



## MARKET CHANGE

Compared to 2013:

**Vacancy**

**DOWN**



**Net Absorption**

**POSITIVE**



**Lease Rates**

**UP**



**Deliveries**

**DOWN**



## HIGHLIGHTS

- Market Overview** – The Las Vegas industrial market reported a vacancy rate of 8.1 percent in the final quarter of 2014, which represents a decline of 60 basis points (0.6 percentage points) from the prior quarter (Q3 2014). Compared to a year ago (Q4 2013), the industrial vacancy rate has fallen 380 basis points (3.8 percentage points). Industrial vacancies have been in the single digits for three consecutive quarters.
- Demand** – The industrial sector reported 693,500 SF of positive net absorption during the fourth quarter, representing the twelfth consecutive quarter of positive net move-ins. For the year, net absorption was positive 4.7 million SF. During the quarter, 4Wall Entertainment leased roughly 122,000 SF at 3165 West Sunset Road. In addition, Marshall Retail Group reportedly signed a deal for 75,000 SF at 3755 West Sunset Road.
- Inventory** – One industrial project completed construction in the fourth quarter, bringing total inventory to 107.9 million SF; the 35,500 SF speculative project is located at 5955 Hauck Street. In 2014, six industrial projects totaling 689,500 SF completed construction, including FedEx at South 15 Airport Center, Nicholas & Company and VadaTech.
- Future Supply** – By the end of the year, 10 projects totaling 2.2 million square feet were actively under construction throughout the valley. Major projects include the expansion of VSR’s facility (28,000 SF), MEC Contractors (51,500 SF), Thatcher Company of Nevada (53,700 SF), The Chef’s Warehouse (74,100 SF), Catamaran (100,000 SF), Konami Gaming (193,400 SF), TJ Maxx (400,000 SF), Prologis Las Vegas Corporate Center #19 (464,200 SF) and Switch SuperNAPs 9 and 10 (815,000 SF).
- Economic Considerations** – In November 2014 (latest available data), the Las Vegas MSA reported annual job growth of 22,000 positions, with substantial gains reported by the professional and business services (+8,400 jobs), education and health services (+4,200 jobs), construction (+2,300 jobs), retail trade (+2,000 jobs) and government (+1,800 jobs) sectors. Also, in the past 12 months, the Las Vegas area has welcomed nearly 41.0 million visitors, while Clark County taxable retail sales increased 7.9 percent year-over-year to \$35.9 billion.
- Overall** – The industrial market vacancy rate reached its lowest level since the second quarter of 2008 by the end of 2014, and it has declined 8.9 percentage points since the high reached in 2011. Construction activity is also the highest it has been since 2.5 million SF were under development in 2008.

## FORECAST

- Employment** – The construction, professional and business services, retail trade and education and health services sectors are expected to continue to report positive growth in 2015.
- Construction** – Construction activity is expected to continue to increase as a number of speculative projects break ground in 2015.
- Vacancy** – While improvements in the vacancy rate are expected to continue, the pace of decline will likely slow heading into 2015.

## OVERVIEW

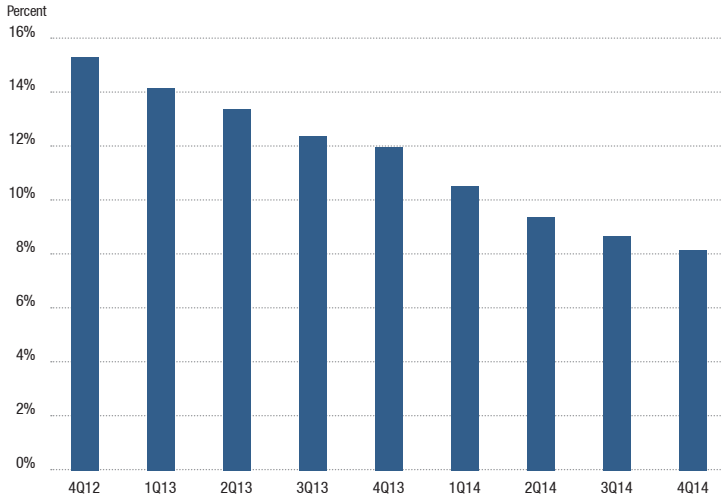
	2014	2013	2012	2014 vs. 2013
Under Construction	2,179,926	1,243,433	934,149	75.3%
Planned Construction	1,697,000	1,047,718	1,951,514	62.0%
Vacancy	8.1%	11.9%	15.2%	(3.8%)
Net Absorption	4,659,742	4,350,066	1,595,612	N/A

