

OFFICE MARKET REPORT

FIRST
QUARTER
2006

Compared to
last quarter:

VACANCY



UP

ABSORPTION



DOWN

LEASE RATES



UP

CONSTRUCTION



DOWN

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



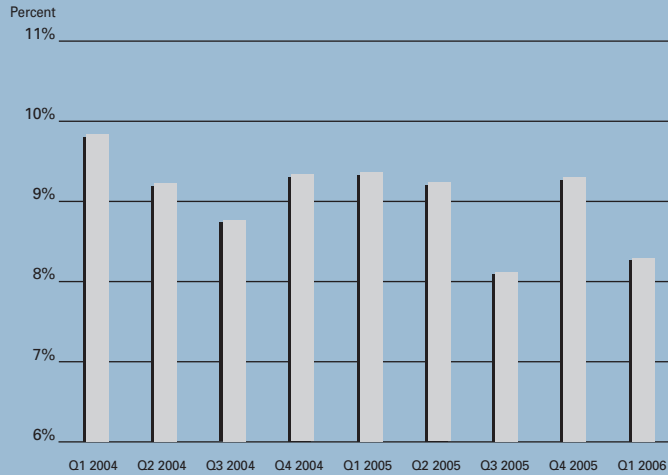
MARKET HIGHLIGHTS

- ◆ Unemployment levels in Las Vegas stood at 3.8 percent during the first quarter 2006, which was down from the 4.3 percent reported one year ago. By comparison, the national unemployment rate was 4.8 percent (seasonally adjusted) at the close of the first quarter.
- ◆ The Las Vegas Valley added an estimated 57,700 new jobs during the past 12 months, representing a 6.9 percent growth rate. During the same period, office-using employment added 17,400 new positions, or 30 percent of Valley-wide additions. Consistent new job growth is anticipated to continue.
- ◆ At the end of the first quarter 2006, the Las Vegas office market was comprised of 38.1 million square feet of inventory in 1,403 buildings. With 3.2 million square feet of unoccupied space, the Valley-wide vacancy rate was 8.4 percent, down from 9.4 percent one year ago.
- ◆ New additions to the market contributed 867,100 square feet, while demand (net absorption) was 742,800 square feet. Healthy market expansions continued due to a strong economic climate, relatively low interest rates, healthy investor activity and significant office condominium development.
- ◆ Currently, there are approximately 4.6 million square feet of office space under construction and 3.6 million square feet planned for future development.
- ◆ During the quarter, for-sale office condominiums represented 55 percent of new office development. This trend follows the record-setting pace established in 2005 and may witness a softening by year-end as development costs continue to climb.

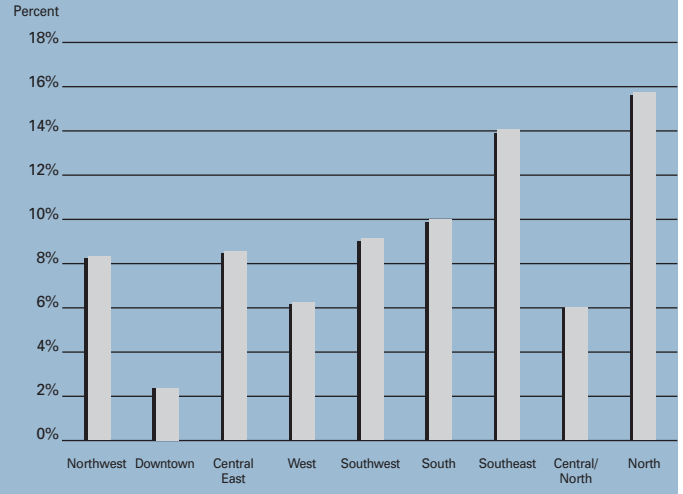
OFFICE MARKET STATISTICS

	1Q2006	4Q2005	1Q2005	% CHANGE VS. 1Q05
Under Construction	4,643,000	5,126,000	1,813,000	156.09%
Planned Construction	3,587,000	3,409,000	5,733,000	-37.43%
Vacancy	8.4%	8.3%	9.4%	-10.64%
Net Absorption	743,000	982,000	466,000	59.44%

