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# Las Vegas Industrial Survey

2<sup>nd</sup> Quarter 2017



WARM SPRINGS CROSSING



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August 25, 2017

Re: *Industrial Survey: 2nd Quarter, 2017*

Dear Reader,

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

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

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

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

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

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

John Restrepo  
RCG Economics

## Statement of Limiting Conditions

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

# LAS VEGAS INDUSTRIAL SURVEY

## SUMMARY

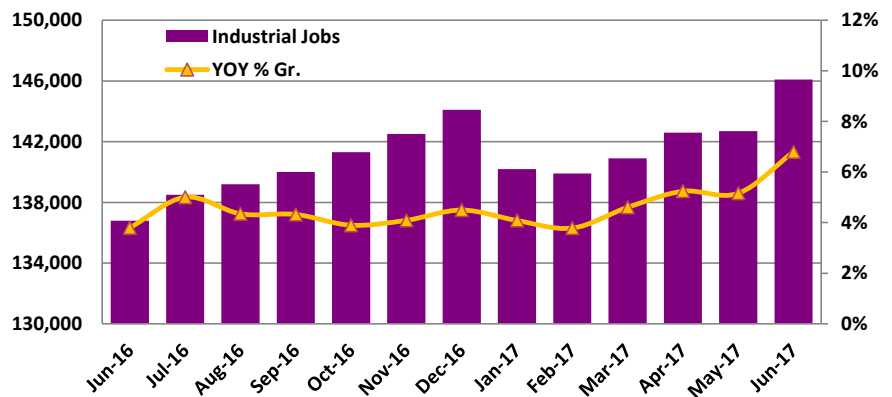
The Las Vegas Valley's ("the Valley") Industrial market<sup>1</sup> grew total inventory to 117.4 million square feet ("sf") of rentable space with 2.7 million sf of completions in the second quarter ("Q2") of 2017. Net absorption (net demand) in Q2 increased sharply from the previous quarter to 2.0 million sf. Still, the Valley's Industrial vacancy rate increased by 0.5 points to 6% in Q2, 2017. The vacancy rate is up by 0.8 points, when compared to Q2, 2016. At \$0.69 per square foot ("psf") NNN<sup>2</sup>, the average monthly asking rent is down a nickel from Q1 (\$0.74 psf), and is down \$0.11 from Q2, 2016 (\$0.80 psf). Even after this quarter's big completions, forward-supply<sup>3</sup> remains substantial with 4.5 million sf under construction and another 6.5 million sf in the planning stages. 98.1% of the space under construction is of the Warehouse/Distribution type, as is a large proportion of the planned space (96.3%). The Industrial market is recovered and stable.

## INDUSTRIAL-RELATED JOBS

Total nonfarm employment in the Las Vegas MSA rose by 35,200 jobs from June 2016 through June 2017, a 3.7% increase. During that time the "headline" unemployment rate declined 1 point to 5.1%.

Jobs in Industrial space-using sectors represented 17% (146,100 jobs) of all private jobs in Clark County at the end of June 2017, with Industrial jobs growing by 6.8% over the year.<sup>4</sup> 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 9,900 jobs over the year, with Manufacturing adding 600 jobs and the Natural Resources and Wholesale Trade sectors adding 100 jobs each. Transportation & Warehousing, however, lost 1,400 jobs for the year.

**Clark County Total\* Industrial Jobs and Annual Growth: Jun-16 to Jun-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	Apr			May			Jun		
	2017	2016	% Ch.	2017	2016	% Ch.	2017	2016	% Ch.
Nat. Resources	300	300	0.0%	300	300	0.0%	400	300	33.3%
Construction	61,500	53,400	15.2%	61,400	53,200	15.4%	64,200	54,300	18.2%
Manufacturing	22,300	21,800	2.3%	22,400	21,900	2.3%	22,600	22,000	2.7%
Wholesale Trade	21,100	21,300	-0.9%	21,500	21,500	0.0%	21,600	21,500	0.5%
Transp. & Warehousing	37,400	38,700	-3.4%	37,100	38,800	-4.4%	37,300	38,700	-3.6%
<b>Total</b>	<b>142,600</b>	<b>135,500</b>	<b>5.2%</b>	<b>142,700</b>	<b>135,700</b>	<b>5.2%</b>	<b>146,100</b>	<b>136,800</b>	<b>6.8%</b>

