



THIRD QUARTER 2014 | ISSUE 4

Dear Reader,

Welcome to the fourth issue of Nevada State Bank's Commercial Real Estate Quarterly Newsletter, which is focused on the industrial market and includes a profile of Pyramid Mini Storage in Sparks.

Good news for the Las Vegas Industrial Sector, as statistics for Q2 2014 show that demand continues to remain positive for the seventh straight quarter. This comes after occupancy and rents fell to all-time lows. Call it a little bit of Las Vegas luck, but demand has returned, pushing vacancies down and with it improving rents. While the bulk of new construction activity has been centered in build-to-suits, with the lack of construction over the past years and positive fundamentals returning to the market, speculative projects will likely surface, particularly given the difficulty of finding large buildings in the existing marketplace.

It is likely that this overall growth will continue over the next few years on a steady basis as the overall Las Vegas market continues its slow but steady improvement. Overall industrial vacancy has fallen to 9.7% in 2014 from 13.9% in 2012.

Henderson remains the strongest industrial market, with the Northwest valley being the weakest. By product type the strongest improvements were in warehouse and distribution products.

Northern Nevada is experiencing similar results as industrial space continues to be absorbed, dropping the vacancy rate to 7.9%. Similar to the south, rental rates are trending upward overall and we will start to see additional speculative construction going forward.

Overall, the market is improving but not yet robust. However, other states are looking to Nevada as an attractive place for business due to the low cost of doing business and the relatively low cost of housing for their employees.

Here at Nevada State Bank, we have been helping developers and owners finance commercial real estate projects for more than 50 years, through several boom-and-bust cycles. This gives us a unique, long-range perspective on the Nevada marketplace that allows us to see the possibilities inherent in each phase of the business cycle. In addition, our affiliation with Zions Bancorporation allows us to finance projects in other states within the Zions footprint.

This newsletter is designed to be passed along, so feel free to forward this email to your business associates and encourage them to sign up for a free subscription at www.nsbank.com/cre. That web page also includes a link to previous issues of the newsletter.

I hope you find this newsletter enjoyable and useful. For any additional questions, please contact me during regular business hours.

Sincerely,

Jeff Jenkins
EVP/Statewide Real Estate Lending Manager
702-855-4730 | Jeffery.Jenkins@nsbank.com

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