

MARKETBEAT INDUSTRIAL SNAPSHOT



LAS VEGAS

A Cushman & Wakefield Research Publication

Q4 2011



ECONOMIC OVERVIEW

After witnessing a very flat year in Industrial market activity, we expect lower vacancy rates over the next few years. This market improvement is dependent on continued job growth and an improved economy. Overall, compared to last year, vacancy is not rising and lease rates are not falling as fast or as far as we were witnessing. We are optimistic that the 2012 economic outlook for the Las Vegas area will show more positive signs of growth and stability in the market. Throughout 2011, vacancy and lease rates have remained stable and direct net absorption ended on a more positive note for the first time since 2008.

VACANCY REMAINED STABLE

The Las Vegas Industrial market remained stable with vacancy rates at 15.1% during fourth quarter 2011. The Central submarket continues to show the lowest vacancy rate at 8.6% along with the Southeast submarket at 12.8% and Speedway submarket at 10.9%. The highest vacancy submarkets are the Northwest at 28.2%, Airport at 19.3% and West submarket at 18.1%. The high vacancy rates are driven by weak tenant demand and marginal stability, combined with lease concessions, defaults and downsizing.

Direct net absorption, the measure of space leased from one reporting period to the next, for the fourth quarter showed an improvement from last quarter ending at (198,187). The year-to-date total also showed an improvement from the past two years at (836,111) sf. This is the first time since 2008 that direct net absorption has been out of the negative million marks. In 2009, the year ended with a (5.8) million sf and 2010 end with a negative (1.8) million sf.

PRICING

The lease rates for the industrial market have been very competitive over the last three quarters of 2011. Landlords are eager to lease their buildings and make deals on a short term basis for cash flow purposes. The median asking rental rates have ranged anywhere from \$0.35/sf NNN to \$0.52/sf NNN. Tenants are looking to find bargains in terms of lease rates going back to 1998 prices.

OUTLOOK

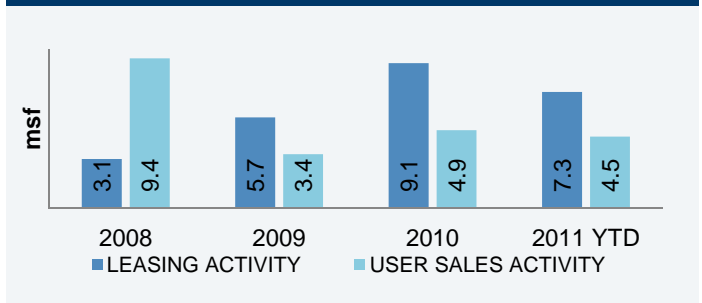
The economic trends for Nevada are showing signs of modest improvement; not enough to reduce high unemployment but enough to ease fears that another recession might be near. Many economists expect similarly tepid growth in 2012 and 2013. The economy would need to grow consistently at 4% to 5% to generate enough hiring to significantly lower unemployment. The Vacancy in 2012 may be impacted based

on the volume and timing of distressed industrial assets introduced to the marketplace. We will be watching and tracking the release of distressed product type for the next few years.

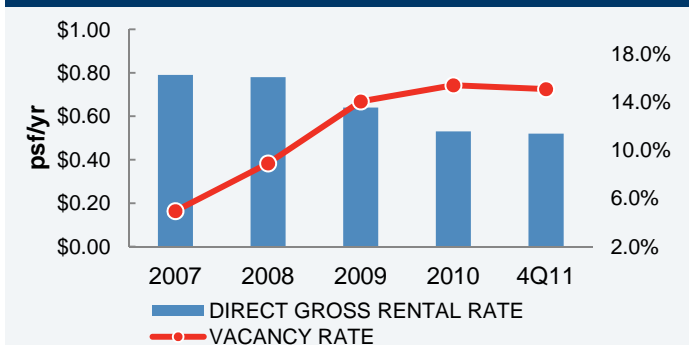
STATS ON THE GO

	4Q10	4Q11	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	15.8%	15.1%	-0.3pp	↔
Direct Asking Rents (psf/mo)	\$0.53	\$0.52	-1.9%	▼
YTD Leasing Activity (sf)	6,621,166	7,254,988	9.6%	▲

