



Industrial Market Report

VOIT COMMERCIAL BROKERAGE

Compared to last quarter:



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Industrial Market Highlights

- ◆ By the close of 2008, the Las Vegas industrial market reported a modest rise in vacancies to 8.9 percent from 8.8 percent in the third quarter of 2008. Compared to the end of 2007, market availability was up more than 2.4 points from 6.6 percent. Fundamentals in the market continue to be impacted by a lack of user expansions and/or relocations, while pre-leasing activity on newly-completed space was somewhat limited.
- ◆ The market reported 1.2 million square feet of completions during the fourth quarter of 2008, bringing the annual total of new supply to 5.2 million. Expansion levels fell short of the 2007 total of 7.2 million square feet as market demand by end users and investors dictated a slower pace of development. Substantially all new supply during the quarter was located in the Henderson and southwest portions of the valley. The latest activity resulted in total inventory of 102.4 million square feet in 3,384 buildings valley-wide.
- ◆ Major project completions during the fourth quarter included Cashman Equipment's new 300,000-square-foot facility in Henderson, expansion within Henderson Commerce Center IV, several buildings at Seven Series in Hughes Airport Center, midbay product located in the Arroyo Industrial Center South and a handful of other projects.
- ◆ From a demand standpoint, the market absorbed nearly 1.0 million square feet during the final quarter of 2008, contributing to annual net absorption of 2.5 million square feet. Positive absorption was reported primarily in the Henderson, airport and southwest submarkets,

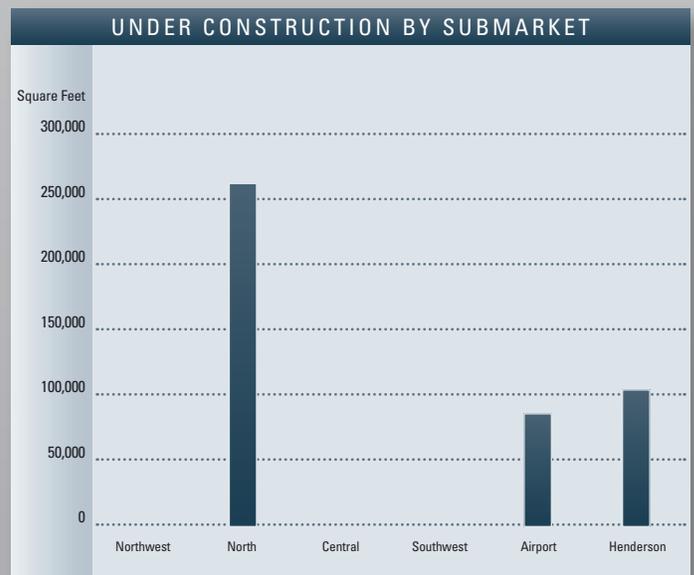
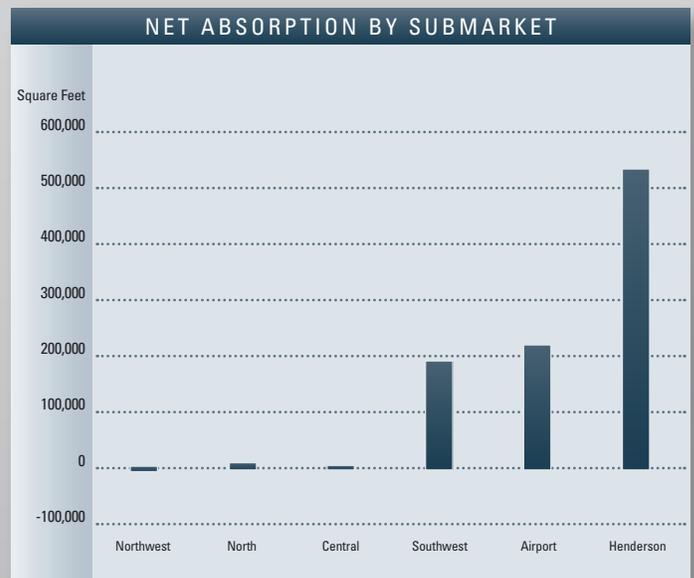
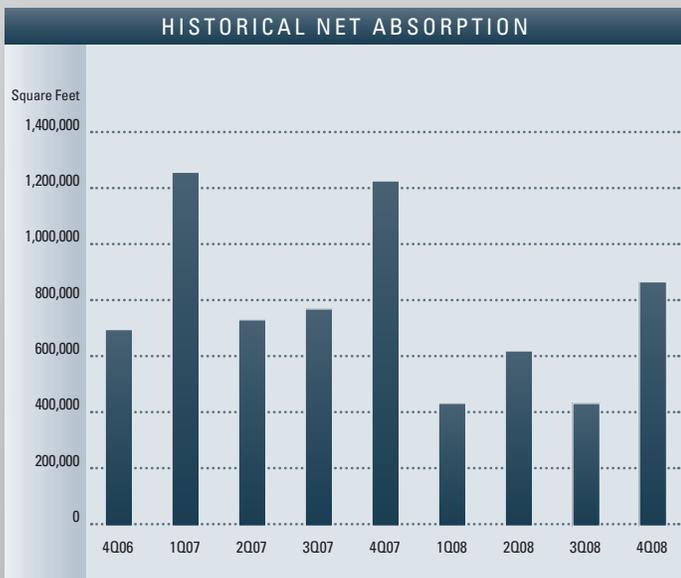
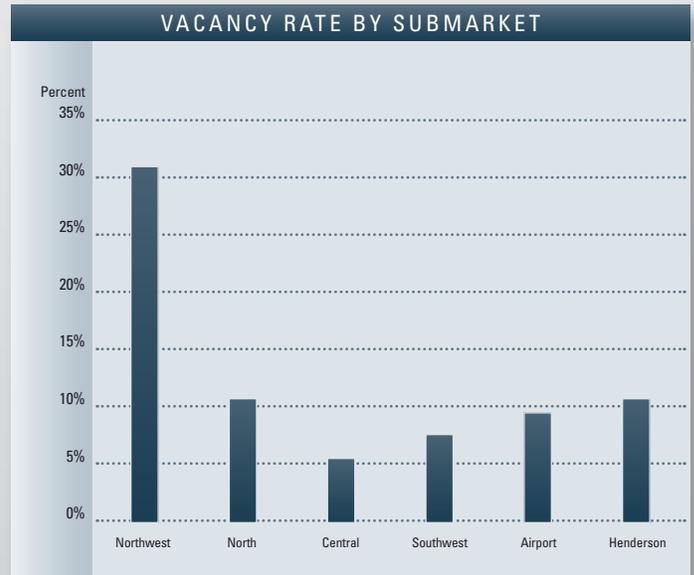
which included the non-speculative project by Cashman Equipment, lease deals taking place in Hughes Airport Center, demand in the Valley Freeway Centre and other speculative transactions.

