



# Office Market Report

VOIT COMMERCIAL BROKERAGE

Compared to last quarter:

Vacancy



UP

Absorption

DOWN



Lease Rates



UP

Construction

DOWN



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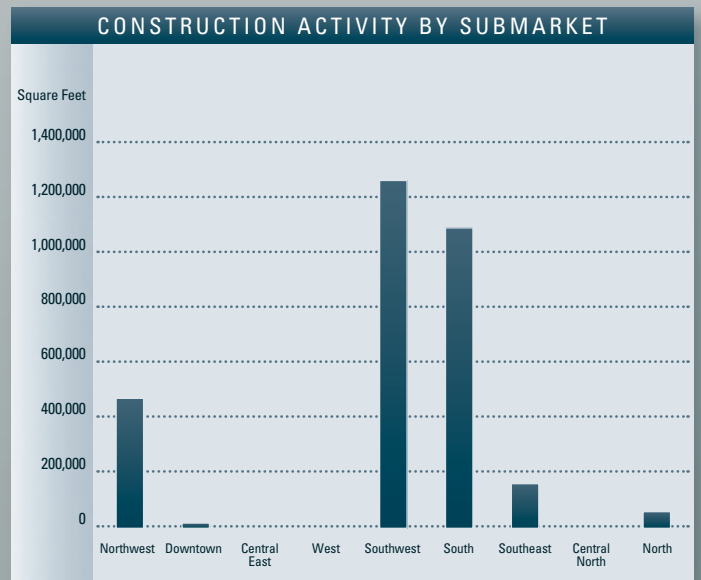
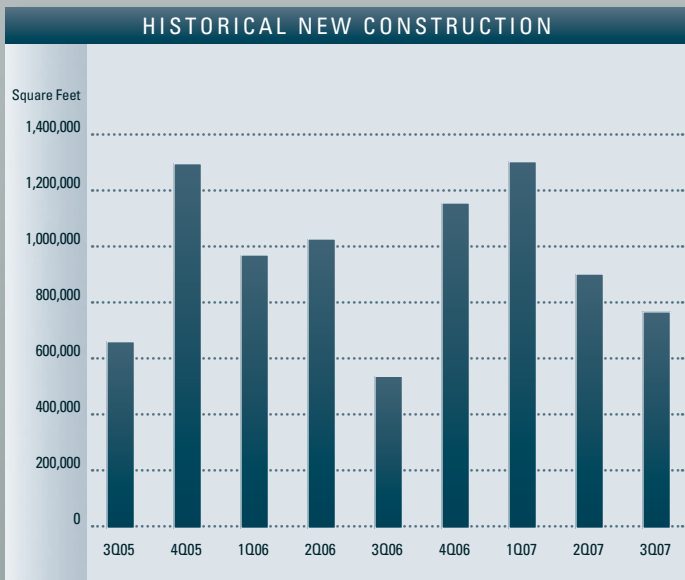
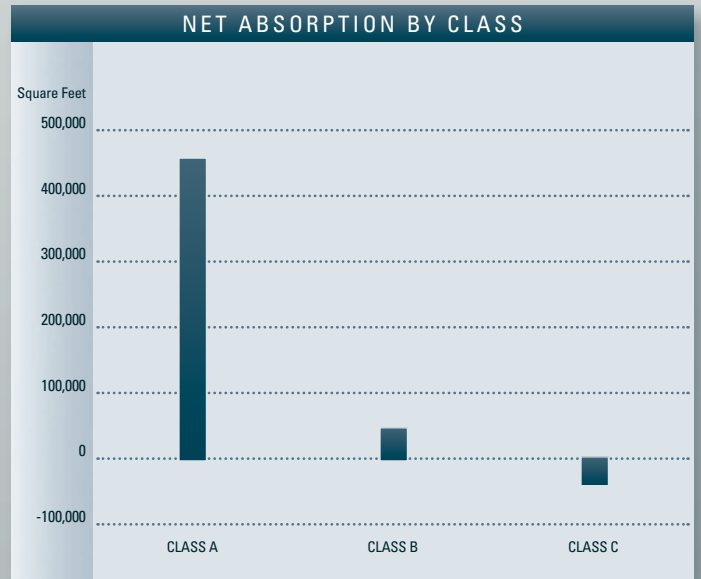
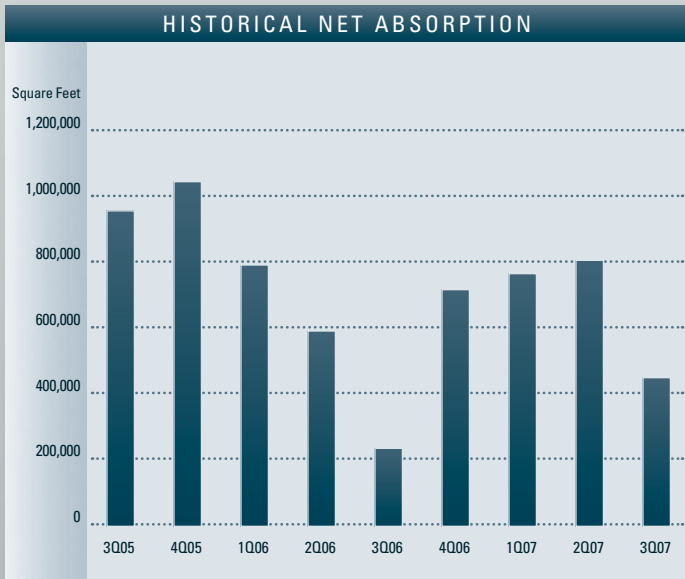
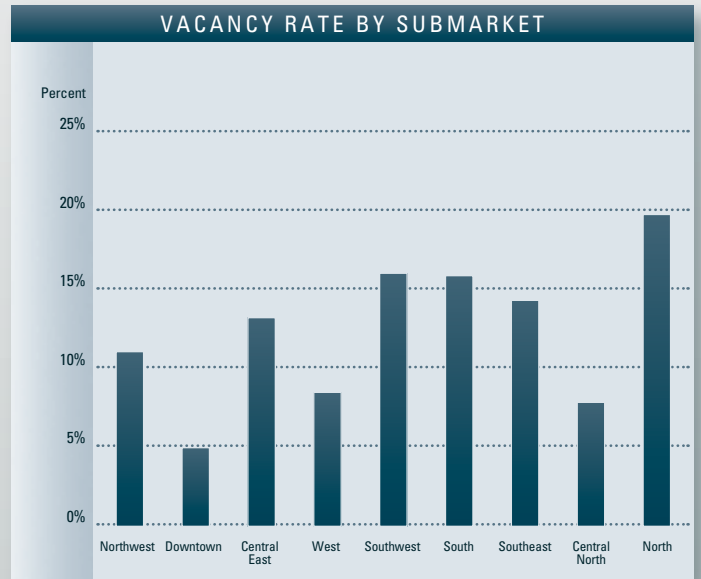
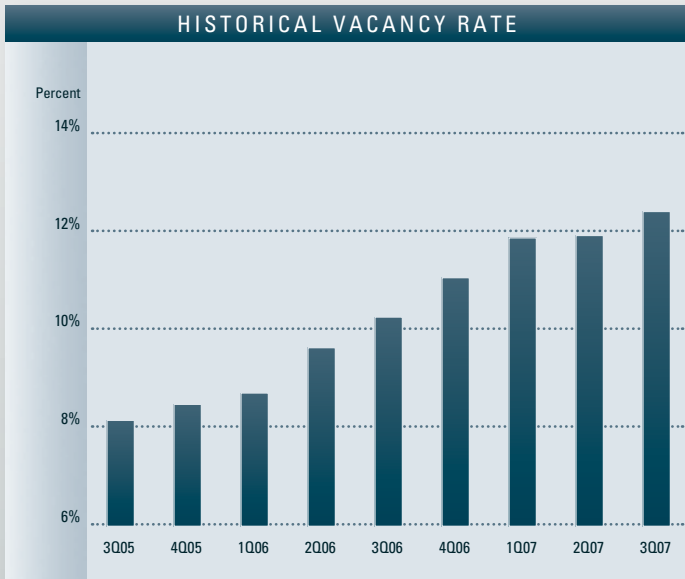
## Office Market Highlights

