

OFFICE MARKET REPORT

FIRST
QUARTER
2005

Compared to
last quarter:

VACANCY



UP

ABSORPTION



DOWN

LEASE RATES



UP

CONSTRUCTION



UP

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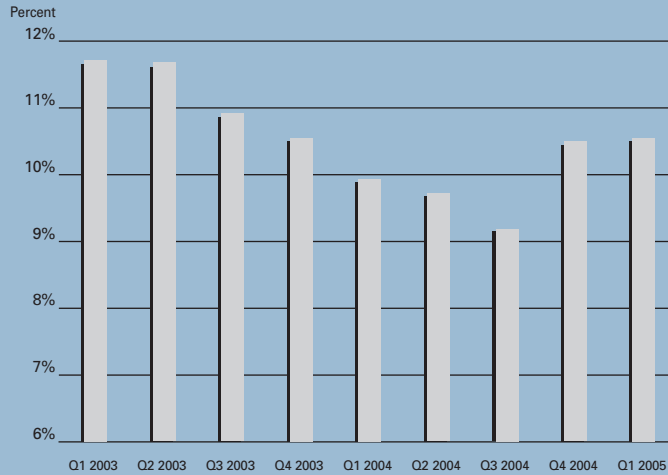
MARKET HIGHLIGHTS

- ◆ First quarter unemployment for Las Vegas stood at 4.0 percent, down from the 4.8 percent recorded 12 months prior. By comparison, the national unemployment rate was 5.4 percent (seasonally adjusted) at the close of the first quarter.
- ◆ The Las Vegas Valley added an estimated 59,800 new jobs during the past 12 months, representing a 7.6 percent growth rate. Consistent new job growth is anticipated during the upcoming quarter.
- ◆ At the end of the first quarter 2005, the Las Vegas office market was comprised of 33.7 million square feet of inventory in 1,161 buildings.
- ◆ New additions to the market contributed 376,000 square feet, while demand (net absorption) remained positive with 304,000 square feet.
- ◆ Currently, there are approximately 2.3 million square feet of office space under construction and 5.5 million square feet planned for future development.
- ◆ There were 3.6 million unoccupied square feet, producing a market-wide vacancy rate of 10.6 percent. Current vacancies represented an increase from the 9.9 percent reported a year ago.
- ◆ The Southwest submarket continues to lead the market in terms of the amount of development activity. As of the first quarter 2005, the Southwest reported 814,000 square feet under construction and another 1.8 million square feet planned for future development.

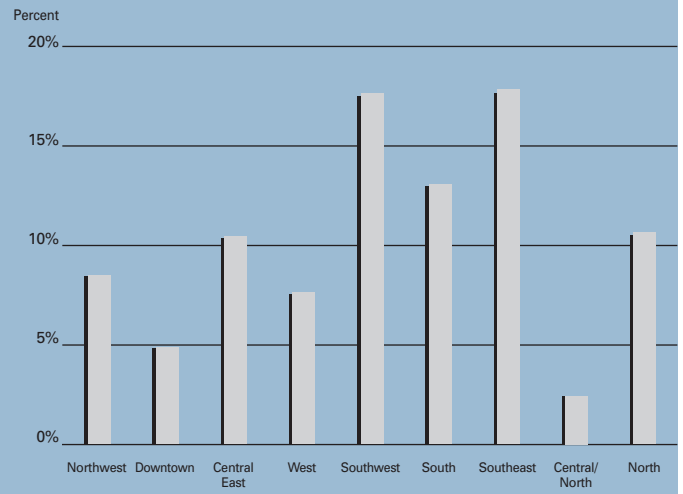
OFFICE MARKET STATISTICS

	1Q 2005	4Q 2004	1Q 2004	% CHANGE VS. 1Q04
Under Construction	2,258,000	2,059,000	2,045,000	10.42%
Planned Construction	5,465,000	5,086,000	4,281,000	27.66%
Vacancy	10.6%	10.5%	9.9%	7.07%
Net Absorption	304,000	330,190	366,000	-16.94%

