



MARKET CHANGE

Compared to Previous Quarter:

Vacancy

DOWN



Net Absorption

POSITIVE



Lease Rates

UP



Deliveries

UP



HIGHLIGHTS

- **Market Overview** – The Las Vegas industrial market vacancy rate fell to 6.8 percent in the second quarter of 2015, which represents a decline of 70 basis points (-0.7 percentage point) compared to the prior quarter (Q1 2015). Compared to a year ago (Q2 2014), the vacancy rate is down 280 basis points (-2.8 percentage points).
 - **Demand** – The industrial market reported 1.8 million SF of positive net absorption in the second quarter, largely sourced to recent completions and continued leasing activity. During the period, Puliz Moving & Storage Company reportedly leased 72,200 SF at 1841 East Craig Road, while Tectonics Industries, LLC signed a deal for 49,300 SF at 2628 East Lone Mountain Road. In addition, Tri Starr Management, LLC leased 46,900 SF at 4900 Engineers Way in Golden Triangle Industrial Park, and On the Go Leasing, LLC took roughly 39,500 SF at 6065 Polaris Avenue.
 - **Inventory** – Roughly 1.1 million SF of industrial space was added to the market in the second quarter, bringing total inventory to 109.7 million SF. Switch finished development of its 471,200 SF SuperNAP 9. Meanwhile, Prologis' 464,200 SF Las Vegas Corporate Center #19 finished construction at the northwest corner of Gowan Road and Pecos Road. The project was the first large speculative development since the recession and was leased to Global Industrial Distribution before completion. Additional completions during the quarter included BriovaRx (100,000 SF), The Chef's Warehouse (74,100 SF) and VSR Lock's expansion (28,000 SF).
 - **Future Supply** – Construction activity increased to 2.8 million SF and is sourced to nine projects.
- User-specific projects include Switch SuperNAP 10 (343,400 SF), Ainsworth Game Technology (291,000 SF), Konami Gaming (193,400 SF) and the Republic Services Recycling Center (110,000 SF). In addition, five speculative projects totaling 1.9 million SF are now actively underway, including Henderson Freeways Crossing (453,100 SF), Lone Mountain Corporate Center (446,900 SF), Jones Corporate Park (416,000 SF) Logisticenter Cheyenne (381,800 SF) and Las Vegas Corporate Center #20 (153,500 SF).
- **Economic Considerations** – The Las Vegas MSA reported annual job growth of 23,100 positions in May 2015 (latest available data). The leisure and hospitality sector witnessed the most substantial increase in employment, rising by 7,500 positions during the period. The construction sector followed with a gain of 6,200 positions. Professional and business services (+3,200 jobs), education and health services (+2,900 jobs) and retail trade (+2,700 jobs) reported significant annual growth as well. Continued job growth helped drive down the unemployment rate to 6.6 percent in May 2015, which is down 120 basis points (-1.2 percentage points) from the rate of 7.8 percent reported a year ago.
 - **Overall** – The industrial market vacancy rate is now the lowest it has been since the start of the recession, while construction activity has not reached current levels since 2008. Over 66 percent of the space now actively underway is sourced to speculative development, which is expected to continue to increase throughout the remainder of the year.

FORECAST

- **Employment** – Employment is expected to continue to report year-over-year gains, with growth in the leisure and hospitality, construction, professional and business services, education and health services and retail trade sectors.
- **Construction** – Inventory will likely continue to increase as a handful of the speculative projects currently under development are expected to be completed by the end of the year.
- **Vacancy** – The vacancy rate is expected continue to decline, falling below 6.0 percent by the end of 2015.

