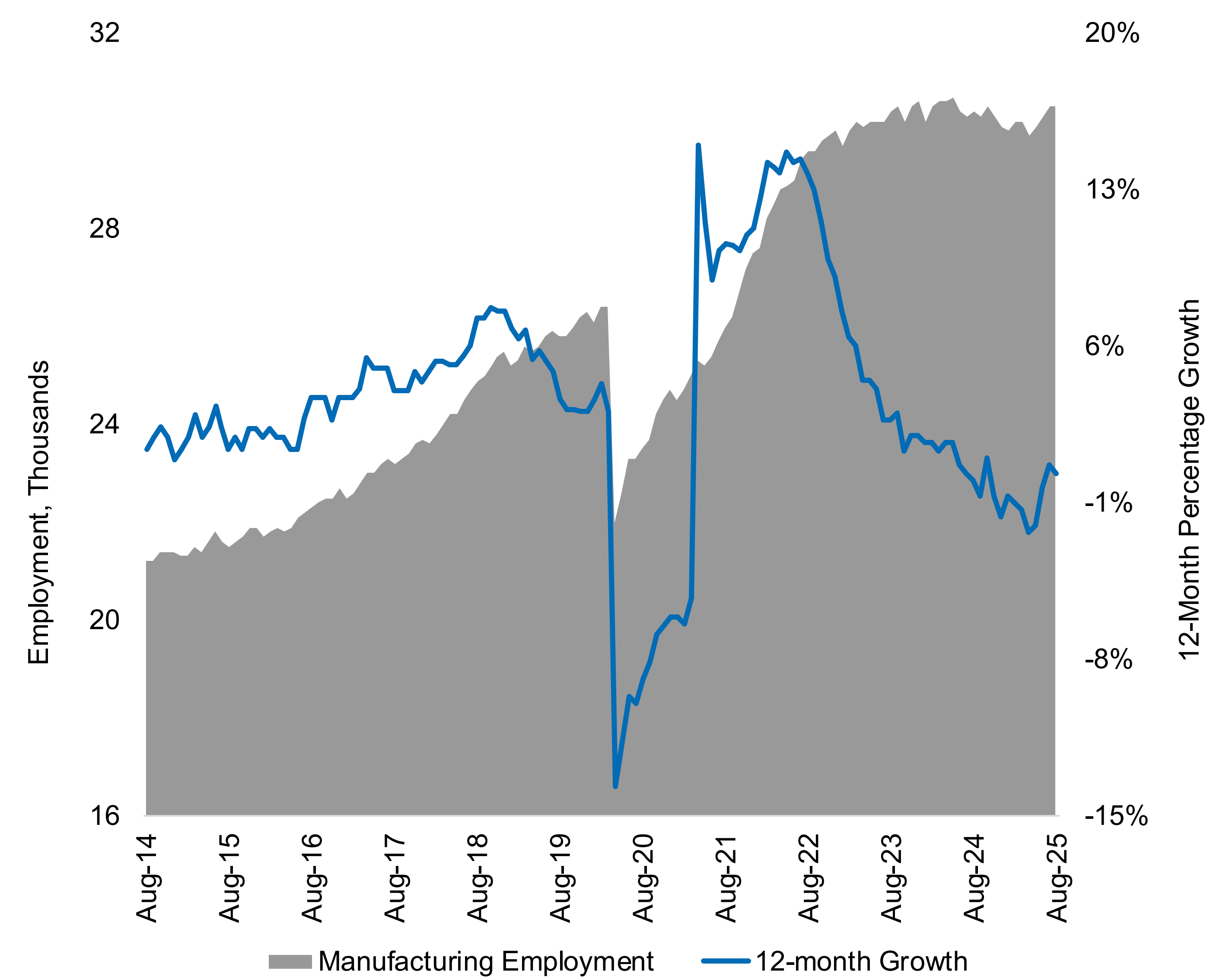
Seasonal Volatility Aside, Industrial Employment Remains Strong