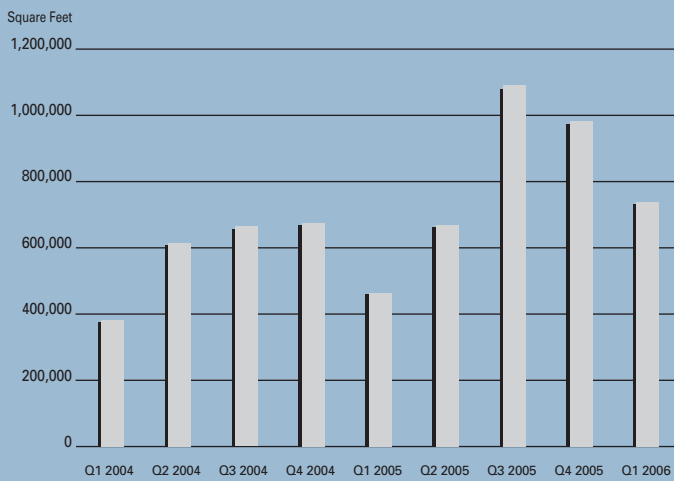
HISTORICAL VACANCY RATE



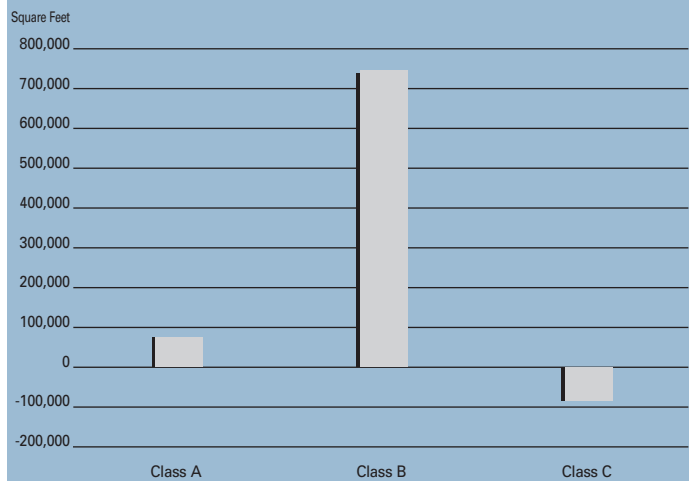
VACANCY RATE BY SUBMARKET



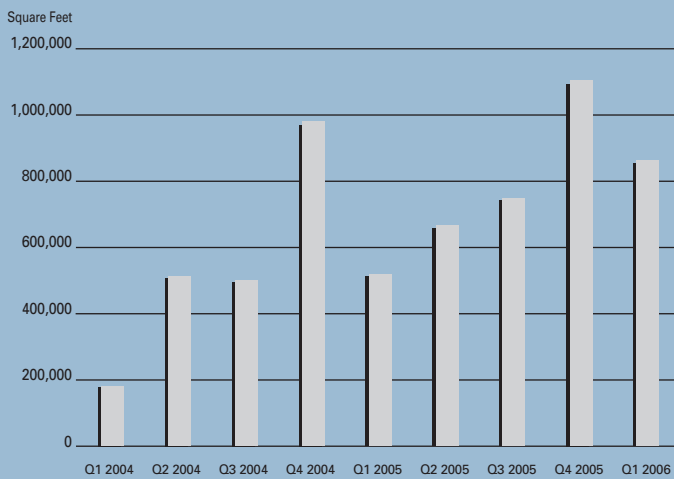
HISTORICAL NET ABSORPTION



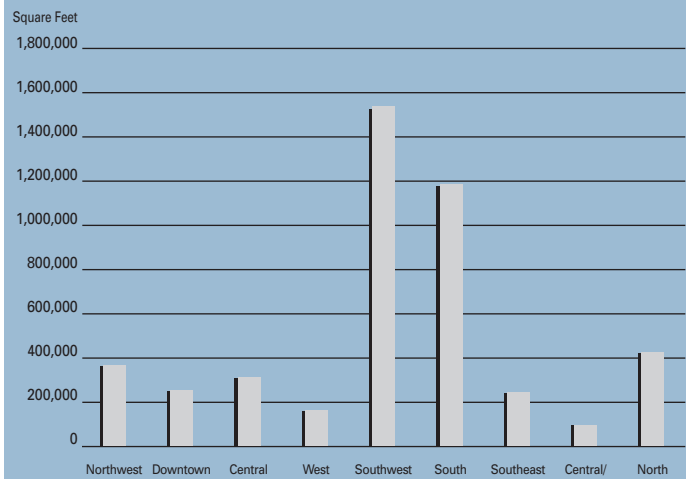
NET ABSORPTION BY CLASS



HISTORICAL NEW CONSTRUCTION



CONSTRUCTION ACTIVITY BY SUBMARKET

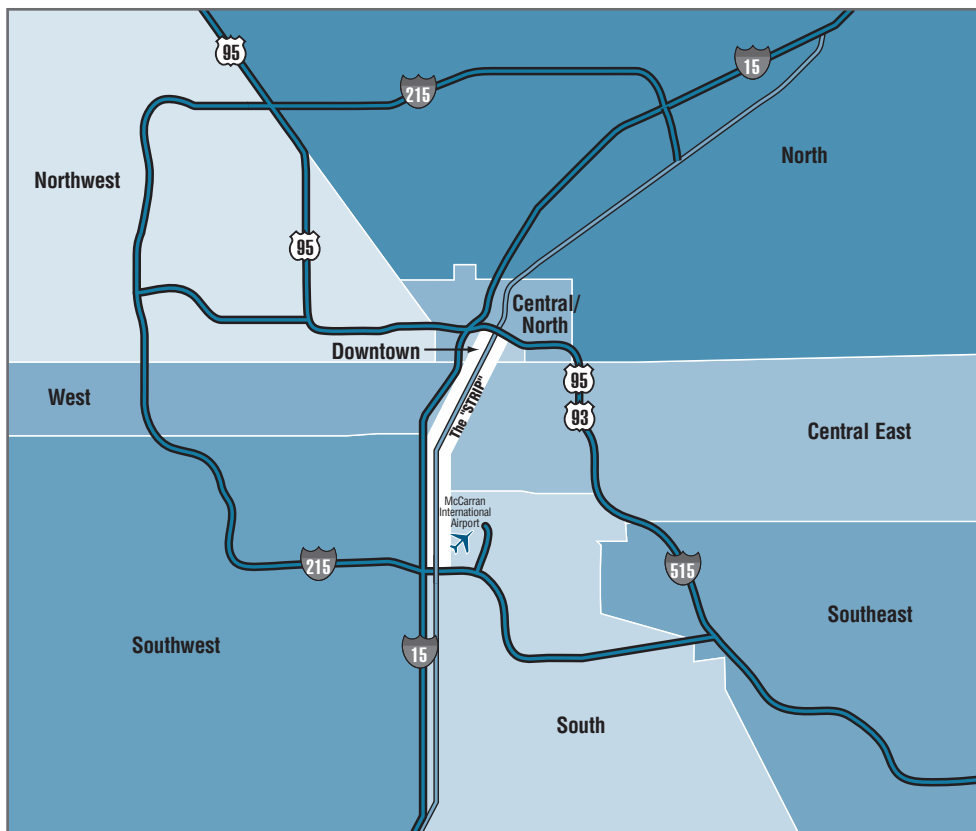


L A S V E G A S M A R K E T

	INVENTORY				VACANCY		ABSORPTION	
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2006	Net Absorption 1Q2006	New Inventory 1Q2006
Northwest								
Class A	20	1,533,609	52,600	258,028	163,589	10.7%	20,521	0
Class B	176	4,575,678	311,624	413,720	358,305	7.8%	95,535	44,877
Class C	7	133,131	0	0	3,776	2.8%	1,604	0
Northwest Total	203	6,242,418	364,224	671,748	525,670	8.4%	117,660	44,877
Downtown								
Class A	7	1,425,373	265,000	0	0	0.0%	0	0
Class B	39	1,118,282	0	20,000	67,330	6.0%	13,150	0
Class C	23	597,598	0	0	15,065	2.5%	10,200	0
Downtown Total	69	3,141,253	265,000	20,000	82,395	2.6%	23,350	0
Central East								
Class A	12	1,252,434	239,198	39,963	14,146	1.1%	568	0