OVERALL OCCUPIER ACTIVITY



DIRECT RENTAL VS. VACANCY RATES



MARKET HIGHLIGHTS

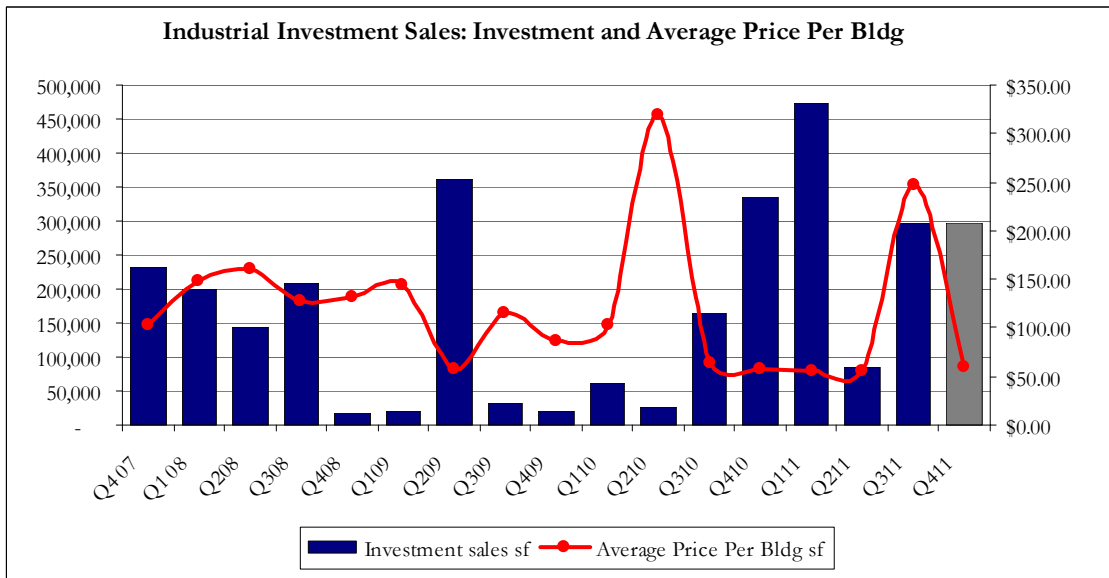
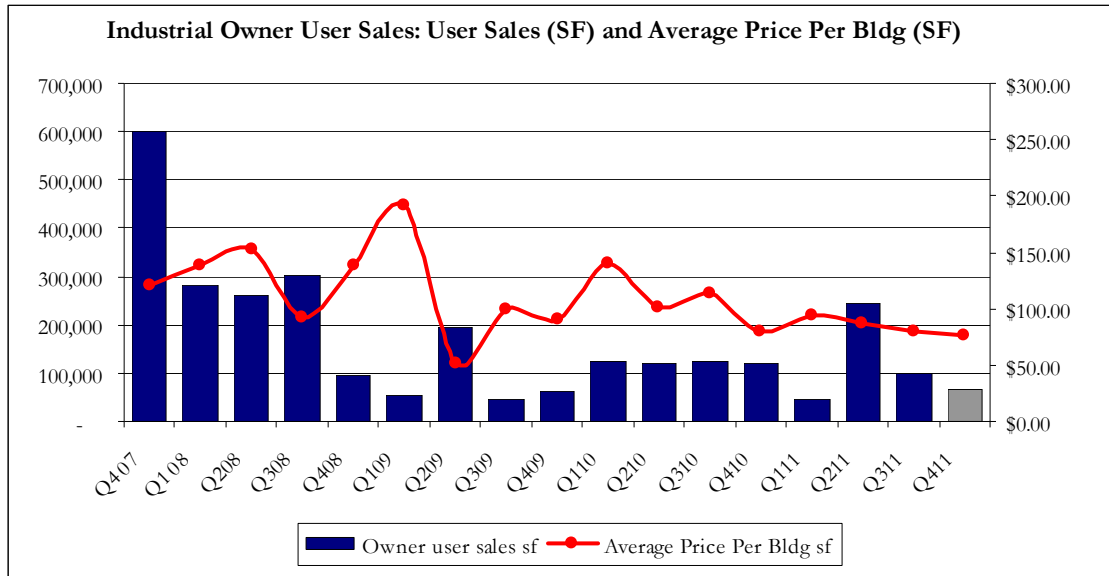
SIGNIFICANT 2011 LEASE TRANSACTIONS

