



MARKET CHANGE

Compared to Previous Quarter:

Vacancy

DOWN



Net Absorption

POSITIVE



Lease Rates

UP



Deliveries

UP



HIGHLIGHTS

- Market Overview** – In the first quarter of 2015, the Las Vegas industrial market reported a vacancy rate of 7.4 percent. Compared to the prior quarter (Q4 2014), the vacancy rate declined 70 basis points (0.7 percentage points). Meanwhile, the vacancy rate is down 340 basis points (3.4 percentage points) from a year ago (Q1 2014). Vacancies are now at levels last seen in the first quarter of 2008.
- Demand** – The industrial market reported 1.2 million SF of positive net absorption in the first quarter of 2015. During the quarter, Dynamax Operations West Inc. leased approximately 112,000 SF at 6585 South Escondido Street, while Updike Distribution Logistics reportedly signed a deal for 65,600 SF at 4550 Engineers Way in Golden Triangle Industrial Park. In addition, Golden Star Inc. leased roughly 58,600 SF at 5406 El Campo Grande in Northern Beltway Industrial Center, and Walmart Stores East LP took 52,800 SF at 4711 Mitchell Street.
- Inventory** – Three projects totaling 505,200 SF completed construction during the first quarter bringing total inventory to 108.3 million SF. The largest completion was the 400,000 SF TJX Companies expansion at its facility located at 4100 East Lone Mountain Road. In addition, MCM Contractors West completed a 51,500 SF facility at 7040 Redwood Street, while Thatcher Company of Nevada finished its 53,700 SF building at 90 Business Center Street.
- Future Supply** – The amount of space actively under construction at the end of the first quarter of 2015 fell to 2.1 million square feet. A number of projects continued to make progress, including VSR Industries' expansion (28,000 SF), The Chef's Warehouse (74,100 SF), Catamaran (100,000 SF), Konami Gaming (193,400 SF), Prologis Las Vegas Corporate Center #19 (464,200 SF) and Switch SuperNAPs 9 and 10 (815,000 SF). In addition, Prologis Las Vegas Corporate Center #20 broke ground at 3330 East Gowan Road (153,500 SF), while Ainsworth Game Technology started development on its 291,000 SF facility on the northeast corner of Interstate-215 and Jones Boulevard.
- Economic Considerations** – In February 2015 (latest available data), the Las Vegas MSA reported annual job growth of 27,500 positions. The most notable gains were witnessed by the leisure and hospitality sector (+10,600 jobs) and the construction sector (+5,500 jobs). Other sectors reporting substantial year-over-year growth included professional and business services (+4,000 jobs), retail trade (+3,800 jobs) and education and health services (+1,700 jobs). Consumer spending continues to report dramatic gains as well. For the 12 months ending January 2015 (latest available data), taxable retail sales reached an all-time high of \$36.7 billion, which represents an increase of 9.3 percent from the prior 12-month period.
- Overall** – The industrial market vacancy rate continues to report substantial declines, while development activity is on the rise. The market is expected to continue to outperform its retail and office counterparts as users continue to demand larger spaces.

FORECAST

- Employment** – Employment is expected to continue to report year-over-year gains, with significant improvements in the leisure and hospitality, construction and retail trade sectors.
- Construction** – A handful of speculative development projects are expected to break ground in the coming quarters.
- Vacancy** – The vacancy rate will likely continue to decline, falling below 7.0 percent by the end of 2015.

