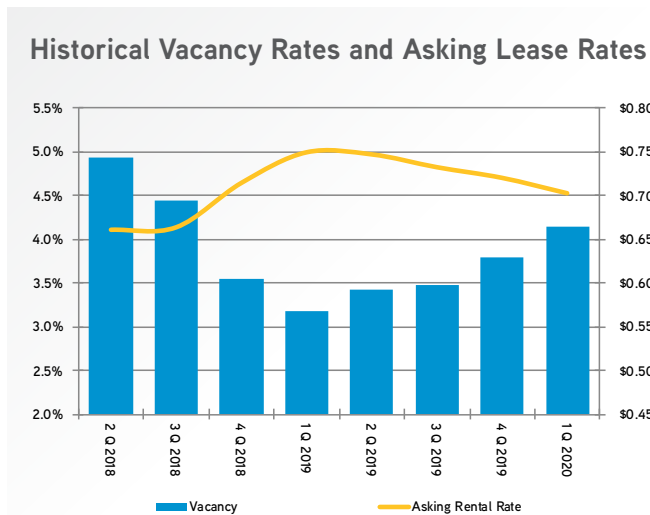


Demand Strong Ahead Of Pandemic

- › Net absorption increased year-over-year in the first quarter of 2020
- › Completions outpaced net absorption for the fourth straight quarter
- › Industrial vacancy increased to 4.1 percent

Southern Nevada's industrial market posted 1,282,170 square feet of net absorption in the first quarter of 2020, an improvement over last quarter and higher than one year ago. Industrial vacancy remained low in the first quarter, at 4.1 percent, but was still 0.9-points higher than it was one year ago. The weighted average asking rate decreased by \$0.02 to \$0.70 per square foot (psf) on a triple net (NNN) basis. After a 2019 that saw lower overall net absorption than 2018, the impact of the COVID-19 pandemic and the many disruptions it has caused could pose a challenge to the industrial market.



"... we think industrial vacancy will continue to increase in 2020 due to continued speculative development and disruptions caused by the COVID-19 pandemic."

Economic Indicators

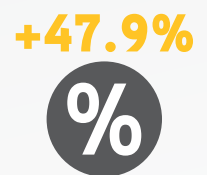
INDUSTRIAL
Employment



RESIDENTIAL
Permits



TRANSPORTATION
Taxable Sales



Market Indicators

Relative to prior period	Q1 2020	Q2 2020*
Vacancy	↑	↑
Net Absorption	↑	↓
Completions	↑	↔
Rental Rate	↓	↓

*Projected

Summary Statistics

Las Vegas Market	Q1-19	Q4-19	Q1-20
Vacancy Rate	3.2%	3.8%	4.1%
Asking Rent (PSF, NNN)	\$0.75	\$0.72	\$0.70
Net Absorption (SF)	1,052,224	658,388	1,282,170
New Completions (SF)	578,000	1,140,910	1,861,253

Overall Asking Rents

Per Square Foot	Q1-19	Q4-19	Q1-20
Warehouse/Distribution	\$0.57	\$0.55	\$0.60
Light Distribution	\$0.69	\$0.78	\$0.81
Light Industrial	\$0.84	\$0.82	\$0.81
Incubator	\$0.82	\$0.98	\$0.94
Flex	\$1.09	\$1.10	\$1.01

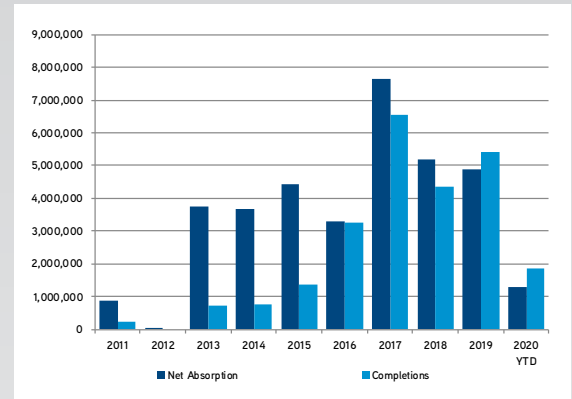
According to the Nevada Department of Employment, Training and Rehabilitation, Southern Nevada’s office job market added 10,000 jobs between February 2019 and February 2020. Over this period, Southern Nevada added 6,000 jobs in construction, 2,900 jobs in the transportation and warehousing, 700 jobs in manufacturing and 400 jobs in wholesale.

