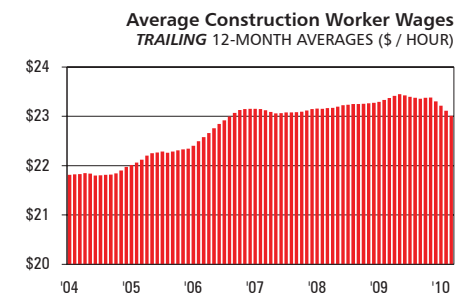
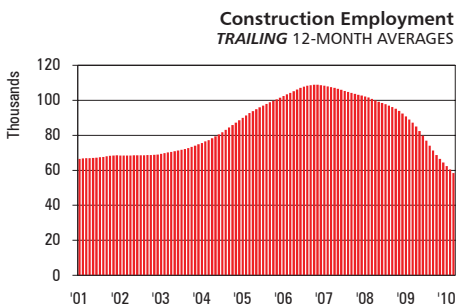
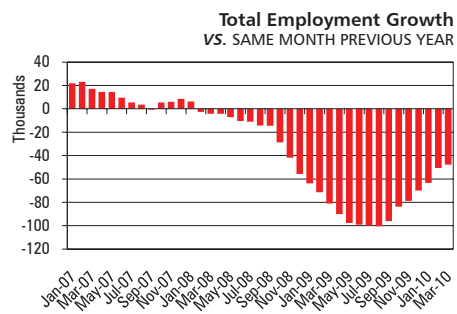
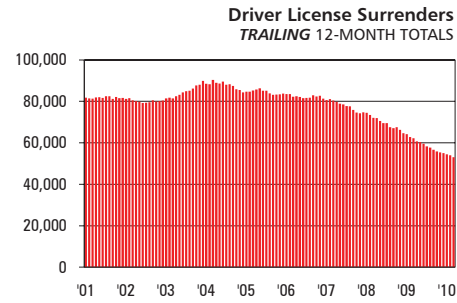




Southern Nevada Construction Industry Quarterly Market Briefing

AGC SOUTHERN NEVADA Indicator Series



THERE IS LITTLE DISPUTE THAT SOUTHERN NEVADA IS OVERBUILT. Residential, commercial and industrial vacancy rates are at all-time highs, while hotel-casino occupancies, which averaged better than 90 percent during 2007, have spent the past three months below 80 percent. With large standing inventories, the demand to build new product is limited; and, the primary indicators of new demand -- population and employment growth -- are not suggesting much in the way of near-term relief.

There is, however, one area where southern Nevada is not overbuilt – infrastructure. Keeping up with the region’s nation-leading rates of growth during the past 20 years has been a constant challenge for state and local public works departments. In fact, just last year Clark County local governments identified 395 shovel-ready public projects that ranged from road improvements to sewer projects to school modernization.

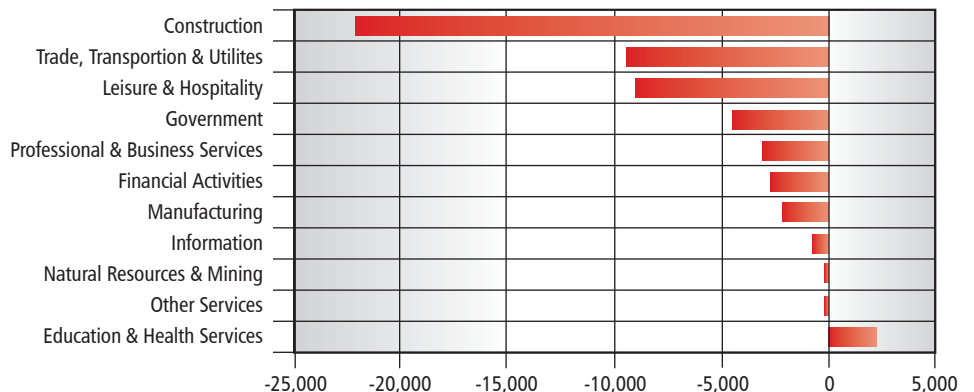
Even in the best of times, there was not enough money to build all of the public projects that were needed and developers were asked to bear much of the burden in newly developing areas. In these more difficult times, public capital funds are increasingly scarce as are the developers and major projects that paved roads; built fire stations; and

funded water, sewer and flood control projects in emerging areas.