- ◆ Looking out on the horizon, a limited amount of space remains in the development pipeline. As of year-end, a total of 450,600 square feet of product is actively under construction, with another 2.3 million square feet of project proposals. Assuming all project proposals move forward, future supply levels reflect approximately one year of effective inventory at 2008 absorption levels. While very few transactions are pending, we expect vacancies to remain within a reasonable range as market corrections are underway.
- ◆ Broader economic conditions in southern Nevada continued to erode through year-end. Based on the latest available data, leading market indicators continue to fall, suggesting near-term improvements are unlikely. Overall employment valley-wide is down 0.5 percent (-4,300 jobs) from the prior year, while unemployment levels have reached 7.9 percent. Layoffs have become prevalent and contraction in the construction sector has driven the bulk of the decline. In addition to a soft employment picture, the housing market continues to report falling prices despite an uptick in the number of resale homes being sold. Bank-owned properties represent the lion's share of sales activity. Softer-than-average performances in the tourism industry have also contributed to the current climate. We expect continued corrections during the majority of 2009 as the core sectors seek out a new equilibrium.

INDUSTRIAL MARKET OVERVIEW

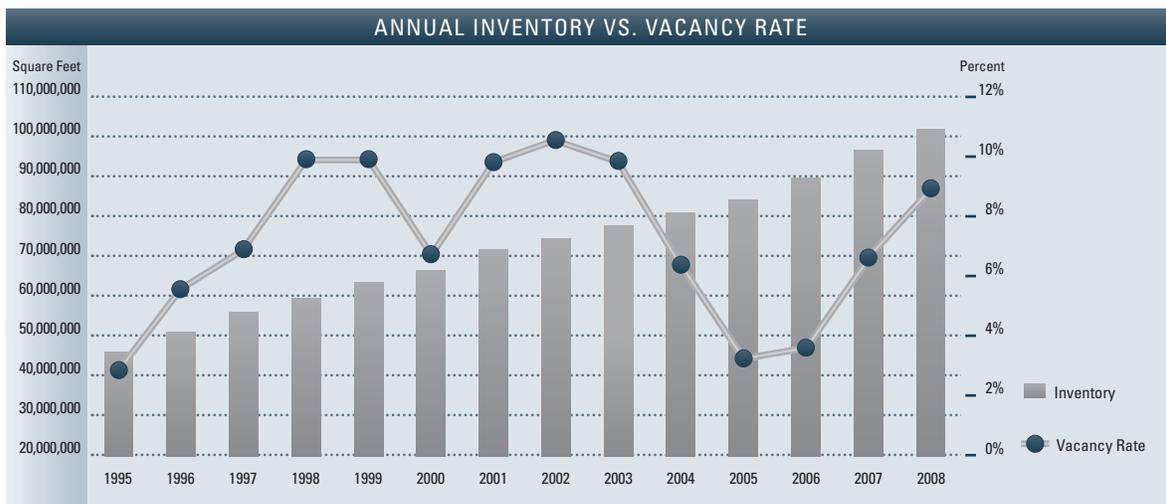
	2008	2007	2006	% CHANGE VS. 2007
Under Construction	451,000	4,687,000	6,324,000	-90.38%
Planned Construction	2,348,000	4,205,000	3,562,000	-44.16%
Vacancy	8.9%	6.6%	3.6%	34.85%
Net Absorption	2,463,000	4,014,000	5,103,000	-38.64%

