



## Industrial Market Report

Compared to the Previous Quarter

Vacancy



UP

Net Absorption



NEGATIVE

Lease Rates



DOWN

Construction



UP

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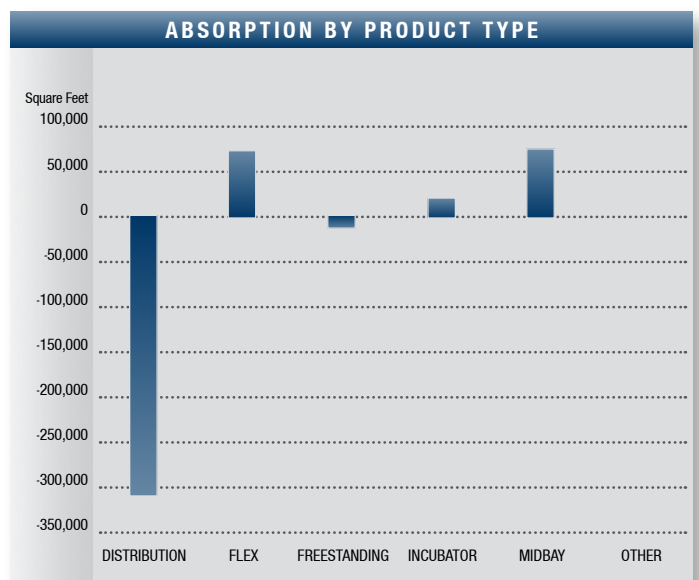
