

INVESTMENT FORECAST

Office
Las Vegas Metro Area

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2025

Vacancy Gains Further From the City Center Offset by Near-Term Losses in the Resort Corridor

Short-run movement should not temper long-term outlook. The resort corridor reported a 430-basis-point vacancy jump to 7.1 percent during 2024 – the third-highest rate in the metro. Recovery this year could be minimal as a result; however, multiple large-scale projects along Las Vegas Boulevard could improve future demand. A \$300 million renovation of MGM Grand and the construction of a new hotel-condominium, including a basketball arena, will continue. Meanwhile, a handful of developments will likely improve long-term retail fundamentals metrowide. Construction on the baseball stadium for the former Oakland Athletics will begin this year. A high-speed rail connecting Las Vegas to Los Angeles also continues development, providing a direct link for tourists. In the near term, local consumer spending will be bolstered by an influx of residents drawn to the metro's expanding multifamily sector. Despite record deliveries last year, apartment vacancy also fell across every submarket, and another wave of elevated completions in 2025 is expected to attract more newcomers.

Population growth strengthens asset fundamentals in the suburbs. Sales activity over the last two years was highest in Central East and Southeast Las Vegas. Southern suburbs may gain additional buyer attention in 2025. Both Southeast and Southwest Las Vegas entered this year with vacancy rates below the metrowide average, with the former registering a 200-basis-point contraction in 2024. Retailer demand on this side of the metro facilitated robust asking rent gains above 10 percent last year. Strong property fundamentals here will likely attract a mix of both private and institutional buyers. Elsewhere, investors with higher risk tolerance could be attracted to assets along the resort corridor, which has new developments underway.

2025 MARKET FORECAST

+1.2%



EMPLOYMENT: Job growth in 2025 will double the previous year's, as employers add 14,000 new roles. Another strong boost to the education and health services sectors may be present in 2025.

514,000
sq. ft.



CONSTRUCTION: Completions pull back this year, raising inventory by 0.5 percent. Nearly half of the total square footage is slated to come online across North Las Vegas.

-20 bps



VACANCY: Less supply-side pressure will encourage retailers to absorb some existing unoccupied space, lowering the vacancy rate to 4.8 percent by year-end.

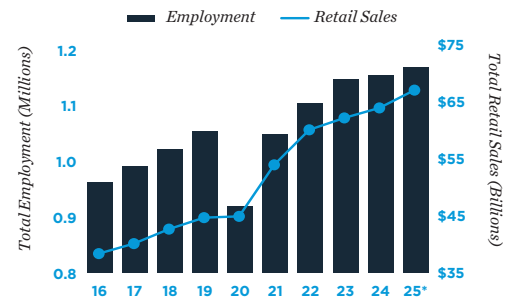
+4.0%



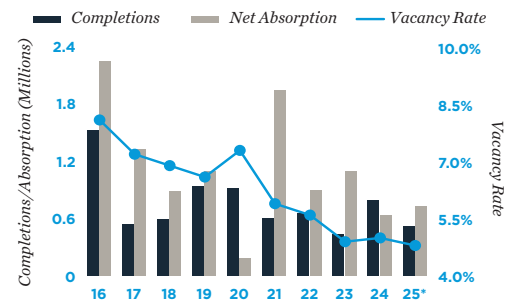
RENT: Growing population and tourism adds local consumer demand, helping to contract vacancy and lift the average asking rent to \$26.60 per square foot in 2025.

INVESTMENT: Investors may be drawn to assets in Northwest Las Vegas, where retail vacancy fell to 1.7 percent last year and rising office occupancy is poised to boost weekday foot traffic.

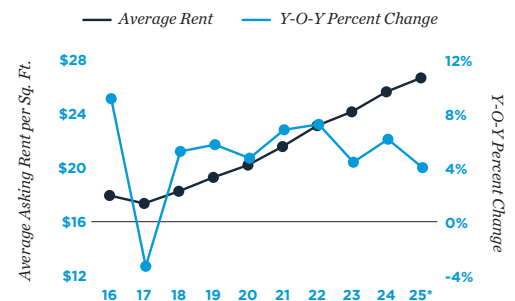
Economic Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of December 2024. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and apartment data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.