

# OFFICE MARKET REPORT

SECOND  
QUARTER  
2007

Compared to  
last quarter:

## VACANCY



## ABSORPTION



## LEASE RATES



## CONSTRUCTION



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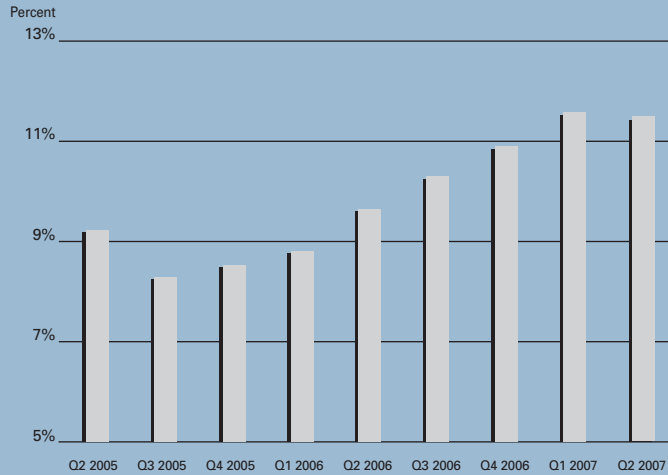
## MARKET HIGHLIGHTS

- ◆ By the second quarter of 2007, the Las Vegas employment market reported annual employment growth of 21,200 new positions, representing a below-average 2.3-percent increase over the same period of the prior year. Office-using employment posted a 4.4-percent increase. Office-related positions represented two-thirds of valley-wide employment growth during the past year.
- ◆ The unemployment levels in Las Vegas reached 4.2 percent at the close of the second quarter, which was up materially from the 3.8 percent reported one year ago. However, unemployment levels remained below the 4.5 percent reported nationwide.
- ◆ The Las Vegas office market continued its expansion with 883,000 square feet of space completing construction during the second 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 remained above the historical 10-year quarterly average of over 0.5 million square feet.
- ◆ During the second quarter, the market demanded (or absorbed) 820,000 square feet, resulting in a valley-wide vacancy rate of 11.5 percent, down modestly from the 11.6 percent in the preceding quarter. Vacancies were up 3.3 points from the low of 8.2 reported during 2005.
- ◆ Forward-looking supply remains healthy with 3.1 million square feet of space under construction and another 8.5 million square feet at various stages of planning. It is unlikely that all proposed development activity will move forward as currently planned. Given current market conditions, we reiterate our vacancy forecast of 12 percent by year-end.

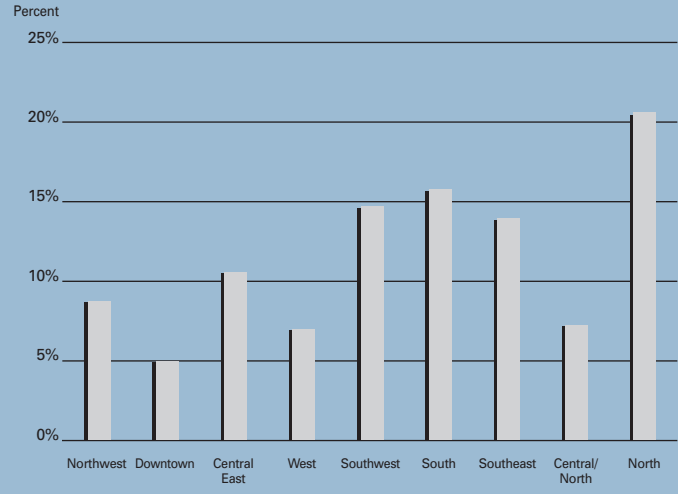
## OFFICE MARKET STATISTICS

	Q2 2007	Q1 2007	Q2 2006	% CHANGE (Y-O-Y)
Under Construction	3,124,000	3,191,000	4,645,000	-32.74%
Planned Construction	8,524,000	8,309,000	5,769,000	47.76%
Vacancy	11.5%	11.6%	9.6%	19.79%
Net Absorption	820,000	812,000	588,000	39.46%

