

INVESTMENT FORECAST

Office
Las Vegas Metro Area

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2025

Robust Supply Outpaces Local Leasing This Year as Firms Continue to Target Suburbs

Strong occupancy noted in metro's northern half. Las Vegas entered 2025 with the seventh-lowest vacancy rate among major U.S. markets. While an elevated delivery slate in 2025 will lift vacancy to 12.1 percent by year-end, this rate remains more than 400 basis points below the metro's historical average. Some submarkets are fairing better than others when it comes to occupancy. North and Central North Las Vegas both hold inventories over 1.5 million square feet and entered 2025 with sub-5 percent vacancy. Office spaces in the northern half of the metro benefit from proximity to professionals already living there, allowing for shorter commute times. With both submarkets well occupied, firms interested in leasing traditional office space on this side of the market will likely be directed to areas with larger inventories like Northwest Las Vegas. Here, vacancy dropped by 250 basis points in 2024, with most of the contraction occurring in the second half when leasing needs flowed over. This trend is likely to continue as the North and Central North submarkets historically receive relatively fewer supply additions.

Investor demand shift could be on the horizon. South Las Vegas has been the epicenter of local office transaction activity over the last five years. The submarket's large inventory and slightly lower price point than Southwest Las Vegas has helped to hold buyer attention during a period of constrained financing. An increase in the number of 15 million-plus deals in 2024, however, may point to the return of institutional investors. This has the potential to aid transaction velocity in Southwest Las Vegas after the submarket reported a 150-basis-point drop in vacancy last year and entered 2025 with the highest average asking rent in the metro. Meanwhile, sales activity in downtown could also accelerate if a broader return of institutional investors materializes.

2025 MARKET FORECAST

+0.7%



EMPLOYMENT: Job growth will remain weaker than the historical average as 14,000 new roles are added. Of these, a mere 1,000 positions will be added by traditionally office-using firms.

827,000
sq. ft.



CONSTRUCTION: This year's delivery slate will mark the highest in six years, expanding inventory by 1.5 percent. Nearly half of this new space will come online in Downtown Las Vegas.

+50 bps



VACANCY: Robust supply-side pressure downtown and slower overall demand this year will push vacancy to 12.1 percent. This rate, however, is still well below the pre-pandemic metric of 13.4 percent.

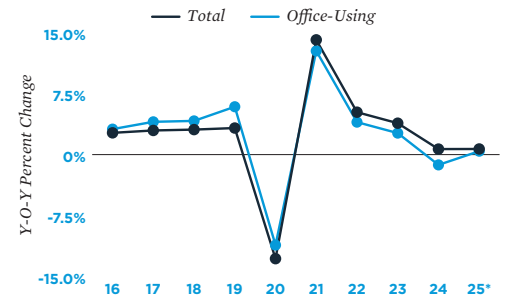
+2.9%



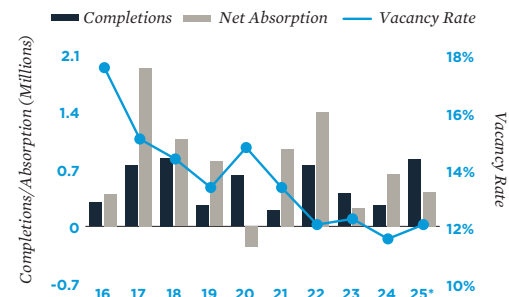
RENT: Despite slowing, rent growth is expected to closely track the pace of the past five years, with the metro's average asking rate reaching \$27.45 per square foot by year-end.

INVESTMENT: Buyers interested in medical office properties may be attracted to West and Southwest Las Vegas, where multiple retirement communities facilitate strong resident demand for nearby health services.

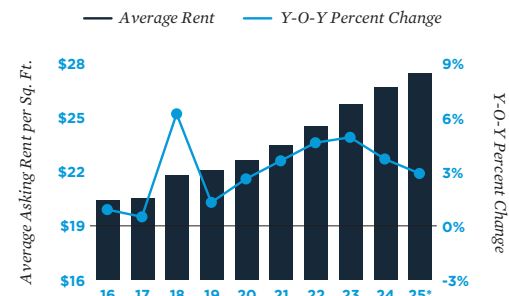
Employment Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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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.