- ◆ By the close of the third quarter of 2007, the Las Vegas office market expanded by 765,800 square feet reaching a total inventory of 44.1 million square feet in 1,718 buildings. During the first nine months of 2007, the market expanded by 3.0 million square feet. For comparison purposes, the office market has expanded at an annual rate of 2.1 million square feet during the past decade.
- ◆ Major project completions during the quarter included the 285,000-square-foot Molasky Corporate Center in downtown Las Vegas, Station Casinos' new corporate headquarters located on the Red Rock Resort campus (150,000 square feet), and The Pavilion at 10801 W. Charleston Boulevard in Summerlin Centre.
- ◆ Net absorption, remained positive with 458,900 square feet demanded during the quarter, while 2.0 million square feet were demanded through the first nine months of 2007.
- ◆ The latest market activity resulted in a vacancy rate of 12.4 percent, which was greater than the 11.9 percent reported during the preceding quarter (Q2 2007) and 10.2 percent witnessed one year ago (Q3 2007). Additional vacancy rate increases are possible as material forward-looking supply remains in the development pipeline.
- ◆ The market currently boasts 3.0 million square feet of space under development, with 2.3 million square feet located in the southwest and south portions of the valley.
- ◆ Development plans exist for another 8.5 million square feet. Over two-thirds of the planned space is also 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.
- ◆ During the third quarter, annual employment growth totaled 13,900, which represented a 1.5-percent gain. While employment growth is off the pace reported in previous years, it is worth noting the timing of major resort construction projects impacts the latest figures. The latest project openings included the Red Rock Resort in April 2006 preceded by Wynn Las Vegas in April 2005. The market is on the leading edge of a building boom that includes over \$30 billion of investment activity and another 40,000 hotel rooms.
- ◆ Unemployment reported a modest increase through the third quarter reaching 5.0 percent, up 0.8 points from the 4.2 percent reported in the same quarter of the prior year. Timing of waves of economic expansions continues to impact employment levels.

