

### Economic Overview

According to the Bureau of Labor Statistics, the unemployment rate dropped 1.5 percentage points from 6.5% in January 2016 to 5.0% in January 2017. The unemployment rate for the US was reported at 4.8%, down from 5.0% for the state of Nevada. The Las Vegas metropolitan statistical area job creation totaled 44,400 over the past year. Office using jobs (information, professional and business services and financial activities) added 7,900 positions during the past year.

### Market Overview

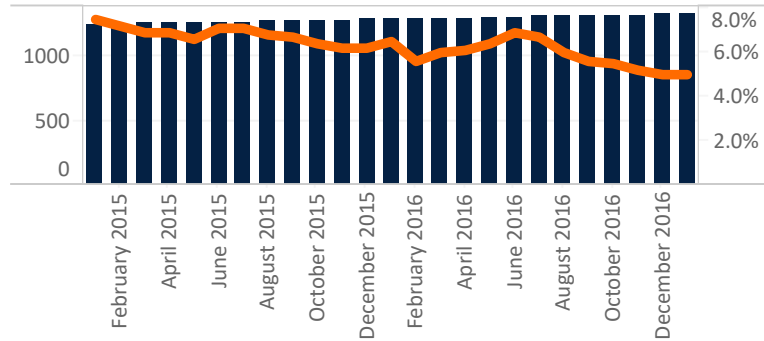
The Las Vegas industrial market recorded 540,804 square feet (sf) of positive absorption during 1Q 2017. The total year-over-year vacancy rate has stalled at 5.7%. Direct vacancy rates decreased 0.1 percentage point from 5.6% to 5.5% during the same time period. Weighted average rent growth improved during 1Q 2017, especially in Central West and Southwest flex properties. Weighted average asking rents in all classes increased 14.1% recording \$0.73 per square foot (psf) at the close of 1Q 2017 compared to 1Q 2016. Warehouse weighted average rents improved 1.7% year-over-year, recording \$0.58 psf at the close of 1Q 2017. Light Industrial rates improved 14.8% year-over-year, recording \$0.62 psf at the close of 1Q 2017.

### Market Highlights

There are currently 21 structures that reside under construction in the Las Vegas metro, totaling over 4.7 msf. 15 deliveries totaling just over 3 msf of space were made throughout the 2016 year and four deliveries totaling over 1.2 msf occurred during 1Q 2017. Due to the amount of pre-leasing activity that the market continues to experience, vacancy rates remain the same as they were in 1Q16. Absorption is expected to continue an upward trend during 2017 while additional pre-leased spaces are delivered to the market and vacancies across the metro are back-filled at a quick pace. Large tenants arriving in the market from new construction include The Honest Company, Buy Buy Baby, and Amazon. Demand for space is expected to continue as corporations continue to find Las Vegas a good match for their Southwest destination.

### Las Vegas Employment

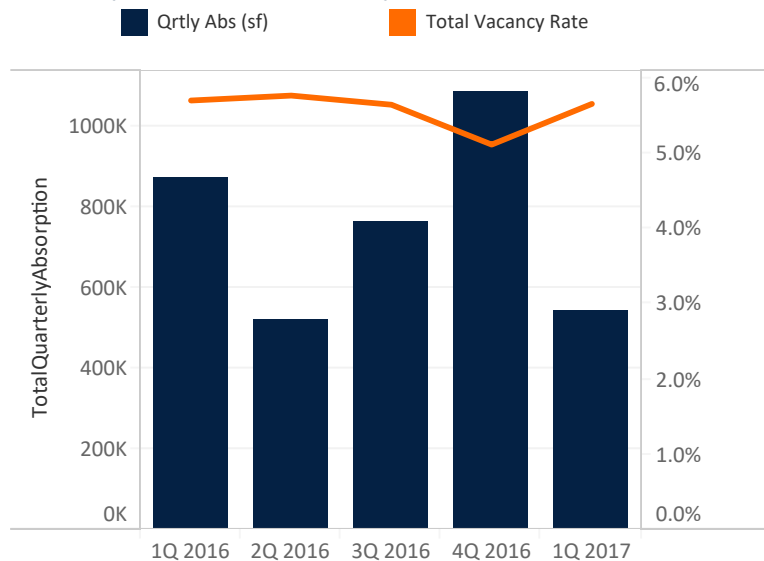
Source: BLS



### Market Recap

Inventory (sf)	117,472,328
# of Bldgs	3,520
Qrtly Abs (sf)	540,804
Total Avail Rate	7.2%
Total Vacancy Rate	5.7%
U/C Inventory (sf)	4,703,197
Delivered (sf)	1,257,478
Weighted Average Asking Rate (NNN)	\$0.73

