



MEDCO HEALTH BUILDING



Las Vegas Industrial Survey

3rd Quarter 2017



WARM SPRINGS CROSSING



(702) 967 - 3188 | (702) 967 - 3196 | www.rcg1.com
3900 Paradise Road, Suite 209, Las Vegas, NV 89169

November 27, 2017

Re: *Industrial Real Estate Survey: 3rd Quarter, 2017*

Dear Reader,

RCG Economics ("RCG") is proud to bring you the RCG Quarterly Commercial Real Estate Surveys ("the Surveys") containing the most comprehensive, objective and accurate data and analysis on the Las Vegas Valley's ("the Valley") industrial, speculative office and anchored retail markets.

RCG is Nevada's leader in independent real estate market research and analysis, and regional economics, including commercial real estate, economic and demographic forecasting.

The Surveys are born of our commitment to excellence in serving those organizations requiring superior up-to-date market analysis and data to make key decisions. RCG strives to produce the Surveys as unbiased barometers on the health and state of the Valley's commercial real estate markets. The collection, analysis and distribution of market facts is further proof of RCG's commitment.

The Surveys document historical and current market metrics at the Valley and submarket levels. The data contained in the Surveys are tracked and organized by our in-house research analysts and economists to provide the best breakdown of the Las Vegas commercial real estate markets. The Surveys contain 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

Finally, RCG owns the three most comprehensive, well-established commercial (industrial, office and retail) databases in Nevada. These databases include detailed benchmark building metrics and data, by submarket, dating back to 1996. This, in turn, allows RCG to develop the most detailed and independent "custom" studies in the market. It is through the Surveys and our other services and products that we remain the "*Source for Decision Makers.*"

Regards,

A handwritten signature in blue ink that reads "John Restrepo".

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

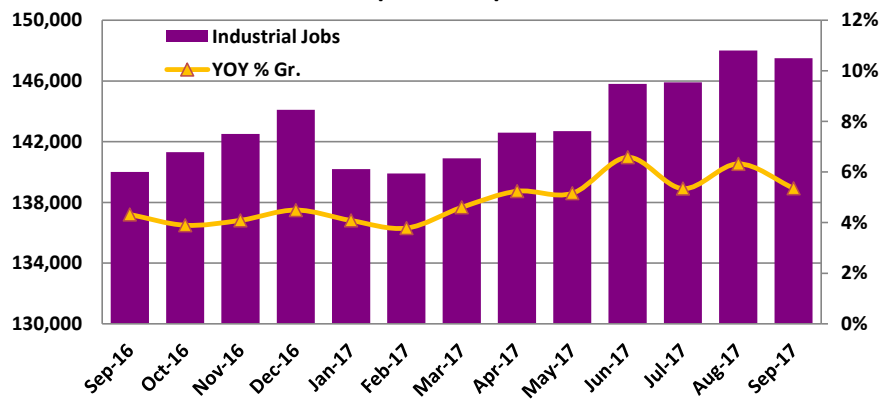
The Las Vegas Valley's ("the Valley") Industrial market¹ turned in a strong performance in third quarter ("Q3") of 2017. Total inventory is nearing 120 million square feet ("sf") of rentable space (119.8 million) with another quarter of over 2 million sf worth of completions (2.4 million). Net absorption (net demand) added a million to the previous quarter's total with 3 million sf absorbed in Q3. Robust demand helped drop the vacancy rate by 0.7 points, from 6% to 5.3%; however, vacancy is still slightly higher than it was at this point in 2016. At \$0.70 per square-foot ("psf") NNN², the average monthly asking rent is up a penny from Q2 (\$0.69 psf), and is up \$0.02 from Q3, 2016 (\$0.68 psf). Despite this quarter's considerable amount of space completed, a still large forward-supply³ looms on the horizon with 4 million sf under construction and another 5.6 million sf in the planning stages. The focus remains on building more Warehouse/Distribution space as 96.2% of the projects currently under construction are of this variety, while 95.1% of the planned space is as well. The Industrial market is healthy and growing.

INDUSTRIAL-RELATED JOBS

Total nonfarm employment in the Las Vegas MSA rose by 23,400 jobs from September 2016 through September 2017, a 2.4% increase. During that time the "headline" unemployment rate declined 0.4 points to 5.2%.

Jobs in Industrial space-using sectors represented 17% (147,500 jobs) of all private jobs in Clark County at the end of September 2017, with Industrial jobs growing by 5.4% 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 gains in Industrial jobs were fueled primarily by the Construction sector which added 10,100 jobs over the year, with Manufacturing adding 600 jobs and Natural Resources adding another 100. Wholesale Trade and Transportation & Warehousing both saw a drop in jobs over the year, losing -600 and -2,700, respectively.