OVERVIEW

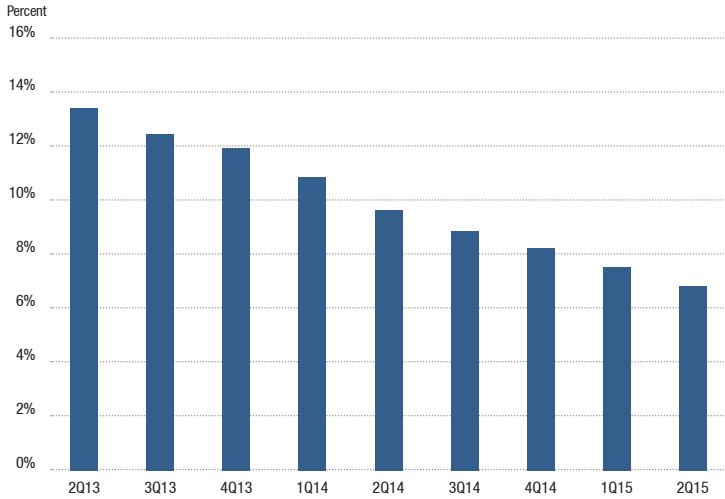
	2Q15	1Q15	2Q14	% Change vs. 2Q14
Under Construction	2,789,070	2,228,838	1,174,263	137.5%
Planned Construction	2,493,435	3,076,594	1,715,684	45.3%
Vacancy	6.8%	7.5%	9.6%	(2.8%)
Net Absorption	1,847,701	1,235,404	1,527,855	20.9%

