



Las Vegas office market report

Q4 2023

**AVISON
YOUNG**

Las Vegas office market trends

\$30.71/sf
(\$2.56/sf/mo.)

Direct Asking Rents FS (\$/sf)

The Las Vegas office market has demonstrated a consistent upward trajectory in direct asking rents, with sustained growth throughout the year. Closing out the year, Q4 2023 direct asking rents averaged \$30.71/sf, marking a 2.2% growth from Q1 2023 at \$30.04/sf. Class A direct full-service asking rents in Q4 2023 experienced a notable uptick from last quarter, rising by \$0.97/sf, translating to a 3.0% increase. Meanwhile, Class B saw a marginal decrease of \$0.11/sf. Class C, witnessed a substantial decline from \$18.53/sf in Q3 2023 to \$12.62/sf in Q4, representing a significant 31.9% decrease.

14.4%

Total Vacancy Rate (%)

In 2023, the Las Vegas office market experienced a notable recovery, rebounding from an elevated vacancy rate in Q2 2023 to a more favorable level by year end. The total vacancy rate reached its peak in Q2 at 15.2% with a modest decrease Q3 2023, followed by a Q4 2023 improvement to 14.4%. This positive shift was influenced by a slight increase in both direct and sublet lease occupancy, a quarter-over-quarter uptick of +0.3% and +0.2%, respectively. In comparison to the national market, Las Vegas continues to perform well (U.S. average vacancy rate was 18.0% in Q4 2023) maintaining a comparatively lower vacancy rate, indicating a more resilient local office market.

