

MARKETBEAT INDUSTRIAL SNAPSHOT

LAS VEGAS, NV

A Cushman & Wakefield Alliance Research Publication

Q3 2013



ECONOMIC OVERVIEW

Even with second quarter GDP being raised to 2.5% from the previous estimate of 1.7%, economists surveyed by the Federal Reserve Bank of Philadelphia have decreased their forecasted rate of 2.0% for the year to 1.5% as the second part of 2013 is expected to come in below prior estimates. Unemployment continues to fall with the U.S. rate currently at 7.3%, but concerns abound as many of these jobs are lower paying jobs and there is still a large number of people working part time that would prefer full time employment. The ISM Manufacturing Index, has been above 50 for 9 of the last 12 months. Scores above 50 are associated with an expanding manufacturing sector and healthy GDP growth overall.

Nevada continues to lag behind the overall U. S. economy with an unemployment rate of 9.5% but is experiencing a faster decline than the overall U. S. market. Over the past 12 months the unemployment rate has declined by 1.7 percentage points (pps) with overall job growth increasing by 1.5%. Leisure & Hospitality continue to lead job growth with Trade, Transportation & Utilities coming in as the number two contributor.

STATS ON THE GO

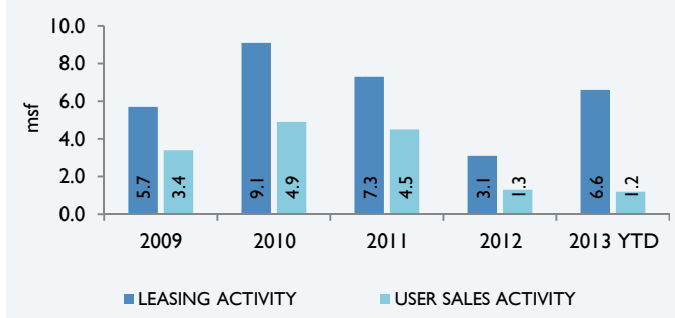
	Q3 2012	Q3 2013	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	17.0%	14.4%	-2.6pp	▼
Direct Asking Rents (psf/mo)	\$0.50	\$0.53	6.0%	◄►
YTD Leasing Activity (sf)	5,371,028	6,665,177	24.1%	▲

LAS VEGAS MARKET

The industrial market is making a very positive statement over the past 12 months as overall vacancy has decreased by 2.6 pps. Year-to-date absorption is just over 3 million sf with additional positive absorption expected through the end of the year. This number puts 2013 on par with pre-recessionary absorption numbers.

With the large amounts of absorption that has occurred over the past year there is a pending shortage of space over 100,000 sf. In addition to less supply in excess of 100,000 sf, there are also a number of potential users, new to the market, that are looking at Las Vegas as a viable option. A number of developers are working toward having properties ready to go to attract these tenants but as of yet no speculative construction has started in this size range.

OVERALL OCCUPIER ACTIVITY



The other segment experiencing a high level of demand is in the 15,000 sf to 25,000 sf range. Finding quality space in this size segment has become difficult. Even smaller spaces in the 2,500 sf to 10,000 sf range are starting to become more active. As construction begins to pick up, demand is expected to increase in this segment.

Walls have been tilted on the new 296,000 sf Fed-Ex building under construction at Panattoni's South 15 Airport project in West Henderson. This is the first of many more buildings likely to follow in this 150 acre master planned industrial project, also referred to by the City of Henderson as the North Limited Transition Area. The Bureau of Land Management, through federal legislation, conveyed a total of 502 acres of land in West Henderson (south and east of the Executive Airport) to the City of Henderson, authorizing the City to sell, lease or otherwise convey any portion of it for non-residential development. The City's master plan contemplates a high technology mixed use commercial office and industrial business park that is focused on employment. Panattoni's South 15 Airport project is the first portion of the City's master plan to take shape. A Notice of Intent to sell on the remaining 350 acres, known as the South Limited Transition Area is expected to be distributed by the City in the first quarter of 2014.

