

Las Vegas Valley Executive Summary

Commercial Real Estate Markets - 1st Quarter 2017

INDUSTRIAL



OFFICE



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May 26, 2017

Re: *Commercial 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.



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Las Vegas Industrial Survey

1st Quarter 2017



WARM SPRINGS CROSSING

LAS VEGAS INDUSTRIAL SURVEY

SUMMARY

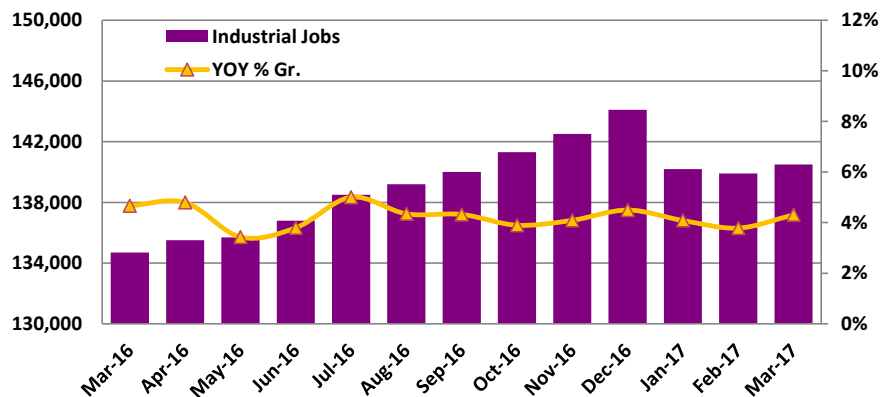
The Las Vegas Valley's ("the Valley") Industrial market¹ grew total inventory to 114.6 million square feet ("sf") of rentable space with 315,000 sf of completions in the first quarter ("Q1") of 2017. Net absorption (net demand) in Q1 dropped sharply from the previous quarter to -30,599 sf. The Valley's 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.

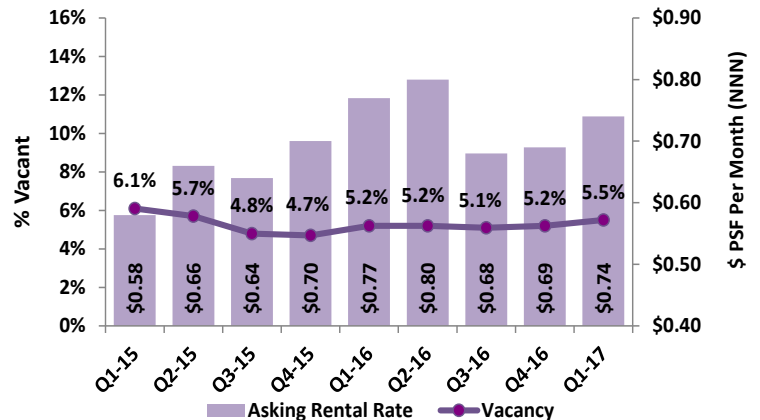
Average monthly Industrial asking rents for all product types (calculated on a NNN basis, not accounting for any operating expenses and based on quoted asking rents, not negotiated rents between owners and tenants) increased again in Q1, this time by \$0.05 to \$0.74 psf. This is just \$0.03 shy of asking 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

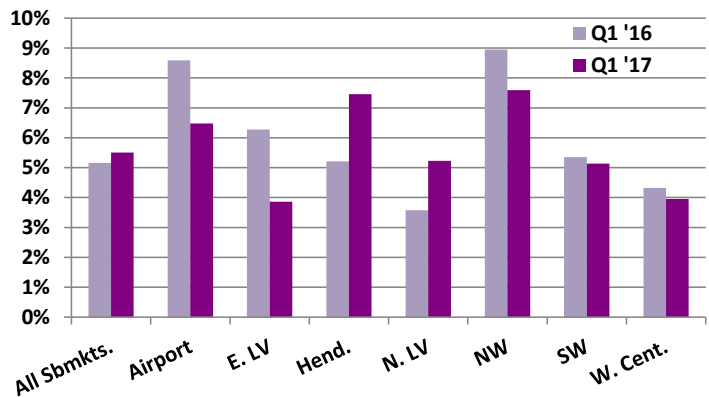
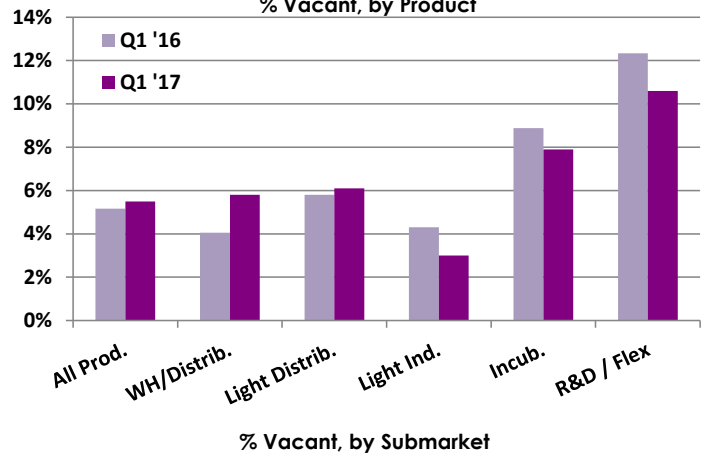
The bottom fell out on demand in the Valley's Industrial market in Q1 with total net absorption of -30,599 sf, a decrease in absorption from the previous quarter when the market absorbed over +1.8 million sf. This was largely due to a lack of quality product for the type of space the market was demanding.

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.

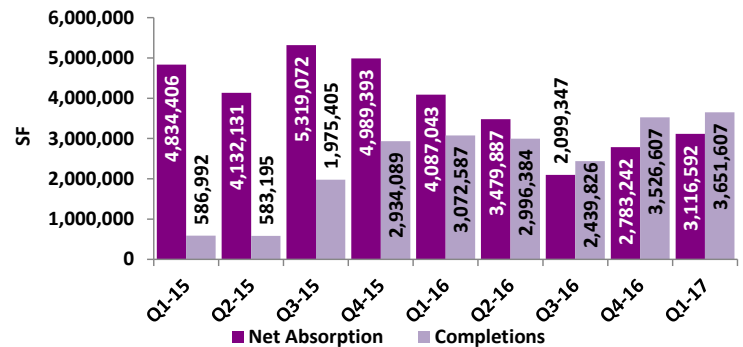
Despite the poor showing in the first quarter of 2017, over the past year the Warehouse/Distribution product type accounted for +2.6 million sf of absorption. Light Industrial added +383,544 sf of absorption Y-O-Y, while R&D/Flex added +101,049 sf and Incubator contributed another +76,005 sf. Light Distribution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

SUPPLY

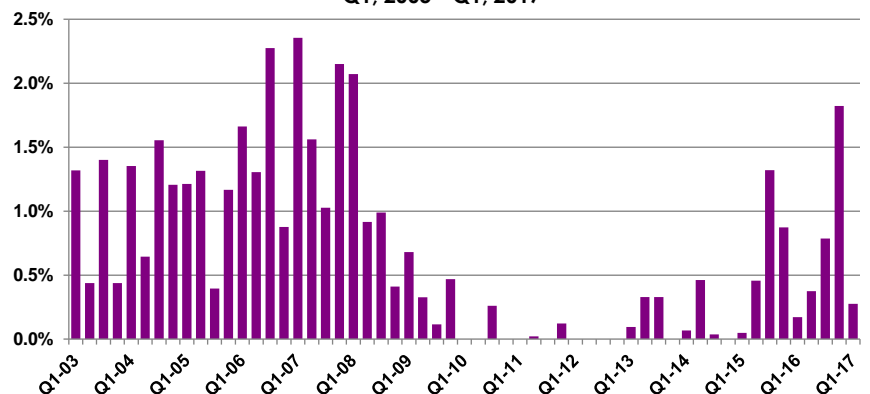
The Henderson and Airport submarkets both had a single completion in Q1, together totaling 315,000 sf of space. This has raised the Valley's Industrial inventory to 114.6 million sf. Q1 completions were: Building P of the Henderson Commerce Center (240,000 sf) and 3G's headquarters, in the Enclave building (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			

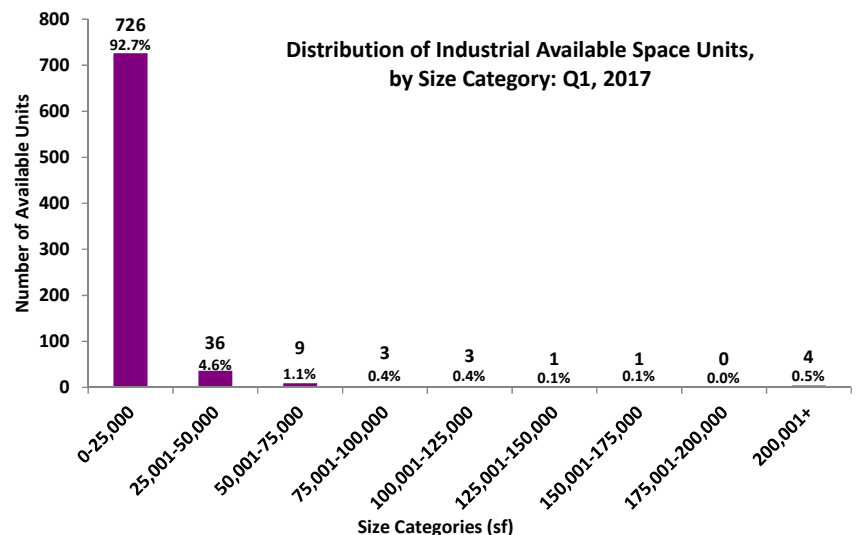
INDUSTRIAL MARKET

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.



