



Industrial Market Report

Compared to the Previous Quarter

Vacancy



UP

Net Absorption



NEGATIVE

Lease Rates



FLAT

Construction



DOWN

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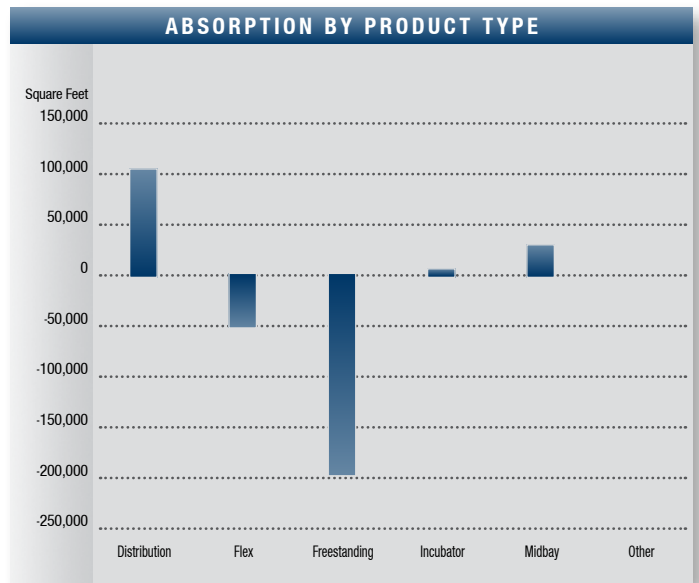
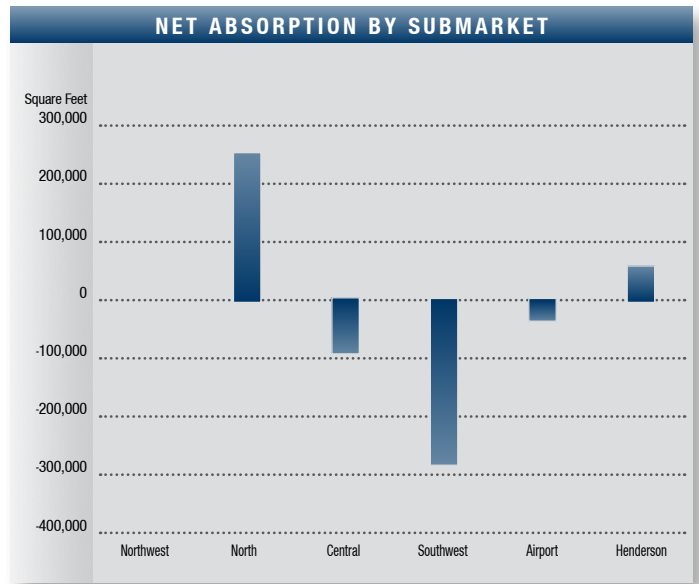
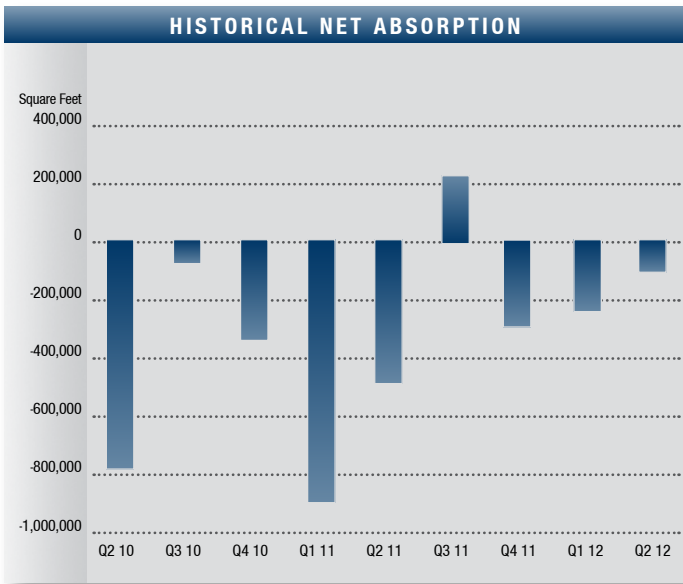
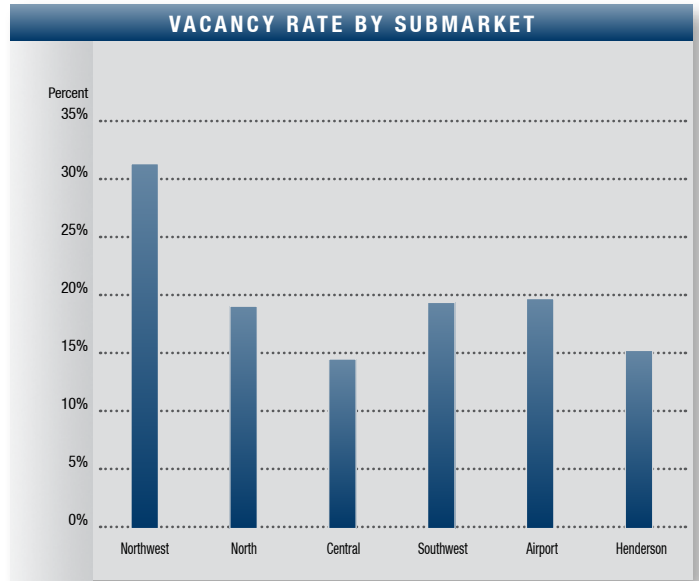
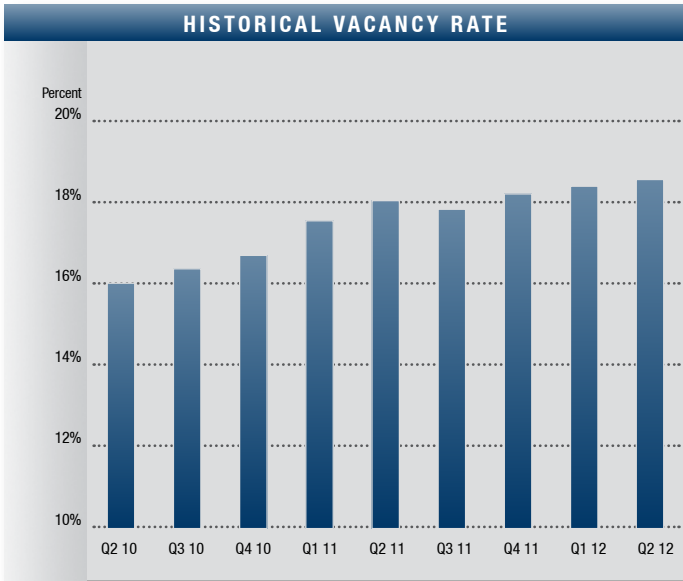
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Market Highlights

