

OFFICE MARKET REPORT

FOURTH
QUARTER
2005

Compared to
last quarter:

VACANCY



UP

ABSORPTION



DOWN

LEASE RATES



UP

CONSTRUCTION



UP

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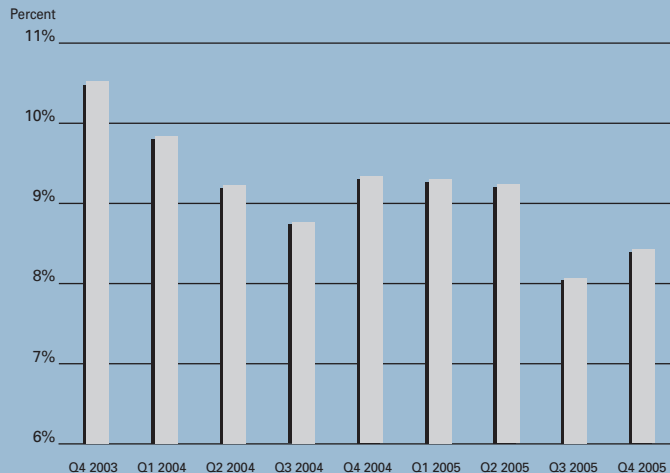
MARKET HIGHLIGHTS

- ◆ Fourth quarter unemployment for Las Vegas stood at 4.0 percent, slightly up from the 3.9 percent recorded 12 months prior. By comparison, the national unemployment rate was 5.0 percent (seasonally adjusted) at the close of the fourth quarter.
- ◆ The Las Vegas Valley added an estimated 61,000 new jobs during the past 12 months, representing a 7.3 percent growth rate. During the same period, professional and business services employment posted a 10.5 percent increase. Consistent new job growth is anticipated in early 2006.
- ◆ At the end of the fourth quarter 2005, the Las Vegas office market was comprised of 37.4 million square feet of inventory in 1,348 buildings. With 3.1 million square feet of unoccupied space, the Valley-wide vacancy rate was 8.4 percent, down from 9.4 percent one year ago.
- ◆ New additions to the market contributed 1.2 million square feet, while demand (net absorption) remained positive with 1.0 million square feet. The increased amount of activity was driven by several factors, including a strong economic climate, relatively low interest rates, healthy investor activity and significant office condominium development.
- ◆ Currently, there are approximately 4.7 million square feet of office space under construction and 3.4 million square feet planned for future development.
- ◆ A locational shift in office development and market demand is taking place. Accessibility, visibility and reduced commute times are required by office-using employers, as 67 percent of new space was located within one mile of a major freeway during the year's final quarter.

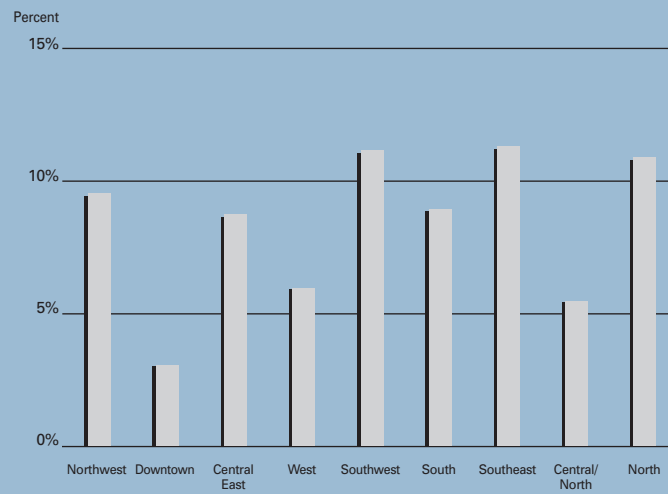
OFFICE MARKET STATISTICS

| | 2005 | 2004 | 2003 | % CHANGE VS. 2004 |
|----------------------|-----------|-----------|-----------|-------------------|
| Under Construction | 4,692,000 | 1,963,000 | 1,342,000 | 139.02% |
| Planned Construction | 3,425,000 | 4,877,000 | 4,542,000 | -29.77% |
| Vacancy | 8.4% | 9.4% | 10.5% | -10.64% |
| Net Absorption | 3,238,000 | 2,346,000 | 1,681,000 | 38.02% |

