



## Industrial Market Report

Compared to the Previous Quarter

Vacancy



Net Absorption



Lease Rates



Construction



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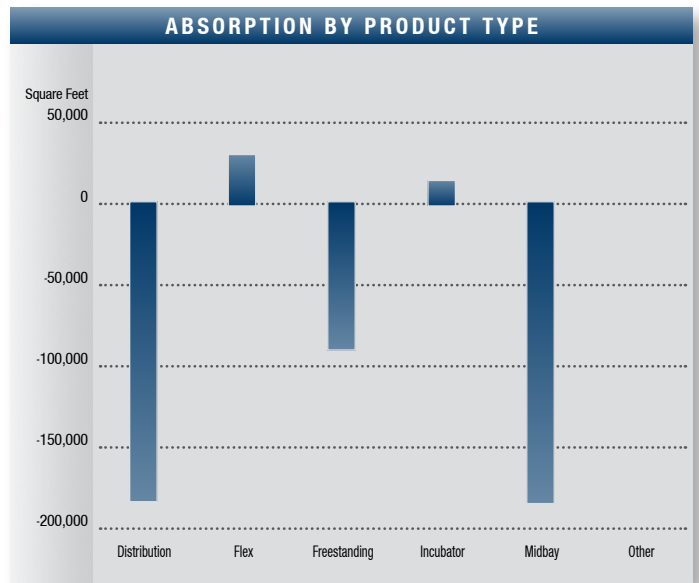
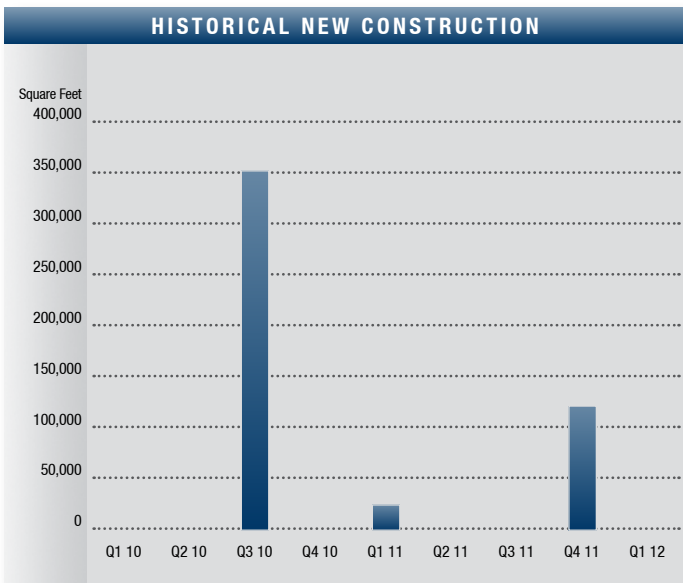
