



MARKET CHANGE

Compared to the Previous Quarter:

Vacancy

DOWN

Net Absorption

POSITIVE

Lease Rates

UP

Deliveries

DOWN

HIGHLIGHTS

- **Market Overview** – The Las Vegas industrial market vacancy rate continued to decline during the second quarter of 2014. By the end of the period, roughly 10.9 percent of industrial inventory remained vacant throughout the valley. The latest vacancy rate represents a decline of 90 basis points (0.9 percentage points) compared to the prior quarter (Q1 2014). Compared to a year ago (Q2 2013), vacancies are down 340 basis points (3.4 percentage points).
- **Demand** – The industrial market reported roughly 1.1 million square feet of positive net absorption during the second quarter, bringing the year-to-date total to 2.4 million square feet of net move-ins. During the period, Sofidel America Corp. reportedly leased 80,000 square feet at 6590 Bermuda Road. In addition, West Coast Tradeshow Services signed a deal for 66,800 square feet at 3101 North Lamb Boulevard, while BBMC leased 51,100 square feet at 530 Pamalyn Avenue.
- **Inventory** – Two industrial projects completed construction during the quarter, adding 222,400 square feet to the market and bringing total inventory to 108.2 million square feet. Tapia Brothers completed a 39,500-square-foot expansion to its facility located at 1035 West Cheyenne Avenue in North Las Vegas. Meanwhile, the 182,900-square-foot distribution center for Nicholas & Company completed construction at 5670 Linn Lane. There has now been 1.0 million square feet of completions in the past year.
- **Future Supply** – Development activity totaled 1.2 million square feet at the end of the second quarter, primarily sourced to four projects throughout the valley. The 193,400-square-foot Konami Gaming expansion is making progress near McCarran International Airport, while TJ Maxx is moving forward on its 400,000-square-foot expansion in North Las Vegas. Meanwhile, two projects are actively under development in the southwest, including the 74,100-square-foot Chef's Warehouse distribution facility and the 525,000-square-foot Switch MegaNAP 9.
- **Economic Considerations** – The Las Vegas economy continues to report significant improvements in several key indicators. In May 2014 (latest available data), the employment sector added 26,300 jobs when compared to a year ago, with significant gains witnessed in the retail (+6,000 jobs), leisure and hospitality (+5,800 jobs), professional and business services (+4,300 jobs), education and health services (+3,400 jobs) and construction (+2,500 jobs) sectors. In addition, consumer spending increased 6.2 percent year-over-year for the 12 months ending April 2014 (latest available data), rising to \$34.5 billion, while visitor volume is at an all-time high of 40.4 million.
- **Overall** – The industrial market has reported 4.5 million square feet of positive net absorption in the past four quarters. Assuming the latest trends continue throughout the remainder of the year, the vacancy rate will likely fall below 10 percent by the end of 2014.

FORECAST

- **Employment** – The hardest hit employment sector during the recession, construction, is expected to report gains throughout the remainder of the year as development activity picks up.
- **Construction** – Speculative projects will likely pick up as companies continue to report difficulty finding the large spaces they need in existing buildings.
- **Vacancy** – The vacancy rate will continue to report declines, but it will likely take a number of years before it reaches pre-recession lows.

OVERVIEW

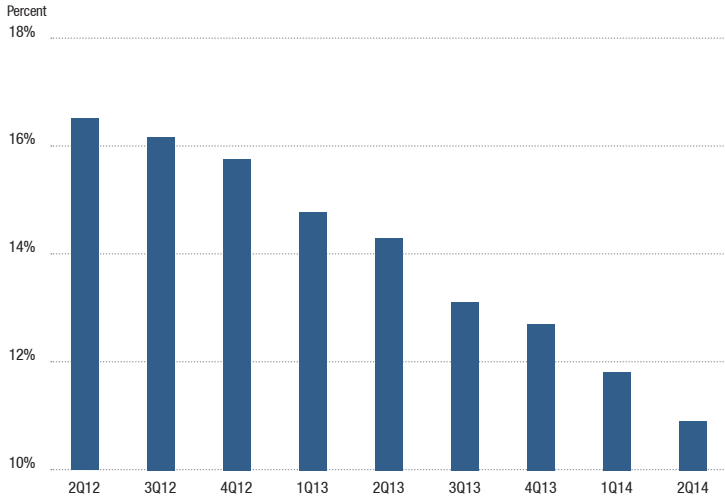
	2Q14	1Q14	2Q13	% Change vs. 2Q13
Under Construction	1,192,495	1,340,775	977,012	22.1%
Planned Construction	1,769,661	745,613	1,498,893	18.1%
Vacancy	10.9%	11.8%	14.3%	(3.4%)
Net Absorption	1,146,966	1,294,477	948,811	N/A

