

### Economic Overview

According to the Bureau of Labor Statistics, the unemployment rate dropped 0.4 percentage points from 5.2% in January 2017 to 4.8% in April 2017. The unemployment rate for the US was reported at 4.3%, down from 4.7% for the state of Nevada. The Las Vegas metropolitan statistical area job creation totaled 27,500 positions over the past year. Industrial using jobs (industries include manufacturing and trade, transportation and utilities) added 2,100 positions during the past year.

### Market Overview

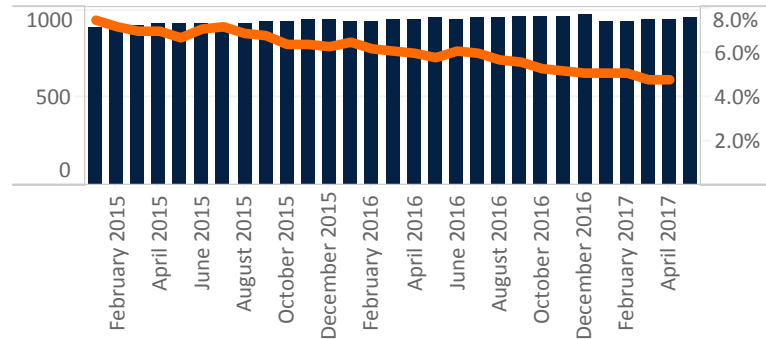
The Las Vegas industrial market recorded 1.8 million square feet (msf) of positive absorption during 2Q 2017, over triple the amount of activity recorded in 1Q 2017. The total vacancy rate is currently reported at 6.0%, up from 5.6% in 1Q 2017. Direct vacancy rates increased 0.4 percentage points from 5.5% to 5.9% during the same time period. Weighted average rents have improved by 14.7% year-over-year and now rest at \$0.70 per square foot (psf). Light Industrial rates improved 12.2% year-over-year, recording \$0.64 psf at the close of 2Q 2017. Flex rates have also seen year-over-year improvements totaling 23.7% and are currently reported at \$0.99 psf.

### Market Highlights

At this time, 13 projects remain under construction in the Las Vegas metro, totaling over 3.3 msf. Year-to-date deliveries have doubled since last quarter, adding over 2.4 msf of space to the industrial tracked set. Vacancy rates have experienced a slight increase due to the new inventory. Much of this space is scheduled to be occupied within the 2017 year and absorption is expected to continue an upward trend. An additional 2 msf remains proposed and planned within the market at this time. Over 350,000 sf of space has been leased for occupancy during 3Q 2017.

### Las Vegas Employment

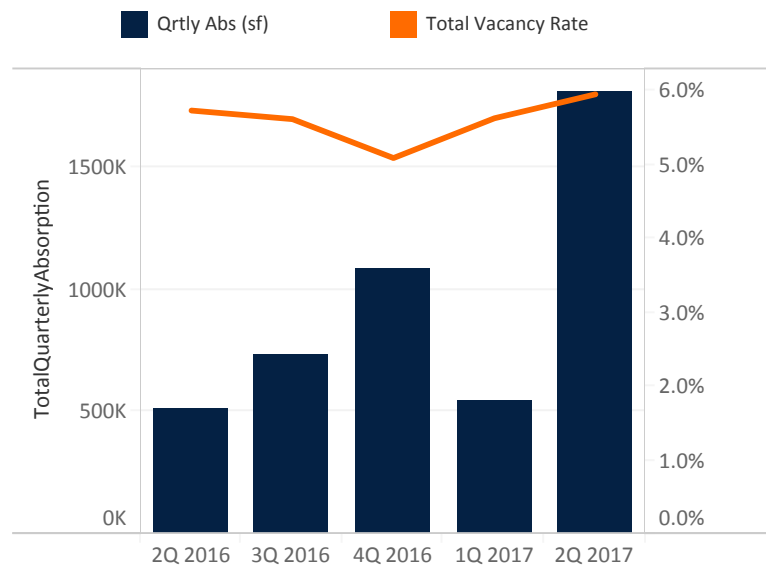
Source: BLS



### Market Recap

Inventory (sf)	119,620,990
# of Bldgs	3,529
Qrtly Abs (sf)	1,813,670
Total Avail Rate	7.5%
Total Vacancy Rate	6.0%
U/C Inventory (sf)	3,387,731
Delivered (sf)	2,343,776
Weighted Average Asking Rate (NNN)	\$0.70

### Absorption and Vacancy Rate



## Overview by Specific Use (Total)

Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
Flex	21,028,378	1,965,044	1,302,185	6.2%	144,084	291,379
Lt Ind	35,899,668	1,838,046	1,270,380	3.5%	212,002	330,584
Whse/Dist	62,692,944	5,161,829	4,556,039	7.3%	1,457,584	1,733,220
Overall	119,620,990	8,964,919	7,128,604	6.0%	1,813,670	2,355,183

