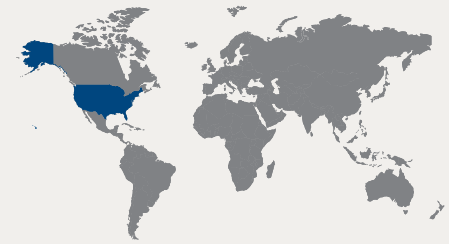


Market Research

INDUSTRIAL | THIRD QUARTER REPORT | 2009



MARKET INDICATORS

3Q 2009 4Q 2009*

DIRECT VACANCY → →

SUBLEASE VACANCY ↓ ↓

TOTAL VACANCY ↓ ↓

NET ABSORPTION ↑ ↑

CONSTRUCTION ↓ ↔

RENTAL RATE ↔ ↔

*PROJECTED

Has the worst passed?

Author: Tom de Jong, Associate, Industrial Group

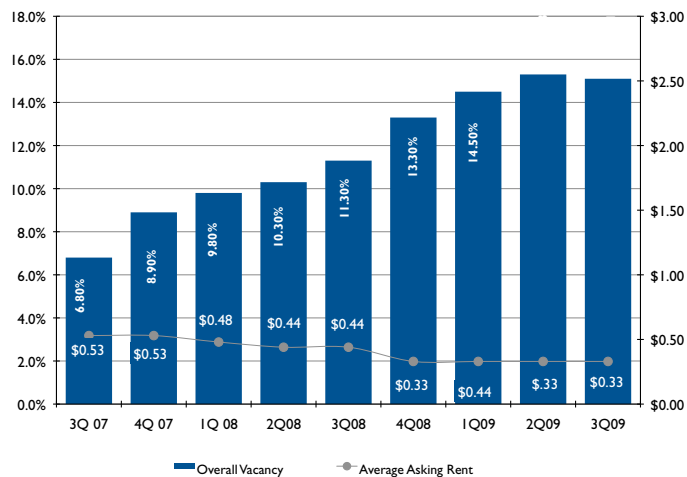
After negative net absorption over the past three quarters of 2.5 million square feet, the third quarter is showing signs of stabilization. Although third quarter positive net absorption of 112,000 square feet is minimal, it does appear that the industrial market may be on its way to stabilizing in Northern Nevada.

With the industrial vacancy rate decreasing from 15.3% to 15.1% from last quarter, this is an about face as Northern Nevada is seeing a slowing of facility closures, an acceleration in leasing activity and a marked increase in the number of industrial sales over the past quarter.

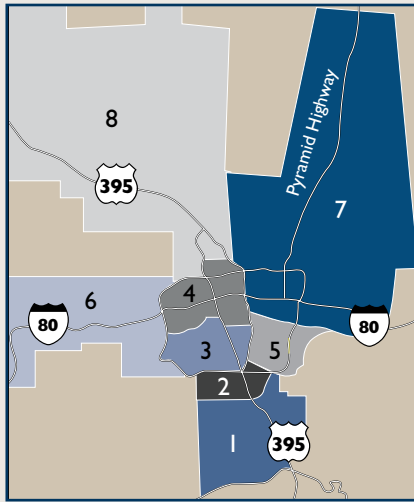
Underlying Concerns Remain in our Market:

- Financing is still very tight – the majority of completed sales transactions were cash deals.
- Distressed properties, short sales and foreclosures - while still minimal in our market, may still keep downward pressure on sales prices for the foreseeable future.
- Lease rates decreased marginally this quarter, although the rate of these decreases seems to have slowed or even stopped towards the end of the quarter.
- Facility closures were markedly lower this past quarter, although several more large facilities are rumored to be closing over the next several quarters.
- Construction activity remains non-existent in our market, with no signs of turning around anytime soon.

VACANCY VS RENTAL RATE



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SUBMARKET MAP KEY

| | |
|----|----------------|
| ID | SUBMARKET |
| 1 | South Meadows |
| 2 | Meadowood |
| 3 | Southwest Reno |
| 4 | Downtown |
| 5 | Airport |
| 6 | West Reno |
| 7 | Sparks |
| 8 | Northwest Reno |

What Does the Northern Nevada Industrial Future Hold?

