



LAS VEGAS | NEVADA

# RESEARCH & FORECAST REPORT



## Everything Old is Looking New Again

If there were any doubts whether 2014 would live up to 2013's excellent performance, the second quarter of 2014 should put those doubts to rest. Net absorption in the second quarter of 2014 equaled 1.4 million square feet, the vast majority of it in speculative projects. New completions were subdued this quarter, with two build-to-suit projects totaling 219,490 square feet being completed. Industrial vacancy decreased to 10.1 percent, almost three percentage points lower than one year ago. The weighted average asking rental rate increased to \$0.53 per square foot (psf) on a triple net (NNN) basis, \$0.03 cents higher than one year ago.

Southern Nevada's industrial job market improved in April 2014 (the latest month of data available) compared with April 2013, with 4,970 new jobs in employment sectors associated with industrial buildings. The Valley added 1,900 construction jobs, 600 manufacturing jobs, 600 wholesale jobs and 200 transportation and warehousing jobs. Unemployment in the Las Vegas-Paradise MSA stood at 7.4 percent as of April 2014, down from 9.9 percent in April 2013. Since April 2013, total employment in Southern Nevada has increased by 16,800 jobs.

Southern Nevada's industrial inventory expanded by 219,490 square feet in the second quarter of 2014. Both new completions, for Nicholas & Co. and Tapia, were build-to-suit projects. 490,000 square feet of industrial build-to-suit space is slated for completion by the end of 2014, with another 750,000 square feet of industrial build-to-suit space planned for completion in 2015. Among the properties planned for completion in 2015 are two speculative industrial buildings totaling almost 650,000 square feet. While current levels of construction are not extraordinary, they are shedding light on the lack of large, vacant, well-located M-1 zoned parcels left in Southern Nevada, a problem that will need to be addressed by Southern Nevada governments to avoid interruptions in future growth.

For the sixth consecutive quarter, Southern Nevada experienced positive net absorption in industrial product. Net absorption has now been positive in eight of the last nine quarters. Net absorption totaled 1,403,579 square feet in the second quarter of 2014, bringing the year-to-date total up to 2,032,486

### MARKET INDICATORS

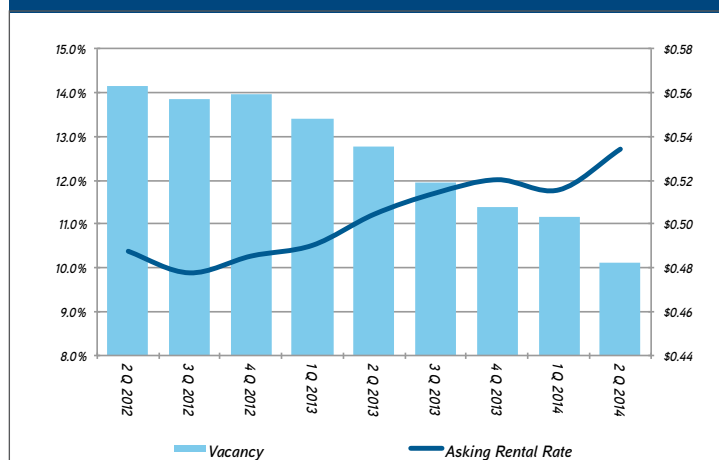
	Q2-14	Q3-14 PROJECTED
VACANCY	↓	↓
NET ABSORPTION	↑	↓
CONSTRUCTION	↓	↓
RENTAL RATE	↑	↑

### CLARK COUNTY ECONOMIC DATA

	CURRENT	YEAR AGO
Jobs (1000s) (APR. 2014)	871.4	845.9
Visitor Volume (2014 YTD)	13.6 MM	13.0 MM
Gaming Revenue (2014 YTD)	\$3.19 BB	\$3.28 BB
Taxable Sales (2013 YTD)	\$8.6 BB	\$7.9 BB
Commercial Occupancy (Q2)	87.9%	85.4%

SOURCE: THE CENTER FOR BUSINESS & ECONOMIC RESEARCH, UNLV

### HISTORICAL VACANCY RATES VS. ASKING LEASE RATES



"All in all, 2014 looks as though it will be the best year for Southern Nevada's industrial market since 2007."

