

OFFICE MARKET REPORT

THIRD
QUARTER
2004

Compared to
last quarter:

VACANCY



ABSORPTION



LEASE RATES



CONSTRUCTION



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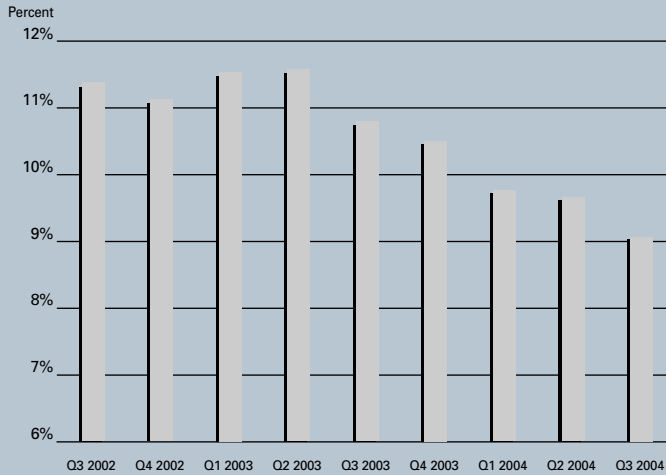
MARKET HIGHLIGHTS

- ◆ Third quarter unemployment for Las Vegas stood at 4.0 percent, down from the 5.5 percent recorded 12 months prior. By comparison, the national unemployment rate was 5.4 percent (seasonally adjusted) at the close of the third quarter.
- ◆ The Las Vegas Valley added an estimated 38,900 new jobs during the past 12 months according to the Nevada Department of Employment, Training and Rehabilitation. Consistent new job growth is anticipated through the final quarter of 2004.
- ◆ At the end of the third quarter 2004, the Las Vegas office market was comprised of 32.3 million square feet of inventory in 1,119 buildings.
- ◆ New additions to the market contributed 362,000 square feet, while demand (net absorption) remained healthy with 536,000 square feet.
- ◆ Currently, there are approximately 2.1 million square feet of office space under construction and 5.1 million square feet planned for future development.
- ◆ There were 2.9 million unoccupied square feet, producing a market-wide vacancy rate of 9.1 percent.
- ◆ The Southwest submarket contains 2.7 million square feet of office space, with 828,000 square feet under construction and nearly 1.6 million square feet in planned inventory. We are expecting strong development in the next 12 months in the Southwest, South and Northwest parts of the Valley.

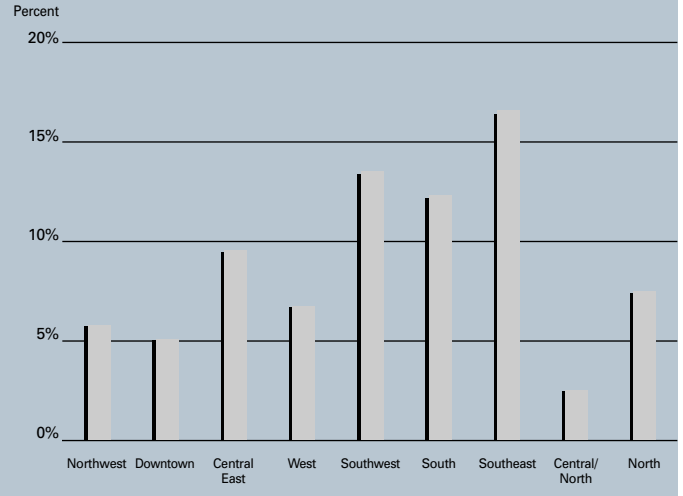
OFFICE MARKET STATISTICS

	3Q2004	2Q2004	3Q2003	% CHANGE VS. 3Q03
Under Construction	2,074,000	2,103,000	1,046,000	98.21%
Planned Construction	5,108,000	4,856,000	5,221,000	-2.16%
Vacancy	9.1%	9.7%	10.8%	-15.74%
Net Absorption	536,000	370,000	552,000	-2.86%

