

Las Vegas Valley Executive Summary

Commercial Real Estate Markets - 2nd Quarter 2017

INDUSTRIAL



OFFICE



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August 25, 2017

Re: *Commercial Real Estate Survey: 2nd Quarter, 2017*

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.”

John Restrepo
RCG Economics

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.



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Las Vegas Industrial Survey

2nd Quarter 2017



WARM SPRINGS CROSSING

LAS VEGAS INDUSTRIAL SURVEY

SUMMARY

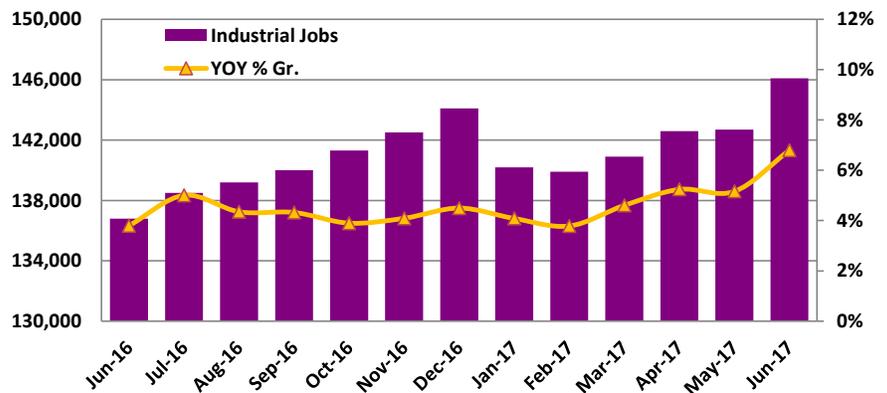
The Las Vegas Valley's ("the Valley") Industrial market¹ grew total inventory to 117.4 million square feet ("sf") of rentable space with 2.7 million sf of completions in the second quarter ("Q2") of 2017. Net absorption (net demand) in Q2 increased sharply from the previous quarter to 2.0 million sf. Still, the Valley's Industrial vacancy rate increased by 0.5 points to 6% in Q2, 2017. The vacancy rate is up by 0.8 points, when compared to Q2, 2016. At \$0.69 per square foot ("psf") NNN², the average monthly asking rent is down a nickel from Q1 (\$0.74 psf), and is down \$0.11 from Q2, 2016 (\$0.80 psf). Even after this quarter's big completions, forward-supply³ remains substantial with 4.5 million sf under construction and another 6.5 million sf in the planning stages. 98.1% of the space under construction is of the Warehouse/Distribution type, as is a large proportion of the planned space (96.3%). The Industrial market is recovered and stable.

INDUSTRIAL-RELATED JOBS

Total nonfarm employment in the Las Vegas MSA rose by 35,200 jobs from June 2016 through June 2017, a 3.7% increase. During that time the "headline" unemployment rate declined 1 point to 5.1%.

Jobs in Industrial space-using sectors represented 17% (146,100 jobs) of all private jobs in Clark County at the end of June 2017, with Industrial jobs growing by 6.8% over the year.⁴ Since September 2012, job growth in the Industrial-related sectors has contributed to the decline in the unemployment rate with year-over-year (Y-O-Y) growth (>2%) outpacing population growth. The gains in Industrial jobs were fueled primarily by the Construction sector which added 9,900 jobs over the year, with Manufacturing adding 600 jobs and the Natural Resources and Wholesale Trade sectors adding 100 jobs each. Transportation & Warehousing, however, lost 1,400 jobs for the year.

Clark County Total* Industrial Jobs and Annual Growth: Jun-16 to Jun-17



*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			May			Jun		
	2017	2016	% Ch.	2017	2016	% Ch.	2017	2016	% Ch.
Nat. Resources	300	300	0.0%	300	300	0.0%	400	300	33.3%
Construction	61,500	53,400	15.2%	61,400	53,200	15.4%	64,200	54,300	18.2%
Manufacturing	22,300	21,800	2.3%	22,400	21,900	2.3%	22,600	22,000	2.7%
Wholesale Trade	21,100	21,300	-0.9%	21,500	21,500	0.0%	21,600	21,500	0.5%
Transp. & Warehousing	37,400	38,700	-3.4%	37,100	38,800	-4.4%	37,300	38,700	-3.6%
Total	142,600	135,500	5.2%	142,700	135,700	5.2%	146,100	136,800	6.8%

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

VACANCY & RENTS

The Valley's total Industrial vacancy rate (direct vacant space plus sublease vacant space) increased for the third quarter in a row in Q2, 2017, this time by 0.5 percentage points to an even 6%. When compared to Q2, 2016, the vacancy rate is up by 0.8 points. The Industrial market remains healthy. Notably, all Industrial submarkets remain comfortably below the generally accepted 10% stabilized vacancy rate, to the point that space shortages have emerged in some product types. Three of seven submarkets showed improvement in their vacancy rate with East Las Vegas experiencing the most substantial decline, from 3.9% vacancy in Q1, 2017, to 1.7% in Q2, 2017. The Northwest submarket fell from 7.6% to 6.3% and Henderson was down from 7.5% to 6.7%. North Las Vegas saw the largest increase in vacancy, from 5.2% to 6.5%, followed by the Southwest which increased from 5.1% to 6.1%. The Airport and West Central submarkets were unchanged at 6.5% and 4%, respectively.

INDUSTRIAL MARKET

On a Y-O-Y basis four of seven submarkets showed improvement. The East Las Vegas submarket was the most improved with a drop in vacancy of 4.5 percentage-points, followed by the Northwest submarket with a 3.1 percentage-point drop, the Airport submarket with a 1.4-point drop and West Central with a 0.2-point decrease. The remaining three submarkets each experienced a rising vacancy rate over the year with North Las Vegas seeing a 2.8-point increase, Henderson seeing an increase of 1.6 points and the Southwest gaining 0.3 points since Q2, 2016.

On a product basis, four out of five product types saw their vacancy rate increase from the previous quarter. Light Distribution had the biggest gain in vacancy with an increase of 1 point, from 6.1% to 7.1%. Vacancy in the Warehouse/Distribution product type was up for the third quarter in a row, this time by 0.5 points, from 5.8% to 6.3%. Both Light Industrial and R&D/Flex saw vacancy increase by 0.3 points since Q1, from 3% to 3.3% and from 10.6% to 10.9%, respectively. Incubator, with a decrease in vacancy of 0.3 points from 7.9% to 7.6%, was the only product type to see improvement from Q1 to Q2.

On a Y-O-Y basis, four out of the five product types were down in vacancy. R&D/Flex decreased the most from the previous year with vacancy falling by 0.9 points from 11.8%. Light Industrial was down 0.7 points from 4% vacancy in Q2, 2016. Light Distribution and Incubator were both down by 0.3 points from 7.4% and 7.9%, respectively. Warehouse/Distribution had a substantial rise in vacancy of 2.3 points from 4% and was the only product type to experience an increase in vacancy over the year.

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) fell in Q2 by \$0.05 to \$0.69 psf. This is \$0.11 psf lower than asking rents were in the second quarter of 2016.

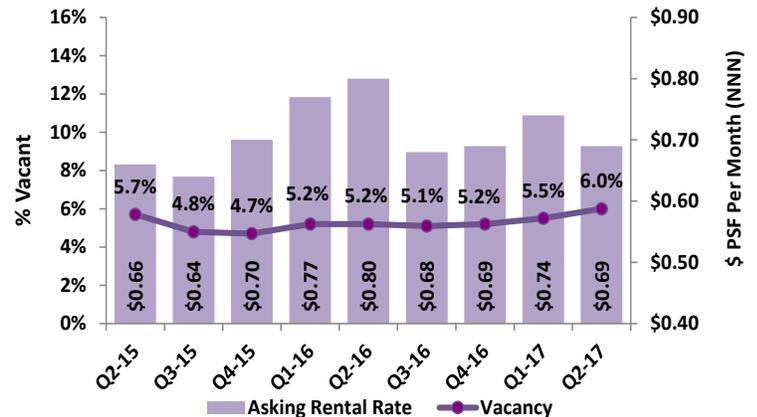
DEMAND

Demand made a big comeback in the second quarter of 2017. After -30,599 sf of demand in Q1, absorption in Q2 was +2 million sf. Despite the considerable improvement in demand, it was not enough to cover the 2.7 million sf of new space that came to market in Q2.

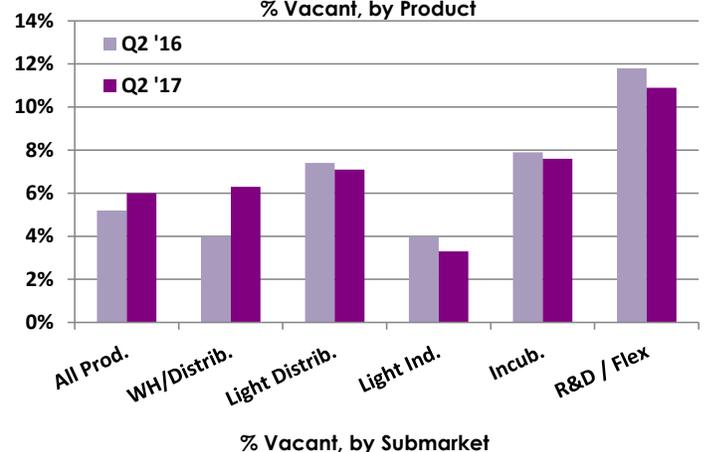
Demand over the four quarters ending in Q2, 2017 totaled +4.8 million sf. This was the largest YOY absorption total since the year period ending in Q4, 2015. We have seen a considerable amount of new Industrial space come to market with demand for Warehouse/Distribution space fueling development. With so little unoccupied space remaining and high demand, we will likely continue to see shortages in various segments of the market. The shortage of space could be blunting greater economic growth, though with 12 million sf of space in various stages of development, the market hopes to avoid this potential problem.

Six out of seven submarkets had positive absorption in Q2, 2017. The Henderson submarket was at the top with +549,450 sf of absorption.

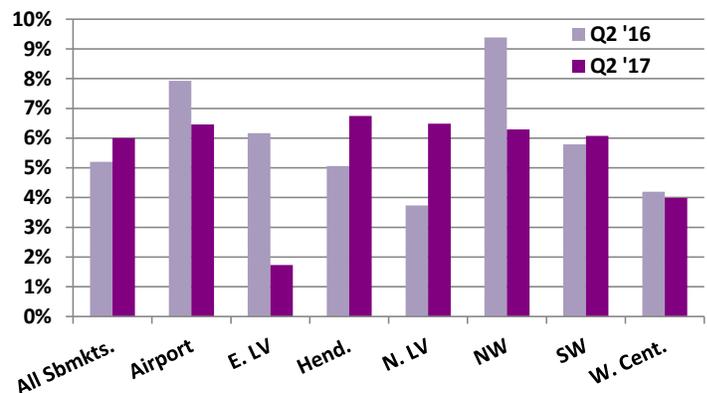
Las Vegas Valley Industrial Market
Historical Vacancy vs. Monthly Asking Rent:
Q2, 2015 - Q2, 2017



Las Vegas Valley Industrial Market
Vacancy Trends: Q2, 2016 v. Q2, 2017
% Vacant, by Product



% Vacant, by Submarket



INDUSTRIAL MARKET

North Las Vegas was a close second with +507,239 sf, followed on its heels by the Southwest submarket with +506,503 sf of demand. East Las Vegas also had a strong showing with +411,115 sf absorbed in Q2, 2017. The Northwest submarket was well behind with +17,350 sf and Airport was even further back with only +3,260 sf of demand. West Central was the lone submarket to experience negative demand over the quarter with -4,221 sf.

On a Y-O-Y basis all submarkets experienced positive absorption with three submarkets absorbing over one million sf for the year. North Las Vegas claimed the top spot with +1.3 million sf of absorption, followed by the Southwest with +1.2 million sf and Henderson with +1.1 million sf. East Las Vegas followed with +784,527 sf of demand while Airport had a decent showing with +280,262 sf. The Northwest (+41,400 sf) and West Central (+24,942 sf) submarkets were well behind the rest but managed positive absorption nonetheless.

Looking at quarterly absorption from a product standpoint, we have the Warehouse/Distribution product type well out in front of the rest, and essentially carrying the Industrial market with +2.3 million sf of demand in the second quarter of 2017. Incubator (+27,815 sf) was the only other product with positive demand in Q2. The Light Distribution product type had a bad quarter with -180,790 sf of absorption, followed by Light Industrial with -91,246 sf. R&D/Flex dropped -15,861 sf.

