LAS VEGAS QUARTERLY

Q1/12

Accelerating success.

Colliers INTERNATIONAL

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.
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 with steel 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.

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 is offered for sub-lease by the primary tenant. This space may or may not be unoccupied.
Net Absorption:	Difference in occupied square footage from one period to another.

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The office market's stumble in the fourth quarter of 2011 was not completely reversed in the first quarter of 2012, but net absorption was higher and gross absorption was much improved over a quarter ago and over one year ago.

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Sales activity of retail space has been weak so far in 2012, with the closest thing to a bright spot being in single-tenant owner/user sales. 2011 saw a surge in both owner/user and investment sales, and it is questionable whether lightning will strike twice.

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Much of Southern Nevada's past success hinged upon a rapidly growing population, and while current growth does not match that seen pre-recession, it has bounced back from the low levels seen during the recession. While investors are once again snapping up single-family homes, at least those in good condition and in good neighborhoods, to use as rental properties, a growing population still means growing demand for multi-family..

Hotel 22

This improved performance of hospitality is, in turn, translating into an improved economy for Southern Nevada. Hospitality employment was on the rise in 2011, hitting 263,100 jobs in November 2011, an annual increase of 9.8 percent, and the most hospitality jobs in Southern Nevada since 2007.

522 offices in 62 countries on 6 continents

United States: 147
Canada: 37
Latin America: 19
Asia Pacific: 201
EMEA: 118

- $1.8 billion in annual revenue
- $1.25 billion square feet under management
- Over 12,300 professionals

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Economic Review

CLARK COUNTY ECONOMIC DATA

	Latest Period	Year Ago
Unemployment Rate *(Jan.)*	13.1%	14.4%
Visitor Volume *(Jan.)*	3.4 M	3.4 M
Gaming Revenue *(Jan.)*	$925 M	$761 M
Taxable Sales YTD *(Dec.)*	$2.99 B	$2.25 B

SOURCE: THE CENTER FOR BUSINESS & ECONOMIC RESEARCH, UNLV

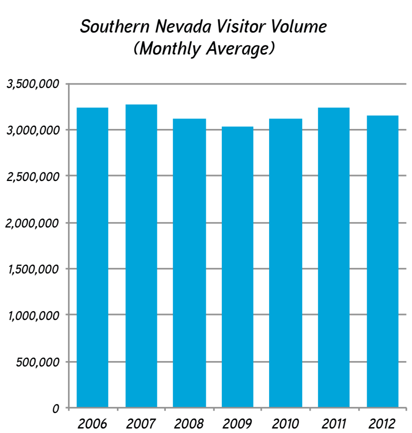
I well remember that when 2011 was coming to a close, more than a few people were saying "good riddance" and were ready for a new year, if only because 2012 had to be better than 2011. To that, I say, "not so fast."

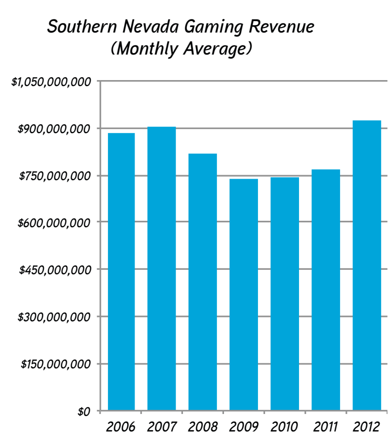
First and foremost, let's not dismiss 2011 too quickly. It was another tough year, the fourth year of economic sluggishness, and though Americans and Las Vegans are not prone to melancholy, they are prone to frustration. When one looks at the year in review, though, one sees the local economy on the mend, with many sectors of the economy returning to strength and a fair amount of hiring – again, not in every segment of the economy, but in a few segments and, most importantly, in the key segment of Leisure & Hospitality. The local economy began to weaken towards the end of the year, and it never quite hit escape velocity, but to say 2011 had no good points at all would be false.

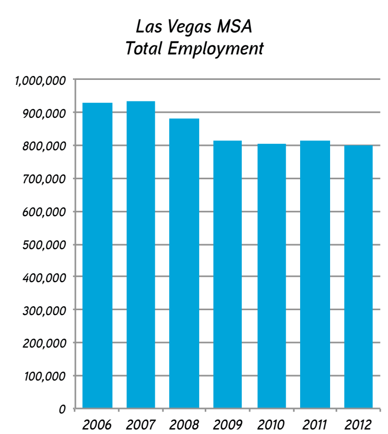
2012, the blank slate everyone was waiting for, has, unfortunately, seen a continuance of the weakness experienced towards the end of 2011. Employment faltered in January (the most recent month of data) and Southern Nevada's unemployment stood at an uncomfortable 13.1 percent. So far this year, total employment in Clark County has increased by 5,900 jobs since January 2011. The government sector has cut a total of 4,600 jobs (almost all of them from local government; the federal government is still finding a way to add employees) since January 2011. Significant employment growth to the tune of 10,500 jobs has occurred over the past twelve months in the Leisure & Hospitality sector. Other sectors adding jobs this year included Trade, Transportation & Utilities, Education & Health Services (though at a much reduced rate from the past few years), Manufacturing, Information (which is curious, since the Information sector has not added jobs in a decade) and the mysterious "Other Services" sector. Job losers included Professional & Business Services (after a fine performance in 2011), Financial Activities (surpassing Construction as a loss leader), Construction (at a much reduced rate from the past few years) and the aforementioned Government sector. The Center for Business & Economic Research at UNLV has predicted 1.4 percent employment growth for Southern Nevada in 2012. This is not enough growth to fuel a burst of demand for commercial real estate, and predicts another slow year for that industry.

Revenue was up an astounding 21.6 percent, partially bolstered by a very prosperous Chinese New Year celebration. Hotel/motel occupancy was down year-over-year by 0.7 percent, but with room inventory increasing 3.5 percent over the same period. No major completions of hotel rooms are planned for 2012, giving Southern Nevada's hospitality sector a chance to consolidate.

LAS VEGAS GAMING AND EMPLOYMEN STATISTICS







Investment sales, which were quite strong in 2011, have started slowly in 2012. In fact, this continued a trend seen in late 2011, in which investment activity, which surged in the second and third quarters of 2011 after a successful property auction, gradually cooled down. Some of this cooling is due to a lack of well-positioned properties. The first quarter saw the sale of approximately 500,000 square feet of commercial property at $88 per square foot. Sales prices continue to fall for industrial and shopping center properties, but were up for office properties (prices for office properties have bounced around quite a bit quarter to quarter) and single-tenant retail properties. Cap rate information continues to be scarce, but likely hovers between 7.5 and 8.5 percent.

The amount of distressed commercial real estate in Southern Nevada increased this quarter over last by approximately 140,000 square feet. We have heard stories of the tidal wave of new defaults coming in 2012, but as yet have not seen it; perhaps this gives us something to look forward to. About half of all sales, as alluded to above, are of distressed or foreclosed properties, and this is tempering the rise in the total distressed square footage. Most of Southern Nevada's distressed real estate is now in the industrial sector, and totals 5.8 million square feet or 5.3 percent of industrial inventory. Office has the highest percentage of distressed inventory at 13 percent, and the second highest total of distressed inventory at 5.2 million square feet. There are 4.2 million square feet of retail properties in the distressed category, representing 9.5 percent of retail inventory.

So far, distressed sales are down in 2012. In the first quarter, approximately 330,000 square feet of distressed commercial real estate had sold, about a third of the quarterly average sold in 2011, and about half the space that was sold in the first quarter of 2011. Distressed properties sold for an average price of $62 per square foot, more than $20 less than the average sales price for distressed properties recorded in 2011. As distressed property moves through the system and is revalued, asking rents should continue to experience some downward pressure.

Bank failures so far in 2012 are well below levels seen in 2011 and 2010. According to the FDIC, 13 banks with $3.8 billion in assets have failed so far in 2012 in the United States, compared to 26 banks with $10 billion in assets by this time in 2011. No local banks have failed yet in 2012. Government debt issues in Europe threaten this trend of healthier banks, but as of now, one could reasonably say that the banking crisis is now on its last legs.

RECOVERY INDEX

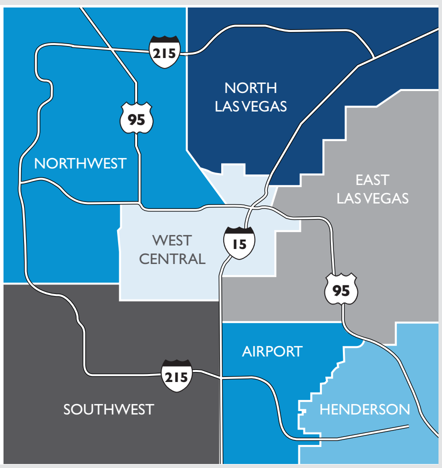
The Southern Nevada CRE Recovery Index was generally on the rise in 2011, dipping towards the end of the year and predicting a rocky first quarter for 2012. As of January 2012, the index returned to growth, climbing from a reading of 87 in December 2011 to 89. One must approach this return to growth cautiously, though, as it is largely owed to a dramatic increase in the New Residents index, which increased by 11 points from December 2011 to January 2012. Taxable sales also contributed to this rise, but all other measures were either flat or down. A broad-based rise in the component indices would make us more confident in the economy as a whole. On a year-over-year basis, the index shows growth in Gaming Revenue, Visitor Volume, New Residents, Employment, Taxable Sales, Port Traffic in Los Angeles and Personal Consumption in the USA. No measures were down, but two, New Home Sales and Commercial Occupancy were flat.

Despite a tough fourth quarter in 2011, and a less than stellar start to 2012, Southern Nevada's economy seems to be heading in the right direction, with maybe a few unpleasant diversions along the way. Whether the year ahead will be a repeat of 2011, the year where everything goes right, or another lost opportunity due to troubles beyond our control is anyone's guess. There are a multitude of things we cannot control, and though it pays to be aware of them (and the opportunities that even bad times can bring) it does not pay to worry needlessly over them. Locally, the process of deleveraging is underway. Property owners who bought when the market was high are, gradually, being replaced by property owners who are buying while the market is low, and as painful as that is for some, it is the only way that Southern Nevada's commercial real estate market is going to return to health and vitality. 2012 may not be the year that makes everyone's dreams come true, but it does promise the continuance of at least slow growth and a healthier 2013.

Industrial Market Review

MARKET INDICATORS

	Q1-12	Projected Q2-12
VACANCY	↑	↓
NET ABSORPTION	↓	↑
CONSTRUCTION	↓	→
RENTAL RATE	↓	↓



"Some sectors are expanding in Southern Nevada, and those expansions will ultimately lead to an increased demand for commercial real estate."

Southern Nevada's industrial market reversed a mildly positive course in 2011 with a very tough first quarter of 2012. Net absorption was a frustrating negative 384,751 square feet, most of the vacancies taking place in the warehouse/distribution sector. No new space was completed this quarter. The vacancy rate, after falling in 2011, increased to the record high of 15.4 percent, a rate last seen in the first quarter of 2011. Asking rents continued their soft decline, reaching $0.49 per square foot (psf) on a triple net (NNN) basis. In essence, the reset button has been hit and Southern Nevada's industrial market is back where it was four quarters ago.

Employment continues to be an issue for Southern Nevada's industrial sector. Job losses were posted in most industrial employment sectors between December 2011 and January 2012, though there was job growth in year-over-year numbers. Between January 2011 and January 2012, Las Vegas-Paradise MSA[1] employment in sectors that traditionally occupy industrial space increased by 1,200 jobs. Transportation and warehousing was the winning sector, adding 1,400 new jobs year-over-year. Construction continued to be the weak point for the Valley's industrial market, losing 1,300 jobs year-over-year. Unemployment in the Las Vegas-Paradise MSA stood at 13.1 percent as of January 2012.

No new industrial projects were completed in the first quarter of 2012. Two projects continue to be in some stage of completion. Forward supply[2] of industrial space in the Valley remained at 100,822 square feet this quarter. Several companies continue to explore the idea of putting build-to-suit projects in Southern Nevada, including Switch, which is reportedly considering a 1,000,000 square foot build-to-suit (BTS) in the Southwest submarket. Given the high vacancy rates in every sector of Southern Nevada's industrial market, it is likely that the only construction we will see over the next twelve months will be in the form of BTS projects.