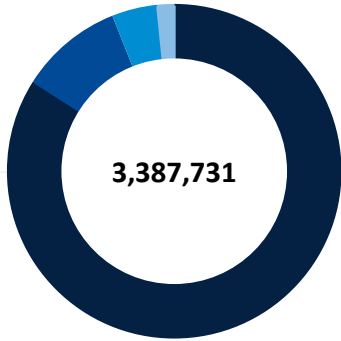
## Overview by Market (Total)

Market Name	Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
Airport	Flex	5,292,233	555,489	480,225	9.1%	60,229	110,368
	Lt Ind	3,128,139	123,462	59,574	1.9%	13,399	48,362
	Whse/Dist	6,376,272	243,136	182,150	2.9%	189,057	201,368
	<i>Subtotal</i>	14,796,644	922,087	721,949	4.9%	262,685	360,098
Boulder City	Flex	71,943	0	0	0.0%	0	0
	Lt Ind	424,060	16,993	19,274	4.5%	-1,200	-1,821
	Whse/Dist	6,534	2,480	2,480	38.0%	0	-2,480
	<i>Subtotal</i>	502,537	19,473	21,754	4.3%	-1,200	-4,301
Central Downtown	Flex	690,918	48,143	48,143	7.0%	-2,305	6,479
	Lt Ind	4,608,226	233,248	225,774	4.9%	17,887	14,897
	Whse/Dist	864,168	213,483	110,420	12.8%	0	-40,482
	<i>Subtotal</i>	6,163,312	494,874	384,337	6.2%	15,582	-19,106
Central East	Flex	26,000	0	0	0.0%	0	0
	Lt Ind	1,879,712	119,718	85,809	4.6%	44,735	29,913
	Whse/Dist	1,149,679	84,640	11,000	1.0%	10,000	-11,000
	<i>Subtotal</i>	3,055,391	204,358	96,809	3.2%	54,735	18,913
Central West	Flex	699,765	49,336	40,728	5.8%	-29,196	-29,196
	Lt Ind	2,818,420	99,844	83,735	3.0%	10,375	38,886
	Whse/Dist	541,574	6,000	6,000	1.1%	0	0
	<i>Subtotal</i>	4,059,759	155,180	130,463	3.2%	-18,821	9,690
Henderson	Flex	3,136,102	262,613	155,974	5.0%	-10,644	-5,094
	Lt Ind	3,384,539	272,610	160,669	4.7%	66,974	64,129
	Whse/Dist	8,507,842	1,441,558	1,292,327	15.2%	73,283	58,728
	<i>Subtotal</i>	15,028,483	1,976,781	1,608,970	10.7%	129,613	117,763
Northeast	Flex	2,528,470	186,307	124,740	4.9%	31,647	32,395
	Lt Ind	7,790,441	351,135	226,954	2.9%	20,175	89,718
	Whse/Dist	28,672,282	2,187,872	2,060,978	7.2%	1,067,283	1,426,018
	<i>Subtotal</i>	38,991,193	2,725,314	2,412,672	6.2%	1,119,105	1,548,131
Northwest	Flex	599,264	54,909	52,265	8.7%	5,412	3,387
	Lt Ind	127,632	0	0	0.0%	0	0
	<i>Subtotal</i>	726,896	54,909	52,265	7.2%	5,412	3,387
Southwest	Flex	7,983,683	808,247	400,110	5.0%	88,941	173,040
	Lt Ind	11,738,499	621,036	408,591	3.5%	39,657	46,500
	<i>Subtotal</i>	36,296,775	2,411,943	1,699,385	4.7%	246,559	320,608
Overall		119,620,990	8,964,919	7,128,604	6.0%	1,813,670	2,355,183

Overview by Market (Total) Cont'd

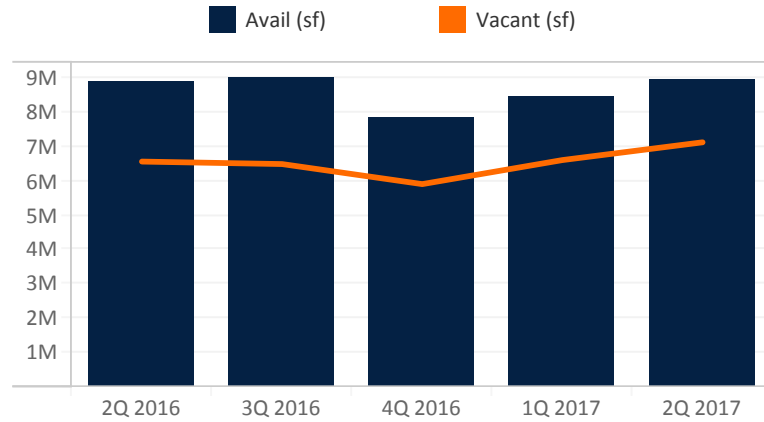
Market Name	Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
Southwest	Whse/Dist	16,574,593	982,660	890,684	5.4%	117,961	101,068
	<i>Subtotal</i>	36,296,775	2,411,943	1,699,385	4.7%	246,559	320,608
Overall		119,620,990	8,964,919	7,128,604	6.0%	1,813,670	2,355,183

