

OFFICE MARKET REPORT

SECOND
QUARTER
2006

Compared to
last quarter:

VACANCY



UP

ABSORPTION



DOWN

LEASE RATES



UP

CONSTRUCTION



UP

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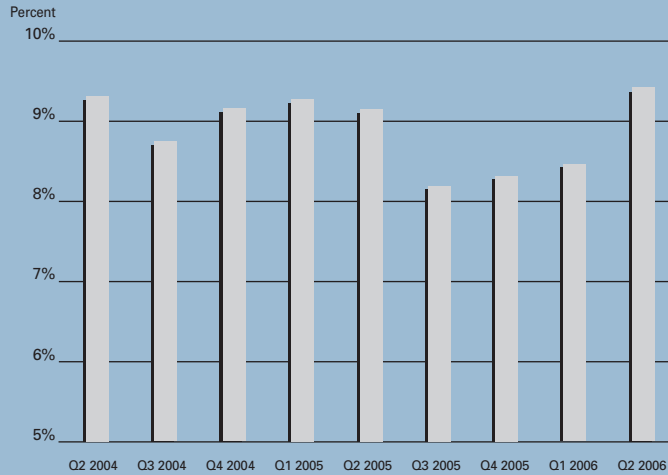
MARKET HIGHLIGHTS

- ◆ Unemployment levels in Las Vegas stood at 3.6 percent during the second quarter 2006, which was down from the 3.8 percent reported one year ago. By comparison, the national unemployment rate was 4.6 percent (seasonally adjusted) at the close of the second quarter.
- ◆ The Las Vegas Valley added an estimated 49,100 new jobs during the past 12 months, representing a 5.6 percent growth rate. During the same period, office-using employment added 19,100 new positions, or nearly 39 percent of Valley-wide additions. A modest slowdown to the pace of overall growth occurred during the quarter, yet Las Vegas remains the fastest growing market of its size.
- ◆ At the end of the second quarter 2006, the Las Vegas office market was comprised of 39.3 million square feet of inventory in 1,476 buildings. With 3.7 million square feet of unoccupied space, the Valley-wide vacancy rate was 9.4 percent, down from 9.2 percent one year ago.
- ◆ New additions to the market contributed 1.2 million square feet, while demand (net absorption) was 669,400 square feet. Healthy market expansions continued due to several factors that were present 12 to 18 months ago, including a strong economic climate, relatively low interest rates, healthy investor activity and significant office condominium development.
- ◆ Currently, there are approximately 4.3 million square feet of office space under construction and 5.6 million square feet planned for future development.

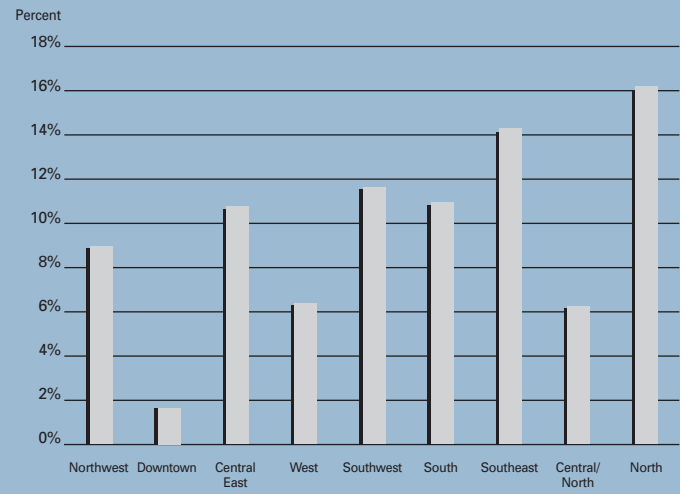
OFFICE MARKET STATISTICS

| | Q2 2006 | Q1 2006 | Q2 2005 | % CHANGE VS. 2005 |
|----------------------|-----------|-----------|-----------|-------------------|
| Under Construction | 4,271,000 | 4,698,000 | 2,770,000 | 54.19% |
| Planned Construction | 5,620,000 | 4,348,000 | 6,671,000 | -15.75% |
| Vacancy | 9.4% | 8.4% | 9.2% | 2.17% |
| Net Absorption | 669,000 | 950,000 | 679,000 | -1.47% |