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 third quarter in a row in Q2, 2017, this time by 0.5 percentage points to an even 6%. When compared to Q2, 2016, the vacancy rate is up by 0.8 points. The Industrial market remains healthy. Notably, all Industrial submarkets remain comfortably below the generally accepted 10% stabilized vacancy rate, to the point that space shortages have emerged in some product types. Three of seven submarkets showed improvement in their vacancy rate with East Las Vegas experiencing the most substantial decline, from 3.9% vacancy in Q1, 2017, to 1.7% in Q2, 2017. The Northwest submarket fell from 7.6% to 6.3% and Henderson was down from 7.5% to 6.7%. North Las Vegas saw the largest increase in vacancy, from 5.2% to 6.5%, followed by the Southwest which increased from 5.1% to 6.1%. The Airport and West Central submarkets were unchanged at 6.5% and 4%, respectively.

## INDUSTRIAL MARKET

On a Y-O-Y basis four of seven submarkets showed improvement. The East Las Vegas submarket was the most improved with a drop in vacancy of 4.5 percentage-points, followed by the Northwest submarket with a 3.1 percentage-point drop, the Airport submarket with a 1.4-point drop and West Central with a 0.2-point decrease. The remaining three submarkets each experienced a rising vacancy rate over the year with North Las Vegas seeing a 2.8-point increase, Henderson seeing an increase of 1.6 points and the Southwest gaining 0.3 points since Q2, 2016.

On a product basis, four out of five product types saw their vacancy rate increase from the previous quarter. Light Distribution had the biggest gain in vacancy with an increase of 1 point, from 6.1% to 7.1%. Vacancy in the Warehouse/Distribution product type was up for the third quarter in a row, this time by 0.5 points, from 5.8% to 6.3%. Both Light Industrial and R&D/Flex saw vacancy increase by 0.3 points since Q1, from 3% to 3.3% and from 10.6% to 10.9%, respectively. Incubator, with a decrease in vacancy of 0.3 points from 7.9% to 7.6%, was the only product type to see improvement from Q1 to Q2.

On a Y-O-Y basis, four out of the five product types were down in vacancy. R&D/Flex decreased the most from the previous year with vacancy falling by 0.9 points from 11.8%. Light Industrial was down 0.7 points from 4% vacancy in Q2, 2016. Light Distribution and Incubator were both down by 0.3 points from 7.4% and 7.9%, respectively. Warehouse/Distribution had a substantial rise in vacancy of 2.3 points from 4% and was the only product type to experience an increase in vacancy over the year.

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) fell in Q2 by \$0.05 to \$0.69 psf. This is \$0.11 psf lower than asking rents were in the second quarter of 2016.

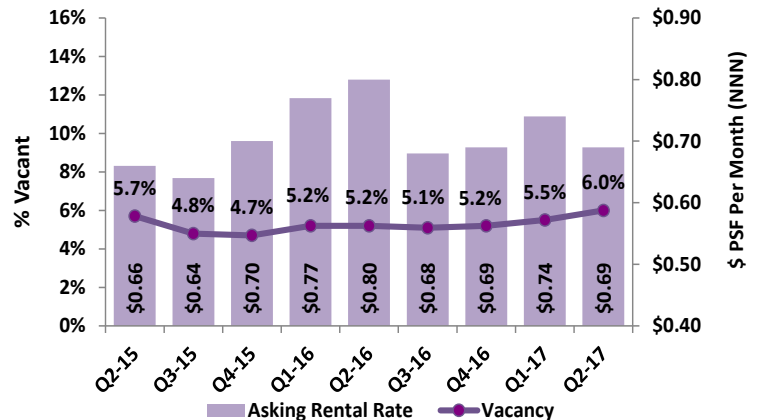
### DEMAND

Demand made a big comeback in the second quarter of 2017. After -30,599 sf of demand in Q1, absorption in Q2 was +2 million sf. Despite the considerable improvement in demand, it was not enough to cover the 2.7 million sf of new space that came to market in Q2.

