Retail Market Report

VOIT COMMERCIAL BROKERAGE

Compared to last quarter:

Vacancy
UP

Absorption
DOWN

Lease Rates
DOWN

Construction
DOWN

To view available properties, please visit:
www.voitco.com

Voit Commercial Brokerage

CORFAC International

Prepared by:
Jerry J. Holdner, Jr.
Vice President of Market Research
e-mail: jholdner@voitco.com

APPLIED ANALYSIS

Retail Market Highlights

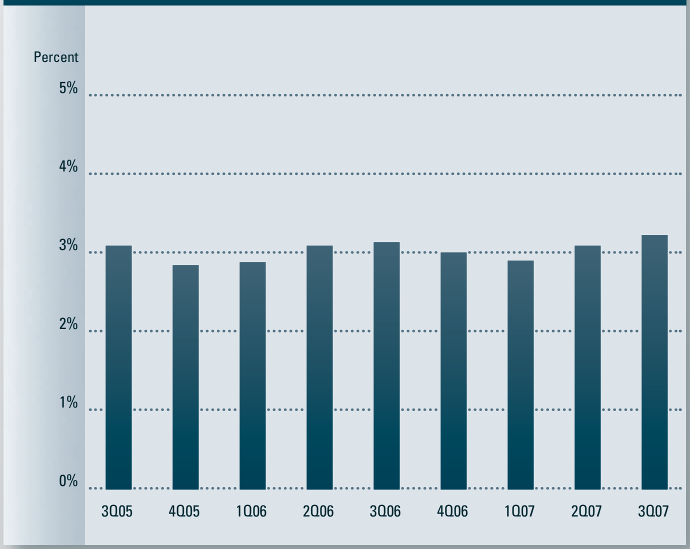
- During the third quarter of 2007, the Las Vegas retail market reported a modest 160,000 square feet of new space coming on-line. However, during the nine months ended September 30, 2007, the market expanded by 2.7 million square feet. The Las Vegas market has welcomed an annual average of 1.9 million square feet during the past decade.
- Completions during the quarter included the 102,600-square-foot Albertson's-anchored Vista Commons in the west portion of the valley, along with The Grove in North Las Vegas along Craig Road. It is worth noting that only a handful of grocery-anchored centers are likely to enter the market during the next few years as traditional grocery sites were targeted as residential uses during the buying frenzy prior to the current residential market environment.
- Market demand waned during the quarter with negative net absorption of less than 20,000 square feet as a few centers in the mature portions of the southeast submarket witnessed tenants move-out. The current quarter net absorption figures are also impacted by a lack of new space completing construction, while 2.4 million square feet was absorbed during the first nine months of 2007.
- The latest market activity resulted in a slight increase to the overall vacancy rate, which reached 3.3 percent at quarter-end. Vacancies during the preceding quarter (Q2 2007) were 3.0 percent and 3.1 percent in the same quarter of the prior year (Q3 2006).
- Looking forward, development activity remains strong with 4.1 million square feet currently under construction. Construction activity is most dominant in the southwest (2.2 million square feet) and the north portion of the valley (1.1 million square feet). Projects that will likely complete construction in the fourth quarter include The Arroyo along Interstate 215 in the southwest, Las Vegas Athletic Club in Grand Flamingo Centre and space in Town Square on the South Strip.
- In addition to projects coming out of the ground, another 14.5 million square feet is planned for future development. These plans include space in large-scale, mixed-use projects. It is also worth noting many of these projects will develop in phases as demand dictates. Consistent with historical trends, only a portion of planned space will move forward within the next 12 to 24 months.
- During the third quarter, annual employment growth totaled 13,900, which represented a 1.5-percent gain. While employment growth is off the pace reported in previous years, it is worth noting the timing of major resort construction projects impacts the latest figures. The latest project openings included the Red Rock Resort in April 2006 preceded by Wynn Las Vegas in April 2005. The market is on the leading edge of a building boom that includes over $30 billion of investment activity and another 40,000 hotel rooms.
- Unemployment reported a modest increase through the third quarter reaching 5.0 percent, up 0.8 points compared to the 4.2 reported in the same quarter of the prior year. Timing of waves of economic expansions continues to impact employment levels.