INDUSTRIAL MARKET

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

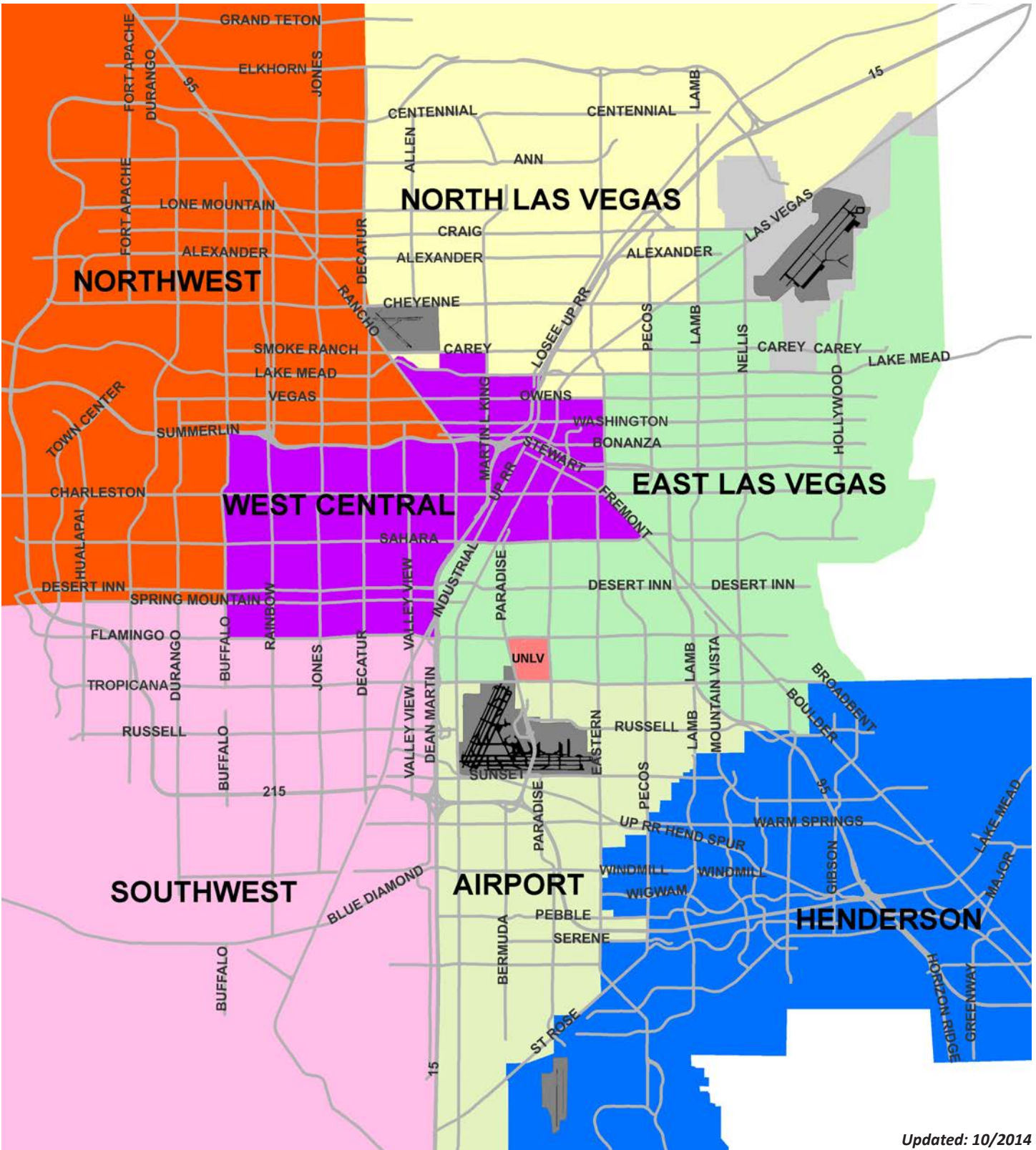
LIGHT INDUSTRIAL	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	199	91	313	594	16	742	482	2,437
Total Rentable SF	3,076,809	1,135,150	3,085,009	6,755,260	290,111	9,362,544	6,622,403	30,327,286
Total Vacant SF	183,056	83,150	100,584	110,214	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



CORPORATE CENTER, Ph. 3

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Las Vegas Speculative Office Survey

1st Quarter 2017



UNITED HEALTH CARE BUILDING

LAS VEGAS SPECULATIVE OFFICE SURVEY

SUMMARY

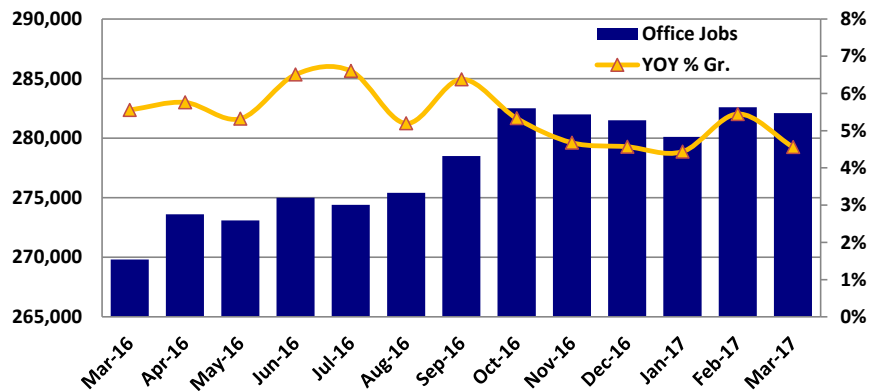
The Las Vegas Valley's ("the Valley") multi-tenant, Speculative Office market¹ saw 150,000 square feet ("sf") of new space come to market in the first quarter ("Q1") of 2017 with the completion of a single project, growing total inventory to approximately 43.4 million sf. There are currently 10,000 sf under construction, with another 706,780 sf in the planning stages. Demand for space in Q1, 2017 was better than the previous quarter, but not by much, resulting in another uptick in vacancy of 0.1 points, from 20.2% in Q4, 2016 to 20.3% in Q1, 2017. The modest increase in vacancy was accompanied by a two cent increase in average monthly asking rents, which climbed from \$1.93 per square foot ("psf") FSG² in Q4 to \$1.95 psf in Q1. Demand in the Valley's Spec Office market appears to be slowly gaining steam. Combined with a steady rate of Y-O-Y growth in Office-related jobs, we may be at the start of a sustained period of improvement in the Spec Office market.

OFFICE-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%.

Employment in the Office-using sector³, a critical metric in assessing business expansions, comprised 33% (282,100 jobs) of private payroll jobs in Clark County at the end of Q1 (March 2017), an increase of 2 percentage-points from the previous quarter.

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



*Information, financial activities, professional & business and health care & social assistance. Source: Nevada Department of Employment, Training and Rehabilitation; calculated by RCG Economics.

Office Employment

Industry Sector	Jan			Feb			Mar		
	2017	2016	% Ch.	2017	2016	% Ch.	2017	2016	% Ch.
Information	11,000	11,000	0.0%	11,100	11,100	0.0%	10,800	10,700	0.9%
Financial Activities	49,100	47,300	3.8%	49,900	47,500	5.1%	49,900	47,700	4.6%
Prof. & Business	136,900	130,800	4.7%	136,700	129,500	5.6%	137,700	131,300	4.9%
Health Care & Social Assist.	83,100	79,100	5.1%	84,900	79,900	6.3%	83,700	80,100	4.5%
Total	280,100	268,200	4.4%	282,600	268,000	5.4%	282,100	269,800	4.6%

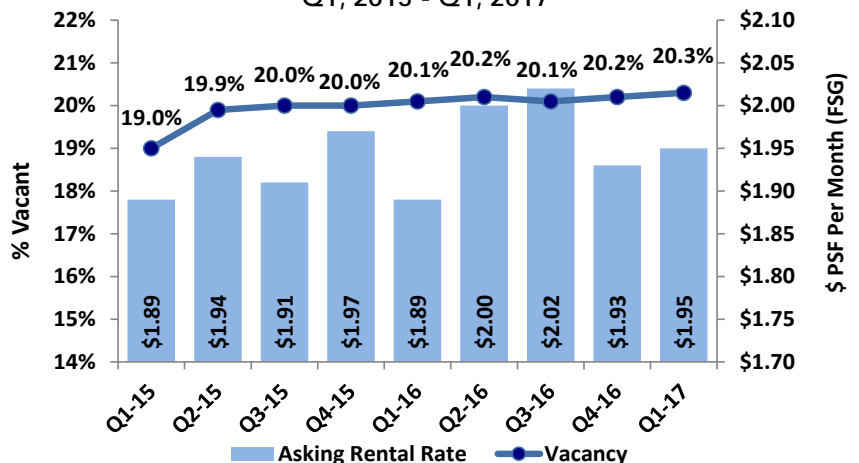
Source: Nevada Department of Employment, Training & Rehabilitation ("DETR").

Year-over-year ("Y-O-Y") job growth in January of 4.4% set the tone for the first quarter of 2017. February was even better at 5.4% and March was relatively close at 4.6%, bringing the Q1, 2017 Y-O-Y job growth average to 4.9%, which is the same as last quarter's average. The Y-O-Y addition of 12,300 Office jobs in March indicates decent growth for the year, with the Professional & Business (+6,400 jobs) sector contributing the most jobs, followed by the Health Care & Social Assistance (+3,600 jobs) and the Financial Activities (+2,200 jobs) sectors. The Information sector managed to add 100 jobs to the total.

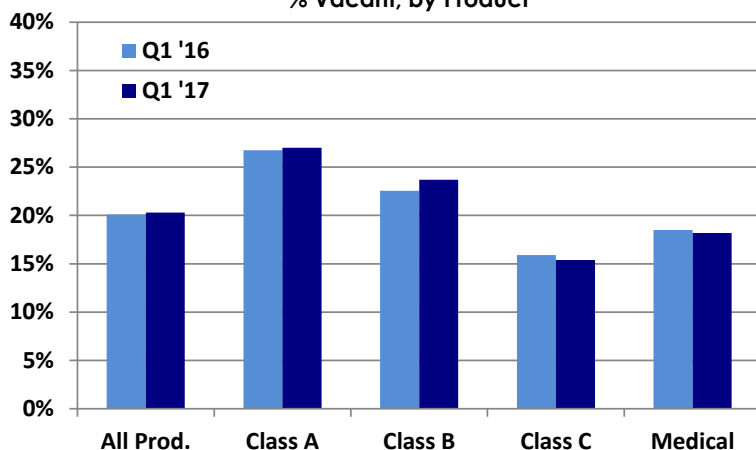
VACANCY & RENTS

The Office market still has, by far, the highest vacancy rate of the three market types due to

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



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



overbuilding in Office construction during the boom era. In Q1, total Spec Office vacancy in the Valley (directly vacant space plus vacant sublease space) ticked up by 0.1 points to 20.3%.

In Q1, 2017, the Downtown and North Las Vegas submarkets, despite both their vacancy rates increasing from Q4, again had the lowest vacancy rates in the Office market with Downtown at 15.0%, up from 13.9%, and North Las Vegas at 15.7%, up from 13.7%. Next was the Southwest with 17.6% vacancy, up from 17.2%. The West Central submarket followed with 19.3%, down from 19.9%. Coming in just under 20% was the Airport submarket at 19.7% vacancy, up from 17.9%. The three remaining submarkets were over 20% with East Las Vegas being the highest at 25.8% vacancy, down from 28.4%, Henderson coming in at 21.9%, up from 21.4%, and finally the Northwest at 20.9%, unchanged from

Q4.

