

INDUSTRIAL MARKET REPORT

FIRST QUARTER 2005

Compared to last quarter:

VACANCY



ABSORPTION



LEASE RATES



CONSTRUCTION



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MARKET HIGHLIGHTS

- ◆ First quarter unemployment for Las Vegas stood at 4.0 percent, down from the 4.8 percent recorded 12 months prior. By comparison, the national unemployment rate was 5.4 percent (seasonally adjusted) at the close of the first quarter.
- ◆ The Las Vegas Valley added an estimated 59,800 new jobs during the past 12 months, representing a 7.6 percent growth rate. Consistent new job growth is anticipated during the upcoming quarter.
- ◆ At the end of the first quarter 2005, the Las Vegas industrial market was comprised of 80.2 million square feet of inventory in 2,529 buildings.
- ◆ New additions to the market contributed 1.3 million square feet, while demand (net absorption) was 1.7 million square feet.
- ◆ Currently, there are nearly 2.4 million square feet of industrial space under construction and 2.8 million square feet planned for future development.
- ◆ There were 5.8 million unoccupied square feet, producing a market-wide vacancy rate of 7.2 percent. Current vacancies represented a decline from the 9.1 percent reported one year ago.
- ◆ The Valley's industrial market contains 30.5 million square feet of distribution space. The North Las Vegas submarket alone contributes 12.4 million toward the market total. We expect national and regional firms to continue to seek out Las Vegas as a major distribution hub, particularly in the North part of the Valley, given rising land values in the urban core.

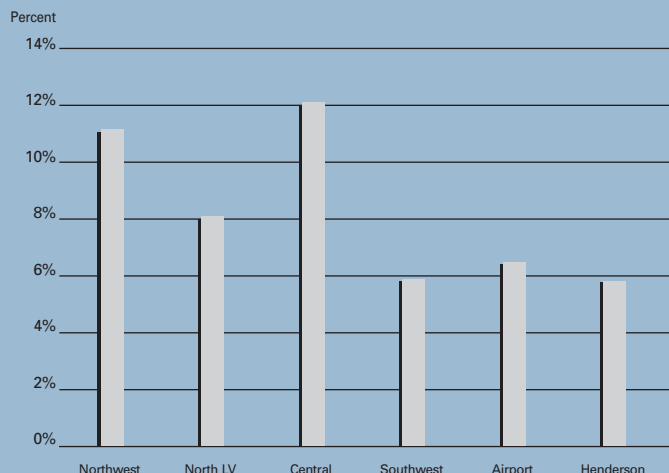
INDUSTRIAL MARKET STATISTICS

	1Q 2005	4Q 2004	1Q 2004	% CHANGE VS. 1Q04
Under Construction	2,386,000	3,035,000	1,830,000	30.38%
Planned Construction	2,782,000	2,931,000	2,973,000	-6.42%
Vacancy	7.2%	7.9%	9.1%	-20.88%
Net Absorption	1,738,000	1,573,000	1,102,000	57.71%