OVERVIEW

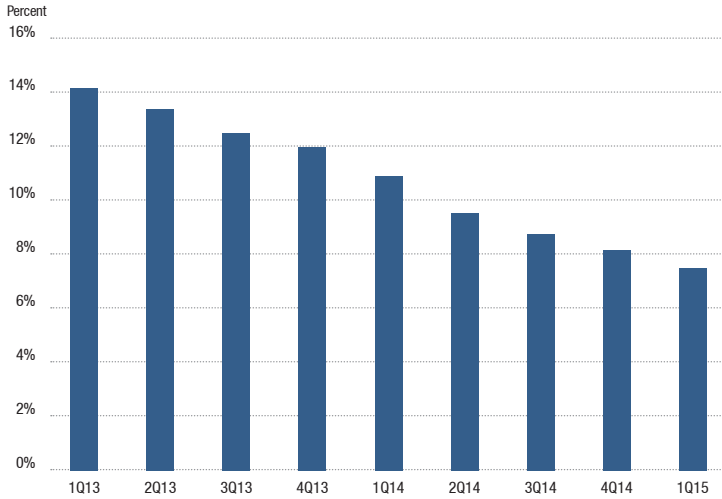
	1Q15	4Q14	1Q14	% Change vs. 1Q14
Under Construction	2,119,154	2,179,926	1,426,295	48.6%
Planned Construction	3,318,060	1,715,684	923,339	259.4%
Vacancy	7.4%	8.1%	10.8%	(3.4%)
Net Absorption	1,248,012	693,349	1,570,482	N/A

To view available properties or electronic versions of current or past market reports, please visit:

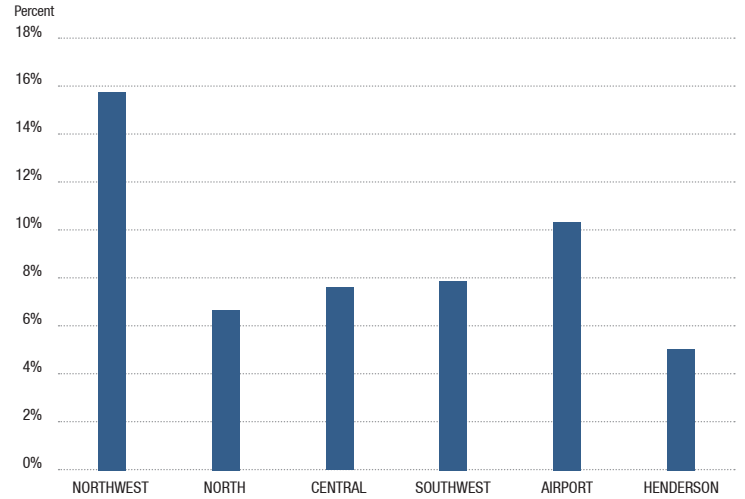
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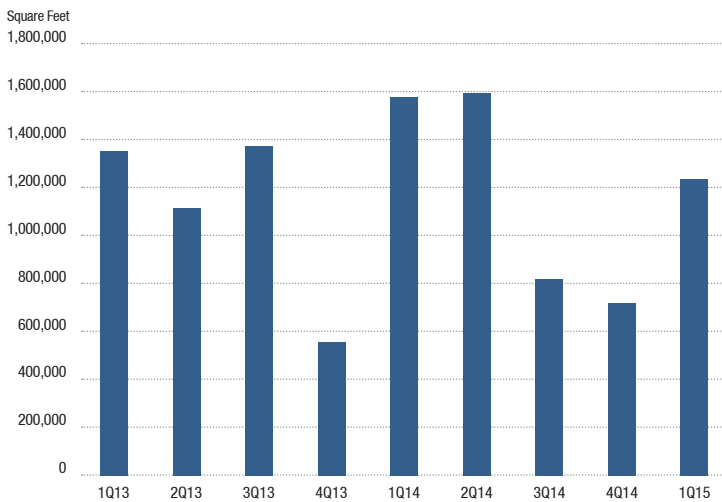
HISTORICAL VACANCY RATE