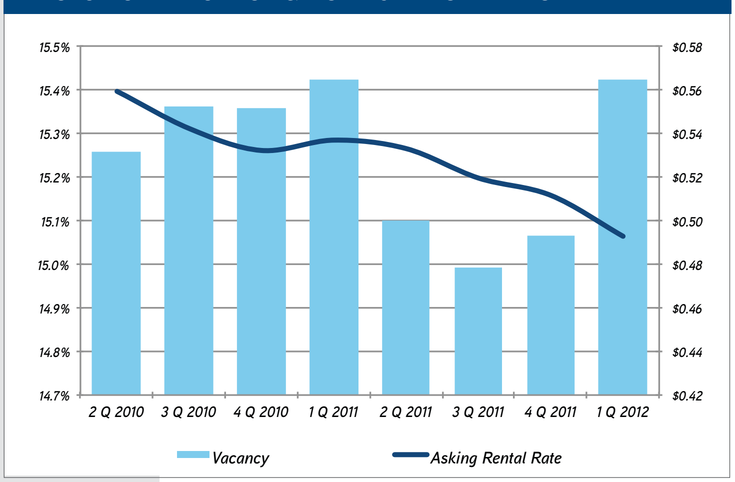
Three quarters of positive net absorption in 2011 gave way to a negative 384,751 square feet of net absorption in the first quarter of 2012. Some of the 2011 demand surge came from exhibition companies that support the convention industry in Southern Nevada. When those firms completed their expansions, demand for warehouse/distribution space ebbed significantly, with gross absorption decreasing by almost 500,000 square feet between the fourth quarter of 2011 and the first quarter of 2012. This made recent industrial progress a matter of "live by the warehouse; die by the warehouse."

Unfortunately, demand also cooled for most other product types, with light industrial space being the only product type to show positive net absorption this quarter. All in all, net absorption in the first quarter totaled negative 451,000 square feet for warehouse/distribution, negative 56,000 square feet for incubator, negative 45,000 square feet for light distribution, negative 31,000 square feet for flex and 199,000 square feet for light industrial.

Net absorption in the first quarter was negative for all submarkets, with the worst performance in the Airport (negative 137,000 square feet) and Henderson (negative 70,000 square feet) submarkets. The "least worst" submarket for net absorption this quarter was West Central, which only lost 747 square feet of occupancy.

Gross absorption was only marginally lower in the first quarter of 2012 compared to the fourth quarter of 2011, and was significantly higher than one year ago. Gross absorption stood at 2,794,000 square feet, approximately 40,000 square feet less than in the three prior quarters, which each managed to post positive net absorption.

HISTORICAL VACANCY & ASKING LEASE RATES

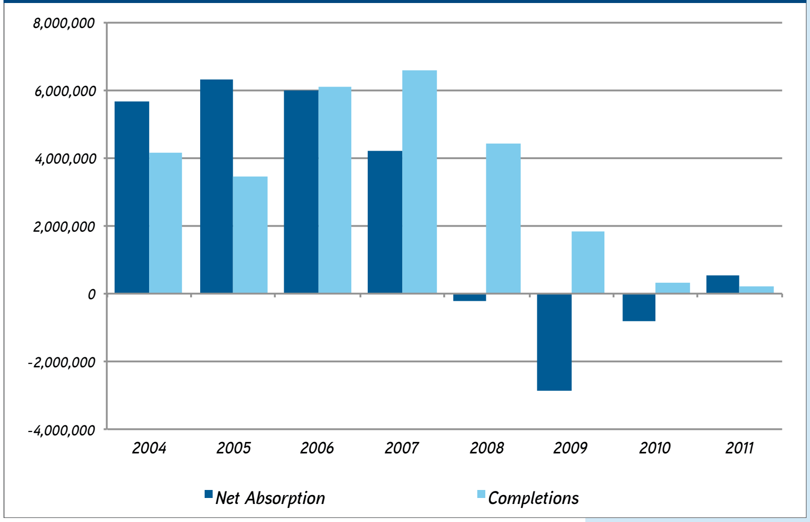


This suggests that the pace of business closures increased in the first quarter of 2012, a supposition that the employment numbers would seem to back up. Quarter-over-quarter, industrial employment in Southern Nevada declined by 2,400 jobs, most of them in the construction sector.

Industrial vacancy once again hit the record high vacancy rate of 15.4 percent in the first quarter of 2012. This is even with one year ago and four-tenths of a point higher than one quarter ago. Vacancy had declined in the second and third quarters of 2011 and was flat in the fourth quarter. The tiny Northwest submarket continued to have the Valley's highest vacancy rate at 33.8 percent. Southern Nevada's lowest industrial vacancy rate was in the West Central submarket at 10.7 percent. All submarkets except West Central experienced an increase in vacancy this quarter. Warehouse/distribution product saw vacancy increase by 1.1 points in the first quarter. Increases were smaller for light distribution (+0.3 points), flex (+0.5 points) and incubator (+0.7 points). The only positive performance was in light industrial space, where vacancy decreased by 0.7 points.

The most active businesses in deals we tracked in 2011 were involved in transportation and motor freight, business services, engineering and management and manufacturing. Companies headquartered outside of Nevada took about 49 percent of the Colliers-tracked square feet leased or sold so far in 2012, down from 59 percent in 2011. Thirty-two percent of the deals done so far in 2012 were with companies with national or regional reach, down from 45 percent in 2011. Southern Nevada has plenty of potential, but persistent job losses have to give national firms pause when considering an expansion or move into the area. On the other hand, competitive lease rates and the pool of qualified employees in Southern Nevada has made a few companies look twice, and several firms based in the Eastern U.S. are now considering Las Vegas as a site for their west coast or Southwest operations.

HISTORICAL NET ABSORPTION VS. COMPLETIONS



The weighted average asking lease rate for industrial space decreased this quarter to $0.49 psf NNN from last quarter's $0.51 psf NNN. If adjusted for inflation[3], the weighted average asking lease rate dropped by $0.02 to $0.39 psf NNN. Adjusted for inflation, the weighted average asking lease rate for industrial product has dropped by $0.32 psf from its peak of $0.71 psf the first quarter of 2007. Inflation-adjusted rates are as low as they have been since we began tracking the industrial market in 1999. The gap between achieved lease rates and asking lease rates averaged $0.12 psf in 2010 and $0.08 psf in 2011. So far in 2012, the gap has decreased to $0.04 psf, suggesting that landlords are just about right in pricing their product.

LEASE AND SALES ACTIVITY

LEASE ACTIVITY

PROPERTY NAME	LEASE DATE	LEASE TERM	SIZE	LEASE RATE	TYPE
Golden Triangle Industrial Park	Jan 2012	39 months	47,000 SF	$0.25 NNN	Warehouse/Distribution
Craig Corporate Park	Jan 2012	39 months	19,000 SF	$0.26 NNN	Light Industrial
Jonathan Park	Mar 2012	13 months	18,000 SF	$0.39 NNN	Light Distribution
Marnell Quail Air Center	Jan 2012	120 months	13,000 SF	$1.42 NNN	Incubator
Decatur Crossing	Mar 2012	38 months	12,000 SF	$0.61 NNN	Flex

SALES ACTIVITY

PROPERTY NAME	SALE DATE	SALE PRICE	SIZE	PRICE/SF	TYPE
3960 Mesa Vista	Jan 2012	$3,900,000	50,000 SF	$78	Light Distribution
Venture Commerce Center	Jan 2012	$2,700,000	42,000 SF	$63	Flex
Park 2000	Mar 2012	$2,400,000	54,000 SF	$44	Incubator
Green Valley Corporate Campus	Jan 2012	$1,400,000	21,000 SF	$65	Light Industrial
1701 Athol	Jan 2012	$1,300,000	25,000 SF	$52	Light Industrial

INDUSTRIAL EMPLOYMENT

	Jan 2011	Jane 2010	Change
Construction	39,000	46,800	-7,800
Manufacturing	18,200	19,700	-1,500
Transportation & Warehousing	30,700	31,500	-800
Wholesale	19,700	20,400	-700
TOTAL	107,600	118,400	-10,800

The inventory of industrial properties available for owner/user sale decreased this quarter to 3,191,000 square feet from 3,441,000 square feet at the end of 2011. The average asking price for owner/user industrial sales also decreased this quarter to $89 psf from the average asking price of $92 psf recorded at the end of 2011.

The inventory of industrial buildings for sale as investments decreased from 1,518,000 square feet in the fourth quarter of 2011 to 1,426,000 square feet in the first quarter of 2012. The average asking price has dropped to $91 psf from last year's $92 psf. Cap rates increased to 8.4 percent from 8.1 percent; they are now the highest they have been in five years.

So far in 2012, 137,000 square feet of industrial properties have sold as investments at an average price of $66 psf. This represented a significant decline in volume from last year, when investment sales averaged almost 1 million square feet per quarter, and suggests that outside investors could be waiting for the market to cool down. Owner/user sales totaled 107,000 square feet, about half the quarterly volume recorded in 2011. The average price per square foot for owner/user sales was $60 per square foot.

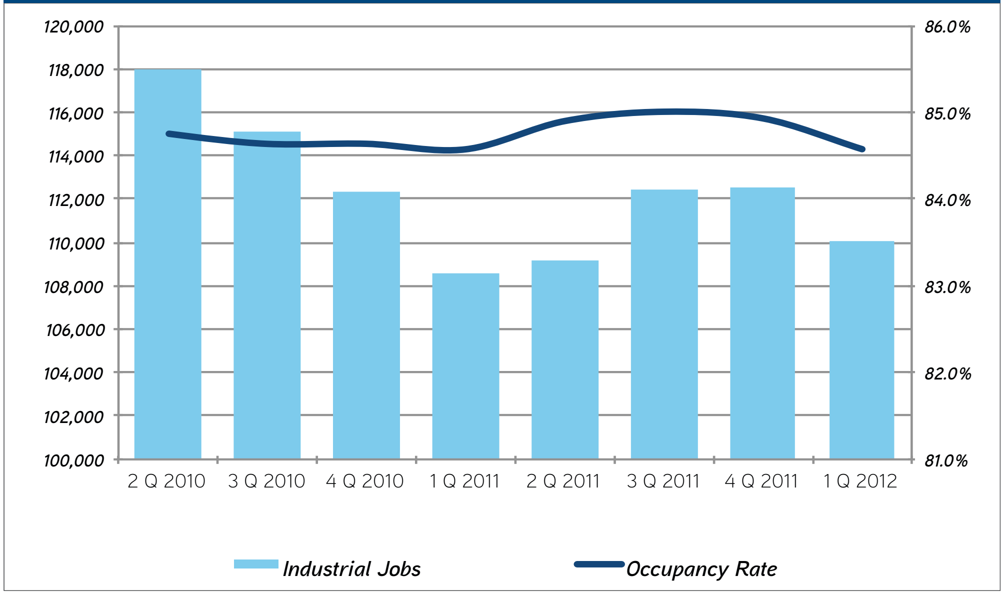
As mentioned previously, net absorption of warehouse/distribution space surged at mid-year and then settled back down at the end of 2011. Net absorption so far in 2012 was weak, but employment growth also turned negative, so this is not surprising. Included among the new vacancies this quarter is the 200,000 square foot GES space, GES having occupied a new space last year. Gross absorption of warehouse/distribution space was about even this quarter with the third quarter of 2011, the weakest quarter of gross absorption that year. The real killer appears to be the pace of businesses vacating space. Simply put, until industrial employment sees strong, steady gains, warehouse/distribution and every other subtype of industrial product is going to struggle.

Light distribution, whose tenants are primarily concerned with construction and with supporting the hospitality sector, continued to contract. Light distribution shed 168,289 square feet of space in 2011, and has followed up in the first quarter of 2012 by shedding another 45,000 square feet of occupied space. Gross absorption of light distribution space increased to 837,373 square feet, suggesting much of that activity is taking the form of down-sizing. Employment gains in late 2011 in the hospitality sector could point to increased demand for light distribution space, especially in the Southwest submarket, in the long run.

Light industrial product, which had a disappointing 2011, bounced back in the first quarter of 2012. It was the only product type to post positive net absorption this quarter, and had the second highest gross absorption as well. Asking rents declined another $0.01 for light industrial space. Light industrial is now all about waiting for the return of small businesses in Southern Nevada.

To continue the theme of performance reversals, incubator space, which had posted two straight

OCCUPANCY VS. INDUSTRIAL EMPLOYMENT



quarters of positive net absorption, posted negative 56,277 square feet of net absorption in the first quarter of 2012. Like light industrial product (and really even more so than light industrial), incubator space depends on small business. Pricing of this space is as good as it has ever been, but low rents are fairly useless without customers. Fortunately, taxable sales are on the rise in Clark County, and if this trend continues could translate into increased demand for incubator space by the end of the year.

