Retail Market Report

VOIT COMMERCIAL BROKERAGE

Compared to last quarter:

Vacancy
DOWN

Absorption
UP

Lease Rates
UP

Construction
UP

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Voit Commercial Brokerage

CORFAC International

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APPLIED ANALYSIS

Retail Market Highlights

- During the final quarter of 2007, the Las Vegas retail market reported a robust 1.6 million square feet of new space coming on-line. During the twelve months ended December 31, 2007, the market expanded by 4.3 million square feet, which represented the highest annual tally in recent history. The Las Vegas market has welcomed an annual average of 2.2 million square feet during the past decade.
- Completions during the quarter included the 752,200-square-foot Town Square at Las Vegas Blvd. and Sunset, selected buildings within The Arroyo Market Square power center anchored by Best Buy and Petsmart at Rainbow and I-215, and a Lowe's Home Improvement store at Nellis Pointe in the northeast. 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 was strong as 1.5 million square feet of space was absorbed, which was reflective of significant pre-leasing activity in centers completing construction during the quarter. During the year, the market demanded 4.1 million square feet of space in anchored centers.
- The latest market activity resulted in a slight decrease to the overall vacancy rate, which closed out the year at 3.2 percent. Vacancies during the preceding quarter (Q3 2007) were 3.3 percent and 3.0 percent in the same quarter of the prior year (Q4 2006).
- Looking forward, development activity remains healthy. Construction activity has dipped slightly as major centers recently completed construction, yet 2.4 million square feet is coming out of the ground. Construction activity is most dominant in the southwest (1.1 million square feet) and the north portion of the valley (0.5 million square feet). Projects that will likely complete construction in the first quarter include additional space in The Arroyo along Interstate 215 in the southwest, additional space in Grand Flamingo Centre and retail units in Town Square on the South Strip.
- In addition to projects coming out of the ground, another 13.6 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.
- By the close of 2007, annual employment growth softened as the market reported 10,100 new jobs during the year, which represented a below-average 1.1-percent increase. Also during the year, unemployment levels increased to 5.3 percent, up from 4.1 percent in the prior year. It is worth noting the timing of major resort opening within the resort corridor is a key factor impacting overall employment levels. Total programmed resort construction during the several years includes over 45,000 hotel rooms and in excess of $35 billion in investments. This activity will have a material impact on the overall performance of the employment market.

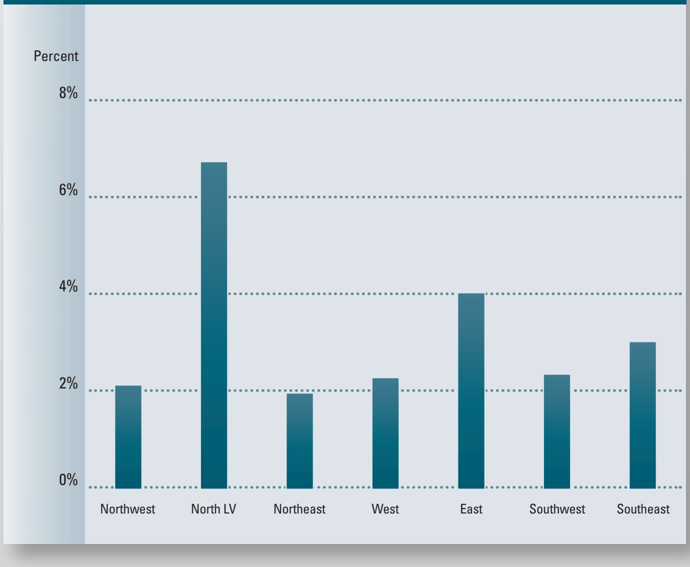
RETAIL MARKET OVERVIEW

	2007	2006	2005	% CHANGE VS. 2006
Under Construction	2,412,000	4,987,000	4,031,000	-51.63%
Planned Construction	13,615,000	11,618,000	5,695,000	17.19%
Vacancy	3.2%	3.0%	2.8%	6.67%
Net Absorption	4,106,000	1,775,000	1,381,000	131.32%

Real People. Real Solutions.

