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Las Vegas Industrial Survey

4th Quarter 2016



WARM SPRINGS CROSSING



4505 South Maryland Parkway
BEH 530B
Las Vegas, Nevada 89154
www.liedinstitute.com



3900 Paradise Road, Suite 209
Las Vegas, Nevada 89169
www.rcg1.com

February 24, 2017

Re: *Industrial Real Estate Survey: 4th Quarter, 2016*

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

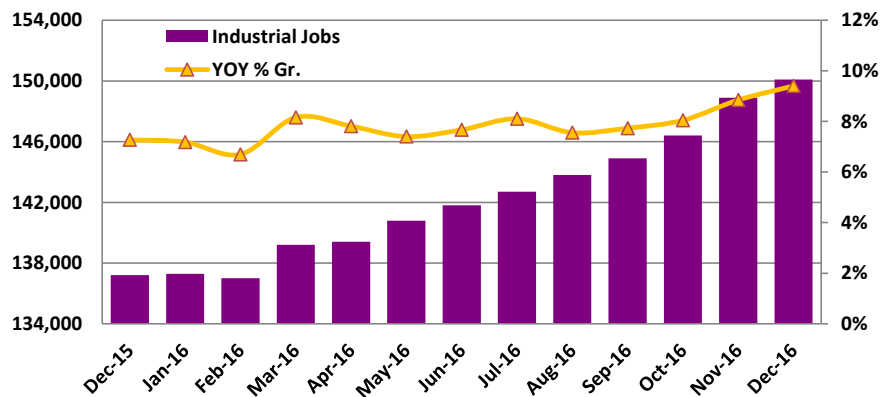
The Las Vegas Valley's ("the Valley") Industrial market¹ finished out 2016 with a total inventory of 114.3 million square feet ("sf") of rentable space, which includes a hefty 2.0 million sf of completions in the fourth quarter ("Q4"). There were 1.9 million sf of net absorption (net demand) in Q4, nearly doubling the total in Q3. The Valley's Industrial vacancy rate ticked up 0.1 points to 5.2% in Q4, 2016. When compared to Q4, 2015, the vacancy rate is up 0.5 points from 4.7%. At \$0.69 per square foot ("psf") NNN², the average monthly asking rent is up a penny from Q3 (\$0.68 psf), but is down a penny from Q4, 2015 (\$0.70 psf). The Industrial market's forward-supply³ is larger than anything seen since the boom years of 2006-2008 and includes 6.2 million sf under construction and another 7.6 million sf in the planning stages. Warehouse/Distribution makes up 99.1% of the space under construction, as is a large proportion of the planned space (96.5%). Despite the 0.1-point increase in vacancy, the Valley's Industrial market is recovered and stable.

INDUSTRIAL-RELATED JOBS

Total nonfarm employment in the Las Vegas MSA rose by 38,300 jobs from December 2015 through December 2016, a 3.0% increase. During that time the "headline" unemployment rate declined 1.2 points to 5.1%.

Jobs in Industrial space-using sectors represented 18% (150,100 jobs) of all private jobs in Clark County at the end of Q4, 2016, a healthy 9.4% increase in jobs over December 2015.⁴ Since September 2012, Industrial sector job growth has posted solid year-over-year (Y-O-Y) growth (>2%) every month, outpacing population growth and facilitating a reduction of the unemployment rate. Sectors showing the greatest gains since December 2015 were the Construction (+8,700 jobs) and Transportation & Warehousing (+3,100 jobs) sectors. Strong job growth in the industrial sector counterbalanced weak Y-O-Y job expansion in the Office and Retail sectors.

Clark County Total* Industrial Jobs and Annual Growth: Dec-15 to Dec-16



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

Industrial Employment

Industry Sector	Oct 2015			Nov 2015			Dec 2015		
	2016	2015	% Ch.	2016	2015	% Ch.	2016	2015	% Ch.
Nat. Resources	400	400	0.0%	400	400	0.0%	400	300	33.3%
Construction	61,300	52,800	16.1%	62,000	53,900	15.0%	62,100	53,400	16.3%
Manufacturing	21,900	21,700	0.9%	22,000	21,700	1.4%	22,300	21,800	2.3%
Wholesale Trade	22,000	21,700	1.4%	21,900	21,700	0.9%	22,100	21,600	2.3%
Transp. & Warehousing	40,800	38,900	4.9%	42,600	39,100	9.0%	43,200	40,100	7.7%
Total	146,400	135,500	8.0%	148,900	136,800	8.8%	150,100	137,200	9.4%