	SUBMARKET	TENANT/BUYER	PROPERTY TYPE	SQUARE FEET
4545 Cameron Street	West	Nth Degree	Distribution	28,396
3550 West Teco Avenue	Southwest	Auto Buyline Systems Inc	Manufacturing	28,432
3030 North Lamb Blvd	North Las Vegas	Pierce Distribution Services	Distribution	31,306

SIGNIFICANT 2011 SALE TRANSACTIONS

	SUBMARKET	BUYER	PURCHASE PRICE	SQUARE FEET
3670 West Oquendo Road	Southwest	Mark Five	\$2,100,000	50,000
4450 North Walnut Road	North Las Vegas	WC Property LLC	\$3,100,000	56,655
985 Trade Drive	North Las Vegas	EP NLV, LLC	\$7,490,000	109,585

* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS



	Inventory		Vacancy		Demand & Net		Gross Space Leased	Asking Rates * Median	Sublease SF
	No. of Bldgs.	Existing SF	Vacancy SF	Rate	Absorption				
Distribution	112	5,721,992	749,130	13.09%	16,051	76,894	\$0.46	0	
Flex	70	1,849,622	497,225	26.88%	(13,012)	6,826	\$0.56	21,796	
Light Industrial	12	54,084	18,546	34.29%	(3,784)	0	\$0.55	0	
Incubator	78	1,760,192	517,168	29.38%	(8,871)	2,089	\$0.65	0	
Midbay	162	3,498,691	709,954	20.29%	36,209	51,019	\$0.55	0	
Airport Total	434	12,884,581	2,492,023	19.34%	26,593	136,828	\$0.55	21,796	
Distribution	109	3,827,287	207,580	5.42%	(12,240)	11,760	\$0.35	0	
Flex	11	145,859	22,855	15.67%	0	0	\$0.43	0	
Light Industrial	3	14,608	4,848	33.19%	0	0	\$0.49	0	
Incubator	102	2,059,307	207,391	10.07%	973	973	\$0.46	0	
Midbay	231	2,420,496	282,784	11.68%	(30,220)	0	\$0.40	0	
Central Total	456	8,467,557	725,458	8.57%	(41,487)	12,733	\$0.43	0	
Distribution	111	8,156,665	938,557	11.51%	26,971	31,471	\$0.39	151,101	
Flex	29	476,294	34,725	7.29%	3,360	5,328	\$0.59	0	
Light Industrial	13	67,761	7,774	11.47%	(3,049)	0	\$0.45	0	
Incubator	51	854,926	80,282	9.39%	(3,904)	0	\$0.59	0	
Midbay	208	2,889,058	530,832	18.37%	(11,368)	38,479	\$0.45	4,667	
Southeast Total	412	12,444,704	1,592,170	12.79%	12,010	75,278	\$0.45	155,768	
Distribution	242	20,843,983	2,934,640	14.08%	(100,438)	51,767	\$0.32	0	
Flex	33	775,957	126,964	16.36%	1,610	1,610	\$0.50	8,000	
Light Industrial	68	325,379	24,931	7.66%	0	0	\$0.42	0	
Incubator	78	1,241,254	466,937	37.62%	0	0	\$0.47	0	
