



# Industrial Market Report

VOIT COMMERCIAL BROKERAGE

Compared to last quarter:

**Vacancy**



**UP**

**Absorption**



**UP**

**Lease Rates**



**FLAT**

**Construction**

**DOWN**



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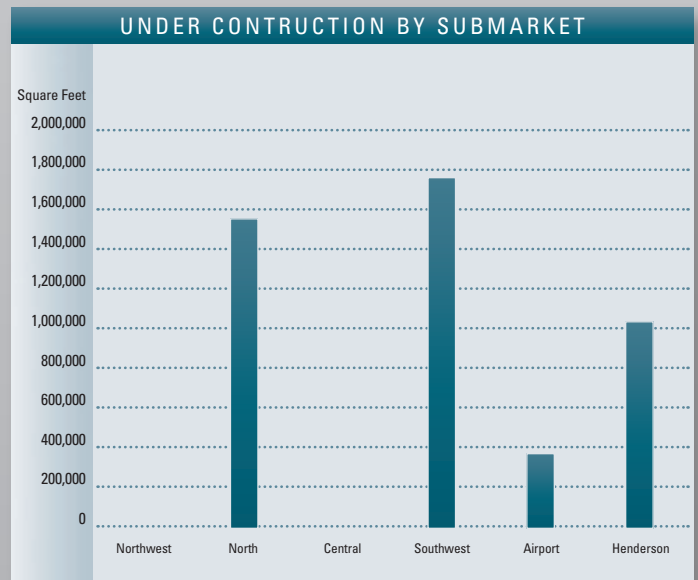
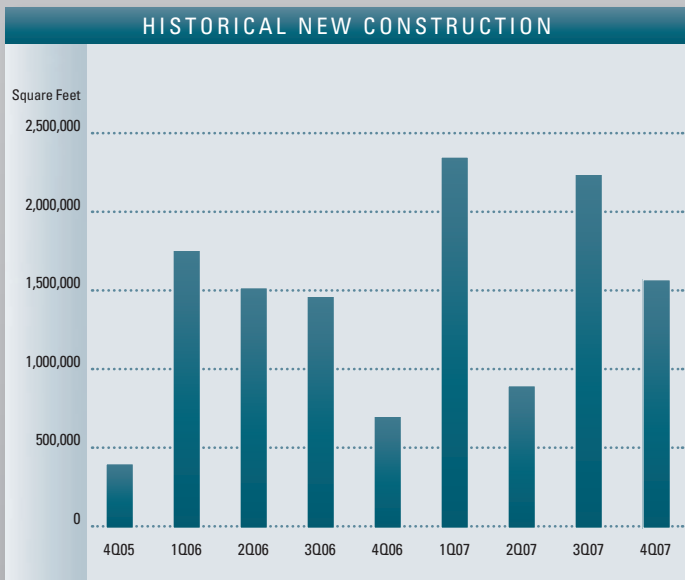
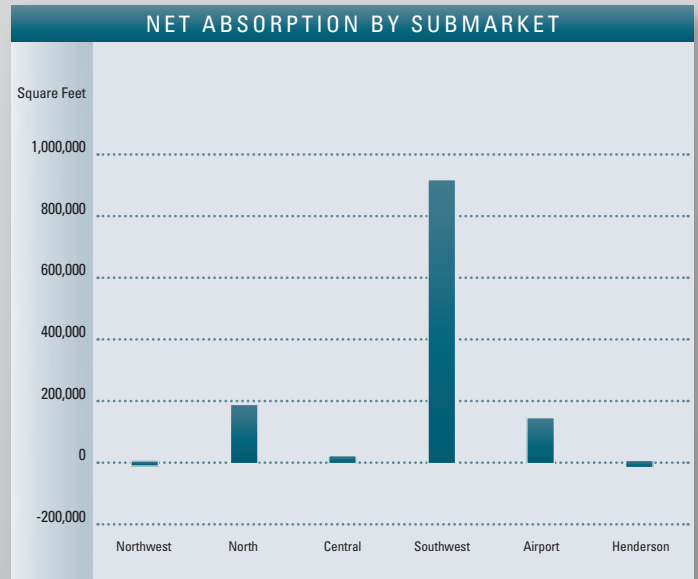
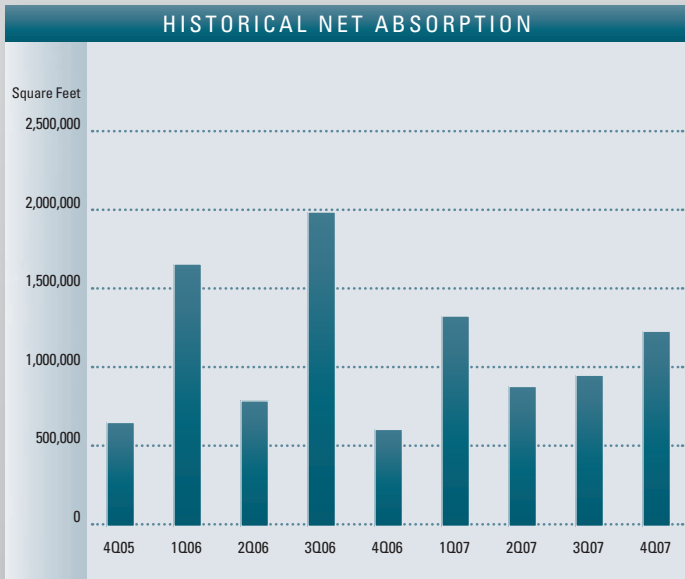
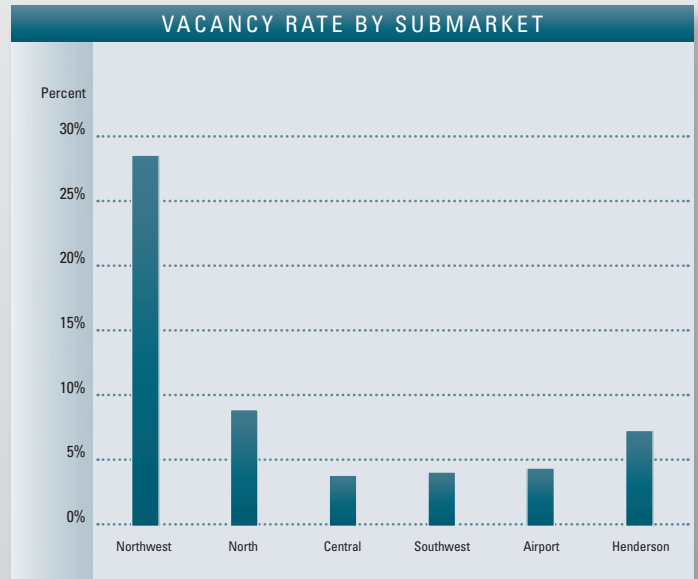
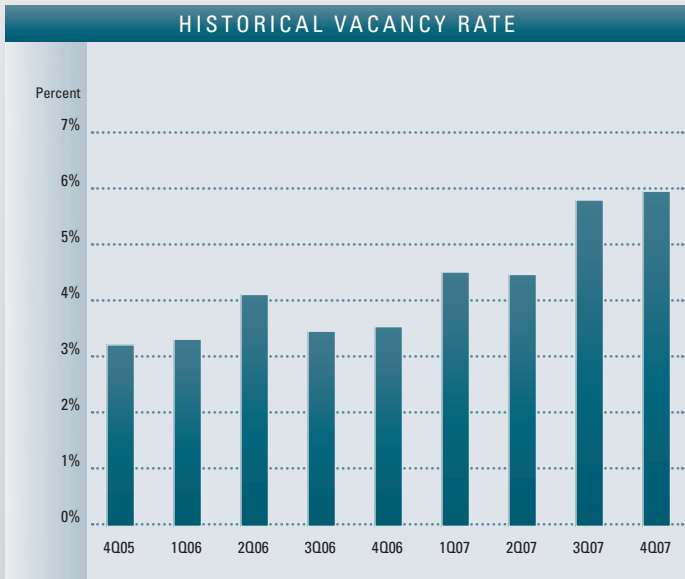
## Industrial Market Highlights