On a Y-O-Y basis, five of eight submarkets saw vacancy rates rise. West Central performed the best over the year with a 3.7 percentage-point drop in vacancy. East Las Vegas saw vacancy decrease by 2.1 points and vacancy in the Southwest decreased by 0.9 points. The North Las Vegas submarket saw the greatest increase in vacancy from Q1, 2016, up 4.3 percentage-points. It was followed by Henderson with a 2.7-point increase, Airport with a 1.9-point increase and the Northwest with a 1.5-point increase. The Downtown submarket saw vacancy increase by 0.7 points.

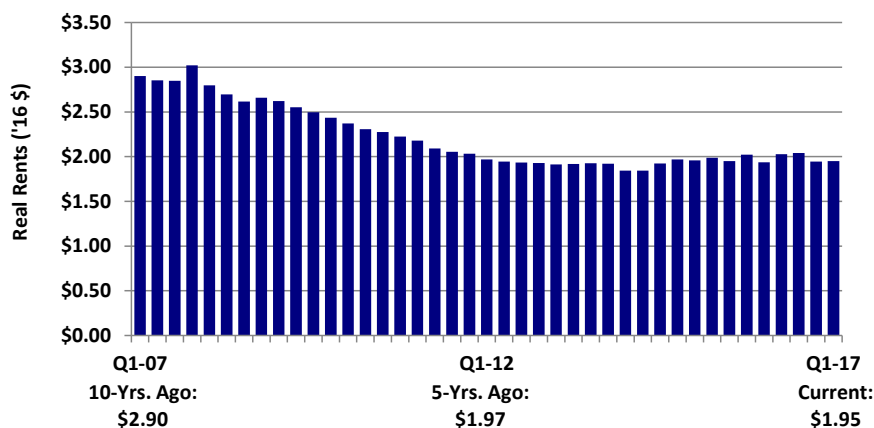
In terms of product types, both Medical (18.2%) and Class A (27.0%) saw improvement in Q1, 2017. Vacancy in Medical was down 1.4 points and in Class A was down 1.2 points. Vacancy in Class C (15.4%) was unchanged from last quarter and in Class B (23.7%) was up by 1.6 points. This indicates that increased vacancy in the Class B product type was responsible for the overall 0.1-point uptick in Spec Office market vacancy.

On a Y-O-Y basis, the Valley-wide Spec Office vacancy rate experienced a modest increase of 0.2 points, from 20.1% in Q1, 2016 to 20.3% in Q1, 2017. Two of four product types saw Y-O-Y vacancy rise, with Class B experiencing an increase of 1.1 points, from 22.6% to 23.7% and Class A gaining 0.2 points in vacancy, from 26.8% to 27.0%. Vacancy in the Class C product type dropped by 0.5 points, from 15.9% to 15.4%, and Medical Office vacancy fell by 0.3 points, from 18.5% to 18.2%.

Vacancy in the Office market fluctuated between 20.1% and 20.2% through 2016. At the start of 2017, the Office market continues struggling to fill its empty space, of which there is a considerable amount available across the board. Consecutive quarters of strong demand are needed to make a serious dent in the excess building space that was erected during the pre-Great Recession boom.

The Valley's overall average monthly Spec Office rent (calculated on a full-service gross basis—accounting for all operating expenses) was \$1.95 per square foot ("psf") in Q1, \$0.02 more than the \$1.93 psf asking rent in the previous quarter. Remember, the rents herein are based on quoted asking rents, not negotiated rents between owners and tenants.

**Las Vegas Valley Office Market
Inflation-Adjusted Monthly Rent: Q1, 2007 - Q1, 2017 (Baseline)**



SPECULATIVE OFFICE MARKET

DEMAND

The Valley-wide Spec Office market saw better absorption in Q1, 2017 with a total of +94,535 sf, up from +34,591 sf in Q4. On a Y-O-Y basis, net absorption was +182,670 sf, compared to the Q1, 2016 absorption of +442,652.

Only three of the Valley's eight submarkets saw positive demand in Q1. East Las Vegas saw the biggest turnaround and was the Spec Office market leader with +155,929 sf of absorption in Q1. Henderson also saw significant improvement from negative absorption in Q4 to +90,047 sf in Q1, 2017. West Central saw mild improvement, garnering +33,157 sf of absorption. All other submarkets had negative demand that was worse in Q1, 2017 than it was in Q4, 2016. The Northwest had -4,047 sf of absorption, followed by North Las Vegas with -15,819 sf. Next were the Southwest and Downtown submarkets with -29,127 sf and -42,913 sf, respectively. The Airport submarket trailed all the others with -92,692 sf of absorption.

On a product-basis Medical led the way with +225,967 sf of absorption, followed by Class A with +77,217 sf and Class C with +14,059 sf. Class B wiped out a significant portion of those gains with negative demand of -222,708 sf.

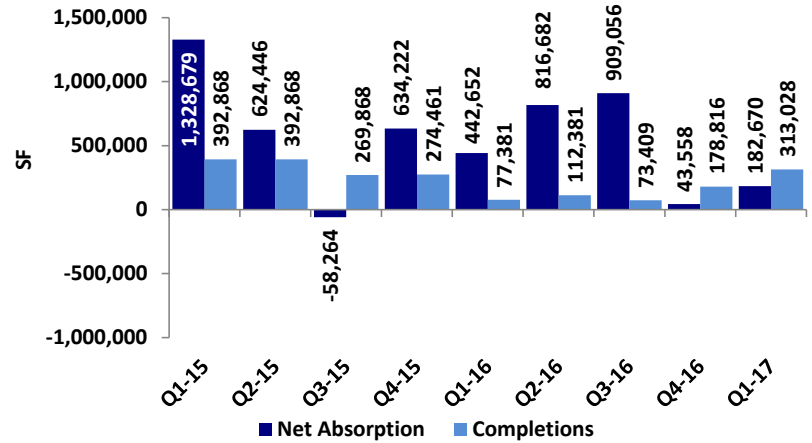
For Y-O-Y net absorption, Medical Office (+146,189 sf) was on top with Class C (+114,798 sf) and Class A (+74,211 sf) trailing behind. Class B was the loser here as well with -152,528 sf of absorption.

SUPPLY

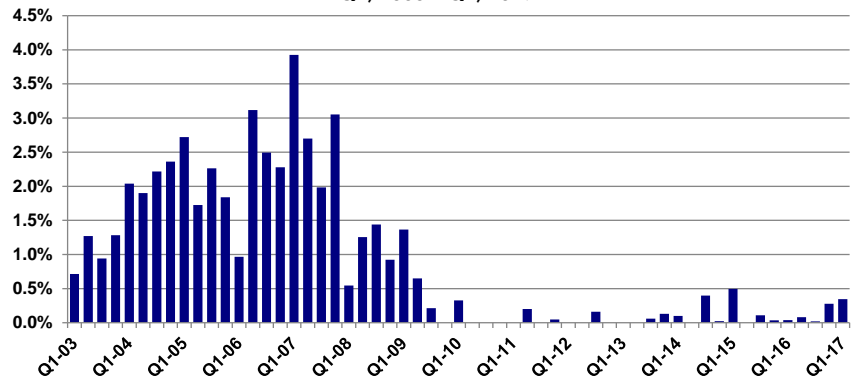
There was one new Spec Office market completion in the first quarter of 2017: Union Village (150,000 sf of Medical space in the Henderson submarket). During the past 29 quarters (since Q4, 2009), there have been only 17 quarters where new space has entered the market. However, of those 17 quarters with new supply brought to market, 13 have been during the last 15 quarters, indicating that rising demand could start encouraging developers and lenders to begin providing new product if rents rise as well.

In Q1, 2017, annual completions were 313,028 sf, a slight improvement over the year before, but still well below the boom years when annual Office completions ranged between 1.1 million sf (Q4, 2003) and 4.3 million sf (Q4, 2007). Completions, as a share of inventory, peaked at 4% in Q1, 2007, at the height of Southern Nevada's era of "irrational exuberance". We do not anticipate any significant changes in completions per quarter for the foreseeable future as the current forward-supply⁴ is nearly equal to the forward supply at the start of 2016. With so much empty space in the market, developers may yet be reluctant to commit to new projects.

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



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



SPECULATIVE OFFICE MARKET

We have recorded 11 Spec Office projects in the forward-supply pipeline. Only one is under construction:

Under Construction

Project	SF	Subtype	Submarket	Exp. Comp.
Sunset Hills Plaza	10,000	C	Southwest	Q317
Total	10,000			

The other 10 projects are in planning:

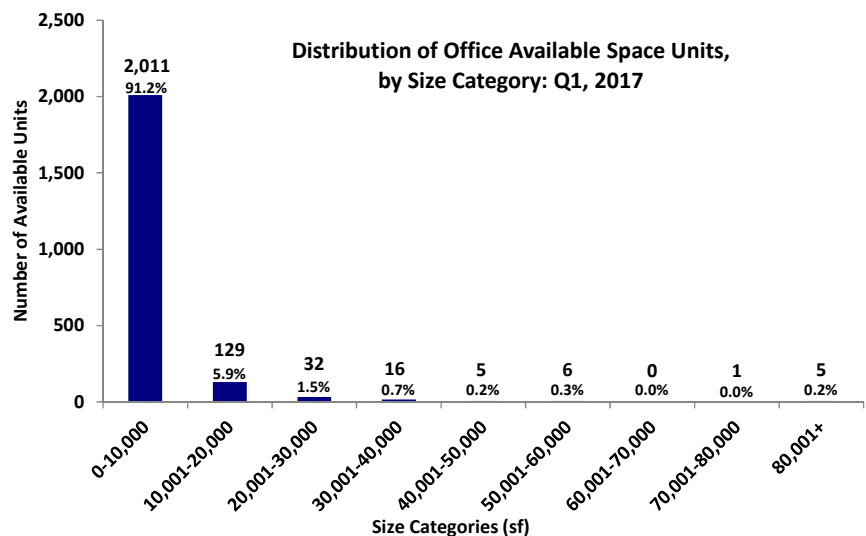
Planned

Project	SF	Subtype	Submarket	Exp. Comp.
Centennial Hills Center Ph. 1	124,000	Medical	Northwest	2018
Seven Hills Plaza D	42,000	B	Henderson	2018
Cadence Marketing Center 1	10,000	A	Henderson	2018
Cadence Marketing Center 3	15,000	A	Henderson	2018
Cadence Marketing Center 4	5,000	A	Henderson	Q417
Pace Plaza	42,000	B	Southwest	2018
Jones Beltway Business Park	16,480	B	Southwest	Q417
Magnum Towers	100,000	B	Southwest	Q417
Pavilion Center @ Griffith Park	152,300	A	Northwest	2018
Symphony Park Office	200,000	A	Downtown	2018
Total	707,000			

At 200,000 sf, the Symphony Park Office in the “Planned” table is the biggest Spec Office space on the horizon, though the completion of this Class A building in the Downtown submarket is not expected until 2018. The next largest is the Pavilion Center @ Griffith Park, a Class A project in the Northwest submarket, which is also scheduled to open sometime in 2018. The 100,000 sf Magnum Towers, a Class B project in the Southwest, is expected to open at the end of this year, along with several other much smaller projects.

