



Industrial Market Report

Compared to the Previous Quarter:

Vacancy

DOWN

Net Absorption

POSITIVE

Lease Rates

FLAT

Transactions

FLAT

Deliveries

UP

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

www.voitco.com

Market Highlights

- Market Status** - While 2011 proved to be a year of significant improvement for the Reno industrial market, with two of the quarters posting over 400,000 square feet of positive net absorption each, the first quarter of 2012 was a little less exciting displaying a mix of both positive and negative indicators. Transaction volume was low, similar to the previous quarter though with fewer sales. Net absorption remained positive, though modest, and lease rates were unchanged from the previous quarter, a step towards stabilization. While vacancy dropped slightly, availability spiked in the first quarter. Class A product seemed to have stabilized in both vacancy and rents, while Class B and C product continued to struggle, as the flight to quality continues.
- Construction** - At the close of the first quarter there was only one building under construction — a 472,720 square foot building for Urban Outfitters. However, there was still 6.8 million square feet of proposed space. With build-to-suit seemingly being the only option out there for industrial construction, look for construction to remain scarce.
- Vacancy** - Total vacancy decreased by 8 basis points from the fourth quarter of 2011 to the first quarter of 2012, coming in at 12.81%. Within the major submarkets, the Sparks area remained high at 16.16%, while the North Valleys area came in at a solid 8.23%.
- Availability** - The rate of availability for both direct and sublease space was 18.62% at the close of the first quarter of 2012; up 148 basis points from the close of 2011. The Sparks submarket remained very high at 20.44% during the first quarter, while the Airport submarket posted a solid 13.49%.
- Lease Rates** - The average asking triple-net lease rate was \$0.31 per square foot per month for the first quarter; the same as the fourth quarter of 2011. Minimal rental rate growth is expected to begin in the second half of 2012.
- Absorption** - The Reno industrial market recorded modest positive net absorption of 145,865 square feet for first

quarter — possibly a sign that the industrial market is stabilizing. The largest submarket in all of the region, Sparks, had 170,537 square feet of positive absorption, while the Airport submarket posted a negative 141,318 square feet of net absorption.

- Transaction Activity** - The total volume of industrial lease and sale transaction activity remained very low for the second quarter in a row, at only 475,864 square feet. Conversely, both the second and third quarters of 2011 saw over 2 million square feet of activity. Details of the largest transactions for first quarter can be found on the back page of this report.
- Employment** - The unemployment rate for Washoe County was 13.0%, up from approximately 12% from the end of 2011. Nevada's unemployment rate decreased to 12.7% during the first quarter to be 1.1% lower than the previous year. Within the state, the construction industry gained 1,400 jobs in January, with professional and business services gaining 1,000 jobs and leisure and hospitality adding another 400 jobs.
- Overall** - Reno's industrial market, since the economical downturn, has been all over the place — with solid quarters followed by negative quarters. It is has been tough to forecast exactly what will occur in the next quarter, mainly because the outcome of the quarter is heavily influenced by any large transactions, which dictate the market's status. On the positive side, the first quarter did still see continued positive net absorption and a slight drop in vacancy, despite not having any large transactions, like 2011's fourth quarter did with Urban Outfitters and Now Foods. However, on the negative side, availability spiked in the first quarter, which will likely hinder rent growth in coming quarters. Reno may stand to benefit as California sees an exodus of companies fleeing the recent tax increases, and, as online retail sales become more prevalent, Reno may be viewed as a distribution location for the west coast.