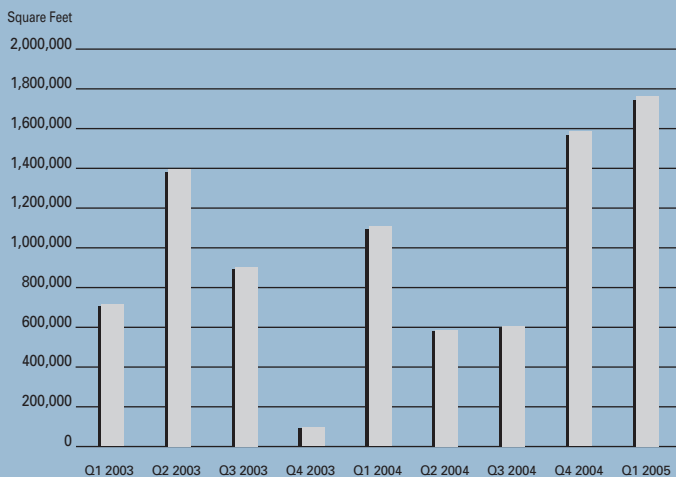
HISTORICAL VACANCY RATE



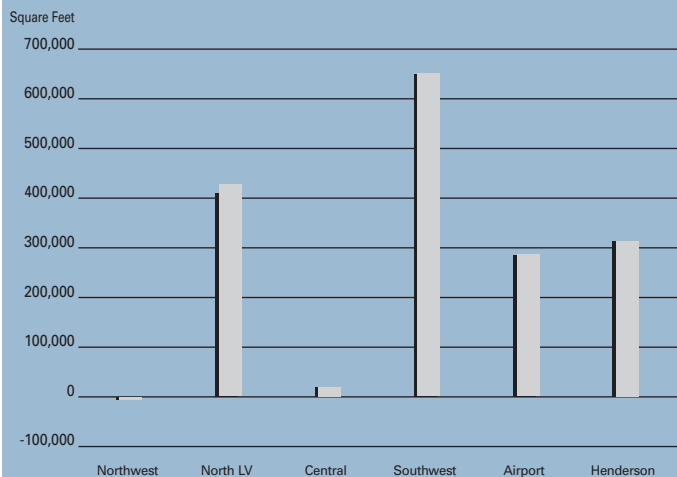
VACANCY RATE BY SUBMARKET



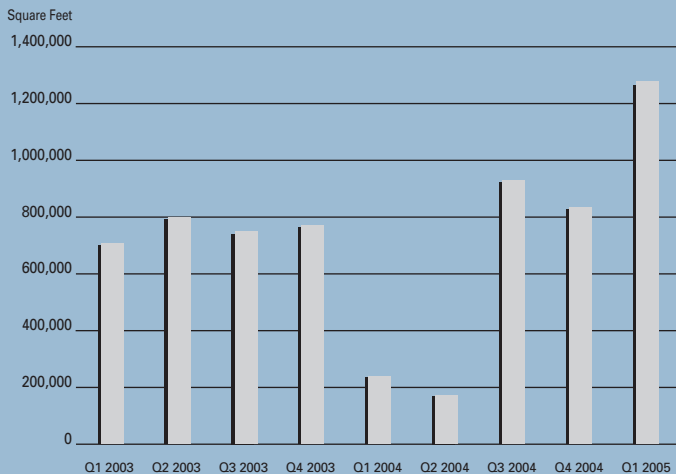
HISTORICAL NET ABSORPTION



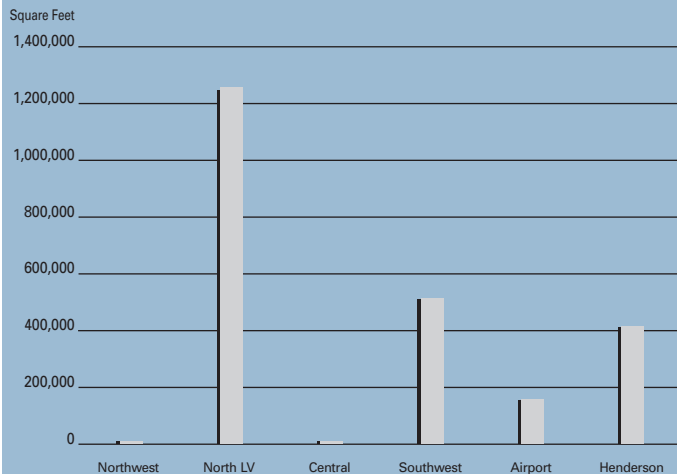
NET ABSORPTION BY SUBMARKET



HISTORICAL NEW CONSTRUCTION



UNDER CONSTRUCTION BY SUBMARKET

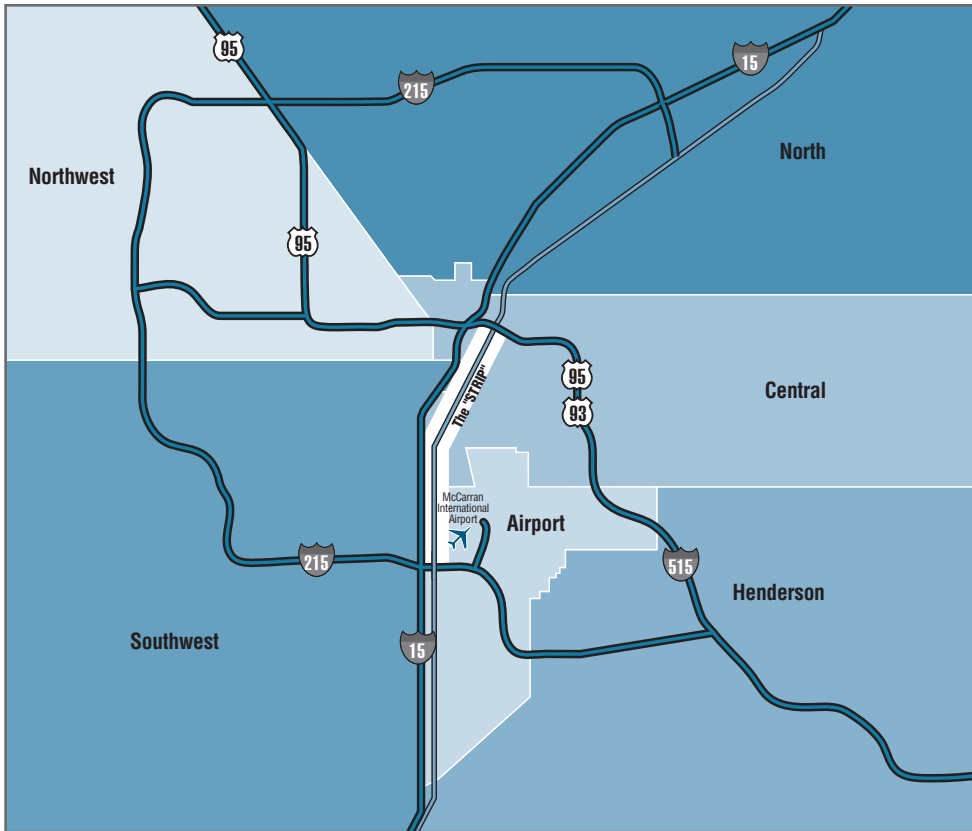


L A S V E G A S M A R K E T

	INVENTORY				VACANCY		ABSORPTION	
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2005	Net Absorption 1Q2005	New Inventory 1Q2005
Northwest								
Distribution	0	0	0	0	0	0.0%	0	0
Flex	8	189,477	0	70,000	46,036	24.3%	(2,533)	0
Freestanding	6	180,690	0	0	14,862	8.2%	0	0
Incubator	2	140,000	0	0	1,440	1.0%	0	0
Midbay	0	0	0	0	0	0.0%	0	0
Other	2	54,812	0	0	0	0.0%	0	0
Northwest Total	18	564,979	0	70,000	62,338	11.0%	(2,533)	0
North								
Distribution	91	12,409,954	1,126,665	612,500	1,142,163	9.2%	157,389	266,160
Flex	32	1,156,254	0	66,018	268,517	23.2%	70,343	101,162
Freestanding	382	6,042,754	141,337	443,405	209,952	3.5%	120,383	138,836
Incubator	17	408,584	0	0	48,948	12.0%	10,000	0
Midbay	41	1,847,286	0	0	131,874	7.1%	77,504	0
Other	0	0	0	0	0	0.0%	0	0
North Total	563	21,864,832	1,268,002	1,121,923	1,801,454	8.2%	435,619	506,158
Central								
Distribution	25	1,333,512	0	0	448,096	33.6%	0	0
Flex	16	431,145	0	0	43,678	10.1%	(1,655)	0
Freestanding	140	2,057,557	0	0	150,517	7.3%	2,881	0
Incubator	31	797,245	0	0	62,003	7.8%	0	0
Midbay	36	1,696,677	0	0	76,413	4.5%	19,927	0
Other	0	0	0	0	0	0.0%	0	0
Central Total	248	6,316,136	0	0	780,707	12.4%	21,153	0
Southwest								
Distribution	92	7,858,967	0	0	416,379	5.3%	331,762	373,600
Flex	186	6,591,265	0	197,500	554,606	8.4%	155,891	176,465
Freestanding	571	7,089,547	233,351	41,659	249,040	3.5%	23,890	0
Incubator	50	1,952,101	0	0	130,433	6.7%	(4,460)	12,476
Midbay	91	4,921,466	308,556	373,600	342,271	7.0%	160,005	0
Other	0	0	0	0	0	0.0%	0	0