Although it appears that the industrial market is showing signs of stabilizing in the third quarter, in our opinion, there still remains a great deal of risk and uncertainty in the market. There continues to be problematic financing of transactions, and sales prices are likely to continue to set new lows for the next several quarters as any buyers in the market are seeking value oriented opportunities. Although we may see several more quarters of some instability, we do not anticipate any additional large increases in the Northern Nevada Industrial vacancy rate and will likely end 2009 with a vacancy rate of between 15.0 - 15.3%.



73,500/SF Sold in July 2009 for \$2,500,000

MARKET ACTIVITY

SIGNIFICANT THIRD QUARTER TRANSACTIONS

SIGNIFICANT LEASES

| ADDRESS | DATE | SQUARE FOOTAGE | TENANT | PROPERTY TYPE |
|---------------------|-------|----------------|----------------------------|----------------|
| 5555 Quail Manor Ct | 09/09 | 63,750 | SK Foods Expansion | Warehouse Dist |
| 6640 Echo Ct | 08/09 | 54,250 | Yajima | Warehouse/Dist |
| 960 United Cir | 08/09 | 53,933 | Advanced Refining Concepts | Warehouse/Dist |

SIGNIFICANT SALES

| ADDRESS | DATE | SQUARE FOOTAGE | BUYER/SELLER | PROPERTY TYPE |
|-----------------|-------|----------------|---|------------------|
| 4910 Longley Ln | 08/09 | 314,400 | Seller - Passco / Buyer - Longley Warehouse, LLC 7 Mil | Manufacturing |
| 4950 Joule St | 07/09 | 75,300 | Seller - LeHigh Nevada Corporation / Buyer - Wayne C Rankin | Light Industrial |
| 976 United Cir | 09/09 | 74,435 | Seller - Angelo LLC / Buyer - TRI Group Investments, LLC | Warehouse/Dist |

