



Industrial Market Report

Compared to 2012:

Vacancy

DOWN



Net Absorption



POSITIVE

Lease Rates



UP

Deliveries



UP

Market Highlights

- Market Overview** – The Las Vegas industrial market reported a vacancy rate of 13.8% in the fourth quarter of 2013, which represents a decline of 40 basis points (0.4 percentage points) from the prior quarter (Q3 2013). Compared to the fourth quarter of 2012, the vacancy rate decreased by a substantial 260 basis points (2.6 percentage points).
- Demand** – The sector reported approximately 398,200 square feet of positive net absorption during the quarter, bringing the total for the year to 3.6 million square feet of net move-ins. Net absorption in 2013 was up substantially compared to the 897,000 square feet reported in all of 2012. During the fourth quarter, Updike Distribution leased 52,800 square feet in ProLogis Sunrise Industrial Park at 2951 Marion Drive, while Shears Litho, Inc. began moving into 26,200 square feet in Promontory Corporate Plaza at 4133 Patrick Lane. In addition, Spielo International reportedly leased roughly 19,900 square feet at 6620 Escondido Street.
- Inventory** – With no industrial building completions during the quarter, inventory remained flat at 107.5 million square feet. More than 934,100 square feet was added to the market in 2013, sourced to projects in the southwest (440,000 square feet), airport (282,100 square feet) and north (212,100 square feet) submarkets. TJ Maxx broke ground on its 400,000-square-foot distribution center expansion, while a handful of additional projects continued to move forward, including: FedEx at South 15 Airport Center (296,000 square feet), Konami Gaming (193,400 square feet), Nicholas & Company (182,900 square feet), VadaTech (70,000 square feet) and the Shetakis Wholesalers expansion (65,600 square feet).
- Economic Considerations** – The southern Nevada economy has come a long way from the depths of the recession. In November 2013, employment was up by 20,300 jobs year over year, with substantial gains witness by the trade, transportation, and utilities (+5,900 jobs); government (+4,400 jobs); leisure and hospitality (+4,100 jobs); and education and health services (+4,000 jobs) sectors. The continued growth helped drive down the unemployment rate to 8.6% (compared to 9.8% in 2012). Consumer spending also reported that taxable retail sales for the 12 months ending October 2013 (latest data available) were up 5.1% annually.
- Looking Forward** – The industrial market reported a strong performance in 2013, as net absorption reached its highest level since 2007, when the market reported more than 4.2 million square feet of net move-ins. Since the high of 17.4% reached in the second quarter of 2011, the industrial market vacancy rate has fallen 3.6 percentage points as tenants continue to show confidence in the market; this trend is expected to continue into 2014.
- Future Supply** – Construction activity increased to 1.2 million square feet, sourced to projects located in the north (648,500 square feet), Henderson (366,000 square feet) and airport (193,400 square

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Prepared by:

