

OFFICE MARKET REPORT

FIRST
QUARTER
2004

Compared to
last quarter:

VACANCY



ABSORPTION



LEASE RATES



CONSTRUCTION



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Prepared by:
Jerry J. Holdner, Jr.
Vice President
of Market Research
e-mail: jholdner@voitco.com



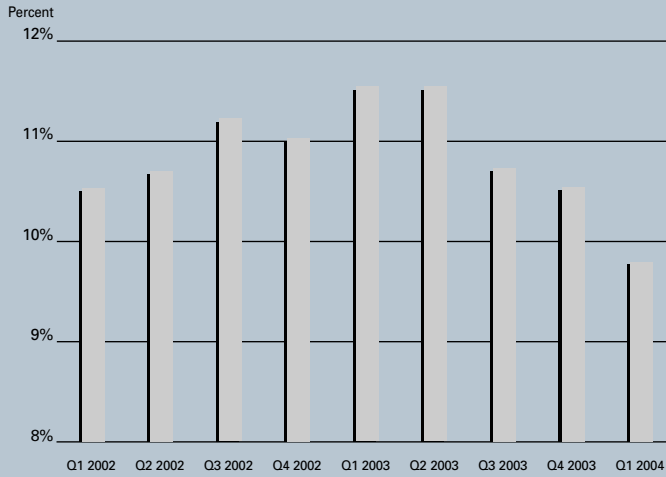
MARKET HIGHLIGHTS

- ◆ First quarter unemployment for Las Vegas stood at 4.6 percent, down from the 5.3 percent recorded 12 months prior. By comparison, the national unemployment rate was 5.7 percent (seasonally adjusted) at the close of the first quarter.
- ◆ The Las Vegas Valley added an estimated 35,600 new jobs during the past 12 months according to the Nevada Department of Employment, Training and Rehabilitation. Consistent new job growth is anticipated through the first half of 2004.
- ◆ At the end of the first quarter 2004, the Las Vegas office market was comprised of 31.6 million square feet of inventory in 1,074 buildings.
- ◆ New additions to the market contributed 227,000 square feet, while demand (net absorption) was an impressive 400,000 square feet.
- ◆ Currently, there are approximately 2.0 million square feet of office space under construction and 3.9 million square feet planned for future development.
- ◆ There were 3.1 million unoccupied square feet, producing a market-wide vacancy rate of 9.8 percent.
- ◆ The Southwest submarket market contains 2.5 million square feet of office space, with 849,000 square feet under construction and over 1.0 million square feet in planned inventory. We are expecting strong development in 2004 in the Southwest, South and Northwest parts of the Valley.

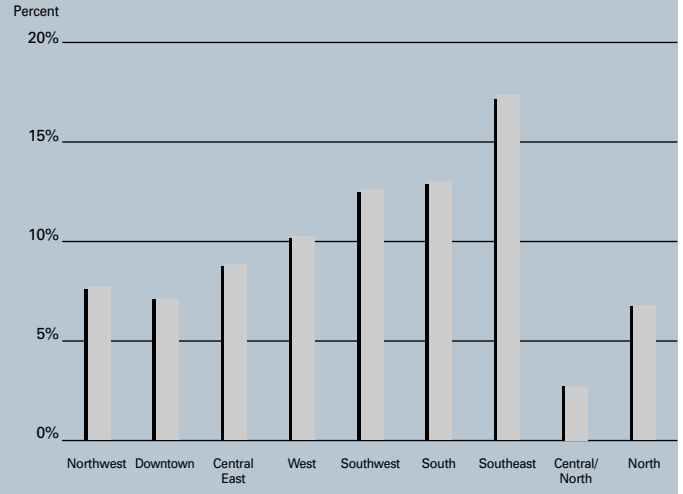
OFFICE MARKET STATISTICS

	1Q2004	4Q2003	1Q2003	% CHANGE VS. 1Q03
Under Construction	1,964,000	1,430,000	861,000	128.11%
Planned Construction	3,921,000	4,227,000	2,896,000	35.39%
Vacancy	9.8%	10.4%	11.5%	-14.78%
Net Absorption	400,000	533,000	268,000	49.25%
Office Pricing	\$1.89	\$1.88	\$1.84	2.72%