### Construction by Market

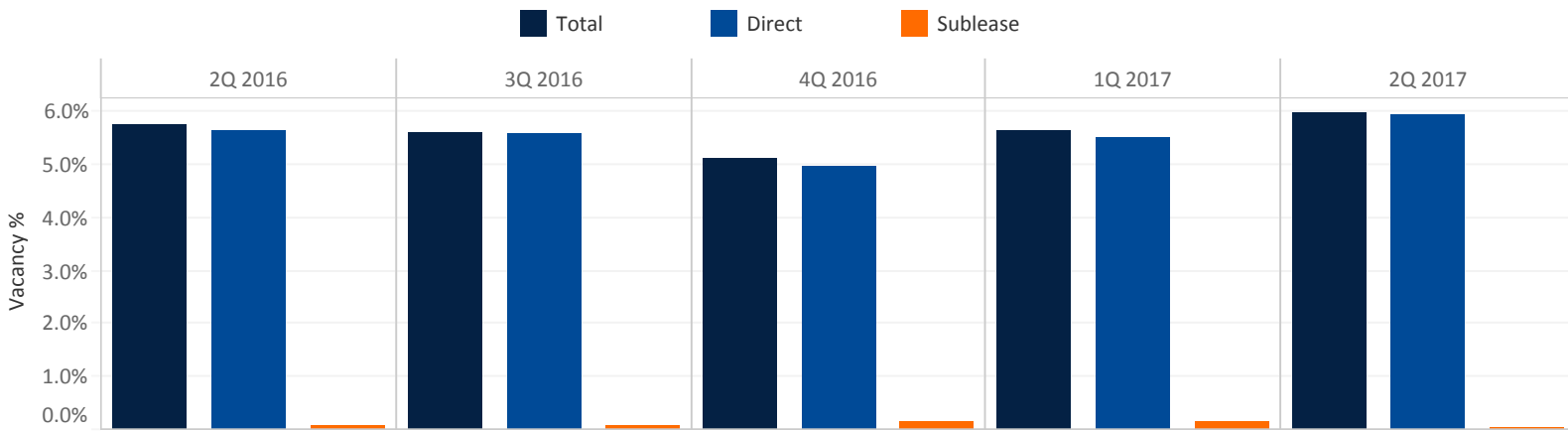


- Northeast
- Southwest
- Henderson
- Airport

### Total Available and Vacant



### Vacancy Rate



### Overview by Specific Use (Direct)

Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Flex	21,028,378	1,952,190	1,295,284	6.2%	103,849	254,044
Lt Ind	35,899,668	1,802,091	1,259,880	3.5%	204,357	334,636
Whse/Dist	62,692,944	5,132,362	4,540,444	7.2%	1,379,633	1,649,755
Overall	119,620,990	8,886,643	7,095,608	5.9%	1,687,839	2,238,435

### Overview by Specific Use (Sublease)

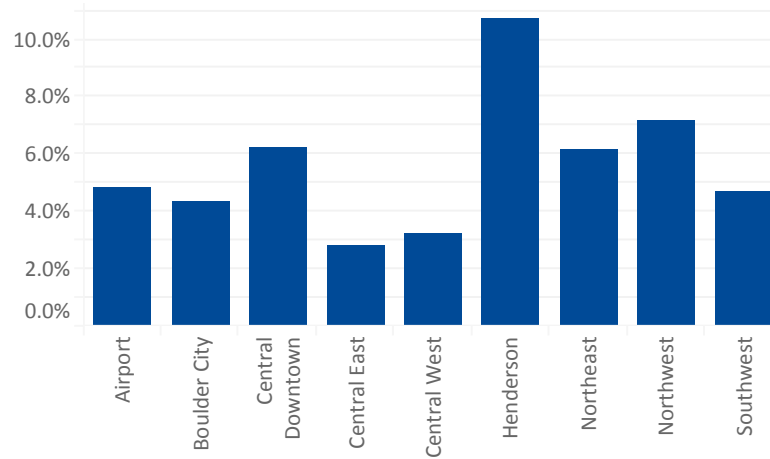
Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Flex	21,028,378	12,854	6,901	0.0%	40,235	37,335
Lt Ind	35,899,668	35,955	10,500	0.0%	7,645	-4,052
Whse/Dist	62,692,944	29,467	15,595	0.0%	77,951	83,465
Overall	119,620,990	78,276	32,996	0.0%	125,831	116,748

