



# Industrial Market Report

VOIT COMMERCIAL BROKERAGE

Compared to last quarter:

**Vacancy**



**UP**

**Absorption**

**DOWN**

**Lease Rates**

**DOWN**

**Construction**



**UP**

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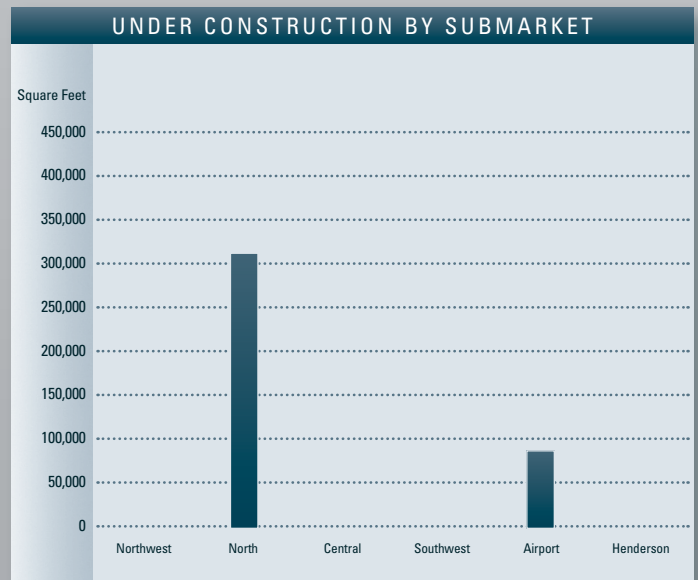