INDUSTRIAL MARKET STATISTICS

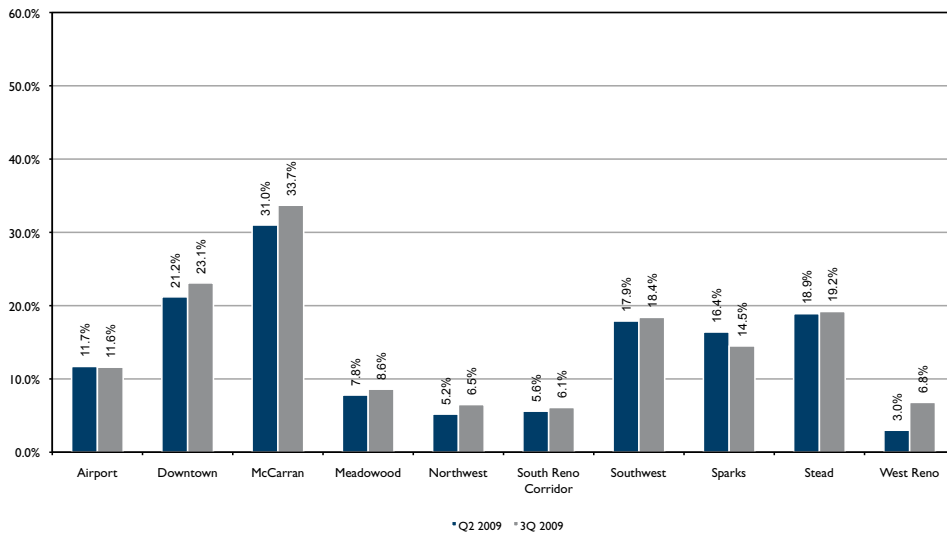
THIRD QUARTER 2009

| EXISTING PROPERTIES | | | DIRECT VACANCY | | SUBLEASE VACANCY | | TOTAL VACANCY | | | | NET ABSORPTION | | CONSTRUCTION | | RENT |
|----------------------------|--------------|-----------------------------|------------------|--------------|------------------|-------------|-------------------|--------------|--------------------|------------------------------|------------------|--------------------|------------------------|-------------|----------------|
| TYPE | BLDGS | TOTAL INVENTORY SQUARE FEET | SQUARE FEET | RATE | SQUARE FEET | RATE | SQUARE FEET | RATE 3Q-2009 | RATE PRIOR QUARTER | CURRENT OCCUPIED SQUARE FEET | 3Q-2009 | YEAR TO DATE | COMPLETED THIS QUARTER | UNDER CONST | AVERAGE ASKING |
| SUBMARKETS | | | | | | | | | | | | | | | |
| Airport | | | | | | | | | | | | | | | |
| Industrial | 205 | 7,432,215 | 515,113 | 6.9% | 55,100 | 0.7% | 570,213 | 7.7% | 8.3% | 6,862,002 | 49,405 | (81,646) | - | - | \$0.68 |
| R&D/Flex | 2 | 69,685 | 3,501 | 5.0% | - | 0.0% | 3,501 | 5.0% | 5.0% | 66,184 | - | (3,501) | - | - | \$0.65 |
| Whs/Dist | 37 | 2,460,120 | 578,364 | 23.5% | - | 0.0% | 578,364 | 23.5% | 21.8% | 1,881,756 | (40,849) | (416,818) | - | - | \$0.32 |
| TOTAL | 244 | 9,962,020 | 1,096,978 | 11.0% | 55,100 | 0.6% | 1,152,078 | 11.6% | 11.7% | 8,809,942 | 8,556 | (501,965) | - | - | \$0.50 |
| Downtown | | | | | | | | | | | | | | | |
| Industrial | 60 | 1,333,998 | 342,250 | 25.7% | - | 0.0% | 342,250 | 25.7% | 23.6% | 991,748 | (36,481) | (138,935) | - | - | \$0.50 |
| Whs/Dist | 11 | 507,467 | 82,682 | 16.3% | - | 0.0% | 82,682 | 16.3% | 14.9% | 424,785 | 768 | 27,765 | - | - | \$0.38 |
| TOTAL | 71 | 1,841,465 | 424,932 | 23.1% | - | 0.0% | 424,932 | 23.1% | 21.2% | 1,416,533 | (35,713) | (111,170) | - | - | \$0.48 |
| McCarran | | | | | | | | | | | | | | | |
| Industrial | 25 | 2,112,480 | 267,993 | 12.7% | - | 0.0% | 267,993 | 12.7% | 8.0% | 1,844,487 | (98,183) | (113,954) | - | - | \$0.41 |
| Whs/Dist | 9 | 4,447,119 | 1,942,280 | 43.7% | - | 0.0% | 1,942,280 | 43.7% | 41.9% | 2,504,839 | (77,500) | 320,643 | - | - | \$0.34 |
| TOTAL | 34 | 6,559,599 | 2,210,273 | 33.7% | - | 0.0% | 2,210,273 | 33.7% | 31.0% | 4,349,326 | (175,683) | 206,689 | - | - | \$0.35 |
| Meadowood | | | | | | | | | | | | | | | |
| Industrial | 36 | 1,447,547 | 109,138 | 7.5% | 10,780 | 0.7% | 119,918 | 8.3% | 7.5% | 1,327,629 | (11,654) | (34,182) | - | - | \$0.57 |
| R&D/Flex | 4 | 65,680 | 7,820 | 11.9% | - | 0.0% | 7,820 | 11.9% | 8.7% | 57,860 | (2,110) | 20,060 | - | - | \$0.91 |
| Whs/Dist | 14 | 1,854,516 | 86,834 | 4.7% | 73,612 | 4.0% | 160,446 | 8.7% | 8.0% | 1,694,070 | (11,499) | 41,292 | - | - | \$0.39 |
| TOTAL | 54 | 3,367,743 | 203,792 | 6.1% | 84,392 | 2.5% | 288,184 | 8.6% | 7.8% | 3,079,559 | (25,263) | 27,170 | - | - | \$0.48 |
| Northwest | | | | | | | | | | | | | | | |
| Industrial | 54 | 2,659,939 | 125,410 | 4.7% | - | 0.0% | 125,410 | 4.7% | 4.6% | 2,534,529 | (1,975) | (31,410) | - | - | \$0.33 |
| Whs/Dist | 19 | 2,258,100 | 192,535 | 8.5% | - | 0.0% | 192,535 | 8.5% | 5.9% | 2,065,565 | (58,630) | (58,630) | - | - | \$0.31 |
| TOTAL | 73 | 4,918,039 | 317,945 | 6.5% | - | 0.0% | 317,945 | 6.5% | 5.2% | 4,600,094 | (60,605) | (90,040) | - | - | \$0.32 |
