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REAL ESTATE STUDIES

Las Vegas Industrial Survey

1st Quarter 2017



WARM SPRINGS CROSSING



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May 26, 2017

Re: *Industrial Real Estate Survey: 1st Quarter, 2017*

Dear Reader,

RCG Economics and the UNLV Lied Institute for Real Estate Studies are excited to produce the Lied-RCG Commercial Real Estate Survey (“the Survey”) containing the most comprehensive, timely and accurate data and analysis on the Las Vegas Valley’s industrial, speculative office and anchored retail markets.

RCG Economics has partnered with the Lied Institute to produce objective and independent quarterly surveys on the health and state of the commercial real estate market. RCG is a leader in real estate market research and analysis, including commercial real estate and economic forecasting. The Lied Institute seeks to advance real estate knowledge through research, student scholarship, certificate programs and community outreach activities.

The Survey is born of our commitment to excellence in serving those organizations requiring superior up-to-date market analysis and data to make key decisions. Developing this Private-Public Partnership to collect, analyze and release unbiased information is further proof of this commitment. Equally important, the data herein are collected as close as possible to the end of each quarter.

This survey documents historical and current market conditions at the Valley and submarket levels. The data contained within are organized and tracked by our in-house research analysts and economists to provide the best analysis of Las Vegas’ commercial real estate markets. The survey contains a variety of meaningful market indicators, including:

- Total existing inventory
- New and planned construction activity
- Vacancy and occupancy levels
- Net Absorption
- “Coupon” or quoted monthly rents

Further, our three commercial (industrial, office and retail) databases contain benchmark building data, by submarket, dating back to 1996. This information allows us to develop “custom” studies for our readers and clients. It is through this survey and our other services and products, that we remain the “Source for Decision Makers.”

John Restrepo
RCG Economics

Statement of Limiting Conditions

The quarterly commercial survey results presented herein depend on several factors. These factors include the period of data collection and the reliability of the third-party sources providing the data. These variances can lead to fluctuations in results from quarter-to-quarter in our own dataset and survey, and relative to those of other firms also monitoring the Las Vegas Valley's commercial markets. This is especially true for those metrics/indicators most prone to short-term fluctuations, such as demand (net absorption). Over time, our survey results reflect trends that are consistent with those reported by other firms tracking the Valley's commercial markets. Therefore, short-term market fluctuations are mitigated. Additionally, actual market conditions are better reflected in other more stable variables, such as vacancy rates and longer-term metrics like year-over-year trends.

LAS VEGAS INDUSTRIAL SURVEY

SUMMARY

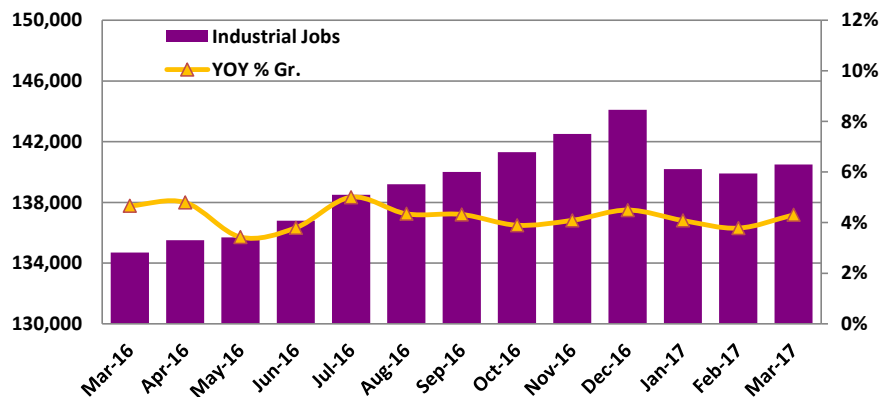
The Las Vegas Valley's ("the Valley") Industrial market¹ grew total inventory to 114.6 million square feet ("sf") of rentable space with 315,000 sf of completions in the first quarter ("Q1") of 2017. Net absorption (net demand) in Q1 dropped sharply from the previous quarter to -30,599 sf. The Valley's Industrial vacancy rate increased by 0.3 points to 5.5% in Q1, 2017. The vacancy rate is up by the same amount, 0.3 points, when compared to Q1, 2016. At \$0.74 per square foot ("psf") NNN², the average monthly asking rent is up a nickel from Q4 (\$0.69 psf), but is down \$0.03 from Q1, 2016 (\$0.77 psf). With relatively few completions to speak of, forward-supply³ remains large with 5.5 million sf under construction and another 8.2 million sf in the planning stages. 99% of the space under construction is of the Warehouse/Distribution type, as is a large proportion of the planned space (96.7%). The Industrial market is recovered and stable.

INDUSTRIAL-RELATED JOBS

Total nonfarm employment in the Las Vegas MSA rose by 29,200 jobs from March 2016 through March 2017, a 3.1% increase. During that time the "headline" unemployment rate declined 1.3 points to 4.8%.

Jobs in Industrial space-using sectors represented 16% (140,500 jobs) of all private jobs in Clark County at the end of March, 2017, with Industrial jobs growing by 4.3% over the year.⁴ Since September 2012, job growth in the Industrial-related sectors has contributed to the decline in the unemployment rate with year-over-year (Y-O-Y) growth (>2%) outpacing population growth. The sector showing the greatest gains since March 2016 was Construction (+5,300 jobs), with the Manufacturing and Wholesale Trade sectors adding +500 jobs each. Transportation and Warehousing lost -500 jobs.

Clark County Total* Industrial Jobs and Annual Growth: Mar-16 to Mar-17



*Natural resources, construction, manufacturing, and transportation & warehousing industries. Source: Nevada Department of Employment, Training and Rehabilitation; calculated by RCG Economics.

