



# Las Vegas office market report

Q2 2024

**AVISON  
YOUNG**

# Las Vegas office market trends

## 16.4%

**Vacancy remains below national averages (%)**

Over the last two quarters, the direct vacancy rate for traditional office properties in the Las Vegas market has risen by over 2%. The total vacancy came in at 16.4% for direct and sublet combined. From Q3 2023 to Q1 2024, the direct vacancy rate increased from 12.5% to 13.5%, and from Q1 2024 to Q2 2024, it climbed further to 14.7%. This represents a 220-basis point increase from the start of Q3 2023 to Q2 2024. While Las Vegas has historically maintained relatively low vacancy rates for its office market compared to national averages, this rise in available direct space signals a potential shift in market conditions.

## \$30.10

(\$2.51 psf/mo.)

**Average FS asking rents continue to rise (\$ psf)**

The Las Vegas office market experienced a consistent increase in rents throughout the period from Q2 2023 to Q2 2024, reaching an annual average of \$30.15 per square foot. When contrasting rents to pre-pandemic levels, on average there has been a 21.76% increase (+\$5.39) since Q2 2019. This upward trend was particularly driven by key submarkets including Southwest Las Vegas, West Las Vegas/Summerlin, Central North Las Vegas, Northwest Las Vegas, and South Las Vegas. Notably, West Las Vegas/Summerlin stood out with the lowest availability among these areas, marked at just 8.5%, underscoring significant demand in the region.

