Financial Advisory
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SOUTHERN NEVADA EMPLOYMENT LANDS ANALYSIS

JANUARY 2016

Prepared by:

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January 13, 2016

Mr. Jonas Peterson, Chief Executive Officer
Las Vegas Global Economic Alliance
6720 Via Austi Parkway Suite #330
Las Vegas, NV 89119

Re: Southern Nevada Employment Land Analysis ("the Study")

Dear Mr. Peterson:

RCG Economics LLC ("RCG") is pleased to submit the referenced Study to Las Vegas Global Economic Alliance ("LVGEA") to provide regional economic and fiscal advisory services relative to the Study.

RCG's Study is based on a set of generally acceptable regional economic and commercial/industrial real estate technical analyses and data. The Study is comprised of the following components:

Part I: Introduction

Part II. Comparative Industrial Market Overview
- Section1. Introduction
- Section 2. Las Vegas Industrial Market
- Section 3. Comparison of Industrial Market Condition Metrics by Market Area
- Section 4. Las Vegas Market Area Comparison
- Section 5. Conclusion

Part III. Southern Nevada Industrial Employment Opportunity Areas
- Section 1. Introduction, Data Sources, and RCG Matrix
- Section 2: Employment Land Inventory Considerations
- Section 3: Ranking Methodology
- Section 4: Exurban "Tier 2" Activity Areas
- Section 5: Top 12 EOAs

Standard Assumptions

This work scope was performed according to the *"Standard Assumptions & Limiting Conditions"* detailed in the attachment to this letter.

Use & Nature of Report & Methodologies

The distribution of the Study is limited to LVGEA. If LVGEA intends to reproduce and distribute the Study and report, it must be reproduced in its entirety.

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All ideas, developments, computer models, methodologies, innovations, inventions and copyrightable work, which RCG conceived and were used during the period of the Study, and which either (a) are within the scope of RCG's businesses or investigations, or (b) are supported by the use of materials, facilities or information paid for or provided by RCG are the exclusive property of RCG. In this regard, LVGEA agrees to credit RCG for its work.

The results of RCG's services under this engagement are the property of LVGEA. Copies of all documents including writings and computer or machine-readable data, which describe or relate to the services performed pursuant to this consulting assignment, or the results thereof, are the property of LVGEA and will be provided upon request. However, LVGEA will not provide RCG's Inventions and Works to any third party or use the same for the benefit of any third party, except with the prior written consent of RCG.

The Study is in the form of a narrative presentation, along with any appropriate tables, graphs and maps. RCG is not responsible for statements or interpretations made by LVGEA relating to the Study.

If you have any questions, please do not hesitate to contact us at your convenience by phone at 702-967-3188 ext. 401 or by email at jrestrepo@rcg1.com.

Regards,

RCG Economics LLC

RCG Economics LLC

Cc: Brad Mamer, GOED

Attachment

ATTACHMENT
STANDARD ASSUMPTIONS & LIMITING CONDITIONS

1. RCG prepared the Study, from third-party information collected by RCG, as well as its internal computer models, databases and sources.

2. LVGEA is responsible for representations about its plans and expectations and for disclosure of significant information that might affect the ultimate realization of the analyses results.

3. The results of RCG's analyses apply only to the effective date of the Study. The success of LVGEA's plans will be affected by many related and unrelated economic conditions within a local, regional, national and/or world context. RCG's assume no liability for an unforeseen change in the local, regional or national economies. Accordingly, RCG has no responsibility to update its report for events and circumstances occurring after the date of its Study.

4. RCG's Study is based on historical economic and real estate benchmark information. Thus, variations in the future could be material and have an impact on our Study conclusions. Even if our Study's hypothetical assumptions were to occur, there will usually be differences between the estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. These could include major changes in economic and market conditions; and/or terms or availability of financing altogether; and/or major revisions in current state and/or federal tax or regulatory laws.

5. As defined herein, developable land is land that is vacant or underused, without acute physical limitations that is planned or zoned for more intense uses, and has access to the urban services and infrastructure required to allow development.

6. If RCG's Study is reproduced by LVGEA, it must be reproduced in its entirety.

7. RCG makes no representation or warranty as to the accuracy or completeness of the third party information contained in our Study, and shall have no liability for any representations (expressed or implied) contained in, or for any omissions from, our materials.

8. The working papers for this consulting assignment will be retained in RCG's files and will be made available for your reference. We will be available to support the analyses, as required.

9. Unless otherwise stated in the report, no effort has been made to determine the possible effect, if any, of future Federal, State or local legislation, including any environmental or ecological matters or interpretations thereof.

10. RCG did not perform an audit, review or examination or any other attest function (as defined by the AICPA) regarding any of the third-party historical market, industry and economic benchmarks or demographic information used or included in the report; therefore, RCG will not express any opinion or any other form of assurance with regard to the same, in the context of our Study.

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INTRODUCTION

As part of the ongoing effort by Southern Nevada economic development and public planning leaders to strengthen and unify current land use plans and economic development strategies, the Las Vegas Global Economic Alliance ("LVGEA") commissioned RCG Economics ("RCG") to prepare this *Southern Nevada Employment Land Analysis* ("the Analysis"). The project provides a look into the current state of developed and undeveloped, vacant industrial real estate lands in Southern Nevada to aid in best utilizing the land use and regional development plans of the various governing authorities.

Part 1 of the Analysis provides an overview of current industrial real estate conditions in the Las Vegas MSA and eight (8) competing Western metro areas (see Part 1 for names). This was done to compare Southern Nevada's competitiveness for industrial development and growth.

Part 2 provides the results of an inventory survey and ranking of Employment Opportunity Areas ("EOAs"), i.e., vacant industrial parcels/assemblages of 70+ acres, in Southern Nevada, with a focus on the Las Vegas Valley. This was done to highlight areas with the highest industrial development potential during the next three to five years. The ranking process used herein builds-off the Southern Nevada Strong ("SNS") *Employment Land Use Policy Analysis*. In light of this, the Analysis can be seen as a continuation of the efforts of SNS.

The Analysis has been written with the following Southern Nevada audiences in mind:

- the Las Vegas Global Economic Alliance ("LVGEA"),
- the Governor's Office of Economic Development ("GOED"),
- members of Southern Nevada Strong ("SNS"),
- municipal economic development agencies,
- comprehensive planning departments, and
- the private sector

The private sector is especially important since lenders, investors and the commercial real estate industry will be responsible for financing and constructing any needed industrial buildings and projects that come because of the region's economic development efforts.

The Analysis is based on land supply data provided through a joint effort of the region's municipalities and private sector firms. RCG also especially thanks the Southern Nevada Water Authority for its contribution in providing much of the detailed parcel information for all of Clark County (in and outside of its service area). A detailed list of the data sources, as well as a statement of methodology can be found in Part 2. The areas where data were collected include unincorporated Clark County and the Las Vegas Valley.

RCG has also prepared a glossary of terms below used in the Analysis.

Glossary

Average Asking Rent (NNN Rent): Weighted by vacant square feet available for lease. Rents 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 is based on triple net rents (NNN) and excludes expenses such as taxes, insurance, maintenance, janitorial service and utilities.

Completions: Total new space added during the quarter from construction completions, less total space due to building demolitions or conversions.

Developable Land: Land that is vacant or under-developed, without acute physical limitations, that is planned or zoned for more intense uses, and has access to the urban services and infrastructure required for development.

Employment Lands: Urban and rural industrial land that is zoned either industrial and/or is planned as such in Southern Nevada's jurisdictional general land use plans.

Exurban: The non-urbanized portion of Clark County. These areas include Laughlin, Mesquite, Apex, Primm/Jean, and Boulder City. Exurban areas are generally developed, but also have large portions of undeveloped, possibly rural, land and are situated beyond the suburban portions of urbanized areas, such as Las Vegas Valley.

Net Absorption: Net amount of unoccupied space in buildings that was leased during a given period of time (e.g., quarter or four-quarter total). It is a measure of demand, calculated as the net change in occupied square feet between two periods.

The Las Vegas Valley or Valley: The urbanized portion of Clark County. The Las Vegas Valley includes the jurisdictions Clark County, along with the Cities of Henderson, Las Vegas and North Las Vegas.

Total Inventory: Total rentable square feet of existing industrial buildings. Includes speculative, as well as owner-occupied buildings.

Total Vacancy: Space in a building that is unoccupied and immediately available for lease by the owner of the property or offered for sub-lease by the primary tenant.

Southern Nevada: Synonymous with the boundaries of Clark County, Nevada.

Urbanized Area ("built-up urban area"): A continuously built-up area of urban-style development. An urbanized area contains undeveloped land but not necessarily rural land. It includes residential and non-residential development as well as open space, such as parks.

Under-construction: Includes buildings that are in some phase of construction, beginning with foundation work and ending with the issuance of a certificate of occupancy.

PART I: COMPARATIVE INDUSTRIAL MARKET OVERVIEW

1. Introduction

The purpose of Part 1 is to develop a comparative market overview of trends (Q2, 2015) in a select group of eight Western U.S. industrial metro markets ("Market Areas or MA's") that compete with the Las Vegas MSA. Specifically, the purpose of this overview is to determine the level and type of industrial development activity occurring in each market, including Las Vegas. The eight competitive markets discussed herein are:

1. Denver, CO
2. Inland Empire, CA
3. Los Angeles, CA
4. Orange County, CA
5. Phoenix, AZ
6. Reno-Sparks, NV
7. Sacramento, CA
8. Salt Lake City, UT

RCG obtained information from various commercial real estate brokerage firms in the markets shown above. Sources used herein include Colliers International ("Colliers"), CB Richard Ellis ("CBRE") and Newmark Grubb Knight Frank ("NGKF"), along with RCG's own *Las Vegas Quarterly Industrial Market Survey* produced in a partnership with UNLV's Lied Institute for Real Estate Studies.

The third-party information RCG obtained was used to create a profile of each MA's industrial real estate market, as well as for cross-MA comparisons. RCG also researched what large industrial projects are under-construction or planned in each MA. When analyzing these MAs, RCG focused on several key performance metrics for Q2, 2015. These include: total inventory, vacancy rates, net absorption, new supply (recently completed and still under-construction by the end of the year) and average rent, all on a total as well as per capita and per private employee basis. While Q2, 2015 data is used for local area industrial markets and employment, RCG elected to use 2013 population estimates, due to data restrictions, for each MA. The results of our research are displayed in the exhibits and tables herein.

As these results will show, there is strong evidence suggesting that the overall demand for industrial space is trending towards larger buildings of at least 100,000 sf. Although many of the selected MAs are experiencing this demand, the supply is limited overall. Many of the

under construction industrial projects over 100,000 sf in these markets, including Las Vegas, are build-to-suit projects and developments.

Important Note: Market indicators, by size of buildings and specific locational attributes, for each of the MAs were not readily available. Accordingly, this report is meant be a high-level comparative review of the general attributes of each MA as of Q2, 2015. It is also meant to serve as a starting point for future discussions of what competitive opportunities and challenges face the Southern Nevada industrial market. It is equally valuable to understand where Southern Nevada is not competitive as it is to understand where it is competitive in order for effective future-oriented decisions to be made.

Accordingly, the current state of the industrial real estate markets in Las Vegas and the eight selected MA's are discussed on the following pages.

2. Las Vegas Industrial Market

Summary

The Las Vegas Valley's ("the Valley") industrial market[1] ended Q2 with an inventory of 94.7 million square feet ("sf"). Demand (net absorption) during Q2 was 891,928 sf, while industrial vacancy rates were 5.5 percent, a 3.3 percentage-point decrease from Q2, 2014. At $0.58 per square foot ("psf") NNN[2], the average asking rent for industrial space was $0.05 higher than Q1 ($0.53 psf) and $0.06 higher than Q2, 2014 ($0.52 psf). At the end of Q2, there were 6.6 million sf of industrial forward-supply, both under construction (3.3 million), as well as in the planning stages (3.3 million). Approximately 94 percent of all under construction space was for Warehouse/ Distribution facilities. Performance metrics for the Valley's industrial market in the last four quarters indicate that the industrial market has now mostly recovered and is again beginning to grow, while still healing in some sub-types and sub-markets.

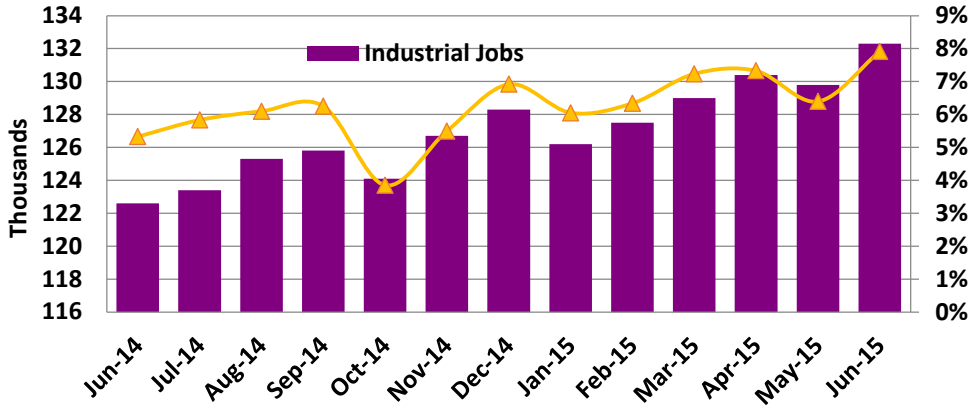
---

[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.

Industrial-Related Jobs

Figure 1-1: Clark County Total* Industrial Jobs & Annual Growth: Jun-14 to Jun-15

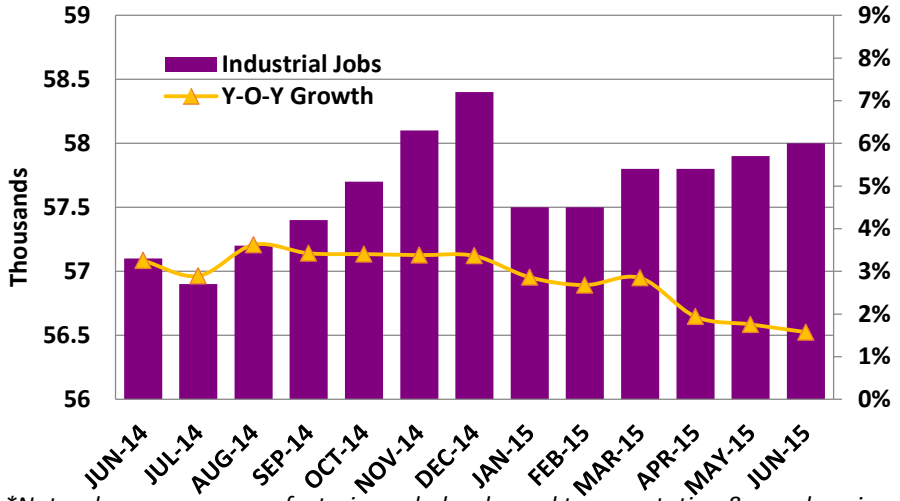


**Natural resources, construction, wholesale, manufacturing and transportation & warehousing industries. Source: Nevada Department of Employment, Training and Rehabilitation; calculated by RCG Economics.*

Employment in the industrial sector represented 16 percent of all private employment in Clark County during Q2, 2015. There were 132,300 industrial-related jobs as of June 2015, 9,700 more (+7.9 percent) from the same month last year.[3] Industrial employment growth rates have remained positive over the past year, with a few minor dips. Clark County has seen an upward trend in industrial employment growth since June 2014. These gains were largely due to the construction industry which recorded a 17.8 percent Y-O-Y growth in June 2015, however each industrial sector grew albeit less than construction. Figure 1-2 provides a look at the health of Clark County's industrial job health without the influence from the construction sector. Overall, the industrial sectors within Clark County have been growing Y-O-Y since Jun 2014, however the growth appears to be declining over time.

[3] *Based on select industries (Natural Resources, Construction, Manufacturing and Transportation & Warehousing and Wholesale Trade industries) from the Nevada Department of Employment, Training and Rehabilitation's latest employment statistics.*

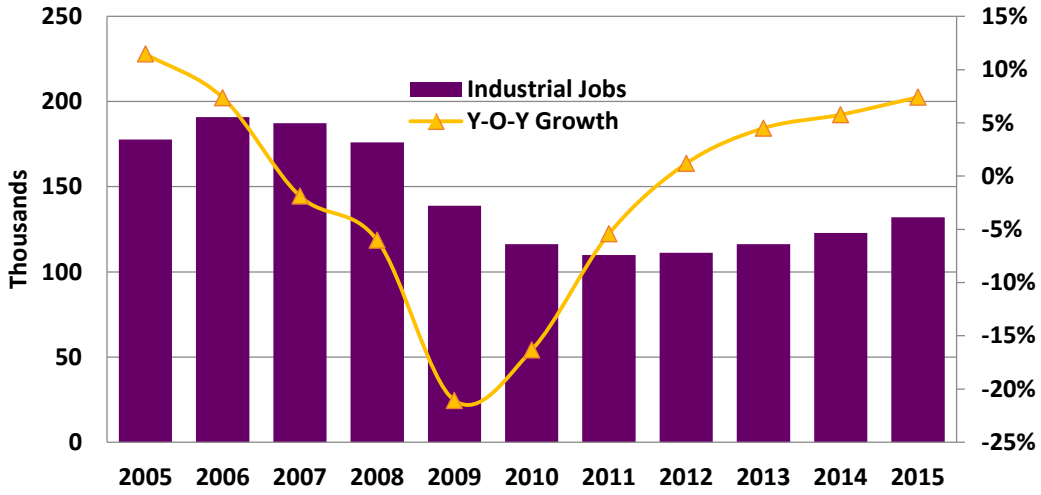
Figure 1-2: Clark County Industrial Jobs (less Construction) & Annual Growth: Jun-14 to Jun-15



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

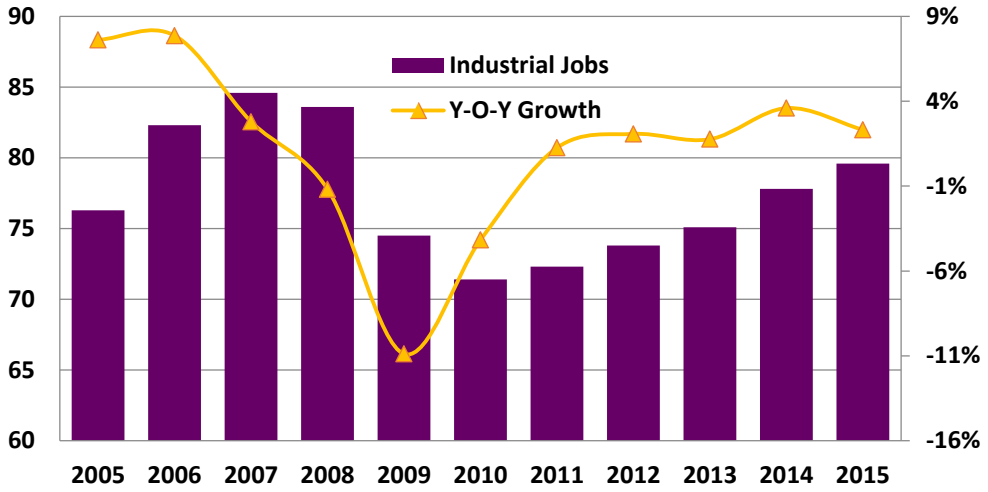
On an annual basis from 2005, Clark County's industrial sectors have undergone dynamic changes. Industrial job growth has trended upward since 2010, with 2012 being the first year following the Great Recession that positive growth rates were recorded for all industrial sectors. When the construction sector is removed, the loss of jobs during the Great Recession is lessened, as Figure 1-4 illustrates, and positive growth began, instead, in 2011.

Figure 1-3: Clark County Total* Industrial Jobs & Annual Growth:2004-2015



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

Figure 1-4: Clark County Total* Industrial Jobs (less Construction) & Annual Growth 2004-2015[4]



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

Vacancy & Rents

The Valley's total industrial vacancy rate (directly vacant plus vacant sublease space) was 5.5 percent in Q2, down from the 6.0 percent recorded for the previous quarter and the 8.8 percent in Q2, 2014. Vacancy levels have shown notable improvements in all quarters since peaking to 15.5 percent in Q3, 2012. This significant return of the industrial market within Las Vegas has brought about supply shortages, particularly for large units (75,000 sf+).

Table 1-1: Las Vegas Q2, 2015 Vacancy Rates, by Product

BLDG TYPE/SIZE	Vacancy (%)
WAREHOUSE/DISTRIBUTION	5.1%
LIGHT DISTRIBUTION	7.3%
LIGHT INDUSTRIAL	4.9%
Las Vegas Market Total	**5.5%**

Source: RCG Economics/UNLV-Lied Institute Quarterly Industrial Survey.

On a submarket basis, the lowest industrial vacancy rates in Q2 were seen in Henderson at 5.3 percent and North Las Vegas at 5.1 percent. The Airport submarket posted the highest rate among the Valley's seven submarkets at 9.4 percent, though it improved in Q2 by experiencing a 1.0 percentage point decrease over the previous quarter's 10.4 percent.

[4] *Similar charts for additional MAs from the study can be found in the attached appendix.*

Both the Southwest (the largest submarket) and East Las Vegas saw improving vacancy rates during Q2, 6.0 percent (- 1.5 percent) and 8.6 percent (-2.2 percent) respectively. However, the Northwest and West Central vacancy rates both increased to 8.3 percent (+3.0 percent) and 6.2 percent (+0.4 percent) respectively. Notably, every submarket, except East Las Vegas, has seen a decrease in vacancy rates over the past year.

Four product types experienced a decrease in vacancy over the previous quarter in Q1: Warehouse/Distribution, Light Distribution, Light Industrial and R&D/Flex. The largest drop, -1.7 points, was in R&D/Flex space. While vacancy rose in Incubator, it was a slight increase of 0.6 points. Light Industrial had the lowest vacancy among all industrial types at 4.9 percent, while R&D/Flex space had the highest vacancy rate at 13.5 percent.

Monthly asking rents for industrial space (calculated on a NNN basis — not accounting for any operating expenses) reached $0.58 psf an increase of $0.05 from both Q1, 2015 and $0.06 from Q2, 2014. On a submarket basis, the Northwest recorded the highest rents at $0.93 psf and East Las Vegas recorded the lowest at $0.40 psf. The Northwest also recorded the most significant change in rents from Q1 with an increase of $0.28 psf (+43.0 percent). North Las Vegas also experienced a considerable increase of 37.5 percent from $0.40 in Q1 to $0.65 in Q2.

Table 1-2: Las Vegas Q2, 2015 Average Rents, by Product

BLDG TYPE/SIZE	$PSF/MO (NNN)
WAREHOUSE/DISTRIBUTION	$0.51
LIGHT DISTRIBUTION	$0.57
LIGHT INDUSTRIAL	$0.66
Las Vegas Market Total	**$0.58**

Source: RCG Economics/UNLV-Lied Institute Quarterly Industrial Survey.

Demand

Demand (total net absorption) in the Valley's industrial market was positive for the 11th straight quarter with 891,928 sf of net space absorbed in Q2, 2015 compared to 1,654,400 sf of absorption during Q2, 2014. On a Y-O-Y basis, Q2 saw 4.3 million sf of absorption compared to 5.0 million during the four quarters ending in Q2, 2014. This decline is unsurprising due to the dwindling supply of industrial space in the Valley. These figures, in tandem with the low vacancy rate, illustrate the fact that many product types and certain size ranges are currently supply-constrained within the Valley.

Table 1-3: Las Vegas Q2, 2015 & 4-QTR Absorption (sf), by Product

BLDG TYPE/SIZE	NET ABS. (SF)	4-QTR NET ABS. (SF)
WAREHOUSE/DISTRIBUTION	589,367	1,857,899
LIGHT DISTRIBUTION	169,274	1,123,533
LIGHT INDUSTRIAL	133,287	676,610
Market Total	**891,928**	**3,658,042**

Source: RCG Economics/UNLV-Lied Institute Quarterly Industrial Survey.

Four of the seven submarkets had positive absorption in Q2. The Southwest saw the highest net absorption with 505,600 sf. The North Las Vegas (+376,200), Airport (+140,500 sf) and East Las Vegas (+64,300 sf) submarkets also posted increases in net absorption. The Henderson (-60,100), Northwest (-39,100 sf) and West Central (-38,600 sf) submarkets reported relatively small negative net absorption in Q2.

On a Y-O-Y basis, the top submarkets were the Southwest (1.7 million sf) and North Las Vegas (1.5 million sf). The Airport submarket (923,300) has also had a good year. In contrast, East Las Vegas (-97,200 sf) and Henderson (-6,200) experienced negative absorption over the year. This negative absorption does not warrant much concern, especially for Henderson, which is at a 5.3 percent vacancy rate; it speaks more to the quality of the remaining vacant space here. All submarkets are under the 10 percent stabilized rate and we expect to see negative economic development and growth impacts until this situation is remedied.

Demand in Q2 was positive for four of the five product types. Warehouse/Distribution experienced the highest demand with 589,400 sf absorbed, followed by Light Distribution with 169,300 sf of absorption. Light Industrial (+133,300 sf) and R&D/Flex (+101,800 sf) space also saw growth. Incubator experienced a decrease in Demand with -44,900 sf of space absorbed, not a worrisome number.

Strong demand for Warehouse/Distribution space has driven the Valley's industrial market over the last year. About 4.3 million sf of industrial space has been absorbed in that time, with 1.9 million sf (44 percent) absorbed in Warehouse/Distribution space alone. All other products were also positive Y-O-Y: Light Distribution (+1.1 million sf), Light Industrial (+676,600 sf), R&D/Flex (+416,300 sf) and Incubator (+200,900 sf).

Supply

There was only one completion during Q2, 2015. Still, the one completion of just over 464,000 sf increased inventory to 94.7 million sf. Over the last three years: no new space was completed in 2012, 801,500 sf of industrial space was completed in 2013 and 609,400 sf of space opened in 2014. Halfway into 2015, there has been 545,705 sf of new space brought to market. That figure should more than double by the end of the year. As stated above, this situation is not demand-driven. It has been driven by the lack of industrial construction that occurred because of the Great Recession, a still-tight credit environment, land shortages, rising prices, infrastructure constraints and other delays.

The only Q2 completion was Las Vegas Corporate Center #19, a 464,203 sf Warehouse/Distribution center in North Las Vegas.[5] The first quarter of 2015 saw the completion of the MMC Contractors West 51,502 sf Light Industrial building in the Southwest submarket. By comparison, in 2014, four projects were completed, three of which were by the end of Q2: VadaTech's 72,000-square-foot Light Industrial facility (Q1), Nicholas & Brothers Food Distributors' 200,000-square-foot Warehouse/Distribution building (Q2), a 296,000-square-foot FedEx Ground distribution center (Q2) and the Tapia Brothers' 39,500-square-foot Warehouse expansion (Q3).

Table 1-4: Las Vegas Q2, 2015 & 4-QTR Industrial Completions and Under-Construction (sf), By Product

BLDG TYPE/SIZE	COMP.(SF)	4-QTR COMPLET.(SF)	UNDER CON.(SF)
WAREHOUSE/DISTRIBUTION	464,203	503,693	3,042,500
LIGHT DISTRIBUTION	0	0	0
LIGHT INDUSTRIAL	0	51,502	218,000
Market Total	**464,203**	**555,195**	**3,260,500**

Source: RCG Economics/UNLV-Lied Institute Quarterly Industrial Survey.

