

INDUSTRIAL MARKET REPORT

SECOND
QUARTER
2006

Compared to
last quarter:

VACANCY



UP

ABSORPTION



DOWN

LEASE RATES



UP

CONSTRUCTION



UP

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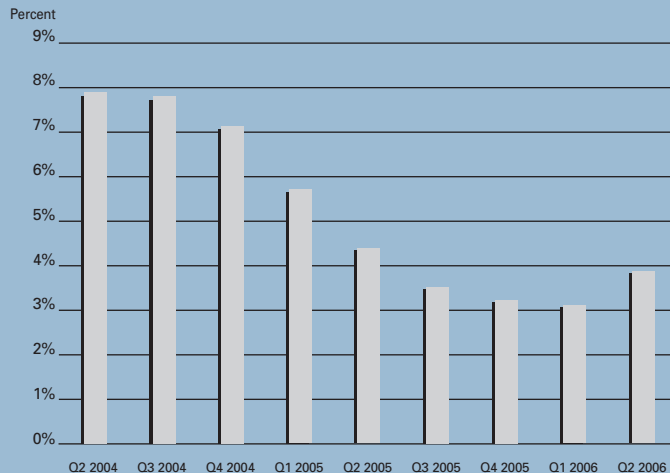
MARKET HIGHLIGHTS

- ◆ Unemployment levels in Las Vegas stood at 3.6 percent during the second quarter 2006, which was down from the 3.8 percent reported one year ago. By comparison, the national unemployment rate was 4.6 percent (seasonally adjusted) at the close of the second quarter.
- ◆ The Las Vegas Valley added an estimated 49,100 new jobs during the past 12 months, representing a 5.6 percent growth rate. During the same period, industrial-using employment added 15,700 new positions, representing an 8.8 percent annual growth rate within the sector.
- ◆ At the end of the second quarter 2006, the Las Vegas industrial market was comprised of 85.9 million square feet of inventory in 2,705 buildings. With 3.4 million unoccupied square feet, the Valley-wide vacancy rate was 4.0 percent, which was up modestly from the 3.2 percent reported in the first quarter 2006 and below the 4.4 percent reported on year ago.
- ◆ The industrial market expanded by 1.6 million square feet during the second quarter, with demand (net absorption) of 929,000 square feet. Through the first half of the year, over 3.0 million square feet of space came on-line, which is on pace to exceed 2005's total completions.
- ◆ Currently, there are 5.0 million square feet of industrial space under construction and 4.9 million square feet planned for future development.
- ◆ Rising development costs and land availability concerns have the potential to limit long-run industrial development activity.

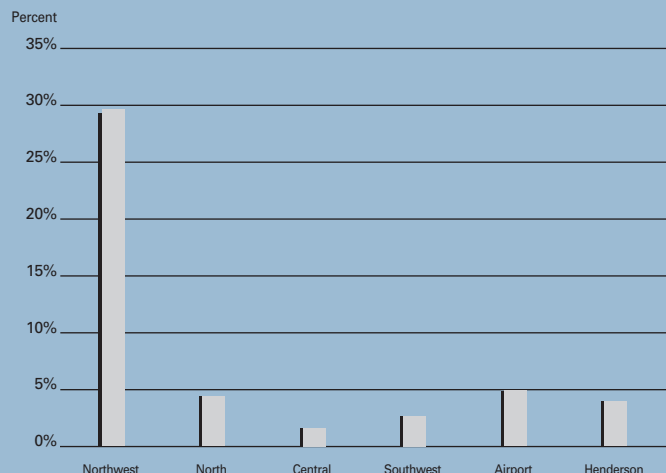
INDUSTRIAL MARKET STATISTICS

	Q2 2006	Q1 2006	Q2 2005	% CHANGE VS. 2005
Under Construction	4,991,000	3,864,000	2,253,000	121.53%
Planned Construction	4,859,000	4,584,000	4,427,000	9.76%
Vacancy	4.0%	3.2%	4.4%	-9.09%
Net Absorption	929,000	1,395,000	1,904,000	-51.21%