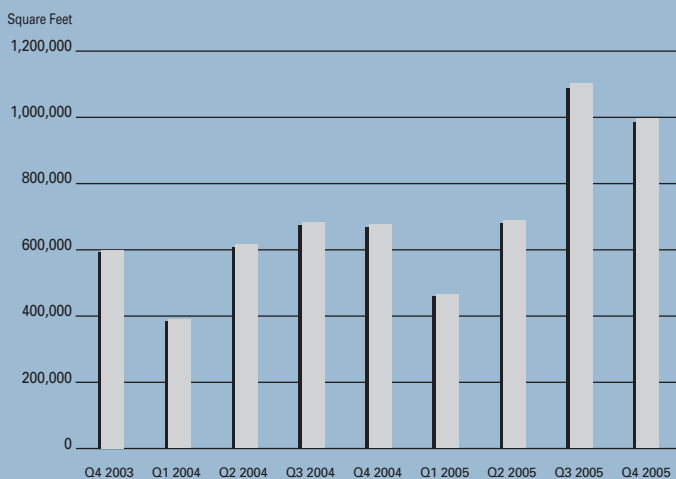
HISTORICAL VACANCY RATE



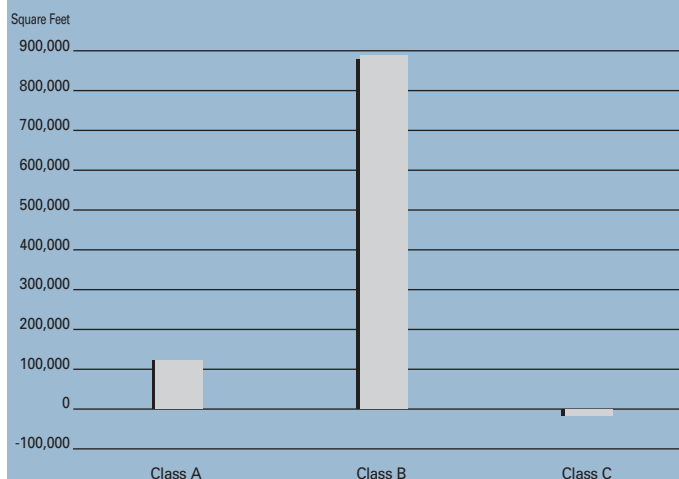
VACANCY RATE BY SUBMARKET



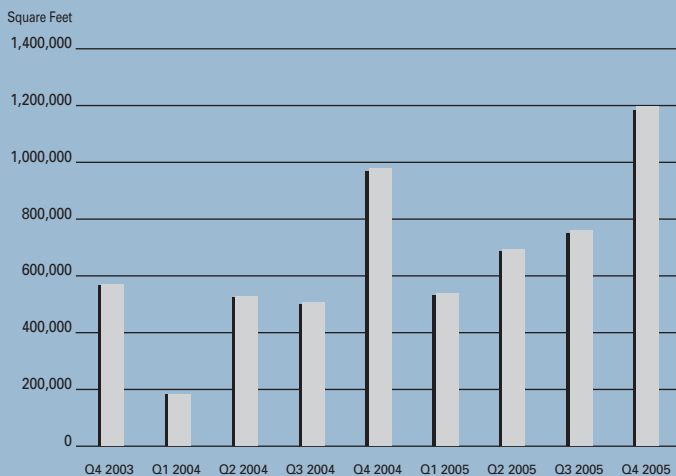
HISTORICAL NET ABSORPTION



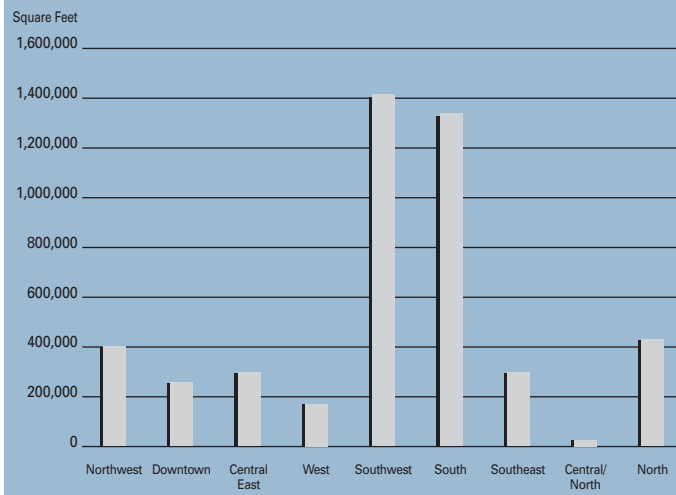
NET ABSORPTION BY CLASS



HISTORICAL NEW CONSTRUCTION



CONSTRUCTION ACTIVITY BY SUBMARKET

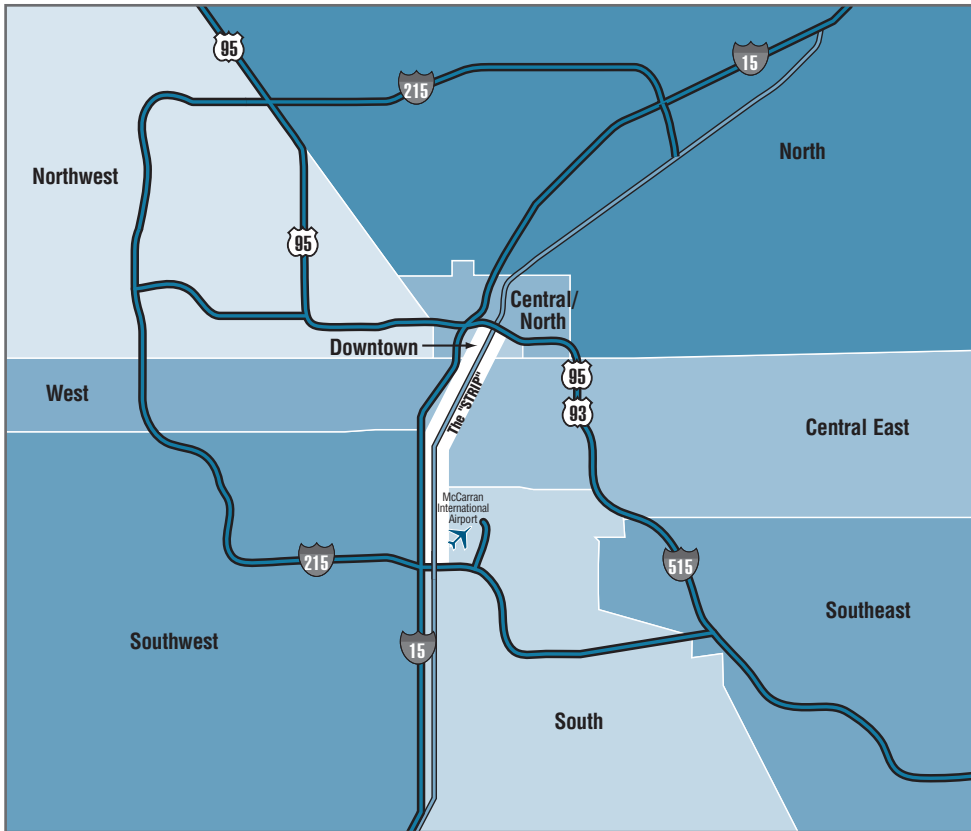


L A S V E G A S M A R K E T

| | INVENTORY | | | | VACANCY | | ABSORPTION | |
|----------------------------|------------------|--------------------------|-------------------|---------------------|--------------------|---------------------|-----------------------|----------------------|
| | Number Of Bldgs. | Net Rentable Square Feet | Square Feet U / C | Square Feet Planned | Square Feet Vacant | Vacancy Rate 4Q2005 | Net Absorption 4Q2005 | New Inventory 4Q2005 |
| Northwest | | | | | | | | |
| Class A | 20 | 1,533,609 | 52,600 | 258,028 | 184,110 | 12.0% | 57,530 | 126,915 |
| Class B | 174 | 4,522,601 | 356,501 | 413,720 | 408,963 | 9.0% | 177,883 | 171,937 |
| Class C | 7 | 133,131 | 0 | 0 | 5,380 | 4.0% | 0 | 0 |
| Northwest Total | 201 | 6,189,341 | 409,101 | 671,748 | 598,453 | 9.7% | 235,413 | 298,852 |
| Downtown | | | | | | | | |
| Class A | 7 | 1,425,373 | 265,000 | 0 | 0 | 0.0% | 1,990 | 0 |
| Class B | 39 | 1,118,282 | 0 | 20,000 | 80,480 | 7.2% | (48,964) | 0 |
| Class C | 23 | 597,598 | 0 | 0 | 25,265 | 4.2% | (6,806) | 0 |
