

INDUSTRIAL MARKET REPORT

THIRD
QUARTER
2006

Compared to
last quarter:

VACANCY



ABSORPTION



LEASE RATES



CONSTRUCTION



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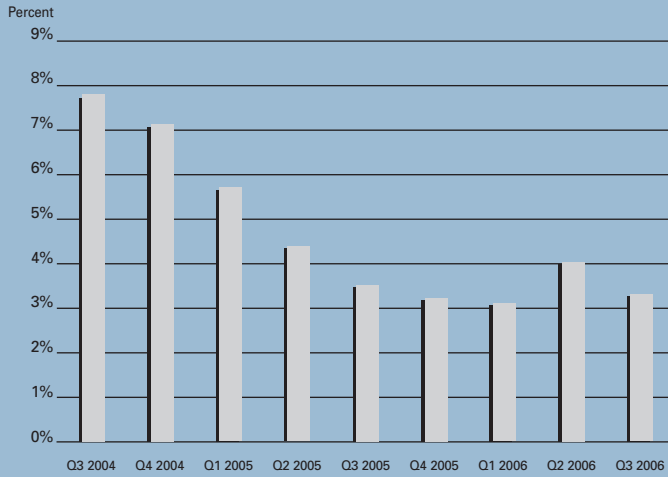
MARKET HIGHLIGHTS

- ◆ Unemployment levels in Las Vegas stood at 4.1 percent during the third quarter 2006, which was up slightly from the 4.0 percent reported one year ago. By comparison, the national unemployment rate was 4.7 percent (seasonally adjusted) at the close of the third quarter.
- ◆ The Las Vegas Valley added an estimated 51,200 new jobs during the past 12 months, representing a 5.9 percent growth rate. During the same period, industrial-using employment added 16,200 new positions, representing an 8.8 percent annual growth rate within the sector.
- ◆ At the end of the third quarter 2006, the Las Vegas industrial market was comprised of 87.5 million square feet of inventory in 2,733 buildings. With 2.9 million unoccupied square feet, the Valley-wide vacancy rate was 3.4 percent, which was down from the 4.1 percent reported at the end of the second quarter 2006 and the 3.6 percent posted one year ago.
- ◆ The industrial market expanded by 1.5 million square feet during the third quarter, with demand (net absorption) of 2.1 million square feet. Through the first nine months of the year, nearly 4.5 million square feet of space came on-line, while 4.3 million square feet was demanded.
- ◆ Currently, there are 4.8 million square feet of industrial space under construction and 5.1 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.

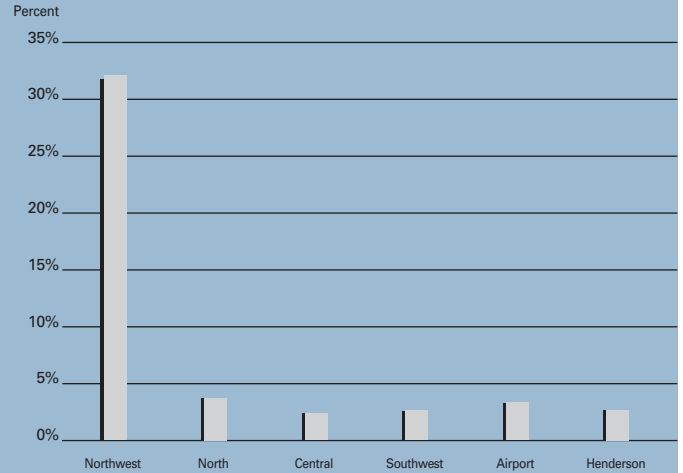
INDUSTRIAL MARKET STATISTICS

	Q3 2006	Q2 2006	Q3 2005	% CHANGE VS. 3Q05
Under Construction	4,784,000	5,105,000	3,328,000	43.75%
Planned Construction	3,539,000	3,273,000	5,252,000	-32.62%
Vacancy	3.4%	4.1%	3.6%	-5.56%
Net Absorption	2,064,000	842,000	1,634,000	26.32%