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

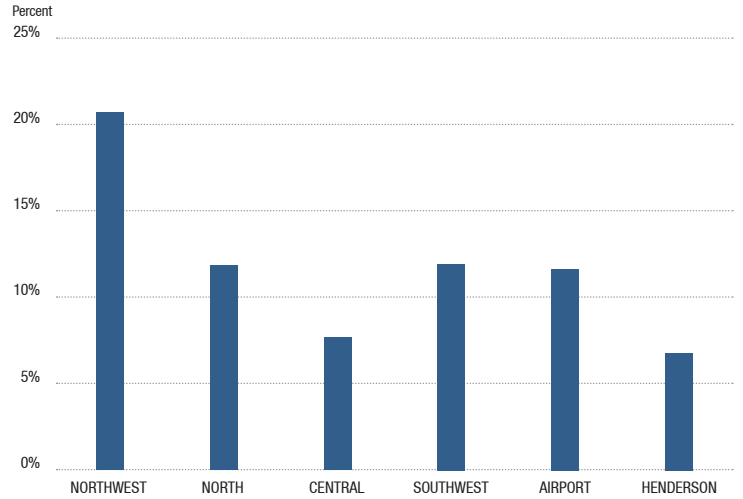
www.voitco.com

Prepared by:
Jerry J. Holdner, Jr.
Vice President of Market Research
e-mail: jholdner@voitco.com

