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# PRESS RELEASE

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## Second Quarter 2010 Industrial Market Performance Measures Released

### *Leading Real Estate Research Firm Notes Vacancy Rate Pushes to New High, 16.2 Percent*

After releasing its second quarter industrial market report today, local business advisory firm Applied Analysis noted the Las Vegas Valley industrial market continued to signal weakness with an increasing vacancy rate and falling average asking rents amid turbulent conditions within the sector. No new inventory came to market as several projects remain stalled or delayed due to a lack of demand and an abundance of supply. Nearly 351,000 square feet of industrial space in four buildings remain under construction with limited product in the pipeline.

The market reported approximately 841,600 square feet of negative net absorption during the quarter, bringing the total amount of vacant space to nearly 16.8 million square feet. The latest figures reflect the sixth consecutive quarter of negative net absorption and the 16.2 percent vacancy rate is a new record high for the Las Vegas region. The vacancy rate climbed 0.8 points during the past three months, but is also the smallest increase since the fourth quarter of 2008. Nevertheless, the vacancy rate has steadily climbed since the recession began in late 2007 and compared to the same quarter of the prior year (Q2 2009), the vacancy rate increased 4.0 points, or from 12.2 percent to 16.2 percent.

Las Vegas Valley Quarterly Comparison  
Industrial Space

	2Q 2010 (current quarter)	1Q 2010 (previous quarter)	2Q 2009 (same quarter one year prior)
Industrial Inventory (SF)	103,356,000	103,356,000	102,605,000
Under Construction (SF)	351,000	254,000	816,000
Vacancy Rate	16.2%	15.4%	12.2%
Average Asking Rate (Rent PSF)	\$0.58	\$0.60	\$0.71
Completions (SF) - Quarter	-	-	189,000
Completions (SF) - Trailing 12 Months	751,000	940,000	2,516,000
Net Absorption (SF) - Quarter	-842,000	-970,000	-1,298,000
Net Absorption (SF) - Trailing 12 Months	-3,506,000	-3,963,000	-1,741,000

**Note:** Inventory figures exclude approximately 125,000 square feet of space in projects that have stalled or delayed construction activity. These projects have been reported as planned for reporting purposes until construction activity re-commences.

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**Highlights:**

- **Lowest vacancy rate** (excluding R&D space): Manufacturing (15.2%)
- **Highest vacancy rate** (excluding R&D space): Flex space (21.4%)
- **Annual employment decline** (May 2010):
  - All employees: -30,700 (-3.7%)
  - Leisure and hospitality: -5,300 (-2.1%)
  - Construction: -16,500 (-25.4%)
- **Forward-looking Supply:** Limited new product in the industrial sector is expected with the exception of the following:
  - Westside Building Material's 53,000-square-foot build-to-suit space at 6460 S. Santa Margarita Street in the southwest submarket
  - A 97,000-square-foot FedEx distribution building in the southwest submarket at 7000 W. Post Road
  - Marnell Air Cargo Center with nearly 201,000 square feet in the airport submarket
- **Pricing:** Reacting to additional supply in the market, average asking rents continued to trend downward for the sixth consecutive quarter. On average, across the valley and all product types, asking rents of \$0.58 per square foot per month remained down 3.3 percent from the \$0.60 witnessed during the previous quarter (Q1 2010) and 18.3 percent from the \$0.71 reported just one year ago (Q2 2009). Average rates continue to be impacted by the mix of property types available and the level of space within each category, while effective rents are declining due to increased concessions and lower contracted rates.
  - Distribution - \$0.50 psf
  - Manufacturing - \$0.62 psf
  - Flex - \$0.80 psf

**Jurisdictional Comparison  
Industrial Space**

	Unincorporated Clark County	City of Las Vegas	City of Henderson	City of North LV	Valley-wide Total
Industrial Inventory (SF)	62.6 million	7.4 million	12.9 million	20.5 million	103.4 million
Under Construction (SF)	351,000	-	-	-	351,000
Vacancy Rate – 2010 Q2	16.6%	14.9%	15.1%	16.4%	16.2%
Vacancy Rate – 2009 Q2	12.4%	10.2%	14.4%	11.1%	12.2%
Average Asking Rates – 2010 Q2	\$0.62	\$0.68	\$0.58	\$0.44	\$0.58
Average Asking Rates – 2009 Q2	\$0.75	\$0.75	\$0.75	\$0.55	\$0.71
Net Absorption (SF) – 2010 Q2	-558,400	-19,100	-44,400	-308,500	-841,600
Net Absorption (SF) – 2009 Q2	-1,039,500	-141,900	-10,600	-105,900	-1,298,100