Flex space took a step back in the first quarter, posting negative 31,460 square feet of net absorption after finally going positive in the fourth quarter of 2011. Asking rates for flex space are now $0.73 psf NNN, still higher than incubator and light industrial asking rates, but possibly low enough to make it competitive. Flex space is still cheaper than Class C office space, and that creates the potential for a new stream of demand.

Southern Nevada's industrial market has hit a very rocky bottom, as this quarter has proven. Pent-up demand was unleashed in the middle of 2011, but has now run its course and the market is back to the recession grind. Price is the main driver now, and we think asking rates and asking prices will continue to decline through the year. Large investors seem to have cooled on Southern Nevada in the past quarter, probably a combination of taking a pause after some binge buying in 2011 and a lack of prime product at the price they want to pay. Last year, we predicted that 2012 would look like a repeat of 2011, but we did not foresee a return to first quarter 2011 vacancy rates; we had believed that 2012 would instead build on the successes of 2011. Unfortunately, industrial employment did not cooperate and the first quarter has made 2011 something of a lost year in terms of progress.

On the positive side (yes, there might actually be a positive side), before you construct, you have to destruct. The deconstruction of Southern Nevada is largely complete, and now the foundations are ready to be poured for the next phase of development. Stage one is the lease-up of existing excess supply, though some excess supply will ultimately prove obsolete and eventually cycle out of the market. Stage two will be the return of industrial development, probably in the form of build-to-suits for firms looking to take advantage of low prices for land and labor. When that occurs, Southern Nevada's industrial market will find itself back on track. The key, of course, is jobs. Some sectors are expanding in Southern Nevada, and those expansions will ultimately lead to an increased demand for commercial real estate. The pertinent question, of course, is when.

COMPETING WAREHOUSE RATES

Market	Asking Rent (Q4-11)
Las Vegas, NV	$0.39 psf NNN
Phoenix, AZ	$0.42 psf NNN
Inland Empire, CA	$0.33 psf NNN
Reno, NV	$0.31 psf NNN

OWNER/USER SALES ACTIVITY

Owner User Space	2012 (YTD)	2011	2010
Owner/User Space for Sale (sf)	3,191,000	3,441,000	3,339,000
Owner/User Average Asking Price/SF	$89	$92	$116
Owner/User Space Sold (sf)	107,000	1,210,000	799,000
Owner/User Average Price/SF	$60	$63	$114

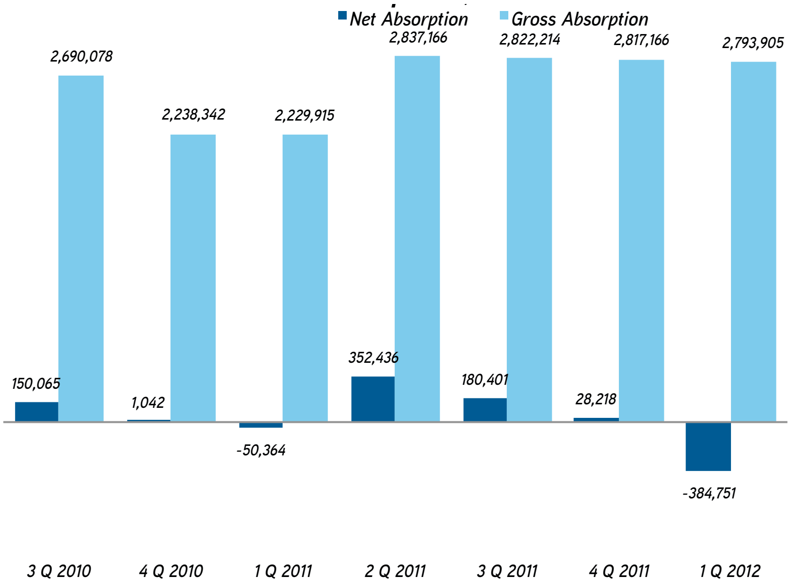
INVESTMENT SALES ACTIVITY

Investment Space	2012 (YTD)	2011	2010
Investment Space for Sale (sf)	1,426,000	1,518,000	1,519,000
Investment Average Asking Price/SF	$91	$92	$119
Investment Average Cap Rate	8.4%	8.0%	8.1%
Investment Space Sold (sf)	137,000	3,736,000	715,000
Investment Average Price/SF	$66	$75	$95
Investment Average Cap Rate	8.0%	8.0%	8.9%

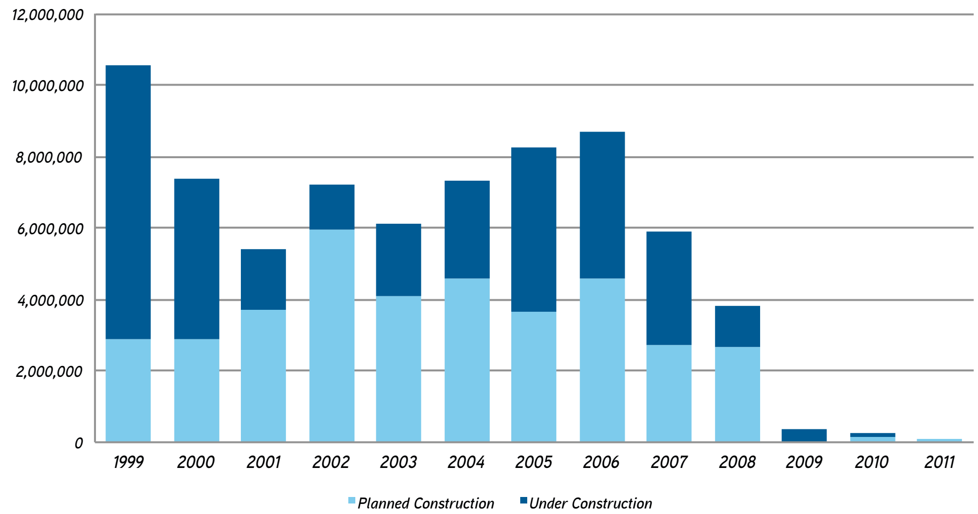
INDUSTRIAL DEVELOPMENT PIPELINE

PROJECT	TYPE	SUBMARKET	SIZE	PRE-LEASING	COMPLETION
1981 Pama Lane	Light Industrial	Airport	50,000 SF	0%	Q3-11
7040 Redwood Avenue	Light Industrial	Southwest	50,000 SF	0%	Stopped

ABSORPTION, GROSS VS. NET



FORWARD SUPPLY



MARKET COMPARISONS

INDUSTRIAL MARKET

TYPE	BLDGS	TOTAL INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	SUBLEASE VACANT SF	SUBLEASE VACANCY RATE	TOTAL VACANT SF	VACANCY RATE CURRENT QUARTER	VACANCY RATE PRIOR QUARTER	NET ABSORPTION CURRENT QTR SF	NET ABSORPTION YTD SF	COMPLETIONS CURRENT QTR SF	COMPLETIONS YTD SF	UNDER CONSTRUCTION SF	PLANNED CONSTRUCTION SF	WEIGHTED AVG ASKING RENTAL RATE
AIRPORT SUBMARKET																
WH	75	4,599,737	432,365	9.4%	-	0.0%	432,365	9.4%	8.4%	(43,811)	(43,811)	-	-	-	-	$0.40
LD	71	3,272,004	929,867	28.4%	6,872	0.2%	936,739	28.6%	26.3%	(76,039)	(76,039)	-	-	-	-	$0.57
LI	197	2,855,726	400,532	14.0%	62,586	2.2%	463,118	16.2%	13.1%	(48,769)	(48,769)	-	-	-	49,320	$0.52
INC	90	1,721,414	408,120	23.7%	11,945	0.7%	420,065	24.4%	24.6%	3,963	3,963	-	-	-	-	$0.87
FLX	66	1,312,795	327,959	25.0%	-	0.0%	327,959	25.0%	27.0%	26,903	26,903	-	-	-	-	$0.74
Total	499	13,761,676	2,498,843	18.2%	81,403	0.6%	2,580,246	18.7%	17.5%	(137,753)	(137,753)	-	-	-	49,320	$0.60
EAST LAS VEGAS SUBMARKET																
WH	23	964,355	113,334	11.8%	-	0.0%	113,334	11.8%	5.6%	(59,569)	(59,569)	-	-	-	-	$0.30
LD	26	463,331	124,156	26.8%	-	0.0%	124,156	26.8%	26.1%	(3,368)	(3,368)	-	-	-	-	$0.24
LI	91	1,087,355	119,825	11.0%	-	0.0%	119,825	11.0%	12.5%	16,576	16,576	-	-	-	-	$0.32
INC	12	281,755	71,917	25.5%	-	0.0%	71,917	25.5%	25.2%	(1,050)	(1,050)	-	-	-	-	$0.44
FLX	10	233,692	117,784	50.4%	-	0.0%	117,784	50.4%	52.2%	4,125	4,125	-	-	-	-	$0.76
Total	162	3,030,488	547,016	18.1%	-	0.0%	547,016	18.1%	16.6%	(43,286)	(43,286)	-	-	-	-	$0.41
HENDERSON SUBMARKET																
WH	75	6,299,240	552,065	8.8%	-	0.0%	552,065	8.8%	7.2%	(101,209)	(101,209)	-	-	-	-	$0.35
LD	36	1,681,788	298,415	17.7%	12,279	0.7%	310,694	18.5%	19.5%	11,884	11,884	-	-	-	-	$0.46
LI	328	3,255,597	423,237	13.0%	100,375	3.1%	523,612	16.1%	14.9%	44,433	44,433	-	-	-	-	$0.45
INC	29	456,976	34,196	7.5%	-	0.0%	34,196	7.5%	5.1%	(10,689)	(10,689)	-	-	-	-	$0.43
FLX	82	1,353,434	292,733	21.6%	-	0.0%	292,733	21.6%	20.5%	(14,710)	(14,710)	-	-	-	-	$0.87
Total	550	13,047,035	1,600,646	12.3%	112,654	0.9%	1,713,300	13.1%	12.0%	(70,291)	(70,291)	-	-	-	-	$0.49
NORTH LAS VEGAS SUBMARKET																
WH	177	18,602,208	2,285,253	12.3%	172,807	0.9%	2,458,060	13.2%	12.7%	(92,413)	(92,413)	-	-	-	-	$0.31
LD	164	4,715,063	1,158,866	24.6%	0	0.0%	1,158,866	24.6%	23.7%	(41,687)	(41,687)	-	-	-	-	$0.34
LI	619	7,428,059	1,204,207	16.2%	7,500	0.1%	1,211,707	16.3%	17.9%	113,931	113,931	-	-	-	-	$0.41
INC	34	608,095	229,500	37.7%	0	0.0%	229,500	37.7%	41.4%	22,169	22,169	-	-	-	-	$0.56
FLX	48	809,810	177,829	22.0%	0	0.0%	177,829	22.0%	20.6%	(10,617)	(10,617)	-	-	-	-	$0.68
Total	1,042	32,163,235	5,055,655	15.7%	180,307	0.6%	5,235,962	16.3%	16.3%	(8,617)	(8,617)	-	-	-	-	$0.37
NORTHWEST SUBMARKET																
WH	5	224,906	32,080	14.3%	-	0.0%	32,080	14.3%	14.3%	-	-	-	-	-	-	$-
LD	1	50,000	46,221	92.4%	-	0.0%	46,221	92.4%	7.6%	(42,426)	(42,426)	-	-	-	-	$0.96
LI	17	298,896	35,569	11.9%	-	0.0%	35,569	11.9%	11.9%	-	-	-	-	-	-	$0.47
INC	4	99,427	11,607	11.7%	-	0.0%	11,607	11.7%	15.6%	-	-	-	-	-	-	$0.50
FLX	55	679,250	331,903	48.9%	-	0.0%	331,903	48.9%	47.0%	(12,649)	(12,649)	-	-	-	-	$0.66
Total	82	1,352,479	457,380	33.8%	-	0.0%	457,380	33.8%	30.0%	(55,075)	(55,075)	-	-	-	-	$0.63
SOUTHWEST SUBMARKET																
WH	136	12,719,208	1,613,992	12.7%	253,058	2.0%	1,867,050	14.7%	15.7%	(155,838)	(155,838)	-	-	-	-	$0.50
LD	184	6,998,549	1,318,385	18.8%	11,635	0.2%	1,330,020	19.0%	20.2%	72,246	72,246	-	-	-	-	$0.54
LI	753	9,302,221	1,463,662	15.7%	41,150	0.4%	1,504,812	16.2%	16.5%	69,880	69,880	-	-	-	51,502	$0.55
INC	117	2,484,105	464,123	18.7%	2,000	0.1%	466,123	18.8%	17.5%	(30,758)	(30,758)	-	-	-	-	$0.58
FLX	105	1,603,204	417,322	26.0%	9,961	0.6%	427,283	26.7%	26.0%	(24,512)	(24,512)	-	-	-	-	$0.70
Total	1,295	33,107,287	5,277,484	15.9%	317,804	1.0%	5,595,288	16.9%	17.5%	(68,982)	(68,982)	-	-	-	51,502	$0.55
WEST CENTRAL SUBMARKET																
WH	63	1,905,683	125,457	6.6%	-	0.0%	125,457	6.6%	6.7%	2,000	2,000	-	-	-	-	$0.29
LD	36	698,809	159,528	22.8%	800	0.1%	160,328	22.9%	27.9%	34,400	34,400	-	-	-	-	$0.47
LI	493	6,688,475	541,340	8.1%	44,934	0.7%	586,274	8.8%	8.6%	2,765	2,765	-	-	-	-	$0.53
INC	66	2,462,109	433,697	17.6%	-	0.0%	433,697	17.6%	16.0%	(39,912)	(39,912)	-	-	-	-	$0.67
FLX	12	219,832	26,919	12.2%	-	0.0%	26,919	12.2%	12.2%	-	-	-	-	-	-	$0.58
Total	670	11,974,908	1,286,941	10.7%	45,734	0.4%	1,332,675	11.1%	11.0%	(747)	(747)	-	-	-	-	$0.55
MARKET TOTAL																
WH	554	45,315,337	5,154,546	11.4%	425,865	0.9%	5,580,411	12.3%	12.0%	(450,840)	(450,840)	-	-	-	-	$0.38
LD	518	17,879,544	4,035,438	22.6%	31,586	0.2%	4,067,024	22.7%	22.6%	(44,990)	(44,990)	-	-	-	-	$0.48
LI	2,498	30,916,329	4,188,372	13.5%	256,545	0.8%	4,444,917	14.4%	14.5%	198,816	198,816	-	-	-	100,822	$0.49
INC	352	8,113,881	1,653,160	20.4%	13,945	0.2%	1,667,105	20.5%	19.9%	(56,277)	(56,277)	-	-	-	-	$0.66
FLX	378	6,212,017	1,692,449	27.2%	9,961	0.2%	1,702,410	27.4%	27.1%	(31,460)	(31,460)	-	-	-	-	$0.73
Total	4,300	108,437,108	16,723,965	15.4%	737,902	0.7%	17,461,867	16.1%	15.9%	(384,751)	(384,751)	-	-	-	100,822	$0.49
QUARTERLY COMPARISON AND TOTALS																
Q1-12	4,300	108,437,108	16,723,965	15.4%	737,902	0.7%	17,461,867	16.1%	15.9%	(384,751)	(384,751)	-	-	-	100,822	$0.49
Q4-11	4,300	108,437,108	16,339,214	15.1%	888,432	0.8%	17,227,646	15.9%	15.7%	28,218	510,691	131,154	228,154	-	100,822	$0.51
Q3-11	4,299	108,305,954	16,236,278	15.0%	714,797	0.7%	16,951,075	15.7%	15.9%	180,401	482,473	75,000	97,000	131,154	99,320	$0.52
Q2-11	4,298	108,230,954	16,341,679	15.1%	840,986	0.8%	17,182,665	15.9%	16.4%	352,436	302,072	-	22,000	156,154	50,000	$0.53
Q1-11	4,298	108,230,954	16,694,115	15.4%	1,052,465	1.0%	17,746,580	16.4%	16.3%	(50,364)	(50,364)	22,000	22,000	181,154	-	$0.54
Q4-10	4,297	108,208,954	16,621,751	15.4%	1,013,112	0.9%	17,634,863	16.3%	16.5%	1,042	(801,445)	-	310,928	72,000	167,630	$0.53