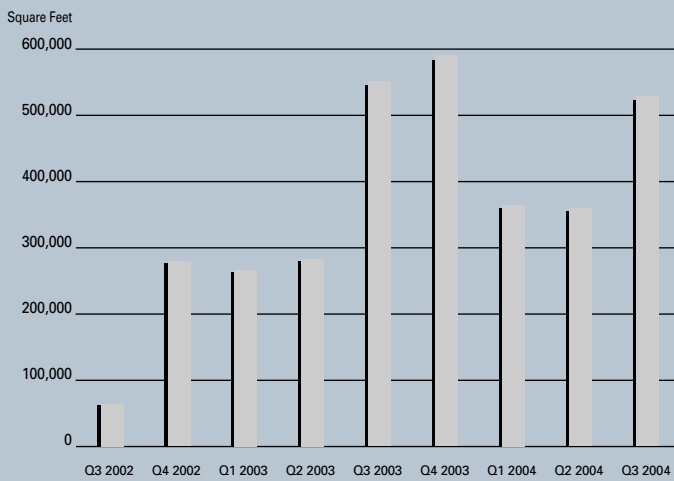
HISTORICAL VACANCY RATE



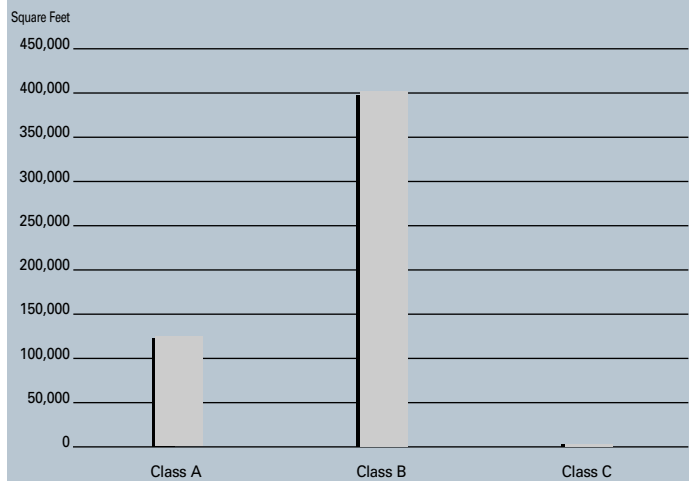
VACANCY RATE BY SUBMARKET



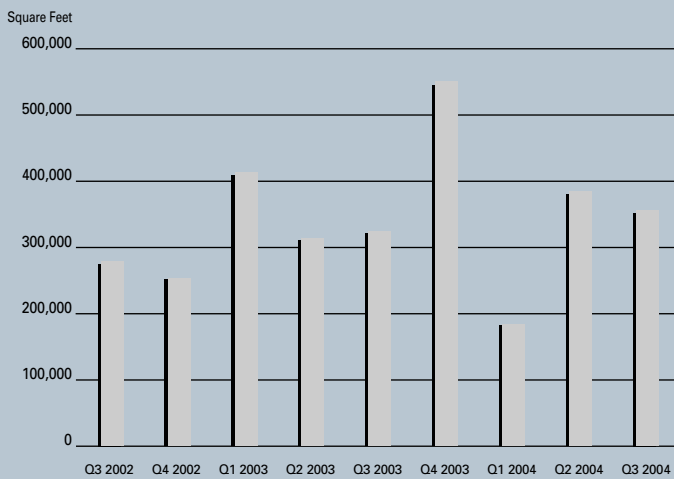
HISTORICAL NET ABSORPTION



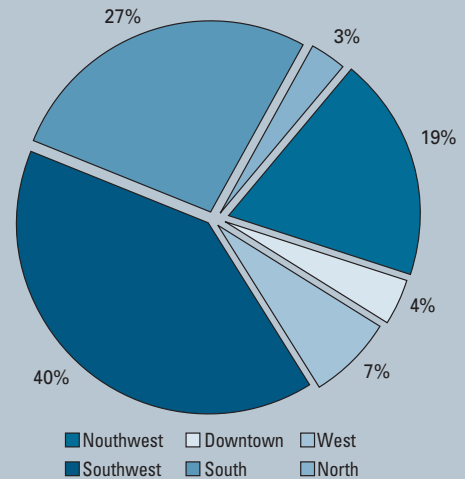
NET ABSORPTION BY CLASS



HISTORICAL NEW CONSTRUCTION



PLANNED CONSTRUCTION BY SUBMARKET



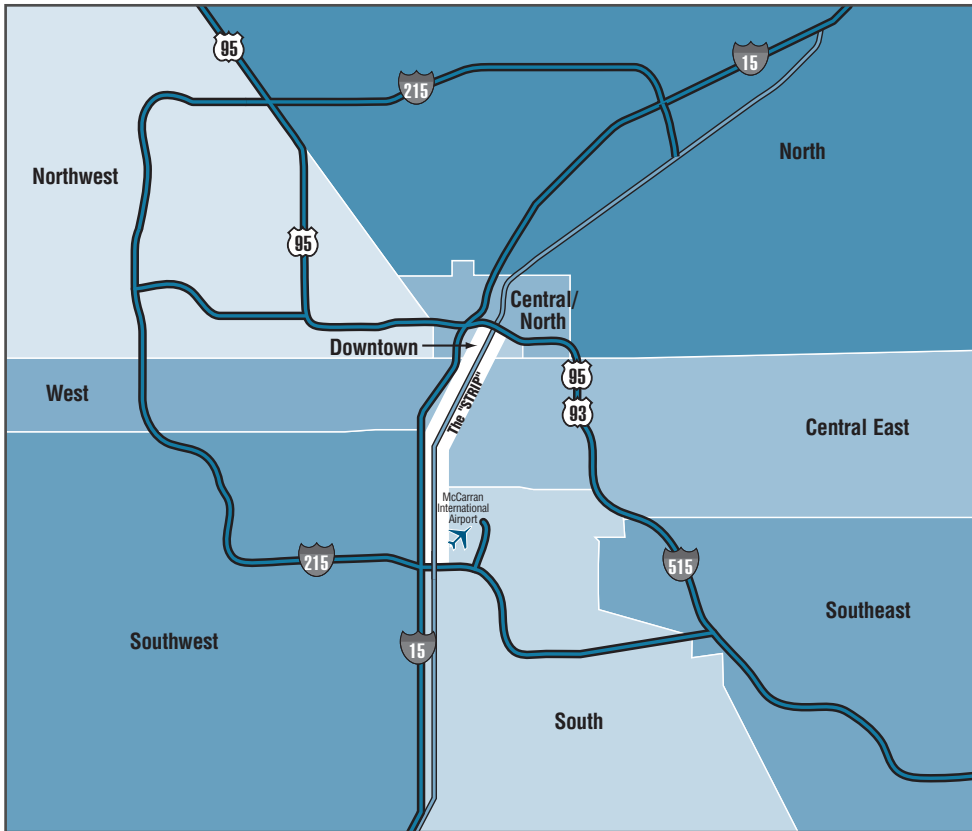
THIRD QUARTER 2004

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 3Q2004	Net Absorption 3Q2004	New Inventory 3Q2004
Northwest								
Class A	16	1,176,380	131,000	509,416	14,925	1.3%	3,264	0
Class B	118	3,764,470	263,100	194,736	292,715	7.8%	104,537	35,800
Class C	7	133,131	0	0	3,189	2.4%	(1,062)	0
Northwest Total	141	5,073,981	394,100	704,152	310,829	6.1%	106,739	35,800
Downtown								
Class A	6	1,370,528	0	100,000	15,500	1.1%	0	0
Class B	37	992,025	92,000	20,000	99,586	10.0%	0	0
Class C	23	597,598	0	0	38,480	6.4%	(1,175)	0
Downtown Total	66	2,960,151	92,000	120,000	153,566	5.2%	(1,175)	0
Central East								
Class A	12	1,373,298	0	436,963	41,576	3.0%	(2,354)	0
Class B	107	3,967,209	0	0	480,949	12.1%	2,555	0
Class C	49	1,309,352	0	0	121,243	9.3%	7,814	0
Central East Total	168	6,649,859	0	436,963	643,768	9.7%	8,015	0
West								
Class A	6	707,467	0	0	13,502	1.9%	56,799	0
Class B	201	4,395,604	146,600	148,361	351,426	8.0%	111,277	60,592
Class C	34	619,361	0	0	36,028	5.8%	0	0
West Total	241	5,722,432	146,600	148,361	400,956	7.0%	168,076	60,592
Southwest								
Class A	5	122,335	440,000	94,000	16,715	13.7%	37,157	40,000
Class B	94	2,221,499	388,018	1,475,894	315,850	14.2%	58,612	124,753
