

OFFICE

ACTUALS



Vacancy



Absorption



Completions



Rents

FORECAST



Vacancy



Absorption



Completions



Rents

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APARTMENT

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Occupancy



Rents



Population



Employment

FORECAST



Occupancy



Rents



Population



Employment

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Absorption



Completions



Rents

FORECAST



Vacancy



Absorption



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Economic Highlights

SOUTHERN NEVADA continued to be a tale of two markets during the fourth quarter of 2007, with the for-sale residential sector reporting continued weakening and the non-residential sector continuing to press forward. Although the number of commercial permits issued was down 1.8 percent on the year, the value of projects permitted was up an impressive 55.2 percent during 2007.

In total 1,368 commercial projects totaling \$2.5 billion in value were permitted, making 2007 the largest commercial construction year in the region's history.

In the for-sale residential market, conditions continued to erode during 2007 while supply levels remained elevated. Additionally, sales activity declined while the rate of foreclosures reached all-time highs. The current swell of over 25,000 homes on the resale market has signaled to potential buyers the market may be poised for further price cutting, moving many to the sidelines. This condition has slowed market demand, while homeowners with high leverage are unable to refinance or find value in their homes. We expect this trend to persist for another 12 months, while non-residential sectors will put upward pressure on demand, which should move the market in a positive direction.

The slowdown in the for-sale housing sector has impacted consumer spending patterns as taxable retail sales figures are off the levels reported just one year ago. It is

clear that consumers are maintaining a more cautious approach to their spending, whether by necessity or choice, consumption is down. Key areas impacted by the latest slowdown include the important eating and drinking places and automobile sales that point to more conservative spending on small- and large-ticket items. It is clear that consumers and buyers are taking a "wait and see" approach to their spending and investments.

The Las Vegas economy has managed to remain resourceful and resilient through national, regional and local economic downturns. Recessionary periods during the early 1990s, post-September 11, 2001 and other declines have been relatively short-lived as record-setting levels of population and employment growth have pressed the market forward through difficult times. Additional measures, including the latest Federal Reserve interest rate cuts and proposed economic stimulus packages should bolster additional expansion.

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ECONOMIC HIGHLIGHTS

	4Q2007	3Q2007	4Q2006
Total Employment	945,400	931,700	935,300
Industrial-using Employment	194,100	198,000	196,200
Office-using Employment	345,700	331,900	338,500
Retail-using Employment	178,800	174,900	174,300
Unemployment Rate	5.3%	5.0%	4.1%
30-year Fixed Mortgage	6.1%	6.4%	6.2%
Fed. Funds Interest Rate	4.25%	4.75%	5.25%
Med. New Home Price	\$271,200	\$340,800	\$340,000
Med. Exist. Home Price	\$257,000	\$275,000	\$287,000
Drivers' License Counts	17,000	20,300	20,400
Electric Connections, net	1,000	4,000	3,500

Office Report

Vacancies to Remain Elevated in 2008

THE LAS VEGAS Valley office market maintained a stable balance between new supply and demand during the final quarter of 2007. Completions totaled 508,000 square feet, while net absorption was 470,000 square feet. During the year, the market welcomed 3.4 million square feet and reported market demand of 2.4 million square feet, resulting in a year-end vacancy rate of 12.4 percent. Availability remains above historical averages and will likely stay elevated through the next several quarters. Compared to the same quarter of the prior year, vacancies are up 1.6 points from 10.8 percent; vacancies 24 months prior were hovering at 8.4 percent.

Completions during the final quarter of 2007 were primarily located in the southwest, south and northwest portions of the valley. Substantially all space completed during the quarter was comprised of Class B buildings, which was in sharp contrast to the large amount of Class A product that entered the market in the preceding quarter. The southwest and south submarkets represented a combined 72 percent of all space entering the market. Notable project completions during the fourth quarter included space in the Beltway Corporate Center on Eastern Avenue, space in the Beltway Business Park in the southwest, buildings in Durango Village and various other projects. Looking forward, the office market inventory of 44.7 million square feet is expected to expand as another 4.2 million square feet is currently under construction and likely to enter the market over the next 12 months. At year-end, an additional 7.4 million square feet remains on the drawing board in the form of planned projects. TBG

RENTAL PERFORMANCE

BY THE CLOSE of 2007, average asking rents dipped slightly as vacancies remained elevated relative to their historical trends. Valley-wide asking rents averaged \$2.33 per square foot per month. Rates represented a modest decrease compared to the preceding quarter, which averaged \$2.36 per square foot. Compared to the same quarter of the prior year, average asking rents increased by a negligible 1.7 percent from \$2.29 per square foot.

