Office Market Report

VOIT COMMERCIAL BROKERAGE

Compared to last quarter:

Vacancy
FLAT

Absorption
DOWN

Lease Rates
DOWN

Construction
DOWN

To view available properties, please visit:
www.voitco.com

Voit Commercial Brokerage

CORFAC International

Prepared by:
Jerry J. Holdner, Jr.
Vice President of Market Research
e-mail: jholdner@voitco.com

APPLIED ANALYSIS

Office Market Highlights

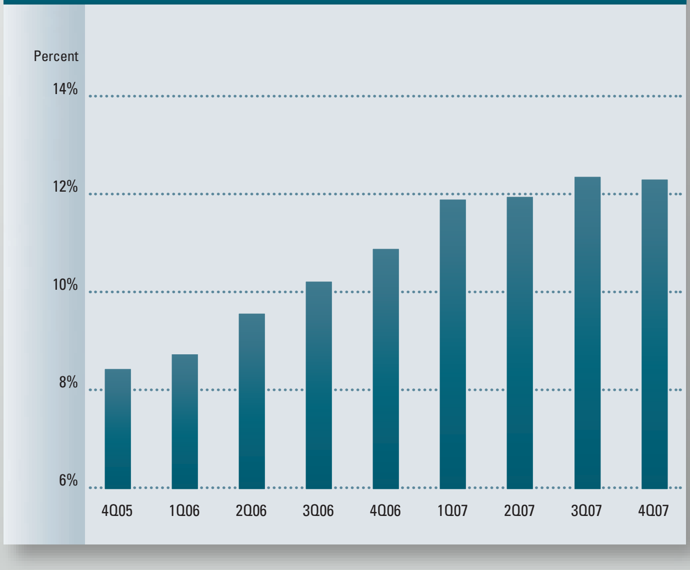
- In the final quarter of 2007, the Las Vegas office market expanded by 508,000 square feet reaching a total inventory of 44.7 million square feet in 1,744 buildings. During the entire year, the market expanded by 3.4 million square feet. For comparison purposes, the office market has expanded at an annual rate of 2.2 million square feet during the past decade.
- Project completions during the quarter were comprised of Class B office product, which included the 64,000-square-foot second phase of Beltway Corporate Center, Cheyenne Fairways Business Center in the northwest, and various buildings in Durango Village in the southwest.
- Net absorption remained positive during the quarter with 470,300 square feet demanded during the quarter, while 2.4 million square feet were demanded through 2007. The bulk of demand during the quarter was located in the south, southwest and northwest submarkets.
- The latest market activity resulted in a vacancy rate of 12.4 percent, which was on par with the preceding quarter (Q3 2007), but above the 10.8 percent witnessed one year ago (Q4 2006). Additional vacancy rate increases are possible as material forward-looking supply remains in the development pipeline. Flat to declining growth rates in the professional and business services employment sector may also impact demand in the near term.
- Tenant improvement allowances on newly-constructed product will be a key pricing factor for many potential tenants and landlords. With excess availability in many areas, second-generation space may make financial decisions easier for tenants looking to move or expand their operations.
- The market currently boasts 4.2 million square feet of space under development, with 3.2 million square feet located in the southwest and south portions of the valley. Development plans exist for another 7.4 million square feet. 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. Vacancies in the southwest and south submarkets are currently 17.3 percent and 14.2 percent, respectively.
- By the close of 2007, annual employment growth softened as the market reported 10,100 new jobs during the year, which represented a below-average 1.1-percent increase. Also during the year, unemployment levels increased to 5.3 percent, up from 4.1 percent in the prior year. It is worth noting the timing of major resort openings within the resort corridor is a key factor impacting overall employment levels. Total programmed resort construction during the several years includes over 45,000 hotel rooms and in excess of $35 billion in investments. This activity will have a material impact on the overall performance of the employment market.