Halting our investment in public infrastructure projects is not an option. Not only is it essential to the health, welfare and safety of our residents and businesses, but these investments are critical to our community’s ability to recover from the current economic downturn. If we fail to have the roads necessary to move goods, welcome tourists or allow for uncongested travel, why would we expect to attract new businesses, new residents or more visitors? To this same end, failing to shore up our water resource plan, to complete McCarran International Airport’s Terminal 3 or to tie up the loose ends on our integrated flood control master plan could each

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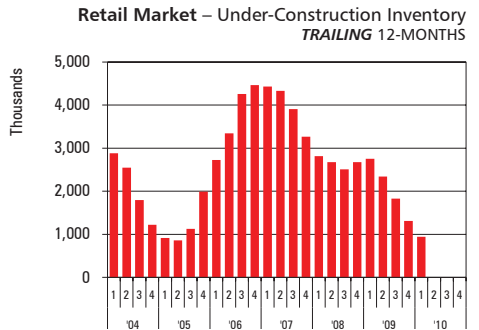
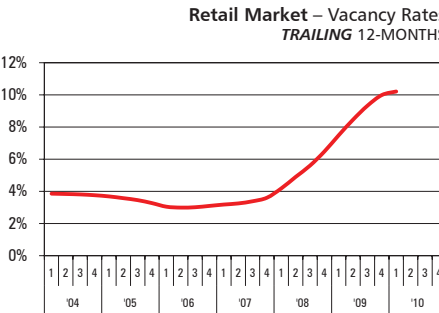
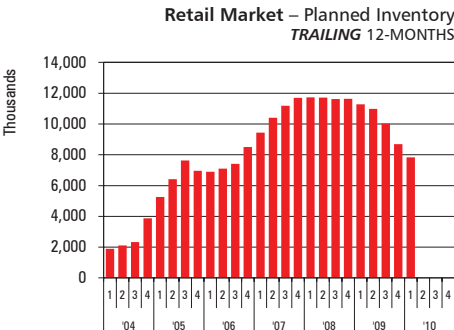
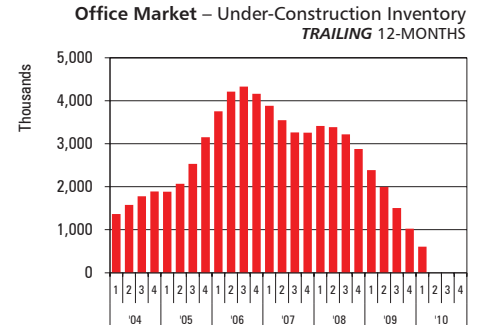
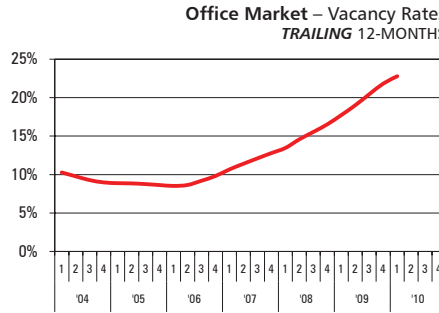
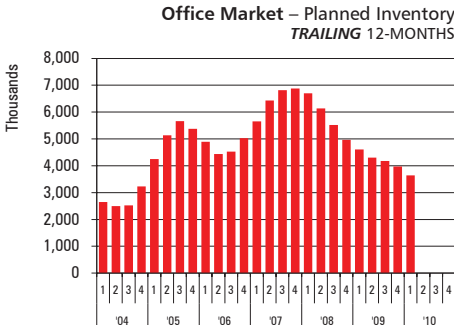
Average Change in Las Vegas Employment – Q1 2010



