



Industrial Market Report

Compared to previous quarter:

Vacancy



Net Absorption



Lease Rates



Construction



To view available properties or electronic versions of current or past market reports, please visit:

www.voitco.com

Prepared by:

Jerry J. Holdner, Jr. – Lic.#01145748

Vice President of Market Research

VOIT Real Estate Services – Lic.#01333376

e-mail: jholdner@voitco.com

Market Highlights

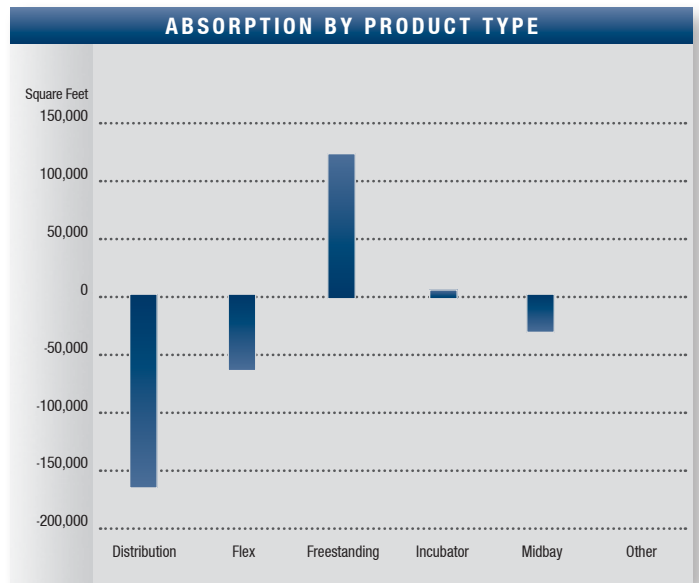
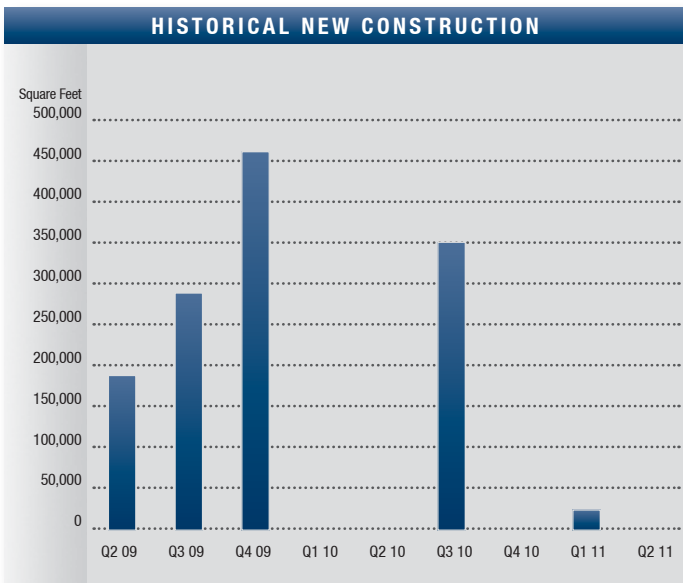
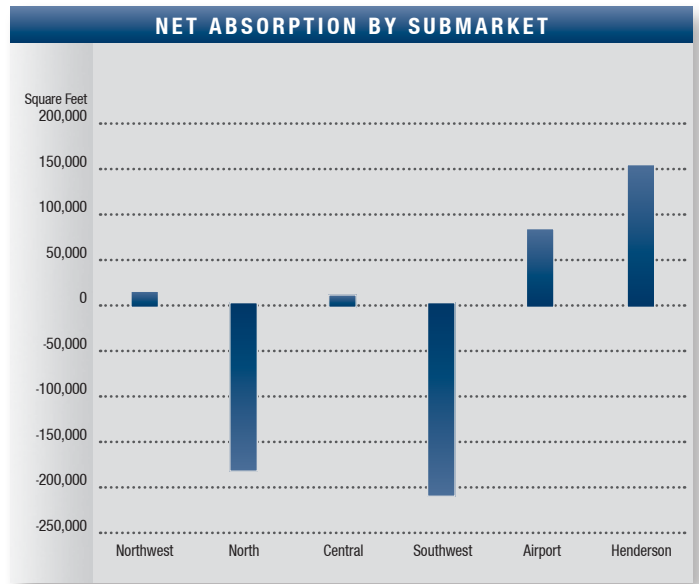
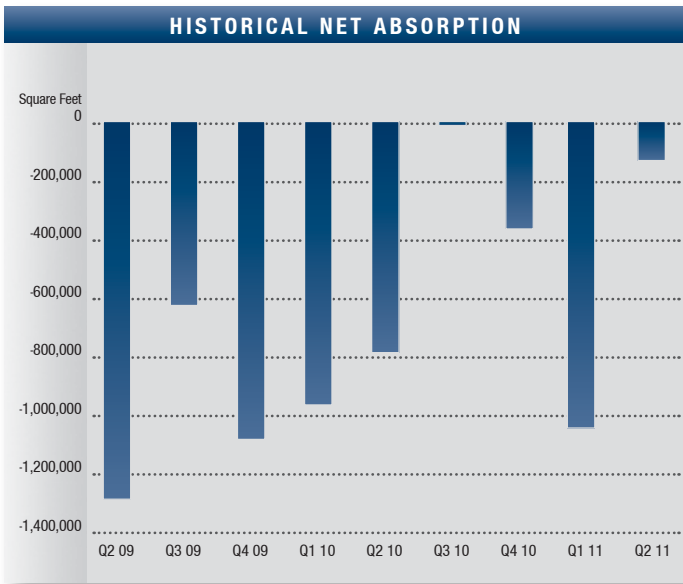
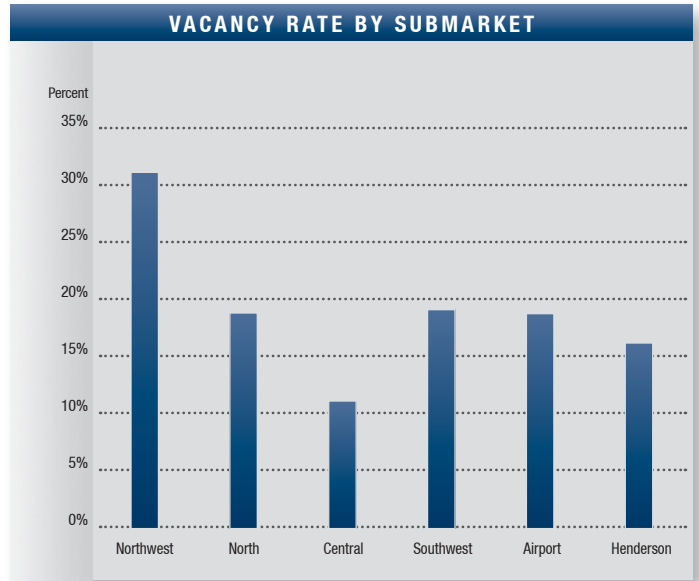
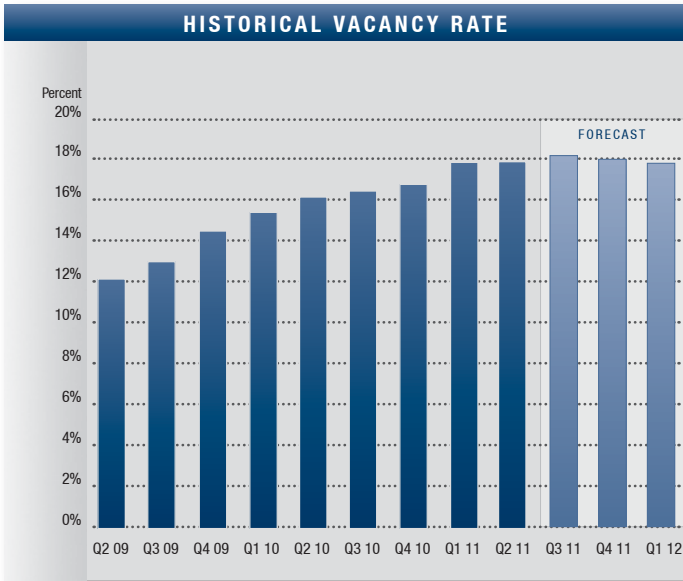
- Market Overview** - The Las Vegas industrial market vacancy rate moved up, but the amount of negative net absorption was relatively modest with a slight decline in average asking rents. The average vacancy rate rose 0.1 percentage points to 18.0 percent from 17.9 percent in the preceding quarter (Q1 2011), and 1.8 percentage points from 16.2 percent reported one year ago (Q2 2010). This represents the smallest increase in the vacancy rate since mid-2007.
- Demand** - Overall demand contracted for the tenth consecutive quarter, posting negative net absorption of 135,600 square feet. Segmented by product type, only freestanding (+124,900 square feet) and incubator (+4,700 square feet) products reported positive net absorption. Across submarkets, only the north and southwest witnessed negative net absorption during the quarter, posting 187,800 square feet and 214,100 square feet of net move-outs, respectively.
- Inventory** - No new projects completed construction during the second quarter of 2011, leaving the overall market at 103.76 million square feet. Over the last 12 months, only 372,900 square feet has been added to the market, the majority of which has been owner-user space or projects holding prelease contracts.
- Future Supply** - A single 120,000-square-foot owner-user building is currently under construction for the future operations of U.S. Micro Corp. The