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

VACANCY & RENTS

The Valley's total Industrial vacancy rate (direct vacant space plus sublease vacant space) saw a slight uptick in Q4 to 5.2%. When compared to Q4, 2015, the vacancy rate is up 0.5 points from 4.7%. Despite the increase, the Industrial market remains well below the generally accepted 10% stabilized vacancy rate. With the rate at such a low level, and with over two million square feet of space hitting the market in Q4, this tiny uptick in vacancy should not be considered significant. Supply shortages continue in the Industrial Market for certain types of space, especially large warehousing units (75,000+ sf), but various big projects currently under construction and in the planning stages will help alleviate this need.

On a submarket basis, four out of seven of the Valley's Industrial submarkets were enjoying vacancy rates at, or below, 5% at the end of Q4, with all but one submarket under 10%. The Northwest continues to be the lone submarket struggling to come in under the 10% stabilized rate.

INDUSTRIAL MARKET

On a quarter-over-quarter basis, only two of the seven submarkets posted decreases in their vacancy rates. In Q4, 2016, the Southwest submarket saw vacancy decrease the most with a 0.7-point decline. The West Central submarket was right behind with a 0.4-point drop in vacancy. The East Las Vegas and Henderson submarkets each saw their vacancy increase by 1 point, from 3.6% to 4.6%, and from 5.3% to 6.3%, respectively. The Airport and North Las Vegas submarkets both saw a 0.4-point increase, from 7.4% to 7.8%, and from 3.8% to 4.2%, respectively. The Northwest saw vacancy grow by 0.6 points, from 10.7% to 11.3%.

On a Y-O-Y basis, three submarkets showed improvement. The East Las Vegas submarket vacancy rate was the most improved with a 2.5 percentage-point decline, followed by the West Central submarket with a 0.4 percentage-point drop and the Airport submarket with a 0.2-point drop. Four submarkets saw their Y-O-Y vacancy rate rise. The Northwest had a difficult year with its vacancy rate increasing by 6.8 percentage-points, from 4.5% to 11.3%. Henderson gained 1.2 percentage-points, from 5.1% to 6.3%, followed by North Las Vegas and the Southwest, which increased by 1.0 and 0.4 percentage-points, respectively, from 3.2% to 4.2% and from 4.6% to 5.0%.

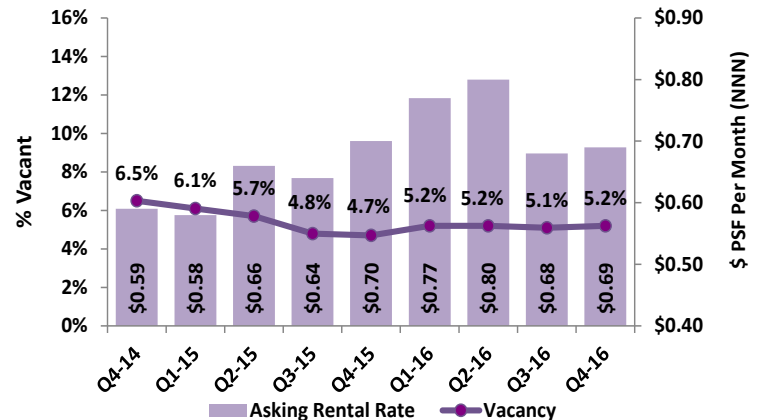
On a product basis, of the five product types, Warehouse/Distribution and Incubator experienced an increase in vacancy over the fourth quarter. Warehouse/Distribution's vacancy rose by 0.6 percentage-points, from 4.0% to 4.6%, and Incubator's vacancy rose by 0.4 percentage-points, from 8.4% to 8.8%. The remaining three products saw declines with vacancy for the Light Distribution product type decreasing the most from 7.6% to 6.5%. R&D/Flex saw vacancy decrease from 11.2% to 10.8% and Light Industrial was nearly unchanged, dropping 0.1 points from 3.6% to 3.5%.

On a Y-O-Y basis, vacancy was down in two product types. R&D/Flex decreased the most from the previous year with vacancy falling by 1.4 points from 12.2%. Light Industrial was down 0.4 points from 3.9% in Q4, 2015. The three product types to experience a rise in vacancy over the year were: Light Distribution with a 1.9-point increase from 4.6%, Warehouse/Distribution with a 0.9-point increase from 3.7% and Incubator with a 0.4% increase from 8.4%.