### Absorption and Vacancy Rate



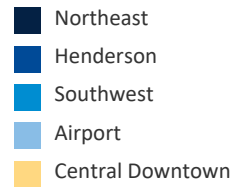
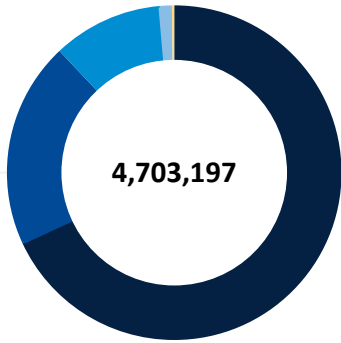
### Overview by Specific Use (Total)

Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
Flex	20,905,631	1,907,689	1,298,149	6.2%	146,749	146,749
Lt Ind	35,984,212	1,966,893	1,438,047	4.0%	118,582	118,582
Whse/Dist	60,582,485	4,634,949	3,907,467	6.4%	275,473	275,473
Overall	117,472,328	8,509,531	6,643,663	5.7%	540,804	540,804

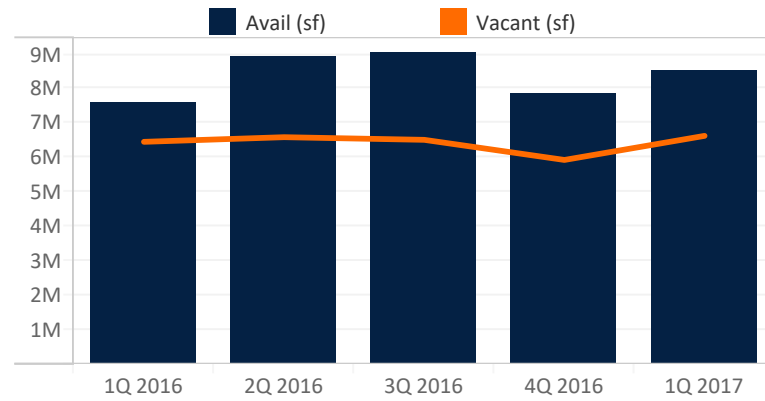
### Overview by Market (Total)

Market Name	Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
Airport	Flex	5,345,411	602,163	561,208	10.5%	50,139	50,139
	Lt Ind	3,124,112	112,197	72,973	2.3%	34,963	34,963
	Whse/Dist	6,376,109	464,926	371,207	5.8%	12,148	12,148
Boulder City	Flex	71,943	0	0	0.0%	0	0
	Lt Ind	424,060	18,074	18,074	4.3%	-621	-621
	Whse/Dist	6,534	2,480	2,480	38.0%	-2,480	-2,480
Central Downtown	Flex	679,065	33,985	33,985	5.0%	8,784	8,784
	Lt Ind	4,601,231	269,096	255,514	5.6%	-2,990	-2,990
	Whse/Dist	853,928	213,083	100,420	11.8%	-40,482	-40,482
Central East	Flex	26,000	0	0	0.0%	0	0
	Lt Ind	1,879,712	157,402	130,544	6.9%	-14,822	-14,822
	Whse/Dist	1,149,679	57,144	21,000	1.8%	-21,000	-21,000
Central West	Flex	699,765	38,578	11,532	1.6%	0	0
	Lt Ind	2,818,420	110,864	94,110	3.3%	28,511	28,511
	Whse/Dist	541,574	6,000	6,000	1.1%	0	0
Henderson	Flex	3,137,383	195,350	153,309	4.9%	4,583	4,583
	Lt Ind	3,423,199	238,887	176,504	5.2%	-2,845	-2,845
	Whse/Dist	7,642,812	666,461	502,980	6.6%	-14,555	-14,555
Northeast	Flex	2,528,117	191,118	156,387	6.2%	748	748
	Lt Ind	7,821,433	390,480	242,080	3.1%	69,543	69,543
	Whse/Dist	27,437,256	2,146,734	1,894,735	6.9%	358,735	358,735
Northwest	Flex	599,264	60,321	57,677	9.6%	-2,025	-2,025
	Lt Ind	142,382	0	0	0.0%	0	0
Southwest	Flex	7,818,683	786,174	324,051	4.1%	84,520	84,520
	Lt Ind	11,749,663	669,893	448,248	3.8%	6,843	6,843
	Whse/Dist	16,574,593	1,078,121	1,008,645	6.1%	-16,893	-16,893
Overall		117,472,328	8,509,531	6,643,663	5.7%	540,804	540,804