INDUSTRIAL MARKET OVERVIEW

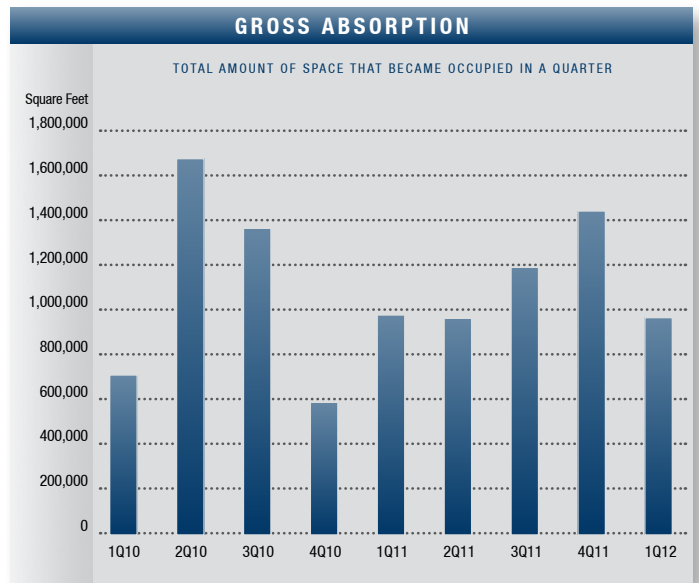
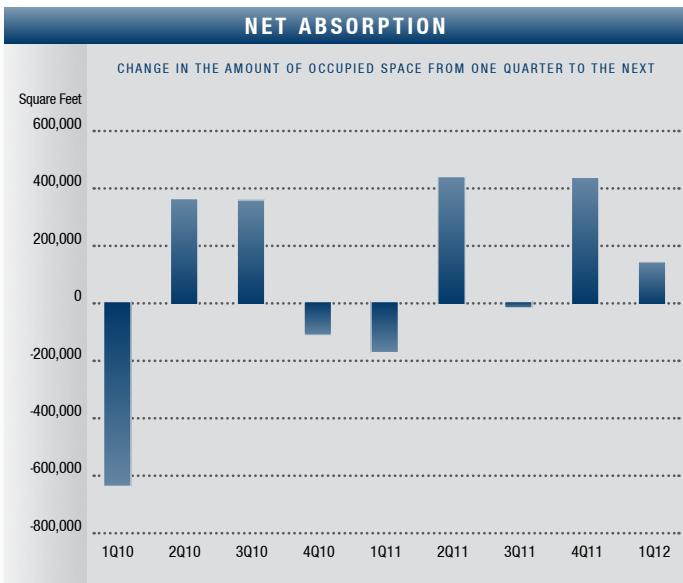
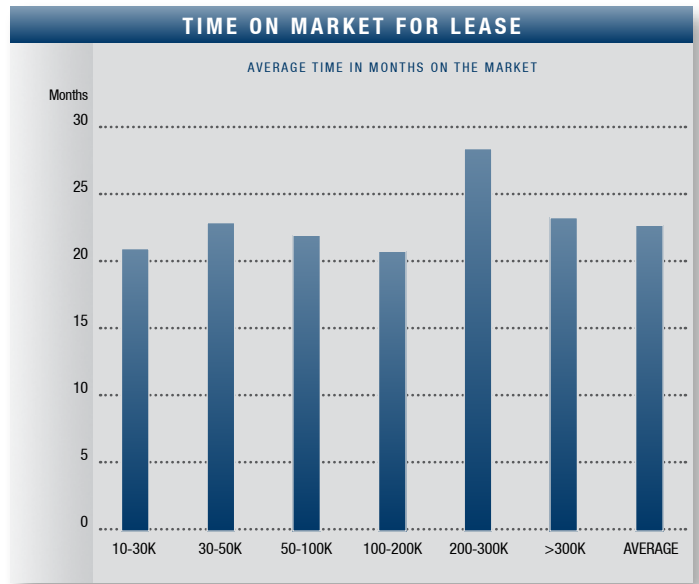
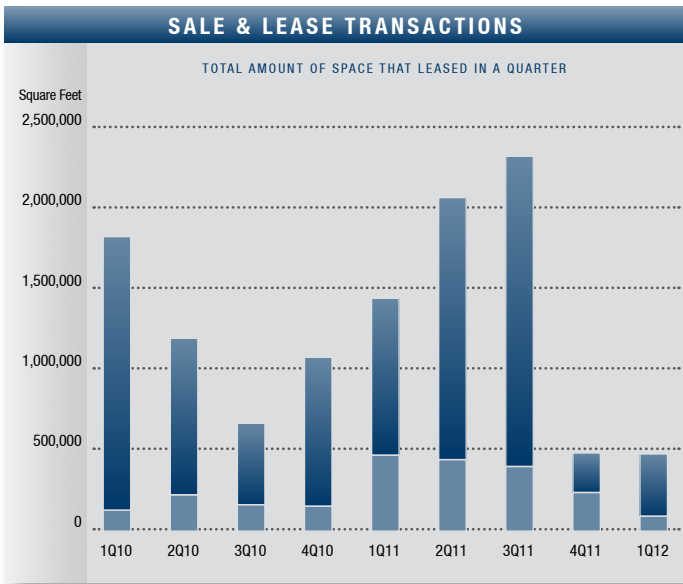
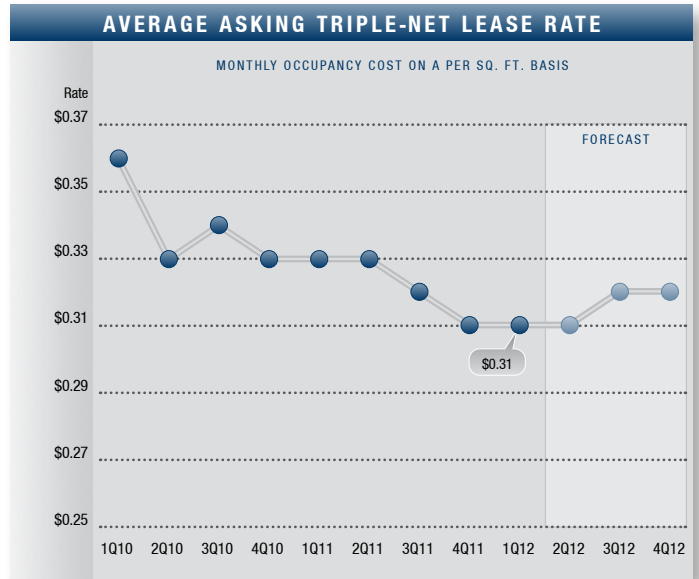
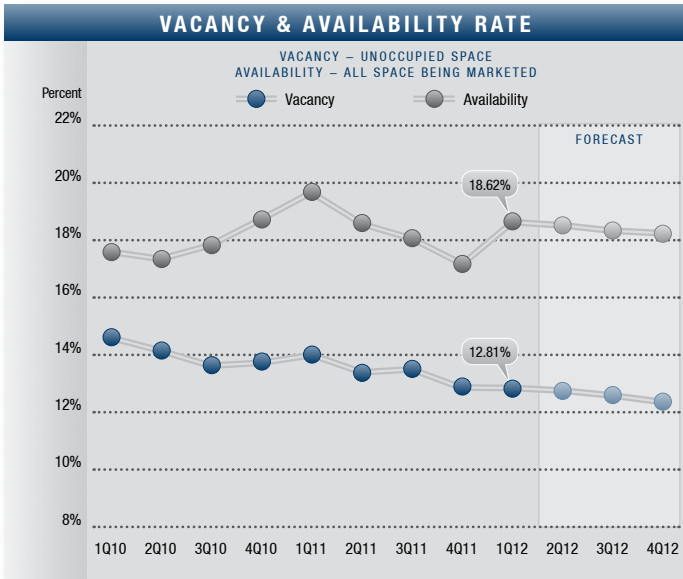
	1Q12	4Q11	1Q11	% of Change vs. 1Q2011
Vacancy Rate	12.81%	12.93%	14.00%	(8.50%)
Availability Rate	18.62%	17.14%	19.65%	(5.24%)
Average Asking Lease Rate	\$0.31	\$0.31	\$0.33	(6.06%)
Sale & Lease Transactions	475,864	477,860	1,420,163	(66.49%)
Gross Absorption	959,409	1,441,730	969,836	(1.08%)
Net Absorption	145,865	440,737	(165,104)	N/A