Midbay	346	4,794,854	744,525	15.53%	(37,456)	57,308	\$0.35	0	
NLV Total	767	27,981,427	4,297,997	15.36%	(136,284)	110,685	\$0.42	8,000	
Distribution	9	889,091	34,999	3.94%	15,180	21,012	\$0.25	0	
Flex	7	346,350	19,417	5.61%	5,066	5,066	\$0.28	0	
Light Industrial	0	0	-	0.00%	0	0		0	
Incubator	2	26,887	-	0.00%	0	0		0	
Midbay	20	1,314,491	227,426	17.30%	2,045	10,105	\$0.40	0	
Speedway Total	38	2,576,819	281,842	10.94%	22,291	36,183	\$0.28	0	
Distribution	7	463,834	135,169	29.14%	14,836	14,836	\$0.68	0	
Flex	24	400,270	107,281	26.80%	2,159	3,223	\$0.60	0	
Light Industrial	0	0	-	0.00%	0	0		0	
Incubator	10	261,573	92,591	35.40%	0	0	\$0.43	0	
Midbay	4	154,483	26,161	16.93%	(11,680)	0	\$0.63	0	
Northwest Total	45	1,280,160	361,202	28.22%	5,315	18,059	\$0.62	0	
Distribution	130	11,732,022	1,331,416	11.35%	(156,728)	15,350	\$0.50	442,582	
Flex	107	2,855,252	538,378	18.86%	(31,576)	38,511	\$0.60	2,000	
Light Industrial	40	297,212	57,616	19.39%	(4,000)	0	\$0.55	0	
Incubator	124	2,496,396	373,447	14.96%	(7,615)	39,885	\$0.65	0	
Midbay	472	7,924,519	1,282,376	16.18%	138,529	207,711	\$0.50	25,506	
Southwest Total	873	25,305,401	3,583,233	14.16%	(61,390)	301,457	\$0.55	470,088	
Distribution	75	3,135,024	643,490	20.53%	(11,209)	3,639	\$0.55	0	
Flex	42	1,196,302	211,676	17.69%	(9,788)	0	\$0.65	0	
Light Industrial	11	121,423	16,065	13.23%	701	1,200	\$0.55	0	
Incubator	146	3,731,077	640,369	17.16%	8,129	43,800	\$0.63	5,857	
Midbay	242	3,490,157	595,666	17.07%	(13,068)	28,757	\$0.55	0	
West Total	516	11,673,983	2,107,266	18.05%	(25,235)	77,396	\$0.55	5,857	
Distribution	795	54,769,898	6,974,981	12.74%	(207,577)	226,729	\$0.43	593,683	
Flex	323	8,045,906	1,558,521	19.37%	(42,181)	60,564	\$0.58	31,796	
Light Industrial	147	880,467	129,780	14.74%	(10,132)	1,200	\$0.52	0	
Incubator	591	12,431,612	2,378,185	19.13%	(11,288)	86,747	\$0.59	5,857	
Midbay	1,685	26,486,749	4,399,724	16.61%	72,991	393,379	\$0.48	30,173	
Las Vegas Total	3,541	102,614,632	15,441,191	15.05%	(198,187)	768,619	\$0.52	661,509	

Asking median Lease rates is the median of all lease rates that are asking, published prices.