Industrial space still scheduled to open in 2015 should dwarf the previous few years' completions. Openings of several large speculative Warehouse/Distribution centers, which are meant to meet the demand for large storage space in the Valley, should produce 5.5 million sf more of new Industrial space this year. This new space is a welcome respite for a market that is has become severely supply-constrained and that is a critical player in Southern Nevada's continued economic growth and development

[5] http://voit.reapplications.com/filecabinet/Trans/049042/3700%20Bay%20Lake%20Brochure.pdf

There were 13 projects under-construction at the end of Q2, which support the ongoing trend of new Warehouse/Distribution development:

1.	1.Konami Gaming's expansion	193,000 sf in Airport
2.	TJ Maxx's expansion	400,000 sf in N. Las Vegas
3.	Spielo's new Warehouse/Distribution building	45,500 sf in Southwest
4.	Ainsworth Americas Headquarters	190,000 sf of Light Industrial in Southwest
5.	Pauls Corporation Industrial Buildings	443,000 sf of Warehouse/Distribution in N. Las Vegas
6.	VSR Industries' expansion	28,000 sf in Henderson
7.	The LogistiCenter Cheyenne	381,000 sf of Warehouse/Distribution in E. Las Vegas
8.	Las Vegas Corporate Center #20	153,000 sf in North Las Vegas
9.	Jones Corporate Park	400,000 sf of Warehouse/Distribution in Southwest
10.	Black Mountain Distribution Center #3	232,000 sf in Henderson
11.	Supernap 9 (Switch)	575,000 sf in Southwest
12.	Catamaran Warehouse	110,000 sf in Southwest
13.	Republic Services Recycling Expansion	110,000 sf in N. Las Vegas

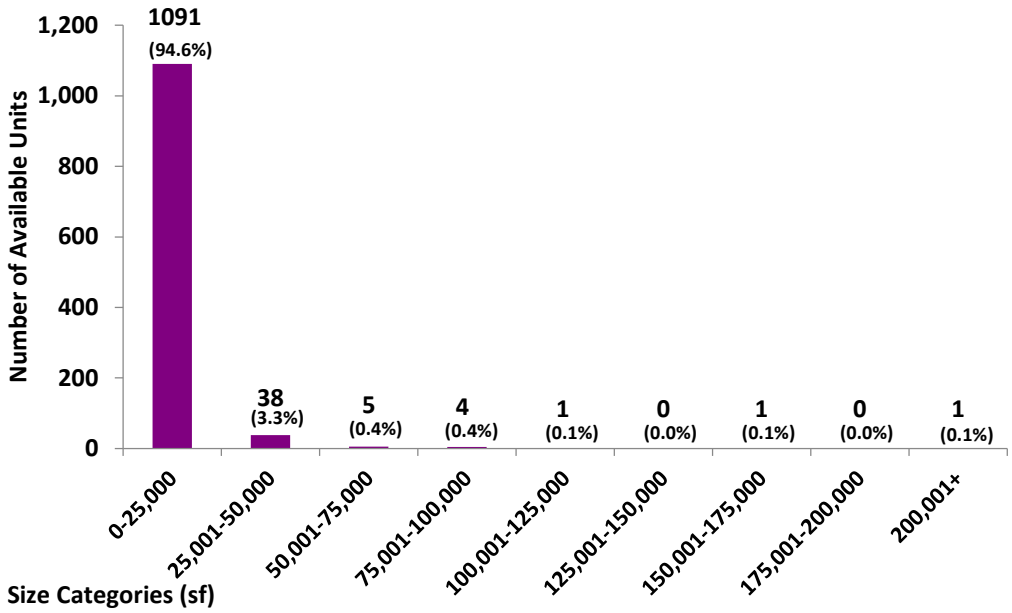
On top of all the ongoing construction, there are seven additional projects in the latter planning stages. They are:

- Sunrise Industrial Park #9-10 (787,800 sf of Warehouse/Distribution in East Las Vegas),
- The Blue Diamond Business Center expansion (1.1 million sf of Warehouse/Distribution in Southwest),
- Sunpoint Business Center (297,000 sf of Warehouse/Distribution in East Las Vegas)
- Supernap 10 (SWITCH) (240,000 sf of Warehouse/Distribution in Southwest).
- Cheyenne Distribution Center #3 (163,000 sf of Warehouse/Distribution in Southwest)
- Henderson Freeway Crossing (455,200 sf in Henderson)
- Sunset & Lindell Industrial Property (211,000 sf in Southwest)

These upcoming projects are helping to accommodate and/or power Southern Nevada's long-awaited economic recovery, as well as its position in the Valley as a distribution hub.

One of the critical economic development challenges facing Southern Nevada is the lack of industrial space of 100,000 sf or more. This shortage may hamper the region's rate of economic development, because there is evidence that Southern Nevada has lost a number of prospective businesses to competing Western metros. Additionally, this shortage is possibly limiting the growth potential of existing local businesses, because of their inability to expand operations and, ultimately, hire more employees. This challenge is illustrated in the following chart.

Figure 1-5: Distribution of Industrial Available Space Units, by Size Category: Q2, 2015



Source: RCG Economics/UNLV-Lied Institute Quarterly Industrial Survey.

While the Valley is currently facing supply constraints, the new projects coming down the pipeline should help ease the existing shortage issues, potentially, for the time being.

This being said, there could be other reasons why some Southern Nevada industrial developers have not seen fit to build large industrial buildings. It could be an issue of the type and size of the region's economy, the size of its population, the capacity of its multi-modal transportation system and its locational isolation. For example, Southern Nevada is only served by one freeway and Class A railroad, and it is not an east-west freeway like I-10

or I-80, or an east-west Class A rail line. It is also not physically part of a large urban economy.

3. Comparison of Industrial Market Condition Metrics by Market Area

The MA comparison matrix, Table 1-3 below, was developed from the RCG/Lied industrial market database for Q2, 2015 for Las Vegas along with the Q2 market reports from the selected brokerage firms working in the other MAs[6]. RCG developed additional tables to normalize the MAs by looking at total industrial inventory and the vacant inventory on per capita and per employee bases. These are found directly below preceding and following the MA comparison matrix.

Table 1-5: Total Industrial Inventory (Q2, 2015), Population (2013) & Employment (May, 2015), Sorted by Inventory per Capita, High to Low

Market Area	Total Inventory (SF)	Population	SF per Capita
Reno/Sparks	69,965,324	429,476	163
Salt Lake City	113,807,351	1,048,314	109
Inland Empire	452,910,300	4,338,649	104
Los Angeles	892,986,400	10,013,265	89
Denver	199,151,615	2,601,465	77
Sacramento	157,506,651	2,174,401	72
Phoenix	258,904,480	3,889,161	67
Orange County	191,737,471	3,099,463	62
Las Vegas	94,745,559	1,976,925	48

Sources: CBRE, Colliers, NGKF and RCG Economics/Lied Institute.

[6] *In order to analyze the type of industrial space typically demanded by companies interested in entering or expanding in a market, RCG has followed the suggestions of the LVGEA Steering Committee and has not included Flex and R&D space from the following matrix and subsequent graphs included in the Comparative Markets section. RCG was able to remove these properties from Las Vegas industrial market data, as well as the other MAs where data based on the type of building was available. However, in certain markets, third party commercial brokerage firms only reported market indicators by size of building not by type of building.*

Table 1-6: Total Industrial Inventory (Q2, 2015), Population (2013) & Employment (May, 2015), Sorted by Inventory per Employee, High to Low

Market Area	Total Inventory (SF)	Private Employment	SF per Employee
Reno/Sparks	69,965,324	216,426	323
Inland Empire	452,910,300	1,816,839	249
Salt Lake City	113,807,351	599,457	190
Los Angeles	892,986,400	4,715,600	189
Sacramento	157,506,651	998,861	158
Denver	199,151,615	1,440,119	138
Phoenix	258,904,480	2,061,381	126
Orange County	191,737,471	1,530,300	125
Las Vegas	94,745,559	972,303	97

Sources: CBRE, Colliers, NGKF, RCG Economics/Lied Institute, California Employment Development Department, US Census Bureau 2013 and Bureau of Labor Statistics.

Table 1-7: Market Area Comparison Matrix: Q2, 2015

		EXISTING PROPERTIES		VACANCY	NET ABSORPTION		NEW SUPPLY			AVG. RENT
Market Area	BLDG TYPE/SIZE	BLDGS	TOTAL INVENTORY (SF)	TOTAL (%)	Q2, 2015 NET ABS. (SF)	4-QTR NET ABS. (SF)	Q2, 2015 COMPLET.(SF)	4-QTR COMPLET.(SF)	Q2, 2015 UNDER CON.(SF)	$PSF/MO (NNN)
Las Vegas	WAREHOUSE/DISTRIBUTION	548	46,948,449	5.1%	589,367	1,857,899	464,203	503,693	3,042,500	$ 0.51
Source: RCG Economics	LIGHT DISTRIBUTION	513	17,687,824	7.3%	169,274	1,123,533	0	0	0	$ 0.57
	LIGHT INDUSTRIAL	2,436	30,109,286	4.9%	133,287	676,610	0	51,502	218,000	$ 0.66
	Market Total	**3,497**	**94,745,559**	**5.5%**	**891,928**	**3,658,042**	**464,203**	**555,195**	**3,260,500**	**$ 0.58**
Reno/Sparks										
Source: CBRE, Colliers	**Industrial (Market Total)**	**1,348 ***	**69,965,324**	**7.0%**	**840,141**	**3,777,171**	**1,650,660**	**2,310,660**	**3,326,960**	**$ 0.36**
Pheonix	General Industrial	n/a	65,961,810	14.4%	735,871	n/a	462,075	n/a	631,663	$ 0.42
Source: Colliers	Warehouse	n/a	125,158,263	9.8%	-459,439	n/a	575,095	n/a	757,630	$ 0.49
	Manufacturing	n/a	57,360,964	13.4%	1,482	n/a	-	n/a	200,200	$ 0.43
	Service Ctr/Showroom	n/a	10,423,443	4.4%	16,217	n/a	14,940	n/a	-	$ 0.57
	Industrial (Market Total)	**n/a**	**258,904,480**	**11.6%**	**294,131**	**4,631,754**	**1,052,110**	**4,836,886**	**1,589,493**	**$ 0.48**
Denver										
Source: Colliers	**Industrial (Market Total)**	**4,308**	**199,151,615**	**3.1%**	**860,926**	**n/a**	**521,540**	**n/a**	**859,377**	**$ 0.56**
Sacramento										
Source: Colliers	**Market Total**	**5,526**	**157,506,651**	**9.5%**	**7,899**	**6,892,265**	**271,147**	**719,891**	**1,104,041**	**$ 0.36**
Salt Lake City	Manufacturing	n/a	26,254,508	5.0%	-317,028	n/a	n/a	n/a	100,000	$ 0.28
Source: NGKF	General Purpose Warehouse	n/a	36,000,248	1.8%	-49,384	n/a	n/a	n/a	40,000	$ 0.44
	Bulk Distribution Warehouse	n/a	31,915,879	5.5%	735,610	n/a	n/a	n/a	1,582,258	$ 0.38
	Medium Distribution Warehouse	n/a	11,372,306	3.2%	285,511	n/a	n/a	n/a	0	$ 0.38
	Special Purpose	n/a	8,264,410	4.3%	-36,034	n/a	n/a	n/a	0	$ 0.31
	Market Total	**n/a**	**113,807,351**	**3.9%**	**618,675**	**n/a**	**935,833**	**n/a**	**1,722,258**	**$ 0.36**
Los Angeles	10,000 - 19,999	8,880.00	123,398,600	0.9%	-170,500	n/a	0	n/a	39,300	$ 0.71
Source: Colliers	20,000 - 39,999	5,990.00	163,542,600	1.1%	186,500	n/a	160,700	n/a	283,700	$ 0.66
	40,000 - 69,999	2,922.00	149,575,800	1.6%	21,500	n/a	170,300	n/a	288,100	$ 0.62
	70,000 - 99,999	1,066.00	87,298,300	2.7%	380,500	n/a	259,400	n/a	487,200	$ 0.57
	100,000- 249,999	1,508.00	219,415,500	2.5%	899,600	n/a	1,008,900	n/a	1,426,200	$ 0.57
	250,000 - 499,999	302.00	97,471,900	0.9%	1,855,000	n/a	0	n/a	213,000	$ 0.58
	500,000+	65.00	52,283,700	2.7%	-36,500	n/a	0	n/a	0	$ 0.47
	Market Total	**20,733**	**892,986,400**	**1.7%**	**3,136,100**	**8,972,300**	**1,599,300**	**4,817,500**	**2,737,500**	**$ 0.59**
Orange County	1 - 9,999	1,454	9,961,971	1.2%	5,574	n/a	0	n/a	0	$ 0.94
Source: Colliers	10,000 - 39,999	4,117	75,562,106	2.0%	277,065	n/a	0	n/a	62,467	$ 0.78
	40,000 - 69,999	545	27,893,033	3.1%	-3,857	n/a	50,182	n/a	114,690	$ 0.68
	70,000 - 99,999	206	16,562,659	2.3%	259,691	n/a	0	n/a	94,600	$ 0.68
	100,000 +	321	61,757,702	4.7%	474,588	n/a	262,858	n/a	339,588	$ 0.65
	Market Total	**6,643**	**191,737,471**	**3.0%**	**1,013,061**	**1,403,561**	**313,040**	**1,274,940**	**611,345**	**$ 0.69**
Inland Empire	10,000 - 19,999	2,054	28,196,200	1.0%	-47,900	n/a	0	n/a	0	$ 0.60
Source: Colliers	20,000 - 39,999	1,294	35,754,000	1.6%	-79,000	n/a	0	n/a	84,300	$ 0.58
	40,000 - 69,999	732	37,677,200	2.0%	102,100	n/a	0	n/a	208,200	$ 0.52
	70,000 - 99,999	295	24,403,200	2.5%	-17,700	n/a	81,000	n/a	172,900	$ 0.49
	100,000 - 249,999	581	86,930,200	4.3%	-312,500	n/a	542,000	n/a	977,300	$ 0.42
	250,000 - 499,999	281	98,851,600	4.4%	1,957,100	n/a	1,553,400	n/a	1,900,800	$ 0.43
	500,000 +	185	141,097,900	6.5%	5,327,100	n/a	4,379,800	n/a	13,568,700	$ 0.33
	Market Total	**5,422**	**452,910,300**	**4.3%**	**6,929,200**	**19,845,800**	**6,556,200**	**20,959,300**	**16,912,200**	**$ 0.45**

Sources: CBRE, Colliers, NGKF and RCG Economics/Lied Institute.

Table 1-8: Vacant Industrial Inventory (Q2, 2015), Population (2013), & Employment (May, 2015), Sorted by Inventory per Capita, High to Low

Market Area	Vacant Inventory (SF)	Population	Vacant SF per Capita
Reno/Sparks	4,897,573	429,476	11
Phoenix	29,909,011	3,889,161	8
Sacramento	14,963,132	2,174,401	7
Inland Empire	19,475,143	4,338,649	4
Salt Lake City	4,435,387	1,048,314	4
Las Vegas	5,186,133	1,976,925	3
Denver	6,173,700	2,601,465	2
Orange County	5,752,124	3,099,463	2
Los Angeles	15,624,842	10,013,265	2

Sources: CBRE, Colliers, NGKF and RCG Economics/Lied Institute.

Table1-9: Vacant Industrial Inventory (Q2, 2015), Population (2013), & Employment (May, 2015), Sorted by Inventory per Employee, High to Low

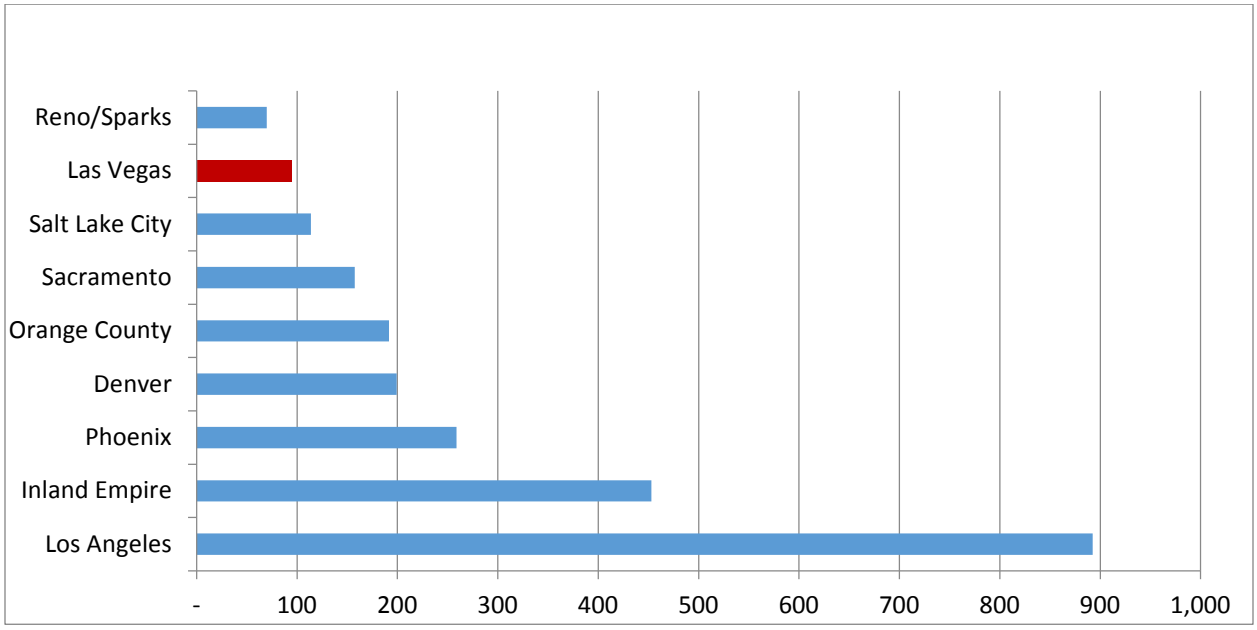
Market Area	Vacant Inventory (SF)	Private Employment	Vacant SF per Employee
Reno/Sparks	4,897,573	216,426	23
Sacramento	14,963,132	998,861	15
Phoenix	29,909,011	2,061,381	15
Inland Empire	19,475,143	1,816,839	11
Salt Lake City	4,435,387	599,457	7
Las Vegas	5,186,133	972,303	5
Denver	6,173,700	1,440,119	4
Orange County	5,752,124	1,530,300	4
Los Angeles	15,624,842	4,715,600	3

Sources: CBRE, Colliers, NGKF and RCG Economics/Lied Institute, California Employment Development Department, US Census Bureau 2013 Population Estimates and Bureau of Labor Statistics.

4. Las Vegas Market Area Comparison

The following charts illustrate the most salient market indicators from the Comparison Matrix for each of the MAs to help highlight each market's Q2, 2015 performance.

Figure 1-6: Selected Metros Industrial Market Total Inventory (Million sf): Q2, 2015[7]



Sources: CBRE, Colliers, NGKF and RCG Economics/Lied Institute.

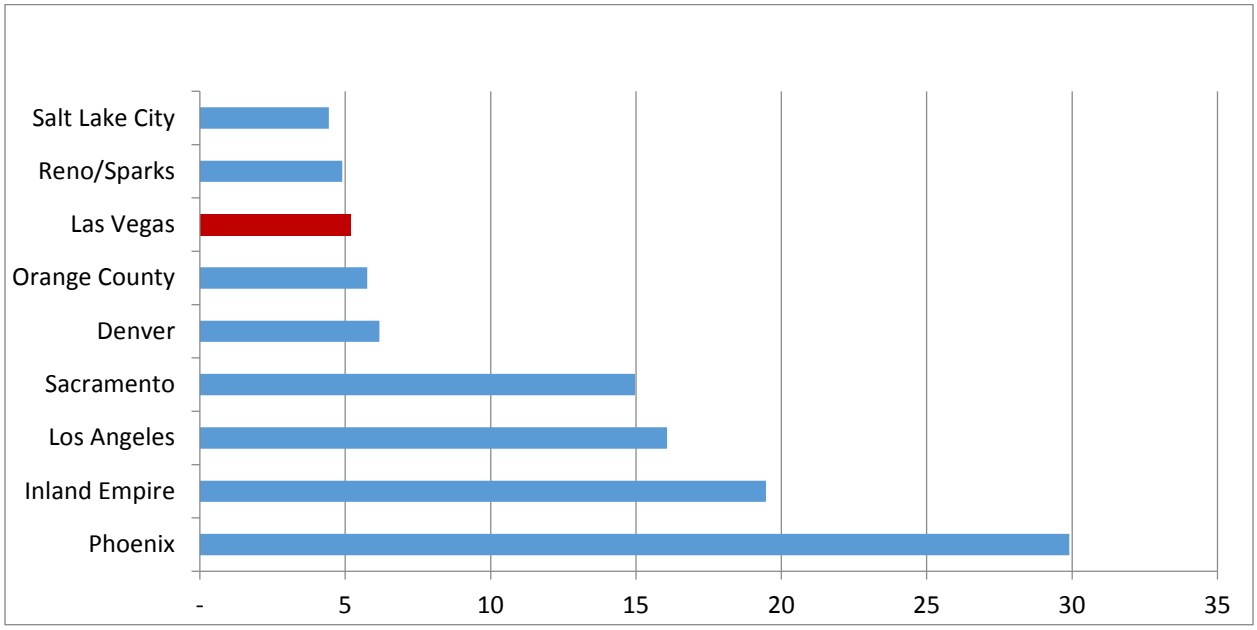
Commentary

At the end of Q2, 2015, Las Vegas had the second smallest industrial market compared to the other eight MAs. At 94.7 million sf it was 1.35 times larger than Reno (70 million sf), the smallest MA. Not only is the size of the Las Vegas industrial market relatively small, it is also the most constrained on a per capita and per private employee basis. Las Vegas had 48 sf of industrial space per capita at the end of Q2, 2015 and 97 sf per private employee.

While certain MAs, such as Sacramento and Denver, had similar populations, they had significantly more industrial space per capita at the end of Q2, 2015. Sacramento's total inventory per capita was 72 sf and Denver's came to 77 sf. In the case of private sector jobs, the same areas had comparable, but larger, employment bases to Las Vegas. However, Sacramento had a total inventory per private sector employee of about 158 sf while Denver's came to 138 sf.

[7] Sources for all following tables: CBRE, Colliers International, NGKF and RCG Economics.

Figure 1-7: Selected Metros Industrial Market Vacant Inventory (Million sf): Q2, 2015



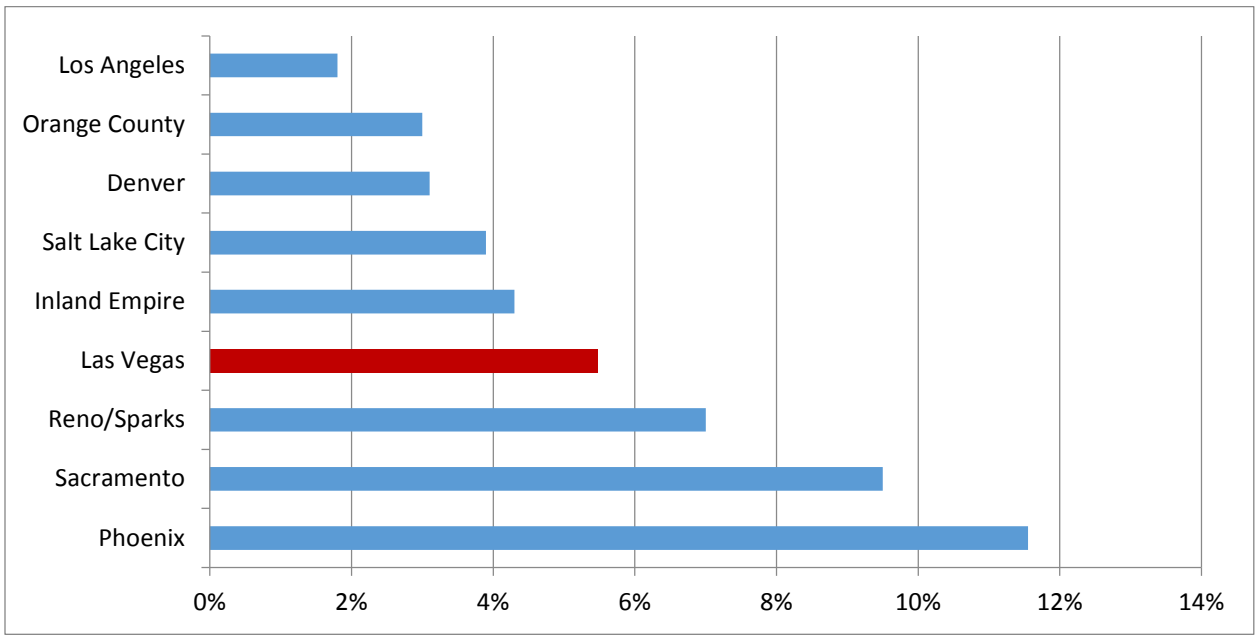
Sources: CBRE, Colliers, NGKF and RCG Economics/Lied Institute.

Commentary

In Q2, 2015, Las Vegas had 5.19 million sf of vacant industrial space. This was the third lowest of the selected MAs. Las Vegas had less vacant inventory than the comparable populated areas of Denver (6.17 million sf) and Sacramento (14.96 million sf). Las Vegas is in the bottom half of the MAs on a vacant inventory per capita and per private sector employee basis. For every person living in Las Vegas there was three sf of vacant inventory and for every private sector employee there was five sf of vacant inventory. Both ratios were the fourth lowest amounts for the selected MAs, placing Las Vegas at the bottom.

It is important to note that most of the vacant inventory in Las Vegas was for units (spaces) within the Warehouse/Distribution product category. There was roughly 2.4 million sf vacant. Even though Las Vegas does not standout in terms of having a large vacant industrial inventory, in aggregate terms, it does have one of the smallest industrial markets of the MAs.

Figure 1-8: Selected Metros Industrial Market Vacancy (Rate): Q2, 2015



Sources: CBRE, Colliers, NGKF and RCG Economics/Lied Institute.

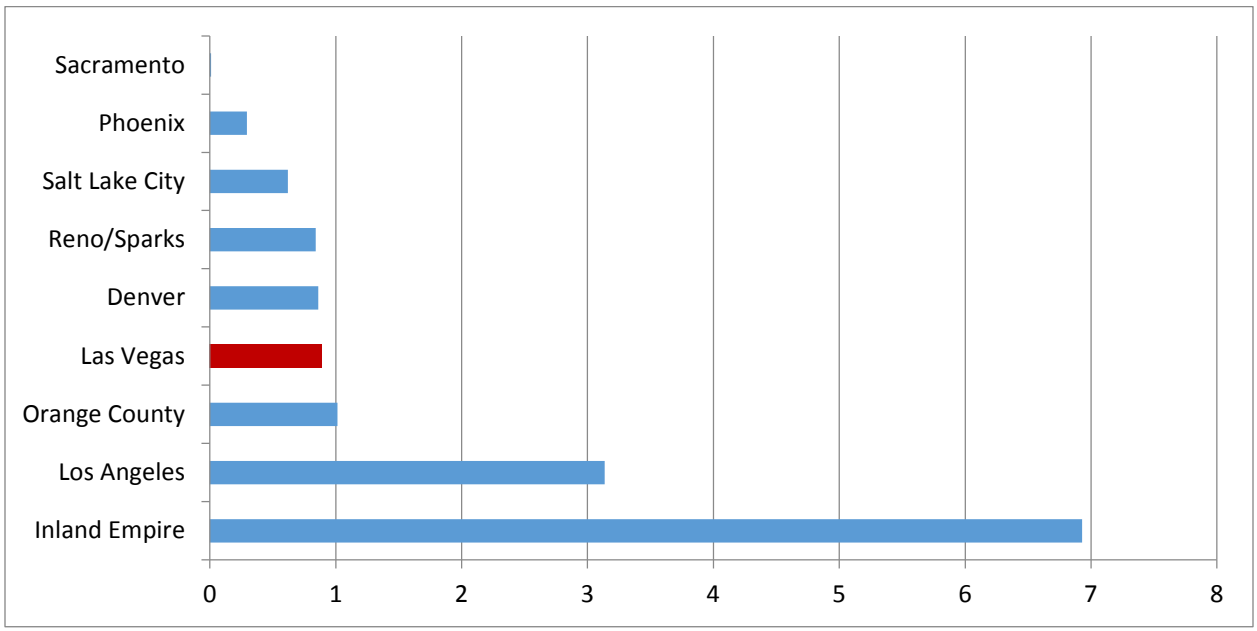
Commentary

As noted previously, Las Vegas had one of the highest vacancy rates at the end of Q2, 2015 at 5.5 percent. This was lower than Phoenix (11.5 percent), Sacramento (9.5 percent), and slightly lower than Reno-Sparks (7.0 percent).

Phoenix had 1.05 million sf of industrial space added to the market in Q2, 2015. Because this space is still new, it is likely contributing to Phoenix's high vacancy rate. Reno-Sparks also experienced an increase of 1.65 million sf; however, the majority of that increase was for a built-to-suit project and did not affect the overall vacancy rate.

The high vacancy rate in Las Vegas is a reflection of just how badly the Valley was affected by the Great Recession. However, over the most recent quarters, Las Vegas' vacancy rate has been steadily decreasing. In all, the vacancy rate has decreased by 2.9 percentage points from Q2, 2014 and 9.3 percentage points from Q2, 2013. Since La Vegas' vacancy rates are now below the 10 percent stabilized rate, the focus on the Valley is becoming more so concerned with which product types will grow the most, rather than which ones will finally recover which has been the main topic for 8+ years.