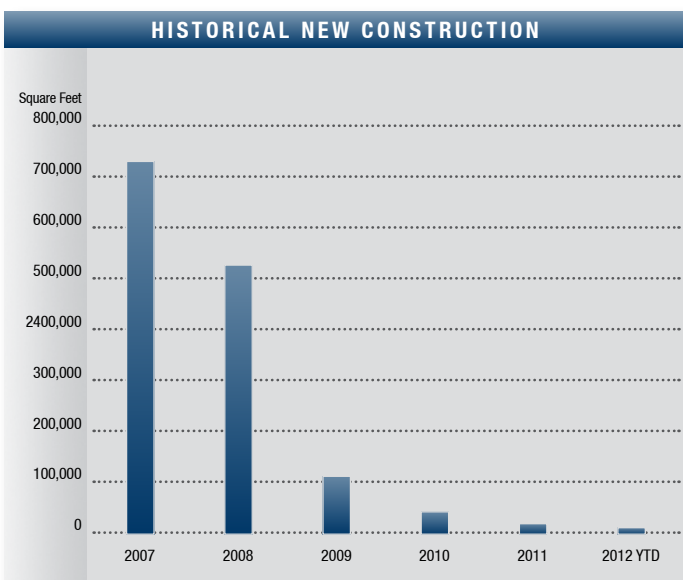
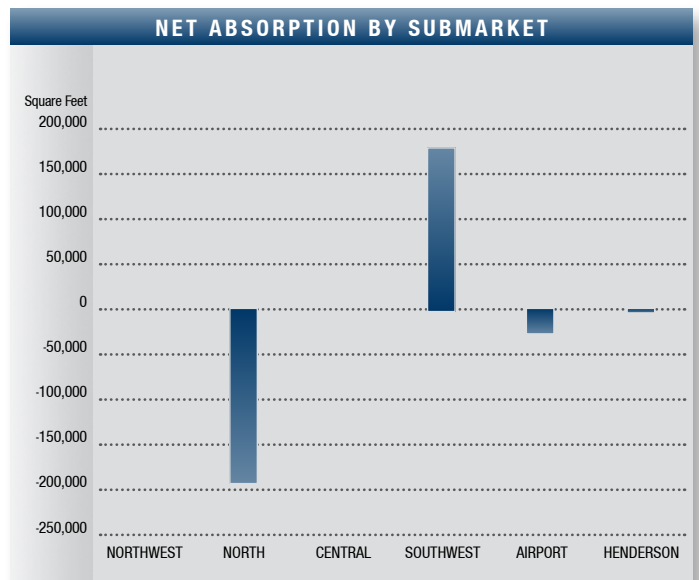
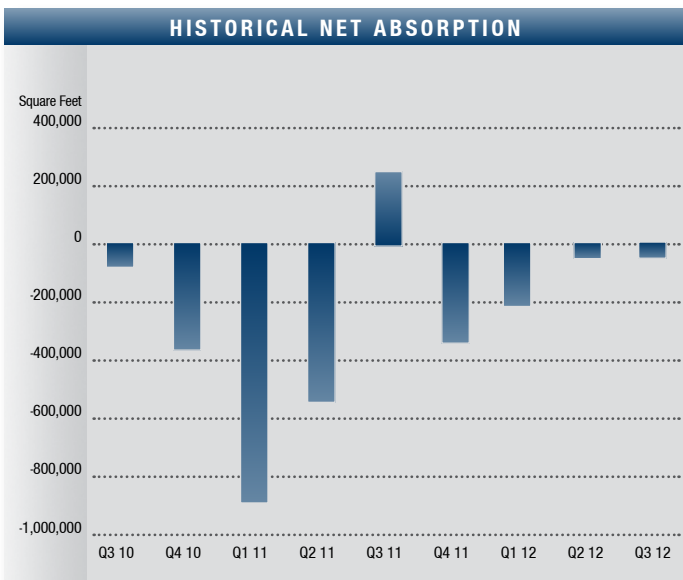
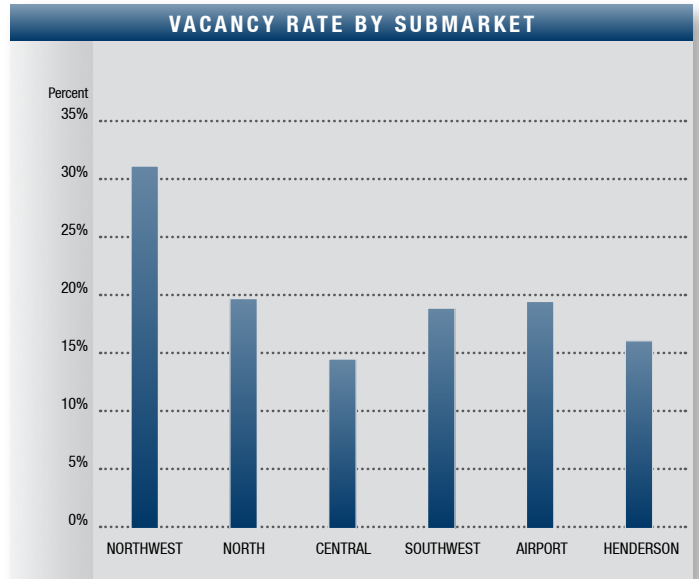
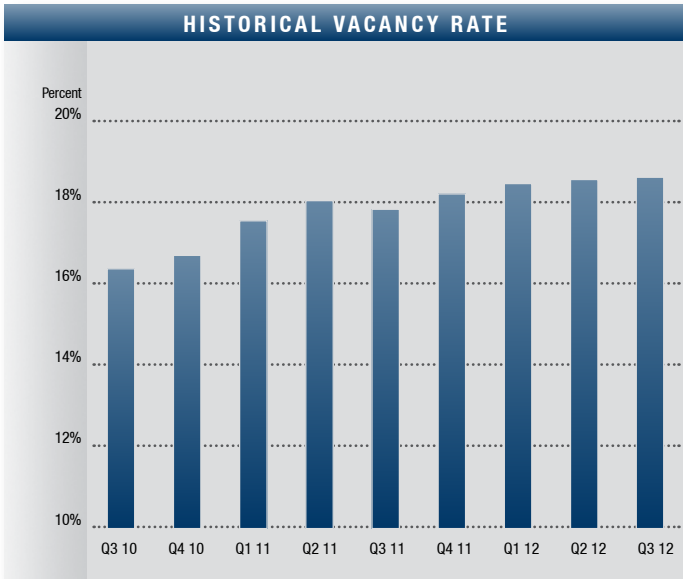
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### Market Highlights