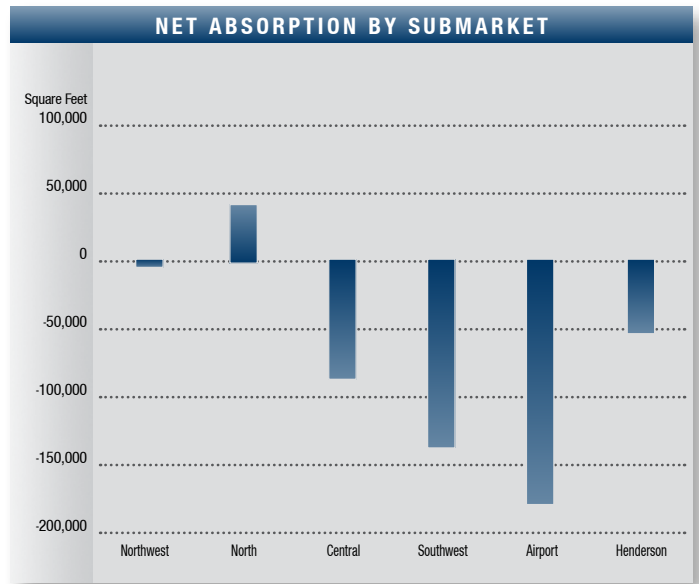
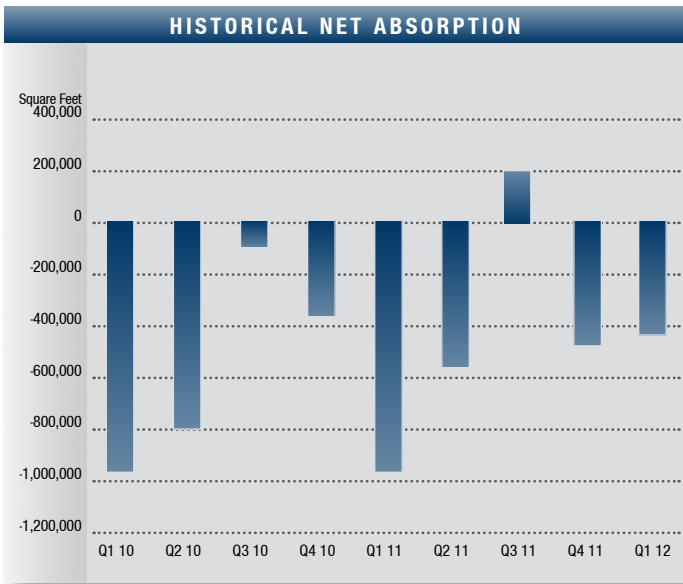
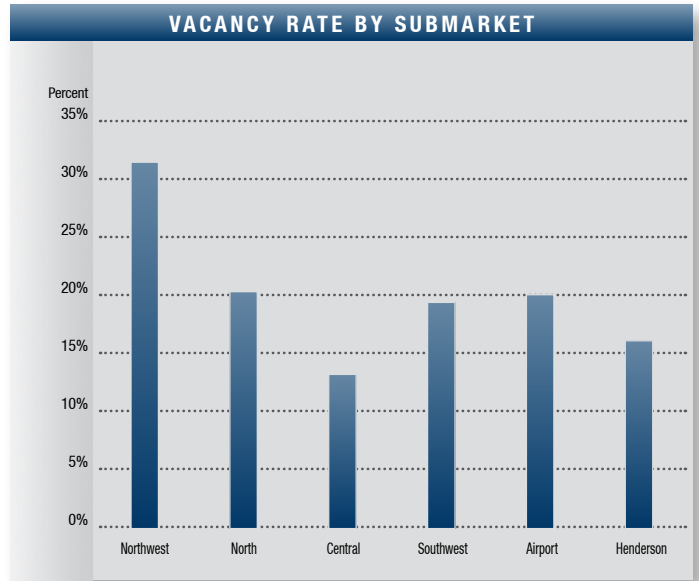
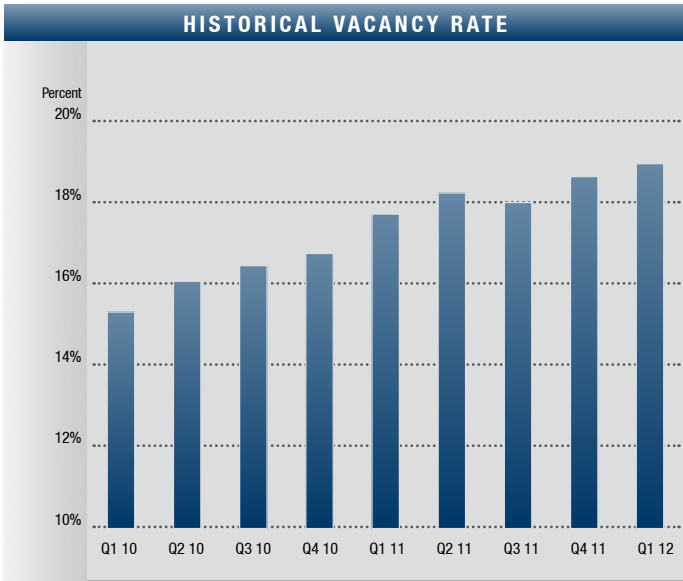
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### Market Highlights

