



Voit
Real Estate Services

Industrial Market Report

Compared to last quarter:



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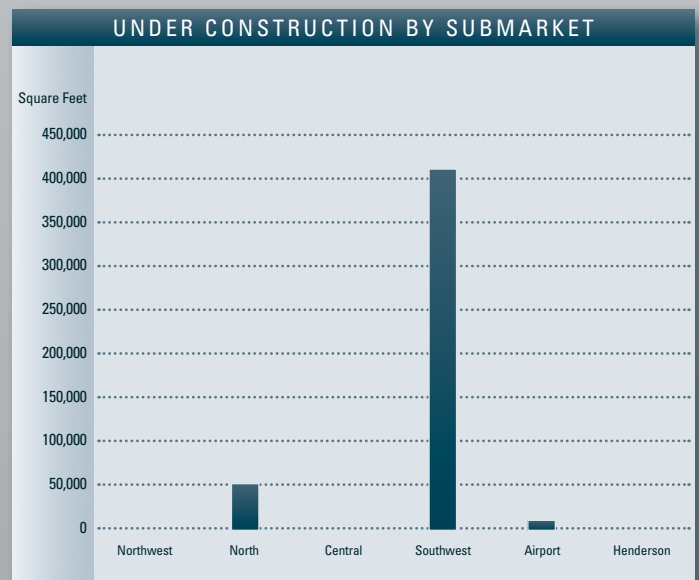
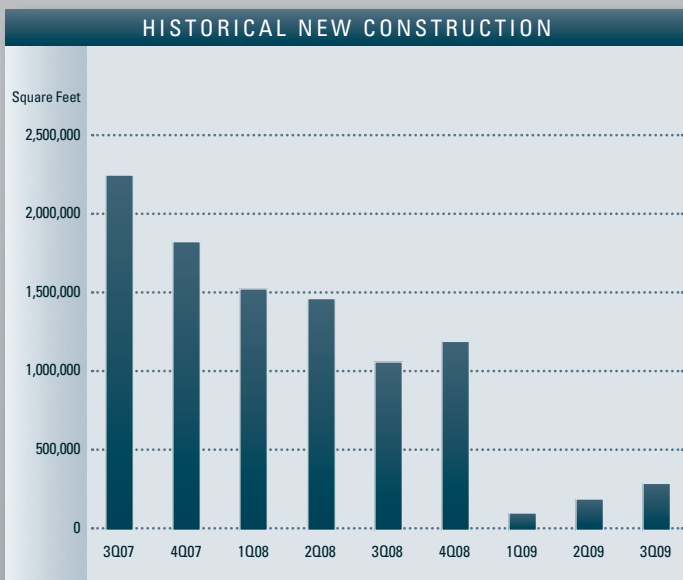
