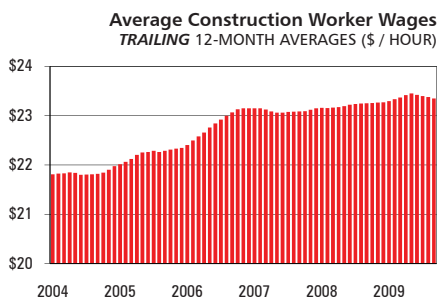
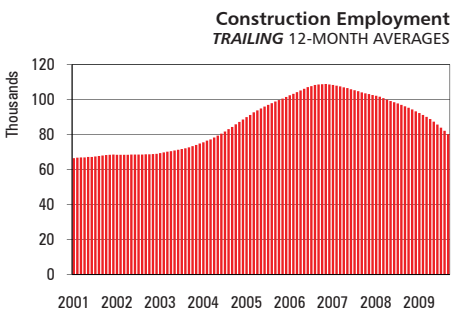
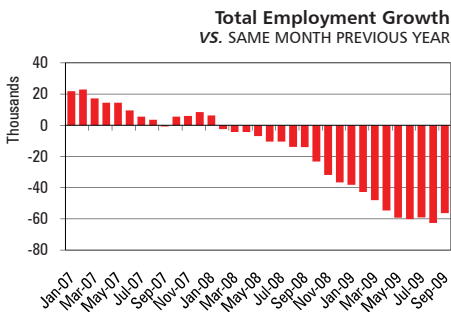
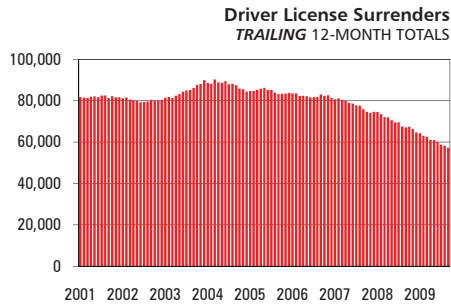




Southern Nevada Construction Industry Quarterly Market Briefing

AGC SOUTHERN NEVADA Indicator Series



NEVADA'S ECONOMY HAS CLEARLY TRANSITIONED DURING THE PAST 90 DAYS. Applying the Kubler-Ross model (i.e., the five stages of grief), it appears that a new sense of *acceptance* has taken hold. There is a greater appreciation of the magnitude of the state's underlying economic challenges, a growing acknowledgement that the run up between 2003 and 2007 was unsustainable and a clear recognition of the hard work and difficult choices that lay ahead. The journey

to this point has been difficult, but this *acceptance* of the current reality may very well be the first step toward a meaningful recovery.

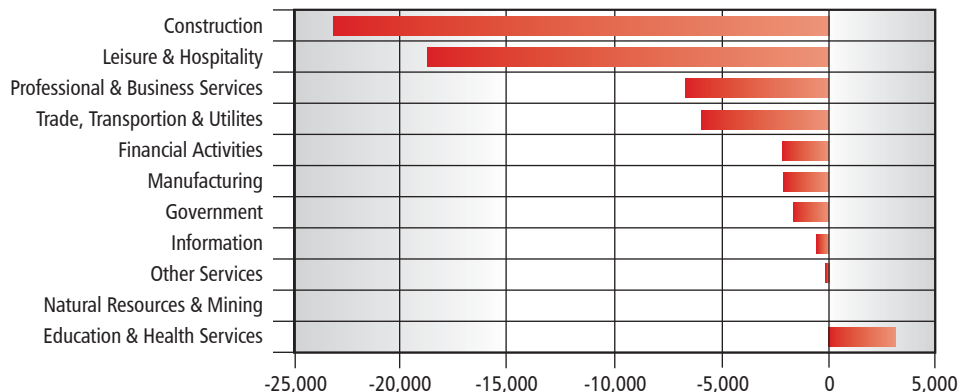
In retrospect, Nevada's bout with *denial* as the economy reached its peak in 2006 was particularly compelling. There were those who subscribed to the notion that Nevada was "recession proof," but seemingly less innocuous comments like "you can't get hurt in dirt", "build it and they will come", "density drives value" and "the only sure bet in Las Vegas is real estate" were pervasive. A number of highly-leveraged private equity transactions and multi-billion dollar construction projects led the core tourism industry to take on unprecedented debt under the expectation that growth trends would continue into perpetuity. The same optimism led to record new and existing home sales financed with nation-leading numbers of adjustable rate and subprime mortgages.