### OFFICE MARKET OVERVIEW

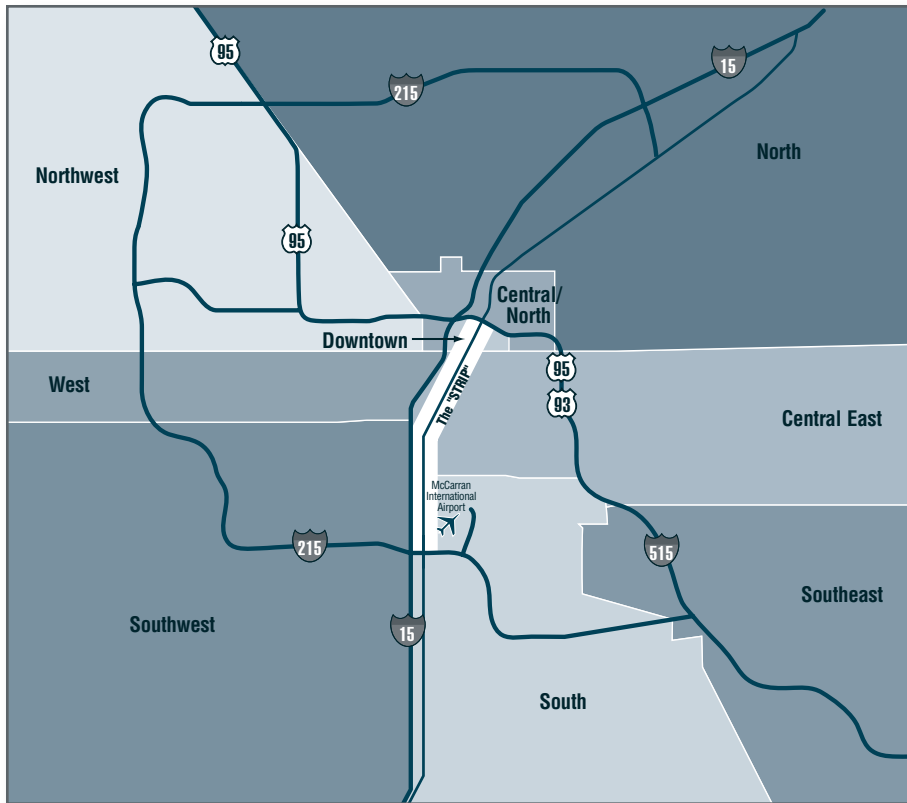
	3Q2007	2Q2007	3Q2006	% CHANGE VS. 3Q06
Under Construction	3,021,000	2,959,000	4,283,000	-29.47%
Planned Construction	8,493,000	8,927,000	7,251,000	17.13%
Vacancy	12.4%	11.9%	10.2%	21.57%
Net Absorption	459,000	802,000	228,000	101.32%