Clark County Total* Industrial Jobs and Annual Growth: Sep-16 to Sep-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	Jul			Aug			Sep		
	2017	2016	% Ch.	2017	2016	% Ch.	2017	2016	% Ch.
Nat. Resources	400	300	33.3%	400	300	33.3%	400	300	33.3%
Construction	64,700	55,200	17.2%	66,400	55,800	19.0%	66,300	56,200	18.0%
Manufacturing	22,500	22,200	1.4%	22,900	22,200	3.2%	22,900	22,300	2.7%
Wholesale Trade	21,700	21,700	0.0%	21,100	21,700	-2.8%	21,200	21,800	-2.8%
Transp. & Warehousing	36,600	39,100	-6.4%	37,200	39,200	-5.1%	36,700	39,400	-6.9%
Total	145,900	138,500	5.3%	148,000	139,200	6.3%	147,500	140,000	5.4%

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

VACANCY & RENTS

The Valley saw a drop in Industrial vacancy (direct vacant space plus sublease vacant space) in Q3, 2017 after three straight quarters in which the vacancy rate went up. At the end of the second quarter, Industrial market vacancy stood at an even 6%, but by the end of the third quarter, this number had fallen by 0.7 points to 5.3%. The vacancy rate remains slightly higher than the 5.1% seen in Q3, 2016. Importantly, all Industrial submarkets remain comfortably below the generally accepted 10% stabilized vacancy rate. Only two submarkets saw their vacancy rates increase in Q3. East Las Vegas, which had the lowest Industrial vacancy rate, saw the biggest increase, from 1.7% to 2.6%—a 0.9-point jump. The Northwest was right behind with a 0.8-point rise in vacancy, from 6.3% to 7.1%, and finished the quarter with the highest vacancy rate of all submarkets. Henderson was the most improved with a 1.3-point drop in vacancy, from 6.7% to 5.4%, followed by West Central with a 1-point decline, from 4% to 3%. Vacancy in the Airport submarket fell by 0.8 points, from 6.5% to 5.7%. Next was the Southwest with a 0.7-point drop,

INDUSTRIAL MARKET

from 6.1% to 5.4%, with North Las Vegas rounding out the group with a 0.4-point decrease, from 6.5% to 6.1%.

There were also only two submarkets of seven that saw vacancy increase on a Y-O-Y basis. These were North Las Vegas, gaining 2.3 points in vacancy since Q3, 2016, and Henderson, which added a mere 0.1 points to its vacancy rate over the year. Posting the biggest improvement from a year ago was the Northwest with a 3.6-point drop in vacancy, trailed by Airport with a 1.7-point decrease. Next was the East Las Vegas submarket with a decrease of one point, followed closely by West Central with a 0.9 point decrease. The Southwest saw the smallest improvement over the year with a 0.3-point decline in vacancy.

On a product basis, four out of five product types saw an improvement in their vacancy rate from last quarter, while Light Industrial was unchanged at 3.3% vacancy. The Light Distribution product type was most improved with a 1.4-point drop in vacancy from Q2, 2017, resulting in a 5.7% vacancy rate in Q3. Incubator, with 6.6% vacancy in Q3, was one point better than Q2. Warehouse/Distribution (5.6%) and R&D/Flex (10.2%) both saw a 0.7-point improvement in their vacancy rate since Q2.

On a Y-O-Y basis, four out of the five product types were down in vacancy, while Warehouse/Distribution saw a 1.6-point increase from 4.0% in Q3, 2016. The most improved product type was Light Distribution, which fell 1.9 points from 7.6%. Close on its heels was Incubator which fell 1.8 points from 8.4% vacancy in Q3, 2016. R&D/Flex fell one point from 11.2% vacancy, while Light Industrial posted a 0.3-point drop from 3.6%.

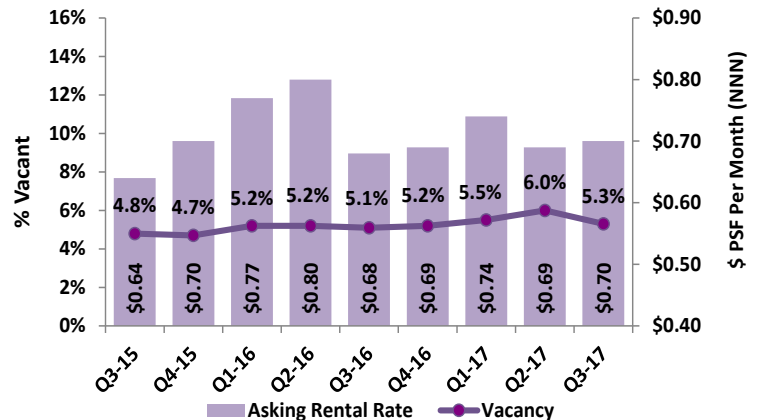
Average monthly Industrial asking rents for all product types (calculated on a NNN basis, not accounting for any operating expenses and based on quoted asking rents, not negotiated rents between owners and tenants) increased in Q3 by \$0.01 to \$0.70 psf. This is \$0.02 psf higher than asking rents were in the third quarter of 2016.