RETAIL MARKET OVERVIEW

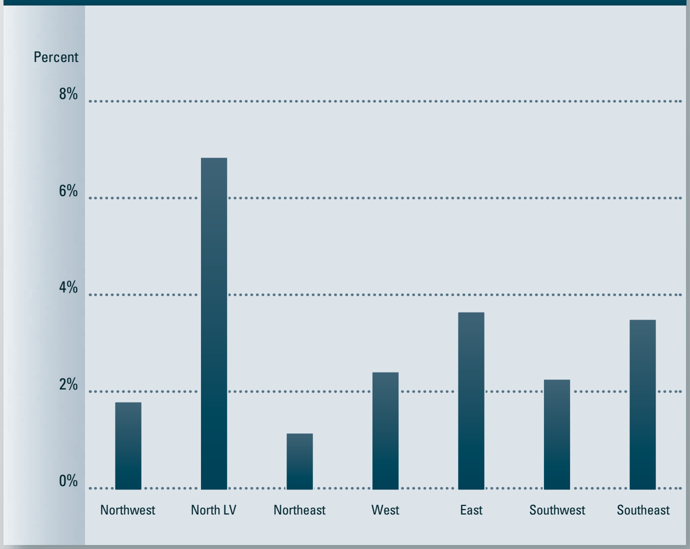
	3Q2007	2Q2007	3Q2006	% CHANGE VS. 3Q06
Under Construction	4,168,000	4,122,000	5,171,000	-19.40%
Planned Construction	14,518,000	14,351,000	10,366,000	40.05%
Vacancy	3.2%	3.1%	3.2%	0.00%
Net Absorption	75,000	671,000	191,000	-60.73%

Real People. Real Solutions.