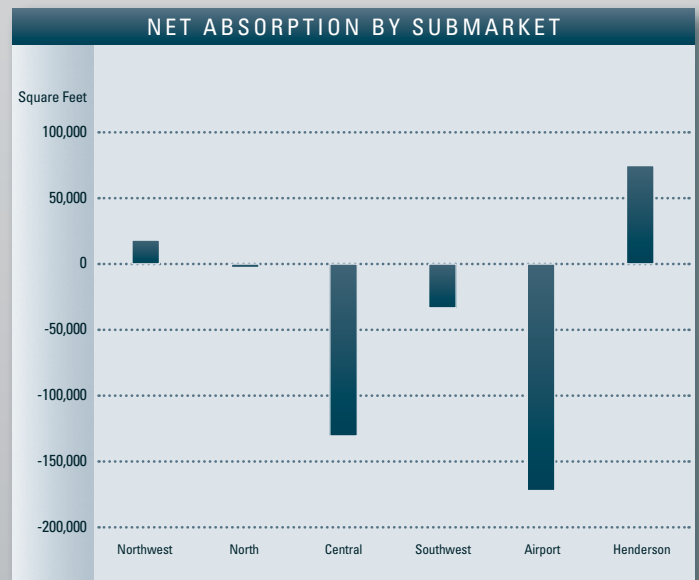
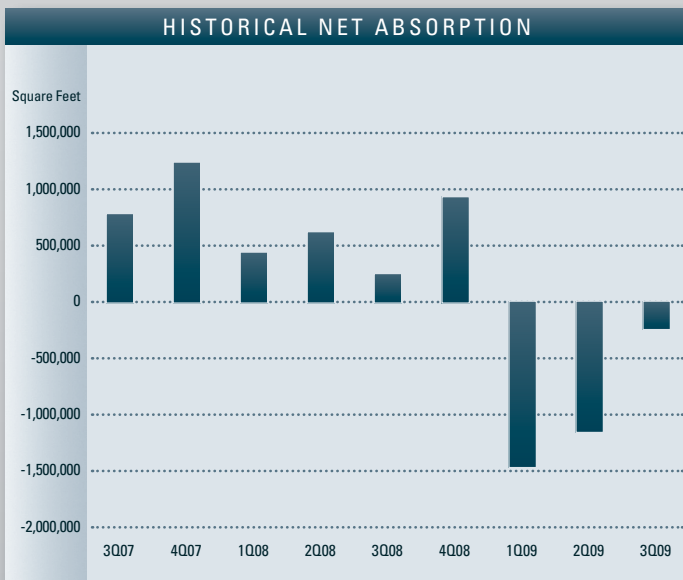
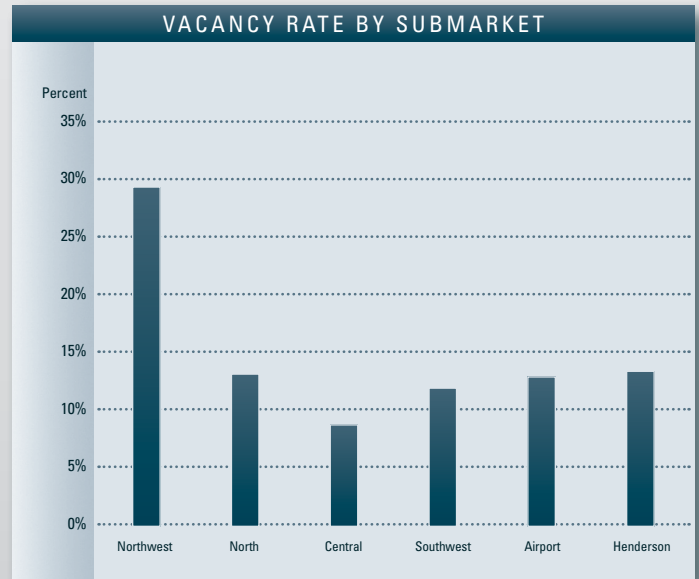
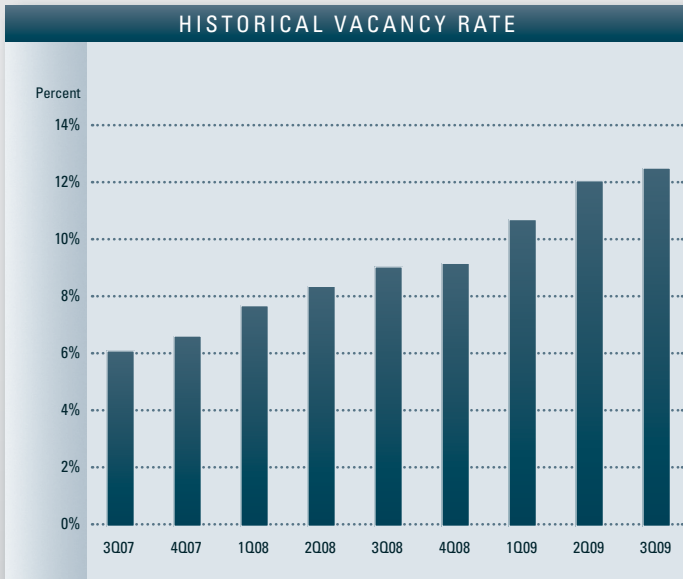
Market Highlights