OUTLOOK

The strong positive absorption is expected to continue through Q4 making 2013 the strongest year since the recession began. This continued absorption will push vacancies lower and put upward demand on lease rates which will likely begin spurring some new development. The market is still not ready for speculative construction but we may start seeing limited speculative construction begin in 2014.

Land, which has long been dormant, is also expected to continue recovering as developers pick up dirt while it is still available in

anticipation of strong continued absorption. Although there have been some strong improvements in the recovery of the industrial market, the majority of demand in the short term is expected to continue in less improved space. Flex space with higher amounts of

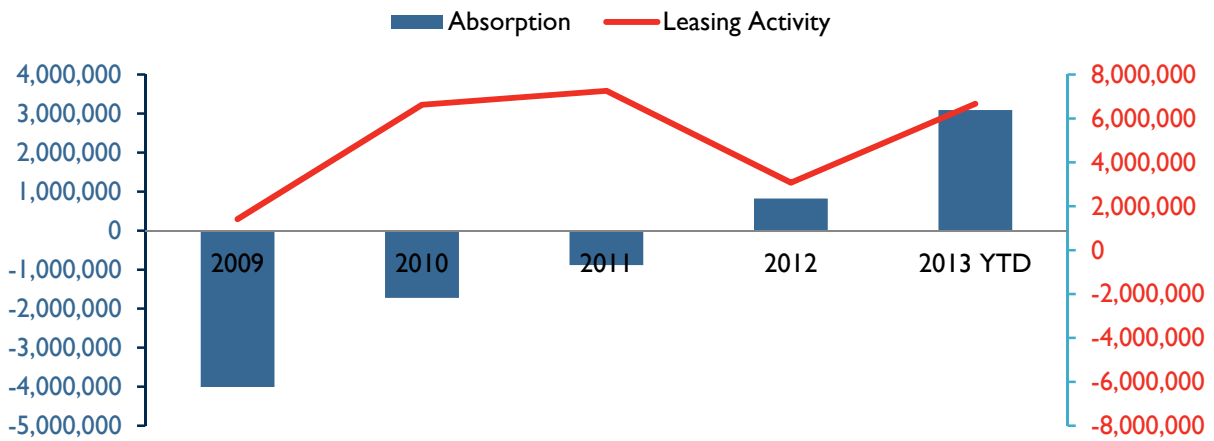
office build-out continues to struggle and will likely struggle for the short term as the office market tries to find its footing.

MARKET HIGHLIGHTS				
Significant Q3 2013 Lease Transactions	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
Arrowhead Commerce Center	Airport	OSA West	Distribution	56,725
Freeport West Distribution Center	North	Advanced Wheel Sales	Distribution	31,500
Park West Business Center 5	Southwest	JS Products	Manufacturing	72,048
Significant Q3 2013 Sale Transactions	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
Sunrise Industrial Park (Prologis-Lehman)	North	Prologis	\$87,870,00 / \$54	1,627,214
Valley Freeway Center II	Henderson	Harsch Investment	\$14,600,000 / \$64	229,158
501 Conestoga Way	Henderson	Flowers Foods	\$9,600,000 / \$38	251,000
Significant Q3 2013 Construction Completions	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
SuperNAP 9	Southwest	Data Center	Q3 2013	280,000
6650 El Camino	Southwest	SHFL Entertainment	Q3 2013	130,000
Significant Projects Under Construction	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
FedEx	SE/Henderson	FedEx	Q2 2014	296,000
Konami	Airport	Konami	Q3 2015	193,000