- ◆ The Las Vegas industrial market had a record-setting level of new supply complete construction in 2007. During the fourth quarter of 2007, the market welcomed 1.6 million square feet of new space, bringing the annual total to 7.0 million square feet. For comparative purposes, the market expanded by 5.4 million square feet during 2006, while the market has historically averaged 4.1 million square feet of completions. The latest market expansion brings total industrial inventory to 96.4 million square feet.
- ◆ Project completions were most dominant in the southwest portion of the valley as 1.1 million square feet came on-line. The IGT Campus substantially completed construction of over 600,000 square feet of distribution space, while multiple buildings finished in Park West Industrial Center and Sunset Corporate Center. Two buildings in Northern Beltway Industrial Center also completed construction before year-end.
- ◆ From a demand perspective, the market remained healthy with 1.2 million square feet of net absorption during the fourth quarter. During the course of the year, users demanded 4.4 million square feet, which fell far short of new supply.
- ◆ The latest market activity resulted in a rising vacancy rate to 6.0 percent, the highest rate during the past three years. Current vacancies reflect an increase over the 5.7 percent reported one quarter ago (Q3 2007) and the 3.5 percent posted one year ago (Q4 2006). That being said, current vacancies remain below historical averages.
- ◆ Despite long-run availability concerns, a large amount of forward-looking supply is on the horizon. As of year-end, a total of 4.7 million square feet was under construction, with major build-to-suits included in these figures. PepsiCo continued construction on their buildings in the southwest submarket, while Cashman Equipment continued construction of their campus in the City of Henderson.
- ◆ Planned projects totaled 4.2 million square feet at year-end, with 3.0 million square feet located in the north submarket. Distribution product represents over one-half of planned space, while nearly 1.3 million square feet of freestanding and industrial condominiums are on the drawing board.
- ◆ By the close of 2007, annual employment growth softened as the market reported 10,100 new jobs during the year, which represented a below-average 1.1-percent increase. Also during the year, unemployment levels increased to 5.3 percent, up from 4.1 percent in the prior year. It is worth noting the timing of major resort opening within the resort corridor is a key factor impacting overall employment levels. Total programmed resort construction during the several years includes over 45,000 hotel rooms and in excess of \$35 billion in investments. This activity will have a material impact on the overall performance of the employment market.