An important measure of the near-term health of the Valley’s commercial markets is the potential number of years of available supply. Given the high vacancy rate (20.3%) and the average quarterly absorption in the last 10 years (108,863 sf), we estimate that there still remain about 9.5 years of supply of Spec Office space in the Valley that must be absorbed to reach a 10% “normalized” vacancy rate.

To the right is a chart detailing the distribution of available Office space in the Valley by unit size. It shows that there are 33 units available that are larger than 30,000 sf, while 91% of all space that is currently on the market is in units of 10,000 sf or less.



Office Investment Sales

	2016	YTD 2017
No. Sales	55	24
Square Feet Sold	1,690,000	797,000
Sales Volume (MM)	\$225.8	\$138.7
Average Price/SF	\$133.60	\$173.94
Average Cap Rate*	7.7%	7.3%
Average Sale Size (SF)	31,000	33,000

Source: Colliers Las Vegas.

*Cap rate on properties available for sale as investments.

SPECULATIVE OFFICE MARKET

The average sales price psf rose from \$133.60 in 2016 to \$173.94 through these first months of 2017. The average cap rate is down 0.4 points to 7.3%. Generally, in an improving market, owners typically demand lower cap rates resulting in higher prices, regardless of quality and location. The reverse is true in a down-market. In essence, the higher the cap rate, the lower the asking or sales price of income-producing property. This indicates a better return on investment, assuming other criteria are not included in the decision.

FURTHER THOUGHTS & RECAP

The Southern Nevada Spec office market, though it remains well behind the Industrial and Retail markets in terms of the recovery, did show some signs of improvement in the first quarter of the year. Valley-wide Spec Office demand in Q1 was still rather weak, but up from the previous quarter with +94,535 sf of absorption. On a Y-O-Y basis, net absorption in Q1 totaled +182,670 sf.

The Office market is dependent on regional job growth, especially in white collar occupations, and while these jobs have not had the same comeback as low-skill and entry-level work, employment in the Office-using sector again had a decent quarter. Office jobs, which are a critical indicator of the health of the local economy, comprised 33% of all private payroll jobs in Clark County at the end of Q1 (March 2017). This was 12,300 jobs more (+4.6%) than existed in March 2016. The Professional & Business sector contributed the most new jobs, adding +6,400 jobs for the year, with Health Care & Social Assistance adding another 3,600 and Financial Activities adding 2,200. The Information sector added 100 jobs.

Total Spec Office vacancy in the Valley in Q1 (directly vacant space plus vacant sublease space) again ticked up by 0.1 percentage-points, rising by the same amount as the previous quarter. The vacancy rate is now 20.3%, or 0.2 percentage-points up from Q1, 2016.

The Downtown submarket overtook North Las Vegas to claim the lowest Spec Office market vacancy rate at 15%, though both submarkets are up from Q4, 2016. North Las Vegas is now second best with a vacancy rate of 15.7%, followed by the Southwest submarket at 17.6%. The West Central (19.3%) and Airport (19.7%) submarkets both managed to come in under 20%, with all other submarkets above.

Completions, as a share of inventory, peaked at 4% in Q1, 2007, at the height of Southern Nevada's age of "irrational exuberance." There was only one completion in Q1, 2017, which added 150,000 sf to the Spec Office market's total inventory for a total inventory of 43.4 million sf. There were a total of 11 projects in the works, with 10,000 sf of Office space under construction and another 706,780 sf in the planning stages.

High vacancy and modest demand characterize Southern Nevada's Spec Office market in Q1, 2017. Three of the eight submarkets are over 20% vacancy and two others are only just under. All submarkets are well above the generally accepted 10% stabilized rate. Too much Office space continues to languish throughout the Valley. The Spec Office market was relatively stagnant in 2016, but there are some signs that point to a better 2017, including steadily increasing demand and continued consistent growth in Office-related jobs. This may be a sign that in 2017 the Office market is gearing up to make inroads on its sky-high vacancy, but regardless, the Office market has a long way to go in its recovery.

¹ Includes all for-lease (speculative only) professional office Class A, Class B, Class C and Medical office properties greater than or equal to 10,000 sf of gross leasable area. Does not include government buildings.

² All office rents in this report are quoted on a monthly full-service gross (FSG) psf basis inclusive of taxes, insurance, maintenance, janitorial and utilities.

³ Includes the following industries: Information, Financial Activities, Professional & Business and Health Care & Social Assistance from the Nevada Department of Employment, Training and Rehabilitation's latest employment statistics.

⁴ Forward-supply is a combination of space presently under construction in a quarter and space planned to begin construction within the next four quarters.

SPECULATIVE OFFICE MARKET GLOSSARY

Office property buildings or building parks tracked include speculative, multi-tenant properties with at least 10,000 sf of usable office space. Building characteristics were used to define the appropriate subtype classification (i.e., professional or medical). These characteristics can include rents, location, quality of building systems (e.g., mechanical, elevator and utility systems), finishes (e.g., lobby and hallway design/ materials), and amenities. A property must exhibit one or more of the typical building characteristics to be considered a specific classification.

Class A

Class A properties are the highest quality buildings in the market with steel frame construction, typically mid-rise (3 - 4 stories) or high-rise (5 stories or more).

- High asking gross rent (FSG) with a typical premium of 20-30% of office rents in the local market,
- Location within a central business area,
- Capacity to meet current tenant requirements and anticipated future tenant needs,
- Building finishes that are of high quality and competitive with new construction, and
- Maintenance, management and upkeep amenities above average.

Class B

Class B properties have buildings with steel frame, reinforced concrete or concrete tilt-up construction - usually low-rise (1 - 2 stories) or mid-rise (3 - 4 stories).

- Asking gross rent (FSG) typically in a specified range between asking gross rents for Class A and Class C buildings,
- Average to good location,
- Adequate capacity to deliver services currently required by tenants,
- Building finishes with average to good design and materials, and
- Maintenance, management and upkeep amenities that are considered average.

Class C

Class C properties have buildings with wood construction and are usually low-rise (1 - 2 stories).

- Asking gross rent (FSG) typically in the bottom 10-20% of office rents in the marketplace,
- Depends primarily on lower prices rather than desirable locations to attract occupants,
- Capacities that may not meet current tenant needs,
- Building finishes that show a dated appearance, and
- Maintenance, management and upkeep amenities that are below average.

Medical

An office building in which 50% or more of its available space under the various building classifications above consists of medical office use.

Speculative Office Market Matrix

Las Vegas, Nevada
First Quarter, 2017

SUBMARKETS

TOTAL OFFICE MARKET	Airport	Downtown	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	322	119	183	331	94	389	388	275	2,101
Total Rentable SF	5,163,422	3,835,861	6,134,382	6,177,268	783,529	9,052,999	6,845,103	5,406,541	43,399,105
Total Vacant SF	1,015,266	576,646	1,585,477	1,351,939	123,314	1,891,964	1,203,855	1,042,129	8,790,590
Total Occupied SF	4,148,156	3,259,215	4,548,905	4,825,329	660,215	7,161,035	5,641,248	4,364,412	34,608,515
Total Vacant (%)	19.7%	15.0%	25.8%	21.9%	15.7%	20.9%	17.6%	19.3%	20.3%
Completions QTD	0	0	0	150,000	0	0	0	0	150,000
Completions YOY	8,028	0	0	150,000	0	120,000	35,000	0	313,028
Total Net Absorption QTD	-92,692	-42,913	155,929	90,047	-15,819	-4,047	-29,127	33,157	94,535
Total Net Absorption YOY	-88,981	-29,748	127,771	-42,753	-33,728	-41,954	92,740	199,323	182,670
Asking Rents (\$ PSF)	\$1.93	\$2.13	\$1.79	\$2.13	\$1.86	\$2.05	\$2.16	\$1.72	\$1.95
Under Constuction SF	0	0	0	0	0	0	10,000	0	10,000
Planned SF	0	200,000	0	72,000	0	276,300	158,480	0	706,780

PROFESSIONAL CLASS A	Airport	Downtown	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	6	5	10	13	0	22	4	2	62
Total Rentable SF	665,904	795,116	1,472,466	838,068	0	1,933,312	567,112	227,624	6,499,602
Total Vacant SF	256,561	191,138	325,628	290,096	0	598,229	44,925	46,425	1,753,002
Total Occupied SF	409,343	603,978	1,146,838	547,972	0	1,335,083	522,187	181,199	4,746,600
Total Vacant (%)	38.5%	24.0%	22.1%	34.6%	0.0%	30.9%	7.9%	20.4%	27.0%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	120,000	0	0	120,000
Total Net Absorption QTD	21,398	7,135	65,275	-35,903	0	21,126	-5,263	3,449	77,217
Total Net Absorption YOY	-29,235	13,324	2,765	-3,702	0	-47,134	85,579	52,614	74,211
Asking Rents (\$ PSF)	\$2.69	\$2.70	\$2.93	\$2.37	\$0.00	\$2.21	\$2.20	\$1.88	\$2.46
Under Constuction SF	0	0	0	0	0	0	0	0	0
Planned SF	0	200,000	0	30,000	0	152,300	0	0	382,300

PROFESSIONAL CLASS B	Airport	Downtown	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	42	27	18	68	8	73	71	46	353
Total Rentable SF	1,936,021	1,775,096	1,066,557	2,189,754	200,796	2,737,551	2,452,132	1,666,046	14,023,953
Total Vacant SF	408,311	136,634	527,525	432,605	65,976	674,616	558,355	513,192	3,317,214
Total Occupied SF	1,527,710	1,638,462	539,032	1,757,149	134,820	2,062,935	1,893,777	1,152,854	10,706,739
Total Vacant (%)	21.1%	7.7%	49.5%	19.8%	32.9%	24.6%	22.8%	30.8%	23.7%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0	0
Total Net Absorption QTD	-106,570	-4,581	55,613	27,036	-17,047	-87,132	-73,128	-16,899	-222,708
Total Net Absorption YOY	-76,410	48,806	170,403	-133,441	-22,732	-127,843	-8,266	-3,045	-152,528
Asking Rents (\$ PSF)	\$1.77	\$1.42	\$1.42	\$2.04	\$1.78	\$1.92	\$2.27	\$1.86	\$1.86
Under Constuction SF	0	0	0	0	0	0	0	0	0
Planned SF	0	0	0	42,000	0	0	158,480	0	200,480

