

INDUSTRIAL MARKET REPORT

THIRD
QUARTER
2004

Compared to
last quarter:

VACANCY



UP

ABSORPTION



DOWN

LEASE RATES



FLAT

CONSTRUCTION



UP

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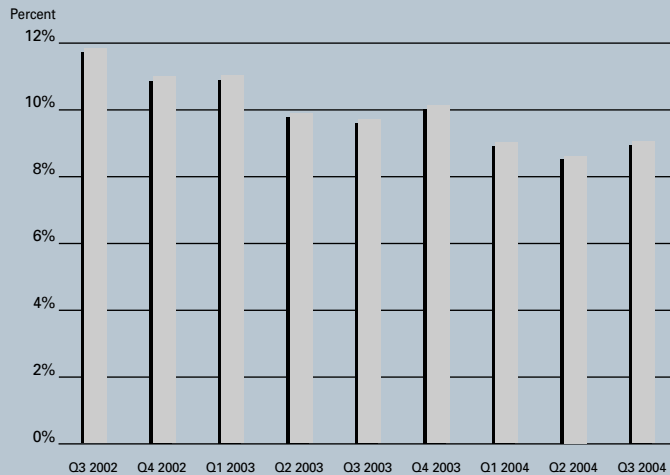
MARKET HIGHLIGHTS

- ◆ Third quarter unemployment for Las Vegas stood at 4.0 percent, down from the 5.5 percent recorded 12 months prior. By comparison, the national unemployment rate was 5.4 percent (seasonally adjusted) at the close of the third quarter.
- ◆ The Las Vegas Valley added an estimated 38,900 new jobs during the past 12 months according to the Nevada Department of Employment, Training and Rehabilitation. Consistent new job growth is anticipated through the final quarter of 2004.
- ◆ At the end of the third quarter 2004, the Las Vegas industrial market was comprised of 77.9 million square feet of inventory in 2,433 buildings.
- ◆ New additions to the market contributed 933,000 square feet, while demand (net absorption) was 432,000 square feet.
- ◆ Currently, there are nearly 2.0 million square feet of industrial space under construction and 3.7 million square feet planned for future development.
- ◆ There were 7.2 million unoccupied square feet, producing a market-wide vacancy rate of 9.2 percent.
- ◆ The Valley's industrial market contains 29.6 million square feet of distribution space. The North Las Vegas submarket alone contributes 12.1 million toward the market total. We are expecting strong development during the next 12 months in North Las Vegas and the Southwest part of the Valley.

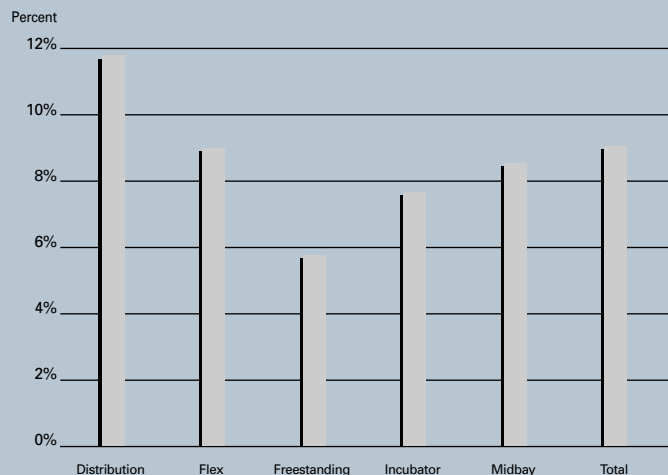
INDUSTRIAL MARKET STATISTICS

	3Q2004	2Q2004	3Q2003	% CHANGE VS. 3Q03
Under Construction	1,990,000	2,070,000	1,746,000	13.97%
Planned Construction	3,716,000	3,998,000	3,610,000	2.94%
Vacancy	9.2%	8.6%	9.4%	-2.13%
Net Absorption	432,000	544,000	920,000	-53.04%