| South Reno Corridor | | | | | | | | | | | | | | | |
| Industrial | 36 | 2,780,245 | 189,528 | 6.8% | - | 0.0% | 189,528 | 6.8% | 6.8% | 2,590,717 | 500 | (94,685) | - | - | \$0.64 |
| Whs/Dist | 14 | 2,355,485 | 58,400 | 2.5% | 64,812 | 2.8% | 123,212 | 5.2% | 4.0% | 2,232,273 | (27,960) | (123,212) | - | - | \$0.33 |
| TOTAL | 50 | 5,135,730 | 247,928 | 4.8% | 64,812 | 1.3% | 312,740 | 6.1% | 5.6% | 4,822,990 | (27,460) | (217,897) | - | - | \$0.52 |
| Southwest | | | | | | | | | | | | | | | |
| Industrial | 11 | 273,414 | 28,472 | 10.4% | - | 0.0% | 28,472 | 10.4% | 10.4% | 244,942 | - | (137,912) | - | - | \$0.38 |
| R&D/Flex | 1 | 33,307 | 5,812 | 17.4% | - | 0.0% | 5,812 | 17.4% | 20.2% | 27,495 | 900 | 900 | - | - | \$0.76 |
| Whs/Dist | 2 | 44,258 | 30,130 | 68.1% | - | 0.0% | 30,130 | 68.1% | 62.6% | 14,128 | (2,440) | (4,880) | - | - | \$0.76 |
| TOTAL | 14 | 350,979 | 64,414 | 18.4% | - | 0.0% | 64,414 | 18.4% | 17.9% | 286,565 | (1,540) | (141,892) | - | - | \$0.59 |
| Sparks | | | | | | | | | | | | | | | |
| Industrial | 367 | 12,737,870 | 922,390 | 7.2% | 114,383 | 0.9% | 1,036,773 | 8.1% | 7.7% | 11,701,097 | (55,837) | (354,567) | - | - | \$0.53 |
| R&D/Flex | 4 | 100,214 | - | 0.0% | 7,500 | 0.0% | 7,500 | 7.5% | 7.5% | 92,714 | - | - | - | - | \$0.43 |
| Whs/Dist | 138 | 16,225,667 | 2,520,819 | 15.5% | 649,418 | 4.0% | 3,170,237 | 19.5% | 23.2% | 13,055,430 | 593,695 | (409,193) | - | - | \$0.30 |
| TOTAL | 509 | 29,063,751 | 3,443,209 | 11.8% | 771,301 | 2.7% | 4,214,510 | 14.5% | 16.4% | 24,849,241 | 537,858 | (763,760) | - | - | \$0.36 |
| Stead | | | | | | | | | | | | | | | |
| Industrial | 33 | 3,182,076 | 254,982 | 8.0% | - | 0.0% | 254,982 | 8.0% | 8.1% | 2,927,094 | (1,882) | 165,718 | - | - | \$0.33 |
| Whs/Dist | 28 | 6,939,748 | 1,514,042 | 21.8% | 171,400 | 2.5% | 1,685,442 | 24.3% | 23.8% | 5,254,306 | (32,027) | (367,297) | - | - | \$0.28 |
| TOTAL | 61 | 10,121,824 | 1,769,024 | 17.5% | 171,400 | 1.7% | 1,940,424 | 19.2% | 18.9% | 8,181,400 | (33,909) | (201,579) | - | - | \$0.29 |
| West Reno | | | | | | | | | | | | | | | |
| Industrial | 74 | 1,757,827 | 96,945 | 5.5% | 4,375 | 0.2% | 101,320 | 5.8% | 1.5% | 1,656,507 | (74,446) | (86,201) | - | - | \$0.55 |
| Whs/Dist | 4 | 230,430 | 33,650 | 14.6% | - | 0.0% | 33,650 | 14.6% | 14.6% | 196,780 | - | 131,550 | - | - | \$0.53 |
| TOTAL | 78 | 1,988,257 | 130,595 | 6.6% | 4,375 | 0.2% | 134,970 | 6.8% | 3.0% | 1,853,287 | (74,446) | 45,349 | - | - | \$0.55 |
| Industrial | 901 | 35,717,611 | 2,852,221 | 8.0% | 184,638 | 0.5% | 3,036,859 | 8.5% | 7.9% | 32,680,752 | (230,553) | (907,774) | - | - | \$0.53 |
| R&D/Flex | 11 | 268,886 | 17,133 | 6.4% | 7,500 | 2.8% | 24,633 | 9.2% | 8.7% | 244,253 | (1,210) | 17,459 | - | - | \$0.69 |
| Whs/Dist | 276 | 37,322,910 | 7,039,736 | 18.9% | 959,242 | 2.6% | 7,998,978 | 21.4% | 22.3% | 29,323,932 | 343,558 | (858,780) | - | - | \$0.31 |
| TOTAL | 1,188 | 73,309,407 | 9,909,090 | 13.5% | 1,151,380 | 1.6% | 11,060,470 | 15.1% | 15.3% | 62,248,937 | 111,795 | (1,749,095) | - | - | \$0.37 |
| MARKET TOTAL | | | | | | | | | | | | | | | |
| Q3 09 | 1,188 | 73,309,407 | 9,909,090 | 13.5% | 1,151,380 | 1.6% | 11,060,470 | 15.1% | 15.3% | 62,248,937 | 111,795 | (1,749,095) | - | - | \$0.33 |