Speculative Office Market Matrix

Las Vegas, Nevada
First Quarter, 2017

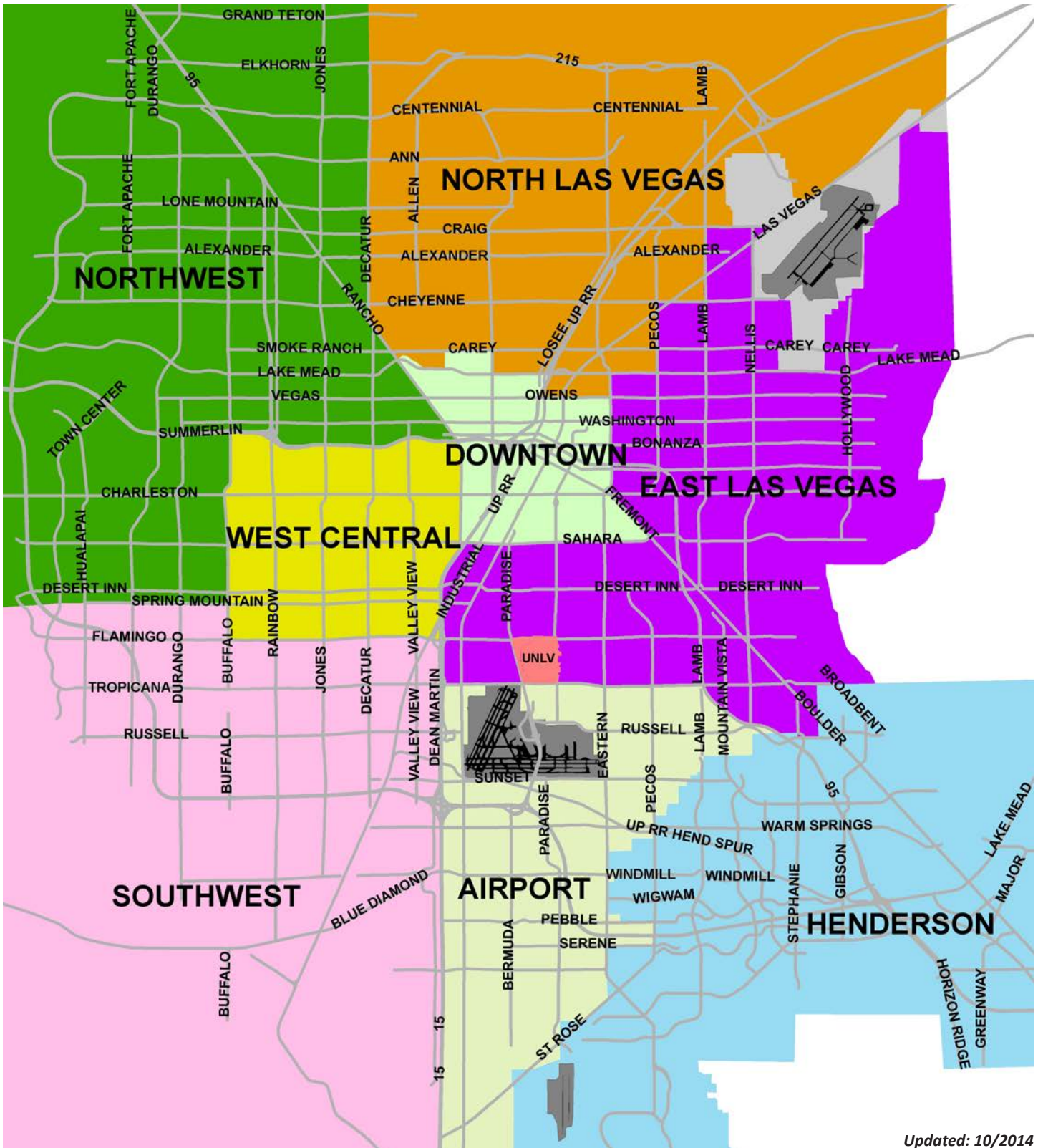
SUBMARKETS

PROFESSIONAL CLASS C	Airport	Downtown	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	268	66	110	144	76	210	272	187	1,333
Total Rentable SF	2,432,967	877,606	2,051,408	1,618,430	482,290	2,234,002	3,093,831	2,761,393	15,551,927
Total Vacant SF	336,724	171,173	449,361	293,964	48,647	313,293	402,057	373,291	2,388,510
Total Occupied SF	2,096,243	706,433	1,602,047	1,324,466	433,643	1,920,709	2,691,774	2,388,102	13,163,417
Total Vacant (%)	13.8%	19.5%	21.9%	18.2%	10.1%	14.0%	13.0%	13.5%	15.4%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	8,028	0	0	0	0	0	35,000	0	43,028
Total Net Absorption QTD	-31,799	-36,389	-2,650	-18,579	-990	28,274	55,852	20,340	14,059
Total Net Absorption YOY	-904	-73,804	-83,755	40,928	-9,879	99,087	47,500	95,625	114,798
Asking Rents (\$ PSF)	\$1.79	\$1.55	\$1.55	\$1.95	\$1.80	\$1.84	\$2.08	\$1.44	\$1.78
Under Constuction SF	0	0	0	0	0	0	10,000	0	10,000
Planned SF	0	0	0	0	0	0	0	0	0

MEDICAL OFFICE	Airport	Downtown	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	6	21	45	106	10	84	41	40	353
Total Rentable SF	128,530	388,043	1,543,951	1,531,016	100,443	2,148,134	732,028	751,478	7,323,623
Total Vacant SF	13,670	77,701	282,963	335,274	8,691	305,826	198,518	109,221	1,331,864
Total Occupied SF	114,860	310,342	1,260,988	1,195,742	91,752	1,842,308	533,510	642,257	5,991,759
Total Vacant (%)	10.6%	20.0%	18.3%	21.9%	8.7%	14.2%	27.1%	14.5%	18.2%
Completions QTD	0	0	0	150,000	0	0	0	0	150,000
Completions YOY	0	0	0	150,000	0	0	0	0	150,000
Total Net Absorption QTD	24,279	-9,078	37,691	117,493	2,218	33,685	-6,588	26,267	225,967
Total Net Absorption YOY	17,568	-18,074	38,358	53,462	-1,117	33,936	-32,073	54,129	146,189
Asking Rents (\$ PSF)	\$1.67	\$1.99	\$1.68	\$2.02	\$2.21	\$2.28	\$2.13	\$1.62	\$1.99
Under Constuction SF	0	0	0	0	0	0	0	0	0
Planned SF	0	0	0	0	0	124,000	0	0	124,000

LAS VEGAS VALLEY

SPECULATIVE OFFICE SUBMARKET MAP



Updated: 10/2014



ARROYO MARKET SQUARE

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Las Vegas Anchored Retail Survey

1st Quarter 2017



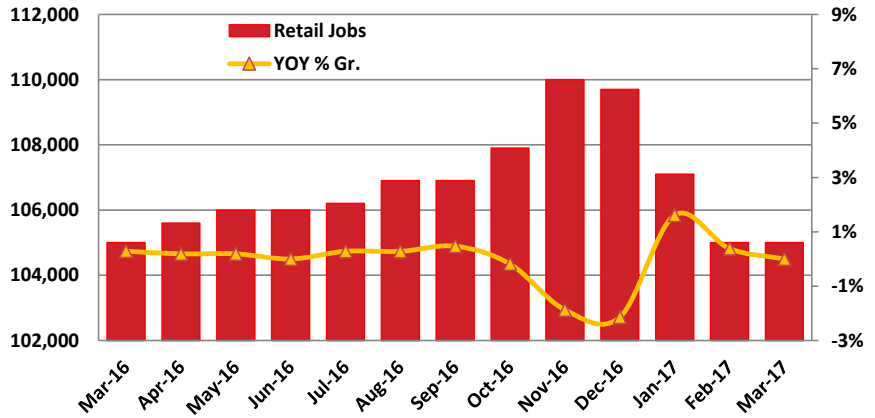
THE DISTRICT AT GREEN VALLEY RANCH

LAS VEGAS ANCHORED RETAIL SURVEY

SUMMARY

The Las Vegas Valley's ("the Valley") Anchored Retail market¹ inventory (we do not track un-anchored properties) remained at 44.3 million square feet ("sf") at the close of the first quarter ("Q1") of 2017 with no completions. The Valley saw a decline in demand with net absorption for Q1, 2017 totaling -110,806 sf. After a 0.7-point drop last quarter, the overall Anchored Retail vacancy rate added 0.3 points in Q1, increasing to 10.8% from 10.5% in Q4, 2016. However, the vacancy rate is down 0.6 points from the 11.4% recorded in Q1, 2016. Average monthly asking rents dropped by nearly a dime to \$0.92 per square foot ("psf") NNN² in Q1, \$0.09 lower than the previous quarter and \$0.02 lower than the previous year when rents were \$0.94. At the end of Q1, there were 239,000 sf of forward-supply³ under construction and another 946,493 sf of planned space.

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



Source: Nevada Department of Employment, Training and Rehabilitation; calculated by RCG Economics.

RETAIL 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%.

There were 105,000 Las Vegas Retail sector jobs in the Las Vegas MSA at the end of March 2017, accounting for 12% of total private payroll jobs. This represented no gain (+0%) in jobs compared to March 2016. Weak Y-O-Y job growth in Q1 was

Retail Employment

Industry Sector	Jan			Feb			Mar		
	2017	2016	% Ch.	2017	2016	% Ch.	2017	2016	% Ch.
Food & Bev. Stores	17,400	16,600	4.8%	17,400	16,700	4.2%	17,400	17,100	1.8%
Health & Personal Care Stores	7,700	7,300	5.5%	7,700	7,400	4.1%	7,700	7,400	4.1%
Other Stores	82,000	81,500	0.6%	79,900	80,500	-0.7%	79,900	80,500	-0.7%
Total	107,100	105,400	1.6%	105,000	104,600	0.4%	105,000	105,000	0.0%

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

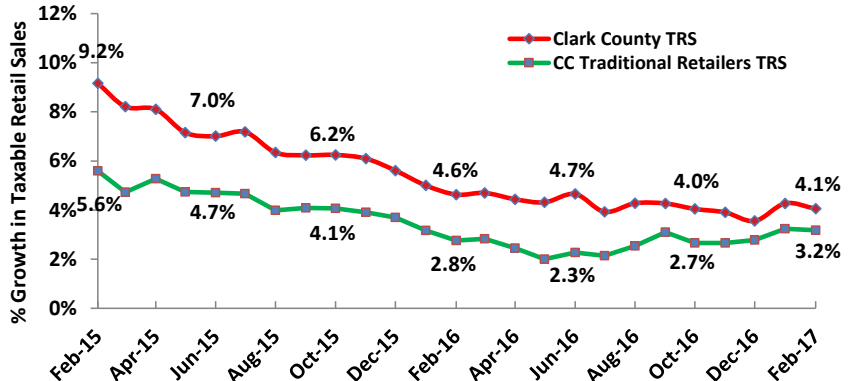
buoyed by gains in January (+1.6%) and February (+0.4%). Overall Retail job growth was +0.7% over the quarter.