- Market Overview** – The Las Vegas industrial market reported a vacancy rate of 18.5 percent during the second quarter of 2012, up 0.1 percentage points since the prior quarter (Q1 2012). The rate remains 0.5 percentage points higher than a year ago (Q2 2011).
- Demand** – The market reported 103,000 square feet of negative net absorption during the quarter, bringing the year-to-date net absorption to negative 344,000 square feet. Distribution space reported 106,000 square feet of positive absorption during the quarter, while the north submarket witnessed positive 250,000 square feet. The strong performance is partially attributable to the leasing of 108,000 square feet of distribution space at Golden Triangle Industrial Park in the north submarket to ViaWest datacenter.
- Inventory** – One project totaling 65,000 square feet completed construction during the quarter. With 11 buildings, Gowan Industrial Center brought total inventory in the industrial market to 104.8 million square feet. In the past twelve months 185,000 square feet of space has entered the market, with 120,000 attributable to the U.S. Micro Corp facility that was completed in the fourth quarter of 2011.
- Future Supply** – Construction continues on two new datacenter facilities for Switch, bringing total space under construction to 900,000 square feet. The company will have one 600,000-square-foot facility at the northeast corner of Warm Spring and Lindell, while the 300,000-square-foot North Las Vegas facility will be located at the southeast corner of Buffalo and Peak. Another 222,000 square feet of space remains planned, including a new 110,000-square-foot headquarters for Shuffle Master located at the northwest corner of Jones and 215.
- Economic Considerations** – Broader economic recovery appeared to slow during the second quarter of 2012. Stock markets declined while national consumer confidence fell 10.8 percent. Gross domestic product (GDP) for the first quarter (reported in Q2 2012) increased at an annual rate of 1.9 percent, slower than the 3.0 percent reported in the previous quarter. Local indicators remain mixed as the tourism industry continues to edge in a positive direction and as construction continues to lag. The local recovery cycle is expected to be elongated given the depth of the most recent downturn and the persisting challenges in the housing and job markets.
- Looking Forward** – Pricing for industrial space remains well below pre-recession levels. However, the quarter-to-quarter declines are starting to slow as asking rents remained flat in the second quarter. It is unlikely the market will witness much recovery in pricing until significant levels of positive net absorption are reported for a sustained period of time. However, with increases in vacancy and declines in pricing slowing, the industrial market may be entering a trough in the cycle.

