

INDUSTRIAL MARKET REPORT

FOURTH
QUARTER
2006

Compared to
last quarter:

VACANCY



ABSORPTION



LEASE RATES



CONSTRUCTION



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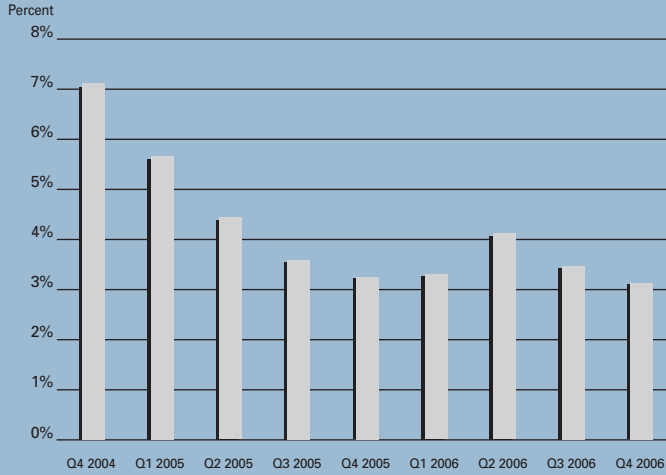
MARKET HIGHLIGHTS

- ◆ During 2006, the Las Vegas employment market expanded by approximately 44,200 new positions, representing an annual growth rate of 4.9 percent. Industrial-using employment posted above-average growth of 7.0 percent, contributing nearly one in every three positions created valley-wide.
- ◆ As of year-end, unemployment levels in Las Vegas remained relatively low at 4.0 percent, which was up slightly from 3.7 percent reported one year ago. The jobless rate remains below the 4.5-percent national average reported during the same period.
- ◆ The industrial sector expanded by 647,000 square feet during the fourth quarter, while contributing a record-setting 5.1 million square feet for the year. Existing inventory as of year-end reached 87.9 million square feet, or 6.1 percent ahead of where it started the year.
- ◆ During the fourth quarter, the market demanded (or absorbed) 939,000 square feet, pushing up annual demand to 5.1 million square feet, matching new supply. By year-end, vacancies hit a new low of 3.1 percent, representing a decline from 3.5 percent in the third quarter 2006 and 3.3 percent in the prior year.
- ◆ While land availability and pricing concerns exist, a sizable amount of space remains under construction. That having been said, a large share of the 6.8 million square feet under construction is comprised of build-to-suits for worldwide manufacturers and distributors. Beyond the current pipeline, another 3.4 million square feet, or less than a year of effective inventory at the current absorption rate, are in the various stages of planning.

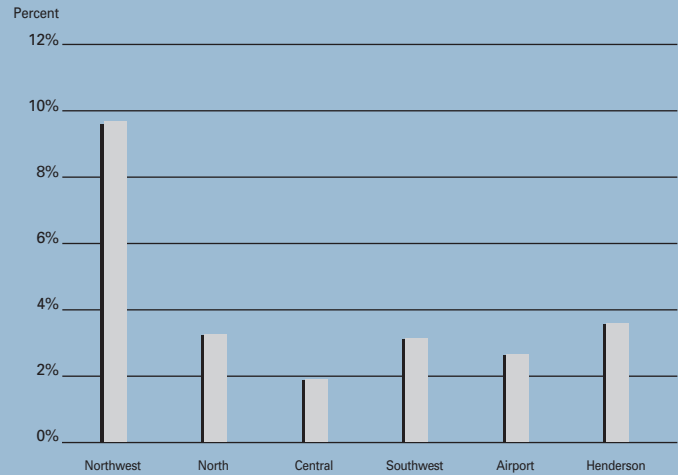
INDUSTRIAL MARKET STATISTICS

	2006	2005	2004	% CHANGE VS. 2005
Under Construction	6,769,000	4,780,000	3,000,000	41.61%
Planned Construction	3,359,000	6,969,000	8,176,000	-51.80%
Vacancy	3.1%	3.3%	7.2%	-6.06%
Net Absorption	5,070,000	6,498,000	4,453,000	-21.98%