Unemployment in the Las Vegas-Paradise MSA was 3.9 percent in February 2020, compared to 4.2 percent in February 2019. From February 2019 to February 2020, total employment in Southern Nevada increased by 12,900 jobs, a 2.2 percent increase. This would be a good sign about the trajectory of the economy if not for the COVID-19 x-factor that arose during the first quarter of this year, and whose impact is unlikely to be felt fully until the second quarter of the year.

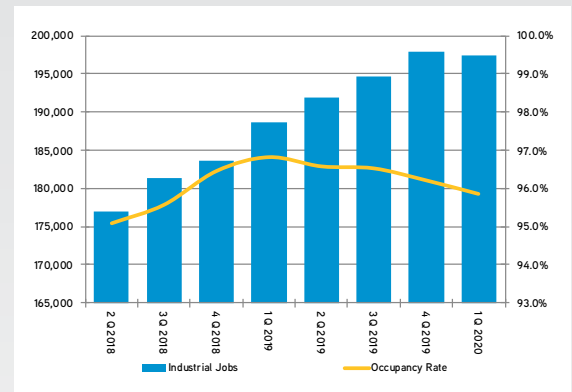
New completions of industrial space in the first quarter of 2020 totaled 1,861,253 square feet. The majority of the industrial space completed this quarter was located in North Las Vegas, and most of it was warehouse/distribution space. Approximately 35 percent of this space was released at completion. An additional 2.8 million square feet of industrial space is scheduled for completion in the second quarter of 2020, with approximately 24 percent of this space released. Conversations with developers relate to us that projects already started remain under construction, although delays in completion are possible given disruptions caused by the pandemic.

Industrial net absorption was 1,282,170 square feet in the first quarter of 2020, an increase from one year ago when net absorption was 1,052,224 square feet. The Valley’s highest net absorption this quarter was in North Las Vegas at 1,259,350 square feet, followed distantly by the Southwest submarket at 103,718 square feet. Net absorption was negative in most other submarkets, with West Central experiencing the lowest net absorption, negative 46,169 square feet. Net absorption was 818,919 square feet in warehouse/distribution, 154,081 square feet in light industrial, 139,787 square feet in incubator, 118,400 square feet in light distribution and 50,983 square feet in flex properties.

Historical Net Absorption vs. Completions



Occupancy vs. Industrial Employment



	FEB 2019	FEB 2020	CHANGE
Construction	67,500	73,500	+6,000
Manufacturing	25,300	26,000	+700
Transportation & Warehousing	45,000	47,900	+2,900
Wholesale	24,300	24,700	+400

Source: Nevada Department of Employment, Training and Rehabilitation.

Southern Nevada's industrial vacancy rate increased to 4.1 percent in the first quarter of 2020. The Valley's lowest vacancy rate was 2.0 percent in the Henderson submarket. The Valley's highest vacancy rate was 7.3 percent in West Henderson, followed by 6.3 percent in North Las Vegas. Among product types, vacancy was lowest in light distribution properties at 2.5 percent, followed by light industrial at 2.8 percent, 4.9 percent in incubator, 5.1 percent in warehouse/distribution and 5.2 percent in flex properties.

The industries most active in occupying space in the first quarter of 2020 were involved in retail (35.8 percent), wholesale (12.8 percent) and professional and business services (9.7 percent). Local companies took 41.2 percent of the leased square footage we tracked in 2019. Companies headquartered in the Pacific Northwest took 21.7 percent of the space occupied, followed by the Midwest at 8.4 percent and Northeast 6.3 percent.

