



Voit
Real Estate Services

Office Market Report

Compared to last quarter:



To view available properties, electronic versions of current or past market reports, please visit:

www.voitco.com

Prepared by:

Jerry J. Holdner, Jr. - CA Lic. #01145748
Vice President of Market Research
VOIT Real Estate Services - CA Lic. #01333376
e-mail: jholdner@voitco.com



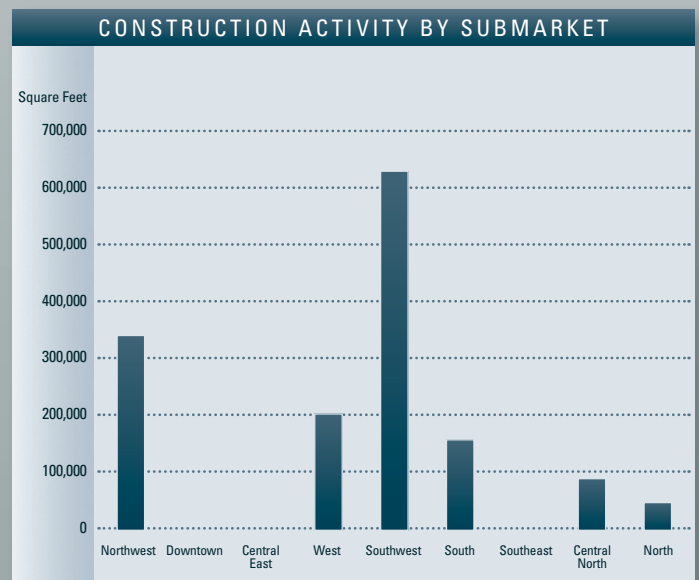
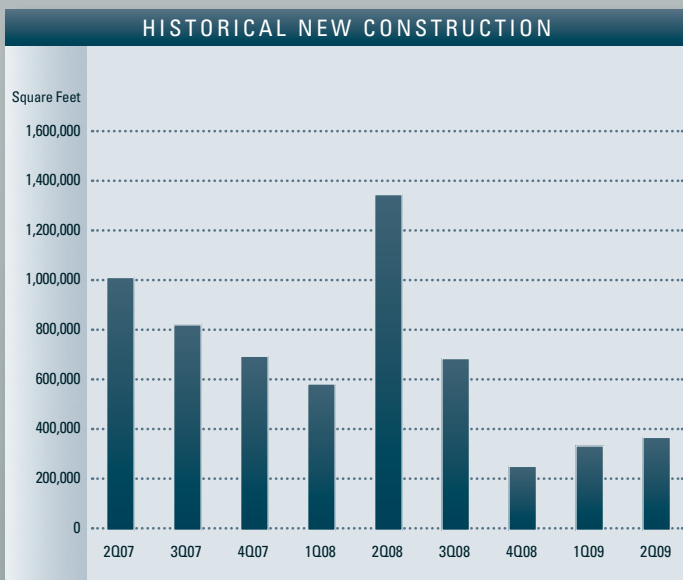
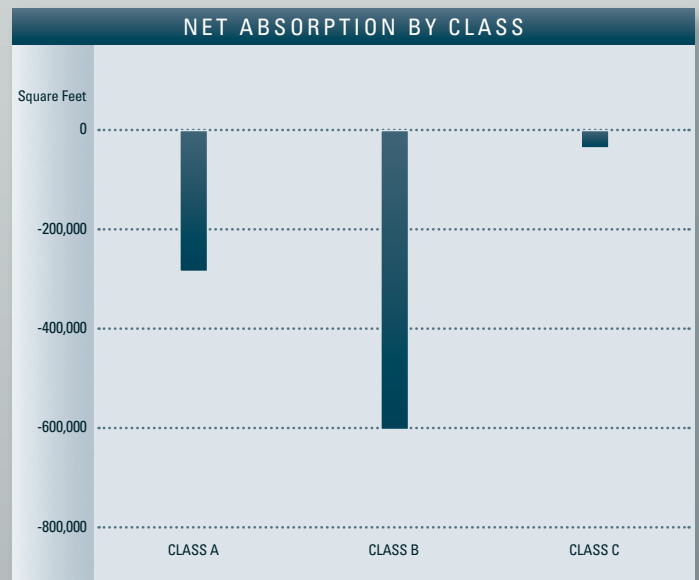
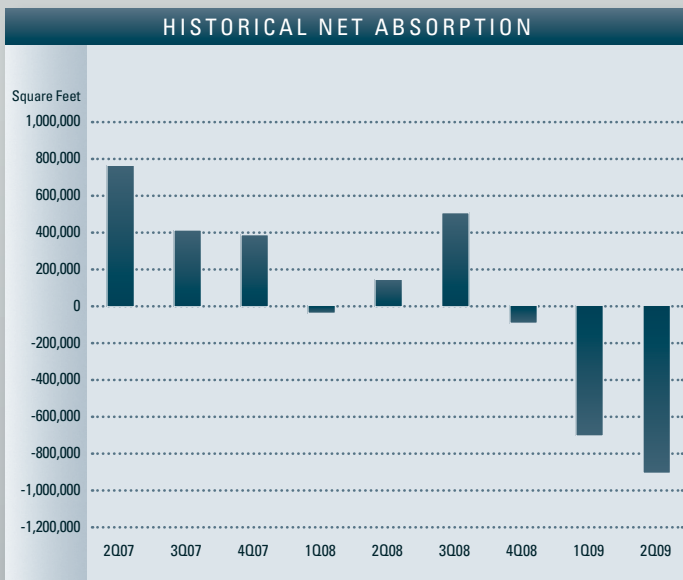
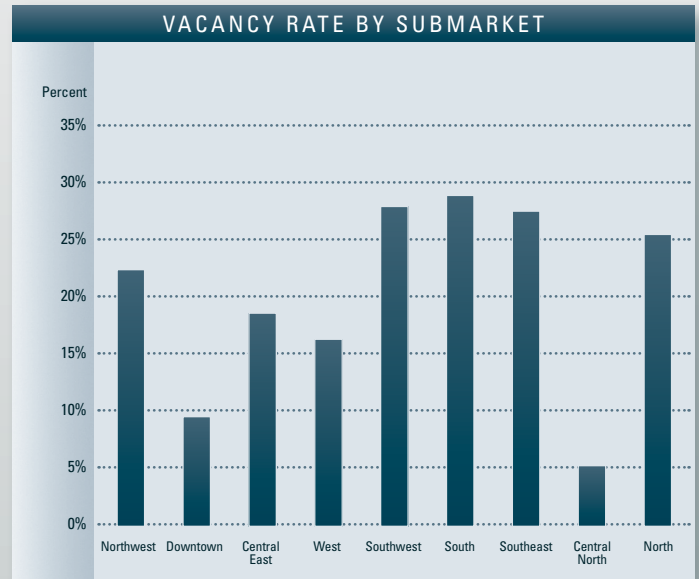
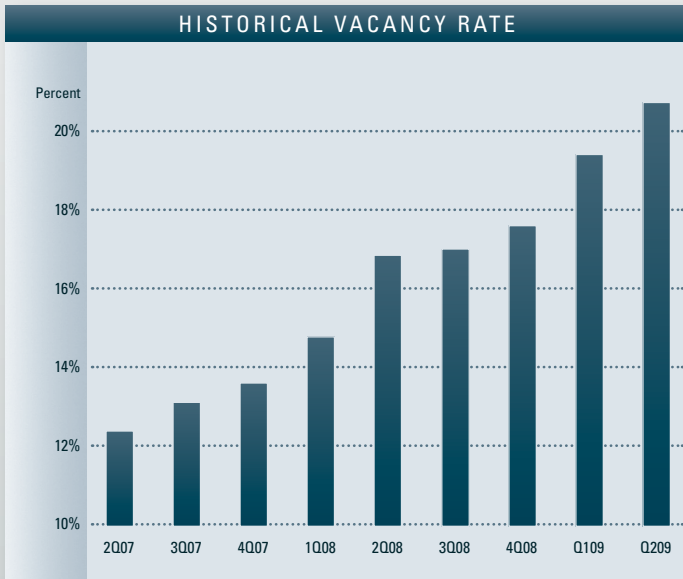
Market Highlights

