

LAS VEGAS QUARTERLY

Q309

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Glossary

Industrial Definitions

Incubator: Multi-tenant buildings without dock-high loading doors that have a parking ratio lower than 3.5/1,000 square feet and bay sizes lower than 3,500 square feet.

Light Distribution: Multi- or single-tenant buildings that include dock-high loading doors and have bay sizes of less than 15,000 square feet.

Light Industrial: Multi- or single-tenant buildings without dock-high loading doors that have a parking ratio lower than 3.5/1,000 square feet and, in the case of multi-tenant buildings, bay sizes of at least 3,500 square feet.

R&D/Flex: Multi- or single-tenant buildings without dock-high loading doors with parking ratios in excess of 3.5/1,000 square feet.

Warehouse/Distribution: Multi- or single-tenant buildings that include dock-high loading doors and have bay sizes of at least 15,000 square feet.

Office Definitions

Class A Office: Buildings with steel frame construction, high end exterior finish, distinctive lobbies featuring upgraded finishes, amenities including on-site security, state-of-the-art communications and data infrastructure and covered parking. Class A buildings are usually multi-story.

Class B Office: Buildings osteel frame, reinforced concrete or concrete tilt-up construction. Class B buildings contain common bathrooms and hallways, and their lobbies may have granite and hardwood detailing. Class B buildings are often multi-story.

Class C Office: Buildings of wood frame construction. Class C buildings are often garden-style and are built around courtyards.

Medical Office: Buildings that are more than 50% occupied by medical tenants.

Retail Definitions

Community Center: Retail centers anchored by supermarkets, drug stores and discount department stores. Tenants include off-price retailers selling apparel, home improvements/furnishings, toys, electronics or sporting goods.

Neighborhood Center: Retail centers anchored by supermarkets and drug stores. Neighborhood centers are intended for convenience shopping for day-to-day needs of consumers.

Power Center: Retail centers dominated by several large anchors including discount department stores, off-price stores, warehouse clubs or "category killers". Power centers generally inline space.

General Definitions

Vacant SF: Space in a building that is unoccupied and offered for lease by the owner of the company.

Sublease SF: Space in a building that offered for sub-lease by the primary tenant. This space may or may not be unoccupied.

Net Absorption: The difference in occupied square footage from one period to another. ♦



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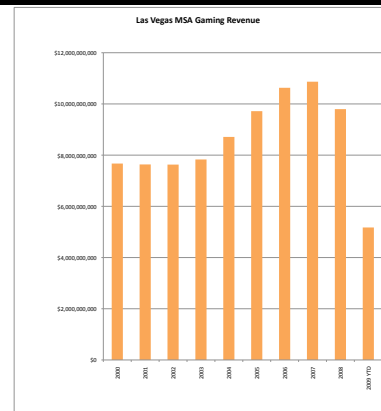


Economic Review

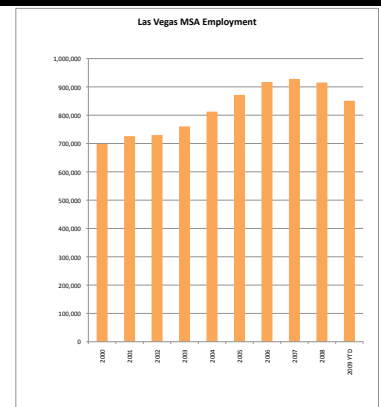
Although most economists are predicting that the national economy will rediscover growth in the third quarter of 2009, the recession continues unabated in Southern Nevada. The Las Vegas-Paradise MSA lost 46,700 jobs between August 2009 and August 2008, sending the unemployment rate to 13.1 percent. Among major employment sectors, the largest loss of jobs occurred in construction (-22.6 percent), manufacturing (8.6 percent), professional & businesses services (-6.4 percent) and leisure & hospitality (-6.9 percent). Gaming revenues and visitor volume were down in July 2009 compared to July 2008, and high room occupancy has been maintained only with deep discounts and the courting of tourists who don't come to gamble and live the high life. Construction of both commercial and residential properties continues to be depressed, though the housing market is showing some signs of improvement. Sales of existing homes are up over last year, and prices on new homes are beginning to increase. Automobile traffic from California is also up from this time last year. While most data points are down from one year ago, many are leveling out or showing improvements on a month-to-month basis. UNLV's Center for Business and Economic Research reported that their Southern Nevada Index of Leading Economic Indicators continues to trend downward even as comparable national indices begin to trend upward. It seems reasonable to assume that economic recovery will, at least initially, lag behind national recovery.

The investment picture, while still cloudy, is becoming clearer. The large banks are still hesitant to make loans. This is bringing other players into the loan picture, including smaller, well-capitalized banks, life insurance companies and even landlords with cash. SBA loans remain a possibility for small owner/user sales. There is

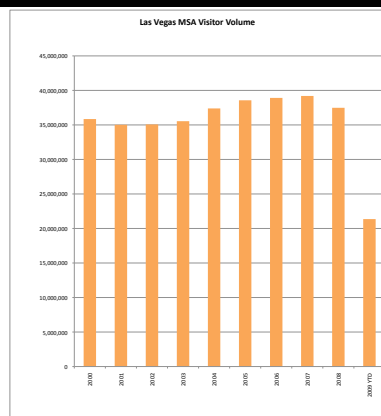
LAS VEGAS MSA GAMING REV



LAS VEGAS MSA EMPLOYMENT



LAS VEGAS MSA VISITOR VOLUME





a great deal of activity from professional investors looking for notes and operators coming back into the market because they see the value that remains in properties located in Southern Nevada and are willing to run them. Still, there are simply not enough transactions without footnotes to chart a clear trend in land or property values. Private owners are still marketing properties on unrealistic perma rents rather than actual incomes. We believe this trend will reverse itself in 2010.

Distressed properties are beginning to make their presence felt. Currently, we are tracking almost 4-million square feet of distressed industrial, office and retail property in Southern Nevada. Approximately 52% of this space is office product, 47% retail and only 1% industrial.

Metrics for Recovery

The keys to Southern Nevada’s economic recovery are the leisure/hospitality and construction industries. We can expect some recovery in the leisure/hospitality sector to the tune of 13,000 new jobs as CityCenter, the Hard Rock Hotel and Cosmopolitan Hotel open their doors. Unfortunately, they will be balanced by the loss of construction jobs as those aforementioned properties transition from construction sites to completed buildings. To date, all of our “recovery” indices are trending downward, indicating that recovery for Southern Nevada is probably not in the cards for 2009. We do think that a recovery of the national economy should help bring the local economy out of recession sometime in 2010, though employment growth will lag behind general economic growth.

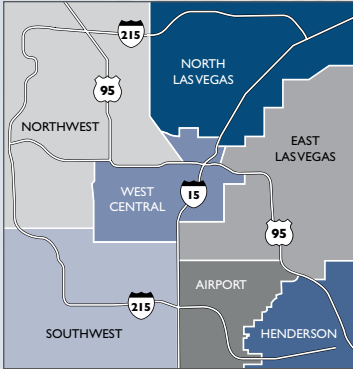
Looking Ahead

The roadmap to recovery for Southern Nevada must begin on the Las Vegas “Strip”. Without a major manufacturing industry, Southern Nevada relies on its hotels and casinos to bring money into the local economy. From the “Strip”, that money circulates through Southern Nevada, creating jobs and

opportunities that draw the immigration (domestic and foreign) that drive our construction sector. As the national economy recovers, people will become more willing to visit Las Vegas and leave their hard-earned dollars behind. This will not happen quickly; by any measure the approaching recovery will be a slow one. Consumer spending on non-essentials is still quite depressed, and a Las Vegas vacation certainly has to be placed in the category of “non-essential”. When we see visitor volume and gaming revenue begin to climb, we will know that economic recovery is on its way to Southern Nevada. In time, renewed tourism will translate into more jobs in the leisure & hospitality sector, and this in turn will generate new jobs in other sectors of our economy. New jobs will mean renewed demand for both residential and commercial real estate. While it is difficult to predict the lag between an increase in U.S. GDP and decreases in commercial vacancy rates (and we’re not going to try to do so here), the former will lead to the latter. While an economy based on tourism does not seem to be an asset now, it does have the advantage of being structured for a quick turn-around when tourists finally return. Southern Nevada has many hurdles to clear before it stops leading the nation in foreclosures and again leads the nation in growth, but a business friendly environment coupled with the innate desire of human beings to have fun will eventually put us back on the path to prosperity. Just don’t expect the trip to be a quick one. ❖

CLARK COUNTY ECONOMIC DATA		
	Jul-09	Jul-08
Unemployment Rate	13.1%	6.9%
Visitor Volume	3,520,000	3,601,000
Gaming Revenue	\$729.89M	\$819.38M
Taxable Sales*	\$2.451B	\$3.131B
New Home Permits	493	1,166
New Home Sales	378	645
New Residents	4,805	6,126
* June 2009 / June 2008		

LAS VEGAS QUARTERLY



MARKET INDICATORS

	Q3-09	Q4-2009 Projected
VACANCY	↑	↑
NET ABSORPTION	↑	↑
CONSTRUCTION	↓	→
RENTAL RATE	↓	↓

Industrial Review

Southern Nevada continued to shed occupied industrial space at a fast clip this quarter; with third quarter 2009 net absorption coming in at -884,420 square feet. This is the third quarter of negative net absorption for the industrial market. Vacancy increased to 13.3 percent this quarter; while the weighted average asking lease rate dropped to \$0.66 per square foot on a triple-net basis. Industrial development has virtually ceased, with only two projects actively under construction and another two having halted construction. Lease activity has improved over the last two quarters, however, suggesting the possibility that vacancy rates will begin to level out sometime in 2010.

Between August 2008 and August 2009, Las Vegas-Paradise MSA employment in sectors that traditionally occupy industrial space declined by over 25,000 jobs. The construction sector alone lost over 21,000 jobs over this period. Over the past twelve months, only two employment sectors in Southern Nevada increased their

employment: air transportation (+100 jobs) and education & health services (+1,900 jobs). Unemployment in the Las Vegas-Paradise MSA stood at 13.4 percent as of August 2009, up from 7.0 percent in August 2008.

For the past decade, construction, especially residential construction, has been one of the two key employment sectors in the Las Vegas Valley, the other being leisure & hospitality. With both of those industries in recession, the Valley industrial market has reversed nine years of positive net absorption with negative net absorption in five of the past six quarters. Industrial employment levels are now approximately where they were in 2004. Since 2004, the inventory of industrial space in the Las Vegas Valley increased by over 21.5 million square feet. The 3.5 million square feet of negative net absorption experienced since the first quarter of 2008 represents only 16% of that new inventory.

Only 121,875 square feet of new industrial inventory was completed during the third quarter of 2009. This

Forward supply is a combination of space presently under construction in a quarter and space planned to begin construction within the next 4 quarters.

is the lowest level of new completions recorded since the second quarter of 2002, another period of recession. The only industrial project completed this quarter was JDV Procyon @ Ponderosa, a 122,000 square foot Warehouse/Distribution project located at 6025 S. Procyon. It entered the market 100% vacant. Two industrial projects, both in the Light Industrial category, have halted construction.