### INDUSTRIAL MARKET OVERVIEW

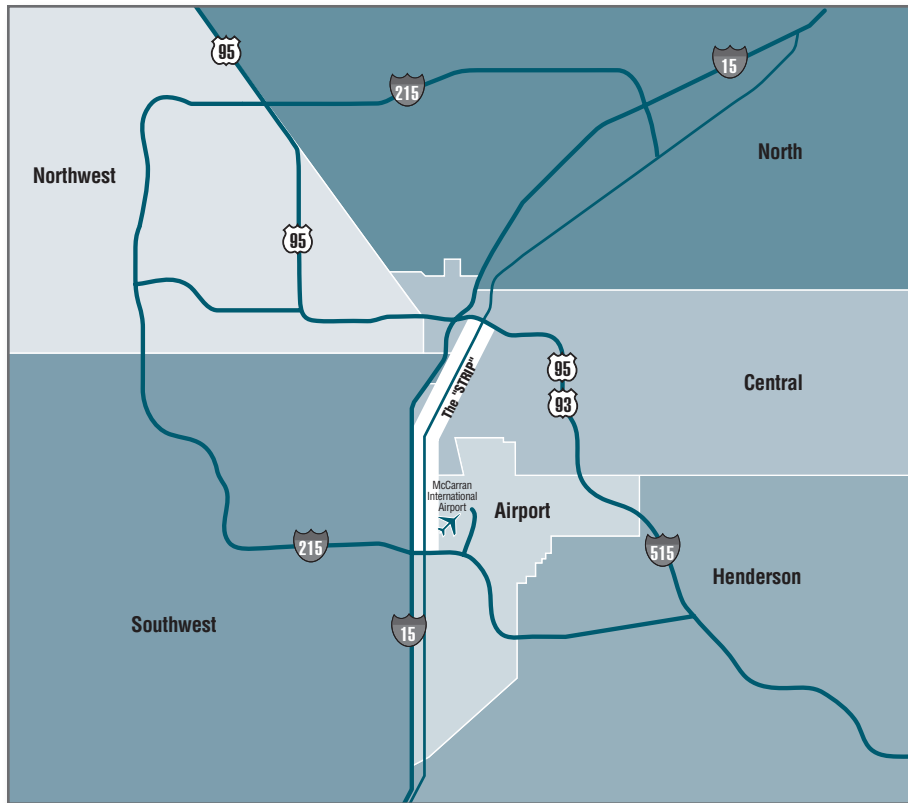
	2007	2006	2005	% CHANGE VS. 2006
Under Construction	4,727,000	6,377,000	5,149,000	-25.87%
Planned Construction	4,205,000	5,123,000	6,918,000	-17.92%
Vacancy	6.0%	3.5%	3.3%	71.43%
Net Absorption	4,367,000	5,087,000	5,818,000	-14.15%