| Downtown Total | 69 | 3,141,253 | 265,000 | 20,000 | 105,745 | 3.4% | (53,780) | 0 |
| Central East | | | | | | | | |
| Class A | 12 | 1,252,434 | 239,198 | 39,963 | 14,714 | 1.2% | 9,842 | 0 |
| Class B | 109 | 3,992,051 | 64,127 | 263,200 | 415,818 | 10.4% | 73,153 | 0 |
| Class C | 49 | 1,324,193 | 0 | 0 | 137,939 | 10.4% | 823 | 0 |
| Central East Total | 170 | 6,568,678 | 303,325 | 303,163 | 568,471 | 8.7% | 83,818 | 0 |
| West | | | | | | | | |
| Class A | 6 | 707,467 | 0 | 0 | 0 | 0.0% | 5,824 | 0 |
| Class B | 213 | 4,742,830 | 178,547 | 86,000 | 338,880 | 7.1% | 56,820 | 62,160 |
| Class C | 35 | 634,865 | 0 | 0 | 44,330 | 7.0% | 5,058 | 0 |
| West Total | 254 | 6,085,162 | 178,547 | 86,000 | 383,210 | 6.3% | 67,702 | 62,160 |
| Southwest | | | | | | | | |
| Class A | 8 | 364,195 | 98,600 | 422,053 | 162,755 | 44.7% | 3,631 | 108,075 |
| Class B | 163 | 3,507,923 | 1,323,148 | 608,039 | 286,470 | 8.2% | 240,021 | 239,891 |
| Class C | 19 | 325,077 | 0 | 0 | 21,327 | 6.6% | (12,907) | 0 |
| Southwest Total | 190 | 4,197,195 | 1,421,748 | 1,030,092 | 470,552 | 11.2% | 230,745 | 347,966 |
| South | | | | | | | | |
| Class A | 13 | 849,054 | 0 | 69,000 | 80,299 | 9.5% | 19,877 | 0 |
| Class B | 288 | 6,633,103 | 1,333,894 | 431,822 | 588,445 | 8.9% | 282,722 | 306,669 |
| Class C | 18 | 144,712 | 0 | 0 | 12,133 | 8.4% | 2,395 | 0 |
| South Total | 319 | 7,626,869 | 1,333,894 | 500,822 | 680,877 | 8.9% | 304,994 | 306,669 |
| Southeast | | | | | | | | |
