

# Las Vegas



## Market Facts

**762,500**

Total amount of square footage under construction.

**78**

Total number of leases executed in 4Q16.

**81,000 SF**

Largest office lease signed in 4Q16.

**44**

Total office sales in 4Q16.

## Office Market Overview

While the Las Vegas office market improved slightly in 2016, it has recovered more slowly than the industrial and retail sectors. Towards the end of 2016, professional office vacancy was slightly less than 16%. By comparison, the last time professional office vacancy was below 16% was the fourth quarter of 2008. Individual submarket vacancies fluctuated throughout the year as many tenants took advantage of better locations or lease rates. Average asking lease rates for class A and B space varied little, while free rent and higher tenant improvement allowances were offered by landlords to attract new tenants. As the existing class A spaces lease up, class B and C market activity is expected to gain traction in 2017, pushing developers to propose new projects once again.

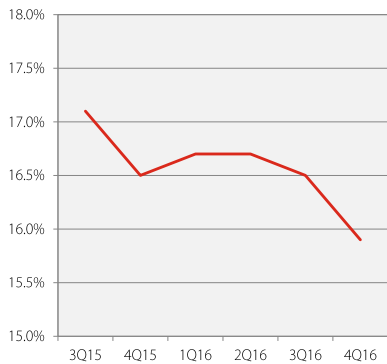
There were approximately 73 professional office leases executed in the fourth quarter of 2016. While the largest lease was 80,812 square feet, there were only 4 leases completed over 10,000 square feet, with a

majority being under 4,000 square feet. By comparison, there were approximately 71 office leases executed in the fourth quarter of 2015. The largest lease was 137,681 square feet, with a majority being under 10,000 square feet.

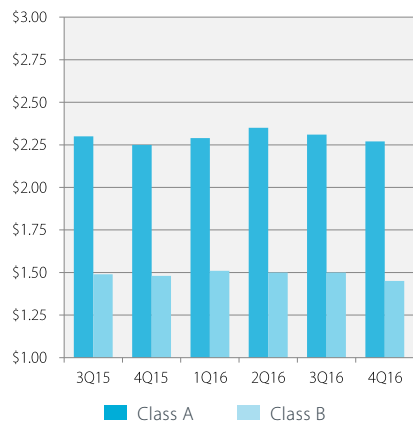
In the fourth quarter of 2016, there were approximately 66 office sales, with the largest sale being a 44,894 square foot office building located in the Northwest submarket. The total sales price was \$15,250,000. A majority of the sales that took place were under 30,000 square feet. By comparison, there were approximately 77 office sales completed in the fourth quarter of 2015. The largest sale was a 222,268 square foot office located in the Southwest submarket which sold for \$30,462,165. A majority of sales that took place in the fourth quarter of 2015 were under 20,000 square feet.