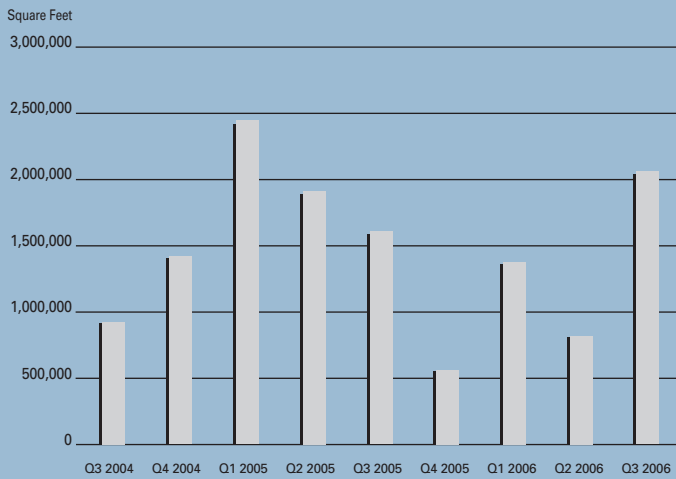
HISTORICAL VACANCY RATE



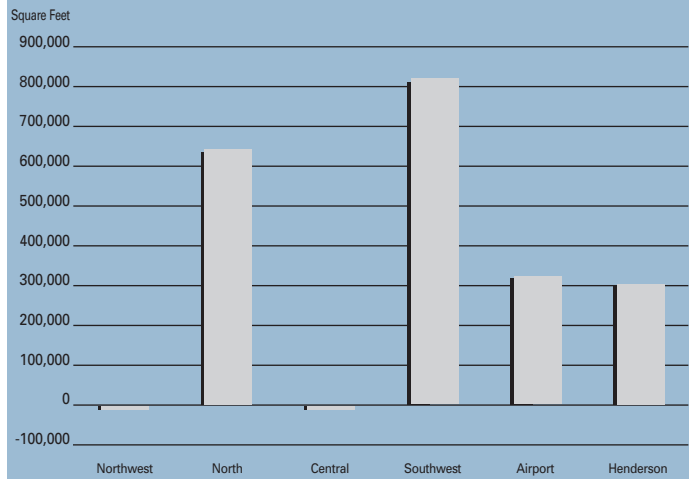
VACANCY RATE BY SUBMARKET



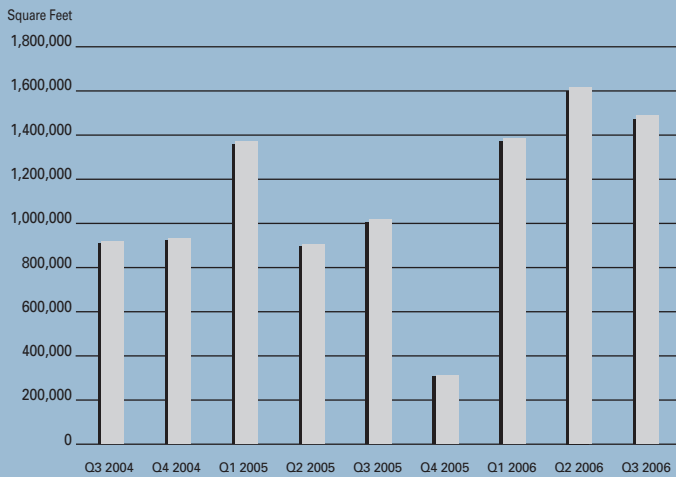
HISTORICAL NET ABSORPTION



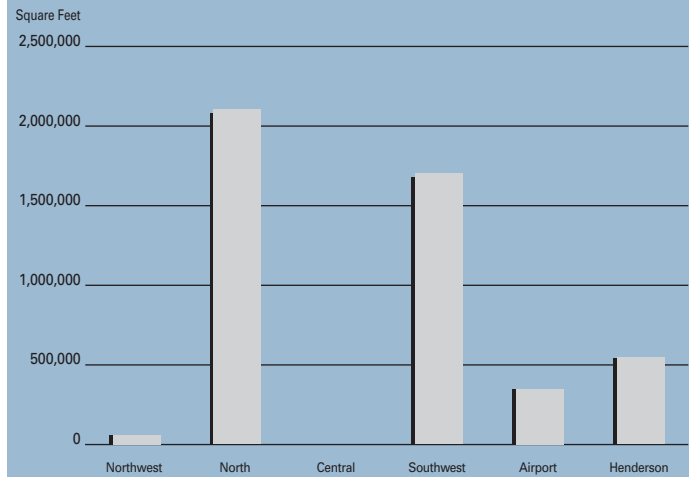
NET ABSORPTION BY SUBMARKET



HISTORICAL NEW CONSTRUCTION



UNDER CONSTRUCTION BY SUBMARKET

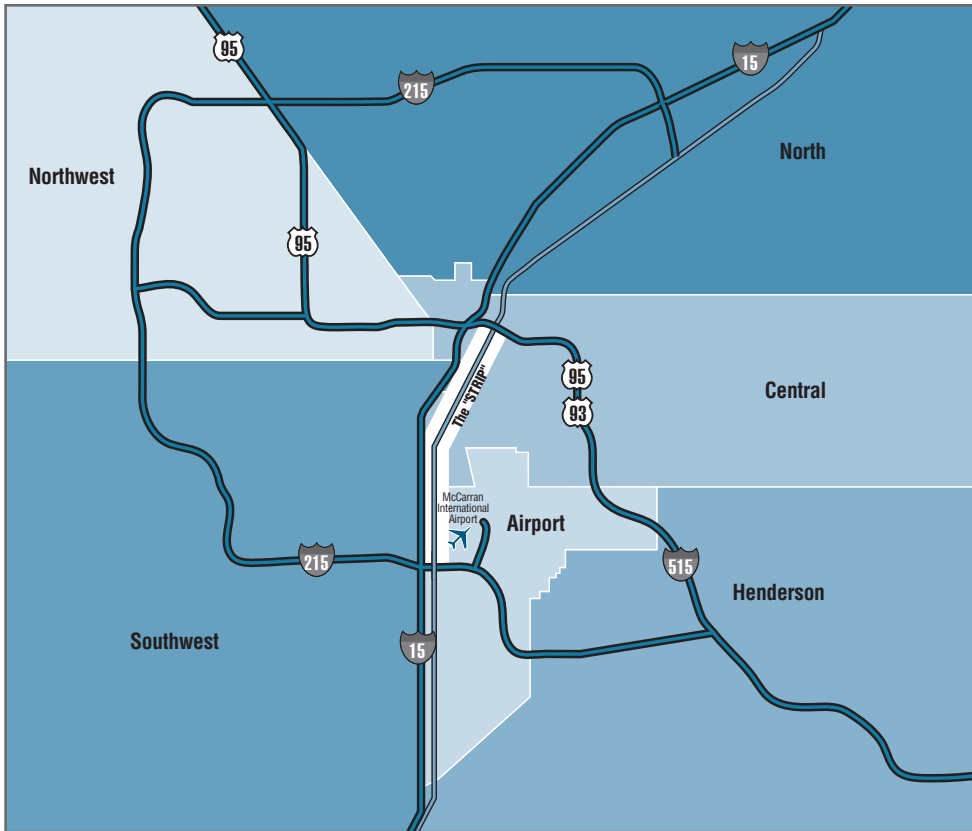


L A S V E G A S M A R K E T

	INVENTORY				VACANCY		ABSORPTION & NEW INVENTORY			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2006	Net Absorption 3Q2006	Net Absorption 2006 YTD	New Inventory 3Q2006	New Inventory 2006 YTD
Northwest										
Distribution	2	196,910	0	0	157,007	79.7%	0	39,903	0	51,000
Flex	9	259,477	0	0	63,547	24.5%	3,128	40,639	0	70,000
Freestanding	6	180,690	0	0	21,000	11.6%	(21,000)	(21,000)	0	0
Incubator	1	60,000	60,000	0	1,344	2.2%	0	(1,344)	0	0
Midbay	0	0	0	0	0	0.0%	0	0	0	0
Other	2	54,812	0	0	0	0.0%	0	0	0	0
Northwest Total	20	751,889	60,000	0	242,898	32.3%	(17,872)	58,198	0	121,000
North										
Distribution	111	14,664,743	744,256	1,622,026	640,767	4.4%	577,088	1,270,833	421,093	1,371,663
Flex	33	1,198,292	51,040	0	85,246	7.1%	34,779	50,812	0	66,018
Freestanding	424	6,793,515	607,716	569,443	169,090	2.5%	34,947	474,831	0	515,975
Incubator	17	408,584	0	0	7,700	1.9%	4,524	22,782	0	0
Midbay	41	1,847,286	694,832	0	30,965	1.7%	(6,195)	10,354	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
