



Las Vegas office market report

Q1 2023

**AVISON
YOUNG**

Las Vegas office market: Trends

\$27.80/sf

Average direct market rent

Rents have remained relatively consistent from Q4 ('22) to Q1 ('23) - showing a slight \$0.10 increase from \$27.70 in the 4th quarter to \$27.80 at the end of the first period of 2023.

15.0%

Total vacancy rate

The total vacancy rate for office space in Las Vegas showed its first quarterly increase in the past six quarters – ending the first period at 15.0%.

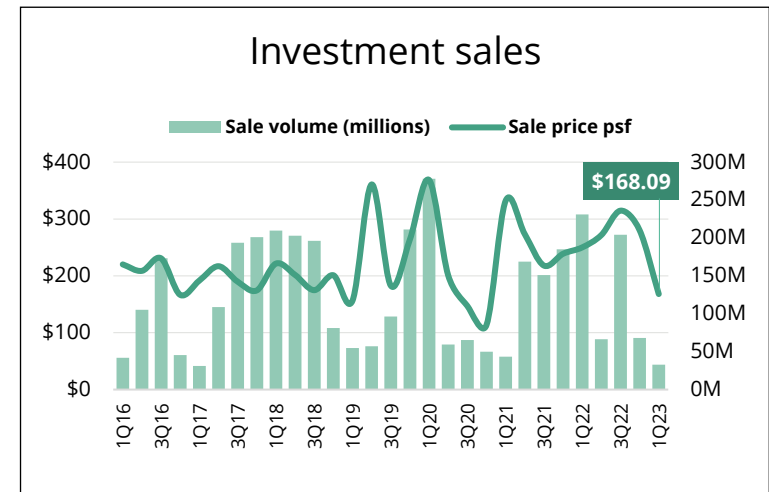