Industrial Employment

Industry Sector	Jan			Feb			Mar		
	2017	2016	% Ch.	2017	2016	% Ch.	2017	2016	% Ch.
Nat. Resources	300	300	0.0%	300	300	0.0%	300	300	0.0%
Construction	57,500	53,600	7.3%	57,500	53,500	7.5%	58,600	53,300	9.9%
Manufacturing	22,200	21,700	2.3%	22,200	21,800	1.8%	22,400	21,900	2.3%
Wholesale Trade	21,600	21,200	1.9%	21,500	21,300	0.9%	21,600	21,100	2.4%
Transp. & Warehousing	38,600	37,900	1.8%	38,400	37,900	1.3%	37,600	38,100	-1.3%
Total	140,200	134,700	4.1%	139,900	134,800	3.8%	140,500	134,700	4.3%

Source: Nevada Department of Employment, Training & Rehabilitation ("DETR").

VACANCY & RENTS

The Valley's total Industrial vacancy rate (direct vacant space plus sublease vacant space) increased for the second quarter in a row in Q1, 2017, this time by 0.3 percentage points to 5.5%. When compared to Q1, 2016, the vacancy rate is up by the same amount: 0.3 points. The Industrial market remains healthy. Notably, all Industrial submarkets are now comfortably below the generally accepted 10% stabilized vacancy rate, to the point that space shortages are emerging in some product types. Three of seven submarkets showed improvement in their vacancy rate with the Northwest experiencing the most substantial decline, from 11.3% vacancy in Q4, 2016, to 7.6% in Q1, 2017. The Airport submarket fell from 7.8% to 6.5% and East Las Vegas was down from 4.6% to 3.9%. Henderson saw the largest increase in vacancy, from 6.3% to 7.5%. North Las Vegas was right behind with vacancy increasing from 4.2% to 5.2%, followed by West Central with a rise in vacancy from 3.5% to 4.0%. The Southwest submarket was nearly unchanged with a small bump up in vacancy from 5.0% to 5.1%.

On a Y-O-Y basis five of seven submarkets showed improvement. The East Las Vegas submarket vacancy rate was the most improved with a

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2.4 percentage-point decline, followed by the Airport submarket with a 2.1 percentage-point drop and the Northwest submarket with a 1.4-point drop. The Southwest and West Central submarkets both saw vacancy decrease by 0.3 points over the year. Henderson and North Las Vegas were the only two submarkets to experience a Y-O-Y vacancy rate increase, by 2.3 points and 1.6 points, respectively.

On a product basis, four out of five product types saw their vacancy rate decrease. Incubator was the most improved with a drop in vacancy of 0.9 points, from 8.8% to 7.9%. Light Industrial and Light Distribution were neck and neck with a 0.5-point decline from 3.5% to 3.0% and a 0.4-point drop from 6.5% to 6.1%, respectively. Rounding out the group was R&D/Flex with a decrease in vacancy of 0.2 percentage-points, from 10.8% to 10.6%. Warehouse/Distribution saw a substantial jump in vacancy of 1.2 points, from 4.6% to 5.8%.

On a Y-O-Y basis, vacancy was down in three product types. R&D/Flex decreased the most from the previous year with vacancy falling by 1.7 points from 12.3%. Light Industrial was down 1.3 points from 4.3% in Q1, 2016. Incubator was also down with vacancy falling by 1.0 point from 8.9% to 7.9%. The two product types to experience a rise in vacancy over the year were Warehouse/Distribution with a 1.7-point increase from 4.1% and Light Distribution with a more modest 0.3-point increase from 5.8%.

Only one product type was responsible for the increase in vacancy from the previous quarter: Warehouse/Distribution. As mentioned earlier, almost all the space currently in development is of precisely this type. There continues to be a shortage of very large (+400,000 sf) warehouse space, but in spite of the need, none came to market this quarter. The market appears to be grappling with how to allocate what space does exist while waiting for more space to come to market, and there is a lot coming on the horizon – over 13 million sf. It remains to be seen if there is sufficient demand to fill it all.

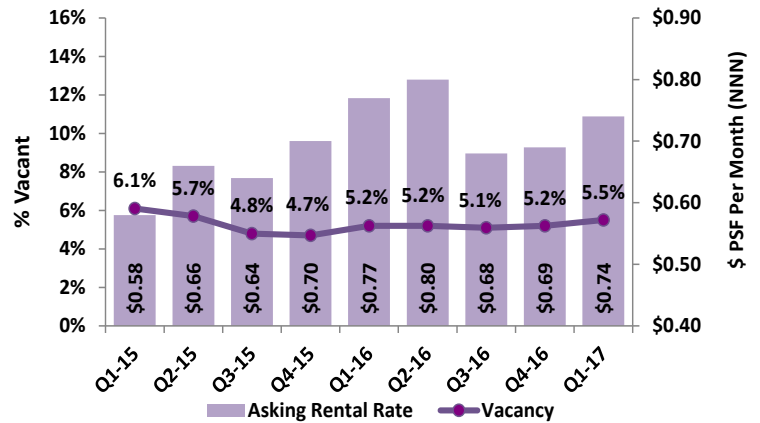
Average monthly Industrial asking rents for all product types (calculated on a NNN basis, not accounting for any operating expenses and based on quoted asking rents, not negotiated rents between owners and tenants) increased again in Q1, this time by \$0.05 to \$0.74 psf. This is just \$0.03 shy of asking rents in the first quarter of 2016 when they were at \$0.77 psf. Generally, the price for Industrial space is on the rise.