Since March 2016, two of the three Retail sectors reported by the BLS saw job growth with Food & Beverage Stores adding 300 jobs and Health & Personal Care Stores adding 300 more; however, those job gains were reversed by "Other Stores"⁴ sector, which lost 600 jobs.

TAXABLE RETAIL SALES

While Clark County's taxable sales continue increasing on a 12-month moving average basis ("12MMA"), the rate of growth has been moderating. On a 12-month moving total basis, total sales reached \$40.3 billion in February 2017, a 4.1%

Clark County Total Taxable Retail Sales ("TRS") vs. Traditional Retailers TRS, Percent Growth: Feb-15 to Feb-17



Source: Nevada Department of Taxation; calculated by RCG Economics.

ANCHORED RETAIL MARKET

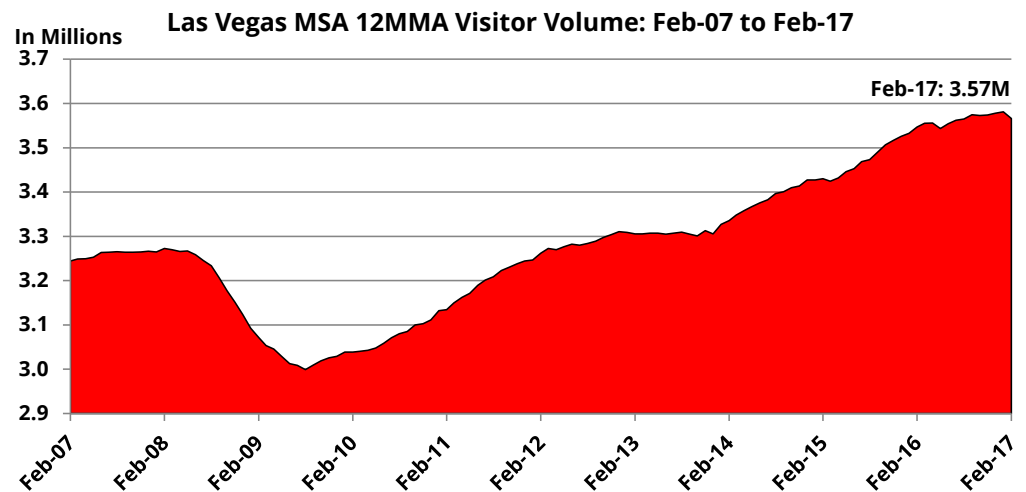
increase compared to February 2016. Despite slowing sales growth, the region's taxable sales are again at an all-time high, well-above the previous peak of \$36.3 billion in December 2007. We encourage our readers to track the trend rate closely, especially for "traditional" retail sales, which was 3.2% year-over-year.

The table below shows the top five (Y-O-Y change) performing traditional retail sectors in Clark County. There are 11 traditional retail sectors.

Top 5 Traditional Retailers: Feb-17	Taxable Retail Sales	YoY Change	YoY % Change
Food Services and Drinking Places	\$806,357,581	\$14,362,817	1.8%
Building Material and Garden Equipment and Supplies	\$117,168,543	\$9,512,164	8.8%
Furniture and Home Furnishings Stores	\$64,356,516	\$6,192,403	10.6%
Miscellaneous Store Retailers	\$59,961,232	\$5,632,525	10.4%
Electronics and Appliance Stores	\$80,707,987	\$4,557,051	6.0%
Top 5 Total	\$1,128,551,859	\$40,256,960	3.7%

Source: Nevada Department of Taxation. Note: The reason the DETR and Taxation retail categories do not match is that DETR only reports two types of traditional retailer categories.

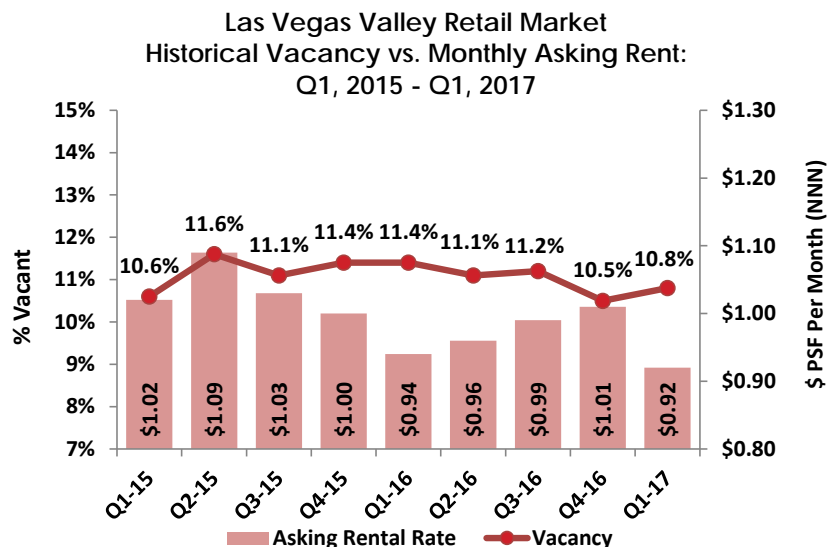
Visitors to Las Vegas are an important variable in taxable retail sales. Visitor growth in the first months of 2017 continues to slow, putting a drag on the rate of growth for taxable retail sales. On a 12MMA, visitation to Las Vegas rose only 0.5% for the year, resulting in a total of 3.6 million visitors in February. Total growth in visitors at the end of February 2017 was well below the 3.4% recorded in February of 2016. Tourism is the lifeblood of the Las Vegas economy. If growth in tourism continues to slow, retail sales, especially discretionary point-of-sale spending, will reflect that decline.



VACANCY & RENTS

The average Valley-wide Anchored Retail vacancy rate increased by 0.3 percentage-points from 10.5% in Q4 to 10.8% in Q1, 2017, based on current vacant space in the active market. The Valley-wide vacancy rate is down 0.6 points compared to Q1, 2016 (11.4%). Retail vacancy is now 4.5 percentage-points lower than the record high of 15.3% recorded in Q2, 2011.

Vacancy in Downtown (22.3%), while down in Q1, 2017, continues to lag behind all other submarkets by a significant margin. Vacancy in University East (16.1%) shot past North Las Vegas (14.4%) and is now the second worst in the Anchored Retail market. West Central (11.8%) and Henderson (11.3%)



ANCHORED RETAIL MARKET

were the two remaining submarkets to post vacancies above the 10% stabilized rate. The remaining submarkets were comfortably under 10% with the Northeast (6.1%) claiming the lowest vacancy rate. The Southwest (6.9%) and the Northwest (7.4%) were a bit higher but still performing well.

Relative to Q4, 2016, the vacancy rate fell in half of eight submarkets. With much room for improvement, the Downtown submarket saw a 1.5-point drop in vacancy, the biggest decline of any submarket this quarter. West Central followed with 1.0-point decrease. Vacancy in North Las Vegas dropped by 0.5 percentage points, followed closely by the Northwest submarket, which saw a 0.4-point drop. University East saw the largest increase in vacancy over the quarter, gaining 2.6 percentage-points. The Henderson submarket followed with vacancy increasing by 0.9-points and the Northeast was next with a 0.1-point increase. The Southwest submarket was unchanged from the previous quarter.

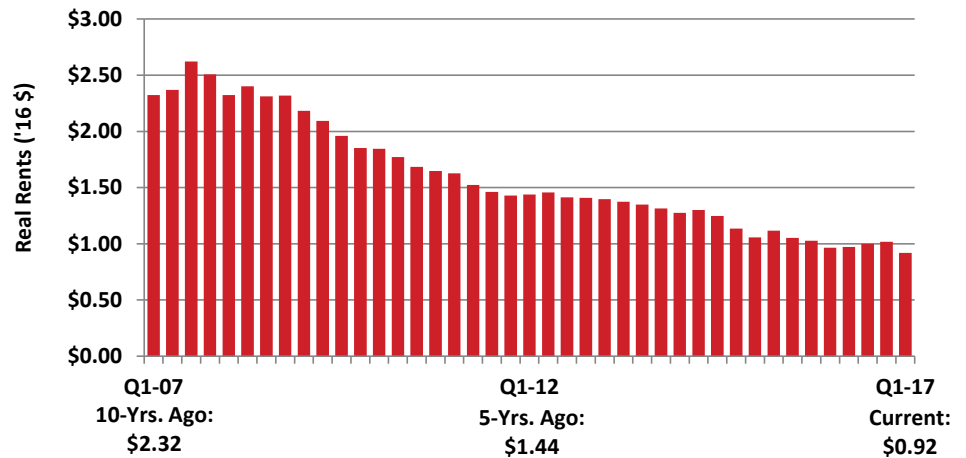
On a Y-O-Y basis, half of the eight submarkets saw improved vacancy rates compared to Q1, 2016. Henderson was the most improved over the year with a drop in vacancy of 3.0 points. The Northwest was second best with a decline in vacancy of 2.3 percentage-points, trailed by Downtown with a 0.7 percentage-point drop and West Central with a decrease in vacancy of 0.4 points. The biggest rise in vacancy was claimed by North Las Vegas at 2.6 points up from Q1, 2016. The Southwest came next with an increase of 1.2, followed right behind by the Northeast and University East submarkets with both posting a 1.1-point rise in vacancy.

When considered by product type, Power Centers saw a 2-point Y-O-Y drop in vacancy from 9.1% in Q1, 2016 to 7.1% in Q1, 2017. Neighborhood Centers were also improved over the same period, but only by 0.6 points from 11.9% to 11.3%. Vacancy in Community Centers was up over the year from 12.1% to 12.4%.

The Valley's overall Anchored Retail monthly rent decreased by \$0.09 from \$1.01 psf in Q4, 2016 to \$0.92 in Q1, 2017 (calculated on a NNN basis, not accounting for any operating expenses and noted as asking rents).

Winners and losers in Anchored Retail's submarkets were evenly split in the first quarter of the year and whether a submarket vacancy rate improved or worsened, the changes were mild. This suggests that the market is relatively stable. Last quarter saw a notable drop in vacancy which was not entirely erased by the 0.3 point increase in Q1. The main roadblock to sustained growth in Anchored Retail is the languishing Community Center. The continuing success of the Industrial Warehouse/Distribution market, which has helped drive national retail sales, poses a challenge for "big box" retailers. The rise of Warehouse/Distribution is in large part due to the success of online retailers, such as Amazon, which are stifling the growth of brick and mortar stores. Traditional retailers are scrambling to figure out a way to entice customers back into those stores. Fulfillment centers have replaced large swathes of the Retail market. As each one of these large retailers has folded or closed locations, new tenants have been difficult to find, so property owners are turning to service oriented businesses to fill the space. According to various sources, unanchored retail centers have seen more success over the last year as they cater more toward food and beverage outlets, as well as personal services, such as hair salons and car repair shops, which have not been affected as greatly by online retailers.