- Market Environment** – By the mid-point of 2009, the Las Vegas economic climate continued to be impacted by the national recession, local housing conditions and contraction in the region’s core industry, leisure and hospitality. The rate of unemployment in Las Vegas has escalated to an all-time high (11.1 percent) as the market continues to shed jobs. Due to the depth and breadth of the economic downturn, employment in the office-using sector declined 4.7 percent during the past year with 16,200 fewer persons employed than at this same time one year ago.
- Inventory** – Market-wide inventory reached 49.3 million square feet with approximately 364,800 square feet added during the quarter. Additions during the quarter included two projects in the southwest: (1) the 226,140-square-foot structure within the Rainbow Sunset Pavilion; and (2) three buildings in the Arroyo South by EJM Development.
- Future Supply** – The market reported 1.4 million square feet of space that remained in some form of construction. It is worth noting that approximately 0.4 million square feet is located in projects that have stalled or delayed activity. Selected projects that are expected to complete construction in the third quarter of 2009 include: (1) an expansion (102,000 square feet) at the Nevada Cancer Institute near Interstate 215 and Town Center Drive; and (2) the Campos Office Building (84,814 square feet) located near Las Vegas Boulevard and Bonanza Road. Another 3.6 million square feet remains in the planning stages.
- Market Outlook** – The commercial office market has been hit hard by the downturn as supply levels ran well beyond reasonable demand estimates. Vacancies are expected to continue to press north while the economy seeks out a sustainable equilibrium. Some areas are expected to reach 30-percent vacancy rates; as such, loan modifications and/or foreclosures will be a trigger to price re-setting not only in those areas hardest hit.
- Vacancy** – At the close of the second quarter, approximately 10.9 million square feet of vacant office product remained on the market, producing an average vacancy rate of 22.1 percent. When excluding owner-user buildings, the vacancy rate jumps to 24.2 percent for speculative space. Vacancy rates are up from the 19.6 percent posted three months prior, while the comparison to the 16.9 percent vacancy rate from the second quarter of 2008 is even more dramatic.
- Demand** – Net absorption remained negative for the third consecutive quarter with 920,600 square feet of net out-migration. During the first six months of 2009, the market posted 1.6 million square feet of negative net absorption. Move-outs were reported in nearly every portion of the valley with the south and southwest sub-markets posting vacancy rates of 28.8 percent and 27.8 percent, respectively.

OFFICE MARKET OVERVIEW

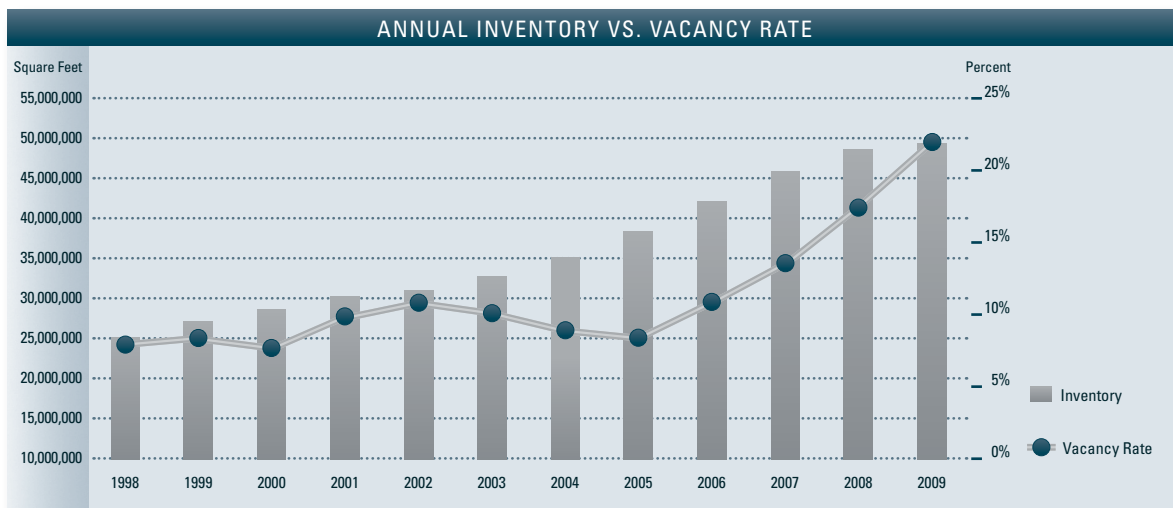
	Q2 2009	Q1 2009	Q2 2008	% CHANGE VS. Q2 2008
Under Construction	1,445,000	1,912,000	3,006,000	-51.93%
Planned Construction	3,591,000	4,627,000	4,803,000	-25.23%
Vacancy	22.1%	19.6%	16.9%	30.77%
Net Absorption	-921,000	-716,000	136,000	N/A

