



Industrial Market Report

Compared to the Previous Quarter:

Vacancy

DOWN

Net Absorption

POSITIVE

Lease Rates

FLAT

Construction

DOWN

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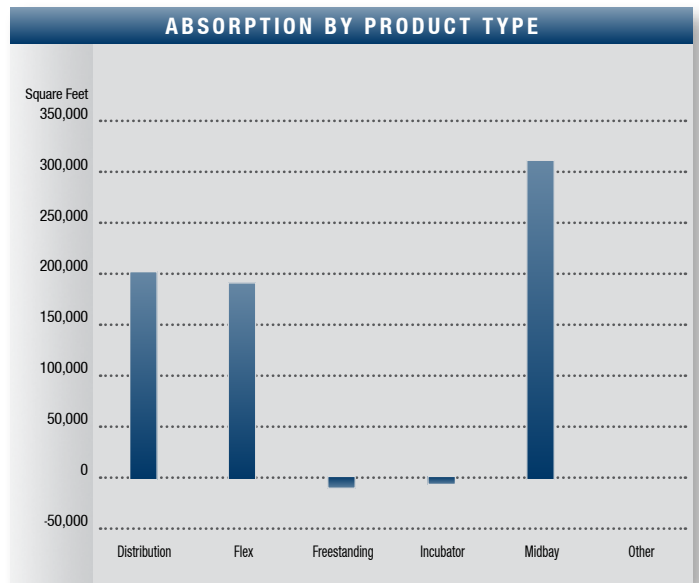