Las Vegas Valley Retail Market
Inflation-Adjusted Asking Rent: Q1, 2007 - Q1, 2017 (Baseline)



ANCHORED RETAIL MARKET

DEMAND

After marked improvement in total net Anchored Retail absorption in Q4, 2016, demand fell back below zero this quarter. Absorption for Q1, 2017 was -110,806 sf. However, over the last year the gains have been bigger than the losses. Y-O-Y Valley-wide net absorption was +297,136 sf. This was about the same as the Y-O-Y total in Q1, 2016 of +273,589 sf.

For the quarter, net absorption was positive in five of eight submarkets: West Central (+46,411 sf), Northwest (+35,914 sf), North Las Vegas (+26,291 sf), Downtown (+16,225 sf) and Southwest (+3,622 sf). The three submarkets showing negative growth were: University East (-158,874 sf), Henderson (-79,639 sf) and the Northeast (-756 sf).

For the year, four Anchored Retail submarkets showed improvement: Northwest (+294,879 sf), Henderson (+262,232 sf), West Central (+20,305 sf) and Downtown (+7,153 sf). The North Las Vegas submarket had the highest negative absorption at -125,301 sf; also experiencing negative Y-O-Y absorption were the Southwest (-68,207 sf), University East (-67,900 sf) and Northeast (-26,025 sf).

Two of three Retail product types experienced positive demand for the year. Power Centers had the most demand with +206,538 sf of absorption, followed by Neighborhood Centers with +96,927 sf. As mentioned above, Community Centers are struggling, which is borne out by Y-O-Y total net absorption of -6,329 sf.

SUPPLY

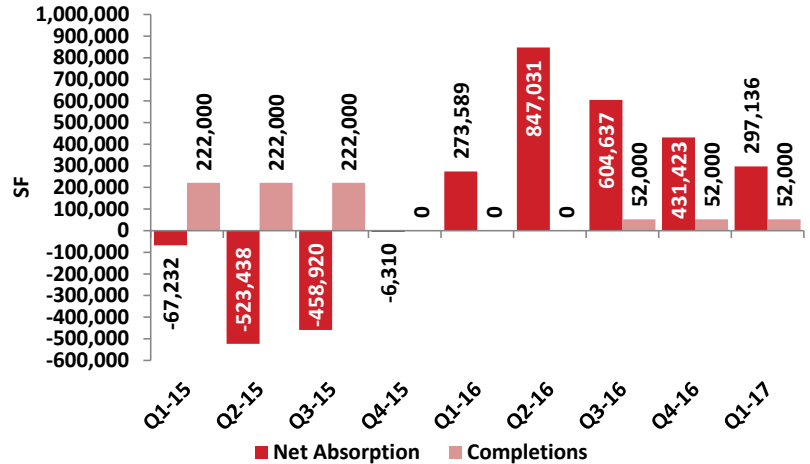
There were again no completions in the Anchored Retail market during Q1, 2017 and only one during all of 2016 –the 52,000 sf expansion of the Decatur 215 Community Center in the Northwest submarket. The only quarters to see completions in the last 20 quarters were Q3, 2016 and Q4, 2014. The Valley's total Anchored Retail inventory is currently 44.3 million sf in 267 centers. However, there is sure to be new space coming to market soon. As of Q1, there are almost 1.3 million sf of space in the Anchored Retail market's forward supply.

There are two Anchored project currently under construction:

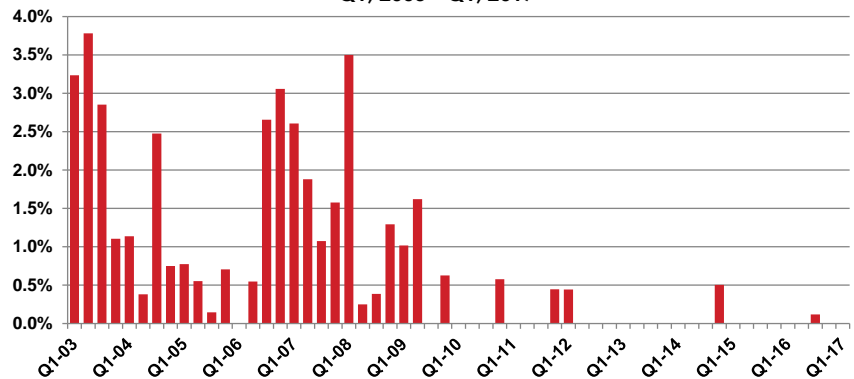
Under Construction

Project	SF	Subtype	Submarket	Exp. Comp.
Green Valley Crossing Ph. 2	34,000	Community Center	Henderson	Q217
Mountain's Edge Marketplace	205,000	Community Center	Southwest	Q417
Total	239,000			

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



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



ANCHORED RETAIL MARKET

Five more projects are in the planning phase:

Planned

Project	SF	Subtype	Submarket	Exp. Comp.
DCs Plaza	72,550	Neighborhood Center	Northwest	Q118
Silverado Promenade	130,000	Neighborhood Center	University East	2018
St. Rose Square	466,000	Power Center	Henderson	Q218
Cadence Village Center	153,000	Neighborhood Center	Henderson	2017
Smith's @ Skye Canyon	124,943	Neighborhood Center	Northwest	Q417
Total	946,000			

INVESTMENT SALES

Year-to-date Retail investment sales in 2017, as reported by Colliers, accounted for 1.6 million sf, compared to 2.5 million sf for all of 2016, putting 2017 on track to beat the previous year. In general, in an improving market, owners typically demand lower cap rates resulting in higher prices regardless of quality and location. The reverse is true in a down-market. The average price per square foot increased from \$166 in 2016 to \$212.63 in 2017, though average reported cap rates were down just 0.1 point, from 6.7% to 6.6%. Total sales volume YTD 2017 is \$346.1 million, not far from the \$419.7 million total through all four quarters of 2016.

Shopping Center Retail Investment Sales

	2016	YTD 2017
No. Sales	41	13
Square Feet Sold	2,528,000	1,628,000
Sales Volume (MM)	\$419.7	\$346.1
Average Price/SF	\$166.00	\$212.63
Average Cap Rate*	6.7%	6.6%
Average Sale Size (SF)	62,000	125,000

Source: Colliers Las Vegas.

*Cap rate on properties available for sale as investments.

FURTHER THOUGHTS & RECAP

There were 105,000 Las Vegas Retail sector jobs in the Las Vegas MSA at the end of March 2017, accounting for 12% of total private payroll jobs. This represented no gain (+0%) in jobs compared to March 2016.

Job growth over the last four quarters was poor. The two Retail sectors, Food & Beverage Stores and Health & Personal Care Stores, added 300 jobs. The "Other Stores" sector lost 600 jobs when compared to March 2016, resulting in a net change of zero jobs in the sector.

Clark County taxable sales continue to climb on an absolute basis. On a 12MMA, these sales have now reached \$40.3 billion in February, a 4.1% gain compared to February 2016. This brought the region's sales to a new all-time high, well-above the previous peak in December 2007 of \$36.3 billion. Also, the average Y-O-Y growth during the last 60 months was a healthy 6.3%. However, taxable sales growth has been slowing and we are a bit concerned as to what is happening to the annual growth rate of traditional retail sales growth, which has dropped from a recent peak of 7.8% in January 2015 to 3.2% in February 2017.

The growth of taxable retail sales depends on rising visitation. Tourism continues to reflect the overall health of the Las Vegas economy. The growth in tourism was partly fueled by lower energy prices which brought down travel costs and gave tourists extra cash to spend. As growth in visitor volume has slowed, so has growth in retail sales. On a 12MMA basis, visitation to Las Vegas rose only 0.5% in February with the Valley receiving 3.6 million visitors. Over the 28 months prior to the start of the first quarter of 2017 Y-O-Y visitor growth averaged 2.7%. During Q4 of 2016 visitor growth was down to 1.7% and over the first two months of 2017 it was down to just 1.0%.

Valley-wide Anchored Retail vacancy rate was up 0.3 points in Q1, a negative turnaround from the decrease in vacancy in Q4, but not enough to cancel out all the gains. Vacancy has been up and down in recent quarters with the Retail market unable to find a firm foothold for sustained improvement.

The highest submarket vacancies at the end of Q1 were Downtown (22.3%), University East (16.1%) and North Las Vegas (14.4%), while three submarkets had vacancy rates below 10%: Northwest (7.4%), Southwest (6.9%) and Northeast (6.1%).

In terms of product type, the highest vacancy rate was in Community Centers (12.4%) and it's the only product type to be up since Q1, 2016 with a 0.3-point gain. Power Centers (7.1%) is doing 2.0 percentage-points better than Q1 of last year, while

ANCHORED RETAIL MARKET

vacancy in Neighborhood Centers (11.3%) 0.6 percentage-points down over the same time period.

There was a total of -110,806 sf of net absorption in Q1, 2017, which came mostly from Community Centers and drove the overall rise in vacancy in the Anchored Retail market. On a Y-O-Y basis, the Valley's Anchored Retail net absorption was +297,806 sf.

There were zero Anchored Retail projects completed in Q1, 2017. However, activity in the Retail market does appear to be picking up with 239,000 sf under construction and 946,493 sf of space in the planning stages for a total forward-supply of 1.3 million sf. The Valley's total inventory is currently 44.3 million sf in 267 shopping centers.

According to AAA, the price of gasoline on May 12, 2017 in Las Vegas was \$2.65 per gallon of regular unleaded, up just a penny per gallon from one month prior. When compared to a year ago, the price per gallon is up \$0.24. Although an OPEC agreement mandating cuts in production is resulting in higher prices at the pump from a year ago, increased domestic production is helping to keep prices lower.

Wages and incomes, when adjusted for inflation, have been rising steadily. Clark County's 12MMA inflation-adjusted average weekly earnings were up 1.9% in March compared to March 2016, reaching \$657 in 2007 dollars after 34 months of Y-O-Y improvement.

The average number of hours worked per week in Clark County, on a 12MMA basis, rose by 0.2 points during the first quarter of 2017 after remaining stagnant the entire second half of 2016. Average weekly hours are 33.4 at the end of March, and on a Y-O-Y basis are up 0.3 points from March 2016. Improving average weekly hours is a good sign for the Retail market. We may see Nevada's U-6 unemployment rate (includes discouraged and part-time workers), one of the highest in the nation, continue to dip.

¹ Includes all anchored retail Power Center, Community Center and Neighborhood Center properties with 40,000 or more of gross leasable area in the Las Vegas Valley.

² All retail 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.

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 "Other stores" is made up of total retail less food & beverage stores and health & personal care stores.