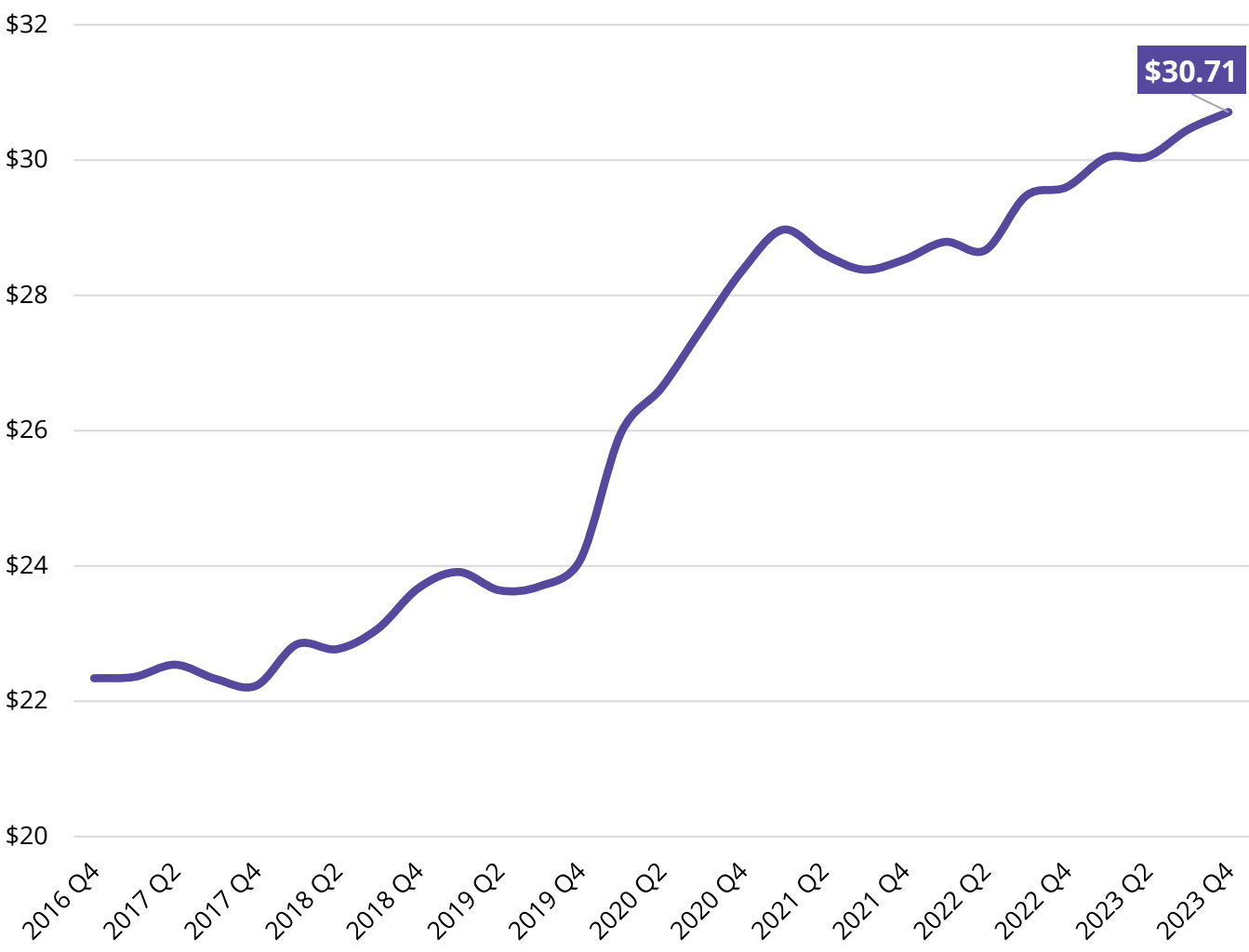
129.4k

Net absorption (sf)

Q4 2023 concluded the year on a positive note for the Las Vegas office market, contributing 129,424 square feet of positive net absorption. The market's outlook at the beginning of 2023 was less optimistic, with Q1 and Q2 of 2023 experiencing -83,581 square feet and -161,393 square feet of negative absorption, respectively. However, the latter half of 2023 witnessed a rebound as both direct and sublet available spaces were filled, resulting in a 1.1% decrease in total availability through year-end. By the end of Q4 2023, the market had 20,987,862 square feet of occupied space, representing an occupancy rate of 86.6%.

Note: This report is conclusive of properties 20,000 sf and up.

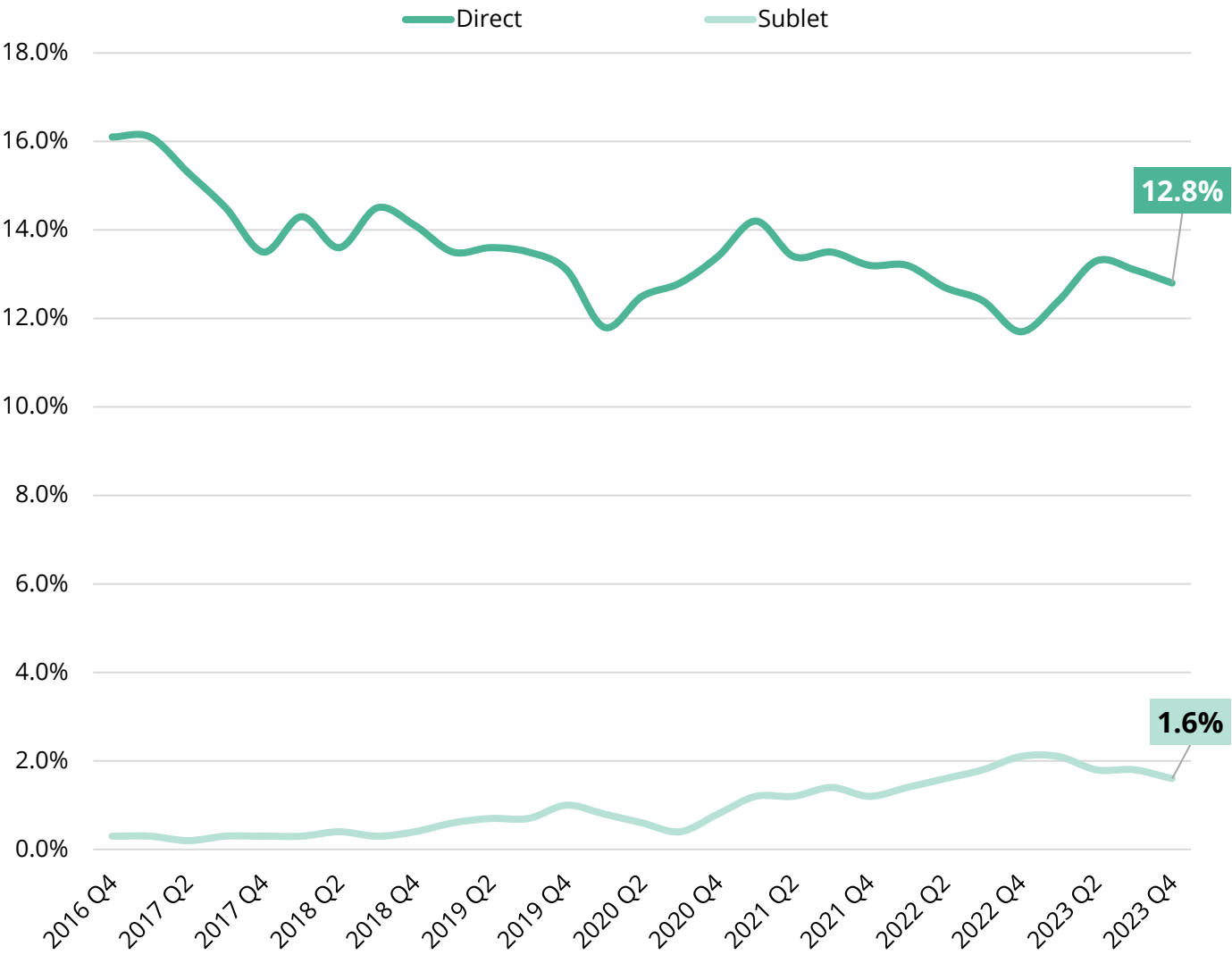
Las Vegas office: Direct asking rents FS (\$/sf)