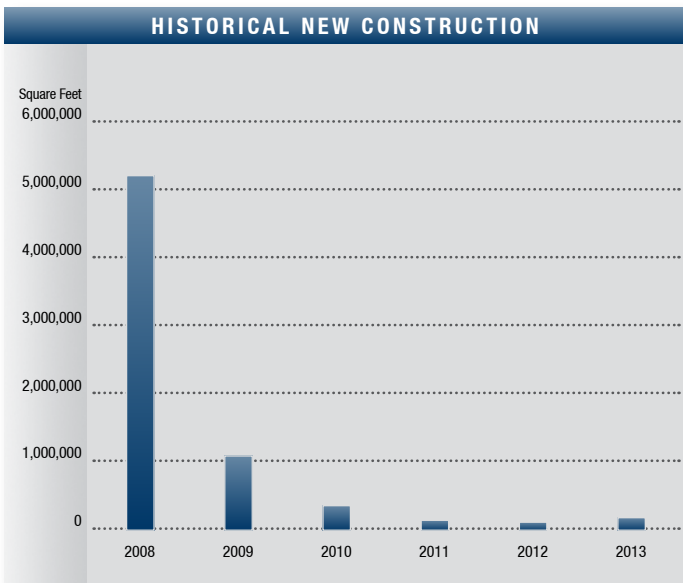
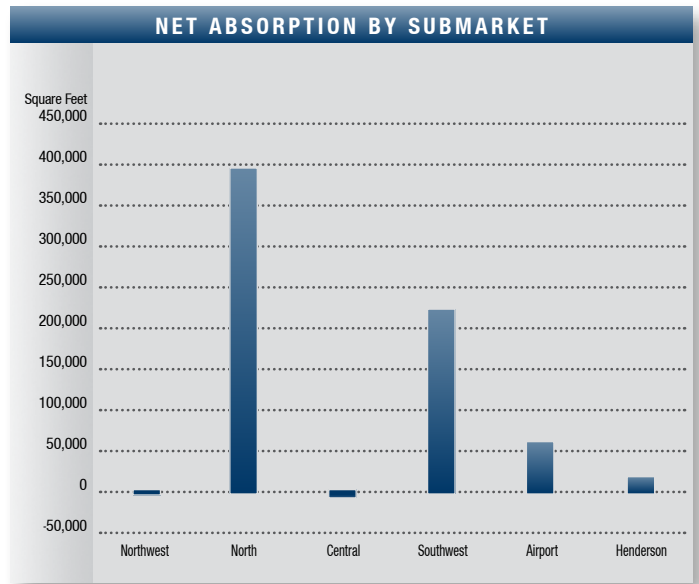
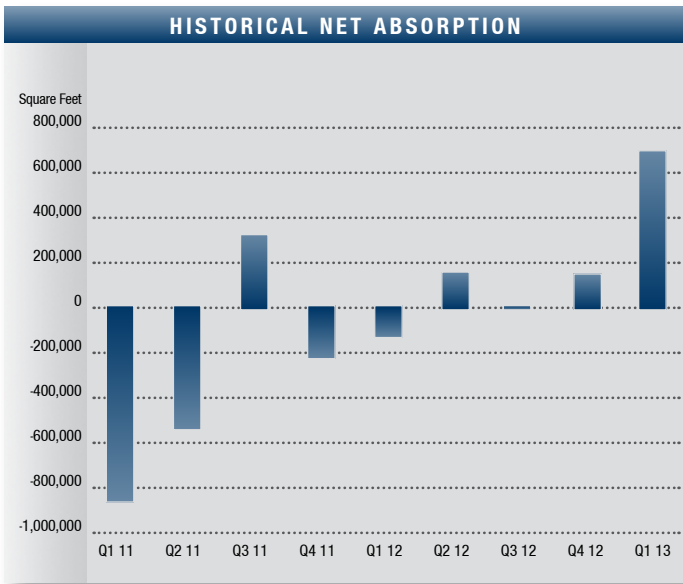
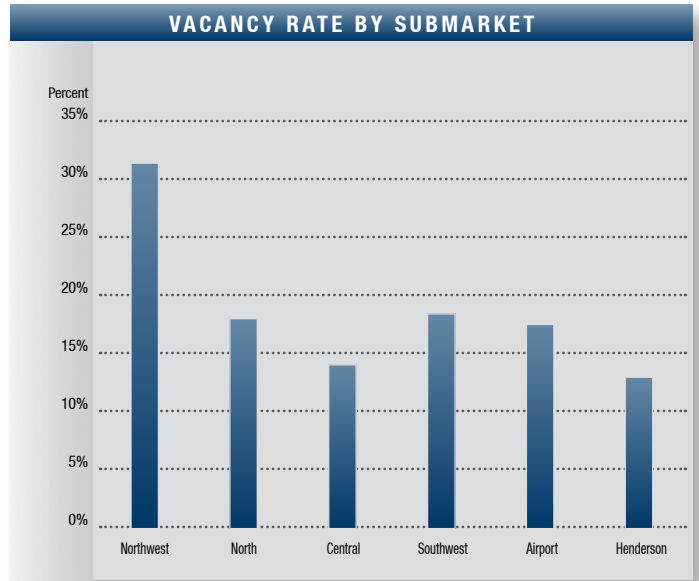
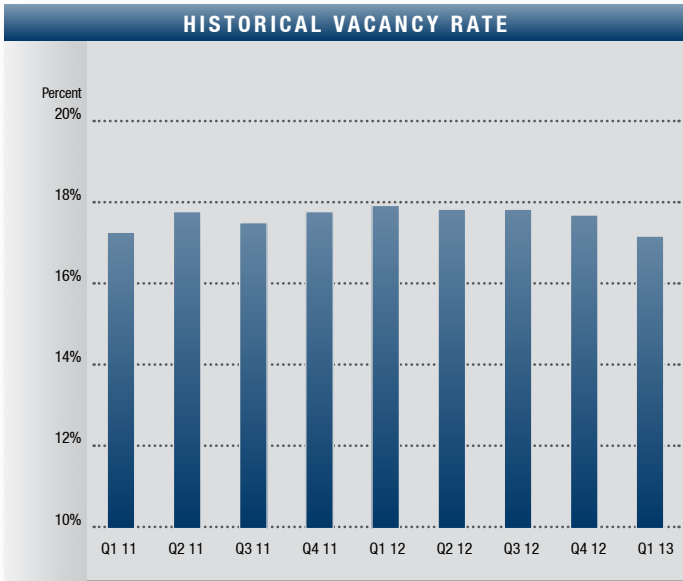
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Market Highlights