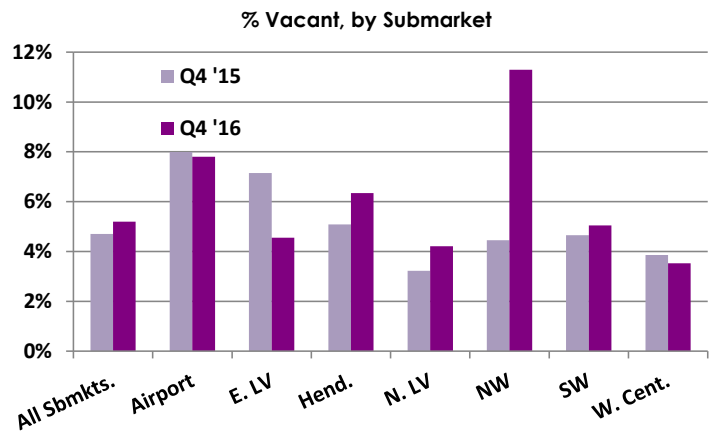
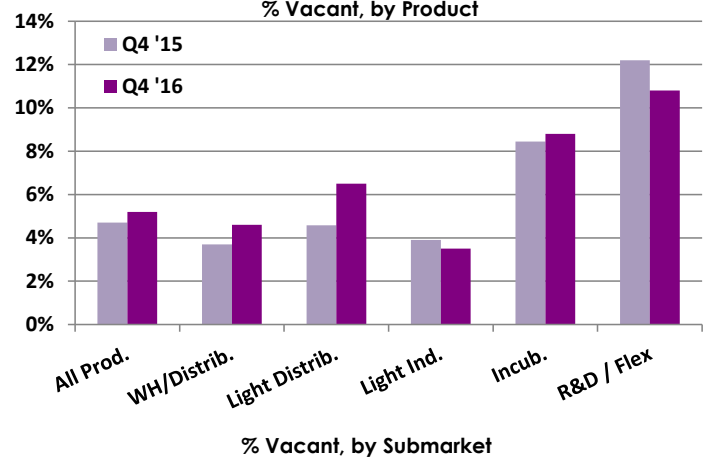
As stated above, the overall Industrial market has recovered from the Great Recession and minor increases in vacancy give no reason to believe that the Valley's economy is worsening. Some submarkets and subtypes continue to do better than others, such as Light Industrial and Warehouse/Distribution on the strong end and Incubator and R&D/Flex on the weaker end. Now the conversation has shifted away from which product types will recover faster to which ones are ready to expand and how the industry will deal with looming shortages.

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 in Q4 by just \$0.01 to \$0.69 psf. This is very close to asking rents in the fourth quarter of 2015 when they were at \$0.70 psf. Generally, the price for Industrial space is on the rise.

Las Vegas Valley Industrial Market
Historical Vacancy vs. Monthly Asking Rent:
Q4, 2014 - Q4, 2016



Las Vegas Valley Industrial Market
Vacancy Trends: Q4, 2015 v. Q4, 2016
% Vacant, by Product



INDUSTRIAL MARKET

DEMAND

The Valley's Industrial market saw a considerable increase in demand in Q4 with total net absorption of +1.9 million sf, a substantial increase in absorption from the previous quarter. Much of this absorption came from new projects that came to market in Q4. Demand in the Industrial market has been positive in 16 of the last 17 quarters.

On a Y-O-Y basis, Q4 saw demand drop by 2 million, from +4.8 million sf of absorption in Q4, 2015 to +2.8 million sf during the four quarters ending in Q4, 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 taking care of this potential problem.

Four of seven submarkets had positive absorption in Q4, 2016. What would have been remarkable demand in the Southwest submarket of +597,910 sf was overshadowed by prodigious absorption in the North Las Vegas submarket of +1,028,689 sf. Considering it has less than half the total rentable space of the two aforementioned submarkets, Henderson had its own strong showing of +283,609 sf of absorption. West Central was well behind with modest absorption of +49,646 sf. The Airport, East Las Vegas and Northwest submarkets had negative demand of -54,874 sf, -35,242 sf and -7,718 sf, respectively

On a Y-O-Y basis, this time neck and neck for top showing, the North Las Vegas submarket was again the leader with +992,854 sf of absorption, with the Southwest submarket coming in right behind at +957,931 sf. Henderson took the third spot again with +476,593 sf over the year, with East Las Vegas trailing it at +380,145 sf. West Central (+40,122 sf) and Airport (+27,001 sf) were the stragglers, but still managed to stay positive. The Northwest (-91,404 sf) was the only submarket to experience negative Y-O-Y absorption.

