

Increased leasing activity and reduced sublease space brings positive momentum heading into 2025

▼ 12.8%

Total Vacancy Rate

▲ -519K

SF YTD Direct Net Absorption

▼ \$2.63 FSG

Avg. Direct Asking Lease Rate SF/Mo

▼ 427K

SF Sublease Availability

► 0

SF Under Construction

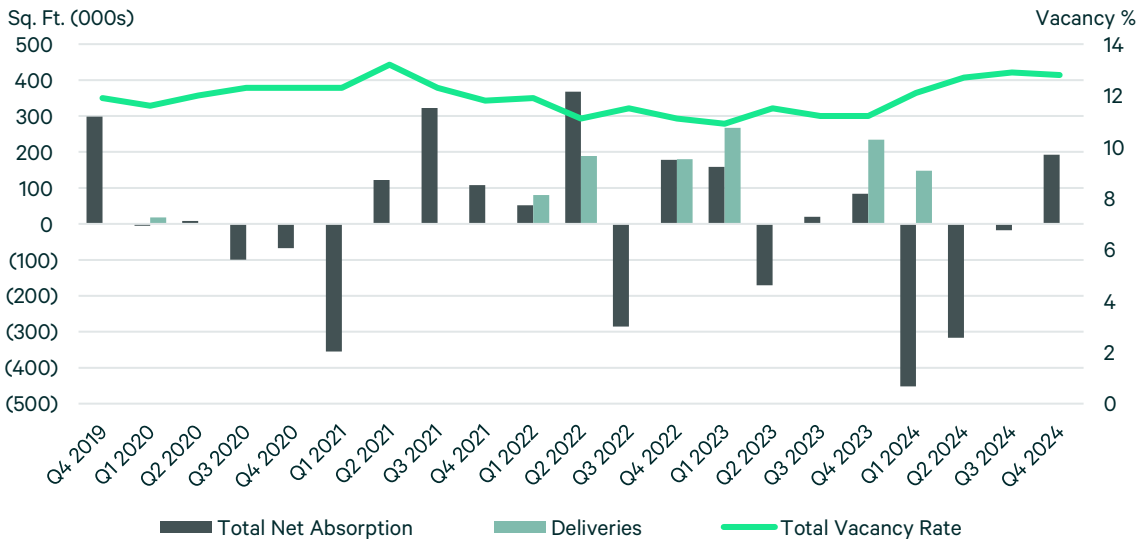
Note: Arrows indicate change from previous quarter.

MARKET OVERVIEW

Despite the challenges faced throughout the first half of 2024 year, the key take away from 2024 was the market’s ability to stabilize. The recent positive trends laid the foundation for a stronger 2025. The vacancy rate fell 10 basis-points (bps) from the previous quarter, indicating a minor decrease in unoccupied spaces. Average monthly direct asking lease rates stabilized, reaching \$2.63 FSG in Q4 2024, down from \$2.64 FSG in Q3 2024. A decrease in vacancy rates and average asking lease rates, signals that landlords are aiming to fill vacant spaces faster than in previous quarters of 2024.

Sublease availability dropped to 427,306 sq. ft. in Q4 2024 from 521,109 sq. ft. in Q3 2024, reversing the four-quarter upward trend of increased sublease space. This significant decrease in sublease availability may indicate that companies are reoccupying previously subleased spaces or that there is a higher absorption of sublease inventory. Direct net absorption remained positive for the second consecutive quarter with 79,894 sq. ft. in Q4 2024. However, total net absorption for 2024 was negative 518,602 sq. ft., highlighting the challenges faced earlier in the year.

