

MARKETBEAT INDUSTRIAL SNAPSHOT

LAS VEGAS, NV

A Cushman & Wakefield Alliance Research Publication

Q1 2015



ECONOMIC OVERVIEW

The U.S. economy continued to add jobs at a high rate as job growth expanded by 2.4% over the last year, pushing the unemployment rate to just 5.5%. Even with stronger employment numbers, wage pressure remained moderate, mainly occurring in specialized jobs.

Despite being one of the slowest areas to recover, Nevada continued to heat up with strong growth that has pushed the unemployment rate down by 1.3 percentage points (pps) over the last year to 7.1%. Job growth of 3.1% continued to exceed the U.S. average as 36,900 new jobs were added over the past year. Construction led all job categories in terms of percentage growth, up 5.3% on a year-over-year basis while Leisure and Hospitality experienced the largest nominal growth, adding 13,400 jobs.

Nationally, the ISM MFG Index, a survey based on the general direction of production, new orders, employment, supplier deliveries and inventories fell to 51.5. A score in excess of 50 indicates growth in the manufacturing sector. Although this is the lowest score since May of 2013, the primary cause of a decline is a strong U.S. dollar which caused exports from the U.S. to be more expensive to other countries.



3700 Bay Lake Trail – 464, 203 sf

LAS VEGAS MARKET

Southern Nevada's industrial market completed its thirteenth straight quarter of positive absorption, absorbing 1,132,600 square feet (sf) during Q1 2015. The overall vacancy rate continued to plummet, dropping by 5.5 percentage points (pps) putting upward pressure on leases rates which increased by 5.7%.

Sales and leasing activity remained at elevated levels with leasing activity of 1,698,961 sf. The majority of leasing activity occurred in the North Las Vegas submarket which pushed absorption to 950,000 sf for just this submarket. The largest lease transaction occurred at 4155 W. Russell where Video Equipment Rentals took 184,630 sf.

There were 23 sale transactions with an average sales price with total sales volume of nearly \$60 million. The average sales price increased to \$95 psf while the Southwest led all submarkets at \$101 psf.

CONSTRUCTION

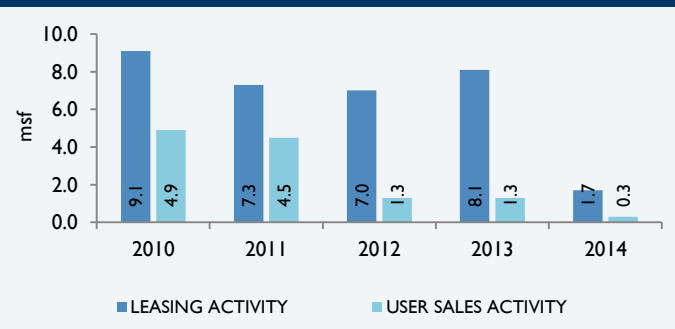
Three buildings were completed during Q1 2015 for a total of 505,228 sf. Demand for big box distribution space continued to climb with over 2 million sf of product currently under construction. This demand by larger tenants is pushing developers to design and develop buildings that generally accommodate one or two tenants. Even in buildings with smaller bays, they are designed to only accommodate tenants as small as 25,000 sf. ProLogis's 464,203 sf building located at 3700 Bay Lake Trail is expected to come online during Q2 2015 and is already fully leased.

In an effort to spur growth, Mayor John J. Lee of North Las Vegas has been working on creating an Economic Diversification District that includes 7,000 acres of industrial land in Apex, Nevada. This land is located 20 minutes north of Las Vegas on interstate 15. His goal is to use legislation passed in Carson City to provide businesses with the same historic incentives that were provided to the Tesla Battery Facility to attract new businesses to the state.

STATS ON THE GO

	Q1 2014	Q1 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	12.0%	7.3%	-5.5 pp	▼
Overall Asking Rents (psf/mo)	\$0.53	\$0.56	5.7%	▲
Leasing Activity (sf)	1,894,482	1,698,961	-10.3%	◄►

OVERALL OCCUPIER ACTIVITY



OUTLOOK

Year after year of strong growth in the industrial market in Las Vegas has dropped vacancy rates to strong levels and pushed rental rates to levels that support new construction. The additional 2 million sf of new product coming online in 2015 represents a level that has not been

seen in years. Despite ramped up levels of construction; the rate of absorption will stay well ahead of new construction pushing vacancy lower and lease rates higher. Additional construction will be needed to attract new entrants to the market and to support expansion by existing tenants.

