



For Immediate Release
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Office Market Remains Strong in 1st Quarter But Could See Turbulence in 2006 & 2007
*Nevada's Leading Real Estate Economics & Commercial Brokerage Firms Soon to Release
 Quarter 1 Office Market Data*

LAS VEGAS - With the upcoming release of their 1st quarter 2006 speculative office market survey, Las Vegas-based advisory firm Restrepo Consulting Group LLC (RCG) and Las Vegas' top commercial brokerage firm Colliers International (CI) announce that 240,000 square feet of new space were added to the Las Vegas Valley's office market in the 1st quarter of 2006. This brings the total inventory to 31.4 million. Forward supply, the amount of office space under-construction and planned to begin construction within the next 12 months, stands at 7 million sf. At 2005's average quarterly absorption, it would take about almost 12 quarters, or about 3 years, to absorb all the available and forward supply space, if it all were built. This could lead to increased vacancy rates in 2006 and 2007.

Quarterly & Yearly Comparisons

| | Q1, 2006 | Q4, 2005 (Previous quarter) | Q1, 2005 (Same quarter- previous year) | Q1, 2004 (Same quarter-two years previous) |
|-------------------------|-----------------|--|---|---|
| Office Inventory (SF) | 31.4 million | 31 million | 29.3 million | 26.8 million |
| Under Construction (SF) | 3.2 million | 2.2 million | 1.2 million | 1.2 million |
| Planned (SF) | 3.8 million | 5 million | 4.6 million | 2.6 million |
| Vacancy Rate | 8.4% | 8.7% | 12.5% | 12.1% |
| Asking Rent (MO/SF) | \$ 2.17 | \$ 2.17 | \$ 2.06 | \$ 1.92 |
| Net Absorption (SF) | 320,200 | 770,400 | 652,000 | 553,200 |

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The Q1, 2006 vacancy rate of 8.4% edged down from the 8.7% recorded Q4, 2005, approaching the low of 8.2% in Q4, 2000. With vacancies continuing the downward trend established in 2005, RCG and Colliers still recorded a drop in absorption in Q1, 2006, following several quarters of very strong absorption. Net absorption during Q1, 2006 was 320,151 square feet, down from Q4, 2005's 770,354 sf and posting closer to Q4, 2004's 207,173 sf of absorption. This was the result of the lack of quality office product in the market, not weak demand. However, the nearly 7 million square feet that could potentially be built would negatively impact the progress that the Valley's office market has made in the last several quarters.

Valley-wide monthly average office asking rents at the end of the 1st quarter 2006 were \$2.17 per-square-foot (calculated on a full service gross basis – accounting for all operating expenses), compared to \$2.06 per square foot in Q1, 2005. By the end of the 1st quarter, there were 3.2 million square feet of office space under construction and 3.8 million square feet of planned space, mostly concentrated in the Henderson, Northwest and Southwest submarkets.

Q1' 2006 Market Highlights:

- √ Lowest vacancy rate: Class A space (5.9%)
- √ Highest vacancy rate: Medical space (9.5%)
- √ The most significant completions occurred in the Henderson (67,000 sf), the Northwest (44,877 sf) and Southwest (92,928) submarkets
- √ Average monthly asking rents have generally increased since Q3, 2003 (\$1.82), reaching \$2.17 psf in Q1, 2006
- √ The top three submarkets reporting lowest average vacancy rates: West Central (4.1 %), the Northwest (5.8%), and East Las Vegas (7.3%)
- √ Submarkets recording the three highest average vacancy rates: Downtown (13.1%), Henderson (13%), North Las Vegas (14.1%)

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Commentary:

“The valley’s office vacancy rate decreased by 4.1 points from a year-ago, an unheard of drop in such a short period of time,” said John Restrepo, Principal of RCG. Restrepo noted that the Southwest, Northwest and North Las Vegas submarkets captured much of this demand, accounting for about 70 percent of net absorption at the end of Q1, 2006. The drop in net absorption in the 1st quarter to 320,151 square feet from 770,354 square feet in Q4, 2005 is largely the result of a lack of quality office space, not weak demand. While the office market performed well this quarter, net absorption into 2006 is unlikely to match the strength of 2005, and there is 7 million square feet currently under construction which could undermine the health of the market through the remainder of 2006 and into 2007 if most, if not all, of this space is built. This spaced could take up to three years to absorb if it were all built.

According to Vic Donovan, Managing Partner of Colliers, “2006 and 2007 are two years that the office market will have to be carefully monitored. While the for-rent market is healthy today, as evidenced by the declining vacancy rate, the large amount of forward supply is bothersome.”

“The continuing trend of office development along the Valley’s freeways, especially in Green Valley, the Southwest and the Northwest continues unabated,” said Restrepo. Rapid population growth and residential development in these areas are the major catalysts. Office development like retail follows rooftops. Office users want to work near where they live and that’s why we are seeing so much office construction near our major residential areas.

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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.

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.

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