Class C	19	325,077	-	-	33,829	10.4%	(6,750)	-
Southwest Total	118	2,668,911	828,018	1,569,894	366,394	13.7%	89,019	164,753
South								
Class A	11	722,766	125,106	0	15,128	2.1%	16,461	0
Class B	239	5,316,319	425,567	1,255,712	750,676	14.1%	129,497	100,412
Class C	18	144,712	0	0	3,760	2.6%	1,833	0
South Total	268	6,183,797	550,673	1,255,712	769,564	12.4%	147,791	100,412
Southeast								
Class A	2	118,877	0	77,881	44,155	37.1%	20,989	0
Class B	44	1,003,316	0	513,800	141,346	14.1%	(9,991)	0
Class C	10	91,062	0	0	17,827	19.6%	0	0
Southeast Total	56	1,213,255	0	591,681	203,328	16.8%	10,998	0
Central/North								
Class A	1	220,000	0	0	0	0.0%	0	0
Class B	15	543,561	0	120,000	20,854	3.8%	2,549	0
Class C	9	368,055	0	0	8,978	2.4%	0	0
Central/North Total	25	1,131,616	0	120,000	29,832	2.6%	2,549	0
North								
Class A	0	0	46,800	0	0	0.0%	0	0
Class B	33	670,937	16,000	160,836	51,765	7.7%	4,212	0
Class C	3	12,000	0	0	0	0.0%	0	0
North Total	36	682,937	62,800	160,836	51,765	7.6%	4,212	0
Las Vegas Total								
Class A	59	5,811,651	742,906	1,218,260	161,501	2.8%	132,316	40,000
Class B	888	22,874,940	1,331,285	3,889,339	2,505,167	11.0%	403,248	321,557
Class C	172	3,600,348	0	0	263,334	7.3%	660	0
Total	1,119	32,286,939	2,074,191	5,107,599	2,930,002	9.1%	536,224	361,557

OFFICE MARKET
REPORT

THIRD QUARTER 2004



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.

To view available properties,
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For Further Information:

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