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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 3Q2007	Net Absorption 3Q2007	New Inventory 3Q2007
<b>Northwest</b>								
Class A	22	1,675,109	186,300	0	170,973	10.2%	(22,515)	0
Class B	204	4,890,525	290,498	858,117	552,707	11.3%	(77,849)	5,650
Class C	7	133,131	0	0	18,695	14.0%	(1,652)	0
Northwest Total	233	6,698,765	476,798	858,117	742,375	11.1%	(102,016)	5,650
<b>Downtown</b>								
Class A	9	1,779,087	0	0	51,462	2.9%	269,577	285,000
Class B	41	1,115,974	5,700	0	102,426	9.2%	(639)	7,200
Class C	23	597,598	0	0	17,086	2.9%	(455)	0
Downtown Total	73	3,492,659	5,700	0	170,974	4.9%	268,483	292,200
<b>Central East</b>								
Class A	13	1,491,632	0	39,963	87,474	5.9%	(31,982)	0
Class B	111	4,127,590	0	0	618,109	15.0%	(91,961)	0
Class C	53	1,344,467	0	0	205,511	15.3%	(37,377)	0
Central East Total	177	6,963,689	0	39,963	911,094	13.1%	(161,320)	0
<b>West</b>								
Class A	7	986,519	0	391,960	39,988	4.1%	254,623	290,602
Class B	239	5,214,708	0	377,690	444,300	8.5%	(53,586)	0
Class C	37	628,965	0	0	74,539	11.9%	(532)	0
West Total	283	6,830,192	0	769,650	558,827	8.2%	200,505	290,602
<b>Southwest</b>								
Class A	11	631,328	228,861	1,067,448	103,058	16.3%	(7,183)	0
Class B	250	5,558,212	1,024,218	2,121,804	900,033	16.2%	73,495	20,000
Class C	20	334,783	0	0	35,010	10.5%	(9,205)	0
Southwest Total	281	6,524,323	1,253,079	3,189,252	1,038,101	15.9%	57,107	20,000
<b>South</b>								
Class A	18	1,254,597	582,987	1,705,494	164,216	13.1%	13,155	0
Class B	417	7,507,215	501,846	891,988	1,220,663	16.3%	150,552	98,021
Class C	17	139,712	0	0	14,040	10.0%	(5,279)	0
South Total	452	8,901,524	1,084,833	2,597,482	1,398,919	15.7%	158,428	98,021
<b>Southeast</b>								
Class A	2	181,989	144,319	210,000	24,993	13.7%	(15,976)	0
Class B	90	1,608,120	0	461,101	233,726	14.5%	35,302	59,352
Class C	10	91,340	0	0	6,437	7.0%	1,543	0
Southeast Total	102	1,881,449	144,319	671,101	265,156	14.1%	20,869	59,352
<b>Central/North</b>								
Class A	1	220,000	0	0	0	0.0%	0	0
Class B	23	876,290	0	0	80,629	9.2%	(9,740)	0
Class C	9	368,055	0	0	33,689	9.2%	3,612	0
Central/North Total	33	1,464,345	0	0	114,318	7.8%	(6,128)	0
<b>North</b>								
Class A	1	45,376	0	0	18,654	41.1%	0	0
Class B	78	1,231,275	56,404	367,844	225,799	18.3%	22,942	0
Class C	5	91,616	0	0	26,131	28.5%	0	0
North Total	84	1,368,267	56,404	367,844	270,584	19.8%	22,942	0
<b>Las Vegas Total</b>								
Class A	84	8,265,637	1,142,467	3,414,865	660,818	8.0%	459,699	575,602
Class B	1,453	32,129,909	1,878,666	5,078,544	4,378,392	13.6%	48,516	190,223
Class C	181	3,729,667	0	0	431,138	11.6%	(49,345)	0
<b>Total</b>	<b>1,718</b>	<b>44,125,213</b>	<b>3,021,133</b>	<b>8,493,409</b>	<b>5,470,348</b>	<b>12.4%</b>	<b>458,870</b>	<b>765,825</b>

This survey consists of buildings greater than 5,000 square feet.



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**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.

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