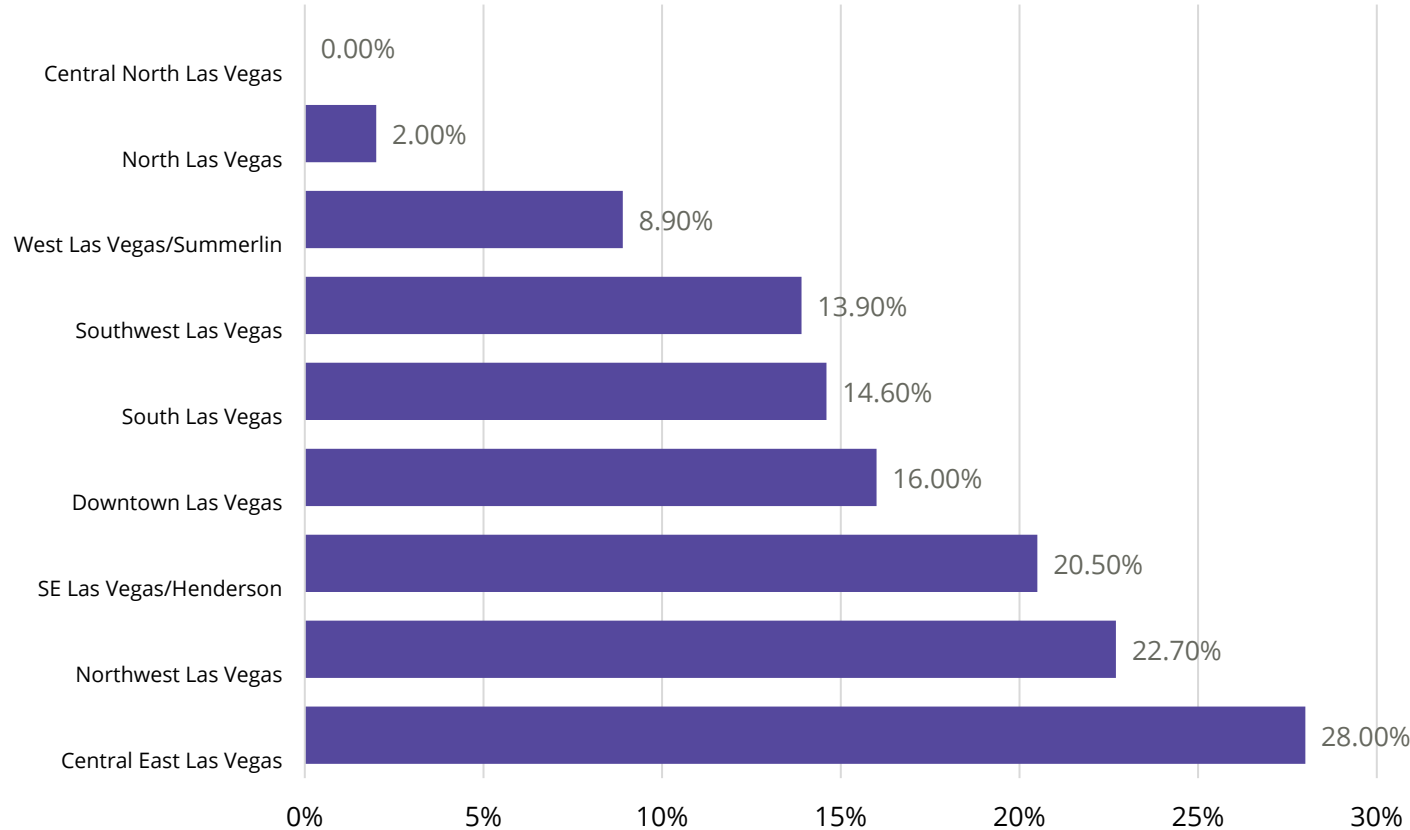
## -180k

**Q2 2024 is the second quarter with negative absorption(sf)**

Q2 2024 marked the second consecutive quarter of negative net absorption, closing with a net absorption of -180,260 square feet. This trend raises concerns about the health of the Las Vegas office market, which had previously fared well post-pandemic. From Q2 2021 to Q4 2022, the market consistently recorded positive absorption or low levels of negative absorption. However, Q1 2023 saw a sharp increase in negative absorption, which then leveled out over the next two quarters. By Q1 2024, the market once again experienced significant negative absorption, indicating potential challenges ahead.

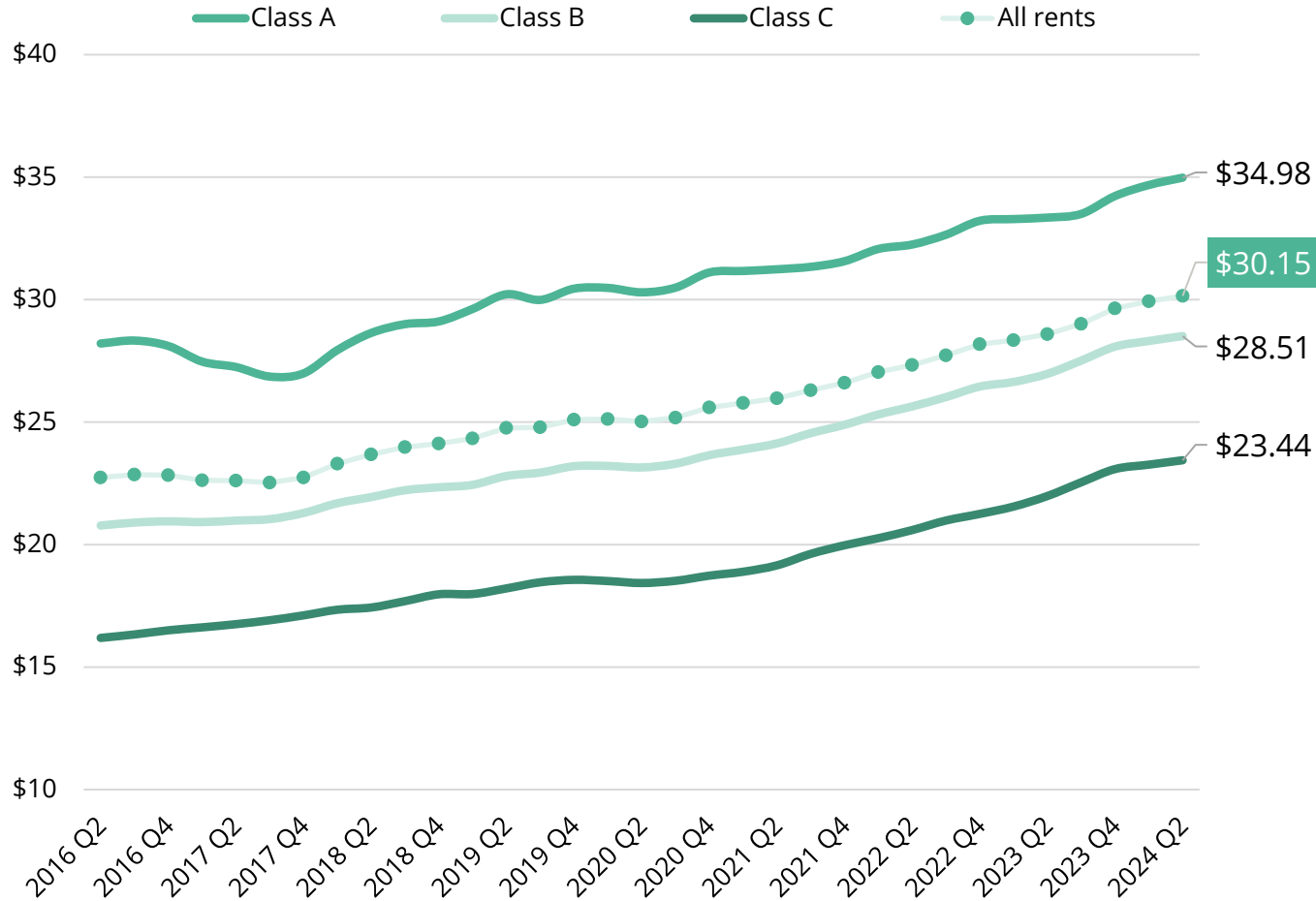
# Las Vegas office vacancy (%)