Southern Nevada Construction Industry **Quarterly Market Briefing**

AGC SOUTHERN NEVADA Indicator Series

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MONTHLY SERIES

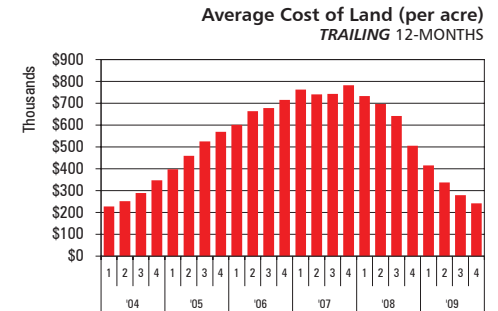
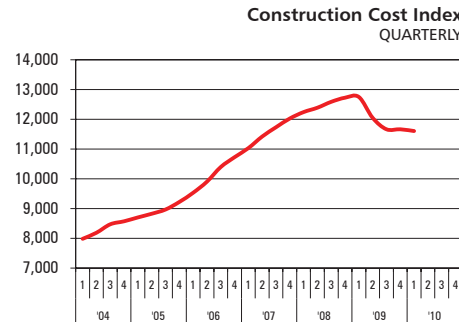
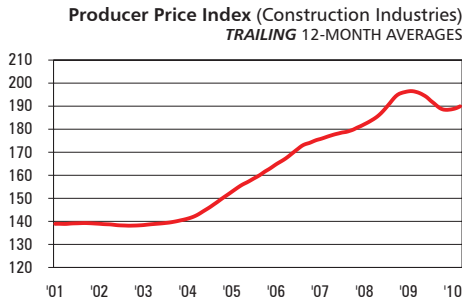
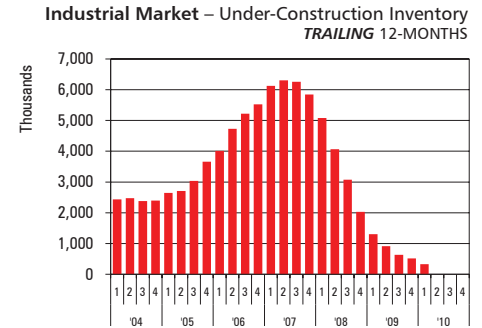
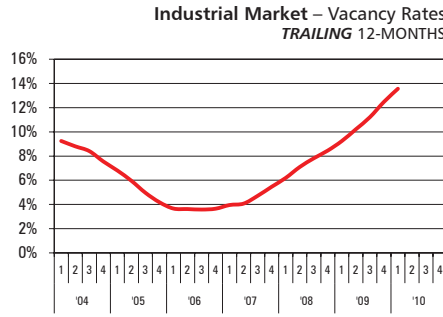
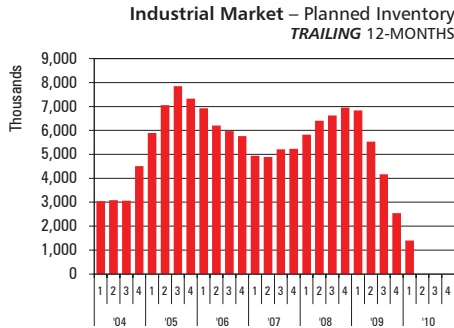
		INDICATOR VALUES			GROWTH RATES		
		Most Recent Data Available	Current Month or Quarter	Previous Month or Quarter	Same Month or Quarter Previous Year	vs. Previous Month or Quarter	vs. Same Month or Qtr. Previous Year
Drivers License Surrenders (Population Growth)		Mar-10	3,813	3,788	4,706	0.7% ▲	-19.0% ▼
Employment	Total	Mar-10	794,900	799,400	842,600	-0.6% ▼	-5.7% ▼
	Construction	Mar-10	47,700	51,200	71,800	-6.8% ▼	-33.6% ▼
	Construction of Buildings	Mar-10	8,100	8,200	12,700	-1.2% ▼	-36.2% ▼
	Specialty Trade Contractors	Mar-10	34,100	36,800	52,500	-7.3% ▼	-35.0% ▼
	Foundation & Exterior Contractors	Mar-10	7,200	7,800	12,000	-7.7% ▼	-40.0% ▼
	Finishing Contractors	Mar-10	8,700	10,000	13,600	-13.0% ▼	-36.0% ▼
Commercial	Permits Issued	Mar-10	12	21	27	-42.9% ▼	-55.6% ▼
	Value Permitted	Mar-10	\$2,759,161	\$11,334,052	\$9,860,406	-75.7% ▼	-72.0% ▼
Office Market	Vacancy Rate	Q1 2010	23.4%	23.1%	19.6%	0.3% ▲	3.8% ▲
	Under-construction Inventory	Q1 2010	221,000	284,814	1,912,736	-22.4% ▼	-88.4% ▼
