



# Industrial Market Report

VOIT COMMERCIAL BROKERAGE

Compared to last quarter:

**Vacancy**



**UP**

**Absorption**



**UP**

**Lease Rates**

**DOWN**



**Construction**

**DOWN**



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Prepared by:  
**Jerry J. Holdner, Jr.**  
Vice President of Market Research  
e-mail: [jholdner@voitco.com](mailto:jholdner@voitco.com)



## Industrial Market Highlights

- ◆ The Las Vegas industrial market is poised for a record-setting level of new supply by the close of 2007. During the third quarter of 2007, the market welcomed 2.2 million square feet of new space, bringing the year-to-date nine-month total to 5.4 million square feet. For comparative purposes, the market expanded by a record 5.5 million square feet during the entire 12 months of 2006. The latest market expansion brings total industrial inventory to 94.6 million square feet.
- ◆ Project completions were most dominant in the north portion of the valley as 1.5 million square feet came on-line. Prologis Park North completed construction of over 500,000 square feet of distribution space, while multiple buildings finished in Cheyenne Industrial Center and the Golden Triangle. Get Fresh Foods completed construction of its facility in the airport market area.
- ◆ From a demand perspective, the market remained healthy with 1.2 million square feet of net absorption during the third quarter. Through the first nine months of the year, users demanded 3.4 million square feet, which fell short of new supply.
- ◆ The latest market activity resulted in a rising vacancy rate to 5.4 percent. While vacancies remain tight, they reflect a higher rate than the 4.5 percent reported one quarter ago (Q2 2007) and the 3.5 percent posted one year ago (Q3 2006). Current vacancies remain well below historical averages.
- ◆ Despite long-run availability concerns, a large amount of forward-looking supply is on the horizon. As of