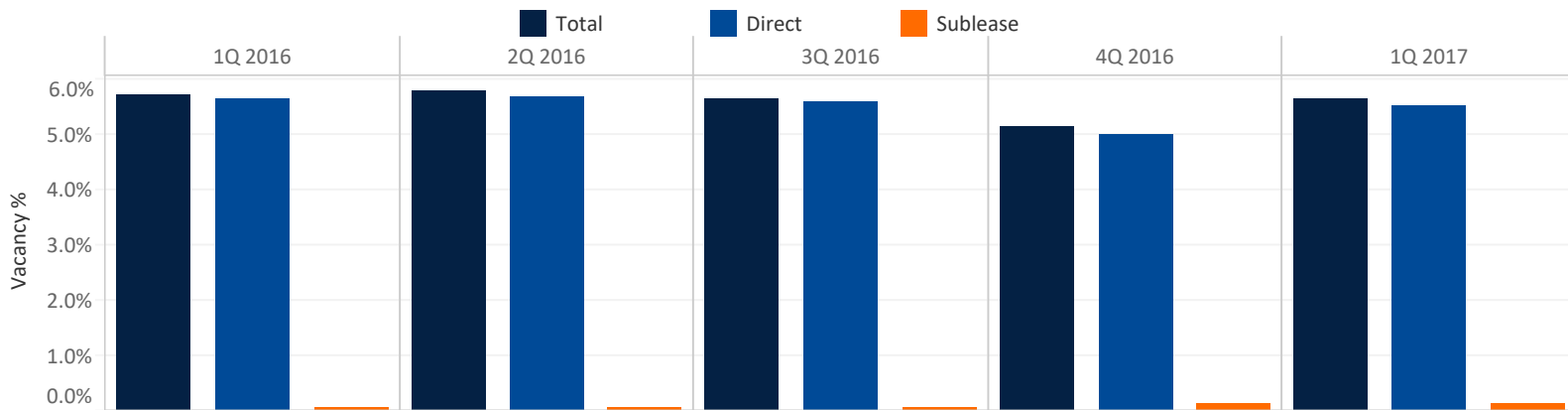
#### Construction by Market



#### 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	20,905,631	1,838,077	1,251,013	6.0%	149,649	149,649
Lt Ind	35,984,212	1,920,151	1,419,902	3.9%	126,727	126,727
Whse/Dist	60,582,485	4,541,403	3,813,921	6.3%	269,959	269,959
Overall	117,472,328	8,299,631	6,484,836	5.5%	546,335	546,335

#### Overview by Specific Use (Sublease)

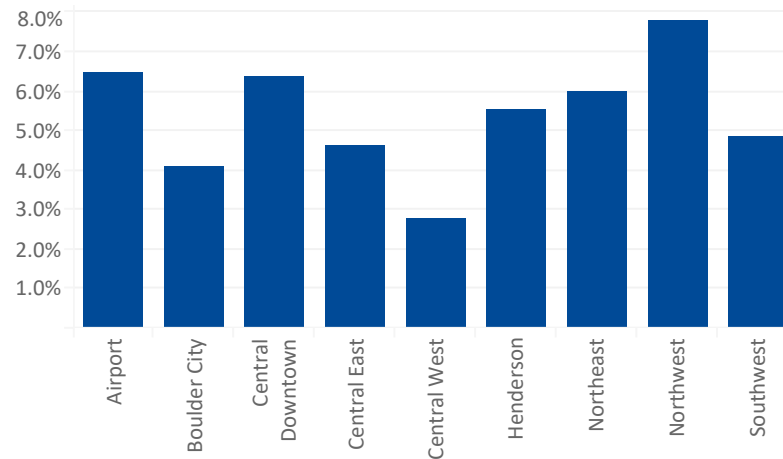
Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Flex	20,905,631	69,612	47,136	0.2%	-2,900	-2,900
Lt Ind	35,984,212	46,742	18,145	0.1%	-8,145	-8,145
Whse/Dist	60,582,485	93,546	93,546	0.2%	5,514	5,514
Overall	117,472,328	209,900	158,827	0.1%	-5,531	-5,531