- Market Overview** – The industrial market vacancy rate reported a meaningful decline during the first quarter of 2013, falling to 17.2 percent. Compared to the prior quarter (Q4 2012), the vacancy rate is down 50 basis points (0.5 percent), while compared to a year ago (Q1 2012), it is down 70 basis points (0.7 percent). The latest period represents the first substantial year-over-year decline in vacancy rate since the first quarter of 2006.
- Demand** – The sector reported approximately 690,600 square feet of positive net absorption during the first quarter of the year, the highest amount since the fourth quarter of 2008. The increased demand is largely attributable to a lease signed by Hand Air Express for 303,200 square feet at 2880 North Lamb Boulevard. Other major lease transactions included the 133,400 square feet in the north by Derse and 80,700 square feet by Mercy, Inc. in the southwest.
- Inventory** – During the first quarter of 2013, approximately 160,000 square feet completed construction, bringing total inventory to 105.4 million square feet. Approximately 115,000 square feet was sourced to new facilities for Old Dominion Freight Lines and Knight Transportation in the north, while Bon Breads Baking Company on the northeast corner of Teco Avenue and Decatur Boulevard comprised the other 45,000 square feet.
- Future Supply** – Four projects totaling 910,000 square feet remain actively under construction throughout the valley. The majority (730,000 square feet) is located in the southwest, mainly attributable to the 600,000-square-foot Switch SuperNap8. The new headquarters for SHFL Entertainment comprises the remaining 130,000 square feet. In addition, the 110,000-square-foot facility for Heritage Foods is under construction in the north submarket at the southeast corner of Cheyenne Avenue and Simmons Street, while another 70,000 square feet is sourced to VadaTech on the southeast corner of Gibson Road and American Pacific Drive in Henderson.
- Economic Considerations** – The national economic recovery continued to slow in recent months while local growth has been modest and measured. National real gross domestic product (GDP) for the fourth quarter of 2012 (latest available) reported an annual growth rate of just 0.4 percent. Consumer confidence fell to 59.7 in March of 2013, down 14.1 percent compared to a year ago, while expectations declined an even more dramatic 26.2 percent to 60.9. In addition, while the national unemployment rate fell to 7.6 percent in March, just 88,000 jobs were added to the market. In Las Vegas, employment expanded by 2.0 percent year-over-year in February, and the local unemployment rate dropped significantly to 9.8 percent (down from 12.1 percent).
- Looking Forward** – While the first quarter's positive net absorption profile is not necessarily an indication of future outcomes, anecdotal reports suggest a renewed optimism is unfolding. Additionally, as average asking rates remained relatively flat for the fifth consecutive quarter, investor interest appears to be picking up.

