

OFFICE MARKET REPORT

FIRST
QUARTER
2007

Compared to
last quarter:

VACANCY



UP

ABSORPTION



DOWN

LEASE RATES



UP

CONSTRUCTION



DOWN

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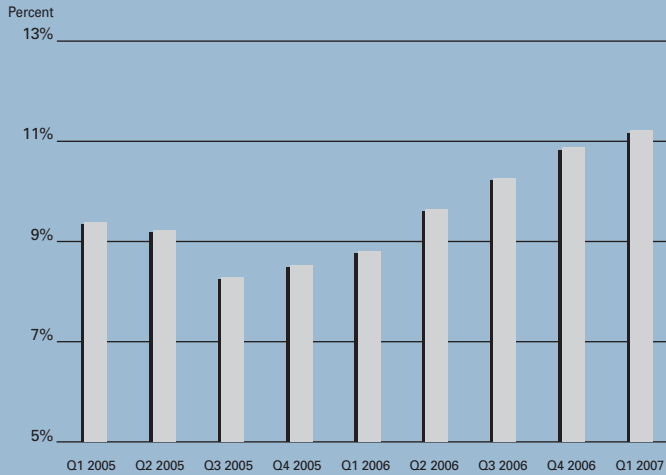
MARKET HIGHLIGHTS

- ◆ By the first quarter of 2007, the Las Vegas employment market reported annual employment growth of 32,500 new positions, representing a 3.6 percent increase over the same period of the prior year. Office-using employment posted above-average growth of 5.4 percent, with professional and business services reporting a 5.7-percent increase. Office-related positions represented one out of every two jobs created during the past year.
- ◆ The unemployment levels in Las Vegas have remained relatively healthy at 4.3 percent, yet reported a jump from the prior year rate of 3.8 percent. The jobless rate remains below the 4.5-percent national average reported during the same period.
- ◆ The Las Vegas office market continued its expansion with 767,000 square feet of space completing construction during the first quarter, which was off the above-average 1.3 million square feet reported last quarter and 1.0 million square feet reported one year ago. Recent expansion levels reflect strong fundamentals present 12 to 24 months ago.
- ◆ During the first quarter, the market demanded (or absorbed) 551,000 square feet, resulting in a vacancy rate of 11.1 percent, up from 8.7 percent in the prior year. The market reported rising vacancies in six consecutive quarters, up 2.9 points from the low of 8.2 reported during 2005.
- ◆ With 41.9 million square feet of inventory, the market is expected to expand by another 10 percent during the next 12 to 18 months as 4.1 million square feet of space remains under construction. An additional 7.8 million square feet of space remains in varying stages of planning. Forward-looking supply will likely press vacancy rates to the 12-percent range by the close of 2007.

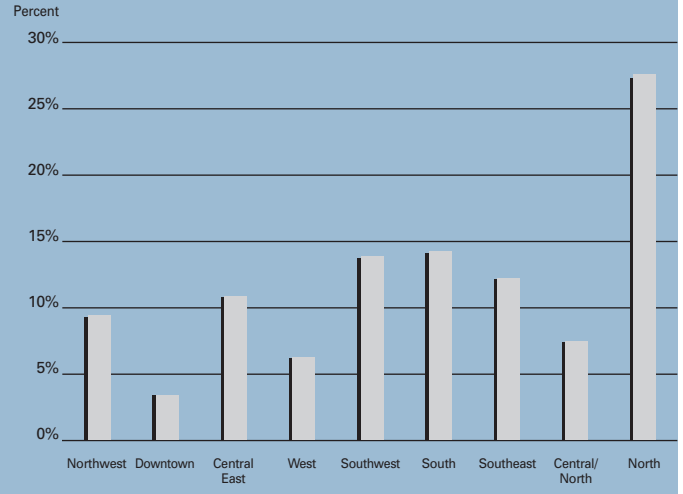
OFFICE MARKET STATISTICS

	Q1 2007	Q4 2006	Q1 2006	% CHANGE (Y-O-Y)
Under Construction	4,063,000	4,208,000	4,902,000	-17.12%
Planned Construction	7,780,000	7,831,000	4,626,000	68.18%
Vacancy	11.1%	10.8%	8.7%	27.59%
Net Absorption	551,000	876,000	791,000	-30.34%

