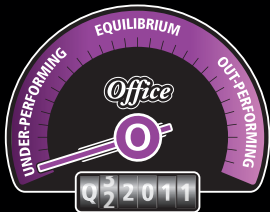




COMMERCIAL MARKET *Monitor*



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10100 W. Charleston Blvd.
Suite 200
Las Vegas, Nevada 89135

T: (702) 967-3333
F: (702) 314-1439

E: info@appliedanalysis.com

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Commercial Markets Continue to Endure Decline Recovery Outlook Timing Uncertain

As volatility persists among national indicators, including unemployment, consumer confidence, and home prices, only uncertainty remains constant. Additionally, a strong focus on debt burdens and budget constraints from local to national governments continues to dominate the landscape with little discussion about material job creation or economic recovery. Locally, travel and tourism demand has been one bright spot in an otherwise gloomy sky as the sector continues to show marked improvement for the better part of the past year in terms of the volume and value of visitors seeking out the region. These relatively recent gains, while critical, have yet to have any significant impact on other local economic sectors, including the commercial real estate markets. As such, the timeline for recovery for the broader southern Nevada economy and its office, retail and industrial markets is going to remain long and painful for many.

The office market continued to weaken as the vacancy rate reached a new high of 24.8 percent during the second quarter of 2011. Although two new projects totaling 153,000 square feet completed construction, the sector reported 199,000 square feet of negative net absorption. With demand limited, average asking rents across the valley fell to \$2.03 per square foot per month, compared to \$2.05 recorded in the prior quarter. Rents are down from \$2.13 per square foot one year ago. The rate of decline in pricing has slowed, but despite very little speculative space actively under construction, pricing has yet to reach the proverbial bottom. Looking

forward, more than 1.1 million square feet across the valley remains actively under construction, much of which is owner-user buildings with most programmed for government uses.

Vacancies among anchored retail centers declined nearly 0.4 percentage points to 10.1 percent, as 369,700 square feet of positive net absorption occurred during the second quarter of 2011. Overall demand figures are partially attributable to the first phase opening of Tivoli Village, where a majority of the 225,000 square feet was pre-leased. Although vacancy has held within the low 10-percent range for more than a year, average asking rents continued to decline, falling to \$1.51 per square foot per month, or a decrease of 8.9 percent from the \$1.65 reported one year ago. Two projects totaling 186,000 square feet in the southeast submarket remain actively under construction.

A 120,000-square-foot build-to-suit project was added to the industrial market during the second quarter, but improvements to the broader sector have yet to materialize. Reporting 135,600 square feet of negative absorption, the vacancy rate increased 13 basis points from the previous quarter to 18.0 percent. At \$0.54 per square foot per month, average asking rents remain down 6.8 percent from the prior year with large distribution space transactions closing at price points lower than the market-wide average. As local supply continues to outstrip demand, and jobless numbers remain volatile among the backdrop of a choppy economic climate, the commercial markets will continue to endure hardship.

Key Indicators	Q2 2011	Q1 2011	Q2 2010
Total Employment	802,100 ▼	803,500 ▲	806,400 ▼
Industrial-using Emp.	109,400 ▼	112,400 ▼	120,800 ▼
Office-using Emp.	313,000 ►	319,100 ▲	313,000 ▼
Retail-using Emp.	169,400 ▲	166,300 ▲	166,600 ▲
Unemployment Rate	13.8% ▼	13.3% ▼	15.3% ▲
30-year Fixed Mortgage	4.5% ▼	4.8% ▼	4.7% ▼
Fed. Funds Interest Rate	0.1% ▼	0.1% ▼	0.2% ▼
Med. New Home Price	\$197,990 ▲	\$193,000 ▼	\$183,200 ▼
Med. Exist. Home Price	\$110,000 ▼	\$115,000 ▼	\$126,000 ▲
Drivers' License Counts	14,900 ▲	14,300 ▲	11,800 ▼
Electric Connections, net	4,799 ▲	2,522 ▲	2,620 ▼

NOTE: TREND ARROWS REFLECT THE CHANGE FROM THE SAME PERIOD OF THE PRIOR YEAR.

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Applied Analysis Las Vegas Market Reports are published quarterly and include in-depth information on inventories, vacancies, absorption, lease rates, and planned and under construction projects. In addition to a building-by-building analysis of surveyed properties, subscribers also are provided a summary matrix outlining performance at the submarket level.