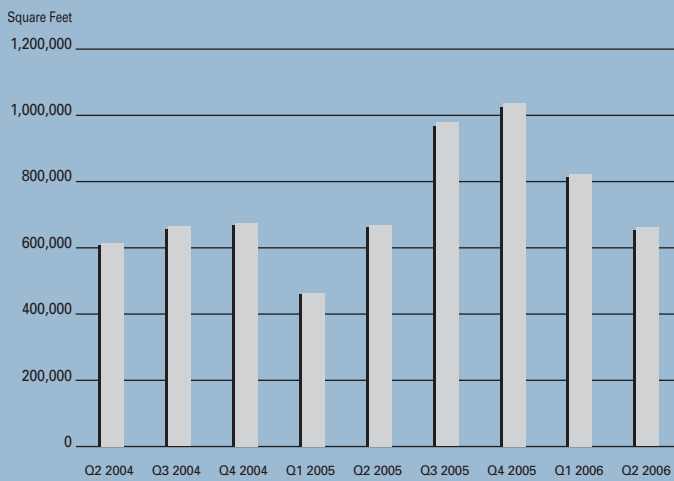
HISTORICAL VACANCY RATE



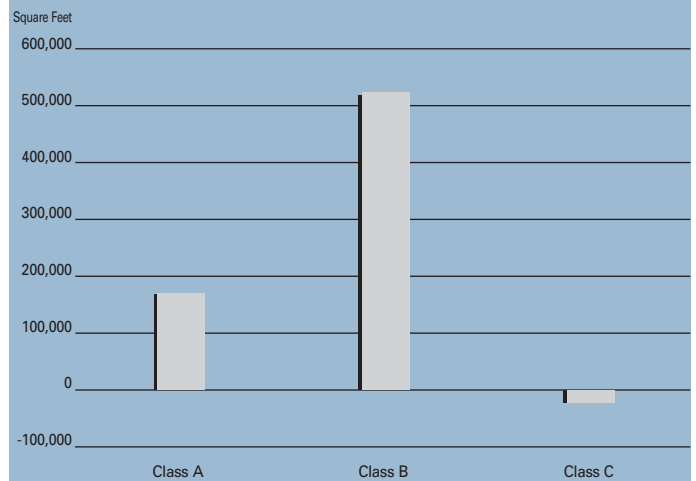
VACANCY RATE BY SUBMARKET



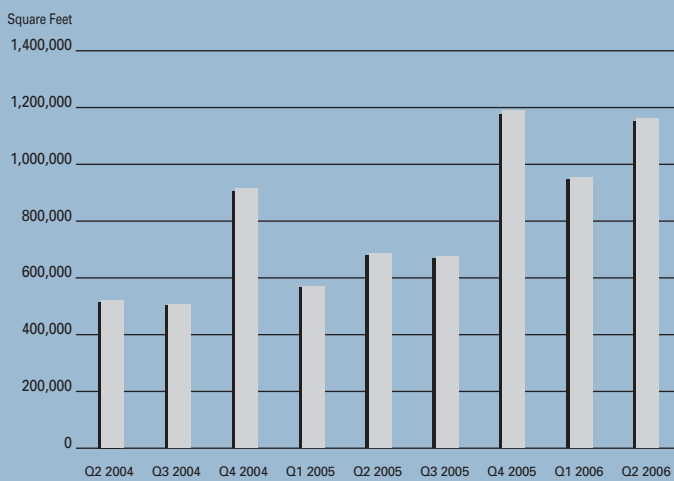
HISTORICAL NET ABSORPTION



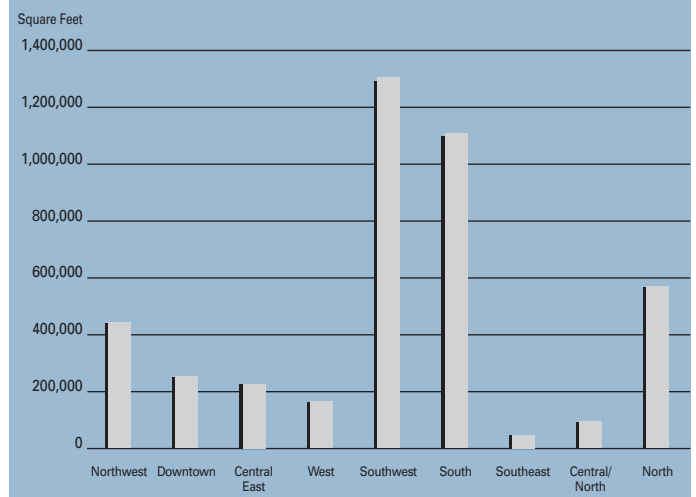
NET ABSORPTION BY CLASS



HISTORICAL NEW CONSTRUCTION



CONSTRUCTION ACTIVITY BY SUBMARKET

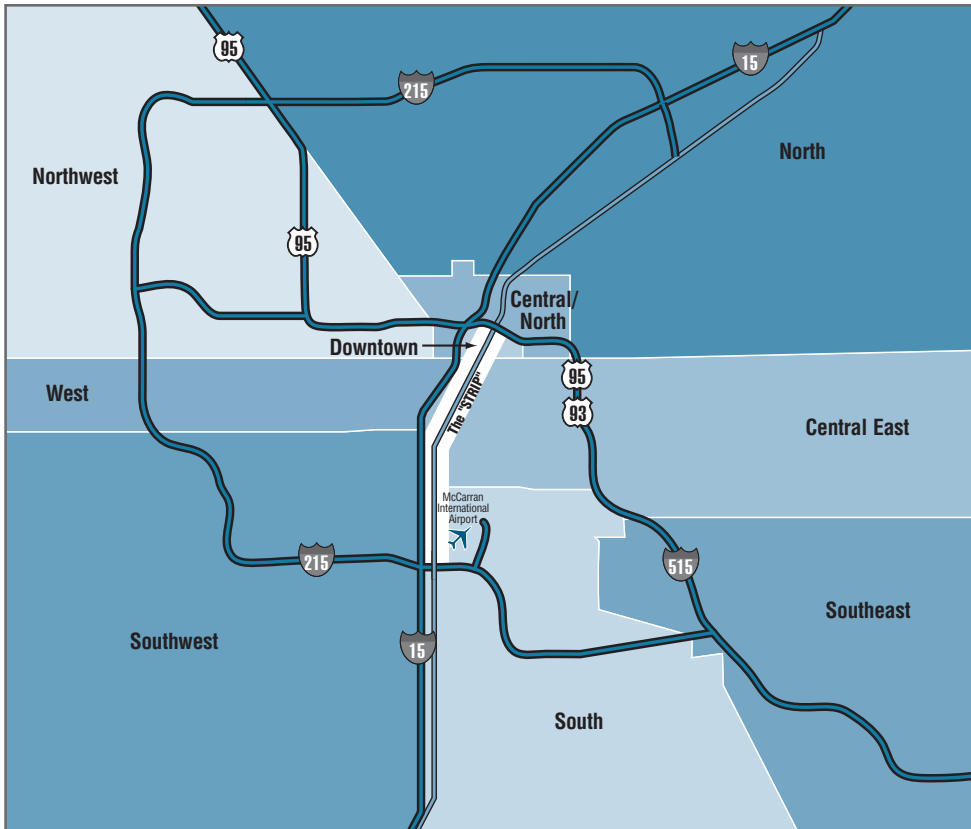


L A S V E G A S M A R K E T

| | INVENTORY | | | | VACANCY | | ABSORPTION | |
|----------------------------|------------------|--------------------------|-------------------|---------------------|--------------------|---------------------|-----------------------|----------------------|
| | Number Of Bldgs. | Net Rentable Square Feet | Square Feet U / C | Square Feet Planned | Square Feet Vacant | Vacancy Rate 2Q2006 | Net Absorption 2Q2006 | New Inventory 2Q2006 |
| Northwest | | | | | | | | |
| Class A | 20 | 1,533,609 | 202,600 | 108,028 | 180,870 | 11.8% | (17,368) | 0 |
| Class B | 182 | 4,734,304 | 248,009 | 663,240 | 398,330 | 8.4% | 69,605 | 158,626 |
| Class C | 7 | 133,131 | 0 | 0 | 2,976 | 2.2% | 800 | 0 |
| Northwest Total | 209 | 6,401,044 | 450,609 | 771,268 | 582,176 | 9.1% | 53,037 | 158,626 |
| Downtown | | | | | | | | |
| Class A | 8 | 1,494,087 | 265,000 | 0 | 10,625 | 0.7% | (3,625) | 0 |
| Class B | 38 | 1,049,568 | 0 | 20,000 | 29,040 | 2.8% | 31,290 | 0 |
| Class C | 23 | 597,598 | 0 | 0 | 15,065 | 2.5% | 0 | 0 |