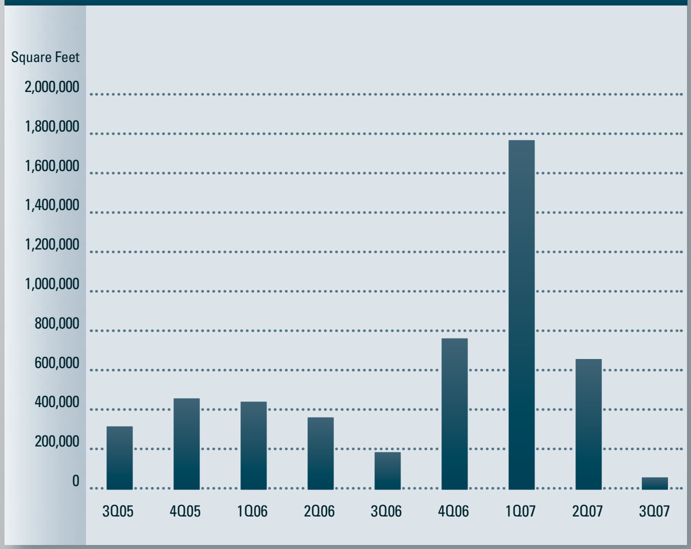
HISTORICAL VACANCY RATE



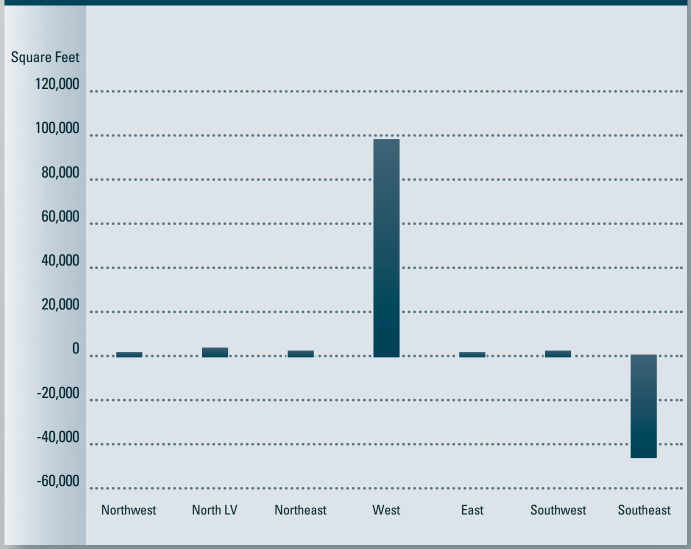
VACANCY RATE BY SUBMARKET



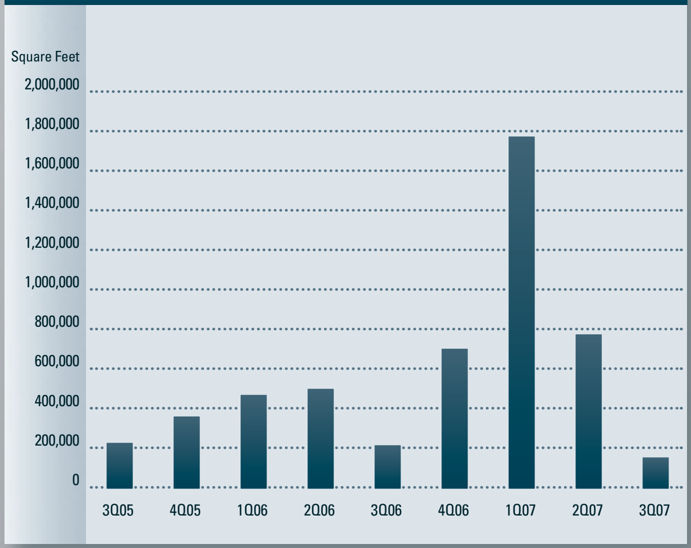
HISTORICAL NET ABSORPTION



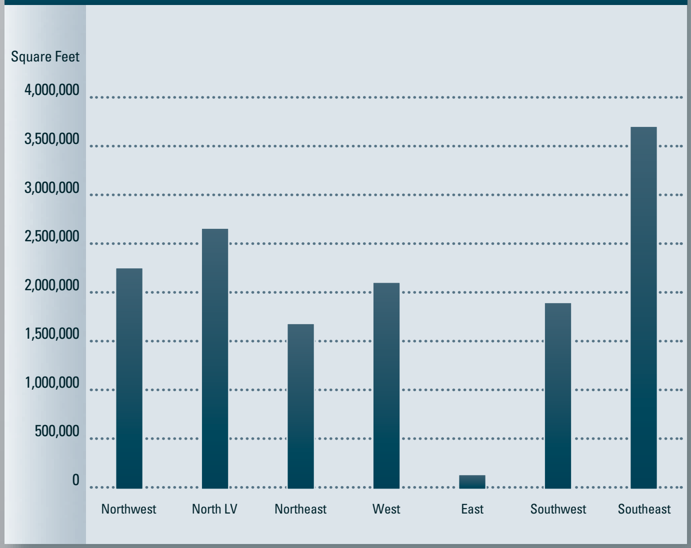
NET ABSORPTION BY SUBMARKET



HISTORICAL NEW CONSTRUCTION



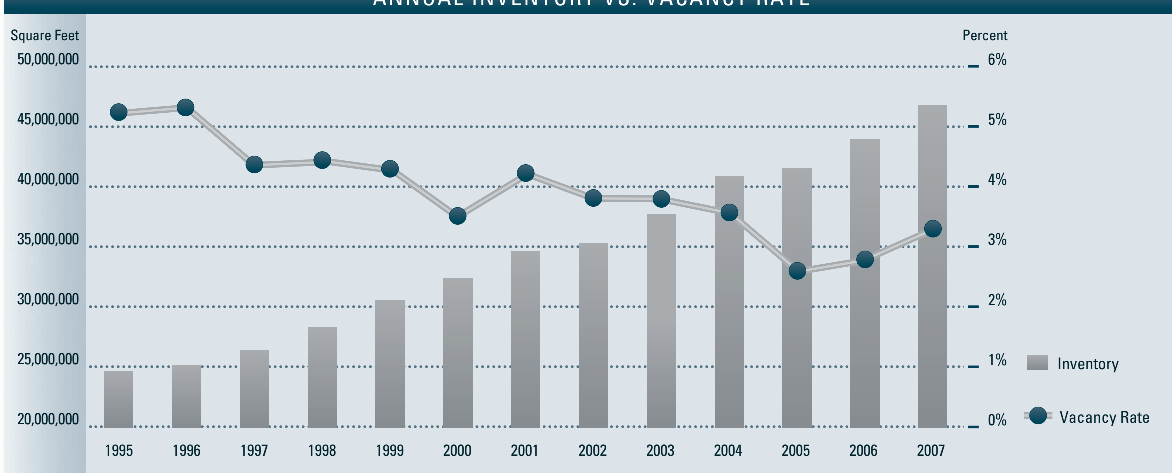
PLANNED CONSTRUCTION BY SUBMARKET

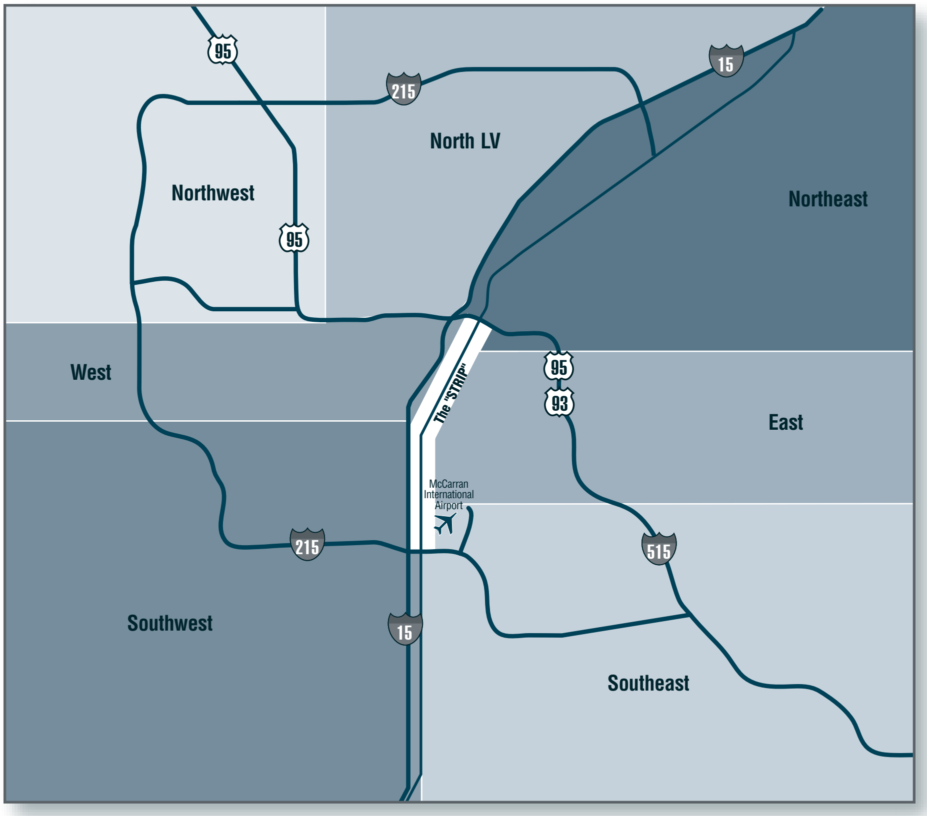


	INVENTORY				VACANCY		ABSORPTION	
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2007	Net Absorption 3Q2007	New Inventory 3Q2007
Northwest								
Power Centers	5	2,189,622	0	1,475,000	43,017	2.0%	(3,865)	0
Community Centers	5	745,896	0	447,340	9,700	1.3%	(3,750)	0
Neighborhood Centers	17	2,032,597	47,060	340,325	36,019	1.8%	10,813	0
Northwest Total	27	4,968,115	47,060	2,262,665	88,736	1.8%	3,198	0
North Las Vegas								
Power Centers	5	1,262,644	392,099	1,077,218	38,502	3.0%	1,970	0
Community Centers	9	1,704,579	300,000	1,186,508	54,872	3.2%	(10,092)	0
Neighborhood Centers	29	2,915,750	417,358	428,512	309,687	10.6%	15,504	57,000
North Las Vegas Total	43	5,882,973	1,109,457	2,692,238	403,061	6.9%	7,382	57,000
Northeast								
Power Centers	3	826,001	150,000	1,142,211	1,560	0.2%	0	0
Community Centers	6	974,911	0	453,705	11,522	1.2%	3,846	0
Neighborhood Centers	15	1,131,017	0	120,588	21,490	1.9%	335	0