DEMAND

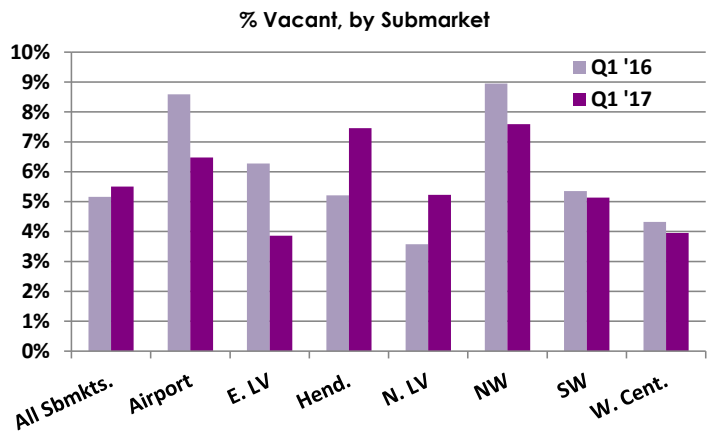
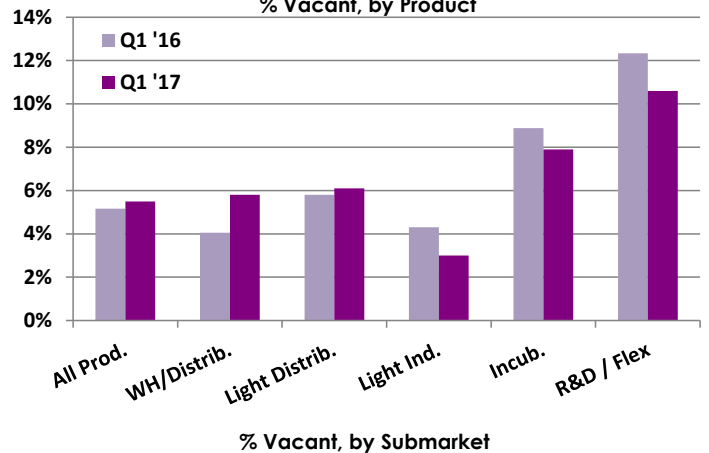
The bottom fell out on demand in the Valley's Industrial market in Q1 with total net absorption of -30,599 sf, a decrease in absorption from the previous quarter when the market absorbed over +1.8 million sf. This was largely due to a lack of quality product for the type of space the market was demanding.

The picture is a bit rosier on a Y-O-Y basis with demand over the four quarters ending in Q1, 2017 totaling +3.1 million sf. Not bad, but still

Las Vegas Valley Industrial Market
Historical Vacancy vs. Monthly Asking Rent:
Q1, 2015 - Q1, 2017



Las Vegas Valley Industrial Market
Vacancy Trends: Q1, 2016 v. Q1, 2017
% Vacant, by Product



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represents a drop in demand of nearly 800,000 sf from the +3.9 million sf of absorption in Q1, 2016. This is to be expected. Last year saw healthy demand and now there is simply less space to absorb. Furthermore, there are still shortages in various segments of the market. New space will have to regularly come to market to keep absorption as high as it has been with so little unoccupied space remaining in the market. The shortage of space could be blunting economic growth, though with over 13 million sf of space in various stages of development, the market is working to take care of this potential problem.

Four of seven submarkets had positive absorption in Q1, 2017. The Airport submarket had the strongest showing with +259,813 sf of absorption. Henderson, the Northwest and East Las Vegas were all well behind with absorption of +69,014 sf, +49,511 sf and +24,595 sf, respectively. The North Las Vegas submarket, which has the most Warehouse/Distribution properties, had the worst performance in Q1 with -351,689 sf of absorption. The West Central (-51,026 sf) and Southwest (-30,817 sf) submarkets also had negative demand.

On a Y-O-Y basis all submarkets experienced positive absorption. The Southwest was well ahead of the rest with +984,187 sf of absorption over the four quarter period ending in Q1, 2017. North Las Vegas was second best over the same period with a respectable +758,466 sf, followed by Henderson with +561,559 sf of absorption. The East Las Vegas and Airport submarkets were neck and neck with +376,662 sf and +372,794 sf, respectively. Still achieving positive demand during the year, but trailing far behind the rest were West Central with +44,730 sf and the Northwest with a relatively meager +18,194 sf of absorption.

Looking at quarterly absorption from a product standpoint we have the Light Industrial product type leading the way with +145,928 sf in Q1, 2017. Incubator (+67,787 sf) and Light Distribution (+61,505 sf) followed and R&D/Flex brought up the rear with +10,859 sf. As mentioned above, all together the four aforementioned product types were unable to make up for the -316,678 sf of absorption in the Warehouse/Distribution product type.

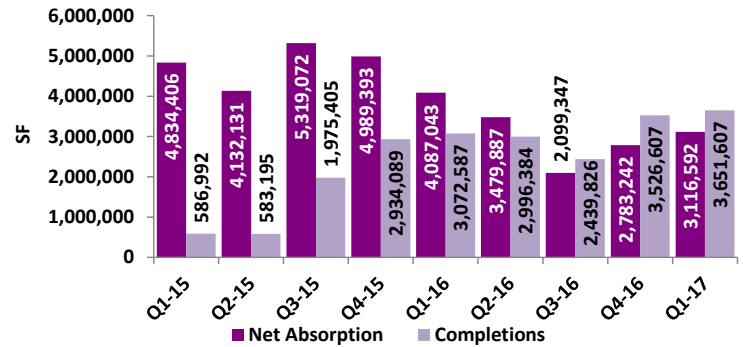
Despite the poor showing in the first quarter of 2017, over the past year the Warehouse/Distribution product type accounted for +2.6 million sf of absorption. Light Industrial added +383,544 sf of absorption Y-O-Y, while R&D/Flex added +101,049 sf and Incubator contributed another +76,005 sf. Light Distribution (-51,426 sf) was the only product type with negative absorption over the year.