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

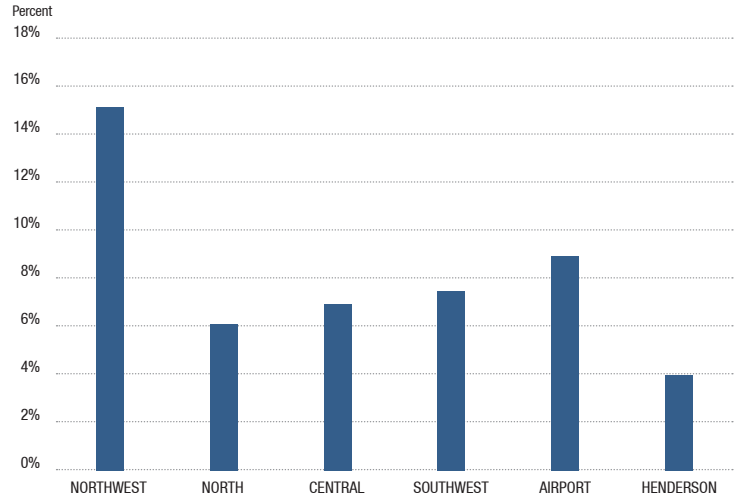
www.voitco.com

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

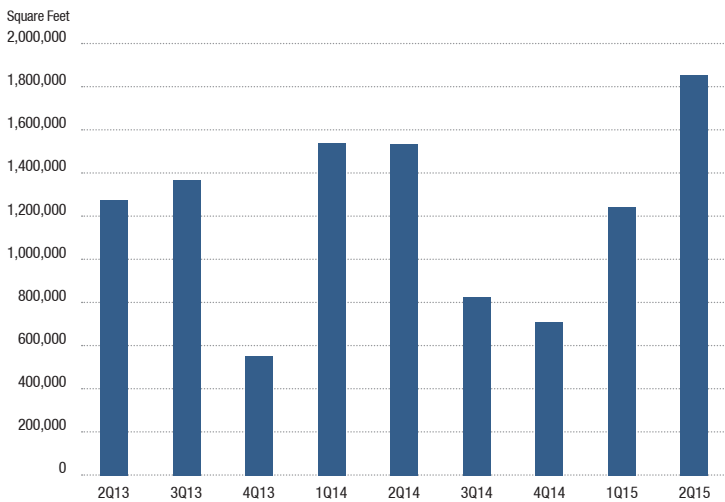
HISTORICAL VACANCY RATE



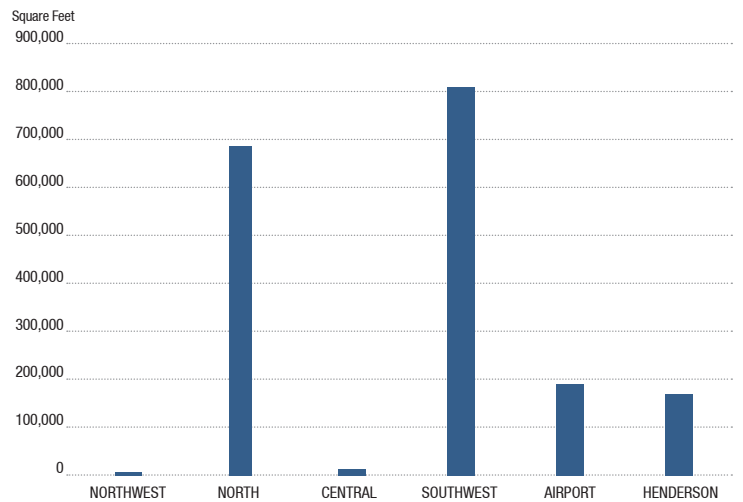
VACANCY RATE BY SUBMARKET



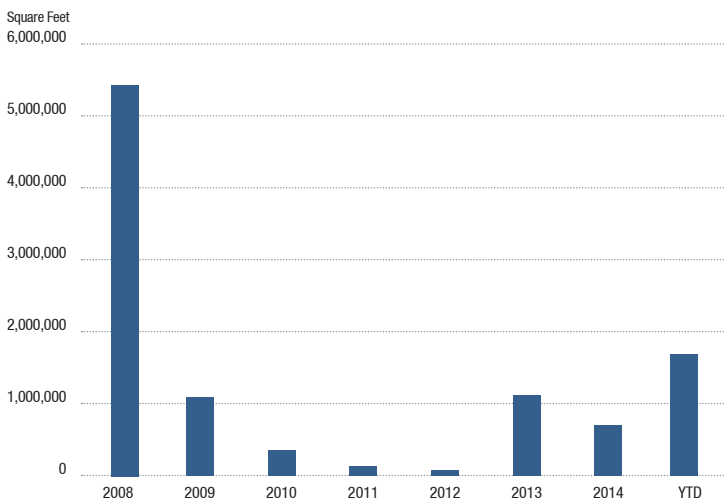
HISTORICAL NET ABSORPTION



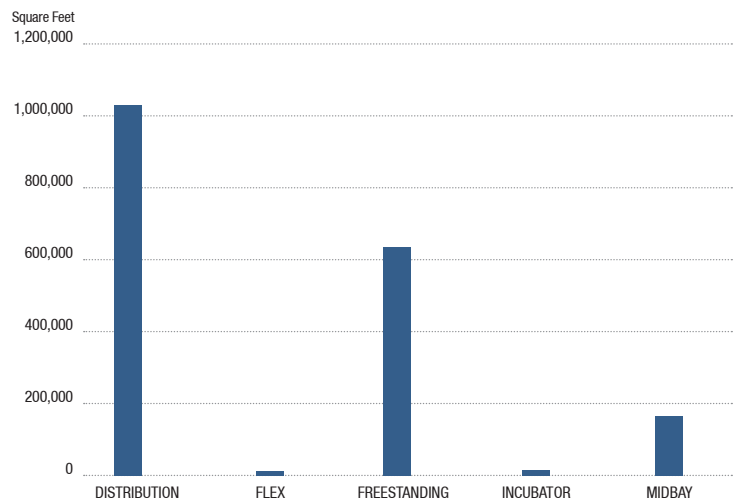
NET ABSORPTION BY SUBMARKET



HISTORICAL NEW CONSTRUCTION

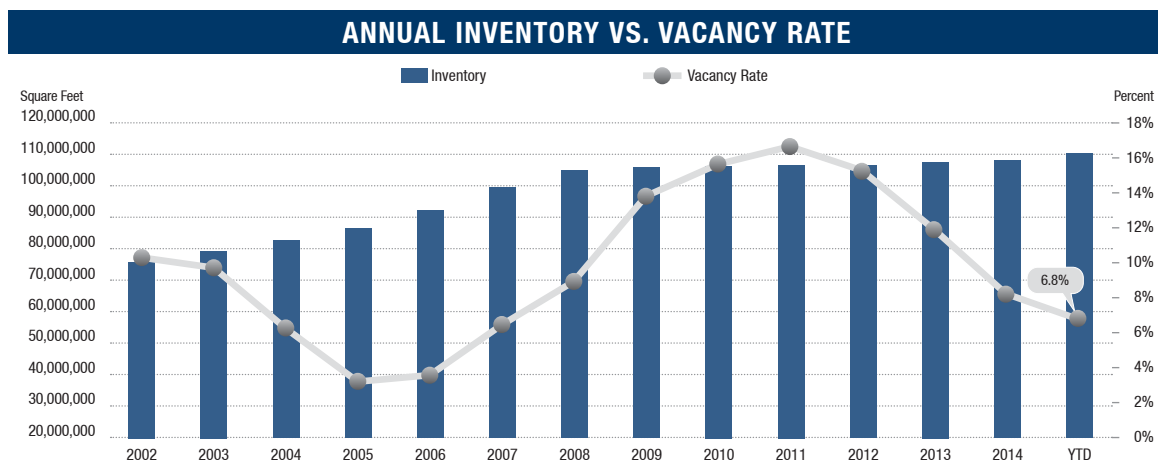


NET ABSORPTION BY PRODUCT TYPE



	INVENTORY				VACANCY RATES		ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet Under Construction	Square Feet Planned	Square Feet Vacant	Vacancy Rate 2Q2015	Net Absorption 2Q2015	Net Absorption 2015	New Supply 2Q2015	New Supply 2015
Northwest										
Distribution	2	196,910	0	0	3,800	1.9%	0	0	0	0
Flex	12	312,301	0	0	66,943	21.4%	3,639	5,194	0	0
Freestanding	6	181,690	0	0	0	0.0%	0	0	0	0
Incubator	2	120,000	0	0	51,896	43.2%	(1,344)	(9,784)	0	0
Midbay	0	0	0	0	0	0.0%	0	0	0	0
Northwest Total	22	810,901	0	0	122,639	15.1%	2,295	(4,590)	0	0
North										
Distribution	140	19,122,478	982,140	1,224,020	480,141	2.5%	539,080	1,430,351	464,203	864,203
Flex	50	1,391,684	0	0	282,970	20.3%	15,818	82,709	0	0
Freestanding	670	9,199,170	110,000	180,000	826,446	9.0%	65,971	217,581	0	0
Incubator	30	751,632	0	0	204,996	27.3%	(3,050)	(11,500)	0	0
Midbay	63	2,799,567	0	0	204,380	7.3%	65,244	63,723	0	0
North Total	953	33,264,531	1,092,140	1,404,020	1,998,933	6.0%	683,063	1,782,864	464,203	864,203
Central										
Distribution	31	1,642,231	0	0	98,902	6.0%	0	0	0	0
Flex	20	459,945	0	0	40,062	8.7%	(3,466)	(11,876)	0	0
Freestanding	147	2,253,668	0	0	96,986	4.3%	(1,553)	(1,099)	0	0
Incubator	29	488,733	0	0	52,073	10.7%	196	5,631	0	0
Midbay	50	1,575,115	0	0	157,170	10.0%	13,435	1,420	0	0