FIGURE 1: Historical Total Absorption (SF), Deliveries (SF), and Total Vacancy (%)



Source: CBRE Research, Q4 2024

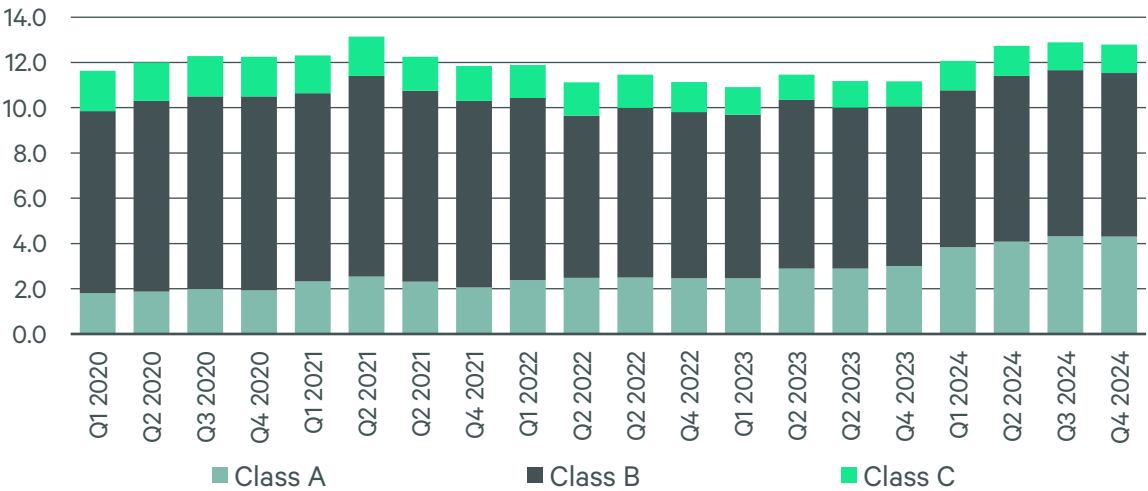
Vacancy

Over the past two years, the Las Vegas office market has experienced fluctuating vacancy rates, with a general upward trend. In Q1 2023 the direct vacancy rate was at 10.9% and has continued to rise until Q4 2024, where the direct vacancy rate decreased 10 basis-points from the previous quarter. Year-over-year, the vacancy rate has increased 170 basis-points from 11.2% in 2023 Q4, indicating a continued challenge in tenant retention and space absorption. Notably, the Central East submarket consistently exhibited the highest vacancy rates, peaking at 28.3% in Q4 2024. The continued high vacancy percentage seen in the Central East is due to Class A office space which ended 2024 at 53% vacant. Conversely, the Southwest submarket continued to maintain its below-average vacancy rate, with 7.7% in Q4 2024, down from 160 bps from the previous quarter. This trend underscores the varying demand and occupancy dynamics across different submarkets within Las Vegas.