Class B	110	4,051,865	64,127	263,200	379,018	9.4%	52,800	0
Class C	49	1,324,193	0	0	185,581	14.0%	(41,017)	0
Central East Total	171	6,628,492	303,325	303,163	578,745	8.7%	12,351	0
West								
Class A	6	707,467	0	0	12,815	1.8%	(12,815)	0
Class B	224	4,857,987	157,260	29,000	343,339	7.1%	115,548	110,157
Class C	35	635,465	0	0	43,005	6.8%	(1,475)	0
West Total	265	6,200,919	157,260	29,000	399,159	6.4%	101,258	110,157
Southwest								
Class A	8	284,720	323,475	270,843	25,289	8.9%	61,584	28,600
Class B	180	3,816,281	1,231,277	759,119	352,964	9.2%	239,004	308,362
Class C	19	325,077	0	0	23,097	7.1%	(1,770)	0
Southwest Total	207	4,426,078	1,554,752	1,029,962	401,350	9.1%	298,818	336,962
South								
Class A	17	1,134,242	117,815	267,000	75,435	6.7%	4,864	0
Class B	291	6,323,470	1,078,127	501,913	674,967	10.7%	104,701	183,519
Class C	18	144,712	0	0	7,400	5.1%	1,148	0
South Total	326	7,602,424	1,195,942	768,913	757,802	10.0%	110,713	183,519
Southeast								
Class A	2	118,877	0	77,881	11,982	10.1%	0	0
Class B	69	1,359,722	262,554	330,400	195,564	14.4%	72,906	114,529
Class C	10	91,340	0	0	16,150	17.7%	(3,174)	0
