

OFFICE MARKET REPORT

SECOND
QUARTER
2005

Compared to
last quarter:

VACANCY



ABSORPTION



LEASE RATES



CONSTRUCTION



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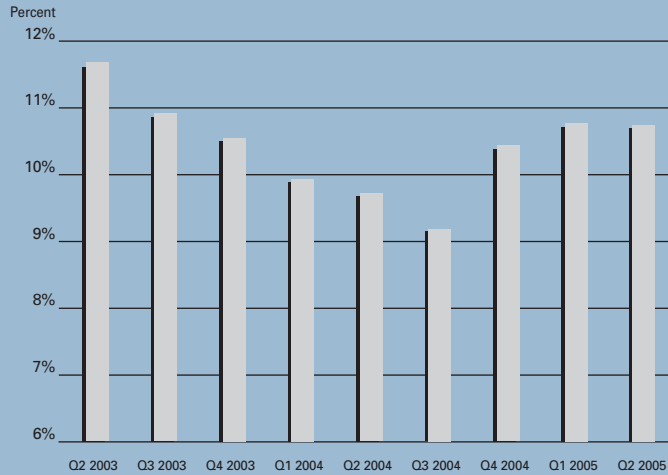
MARKET HIGHLIGHTS

- ◆ Second quarter unemployment for Las Vegas stood at 3.7 percent, down from the 4.3 percent recorded 12 months prior. By comparison, the national unemployment rate was 5.1 percent (seasonally adjusted) at the close of the second quarter.
- ◆ The Las Vegas Valley added an estimated 61,100 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 second quarter 2005, the Las Vegas office market was comprised of 34.8 million square feet of inventory in 1,220 buildings.
- ◆ New additions to the market contributed 668,000 square feet, while demand (net absorption) remained positive with 572,000 square feet.
- ◆ Currently, there are approximately 2.1 million square feet of office space under construction and 5.7 million square feet planned for future development.
- ◆ There were 3.8 million unoccupied square feet, producing a market-wide vacancy rate of 10.8 percent. Current vacancies represented an increase from the 9.7 percent reported a year ago.
- ◆ The Southwest submarket continues to lead the market in terms of the amount of development activity. As of the second quarter 2005, the Southwest reported 917,000 square feet under construction and another 1.8 million planned for future development.

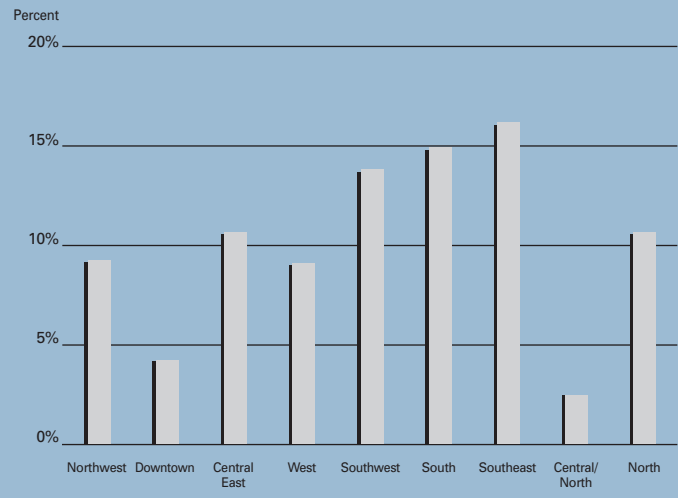
OFFICE MARKET STATISTICS

| | 2Q 2005 | 1Q 2005 | 2Q 2004 | % CHANGE VS. 2004 |
|----------------------|-----------|-----------|-----------|-------------------|
| Under Construction | 2,119,000 | 1,984,000 | 1,782,000 | 18.91% |
| Planned Construction | 5,719,000 | 5,733,000 | 4,573,000 | 25.06% |
| Vacancy | 10.8% | 10.8% | 9.7% | 11.34% |
| Net Absorption | 572,000 | 342,000 | 453,000 | 26.27% |