Figure 1-9: Selected Metros Industrial Market Net Absorption (Million sf): Q2, 2015



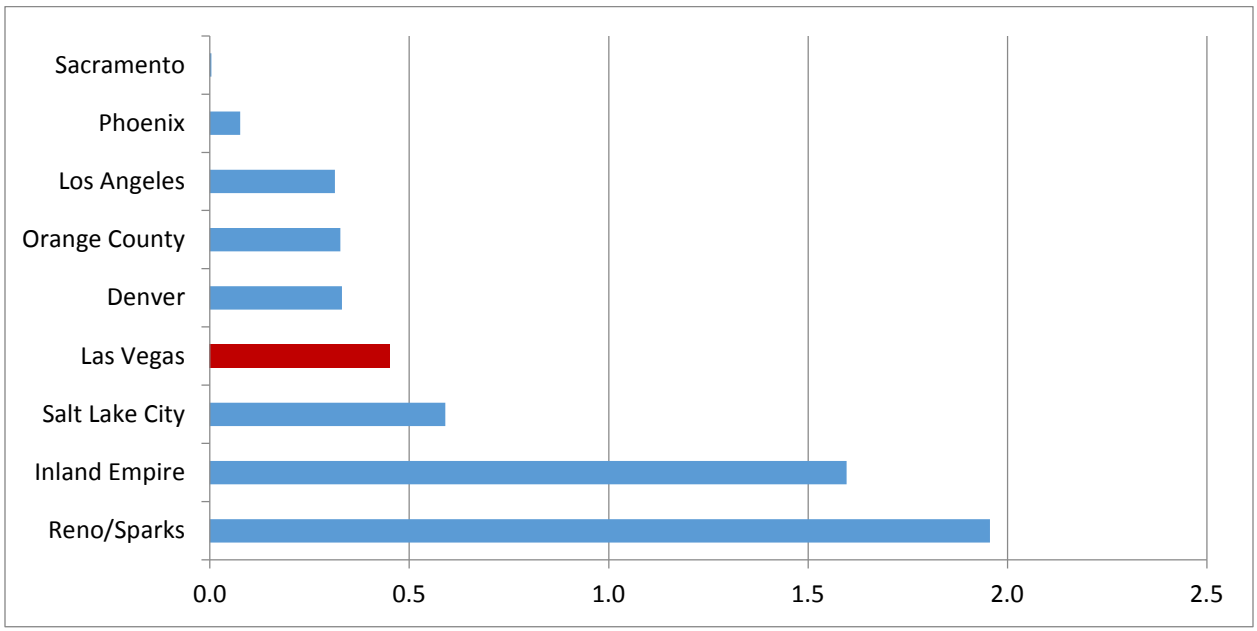
Sources: CBRE, Colliers, NGKF and RCG Economics/Lied Institute.

Commentary

Although the Las Vegas market-wide industrial vacancy remained comparatively high at the end of Q2, demand for industrial space is continuing to stay positive. Net absorption in Q2 was 891,928 sf, the fourth highest of the selected MAs. Las Vegas' demand was only surpassed by the much larger areas of the Inland Empire (6.93 million sf), the Los Angeles Basin (3.14 million sf) and Orange County (1.01 million sf). The more comparable markets of Denver (860,926), Salt Lake City (618,675) and Sacramento (7,899) all had less demand in Q4 than Las Vegas. Phoenix, a market with a much larger population, job-base and industrial market also had over 597,000 sf less of net absorption in Q2 than Las Vegas.

The demand for industrial space, not just in Las Vegas is trending towards larger warehouse and distribution buildings that are at least 100,000 sf. If the market is unable to supply this type of space on a spec basis, then product will continue to be built on a build-to-suit basis, which will continue to increase net absorption, but will not affect overall vacancy rates on its own.

Figure 1-10: Selected Metros Industrial Market Net Absorption (sf) Per Capita: Q2, 2015



Sources: CBRE, Colliers, NGKF and RCG Economics/Lied Institute.

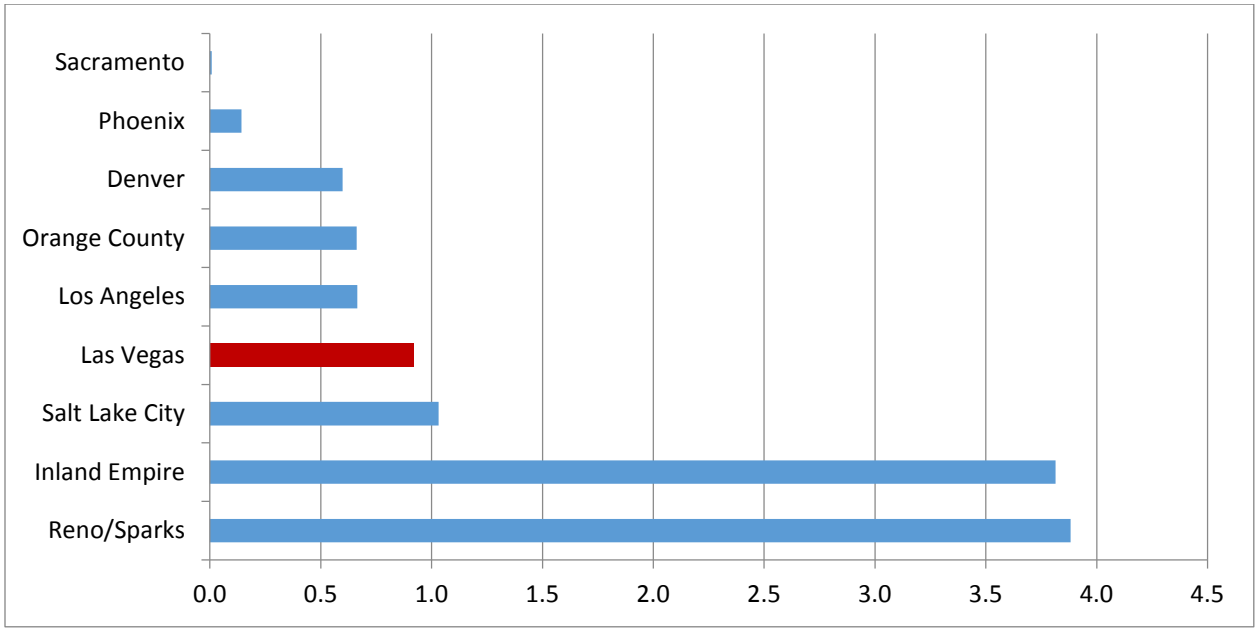
Commentary

Standardizing net absorption for Q2, 2015 to per capita terms paints a slightly different picture than the total levels reported above. During Q2, the Reno-Sparks market had the highest per capita industrial market net absorption rate at 1.96 sf/person. While the Inland Empire region had the highest amount of total net absorption, it came in second in per capita terms at 1.60 sf/person for Q2.

From a per capita point of view, Las Vegas finished Q2 roughly in the middle of the different MAs with a net absorption of 0.45 sf/person. Comparable MAs such as Phoenix (0.08 sf/person) and Sacramento (0.00 sf/person) registered the two lowest per capita net absorption numbers while Salt Lake City ranked slightly higher than Las Vegas at 0.59 sf/person.

Comparing these areas in per capita terms allows for a more honest and accurate analysis because it controls for differences across each area that can skew general levels. Las Vegas' level of industrial demand was not the lowest out of the MAs in Q2, however there is room for improvement.

Figure 1-11: Selected Metros Industrial Market Net Absorption (sf) Per Private Employee Q2, 2015



Sources: CBRE, Colliers, NGKF and RCG Economics/Lied Institute.

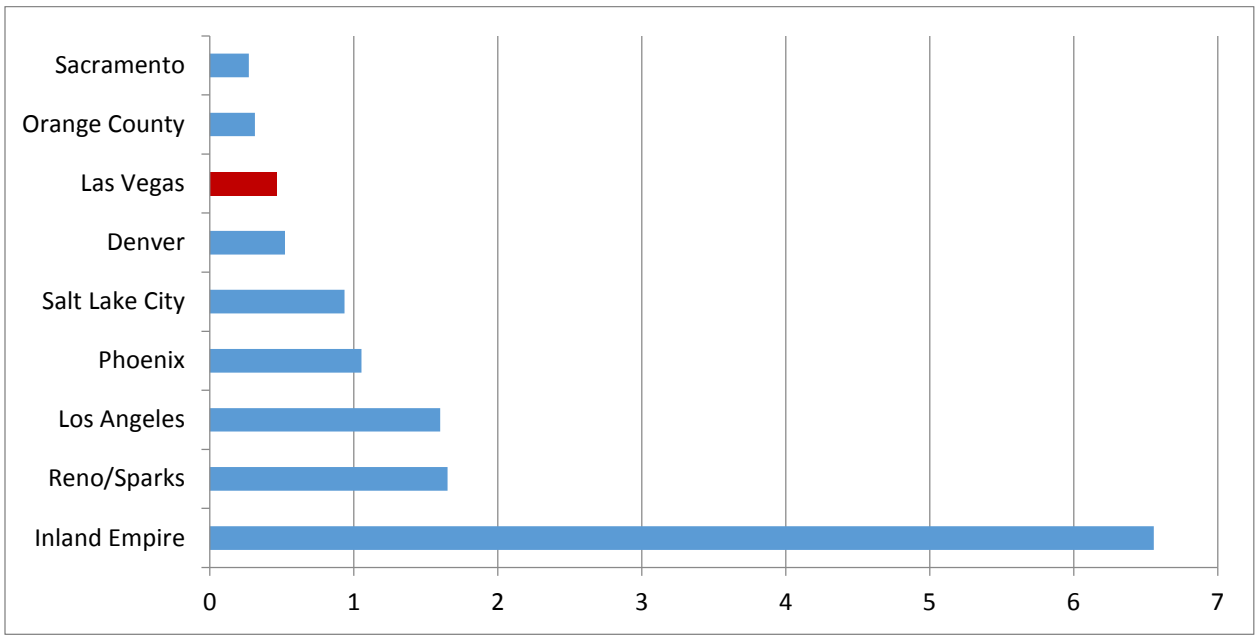
Commentary

On a per private sector employee basis, Reno-Sparks also had the highest level of industrial demand during Q2, 2015. At 3.88 sf/job. Reno just barely beat out the much larger Inland Empire region, which came to 3.81 sf/job. Both regions had more than doubled the demand of any other MAs. On a per employee basis, Las Vegas performed the same comparatively as it did on a per capita basis, ranking at 4th overall with 0.92 sf/job for Q2.

While Las Vegas did not rank very highly when compared to the other selected MAs, it performed fairly well against the most comparable areas. Salt Lake City had a marginally higher level of industrial space demand per employee (1.03 sf/job), but both Phoenix (0.14 sf/job) and Sacramento (0.01 sf/job) had less than a quarter of the demand that Las Vegas saw for Q2, 2015.

The MAs that registered the highest levels of industrial demand per employee seem to be gearing more toward having large 100,000 sf+ buildings, which is one of the product areas that Las Vegas is lacking the most.

Figure 1-12: Selected Metros Industrial Market Completions (Million sf): Q2, 2015



Sources: CBRE, Colliers, NGKF and RCG Economics/Lied Institute.

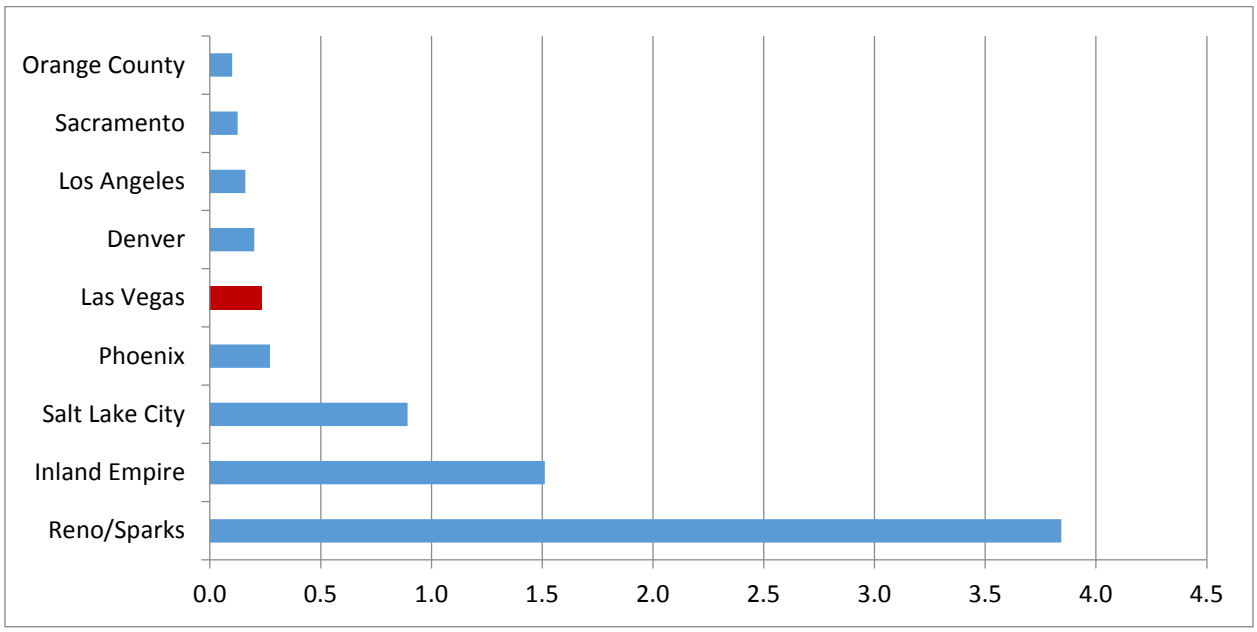
Commentary

In Q2, 2015, there was a total of 464,203 sf of industrial space added to the Las Vegas industrial market. This amount places Las Vegas in the lower part of the distribution relative to all other MAs, however it is similar to the more comparable MAs. Denver and Salt Lake both had more industrial space additions in 2013, with 521,540 sf and 935,833 sf respectively. However, Sacramento had just over 271,147 sf completed. The most interesting standout area in Q2, 2015 was Reno-Sparks with the second highest completion at 1.65 million sf, most of which was built-to-suit.

All the MAs had fewer than two million sf of industrial space completed during the year besides the Inland Empire (6.55 million sf) which, according to Colliers, is experiencing a continued "development boom."

In most instances, the amount of inventory added to the market is a function of the current vacancy rate, which reflects the level of economic activity and job growth. However, construction is occurring despite Las Vegas maintaining a comparably high vacancy. Previous years saw the majority of industrial completions in Las Vegas as built-to-suit projects, however many of the newest completions, as well as the planned projects are speculative, providing evidence of Las Vegas' industrial market strengthening.

Figure 1-13: Selected Metros Industrial Market Completions (sf) Per Capita: Q2, 2015



Sources: CBRE, Colliers, NGKF and RCG Economics/Lied Institute.

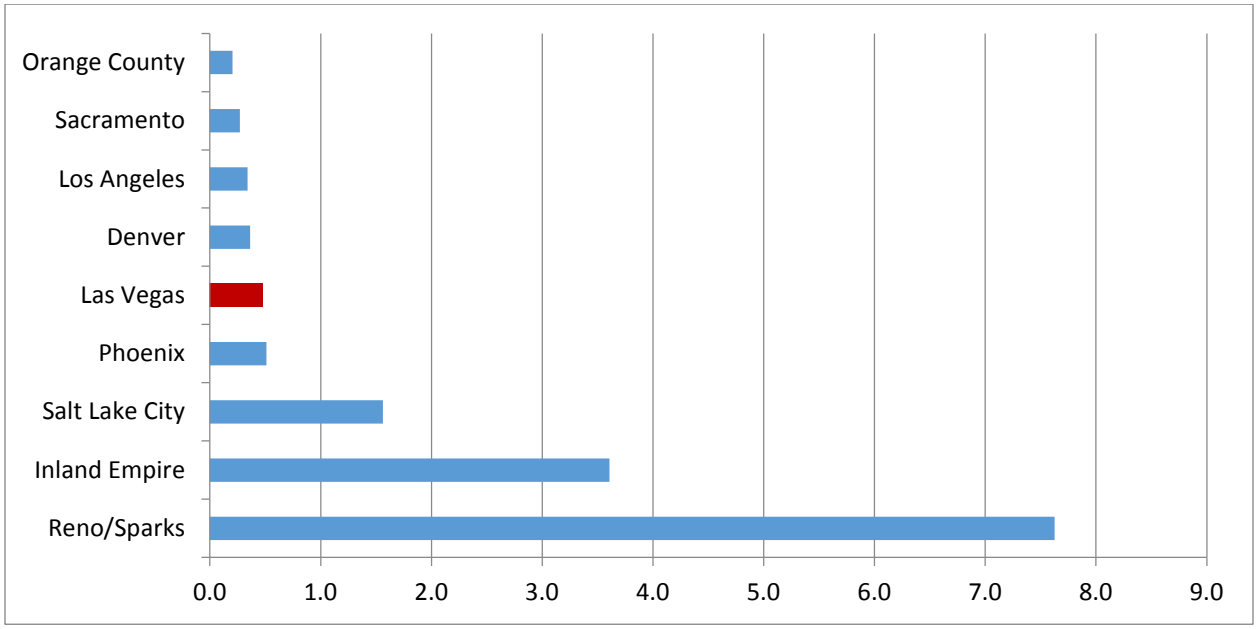
Commentary

Reno-Sparks not only had the highest demand (net absorption) per capita in Q2, 2015, it also had the largest number of industrial completions per capita, as well. With 3.84 sf/person, Reno-Sparks had completions of at least twice as much as any other MA that was profiled. The next closest area was the Inland Empire MA at 1.51 sf/person.

Las Vegas finished roughly in the middle of the pack with 0.23 sf/person industrial completions during Q2, 2015. Comparable MAs such as Salt Lake City (0.89 sf/person) and Phoenix (0.27 sf/person) expanded their relative industrial inventories more so than Las Vegas did during Q2.

With the completion of many other large-scale industrial projects in the near future, we should expect to continue to see Reno-Sparks near the top of this list. However, Las Vegas should also begin to rank higher once the 13 currently scheduled projects come to fruition and Las Vegas' industrial product offerings continue to expand.

Figure 1-14: Selected Metros Industrial Market Completions (sf) Per Private Employee Q2, 2015



Sources: CBRE, Colliers, NGKF and RCG Economics/Lied Institute.

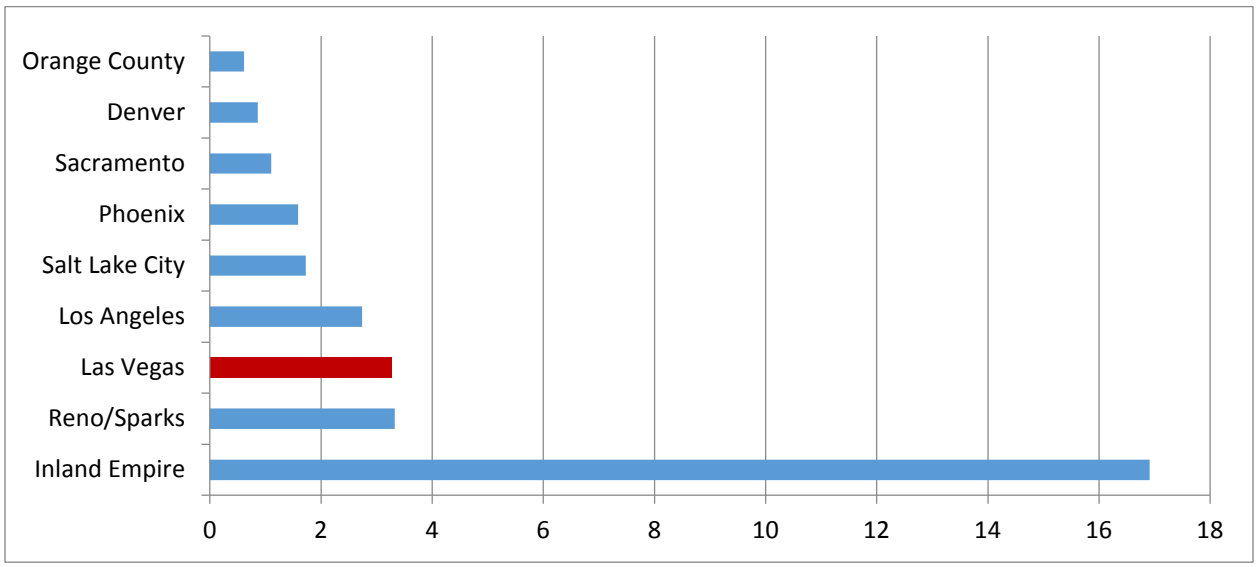
Commentary

Unsurprisingly, Reno-Sparks also tops the completions per employee list, as well. In all, Reno's Q2, 2015 completions totaled 7.63 sf/job, over twice that of the second highest region, the Inland Empire (3.61 sf/job).

Relative rankings between the regions did not change between the per capita analysis to the per employee analysis. Las Vegas still finished fifth overall (0.48 sf/job) behind comparable MAs Phoenix (0.51 sf/job) and Salt Lake City (1.56 sf/job).

While a low ranking on this scale may be seen as negative and partially due to Las Vegas lacking large scale industrial buildings and spaces, the number may also be decreasing due to Las Vegas' steadily growing employment numbers. This is occurring while other areas, particularly Phoenix, have seen some job losses at the end of Q2, 2015, which would improve their per-employee ranking.

Figure 1-15: Selected Metros Industrial Market Under-Construction (Million sf): Q2, 2015



Sources: CBRE, Colliers, NGKF and RCG Economics/Lied Institute.

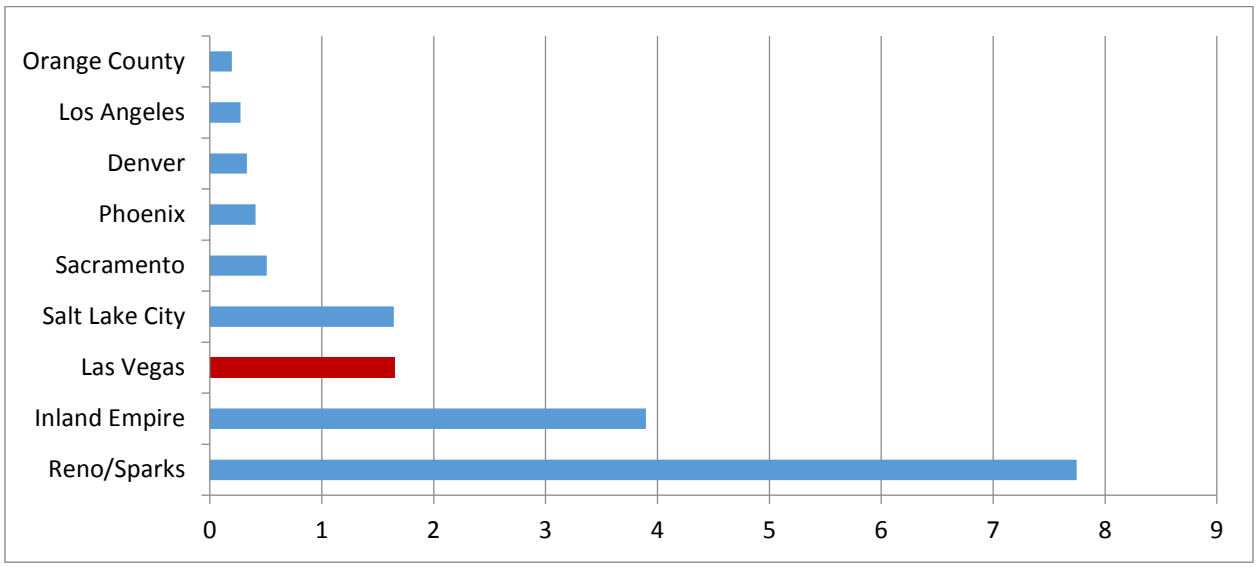
Commentary

At the end of Q2, there were 3.26 million sf of industrial space under construction in Las Vegas. Only two MAs have more sf in the building stages: the Inland Empire with a staggering 16.91 million sf and Reno/Sparks with 3.3 million sf. More comparable areas, like Sacramento (1.1 million sf), Denver (859,300 sf) and Salt Lake City (1.7 million sf) all have significant projects underway as well. However, Las Vegas, and Nevada in general when Reno-Sparks is included, has the most ambitious industrial projects underway for the immediate future. It is important to note that of the 3.3 million sf under construction in Reno, 2.5 million (75 percent) is due to the Tesla Gigafactory.

The Inland Empire had, by far, the largest amount of industrial projects being built, with over 16.9 million sf under-construction. Colliers reports that this MA is positioning itself to be a market leader in supplying industrial space on the West Coast and does not have plans of slowing down any time soon. Due to the lack of new, modern industrial properties in the Los Angeles Basin, many tenants are flocking to the Inland Empire area to get the spaces they need.

The majority of the 13 projects under-construction at the end of Q2, 2015 were built-to-suit; however, some of the larger planned properties were speculative projects providing evidence that Las Vegas' industrial market is beginning its long-awaited economic recovery.

Figure 1-16: Selected Metros Industrial Market Under-Construction (sf) Per Capita: Q2, 2015



Sources: CBRE, Colliers, NGKF and RCG Economics/Lied Institute.

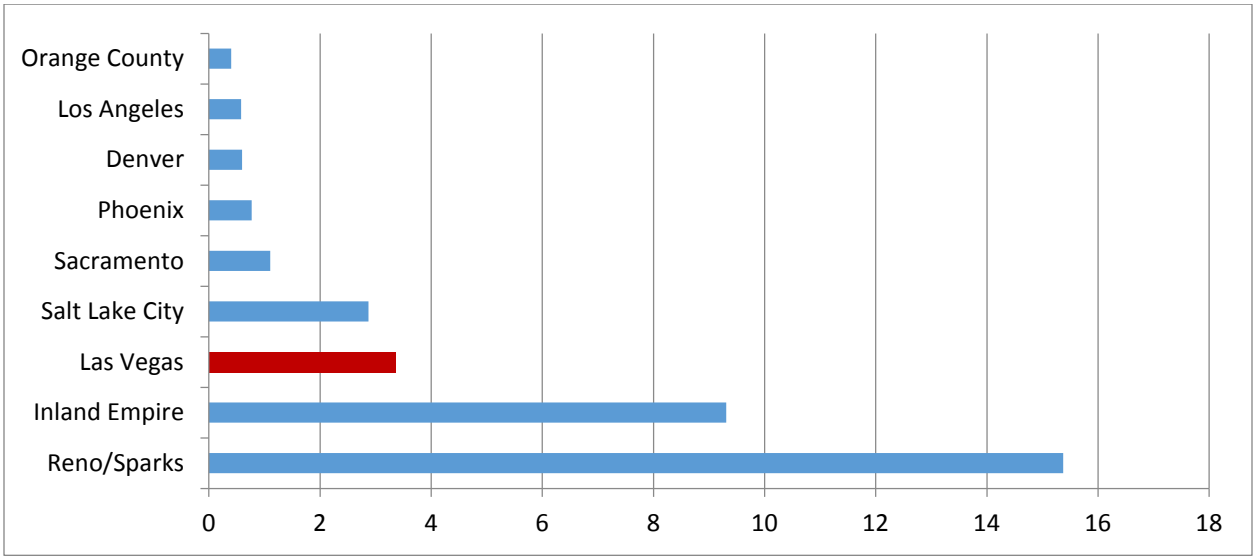
Commentary

While Las Vegas has the second highest total industrial space under-construction, it ranks third in per capita terms. In all, Las Vegas has 1.65 sf/person in currently industrial market construction projects. Reno-Sparks continues to top the per capita rankings with 7.75 sf/person in under-construction industrial projects. The Inland Empire (3.9 sf/person), the largest overall industrial market, has almost 50 percent less industrial space in development than Reno-Sparks on a per capita basis.

Compared with the other most similar MAs, Las Vegas is positioned to have some of the highest gains in newly delivered industrial space. Salt Lake City (1.64 sf/person) has slightly less under construction industrial area in the works while both Sacramento (0.51 sf/person) and Phoenix (0.41 sf/person) have significantly less expected industrial area going forward than the Las Vegas Valley.

As Colliers reports, the Los Angeles area is beginning to mature and the more previously developed areas are challenged with less available space to actively develop, which contributed to their relatively lower overall rankings.

