

OFFICE MARKET REPORT

SECOND
QUARTER
2004

Compared to
last quarter:

VACANCY



UP

ABSORPTION



UP

LEASE RATES



FLAT

CONSTRUCTION



UP

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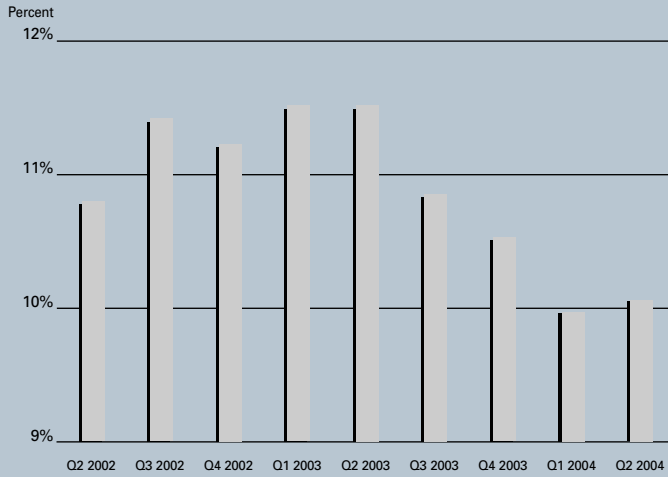
MARKET HIGHLIGHTS

- ◆ Second quarter unemployment for Las Vegas stood at 3.7 percent, down from the 5.0 percent recorded 12 months prior. By comparison, the national unemployment rate was 5.6 percent (seasonally adjusted) at the close of the second quarter.
- ◆ The Las Vegas Valley added an estimated 38,100 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 second half of 2004.
- ◆ At the end of the second quarter 2004, the Las Vegas office market was comprised of 32.1 million square feet of inventory in 1,093 buildings.
- ◆ New additions to the market contributed 478,000 square feet, while demand (net absorption) remained healthy with 410,000 square feet.
- ◆ Currently, there are approximately 1.9 million square feet of office space under construction and 4.9 million square feet planned for future development.
- ◆ There were 3.2 million unoccupied square feet, producing a market-wide vacancy rate of 10.1 percent.
- ◆ The Southwest submarket contains 2.6 million square feet of office space, with 861,000 square feet under construction and nearly 1.4 million square feet in planned inventory. We are expecting strong development in 2004 in the Southwest, South and Northwest parts of the Valley.

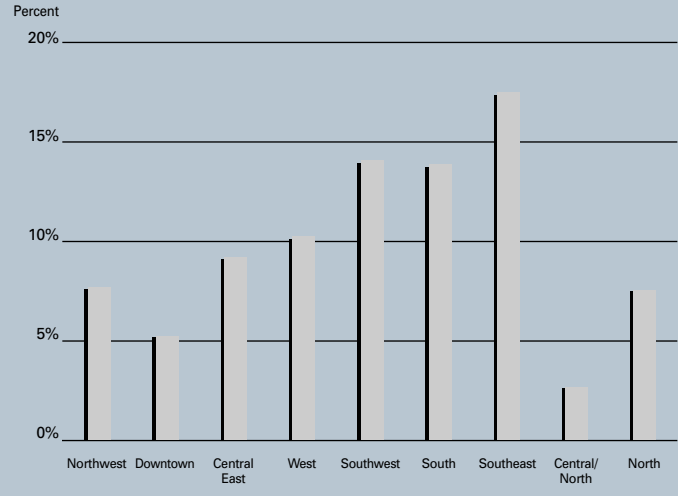
OFFICE MARKET STATISTICS

	2Q2004	1Q2004	2Q2003	% CHANGE VS. 2003
Under Construction	1,860,000	2,075,000	919,000	102.39%
Planned Construction	4,848,000	3,997,000	5,492,000	-11.73%
Vacancy	10.1%	10.0%	11.6%	-12.93%
Net Absorption	410,000	371,000	281,000	45.91%