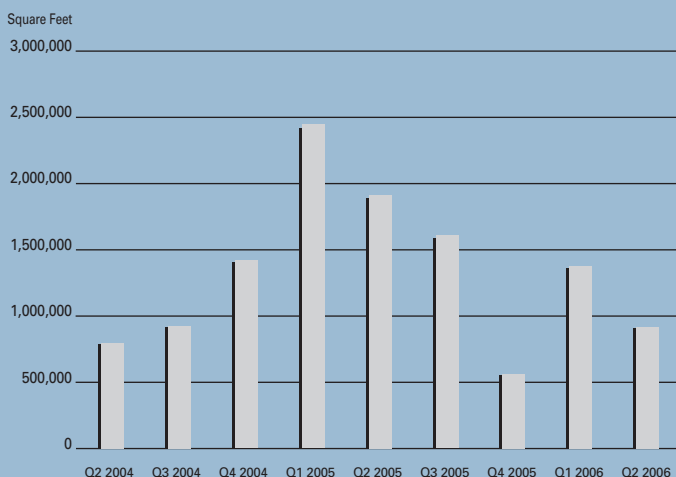
HISTORICAL VACANCY RATE



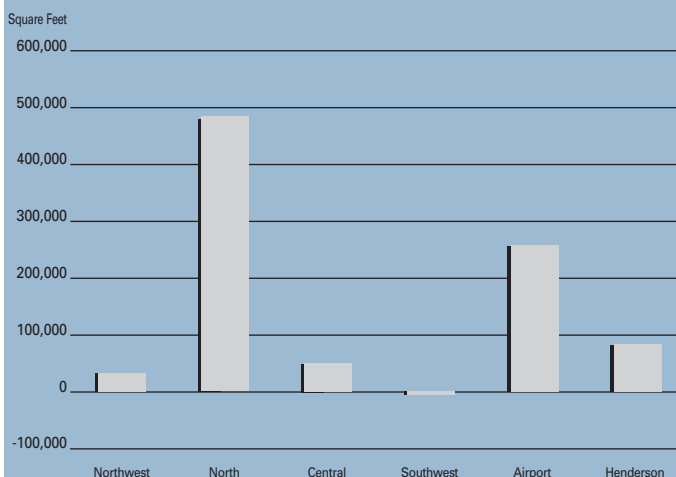
VACANCY RATE BY SUBMARKET



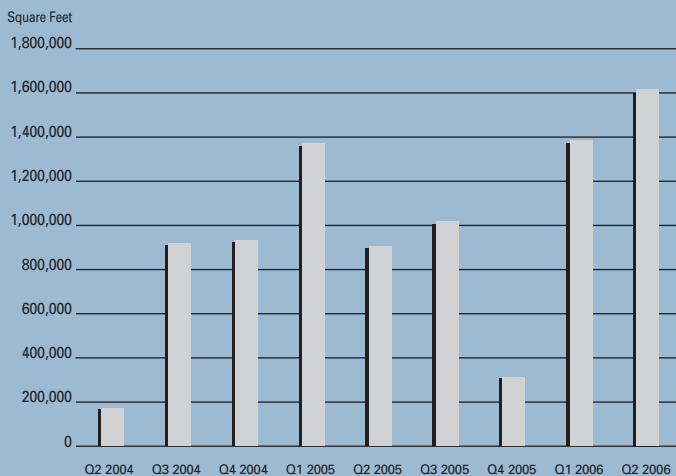
HISTORICAL NET ABSORPTION



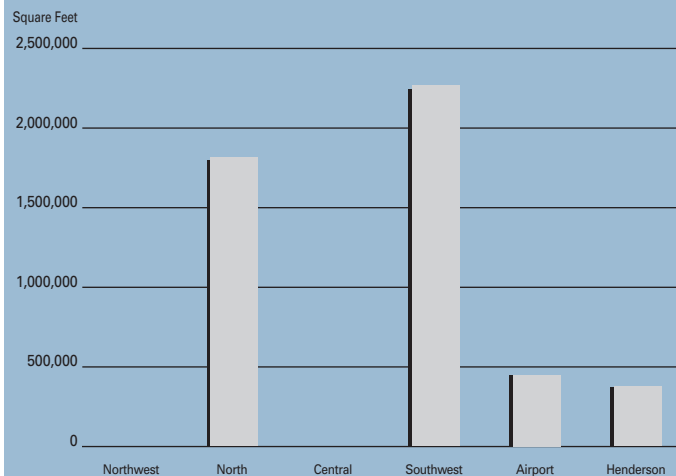
NET ABSORPTION BY SUBMARKET



HISTORICAL NEW CONSTRUCTION



UNDER CONSTRUCTION BY SUBMARKET

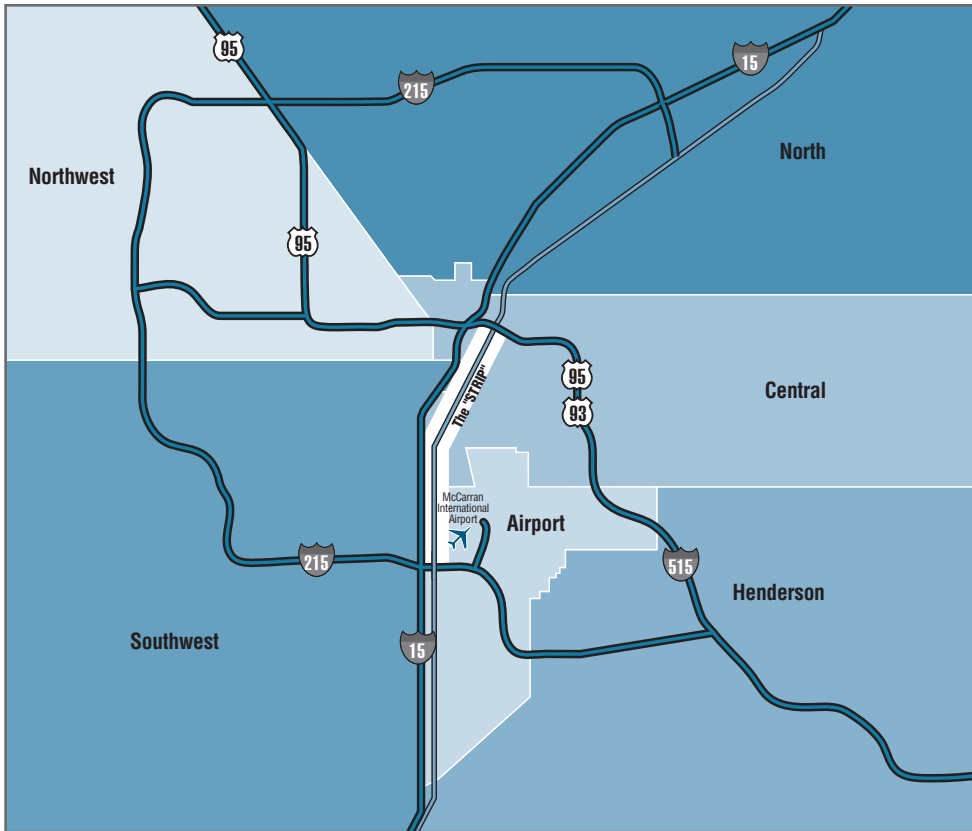


L A S V E G A S M A R K E T

	INVENTORY				VACANCY		ABSORPTION	
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 2Q2006	Net Absorption 2Q2006	New Inventory 2Q2006
Northwest								
Distribution	2	196,910	0	0	157,007	79.7%	13,413	0
Flex	9	259,477	0	0	66,675	25.7%	31,459	70,000
Freestanding	6	180,690	0	0	0	0.0%	0	0
Incubator	1	60,000	0	0	1,344	2.2%	(1,344)	0
Midbay	0	0	0	0	0	0.0%	0	0
Other	2	54,812	0	0	0	0.0%	0	0
Northwest Total	20	751,889	0	0	225,026	29.9%	43,528	70,000
North								
Distribution	110	14,243,650	943,925	3,194,440	774,762	5.4%	48,825	437,330
Flex	33	1,198,292	0	0	120,025	10.0%	(1,127)	66,018
Freestanding	424	6,793,581	726,766	401,833	181,037	2.7%	402,815	435,789
Incubator	17	408,584	0	51,040	12,224	3.0%	1,029	0
Midbay	41	1,847,286	172,000	0	24,770	1.3%	35,244	0