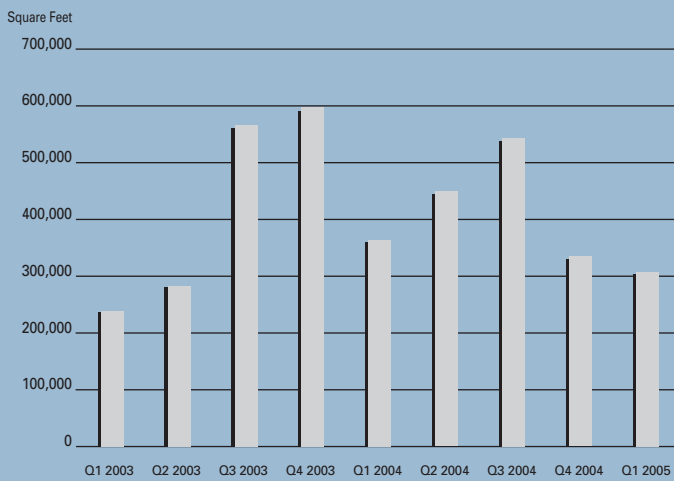
HISTORICAL VACANCY RATE



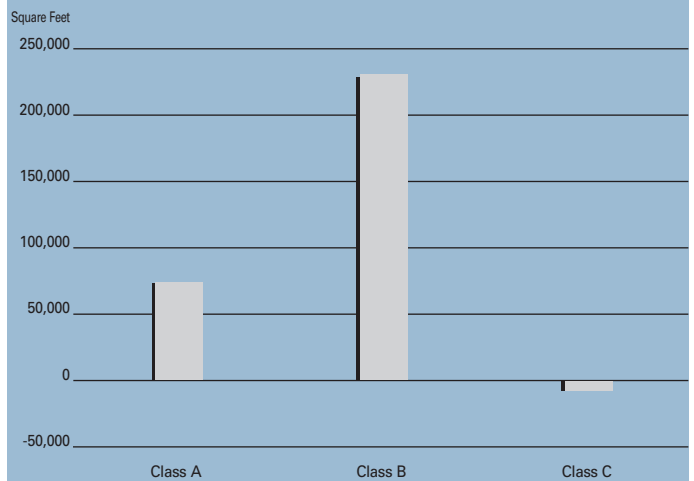
VACANCY RATE BY SUBMARKET



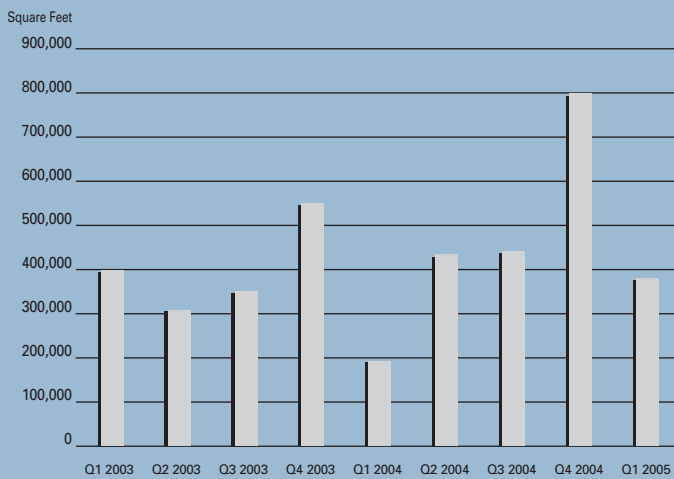
HISTORICAL NET ABSORPTION



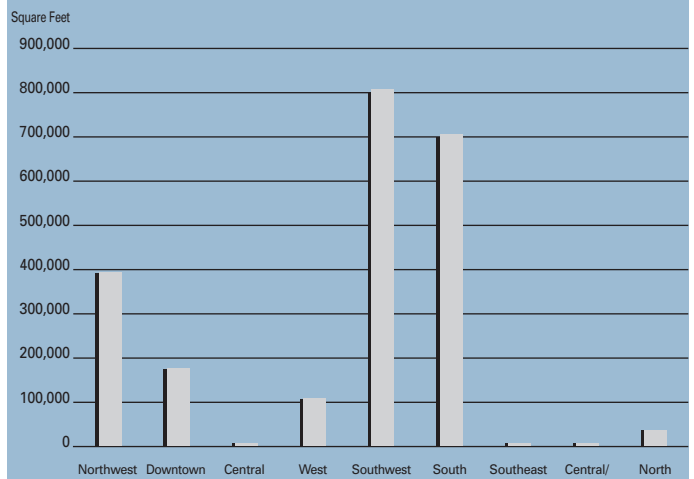
NET ABSORPTION BY CLASS



HISTORICAL NEW CONSTRUCTION



CONSTRUCTION ACTIVITY BY SUBMARKET

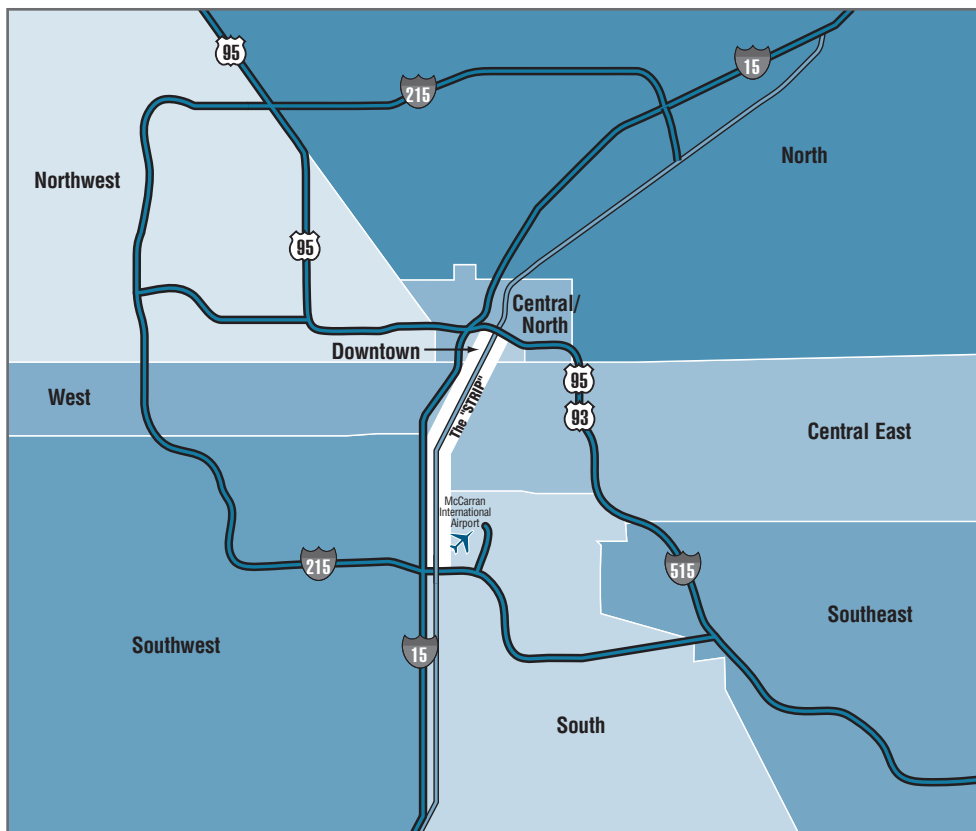


L A S V E G A S M A R K E T

	INVENTORY				VACANCY		ABSORPTION	
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2005	Net Absorption 1Q2005	New Inventory 1Q2005
Northwest								
Class A	17	1,304,322	74,388	436,943	107,209	8.2%	73,416	131,000
Class B	120	3,834,672	322,074	314,646	348,379	9.1%	11,425	0
Class C	7	133,131	0	0	3,189	2.4%	0	0
Northwest Total	144	5,272,125	396,462	751,589	458,777	8.7%	84,841	131,000
Downtown								
Class A	6	1,340,173	85,200	0	12,700	0.9%	0	0
Class B	37	992,025	92,000	212,000	99,586	10.0%	0	0
Class C	23	597,598	0	0	35,330	5.9%	3,150	0
Downtown Total	66	2,929,796	177,200	212,000	147,616	5.0%	3,150	0
Central East								
Class A	12	1,373,298	0	436,963	20,701	1.5%	5,224	0
Class B	107	3,967,209	0	0	569,172	14.3%	(31,364)	0
Class C	49	1,324,193	0	0	132,606	10.0%	(1,438)	0
Central East Total	168	6,664,700	0	436,963	722,479	10.8%	(27,578)	0
West								
Class A	6	707,467	0	0	5,824	0.8%	0	0
Class B	203	4,445,284	114,600	287,579	391,371	8.8%	49,860	30,000
Class C	34	619,361	0	0	61,006	9.8%	(14,697)	0
West Total	243	5,772,112	114,600	287,579	458,201	7.9%	35,163	30,000
Southwest								