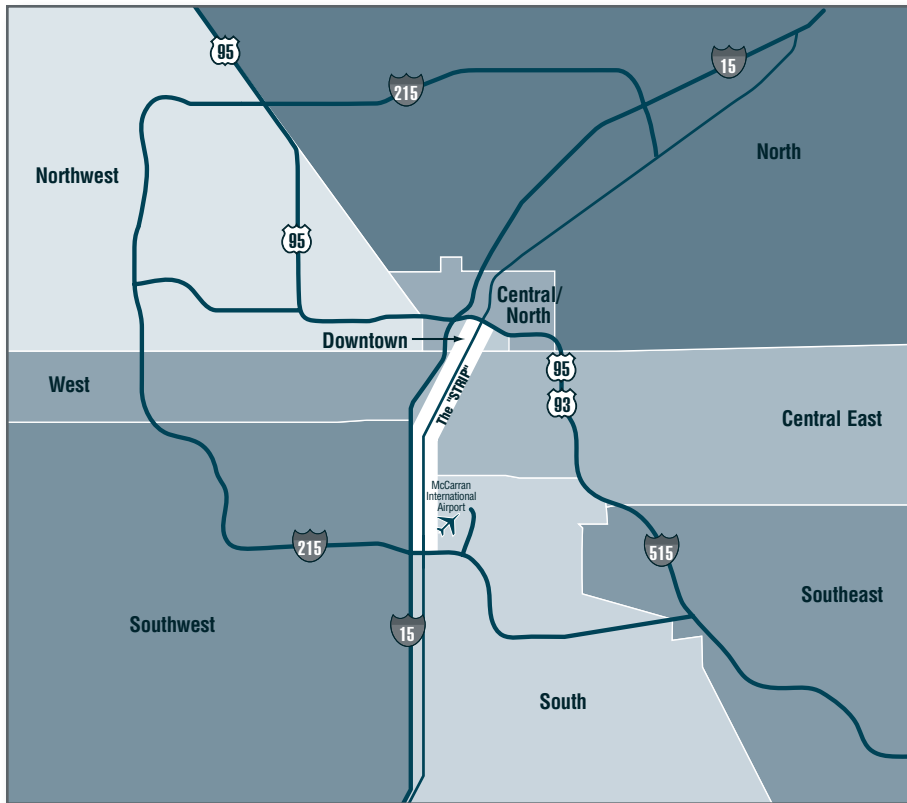
Real People. Real Solutions.