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

The Local Housing Market Hits the Brakes

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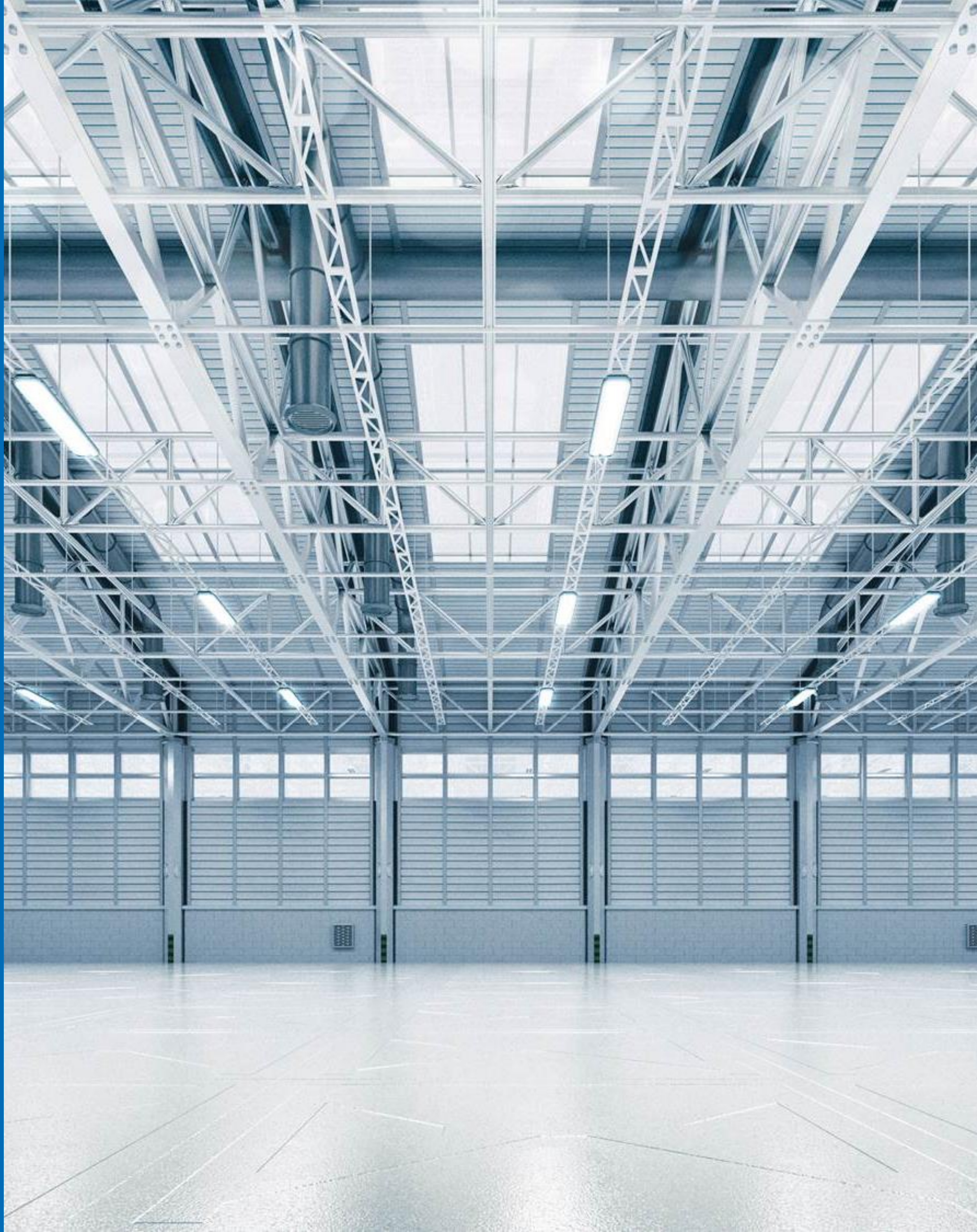
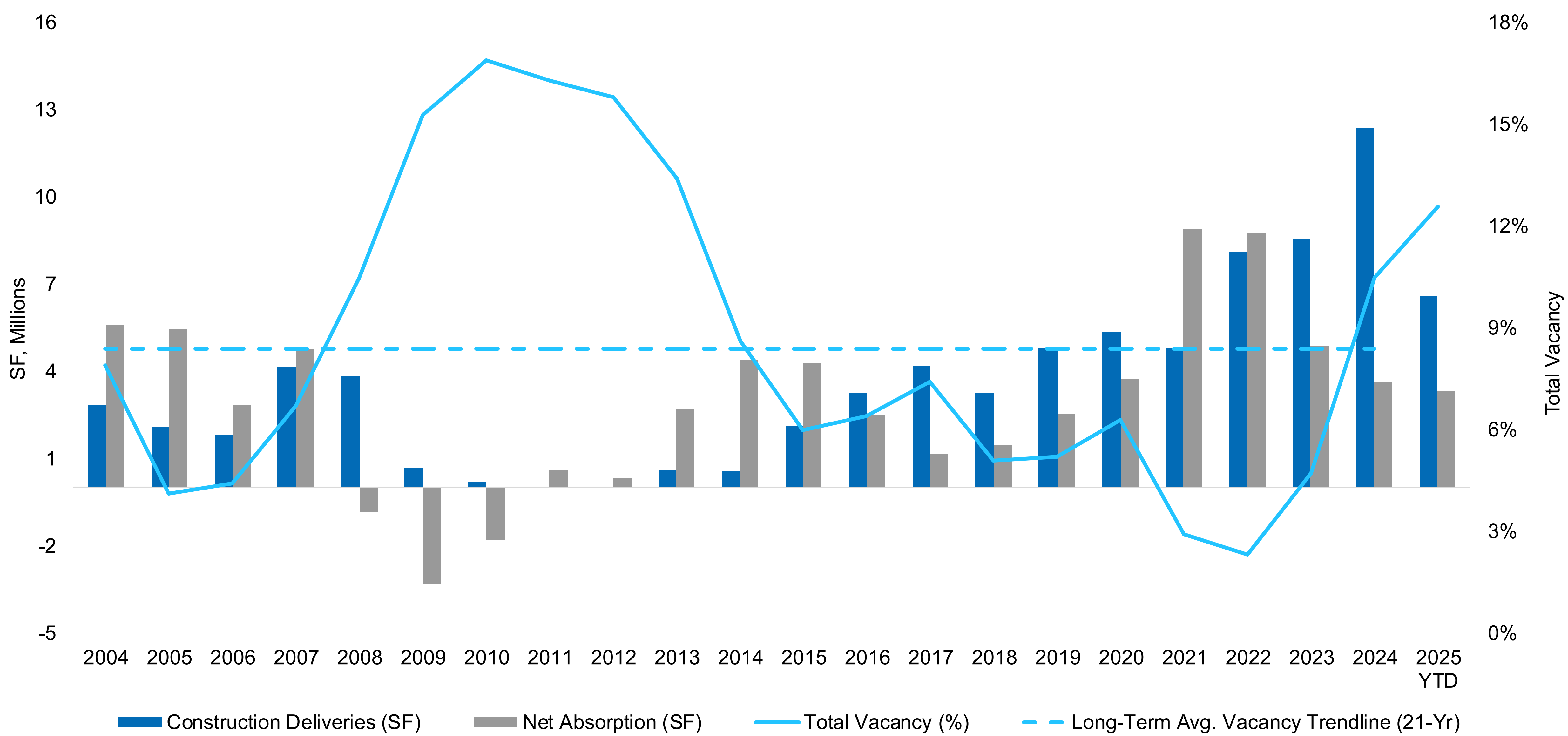
Leasing Market Fundamentals



Vacancy Rose After Construction Deliveries Eclipsed Net Absorption

3.3 MSF in net absorption gains were met with 6.6 MSF in construction deliveries in the first nine months of 2025, causing vacancy to rise to 12.6%. A slow-growth economy, coupled with 5.3 MSF in under construction space (of which 2.6 MSF is still available), will lead to higher vacancy as new supply delivers.

