



Office Market Report

VOIT COMMERCIAL BROKERAGE

Compared to last quarter:

Vacancy



UP

Absorption



UP

Lease Rates



UP

Construction



UP

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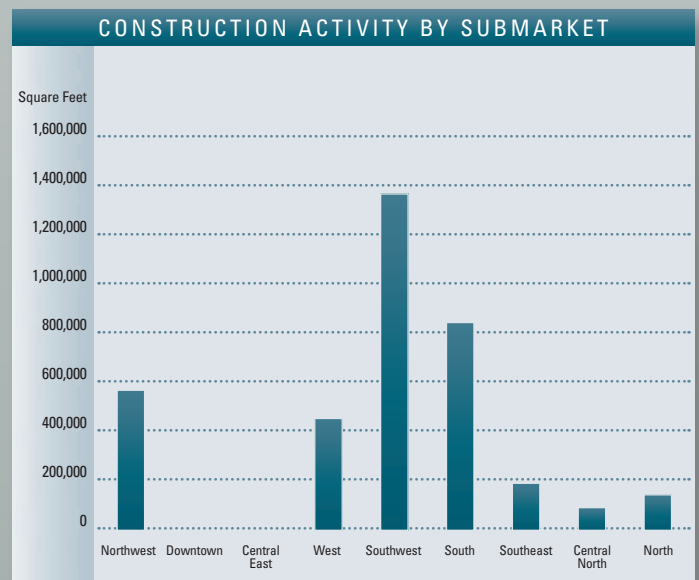
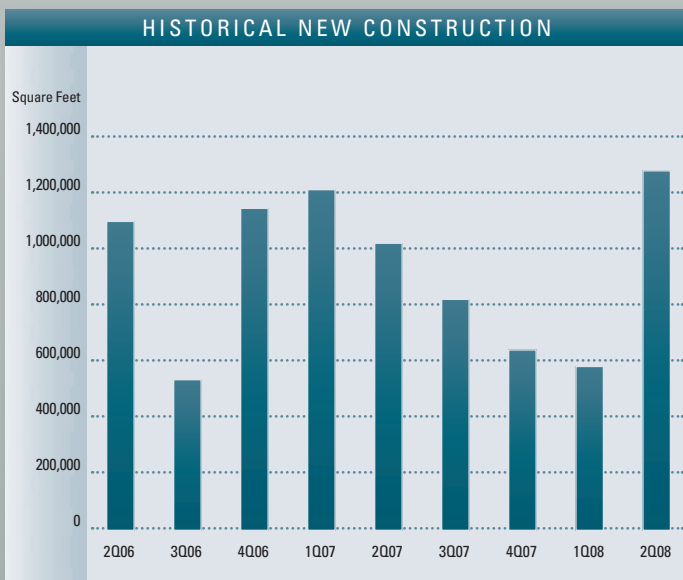
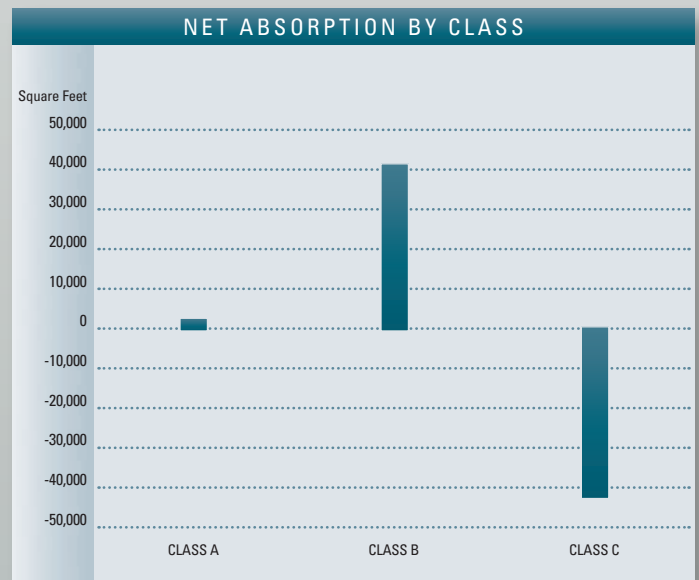
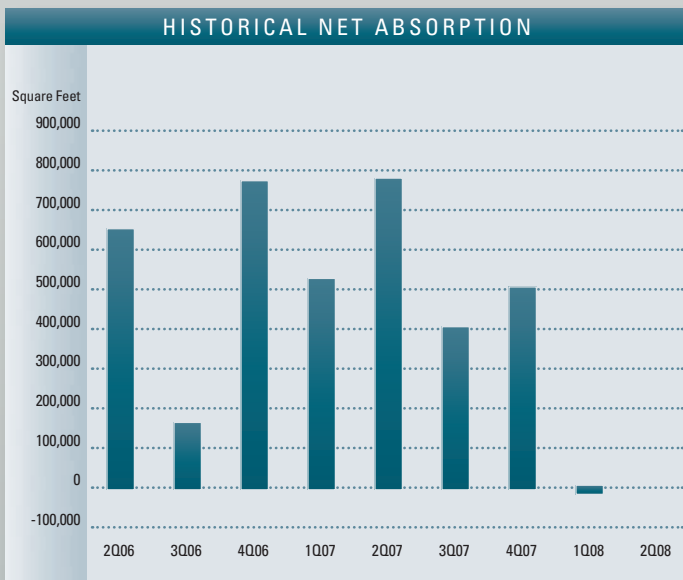
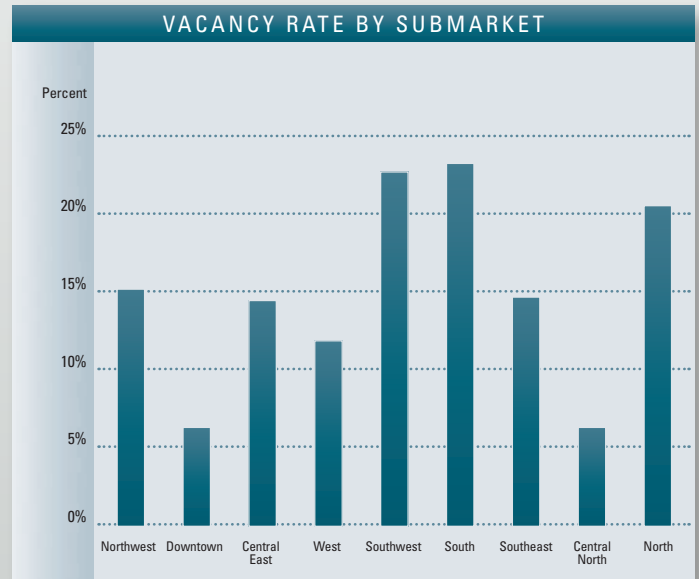
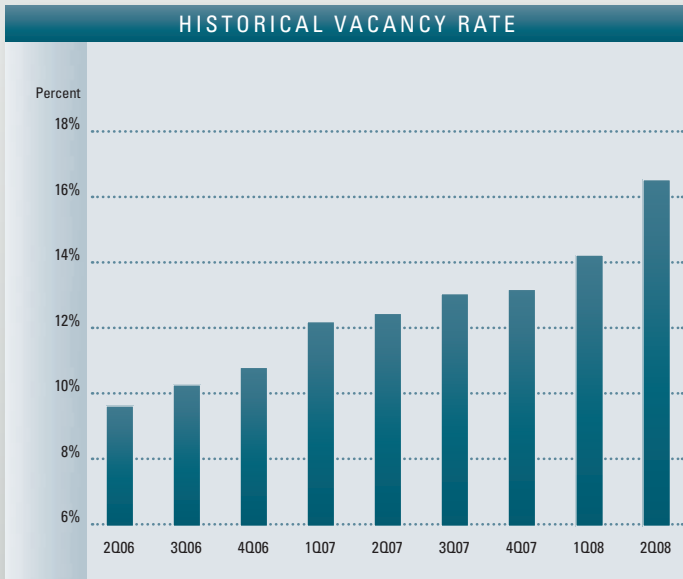
Office Market Highlights