DEMAND

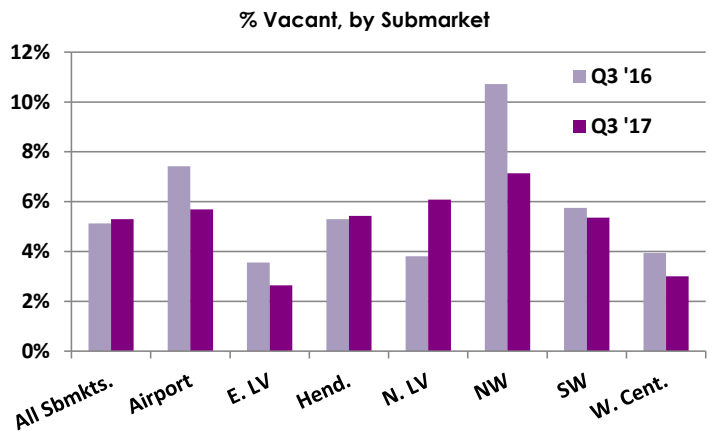
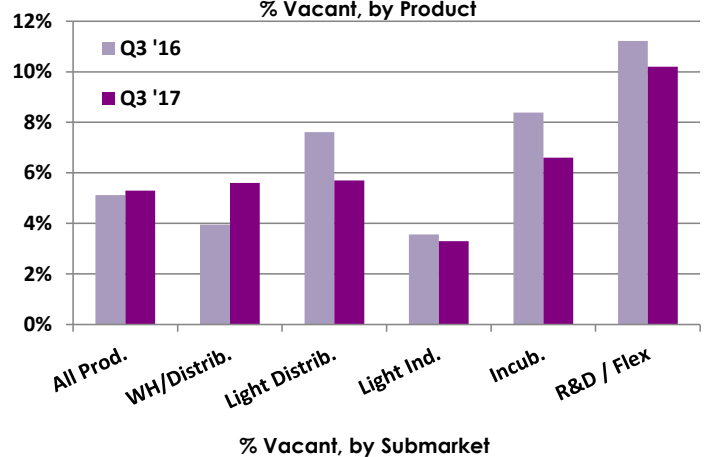
Demand in Q3, 2017 was higher than anything seen since the Great Recession hit, and higher than anything in the several years leading up to it. There were 3.0 million sf absorbed, which is 1 million sf more than in Q2. The closest quarter post-recession was Q3, 2015, when 2.3 million sf were absorbed. The exceptionally high demand was enough to cover the 2.4 million sf of new space, meaning a considerable amount of already existing space was absorbed.

Demand over the four quarters ending in Q3, 2017 totaled a massive +6.9 million sf. This was the largest YOY absorption total since the year period ending in Q1, 2006, prior to the Great Recession. Large amounts of new Industrial space continue to hit the market with demand for Warehouse/Distribution space fueling development. With so little unoccupied space remaining and high demand, we will likely continue to see shortages in various segments of the market. The shortage of space is likely blunting greater economic growth, though with 9.6 million sf of space in various stages of development, the market hopes to remedy this issue.

Las Vegas Valley Industrial Market
Historical Vacancy vs. Monthly Asking Rent:
Q3, 2015 - Q3, 2017



Las Vegas Valley Industrial Market
Vacancy Trends: Q3, 2016 v. Q3, 2017
% Vacant, by Product



INDUSTRIAL MARKET

Five out of seven submarkets had positive absorption in Q3, 2017. The North Las Vegas submarket was way out ahead of the rest with nearly +2.3 million sf absorbed. In a distant second place was the Airport submarket with +236,231 sf absorbed, followed closely by the Southwest with +255,629 sf, then Henderson with +191,955 sf and finally West Central with 118,884 sf. East Las Vegas (-35,252 sf) and the Northwest (-11,267 sf) both saw negative demand in Q3.

On a Y-O-Y basis all submarkets experienced positive absorption with three submarkets absorbing over one million sf for the year. North Las Vegas claimed the top spot with +3.5 million sf of absorption, followed by the Southwest with +1.3 million sf and Henderson with +1.1 million sf. Airport, with +444,430 sf absorbed, did well, as did East Las Vegas with +365,216 sf absorbed for the year ending in Q3, 2017. The +113,283 sf of demand in the West Central submarket was small for the year by comparison, while the Northwest, at +47,876 sf was relatively small.

Looking at quarterly absorption from a product standpoint, we have the Warehouse/Distribution product type well out in front of the rest, and essentially carrying the Industrial market with +2.7 million sf of demand in the third quarter of 2017. Light Distribution (+249,916 sf), though small by comparison, still had a good quarter. The Incubator product type absorbed +81,037 sf in Q3. R&D/Flex experienced +37,604 sf worth of demand, while Light Industrial had a measly +231 sf of absorption in Q3.