SUPPLY

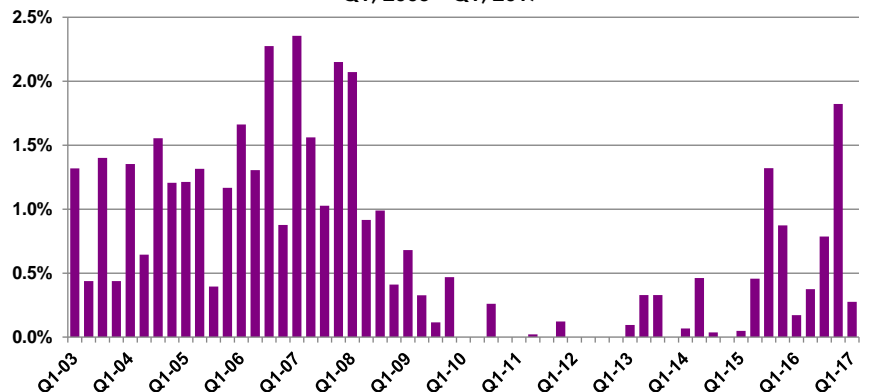
The Henderson and Airport submarkets both had a single completion in Q1, together totaling 315,000 sf of space. This has raised the Valley's Industrial inventory to 114.6 million sf. Q1 completions were: Building P of the Henderson Commerce Center (240,000 sf) and 3G's headquarters, in the Enclave building (75,000 sf). The two previous years were booming for the Industrial market with 2015 delivering 2.9 million sf of Industrial space and 2016 surpassing that total with 3.5 million sf of completed space. If space currently being built is finished when expected, 2017 will be even bigger. The over 13 million sf of space in various stages of development will play a critical role in Southern Nevada's economic growth as a lack of large Industrial space is putting a constraint on businesses looking to expand.

There are currently 23 projects under construction

Las Vegas Valley Industrial Market
Historical YOY Net Absorption vs. Completions:
Q1, 2015 - Q1, 2017



Las Vegas Valley Industrial Market
Completions as a % of Inventory:
Q1, 2003 - Q1, 2017



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comprising almost 5.5 million sf at the end of Q1. To meet the needs of increasingly successful online retailers, the Industrial market needs more large warehouses for distribution. This explains why all but one of the projects currently under construction are Warehouse/Distribution spaces, and why, of those 22 Warehouse/Distribution projects, more than half are over 100,000 sf:

Under Construction

Project	SF	Subtype	Submarket	Exp. Comp.
3730 Civic Center Dr	90,000	Warehouse/Distribution	North Las Vegas	Q217
Blue Diamond Business Center #6	430,000	Warehouse/Distribution	Southwest	Q317
Copper Sage Commerce Center	91,000	Warehouse/Distribution	North Las Vegas	Q217
Eaker Street Wellness (renov/expansion)	58,000	Warehouse/Distribution	North Las Vegas	2017
Henderson Commerce Center - Commercial W	50,400	Warehouse/Distribution	Henderson	Q417
Henderson Commerce Center - Commercial W	54,000	Warehouse/Distribution	Henderson	Q417
Henderson Commerce Center - Commercial W	81,600	Warehouse/Distribution	Henderson	Q417
I-15 Speedway Logistics 1	525,200	Warehouse/Distribution	North Las Vegas	Q217
JC Pony Parts	80,000	Warehouse/Distribution	North Las Vegas	Q217
Las Vegas Corporate Center #12	159,390	Warehouse/Distribution	North Las Vegas	Q317
Las Vegas Corporate Center #13	100,633	Warehouse/Distribution	North Las Vegas	Q317
Las Vegas Digital Exchange #9	295,500	Warehouse/Distribution	Southwest	Q217
LogistiCenter at LVB	548,880	Warehouse/Distribution	North Las Vegas	Q217
Lone Mountain Corporate Center-Phase 2	243,760	Warehouse/Distribution	North Las Vegas	Q217
Northgate Distribution Center 3	813,160	Warehouse/Distribution	North Las Vegas	Q317
Northgate Distribution Center 8	570,000	Warehouse/Distribution	North Las Vegas	Q317
South 15 Airport Center B	482,300	Warehouse/Distribution	Henderson	Q217
Sunrise Industrial Park #9	342,243	Warehouse/Distribution	East Las Vegas	Q217
Sunset 215 West 1	35,000	Warehouse/Distribution	Southwest	Q217
Sunset 215 West 2	22,500	Warehouse/Distribution	Southwest	Q217
Sunset 215 West 3	22,500	Warehouse/Distribution	Southwest	Q217
Sunset Landing	54,000	Light Industrial	Airport	Q217
Supernap 10 (SWITCH)	343,436	Warehouse/Distribution	Southwest	2017
Total	5,494,000			