# Office Market Snapshot

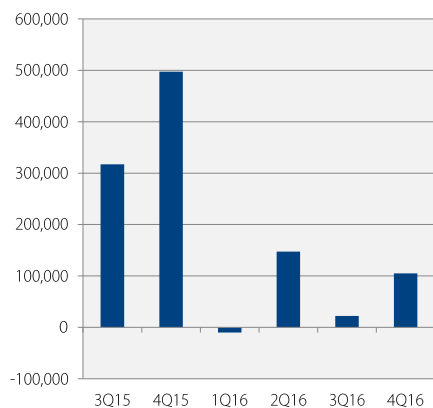
## Vacancy Rates



## Asking Rents

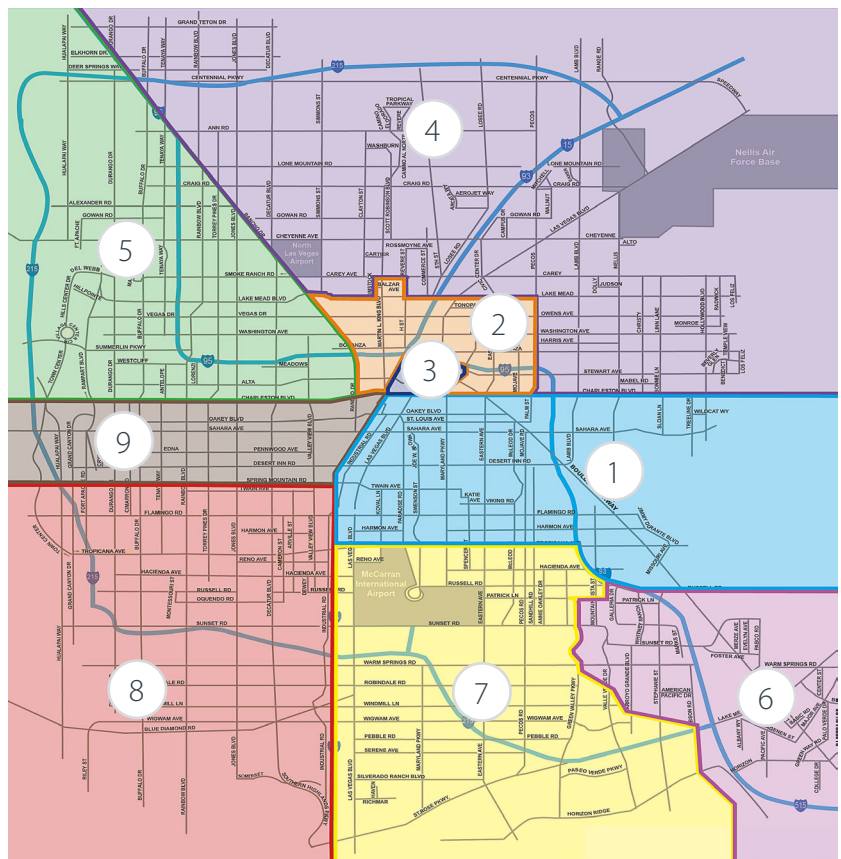


## Absorption



## Las Vegas Office Submarkets

1. Central East
2. Central North
3. Downtown
4. North Las Vegas
5. Northwest
6. Southeast
7. South
8. Southwest
9. West



## Trends to Watch



Class A Space



Absorption

As the existing class A spaces lease up, class B and C market activity is expected to gain traction in 2017, pushing developers to propose new projects once again.

While spec development has slowed down, valley-wide absorption is expected to continue to rise throughout 2017.

## Professional Office Market Indicators

Submarket	Total SF *	Vacant SF	Vacancy	Current Net Absorption	YTD Net Absorption	Under Construction	Avg. Asking Rate Class A**	Avg. Asking Rate Class B**
Central East	5,680,028	1,277,105	22.5%	113,759	82,553	14,705	\$2.35	\$1.49
Central North	1,313,651	19,448	1.5%	14,490	1,181	0	n/a	\$1.29
Downtown	4,268,615	411,389	9.6%	19,977	94,285	0	\$3.12	\$1.95
North Las Vegas	1,392,539	196,483	14.1%	8,490	(2,516)	0	n/a	\$1.31
Northwest	6,099,136	1,245,397	20.4%	12,083	(120,756)	129,476	\$2.13	\$1.46
Southeast/Henderson	851,815	105,889	12.4%	15,514	26,927	101,448	n/a	\$1.08
South	8,375,723	1,202,781	14.4%	17,070	(64,342)	76,500	\$1.98	\$1.38
Southwest	7,229,222	1,085,176	15.0%	143,455	84,948	258,732	\$2.34	\$1.64
West	5,314,011	979,019	18.4%	32,721	139,582	0	\$2.07	\$1.23
<b>Totals</b>	<b>35,921,505</b>	<b>5,693,367</b>	<b>15.8%</b>	<b>277,551</b>	<b>104,921</b>	<b>580,861</b>	<b>\$2.27</b>	<b>\$1.45</b>

\* Includes buildings over 10,000 SF

\*\* Average asking rates have been converted to FSG including CAM, janitorial and electric.

## Medical Office Market Indicators

Submarket	Total SF *	Vacant SF	Vacancy	Current Net Absorption	YTD Net Absorption	Under Construction	Avg. Asking Rate **
Central East	2,055,885	378,035	18.4%	33,132	92,306	0	\$1.34
Central North	778,912	78,265	10.0%	(6,227)	(19,449)	0	\$1.69
North Las Vegas	375,929	57,332	15.3%	15,567	(17,235)	0	\$1.31
Northwest	2,974,167	382,258	12.9%	(4,587)	(93,327)	63,639	\$1.33
Southeast/Henderson	567,303	178,227	31.4%	1,000	4,373	94,948	\$1.80
South	2,249,337	406,613	18.1%	22,777	(94,169)	0	\$1.49
Southwest	2,496,035	435,748	17.5%	(39,220)	67,742	22000	\$1.60
West	1,013,012	82,192	8.1%	(21,191)	81,816	0	\$1.09
<b>Totals</b>	<b>12,615,377</b>	<b>1,998,670</b>	<b>15.8%</b>	<b>1,251</b>	<b>18,621</b>	<b>180,587</b>	<b>\$1.47</b>

\* Includes buildings over 5,000 SF

\*\* Average asking rates have been converted to FSG including CAM, janitorial and electric.



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