The Las Vegas office market has demonstrated consistent growth in direct asking rents for the seventh consecutive quarter, registering a notable \$2.04 per square foot increase from Q3 2022 to Q4 2023. This upward trend culminated in an average of \$30.71 per square foot for Q4 2023.

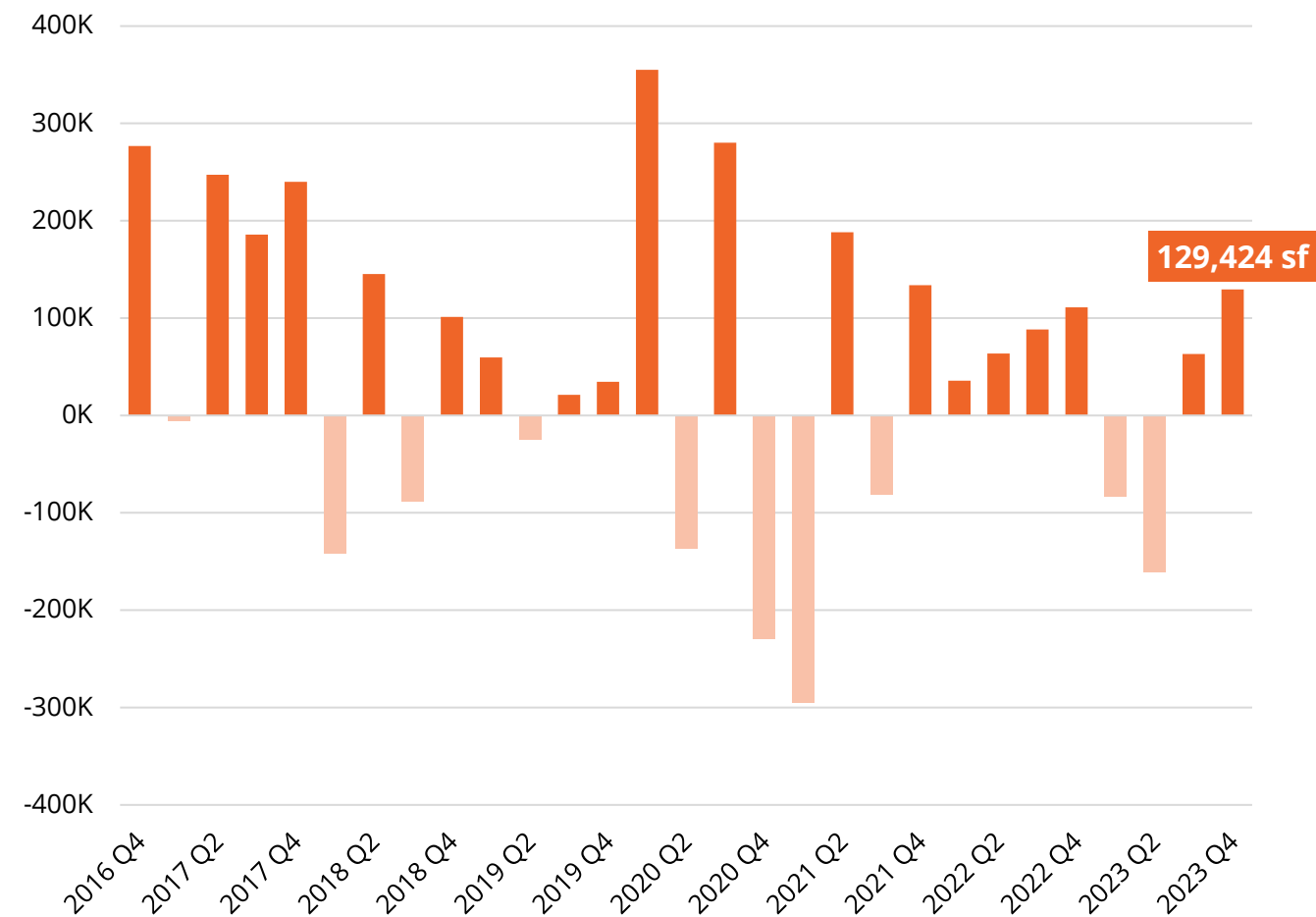
Throughout the year 2023, direct asking rents experienced a commendable 2.2% growth from the beginning to the end of the period. This sustained recovery is particularly noteworthy when considering the challenging circumstances of the 2020 pandemic, which led to an 11% decrease in direct asking rents. The current state of the Las Vegas office market reflects the highest direct asking rents observed in the last decade.

