



Industrial Market Report

Compared to the Previous Quarter:

Vacancy

DOWN

Net Absorption

POSITIVE

Lease Rates

UP

Construction

DOWN

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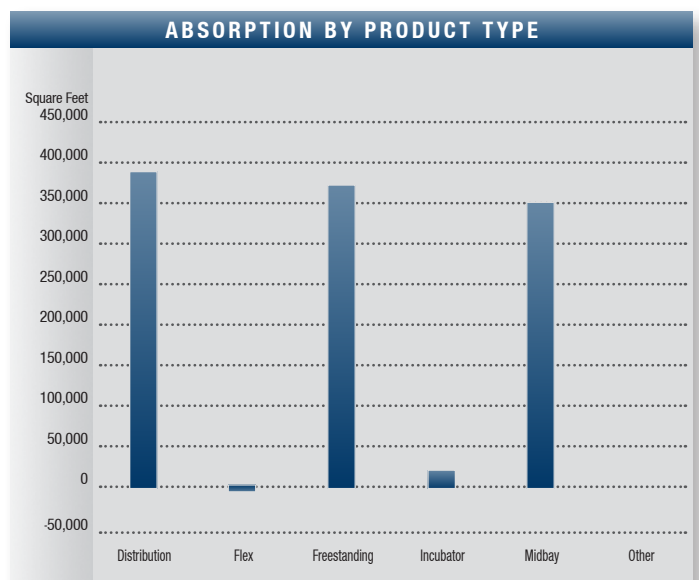