- Market Overview** – Vacancies in the Las Vegas industrial market reached 18.6 percent during the third quarter of 2012, representing the fourth consecutive quarter in which the rate has increased. Compared to the prior period (Q2 2012), the vacancy rate is up 0.1 percentage point, while it remains up 0.8 percentage points from a year ago (Q3 2011).
- Demand** – Approximately 46,600 square feet of negative net absorption was reported for the market during the period, bringing the year-to-date total to negative 311,700 square feet. Distribution space reported the weakest performance during the quarter, with negative absorption of 207,200 square feet, primarily attributable to 214,000 square feet in the Golden Triangle Industrial Park vacated by Aminox. Also notable, the southwest submarket reported the greatest amount of positive net absorption for the quarter, reaching 178,900 square feet.
- Inventory** – No new space entered the market during the third quarter. In the past twelve months, the sector has witnessed 185,000 square feet complete construction. Approximately 120,000 square feet was attributable to the U.S. Micro Corp facility, which was completed in the fourth quarter of 2011. The Gowan Industrial Center, which completed construction in the second quarter of 2012, accounted for the remaining 65,000 square feet.
- Future Supply** – The amount of space actively under construction increased significantly during the period, reaching approximately 1.1 million square feet. Switch datacenter continues to move forward with the construction of its two new facilities, which will total about 900,000 square feet combined. New buildings are also underway for Las Vegas Bread and Old Dominion Freight Lines. Approximately 221,600 square feet remains planned, including the new headquarters for SHFL Entertainment.
- Economic Considerations** – Broader economic conditions showed improvements during the period. Consumer confidence reached 70.3 by the end of the quarter, up 12.1 percent compared to the end of the second quarter. The tourism industry continues to improve, with hotel operators increasing investments. In addition, the housing market is showing some signs of stabilization, with median home prices in the new and existing markets increasing 3.5 percent and 16.5 percent, respectively, when compared to the prior year.
- Looking Forward** – After facing a long period of little to no construction activity, industrial development is beginning to gain momentum. The amount of product actively under construction is the highest it has been since the third quarter of 2008. While development is primarily limited to user-specific needs, companies are starting to show more willingness to expand or relocate within the Las Vegas valley.

