

Las Vegas Valley Executive Summary

Commercial Real Estate Markets - 2nd Quarter 2016

INDUSTRIAL



OFFICE



RETAIL



RCG ECONOMICS

RCG Economics
3900 Paradise Road, Suite 209
Las Vegas, NV 89169
T: (702) 967-3188
F: (702) 967-3196
W: www.rcg1.com

UNLV | LIED INSTITUTE FOR
REAL ESTATE STUDIES
LEE BUSINESS SCHOOL

University of Nevada, Las Vegas
Lied Institute for Real Estate Studies
Lee Business School
4505 Maryland Parkway
Box 456001
Las Vegas, NV 89154-6001
T: (702) 895-3362
F: (702) 895-4090
W: business.unlv.edu/lie

Contributors

John Restrepo - Co-Editor (RCG)
jrestrepo@rcg1.com
Edward Coulson, Ph.D. - Co-Editor (UNLV)
n.edward.coulson@gmail.com
Hubert Hensen - Real Estate Economist (RCG)
hhensen@rcg1.com
Andres Fonseca - Researcher (UNLV)
afonseca@rcg1.com
Peter Counts - Data Analyst (UNLV)
peter.counts@unlv.edu

Photos Courtesy of:

Colliers: www.colliers.com/en-us/lasvegas
CBRE: www.cbre.us/o/lasvegas/



CONTENTS

INTRODUCTION	3
INDUSTRIAL SURVEY	5
Total Industrial Market	6
Industrial Employment	6
Vacancy & Rental Rates	6
Glossary	12
Industrial Matrix	13
Submarket Map	15
SPECULATIVE OFFICE SURVEY	16
Total Office Market	17
Office Employment	17
Vacancy & Rental Rates	18
Glossary	23
Office Matrix	24
Submarket Map	26
ANCHORED RETAIL SURVEY	27
Total Retail Market	28
Retail Employment	28
Vacancy & Rental Rates	29
Glossary	34
Retail Matrix	35
Submarket Map	36



LIED INSTITUTE FOR
REAL ESTATE STUDIES
LEE BUSINESS SCHOOL

4505 South Maryland Parkway
BEH 530B
Las Vegas, Nevada 89154
www.liedinstitute.com

September 1, 2016

Re: Commercial Real Estate Survey: 2nd Quarter, 2016

Dear Reader,

RCG Economics and the UNLV Lied Institute for Real Estate Studies are excited to produce the Lied-RCG Commercial Real Estate Survey ("the Survey") containing the most comprehensive, timely and accurate data and analysis on the Las Vegas Valley's industrial, speculative office and anchored retail markets.

RCG Economics has partnered with the Lied Institute to produce objective and independent quarterly surveys on the health and state of the commercial real estate market. RCG is a leader in real estate market research and analysis, including commercial real estate and economic forecasting. The Lied Institute seeks to advance real estate knowledge through research, student scholarship, certificate programs and community outreach activities.

The Survey is born of our commitment to excellence in serving those organizations requiring superior up-to-date market analysis and data to make key decisions. Developing this Private-Public Partnership to collect, analyze and release unbiased information is further proof of this commitment. Equally important, the data herein are collected as close as possible to the end of each quarter.

This survey documents historical and current market conditions at the Valley and submarket levels. The data contained within are organized and tracked by our in-house research analysts and economists to provide the best analysis of Las Vegas' commercial real estate markets. The survey contains a variety of meaningful market indicators, including:

- Total existing inventory
- New and planned construction activity
- Vacancy and occupancy levels
- Net Absorption
- "Coupon" or quoted monthly rents

Further, our three commercial (industrial, office and retail) databases contain benchmark building data, by submarket, dating back to 1996. This information allows us to develop "custom" studies for our readers and clients. It is through this survey and our other services and products, that we remain the "Source for Decision Makers."

Regards,

John Restrepo
RCG Economics

Edward Coulson, Ph.D
Lied Institute for Real Estate Studies-UNLV

3900 Paradise Road, Suite 209
Las Vegas, Nevada 89169
www.rcg1.com

Statement of Limiting Conditions

The quarterly commercial survey results presented herein depend on several factors. These factors include the period of data collection and the reliability of the third-party sources providing the data. These variances can lead to fluctuations in results from quarter-to-quarter in our own dataset and survey, and relative to those of other firms also monitoring the Las Vegas Valley's commercial markets. This is especially true for those metrics/indicators most prone to short-term fluctuations, such as demand (net absorption). Over time, our survey results reflect trends that are consistent with those reported by other firms tracking the Valley's commercial markets. Therefore, short-term market fluctuations are mitigated. Additionally, actual market conditions are better reflected in other more stable variables, such as vacancy rates and longer-term metrics like year-over-year trends.



MEDCO HEALTH BUILDING

**RCG
ECONOMICS**

UNLV

LIED INSTITUTE FOR
REAL ESTATE STUDIES
LEE BUSINESS SCHOOL

Las Vegas Industrial Survey

2nd Quarter 2016



WARM SPRINGS CROSSING

LAS VEGAS INDUSTRIAL SURVEY

SUMMARY

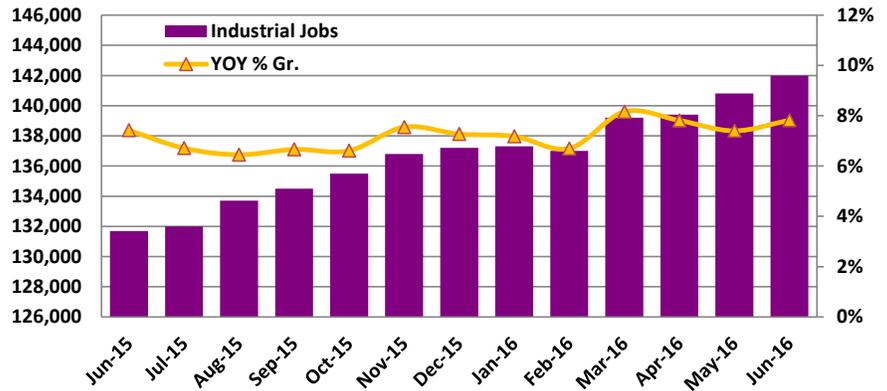
The Las Vegas Valley's ("the Valley") Industrial market¹ closed the second quarter ("Q2") of 2016 with a market-wide inventory of 111.4 million square feet ("sf"), including completions of 416,000 sf for the quarter. Net absorption (net demand) for Q2 was nearly 320,000 sf, not enough to bring down the vacancy rate from the previous quarter. The Valley's Industrial vacancy rate held at 5.2% in Q2, 2016; however, when compared to Q2, 2015 the vacancy rate was down 0.5 points from 5.7%. At \$0.80 per square foot ("psf") NNN², the average monthly asking rent was \$0.03 psf higher than in Q1 (\$0.77 psf), and \$0.14 more than Q2, 2015 (\$0.66 psf). At the close of Q2, Industrial forward-supply³ saw 4.6 million sf under construction with another 6.4 million sf in the planning stages. All under-construction space (100%) is in Warehouse/Distribution buildings as is almost all the planned space (99.2%). Performance metrics for the Valley's Industrial market indicate that the Industrial market has now generally recovered and stable.

INDUSTRIAL-RELATED JOBS

Total nonfarm employment in the Las Vegas MSA rose by 26,100 jobs from June 2015 through June 2016, a 2.9% increase. During that time the "headline" unemployment rate declined 0.2 points to 6.9%.

Jobs in Industrial space-using sectors represented 17% (142,000 jobs) of all private jobs in Clark County at the end of Q2, 2016, representing a 7.8% increase in jobs over June 2015.⁴ Since September 2012, Industrial sector job growth has posted solid year-over-year (Y-O-Y) growth (>2%) every month, outpacing population growth and facilitating reduction of the unemployment rate. The Construction sector (+6,900 jobs) and the Transportation and Warehousing sector (+2,200 jobs) have shown the greatest gains since June 2015.

Clark County Total* Industrial Jobs and Annual Growth: Jun-15 to Jun-16



*Natural resources, construction, manufacturing, and transportation & warehousing industries. Source: Nevada Department of Employment, Training and Rehabilitation; calculated by RCG Economics.

Industrial Employment

Industry Sector	Apr 2015			May 2015			Jun 2015		
	2016	2015	% Ch.	2016	2015	% Ch.	2016	2015	% Ch.
Nat. Resources	400	400	0.0%	400	300	33.3%	400	400	0.0%
Construction	55,100	49,000	12.4%	56,600	50,200	12.7%	57,400	50,500	13.7%
Manufacturing	22,000	21,400	2.8%	21,800	21,600	0.9%	22,200	21,700	2.3%
Wholesale Trade	22,000	21,200	3.8%	22,100	21,300	3.8%	22,000	21,300	3.3%
Transp. & Warehousing	39,900	37,300	7.0%	39,900	37,700	5.8%	40,000	37,800	5.8%
Total	139,400	129,300	7.8%	140,800	131,100	7.4%	142,000	131,700	7.8%

Source: Nevada Department of Employment, Training & Rehabilitation ("DETR").

VACANCY & RENTS

The Valley's total Industrial vacancy rate (direct vacant space plus sublease vacant space) remained the same in Q2, holding at 5.2% compared to Q1, 2016. When compared to Q2, 2015, the vacancy rate was down 0.5 points from 5.7% last year. The Industrial market remains well below the generally accepted 10% stabilized vacancy rate. With the rate at such a low level, fluctuations up and down are not particularly significant. The return of the market has been quite dramatic, to the point that supply shortages are common for certain types of space, especially large warehousing units (75,000+ sf). The market is still in the process of completing several new projects that would help allay that need.

On a submarket basis two out of seven of the Valley's Industrial submarkets were enjoying vacancy rates under 5% at

INDUSTRIAL MARKET

the end of Q2, with all submarkets under 10%. On a quarter-over-quarter basis, four of the seven submarkets posted declines in their vacancy rates. In Q2, 2016, the Airport submarket led the pack showing the largest vacancy rate decline with a 0.7-point drop from 8.6% to 7.9%. The West Central, Henderson and East Las Vegas submarkets had small declines of 0.1 points, from 4.3% to 4.2%, 5.2% to 5.1% and 6.3% to 6.2%, respectively. The Southwest and Northwest submarkets both posted vacancy rate increases of 0.4 points, from 5.4% to 5.8% and from 9% to 9.4%, respectively. The North Las Vegas submarket saw a vacancy rate increase of 0.1 percentage-point from 3.6% to 3.7%.

On a Y-O-Y basis, the North Las Vegas submarket vacancy rate was the most improved with a 1.1 percentage-point decline, followed by the West Central submarket with a 0.9 percentage-point drop. The Airport submarket's vacancy fell by 0.6 percentage-points in Q2, 2015 and East Las Vegas fell 0.5 points. Three Industrial submarkets experienced Y-O-Y increases in vacancies: the Northwest rose 2.4 percentage-points from its Q2, 2015 vacancy rate of 7%, Henderson increased 0.3 percentage-points from 4.8% and the Southwest gained 0.1 percentage-points from 5.7%.

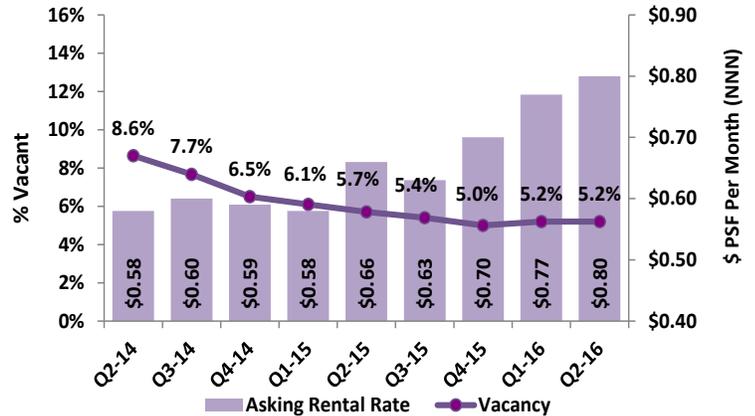
On a product basis, of the five product types we track, only Light Distribution saw vacancy rise from Q1, 2016 to Q2, 2016, up 1.6 points from 5.8% to 7.4%. The four other products saw declines, with Incubator vacancy decreasing the most from 8.9% to 7.9%. R&D/Flex fell 0.5 points from 12.3% to 11.8%. Both Light Industrial and Warehouse/Distribution fell to an even 4% vacancy from 4.3% and 4.1%, respectively.

On a Y-O-Y basis, Light Distribution was again the only product type to see an increase in vacancy, rising 1.3 percentage-points from 6.1% in Q2, 2015. R&D/Flex led the lot with a decrease of 1.2 percentage-points from its Q2, 2015 vacancy rate of 13%. Incubator and Warehouse/Distribution both fell 0.9 points from the previous year. Light Industrial saw the smallest decline in vacancy compared to last year, falling by 0.3 points.

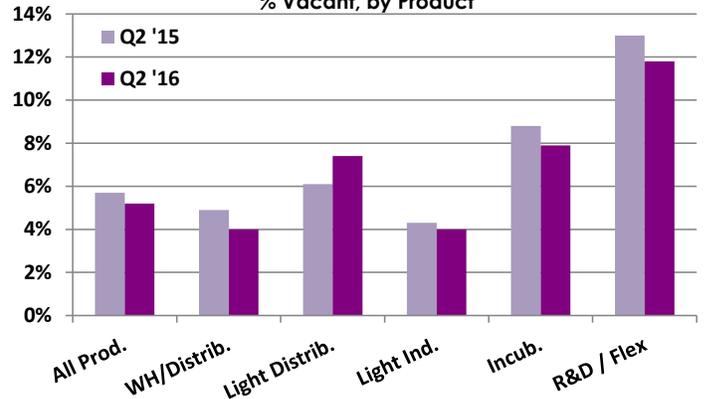
As noted above, the overall Industrial market has recovered from the Great Recession. Some submarkets and subtypes are doing better than others, such as Warehouse/Distribution on the strong end and R&D/Flex on the weaker end, but now the conversation has shifted away from which product types will recover faster to which ones are ready to expand and how the industry will deal with looming shortages.