OFFICE MARKET OVERVIEW

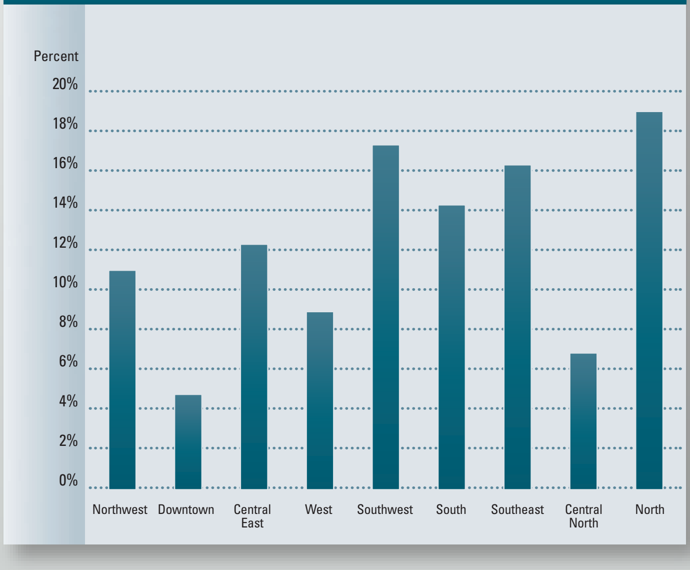
	2007	2006	2005	% CHANGE VS. 2006
Under Construction	4,233,000	3,523,000	4,339,000	20.15%
Planned Construction	7,361,000	8,351,000	4,982,000	-11.85%
Vacancy	12.4%	10.8%	8.4%	14.81%
Net Absorption	2,355,000	2,444,000	3,185,000	-3.64%

Real People. Real Solutions.