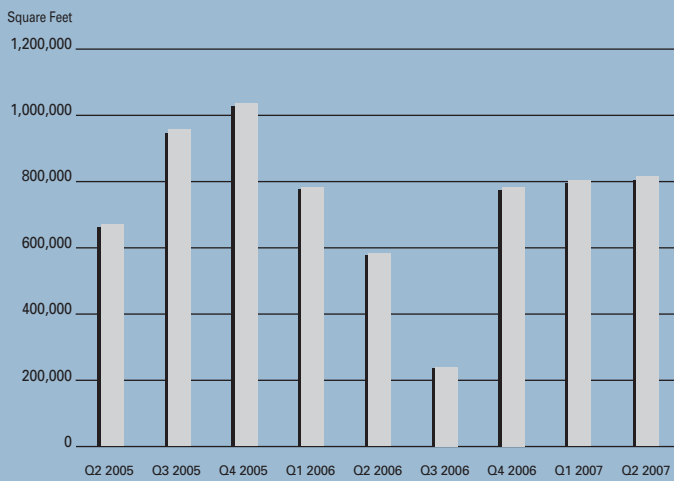
## HISTORICAL VACANCY RATE



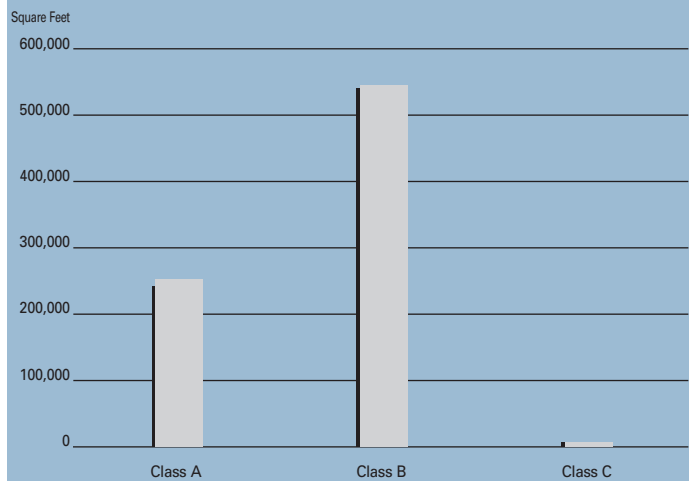
## VACANCY RATE BY SUBMARKET



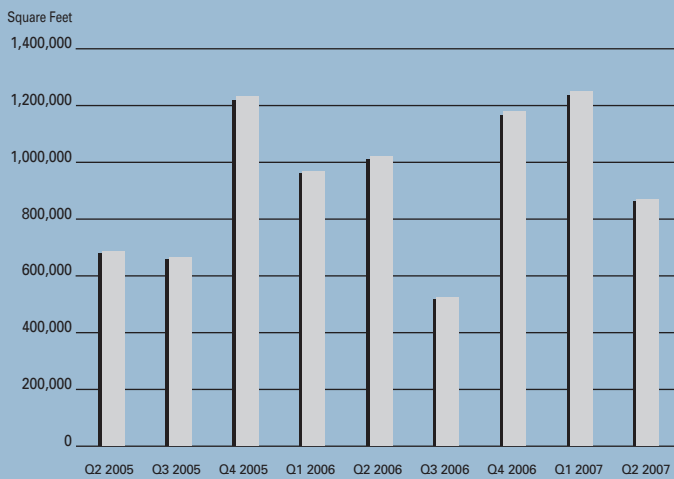
## HISTORICAL NET ABSORPTION



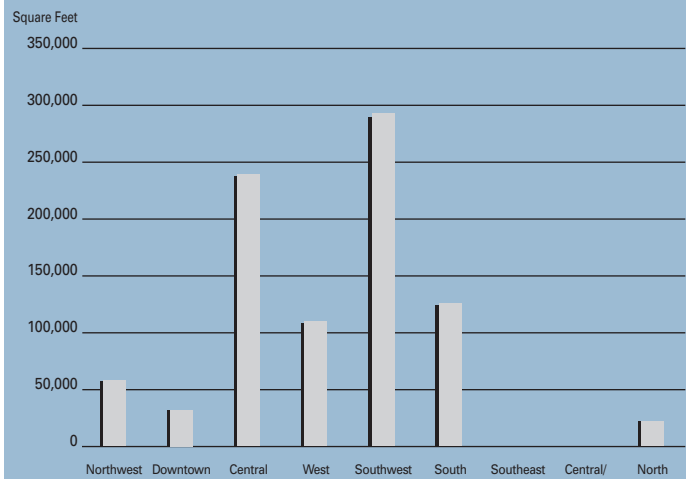
## NET ABSORPTION BY CLASS



## HISTORICAL NEW CONSTRUCTION



## CONSTRUCTION ACTIVITY BY SUBMARKET

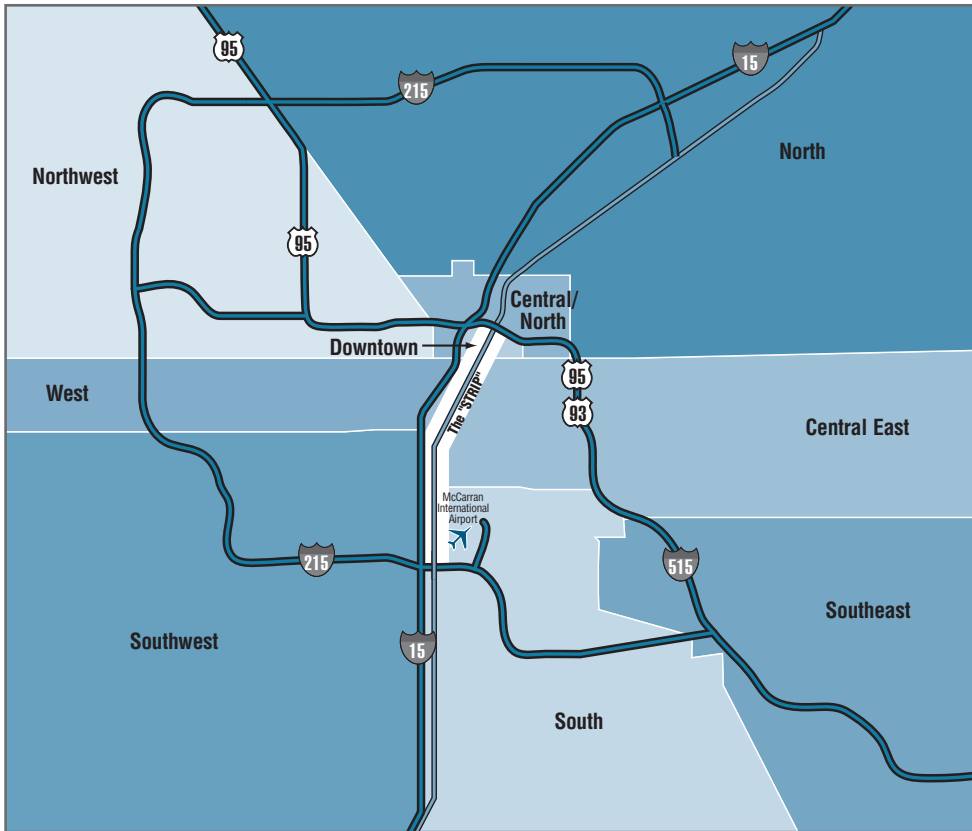


L A S V E G A S M A R K E T

	INVENTORY				VACANCY		ABSORPTION	
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 2Q2007	Net Absorption 2Q2007	New Inventory 2Q2007
<b>Northwest</b>								
Class A	21	1,586,209	140,602	294,328	140,644	8.9%	17,647	0
Class B	203	4,943,605	165,418	823,837	406,208	8.2%	98,306	59,050
Class C	7	133,131	0	0	17,043	12.8%	(579)	0
<b>Northwest Total</b>	<b>231</b>	<b>6,662,945</b>	<b>306,020</b>	<b>1,118,165</b>	<b>563,895</b>	<b>8.5%</b>	<b>115,374</b>	<b>59,050</b>
<b>Downtown</b>								
Class A	8	1,494,087	285,000	0	36,039	2.4%	(33,121)	0
Class B	39	1,079,568	12,900	0	109,587	10.2%	16,793	30,000
Class C	23	597,598	0	0	16,631	2.8%	284	0
<b>Downtown Total</b>	<b>70</b>	<b>3,171,253</b>	<b>297,900</b>	<b>0</b>	<b>162,257</b>	<b>5.1%</b>	<b>(16,044)</b>	<b>30,000</b>
<b>Central East</b>								
Class A	13	1,491,632	0	39,963	49,885	3.3%	219,890	239,198