	Planned Inventory	Q1 2010	3,261,639	3,827,102	4,602,828	-14.8% ▼	-29.1% ▼
Retail Market	Vacancy Rate	Q1 2010	10.5%	10.2%	9.6%	0.3% ▲	0.9% ▲
	Under-construction Inventory	Q1 2010	809,760	809,760	2,281,038	0.0% ◆	-64.5% ▼
	Planned Inventory	Q1 2010	6,654,239	6,654,239	10,056,553	0.0% ◆	-33.8% ▼
Industrial Market	Vacancy Rate	Q1 2010	15.0%	14.2%	10.7%	0.9% ▲	4.4% ▲
	Under-construction Inventory	Q1 2010	53,000	-	807,914	N/M	-93.4% ▼
	Planned Inventory	Q1 2010	936,350	1,114,414	5,515,273	-16.0% ▼	-83.0% ▼
Residential	Single Family Units Permitted	Mar-10	730	466	239	56.7% ▲	205.4% ▲
	Multi-family Units Permitted	Mar-10	8	18	520	-55.6% ▼	-98.5% ▼
	Residential Value Permitted	Mar-10	\$68,730,010	\$51,222,259	\$59,428,650	34.2% ▲	15.7% ▲
	Apartment Vacancy Rates	Q1 2010	9.4%	9.9%	8.7%	-0.5% ▼	0.7% ▲
Hospitality	Occupancy Rate	Feb-10	79.7%	71.1%	83.9%	8.6% ▲	-4.2% ▼
	Rooms Currently Under-construction	Q1 2010	3,384	11,216	17,155	-69.8% ▼	-80.3% ▼
	No. of Rooms w/Announced Compl. Dates	Q1 2010	3,384	11,506	18,942	-70.6% ▼	-82.1% ▼
Construction Costs	Average Cost of Land (Per Acre)	Q4 2009	\$243,368	\$225,999	\$391,877	7.7% ▲	-37.9% ▼
	Construction Cost Index	Q1 2010	11,604	11,663	12,749	-0.5% ▼	-9.0% ▼
	Prod. Price Index - Const. Industries	Mar-10	195.2	192.7	186.3	1.3% ▲	4.8% ▲
	Average Construction Worker Wage	Mar-10	\$22.39	\$22.38	\$23.62	0.0% ▲	-5.2% ▼
	Taxable Construction Spending	Feb-10	\$110,974,085	\$124,701,216	\$197,973,251	-11.0% ▼	-43.9% ▼