Over the past year the Warehouse/Distribution space account for nearly all of the Industrial market's positive demand with +4,434,859 sf, though all other product types were able to add to the total. Light Industrial contributed the second most with +224,368 sf, followed by R&D/Flex with +53,237 sf, then Light Distribution with +46,959 sf and finally Incubator with +28,030 sf for the year.

SUPPLY

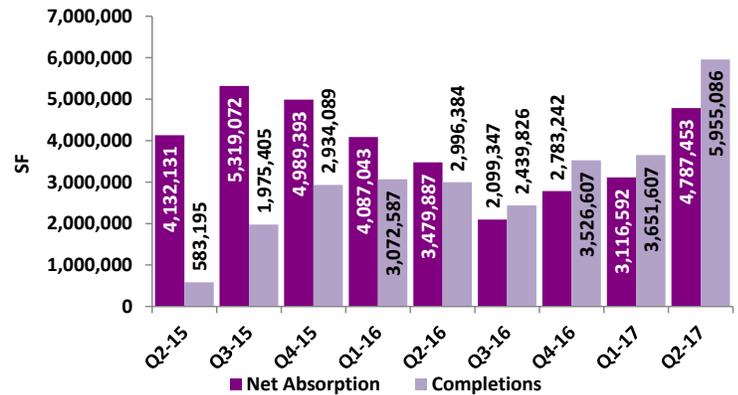
Four different submarkets had completions in Q2 totaling 2.7 million sf of space. This has raised the Valley's Industrial inventory to 117.4 million sf. Q2 completions were: 3730 Civic Center Drive (90,000 sf), Copper Sage Commerce Center (91,000 sf), Eaker Street Wellness (58,000 sf), I-15 Speedway Logistics 1 (525,200 sf), and Lone Mountain Corporate Center Phase 2 (243,760 sf) in the North Las Vegas submarket; Las Vegas Digital Exchange #9 (295,500 sf), Sunset 215 West 1, 2 & 3 (80,000 sf) and Supernap 10 & 12 (511,476 sf) in the Southwest submarket; South 15 Airport Center B (482,300 sf) in the Henderson submarket; and Sunrise Industrial Park #9 (342,243 sf) in the East Las Vegas Submarket.

The two previous years were booming for the Industrial market with 2015 delivering 2.9 million sf of space and 2016 surpassing that total with 3.5 million sf of completed space. Total completions so far in 2017 are already more than in 2015 and are closing in on 2016 with over 3 million sf. With 10.7 million sf in the forward supply, we expect total completions for 2017 to beat both previous years.

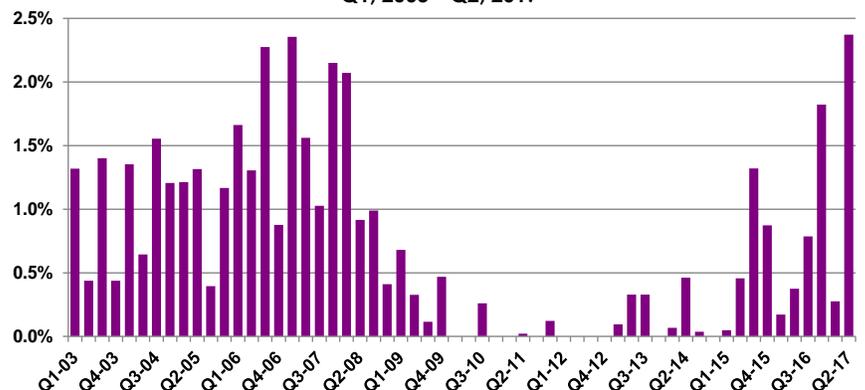
The Industrial market will continue playing a critical role in Southern Nevada's economic growth as space currently in development and under construction will alleviate the need of businesses looking to expand.

There currently are 18 projects under construction comprising just over 4.5 million sf at the end of Q2. In part, to meet the needs of increasingly successful online retailers, the Industrial market needs more large warehouses for distribution. This explains why all but

Las Vegas Valley Industrial Market
Historical YOY Net Absorption vs. Completions:
Q2, 2015 - Q2, 2017



Las Vegas Valley Industrial Market
Completions as a % of Inventory:
Q1, 2003 - Q2, 2017



INDUSTRIAL MARKET

two of the projects currently under construction are Warehouse/Distribution spaces, and why, of those 16 Warehouse/Distribution projects, 10 are over 100,000 sf:

Under Construction

Project	SF	Subtype	Submarket	Exp. Comp.
CJ Pony Parts	100,000	Warehouse/Distribution	North Las Vegas	Q317
Henderson Commerce Center - Commercial Way Bldg. U	50,400	Warehouse/Distribution	Henderson	Q417
Henderson Commerce Center - Commercial Way Bldg. V	54,000	Warehouse/Distribution	Henderson	Q417
Henderson Commerce Center - Commercial Way Bldg. W	81,600	Warehouse/Distribution	Henderson	Q417
I-15 Speedway Logistics 2	601,610	Warehouse/Distribution	North Las Vegas	Q417
Las Vegas Corporate Center #12	159,390	Warehouse/Distribution	North Las Vegas	Q317
Las Vegas Corporate Center #13	100,633	Warehouse/Distribution	North Las Vegas	Q317
Lincoln Business Center	338,520	Warehouse/Distribution	North Las Vegas	Q317
LogistiCenter at LVB	548,880	Warehouse/Distribution	North Las Vegas	Q317
Marnell Airport Center 2	58,195	Warehouse/Distribution	Airport	Q317
Marnell Airport Center 3	74,882	Warehouse/Distribution	Airport	Q317
Northgate Distribution Center 3	813,160	Warehouse/Distribution	North Las Vegas	Q317
Northgate Distribution Center 8	570,000	Warehouse/Distribution	North Las Vegas	Q317
South 15 Industrial Park	160,720	Warehouse/Distribution	Henderson	Q417
South Jones Industrial Park	29,411	Light Industrial	Southwest	Q417
Speedway Commerce Center West 1	390,000	Warehouse/Distribution	North Las Vegas	Q118
Sunset Landing	54,000	Light Industrial	Airport	Q317
Supernap 11 (SWITCH)	343,436	Warehouse/Distribution	Southwest	2018
Total	4,529,000			

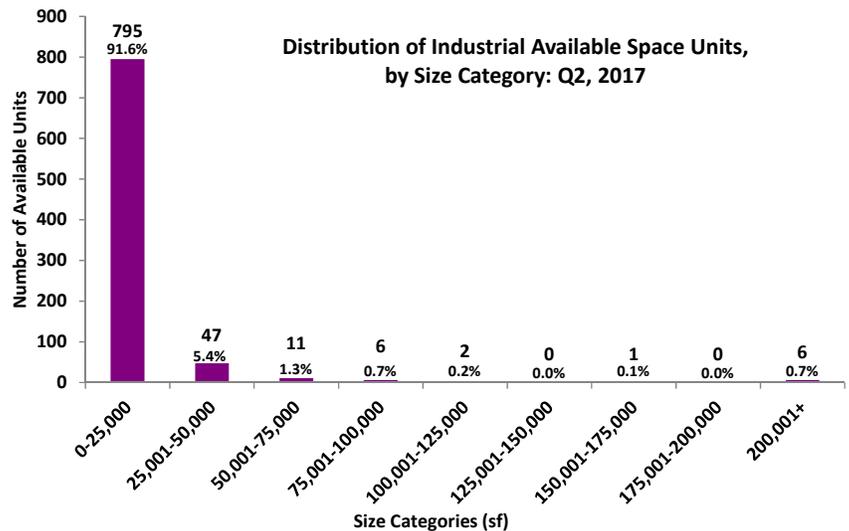
INDUSTRIAL MARKET

In addition to the ongoing construction, there are 26 more projects in the planning stages, representing approximately 6.5 million sf. They are:

Planned

Project	SF	Subtype	Submarket	Exp. Comp.
4305 N Lamb Blvd	122,000	Light Distribution	North Las Vegas	Q417
5785 N Hollywood Blvd	36,000	Warehouse/Distribution	North Las Vegas	2018
Airpark South	207,000	Warehouse/Distribution	Henderson	Q417
Blue Diamond Business Center #10	495,000	Warehouse/Distribution	Southwest	2018
Blue Diamond Business Center #6	430,000	Warehouse/Distribution	Southwest	Q417
Cheyenne Commerce Center Phase 3	270,000	Warehouse/Distribution	North Las Vegas	Q219
Clayton Park	88,000	Incubator	North Las Vegas	2018
Craig & Walnut	125,000	Warehouse/Distribution	North Las Vegas	Q417
Desert Inn Distribution Center	153,320	Warehouse/Distribution	West Central	2019
Escondido Airport Park	30,897	Light Industrial	Airport	Q417
Henderson Interchange Center #1	130,990	Warehouse/Distribution	Henderson	Q417
Henderson Interchange Center #2	197,120	Warehouse/Distribution	Henderson	Q417
I-15 Speedway Logistics 3	633,120	Warehouse/Distribution	North Las Vegas	2018
I-15 Speedway Logistics 4	367,060	Warehouse/Distribution	North Las Vegas	2018
Lamb Industrial Center	122,291	Warehouse/Distribution	North Las Vegas	Q118
Las Vegas Corporate Center #14	131,750	Warehouse/Distribution	North Las Vegas	Q118
Las Vegas Corporate Center #9	130,515	Warehouse/Distribution	North Las Vegas	Q118
Northgate Distribution Center 5	190,890	Warehouse/Distribution	North Las Vegas	Q118
Northgate Distribution Center 9	700,000	Warehouse/Distribution	North Las Vegas	Q417
South 15 Airport Center C	175,000	Warehouse/Distribution	Henderson	2018
South 15 Airport Center D	58,500	Warehouse/Distribution	Henderson	2018
South 15 Airport Center E	350,000	Warehouse/Distribution	Henderson	2019
South 15 Airport Center F	100,800	Warehouse/Distribution	Henderson	2019
Speedway Commerce Center Phase 3	168,000	Warehouse/Distribution	North Las Vegas	Q418
Speedway Commerce Center West 2	312,000	Warehouse/Distribution	North Las Vegas	Q418
Sunpoint Crossing	760,481	Warehouse/Distribution	North Las Vegas	Q417
Total	6,486,000			

Southern Nevada's economic recovery and expansion will continue to be led primarily by the Industrial market and the projects above that are currently in development. As indicated by the chart to the right, there is still a dearth of space over 75,000 sf that is hampering the region's rate of economic growth, though Q2 provided some relief in the way of very large Warehouse/Distribution space with five of the projects completed each well over 200,000 sf. There are now six very large buildings of over 200,000 sf available. Q3 is slated to unveil another prodigious amount of space with six of the expected projects of the large Warehouse/Distribution kind, so long as the projects are completed on schedule.



INDUSTRIAL MARKET

INVESTMENT SALES

Based on reports by Colliers, Industrial investment sales in 2016 were improved over the previous year with \$308.9 million in sales volume compared to \$248.8 million in 2015. Through the second quarter, 2017 has kept pace with sales over the previous two years. Sales picked up in Q2 with sales volume reaching \$172.5 million in 32 sales. Total square feet sold were 1.7 million. The average price per square foot was \$101.42, up from 2016's average of \$93.35. The average cap rate is down 0.1 point from 2016's 7.2%. Owners typically demand lower cap rates in an improving market, which results in higher prices regardless of quality and location. The reverse is true in a down-market.

Industrial Investment Sales

	2016	YTD 2017
No. Sales	71	32
Square Feet Sold	3,309,000	1,701,000
Sales Volume (MM)	\$308.9	\$172.5
Average Price/SF	\$93.35	\$101.42
Average Cap Rate*	7.2%	7.1%
Average Sale Size (SF)	47,000	53,000

Source: Colliers Las Vegas.

*Cap rate on properties available for sale as investments.

FURTHER THOUGHTS & RECAP

After a strong finish to 2016, demand in the Industrial market fell drastically in the first quarter of 2017 due to supply constraints. Q2 delivered significant completions and with them a turnaround in demand with +2.0 million sf absorbed. Warehouse/Distribution effectively carried the Industrial market in Q2 with absorption of +2.3 million sf while Light Distribution (-180,790 sf), Light Industrial (-91,246 sf) and R&D/Flex (-15,861) posted negative demand. Only Incubator (+27,815 sf) was able to add to the total. The data suggest Las Vegas' economic recovery is being held back by a shortage of large Warehouse/Distribution buildings, though as mentioned above, there are substantial projects in development to resolve that problem.