John M. Stater  
Colliers, Research & GIS Manager



### MARKET SUMMARY

	Q2-14	Q1-14	Q2-13
Vacancy Rate	10.1%	11.2%	12.8%
Asking Rent (PSF, NNN)	\$0.53	\$0.52	\$0.50
Net Absorption (SF)	1,403,579	628,907	1,156,393
New Completions (SF)	219,490	417,142	489,320

square feet. This is slightly higher than in the first half of 2013, and is at a pace that exceeds that experienced during the last major economic recovery in 2004.

2013 posted stronger build-to-suit net absorption than speculative net absorption, and this relative lack of speculative net absorption was, at the time, a concern. This concern has largely been eliminated in 2014. Net absorption for the first half of 2014 has totaled 2,032,486 square feet. Only 30 percent of this space was in build-to-suit projects.

Annual net absorption was positive in six of Southern Nevada's seven submarkets in the second quarter of 2014, with Northwest posting negative 2,745 square feet of net absorption. This is equally true in regards to the first half of 2014, with the exception being that the Northwest submarket posted negative 2,921 square feet of net absorption. The strongest net absorption this quarter was in North Las Vegas, with 590,216 square feet of net absorption (and 219,490 square feet of build-to-suit construction) and the Henderson submarket, with 273,121 square feet of net absorption and no new completions.

Gross absorption in the first half of 2014 totaled 6.05 million square feet, lower than the 7.15 million square feet of gross absorption recorded in the first half of 2013. It is notable that 2014's lower gross absorption occurred along with higher net absorption, indicating that the industrial market experienced fewer vacancies of space now than one year ago. This is a hopeful sign of stability in the economy, as it indicates fewer businesses are downsizing or closing their doors.

Industrial vacancy has been on the decline since the first quarter of 2012, dropping from a high of 14.4 percent then to the current rate of 10.1 percent. This is the lowest industrial vacancy recorded since the fourth quarter of 2008, when vacancy was 9.7 percent. The lowest industrial vacancy rate on a submarket basis belonged to the Henderson submarket at 6.7 percent. Among product types, warehouse/distribution product had the lowest vacancy rate at 7.1 percent. The lowest overall vacancy rate was in warehouse/distribution projects in the Northwest (0 percent vacancy) and Henderson (1.7 percent vacancy). The highest was in East Las Vegas flex space, at 41.6 percent.

The industries most active in occupying industrial space so far in 2014 were involved in business and personal services, retail services, manufacturing and wholesale. Local companies took about 50 percent of the leased square footage we tracked in 2014, down from 58 percent in 2013. Companies headquartered in the Southwest United States (not including Southern Nevada) took 13 percent of the leased space we have tracked in 2014, while 11 percent was taken by Midwest companies and 6 percent by companies from the Great Plains.

The weighted average asking lease rate for industrial space increased by \$0.01 this quarter to \$0.53 psf NNN. This quarter's asking lease rate was \$0.03 higher than in the second quarter of 2013. If adjusted for inflation, the weighted average asking lease rate would be \$0.41 psf NNN, a \$0.02 increase from one year ago. The current asking rate adjusted for inflation is \$0.13 lower than it was during the last economic recovery in 2004.

*(Continued on page 5)*

### LEASE & SALES ACTIVITY

#### LEASE ACTIVITY

PROPERTY ADDRESS	LEASE DATE	LEASE TERM	SIZE SF	LEASE RATE	TYPE
Henderson Commerce Center IV	Jun 2014	60 months	75,000 SF	\$0.45 NNN	Warehouse/Distribution
Jennifer Park	April 2014	63 months	51,000 SF	\$0.30 NNN	Light Distribution
Craig Corporate Park	May 2014	39 months	19,000 SF	\$0.29 NNN	Light Industrial
H Bizctr Whitney Mesa	May 2014	42 months	4,000 SF	\$0.49 NNN	Flex
Post Commerce Center	May 2014	37 months	2,500 SF	\$0.55 NNN	Incubator

#### SALES ACTIVITY

PROPERTY ADDRESS	SALE DATE	SALE PRICE	SIZE SF	PRICE/SF	TYPE
Patrick Commerce Center	May 2014	\$15,124,000	221,000 SF	\$69	Light Distribution
Mary Crest Road	May 2014	\$9,000,000	157,000 SF	\$57	Light Distribution
Shetakis Distribution Facility	April 2014	\$5,500,000	98,000 SF	\$56	Warehouse/Distribution
Tanner Industrial Park	April 2014	\$5,000,000	44,000 SF	\$113	Light Distribution
Redwood Avenue	April 2014	\$3,000,000	52,000 SF	\$58	Light Industrial