| Downtown Total | 69 | 3,141,253 | 265,000 | 20,000 | 54,730 | 1.7% | 27,665 | 0 |
| Central East | | | | | | | | |
| Class A | 12 | 1,252,434 | 239,198 | 39,963 | 9,280 | 0.7% | 4,866 | 0 |
| Class B | 111 | 4,115,992 | 0 | 263,200 | 497,955 | 12.1% | (24,634) | 64,127 |
| Class C | 49 | 1,324,193 | 0 | 0 | 220,736 | 16.7% | (29,910) | 0 |
| Central East Total | 172 | 6,692,619 | 239,198 | 303,163 | 727,971 | 10.9% | (49,678) | 64,127 |
| West | | | | | | | | |
| Class A | 6 | 707,467 | 0 | 0 | 16,533 | 2.3% | (3,718) | 0 |
| Class B | 222 | 4,833,510 | 157,260 | 29,000 | 322,158 | 6.7% | 36,705 | 0 |
| Class C | 35 | 635,465 | 0 | 0 | 60,805 | 9.6% | (17,800) | 0 |
| West Total | 263 | 6,176,442 | 157,260 | 29,000 | 399,496 | 6.5% | 15,187 | 0 |
| Southwest | | | | | | | | |
| Class A | 10 | 466,795 | 177,230 | 625,261 | 26,259 | 5.6% | 181,105 | 182,075 |
| Class B | 212 | 4,263,736 | 1,128,633 | 1,173,560 | 555,705 | 13.0% | 286,274 | 471,090 |
| Class C | 19 | 325,077 | 0 | 0 | 9,540 | 2.9% | 13,557 | 0 |
| Southwest Total | 241 | 5,055,608 | 1,305,863 | 1,798,821 | 591,504 | 11.7% | 480,936 | 653,165 |
| South | | | | | | | | |
| Class A | 17 | 1,136,782 | 308,815 | 1,267,000 | 69,097 | 6.1% | 6,338 | 0 |
| Class B | 311 | 6,469,002 | 799,847 | 570,671 | 777,234 | 12.0% | 91,885 | 211,325 |
| Class C | 18 | 144,712 | 0 | 0 | 7,400 | 5.1% | 0 | 0 |
| South Total | 346 | 7,750,496 | 1,108,662 | 1,837,671 | 853,731 | 11.0% | 98,223 | 211,325 |
| Southeast | | | | | | | | |