Jobs in Industrial space-using sectors now represent 17% (146,100 jobs) of all private jobs in Clark County at the end of Q2, 2017. This was +9,300 more (+6.8%) jobs than existed in June 2016. Since September 2012, Industrial sector job growth has posted solid Y-O-Y growth (>2%) every month, outpacing population growth and helping keep Las Vegas' headline unemployment rate at 5.1% at the end of Q2. The Construction sector (+9,900 jobs, +18.2%) was again the leader in job growth with Manufacturing (+600, +2.7%), Wholesale Trade (+100, +0.5%) and Natural Resources (+100, +33.3%) each making a positive contribution. The Transportation & Warehousing sector (-3.6%, -1,400), usually a strong performer, was a jobs loser in Q2.

As mentioned above, the Valley's total Industrial vacancy rate (direct vacant space plus sublease vacant space) rose by 0.5 points to 6% in Q2 and was up by 0.8 points over Q2, 2016's vacancy rate of 5.2%. Vacancy dropped in three of the seven submarkets: the Northwest, Henderson and East Las Vegas submarkets. Two submarkets were unchanged: West Central and Airport. Though this is now the second quarter that we have seen vacancy increase, it should not be cause for alarm. The Industrial market brought over 2.7 million sf to market and absorbed more than 2 million of it. So long as it can continue to fill the large quantity of space it completes, the Industrial market will remain an important engine of the Valley's economic recovery.

On a submarket basis, East Las Vegas (1.7%) claimed the lowest vacancy rate, with West Central (4%) falling further behind but still second. Every other submarket is just over 6% with the Southwest at 6.1%, the Northwest at 6.3%, Airport and North Las Vegas both at 6.5% and Henderson at 6.7%. All submarkets are comfortably below the 10% stabilized rate.

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, 2017

SUBMARKETS

TOTAL INDUSTRIAL MARKET	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	502	150	536	1,021	81	1,287	648	4,225
Total Rentable SF	14,395,625	3,859,110	14,504,212	35,675,094	1,336,299	35,569,378	12,016,433	117,356,151
Total Vacant SF	929,388	66,762	978,518	2,313,034	84,056	2,161,623	479,173	7,012,554
Total Occupied SF	13,466,237	3,792,348	13,525,694	33,362,060	1,252,243	33,407,755	11,537,260	110,343,597
Total Vacant (%)	6.5%	1.7%	6.7%	6.5%	6.3%	6.1%	4.0%	6.0%
Completions QTD	0	342,243	482,300	1,007,960	0	886,976	0	2,719,479
Completions YOY	75,000	653,489	1,407,296	2,388,792	0	1,430,509	0	5,955,086
Total Net Absorption QTD	3,260	411,115	549,450	507,239	17,350	506,503	-4,221	1,990,696
Total Net Absorption YOY	280,262	784,527	1,090,948	1,319,836	41,400	1,245,538	24,942	4,787,453
Asking Rents (\$ PSF)	\$0.95	\$0.59	\$0.65	\$0.48	\$0.85	\$0.73	\$0.92	\$0.69
Under Constuction SF	187,077	0	346,720	3,622,193	0	372,847	0	4,528,837
Planned SF	30,897	0	1,219,410	4,157,107	0	925,000	153,320	6,485,734

WAREHOUSE/DISTRIBUTION	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	79	19	80	183	5	146	52	564
Total Rentable SF	5,112,394	1,942,368	8,164,315	22,729,524	223,661	15,257,155	1,939,836	55,369,253
Total Vacant SF	68,705	0	580,745	1,899,626	0	847,292	101,216	3,497,584
Total Occupied SF	5,043,689	1,942,368	7,583,570	20,829,898	223,661	14,409,863	1,838,620	51,871,669
Total Vacant (%)	1.3%	0.0%	7.1%	8.4%	0.0%	5.6%	5.2%	6.3%
Completions QTD	0	342,243	482,300	1,007,960	0	886,976	0	2,719,479
Completions YOY	75,000	653,489	1,407,296	2,388,792	0	1,430,509	0	5,955,086
Total Net Absorption QTD	6,380	355,037	568,521	542,404	0	778,436	0	2,250,778
Total Net Absorption YOY	197,958	772,663	981,450	1,082,952	0	1,449,294	-49,458	4,434,859
Asking Rents (\$ PSF)	\$0.66	\$0.00	\$0.56	\$0.43	\$0.00	\$0.59	\$0.72	\$0.51
Under Constuction SF	133,077	0	346,720	3,622,193	0	343,436	0	4,445,426
Planned SF	0	0	1,219,410	3,947,107	0	925,000	153,320	6,244,837

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	399,792	6,400	142,877	154,137	0	542,543	16,264	1,262,013
Total Occupied SF	2,769,337	334,275	1,428,826	4,694,797	51,000	6,388,093	759,483	16,425,811
Total Vacant (%)	12.6%	1.9%	9.1%	3.2%	0.0%	7.8%	2.1%	7.1%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	-49,440	-6,400	-7,691	-12,963	0	-113,456	9,160	-180,790
Total Net Absorption YOY	-64,724	-6,400	130,469	90,004	12,159	-125,799	11,250	46,959
Asking Rents (\$ PSF)	\$0.91	\$0.68	\$0.62	\$0.62	\$0.00	\$0.73	\$0.73	\$0.81
Under Constuction SF	0	0	0	0	0	0	0	0
Planned SF	0	0	0	122,000	0	0	0	122,000

Industrial Market Matrix

Las Vegas, Nevada Second Quarter, 2017

SUBMARKETS

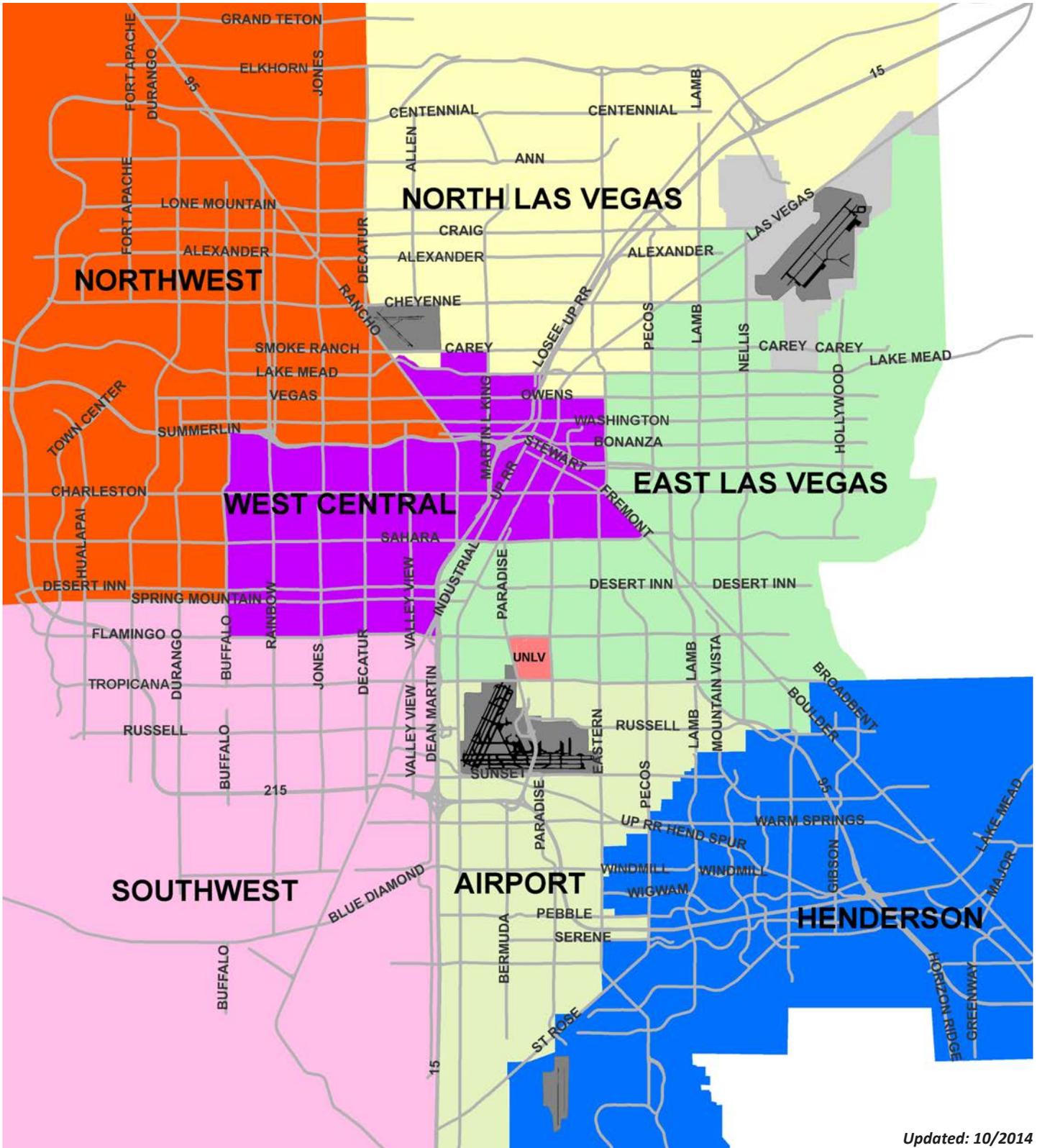
LIGHT INDUSTRIAL	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	199	91	313	594	16	742	482	2,437
Total Rentable SF	3,076,809	1,135,150	3,085,009	6,755,260	290,111	9,362,544	6,622,403	30,327,286
Total Vacant SF	152,835	20,444	86,382	119,895	0	411,829	206,992	998,377
Total Occupied SF	2,923,974	1,114,706	2,998,627	6,635,365	290,111	8,950,715	6,415,411	29,328,909
Total Vacant (%)	5.0%	1.8%	2.8%	1.8%	0.0%	4.4%	3.1%	3.3%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	30,221	62,706	14,202	-9,681	0	-164,588	-24,106	-91,246
Total Net Absorption YOY	49,769	1,656	6,245	122,787	18,570	-13,462	38,803	224,368
Asking Rents (\$ PSF)	\$0.90	\$0.53	\$0.60	\$0.60	\$0.00	\$0.80	\$0.89	\$0.82
Under Constuction SF	54,000	0	0	0	0	29,411	0	83,411
Planned SF	30,897	0	0	0	0	0	0	30,897

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	164,298	39,918	19,236	65,234	17,444	175,137	132,622	613,889
Total Occupied SF	1,550,323	258,705	437,670	496,318	81,881	2,321,244	2,325,993	7,472,134
Total Vacant (%)	9.6%	13.4%	4.2%	11.6%	17.6%	7.0%	5.4%	7.6%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	-27,920	-228	18,688	18,589	10,854	-4,636	12,468	27,815
Total Net Absorption YOY	20,641	1,194	16,512	36,653	-7,925	-59,669	20,624	28,030
Asking Rents (\$ PSF)	\$1.15	\$0.60	\$0.75	\$0.60	\$0.78	\$1.01	\$0.88	\$0.93
Under Constuction SF	0	0	0	0	0	0	0	0
Planned SF	0	0	0	88,000	0	0	0	88,000

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	143,758	0	149,278	74,142	66,612	184,822	22,079	640,691
Total Occupied SF	1,178,914	142,294	1,077,001	705,682	605,590	1,337,840	197,753	5,245,074
Total Vacant (%)	10.9%	0.0%	12.2%	9.5%	9.9%	12.1%	10.0%	10.9%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	44,019	0	-44,270	-31,110	6,496	10,747	-1,743	-15,861
Total Net Absorption YOY	76,618	15,414	-43,728	-12,560	18,596	-4,826	3,723	53,237
Asking Rents (\$ PSF)	\$0.96	\$0.00	\$1.21	\$0.89	\$0.87	\$0.99	\$0.87	\$1.04
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

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LEE BUSINESS SCHOOL
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Las Vegas Speculative Office Survey

2nd Quarter 2017



UNITED HEALTH CARE BUILDING

LAS VEGAS SPECULATIVE OFFICE SURVEY

SUMMARY

The Las Vegas Valley's ("the Valley") multi-tenant, Speculative Office market¹ saw no new space come to market in the second quarter ("Q2") of 2017. There are currently 26,480 sf under construction, with another 566,000 sf in the planning stages. Demand for space in Q2, 2017 was strong compared to previous quarters with 465,637 sf absorbed. This helped push down the Spec Office market vacancy rate by more than a point, from 20.3% in Q1 to 19.2% in Q2. Average monthly asking rents held at \$1.95 per square foot ("psf") FSG². Demand in the Valley's Spec Office market has grown steadily from a year ago when absorption was negative.

