

INVESTMENT OUTLOOK

Industrial
Las Vegas Metro Area

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

MIDYEAR 2025

Supply Headwinds Persist in North Las Vegas as Investors Remain Active Along Key Corridors

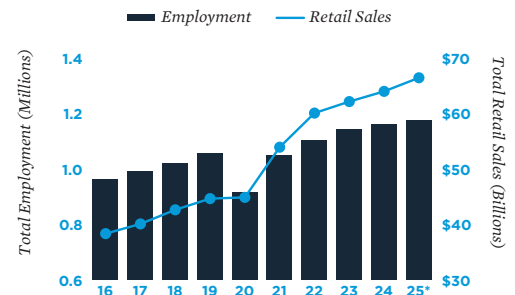
Speculative construction outpaces demand, pushing vacancy higher. Las Vegas saw its inventory expand by 8 percent last year, as many developers were attracted by the metro's sub-5 percent vacancy in 2022. Of the space delivered in 2024, about two-thirds remained vacant as of June 2025, resulting in vacancy above 10 percent. If these facilities were to lease-up, it would reduce the rate by half. Most unoccupied buildings are warehouse and distribution facilities in North Las Vegas. Vacancy there jumped by over 300 basis points year over year in March. Although construction will slow this year, the backlog of available space continues to weigh on the market. Net absorption is muted as well, expected to stay below 1 million square feet for a second year as tariff-related uncertainty keeps leasing activity subdued. Over time, however, the market's supply overhang in the north is set to be absorbed, supported by tenants serving local consumers. The metro is projected to rank among the top 15 major markets in population growth over the next five years, reinforcing industrial space demand.

Investment activity stays healthy despite supply challenges. Transaction velocity rose about 20 percent in the 12 months ended in March compared with the previous year, reflecting sustained investor appetite despite elevated vacancy. The metro's average cap rate held about 110 basis points below the national mean at 5.8 percent in March, underscoring confidence in Las Vegas' logistics appeal. Still, the metric remains higher than most major California markets, attracting out-of-state buyers. As Las Vegas is an emerging regional distribution hub, trades are likely to concentrate along the Interstate 15 corridor and near the airport. Recent additional trading along the Interstate 11 corridor may signal investor interest beyond traditional nodes.

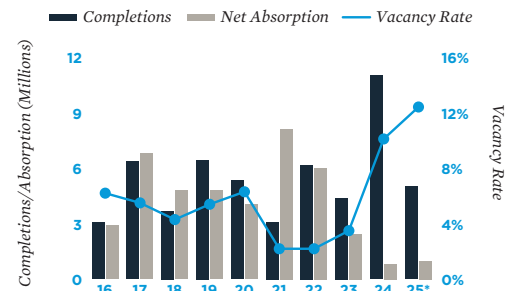
2025 MARKET FORECAST

- 0.4%** **EMPLOYMENT:** After several years of strong job growth since the pandemic, the metro is expected to see a slight employment adjustment. A loss of 5,000 jobs is forecasted for 2025.
 - 5 million sq. ft.** **CONSTRUCTION:** Even with this year's pipeline being less than half the volume seen in 2024, at 3.4 percent, Las Vegas ranks third among major U.S. markets for inventory growth.
 - +230 bps** **VACANCY:** Demand remains weak relative to supply, pushing vacancy up to 12.4 percent. The metro will post the largest year-over-year increase in vacancy of any major market nationwide.
 - 1.1%** **RENT:** Elevated vacancy will weight on rents, with the average asking rate declining to about \$13.08 per square foot — the first annual drop since 2020.
- INVESTMENT:** *The Apex area along the Interstate 15 corridor in the northeast has experienced a ten-fold inventory increase over two years. Investors may find opportunities here as industrial traffic to Utah accelerates.*

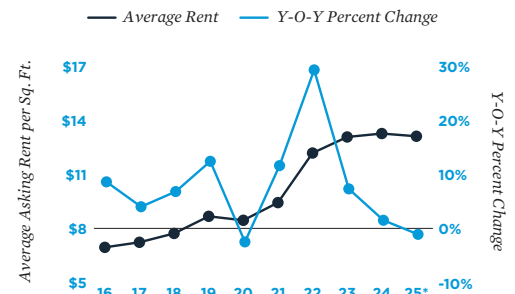
Economic Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of December 2023. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and apartment data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.