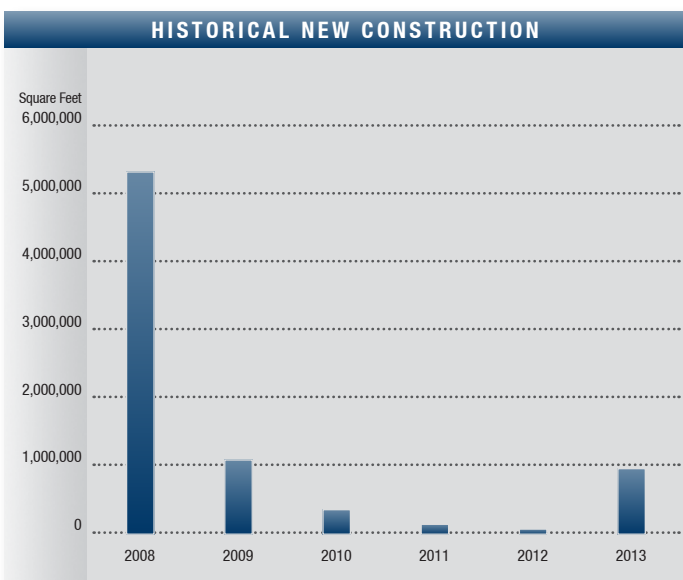
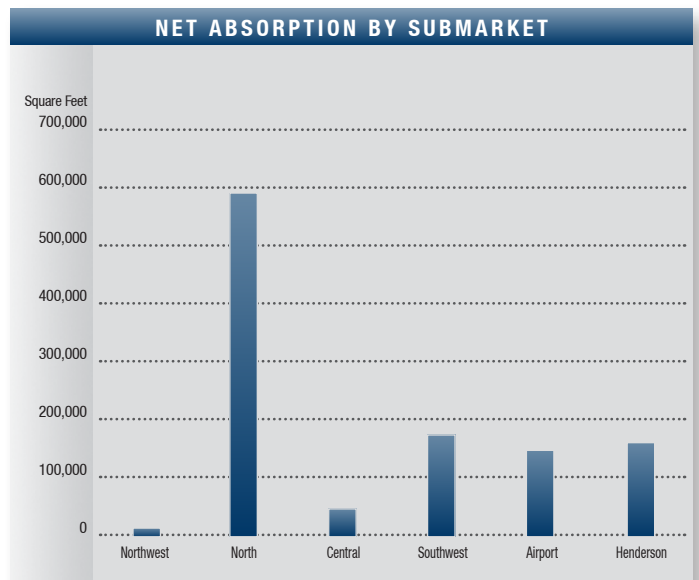
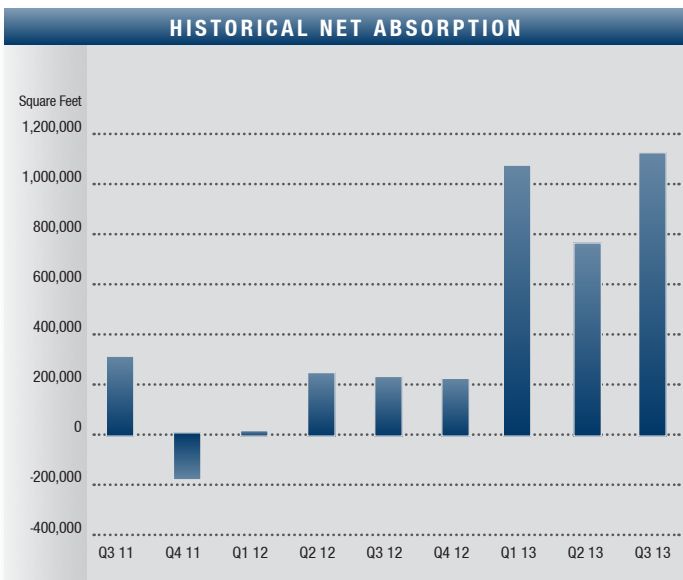
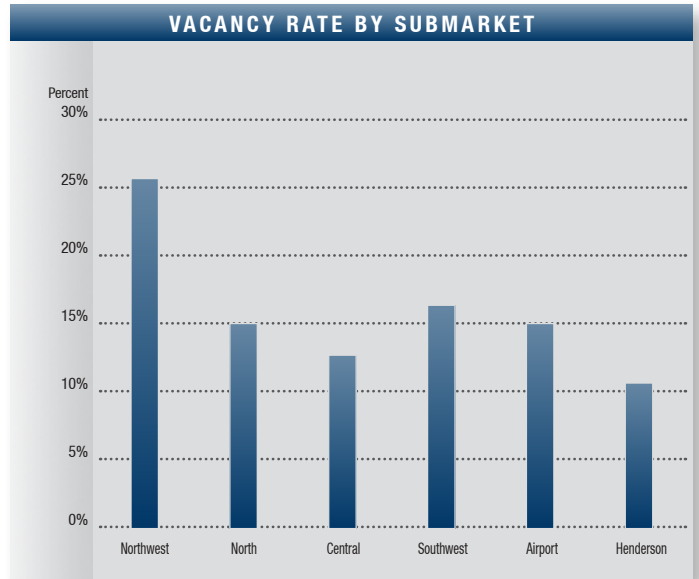
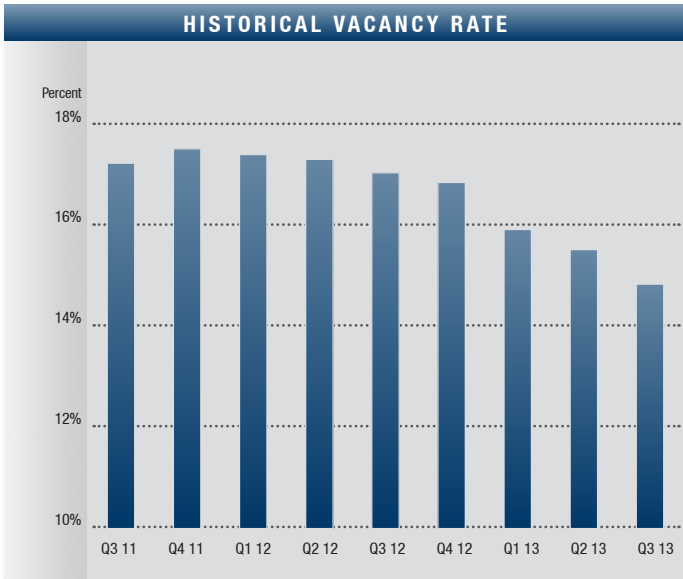
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Market Highlights