WH = Warehouse LD = Light Distribution LI = Light Incubator INC = Incubator FLX = Flex

Office Market Review

MARKET INDICATORS

	Q1-12	Projected Q2-12
VACANCY	↑	↑
NET ABSORPTION	↑	→
CONSTRUCTION	↓	↓
RENTAL RATE	↓	↓

"Price wariness should continue for the foreseeable future as businesses remain in a survival frame of mind."

The office market's stumble in the fourth quarter of 2011 was not completely reversed in the first quarter of 2012, but net absorption was higher (though still negative) and gross absorption was much improved over a quarter ago and over one year ago. Despite that smidgeon of positive news, vacancy is once again moving in the wrong direction, increasing five-tenths of a point since hitting a low of 23.7 percent in the third quarter of 2011. Whoever would have thought that we could get misty over a 23.7 percent vacancy rate?

According to the Nevada Department of Employment, Training & Rehabilitation, between January 2011 and January 2012, a net of 3,300 office sector jobs were lost in Southern Nevada. The Professional & Business Services sector, which had been adding jobs in 2011, made a sharp about face and dropped 2,800 jobs, making it the hardest hit sector year-over-year. Financial Activities continued to show weakness, dropping 1,400 jobs over the past 12 months. Only the Health Care & Social Assistance sector added jobs, 900 to be precise, over the past year. Unemployment in the Las Vegas-Paradise MSA stood at 13.1 percent in January 2012.

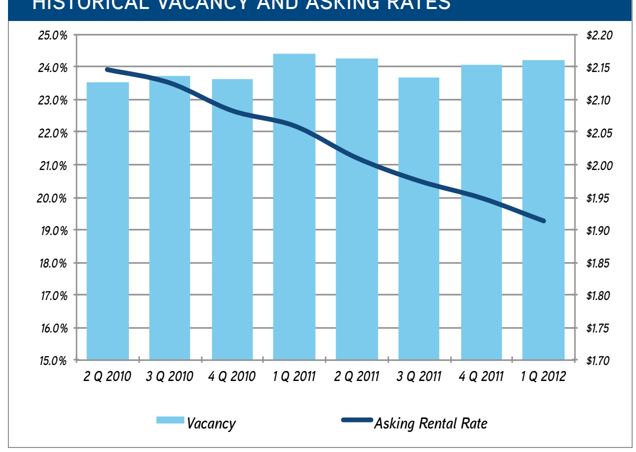
Office completions in the first quarter of 2012 consisted of two 4,500 square foot Class C buildings on Horizon Ridge Parkway in Henderson. The remaining buildings at Horizon Ridge Professional Park were in various stages of construction or planning, and a second phase of that development is now in the planning stages as well. Two properties are currently in the pipeline for the Downtown submarket; the Federal Justice Tower and EVAPS Law Office Building. There are now rumors that the Howard Hughes Corporation is considering completing the two steel-framed office buildings started, and subsequently stopped, at the stalled Summerlin Mall project. Plans for completion of another building at Tivoli Village are also in the works. While office development is minimal in Southern Nevada these days (pre-recession, forward supply of office space averaged around 5 million square feet), it is notable that forward supply has never hit 0 square feet and only three quarters in the past five years saw no new office completions.

Office vacancy in Southern Nevada is now 24.2 percent and has been rising for the past two quarters since hitting a low of 23.7 percent in the third quarter of 2011. A surge of demand for commercial real estate (not only office, but industrial and retail as well) in the middle of 2011 has passed and demand has receded to levels we came to expect during the recession. The highest vacancy rates by submarket were in the Northwest (29.8 percent), East Las Vegas (26.8 percent), North Las Vegas (26.4 percent) and Henderson (25.3 percent) submarkets. Downtown continued to boast the market's lowest vacancy rate at 13.1 percent, but vacancy there increased quarter-over-quarter. All submarkets except Northwest and Southwest posted an increase in vacancy this quarter.

Class A office, despite some significant challenges early in the recession, continued to lead the office market. Class A vacancy dropped to 30.5 percent from 31.2 percent last quarter and 32.5 percent one year ago. This might be a case of "flight to quality", with Class A asking rents now standing at $2.45 psf FSG, just $0.47 higher than Class B asking rents. At the height of the market, that gap was $0.51 and Class A asking rents were $3.18 psf FSG. Class B vacancy is up from last quarter and from last year, and now stands at 22.7 percent. Class C vacancy is even with one year ago and up one-tenth of a point from last quarter.

Net absorption was a negative 40,278 square feet this quarter. This is by no means good, but it is better than last quarter. Net absorption has now been negative for two straight quarters after going positive for two quarters in the middle of 2011. Job growth, or the lack thereof, lies at the heart

HISTORICAL VACANCY AND ASKING RATES



of this negative net absorption, and we can expect to see negative net absorption continue until growth in key employment sectors like Leisure & Hospitality turn into growth in employment sectors associated with office space. Downsizing still typifies much of the activity in the office market. This year, for example, Phoenix University is consolidating its operations in the Nevada Cancer Institute Campus, leaving large vacancies in the Northwest and Southwest submarkets.

Class A had the best performance among office classes this year, with 41,127 square feet of net absorption. Class B office gave back 62,133 square feet of occupied space, the worst performance in the market this quarter, while Class C space surrendered 19,272 square feet of space. Two submarkets, the Southwest and Northwest, posted positive net absorption this quarter of approximately 110,000 square feet. These two submarkets dominated office leasing during the run-up to the recession, and perhaps are beginning to reassert that dominance despite being the two most expensive submarkets in town.

Gross absorption, which was anemic in the fourth quarter of 2011, rebounded strongly in the first quarter of 2012. Gross absorption in Southern Nevada stood at 1,095,815 square feet, fully 400,000 square feet more than one quarter ago and one year ago. Not counting the two quarter surge of demand experienced in mid-2011, this is the highest quarterly gross absorption recorded since the first quarter of 2010. Since this gross absorption did not translate into net absorption, it is a good bet that much of the activity consisted of existing Southern Nevada businesses moving within the Valley, and probably to smaller spaces.

Of the office deals we have tracked so far in 2012, the most active industries have been Financial Services, Business Services and Legal Services. Local companies made up 68 percent of the tenants taking space so far this year and 56 percent of the total office space taken. Regional companies made up 20 percent of the tenants taking space and 38 percent of the total office space taken. California companies are coming to Southern Nevada at a quicker pace than in 2011, accounting for 32 percent of the deals we have recorded so far in 2012, compared to 24 percent in 2011.

The amount of distressed office space (i.e. office properties that have received a notice of default or are at some stage in the foreclosure process) stayed virtually the same this quarter compared to last, at 5,160,000 square feet. Bargain hunters continued to snap up distressed office, but not at the rate they were

OWNER/USER SALES ACTIVITY

Owner User Space	2012 YTD	2011	2010
Space for Sale (sf)	1,023,000	1,015,000	1,444,000
Average Asking Price/SF	$126	$133	$171
Space Sold (sf)	390,000	528,000	510,000
Average Price/SF	$39	$104	$125

INVESTMENT SALES ACTIVITY

Investment Space	2012 YTD	2011	2010
Space for Sale (sf)	837,000	1,125,000	1,504,000
Average Asking Price/SF	$121	$145	$133
Average Cap Rate	8.7%	9.1%	9.0%
Space Sold (sf)	143,000	2,056,000	1,024,000
Average Price/SF	$116	$85	$96
Average Cap Rate	n/a	6.9%	8.8%

LEASE AND SALES ACTIVITY

LEASE ACTIVITY

PROPERTY NAME	LEASE DATE	LEASE TERM	SIZE	LEASE RATE	TYPE
Cheyenne Corporate Center 3	Mar 2012	120 months	34,000 SF	$1.77 MG	Class B Office
7690 Sahara	Mar 2012	84 months	10,000 SF	$1.05 NNN	Class C Office
101 Convention Center	Feb 2012	12 months	7,500 SF	$1.00 FSG	Class B Office
Sahara Buffalo Professional Center	Mar 2012	60 months	4,500 SF	$1.84 MG	Class B Office
Canyon Plaza	Mar 2012	12 months	3,500 SF	$0.98 MG	Class C Office

SALES ACTIVITY

PROPERTY NAME	SALE DATE	SALE PRICE	SIZE	PRICE/SF	TYPE
Green Valley Corporate Center South	Jan 2012	$10,300,000	68,000 SF	$151	Class A Office
4300 Tropicana	Feb 2012	$10,000,000	348,000 SF	$29	Class C Office
Coronado Bay Business Park	Jan 2012	$1,900,000	23,000 SF	$82	Class C Office
National Title Office Park	Feb 2012	$1,200,000	17,000 SF	$69	Class C Office
Sunset Dapple Plaza	Jan 2012	$1,100,000	4,000 SF	$254	Class C Office

EMPLOYMENT

	Jan 2012	Jan 2011	Change
Financial Activities	38,400	39,800	-1,400
Professional & Business Services	99,900	102,700	-2,800
Health Care & Social Assistance	64,600	63,700	+900
TOTAL	202,900	206,200	-3,300

Source: Nevada Department of Employment, Training and Rehabilitation.

in 2011. In all, only 87,000 square feet of distressed office product sold thus far in 2012 at an average sales price of $86 per square foot. Sales have flagged so far this year compared to last, perhaps because desirable distressed product is becoming scarce.

