

OFFICE MARKET REPORT

THIRD
QUARTER
2006

Compared to
last quarter:

VACANCY



UP

ABSORPTION



DOWN

LEASE RATES



UP

CONSTRUCTION



DOWN

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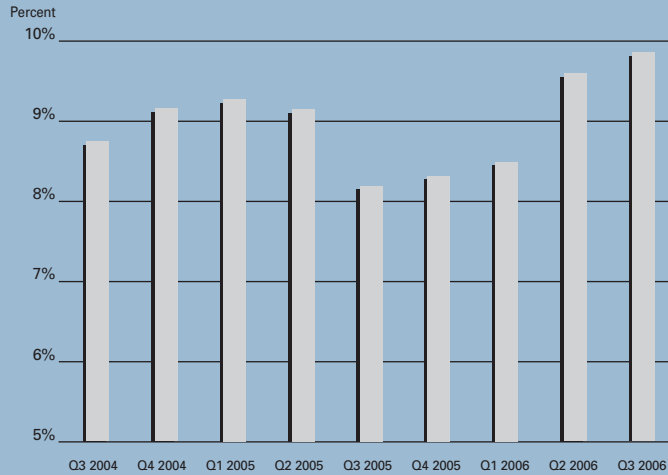
MARKET HIGHLIGHTS

- ◆ Unemployment levels in Las Vegas stood at 4.1 percent during the third quarter 2006, which was up slightly from the 4.0 percent reported one year ago. By comparison, the national unemployment rate was 4.7 percent (seasonally adjusted) at the close of the third quarter.
- ◆ The Las Vegas Valley added an estimated 51,200 new jobs during the past 12 months, representing a 5.9 percent growth rate. During the same period, office-using employment added 20,700 new positions, or approximately 40 percent of Valley-wide additions. Professional and business services employment continues to post above-average gains.
- ◆ At the end of the third quarter 2006, the Las Vegas office market was comprised of 39.8 million square feet of inventory in 1,516 buildings. With 3.9 million square feet of unoccupied space, the Valley-wide vacancy rate was 9.9 percent, up from 8.2 percent one year ago. Current vacancies reflect more normalized market conditions.
- ◆ New additions to the market contributed 422,000 square feet, while demand (net absorption) was 272,400 square feet. Through the first nine months of the year, the market expanded by 2.6 million square feet, while 1.8 million square feet was demanded.
- ◆ Currently, there are approximately 4.4 million square feet of office space under construction and 6.8 million square feet planned for future development.

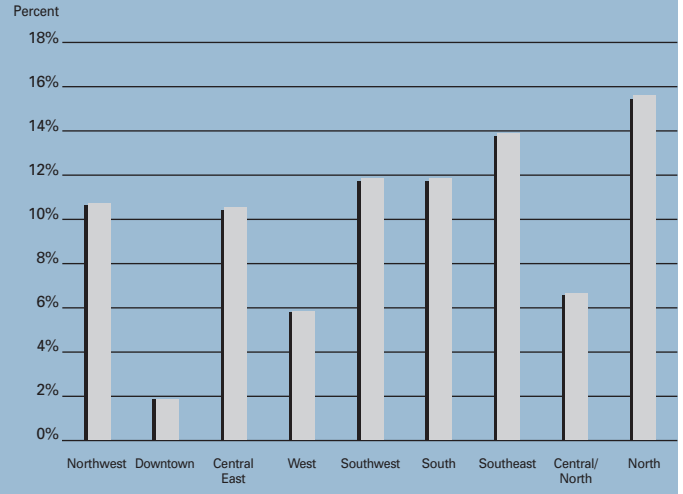
OFFICE MARKET STATISTICS

	Q3 2006	Q2 2006	Q3 2005	% CHANGE VS. 3Q05
Under Construction	4,363,000	4,164,000	3,700,000	17.92%
Planned Construction	6,764,000	5,839,000	6,028,000	12.21%
Vacancy	9.9%	9.6%	8.2%	20.73%
Net Absorption	272,000	651,000	962,000	-71.73%

