

INDUSTRIAL MARKET REPORT

FIRST QUARTER 2007

Compared to last quarter:

VACANCY



ABSORPTION



LEASE RATES



CONSTRUCTION



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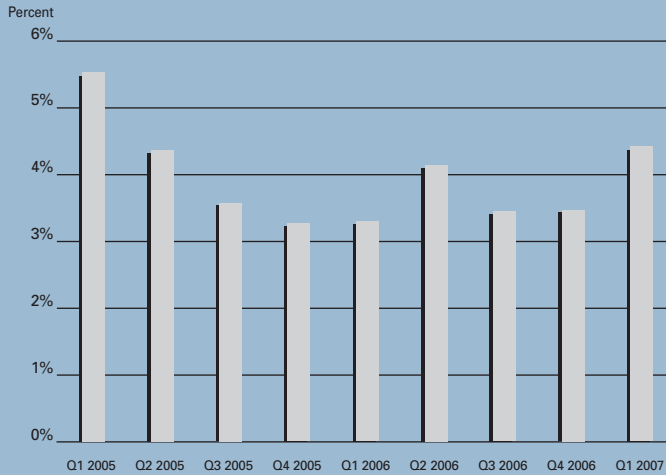
MARKET HIGHLIGHTS

- ◆ Unemployment levels in Las Vegas stood at 4.3 percent during the first quarter 2007, which was up from the 3.8 percent reported one year ago. By comparison, the national unemployment rate was 4.5 percent (seasonally adjusted) at the close of the first quarter.
- ◆ The Las Vegas Valley added an estimated 32,500 new jobs during the past 12 months, representing a 3.6 percent growth rate. During the same period, industrial-using employment added 8,000 positions, representing a 4.3 percent increase.
- ◆ At the end of the first quarter 2007, the Las Vegas industrial market was comprised of 91.4 million square feet of inventory in 3,031 buildings. With 4.0 million unoccupied square feet, the Valley-wide vacancy rate was 4.4 percent, which was up from the 3.5 percent reported at the end of the fourth quarter 2006 and the 3.4 percent posted one year ago.
- ◆ The industrial market expanded by 2.3 million square feet during the first quarter, with demand (net absorption) of 1.4 million square feet. During the last twelve months, 6.1 million square feet of space came on-line, while 4.9 million square feet was demanded.
- ◆ Currently, there are 7.1 million square feet of industrial space under construction (including several large build-to-suit projects) and another 2.2 million square feet planned for future development. Given current market conditions, including rising development costs and land availability concerns, this may be the last sizable wave of industrial development in the Las Vegas urban core for quite some time.
- ◆ Distribution space and freestanding buildings represent the bulk of development activity in the industrial sector. Increasing densities, escalating prices and for-sale product types have allowed many projects to remain financially feasible.

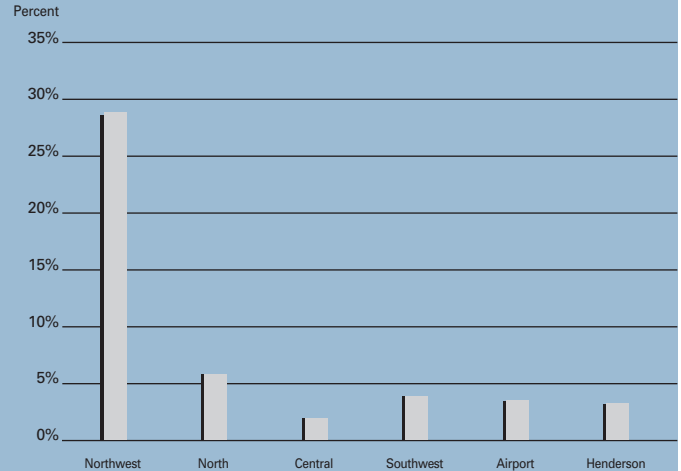
INDUSTRIAL MARKET STATISTICS

	Q1 2007	Q4 2006	Q1 2006	% CHANGE (Y-0-Y)
Under Construction	7,146,000	6,921,000	4,290,000	66.57%
Planned Construction	2,237,000	3,928,000	7,351,000	-69.57%
Vacancy	4.4%	3.5%	3.4%	29.41%
Net Absorption	1,405,000	650,000	1,670,000	-15.87%

