



## Industrial Market Report

Compared to the Previous Quarter:

Vacancy

DOWN

Net Absorption

POSITIVE

Lease Rates

UP

Deliveries

UP

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### Market Highlights

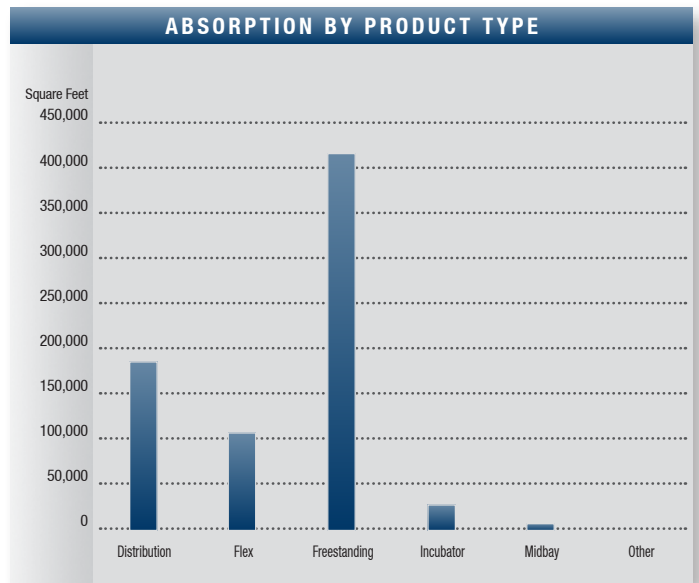
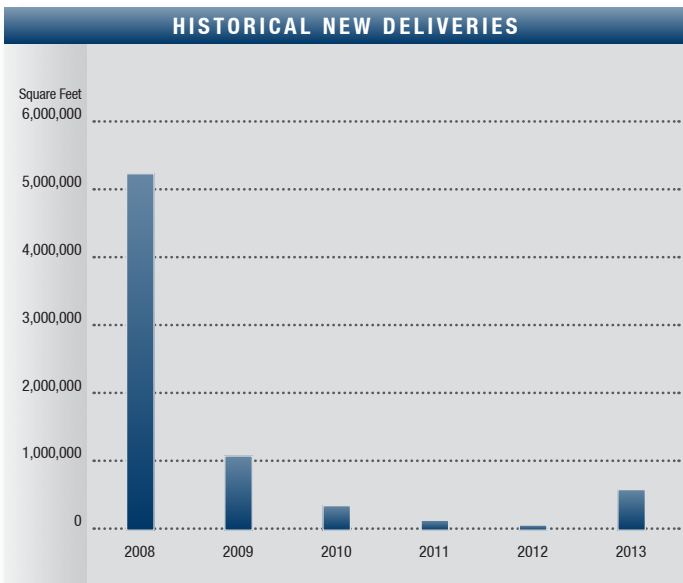
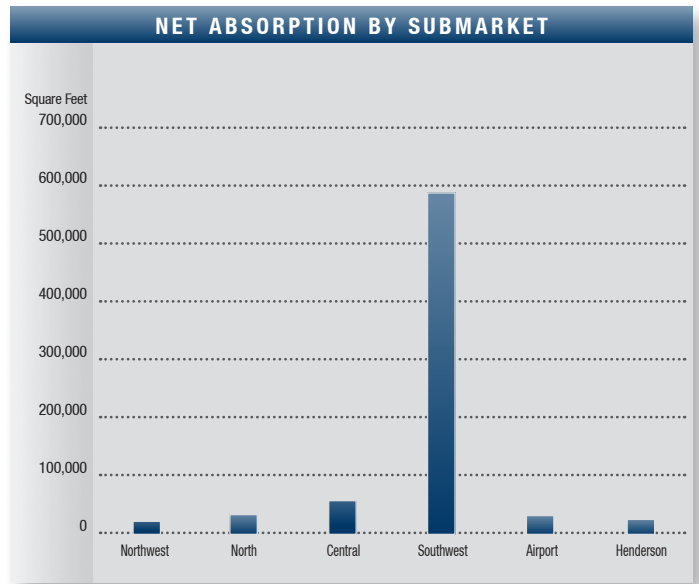
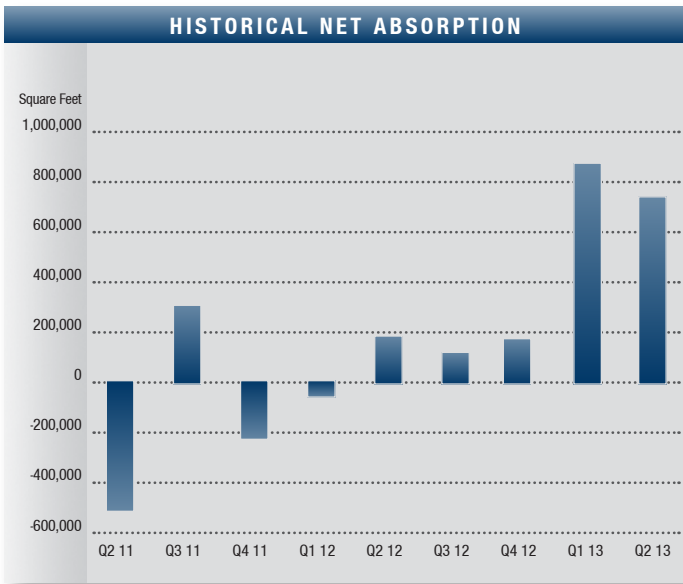
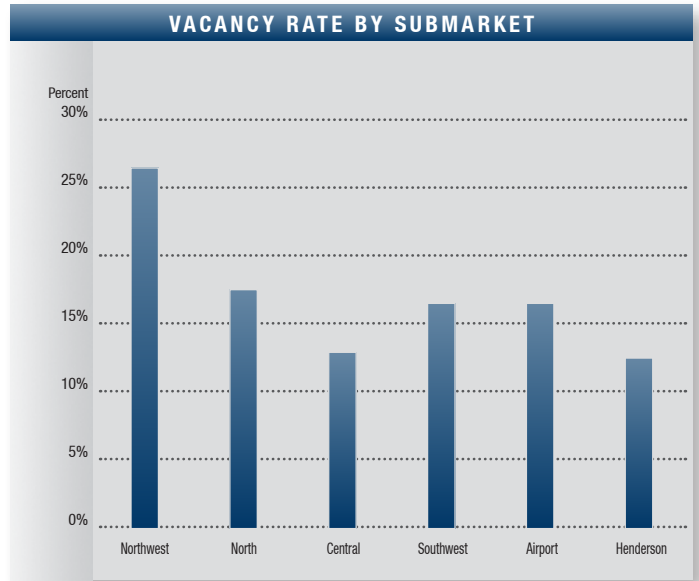
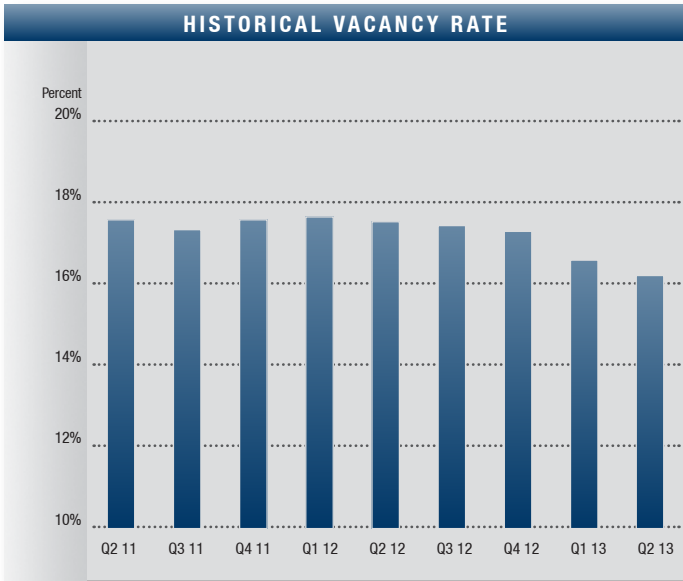
- Market Overview** – The industrial vacancy rate fell to 16.2 percent during the second quarter of 2013. Compared to the prior quarter (Q1 2013), vacancies are down 30 basis points (0.3 percentage points). The rate has fallen 130 basis points (1.3 percentage points) when compared to a year ago (Q2 2012). A recent resurgence in demand has helped to reduce the vacancy rate for five consecutive quarters.
- Demand** – The sector reported approximately 741,000 square feet of net move-ins during the quarter, bringing net absorption in the first six months of the year to 1.6 million square feet. During the quarter, approximately 100,000 square feet was leased to Shepard Exposition Services in the Russell Road Distribution Center at 5845 Wynn Road. In addition, Nationwide Power Solutions signed a lease for 56,300 square feet in Pacific Business Center at 1060 Mary Crest Drive.
- Inventory** – Three projects totaling 422,100 square feet completed construction during the quarter, bringing total inventory to 106.9 million square feet. Switch completed its 265,000-square-foot SuperNAP 8 in the southwest portion of the valley, while the 97,000-square-foot facility for Chelten House Products was completed in the north. In addition, Pama Airport South at the southeast corner of Spencer Street and Pama Lane was completed after stalling in the second quarter of 2009, which added 60,000 square feet to the market. The project is currently vacant and for sale.
- Future Supply** – Construction activity increased to over 1.5 million square feet in the second quarter, the highest it has been since the third quarter of