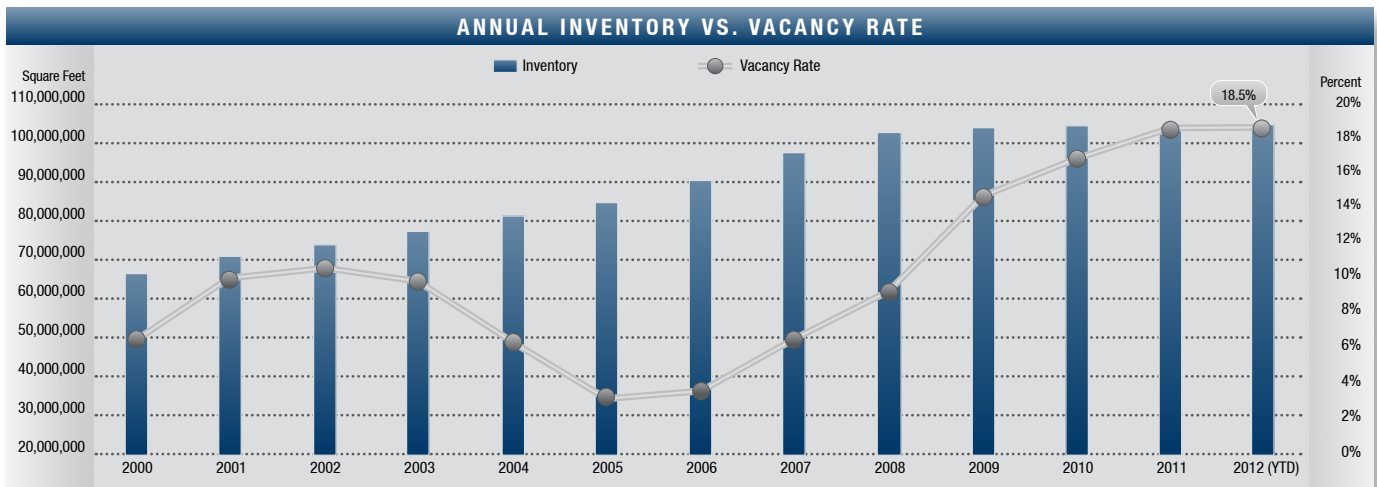
INDUSTRIAL MARKET OVERVIEW

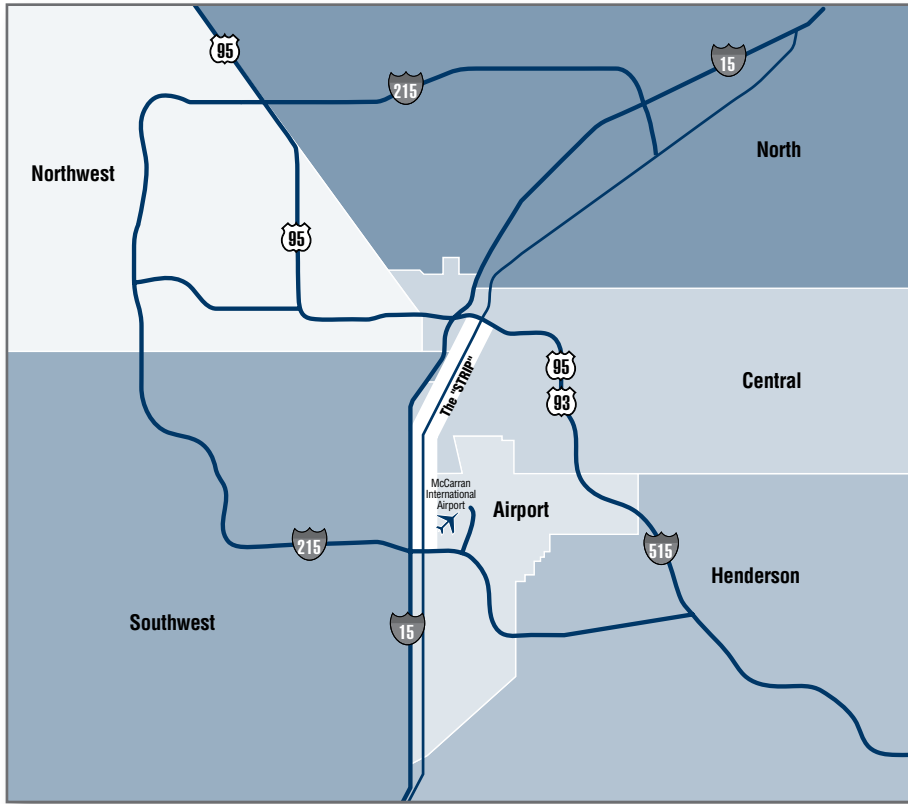
	Q2 2012	Q1 2012	Q2 2011	Q2 2012 vs. Q2 2011
Under Construction	900,000	965,000	120,000	650.0%
Planned Construction	222,000	112,000	125,000	77.6%
Vacancy	18.5%	18.4%	18.0%	0.5%
Net Absorption	(103,000)	(240,000)	(490,000)	N/A