QUARTERLY COMPARISON AND TOTALS

| | | | | | | | | | | | | | | | |
|-------|-------|------------|-----------|-------|-----------|------|------------|-------|-------|------------|-------------|-------------|---------|-----------|--------|
| Q3-09 | 1,188 | 73,309,407 | 9,909,090 | 13.5% | 1,151,380 | 1.6% | 11,060,470 | 15.1% | 15.3% | 62,248,937 | 111,795 | (1,749,095) | - | - | \$0.33 |
| Q2-09 | 1,184 | 73,235,709 | 9,919,787 | 13.5% | 1,252,478 | 1.7% | 11,172,265 | 15.3% | 14.5% | 62,063,444 | (696,231) | (1,860,890) | - | - | \$0.33 |
| Q1-09 | 1,151 | 71,253,090 | 8,766,966 | 12.3% | 1,546,927 | 2.2% | 10,313,893 | 14.5% | 13.3% | 60,939,197 | (1,000,859) | (1,000,859) | 32,000 | - | \$0.33 |
| Q4-08 | 1,149 | 71,355,490 | 8,223,293 | 11.5% | 1,259,789 | 1.8% | 9,483,082 | 13.3% | 11.3% | 61,872,408 | (904,683) | 206,717 | 565,550 | 536,000 | \$0.33 |
| Q3-08 | 1,143 | 70,561,347 | 7,245,147 | 10.3% | 741,862 | 1.1% | 7,987,009 | 11.3% | 10.2% | 62,574,338 | 329,788 | 1,111,400 | 797,825 | 1,101,550 | \$0.44 |

TOTAL VACANCY RATES BY SUBMARKET
Q2 2009 VS. Q3 2009



294 OFFICES IN 61 COUNTRIES
ON 6 CONTINENTS

USA 94
Canada & Latin America 39
Greater Asia 64
EMEA 97

\$48.1 billion in annual
transaction volume

1.1 billion square feet
under management

Over 12,700 Professionals

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