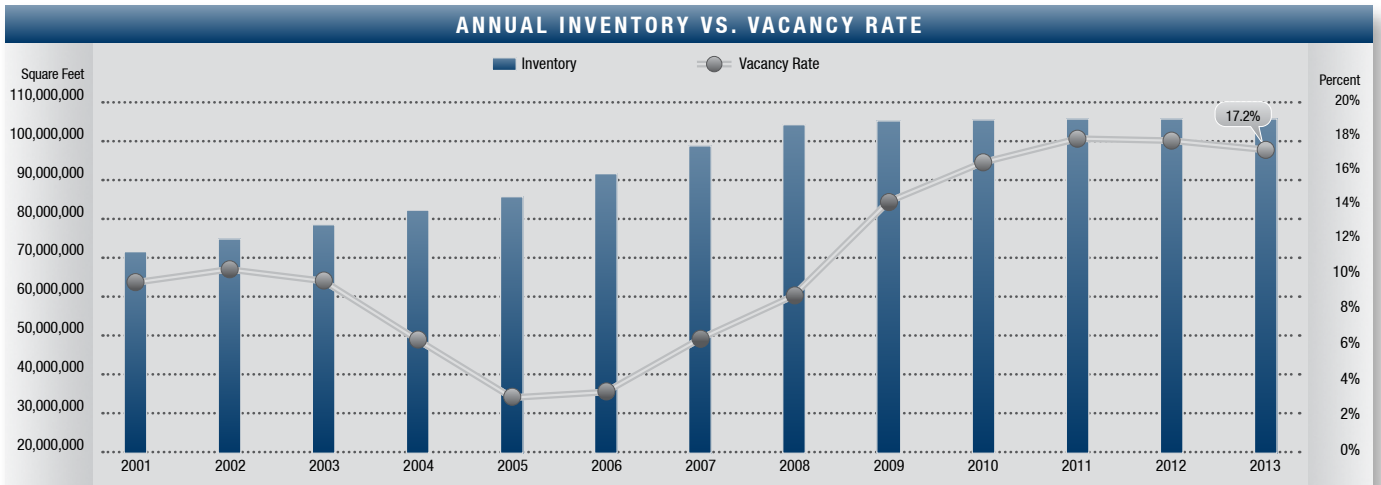
INDUSTRIAL MARKET OVERVIEW

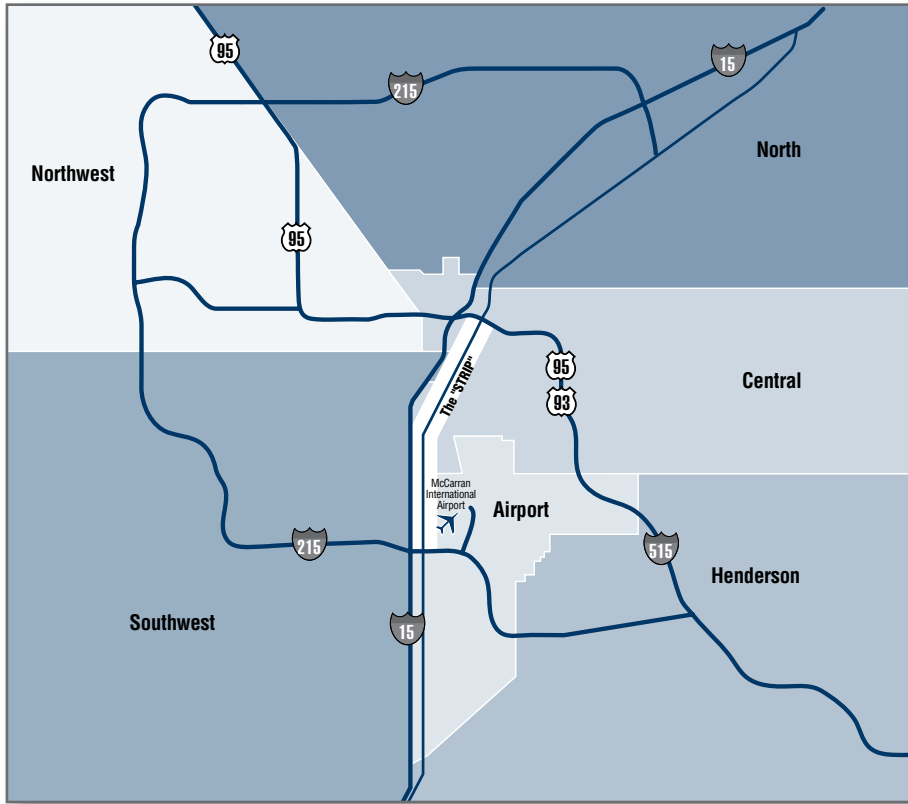
	Q1 2013	Q4 2012	Q1 2012	Q1 2013 vs. Q1 2012
Under Construction	910,000	990,000	665,000	36.8%
Planned Construction	711,566	781,566	681,566	4.4%
Vacancy	17.2%	17.7%	17.9%	(0.7%)
Net Absorption	690,584	148,814	(132,313)	N/A