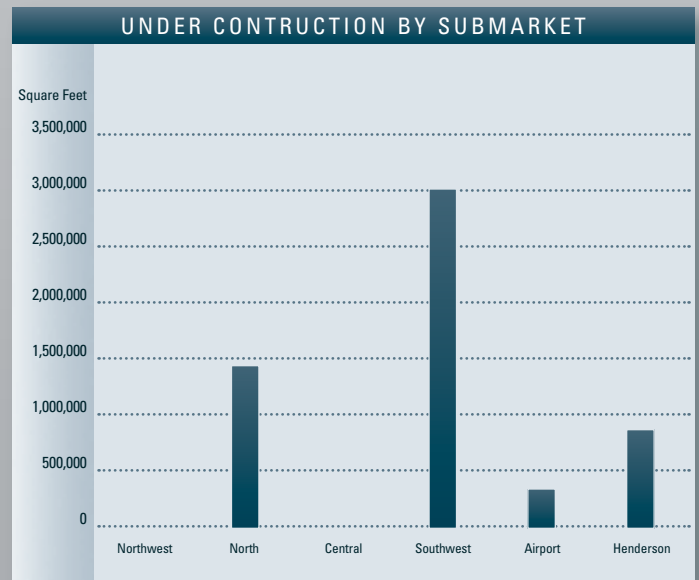
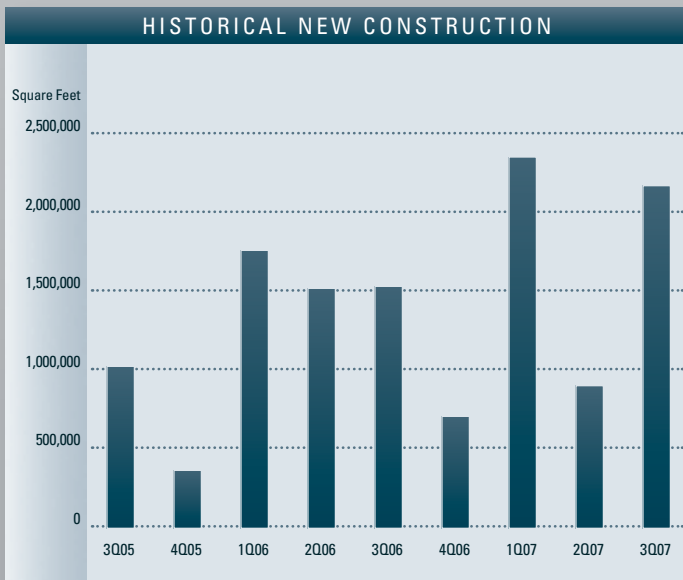
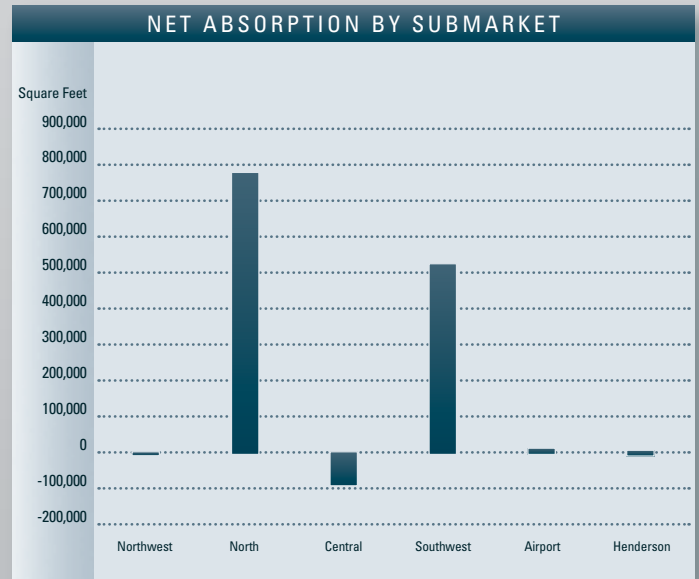
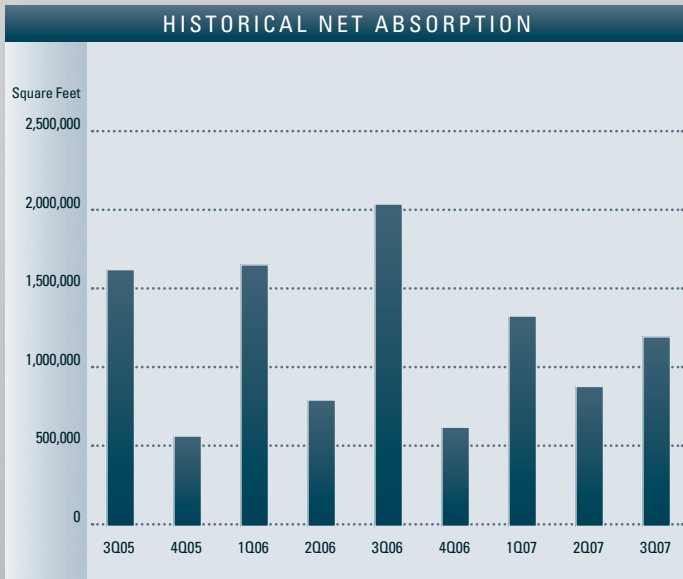
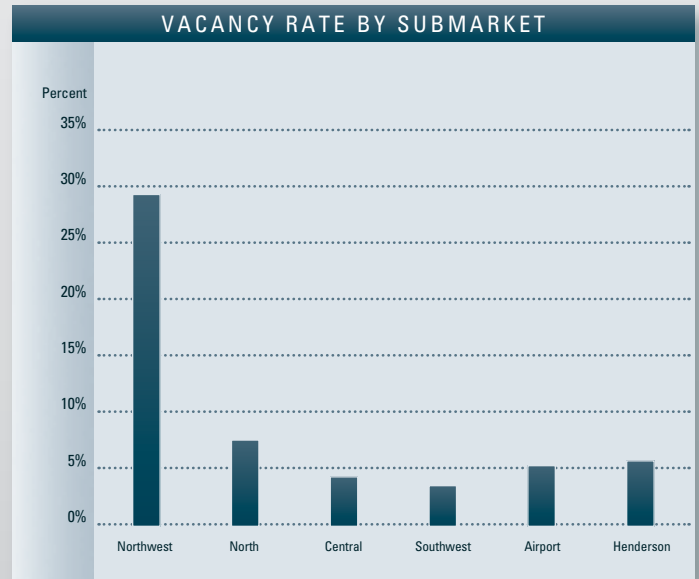
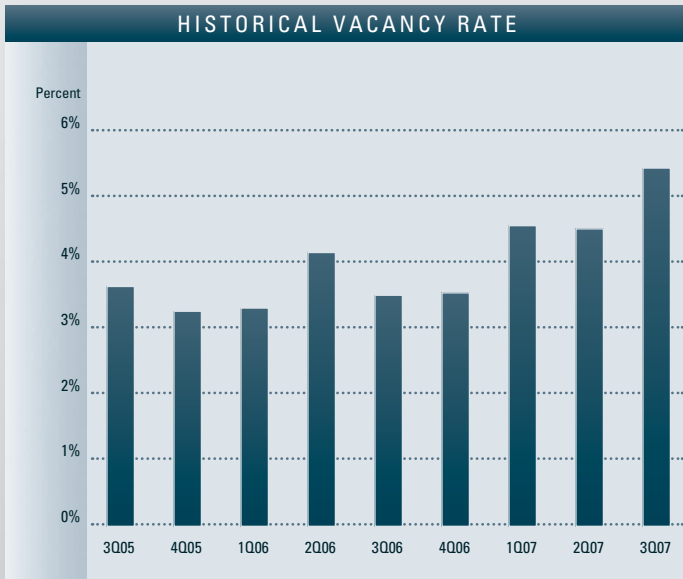
September 30, 2007, a total of 5.6 million square feet was under construction, with major build-to-suits included in these figures. International Game Technology and PepsiCo continued construction of their buildings in the southwest submarket, while Cashman Equipment announced their plans for a campus in the City of Henderson.