Average monthly Industrial asking rents for all product types (calculated on a NNN basis, not accounting for any operating expenses and based on quoted asking rents, not negotiated rents between owners and tenants) increased

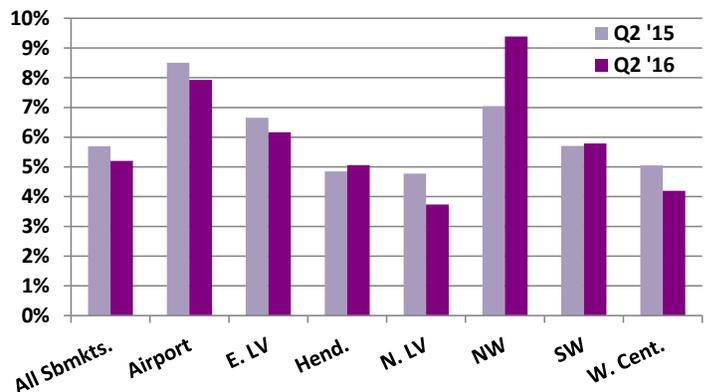
Las Vegas Valley Industrial Market
Historical Vacancy vs. Monthly Asking Rent:
Q2, 2014 - Q2, 2016



Las Vegas Valley Industrial Market
Vacancy Trends: Q2, 2015 v. Q2, 2016
% Vacant, by Product



% Vacant, by Submarket



INDUSTRIAL MARKET

in Q2 by \$0.03 to \$0.80 per sf, up from \$0.77 in Q1, 2016. On average, Valley-wide Industrial rents are up \$0.14 since Q2, 2015.

DEMAND

Demand (defined as total net absorption) in the Valley's Industrial market was positive (+319,835 sf) in Q2, 2016. Demand in the Industrial market has been positive in 14 of the last 15 quarters.

On a Y-O-Y basis, Q2 saw a drop in demand with 3.3 million sf of absorption compared to 4.4 million sf during the four quarters ending in Q2, 2015. This is to be expected, however, because there is simply less space available to absorb. Furthermore, in various segments of the market, shortages are occurring. New space will have to regularly come to market to keep absorption as high as it has been with so little unoccupied space remaining in the market. The shortage of space could be blunting economic growth.

Five of seven submarkets had positive absorption in Q2, 2016. The Southwest submarket saw the highest net absorption with a substantial +245,152 sf. Airport came next with +95,792 sf of absorption. Henderson followed with +20,061 sf. West Central was close behind with +15,567 sf of absorption. Finally, East Las Vegas absorbed +3,250 sf. The two submarkets experiencing negative absorption were the Northwest with -5,856 sf and North Las Vegas with -54,131 sf.

The top submarkets, on a Y-O-Y basis, were North Las Vegas (+1.4 million sf) followed closely by the Southwest (+1.2 million sf). The East Las Vegas submarket had a decent year with +371,788 sf of absorption. The Airport submarket was next with +260,303 sf, trailed by the West Central submarket with +102,747 sf. Two submarkets saw moderate negative Y-O-Y absorption: Henderson with -27,396 sf and the Northwest with slightly more at -31,348 sf.

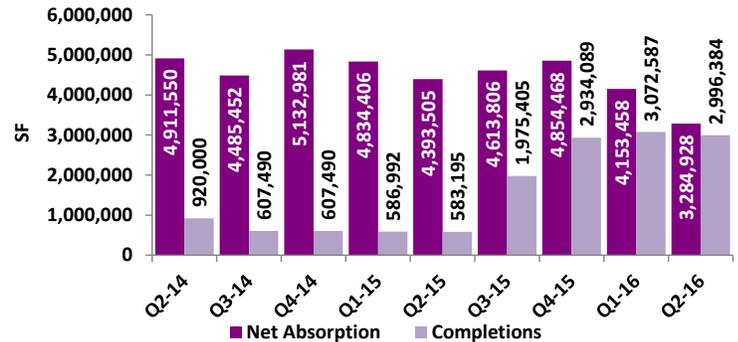
Demand in Q2 for the different product types was negative only in Light Distribution with -279,175 sf of absorption. Warehouse/Distribution (+423,339 sf), Incubator (+75,790 sf), Light Industrial (+67,930 sf) and R&D/Flex (+31,951 sf) all saw positive absorption.

Over the past year, the Valley's Industrial market has seen strong demand. Warehouse/Distribution space has driven the market, accounting for 3.1 million of approximately 3.3 million sf of absorbed Industrial space in the last 4 quarters.

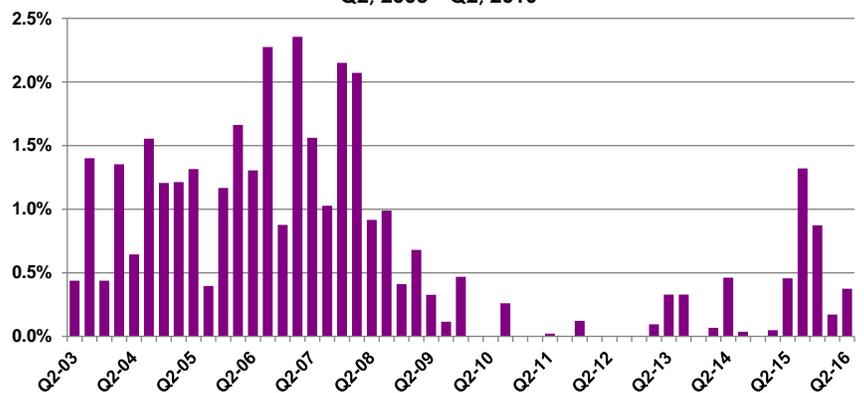
SUPPLY

There was one completion in Q2, totaling 416,000 sf of space, raising the Valley's Industrial inventory to 111.4 million sf. The last three years have demonstrated hesitant optimism from a complete absence of Industrial space completions in 2012 to 801,500 sf of completions in 2013, followed by a more conservative 609,400 sf of space debuting in 2014. In 2015, the market added 2.9 million sf of space. The new space – which plays such a critical role in Southern Nevada's continued economic growth and development—offers a welcome respite for a market that has become severely supply-

Las Vegas Valley Industrial Market
Historical YOY Net Absorption vs. Completions:
Q2, 2014 - Q2, 2016



Las Vegas Valley Industrial Market
Completions as a % of Inventory:
Q2, 2003 - Q2, 2016



INDUSTRIAL MARKET

constrained in certain market segments.

The Q2, 2016 completion was the Jones Corporate Park, 416,000 sf of Warehouse/Distribution space in the Southwest submarket. Completions for 2016 are currently estimated to be 6.6 million square feet, which would be a large increase over 2015.

There are currently 14 projects under construction comprising almost 4.6 million sf at the end of Q2, which supports the ongoing trend of new Warehouse/Distribution development:

Under Construction

Project	SF	Subtype	Submarket	Exp. Comp.
Beltway Distribution Center	211,188	Warehouse/Distribution	Southwest	Q416
Black Mountain Distribution Center #3	232,826	Warehouse/Distribution	Henderson	Q316
Blue Diamond Business Center #3	167,280	Warehouse/Distribution	Southwest	Q316
Cheyenne Distribution Center #3	163,790	Warehouse/Distribution	North Las Vegas	Q316
Eaker Street Wellness (expansion?)	58,000	Warehouse/Distribution	North Las Vegas	2017
Henderson Commerce Center, Building P	240,000	Warehouse/Distribution	Henderson	Q416
Henderson Freeway Crossing	452,170	Warehouse/Distribution	Henderson	Q316
North 15 Freeway Distribution Center 1-2	410,640	Warehouse/Distribution	North Las Vegas	Q316
Northgate Distribution Center, Bdlg. 1-2	806,040	Warehouse/Distribution	North Las Vegas	Q316
Parc Post	165,234	Warehouse/Distribution	Southwest	Q316
South 15 Airport Center	479,440	Warehouse/Distribution	Henderson	Q416
Sunpoint Business Center	311,246	Warehouse/Distribution	East Las Vegas	Q316
Sunrise Industrial Park #9-10	787,760	Warehouse/Distribution	East Las Vegas	Q416
Sunset 215 West	73,000	Warehouse/Distribution	Southwest	Q416
Total	4,559,000			

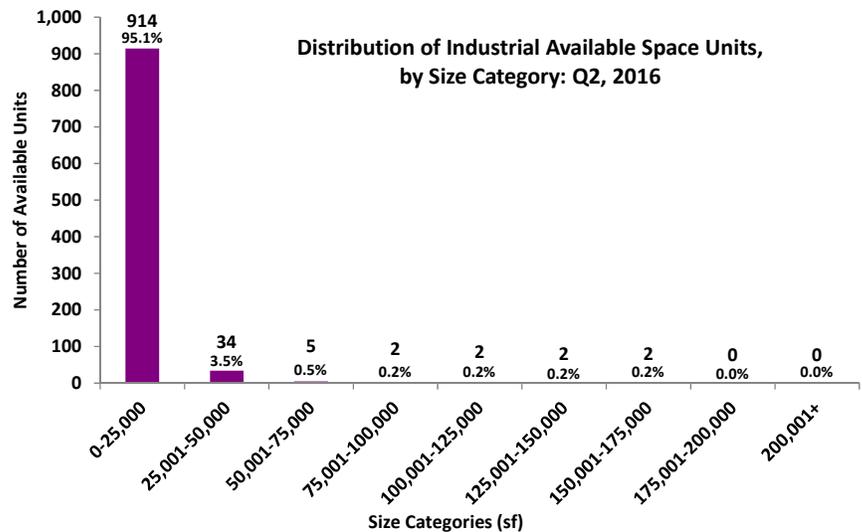
On top of all the ongoing construction, there are 19 additional projects in the planning stages, representing nearly 6.5 million sf. They are:

Planned

Project	SF	Subtype	Submarket	Exp. Comp.
3910 Alto Avenue	337,000	Warehouse/Distribution	North Las Vegas	2017
3G HQ	68,000	Warehouse/Distribution	Airport	2017
Blue Diamond Business Center #10	495,000	Warehouse/Distribution	Southwest	2016
Blue Diamond Business Center #6	430,000	Warehouse/Distribution	Southwest	Q416
Clayton Park	88,000	Incubator	North Las Vegas	2017
Desert Inn Distribution Center	153,320	Warehouse/Distribution	West Central	Q317
Henderson Commerce Center Phase 2	185,000	Warehouse/Distribution	Henderson	Q317
I-15 Speedway Logistics	1,129,000	Warehouse/Distribution	North Las Vegas	2017
LogistiCenter at LVB	548,880	Warehouse/Distribution	North Las Vegas	2017
Lone Mountain Corporate Center-Phase 2	243,760	Warehouse/Distribution	North Las Vegas	2016
Northern Beltway Industrial Center	540,320	Warehouse/Distribution	North Las Vegas	2016
Speedway Commerce Center Phase 3	168,000	Warehouse/Distribution	North Las Vegas	Q417
Speedway Commerce Center West 1	390,000	Warehouse/Distribution	North Las Vegas	Q417
Speedway Commerce Center West 2	312,000	Warehouse/Distribution	North Las Vegas	2018
Sunrise Distribution Center	458,000	Warehouse/Distribution	North Las Vegas	2017
Sunset Development Partners	54,000	Light Industrial	Airport	Q416
Supernap 10 (SWITCH)	343,436	Warehouse/Distribution	Southwest	2016
Supernap 11 (SWITCH)	343,436	Warehouse/Distribution	Southwest	2017
Supernap 12 (SWITCH)	168,040	Warehouse/Distribution	Southwest	2017
Total	6,455,000			

INDUSTRIAL MARKET

These projects continue to help power Southern Nevada's economic recovery and its positioning as a mid-size distribution hub. Additionally, as the chart below demonstrates, the critical shortage of available Industrial space over 100,000 sf has affected the region's rate of economic recovery and growth during the last few years. However, as we've noted several times, relief is on the way; with 14 projects currently under construction and 19 more in the planning stages, Southern Nevada can expect to see significant additions in the Industrial market. These new projects should ease the existing shortage issues.



INVESTMENT SALES

Based on the YTD number of investment sales for 2016 as reported by Colliers, there has been a clear decrease in 2016 compared to 2015 from \$295.8 million to \$40.9 million. The average price per sale through Q2, 2016 was just \$3.7 million versus \$6.9 million in 2015. Additionally, the average sales price per sf through Q2, 2016 was lower than in 2015, with the average sale size YTD in 2016 also lower than in 2015. The average cap rate through Q2, 2016 was 7.4% compared to 7.1% in 2015. In general, in an improving market, owners typically demand lower cap rates resulting in higher prices regardless of quality and location. The reverse is true in a down-market. However, in our opinion, these figures suggest a lack of quality industrial product for sale in the market.

Industrial Investment Sales

	2015	YTD 2016
No. Sales	43	11
Square Feet Sold	3,062,000	620,000
Sales Volume (MM)	\$295.8	\$40.9
Average Price/SF	\$96.58	\$65.79
Average Cap Rate*	7.1%	7.4%
Average Sale Size (SF)	71,000	56,000

Source: Colliers Las Vegas.

*Cap rate on properties available for sale as investments.

FURTHER THOUGHTS & RECAP

Slowing demand in the Industrial market at the start of 2016 lends support to last quarter's analysis that recovery in this market is essentially complete. There is also the issue of shortages that may be partly responsible for decreased growth and could certainly hamper the Southern Nevada's economic growth and development down the road if sufficient new space does not come to market in a timely manner. However, we expect this will not be a significant problem as there are currently 4.6 million sf of Industrial space under construction and another 6.4 million being planned.

Jobs in Industrial space-using sectors again represented 17% (142,000 jobs) of all private jobs in Clark County at the end of Q2, 2016. This was 10,300 more (+7.8%) jobs than existed in June 2015. Since September 2012, Industrial sector job growth has posted solid Y-O-Y growth (>2%) every month, outpacing population growth and helping lower the unemployment rate.

The Construction sector (+6,900 jobs, +13.7%) and the Transportation and Warehousing sector (+2,200 jobs, +5.8%) have shown the greatest job gains since June 2015.

As mentioned above, the Valley's total Industrial vacancy rate (direct vacant space plus sublease vacant space) did not budge in Q2, holding at 5.2%, but was nonetheless improved from Q2, 2015's vacancy rate of 5.7%. Vacancy dropped in four of seven submarkets but only by 0.1 points in three of those. Though the Valley's Industrial market is healthy, supply shortages for certain types of space, especially large units (75,000+ sf), has somewhat stifled growth. In response, there are a number of new projects in the works.

INDUSTRIAL MARKET

On a submarket basis, the lowest vacancy rates in Q2 were in North Las Vegas (3.7%) and West Central (4.2%). Henderson (5.1%) came next, followed closely by Southwest (5.8%). East Las Vegas and Airport (6.2% and 7.9%, respectively) were at the higher end for the Industrial submarkets, though still relatively low when compared to other markets. The Northwest (9.4%) rounded out the group with vacancy still below the 10% stabilized rate.

