

Office Market Report

VOIT COMMERCIAL BROKERAGE

Compared to last quarter:

Vacancy



UP

Absorption

DOWN

Lease Rates



UP

Construction

DOWN

To view available properties,
please visit:

www.voitco.com



CORFAC
International

Prepared by:
Jerry J. Holdner, Jr.

Vice President of Market Research
e-mail: jholdner@voitco.com



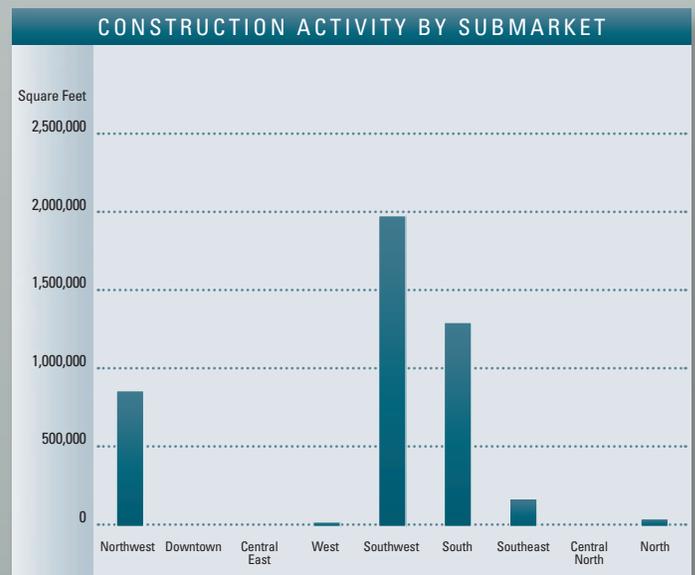
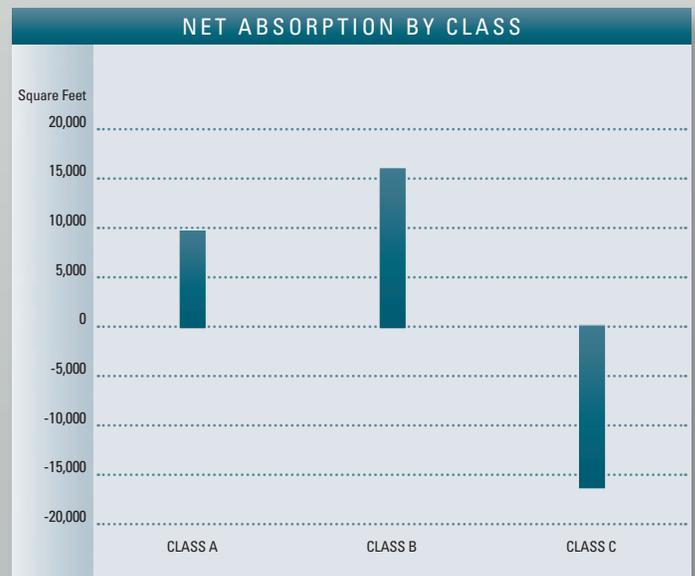
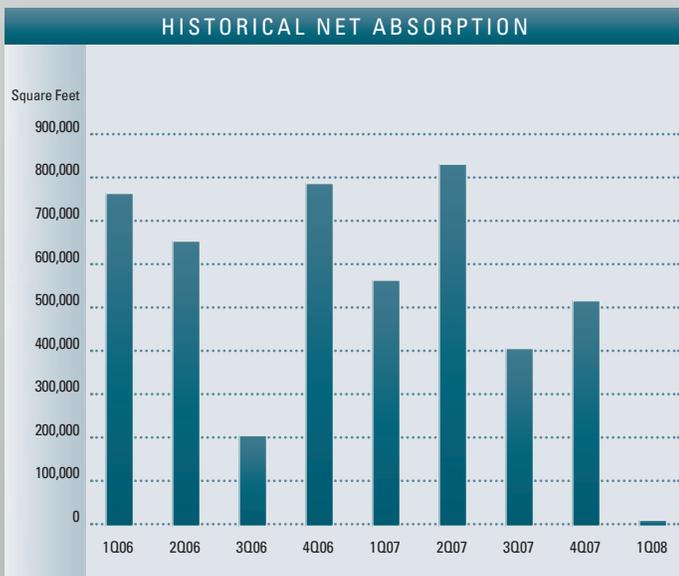
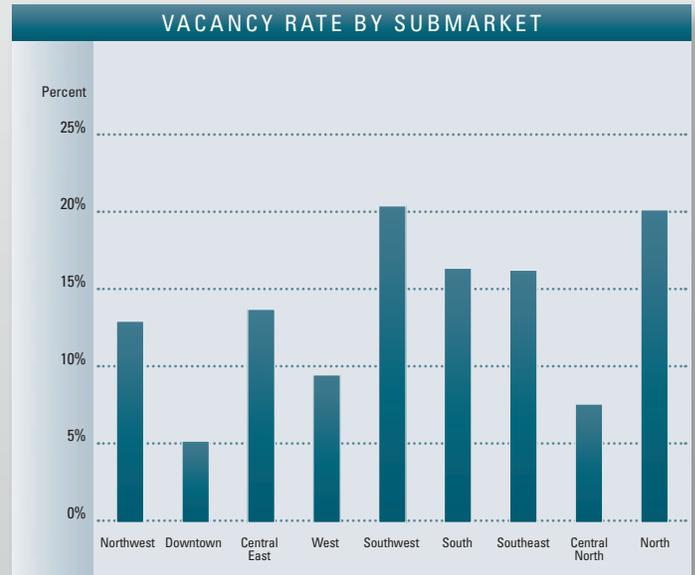
Office Market Highlights