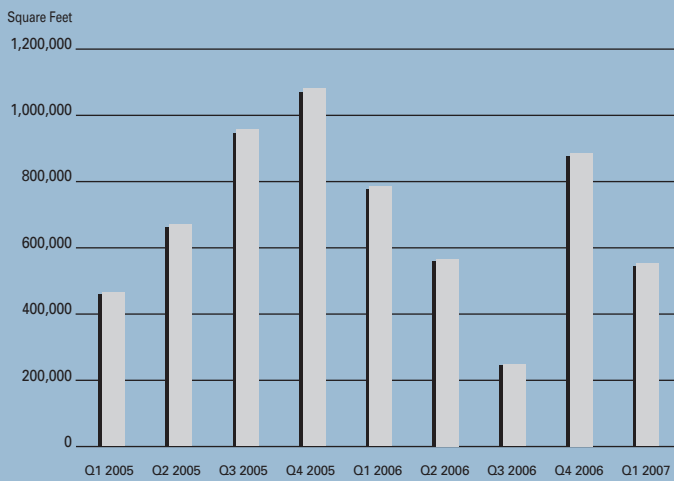
HISTORICAL VACANCY RATE



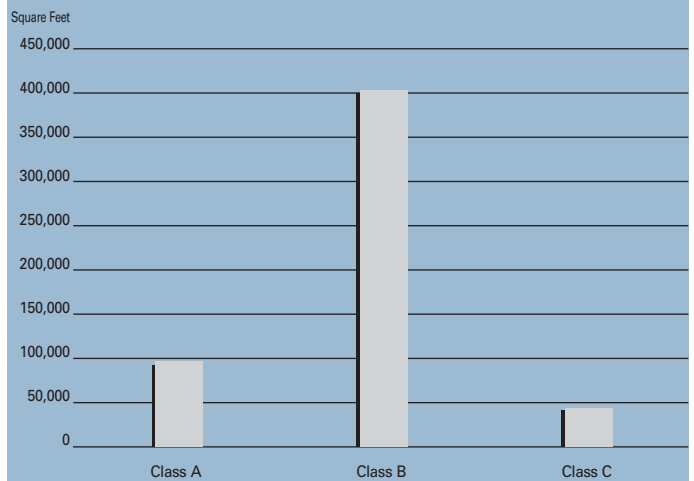
VACANCY RATE BY SUBMARKET



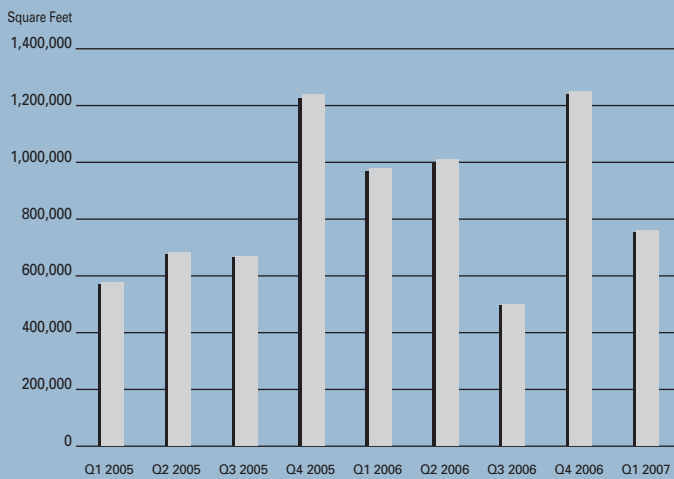
HISTORICAL NET ABSORPTION



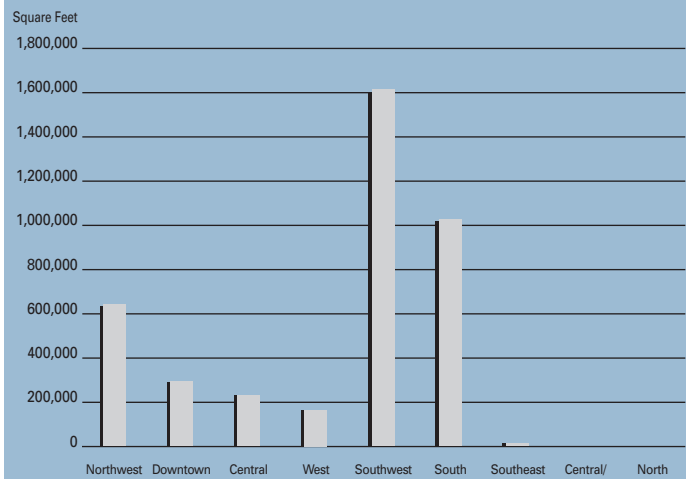
NET ABSORPTION BY CLASS



HISTORICAL NEW CONSTRUCTION



CONSTRUCTION ACTIVITY BY SUBMARKET

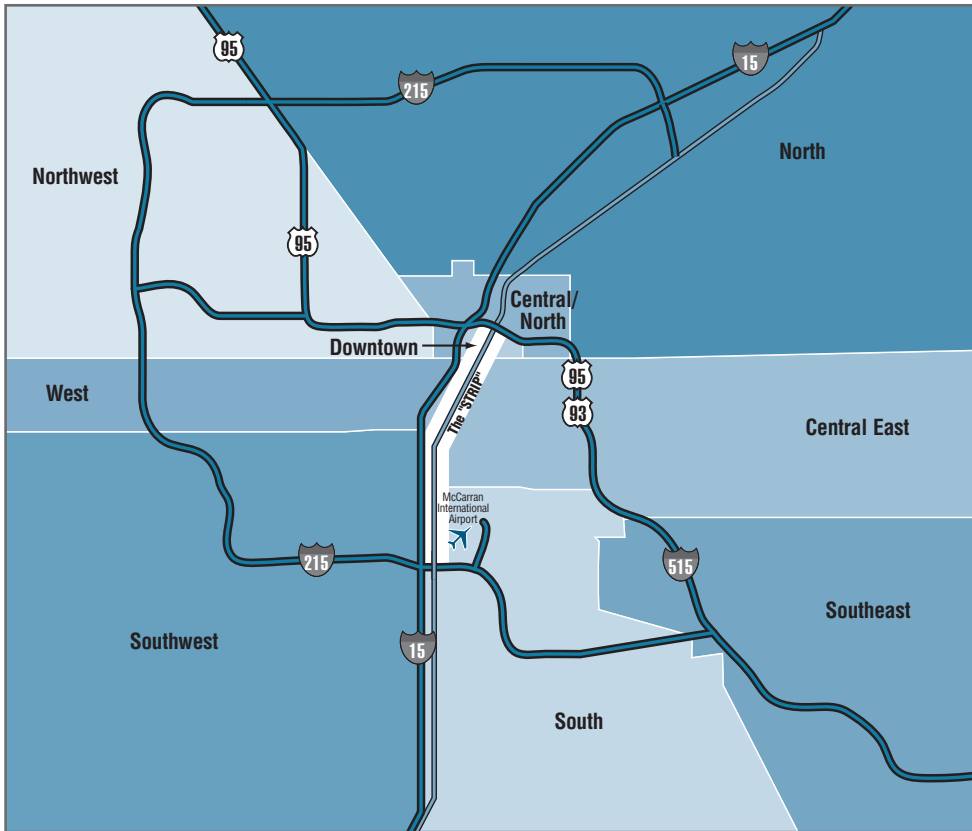


L A S V E G A S M A R K E T

	INVENTORY				VACANCY		ABSORPTION	
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2007	Net Absorption 1Q2007	New Inventory 1Q2007
Northwest								
Class A	21	1,586,209	140,602	108,028	163,747	10.3%	37,193	52,600
Class B	199	4,893,951	519,718	621,192	440,368	9.0%	49,069	0
Class C	7	133,131	0	0	16,464	12.4%	(9,188)	0
Northwest Total	227	6,613,291	660,320	729,220	620,579	9.4%	77,074	52,600
Downtown								
Class A	8	1,494,087	285,000	0	0	0.0%	2,918	0
Class B	38	1,049,568	35,700	0	96,380	9.2%	(82)	0
Class C	23	597,598	0	0	16,915	2.8%	(1,000)	0
Downtown Total	69	3,141,253	320,700	0	113,295	3.6%	1,836	0
Central East								