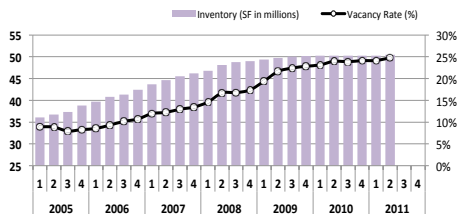


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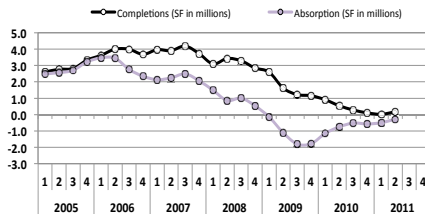
O Office MARKET SNAPSHOT

	Q2 2011	Q1 2011	Q2 2010
Office Inventory (SF)	50,435,000 ▲	50,282,000 ▲	50,261,000 ▲
Under Construction (SF)	1,140,000 ▲	1,178,000 ▲	1,076,000 ▼
Vacancy Rate	24.8% ▲	24.2% ▲	24.0% ▲
Pricing (PSF)	\$2.03 ▼	\$2.05 ▼	\$2.13 ▼
Net Absorption (SF)	-199,000 ▲	-14,000 ▲	-420,000 ▲
Completions (SF)	153,000 ▲	0 ▼	0 ▼

INVENTORY and VACANCY



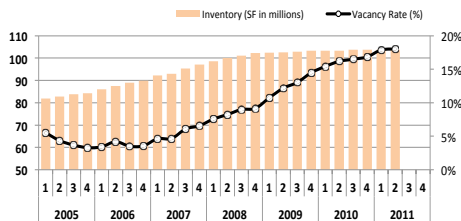
ANNUAL SUPPLY vs. DEMAND



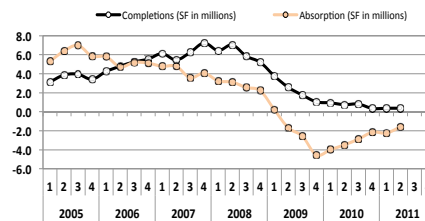
I Industrial MARKET SNAPSHOT

	Q2 2011	Q1 2011	Q2 2010
Industrial Inventory (SF)	103,718,000 ▲	103,718,000 ▲	103,345,000 ▲
Under Construction (SF)	120,000 ▼	120,000 ▼	351,000 ▼
Vacancy Rate	18.0% ▲	17.9% ▲	16.2% ▲
Pricing (PSF)	\$0.54 ▼	\$0.55 ▼	\$0.58 ▼
Net Absorption (SF)	-136,000 ▲	-1,055,000 ▼	-789,000 ▲
Completions (SF)	0 ▼	22,000 ▲	0 ▼

INVENTORY and VACANCY



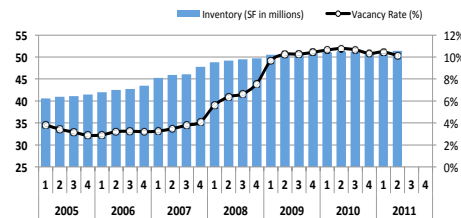
ANNUAL SUPPLY vs. DEMAND



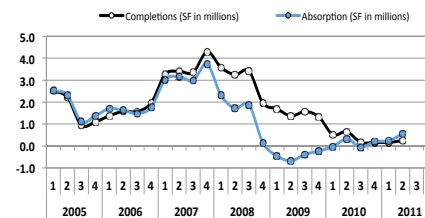
R Retail MARKET SNAPSHOT

	Q2 2011	Q1 2011	Q2 2010
Retail Inventory (SF)	51,421,000 ▲	51,196,000 ▲	51,171,000 ▲
Under Construction (SF)	186,000 ▼	225,000 ▼	325,000 ▼
Vacancy Rate	10.1% ▼	10.5% ▼	10.8% ▲
Pricing (PSF)	\$1.51 ▼	\$1.53 ▼	\$1.65 ▼
Net Absorption (SF)	370,000 ▲	-63,000 ▲	53,000 ▲
Completions (SF)	225,000 ▲	0 ▶	139,000 ▲

INVENTORY and VACANCY



ANNUAL SUPPLY vs. DEMAND



NOTE: TREND ARROWS REFLECT THE CHANGE FROM THE SAME PERIOD OF THE PRIOR YEAR.



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10100 W. Charleston Blvd.
Suite 200
Las Vegas, Nevada 89135
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Q2 2011