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Available industrial land in valley dwindling fast

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By [Jennifer Shubinksi / Staff Writer](#)

In Business on TV

Construction land and rents are some of the biggest concerns of people in Las Vegas' industrial market, and the problems don't appear to be going away anytime soon.

The List

The valley has about 90 million square feet of industrial space, of which 3.5 percent is vacant, said Mike De Lew, senior vice president at Colliers International. Of the space that is vacant about 1 percent is considered obsolete.

Book of Lists

That compares with a vacancy rate of 9.3 percent almost two years ago, he said.

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"The market has grown by 8 million square feet in those seven quarters," De Lew said.

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De Lew was a moderator at the Commercial Property News conference industrial session last week.



Despite that growth, the Las Vegas Valley still has a smaller industrial base than Salt Lake City, said panelist Doug Roberts, partner at Panattoni Development Co.

"Our numbers aren't anywhere (near where) they need to be for the population that we have," he said.

Las Vegas has evolved from an immature market in which land was plentiful and cheap to a market with land constraints and higher land prices, said Perry Muscelli, senior director at Commerce CRG/Cushman & Wakefield Alliance and session panelist.

"Land prices have gone up so dramatically it is not feasible for most people to build industrial projects," he said.

Those higher land costs are contributing to companies passing on the valley for relocations and expansions, Muscelli said.

"We are already seeing companies pass on this market, companies looking for 500,00/600,000 square feet to 1 million/2 million square feet," he said. "There is no way we can be competitive when rental rates are a large part of (a company's) operating costs."

While it may be difficult to get an industrial product built at today's land prices, developers who already have land and are bringing product to market are being met with strong demand.

Kirk Boylston, regional director of EJM Development Co., said as soon as industrial space becomes available, it is filled.

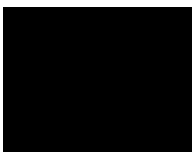
Roberts said business couldn't be better.

"Demand is astronomical — we can't put stuff up without it being filled, while at the same time demand is so intense," he said.

But even with the current exuberance, long term is when developers see a problem.

Panelist member Rod Martin, vice president of Majestic Realty Co., said once his company works through its land holdings in the southwest, it has no more land.

"Hopefully we'll run across something others haven't been able to put together," he said.



In other news

- The number of houses listed in the Greater Las Vegas Association of Realtors Multiple Listing Service database increased by almost 30 percent in April, compared with the same time a year ago.

There are now 18,467 houses listed for sale on the MLS.

The median price of a house in the Las Vegas Valley that sold during April was \$310,000, according to the association. That's down 1.6 percent, or \$4,950, compared with March 2006. This month's median home price represents an annual increase of 5 percent from April 2005.

(Median price and other Realtors' statistics are based on MLS records and do not necessarily account for newly constructed homes sold by local builders or houses not listed in the MLS.)

For condominiums and town homes, the median sales price in April also decreased by 1.5 percent to \$202,000, down from \$205,000 in March 2006. That is an increase of 11 percent from April 2005.

The number of listed MLS houses that sold in April decreased from March, down 11.5 percent to 2,230 houses sold. That is down almost 29 percent from April 2005. For condos and town homes, 522 units were sold, which is down 19 percent from March and down 29 percent from one year ago.

- Pacific Concepts is developing the Village at the Cauldron, a retail, restaurant and office development in the southwest Las Vegas Valley. The Village will be a three-story development totaling 68,000 square feet.

The development will be at the northwest corner of Russell Road and Interstate 215. Phase one is scheduled to begin by the third quarter 2006. A second phase of 100,000 square feet also is planned.

- CB Richard Ellis, Las Vegas, reported that the valleywide average apartment vacancy in March was 3.79 percent, compared with 3.29 percent in February.

- Sperry Van Ness completed the sale of 9.19 acres for \$7.6 million to Henderson-based Southland-RS LLC. The buyer has plans for a commercial development on the parcel, which is located across from the Fiesta Henderson. The seller was Las Vegas-based Levy Realty Trust.

- The Korte Co. began mass grading and preparatory work for the construction of St. Francis of Assisi Parish Hall. Korte will begin construction on the 800-seat assembly hall this month with a scheduled completion of December 2006. The site master plan also includes a 2,000-seat church, making it the largest suburban church in the Diocese of Las Vegas. Also slated for the site is a Catholic school. The total cost of the current phase of the project is estimated at \$10 million.

- Korte also began work on a 19,747-square-foot tenant improvement project for national homebuilder Kimball Hill Homes. Completion is scheduled for the end of June. The office will occupy the entire second floor of the new Beltway Corporate Center at the corner of Pebble Road and Eastern Avenue that is being finished this month by Korte.

- The Palms broke ground on its Palms Place last week, the final installment in the Palms' \$650 million expansion. The 50-story condominium hotel will have fully furnished units including studios, one-bedroom suites and penthouses.

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