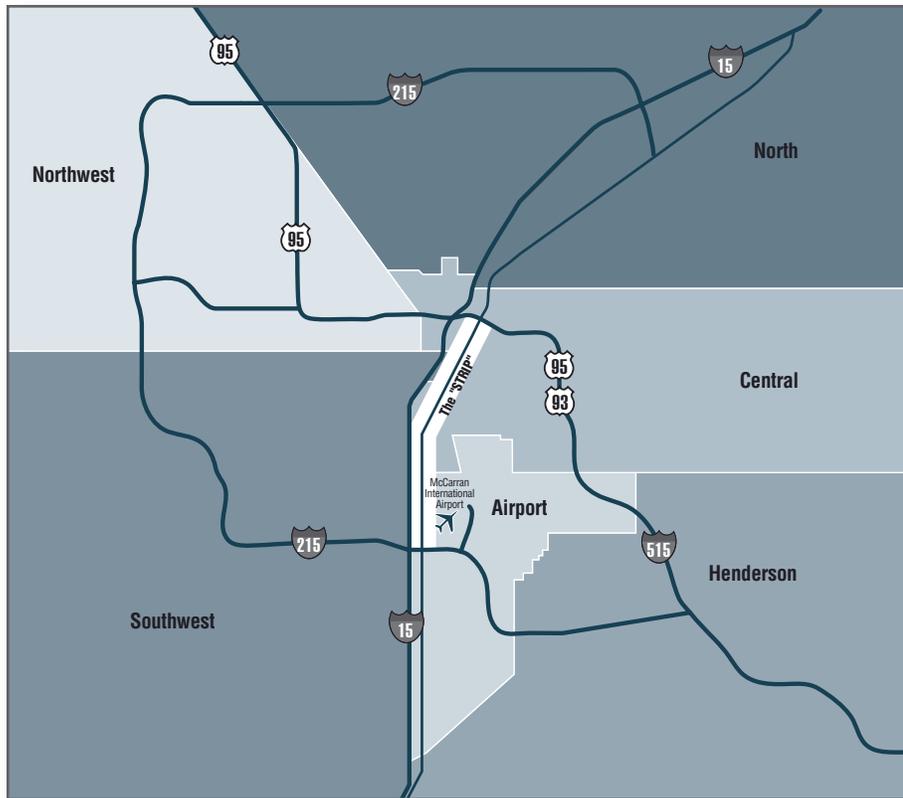
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	INVENTORY				VACANCY		DEMAND & SUPPLY			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2008	Net Absorption 4Q2008	Net Absorption 2008	New Supply 4Q2008	New Supply 2008
Northwest										
Distribution	2	196,910	0	0	145,910	74.1%	0	0	0	0
Flex	10	257,489	0	0	40,261	15.6%	23,961	49,789	0	0
Freestanding	6	174,690	0	0	15,000	8.6%	0	0	0	0
Incubator	2	120,000	0	0	46,592	38.8%	(30,728)	(46,592)	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	22	803,901	0	0	247,763	30.8%	(6,767)	3,197	0	0
North										
Distribution	125	16,644,411	95,000	1,454,942	925,229	5.6%	36,532	695,407	0	100,000
Flex	50	1,388,577	0	0	300,915	21.7%	1,195	(76,055)	0	0
Freestanding	642	8,373,169	166,420	0	1,180,885	14.1%	(50,730)	160,891	46,492	864,761
Incubator	30	751,632	0	0	254,827	33.9%	5,673	53,870	0	285,613
Midbay	59	2,812,221	0	158,854	497,705	17.7%	21,764	(1,007)	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
North Total	906	29,970,010	261,420	1,613,796	3,159,561	10.5%	14,434	833,106	46,492	1,250,374
Central										
Distribution	34	1,565,860	0	0	4,640	0.3%	0	1,450	0	0
Flex	20	459,945	0	0	26,689	5.8%	0	(11,956)	0	0
Freestanding	143	2,117,918	0	0	120,124	5.7%	5,700	7,917	0	12,533
Incubator	36	796,885	0	0	84,419	10.6%	(2,068)	(48,152)	0	0
Midbay	48	1,709,981	0	0	100,481	5.9%	0	(31,375)	0	0
Other	0	0	0	0	0	0.0%	0	0	0	0
Central Total	281	6,650,589	0	0	336,353	5.1%	3,632	(82,116)	0	12,533
Southwest										
Distribution	127	12,008,308	0	533,875	346,311	2.9%	106,173	1,159,004	48,650	1,328,150
Flex	220	7,027,295	0	135,135	626,273	8.9%	(37,208)	(97,544)	0	87,000
Freestanding	728	9,491,421	0	65,224	747,193	7.9%	55,002	156,186	67,849	541,759
Incubator	59	1,977,729	0	0	98,741	5.0%	(407)	47,192	0	0