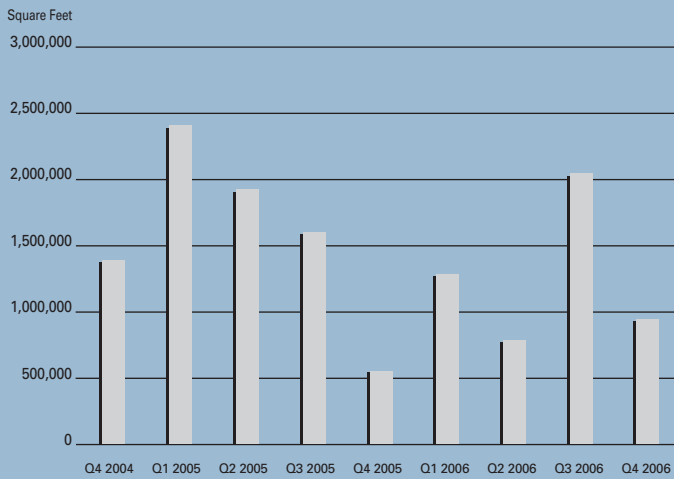
HISTORICAL VACANCY RATE



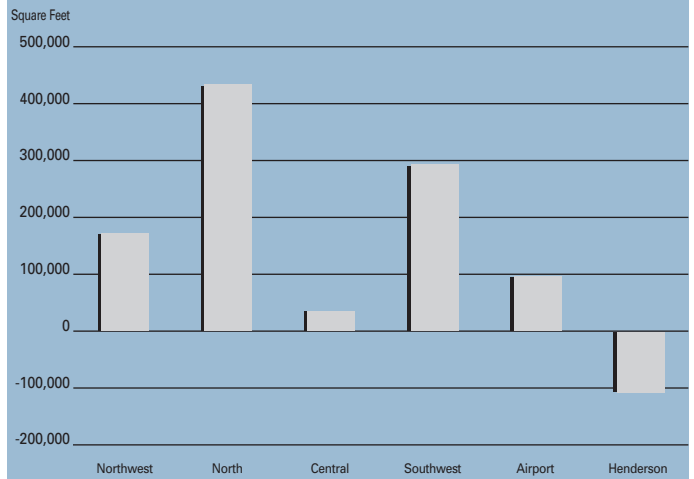
VACANCY RATE BY SUBMARKET



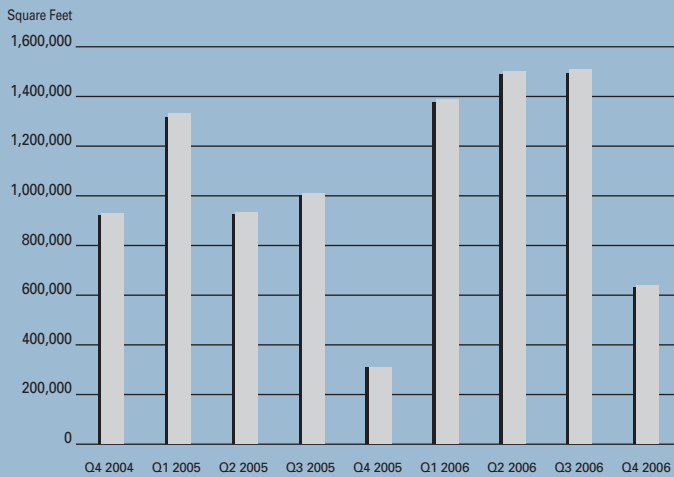
HISTORICAL NET ABSORPTION



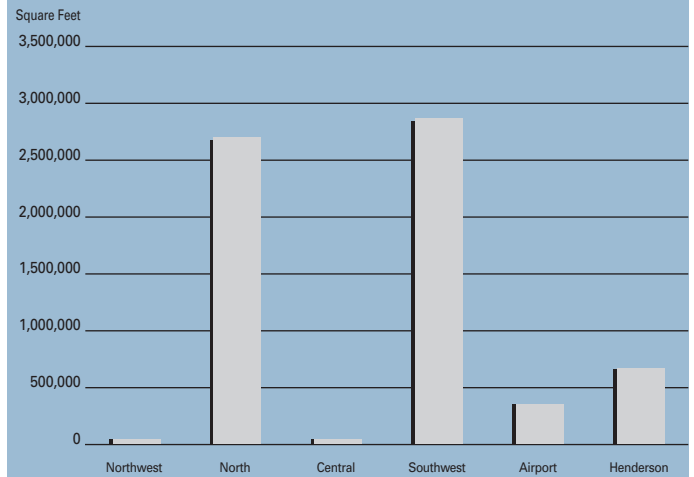
NET ABSORPTION BY SUBMARKET



HISTORICAL NEW CONSTRUCTION



UNDER CONSTRUCTION BY SUBMARKET

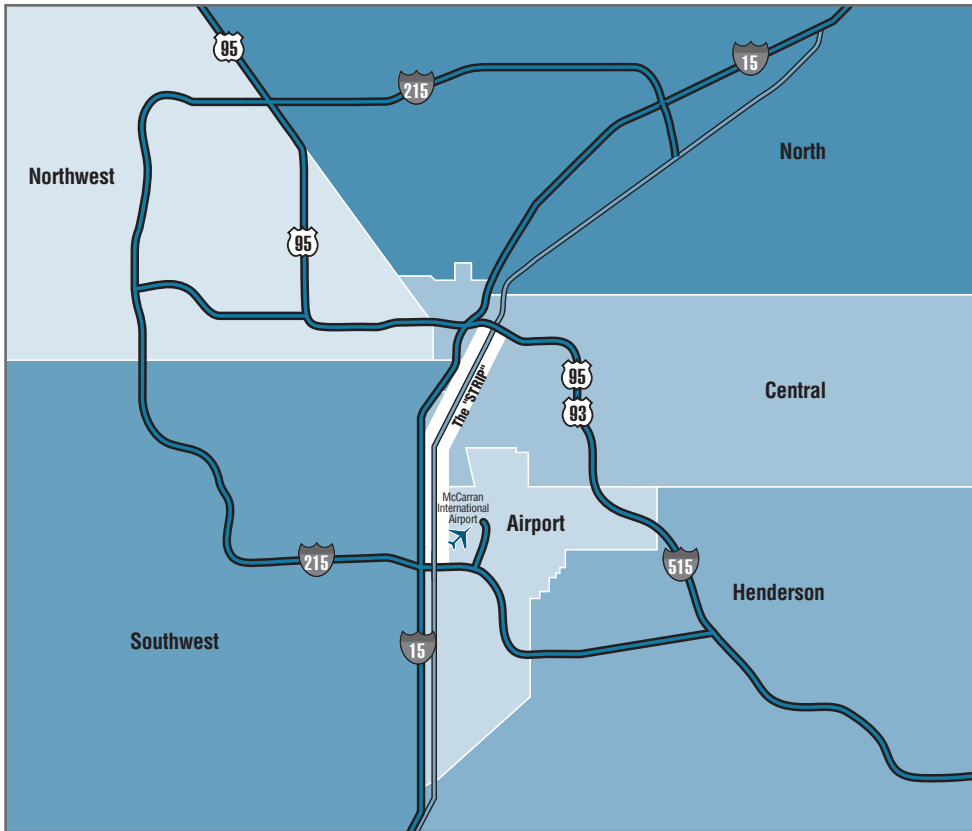


LAS VEGAS MARKET

	INVENTORY				VACANCY		ABSORPTION & NEW INVENTORY			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2006	Net Absorption 4Q2006	Net Absorption 2006 YTD	New Inventory 4Q2006	New Inventory 2006 YTD
Northwest										
Distribution	2	196,910	0	0	7,235	3.7%	149,772	189,675	0	51,000
Flex	9	259,477	0	0	61,527	23.7%	2,020	42,659	0	70,000
Freestanding	6	180,690	0	0	2,600	1.4%	18,400	(2,600)	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	72,706	9.7%	170,192	228,390	0	121,000
North										
Distribution	106	14,683,002	1,590,342	1,006,525	386,264	2.6%	343,755	1,645,536	70,200	1,491,863
Flex	35	1,210,478	51,040	0	67,131	5.5%	16,012	2,909	0	0
Freestanding	426	6,840,265	560,966	569,443	181,374	2.7%	51,706	509,297	46,750	562,725
Incubator	17	408,584	0	76,035	4,900	1.2%	2,800	25,582	0	0
Midbay	45	2,043,023	522,832	13,460	181,759	8.9%	28,798	31,560	172,000	172,000
Other	0	0	0	0	0	0.0%	0	0	0	0