Central Total	277	6,419,692	0	0	445,193	6.9%	8,612	(5,924)	0	0
Southwest										
Distribution	117	12,051,873	416,000	167,280	855,913	7.1%	274,084	132,018	74,111	74,111
Flex	228	6,925,856	0	0	684,602	9.9%	41,884	107,960	0	0
Freestanding	762	12,277,970	634,436	680,669	683,096	5.6%	512,715	478,610	571,248	622,750
Incubator	67	2,419,227	0	0	226,441	9.4%	1,072	31,559	0	0
Midbay	122	6,636,823	0	0	527,262	7.9%	(25,510)	43,264	0	0
Southwest Total	1,296	40,311,749	1,050,436	847,949	2,977,314	7.4%	804,245	793,411	645,359	696,861
Airport										
Distribution	61	4,419,272	0	0	150,856	3.4%	141,041	148,256	0	0
Flex	127	2,529,852	0	0	502,054	19.8%	(55,459)	(26,181)	0	0
Freestanding	182	4,671,986	193,384	0	350,571	7.5%	31,760	3,612	0	0
Incubator	32	894,639	0	0	85,664	9.6%	14,786	23,901	0	0
Midbay	44	2,343,313	0	0	232,734	9.9%	53,375	82,067	0	0
Airport Total	446	14,859,062	193,384	0	1,321,879	8.9%	185,503	231,655	0	0
Henderson										
Distribution	55	6,464,541	453,110	241,466	45,584	0.7%	73,478	47,274	0	0
Flex	46	864,315	0	0	111,601	12.9%	5,781	21,264	0	0
Freestanding	348	4,422,293	0	0	233,011	5.3%	26,806	105,912	28,000	81,726
Incubator	6	189,442	0	0	7,059	3.7%	973	6,651	0	0
Midbay	48	2,139,608	0	0	157,005	7.3%	56,945	104,588	0	0
Henderson Total	503	14,080,199	453,110	241,466	554,260	3.9%	163,983	285,689	28,000	81,726
Las Vegas Total										
Distribution	406	43,897,305	1,851,250	1,632,766	1,635,196	3.7%	1,027,683	1,757,899	538,314	938,314
Flex	483	12,483,953	0	0	1,688,232	13.5%	8,197	179,070	0	0
Freestanding	2,115	33,006,777	937,820	860,669	2,190,110	6.6%	635,699	804,616	599,248	704,476
Incubator	166	4,863,673	0	0	628,129	12.9%	12,633	46,458	0	0
Midbay	327	15,494,426	0	0	1,278,551	8.3%	163,489	295,062	0	0
Las Vegas Total	3,497	109,746,134	2,789,070	2,493,435	7,420,218	6.8%	1,847,701	3,083,105	1,137,562	1,642,790