Class A	12	1,252,434	239,198	39,963	30,577	2.4%	(7,804)	0
Class B	112	4,129,490	0	303,200	551,221	13.3%	(45,904)	0
Class C	51	1,303,641	0	0	160,471	12.3%	58,177	0
Central East Total	175	6,685,565	239,198	343,163	742,269	11.1%	4,469	0
West								
Class A	6	707,467	0	130,000	17,754	2.5%	(3,754)	0
Class B	226	4,910,580	167,344	727,253	325,337	6.6%	(59,970)	0
Class C	36	644,465	0	0	65,503	10.2%	(11,730)	0
West Total	268	6,262,512	167,344	857,253	408,594	6.5%	(75,454)	0
Southwest								
Class A	11	631,705	423,861	553,400	116,506	18.4%	50,724	107,230
Class B	230	5,113,300	1,190,205	1,525,530	711,798	13.9%	374,902	232,386
Class C	19	325,077	0	0	15,160	4.7%	2,230	0
Southwest Total	260	6,070,082	1,614,066	2,078,930	843,464	13.9%	427,856	339,616
South								
Class A	18	1,254,597	400,000	1,221,280	194,595	15.5%	19,550	117,815
Class B	391	7,105,579	650,320	1,178,364	1,031,601	14.5%	35,954	208,471
Class C	18	144,712	0	0	7,671	5.3%	(891)	0
South Total	427	8,504,888	1,050,320	2,399,644	1,233,867	14.5%	54,613	326,286
Southeast								
Class A	2	181,989	0	414,319	4,500	2.5%	862	0