- Market Overview** - The Las Vegas industrial market continued to strengthen as demand outpaced new supply. The overall vacancy rate fell to 14.8% in the third quarter of 2013, representing a decline of 70 basis points (0.7 percentage points) from the prior quarter (Q2 2013). Compared to a year ago (Q3 2012), the vacancy rate has fallen 220 basis points (2.2 percentage points).
- Demand** - Net absorption posted a substantial 1.1 million square feet during the quarter, bringing the year-to-date total to 3.0 million square feet of net move-ins. A number of significant lease transactions took place during the quarter, including deals signed by Organo Gold International (111,000 square feet), OSA West (56,700 square feet), Hand Air Express (67,600 square feet), and EBC Brakes USA (65,300 square feet).
- Inventory** - Two industrial projects completed construction in the third quarter, adding 352,000 square feet to the market and bringing total inventory to 107.1 million square feet. SHFL Entertainment completed its 130,000-square-foot headquarters on the northwest corner of Interstate 215 and Jones Boulevard. Meanwhile, the United Brotherhood of Carpenters completed its 222,000-square-foot expansion near McCarran International Airport.
- Future Supply** - Construction activity fell slightly to 1.3 million square feet with projects located in the north (248,500 square feet), southwest (525,000 square feet), airport (193,400 square feet), and Henderson (366,000 square feet) submarkets. A handful of projects remained under construction at quarter-end, including: Shetakis expansion (65,600 square feet), VadaTech (70,000 square feet), Konami Gaming expansion (193,400 square feet), FedEx (296,000 square feet), and Switch MegaNAP 9 (525,000 square feet). Additionally, Nicholas & Company broke ground on its 182,900-square-foot distribution center in North Las Vegas.
- Economic Considerations** - The southern Nevada economy continued to show modest signs of improvement. In August 2013, employment increased by 22,200 jobs (+2.7%) when compared to the prior year, while the unemployment rate fell 1.8 percentage points to 9.6%. In addition, housing prices continued to report significant gains with new and resale home prices up over 30% on an annual basis. However, the length and scope of the recent partial government shutdown provides an added layer of uncertainty for the national and local economies.
- Looking Forward** - The industrial market has now reported positive net absorption for seven consecutive quarters and is witnessing marked improvements in overall vacancies. Businesses are signaling renewed optimism in the local economy as leasing activity has gained some momentum and a handful of built-to-suit projects are pressing forward.

