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

- Vacancy Rate Across Top 30 Markets Holds Steady At 7.6 Percent In First Half Of 2007 -

- Asking Rents Continue To Climb; New Warehouse Construction Remains Disciplined -

DENVER, Oct. 29 /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 that market conditions for industrial developers are holding steady throughout most of the United States. The average industrial vacancy rate across the country's top 30 markets remained at 7.6 percent in the first half of 2007, unchanged from the prior period. Asking rents, meanwhile, rose at a 6.6 percent annual rate during the first six months of the year.

The second report, entitled U.S. Construction Pipeline Report, shows that new industrial construction remains disciplined. New starts totaled 67 million square feet, compared with 63 million square feet in the latter half of 2006. At that pace, 2007 full-year starts will total approximately 2.5 percent of existing inventory, which is low by historical standards.

"The nation's distribution property markets are holding up well amidst this year's more difficult economic environment," said Leonard Sahling, ProLogis first vice president of research. "Overall demand for high-quality space remains healthy, while supply is constrained by the collective restraint of industrial developers nationwide. We expect average rents will continue to climb in property markets where those preconditions persist."

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 first six months of 2007 and the top 30 distribution markets across the U.S.

Detailed findings in the reports include the following:

- -- Net absorption totaled 60 million square feet during the period, representing a 2.5 percent increase in occupied space on a per annum basis. Notably, net absorption in many of the country's tightest markets is limited by a lack of available supply.
- -- Asking rents have climbed by close to 50 percent over the past two years in Tampa, FL; Phoenix, AZ; and Orange County, CA. Ten of the top

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   30 markets have seen asking rents rise by 20 percent or more since the
   second half of 2005.
-- The vast majority of new projects are being built on a speculative
   basis. About 81 percent of the buildings under construction at mid-year
   were inventory projects, while only 19 percent were build-to-suits.
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Sahling noted that recent turmoil in the credit markets tied to the subprime lending crisis has not disrupted major global sources of funding for industrial real estate. "When the dust settles, we expect the industry's access to debt capital will remain intact, albeit with higher borrowing rates and more stringent credit terms," said Sahling.

For a copy of the new reports or past reports, visit http://www.prologisresearch.com.

About ProLogis

ProLogis is the world's largest owner, manager and developer of distribution facilities, with operations in 20 countries across North America, Europe and Asia. The company has $34.4 billion of assets owned, managed and under development, comprising 483.0 million square feet (44.9 million square meters) in 2,669 properties as of September 30, 2007. 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 1,300 people worldwide. For additional information about the company, go to http://www.prologis.com.

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