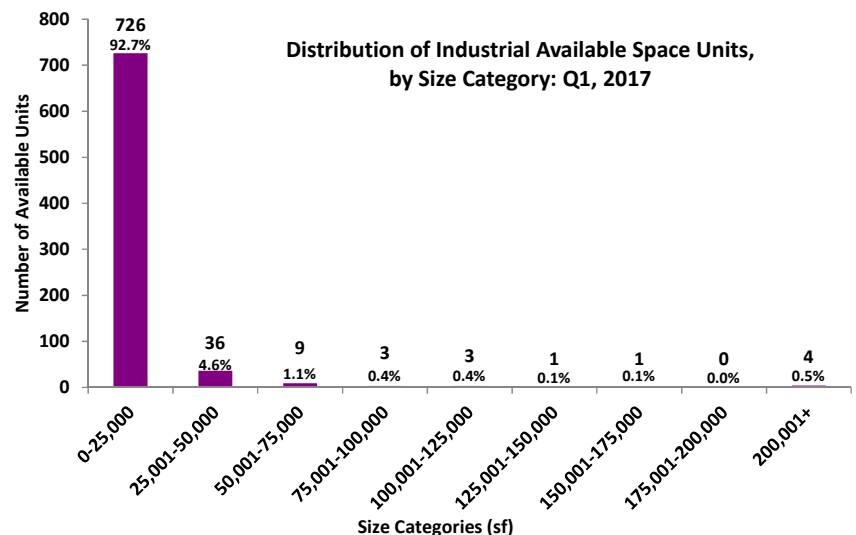
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In addition to the ongoing construction, there are 31 more projects in the planning stages, representing approximately 8.2 million sf. They are:

Planned

Project	SF	Subtype	Submarket	Exp. Comp.
4305 N Lamb Blvd	122,000	Light Distribution	North Las Vegas	Q417
5785 N Hollywood Blvd	36,000	Warehouse/Distribution	North Las Vegas	2018
Blue Diamond Business Center #10	495,000	Warehouse/Distribution	Southwest	2017
Clayton Park	88,000	Incubator	North Las Vegas	2018
Desert Inn Distribution Center	153,320	Warehouse/Distribution	West Central	Q417
Escondido Airport Park	31,000	Light Industrial	Airport	Q317
Henderson Interchange Center #1	130,990	Warehouse/Distribution	Henderson	Q417
Henderson Interchange Center #2	230,331	Warehouse/Distribution	Henderson	Q417
I-15 Speedway Logistics 2	601,610	Warehouse/Distribution	North Las Vegas	2017
I-15 Speedway Logistics 3	633,120	Warehouse/Distribution	North Las Vegas	2018
I-15 Speedway Logistics 4	367,060	Warehouse/Distribution	North Las Vegas	2018
Lamb & Craig	121,890	Warehouse/Distribution	North Las Vegas	Q118
Las Vegas Corporate Center 9,14	262,265	Warehouse/Distribution	North Las Vegas	2017
Lincoln Business Center	337,000	Warehouse/Distribution	North Las Vegas	Q317
Marnell Airport Center 2	58,195	Warehouse/Distribution	Airport	Q317
Marnell Airport Center 3	74,882	Warehouse/Distribution	Airport	Q317
Northern Beltway Industrial Center	540,320	Warehouse/Distribution	North Las Vegas	2017
Northgate Distribution Center 5	190,890	Warehouse/Distribution	North Las Vegas	Q118
Northgate Distribution Center 9	700,000	Warehouse/Distribution	North Las Vegas	Q417
South 15 Airport Center C	175,000	Warehouse/Distribution	Henderson	2018
South 15 Airport Center D	58,500	Warehouse/Distribution	Henderson	2018
South 15 Airport Center E	350,000	Warehouse/Distribution	Henderson	2018
South 15 Airport Center F	100,800	Warehouse/Distribution	Henderson	2018
South 15 Industrial Park	160,720	Warehouse/Distribution	Henderson	Q417
South Jones Industrial Park	29,000	Light Industrial	Southwest	2018
Speedway Commerce Center Phase 3	168,000	Warehouse/Distribution	North Las Vegas	2018
Speedway Commerce Center West 1	390,000	Warehouse/Distribution	North Las Vegas	Q118
Speedway Commerce Center West 2	312,000	Warehouse/Distribution	North Las Vegas	2018
Sunpoint Crossing	760,481	Warehouse/Distribution	North Las Vegas	Q417
Supernap 11 (SWITCH)	343,436	Warehouse/Distribution	Southwest	2018
Supernap 12 (SWITCH)	168,040	Warehouse/Distribution	Southwest	2018
Total	8,190,000			

These projects will be a big part of Southern Nevada's economic recovery. As indicated by the chart to the right, there is still a dearth of space over 75,000 sf that is hampering the region's rate of economic growth. Q1 did not provide much relief in the way of large Warehouse/Distribution space. Only one of two projects was over 75,000 sf. Q2 is slated to unveil a prodigious amount of space, followed by another large output in Q3, so long as the projects are completed on schedule.



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INVESTMENT SALES

Based on reports by Colliers, Industrial investment sales in 2016 were improved over the previous year with \$308.9 million in sales volume compared to \$248.8 million in 2015. Through the first quarter, 2017 has kept pace with sales over the previous two years. YTD 2017 sales volume was \$64.1 million in 10 sales. Total square feet sold were 710,000. The average price per square foot was \$90.34, just a few dollars less than in 2016. The average cap rate is down 0.1 point from 2016's 7.2%. Owners typically demand lower cap rates in an improving market, which results in higher prices regardless of quality and location. The reverse is true in a down-market.

Industrial Investment Sales

	2016	YTD 2017
No. Sales	71	10
Square Feet Sold	3,309,000	710,000
Sales Volume (MM)	\$308.9	\$64.1
Average Price/SF	\$93.35	\$90.34
Average Cap Rate*	7.2%	7.1%
Average Sale Size (SF)	47,000	71,000

Source: Colliers Las Vegas.

*Cap rate on properties available for sale as investments.