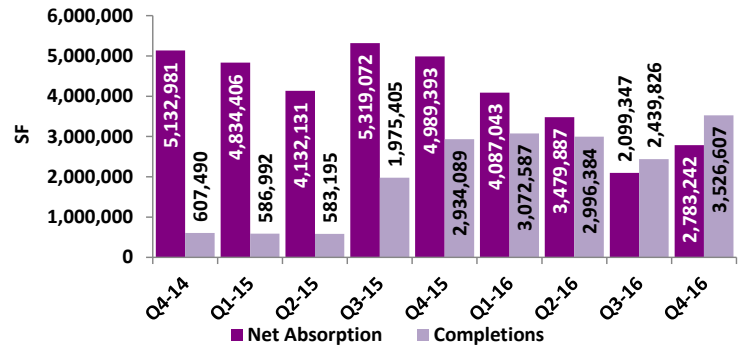
Demand in Q4 for the different product types was negative only in Incubator with -31,182 sf of absorption. Warehouse/Distribution carried the Industrial Market with +1,637,060 sf of absorption, followed by Light Distribution (+203,577 sf), Light Industrial (+28,044 sf) and R&D/Flex (+24,521 sf).

Over the past year, Warehouse/Distribution accounted for +2.75 million sf of absorption. Light Industrial added +308,772 sf of absorption Y-O-Y, while R&D/Flex added +82,978 sf. Light Distribution saw significant negative demand over the year with -332,643 sf. Incubator also saw negative demand with -26,481 sf of absorption since Q4, 2015.

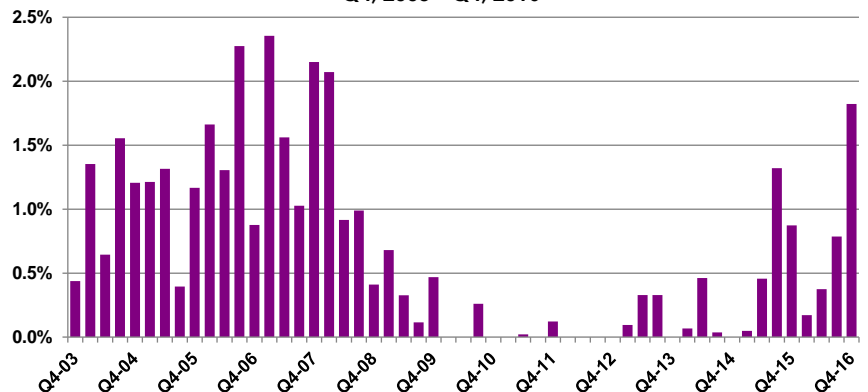
SUPPLY

Three of seven submarkets saw completions in Q4 totaling 2,045,465 sf of space, raising the Valley's Industrial inventory to 114.3 million sf. Q4 completions were: the Beltway Distribution Center and Parc Post in the Southwest, the North 15 Freeway Distribution Centers 1 & 2 and the Northgate Distribution Centers 1 & 2 in North Las Vegas, and lastly the Henderson Freeway Crossing. The Industrial market has had two consecutive boom years with 2015 delivering 2.9 million sf of Industrial space and 2016 surpassing that total with 3.5 million sf of completed space. The over 13 million sf of space in various stages of development will play a critical role in Southern Nevada's economic

Las Vegas Valley Industrial Market
Historical YOY Net Absorption vs. Completions:
Q4, 2014 - Q4, 2016



Las Vegas Valley Industrial Market
Completions as a % of Inventory:
Q4, 2003 - Q4, 2016



INDUSTRIAL MARKET

growth as a lack of large Industrial space is putting a constraint on businesses looking to expand.