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

Industrial Development Schedule

PROJECT	TYPE	STATUS	SUBMARKET	SIZE	PRE-LEASING
Q2-2020				2,811,245	24%
Amazon BTS	Warehouse/Distribution	UC	West Henderson	600,000	100%
Bruner Commerce Park	Light Industrial	UC	Henderson	53,900	0%
Durango 215 Point	Flex	UC	Southwest	75,000	0%
Harsch Speedway Commerce Center IV	Warehouse/Distribution	UC	North Las Vegas	167,444	46%
Matter Logistics Center @ West Cheyenne	Light Distribution	UC	North Las Vegas	248,106	0%
Matter Logistics Center @ West Cheyenne	Warehouse/Distribution	UC	North Las Vegas	479,120	0%
North 15 Logistics 1/2	Warehouse/Distribution	PC	North Las Vegas	550,606	0%
North Las Vegas Business Park	Warehouse/Distribution	UC	North Las Vegas	297,273	0%
PSi Commerce Center 1	Warehouse/Distribution	UC	Southwest	48,701	0%
PSi Commerce Center 2	Light Industrial	UC	Southwest	24,535	0%
South15 Airport Center C/D	Warehouse/Distribution	UC	Henderson	266,560	0%
Q3-2020				3,503,197	27%
Blue Diamond Interchange Center	Warehouse/Distribution	UC	Southwest	471,233	24%
Diamond Speedway	Warehouse/Distribution	UC	Southwest	75,980	100%
Golden Triangle Logistics Center	Warehouse/Distribution	UC	North Las Vegas	1,002,538	0%
Google Data Center	Light Industrial	UC	Henderson	750,000	100%
Interchange Industrial Center	Warehouse/Distribution	UC	North Las Vegas	683,436	0%
Logisticcenter at Sunset	Warehouse/Distribution	PC	Airport	151,200	0%
Marion Logistics Center	Warehouse/Distribution	UC	North Las Vegas	282,220	0%
Odyssey Industrial Park	Warehouse/Distribution	UC	North Las Vegas	86,590	0%
Q4-2020				3,004,827	0%
Arville/Wagon Trail	Warehouse/Distribution	UC	Southwest	25,880	0%
Beltway Business Park 11/12	Warehouse/Distribution	PC	Southwest	329,775	0%
Diamond Freight Facility	Warehouse/Distribution	PC	Southwest	36,810	0%
Executive Airport Crossing	Warehouse/Distribution	PC	Henderson	76,406	0%
ProLogis I-15 Speedway Logistics Center	Warehouse/Distribution	PC	North Las Vegas	1,641,800	0%
Silver State Commerce Center	Warehouse/Distribution	PC	North Las Vegas	834,944	0%
Sunset Decatur Center	Light Industrial	PC	Southwest	59,212	0%
Q1-2021				994,384	2%
Civic Center Commerce Park	Warehouse/Distribution	PC	North Las Vegas	118,021	0%
Edmond Industrial Park	Light Distribution	PC	Southwest	20,080	65%
Lone Mountain Logistics	Warehouse/Distribution	PC	North Las Vegas	93,943	0%
Mountain West Industrial Park	Warehouse/Distribution	PC	Southwest	252,900	0%
Post Discovery Spectrum	Light Distribution	PC	Southwest	171,392	7%
Stephanie Commerce Center	Warehouse/Distribution	PC	Henderson	338,048	0%

The weighted average asking rate for industrial product in Southern Nevada decreased as vacancy increased in the first quarter of 2020. The weighted average asking rate was \$0.70 psf, a \$0.02 decrease from one quarter ago, and a \$0.05 decrease from one year ago. Asking rates increased by \$0.06 psf in warehouse/distribution properties and by \$0.03 in light distribution properties, and decreased by \$0.09 psf in flex, \$0.04 psf in incubator and \$0.02 psf in light industrial properties.

Industrial investment sales in the first quarter of 2020 stayed on par with 2019 and 2018. Sales volume was \$199.1 million in 22 sales totaling 1,722,000 square feet at an average sales price of \$115.65 psf. This effectively matched 2018 in terms of sales volume, though not in terms of square footage sold. The average cap rate increased to 6.7 percent from last year's 6.3 percent, and the average size of a sold property increased to 78,000 square feet.