The move to *anger* came swiftly during

the fourth quarter of 2008. The wizards of Wall Street quickly assumed the role of villain for concocting complicated securitizations that helped inflate a massive housing bubble. Rating companies and insurance giants charged with evaluating the strength and soundness of these novel financial instruments for investors also bore the nation's wrath as long-time investment banks shut down or were sold for pennies on the dollar and the government stepped in to protect those considered "too big to fail." Banks and other mortgage lending companies were chastised for marketing aggressive mortgages to those they should have known would not be able to pay them back. The nation blamed the then-President George W. Bush and the Republican Party for allowing the free market to run unchecked. Homeowners blamed their neighbors for buying homes they couldn't afford, investors for driving up the price of housing and developers for building too

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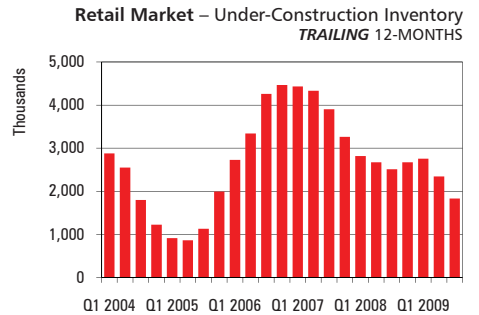
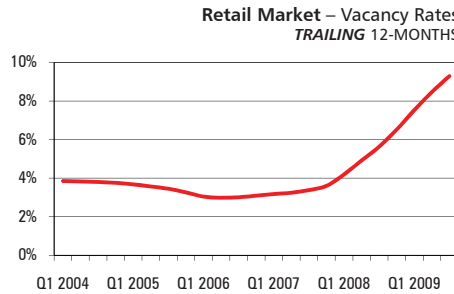
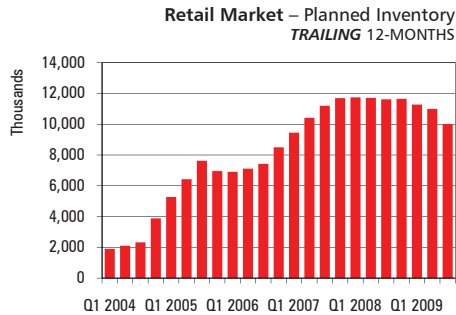
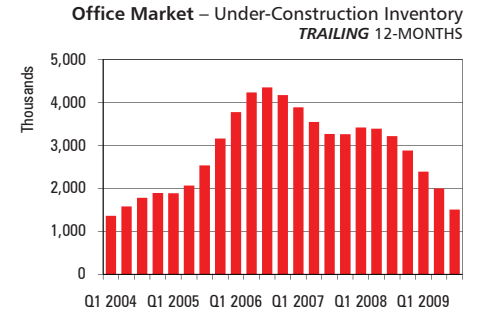
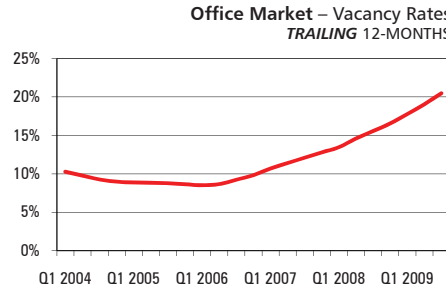
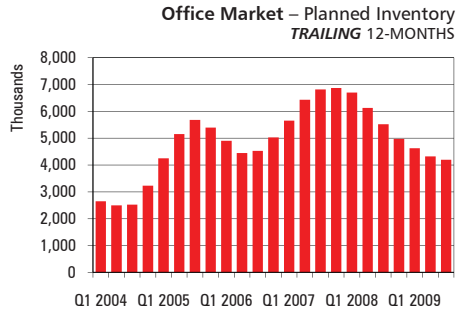
Average Change in Las Vegas Employment – Q3 2009