2'Q 2024 – TOTAL VACANCY



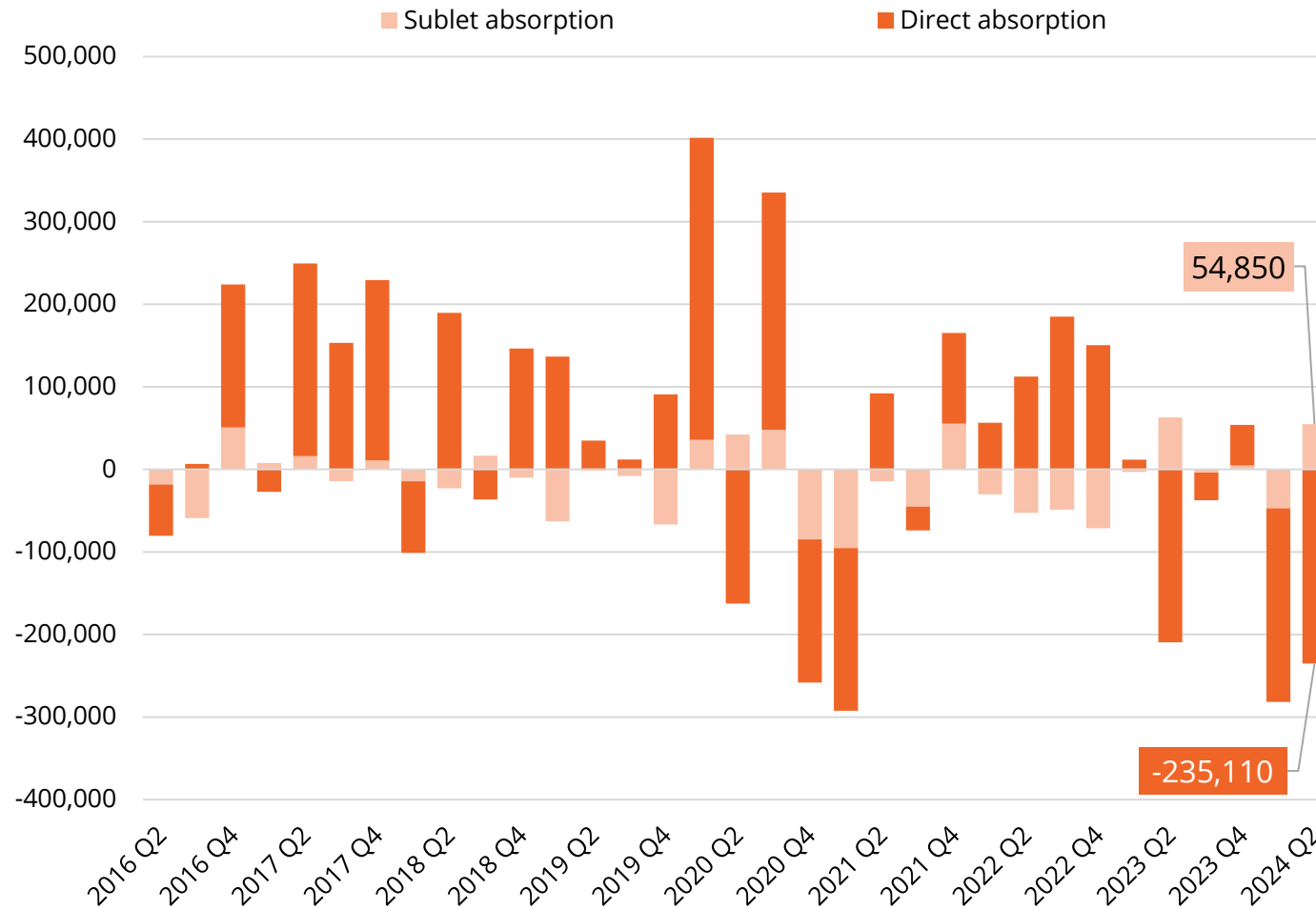
Direct vacancy rates have surged from 2023 to 2024, driven primarily by specific submarkets. The Central East Las Vegas area has significantly contributed, with vacancy rates increasing by 340 basis points from Q4 2023 to Q2 2024. In contrast, areas with substantial office inventories, such as West Las Vegas/Summerlin, have maintained low vacancy rates and experienced minimal changes since the end of 2022.