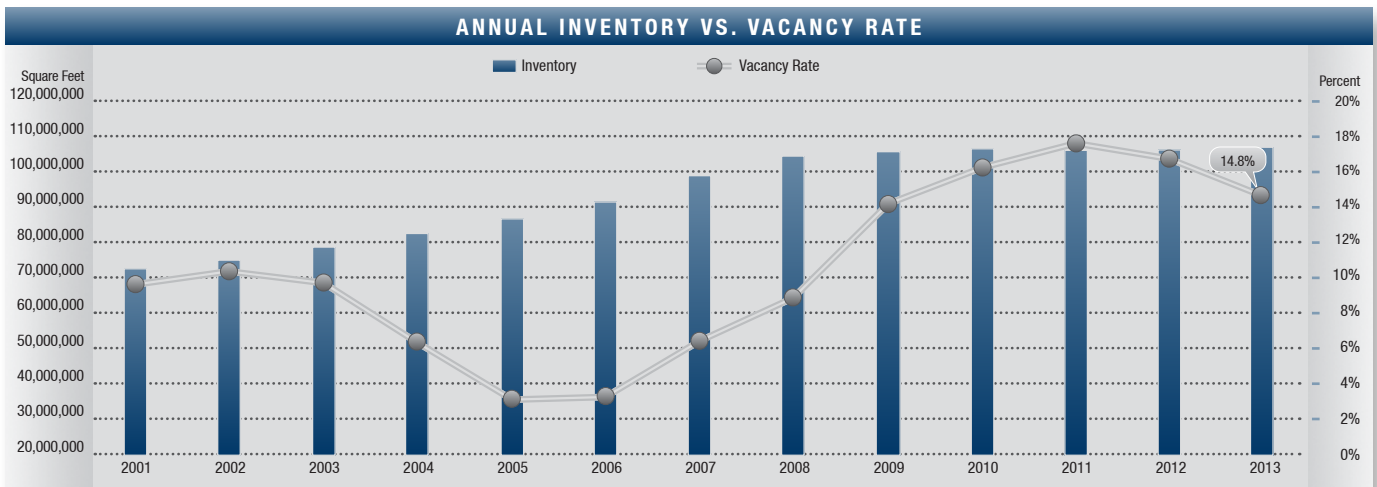
INDUSTRIAL MARKET OVERVIEW

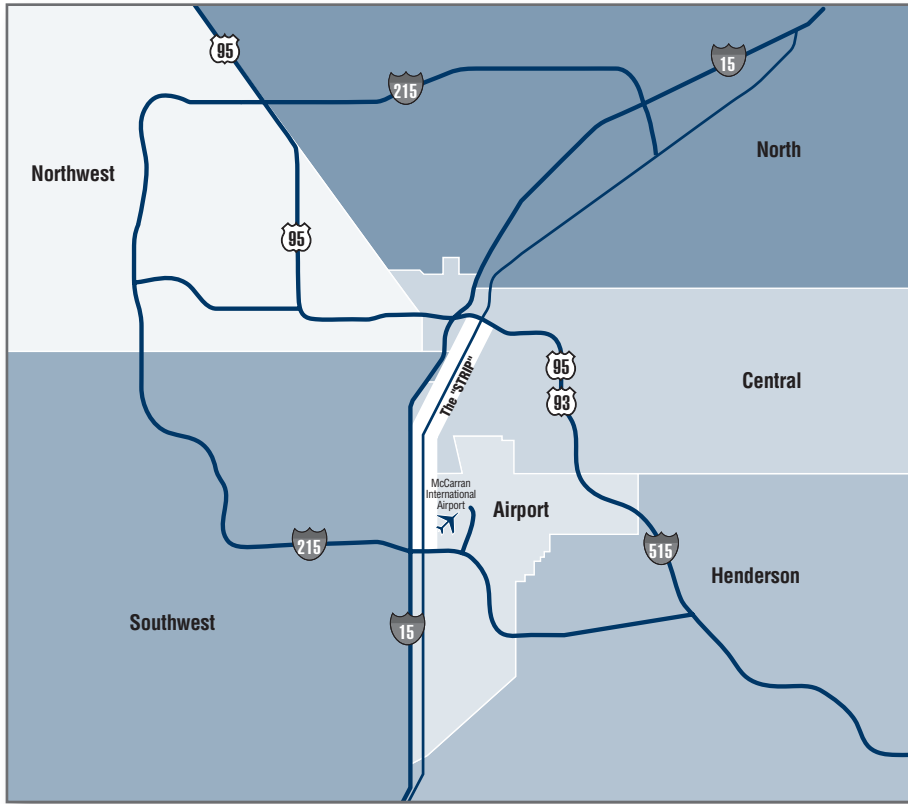
	Q3 2013	Q2 2013	Q3 2012	Q3 2013 vs. Q3 2012
Under Construction	1,332,913	1,502,012	425,000	213.6%
Planned Construction	351,502	534,403	1,714,663	(79.5%)
Vacancy	14.8%	15.5%	17.0%	(2.2%)
Net Absorption	1,131,914	774,300	240,351	N/A