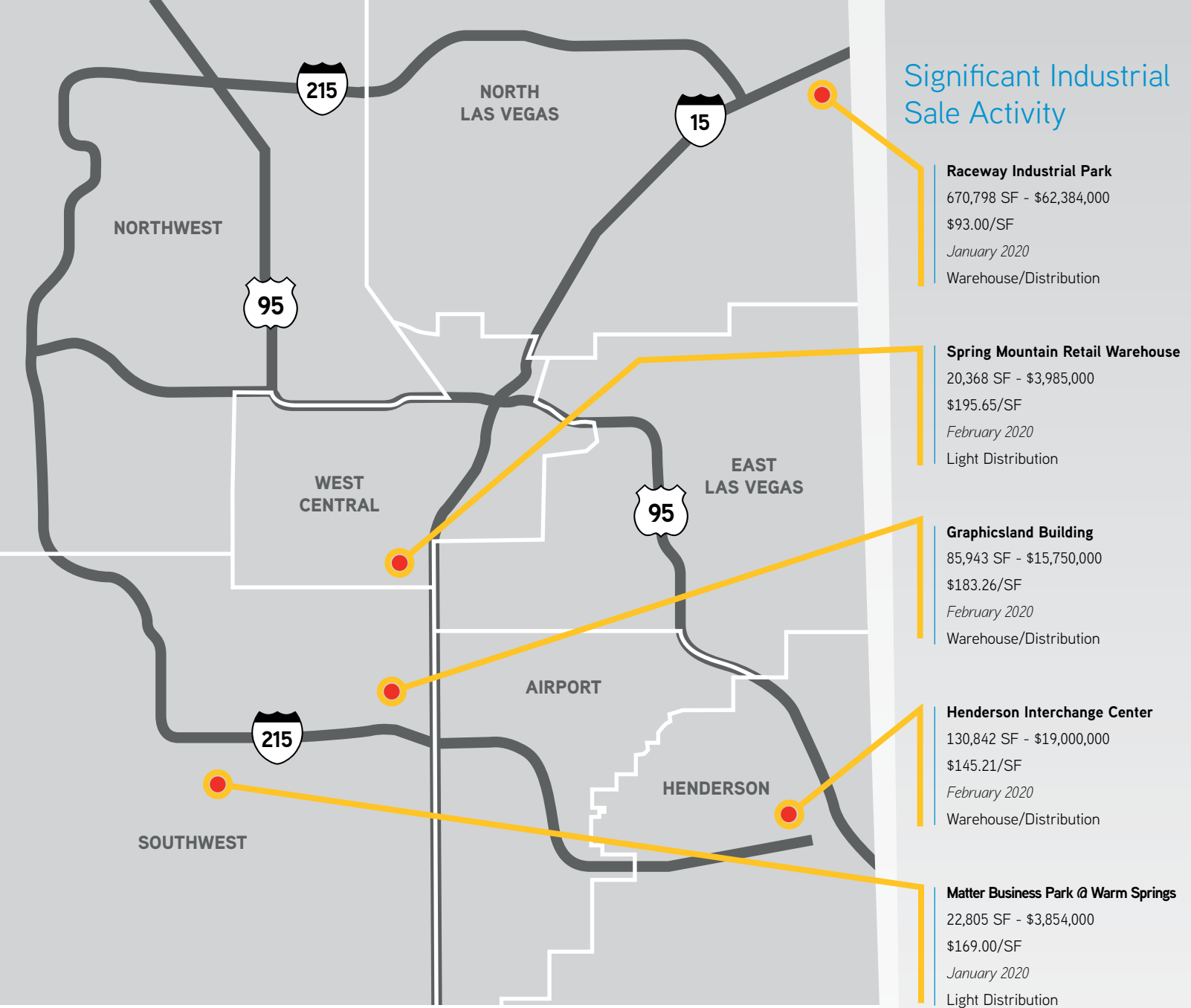
E-commerce and its hunger for warehouse/distribution space marched on in the first quarter of 2020, posting 819,919 square feet of net absorption and 1.86 million square feet of new completions. Record levels of new development have provided tenants with an ample supply of speculative warehouse/distribution product to choose from. The current pandemic and the disruptions and changes to the economy that have come with it could either stimulate demand for this product, as e-commerce emerges stronger post-pandemic, or dampen demand due to supply chain disruptions. Aside from the warehouse/distribution sector, other types of industrial product in Southern Nevada are experiencing more demand than supply, and might benefit from additions to inventory. As things stand, we think industrial vacancy will continue to increase in 2020 due to continued speculative development and disruptions caused by the COVID-19 pandemic. Small business closures are possible in the quarters ahead, and would primarily impact the non-warehouse/distribution sector of the market.