- ◆ By mid-2008, the Las Vegas office market continued its expansion despite a slowdown in demand. A significant number of projects entering the market today were designed 12 to 24 months ago, a period when fundamentals in the office market were much more favorable. Competitive pricing and user incentives will be required during the next year for selected projects to limit longer-run downside risk.
- ◆ During the second quarter, the Las Vegas office market expanded by 1.3 million square feet reaching total inventory of 47.3 million square feet in 1,808 buildings. During the quarter, the market reported negligible net absorption of 1,400 square feet.
- ◆ Major project completions during the quarter included space in Town Square on the south Strip, Green Valley Corporate Center in Henderson, The Corporate Center at the Curve in the southwest, phase one of Durango Business Park at Durango Commons occupied by Allegiant Air, and the LEED-certified LaPour Corporate Center on Diablo at the 215.
- ◆ The latest market activity resulted in a vacancy rate of 16.7 percent, with availability climbing well above historical averages. Compared to the same quarter of the prior year, vacancies are up 4.3 points from 12.4 percent; vacancies 24 months prior were 7.2 points lower, hovering at 9.5 percent. Additional upward pressure on vacancies is likely as a number of speculative projects are expected to complete construction in the near term.
- ◆ The market currently boasts 3.6 million square feet of space under development, with 2.2 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 upwards of 25 percent. Many large-scale projects are currently being developed throughout the valley, including office space in Summerlin Centre, Rainbow Sunset Pavilion, Eastgate Plaza, and Tivoli Village at Queensridge.
- ◆ Development plans exist for another 4.7 million square feet with over two-thirds of the planned space 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.
- ◆ The Las Vegas employment market reported a below-average performance during the past year, with a net job loss of 4,700 positions, which represented a 0.5-percent decrease from the same time last year. Professional and business services employment posted a 3.6-percent decrease, which moved in the same direction as other sectors, including construction and the leisure and hospitality sectors.