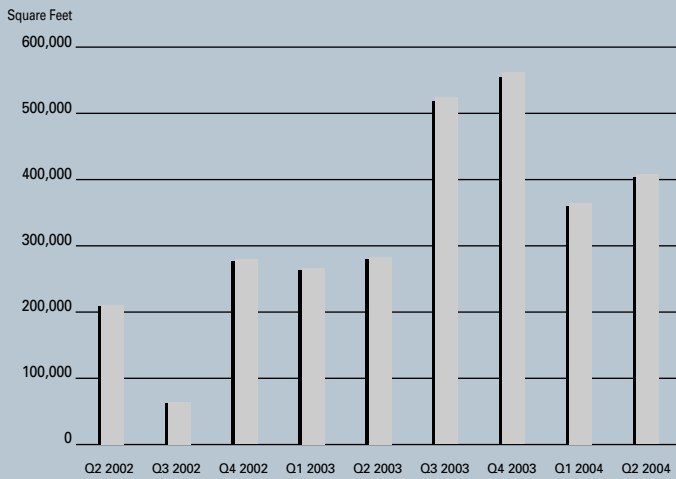
HISTORICAL VACANCY RATE



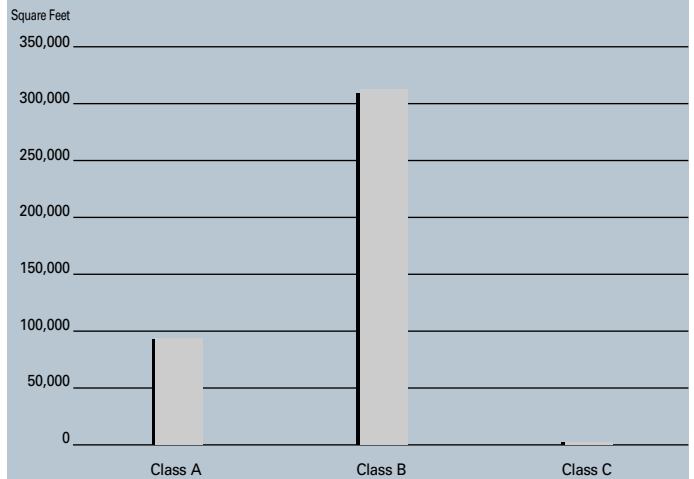
VACANCY RATE BY SUBMARKET



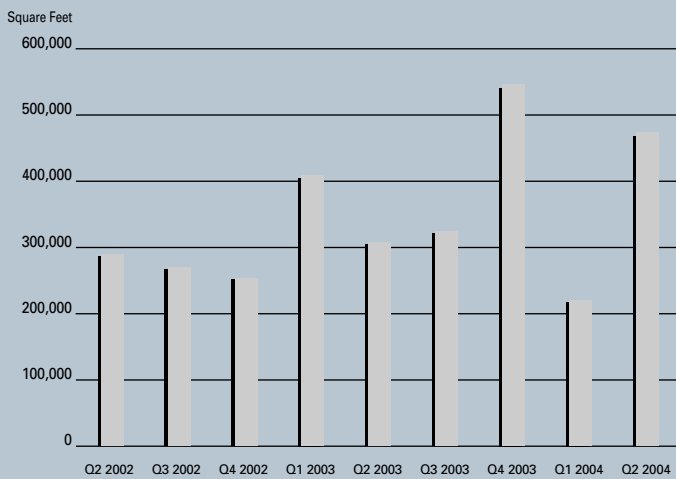
HISTORICAL NET ABSORPTION



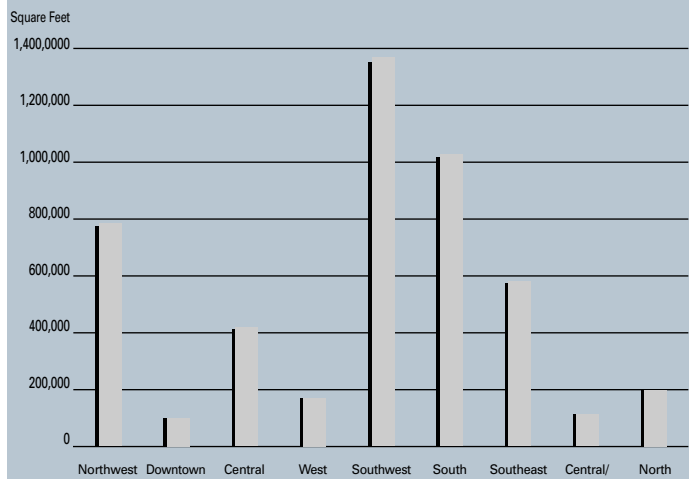
NET ABSORPTION BY CLASS



HISTORICAL NEW CONSTRUCTION



PLANNED CONSTRUCTION BY SUBMARKET

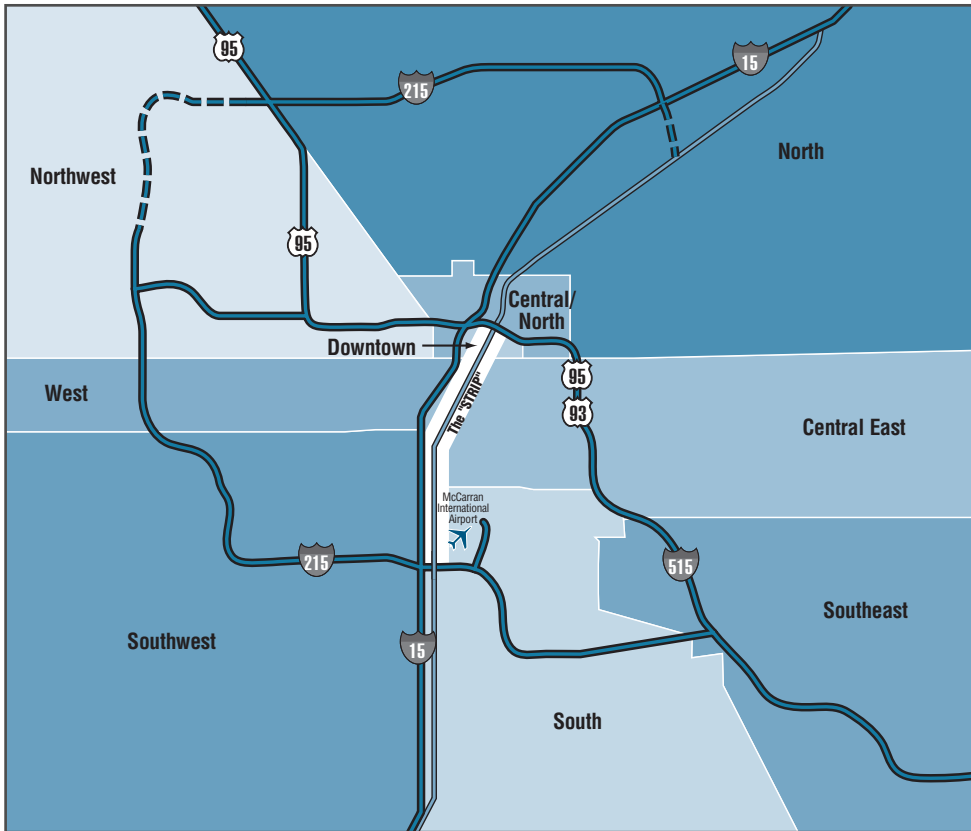


LAS VEGAS MARKET

	INVENTORY				VACANCY		ABSORPTION	
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 2Q2004	Net Absorption 2Q2004	New Inventory 2Q2004
Northwest								
Class A	16	1,176,380	131,000	359,416	18,189	1.5%	15,160	0
Class B	117	3,727,674	215,600	428,036	361,452	9.7%	(21,936)	0
Class C	7	133,131	0	0	2,127	1.6%	0	0
Northwest Total	140	5,037,185	346,600	787,452	381,768	7.6%	(6,776)	0
Downtown								
Class A	6	1,370,528	0	100,000	15,500	1.1%	37,228	0
Class B	37	992,025	92,000	20,000	108,218	10.9%	6,005	0
Class C	23	597,598	0	0	37,305	6.2%	(5,805)	0
Downtown Total	66	2,960,151	92,000	120,000	161,023	5.4%	37,428	0
Central East								
Class A	12	1,373,298	0	436,963	39,222	2.9%	56,752	0
Class B	107	3,967,209	0	0	439,079	11.1%	(59,698)	0
Class C	49	1,309,352	0	0	129,057	9.9%	(5,566)	0
Central East Total	168	6,649,859	0	436,963	607,358	9.1%	(8,512)	0
West								
Class A	6	707,467	0	0	125,520	17.7%	9,073	0
Class B	192	4,335,012	141,600	173,361	415,838	9.6%	(6,541)	0
Class C	34	619,361	0	0	36,028	5.8%	4,656	0
West Total	232	5,661,840	141,600	173,361	577,386	10.2%	7,188	0
Southwest								