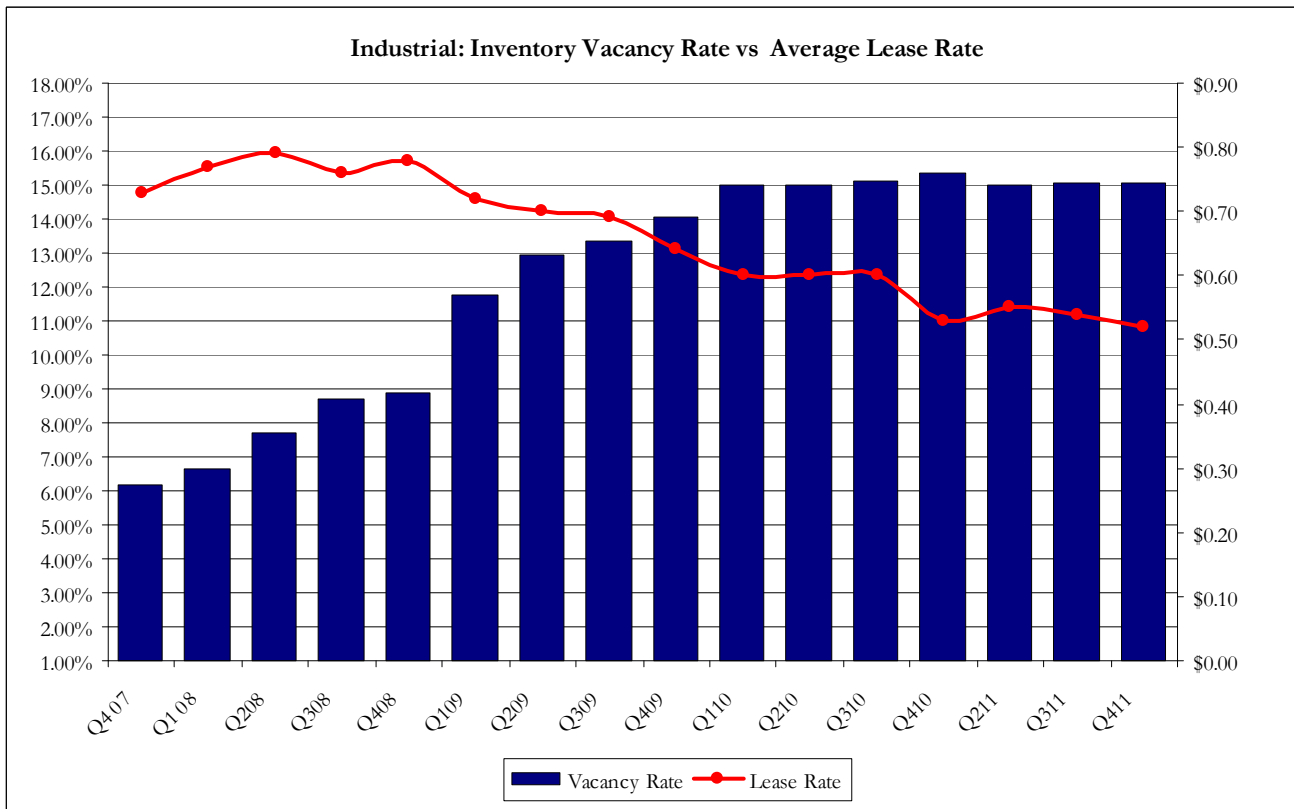
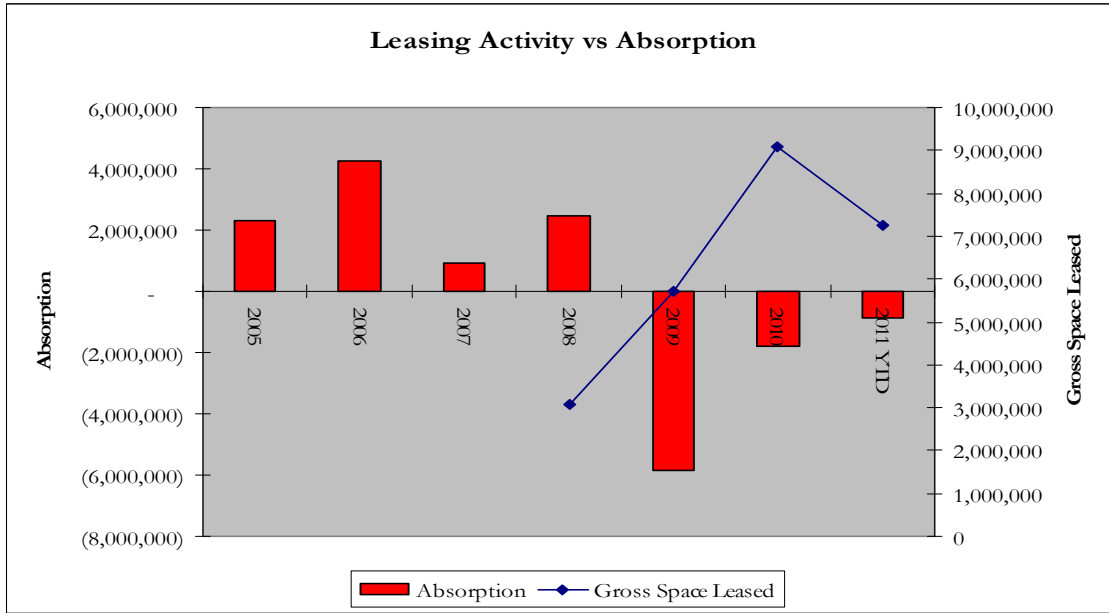
Note: Due to reclassifications of, and adjustments to, data between reporting periods, the commercial market data for the latest quarter may not necessarily be comparable to a previously reported quarter.