Class B	111	4,127,590	0	0	525,363	12.7%	19,037	0
Class C	52	1,338,641	0	0	169,592	12.7%	(8,300)	0
<b>Central East Total</b>	<b>176</b>	<b>6,957,863</b>	<b>0</b>	<b>39,963</b>	<b>744,840</b>	<b>10.7%</b>	<b>230,627</b>	<b>239,198</b>
<b>West</b>								
Class A	6	707,467	0	130,000	3,763	0.5%	9,991	0
Class B	237	5,078,352	0	727,253	377,719	7.4%	67,049	112,344
Class C	36	644,465	0	0	70,348	10.9%	(4,845)	0
<b>West Total</b>	<b>279</b>	<b>6,430,284</b>	<b>0</b>	<b>857,253</b>	<b>451,830</b>	<b>7.0%</b>	<b>72,195</b>	<b>112,344</b>
<b>Southwest</b>								
Class A	11	631,328	423,861	872,448	85,875	13.6%	30,631	0
Class B	251	5,550,687	767,218	2,080,277	856,728	15.4%	195,084	292,331
Class C	19	325,077	0	0	17,605	5.4%	(2,445)	0
<b>Southwest Total</b>	<b>281</b>	<b>6,507,092</b>	<b>1,191,079</b>	<b>2,952,725</b>	<b>960,208</b>	<b>14.8%</b>	<b>223,270</b>	<b>292,331</b>
<b>South</b>								
Class A	18	1,254,597	448,587	1,545,494	177,371	14.1%	17,224	0
Class B	407	7,392,040	680,158	736,888	1,242,125	16.8%	99,182	126,516
Class C	17	139,712	0	0	8,041	5.8%	(370)	0
<b>South Total</b>	<b>442</b>	<b>8,786,349</b>	<b>1,128,745</b>	<b>2,282,382</b>	<b>1,427,537</b>	<b>16.2%</b>	<b>116,036</b>	<b>126,516</b>
<b>Southeast</b>								
Class A	2	181,989	144,319	270,000	9,017	5.0%	(3,655)	0