By building class, average rents reached \$2.79 per square foot for Class A properties, with the downtown and central

portions of the valley reporting the largest premiums due to selected buildings being recently completed and/or vacancies concentrated in mid- to high-rise buildings. Class B buildings reported average rents of \$2.31 per square foot, in line with the valley-wide average as this segment represents nearly 73 percent of the market. Pricing premiums for Class B product was reported in the northwest, downtown, southwest, and south submarkets. Class C product averaged \$1.82 per square foot, with more mature portions of the market reporting below-average pricing. TBG

MARKET OUTLOOK

LOOKING OUT on the horizon, the Las Vegas office market is likely to experience volatility in the near-term, although longer-run projections look brighter. The latest monthly employment report witnessed the first decline in the professional and business services sector since the six-month period following the events of September 11, 2001. The preceding decline within the sector dates back to 1992. This factor, compounded with the current swell of construction activity and availability in existing product, will require longer lease-up periods and increased concessions in selected areas.

Tenant improvement allowances on newly-constructed product will be a key pricing factor for many potential tenants and landlords. Typical build-outs have been running in excess of

the \$40 to \$55 per square foot allowances currently being offered. With excess availability in many areas, second-generation space may make financial decisions easier for tenants looking to move or expand their operations. Beyond 2009, population and employment growth projections will likely result in increasing demand for office space causing a more balanced environment to prevail. TBG

LAS VEGAS OFFICE MAP

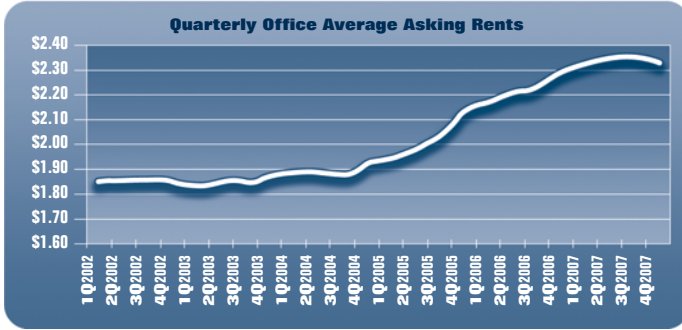
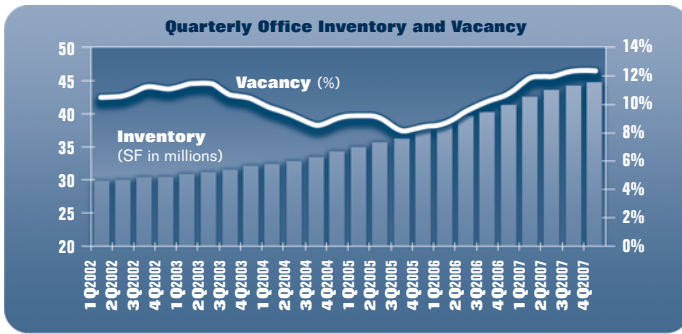


MARKET IN BRIEF • Q4 2007	4Q2007	3Q2007	4Q2006
Office Inventory (SF)	44,682,000	44,174,000	41,246,000
Under Construction (SF)	4,233,000	3,383,000	3,523,000
Vacancy Rate	12.4%	12.4%	10.8%
Pricing (PSF)	\$2.33	\$2.36	\$2.29
Net Absorption (SF)	470,000	490,000	792,000