There are currently 20 projects under construction comprising almost 6.2 million sf at the end of Q4, all but one of which are new Warehouse/Distribution spaces. Eighteen of these projects are large warehousing units of 75,000 sf and above:

Under Construction

Project	SF	Subtype	Submarket	Exp. Comp.
2730 N Lamb Blvd	80,000	Warehouse/Distribution	North Las Vegas	Q217
3730 Civic Center Dr	90,000	Warehouse/Distribution	North Las Vegas	Q217
Beltway Business Park #9	295,500	Warehouse/Distribution	Southwest	Q217
Blue Diamond Business Center #6	430,000	Warehouse/Distribution	Southwest	Q317
Eaker Street Wellness (renov/expansion)	58,000	Warehouse/Distribution	North Las Vegas	2017
Enclave (3G HQ)	75,000	Warehouse/Distribution	Airport	Q117
Henderson Commerce Center, Building P	240,000	Warehouse/Distribution	Henderson	Q117
I-15 Speedway Logistics 1	525,200	Warehouse/Distribution	North Las Vegas	Q217
Las Vegas Corporate Center 12-13	260,023	Warehouse/Distribution	North Las Vegas	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	479,440	Warehouse/Distribution	Henderson	Q117
South 15 Industrial Park	160,720	Warehouse/Distribution	Henderson	2017
Sunrise Distribution Center	458,000	Warehouse/Distribution	North Las Vegas	Q317
Sunrise Industrial Park #9-10	377,000	Warehouse/Distribution	East Las Vegas	Q217
Sunset 215 West	80,000	Warehouse/Distribution	Southwest	Q217
Sunset Landing	54,000	Light Industrial	Airport	Q217
Supernap 10 (SWITCH)	343,436	Warehouse/Distribution	Southwest	2017
Total	6,182,000			

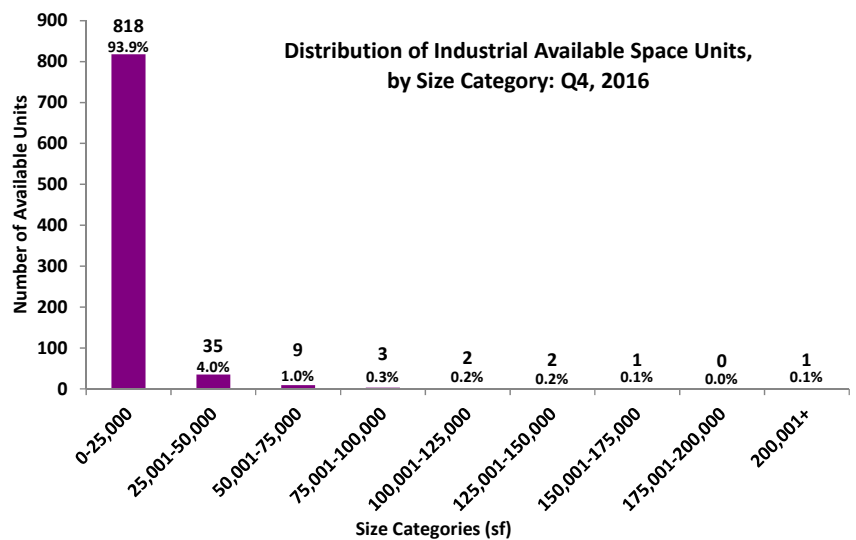
INDUSTRIAL MARKET

In addition to the ongoing construction, there are 26 more projects in the planning stages, representing over 7.6 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	Q217
Blue Diamond Business Center #10	495,000	Warehouse/Distribution	Southwest	2017
Clayton Park	88,000	Incubator	North Las Vegas	2017
Copper Sage Commerce Center	91,000	Warehouse/Distribution	North Las Vegas	2017
Desert Inn Distribution Center	153,320	Warehouse/Distribution	West Central	Q417
Escondido Airport Park	31,000	Light Industrial	Airport	Q317
Henderson Commerce Center Phase 2	185,000	Warehouse/Distribution	Henderson	Q417
Henderson Interchange Center	364,000	Warehouse/Distribution	Henderson	Q217
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 Phase 2	133,000	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	Q417
Northgate Distribution Center 9	700,000	Warehouse/Distribution	North Las Vegas	Q417
South Jones Industrial Park	29,000	Light Industrial	Southwest	2017
Speedway Commerce Center Phase 3	168,000	Warehouse/Distribution	North Las Vegas	Q417
Speedway Commerce Center West 1	390,000	Warehouse/Distribution	North Las Vegas	Q417
Speedway Commerce Center West 2	312,000	Warehouse/Distribution	North Las Vegas	2018
Sunpoint Crossing	760,000	Warehouse/Distribution	North Las Vegas	2017
Supernap 11 (SWITCH)	343,436	Warehouse/Distribution	Southwest	2018
Supernap 12 (SWITCH)	168,040	Warehouse/Distribution	Southwest	2018
Total	7,623,000			

These projects are playing an important role in 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 recovery and growth. However, relief has already begun to arrive. All five of the projects completed in Q4 were over 150,000 sf and three of them were over 400,000 sf. Completions in Q4 were more than the first three quarters of 2016 combined. Southern Nevada can expect to see significant additions in the Industrial market in 2017.



