



For Immediate Release
October 5, 2005

Contact: John Restrepo
Restrepo Consulting Group LLC
(702) 967-3188

Contact: Vic Donovan
Colliers International
(702) 735-5700

An Increasingly Healthy For Office Market in the 3rd Quarter

Nevada's Leading Real Estate Economics & Commercial Brokerage Firms Release 3rd Quarter Market Data

LAS VEGAS - With the release of their 3rd quarter 2005 speculative office market survey today, Las Vegas-based advisory firm Restrepo Consulting Group LLC (RCG) and Las Vegas' top commercial brokerage firm Colliers International (CI) announce that the Las Vegas Valley office market grew by nearly 675,000 square feet during the 3rd quarter. The market grew to 30 million square feet in 1,315 buildings. Vacant space totaled 2.8 million square feet, reflecting a vacancy rate of 9.4%. Demand (net absorption) during Quarter 1 was a positive 1.2 million square feet, nearly double 2nd quarter absorption. At the end of the 3rd quarter, there were also 1.6 million square feet of office space under construction and 4.6 million square feet of planned space.

Quarterly & Yearly Comparisons

	Q3, 2005	Q2, 2005	Q3, 2004	Q3, 2003
	(current quarter)	(previous quarter)	(same quarter - previous year)	(same quarter - two years ago)
Office Inventory (SF)	30,007,649	29,333,066	27,756,120	25,488,878
Under Construction (SF)	1,635,976	1,638,378	1,487,196	1,005,985
Planned (SF)	4,591,452	4,117,326	3,834,460	1,629,878
Vacancy Rate	9.4%	11.3%	11.8%	12.2%
Average Asking Rent (MO/SF)	\$2.13	\$2.16	\$2.01	\$1.85
Net Absorption (SF)	1,166,643	757,660	566,353	605,792

-Continued-

Along with dramatically improve performance during the 3rd quarter, RCG and Colliers recorded an incredibly strong balance between demand and supply. Demand exceeded completions by 79%. Strong net absorption during Quarter 3 resulted in a declining vacancy rate a lower vacancy rate compared to the 2nd quarter, because of relatively low quality space that remains vacant in the market (the vacancy rate is computed on the remaining vacant space in each building, not on the total size of the building). Valley-wide monthly average asking rents were \$2.13 per square foot (calculated on a full service gross basis – or accounting for all operating expenses), compared to the average rent of \$2.01 per square foot in the 3rd quarter of 2004, one year ago.

Market Highlights:

- √ Lowest vacancy rate: Class A space (6.2%)
- √ Highest vacancy rate: Medical space (13.6%)
- √ Significant completions occurred in the Southwest (202,729 s.f.) and the Northwest (329,037 s.f.) submarkets
- √ Average monthly asking rents have consistently increased since Q3, 2003 (\$1.85), reaching \$2.13 psf in Q3, 2005
- √ Tenant improvement allowances remain in the \$30-\$35 per square foot range, while concessions are definitely tightening
- √ The top 3 submarkets reporting lowest average vacancy rates: the Northwest (6.2 %), West Central (4.3%), and the Airport (8.3%)
- √ Submarkets recording the three highest average vacancy rates: North Las Vegas (22%), Southwest (15.2%) and Henderson (15%)

-Continued-

Commentary:

“The valley’s office vacancy rate decline by nearly two percentage points from last quarter’s 11.3%,” said John Restrepo, Principal of RCG. Restrepo noted that Henderson, the Southwest and the Northwest received much this demand, with a combined 1 million square feet of net absorption.”

“2005 has been our best year, since the peak of 2000. The for-rent office market continues to improve as evidenced by the declining vacancy rate and rising average lease rates since the third quarter of 2003,” said Vic Donovan, Managing Partner of Colliers.

“The continuing trend of office development along the Valley’s freeways, especially in Green Valley, the Southwest and the Northwest continues unabated,” said Restrepo. The rapid growth of the population and residential development has been of the major catalysts. “Office development like retail development follows rooftops. Office users wanted to work near where they live and that’s why we are seeing office development focused near our major residential areas. However, the older markets like the West Central (4.3%) and East Las Vegas (8.9%) have seen been performing a lot better and are seeing vacancy rates lower than the valley average. We are about to see a major wave of repositioning of office projects in these older submarkets”, said Restrepo.

-Continued-

Restrepo Consulting Group LLC is the most established and prominent Nevada-based urban economics and real estate consulting firm in the state. John Restrepo, principal of the firm, has been providing economics and real estate market research services in Nevada since 1988. RCG provides a broad range of advisory services to a variety of public and private organizations. The firm uses its deep expertise in regional economics, real estate, demographics, information technology and finance to assist its clients. RCG has prepared numerous demographic assessments, highest and best use studies, market analyses and regional economic reports. RCG's other service lines include financial advisory services, strategic planning, public policy analysis and gaming industry consulting. The firm is sought after by many of the Nevada's most prominent companies and public agencies. Restrepo Consulting Group LLC has offices at 3960 Howard Hughes Parkway, Suite 130, and can be reached at 702-967-3188. The firm's Web site can be accessed at www.rcg1.com.

Colliers International is the largest commercial real estate firm in Nevada with more than \$ 1.385 billion in lease and sale transactions in 2004. *Colliers International* has an elite team of the most knowledgeable commercial real estate brokers in Southern Nevada. *Colliers International* employs over 65 sales professionals in Las Vegas and Reno, and specializes in the leasing and sale of office, industrial, retail and investment properties. In addition, Colliers International provides a wide range of corporate services, including construction administration, investment analysis, transaction management, research, site analysis, portfolio asset management & property management.

Colliers International provides a wide range of corporate services, including construction administration, investment analysis, transaction management, research, site analysis, portfolio asset management and property management.

The firm's other services include the following:

- *Sale, Leasing and Acquisition of Office, Industrial and Retail Properties*
- *Construction Administration*
- *GIS and Mapping Services*
- *Portfolio Asset Management*
- *Investment Analysis, Acquisition and Sales*
- *Property Research*
- *Land Analysis, Acquisition and Sales*

Colliers has offices at 3960 Howard Hughes Parkway, Suite 150, and can be reached at 702-735-5700. The firm's Web site can be accessed at www.lvcolliers.com.

###