Historical Construction Deliveries, Net Absorption, and Vacancy

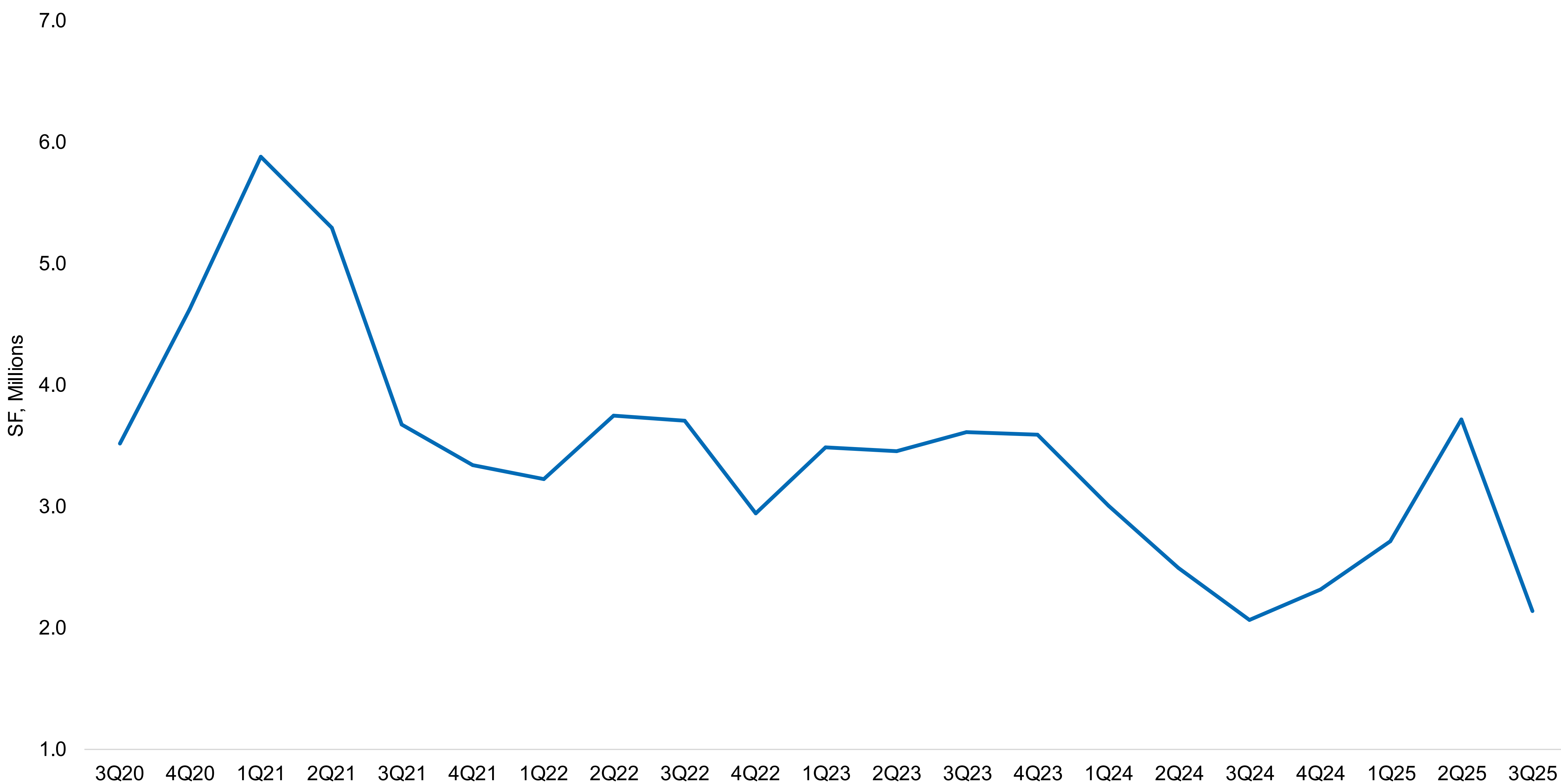


Source: Newmark Research

Leasing Activity Trends Down This Quarter

Volume was trending up in the first half of 2025 but has since reversed course. U.S. tariffs on foreign goods, slowing population gains to the region due to elevated housing costs, still-high capital costs, and a sleepier labor market are current headwinds.

Total Leasing Activity (SF)

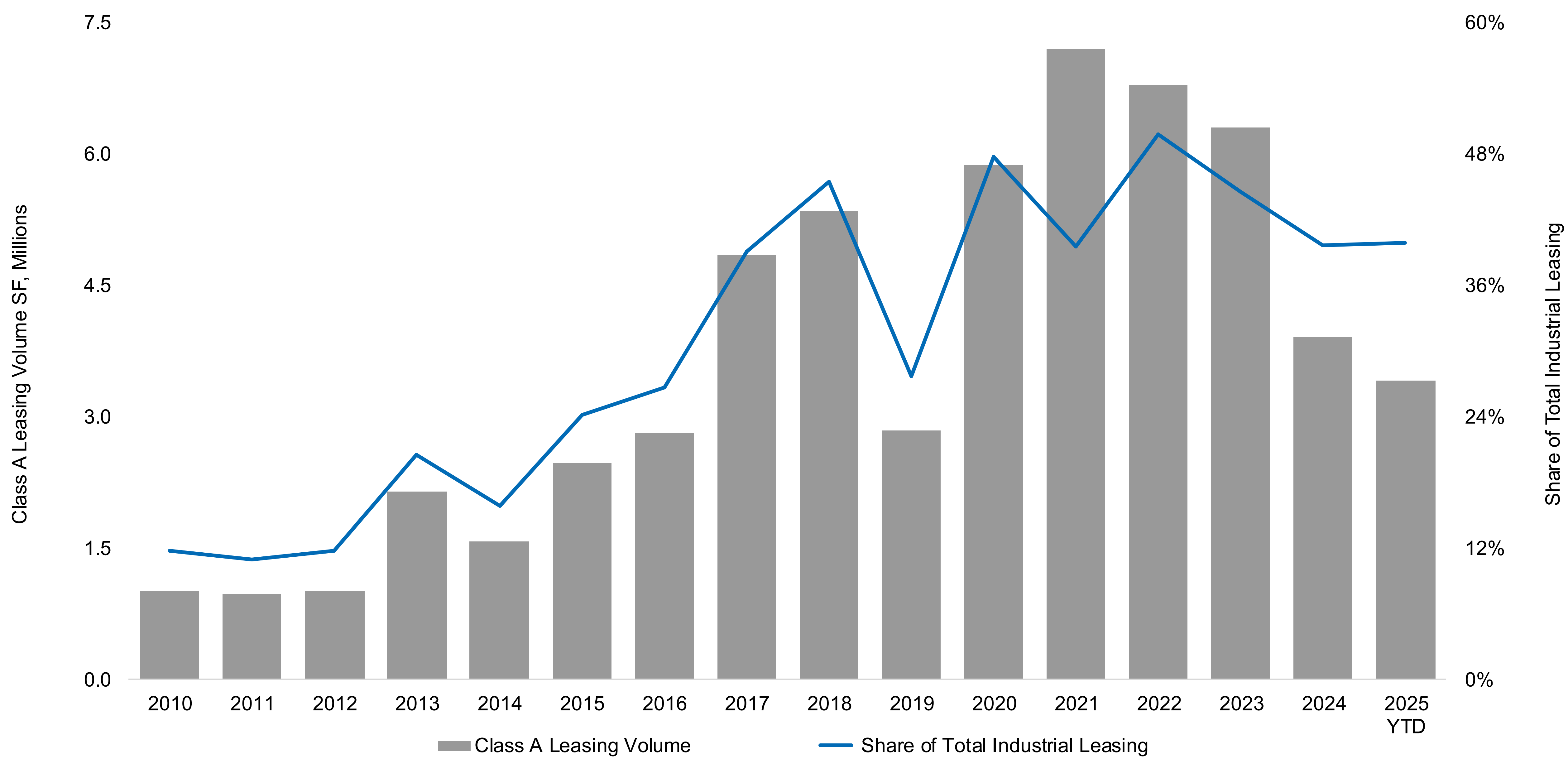


Source: Newmark Research, CoStar

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. "Flight-to-quality" is also a perennial trend during all points of a real estate cycle.