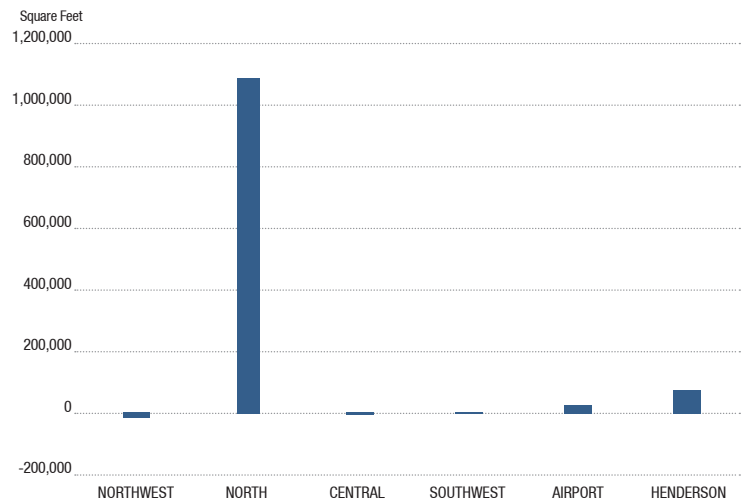
VACANCY RATE BY SUBMARKET



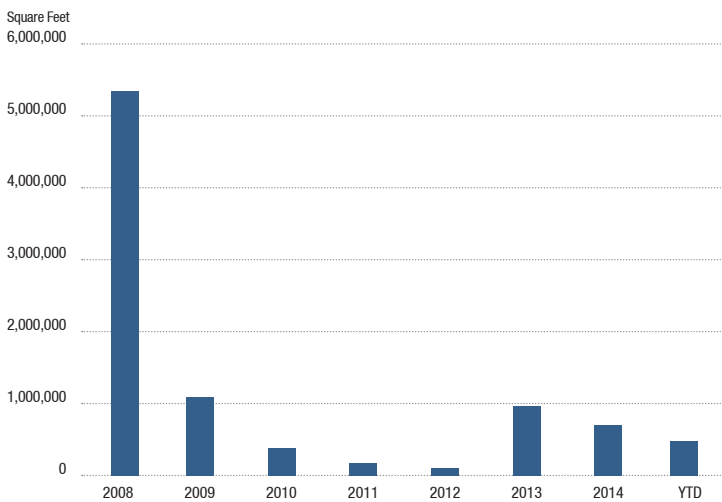
HISTORICAL NET ABSORPTION



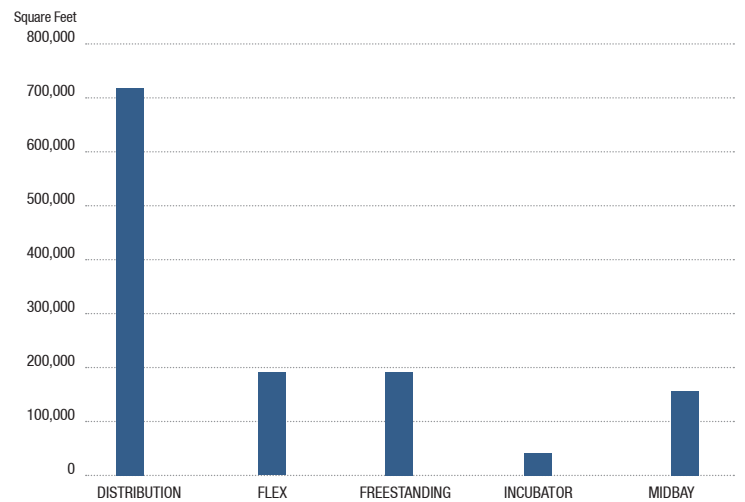
NET ABSORPTION BY SUBMARKET



HISTORICAL NEW CONSTRUCTION

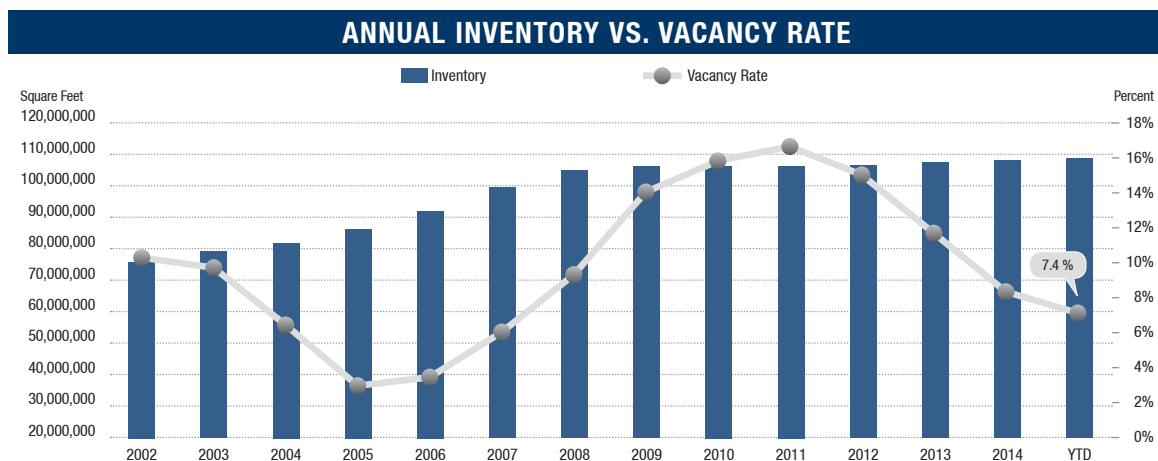


NET ABSORPTION BY PRODUCT TYPE



	INVENTORY			VACANCY RATES			ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet Under Construction	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2015	Net Absorption 1Q2015	Net Absorption 2014	New Supply 1Q2015	New Supply 2014
Northwest										
Distribution	2	196,910	0	0	3,800	1.9%	0	63,780	0	0
Flex	12	312,301	0	0	70,582	22.6%	1,555	5,294	0	0
Freestanding	6	181,690	0	0	0	0.0%	0	22,000	0	0
Incubator	2	120,000	0	0	50,552	42.1%	(8,440)	4,480	0	0
Midbay	0	0	0	0	0	0.0%	0	0	0	0
Northwest Total	22	810,901	0	0	124,934	15.4%	(6,885)	95,554	0	0
North										
Distribution	139	18,658,275	617,659	1,860,204	555,018	3.0%	891,271	885,323	400,000	288,019
Flex	50	1,391,684	0	0	298,788	21.5%	66,891	(24,457)	0	0
Freestanding	670	9,231,968	0	180,000	902,567	9.8%	151,610	242,466	0	0
Incubator	30	751,632	0	0	201,946	26.9%	(8,450)	46,443	0	0
Midbay	63	2,799,567	0	0	269,624	9.6%	(1,521)	176,177	0	0
North Total	952	32,833,126	617,659	2,040,204	2,227,943	6.8%	1,099,801	1,325,952	400,000	288,019
Central										
Distribution	31	1,642,231	0	0	98,902	6.0%	0	(64,522)	0	0
Flex	20	459,945	0	0	36,596	8.0%	(8,410)	2,091	0	0
Freestanding	147	2,253,668	0	0	95,433	4.2%	454	114,408	0	0
Incubator	29	488,733	0	0	52,269	10.7%	5,435	15,729	0	0
Midbay	50	1,575,115	0	0	184,205	11.7%	(12,015)	22,422	0	0
Central Total	277	6,419,692	0	0	467,405	7.3%	(14,536)	90,128	0	0
Southwest										