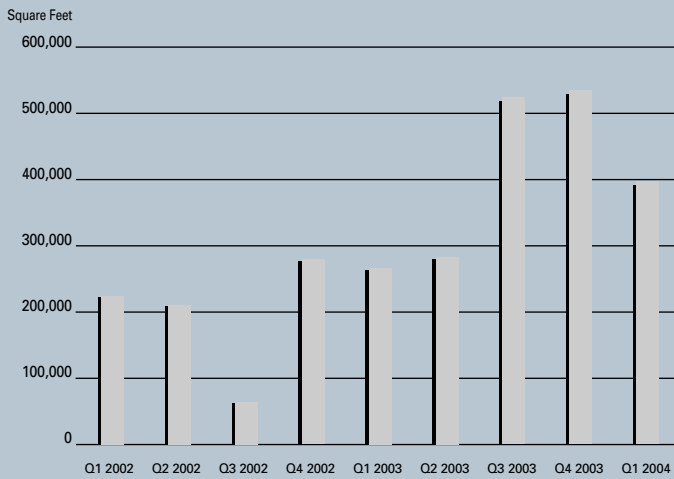
HISTORICAL VACANCY RATE



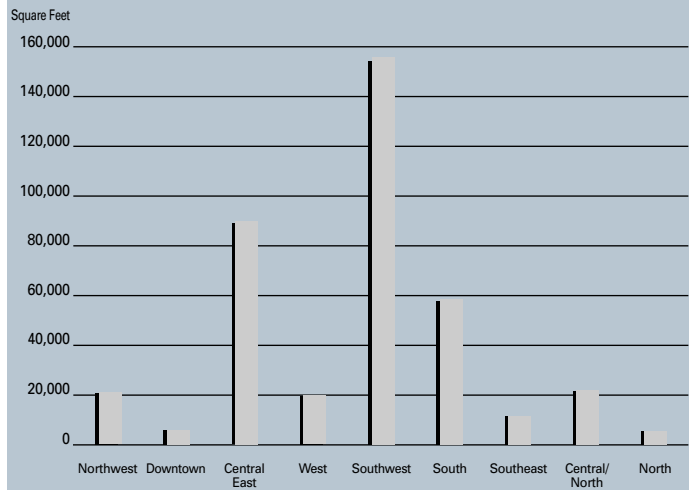
VACANCY RATE BY SUBMARKET



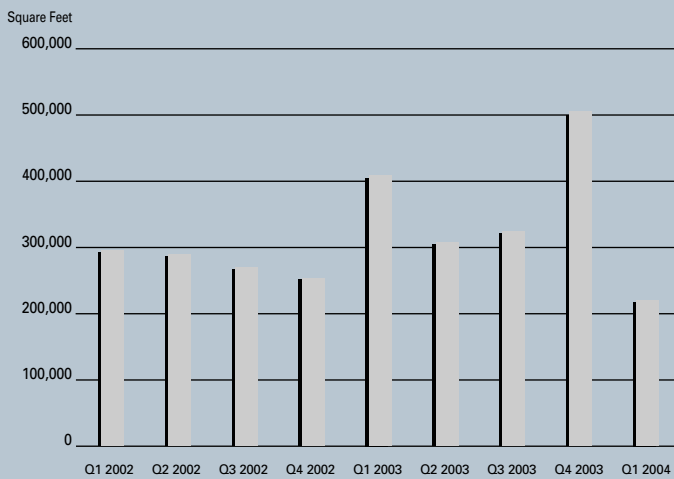
HISTORICAL NET ABSORPTION



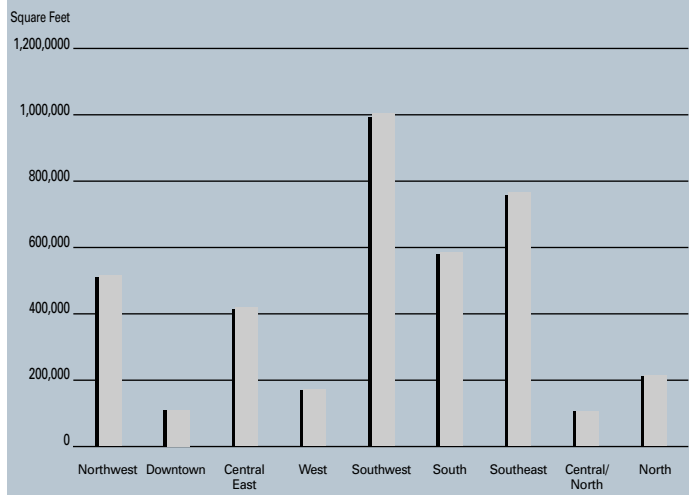
NET ABSORPTION BY SUBMARKET



HISTORICAL NEW CONSTRUCTION



PLANNED CONSTRUCTION BY SUBMARKET

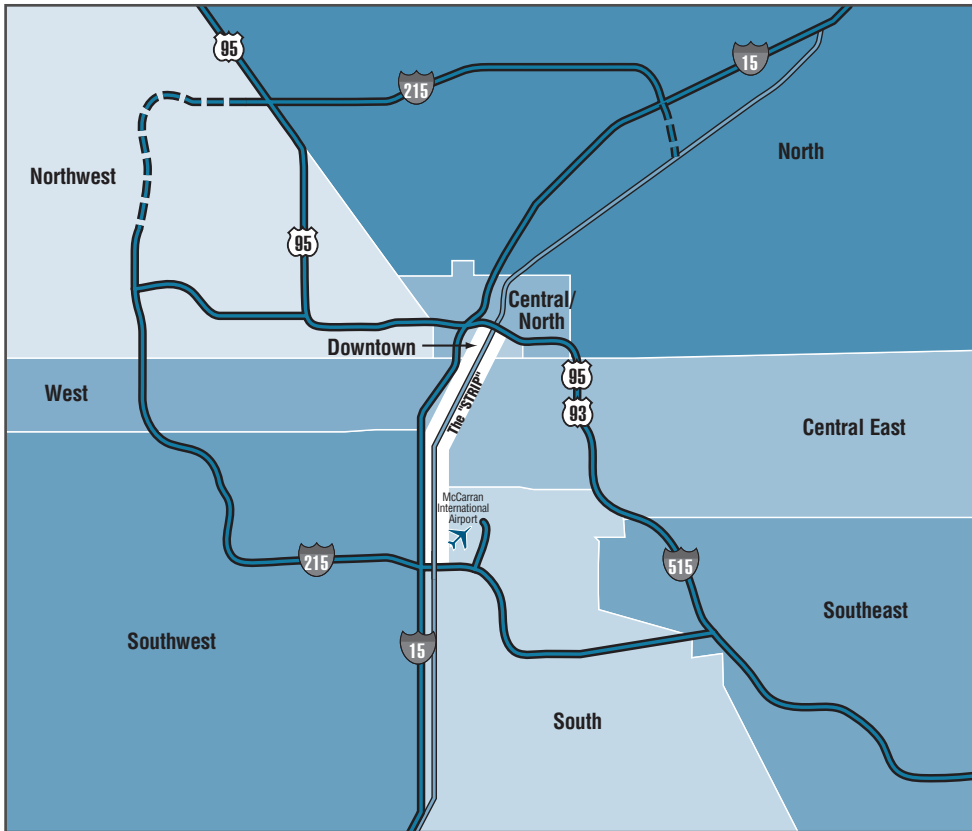


L A S V E G A S M A R K E T

	INVENTORY				VACANCY		ABSORPTION	
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2004	Net Absorption 1Q2004	New Inventory 1Q2004
Northwest								
Class A	16	1,176,380	131,000	307,416	33,349	2.8%	(7,490)	0
Class B	117	3,737,674	215,600	215,914	335,516	9.0%	24,832	43,400
Class C	7	133,131	0	0	2,127	1.6%	4,803	0
Northwest Total	140	5,047,185	346,600	523,330	370,992	7.4%	22,145	43,400
Downtown								
Class A	6	1,370,528	0	0	52,728	3.8%	0	0
Class B	37	992,025	92,000	120,000	114,223	11.5%	7,247	0
Class C	23	597,598	0	0	31,500	5.3%	(650)	0
Downtown Total	66	2,960,151	92,000	120,000	198,451	6.7%	6,597	0
Central East								
Class A	12	1,373,298	0	436,963	95,974	7.0%	71,372	0
Class B	107	3,958,901	0	0	356,725	9.0%	16,147	0
Class C	49	1,309,352	0	0	123,491	9.4%	3,322	0
Central East Total	168	6,641,551	0	436,963	576,190	8.7%	90,841	0