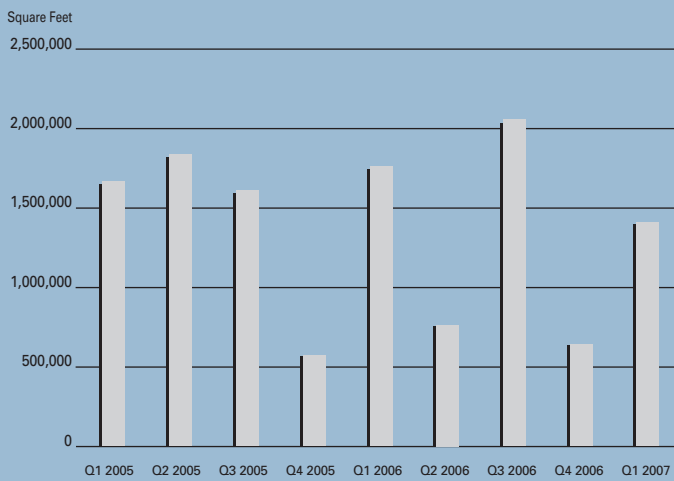
HISTORICAL VACANCY RATE



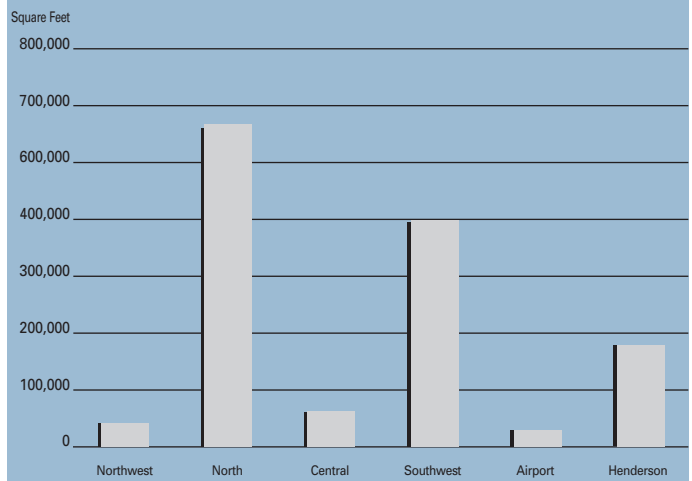
VACANCY RATE BY SUBMARKET



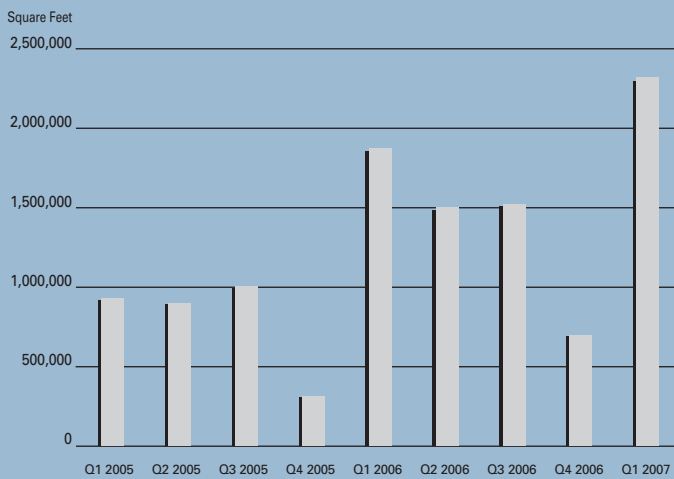
HISTORICAL NET ABSORPTION



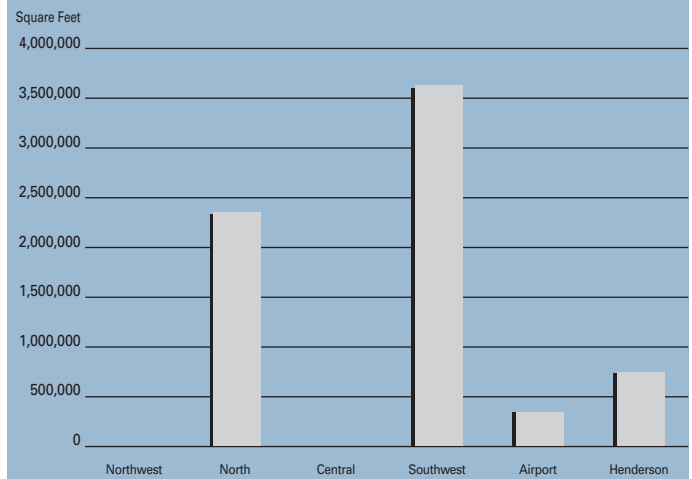
NET ABSORPTION BY SUBMARKET



HISTORICAL NEW CONSTRUCTION



UNDER CONSTRUCTION BY SUBMARKET

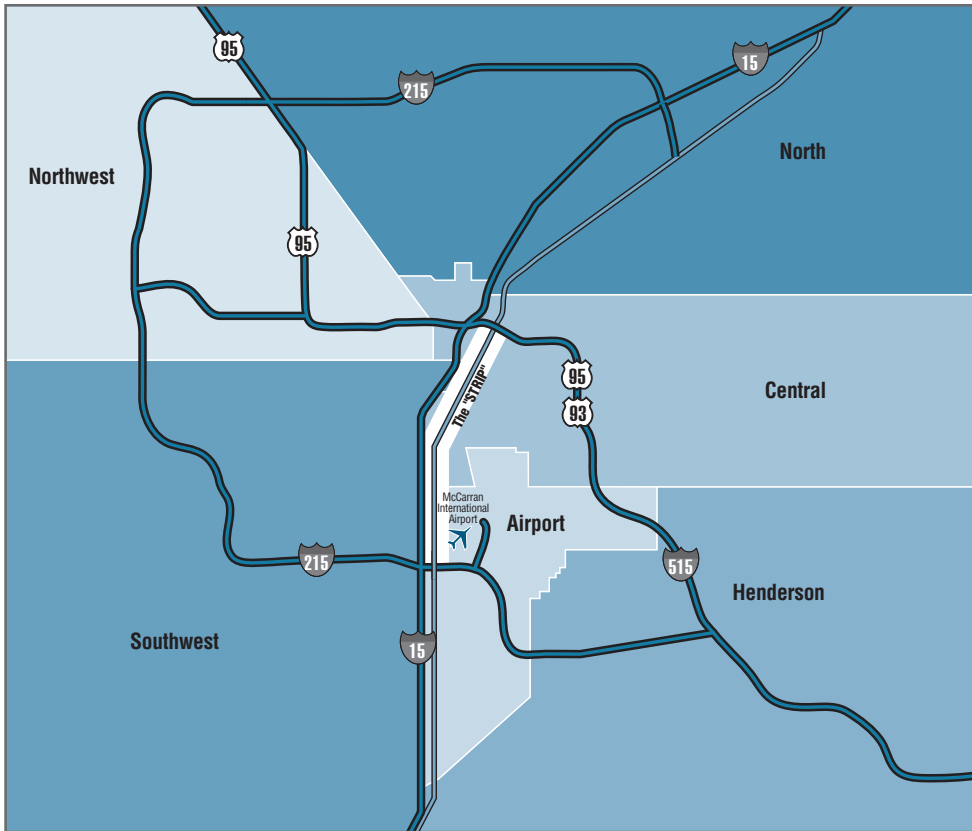


L A S V E G A S M A R K E T

	INVENTORY				VACANCY		ABSORPTION	
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2007	Net Absorption 1Q2007	New Inventory 1Q2007
Northwest								
Distribution	2	196,910	0	0	145,910	74.1%	7,235	0
Flex	9	259,477	0	0	71,441	27.5%	(9,914)	0
Freestanding	6	180,690	0	0	15,000	8.3%	(12,400)	0
Incubator	2	120,000	0	0	2,230	1.9%	59,114	60,000
Midbay	0	0	0	0	0	0.0%	0	0
Other	2	54,812	0	0	0	0.0%	0	0
Northwest Total	21	811,889	0	0	234,581	28.9%	44,035	60,000
North								
Distribution	108	14,823,558	1,881,953	529,245	512,226	3.5%	349,866	409,056
Flex	40	1,389,319	51,040	0	170,726	12.3%	(12,991)	27,683
Freestanding	467	7,124,466	342,578	439,393	275,672	3.9%	224,768	305,196
Incubator	18	458,584	76,035	0	12,411	2.7%	(7,511)	0