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

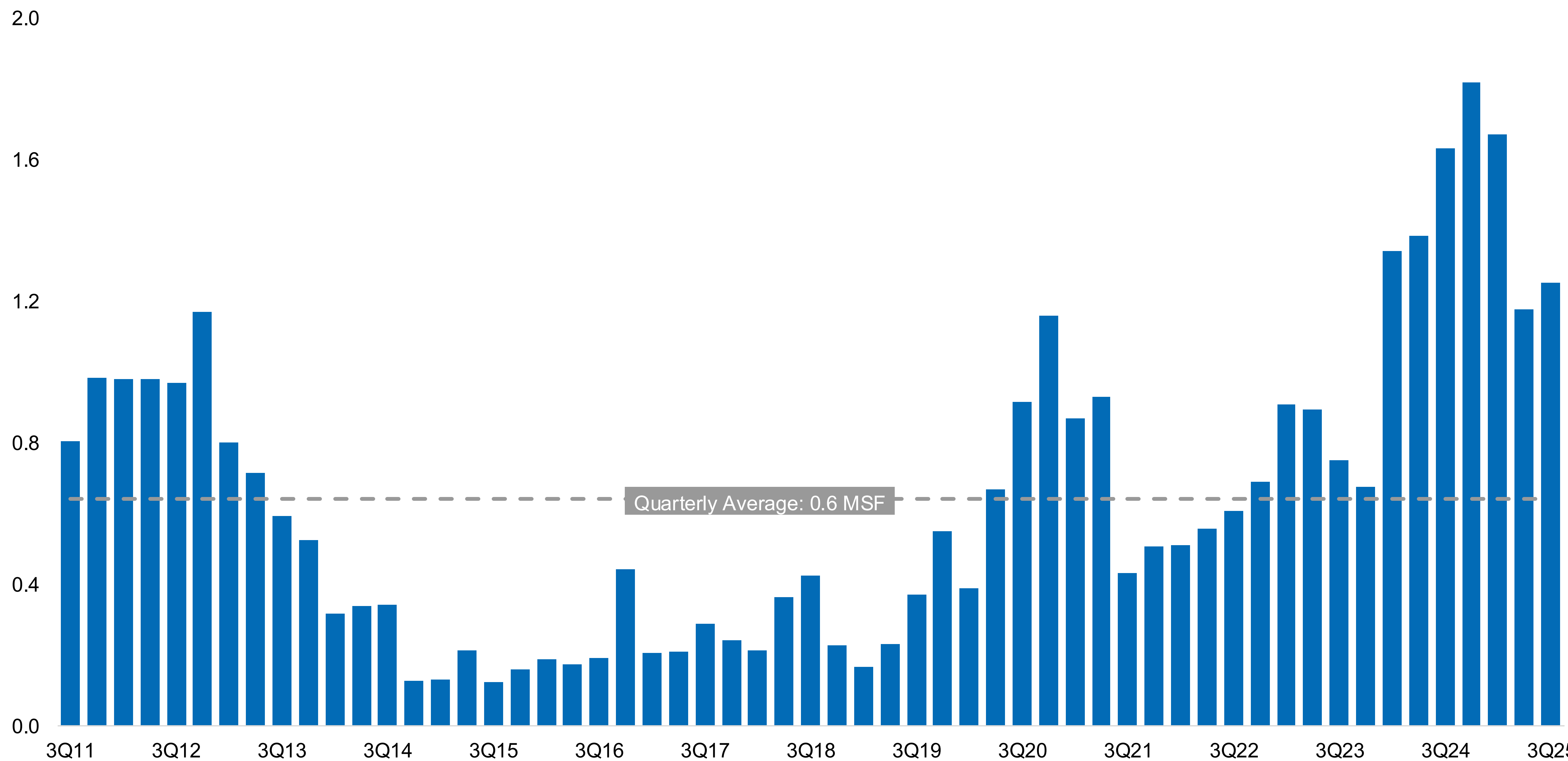


Source: Newmark Research, CoStar
Note: Class A is defined as 100,000+ SF, 30'+ minimum interior ceiling height and constructed since 2000.

Sublease Space Up 6.6% from Last Quarter

The current sublet pool (1.3 MSF) remains less than the high of 1.8 MSF, reached in late 2024. Large-block subleasing activity from last quarter, including 2300 W Carey Ave (198,720 SF) and 5450 N Sloan Rd (171,083 SF) are factors. Going forward, the sublet pool will likely fluctuate as cost-cutting measures from some occupiers are counterbalanced with the progressive leasing of desirable sublet offerings.

Available Industrial Sublease Volume (MSF)