Jerry J. Holdner, Jr. – Lic.#01145748

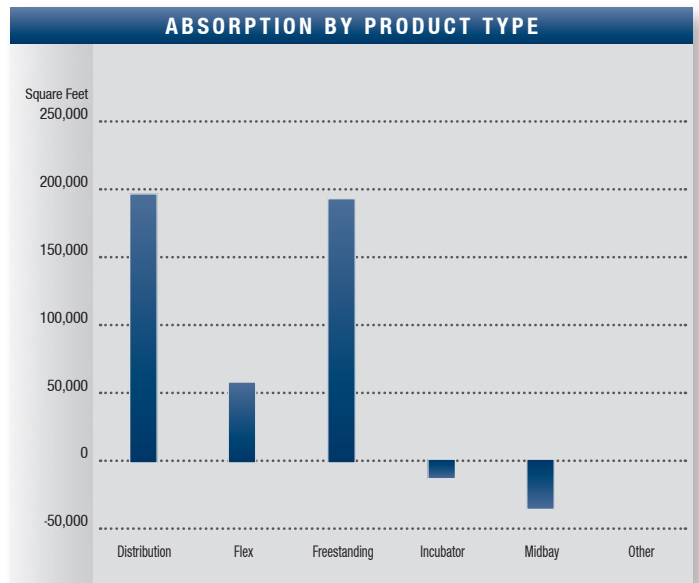
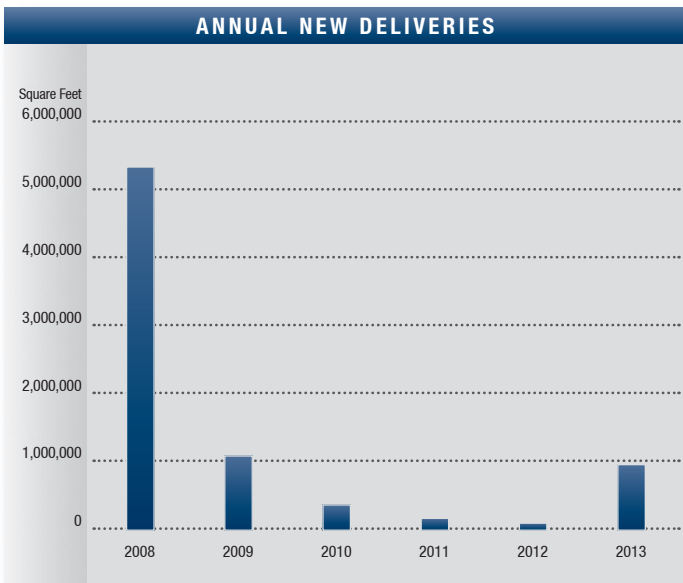
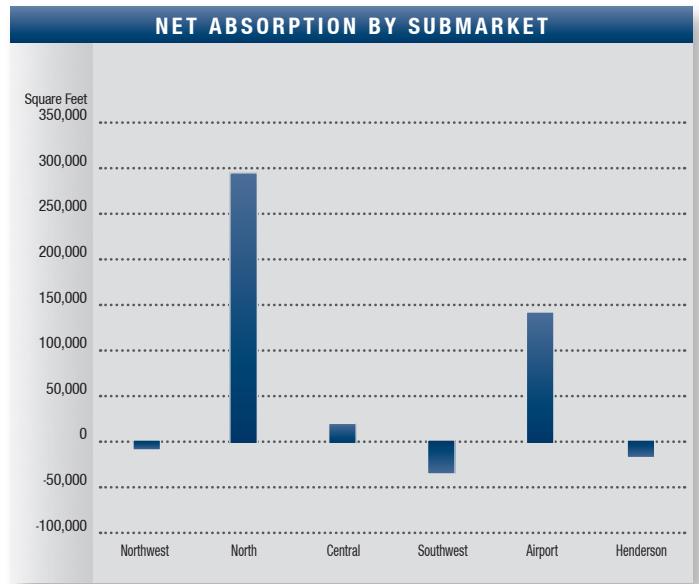