Forward supply of industrial space in Southern Nevada stood at 948,859 square feet in the third quarter of 2009. This was 28,000 square feet higher than last quarter. Half of this forward supply was in Warehouse/Distribution buildings. The Southwest submarket had most (68%) of this forward supply space. The once very active North Las Vegas submarket had only 245,480 square feet of forward supply this quarter. The remainder was in the Airport submarket. Approximately 62% of forward supply space was under construction. All of the 590,229 square feet of industrial space actively under construction is expected to be completed in the next quarter, leaving only 358,630 square feet of industrial space planned to begin construction over the next 12 months. This is good news for landlords, who have found themselves in a tenant's market awash with supply.

Industrial vacancy increased to 13.3 percent this quarter, a 0.9-point increase from one quarter ago and a 3.4-point increase from one year ago. Industrial vacancy has increased over the past three years from a low of 3.1 percent in the second quarter of 2006. Southern Nevada's highest vacancy rate (25%) was in the Northwest submarket, despite a 45,000 square foot lease being signed there during the third quarter of 2009. The lowest vacancy rate (7.4%) was in the East Las Vegas submarket. Vacancy increased in the Airport, Henderson, North Las Vegas, Northwest and Southwest submarkets, and decreased in the East Las Vegas and West Central submarkets. The largest increase was experienced in the Southwest submarket. On a brighter note, the change in industrial vacancy year-over-year is heading downwards after rising sharply beginning in the first quarter of 2007 and peaking in the third quarter of 2008. This data point suggests that market conditions are improving and that we are at least

heading in the right direction. Note, though, that the eight month recession of 2001 (March to October) resulted in ten quarters of year-over-year vacancy increases. If the third quarter of 2009 represents the end of the current recession, it will have lasted approximately 20 months, with 11 months of year-over-year vacancy rate increases so far.

The most active businesses taking space during the third quarter of 2009 were involved in construction, automotive services and entertainment. The majority (53%) of third quarter 2009 leases were signed by local companies, with California-based companies constituting 15% and Arizona-based companies 11% of new leases. A reliance on local expansions and originations could hamper the recovery of the local industrial market given that the local economy is expected to lag behind the national economy in recovery from the recession.

The weighted average asking lease rate for industrial space decreased this quarter to \$0.66 per square foot (psf) on a triple-net basis (NNN) from last quarter's \$0.71. If adjusted for inflation, the weighted average asking lease rate has decreased by \$0.15 psf since it peaked in the first quarter of 2007. All submarkets except East Las Vegas experienced a decrease in their weighted average asking lease rate this quarter. The weighted average asking lease rates dropped in all product types this quarter, with the largest decreases in the Incubator and R&D/Flex product types. The 385 new availabilities that entered the industrial market in the third quarter of 2009 had an average asking rental rate of \$0.67 psf NNN, \$0.01 higher than the 393 new availabilities that entered the industrial market during the second quarter of 2009. Of existing availabilities, 20% had their asking lease rate decrease this quarter, by an average of \$0.16 psf, while 4% showed an increase, by an average of \$0.13 psf. Given current market conditions and the expectation of weak growth moving forward, we believe the industrial market could be as many as twelve months away from the average asking rental rate hitting bottom.

MARKET SNAPSHOT

	Q3-09	Q2-09	Q3-08	Q-O-Q Change	Y-O-Y Change
Vacancy Rate	13.3%	12.4%	9.9%	+ 7.5%	+ 34.7%
Asking Rent (psf NNN)	\$0.66	\$0.71	\$0.78	- 6.8%	- 15.3%
Net Absorption (sf)	-884,420	-1,016,266	-566,453	+ 13.0%	- 56.1%
New Completions (sf)	121,875	342,574	1,017,567	- 64.4%	- 88.0%

LAS VEGAS QUARTERLY

“On a brighter note, the change in industrial vacancy year-over-year is heading downwards after rising sharply beginning in the first quarter of 2007 and peaking in the third quarter of 2008.”

The inventory of industrial properties available for owner/user sale increased this quarter to 4,057,585 square feet. The average asking price for owner/user industrial sales decreased to \$148 per square foot. This is below the average asking price of \$168 per square foot recorded twelve months ago. Most of the available owner/user sale square footage was in the North Las Vegas and Southwest submarkets, with average asking prices of \$131 and \$187 respectively. Prominent owner/user sale availabilities include Milgard Windows Facility in the Henderson submarket (130,000 square feet), the Decatur Business Center in the Southwest submarket (87,000 square feet) and the Progressive Gaming Facility in the Airport submarket (87,000 square feet).

The inventory of industrial buildings up for sale as investments increased from 908,750 square feet in the third quarter of 2008 to 1,136,513 square feet this quarter. The average asking price for investment sales increased by \$10 per square foot since last quarter, but decreased by \$6 per square foot since the third quarter of 2009. Prominent investment sale availabilities include Traverse Point Distribution Center in the Henderson submarket (154,000 square feet), Hughes Airport Center Bldg 14 in the Airport submarket (133,000 square feet) and Patrick Lane Industrial Park in the Airport submarket (100,000 square feet).

The number of industrial sales that took place during the third quarter of 2009 decreased from last quarter, but increased when compared to one year ago. The average sales price of these properties continued to decline. The average cap rate for these properties was 10.7 percent. Owner/user sales

INDUSTRIAL EMPLOYMENT

	Aug 2009	Aug 2008	Change
Construction	73,400	94,800	-21,400
Manufacturing	23,500	25,700	-2,200
Transportation & Warehousing	34,200	34,600	-200
Wholesale	22,400	24,100	-1,700
TOTAL	153,500	179,200	-25,700

Source: Nevada Department of Employment, Training and Rehabilitation.

are also up from one year ago. The average sales price of these properties recovered slightly from last quarter, but remained at approximately one-third what it was one year ago. Ascertaining the real value of commercial properties remains difficult due to the scarce number of sales and the fact that many of them are made with extenuating circumstances. Several factors are now keeping buildings from selling. Potential buyers have a lack of belief that they would be buying an appreciating asset. People with capital are not yet prepared to part with it, preferring instead to keep it liquid while they wether the present storm. Banks are still hesitant to lend, so potential buyers must rely on internal funding or SBA loans for small, owner/user sales.

The health of the local Warehouse/Distribution market degraded further this quarter, with net absorption -147,769 square feet lower than last quarter. This brought year-to-date net absorption to -716,352 square feet, almost 2 million square feet lower than at the same time in 2008. Despite this generally poor performance, three submarkets, East Las Vegas, Northwest and West Central, posted positive net absorption in Warehouse/Distribution space this quarter. Moreover, five of the Valley's seven submarkets saw

REGIONAL WAREHOUSE / DISTRIBUTION

Market	Asking Rent (Q2-09)
Las Vegas, NV	\$0.54 psf NNN
Phoenix, AZ	\$0.45 psf NNN
Inland Empire, CA	\$0.36 psf NNN
Reno, NV	\$0.32 psf NNN

net absorption increase over last quarter; only the Airport and North Las Vegas submarkets had net absorption of Warehouse/Distribution space decrease. Warehouse/Distribution product still has a lower vacancy rate than the other industrial product types, and is still well below its high of 11.5 percent vacancy recorded in the first quarter of 2004. The weighted average asking lease rate for Warehouse/Distribution decreased this quarter by \$0.04 to \$0.49 per square foot NNN. The weighted average asking lease rate for Warehouse/Distribution space in Las Vegas continued to exceed those in competing markets.

Light Distribution space posted -156,952 square feet of net absorption, sending vacancy to 20.1 percent. This represents a 6.1-point increase from one year ago and a 0.9-point increase from one quarter ago. The average asking lease rate for Light Distribution space decreased by \$0.03 to \$0.64 psf NNN this quarter. Judging by net absorption alone, it would seem that the performance of Light Distribution space is not much worse this year than last. However, this year's -500,364 net absorption occurred with 429,458 square feet of new completions, as opposed to last year's -482,842 square feet of net absorption with 775,687 square feet of new completions.

After Warehouse/Distribution, Light Industrial space has been the stalwart of the Southern Nevada industrial market. Over the past twelve months, Light Industrial vacancy has increased by 3.9-points. Net absorption, year-to-date, is approximately 230,000 square feet lower now than it was at this time last year. New completions of Light Industrial space have dropped to 0 square feet from just over 1-million square feet at this time last year. Those new completions a year ago were primarily in the form of small, freestanding buildings that were intended to sell quickly. Currently, there are over 2-million square feet of Light Industrial space on the market in the form of owner/user sales with an average asking price of \$155 per square foot. This is almost unchanged from last quarter. Although the difficulty in originating new loans has contributed to keeping these buildings on the market, the abundance of competitively priced Light Industrial space for lease is probably just as responsible.

Incubator space can often

predict recovery, as it is favored by small start-up businesses. On the face of it, the -395,627 square feet of net absorption year-to-date in incubator buildings does not suggest that recovery is around the corner. However, it is worth noting that net absorption of incubator space is up from this time last year. Since last quarter, net absorption of Incubator space has increased in four submarkets: Airport, East Las Vegas, Northwest and West Central. The largest increase in Incubator net absorption was in the West Central submarket, at +27,266 square feet. Every submarket except East Las Vegas had a decrease in their average asking lease rate for Incubator space this quarter.

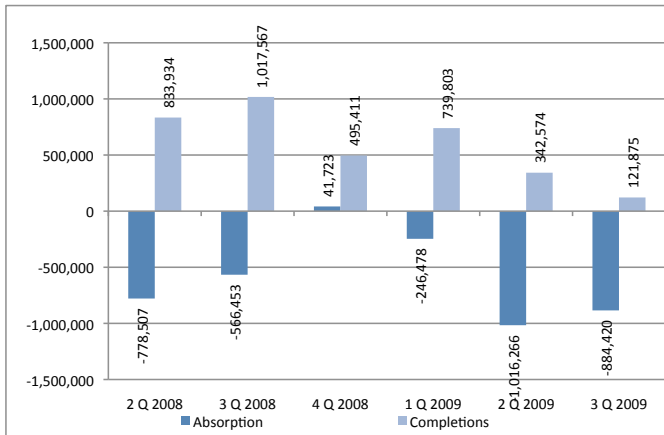
Vacancy in R&D/Flex space increased this quarter to 27.2% from last quarter's 25.5%. R&D/Flex has the distinction of being the only product type with positive year-to-date net absorption in 2009. Although the 18,489 square feet of net absorption may not seem significant, it is an improvement over the -245,965 square feet of net absorption at this time last year.