- ◆ **Market Overview** – Through the third quarter, the Las Vegas industrial market continued the trends reported during the first two quarters of 2009 - supply levels expanded modestly while demand turned negative and price points continued to erode.
- ◆ **Vacancy** – Industrial market vacancies reached 12.4 percent by the close of the quarter, which represented an increase from the preceding quarter (Q2 2009) average of 12.0 percent and well beyond the 9.0 percent posted at the same period of the prior year (Q3 2009). Midbay product reported the highest vacancy at 18.9 percent while distribution buildings posted a below-average 8.2-percent availability rate.
- ◆ **Demand** – During the past three months, the sector witnessed approximately 239,300 square feet of net move-outs, which was significantly less than the trend of the first half of the year. With approximately 2.6 million square feet of negative net absorption in the first six months, year-to-date demand is negative 2.9 million square feet. Freestanding buildings witnessed the most move-outs, particularly in the southwest submarket.
- ◆ **Inventory** – Market-wide inventory reached 103.0 million square feet in September, which included 288,900 square feet of completions during the quarter. New additions included the JDV Procyon building located at the southwest corner of Procyon Street and Ponderosa Way (122,000 square feet) and Loftworks at the southeast corner of Post and Pioneer (135,000 square feet). Through the first nine months of 2009, the market expanded by 581,900 square feet, contributing to what will be the lowest annual total since the early 1990s.
- ◆ **Future Supply** – Development activity has come to a near standstill with only a couple of buildings remaining under construction. The Freeman Warehouse Facility located at the southwest corner of Sunset Road and Torrey Pines Drive (412,000 square feet) in the southwest submarket represents the bulk of activity. Limited expansions are expected during the next several quarters.
- ◆ **Economic Considerations** – Economic conditions continued to deteriorate in Las Vegas as job losses continued, pushing 60,400 southern Nevadan's out of work during the past 12 months (down 6.7 percent year-over-year). As a result, unemployment levels rose to 13.4 percent, up from 7.0 percent one year ago. Job losses remain particularly high in the most prominent sectors - construction (down 21,400 jobs or 22.6 percent) and leisure and hospitality (down 18,700 jobs or 6.9 percent).
- ◆ **Looking Forward** – With the development community and financial institutions responding to the supply-demand imbalance that began to emerge in 2008, the industrial sector is poised to be less impacted than other commercial sectors. That said, the timing of recovery in the national and regional economy will impact the local recovery timetable. As a result, pricing is expected to deteriorate as a gap between tenant and landlord expectations will continue in the near term. A return to normalized business activity will ultimately emerge, yet the definition of 'normal' may change.

INDUSTRIAL MARKET OVERVIEW

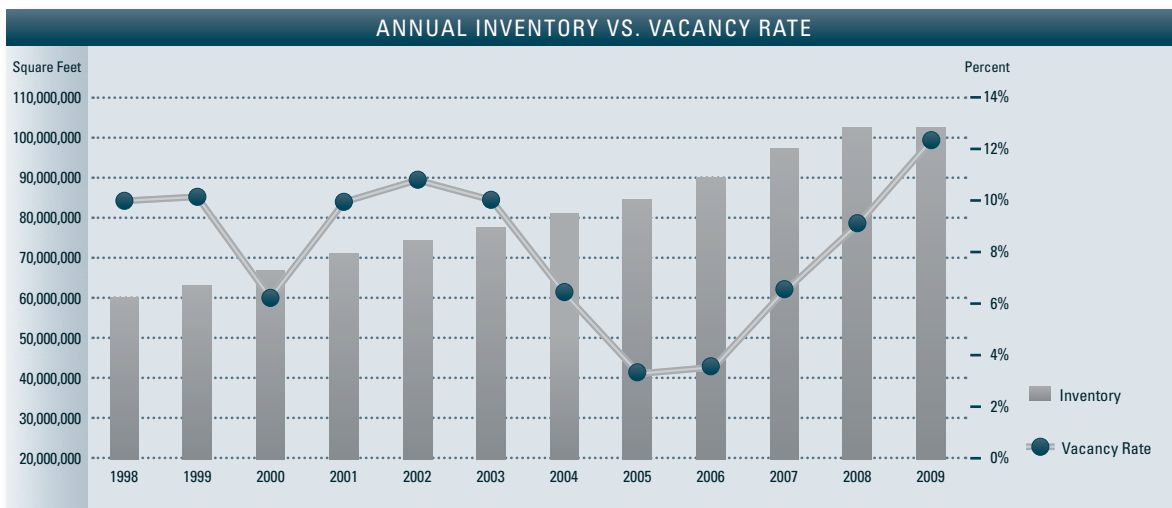
	Q3 2009	Q2 2009	Q3 2008	% CHANGE VS. Q3 2008
Under Construction	462,000	815,900	1,628,300	-71.63%
Planned Construction	125,100	0	2,218,900	-94.36%
Vacancy	12.4%	12.0%	9.0%	38.22%
Net Absorption	-239,300	-1,160,300	-268,500	N/A

