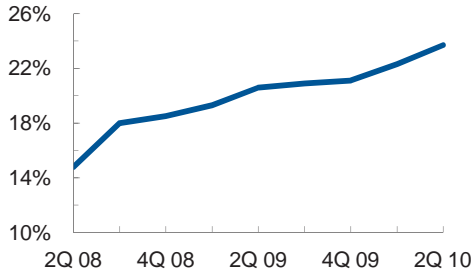
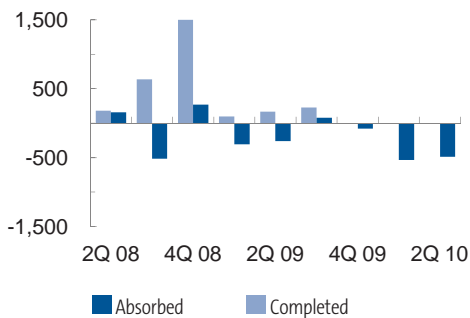


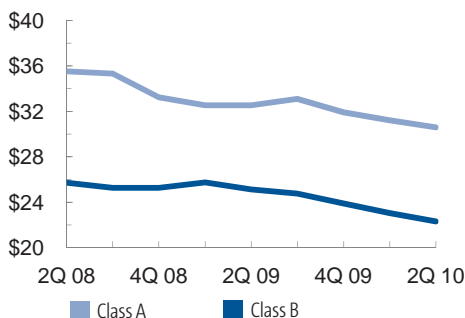
Vacancy Rate



Completions vs. Absorption (in Thousands of SF)



Asking Rental Rates (\$/SF/Yr. Full Service)



Positive Thinking

According to the Las Vegas Convention and Visitors Authority, approximately 12.1 million visitors came to Las Vegas between January and April of 2010, which is slightly higher than the 11.9 million at the same time last year. Since January of this year, approximately 17 percent of visitors were convention related, gaming revenue reached 5.5 billion dollars and McCarran International Airport had almost 13 million passengers. While the recession is starting to show some signs of relief, these are just a few of the indicators that activity in Las Vegas is on the rise and is in great position for many investment opportunities in the next few years.

In the first half of the year, CoStar Comps reported approximately 16 arms-length office building sales (over 5,000 square feet) totaling approximately \$25 million dollars. For the same period last year, there were only 9 transactions, totaling approximately \$29 million dollars (one of which was a single transaction of \$15 million). The increase in buyer activity this year is a clear indication that some investor confidence in the Las Vegas office market is starting to return.

Vacancy across all submarkets experienced slight fluctuations in the second quarter. The north and northwest submarkets were the only submarkets to show a decrease in vacancy. These two submarkets have always been highly desirable due to historically low asking lease rates and highest value for vacant land. North Las Vegas remains one of the most affordable sections of town and is well positioned for future development.

During any type of recession, it becomes very common for consumer confidence to drop dramatically. Visitor volume begins to dwindle and retail sales volume starts to decline. As a result, many companies go out of business, unemployment creeps upward and landlords reach out to brokers in order to devise a plan to avoid increased vacancy. In light of a troubled economy, tenants are pushing landlords to renew at the lowest lease rate possible, or attempt to bargain hunt for new landlords who are willing to give into their demands. Fortunately, for the Las Vegas market, there were some signs of positive activity half way through the year.

FORECAST

- Investment opportunities can be found in all areas of town, and prices continue to drop. Now is the time to invest in Las Vegas real estate.
- Space relocations and short-term lease renewals will continue to be common while attractive lease rates and incentives remain low.

Office Trends Report—Second Quarter 2010

Las Vegas, NV

By Submarket	Total SF	Vacant SF	Vacant %	NET ABSORPTION		Under Construction SF	ASKING RENT	
				Current Qtr	Year To Date		Class A	Class B
Downtown	1,685,992	214,518	12.7%	(9,766)	24,082	-	\$2.92	\$2.74
CBD Total	1,685,992	214,518	12.7%	(9,766)	24,082	-	\$2.92	\$2.74
Central East	5,913,985	1,409,776	23.8%	(147,663)	(311,017)	-	\$2.85	\$1.48
Central North	546,177	77,265	14.1%	(41,153)	(42,753)	-	-	\$1.63
North	785,466	154,807	19.7%	22,784	2,263	-	\$2.27	\$1.77
Northwest	5,386,925	1,463,374	27.2%	20,762	(132,151)	-	\$2.40	\$2.02
South	8,674,331	1,813,032	20.9%	(41,640)	(49,972)	62,364	\$2.53	\$1.97
Southeast	1,289,625	360,960	28.0%	(4,277)	(9,184)	-	\$2.60	\$1.90
Southwest	5,998,113	1,663,325	27.7%	(55,974)	(137,908)	-	\$2.53	\$2.07
West	4,876,265	1,175,127	24.1%	(230,691)	(366,311)	-	\$2.35	\$1.70
Suburban Total	33,470,887	8,117,666	24.3%	(477,852)	(1,047,033)	62,364	\$2.54	\$1.84
Totals	35,156,879	8,332,184	23.7%	(487,618)	(1,022,951)	62,364	\$2.55	\$1.86

By Class	Total SF	Vacant SF	Vacant %	Current Qtr	Year To Date	Under Construction SF	AVAILABLE FOR SUBLEASE	
							CBD	Suburban
Class A	8,799,598	2,630,163	29.9%	(145,544)	(302,121)	62,364	6,123	127,451
Class B	24,043,627	5,454,824	22.7%	(322,961)	(653,219)	-	16,317	205,321
Class C	2,313,654	247,197	10.7%	(19,113)	(67,611)	-	-	25,840
Totals	35,156,879	8,332,184	23.7%	(487,618)	(1,022,951)	62,364	22,440	358,612



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OFFICE TERMS AND DEFINITIONS

Total SF: Office inventory includes all multi-tenant and single tenant buildings at least 15,000 square feet. Owner-occupied, government and medical buildings are not included.

Office Building Classifications: Grubb & Ellis adheres to the BOMA guidelines. Class A properties are the most prestigious buildings competing for premier office users with rents above average for the area. Class B properties compete for a wide range of users with rents in the average range for the area. Class C buildings compete for tenants requiring functional space at rents below the area average.

Vacancy and Availability: The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant. The availability rate is the amount of space available for lease divided by the inventory.

Net Absorption: The net change in physically occupied space over a period of time.

Asking Rent: The dollar amount asked by landlords for available space expressed in dollars per square foot per year in most parts of the country and dollars per square foot per month in areas of California and selected other markets. Office rents are reported full service where all costs of operation are paid for by the landlord up to a base year or expense stop. The asking rent for each building in the market is weighted by the amount of available space in the building.

**Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.*