Midbay	53	2,565,855	0	13,460	588,836	22.9%	115,755	522,832
Other	0	0	0	0	0	0.0%	0	0
North Total	686	26,361,782	2,351,606	982,098	1,559,871	5.9%	669,887	1,264,767
Central								
Distribution	29	1,428,435	0	51,907	0	0.0%	20,180	20,180
Flex	20	459,945	0	0	10,016	2.2%	(1,991)	0
Freestanding	141	2,062,294	0	0	68,623	3.3%	35,615	73,561
Incubator	31	797,245	0	0	59,081	7.4%	(6,777)	0
Midbay	37	1,708,677	0	0	25,200	1.5%	17,160	12,000
Other	0	0	0	0	0	0.0%	0	0
Central Total	258	6,456,596	0	51,907	162,920	2.5%	64,187	105,741
Southwest								
Distribution	105	10,104,552	2,337,418	271,988	280,005	2.8%	266,015	288,000
Flex	217	6,923,847	177,641	51,296	296,075	4.3%	18,832	0
Freestanding	672	8,162,714	435,331	145,800	339,016	4.2%	189,986	321,694
Incubator	80	1,959,329	0	0	141,034	7.2%	(26,649)	0
Midbay	96	5,346,120	698,653	88,880	151,697	2.8%	(45,391)	0
Other	0	0	0	0	0	0.0%	0	0
Southwest Total	1,170	32,496,562	3,649,043	557,964	1,207,827	3.7%	402,793	609,694
Airport								
Distribution	60	4,466,664	150,000	0	97,754	2.2%	(19,346)	0
Flex	122	2,575,302	0	0	154,069	6.0%	27,478	89,328
Freestanding	157	3,041,916	226,746	19,200	91,228	3.0%	24,037	0
Incubator	27	778,607	0	0	8,738	1.1%	(2,825)	0