The weighted average asking rental rate decreased this quarter to $1.91 per square foot (psf) on a full service gross (FSG) basis. This was a decrease of $0.15 from twelve months ago. Asking rents have been declining since the onset of the Great Recession in 2007/2008. The largest year-over-year decrease in asking rents was in Class A and Class B office, which saw average asking rents drop by $0.17 psf. Class C asking rents dropped $0.11 psf over the same period. Price wariness should continue for the foreseeable future as businesses remain in a survival frame of mind.

Available office sublease space was increasing in the third and fourth quarters of 2011 – a distressing sign since increases in sublease space soon translate into increases in directly leasable space. Fortunately, space available for sublease declined in the first quarter of 2012, hitting 336,739 square feet. This is still higher than one year ago, but at least is once again heading in the right direction.

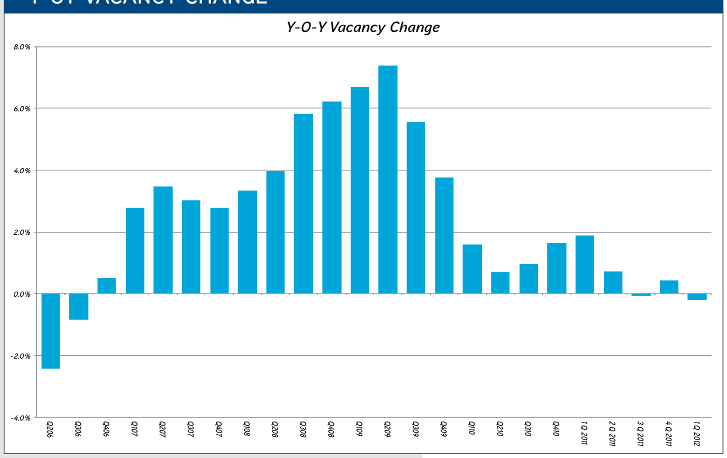
The amount of office space available for sale on an owner/user basis increased by 9,000 square feet over last quarter and now stands at 1,024,000 square feet. The average asking price for owner/user space this quarter was $126 psf, a decrease of $7 from last quarter. Owner/user sales were up in the first quarter of 2012, and in fact hit a four year high. A total of 389,548 square feet traded in the first quarter at an average price of $39. This average price was heavily influenced by the sale of the old Southwest Gas facility at 4300 W. Tropicana Ave, which traded for only $29 psf. Factoring that sale out, the average sales price for owner/user space was $121 psf, a healthy increase over last quarter. Distressed sales accounted for only 3 percent of owner/user sales this quarter. Those sales went for an average of $99 psf, compared to $130 for comparable non-distressed owner/user sales.

Properties available for sale on an investment basis decreased to 837,000 square feet from last year's 1,125,000 square feet. The average asking price for investment sales was $121 psf, a $24 psf decrease from the fourth quarter of 2011, a possible indication that the most desirable investment properties have already traded. Unlike sales of owner/user space, office investment sales hit a two year low, with only 143,000 square feet trading in the first quarter of 2012 at an average price of $116 psf. Of that, 52

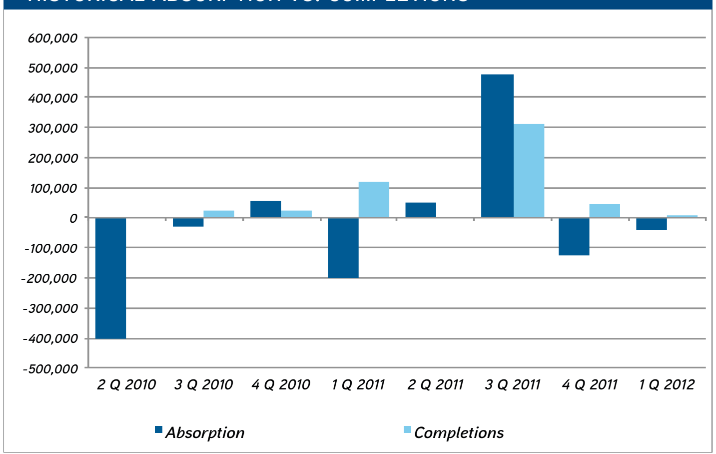
OFFICE DEVELOPMENT PIPELINE

PROJECT	TYPE	SUBMARKET	SIZE	PRE-LEASING	COMPLETION
Horizon Ridge Professional Park	Class C	Henderson	4,500	0%	Q2-12
Horizon Ridge Professional Park	Class C	Henderson	8,190	0%	2012
Horizon Ridge Professional Park Ph 2	Class C	Henderson	13,430	0%	2012/13
EVAPS Law Office Building	Class B	Downtown	55,000	n/a	2012/13
Federal Justice Tower	Class A	Downtown	129,000	100%	2012

Y-OY VACANCY CHANGE



HISTORICAL ABSORPTION VS. COMPLETIONS



percent was distressed space, which sold at an average price of $83 psf. Non-distressed investments sold for an average of $151 psf.

If the surge in demand experienced in 2011 raised hopes for a speedy conclusion to the Valley's real estate woes, the past two quarters have been like a splash of ice cold reality. Recovery cannot occur until the office sector sees steady, significant job growth, and that kind of growth may still be a year away. This year, the story in Las Vegas will likely be of the resurgence of Downtown. The downtown redevelopment group of Zappo's founder Tony Hsieh plans to inject large amounts of cash into that submarket, and in a market as quiet as this one has been, developers and investors are bound to take notice.

MARKET COMPARISONS

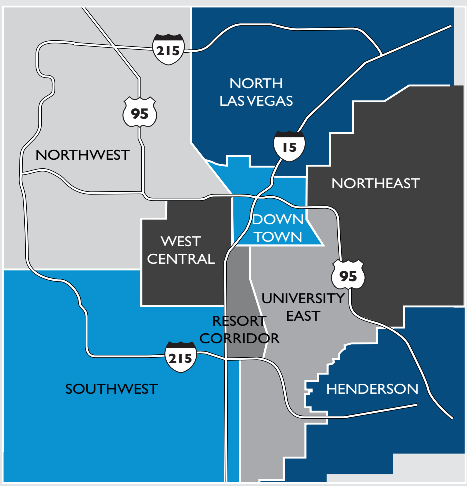
OFFICE MARKET

TYPE	BLDGS	TOTAL INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	SUBLEASE VACANT SF	SUBLEASE VACANCY RATE	TOTAL VACANT SF	VACANCY RATE CURRENT QUARTER	VACANCY RATE PRIOR QUARTER	NET ABSORPTION CURRENT QTR SF	NET ABSORPTION YTD SF	COMPLETIONS CURRENT QTR SF	COMPLETIONS YTD SF	UNDER CONSTRUCTION SF	PLANNED CONSTRUCTION SF	WEIGHTED AVG ASKING RENTAL RATE
AIRPORT SUBMARKET																
A	6	605,557	232,343	38.4%	-	0.0%	232,343	38.4%	40.5%	13,119	13,119	-	-	-	-	$2.71
B	43	2,001,710	302,637	15.1%	32,498	1.6%	335,135	16.7%	16.4%	(10,775)	(10,775)	-	-	-	-	$1.84
C	266	2,883,058	810,795	28.1%	19,918	0.7%	830,713	28.8%	28.0%	(24,159)	(24,159)	-	-	-	-	$1.59
Total	315	5,490,325	1,345,775	24.5%	52,416	1.0%	1,398,191	25.5%	25.1%	(21,815)	(21,815)	-	-	-	-	$1.84
DOWNTOWN																
A	5	807,588	83,135	10.3%	7,706	1.0%	90,841	11.2%	9.1%	(17,675)	(17,675)	-	-	129,000	-	$2.55
B	32	2,273,742	321,282	14.1%	1,500	0.1%	322,782	14.2%	14.3%	2,059	2,059	-	-	-	55,000	$1.98
C	80	1,102,048	142,025	12.9%	-	0.0%	142,025	12.9%	12.3%	(6,842)	(6,842)	-	-	-	-	$1.52
Total	117	4,183,378	546,442	13.1%	9,206	0.2%	555,648	13.3%	12.7%	(22,458)	(22,458)	-	-	129,000	55,000	$1.95
EAST LAS VEGAS																
A	9	1,351,642	305,970	22.6%	42,071	3.1%	348,041	25.7%	24.3%	(23,609)	(23,609)	-	-	-	-	$2.84
B	19	1,409,555	481,106	34.1%	4,867	0.3%	485,973	34.5%	33.8%	(5,312)	(5,312)	-	-	-	-	$1.23
C	141	2,404,834	595,853	24.8%	6,851	0.3%	602,704	25.1%	24.7%	(11,666)	(11,666)	-	-	-	-	$1.32
Total	169	5,166,031	1,382,929	26.8%	53,789	1.0%	1,436,718	27.8%	27.1%	(40,587)	(40,587)	-	-	-	-	$1.62
HENDERSON																
A	11	787,274	261,393	33.2%	17,824	2.3%	279,217	35.5%	32.7%	(29,144)	(29,144)	-	-	-	-	$2.59
B	68	2,285,225	560,882	24.5%	26,728	1.2%	587,610	25.7%	26.8%	26,358	26,358	-	-	-	-	$2.13
C	221	2,144,487	498,067	23.2%	3,074	0.1%	501,141	23.4%	21.6%	(30,390)	(30,390)	9,000	9,000	4,500	8,190	$1.68
Total	300	5,216,986	1,320,342	25.3%	47,626	0.9%	1,367,968	26.2%	25.6%	(33,176)	(33,176)	9,000	9,000	4,500	8,190	$2.05
NORTH LAS VEGAS																
A	-	-	-	n/a	-	n/a	-	n/a	n/a	-	-	-	-	-	-	$-
B	8	200,796	77,211	38.5%	-	0.0%	77,211	38.5%	39.6%	2,262	2,262	-	-	-	-	$1.59
C	49	426,417	109,956	25.8%	-	0.0%	109,956	25.8%	21.2%	(19,749)	(19,749)	-	-	-	-	$1.50
Total	57	627,213	187,167	29.8%	-	0.0%	187,167	29.8%	27.1%	(17,487)	(17,487)	-	-	-	-	$1.54
NORTHWEST																
A	21	1,709,415	700,177	41.0%	4,128	0.2%	704,305	41.2%	44.3%	52,925	52,925	-	-	-	-	$2.13
B	82	2,988,470	611,274	20.5%	22,549	0.8%	633,823	21.2%	22.0%	18,268	18,268	-	-	-	-	$2.19
C	281	2,925,851	704,499	24.1%	16,011	0.5%	720,510	24.6%	26.1%	39,285	39,285	-	-	-	-	$1.80
Total	384	7,623,736	2,015,950	26.4%	42,688	0.6%	2,058,638	27.0%	28.6%	110,478	110,478	-	-	-	-	$2.03
SOUTHWEST																
A	3	397,112	177,485	44.7%	-	0.0%	177,485	44.7%	56.2%	45,511	45,511	-	-	-	-	$2.56
B	70	2,714,887	698,998	25.7%	65,999	2.4%	764,997	28.2%	28.6%	23,909	23,909	-	-	-	-	$2.40
C	303	3,298,374	677,299	20.5%	42,415	1.3%	719,714	21.8%	23.1%	40,994	40,994	-	-	-	-	$1.85
Total	376	6,410,373	1,553,782	24.2%	108,414	1.7%	1,662,196	25.9%	27.4%	110,414	110,414	-	-	-	-	$2.18
WEST CENTRAL																
A	2	227,624	35,339	15.5%	-	0.0%	35,339	15.5%	15.5%	-	-	-	-	-	-	$1.96
B	46	1,672,458	476,603	28.5%	-	0.0%	476,603	28.5%	21.4%	(118,902)	(118,902)	-	-	-	-	$1.79
C	165	2,654,339	636,660	24.0%	2,069	0.1%	638,729	24.1%	23.8%	(6,745)	(6,745)	-	-	-	-	$1.56
Total	213	4,554,421	1,148,602	25.2%	2,069	0.0%	1,150,671	25.3%	22.5%	(125,647)	(125,647)	-	-	-	-	$1.67
MARKET TOTAL																
A	57	5,886,212	1,795,842	30.5%	71,729	1.2%	1,867,571	31.7%	32.6%	41,127	41,127	-	-	129,000	-	$2.45
B	368	15,546,843	3,529,993	22.7%	154,141	1.0%	3,684,134	23.7%	23.2%	(62,133)	(62,133)	-	-	-	55,000	$1.97
C	1,506	17,839,408	4,175,154	23.4%	90,338	0.5%	4,265,492	23.9%	23.8%	(19,272)	(19,272)	9,000	9,000	4,500	8,190	$1.63
Total	1,931	39,272,463	9,500,989	24.2%	316,208	0.8%	9,817,197	25.0%	24.9%	(40,278)	(40,278)	9,000	9,000	133,500	63,190	$1.91
QUARTERLY COMPARISON AND TOTALS																
Q1-12	1,931	39,272,463	9,500,989	24.2%	316,208	0.8%	9,817,197	25.0%	24.9%	(40,278)	(40,278)	9,000	9,000	133,500	63,190	$1.91
Q4-11	1,929	39,263,463	9,451,711	24.1%	322,029	0.8%	9,773,740	24.9%	24.4%	(124,705)	198,682	45,579	478,023	142,500	8,190	$1.95
Q3-11	1,928	39,217,884	9,281,427	23.7%	294,361	0.8%	9,575,788	24.4%	25.0%	477,331	323,387	312,444	432,444	-	26,190	$1.98
Q2-11	1,925	38,905,440	9,446,314	24.3%	266,009	0.7%	9,712,323	25.0%	25.2%	48,637	(153,944)	-	120,000	332,444	26,190	$2.01
Q1-11	1,925	38,905,440	9,494,951	24.4%	312,812	0.8%	9,807,763	25.2%	24.5%	(202,581)	(202,581)	120,000	120,000	312,444	26,190	$2.06