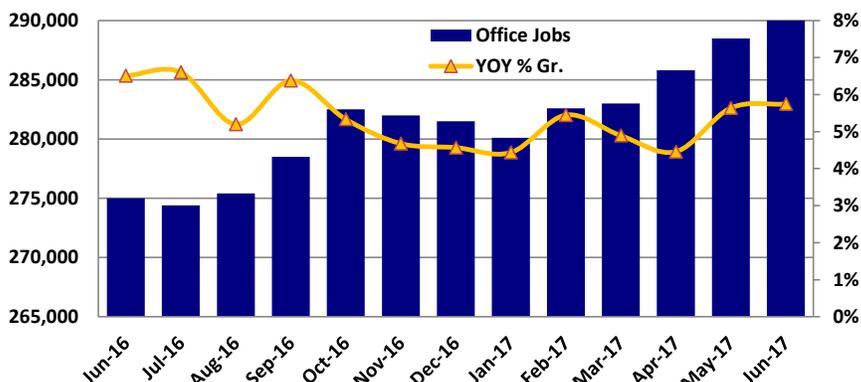
OFFICE-RELATED JOBS

Total nonfarm employment in the Las Vegas MSA rose by 35,200 jobs from June 2016 through June 2017, a 3.7% increase. During that time the "headline" unemployment rate declined 1 point to 5.1%.

Employment in the Office-using sector³, a critical metric in assessing business expansions, comprised 33% (290,800 jobs) of private payroll jobs in Clark County at the end of Q2 (June 2017).

Year-over-year ("Y-O-Y") job growth in April of 4.5% set the tone for the second quarter of 2017. May was even better at 5.6% and June was strongest at 5.7%, bringing the Q2, 2017

Clark County Total* Office Jobs and Annual Growth: Jun-16 to Jun-17



*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		
	2017	2016	% Ch.	2017	2016	% Ch.	2017	2016	% Ch.
Information	11,000	11,600	-5.2%	11,000	11,400	-3.5%	11,100	11,500	-3.5%
Financial Activities	50,700	48,200	5.2%	50,700	48,500	4.5%	50,800	48,100	5.6%
Prof. & Business	138,800	133,200	4.2%	141,500	132,100	7.1%	142,900	134,100	6.6%
Health Care & Social Assist.	85,300	80,600	5.8%	85,300	81,100	5.2%	86,000	81,300	5.8%
Total	285,800	273,600	4.5%	288,500	273,100	5.6%	290,800	275,000	5.7%

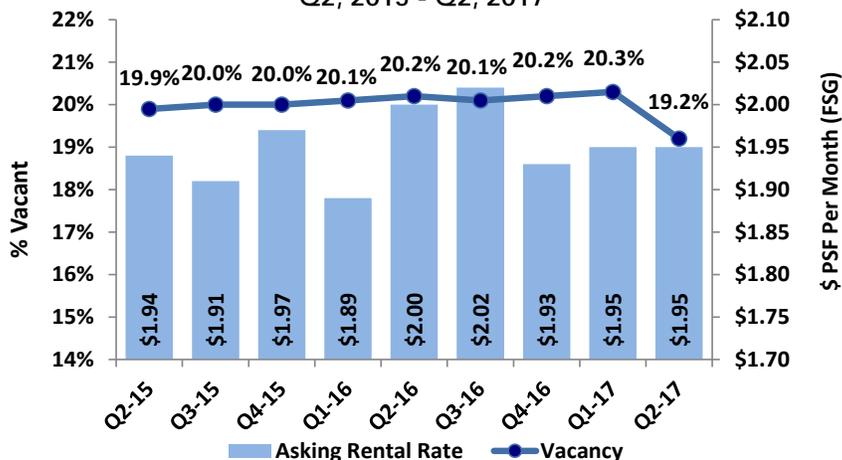
Source: Nevada Department of Employment, Training & Rehabilitation ("DETR").

Y-O-Y job growth average to 5.3%. This beats the previous two quarters which averaged 4.9%. The Y-O-Y addition of 15,800 Office jobs in June indicates healthy growth for the year, with the Professional & Business (+8,800 jobs) sector again contributing the most jobs, followed by the Health Care & Social Assistance (+4,700 jobs) and the Financial Activities (+2,700 jobs) sectors. The Information sector lost -400 jobs but good performance in the other sectors helped make up for this.

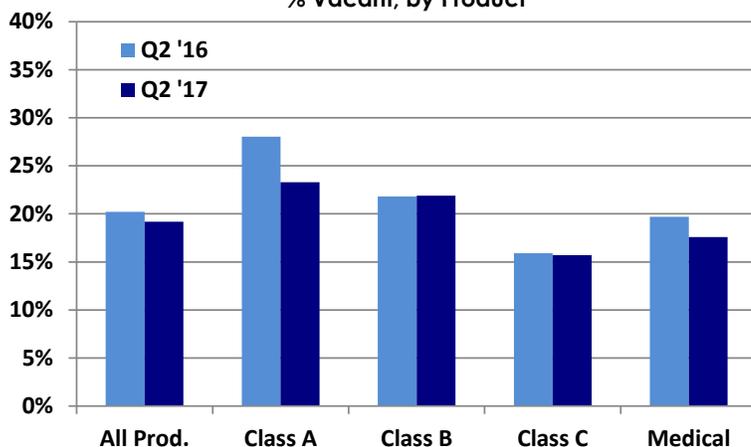
VACANCY & RENTS

In Q2, total Spec Office vacancy in the Valley (directly vacant space plus vacant sublease space) fell 1.1 points from 20.3% to 19.2%. Despite the welcome second quarter drop, the Office

Las Vegas Valley Office Market Historical Vacancy vs. Monthly Asking Rent: Q2, 2015 - Q2, 2017



**Las Vegas Valley Office Market
Vacancy Trends: Q2, 2016 v. Q2, 2017
% Vacant, by Product**



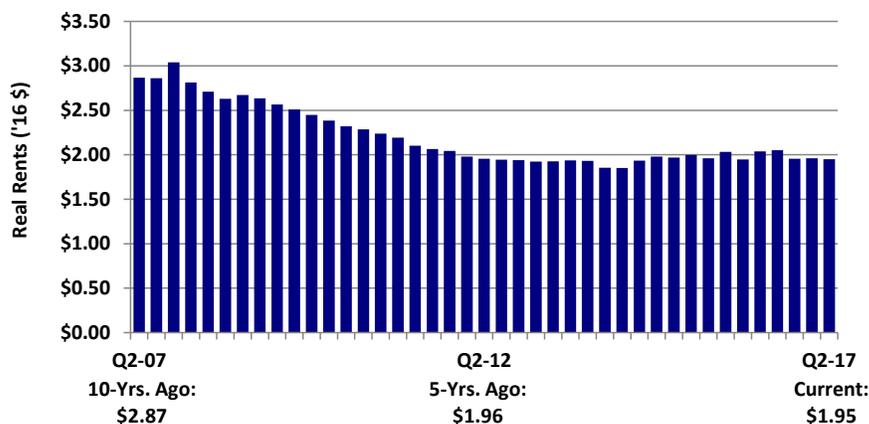
market’s high vacancy rate is still well above both the Industrial and Retail markets. Overbuilding in Office construction during the boom era has today resulted in many under-filled office parks in the Valley, but continued demand like that experienced in the second quarter will, over time, help bring the vacancy rate down.

In Q2, 2017, all submarkets were well above the 10% stabilized rate. The submarkets experiencing the biggest improvement in vacancy were Airport and Northwest. Airport was down 3.5 points from 19.7% to 16.2% vacancy. The Northwest fell 2.2 points from 20.9% to 18.7% vacancy. Henderson was not far behind with vacancy falling by 1.8 points, from 21.9% to 20.1%. North Las Vegas was down a point from 15.7% to 14.7%. West Central saw the smallest improvement with a 0.4-point drop in vacancy, from 19.3% to 18.9%. No submarket saw vacancy increase drastically with the Southwest

and East Las Vegas submarkets experiencing 0.4 point increases, from 17.6% to 18% and from 25.8% to 26.2%, respectively. The Downtown submarket vacancy rate was up only 0.2 points from 15% to 15.2%.

On a Y-O-Y basis, five of the eight submarkets saw vacancy rates improve. West Central performed the best over the year with a 3.9 percentage-point drop in vacancy. The Airport submarket saw vacancy decrease by 2.7 points and vacancy in East Las Vegas decreased by 1.8 points. The Northwest was down 1.3 points and the Southwest submarket rounded out the group with a 0.7-point drop in vacancy. The North Las Vegas submarket saw the greatest increase in vacancy from Q2, 2016, up 2.9 percentage-points. It was followed by Downtown with a 1.8-point increase and Henderson with a 1.3-point increase.

**Las Vegas Valley Office Market
Inflation-Adjusted Monthly Rent: Q2, 2007 - Q2, 2017 (Baseline)**



In terms of product types Class A (23.3%) saw its vacancy rate plummet in Q2 by 3.7 points from 27.0 in Q1. Class B (21.9%) vacancy fell by 1.8 points from 23.7%. Medical (17.6%) was down 0.6 points from 18.2% in Q1, 2017. Only Class C (15.7%) saw a small 0.3-point increase from 15.4% the previous quarter.

On a Y-O-Y basis, three of four product types saw Y-O-Y vacancy drop. Class A was again the leader with its vacancy rate falling over the year by 4.7 points. Medical also saw solid improvement with a 2.1-point decline in vacancy from 19.7% in Q2, 2016. Class C was 0.2-points improved from last year. Class B experienced was the only product type to post a rise in vacancy with a minor uptick of 0.1 points.

Vacancy in the Office market fluctuated between 20.1% and 20.2% through 2016 and was up to 20.3% in the first quarter of 2017. This second quarter finally saw the increasing demand in the Spec Office market make a considerable dent in the high vacancy rate, in part because substantial absorption was accompanied by a total lack of any new space coming to market.

The Valley’s overall average monthly Spec Office rent (calculated on a full-service gross basis—accounting for all operating expenses) did not budge in Q2, 2017, holding firm at \$1.95 per square foot (“psf”). Rents are down a nickel from Q2, 2016. Remember, the rents herein are based on quoted asking rents, not negotiated rents between owners and tenants.

SPECULATIVE OFFICE MARKET

DEMAND

Demand in the Valley-wide Spec Office market continues to grow in the second quarter of 2017. Q1 saw a total of +94,535 sf of absorption. Q2 more than quadrupled the previous quarter's demand with +465,637 sf. This was an even bigger improvement from a year ago when absorption was at -28,577 sf.

Five of the Valley's eight submarkets saw positive demand in Q2, compared to only three in Q1. The Northwest was the Spec Office market leader with +202,537 sf of absorption in Q2. The Airport submarket was also the most improved, going from a dismal -92,692 sf absorbed in Q1 to +177,827 sf in Q2. The Henderson submarket also had a good quarter with +107,936 sf of absorption. The West Central and North Las Vegas submarkets absorbed +22,757 sf and +8,486 sf, respectively. The losers for Q2 were Downtown with -6,529 sf, followed by East Las Vegas with -20,943 sf and the Southwest with -26,434 sf of absorption.

On a product-basis Class A and Class B were neck and neck in Q2 with +241,230 sf and +240,612 sf of absorption, respectively. Medical was well behind with +40,675 sf. Only Class C had negative demand in Q2, 2017 with -56,880 sf.