| Class A | 2 | 118,877 | 0 | 77,881 | 11,982 | 10.1% | 30,592 | 0 |
| Class B | 56 | 1,216,039 | 317,929 | 349,452 | 138,941 | 11.4% | 127,600 | 134,058 |
| Class C | 10 | 91,340 | 0 | 0 | 11,439 | 12.5% | 1,537 | 0 |
| Southeast Total | 68 | 1,426,256 | 317,929 | 427,333 | 162,362 | 11.4% | 159,729 | 134,058 |
| Central/North | | | | | | | | |
| Class A | 1 | 220,000 | 0 | 0 | 0 | 0.0% | 0 | 0 |
| Class B | 19 | 711,910 | 28,982 | 120,000 | 50,505 | 7.1% | (13,174) | 11,200 |
| Class C | 9 | 368,055 | 0 | 0 | 24,168 | 6.6% | (9,408) | 0 |
| Central/North Total | 29 | 1,299,965 | 28,982 | 120,000 | 74,673 | 5.7% | (22,582) | 11,200 |
| North | | | | | | | | |
| Class A | 1 | 45,376 | 54,419 | 0 | 27,986 | 61.7% | 0 | 0 |
| Class B | 44 | 806,294 | 379,297 | 266,306 | 67,000 | 8.3% | (5,179) | 30,000 |
| Class C | 3 | 12,000 | 0 | 0 | 0 | 0.0% | 0 | 0 |
| North Total | 48 | 863,670 | 433,716 | 266,306 | 94,986 | 11.0% | (5,179) | 30,000 |
| Las Vegas Total | | | | | | | | |
| Class A | 70 | 6,516,385 | 709,817 | 866,925 | 481,846 | 7.4% | 129,286 | 234,990 |
| Class B | 1,105 | 27,251,033 | 3,982,425 | 2,558,539 | 2,375,502 | 8.7% | 890,882 | 955,915 |
| Class C | 173 | 3,630,971 | 0 | 0 | 281,981 | 7.8% | (19,308) | 0 |
| Total | 1,348 | 37,398,389 | 4,692,242 | 3,425,464 | 3,139,329 | 8.4% | 1,000,860 | 1,190,905 |

OFFICE MARKET
REPORT

FOURTH QUARTER 2005

**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:**LAS VEGAS OFFICE**

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