OFFICE MARKET OVERVIEW

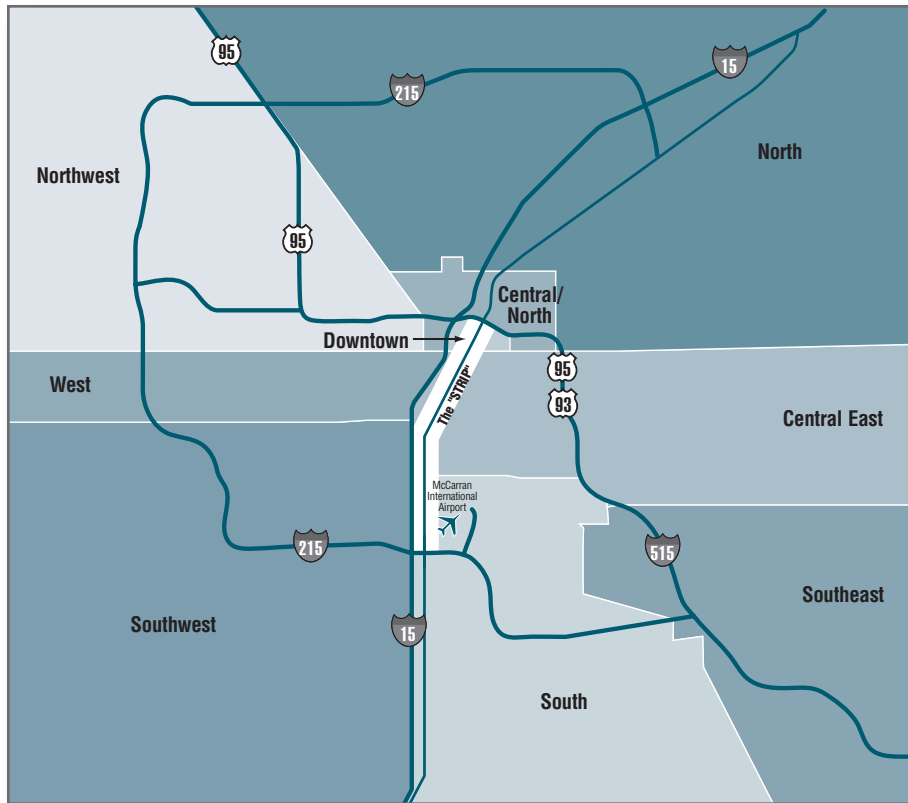
	2Q2008	1Q2008	2Q2007	% CHANGE VS. 2007
Under Construction	3,623,000	3,890,000	3,094,000	17.10%
Planned Construction	4,743,000	6,539,000	7,691,000	-38.33%
Vacancy	16.7%	14.4%	12.4%	34.68%
Net Absorption	1,400	-25,000	783,000	-99.82%