project is being built in the southwest submarket on the southwest corner of Pioneer Way and Post Road. The industrial sector is expected to see limited new product enter the market, as more than three years of excess supply remains vacant overall.

- Economic Considerations** - After three months of significant expansion in the labor market, May 2011 employment figures were disappointing. Joined with the end of the Federal Reserve's second round of quantitative easing and no plans for further efforts to jumpstart the economy, the pace of future economic growth remains uncertain. For the consumer, inflation is impacting almost everything but housing, and a lack of real growth in income has confidence on uneasy ground. It is likely that job reports will have to show stronger improvement more consistently before the tide buoys all.
- Looking Forward** - As the broader economy sputters forward with mixed reports, large segments of the local economy, including the industrial sector, continue to report weakness. Stagnant population and a construction market on life support is largely surviving with municipal projects as the private sector isn't providing much demand. Industrial-using employment is down slightly from a year ago, but a net gain of 2,200 industrial-using employees has been reported during the first five months of the year, a sign that demand for space may be on the horizon.

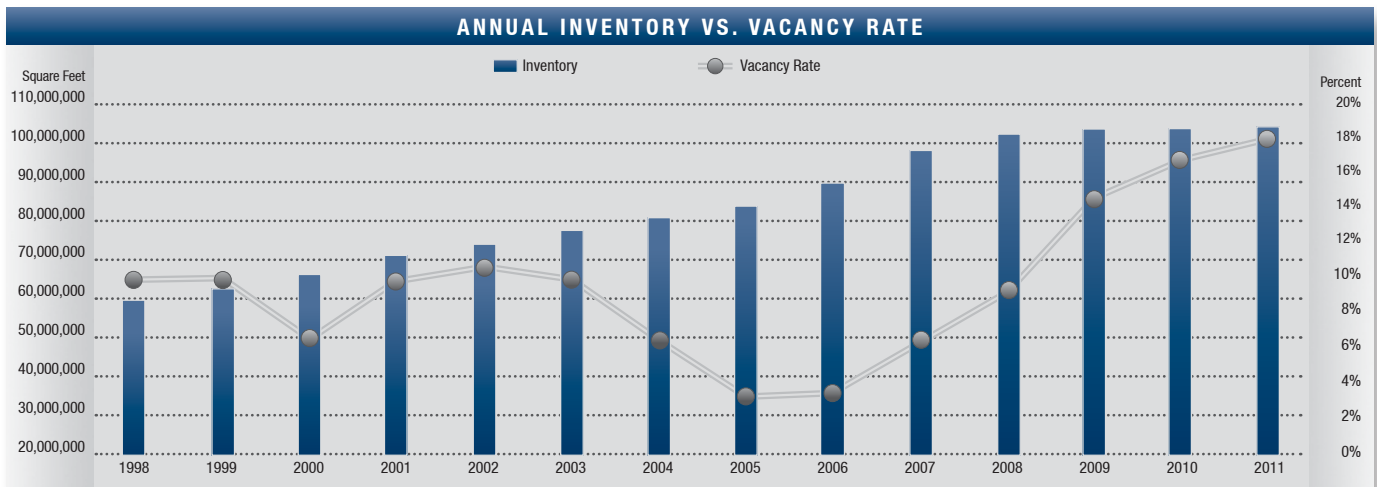
INDUSTRIAL MARKET OVERVIEW

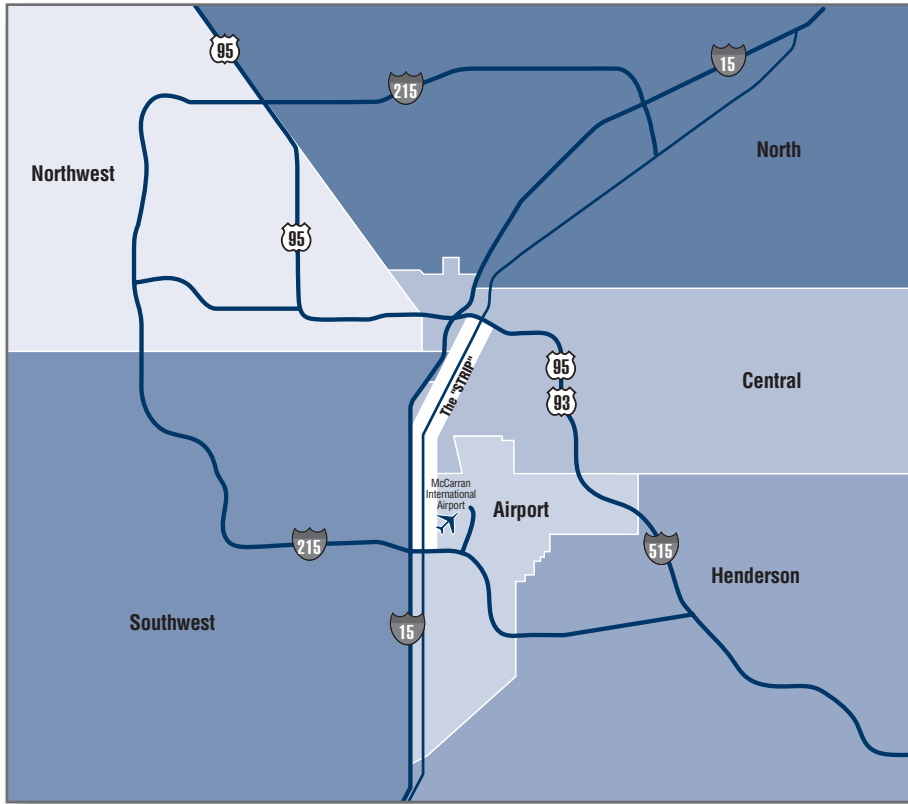
	Q2 2011	Q1 2011	Q2 2010	Q2 2011 vs. Q2 2010
Under Construction	120,000	120,000	350,905	(65.8%)
Planned Construction	0	0	22,000	N/A
Vacancy	18.0%	17.9%	16.2%	1.8 points
Net Absorption	(135,592)	(1,055,487)	(789,010)	N/A