2008. While VadaTech (70,000 square feet), SHFL Entertainment (130,000 square feet) and the United Brotherhood of Carpenters (222,000 square feet) continue to move forward, a number of projects broke ground during the quarter as well. Shetakis Wholesalers is building a 65,600-square-foot addition and Konami Gaming has started construction on a 193,400-square-foot expansion. FedEx also broke ground on its new facility at South 15 Airport Center (296,000 square feet), while Switch began constructing MegaNAP 9 (525,000 square feet).

- Economic Considerations** – The southern Nevada economy appears to be gaining some traction as a number of sectors continue to report improvements. Employment expanded by 17,200 jobs in May of 2013 when compared to the prior year, while the unemployment rate fell from 11.4 percent to 9.3 percent. Additionally, new home sales volumes remain on the rise while home prices continue to escalate in both the new and resale markets. In response to approximately 1.3 months of effective availability in the resale market, home builders continue to increase production in response to market demand. Consumer spending levels also signal increased stability in the local economy.
- Looking Forward** – Recent economic trends appear to be flowing through to the industrial real estate market. While positive movements in the sector have largely been sourced to user-specific developments, increasing demand in speculative buildings is emerging. The downward trend line in vacancies is a welcome sign, and one that this is expected to continue.

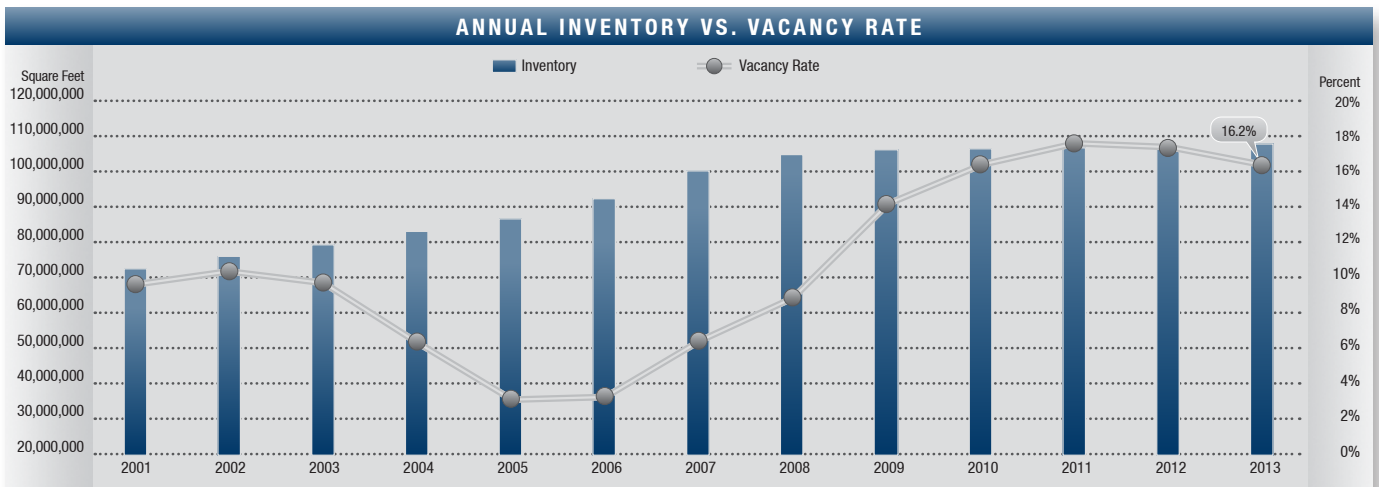
### INDUSTRIAL MARKET OVERVIEW

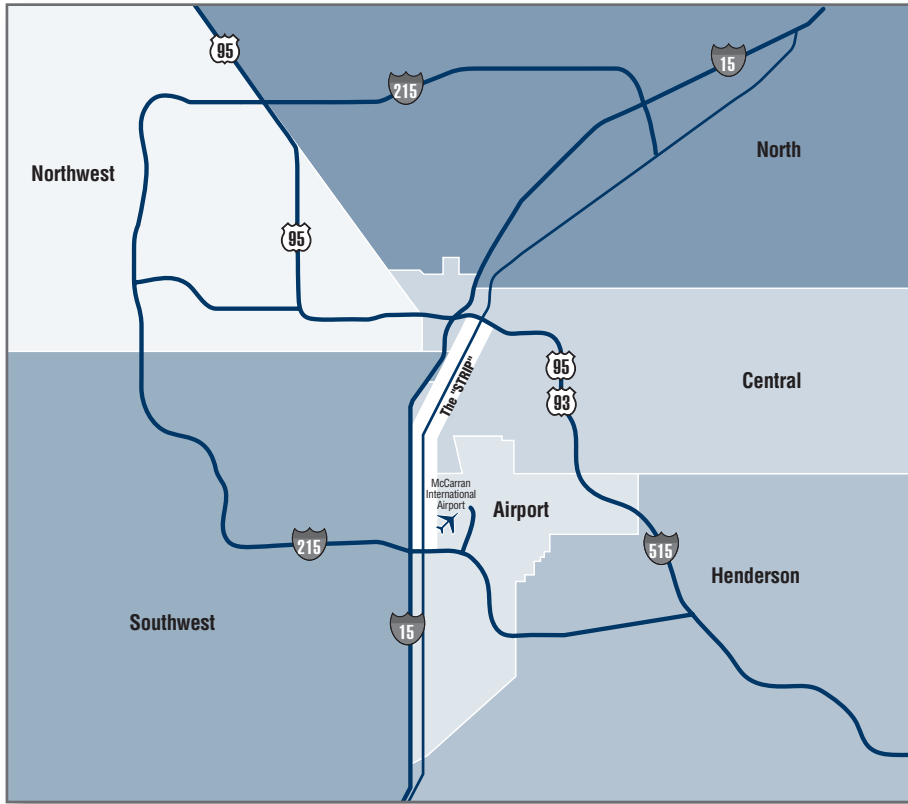
	Q2 2013	Q1 2013	Q2 2012	Q2 2013 vs. Q2 2012
Under Construction	1,502,012	844,149	280,000	436.4%
Planned Construction	534,403	1,431,514	1,794,035	(70.2%)
Vacancy	16.2%	16.5%	17.5%	(1.3%)
Net Absorption	741,028	878,186	186,230	N/A



