

Saturday, April 28, 2007

Industrial market grows in Q2

BY TONY ILLIA

The Las Vegas Valley's industrial market grew to 94.7 million square feet in 3,755 buildings in the first quarter, a 6.3 percent increase from a year ago, reports Restrepo Consulting Group, a Las Vegas economic advisory firm. Vacancy rates, as a result, inched up to 4 percent, a half percent higher than a year ago. This marks the third consecutive quarter of rising industrial vacancy rates, yet the absorption-to-completion ratio was still 0.83-to-1, reflecting a balanced market performance.

"The industrial market continues to perform well, with solid demand and low vacancies fueled by resort- and construction-sector growth," said [John Restrepo](#), principal of [Restrepo Consulting Group](#). "However, land constraints, rising construction costs and sluggish rent growth when adjusted for inflation are making it increasingly difficult for developers to build industrial products."

There were 2.8 million square feet of projects under construction in the first quarter, 33.4 percent less than a year ago. With 1.3 million square feet of net absorption over the last four quarters, there is only 1.3 years worth of supply left meet the valley's industrial needs, [Restrepo](#) says.

One of the major projects now underway is DP Partners' third building at its 102-acre LogistiCenter development in North Las Vegas. The 513,240-square-foot project is Southern Nevada's largest speculative industrial building. United Construction Co., the general contractor, recently tilted walls for the new building, located near Craig and Pecos roads.

"Very few industrial buildings in the valley provide tenants with the space they need," said Brad Myers, DP Partners' regional manager. "LogistiCenter will meet the needs of those tenants that need a larger space and premium location, at a price that is competitive with the market."

Warehouse/distribution space had the lowest vacancy rate of all industrial product types in the first quarter at 2.7 percent, while R&D/flex space was highest at 12.2 percent. The Northwest submarket had a 21.2 percent

vacancy rate in the first quarter, the highest of all valley submarkets, while the airport corridor was the lowest, at 2.9 percent.

Meanwhile, there were roughly 5.3 million square feet of industrial space planned for future development in the first quarter, including a fourth building at LogistiCenter, scheduled to break ground later this year. The 360,000-square-foot addition is slated for completion in 2008. Colliers International's Suzette LaGrange, Chris Jensvold and Ryan Martin are representing the project. LogistiCenter will consist of seven big-box distribution buildings, totaling over 2 million square feet upon build-out.

"The focus of industrial demand continues to be on certain submarkets like North Las Vegas and the southwest," said Vic Donovan, managing director of Colliers International. "It's largely being driven by location and accessibility to I-15, the Beltway and the airport."

PROJECTS

Gemstone Development is building the \$350 million, 20-acre "ManhattanWest" mixed-use complex at Russell Road and the Beltway. It will consist of 700 condominiums, 150,000 square feet of office space and 50,000 square feet of retail. Groundbreaking is scheduled for the second quarter, with the completion of phase one in mid-2008.

Blue Marble Development broke ground on the \$150 million, 31-acre "Paxon Walk" mixed-use complex at 7320 W. Centennial Parkway. Iron Horse Construction is performing the off-site upgrades. The project will consist of 175 condominiums and 22 townhomes, with 96,000 square feet of retail, restaurants and offices. Paxon Walk will open in the first quarter of 2008.

LM Construction Co. is nearing completion on a \$5.6 million, 150,000-square-foot office/warehouse building for InterEx International Exhibits at 880 Wigwam in Henderson. The project will finish in June.

LM is also building a \$1.05 million, 14,000-square-foot retail center for Shelbourne Towers LLC at Pecos and Gowan roads. The firm finished another project -- a \$591,000, 8,128-square-foot, office-tenant improvement for AIG Insurance at 7301 Peak Drive.

MILLION-DOLLAR DEALS

Bean Investment Real Estate of Portland, Ore., bought the 516-unit Lantana apartment complex at 6501 W. Charleston Blvd. for \$48.1 million, or \$93,217 per unit, from Atherton-Newport of Newport Beach, Calif. The 27-year-old, 441,688-square-foot property sold for \$108.90 per square foot.

The Bentley Group's Christopher Bentley represented both the buyer and seller.

RL Homes LLC has bought 30 acres of residential land in Southern Nevada for \$30 million, or \$1 million per acre, from Lennar Corp. The sale includes the Lamplight Home concept and floor plans made popular by Carina Homes. The purchase consists of a 20-acre parcel in The Village of Centennial Springs at Farm Road and Tule Springs, plus Lamplight Square at Hualapai Way and Farm Road; Lamplight Glen at Durango Drive and Lone Mountain Road; Lamplight Square at Tropical Parkway and Commerce Street; and Lamplight Square at Deer Springs Drive and Grand Canyon Drive. RL Homes will be developing more than 400 homes in five different neighborhoods throughout the Las Vegas Valley.

Vavra Inc. of Las Vegas bought the 100-unit Piedmont Springs apartments at 1700 N. Lamb Blvd. for \$8.45 million, or \$84,500 per unit, from Santa Barbara, Calif.-based Shefflin Properties. The 27-year-old, 98,950-square-foot property sold for \$85.39 per square foot. Bentley again represented both the buyer and seller.

Stable Development bought five acres of vacant land at the northwest corner of Sunset Road and Durango Drive for \$5,749,920, or \$1.15 million per acre, from VBP Partners/Stable Development. Colliers International's Michael Stuart represented both the buyer and the seller.

1100 Boulder Highway LLC bought two acres of vacant land at 1100 Boulder Highway in Henderson for \$3.4 million, or \$1.67 million per acre, from Cole Holdings LLC. Henderson Valley Realty's Michael Bartok represented the seller.

Pima Door & Supply signed a nine-month, \$1.26 million lease for 40,000 square feet of industrial space in the Green Valley Corporate Campus at 9 Sunset Way, Ste. 100, in Henderson. Harsch Investment Properties' Stacy Mbithi represented the company as lessor. The reported average rent equals \$3.50 per square foot.

Greg Modesti bought 8,343 square feet of light distribution space in the Saddleback Post Business Park at 5041 Sobb Ave., Building 15, for \$1.15 million, or \$138 per square foot, from Post L.P. Mitchell Partners' Dave Mitchell represented the buyer, and Colliers International's Dan Doherty and Patti Dillon represented the seller.