- ◆ Planned projects totaled 5.3 million square feet at quarter-end, with 3.1 million square feet located in the north submarket. Distribution product represents nearly one-third of planned space, while nearly 1.5 million square feet of freestanding and industrial condominiums are on the drawing board.
- ◆ During the third quarter, annual employment growth totaled 13,900, which represented a 1.5-percent gain. While employment growth is off the pace reported in previous years, it is worth noting the timing of major resort construction projects impacts the latest figures. The latest project openings included the Red Rock Resort in April 2006 preceded by Wynn Las Vegas in April 2005. The market is on the leading edge of a building boom that includes over \$30 billion of investment activity and another 40,000 hotel rooms.
- ◆ Unemployment reported a modest increase through the third quarter reaching 5.0 percent, up 0.8 points compared to the 4.2 reported in the same quarter of the prior year. Timing of waves of economic expansions continues to impact employment levels.

### INDUSTRIAL MARKET OVERVIEW

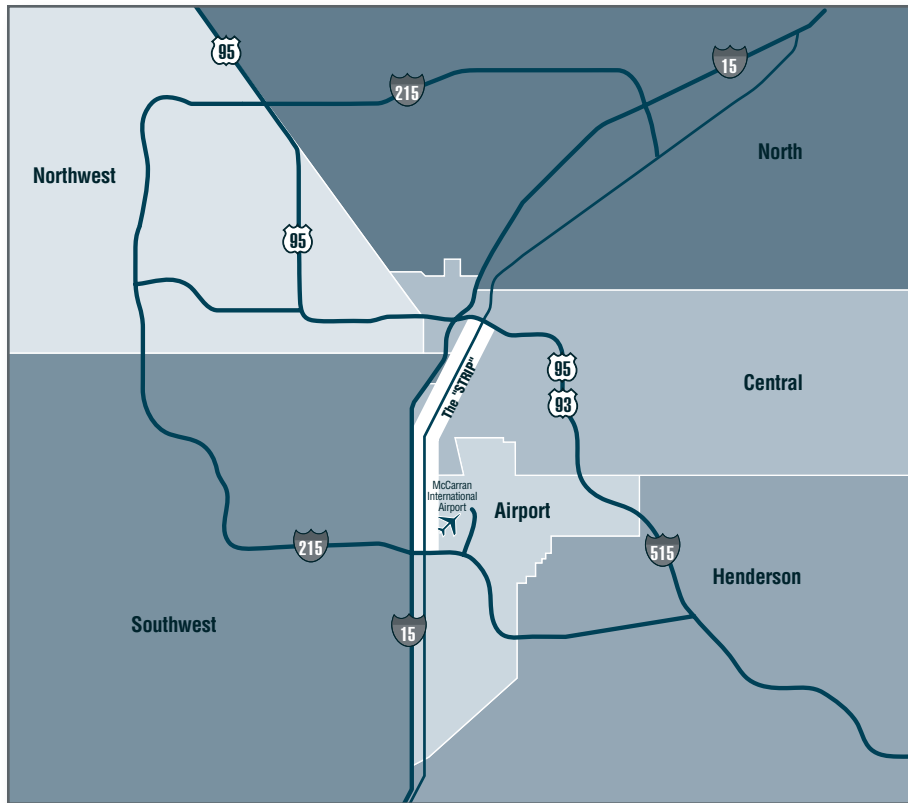
	3Q2007	2Q2007	3Q2006	% CHANGE VS. 3Q06
Under Construction	5,585,000	6,377,000	5,631,000	-0.82%
Planned Construction	5,278,000	3,931,000	4,322,000	22.12%
Vacancy	5.4%	4.5%	3.5%	54.29%
Net Absorption	1,189,000	872,000	2,044,000	-41.83%