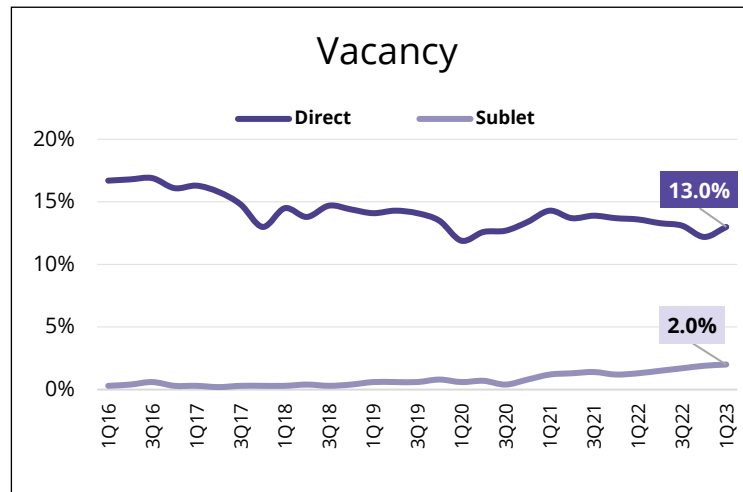
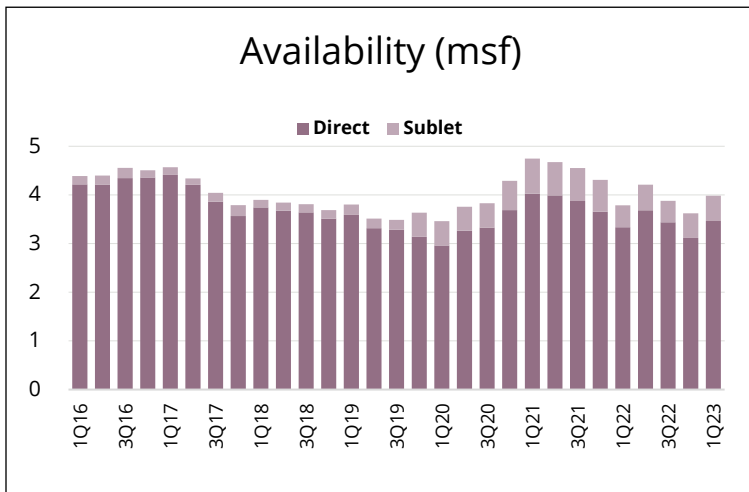
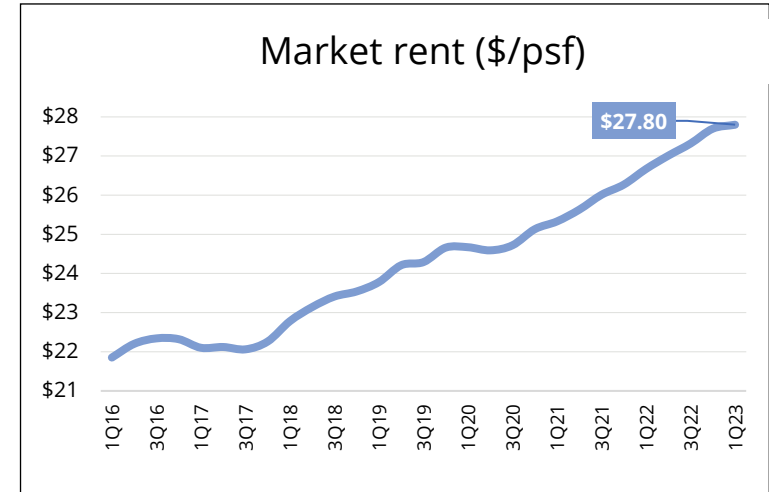
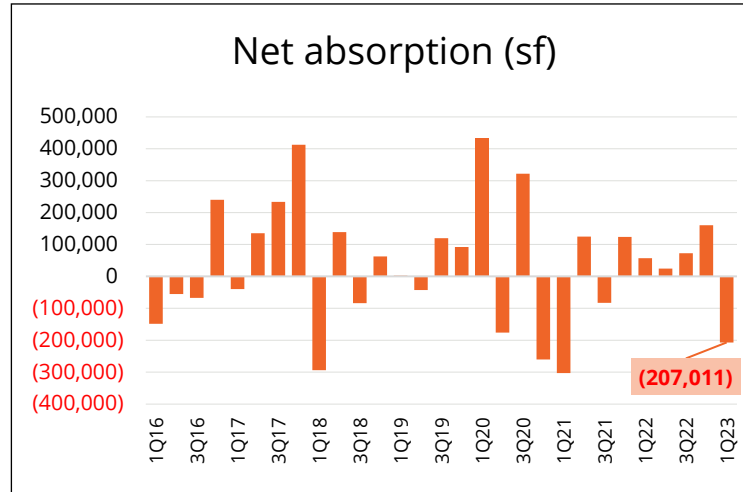
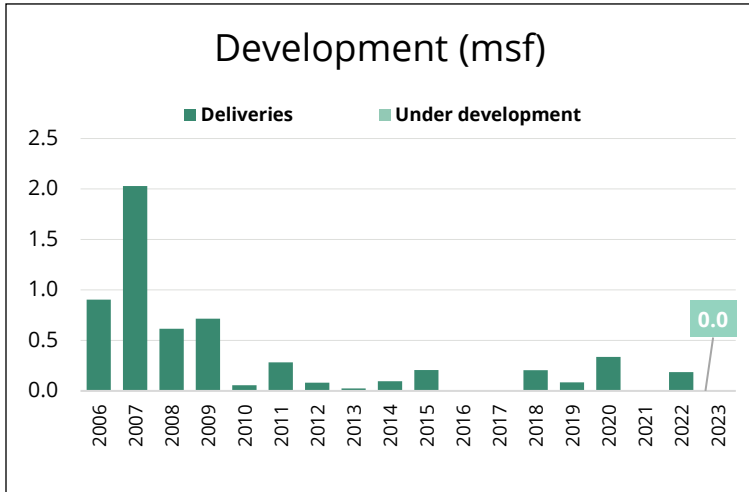
The direct vacancy rate increased from 12.2% in Q4 2022 to 13.0% in Q1 2023 & the sublet vacancy rate showed a slight increase of 10 basis points over Q4's rate.

\$32.8m

Sales volume (Q1)

Sales volume dropped significantly in Q1, as only \$32.8m was transacted throughout the quarter – the lowest quarterly sales volume by dollar amount since Q1 of 2017.