North Total	626	24,912,420	2,097,844	2,191,469	933,768	3.7%	645,143	1,829,612	421,093	1,953,656
Central										
Distribution	28	1,408,255	0	0	31,270	2.2%	4,250	5,700	0	0
Flex	20	459,945	0	0	18,975	4.1%	(2,639)	17,454	0	28,800
Freestanding	139	1,967,557	0	0	15,675	0.8%	(4,609)	(15,675)	0	0
Incubator	31	797,245	0	0	39,183	4.9%	9,565	3,396	0	0
Midbay	36	1,696,677	0	0	51,256	3.0%	(31,271)	(6,861)	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
Central Total	254	6,329,679	0	0	156,359	2.5%	(24,704)	4,014	0	28,800
Southwest										
Distribution	106	9,120,117	596,118	250,000	159,834	1.8%	773,322	1,085,170	671,500	1,165,300
Flex	193	6,881,771	162,326	0	321,949	4.7%	(31,944)	98,562	0	163,957
Freestanding	628	7,797,075	548,976	402,154	181,375	2.3%	38,973	16,013	102,486	153,362
Incubator	51	1,974,329	0	0	102,766	5.2%	(25,439)	(17,163)	0	0
Midbay	96	5,346,120	406,811	303,673	106,607	2.0%	70,694	155,620	35,464	138,081
Other	0	0	0	0	0	0.0%	0	0	0	0
Southwest Total	1,074	31,119,412	1,714,231	955,827	872,531	2.8%	825,606	1,338,202	809,450	1,620,700
Airport										
Distribution	60	4,466,664	150,000	0	126,186	2.8%	97,907	178,737	0	261,398
Flex	96	2,480,440	89,816	0	93,546	3.8%	35,160	(17,831)	0	35
Freestanding	158	3,060,820	131,746	0	151,078	4.9%	79,937	271,145	58,352	243,352
Incubator	28	904,313	0	0	8,310	0.9%	12,967	33,572	0	0
Midbay	45	2,311,457	0	0	47,021	2.0%	102,812	108,947	26,022	38,022