### Direct Vacancy Rates

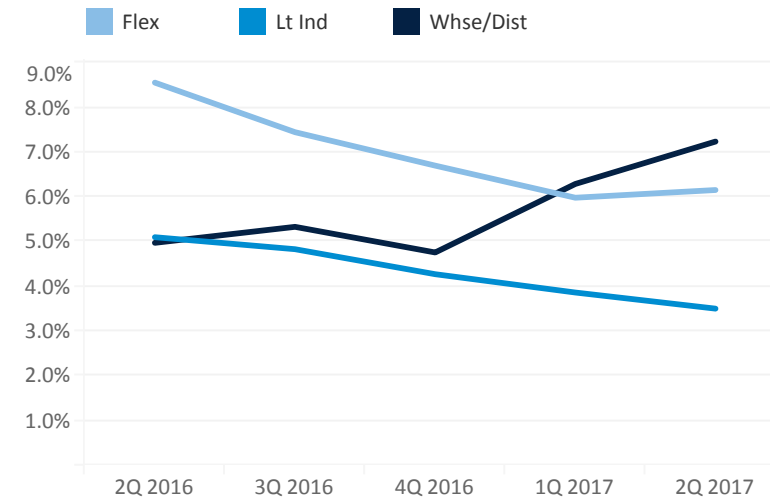
#### By Market and Specific Use

Market Name	Specific Use	Quarter Year				
		2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
Airport	Flex	11.9%	10.9%	10.5%	9.6%	9.0%
	Lt Ind	5.2%	4.9%	3.5%	2.3%	1.9%
	Whse/Dist	7.3%	7.1%	6.0%	5.7%	2.8%
Boulder City	Flex	0.0%	0.0%	0.0%	0.0%	0.0%
	Lt Ind	4.5%	4.4%	4.1%	4.3%	4.5%
	Whse/Dist	0.0%	0.0%	0.0%	38.0%	38.0%
Central Downtown	Flex	6.5%	6.8%	7.9%	6.6%	7.0%
	Lt Ind	5.6%	5.5%	5.2%	5.3%	4.9%
	Whse/Dist	12.5%	11.4%	7.0%	11.8%	12.8%
Central East	Flex	52.3%	7.7%	0.0%	0.0%	0.0%
	Lt Ind	5.5%	5.5%	5.6%	6.4%	4.0%
	Whse/Dist	0.0%	0.0%	0.0%	1.8%	1.0%
Central West	Flex	4.8%	2.6%	1.6%	1.6%	5.8%
	Lt Ind	5.5%	4.7%	4.4%	3.3%	3.0%
	Whse/Dist	1.1%	1.1%	1.1%	1.1%	1.1%
Henderson	Flex	7.7%	5.9%	5.0%	4.9%	5.0%
	Lt Ind	4.3%	4.5%	4.5%	4.4%	4.7%
	Whse/Dist	2.6%	2.0%	2.8%	6.1%	15.2%
Northeast	Flex	10.3%	7.4%	6.2%	6.2%	4.9%
	Lt Ind	4.7%	4.4%	4.2%	3.1%	2.9%
	Whse/Dist	3.7%	4.6%	5.2%	6.8%	7.2%
Northwest	Flex	12.4%	10.5%	9.3%	9.6%	8.7%
	Lt Ind	0.0%	0.0%	0.0%	0.0%	0.0%
Southwest	Flex	6.3%	6.1%	5.2%	4.1%	4.9%
	Lt Ind	5.3%	4.9%	3.9%	3.8%	3.5%
	Whse/Dist	7.3%	7.6%	4.8%	6.0%	5.4%
Overall		5.7%	5.6%	5.0%	5.5%	5.9%