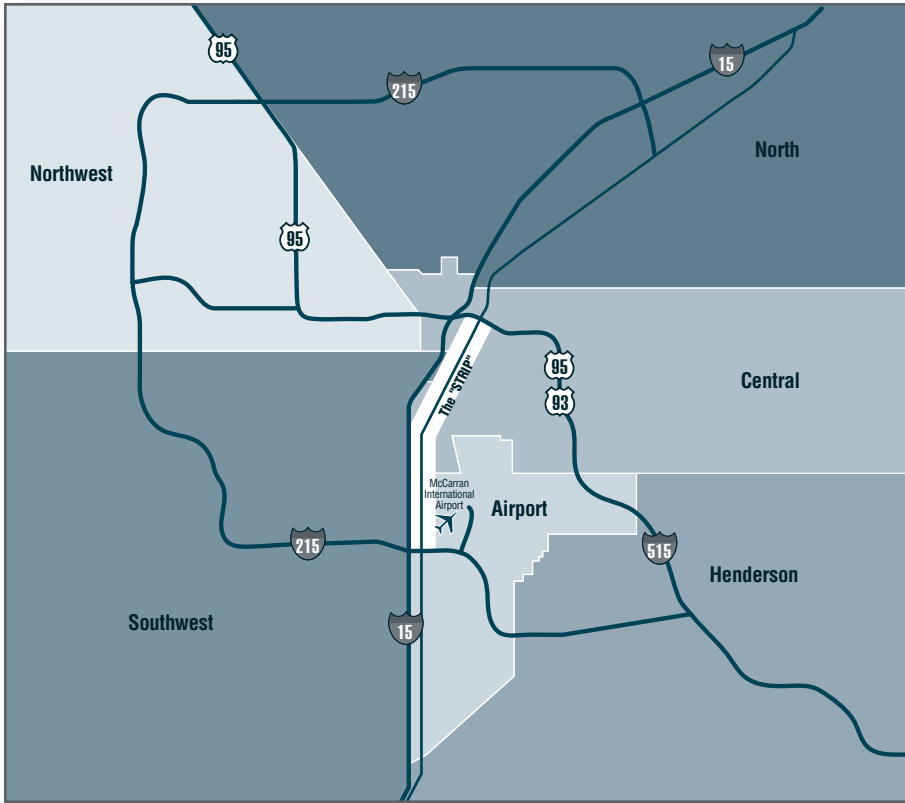
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	INVENTORY				VACANCY		DEMAND & SUPPLY	
	Number of Buildings	Net Rentable Square Feet	Square Feet Under Construction	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2009	Net Absorption 3Q2009	New Supply 3Q2009
Northwest								
Distribution	2	196,910	-	-	112,159	57.0%	45,910	-
Flex	10	257,489	-	-	61,536	23.9%	(27,037)	-
Freestanding	6	174,690	-	-	15,000	8.6%	-	-
Incubator	2	120,000	-	-	46,592	38.8%	-	-
Midbay	-	-	-	-	-	0.0%	-	-
Other	2	54,812	-	-	-	0.0%	-	-
Northwest Total	22	803,901	-	-	235,287	29.3%	18,873	-
North								
Distribution	127	16,838,196	-	-	1,488,039	8.8%	(85,026)	-
Flex	50	1,388,577	-	-	370,929	26.7%	(56,895)	-
Freestanding	638	8,409,079	50,000	65,000	1,350,430	16.1%	(35,291)	6,800
Incubator	30	751,632	-	-	261,388	34.8%	22,777	-
Midbay	59	2,812,221	-	-	455,563	16.2%	153,493	-
Other	-	-	-	-	-	0.0%	-	-
North Total	904	30,199,705	50,000	65,000	3,926,349	13.0%	(942)	6,800
Central								
Distribution	34	1,565,860	-	-	29,535	1.9%	(20,000)	-
Flex	20	459,945	-	-	31,247	6.8%	3,384	-
Freestanding	143	2,117,918	-	-	220,271	10.4%	(4,982)	-
Incubator	36	796,885	-	-	118,469	14.9%	(31,704)	-
Midbay	48	1,712,261	-	-	183,509	10.7%	(76,204)	-
Other	-	-	-	-	-	0.0%	-	-
Central Total	281	6,652,869	-	-	583,031	8.8%	(129,506)	-
Southwest								
Distribution	126	12,048,699	412,000	-	886,903	7.4%	60,466	121,875
Flex	223	7,162,430	-	-	920,188	12.8%	31,237	135,135
Freestanding	728	9,553,023	-	-	1,190,813	12.5%	(85,035)	-
Incubator	59	1,977,729	-	-	222,173	11.2%	(18,294)	-