- ◆ By the close of the first quarter of 2008, the Las Vegas office market reported additional inventory, with only modest market demand, resulting in rising vacancy rates. Average vacancies remained elevated in emerging portions of the valley, including the southwest, south and north submarkets.
- ◆ During the first three months of the year, the Las Vegas office market expanded by 551,300 square feet reaching a total inventory of 45.5 million square feet in 1,768 buildings. Net absorption remained positive, yet fell far short of new supply, with only 9,400 square feet demanded during the quarter.
- ◆ Major project completions during the quarter included two Class A buildings in The Arroyo Corporate Center at 215 and Buffalo Drive, several buildings in the Beltway Business Park in the southwest, the initial phase of Exchange 215 in the southwest, and the second building of Mammoth Henderson in the south.
- ◆ The latest market activity resulted in a vacancy rate of 14.0 percent, with availability climbing far above historical averages. Vacancies will likely remain elevated through the next several quarters as a substantial amount of space remains in the development pipeline. Compared to the same quarter of the prior year, vacancies are up 1.9 points from 12.1 percent; vacancies 24 months prior were 5.3 points lower, hovering at 8.7 percent.
- ◆ The market currently boasts 4.4 million square feet of space under development, with 3.3 million square feet located in the southwest and south portions of the valley. Vacancies are expected to continue to escalate in these areas in the mid-term, with the southwest submarket availability likely to extend beyond 20 percent.
- ◆ Development plans exist for another 6.7 million square feet. Over two-thirds of the planned space is also located in the southwest and south submarkets. These emerging parts of the valley will continue to report elevated vacancies as additional inventory enters the market. A 12 to 24 month correction period will be required before a more balanced environment prevails.
- ◆ By the close of the first quarter of 2008, the Las Vegas employment market reported annual employment growth of 1,600 new positions, representing a 0.2 percent increase over the same period of the prior year. Office-using employment represented 1,200 new positions, posting growth of 0.4 percent. Professional and business services reported a 3.4-percent decrease, while the government sector posted a 3.9-percent increase. Unemployment rates remained above the prior year at 5.4 percent. Slowdowns within the residential and construction sectors contributed to the rise in joblessness claims during the first quarter.