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

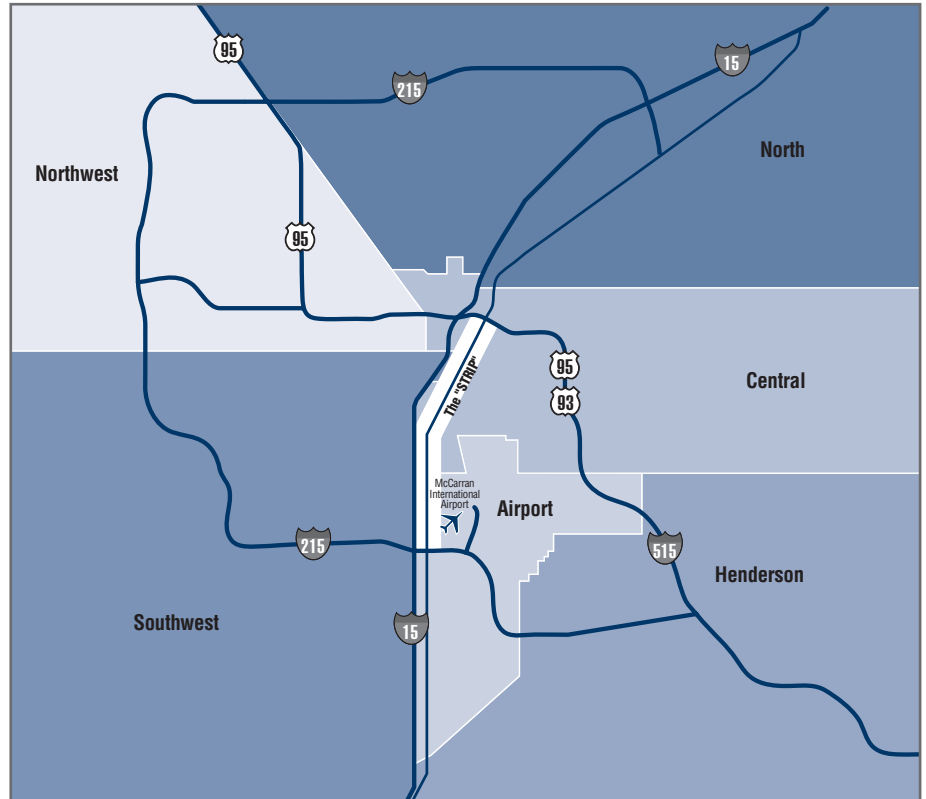
5,000-15,000 SF divisibility, 10-15% office build-out, dock-high and grade-level loading

Distribution

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

Freestanding

Single or dual user(s)



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