

MARKETBEAT

Las Vegas

Industrial Q1 2017



LAS VEGAS INDUSTRIAL

Economic Indicators

	Q1 16	Q1 17	12-Month Forecast
Las Vegas Employment	936k	967k	▲
Las Vegas Unemployment	6.4%	5.1%	▼
U.S. Unemployment	4.9%	4.8%	▼

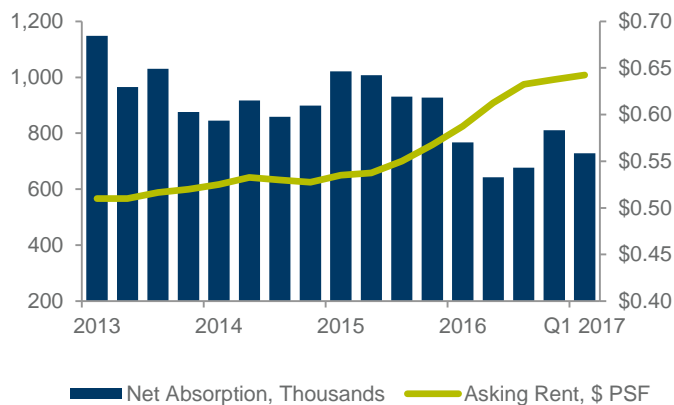
Market Indicators (Overall, All Property Types)

	Q1 16	Q1 17	12-Month Forecast
Vacancy	5.7%	5.7%	▲
Net Absorption (sf)	871k	541k	▲
Under Construction (sf)	3.7M	4.7M	▲
Average Asking Rent*	\$0.64	\$0.66	▲

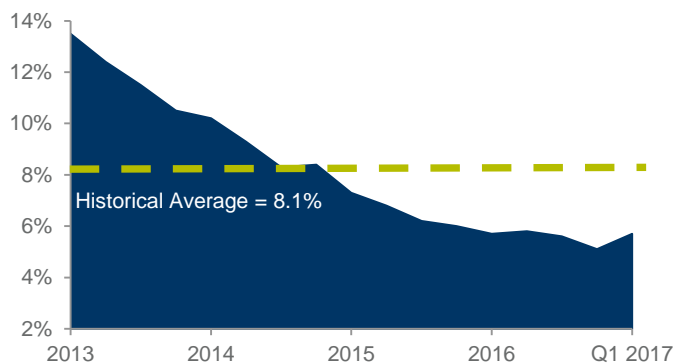
*Rental rates reflect net asking \$psf/month (NNN)

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

Following the trend set by 2015 through 2016, the Las Vegas market continued to improve, and Southern Nevada is still experiencing sustainable growth and strong absorption. Job growth was still on the rise, as Nevada's jobs continued to exceed the national average. The Las Vegas unemployment rate continued to decrease, with a rate of 5.1% at the end of first quarter 2017, compared to 6.4% first quarter 2016. In addition, population growth for the region will continue into 2018 and should average approximately 2%. Nevada unemployment is at a nine-year low, and construction is up 13%.

With the huge win of the Oakland Raiders, Las Vegas is expected to see 6,000 new jobs, through the development of/operations of a new facility. After a year of negotiations, National Football League owners agreed during first quarter 2017 to a move of the Raiders from Oakland, CA to Las Vegas. The stadium will cost \$1.9 billion and will seat 65,000. The stadium construction will commence by the end-of-year 2017 and will be delivered first quarter 2020 and is expected to produce over \$50M in annual revenue to the Las Vegas market.

Market Overview

The Las Vegas industrial market continued to tighten on availability with a vacancy rate at 5.7%, but this may soon begin to tick up as properties under construction are delivered in the coming quarters. As a result, vacancy rates will slowly increase. Rental concessions, in the form of abatement and tenant improvements, will also start to decrease. Total overall absorption for the quarter was reported at just over 540,000 SF, with the in-demand Northeast submarket leading all others at nearly 430,000 SF.

New construction continued to thrive during first quarter 2017, with over 4.7 million square feet (MSF) of properties expected to be delivered this year. The Northeast submarket, which encompasses the booming city of North Las Vegas, reported the bulk of development activity at 3.2 MSF, followed by the Henderson submarket at 935,000 SF.

Note: Inventory was adjusted from fourth quarter 2016 to include properties 5,000 SF and above, excluding truck terminals and manufacturing facilities, resulting in an increase of approximately 10,000,000 SF in inventory.