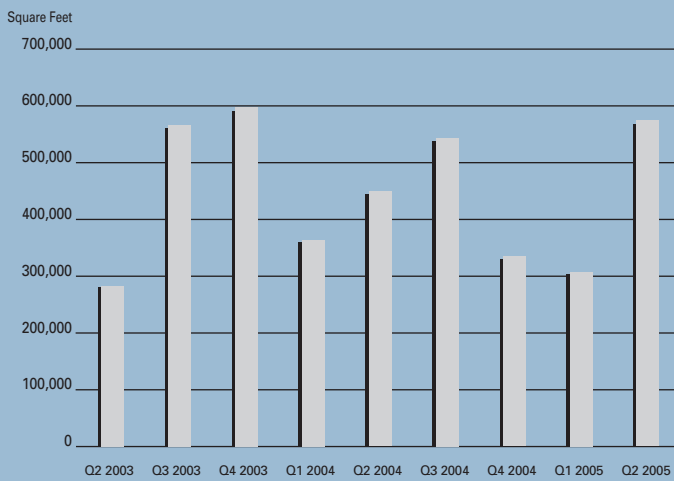
HISTORICAL VACANCY RATE



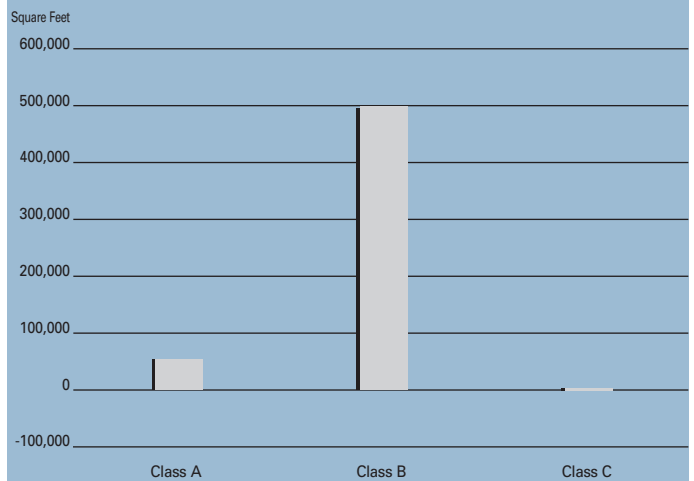
VACANCY RATE BY SUBMARKET



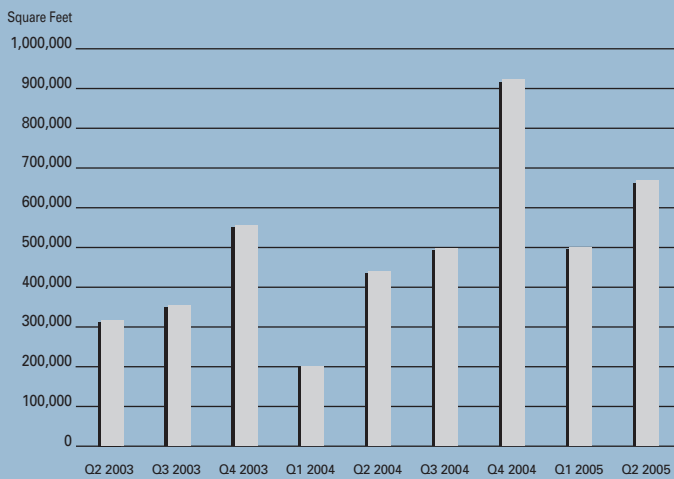
HISTORICAL NET ABSORPTION



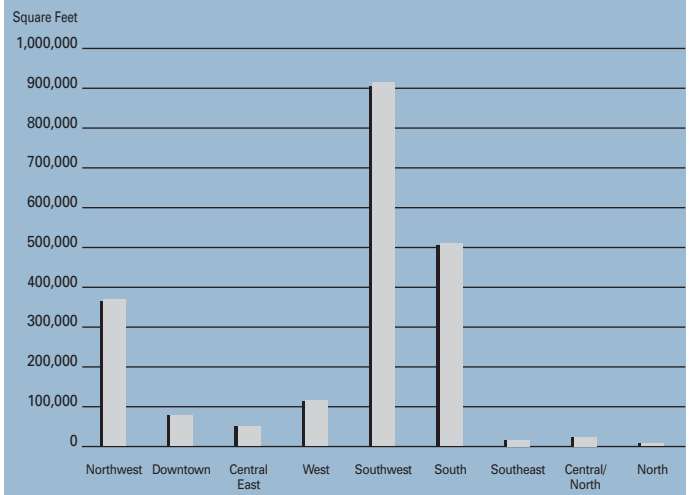
NET ABSORPTION BY CLASS



HISTORICAL NEW CONSTRUCTION



CONSTRUCTION ACTIVITY BY SUBMARKET

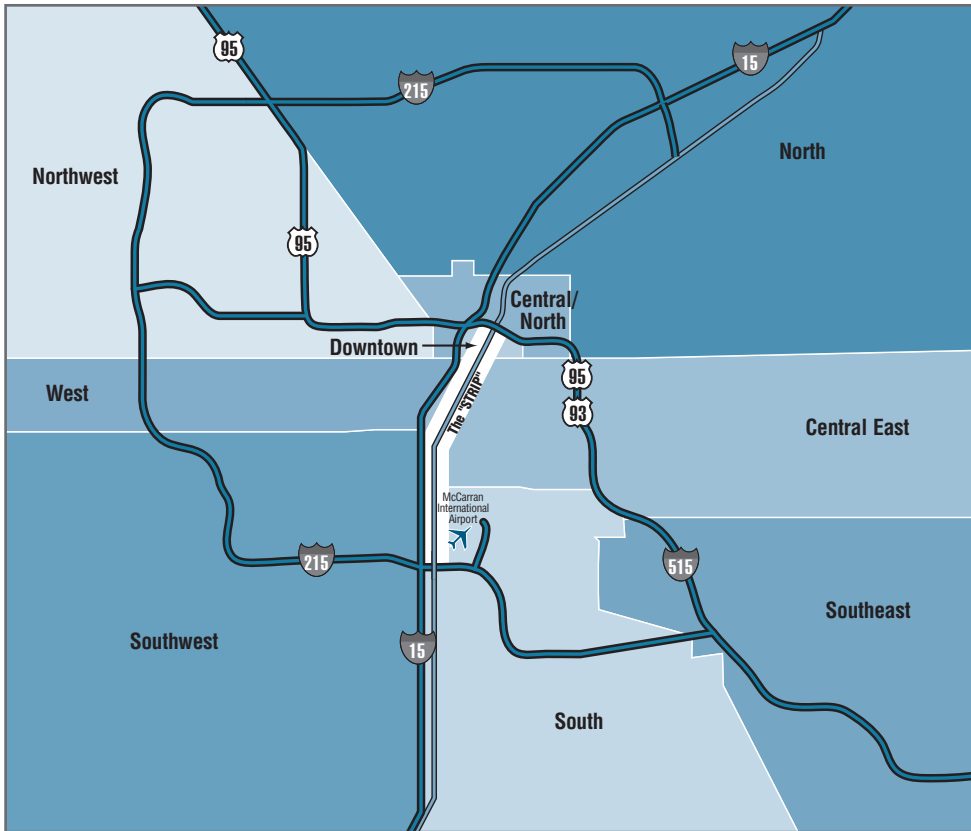


LAS VEGAS MARKET

| | INVENTORY | | | | VACANCY | | ABSORPTION | |
|----------------------------|------------------|--------------------------|-------------------|---------------------|--------------------|---------------------|-----------------------|----------------------|
| | Number Of Bldgs. | Net Rentable Square Feet | Square Feet U / C | Square Feet Planned | Square Feet Vacant | Vacancy Rate 2Q2005 | Net Absorption 2Q2005 | New Inventory 2Q2005 |
| Northwest | | | | | | | | |
| Class A | 18 | 1,334,322 | 195,235 | 310,028 | 107,663 | 8.1% | (454) | 0 |
| Class B | 150 | 4,183,816 | 175,510 | 249,011 | 413,002 | 9.9% | 82,697 | 139,320 |
| Class C | 7 | 133,131 | 0 | 0 | 3,189 | 2.4% | 0 | 0 |
| Northwest Total | 175 | 5,651,269 | 370,745 | 559,039 | 523,854 | 9.3% | 82,243 | 139,320 |
| Downtown | | | | | | | | |
| Class A | 6 | 1,340,173 | 85,200 | 0 | 12,700 | 0.9% | 0 | 0 |
| Class B | 38 | 1,084,802 | 0 | 212,000 | 77,612 | 7.2% | 114,751 | 92,777 |
| Class C | 23 | 597,598 | 0 | 0 | 35,330 | 5.9% | 0 | 0 |