Distribution	117	12,016,409	74,111	583,280	998,687	8.3%	(142,066)	821,931	0	0
Flex	228	6,907,456	0	0	704,262	10.2%	66,076	228,203	0	0
Freestanding	759	11,446,650	1,206,000	0	624,563	5.5%	(34,105)	511,111	51,502	0
Incubator	67	2,419,227	0	0	227,513	9.4%	30,487	86,034	0	35,520
Midbay	122	6,626,409	0	0	489,144	7.4%	81,382	349,120	0	0
Southwest Total	1,293	39,416,151	1,280,111	583,280	3,044,169	7.7%	1,774	1,996,399	51,502	35,520
Airport										
Distribution	61	4,419,272	0	0	275,577	6.2%	7,215	213,141	0	0
Flex	127	2,532,203	0	0	446,595	17.6%	29,278	(5,360)	0	0
Freestanding	182	4,512,151	193,384	0	382,331	8.5%	(28,148)	75,469	0	0
Incubator	32	894,639	0	0	100,450	11.2%	9,115	46,583	0	0
Midbay	50	2,422,998	0	0	288,809	11.9%	28,692	77,088	0	0
Airport Total	452	14,781,263	193,384	0	1,493,762	10.1%	46,152	406,921	0	0
Henderson										
Distribution	55	6,464,541	0	694,576	94,062	1.5%	(26,204)	478,827	0	296,000
Flex	46	864,315	0	0	117,382	13.6%	15,483	39,224	0	0
Freestanding	347	4,394,293	28,000	0	231,817	5.3%	79,106	206,999	53,726	70,000
Incubator	6	189,442	0	0	8,032	4.2%	5,678	2,874	0	0
Midbay	48	2,139,608	0	0	213,950	10.0%	47,643	16,714	0	0
Henderson Total	502	14,052,199	28,000	694,576	665,243	4.7%	121,706	744,638	53,726	366,000
Las Vegas Total										
Distribution	405	43,397,638	691,770	3,138,060	2,026,046	4.7%	730,216	2,398,480	400,000	584,019
Flex	483	12,467,904	0	0	1,674,205	13.4%	170,873	244,995	0	0
Freestanding	2,111	32,020,420	1,427,384	180,000	2,236,711	7.0%	168,917	1,172,453	105,228	70,000
Incubator	166	4,863,673	0	0	640,762	13.2%	33,825	202,143	0	35,520
Midbay	333	15,563,697	0	0	1,445,732	9.3%	144,181	641,521	0	0
Las Vegas Total	3,498	108,313,332	2,119,154	3,318,060	8,023,456	7.4%	1,248,012	4,659,592	505,228	689,539