FURTHER THOUGHTS & RECAP

2017 had an uninspiring first quarter in terms of absorption, but negative demand was mostly a result of the shortage of large warehouse space. After a strong finish to 2016, demand in the Industrial market fell drastically in the first quarter of 2017. There was just not enough large warehousing space left to absorb. Warehouse/Distribution was the only product type to see negative absorption and increased vacancy in Q1, 2017. All other product types saw positive demand and lower vacancy from Q4, 2016. The data suggest Las Vegas' economic recovery continues with the Industrial market playing a central role, though the market continues to await the completion of new Warehouse/Distribution spaces of over 100,000 sf.

Jobs in Industrial space-using sectors now represent 16% (140,500 jobs) of all private jobs in Clark County at the end of Q1, 2017. This was +5,800 more (+4.3%) jobs than existed in March 2016. Since September 2012, Industrial sector job growth has posted solid Y-O-Y growth (>2%) every month, outpacing population growth and helping lower Las Vegas' headline unemployment rate to 4.8% at the end of Q1.

Once again, in Q1, the Construction sector (+5,300 jobs, +9.9%) was the leader in job growth with Manufacturing (+2.3%) and Wholesale Trade (+2.4%) each chipping in +500 jobs. The Transportation & Warehousing sector (-1.3%), usually a strong performer, this time lost -500 jobs.

As mentioned above, the Valley's total Industrial vacancy rate (direct vacant space plus sublease vacant space) rose by 0.1 points to 5.3% in Q1 and was up by 0.2 points over Q1, 2016's vacancy rate of 5.1%. Vacancy dropped in three of the seven submarkets: the Northwest, Airport and East Las Vegas submarkets. The overall minor rise in vacancy should not be cause for alarm. Consider that the Industrial market brought over 2 million sf to market and absorbed very close to that amount. Minor fluctuations are bound to occur in a healthy market.

On a submarket basis, East Las Vegas (3.9%) claimed the lowest vacancy rate, taking the top spot from West Central (4.0%) which fell behind by just 0.1. The Southwest (5.1%) and North Las Vegas (5.2%) submarkets were just behind and similarly neck and neck. The remaining submarkets were all over 5%, with Airport (6.5%) claiming the next spot. Henderson (7.5%) just managed to beat out the Northwest (7.8%), which despite the 3.7 percentage-point decline in vacancy, still has the highest rate in the Industrial market.

¹ Includes all single and multi-tenant for-lease and owner-occupied industrial Warehouse/Distribution, Light Distribution, Light Industrial, Incubator and R&D Flex properties with roll-up doors in the Las Vegas Valley.

² All industrial rents in this report are quoted on a monthly triple net (NNN) per square foot basis and does not include additional expenses such as taxes, insurance, maintenance, janitorial and utilities. Rents are based on the direct vacant space in projects, not the average of leases in projects.

³ Forward-supply is a combination of space presently under construction in a quarter and space planned to begin construction within the next four quarters.

⁴ Includes the following industries: Natural Resources, Construction, Manufacturing, and Transportation & Warehousing and Wholesale Trade from the Nevada Department of Employment, Training and Rehabilitation's latest employment statistics.

INDUSTRIAL MARKET GLOSSARY

Properties tracked have loading dock-grade-level doors. Building characteristics were used to define the appropriate sub-type classification. These characteristics can include a building's primary use, size, type of loading doors, clear heights and parking ratios. A property must exhibit one or more of the typical building characteristics to be classified into subtypes.

Warehouse/Distribution

These buildings are the largest among the subtypes and are used for warehousing and distributing materials and merchandise. Warehouse facilities are primarily used for storage and distribution buildings are warehouse facilities designed to accommodate the freight and movement of products/goods.

- Multi- or single-tenant,
- Building/park size of at least 10,000 sf,
- Dock-high doors (or grade-level doors) and clear heights of at least 16 feet, and
- Parking ratios of: 1-2/1,000 sf - traditional warehouse/distribution
3-4/1,000 sf - high velocity warehouse/distribution.

Light Distribution

These buildings are primarily used as a distribution transfer center for the transshipment of products/goods (usually to change the mode of transport or for consolidation or deconsolidation of goods before shipment).

- Multi- or single-tenant,
- Building/park size of at least 5,000 sf, usually characterized by long narrow buildings,
- Cross-dock doors (or several dock high doors) with 12-16 feet clear height to accommodate transfer to/from multiple trucks, and
- Parking ratios of: 1-2/1,000 sf - traditional warehouse/distribution
3-4/1,000 sf - high velocity warehouse/distribution.

Light Industrial

These buildings are primarily used for light industrial manufacturing (rather than heavy industrial manufacturing that uses large amounts of raw materials, power and space) to produce and/or assemble products/goods for consumers as end-users.

- Multi- or single-tenant,
- Building/park size of at least 7,000 sf,
- Grade-level doors (or dock-high doors) and clear heights usually between 13 feet and 18 feet, and
- Parking ratio of 4+/1,000 sf.

Incubator

Buildings or portions of buildings that accommodate companies in the early phase of growth. The typical user generally needs 1,000 to 3,000 sf of warehouse space plus 5% to 20% earmarked for office space with the remaining being the warehouse space. Because of its lower space needs, an incubator tenant is usually a low-volume business needing more less frequent packing and unpacking activity and smaller shipment sizes.

- Multi-tenant,
- Building/park size of at least 5,000 sf,
- Grade-level doors with clear heights less than 15 feet, and
- Parking ratio: Less than 3/1,000 sf.

R&D/Flex

These buildings are the smallest among the subtypes and are designed to allow its occupants to easily alternate uses as industrial space or office space. This may include:

- Industrial space generally as light industrial or incubator; and
- Office space generally as research and development (R&D) parks.
- Multi- or single-tenant,
- Building/park size of at least 2,000 sf,
- Grade-level doors with clear heights less than 15 feet, and
- Parking ratio of 3-4/1,000 sf.