Figure 1-17: Selected Metros Industrial Market Under-Construction (sf) Per Private Employee Q2, 2015



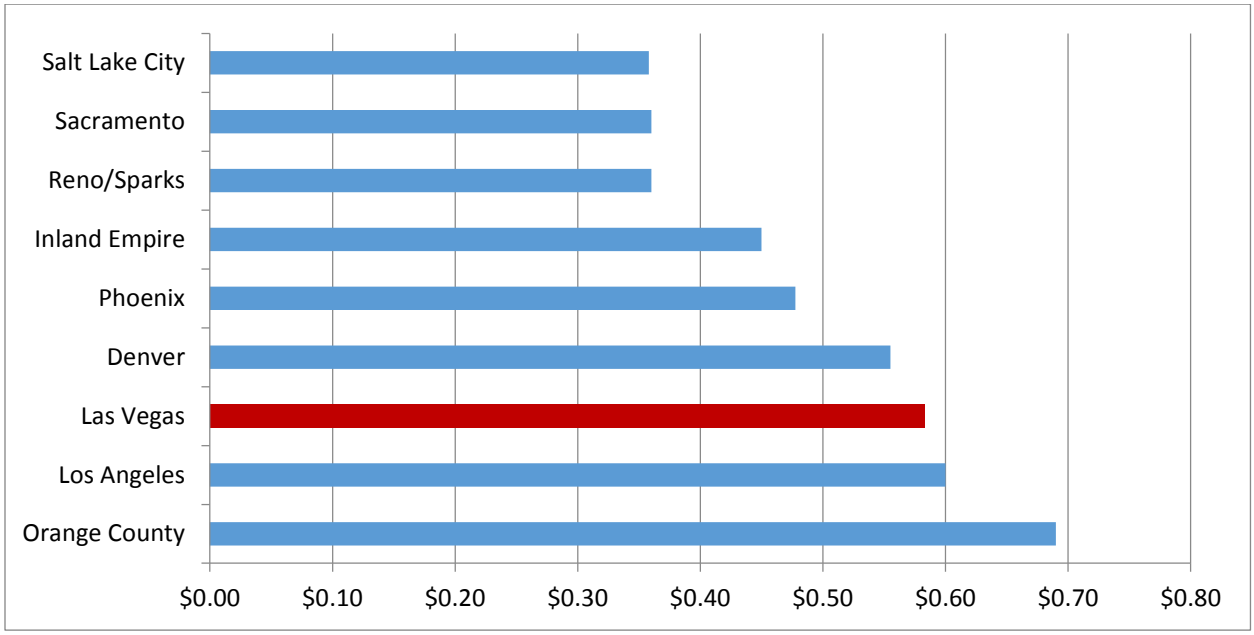
Sources: CBRE, Colliers, NGKF and RCG Economics/Lied Institute.

Commentary

On a per employee basis, Las Vegas ranked third overall with 3.35 sf/job in currently underway industrial construction for Q2, 2015. Reno-Sparks continues to maintain the highest relative ranking overall with 15.37 sf/job in industrial projects currently in the building stages. The Inland Empire's (9.31 sf/job) gap between Reno-Sparks is narrower on a per employee than on a per capita basis. While the Inland Empire had 50 percent fewer square feet than Reno-Sparks on a per capita basis, there is only a 40 percent gap on a per employee basis.

Compared to the other similar-sized MAs, Las Vegas has more industrial space under-construction per employee than Salt Lake City (2.87 sf/jobs), Sacramento (1.11 sf/job), Phoenix (0.77 sf/job) and Denver (0.60/job). The Las Vegas industrial market is decently positioned to undergo some of the largest relative changes compared with the other MAs. This is could lead to increased market activity in the coming quarters.

Figure 1-18: Selected Metros Industrial Market Average Asking NNN Rent ($PSF/MO)
Q2, 2015



Sources: CBRE, Colliers, NGKF and RCG Economics/Lied Institute.

Commentary

In Las Vegas, the average NNN monthly industrial rent in Q2, 2015 was $0.58 psf, which was the third highest of the MAs and was $0.09 higher than the overall average across all MAs. Orange County had the highest rent at $0.69 psf and LA was just below at $0.60. Reno-Sparks, Sacramento, and Salt Lake City all tied for last with $0.36 psf. Both Phoenix and Denver came relatively close to Las Vegas with $0.48 psf and $0.56 psf respectively.

It does not appear that the comparatively high vacancy rate is putting much downward pressure on Las Vegas' average monthly rent, this may be due to the recent completions demanding a premium over the less modern properties and therefore, increasing the average. Average monthly asking rents in Las Vegas have risen over the past two years starting from Q2, 2013 at $0.50 psf while also, unsurprisingly, being accompanied by decreased vacancy rates over the same period (dropping from 13.9 percent to 5.5 percent).

5. Conclusion

The improving economic conditions experienced in 2013 and 2014 injected confidence and helped stabilize the Valley's industrial market. Now, an even stronger economy in 2015 is illustrating that the speculative developments in the pipeline as of Q2, 2015 are justified.

Southern Nevada has not seen net absorption levels at the Q2 rate since 2007, the year the Great Recession officially started. In all, industrial net absorption has only been negative in two of the last 18 quarters.

Jobs in industrial space-using industries represented 16 percent (132,300 jobs) of all private jobs in Clark County at the end of Q2, 2015. This was 9,700 more (+7.9 percent) jobs than existed in June 2014.[8] Since September 2012, industrial sector job growth has posted solid year-over-year growth (>2 percent) every month, outpacing population growth and helping lower the unemployment rate. The Construction sector (+7,900 jobs, +17.8 percent) and the Wholesale Trade sector (+900 jobs, +4.3 percent) have shown the greatest job gains since June 2014.

The Valley's total industrial vacancy rate (direct vacant space plus sublease vacant space) decreased to 5.5 percent in Q2, down from 6.0 percent in Q1 and plunging from 8.8 percent in Q2, 2014 and 15.5 percent in Q2, 2013. With this drop, the industrial market is now well below the generally accepted 10 percent stabilized vacancy rate.

The growth of e-commerce along with multi-channel (Internet, mobile, bricks-and-mortar) selling by traditional and non-traditional retailers is becoming the long-term driver of the demand for industrial space in Southern Nevada, as it has in other parts of the U.S. Southern Nevada's location adjacent to Southern California, will make it an important regional warehouse-distribution-fulfillment enclave. Additionally, the possible approval of recreational marijuana via ballot initiative in the November 2016 election will have a potentially significant impact on the demand for warehousing and product manufacturing space in the region. Now, there is a growing hope that Southern Nevada can be a player in advanced manufacturing, especially in the renewable energy, robotics, and water management industries.

The Las Vegas industrial market is in a unique position. It has one of the smallest industrial markets of the nine selected regions when considering the per capita and per private-sector employee analyses. Yet, despite being a relatively small industrial market, Las Vegas is still recovering from the Great Recession even though it has one of the highest average vacancy rates (5.5 percent) of the MAs at the end of Q2, 2015. However, this relatively high vacancy

[8] *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.*

rate relative to the other selected MAs is not worrisome, as previously stated, since it is below the 10 percent sustainability threshold. The current demand in the Las Vegas industrial markets is for units that are larger than 100,000 sf. Evidence of this can be seen in the current projects under construction.

While Las Vegas is lagging behind the other eight markets in terms of total inventory per capita and per employee, it is actually performing relatively well in terms of the metrics like net absorption, completions and space under-construction for these two ratios. It is important to note that Reno-Sparks has the advantage of being located on Interstate 80 relatively close to the economies of the Bay Area and Pacific Northwest. At this time, these factors are giving Reno-Sparks a competitive advantage relative to Las Vegas. Similar benefits are found for the other MAs, especially Orange County and Inland Empire. As long as Las Vegas is relatively geographically isolated from larger distribution channels "big box" demand within the area will lag behind the other more accessible MAs. It is hoped that economic development and transportation authorities in Southern Nevada continue to focus their efforts to improving the connection to Southern California via Interstate 15.

While there might be strong market demand for these sized buildings, supply is scarce. There are currently only 10 available units that are 100,000 sf or larger, while there are over 1,091 available units that are between 0 and 24,999 sf. Furthermore, the perceived lender risk associated with financing and constructing large spec industrial buildings appears to be a barrier, because of less than optimal economic conditions. This is why most of the buildings over 100,000 sf are build-to-suit-projects.

A review of various industrial market reports for the eight other MAs (see below) indicates that industrial market demand is trending toward large buildings (over 100,000 sf) in these areas as well. This overall demand trend does have some exceptions—certain MAs, such as Sacramento and areas in Los Angeles, are experiencing an increase in demand for small to mid-size industrial building. However, when assessing the overall industrial market demand in the selected MAs, it would appear that new trends in retail, such as e-commerce, and other developments in logistics and technology are enabling businesses to consolidate operations into fewer large, state-of-the-art buildings.

If Las Vegas does not supply industrial space currently demanded, it will not be able to attract larger users who will locate in other market areas such as the Inland Empire and Phoenix.

PART II
SOUTHERN NEVADA INDUSTRIAL EMPLOYMENT OPPORTUNITY AREAS

1. Introduction, Data Sources, and RCG Matrix

The purpose of Part 2 is to provide a detailed list and ranking of currently available Employment Opportunity Area ("EOA") lands (i.e., generally industrial) in Southern Nevada. In order to categorize and rank available EOAs, RCG created a database of all available lands within the Las Vegas Valley. Due to the lack of a standardized site certification process or state authority that oversees a centralized database on available lands throughout the Las Vegas Valley, RCG relied on data gathered from a survey of local Southern Nevada municipalities, regional agencies and private sector parties. Specifically, the data on the available vacant parcels was obtained from:

- City of Henderson
- City of North Las Vegas
- Clark County
- City of Las Vegas
- NV Energy
- Southern Nevada Water Authority ("SNWA")
- City of Mesquite
- City of Boulder City
- Nellis Air force Base
- UNLV Harry Reid Research and Technology Park

In order to curate a standardized set of information from the different parties, RCG developed a matrix to categorize the relevant parcels and collect the most pertinent information available to aid local economic development efforts. To accomplish this, RCG modeled its matrix after the North Carolina Economic Development Intelligence System ("NCEDIS") and AccessNC program.[9] The AccessNC service is a state government-run site certification process, which seeks to provide standardized information for the available developable land within the state. AccessNC is widely regarded as the leading standard throughout the nation in providing private sector developers, companies, investors, landowners and public entities with the highest quality and most accurate information on the available employment-oriented parcels within North Carolina.

The parcel matrix RCG prepared for this study does not explicitly follow the AccessNC site certification format due to both differences within the geographies of the two states,[10] as well as a lack of available information. In general, the level of detail in the information within the AccessNC database is more extensive than the information available for the Las Vegas market, because each property owner is required to register each parcel through the

[9] http://accessnc.commerce.state.nc.us/EDIS/page1.html.
[10] *For example, railroad access is not as important within Las Vegas as it is throughout North Carolina.*

AccessNC and provide all applicable information. Because of these reasons, the information that RCG was able to collect from the sources above can be found in Table 2-1 below.

Table 2-1: RCG Matrix Data Categories

General	Utilities	Transportation Access
—APN	—Electricity	—Current Road Access
—Ownership	—Natural Gas	—Distance to Closest Interstate
—Acres	—Water	—Distance to Closest Highway
—City	—Waste Water	—Access to Rail
—Zoning		—Distance to McCarren Airport
—Marketing Description		
—Contact Info		

RCG collected data for over 7,000 parcels of 70+ acres in Clark County. However, many of those parcels are in exurban areas and are unlikely to be developed for industrial use within the three-to-five-year period under consideration in this study. Due to the large number of vacant parcels, the subject timeframe and the need for sufficient access to amenities and utilities, RCG focused on the Las Vegas Valley as the primary area for ranking the EOAs. Additionally, RCG considered large properties in "exurban activity areas" like Ivanpah, Laughlin and Mesquite.

Within the Las Vegas Valley, RCG identified 190 vacant parcels fitting the 70+ acre criteria. However, many of these parcels are not appropriate for industrial development either due to being oddly shaped, having an excessive slope (above seven percent), located near residential areas, or owned by parties that will unlikely allow industrial development within the three-to-five- year timeframe. Because of this, RCG eliminated all parcels that are owned (and zoned) by residential developers or the federal government (an exception was made for certain parcels near Nellis Air force Base owned by the U.S. Airforce), as well as all parcels that are oddly shaped and therefore challenging to develop for large-scale industrial projects. RCG also attempted to filter out any parcels that were not currently zoned for Industrial use, with a few exceptions.

The final group of EOA parcels fitting the 70+ acre criteria, as well as the assumptions above, amounts to 33 different parcels and assemblages, 20 of which are privately-owned

and 13 of which are owned by government-owned or are part of Nellis Air force Base. All 33 parcels and assemblages were taken into consideration when determining the top 13 EOAs.

2. Employment Land Inventory Considerations

A method of estimating and ranking the available stock of developable, vacant land in Southern Nevada must be considered in order to develop an effective "Employment Land" economic development strategy. One way to determine the development potential of specific parcels or groups of parcels is to assemble the land in different categories, or levels of priority. These categories must take into account, but not necessarily be limited to, differences between the available land areas in:

- Proximity to Transportation
- Proximity to Industry Clusters
- Development Feasibility
- Regional Competitiveness
- Parcel Size & Ownership
- Utility Services

Proximity to Transportation

One of the key determinants of vacant land's desirability for Industrial development is location, which is often largely evaluated based on transportation logistics. Different types of employment land may have very different transportation needs. For example, businesses operating on Industrial land often rely on efficient goods movement systems causing close proximity to highways, rail and other transportation infrastructure to be a crucial necessity. Commercial land, on the other hand, places more emphasis on the transportation needs of onsite workers. Its location relative to specific residential areas, local freeways and public transportation all play an important role in Commercial employees' daily commutes.

Proximity to Industry Clusters

In addition to transportation access, a parcel's or parcels' location(s) relative to specific industry clusters (sometimes referred to as agglomeration) also affects its desirability. Industry "clusters" are defined as geographic areas in which businesses, suppliers and other associated firms of a particular field group, or cluster, together. These groupings are known to create competitive advantages, such as increases in productivity, which, in turn, allow

firms within the cluster to compete on a national and global level benefiting the local region as a whole.

The most prominent industry cluster in Southern Nevada is the Las Vegas Strip ("the Strip"). The Strip is internationally recognized as a premier tourism destination for gaming and forms of entertainment, retail and food/beverage. Not only does the Strip include dozens of large-scale resort-hotel properties, the surrounding area also includes clusters of a wide variety of vendors, suppliers and other supporting firms. Because the buildings on industrial land in and near the Strip are older than many of those in the suburban parts of the region, they are subject to either adaptive reuse or demolition in order to support future higher density employment uses.

Development Feasibility

After determining a set of ideal locations for Commercial or Industrial development, firms must also consider the capital and operating costs associated with such development. Up-front capital costs include the cost of land, construction and other fees paid to developers and municipal agencies. Ongoing operating costs can include taxes, utilities, transportation, labor and all other fixed business expenses. Certain parcels may have higher initial development costs, due to grading requirements or altered infrastructure, but the long-term savings from lower operating costs due to a lower tax environment or access to transportation networks, may offset other costs in the long-run.

Regional Competitiveness

In addition to considering the monetary costs of a particular site when determining the best location for a business operation, the overall competiveness of the region is also an essential consideration that must be taken into account. Certain regions may have higher costs, such as taxes, utilities and labor, but if operating in those regions will lead to more sales because of size of the population, quality of the labor force, transportation network, or location to inputs or final customers, then relatively high operating costs might be mitigated.

Parcel Size, Shape, & Ownership

Not all 70+ acre parcels are equal. Due to the natural differences between different land areas (i.e. topography and geographic location) and the varying demands of alternative business uses, certain parcels may work for one industry or use but be inappropriate for all

other possible uses. The best areas for development may also go untouched if the land is not available, or if it has been divided into smaller parcels causing only certain ones to be available for purchase and development. In addition, certain parcels may be large enough to support Industrial development, but the land also needs to support a potential development project in terms of topography, shape of parcel boundaries and access to utilities, rail and freeways. For any or all these reasons, a company may be forced to look for the best alternative outside the region, even if the general size of the available parcels within the region fits their search criteria.

Utility Services

As noted above, the quantity and quality of utility services availability is an important factor in choosing a location. Local municipalities and regional infrastructure agencies need to prioritize which Employment Lands should receive utilities such as power, water, gas and high-speed internet/phone service based on locational desirability and a general land policy plan. However, servicing certain Southern Nevada lands with utilities may not be easy when considering the budget constraints of local governments versus the high costs of providing utilities, especially water. However, the utility limitation issue also applies to some of the other exurban and rural areas that are otherwise desirable employment land areas.

Unfortunately, in many cases, as was found in the preparation of the current report, gaining information on the utility access of certain properties is particularly challenging. First, information for any parcel area that is publicly-owned is subject to public safety concerns regarding "critical infrastructure." Therefore, planned or existing utility network information (e.g., sewer and water lines, electrical facilities) is not readily available on a per-parcel basis.[11]

Second, in many cases whether or not current or planned utility information are adequate for industrial uses determined by the specific use of a particular parcel. While generally any available parcel may have access to the electrical grid, it may not have access to the correct or adequate electrical power capacity for particular uses. For example, a parcel may have electrical access that is sufficient to power a warehouse/distribution center, but the

[11] *The AccessNC program does not seem to take the same pains as local NV jurisdictions have relative to safeguarding utility information on a public safety concern basis. However, the AcessNC program does not require users to input any information other than which utility providers supply individual sites.*

electrical access may not be sufficient to run and maintain a datacenter. The current level of development potential of any parcel ultimately depends on the specific user specifications.

3. Ranking Methodology

Taking into account the factors discussed above, as well as other relevant considerations, the system for ranking employment (i.e., industrial) land developed by RCG used within this study is found below.

1. EL-1 Land: This is the most desirable Employment Land; it is already developed and currently being used as such. The vacancy rates for buildings/projects on this type of land are lower than the overall market averages. There is no reason to demolish existing buildings in order to rezone this land since it would likely be attractive to other similar users. Therefore, EL-1 land represents the land least likely to be rezoned.

2. EL-2 Land: This land includes the most desirable vacant land projected to be developed in the near future. This land is serviced by currently existing transportation and utility networks (or has a well-developed plan to be given access) and is located within a geographic area that allows for clustering and network effects. This land should be preserved from rezoning as much as possible and used for possible economic development purposes. The Top Five EOA profiled within this study are considered by RCG to be EL-2 Lands.

3. EL-3 Land: This Employment Land includes land that has been developed but where the vacancy rate is above average. The market in the immediate area where the parcel is located is currently trending away from Industrial development. However, it would be more practical to upgrade buildings and projects to newer, higher intensity uses rather than attempt to rezone the land. On the other hand, rezoning might, in some cases, be a viable option depending on what the new development would entail. The more established office corridors in the center of the Las Vegas Valley can be considered EL-3 candidates. They include Rainbow Boulevard, Jones Road, East Flamingo Road, Paradise Road (near Hughes Center) and Eastern Avenue, Sunset Road east of I-15, Dean Martin Drive between Sahara Avenue and Russel Road and Eastern Avenue between Sunset and the 215 Freeway-South.

4. EL-4 Land: This potentially developable, vacant Employment Land will have some level of interest from private developers, but only as an alternative to the EL-2 land. This land is not necessarily transaction ready or may be lacking features such as infrastructure or appropriate zoning classification. Rezoning this land should be considered a viable option; however, each situation should and would be considered on a case-by-case basis. The Southland site in Laughlin is an example of an area, which fall in this category.

5. EL-5 Land: Although this is vacant land zoned for non-residential uses, Industrial development may be unfeasible. For example, topographic characteristics may limit the development of large-scale distribution centers. Land parcels may be of a certain unusable size/shape, or may be owned by entities that might prevent most industrial uses. This is the land most likely to be rezoned to some type of residential use. This land typically is located in the more rural or ex-urban portions of Clark County away from population centers and near federally protected areas.

For the sake of clarity and reference, RCG has prepared the table below, which can be used or modified to help local jurisdictions categorize and rank their employment lands outside of those profiled and ranked in the present study.

Table 2-2: Employment (Industrial) Land Categorization Matrix

Factor	EL-1 Land	EL-2 Land	EL-3 Land	EL-4 Land	EL-5 Land
Overall Demand	High	High	Medium	Low-Medium	Low
Developed or Not	Developed	Not	Developed	Not	Not
Development Feasibility	Already Developed	High Feasibility	Already Developed	Low-Medium Feasibility	Not Feasible
Vacancy Rate	Low Vacancy	N/A	High Vacancy	N/A	N/A
Rents	Average to Above Average	Not Applicable	Average to Below Average	Not Applicable	Not Applicable
Location Desirability	High	High	Medium	Medium	Low
Infrastructure and Utilities	Existing	Existing or Short-term Plans	Existing	Short and Long-Term Plans	None

Source: RCG Economics.

Based on its extensive experience as a regional and real estate economics consulting firm, as well as a review of employment land analyses and literature prepared for other metro

areas, RCG has created a process to be used in conjunction with the classification system above that can affect the ability of land to be developed with employment land uses. These factors include:

1. Establish Advisory Committee
2. Describe Required Parcel Site (Includes site visits)
3. Identify Selected Sites' Neighborhood Character/Immediate Surrounding
4. Characterize Sites' Traffic & Transportation Requirements/Proximity (road, rail air)
5. Establish Image & Visibility of Sites
6. Discuss Relevant Planning Requirements/Comprehensive Land Use Plans[12]
7. Review Sites' Context/Location Information
8. Check Sites' Physical Factors (e.g., topography, hydrology, environmental)
9. Identify Zoning and Local Codes Affecting Sites
10. Assess Sites' Utility Requirements
11. Assess Sites' Water Capacity & Requirements
12. Determine Sites' Sanitary and Storm Sewer Capacity
13. Ascertain Sites' Existing Use, Ownership and Control
14. Identify Sites' Proximity to Community Services
15. Identify Sites' Acquisition Costs
16. Identify Planned Infrastructure Improvements around Sites
17. Review Local Economic Development Impact Goals[13]

These 17 factors, combined with the Employment Land ranking system above, serve as the methodological background for the land profiles found within the Top 13 EOA profiles of this report.

To further make comparisons between EOA candidates, RCG elected to use a generally accepted ranking system that takes into account both site-specific attributes (such as slopes, utility availability and assessed value) and locational factors (proximity to labor force and other industrial areas, etc.). RCG ranked each EOA on both factors and generated an average total ranking from the results of the site and location analysis. An example of each analysis is presented below along with a brief explanation of each.

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[12] *See Appendix B for a discussion of how well Southern Nevada jurisdictions' land use plans currently align with GOED target industries.*

[13] *Other considerations not included in the scope of this study that are of importance to development projects are: Identify Subsurface/Geotechnical Conditions, Identify Seismic Conditions/Requirements, Ascertain Demolition/Remediation Costs, Discuss Historic Preservation/Site History and Ascertain Site Construction and Preparation Costs.*

Site Analysis

As stated above, the site analysis takes into account factors specific to the particular site and determines how well the site compares to an ideal. Table 2-3 provides an example of a site that ranks a perfect score of 57. For this study, LVGEA and RCG determined that it was necessary to weight some factors due to their differing importance to industrial development.

The factors that were determined to be the most crucial to site selection for industrial developments are slopes, access, utilities and assessed value. Because of their importance, the ratings were multiplied by a factor of three. Floodplain and abutting land uses are also important, but slightly less than the previous factors. Therefore, they were multiplied by a factor of two. Finally, view, noise and soils were determined to be the least important factors for industrial development and are weighted by a factor of one. Each factor was ranked on a scale from negative 3 to 3 (-3 to 3) depending on whether the site is appropriate for industrial development within that category. The total score is the sum of the weighted ratings and has a maximum possible value of 57.

Table 2-3: Example Site Analysis Table

Site Analysis for Alternative Uses		
Impact on Industrial Use		
Factor	**Industrial**	**Weight**
Slopes	3	x3
View	3	x1
Access	3	x3
Floodplain	3	x2
Abutting land uses	3	x2
Noise	3	x1
Utilities	3	x3
Soils	3	x1
Assessed Value	3	x3
Total Score	**57**	
Possible Total	**57**	

Rating Scale	
Highly important for use	3
Moderately important for use	2
Slightly important for use	1
To be determined or N/A	0
Slightly negative for use	-1
Moderately negative for use	-2
Highly negative for use	-3

Source: RCG Economics.

Within the Site Analysis Table, RCG derived the assessed value ranking by comparing the assessed value per acre of the sites of interest with the Clark County average assessed price per acre ($44,967) for industrial land, excluding any improvements, for FY-2015-16.[14] The larger the difference from the average, the higher, or lower the ranking.

These rankings depend on the data available. In cases where data limitations prevented RCG from being able to say with certainty the current state of the property, a zero ranking was used.

Location Analysis

The location analysis ranks the surrounding area of the specific sites. In general, it examines the features of the surrounding area and ranks them on a scale of poor to excellent (1 to 4). The total score is the sum of the rankings for the six factors and has a maximum score of 24.

Table 2-4: Example Location Analysis Table

Summary of Subject Locational Analysis					
	Ratings				
	1 Poor	2 Avg.	3 Good	4 Excellent	Relative Score
Industrial Park					
Proximity to major transportation (particularly freeways, truck routes)				X	
Proximity to labor force				X	
Neighborhood acceptance of industrial park				X	
Proximity to service and material suppliers				X	
Proximity to new industrial park growth				X	
Public planning and zoning				X	
Total score	0	0	0	24	**24**
Total Possible Score					**24**

Source: RCG Economics.

RCG calculated the percentage score for each analysis (total score/total possible score) in order to create a blended average of each EOA. This blended average takes into account both site and location factors and allowed RCG to rank the EOAs against one another based off both site and location.

[14] *Clark County Assessor's Office Statistical Analysis FY 2015-2016.*

4. Exurban "Tier 2" Activity Areas

While RCG determined it best to evaluate and grade parcel areas within the Las Vegas Valley, because of the three-to-five-year study period, it is imperative to note those sites outside the Valley, which also have strong development potential or the ability to drive economic development throughout the Southern Nevada area. Descriptions of the most easily identifiable of these sites follow below. RCG chose to profile:

A. The Mesquite Technology and Commerce Center
B. Boulder City Test Range
C. Desert Rock UAS Testing Range
D. Ivanpah Airport area
E. The Fort Mojave "Southland" site in Laughlin
F. The Mojave Generating Station site, also in Laughlin

Each of these areas have industrial development and economic development potential, in whole or in part. However, due to the more isolated location of the areas, distance from a labor shed and/or possible difficulties providing adequate utility services, they were ranked lower than the top 13 EOAs profiled herein. This is case because of the current lack of adequate water service and other types of utilities and/or transportation access, as well locational attributes. Once each of these locations', which RCG classifies as Tier 2 Top EOAs, specific infrastructure and locational challenges are addressed, they will become more attractive and less costly to develop.

RCG believes that the distinguishing difference between these Tier 2 EOAs and the 13 Tier 1 EOAs profiled in the next section is the timeframe by which the areas will be "transaction/development-ready". For example, the Tahoe Reno Industrial Center ("TRIC") is similarly located in an exurban area in Storey County. However, due to infrastructure improvements it is currently ready to be utilized, whereas the following Tier 2 areas are not yet as development-ready.

Two additional sites that must be mentioned as alternative future sites for development are the recent BLM land transfers in the Tule Springs Land Bill Job Creation Zone[15] and the

[15] *http://www.reviewjournal.com/news/las-vegas/deal-clears-way-tule-springs-fossil-bed-national-monument*

UNLV North Campus.[16] Neither site is planned, as of this writing, to allow for industrial development; however, given the relatively long-run nature of these plans, changes may occur.

A. Mesquite Technology and Commerce Center ("MTCC")

www.mrbnv.org

The MTCC totals approximately 720 acres and is located adjacent to I-15 in Mesquite, Nevada. The property is currently serviced by all utilities except natural gas. It also has a road network currently under development, with an expected completion date of summer 2016.[17] While the Nevada Legislature approved a proposal to permit natural gas utility services to be extended to Mesquite, there is no currently proposed timeline for when the extension will be finished.[18] MTCC is 30 miles away from the closest rail facility and 72 miles from the Las Vegas Valley. It should be noted that the MTCC is comprised of parcels that are both publicly and privately-owned, none of which, individually, are above the 70+ acre criteria used herein. The largest parcels with common private-party ownership in the MTCC (002-23-612-001, 002-23-612-002, and 002-23-311-004, total 69 acres.[19] The MTCC is a highly promising site for future economic development; however, some challenges must be addressed before the area is ready for large-scale economic development projects. Because there is currently no timeline established to service the area with natural gas, and due to the distance from Southern Nevada's urban core, complementary employment zones, rail spurs and an international airport, RCG estimates that the area may take longer than 3-5 years to be development-ready to a large-degree.

