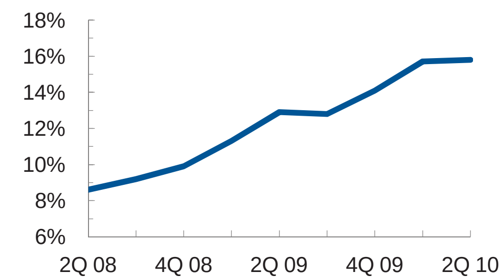
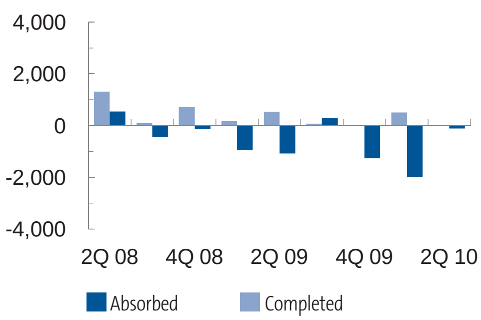
GRUBB & ELLIS
From Insight to Results

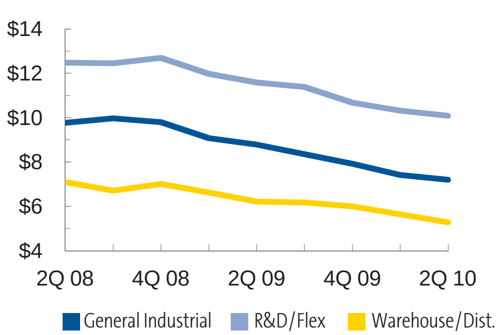
Vacancy Rate



Completions vs. Absorption
(in Thousands of SF)



Asking Rental Rates
($/SF/Yr./Triple Net)



Right Time, Right Place

The most common trend in the Las Vegas industrial market this year continues to be the lasting expectation among buyers/tenants for reduced lease and sale pricing. Although lease rates and sale prices across all product types and submarkets are at the lowest in the past decade, many believe that they are not low enough. While there is currently a significant amount of distressed properties on the market, it is possible that some buyers/tenants are potentially missing out on what could be great opportunities today. In the meantime, many buyers/tenants are already taking advantage of unprecedented low rental rates, sale prices, and landlord incentives.

In the first two-thirds of the decade, the lack of available industrial land and increased pricing weighed heavily on Las Vegas developers. There were fewer possible locations for big box industrial warehouses and planning for additional industrial development didn't pencil. The difficulty facing the Las Vegas market in recent years has been the lack of value in existing industrial land. Until there is a demand for new industrial product and the market experiences a significant amount of positive absorption, it simply doesn't make sense to buy land. In some submarkets, ideally situated industrial land is worth less than residential land which can be developed for home sales today. In those parts of town, it is more profitable to rezone the land from commercial to residential, similar to what happened in 2005. If this becomes a trend going forward, there may be additional difficulty in acquiring industrial land for development once the market reaches stabilization.

The wait and see attitude, which has become the norm during the beginning of each year, remains common. Many have high expectations that market stabilization is still a few years ahead. While the velocity of residential and commercial transactions has slowly started to pick up compared to recent years, there is still a lot of hesitation from investors. However, compared to surrounding states, Nevada remains an attractive place to do business, even in troubled economic times. Those investors with cash who are willing to take a short-term risk for a long-term benefit are well positioned to turn a profit in the next few years.

FORECAST

- Variations in industrial vacancy is expected to remain fairly flat for the duration of the year. Until a significant amount of product is absorbed, lease rates and sales prices will continue to drop.
- There will be numerous opportunities to invest in distressed industrial properties for the next few years. While many are waiting for the market to hit the bottom, they risk possibly missing out on a very lucrative deal.