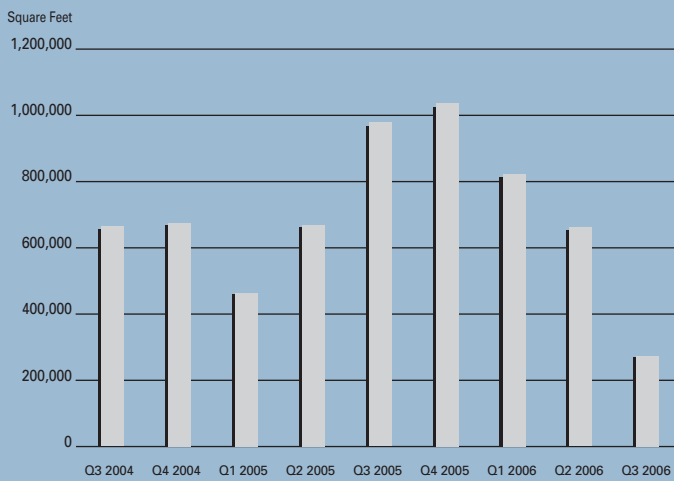
HISTORICAL VACANCY RATE



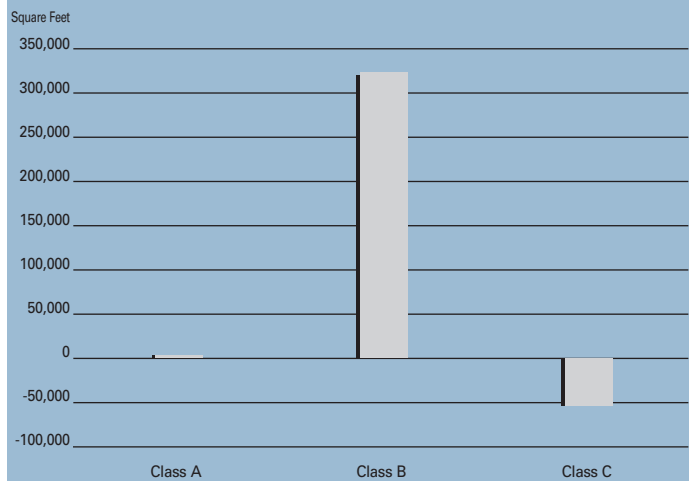
VACANCY RATE BY SUBMARKET



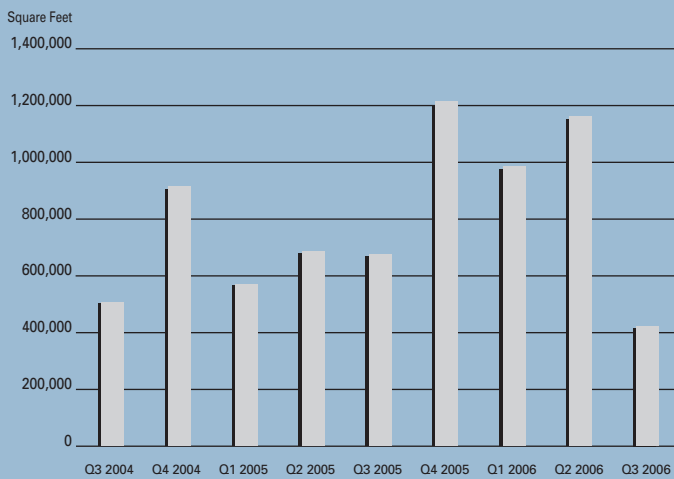
HISTORICAL NET ABSORPTION



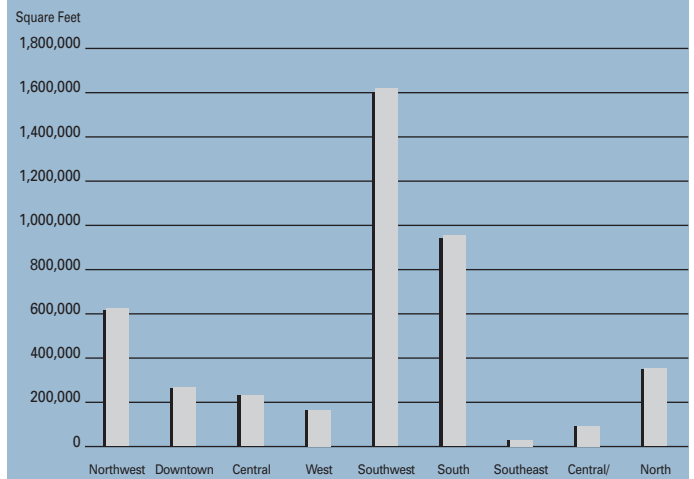
NET ABSORPTION BY CLASS



HISTORICAL NEW CONSTRUCTION



CONSTRUCTION ACTIVITY BY SUBMARKET

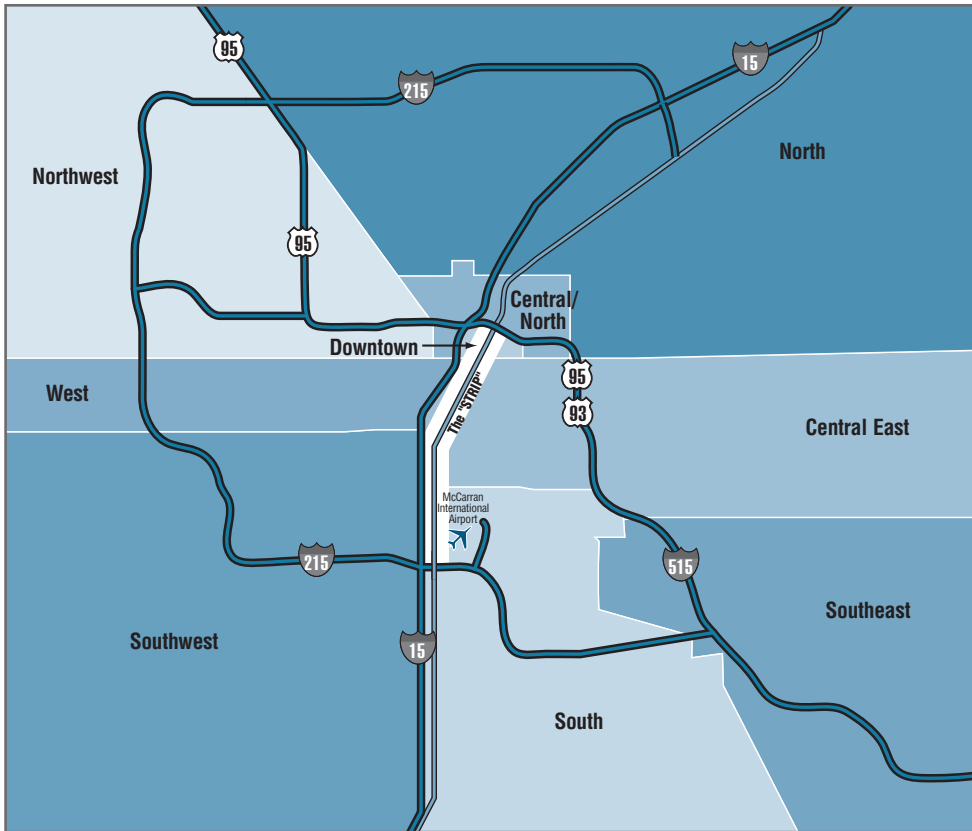


LAS VEGAS MARKET

	INVENTORY				VACANCY		ABSORPTION	
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2006	Net Absorption 3Q2006	New Inventory 3Q2006
Northwest								
Class A	20	1,533,609	202,600	108,028	183,769	12.0%	(887)	0
Class B	190	4,801,113	427,368	803,765	516,319	10.8%	(68,420)	29,572
Class C	7	133,131	0	0	3,348	2.5%	(372)	0
Northwest Total	217	6,467,853	629,968	911,793	703,436	10.9%	(69,679)	29,572
Downtown								
Class A	8	1,494,087	265,000	0	10,343	0.7%	282	0
Class B	38	1,049,568	0	20,000	37,837	3.6%	(8,797)	0
Class C	23	597,598	0	0	15,915	2.7%	(850)	0
Downtown Total	69	3,141,253	265,000	20,000	64,095	2.0%	(9,365)	0
Central East								
Class A	12	1,252,434	239,198	39,963	19,232	1.5%	(5,915)	0
Class B	112	4,130,390	0	263,200	496,691	12.0%	(7,560)	0
Class C	49	1,324,193	0	0	207,279	15.7%	(14,025)	0
Central East Total	173	6,707,017	239,198	303,163	723,202	10.8%	(27,500)	0
West								
Class A	6	707,467	0	130,000	2,533	0.4%	14,000	0
Class B	222	4,833,510	167,344	363,000	308,607	6.4%	13,654	0
Class C	36	644,465	0	0	53,610	8.3%	(9,993)	0
West Total	264	6,185,442	167,344	493,000	364,750	5.9%	17,661	0
Southwest								
Class A	10	466,795	476,091	326,400	25,000	5.4%	1,259	0
