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

- Vacancy Rate Across Top 30 Markets Slightly Increased to 7.8 Percent in Second Half of Year -

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

DENVER, March 31 /PRNewswire-FirstCall/ -- ProLogis (NYSE: PLD), the world's largest owner, manager and developer of distribution facilities, 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 conditions in the nation's top 30 leasing markets for bulk distribution facilities are holding steady throughout most of the United States, despite strains impinging on the U.S. economy. The average vacancy rate for bulk distribution space across the country's top 30 markets increased to 7.8 percent at year-end 2007 from 7.6 percent at midyear 2007.

The second report, entitled U.S. Construction Pipeline Report, shows that new industrial construction activity surged during the closing months of 2007. New starts of bulk distribution facilities totaled 79 million square feet during the second half of 2007, compared with 66 million square feet in the first half. For 2007 as a whole, new starts amounted to 145 million square feet, equal to a 2.7 percent increase in the existing inventory.

"The nation's bulk distribution property leasing markets held up well last year, despite the global credit crunch," said Leonard Sahling, ProLogis first vice president of research. "The outlook for 2008 is uncertain. Insofar as the economy slows, so will the demand for space, but sharp cutbacks in new supply are also in the offing, given the lack of financing. The interplay between these two market crosswinds will determine the relative strength of the bulk distribution property leasing markets during 2008."

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 market conditions in the top 30 U.S. distribution markets during the last six months of 2007.

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      Detailed findings in the reports include the following:

   -- Net absorption totaled 60 million square feet during the second half of
      2007, virtually unchanged from the first half.
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    -- Asking rents rose at an 8.6 percent annual rate during the second half
       of 2007, and 7.6 percent on average for the four quarters ended
       December 31, 2007 -- the same as the previous year.

    -- Demand growth amounted to 2.4 percent for the four quarters of 2007,
       down from the 3.2 percent growth posted during the previous year.

    -- New starts during the second half of the year accounted for 55 percent
       of the year's total, despite the turmoil in global financial markets.
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Sahling noted that the U.S. bulk distribution property leasing markets have remained surprisingly strong during the first three months of 2008. "Today, even as the U.S. economy teeters on the brink of a cyclical inflection point, the overall fundamentals for those property leasing markets are in better shape than they have been prior to the past few down cycles," said Sahling.

For a copy of the reports, visit: http://www.prologisresearch.com/MarketReviewYE2007 and http://www.prologisresearch.com/ConstructionPipelineYE2007.

About ProLogis

ProLogis is the world's largest owner, manager and developer of distribution facilities, with operations in 118 markets across North America, Europe and Asia. The company has $36.3 billion of assets owned, managed and under development, comprising 510.2 million square feet (47.4 million square meters) in 2,773 properties as of December 31, 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 1,500 people worldwide. For additional information about the company, go to http://www.prologis.com.

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