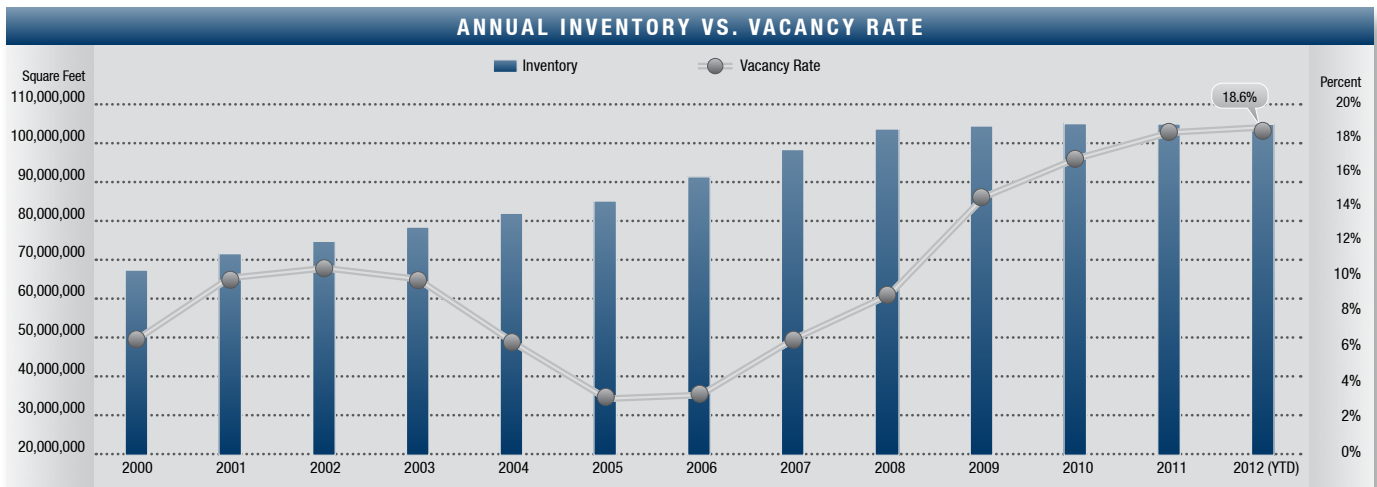
### INDUSTRIAL MARKET OVERVIEW

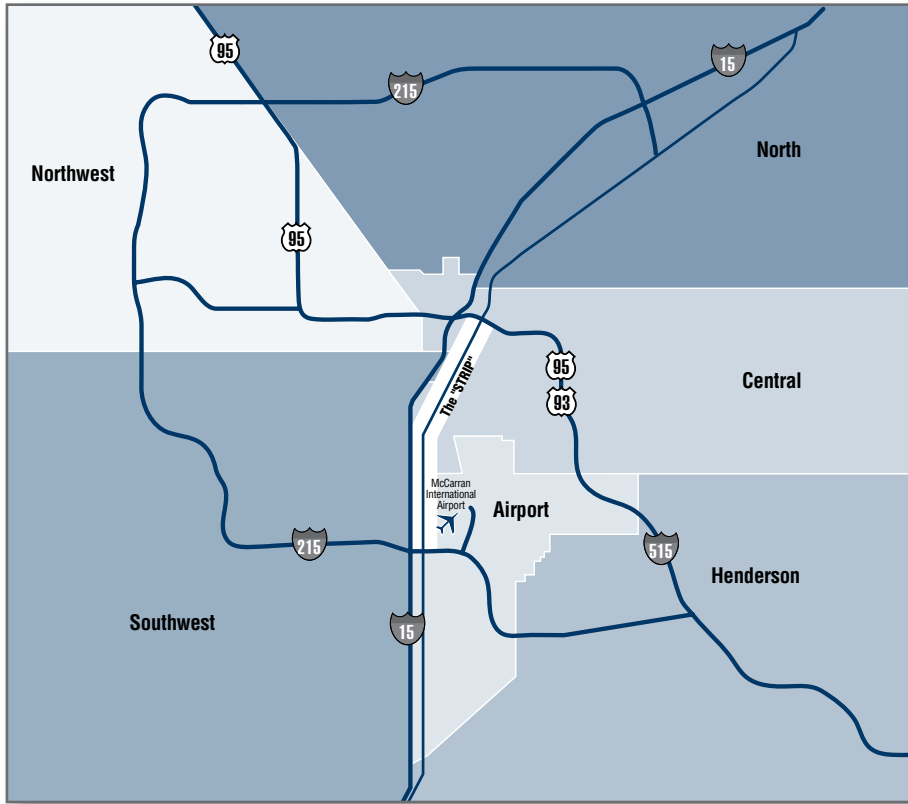
	Q3 2012	Q2 2012	Q3 2011	Q3 2012 vs. Q3 2011
Under Construction	1,070,000	900,000	120,000	791.7%
Planned Construction	221,556	391,566	595,064	(62.8%)
Vacancy	18.6%	18.5%	17.8%	0.8%
Net Absorption	(46,576)	(54,394)	258,418	N/A