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

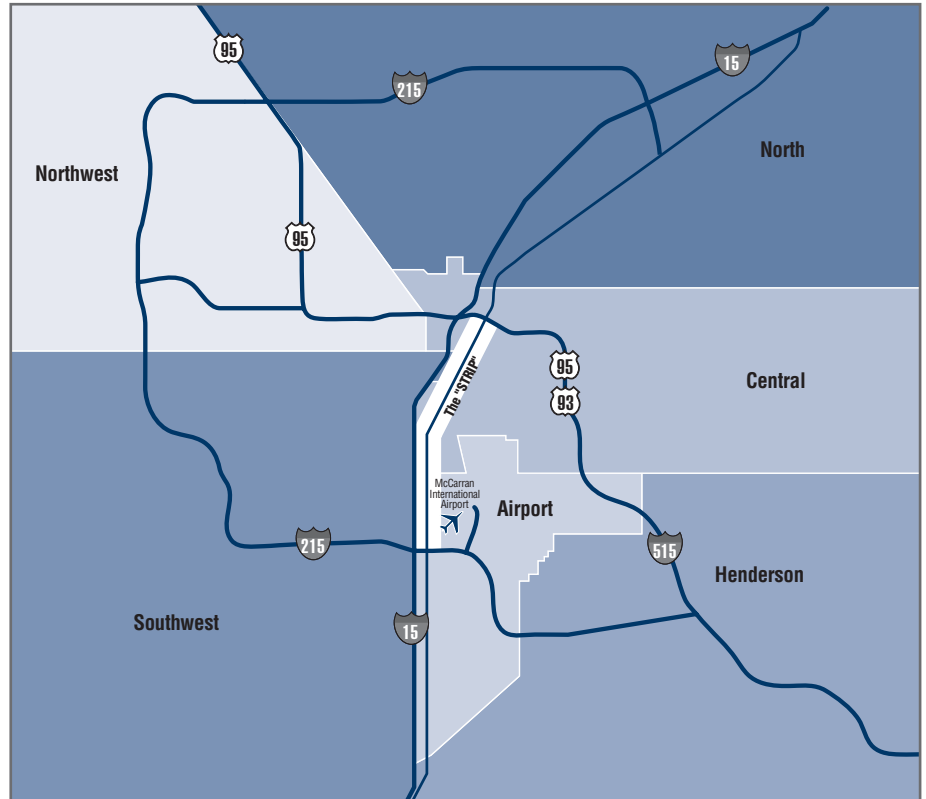
5,000-15,000 SF divisibility, 10-15% office build-out, dock-high and grade-level loading

Distribution

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

Freestanding

Single or dual user(s)



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