# Las Vegas office asking rents (\$ psf)



The Las Vegas office market witnessed a steady 5.45% increase in rents from Q2 2023 to Q2 2024, reaching an average of \$30.15 per square foot by the end of Q2 2024. Class C properties notably led this growth with a 6.64% year-over-year increase, amounting to an additional \$1.46 per square foot. This surge can be attributed to expanding industries such as biotech, healthcare, banking, finance, engineering, and architecture, as evidenced by the rising number of job postings.

# Las Vegas office absorption (sf)



Q2 2024 marked the second consecutive quarter of negative net absorption, closing with a net absorption of -180,260 square feet, primarily due to an increase in direct space availability. However, sublet vacancies decreased, with 54,850 square feet of positive sublet absorption. While the Las Vegas office market had performed well post-pandemic, these last two quarters raise concerns about market health, especially with the rising vacancy rates.

# Appendix



# Las Vegas office market activity

## Q2 2024 – Top leasing activity

Tenant	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Undisclosed	5650 Badura Ave	Southwest Las Vegas	May 2024	28,082	New Lease	Direct
Messner Reeves LLP	8945 W Russell Rd	Southwest Las Vegas	April 2024	24,991	Renewal	Direct
Southwest Airlines	625 Pilot Rd	South Las Vegas	April 2024	22,607	New Lease	Direct
Nevada H.A.N.D., Inc.	9121 W Russel Rd	Southwest Las Vegas	June 2024	22,128	New Lease	Direct

## Q2 2024 – Top investment sales activity\*

Buyer	Address	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
Montecito Medical Real Estate	7250 Cathedral Rock Dr	May 2024	33,351	\$18,475,000	\$553.96	Hammes Partners
Clark County	925 E Sahara Ave	May 2024	84,320	\$5,000,000	\$59.30	Series Group LLC
Candelighters for Childhood Cancer of Southern Nevada	8375 W Flamingo Rd	June 2024	16,317	\$4,895,400	\$300.02	Juliet Office Building LLC