According to the Wall Street Journal, nationally, logistics firms saw job growth in the thousands in July, partially propelled by continued growth in U.S. e-commerce. Trucking and distribution-warehouse firms experienced the biggest job growth. Why? Rising demand for quick shipping from consumers. With e-commerce seeing greater sales, and consumers demanding their orders to arrive quicker and quicker, the logistics sector is being driven to acclimate to meet rising fulfillment demands.

While the logistics industry added jobs to help e-commerce fulfillment, U.S. retailers are clamoring to rent warehouse space to stock inventory. According to a recent report by Cushman & Wakefield Inc., firms rented about 70 million sf of industrial space during Q2, 2016. This is the highest amount documented in the last 30 years. It equated to 6% YOY growth.

Bringing it home, since the Valley's industrial vacancy rate remains low and space is scarce, retailers are expected to demand warehouses quicker than developers can build product. Continued job growth should assist fulfilling orders at quicker rates. However, this is only a partial answer. E-tailers, along with their logistics cohorts, will have to finance and construct additional warehouses to be near their consumer markets to store more of their inventory for faster sale.

The growth of e-commerce, along with multi-channel (Internet, mobile, bricks-and-mortar) selling by traditional and non-traditional retailers, is unquestionably the long-term driver of the demand for Industrial space in Southern Nevada, as it has been in other parts of the U.S. Southern Nevada's location, adjacent to Southern California, will make it an important regional warehouse-distribution-fulfillment enclave. Southern Nevada appears to be on the verge of establishing an advanced manufacturing cluster with the December 2015 announcement of the Faraday Future electric car company establishing a plant in North Las Vegas.

¹ Includes all single and multi-tenant for-lease and owner-occupied industrial Warehouse/Distribution, Light Distribution, Light Industrial, Incubator and R&D Flex properties with roll-up doors in the Las Vegas Valley.

² All industrial rents in this report are quoted on a monthly triple net (NNN) per square foot basis and does not include additional expenses such as taxes, insurance, maintenance, janitorial and utilities. Rents are based on the direct vacant space in projects, not the average of leases in projects.

³ Forward-supply is a combination of space presently under construction in a quarter and space planned to begin construction within the next four quarters.

⁴ Includes the following industries: Natural Resources, Construction, Manufacturing, and Transportation & Warehousing and Wholesale Trade from the Nevada Department of Employment, Training and Rehabilitation's latest employment statistics.

INDUSTRIAL MARKET GLOSSARY

Properties tracked have loading dock-grade-level doors. Building characteristics were used to define the appropriate sub-type classification. These characteristics can include a building's primary use, size, type of loading doors, clear heights and parking ratios. A property must exhibit one or more of the typical building characteristics to be classified into subtypes.

Warehouse/Distribution

These buildings are the largest among the subtypes and are used for warehousing and distributing materials and merchandise. Warehouse facilities are primarily used for storage and distribution buildings are warehouse facilities designed to accommodate the freight and movement of products/goods.

- Multi- or single-tenant,
- Building/park size of at least 10,000 sf,
- Dock-high doors (or grade-level doors) and clear heights of at least 16 feet, and
- Parking ratios of: 1-2/1,000 sf - traditional warehouse/distribution
3-4/1,000 sf - high velocity warehouse/distribution.

Light Distribution

These buildings are primarily used as a distribution transfer center for the transshipment of products/goods (usually to change the mode of transport or for consolidation or deconsolidation of goods before shipment).

- Multi- or single-tenant,
- Building/park size of at least 5,000 sf, usually characterized by long narrow buildings,
- Cross-dock doors (or several dock high doors) with 12-16 feet clear height to accommodate transfer to/from multiple trucks, and
- Parking ratios of: 1-2/1,000 sf - traditional warehouse/distribution
3-4/1,000 sf - high velocity warehouse/distribution.

Light Industrial

These buildings are primarily used for light industrial manufacturing (rather than heavy industrial manufacturing that uses large amounts of raw materials, power and space) to produce and/or assemble products/goods for consumers as end-users.

- Multi- or single-tenant,
- Building/park size of at least 7,000 sf,
- Grade-level doors (or dock-high doors) and clear heights usually between 13 feet and 18 feet, and
- Parking ratio of 4+/1,000 sf.

Incubator

Buildings or portions of buildings that accommodate companies in the early phase of growth. The typical user generally needs 1,000 to 3,000 sf of warehouse space plus 5% to 20% earmarked for office space with the remaining being the warehouse space. Because of its lower space needs, an incubator tenant is usually a low-volume business needing more less frequent packing and unpacking activity and smaller shipment sizes.

- Multi-tenant,
- Building/park size of at least 5,000 sf,
- Grade-level doors with clear heights less than 15 feet, and
- Parking ratio: Less than 3/1,000 sf.

R&D/Flex

These buildings are the smallest among the subtypes and are designed to allow its occupants to easily alternate uses as industrial space or office space. This may include:

- Industrial space generally as light industrial or incubator; and
- Office space generally as research and development (R&D) parks.
- Multi- or single-tenant,
- Building/park size of at least 2,000 sf,
- Grade-level doors with clear heights less than 15 feet, and
- Parking ratio of 3-4/1,000 sf.

Industrial Market Matrix

Las Vegas, Nevada
Second Quarter, 2016

SUBMARKETS								
TOTAL INDUSTRIAL MARKET	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	501	150	534	1,017	81	1,283	648	4,214
Total Rentable SF	14,320,625	3,205,621	13,096,916	33,286,302	1,336,299	34,138,869	12,016,433	111,401,065
Total Vacant SF	1,134,650	197,800	662,170	1,244,078	125,456	1,976,652	504,115	5,844,921
Total Occupied SF	13,185,975	3,007,821	12,434,746	32,042,224	1,210,843	32,162,217	11,512,318	105,556,144
Total Vacant (%)	7.9%	6.2%	5.1%	3.7%	9.4%	5.8%	4.2%	5.2%
Completions QTD	0	0	0	0	0	416,000	0	416,000
Completions YOY	193,000	381,804	0	1,130,580	0	1,291,000	0	2,996,384
Total Net Absorption QTD	95,792	3,250	20,061	-54,131	-5,856	245,152	15,567	319,835
Total Net Absorption YOY	260,303	371,788	-27,396	1,421,778	-31,348	1,187,056	102,747	3,284,928
Asking Rents (\$ PSF)	\$0.82	\$0.50	\$0.69	\$0.63	\$0.85	\$0.77	\$0.82	\$0.80
Under Construction SF	0	1,099,006	1,404,436	1,438,470	0	616,702	0	4,558,614
Planned SF	122,000	0	185,000	4,126,960	0	1,779,912	153,320	6,367,192

WAREHOUSE/DISTRIBUTION	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	78	19	78	179	5	142	52	553
Total Rentable SF	5,037,394	1,288,879	6,757,019	20,340,732	223,661	13,826,646	1,939,836	49,414,167
Total Vacant SF	191,663	119,174	154,899	593,786	0	866,077	51,758	1,977,357
Total Occupied SF	4,845,731	1,169,705	6,602,120	19,746,946	223,661	12,960,569	1,888,078	47,436,810
Total Vacant (%)	3.8%	9.2%	2.3%	2.9%	0.0%	6.3%	2.7%	4.0%
Completions QTD	0	0	0	0	0	416,000	0	416,000
Completions YOY	193,000	381,804	0	1,110,580	0	1,101,000	0	2,786,384
Total Net Absorption QTD	166,809	-3,900	10,000	-6,903	0	285,353	-28,020	423,339
Total Net Absorption YOY	219,900	359,350	22,891	1,509,464	0	978,093	5,242	3,094,940
Asking Rents (\$ PSF)	\$0.54	\$0.22	\$0.62	\$0.41	\$0.00	\$0.69	\$0.69	\$0.56
Under Construction SF	0	1,099,006	1,404,436	1,438,470	0	616,702	0	4,558,614
Planned SF	68,000	0	185,000	4,126,960	0	1,779,912	153,320	6,313,192

LIGHT DISTRIBUTION	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	68	19	37	167	1	181	40	513
Total Rentable SF	3,169,129	340,675	1,571,703	4,848,934	51,000	6,930,636	775,747	17,687,824
Total Vacant SF	335,068	0	273,346	244,141	12,159	416,744	27,514	1,308,972
Total Occupied SF	2,834,061	340,675	1,298,357	4,604,793	38,841	6,513,892	748,233	16,378,852
Total Vacant (%)	10.6%	0.0%	17.4%	5.0%	23.8%	6.0%	3.5%	7.4%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	-67,746	0	-43,061	-98,869	0	-57,405	-12,094	-279,175
Total Net Absorption YOY	-84,488	6,400	-140,903	-67,210	-8,359	-14,645	73,317	-235,888
Asking Rents (\$ PSF)	\$0.83	\$0.00	\$0.59	\$0.52	\$0.76	\$0.79	\$0.38	\$0.73
Under Construction SF	0	0	0	0	0	0	0	0
Planned SF	0	0	0	0	0	0	0	0

Industrial Market Matrix

Las Vegas, Nevada
Second Quarter, 2016

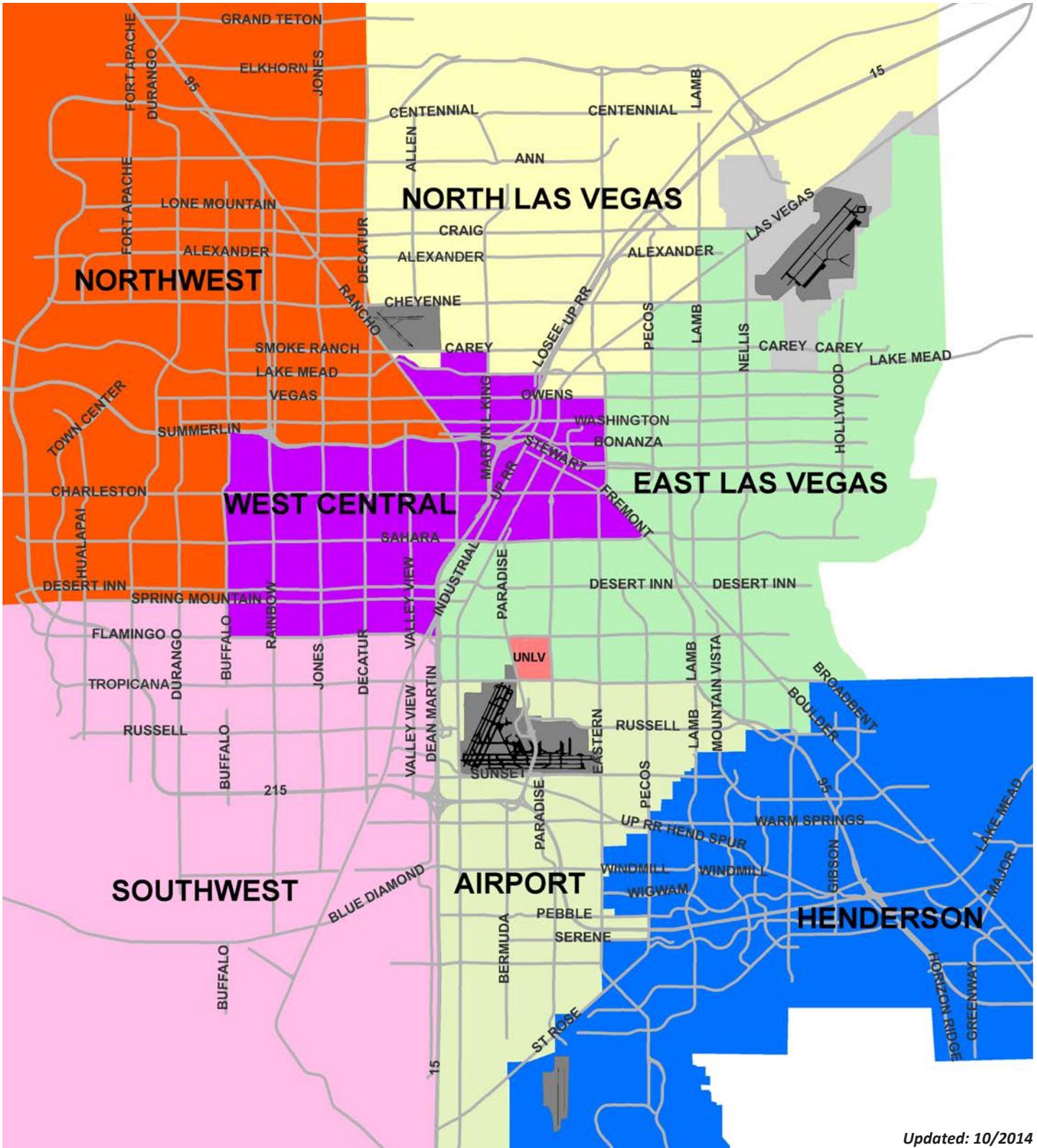
SUBMARKETS								
LIGHT INDUSTRIAL	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	199	91	313	594	16	742	482	2,437
Total Rentable SF	3,076,809	1,135,150	3,085,009	6,755,260	290,111	9,362,544	6,622,403	30,327,286
Total Vacant SF	202,604	22,100	92,627	242,682	18,570	398,367	245,795	1,222,745
Total Occupied SF	2,874,205	1,113,050	2,992,382	6,512,578	271,541	8,964,177	6,376,608	29,104,541
Total Vacant (%)	6.6%	1.9%	3.0%	3.6%	6.4%	4.3%	3.7%	4.0%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	20,000	0	190,000	0	210,000
Total Net Absorption QTD	25,005	12,750	-4,519	53,236	0	23,071	-41,613	67,930
Total Net Absorption YOY	131,553	14,350	63,166	-25,594	-15,762	140,180	-23,081	284,812
Asking Rents (\$ PSF)	\$0.98	\$0.78	\$0.70	\$0.60	\$1.10	\$0.69	\$0.74	\$0.74
Under Constuction SF	0	0	0	0	0	0	0	0
Planned SF	54,000	0	0	0	0	0	0	54,000

INCUBATOR	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	89	13	29	31	4	120	62	348
Total Rentable SF	1,714,621	298,623	456,906	561,552	99,325	2,496,381	2,458,615	8,086,023
Total Vacant SF	184,939	41,112	35,748	101,887	9,519	115,468	153,246	641,919
Total Occupied SF	1,529,682	257,511	421,158	459,665	89,806	2,380,913	2,305,369	7,444,104
Total Vacant (%)	10.8%	13.8%	7.8%	18.1%	9.6%	4.6%	6.2%	7.9%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	-11,114	-5,600	-4,500	-31,043	-3,826	34,579	97,294	75,790
Total Net Absorption YOY	-14,277	-8,312	-11,441	-39,068	-5,939	97,823	53,769	72,555
Asking Rents (\$ PSF)	\$0.90	\$0.58	\$0.71	\$0.65	\$0.86	\$0.85	\$0.93	\$0.85
Under Constuction SF	0	0	0	0	0	0	0	0
Planned SF	0	0	0	0	0	0	0	0