MARKET COMPARISONS

INDUSTRIAL MARKET

TYPE	BLDG	TOTAL INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	SUBLEASE VACANT SF	SUBLEASE VACANCY RATE	TOTAL VACANT SF	VACANCY RATE CURRENT QUARTER	VACANCY RATE PRIOR QUARTER	NET ABSORPTION CURRENT QTR SF	NET ABSORPTION YTD SF	COMPLETIONS CURRENT QTR SF	COMPLETIONS YTD SF	UNDER CONSTRUCTION SF	PLANNED CONSTRUCTION SF	WEIGHTED AVG ASKING RENTAL RATE
<b>AIRPORT SUBMARKET</b>																
WH	80	5,252,458	429,845	8.2%	44,588	0.8%	474,433	9.0%	9.1%	4,500	(25,524)	-	-	193,000	-	\$0.62
LD	69	3,164,029	413,150	13.1%	14,000	0.4%	427,150	13.5%	19.5%	183,189	149,517	-	-	-	-	\$0.57
LI	203	2,924,197	340,469	11.6%	44,300	1.5%	384,769	13.2%	13.2%	4,021	72,662	-	-	-	-	\$0.78
INC	89	1,657,414	317,798	19.2%	3,408	0.2%	321,206	19.4%	22.4%	43,923	40,288	-	-	-	-	\$0.73
FLX	65	1,308,236	404,543	30.9%	24,422	1.9%	428,965	32.8%	32.4%	2,521	63,525	-	-	-	-	\$0.83
<b>Total</b>	<b>506</b>	<b>14,306,334</b>	<b>1,905,805</b>	<b>13.3%</b>	<b>130,718</b>	<b>0.9%</b>	<b>2,036,523</b>	<b>14.2%</b>	<b>15.9%</b>	<b>238,154</b>	<b>300,468</b>	<b>-</b>	<b>-</b>	<b>193,000</b>	<b>-</b>	<b>\$0.70</b>
<b>EAST LAS VEGAS SUBMARKET</b>																
WH	24	982,115	18,280	1.9%	-	0.0%	18,280	1.9%	1.9%	-	-	-	-	-	-	\$0.31
LD	28	486,456	35,571	7.3%	-	0.0%	35,571	7.3%	11.7%	21,440	31,912	-	-	-	-	\$0.65
LI	129	1,546,941	116,553	7.5%	11,494	0.7%	128,047	8.3%	9.0%	10,920	16,849	-	-	-	-	\$0.38
INC	12	281,755	73,501	26.1%	-	0.0%	73,501	26.1%	26.9%	2,181	11,322	-	-	-	-	\$0.49
FLX	10	233,692	97,110	41.6%	-	0.0%	97,110	41.6%	41.6%	-	782	-	-	-	-	\$0.62
<b>Total</b>	<b>203</b>	<b>3,530,959</b>	<b>341,015</b>	<b>9.7%</b>	<b>11,494</b>	<b>0.3%</b>	<b>352,509</b>	<b>10.0%</b>	<b>11.0%</b>	<b>34,541</b>	<b>60,865</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$0.50</b>
<b>HENDERSON SUBMARKET</b>																
WH	73	6,671,956	113,010	1.7%	-	0.0%	113,010	1.7%	3.0%	89,140	390,944	-	280,000	-	-	\$0.41
LD	35	1,555,288	140,177	9.0%	-	0.0%	140,177	9.0%	14.0%	77,528	103,781	-	-	-	-	\$0.47
LI	336	3,363,418	291,416	8.7%	-	0.0%	291,416	8.7%	10.7%	70,134	193,574	-	71,514	-	-	\$0.45
INC	31	476,278	78,067	16.4%	-	0.0%	78,067	16.4%	20.0%	17,422	30,891	-	-	-	-	\$0.46
FLX	82	1,349,257	272,003	20.2%	-	0.0%	272,003	20.2%	21.6%	18,897	6,385	-	-	-	-	\$0.83
<b>Total</b>	<b>557</b>	<b>13,416,197</b>	<b>894,673</b>	<b>6.7%</b>	<b>-</b>	<b>0.0%</b>	<b>894,673</b>	<b>6.7%</b>	<b>8.7%</b>	<b>273,121</b>	<b>725,575</b>	<b>-</b>	<b>351,514</b>	<b>-</b>	<b>-</b>	<b>\$0.56</b>