Retail Market Review

MARKET INDICATORS

	Q1-12	Projected Q2-12
VACANCY	→	↑
NET ABSORPTION	↑	↓
CONSTRUCTION	↑	↓
RENTAL RATE	→	↓



"Unsurprisingly, most of the planned expansion by retailers in Southern Nevada is by restaurants ... and cost conscious retailers ..."

The completion of two new Winco grocery stores pushed Southern Nevada's retail net absorption into positive territory in the first quarter of 2012. Without them, net absorption would have dipped into negative territory, but as it stands, the Valley's retail market has enjoyed three straight quarters of positive net absorption. Vacancy remained stable at 11.6 percent in the first quarter of 2012, 0.3 points higher than one year ago, but down from a high of 11.9 percent in the second and third quarters of 2011. Asking rents also remained stable at $1.38 per square foot (psf) per month on a triple net (NNN) basis. The retail market appears to be in a very soft recovery.

Retail employment in the Las Vegas MSA increased between January 2011 and January 2012, from 92,700 retail employees to 93,700 retail employees. Retail employment was anything but stable last year, bouncing up and down between a low of 89,600 jobs in February 2011 and a high of 98,600 jobs in November 2011. Nevertheless, the general trend was up. Unemployment in the Las Vegas-Paradise MSA stood at 13.1 percent in January 2012.

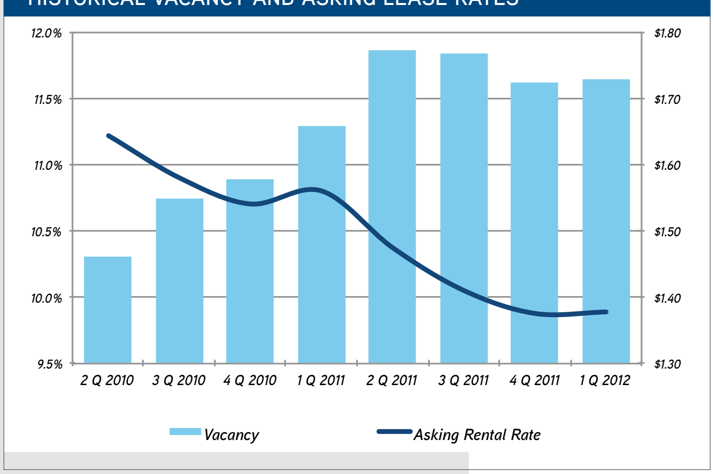
Clark County's taxable sales totaled $8.1 billion in the fourth quarter of 2011, a 10.5 percent increase from one year ago. Pre-recession, Clark County posted a quarterly average of $90,000 of taxable sales per retail employee. In 2012, average taxable sales per retail employee were $83,000 per retail employee. This marks progress from the low of $74,000 per employee in the third quarter of 2009, but leaves room for improvement.

The only retail spaces completed this quarter were the aforementioned Winco grocery stores. No new retail product is currently under construction in Southern Nevada, though two projects are still planned. One of those projects is the 160,000 square feet remaining at the Decatur 215 development in the Northwest submarket. The other is the remaining 139,000 square feet at Green Valley Crossing in the Henderson submarket.

Vacancy in Southern Nevada retail centers remained at 11.6 percent in the first quarter of 2012, down from the peak of 11.9 percent reached in the second and third quarters of 2011, but up slightly from one year ago. Since the onset of the recession in the fourth quarter of 2007, retail vacancy has increased by 8 points, giving Southern Nevada a long way to go to get back to what would be considered healthy. Just the same, with taxable sales, gaming revenue and hiring on the "Strip" all heading in the right direction (i.e. up), the prognosis for suburban retail is certainly more positive now than it was one year ago.

The Valley's highest submarket vacancy this quarter was 16.9 percent in the University East submarket. The Northwest's vacancy of 9 percent was the lowest. On a submarket by submarket basis, the move in vacancy was quite mixed. Vacancy went down, quarter-over-quarter, in North Las Vegas, Northeast, Northwest and West Central and increased in Downtown, Southwest and University East. Henderson's vacancy rate remained stable at 12.4 percent. On a year-over-year basis, vacancy has increased in Henderson, North Las Vegas, Northeast, University East and West Central and decreased in Downtown, Northwest and Southwest.

HISTORICAL VACANCY AND ASKING LEASE RATES



Among product types, vacancy was up in Power Centers and Community Centers quarter-over-quarter, and down in Neighborhood Centers. Year-over-year, vacancy has increased in Power Centers and Neighborhood Centers and declined in Community Centers and unanchored Strip Centers. This suggests that two factors are influencing the selection by retail businesses of where to locate – affordability (thus Strip Centers, which are approximately $0.20 per square foot cheaper than Community and Neighborhood Centers) and the drawing power of anchors, which seems to be elevating Community Centers over Neighborhood Centers. Power Centers have been in a slow, downward demand spiral for years.

The weighted average monthly asking rental rate also remained stable this quarter at $1.38 psf NNN. The largest drop in the Valley was $0.09 in the University East submarket, with a $0.10 climb in Henderson being the largest increase among submarkets. The Valley's most expensive submarket, Southwest, saw asking rents increase by $0.02 to $1.69 psf NNN. Neighborhood Centers posted a $0.05 increase in asking rents, while asking rents declined in Community ($0.02) and

Power ($0.05) Centers.

Sales activity of retail space has been weak so far in 2012, with the closest thing to a bright spot being in single-tenant owner/user sales. 2011 saw a surge in both owner/user and investment sales, and it is questionable whether lightning will strike twice. Finding investment grade product is difficult, and that means what is available sells at a premium.

Southern Nevada currently has 1.64 million square feet of big-box space available in the marketplace, representing a vacancy rate of 8.6 percent and at an average asking price of $0.97 psf NNN. Compare this to shop-space, with a vacancy rate of 14.0 percent an asking rate of $1.49 psf NNN. While shop-space has a higher vacancy rate than big-box, the big-box's hold about 33 percent of all the vacant retail space in Southern Nevada's anchored centers. Net absorption over the past quarter was 187,000 square feet for big-box, all of it thanks to the addition of the two new Winco locations. Shop space experienced negative 23,000 square feet of net absorption.

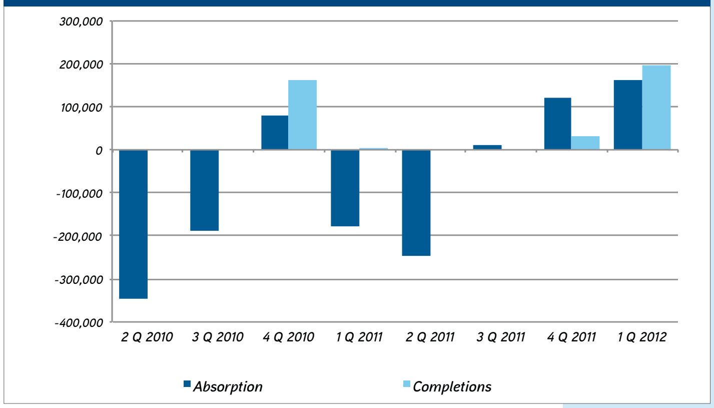
After decreasing slightly last quarter, gross absorption returned to climbing, hitting a recent high of 655,000 square feet in the first quarter of 2012. Much of this, of course, is due to the occupation of 195,000 square feet of newly completed retail anchor space; without the Winco impact on gross absorption, it would have suffered a second quarter of decline.

Unsurprisingly, most of the planned expansion by retailers in Southern Nevada is by restaurants, which are showing some impressive gains in revenue nationally, and cost conscious retailers like Winco, Savers, Dollar General and Wal-Mart Neighborhood Groceries. Planned expansions are coming from Genghis Grill, Chronic Tacos and Don TorTaco.

Distressed retail space totaled 4.21 million square feet this quarter, representing a tiny increase from the fourth quarter of 2011 and a 600,000 square foot decrease from one year ago. So far in 2012, three distressed retail properties have sold totaling 135,000 square feet at an average sales price of $47 psf. This represents about half of the retail sales so far in 2012 at a sizable discount compared to the overall average sales price of $90 psf.

The non-real estate numbers are beginning to look pretty good in Southern Nevada. Taxable sales are on the rise, along with gaming revenue, retail employment and, most importantly, leisure and hospitality employment. The retail real estate market now needs time, time for that growth to translate into increased demand for retail jobs and thus retail space in the suburbs. There are plenty of potential potholes in the economic road in 2012, so continuance of growth is by no means a sure thing, but certainly the picture is as bright as it has been in four years for the local retail market.