OFFICE MARKET OVERVIEW

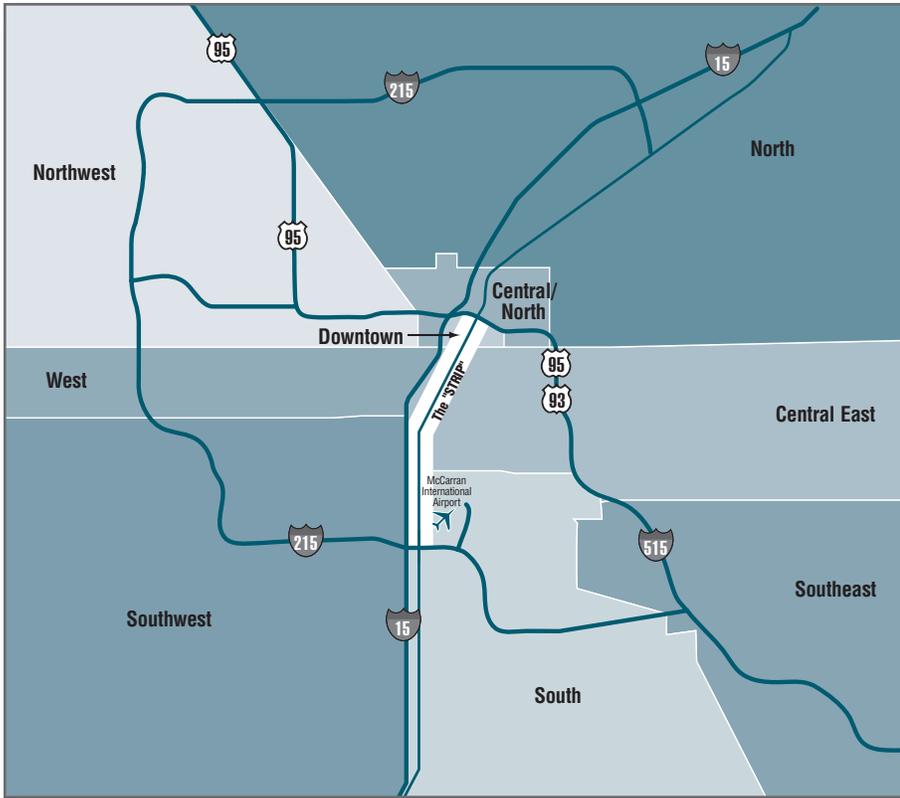
	1Q2008	4Q2007	1Q2007	% CHANGE VS. 1Q07
Under Construction	4,354,000	4,448,000	3,182,000	36.83%
Planned Construction	6,663,000	7,003,000	7,892,000	-15.57%
Vacancy	14.0%	13.0%	12.1%	15.70%
Net Absorption	9,000	517,000	560,000	-98.39%

Real People. Real Solutions.