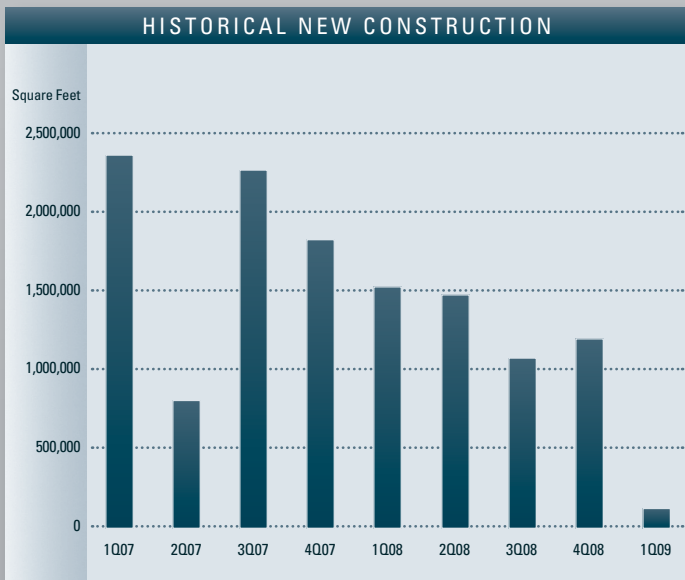
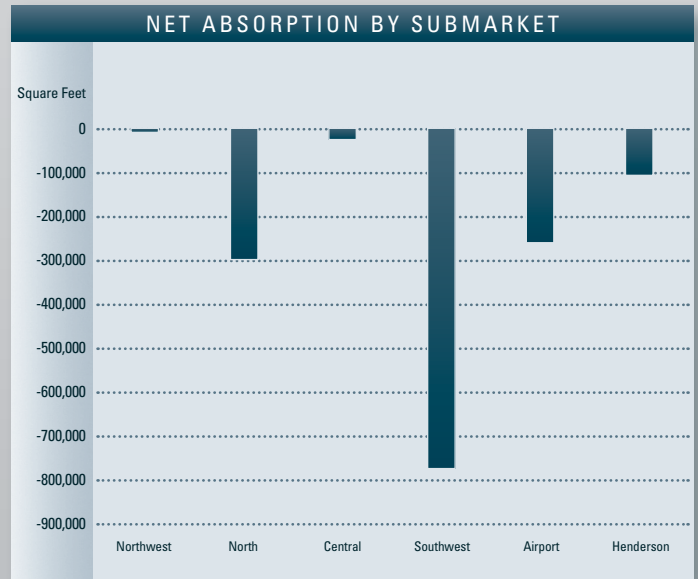
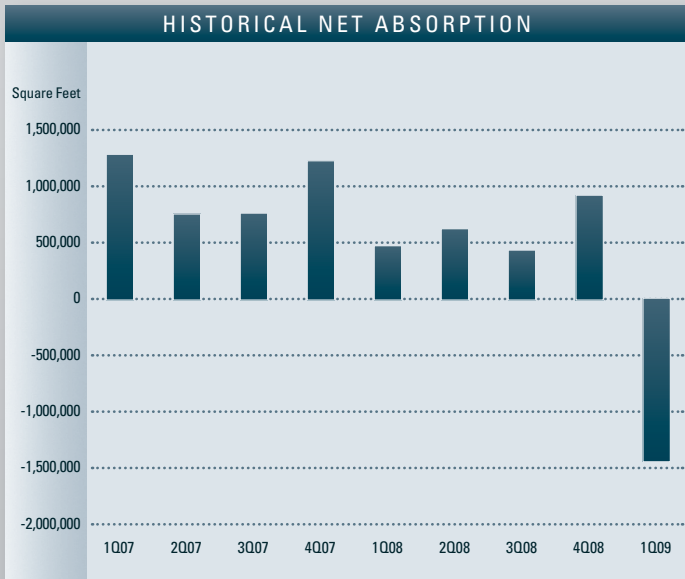
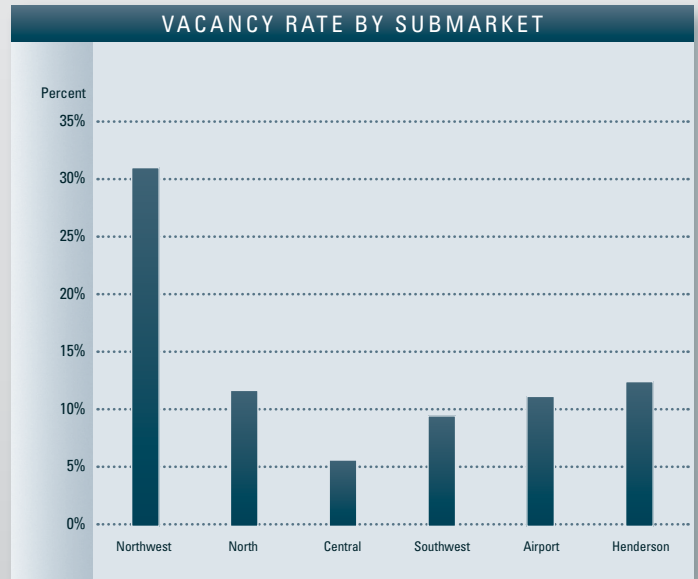
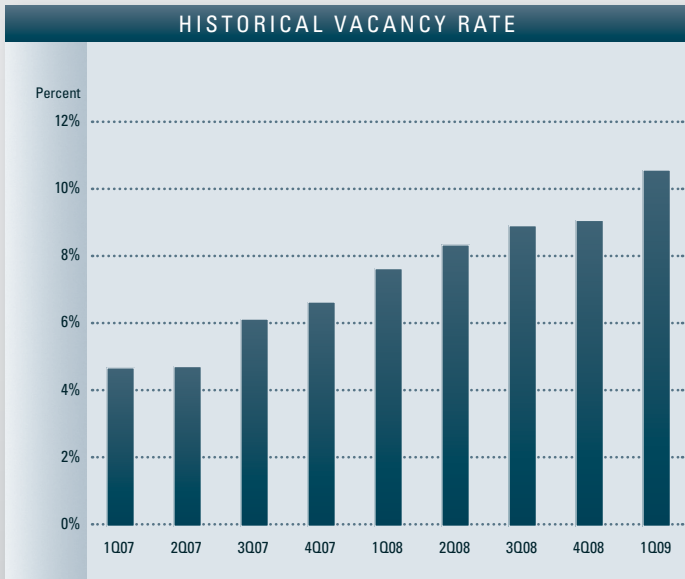
## Industrial Market Highlights