<b>NORTH LAS VEGAS SUBMARKET</b>																
WH	193	20,053,707	1,393,893	7.0%	0	0.0%	1,393,893	7.0%	8.8%	509,643	503,890	180,000	245,628	-	917,659	\$0.33
LD	182	5,057,300	885,872	17.5%	7,022	0.1%	892,894	17.7%	19.8%	106,467	61,709	-	-	-	-	\$0.34
LI	840	8,718,906	938,785	10.8%	0	0.0%	938,785	10.8%	10.4%	4,597	(94,648)	39,490	39,490	-	-	\$0.37
INC	36	633,221	97,184	15.3%	3,200	0.5%	100,384	15.9%	10.6%	(33,536)	(29,939)	-	-	-	-	\$0.49
FLX	45	776,801	211,964	27.3%	0	0.0%	211,964	27.3%	27.7%	3,045	24,772	-	-	-	-	\$0.65
<b>Total</b>	<b>1,296</b>	<b>35,239,935</b>	<b>3,527,698</b>	<b>10.0%</b>	<b>10,222</b>	<b>0.0%</b>	<b>3,537,920</b>	<b>10.0%</b>	<b>11.3%</b>	<b>590,216</b>	<b>465,784</b>	<b>219,490</b>	<b>285,118</b>	<b>-</b>	<b>917,659</b>	<b>\$0.37</b>
<b>NORTHWEST SUBMARKET</b>																
WH	5	224,906	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	-	-	-	\$-
LD	1	50,000	17,213	34.4%	-	0.0%	17,213	34.4%	34.4%	-	-	-	-	-	-	\$0.72
LI	24	360,036	43,973	12.2%	-	0.0%	43,973	12.2%	13.4%	4,232	5,118	-	-	-	-	\$0.40
INC	4	99,427	15,204	15.3%	-	0.0%	15,204	15.3%	10.2%	(5,075)	(5,075)	-	-	-	-	\$0.65
FLX	56	740,230	234,762	31.7%	-	0.0%	234,762	31.7%	31.5%	(1,902)	(2,964)	-	-	-	-	\$1.00
<b>Total</b>	<b>90</b>	<b>1,474,599</b>	<b>311,152</b>	<b>21.1%</b>	<b>-</b>	<b>0.0%</b>	<b>311,152</b>	<b>21.1%</b>	<b>20.9%</b>	<b>(2,745)</b>	<b>(2,921)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$0.88</b>
<b>SOUTHWEST SUBMARKET</b>																
WH	137	13,229,128	1,366,288	10.3%	75,000	0.6%	1,441,288	10.9%	13.2%	138,877	109,301	-	-	-	45,500	\$0.49
LD	188	7,136,965	798,447	11.2%	15,429	0.2%	813,876	11.4%	13.0%	108,434	157,726	-	-	-	-	\$0.51
LI	759	9,379,461	902,963	9.6%	24,472	0.3%	927,435	9.9%	9.6%	(30,091)	62,462	-	-	51,502	-	\$0.59
INC	120	2,484,105	235,974	9.5%	3,900	0.2%	239,874	9.7%	10.6%	16,488	75,376	-	-	-	-	\$0.60
FLX	107	1,651,612	261,801	15.9%	4,451	0.3%	266,252	16.1%	15.4%	(18,644)	(27,623)	-	-	-	-	\$0.90
<b>Total</b>	<b>1,311</b>	<b>33,881,271</b>	<b>3,565,473</b>	<b>10.5%</b>	<b>123,252</b>	<b>0.4%</b>	<b>3,688,725</b>	<b>10.9%</b>	<b>12.1%</b>	<b>215,064</b>	<b>377,242</b>	<b>-</b>	<b>-</b>	<b>51,502</b>	<b>45,500</b>	<b>\$0.56</b>
<b>WEST CENTRAL SUBMARKET</b>																
WH	58	2,222,609	109,457	4.9%	-	0.0%	109,457	4.9%	4.9%	-	5,000	-	-	-	-	\$0.30