B. Boulder City Test Range

www.diversifynevada.com/key-industries/aerospace-defense/uav

In late 2013, the federal government chose Nevada to be one of six states authorized for research and development of unmanned aerial systems ("UASs"). Four sites in Nevada were chosen for FAA testing of drones: the Fallon Naval Air Station, The Stead Airport North of Reno, the Boulder City Test Range and Desert Rock near the Nevada National Security Site (formerly known as the Nevada Test Site). Of

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[16] *https://www.unlv.edu/northcampus/future*
[17] http://mrbnv.org/index.php/mrbi-news/exit-118-interchange/
[18] https://www.leg.state.nv.us/Session/78th2015/Bills/SB/SB151_EN.pdf
[19] https://drive.google.com/file/d/0B0fnDo5ApkZ8ZmY3ZmM5NmQtZGFiZS00ZTRlLWI3YzMtNmJkMTQ1NGQ3YzBi/view?pref=2&pli=1

those sites, the two that have the highest potential to affect Southern Nevada are the Boulder City and Desert Rock Test Ranges. Industrial parks or projects will not necessarily be located on these two sites. However, it is necessary to profile them herein due to their ability to increase Southern Nevada's regional competitiveness.

According to GOED, the UAV and robotics industry has the potential to generate $100 billion in economic activity per year and up to 15,000 jobs in Nevada within a decade. Because of this, RCG sees the Test Range as an economic development "node." This node can support and increase the demand for industrial development on currently available employment lands in Southern Nevada, particularly once I-11 is completed.

The City of Boulder City provides water service to the Boulder City Airport and the surrounding vacant land areas. Water transmission and distribution pipelines exist and sufficient water supplies are available for most development proposals, including light industrial use, which permits UAS manufacturing and testing within Boulder City. However, the vacant lands surrounding the Boulder City Airport would need to be rezoned from "limited to conditional temporary" without permanent structures to allow for this type of development. Businesses that wish to use the Test Range currently pay approximately $800/day.

C. Desert Rock UAS Test Range

https://www.faa.gov/news/press_releases/news_story.cfm?newsId=16334

The Desert Rock area is near a U.S. Department of Energy ("DOE") private-use airfield adjacent to the government installation known as Mercury, which is associated with the Nevada National Security Site ("NNSS"). Mercury is managed by the DOE and water service is provided by groundwater wells operated by the federal government. Water availability in the area is subject to federal approval and therefore the possibility of economic development projects within the site are currently slim.

Because the Desert Rock Test Range is operated by the Federal government and is located near the NNSS, potential users are required to first obtain federal permission to use the Range. Users who gain permission pay a fee of approximately $12,000 to utilize the facility. Similar to the Boulder City Test Range this site has, at this time,

the potential to positively affect economic development throughout Southern Nevada, but is not necessarily a location for development itself.

D. Ivanpah Area near Primm, Nevada

https://www.mccarran.com/DoingBusiness/Vision2020.aspx

http://www.dmg.gov/documents/PRO_Cnstrct_Oprte_Nw_Spplmnt_Cmmrcl_Srvce_Airprt_ClarkCnty_061207.pdf

Located near Primm, Nevada, the Ivanpah area was originally planned to be the location of cargo airport by the Clark County Department of Aviation. The Ivanpah airport site contains 6,000 acres that were transferred to the County pursuant to the Ivanpah Valley Airport Public Lands Act of 2000. A transfer of an additional 17,000 acres of BLM land to the County was also approved contingent upon the airport being constructed. The airport was placed on hold in June 2010 and there are currently no official plans to resume the project. However, the County could reactivate plans for the airport. It is importantly located along I-15 between Las Vegas and Los Angeles. If this happens, Ivanpah would be conducive for the development of airport-related commercial uses such as logistics, e-commerce, manufacturing and warehouse-distribution development.

Water service to this area would need to be extending from the southernmost portion of the Las Vegas Valley Water District's water system. Other utility extensions and capacities would also have to be investigated. Groundwater supplies are fully appropriated, although, it is unlikely that groundwater is a viable alternative to meet new water demands in the area. While not immediately available to accommodate this report's target industry needs, Ivanpah can be seen as a critically important and major future Employment Land district for Southern Nevada.

E. The Fort Mohave "Southland" site, South of Laughlin

http://www.clarkcountynv.gov/Depts/admin_services/laughlindev/Pages/9,000AcresofLand.aspx

South of Laughlin is a site also known as Southland comprising of 9,000 acres. The Southland site was federal land that has been turned over to Clark County and the Township of Laughlin for development. Although no specific plans have been finalized

for this site, RCG recently prepared a highest and best use analysis for Southland.[20] This analysis determined that the area should include a mix of residential, Commercial and Industrial uses with development occurring over a series of phases spread across multiple years.

Recently, RCG also prepared a report on Southland for the Clark County Department of Real Property which identified several target industries that would be suitable for operating at this location including: Transportation and Warehousing (Logistics), Manufacturing, Renewable Energy and Healthcare.

Water service to this area would require new infrastructure and connection to the Big Bend Water District. Depending on the method of service, water treatment may be required along with a water transmission pipeline. Once constructed, Colorado River supplies would meet demands and would be able to support most commercial and industrial operations.

F. Mohave Generating Station, located in Laughlin

http://bit.ly/1LApubg

Recently it property owners announced that approximately 2,087 acres located in Laughlin at the previous Mojave Power Generation station are being released for sale. The four owners of the property held a public presentation of the plans to sell the land on November 5, 2015. During the presentation the owners announced that there is currently no buyer and an initial asking price has not been set as of yet. The land is currently zoned M-2 Industrial and is located adjacent to residential developments. As of this time, the land is estimated to be on the market during the first part of 2016.

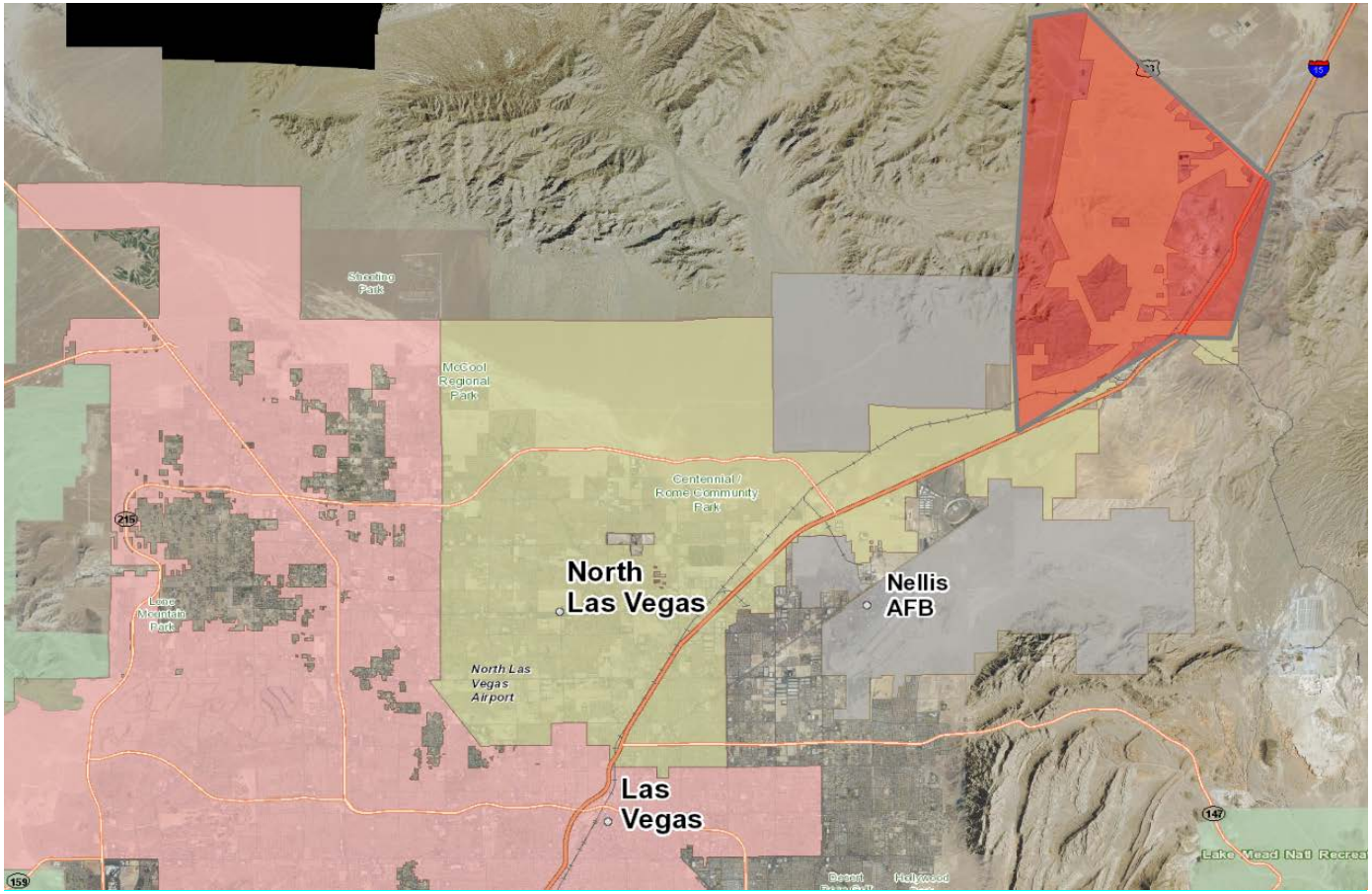
5. Top 13 EOAs

The following section provides an overview of the parcel areas that RCG has found to be the top contending EOAs for economic development within the next three-to-five years. As noted. RCG identified 13 “top” EOAs, 11 are privately-owned and two are publicly-owned.

[20] *http://www.clarkcountynv.gov/Depts/admin_services/laughlindev/Documents/LaughlinAmendedPlan0907.pdf.*

The Top 13 EOAs are presented on the following pages from the highest to the lowest rank, based on the blended average of the site and location analyses. The sites are identified both by whether they are privately ("PR") or publicly ("PU") owned followed by their relative rank.

PR-1: APEX Industrial Park-Rank: 1



Source: Clark County Assessor.

Acres*	Assessed Value*	$/acre*	Jurisdiction	Zoning	Slope	Flood Zone	Electricity	Gas	Water	Waste Water	Time to Interstate	Time to Highway	Time to McCarran
2,300	$4,198,850	$1,824	North Las Vegas	M-2	Varies	No	Yes	Yes	Yes	Yes	5 minutes	5 minutes	30+ minutes

*These figures represent a sample of the total area. A sample was chosen because of the large area of the Apex area (20,000+ acres), and the multiple owners comprising. The sample consists of the sum of the parcels owned by APEX Holdings, LLC.

PR-1: APEX Industrial Park

Site Analysis for Alternative Uses	
Impact on Industrial Use	
Factor	**Industrial**
Slopes	3
View	0
Access	2
Floodplain	3
Abutting land uses	3
Noise	0
Utilities	3
Soils	0
Assessed Value	3
Total Score	**45**
Possible Total	**57**

Rating Scale	
Highly important for use	3
Moderately important for use	2
Slightly important for use	1
To be determined or N/A	0
Slightly negative for use	-1
Moderately negative for use	-2
Highly negative for use	-3

Summary of Subject Locational Analysis					
	Ratings				
	1 Poor	2 Avg.	3 Good	4 Excellent	Relative Score
Industrial Park					
Proximity to major transportation (particularly freeways, truck routes)				X	
Proximity to labor force			X		
Neighborhood acceptance of industrial park				X	
Proximity to service and material suppliers			X		
Proximity to new industrial park growth				X	
Public planning and zoning				X	
Total score	0	0	6	16	**22**
Total Possible Score					**24**

This property received a ranking of 79% (45 out of a possible 57) on "Site Analysis" and a 92% (22 out of a possible 24) for "Locational Analysis", giving it a combined average of **86%** on RCGs site ranking scale. Given the location and site specifics of the property, as well as the available knowledge of slopes and utilities, APEX Industrial Park ranks **#1** of the EOA sites at this time.

APEX is situated approximately 13 miles northeast of Las Vegas and falls under North Las Vegas' jurisdiction. The recent announcement of Faraday Future's Economic Development Agreement with the State of Nevada has authorized the creation of gas and water infrastructure necessary for industrial development to begin in the area. The park is not located within a flood zone and the slope varies across this vast property. The assessed value per acre is significantly lower than the countywide average for industrial lands ($44,967); and it is located in close proximity to major transportation infrastructure making it easily accessible for trade routes, as well as the labor force.

Overall, the APEX area totals over 20,000 acres, which is split between multiple owners including: Las Vegas Paving Corp., APEX Holdings LLC, USA Federal Government, FNBN KAPEX LLC, North Industrial IX LLC, Nevada Power Company, among others.

Parcels: **http://www.apexindustrialpark.com/**

PR-2: Golden Triangle Industrial Park-Rank: 2

Source: Clark County Assessor.

Acres	Assessed Value	$/acre	Jurisdiction	Zoning	Slope	Flood Zone	Electricity	Gas	Water	Waste Water	Time to Interstate	Time to Highway	Time to McCarran
76.03	$2,781,968	$36,590	North Las Vegas	M-2	1.82	No	Yes	Yes	Yes	Yes	5 minutes	5 minutes	22 minutes

PR-2: Golden Triangle Industrial Park (cont.)

Site Analysis for Alternative Uses	
Impact on Industrial Use	
Factor	**Industrial**
Slopes	3
View	0
Access	3
Floodplain	3
Abutting land uses	3
Noise	0
Utilities	3
Soils	0
Assessed Value	1
Total Score	**42**
Possible Total	**57**

Rating Scale	
Highly important for use	3
Moderately important for use	2
Slightly important for use	1
To be determined or N/A	0
Slightly negative for use	-1
Moderately negative for use	-2
Highly negative for use	-3

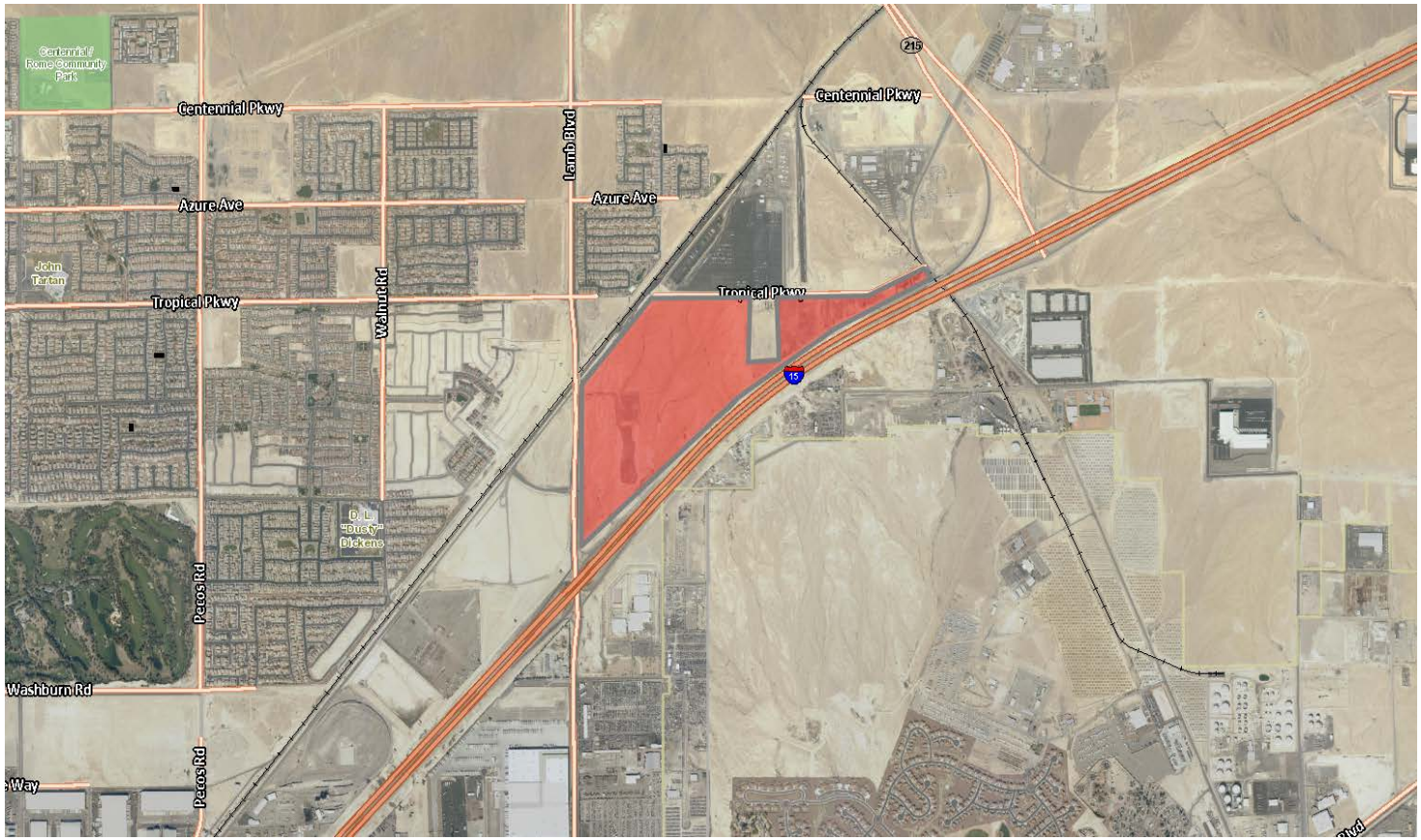
Summary of Subject Locational Analysis					
	Ratings				
	1 Poor	2 Avg.	3 Good	4 Excellent	Relative Score
Industrial Park					
Proximity to major transportation (particularly freeways, truck routes)			X		
Proximity to labor force				X	
Neighborhood acceptance of industrial park			X		
Proximity to service and material suppliers			X		
Proximity to new industrial park growth				X	
Public planning and zoning				X	
Total score	0	0	9	12	**21**
Total Possible Score					**24**

This property received a ranking of 74% (42 out of a possible 57) on Site Analysis and an 88% (21 out of a possible 24) for Locational Analysis giving it a combined average of **81%** on RCGs site ranking scale. Given the location and site specifics of the property, as well as the likely available knowledge of slopes and utilities, Golden Triangle Industrial Park ranks **#2** of the EOA sites at this time.

Golden Triangle is located in North Las Vegas and is surrounded by other large industrial properties. It appears to be currently served by all major utility services, is not located within a flood zone and has an average slope of 1.82 degrees. This makes it very attractive to prospective businesses. The assessed value per acre is lower than the countywide average of assessed industrial land of $44,967 and it is located in close proximity to major transportation infrastructure making it easily accessible for trade routes, as well as the labor force.

Parcel Number: 124-36-711-001.

PR-3: Northgate Industrial Area-Rank: 3



Source: Clark County Assessor.

Acres	Assessed Value	$/acre	Jurisdiction	Zoning	Slope	Flood Zone	Electricity	Gas	Water	Waste Water	Time to Interstate	Time to Highway	Time to McCarran
125.1	$4,015,763	$32,100	North Las Vegas	M-2	N/A	No	Yes	Yes	Yes	Yes	1 minute	1 minute	22 minutes

PR-3: Northgate Industrial Area (cont.)

Site Analysis for Alternative Uses	
Impact on Industrial Use	
Factor	**Industrial**
Slopes	0
View	0
Access	3
Floodplain	3
Abutting land uses	3
Noise	0
Utilities	3
Soils	0
Assessed Value	1
Total Score	**33**
Possible Total	**57**

Rating Scale	
Highly important for use	3
Moderately important for use	2
Slightly important for use	1
To be determined or N/A	0
Slightly negative for use	-1
Moderately negative for use	-2
Highly negative for use	-3

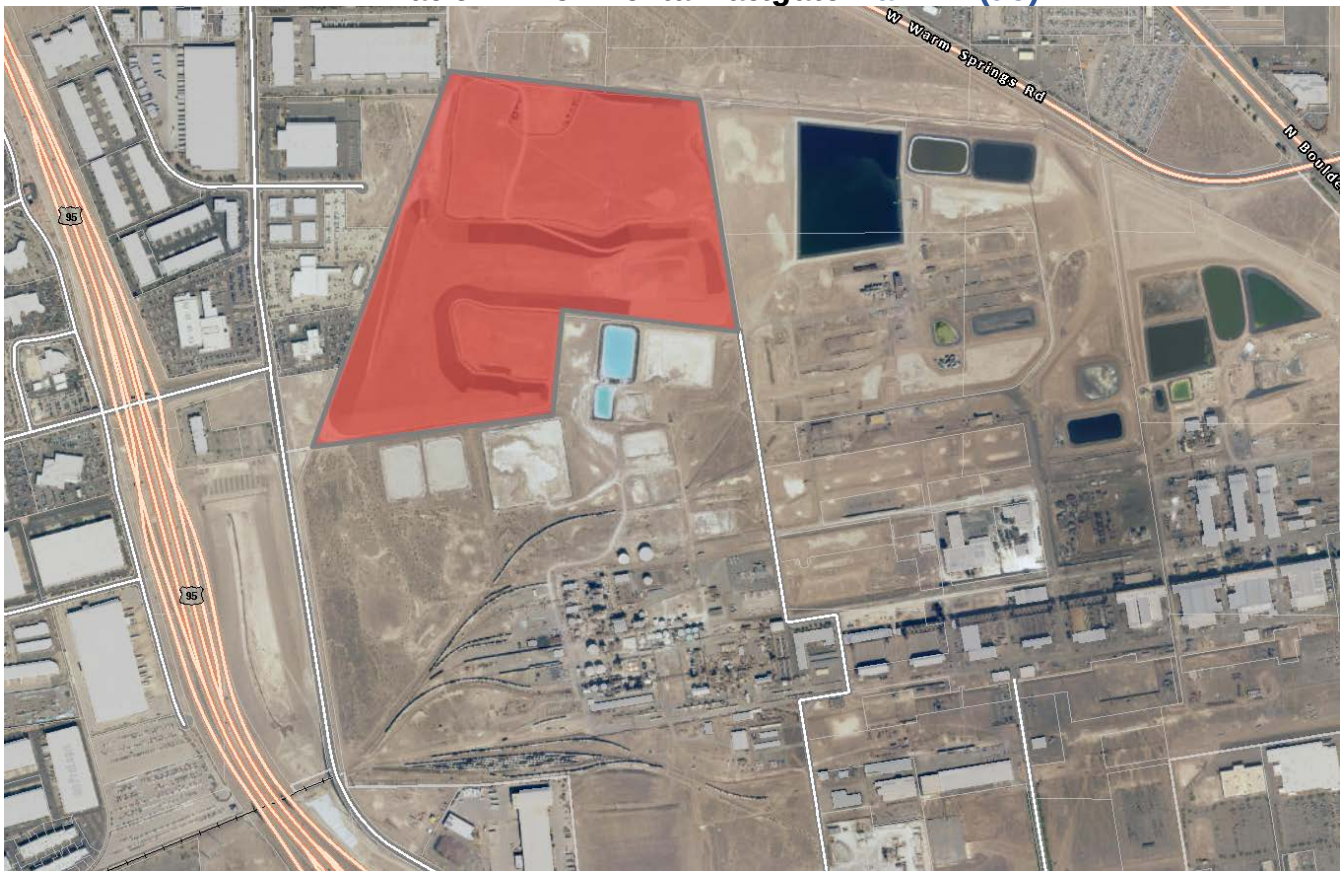
Summary of Subject Locational Analysis					
	Ratings				
	1 Poor	**2 Avg.**	**3 Good**	**4 Excellent**	**Relative Score**
Industrial Park					
Proximity to major transportation (particularly freeways, truck routes)				X	
Proximity to labor force				X	
Neighborhood acceptance of industrial park			X		
Proximity to service and material suppliers			X		
Proximity to new industrial park growth				X	
Public planning and zoning				X	
Total score	0	0	6	16	**22**
Total Possible Score					**24**

Northgate received a 58% (33 out of a possible 57) on Site Analysis and a 92% (22 out of a possible 24) for Locational Analysis giving it a combined average of a **75%** on RCGs site ranking scale. Given the location and site specifics of Northgate, as well as the available knowledge of utilities, Northgate Industrial Area ranks **3rd** of the EOA sites at this time. Due to data limitations, RCG was unable to obtain specifics on slopes for the property and the current score is; therefore, likely less than it might ultimately be.

Northgate is located in North Las Vegas and is adjacent to the I-15 and other potentially developable vacant parcels. It is currently served by all major utility services and is not located within a flood zone. The assessed value per acre is lower than the countywide average of $44,967 for industrial land, and it is relatively close to the labor force.

Parcel Numbers: 123-293-01-002, 123-293-01-003, 123-29-401-004, 123-294-01-005, 123-294-01-006, 123-294-01-007, 123-294-01-012, 123-294-01-013, 123-294-01-015, 123-297-01-008.

PR-4: Basic Environmental Eastgate-Rank: 4 (tie)



Source: Clark County Assessor.

Acres	Assessed Value	$/acre	Jurisdiction	Zoning	Slope	Flood Zone	Electricity	Gas	Water	Waste Water	Time to Interstate	Time to Highway	Time to McCarran
112.9	$134,292	$1,189	Clark County	M-2	1.98	No	N/A	N/A	N/A	N/A	1 minute	1 minute	16 minutes

PR-4: Basic Environmental Eastgate (cont.)

Site Analysis for Alternative Uses	
Impact on Industrial Use	
Factor	**Industrial**
Slopes	3
View	0
Access	2
Floodplain	3
Abutting land uses	3
Noise	0
Utilities	0
Soils	0
Assessed Value	3
Total Score	**36**
Possible Total	**57**

Rating Scale	
Highly important for use	3
Moderately important for use	2
Slightly important for use	1
To be determined or N/A	0
Slightly negative for use	-1
Moderately negative for use	-2
Highly negative for use	-3

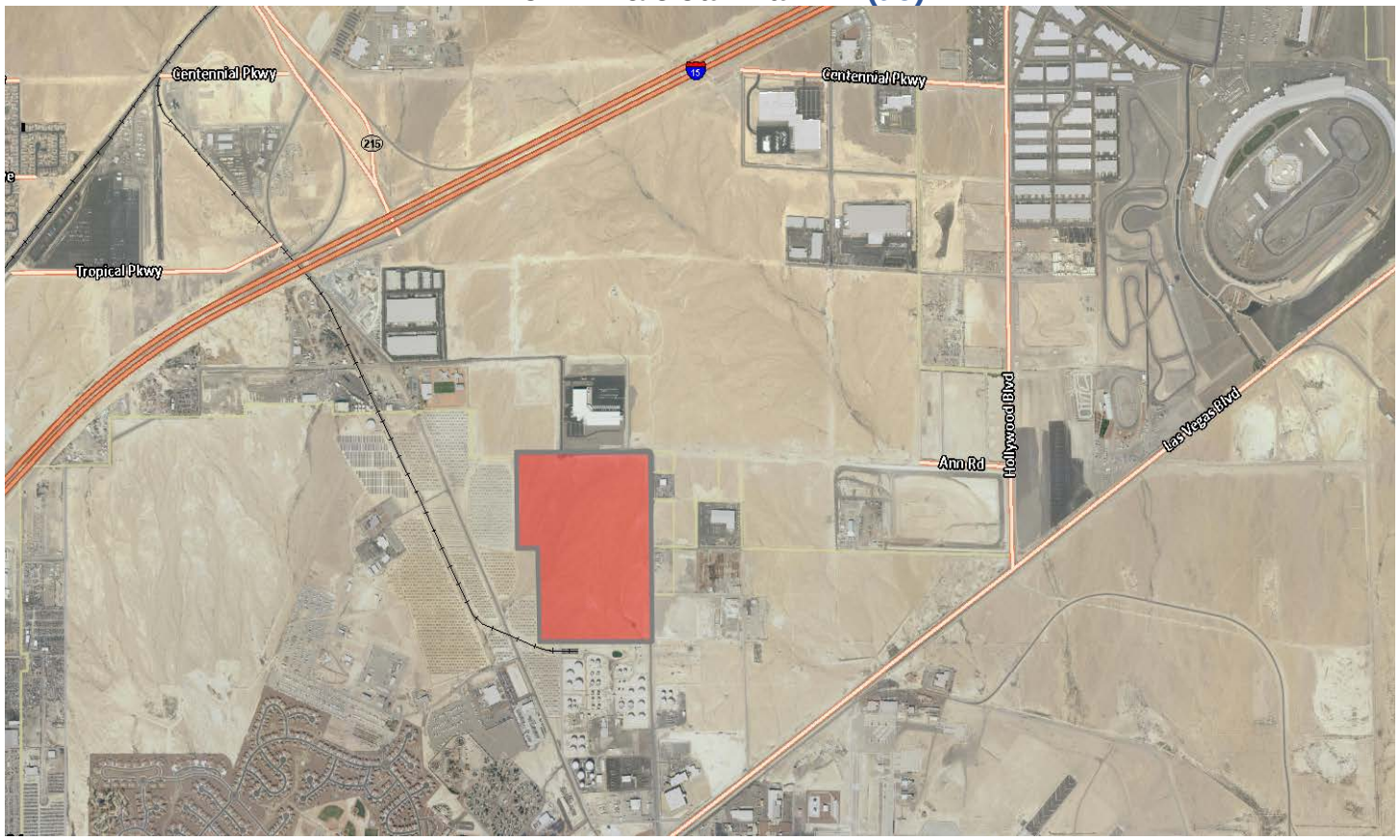
Summary of Subject Locational Analysis					
	Ratings				
	1 Poor	2 Avg.	3 Good	4 Excellent	Relative Score
Industrial Park					
Proximity to major transportation (particularly freeways, truck routes)			X		
Proximity to labor force			X		
Neighborhood acceptance of industrial park				X	
Proximity to service and material suppliers			X		
Proximity to new industrial park growth			X		
Public planning and zoning				X	
Total score	0	0	12	8	**20**
Total Possible Score					**24**

The Eastgate property received a 63% (36 out of a possible 57) on Site Analysis and an 83% (20 out of a possible 24) for Locational Analysis giving it a combined average of a **73%** on RCGs site ranking scale. Given the location and site specifics of this property, it ties for **4th** highest of the EOA sites at this time. Due to data limitations, RCG was unable to obtain specifics on utilities for the property and the current score is; therefore, likely less than it might potentially be.