Northwest Total	24	2,931,929	150,000	1,716,504	34,572	1.2%	4,181	0
West								
Power Centers	6	1,672,409	0	1,527,920	63,152	3.8%	(12,984)	0
Community Centers	21	3,108,458	450,000	580,000	89,845	2.9%	20,530	0
Neighborhood Centers	24	2,647,762	0	0	30,774	1.2%	91,011	102,600
West Total	51	7,428,629	450,000	2,107,920	183,771	2.5%	98,557	102,600
East								
Power Centers	4	1,203,293	0	0	3,171	0.3%	10,800	0
Community Centers	11	1,883,070	0	60,000	74,702	4.0%	5,024	0
Neighborhood Centers	28	3,066,869	0	100,500	144,506	4.7%	(12,672)	0
East Total	43	6,153,232	0	160,500	222,379	3.6%	3,152	0
Southwest								
Power Centers	9	3,342,937	1,705,862	755,795	27,351	0.8%	4,200	0
Community Centers	5	560,115	165,346	602,564	18,990	3.4%	2,000	0
Neighborhood Centers	31	3,318,443	368,136	510,973	124,850	3.8%	(1,213)	0
Southwest Total	45	7,221,495	2,239,344	1,869,332	171,191	2.4%	4,987	0
Southeast								
Power Centers	8	3,410,402	0	2,831,105	88,508	2.6%	(20,626)	0
Community Centers	19	3,909,818	0	878,200	92,546	2.4%	1,283	0
Neighborhood Centers	43	5,051,311	171,699	0	238,571	4.7%	(27,000)	0
Southeast Total	70	12,371,531	171,699	3,709,305	419,625	3.4%	(46,343)	0
Las Vegas Total								
Power Centers	40	13,907,308	2,247,961	8,809,249	265,261	1.9%	(20,505)	0
Community Centers	76	12,886,847	915,346	4,208,317	352,177	2.7%	18,841	0
Neighborhood Centers	187	20,163,749	1,004,253	1,500,898	905,897	4.5%	76,778	159,600