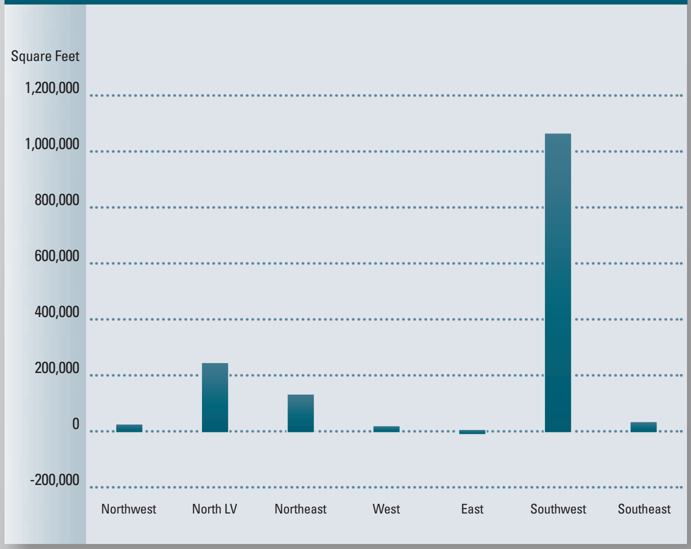
HISTORICAL VACANCY RATE

VACANCY RATE BY SUBMARKET

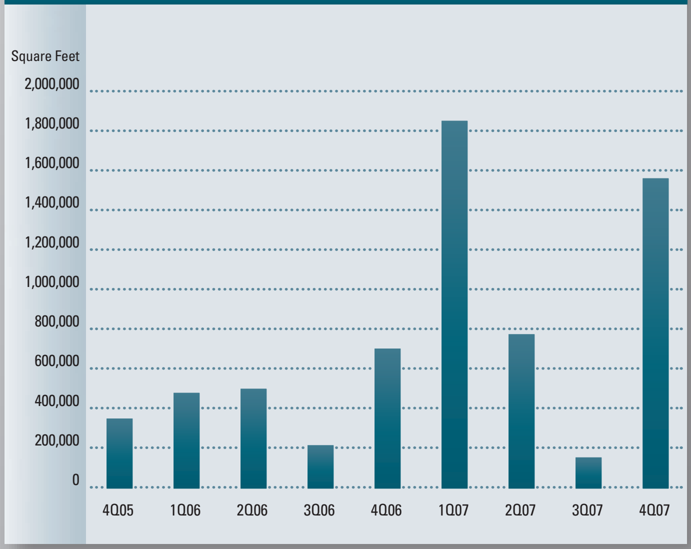


HISTORICAL NET ABSORPTION

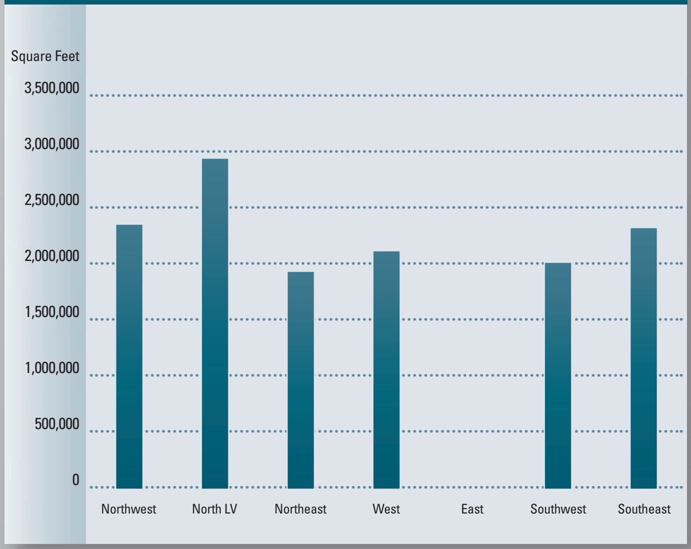
NET ABSORPTION BY SUBMARKET



HISTORICAL NEW CONSTRUCTION



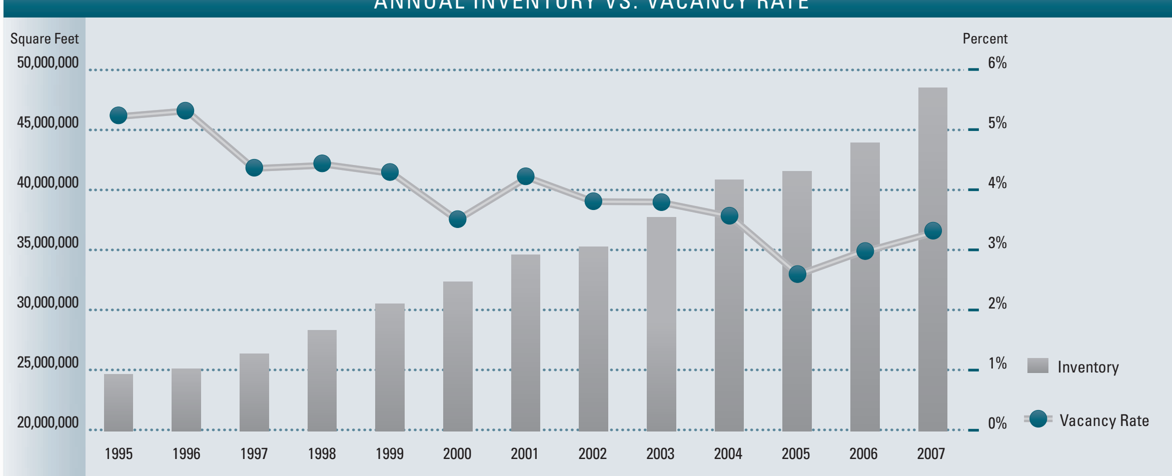
PLANNED CONSTRUCTION BY SUBMARKET

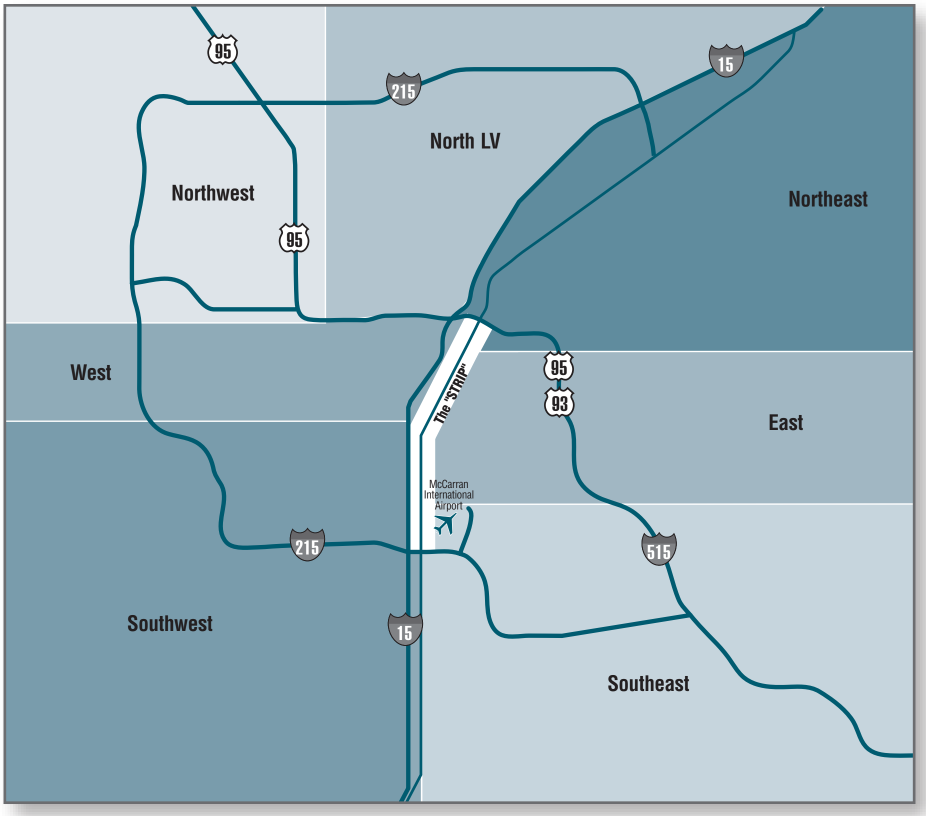


	INVENTORY				VACANCY		ABSORPTION	
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2007	Net Absorption 4Q2007	New Inventory 4Q2007
Northwest								
Power Centers	5	2,189,622	0	1,475,000	48,683	2.2%	(5,666)	0
Community Centers	5	745,896	0	447,340	9,700	1.3%	0	0
Neighborhood Centers	17	1,960,058	0	407,625	46,040	2.3%	37,039	47,060
Northwest Total	27	4,895,576	0	2,329,965	104,423	2.1%	31,373	47,060
North Las Vegas								
Power Centers	7	1,441,539	0	1,290,422	42,482	2.9%	174,915	178,895
Community Centers	10	1,764,579	300,000	1,011,508	63,415	3.6%	(6,543)	0
Neighborhood Centers	30	3,012,040	217,823	654,632	315,007	10.5%	89,460	96,290