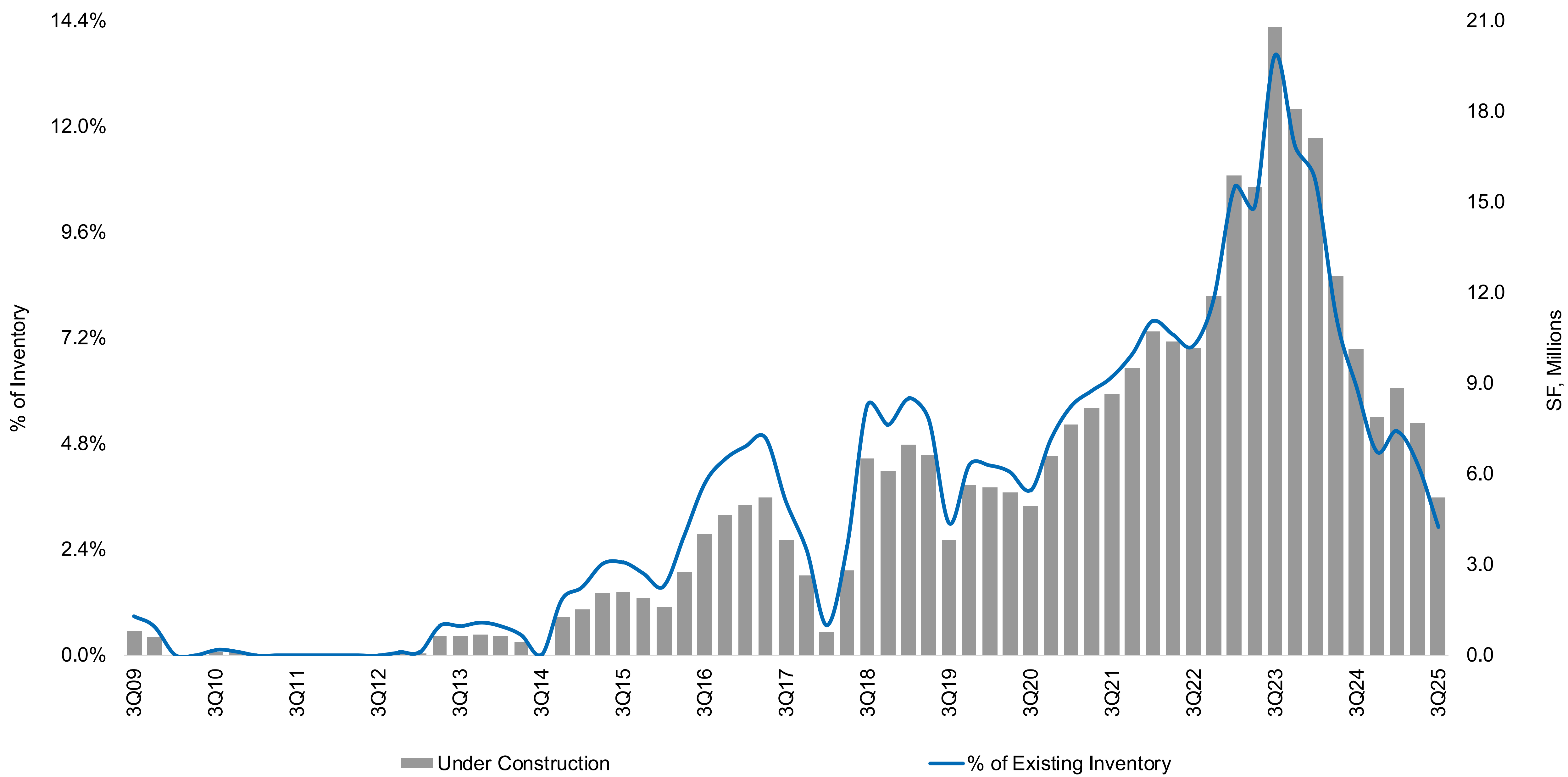


Source: Newmark Research

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 speculative builders have paused new development for the time being.