R&D / FLEX	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	67	8	77	46	55	98	12	363
Total Rentable SF	1,322,672	142,294	1,226,279	779,824	672,202	1,522,662	219,832	5,885,765
Total Vacant SF	220,376	15,414	105,550	61,582	85,208	179,996	25,802	693,928
Total Occupied SF	1,102,296	126,880	1,120,729	718,242	586,994	1,342,666	194,030	5,191,837
Total Vacant (%)	16.7%	10.8%	8.6%	7.9%	12.7%	11.8%	11.7%	11.8%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	-17,162	0	62,141	29,448	-2,030	-40,446	0	31,951
Total Net Absorption YOY	7,615	0	38,891	44,186	-1,288	-14,395	-6,500	68,509
Asking Rents (\$ PSF)	\$1.05	\$0.00	\$0.98	\$0.70	\$0.83	\$0.88	\$0.89	\$0.95
Under Constuction SF	0	0	0	0	0	0	0	0
Planned SF	0	0	0	0	0	0	0	0

LAS VEGAS VALLEY

INDUSTRIAL SUBMARKET MAP



Updated: 10/2014



CORPORATE CENTER, Ph. 3

**RCG
ECONOMICS**

UNLV

LIED INSTITUTE FOR
REAL ESTATE STUDIES
LEE BUSINESS SCHOOL

Las Vegas Speculative Office Survey

2nd Quarter 2016



UNITED HEALTH CARE BUILDING

LAS VEGAS SPECULATIVE OFFICE SURVEY

SUMMARY

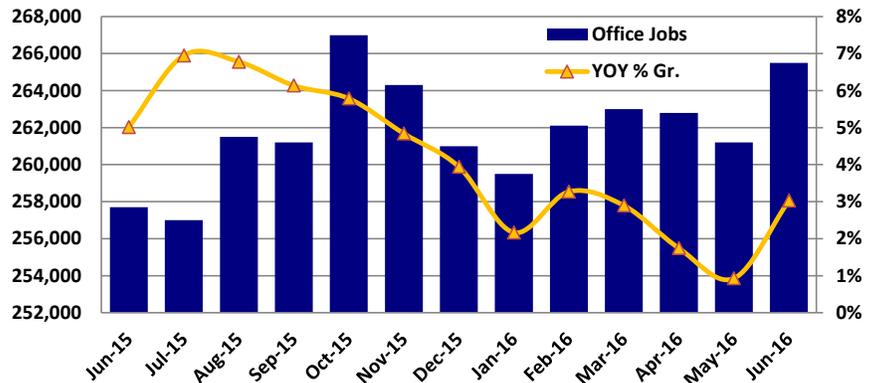
The Las Vegas Valley's ("the Valley") multi-tenant, Speculative Office market¹ saw 35,000 sf of new space come to market during the second quarter ("Q2") of 2016. Total inventory rose slightly to 43.1 million sf. Demand for space in Q2, 2016 remains stagnant with total vacancy increasing slightly from 20.1% in Q1, 2016 to 20.2% in Q2, 2016, though there was a substantial increase in average monthly asking rents, which rose from \$1.89 per square foot in Q1 ("psf") FSG² to an even \$2.00 in Q2. There was tepid absorption (+12,562 sf) in Q2, which kept vacancy high in the Valley's Spec Office market.

OFFICE-RELATED JOBS

Total nonfarm employment in the Las Vegas MSA rose by 26,100 jobs from June 2015 through June 2016, a 2.9% increase. During that time the "headline" unemployment rate declined 0.2 points to 6.9%.

Employment in the Office-using sector, a critical indicator of the health of the local economy and the region's population growth, comprised 31% (265,500 jobs) of all private payroll jobs in Clark County at the end of Q2 (June 2016). This was 7,800 jobs more (+3%) than existed in June 2015.³

Clark County Total* Office Jobs and Annual Growth: Jun-15 to Jun-16



*Information, financial activities, professional & business and health care & social assistance. Source: Nevada Department of Employment, Training and Rehabilitation; calculated by RCG Economics.

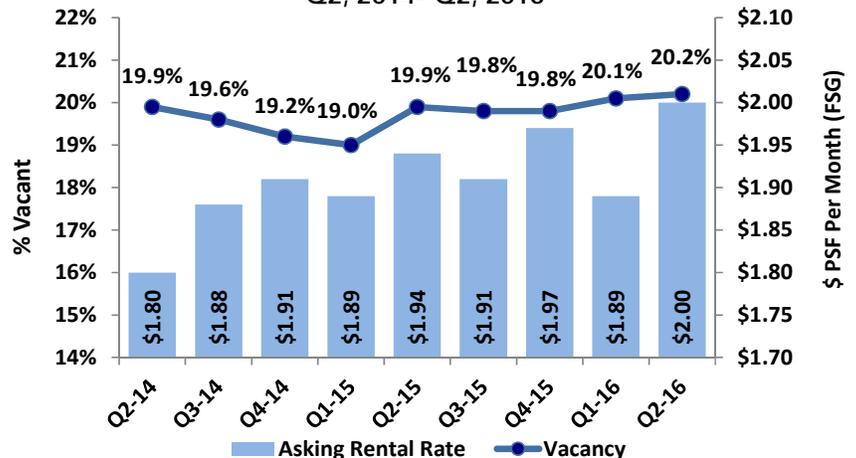
Office Employment

Industry Sector	Apr			May			Jun		
	2016	2015	% Ch.	2016	2015	% Ch.	2016	2015	% Ch.
Information	10,400	10,500	-1.0%	10,300	10,500	-1.9%	10,500	10,800	-2.8%
Financial Activities	44,700	45,200	-1.1%	45,400	45,700	-0.7%	46,100	45,300	1.8%
Prof. & Business	125,700	126,400	-0.6%	123,300	126,100	-2.2%	125,900	124,400	1.2%
Health Care & Social Assist.	82,000	76,200	7.6%	82,200	76,500	7.5%	83,000	77,200	7.5%
Total	262,800	258,300	1.7%	261,200	258,800	0.9%	265,500	257,700	3.0%

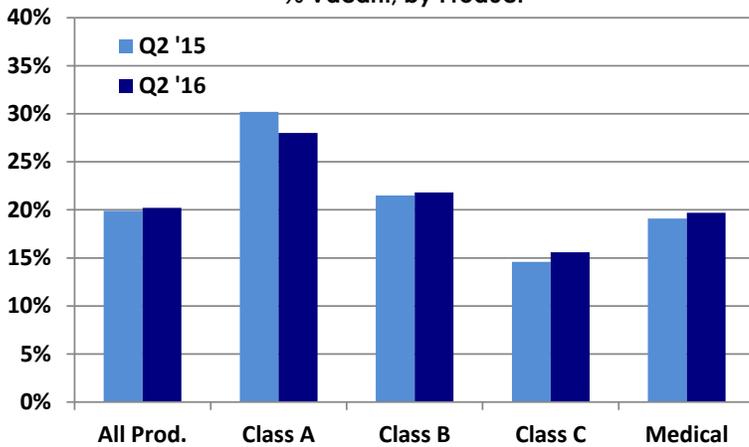
Source: Nevada Department of Employment, Training & Rehabilitation ("DETR").

A June bump in Office employment of 3%, balanced by April and May growth of 1.7% and 0.9%, respectively, brought the Q2, 2016 average to 1.9%, a decline from the Q1, 2016 average growth of 2.7%. A year-over-year ("Y-O-Y") growth of 7,800 Office jobs indicates positive growth for the year, with most of the total jobs supplied by the the Health Care and Social Assistance sector (5,800). The Professional & Business and the Financial Activities sectors netted much smaller gains of 1,500 and 800 jobs, with the Information sector losing -300 jobs over the year.

Las Vegas Valley Office Market Historical Vacancy vs. Monthly Asking Rent: Q2, 2014- Q2, 2016



**Las Vegas Valley Office Market
Vacancy Trends: Q2, 2015 v. Q2, 2016
% Vacant, by Product**



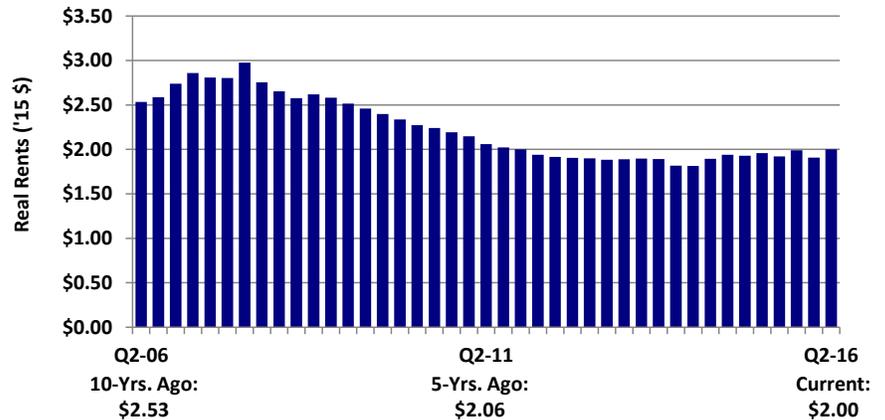
VACANCY & RENTS

The Office market continues to struggle with total Spec Office vacancy in the Valley (directly vacant space plus vacant sublease space) in Q2 increasing 0.1 percentage-points to 20.2%.

In Q2, 2016 the North Las Vegas and Downtown submarkets had the lowest vacancy rates with North Las Vegas at 11.8% and Downtown at 13.4%. All other submarkets had significantly higher vacancy rates with Southwest the next closest at 18.2%, followed closely by Henderson and Airport with vacancy rates at 18.8% and 18.9% respectively. Trailing further behind were the Northwest (20%) and West Central (22.8%) submarkets. In a distant last place was East Las Vegas with an average vacancy of 28%.

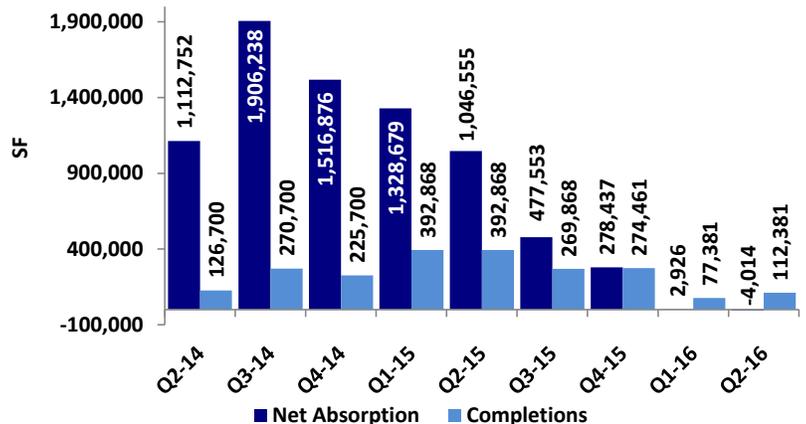
None of the Valley's Spec Office submarkets saw dramatic improvement. Downtown, however, led with only a 0.9 percentage-point vacancy decline. Henderson and the Southwest both fell by 0.4 percentage-points and West Central's vacancy rate dropped 0.2 points. None of the submarkets saw drastic increases in vacancy either, serving to corroborate a stagnant Office market. The Airport submarket's vacancy rate saw the largest increase with a 1.1-point gain. The Northwest increased by 0.6 points, followed by North Las Vegas at 0.4 points. East Las Vegas hardly changed with a 0.1-point bump in vacancy.

**Las Vegas Valley Office Market
Inflation-Adjusted Monthly Rent: Q2, 2006 - Q2, 2016 (Baseline)**



The Downtown submarket showed the greatest improvement in vacancy from the previous year, dropping 1.6 percentage-points. Since Q2, 2015, only the Southwest and Henderson also experienced decreases in vacancy, falling by 1 point and 0.9 points, respectively. Five submarkets saw their vacancy rates go up from last year, with North Las Vegas leading the group with a 2.7-point gain. Both the Airport and East Las Vegas submarkets' vacancy rates increased by 1.6 percentage-points from Q2, 2015. Rounding out the group were West Central (+0.8 points) and the Northwest (+0.3 points).

**Las Vegas Valley Office Market
Historical YOY Net Absorption vs. Completions:
Q2, 2014 - Q2, 2016**



Two of four product types experienced improvement in vacancy from Q1, 2016. Class B space improved the most in Q2, posting a 0.8 percentage-point decline in vacancy,

SPECULATIVE OFFICE MARKET

down to 21.8% from 22.6%. Class C vacancy dropped 0.3 percentage-points from 15.9% to 15.6%. Vacancy in Class A increased by 1.2 points from 26.8% to 28%. Medical Office's vacancy rate also increased by 1.2 points from 18.5% to 19.7%.

On a Y-O-Y basis, the Valley-wide Spec Office vacancy rate is up 0.3 percentage-points. Three of four product types saw Y-O-Y vacancy grow with Class C experiencing an increase of 1 point. Medical Office gained 0.6 percentage-points from 19.1% in Q2, 2015 to 19.7% in Q2, 2016. Vacancy in Class B grew by 0.3 points from 21.5% to 21.8%. Class A was the only product type to see its vacancy rate decrease with a 2.2-point drop from 30.2% to 28%.

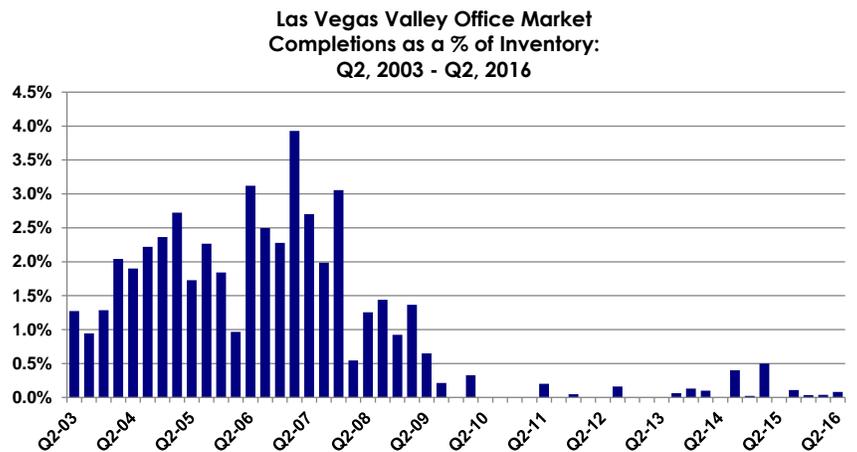
The data suggest that office-using job growth is not paying off for the Office market as much as hoped. More substantial gains in job growth are required to improve vacancy and put a dent in the excess of building space that was erected during the pre-Great Recession boom. These spaces are expected to languish until natural population and job growth, or a more robust recovery, take hold.