LD	38	684,757	162,580	23.7%	-	0.0%	162,580	23.7%	19.2%	(30,989)	(21,126)	-	-	-	-	\$0.48
LI	590	7,213,854	544,190	7.5%	6,104	0.1%	550,294	7.6%	8.4%	53,453	34,167	-	-	-	-	\$0.65
INC	73	2,550,564	230,121	9.0%	-	0.0%	230,121	9.0%	10.1%	27,515	69,259	-	-	-	-	\$0.71
FLX	8	171,607	9,503	5.5%	5,572	3.2%	15,075	8.8%	8.6%	5,249	18,173	-	-	-	-	\$0.68
<b>Total</b>	<b>767</b>	<b>12,843,391</b>	<b>1,055,851</b>	<b>8.2%</b>	<b>11,676</b>	<b>0.1%</b>	<b>1,067,527</b>	<b>8.3%</b>	<b>8.7%</b>	<b>55,228</b>	<b>105,473</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$0.60</b>
<b>MARKET TOTAL</b>																
WH	570	48,636,879	3,430,773	7.1%	119,588	0.2%	3,550,361	7.3%	8.9%	742,160	983,611	180,000	525,628	193,000	963,159	\$0.43
LD	541	18,134,795	2,453,010	13.5%	36,451	0.2%	2,489,461	13.7%	16.4%	466,069	483,519	-	-	-	-	\$0.46
LI	2,881	33,506,813	3,178,349	9.5%	86,370	0.3%	3,264,719	9.7%	10.0%	117,266	290,184	39,490	111,004	51,502	-	\$0.53
INC	365	8,182,764	1,047,849	12.8%	10,508	0.1%	1,058,357	12.9%	13.9%	68,918	192,122	-	-	-	-	\$0.64
FLX	373	6,231,435	1,491,686	23.9%	34,445	0.6%	1,526,131	24.5%	24.5%	9,166	83,050	-	-	-	-	\$0.83
<b>Total</b>	<b>4,730</b>	<b>114,692,686</b>	<b>11,601,667</b>	<b>10.1%</b>	<b>287,362</b>	<b>0.3%</b>	<b>11,889,029</b>	<b>10.4%</b>	<b>11.6%</b>	<b>1,403,579</b>	<b>2,032,486</b>	<b>219,490</b>	<b>636,632</b>	<b>244,502</b>	<b>963,159</b>	<b>\$0.53</b>
<b>QUARTERLY COMPARISON AND TOTALS</b>																
Q2-14	4,730	114,692,686	11,601,667	10.1%	287,362	0.3%	11,889,029	10.4%	11.6%	1,403,579	2,032,486	219,490	636,632	244,502	963,159	\$0.53
Q1-14	4,681	114,006,765	12,743,745	11.2%	503,856	0.4%	13,247,601	11.6%	12.0%	677,380	677,380	417,142	417,142	412,490	391,000	\$0.52
Q4-13	4,678	113,589,623	13,003,983	11.4%	588,152	0.5%	13,592,135	12.0%	12.5%	679,761	3,617,729	65,628	813,948	610,147	300,000	\$0.52
Q3-13	4,677	113,523,995	13,618,116	12.0%	594,850	0.5%	14,212,966	12.5%	13.3%	1,068,184	2,937,968	130,000	748,320	351,519	558,628	\$0.51
Q2-13	4,670	113,393,995	14,556,300	12.8%	547,583	0.5%	15,103,883	13.3%	14.0%	1,156,393	1,869,784	489,320	618,320	201,519	300,000	\$0.50
Q1-13	4,662	112,904,675	15,223,373	13.5%	592,451	0.5%	15,815,824	14.0%	14.5%	713,391	713,391	129,000	129,000	619,320	300,000	\$0.49
Q4-12	4,659	112,775,675	15,807,764	14.0%	588,318	0.5%	16,396,082	14.5%	14.8%	(122,698)	181,364	-	-	658,320	990,000	\$0.49