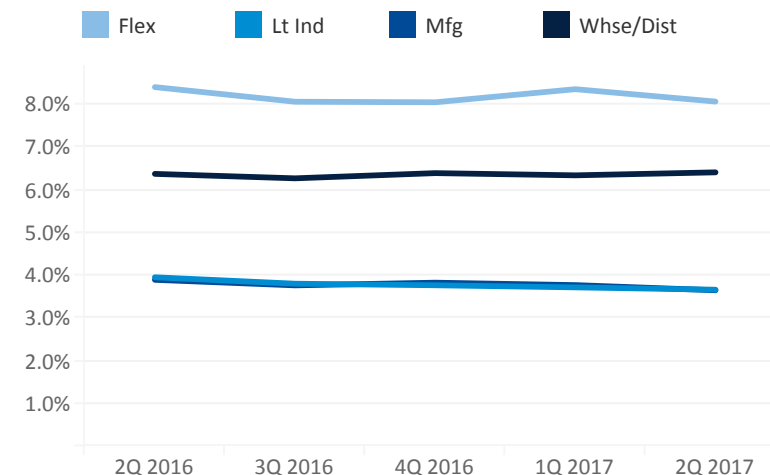
#### By Market



#### Las Vegas By Specific Use



#### National by Specific Use

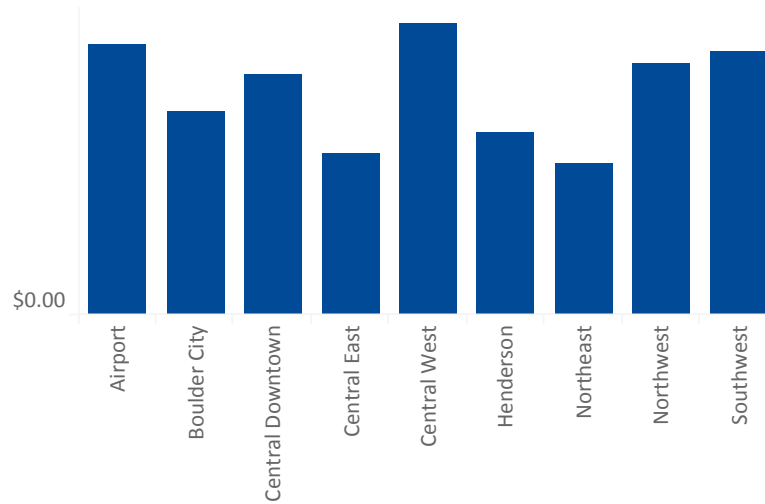


## Direct Weighted Average Asking Rates (NNN)

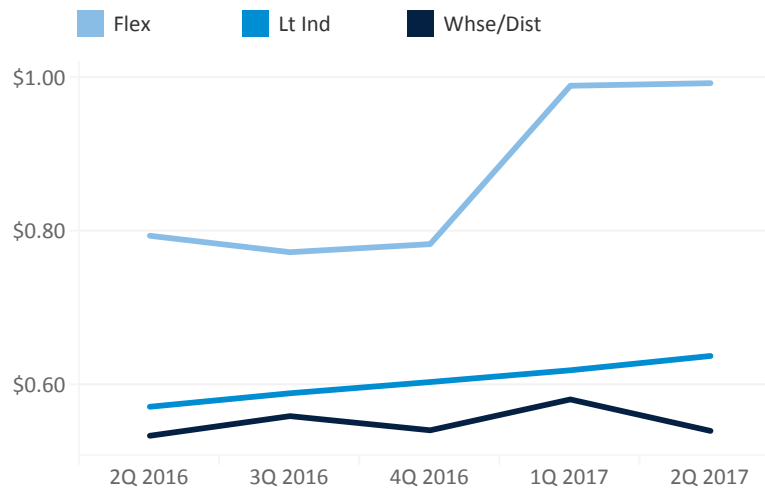
### By Market and Specific Use

Market Name	Specific Use	Quarter Year				
		2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
Airport	Flex	\$0.91	\$0.89	\$0.90	\$0.94	\$0.92
	Lt Ind	\$0.63	\$0.65	\$0.63	\$0.63	\$0.66
	Whse/Dist	\$0.73	\$0.74	\$0.68	\$0.73	\$0.73
Boulder City	Flex	-	-	-	-	-
	Lt Ind	-	-	\$0.65	\$0.65	\$0.65
	Whse/Dist	-	-	-	-	-
Central Downtown	Flex	\$0.60	\$0.62	\$0.45	\$0.45	\$1.27
	Lt Ind	\$0.59	\$0.62	\$0.54	\$0.55	\$0.75
	Whse/Dist	\$0.55	\$0.56	\$0.52	\$0.50	\$0.49
Central East	Flex	-	-	-	-	-
	Lt Ind	\$0.46	\$0.46	\$0.46	\$0.48	\$0.50
	Whse/Dist	-	-	-	\$0.53	\$0.53
Central West	Flex	\$0.55	\$1.36	\$1.32	\$1.32	\$1.27
	Lt Ind	\$0.48	\$0.53	\$0.52	\$0.55	\$0.61
	Whse/Dist	-	-	-	-	-
Henderson	Flex	\$0.74	\$0.72	\$0.74	\$0.74	\$0.73
	Lt Ind	\$0.60	\$0.64	\$0.70	\$0.79	\$0.76
	Whse/Dist	\$0.55	\$0.55	\$0.55	\$0.55	\$0.54
Northeast	Flex	\$0.60	\$0.63	\$0.67	\$0.78	\$0.71
	Lt Ind	\$0.52	\$0.56	\$0.58	\$0.60	\$0.61
	Whse/Dist	\$0.41	\$0.43	\$0.42	\$0.42	\$0.43
Northwest	Flex	\$0.75	\$0.80	\$0.79	\$0.81	\$0.80
	Lt Ind	-	-	-	-	-
Southwest	Flex	\$0.77	\$0.71	\$0.72	\$1.11	\$1.11
	Lt Ind	\$0.62	\$0.62	\$0.67	\$0.67	\$0.65
	Whse/Dist	\$0.57	\$0.59	\$0.65	\$0.65	\$0.66
Overall		\$0.61	\$0.64	\$0.63	\$0.72	\$0.70