Other	1	44,631	0	0	0	0.0%	0	0	0	0
Airport Total	388	13,268,325	371,562	0	426,141	3.2%	328,783	574,570	84,374	542,772
Henderson										
Distribution	41	5,227,756	70,000	124,610	115,425	2.2%	260,794	373,472	169,962	169,962
Flex	43	811,900	0	0	57,395	7.1%	(858)	(22,945)	0	0
Freestanding	245	3,178,438	320,418	185,699	36,556	1.2%	31,981	112,466	0	63,086
Incubator	2	33,610	0	0	0	0.0%	0	0	0	0
Midbay	40	1,821,531	150,000	81,840	105,023	5.8%	15,170	29,320	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
Henderson Total	371	11,073,235	540,418	392,149	314,399	2.8%	307,087	492,313	169,962	233,048
Las Vegas Total										
Distribution	348	35,084,445	1,560,374	1,996,636	1,230,489	3.5%	1,713,361	2,953,815	1,262,555	3,019,323
Flex	394	12,091,825	303,182	0	640,658	5.3%	37,626	166,691	0	328,775
Freestanding	1,600	22,978,095	1,608,856	1,157,296	574,774	2.5%	160,229	837,780	160,838	975,775
Incubator	130	4,178,081	60,000	0	159,303	3.8%	1,617	41,243	0	0
Midbay	258	13,023,071	1,251,643	385,513	340,872	2.6%	151,210	297,380	61,486	176,103
Other	3	99,443	0	0	0	0.0%	0	0	0	0
Total	2,733	87,454,960	4,784,055	3,539,445	2,946,096	3.4%	2,064,043	4,296,909	1,484,879	4,499,976

INDUSTRIAL MARKET REPORT

THIRD 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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For Further Information:

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