| Class A | 2 | 181,989 | 0 | 137,881 | 10,635 | 5.8% | 1,347 | 0 |
| Class B | 83 | 1,496,302 | 56,614 | 448,000 | 232,718 | 15.6% | 27,220 | 51,300 |
| Class C | 10 | 91,340 | 0 | 0 | 13,439 | 14.7% | 2,711 | 0 |
| Southeast Total | 95 | 1,769,631 | 56,614 | 585,881 | 256,792 | 14.5% | 31,278 | 51,300 |
| Central/North | | | | | | | | |
| Class A | 1 | 220,000 | 0 | 0 | 0 | 0.0% | 0 | 0 |
| Class B | 21 | 760,892 | 102,000 | 120,000 | 53,703 | 7.1% | 0 | 0 |
| Class C | 9 | 368,055 | 0 | 0 | 30,673 | 8.3% | 0 | 0 |
| Central/North Total | 31 | 1,348,947 | 102,000 | 120,000 | 84,376 | 6.3% | 0 | 0 |
| North | | | | | | | | |
| Class A | 1 | 45,376 | 54,419 | 0 | 22,618 | 49.8% | 0 | 0 |
| Class B | 45 | 815,329 | 531,063 | 154,095 | 87,151 | 10.7% | 12,734 | 13,218 |
| Class C | 4 | 75,048 | 0 | 0 | 41,677 | 55.5% | 0 | 0 |
| North Total | 50 | 935,753 | 585,482 | 154,095 | 151,446 | 16.2% | 12,734 | 13,218 |
| Las Vegas Total | | | | | | | | |
| Class A | 77 | 7,038,539 | 1,247,262 | 2,178,133 | 345,917 | 4.9% | 168,945 | 182,075 |
| Class B | 1,225 | 28,538,635 | 3,023,426 | 3,441,766 | 2,953,994 | 10.4% | 531,079 | 969,686 |
| Class C | 174 | 3,694,619 | 0 | 0 | 402,311 | 10.9% | (30,642) | 0 |
| Total | 1,476 | 39,271,793 | 4,270,688 | 5,619,899 | 3,702,222 | 9.4% | 669,382 | 1,151,761 |

OFFICE MARKET
REPORT

SECOND 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**

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