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	Total YTD Gross Space Leased					Total YTD Net Absorption				
	1Q Gross Space Leased	2Q Gross Space Leased	3Q Gross Space Leased	4Q Gross Space Leased	Total Gross Space Leased	1Q Net Absorption	2Q Net Absorption	3Q Net Absorption	4Q Net Absorption	Total Net Absorption
Distribution	206,230	214,953	33,644	76,894	531,721	(20,372)	103,080	(64,893)	16,051	33,866
Flex	96,219	12,669	96,807	6,826	212,521	48,360	(104,225)	75,591	(13,012)	6,714
Light Industrial	0	0	0	0	0	(11,150)	0	(3,612)	(3,784)	(18,546)
Incubator	14,504	67,993	15,874	2,089	100,460	(214,434)	46,264	2,519	(8,871)	(174,522)
Midbay	119,326	107,822	111,188	51,019	389,355	(85,549)	45,794	40,382	36,209	36,836
Airport Total	436,279	403,437	257,513	136,828	1,234,057	(283,145)	90,913	49,987	26,593	(115,652)
Distribution	96,247	51,576	3,723	11,760	163,306	73,494	23,396	(46,001)	(12,240)	38,649
Flex	6,400	0	0	0	6,400	6,400	0	(6,255)	0	145
Light Industrial	0	0	0	0	0	0	0	0	0	0
Incubator	30,090	21,848	57,803	973	110,714	(43,169)	(45,526)	49,633	973	(38,089)
Midbay	44,479	22,438	48,010	0	114,927	(54,919)	22,438	(34,056)	(30,220)	(96,757)
Central Total	177,216	95,862	109,536	12,733	395,347	(18,194)	308	(36,679)	(41,487)	(96,052)
Distribution	187,878	50,679	265,730	31,471	535,758	(40,131)	18,910	714	26,971	6,464
Flex	23,810	522	0	5,328	29,660	23,810	(2,516)	(3,764)	3,360	20,890
Light Industrial	480	0	4,162	0	4,642	480	0	4,162	(3,049)	1,593
Incubator	42,935	36,802	7,180	0	86,917	34,525	19,806	7,180	(3,904)	57,607
Midbay	128,610	55,995	168,916	38,479	392,000	(28,683)	(58,336)	94,953	(11,368)	(3,434)
Southeast Total	383,713	143,998	445,988	75,278	1,048,977	(9,999)	(22,136)	103,245	12,010	83,120
Distribution	554,653	564,945	165,748	51,767	1,337,113	(435,657)	501,445	(283,102)	(100,438)	(317,752)
Flex	15,869	13,328	13,195	1,610	44,002	1,183	1,238	(7,110)	1,610	(3,079)
Light Industrial	13,719	3,678	0	0	17,397	9,219	3,678	(7,804)	0	5,093
Incubator	73,479	66,917	2,000	0	142,396	18,031	50,608	(8,746)	0	59,893
Midbay	266,385	124,451	18,800	57,308	466,944	129,926	88,685	(76,442)	(37,456)	104,713
NLV Total	924,105	773,319	199,743	110,685	2,007,852	(277,298)	645,654	(383,204)	(136,284)	(151,132)
Distribution	0	27,504	52,126	21,012	100,642	(29,167)	27,504	52,126	15,180	65,643