| Downtown Total | 67 | 3,022,573 | 85,200 | 212,000 | 125,642 | 4.2% | 114,751 | 92,777 |
| Central East | | | | | | | | |
| Class A | 12 | 1,373,298 | 0 | 436,963 | 18,677 | 1.4% | 2,024 | 0 |
| Class B | 108 | 3,978,111 | 64,127 | 0 | 596,866 | 15.0% | (27,694) | 0 |
| Class C | 49 | 1,324,193 | 0 | 0 | 131,975 | 10.0% | 631 | 0 |
| Central East Total | 169 | 6,675,602 | 64,127 | 436,963 | 747,518 | 11.2% | (25,039) | 0 |
| West | | | | | | | | |
| Class A | 6 | 707,467 | 0 | 0 | 9,604 | 1.4% | (3,780) | 0 |
| Class B | 206 | 4,559,884 | 124,500 | 205,579 | 457,724 | 10.0% | 13,624 | 0 |
| Class C | 34 | 619,865 | 0 | 0 | 73,298 | 11.8% | (12,292) | 0 |
| West Total | 246 | 5,887,216 | 124,500 | 205,579 | 540,626 | 9.2% | (2,448) | 0 |
| Southwest | | | | | | | | |
| Class A | 6 | 182,335 | 137,275 | 421,075 | 22,435 | 12.3% | 53,507 | 60,000 |
| Class B | 117 | 2,920,788 | 779,541 | 1,379,323 | 446,507 | 15.3% | 213,589 | 106,522 |
| Class C | 19 | 325,077 | 0 | 0 | 10,245 | 3.2% | 6,825 | 0 |
| Southwest Total | 142 | 3,428,200 | 916,816 | 1,800,398 | 479,187 | 14.0% | 273,921 | 166,522 |
| South | | | | | | | | |
| Class A | 13 | 847,872 | 0 | 69,000 | 96,575 | 11.4% | (562) | 65,288 |
| Class B | 264 | 5,823,929 | 513,284 | 1,189,517 | 925,528 | 15.9% | 71,751 | 160,065 |
| Class C | 18 | 144,712 | 0 | 0 | 6,392 | 4.4% | 0 | 0 |
| South Total | 295 | 6,816,513 | 513,284 | 1,258,517 | 1,028,495 | 15.1% | 71,189 | 225,353 |