Other	0	0	0	0	0	0.0%	0	0
North Total	625	24,491,393	1,842,691	3,647,313	1,112,818	4.5%	486,786	939,137
Central								
Distribution	28	1,408,255	0	0	35,520	2.5%	1,450	0
Flex	20	459,945	0	0	16,336	3.6%	20,921	28,800
Freestanding	139	1,967,557	0	0	11,066	0.6%	17,614	0
Incubator	31	797,245	0	0	48,748	6.1%	(6,571)	0
Midbay	36	1,696,677	0	0	19,985	0.0%	23,940	0
Other	0	0	0	0	0	0.0%	0	0
Central Total	254	6,329,679	0	0	131,655	2.1%	57,354	28,800
Southwest								
Distribution	100	8,448,617	1,370,335	372,256	251,884	3.0%	(70,490)	50,000
Flex	193	6,881,771	19,895	0	251,764	3.7%	154,120	126,000
Freestanding	618	7,690,358	466,336	92,154	117,145	1.5%	(30,624)	35,202
Incubator	51	1,974,329	0	0	77,327	3.9%	(14,933)	0
Midbay	95	5,310,656	434,020	110,392	141,837	2.7%	(42,885)	0
Other	0	0	0	0	0	0.0%	0	0
Southwest Total	1,057	30,305,731	2,290,586	574,802	839,957	2.8%	(4,812)	211,202
Airport								
Distribution	59	4,441,664	150,000	0	224,093	5.0%	196,931	261,398
Flex	96	2,484,617	57,060	0	122,579	4.9%	53,170	0
Freestanding	155	2,994,181	230,038	96,444	172,663	5.8%	35,000	35,000
Incubator	27	888,358	0	0	19,001	2.1%	(4,474)	0
