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Q2 Report: Industrial Vacancy Drops to 4.4%

By [Brian K. Miller](#)

LAS VEGAS-Vegas Valley industrial vacancy at mid-year stood at 4.4% while the average asking rate stood at \$0.82 per sf, according to two recently released second quarter reports, one by Applied Analysis and another by [Restrepo Consulting Group](#) and Colliers International.

According to which report you read, industrial vacancy either fell from 4.6% at the end of the first quarter or rose from 4.3%. With regard to rates, the reports agree that the average asking rate is up \$0.01 from the end of the first quarter.

Net absorption through the first half of the year totaled somewhere between 2.3 million sf and three million sf, according to the reports, while new deliveries totaled somewhere between 3.2 million sf and 3.6 million sf.

Due to differences in what buildings are included in their research and how they are categorized, the two reports differ greatly when it comes to vacancy rates by product type. While they generally agree that the highest vacancy rate is in R&D/flex space and the lowest vacancy is in warehouse/distribution space, they are far apart on the actual vacancy.

Applied Analysis pegs the vacancy rate in the R&D/flex market, which is essentially industrial space built out for office or lab use, at 5.5%; [Restrepo](#) and Colliers say its 11.6%. Applied Analysis pegs the warehouse/distribution vacancy rate at 4.1%; [Restrepo](#) and Colliers say its 2.6%.

The disconnect flows through to the amount of space under construction as well. Applied Analysis says nearly seven million sf is under construction while [Restrepo](#) and Colliers say that 2.5 million sf is under construction.

Looking ahead, Applied Analysis principal Jeremy Aguero says he continues to remain concerned about the long-run availability of industrially zoned property at feasible prices. "While the market has been able to accelerate development activity, concerns regarding pricing persist. Maintaining a competitive market position within the western region will be critical to attracting large-scale distribution firms and complimentary manufacturers to the Las Vegas valley," he says.

He adds that "should material escalations in pricing prevail, Las Vegas may become less desirable than other markets, including the Inland Empire, northern Arizona, southern Utah and other surrounding jurisdictions."