



# Las Vegas office market report

Q1 2024

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**AVISON  
YOUNG**

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# Las Vegas office market trends

16.2%

## Total vacancy (%)

While many office markets across the nation are grappling with increasing vacancy rates, Las Vegas stands apart. Thanks to its predominantly suburban-style office setup, companies in Las Vegas have largely avoided the challenges of getting employees back into the office, as their workplaces are conveniently situated near their homes. Although there was a slight uptick in vacancy rates during the peak of the pandemic, they have consistently remained below historical averages. As of the close of Q1 2024, the current vacancy rates stand at 16.2%, with 14.5% being direct vacancies and 1.7% sublet vacancies.

\$28.15  
(\$2.35 psf/mo.)

## Average FS asking rent (\$ psf)

Las Vegas continues to be a leader in office rent growth, reaching a peak of \$28.15 per square foot annually by the end of Q1 2024.

Specifically, Class A offices commanded \$33.01, Class B were at \$24.95, and Class C stood at \$18.45. Notably, Class A rents have steadily risen quarter over quarter for the past 8 quarters, climbing from \$30.99 in Q2 2022 to \$33.01 in Q1 2024, marking a 6.5% increase.

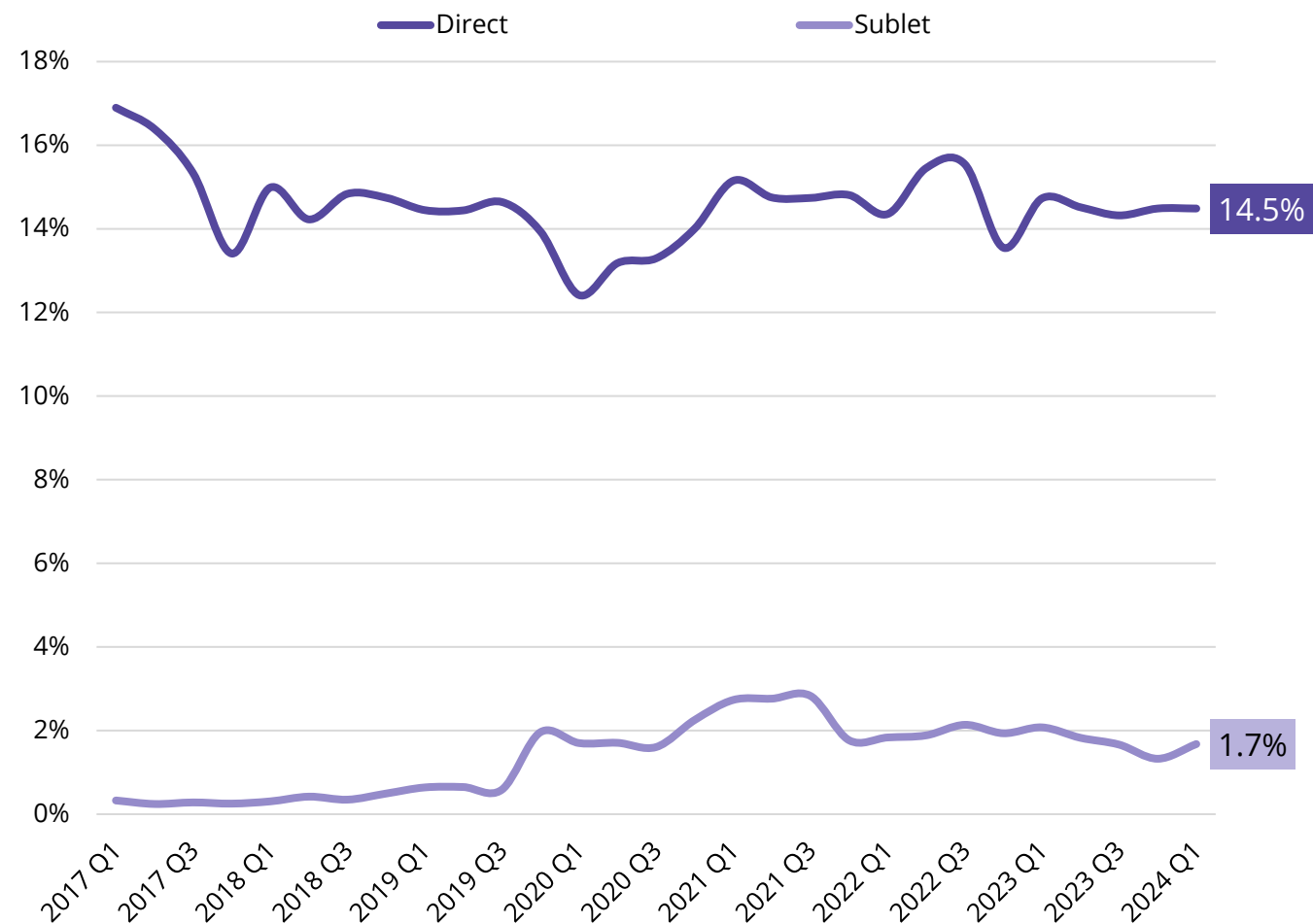
While the economy strengthens and population increases, office supply remains tight and demand high, driving consistently increasing asking rents.