### Direct Vacancy Rates

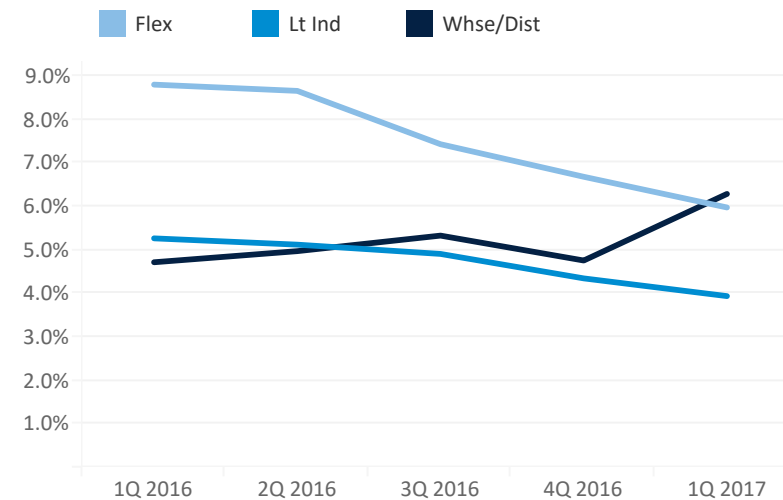
#### By Market and Specific Use

Market Name	Specific Use	Quarter Year				
		1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017
Airport	Flex	12.7%	12.4%	11.0%	10.7%	9.7%
	Lt Ind	6.4%	5.2%	4.9%	3.5%	2.3%
	Whse/Dist	8.2%	7.3%	7.1%	6.0%	5.7%
Boulder City	Flex	0.0%	0.0%	0.0%	0.0%	0.0%
	Lt Ind	3.6%	4.5%	4.4%	4.1%	4.3%
	Whse/Dist	0.0%	0.0%	0.0%	0.0%	38.0%
Central Downtown	Flex	4.0%	4.9%	5.1%	6.3%	5.0%
	Lt Ind	6.1%	5.8%	5.8%	5.5%	5.6%
	Whse/Dist	11.9%	12.5%	11.4%	7.0%	11.8%
Central East	Flex	52.3%	52.3%	7.7%	0.0%	0.0%
	Lt Ind	4.8%	5.5%	5.5%	5.6%	6.4%
	Whse/Dist	0.0%	0.0%	0.0%	0.0%	1.8%
Central West	Flex	4.0%	4.8%	2.6%	1.6%	1.6%
	Lt Ind	4.9%	5.5%	4.7%	4.4%	3.3%
	Whse/Dist	1.1%	1.1%	1.1%	1.1%	1.1%
Henderson	Flex	7.5%	7.7%	5.9%	5.0%	4.9%
	Lt Ind	4.2%	4.3%	5.1%	5.1%	4.9%
	Whse/Dist	2.0%	2.6%	2.0%	2.8%	6.1%
Northeast	Flex	11.3%	10.3%	7.4%	6.2%	6.2%
	Lt Ind	4.7%	4.7%	4.4%	4.1%	3.1%
	Whse/Dist	4.1%	3.7%	4.6%	5.2%	6.8%
Northwest	Flex	13.3%	12.4%	10.5%	9.3%	9.6%
	Lt Ind	0.0%	0.0%	0.0%	0.0%	0.0%
Southwest	Flex	6.3%	6.3%	6.1%	5.2%	4.1%
	Lt Ind	5.7%	5.3%	4.9%	3.9%	3.8%
	Whse/Dist	5.8%	7.3%	7.6%	4.8%	6.0%
Overall		5.6%	5.7%	5.6%	5.0%	5.5%