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

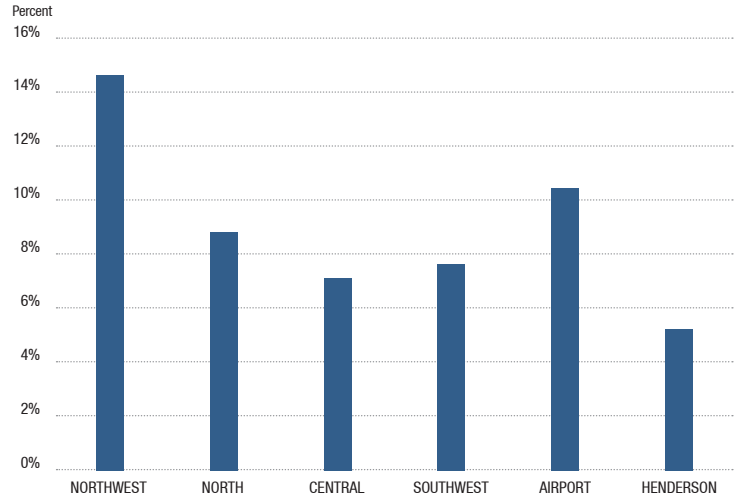
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Prepared by:  
**Jerry J. Holdner, Jr.**  
 Vice President of Market Research  
 e-mail: [jholdner@voitco.com](mailto:jholdner@voitco.com)