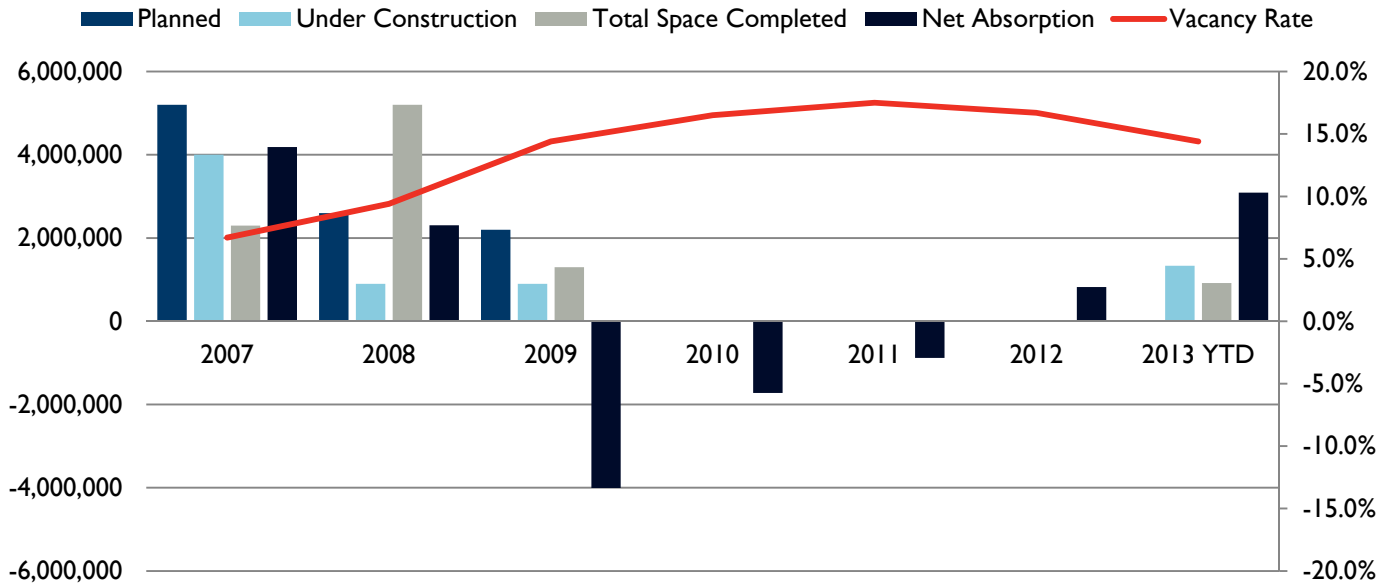
	Inventory No. of Buildings	Inventory Existing SF	Vacancy SF	Vacancy Rate	Q3 Net Absorption	Average Asking Lease Rate
Incubator	2	120,000	46,592	38.8%	0	\$1.10
Flex	10	257,489	38,938	15.1%	3,620	\$0.70
Midbay	5	161,125	8,177	5.1%	(3,267)	\$0.60
Distribution	3	432,410	92,540	21.4%	58,398	\$0.43
Freestanding	16	347,333	33,632	9.7%	7,491	\$0.55
Other	1	37,212	32,500	87.3%	0	\$1.15
NORTHWEST	37	1,355,569	252,379	18.6%	66,242	\$0.71
Incubator	16	437,307	126,028	28.8%	6,711	\$0.36
Flex	41	1,250,236	300,738	24.1%	5,744	\$0.48
Midbay	33	1,686,428	186,344	11.0%	95,988	\$0.32
Distribution	82	10,131,244	1,151,332	11.4%	230,899	\$0.36
Freestanding	302	5,266,823	889,269	16.9%	(44,786)	\$0.48
Other	0	0	0	0.0%	0	\$0.00
NORTH	474	18,772,038	2,653,711	14.1%	294,556	\$0.41
Incubator	10	273,000	92,041	33.7%	(2,500)	\$0.56
Flex	11	299,252	39,326	13.1%	2,309	\$0.46
Midbay	26	1,220,061	234,701	19.2%	70,183	\$0.37
Distribution	58	7,446,434	858,494	11.5%	126,146	\$0.31
Freestanding	241	2,704,492	666,271	24.6%	88,750	\$0.41
Other	0	0	0	0.0%	0	\$0.00
NORTHEAST	346	11,943,239	1,890,833	15.8%	284,888	\$0.37
Incubator	25	1,065,361	107,628	10.1%	(2,266)	\$0.64
Flex	16	538,418	76,029	14.1%	1,711	\$0.66
Midbay	29	1,655,849	232,513	14.0%	0	\$0.41
Distribution	22	1,358,878	66,201	4.9%	0	\$0.52
Freestanding	37	981,210	146,029	14.9%	0	\$0.82
Other	0	0	0	0.0%	0	\$0.00
WEST CENTRAL	129	5,599,716	628,400	11.2%	(555)	\$0.57