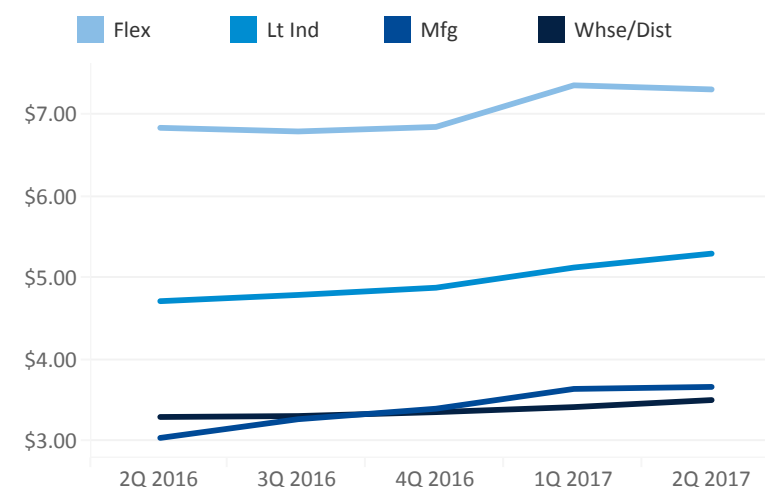
### By Market



### Las Vegas by Specific Use

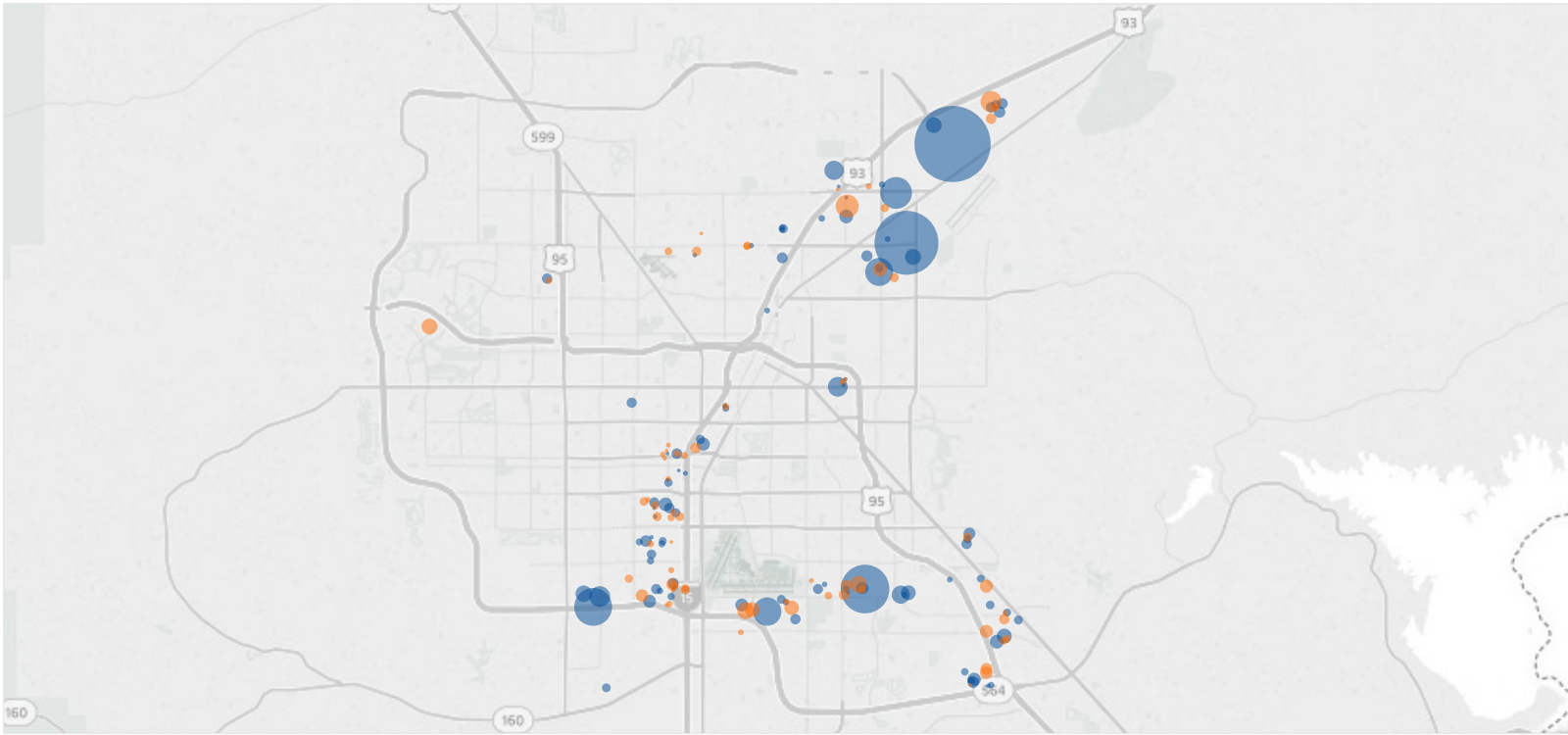


### National by Specific Use



### Absorption Map

■ Negative
 ■ Positive



### Largest Positives (Direct)

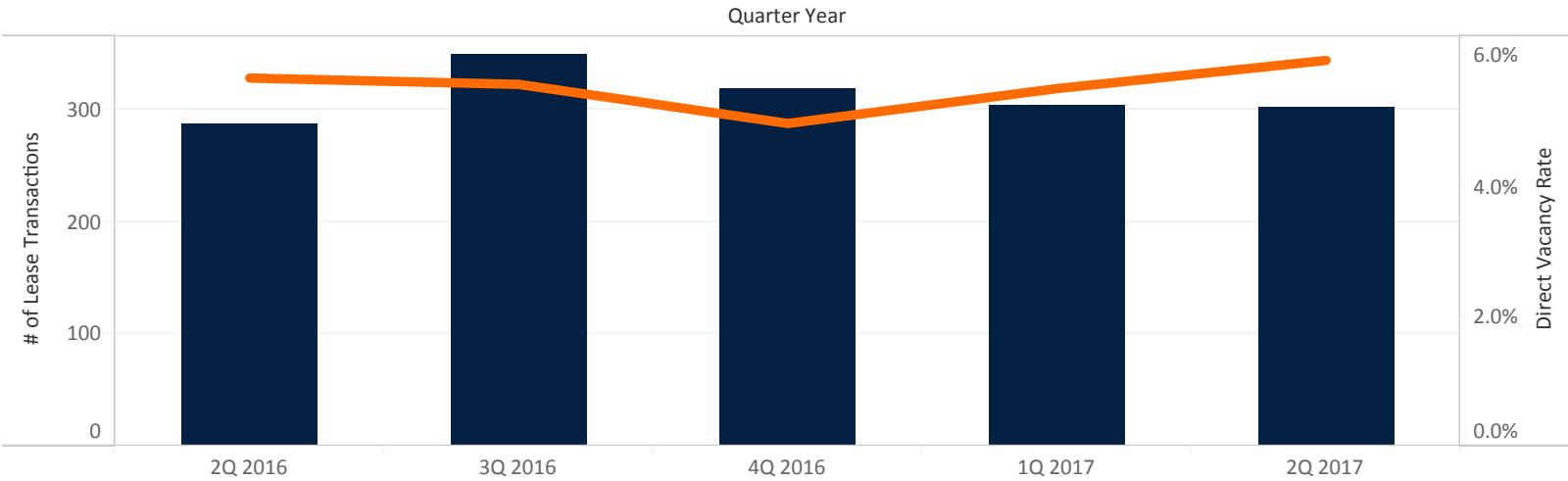
PropertyName	Significant Transactions	Market Name	Specific Use	
Prologis I-15 Speedway Logistics ..	Bed Bath & Beyond	Northeast	Whse/Dist	525,200
Prologis Sunrise Distribution Cent..	Wal-Mart	Northeast	Whse/Dist	370,000
6225 Annie Oakley Dr	Sino-Science North America Photobiotech Inc	Airport	Whse/Dist	214,767
UFC Headquarters	Ultimate Fighter Championship	Southwest	Flex	130,000
Copper Sage Commerce Center	Jones Fiber; Protowels	Northeast	Whse/Dist	91,200
Harsch Paradise Airport Center	Interblock USA	Airport	Flex	72,769
Sunpoint Business Center	Exel (3PL)	Northeast	Whse/Dist	70,966
Jones Corporate Park Bldg B	Rent-A-PC	Southwest	Whse/Dist	39,000

### Largest Negatives (Direct)

PropertyName	Significant Transactions	Market Name	Specific Use	
Las Vegas Corporate Center Bldg 2	Hotel Furniture Liquidation & Sales; Angles on Design	Northeast	Whse/Dist	-48,000
Harsch Speedway Commerce Cent..	BMB Paint Coating	Northeast	Whse/Dist	-40,334
Jennifer Park	Western Mailing Services; It's All Volleyball	Airport	Whse/Dist	-25,547
Arrowhead Commerce Center Bld..	HD Supply; OnTrac Shipping; Agility Recovery Solutions; Angles on Design	Airport	Flex	-25,200
The Crossing Business Center	Tetro Glyth	Central West	Flex	-22,846
Spencer Airport Center	Vitasome	Airport	Flex	-19,160
6750 Boulder Hwy	Owner Michael Pulwer Living Trust and Stann LLC	Henderson	Lt Ind	-15,596
Henderson Commerce Center Bldg..	EFCO; Creative Tents	Henderson	Whse/Dist	-15,087