Over the past year, the Warehouse/Distribution product type accounted for nearly all of the Industrial market's positive demand with +6,243,795 sf, though all other product types had something to contribute to the Industrial market's Y-O-Y total. Light Distribution added the second most with +334,208 sf, followed by Incubator with +145,457 sf, then Light Industrial with +82,957 sf and finally R&D/Flex with +37,604 sf.

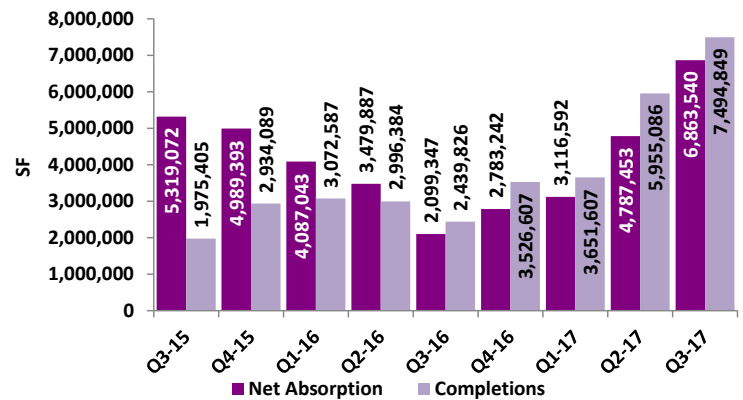
SUPPLY

Just the North Las Vegas and Airport submarkets had combined completions of 2.4 million sf in Q3. This has raised the Valley's Industrial inventory to 119.8 million sf. North Las Vegas Q3 completions were: CJ Pony Parts (89,765 sf), Las Vegas Corporate Center #12 (159,390 sf), Las Vegas Corporate Center #13 (100,633 sf), LogistiCenter at LVB (548,880 sf), Northgate Distribution Center 3 (813,160 sf) and Northgate Distribution Center 8 (570,000 sf). Airport Q3 completions were: Marnell Airport Center 2 (58,195 sf) and 3 (74,882 sf).

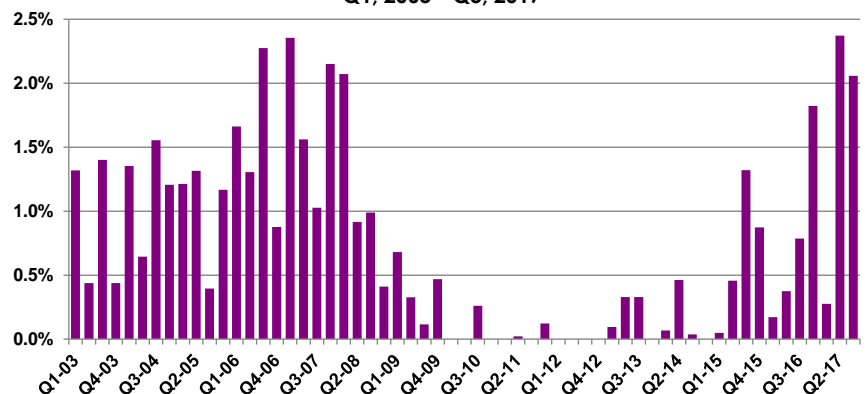
The two previous years were booming for the region's Industrial market with 2015 delivering 2.9 million sf of space and 2016 surpassing that total with 3.5 million sf of completed space. Total completions after three quarters in 2017 are already more than in each of the previous two years with 5.4 million sf completed. Though 2017 is already a banner year for the Industrial market, with 9.5 million sf in the forward supply, we may see 2017 beat both 2016 and 2015, combined. This looks very possible considering there are 11 projects expected to be completed in Q4, totaling 1.8 million sf. The Industrial market will continue playing a critical role in Southern Nevada's economic growth as space currently in development and under construction will alleviate the need of businesses looking to expand.

There currently are 21 projects under construction comprising just over 4 million sf at the end of Q3. In part, to meet the needs of increasingly successful online retailers, the Industrial market is still short large

Las Vegas Valley Industrial Market
Historical YOY Net Absorption vs. Completions:
Q3, 2015 - Q3, 2017



Las Vegas Valley Industrial Market
Completions as a % of Inventory:
Q1, 2003 - Q3, 2017



INDUSTRIAL MARKET

warehouses for distribution. This explains why all but three of the projects currently under construction are Warehouse/Distribution spaces, and why, of those 18 Warehouse/Distribution projects, 13 are over 100,000 sf:

Under Construction

Project	SF	Subtype	Submarket	Exp. Comp.
401 Eastgate	156,694	Warehouse/Distribution	Henderson	2018
Craig & Walnut	121,450	Warehouse/Distribution	North Las Vegas	Q218
Henderson Commerce Center - Commercial Way Bldg. U	50,400	Warehouse/Distribution	Henderson	Q417
Henderson Commerce Center - Commercial Way Bldg. V	54,000	Warehouse/Distribution	Henderson	Q417
Henderson Commerce Center - Commercial Way Bldg. W	81,600	Warehouse/Distribution	Henderson	Q417
Henderson Interchange Center #1	130,990	Warehouse/Distribution	Henderson	Q417
Henderson Interchange Center #2	197,120	Warehouse/Distribution	Henderson	Q417
I-15 Speedway Logistics 2	601,610	Warehouse/Distribution	North Las Vegas	Q417
Lamb Industrial Center	122,291	Warehouse/Distribution	North Las Vegas	Q118
Las Vegas Corporate Center #14	131,750	Warehouse/Distribution	North Las Vegas	Q118
Las Vegas Corporate Center #9	130,515	Warehouse/Distribution	North Las Vegas	Q118
Lincoln Business Center	338,520	Warehouse/Distribution	North Las Vegas	Q417
Losee Business Center #3	80,000	Warehouse/Distribution	North Las Vegas	Q118
Northgate Distribution Center 5	190,890	Warehouse/Distribution	North Las Vegas	Q417
Northgate Distribution Center 9	700,000	Warehouse/Distribution	North Las Vegas	Q118
Roberts Communication Complex	50,000	Warehouse/Distribution	Henderson	Q118
South Jones Industrial Park	29,411	Light Industrial	Southwest	Q417
Speedway Commerce Center III (Phase 1)	390,000	Warehouse/Distribution	North Las Vegas	Q218
Sunset Business Center	70,000	Flex/R&D	Southwest	Q417
Sunset Landing	54,000	Light Industrial	Airport	Q417
Supernap 11 (SWITCH)	343,436	Warehouse/Distribution	Southwest	2018
Total	4,025,000			

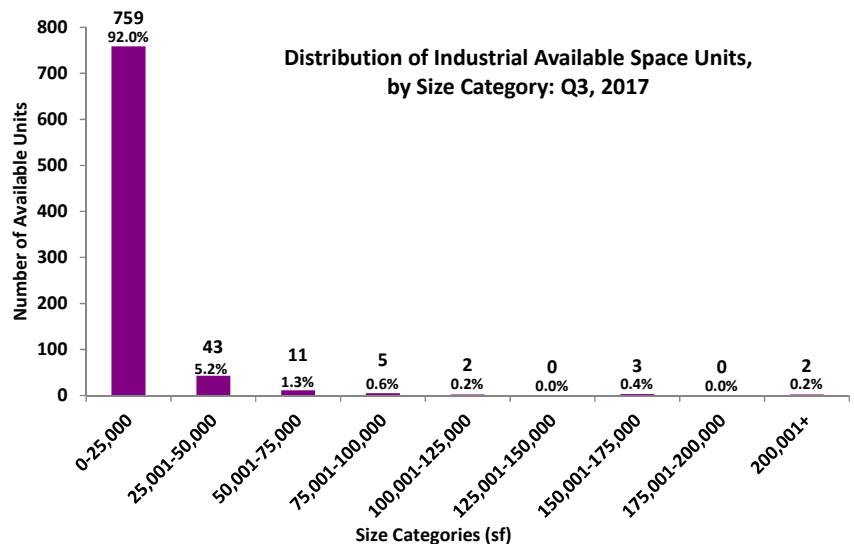
INDUSTRIAL MARKET

In addition to the ongoing construction, there are 27 more projects in the planning stages, representing approximately 5.6 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	2018
Airpark South 1	181,430	Warehouse/Distribution	Henderson	Q318
Airpark South 2	30,600	Light Distribution	Henderson	Q318
Blue Diamond Business Center #10	495,000	Warehouse/Distribution	Southwest	2018
Blue Diamond Business Center #6	430,000	Warehouse/Distribution	Southwest	Q218
Centra Craig Corporate Park	155,790	Warehouse/Distribution	North Las Vegas	2018
Cheyenne Commerce Center Phase 3	270,000	Warehouse/Distribution	North Las Vegas	Q219
Clayton Park	88,000	Incubator	North Las Vegas	2018
Desert Inn Distribution Center	153,320	Warehouse/Distribution	West Central	2019
Escondido Airport Park	30,897	Light Industrial	Airport	2018
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
Northgate Distribution Center 4	220,000	Warehouse/Distribution	North Las Vegas	Q318
South 15 Airport Center C	191,000	Warehouse/Distribution	Henderson	2018
South 15 Airport Center D	91,000	Warehouse/Distribution	Henderson	2018
South 15 Airport Center E	350,000	Warehouse/Distribution	Henderson	2019
South 15 Airport Center F	100,800	Warehouse/Distribution	Henderson	2019
South 15 Industrial Park #1	86,880	Warehouse/Distribution	Henderson	2018
South 15 Industrial Park #2	73,840	Warehouse/Distribution	Henderson	2018
Speedway Commerce Center III (Phase 2)	330,000	Warehouse/Distribution	North Las Vegas	Q219
Speedway Commerce Center IV	168,000	Warehouse/Distribution	North Las Vegas	Q419
Sunpoint Crossing	760,481	Warehouse/Distribution	North Las Vegas	Q417
Warm Springs Business Center #10	37,896	Warehouse/Distribution	Airport	Q218
Warm Springs Business Center #7	79,834	Warehouse/Distribution	Airport	Q218
Warm Springs Business Center #8	83,380	Warehouse/Distribution	Airport	Q218
Warm Springs Business Center #9	21,903	Warehouse/Distribution	Airport	Q218
Total	5,588,000			