	Inventory No. of Buildings	Inventory Existing SF	Vacancy SF	Vacancy Rate	Net Absorption	Average Asking Lease Rate
Incubator	7	332,517	45,548	13.7%	0	\$0.59
Flex	0	0	0	0.0%	0	\$0.00
Midbay	4	78,750	0	0.0%	0	\$0.00
Distribution	8	270,794	0	0.0%	0	\$0.00
Freestanding	5	401,045	0	0.0%	0	\$0.00
Other	0	0	0	0.0%	0	\$0.00
EAST CENTRAL	24	1,083,106	45,548	4.2%	0	\$0.59
Incubator	34	1,074,007	217,978	20.3%	1,096	\$0.73
Flex	127	2,547,207	372,656	14.6%	(15,879)	\$0.82
Midbay	54	2,620,718	464,036	17.7%	(36,206)	\$0.56
Distribution	75	5,315,488	836,794	15.7%	(19,558)	\$0.54
Freestanding	147	4,369,102	547,956	12.5%	184,765	\$0.63
Other	1	44,631	0	0.0%	0	\$0.00
AIRPORT/EAST	438	15,971,153	2,439,420	15.3%	114,218	\$0.62
Incubator	14	521,719	179,251	34.4%	1,943	\$0.74
Flex	63	2,566,920	473,818	18.5%	14,959	\$0.73
Midbay	8	359,669	99,977	27.8%	(14,925)	\$0.48
Distribution	23	2,050,106	269,379	13.1%	(21)	\$0.39
Freestanding	45	1,181,647	225,622	19.1%	0	\$0.65
Other	0	0	0	0.0%	0	\$0.00
WEST	153	6,680,061	1,248,047	18.7%	1,956	\$0.62
Incubator	18	420,433	85,493	20.3%	9,316	\$0.80
Flex	128	4,069,389	642,451	15.8%	12,877	\$0.69
Midbay	99	5,815,494	962,134	16.5%	206,061	\$0.60
Distribution	85	8,963,007	1,285,231	14.3%	(141,678)	\$0.49
Freestanding	413	6,844,331	1,134,745	16.6%	136,742	\$0.57
Other	0	0	0	0.0%	0	\$0.00
SOUTHWEST	743	26,112,654	4,110,054	15.7%	223,318	\$0.58
Incubator	0	0	0	0.0%	0	\$0.00
Flex	0	0	0	0.0%	0	\$0.00
Midbay	0	0	0	0.0%	0	\$0.00
Distribution	7	1,058,000	15,000	1.4%	0	\$1.20
Freestanding	0	0	0	0.0%	0	\$0.00
Other	0	0	0	0.0%	0	\$0.00
SOUTH	7	1,058,000	15,000	1.4%	0	\$1.20
Incubator	5	178,942	14,906	8.3%	9,648	\$0.60
Flex	42	789,205	155,883	19.8%	(19,314)	\$0.54
Midbay	44	1,992,588	244,663	12.3%	34,252	\$0.45
Distribution	38	4,811,099	89,294	1.9%	133,755	\$0.45
Freestanding	272	3,549,612	573,952	16.2%	18,161	\$0.51
Other	0	0	0	0.0%	0	\$0.00
HENDERSON	401	11,321,446	1,078,698	9.5%	176,502	\$0.49
Incubator	131	4,423,286	915,465	20.7%	23,948	\$0.67
Flex	438	12,318,116	2,099,839	17.0%	6,027	\$0.68
Midbay	302	15,590,682	2,432,545	15.6%	352,086	\$0.51
Distribution	401	41,837,460	4,664,265	11.1%	387,941	\$0.43
Freestanding	1,478	25,645,595	4,217,476	16.4%	391,123	\$0.54
Other	2	81,843	32,500	39.7%	0	\$1.15
LAS VEGAS TOTAL	2,752	99,896,982	14,362,090	14.4%	1,161,125	\$0.53