HISTORICAL VACANCY RATE

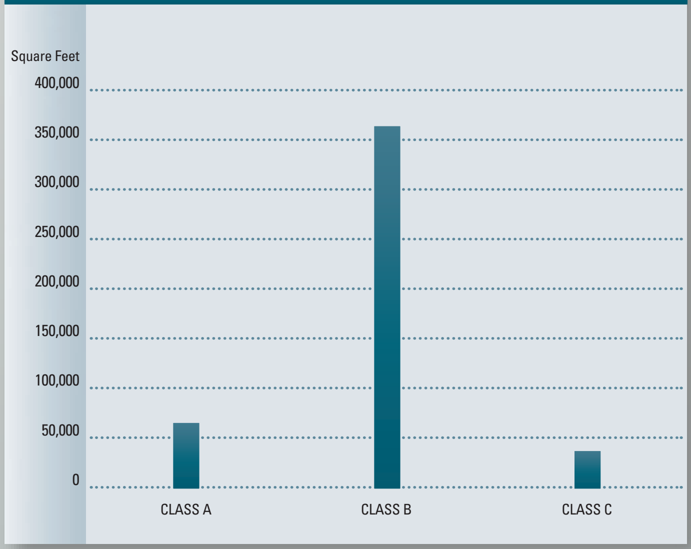


VACANCY RATE BY SUBMARKET



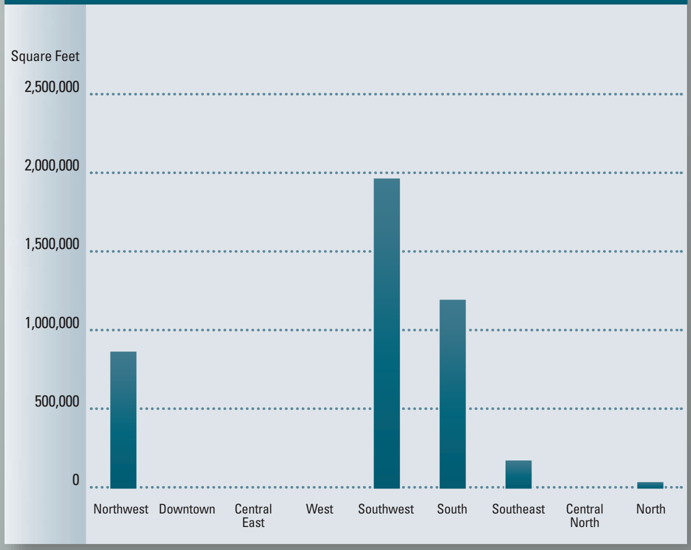
HISTORICAL NET ABSORPTION

NET ABSORPTION BY CLASS



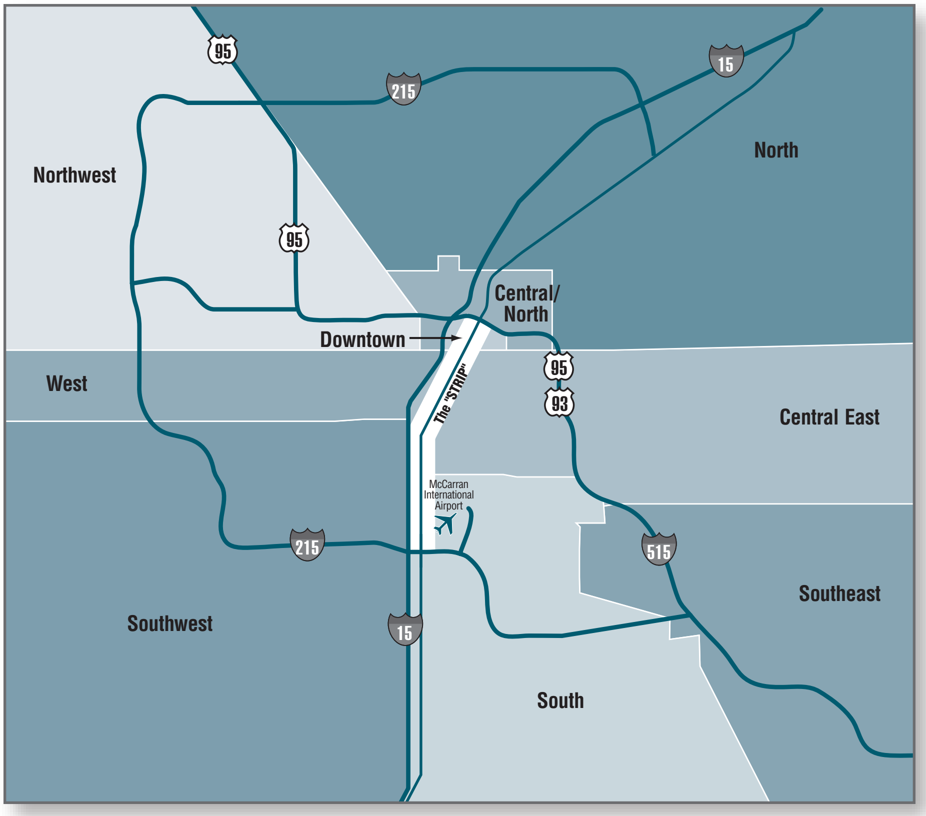
HISTORICAL NEW CONSTRUCTION

CONSTRUCTION ACTIVITY BY SUBMARKET



	INVENTORY				VACANCY		ABSORPTION	
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2007	Net Absorption 4Q2007	New Inventory 4Q2007
Northwest								
Class A	22	1,675,109	186,300	120,000	164,648	9.8%	7,294	0
Class B	206	4,928,773	665,101	325,572	566,150	11.5%	61,455	86,248
Class C	7	133,131	0	0	10,368	7.8%	8,327	0
Northwest Total	235	6,737,013	851,401	445,572	741,166	11.0%	77,076	86,248
Downtown								
Class A	9	1,779,087	0	0	51,648	2.9%	(186)	0
Class B	41	1,115,974	5,700	0	99,211	8.9%	5,042	0
Class C	23	597,598	0	0	13,550	2.3%	0	0
Downtown Total	73	3,492,659	5,700	0	164,409	4.7%	4,856	0
Central East								
Class A	13	1,491,632	0	39,963	42,191	2.8%	34,822	0
Class B	111	4,129,088	0	0	624,316	15.1%	(1,483)	0
Class C	53	1,344,467	0	0	188,524	14.0%	16,987	0
Central East Total	177	6,965,187	0	39,963	855,031	12.3%	50,326	0
West								
Class A	7	975,077	0	391,960	46,616	4.8%	(6,623)	0
Class B	241	5,260,682	0	447,290	508,340	9.7%	(40,340)	0
Class C	36	585,026	0	0	53,735	9.2%	(1,433)	0
West Total	284	6,820,785	0	839,250	608,691	8.9%	(48,396)	0
Southwest								
Class A	10	614,648	576,021	594,812	127,601	20.8%	20,457	0
Class B	269	5,838,162	1,410,521	1,736,853	1,015,547	17.4%	100,598	209,038
Class C	20	334,783	0	0	33,173	9.9%	1,837	0
Southwest Total	299	6,787,593	1,986,542	2,331,665	1,176,321	17.3%	122,892	209,038
South								
Class A	19	1,305,897	666,881	1,496,726	148,171	11.3%	16,045	0
Class B	423	7,599,488	523,563	1,061,415	1,120,164	14.7%	205,028	156,286
Class C	17	139,712	0	0	17,866	12.8%	(3,826)	0