Industrial Under Construction and % of Existing Inventory

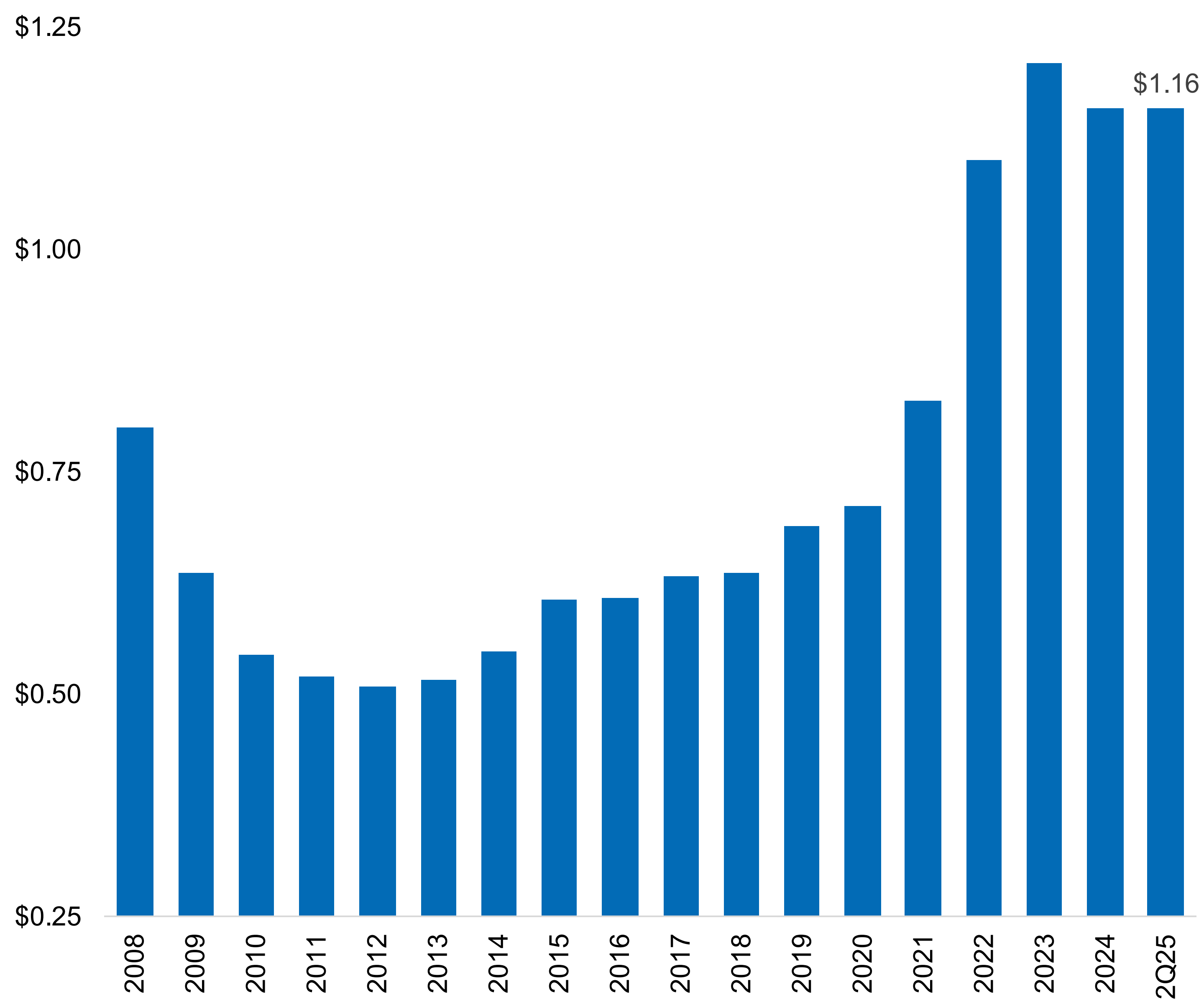


Source: Newmark Research

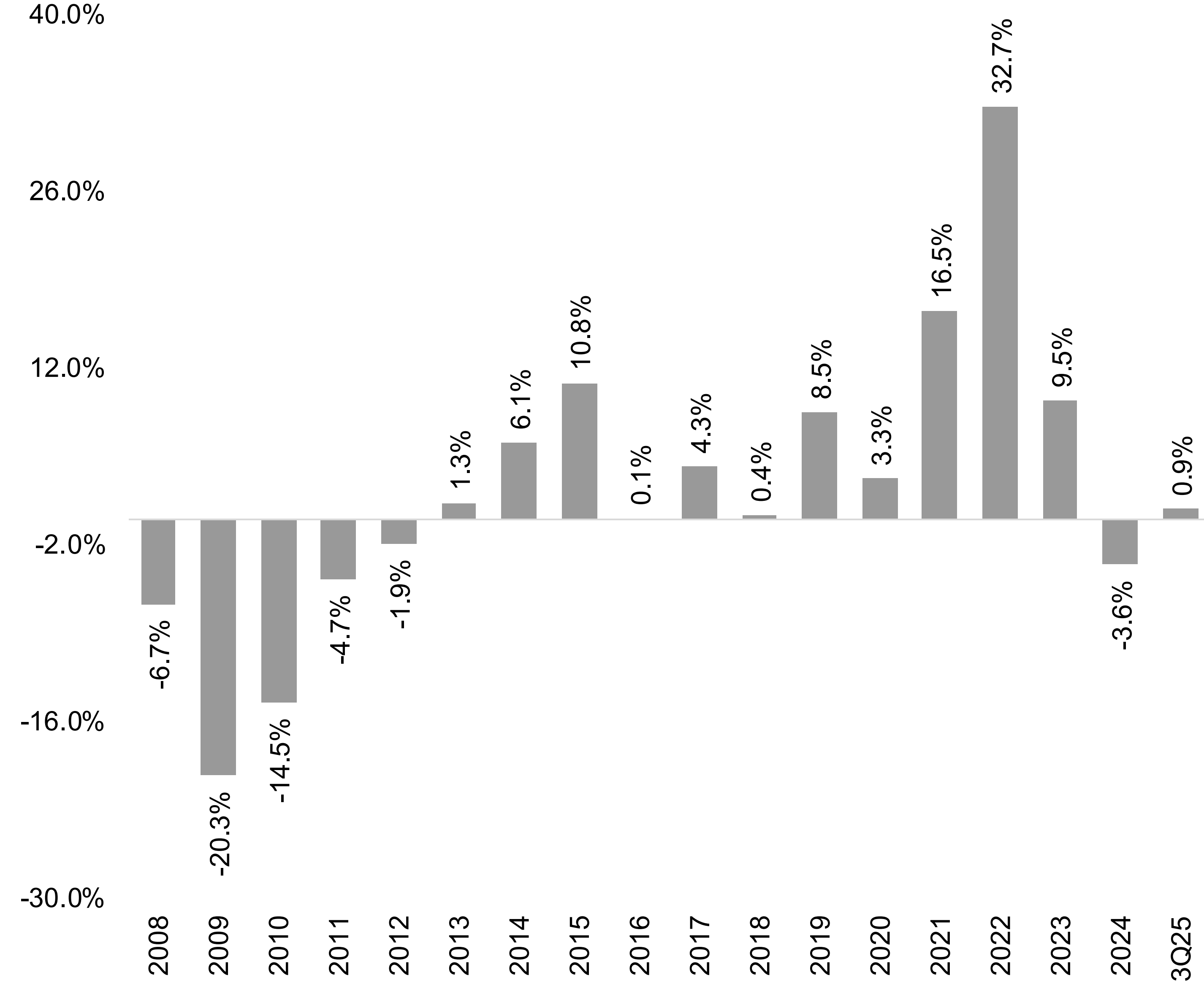
Direct Asking Rents Are Flat Relative to Year-End 2024

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

Exceptional Effective Rent Growth in Recent Years is Reversing Course

Notable 3Q25 Lease Transactions

Leasing activity continues to be concentrated in modern-gen buildings, predominantly in the North Las Vegas submarket where 46.0% of the region's existing inventory is.

Select Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Global Industrial	Prologis Las Vegas Corporate Center, Bldg. 19	North Las Vegas	Renewal	464,203
The company, an industrial equipment supplier, renewed its lease as the sole occupant of the building. The facility was constructed in 2015.				
Kreate	SunPoint Commerce Center 2	North Las Vegas	Direct	337,008
Kreate, a design and engineering firm specializing in storage systems, shelving, outdoor furniture, and utility product, will be the sole occupant. The building was constructed in 2024.				
Welspun USA Inc.	Nellis Commerce Center	North Las Vegas	Direct	228,760
The company, a specialist in home textiles, will be the sole occupant. The facility finished construction in 2024.				
Sofidel Group	Golden Triangle Industrial Park, Bldg. D	North Las Vegas	Renewal	82,190
Sofidel Group, a producer of high-quality tissue products, renewed on a portion of the multi-tenant, 239,568-SF building.				
PokerGO	Park West Business Center, Bldg. 3	Southwest	Direct	46,020
PokerGO is a subscription streaming service dedicated to poker. The platform streams live coverage of poker events, including the World Series of Poker.				