INDUSTRIAL MARKET

INVESTMENT SALES

Based on the number of investment sales for 2016 as reported by Colliers, Industrial investment sales for the year were much improved from Q3 when it appeared 2016 would fall short of 2015. There were 71 sales in 2016 for a total of 3.3 million sf sold. Sales volume in 2016 reached \$308.9 million, overtaking 2015's total of \$248.8 million. Average price psf, at \$93.35 in 2016, was also higher than 2015's \$90.20 psf. The average cap rate through Q4, 2016 was 7.2% compared to 7.1% in 2015. 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

	2015	2016
No. Sales	52	71
Square Feet Sold	2,759,000	3,309,000
Sales Volume (MM)	\$248.8	\$308.9
Average Price/SF	\$90.20	\$93.35
Average Cap Rate*	7.1%	7.2%
Average Sale Size (SF)	53,000	47,000

Source: Colliers Las Vegas.

*Cap rate on properties available for sale as investments.

FURTHER THOUGHTS & RECAP

After a rather slow start to 2016, Demand in the Industrial market was drastically improved by the end of the year. Over each consecutive quarter completions more than doubled, so while there were just shy of 200,000 sf completed in Q1, in Q4 the market produced over 2 million sf. Demand in the market followed a similar trajectory, owing to the fact that the market was experiencing a severe shortage of large warehousing space. As more and more space was completed, companies eagerly filled what was brought to market. Through the first three months of 2016, there were -363,949 sf of absorption. By Q4 absorption was 1.9 million, just shy of the 2 million sf that were completed in that same quarter. It appears that the chief limit to the energetic growth of the Industrial market is the availability of large space. The need for it is there. If sufficient new space does not come to market in a timely manner, the Industrial Market will continue to see lackluster improvement. However, we expect this will not be a significant problem as there are currently 6.2 million sf of Industrial space under construction and another 7.6 million being planned.

Jobs in Industrial space-using sectors now represent 18% (150,100 jobs) of all private jobs in Clark County at the end of Q4, 2016, up 1% from Q3. This was 12,900 more (+9.4%) jobs than existed in December 2015. Since September 2012, Industrial sector job growth has posted solid Y-O-Y growth (>2%) every month, outpacing population growth and helping lower the unemployment rate to 5.1% at the end of Q4.

Once again, in Q4, the Construction sector (+8,700 jobs, +16.3%) and the Transportation & Warehousing sector (+3,100 jobs, +7.7%) have shown the greatest job gains since December 2015, the same two sectors that led in growth in Q2 and Q3.

As mentioned above, the Valley's total Industrial vacancy rate (direct vacant space plus sublease vacant space) rose by 0.1 points to 5.2% in Q4 and was up by 0.5 points over Q4, 2015's vacancy rate of 4.7%. Vacancy dropped in only two of seven submarkets: the Southwest and West Central. This 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, West Central (3.5%) was able to claim the lowest vacancy rate in Q4, moving ahead of East Las Vegas (4.6%) and North Las Vegas (4.2%). The Southwest (5.0%) has overtaken Henderson (6.3%), which remains comfortably ahead of Airport (7.8%). The Northwest (11.3%) still has the highest vacancy 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
Fourth Quarter, 2016

SUBMARKETS

TOTAL INDUSTRIAL MARKET	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	501	150	535	1,021	81	1,287	648	4,223
Total Rentable SF	14,320,625	3,516,867	13,781,912	34,667,134	1,336,299	34,682,402	12,016,433	114,321,672
Total Vacant SF	1,117,461	160,229	874,682	1,460,624	150,917	1,750,333	423,926	5,938,172
Total Occupied SF	13,203,164	3,356,638	12,907,230	33,206,510	1,185,382	32,932,069	11,592,507	108,383,500
Total Vacant (%)	7.8%	4.6%	6.3%	4.2%	11.3%	5.0%	3.5%	5.2%
Completions QTD	0	0	452,170	1,217,042	0	376,253	0	2,045,465
Completions YOY	0	311,246	684,996	1,380,832	0	1,149,533	0	3,526,607
Total Net Absorption QTD	-54,874	-35,242	283,609	1,028,689	-7,718	597,910	49,646	1,862,020
Total Net Absorption YOY	27,001	380,145	476,593	992,854	-91,404	957,931	40,122	2,783,242
Asking Rents (\$ PSF)	\$0.80	\$0.54	\$0.67	\$0.47	\$0.85	\$0.80	\$0.83	\$0.69
Under Constuction SF	129,000	377,000	880,160	3,647,023	0	1,148,936	0	6,182,119
Planned SF	164,000	0	549,000	5,721,155	0	1,035,476	153,320	7,622,951