	INVENTORY				VACANCY RATES		ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet Under Construction	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q22012	Net Absorption Q22012	Net Absorption 2012	New Supply Q22012	New Supply 2012
Northwest										
Distribution	2	196,910	300,000	0	83,144	42.2%	0	(15,923)	0	0
Flex	10	257,489	0	0	74,227	28.8%	0	11,299	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	300,000	0	251,463	31.3%	0	(4,624)	0	0
North										
Distribution	131	17,020,257	0	0	2,496,504	14.7%	138,149	181,753	0	0
Flex	51	1,413,149	0	0	366,732	26.0%	21,604	62,752	0	0
Freestanding	659	8,694,216	0	0	1,852,408	21.3%	78,748	103,350	65,000	65,000
Incubator	30	751,632	0	0	338,680	45.1%	11,483	8,883	0	0
Midbay	59	2,812,221	0	0	751,362	26.7%	22	(39,528)	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
North Total	930	30,691,475	0	0	5,805,686	18.9%	250,006	317,210	65,000	65,000
Central										
Distribution	33	1,685,812	0	0	128,412	7.6%	4,000	(7,880)	0	0
Flex	20	459,945	0	0	78,253	17.0%	0	(36,843)	0	0
Freestanding	145	2,143,518	0	0	313,254	14.6%	(60,000)	(72,713)	0	0
Incubator	35	782,593	0	0	143,555	18.3%	(8,816)	(11,713)	0	0
Midbay	54	1,801,120	0	0	330,303	18.3%	(28,594)	(49,069)	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
Central Total	287	6,872,988	0	0	993,777	14.5%	(93,410)	(178,218)	0	0
Southwest										
Distribution	121	12,394,496	600,000	51,502	1,698,766	13.7%	(26,484)	(99,751)	0	0
Flex	231	7,331,670	0	0	1,682,680	23.0%	(70,051)	(68,844)	0	0
Freestanding	747	10,314,737	0	110,000	2,333,751	22.6%	(212,017)	(241,999)	0	0
Incubator	58	1,962,167	0	0	346,724	17.7%	(7,659)	3,973	0	0
Midbay	126	6,780,583	0	0	1,477,081	21.8%	36,720	20,138	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
Southwest Total	1,283	38,783,653	600,000	161,502	7,539,002	19.4%	(279,491)	(386,483)	0	0
Airport										
Distribution	63	4,662,268	0	0	815,882	17.5%	(28,332)	(71,679)	0	0
Flex	132	2,743,594	0	0	538,332	19.6%	(941)	14,343	0	0
Freestanding	172	3,379,278	0	60,064	547,100	16.2%	4,573	(2,694)	0	0
Incubator	28	794,639	0	0	171,028	21.5%	(1,531)	(1,531)	0	0
Midbay	53	2,539,998	0	0	717,044	28.2%	(12,456)	(105,970)	0	0
Other	1	44,631	0	0	0	0.0%	0	0	0	0
Airport Total	449	14,164,408	0	60,064	2,789,386	19.7%	(38,687)	(167,531)	0	0
Henderson										
Distribution	54	6,168,541	0	0	470,705	7.6%	18,879	(18,264)	0	0
Flex	44	820,540	0	0	148,302	18.1%	(1,853)	14,287	0	0
Freestanding	343	4,235,274	0	0	961,394	22.7%	(8,571)	(39,120)	0	0
Incubator	6	189,442	0	0	16,809	8.9%	14,028	20,625	0	0
Midbay	47	2,114,108	0	0	450,778	21.3%	35,610	98,427	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
Henderson Total	494	13,527,905	0	0	2,047,988	15.1%	58,093	75,955	0	0
Las Vegas Total										
Distribution	404	42,128,284	900,000	51,502	5,693,413	13.5%	106,212	(31,744)	0	0
Flex	488	13,026,387	0	0	2,888,526	22.2%	(51,241)	(3,006)	0	0
Freestanding	2,072	28,941,713	0	170,064	6,022,907	20.8%	(197,267)	(253,176)	65,000	65,000
Incubator	159	4,600,473	0	0	1,063,388	23.1%	7,505	20,237	0	0
Midbay	339	16,048,030	0	0	3,726,568	23.2%	31,302	(76,002)	0	0
Other	3	99,443	0	0	32,500	32.7%	0	0	0	0
Las Vegas Total	3,465	104,844,330	900,000	221,566	19,427,302	18.5%	(103,489)	(343,691)	65,000	65,000

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





PRODUCT TYPE

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FLEX

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