- ◆ Through the first quarter of 2009, the Las Vegas industrial market continued to report weak market demand while new supply additions were somewhat limited. The latest market activity resulted in a 10.5-percent vacancy rate. Compared to the preceding quarter (Q4 2008) vacancies were up from 9.0 percent, yet were well above the 7.6 percent reported during the first quarter of 2008. Despite the sharp increase, vacancies remain below the previous high-point reported in the quarters following September 11, 2001.
- ◆ A relatively modest amount of product entered the market during the quarter (104,000 square feet), which contributed to market-wide inventory of 102.5 million square feet in over 3,400 buildings. The Sunset Pointe Industrial Center in the Henderson area completed construction during the first quarter.
- ◆ Market demand turned negative during the quarter as the year-long impact of a national recession forced business owners and management to respond much more cautiously. Generally speaking, businesses are seeking out opportunities to downsize and vacate excess capacity. While some out-migration has been due to lease expirations making the transition easy, others have been forced to restructure operations altogether.
- ◆ As of the close of the quarter, approximately 808,000 square feet of inventory was actively under construction, while plans for another 1.3 million square feet remained on the drawing board. Given current market dynamics, it is unlikely that a significant share of speculative, planned space will move forward.
- ◆ Construction activity continued in strategic portions of the valley with a few build-to-suit projects scheduled to be completed in the near term. The 412,000-square-foot Freeman Warehouse Facility in the southwest was under development, the 94,000-square-foot Southwest Gas Corporation headquarters and the new PDM Steel Service Center in the north submarket.
- ◆ Economic conditions continue to erode as employment growth turned negative, reporting a net job loss of 41,400 positions during the past 12 months (down 4.5 percent year-over-year). As a result, unemployment levels rose to 10.1 percent, up from 5.1 percent on year ago. Job losses were particularly high in the leisure and hospitality industry (14,300 jobs) and construction sector (13,000 jobs).
- ◆ The impact of the national recession has impacted demand within the resort industry. The latest available data suggests visitor volumes are down 10 percent, average daily hotel room rates are down 21.5 percent, convention attendance is down 28.7 percent and gaming revenues are off 17.1 percent through the first two months of 2009. Softening demand has resulted in tighter margins in the tourism industry, sparking concern about financial viability under existing capital structures for selected operators. Assuming corporate restructurings are necessary, operating assets will continue to generate positive cash flow and employ hundreds of thousands of workers in southern Nevada.

### INDUSTRIAL MARKET OVERVIEW

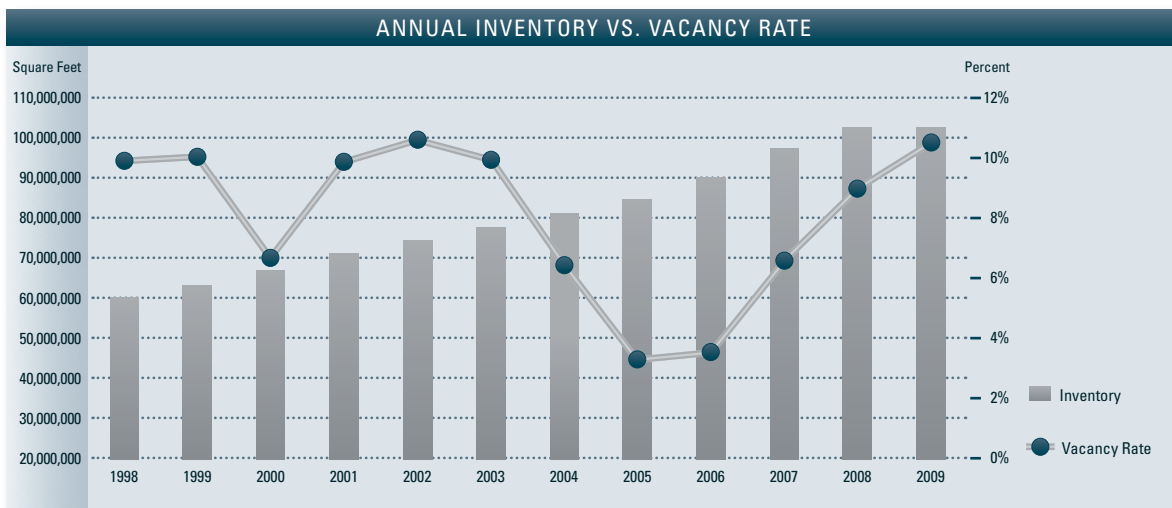
	Q1 2009	Q4 2008	Q1 2008	Q1 2009 VS. Q1 2008
Under Construction	808,000	450,000	3,738,000	-78.38%
Planned Construction	1,250,000	2,348,000	1,230,000	1.63%
Vacancy	10.5%	9.0%	7.6%	38.16%
Net Absorption	-1,445,000	910,438	448,000	N/A