West								
Class A	6	707,467	0	0	142,793	20.2%	12,198	0
Class B	192	4,335,012	141,600	173,361	409,297	9.4%	11,808	0
Class C	34	619,361	0	0	40,684	6.6%	(2,779)	0
West Total	232	5,661,840	141,600	173,361	592,774	10.5%	21,227	0
Southwest								
Class A	4	93,740	480,000	0	6,135	6.5%	4,115	0
Class B	85	2,096,746	368,898	1,001,009	285,127	13.6%	126,472	138,815
Class C	19	325,077	0	0	28,379	8.7%	26,360	0
Southwest Total	108	2,515,563	848,898	1,001,009	319,641	12.7%	156,947	138,815
South								
Class A	11	722,766	0	125,106	36,576	5.1%	0	0
Class B	217	4,905,397	519,288	462,806	719,310	14.7%	58,549	45,248
Class C	18	144,712	0	0	8,007	5.5%	667	0
South Total	246	5,772,875	519,288	587,912	763,893	13.2%	59,216	45,248
Southeast								
Class A	2	118,877	0	200,848	45,544	38.3%	3,268	0
Class B	42	967,576	0	549,540	139,592	14.4%	9,278	0
Class C	10	91,062	0	0	17,827	19.6%	0	0
Southeast Total	54	1,177,515	0	750,388	202,963	17.2%	12,546	0
Central/North								
Class A	1	220,000	0	0	0	0.0%	0	0
Class B	15	543,561	0	120,000	23,403	4.3%	5,958	0
Class C	9	368,055	0	0	9,267	2.5%	16,568	0
Central/North Total	25	1,131,616	0	120,000	32,670	2.9%	22,526	0
North								
Class A	0	0	0	46,800	0	0.0%	0	0
Class B	32	654,937	16,000	160,836	45,877	7.0%	7,547	0
Class C	3	12,000	0	0	0	0.0%	0	0
North Total	35	666,937	16,000	207,636	45,877	6.9%	7,547	0
Las Vegas Total								
Class A	58	5,783,056	611,000	1,117,133	413,099	7.1%	83,463	0
Class B	844	22,191,829	1,353,386	2,803,466	2,429,070	10.9%	267,838	227,463
Class C	172	3,600,348	0	0	261,282	7.3%	48,291	0
Total	1,074	31,575,233	1,964,386	3,920,599	3,103,451	9.8%	399,592	227,463

OFFICE MARKET
REPORT

FIRST QUARTER 2004



PRODUCT TYPE

CLASS A

Most prestigious buildings competing for premier office users with rents above average for the area. Buildings have high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence.

CLASS B

Buildings competing for a wide range of users with rents in the average range for the area. Building finishes are fair to good for the area and systems are adequate, but the building cannot compete with Class A at the same price.

CLASS C

Buildings competing for tenants requiring functional space at rents below the area average.

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For Further Information:

LAS VEGAS OFFICE

3753 Howard Hughes Parkway, Suite 310
Las Vegas, Nevada 89109

TEL: 702.734.4500

FAX: 702.733.7690



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