Source: Newmark Research

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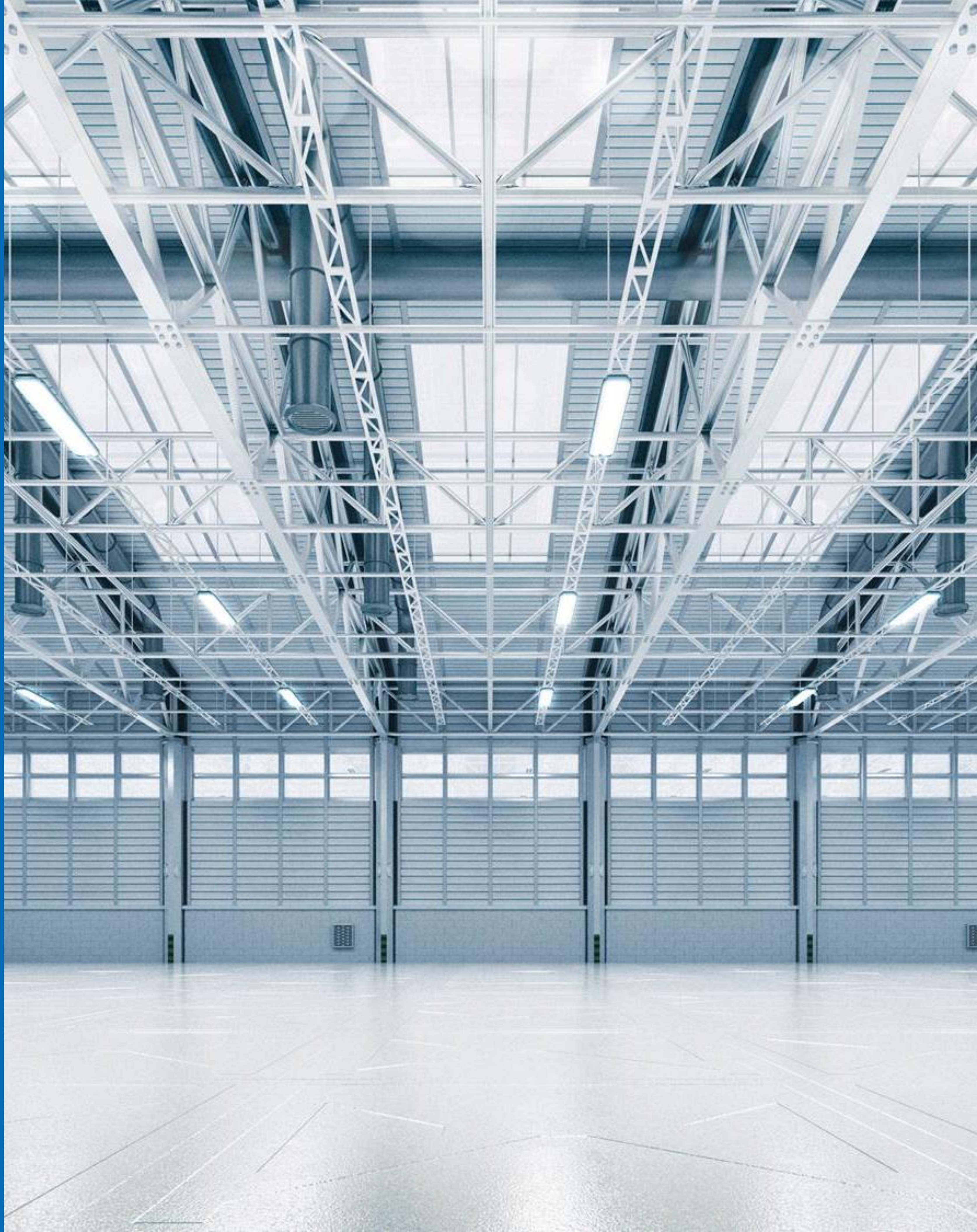
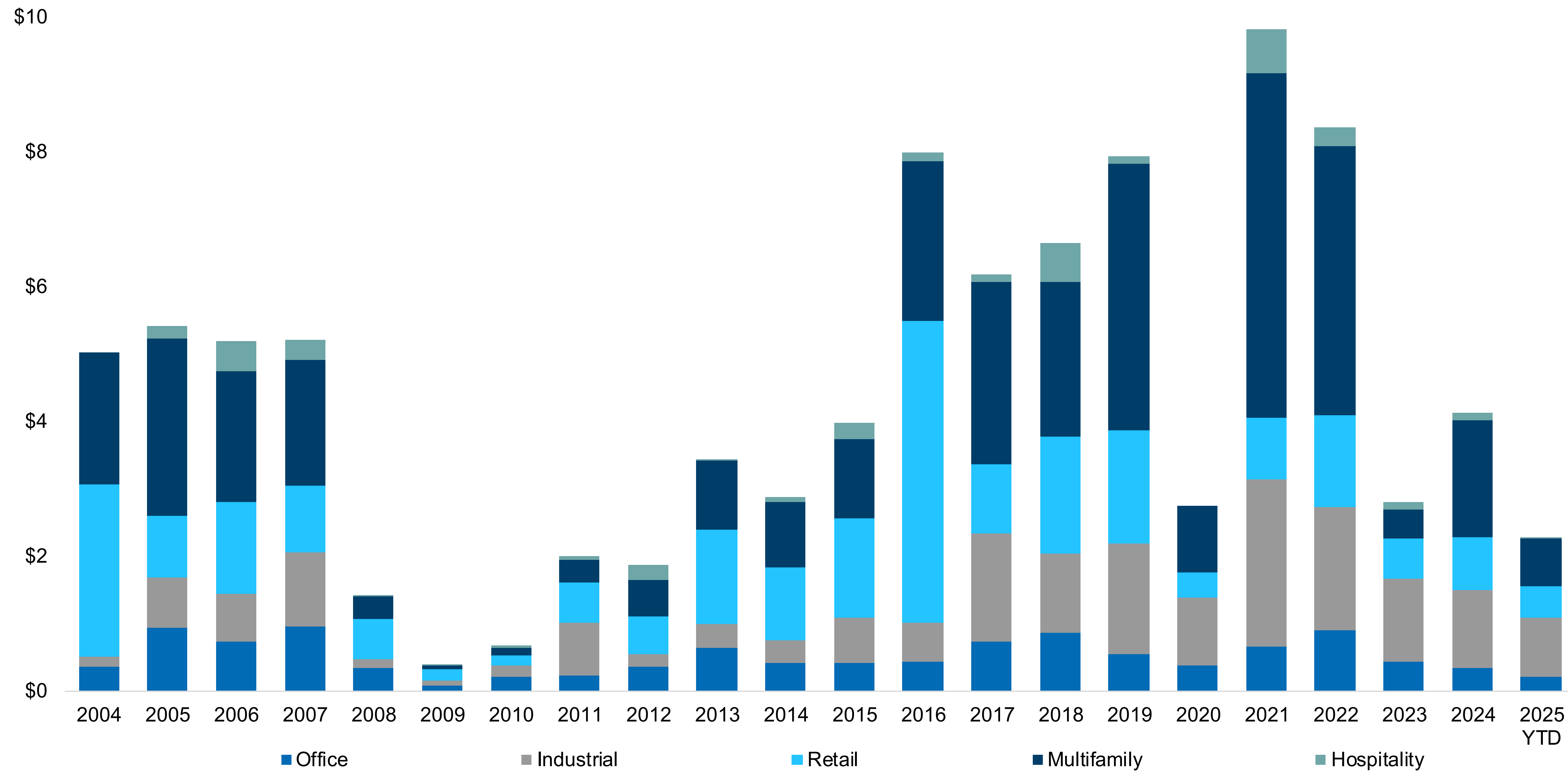
Sales Activity



Industrial Comprised 45% of Total Sales Volume in the First Nine Months 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)

