March 26, 2007

ProLogis Releases New Research Reports on Industrial Property Markets and U.S. Construction Pipeline

- Vacancy Rate Across Top 30 Markets Falls to 7.6 Percent in Second Half of Year -

- Asking Rents Continue Rising; New Warehouse Construction Remains Disciplined -

DENVER, March 26 /PRNewswire-FirstCall/ -- ProLogis (NYSE: PLD), a leading global provider of distribution facilities and services, today released two semi-annual research reports on the state of the U.S. industrial property market.

The first, the company's U.S. Property Market Review, indicates continued strong market conditions for developers of industrial distribution space across the United States. The average industrial vacancy rate across the country's top 30 markets fell to 7.6 percent in the fourth quarter of 2006, compared to 8.0 percent the year before. Asking rents, meanwhile, increased 1.7 percent during the fourth quarter and 7.6 percent over the full year.

The second report, entitled U.S. Construction Pipeline Report, shows that new construction of warehouse/distribution facilities slowed during the last six months of 2006. New starts totaled 59 million square feet, compared with 81 million square feet in the first half of the year. For the year, total new starts equaled 2.7 percent of existing inventory.

"The nation's distribution property markets ended 2006 with the wind at their back," said Leonard Sahling, ProLogis first vice president of research. "Demand is growing briskly, rents are ratcheting higher, and developers and their financing sources are exercising discipline and restraint."

The two reports are based on market data compiled from a variety of sources, including ProLogis market officers, brokerage companies and data vendors. The information they contain covers the last six months of 2006 and the top 30 distribution markets across the U.S.

Detailed findings in the reports include the following:

* Net absorption totaled 33 million square feet during the fourth quarter, and 149 million square feet for the year. That translates into a 3.1 percent annual growth rate in total occupied space;

* Market conditions are so tight in some markets (e.g., Los Angeles, Las Vegas, South Florida and Tampa) that available space cannot meet the totality of existing demand, a fact that places a binding constraint on

net absorption;

* The Los Angeles Basin remains the nation's healthiest distribution market, with an overall vacancy rate of about 3.5 percent. Other markets that posted significant improvements during the period were Atlanta, San Francisco, and Indianapolis;

* Speculative building accounted for 80 percent of total starts in the second half of the year, compared with 73 percent in the second half of 2005;

* The run-up in construction costs has tapered off dramatically in recent months. Materials prices actually edged down by 1-2 percent during the second six months of 2006 after rising by 11 percent in the first half of the year.

"The nation's leasing markets for distribution facilities appear to be nearly fully recovered from the downturn triggered by the 2001-2002 recession," Sahling said. "Though some markets still have vacancy rates in the double-digit range, conditions are tight enough on average to maintain upward pressure on market rents and keep them growing at or above the rate of inflation."

For a copy of the new reports or past reports, visit the "Proprietary Research" page of the ProLogis web site, at www.prologis.com.

About ProLogis

ProLogis is the world's largest owner, manager and developer of distribution facilities, with operations in 80 markets across North America, Europe and Asia. The company has $26.7 billion of assets owned, managed and under development, comprising 422 million square feet (39.2 million square meters) in 2,466 properties as of December 31, 2006. ProLogis' customers include manufacturers, retailers, transportation companies, third-party logistics providers and other enterprises with large-scale distribution needs. Headquartered in Denver, Colorado, ProLogis employs more than 1,250 people worldwide.

SOURCE ProLogis