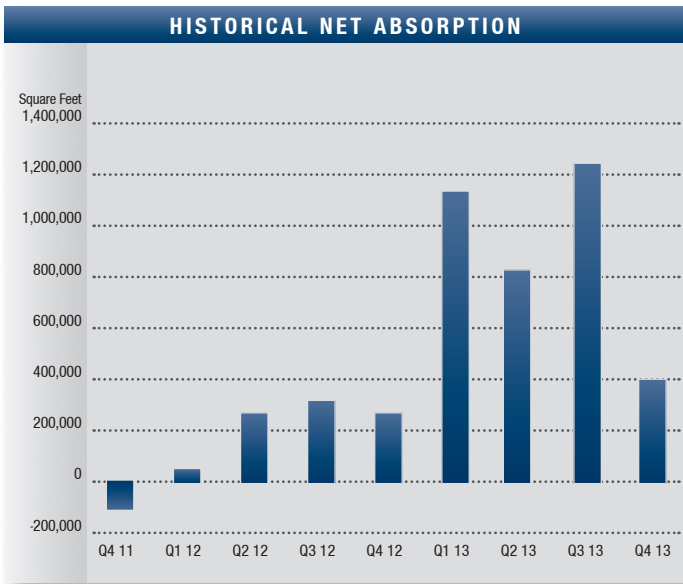
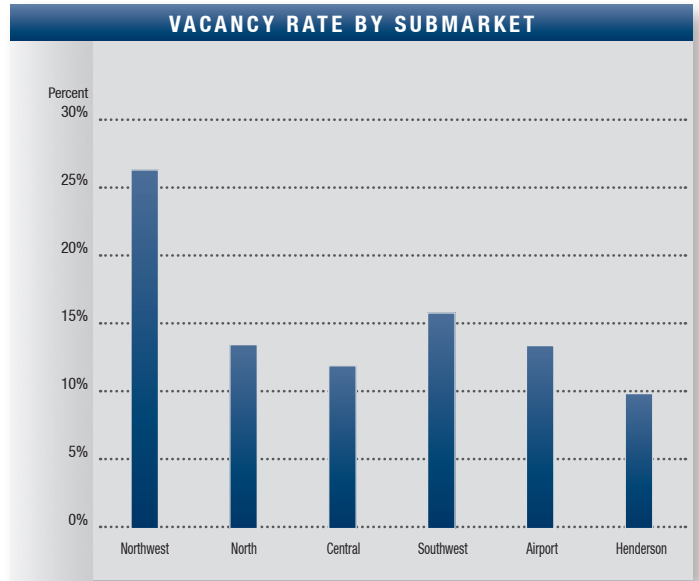
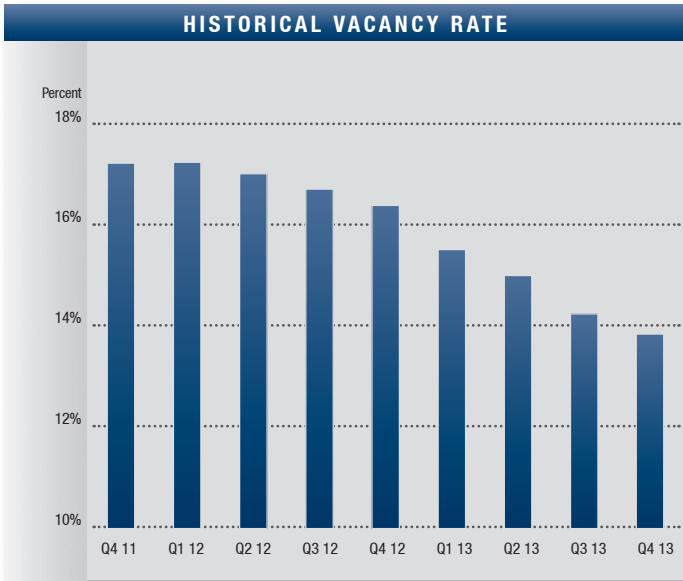
Vice President of Market Research