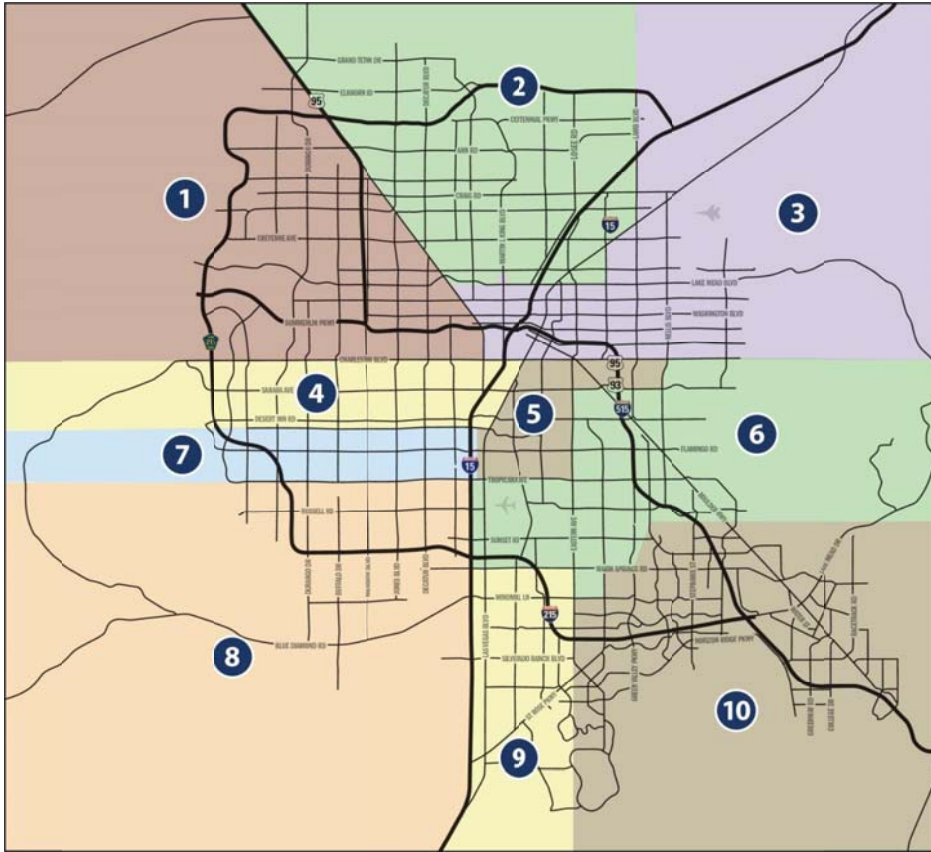
Leasing Activity vs. Absorption



Las Vegas Industrial Overview 2007 - 2013



Inventory	92,121,021	97,382,838	98,419,928	98,770,833	98,912,833	98,977,833	99,896,982
Lease Rate	\$0.79	\$0.78	\$0.64	\$0.53	\$0.52	\$0.52	\$0.53



Submarket Breakdown

1. Northwest
2. North
3. Northeast
4. West Central
5. East Central
6. Airport/East
7. West
8. Southwest
9. South
10. Henderson

Property Classification:

Incubator: 500 to 1,500 square feet divisibility, minimal office and one roll-up door

Flex: 1,500 to 3,000 square feet divisibility, 40 percent or more office build-out, one roll up door, high visibility

Midbay: 5,000 to 15,000 square feet divisibility, 10 to 15 percent office build-out, dock-high and grade level loading

Distribution: Over 15,000 square feet divisibility, 3 to 5 percent office build-out, multiple docks and grade level loading

Freestanding: Single or dual user(s)

Other: Tenant improvements to a non-conventional build-out

*Cushman & Wakefield|Commerce has changed its data source. All data in this report, including historical data, has been taken from the same data source and may not match up with prior reports published by Cushman & Wakefield|Commerce