The Basic Environmental Eastgate property is located in Henderson in a primarily industrial area on Eastgate Rd. between Warm Springs Rd. and E Lake Mead Parkway. It is located adjacent to the U.S.-95 and currently served by all major utility services. Eastgate is not located within a flood zone and has an average slope of 1.98 degrees. The assessed value per acre is significantly lower than the countywide average of $44,967 and it is relatively close to the labor force.

Parcel Number: 178-117-01-002.

PR-5: Ann & Sloan-Rank: 4 (tie)



Source: Clark County Assessor.

Acres	Assessed Value	$/acre	Jurisdiction	Zoning	Slope	Flood Zone	Electricity	Gas	Water	Waste Water	Time to Interstate	Time to Highway	Time to McCarran
110.79	$2,077,598	$18,752	North Las Vegas	M-2	1.76	No	TBD	TBD	Yes	Yes	7 minutes	1 minute	26 minutes

PR-5: Ann & Sloan (cont.)

Site Analysis for Alternative Uses	
Impact on Industrial Use	
Factor	**Industrial**
Slopes	3
View	0
Access	2
Floodplain	3
Abutting land uses	3
Noise	0
Utilities	0
Soils	0
Assessed Value	3
Total Score	**36**
Possible Total	**57**

Rating Scale	
Highly important for use	3
Moderately important for use	2
Slightly important for use	1
To be determined or N/A	0
Slightly negative for use	-1
Moderately negative for use	-2
Highly negative for use	-3

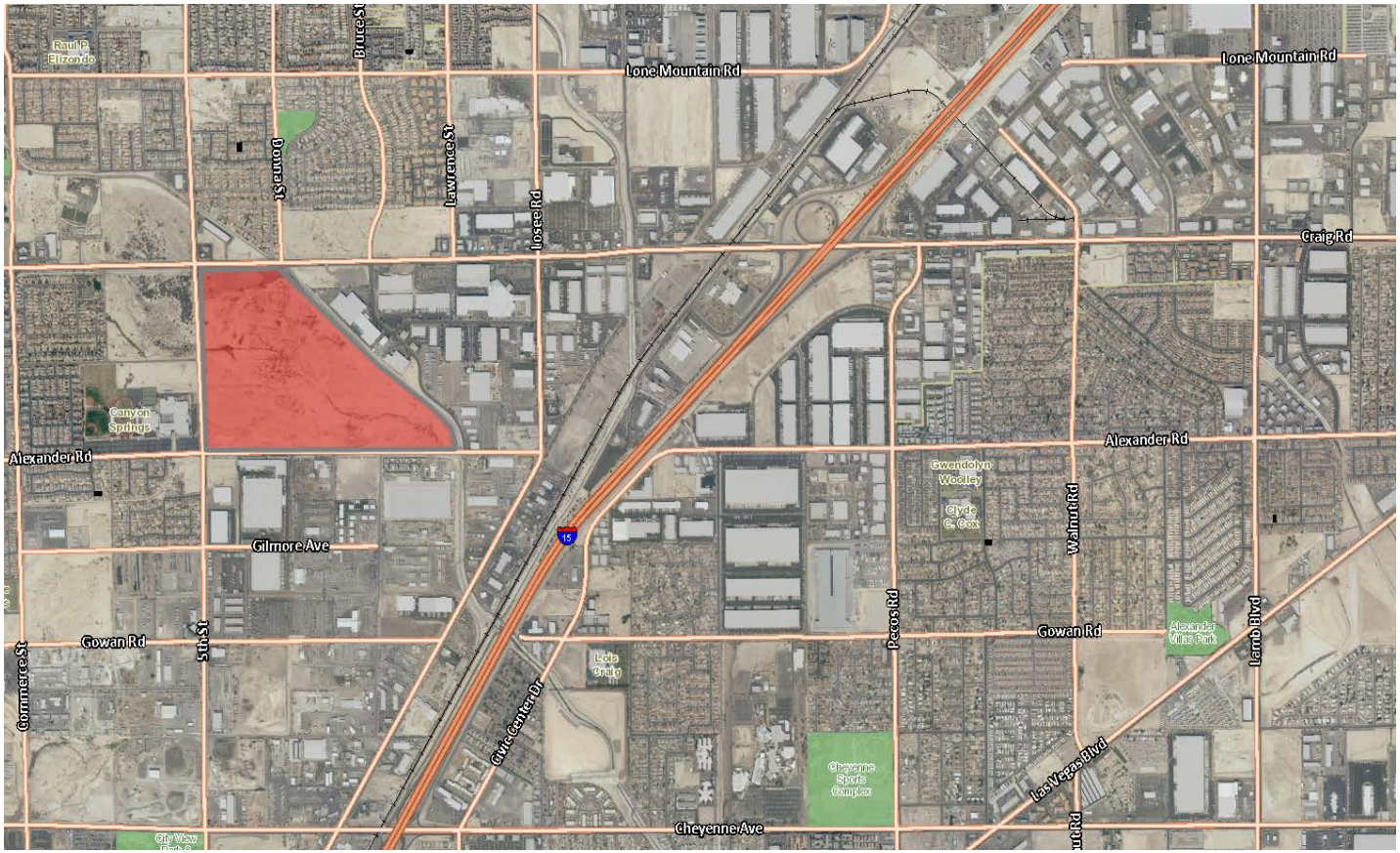
Summary of Subject Locational Analysis					
	Ratings				
	1 Poor	2 Avg.	3 Good	4 Excellent	Relative Score
Industrial Park					
Proximity to major transportation (particularly freeways, truck routes)				X	
Proximity to labor force		X			
Neighborhood acceptance of industrial park				X	
Proximity to service and material suppliers		X			
Proximity to new industrial park growth				X	
Public planning and zoning				X	
Total score	0	4	0	16	**20**
Total Possible Score					**24**

The Ann & Sloan property received a 63% (36 out of a possible 57) on Site Analysis and an 83% (20 out of a possible 24) for Locational Analysis giving it a combined average of a **73%** on RCGs site ranking scale. Given the location and site specifics of the Ann & Sloan property, it ties for **4th** of the EOA sites at this time. Due to data limitations, RCG was unable to obtain specifics on utilities for the property and the current ranking is; therefore, less likely than it might ultimately be.

The Ann & Sloan property is located in North Las Vegas within the currently developing industrial area Northeast of Nellis AFB and slightly South of the Las Vegas Motor Speedway. It is not located within a flood zone and has an average slope of 1.76 degrees. The assessed value per acre is significantly lower than the countywide average for industrial land of $44,967.

Parcel Number: 123-335-01-002.

PR-6: Mendenhall Legacy-Rank: 6



Source: Clark County Assessor.

Acres	Assessed Value	$/acre	Jurisdiction	Zoning	Slope	Flood Zone	Electricity	Gas	Water	Waste Water	Time to Interstate	Time to Highway	Time to McCarran
149.13	$4,547,272	$30,492	North Las Vegas	PUD	1.64	No	Yes	Yes	Yes	Yes	4 minutes	4 minutes	21 minutes

PR-6: Mendenhall Legacy (cont.)

Site Analysis for Alternative Uses	
Impact on Industrial Use	
Factor	**Industrial**
Slopes	3
View	0
Access	3
Floodplain	3
Abutting land uses	2
Noise	0
Utilities	3
Soils	0
Assessed Value	1
Total Score	**40**
Possible Total	**57**

Rating Scale	
Highly important for use	3
Moderately important for use	2
Slightly important for use	1
To be determined or N/A	0
Slightly negative for use	-1
Moderately negative for use	-2
Highly negative for use	-3

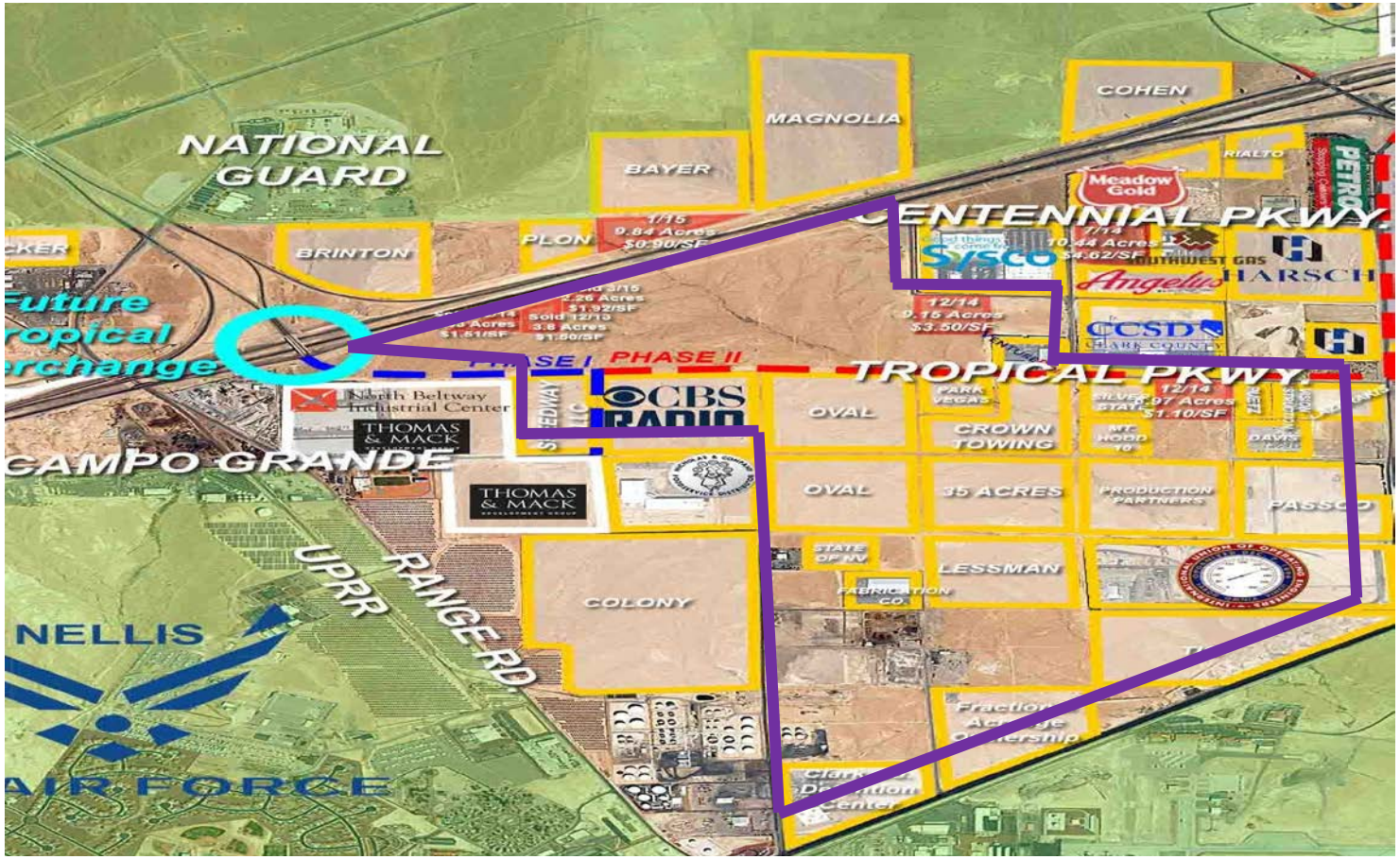
Summary of Subject Locational Analysis					
	Ratings				
	1 Poor	2 Avg.	3 Good	4 Excellent	Relative Score
Industrial Park					
Proximity to major transportation (particularly freeways, truck routes)		X			
Proximity to labor force				X	
Neighborhood acceptance of industrial park		X			
Proximity to service and material suppliers			X		
Proximity to new industrial park growth				X	
Public planning and zoning		X			
Total score	0	6	3	8	**17**
Total Possible Score					**24**

The Mendenhall Legacy property received a 70% (40 out of a possible 57) on Site Analysis and a 71% (27 out of a possible 24) for Locational Analysis giving it a combined average of a **71%** on RCGs site ranking scale. Given the location and site specifics of the property, it ranks **6th** highest of the EOA sites at this time.

The Mendenhall Legacy property is located in North Las Vegas on Alexander Rd. and North 5th St. adjacent to Canyon Springs High School. It is not located within a flood zone; it has an average slope of 1.64 degrees and appears to be served by all necessary utilities. The assessed value per acre is lower than the countywide industrial land average of $44,967.

Parcel Numbers: 139-02-401-004, 139-02-401-005, 139-02-803-002.

PR-7: Speedway Assemblage/Northeast Industrial Area-Rank: 7



Source: CBRE. The purple-bordered area represents the area of interest.

Acres	Assessed Value	$/acre	Jurisdiction	Zoning	Slope	Flood Zone	Electricity	Gas	Water	Waste Water	Time to Interstate	Time to Highway	Time to McCarran
900+	19,919,614	$22,132	North Las Vegas	M-2 / O-L	N/A	No	Yes	Yes	Yes	Yes	3 minutes	3 minutes	25 minutes

PR-7: Speedway Assemblage/Northeast Industrial Area (cont.)

Site Analysis for Alternative Uses	
Impact on Industrial Use	
Factor	**Industrial**
Slopes	0
View	0
Access	2
Floodplain	3
Abutting land uses	3
Noise	0
Utilities	0
Soils	0
Assessed Value	3
Total Score	**27**
Possible Total	**57**

Rating Scale	
Highly important for use	3
Moderately important for use	2
Slightly important for use	1
To be determined or N/A	0
Slightly negative for use	-1
Moderately negative for use	-2
Highly negative for use	-3

Summary of Subject Locational Analysis					
	Ratings				
	1 Poor	2 Avg.	3 Good	4 Excellent	Relative Score
Industrial Park					
Proximity to major transportation (particularly freeways, truck routes)				X	
Proximity to labor force		X			
Neighborhood acceptance of industrial park				X	
Proximity to service and material suppliers		X			
Proximity to new industrial park growth				X	
Public planning and zoning				X	
Total score	0	4	0	16	**20**
Total Possible Score					**24**

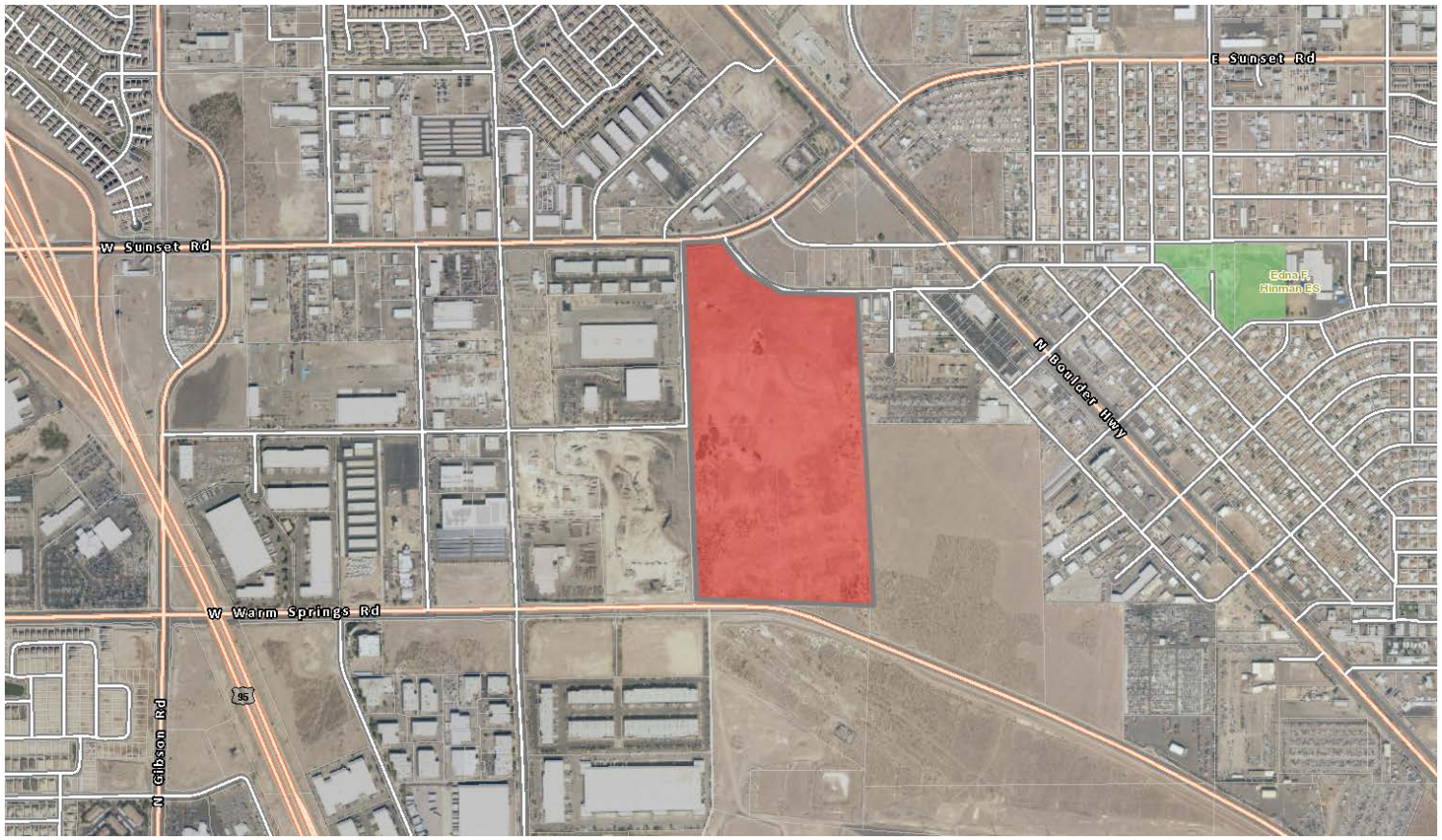
The Northeast Industrial Area (Speedway Assemblage) property received a 47% (27 out of a possible 57) on Site Analysis and an 83% (20 out of a possible 24) for Locational Analysis giving it a combined average of **65%** on RCGs site ranking scale. Given the location and site specifics of the property, it ranks **7th** highest of the EOA sites at this time. Due to data limitations, RCG was unable to obtain specifics on utilities or slopes for the assemblage and the current ranking is; therefore, likely to be less than it might ultimately be.

The assemblage is located in North Las Vegas within the currently developing industrial area Northeast of Nellis AFB and slightly South of the Las Vegas Motor Speedway. It is not located within a flood zone. The assessed value per acre is significantly lower than the countywide industrial land average of $44,967.

This assemblage is highly desirable from a development standpoint; however, it will require additional utility and road infrastructure (particularly the planned I-15-Tropical Parkway Interchange) for it to be transaction ready for economic development purposes.

Parcel Numbers: Multiple, over 100 individual parcels.

PR-8: Emrani Parcel-Rank: 8



Source: Clark County Assessor.

Acres	Assessed Value	$/acre	Jurisdiction	Zoning	Slope	Flood Zone	Electricity	Gas	Water	Waste Water	Time to Interstate	Time to Highway	Time to McCarran
72	$3,284,561	$45,918	Henderson	IG	N/A	Yes, Zone A	N/A	N/A	Yes	Yes	3 minutes	1 minute	16 minutes

PR-8: Emrani Parcels (cont.)

Site Analysis for Alternative Uses	
Impact on Industrial Use	
Factor	**Industrial**
Slopes	0
View	0
Access	2
Floodplain	-2
Abutting land uses	3
Noise	0
Utilities	2
Soils	0
Assessed Value	0
Total Score	**14**
Possible Total	**57**

Rating Scale	
Highly important for use	3
Moderately important for use	2
Slightly important for use	1
To be determined or N/A	0
Slightly negative for use	-1
Moderately negative for use	-2
Highly negative for use	-3

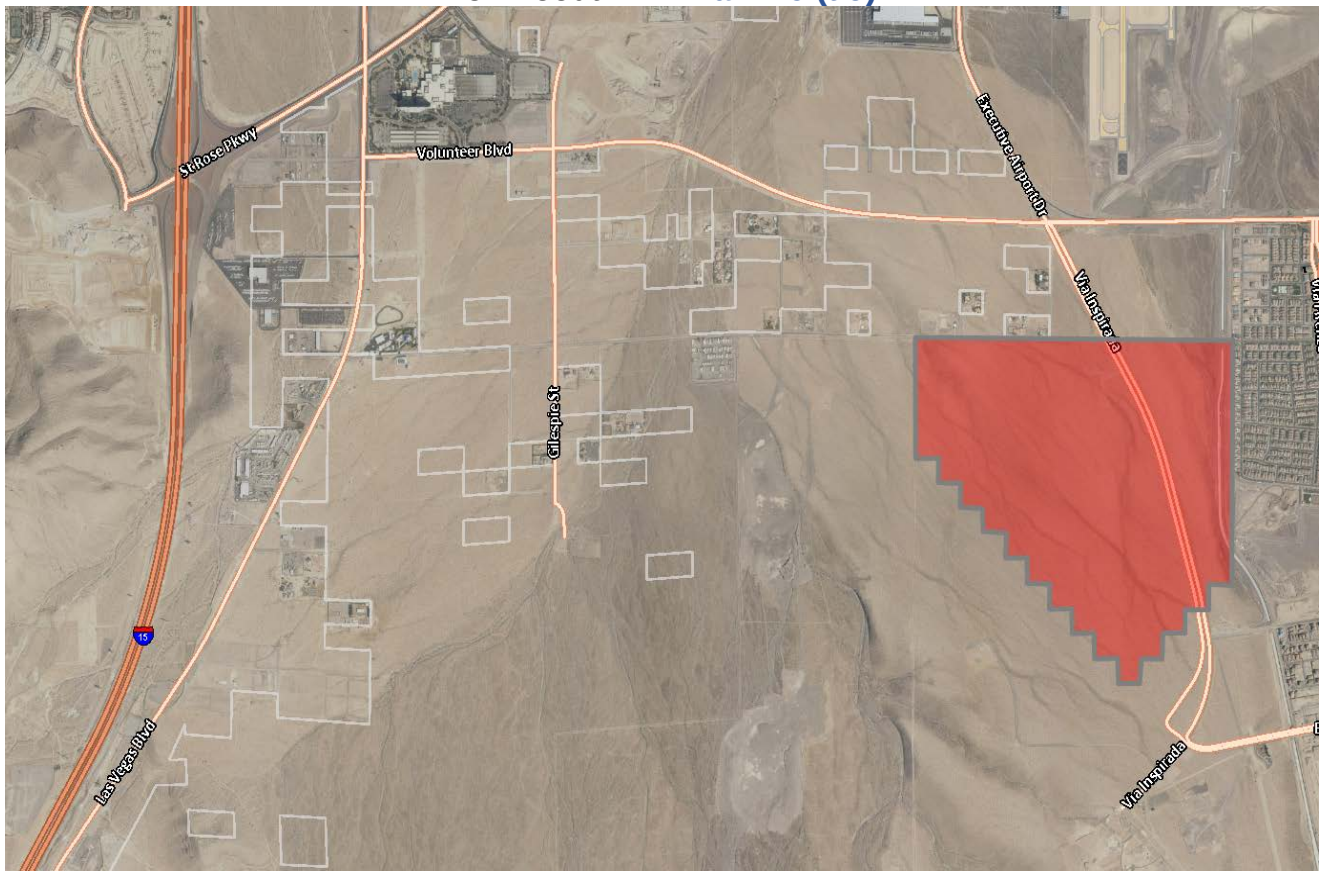
Summary of Subject Locational Analysis					
	Ratings				
	1 Poor	2 Avg.	3 Good	4 Excellent	Relative Score
Industrial Park					
Proximity to major transportation (particularly freeways, truck routes)				X	
Proximity to labor force				X	
Neighborhood acceptance of industrial park				X	
Proximity to service and material suppliers			X		
Proximity to new industrial park growth				X	
Public planning and zoning				X	
Total score	0	0	3	20	**23**
Total Possible Score					**24**

The Emrani parcels received a 25% (14 out of a possible 57) on Site Analysis and a 96% (23 out of a possible 24) for Locational Analysis giving it a combined average of **61%** on RCGs site ranking scale. Given the location and site specifics of the property, it ranks **8th** at this time. Due to data limitations, RCG was unable to obtain specifics on slopes and power and natural gas utilities for the area and the current score is; therefore, likely to be less than it might potentially be.

The Emrani parcels are located in Henderson on Courier St. in between Sunset Rd. and W Warm Springs Rd. and is mostly surrounded by additional pre-existing industrial development. It is currently served by water and sewer, but it is located within a flood zone. The assessed value per acre is slightly higher than the countywide industrial land average of $44,967.

Parcel Numbers: 178-027-02-001, 178-028-01-003, 178-028-01-004

PU-1: South LTA-Rank: 9 (tie)



Source: Clark County Assessor.

Acres	Assessed Value	$/acre	Jurisdiction	Zoning	Slope	Flood Zone	Electricity	Gas	Water	Waste Water	Time to Interstate	Time to Highway	Time to McCarran
358.54	$7,529,340	$21,000	Henderson	IP	3.03	Partially, Zone A	N/A	N/A	Yes	Yes	10 minutes	10 minutes	20 minutes

PU-1: South LTA (cont.)