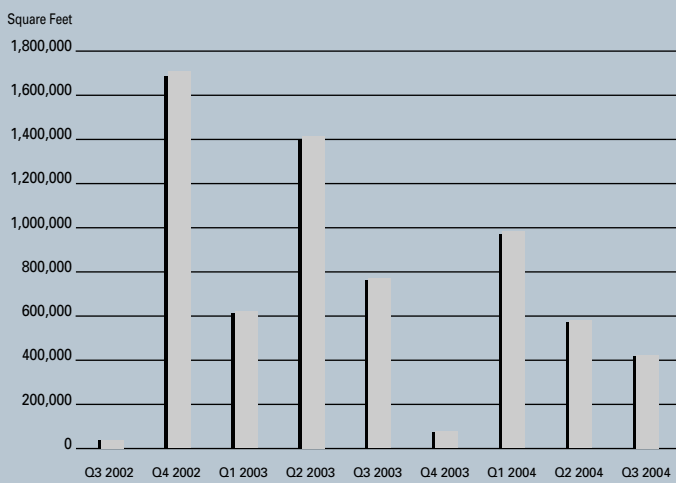
HISTORICAL VACANCY RATE



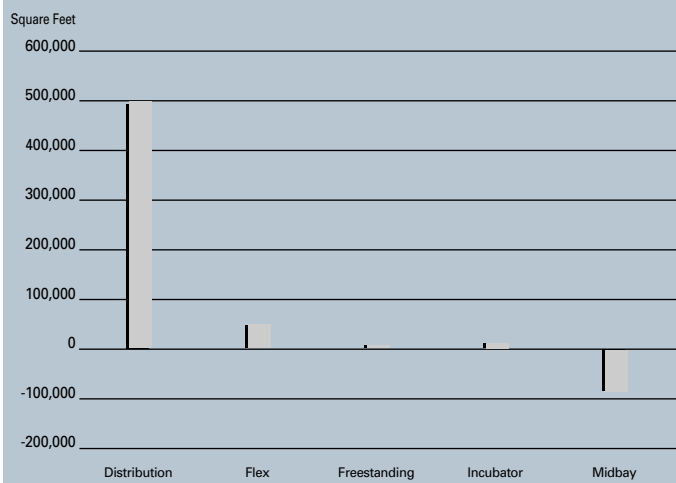
VACANCY RATE BY TYPE



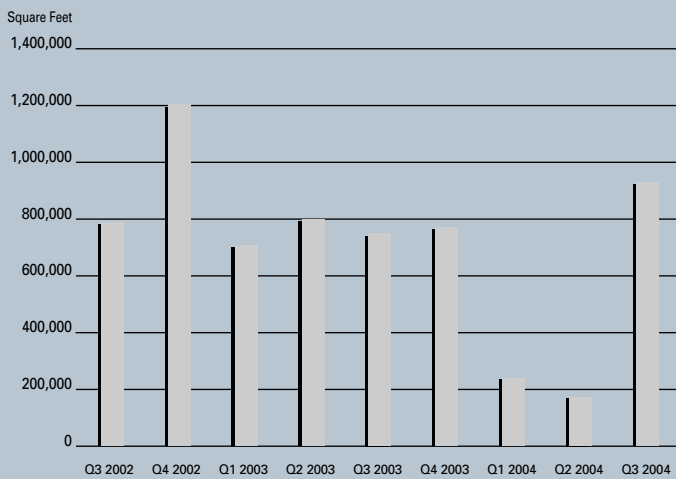
HISTORICAL NET ABSORPTION



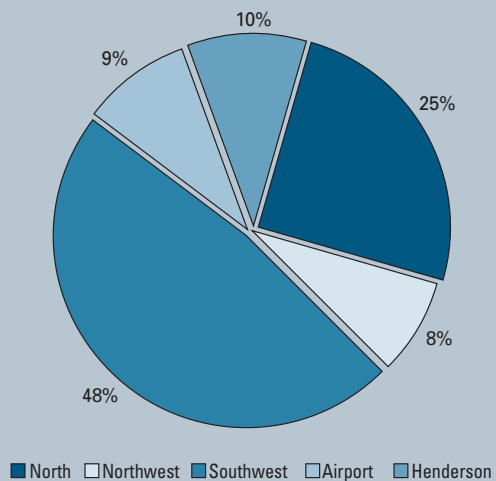
NET ABSORPTION BY TYPE



HISTORICAL NEW CONSTRUCTION



CONSTRUCTION ACTIVITY BY SUBMARKET



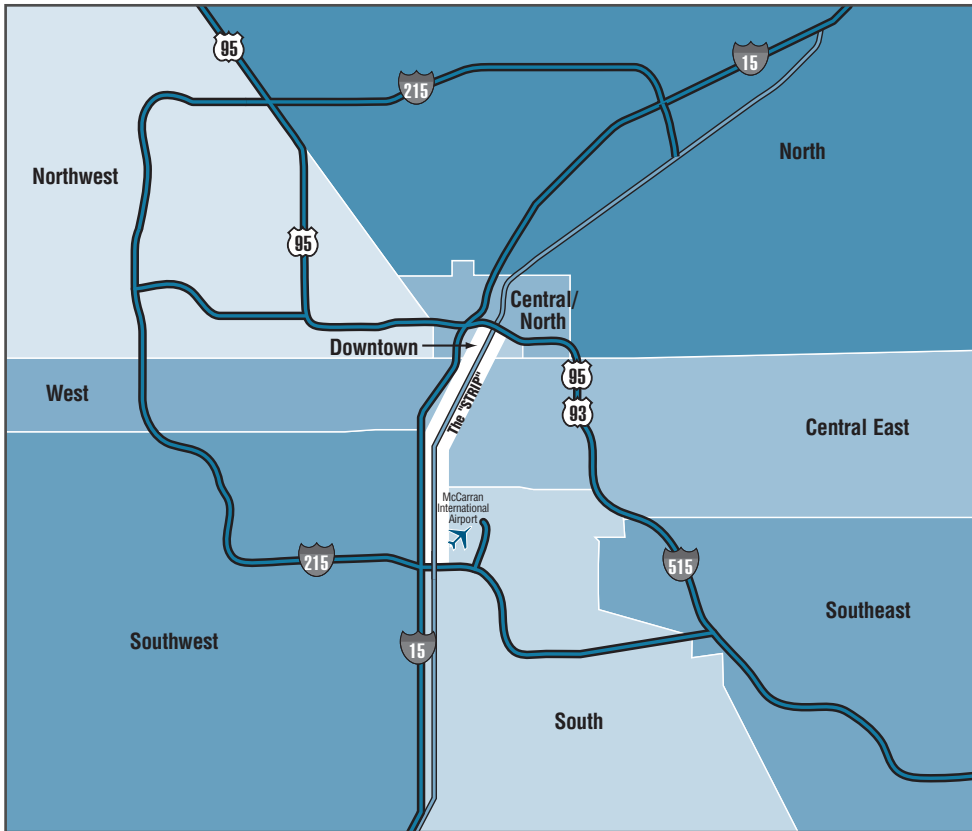
THIRD QUARTER 2004

LAS VEGAS MARKET

	INVENTORY				VACANCY		ABSORPTION	
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2004	Net Absorption 3Q2004	New Inventory 3Q2004
Northwest								
Distribution	0	0	0	0	0	0.0%	0	0
Flex	2	119,477	150,000	0	9,503	8.0%	0	0
Freestanding	6	180,690	0	0	14,862	8.2%	6,498	0
Incubator	2	140,000	0	0	1,440	1.0%	0	0
Midbay	0	0	0	0	0	0.0%	37,212	0
Other	2	54,812	0	0	0	0.0%	0	0
Northwest Total	12	494,979	150,000	0	25,805	5.2%	43,710	0
North								
Distribution	90	12,143,794	266,160	934,003	1,937,696	16.0%	560,719	668,615
Flex	29	953,943	101,149	198,166	163,072	17.1%	17,200	0
Freestanding	355	5,819,918	130,221	163,030	379,877	6.5%	(131,557)	49,000
Incubator	17	407,936	0	0	58,300	14.3%	8,000	29,000
Midbay	41	1,847,286	0	0	153,994	8.3%	2,732	0