Industrial Market Matrix

Las Vegas, Nevada

First Quarter, 2017

SUBMARKETS

TOTAL INDUSTRIAL MARKET	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	502	150	536	1,021	81	1,287	648	4,225
Total Rentable SF	14,395,625	3,516,867	14,021,912	34,667,134	1,336,299	34,682,402	12,016,433	114,636,672
Total Vacant SF	932,648	135,634	1,045,668	1,812,313	101,406	1,781,150	474,952	6,283,771
Total Occupied SF	13,462,977	3,381,233	12,976,244	32,854,821	1,234,893	32,901,252	11,541,481	108,352,901
Total Vacant (%)	6.5%	3.9%	7.5%	5.2%	7.6%	5.1%	4.0%	5.5%
Completions QTD	75,000	0	240,000	0	0	0	0	315,000
Completions YOY	75,000	311,246	924,996	1,380,832	0	959,533	0	3,651,607
Total Net Absorption QTD	259,813	24,595	69,014	-351,689	49,511	-30,817	-51,026	-30,599
Total Net Absorption YOY	372,794	376,662	561,559	758,466	18,194	984,187	44,730	3,116,592
Asking Rents (\$ PSF)	\$0.90	\$0.56	\$0.72	\$0.47	\$0.95	\$0.83	\$0.89	\$0.74
Under Constuction SF	54,000	342,243	668,300	3,280,023	0	1,148,936	0	5,493,502
Planned SF	164,077	0	1,206,341	5,630,636	0	1,035,476	153,320	8,189,850

WAREHOUSE/DISTRIBUTION	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	79	19	80	183	5	146	52	564
Total Rentable SF	5,112,394	1,600,125	7,682,015	21,721,564	223,661	14,370,179	1,939,836	52,649,774
Total Vacant SF	75,085	12,794	666,966	1,434,070	0	738,752	101,216	3,028,883
Total Occupied SF	5,037,309	1,587,331	7,015,049	20,287,494	223,661	13,631,427	1,838,620	49,620,891
Total Vacant (%)	1.5%	0.8%	8.7%	6.6%	0.0%	5.1%	5.2%	5.8%
Completions QTD	75,000	0	240,000	0	0	0	0	315,000
Completions YOY	75,000	311,246	924,996	1,380,832	0	959,533	0	3,651,607
Total Net Absorption QTD	181,259	33,602	85,530	-507,801	0	-48,476	-60,792	-316,678
Total Net Absorption YOY	358,387	413,726	422,929	533,645	0	956,211	-77,478	2,607,420
Asking Rents (\$ PSF)	\$0.62	\$0.50	\$0.64	\$0.43	\$0.00	\$0.73	\$0.73	\$0.56
Under Constuction SF	0	342,243	668,300	3,280,023	0	1,148,936	0	5,439,502
Planned SF	133,077	0	1,206,341	5,420,636	0	1,006,476	153,320	7,919,850

LIGHT DISTRIBUTION	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	68	19	37	167	1	181	40	513
Total Rentable SF	3,169,129	340,675	1,571,703	4,848,934	51,000	6,930,636	775,747	17,687,824
Total Vacant SF	350,352	0	135,186	141,174	0	429,087	25,424	1,081,223
Total Occupied SF	2,818,777	340,675	1,436,517	4,707,760	51,000	6,501,549	750,323	16,606,601
Total Vacant (%)	11.1%	0.0%	8.6%	2.9%	0.0%	6.2%	3.3%	6.1%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	16,157	0	46,935	35,605	11,097	-30,635	-17,654	61,505
Total Net Absorption YOY	-83,030	0	95,099	4,098	12,159	-69,748	-10,004	-51,426
Asking Rents (\$ PSF)	\$0.80	\$0.00	\$0.63	\$0.57	\$0.00	\$0.80	\$0.82	\$0.76
Under Constuction SF	0	0	0	0	0	0	0	0
Planned SF	0	0	0	122,000	0	0	0	122,000