Site Analysis for Alternative Uses	
Impact on Industrial Use	
Factor	**Industrial**
Slopes	3
View	0
Access	1
Floodplain	-1
Abutting land uses	0
Noise	0
Utilities	2
Soils	0
Assessed Value	3
Total Score	**25**
Possible Total	**57**

Rating Scale	
Highly important for use	3
Moderately important for use	2
Slightly important for use	1
To be determined or N/A	0
Slightly negative for use	-1
Moderately negative for use	-2
Highly negative for use	-3

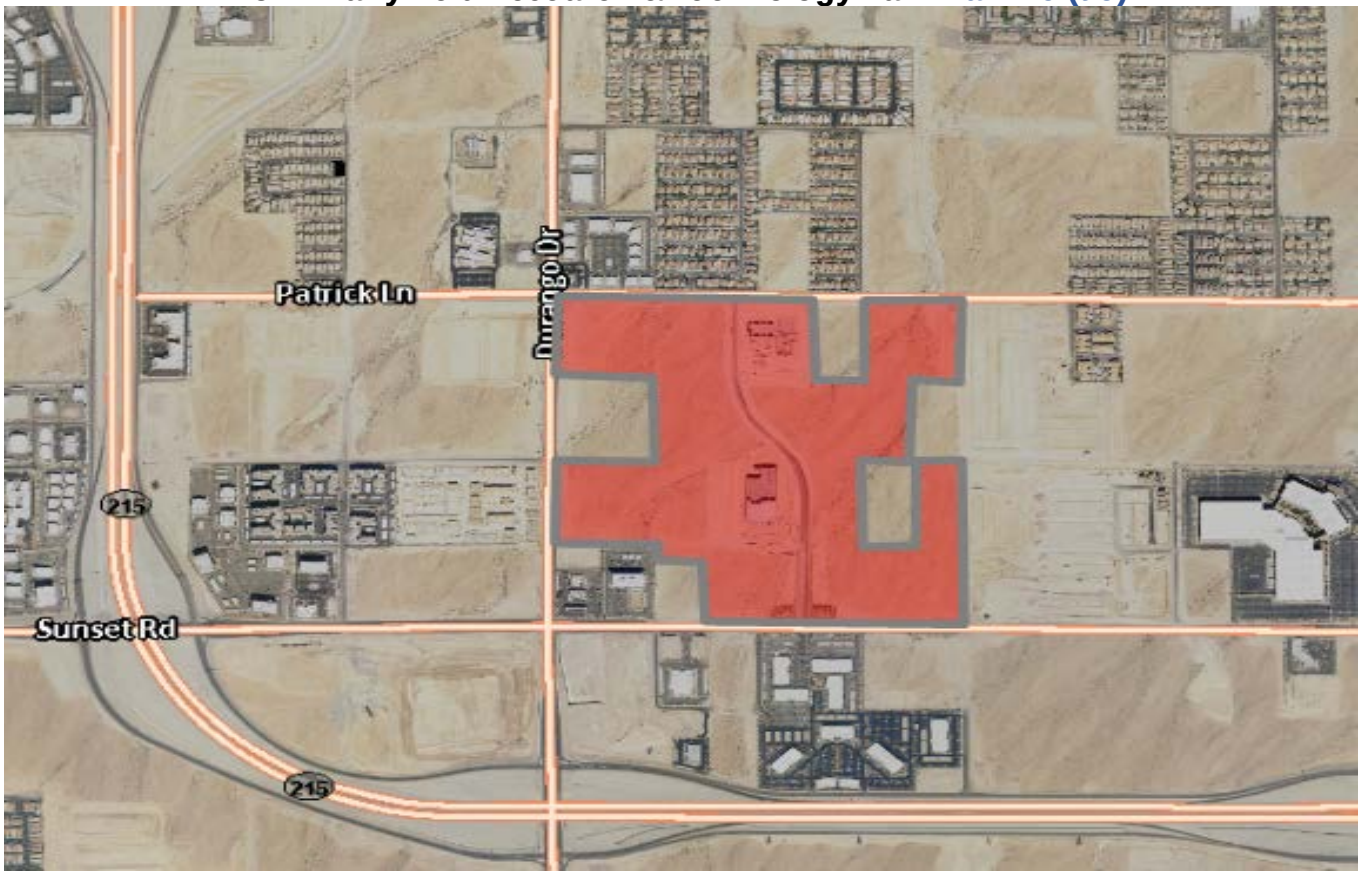
Summary of Subject Locational Analysis					
	Ratings				
	1 Poor	**2 Avg.**	**3 Good**	**4 Excellent**	**Relative Score**
Industrial Park					
Proximity to major transportation (particularly freeways, truck routes)			X		
Proximity to labor force			X		
Neighborhood acceptance of industrial park		X			
Proximity to service and material suppliers		X			
Proximity to new industrial park growth			X		
Public planning and zoning				X	
Total score	0	4	9	4	**17**
Total Possible Score					**24**

The South LTA assemblage received a 44% (25 out of a possible 57) on Site Analysis and a 71% (17 out of a possible 24) for Locational Analysis giving it a combined average of **58%** on RCGs site ranking scale. Given the location and site specifics of the property, it ties for **9th** at this time. Due to data limitations, RCG was unable to obtain specifics on electricity and natural gas utility specifics for the site and the current score is therefore likely to be less than it might potentially be.

The South LTA parcels are owned by the City of Henderson and are located on Via Inspirada South of Volunteer Blvd. and minutes from the Henderson Executive Airport. It appears to be currently served by water and sewer and portions of the area are located within a flood zone. The assessed value per acre is much lower than the countywide industrial land average of $44,967.

Parcel Numbers: 191-141-01-004, 191-143-01-001, 191-155-01-002.

PU-2: Harry Reid Research & Technology Park-Rank: 9 (tie)



Source: Clark County Assessor.

Acres	Assessed Value	$/acre	Jurisdiction	Zoning	Slope	Flood Zone	Electricity	Gas	Water	Waste Water	Time to Interstate	Time to Highway	Time to McCarran
110.38	$5,734,815	$51,955	CC Spring Valley	M-D	N/A	No	Yes	Yes	Yes	Yes	14 minutes	1 minutes	10 minutes

PU-2: Harry Reid Research & Technology Park (cont.)

Site Analysis for Alternative Uses	
Impact on Industrial Use	
Factor	**Industrial**
Slopes	0
View	0
Access	3
Floodplain	3
Abutting land uses	1
Noise	0
Utilities	3
Soils	0
Assessed Value	-1
Total Score	**23**
Possible Total	**57**

Rating Scale	
Highly important for use	3
Moderately important for use	2
Slightly important for use	1
To be determined or N/A	0
Slightly negative for use	-1
Moderately negative for use	-2
Highly negative for use	-3

Summary of Subject Locational Analysis					
	Ratings				
	1 Poor	2 Avg.	3 Good	4 Excellent	Relative Score
Industrial Park					
Proximity to major transportation (particularly freeways, truck routes)				X	
Proximity to labor force				X	
Neighborhood acceptance of industrial park		X			
Proximity to service and material suppliers		X			
Proximity to new industrial park growth		X			
Public planning and zoning				X	
Total score	0	6	0	12	**18**
Total Possible Score					**24**

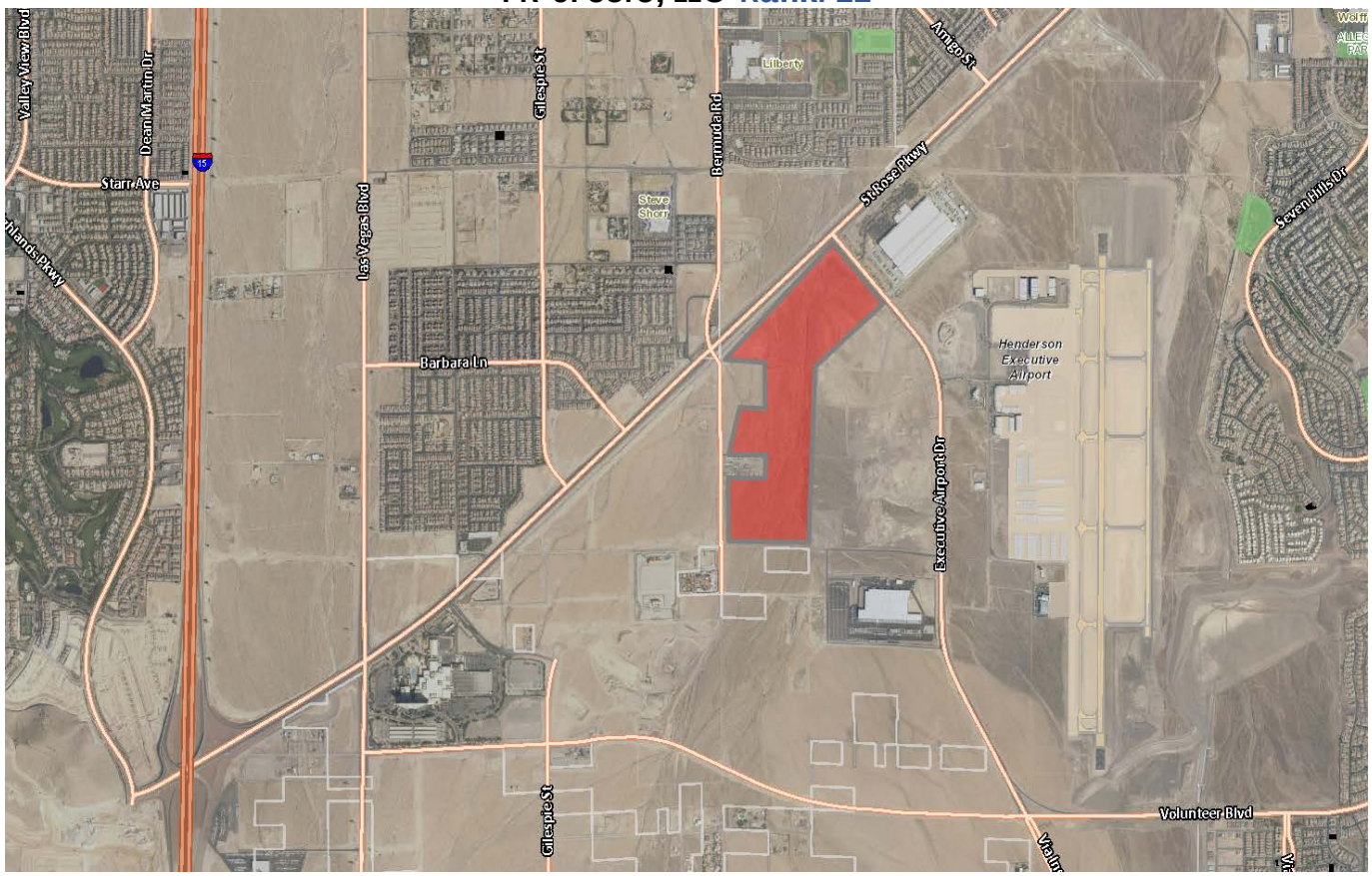
The Harry Reid Research & Technology Park received a 40% (23 out of a possible 57) on Site Analysis and a 75% (18 out of a possible 24) for Locational Analysis giving it a combined average of **58%** on RCGs site ranking scale. Given the location and site specifics of the property, it ties for **9th** at this time. Due to data limitations, RCG was unable to obtain specifics on slopes for site and the current score is therefore likely to be less than it might ultimately be.

The Harry Reid Tech Park is owned by the UNLV Research Foundation and is located on S. Durango Blvd. between W. Sunset and W. Patrick. It appears to be currently served by all utilities and is not located in a flood zone. The assessed value per acre is higher than the countywide industrial land average of $44,967.

For additional information see: http://www.unlvresearchpark.com/content/?c=33.

Parcel Numbers: 163-333-01-001, 163-333-01-002, 163-333-01-013, 163-333-01-008, 163-333-01-017, 163-333-01-015, 163-334-01-001, 163-334-01-002, 163-334-01-003, 163-334-01-010, 163-334-01-020, 163-334-01-016, 163-334-01-006, 163-334-01-017.

PR-9: Soro, LLC-Rank: 11



Source: Clark County Assessor.

Acres	Assessed Value	$/acre	Jurisdiction	Zoning	Slope	Flood Zone	Electricity	Gas	Water	Waste Water	Time to Interstate	Time to Highway	Time to McCarran
103.1	$4,675,440	$45,348	Henderson	IG	1.49	Zone A	N/A	N/A	N/A	N/A	9 minutes	9 minutes	18 minutes

PR-9: Soro, LLC (cont.)

Site Analysis for Alternative Uses	
Impact on Industrial Use	
Factor	**Industrial**
Slopes	3
View	0
Access	3
Floodplain	-2
Abutting land uses	2
Noise	0
Utilities	0
Soils	0
Assessed Value	0
Total Score	**18**
Possible Total	**57**

Rating Scale	
Highly important for use	3
Moderately important for use	2
Slightly important for use	1
To be determined or N/A	0
Slightly negative for use	-1
Moderately negative for use	-2
Highly negative for use	-3

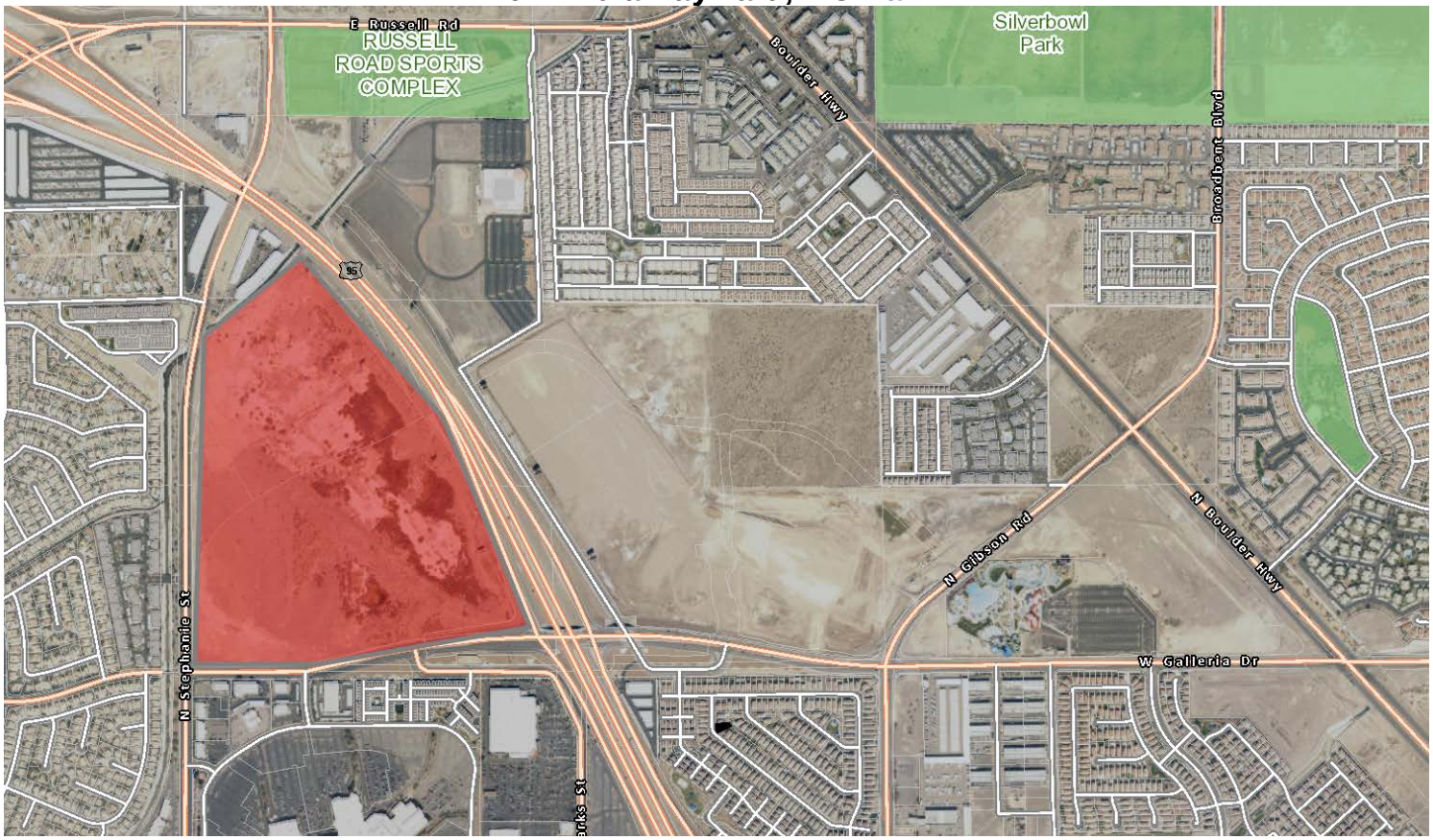
Summary of Subject Locational Analysis					
	Ratings				
	1 Poor	2 Avg.	3 Good	4 Excellent	Relative Score
Industrial Park					
Proximity to major transportation (particularly freeways, truck routes)			X		
Proximity to labor force				X	
Neighborhood acceptance of industrial park			X		
Proximity to service and material suppliers		X			
Proximity to new industrial park growth		X			
Public planning and zoning				X	
Total score	0	4	6	8	**18**
Total Possible Score					**24**

The Soro, LLC parcels received a 32% (18 out of a possible 57) on Site Analysis and a 75% (18 out of a possible 24) for Locational Analysis giving it a combined average of **54%** on RCGs site ranking scale. Given the location and site specifics of the property, it ranks **11th** at this time. Due to data limitations, RCG was unable to obtain specifics on utility availability for the site and the current score is; therefore, likely to be less than it might potentially be.

The South LTA parcels are located on St. Rose and Executive Airport Dr., directly across from the Henderson Executive Airport. It appears to be currently served by water and sewer and it is located in a flood zone. The assessed value per acre is roughly equal to the countywide industrial land average of $44,967.

Parcel Numbers: 191-032-01-002.

PR-10: Wirrula Hayward, LLC-Rank: 12



Source: Clark County Assessor.

Acres	Assessed Value	$/acre	Jurisdiction	Zoning	Slope	Flood Zone	Electricity	Gas	Water	Waste Water	Time to Interstate	Time to Highway	Time to McCarran
109.37	$4,187,991	$38,291	Henderson	IG	N/A	No	N/A	N/A	N/A	N/A	1 minute	5 minutes	14 minutes

PR-10: Wirrula Hayward, LLC (cont.)

Site Analysis for Alternative Uses	
Impact on Industrial Use	
Factor	**Industrial**
Slopes	0
View	0
Access	3
Floodplain	3
Abutting land uses	-1
Noise	0
Utilities	0
Soils	0
Assessed Value	1
Total Score	**16**
Possible Total	**57**

Rating Scale	
Highly important for use	3
Moderately important for use	2
Slightly important for use	1
To be determined or N/A	0
Slightly negative for use	-1
Moderately negative for use	-2
Highly negative for use	-3

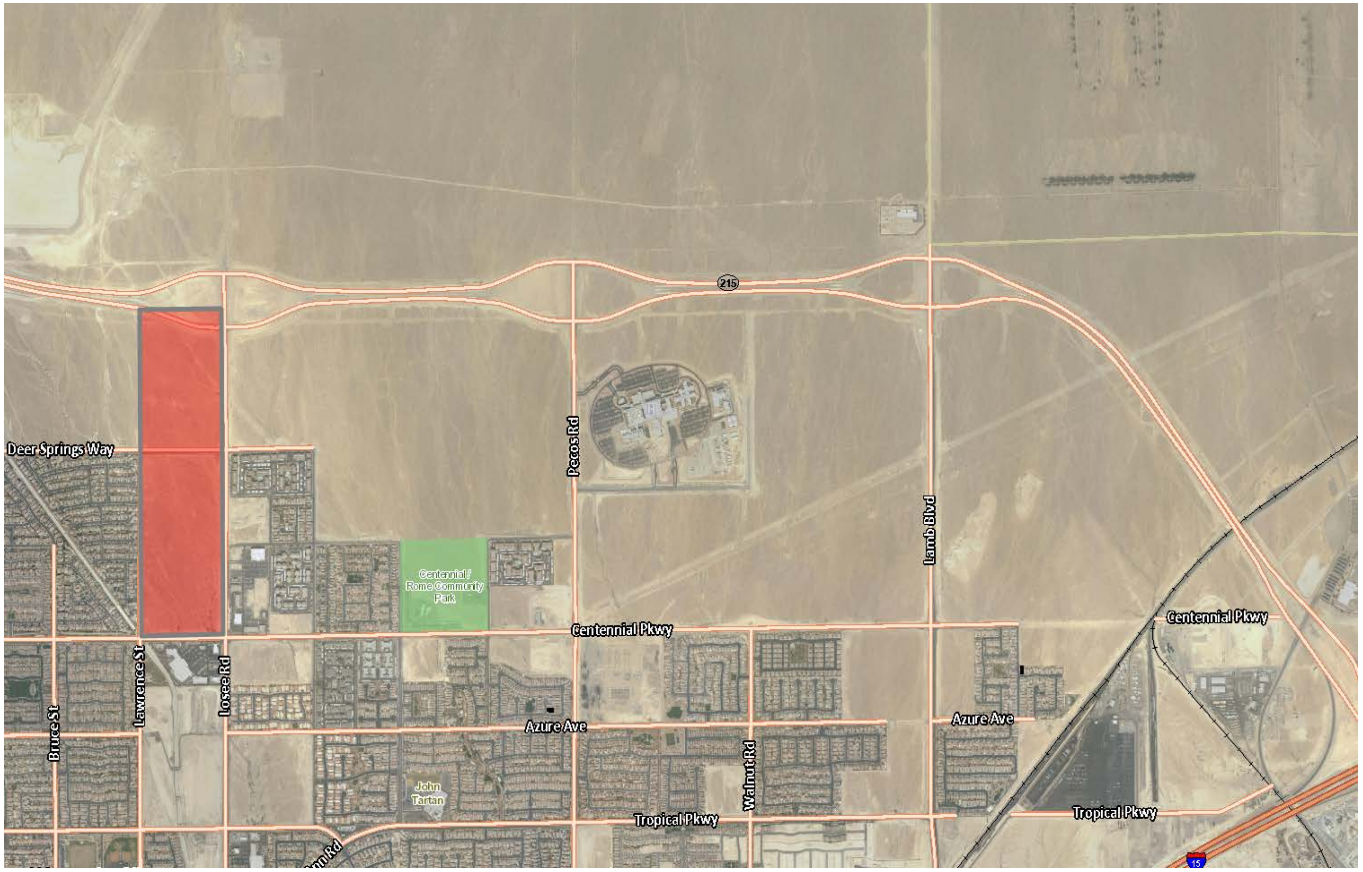
Summary of Subject Locational Analysis					
	Ratings				
	1 Poor	2 Avg.	3 Good	4 Excellent	Relative Score
Industrial Park					
Proximity to major transportation (particularly freeways, truck routes)				X	
Proximity to labor force				X	
Neighborhood acceptance of industrial park		X			
Proximity to service and material suppliers		X			
Proximity to new industrial park growth		X			
Public planning and zoning				X	
Total score	0	6	0	12	**18**
Total Possible Score					**24**

The Wirrula Hayward, LLC assemblage received a 28% (16 out of a possible 57) on Site Analysis and a 75% (18 out of a possible 24) for Locational Analysis giving it a combined average of **52%** on RCGs site ranking scale. Given the location and site specifics of the property, it ranks **12th** at this time. Due to data limitations, RCG was unable to obtain specifics on utility availability or slopes for the site and the current score is; therefore, likely to be less than it might ultimately be.

Wirrula Hayward is located in Henderson on N. Stephanie and W. Galleria Dr. across the U.S.-95 from the Union Village development. It is not located in a flood zone; however, it is adjacent to residential development and the Galleria Mall, which may make the area unlikely for heavy-industrial uses. The assessed value per acre is less than the countywide industrial land average of $44,967.

Parcel Numbers: 161-344-01-008, 161-343-02-006, 161-343-01-002.

PR-11: PJ & CB-Rank: 13



Source: Clark County Assessor.

Acres	Assessed Value	$/acre	Jurisdiction	Zoning	Slope	Flood Zone	Electricity	Gas	Water	Waste Water	Time to Interstate	Time to Highway	Time to McCarran
136.30	$6,796,264	$49,862	North Las Vegas	PUD	N/A	No	TBD	No	Yes	Yes	12 minutes	0 minutes	23 minutes

PR-10: PJ & CB (cont.)-Rank: 13

Site Analysis for Alternative Uses	
Impact on Industrial Use	
Factor	**Industrial**
Slopes	0
View	0
Access	3
Floodplain	3
Abutting land uses	-2
Noise	0
Utilities	3
Soils	0
Assessed Value	-1
Total Score	**17**
Possible Total	**57**

Rating Scale	
Highly important for use	3
Moderately important for use	2
Slightly important for use	1
To be determined or N/A	0
Slightly negative for use	-1
Moderately negative for use	-2
Highly negative for use	-3

Summary of Subject Locational Analysis					
	Ratings				
	1 Poor	2 Avg.	3 Good	4 Excellent	Relative Score
Industrial Park					
Proximity to major transportation (particularly freeways, truck routes)				X	
Proximity to labor force				X	
Neighborhood acceptance of industrial park	X				
Proximity to service and material suppliers		X			
Proximity to new industrial park growth		X			
Public planning and zoning		X			
Total score	1	6	0	8	**15**
Total Possible Score					**24**

The PJ & CB assemblage received a 30% (17 out of a possible 57) on Site Analysis and a 63% (15 out of a possible 24) for Locational Analysis giving it a combined average of **47%** on RCGs site ranking scale. Given the location and site specifics of the property, it ranks **13th** at this time. Due to data limitations, RCG was unable to obtain specifics on slopes for the site and the current score is; therefore, likely to be less than it might potentially be.

PJ & CB is located in North Las Vegas on Losse Rd. between the I-215 Highway and Centennial Pkwy. It is not located in a flood zone, however it is adjacent to residential development and neighborhood anchored retail, which may make the area unlikely for heavy-industrial uses. The assessed value per acre is slightly higher than the countywide industrial land average of $44,967.

Parcel Numbers: 124-235-01-002, 124-236-01-001 to-016, 124-237-01-003, 124-237-01-004, and 124-238-01-002.

Appendix A: Competitive MA Profiles

A. Denver, CO

According to Colliers, the total industrial inventory in Denver, CO, at the end of Q2, 2015, was about 199.2 million sf. The vacancy rate in this market was 3.1 percent, a decrease of 1.3 percentage points since last year. Net absorption in Q2 for industrial space was 860,926 sf, maintaining a 5-year trend of sustained positive absorption. Approximately 520,000 sf of industrial space was completed in Q2, with an additional 859,377 sf of space in currently planned projects. The average monthly rent in this MA was $0.56 psf, which is slightly lower than Las Vegas' Q2 rate of $0.58 psf.

The 199.2 million sf of existing inventory made Denver the fourth largest industrial market of the selected MAs. With 520,000 sf of industrial space that finished construction in Q2, it was the sixth highest of the group, finishing in the bottom half. Denver also had 860,926 sf of space under-construction that is projected to be completed by the end of 2015. This is considerably less than the 3.3 million sf currently under construction within the Las Vegas Valley.

Colliers does not provide a list of currently underway future construction projects. The interesting takeaway from Denver is the steady increase in rental rates, while concurrently experiencing a decreasing vacancy rate and continued positive absorption. Y-O-Y Denver has seen rental rates increase by $0.08 (+15 percent).

B. Inland Empire, CA

The Inland Empire is one of the largest MAs examined in this report, according to Colliers. At over 452 million sf, it had the second largest industrial inventory in Q2, 2015. Although smaller than Los Angeles, which had over 892 million sf, it was much larger than the next largest MA, Phoenix, which had 258.9 million sf. Despite having such a large industrial market, the vacancy rate was only 4.3 percent in Q2, 2015. While this vacancy rate is generally considered low, it is the fifth highest of the nine MAs examined herein.

The Inland Empire had the highest demand of all of the MAs, with a net absorption in Q2, 2015 of 6.93 million sf. Q2 was the 23rd consecutive quarter that the area experienced positive absorption levels. Inland Empire also led the MAs in both completions for Q2, which totaled 6.56 million sf, as well as in currently under-construction projects, which total an additional 16.91 million sf. The next closest MAs in current under-construction projects are Las Vegas with 3.26 million sf, which is followed closely by Reno with 3.33 million sf. The average monthly rent in the area was only $0.45 psf, which is the fourth lowest, and is also under the $0.51 average of the 12 MAs.

Major industrial projects that were recently completed include:

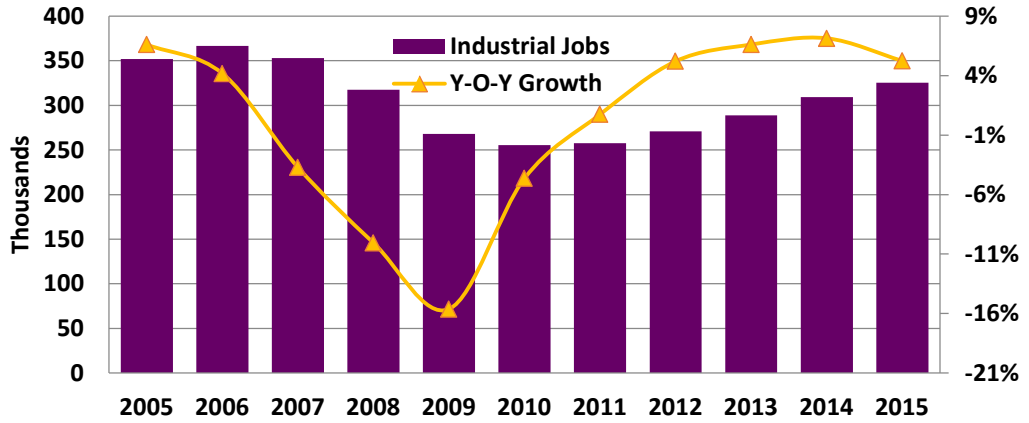
Name	Size
1. 4565 Redlands, Perris	1,008,000 sf
2. 11188 Citrus, Fontana	639,500 sf
3. 2415 Locust, Rialto	609,900 sf
4. 1508 Casmalia, Rialto	428,200 sf

Large, multi-national companies mostly drive demand for industrial land in the Inland Empire area. This demand is largely affected by the scarce nature of sufficiently large areas of available land in the Southern California area.