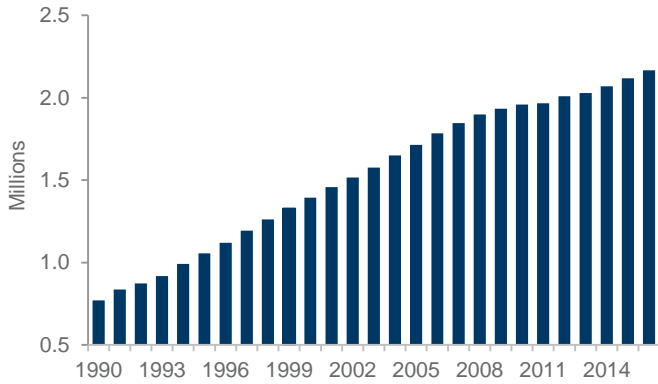
Outlook

With a very tight market in terms of availability during first quarter 2017, vacancy rates will remain stable in the short-term but will begin to slowly rise with +/- 4.7 MSF being delivered by end of year.

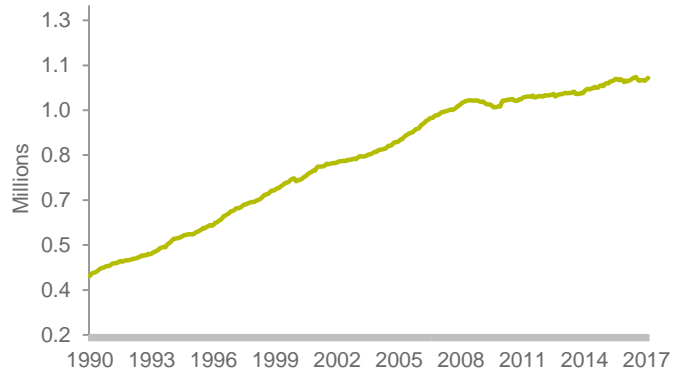
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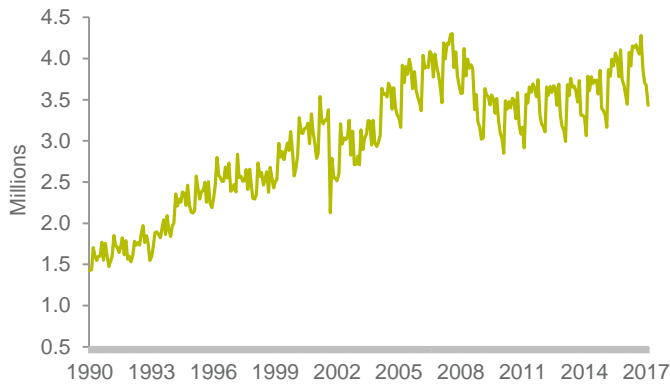
Population*