Las Vegas office market: Indicators



Las Vegas office market: Indicators (graphics on page 3)

0 sf

Office **development activity** in Las Vegas has **slowed** to a standstill. There were no office buildings over 20,000 sf delivered in the 1st quarter, and currently, there are no projects under construction.

-207,011 sf

Total **net absorption** was **down** in the 1st quarter, closing the period with negative 207,011 sf in total net absorption.

\$27.80/sf

Direct market **rents** have **increased** by 0.4% over the past quarter – bringing average direct market rent to \$27.80 to close out the first quarter.

4.0 msf

Total availabilities are **up** 361 ksf (10.1%) in relation to Q4 of 2022 – ending Q1 with 4.0 msf. Sublet availabilities are on the rise again after posting record highs in 2021 and dropping considerably in 2022, finishing the 1st quarter with 518 ksf of available sublet space.

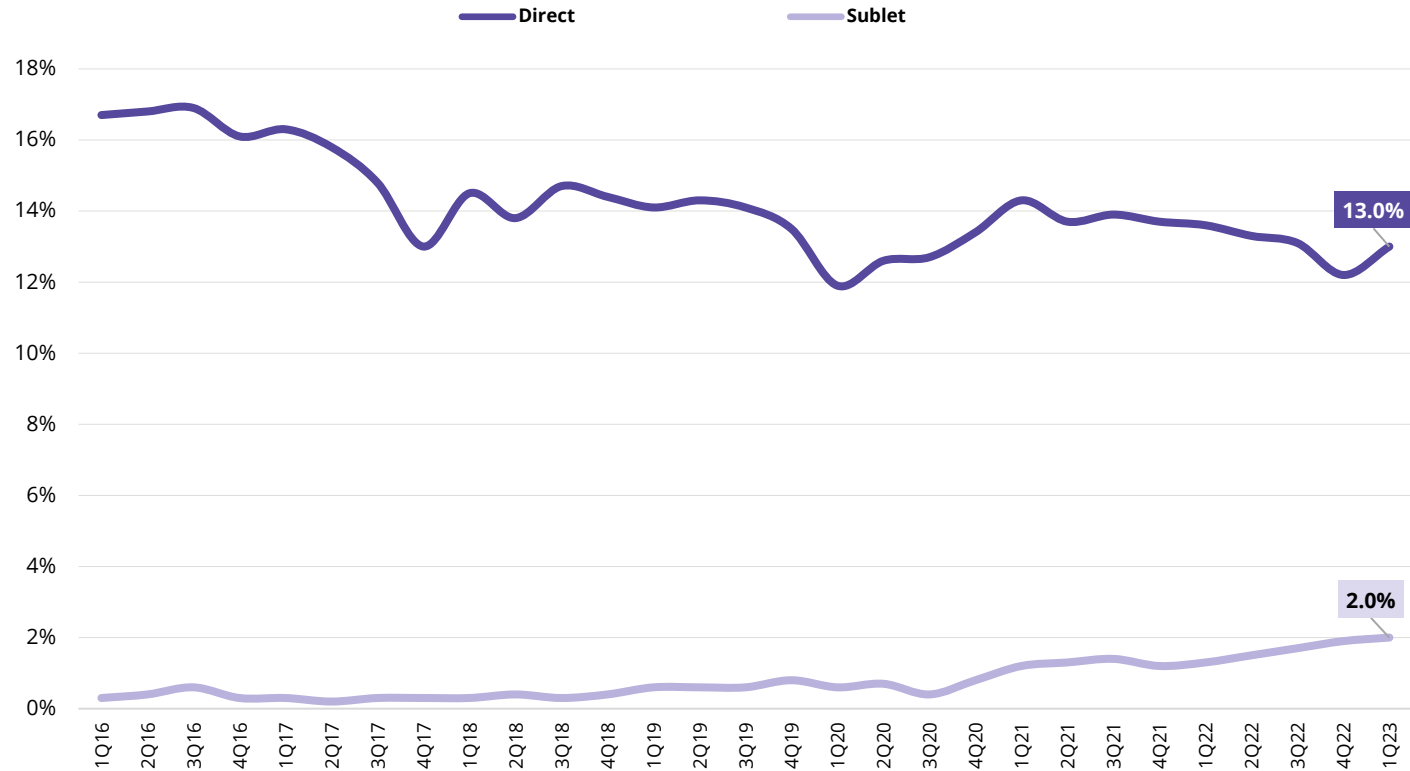
15.0%

Las Vegas's office **vacancy rate** showed an **increase** of 80 basis points over the prior quarter, ending Q1 with a total vacancy rate of 15.0% - its highest level since Q3 of 2021.