-85,823

## Sublet net absorption (sf)

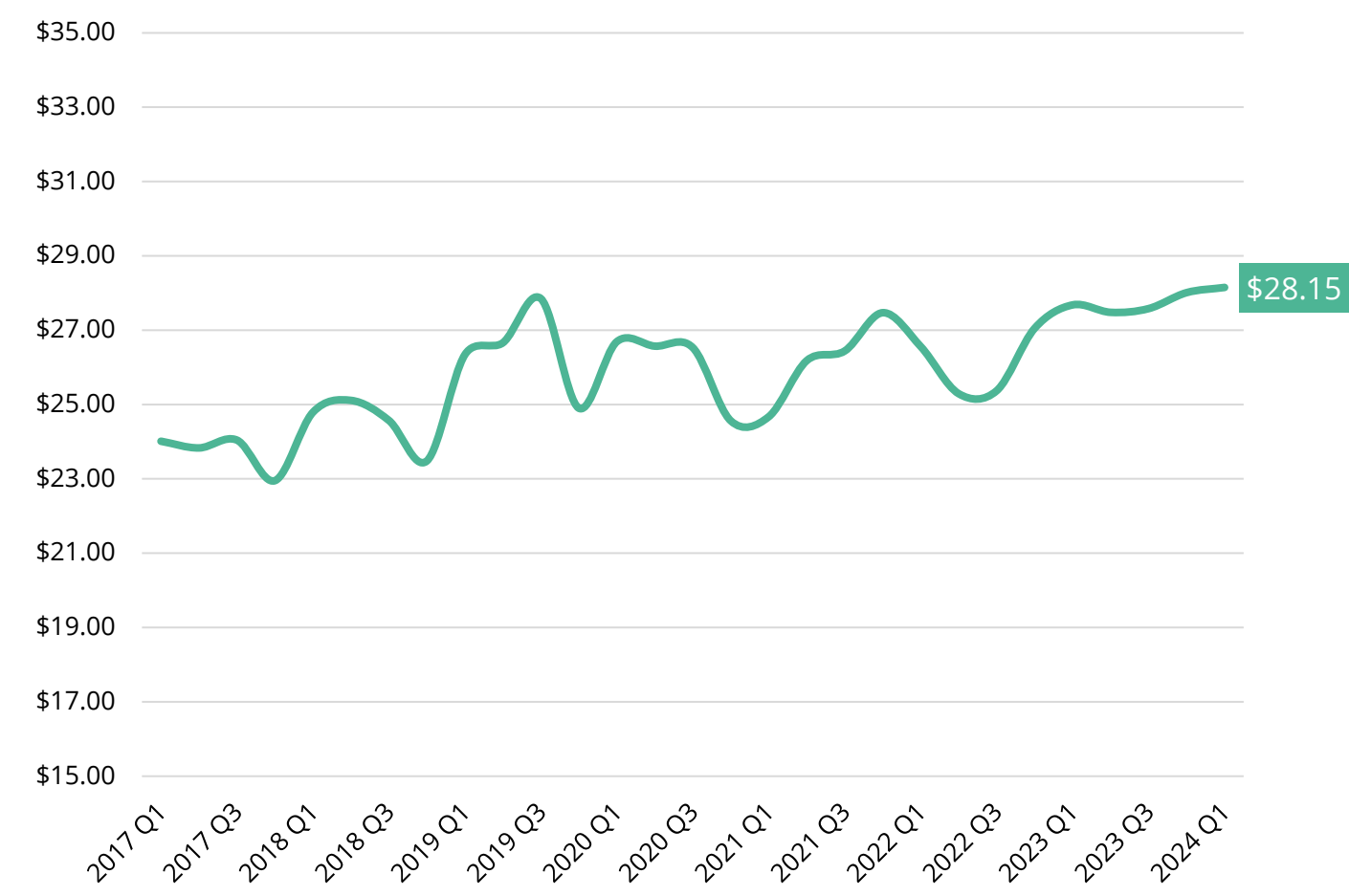
The Las Vegas office market has remained relatively stable after the pandemic, with no significant negative changes in net absorption. However, there is a notable difference among submarkets. Downtown areas have seen higher negative net absorption, while suburban office areas generally maintain positive net absorption. In Q1 2024, Las Vegas recorded a net absorption of -85k square feet, primarily due to a single 95k square foot sublet space in the Downtown submarket. Apart from this, the Northwest and Southwest submarkets both showed significant positive absorption, resulting in no significant changes for net absorption of direct leases in the overall market.