According to Colliers, approximately 72 percent of the industrial space in the Inland Empire is comprised of buildings with at least 100,000 sf. In addition, the majority (88 percent) of these buildings were built in the past 20 years. The relatively new nature of these properties attracts large firms that are consolidating their operations into large, state-of-the-art facilities. While the Inland Empire has an abundance of large properties, certain sub-markets within Inland Empire are experiencing vacancy rates as low as 0.7 percent for smaller buildings between 10,000 and 40,000 sf.

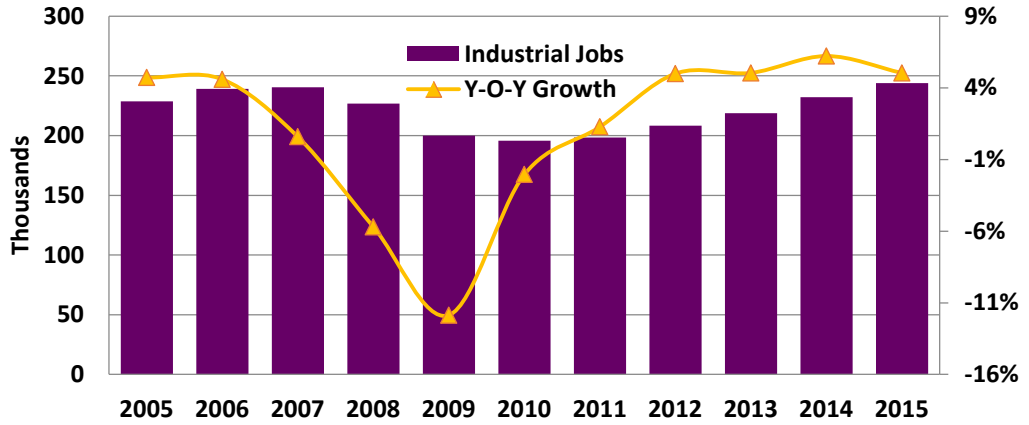
Overall, Colliers projects that for the rest of 2015 the Inland Empire area will see continued gains in absorption and construction, particularly for build to suit buildings that are 500,000 sf and above.

Figure 1: Inland Empire Total* Industrial Jobs & Annual Growth: 2005-2015



**Natural resources, construction, wholesale, manufacturing, and transportation & warehousing industries. Source: BLS ; calculated by RCG Economics.*

Figure 2: Inland Empire Total Industrial Jobs (less Construction) & Annual Growth 2005-2015



**Natural resources, wholesale, manufacturing, and transportation & warehousing industries. Source: BLS; calculated by RCG Economics.*

C. Los Angeles County, CA

The largest MA RCG examined was Los Angeles County, CA, which had 892 million sf of existing industrial space at the end of Q2, 2015 per Colliers. In addition to having a vast

amount of industrial space, it had the lowest vacancy rate, only 1.8 percent. In 2013, the demand totaled almost 3.14 million sf, the second highest behind the Inland Empire. Los Angeles County had 1.6 million sf of industrial space complete construction in Q2, along with an additional 2.74 million sf of space currently being built. The average monthly rent was $0.60 psf, $0.02 more than Las Vegas.

Los Angeles County currently has 2,737,500 sf of industrial space under-construction. Although this is the fourth largest, it is significantly less than the Inland Empire's 16.9 million sf and Las Vegas' 3.26 million sf.

In order to better compare the Los Angeles area with the Las Vegas area, RCG has chosen to take advantage of Collier's disaggregated Los Angeles area reports. Colliers breaks Los Angeles up into five separate MAs to help with regional comparisons. These five MAs are Central Los Angeles, Mid-Counties, South Bay, San Gabriel Valley and San Fernando Valley/Ventura. A brief profile of each is provided below.

Overall, industrial space within the Los Angeles County Basin remains scarce. The majority of the 2.7 million sf under construction is build-to-suit, which will not affect the already low vacancy rate. Colliers notes that the overall industrial market within the Los Angeles area is maturing as 60 percent of buildings in the Basin are over 20 years old.

Central Los Angeles, CA

According to Colliers, Central Los Angeles had 270 million sf of industrial space and boasts a 1.4 percent vacancy rate at the end of Q2, 2015. Demand in Central LA for Q2 totaled 173,800 sf. Over 407,000 sf of industrial space was completed in Q2 with an additional 797,000 sf currently being built. Central LA also recorded an above average rent of $0.60 psf.

Central Los Angeles is the largest industrial market in the LA Basin; however, it is also one of the most mature with 74 percent of industrial space built prior to 1980. The mostly built out Central LA region is experiencing hardships finding available spaces to build more new modern industrial buildings.

Mid-Counties, CA

The Mid-Counties area comprises 105.2 million sf of industrial space in cities that border Los Angeles and Orange Counties, according to Colliers. In Q2, 2015 Mid-Counties recorded a 1.3 percent. Demand for totaled 784,000 sf, it is likely that absorption will decline as a slowing of new construction begins. In total, Q2 saw zero sf in new completions and new construction totals 213,000 sf in currently planned projects. With the increase in demand but relatively stagnant supply, rental rates have increased to $0.57 psf, the highest rate since 2009, which is likely to continue to rise in the coming quarters.

South Bay, CA

As reported by Colliers, the South Bay industrial market, at the end of Q2, 2015, totaled 193.8 million sf. Vacancy rates for Q2 came to 1.7 percent, relatively similar to the surrounding Los Angeles areas. The most supply-constricted product type within the South Bay area is 10,000-19,999 sf, which recorded a vacancy rate of 0.5 percent. Demand was positive for the fifteenth consecutive quarter and totaled 787,400 sf. Absorption is likely to decrease in future quarters as desirable space is decreasing.

One 58,800 sf build-to-suit project was completed, which represents the entirety of the area's Q2 completions. South Bay had the lowest amount of space under construction with a

single 62,600 build-to-suit project. South Bay' rents averaged $0.63 psf, Colliers projects these to continue to increase due to the lacking supply.

The South Bay area is mostly a matured market with 63 percent of industrial space built before 1980. Colliers projects that the best option for potential tenants in the future is further build-to-suit projects.

San Gabriel Valley, CA

At the end of Q2, total market availability for the San Gabriel Valley area was 154.8 million sf, 54 percent of which were built prior to 1980, noted Colliers. Vacancy rates reached a nearly historic low of 1.8 percent. Demand in the area was positive for the nineteenth consecutive quarter and totaled 867,300 sf. Absorption levels are likely to increase with future construction completions, as local demand should continue to outpace short run supply increases.

Eight industrial projects totaling 913,000 sf were completed during Q2 and an additional 1.33 million sf of space is currently under construction. While new construction is occurring, it is mostly infill development and generally requires demolition of older buildings, which are unable to meet tenant demands. Rental rates for the area increased to $0.56 psf, continuing an upward trend for the past eighteen quarters.

San Fernando Valley and Ventura, CA

The San Fernando Valley and Ventura County industrial market closed Q2, 2015 with 168.9 million sf, reported Colliers. Much like the rest of the Los Angeles Basin area, the San Fernando Valley is mature, with 68 percent of properties built before 1980. Vacancy rates within San Fernando and Ventura were the highest within the Los Angeles Basin, totaling 3.6 percent. Demand in Q2 totaled 523,200 sf and was positive for the seventh consecutive quarter. Approximately 219,500 sf of industrial properties were completed. San Fernando ended Q2 with 338,200 sf of industrial space slated to be completed. Rental rates averaged $0.61

San Fernando is mostly an infill market with scarce development opportunities. Lower vacancy rates are projected to increase the rental rates in future quarters.

D. Orange County, CA

Colliers reported that at the end of Q2, 2015, Orange County had 191.7 million sf of industrial space. At a 3.0 percent vacancy rate, Orange County ranked as the second lowest vacancy rate. The only lower vacancy rate was Los Angeles. Demand for the year totaled 1.01 million sf, causing Orange County to have the third highest demand of all MAs. Over 313,000 sf of industrial space was completed in Q2 with an additional 611,000 sf currently being built. Orange County also recorded the highest average monthly rent at $0.69 psf.

Significant industrial projects under-construction in Orange County include:

Name/Location	Size
1. 17332 Gothard, Huntington Beach	94,600 sf
2. Anaheim Concourse, Anaheim Bldg. #A,D,E,F	375,565 sf
3. Anaheim Concourse, Anaheim Bldg. #B&C	106,690 sf

Colliers expects to see increased rental rates despite the projected construction projects that will be completed within the next 18 months. While rents in Orange County are the highest of the examined MAs, they still have not risen to peak rates of $0.78 sf seen in

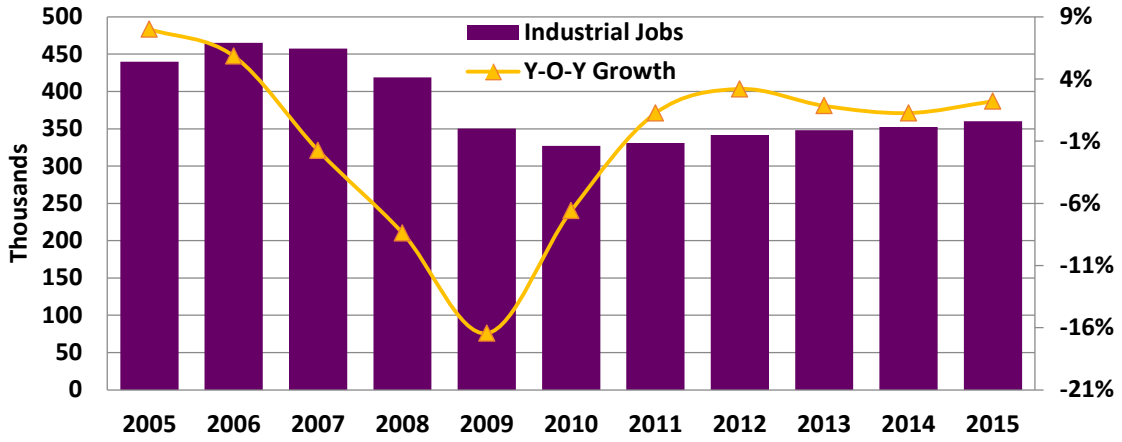
2008. One challenge that Orange County developers are facing is the limited supply of available infill sites. Many industrial properties are beginning to be sold for their land value in the hopes of being redeveloped for multi-family residential and creative office projects.

E. Phoenix, AZ

As reported by Colliers, Phoenix had a total inventory of 258.9 million sf of industrial space at the end of Q2, 2015, the third largest MA in this study. Its vacancy rate of 12.1 percent was the highest of all the MAs examined. The demand for the year was 294,131 sf, the second lowest MA. 1.05 million sf of industrial space was completed in Q2 and there is an additional 1.58 million sf still under-construction. The average monthly rent reached $0.48 psf, lower than both the $0.51 average of the MAs, as well as the $0.58 rents in Las Vegas.

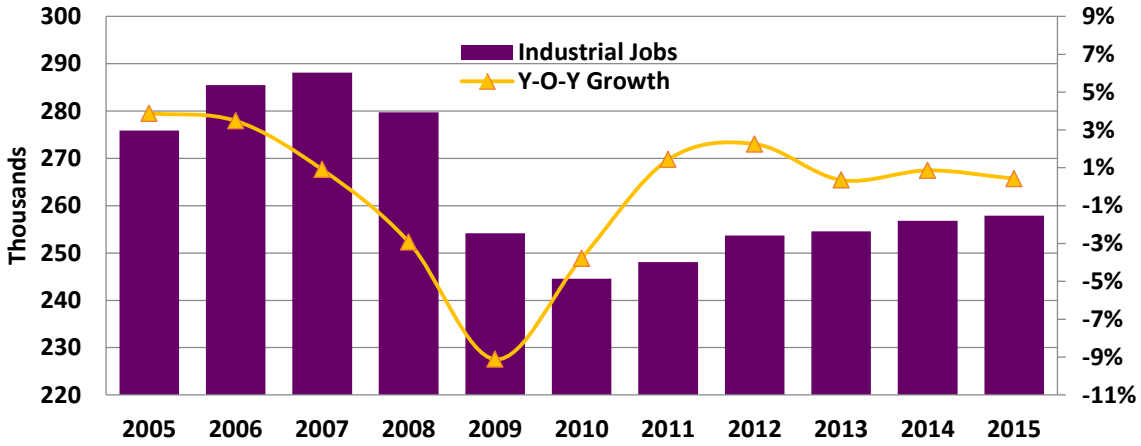
No specific undergoing-construction projects were mentioned in the market reports examined; however, Colliers expects to see continued, yet slower growth. Developers are slated to deliver approximately 4.5 million sf of space this year, more than half of which are built to spec buildings.

Figure 3: Phoenix Total Industrial Jobs & Annual Growth: 2005-2015



**Natural resources, construction, wholesale, manufacturing, and transportation & warehousing industries. Source: BLS; calculated by RCG Economics.*

Figure 4: Phoenix Total Industrial Jobs (less Construction) & Annual Growth: 2005-2015



**Natural resources, wholesale, manufacturing, and transportation & warehousing industries. Source: BLS; calculated by RCG Economics.*

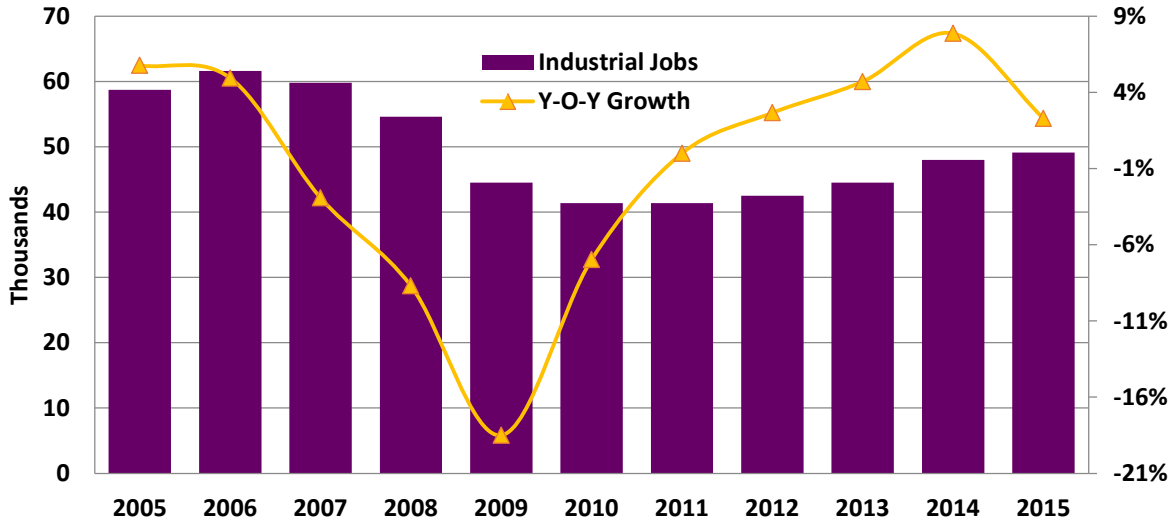
F. Reno-Sparks, NV

CBRE reported that Reno had just over 69.96 million sf of industrial space at the end of Q2, 2015, making this MA the smallest of the nine MAs profiled. The vacancy rate was 7.0 percent at the end of Q2 and net absorption totaled 840,141 sf. While net absorption was positive for Q2, Reno is currently negative in absorption YTD. In Q2 there was 1.65 million sf of industrial space completed and 3.33 million sf of space currently under-construction. The average rent was $0.36 psf, the lowest rent out of the MAs. The 1.65 million sf of space completed in Q2 made Reno the second highest level of industrial completion behind the Inland Empire area.

The 3.33 million sf of industrial space under-construction is dominated mostly by Tesla's 2.5 million sf build-to-suit along with other smaller build-to-suit projects making up the remainder.

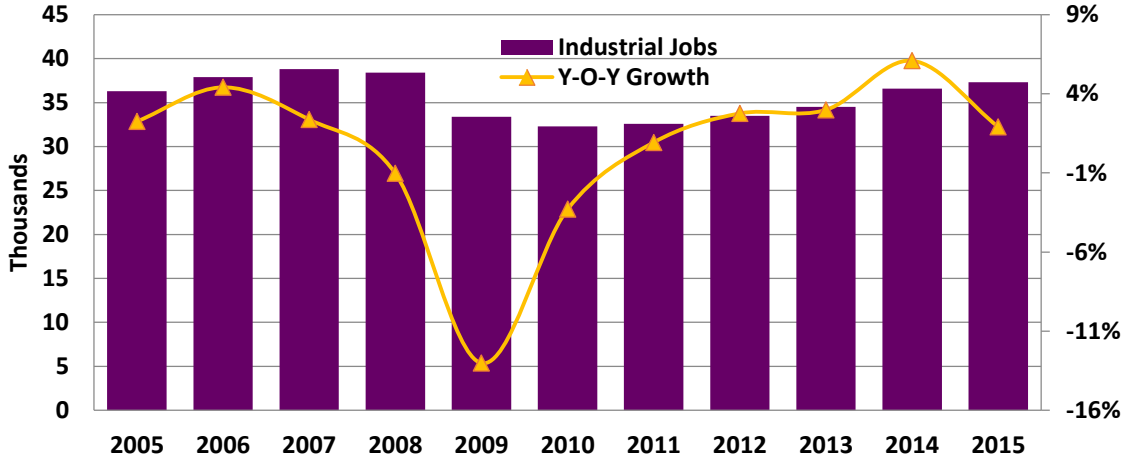
CBRE forecasts that future projects will be largely speculative development; however, with the opening of Avenue 55 in Spanish Springs Corporate Park next quarter, many of the new projects will likely be tailored to the 30,000-100,000 sf market. CBRE also projects that vacancy rates will remain stable slightly below 7.0 percent while net absorption continues to trend upwards.

Figure 5: Reno Total Industrial Jobs & Annual Growth: 2005-2015



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

Figure 6: Reno Total Industrial Jobs (less Construction) & Annual Growth: 2005-2015



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

G. Sacramento, CA

Colliers noted that at the end of Q2, 2015 the total industrial inventory in Sacramento was 157.51 million sf. The vacancy rate was 9.5 percent, the second highest of the MAs reviewed, below Phoenix and four percentage points higher than Las Vegas. The total demand in Q2 was just under 7,899 sf, the lowest of the MAs. Approximately 271,100 sf of industrial space was completed in Q2, the lowest of the selected MAs. There was also approximately 1.1 million sf of industrial space currently under-construction. The average monthly rent was $0.36 psf, tied with Salt Lake and Reno. Collier's attributes the mostly

stagnant rental rates in Sacramento to the area's historical scarcity of quality industrial properties.

Colliers projects that the relatively low rental rates should begin to increase as new updated construction projects begin to come to fruition. This increase in the supply of newer, more desirable properties, Colliers believes, will demand higher rates, which should increase the average.

The projects under-construction in Sacramento are:

Type	Size
1. 3600 Massie Court	474,792 sf
2. 2951 Thomas Pl	153,830 sf
3. 2959 Thomas Pl	138,455 sf
4. 5350 Raley Rd	116, 964 sf
5. 700 Industrial Ave.	220,000 sf

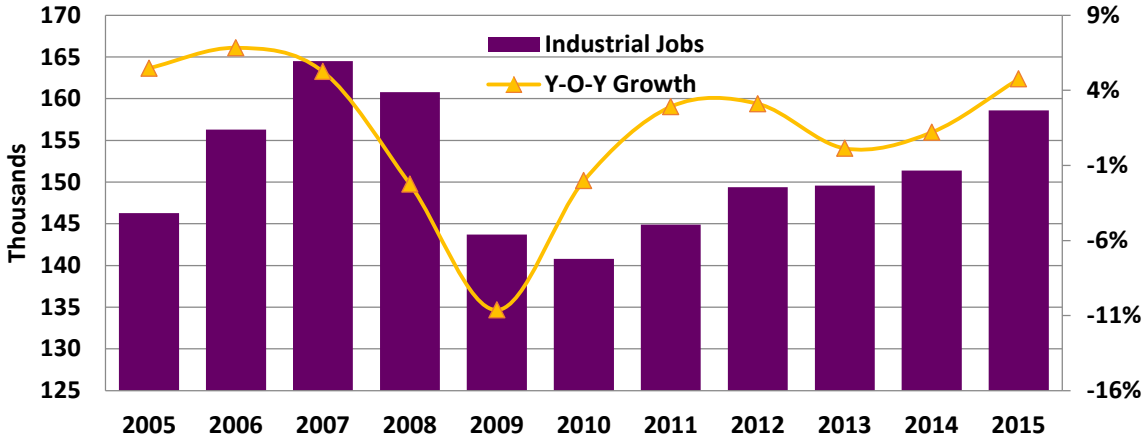
Four of the five currently under-construction projects are speculative projects and are mainly Warehouse properties. So long as the current construction projects remain on schedule the Sacramento industrial market will experience the highest sf delivered since 2010 during the second half of 2015.

H. Salt Lake City, UT

NGFK noted that Salt Lake City had an industrial market of 113.8 million sf at the end of Q2, 2015, about 19 million sf more than Las Vegas, making this market the third smallest of the selected MAs. The vacancy rate was 3.90 percent, 1.6 percentage points less than Las Vegas. The total demand for industrial space in Q2 was 618,675 sf, placing Salt Lake City among the lowest demand areas. There was 935, 833 sf of industrial space completed in Q2 and 1.72 million sf under-construction. The average monthly rent came to $0.36 psf, tied with Reno and Sacramento.

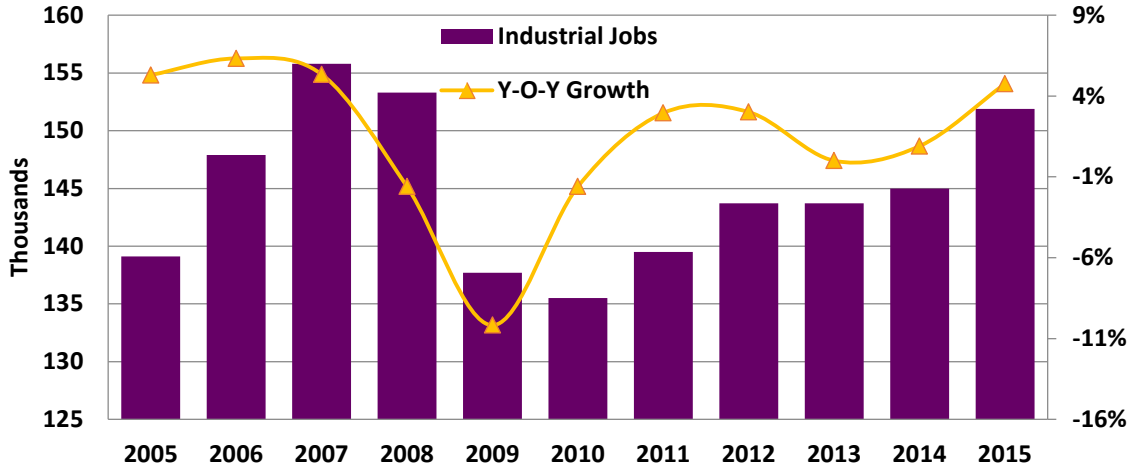
Of the 2.02 million sf that are under-construction, NGFK reports that 78.5 percent is bulk distribution space. Y-O-Y rental rates for these properties have increased by 16 percent. Newmark Grubb forecasts that this will continue to trend upward as the new supply is met with a growing demand within the area. With the continued positive absorption, low vacancy and increased rental rates, Salt Lake City seems to continue to be focused on being a well-established West Coast area central hub.

Figure 7: Salt Lake City Total Industrial Jobs & Annual Growth: 2005-2015



**Natural resources, construction, wholesale, manufacturing, and transportation & warehousing industries. Source: BLS; calculated by RCG Economics.*

Figure 8: Salt Lake City Total Industrial Jobs (less Construction) & Annual Growth: 2005-2015



**Natural resources, wholesale, manufacturing, and transportation & warehousing industries. Source: BLS; calculated by RCG Economics.*

Appendix B: Southern Nevada Zoning Codes and GOED Target Opportunities

Economic Development strategies in Southern Nevada are generally a collaborative effort from several different public and private sector entities. One authority, GOED, has determined seven (7) key industries that represent the most significant economic growth opportunities for the Southern Nevada region.[21] In light of these industries' apparent value to the region, it is important to understand the compatibility between the land use policies/regulations of the various Southern Nevada jurisdictions and GOED's target industries.

RCG assessed current zoning codes and regulations to determine how well the Southern Nevada jurisdictions match with the GOED target industries. Given this report's focus on industrial land, RCG limited its zoning assessment to the possible industrial land use opportunities for GOED's target industries. For example, GOED's "Tourism, Gaming, and Entertainment" sector encompasses several growth opportunities such as: film and media, diversifying into niche tourism markets, U.S. online gaming center and gaming manufacturing. Because of the importance of gaming manufacturing, RCG chose to focus on this sector as a target opportunity since it is most likely to be located in an industrially zoned area. See Table A-1 below.

RCG recommends that Southern Nevada zoning and planning authorities should review their current land use plans in the cases where they are ambiguous or unknown if a specific GOED target industry is permitted or prohibited. A set of zoning laws and regulations that are more flexible will allow Southern Nevada to more easily take advantage of the potentially opportunities presented by GOEDs target industries.

[21] See *Unify, Regionalize, Diversify. An Economic Development Agenda for Nevada.* *http://nvsos.gov/Modules/ShowDocument.aspx?documentid=2141*

Table B-1: Southern Nevada Zoning Codes and GOED Target Opportunities

Jurisdiction	Zoning Category	Tourism, Gaming Entertainment	Health and Medical Services	Business IT Ecosystems	Clean Energy		Mining, Materials, and Manufacturing	Logistics and Operations				Aerospace and Defense	
		Gaming Manufacturing	Medical Manufacturing	Data Centers	Renewable Component Manufacturing	Energy Transfer (renewable energy generation)	Manufacture of advanced composite materials	Warehousing/ Distribution	Air Cargo	Food Processing	Assembly Manufacturing	UAV assembly/ testing	Maintenance/ Repair of Aircraft
Boulder City													
	Light Industrial			*		✓		✓	✓	✓	✓	*	*
	General Industrial	*	*	*	*	✓	*	✓	✓	✓	✓	*	*
	Economic Development*	*	*	*	*	*	*	*	*	*	*	*	*
Mesquite		* allowed through special review											
	Commercial-General (cr-2)			✓									
	Industrial-Light (IR-1)	✓	✓	✓	✓	✓	✓	✓				✓	
	Industrial-Heavy (IR-2)	✓	✓	✓	✓		✓	✓		✓	✓	✓	✓
Henderson*													
	Industrial Light (LI)	C	C		C			✓		C	C	✓	
	Industrial General (IG)	✓	✓		✓	✓*		✓		✓	✓	✓	
	Industrial Park (IP)	C	C		C			✓		C	C	✓	
Clark County		* cogeneration only											
	Designed Manu. (M-D)	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
	Light Manu. (M-1)	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
	Industrial (M-2)	✓	✓		✓	✓	✓	✓	✓		✓	✓	✓
	Open Space (O-S)					✓			✓				✓
Las Vegas													
	Limited Comm (C-1)												
	Genreal Comm (C-2)			*		✓				✓			
	Planned Business Park (c-pb)			*		✓		✓		✓			
	Comm/Industrial (C-M)	✓	✓	*	✓	✓	✓	✓	✓	✓	✓	✓	
	Industrial (M)	✓	✓	*	✓	✓	✓	✓	✓	✓	✓	✓	
North Las Vegas		* Not specifically mentioned, but it can be assumed this use falls under "Commercial, Other than Listed"											
	Business Park Industrial (M-1)	✓	✓		✓	✓	✓	✓			✓	✓	
	General Industrial (M-2)	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	
	Redevelopment Area (R-A)					✓			✓				
	Public/Semi-Public (PSP)					✓			✓				
	Planned Unit Development (PUD)					✓							
	Planned Community Dev (PCD)					✓			✓				

In the table above, a checkmark ("✓") indicates the specific jurisdiction permits the industry in the top row within the particular zoning category. A "C" indicates the industry is permitted within the zoning category; however, it is conditional on criteria covered within the specific jurisdiction's land use plan. A blank space indicates that whether the industrial use is permitted or prohibited is NOT explicitly stated within the specific jurisdiction's land use plan and regulations.