



For Immediate Release
June 13, 2005

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Industrial Property Market Notes Strong Second Quarter
State's Leading Real Estate Economics & Brokerage Firms Release Quarter 2 Results

LAS VEGAS - With the release of their second quarter 2005 industrial market survey today, Las Vegas-based advisory firm Restrepo Consulting Group LLC (RCG) and Las Vegas' top commercial brokerage firm Colliers International (CI) noted that the Las Vegas Valley speculative industrial inventory grew by nearly 1.2 million square feet during the second three months of the year. The market grew to 86.6 million square feet in 3,399 buildings. Vacant space totaled 4.8 million square feet (down by 2 million square feet from Quarter 1, resulting a vacancy rate of 5.5 %, two points below the first quarter. Demand (net absorption) during Quarter 2 was a positive 3 million square feet. At the end of the quarter, there were 2 million square feet of industrial space under construction and 2.9 million square feet of planned space, almost half of the first quarter estimate...

Quarterly & Yearly Comparisons

	Q2, 2005 (current quarter)	Q1, 2005 (previous quarter)	Q2, 2004 (same quarter - previous year)	Q2, 2003 (same quarter - two years ago)
Industrial Inventory (SF)	86,648,760	85,458,000	82,287,608	79,034,363
Under Construction (SF)	2,091,438	2,859,000	2,805,656	1,112,550
Vacancy Rate	5.5%	7.7%	9.2%	10.4%
Asking Rent (MO/SF)	\$0.64	\$0.59	\$0.56	\$0.56
Net Absorption (SF)	2,997,958	1,088,000	1,090,138	332,079

The market's incredibly healthy performance during the second quarter is supported by the fact that demand far exceeded completions by a whopping 156%.

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Strong net absorption resulted in a rising average lease rate and a declining vacancy rate. Valley-wide monthly average asking rates were \$.64 per square foot (calculated on a NNN basis – or not accounting for any operating expenses) compared to rent of \$.56 per square foot in the second quarter of 2003, two years ago.

Market Highlights:

- √ Lowest vacancy rate: Light Industrial space (3.6%)
- √ Highest vacancy rate: R&D/Flex space (8.2%)
- √ Vacancy rate by age: 4.2% for projects constructed prior to 1995. 5.2% for projects constructed from 1995 to 2003 (last stabilized vacancy year)
- √ Industrial space-using employment increased by 9.1% during the past 11 months
- √ Significant completions occurred in North Las Vegas and in the Southwest submarkets, including the LogistiCenter in North Las Vegas, as well as the Arroyo North Business Center and Sunset Parkway Business Center in the Southwest.
- √ Average asking rents have consistently been between \$0.50 and \$0.60 for the last four years, but they reached \$0.64 psf in Q2, 2005
- √ Submarkets reporting lower-than-average vacancy rates: Airport (4.5%), East Las Vegas (2.9%) and West Central (4%)
- √ Submarkets recording higher-than-average vacancy rates: the Southwest (6.4%) and the Northwest (10.2%)

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Commentary:

“The valley’s industrial vacancy rate declined dramatically this quarter from last quarter’s 7.7% to a nine-quarter low of 5.5%,” said John Restrepo, Principal of RCG. Restrepo noted a significant loss of available land for industrial development and continued employment growth as the two major causes of this drop. The healthiest markets were the Southwest, the Airport, East Las Vegas and the West Central, with vacancies of 1 to 1.5 percentage points below the Valley average.

“While current vacancy levels remain above 2000, our best year, the industrial market is very strong as evidenced by owner-occupied demand, combined with a declining speculative vacancy rate and steadily and a rising average rents,” said Vic Donovan, Managing Partner of Colliers.

“The focus of industrial demand in certain submarkets, especially East Las Vegas (because of relatively cheaper land), North Las Vegas and the Southwest continues unabated,” said Restrepo. The demands being generated by a growing economy and the resort and construction industries are the major drivers. “noted Restrepo.

“While the spec industrial market remains strong, we are definitely monitoring the amount of investment in the for-sale industrial market and rapid land costs because of their potential impacts to our for-lease market,” added Donovan. Data maintained by RCG and Colliers suggested that industrial capitalization rates are ranging between 7.75% and 8.5%, the lowest in years, according to Donovan.

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Restrepo Consulting Group LLC is the most established and prominent Nevada-based urban economics and real estate consulting firm in the state. John Restrepo, principal of the firm, has been providing economics and real estate market research services in Nevada since 1988. RCG provides a broad range of advisory services to a variety of public and private organizations. The firm uses its deep expertise in regional economics, real estate, demographics, information technology and finance to assist its clients. RCG has prepared numerous demographic assessments, highest and best use studies, market analyses and regional economic reports. RCG's other service lines include financial advisory services, strategic planning, public policy analysis and gaming industry consulting. The firm is sought after by many of the Nevada's most prominent companies and public agencies. Restrepo Consulting Group LLC has offices at 3960 Howard Hughes Parkway, Suite 130, and can be reached at 702-967-3188. The firm's Web site can be accessed at www.rcg1.com.

Colliers International is the largest commercial real estate firm in Nevada with more than \$ 1.385 billion in lease and sale transactions in 2004. *Colliers International* has an elite team of the most knowledgeable commercial real estate brokers in Southern Nevada. *Colliers International* employs over 65 sales professionals in Las Vegas and Reno, and specializes in the leasing and sale of office, industrial, retail and investment properties. In addition, Colliers International provides a wide range of corporate services, including construction administration, investment analysis, transaction management, research, site analysis, portfolio asset management & property management.

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- *Construction Administration*
- *GIS and Mapping Services*
- *Portfolio Asset Management*
- *Investment Analysis, Acquisition and Sales*
- *Property Research*
- *Land Analysis, Acquisition and Sales*

Colliers has offices at 3960 Howard Hughes Parkway, Suite 150, and can be reached at 702-735-5700. The firm's Web site can be accessed at www.lvcolliers.com.

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