RETAIL MARKET GLOSSARY

Retail properties tracked include shopping centers with at least 10,000 sf of usable space. These centers have several different stores or tenants and are anchored by one or more large, national tenant (i.e., Best Buy, Target, and Smith's). Characteristics of buildings were used to define the appropriate classification of properties into subtypes, such as tenant mix, size and trade area. A property must exhibit one or more of the typical building characteristics to be considered a specific classification.

Power Center

Centers with a minimum of three, but usually five or more, anchor tenants that dominant in their categories

- Size typically more than 250,000 sf, but can be as small as 125,000 sf; almost all units designed for large tenants
- Customer-base is typically drawn from within a 15-mile trade area

Community Center

Centers with stores that sell consumer goods, in addition to convenience goods and personal services.

- Typical anchor tenants include junior department stores and off-price/discount stores, and store that sell goods requiring comparison such as apparel and appliances; other tenants include drug stores and home improvement centers
- Size typically between 100,000 and 300,000 sf, but can be over 500,000 sf
- Customer-base is primarily within a five-mile trade area

Neighborhood Center

Center with stores that sell convenience goods (e.g., food, sundries and takeout food) and provide personal services (e.g., dry cleaning and hair/nail care) that meet the day-to-day living needs to the immediate area.

- Typical anchor tenant is a supermarket
- Size tends to be smaller than 100,000 sf, but can range from 30,000 to 150,000 sf
- Customer-base is within a two- to three-mile trade area

Anchored Retail Market Matrix

Las Vegas, Nevada First Quarter, 2017

SUBMARKETS

TOTAL RETAIL MARKET	Downtown	Henderson	North Las Vegas	Northeast	Northwest	Southwest	University East	West Central	Totals
Number of Properties	9	54	27	21	60	23	40	34	268
Total Rentable SF	1,105,851	8,680,068	4,910,743	2,542,317	10,862,588	5,783,835	6,050,227	4,379,055	44,314,684
Total Vacant SF	246,900	981,396	705,676	154,215	807,643	396,325	975,684	514,990	4,782,829
Total Occupied SF	858,951	7,698,672	4,205,067	2,388,102	10,054,945	5,387,510	5,074,543	3,864,065	39,531,855
Total Vacant (%)	22.3%	11.3%	14.4%	6.1%	7.4%	6.9%	16.1%	11.8%	10.8%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	52,000	0	0	0	52,000
Total Net Absorption QTD	16,225	-79,639	26,291	-756	35,914	3,622	-158,874	46,411	-110,806
Total Net Absorption YOY	7,153	262,232	-125,301	-26,025	294,879	-68,207	-67,900	20,305	297,136
Asking Rents (\$ PSF)	\$0.75	\$1.19	\$1.16	\$1.32	\$1.00	\$1.22	\$0.58	\$1.04	\$0.92
Under Constuction SF	0	34,000	0	0	0	205,000	0	0	239,000
Planned SF	0	619,000	0	0	197,493	0	130,000	0	946,493

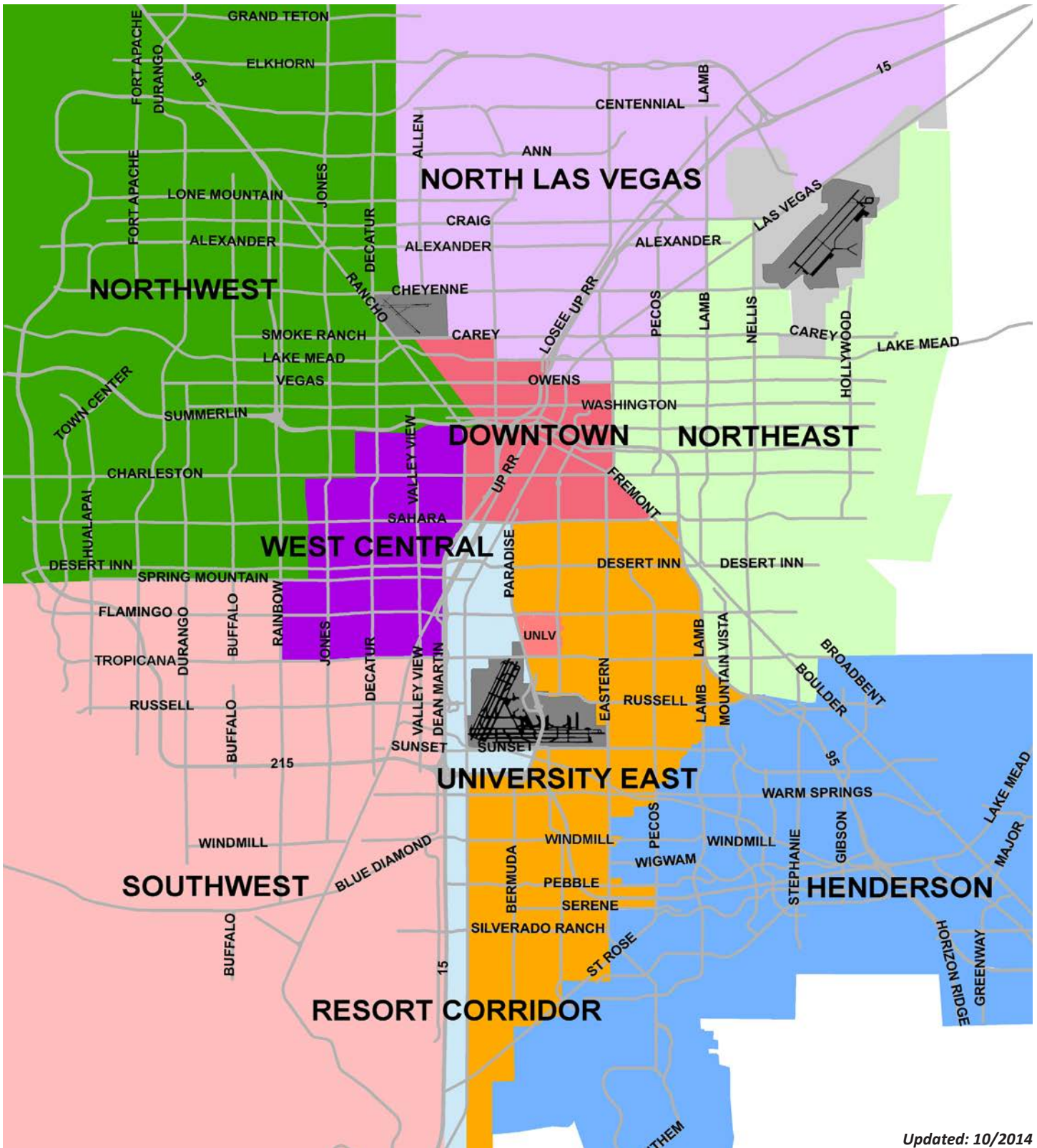
POWER CENTERS	Downtown	Henderson	North Las Vegas	Northeast	Northwest	Southwest	University East	West Central	Totals
Number of Properties	0	8	2	0	7	1	3	3	24
Total Rentable SF	0	2,962,288	987,713	0	2,840,846	944,314	1,210,223	1,138,224	10,083,608
Total Vacant SF	0	204,861	115,246	0	112,962	60,496	116,514	103,563	713,642
Total Occupied SF	0	2,757,427	872,467	0	2,727,884	883,818	1,093,709	1,034,661	9,369,966
Total Vacant (%)	0.0%	6.9%	11.7%	0.0%	4.0%	6.4%	9.6%	9.1%	7.1%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0	0
Total Net Absorption QTD	0	28,390	0	0	-89,785	-7,200	12,052	29,325	-27,218
Total Net Absorption YOY	0	311,713	-115,246	0	-1,458	-53,296	25,959	38,866	206,538
Asking Rents (\$ PSF)	\$0.00	\$1.44	\$2.25	\$0.00	\$1.55	\$1.51	\$0.98	\$0.96	\$1.35
Under Constuction SF	0	0	0	0	0	0	0	0	0
Planned SF	0	466,000	0	0	0	0	0	0	466,000

COMMUNITY CENTERS	Downtown	Henderson	North Las Vegas	Northeast	Northwest	Southwest	University East	West Central	Totals
Number of Properties	4	21	10	8	21	9	19	15	107
Total Rentable SF	631,168	2,920,692	1,755,463	1,407,552	4,366,234	3,216,421	2,761,028	1,649,146	18,707,704
Total Vacant SF	188,591	337,583	124,972	77,864	372,833	191,738	671,633	357,329	2,322,543
Total Occupied SF	442,577	2,583,109	1,630,491	1,329,688	3,993,401	3,024,683	2,089,395	1,291,817	16,385,161
Total Vacant (%)	29.9%	11.6%	7.1%	5.5%	8.5%	6.0%	24.3%	21.7%	12.4%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	52,000	0	0	0	52,000
Total Net Absorption QTD	19,725	-103,617	28,051	11,747	75,376	13,098	-160,961	10,314	-106,267
Total Net Absorption YOY	8,394	-51,586	18,000	-16,447	109,781	32,082	-86,842	-19,711	-6,329
Asking Rents (\$ PSF)	\$0.73	\$1.35	\$1.78	\$1.65	\$1.13	\$1.25	\$0.38	\$0.98	\$0.72
Under Constuction SF	0	34,000	0	0	0	205,000	0	0	239,000
Planned SF	0	0	0	0	0	0	0	0	0

NEIGHBORHOOD CENTERS	Downtown	Henderson	North Las Vegas	Northeast	Northwest	Southwest	University East	West Central	Totals
Number of Properties	5	25	15	13	32	13	18	16	137
Total Rentable SF	474,683	2,797,088	2,167,567	1,134,765	3,655,508	1,623,100	2,078,976	1,591,685	15,523,372
Total Vacant SF	58,309	438,952	465,458	76,351	321,848	144,091	187,537	54,098	1,746,644
Total Occupied SF	416,374	2,358,136	1,702,109	1,058,414	3,333,660	1,479,009	1,891,439	1,537,587	13,776,728
Total Vacant (%)	12.3%	15.7%	21.5%	6.7%	8.8%	8.9%	9.0%	3.4%	11.3%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0	0
Total Net Absorption QTD	-3,500	-4,412	-1,760	-12,503	50,323	-2,276	-9,965	6,772	22,679
Total Net Absorption YOY	-1,241	2,105	-28,055	-9,578	186,556	-46,993	-7,017	1,150	96,927
Asking Rents (\$ PSF)	\$1.04	\$0.85	\$1.15	\$1.09	\$0.96	\$1.48	\$1.16	\$1.38	\$1.04
Under Constuction SF	0	0	0	0	0	0	0	0	0
Planned SF	0	153,000	0	0	197,493	0	130,000	0	480,493

LAS VEGAS VALLEY

ANCHORED RETAIL SUBMARKET MAP



Updated: 10/2014