South Total	459	9,045,097	1,190,444	2,558,141	1,286,201	14.2%	217,247	156,286
Southeast								
Class A	2	181,989	144,319	210,000	24,993	13.7%	0	
Class B	90	1,627,433	11,868	538,369	280,121	17.2%	(26,225)	0
Class C	10	91,340	0	0	5,587	6.1%	850	0
Southeast Total	102	1,900,762	156,187	748,369	310,701	16.3%	(25,375)	0
Central/North								
Class A	1	220,000	0	0		0.0%	0	0
Class B	23	876,290	0	0	78,643	9.0%	1,986	0
Class C	9	368,055	0	0	20,519	5.6%	13,170	0
Central/North Total	33	1,464,345	0	0	99,162	6.8%	15,156	0
North								
Class A	1	45,376	0	0	22,711	50.1%	(4,057)	0
Class B	76	1,331,231	42,454	398,304	230,771	17.3%	60,611	56,404
Class C	5	91,616	0	0	26,131	28.5%	0	0
North Total	82	1,468,223	42,454	398,304	279,613	19.0%	56,554	56,404
Las Vegas Total								
Class A	84	8,288,815	1,573,521	2,853,461	628,579	7.6%	67,752	0
Class B	1,480	32,707,121	2,659,207	4,507,803	4,523,263	13.8%	366,672	507,976
Class C	180	3,685,728	0	0	369,453	10.0%	35,912	0
Total	**1,744**	**44,681,664**	**4,232,728**	**7,361,264**	**5,521,295**	**12.4%**	**470,336**	**507,976**

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



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.

For further information, please contact:

ANAHEIM METRO OFFICE
3500 W. Orangewood Ave.
Orange, CA 92868-1642
TEL: 714.978.7880
FAX: 714.978.9431

CHULA VISTA OFFICE
660 Bay Blvd., Suite 210
Chula Vista, CA 91910
TEL: 619.498.4560
FAX: 619.498.4567

IRVINE OFFICE
2020 Main St., Suite 100
Irvine, CA 92614
TEL: 949.851.5100
FAX: 949.261.9092

LAS VEGAS OFFICE
10100 W. Charleston Blvd.,
Suite 200
Las Vegas, NV 89135
TEL: 702.734.4500
FAX: 702.733.7690

SAN DIEGO OFFICE
4370 La Jolla Village Dr.,
Suite 990
San Diego, CA 92122-1233
TEL: 858.453.0505
FAX: 858.453.1981

To view available properties, please visit:

www.voitco.com

Voit Commercial Brokerage

CORFAC International

Real People. Real Solutions.