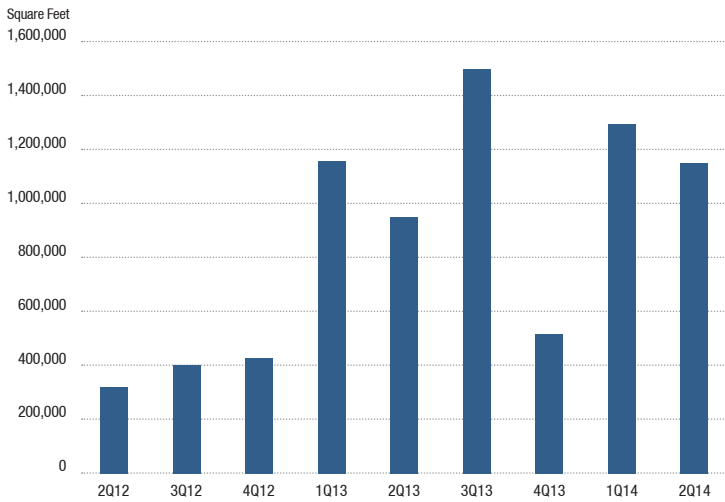
HISTORICAL VACANCY RATE



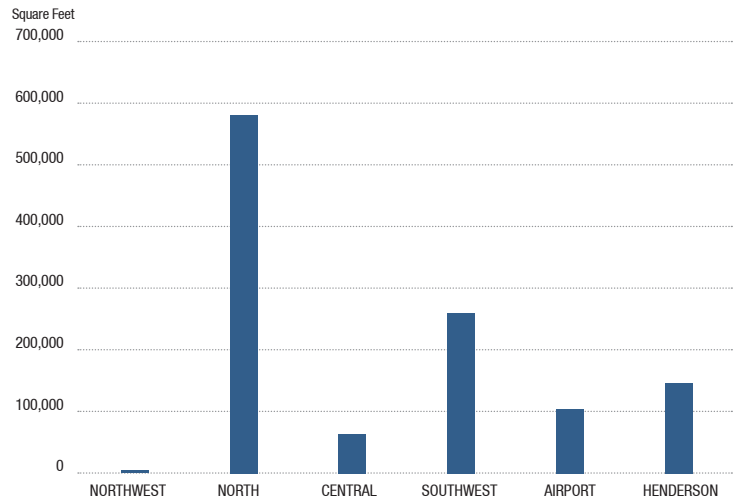
VACANCY RATE BY SUBMARKET



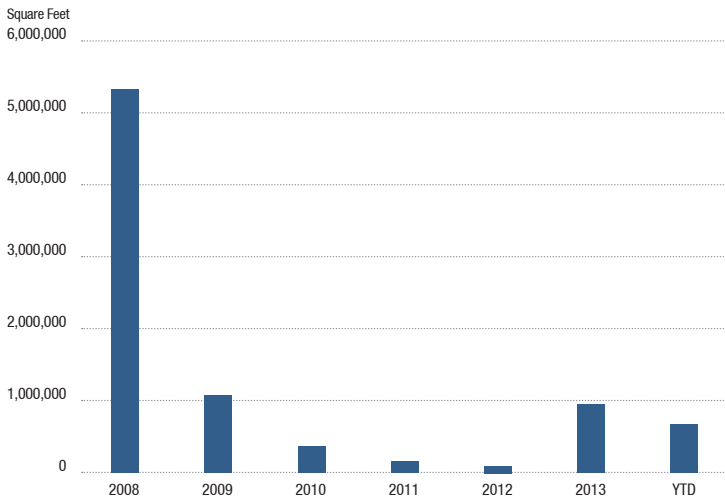
HISTORICAL NET ABSORPTION



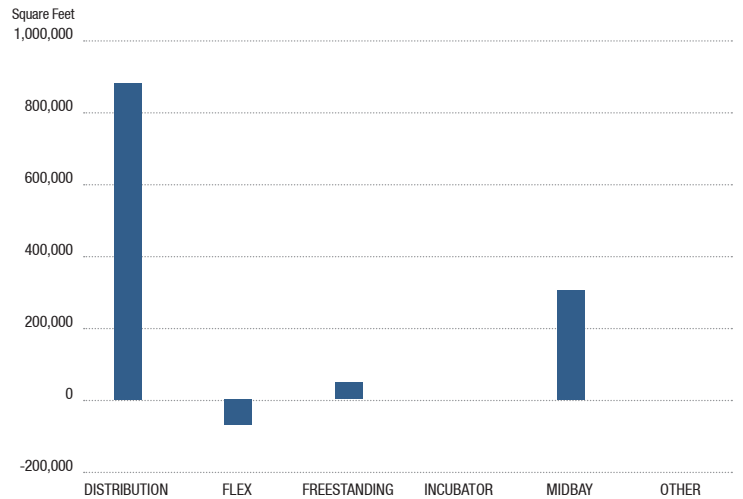
NET ABSORPTION BY SUBMARKET



HISTORICAL NEW CONSTRUCTION



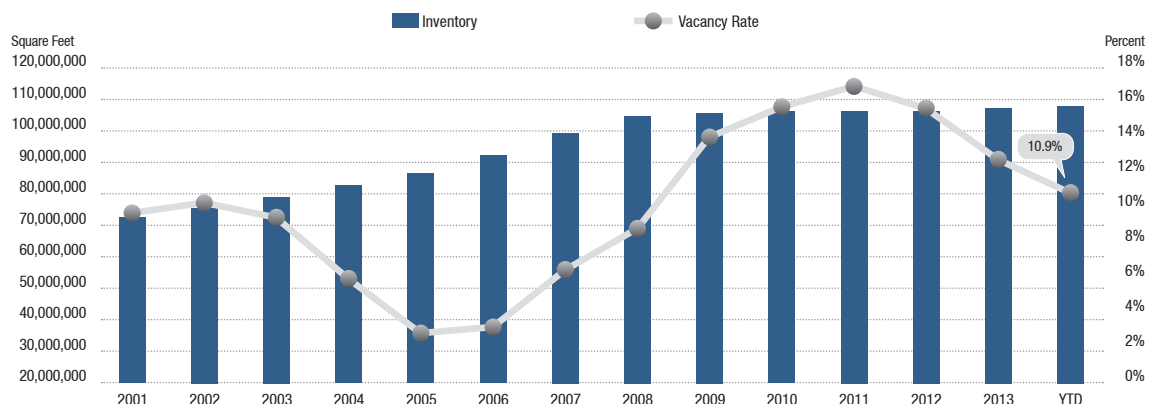
NET ABSORPTION BY PRODUCT TYPE



	INVENTORY			VACANCY RATES			ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet Under Construction	Square Feet Planned	Square Feet Vacant	Vacancy Rate 2Q2014	Net Absorption 2Q2014	Net Absorption 2014	New Supply 2Q2014	New Supply 2014
Northwest										
Distribution	2	196,910	-	-	30,580	15.5%	-	37,000	-	-
Flex	10	257,489	-	-	44,094	17.1%	1,268	837	-	-
Freestanding	6	181,690	-	300,000	22,000	12.1%	-	-	-	-
Incubator	2	120,000	-	-	37,814	31.5%	-	8,778	-	-
Midbay	-	-	-	-	-	0.0%	-	-	-	-
Other	2	54,812	-	-	32,500	59.3%	-	-	-	-
Northwest Total	22	810,901	-	300,000	166,988	20.6%	1,268	46,615	-	-
North										
Distribution	138	18,280,275	400,000	464,203	1,445,090	7.9%	464,757	496,522	222,391	288,019
Flex	51	1,416,895	-	-	371,606	26.2%	(20,239)	(30,384)	-	-
Freestanding	662	9,053,171	-	-	1,401,214	15.5%	63,544	69,401	-	-
Incubator	30	751,632	-	-	231,698	30.8%	1,451	8,241	-	-
Midbay	58	2,748,367	-	-	353,174	12.9%	70,834	100,140	-	-
Other	-	-	-	-	-	0.0%	-	-	-	-
North Total	939	32,250,340	400,000	464,203	3,802,782	11.8%	580,347	643,920	222,391	288,019
Central										
Distribution	32	1,665,632	-	-	32,010	1.9%	-	2,370	-	-
Flex	20	459,945	-	-	23,592	5.1%	1,636	6,685	-	-
Freestanding	146	2,248,668	-	-	251,957	11.2%	42,648	(41,662)	-	-
Incubator	35	782,593	-	-	67,895	8.7%	5,794	30,646	-	-
Midbay	55	1,877,070	-	-	159,467	8.5%	12,304	21,561	-	-
Other	-	-	-	-	-	0.0%	-	-	-	-
Central Total	288	7,033,908	-	-	534,921	7.6%	62,382	19,600	-	-
Southwest										