**Real People. Real Solutions.**



	INVENTORY				VACANCY		ABSORPTION	
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2007	Net Absorption 4Q2007	New Inventory 4Q2007
<b>Northwest</b>								
Distribution	3	274,228	0	0	145,910	53.2%	0	0
Flex	9	259,477	0	0	90,051	34.7%	(14,472)	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>22</b>	<b>889,207</b>	<b>0</b>	<b>0</b>	<b>250,961</b>	<b>28.2%</b>	<b>(14,472)</b>	<b>0</b>
<b>North</b>								
Distribution	120	16,440,511	100,000	2,094,032	1,287,464	7.8%	262,697	423,786
Flex	40	1,389,319	51,040	0	252,659	18.2%	(88,489)	0
Freestanding	535	7,514,398	1,079,243	794,917	432,545	5.8%	(9,248)	0
Incubator	21	464,619	166,048	84,105	17,784	3.8%	1,300	0
Midbay	55	2,705,855	158,854	0	443,098	16.4%	26,276	0
Other	0	0	0	0	0	0.0%	0	0
<b>North Total</b>	<b>771</b>	<b>28,514,702</b>	<b>1,555,185</b>	<b>2,973,054</b>	<b>2,433,550</b>	<b>8.5%</b>	<b>192,536</b>	<b>423,786</b>
<b>Central</b>								
Distribution	29	1,428,435	0	51,907	6,090	0.4%	(1,450)	0
Flex	20	459,945	0	0	14,733	3.2%	4,486	0
Freestanding	142	2,104,885	0	12,533	120,745	5.7%	(6,735)	0
Incubator	31	796,885	0	0	33,267	4.2%	10	0
Midbay	37	1,709,981	0	0	69,106	4.0%	33,514	0
Other	0	0	0	0	0	0.0%	0	0
<b>Central Total</b>	<b>259</b>	<b>6,500,131</b>	<b>0</b>	<b>64,440</b>	<b>243,941</b>	<b>3.8%</b>	<b>29,825</b>	<b>0</b>
<b>Southwest</b>								
Distribution	110	10,842,813	1,279,500	250,000	191,965	1.8%	567,774	600,000
Flex	220	7,009,529	87,000	0	404,205	5.8%	7,520	112,332
Freestanding	653	8,711,801	394,940	448,184	287,915	3.3%	317,210	333,493
Incubator	80	1,959,329	0	0	150,433	7.7%	(32,682)	0
Midbay	111	5,950,292	0	410,375	329,488	5.5%	59,050	35,999
Other	0	0	0	0	0	0.0%	0	0
<b>Southwest Total</b>	<b>1,174</b>	<b>34,473,764</b>	<b>1,761,440</b>	<b>1,108,559</b>	<b>1,364,006</b>	<b>4.0%</b>	<b>918,872</b>	<b>1,081,824</b>
<b>Airport</b>								
Distribution	60	4,550,885	212,460	0	134,786	3.0%	142,270	0
Flex	124	2,675,560	0	37,240	145,244	5.4%	(760)	0
Freestanding	164	3,188,450	155,064	0	142,225	4.5%	(28,574)	14,788
Incubator	27	778,607	0	0	3,690	0.5%	(636)	0
Midbay	44	2,255,950	0	0	151,417	6.7%	27,629	0
Other	1	44,631	0	0	0	0.0%	0	0
<b>Airport Total</b>	<b>420</b>	<b>13,494,083</b>	<b>367,524</b>	<b>37,240</b>	<b>577,362</b>	<b>4.3%</b>	<b>139,929</b>	<b>14,788</b>
<b>Henderson</b>								
Distribution	45	6,037,561	421,380	0	276,041	4.6%	(37,133)	0
Flex	44	824,900	26,133	0	72,599	8.8%	(18,850)	0
Freestanding	306	3,836,338	98,584	21,313	224,304	5.8%	88,224	48,715
Incubator	2	33,610	155,832	0	0	0.0%	0	0
Midbay	38	1,809,523	340,937	0	332,110	18.4%	(57,273)	0
Other	0	0	0	0	0	0.0%	0	0
<b>Henderson Total</b>	<b>435</b>	<b>12,541,932</b>	<b>1,042,866</b>	<b>21,313</b>	<b>905,054</b>	<b>7.2%</b>	<b>(25,032)</b>	<b>48,715</b>
<b>Las Vegas Total</b>								
Distribution	367	39,574,433	2,013,340	2,395,939	2,042,256	5.2%	934,158	1,023,786
Flex	457	12,618,730	164,173	37,240	979,491	7.8%	(110,565)	112,332
Freestanding	1,806	25,536,562	1,727,831	1,276,947	1,222,734	4.8%	360,877	396,996
Incubator	163	4,153,050	321,880	84,105	205,174	4.9%	(32,008)	0
Midbay	285	14,431,601	499,791	410,375	1,325,219	9.2%	89,196	35,999
Other	3	99,443	0	0	0	0.0%	0	0
<b>Total</b>	<b>3,081</b>	<b>96,413,819</b>	<b>4,727,015</b>	<b>4,204,606</b>	<b>5,774,874</b>	<b>6.0%</b>	<b>1,241,658</b>	<b>1,569,113</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

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