Las Vegas office: Vacancy rates (%)



In Q4 2023, the Las Vegas office market experienced a notable recovery, rebounding from an elevated vacancy rate in the second quarter to a more favorable level by the end of the year. This positive shift was attributed to minimal increases in both direct and sublet lease occupancies, with a quarter-over-quarter vacancy decline of 30 basis points and 20 basis points, respectively, from Q3 to Q4 2023. It's noteworthy that Las Vegas continues to outperform national averages, where the vacancy rate stands at 18.0%.

Las Vegas office: net absorption (sf)



Net absorption in 2023 concluded the year with a rebound as both direct and sublet available spaces were filled, resulting in a 110 basis points decrease in total availability through year-end. By the end of Q4 2023, the market had 20,987,862 square feet of occupied space, representing an occupancy rate of 86.6%.

Appendix



Las Vegas office market activity

Q3 – Top leasing activity

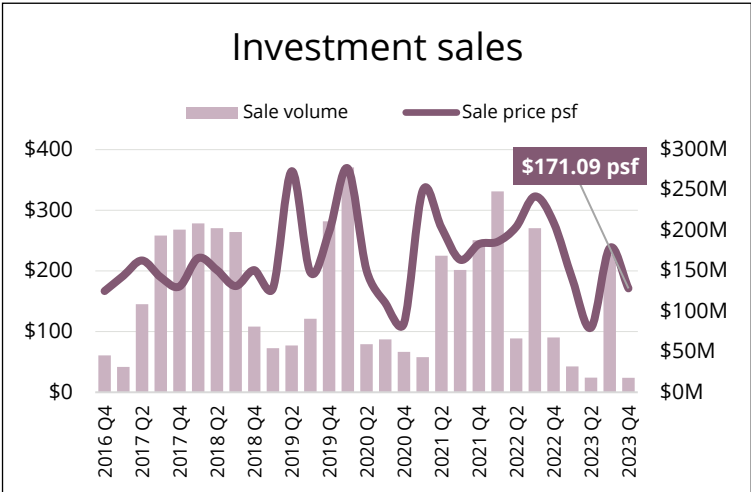
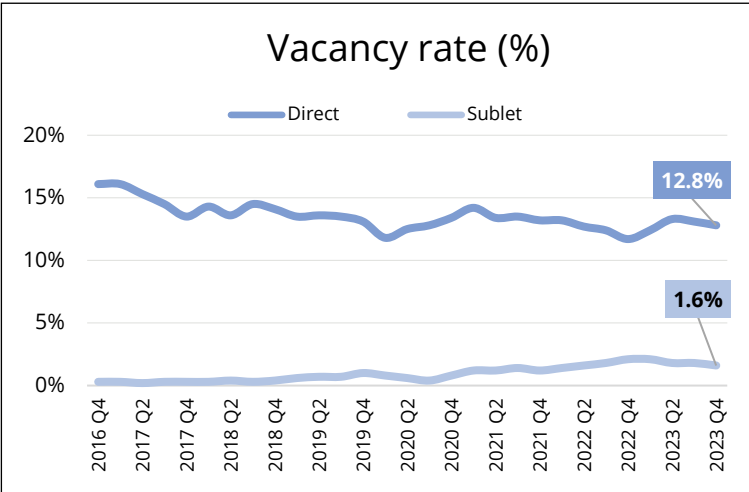
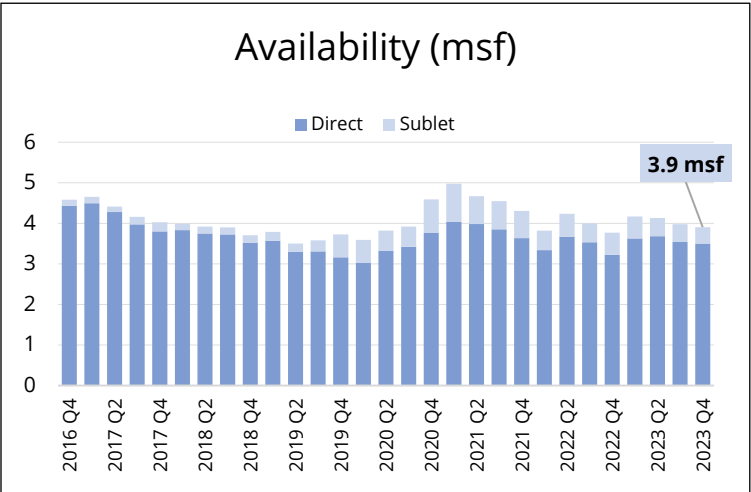
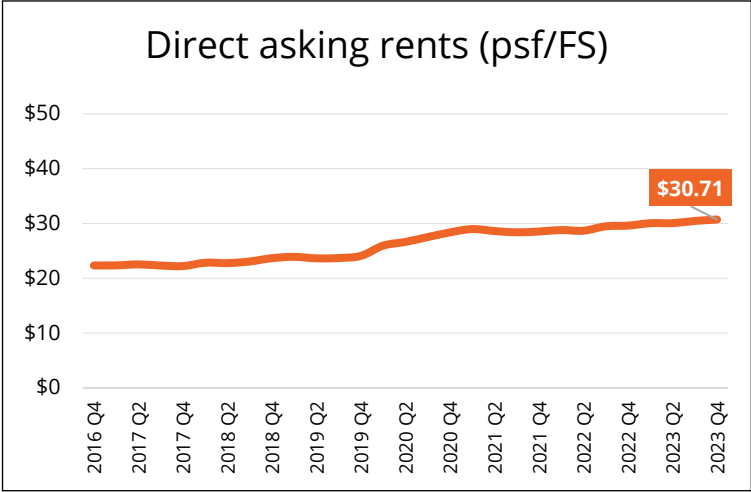
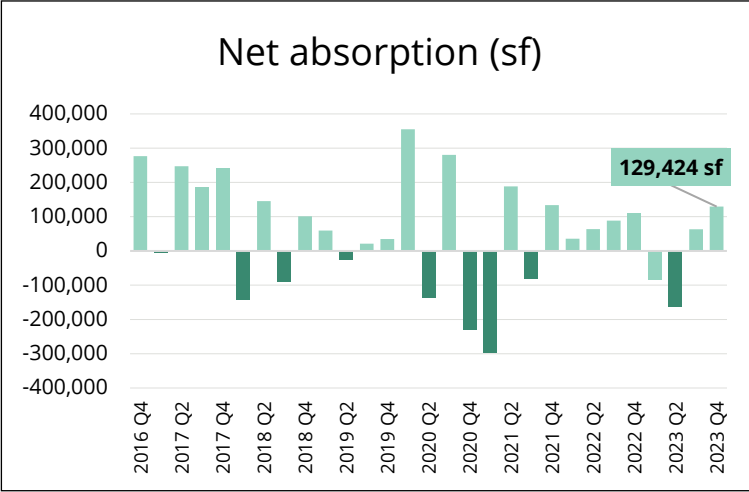
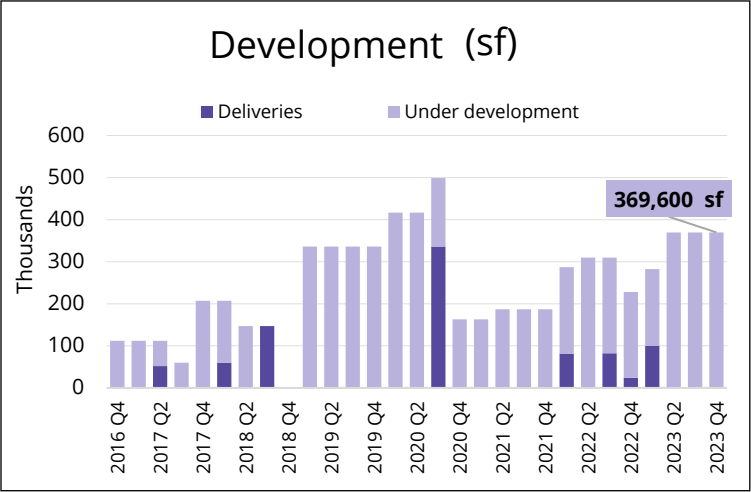
Tenant	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Everise	490 E Capovilla Ave*	South Las Vegas	November 2023	54,368	New Lease	Direct
T-Mobile	6880 Bermuda Rd	South Las Vegas	November 2023	44,774	Short-term Renewal	Direct
Regus	101 Convention Dr	Central East Las Vegas	November 2023	16,936	New Lease	Direct
Micro Gaming	8880 W Sunset Rd	Southwest Las Vegas	December 2023	15,920	New Lease	Direct
US Health	6795 S Agilysys Way	Southwest Las Vegas	November 2023	12,366	New Lease	Direct