The Valley's overall average monthly Spec Office rent (calculated on a full-service gross basis—accounting for all operating expenses) was \$2.00 per square foot ("psf") in Q2, \$0.11 more than the \$1.89 psf asking rent in the previous quarter. Remember, the rents herein are based on quoted asking rents, not negotiated rents between owners and tenants.

DEMAND

The Valley-wide Spec Office market saw modest positive absorption in Q2 of just +12,562 sf. On a Y-O-Y basis, net absorption was -4,014 sf – a large decline from the 1.5 million recorded for the same period in 2015. However, it is an improvement from the previous quarter when Y-O-Y absorption was +85,915.

Four of the eight Valley submarkets saw improvement in Q2. The Southwest submarket led in growth for the quarter with +55,623 sf of absorption, a big turnaround from the previous quarter. The Downtown and Henderson submarkets also rebounded from negative absorption in Q1 to positive absorption of +33,991 sf and +26,648 sf, respectively, in Q2. West Central was also in positive territory with +10,902 sf of absorption. Airport saw the highest negative absorption with -56,447 sf, followed by the Northwest with -53,435 sf. North Las Vegas (-3,011 sf) and East Las Vegas (-1,709 sf) also had negative demand, but it was minor.



On a product-basis, Class B had +143,055 sf of absorption. Class C also turned in a positive quarter with +36,105 sf of absorption. Class A, however, posted -81,816 sf of absorption. Medical Office had the greatest negative absorption of the four product types with -84,782 sf.

Y-O-Y net absorption was positive for Class A (+139,691 sf) and Class B (+28,026 sf). Class C (-129,247 sf) and Medical Office (-42,484 sf) both had negative Y-O-Y absorptions.

SUPPLY

There was one new completion in the second quarter of 2016: The Park at Spanish Ridge (35,000 sf of Class B space in the Southwest submarket). During the past 27 quarters (since Q4, 2009), there have been only 14 quarters where new space has entered the market. However, of those 14 quarters with new supply brought to market, 10 have been during the last 12 quarters, indicating that rising demand could

SPECULATIVE OFFICE MARKET

start encouraging developers and lenders to begin providing new product if rents rise also.

Between Q2, 2015 and Q2, 2016, annual completions were 112,381 sf. Still, post-Great Recession completions pale compared to the boom years, when annual Office completions ranged between 1.1 million (Q4, 2003) sf and 4.3 million sf (Q4, 2007). Completions as a share of inventory peaked at 4% in Q1, 2007, at the peak of Southern Nevada's age of "irrational exuberance". We do not anticipate any significant changes in completions per quarter for the foreseeable future.

We have recorded 13 Spec Office projects in the forward-supply⁴ pipeline that should be completed within the next eight quarters. Four are under construction:

Under Construction

Project	SF	Subtype	Submarket	Exp. Comp.
Union Village	150,000	Medical	Henderson	Q416
Tivoli Village-Phase 2	68,000	A	Northwest	Q416
Pecos Springs Business Park expansion-7365	8,028	C	Airport	Q316
Pace Plaza	42,000	B	Southwest	Q416
Total	268,000			

The other nine projects are for planned space:

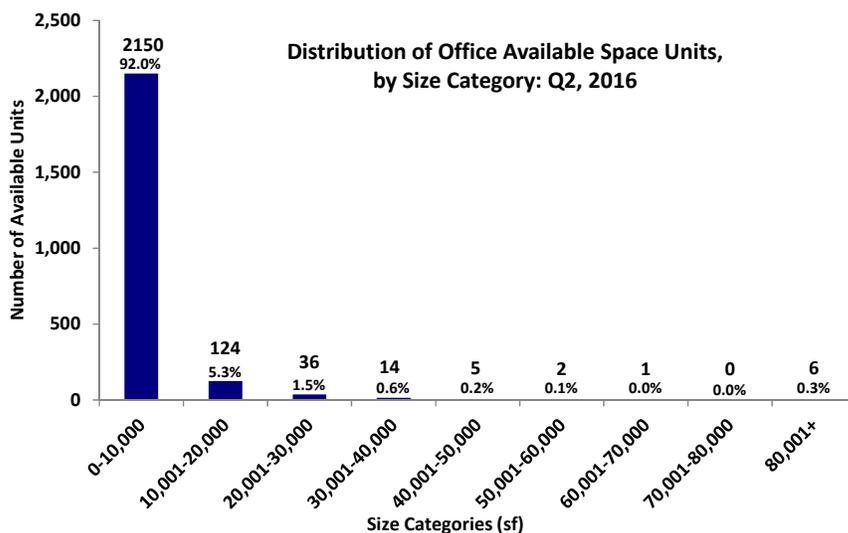
Planned

Project	SF	Subtype	Submarket	Exp. Comp.
Centennial Hills Center Ph. 1	124,000	Medical	Northwest	2017
Seven Hills Plaza D	42,000	B	Henderson	2017
Stone Creek Professional Plaza	20,000	C	Southwest	2017
The Grid	125,000	A	Downtown	2017
The Square	80,000	C	Southwest	2017
University Gateway	45,000	C	East Las Vegas	2016
Cadence Marketing Center 1	10,000	C	Henderson	2017
Cadence Marketing Center 3	15,000	C	Henderson	2017
Cadence Marketing Center 4	5,000	C	Henderson	Q317
Total	466,000			

The Grid, a newer planned project, looks like a fairly ambitious project and it is moving forward despite the 23.6% Class A vacancy rate in that submarket, so it would seem that the developers think that a unique high quality development could do well when it is set to open in 2017. Hopefully, they're right.

An important measure of the near-term health of the Valley's commercial markets is the potential number of years of available supply. Given the high vacancy rate (20.2%) and the average quarterly absorption in the last 10 years (137,046 sf), we estimate that there still remain about 8.5 years of supply of Spec Office space in the Valley that must be absorbed to reach a 10% "normalized" vacancy rate.

Right, is a chart detailing the distribution of available Office space in the Valley by



SPECULATIVE OFFICE MARKET

unit size. It shows that there are only 28 units larger than 30,000 sf. In fact, 92% of all space that is currently on the market is in units of 10,000 sf or less.

INVESTMENT SALES

As reported by Colliers, Office investment sales for 2016 have grown considerably from the first quarter, reaching 512,000 sf YTD. However, if sales do not continue to pick up the total for 2016 will be well below prior years. The average sales price per sf halfway into 2016 is \$92.95, approximately half what it was in 2015. The average cap rate has increased, while the average sale size has fallen considerably. In essence, the higher the cap rate, the lower the asking or sales price of income producing property. This indicates a better return on investment, assuming other criteria are not included in the decision. Generally, in an improving market, owners typically demand lower cap rates resulting in higher prices, sometimes regardless of quality and location. The reverse is true in a down-market.

Office Investment Sales

	2015	YTD 2016
No. Sales	68	22
Square Feet Sold	2,044,000	512,000
Sales Volume (MM)	\$384.1	\$47.6
Average Price/SF	\$187.88	\$92.95
Average Cap Rate*	7.5%	8.1%
Average Sale Size (SF)	30,000	23,000

Source: Colliers Las Vegas.

*Cap rate on properties available for sale as investments.

FURTHER THOUGHTS & RECAP

The Southern Nevada Spec Office market's recovery continues to lag behind that of the Industrial and Retail markets. And it appeared to stagnate in the second quarter. Valley-wide Spec Office net absorption in Q2 was positive, but still just a meager +12,562 sf, not enough to make a significant dent in the substantial vacancies in the Office market.

On a Y-O-Y basis, net absorption totaled -4,014 sf, a drop from the +1.5 million sf recorded for the same period in 2015.

Employment in the Office-using sector, a critical indicator of the health of the local economy, comprised 31% (265,500 jobs) of all private payroll jobs in Clark County at the end of Q2 (June 2016). This was 7,800 more (+3%) than existed in June 2015. Health Care and Social Assistance contributed the most new jobs, adding 5,800 for the year.

Total Spec Office vacancy in the Valley in Q2 (directly vacant space plus vacant sublease space) increased 0.1 percentage-points to 20.2%, leaving Spec Office vacancy mired at about the same place it was in Q1.

The North Las Vegas submarket continued to enjoy the lowest Spec Office market vacancy rate at 11.8%, though it is up slightly from 11.4% in Q1. Downtown followed at 13.4%, a 0.9-point improvement from the previous quarter. All other submarkets were close to or above 20% vacancy. Henderson (18.8%) and Airport (18.9%) were still just a bit below, but the Northwest (20%), West Central (22.8%) and East Las Vegas (28%) were all above.

Completions as a share of inventory peaked at 4% in Q1, 2007, at the height of Southern Nevada's age of "irrational exuberance." There was only one completion in Q2, 2016, but there were a total of 13 projects in the works, with 268,028 sf of office space already under construction and another 466,000 sf in the planning stages.

Southern Nevada's Spec Office market has a long road to recovery ahead of it. Some submarkets and some Office products are doing better than others; however, every single one is still above the generally accepted 10% stabilized vacancy rate. The Spec Office job market continues to improve, but still has quite a ways to go.

¹ Includes all for-lease (speculative only) professional office Class A, Class B, Class C and Medical office

SPECULATIVE OFFICE MARKET

properties greater than or equal to 10,000 sf of gross leasable area. Does not include government buildings.

² All office rents in this report are quoted on a monthly full-service gross (FSG) psf basis inclusive of taxes, insurance, maintenance, janitorial and utilities.

³ Includes the following industries: Information, Financial Activities, Professional & Business and Health Care & Social Assistance from the Nevada Department of Employment, Training and Rehabilitation's latest employment statistics.

⁴ Forward-supply is a combination of space presently under construction in a quarter and space planned to begin construction within the next four quarters.

SPECULATIVE OFFICE MARKET GLOSSARY

Office property buildings or building parks tracked include speculative, multi-tenant properties with at least 10,000 sf of usable office space. Building characteristics were used to define the appropriate subtype classification (i.e., professional or medical). These characteristics can include rents, location, quality of building systems (e.g., mechanical, elevator and utility systems), finishes (e.g., lobby and hallway design/materials), and amenities. A property must exhibit one or more of the typical building characteristics to be considered a specific classification.

Class A

Class A properties are the highest quality buildings in the market with steel frame construction, typically mid-rise (3 - 4 stories) or high-rise (5 stories or more).

- High asking gross rent (FSG) with a typical premium of 20-30% of office rents in the local market,
- Location within a central business area,
- Capacity to meet current tenant requirements and anticipated future tenant needs,
- Building finishes that are of high quality and competitive with new construction, and
- Maintenance, management and upkeep amenities above average.

Class B

Class B properties have buildings with steel frame, reinforced concrete or concrete tilt-up construction - usually low-rise (1 - 2 stories) or mid-rise (3 - 4 stories).

- Asking gross rent (FSG) typically in a specified range between asking gross rents for Class A and Class C buildings,
- Average to good location,
- Adequate capacity to deliver services currently required by tenants,
- Building finishes with average to good design and materials, and
- Maintenance, management and upkeep amenities that are considered average.

Class C

Class C properties have buildings with wood construction and are usually low-rise (1 - 2 stories).

- Asking gross rent (FSG) typically in the bottom 10-20% of office rents in the marketplace,
- Depends primarily on lower prices rather than desirable locations to attract occupants,
- Capacities that may not meet current tenant needs,
- Building finishes that show a dated appearance, and
- Maintenance, management and upkeep amenities that are below average.

Medical

An office building in which 50% or more of its available space under the various building classifications above consists of medical office use.

Speculative Office Market Matrix

Las Vegas, Nevada
Second Quarter, 2016

SUBMARKETS

TOTAL OFFICE MARKET	Airport	Downtown	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	321	119	183	331	94	388	388	275	2,099
Total Rentable SF	5,155,394	3,835,861	6,134,382	6,027,268	783,529	8,932,999	6,810,103	5,406,541	43,086,077
Total Vacant SF	974,704	512,907	1,714,957	1,132,538	92,597	1,783,445	1,240,972	1,230,550	8,682,670
Total Occupied SF	4,180,690	3,322,954	4,419,425	4,894,730	690,932	7,149,554	5,569,131	4,175,991	34,403,407
Total Vacant (%)	18.9%	13.4%	28.0%	18.8%	11.8%	20.0%	18.2%	22.8%	20.2%
Completions QTD	0	0	0	0	0	0	35,000	0	35,000
Completions YOY	30,381	0	0	0	0	0	82,000	0	112,381
Total Net Absorption QTD	-56,447	33,991	-1,709	26,648	-3,011	-53,435	55,623	10,902	12,562
Total Net Absorption YOY	-55,833	51,940	-98,418	54,101	-21,215	-25,818	130,684	-39,455	-4,014
Asking Rents (\$ PSF)	\$1.98	\$1.94	\$1.74	\$1.99	\$1.89	\$2.17	\$2.32	\$1.78	\$2.00
Under Construction SF	8,028	0	0	150,000	0	68,000	42,000	0	268,028
Planned SF	0	125,000	45,000	72,000	124,000	0	100,000	0	466,000

PROFESSIONAL CLASS A	Airport	Downtown	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	6	5	10	13	0	21	4	2	61
Total Rentable SF	665,904	795,116	1,472,466	838,068	0	1,813,312	567,112	227,624	6,379,602
Total Vacant SF	286,272	187,710	326,455	284,735	0	475,802	129,016	99,039	1,789,029
Total Occupied SF	379,632	607,406	1,146,011	553,333	0	1,337,510	438,096	128,585	4,590,573
Total Vacant (%)	43.0%	23.6%	22.2%	34.0%	0.0%	26.2%	22.7%	43.5%	28.0%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0	0
Total Net Absorption QTD	-58,946	16,752	1,938	1,659	0	-44,707	1,488	0	-81,816
Total Net Absorption YOY	-130,453	47,745	1,392	87,578	0	94,227	25,498	13,704	139,691
Asking Rents (\$ PSF)	\$2.74	\$2.50	\$3.00	\$2.42	\$0.00	\$2.48	\$2.45	\$1.83	\$2.48
Under Construction SF	0	0	0	0	0	68,000	0	0	68,000
Planned SF	0	125,000	0	0	0	0	0	0	125,000