Other	0	0	0	0	0	0.0%	0	0
North Total	532	21,172,877	497,530	1,295,199	2,692,939	12.7%	457,094	746,615
Central								
Distribution	26	1,378,906	0	0	490,884	35.6%	0	0
Flex	16	431,145	0	0	30,497	7.1%	(1,320)	0
Freestanding	139	2,012,163	0	78,000	122,039	6.1%	45,149	0
Incubator	31	797,245	0	0	80,902	10.1%	9,100	0
Midbay	36	1,696,677	0	0	96,340	5.7%	(36,268)	0
Other	0	0	0	0	0	0.0%	0	0
Central Total	248	6,316,136	0	78,000	820,662	13.0%	16,661	0
Southwest								
Distribution	88	7,485,367	243,600	130,000	394,664	5.3%	(14,857)	0
Flex	176	6,344,462	176,465	253,500	513,694	8.1%	1,415	0
Freestanding	573	7,103,885	113,500	161,510	285,815	4.0%	9,453	0
Incubator	49	1,939,625	12,476	0	110,204	5.7%	(6,689)	0
Midbay	89	4,676,794	431,094	0	275,440	5.9%	(8,965)	0
Other	0	0	0	0	0	0.0%	0	0
Southwest Total	975	27,550,133	977,135	545,010	1,579,817	5.7%	(19,643)	0
Airport								
Distribution	52	3,940,435	0	0	214,323	5.4%	(43,562)	0
Flex	92	2,432,056	0	0	198,014	8.1%	23,723	24,000
Freestanding	121	2,439,340	174,711	85,280	211,661	8.7%	(1,024)	76,282
Incubator	30	1,012,566	0	29,548	71,080	7.0%	0	0
Midbay	53	2,653,536	0	0	365,948	13.8%	(76,886)	0
