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2ND QUARTER 2002 RETAIL MARKET PRESS RELEASE

The weakness experienced in the Las Vegas retail market in Quarter 1, 2002 was not repeated in Quarter 2. Absorption was positive in all but the Southwest submarket, and completions were relatively strong. The vacancy rate dropped to 3.2% this quarter, and the asking lease rate remained stable at $1.46 psf. Should demand remain stable over the next two quarters, and if there are no further closings of anchor stores in the Valley, vacancy should continue to remain low through the end of 2002.

The Las Vegas retail market showed signs of economic recovery this quarter as it reversed its weak performance of Quarter 1, 2002. New completions rebounded from last quarter, with 740,000 sf of new retail space completed, an increase of 296% over last quarter. Net absorption also increased this quarter, to 765,000 sf from 102,000 sf in Quarter 1, 2002. This resulted in the overall retail vacancy rate dropping to 3.2%, from 3.5% last quarter, a decrease of 8.6%.

Over the past eight quarters, net absorption has only outpaced new completions twice – during this quarter, and in Quarter 3, 2000. Over this period, net absorption averaged 92% of new completions. This disparity has led to a general upward trend in retail vacancy over the past seven quarters, from a low of 1.9% in Quarter 3, 2000, to 3.5% in Quarter 1, 2002. This quarter’s drop in vacancy could mark the beginning of a trend, but history would suggest that strong performances in the retail market are often followed by several quarters of weaker performance.

Supply & Occupancy

A total of 740,000 sf of new retail space was completed this quarter. This represents a significant increase from last quarter when only 187,000 sf was completed. This new space came online with a 6.6% vacancy rate, which is well higher than the Valley-wide average for retail space. This may indicate that developers of new retail projects are having trouble securing small, in-line tenants to fill their properties. Forward supply now stands at 4,497,000 sf, of which 1,320,000 sf is currently under construction, and we are projecting approximately 400,000 sf of completions in Quarter 3, 2002. Retail demand is highly correlated with supply, and retail centers will generally open with a high level of occupancy. The future of the Las Vegas retail vacancy rate will hinge on the ability of developers to attract small shop owners into their projects, and on whether there are any new closures of anchors in the Valley.

Retail space available for sub-lease decreased this quarter to 99,000 sf from 118,000 sf in Quarter 1, 2002. Most of this space is located in the older University East and West Central submarkets, is in neighborhood and community centers, and 99% of it is currently occupied.

Demand

Demand outpaced new supply this quarter, with net absorption totaling approximately 103% of new completions. Net absorption in Quarter 2, 2002 stood at 765,000 sf. It was highest in West Central with 529,000 sf due to the completion of the new Westland Fair, and the Northwest with 146,000 sf. Net absorption was also positive in Henderson with 43,000 sf, University East with 24,000 sf, Downtown with 18,000 sf, and North Las Vegas with 7,500 sf. The Southwest registered the only negative net absorption with-2,000 sf. When considering net absorption among the product types, power centers lead with 531,000 sf, followed by neighborhood centers with 202,000 sf, and community centers with 31,000 sf.

Vacancy &Rents

A high level of demand for retail space pushed the overall vacancy rate down to 3.2%, a decrease of three-tenths of a percentage point from Quarter 1, 2002. However, vacancy this quarter was higher than it was four quarters ago, when it was only 2.8%. Retail vacancy has fluctuated in a tight range over the past four quarters in the Valley: from 3.5% in Quarter 3, 2001, down to 3.3% in Quarter 4, 2001, back up to 3.5% last quarter, and down to 3.2% this quarter. Previous to that, retail vacancy had risen in the Valley for four straight quarters from a low of 1.9% in Quarter 3, 2000. Of the submarkets, only Henderson at 6.8% had a vacancy rate higher than the Valley-wide average. The lowest vacancy is in the Southwest at 0.3%.

Asking lease rates remained stable this quarter at $1.46 psf. This is not surprising, given the present state of the market. Asking lease rates increased in five of the submarkets: Downtown, North Las Vegas, the Northwest, University East, and West Central. Asking lease rates fell only in the Henderson submarket. The Southwest submarket had no availabilities last quarter, and thus no asking lease rate with which to compare the present $1.85 psf, and the Northeast's asking lease rate remained stable at $1.42 psf.

Retail Market Matrix

Las Vegas, Nevada

Second Quarter, 2002

Submarket Area	Downtown	Henderson	North Las Vegas	Northeast	Northwest	Southwest	University East	West Central		Totals
TOTAL RETAIL MARKET										
Total Rentable Square Feet	961,014	6,490,615	1,294,701	2,435,597	7,297,217	832,193	5,013,031	4,179,269		**28,503,637**
Direct Vacant Square Feet	8,780	442,641	26,846	14,458	150,352	2,100	201,581	78,299		**925,057**
Percent Direct Vacant	0.9%	6.8%	2.1%	0.6%	2.1%	0.3%	4.0%	1.9%		**3.2%**
Completions QTD	0	0	0	0	150,000	0	60,000	529,988		**739,988**
Direct Net Absorption QTD	17,520	42,754	7,652	0	146,227	-2,100	23,642	529,420		**765,115**
Average Lease Rate	$1.18	$1.25	$1.42	$1.42	$2.28	$1.85	$1.38	$1.36		**$1.46**
Sq. Ft. Currently Under Construction	132,000	352,361	0	0	835,357	0	0	0		**1,319,718**
Sq. Ft. Currently Planned	95,900	954,612	320,000	0	960,950	846,000	0	0		**3,177,462**