Class A	4	93,740	480,000	94,000	13,872	14.8%	(7,729)	0
Class B	86	2,140,746	381,282	1,267,401	313,656	14.7%	9,533	44,000
Class C	19	325,077	0	0	27,079	8.3%	1,300	0
Southwest Total	109	2,559,563	861,282	1,361,401	354,607	13.9%	3,104	44,000
South								
Class A	11	722,766	125,106	0	31,589	4.4%	4,987	0
Class B	232	5,292,547	276,987	1,049,725	805,668	15.2%	375,416	417,533
Class C	18	144,712	0	0	5,593	3.9%	2,414	0
South Total	261	6,160,025	402,093	1,049,725	842,850	13.7%	382,817	417,533
Southeast								
Class A	2	118,877	0	77,881	65,144	54.8%	(19,600)	0
Class B	44	1,003,316	0	513,800	131,355	13.1%	8,237	0
Class C	10	91,062	0	0	17,827	19.6%	0	0
Southeast Total	56	1,213,255	0	591,681	214,326	17.7%	(11,363)	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%	0	0
Class C	9	368,055	0	0	8,978	2.4%	289	0
Central/North Total	25	1,131,616	0	120,000	32,381	2.9%	289	0
North								
Class A	0	0	0	46,800	0	0.0%	0	0
Class B	33	670,937	16,000	160,836	55,977	8.3%	5,900	16,000
Class C	3	12,000	0	0	0	0.0%	0	0
North Total	36	682,937	16,000	207,636	55,977	8.2%	5,900	16,000
Las Vegas Total								
Class A	58	5,783,056	736,106	1,115,060	309,036	5.3%	95,871	0
Class B	863	22,673,027	1,123,469	3,733,159	2,654,646	11.7%	316,916	477,533
Class C	172	3,600,348	0	0	263,994	7.3%	(2,712)	0
Total	1,093	32,056,431	1,859,575	4,848,219	3,227,676	10.1%	410,075	477,533

OFFICE MARKET
REPORT

SECOND 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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