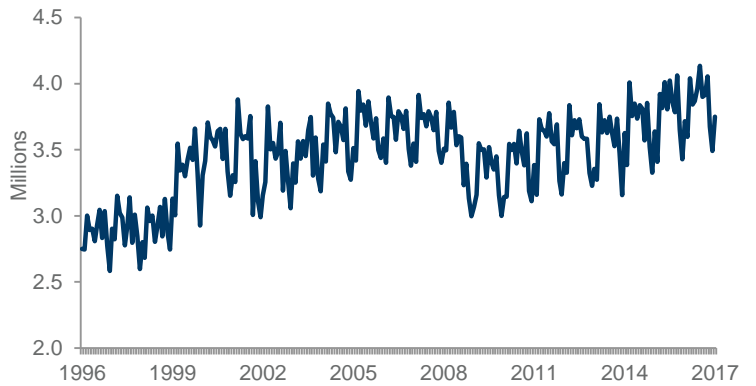
Labor Force*



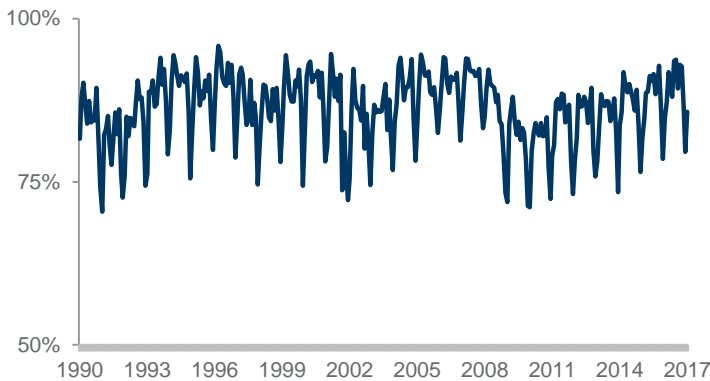
McCarran Airport Passengers*



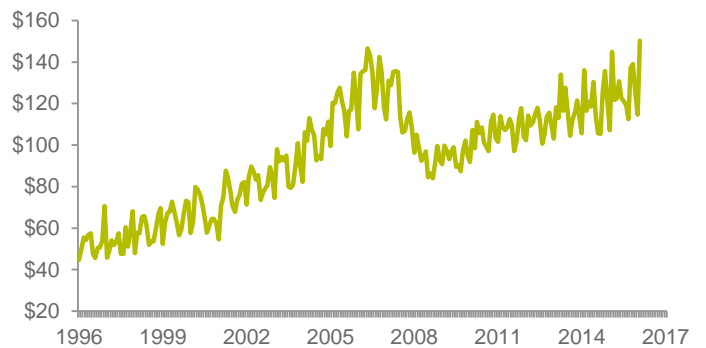
Visitor Volume*



Hotel Occupancy Las Vegas Area*



Room Rate*



*Data source: Nevada Governor's Office of Economic Development

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SUBMARKET	TOTAL BLDGS	INVENTORY (SF)*	YTD USER SALES ACTIVITY (SF)	DIRECT VACANCY RATE	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL WEIGHTED AVG. NET RENT (HT)	OVERALL WEIGHTED AVG. NET RENT (OS)	OVERALL WEIGHTED AVG. NET RENT (W/D)
Airport	409	14,845,632	0	6.5%	6.8%	97,250	54,000	\$0.61	\$0.94	\$0.78
Boulder City	39	502,537	0	4.1%	4.1%	-3,101	0	\$0.65	\$0.00	\$0.00
Central Downtown	290	6,134,224	0	6.4%	6.4%	-34,688	10,240	\$0.55	\$0.45	\$0.50
Central East	131	3,055,391	11,523	4.6%	5.0%	-35,822	0	\$0.53	\$0.00	\$0.53
Central West	157	4,059,759	0	2.7%	2.7%	28,511	0	\$0.48	\$1.00	\$0.00
Henderson	434	14,203,394	20,441	5.5%	5.9%	-12,817	935,010	\$0.68	\$0.76	\$0.51
Northeast	872	37,786,806	18,778	6.0%	6.2%	429,026	3,202,565	\$0.51	\$0.78	\$0.41
Northwest	31	741,646	0	7.8%	7.8%	-2,025	0	\$0.00	\$0.82	\$0.00
Southwest	1,157	36,142,939	78,234	4.9%	4.9%	74,470	501,382	\$0.64	\$0.79	\$0.65
LAS VEGAS TOTALS	3,520	117,472,328	128,976	5.5%	5.7%	540,804	4,703,197	\$0.59	\$0.85	\$0.58

*Inventory SF excludes properties less than 5,000 SF, as well as manufacturing facilities and truck terminals. Rental rates reflect asking \$psft/month
HT = High Tech/Flex OS = Office Service/Flex W/D = Warehouse/Distribution

Key Lease Transactions Q1 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Northgate Industrial Park	248,126	Ecommerce Company	Lease	Northeast
Lone Mountain Corporate Center Bldg 1	237,858	AGLS	Lease	Northeast
ProLogis North 15 Fwy Distribution Ctr Bldg 2	131,998	XPO Logistics	Lease	Northeast
Harsch Paradise Airport Center	72,769	Shuffle Master, Inc	Lease	Airport
Craig Business Center	60,000	Premium Water, Inc	Lease	Northeast

Key Sales Transactions Q1 2017

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
Harmon Warehouse Center	144,663	BKM Wind River 105, LLC/McFarland Properties, LLC	\$15,150,000 / \$105	Southwest
4245-4255 W Sunset Road	66,500	United Brotherhood of Carpenters/Southwest Regional Council of Carpenters	\$10,500,000 / \$158	Southwest
Tenaya Quail Commercial Center	54,575	DIG TQE, LLC/Tenaya Frontage, LLC	\$7,475,000 / \$136	Southwest
2310 Highland Drive	28,215	Clark County Credit Union/Pueblo Highland, LLC	\$2,900,000 / \$103	Central DowntownSun
Sunpac Industrial Park	20,441	Ewing Irrigation Products, Inc/Battlearms Real Estate I, LLC	\$1,950,000 / \$95	Henderson