	INVENTORY				VACANCY		ABSORPTION	
	Number of Buildings	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 202009	Net Absorption 202009	New Inventory 202009
Northwest								
Class A	24	1,938,331	200,000	-	577,460	29.8%	(76,006)	-
Class B	224	5,667,306	138,920	127,379	1,130,987	20.0%	(70,001)	-
Class C	9	162,002	-	-	15,042	9.3%	(4,592)	-
Northwest Total	257	7,767,639	338,920	127,379	1,723,489	22.2%	(150,599)	-
Downtown								
Class A	8	1,692,502	-	-	54,823	3.2%	(803)	-
Class B	40	1,103,119	-	-	208,591	18.9%	(109,395)	-
Class C	24	605,723	-	-	58,761	9.7%	(3,081)	-
Downtown Total	72	3,401,344	-	-	322,175	9.5%	(113,279)	-
Central East								
Class A	13	1,491,632	-	173,210	250,960	16.8%	(162,278)	-
Class B	109	4,059,138	-	-	842,170	20.7%	9,678	-
Class C	55	1,429,486	-	-	192,566	13.5%	(41)	-
Central East Total	177	6,980,256	-	173,210	1,285,696	18.4%	(152,641)	-
West								
Class A	7	975,077	200,000	-	59,356	6.1%	(4,310)	-
Class B	242	5,489,301	-	149,469	993,333	18.1%	(109,398)	-
Class C	38	599,926	-	-	85,660	14.3%	(4,014)	-
West Total	287	7,064,304	200,000	149,469	1,138,349	16.1%	(117,722)	-
Southwest								
Class A	14	1,039,530	75,000	341,628	499,635	48.1%	(16,613)	226,140
Class B	301	6,984,173	550,851	1,395,137	1,759,411	25.2%	(84,638)	138,690
Class C	20	334,783	-	-	67,351	20.1%	(23,269)	-
Southwest Total	335	8,358,486	625,851	1,736,765	2,326,397	27.8%	(124,520)	364,830
South								
Class A	23	1,966,113	-	81,214	723,138	36.8%	(22,704)	-
Class B	455	8,378,637	152,919	695,854	2,271,844	27.1%	(211,366)	-
Class C	17	139,712	-	-	23,244	16.6%	(3,600)	-
South Total	495	10,484,462	152,919	777,068	3,018,226	28.8%	(237,670)	-
Southeast								
Class A	3	265,015	-	-	172,557	65.1%	-	-
Class B	93	1,710,017	-	116,336	388,185	22.7%	7,094	-
Class C	12	123,737	-	-	16,753	13.5%	0	-
Southeast Total	108	2,098,769	-	116,336	577,495	27.5%	17,094	-
Central/North								
Class A	1	220,000	-	370,000	-	0.0%	-	-
Class B	23	876,769	84,814	-	43,617	5.0%	1,457	-
Class C	9	368,055	-	-	30,533	8.3%	0	-
Central/North Total	33	1,464,824	84,814	370,000	74,150	5.1%	1,457	-
North								
Class A	1	45,376	-	-	17,641	38.9%	-	-
Class B	80	1,432,903	42,454	141,046	379,150	26.5%	(42,677)	-
Class C	5	176,638	-	-	24,014	13.6%	0	-
North Total	86	1,654,917	42,454	141,046	420,805	25.4%	(42,677)	-
Las Vegas Total								
Class A	94	9,633,576	475,000	966,052	2,355,570	24.5%	(282,714)	226,140
Class B	1,567	35,701,363	969,958	2,625,221	8,017,288	22.5%	(599,246)	138,690
Class C	89	3,940,062	-	-	513,924	13.0%	(38,597)	-
Total	1,850	49,275,001	1,444,958	3,591,273	10,886,782	22.1%	(920,557)	364,830

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.

For further information, please contact:

<p>ANAHEIM METRO OFFICE 3500 W. Orangewood Ave. Orange, CA 92868</p>	<p>IRVINE OFFICE 2020 Main St. Suite 100 Irvine, CA 92614</p>	<p>LAS VEGAS OFFICE 10100 W. Charleston Blvd. Suite 200 Las Vegas, NV 89135</p>	<p>NEWPORT BEACH OFFICE 101 Shipyard Way Suite M Newport Beach, CA 92663</p>	<p>SAN DIEGO OFFICE 4370 La Jolla Village Dr. Suite 990 San Diego, CA 92122</p>
<p>TEL: 714.978.7880 FAX: 714.978.9431</p>	<p>TEL: 949.851.5100 FAX: 949.261.9092</p>	<p>TEL: 702.734.4500 FAX: 702.733.7690</p>	<p>TEL: 949.644.8648 FAX: 949.644.8695</p>	<p>TEL: 858.453.0505 FAX: 858.453.1981</p>

To view available properties, electronic versions of current or past market reports, please visit:

www.voitco.com



Voit
Real Estate Services
CA Lic. #01333376



Real People. Real Solutions.