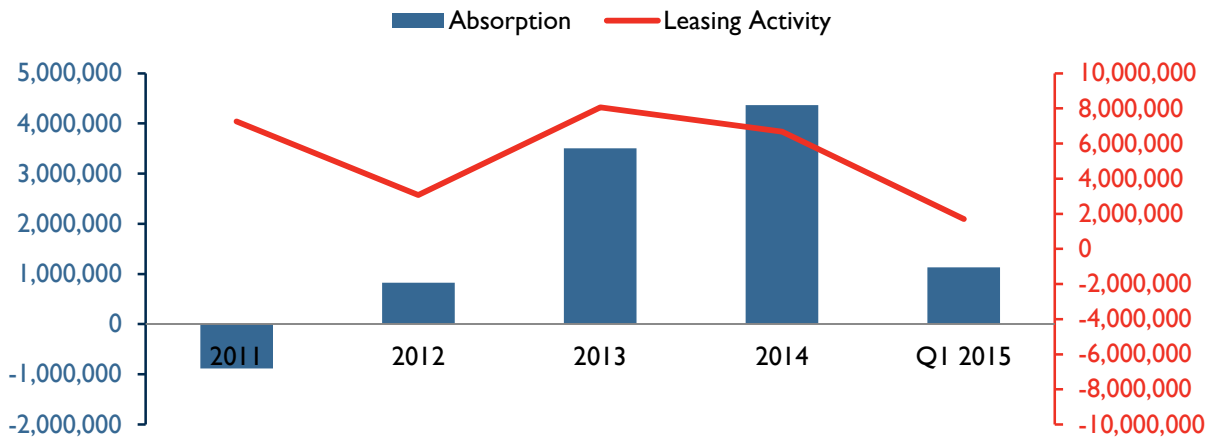
MARKET HIGHLIGHTS

Significant Q1 2015 Lease Transactions	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
4155 W. Russell Rd.	S	Video Equipment Rentals	Warehouse/Distribution	184,630
4390 Flossmoor St.	Airport	LSI Liquidity Services	Warehouse/Distribution	75,000
4550 Engineers Way	North	Updike Distribution Logistics LLC	Warehouse/Distribution	65,550
Significant Q1 2015 Sale Transactions	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
Sandhill Airport Park	Airport	TheoPacific Las Vegas I LLC	\$9,865,000 / \$80.61	122,376
Craig Industrial Facility	North	Panattoni Development Company	\$5,250,000 / \$50.97	103,000
2313 Mendenhall Dr.	North	Herrick Family LLC	\$1,991,000 / \$74.51	26,720
Significant Q1 2015 Construction Completions	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET (% LEASED)
4100 E. Lone Mountain Rd	North	TJ Maxx	Q1 2015	400,000 (100%)
7040 Redwood St	Southwest	MCM Contractors	Q1 2015	51,502 (100%)
90 Business Center St	Henderson	Thatcher Company	Q1 2015	53,726 (100%)
Significant Projects Under Construction	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET (% LEASED)
Prologis Las Vegas Corp Center # 9	North	Speculative	Q2 2015	464,203 (100%)
NEC Jones/215	Southwest	Ainsworth Game Technology	Q4 2015	291,000 (100%)
Konami	Airport/East	Konami	Q2 2015	193,000 (100%)