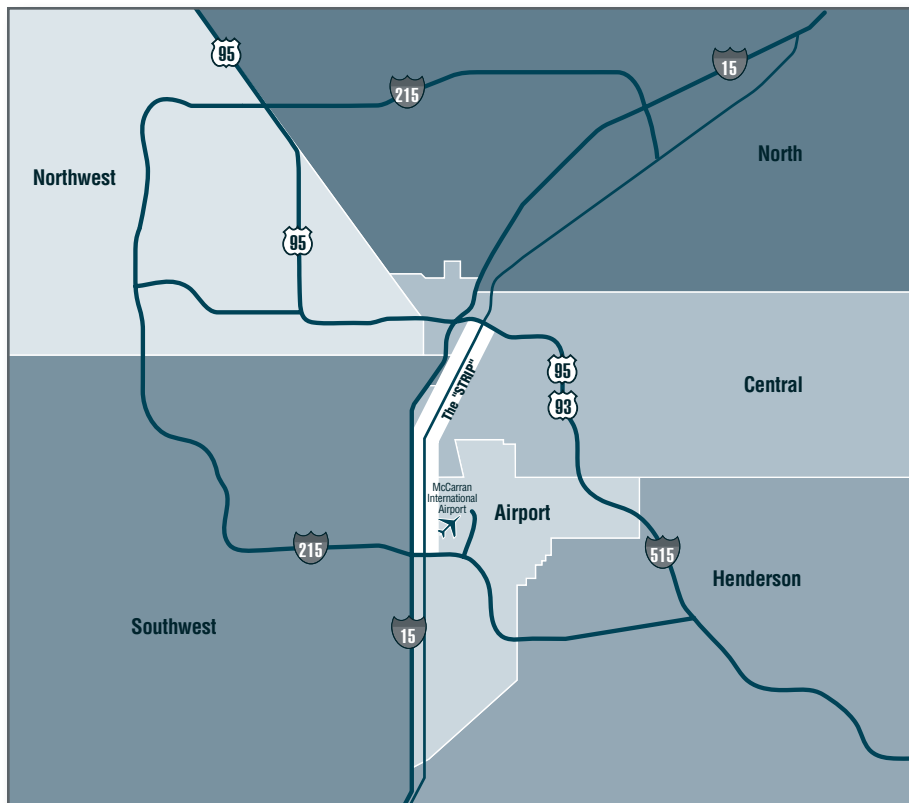
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	INVENTORY				VACANCY		DEMAND & SUPPLY	
	Number of Buildings	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 10/2009	Net Absorption 10/2009	New Supply 10/2009
<b>Northwest</b>								
Distribution	2	196,910	-	-	158,069	80.3%	(12,159)	-
Flex	10	257,489	-	-	36,894	14.3%	3,367	-
Freestanding	6	174,690	-	-	7,500	4.3%	7,500	-
Incubator	2	120,000	-	-	46,592	38.8%	-	-
Midbay	-	-	-	-	-	0.0%	-	-
Other	2	54,812	-	-	-	0.0%	-	-
<b>Northwest Total</b>	<b>22</b>	<b>803,901</b>	<b>-</b>	<b>-</b>	<b>249,055</b>	<b>31.0%</b>	<b>(1,292)</b>	<b>-</b>
<b>North</b>								
Distribution	125	16,644,411	95,000	984,942	1,089,667	6.5%	(164,438)	-
Flex	50	1,388,577	-	-	313,244	22.6%	6,090	-
Freestanding	642	8,383,019	215,800	-	1,262,890	15.1%	(72,155)	-
Incubator	30	751,632	-	-	258,408	34.4%	(3,581)	-
Midbay	59	2,812,221	-	-	559,727	19.9%	(62,022)	-
Other	-	-	-	-	-	0.0%	-	-
<b>North Total</b>	<b>906</b>	<b>29,979,860</b>	<b>310,800</b>	<b>984,942</b>	<b>3,483,936</b>	<b>11.6%</b>	<b>(296,106)</b>	<b>-</b>
<b>Central</b>								
Distribution	34	1,565,860	-	-	4,640	0.3%	-	-
Flex	20	459,945	-	-	26,689	5.8%	-	-
Freestanding	143	2,117,918	-	-	143,204	6.8%	(23,080)	-
Incubator	36	796,885	-	-	84,419	10.6%	-	-
Midbay	48	1,712,261	-	-	97,485	5.7%	2,996	-
Other	-	-	-	-	-	0.0%	-	-
<b>Central Total</b>	<b>281</b>	<b>6,652,869</b>	<b>-</b>	<b>-</b>	<b>356,437</b>	<b>5.4%</b>	<b>(20,084)</b>	<b>-</b>
<b>Southwest</b>								
Distribution	125	11,926,824	412,000	121,875	443,607	3.7%	(145,946)	-
Flex	220	7,027,295	-	135,135	842,815	12.0%	(216,542)	-
Freestanding	727	9,466,953	-	7,624	951,497	10.1%	(158,873)	-
Incubator	59	1,977,729	-	-	174,504	8.8%	(75,763)	-