Southwest Total	990	28,413,346	541,907	612,759	1,692,729	6.0%	667,088	562,541
Airport								
Distribution	55	4,159,161	0	0	149,045	3.6%	87,674	0
Flex	100	2,623,912	0	0	141,269	5.4%	26,338	0
Freestanding	143	2,686,590	155,631	56,829	188,744	7.0%	168,820	195,000
Incubator	30	1,012,566	0	0	71,080	7.0%	0	0
Midbay	43	2,349,080	0	0	275,706	11.7%	4,936	0
Other	2	77,159	0	0	32,528	42.2%	0	0
Airport Total	373	12,908,468	155,631	56,829	858,372	6.6%	287,768	195,000
Henderson								
Distribution	37	4,726,994	358,800	702,132	166,730	3.5%	281,031	0
Flex	39	720,877	0	0	86,891	12.1%	4,320	0
Freestanding	222	3,057,194	62,098	0	204,540	6.7%	(7,518)	19,800
Incubator	2	33,610	0	0	6,764	20.1%	0	0
Midbay	37	1,554,199	0	218,400	126,683	8.2%	50,922	0
Other	0	0	0	0	0	0.0%	0	0
Henderson Total	337	10,092,874	420,898	920,532	591,608	5.9%	328,755	19,800
Las Vegas Total								
Distribution	300	30,488,588	1,485,465	1,314,632	2,322,413	7.6%	857,856	639,760
Flex	381	11,712,930	0	333,518	1,140,997	9.7%	252,704	277,627
Freestanding	1,464	21,114,332	592,417	541,893	1,017,655	4.8%	308,456	353,636
Incubator	132	4,344,106	0	0	320,668	7.4%	5,540	12,476
Midbay	248	12,368,708	308,556	592,000	952,947	7.7%	313,294	0
Other	4	131,971	0	0	32,528	24.6%	0	0
Total	2,529	80,160,635	2,386,438	2,782,043	5,787,208	7.2%	1,737,850	1,283,499

INDUSTRIAL MARKET REPORT

FIRST QUARTER 2005



PRODUCT TYPE

INCUBATOR

500-1,500 sf divisibility, minimal office, one roll-up door

FLEX

1,500-3,000 sf divisibility, 40% or more office build-out, one roll-up door, high visibility

MIDBAY

5,000-15,000 sf divisibility, 10-15% office build-out, dock high and grade level loading

DISTRIBUTION

Over 15,000 sf divisibility, 3-5% office build-out, multiple docks and grade level loading

FREESTANDING

Single or dual user(s)

OTHER

Tenant improvements to a non-conventional build-out

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