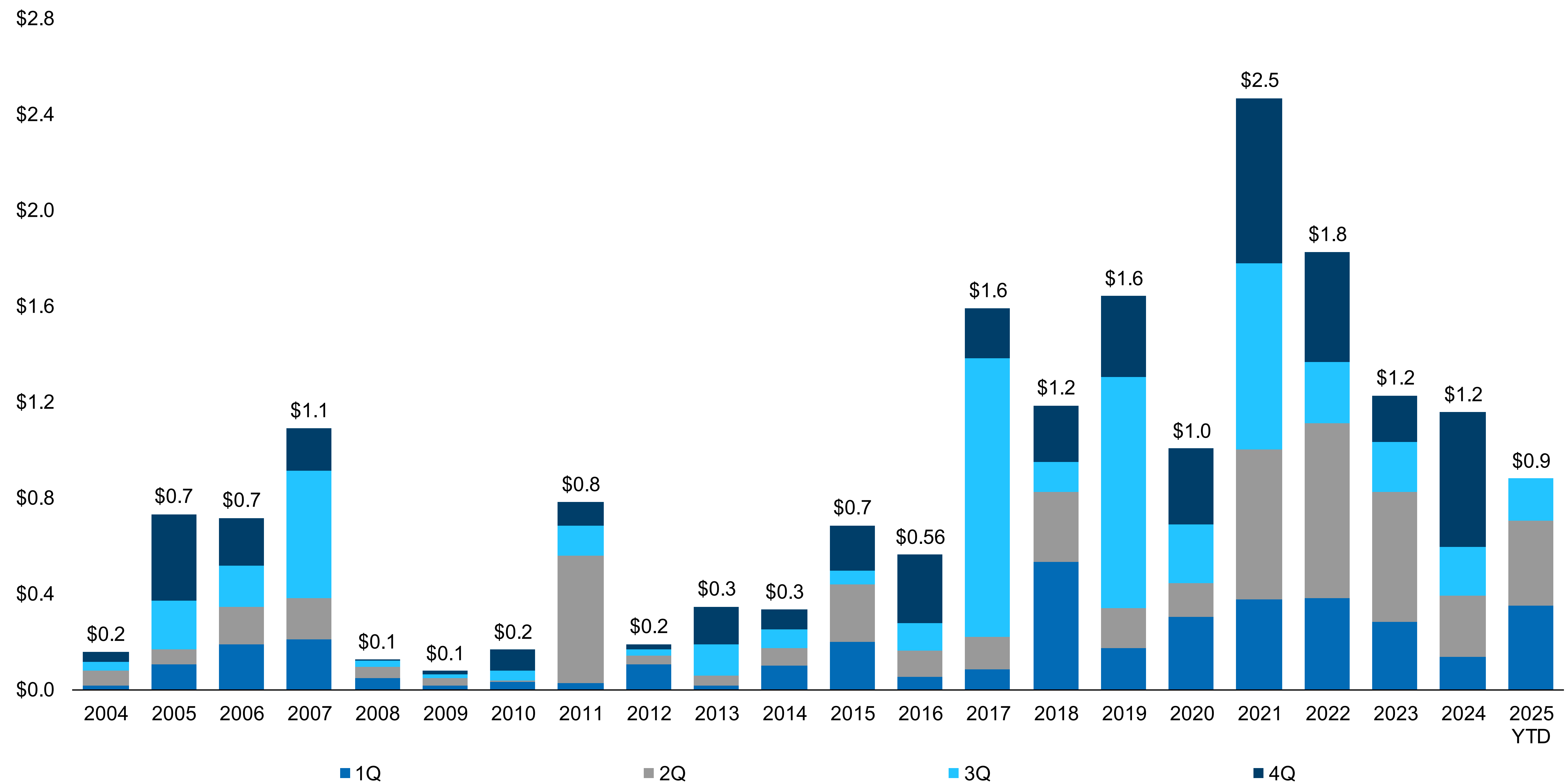


Source: Newmark Research, MSCI Real Capital Analytics
Note: Preliminary data is cited for the third quarter of 2025. The long-term annual average is from 2004 through 2024.

Industrial Sales Volume: Up Close

Industrial sales volume totaled $881 million in the first nine months of 2025, up 48% 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 nine 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 third quarter of 2025.

Private and Institutional Buyers Are Active

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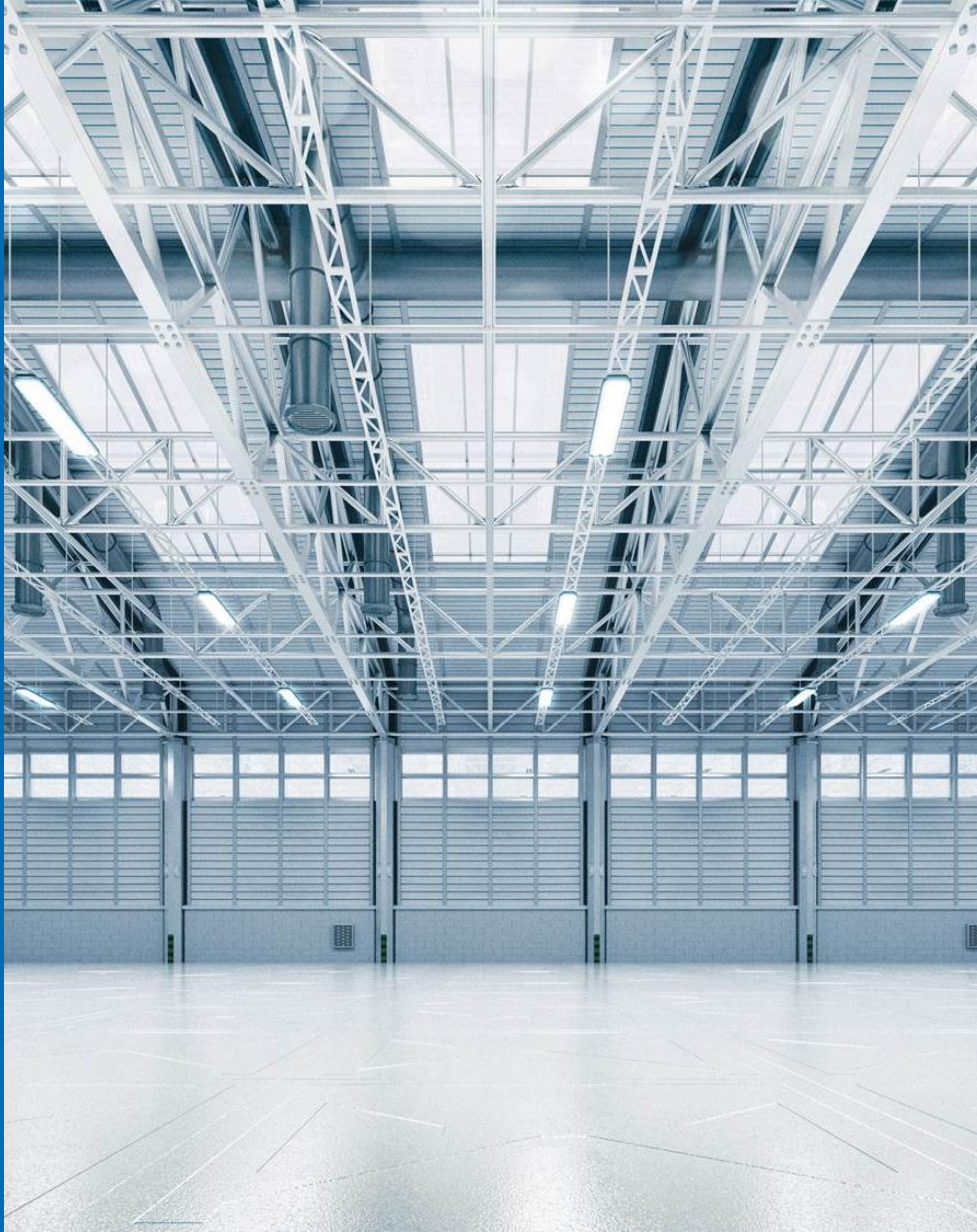
Appendix



Las Vegas Industrial Submarket Map and High-Level Statistics | 3Q25

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Las Vegas Industrial Submarket Statistics | 3Q25

Population Has Increased Considerably in Recent Decades

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

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Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.

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