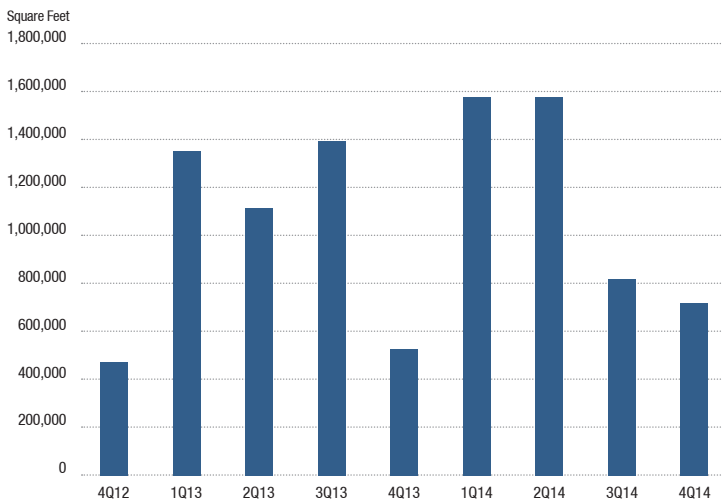
## HISTORICAL VACANCY RATE



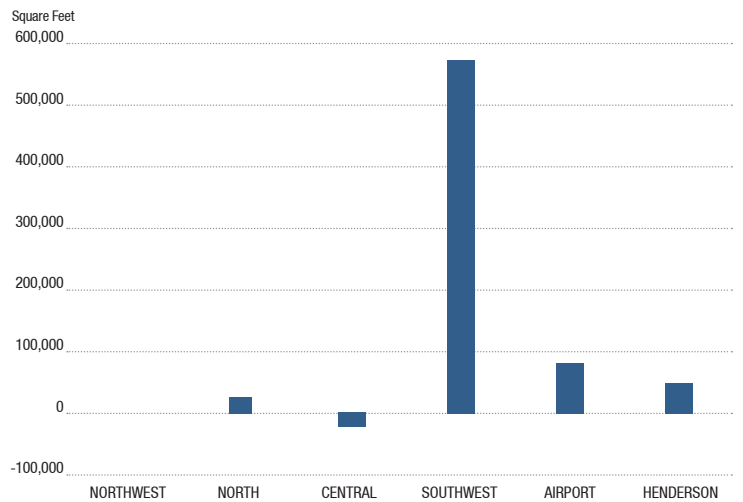
## VACANCY RATE BY SUBMARKET



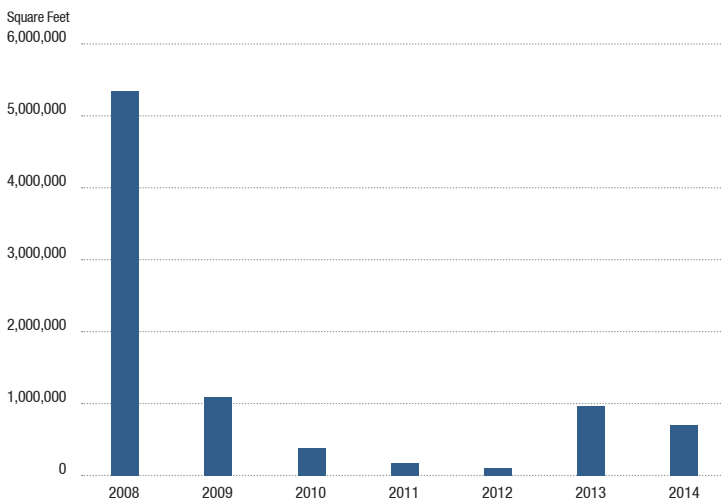
## HISTORICAL NET ABSORPTION



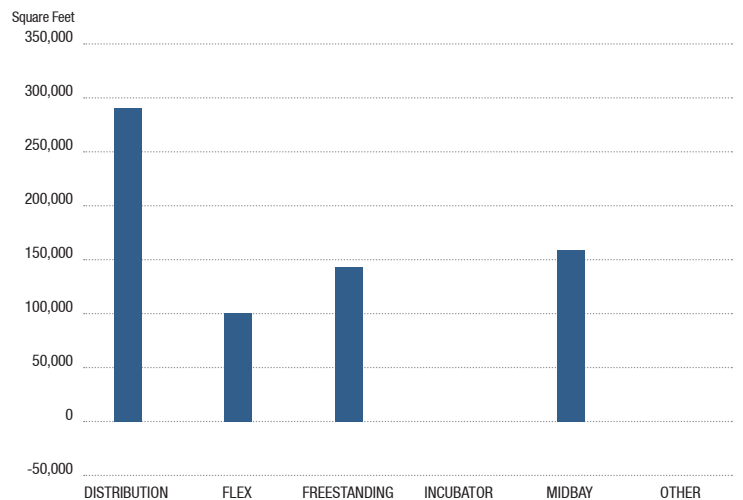
## NET ABSORPTION BY SUBMARKET



## HISTORICAL NEW CONSTRUCTION



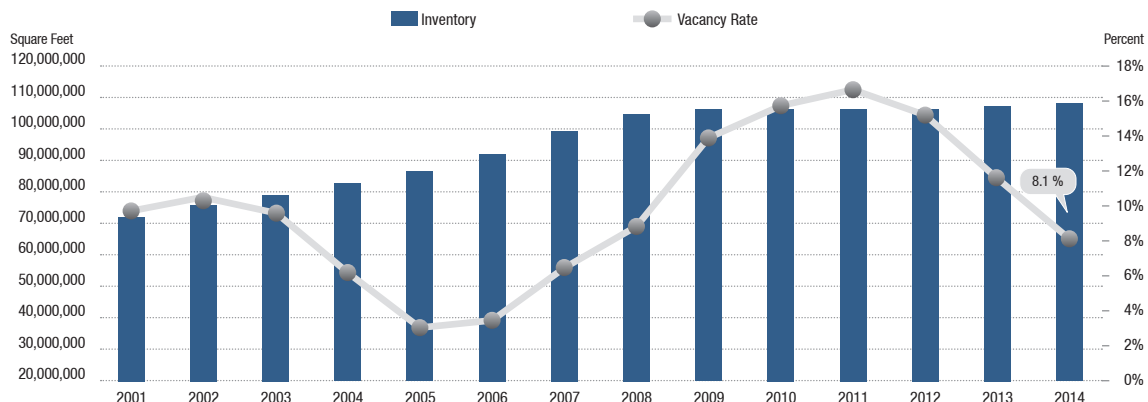
## NET ABSORPTION BY PRODUCT TYPE



	INVENTORY			VACANCY RATES			ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet Under Construction	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2014	Net Absorption 4Q2014	Net Absorption 2014	New Supply 4Q2014	New Supply 2014
<b>Northwest</b>										
Distribution	2	196,910	0	0	3,800	1.9%	0	63,780	0	0
Flex	10	257,489	0	0	39,637	15.4%	3,488	5,294	0	0
Freestanding	6	181,690	0	0	0	0.0%	0	22,000	0	0
Incubator	2	120,000	0	0	42,112	35.1%	(2,544)	4,480	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>810,901</b>	<b>0</b>	<b>0</b>	<b>118,049</b>	<b>14.6%</b>	<b>944</b>	<b>95,554</b>	<b>0</b>	<b>0</b>
<b>North</b>										
Distribution	138	18,258,275	864,203	810,000	1,046,289	5.7%	(11,271)	885,323	0	288,019
Flex	50	1,391,684	0	0	365,679	26.3%	(14,366)	(24,457)	0	0
Freestanding	670	9,231,968	0	180,000	1,054,177	11.4%	18,857	242,466	0	0
Incubator	30	751,632	0	0	193,496	25.7%	3,960	46,443	0	0
Midbay	63	2,799,567	0	0	268,103	9.6%	26,094	176,177	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
<b>North Total</b>	<b>951</b>	<b>32,433,126</b>	<b>864,203</b>	<b>990,000</b>	<b>2,927,744</b>	<b>9.0%</b>	<b>23,274</b>	<b>1,325,952</b>	<b>0</b>	<b>288,019</b>
<b>Central</b>										
Distribution	31	1,642,231	0	0	98,902	6.0%	0	(64,522)	0	0
Flex	20	459,945	0	0	28,186	6.1%	215	2,091	0	0
Freestanding	147	2,253,668	0	0	95,887	4.3%	(17,851)	114,408	0	0
Incubator	29	488,733	0	0	57,704	11.8%	(2,190)	15,729	0	0
Midbay	50	1,575,115	0	0	172,190	10.9%	(1,747)	22,422	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
<b>Central Total</b>	<b>277</b>	<b>6,419,692</b>	<b>0</b>	<b>0</b>	<b>452,869</b>	<b>7.1%</b>	<b>(21,573)</b>	<b>90,128</b>	<b>0</b>	<b>0</b>
<b>Southwest</b>										
Distribution	119	12,021,409	74,111	416,000	821,621	6.8%	315,454	821,931	0	0