Southern Nevada Construction Industry **Quarterly Market Briefing**

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MONTHLY SERIES

INDICATOR VALUES

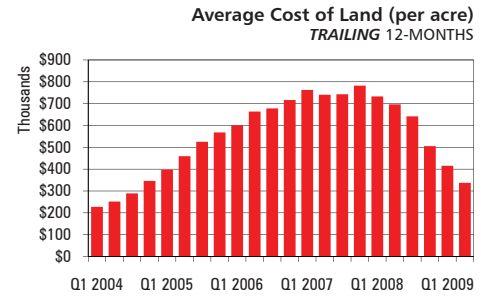
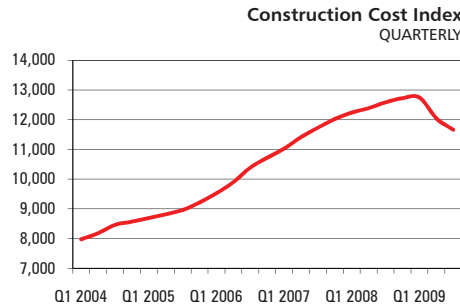
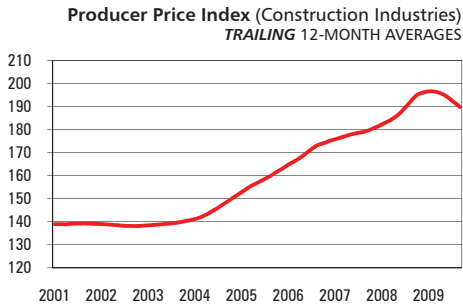
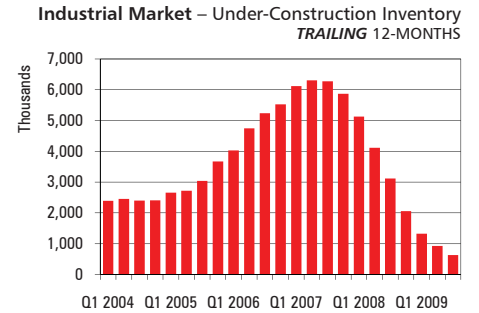
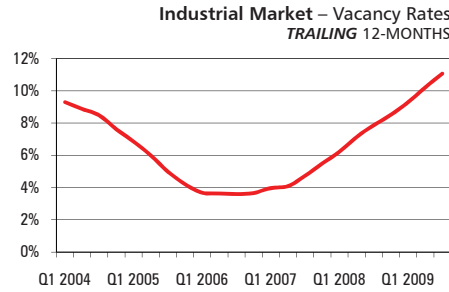
GROWTH RATES