“E-commerce and its hunger for warehouse/distribution space marched on in the first quarter of 2020 ...”

Investment Sales

	2016	2017	2018	2019	2020 YTD
No. Sales	70	66	92	94	22
Square Feet Sold	3,299,000	3,241,000	6,464,000	5,188,000	1,722,000
Sales Volume	\$308.4 MM	\$316.2 MM	\$668.3 MM	\$664.2 MM	\$199.1 MM
Average Price/SF	\$93.48	\$97.56	\$103.38	\$128.03	\$115.65
Average Cap Rate	7.4%	6.9%	6.0%	6.3%	6.7%
Average Sale Size (SF)	47,000	49,000	70,000	55,000	78,000

Significant Industrial Sale Activity



Lease Activity

PROPERTY NAME	LEASE DATE	LEASE TERM	SIZE	EFFECTIVE RATE	TYPE
Matter Park @ West Henderson	Mar 2020	131 months	100,405 SF	\$0.69 NNN	Warehouse/Distribution
5480 Procyon Street	Feb 2020	36 months	23,800 SF	\$0.88 NNN	Light Industrial
The Arroyo South Business Center	Jan 2020	88 months	20,391 SF	\$1.03 NNN	Light Distribution
Buffalo Business Park	Feb 2020	120 months	10,455 SF	\$1.49 NNN	Incubator
Hughes Airport Center	Feb 2020	62 months	9,031 SF	\$1.15 NNN	Flex

WH = Warehouse LD = Light Distribution LI = Light Industrial INC = Incubator FLX = Flex