We predict tough times ahead for Southern Nevada's industrial market. Employment in industries that traditionally take industrial space is still shrinking and growth, when it finally arrives, is predicted to be slow. Over the past quarter, approximately half of all new leases were with tenants headquartered outside of Southern Nevada. Companies looking to move into a business friendly environment should be an important factor in the recovery of the local industrial market. We are happy to see lease activity higher than it was a few months ago, and encouraged by the fact that the number of new availabilities entering the market has declined since last quarter. That said, we still think that a significant, sustained recovery of Southern Nevada's industrial market will not begin earlier than the second half of 2010. ❖

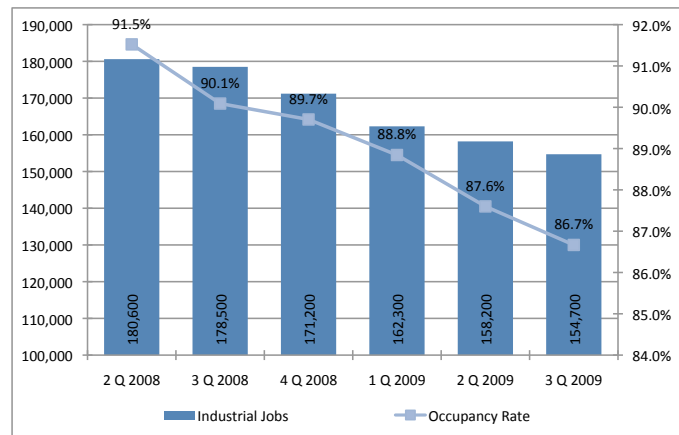
INDUSTRIAL CONSTRUCTION STOPPED			
Project	Type	Submarket	Size
3255 Pepper Lane A	Light Industrial	Airport	25,200 SF
Hangars at Clayton	Light Industrial	North Las Vegas	94,680 SF

INDUSTRIAL DEVELOPMENT PIPELINE					
Project	Type	Submarket	Size	Pre-Leasing	Completion
Freeman Decorating	Warehouse/Distribution	Southwest	420,000 SF	BTS	Q4-09/ Q1-10
Winner Industrial Building	Warehouse/Distribution	North Las Vegas	50,000 SF	0%	Q1-10

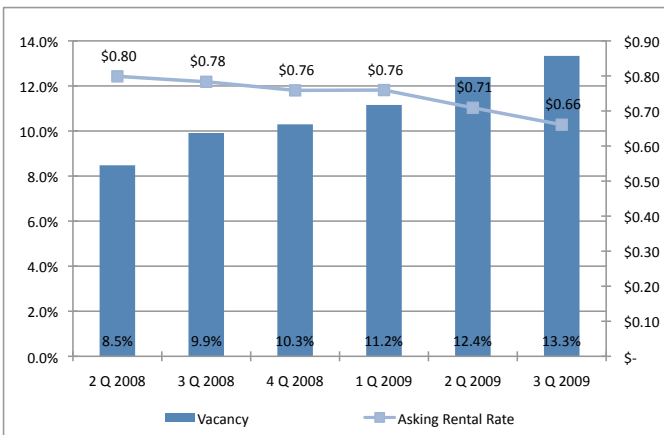
HISTORICAL NET ABSORPTION VS COMPLETIONS



OCCUPANCY VS INDUSTRIAL EMPLOYMENT



VACANCY VS RENTAL RATE



INDUSTRIAL SALES

	Q3-09	Q2-09	Q3-08
Owner/User Sales			
Space for Sale (sf)	4,057,585	3,870,013	3,737,145
Average Asking Price/SF	\$148	\$156	\$168
Space Sold (sf)	208,680	172,910	154,836
Average Price/SF	\$55	\$42	\$155
Investment Sales			
Space for Sale (sf)	1,136,513	1,148,697	908,750
Average Asking Price/SF	\$145	\$135	\$151
Average Cap Rate	7.5%	7.3%	7.2%
Space Sold (sf)	129,867	272,460	79,150
Average Price/SF	\$68	\$73	\$179
Average Cap Rate	10.7%	8.0%	6.2%

LEASE ACTIVITY

PROPERTY ADDRESS	LEASE DATE	LEASE TERM	SIZE	LEASE RATE	TYPE
121 S Martin L King Blvd	Sep 2009	120 months	63,000 sf	\$1.97 NNN	Light Industrial
Berlin Industries Building	Sep 2009	122 months	45,000 sf	\$0.50 NNN	Warehouse/Distribution
Valley View Commerce Center	Aug 2009	60 months	40,000 sf	\$0.48 NNN	Light Distribution
Saddleback Post Business Park	Aug 2009	6 months	8,000 sf	\$0.48 NNN	R&D/Flex
Decatur Pavilion	Jul 2009	24 months	4,500 sf	\$1.78 NNN	Incubator

SALES ACTIVITY

PROPERTY ADDRESS	SALES DATE	SALE PRICE	SIZE	PRICE/SF	TYPE
Post Hinson Industrial Park	Jul 2009	\$3,050,000	24,893 sf	\$122.52	Warehouse/Distribution
Palm Sahara Industrial Park	Jul 2009	\$1,800,000	22,750 sf	\$79.12	Light Industrial
Saddleback Park West	Sep 2009	\$612,975	4,458 sf	\$137.50	R&D/Flex
Saddleback Park West	Aug 2009	\$575,000	4,172 sf	\$137.82	R&D/Flex
4340 E. Alexander	Jul 2009	\$325,000	3,072 sf	\$105.79	Light Industrial

INDUSTRIAL MARKET STATISTICS
THIRD QUARTER 2009

EXISTING PROPERTIES			DIRECT VACANCY		SUBLEASE VACANCY		TOTAL VACANCY			NET ABSORPTION SF		U/C & PROPOSED SF			AVG RENTS
Type	Bldgs	Total Inventory Sq Ft	Sq Ft	Rate	Sq Ft	Rate	Sq Ft	Rate	Vacancy Rate Previous Q	Current Period	YTD	Completed This Qtr Sq Ft	Completed YTD	Under Constr	Rate

SUB MARKETS

AIRPORT SUBMARKET

WH	76	4,667,484	472,094	10.1%	44,200	0.9%	516,294	11.1%	9.9%	(53,148)	32,184	-	-	-	\$0.57
LD	67	2,969,897	545,426	18.4%	42,866	1.4%	588,292	19.8%	16.3%	(87,397)	(236,051)	-	-	-	\$0.64
LI	197	2,824,073	246,413	8.7%	22,478	0.8%	268,891	9.5%	10.5%	28,940	16,441	-	-	25,200	\$0.69
INC	92	1,876,327	318,408	17.0%	7,053	0.4%	325,461	17.3%	17.4%	4,656	(76,722)	-	-	-	\$0.79
FLX	66	1,308,181	395,640	30.2%	20,058	1.5%	415,698	31.8%	31.4%	(12,286)	27,843	-	102,694	-	\$0.94
TOTAL	498	13,645,962	1,977,981	14.5%	136,655	1.0%	2,114,636	15.5%	14.5%	(119,235)	(236,305)	-	102,694	25,200	\$0.71

EAST LAS VEGAS SUBMARKET

WH	24	1,022,855	51,022	5.0%	0	0.0%	51,022	5.0%	8.0%	9,594	(51,022)	-	-	-	\$0.29
LD	20	352,675	55,432	15.7%	0	0.0%	55,432	15.7%	12.3%	(12,000)	(29,132)	-	-	-	\$0.51
LI	94	1,141,544	36,436	3.2%	6,400	0.6%	42,836	3.8%	5.1%	14,825	84,832	-	-	-	\$0.31
INC	13	298,623	62,347	20.9%	0	0.0%	62,347	20.9%	22.8%	5,879	9,704	-	-	-	\$0.75
FLX	8	142,294	12,762	9.0%	0	0.0%	12,762	9.0%	6.5%	(3,500)	919	-	-	-	\$0.80
TOTAL	159	2,957,991	217,999	7.4%	6,400	0.2%	224,399	7.6%	8.8%	14,798	15,301	-	-	-	\$0.51

HENDERSON SUBMARKET

WH	75	6,283,356	733,196	11.7%	39,878	0.6%	773,074	12.3%	11.7%	(11,163)	(149,511)	-	-	-	\$0.49
LD	36	1,696,226	467,278	27.5%	0	0.0%	467,278	27.5%	26.2%	(23,360)	(25,883)	-	-	-	\$0.58
LI	318	3,014,037	588,219	19.5%	0	0.0%	588,219	19.5%	18.0%	(44,473)	(111,966)	-	105,055	-	\$0.79
INC	29	456,976	54,948	12.0%	6,296	1.4%	61,244	13.4%	10.6%	(12,591)	(21,558)	-	-	-	\$0.72
FLX	78	1,262,062	321,629	25.5%	0	0.0%	321,629	25.5%	29.8%	42,592	94,102	-	-	-	\$1.02
TOTAL	536	12,712,657	2,165,270	17.0%	46,174	0.4%	2,211,444	17.4%	16.9%	(48,995)	(214,816)	-	105,055	-	\$0.68

NORTH LAS VEGAS SUBMARKET

WH	178	18,613,343	1,307,116	7.0%	448,295	2.4%	1,755,411	9.4%	7.0%	(340,706)	(323,551)	-	95,000	50,000	\$0.39
LD	167	4,673,693	933,203	20.0%	41,634	0.9%	974,837	20.9%	23.7%	6,876	42,287	-	-	-	\$0.50
LI	603	6,837,053	1,153,464	16.9%	14,500	0.2%	1,167,964	17.1%	17.9%	57,230	6,922	-	90,400	94,680	\$0.60
INC	31	562,095	199,174	35.4%	0	0.0%	199,174	35.4%	32.9%	(14,490)	(7,248)	-	-	-	\$0.58
FLX	46	780,909	217,454	27.8%	7,779	0.0%	225,233	28.8%	16.6%	(87,966)	(71,693)	-	-	-	\$0.94
TOTAL	1,025	31,467,093	3,810,411	12.1%	512,208	1.6%	4,322,619	13.7%	12.3%	(379,056)	(353,283)	-	185,400	144,680	\$0.52

NORTHWEST SUBMARKET

WH	5	224,906	132,990	59.1%	0	0.0%	132,990	59.1%	64.9%	12,920	12,920	-	-	-	\$0.49
LD	1	50,000	0	0.0%	0	0.0%	0	0.0%	0.0%	-	-	-	-	-	\$-
LI	16	294,396	40,696	13.8%	0	0.0%	40,696	13.8%	13.1%	(2,241)	(4,727)	-	-	-	\$1.09
INC	4	99,427	16,578	16.7%	0	0.0%	16,578	16.7%	13.0%	(3,632)	(10,688)	-	-	-	\$1.10
FLX	55	672,202	144,883	21.6%	16,004	2.4%	160,887	23.9%	23.9%	(16,329)	(23,328)	-	-	-	\$0.94
TOTAL	81	1,340,931	335,147	25.0%	16,004	1.2%	351,151	26.2%	25.9%	(9,282)	(24,823)	-	-	-	\$0.79