PROFESSIONAL CLASS B	Airport	Downtown	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	42	27	18	68	8	73	71	46	353
Total Rentable SF	1,936,021	1,775,096	1,066,557	2,189,754	200,796	2,737,551	2,452,132	1,666,046	14,023,953
Total Vacant SF	341,934	167,835	655,383	286,907	31,683	574,799	498,462	499,628	3,056,631
Total Occupied SF	1,594,087	1,607,261	411,174	1,902,847	169,113	2,162,752	1,953,670	1,166,418	10,967,322
Total Vacant (%)	17.7%	9.5%	61.4%	13.1%	15.8%	21.0%	20.3%	30.0%	21.8%
Completions QTD	0	0	0	0	0	0	35,000	0	35,000
Completions YOY	0	0	0	0	0	0	82,000	0	82,000
Total Net Absorption QTD	-10,033	17,605	42,545	12,257	11,561	-28,026	86,627	10,519	143,055
Total Net Absorption YOY	30,350	-40,095	-44,544	11,789	11,561	-106,515	176,689	-11,209	28,026
Asking Rents (\$ PSF)	\$2.01	\$1.65	\$1.43	\$1.98	\$1.82	\$2.06	\$2.48	\$1.77	\$1.92
Under Construction SF	0	0	0	0	0	0	42,000	0	42,000
Planned SF	0	0	0	42,000	0	0	0	0	42,000

Speculative Office Market Matrix

Las Vegas, Nevada
Second Quarter, 2016

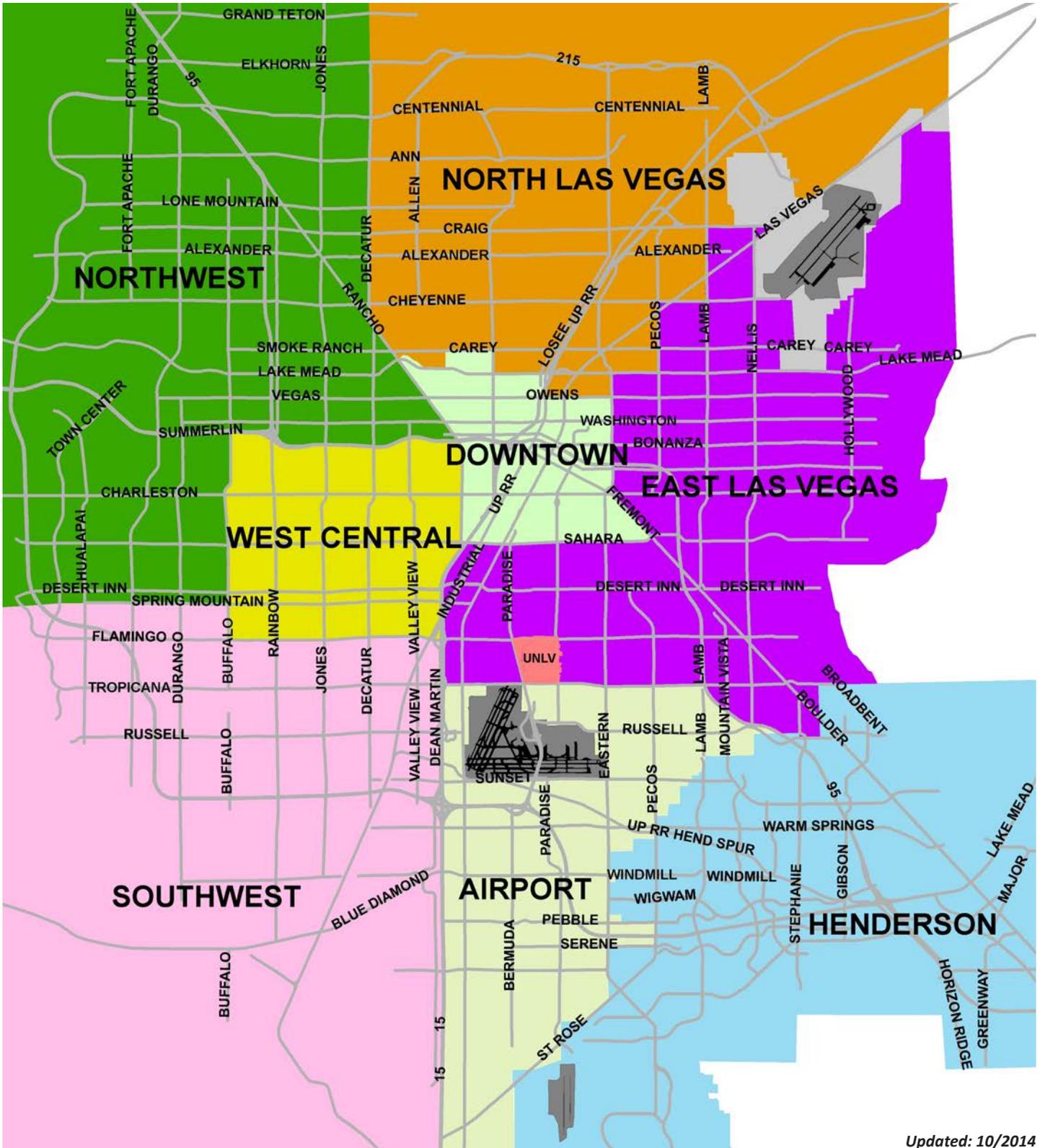
SUBMARKETS

PROFESSIONAL CLASS C	Airport	Downtown	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	267	66	110	144	76	210	272	187	1,332
Total Rentable SF	2,424,939	877,606	2,051,408	1,618,430	482,290	2,234,002	3,058,831	2,761,393	15,508,899
Total Vacant SF	313,285	101,640	382,994	303,406	40,314	391,939	427,444	463,153	2,424,175
Total Occupied SF	2,111,654	775,966	1,668,414	1,315,024	441,976	1,842,063	2,631,387	2,298,240	13,084,724
Total Vacant (%)	12.9%	11.6%	18.7%	18.7%	8.4%	17.5%	14.0%	16.8%	15.6%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	30,381	0	0	0	0	0	0	0	30,381
Total Net Absorption QTD	14,507	-4,271	-17,388	31,486	-1,546	20,441	-12,887	5,763	36,105
Total Net Absorption YOY	63,061	33,904	-57,036	-14,791	-17,874	-84,768	-31,291	-20,452	-129,247
Asking Rents (\$ PSF)	\$1.88	\$1.53	\$1.62	\$1.83	\$1.94	\$1.87	\$2.10	\$1.75	\$1.80
Under Constuction SF	8,028	0	0	0	0	0	0	0	8,028
Planned SF	0	0	45,000	30,000	0	0	100,000	0	175,000

MEDICAL OFFICE	Airport	Downtown	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	6	21	45	106	10	84	41	40	353
Total Rentable SF	128,530	388,043	1,543,951	1,381,016	100,443	2,148,134	732,028	751,478	7,173,623
Total Vacant SF	33,213	55,722	350,125	257,490	20,600	340,905	186,050	168,730	1,412,835
Total Occupied SF	95,317	332,321	1,193,826	1,123,526	79,843	1,807,229	545,978	582,748	5,760,788
Total Vacant (%)	25.8%	14.4%	22.7%	18.6%	20.5%	15.9%	25.4%	22.5%	19.7%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0	0
Total Net Absorption QTD	-1,975	3,905	-28,804	-18,754	-13,026	-1,143	-19,605	-5,380	-84,782
Total Net Absorption YOY	-18,791	10,386	1,770	-30,475	-14,902	71,238	-40,212	-21,498	-42,484
Asking Rents (\$ PSF)	\$1.67	\$2.31	\$1.75	\$2.42	\$2.44	\$2.51	\$2.46	\$1.90	\$2.13
Under Constuction SF	0	0	0	150,000	0	0	0	0	150,000
Planned SF	0	0	0	0	124,000	0	0	0	124,000

LAS VEGAS VALLEY

SPECULATIVE OFFICE SUBMARKET MAP



Updated: 10/2014



ARROYO MARKET SQUARE

RCG
ECONOMICS

UNLV

LIED INSTITUTE FOR
REAL ESTATE STUDIES
LEE BUSINESS SCHOOL

Las Vegas Anchored Retail Survey
2nd Quarter 2016



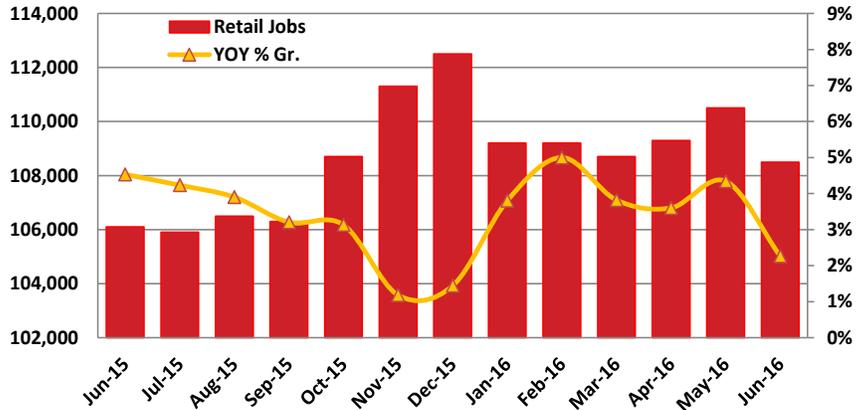
THE DISTRICT AT GREEN VALLEY RANCH

LAS VEGAS ANCHORED RETAIL SURVEY

SUMMARY

The Las Vegas Valley's ("the Valley") Anchored Retail market¹ inventory remained at 44.3 million square feet ("sf") at the close of the second quarter ("Q2"), 2016, marking the 6th consecutive quarter without completions. The Valley saw positive net absorption in Q2, 2016 (+125,049). The overall Anchored Retail vacancy rate decreased to 11% in Q2 from 11.3% in Q1, 2016, bringing it nearer to the 10% stabilized rate. The vacancy rate declined 0.6% from the 11.6% recorded in Q2, 2015. Average monthly asking rents increased slightly to \$0.96 per square foot ("psf") NNN² in Q2, \$0.02 higher than the previous quarter; however, rents are down \$0.13 compared to Q2, 2015. At the end of Q2, there were 301,000 sf of forward-supply³ under construction and another 671,000 sf of planned space.

Clark County Total* Retail Jobs and Annual Growth: Jun-15 to Jun-16



Source: Nevada Department of Employment, Training and Rehabilitation; calculated by RCG Economics.

RETAIL JOBS

Total nonfarm employment in the Las Vegas MSA rose by 26,100 jobs from June 2015 through June 2016, a 2.9% increase. During that time the "headline" unemployment rate declined 0.2 points to 6.9%.

Retail Employment

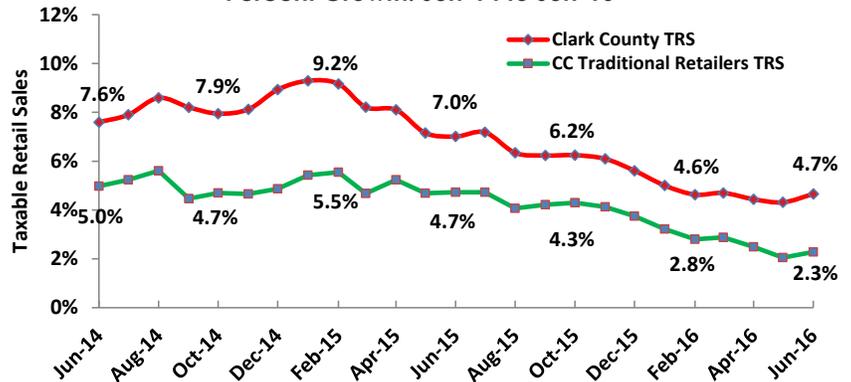
Industry Sector	Apr 2015			May 2015			Jun 2015		
	2016	2015	% Ch.	2016	2015	% Ch.	2016	2015	% Ch.
Gen. Merch. & Cloth./Accessories	39,600	38,400	3.1%	39,800	38,800	2.6%	39,500	38,700	2.1%
Food & Bev. Stores	17,800	17,400	2.3%	17,800	17,400	2.3%	17,900	17,400	2.9%
Health & Personal Care Stores	7,900	7,300	8.2%	8,000	7,300	9.6%	7,800	7,300	6.8%
Other Stores	44,000	42,400	3.8%	44,900	42,400	5.9%	43,300	42,700	1.4%
Total	109,300	105,500	3.6%	110,500	105,900	4.3%	108,500	106,100	2.3%

Source: Nevada Department of Employment, Training & Rehabilitation ("DETR").

There were 108,500 Las Vegas Retail sector jobs in the Las Vegas MSA at the end of June 2016, accounting for 13% of total private payroll jobs. This represented 2,400 (+2.3%) more jobs than were recorded in June 2015.

Over the past year all Retail sectors saw growth with General Merchandise and Clothing/Accessories Stores adding 800 jobs, "Other Stores"⁴ adding 600 jobs and both Food & Beverage Stores and Health & Personal Care Stores adding 500 jobs each.

Clark County Total Taxable Retail Sales ("TRS") vs. Traditional Retailers TRS, Percent Growth: Jun-14 to Jun-16



Source: Nevada Department of Taxation; calculated by RCG Economics.