NOTE: N/M - growth rate is not meaningful.

Southern Nevada Construction Industry **Quarterly Market Briefing**

AGC SOUTHERN NEVADA Indicator Series

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		INDICATOR VALUES				GROWTH RATES	
		Most Recent Data Available	Current Month or Quarter	Previous Month or Quarter	Same Month or Quarter Previous Year	vs. Previous Month or Quarter	vs. Same Month or Qtr. Previous Year
TRAILING 12-MONTH SERIES							
Drivers License Surrenders (Population Growth) [1]		Mar-10	53,078	53,971	62,166	-1.7% ▼	-14.6% ▼
Employment	Total [2]	Mar-10	812,850	816,825	894,300	-0.5% ▼	-9.1% ▼
	Construction [2]	Mar-10	58,417	60,425	87,150	-3.3% ▼	-33.0% ▼
	Construction of Buildings [2]	Mar-10	9,792	10,175	15,700	-3.8% ▼	-37.6% ▼
	Specialty Trade Contractors [2]	Mar-10	42,317	43,850	64,033	-3.5% ▼	-33.9% ▼
	Foundation & Exterior Contractors [2]	Mar-10	9,467	9,867	16,275	-4.1% ▼	-41.8% ▼
Commercial	Finishing Contractors [2]	Mar-10	11,425	11,833	16,925	-3.5% ▼	-32.5% ▼
	Permits Issued [1]	Mar-10	253	268	595	-5.6% ▼	-57.5% ▼
	Value Permitted [1]	Mar-10	\$609,343,047	\$616,444,292	\$980,336,894	-1.2% ▼	-37.8% ▼
Office Market	Vacancy Rate [2]	Q1 2010	22.8%	21.8%	17.7%	1.0% ▲	5.1% ▲
	Under-construction Inventory [2]	Q1 2010	603,614	1,026,548	2,388,075	-41.2% ▼	-74.7% ▼
	Planned Inventory [2]	Q1 2010	3,641,397	3,976,695	4,610,941	-8.4% ▼	-21.0% ▼
Retail Market	Vacancy Rate [2]	Q1 2010	10.2%	10.0%	7.5%	0.2% ▲	2.7% ▲
	Under-construction Inventory [2]	Q1 2010	942,132	1,309,952	2,753,591	-28.1% ▼	-65.8% ▼
	Planned Inventory [2]	Q1 2010	7,835,091	8,685,669	11,274,818	-9.8% ▼	-30.5% ▼
Industrial Market	Vacancy Rate [2]	Q1 2010	13.6%	12.5%	9.2%	1.1% ▲	4.3% ▲
	Under-construction Inventory [2]	Q1 2010	332,715	521,444	1,308,292	-36.2% ▼	-74.6% ▼
	Planned Inventory [2]	Q1 2010	1,394,671	2,539,402	6,836,297	-45.1% ▼	-79.6% ▼
Residential	Single Family Units Permitted [1]	Mar-10	4,850	4,359	5,116	11.3% ▲	-5.2% ▼
	Multi-family Units Permitted [1]	Mar-10	1,511	2,023	5,823	-25.3% ▼	-74.1% ▼
	Residential Value Permitted [1]	Mar-10	\$633,741,455	\$624,440,095	\$1,129,623,939	1.5% ▲	-43.9% ▼
	Apartment Vacancy Rates [2]	Q1 2010	9.4%	9.3%	7.5%	0.2% ▲	1.9% ▲
Hospitality	Occupancy Rate [2]	Feb-10	81.0%	81.4%	84.4%	-0.3% ▼	-3.4% ▼
	Rooms Currently Under-construction [2]	Q1 2010	10,507	13,950	22,115	-24.7% ▼	-52.5% ▼
	No. of Rooms w/Announced Compl. Dates [2]	Q1 2010	10,926	14,815	25,341	-26.3% ▼	-56.9% ▼
Construction Costs	Average Cost of Land (Per Acre) [2]	Q4 2009	\$241,274	\$278,402	\$505,169	-13.3% ▼	-52.2% ▼
	Construction Cost Index [2]	Q1 2010	11,745	12,031	12,612	-2.4% ▼	-6.9% ▼
	Prod. Price Index - Const. Industries [2]	Mar-10	190.0	189.3	196.3	0.4% ▲	-3.2% ▼
	Average Construction Worker Wage [2]	Mar-10	\$23.01	\$23.11	\$23.37	-0.4% ▼	-1.5% ▼
	Taxable Construction Spending [1]	Feb-10	\$1,929,474,429	\$2,016,473,595	\$3,257,911,347	-4.3% ▼	-40.8% ▼

[1] TRAILING 12-MONTH TOTALS. [2] TRAILING 12-MONTH AVERAGES.

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create a formidable road block to future investment, particularly as an extended drought or a resurgence in tourism exposes our vulnerabilities.

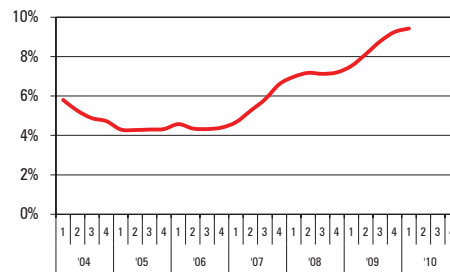
This new reality necessitates that southern Nevada rethink how it funds capital projects. Capital programs heavily dependent on growth revenues like connection charges, development fees and real property transfer taxes will need to find new sources. The issue of fairness aside, having the construction industry bear a substantial share of the community infrastructure cost simply doesn't work when there is no next project. And, while many of the levies imposed were done so under the banner of "growth needs to pay for growth," in reality the construction of new homes, new office buildings and new hotel casinos was either directly funding or freeing up other dollars to build parks, school and roads throughout the urban valley. As this cycle rapidly comes to an end, those dollars will either need to be made up from another source or southern Nevada will see a serious deterioration in its core infrastructure.