VOIT Real Estate Services – Lic.#01333376

e-mail: jholdner@voitco.com

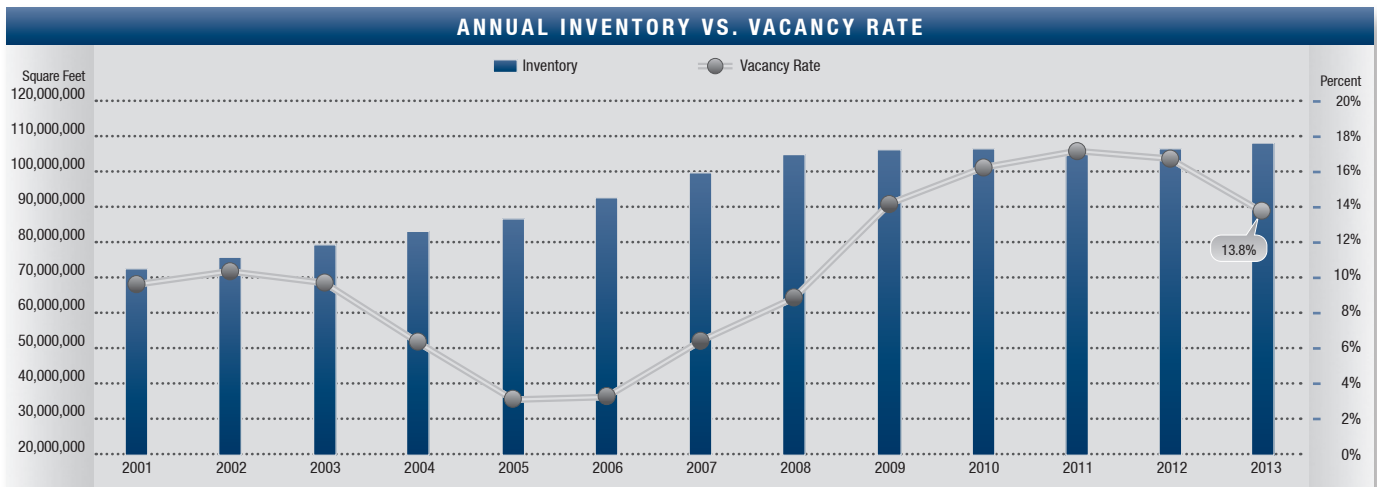
INDUSTRIAL MARKET OVERVIEW

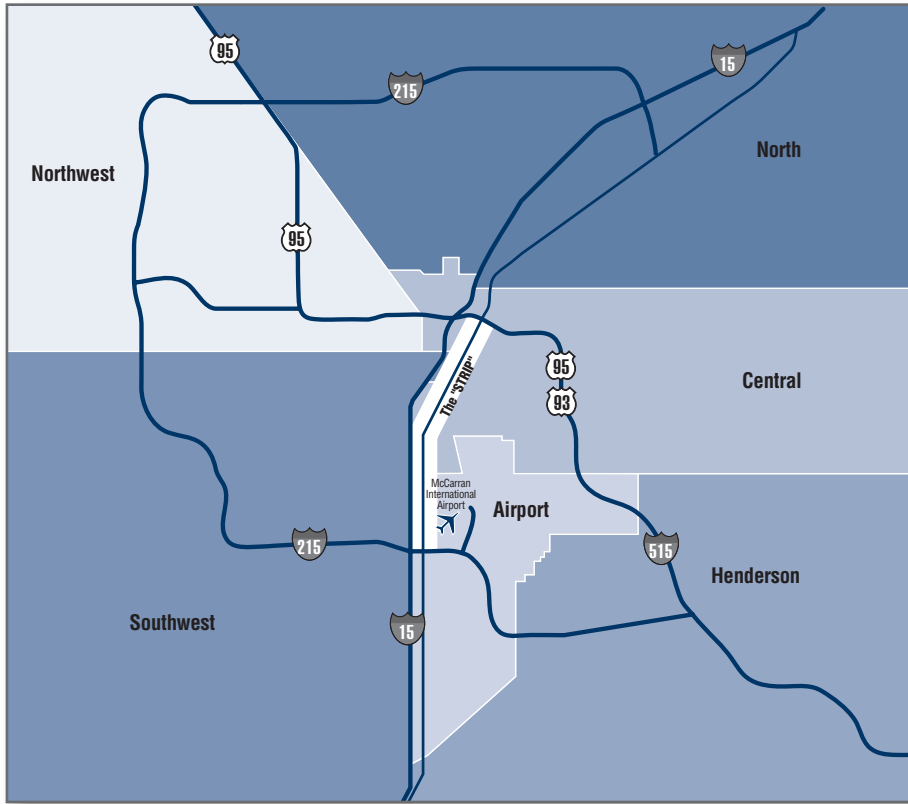
	2013	2012	2011	% of Change vs. 2012
Under Construction	1,207,913	934,149	0	29.3%
Planned Construction	876,502	1,901,514	1,648,566	(53.9%)
Vacancy	13.8%	16.4%	17.2%	(2.6%)
Net Absorption	3,600,724	897,053	(1,140,991)	N/A