CONSTRUCTION ACTIVITY

SELECTED BUILDINGS	Q4 2007		
UNDER CONSTRUCTION	Type	Submarket	Total Sq. Ft
Town Square	Professional	South	352,000
Rainbow Sunset Pavilion-Bldg. B	Professional	Southwest	228,861
Montecito Point	Professional	Northwest	186,300
Eastgate Plaza II	Professional	Southeast	144,319
Green Valley Corporate Center	Professional	Southeast	134,400
Centennial Hills Medical	Medical	Northwest	100,000





PERFORMANCE BY PRODUCT TYPE

REPRESENTING nearly 19 percent of the total office market, Class A product was comprised of 84 buildings with 8.3 million square feet. These high-end properties reported an average vacancy rate of 7.6 percent as the market demanded 67,800 square feet of space and no new product came on-line. At the close of 2007, a total of 1.6 million square feet was under construction and another 2.9 million square feet is proposed for future development.

The sector reported the bulk of project completions with 508,000 square feet coming on-line, while an estimated 366,700 square feet was demanded (absorbed). A sizable share of space remains in the pipeline with 2.7 million square feet under construction and speculative plans for another 4.5 million square feet remain on the horizon.

Class C space represented 8.2 percent of space, or 3.7 million square feet. Net absorption was a positive 35,900 square feet resulting in a 10.0-percent vacancy rate. **T.B.G.**

THE BENTLEY GROUP OFFICE REPORT Q4 2007

Submarket	1	2	3	4	5	6	7	8	9	★
	Northwest	Downtown	Central E.	West	Southwest	South	Southeast	Central N.	North	Total Market
Total Office Market										
Number of Existing Properties	235	73	177	284	299	459	102	33	82	1,744
Total Rentable Square Feet	6,737,013	3,492,659	6,965,187	6,820,785	6,787,593	9,045,097	1,900,762	1,464,345	1,468,223	44,681,664
Vacant Square Feet	741,166	164,409	855,031	608,691	1,176,321	1,286,201	310,701	99,162	279,613	5,521,295
Percent Vacant	11.0%	4.7%	12.3%	8.9%	17.3%	14.2%	16.3%	6.8%	19.0%	12.4%
New Inventory (SF)	86,248	0	0	0	209,038	156,286	0	0	56,404	507,976
Net Absorption (SF)	77,076	4,856	50,326	[48,396]	122,892	217,247	[25,375]	15,156	56,554	470,336
Average Lease Rate (FSG)	\$2.37	\$2.74	\$1.95	\$2.26	\$2.43	\$2.49	\$2.27	\$2.13	\$2.26	\$2.33
Under Construction (SF)	851,401	5,700	0	0	1,986,542	1,190,444	156,187	0	42,454	4,232,728
Planned Construction (SF)	445,572	0	39,963	839,250	2,331,665	2,558,141	748,369	0	398,304	7,361,264
Class "A" Office Properties										
Number of Existing Properties	22	9	13	7	10	19	2	1	1	84
Total Rentable Square Feet	1,675,109	1,779,087	1,491,632	975,077	614,648	1,305,897	181,989	220,000	45,376	8,288,815
Vacant Square Feet	164,648	51,648	42,191	46,616	127,601	148,171	24,993	0	22,711	628,579
Percent Vacant	9.8%	2.9%	2.8%	4.8%	20.8%	11.3%	13.7%	0.0%	50.1%	7.6%
New Inventory (SF)	0	0	0	0	0	0	0	0	0	0
Net Absorption (SF)	7,294	[186]	34,822	[6,623]	20,457	16,045	0	0	[4,057]	67,752
Average Lease Rate (FSG)	\$2.48	\$3.20	\$3.34	\$2.89	\$2.71	\$3.00	\$2.45	\$0.00	\$2.40	\$2.79
Under Construction (SF)	186,300	0	0	0	576,021	666,881	144,319	0	0	1,573,521
Planned Construction (SF)	120,000	0	39,963	391,960	594,812	1,496,726	210,000	0	0	2,853,461
Class "B" Office Properties										
Number of Existing Properties	206	41	111	241	269	423	90	23	76	1,480
Total Rentable Square Feet	4,928,773	1,115,974	4,129,088	5,260,682	5,838,162	7,599,488	1,627,433	876,290	1,331,231	32,707,121
Vacant Square Feet	566,150	99,211	624,316	508,340	1,015,547	1,120,164	280,121	78,643	230,771	4,523,263
Percent Vacant	11.5%	8.9%	15.1%	9.7%	17.4%	14.7%	17.2%	9.0%	17.3%	13.8%
New Inventory (SF)	86,248	0	0	0	209,038	156,286	0	0	56,404	507,976
Net Absorption (SF)	61,455	5,042	[1,483]	[40,340]	100,598	205,028	[26,225]	1,986	60,611	366,672
Average Lease Rate (FSG)	\$2.34	\$2.57	\$1.92	\$2.25	\$2.41	\$2.44	\$2.26	\$2.15	\$2.30	\$2.31
Under Construction (SF)	665,101	5,700	0	0	1,410,521	523,563	11,868	0	42,454	2,659,207
Planned Construction (SF)	325,572	0	0	447,290	1,736,853	1,061,415	538,369	0	398,304	4,507,803
Class "C" Office Properties										
Number of Existing Properties	7	23	53	36	20	17	10	9	5	180
Total Rentable Square Feet	133,131	597,598	1,344,467	585,026	334,783	139,712	91,340	368,055	91,616	3,685,728
Vacant Square Feet	10,368	13,550	188,524	53,735	33,173	17,866	5,587	20,519	26,131	369,453
Percent Vacant	7.8%	2.3%	14.0%	9.2%	9.9%	12.8%	6.1%	5.6%	28.5%	10.0%
New Inventory (SF)	0	0	0	0	0	0	0	0	0	0
Net Absorption (SF)	8,327	0	16,987	[1,433]	1,837	[3,826]	850	13,170	0	35,912
Average Lease Rate (FSG)	\$1.83	\$2.26	\$1.76	\$1.76	\$1.95	\$1.94	\$1.81	\$2.04	\$1.75	\$1.82
Under Construction (SF)	0	0	0	0	0	0	0	0	0	0
Planned Construction (SF)	0	0	0	0	0	0	0	0	0	0