### Leasing Activity Trends

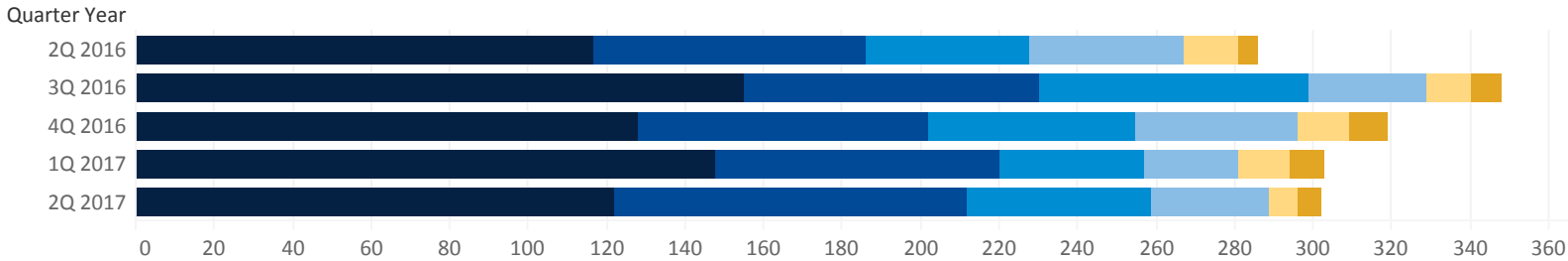
Direct Vacancy Rate Lease Transactions



### Leasing Activity (# of New Deals)

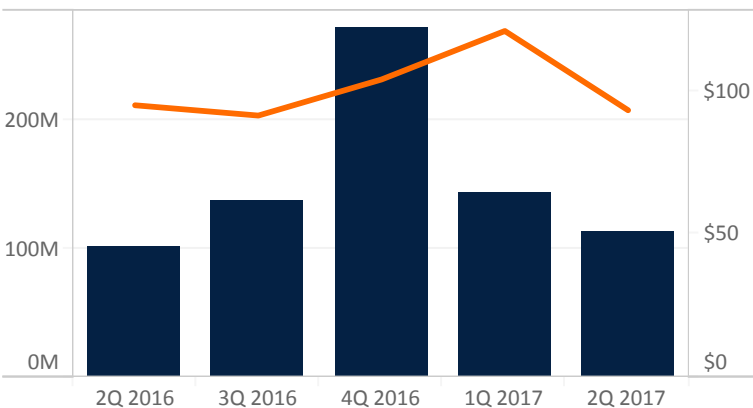
Size Range (sf)

- <2.5K
- 2.5K - 5K
- 5K - 10K
- 10K - 25K
- 25K - 50K
- >50K SF



### Sales Volume vs. Price/SF

Aggregate Sales Volume Avg Price/sf



### Top Sales

Property	Sale Date	Buyer	Sale Price
6225 Annie Oakley Dr	04/05/2017	Sino Science North America Photobiotech Inc	\$15,000,000
Hughes Airport Center	05/05/2017	Tiberti Organization	\$12,500,000
Arville Business Park Bldg A (1)	04/13/2017	Caprock Partners	\$11,100,000
Royal Industrial Park	05/31/2017	Sierra Nevada Property Management Services Inc	\$6,100,000
Valley View Business Park Bldg 1	04/03/2017	CapRock Partners	\$3,881,000



## Terminology

Term	Definition
Direct Vacant (sf)	The total of the vacant square feet in a building that is being marketed by an agent representing the landlord.
Inventory	The total square feet (sf) of all existing single and multi tenant industrial buildings greater than 5,000 sf.
Net Absorption (sf)	The net change in occupancy from quarter to quarter, expressed in square feet.
Sublease (sf)	Space that is offered for lease by a current tenant, or his agent, within a property.
Total Available (sf)	All of the available leasable space within a building, whether it is occupied or vacant, for direct lease or sublease space. Space can be available but not vacant, for example, if the landlord, or his agent, is marketing space that will be coming available at a future date because a tenant is planning to move.
Total Vacant (sf)	The total of all vacant square feet within a building, including both direct and sublease space.
Tracked Criteria	The Las Vegas industrial tracked set consists of all single and multi-tenant buildings larger than 5,000 SF, excluding manufacturing properties and truck terminals.
Xceligent Partner	CALV

*This information has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy.*

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