SOUTHWEST SUBMARKET

WH	136	12,090,552	908,494	7.5%	145,240	1.2%	1,053,734	8.7%	8.0%	(107,339)	(188,180)	121,875	121,875	420,349	\$0.63
LD	182	6,917,721	1,423,144	20.6%	118,719	1.7%	1,541,863	22.3%	21.3%	(41,071)	(204,456)	-	429,458	-	\$0.76
LI	747	9,154,662	1,330,873	14.5%	8,400	0.1%	1,339,273	14.6%	13.0%	(142,407)	(440,092)	-	259,770	-	\$0.73
INC	120	2,496,381	407,581	16.3%	14,865	0.6%	422,446	16.9%	13.1%	(95,013)	(188,637)	-	-	-	\$0.71
FLX	100	1,552,662	486,185	31.3%	11,856	0.8%	498,041	32.1%	31.6%	(11,050)	3,832	-	-	-	\$1.02
TOTAL	1,285	32,211,978	4,556,277	14.1%	299,080	0.9%	4,855,357	15.1%	13.7%	(396,880)	(1,017,533)	121,875	811,103	420,349	\$0.75

WEST CENTRAL SUBMARKET

WH	56	1,855,447	76,592	4.1%	0	0.0%	76,592	4.1%	7.6%	63,803	(49,192)	-	-	-	\$0.38
LD	41	751,242	68,529	9.1%	16,220	2.2%	84,749	11.3%	9.2%	-	(47,129)	-	-	-	\$0.69
LI	489	6,628,752	600,007	9.1%	36,604	0.6%	636,611	9.6%	9.4%	(15,510)	(104,720)	-	-	-	\$0.61
INC	62	2,458,615	324,225	13.2%	0	0.0%	324,225	13.2%	13.7%	13,534	(100,478)	-	-	-	\$0.73
FLX	12	219,832	34,171	15.5%	0	0.0%	34,171	15.5%	12.1%	(7,597)	(14,186)	-	-	-	\$0.84
TOTAL	660	11,913,888	1,103,524	9.3%	52,824	0.4%	1,156,348	9.7%	10.0%	54,230	(315,705)	-	-	-	\$0.64

MARKET TOTAL

WH	550	44,757,943	3,681,504	8.2%	677,613	1.5%	4,359,117	9.7%	8.6%	(426,039)	(716,352)	121,875	216,875	470,349	\$0.49
LD	514	17,411,454	3,493,012	20.1%	219,439	1.3%	3,712,451	21.3%	20.8%	(156,952)	(500,364)	-	429,458	-	\$0.64
LI	2,464	29,894,517	3,996,108	13.4%	88,382	0.3%	4,084,490	13.7%	13.3%	(103,636)	(553,310)	-	455,225	119,880	\$0.68
INC	351	8,248,444	1,383,261	16.8%	28,214	0.3%	1,411,475	17.1%	15.8%	(101,657)	(395,627)	-	-	-	\$0.72
FLX	365	5,938,142	1,612,724	27.2%	55,697	0.9%	1,668,421	28.1%	26.8%	(96,136)	18,489	-	102,694	-	\$0.98
TOTAL	4,244	106,250,500	14,166,609	13.3%	1,069,345	1.0%	15,235,954	14.3%	13.4%	(884,420)	(2,147,164)	121,875	1,204,252	590,229	\$0.66

QUARTERLY COMPARISON AND TOTALS

Q3-09	4,244	106,250,500	14,166,609	13.3%	1,069,345	1.0%	15,235,954	14.3%	13.4%	(884,420)	(2,147,164)	121,875	1,204,252	590,229	\$0.66
Q2-09	4,210	106,128,625	13,160,314	12.4%	1,028,315	1.0%	14,188,629	13.4%	11.9%	(1,016,266)	(1,262,744)	342,574	1,082,377	712,104	\$0.71
Q1-09	4,188	105,786,051	11,801,474	11.2%	744,605	0.7%	12,546,079	11.9%	11.0%	(246,478)	(246,478)	739,803	739,803	643,955	\$0.76
Q4-08	4,168	105,046,248	10,815,193	10.3%	775,544	0.7%	11,590,737	11.0%	10.5%	41,723	(223,826)	495,411	4,457,192	1,109,988	\$0.76
Q3-08	4,101	104,550,837	10,361,505	9.9%	573,898	0.5%	10,935,403	10.5%	9.0%	(566,453)	(265,549)	1,017,567	3,961,781	1,422,765	\$0.78

THE INFORMATION CONTAINED IN THIS REPORT WAS PROVIDED BY SOURCES DEEMED TO BE RELIABLE, HOWEVER, NO GUARANTEE IS MADE AS TO THE ACCURACY OR RELIABILITY. AS NEW, CORRECTED OR UPDATED INFORMATION IS OBTAINED, IT IS INCORPORATED INTO BOTH CURRENT AND HISTORICAL DATA, WHICH MAY INVALIDATE COMPARISON TO PREVIOUSLY ISSUED REPORTS.

LAS VEGAS QUARTERLY

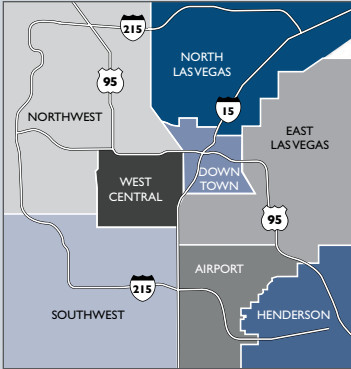


PHOTO BY CHRIS POESE ©2009 COLLIERS LAS VEGAS

MARKET INDICATORS

	Q3-09	Q4-2009 Projected
VACANCY	↑	↑
NET ABSORPTION	↑	→
CONSTRUCTION	↓	↓
RENTAL RATE	↓	↓

Office Review

The Southern Nevada office market experienced its seventh straight month of negative net absorption, with occupied square footage contracting to 32-million square feet from a high of 33.7-million square feet in the fourth quarter of 2007. The volume of lease and sale transactions has improved since the end of 2008, with much of this activity coming from local, small businesses and national tenants that already have a presence in Southern Nevada. The amount of space currently and actively under construction remains lower than the amount of space that has halted construction. Although the outlook for the Southern Nevada office market may seem bleak, there are reasons to be hopeful.

Employment in sectors traditionally associated with office space contracted for the fifth straight quarter. Between August 2008 and August 2009, a total

of 7,800 office jobs were lost, with the largest losses experienced by the professional & business services sector. The bright spot of office employment has been the health care and social assistance sector, which added 900 jobs between August 2008 and August 2009. Unemployment in the Las Vegas - Paradise MSA stood at 13.4 percent as of August 2009, up from 7.0 percent in August 2008.

The inventory of office space in Southern Nevada increased by only 40,000 square feet during the third quarter of 2009. The only completed project was the IBEX Medical Building in Henderson. This is the lowest level of new office completions we have recorded since we began tracking the Las Vegas office market in 1999. Vacancy in newly completed space stood at approximately 67 percent.

Forward supply of office space in the Valley stood at 346,629 square feet in



the third quarter of 2009. This was approximately 36 percent less forward supply than was registered in the second quarter of 2009 and 84 percent less forward supply than was registered in the third quarter of 2008. Over half of Southern Nevada's forward supply was in the Class A category. Although Class A space has the highest vacancy rate in the market at 29.1%, reductions in asking lease rates have increased interest in it. Almost all of Southern Nevada's forward supply of office space is located in the Northwest submarket in the form of Tivoli Village, a mixed-use space comprised of office over retail.

Office vacancy in Southern Nevada stood at 22.0 percent in the third quarter of 2009. This represented a 0.2-point increase from one quarter ago and a 4-point increase from four quarters ago. In general, the office vacancy rate's trajectory seems to be leveling off. Lease activity has increased since the second half of 2008, and the number of vacant office spaces that entered the market has decreased. A total of 278 new office availabilities were introduced to the office market during the third quarter of 2009, less than the 357 new lease availabilities introduced in the second quarter of 2009. The highest vacancy rates in Southern Nevada were in the Southwest (30.9 percent), Henderson (26 percent) and Airport (25.5 percent) submarkets. The lowest vacancy rates were in the Downtown (10.8 percent) and West Central (13.6 percent) submarkets. Class A professional office space still had the highest vacancy rate at 29.1 percent, while the lowest vacancy rate was in Medical office space at 19.5 percent. Over the past four quarters, Class C professional space has experienced the lowest overall increase in vacancy. When comparing vacancy rates on a year-over-year basis, office vacancy has been trending downward for the past three quarters after reaching a peak in the fourth quarter of 2008. Year-over-year vacancy growth in the third quarter of 2009 was the lowest it has been since

the first quarter of 2008. Clearly, the flood of office space that entered the Southern Nevada market in 2008 has slowed down.

Over the past quarter, finance investment and real estate accounted for approximately one-third of new leases and slightly more than half of the office market's new leases were signed by companies headquartered outside Nevada, with California companies contributing more lease activity than any other state.

Several existing office properties in Southern Nevada are now owned by banks or the FDIC. These "zombie buildings" contribute to the vacancy rate in Southern Nevada, but do not complete effectively because their owners are unable or unwilling to provide improvement money to prospective tenants. The total number of distressed office properties currently totals 2,094,000 total square feet, a significant increase since last quarter when Southern Nevada had approximately 460,000 square feet of distressed office properties.

The weighted average asking rental rate decreased this quarter to \$2.32 per square foot (psf) on a full service gross (FSG) basis. This was a decrease of \$0.04 from last quarter and \$0.12 from twelve months ago. Asking rents have been on the decline since the fourth quarter of 2007, which corresponds to the beginning of the current recession. Of those availabilities that were active last quarter, 17% had their asking rent reduced by an average of \$0.28 while 4% had their asking rent increased by an average of \$0.25. Availabilities that were new to the market this quarter had an average asking rent of \$2.05 psf FSG.

MARKET SNAPSHOT					
	Q3-09	Q2-09	Q3-08	Q-O-Q Change	Y-O-Y Change
Vacancy Rate	22.0%	21.8%	18.0%	+0.8%	+22.2%
Asking Rent (psf FSG)	\$2.32	\$2.36	\$2.44	-1.4%	-4.9%
Net Absorption (sf)	-39,154	-272,627	-341,501	+85.6%	+88.5%
New Completions (sf)	40,000	143,481	580,294	-72.1%	-93.1%

LAS VEGAS QUARTERLY

“Like small animals after a thunderstorm, businessmen have poked their heads out of their burrows, looked around and determined that it safe to go back to business as usual.”

OFFICE EMPLOYMENT			
	Aug 2009	Aug 2008	Change
Financial Activities	45,500	47,200	-1,700
Professional & Business Services	103,100	110,100	-7,000
Health Care & Social Assistance	61,700	60,800	+900
Total	210,300	218,100	-7,800

Source: Nevada Department of Employment, Training and Rehabilitation.

Office space available for sub-lease in Southern Nevada increased this quarter after posting a slight decline in the second quarter of 2009. Currently, there are 680,706 square feet of office space available for sub-lease. This is down from the high of 908,458 square feet recorded in the fourth quarter of 2008. That the amount of sub-lease space available for lease has dropped to between 650,000 and 680,000 square feet for the past three quarters could suggest that the Southern Nevada office market has reached a plateau.