*Buyout and exit. State purchased building.

Q3 – Top sales activity

Buyer	Address	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
Brilliant International Academy LLC	7401 W Charleston Blvd	November 2023	34,034	\$6,900,000	\$202.74	West Charleston Blvd Trust
8350 Sahara Group LLC	8350 W Sahara Ave	December 2023	26,671	\$5,800,000	\$217.46	8350 Holdings LLC
Not Disclosed	9070 W Cheyenne Ave	December 2023	9,984	\$3,500,000	\$350.56	Kerry Holt Hay Cubes
Cristina Viceral	2480 E Tompkins Ave	October 2023	21,697	\$2,555,000	\$117.76	Alyson Y Lee
County of Clark	820 Rancho Ln	October 2023	14,300	\$2,295,000	\$160.49	Richard Albert & Rosemary Albert

Las Vegas office: Market indicators



Las Vegas office: Submarket stats

Submarket	Existing inventory sf	Deliveries sf (YTD)	Under development sf (Q4)	Direct availability (Q4)	Sublet availability (Q4)	Total availability*	Net absorption sf (Q4)	Net absorption % of inventory (Q/Q)	Annual direct asking rent psf FS
Central East Las Vegas	3,662,450	-	0	29.4%	0.3%	29.7%	18,698	0.5%	\$30.38
Central North Las Vegas	646,533	-	0	-	-	-	-	-	-
Downtown Las Vegas	2,990,460	-	0	13.3%	0.2%	13.5%	(39,161)	(1.3%)	\$27.01
North Las Vegas	460,401	-	0	2.7%	0%	2.7%	5,674	1.2%	\$38.76
Northwest Las Vegas	3,863,831	-	0	15.3%	3.9%	19.1%	45,595	1.2%	\$31.35
Southeast Las Vegas / Henderson	301,209	-	0	9.8%	28.3%	38.1%	(17,934)	(6.0%)	-
South Las Vegas	4,977,386	-	187,600	11.4%	0.9%	12.2%	2,215	(0.04%)	\$31.64
Southwest Las Vegas	4,141,821	100,184	182,000	12.4%	1.7%	14.1%	50,445	1.2%	\$39.55
West Las Vegas	3,463,278	-	0	7.4%	1.1%	8.5%	63,892	1.8%	\$37.62
Market total	24,507,369	100,184	369,600	14.1%	1.6%	15.7%	129,424	0.5%	\$30.71

*Availability rates differ from vacancy rates due to space being listed as available prior to current leases' expiration and the pre-leasing of unreleased space.

Note: values reflect data on office properties 20 thousand sf and up

Office insights glossary of terms

Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

Office rents and concessions

- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as full service (FS)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as full service (FS)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an office suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

Capital markets

- **Investment volume:** office sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales

For more market insights and
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