Midbay	45	2,311,457	0	13,803	107,255	4.6%	11,918	0
Other	1	44,631	0	0	0	0.0%	0	0
Airport Total	412	13,218,577	376,746	33,003	459,044	3.5%	41,262	89,328
Henderson								
Distribution	44	5,883,978	153,583	224,610	77,974	1.3%	139,024	70,000
Flex	43	811,900	0	0	87,200	10.7%	(15,386)	0
Freestanding	357	3,543,304	465,059	59,713	157,523	4.4%	57,975	130,697
Incubator	2	33,610	0	0	0	0.0%	0	0
Midbay	38	1,809,523	150,000	327,840	98,732	5.5%	1,454	0
Other	0	0	0	0	0	0.0%	0	0
Henderson Total	484	12,082,315	768,642	612,163	421,429	3.5%	183,067	200,697
Las Vegas Total								
Distribution	348	36,904,097	4,522,954	1,077,750	1,113,869	3.0%	762,974	787,236
Flex	451	12,419,790	228,681	51,296	789,527	6.4%	6,028	117,011
Freestanding	1,800	24,115,384	1,469,714	664,106	947,062	3.9%	519,981	831,148
Incubator	160	4,147,375	76,035	0	223,494	5.4%	15,352	60,000
Midbay	269	13,741,632	848,653	443,983	971,720	7.1%	100,896	534,832
Other	3	99,443	0	0	0	0.0%	0	0
Total	3,031	91,427,721	7,146,037	2,237,135	4,045,672	4.4%	1,405,231	2,330,227

INDUSTRIAL MARKET REPORT

FIRST QUARTER 2007



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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