The amount of office space available for sale on an owner/user basis increased this quarter over last by 58,000 square feet. Since the third quarter of 2008, the amount of owner/user space on the market has actually decreased by 72,000 square feet. Likewise, the average asking price has decreased by \$26 per square foot since last quarter, but increased by \$12 since the third quarter of 2008. Significant sale offerings include the old FBI headquarters at 700 E. Charleston Blvd in the Downtown submarket (47,000 square feet) and the San Martin Medical Center in the Southwest submarket (44,000 square feet), a distressed property.

Properties available of sale on an investment basis decreased to 872,894

square feet from last quarter's 1,104,734 square feet. The average asking price increased this quarter over last by \$24 per square foot. Since the third quarter of 2008, the average asking price for investment sales has decreased by \$30 per square foot and the amount of space available for sale on an investment basis has decreased by 435,774 square feet, though admittedly a good deal of this space has been removed from the market, not sold.

Office owner/user sales improved this quarter over last, with 57,290 square feet of space sold. The average sales price has also recovered, reaching \$232 per square foot, higher than one year ago. Investment sales continued to decline this quarter, and the presence of several distressed and foreclosed properties among those that sold had an adverse affect on the average sales price. Cap rates continued to rise, reaching 8%.

The Class A and Class C office product types entered recession in the latter half of 2006, approximately six months ahead of Medical office and one year ahead of Class B office. While both Class A and Class C office saw their vacancy rates decline this quarter, the decrease for Class A office was due to the re-classification of the Westcliff Tower building from Class A to Class B. Class C office, on the other hand, has not only seen its vacancy rate decrease for the past two quarters, it is the only product type that has posted positive year-to-date net absorption. It

†Forward supply is a combination of space presently under construction in a quarter and space planned to begin construction within the next 4 quarters.



seems reasonable to conclude that the performance of Class C professional office product may be a sign that Southern Nevada's office market as a whole is nearing bottom. Unfortunately, one must consider two other facts. First, employment in sectors that traditionally occupy office space continues to decrease. Second, some of the absorption of Class C space is due to tenants leaving more expensive space for less expensive space. While these two facts may dampen the prospects that the Southern Nevada office market may be two or three quarters away from hitting bottom, they do not eliminate the possibility entirely. Lease activity is definitely on the rise, and the pace of new office availabilities entering the market has been on the decline since April of 2009.

What we are likely seeing in the third quarter of 2009 is the end to the "shock & awe" of late-2008 and early-2009 and a return to equilibrium between

supply and demand. Like small animals after a thunderstorm, businessmen have poked their heads out of their burrows, looked around and determined that it safe to go back to business as usual (or as near to usual as possible). As hopeful as this scenario is, though, it behooves us all to look ahead. High levels of federal spending contributed heavily to GDP in the last two quarters. While the federal government has more money to spend in 2010, the end to Cash for Clunkers and the housing credit, coupled with the reticence of U.S. consumers to spend money on non-essentials and the looming expiration of tax cuts introduced between 2001 and 2003, could make for tough going in 2010. We think Southern Nevada's office market might hit a plateau in 2010, but hesitate to predict declining vacancy rates until we see some improvement in employment growth. ❖

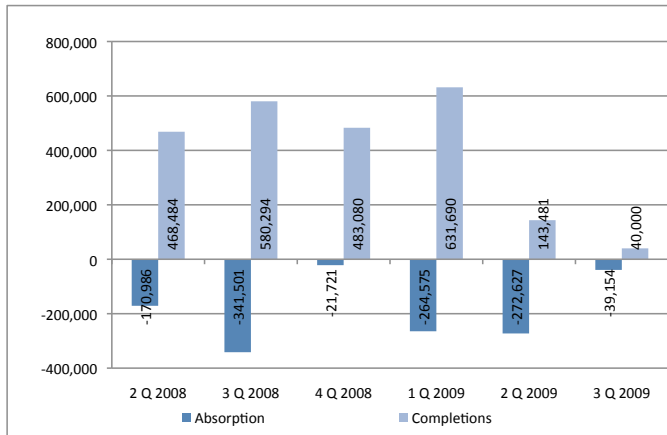
OFFICE CONSTRUCTION STOPPED

Project	Type	Submarket	Size
Centennial Business Park	Class C	Northwest	43,000
Tivoli Village	Class A	Northwest	200,000

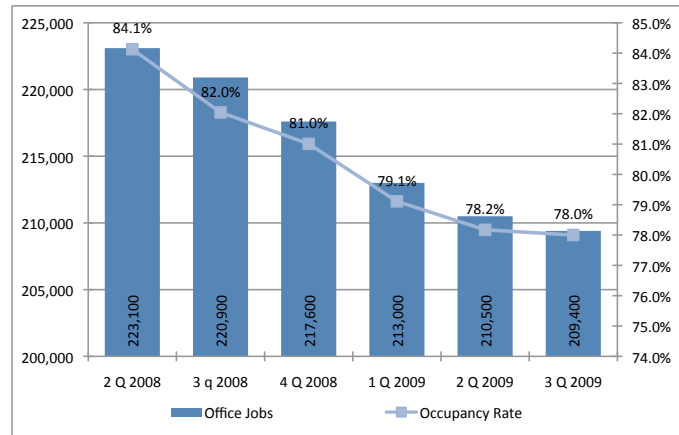
OFFICE DEVELOPMENT PIPELINE

Project	Type	Submarket	Size	Pre-Leasing	Completion
501 S 8th St	Class B	Downtown	25,000	BTS	Q2-10

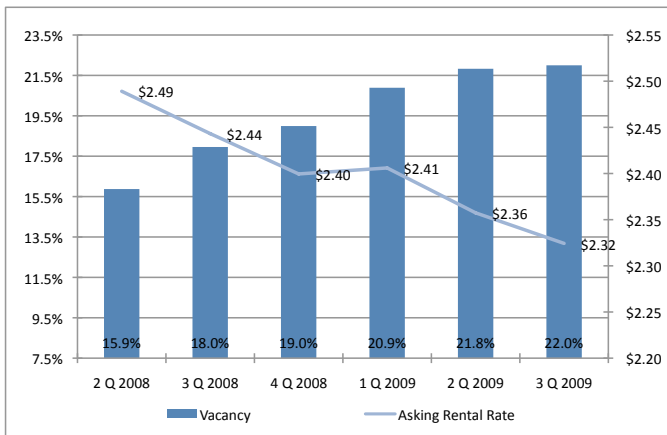
HISTORICAL NET ABSORPTION VS COMPLETIONS



OCCUPANCY VS OFFICE EMPLOYMENT



VACANCY VS RENTAL RATE



OFFICE SALES

	Q3-09	Q2-09	Q3-08
Owner/User Sales			
Space for Sale (sf)	1,205,325	1,147,903	1,276,934
Average Asking Price/SF	\$215	\$241	\$203
Space Sold (sf)	57,290	10,645	28,862
Average Price/SF	\$232	\$151	\$217
Investment Sales			
Space for Sale (sf)	872,894	1,104,734	1,308,668
Average Asking Price/SF	\$235	\$211	\$265
Average Cap Rate	8.0%	7.6%	7.2%
Space Sold (sf)	61,247	70,275	250,444
Average Price/SF	\$78	\$295	\$262
Average Cap Rate	8.5%	7.8%	7.5%

LEASE ACTIVITY

PROPERTY ADDRESS	LEASE DATE	LEASE TERM	SIZE	LEASE RATE	TYPE
The District II	Sep 2009	60 months	21,767 sf	\$1.62 MG	Class C Professional Office
Green Valley Corp Center South	Aug 2009	84 months	11,373 sf	\$1.94 MG	Class C Professional Office
Westcliff House	Aug 2009	60 months	9,104 sf	\$1.74 MG	Medical Office
Westcliff Tower	Sep 2009	40 months	8,288 sf	\$1.65 FSG	Class B Professional Office
Flamingo Courtyard	Jul 2009	60 months	6,449 sf	\$1.75 NNN	Class C Professional Office

SALES ACTIVITY

PROPERTY ADDRESS	SALES DATE	SALE PRICE	SIZE	PRICE/SF	TYPE
St Rose Professional Park	Aug 2009	\$2,225,000	12,025 sf	\$185.03	Class B Professional Office
Sunset Post Medical Center	Jul 2009	\$2,250,000	9,090 sf	\$247.52	Medical Office
Hills Center Business Park	Aug 2009	\$1,498,176	5,202 sf	\$288.00	Class C Professional Office

OFFICE MARKET STATISTICS
THIRD QUARTER 2009

EXISTING PROPERTIES			DIRECT VACANCY		SUBLEASE VACANCY		TOTAL VACANCY			NET ABSORPTION SF		U/C & PROPOSED SF			AVG RENTS
Type	Bldgs	Total Inventory Sq Ft	Sq Ft	Rate	Sq Ft	Rate	Sq Ft	Rate	Vacancy Rate Previous Q	Current Period	YTD	Completed This Qtr Sq Ft	Completed YTD	Under Constr	Rate

SUB MARKETS

AIRPORT SUBMARKET															
A	6	660,478	367,424	55.6%	58,414	8.8%	425,838	64.5%	67.5%	19,948	122,798	-	(127,659)	-	\$3.13
B	37	1,833,602	273,344	14.9%	56,678	3.1%	330,022	18.0%	18.4%	17,433	(98,732)	-	-	-	\$2.31
C	252	2,658,927	700,489	26.3%	30,636	1.2%	731,125	27.5%	27.4%	3,860	40,173	-	-	-	\$1.93
MED	9	117,194	1,040	0.9%	0	0.0%	1,040	0.9%	1.4%	560	25,943	-	-	-	\$1.60
TOTAL	304	5,270,201	1,342,297	25.5%	145,728	2.8%	1,488,025	28.2%	28.4%	41,801	90,182	-	(127,659)	-	\$2.34

DOWNTOWN SUBMARKET															
A	4	700,065	45,006	6.4%	28,790	4.1%	73,796	10.5%	10.5%	-	-	-	-	-	\$3.27
B	21	1,383,829	224,797	16.2%	14,319	1.0%	239,116	17.3%	16.2%	(6,741)	(135,965)	-	-	-	\$2.54
C	55	744,537	43,752	5.9%	0	0.0%	43,752	5.9%	4.6%	(9,749)	22,047	-	-	-	\$1.66
MED	29	527,631	47,887	9.1%	0	0.0%	47,887	9.1%	5.0%	(21,256)	(19,341)	-	-	-	\$2.11
TOTAL	109	3,356,062	361,442	10.8%	43,109	1.3%	404,551	12.1%	10.7%	(37,746)	(133,259)	-	-	-	\$2.47