Southeast Total	81	1,569,939	262,554	408,281	223,696	14.2%	69,732	114,529
Central/North								
Class A	1	220,000	0	0	0	0.0%	0	0
Class B	21	760,892	102,000	120,000	51,926	6.8%	47,561	48,982
Class C	9	368,055	0	0	30,673	8.3%	(11,213)	0
Central/North Total	31	1,348,947	102,000	120,000	82,599	6.1%	36,348	48,982
North								
Class A	1	45,376	54,419	0	22,618	49.8%	5,368	0
Class B	45	834,861	383,630	235,616	86,667	10.4%	8,900	28,067
Class C	4	75,048	0	0	41,677	55.5%	(41,677)	0
North Total	50	955,285	438,049	235,616	150,962	15.8%	(27,409)	28,067
Las Vegas Total								
Class A	74	6,722,098	1,052,507	913,715	325,874	4.8%	80,090	28,600
Class B	1,155	27,699,038	3,590,599	2,672,968	2,510,080	9.1%	750,105	838,493
Class C	174	3,694,619	0	0	366,424	9.9%	(87,374)	0
Total	1,403	38,115,755	4,643,106	3,586,683	3,202,378	8.4%	742,821	867,093

OFFICE MARKET
REPORT

FIRST QUARTER 2006



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

10100 West Charleston Boulevard, Suite 200
Las Vegas, Nevada 89135
TEL: 702.734.4500
FAX: 702.733.7690



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