

Las Vegas



Market Facts

1,547,295

Square footage of deliveries in the fourth quarter.

2,330,946

2016 Net Absorption

88

Number of industrial sales in the fourth quarter.

187

Number of industrial leases signed in the fourth quarter.

Industrial Market Overview

The momentum realized in 2015 continued in 2016. Overall industrial vacancy dipped below 7% at the end of 2016. The last time vacancy was below 7% was at midyear 2007. New construction of industrial product in 2016 reached approximately 2.5 million square feet with over one million square feet of positive absorption during the year and more than 2 million square feet under construction for delivery in 2017. Vacancy in the big-box category was slightly more than 5%, and lease rates are approaching pre-recession levels. Positive growth in the industrial market is expected in 2017 with many projects underway and rising lease rates convincing developers to bring more big-box product to market. The challenge going forward will be to find affordable land for projects greater than 100,000 square feet. At this point, the average price per acre is hindering future industrial development. Until the local market shows significant signs of improvement, it will be difficult for new projects to be economical.

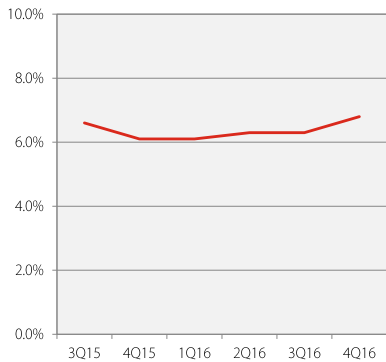
There were approximately 187 industrial leases executed in the fourth quarter of 2016. While the largest lease was 237,704 square

feet, there were 5 leases completed over 40,000 square feet, with a majority being under 20,000 square feet. By comparison, there were approximately 272 industrial leases executed in the fourth quarter of 2015. During that quarter, there were three leases executed over 150,000 square feet, with a majority being under 20,000 square feet.

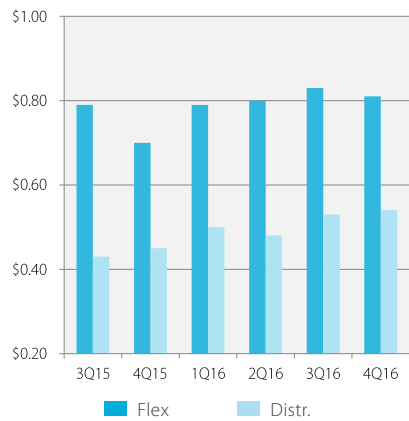
In the fourth quarter, there were approximately 88 industrial sales, with the largest sale being a 421,093 square foot warehouse in the North Las Vegas submarket which sold for \$36,025,000. A majority of the sales that took place were under 40,000 square feet. By comparison, there were approximately 87 industrial sales completed in the fourth quarter of 2015. The largest sale was a 404,152 square foot warehouse in the Southwest submarket which sold for \$42,900,435. A majority of sales that took place in the fourth quarter of 2015 were under 30,000 square feet.