	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)	Sep-09	4,669	5,140	5,714	-9.2% ▼	-18.3% ▼
Employment						
Total	Sep-09	854,300	844,700	910,600	1.1% ▲	-6.2% ▼
Construction	Sep-09	69,500	72,700	92,600	-4.4% ▼	-24.9% ▼
Construction of Buildings	Sep-09	12,000	12,600	16,400	-4.8% ▼	-26.8% ▼
Specialty Trade Contractors	Sep-09	52,600	54,600	68,200	-3.7% ▼	-22.9% ▼
Foundation & Exterior Contractors	Sep-09	14,000	14,500	17,700	-3.4% ▼	-20.9% ▼
Finishing Contractors	Sep-09	12,100	12,600	18,200	-4.0% ▼	-33.5% ▼
Commercial						
Permits Issued	Sep-09	19	24	54	-20.8% ▼	-64.8% ▼
Value Permitted	Sep-09	\$10,082,925	\$13,194,014	\$47,640,733	-23.6% ▼	-78.8% ▼
Office Market						
Vacancy Rate	Q3-09	22.7%	22.0%	17.0%	0.7% ▲	5.7% ▲
Under-construction Inventory	Q3-09	462,861	1,444,958	2,431,557	-68.0% ▼	-81.0% ▼
Planned Inventory	Q3-09	3,913,629	3,591,273	4,394,533	9.0% ▲	-10.9% ▼
Retail Market						
Vacancy Rate	Q3-09	9.9%	10.1%	6.6%	-0.2% ▼	3.3% ▲
Under-construction Inventory	Q3-09	809,760	1,339,248	2,854,944	-39.5% ▼	-71.6% ▼
Planned Inventory	Q3-09	7,502,689	10,439,645	11,409,306	-28.1% ▼	-34.2% ▼
Industrial Market						
Vacancy Rate	Q3-09	12.4%	12.0%	9.0%	0.5% ▲	3.4% ▲
Under-construction Inventory	Q3-09	462,000	815,860	1,628,326	-43.4% ▼	-71.6% ▼
Planned Inventory	Q3-09	1,804,084	1,739,084	7,274,702	3.7% ▲	-75.2% ▼
Residential						
Single Family Units Permitted	Sep-09	403	425	464	-5.2% ▼	-13.1% ▼
Multi-family Units Permitted	Sep-09	15	349	590	-95.7% ▼	-97.5% ▼
Residential Value Permitted	Sep-09	\$49,035,621	\$62,332,248	\$99,094,273	-21.3% ▼	-50.5% ▼
Apartment Vacancy Rates	Q2-09	9.5%	8.7%	7.1%	0.8% ▲	2.4% ▲
Hospitality						
Occupancy Rate	Aug-09	81.4%	84.2%	88.3%	-2.8% ▼	-6.9% ▼
Rooms Currently Under-construction	Q3-09	11,047	11,694	25,221	-5.5% ▼	-56.2% ▼
No. of Rooms W/Announced Compl. Dates	Q3-09	20,911	21,944	27,305	-4.7% ▼	-23.4% ▼
Construction Costs						
Average Cost of Land (Per Acre)	Q2-09	\$255,309	\$240,422	\$570,279	6.2% ▲	-55.2% ▼
Construction Cost Index	Q3-09	11,663	12,048	12,586	-3.2% ▼	-7.3% ▼
Prod. Price Index - Const. Industries	Sep-09	189.1	189.8	206.1	-0.4% ▼	-8.2% ▼
Average Construction Worker Wage	Sep-09	\$22.94	\$23.07	\$23.31	-0.6% ▼	-1.6% ▼
Taxable Construction Spending	Jul-09	\$167,313,061	\$186,821,648	\$246,469,859	-10.4% ▼	-32.1% ▼