Flex	229	6,946,774	0	0	773,152	11.1%	78,256	228,203	0	0
Freestanding	756	11,360,148	966,502	291,000	491,972	4.3%	91,188	511,111	0	0
Incubator	66	2,379,909	0	0	255,186	10.7%	(3,262)	86,034	35,520	35,520
Midbay	125	6,727,709	0	0	640,526	9.5%	106,282	349,270	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
<b>Southwest Total</b>	<b>1,295</b>	<b>39,435,949</b>	<b>1,040,613</b>	<b>707,000</b>	<b>2,982,457</b>	<b>7.6%</b>	<b>587,918</b>	<b>1,996,549</b>	<b>35,520</b>	<b>35,520</b>
<b>Airport</b>										
Distribution	61	4,419,272	0	0	282,792	6.4%	(2,882)	213,141	0	0
Flex	127	2,532,203	0	0	475,873	18.8%	28,645	(5,360)	0	0
Freestanding	182	4,474,520	193,384	0	375,573	8.4%	712	75,469	0	0
Incubator	32	894,639	0	0	109,565	12.2%	2,080	46,583	0	0
Midbay	50	2,422,998	0	0	317,501	13.1%	47,247	77,088	0	0
Other	1	44,631	0	0	0	0.0%	0	0	0	0
<b>Airport Total</b>	<b>453</b>	<b>14,788,263</b>	<b>193,384</b>	<b>0</b>	<b>1,561,304</b>	<b>10.6%</b>	<b>75,802</b>	<b>406,921</b>	<b>0</b>	<b>0</b>
<b>Henderson</b>										
Distribution	55	6,464,541	0	0	67,858	1.0%	(11,700)	478,827	0	296,000
Flex	45	830,613	0	0	110,275	13.3%	2,897	28,112	0	0
Freestanding	347	4,374,269	81,726	0	279,529	6.4%	47,259	218,111	0	70,000
Incubator	6	189,442	0	0	13,710	7.2%	1,697	2,874	0	0
Midbay	48	2,139,608	0	0	261,593	12.2%	(13,019)	16,714	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
<b>Henderson Total</b>	<b>501</b>	<b>13,998,473</b>	<b>81,726</b>	<b>0</b>	<b>732,965</b>	<b>5.2%</b>	<b>27,134</b>	<b>744,638</b>	<b>0</b>	<b>366,000</b>
<b>Las Vegas Total</b>										
Distribution	406	43,002,638	938,314	1,226,000	2,321,262	5.4%	289,601	2,398,480	0	584,019
Flex	481	12,418,708	0	0	1,792,802	14.4%	99,135	233,883	0	0
Freestanding	2,108	31,876,263	1,241,612	471,000	2,297,138	7.2%	140,165	1,183,565	0	70,000
Incubator	165	4,824,355	0	0	671,773	13.9%	(259)	202,143	35,520	35,520
Midbay	336	15,664,997	0	0	1,659,913	10.6%	164,857	641,671	0	0
Other	3	99,443	0	0	32,500	32.7%	0	0	0	0
<b>Las Vegas Total</b>	<b>3,499</b>	<b>107,886,404</b>	<b>2,179,926</b>	<b>1,697,000</b>	<b>8,775,388</b>	<b>8.1%</b>	<b>693,499</b>	<b>4,659,742</b>	<b>35,520</b>	<b>689,539</b>