Southern Nevada's economic recovery and expansion will continue to be led by the Industrial market and the projects above that are currently in development. 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. Q2 provided relief in the way of very large Warehouse/Distribution space with five of the projects completed each well over 200,000 sf, as did Q3 with three Warehouse/Distribution projects completed over 500,000 sf. Despite the completion of these large projects, there remain only two buildings over 200,000 sf unoccupied, which corroborates the above claim that there is very high demand for these large distribution centers.



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 third quarter, 2017 has kept pace with sales over the previous two years. Unlike Office and Retail sales though, Industrial sales through three quarters in 2017 have not yet surpassed the previous year's total. Sales volume has reached \$239.0 million in 47 sales. Total square feet sold were 2.5 million. The average price per square foot was \$95.86, up slightly from 2016's average of \$93.35. The average cap rate is up 0.1 point

INDUSTRIAL MARKET

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.

FURTHER THOUGHTS & RECAP

After a strong finish to 2016, demand in the Industrial market fell drastically in the first quarter of 2017 due to supply constraints.

Q2 delivered significant completions and with them a turnaround in demand with +2.0 million sf absorbed. Q3 was even better with 2.4 million sf of completions and another +3.0 million sf absorbed.

Warehouse/Distribution continues to carry the Industrial market with absorption of +2.7 million sf in Q3, while Light Distribution (+249,916 sf), Incubator (+81,037 sf), R&D/Flex (+37,604 sf) and Light Industrial (+291 sf) all added to the absorption total for the quarter.

The data suggest that large Warehouse/Distribution spaces are being scooped up quickly and this is fueling impressive growth in the Valley. Though demand has been very high over the last two quarters, we suspect there is still considerable growth potential as that robust demand has resulted in shortages and stymied further expansions. There remains a very small amount of large Warehouse/Distribution available, exceeded by a larger amount of Warehouse/Distribution space in the forward supply. It is likely the pattern established over these last two quarters will continue in the fourth: as more large space comes to market it will be quickly absorbed by businesses trying to expand.

Jobs in Industrial space-using sectors represent 17% (147,500 jobs) of all private jobs in Clark County at the end of Q3, 2017. This was +7,500 (+5.4%) more jobs than existed in September 2016. Since September 2012, Industrial sector job growth has posted solid Y-O-Y growth (>2%) every month, outpacing population growth and helping keep Las Vegas' headline unemployment rate low at 5.2% at the end of Q3. The Construction sector (+10,100 jobs, +18.0%) was again the leader in job growth with Manufacturing (+600, +2.7%) and Natural Resources (+100, +33.3%) each making a positive contribution. Wholesale Trade (-600, -2.8%) struggled in quarter three while the Transportation & Warehousing sector (-6.9%, -2,700) has had a tough 2017.

As mentioned above, the Valley's total Industrial vacancy rate (direct vacant space plus sublease vacant space) fell by 0.7 points to 5.3% in Q3, though it is still up when compared to Q3, 2016 by 0.2 points. This quarter's drop in vacancy nearly covered the 0.8-point increase over the first two quarters of 2017. Vacancy dropped in five of the seven submarkets: Airport, Henderson, North Las Vegas, the Southwest and West Central. East Las Vegas and the Northwest each saw their vacancy rise. So long as it can continue to fill the large quantity of space it completes, the Industrial market will remain an important engine of the Valley's economic recovery.

On a submarket basis, East Las Vegas (2.6%) claimed the lowest vacancy rate with West Central (3%) pulling closer. Three other submarkets fell under 6%: Airport (5.7%), Henderson (5.4%) and the Southwest (5.4%). North Las Vegas (6.1%) and the Northwest (7.1%) had the highest vacancy rates 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 Investment Sales

	2016	YTD 2017
No. Sales	71	47
Square Feet Sold	3,309,000	2,493,000
Sales Volume (MM)	\$308.9	\$239.0
Average Price/SF	\$93.35	\$95.86
Average Cap Rate*	7.2%	7.3%
Average Sale Size (SF)	47,000	53,000

Source: Colliers Las Vegas.

*Cap rate on properties available for sale as investments.