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]		Sep-09	57,242	58,287	67,073	-1.8% ▼	-14.7% ▼
Employment	Total [2]	Sep-09	875,267	879,958	922,975	-0.5% ▼	-5.2% ▼
	Construction [2]	Sep-09	80,225	82,150	96,142	-2.3% ▼	-16.6% ▼
	Construction of Buildings [2]	Sep-09	14,367	14,733	18,108	-2.5% ▼	-20.7% ▼
	Specialty Trade Contractors [2]	Sep-09	58,808	60,108	69,858	-2.2% ▼	-15.8% ▼
	Foundation & Exterior Contractors [2]	Sep-09	15,300	15,608	18,900	-2.0% ▼	-19.0% ▼
	Finishing Contractors [2]	Sep-09	14,342	14,850	18,592	-3.4% ▼	-22.9% ▼
Commercial	Permits Issued [1]	Sep-09	333	368	1,006	-9.5% ▼	-66.9% ▼
	Value Permitted [1]	Sep-09	\$687,742,436	\$725,300,244	\$1,571,782,813	-5.2% ▼	-56.2% ▼
Office Market	Vacancy Rate [2]	Q3-09	20.5%	19.0%	15.5%	1.4% ▲	4.9% ▲
	Under-construction Inventory [2]	Q3-09	1,505,286	1,997,460	3,216,266	-24.6% ▼	-53.2% ▼
	Planned Inventory [2]	Q3-09	4,199,872	4,320,098	5,523,927	-2.8% ▼	-24.0% ▼
Retail Market	Vacancy Rate [2]	Q3-09	9.3%	8.5%	5.6%	0.8% ▲	3.7% ▲
	Under-construction Inventory [2]	Q3-09	1,831,251	2,342,547	2,510,713	-21.8% ▼	-27.1% ▼
	Planned Inventory [2]	Q3-09	10,008,353	10,985,007	11,621,817	-8.9% ▼	-13.9% ▼
Industrial Market	Vacancy Rate [2]	Q3-09	11.1%	10.2%	7.9%	0.9% ▲	3.2% ▲
	Under-construction Inventory [2]	Q3-09	633,930	925,511	3,118,749	-31.5% ▼	-79.7% ▼
	Planned Inventory [2]	Q3-09	4,161,788	5,529,443	6,658,158	-24.7% ▼	-37.5% ▼
Residential	Single Family Units Permitted [1]	Sep-09	3,562	3,623	7,332	-1.7% ▼	-51.4% ▼
	Multi-family Units Permitted [1]	Sep-09	2,710	3,285	11,030	-17.5% ▼	-75.4% ▼
	Residential Value Permitted [1]	Sep-09	\$587,212,537	\$637,271,189	\$2,349,167,165	-7.9% ▼	-75.0% ▼
	Apartment Vacancy Rates [2]	Q2-09	8.1%	7.5%	7.2%	0.6% ▲	1.0% ▲
Hospitality	Occupancy Rate [2]	Aug-09	81.9%	82.5%	88.7%	-0.6% ▼	-6.9% ▼
	Rooms Currently Under-construction [2]	Q3-09	14,676	18,220	27,657	-19.4% ▼	-46.9% ▼
	No. of Rooms W/Announced Compl. Dates [2]	Q3-09	23,344	24,942	35,405	-6.4% ▼	-34.1% ▼
Construction Costs	Average Cost of Land (Per Acre) [2]	Q2-09	\$336,851	\$415,594	\$696,413	-18.9% ▼	-51.6% ▼
	Construction Cost Index [2]	Q3-09	12,296	12,527	12,310	-1.8% ▼	-0.1% ▼
	Prod. Price Index - Const. Industries [2]	Sep-09	189.8	191.2	193.5	-0.7% ▼	-1.9% ▼
	Average Construction Worker Wage [2]	Sep-09	\$23.35	\$23.38	\$23.25	-0.1% ▼	0.4% ▲
	Taxable Construction Spending [1]	Jul-09	\$2,716,960,430	\$2,796,117,228	\$3,264,317,881	-2.8% ▼	-16.8% ▼

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

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many speculative homes.

The *bargaining* that came next essentially took the form of borrowing from the future to save the present. The Fed undertook aggressive monetary policy, pushing the federal funds interest rate to near zero, and Congress infused billions of dollars into Fannie Mae and Freddie Mac, essentially bought AIG and provided unprecedented access to capital in an effort to bailout financial institutions and automakers. Congress also passed the American Recovery and Reinvestment Act on February 17, 2009, which provided \$787 billion in tax cuts, stimulus programs and other relief funding. Nevada, like most states, received a substantial amount of money that essentially shored up state government funding and its unemployment insurance trust fund. The required expansion of some state programs may actually increase states' long-term cost of operations, a reality that leads some to the conclusion that it may have been a Faustian bargain.

Depression quickly set in as the nation's economy continued to slide into the summer months, and Nevada's unemployment rate more than doubled. With more than 180,000 people actively seeking work statewide; hotel occupancies and average daily room rates falling concurrently; nation-leading levels of foreclosure and housing devaluation; half-constructed multi-billion dollar buildings; and mounting inventories

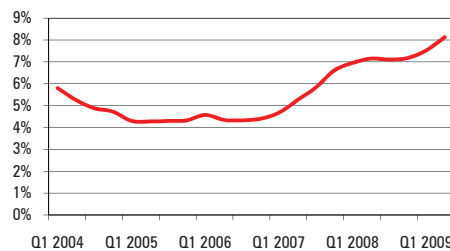
of office, industrial and retail property, the state was held up as ground zero for the recession. The economic machine that had made Nevada among the most prolific economies in the United States appeared to have shifted into reverse, leaving the state with an unfamiliar and unsettling state of affairs.