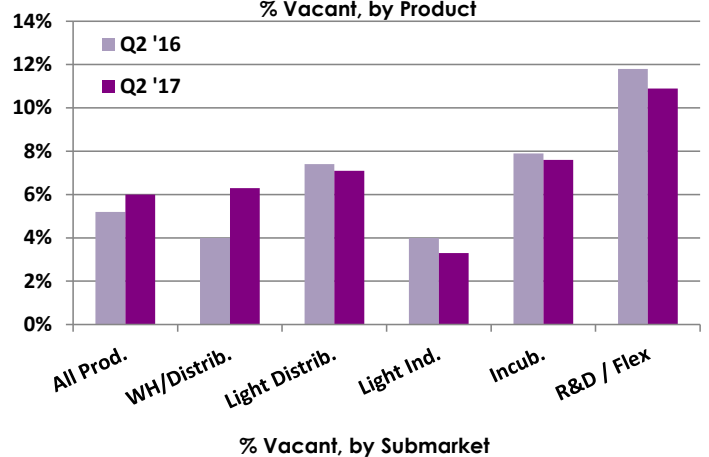
Demand over the four quarters ending in Q2, 2017 totaled +4.8 million sf. This was the largest YOY absorption total since the year period ending in Q4, 2015. We have seen a considerable amount of new Industrial space come to market with demand for Warehouse/Distribution space fueling development. With 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 could be blunting greater economic growth, though with 12 million sf of space in various stages of development, the market hopes to avoid this potential problem.

Six out of seven submarkets had positive absorption in Q2, 2017. The Henderson submarket was at the top with +549,450 sf of absorption.

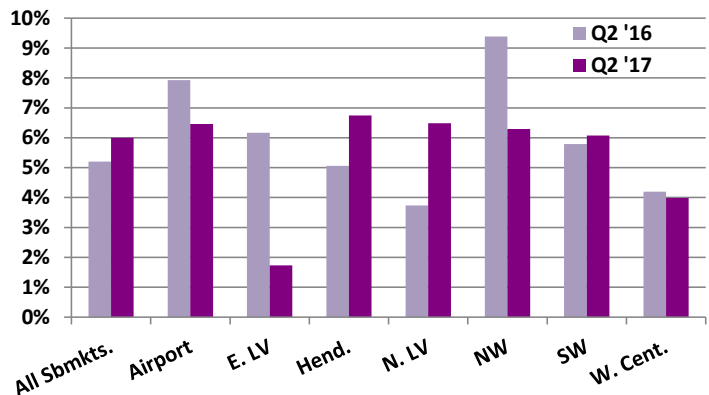
Las Vegas Valley Industrial Market  
Historical Vacancy vs. Monthly Asking Rent:  
Q2, 2015 - Q2, 2017



Las Vegas Valley Industrial Market  
Vacancy Trends: Q2, 2016 v. Q2, 2017  
% Vacant, by Product



% Vacant, by Submarket



## INDUSTRIAL MARKET

North Las Vegas was a close second with +507,239 sf, followed on its heels by the Southwest submarket with +506,503 sf of demand. East Las Vegas also had a strong showing with +411,115 sf absorbed in Q2, 2017. The Northwest submarket was well behind with +17,350 sf and Airport was even further back with only +3,260 sf of demand. West Central was the lone submarket to experience negative demand over the quarter with -4,221 sf.

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 +1.3 million sf of absorption, followed by the Southwest with +1.2 million sf and Henderson with +1.1 million sf. East Las Vegas followed with +784,527 sf of demand while Airport had a decent showing with +280,262 sf. The Northwest (+41,400 sf) and West Central (+24,942 sf) submarkets were well behind the rest but managed positive absorption nonetheless.

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 +2.3 million sf of demand in the second quarter of 2017. Incubator (+27,815 sf) was the only other product with positive demand in Q2. The Light Distribution product type had a bad quarter with -180,790 sf of absorption, followed by Light Industrial with -91,246 sf. R&D/Flex dropped -15,861 sf.