Distribution	120	12,051,371	74,111	320,000	1,466,924	12.2%	246,450	302,867	-	-
Flex	229	6,946,774	-	-	841,380	12.1%	(20,737)	164,908	-	-
Freestanding	755	11,339,311	525,000	339,502	1,146,722	10.1%	(5,430)	210,392	-	-
Incubator	58	2,020,567	-	-	252,066	12.5%	(6,758)	28,526	-	-
Midbay	126	6,741,293	-	-	931,568	13.8%	44,934	113,600	-	-
Other	-	-	-	-	-	0.0%	-	-	-	-
Southwest Total	1,288	39,099,316	599,111	659,502	4,638,660	11.9%	258,459	820,293	-	-
Airport										
Distribution	63	4,610,388	-	-	333,876	7.2%	128,074	162,057	-	-
Flex	127	2,551,563	-	-	530,326	20.8%	(8,115)	(45,207)	-	-
Freestanding	183	4,465,987	193,384	-	432,737	9.7%	(42,573)	59,329	-	-
Incubator	32	894,639	-	-	106,579	11.9%	(7,446)	49,569	-	-
Midbay	51	2,472,998	-	-	347,765	14.1%	30,291	46,824	-	-
Other	1	44,631	-	-	-	0.0%	-	-	-	-
Airport Total	457	15,040,206	193,384	-	1,751,283	11.6%	100,231	272,572	-	-
Henderson										
Distribution	55	6,464,541	-	-	160,872	2.5%	39,204	400,813	-	296,000
Flex	46	841,013	-	-	145,862	17.3%	(26,279)	(10,023)	-	-
Freestanding	345	4,348,024	-	-	467,577	10.8%	(13,724)	131,351	-	70,000
Incubator	6	189,442	-	-	6,757	3.6%	4,330	9,827	-	-
Midbay	47	2,114,108	-	-	149,340	7.1%	140,748	106,475	-	-
Other	-	-	-	-	-	0.0%	-	-	-	-
Henderson Total	499	13,957,128	-	-	930,408	6.7%	144,279	638,443	-	366,000
Las Vegas Total										
Distribution	410	43,269,117	474,111	784,203	3,469,352	8.0%	878,485	1,401,629	222,391	584,019
Flex	483	12,473,679	-	-	1,956,860	15.7%	(72,466)	86,816	-	-
Freestanding	2,097	31,636,851	718,384	639,502	3,722,207	11.8%	44,465	428,811	-	70,000
Incubator	163	4,758,873	-	-	702,809	14.8%	(2,629)	135,587	-	-
Midbay	337	15,953,836	-	-	1,941,314	12.2%	299,111	388,600	-	-
Other	3	99,443	-	-	32,500	32.7%	-	-	-	-
Las Vegas Total	3,493	108,191,799	1,192,495	1,423,705	11,825,042	10.9%	1,146,966	2,441,443	222,391	654,019