EAST LAS VEGAS SUBMARKET															
A	9	1,351,642	162,028	12.0%	87,108	6.4%	249,136	18.4%	20.4%	(7,566)	(94,816)	-	-	-	\$3.45
B	17	1,038,569	289,006	27.8%	10,184	1.0%	299,190	28.8%	30.6%	19,064	(26,819)	-	-	-	\$1.63
C	97	1,905,690	392,788	20.6%	0	0.0%	392,788	20.6%	20.5%	(4,728)	(35,471)	-	-	-	\$1.56
MED	59	1,633,374	303,088	18.6%	0	0.0%	303,088	18.6%	21.6%	48,021	(9,026)	-	-	-	\$1.92
TOTAL	182	5,929,275	1,146,910	19.3%	97,292	1.6%	1,244,202	21.0%	22.5%	54,791	(166,132)	-	-	-	\$1.94

HENDERSON SUBMARKET															
A	11	787,274	275,666	35.0%	21,059	2.7%	296,725	37.7%	35.9%	0	(4,566)	-	-	-	\$3.00
B	64	2,132,381	486,595	22.8%	38,842	1.8%	525,437	24.6%	26.1%	23,831	(163,288)	-	-	-	\$2.41
C	144	1,499,554	374,312	25.0%	36,542	2.4%	410,854	27.4%	28.3%	14,815	(24,678)	-	-	-	\$2.14
MED	97	1,226,594	330,634	27.0%	6,066	0.0%	336,700	27.4%	21.1%	(42,279)	(94,517)	40,000	40,000	-	\$2.47
TOTAL	316	5,645,803	1,467,207	26.0%	102,509	1.8%	1,569,716	27.8%	26.9%	(3,633)	(287,049)	40,000	40,000	-	\$2.47

NORTH LAS VEGAS SUBMARKET															
A	-	0	0	N/A	0	N/A	0	N/A	N/A	-	-	-	-	-	\$-
B	8	200,796	61,698	30.7%	0	0.0%	61,698	30.7%	36.8%	12,100	600	-	-	-	\$2.46
C	74	459,624	117,214	25.5%	3,000	0.7%	120,214	26.2%	26.6%	2,122	(24,414)	-	-	-	\$2.09
MED	13	125,385	9,418	7.5%	0	0.0%	9,418	7.5%	10.7%	4,000	7,317	-	-	-	\$1.93
TOTAL	95	785,805	188,330	24.0%	3,000	0.4%	191,330	24.3%	26.7%	18,222	(16,497)	-	-	-	\$2.20

NORTHWEST SUBMARKET															
A	19	1,515,526	443,791	29.3%	38,504	2.5%	482,295	31.8%	31.3%	(64,210)	(178,637)	(82,225)	105,185	-	\$2.40
B	73	2,508,675	565,179	22.5%	60,623	2.4%	625,802	24.9%	23.5%	15,919	(46,856)	82,225	82,225	-	\$2.40
C	214	2,240,146	502,467	22.4%	27,948	1.2%	530,415	23.7%	22.4%	(19,451)	(8,992)	-	-	-	\$2.17
MED	94	2,287,669	349,738	15.3%	6,635	0.3%	356,373	15.6%	16.2%	13,936	87,645	-	178,694	-	\$2.54
TOTAL	400	8,552,016	1,861,175	21.8%	133,710	1.6%	1,994,885	23.3%	22.7%	(53,806)	(146,840)	-	366,104	-	\$2.36

SOUTHWEST SUBMARKET															
A	3	397,112	299,818	75.5%	1,488	0.4%	301,306	75.9%	81.5%	22,362	32,671	-	226,140	-	\$3.03
B	56	2,338,223	618,283	26.4%	42,264	1.8%	660,547	28.2%	24.2%	(79,601)	(41,411)	-	146,000	-	\$2.65
C	247	2,591,296	682,155	26.3%	76,351	2.9%	758,506	29.3%	31.3%	75,467	141,338	-	164,586	-	\$2.19
MED	82	1,085,201	378,132	34.8%	10,662	1.0%	388,794	35.8%	29.9%	(64,024)	(11,203)	-	-	-	\$2.43
TOTAL	388	6,411,832	1,978,388	30.9%	130,765	2.0%	2,109,153	32.9%	31.6%	(45,796)	121,395	-	536,726	-	\$2.51

WEST CENTRAL SUBMARKET															
A	2	227,624	49,615	21.8%	0	0.0%	49,615	21.8%	20.9%	(2,009)	(2,870)	-	-	-	\$2.32
B	44	1,462,137	119,384	8.2%	0	0.0%	119,384	8.2%	8.2%	1,162	10,430	-	-	-	\$2.10
C	166	2,714,158	438,355	16.2%	22,360	0.8%	460,715	17.0%	17.2%	(2,708)	(13,736)	-	-	-	\$1.87
MED	60	775,745	95,417	12.3%	2,233	0.3%	97,650	12.6%	11.1%	(9,432)	(31,980)	-	-	-	\$2.02
TOTAL	272	5,179,664	702,771	13.6%	24,593	0.5%	727,364	14.0%	13.9%	(12,987)	(38,156)	-	-	-	\$1.96

MARKET TOTAL

A	54	5,639,721	1,643,348	29.1%	235,363	4.2%	1,878,711	33.3%	34.1%	(31,475)	(125,420)	(82,225)	203,666	-	\$2.90
B	320	12,898,212	2,638,286	20.5%	222,910	1.7%	2,861,196	22.2%	21.6%	3,167	(502,041)	82,225	228,225	-	\$2.37
C	1,249	14,813,932	3,251,532	21.9%	196,837	1.3%	3,448,369	23.3%	23.5%	59,628	96,267	-	164,586	-	\$2.00
MED	443	7,778,793	1,515,354	19.5%	25,596	0.3%	1,540,950	19.8%	18.4%	(70,474)	(45,162)	40,000	218,694	-	\$2.32
TOTAL	2,066	41,130,658	9,048,520	22.0%	680,706	1.7%	9,729,226	23.7%	23.4%	(39,154)	(576,356)	40,000	815,171	-	\$2.32

QUARTERLY COMPARISON AND TOTALS

Q3-09	2,066	41,130,658	9,048,520	22.0%	680,706	1.7%	9,729,226	23.7%	23.4%	(39,154)	(576,356)	40,000	815,171	-	\$2.32
Q2-09	2,054	41,090,658	8,969,366	21.8%	628,190	1.5%	9,597,556	23.4%	22.4%	(272,627)	(537,202)	143,481	775,171	324,364	\$2.36
Q1-09	2,031	40,947,177	8,553,258	20.9%	607,106	1.5%	9,160,364	22.4%	21.1%	(264,575)	(264,575)	631,690	631,690	610,750	\$2.41
Q4-08	1,995	40,315,487	7,656,993	19.0%	845,496	2.1%	8,502,489	21.1%	20.0%	(21,721)	(1,110,252)	483,080	1,820,952	1,449,840	\$2.40
Q3-08	1,979	39,832,407	7,152,192	18.0%	802,454	2.0%	7,954,646	20.0%	17.5%	(341,501)	(1,088,531)	580,294	1,337,872	1,627,030	\$2.44
Q2-08	1,939	39,252,113	6,230,397	15.9%	620,177	1.6%	6,850,574	17.5%	15.1%	(170,986)	(747,030)	468,484	757,578	1,322,921	\$2.49

THE INFORMATION CONTAINED IN THIS REPORT WAS PROVIDED BY SOURCES DEEMED TO BE RELIABLE, HOWEVER, NO GUARANTEE IS MADE AS TO THE ACCURACY OR RELIABILITY. AS NEW, CORRECTED OR UPDATED INFORMATION IS OBTAINED, IT IS INCORPORATED INTO BOTH CURRENT AND HISTORICAL DATA, WHICH MAY INVALIDATE COMPARISON TO PREVIOUSLY ISSUED REPORTS.

LAS VEGAS QUARTERLY

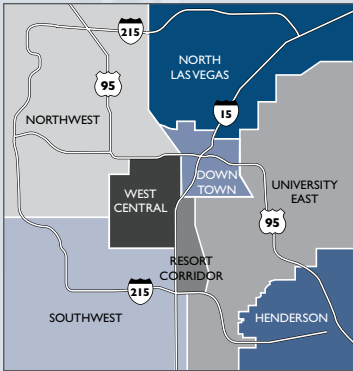


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MARKET INDICATORS

	Q3-09	Q4-2009 Projected
VACANCY	↑	↑
NET ABSORPTION	↑	→
CONSTRUCTION	↓	↑
RENTAL RATE	↓	↓

Retail Review

With no new completions this quarter, the Southern Nevada retail market saw net absorption fall to -202,841 square feet for the third quarter of 2009. This is lower net absorption than was recorded one quarter ago, and much lower than was recorded one year ago. The overall vacancy rate for anchored retail space increased to 8.6 percent from 8.1 percent last quarter. The weighted average asking lease rate was \$1.83 per square foot on a triple-net basis, \$0.05 lower than last quarter. For the most part, Southern Nevada's retail market continued its slow glide downward in the third quarter of 2009, with no surprises.

Retail employment dropped by 5,700 jobs between August 2009 and August 2008. Retail-based employment has been in decline for the past five quarters after posting strong growth between 2004 and 2007. There were no major retail closures this quarter, and we are getting a sense that for retail the worst may be over. Most leading indices are predicting an end to the national recession this quarter, though the

local recession is likely to hang on until early 2010. Small, local retailers appear to be leasing the lion's share of retail space in Southern Nevada, which gives the market an excellent chance to begin a slow recovery if national retailers can at least find stability in the coming months.

Taxable sales for Clark County in the first quarter of 2009 stood at \$7.29 billion, an 11 percent decline from the fourth quarter of 2008. Aside from an increase in the second quarter of 2008, Clark County's taxable sales have been in decline since the fourth quarter of 2007, the beginning of the current recession. The first quarter's taxable sales represented a 21.7 percent decline from the fourth quarter of 2007. Clark County's sales & use tax rate is set to increase to 8.1 percent on July 1, 2009. This represents a 0.35 percent increase.

Two retail projects remain under construction in the Valley: Green Valley Crossing (284,000 square feet) and the Target-anchored center at 6097 N. Decatur Blvd (390,000 square feet). Construction

is also poised to begin on Caroline's Court (274,000 square feet), a Community Center in the Northwest submarket, and Durango Commons (235,000 square feet), a Community Center in the Southwest submarket. Construction has stopped on the Edge (296,000 square feet), a Community Center located in the Southwest submarket.

Forward supply of retail space in the Valley stood at 1,527,704 square feet, an increase of 850,024 square feet from last quarter. All of the projects planned and under construction are in the Community Center category. Most of this space is located in the Northwest and Southwest submarkets. Vacancy in Community Centers this quarter was 9.7 percent, a 0.7-point increase from the second quarter of 2009.