Flex	13,571	2,533	5,066	5,066	26,236	9,788	(3,000)	0	5,066	11,854
Light Industrial	0	0	0	0	0	0	0	0	0	0
Incubator	2,533	0	3,743	0	6,276	2,533	0	3,743	0	6,276
Midbay	0	20,358	48,132	10,105	78,595	(91,644)	(6,870)	31,868	2,045	(64,601)
Speedway Total	16,104	50,395	109,067	36,183	211,749	(108,490)	17,634	87,737	22,291	19,172
Distribution	0	0	0	14,836	14,836	0	0	(6,360)	14,836	8,476
Flex	11,412	32,364	39,557	3,223	86,556	(12,657)	22,819	24,755	2,159	37,076
Light Industrial	0	0	0	0	0	0	0	0	0	0
Incubator	1,298	9,863	0	0	11,161	(702)	(25,870)	(50,000)	0	(76,572)
Midbay	0	1,702	0	0	1,702	0	1,702	(8,081)	(11,680)	(18,059)
Northwest Total	12,710	43,929	39,557	18,059	114,255	(13,359)	(1,349)	(39,686)	5,315	(49,079)
Distribution	41,784	160,298	23,875	15,350	241,307	(160,583)	(186,712)	(266,428)	(156,728)	(770,451)
Flex	128,551	102,276	32,390	38,511	301,728	27,740	70,951	3,589	(31,576)	70,704
Light Industrial	6,505	0	0	0	6,505	2,905	0	0	(4,000)	(1,095)
Incubator	64,389	66,066	19,314	39,885	189,654	(23,870)	32,484	(50,781)	(7,615)	(49,782)
Midbay	283,859	161,003	104,974	207,711	757,547	95,259	58,165	(11,793)	138,529	280,160
Southwest Total	525,088	489,643	180,553	301,457	1,496,741	(58,549)	(25,112)	(325,413)	(61,390)	(470,464)
Distribution	43,733	44,732	28,436	3,639	120,540	14,733	43,418	22,731	(11,209)	69,673
Flex	18,328	26,177	6,820	0	51,325	(25,540)	(7,749)	(9,832)	(9,788)	(52,909)
Light Industrial	14,871	0	7,200	1,200	23,271	14,871	(4,000)	3,105	701	14,677
Incubator	150,901	52,913	32,961	43,800	280,575	6,222	(34,268)	(64,744)	8,129	(84,661)
Midbay	90,033	80,068	71,441	28,757	270,299	(77,363)	57,018	15,228	(13,068)	(18,185)
West Total	317,866	203,890	146,858	77,396	746,010	(67,077)	54,419	(33,512)	(25,235)	(71,405)
Distribution	1,130,525	1,114,687	573,282	226,729	3,045,223	(597,683)	531,041	(591,213)	(207,577)	(865,432)
Flex	314,160	189,869	193,835	60,564	758,428	79,084	(22,482)	73,974	(42,181)	91,395
Light Industrial	35,575	3,678	11,362	1,200	51,815	16,325	(322)	(4,149)	(10,132)	1,722
Incubator	380,129	322,402	138,875	86,747	928,153	(220,864)	43,498	(111,196)	(11,288)	(299,850)
Midbay	932,692	573,837	571,461	393,379	2,471,369	(112,973)	208,596	52,059	72,991	220,673
Las Vegas Total	2,793,081	2,204,473	1,488,815	768,619	7,254,988	(836,111)	760,331	(580,525)	(198,187)	(851,492)



Las Vegas Industrial Overview 2003-2011