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

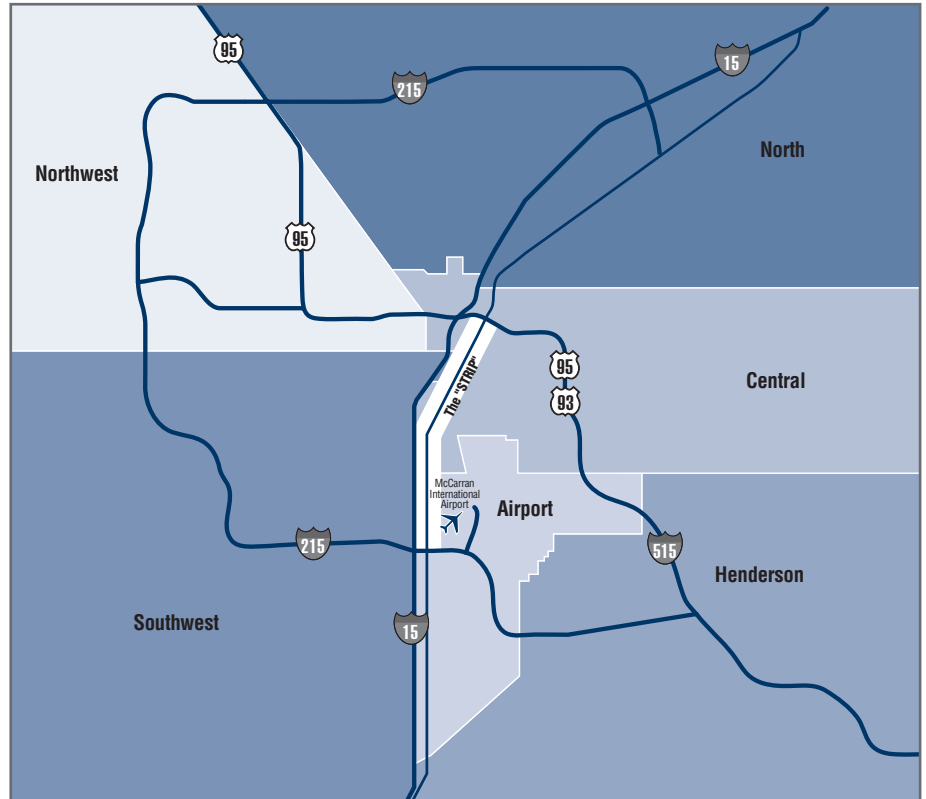
Over 15,000 SF divisibility, 3-5% office build-out, multiple docks and grade-level loading

### 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  
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916.772.8648

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858.453.0505

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408.885.9110