Vacancy in retail centers has risen for the past six quarters, and was 3.4-points higher this quarter than in the third quarter of 2008. Since the onset of the recession in the fourth quarter of 2007, retail vacancy has risen 5.5 points, and in fact was rising throughout 2007 before the official beginning of the national recession. The Valley's highest vacancy was in the Downtown submarket at 13.8 percent. The lowest vacancy was in Northeast submarket at 5.2 percent, followed by a 7.4 percent vacancy rate in the Southwest submarket and a 7.8 percent vacancy rate in the Northwest submarket. Every submarket in Southern Nevada experienced an increase in vacancy except the West Central submarket, where vacancy decreased by 0.6-points and the Northwest, where it remained level. While Power Centers and Community Centers showed an increase in vacancy in this quarter over last, vacancy in Neighborhood Centers remained level. The best news is that leasing activity was up in the third quarter of 2009, and the total number of retail availabilities actually declined slightly. Year-over-year change in vacancy, which began increasing in the second quarter of 2007 and then increased sharply in the third quarter of 2008 and the first quarter of 2009 finally decreased this quarter. One quarter does not make a trend, but at this point a decrease in the growth of vacancy should be welcomed as good news.

The weighted average asking rental rates for retail

space fell to \$1.83 per square foot (psf) on a triple-net basis (NNN) between the second and third quarters of 2009. This was a decrease of \$0.05 psf. The largest decreases were in the Downtown and Northeast submarkets, at \$0.11 psf NNN. No submarket saw an increase in its average asking lease rate this quarter. Southern Nevada's lowest average asking rent remained in the Downtown submarket, while the highest average asking rent was in the Southwest submarket. The difference between the two was \$1.17 psf NNN. On the whole, asking rents decreased in 15 percent of availabilities between the second and third quarters of 2009, while 1 percent of availabilities had an increase in their asking rent, down from 13 percent of availabilities last quarter. The 336 new retail availabilities added to our database had an average asking rate of \$1.69 psf NNN. In short, the market is reacting to lower demand just as one would expect it to react, by lowering prices.

Sales of retail space, both on an owner/user and investment basis, remain too low to suggest pricing trends. Less space was sold this quarter than last, and owner/user sales suffered a steeper decline than investment sales. The average cap rate seemed to remain stable at 9.1 percent. The amount of owner/user space for sale is up from one quarter ago, but down from twelve months ago. The average asking price for owner/user space increased this quarter by \$15 to \$138 psf. The amount of investment space on the market decreased slightly since last quarter. The average asking price for investment space increased to \$576 per square foot. Sales, especially investment sales, are still being hampered by strict lending guidelines at banks and a general lack of willingness by banks to lend money to buyers.

There are now 72 retail units available that are 10,000 square feet in size or larger. This was an increase of 15 spaces over last quarter and almost twice as many anchor and junior anchor spaces that were available one year ago. The largest of

MARKET SNAPSHOT					
	Q3-09	Q2-09	Q3-08	Q-O-Q	Y-O-Y Change
Vacancy Rate	8.6%	8.1%	5.6%	+ 5.8%	+ 52.8%
Asking Rent (psf NNN)	\$1.83	\$1.88	\$2.03	- 2.6%	- 9.9%
Net Absorption (sf)	-202,841	125,108	453,458	- 262.1%	- 144.7%
New Completions (sf)	0	532,000	620,738	- 100%	- 100%



PHOTO BY CHRIS POESE ©2009 COLLIERS LAS VEGAS

“Every submarket in Southern Nevada experienced an increase in vacancy except the West Central submarket, where vacancy decreased by 0.6-points and the Northwest, where it remained level.”

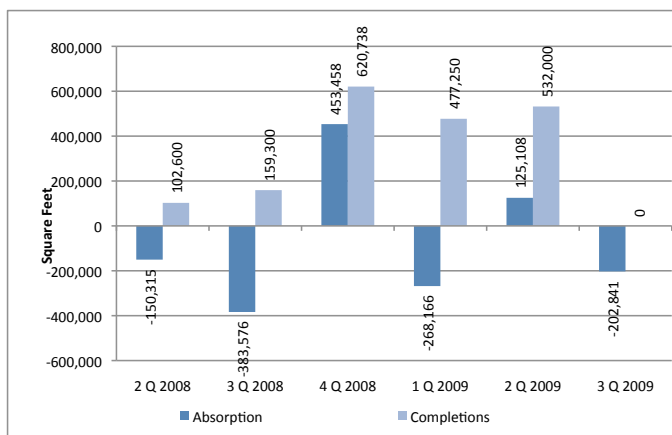
these newly available anchor spaces was the Mervyns at Loma Vista Shopping Center. The 50,000 square foot anchor space at Spring Oaks Shopping Center was taken by Shun Fat Supermarket of Monterey Park, California this quarter. This continues the trend of asian and hispanic grocery stores taking spaces vacated by Albertson's, Lucky's and Von's. Hopefully, this trend will continue, as there exists the possibility of another wave of grocery store closures in 2010. The Fresh & Easy locations on Centennial, Nellis & Stewart and West Sahara may finally open next quarter at the end of that company's fiscal year.

Southern Nevada's retail market appears to be leveling off. Vacancy only increased by 0.5-points this quarter, and when vacancy increases are measured on a year-over-year basis, it is clear that things are getting better rather than worse. Most of the leasing activity in Southern Nevada is home grown and consists of small, start-up businesses. While leasing activity has increased, consumer spending remains restrained and retail employment is still in decline. Demand for retail space should remain weak through 2009, with the pace of activity increasing in 2010. ♦

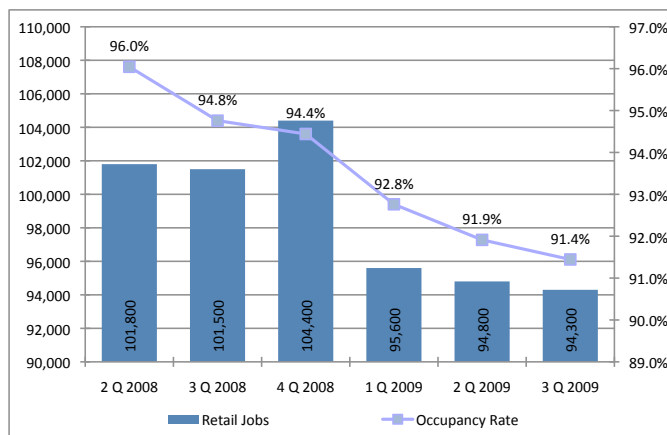
RETAIL DEMOGRAPHICS

	Population (2008 estimate)	Projected Annual Population Growth (2008-2013)	Occupied Retail Space (Q3-09)	Occupied Retail Growth (Q3-08 to Q3-09)
Downtown	87,368	1.2%	1,036,362	- 2.0%
Henderson	235,628	3.3%	7,732,164	- 2.4%
North Las Vegas	253,306	5.9%	4,469,730	+ 8.8%
Northeast	278,308	1.6%	2,480,520	- 1.5%
Northwest	442,093	3.4%	9,341,063	- 3.4%
Southwest	152,592	6.2%	5,355,451	+ 6.2%
University East	190,098	1.8%	5,419,853	- 4.1%
West Central	104,071	0.4%	3,814,520	- 5.2%

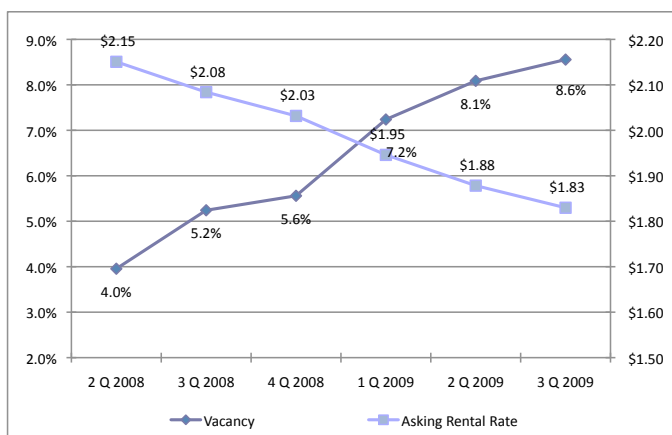
HISTORICAL NET ABSORPTION VS COMPLETIONS



OCCUPANCY VS RETAIL EMPLOYMENT



VACANCY VS RENTAL RATE



RETAIL SALES

	Q3-09	Q2-09	Q3-08
Owner/User Sales			
Space for Sale (sf)	181,984	140,921	198,514
Average Asking Price/SF	\$138	\$123	\$169
Space Sold (sf)	27,751	201,093	125,468
Average Price/SF	\$190	\$59	\$133
Investment Sales			
Space for Sale (sf)	15,208	17,900	204,203
Average Asking Price/SF	\$576	\$516	\$359
Average Cap Rate	8.2%	n/a	7.2%
Space Sold (sf)	117,926	217,490	208,280
Average Price/SF	\$188	\$77	\$384
Average Cap Rate	9.1%	9.0%	7.2%

LEASE ACTIVITY

PROPERTY ADDRESS	LEASE DATE	LEASE TERM	SIZE	LEASE RATE	TYPE
1800 E Flamingo	Aug 2009	60 months	9,800 sf	\$1.75 NNN	Freestanding Retail
5285 Dean Martin	Aug 2009	60 months	5,000 sf	\$3.74 NNN	Freestanding Retail
Tropicana Beltway Center	Aug 2009	120 months	4,975 sf	\$3.84 NNN	Community Center
CENTRA Point	Jul 2009	39 months	4,500 sf	\$1.68 NNN	Strip Center
Eastern Hills Shopping Center	Aug 2009	63 months	4,412 sf	\$1.45 NNN	Strip Center
Lake Mead Crossing	Aug 2009	240 months	3,198 sf	\$4.30 NNN	Power Center

SALES ACTIVITY

PROPERTY ADDRESS	SALES DATE	SALE PRICE	SIZE	PRICE/SF	TYPE
1540 S Rainbow	Jul 2009	\$2,590,000	21,122 sf	\$122.62	Freestanding Retail

RETAIL

RETAIL MARKET STATISTICS THIRD QUARTER 2009

EXISTING PROPERTIES			DIRECT VACANCY		SUBLEASE VACANCY		TOTAL VACANCY			NET ABSORPTION SF		U/C & PROPOSED SF			AVG RENTS
Type	Bldgs	Total Inventory Sq Ft	Sq Ft	Rate	Sq Ft	Rate	Sq Ft	Rate	Vacancy Rate Previous Q	Current Period	YTD	Completed This Qtr Sq Ft	Completed YTD	Under Constr	Rate

SUB MARKETS

DOWNTOWN SUBMARKET

PC	-	0	0	N/A	0	N/A	0	N/A	N/A	-	-	-	-	-	-	\$-
CC	5	684,340	166,048	24.3%	13,312	1.9%	179,360	26.2%	22.3%	(26,810)	(26,930)	-	-	-	-	\$1.09
NC	5	518,070	0	0.0%	0	0.0%	0	0.0%	1.1%	5,500	5,500	-	-	-	-	\$-
TOTAL	10	1,202,410	166,048	13.8%	13,312	1.1%	179,360	14.9%	13.1%	(21,310)	(21,430)	-	-	-	-	\$1.09