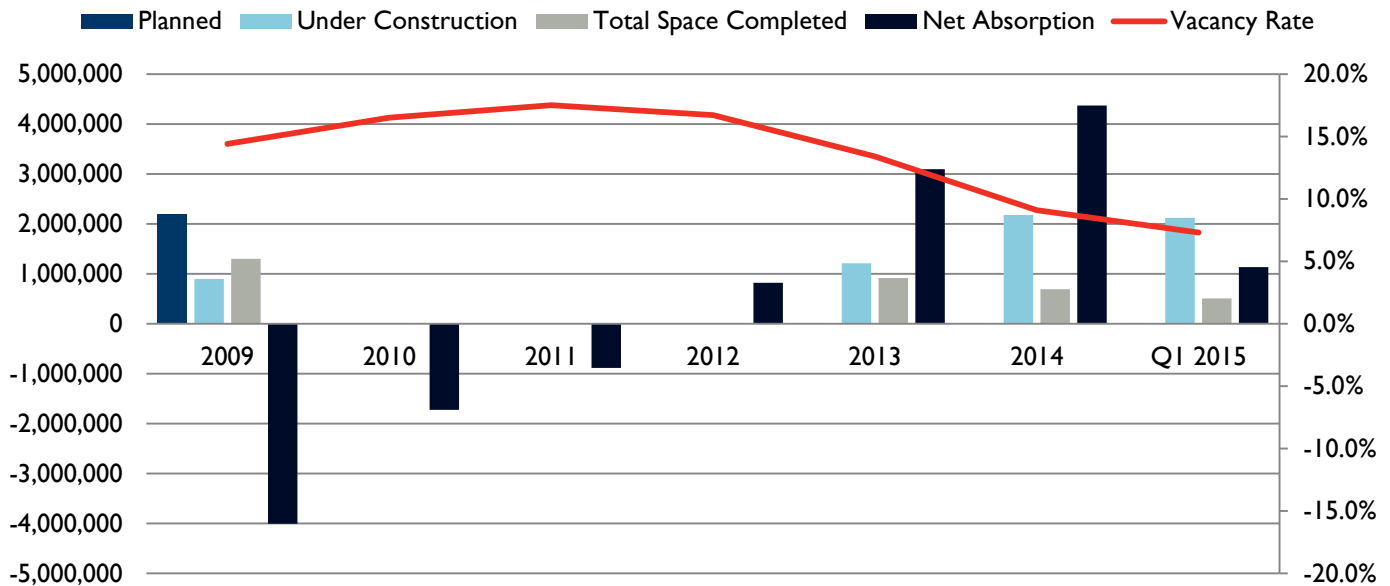
	Inventory No. of Buildings	Inventory Existing SF	Vacancy SF	Vacancy Rate	Q1 Net Absorption	Average Asking Lease Rate
Incubator	2	120,000	50,552	42.1%	(8,440)	\$0.50
Flex	11	294,701	70,582	24.0%	1,555	\$0.93
Midbay	5	161,125	13,377	8.3%	(3,967)	\$0.50
Distribution	3	432,410	3,800	0.9%	0	\$0.65
Freestanding	16	347,333	16,252	4.7%	(8,221)	\$0.68
NORTHWEST	37	1,355,569	148,594	11.0%	(2,774)	\$0.69
Incubator	16	437,307	119,496	27.3%	(2,775)	\$0.39
Flex	40	1,225,025	268,560	21.9%	47,757	\$0.46
Midbay	33	1,686,428	158,950	9.4%	12,574	\$0.35
Distribution	86	11,394,362	291,980	2.6%	773,016	\$0.39
Freestanding	299	5,188,823	367,147	7.1%	116,610	\$0.46
NORTH	474	19,931,945	1,206,133	6.1%	947,182	\$0.39

	Inventory No. of Buildings	Inventory Existing SF	Vacancy SF	Vacancy Rate	Q1 Net Absorption	Average Asking Lease Rate
Incubator	10	273,000	82,450	30.2%	(5,675)	\$0.56
Flex	11	299,252	44,328	14.8%	(8,410)	\$0.55
Midbay	26	1,220,061	104,427	8.6%	(10,128)	\$0.41
Distribution	59	7,629,335	283,038	3.7%	118,255	\$0.36
Freestanding	240	2,761,940	409,397	14.8%	(2,651)	\$0.47
NORTHEAST	346	12,183,588	923,640	7.6%	91,391	\$0.39
Incubator	25	1,065,361	67,852	6.4%	39,115	\$0.69
Flex	16	538,418	42,821	8.0%	(3,299)	\$0.92
Midbay	29	1,417,010	178,911	12.6%	(27,435)	\$0.37
Distribution	22	1,358,878	45,102	3.3%	18,000	\$0.51
Freestanding	37	996,210	49,309	4.9%	0	\$0.50
WEST CENTRAL	129	5,375,877	383,995	7.1%	26,381	\$0.50
Incubator	1	38,657	20,300	52.5%	0	\$0.58
Flex	0	0	0	0.0%	0	\$0.00
Midbay	4	78,750	0	0.0%	0	\$0.00
Distribution	8	270,794	60,000	22.2%	0	\$0.39
Freestanding	5	566,045	0	0.0%	0	\$0.00
EAST CENTRAL	18	954,246	80,300	8.4%	0	\$0.58
Incubator	34	1,074,007	126,474	11.8%	14,550	\$0.76
Flex	125	2,508,557	439,246	17.5%	18,878	\$0.87
Midbay	52	2,538,718	333,101	13.1%	28,692	\$0.55
Distribution	72	5,100,971	310,411	6.1%	14,879	\$0.58
Freestanding	151	4,470,067	316,476	7.1%	(34,445)	\$0.60
AIRPORT/EAST	434	15,692,320	1,525,708	9.7%	42,554	\$0.67
Incubator	21	854,897	74,300	8.7%	17,862	\$0.67
Flex	61	2,167,602	288,291	13.3%	(3,975)	\$0.67
Midbay	8	359,669	60,919	16.9%	0	\$0.59
Distribution	23	2,050,106	155,408	7.6%	(21,936)	\$0.40
Freestanding	46	1,232,433	46,190	3.7%	42,685	\$0.80
WEST	159	6,664,707	625,108	9.4%	34,636	\$0.64
Incubator	19	455,953	69,917	15.3%	(26,490)	\$0.78
Flex	128	4,069,389	342,342	8.4%	49,620	\$0.72
Midbay	97	5,725,494	398,221	7.0%	100,830	\$0.62
Distribution	83	8,958,007	817,079	9.1%	(147,970)	\$0.51
Freestanding	416	6,930,833	343,055	4.9%	(77,826)	\$0.57
SOUTHWEST	743	26,139,676	1,970,614	7.5%	(101,836)	\$0.60
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	8	1,354,000	0	0.0%	0	\$1.20
Freestanding	0	0	0	0.0%	0	\$0.00
SOUTH	8	1,354,000	0	0.0%	0	\$1.20
Incubator	5	178,942	8,032	4.5%	5,678	\$0.63
Flex	43	822,907	117,382	14.3%	15,483	\$0.59
Midbay	44	1,992,588	169,658	8.5%	30,593	\$0.50
Distribution	38	4,811,099	54,028	1.1%	(24,028)	\$0.50
Freestanding	271	3,618,765	155,108	4.3%	83,639	\$0.59
HENDERSON	401	11,424,301	504,208	4.4%	111,365	\$0.55
Incubator	133	4,498,124	619,373	13.8%	33,825	\$0.62
Flex	435	11,925,851	1,613,552	13.5%	117,609	\$0.71
Midbay	298	15,179,843	1,417,564	9.3%	131,159	\$0.51
Distribution	402	43,359,962	2,020,846	4.7%	730,216	\$0.49
Freestanding	1,490	26,112,449	1,702,934	6.5%	119,791	\$0.54
LAS VEGAS TOTAL	2,758	101,076,229	7,374,269	7.3%	1,132,600	\$0.54

