

OFFICE MARKET REPORT

FOURTH
QUARTER
2004

Compared to
last quarter:

VACANCY



UP

ABSORPTION



DOWN

LEASE RATES



UP

CONSTRUCTION



UP

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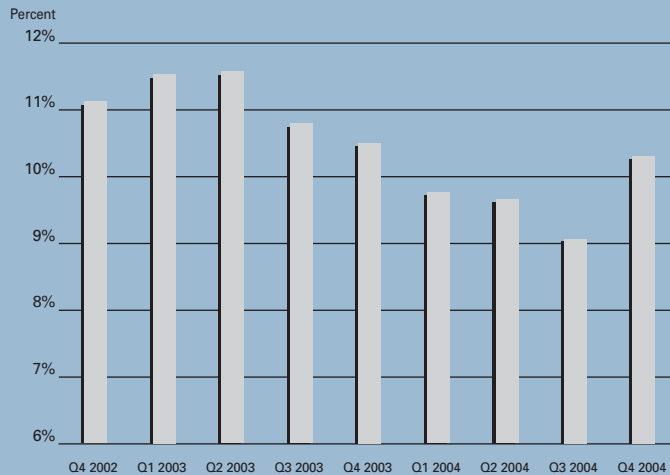
MARKET HIGHLIGHTS

- ◆ Fourth quarter unemployment for Las Vegas stood at 3.5 percent, down from the 4.8 percent recorded 12 months prior. By comparison, the national unemployment rate was 5.4 percent (seasonally adjusted) at the close of the fourth quarter.
- ◆ The Las Vegas Valley added an estimated 43,600 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 first half of 2004.
- ◆ At the end of the fourth quarter 2004, the Las Vegas office market was comprised of 33.3 million square feet of inventory in 1,141 buildings.
- ◆ New additions to the market contributed 736,000 square feet, while demand (net absorption) remained positive with 339,000 square feet.
- ◆ Currently, there are approximately 2.3 million square feet of office space under construction and 4.9 million square feet planned for future development.
- ◆ There were 3.4 million unoccupied square feet, producing a market-wide vacancy rate of 10.3 percent.
- ◆ The Southwest submarket continues to lead the market in terms of the amount of development activity. In the fourth quarter, the area reported 357,000 square feet of completions, with 788,000 square feet in projects underway and another 1.7 million slated for future development.

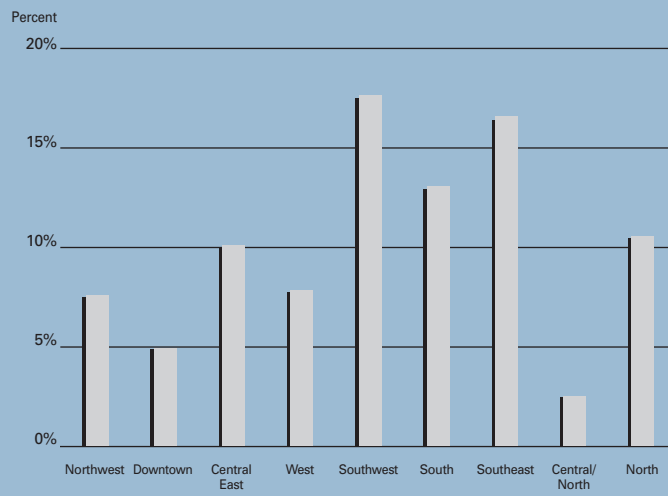
OFFICE MARKET STATISTICS

	2004	2003	2002	% CHANGE VS. 2003
Under Construction	2,268,000	1,561,000	1,695,000	45.29%
Planned Construction	4,877,000	4,341,000	4,775,000	12.35%
Vacancy	10.3%	10.5%	11.3%	-1.90%
Net Absorption	1,697,000	1,693,000	794,000	0.24%