HENDERSON SUBMARKET

PC	8	2,962,288	211,377	7.1%	26,900	0.9%	238,277	8.0%	7.7%	17,472	(53,866)	-	-	-	-	\$1.71
CC	19	2,688,350	269,420	10.0%	3,988	0.1%	273,408	10.2%	6.3%	(106,451)	(136,970)	-	-	283,744	-	\$1.65
NC	25	2,797,088	234,765	8.4%	85,156	3.0%	319,921	11.4%	10.6%	(22,166)	(2,825)	-	-	-	-	\$2.17
TOTAL	52	8,447,726	715,562	8.5%	116,044	1.4%	831,606	9.8%	8.2%	(111,145)	(193,661)	-	-	283,744	-	\$1.84

NORTH LAS VEGAS SUBMARKET

PC	2	832,000	114,232	13.7%	0	0.0%	114,232	13.7%	12.8%	(7,615)	425,248	-	532,000	-	-	\$2.08
CC	11	2,155,463	206,600	9.6%	0	0.0%	206,600	9.6%	9.1%	(9,541)	(64,083)	-	-	-	-	\$1.79
NC	15	1,895,468	92,369	4.9%	0	0.0%	92,369	4.9%	5.6%	13,035	139	-	-	-	-	\$2.29
TOTAL	28	4,882,931	413,201	8.5%	0	0.0%	413,201	8.5%	8.4%	(4,121)	361,304	-	532,000	-	-	\$1.98

NORTHEAST SUBMARKET

PC	-	0	0	N/A	0	N/A	0	N/A	N/A	0	-	-	-	-	-	\$-
CC	8	1,398,026	53,813	3.8%	20,414	1.5%	74,227	5.3%	4.5%	(9,357)	21,431	-	-	-	-	\$1.62
NC	14	1,219,503	83,196	6.8%	0	0.0%	83,196	6.8%	5.8%	(13,016)	(58,357)	-	-	-	-	\$1.49
TOTAL	22	2,617,529	137,009	5.2%	20,414	0.8%	157,423	6.0%	5.1%	(22,373)	(36,926)	-	-	-	-	\$1.54

NORTHWEST SUBMARKET

PC	7	2,840,846	129,874	N/A	1,266	N/A	131,140	N/A	5.0%	11,975	(62,831)	-	-	-	-	\$1.88
CC	16	3,585,512	361,287	10.1%	0	0.0%	361,287	10.1%	10.3%	6,548	(193,481)	-	-	390,000	-	\$2.65
NC	31	3,705,508	299,642	8.1%	113,834	3.1%	413,476	11.2%	10.3%	(19,980)	(73,346)	-	50,000	-	-	\$1.67
TOTAL	54	10,131,866	790,803	7.8%	115,100	1.1%	905,903	8.9%	8.8%	(1,457)	(329,658)	-	50,000	390,000	-	\$2.15

SOUTHWEST SUBMARKET

PC	1	944,314	45,665	4.8%	5,300	0.6%	50,965	5.4%	5.4%	-	-	-	-	-	-	\$3.17
CC	9	3,216,421	150,023	4.7%	0	0.0%	150,023	4.7%	4.1%	(16,667)	345,381	-	427,250	-	-	\$2.45
NC	13	1,623,100	232,696	14.3%	0	0.0%	232,696	14.3%	13.9%	(7,568)	(33,092)	-	-	-	-	\$1.95
TOTAL	23	5,783,835	428,384	7.4%	5,300	0.1%	433,684	7.5%	7.1%	(24,235)	312,289	-	427,250	-	-	\$2.26

UNIVERSITY EAST SUBMARKET

PC	3	1,210,223	41,436	3.4%	25,129	2.1%	66,565	5.5%	3.3%	(26,082)	(24,883)	-	-	-	-	\$1.66
CC	19	2,761,018	252,193	9.1%	0	0.0%	252,193	9.1%	8.1%	(27,816)	(99,923)	-	-	-	-	\$1.50
NC	17	1,950,703	208,462	10.7%	0	0.0%	208,462	10.7%	12.2%	7,338	(105,620)	-	-	-	-	\$1.83
TOTAL	39	5,921,944	502,091	8.5%	25,129	0.4%	527,220	8.9%	8.5%	(46,560)	(230,426)	-	-	-	-	\$1.65

WEST CENTRAL SUBMARKET

PC	3	1,138,224	152,108	13.4%	0	0.0%	152,108	13.4%	8.0%	(61,344)	(89,045)	-	-	-	-	\$1.35
CC	15	1,649,146	302,236	18.3%	2,299	0.1%	304,535	18.5%	21.8%	57,211	(120,504)	-	-	-	-	\$1.33
NC	16	1,583,655	102,161	6.5%	19,189	1.2%	121,350	7.7%	8.5%	32,493	2,158	-	-	-	-	\$1.51
TOTAL	34	4,371,025	556,505	12.7%	21,488	0.5%	577,993	13.2%	13.4%	28,360	(207,391)	-	-	-	-	\$1.37

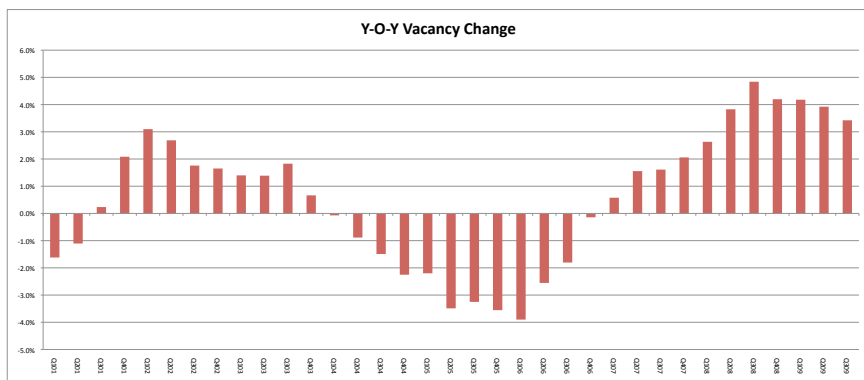
MARKET TOTAL

PC	24	9,927,895	694,692	7.0%	58,595	0.6%	753,287	7.6%	6.7%	(65,594)	194,623	-	532,000	-	-	\$1.82
CC	102	18,138,276	1,761,620	9.7%	40,013	0.2%	1,801,633	9.9%	9.2%	(132,883)	(275,079)	-	427,250	673,744	-	\$1.81
NC	136	15,293,095	1,253,291	8.2%	218,179	1.4%	1,471,470	9.6%	9.5%	(4,364)	(265,443)	-	50,000	-	-	\$1.86
TOTAL	262	43,359,266	3,709,603	8.6%	316,787	0.7%	4,026,390	9.3%	8.7%	(202,841)	(345,899)	-	1,009,250	673,744	-	\$1.83

QUARTERLY COMPARISON AND TOTALS

Q3-09	262	43,359,266	3,709,603	8.6%	316,787	0.7%	4,026,390	9.3%	8.7%	(202,841)	(345,899)	0	1,009,250	673,744	-	\$1.83
Q2-09	261	43,359,266	3,506,762	8.1%	277,792	0.6%	3,784,554	8.7%	7.9%	125,108	(143,058)	532,000	1,009,250	666,080	-	\$1.88
Q1-09	259	42,827,266	3,099,870	7.2%	291,635	0.7%	3,391,505	7.9%	6.2%	(268,166)	(268,166)	477,250	477,250	1,961,892	-	\$1.95
Q4-08	257	42,350,016	2,354,454	5.6%	255,456	0.6%	2,609,910	6.2%	5.7%	453,458	1,184,712	620,738	2,276,952	2,389,142	-	\$2.03
Q3-08	253	41,729,278	2,187,174	5.2%	172,018	0.4%	2,359,192	5.7%	4.5%	(383,576)	731,254	159,300	1,656,214	2,443,762	-	\$2.08
Q2-08	253	41,569,978	1,644,298	4.0%	223,283	0.5%	1,867,581	4.5%	3.7%	(150,315)	1,114,830	102,600	1,496,914	1,041,399	-	\$2.15

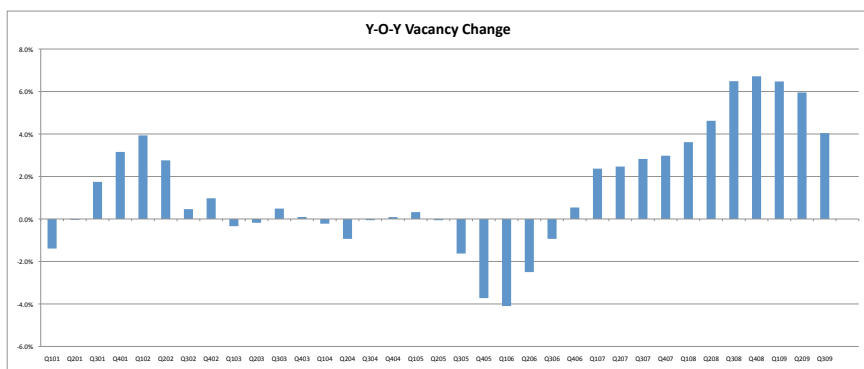
INDUSTRIAL Y-O-Y VACANCY CHANGE



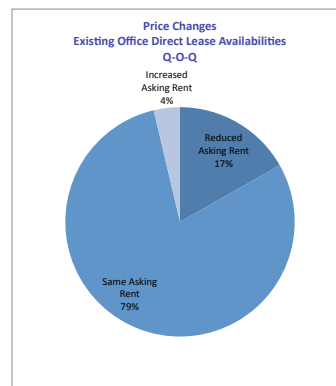
INDUSTRIAL RENT MOVEMENT



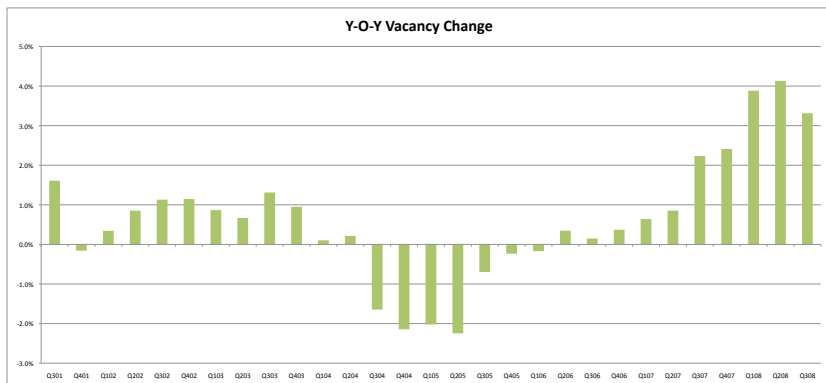
OFFICE Y-O-Y VACANCY CHANGE



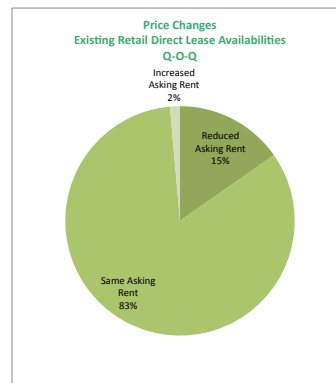
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RETAIL Y-O-Y VACANCY CHANGE



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