Over the past year the Warehouse/Distribution space account for nearly all of the Industrial market's positive demand with +4,434,859 sf, though all other product types were able to add to the total. Light Industrial contributed the second most with +224,368 sf, followed by R&D/Flex with +53,237 sf, then Light Distribution with +46,959 sf and finally Incubator with +28,030 sf for the year.

### SUPPLY

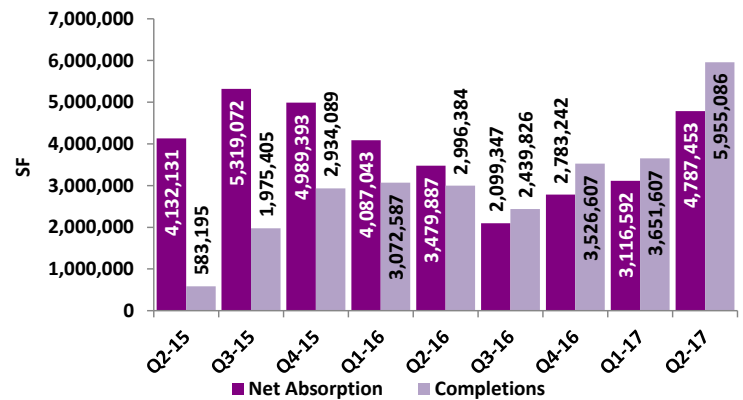
Four different submarkets had completions in Q2 totaling 2.7 million sf of space. This has raised the Valley's Industrial inventory to 117.4 million sf. Q2 completions were: 3730 Civic Center Drive (90,000 sf), Copper Sage Commerce Center (91,000 sf), Eaker Street Wellness (58,000 sf), I-15 Speedway Logistics 1 (525,200 sf), and Lone Mountain Corporate Center Phase 2 (243,760 sf) in the North Las Vegas submarket; Las Vegas Digital Exchange #9 (295,500 sf), Sunset 215 West 1, 2 & 3 (80,000 sf) and Supernap 10 & 12 (511,476 sf) in the Southwest submarket; South 15 Airport Center B (482,300 sf) in the Henderson submarket; and Sunrise Industrial Park #9 (342,243 sf) in the East Las Vegas Submarket.

The two previous years were booming for the 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 so far in 2017 are already more than in 2015 and are closing in on 2016 with over 3 million sf. With 10.7 million sf in the forward supply, we expect total completions for 2017 to beat both previous years.

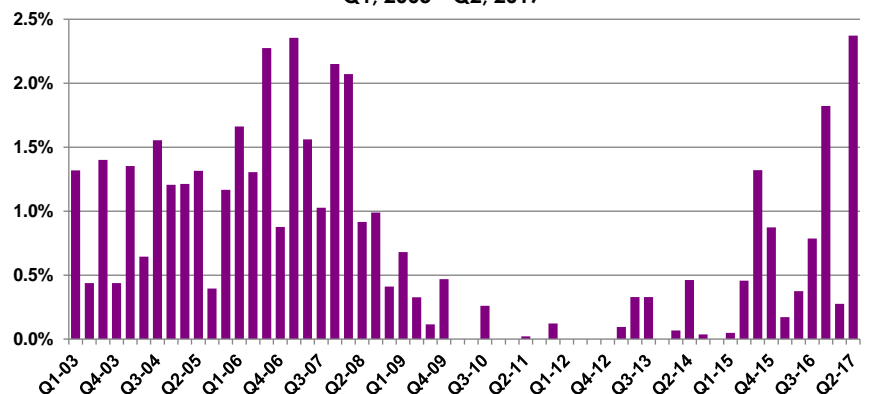
The Industrial market will continue playing a critical role in Southern Nevada's economic growth as space currently in development and under construction will alleviate the need of businesses looking to expand.