Midbay	125	6,714,141	0	0	824,271	12.3%	71,535	(88,800)	379,538	379,538
Other	0	0	0	0	0	0.0%	0	0	0	0
Southwest Total	1,259	37,218,894	0	734,234	2,642,789	7.1%	195,095	1,176,038	496,037	2,336,447
Airport										
Distribution	65	4,780,463	0	0	460,547	9.6%	191,371	21,074	64,460	212,516
Flex	125	2,634,471	25,050	0	245,946	9.3%	17,924	(45,074)	37,240	37,240
Freestanding	170	3,373,209	60,064	0	253,916	7.5%	0	14,955	0	160,380
Incubator	28	794,639	0	0	81,539	10.3%	(22,913)	(66,557)	0	0
Midbay	49	2,265,077	0	0	243,511	10.8%	36,732	(6,967)	0	85,127
Other	1	44,631	0	0	0	0.0%	0	0	0	0
Airport Total	438	13,892,490	85,114	0	1,285,459	9.3%	223,114	(82,569)	101,700	495,263
Henderson										
Distribution	54	6,590,341	0	0	333,202	5.1%	351,349	364,219	300,000	421,380
Flex	44	819,811	0	0	79,085	9.6%	20,936	19,647	0	26,133
Freestanding	327	4,140,542	104,030	0	489,200	11.8%	(24,781)	(5,175)	0	193,447
Incubator	6	189,442	0	0	30,947	16.3%	80,909	124,885	0	155,832
Midbay	47	2,145,413	0	0	561,412	26.2%	103,903	111,532	240,953	335,890
Other	0	0	0	0	0	0.0%	0	0	0	0
Henderson Total	478	13,885,549	104,030	0	1,493,846	10.8%	532,316	615,108	540,953	1,132,682
Las Vegas Total										
Distribution	407	41,786,293	95,000	1,988,817	2,215,839	5.3%	685,425	2,241,154	413,110	2,062,046
Flex	469	12,587,588	25,050	135,135	1,319,169	10.5%	26,808	(161,193)	37,240	150,373
Freestanding	2,016	27,670,949	330,514	65,224	2,806,318	10.1%	(14,809)	334,774	114,341	1,772,880
Incubator	161	4,630,327	0	0	597,065	12.9%	30,466	64,646	0	441,445
Midbay	328	15,646,833	0	158,854	2,227,380	14.2%	233,934	(16,617)	620,491	800,555
Other	3	99,443	0	0	0	0.0%	0	0	0	0
Total	3,384	102,421,433	450,564	2,348,030	9,165,771	8.9%	961,824	2,462,764	1,185,182	5,227,299

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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