\$32.8m

Sales volume was **down** significantly in Q1 – with only \$32.8m transacted over the entire quarter. This is 73.1% lower than Las Vegas's average quarterly transaction volume over the past decade.

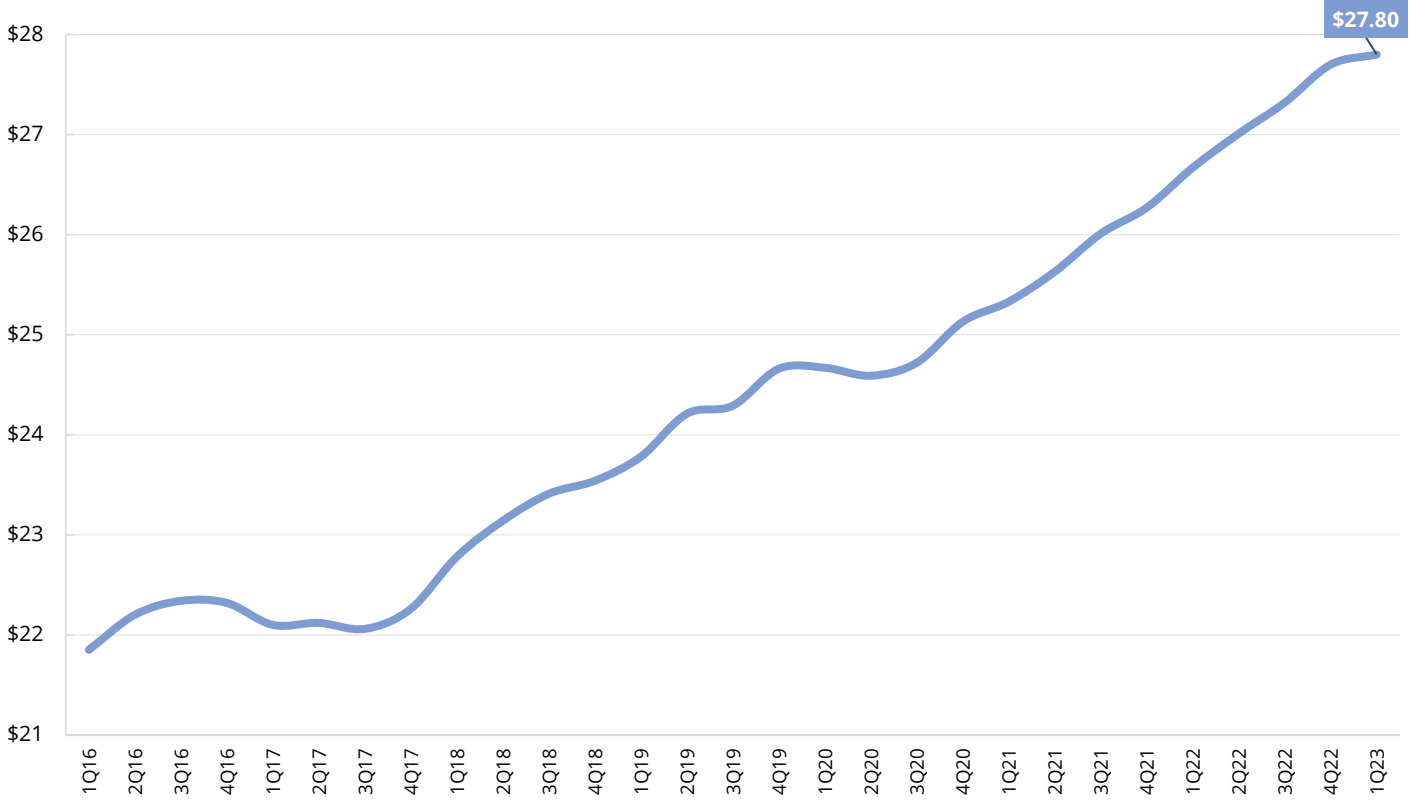
Las Vegas office market: Direct & sublet vacancy



Las Vegas' total vacancy rate shows an increase in the 1st quarter following five consecutive quarters of decreases.