- Market Overview** – The Las Vegas industrial market vacancy rate climbed 0.4 percentage points during the first quarter to 19.0 percent as the sector posted negative net absorption. Compared to a year ago, the vacancy rate is up 1.3 percentage points, but has been slowing its ascent on a year-over-year basis for the last four quarters.
- Demand** – Across the valley and all product types, the industrial market posted nearly 418,900 square feet of negative net absorption. The north submarket recorded positive net absorption during the first quarter with 41,500 square feet of net move-ins. Among product types, flex and incubator space experienced modest positive absorption during the quarter of 29,300 square feet and 12,700 square feet, respectively.
- Inventory** – No new projects completed construction during the first quarter of 2012, leaving overall market inventory at 104.4 million square feet. Coming off a year with a modest 142,000 square feet of completions, additional non-speculative space additions are likely to remain limited as availability remains relatively high.
- Future Supply** – A single 600,000-square-foot owner-user building is currently under construction at The Las Vegas Digital Exchange Campus for Switch, a local datacenter operator. The project is being built in the southwest submarket at the northeast corner of Warm Springs Road and Lindell Road. While an additional 65,000 square feet at Gowan Industrial Center is currently under construction, the sector overall is expected to see limited new product enter the market in the near term.
- Economic Considerations** – During the first quarter of 2012, the stock market rallied and the national labor market reported its strongest first quarter job growth (+635,000) since 2006. GDP in the prior quarter (Q4 2011) came in at 3.0 percent, above the 20-year annual average, and initial unemployment claims are at their lowest levels since 2008. Coupled with local indicators reporting positive movement, particularly in travel and tourism, it appears that a recovery is finally emerging. While the pace of improvement is expected to be slow, it appears to be trending in a positive direction.
- Looking Forward** – The industrial sector's vacancy rate continues to slowly push to new highs, which is having an impact on pricing. While the rate increase has slowed over the last two years, nearly one in five square feet remains available on the market. With limited demand in the construction industry – commercial, residential or otherwise – the impact on the industrial real estate market has been clear. That said, vacancy rates have held below 20 percent to this point as overcorrections in many sectors continues. While the recovery cycle will be lengthy, the turning point may be approaching.