	INVENTORY				VACANCY RATES		ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet Under Construction	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q2 2013	Net Absorption Q2 2013	Net Absorption 2013	New Supply Q2 2013	New Supply 2013
<b>Northwest</b>										
Distribution	2	196,910	0	0	76,058	38.6%	13,294	11,154	0	0
Flex	10	257,489	0	0	42,558	16.5%	5,757	10,956	0	0
Freestanding	6	174,690	0	300,000	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
<b>Northwest Total</b>	<b>22</b>	<b>803,901</b>	<b>0</b>	<b>300,000</b>	<b>212,708</b>	<b>26.5%</b>	<b>19,051</b>	<b>22,110</b>	<b>0</b>	<b>0</b>
<b>North</b>										
Distribution	134	17,211,356	65,628	182,901	2,488,186	14.5%	(67,566)	318,892	97,085	97,085
Flex	51	1,416,895	0	0	365,462	25.8%	18,523	5,229	0	0
Freestanding	662	9,053,171	0	0	1,772,135	19.6%	82,107	74,659	0	115,000
Incubator	30	751,632	0	0	282,414	37.6%	(11,011)	1,784	0	0
Midbay	58	2,742,221	0	0	550,682	20.1%	8,502	124,202	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
<b>North Total</b>	<b>935</b>	<b>31,175,275</b>	<b>65,628</b>	<b>182,901</b>	<b>5,458,879</b>	<b>17.5%</b>	<b>30,555</b>	<b>524,766</b>	<b>97,085</b>	<b>212,085</b>
<b>Central</b>										
Distribution	32	1,665,632	0	0	133,361	8.0%	0	(139)	0	0
Flex	20	459,945	0	0	50,895	11.1%	12,028	36,785	0	0
Freestanding	146	2,233,668	0	0	314,565	14.1%	4,447	(13,265)	0	0
Incubator	35	782,593	0	0	123,185	15.7%	13,108	8,728	0	0
Midbay	55	1,877,070	0	0	280,647	15.0%	24,882	25,401	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
<b>Central Total</b>	<b>288</b>	<b>7,018,908</b>	<b>0</b>	<b>0</b>	<b>902,653</b>	<b>12.9%</b>	<b>54,465</b>	<b>57,510</b>	<b>0</b>	<b>0</b>
<b>Southwest</b>										
Distribution	120	12,051,371	0	0	1,468,608	12.2%	210,530	185,673	0	0
Flex	230	7,306,774	0	0	1,280,314	17.5%	93,564	189,676	0	0
Freestanding	753	11,154,015	655,000	51,502	2,030,671	18.2%	291,188	401,947	265,000	310,000
Incubator	58	2,020,567	0	0	385,015	19.1%	20,039	14,702	0	0
Midbay	126	6,741,293	0	0	1,347,643	20.0%	(29,670)	135,879	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
<b>Southwest Total</b>	<b>1,287</b>	<b>39,274,020</b>	<b>655,000</b>	<b>51,502</b>	<b>6,512,251</b>	<b>16.6%</b>	<b>585,651</b>	<b>927,877</b>	<b>265,000</b>	<b>310,000</b>
<b>Airport</b>										
Distribution	63	4,637,703	0	0	703,745	15.2%	89	(23,697)	0	0
Flex	132	2,825,179	0	0	507,946	18.0%	(18,587)	50,191	0	0
Freestanding	183	4,252,319	415,384	0	583,369	13.7%	42,788	(9,771)	60,064	60,064
Incubator	28	794,639	0	0	169,187	21.3%	4,332	2,379	0	0
Midbay	52	2,504,998	0	0	523,506	20.9%	(923)	69,680	0	0
Other	1	44,631	0	0	0	0.0%	0	0	0	0
<b>Airport Total</b>	<b>459</b>	<b>15,059,469</b>	<b>415,384</b>	<b>0</b>	<b>2,487,753</b>	<b>16.5%</b>	<b>27,699</b>	<b>88,782</b>	<b>60,064</b>	<b>60,064</b>
<b>Henderson</b>										
Distribution	54	6,168,541	296,000	0	322,109	5.2%	28,898	62,355	0	0
Flex	46	841,013	0	0	154,777	18.4%	(4,458)	17,882	0	0
Freestanding	345	4,280,775	70,000	0	848,919	19.8%	(5,020)	(34,449)	0	0
Incubator	6	189,442	0	0	24,554	13.0%	1,225	(6,621)	0	0
Midbay	47	2,114,108	0	0	355,039	16.8%	2,962	(40,998)	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
<b>Henderson Total</b>	<b>498</b>	<b>13,593,879</b>	<b>366,000</b>	<b>0</b>	<b>1,705,398</b>	<b>12.5%</b>	<b>23,607</b>	<b>(1,831)</b>	<b>0</b>	<b>0</b>
<b>Las Vegas Total</b>										
Distribution	405	41,931,513	361,628	182,901	5,192,067	12.4%	185,245	554,238	97,085	97,085
Flex	489	13,107,295	0	0	2,401,952	18.3%	106,827	310,719	0	0
Freestanding	2,095	31,148,638	1,140,384	351,502	5,564,659	17.9%	415,510	419,121	325,064	485,064
Incubator	159	4,658,873	0	0	1,030,947	22.1%	27,693	20,972	0	0
Midbay	338	15,979,690	0	0	3,057,517	19.1%	5,753	314,164	0	0
Other	3	99,443	0	0	32,500	32.7%	0	0	0	0
<b>Las Vegas Total</b>	<b>3,489</b>	<b>106,925,452</b>	<b>1,502,012</b>	<b>534,403</b>	<b>17,279,642</b>	<b>16.2%</b>	<b>741,028</b>	<b>1,619,214</b>	<b>422,149</b>	<b>582,149</b>

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)

**OTHER**

Tenant improvements to a non-conventional build-out

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