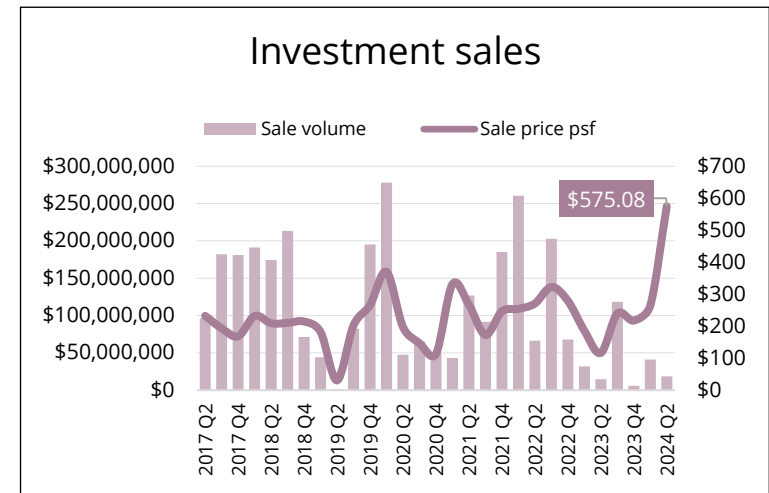
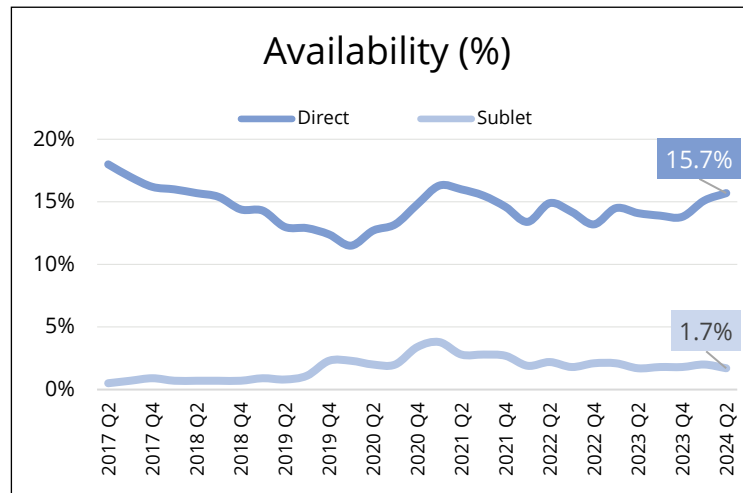
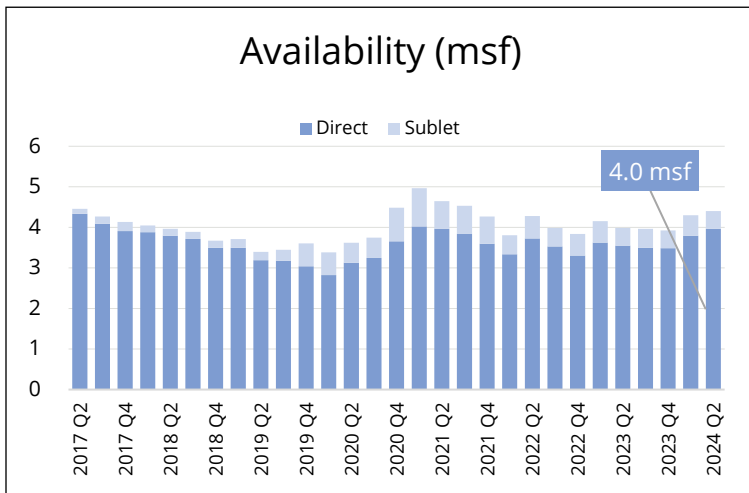
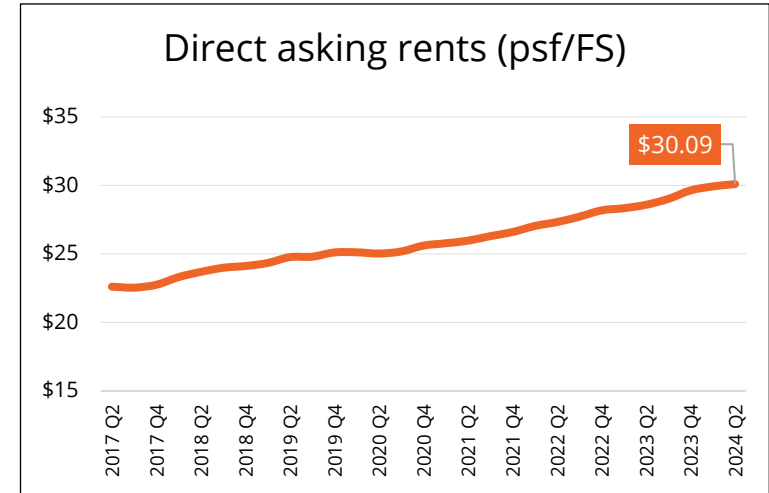
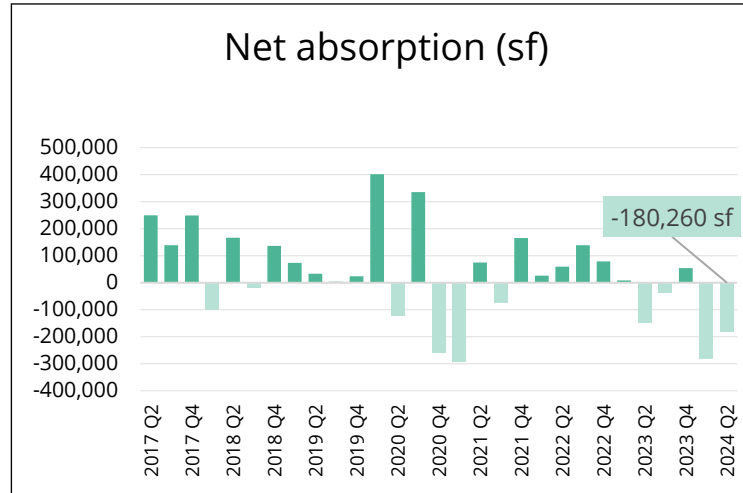
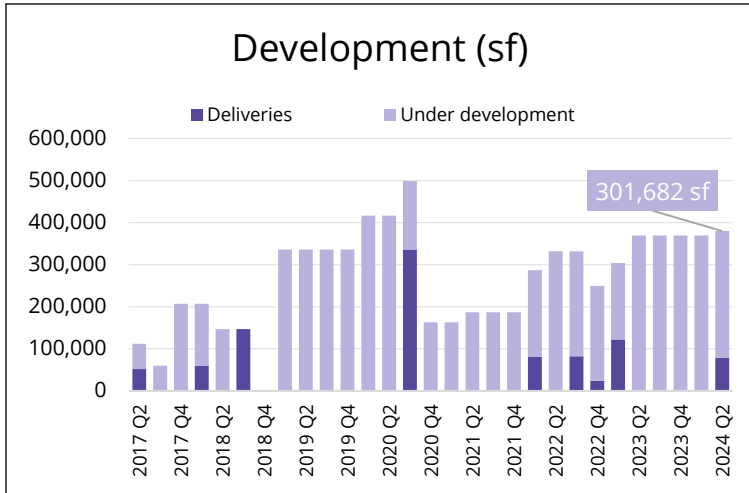
\*Not including bulk portfolio sales