	INVENTORY				VACANCY RATES		ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet Under Construction	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q3 2012	Net Absorption Q3 2012	Net Absorption 2012	New Supply Q3 2012	New Supply 2012
<b>Northwest</b>										
Distribution	2	196,910	300,000	0	87,212	44.3%	(4,068)	(19,991)	0	0
Flex	10	257,489	0	0	68,850	26.7%	5,377	16,676	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
<b>Northwest Total</b>	<b>22</b>	<b>803,901</b>	<b>300,000</b>	<b>0</b>	<b>250,154</b>	<b>31.1%</b>	<b>1,309</b>	<b>(3,315)</b>	<b>0</b>	<b>0</b>
<b>North</b>										
Distribution	131	17,020,257	0	0	2,816,851	16.5%	(252,763)	(71,010)	0	0
Flex	51	1,413,149	0	0	344,645	24.4%	13,488	96,300	0	0
Freestanding	659	8,694,216	125,000	0	1,832,086	21.1%	20,322	123,672	0	65,000
Incubator	30	751,632	0	0	328,419	43.7%	10,261	19,144	0	0
Midbay	59	2,812,221	0	0	736,324	26.2%	15,038	(24,490)	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
<b>North Total</b>	<b>930</b>	<b>30,691,475</b>	<b>125,000</b>	<b>0</b>	<b>6,058,325</b>	<b>19.7%</b>	<b>(193,654)</b>	<b>143,616</b>	<b>0</b>	<b>65,000</b>
<b>Central</b>										
Distribution	33	1,685,812	0	0	128,412	7.6%	0	(7,880)	0	0
Flex	20	459,945	0	0	76,693	16.7%	1,560	(35,283)	0	0
Freestanding	145	2,143,518	0	0	317,635	14.8%	(4,381)	(77,094)	0	0
Incubator	35	782,593	0	0	137,572	17.6%	5,983	(5,730)	0	0
Midbay	55	1,852,970	0	0	334,013	18.0%	(3,710)	(52,779)	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
<b>Central Total</b>	<b>288</b>	<b>6,924,838</b>	<b>0</b>	<b>0</b>	<b>994,325</b>	<b>14.4%</b>	<b>(548)</b>	<b>(178,766)</b>	<b>0</b>	<b>0</b>
<b>Southwest</b>										
Distribution	121	12,394,496	600,000	51,502	1,635,359	13.2%	63,407	(36,344)	0	0
Flex	231	7,331,670	0	0	1,615,457	22.0%	67,223	(1,621)	0	0
Freestanding	747	10,347,737	45,000	110,000	2,307,660	22.3%	15,591	(194,408)	0	0
Incubator	58	1,989,470	0	0	378,784	19.0%	(371)	3,602	0	0
Midbay	126	6,780,583	0	0	1,462,446	21.6%	33,062	39,775	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
<b>Southwest Total</b>	<b>1,283</b>	<b>38,843,956</b>	<b>645,000</b>	<b>161,502</b>	<b>7,399,706</b>	<b>19.0%</b>	<b>178,912</b>	<b>(188,996)</b>	<b>0</b>	<b>0</b>
<b>Airport</b>										
Distribution	63	4,662,268	0	0	828,274	17.8%	(12,392)	(84,071)	0	0
Flex	132	2,825,179	0	0	539,433	19.1%	(1,101)	13,242	0	0
Freestanding	172	3,379,278	0	60,064	569,715	16.9%	(22,615)	(25,309)	0	0
Incubator	28	794,639	0	0	171,566	21.6%	(538)	(2,069)	0	0
Midbay	53	2,539,998	0	0	673,107	26.5%	7,953	(85,533)	0	0
Other	1	44,631	0	0	0	0.0%	0	0	0	0
<b>Airport Total</b>	<b>449</b>	<b>14,245,993</b>	<b>0</b>	<b>60,064</b>	<b>2,782,095</b>	<b>19.5%</b>	<b>(28,693)</b>	<b>(183,740)</b>	<b>0</b>	<b>0</b>
<b>Henderson</b>										
Distribution	54	6,168,541	0	0	432,510	7.0%	(1,400)	7,748	0	0
Flex	44	820,540	0	0	161,348	19.7%	(13,046)	1,241	0	0
Freestanding	345	4,273,674	0	0	981,069	23.0%	(19,675)	(58,795)	0	0
Incubator	6	189,442	0	0	12,778	6.7%	4,031	24,656	0	0
Midbay	47	2,114,108	0	0	424,590	20.1%	26,188	124,615	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
<b>Henderson Total</b>	<b>496</b>	<b>13,566,305</b>	<b>0</b>	<b>0</b>	<b>2,012,295</b>	<b>14.8%</b>	<b>(3,902)</b>	<b>99,465</b>	<b>0</b>	<b>0</b>
<b>Las Vegas Total</b>										
Distribution	404	42,128,284	900,000	51,502	5,928,618	14.1%	(207,216)	(211,548)	0	0
Flex	488	13,107,972	0	0	2,806,426	21.4%	73,501	90,555	0	0
Freestanding	2,074	29,013,113	170,000	170,064	6,023,165	20.8%	(10,758)	(231,934)	0	65,000
Incubator	159	4,627,776	0	0	1,075,711	23.2%	19,366	39,603	0	0
Midbay	340	16,099,880	0	0	3,630,480	22.5%	78,531	1,588	0	0
Other	3	99,443	0	0	32,500	32.7%	0	0	0	0
<b>Las Vegas Total</b>	<b>3,468</b>	<b>105,076,468</b>	<b>1,070,000</b>	<b>221,566</b>	<b>19,496,900</b>	<b>18.6%</b>	<b>(46,576)</b>	<b>(311,736)</b>	<b>0</b>	<b>65,000</b>

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





**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

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