There currently are 18 projects under construction comprising just over 4.5 million sf at the end of Q2. In part, to meet the needs of increasingly successful online retailers, the Industrial market needs more large warehouses for distribution. This explains why all but

Las Vegas Valley Industrial Market  
Historical YOY Net Absorption vs. Completions:  
Q2, 2015 - Q2, 2017



Las Vegas Valley Industrial Market  
Completions as a % of Inventory:  
Q1, 2003 - Q2, 2017



## INDUSTRIAL MARKET

two of the projects currently under construction are Warehouse/Distribution spaces, and why, of those 16 Warehouse/Distribution projects, 10 are over 100,000 sf:

### Under Construction

Project	SF	Subtype	Submarket	Exp. Comp.
CJ Pony Parts	100,000	Warehouse/Distribution	North Las Vegas	Q317
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
I-15 Speedway Logistics 2	601,610	Warehouse/Distribution	North Las Vegas	Q417
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
Lincoln Business Center	338,520	Warehouse/Distribution	North Las Vegas	Q317
LogistiCenter at LVB	548,880	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
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 Industrial Park	160,720	Warehouse/Distribution	Henderson	Q417
South Jones Industrial Park	29,411	Light Industrial	Southwest	Q417
Speedway Commerce Center West 1	390,000	Warehouse/Distribution	North Las Vegas	Q118
Sunset Landing	54,000	Light Industrial	Airport	Q317
Supernap 11 (SWITCH)	343,436	Warehouse/Distribution	Southwest	2018
<b>Total</b>	<b>4,529,000</b>			

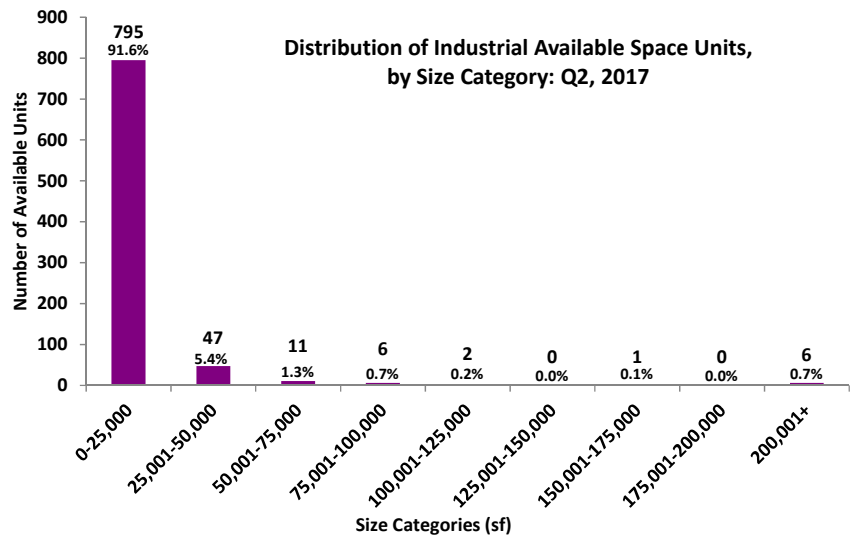
## INDUSTRIAL MARKET

In addition to the ongoing construction, there are 26 more projects in the planning stages, representing approximately 6.5 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	207,000	Warehouse/Distribution	Henderson	Q417
Blue Diamond Business Center #10	495,000	Warehouse/Distribution	Southwest	2018
Blue Diamond Business Center #6	430,000	Warehouse/Distribution	Southwest	Q417
Cheyenne Commerce Center Phase 3	270,000	Warehouse/Distribution	North Las Vegas	Q219
Clayton Park	88,000	Incubator	North Las Vegas	2018
Craig & Walnut	125,000	Warehouse/Distribution	North Las Vegas	Q417
Desert Inn Distribution Center	153,320	Warehouse/Distribution	West Central	2019
Escondido Airport Park	30,897	Light Industrial	Airport	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 3	633,120	Warehouse/Distribution	North Las Vegas	2018
I-15 Speedway Logistics 4	367,060	Warehouse/Distribution	North Las Vegas	2018
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
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	2019
South 15 Airport Center F	100,800	Warehouse/Distribution	Henderson	2019
Speedway Commerce Center Phase 3	168,000	Warehouse/Distribution	North Las Vegas	Q418
Speedway Commerce Center West 2	312,000	Warehouse/Distribution	North Las Vegas	Q418
Sunpoint Crossing	760,481	Warehouse/Distribution	North Las Vegas	Q417
<b>Total</b>	<b>6,486,000</b>			