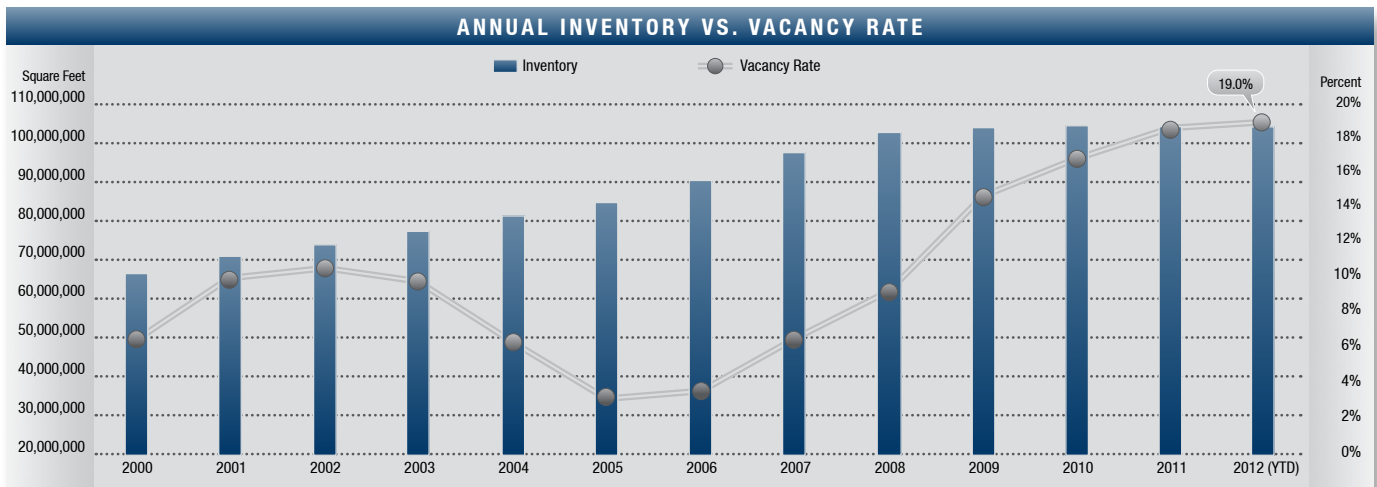
### INDUSTRIAL MARKET OVERVIEW

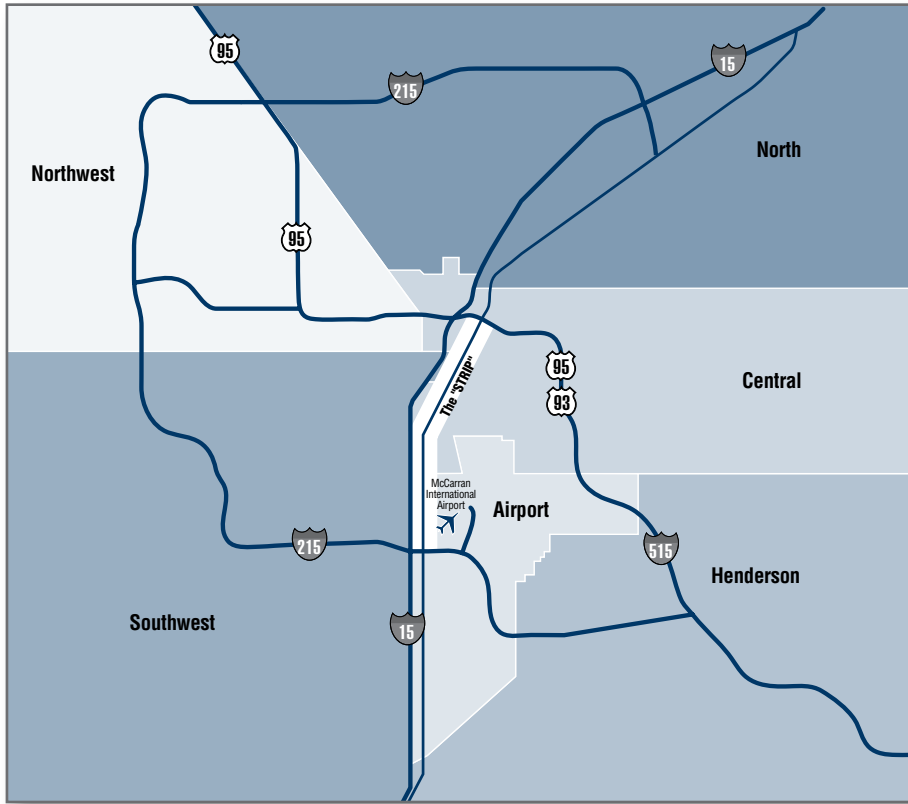
	Q1 2012	Q4 2011	Q1 2011	Q1 2012 vs. Q1 2011
Under Construction	665,000	0	120,000	454.2%
Planned Construction	112,000	777,000	125,000	(10.4%)
Vacancy	19.0%	18.6%	17.7%	7.2%
Net Absorption	(419,000)	(488,000)	(962,000)	N/A