# Las Vegas office: Vacancy rates (%)



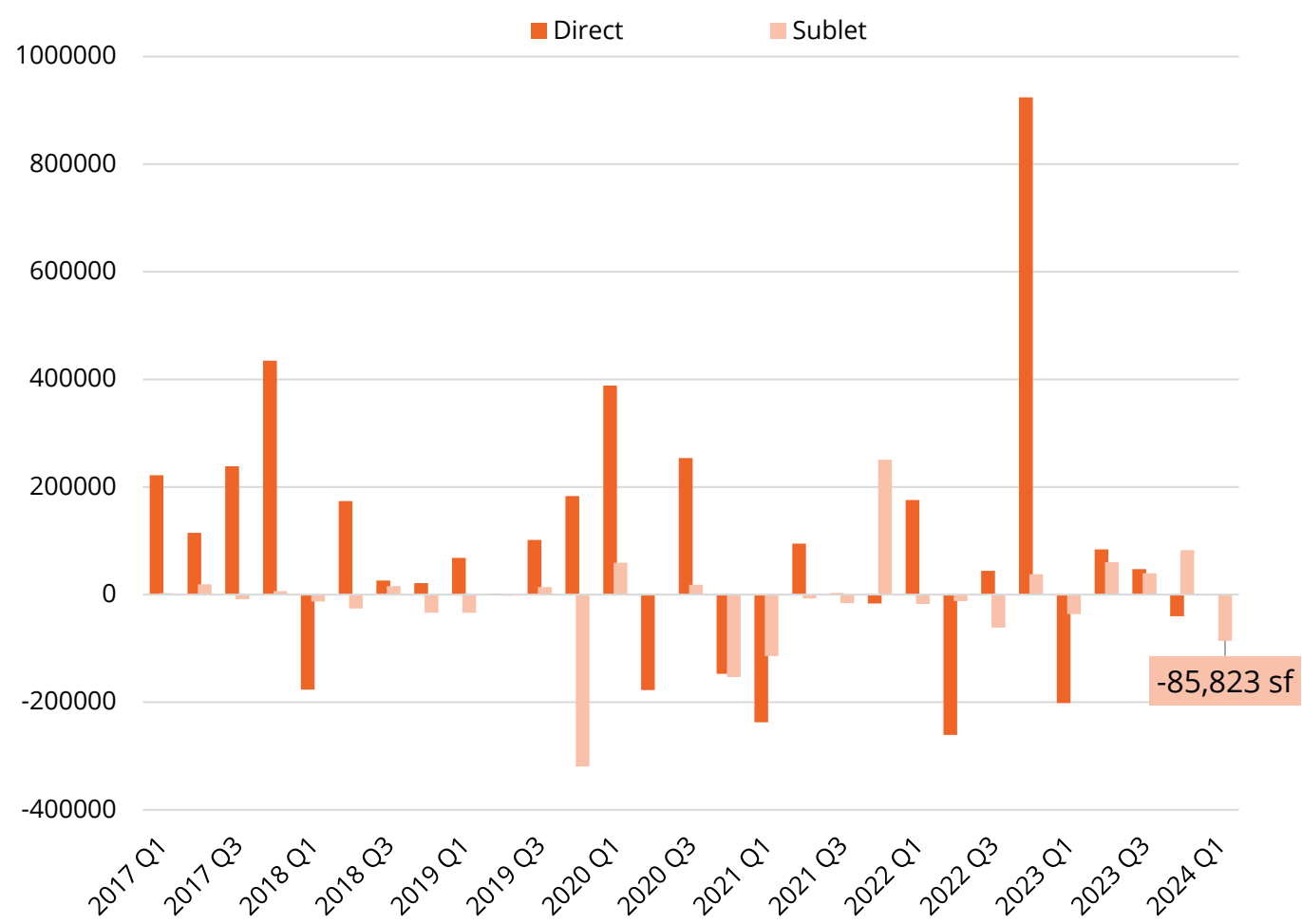
Las Vegas' suburban-style office setup has shielded it from the rising vacancy rates plaguing national office markets, ensuring convenient access for employees and maintaining vacancy rates below historical averages, at 16.2% as of Q1 2024, with 14.5% direct and 1.7% sublet vacancies.