	INVENTORY				VACANCY RATES		ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet Under Construction	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q3 2013	Net Absorption Q3 2013	Net Absorption 2013	New Supply Q3 2013	New Supply 2013
Northwest										
Distribution	2	196,910	0	0	67,580	34.3%	8,478	19,632	0	0
Flex	10	257,489	0	0	38,938	15.1%	3,620	14,576	0	0
Freestanding	6	181,690	0	300,000	22,000	12.1%	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	810,901	0	300,000	207,610	25.6%	12,098	34,208	0	0
North										
Distribution	134	17,212,256	248,529	0	1,968,029	11.4%	390,965	723,093	0	97,085
Flex	51	1,416,895	0	0	359,718	25.4%	5,744	10,973	0	0
Freestanding	662	9,053,171	0	0	1,715,669	19.0%	32,586	113,885	0	115,000
Incubator	30	751,632	0	0	227,269	30.2%	4,211	10,930	0	0
Midbay	58	2,748,367	0	0	386,406	14.1%	157,526	281,728	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
North Total	935	31,182,321	248,529	0	4,657,091	14.9%	591,032	1,140,609	0	212,085
Central										
Distribution	32	1,665,632	0	0	117,361	7.0%	16,000	15,861	0	0
Flex	20	459,945	0	0	48,586	10.6%	2,309	39,094	0	0
Freestanding	146	2,233,668	0	0	318,870	14.3%	20,970	(17,570)	0	0
Incubator	35	782,593	0	0	121,479	15.5%	1,706	10,434	0	0
Midbay	55	1,877,070	0	0	275,269	14.7%	5,378	30,779	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
Central Total	288	7,018,908	0	0	881,565	12.6%	46,363	78,598	0	0
Southwest										
Distribution	120	12,051,371	0	0	1,630,764	13.5%	(162,156)	23,517	0	0
Flex	230	7,306,774	0	0	1,280,267	17.5%	18,747	208,423	0	0
Freestanding	754	11,288,525	525,000	51,502	1,988,515	17.6%	116,230	578,613	130,000	440,000
Incubator	58	2,020,567	0	0	376,022	18.6%	8,993	23,695	0	0
Midbay	126	6,741,293	0	0	1,121,751	16.6%	191,136	334,722	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
Southwest Total	1,288	39,408,530	525,000	51,502	6,397,319	16.2%	172,950	1,168,970	130,000	440,000
Airport										
Distribution	63	4,610,388	0	0	682,029	14.8%	6,299	(43,258)	0	0
Flex	128	2,560,453	0	0	381,523	14.9%	(15,879)	52,012	0	0
Freestanding	183	4,455,831	193,384	0	578,505	13.0%	194,765	195,085	222,000	282,064
Incubator	32	894,639	0	0	169,797	19.0%	(610)	1,769	0	0
Midbay	52	2,504,998	0	0	417,912	16.7%	(36,206)	175,274	0	0
Other	1	44,631	0	0	0	0.0%	0	0	0	0
Airport Total	459	15,070,940	193,384	0	2,229,766	14.8%	148,369	380,882	222,000	282,064
Henderson										
Distribution	54	6,168,541	296,000	0	209,602	3.4%	128,355	192,662	0	0
Flex	46	841,013	0	0	166,283	19.8%	(19,314)	520	0	0
Freestanding	345	4,285,025	70,000	0	741,269	17.3%	8,161	(3,558)	0	0
Incubator	6	189,442	0	0	14,906	7.9%	9,648	3,027	0	0
Midbay	47	2,114,108	0	0	290,787	13.8%	34,252	(6,746)	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
Henderson Total	498	13,598,129	366,000	0	1,422,847	10.5%	161,102	185,905	0	0
Las Vegas Total										
Distribution	405	41,905,098	544,529	0	4,675,365	11.2%	387,941	931,507	0	97,085
Flex	485	12,842,569	0	0	2,275,315	17.7%	(4,773)	325,598	0	0
Freestanding	2,096	31,497,910	788,384	351,502	5,364,828	17.0%	372,712	866,455	352,000	837,064
Incubator	163	4,758,873	0	0	956,065	20.1%	23,948	49,855	0	0
Midbay	338	15,985,836	0	0	2,492,125	15.6%	352,086	815,757	0	0
Other	3	99,443	0	0	32,500	32.7%	0	0	0	0
Las Vegas Total	3,490	107,089,729	1,332,913	351,502	15,796,198	14.8%	1,131,914	2,989,172	352,000	934,149

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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