Apartment Report

Positive Rent Growth Despite Supply Increases

BY THE CLOSE of the fourth quarter of 2007, the Las Vegas apartment market continued to be impacted by several factors. Economic conditions in southern Nevada have slowed as consumer spending has fallen, rental options in individually-owned units persist and employment growth remains below average. While these conditions are impacting fundamentals in the apartment sector, average asking rents continue to report increases. The current economic climate is expected to be relatively short-lived with improvements expected during the next 18 to 36 months.

Average asking rents as of year-end reached \$889 per unit per month, which represented a 2.8-percent increase over the same period of the prior year. Rents at the close of 2006 year were \$864 per unit per month. With units averaging 897 square feet in size, per-square-foot rents closed the year at \$0.99 per month valley-wide. Occupancies continued to decrease reaching an average of 92.3 percent. The latest demand indicator was down from 93.5 percent in the preceding quarter (Q3 2007) and down from 95.4 percent in the prior year (Q4 2006). The latest declines are attributable to additional apartment construction, the effects of the shadow rental market in individually-owned homes and conversion of some apartment communities back to rental product. Despite the softer-than-average occupancies, rents continued to increase. TBG

SELECTED APARTMENT TRANSACTIONS Q4 2007			
Property Name	No. Units	Price (millions)	Price Per Unit
San Croix	352	\$58.0	\$164,800
Martinique Bay	256	\$31.9	\$124,600
The Crossing at Green Valley	384	\$43.5	\$113,300
Emerald Suites Tropicana	225	\$20.3	\$90,000
Coliseum Villas	185	\$13.8	\$74,300

MARKET OUTLOOK

WHILE CURRENT conditions remain somewhat challenging, the apartment sector is expected to experience the largest shortage during the next several years. By the close of 2008, we expect the apartment market to report signals that a more balanced environment has prevailed. More dramatic demand is possible starting in 2009, as a number of large employers are expected to enter the market, while the diversification will also continue. Market performances ultimately depend on the

performance of land prices, construction costs, financial markets and other factors. While it is likely that developers will respond to any anticipated supply shortage, we anticipate average annual demand far exceed historical trends as home ownership remains out of reach for many. The performance within the resale residential sector will continue to impact apartment demand, and a supply-constrained environment is reasonably possible during the next several years. TBG