Leasing Activity vs. Absorption

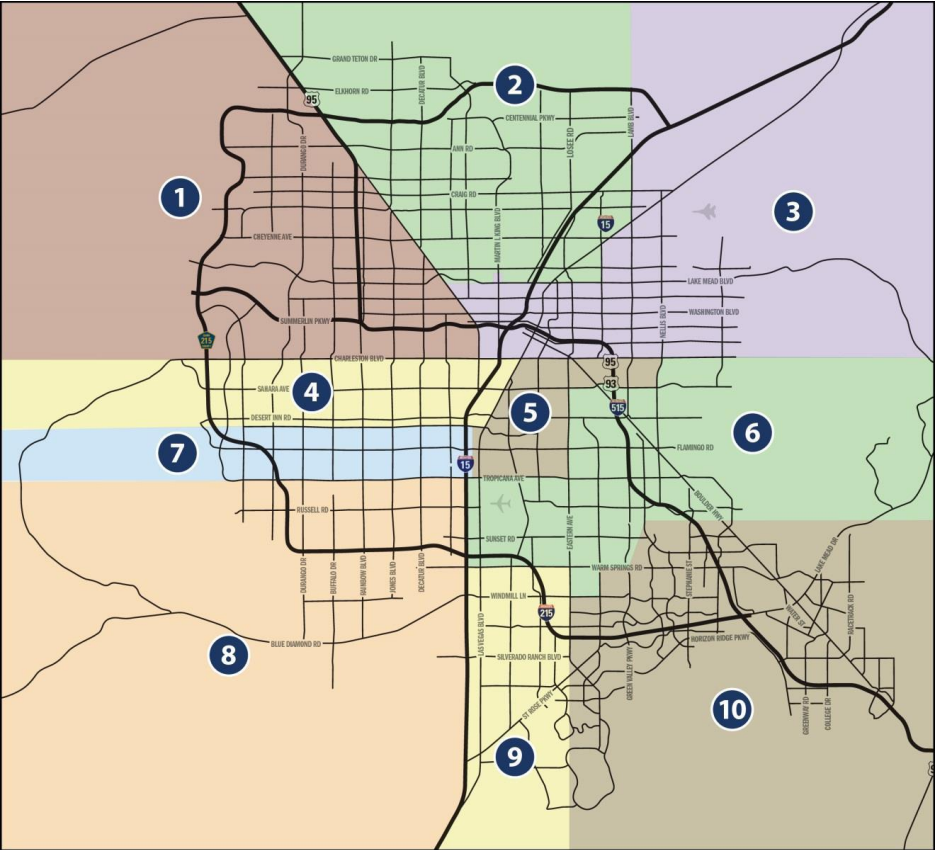


Las Vegas Industrial Overview 2009 - 2015



Inventory	97,382,838	98,419,928	98,770,833	98,912,833	98,977,833	100,281,209	101,076,229
Lease Rate	\$0.78	\$0.64	\$0.53	\$0.52	\$0.52	\$0.53	\$0.54

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)