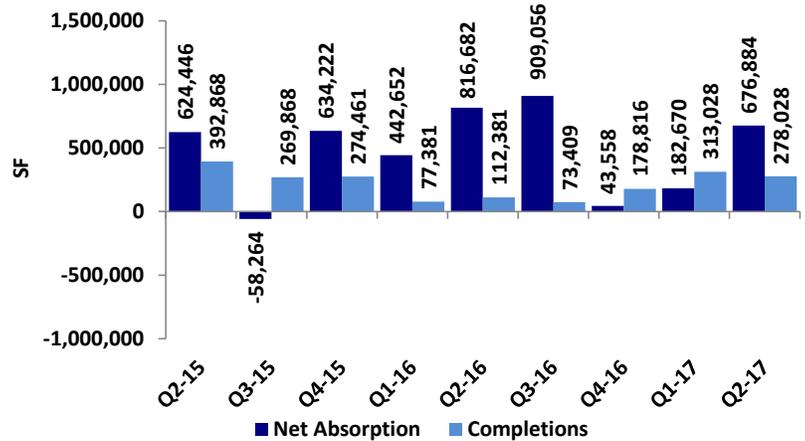
For Y-O-Y net absorption, Class A (+397,257 sf) was again the leader with Medical (+271,646 sf) in the second and Class C (+27,952) trailing well behind. Class B (-19,971 sf) was the only product type to experience negative demand over the year. This is not a surprise. As an economy continues to improve, tenants in Class B space tend to move into Class A space.

SUPPLY

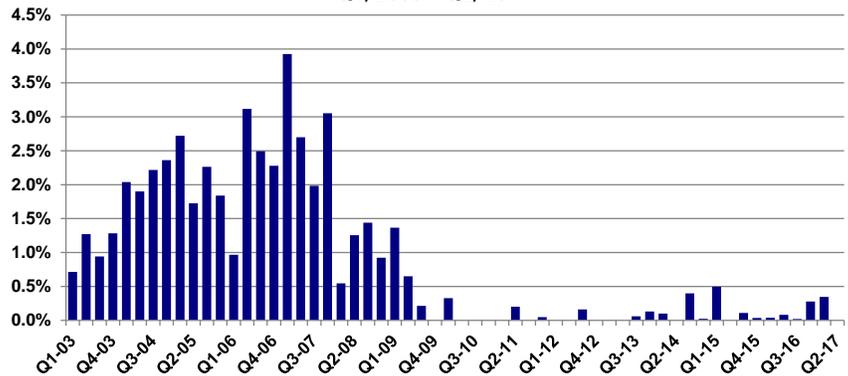
After seven straight quarters in which new space came to market, there were no new Spec Office market completions in the second quarter of 2017. During the past 30 quarters (since Q4, 2009), there have been 17 quarters where new space has entered the market. However, of those 17 quarters with new supply brought to market, 13 have been during the last 16 quarters, indicating that demand has picked up.

In Q2, 2017, annual completions were 278,028 sf, or more than double the previous year period ending in Q2, 2016, when completions for the year totaled 126,974 sf. Annual Office completions are still well below the boom years when they ranged between 1.1 million sf (Q4, 2003) and 4.3 million sf (Q4, 2007). Completions, as a share of inventory, peaked at 4% in Q1, 2007, at the height of Southern Nevada's era of "irrational exuberance." We do not anticipate any significant changes in completions per quarter for the foreseeable future as the current forward-supply is relatively similar to the forward supply at the start of 2016. With so much available space in the market, developers may yet be reluctant to commit to new projects.

Las Vegas Valley Office Market
Historical YOY Net Absorption vs. Completions:
Q2, 2015 - Q2, 2017



Las Vegas Valley Office Market
Completions as a % of Inventory:
Q1, 2003 - Q2, 2017



SPECULATIVE OFFICE MARKET

We have recorded 10 Spec Office projects in the forward-supply⁴ pipeline. Only two are under construction:

Under Construction

Project	SF	Subtype	Submarket	Exp. Comp.
Jones Beltway Business Park	16,480	B	Southwest	Q417
Sunset Hills Plaza	10,000	C	Southwest	Q317
Total	26,000			

The other eight projects are in planning:

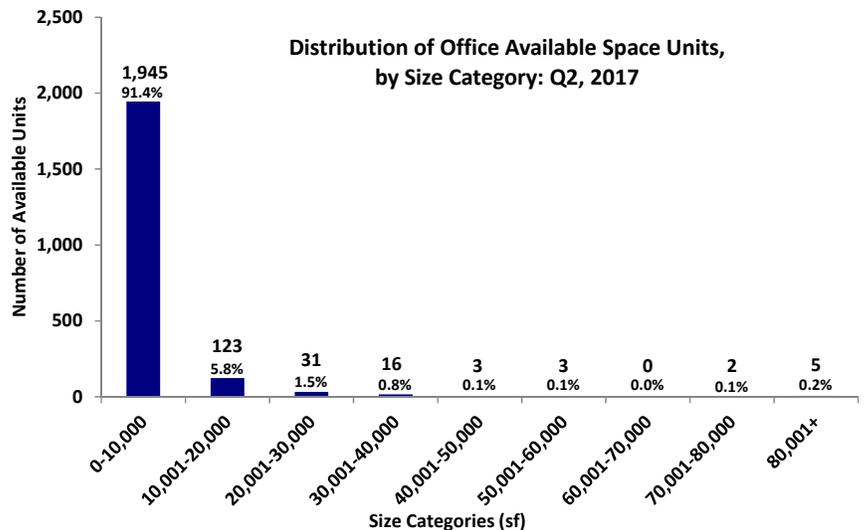
Planned

Project	SF	Subtype	Submarket	Exp. Comp.
Seven Hills Plaza D	42,000	B	Henderson	2018
Cadence Marketing Center 1	10,000	A	Henderson	2018
Cadence Marketing Center 3	15,000	A	Henderson	2018
Cadence Marketing Center 4	5,000	A	Henderson	Q417
Pace Plaza	42,000	B	Southwest	2018
Magnum Towers	100,000	B	Southwest	Q417
Pavilion Center @ Griffith Park	152,300	A	Northwest	2018
Symphony Park Office	200,000	A	Downtown	2018
Total	566,000			

At 200,000 sf, the Symphony Park Office in the “Planned” table is still the biggest Spec Office space on the horizon, though the completion of this Class A building in the Downtown submarket is not expected until at least 2018. The next largest is the Pavilion Center @ Griffith Park, a Class A project in the Northwest submarket, which is also scheduled to open sometime in 2018. The 100,000 sf Magnum Towers, a Class B project in the Southwest, is expected to open at the end of this year, along with several other much smaller projects.

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 (19.2%) and the average quarterly absorption in the last 10 years (90,605 sf), we estimate that there still remain about 11 years of supply of Spec Office space in the Valley that must be absorbed to reach a 10% “normalized” vacancy rate.

To the right is a chart detailing the distribution of available Office space in the Valley by unit size. It shows that there are 29 units available that are larger than 30,000 sf, while 91% 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 YTD 2017 are nearing the entire total for 2016. There were 35 total sales so far in 2017 accounting for 1.3 million sf, compared to 46 sales in 2016 for a total of nearly 1.5 million sf. Sales volume YTD 2017 of \$218.8 million is already higher than 2016’s total sales volume of \$201.1 million. The increased sales volume was helped by a higher average price psf, from \$136.79 in 2016 to 2017 YTD’s price of \$173.56. The average cap rate is down 0.4 points to 7.3%. Generally, in an im-

Office Investment Sales

	2016	YTD 2017
No. Sales	46	35
Square Feet Sold	1,470,000	1,260,000
Sales Volume (MM)	\$201.1	\$218.8
Average Price/SF	\$136.79	\$173.56
Average Cap Rate*	7.7%	7.3%
Average Sale Size (SF)	32,000	36,000

Source: Colliers Las Vegas.

*Cap rate on properties available for sale as investments.

SPECULATIVE OFFICE MARKET

proving market, owners demand lower cap rates resulting in higher prices, regardless of quality and location. The reverse is true in a down-market. 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.

FURTHER THOUGHTS & RECAP

The Southern Nevada Spec office market, though it remains well behind the Industrial and Retail markets in terms of the recovery, made notable strides of improvement in the second quarter of 2017. Valley-wide Spec Office demand in Q2 (+465,637 sf) was up considerably from Q1 (+94,535 sf). On a Y-O-Y basis, net absorption in Q2 totaled +676,884 sf; much better than the year period ending in Q2, 2016, when demand was a dismal -45,153 sf.

The Office market depends on regional job growth, especially in white collar occupations, and while these jobs have not had the same comeback as low-skill and entry-level work, employment in the Office-using sector again had a good quarter. Office jobs, which are a critical indicator of the health of the local economy, comprised 33% of all private payroll jobs in Clark County at the end of Q2 (June 2017). This was 15,800 jobs more (+5.7%) than existed in June 2016. The Professional & Business sector contributed the most new jobs adding +8,800 jobs for the year. Health Care & Social Assistance added another +4,700 and Financial Activities added +2,700. The Information sector lost -400 jobs. Job growth in Q2 was better than the previous two quarters.

Total Spec Office vacancy in the Valley in Q2 (directly vacant space plus vacant sublease space) fell by more than a percentage-point, from 20.3% to 19.2%. This is an important drop considering the vacancy rate wobbled between 20.1% and 20.2% all through 2016.

The North Las Vegas submarket, with a 1-point drop in vacancy from 15.7% to 14.7%, was able to reclaim the lowest Spec Office market vacancy rate from Downtown, which had a small increase in vacancy of 0.2 points, from 15% to 15.2%. The Airport submarket was the most improved with a 3.5-point drop in vacancy, allowing it to slide into third place at 16.2%. The Southwest (18%), Northwest (18.7%) and West Central (18.9%) submarkets managed to come in under 20%, with the remaining two submarkets, Henderson (20.1%) and East Las Vegas (26.2%), coming in above that mark.

Completions, as a share of inventory, peaked at 4% in Q1, 2007, at the height of Southern Nevada's age of "irrational exuberance." There were zero completions in Q2, 2017, which allowed the market to absorb some of the excess space already available. There were a total of 10 projects in the works at the end of Q2, with 26,480 sf of Office space under construction and another 566,300 sf in the planning stages.

¹ Includes all for-lease (speculative only) professional office Class A, Class B, Class C and Medical office 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, 2017

SUBMARKETS

TOTAL OFFICE MARKET	Airport	Downtown	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	322	119	183	331	94	389	388	275	2,101
Total Rentable SF	5,163,422	3,835,861	6,134,382	6,177,268	783,529	9,052,999	6,845,103	5,406,541	43,399,105
Total Vacant SF	837,439	583,175	1,606,420	1,244,003	114,828	1,689,427	1,230,289	1,019,372	8,324,953
Total Occupied SF	4,325,983	3,252,686	4,527,962	4,933,265	668,701	7,363,572	5,614,814	4,387,169	35,074,152
Total Vacant (%)	16.2%	15.2%	26.2%	20.1%	14.7%	18.7%	18.0%	18.9%	19.2%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	8,028	0	0	150,000	0	120,000	0	0	278,028
Total Net Absorption QTD	177,827	-6,529	-20,943	107,936	8,486	202,537	-26,434	22,757	465,637
Total Net Absorption YOY	145,293	-70,268	108,537	38,535	-22,231	214,018	51,822	211,178	676,884
Asking Rents (\$ PSF)	\$1.86	\$2.18	\$1.72	\$2.22	\$1.85	\$2.03	\$2.16	\$1.73	\$1.95
Under Constuction SF	0	0	0	0	0	0	26,480	0	26,480
Planned SF	0	200,000	0	72,000	0	152,300	142,000	0	566,300

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	22	4	2	62
Total Rentable SF	665,904	795,116	1,472,466	838,068	0	1,933,312	567,112	227,624	6,499,602
Total Vacant SF	65,822	189,160	325,628	280,614	0	559,439	41,909	49,200	1,511,772
Total Occupied SF	600,082	605,956	1,146,838	557,454	0	1,373,873	525,203	178,424	4,987,830
Total Vacant (%)	9.9%	23.8%	22.1%	33.5%	0.0%	28.9%	7.4%	21.6%	23.3%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	120,000	0	0	120,000
Total Net Absorption QTD	190,739	1,978	0	9,482	0	38,790	3,016	-2,775	241,230
Total Net Absorption YOY	220,450	-1,450	827	4,121	0	36,363	87,107	49,839	397,257
Asking Rents (\$ PSF)	\$2.60	\$2.76	\$2.93	\$2.49	\$0.00	\$2.22	\$2.19	\$1.86	\$2.50
Under Constuction SF	0	0	0	0	0	0	0	0	0
Planned SF	0	200,000	0	30,000	0	152,300	0	0	382,300