	INVENTORY			VACANCY RATES			ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet Under Construction	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q2 2011	Net Absorption Q2 2011	Net Absorption YTD 2011	New Supply Q2 2011	New Supply YTD 2011
Northwest										
Distribution	2	196,910	–	–	66,357	33.7%	–	28,629	–	–
Flex	10	257,489	–	–	88,749	34.5%	12,709	6,381	–	–
Freestanding	6	174,690	–	–	15,000	8.6%	–	–	–	–
Incubator	2	120,000	–	–	46,592	38.8%	–	–	–	–
Midbay	–	–	–	–	–	0.0%	–	–	–	–
Other	2	54,812	–	–	32,500	59.3%	–	–	–	–
Northwest Total	22	803,901	–	–	249,198	31.0%	12,709	35,010	–	–
North										
Distribution	128	16,932,396	–	–	2,346,510	13.9%	(184,569)	(117,537)	–	–
Flex	51	1,394,049	–	–	401,714	28.8%	(4,444)	(7,661)	–	–
Freestanding	643	8,575,432	–	–	1,872,476	21.8%	81,208	(108,545)	–	–
Incubator	30	751,632	–	–	343,920	45.8%	2,900	3,300	–	–
Midbay	59	2,812,221	–	–	723,523	25.7%	(82,889)	(109,979)	–	–
Other	–	–	–	–	–	0.0%	–	–	–	–
North Total	911	30,465,730	–	–	5,688,143	18.7%	(187,794)	(340,422)	–	–
Central										
Distribution	34	1,565,860	–	–	35,734	2.3%	–	–	–	–
Flex	20	459,945	–	–	53,383	11.6%	(3,866)	(10,226)	–	–
Freestanding	143	2,123,318	–	–	228,093	10.7%	3,671	13,984	–	–
Incubator	36	796,885	–	–	125,855	15.8%	30,501	21,201	–	–
Midbay	48	1,712,261	–	–	282,908	16.5%	(21,880)	(35,726)	–	–
Other	–	–	–	–	–	0.0%	–	–	–	–
Central Total	281	6,658,269	–	–	725,973	10.9%	8,426	(10,767)	–	–
Southwest										
Distribution	120	12,343,937	–	–	1,496,398	12.1%	(122,972)	(242,205)	–	–
Flex	228	7,278,930	–	–	1,708,100	23.5%	(55,673)	(79,620)	–	–
Freestanding	743	9,846,627	120,000	–	2,122,368	21.6%	(58,648)	(137,627)	–	–
Incubator	58	1,954,667	–	–	305,923	15.7%	(33,346)	(57,048)	–	–
Midbay	126	6,764,307	–	–	1,605,339	23.7%	56,528	(192,081)	–	–
Other	–	–	–	–	–	0.0%	–	–	–	–
Southwest Total	1,275	38,188,468	120,000	–	7,238,128	19.0%	(214,111)	(708,581)	–	–
Airport										
Distribution	63	4,662,268	–	–	842,200	18.1%	87,232	19,212	–	–
Flex	125	2,682,318	–	–	536,112	20.0%	(15,380)	(91,110)	–	–
Freestanding	171	3,361,078	–	–	498,713	14.8%	48,607	17,213	–	22,000
Incubator	28	794,639	–	–	170,300	21.4%	(5,226)	(5,226)	–	–
Midbay	53	2,539,998	–	–	575,983	22.7%	(29,213)	(47,631)	–	–
Other	1	44,631	–	–	–	0.0%	–	–	–	–
Airport Total	441	14,084,932	–	–	2,623,308	18.6%	86,020	(107,542)	–	22,000
Henderson										
Distribution	54	6,168,541	–	–	492,779	8.0%	53,324	(42,962)	–	–
Flex	44	819,811	–	–	143,693	17.5%	922	(15,340)	–	–
Freestanding	343	4,235,000	–	–	896,317	21.2%	50,052	(104)	–	–
Incubator	6	189,442	–	–	59,643	31.5%	9,887	4,344	–	–
Midbay	46	2,104,108	–	–	565,760	26.9%	44,973	(4,715)	–	–
Other	–	–	–	–	–	0.0%	–	–	–	–
Henderson Total	493	13,516,902	–	–	2,158,192	16.0%	159,158	(58,777)	–	–
Las Vegas Total										
Distribution	401	41,869,912	–	–	5,279,978	12.6%	(166,985)	(354,863)	–	–
Flex	478	12,892,542	–	–	2,931,751	22.7%	(65,732)	(197,576)	–	–
Freestanding	2,049	28,316,145	120,000	–	5,632,967	19.9%	124,890	(215,079)	–	22,000
Incubator	160	4,607,265	–	–	1,052,233	22.8%	4,716	(33,429)	–	–
Midbay	332	15,932,895	–	–	3,753,513	23.6%	(32,481)	(390,132)	–	–
Other	3	99,443	–	–	32,500	32.7%	–	–	–	–
Las Vegas Total	3,423	103,718,202	120,000	–	18,682,942	18.0%	(135,592)	(1,191,079)	–	22,000

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

Please Contact Us for Further Information

Anaheim, CA
714.978.7880

Commerce, CA
323.201.4494

Inland Empire, CA
909.218.5285

Irvine, CA
949.851.5100

Las Vegas, NV
702.734.4500

Los Angeles, CA
818.593.6330

Newport Beach, CA
949.644.8648

Phoenix, AZ
602.952.8648

Sacramento, CA
916.772.8648

San Diego, CA
858.453.0505



REAL ESTATE SERVICES

101 Shipyard Way
Newport Beach, CA 92663

949.644.8648
www.voitco.com
Lic.#01333376

Represented in 150 Markets
Nationally & Internationally.



This survey consists of properties representing both single tenant and multi-tenant buildings. The lease rates are based on a triple net basis. The information contained in this report is gathered from sources that are deemed reliable, but no guarantees are made as to its accuracy. This information is for Voit Real Estate Services' use only and cannot legally be reproduced without prior written consent from the management of Voit Real Estate Services.