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	INVENTORY				VACANCY		ABSORPTION	
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 2Q2008	Net Absorption 2Q2008	New Inventory 2Q2008
Northwest								
Class A	22	1,673,642	277,694	306,300	160,696	9.6%	22,283	0
Class B	217	5,495,495	290,015	232,972	932,541	17.0%	(26,509)	96,160
Class C	7	133,131	0	0	12,580	9.4%	(872)	0
Northwest Total	246	7,302,268	567,709	539,272	1,105,817	15.1%	(5,098)	96,160
Downtown								
Class A	9	1,779,087	0	0	54,873	3.1%	7,713	0
Class B	42	1,129,344	0	160,000	108,258	9.6%	(3,118)	0
Class C	23	597,598	0	0	55,780	9.3%	(38,694)	0
Downtown Total	74	3,506,029	0	160,000	218,911	6.2%	(34,099)	0
Central East								
Class A	13	1,491,632	0	173,210	63,433	4.3%	(4,121)	0
Class B	111	4,123,758	0	0	755,156	18.3%	(101,505)	0
Class C	53	1,344,467	0	0	186,176	13.8%	18,338	0
Central East Total	177	6,959,857	0	173,210	1,004,765	14.4%	(87,288)	0
West								
Class A	7	975,077	450,000	0	68,152	7.0%	(25,604)	0
Class B	244	5,430,061	0	449,469	699,460	12.9%	(141,952)	19,587
Class C	37	578,926	0	0	68,805	11.9%	(14,900)	0
West Total	288	6,984,064	450,000	449,469	836,417	12.0%	(182,456)	19,587
Southwest								
Class A	13	813,390	373,861	271,628	247,550	30.4%	10,000	70,000
Class B	286	6,546,314	995,027	1,558,595	1,441,336	22.0%	244,562	388,881
Class C	20	334,783	0	0	37,465	11.2%	(5,022)	0
Southwest Total	319	7,694,487	1,368,888	1,830,223	1,726,351	22.4%	249,540	458,881
South								
Class A	21	1,785,632	405,481	81,214	647,343	36.3%	(7,276)	486,400
Class B	446	8,030,105	440,518	869,212	1,656,000	20.6%	3,516	230,525
Class C	17	139,712	0	0	15,504	11.1%	10,149	0
South Total	484	9,955,449	845,999	950,426	2,318,847	23.3%	6,389	716,925
Southeast								
Class A	2	181,989	144,319	210,000	24,993	13.7%	0	0
Class B	90	1,627,131	30,401	260,569	244,166	15.0%	25,477	0
Class C	11	97,340	0	0	7,775	8.0%	0	0
Southeast Total	103	1,906,460	174,720	470,569	276,934	14.5%	25,477	0
Central/North								
Class A	1	220,000	0	0	0	0.0%	0	0
Class B	23	876,659	84,814	0	69,390	7.9%	12,838	0
Class C	9	368,055	0	0	26,223	7.1%	442	0
Central/North Total	33	1,464,714	84,814	0	95,613	6.5%	13,280	0
North								
Class A	1	45,376	0	0	22,711	50.1%	0	0
Class B	78	1,343,999	131,358	170,222	271,041	20.2%	28,308	0
Class C	5	176,638	0	0	25,131	14.2%	(12,640)	0
North Total	84	1,566,013	131,358	170,222	318,883	20.4%	15,668	0
Las Vegas Total								
Class A	89	8,965,825	1,651,355	1,042,352	1,289,751	14.4%	2,995	556,400
Class B	1,537	34,602,866	1,972,133	3,701,039	6,177,348	17.9%	41,617	735,153
Class C	182	3,770,650	0	0	435,439	11.5%	(43,199)	0
Total	1,808	47,339,341	3,623,488	4,743,391	7,902,538	16.7%	1,413	1,291,553

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.

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