Class B	89	1,548,768	11,200	521,901	203,523	13.1%	49,806	0
Class C	10	91,340	0	0	14,580	16.0%	(1,141)	0
Southeast Total	101	1,822,097	11,200	936,220	222,603	12.2%	49,527	0
Central/North								
Class A	1	220,000	0	0	0	0.0%	0	0
Class B	23	876,290	0	0	69,089	7.9%	(19,938)	0
Class C	9	368,055	0	0	38,654	10.5%	(1,500)	0
Central/North Total	33	1,464,345	0	0	107,743	7.4%	(21,438)	0
North								
Class A	1	45,376	0	54,419	17,182	37.9%	0	0
Class B	69	1,198,032	0	381,319	312,780	26.1%	18,981	48,256
Class C	5	91,616	0	0	42,699	46.6%	13,198	0
North Total	75	1,335,024	0	435,738	372,661	27.9%	32,179	48,256
Las Vegas Total								
Class A	80	7,373,864	1,488,661	2,521,409	544,861	7.4%	99,689	277,645
Class B	1,377	30,825,558	2,574,487	5,258,759	3,742,097	12.1%	402,818	489,113
Class C	178	3,699,635	0	0	378,117	10.2%	48,155	0
Total	1,635	41,899,057	4,063,148	7,780,168	4,665,075	11.1%	550,662	766,758

OFFICE MARKET
REPORT

FIRST QUARTER 2007



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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