## Top projects under development

Project Name   Address	Submarket	Delivery date	Building size sf	% Preleased	Owner   Developer
The Village at Saint Rose*   1615 E Cactus Ave – Building 2	South Las Vegas	October 2025	187,600	56.6%	Stable Development   SHEQ Properties
Civic Plaza   525 Main (mixed-use)	Downtown Las Vegas	December 2024	176,082	-	City of Las Vegas   CORE Construction
Helios Office Park*   N Peco s Rd – Building B	North Las Vegas	December 2024	125,000	0%	Pacific 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 (Q2)	Under development sf	Direct availability	Sublet availability	Total availability	Net absorption sf (Q2)	Net absorption % of inventory (Q/Q)	Annual direct asking rent psf FS
Downtown Las Vegas	2,999,046	0	176,082	17.2%	3.9%	21%	17,073	0.57%	\$29.06
Southwest Las Vegas	4,129,059	78,400	103,600	14.5%	1.6%	16.1%	50,842	1.23%	\$33.07
West Las Vegas / Summerlin	3,457,297	0	22,000	7.9%	0.6%	8.5%	33,968	0.98%	\$30.22
Central East Las Vegas	3,789,273	0	0	29.9%	0.4%	30.3%	(74,039)	-1.95%	\$25.35
Central North Las Vegas	583,168	0	0	0%	0%	0%	1,556	0.27%	\$30.67
North Las Vegas	461,508	0	0	1.9%	0%	1.9%	(101)	-0.02%	\$23.15
Northwest Las Vegas	3,978,105	0	0	20.5%	3.5%	24.0%	(208,185)	-5.23%	\$32.12
SE Las Vegas / Henderson	332,448	0	0	9.8%	10.6%	20.5%	894	0.27%	\$24.59
South Las Vegas	5,185,308	0	0	13.5%	1.1%	14.6%	(2,268)	-0.04%	\$31.24
<b>Market total</b>	<b>24,915,212</b>	<b>78,400</b>	<b>301,682</b>	<b>15.7%</b>	<b>1.7%</b>	<b>17.5%</b>	<b>(180,260)</b>	<b>-0.72%</b>	<b>\$30.09</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

For more market insights and  
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