Midbay	42	2,285,435	27,000	0	123,811	5.4%	(20,992)	12,000
Other	1	44,631	0	0	0	0.0%	0	0
Airport Total	380	13,138,886	464,098	96,444	662,147	5.0%	259,635	308,398
Henderson								
Distribution	39	5,057,794	250,922	206,450	206,257	4.1%	22,084	0
Flex	43	811,900	0	0	56,537	7.0%	(21,157)	0
Freestanding	245	3,178,438	128,515	145,366	60,357	1.9%	63,273	63,086
Incubator	2	33,610	0	0	0	0.0%	0	0
Midbay	40	1,821,531	14,143	188,400	120,193	6.6%	21,884	0
Other	0	0	0	0	0	0.0%	0	0
Henderson Total	369	10,903,273	393,580	540,216	443,344	4.1%	86,084	63,086
Las Vegas Total								
Distribution	338	33,796,890	2,715,182	3,773,146	1,649,523	4.9%	212,213	748,728
Flex	394	12,096,002	76,955	0	633,916	5.2%	237,386	290,818
Freestanding	1,587	22,804,805	1,551,655	735,797	542,268	2.4%	488,078	569,077
Incubator	129	4,162,126	0	51,040	158,644	3.8%	(26,293)	0
Midbay	254	12,961,585	647,163	298,792	430,596	3.3%	17,191	12,000
Other	3	99,443	0	0	0	0.0%	0	0
Total	2,705	85,920,851	4,990,955	4,858,775	3,414,947	4.0%	928,575	1,620,623

INDUSTRIAL MARKET REPORT

SECOND QUARTER 2006



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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