WAREHOUSE/DISTRIBUTION	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	78	19	79	183	5	146	52	562
Total Rentable SF	5,037,394	1,600,125	7,442,015	21,721,564	223,661	14,370,179	1,939,836	52,334,774
Total Vacant SF	181,344	46,396	512,496	926,269	0	690,276	40,424	2,397,205
Total Occupied SF	4,856,050	1,553,729	6,929,519	20,795,295	223,661	13,679,903	1,899,412	49,937,569
Total Vacant (%)	3.6%	2.9%	6.9%	4.3%	0.0%	4.8%	2.1%	4.6%
Completions QTD	0	0	452,170	1,217,042	0	376,253	0	2,045,465
Completions YOY	0	311,246	684,996	1,380,832	0	959,533	0	3,336,607
Total Net Absorption QTD	5,706	-5,500	197,743	831,767	0	607,344	0	1,637,060
Total Net Absorption YOY	102,533	380,124	332,970	1,105,023	0	870,390	-40,424	2,750,616
Asking Rents (\$ PSF)	\$0.52	\$0.41	\$0.58	\$0.40	\$0.00	\$0.69	\$0.85	\$0.56
Under Constuction SF	75,000	377,000	880,160	3,647,023	0	1,148,936	0	6,128,119
Planned SF	133,000	0	549,000	5,511,155	0	1,006,476	153,320	7,352,951

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	366,509	0	182,121	176,779	11,097	398,452	7,770	1,142,728
Total Occupied SF	2,802,620	340,675	1,389,582	4,672,155	39,903	6,532,184	767,977	16,545,096
Total Vacant (%)	11.6%	0.0%	11.6%	3.6%	21.8%	5.7%	1.0%	6.5%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	-92,331	0	44,744	183,785	1,062	74,087	-7,770	203,577
Total Net Absorption YOY	-162,966	0	-32,629	-73,383	-7,297	-71,618	15,250	-332,643
Asking Rents (\$ PSF)	\$0.76	\$0.00	\$0.60	\$0.56	\$0.80	\$0.73	\$0.92	\$0.70
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 Fourth Quarter, 2016