SALES PERFORMANCE

ACQUISITIONS of apartment communities slowed during 2007 as lending requirements tightened and uncertainty in the national and local housing market caused some concern for investors. During the final quarter of 2007, the market witnessed seven sales comprising nearly 1,900 units, bringing the annual tally of sales for the year to 10,700. Units sold during the fourth quarter of 2007 averaged \$120,400 per door, while the market averaged \$109,100 per unit during all of 2007. Fundamentals within the sector remain healthy, despite a tightening within the financial markets. The latest sales volumes are likely more impacted by access to low-

cost capital versus concerns about the market's projected performance. One key indicator worth considering is the fact the price per door on properties sold has remained stable and reported increases in selected segments. TBG

LAS VEGAS APARTMENT MAP



MARKET IN BRIEF • Q4 2007

	4Q2007	3Q2007	4Q2006
Average Rent per Unit	\$889	\$883	\$864
Average Rent per SF	\$0.99	\$0.99	\$0.96
Annual Rent Growth	2.8%	2.6%	4.6%
Average Occupancy	92.3%	93.5%	95.4%

PERFORMANCE BY PRODUCT CLASS

CLASS A properties represented approximately one-fifth of total market inventory and reported above-average annual rent growth of 3.3 percent reaching \$1,040 per unit per month during the final quarter of 2007. With units averaging 991 square feet, rents averaged \$1.05 per square foot, up from \$0.99 in the prior year. With higher rental rates, occupancies suffered as the valley-wide average for Class A communities fell to 92.0 percent from 95.0 percent one year ago.

Class B communities represented the largest segment of the market and posted below-average rent growth. Average asking rents reached \$914 per unit per month, up 2.6 percent from the \$891 per

unit reported in the prior year. Per square foot, rents reached \$1.00 per month, up from \$0.97 per square foot during the final quarter of 2006. Occupancies dipped to 92.3 percent at year-end from 95.6 percent one year prior. Concessions at selected communities have been reported in response to single-family rental units available in the market.

Class C communities posted a modest rent growth of 1.7 percent from the prior year as rents reached \$758 per unit per month. Per-square-foot pricing was up from \$0.90 in the prior year to \$0.93 during the fourth quarter. Occupancies in Class C communities fell to 92.5 percent from 95.4 percent in the prior year. TBG

MARKET PERFORMANCE MEASURES

Q4 2007 VS. Q4 2006

	Average SF/Unit	Q4 2007			Q4 2006			Rental Rate Growth
		Average Rent/Unit	Average Rent/SF	Occupancy Rate (%)	Average Rent/Unit	Average Rent/SF	Occupancy Rate (%)	
BY SUBMARKET								
① Northwest	925	893	0.97	91.6%	857	0.92	93.8%	4.2%
② North	903	899	1.00	87.3%	851	0.96	96.1%	5.6%
③ Northeast	855	773	0.90	91.3%	773	0.89	94.2%	0.0%
④ West	905	896	0.99	93.0%	862	0.95	96.8%	3.9%
⑤ Central/East	822	814	0.99	91.4%	813	0.97	95.3%	0.1%
⑥ Southwest	992	1,013	1.02	94.7%	974	0.98	96.0%	4.0%
⑦ South	894	891	1.00	93.9%	872	0.97	95.8%	2.2%
⑧ Southeast	952	994	1.04	93.1%	969	1.01	94.3%	2.6%
BY CLASS								
Class A	991	1,040	1.05	92.0%	1,007	0.99	95.0%	3.3%
Class B	916	914	1.00	92.3%	891	0.97	95.6%	2.6%
Class C	812	758	0.93	92.5%	745	0.90	95.4%	1.7%
Market Totals/Averages:	897	\$889	\$0.99	92.3%	\$864	\$0.96	95.4%	2.8%

PERFORMANCE BY SUBMARKET

① The Northwest submarket posted above-average rent growth of 4.2 percent as asking rents reached \$893 per unit, up from \$857 in the prior year. Occupancy levels dropped to 91.6 percent from 93.8 percent in the prior year.