WH = Warehouse

LD = Light Distribution

LI = Light Industrial

INC = Incubator

FLX = Flex

**INDUSTRIAL PIPELINE**

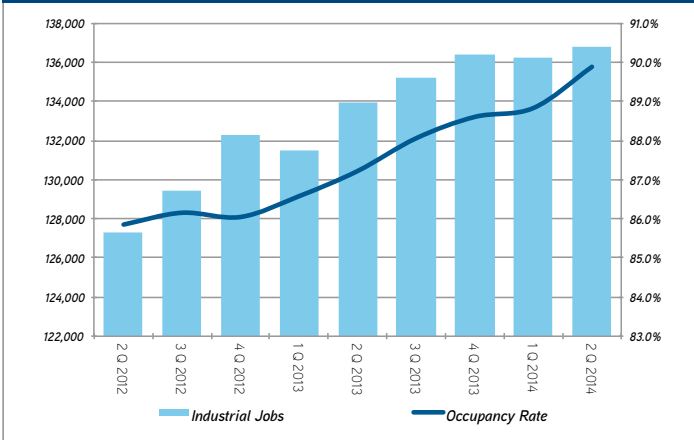
PROJECT	TYPE	SUBMARKET	SIZE (SF)	PRE-LEASING	COMPLETION
TJ Maxx BTS	Warehouse/Distribution	North Las Vegas	300,000 SF	BTS	Q4-14
Konami BTS	Warehouse/Distribution	Airport	190,000 SF	BTS	Q4-14
7040 Redwood Ave	Light Industrial	Southwest	51,502 SF	0%	2015
Ainsworth BTS	Industrial	Southwest	27 acres	BTS	2015
Las Vegas Corporate Center	Warehouse/Distribution	North Las Vegas	647,659 SF	0%	2015
Bally Expansion	Warehouse/Distribution	Southwest	13.88 A	BTS	2015
SPIELO BTS	Warehouse/Distribution	Southwest	45,500 SF	BTS	2015
UFC BTS	Industrial	Southwest	25 acres	BTS	2015

**SALES ACTIVITY**

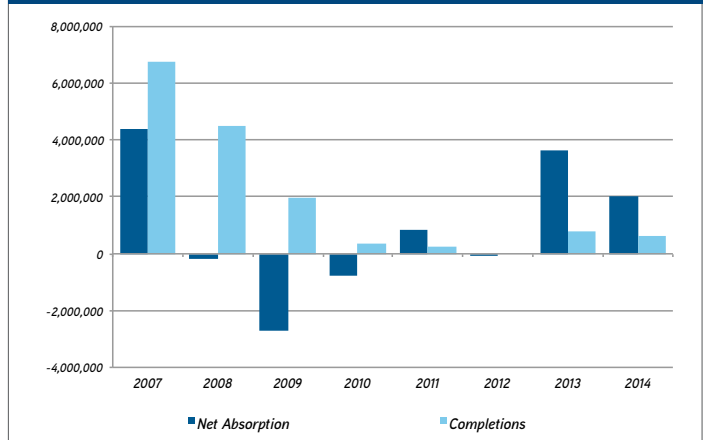
	2010	2011	2012	2013	2014 YTD
No. Sales	25	69	77	61	26
Square Feet Sold	853,000	3,717,000	2,488,000	5,700,000	1,159,000
Sales Volume	\$85.4 MM	\$239.5 MM	\$153.4 MM	\$352.9 MM	\$104.7 MM
Average Price/SF	\$100.15	\$64.43	\$61.11	\$61.94	\$90.33
Average Cap Rate*	8.1%	8.3%	8.3%	7.9%	7.3%
Average Sale Size (SF)	34,000	54,000	32,000	98,000	45,000

\* Cap rate on industrial properties available for sale as investments

**OCCUPANCY VS. INDUSTRIAL EMPLOYMENT**



**HISTORICAL NET ABSORPTION VS COMPLETIONS**



**EMPLOYMENT**

	APR 2014	APR 2013	CHANGE
Construction	42,200	40,300	+ 1,900
Manufacturing	21,200	20,600	+ 600
Transportation & Warehousing	34,200	32,800	+ 200
Wholesale	20,700	20,100	+ 600
<b>TOTAL</b>	<b>118,300</b>	<b>113,800</b>	<b>+ 2,300</b>

Source: Nevada Department of Employment, Training and Rehabilitation.



“When effective rents exceed asking rates, it indicates that asking rates are ready to increase.”

John M. Stater  
Colliers, Research & GIS Manager

(Continued from page 2.)

Units leased in the first half of 2014 had effective lease rates that averaged 102 percent of asking rates, up from 96.4 percent posted in 2013. When effective rents exceed asking rates, it indicates that asking rates are ready to increase.

Warehouse/distribution space is clearly at the center of Southern Nevada's industrial recovery. Over the past four quarters, warehouse/distribution space has accounted for 55 percent of the market's net absorption, while only accounting for 34 percent of its gross absorption. Smaller industrial users that would normally move into incubator, flex and light industrial space have had as hard a time during the Great Recession and Not-So-Great Recovery as other small businesses, so it makes sense that the industrial market would recover very slowly until larger players were ready to expand. Warehouse/distribution vacancy decreased to 7.1 percent in the second quarter, while the overall asking rate increased to \$0.43 psf NNN.