Industrial Market Snapshot

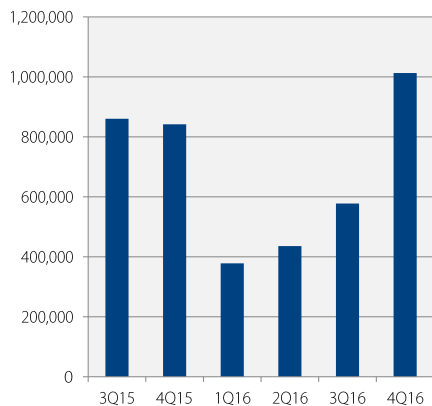
Vacancy Rates



Asking Rents

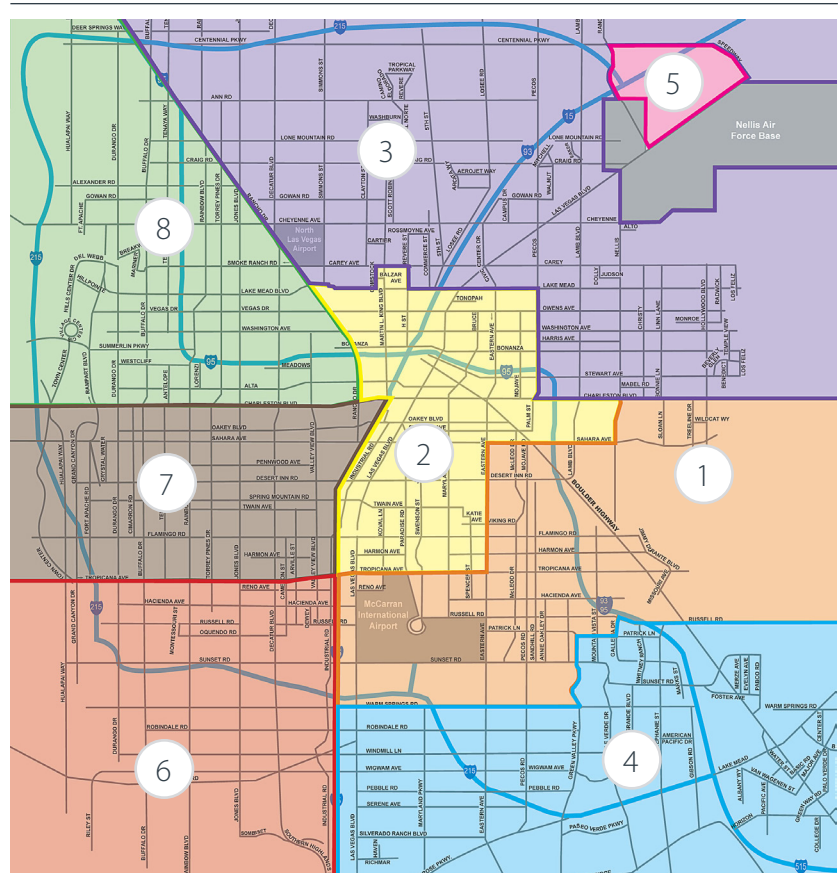


Absorption



Las Vegas Industrial Submarkets

1. Airport East
2. Central
3. North Las Vegas
4. Henderson/SE
5. Speedway
6. Southwest
7. West
8. Northwest



Trends to Watch



Vacancy is expected to rise in 2017 as several new projects deliver to the market, even though many are partially pre-leased.

While recently completed projects are offering competitive lease rates, many tenants have shown interest in relocating to better space at lower introductory rates.

Market Indicators

Submarket	Total SF *	Vacant SF	Vacancy	Current Net Absorption	YTD Net Absorption	Under Construction	Avg. Asking Rate Flex	Avg. Asking Rate Mfg./Distr.
Airport/East	14,880,266	1,131,171	7.6%	113,602	250,951	54,000	\$0.88	\$0.62
Central/Downtown	13,257,896	584,711	4.4%	(2,605)	(60,108)	0	\$0.63	\$0.58
North Las Vegas	33,700,260	2,681,168	8.0%	518,990	670,129	2,738,383	\$0.61	\$0.47
Northwest	870,954	105,093	12.1	(11,604)	(28,803)	0	\$0.79	\$0.83
Henderson/SE	14,937,148	740,497	5.0%	(99,035)	155,056	1,343,010	\$0.83	\$0.51
Speedway/NE	3,733,596	320,045	8.6%	(38,806)	142,367	0	\$0.44	\$0.41
Southwest	29,259,533	1,739,539	5.9%	489,937	1,166,053	352,500	\$0.88	\$0.58
West	10,567,631	893,793	8.5%	42,715	35,301	0	\$0.85	\$0.49
Totals	121,207,284	8,196,017	6.8%	1,013,194	2,330,946	1,547,295	\$0.81	\$0.54

* Includes buildings over 5,000 SF

Top Transactions of the Quarter

Tenant/Buyer	Address	Submarket	Size	Term	Rate/Price
BCPF Northpoint Vegas	3101 N. Lamb Blvd	North Las Vegas	421,093 SF	Sale	\$36,025,000
GPT Henderson	855 Wigwam Pkwy	Henderson	232,856 SF	Sale	\$25,300,000
AG Light & Sound	4660 Berg St	North Las Vegas	450,731 SF	n/a	\$0.35/SF
n/a	7900 W. Sunset Rd	Southwest	69,535 SF	60 Months	\$0.60/SF
n/a	6420 Karms Park Ct	Southwest	65,000 SF	n/a	\$0.57/SF



Intelligent
Real Estate
Solutions

avisonyoung.com

3993 Howard Hughes Pkwy, Suite 350, Las Vegas, NV 89169
702.472.7979

For more information, please contact:

Mike Hillis, SIOR
Principal
702.637.7711
mike.hillis@avisonyoung.com

Chris Lexis
Senior Vice President
702.637.7580
chris.lexis@avisonyoung.com

Joe Leavitt
Senior Vice President
702.637.7577
joe.leavitt@avisonyoung.com