Prepared by:

Jerry J. Holdner, Jr. — Lic.#01145748
 Vice President of Market Research
 e-mail: jholdner@voitco.com

Tyler Boyd
 Market Research Analyst
 e-mail: tboyd@voitco.com

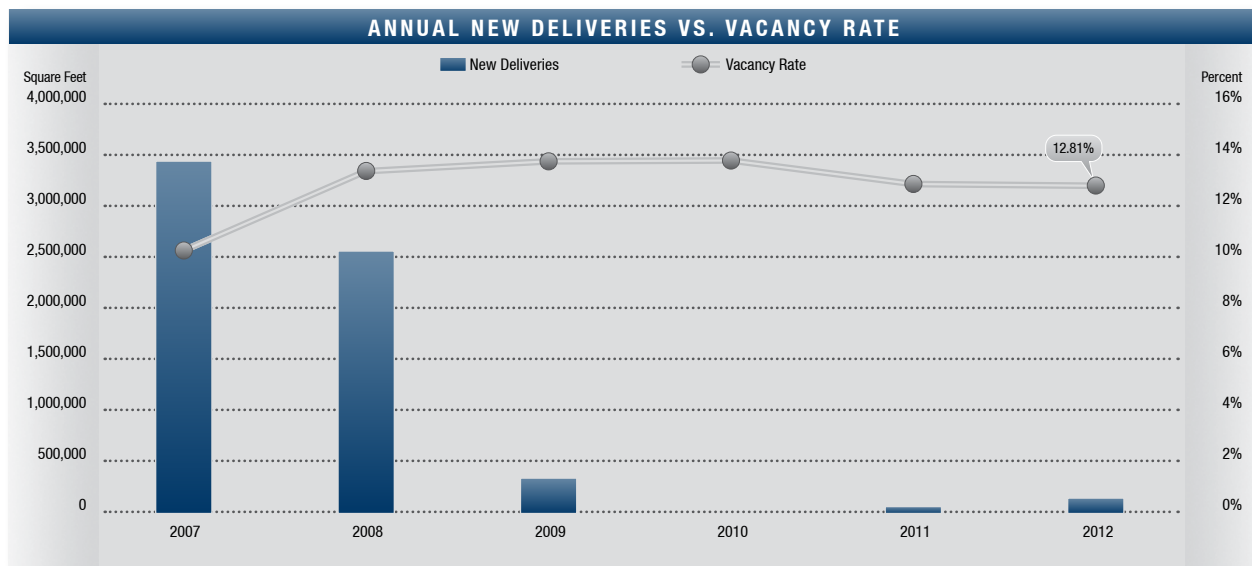
VOIT Real Estate Services — Lic.#01333376



	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2012	Square Feet Available	Availability Rate 1Q2012	Average Asking Lease Rate	Net Absorption 1Q2012	Net Absorption 2012	Gross Absorption 1Q2012	Gross Absorption 2012
Reno Market													
Airport	136	7,104,876	0	13,000	758,922	10.68%	958,659	13.49%	\$0.27	(141,318)	(141,318)	17,236	17,236
Carson City County	66	2,169,343	0	20,160	468,255	21.59%	549,431	25.33%	\$0.48	34,685	34,685	39,424	39,424
Central	93	2,732,376	0	0	359,092	13.14%	444,201	16.26%	\$0.27	(81,657)	(81,657)	37,638	37,638
Douglas County	28	1,304,717	0	42,000	216,055	16.56%	292,047	22.38%	\$0.37	33,664	33,664	33,664	33,664
Fernley	27	4,086,151	0	0	328,190	8.03%	351,230	8.60%	\$0.33	(29,830)	(29,830)	0	0
North Outlying Washoe County	6	383,034	0	60,000	12,000	3.13%	12,000	3.13%	\$0.00	16,300	16,300	16,300	16,300
North Valleys	124	14,414,538	472,720	1,836,600	1,186,350	8.23%	2,175,357	15.09%	\$0.25	(16,738)	(16,738)	33,262	33,262
South Lyon County	33	1,615,718	0	0	503,439	31.16%	830,191	51.38%	\$0.27	(25,462)	(25,462)	0	0
South Outlying Washoe County	8	1,342,846	0	0	0	0.00%	161,312	12.01%	\$0.00	89,250	89,250	89,250	89,250
South Reno	88	7,082,283	0	451,000	688,900	9.73%	977,581	13.80%	\$0.55	64,752	64,752	74,752	74,752
Sparks	385	24,888,090	0	651,195	4,022,250	16.16%	5,087,743	20.44%	\$0.29	170,537	170,537	561,199	561,199
Storey County	42	8,710,180	0	3,741,003	1,199,404	13.77%	2,347,797	26.95%	\$0.34	56,682	56,682	56,684	56,684
West Reno	24	1,340,746	0	0	142,180	10.60%	178,780	13.33%	\$0.22	(25,000)	(25,000)	0	0
Reno Market Total	1,060	77,174,898	472,720	6,814,958	9,885,037	12.81%	14,366,329	18.62%	\$0.31	145,865	145,865	959,409	959,409