North Total	629	25,185,352	2,725,180	1,665,463	821,428	3.3%	443,071	2,214,884	288,950	2,226,588
Central										
Distribution	28	1,408,255	0	0	0	0.0%	31,270	36,970	0	0
Flex	20	459,945	0	0	7,615	1.7%	11,360	28,814	0	28,800
Freestanding	139	1,967,557	39,000	0	30,677	1.6%	(15,002)	(30,677)	0	0
Incubator	31	797,245	0	0	52,304	6.6%	(13,121)	(9,725)	0	0
Midbay	36	1,696,677	0	0	30,360	1.8%	20,896	14,035	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
Central Total	254	6,329,679	39,000	0	120,956	1.9%	35,403	39,417	0	28,800
Southwest										
Distribution	105	9,310,582	1,744,118	250,000	255,740	2.7%	189,116	1,170,264	252,000	1,346,300
Flex	203	6,923,847	114,000	51,296	284,907	4.1%	100,334	207,930	72,326	236,283
Freestanding	633	7,831,020	559,031	437,137	203,668	2.6%	19,667	27,665	33,945	187,307
Incubator	51	1,974,329	0	0	112,470	5.7%	(12,086)	(20,624)	0	0
Midbay	96	5,346,120	484,426	303,673	106,306	2.0%	301	155,921	0	138,081
Other	0	0	0	0	0	0.0%	0	0	0	0
Southwest Total	1,088	31,385,898	2,901,575	1,042,106	963,091	3.1%	297,332	1,541,156	358,271	1,907,971
Airport										
Distribution	60	4,466,664	150,000	0	76,408	1.7%	49,778	228,515	0	261,398
Flex	96	2,485,974	89,816	0	82,219	3.3%	24,898	(6,504)	0	0
Freestanding	158	3,060,820	131,746	95,000	74,900	2.4%	51,897	347,323	0	243,352
Incubator	27	778,607	0	0	5,913	0.8%	2,397	35,969	0	0