② The North portion of the valley continued to suffer from a number of individually-owned rental units in the area. While rents expanded by a market-leading 5.6 percent to \$899 per unit per month, occupancy levels reported downward movement. Average occupancies in the North submarket were 87.3 percent, which was down from 96.1 percent in the prior year. It is worth noting that new projects in the area pulled average asking rents up and put some downward pressure on the overall occupancy rate.

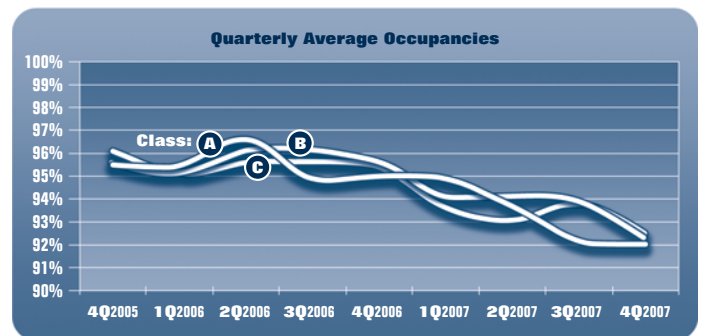
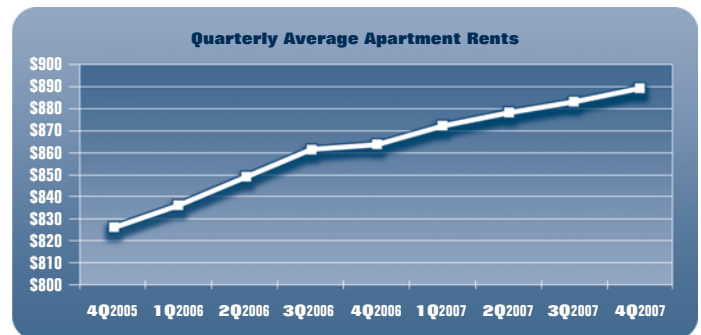
③ The Northeast submarket reported flat rents for the second consecutive quarter. Rents averaged \$773 per unit in the current and prior year quarters. Despite the lack of rent growth, occupancies were down to 91.3 percent from 94.2 percent in the prior year. This area may be impacted by the rental shadow market created by

speculator-owned properties.

④ With the largest share of apartment communities (25 percent of units), the West portion of the valley witnessed above-average rent growth of 3.9 percent. Rents reached \$896 per unit, up from \$862 in the prior year. Average occupancies slid to 93.0 percent from a market-leading 96.8 percent at the close of 2006.

⑤ The mature Central/East area posted negligible rent growth as average asking rents reached \$814 per unit, up from \$813 in the prior year. With some of the smallest units in the valley, rents on a per-square-foot basis were \$0.99 per month. Occupancy declines were also reported in the area as they fell to 91.4 percent, from 95.3 percent one year earlier.

⑥ The Southwest submarket returned a relatively positive performance considering valley-wide factors. Rents reached \$1,013 per unit, up 4.0 percent from the prior year. The above-average unit sizes contributed to a rental rate of \$1.02 per square foot. While occupancies also dropped in this area, they remained relatively healthy at



94.7 percent, the highest in the Las Vegas valley.

⑦ The South submarket experienced a 2.2-percent increase in average asking rents, reaching \$891 per unit or \$1.00 per square foot. Occupancies were down to 93.9 percent from 95.8 percent 12 months prior.