# Las Vegas office: FS asking rents (\$ psf)



Las Vegas is a national leader in office rent growth, hitting \$28.15 per square foot annually in Q1 2024; Class A commands \$33.01, Class B \$24.95, and Class C \$18.45, with Class A seeing a steady 6.5% increase over 8 quarters amid tight supply and high demand.

# Las Vegas office: Net absorption (sf)



Despite the pandemic, the Las Vegas office market remains stable with downtown areas seeing higher negative net absorption while suburbs stay positive. Q1 2024 recorded -85k sq ft in net absorption due to released sublet space and minimal contribution from direct space.



# Appendix



# Las Vegas office market activity

## Q1 2024 – Top leasing activity

Tenant	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Marshall Retail Group	6600 Bermuda Rd	South Las Vegas	March 2024	32,843	Direct	New Lease
Village Capital	2460 Paseo Verde Pky	South Las Vegas	February 2024	31,087	Direct	New Lease
Lennar Homes	6385 S Rainbow Blvd	Southwest Las Vegas	March 2024	28,549	Direct	New Lease

## Q1 2024 – Top investment sales activity

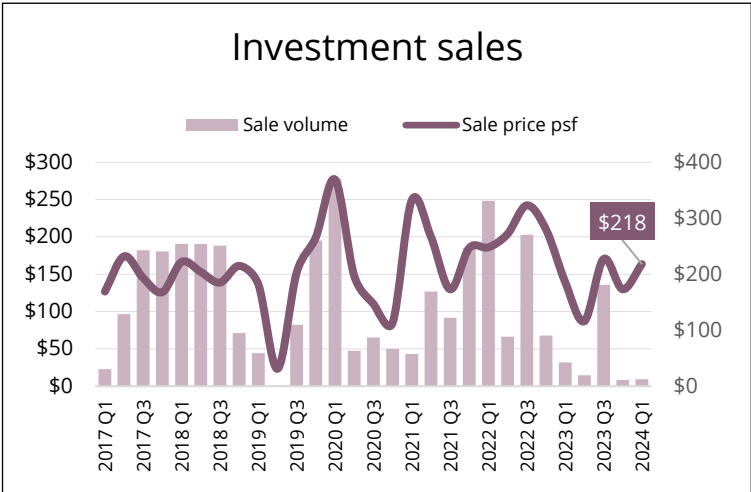
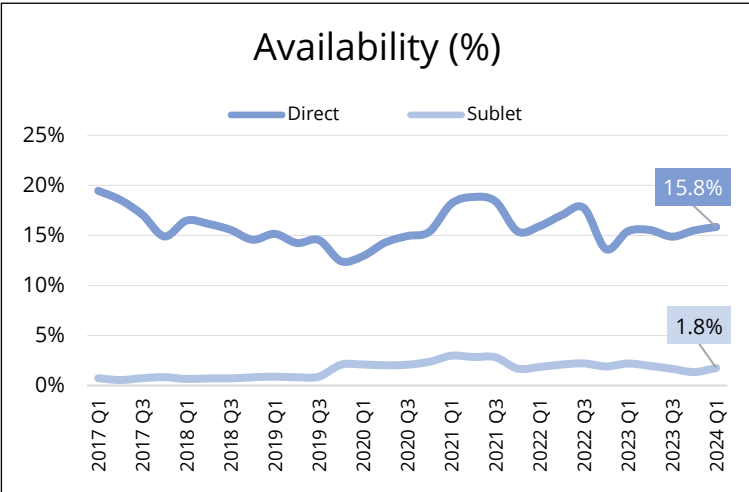
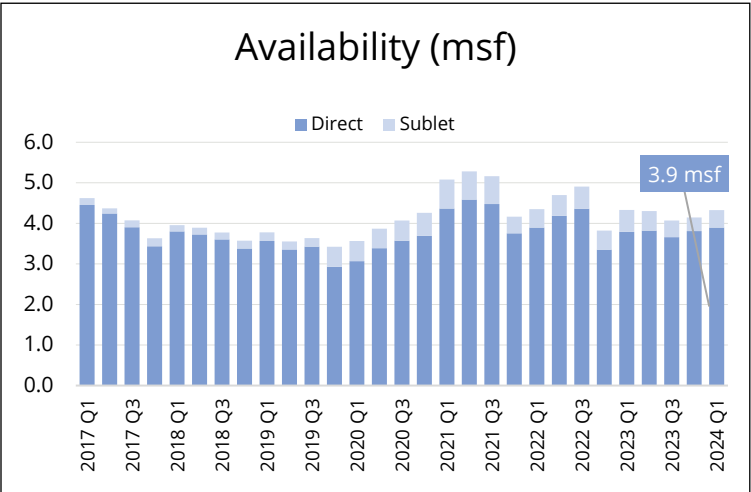
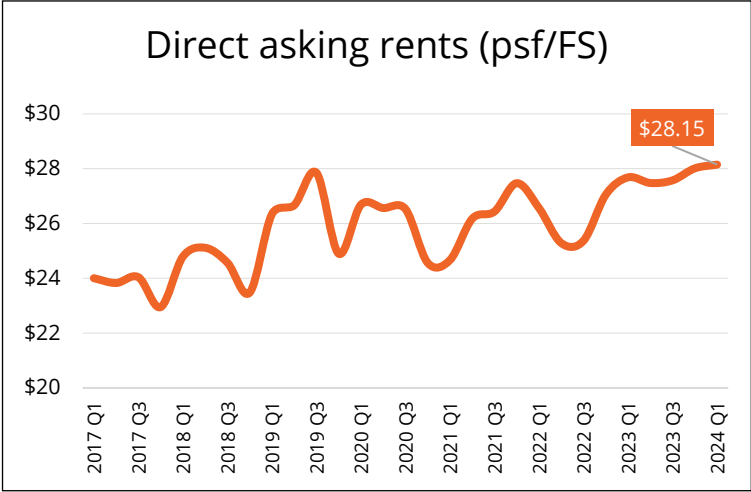
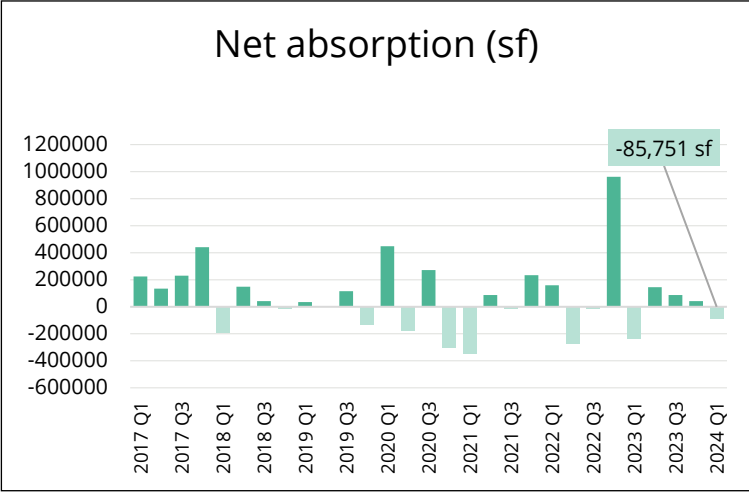
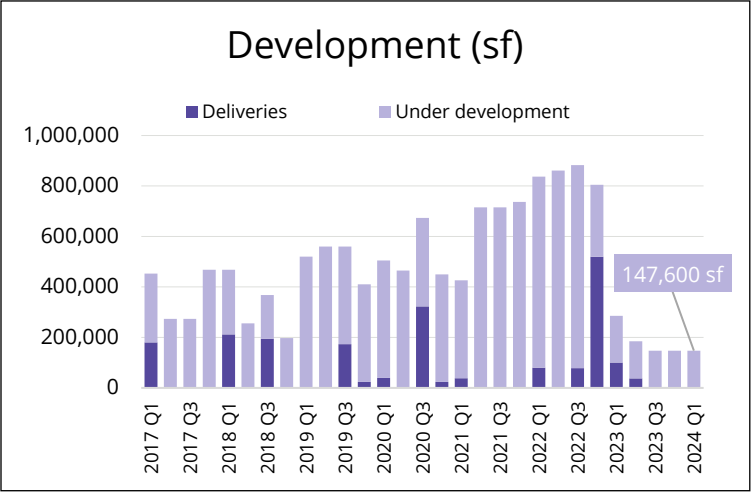
Buyer	Address	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
Undisclosed / ETL 8850 Sunset LLC	8850 W Sunset Rd* (Bldg G)	March 2024	47,610	\$16.2M	\$340.26	Undisclosed / CC Retail Partners
Urban Investments LLC	3185 Saint Rose Parkway (Bldg 3)	January 2024	46,185	\$15.15M	\$328.01	Undisclosed / SHP Building III LLC
Urban Investments LLC	8860 W Sunset Rd (Bldg B)	March 2024	23,126	\$5.9M	\$255.12	Undisclosed / CC Building III