Midbay	45	2,311,457	0	13,803	119,173	5.2%	(31,720)	36,795	0	38,022
Other	1	44,631	0	0	0	0.0%	0	0	0	0
Airport Total	387	13,148,153	371,562	108,803	358,613	2.7%	97,250	642,098	0	542,772
Henderson										
Distribution	41	5,227,756	223,583	124,610	146,998	2.8%	(31,573)	341,899	0	169,962
Flex	43	811,900	0	0	71,814	8.8%	(29,939)	(37,364)	0	0
Freestanding	245	3,205,313	448,457	185,699	84,801	2.6%	(48,245)	64,221	0	63,086
Incubator	2	33,610	0	0	0	0.0%	0	0	0	0
Midbay	40	1,821,531	0	231,840	99,186	5.4%	5,837	35,157	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
Henderson Total	371	11,100,110	672,040	542,149	402,799	3.6%	(103,920)	403,913	0	233,048
Las Vegas Total										
Distribution	342	35,293,169	3,708,043	1,381,135	872,645	2.5%	732,118	3,612,859	322,200	3,320,523
Flex	406	12,151,621	254,856	51,296	575,213	4.7%	124,685	238,444	72,326	335,083
Freestanding	1,607	23,085,665	1,739,200	1,287,279	578,020	2.5%	78,423	915,229	80,695	1,056,470
Incubator	129	4,052,375	60,000	76,035	176,931	4.4%	(20,010)	29,858	0	0
Midbay	262	13,218,808	1,007,258	562,776	536,784	4.1%	24,112	273,468	172,000	348,103
Other	3	99,443	0	0	0	0.0%	0	0	0	0
Total	2,749	87,901,081	6,769,357	3,358,521	2,739,593	3.1%	939,328	5,069,858	647,221	5,060,179

INDUSTRIAL MARKET REPORT

FOURTH 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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