Market Comparisons - Las Vegas

Industrial Market

TYPE	TOTAL INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	SUBLEASE VACANCY SF	TOTAL VACANT SF	VACANCY RATE CURRENT QTR	VACANCY RATE PRIOR QTR	NET ABSORPTION CURRENT QTR SF	NET ABSORPTION YTD SF	COMPLETIONS CURRENT QTR SF	COMPLETIONS YTD SF	UNDER CONSTRUCTION SF	PLANNED CONSTRUCTION SF	WEIGHTED AVG ASKING RENTAL RATE
AIRPORT SUBMARKET														
WH	5,996,575	205,187	3.4%	-	205,187	3.4%	0.7%	(163,307)	(163,307)	-	-	-	151,200	\$0.72
LD	3,496,989	66,622	1.9%	24,541	91,163	2.6%	2.8%	(803)	(803)	-	-	-	-	\$0.84
LI	3,005,255	84,448	2.8%	-	84,448	2.8%	3.5%	21,328	21,328	-	-	-	9,235	\$0.79
INC	1,484,679	51,066	3.4%	1,828	52,894	3.6%	6.8%	47,356	47,356	-	-	-	-	\$0.91
FLX	1,533,648	44,190	2.9%	19,017	63,207	4.1%	8.6%	57,529	57,529	-	-	-	-	\$0.86
Total	15,517,146	451,513	2.9%	45,386	496,899	3.2%	3.1%	(37,897)	(37,897)	-	-	-	160,435	\$0.79
EAST LAS VEGAS SUBMARKET														
WH	1,115,454	29,320	2.6%	-	29,320	2.6%	2.6%	-	-	-	-	-	-	\$0.65
LD	537,068	33,330	6.2%	-	33,330	6.2%	6.2%	-	-	-	-	-	-	\$0.58
LI	1,840,780	55,067	3.0%	-	55,067	3.0%	3.0%	(100)	(100)	-	-	-	70,814	\$0.76
INC	280,959	20,291	7.2%	-	20,291	7.2%	4.5%	(7,779)	(7,779)	-	-	-	-	\$0.77
FLX	233,692	7,823	3.3%	-	7,823	3.3%	3.3%	-	-	-	-	-	-	\$0.67
Total	4,007,953	145,831	3.6%	-	145,831	3.6%	3.4%	(7,879)	(7,879)	-	-	-	70,814	\$0.69
HENDERSON SUBMARKET														
WH	6,980,231	91,045	1.3%	35,392	126,437	1.8%	0.7%	(40,247)	(40,247)	-	-	-	338,048	\$0.62
LD	1,880,646	42,712	2.3%	5,760	48,472	2.6%	3.2%	17,966	17,966	-	-	-	-	\$0.79
LI	3,420,066	90,283	2.6%	-	90,283	2.6%	2.9%	7,771	7,771	-	-	750,000	-	\$0.81
INC	496,555	20,297	4.1%	-	20,297	4.1%	5.9%	8,906	8,906	-	-	-	-	\$0.78
FLX	1,360,598	32,971	2.4%	1,952	34,923	2.6%	2.0%	(6,119)	(6,119)	-	-	-	-	\$1.14
Total	14,138,096	277,308	2.0%	43,104	320,412	2.3%	1.9%	(11,723)	(11,723)	-	-	750,000	338,048	\$0.78
NORTH LAS VEGAS SUBMARKET														
WH	35,580,118	2,685,582	7.5%	0	2,685,582	7.5%	6.6%	1,111,659	1,111,659	1,688,976	1,688,976	3,590,157	9,311,294	\$0.55
LD	5,138,008	118,022	2.3%	34,140	152,162	3.0%	5.2%	84,874	84,874	-	-	109,406	-	\$0.63
LI	9,212,316	303,157	3.3%	0	303,157	3.3%	3.9%	49,468	49,468	-	-	-	-	\$0.61
INC	724,573	42,783	5.9%	0	42,783	5.9%	9.2%	23,691	23,691	-	-	-	-	\$0.66
FLX	803,833	100,946	12.6%	0	100,946	12.6%	11.3%	(10,342)	(10,342)	-	-	-	-	\$0.89
Total	51,458,848	3,250,490	6.3%	34,140	3,284,630	6.4%	6.1%	1,259,350	1,259,350	1,688,976	1,688,976	3,699,563	9,311,294	\$0.57
NORTHWEST SUBMARKET														
WH	224,906	-	0.0%	-	-	0.0%	0.0%	-	-	-	-	-	-	\$-
LD	50,000	-	0.0%	-	-	0.0%	0.0%	-	-	-	-	-	-	\$-
LI	347,360	15,870	4.6%	-	15,870	4.6%	4.6%	-	-	-	-	-	-	\$0.95
INC	99,427	12,012	12.1%	-	12,012	12.1%	20.6%	8,501	8,501	-	-	-	-	\$0.85
FLX	738,475	42,705	5.8%	-	42,705	5.8%	6.0%	1,266	1,266	-	-	-	-	\$0.98
Total	1,460,168	70,587	4.8%	-	70,587	4.8%	5.5%	9,767	9,767	-	-	-	-	\$0.95
SOUTHWEST SUBMARKET														
WH	16,089,012	398,056	2.5%	72,020	470,076	2.9%	2.4%	(24,131)	(24,131)	38,972	38,972	545,814	801,057	\$0.77
LD	7,588,593	192,813	2.5%	26,400	219,213	2.9%	2.9%	9,163	9,163	-	-	-	301,772	\$0.99
LI	10,431,792	248,915	2.4%	5,370	254,285	2.4%	3.1%	74,103	74,103	-	-	24,535	59,212	\$0.91