	INVENTORY				VACANCY		ABSORPTION	
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2008	Net Absorption 1Q2008	New Inventory 1Q2008
Northwest								
Class A	22	1,674,466	263,994	120,000	182,979	10.9%	(2,171)	0
Class B	214	5,169,713	561,815	260,172	719,442	13.9%	22,333	86,345
Class C	7	133,131	0	0	9,208	6.9%	3,660	0
Northwest Total	243	6,977,310	825,809	380,172	911,629	13.1%	23,822	86,345
Downtown								
Class A	9	1,779,087	0	0	62,586	3.5%	(9,938)	0
Class B	42	1,121,674	0	0	97,470	8.7%	5,741	0
Class C	23	597,598	0	0	17,086	2.9%	0	0
Downtown Total	74	3,498,359	0	0	177,142	5.1%	(4,197)	0
Central East								
Class A	13	1,491,632	0	173,210	81,574	5.5%	(32,619)	0
Class B	111	4,123,668	0	0	652,053	15.8%	(10,941)	0
Class C	53	1,344,467	0	0	209,917	15.6%	(21,313)	0
Central East Total	177	6,959,767	0	173,210	943,544	13.6%	(64,873)	0
West								
Class A	7	975,077	0	391,960	42,548	4.4%	4,068	0
Class B	240	5,248,225	19,587	427,703	545,336	10.4%	(49,597)	0
Class C	36	582,426	0	0	46,511	8.0%	10,679	0
West Total	283	6,805,728	19,587	819,663	634,395	9.3%	(34,850)	0
Southwest								
Class A	12	739,236	451,021	594,812	187,550	25.4%	45,051	125,000
Class B	275	6,140,067	1,522,175	1,531,207	1,244,433	20.3%	57,534	222,141
Class C	20	334,783	0	0	32,443	9.7%	730	0
Southwest Total	307	7,214,086	1,973,196	2,126,019	1,464,426	20.3%	103,315	347,141
South								
Class A	19	1,305,897	666,881	1,496,726	153,667	11.8%	5,328	0
Class B	431	7,740,554	645,188	881,678	1,339,777	17.3%	(3,798)	117,864
Class C	17	139,712	0	0	25,653	18.4%	(7,787)	0
South Total	467	9,186,163	1,312,069	2,378,404	1,519,097	16.5%	(6,257)	117,864
Southeast								
Class A	2	181,989	144,319	210,000	24,993	13.7%	0	0
Class B	90	1,627,131	36,868	260,569	277,493	17.1%	5,051	0
Class C	10	85,340	0	0	7,775	9.1%	(2,188)	0
Southeast Total	102	1,894,460	181,187	470,569	310,261	16.4%	2,863	0
Central/North								
Class A	1	220,000	0	0	0	0.0%	0	0
Class B	23	876,659	0	0	82,228	9.4%	(585)	0
Class C	9	368,055	0	0	26,665	7.2%	(6,146)	0
Central/North Total	33	1,464,714	0	0	108,893	7.4%	(6,731)	0
North								
Class A	1	45,376	0	0	22,711	50.1%	0	0
Class B	76	1,331,231	42,454	315,008	257,872	19.4%	(9,322)	0
Class C	5	91,616	0	0	12,491	13.6%	5,640	0
North Total	82	1,468,223	42,454	315,008	293,074	20.0%	(3,682)	0
Las Vegas Total								
Class A	86	8,412,760	1,526,215	2,986,708	758,608	9.0%	9,719	125,000
Class B	1,502	33,378,922	2,828,087	3,676,337	5,216,104	15.6%	16,416	426,350
Class C	180	3,677,128	0	0	387,749	10.5%	(16,725)	0
Total	1,768	45,468,810	4,354,302	6,663,045	6,362,461	14.0%	9,410	551,350

This survey consists of buildings greater than 5,000 square feet.



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.

For further information, please contact:

ANAHEIM METRO OFFICE

3500 W. Orangewood Ave.
Orange, CA 92868-1642

TEL: 714.978.7880

FAX: 714.978.9431

CHULA VISTA OFFICE

660 Bay Blvd., Suite 210
Chula Vista, CA 91910

TEL: 619.498.4560

FAX: 619.498.4567

IRVINE OFFICE

2020 Main St., Suite 100
Irvine, CA 92614

TEL: 949.851.5100

FAX: 949.261.9092

LAS VEGAS OFFICE

10100 W. Charleston Blvd.,
Suite 200

Las Vegas, NV 89135

TEL: 702.734.4500

FAX: 702.733.7690

SAN DIEGO OFFICE

4370 La Jolla Village Dr.,
Suite 990

San Diego, CA 92122-1233

TEL: 858.453.0505

FAX: 858.453.1981

To view available properties, please visit:

www.voitco.com



Real People. Real Solutions.