TAXABLE RETAIL SALES

Overall Clark County taxable sales continue to go up, on a 12-month moving average basis. However, while the average Y-O-Y rate of growth

ANCHORED RETAIL MARKET

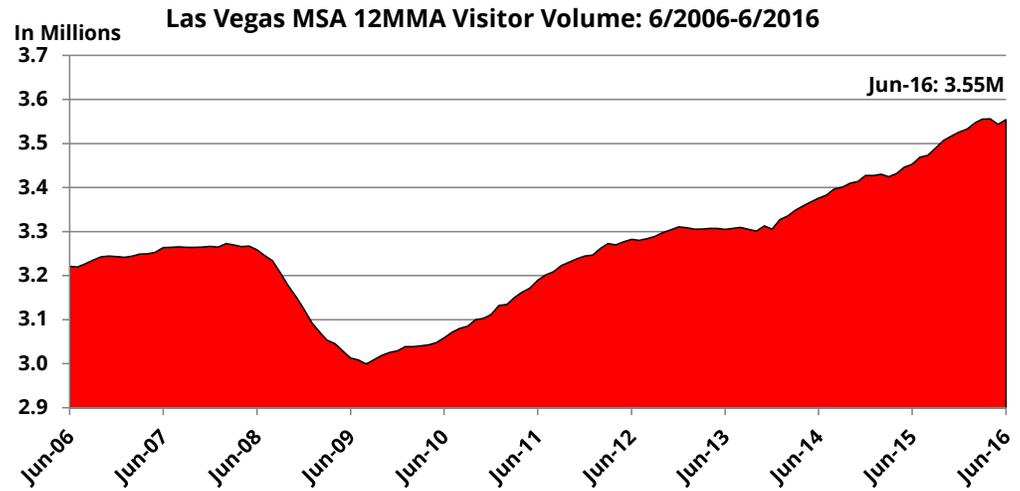
Top 5 Traditional Retailers: Jun-16	Taxable Retail Sales	YoY Change	YoY % Change
Food Services and Drinking Places	\$900,943,316	\$54,387,736	6.4%
Building Material and Garden Equipment and Supplies	\$137,311,216	\$16,431,274	13.6%
Electronics and Appliance Stores	\$104,015,018	\$15,565,198	17.6%
Furniture and Home Furnishings Stores	\$70,866,786	\$12,194,372	20.8%
Miscellaneous Store Retailers	\$67,547,625	\$10,567,017	18.5%
Top 5 Total	\$1,280,683,961	\$109,145,597	9.3%

Source: Nevada Department of Taxation. Note: The reason the DETR and Taxation retail categories do not match exactly is that DETR only reports three types of traditional retailer categories.

during the last 55 months (4.5 years) is 6.8%, it has been on a generally downward trend. On a 12-month moving total basis, total sales reached \$39.2 billion in June 2016, a 4.7% increase compared to June 2015. Even with slower sales growth, this brings the region's taxable sales to a new all-time high and well-above the December 2007 peak of \$36.3 billion. That said, we encourage our readers to track the trend rate closely, especially for "traditional" retail sales. It's already down to around 2% year over year.

The table below shows the top five (Y-O-Y change) performing traditional retail sectors in Clark County Y-O-Y. There are 11 traditional retail sectors.

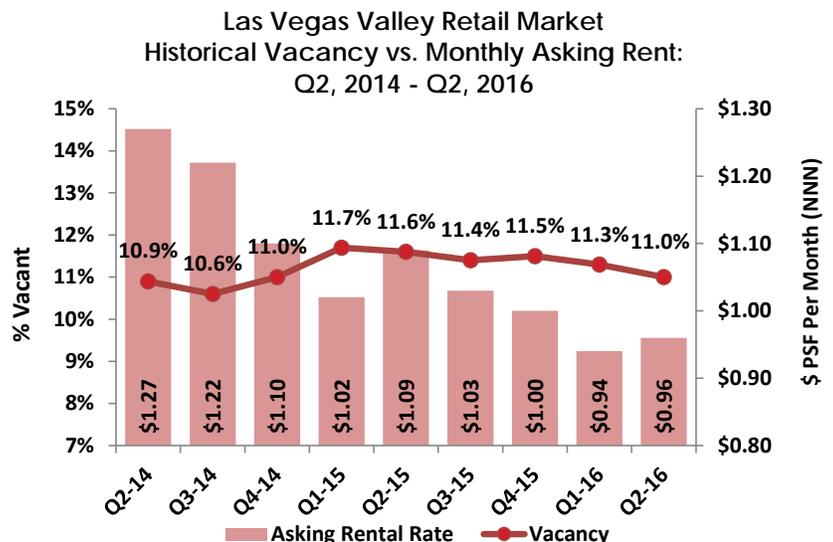
In Southern Nevada, visitation is a crucial variable in taxable retail sales. Tourism has always been the lifeblood of the Valley and that has not substantially changed post-Great Recession. On a 12-month moving average, visitation to Las Vegas rose 2.9% for the year, resulting in a total of 3.6 million visitors in June 2016. As tourism continues to grow, retail sales, especially point-of-sale spending, should grow along with it.



VACANCY & RENTS

The average Valley-wide Anchored Retail vacancy rate decreased a 0.3 percentage-points from 11.3% in Q1 to 11% in Q2, based on current vacant space in the active market. The Valley-wide vacancy rate is also less than in Q2, 2015 (11.6%) and 4.3 percentage-points lower than the record high of 15.3% recorded in Q2, 2011.

The submarket with the highest vacancy rate at the end of Q2 continued to be Downtown (21.6%), which was followed by University East (14.6%), West Central (13.1%), North Las Vegas (12.3%) and Henderson (11.8%). The remaining submarkets were all under 10% with the



ANCHORED RETAIL MARKET

Northeast (4.9%) claiming the lowest vacancy rate. The Southwest (6.4%) was not far behind, with the Northwest (9.7%) rounding out the group.

Relative to Q1, 2016, the vacancy rate rose in four of eight submarkets. The already weak Downtown submarket saw the biggest increase in Q2, 2016 with vacancy growing by 1.6 percentage-points to 21.6%. The West Central vacancies increased by 0.9 points to 13.1%, Southwest increased by 0.7 points to 6.4% and North Las Vegas by 0.5 points to 12.3%. Henderson experienced the largest decrease in vacancy, dropping 2.5 percentage-points to 11.8%. Vacancy in the University East fell by 0.4 points to 14.6%. The Northeast saw a slight decrease in vacancy of 0.1 percentage-points, reaching 4.9%. The Northwest remained unchanged at 9.7%

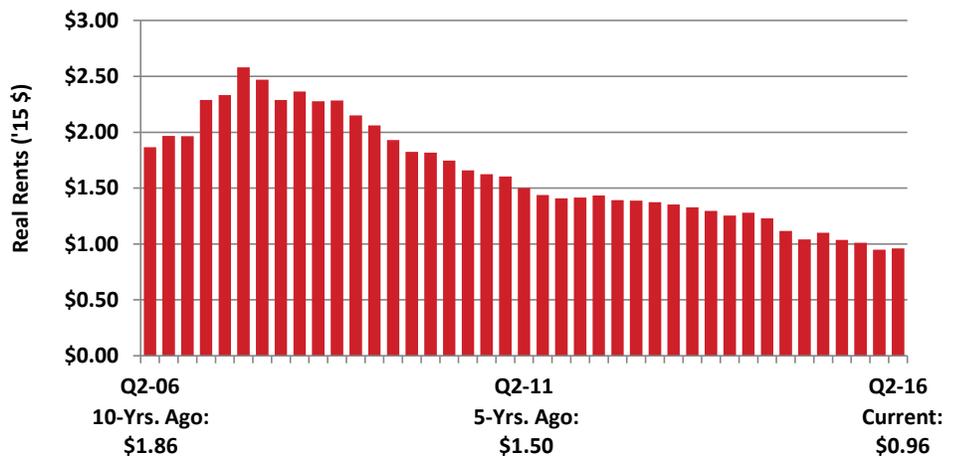
On a Y-O-Y basis, four of the eight submarkets saw improved vacancy rates compared to Q2, 2015. University East saw a considerable 3.7 percentage-point decline in Q2, 2016, from 18.3% to 14.6%. West Central (-1.4 points), Northeast (-0.7 points) and Henderson (-0.4 points) also saw their vacancy rates decrease. The submarkets that experienced vacancy rate increases from Q2, 2015 were Downtown (+2.6 points), Southwest (+0.6 points) and North Las Vegas (+0.3 points). The Northwest remained unchanged at 9.7% on a Y-O-Y basis as well.

Across the product spectrum, Neighborhood and Power Centers both showed Y-O-Y improvement (by 0.7 and 1.8 percentage-points, respectively), while Community Centers saw a minor increase in vacancy of 0.1 points.

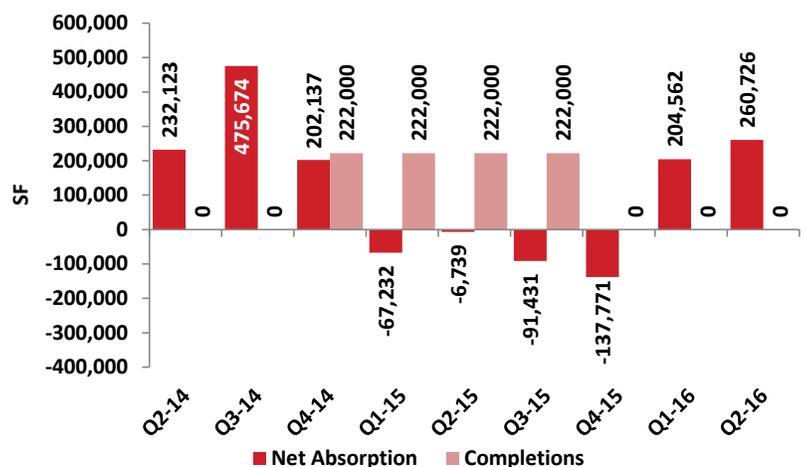
The Valley's overall Anchored Retail monthly rent increased \$0.02 to \$0.96 psf in Q2 (calculated on a NNN basis, not accounting for any operating expenses and noted as asking rents).

The Anchored Retail market saw some improvement in several of its struggling submarkets, though Downtown continues to find it difficult to fill its empty Anchored Retail space. We don't expect vacancy rates in the market to change dramatically in the foreseeable future. Though Anchored Retail has improved in recent quarters, it is uncertain how much further it could fall in the near-term because of the continued success of the Industrial Warehouse/Distribution market. The rise of Warehouse/Distribution is in large part due to the success of online retailers, such as Amazon, which are stifling the growth of bricks and mortar stores. Fulfillment centers have replaced large swathes of the Retail market, especially middle-income retail facilities.

Las Vegas Valley Retail Market
Inflation-Adjusted Asking Rent: Q2, 2006 - Q2, 2016 (Baseline)



Las Vegas Valley Retail Market
Historical YOY Net Absorption vs. Completions
Q2, 2014 - Q2, 2016



ANCHORED RETAIL MARKET

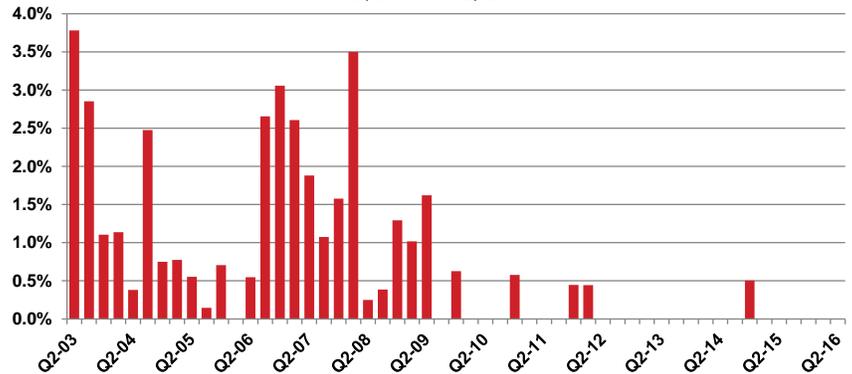
DEMAND

Total net Anchored Retail absorption in Q2, 2016 reflected positive growth of +125,049 sf. On a Y-O-Y basis, Valley-wide net absorption was +260,736 sf.

For the quarter, net absorption was positive in four of eight submarkets: Henderson (+216,559 sf), University East (+26,860 sf), Northeast (+4,315 sf) and the Northwest (+1,916 sf). The four submarkets showing negative growth were: the Southwest (-44,721 sf), West Central (-38,723 sf), North Las Vegas (-23,684 sf) and Downtown (-17,473 sf).

For the year, five Anchored Retail submarkets showed improvement: University East (+227,800 sf), West Central (+60,709 sf), Henderson (+29,808 sf), Northeast (+17,975 sf) and Northwest (+1,404 sf). The Southwest submarket demonstrated the largest negative absorption at -35,203 sf; also experiencing negative Y-O-Y absorption were the Downtown (-28,981 sf) and North Las Vegas (-12,776 sf) submarkets.

Las Vegas Valley Retail Market
Completions as a % of Inventory:
Q2, 2003 - Q2, 2016



For the year, Power Centers (+180,770 sf) achieved substantial positive absorption, with Neighborhood Centers (+106,995 sf) seeing a smaller positive amount. Absorption was negative in Community Centers (-27,029 sf).

SUPPLY

No new Anchored Retail space was completed during Q2, 2016. In the last 17 quarters, only Q4, 2014 saw any completions. In the last 28 quarters (since Q1, 2010), just four quarters had new space come to market. The Valley's total Anchored Retail inventory is currently 44.3 million sf in 267 centers.

There are three projects currently under construction. They are:

Under Construction

Project	SF	Subtype	Submarket	Exp. Comp.
Decatur 215	52,000	Community Center	Northwest	Q316
Silverado Promenade	130,000	Neighborhood Center	University East	Q416
Caroline's Court	119,000	Community Center	Northwest	2017
Total	301,000			

Three more projects are currently in the planning phase:

Planned

Project	SF	Subtype	Submarket	Exp. Comp.
DCs Plaza	73,000	Neighborhood Center	Northwest	2016
St. Rose Square	466,000	Neighborhood Center	Henderson	2017
Smith's Marketplace at Cadence	132,000	Neighborhood Center	Henderson	2017
Total	671,000			

From what we know today, we do not see too much more new Anchored Retail development taking place in 2016.

INVESTMENT SALES

Year-to-date Retail investment sales in 2016, as reported by Colliers, are currently at 1.4 million sf, compared to 3.6 million sf for all of 2015. That puts 2016 behind pace compared to 2015. In general, in an improving market, owners typically demand lower cap rates resulting in higher prices regardless of quality and location. The reverse is true in a down-market. Here, we have lower prices and lower cap rates, with average price per square foot falling from \$191.77 to \$179.50, and average reported cap rates down 0.5 percentage-points, from 7.7% to 7.2%. Total sales volume in 2016 through Q2 was \$243.3 million, also behind last year's pace.

Shopping Center Retail Investment Sales

	2015	YTD 2016
No. Sales	61	20
Square Feet Sold	3,635,000	1,356,000
Sales Volume (MM)	\$697.0	\$243.3
Average Price/SF	\$191.77	\$179.50
Average Cap Rate*	7.7%	7.2%
Average Sale Size (SF)	60,000	68,000

Source: Colliers Las Vegas.

*Cap rate on properties available for sale as investments.

FURTHER THOUGHTS & RECAP

There were 108,500 jobs in the Las Vegas Retail sector at the end of Q2, 2016, accounting for 13% of total private payroll jobs. This represented 2,400 (2.3%) more jobs than were recorded in June 2015.

In the last four quarters, all Retail employment industry sectors grew: General Merchandise and Clothing/Accessories gained 800 jobs, "Other Stores" gained 600 jobs, Food and Beverage Stores and Health & Personal Care Stores both gained 500 jobs. On a Y-O-Y basis, employment in the Retail sector has been growing since May of 2010.