The direct vacancy rate increased from 12.2% in Q4 (2022) to 13.0% in Q1 (2023). The sublet vacancy rate only showed a slight increase of 10 basis points over the past quarter; however, the sublet vacancy rate is currently 185% higher than the decade average of 0.7%.

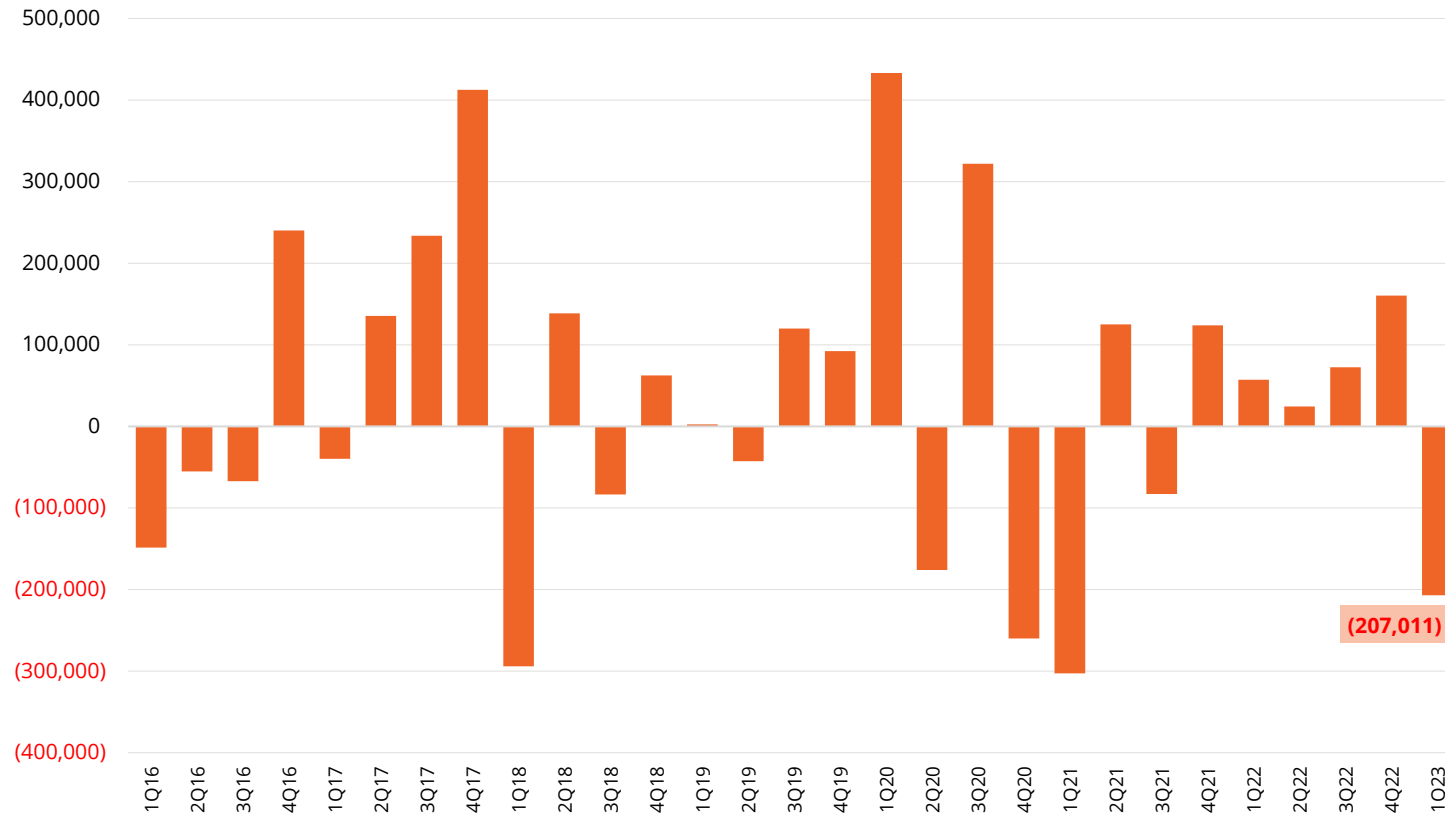
Las Vegas office market: Market rent (\$/psf)



Rents have remained stable from Q4 ('22) to Q1 ('23) - posting a slight \$0.10 increase from quarter to quarter, ending the period at \$27.80.