Industrial Market Matrix

Las Vegas, Nevada
First Quarter, 2017

SUBMARKETS

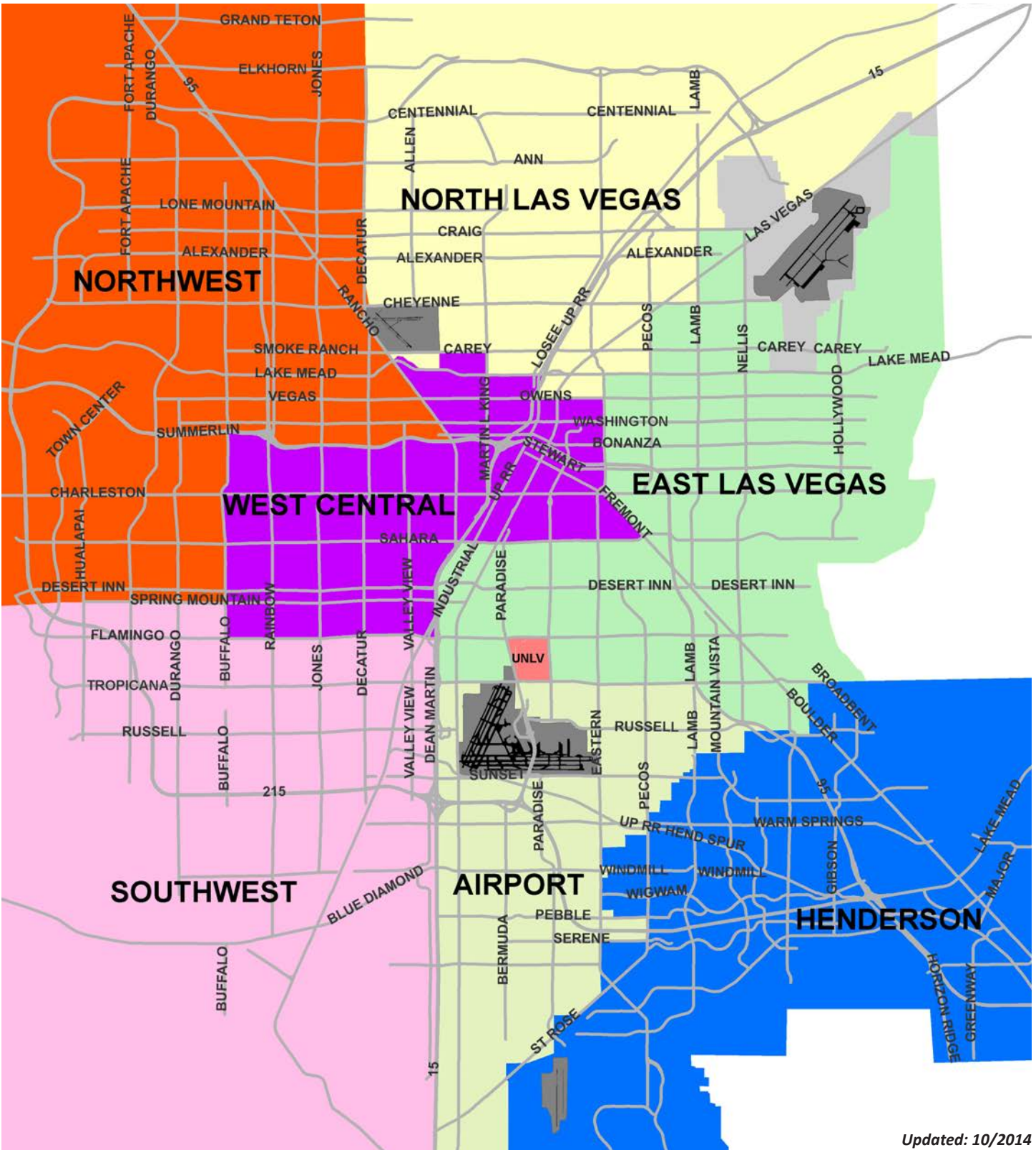
LIGHT INDUSTRIAL	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	199	91	313	594	16	742	482	2,437
Total Rentable SF	3,076,809	1,135,150	3,085,009	6,755,260	290,111	9,362,544	6,622,403	30,327,286
Total Vacant SF	183,056	83,150	100,584	110,214	0	247,241	182,886	907,131
Total Occupied SF	2,893,753	1,052,000	2,984,425	6,645,046	290,111	9,115,303	6,439,517	29,420,155
Total Vacant (%)	5.9%	7.3%	3.3%	1.6%	0.0%	2.6%	2.8%	3.0%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	20,782	-10,850	-31,227	67,501	0	59,297	40,425	145,928
Total Net Absorption YOY	44,553	-48,300	-12,476	185,704	18,570	174,197	21,296	383,544
Asking Rents (\$ PSF)	\$0.86	\$0.60	\$0.75	\$0.58	\$0.00	\$0.93	\$0.79	\$0.83
Under Constuction SF	54,000	0	0	0	0	0	0	54,000
Planned SF	31,000	0	0	0	0	29,000	0	60,000

INCUBATOR	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	89	13	29	31	4	120	62	348
Total Rentable SF	1,714,621	298,623	456,906	561,552	99,325	2,496,381	2,458,615	8,086,023
Total Vacant SF	136,378	39,690	37,924	83,823	28,298	170,501	145,090	641,704
Total Occupied SF	1,578,243	258,933	418,982	477,729	71,027	2,325,880	2,313,525	7,444,319
Total Vacant (%)	8.0%	13.3%	8.3%	14.9%	28.5%	6.8%	5.9%	7.9%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	33,747	1,843	-11,854	32,428	-10	19,813	-8,180	67,787
Total Net Absorption YOY	37,447	-4,178	-6,676	-12,979	-22,605	-20,454	105,450	76,005
Asking Rents (\$ PSF)	\$1.06	\$0.53	\$0.87	\$0.60	\$0.80	\$0.99	\$0.95	\$0.90
Under Constuction SF	0	0	0	0	0	0	0	0
Planned SF	0	0	0	88,000	0	0	0	88,000

R&D / FLEX	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	67	8	77	46	55	98	12	363
Total Rentable SF	1,322,672	142,294	1,226,279	779,824	672,202	1,522,662	219,832	5,885,765
Total Vacant SF	187,777	0	105,008	43,032	73,108	195,569	20,336	624,830
Total Occupied SF	1,134,895	142,294	1,121,271	736,792	599,094	1,327,093	199,496	5,260,935
Total Vacant (%)	14.2%	0.0%	8.6%	5.5%	10.9%	12.8%	9.3%	10.6%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	7,868	0	-20,370	20,578	38,424	-30,816	-4,825	10,859
Total Net Absorption YOY	15,437	15,414	62,683	47,998	10,070	-56,019	5,466	101,049
Asking Rents (\$ PSF)	\$1.03	\$0.00	\$1.14	\$0.82	\$0.91	\$0.97	\$0.81	\$0.99
Under Constuction SF	0	0	0	0	0	0	0	0
Planned SF	0	0	0	0	0	0	0	0

LAS VEGAS VALLEY

INDUSTRIAL SUBMARKET MAP



Updated: 10/2014