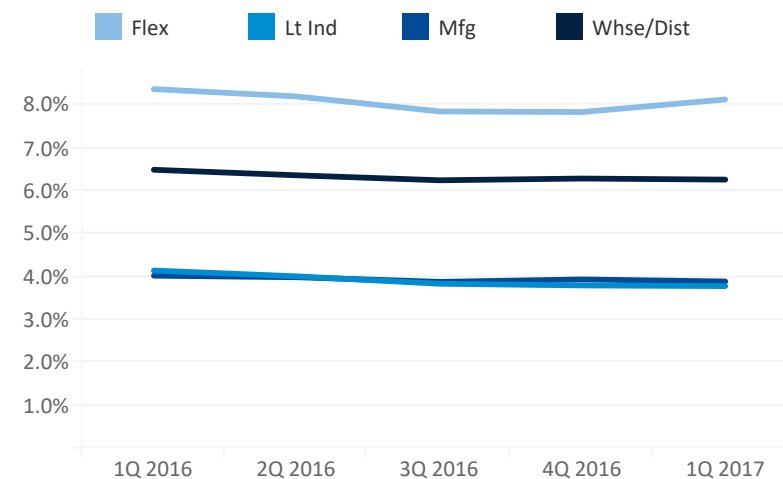
#### By Market



#### Las Vegas By Specific Use



#### National by Specific Use

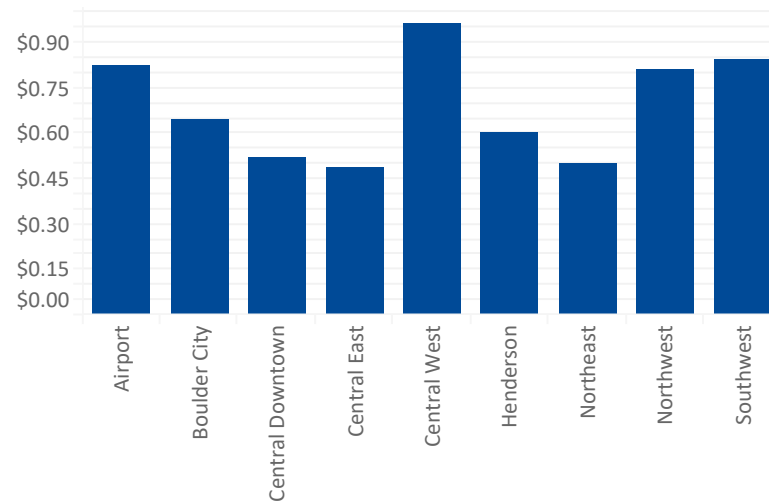


## Direct Weighted Average Asking Rates (NNN)

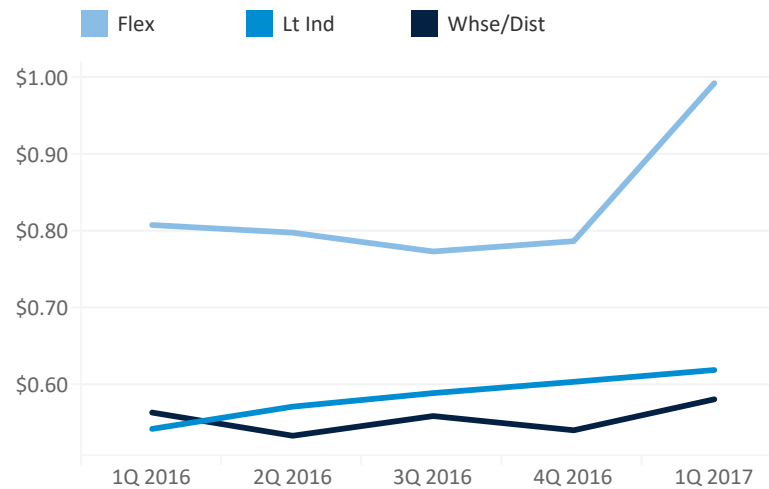
### By Market and Specific Use

Market Name	Specific Use	Quarter Year				
		1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017
Airport	Flex	\$0.95	\$0.91	\$0.89	\$0.91	\$0.95
	Lt Ind	\$0.61	\$0.63	\$0.65	\$0.63	\$0.63
	Whse/Dist	\$0.69	\$0.73	\$0.74	\$0.68	\$0.73
Boulder City	Flex	-	-	-	-	-
	Lt Ind	-	-	-	\$0.65	\$0.65
	Whse/Dist	-	-	-	-	-
Central Downtown	Flex	\$0.60	\$0.60	\$0.62	\$0.45	\$0.45
	Lt Ind	\$0.59	\$0.59	\$0.62	\$0.54	\$0.55
	Whse/Dist	\$0.56	\$0.55	\$0.56	\$0.52	\$0.50
Central East	Flex	-	-	-	-	-
	Lt Ind	\$0.44	\$0.46	\$0.46	\$0.46	\$0.48
	Whse/Dist	-	-	-	-	\$0.53
Central West	Flex	\$0.55	\$0.55	\$1.36	\$1.32	\$1.32
	Lt Ind	\$0.42	\$0.48	\$0.53	\$0.52	\$0.55
	Whse/Dist	-	-	-	-	-
Henderson	Flex	\$0.72	\$0.74	\$0.72	\$0.74	\$0.74
	Lt Ind	\$0.59	\$0.60	\$0.64	\$0.70	\$0.79
	Whse/Dist	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55
Northeast	Flex	\$0.58	\$0.60	\$0.63	\$0.67	\$0.78
	Lt Ind	\$0.43	\$0.52	\$0.56	\$0.58	\$0.60
	Whse/Dist	\$0.39	\$0.41	\$0.43	\$0.42	\$0.42
Northwest	Flex	\$0.75	\$0.75	\$0.80	\$0.79	\$0.81
	Lt Ind	-	-	-	-	-
Southwest	Flex	\$0.79	\$0.77	\$0.71	\$0.72	\$1.11
	Lt Ind	\$0.61	\$0.62	\$0.62	\$0.67	\$0.67
	Whse/Dist	\$0.59	\$0.57	\$0.59	\$0.65	\$0.65
Overall		\$0.64	\$0.62	\$0.64	\$0.63	\$0.73