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

ANNUAL INVENTORY VS. VACANCY RATE



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

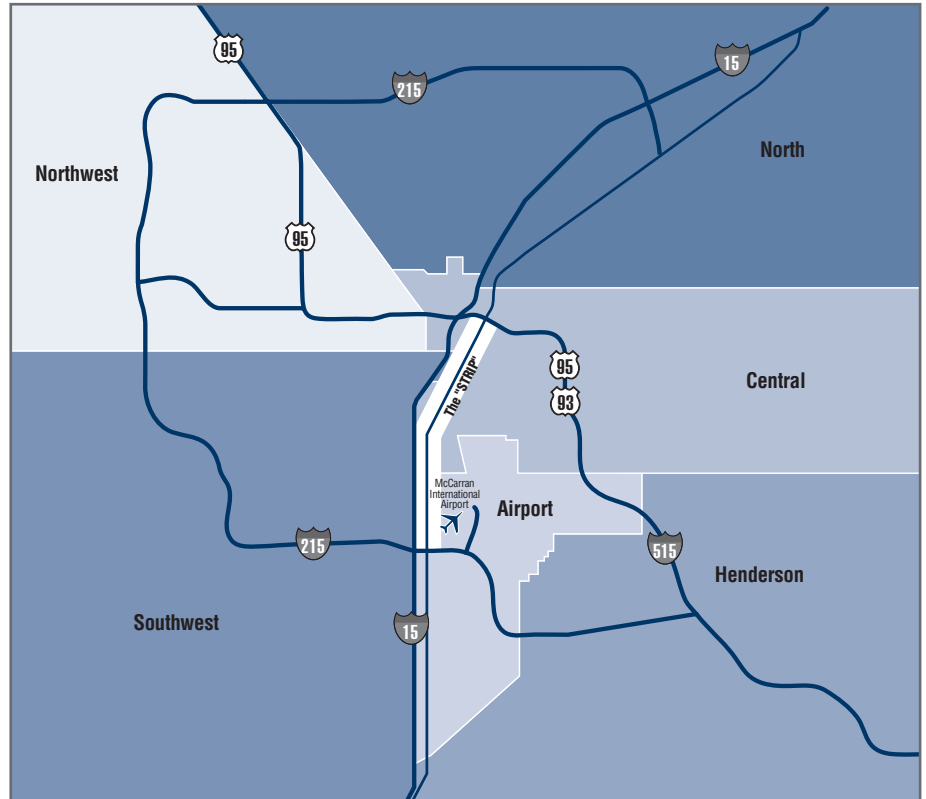
Over 15,000 SF divisibility, 3-5% office build-out, multiple docks and grade-level loading

Freestanding

Single or dual user(s)

Other

Tenant improvements to a non-conventional build-out



Please Contact Us for Further Information

101 Shipyard Way, Newport Beach, CA 92663 949.644.8648 Lic.#01333376 www.voitco.com



Anaheim, CA
714.978.7880

Inland Empire, CA
909.545.8000

Irvine, CA
949.851.5100

Las Vegas, NV
702.734.4500

Los Angeles, CA
424.329.7500

Newport Beach, CA
949.644.8648

Phoenix, AZ
602.952.8648

Reno, NV
775.771.9955

Sacramento, CA
916.772.8648

San Diego, CA
858.453.0505

San Jose, CA
408.885.9110

This survey consists of properties representing both single tenant and multi-tenant buildings. The lease rates are based on a triple-net basis. The information contained in this report is gathered from sources that are deemed reliable, but no guarantees are made as to its accuracy. This information is for Voit Real Estate Services' use only and cannot legally be reproduced without prior written consent from the management of Voit Real Estate Services.

©2014 Voit Real Estate Services, Inc. Real People. Real Solutions.® is a registered trademark of Voit Real Estate Services.

Represented in 150 Markets
Nationally & Internationally.