North Las Vegas Total	47	6,218,158	517,823	2,956,562	420,904	6.8%	257,832	275,185
Northeast								
Power Centers	4	943,001	0	1,349,211	1,560	0.2%	117,000	117,000
Community Centers	6	974,911	0	453,705	12,090	1.2%	(568)	0
Neighborhood Centers	16	1,191,951	0	120,588	47,690	4.0%	8,250	34,450
Northwest Total	26	3,109,863	0	1,923,504	61,340	2.0%	124,682	151,450
West								
Power Centers	7	2,115,517	0	2,027,920	56,142	2.7%	7,010	0
Community Centers	20	2,808,458	450,000	80,000	92,233	3.3%	(2,388)	0
Neighborhood Centers	24	2,647,762	0	0	23,404	0.9%	7,370	0
West Total	51	7,571,737	450,000	2,107,920	171,779	2.3%	11,992	0
East								
Power Centers	4	1,203,293	0	0	0	0.0%	3,171	0
Community Centers	11	1,883,070	60,000	0	88,373	4.7%	(2,499)	0
Neighborhood Centers	28	3,066,869	0	0	158,136	5.2%	(10,630)	0
East Total	43	6,153,232	60,000	0	246,509	4.0%	(9,958)	0
Southwest								
Power Centers	11	4,440,287	608,512	755,795	70,237	1.6%	1,054,534	1,097,350
Community Centers	6	600,115	315,986	415,719	5,900	1.0%	7,090	0
Neighborhood Centers	30	3,165,743	211,000	834,109	117,850	3.7%	7,000	0
Southwest Total	47	8,206,145	1,135,498	2,005,623	193,987	2.4%	1,068,624	1,097,350
Southeast								
Power Centers	8	3,410,402	151,970	1,763,135	87,068	2.6%	1,440	0
Community Centers	22	4,310,416	0	343,000	115,259	2.7%	(6,118)	0
Neighborhood Centers	41	4,852,974	96,225	185,124	178,383	3.7%	52,284	0
Southeast Total	71	12,573,792	248,195	2,291,259	380,710	3.0%	47,606	0
Las Vegas Total								
Power Centers	46	15,743,661	760,482	8,661,483	306,172	1.9%	1,352,404	1,393,245
Community Centers	80	13,087,445	1,125,986	2,751,272	386,970	3.0%	(11,026)	0
Neighborhood Centers	186	19,897,397	525,048	2,202,078	886,510	4.5%	190,773	177,800
Total	**312**	**48,728,503**	**2,411,516**	**13,614,833**	**1,579,652**	**3.2%**	**1,532,151**	**1,571,045**

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 100,000 SF and up.

COMMUNITY CENTERS

Community Centers are multiple anchored with shop space tenants, the sizes generally start 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.

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