



For Immediate Release
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Vacancy in the Industrial Market Declines Again
*Nevada's Leading Real Estate Economics & Brokerage Firms Soon to Release
 Quarter 2 Industrial Market Results*

LAS VEGAS - With the upcoming release of their 2nd quarter 2006 industrial market survey, Las Vegas-based advisory firm Restrepo Consulting Group LLC (RCG) and Las Vegas' top commercial brokerage firm Colliers International (CI) noted that 820,000 square feet of for-lease industrial space was added to the Valley's industrial market in the 2nd quarter of 2006, bringing the total inventory to 89.9 million square feet.

Quarterly & Yearly Comparisons

	Q2, 2006	Q1, 2006	Q2, 2005	Q2, 2004
Industrial Inventory (SF)	89.9 Million	89.1 Million	86 Million	81.6 Million
Under Construction (SF)	4.2 Million	4.2 Million	2.2 Million	2.8 Million
Planned	3.6 Million	3.6 Million	2.9 Million	4 Million
Vacancy Rate	3.1%	3.8%	5.8%	9.2%
Asking Rent (MO/SF)	\$ 0.76	\$ 0.65	\$ 0.63	\$ 0.55
Net Absorption (SF)	1,385,800	1,925,600	2,744,000	1,082,700

Vacant space in the 2nd quarter totaled 2.8 million square feet, resulting in a vacancy rate of 3.1%, the lowest recorded since RCG and CI began tracking industrial activity in 1999. This declining trend began in early-2004.

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Strong employment-driven demand for industrial space into 2006 is supported by the fact that the absorption-to-completion ratio equaled 1.7 feet of demand for each foot of new supply at the end of the 2nd quarter. Net absorption during Q2, 2006 was 1,385,800 sf, still below Q2, 2005's net absorption of 2.7 million sf. However, demand continues to outpace construction, causing a significant drop in vacancy from the 5.8% recorded in Q2, 2005 to 3.1% this quarter. Strength in demand and lack of new supply continued to be reflected in increases in the average monthly rent. This has been true for most of the last four quarters, with a significant rise from \$.63 in Q2, 2005 to \$.76 per-square-foot in Q2, 2006 (calculated on a NNN basis – or not accounting for any operating expenses), representing an ascent of 21%. Since Q2, 2004, the average asking rent has increased by 38%.

Some supply relief is coming. There were nearly 4.2 million square feet of industrial space under construction and almost 3.6 million square feet of planned space at the end of the 2nd quarter, suggesting some supply relief later in 2006. However, applying the last four quarters' average quarterly absorption indicates that this forward supply plus the vacant space in existing buildings will all be absorbed in less than two years, signifying that the tight market will continue.

Q2' 2006 Market Highlights:

- √ Lowest vacancy rate: Warehouse/Distribution space (2.0%)
- √ Highest vacancy rate: R&D/Flex space (7.1%)
- √ Average monthly asking rent has increased over the last four quarters reaching \$0.76 psf
- √ The Submarkets reporting average vacancy rates lower than the Valley average: Southwest (2.0%), West Central (2.1%) and East Las Vegas (2.6%)
- √ Submarkets recording higher-than-average vacancy rates: Northwest (20.0%), Airport (4.0%) and North Las Vegas (3.8%)

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Commentary:

“The valley’s industrial market reached a record low vacancy of 3.1% at the end of the 2nd quarter,” said John Restrepo, Principal of RCG. “We have had 10 consecutive quarters of a declining vacancy rate.” Restrepo noted a significant rise in land prices and construction costs resulting in reduced additions to supply as the major causes of this drop. Our supply-constrained industrial market is starting to impede our economic diversification efforts.”

“The demand for industrial space has grown to the point that our inventory of available product is declining to critical levels. While we have almost 8 million square feet of forward supply, most of which is in North Las Vegas and the Southwest, our declining spec vacancy rate is putting upward pressure on rents,” said Vic Donovan, Managing Partner of Colliers.

“The strong demand for industrial product in certain submarkets, like the Southwest and North Las Vegas, continues unabated,” said Restrepo. This is being driven by the location of the 215 Beltway and I-15-North, respectively, and a growing economy largely supported by very healthy resort and construction industries,” noted Restrepo.

“The rapidly changing industrial development landscape is causing a number of developers to look at new more creative and dense forms of industrial development, especially mixed-use projects,” added 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.

The firm's other services include the following:

- *Sale, Leasing and Acquisition of Office, Industrial and Retail Properties*
- *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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