During the past several weeks Nevada has shown an increased level of *acceptance* and resolve relative to its economic condition. Businesses, small and large, have seemingly come to grips with the reality that current conditions are likely closer to "normal" than those present in 2005, 2006 and 2007, and they are repositioning themselves accordingly. The core tourism industry has undergone unprecedented cost cutting, renegotiated debt maturities and rapidly repositioned the market as a cost effective destination. Financial institutions are being considerably more proactive

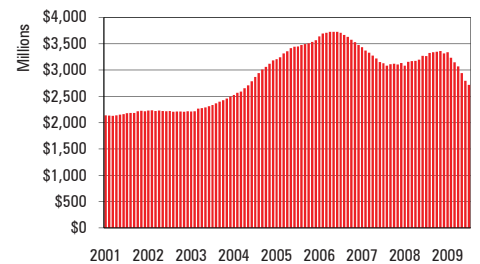
relative to non-residential non-performing loans and are demonstrating an increasing willingness to dispose of holdings at healthy discounts. Elected officials and business leaders have pushed job creation to the forefront of public discourse, more aggressively seeking federal grant funding, reconsidering shifting capital program dollars to operations and refocusing attention on economic development programs.

Although Nevada's economy has borne the full force of the economic downturn, it is not devoid of promise or possibilities. Coming to grips with the realities of the present situation is vitally important and will lead first to adaptation and then to innovation. Refocusing our collective energy on how to survive in recession and recovery rather than hunkering down and waiting for the storm to pass represents real progress and may very well be a harbinger of improvement on the horizon. **QMB**

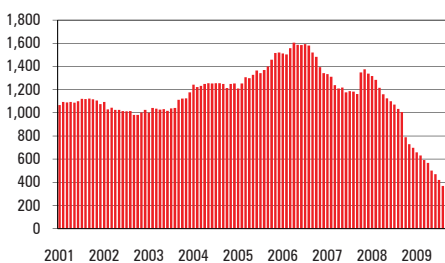
Apartment Vacancy Rates
TRAILING 12-MONTH AVERAGES



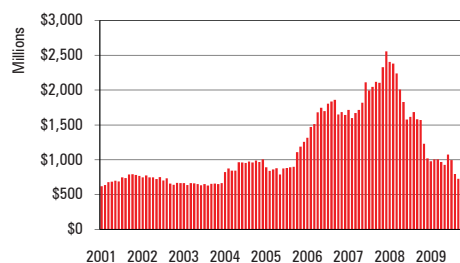
Taxable Construction Spending
TRAILING 12-MONTH TOTALS



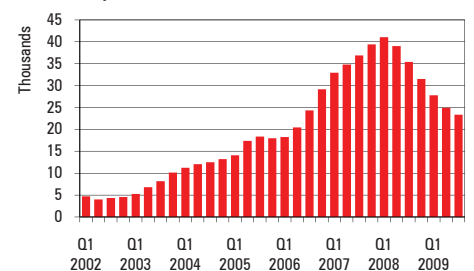
Commercial Permits
TRAILING 12-MONTH TOTALS



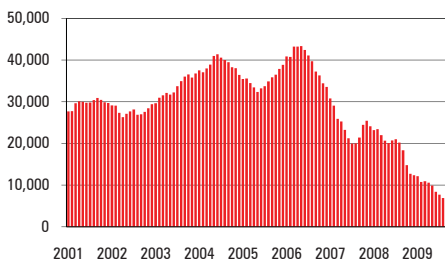
Commercial Value Permitted
TRAILING 12-MONTH TOTALS



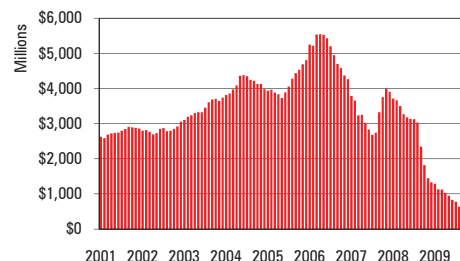
Number of Hotel Rooms with Announced Completion Dates
TRAILING 12-MONTH AVERAGES



Residential Units Permitted
TRAILING 12-MONTH TOTALS



Residential Value Permitted
TRAILING 12-MONTH TOTALS



Hotel Rooms Currently Under-Construction
TRAILING 12-MONTH AVERAGES