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	428,079	176,950	520,765	419,081	52,877	525,364	464,482	489,004	3,076,602
Total Occupied SF	1,507,942	1,598,146	545,792	1,770,673	147,919	2,212,187	1,987,650	1,177,042	10,947,351
Total Vacant (%)	22.1%	10.0%	48.8%	19.1%	26.3%	19.2%	18.9%	29.4%	21.9%
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	-19,768	-40,316	6,760	13,524	13,099	149,252	93,873	24,188	240,612
Total Net Absorption YOY	-86,145	-9,115	134,618	-132,174	-21,194	49,435	33,980	10,624	-19,971
Asking Rents (\$ PSF)	\$1.63	\$1.54	\$1.31	\$2.13	\$1.69	\$1.83	\$2.22	\$1.78	\$1.78
Under Constuction SF	0	0	0	0	0	0	16,480	0	16,480
Planned SF	0	0	0	42,000	0	0	142,000	0	184,000

Speculative Office Market Matrix

Las Vegas, Nevada
Second Quarter, 2017

SUBMARKETS

PROFESSIONAL CLASS C	Airport	Downtown	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	268	66	110	144	76	210	272	187	1,333
Total Rentable SF	2,432,967	877,606	2,051,408	1,618,430	482,290	2,234,002	3,093,831	2,761,393	15,551,927
Total Vacant SF	332,868	140,029	458,787	269,648	41,351	289,241	550,346	363,120	2,445,390
Total Occupied SF	2,100,099	737,577	1,592,621	1,348,782	440,939	1,944,761	2,543,485	2,398,273	13,106,537
Total Vacant (%)	13.7%	16.0%	22.4%	16.7%	8.6%	12.9%	17.8%	13.1%	15.7%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	8,028	0	0	0	0	0	0	0	8,028
Total Net Absorption QTD	3,856	31,144	-9,426	24,316	7,296	24,052	-148,289	10,171	-56,880
Total Net Absorption YOY	-11,555	-38,389	-75,793	33,758	-1,037	102,698	-81,763	100,033	27,952
Asking Rents (\$ PSF)	\$1.89	\$1.58	\$1.63	\$1.97	\$1.79	\$1.97	\$2.10	\$1.52	\$1.81
Under Constuction SF	0	0	0	0	0	0	10,000	0	10,000
Planned SF	0	0	0	0	0	0	0	0	0

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	1,531,016	100,443	2,148,134	732,028	751,478	7,323,623
Total Vacant SF	10,670	77,036	301,240	274,660	20,600	315,383	173,552	118,048	1,291,189
Total Occupied SF	117,860	311,007	1,242,711	1,256,356	79,843	1,832,751	558,476	633,430	6,032,434
Total Vacant (%)	8.3%	19.9%	19.5%	17.9%	20.5%	14.7%	23.7%	15.7%	17.6%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	150,000	0	0	0	0	150,000
Total Net Absorption QTD	3,000	665	-18,277	60,614	-11,909	-9,557	24,966	-8,827	40,675
Total Net Absorption YOY	22,543	-21,314	48,885	132,830	0	25,522	12,498	50,682	271,646
Asking Rents (\$ PSF)	\$1.63	\$1.87	\$1.79	\$2.13	\$2.32	\$2.36	\$2.17	\$1.75	\$2.04
Under Constuction SF	0	0	0	0	0	0	0	0	0
Planned SF	0	0	0	0	0	0	0	0	0



ARROYO MARKET SQUARE

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Las Vegas Anchored Retail Survey

2nd Quarter 2017



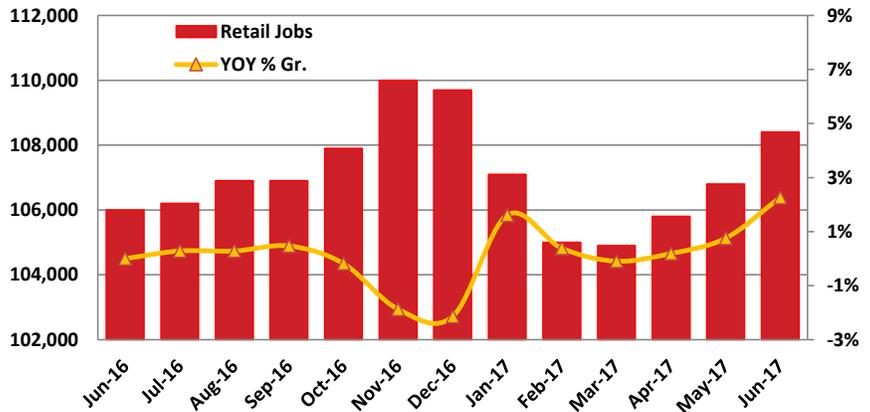
THE DISTRICT AT GREEN VALLEY RANCH

LAS VEGAS ANCHORED RETAIL SURVEY

SUMMARY

The Las Vegas Valley's ("the Valley") Anchored Retail market¹ inventory (we do not track unanchored properties) remained at 44.3 million square feet ("sf") at the close of the second quarter ("Q2") of 2017 with only one completion over three months. Though demand was a meager +9,254 sf, it was better than the previous quarter when net absorption totaled -110,806 sf. After Anchored Retail's vacancy rate climbed 0.3 points in Q1, it paused in the second quarter, remaining unchanged at 10.8%. This is 0.3 points better than the 11.1% recorded in Q2, 2016. Average monthly asking rents increased by \$0.01 to \$1.00 per square foot ("psf") NNN² in Q2. Compared to the previous year, rents are up \$0.04. Forward-supply³ remains notably large at the end of Q2 with 374,943 sf under construction and another 821,550 sf of planned space for a total of 1.2 million sf.

Clark County Total* Retail Jobs and Annual Growth: Jun-16 to Jun-17



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

RETAIL JOBS

Total nonfarm employment in the Las Vegas MSA rose by 35,200 jobs from June 2016 through June 2017, a 3.7% increase. During that time the "headline" unemployment rate declined 1 point to 5.1%.

There were 108,400 Las Vegas Retail sector jobs in the Las Vegas MSA at the end of June 2017, accounting for 12% of total private payroll jobs. This represented a 2.3% gain in jobs compared to June 2016, but weak job growth in April (+0.2%) and

Retail Employment

Industry Sector	Apr			May			Jun		
	2017	2016	% Ch.	2017	2016	% Ch.	2017	2016	% Ch.
Food & Bev. Stores	17,500	17,200	1.7%	17,600	17,400	1.1%	17,800	17,400	2.3%
Health & Personal Care Stores	7,800	7,600	2.6%	7,800	7,500	4.0%	7,900	7,500	5.3%
Other Stores	80,500	80,800	-0.4%	81,400	81,100	0.4%	82,700	81,100	2.0%
Total	105,800	105,600	0.2%	106,800	106,000	0.8%	108,400	106,000	2.3%

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

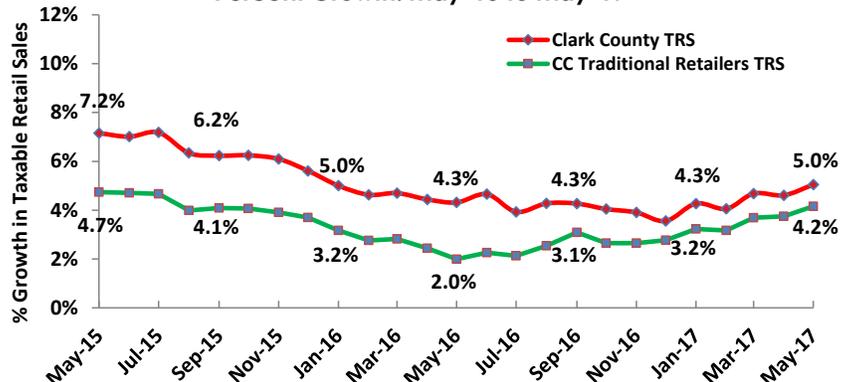
May (+0.8%) brought the overall Y-O-Y job growth average down to just 1.1% over the quarter.

Since June 2016, the three Retail sectors reported by the BLS saw job growth, with Other Stores adding 1,600 jobs and Health & Personal Care Stores and Food & Beverage Stores each adding 400 more.

TAXABLE RETAIL SALES

Clark County's taxable sales continue increasing on a 12-month moving average basis ("12MMA") and after several months at the start of 2017 of slowing growth, it appears the Y-O-Y growth rate is once again trending up. On a 12-month moving total basis, total sales reached \$40.9 billion in May 2017, a 5% increase compared to May 2016.

Clark County Total Taxable Retail Sales ("TRS") vs. Traditional Retailers TRS, Percent Growth: May-15 to May-17



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

ANCHORED RETAIL MARKET

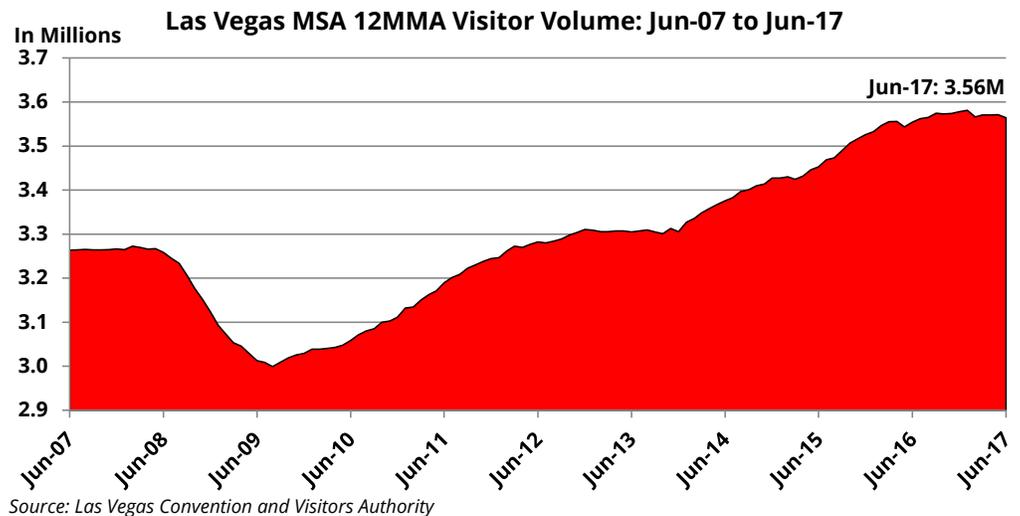
The region's taxable sales are again at an all-time high, well-above the previous peak of \$36.3 billion in December 2007. We encourage our readers to track the trend rate closely, especially for "traditional" retail sales, which was 2.8% year-over-year.

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

Top 5 Traditional Retailers: May-17	Taxable Retail Sales	YoY Change	YoY % Change
Food Services and Drinking Places	\$938,208,340	\$27,062,110	3.0%
Building Material and Garden Equipment and Supplies	\$143,205,471	\$22,390,034	18.5%
Miscellaneous Store Retailers	\$66,675,928	\$13,201,872	24.7%
General Merchandise Stores	\$269,744,994	\$7,788,943	3.0%
Food and Beverage Stores	\$114,416,160	\$5,076,884	4.6%
Top 5 Total	\$1,532,250,893	\$75,519,843	5.2%

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

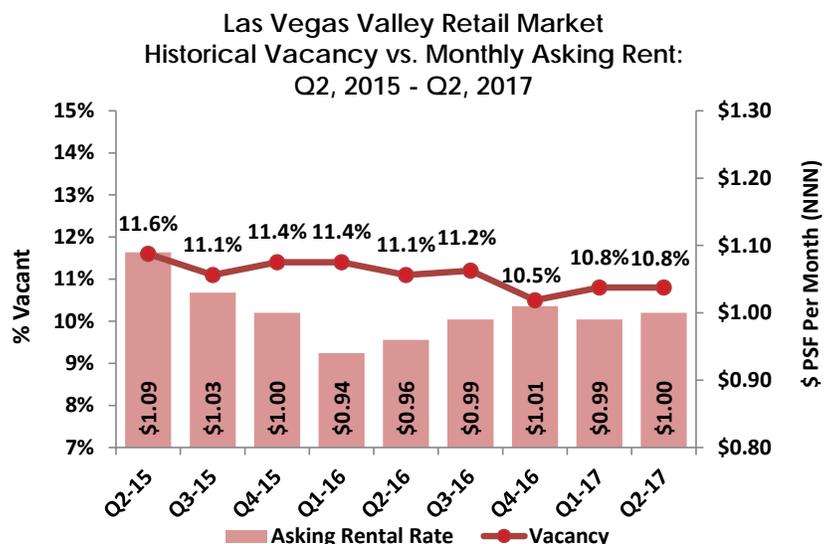
Visitors to Las Vegas are an important variable in taxable retail sales. On a 12MMA, visitation to Las Vegas rose only 0.3% for the year, resulting in a total of 3.6 million visitors in June. Total growth in visitors at the end of June 2017 was well below the 2.9% recorded in June 2016. Visitor growth continues to slow, dropping from an average of 0.8% over the first quarter of 2017 to 0.5% over the second quarter. Tourism is the lifeblood of the Las Vegas economy. If growth in tourism continues to slow, retail sales, especially discretionary point-of-sale spending, will likely reflect that decline.