	INVENTORY				VACANCY RATES		ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet Under Construction	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q1 2013	Net Absorption Q1 2013	Net Absorption 2012	New Supply Q1 2013	New Supply 2012
Northwest										
Distribution	2	196,910	0	300,000	89,352	45.4%	(2,140)	(19,991)	0	0
Flex	10	257,489	0	0	68,850	26.7%	0	16,676	0	0
Freestanding	6	174,690	0	0	15,000	8.6%	0	0	0	0
Incubator	2	120,000	0	0	46,592	38.8%	0	0	0	0
Midbay	0	0	0	0	0	0.0%	0	0	0	0
Other	2	54,812	0	0	32,500	59.3%	0	0	0	0
Northwest Total	22	803,901	0	300,000	252,294	31.4%	(2,140)	(3,315)	0	0
North										
Distribution	133	17,114,271	0	0	2,430,268	14.2%	289,725	50,479	0	0
Flex	51	1,416,895	0	0	383,019	27.0%	(13,294)	74,966	0	0
Freestanding	661	8,856,611	110,000	0	1,893,712	21.4%	(8,073)	95,204	115,000	65,000
Incubator	30	751,632	0	0	275,003	36.6%	12,795	24,195	0	0
Midbay	58	2,742,221	0	0	565,475	20.6%	115,700	6,128	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
North Total	933	30,881,630	110,000	0	5,547,477	18.0%	396,853	250,972	115,000	65,000
Central										
Distribution	32	1,665,632	0	0	133,361	8.0%	(139)	(12,690)	0	0
Flex	20	459,945	0	0	62,923	13.7%	24,757	(46,270)	0	0
Freestanding	145	2,144,918	0	0	329,022	15.3%	(26,472)	(69,529)	0	0
Incubator	35	782,593	0	0	136,293	17.4%	(4,380)	(71)	0	0
Midbay	55	1,852,970	0	0	305,529	16.5%	519	(24,814)	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
Central Total	287	6,906,058	0	0	967,128	14.0%	(5,715)	(153,374)	0	0
Southwest										
Distribution	121	12,376,371	600,000	51,502	1,868,818	15.1%	(144,317)	(125,486)	0	0
Flex	231	7,338,164	0	0	1,408,173	19.2%	90,773	121,384	0	0
Freestanding	751	10,482,015	130,000	0	2,136,449	20.4%	113,803	(144,505)	45,000	0
Incubator	58	2,020,567	0	0	405,054	20.0%	(5,337)	2,919	0	0
Midbay	127	6,803,423	0	0	1,325,293	19.5%	168,649	8,429	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
Southwest Total	1,288	39,020,540	730,000	51,502	7,143,787	18.3%	223,571	(137,259)	45,000	0
Airport										
Distribution	63	4,637,703	0	0	703,834	15.2%	(23,786)	25,217	0	0
Flex	132	2,825,179	0	0	489,359	17.3%	68,778	4,588	0	0
Freestanding	174	3,402,474	0	60,064	566,093	16.6%	(52,559)	8,472	0	0
Incubator	28	794,639	0	0	173,519	21.8%	(1,953)	(2,069)	0	0
Midbay	52	2,504,998	0	0	523,162	20.9%	70,503	(31,072)	0	0
Other	1	44,631	0	0	0	0.0%	0	0	0	0
Airport Total	450	14,209,624	0	60,064	2,455,967	17.3%	60,983	5,136	0	0
Henderson										
Distribution	54	6,168,541	0	300,000	301,142	4.9%	83,322	54,794	0	0
Flex	46	841,013	0	0	160,503	19.1%	22,340	(21,890)	0	0
Freestanding	345	4,281,920	70,000	0	899,139	21.0%	(36,824)	(15,096)	0	0
Incubator	6	189,442	0	0	25,779	13.6%	(7,846)	19,501	0	0
Midbay	47	2,114,108	0	0	358,001	16.9%	(43,960)	157,209	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
Henderson Total	498	13,595,024	70,000	300,000	1,744,564	12.8%	17,032	194,518	0	0
Las Vegas Total										
Distribution	405	42,159,428	600,000	651,502	5,526,775	13.1%	202,665	(27,677)	0	0
Flex	490	13,138,685	0	0	2,572,827	19.6%	193,354	149,454	0	0
Freestanding	2,082	29,342,628	310,000	60,064	5,839,415	19.9%	(10,125)	(125,454)	160,000	65,000
Incubator	159	4,658,873	0	0	1,062,240	22.8%	(6,721)	44,475	0	0
Midbay	339	16,017,720	0	0	3,077,460	19.2%	311,411	115,880	0	0
Other	3	99,443	0	0	32,500	32.7%	0	0	0	0
Las Vegas Total	3,478	105,416,777	910,000	711,566	18,111,217	17.2%	690,584	156,678	160,000	65,000

Note: Planned inventory includes projects that previously commenced construction but are not actively underway.





PRODUCT TYPE

INCUBATOR

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

FLEX

1,500-3,000 SF divisibility, 40% or more office build-out, one roll-up door, high visibility

MIDBAY

5,000-15,000 SF divisibility, 10-15% office build-out, dock-high and grade-level loading

DISTRIBUTION

Over 15,000 SF divisibility, 3-5% office build-out, multiple docks and grade-level loading

FREESTANDING

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OTHER

Tenant improvements to a non-conventional build-out

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