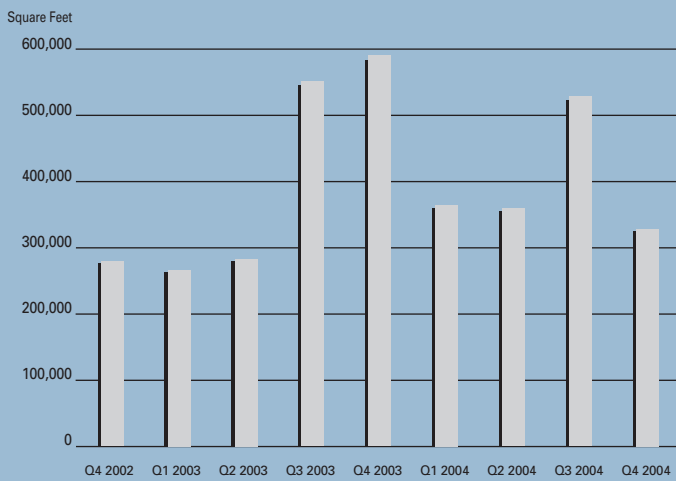
HISTORICAL VACANCY RATE



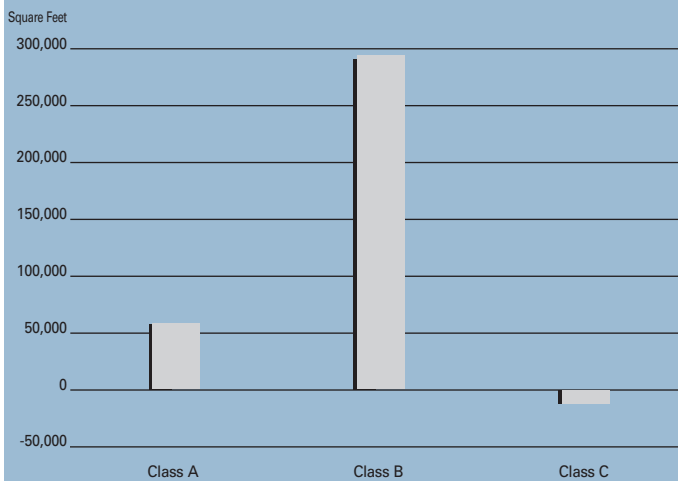
VACANCY RATE BY SUBMARKET



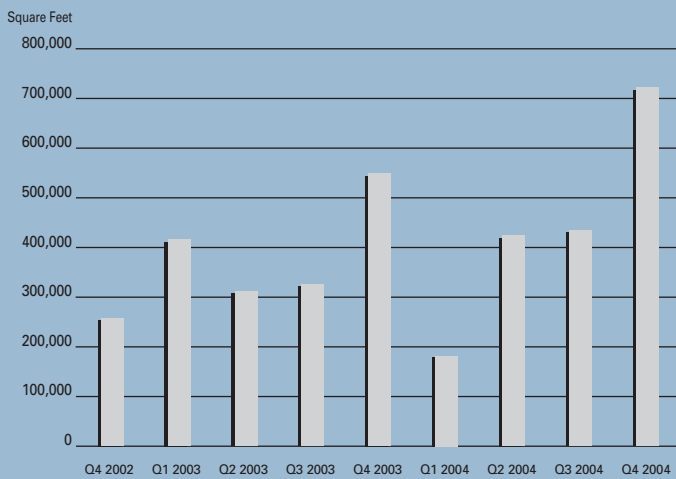
HISTORICAL NET ABSORPTION



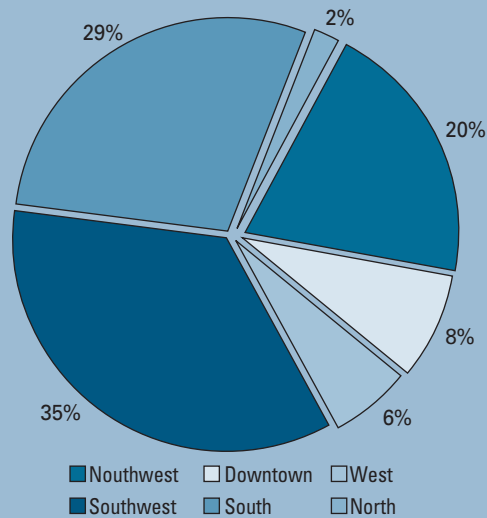
NET ABSORPTION BY CLASS



HISTORICAL NEW CONSTRUCTION



PLANNED CONSTRUCTION BY SUBMARKET

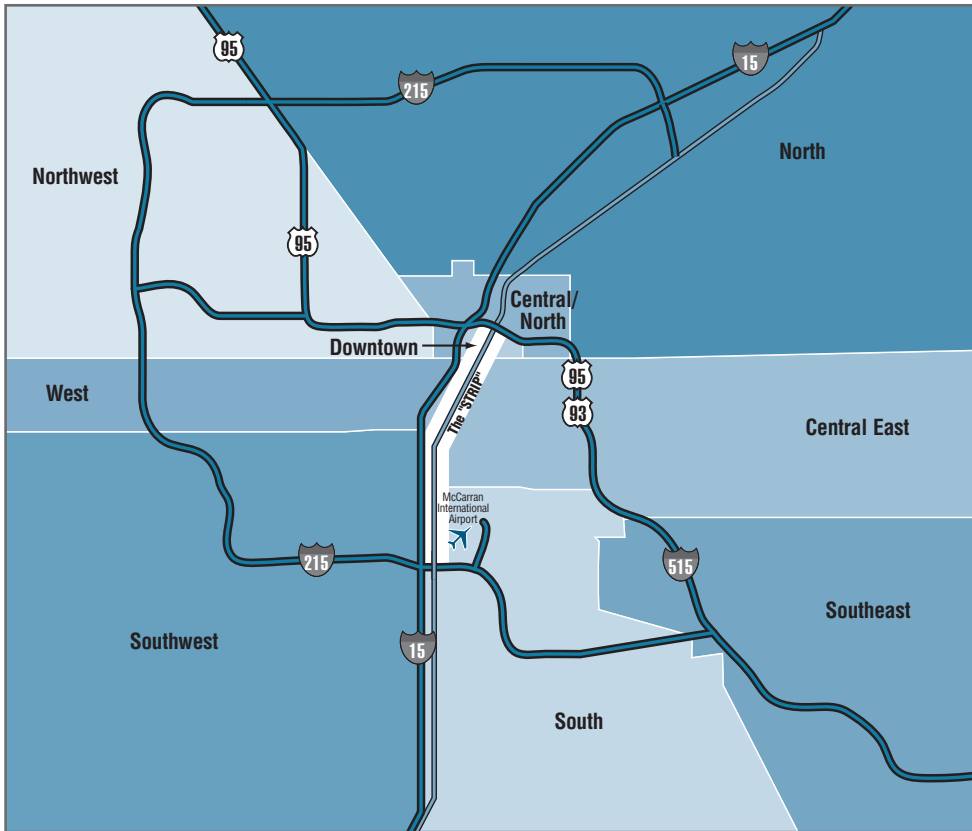


L A S V E G A S M A R K E T

	INVENTORY				VACANCY		ABSORPTION	
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2004	Net Absorption 4Q2004	New Inventory 4Q2004
Northwest								
Class A	16	1,176,694	205,388	436,943	49,625	4.2%	(34,700)	0
Class B	118	3,763,489	256,190	254,646	343,804	9.1%	30,033	38,000
Class C	7	133,131	0	0	3,189	2.4%	0	0
Northwest Total	141	5,073,314	461,578	691,589	396,618	7.8%	(4,667)	38,000
Downtown								
Class A	6	1,340,173	85,200	0	12,700	0.9%	2,800	0
Class B	37	992,025	92,000	212,000	99,586	10.0%	0	0
Class C	23	597,598	0	0	38,480	6.4%	0	0
Downtown Total	66	2,929,796	177,200	212,000	150,766	5.1%	2,800	0
Central East								
Class A	12	1,373,298	0	436,963	25,925	1.9%	15,651	0
Class B	107	3,967,209	0	0	512,808	12.9%	(33,859)	0
Class C	49	1,324,193	0	0	131,168	9.9%	(9,925)	0
Central East Total	168	6,664,700	0	436,963	669,901	10.1%	(28,133)	0
West								
Class A	6	707,467	0	0	5,824	0.8%	7,678	0
Class B	202	4,415,284	146,600	205,579	411,231	9.3%	(40,125)	19,680
Class C	34	619,361	0	0	46,309	7.5%	(10,281)	0
West Total	242	5,742,112	146,600	205,579	463,364	8.1%	(42,728)	19,680
Southwest								