Other	2	77,159	0	0	32,528	42.2%	0	0
Airport Total	350	12,555,092	174,711	114,828	1,093,554	8.7%	(97,749)	100,282
Henderson								
Distribution	36	4,644,765	0	1,240,932	491,333	10.6%	4,483	0
Flex	39	720,877	0	16,909	84,731	11.8%	5,802	18,463
Freestanding	202	2,903,802	190,410	305,937	181,212	6.2%	67,915	67,316
Incubator	2	33,610	0	0	6,764	20.1%	0	0
Midbay	37	1,554,199	0	119,426	178,132	11.5%	(46,525)	0
Other	0	0	0	0	0	0.0%	0	0
Henderson Total	316	9,857,253	190,410	1,683,204	942,172	9.6%	31,675	85,779
Las Vegas Total								
Distribution	292	29,593,267	509,760	2,304,935	3,528,900	11.9%	506,783	668,615
Flex	354	11,001,960	427,614	468,575	999,511	9.1%	46,820	42,463
Freestanding	1,396	20,459,798	608,842	793,757	1,195,466	5.8%	(3,566)	192,598
Incubator	131	4,330,982	12,476	29,548	328,690	7.6%	10,411	29,000
Midbay	256	12,428,492	431,094	119,426	1,069,854	8.6%	(128,700)	0
Other	4	131,971	0	0	32,528	24.6%	0	0
Total	2,433	77,946,470	1,989,786	3,716,241	7,154,949	9.2%	431,748	932,676

INDUSTRIAL MARKET REPORT

THIRD QUARTER 2004



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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