	INVENTORY				VACANCY RATES		ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet Under Construction	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q1 2011	Net Absorption Q1 2012	Net Absorption 2011	New Supply Q1 2012	New Supply 2011
<b>Northwest</b>										
Distribution	2	196,910	–	–	83,144	42.2%	(15,923)	27,765	–	–
Flex	10	257,489	–	–	74,227	28.8%	11,299	9,604	–	–
Freestanding	6	174,690	–	–	15,000	8.6%	–	–	–	–
Incubator	2	120,000	–	–	46,592	38.8%	–	–	–	–
Midbay	–	–	–	–	–	0.0%	–	–	–	–
Other	2	54,812	–	–	32,500	59.3%	–	–	–	–
<b>Northwest Total</b>	<b>22</b>	<b>803,901</b>	<b>–</b>	<b>–</b>	<b>251,463</b>	<b>31.3%</b>	<b>(4,624)</b>	<b>37,369</b>	<b>–</b>	<b>–</b>
<b>North</b>										
Distribution	130	16,995,849	–	–	2,753,803	16.2%	46,878	(571,708)	–	–
Flex	51	1,413,149	–	–	388,336	27.5%	41,148	(35,431)	–	–
Freestanding	648	8,624,701	65,000	–	1,908,691	22.1%	702	(145,462)	–	–
Incubator	30	751,632	–	–	350,163	46.6%	(2,600)	(343)	–	–
Midbay	59	2,812,221	–	–	768,516	27.3%	(44,622)	(110,350)	–	–
Other	–	–	–	–	–	0.0%	–	–	–	–
<b>North Total</b>	<b>918</b>	<b>30,597,552</b>	<b>65,000</b>	<b>–</b>	<b>6,169,509</b>	<b>20.2%</b>	<b>41,506</b>	<b>(863,294)</b>	<b>–</b>	<b>–</b>
<b>Central</b>										
Distribution	33	1,685,812	–	–	132,412	7.9%	(11,880)	(84,798)	–	–
Flex	20	459,945	–	–	78,253	17.0%	(36,843)	1,747	–	–
Freestanding	145	2,143,518	–	–	253,254	11.8%	(12,713)	1,536	–	–
Incubator	35	782,593	–	–	134,739	17.2%	(2,897)	922	–	–
Midbay	53	1,763,461	–	–	301,709	17.1%	(20,475)	(34,052)	–	–
Other	–	–	–	–	–	0.0%	–	–	–	–
<b>Central Total</b>	<b>286</b>	<b>6,835,329</b>	<b>–</b>	<b>–</b>	<b>900,367</b>	<b>13.2%</b>	<b>(84,808)</b>	<b>(114,645)</b>	<b>–</b>	<b>–</b>
<b>Southwest</b>										
Distribution	121	12,394,496	600,000	51,502	1,752,282	14.1%	(103,267)	(394,822)	–	–
Flex	231	7,331,670	–	–	1,612,629	22.0%	1,207	(42,485)	–	–
Freestanding	746	10,014,737	–	–	2,224,331	22.2%	(29,982)	(98,368)	–	120,000
Incubator	58	1,962,167	–	–	339,065	17.3%	11,632	(34,153)	–	–
Midbay	126	6,780,583	–	–	1,513,529	22.3%	(16,582)	(83,689)	–	–
Other	–	–	–	–	–	0.0%	–	–	–	–
<b>Southwest Total</b>	<b>1,282</b>	<b>38,483,653</b>	<b>600,000</b>	<b>51,502</b>	<b>7,441,836</b>	<b>19.3%</b>	<b>(136,992)</b>	<b>(653,517)</b>	<b>–</b>	<b>120,000</b>
<b>Airport</b>										
Distribution	63	4,662,268	–	–	851,968	18.3%	(63,347)	72,791	–	–
Flex	132	2,743,594	–	–	566,388	20.6%	(3,663)	(117,723)	–	–
Freestanding	172	3,379,278	–	60,064	563,621	16.7%	(19,215)	(28,480)	–	22,000
Incubator	28	794,639	–	–	169,497	21.3%	–	(4,423)	–	–
Midbay	53	2,539,998	–	–	704,588	27.7%	(93,514)	(82,722)	–	–
Other	1	44,631	–	–	–	0.0%	–	–	–	–
<b>Airport Total</b>	<b>449</b>	<b>14,164,408</b>	<b>–</b>	<b>60,064</b>	<b>2,856,062</b>	<b>20.2%</b>	<b>(179,739)</b>	<b>(160,557)</b>	<b>–</b>	<b>22,000</b>
<b>Henderson</b>										
Distribution	54	6,168,541	–	–	489,584	7.9%	(37,143)	(2,624)	–	–
Flex	44	819,811	–	–	146,449	17.9%	16,140	(34,236)	–	–
Freestanding	343	4,235,274	–	–	952,823	22.5%	(30,549)	(26,061)	–	–
Incubator	6	189,442	–	–	30,837	16.3%	6,597	26,553	–	–
Midbay	47	2,114,108	–	–	558,509	26.4%	(9,304)	11,840	–	–
Other	–	–	–	–	–	0.0%	–	–	–	–
<b>Henderson Total</b>	<b>494</b>	<b>13,527,176</b>	<b>–</b>	<b>–</b>	<b>2,178,202</b>	<b>16.1%</b>	<b>(54,259)</b>	<b>(24,528)</b>	<b>–</b>	<b>–</b>
<b>Las Vegas Total</b>										
Distribution	403	42,103,876	600,000	51,502	6,063,193	14.4%	(184,682)	(953,396)	–	–
Flex	488	13,025,658	–	–	2,866,282	22.0%	29,288	(218,524)	–	–
Freestanding	2,060	28,572,198	65,000	60,064	5,917,720	20.7%	(91,757)	(296,835)	–	142,000
Incubator	159	4,600,473	–	–	1,070,893	23.3%	12,732	(11,444)	–	–
Midbay	338	16,010,371	–	–	3,846,851	24.0%	(184,497)	(298,973)	–	–
Other	3	99,443	–	–	32,500	32.7%	–	–	–	–
<b>Las Vegas Total</b>	<b>3,451</b>	<b>104,412,019</b>	<b>665,000</b>	<b>111,566</b>	<b>19,797,439</b>	<b>19.0%</b>	<b>(418,916)</b>	<b>(1,779,172)</b>	<b>–</b>	<b>142,000</b>

This survey consists of buildings greater than 5,000 square feet.





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**INCUBATOR**

500-1,500 SF divisibility, minimal office, one roll-up door

**FLEX**

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