⑧ Apartment units in the Southeast market area, which includes

Henderson, reported the highest rents per square foot at \$1.04 per month. The latest market performance was 2.6 percent ahead of the prior year. On a per-unit basis, average asking rents reached \$994 per month. Occupancy levels declined from 94.3 percent in the prior year to 93.1 percent in the latest reporting period. TBG

THE BENTLEY GROUP RETAIL REPORT Q4 2007

Submarket	1 Northwest	2 North L.V.	3 Northeast	4 West	5 East	6 Southwest	7 Southeast	★ Total Market
Total Retail Market								
Number of Existing Properties	27	47	26	51	43	47	71	312
Total Square Feet (GLA)	4,895,576	6,218,158	3,109,863	7,571,737	6,153,232	8,206,145	12,573,792	48,728,503
Vacant Square Feet	104,423	420,904	61,340	171,779	246,509	193,987	380,710	1,579,652
Percent Vacant	2.1%	6.8%	2.0%	2.3%	4.0%	2.4%	3.0%	3.2%
New Inventory (SF)	47,060	275,185	151,450	0	0	1,097,350	0	1,571,045
Net Absorption (SF)	31,373	257,832	124,682	11,992	(9,958)	1,068,624	47,606	1,532,151
Average Lease Rate (NNN)	\$2.86	\$2.25	\$2.18	\$1.82	\$1.53	\$2.78	\$2.27	\$2.20
Planned Construction (SF)	2,329,965	2,956,562	1,923,504	2,107,920	0	2,005,623	2,291,259	13,614,833
Under Construction (SF)	0	517,823	0	450,000	60,000	1,135,498	248,195	2,411,516
Power Centers - Retail Centers >100,000 SF With Minimal or No In-Line Space								
Number of Existing Properties	5	7	4	7	4	11	8	46
Total Square Feet (GLA)	2,189,622	1,441,539	943,001	2,115,517	1,203,293	4,440,287	3,410,402	15,743,661
Vacant Square Feet	48,683	42,482	1,560	56,142	0	70,237	87,068	306,172
Percent Vacant	2.2%	2.9%	0.2%	2.7%	0.0%	1.6%	2.6%	1.9%
New Inventory (SF)	0	178,895	117,000	0	0	1,097,350	0	1,393,245
Net Absorption (SF)	(5,666)	174,915	117,000	7,010	3,171	1,054,534	1,440	1,352,404
Average Lease Rate (NNN)	\$2.98	\$3.17	\$1.93	\$1.68	\$0.00	\$2.97	\$2.18	\$2.53
Planned Construction (SF)	1,475,000	1,290,422	1,349,211	2,027,920	0	755,795	1,763,135	8,661,483
Under Construction (SF)	0	0	0	0	0	608,512	151,970	760,482
Community Centers - Retail Centers With Multiple Anchors								
Number of Existing Properties	5	10	6	20	11	6	22	80
Total Square Feet (GLA)	745,896	1,764,579	974,911	2,808,458	1,883,070	600,115	4,310,416	13,087,445
Vacant Square Feet	9,700	63,415	12,090	92,233	88,373	5,900	115,259	386,970
Percent Vacant	1.3%	3.6%	1.2%	3.3%	4.7%	1.0%	2.7%	3.0%
New Inventory (SF)	0	0	0	0	0	0	0	0
Net Absorption (SF)	0	(6,543)	(568)	(2,388)	(2,499)	7,090	(6,118)	(11,026)
Average Lease Rate (NNN)	\$2.35	\$2.74	\$2.10	\$1.63	\$1.67	\$2.50	\$2.54	\$2.14
Planned Construction (SF)	447,340	1,011,508	453,705	80,000	0	415,719	343,000	2,751,272
Under Construction (SF)	0	300,000	0	450,000	60,000	315,986	0	1,125,986
Neighborhood Centers - Retail Centers With Supermarket Anchors >30,000SF								
Number of Existing Properties	17	30	16	24	28	30	41	186
Total Square Feet (GLA)	1,960,058	3,012,040	1,191,951	2,647,762	3,066,869	3,165,743	4,852,974	19,897,397
Vacant Square Feet	46,040	315,007	47,690	23,404	158,136	117,850	178,383	886,510
Percent Vacant	2.3%	10.5%	4.0%	0.9%	5.2%	3.7%	3.7%	4.5%
New Inventory (SF)	47,060	96,290	34,450	0	0	0	0	177,800
Net Absorption (SF)	37,039	89,460	8,250	7,370	(10,630)	7,000	52,284	190,773
Average Lease Rate (NNN)	\$2.84	\$2.03	\$2.21	\$2.91	\$1.46	\$2.68	\$2.14	\$2.11
Planned Construction (SF)	407,625	654,632	120,588	0	0	834,109	185,124	2,202,078
Under Construction (SF)	0	217,823	0	0	0	211,000	96,225	525,048