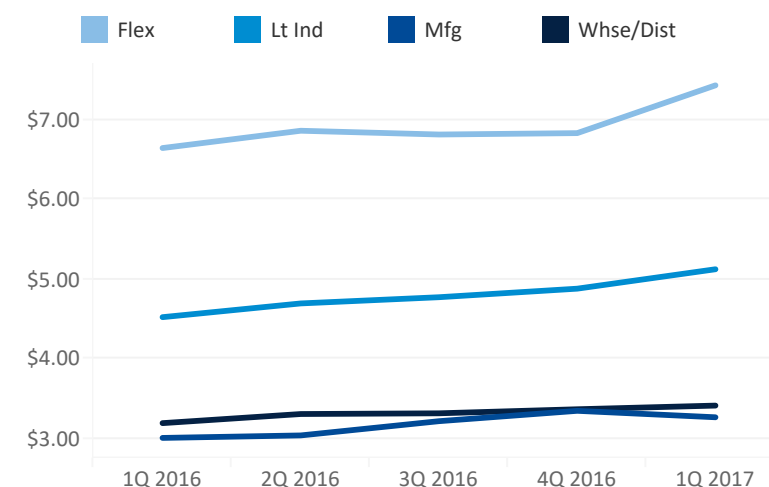
### By Market



### Las Vegas by Specific Use

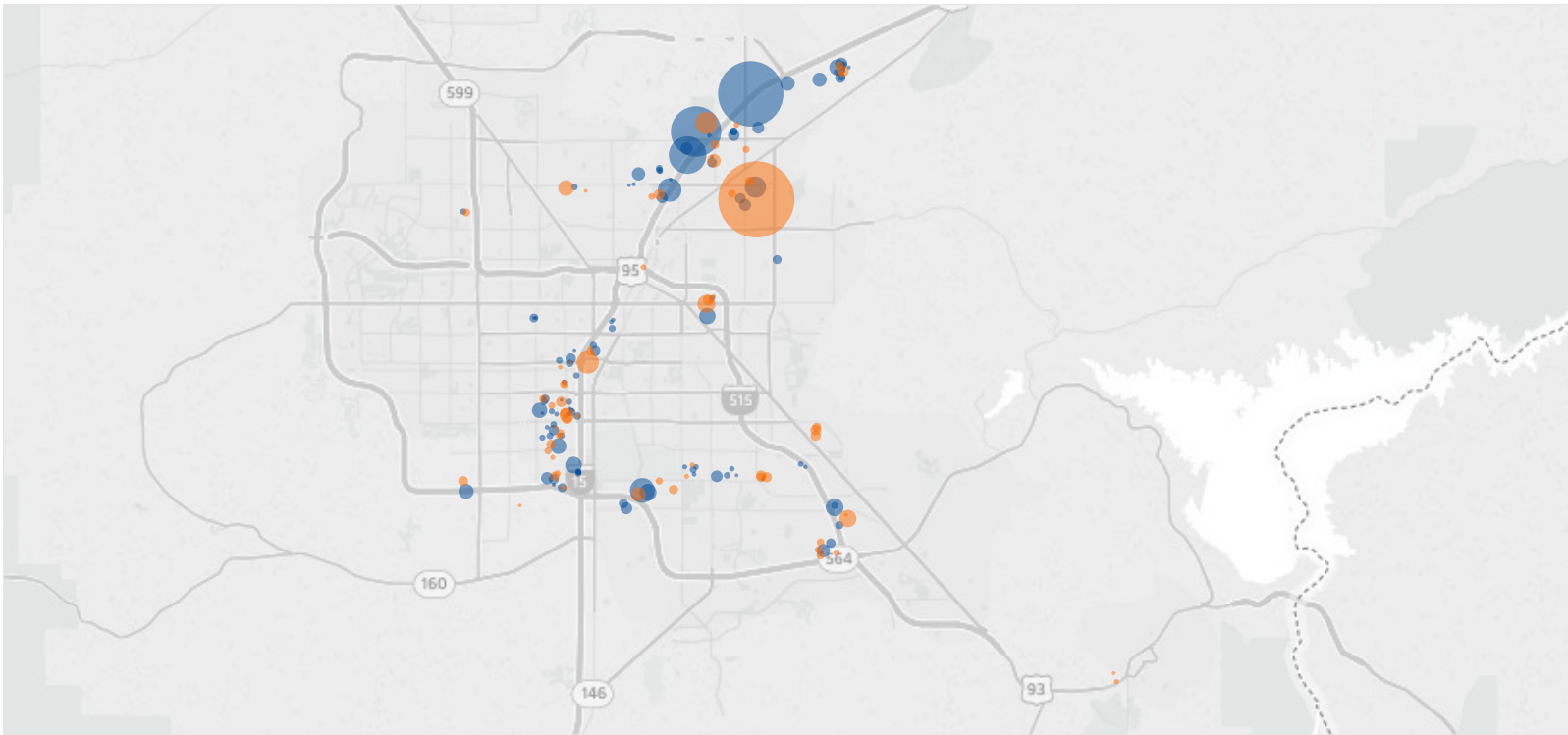


### National by Specific Use



### Absorption Map

■ Negative
 ■ Positive



### Largest Positives (Direct)

PropertyName	Significant Transactions	Market Name	Specific Use	
Northgate Distribution Center Bldg 2	Fanatics	Northeast	Whse/Dist	399,910
Lone Mountain Corporate Center Bldg 1	AGLS	Northeast	Whse/Dist	237,858