INC	2,588,180	129,152	5.0%	11,333	140,485	5.4%	7.3%	49,224	49,224	-	-	-	-	\$1.08
FLX	1,757,776	63,893	3.6%	-	63,893	3.6%	3.4%	(4,641)	(4,641)	-	-	75,000	-	\$1.11
Total	38,455,353	1,032,829	2.7%	115,123	1,147,952	3.0%	3.1%	103,718	103,718	38,972	38,972	645,349	1,162,041	\$0.90
WEST CENTRAL SUBMARKET														
WH	2,256,650	64,768	2.9%	-	64,768	2.9%	0.0%	(64,768)	(64,768)	-	-	-	153,320	\$1.00
LD	994,926	42,671	4.3%	-	42,671	4.3%	5.0%	7,200	7,200	-	-	-	-	\$0.70
LI	7,783,038	201,766	2.6%	-	201,766	2.6%	2.6%	1,511	1,511	-	-	-	37,500	\$0.98
INC	2,511,752	129,042	5.1%	-	129,042	5.1%	5.5%	9,888	9,888	-	-	-	-	\$0.98
FLX	161,603	2,164	1.3%	-	2,164	1.3%	1.3%	-	-	-	-	-	-	\$0.45
Total	13,707,969	440,411	3.2%	-	440,411	3.2%	2.9%	(46,169)	(46,169)	-	-	-	190,820	\$0.95
WEST HENDERSON SUBMARKET														
WH	2,326,424	146,927	6.3%	-	146,927	6.3%	0.6%	(287)	(287)	133,305	133,305	866,560	2,637,577	\$0.73
LD	58,100	-	0.0%	-	-	0.0%	0.0%	-	-	-	-	-	-	\$-
LI	242,000	-	0.0%	-	-	0.0%	0.0%	-	-	-	-	-	-	\$-
INC	-	-	#DIV/0!	-	-	#DIV/0!	#DIV/0!	-	-	-	-	-	-	\$-
FLX	63,096	49,793	78.9%	-	49,793	78.9%	100.0%	13,290	13,290	-	-	-	-	\$1.24
Total	2,689,620	196,720	7.3%	-	196,720	7.3%	3.0%	13,003	13,003	133,305	133,305	866,560	2,637,577	\$0.86
MARKET TOTAL														
WH	70,569,370	3,620,885	5.1%	107,412	3,728,297	5.3%	4.0%	818,919	818,919	1,861,253	1,861,253	5,002,531	13,392,496	\$0.60
LD	19,744,330	496,170	2.5%	90,841	587,011	3.0%	3.7%	118,400	118,400	-	-	109,406	301,772	\$0.81
LI	36,282,607	999,506	2.8%	5,370	1,004,876	2.8%	3.2%	154,081	154,081	-	-	774,535	176,761	\$0.81
INC	8,186,125	404,643	4.9%	13,161	417,804	5.1%	6.8%	139,787	139,787	-	-	-	-	\$0.94
FLX	6,652,721	344,485	5.2%	20,969	365,454	5.5%	6.4%	50,983	50,983	-	-	75,000	-	\$1.01
Total	141,435,153	5,865,689	4.1%	237,753	6,103,442	4.3%	4.0%	1,282,170	1,282,170	1,861,253	1,861,253	5,961,472	13,871,029	\$0.70
QUARTERLY COMPARISON AND TOTALS														
Q1-20	141,435,153	5,865,689	4.1%	237,753	6,103,442	4.3%	4.0%	1,282,170	1,282,170	1,861,253	1,861,253	5,961,472	13,871,029	\$0.70
Q4-19	139,573,900	5,286,606	3.8%	362,793	5,649,399	4.0%	3.6%	658,388	4,804,084	1,140,910	5,409,752	5,210,135	12,538,692	\$0.72
Q3-19	138,432,990	4,804,084	3.5%	195,116	4,999,200	3.6%	3.5%	1,332,158	4,215,602	1,454,806	4,268,842	5,918,132	10,711,346	\$0.73
Q2-19	136,978,184	4,681,436	3.4%	126,842	4,808,278	3.5%	3.2%	1,831,220	2,883,444	2,236,028	2,814,036	4,587,478	10,195,426	\$0.75
Q1-19	134,742,156	4,276,628	3.2%	59,419	4,336,047	3.2%	3.7%	1,052,224	1,052,224	578,008	578,008	6,591,901	7,191,871	\$0.75

The information contained in this report was provided by sources deemed to be reliable, however, no guarantee is made as to the accuracy or reliability. As new, corrected or updated information is obtained, it is incorporated into both current and historical data, which may invalidate comparison to previously issued reports.

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6 continents

ANZ: 54

United States: 159

Canada: 48

Latin America: 20

Asia Pacific: 45

EMEA: 114

\$3.5 billion in annual revenue
2 billion square feet under management
18,000+ professionals and staff

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