Quarterly Retail Inventory and Vacancy



Quarterly Retail Average Asking Rates



MARKET OUTLOOK

CONSUMER spending remains an area of concern for retailers and related commercial markets. The impacts associated with a softer economic climate in southern Nevada, primarily attributable to a rebalancing in the residential sector, has the potential to adjust tenant credit profiles in the near term. However, it is worth noting the majority of new product

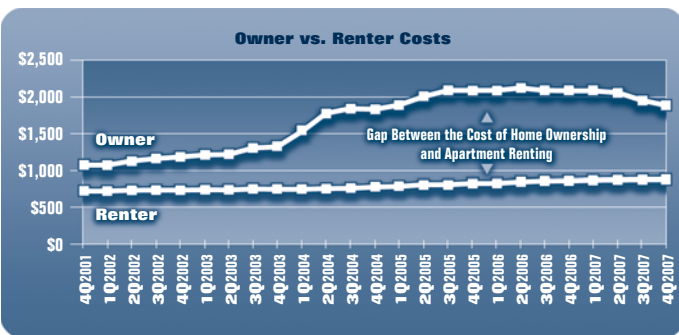
from a sales perspective, financial institutions are keeping a watchful eye on their performances and will likely require more stringent covenants while limiting expansion plans. These areas of caution are expected to be short-lived as the current building boom totaling in excess of \$30 billion is taking shape on the famed Las Vegas Boulevard. Southern Nevada's core industry will once again be a key driver of population, visitation, and employment growth, and ultimately, retail spending. TBG

“...new product has been pre-leased...”

HOUSING AFFORDABILITY COMPARISON APARTMENT REPORT • Q4 2007

DURING THE past several years, the ratio between cost of home ownership and apartment rent for typical households in Las Vegas has changed dramatically. The typical cost of ownership (excluding utilities and assuming a five percent down payment and median-priced homes) more than doubled from a price point of less than \$1,000 per month to an estimated \$2,000 per month. Increases represented a CAGR of 9.8 percent.

During the same timeframe, average asking rents increased from \$711 per month to a current average of nearly \$900 per month. The increase during the period represented a 3.2 percent CAGR. It is worth noting declines in pricing within the for-sale market have reduced the overall gap, yet a material variance remains. TBG



“...the ratio between cost of home ownership and apartment rent for typical households in Las Vegas has changed dramatically...”

Economic Outlook

OVERALL THE local economy is experiencing increased softness, led by particular weakness in the residential construction sector. Despite this condition, the market’s fundamentals remain sound as population and employment growth continues and business investment levels remain robust. We will be keeping a watchful eye on layoffs during January and February. We do anticipate continued softness during the first two quarters of 2008 as the construction sector seeks to find a sustainable equilibrium and consumer spending falls more in line with historical averages.

Looking further out on the horizon, the current wave of nearly \$35 billion in investment activity within the tourism industry will more than double all capital invested to-date for Las Vegas Strip casinos, but it will also continue to generate demand for housing and services. Foreign investment, favorable exchange rates, lower interest rates and a number of commercial development opportunities has attracted another layer of investors. The market has, and will continue to, respond. TBG

Economic Highlights

« Continued From Front Cover

For those looking on the outside, it is difficult to understand what decades of 5.5-percent annual growth means. Just 30 years ago, the Las Vegas market was home to just over 400,000 full-time residents and that number has increased five-fold as Las Vegas currently maintains a population base of 2.0 million people. These figures exclude another 40 million annual visitors to southern Nevada, equating to an additional 17-percent full-time equivalent population. Residents continue to flock to southern Nevada for its employment opportunities, high quality of life, relatively low cost of living, and recreational activities. Visitors seek out Las Vegas for its amenity-packed environment, unique resort industry and desire to experience the most innovative projects in the world. TBG

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