In past few years, one subtype of industrial would begin to do well, while another suffered, the net result being very little real recovery. Southern Nevada's industrial market is now strong enough that increases in demand are increasing across the board. Light distribution space has seen 483,519 square feet of net absorption in the first half of 2014, with the second quarter's 466,069 square feet of net absorption a tremendous improvement over the first quarter's paltry 17,450 square feet of net absorption. Light distribution vacancy fell to 13.5 percent in the second quarter of 2014, while its overall asking rent increased to \$0.46 psf NNN. Renewed development on the Las Vegas "Strip" could boost demand for light distribution space, provided it stimulates visitor volume.

Demand for light industrial space can vary widely from quarter to quarter, and while it is not leading the Valley to recovery, it did post healthy demand in the second quarter of 2014. Owner/user sales of light industrial space totaled 485,831 square feet in the first half of 2014, compared to 637,724 square feet in the first half of 2013. Net absorption of light industrial space in the first half of 2014 totaled 290,184 square feet, compared to 197,397 square feet in the first half of 2013. Essentially, 2014 is now seeing a tremendous increase in light industrial leases, while simultaneously suffering a decrease in owner/user

sales. Overall, light industrial vacancy decreased to 9.5 percent, while its overall asking rent increased to \$0.53 psf NNN.

Incubator space and flex space combined for just over 275,000 square feet of net absorption in the first half of 2014, nearly as much as light industrial product. As mentioned above, small businesses do not appear to be leading the current industrial recovery, and this in turn has dampened demand for incubator and flex product. In the second quarter of 2014, incubator vacancy decreased to 12.8 percent, while its overall asking rate decreased to \$0.64 psf NNN. Flex vacancy decreased to 23.9 percent, and its overall asking rate increased to \$0.83 psf NNN.

It's difficult to complain about the industrial market at the moment. The last negative net absorption recorded in Southern Nevada's industrial market was in the fourth quarter of 2012. Since then, the market has absorbed almost 5.7 million square feet, dropping vacancy from 13.4 percent to 10.1 percent. More importantly, based on current rates of demand, the industrial market has about twelve months of supply. This fact, coupled with increasing asking rates, is stimulating plans for new speculative industrial development. This speculative development is critical to meet the demand by industrial users for large industrial spaces, a demand the market cannot currently meet. All in all, 2014 looks as though it will be the best year for Southern Nevada's industrial market since 2007.

Sales volume and average sales price are up in 2014 versus 2013. There have been 26 industrial investment sales so far in 2014 totaling 1.16 million square feet. Investment sales volume is \$104.7 million, giving the market an average sales price of \$90.33 per square foot. Compare this to the first half of 2013 when 26 buildings totaling 743,000 square feet sold for a total of \$38.4 million and an average sales price of \$51.66 per square foot. Distressed sales in 2014 totaled five buildings containing 122,000 square feet, with a sales volume of \$8.9 million and an average sales price of \$73.11 per square foot. Non-distressed properties sold for an average of \$92.36 per square foot.

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<sup>1</sup>Using the Consumer Price Index, All Urban Consumers, West Region, Class A Cities, 1982-1984 = 100

# GLOSSARY

## INDUSTRIAL DEFINITIONS

Incubator:	Multi-tenant buildings without dock-high loading doors that have a parking ratio lower than 3.5/1,000 square feet and bay sizes lower than 3,500 square feet.
Light Distribution:	Multi- or single-tenant buildings that include dock-high loading doors and have bay sizes of less than 15,000 square feet.
Light Industrial:	Multi- or single-tenant buildings without dock-high loading doors that have a parking ratio lower than 3.5/1,000 square feet and, in the case of multi-tenant buildings, bay sizes of at least 3,500 square feet.
Flex:	Multi- or single-tenant buildings without dock-high loading doors with parking ratios in excess of 3.5/1,000 square feet.
Warehouse/Distribution:	Multi- or single-tenant buildings that include dock-high loading doors and have bay sizes of at least 15,000 square feet.

## GENERAL DEFINITIONS

Vacant SF:	Space in a building that is unoccupied and offered for lease by the owner of the property.
Sublease SF:	Space in a building that is offered for sublease by the primary tenant. This space may or may not be occupied.
Net Absorption:	Difference in occupied square footage from one period to another.

