

Industrial market softens in fourth quarter

4.3 million square feet of absorption in 2007 despite two-year low

BY TONY ILLIA – LV Business Press

The Las Vegas Valley's industrial market softened in the fourth quarter as vacancies rose and rents dropped. The trickle-down impact from a hemorrhaging housing market and accompanying credit crunch are taking their toll. Southern Nevada had a 6.1 percent vacancy rate in the fourth quarter, up over two percent from a year ago, reports Colliers International and Restrepo Consulting Group. Asking rents, meanwhile, dropped to 66 cents per square foot or 11 cents less than a year ago.

"The valley's industrial market has moderated a bit," said John Restrepo, principal of Restrepo Consulting Group, a Las Vegas-based economic research firm. "Changes to vacancies and rents are largely due to the type of industrial space completed in the fourth quarter, with 70 percent of the new project being warehouse/distribution space."

There was 831,000 square feet of net absorption in the fourth quarter or 64 percent more than in 2006. Yet it still pales in comparison to the 1.9 million square feet of absorption two years ago. There was 2.2 million square feet of new completions in the fourth quarter, with another 3.1 million square feet under construction including a \$35 million, 238,000-square-foot addition at Harsch Investment Properties' Henderson Commerce Center at Warm Springs and Eastgate roads; Cross Creek Development's \$70 million, 150,000-square-foot Raceway Business Park at Ann Road and Hollywood Boulevard, North Las Vegas; and the \$25 million, 160,000-square-foot VenturePoint Speedway at Tropical Parkway and Mt. Hood Street, North Las Vegas, among other projects.