HISTORICAL NET ABSORPTION VS. COMPLETIONS



LEASE AND SALES ACTIVITY

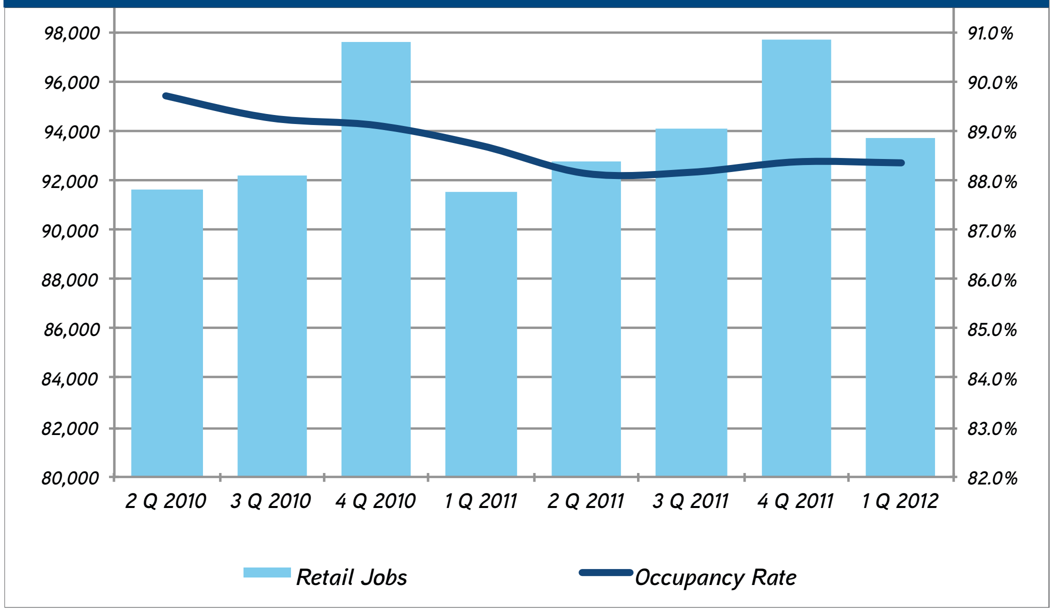
LEASE ACTIVITY

PROPERTY NAME	LEASE DATE	LEASE TERM	SIZE	LEASE RATE	TYPE
Lake Mead Plaza	Feb 2012	120 months	3,400 SF	$2.01 NNN	Neighborhood Center
4-G Plaza	Feb 2012	60 months	3,000 SF	$1.78 NNN	Community Center
Charleston Festival	Jan 2012	120 months	2,400 SF	$2.40 NNN	Neighborhood Center
Horizon Commercial Center	Feb 2012	60 months	2,200 SF	$1.39 NNN	Strip Center
Charleston Square	Feb 2012	60 months	1,300 SF	$1.42 NNN	Community Center

SALES ACTIVITY

PROPERTY NAME	SALE DATE	SALE PRICE	SIZE	PRICE/SF	TYPE
107 Las Vegas	Feb 2012	$4,100,000	19,000 SF	$219	Specialty
Sundance Plaza	Jan 2012	$3,200,000	55,000 SF	$58	Strip Center
2525 Horizon Ridge	Feb 2012	$2,300,000	26,000 SF	$88	Strip Center
Durango Elkhorn Commercial	Feb 2012	$1,900,000	20,000 SF	$94	Strip Center
Commercial Center	Jan 2012	$1,300,000	60,000 SF	$21	Community Center

OCCUPANCY VS. OFFICE EMPLOYMENT



DEMOGRAPHICS

	Population (2012 estimate)	Projected Annual Population Growth (2012-2017)	Occupied Retail Space (Q1-12)	Occupied Retail Growth (Last 12 mo.)
Downtown	111,000	-1.3%	1,082,000	-2.4%
Henderson	207,000	13.1%	7,582,000	0%
North Las Vegas	228,000	15.2%	4,371,000	-2.3%
Northeast	159,000	3.7%	2,425,000	-2.9%
Northwest	378,000	10.0%	9,573,000	0.7%
Southwest	232,000	19.9%	5,247,000	-3.7%
University East	348,000	8.1%	4,898,000	-3.3%
West Central	104,000	0.6%	3,882,000	-3.8%

SALES ACTIVITY

Single-Tenant Retail Sales	2012 (YTD)	2011	2010
Owner/User Space Sold (sf)	55,000	251,000	263,000
Owner/User Average Price/SF	$58	$290	$102
Investment Space Sold (sf)	37,000	825,000	238,000
Investment Average Price/SF	$195	$213	$180

SALES ACTIVITY

Shopping Center Retail Sales	2012 (YTD)	2011	2010
Investment Space Sold (sf)	173,000	2,393,000	206,000
Investment Average Price/SF	$65	$107	$67

MARKET COMPARISONS

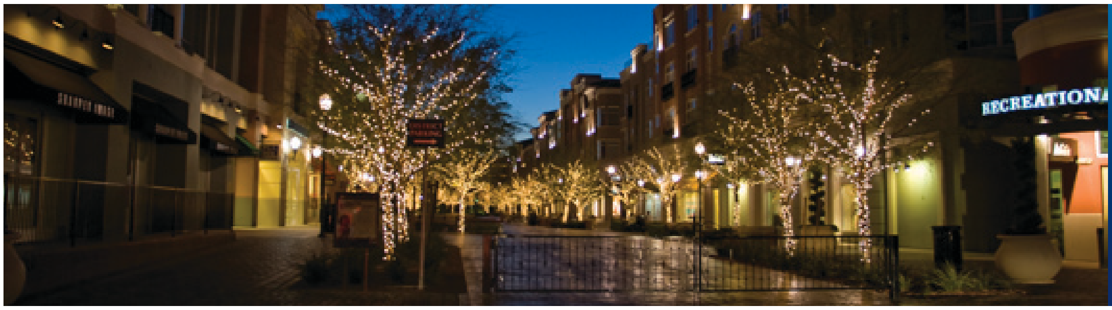
RETAIL MARKET

TYPE	BLDGS	TOTAL INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	SUBLEASE VACANT SF	SUBLEASE VACANCY RATE	TOTAL VACANT SF	VACANCY RATE CURRENT QUARTER	VACANCY RATE PRIOR QUARTER	NET ABSORPTION CURRENT QTR SF	NET ABSORPTION YTD SF	COMPLETIONS CURRENT QTR SF	COMPLETIONS YTD SF	UNDER CONSTRUCTION SF	PLANNED CONSTRUCTION SF	WEIGHTED AVG ASKING RENTAL RATE
DOWNTOWN SUBMARKET																
PC	-	-	-	n/a	-	n/a	-	n/a	n/a	-	-	-	-	-	-	$-
CC	5	684,340	84,035	12.3%	-	0.0%	84,035	12.3%	11.5%	(5,000)	(5,000)	-	-	-	-	$1.19
NC	5	518,070	36,436	7.0%	-	0.0%	36,436	7.0%	7.0%	-	-	-	-	-	-	$0.36
Total	10	1,202,410	120,471	10.0%	-	0.0%	120,471	10.0%	9.6%	(5,000)	(5,000)	-	-	-	-	$0.94
HENDERSON SUBMARKET																
PC	8	2,896,215	357,296	12.3%	-	0.0%	357,296	12.3%	12.4%	1,191	1,191	-	-	-	-	$1.45
CC	20	2,864,154	383,728	13.4%	-	0.0%	383,728	13.4%	11.7%	(49,376)	(49,376)	-	-	-	139,407	$1.37
NC	26	2,892,088	329,707	11.4%	57,628	2.0%	387,335	13.4%	15.2%	130,834	130,834	95,000	95,000	-	-	$1.50
Total	54	8,652,457	1,070,731	12.4%	57,628	0.7%	1,128,359	13.0%	13.1%	82,649	82,649	95,000	95,000	-	139,407	$1.44
NORTH LAS VEGAS SUBMARKET																
PC	2	832,000	107,283	12.9%	-	0.0%	107,283	12.9%	12.9%	-	-	-	-	-	-	$2.05
CC	12	2,253,539	245,023	10.9%	-	0.0%	245,023	10.9%	11.2%	7,350	7,350	-	-	-	-	$1.19
NC	16	1,832,468	194,877	10.6%	-	0.0%	194,877	10.6%	11.0%	6,337	6,337	-	-	-	-	$1.57
Total	30	4,918,007	547,183	11.1%	-	0.0%	547,183	11.1%	11.4%	13,687	13,687	-	-	-	-	$1.49
NORTHEAST SUBMARKET																
PC	-	-	-	n/a	-	n/a	-	n/a	n/a	-	-	-	-	-	-	$-
CC	8	1,398,026	97,742	7.0%	18,614	1.3%	116,356	8.3%	9.0%	8,786	8,786	-	-	-	-	$1.14
NC	15	1,306,795	182,036	13.9%	58,742	4.5%	240,778	18.4%	21.8%	43,619	43,619	-	-	-	-	$1.37
Total	23	2,704,821	279,778	10.3%	77,356	2.9%	357,134	13.2%	15.1%	52,405	52,405	-	-	-	-	$1.29
NORTHWEST SUBMARKET																
PC	7	2,840,846	156,449	n/a	-	n/a	156,449	5.5%	5.6%	3,576	3,576	-	-	-	-	$1.74
CC	18	3,970,890	232,216	5.8%	-	0.0%	232,216	5.8%	5.9%	95,030	95,030	100,000	100,000	-	160,000	$1.73
NC	31	3,705,508	555,167	15.0%	76,771	2.1%	631,938	17.1%	19.0%	43,215	43,215	-	-	-	-	$1.27
Total	56	10,517,244	943,832	9.0%	76,771	0.7%	1,020,603	9.7%	10.5%	141,821	141,821	100,000	100,000	-	160,000	$1.46
SOUTHWEST SUBMARKET																
PC	1	944,314	30,908	3.3%	-	0.0%	30,908	3.3%	3.3%	-	-	-	-	-	-	$3.00
CC	9	3,216,421	257,070	8.0%	-	0.0%	257,070	8.0%	7.7%	(10,755)	(10,755)	-	-	-	-	$1.83
NC	13	1,623,100	249,154	15.4%	-	0.0%	249,154	15.4%	15.8%	7,533	7,533	-	-	-	-	$1.39
Total	23	5,783,835	537,132	9.3%	-	0.0%	537,132	9.3%	9.2%	(3,222)	(3,222)	-	-	-	-	$1.69
UNIVERSITY EAST SUBMARKET																
PC	3	1,210,223	286,860	23.7%	-	0.0%	286,860	23.7%	24.4%	8,450	8,450	-	-	-	-	$1.54
CC	18	2,729,409	515,394	18.9%	-	0.0%	515,394	18.9%	13.2%	(155,453)	(155,453)	-	-	-	-	$1.11
NC	17	1,953,965	193,171	9.9%	20,389	1.0%	213,560	10.9%	10.9%	-	-	-	-	-	-	$1.38
Total	38	5,893,597	995,425	16.9%	20,389	0.3%	1,015,814	17.2%	14.7%	(147,003)	(147,003)	-	-	-	-	$1.29
WEST CENTRAL SUBMARKET																
PC	3	1,138,224	164,906	14.5%	-	0.0%	164,906	14.5%	12.1%	(27,446)	(27,446)	-	-	-	-	$1.15
CC	14	1,650,769	284,008	17.2%	-	0.0%	284,008	17.2%	20.2%	49,122	49,122	-	-	-	-	$0.98
NC	17	1,746,530	204,481	11.7%	1,700	0.1%	206,181	11.8%	12.2%	6,584	6,584	-	-	-	-	$1.11
Total	34	4,535,523	653,395	14.4%	1,700	0.0%	655,095	14.4%	15.1%	28,260	28,260	-	-	-	-	$1.06
MARKET TOTAL																
PC	24	9,861,822	1,103,702	11.2%	-	0.0%	1,103,702	11.2%	11.0%	(14,229)	(14,229)	-	-	-	-	$1.57
CC	104	18,767,548	2,099,216	11.2%	18,614	0.1%	2,117,830	11.3%	10.5%	(60,296)	(60,296)	100,000	100,000	-	299,407	$1.31
NC	140	15,578,524	1,945,029	12.5%	215,230	1.4%	2,160,259	13.9%	15.1%	238,122	238,122	95,000	95,000	-	-	$1.34
Total	268	44,207,894	5,147,947	11.6%	233,844	0.5%	5,381,791	12.2%	12.2%	163,597	163,597	195,000	195,000	-	299,407	$1.38

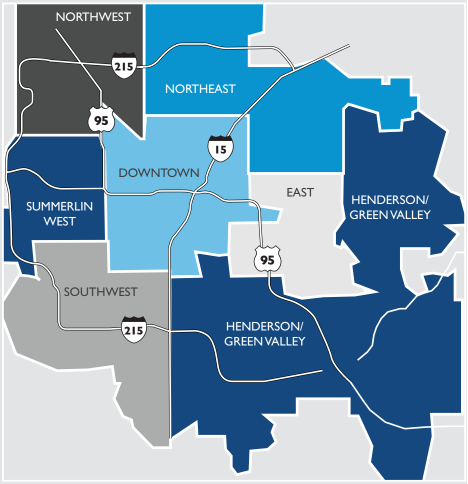
QUARTERLY COMPARISON AND TOTALS

Q1-12	268	44,207,894	5,147,947	11.6%	233,844	0.5%	5,381,791	12.2%	12.2%	163,597	163,597	195,000	195,000	-	299,407	$1.38
Q4-11	267	44,012,894	5,116,544	11.6%	264,554	0.6%	5,381,098	12.2%	12.4%	119,287	(294,658)	30,500	33,411	195,000	299,407	$1.38
Q3-11	267	43,982,394	5,205,331	11.8%	263,739	0.6%	5,469,070	12.4%	12.5%	11,735	(413,945)	0	2,911	198,478	326,429	$1.41
Q2-11	267	43,982,394	5,217,066	11.9%	272,161	0.6%	5,489,227	12.5%	11.9%	(247,913)	(425,680)	0	2,911	-	494,407	$1.47
Q1-11	267	43,982,394	4,969,153	11.3%	268,973	0.6%	5,238,126	11.9%	11.5%	(177,767)	(177,767)	2,911	2,911	-	650,072	$1.56
Q4-10	267	43,979,483	4,788,475	10.9%	267,784	0.6%	5,056,259	11.5%	11.4%	78,789	(654,383)	160,429	160,429	-	657,422	$1.54

PC = Power Center   CC = Community Center   NC = Neighborhood Center



Multi-family Market Review



According to statistics provided by RealFacts, multi-family vacancy in Southern Nevada edged up in the first quarter of 2012. Vacancy increased to 7.5 percent, an increase of 0.6 points from the fourth quarter of 2011. Class A properties fared better than Class B properties, posting a 0.2 point decline in vacancy compared to a 0.9 point increase in vacancy for Class B. Most submarkets were weak, posting increases in vacancy, but the Northeast and Northwest submarkets saw vacancy rates decline. Asking rents were down for 1 bedroom apartments, while rents increased slightly for 2 and 3 bedroom apartments. The overall average rent has been on the decline for the past four quarters, reaching $876 per unit in the fourth quarter of 2011, down $15 from the first quarter of 2011.