Prologis North 15 Fwy Distribution Ctr Bldg 2	EXPO Logistics	Northeast	Whse/Dist	132,178
3108 Losee Rd	A medical marijuana company	Northeast	Whse/Dist	52,164
Sunrise Industrial Park Bldg 1	Turn5	Northeast	Whse/Dist	42,240
Hughes Airport Center	MUSIC Holdings Property Commercial HK, Ltd.	Airport	Lt Ind	33,767
Henderson Commerce Center Bldg B	GT Ventures	Henderson	Flex	29,570
Harsch Paradise Airport Center	eCig Distributors Inc.	Airport	Flex	27,308

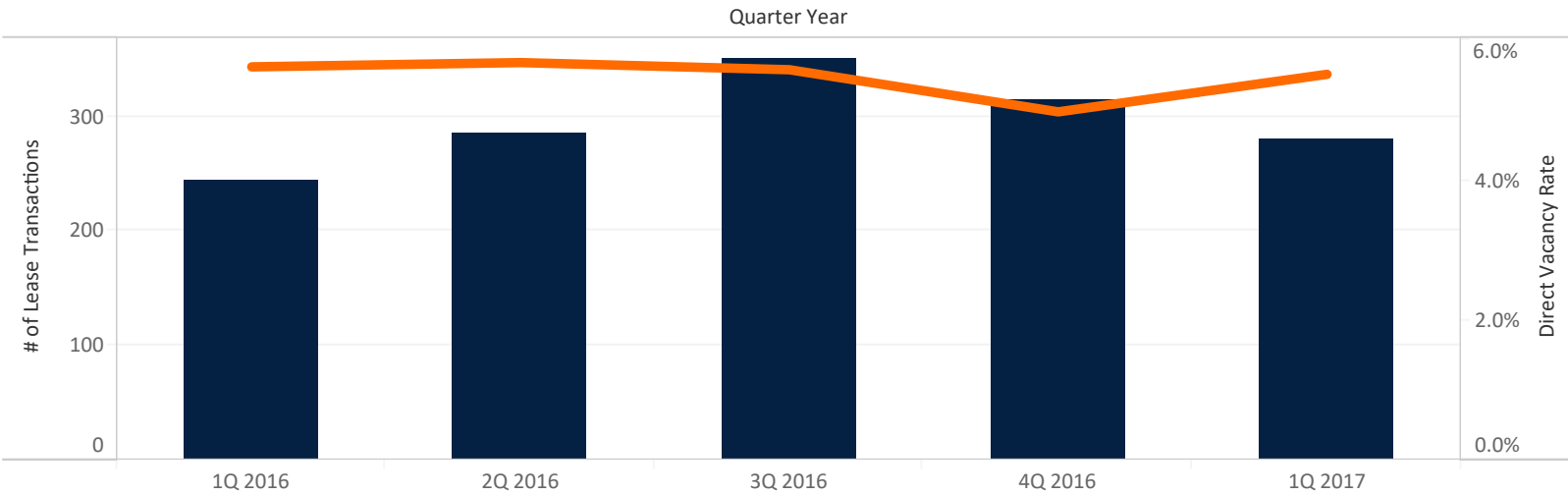
### Largest Negatives (Direct)