| Southeast | | | | | | | | |
| Class A | 2 | 118,877 | 0 | 77,881 | 40,000 | 33.6% | 4,155 | 0 |
| Class B | 47 | 1,058,303 | 15,000 | 595,100 | 147,609 | 13.9% | 9,270 | 0 |
| Class C | 10 | 91,340 | 0 | 0 | 20,089 | 22.0% | 3,471 | 0 |
| Southeast Total | 59 | 1,268,520 | 15,000 | 672,981 | 207,698 | 16.4% | 16,896 | 0 |
| Central/North | | | | | | | | |
| Class A | 1 | 220,000 | 0 | 0 | 0 | 0.0% | 0 | 0 |
| Class B | 18 | 702,078 | 28,982 | 120,000 | 23,001 | 3.3% | 0 | 0 |
| Class C | 9 | 368,055 | 0 | 0 | 8,128 | 2.2% | 850 | 0 |
| Central/North Total | 28 | 1,290,133 | 28,982 | 120,000 | 31,129 | 2.4% | 850 | 0 |
| North | | | | | | | | |
| Class A | 1 | 45,376 | 0 | 54,419 | 13,092 | 28.9% | 13,450 | 0 |
| Class B | 35 | 714,758 | 0 | 399,520 | 71,318 | 10.0% | 26,000 | 43,821 |
| Class C | 3 | 12,000 | 0 | 0 | 0 | 0.0% | 0 | 0 |
| North Total | 39 | 772,134 | 0 | 453,939 | 84,410 | 10.9% | 39,450 | 43,821 |
| Las Vegas Total | | | | | | | | |
| Class A | 65 | 6,169,720 | 417,710 | 1,369,366 | 320,746 | 5.2% | 68,340 | 125,288 |
| Class B | 983 | 25,026,469 | 1,700,944 | 4,350,050 | 3,159,167 | 12.6% | 503,988 | 542,505 |
| Class C | 172 | 3,615,971 | 0 | 0 | 288,646 | 8.0% | (515) | 0 |
| Total | 1,220 | 34,812,160 | 2,118,654 | 5,719,416 | 3,768,559 | 10.8% | 571,813 | 667,793 |

OFFICE MARKET
REPORT

SECOND 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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