Class A	5	122,335	264,000	242,000	15,455	12.6%	1,260	0
Class B	103	2,646,970	524,028	1,467,771	495,839	18.7%	207,372	356,530
Class C	19	325,077	0	0	27,079	8.3%	6,750	0
Southwest Total	127	3,094,382	788,028	1,709,771	538,373	17.4%	215,382	356,530
South								
Class A	12	782,584	65,288	0	28,674	3.7%	51,102	59,818
Class B	244	5,582,596	585,250	748,352	847,572	15.2%	124,481	215,565
Class C	18	144,712	0	0	3,760	2.6%	0	0
South Total	274	6,509,892	650,538	748,352	880,006	13.5%	175,583	275,383
Southeast								
Class A	2	118,877	0	77,881	44,155	37.1%	0	0
Class B	46	1,057,303	0	513,800	143,707	13.6%	559	0
Class C	10	91,062	0	0	23,560	25.9%	(5,733)	0
Southeast Total	58	1,267,242	0	591,681	211,422	16.7%	(5,174)	0
Central/North								
Class A	1	220,000	0	0	0	0.0%	0	0
Class B	18	702,078	0	120,000	24,364	3.5%	5,654	0
Class C	9	368,055	0	0	8,978	2.4%	0	0
Central/North Total	28	1,290,133	0	120,000	33,342	2.6%	5,654	0
North								
Class A	1	46,800	0	0	26,542	0.0%	20,258	46,800
Class B	33	670,937	43,725	160,836	51,765	7.7%	0	0
Class C	3	12,000	0	0	0	0.0%	0	0
North Total	37	729,737	43,725	160,836	78,307	10.7%	20,258	46,800
Las Vegas Total								
Class A	61	5,888,228	619,876	1,193,787	208,900	3.5%	64,049	106,618
Class B	908	23,797,891	1,647,793	3,682,984	2,930,676	12.3%	294,115	629,775
Class C	172	3,615,189	0	0	282,523	7.8%	(19,189)	0
Total	1,141	33,301,308	2,267,669	4,876,771	3,422,099	10.3%	338,975	736,393

OFFICE MARKET
REPORT

FOURTH 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.

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