PropertyName	Significant Transactions	Market Name	Specific Use	
Sunrise Industrial Park	OfficeMax	Northeast	Whse/Dist	-543,232
Highland Business Center	Blue Line Studios	Central Downtown	Whse/Dist	-47,306
Golden Triangle Industrial Park Bldg D	Las Vegas LA Express Inc	Northeast	Whse/Dist	-46,930
Harsch Henderson Commerce Center Eastgate Bldg G	Fast Fleet Systems, Inc.	Henderson	Whse/Dist	-27,806
The Spectrum of Las Vegas	Accurate Metal Fabricators	Central East	Lt Ind	-25,183
4740 S Valley View Blvd	All Resort Limousine	Southwest	Lt Ind	-20,490
Hughes Airport Center	Sitel Operating Corporation	Airport	Flex	-19,833
Northport Business Center	ITT Technical	Northeast	Flex	-17,903



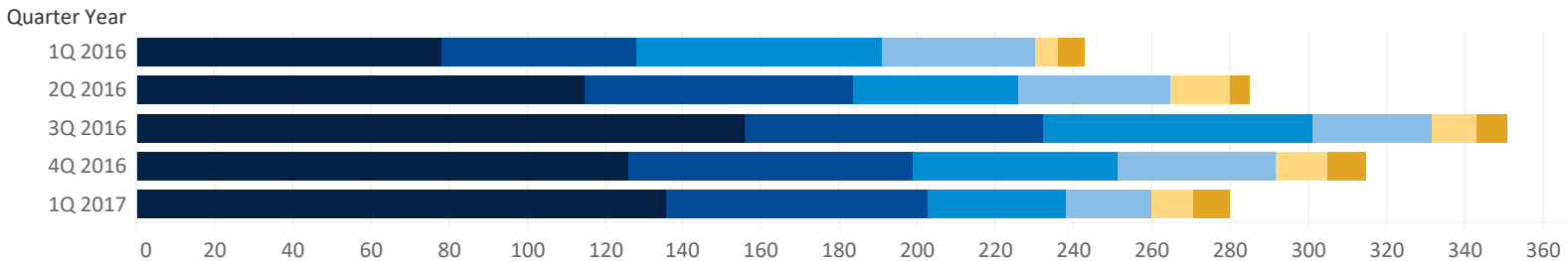
#### Leasing Activity Trends

Direct Vacancy Rate Lease Transactions



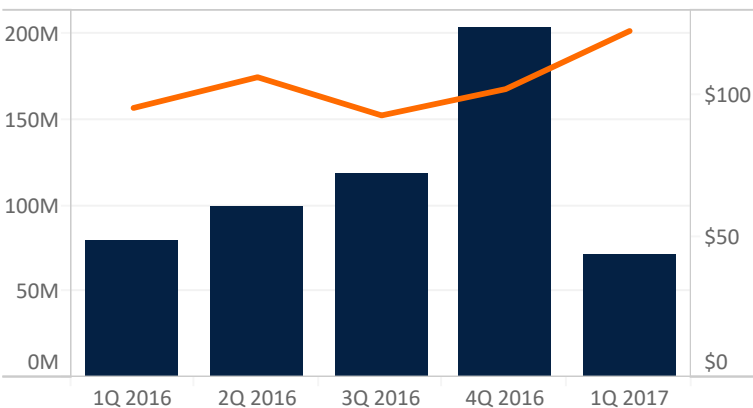
#### Leasing Activity (# of New Deals)

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
Harmon Warehouse Center	01/06/2017	MCA Realty	\$15,150,000
4245-4255 W Sunset Rd	03/07/2017	Southwest Regional Council of Carpenters	\$10,500,000
Tenaya Quail Commercial Center	02/15/2017	RedStar Fence Company	\$7,475,000
3625 Polaris Ave	01/13/2017	KCSL LLC	\$7,000,000
4120 Donovan Way	01/10/2017	Rush Truck Centers of Nevada Inc	\$4,741,429

## 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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