Southern Nevada's economic recovery and expansion will continue to be led primarily 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, though Q2 provided some relief in the way of very large Warehouse/Distribution space with five of the projects completed each well over 200,000 sf. There are now six very large buildings of over 200,000 sf available. Q3 is slated to unveil another prodigious amount of space with six of the expected projects of the large Warehouse/Distribution kind, 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 second quarter, 2017 has kept pace with sales over the previous two years. Sales picked up in Q2 with sales volume reaching \$172.5 million in 32 sales. Total square feet sold were 1.7 million. The average price per square foot was \$101.42, up from 2016's average of \$93.35. 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	32
Square Feet Sold	3,309,000	1,701,000
Sales Volume (MM)	\$308.9	\$172.5
Average Price/SF	\$93.35	\$101.42
Average Cap Rate*	7.2%	7.1%
Average Sale Size (SF)	47,000	53,000

Source: Colliers Las Vegas.

\*Cap rate on properties available for sale as investments.

### 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. Warehouse/Distribution effectively carried the Industrial market in Q2 with absorption of +2.3 million sf while Light Distribution (-180,790 sf), Light Industrial (-91,246 sf) and R&D/Flex (-15,861) posted negative demand. Only Incubator (+27,815 sf) was able to add to the total. The data suggest Las Vegas' economic recovery is being held back by a shortage of large Warehouse/Distribution buildings, though as mentioned above, there are substantial projects in development to resolve that problem.

Jobs in Industrial space-using sectors now represent 17% (146,100 jobs) of all private jobs in Clark County at the end of Q2, 2017. This was +9,300 more (+6.8%) jobs than existed in June 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 at 5.1% at the end of Q2. The Construction sector (+9,900 jobs, +18.2%) was again the leader in job growth with Manufacturing (+600, +2.7%), Wholesale Trade (+100, +0.5%) and Natural Resources (+100, +33.3%) each making a positive contribution. The Transportation & Warehousing sector (-3.6%, -1,400), usually a strong performer, was a jobs loser in Q2.

As mentioned above, the Valley's total Industrial vacancy rate (direct vacant space plus sublease vacant space) rose by 0.5 points to 6% in Q2 and was up by 0.8 points over Q2, 2016's vacancy rate of 5.2%. Vacancy dropped in three of the seven submarkets: the Northwest, Henderson and East Las Vegas submarkets. Two submarkets were unchanged: West Central and Airport. Though this is now the second quarter that we have seen vacancy increase, it should not be cause for alarm. The Industrial market brought over 2.7 million sf to market and absorbed more than 2 million of it. 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 (1.7%) claimed the lowest vacancy rate, with West Central (4%) falling further behind but still second. Every other submarket is just over 6% with the Southwest at 6.1%, the Northwest at 6.3%, Airport and North Las Vegas both at 6.5% and Henderson at 6.7%. All submarkets are comfortably below the 10% stabilized rate.

<sup>1</sup> 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.

<sup>2</sup> 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.

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

<sup>4</sup> 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  
Second 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	3,859,110	14,504,212	35,675,094	1,336,299	35,569,378	12,016,433	117,356,151
Total Vacant SF	929,388	66,762	978,518	2,313,034	84,056	2,161,623	479,173	7,012,554
Total Occupied SF	13,466,237	3,792,348	13,525,694	33,362,060	1,252,243	33,407,755	11,537,260	110,343,597
Total Vacant (%)	6.5%	1.7%	6.7%	6.5%	6.3%	6.1%	4.0%	6.0%
Completions QTD	0	342,243	482,300	1,007,960	0	886,976	0	2,719,479
Completions YOY	75,000	653,489	1,407,296	2,388,792	0	1,430,509	0	5,955,086
Total Net Absorption QTD	3,260	411,115	549,450	507,239	17,350	506,503	-4,221	1,990,696
Total Net Absorption YOY	280,262	784,527	1,090,948	1,319,836	41,400	1,245,538	24,942	4,787,453
Asking Rents (\$ PSF)	\$0.95	\$0.59	\$0.65	\$0.48	\$0.85	\$0.73	\$0.92	\$0.69
Under Constuction SF	187,077	0	346,720	3,622,193	0	372,847	0	4,528,837
Planned SF	30,897	0	1,219,410	4,157,107	0	925,000	153,320	6,485,734