Class B	210	4,331,224	1,149,986	1,649,042	576,526	13.3%	105,869	40,000
Class C	19	325,077	0	0	13,140	4.0%	(3,600)	0
Southwest Total	239	5,123,096	1,626,077	1,975,442	614,666	12.0%	103,528	40,000
South								
Class A	17	1,136,782	217,815	1,267,000	82,796	7.3%	(13,699)	0
Class B	340	6,795,848	728,870	800,839	876,913	12.9%	247,610	337,664
Class C	18	144,712	0	0	7,102	4.9%	298	0
South Total	375	8,077,342	946,685	2,067,839	966,811	12.0%	234,209	337,664
Southeast								
Class A	2	181,989	0	137,881	5,362	2.9%	5,273	0
Class B	83	1,486,256	41,412	347,800	227,714	15.3%	22,015	15,202
Class C	10	91,340	0	0	13,439	14.7%	0	0
Southeast Total	95	1,759,585	41,412	485,681	246,515	14.0%	27,288	15,202
Central/North								
Class A	1	220,000	0	0	0	0.0%	0	0
Class B	22	774,290	102,000	120,000	57,782	7.5%	(4,079)	0
Class C	9	368,055	0	0	33,614	9.1%	(2,941)	0
Central/North Total	32	1,362,345	102,000	120,000	91,396	6.7%	(7,020)	0
North								
Class A	1	45,376	0	54,419	19,636	43.3%	2,982	0
Class B	46	821,329	345,706	332,450	65,711	8.0%	21,440	0
Class C	5	91,616	0	0	62,823	68.6%	(21,146)	0
North Total	52	958,321	345,706	386,869	148,170	15.5%	3,276	0
Las Vegas Total								
Class A	77	7,038,539	1,400,704	2,063,691	348,671	5.0%	3,295	0
Class B	1,263	29,023,528	2,962,686	4,700,096	3,164,100	10.9%	321,732	422,438
Class C	176	3,720,187	0	0	410,270	11.0%	(52,629)	0
Total	1,516	39,782,254	4,363,390	6,763,787	3,923,041	9.9%	272,398	422,438

OFFICE MARKET
REPORT

THIRD 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:

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