Class B	89	1,548,768	0	592,453	232,483	15.0%	(11,624)	0
Class C	10	91,340	0	0	7,980	8.7%	6,600	0
<b>Southeast Total</b>	<b>101</b>	<b>1,822,097</b>	<b>144,319</b>	<b>862,453</b>	<b>249,480</b>	<b>13.7%</b>	<b>(8,679)</b>	<b>0</b>
<b>Central/North</b>								
Class A	1	220,000	0	0	0	0.0%	0	0
Class B	23	876,290	0	0	71,294	8.1%	(643)	0
Class C	9	368,055	0	0	37,301	10.1%	1,353	0
<b>Central/North Total</b>	<b>33</b>	<b>1,464,345</b>	<b>0</b>	<b>0</b>	<b>108,595</b>	<b>7.4%</b>	<b>710</b>	<b>0</b>
<b>North</b>								
Class A	1	45,376	0	0	18,654	41.1%	982	0
Class B	78	1,231,275	56,404	411,044	239,810	19.5%	69,316	23,854
Class C	5	91,616	0	0	26,131	28.5%	16,568	0
<b>North Total</b>	<b>84</b>	<b>1,368,267</b>	<b>56,404</b>	<b>411,044</b>	<b>284,595</b>	<b>20.8%</b>	<b>86,866</b>	<b>23,854</b>
<b>Las Vegas Total</b>								
Class A	81	7,612,685	1,442,369	3,152,233	521,248	6.8%	259,589	239,198
Class B	1,438	31,828,175	1,682,098	5,371,752	4,061,317	12.8%	552,500	644,095
Class C	178	3,729,635	0	0	370,672	9.9%	8,266	0
<b>Total</b>	<b>1,697</b>	<b>43,170,495</b>	<b>3,124,467</b>	<b>8,523,985</b>	<b>4,953,237</b>	<b>11.5%</b>	<b>820,355</b>	<b>883,293</b>

OFFICE MARKET  
**REPORT**

SECOND QUARTER 2007



**PRODUCT TYPE**

**CLASS A**

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