10,000-29,999	522	8,999,614	0	101,163	1,017,719	11.31%	1,370,008	15.22%	\$0.41	109,439	109,439	205,197	205,197
30,000-49,999	161	6,132,405	0	266,920	855,469	13.95%	1,078,903	17.59%	\$0.47	4,564	4,564	46,698	46,698
50,000-99,999	184	12,769,923	0	470,000	1,365,578	10.69%	1,739,060	13.62%	\$0.34	(94,337)	(94,337)	148,942	148,942
100,000-199,999	107	14,982,061	0	778,250	2,793,804	18.65%	4,240,916	28.31%	\$0.26	(15,151)	(15,151)	251,800	251,800
200,000-299,999	37	9,220,268	0	280,000	1,515,582	16.44%	1,833,124	19.88%	\$0.25	157,900	157,900	273,322	273,322
300,000 Plus	49	25,070,627	472,720	4,918,625	2,336,885	9.32%	4,104,318	16.37%	\$0.30	(16,550)	(16,550)	33,450	33,450
Reno Market Total	1,060	77,174,898	472,720	6,814,958	9,885,037	12.81%	14,366,329	18.62%	\$0.31	145,865	145,865	959,409	959,409

This survey consists of buildings greater than 10,000 square feet. Lease rates are on a triple-net basis.



RECENT TRANSACTIONS

Sale Transactions

Property Address	Submarket	Square Feet	Sale Price PSF	Buyer	Seller
11420 S. Virginia St.	South Reno	36,611	\$122.91	Mercedes Benz of Sacramento	South Virginia Storage, LLC
543 Overmyer Rd.	Sparks	32,628	\$79.69	Pacific Bulk Equipment	Chickwell Properties
2920 Waltham Way	Storey County	14,000	\$157.14	Edwin & Margaret Meyer	Tedesco Parts & Equipment
401 Dayton Valley Rd.	South Lyon County	8,697	\$54.33	Debra Ramadan	Western Highland Mortgage Fund
1032 Stephanie Way	Douglas County	3,420	\$77.49	Matt Gerken Trust	Tina Wilson

Lease Transactions

Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner
1103-1165 E Glendale Ave. – Renewal	Sparks	131,000	Feb-12	Wesco International, Inc.	USAA Real Estate Company
970-974 United Cir.	Sparks	67,920	Mar-12	N/A	Prologis
9085 Moya Blvd.	North Valleys	48,000	Feb-12	National Business Furniture	Panattoni Investments, LLC
667 Spice Islands Dr.	Sparks	38,400	Feb-12	Truckee Precision	Northwestern Mutual Insurance Co.
3237-3267 Research Way	Carson City	10,418	Jan-12	Eagle Fitness	Research Industrial Center, LLC

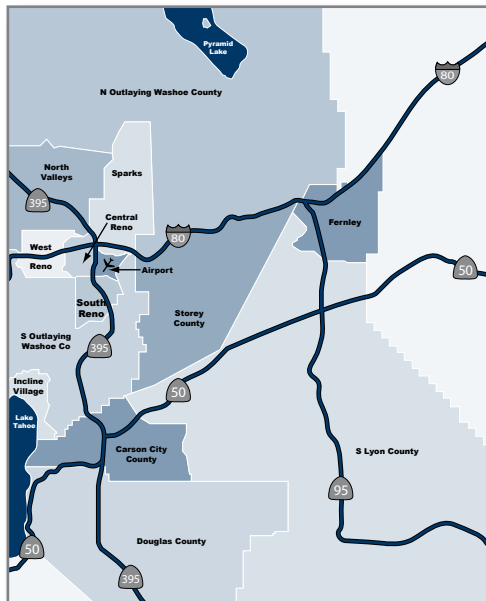
Product Type

MFG./DIST.

Manufacturing/Distribution/Warehouse facilities with up to 29.9% office space.

To view available properties, please visit:

www.voitco.com



Please Contact Us for Further Information

Anaheim, CA
714.978.7880

Commerce, CA
323.201.4494

Inland Empire, CA
909.545.8000

Irvine, CA
949.851.5100

Las Vegas, NV
702.734.4500

Newport Beach, CA
949.644.8648

Phoenix, AZ
602.952.8648

Reno, NV
775.309.0782

Sacramento, CA
916.772.8648

San Diego, CA
858.453.0505

Voit

REAL ESTATE SERVICES

101 Shipyard Way
Newport Beach, CA 92663

949.644.8648
www.voitco.com
Lic.#01333376

This survey consists of properties representing both single tenant and multi-tenant buildings. The lease rates are based on a triple-net basis. The information contained in this report is gathered from sources that are deemed reliable, but no guarantees are made as to its accuracy. This information is for Voit Real Estate Services' use only and cannot legally be reproduced without prior written consent from the management of Voit Real Estate Services.