## Top projects under development

Address   Project Name	Submarket	Estimated delivery date	Building size sf	% Preleased	Developer
1615 E Cactus Ave – Building 2   The Village at Saint Rose*	South Las Vegas	April 2024	187,600	57.1%	SHEQ Properties
8488 Rozita Lee Ave – Building 3   UnCommons	Southwest Las Vegas	June 2024	103,600	22.8%	Matter Real Estate Group
8474 Rozita Lee Ave – Building 4   UnCommons	Southwest Las Vegas	May 2024	78,400	36.7%	Matter Real Estate Group

\*Medical office properties that are not included in any key trends or submarket stats.

# Las Vegas office market indicators





# Las Vegas office submarket stats

	Existing inventory sf	Deliveries sf (YTD)	Under development sf (Q1)	Direct availability	Sublet availability	Total availability	Net absorption sf (Q1 2024)	Net absorption % of inventory (Q/Q)	Annual direct asking rent psf FS
Harry Reid Airport Area	4,043,601	-	-	27.5%	0.3%	27.8%	-71,872	-1.78%	\$30.31
Downtown Las Vegas	2,648,126	-	-	16.1%	3.8%	19.9%	-89,095	-3.36%	\$26.54
Central East Las Vegas	1,258,760	-	-	22.9%	1.6%	24.6%	-10,276	-0.82%	\$19.96
SE Las Vegas / Henderson	3,986,455	-	22,000	13.3%	1.3%	14.6%	-41,928	-1.05%	\$26.91
North Las Vegas	722,177	-	-	1.5%	-	1.5%	6,677	0.92%	\$25.27
Northwest Las Vegas	2,674,551	-	-	18.7%	3%	21.7%	226,909	8.48%	\$23.80
Southwest Las Vegas	3,129,625	-	103,600	12.8%	2%	14.9%	29,417	0.94%	\$32.68
Summerlin	2,554,254	-	22,000	10.7%	3.6%	14.3%	-84,788	-3.32%	\$35.53
Central West Las Vegas	3,429,723	-	-	9.6%	0.3%	9.9%	-50,795	-1.48%	\$26.60
<b>Market total</b>	<b>24,447,272</b>	<b>0</b>	<b>147,600</b>	<b>15.8%</b>	<b>1.8%</b>	<b>17.6%</b>	<b>-85,751</b>	<b>-0.35%</b>	<b>\$28.15</b>

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

# 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

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