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	INVENTORY				VACANCY		ABSORPTION	
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 202007	Net Absorption 202007	New Inventory 202007
<b>Northwest</b>								
Distribution	2	196,910	0	0	145,910	74.1%	0	0
Flex	9	259,477	0	0	75,579	29.1%	(4,138)	0
Freestanding	6	180,690	0	0	15,000	8.3%	0	0
Incubator	2	120,000	0	0	0	0.0%	0	0
Midbay	0	0	0	0	0	0.0%	0	0
Other	2	54,812	0	0	0	0.0%	0	0
<b>Northwest Total</b>	<b>21</b>	<b>811,889</b>	<b>0</b>	<b>0</b>	<b>236,489</b>	<b>29.1%</b>	<b>(4,138)</b>	<b>0</b>
<b>North</b>								
Distribution	117	16,016,725	423,786	1,314,500	1,065,000	6.6%	567,187	1,193,167
Flex	40	1,389,319	51,040	0	168,170	12.1%	(5,920)	0
Freestanding	505	7,395,198	890,084	912,403	395,499	5.3%	133,994	232,932
Incubator	21	534,619	34,105	0	19,084	3.6%	20,621	26,035
Midbay	55	2,705,855	0	917,554	414,374	15.3%	54,656	0
Other	0	0	0	0	0	0.0%	0	0
<b>North Total</b>	<b>738</b>	<b>28,041,716</b>	<b>1,399,015</b>	<b>3,144,457</b>	<b>2,062,127</b>	<b>7.4%</b>	<b>770,538</b>	<b>1,452,134</b>
<b>Central</b>								
Distribution	29	1,428,435	0	51,907	4,640	0.3%	(1,034)	0
Flex	20	459,945	0	0	19,219	4.2%	(7,865)	0
Freestanding	143	2,109,692	0	12,533	113,817	5.4%	(32,141)	0
Incubator	31	797,245	0	0	33,637	4.2%	(2,912)	0
Midbay	37	1,709,981	0	0	102,620	6.0%	(52,755)	0
Other	0	0	0	0	0	0.0%	0	0
<b>Central Total</b>	<b>260</b>	<b>6,505,298</b>	<b>0</b>	<b>64,440</b>	<b>273,933</b>	<b>4.2%</b>	<b>(96,707)</b>	<b>0</b>
<b>Southwest</b>								
Distribution	109	10,208,013	1,882,750	336,492	159,739	1.6%	87,332	0
Flex	216	6,867,197	220,632	0	289,249	4.2%	(26,896)	0
Freestanding	636	8,374,591	798,776	546,937	276,675	3.3%	194,851	110,400
Incubator	80	1,959,329	0	0	103,751	5.3%	5,457	0
Midbay	107	5,851,209	110,392	750,404	237,479	4.1%	263,252	142,906
Other	0	0	0	0	0	0.0%	0	0
<b>Southwest Total</b>	<b>1,148</b>	<b>33,260,339</b>	<b>3,012,550</b>	<b>1,633,833</b>	<b>1,066,893</b>	<b>3.2%</b>	<b>523,996</b>	<b>253,306</b>
<b>Airport</b>								
Distribution	61	4,616,664	148,000	0	277,056	6.0%	(47,138)	150,000
Flex	122	2,575,302	0	115,260	137,894	5.4%	22,097	0
Freestanding	162	3,173,662	179,828	0	98,863	3.1%	35,368	17,888
Incubator	27	778,607	0	0	3,054	0.4%	812	0
Midbay	44	2,255,950	0	13,803	179,046	7.9%	(3,346)	0
Other	1	44,631	0	0	0	0.0%	0	0
<b>Airport Total</b>	<b>417</b>	<b>13,444,816</b>	<b>327,828</b>	<b>129,063</b>	<b>695,913</b>	<b>5.2%</b>	<b>7,793</b>	<b>167,888</b>
<b>Henderson</b>								
Distribution	45	6,037,561	421,380	0	239,908	4.0%	(16,745)	153,583
Flex	44	824,900	26,133	0	53,749	6.5%	9,580	0
Freestanding	294	3,810,758	147,299	59,713	257,401	6.8%	81,826	164,194
Incubator	2	33,610	0	0	0	0.0%	0	0
Midbay	38	1,809,523	250,769	246,000	254,997	14.1%	(87,557)	0
Other	0	0	0	0	0	0.0%	0	0
<b>Henderson Total</b>	<b>423</b>	<b>12,516,352</b>	<b>845,581</b>	<b>305,713</b>	<b>806,055</b>	<b>6.4%</b>	<b>(12,896)</b>	<b>317,777</b>
<b>Las Vegas Total</b>								
Distribution	363	38,504,308	2,875,916	1,702,899	1,892,253	4.9%	589,602	1,496,750
Flex	451	12,376,140	297,805	115,260	743,860	6.0%	(13,142)	0
Freestanding	1,746	25,044,591	2,015,987	1,531,586	1,157,255	4.6%	413,898	525,414
Incubator	163	4,223,410	34,105	0	159,526	3.8%	23,978	26,035
Midbay	281	14,332,518	361,161	1,927,761	1,188,516	8.3%	174,250	142,906
Other	3	99,443	0	0	0	0.0%	0	0
<b>Total</b>	<b>3,007</b>	<b>94,580,410</b>	<b>5,584,974</b>	<b>5,277,506</b>	<b>5,141,410</b>	<b>5.4%</b>	<b>1,188,586</b>	<b>2,191,105</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

*For further information, please contact:*

**ANAHEIM METRO OFFICE**

3500 W. Orangewood Ave.  
Orange, CA 92868-1642

**TEL: 714.978.7880**

**FAX: 714.978.9431**

**CHULA VISTA OFFICE**

660 Bay Blvd., Suite 210  
Chula Vista, CA 91910

**TEL: 619.498.4560**

**FAX: 619.498.4567**

**IRVINE OFFICE**

2020 Main St., Suite 100  
Irvine, CA 92614

**TEL: 949.851.5100**

**FAX: 949.261.9092**

**LAS VEGAS OFFICE**

10100 W. Charleston Blvd.,  
Suite 200  
Las Vegas, NV 89135

**TEL: 702.734.4500**

**FAX: 702.733.7690**

**SAN DIEGO OFFICE**

4370 La Jolla Village Dr.,  
Suite 990  
San Diego, CA 92122-1233

**TEL: 858.453.0505**

**FAX: 858.453.1981**

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