Though rents increased in the 1st quarter, it should be noted that the rate at which rents increased slowed in comparison to recent years – the 1st quarter posted a 0.4% increase, while the average increase in rents over the past 2 years has been 1.2%.

Las Vegas office market: Net absorption



Net absorption was negative in the 1st quarter of 2023 – breaking the streak of 5 consecutive quarters of positive net absorption.

The negative net absorption experienced in the 1st quarter should not be viewed as a negative outlook for the future, as it appears to be a case of a healthy market pullback following the past several quarters of increased absorption after the slowdown experienced during the Covid-19 pandemic.

Las Vegas office market: Sales & leasing activity

Q1 - Top sales activity

Buyer	Address	City	Sale date	Sale price	Size (sf)	Sale price (psf)	Seller
Ally Investments	400 S 4 th St	Las Vegas	Feb 2023	\$15,250,000	109,189	\$140	Dornin Investment Group
Edgar & Linda Lariscy	325 E Warm Springs Rd	Las Vegas	Jan 2023	\$13,260,000	69,292	\$191	Woodside Capital Partners
Prospect Street	7135 W Sahara Ave	Las Vegas	Jan 2023	\$8,500,000	29,226	\$291	EHB Companies
Woodside Health	9065 S Pecos Rd	Las Vegas	Feb 2023	\$8,170,000	32,750	\$250	MIG Real Estate
Anthony Bock	5555 Redwood St	Las Vegas	Jan 2023	\$5,700,000	25,813	\$221	LNR Partners

Q1 - Top leasing activity

Tenant name	Address	City	Sign date	Size (sf)	Transaction type	Lease type	Term	Rent (psf)
Barton Associates	3634 S Maryland Pky	Las Vegas	Feb 2023	45,251	New	Direct	3 years	\$15.00 NNN
Not Disclosed	8912 Spanish Ridge Ave	Las Vegas	Mar 2023	24,428	New	Direct	Not Disclosed	\$30.24 NNN
Not Disclosed	7180 Pollock Dr	Las Vegas	Mar 2023	23,028	New	Sublease	1.5 years	\$16.80 NNN
Not Disclosed	2901 S Highland Dr	Las Vegas	Feb 2023	22,155	New	Direct	3 years	\$21.60 NNN
Fetch-a-Tech	5075 W Diablo Dr	Las Vegas	Jan 2023	20,300	New	Direct	10 years	\$16.20 NNN

Las Vegas office market: Submarket stats

	Existing inventory sf	Deliveries sf (Q1 2023)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption sf (Q1 2023)	Direct market rent (psf)
Central East Las Vegas	3,616,237	0	0	22.3%	0.8%	23.1%	15,031	\$24.37
Central North Las Vegas	702,828	0	0	0%	0%	0%	0	\$28.69
Downtown Las Vegas	3,153,399	0	0	13.3%	0%	13.3%	65,192	\$28.29
North Las Vegas	460,401	0	0	2.4%	0	2.4%	0	\$21.52
Northwest Las Vegas	3,965,154	0	0	19.4%	4.1%	23.5%	(170,597)	\$28.92
Southeast Las Vegas / Henderson	161,209	0	0	4.7%	0	4.7%	0	\$19.61
South Las Vegas	4,726,898	0	0	12.4%	2.9%	15.3%	(63,932)	\$28.88
Southwest Las Vegas	3,775,207	0	0	6.2%	3.2%	9.5%	(34,500)	\$30.29
West Las Vegas	3,291,030	0	0	8.1%	1.2%	9.2%	(18,189)	\$26.42
Market total	23,852,363	0	0	13.0%	2.0%	15.0%	(207,011)	\$27.80

For more market insights and
information visit **avisonyoung.com**

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