Along with rethinking how we fund infrastructure programs will be rethinking how we maximize the resources we have. An excellent example of this is passage of Senate Bill 5 (SB 5) during the 26th Special Session of the Nevada State Legislature earlier this year. A cooperative effort between the AGC and leadership in both houses, SB 5 freed up more than \$1 billion for road construction projects by eliminating a sunset on transportation sales taxes that would have been effective in 2023 but were limiting the ability to bond against those funds today. While sunsets are an important fiscal accountability tool, this is exactly the time when state and local governments should be revisiting these limitations and asking whether they are

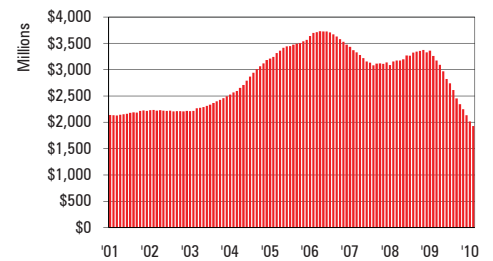
acting as road blocks to getting needed infrastructure projects out to bid. This was clearly the case with SB 5. The Legislature acted, and thousands of southern Nevada construction and development workers and their families will benefit, as will the balance of the community which they serve.

The same strategies can and should be applied to other capital programs. The ACG, in cooperation with the WIN Coalition, is working to develop and forward these strategies. That said, this is only one step in a process that is going to require that we rethink our strategies, restructure our capital programs and recommit to the investment necessary to press our economy forward. **QMB**

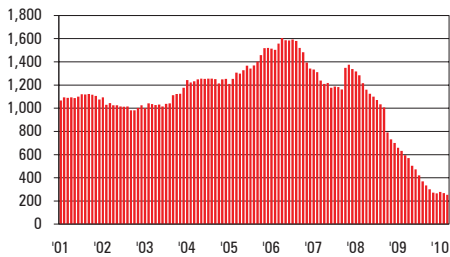
Apartment Vacancy Rates
TRAILING 12-MONTH AVERAGES



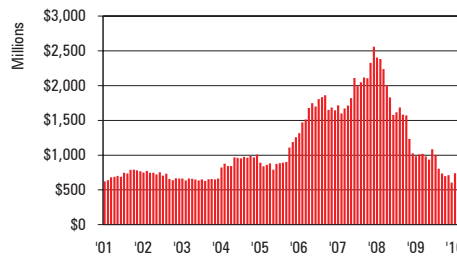
Taxable Construction Spending
TRAILING 12-MONTH TOTALS



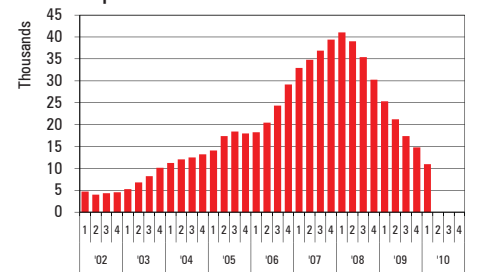
Commercial Permits
TRAILING 12-MONTH TOTALS



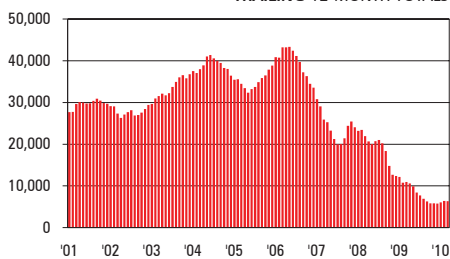
Commercial Value Permitted
TRAILING 12-MONTH TOTALS



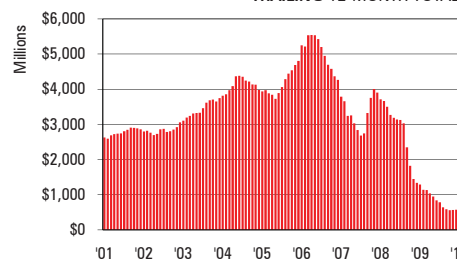
Number of Hotel Rooms with Announced Completion Dates
TRAILING 12-MONTH AVERAGES



Residential Units Permitted
TRAILING 12-MONTH TOTALS



Residential Value Permitted
TRAILING 12-MONTH TOTALS



Hotel Rooms Currently Under-Construction
TRAILING 12-MONTH AVERAGES