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	1,942,368	8,164,315	22,729,524	223,661	15,257,155	1,939,836	55,369,253
Total Vacant SF	68,705	0	580,745	1,899,626	0	847,292	101,216	3,497,584
Total Occupied SF	5,043,689	1,942,368	7,583,570	20,829,898	223,661	14,409,863	1,838,620	51,871,669
Total Vacant (%)	1.3%	0.0%	7.1%	8.4%	0.0%	5.6%	5.2%	6.3%
Completions QTD	0	342,243	482,300	1,007,960	0	886,976	0	2,719,479
Completions YOY	75,000	653,489	1,407,296	2,388,792	0	1,430,509	0	5,955,086
Total Net Absorption QTD	6,380	355,037	568,521	542,404	0	778,436	0	2,250,778
Total Net Absorption YOY	197,958	772,663	981,450	1,082,952	0	1,449,294	-49,458	4,434,859
Asking Rents (\$ PSF)	\$0.66	\$0.00	\$0.56	\$0.43	\$0.00	\$0.59	\$0.72	\$0.51
Under Constuction SF	133,077	0	346,720	3,622,193	0	343,436	0	4,445,426
Planned SF	0	0	1,219,410	3,947,107	0	925,000	153,320	6,244,837

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	399,792	6,400	142,877	154,137	0	542,543	16,264	1,262,013
Total Occupied SF	2,769,337	334,275	1,428,826	4,694,797	51,000	6,388,093	759,483	16,425,811
Total Vacant (%)	12.6%	1.9%	9.1%	3.2%	0.0%	7.8%	2.1%	7.1%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	-49,440	-6,400	-7,691	-12,963	0	-113,456	9,160	-180,790
Total Net Absorption YOY	-64,724	-6,400	130,469	90,004	12,159	-125,799	11,250	46,959
Asking Rents (\$ PSF)	\$0.91	\$0.68	\$0.62	\$0.62	\$0.00	\$0.73	\$0.73	\$0.81
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  
Second Quarter, 2017