Total	**303**	**46,957,904**	**4,167,560**	**14,518,464**	**1,523,335**	**3.2%**	**75,114**	**159,600**

This survey consists of buildings greater than 30,000 square feet.

ANNUAL INVENTORY VS. VACANCY RATE





PRODUCT TYPE

POWER CENTERS

Power Centers have multiple big box tenants and typically less shop space tenants, size starts at 200,000 SF and up.

COMMUNITY CENTERS

Community Centers are multiple anchored with shop space tenants, the size starts at 100,000 SF and up.

NEIGHBORHOOD CENTERS

Neighborhood Centers are supermarket anchored with shop space tenants, the size starts at 30,000 SF and up.

For further information, please contact:

ANAHEIM METRO OFFICE
3500 W. Orangewood Ave.
Orange, CA 92868-1642
TEL: 714.978.7880
FAX: 714.978.9431

CHULA VISTA OFFICE
660 Bay Blvd., Suite 210
Chula Vista, CA 91910
TEL: 619.498.4560
FAX: 619.498.4567

IRVINE OFFICE
2020 Main St., Suite 100
Irvine, CA 92614
TEL: 949.851.5100
FAX: 949.261.9092

LAS VEGAS OFFICE
10100 W. Charleston Blvd.,
Suite 200
Las Vegas, NV 89135
TEL: 702.734.4500
FAX: 702.733.7690

SAN DIEGO OFFICE
4370 La Jolla Village Dr.,
Suite 990
San Diego, CA 92122-1233
TEL: 858.453.0505
FAX: 858.453.1981

To view available properties, please visit:

www.voitco.com

Voit Commercial Brokerage

CORFAC International

Real People. Real Solutions.