Cushman & Wakefield Commerce
3773 Howard Hughes Pkwy,
Suite 100 S
Las Vegas, NV 89169
comre.com

For more information, contact:
Laura Wilhelm
Research Specialist
Tel: (702) 688-6915
lwilhelm@comre.com

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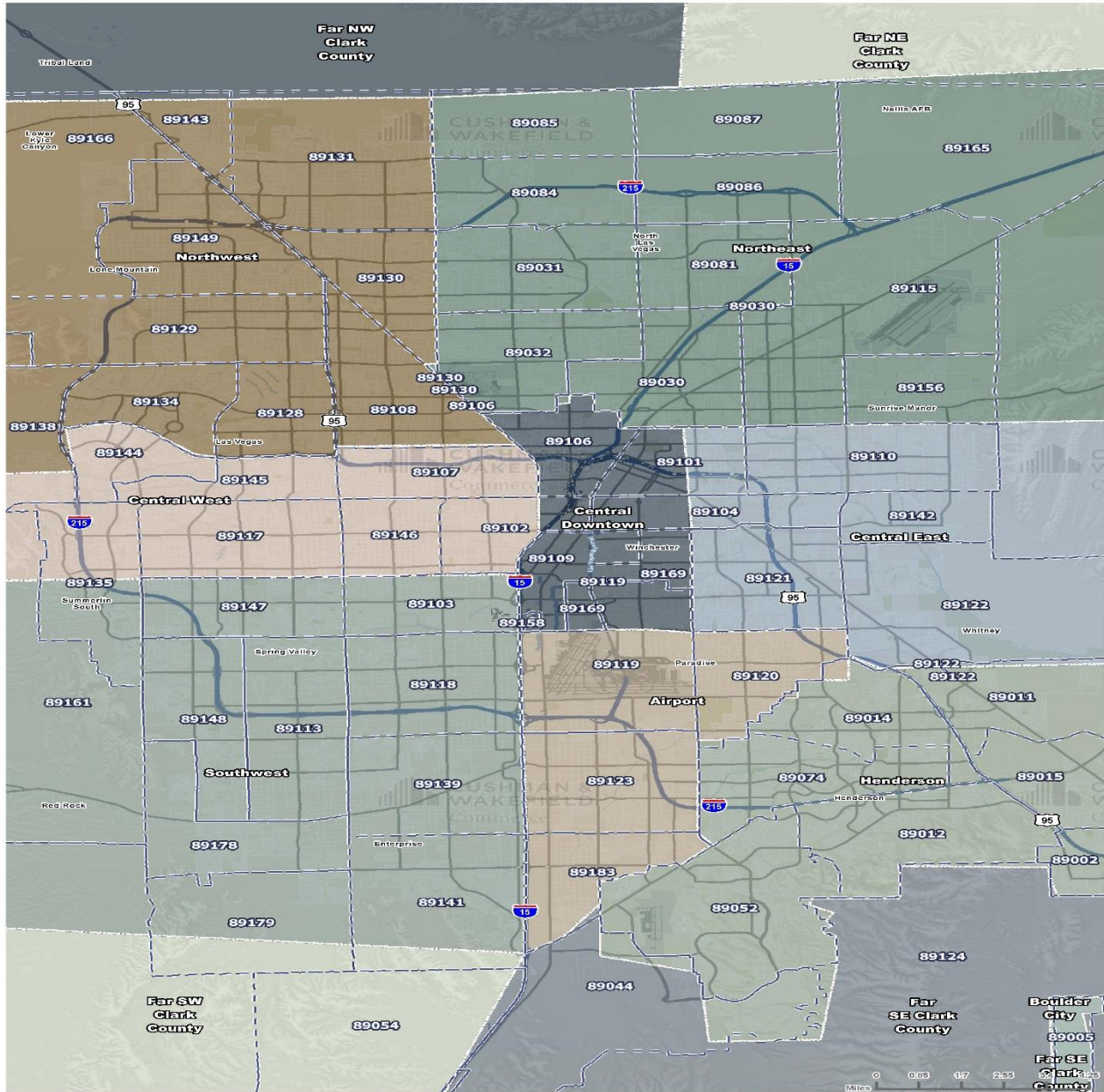
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**Industrial Submarkets
Las Vegas, NV**



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Cushman & Wakefield Commerce
3773 Howard Hughes Pkwy,
Suite 100 S
Las Vegas, NV 89169

For more information, contact:
Laura Wilhelm
Research Specialist
Tel: (702) 688-6915
lwilhelm@comre.com

About Cushman & Wakefield

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