Midbay	127	6,795,625	-	-	1,047,118	15.4%	(174,197)	-
Other	-	-	-	-	-	0.0%	-	-
<b>Southwest Total</b>	<b>1,258</b>	<b>37,194,426</b>	<b>412,000</b>	<b>264,634</b>	<b>3,459,541</b>	<b>9.3%</b>	<b>(771,321)</b>	<b>-</b>
<b>Airport</b>								
Distribution	61	4,469,439	-	-	471,939	10.6%	(68,486)	-
Flex	124	2,644,794	25,050	-	334,272	12.6%	(93,320)	-
Freestanding	170	3,373,209	60,064	-	267,637	7.9%	(13,721)	-
Incubator	28	794,639	-	-	78,844	9.9%	2,695	-
Midbay	53	2,539,998	-	-	372,519	14.7%	(81,127)	-
Other	1	44,631	-	-	-	0.0%	-	-
<b>Airport Total</b>	<b>437</b>	<b>13,866,710</b>	<b>85,114</b>	<b>-</b>	<b>1,525,211</b>	<b>11.0%</b>	<b>(253,959)</b>	<b>-</b>
<b>Henderson</b>								
Distribution	54	6,590,341	-	-	354,258	5.4%	3,023	-
Flex	44	819,811	-	-	91,830	11.2%	(12,745)	-
Freestanding	348	4,244,572	-	-	645,630	15.2%	(52,400)	104,030
Incubator	6	189,442	-	-	30,947	16.3%	-	-
Midbay	47	2,145,413	-	-	601,769	28.0%	(40,357)	-
Other	-	-	-	-	-	0.0%	-	-
<b>Henderson Total</b>	<b>499</b>	<b>13,989,579</b>	<b>-</b>	<b>-</b>	<b>1,724,434</b>	<b>12.3%</b>	<b>(102,479)</b>	<b>104,030</b>
<b>Las Vegas Total</b>								
Distribution	401	41,393,785	507,000	1,106,817	2,522,180	6.1%	(388,006)	-
Flex	468	12,597,911	25,050	135,135	1,645,744	13.1%	(313,150)	-
Freestanding	2,036	27,760,361	275,864	7,624	3,278,358	11.8%	(312,729)	104,030
Incubator	161	4,630,327	-	-	673,714	14.6%	(76,649)	-
Midbay	334	16,005,518	-	-	2,678,618	16.7%	(354,707)	-
Other	3	99,443	-	-	-	0.0%	-	-
<b>Total</b>	<b>3,403</b>	<b>102,487,345</b>	<b>807,914</b>	<b>1,249,576</b>	<b>10,798,614</b>	<b>10.5%</b>	<b>(1,445,241)</b>	<b>104,030</b>

This survey consists of buildings greater than 5,000 square feet.





**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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