VACANCY & RENTS

The average Valley-wide Anchored Retail vacancy rate held at 10.8% in Q2, 2017, based on current vacant space in the active market. When compared to the vacancy rate in Q2, 2016 (11.1%), the Valley-wide vacancy is down 0.3 points. Retail vacancy is now 4.5 percentage-points lower than the record high of 15.3% recorded in Q2, 2011.

Five of eight submarkets saw vacancy decrease in the second quarter. The Henderson submarket was easily the most improved from the previous quarter with vacancy falling by 2.2 points, from 11.3% in Q1, 2017 to 9.1% in Q2. The other four improved submarkets saw vacancy decrease by less than a point. West Central was down 0.5 points, from 11.8% to 11.3% vacancy. The North-east was down 0.3 points, from 6.1% to 5.8%. The



ANCHORED RETAIL MARKET

Southwest was down 0.2 points from 6.9% to 6.7% and Downtown was down 0.1 points but maintains the highest vacancy rate at 22.2%. The Northwest saw the biggest increase in vacancy with a 1.9-point gain, from 7.4% to 9.3%. Vacancy in the North Las Vegas and University East submarkets was up 0.4 points, from 14.4% to 14.8% and from 16.1% to 16.5%, respectively.

On a Y-O-Y basis, the vacancy rate fell in half of the eight submarkets relative to Q2, 2016. Henderson was again the most improved with a 2.7-point drop in vacancy over the year followed by Downtown with a 2.3-point drop and West Central with a 1.8-point drop. The Northwest submarket rounded out the group with a 0.4-point drop in vacancy from Q2, 2016. North Las Vegas saw its vacancy rate rise the most with a 2.5-point increase from the previous year, followed by University East with an increase of 1.9 points. The Northeast submarket was up 0.9 points, while the Southwest was up just 0.3 points over the year.

When considered by product type, Neighborhood Centers were 0.3-points down in vacancy from 11.3% in Q1, 2017 to 11% in Q2. Power Centers saw a 0.2-point Y-O-Y drop in vacancy from 7.1% to 6.9%. The vacancy rate in Community Centers rose 0.4 points from 12.4% to 12.8%.

Compared to Q2, 2016, Neighborhood centers are down 1.0 point from 12%. Vacancy in Power Centers is down just 0.1 points from 7%. The only product type to see vacancy go up from last year was Community Centers with a 0.3-point bump up from 12.5% a year ago.

The Valley's overall Anchored Retail monthly rent increased by \$0.01 from \$0.99 psf in Q1, 2017 to \$1.00 in Q2, 2017 (calculated on a NNN basis, not accounting for any operating expenses and noted as asking rents).

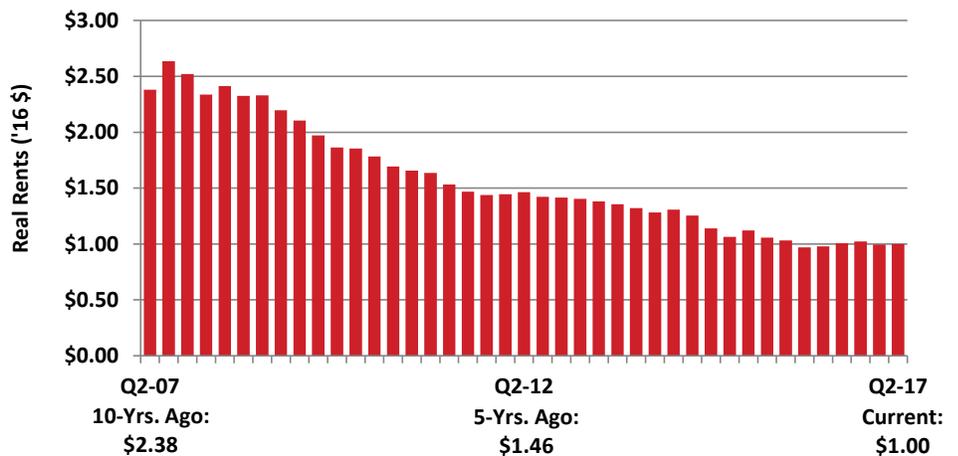
The Valley's Anchored Retail market was fairly stable in Q2 with most submarkets experiencing only minor fluctuations in vacancy. The last quarter of 2016 saw a notable drop in vacancy, which was not entirely erased by the 0.3-point increase in Q1, 2017. The vacancy rate in Q2 was unchanged but with demand rising slightly. The main roadblock to sustained growth in Anchored Retail is the languishing Community Center. The continuing success of the Industrial Warehouse/Distribution market, which has helped drive national retail sales, poses a challenge for "big box" retailers. 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 brick and mortar stores. Traditional retailers continue to have a hard time enticing customers back into those stores. Fulfillment centers have replaced large swathes of the Retail market. As each one of these large retailers has folded or closed locations, new tenants have been difficult to find, so property owners are turning to service-oriented businesses to fill the space. According to various sources, unanchored retail centers have seen more success recently as they cater more toward food and beverage outlets, as well as personal services, such as hair salons and car repair shops, which have not been affected as greatly by online retailers.

DEMAND

After negative demand in Q1, 2017 of -110,806 sf, Absorption for Q2, 2017 rebounded to +9,254. It was not much to speak of, but a marked improvement from the previous quarter. Over the last year, the gains have been bigger than the losses. Y-O-Y Valley-wide net absorption was +180,762 sf. This was close to the demand for the year period ending in Q2, 2016 when absorption totaled +228,547 sf.

For the quarter, net absorption was positive in five of eight submarkets. Henderson carried the group with +219,455 sf. West Central was a distant second with just +21,504 sf, followed by the Southwest with +7,259 sf, the Northeast with +6,629 sf and Downtown with +1,627 sf. Demand in the Northwest submarket nearly wiped out all the gains with -203,448 sf of absorption. Losses in University East (-23,990 sf) and North Las Vegas (-19,782 sf) helped push total Anchored Retail absorp-

Las Vegas Valley Retail Market
Inflation-Adjusted Asking Rent: Q2, 2007 - Q2, 2017 (Baseline)



ANCHORED RETAIL MARKET

tion down under 10,000 sf.

For the year, four Anchored Retail submarkets showed improvement: Henderson (+265,128 sf), Northwest (+89,515 sf), West Central (+80,532 sf) and Downtown (+25,674 sf). The North Las Vegas submarket had the highest negative absorption at -121,399 sf, with University East (-118,750 sf) close behind. Also experiencing negative Y-O-Y absorption were the Northeast (-23,711 sf) and Southwest (-16,227 sf).

All three Retail product types experienced positive demand for the year. Neighborhood Centers had the most demand with +158,748 sf of absorption, followed by Community Centers with +13,963 sf and Power Centers with +8,015 sf.

SUPPLY

There were again no completions in the Anchored Retail market during Q1, 2017 and only one during all of 2016 – the 52,000 sf expansion of the Decatur 215 Community Center in the Northwest submarket. The only quarters to see completions in the last 20 quarters were Q3, 2016 and Q4, 2014. The Valley's total Anchored Retail inventory is currently 44.3 million sf in 267 centers. However, there is sure to be new space coming to market soon. As of Q1, there are almost 1.3 million sf of space in the Anchored Retail market's forward supply.

There are two Anchored project currently under construction totaling 375,000 sf:

Under Construction

Project	SF	Subtype	Submarket	Exp. Comp.
Smith's @ Skye Canyon	124,943	Neighborhood Center	Northwest	Q417
Mountain's Edge Marketplace	250,000	Community Center	Southwest	2018
Total	375,000			

Four more projects are in the planning phase for another 822,000 sf of space:

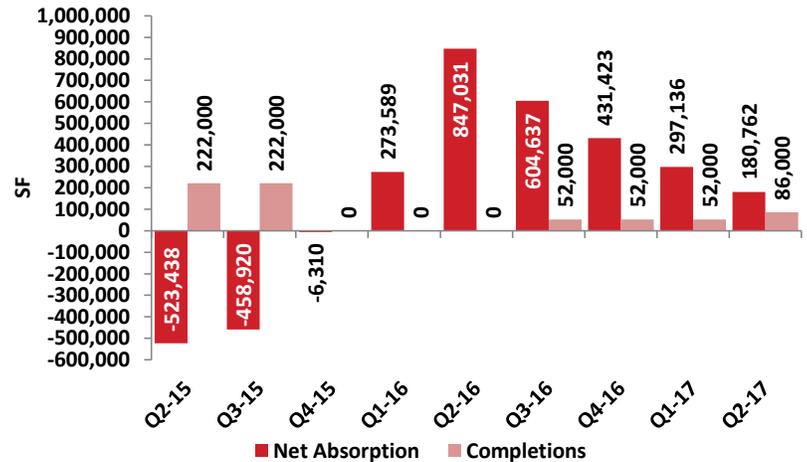
Planned

Project	SF	Subtype	Submarket	Exp. Comp.
DCs Plaza	72,550	Neighborhood Center	Northwest	Q118
Silverado Promenade	130,000	Neighborhood Center	University East	2018
St. Rose Square	466,000	Power Center	Henderson	Q218
Cadence Village Center	153,000	Neighborhood Center	Henderson	2018
Total	822,000			

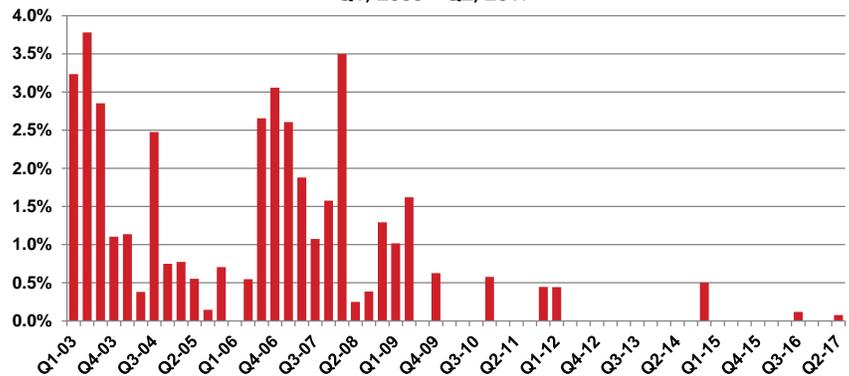
INVESTMENT SALES

Year-to-date Retail investment sales in 2017, as reported by Colliers, accounted for 2.3 million sf, compared to 2.5 million sf for all of 2016, putting 2017 on track to easily beat the previous year. The average price per square foot increased from \$166 in 2016 to \$171.89 in 2017, and average reported cap rates were up 0.8 points, from 6.7% to 7.5%. Total sales volume half way through 2017 is \$402.6 million, not far from the \$419.7 million total through all four quarters of 2016. In general, in an

Las Vegas Valley Retail Market
Historical YOY Net Absorption vs. Completions
Q2, 2015 - Q2, 2017



Las Vegas Valley Retail Market
Completions as a % of Inventory:
Q1, 2003 - Q2, 2017



ANCHORED RETAIL MARKET

improving market, owners typically demand lower cap rates resulting in higher prices regardless of quality and location, but in spite of this cap rates are up from last year.

FURTHER THOUGHTS & RECAP

There were 108,400 Las Vegas Retail sector jobs in the Las Vegas MSA at the end of June 2017, accounting for 12% of total private payroll jobs. This represented a +2.3% gain in jobs compared to June 2016 with Other Stores adding +1,600 jobs and Food & Beverage Stores and Health & Personal Care Stores contributing +400 jobs each.

Though Y-O-Y growth in June was not bad, the previous two months brought down the growth rate to just 1.1% over the quarter. This is a small improvement from Q1 when the job growth averaged just 0.8%.

Clark County taxable sales continue to climb on an absolute basis. On a 12MMA, these sales have now reached \$40.9 billion in May, a 5% gain compared to May 2016, and the highest Y-O-Y growth since January 2016. The region reached a new all-time high in sales, well-above the previous peak in December 2007 of \$36.3 billion. Also, the average Y-O-Y growth during the last 60 months was a healthy 6.2%. While taxable sales growth has been slowing gradually since the end of 2015, this quarter did see it pick back up slightly.