Class A multi-family continued to have the highest vacancy rate (8.2 percent) among classes in Southern Nevada, possibly from a combination of high-end renters cycling back into single family residences and others moving into Class B properties, which continued to have the lowest vacancy at 7.2 percent.

Over the past twelve months, Southern Nevada added 5,900 new jobs net, with most new jobs being in the leisure and hospitality sector. The big job losers these past twelve months have been construction, financial activities, professional & business services (which had been trending up) and government (primarily state and local). Unemployment in the Las Vegas-Paradise MSA stood at 13.1 percent as of January 2012. The hope now is that the 10,000 jobs added in the leisure and hospitality sector over the past twelve months will stimulate job growth in other employment sectors in 2012. UNLV's Center for Business & Economic Research is now predicting 1.4 percent employment growth in 2012.

If employment is not growing as quickly as we would like, the population of Southern Nevada does appear to be growing. The monthly driver's license count increased by 14.1 percent between February 2011 and February 2012 and the residential electric meter count was up by 1.8 percent over the same period. Much of Southern Nevada's past success hinged upon a rapidly growing population, and while current growth does not match that seen pre-recession, it has bounced back from the low levels seen during the recession. While investors are once again snapping up single-family homes, at least those in good condition and in good neighborhoods, to use as rental properties, a growing population still means growing demand for multi-family. If construction does not pick up soon, and there are some signs that it might, Southern Nevada could be looking at a shortage of multi-family within the next twenty-four months.

According to Real Capital Analytics, there are 13,577 units in distressed multi-family projects in Southern Nevada in the first quarter of 2012, a slight increase from the fourth quarter of 2011. The distressed category includes properties that have received a notice of default, as well as troubled properties and those that are in some stage of the foreclosure process. Over the past twelve months, distressed multi-family projects consisting of 7,132 units have been resolved and another 544 units have had their loans extended or restructured. Distressed properties that were resolved had an average occupancy rate of 88 percent.

Multi-family sales have been slow so far in 2012, with only 337 units being sold. The sale of 2,195 units in nine projects is pending. The pace of investment sales have slowed down in almost all types of commercial real estate, suggesting that investors are becoming pickier, sellers are becoming more reluctant to lower their asking prices, folks are taking a wait-and-see attitude due to the coming November elections, or perhaps all three of those factors are at work.

Class A properties are doing good business at the moment, and investors, who want low prices, are finding sellers unwilling to sell. The more affordable Class B multi-family projects are where the action is in terms of investments. Class C properties, many of which are functionally obsolete in terms of floor plans and amenities, are struggling to hold tenants due to the availability of cheaper, better units in Class B multi-family and single-family home rentals. Class B appears to be well positioned – high demand by tenants combined with prices that investors are willing to pay.

Floor plans are setting the dividing line between properties that are functional and functionally obsolete. Older properties that rely on the 2 bed/1 bath plan are losing favor with tenants, who want roomier apartments and more amenities, such as washer/dryer hook-ups. As this trend picks up speed, we may begin to see redevelopment of old, Class C properties, especially around the city's core. Tenants are also showing a desire to move closer to the city's core to be near employment. Both of these trends may converge in the rebirth of downtown Las Vegas. Tony Hsieh's investment group has already purchased an old Motel 6 with plans to demolish it and build multi-family-style housing for young entrepreneurs.

Multi-family investors are primarily concerned with yield, and the kind of yields they desire are becoming scarce in top tier markets. Southern Nevada appears to be the last major market to recover, and investors are now investigating the multi-family product it has to offer.

We still believe that the Downtown submarket will be the story of 2012 and maybe beyond. Large amounts of money and jobs are poised to enter that submarket, and may create a rush on land and obsolete multi-family projects in the area to support redevelopment. Whether Downtown is going to lead Las Vegas to recovery, or just lead Las Vegas until there is a recovery is unknown.

MULTI-FAMILY DATA

	2012 EST. HOUSEHOLDS	RENTER OCCUPIED	MEDIAN HOUSEHOLD INCOME	AVERAGE HOUSE-HOLD SIZE	PROJECT ANNUAL-GROWTH RENTAL HOUSEHOLDS (2011-2016
Downtown	141,000	63%	$38,000	2.8	-162
East	75,000	43%	$47,000	2.8	109
Henderson/Green Valley	166,000	39%	$62,000	2.6	621
Northeast	68,000	42%	$53,000	3.0	353
Northwest	59,000	14%	$74,000	2.9	117
Southwest	77,000	33%	$63,000	2.6	337
Summerlin West	73,000	40%	$62,000	2.5	149
Source: Claritas					

HISTORICAL MULTI-FAMILY DATA

	2012 YTD	2011	2010	2009	2008
Projects Sold	2	30	17	6	23
Units Sold	337	7,399	2,996	822	3,991
Average Price/Unit	$16,600	$51,700	$42,500	$66,900	$85,300
Cap Rate	12.8%	8.0%	7.9%	6.6%	5.9%

Source: Real Capital Analytics

Hotel Market Review

Hotel occupancy in Clark County stood at 82.2 percent in January 2012 (the most recent month of data available from the Las Vegas Convention and Visitors Authority), a 0.4 percent increase over January 2011 and hopefully the beginning of a year of sustained recovery for the Valley's most important industry. Clark County's ADR (average daily rate) stood at $113.82 in January 2012, a 5.8 percent increase over one year ago, when the ADR stood at $107.22.

"This improved performance of hospitality is, in turn, translating into an improved economy for Southern Nevada. Hospitality employment was on the rise in 2011, hitting 263,100 jobs in November 2011, an annual increase of 9.8 percent, and the most hospitality jobs in Southern Nevada since 2007."

2011 was a year of recovery for the Leisure & Hospitality sector, and 2012 is off to a good start as well. Visitor volume in Clark County in January 2012 was 3,155,000 visitors. This represented a slight increase over January 2011's 3,126,000 visitors. Convention attendance was down by about 100,000 attendees from January 2011, to January 2012, but McCarran's passenger count increased by 10,000 passengers.

Most importantly, gaming revenue posted a $164 MM increase in January 2012 over January 2011 in Clark County as a whole, with a $141 MM increase on the Las Vegas "Strip" alone. Some of this can be attributed to Chinese New Year celebrations, which highlights how important China and East Asia are to Southern Nevada's tourism industry. RevPAR (revenue per available room) grew by 13.7 percent from 2010 to 2011, and has posted 0.1 percent growth from December 2011 to January 2012.

Hospitality is the primary entry point for revenue flowing into Nevada, and growth in the hospitality industry is the key to the recovery of Southern Nevada's economy. Between January 2011 and January 2012, the Leisure and Hospitality sector added 10,500 jobs, a stark reversal from the early days of the recession. Recent performance has been so good that local resort owners are again considering expansion. In 2011, 3,496 new rooms were completed in Southern Nevada, with another 2,231 rooms at the Sahara Hotel and Gold Strike Hotel closing. So far, 640 new rooms are slated to be completed in mid- to late 2012, relieving existing owners from the threat of more competition and giving them a chance to consolidate recent gains.

Perhaps most important to this rebirth of Las Vegas is the repositioning of the gaming corporations headquartered here as national and global players. Las Vegas' gaming giants have already expanded into the lucrative China market and are eying expansion into other states, including Massachusetts and Florida. As gaming continues to grow as an industry, Las Vegas may reap the rewards.

The last wave of hospitality sales in Las Vegas was in the pre-recession days of 2007. While sales in 2011 did not surpass the number of rooms sold in 2010, when almost 9,000 units were sold, the price per room rebounded to pre-recession levels. Hospitality owners in Las Vegas are in a much stronger financial position now than in the dark days of the recession, and are finding less reason to sell. Sales volume so far in 2012 has been weak, with only 147 units selling at an average price per room of $35,374.

HOSPITALITY SALES*

YEAR	VOLUME	UNITS SOLD	PRICE/UNIT
2012 YTD	$5 MM	147	$35,000
2011	$1,553 MM	3,804	$408,000
2010	$858 MM	8,883	$97,000
2009	$1,226 MM	4,913	$249,000
2008	$86 MM	889	$97,000
2007	$2,199 M	4,452	$495,000

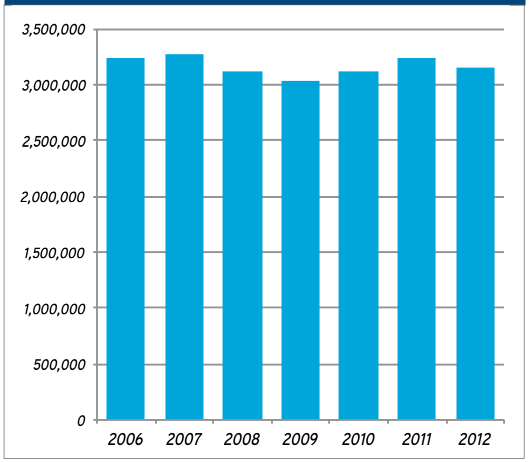
** Includes properties with 100 or more rooms*

There are no certainties in the world, and the global economy, recent signs of recovery aside, is fraught with peril. Southern Nevada is not insulated from the global economy; in fact, it is more and more an active participant in it, drawing people from all over the world and establishing new "colonies" of resort gaming in Asia to reap the rewards of those expanding economies. Despite its participation in the global economy, Southern Nevada has no control over it or the national economy, and will have to take the cards as they are dealt. At the moment, recovery of the hospitality sector is underway and may even be picking up steam. This has not translated into increased hospitality sales in the first quarter of 2012, but certainly it puts properties in a better position for sales as the year proceeds.

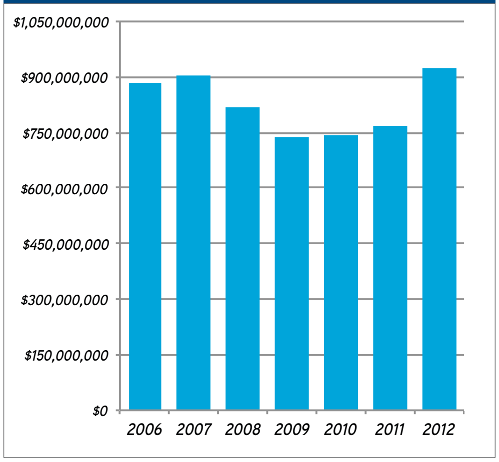
MARKET HEALTH (MONTHLY)

MONTHLY AVERAGE	2012	2011	2010
Visitor Volume	3,155,000	2,745,000	2,698,000
Hotel Occupancy	82.2%	88.5%	84.7%
ADR	$113.82	$105.58	$95.27
RevPAR	$93.56	$93.44	$80.65
Convention Attendance	539,000	361,000	329,000
Passengers McCarran Int'l	3,176,000	2,913,000	2,790,000
Gaming Revenue (CC)	$925 MM	$771 MM	$746 MM
Gaming Revenue ("Strip")	$624 MM	$506 MM	$482 MM

VISITOR VOLUME (MONTHLY AVERAGE)



GAMING REVENUE (MONTHLY AVERAGE)



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