	INVENTORY				VACANCY RATES		ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet Under Construction	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q4 2013	Net Absorption Q4 2013	Net Absorption 2013	New Supply Q4 2013	New Supply 2013
Northwest										
Distribution	2	196,910	0	0	67,580	34.3%	0	19,632	0	0
Flex	10	257,489	0	0	44,931	17.4%	(5,993)	8,583	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	213,603	26.3%	(5,993)	28,215	0	0
North										
Distribution	134	17,527,256	648,529	0	1,711,213	9.8%	257,666	930,839	0	97,085
Flex	51	1,416,895	0	0	346,124	24.4%	13,594	24,567	0	0
Freestanding	662	9,053,171	0	0	1,524,088	16.8%	97,691	229,480	0	115,000
Incubator	30	751,632	0	0	175,590	23.4%	(10,719)	50,211	0	0
Midbay	58	2,748,367	0	0	451,020	16.4%	(64,614)	217,114	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
North Total	935	31,497,321	648,529	0	4,208,035	13.4%	293,618	1,452,211	0	212,085
Central										
Distribution	32	1,665,632	0	0	117,361	7.0%	0	15,861	0	0
Flex	20	459,945	0	0	30,277	6.6%	18,309	57,403	0	0
Freestanding	146	2,248,668	0	0	315,376	14.0%	3,494	(14,076)	0	0
Incubator	35	782,593	0	0	105,541	13.5%	15,938	26,372	0	0
Midbay	55	1,877,070	0	0	265,640	14.2%	(17,226)	40,408	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
Central Total	288	7,033,908	0	0	834,195	11.9%	20,515	125,968	0	0
Southwest										
Distribution	120	12,051,371	0	0	1,769,791	14.7%	(139,027)	(115,510)	0	0
Flex	230	7,306,774	0	0	1,209,342	16.6%	51,842	276,060	0	0
Freestanding	754	11,288,525	0	576,502	1,732,076	15.3%	52,052	668,002	0	440,000
Incubator	58	2,020,567	0	0	407,664	20.2%	(31,642)	(7,947)	0	0
Midbay	126	6,741,293	0	0	1,077,668	16.0%	31,792	371,618	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
Southwest Total	1,288	39,408,530	0	576,502	6,196,541	15.7%	(34,983)	1,192,223	0	440,000
Airport										
Distribution	63	4,610,388	0	0	521,266	11.3%	134,903	117,505	0	0
Flex	128	2,604,524	0	0	463,721	17.8%	(38,127)	(30,186)	0	0
Freestanding	183	4,465,987	193,384	0	510,346	11.4%	21,448	256,244	0	282,064
Incubator	32	894,639	0	0	156,148	17.5%	13,649	15,418	0	0
Midbay	52	2,504,998	0	0	394,589	15.8%	11,041	198,597	0	0
Other	1	44,631	0	0	0	0.0%	0	0	0	0
Airport Total	459	15,125,167	193,384	0	2,046,070	13.5%	142,914	557,578	0	282,064
Henderson										
Distribution	54	6,168,541	296,000	0	265,685	4.3%	(56,083)	131,729	0	0
Flex	46	841,013	0	0	143,219	17.0%	18,977	19,497	0	0
Freestanding	345	4,285,025	70,000	0	617,635	14.4%	18,886	97,058	0	0
Incubator	6	189,442	0	0	16,584	8.8%	(1,678)	1,349	0	0
Midbay	47	2,114,108	0	0	289,145	13.7%	2,040	(5,104)	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
Henderson Total	498	13,598,129	366,000	0	1,332,268	9.8%	(17,858)	244,529	0	0
Las Vegas Total										
Distribution	405	42,220,098	944,529	0	4,452,896	10.5%	197,459	1,100,056	0	97,085
Flex	485	12,886,640	0	0	2,237,614	17.4%	58,602	355,924	0	0
Freestanding	2,096	31,523,066	263,384	876,502	4,721,521	15.0%	193,571	1,236,708	0	837,064
Incubator	163	4,758,873	0	0	908,119	19.1%	(14,452)	85,403	0	0
Midbay	338	15,985,836	0	0	2,478,062	15.5%	(36,967)	822,633	0	0
Other	3	99,443	0	0	32,500	32.7%	0	0	0	0
Las Vegas Total	3,490	107,473,956	1,207,913	876,502	14,830,712	13.8%	398,213	3,600,724	0	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

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OTHER

Tenant improvements to a non-conventional build-out

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101 Shipyard Way
Newport Beach, CA 92663

949.644.8648
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