Clark County taxable sales continue to climb on an absolute basis. On a 12-month moving total basis, these sales reached \$39.2 billion in June, a 4.7% gain compared to June 2015. This brought the region's sales to a new all-time high, well-above the December 2007 peak of \$36.3 billion. Also, the average Y-O-Y growth during the last 55 months was a healthy 6.8%. However, taxable sales growth has been slowing, and we are a bit concerned as to what is happening to the rate of traditional sales growth (annual), which has dropped from a recent peak of 5.4% in January 2015 to 2.3% currently.

The average Valley-wide Anchored Retail vacancy rate decreased to 11% in Q2, 2016. This was down from 11.3% in Q1 and from 11.6% in Q2, 2015.

The highest submarket vacancies at the end of Q2 were Downtown (21.6%), University East (14.6%), West Central (13.1%), North Las Vegas (12.3%) and Henderson (11.8%). Three submarkets had vacancy rates below 10%: Northwest (9.7%), Southwest (6.4%) and Northeast (4.9%).

In terms of product type, the highest vacancy rate was in Community Centers (12.5%), with Neighborhood Centers (11.8%) and Power Centers (7%) doing better.

There was a total of +125,049 sf of total net absorption in Q2, 2016. On a Y-O-Y basis, Valley net Anchored Retail absorption was also positive at +260,736 sf.

No new Anchored Retail space was completed during Q1, 2016. In the last 17 quarters, only Q4, 2014 had any completions, which was 222,000 sf in the Northwest submarket, bringing its total to 10.8 million square feet – 24.4% of the total Valley rentable Anchored inventory. Prior to that, there were only three quarters in 21 (since Q2, 2009) that saw new Anchored Retail space brought to market. The Valley's total inventory is currently 44.3 million sf in 267 shopping centers.

According to AAA, the price of gasoline on August 1, 2016, compared to the month prior when regular unleaded was at \$2.51, dropped by \$0.09. Gas prices are down significantly relative to last year, from \$3.26 to \$2.42. Low gasoline prices have essentially given Southern Nevadans a "raise" and a subsequent increase in spending power. We expect gas prices to stay relatively stable and less expensive compared to last year for the remainder of the year, which will give energy to Nevada's convalescing economy.

Increasing taxable sales are helping the Valley recover, as well. Rising visitation is a driving factor in the growth of taxable retail sales. Tourism has always been the lifeblood of the Valley and that remains true even after the Great Recession. As visitation has climbed, so have retail sales. On a 12-month moving average, visitation to Las Vegas rose 2.8% in May with the Valley receiving 3.5 million visitors. But, as we've noted, don't ignore the rate of growth in taxable sales.

Wages and incomes continue to see modest improvement when adjusted for inflation. Clark County's 12-month moving average ("12-MMA") average weekly earnings were up 3% in June compared to June 2015, reaching \$648 in 2007 dollars after 24 months of Y-O-Y improvement.

Average number of hours worked per week in Clark County, on a 12-MMA basis, was 33.1 hours in June for the fourth straight month, down 0.1 hours for the year. As we've noted, stagnant, and even dropping average hours worked, have accompanied a dropping headline unemployment rate. Implication: companies continue to depend heavily on part-time workers. For this reason, the U-6 unemployment rate (includes discouraged and part-time workers) in Nevada remains the nation's highest at 13.1% (Q2, 2016).

¹ *Includes all anchored retail Power Center, Community Center and Neighborhood Center properties with 40,000 or more of gross leasable area in the Las Vegas Valley.*

² *All retail rents in this report are quoted on a monthly triple net (NNN) per square foot basis and does not include additional expenses such as taxes, insurance, maintenance, janitorial and utilities.*

³ *Forward-supply is a combination of space presently under construction in a quarter and space planned to begin construction within the next four quarters.*

⁴ *"Other stores" is made up of total retail less general merchandise/clothing, food & beverage stores and health & personal care stores.*

RETAIL MARKET GLOSSARY

Retail properties tracked include shopping centers with at least 10,000 sf of usable space. These centers have several different stores or tenants and are anchored by one or more large, national tenant (i.e., Best Buy, Target, and Smith’s). Characteristics of buildings were used to define the appropriate classification of properties into subtypes, such as tenant mix, size and trade area. A property must exhibit one or more of the typical building characteristics to be considered a specific classification.

Power Center

Centers with a minimum of three, but usually five or more, anchor tenants that dominant in their categories

- Size typically more than 250,000 sf, but can be as small as 125,000 sf; almost all units designed for large tenants
- Customer-base is typically drawn from within a 15-mile trade area

Community Center

Centers with stores that sell consumer goods, in addition to convenience goods and personal services.

- Typical anchor tenants include junior department stores and off-price/discount stores, and store that sell goods requiring comparison such as apparel and appliances; other tenants include drug stores and home improvement centers
- Size typically between 100,000 and 300,000 sf, but can be over 500,000 sf
- Customer-base is primarily within a five-mile trade area

Neighborhood Center

Center with stores that sell convenience goods (e.g., food, sundries and takeout food) and provide personal services (e.g., dry cleaning and hair/nail care) that meet the day-to-day living needs to the immediate area.

- Typical anchor tenant is a supermarket
- Size tends to be smaller than 100,000 sf, but can range from 30,000 to 150,000 sf
- Customer-base is within a two- to three-mile trade area

Anchored Retail Market Matrix

Las Vegas, Nevada
Second Quarter, 2016

SUBMARKETS

TOTAL RETAIL MARKET	Downtown	Henderson	North Las Vegas	Northeast	Northwest	Southwest	University East	West Central	Totals
Number of Properties	9	54	27	21	59	23	40	34	267
Total Rentable SF	1,105,851	8,680,068	4,910,743	2,542,317	10,810,588	5,783,835	6,050,227	4,379,055	44,262,684
Total Vacant SF	238,758	1,027,069	604,059	123,875	1,048,606	372,839	880,924	574,018	4,870,148
Total Occupied SF	867,093	7,652,999	4,306,684	2,418,442	9,761,982	5,410,996	5,169,303	3,805,037	39,392,536
Total Vacant (%)	21.6%	11.8%	12.3%	4.9%	9.7%	6.4%	14.6%	13.1%	11.0%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0	0
Total Net Absorption QTD	-17,473	216,559	-23,684	4,315	1,916	-44,721	26,860	-38,723	125,049
Total Net Absorption YOY	-28,981	29,808	-12,776	17,975	1,404	-35,203	227,800	60,709	260,736
Asking Rents (\$ PSF)	\$0.81	\$1.25	\$1.11	\$1.16	\$1.13	\$1.45	\$0.68	\$0.93	\$0.96
Under Constuction SF	0	0	0	0	171,000	0	130,000	0	301,000
Planned SF	0	598,000	0	0	73,000	0	0	0	671,000

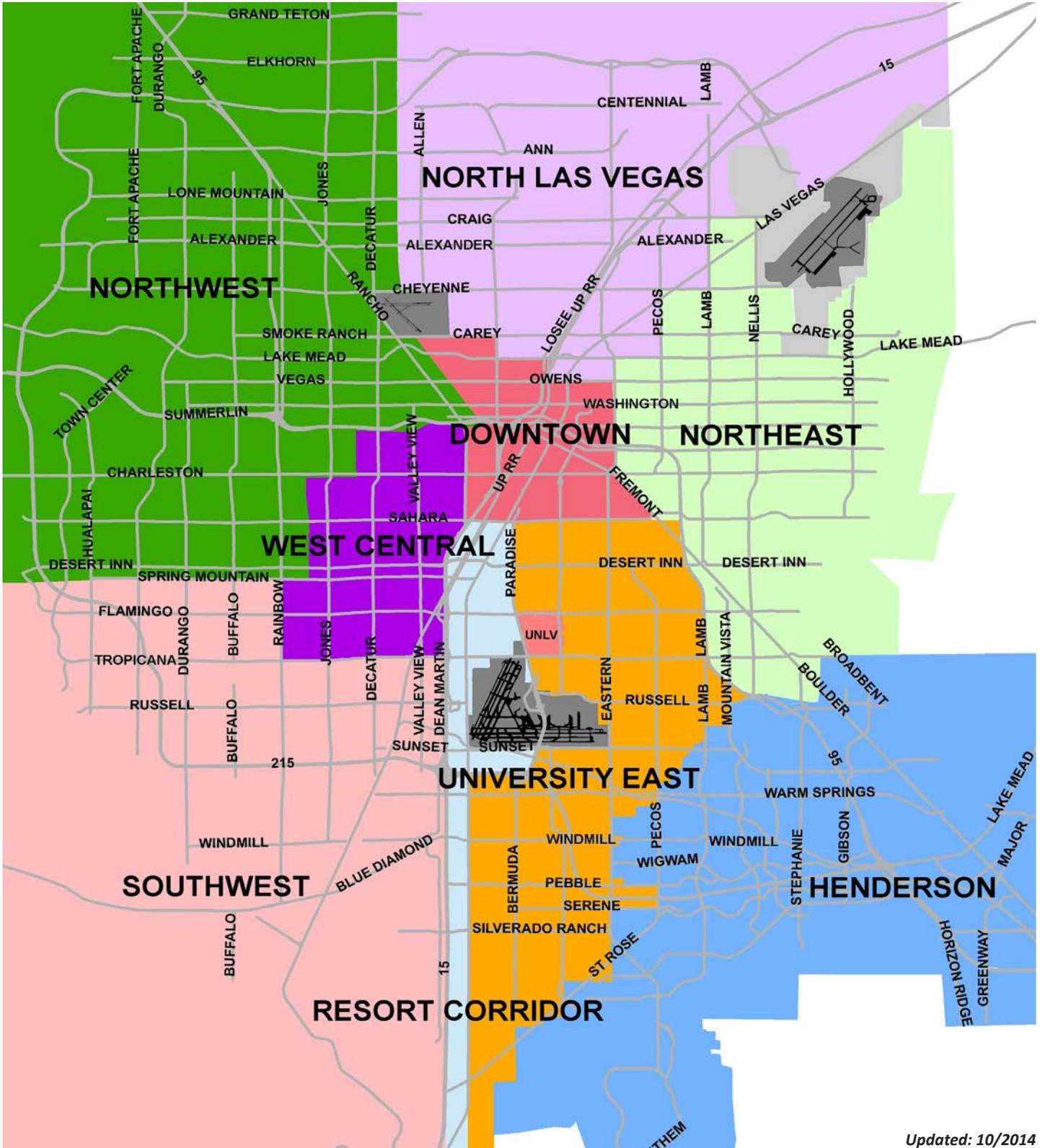
POWER CENTERS	Downtown	Henderson	North Las Vegas	Northeast	Northwest	Southwest	University East	West Central	Totals
Number of Properties	0	8	2	0	7	1	3	3	24
Total Rentable SF	0	2,962,288	987,713	0	2,840,846	944,314	1,210,223	1,138,224	10,083,608
Total Vacant SF	0	282,036	0	0	105,015	49,796	125,216	143,309	705,372
Total Occupied SF	0	2,680,252	987,713	0	2,735,831	894,518	1,085,007	994,915	9,378,236
Total Vacant (%)	0.0%	9.5%	0.0%	0.0%	3.7%	5.3%	10.3%	12.6%	7.0%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0	0
Total Net Absorption QTD	0	234,538	0	0	6,489	-42,596	17,257	-880	214,808
Total Net Absorption YOY	0	287,023	1,740	0	-35,090	-49,796	-15,313	-7,794	180,770
Asking Rents (\$ PSF)	\$0.00	\$1.59	\$0.00	\$0.00	\$1.32	\$1.43	\$1.12	\$0.99	\$1.48
Under Constuction SF	0	0	0	0	0	0	0	0	0
Planned SF	0	0	0	0	0	0	0	0	0

COMMUNITY CENTERS	Downtown	Henderson	North Las Vegas	Northeast	Northwest	Southwest	University East	West Central	Totals
Number of Properties	4	21	10	8	20	9	19	15	106
Total Rentable SF	631,168	2,920,692	1,755,463	1,407,552	4,314,234	3,216,421	2,761,028	1,649,146	18,655,704
Total Vacant SF	214,458	286,797	156,715	58,667	445,109	230,024	585,961	353,672	2,331,403
Total Occupied SF	416,710	2,633,895	1,598,748	1,348,885	3,869,125	2,986,397	2,175,067	1,295,474	16,324,301
Total Vacant (%)	34.0%	9.8%	8.9%	4.2%	10.3%	7.2%	21.2%	21.4%	12.5%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0	0
Total Net Absorption QTD	-17,473	-800	-13,743	2,750	-14,495	-6,204	-1,170	-16,054	-67,189
Total Net Absorption YOY	-34,942	-143,555	-33,056	-17,826	8,560	10,154	169,531	14,105	-27,029
Asking Rents (\$ PSF)	\$0.65	\$1.44	\$1.71	\$1.71	\$1.39	\$1.38	\$0.32	\$0.83	\$0.83
Under Constuction SF	0	0	0	0	171,000	0	0	0	171,000
Planned SF	0	0	0	0	0	0	0	0	0

NEIGHBORHOOD CENTERS	Downtown	Henderson	North Las Vegas	Northeast	Northwest	Southwest	University East	West Central	Totals
Number of Properties	5	25	15	13	32	13	18	16	137
Total Rentable SF	474,683	2,797,088	2,167,567	1,134,765	3,655,508	1,623,100	2,078,976	1,591,685	15,523,372
Total Vacant SF	24,300	458,236	447,344	65,208	498,482	93,019	169,747	77,037	1,833,373
Total Occupied SF	450,383	2,338,852	1,720,223	1,069,557	3,157,026	1,530,081	1,909,229	1,514,648	13,689,999
Total Vacant (%)	5.1%	16.4%	20.6%	5.7%	13.6%	5.7%	8.2%	4.8%	11.8%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0	0
Total Net Absorption QTD	0	-17,179	-9,941	1,565	9,922	4,079	10,773	-21,789	-22,570
Total Net Absorption YOY	5,961	-113,660	18,540	35,801	27,934	4,439	73,582	54,398	106,995
Asking Rents (\$ PSF)	\$1.08	\$0.99	\$0.93	\$0.95	\$1.02	\$1.71	\$1.12	\$1.09	\$1.04
Under Constuction SF	0	0	0	0	0	0	130,000	0	130,000
Planned SF	0	598,000	0	0	73,000	0	0	0	671,000

LAS VEGAS VALLEY

ANCHORED RETAIL SUBMARKET MAP



Updated: 10/2014