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
Third 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	14,528,702	3,859,110	14,504,212	37,956,922	1,336,299	35,569,378	12,016,433	119,771,056
Total Vacant SF	826,234	102,014	786,563	2,309,619	95,323	1,905,994	360,289	6,386,036
Total Occupied SF	13,702,468	3,757,096	13,717,649	35,647,303	1,240,976	33,663,384	11,656,144	113,385,020
Total Vacant (%)	5.7%	2.6%	5.4%	6.1%	7.1%	5.4%	3.0%	5.3%
Completions QTD	133,077	0	0	2,281,828	0	0	0	2,414,905
Completions YOY	208,077	342,243	1,174,470	4,506,830	0	1,263,229	0	7,494,849
Total Net Absorption QTD	236,231	-35,252	191,955	2,285,243	-11,267	255,629	118,884	3,041,423
Total Net Absorption YOY	444,430	365,216	1,094,028	3,469,482	47,876	1,329,225	113,283	6,863,540
Asking Rents (\$ PSF)	\$0.86	\$0.57	\$0.65	\$0.52	\$0.94	\$0.78	\$0.98	\$0.70
Under Constuction SF	54,000	0	720,804	2,807,026	0	442,847	0	4,024,677
Planned SF	253,910	0	1,105,550	3,150,451	0	925,000	153,320	5,588,231

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	5,245,471	1,942,368	8,164,315	25,011,352	223,661	15,257,155	1,939,836	57,784,158
Total Vacant SF	94,112	5,300	545,042	1,766,896	0	792,504	36,000	3,239,854
Total Occupied SF	5,151,359	1,937,068	7,619,273	23,244,456	223,661	14,464,651	1,903,836	54,544,304
Total Vacant (%)	1.8%	0.3%	6.7%	7.1%	0.0%	5.2%	1.9%	5.6%
Completions QTD	133,077	0	0	2,281,828	0	0	0	2,414,905
Completions YOY	208,077	342,243	1,174,470	4,506,830	0	1,263,229	0	7,494,849
Total Net Absorption QTD	107,670	-5,300	35,703	2,414,558	0	54,788	65,216	2,672,635
Total Net Absorption YOY	301,015	377,839	887,497	3,280,928	0	1,392,092	4,424	6,243,795
Asking Rents (\$ PSF)	\$0.74	\$0.66	\$0.57	\$0.45	\$0.00	\$0.63	\$1.65	\$0.54
Under Constuction SF	0	0	720,804	2,807,026	0	343,436	0	3,871,266
Planned SF	223,013	0	1,074,950	2,940,451	0	925,000	153,320	5,316,734

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	248,829	0	50,329	218,884	11,097	475,188	7,770	1,012,097
Total Occupied SF	2,920,300	340,675	1,521,374	4,630,050	39,903	6,455,448	767,977	16,675,727
Total Vacant (%)	7.9%	0.0%	3.2%	4.5%	21.8%	6.9%	1.0%	5.7%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	150,963	6,400	92,548	-64,747	-11,097	67,355	8,494	249,916
Total Net Absorption YOY	25,349	0	176,536	141,680	1,062	-2,649	-7,770	334,208
Asking Rents (\$ PSF)	\$0.84	\$0.00	\$0.69	\$0.56	\$1.10	\$0.78	\$0.95	\$0.75
Under Constuction SF	0	0	0	0	0	0	0	0
Planned SF	0	0	30,600	122,000	0	0	0	152,600