Class A	5	122,335	197,950	240,075	15,942	13.0%	(487)	0
Class B	114	2,773,778	616,011	1,577,517	536,574	19.3%	120,961	126,808
Class C	19	325,077	0	0	17,070	5.3%	10,009	0
Southwest Total	138	3,221,190	813,961	1,817,592	569,586	17.7%	130,483	126,808
South								
Class A	12	782,584	65,288	69,000	30,725	3.9%	(2,051)	0
Class B	249	5,663,889	646,877	832,234	837,214	14.8%	96,236	88,278
Class C	18	144,712	0	0	6,392	4.4%	(2,632)	0
South Total	279	6,591,185	712,165	901,234	874,331	13.3%	91,553	88,278
Southeast								
Class A	2	118,877	0	77,881	44,155	37.1%	0	0
Class B	46	1,057,303	0	513,800	156,879	14.8%	(13,172)	0
Class C	10	91,062	0	0	23,560	25.9%	0	0
Southeast Total	58	1,267,242	0	591,681	224,594	17.7%	(13,172)	0
Central/North								
Class A	1	220,000	0	0	0	0.0%	0	0
Class B	18	702,078	0	120,000	23,001	3.3%	1,363	0
Class C	9	368,055	0	0	8,978	2.4%	0	0
Central/North Total	28	1,290,133	0	120,000	31,979	2.5%	1,363	0
North								
Class A	1	46,800	0	0	26,542	0.0%	0	0
Class B	33	670,937	43,725	346,083	53,497	8.0%	(1,732)	0
Class C	3	12,000	0	0	0	0.0%	0	0
North Total	37	729,737	43,725	346,083	80,039	11.0%	(1,732)	0
Las Vegas Total								
Class A	62	6,015,856	422,826	1,260,862	263,798	4.4%	76,102	131,000
Class B	927	24,107,175	1,835,287	4,203,859	3,015,673	12.5%	233,577	245,086
Class C	172	3,615,189	0	0	288,131	8.0%	(5,608)	0
Total	1,161	33,738,220	2,258,113	5,464,721	3,567,602	10.6%	304,071	376,086

OFFICE MARKET
REPORT

FIRST QUARTER 2005



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:

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