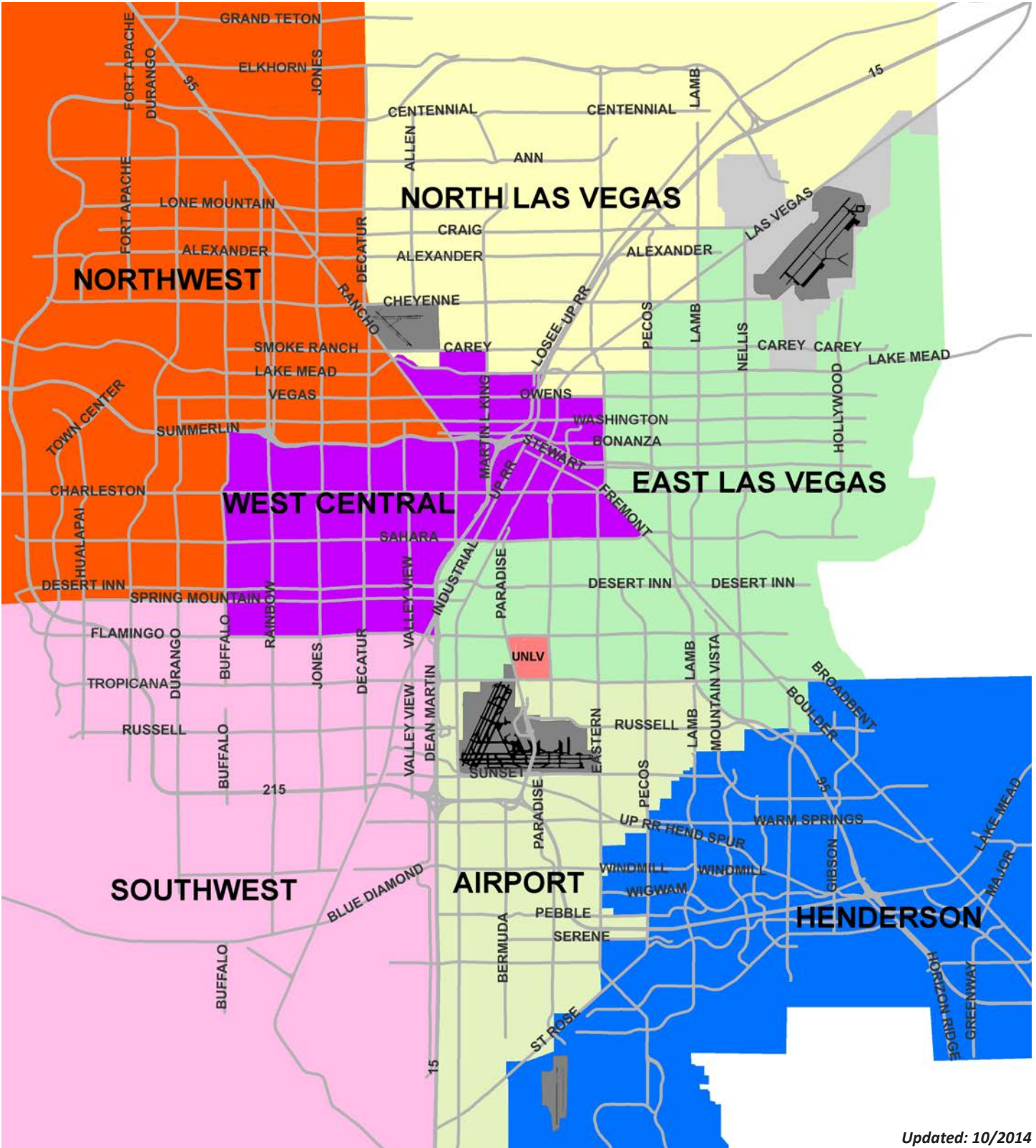
SUBMARKETS								
LIGHT INDUSTRIAL	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	199	91	313	594	16	742	482	2,437
Total Rentable SF	3,076,809	1,135,150	3,085,009	6,755,260	290,111	9,362,544	6,622,403	30,327,286
Total Vacant SF	203,838	72,300	69,357	177,715	0	306,538	223,311	1,053,059
Total Occupied SF	2,872,971	1,062,850	3,015,652	6,577,545	290,111	9,056,006	6,399,092	29,274,227
Total Vacant (%)	6.6%	6.4%	2.2%	2.6%	0.0%	3.3%	3.4%	3.5%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	190,000	0	190,000
Total Net Absorption QTD	30,029	-44,100	33,719	16,409	16,170	-64,869	40,686	28,044
Total Net Absorption YOY	52,358	-27,700	76,750	-13,737	0	224,007	-2,906	308,772
Asking Rents (\$ PSF)	\$0.82	\$0.72	\$0.82	\$0.62	\$0.00	\$0.81	\$0.71	\$0.76
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	170,125	41,533	26,070	116,251	28,288	190,314	136,910	709,491
Total Occupied SF	1,544,496	257,090	430,836	445,301	71,037	2,306,067	2,321,705	7,376,532
Total Vacant (%)	9.9%	13.9%	5.7%	20.7%	28.5%	7.6%	5.6%	8.8%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	-6,828	-1,056	12,124	-30,248	1,920	-22,533	15,439	-31,182
Total Net Absorption YOY	875	13,181	10,223	-63,781	-24,824	-33,458	71,303	-26,481
Asking Rents (\$ PSF)	\$0.96	\$0.51	\$0.83	\$0.52	\$0.78	\$0.89	\$0.95	\$0.85
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	195,645	0	84,638	63,610	111,532	164,753	15,511	635,689
Total Occupied SF	1,127,027	142,294	1,141,641	716,214	560,670	1,357,909	204,321	5,250,076
Total Vacant (%)	14.8%	0.0%	6.9%	8.2%	16.6%	10.8%	7.1%	10.8%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	8,550	15,414	-4,721	26,976	-26,870	3,881	1,291	24,521
Total Net Absorption YOY	34,201	14,540	89,279	38,732	-59,283	-31,390	-3,101	82,978
Asking Rents (\$ PSF)	\$0.97	\$0.00	\$1.10	\$0.73	\$0.82	\$0.89	\$0.85	\$0.89
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