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Industrial Trends Report—Second Quarter 2010
Las Vegas, NV

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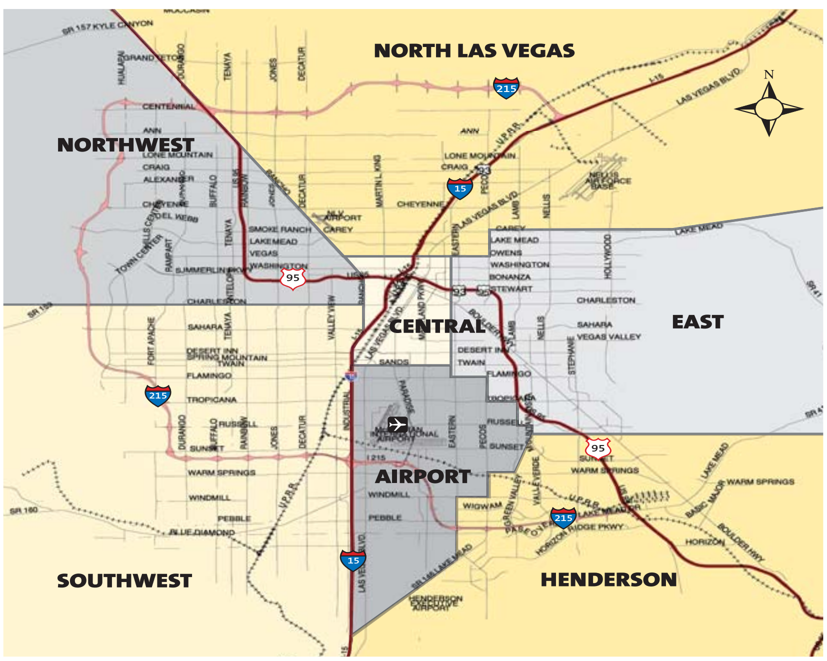
By Submarket	Total SF	Vacant SF	Vacancy %	Net Absorption Current Qtr	Net Absorption Year To Date	Under Construction SF	Asking Rent WH/Dist	Asking Rent R&D/Flex
Airport	13,391,650	2,384,492	17.8%	40,792	22,325	-	$0.46	$0.90
Central Las Vegas	5,505,894	510,174	9.3%	38,419	(19,147)	-	$0.52	-
East Las Vegas	3,196,628	466,537	14.6%	(8,604)	(89,702)	-	-	$0.92
Henderson	12,320,662	1,433,583	11.6%	225,521	137,929	-	$0.41	$0.79
North Las Vegas	30,452,110	4,993,319	16.4%	(219,669)	(1,219,729)	-	$0.38	$0.71
Northwest	609,429	205,805	33.8%	(5,753)	(38,572)	-	-	$0.68
Southwest	34,013,812	5,687,726	16.7%	(177,307)	(889,047)	-	$0.57	$0.89
Totals	**99,490,185**	**15,681,636**	**15.8%**	**(106,601)***	**(2,095,943)**	**-**	**$0.44**	**$0.84**

By Property Type	Total SF	Vacant SF	Vacancy %	Net Absorption Current Qtr	Net Absorption Year To Date	Under Construction SF	Asking Rent
General Industrial	48,518,600	6,465,487	13.3%	439,130	(265,581)	-	$0.60
Incubator	4,336,217	893,131	20.6%	(61,881)	(148,554)	-	$0.69
R&D/Flex	10,663,614	2,156,583	20.2%	(63,325)	(355,245)	-	$0.84
Warehouse/Distribution	35,971,754	6,166,435	17.1%	(420,525)	(1,326,563)	-	$0.44
Totals	**99,490,185**	**15,681,636**	**15.8%**	**(106,601)***	**(2,095,943)**	**-**	**$0.58**

**Note: Due to changes made in the first quarter for the annual database audit, there is a discrepancy in the second quarter absorption numbers. This discrepancy will be fixed in the third quarter.*



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INDUSTRIAL TERMS AND DEFINITIONS

Total SF: Industrial inventory includes all multi-tenant, single tenant and owner occupied buildings at least 10,000 square feet.

Industrial Buildings Classifications: Industrial buildings are categorized as warehouse/distribution, general industrial, R&D/flex and incubator based on their physical characteristics including percent office build-out, clear height, typical bay depth, typical suite size, type of loading and typical uses.

Vacancy and Availability: The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant. The availability rate is the amount of space available for lease divided by the inventory.

Net Absorption: The net change in physically occupied space over a period of time.

Asking Rent: The dollar amount asked by landlords for available space expressed in dollars per square foot per year in most parts of the country, and dollars per square foot per month in areas of California and selected other markets. Industrial rents are expressed as triple net where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a pro rata basis. The asking rent for each building in the market is weighed by the amount of available space in the building.

** Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.*