Industrial Market Matrix

Las Vegas, Nevada
Third Quarter, 2017

SUBMARKETS

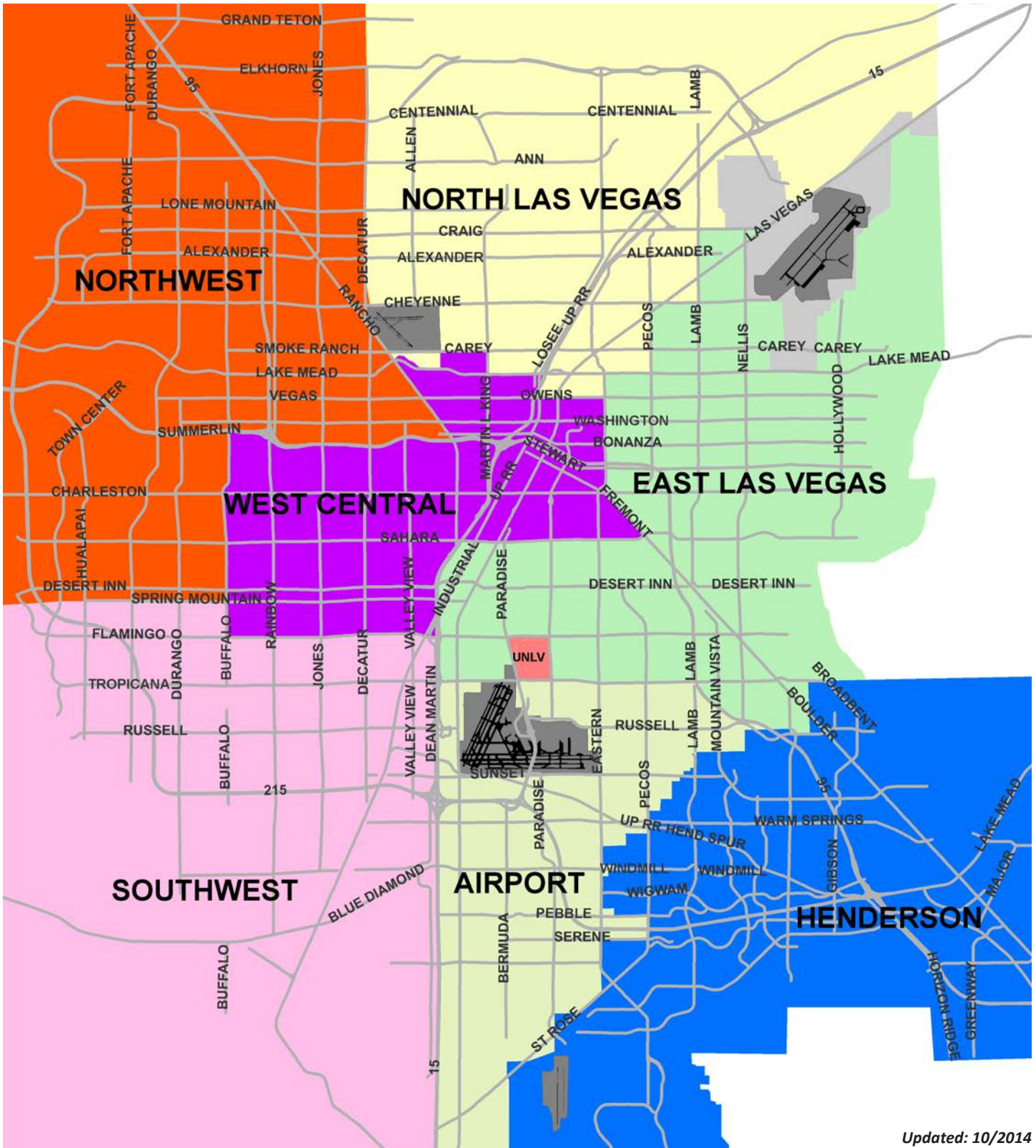
LIGHT INDUSTRIAL	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	199	91	313	594	16	742	482	2,437
Total Rentable SF	3,076,809	1,135,150	3,085,009	6,755,260	290,111	9,362,544	6,622,403	30,327,286
Total Vacant SF	189,771	65,762	72,854	175,040	4,649	333,983	156,087	998,146
Total Occupied SF	2,887,038	1,069,388	3,012,155	6,580,220	285,462	9,028,561	6,466,316	29,329,140
Total Vacant (%)	6.2%	5.8%	2.4%	2.6%	1.6%	3.6%	2.4%	3.3%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	-36,936	-45,318	13,528	-55,145	-4,649	77,846	50,905	231
Total Net Absorption YOY	44,096	-37,562	30,222	19,084	11,521	-92,314	107,910	82,957
Asking Rents (\$ PSF)	\$0.53	\$0.54	\$0.82	\$0.64	\$2.00	\$0.85	\$0.99	\$0.73
Under Constuction SF	54,000	0	0	0	0	29,411	0	83,411
Planned SF	30,897	0	0	0	0	0	0	30,897

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	117,246	30,952	25,720	65,537	17,444	143,220	132,733	532,852
Total Occupied SF	1,597,375	267,671	431,186	496,015	81,881	2,353,161	2,325,882	7,553,171
Total Vacant (%)	6.8%	10.4%	5.6%	11.7%	17.6%	5.7%	5.4%	6.6%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	47,052	8,966	-6,484	-303	0	31,917	-111	81,037
Total Net Absorption YOY	46,051	9,525	12,474	20,466	12,764	24,561	19,616	145,457
Asking Rents (\$ PSF)	\$1.48	\$0.62	\$0.66	\$0.58	\$0.78	\$1.14	\$0.97	\$1.06
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	176,276	0	92,618	83,262	62,133	161,099	27,699	603,087
Total Occupied SF	1,146,396	142,294	1,133,661	696,562	610,069	1,361,563	192,133	5,282,678
Total Vacant (%)	13.3%	0.0%	7.6%	10.7%	9.2%	10.6%	12.6%	10.2%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	-32,518	0	56,660	-9,120	4,479	23,723	-5,620	37,604
Total Net Absorption YOY	27,919	15,414	-12,701	7,324	22,529	7,535	-10,897	57,123
Asking Rents (\$ PSF)	\$0.96	\$0.00	\$1.27	\$0.96	\$0.88	\$1.01	\$0.90	\$0.99
Under Constuction SF	0	0	0	0	0	70,000	0	70,000
Planned SF	0	0	0	0	0	0	0	0

LAS VEGAS VALLEY

INDUSTRIAL SUBMARKET MAP



Updated: 10/2014