Midbay	127	6,795,625	-	-	1,234,805	18.2%	(20,903)	-
Other	-	-	-	-	-	0.0%	-	-
Southwest Total	1,263	37,537,506	412,000	-	4,454,882	11.9%	(32,529)	257,010
Airport								
Distribution	61	4,469,439	-	-	625,045	14.0%	(130,758)	-
Flex	124	2,632,318	-	-	330,487	12.6%	16,804	25,050
Freestanding	170	3,373,209	-	60,064	294,136	8.7%	644	-
Incubator	28	794,639	-	-	72,565	9.1%	1,574	-
Midbay	53	2,539,998	-	-	447,002	17.6%	(59,072)	-
Other	1	44,631	-	-	-	0.0%	-	-
Airport Total	437	13,854,234	-	60,064	1,769,235	12.8%	(170,808)	25,050
Henderson								
Distribution	54	6,590,341	-	-	296,916	4.5%	105,552	-
Flex	44	819,811	-	-	103,048	12.6%	(9,114)	-
Freestanding	348	4,244,572	-	-	725,979	17.1%	(19,554)	-
Incubator	6	189,442	-	-	18,436	9.7%	12,511	-
Midbay	47	2,145,413	-	-	709,786	33.1%	(13,823)	-
Other	-	-	-	-	-	0.0%	-	-
Henderson Total	499	13,989,579	-	-	1,854,165	13.3%	75,572	-
Las Vegas Total								
Distribution	404	41,709,445	412,000	-	3,438,597	8.2%	(23,856)	121,875
Flex	471	12,720,570	-	-	1,817,435	14.3%	(41,621)	160,185
Freestanding	2,033	27,872,491	50,000	125,064	3,796,629	13.6%	(144,218)	6,800
Incubator	161	4,630,327	-	-	739,623	16.0%	(13,136)	-
Midbay	334	16,005,518	-	-	3,030,665	18.9%	(16,509)	-
Other	3	99,443	-	-	-	0.0%	-	-
Total	3,406	103,037,794	462,000	125,064	12,822,949	12.4%	(239,340)	288,860

This survey consists of buildings greater than 5,000 square feet. **Note:** Planned inventory includes projects that previously commenced construction but are not actively underway.





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:

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