## SUBMARKETS

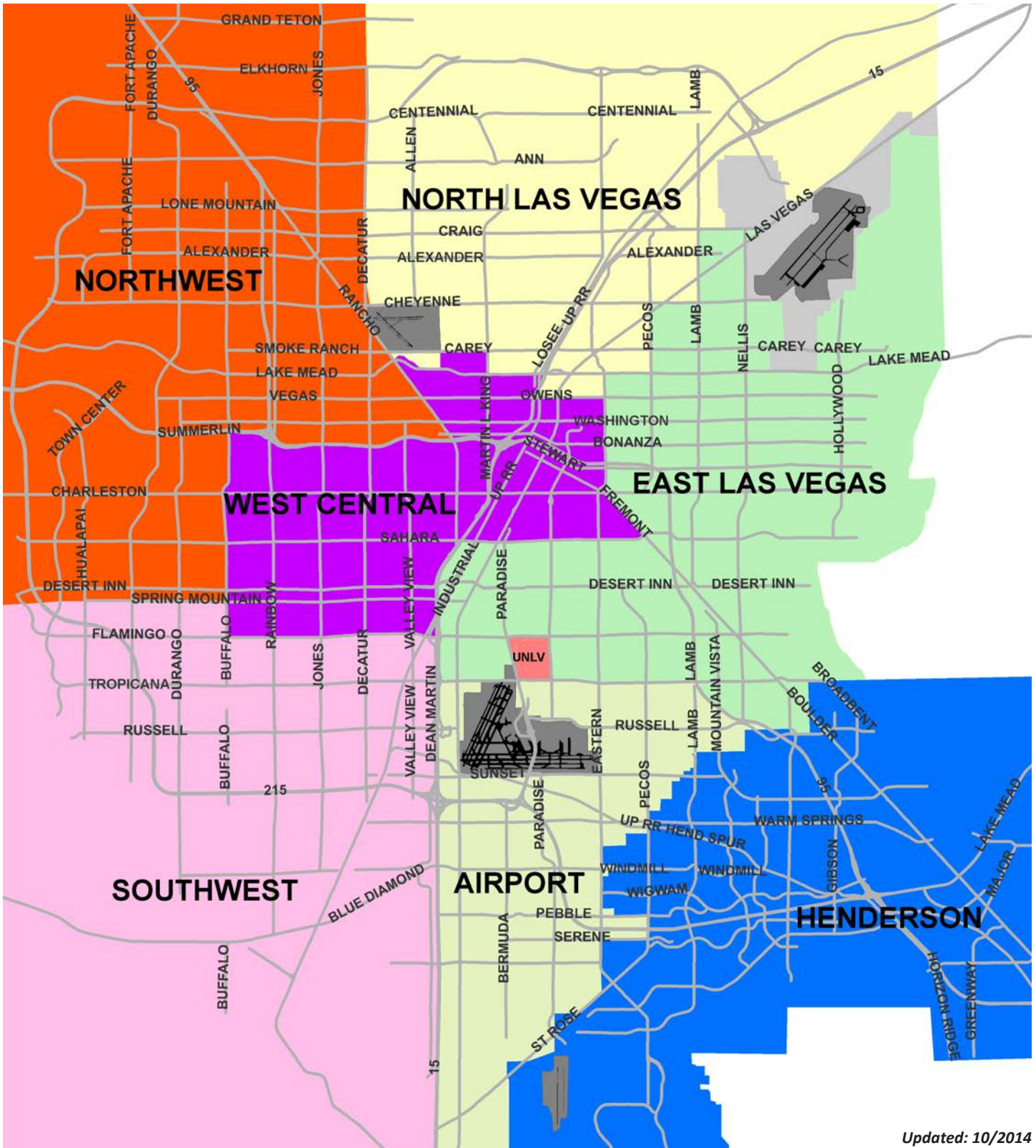
LIGHT INDUSTRIAL	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	199	91	313	594	16	742	482	2,437
Total Rentable SF	3,076,809	1,135,150	3,085,009	6,755,260	290,111	9,362,544	6,622,403	30,327,286
Total Vacant SF	152,835	20,444	86,382	119,895	0	411,829	206,992	998,377
Total Occupied SF	2,923,974	1,114,706	2,998,627	6,635,365	290,111	8,950,715	6,415,411	29,328,909
Total Vacant (%)	5.0%	1.8%	2.8%	1.8%	0.0%	4.4%	3.1%	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	30,221	62,706	14,202	-9,681	0	-164,588	-24,106	-91,246
Total Net Absorption YOY	49,769	1,656	6,245	122,787	18,570	-13,462	38,803	224,368
Asking Rents (\$ PSF)	\$0.90	\$0.53	\$0.60	\$0.60	\$0.00	\$0.80	\$0.89	\$0.82
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	164,298	39,918	19,236	65,234	17,444	175,137	132,622	613,889
Total Occupied SF	1,550,323	258,705	437,670	496,318	81,881	2,321,244	2,325,993	7,472,134
Total Vacant (%)	9.6%	13.4%	4.2%	11.6%	17.6%	7.0%	5.4%	7.6%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	-27,920	-228	18,688	18,589	10,854	-4,636	12,468	27,815
Total Net Absorption YOY	20,641	1,194	16,512	36,653	-7,925	-59,669	20,624	28,030
Asking Rents (\$ PSF)	\$1.15	\$0.60	\$0.75	\$0.60	\$0.78	\$1.01	\$0.88	\$0.93
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	143,758	0	149,278	74,142	66,612	184,822	22,079	640,691
Total Occupied SF	1,178,914	142,294	1,077,001	705,682	605,590	1,337,840	197,753	5,245,074
Total Vacant (%)	10.9%	0.0%	12.2%	9.5%	9.9%	12.1%	10.0%	10.9%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	44,019	0	-44,270	-31,110	6,496	10,747	-1,743	-15,861
Total Net Absorption YOY	76,618	15,414	-43,728	-12,560	18,596	-4,826	3,723	53,237
Asking Rents (\$ PSF)	\$0.96	\$0.00	\$1.21	\$0.89	\$0.87	\$0.99	\$0.87	\$1.04
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