Since the Las Vegas economy is driven primarily by tourism, the growth of taxable retail sales depends heavily on rising visitation. As growth in visitor volume has slowed, it has contributed to the general decline in retail sales growth. On a 12MMA basis, visitation to Las Vegas rose only 0.3% in June with the Valley receiving 3.6 million visitors. Over the 28 months prior to the start of the first quarter of 2017, Y-O-Y visitor growth averaged 2.7%. During Q1, 2017, visitor growth was down to 0.8% and, over Q2, it was down to just 0.5%.

The Valley-wide Anchored Retail vacancy rate was unchanged at 10.8% in Q2, a pause from the up and down fluctuations that have characterized previous quarters. The Retail market has been unable to find a firm foothold for sustained improvement.

The highest submarket vacancies at the end of Q2 were the same as Q1: Downtown (22.2%), University East (16.5%) and North Las Vegas (14.8%). Four submarkets had vacancy rates below 10%: Northwest (9.3%), Henderson (9.1%), Southwest (6.7%) and Northeast (5.8%).

In terms of product type, the highest vacancy rate was in Community Centers (12.8%) and it's the only product type to be up since Q2, 2016 with a 0.3-point gain. Power Centers (6.9%) is doing just 0.1-point better from last year while vacancy in Neighborhood Centers (11%) is 1.0 percentage-point down over the same time period.

Demand in Q2, 2017 came from Neighborhood Centers (+39,866 sf) and Power Centers (+16,285 sf), while Community Centers (-46,897 sf) brought the Anchored Retail absorption total down to +9,254 sf. Absorption for the year period ending in Q2, 2017 was +180,762 sf.

There were no Anchored Retail project completed in Q1, 2017. That leaves 1.2 million square feet in the forward supply with 374,943 sf currently under construction and another 821,550 sf in planning. The Valley's total inventory is currently 44.3 million sf in 267 shopping centers.

According to AAA, the price of gasoline on August 17, 2017 in Las Vegas was \$2.57 per gallon of regular unleaded, up just a penny per gallon from one month prior. When compared to a year ago, the price per gallon is up \$0.21. Oil inventories in the region are down and supplies have tightened, leading AAA to predict increasing gas prices on the West Coast.

Wages and incomes, when adjusted for inflation, have been rising steadily. Clark County's 12MMA inflation-adjusted average weekly earnings were up 1.8% in June compared to June 2016, reaching \$660 in 2007 dollars after 36 months of Y-O-Y improvement.

Shopping Center Retail Investment Sales

	2016	YTD 2017
No. Sales	41	23
Square Feet Sold	2,528,000	2,342,000
Sales Volume (MM)	\$419.7	\$402.6
Average Price/SF	\$166.00	\$171.89
Average Cap Rate*	6.7%	7.5%
Average Sale Size (SF)	62,000	102,000

Source: Colliers Las Vegas.

*Cap rate on properties available for sale as investments.

ANCHORED RETAIL MARKET

Average weekly hours were 33.5 at the end of June, on a 12MMA basis, up by 0.1 hours over the first quarter of 2017. Hours were up 0.3 hours from June 2016. Improving average weekly hours is a good sign for the Retail market because it means reliance on part-time workers is decreasing. Nevada's U-6 unemployment rate (includes discouraged and part-time workers), one of the highest in the nation, fell 0.4 points to 11.5% in Q2 and we expect that it will continue to drop.

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 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, 2017

SUBMARKETS

TOTAL RETAIL MARKET	Downtown	Henderson	North Las Vegas	Northeast	Northwest	Southwest	University East	West Central	Totals
Number of Properties	9	54	27	21	60	23	40	34	268
Total Rentable SF	1,105,851	8,714,068	4,910,743	2,542,317	10,862,588	5,783,835	6,050,227	4,379,055	44,348,684
Total Vacant SF	245,273	795,941	725,458	147,586	1,011,091	389,066	999,674	493,486	4,807,575
Total Occupied SF	860,578	7,918,127	4,185,285	2,394,731	9,851,497	5,394,769	5,050,553	3,885,569	39,541,109
Total Vacant (%)	22.2%	9.1%	14.8%	5.8%	9.3%	6.7%	16.5%	11.3%	10.8%
Completions QTD	0	34,000	0	0	0	0	0	0	34,000
Completions YOY	0	34,000	0	0	52,000	0	0	0	86,000
Total Net Absorption QTD	1,627	219,455	-19,782	6,629	-203,448	7,259	-23,990	21,504	9,254
Total Net Absorption YOY	25,674	265,128	-121,399	-23,711	89,515	-16,227	-118,750	80,532	180,762
Asking Rents (\$ PSF)	\$0.72	\$1.06	\$1.26	\$1.32	\$1.06	\$1.15	\$0.61	\$0.93	\$1.00
Under Constuction SF	0	0	0	0	124,943	250,000	0	0	374,943
Planned SF	0	619,000	0	0	72,550	0	130,000	0	821,550

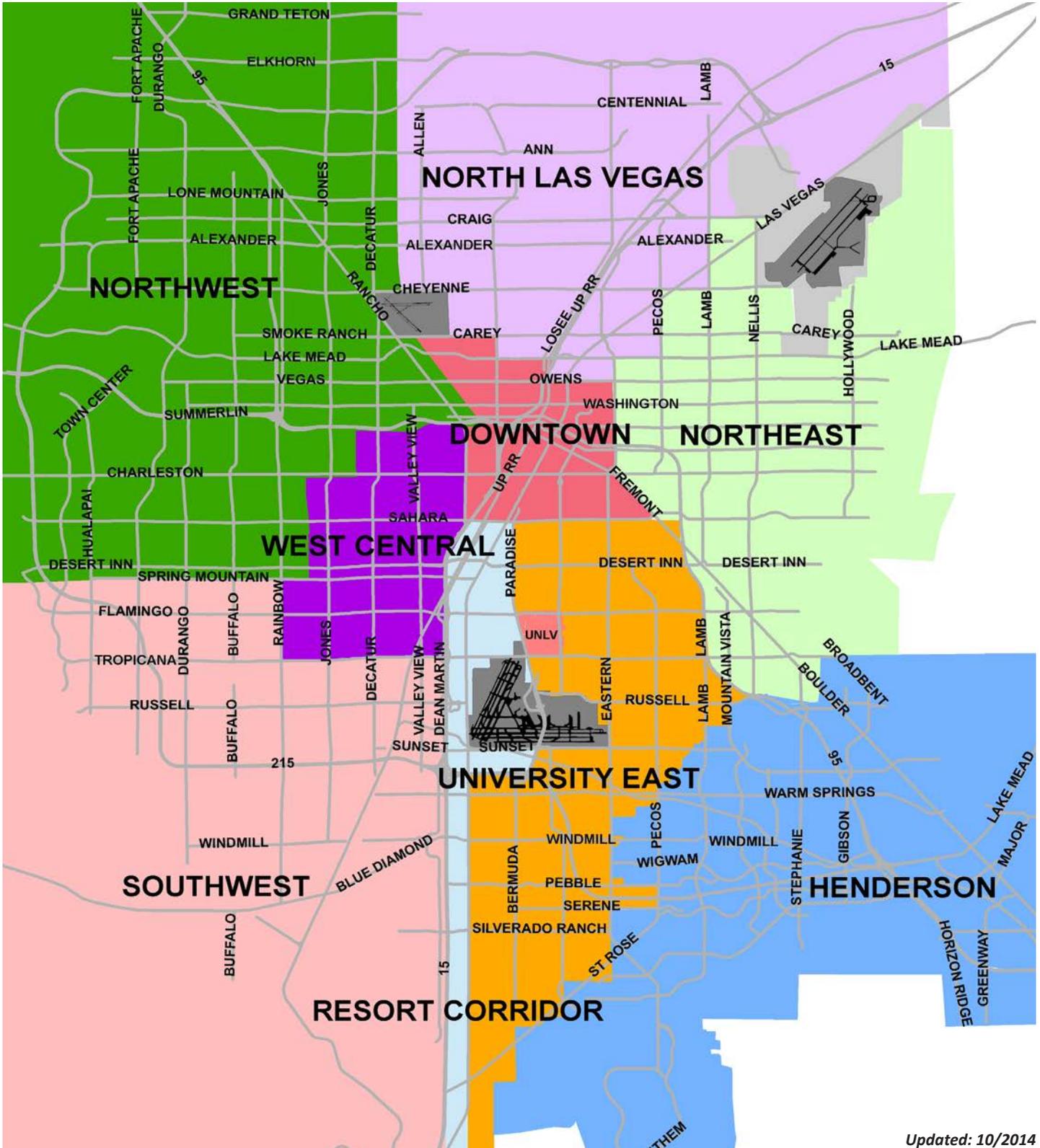
POWER CENTERS	Downtown	Henderson	North Las Vegas	Northeast	Northwest	Southwest	University East	West Central	Totals
Number of Properties	0	8	2	0	7	1	3	3	24
Total Rentable SF	0	2,962,288	987,713	0	2,840,846	944,314	1,210,223	1,138,224	10,083,608
Total Vacant SF	0	151,205	115,246	0	154,652	56,996	116,514	102,744	697,357
Total Occupied SF	0	2,811,083	872,467	0	2,686,194	887,318	1,093,709	1,035,480	9,386,251
Total Vacant (%)	0.0%	5.1%	11.7%	0.0%	5.4%	6.0%	9.6%	9.0%	6.9%
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	53,656	0	0	-41,690	3,500	0	819	16,285
Total Net Absorption YOY	0	130,831	-115,246	0	-49,637	-7,200	8,702	40,565	8,015
Asking Rents (\$ PSF)	\$0.00	\$1.50	\$2.25	\$0.00	\$1.69	\$1.46	\$0.98	\$0.96	\$1.39
Under Constuction SF	0	0	0	0	0	0	0	0	0
Planned SF	0	466,000	0	0	0	0	0	0	466,000

COMMUNITY CENTERS	Downtown	Henderson	North Las Vegas	Northeast	Northwest	Southwest	University East	West Central	Totals
Number of Properties	4	21	10	8	21	9	19	15	107
Total Rentable SF	631,168	2,954,692	1,755,463	1,407,552	4,366,234	3,216,421	2,761,028	1,649,146	18,741,704
Total Vacant SF	186,964	294,443	128,747	74,544	535,191	169,800	672,392	341,359	2,403,440
Total Occupied SF	444,204	2,660,249	1,626,716	1,333,008	3,831,043	3,046,621	2,088,636	1,307,787	16,338,264
Total Vacant (%)	29.6%	10.0%	7.3%	5.3%	12.3%	5.3%	24.4%	20.7%	12.8%
Completions QTD	0	34,000	0	0	0	0	0	0	34,000
Completions YOY	0	34,000	0	0	52,000	0	0	0	86,000
Total Net Absorption QTD	1,627	77,140	-3,775	3,320	-162,358	21,938	-759	15,970	-46,897
Total Net Absorption YOY	27,494	26,354	27,968	-15,877	-38,082	60,224	-86,431	12,313	13,963
Asking Rents (\$ PSF)	\$0.69	\$1.27	\$1.88	\$1.57	\$1.07	\$1.14	\$0.39	\$0.86	\$0.71
Under Constuction SF	0	0	0	0	0	250,000	0	0	250,000
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	58,309	350,293	481,465	73,042	321,248	162,270	210,768	49,383	1,706,778
Total Occupied SF	416,374	2,446,795	1,686,102	1,061,723	3,334,260	1,460,830	1,868,208	1,542,302	13,816,594
Total Vacant (%)	12.3%	12.5%	22.2%	6.4%	8.8%	10.0%	10.1%	3.1%	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	0	88,659	-16,007	3,309	600	-18,179	-23,231	4,715	39,866
Total Net Absorption YOY	-1,820	107,943	-34,121	-7,834	177,234	-69,251	-41,021	27,654	158,784
Asking Rents (\$ PSF)	\$1.03	\$0.87	\$1.18	\$1.07	\$1.00	\$1.41	\$1.21	\$1.44	\$1.09
Under Constuction SF	0	0	0	0	124,943	0	0	0	124,943
Planned SF	0	153,000	0	0	72,550	0	130,000	0	355,550

LAS VEGAS VALLEY

ANCHORED RETAIL SUBMARKET MAP



Updated: 10/2014