Asking Rent

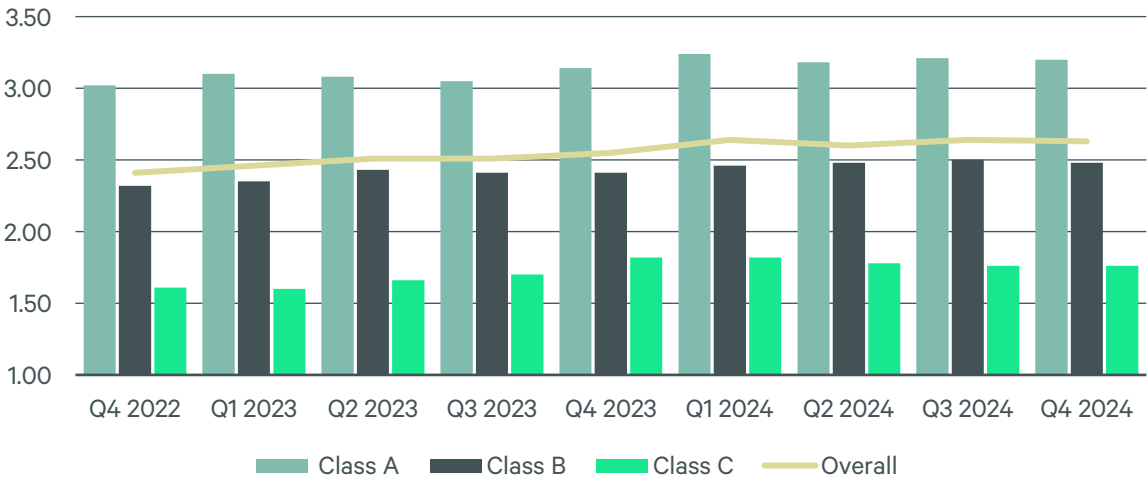
In Q4 2024, the Las Vegas office market experienced varied trends in average direct asking lease rates across its submarkets. The highest average asking lease rates were observed in the Southwest and West submarkets at \$3.01 FSG, reflecting their ongoing desirability and robust leasing activity. The Central East submarket had below-average asking lease rates at \$2.41 FSG, maintaining its position as the most cost-effective area for office space. Notably, the Southwest submarket saw the highest increase in lease rates from the previous quarter, rising 3.7% to \$3.01 in Q4 2024, due to its 133,226 sq. ft. in total net absorption. The Southwest submarket continued to see strong demand for premium office spaces. Conversely, the West submarket experienced the largest year-to-date change, with its average asking lease rate decreasing 3.2% from Q1 2024 to \$3.01 FSG in Q4 2024. This decrease is attributed to 55,295 sq. ft. of leased Class A space, leaving Class B and C spaces having a heavier impact on the average asking lease rate for the submarket.

FIGURE 2: Direct Vacancy (%) by Class



Source: CBRE Research, Q4 2024

FIGURE 3: Avg. Direct Asking Lease Rates (\$/SF/Mo FSG) by Class



Source: CBRE Research, Q4 2024

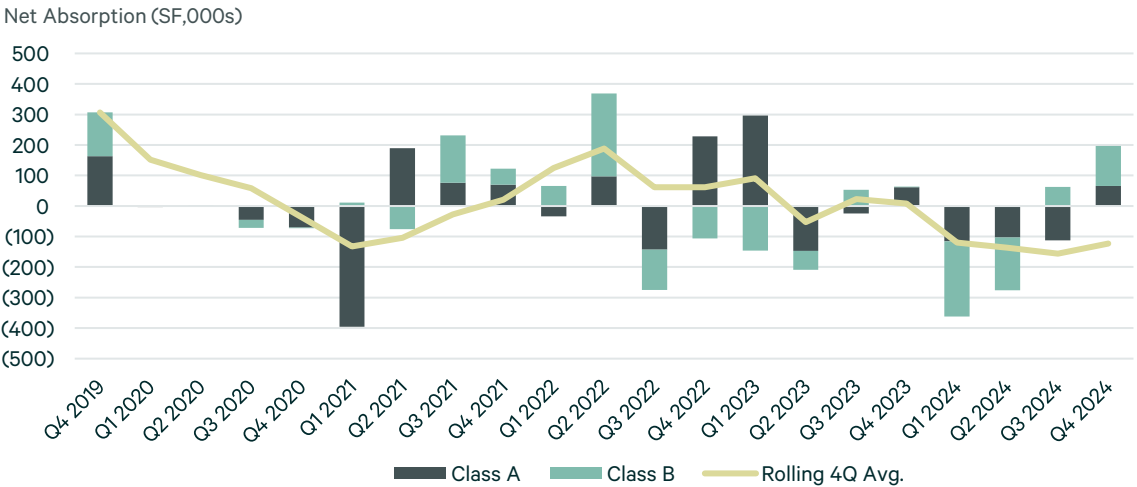
Net Absorption

After a negative first half of the year, due to the State of Nevada moving out of 136,782 sq. ft. at West Sahara Financial center in Q1 2024, coupled with Fountaineblue vacating all of 3980 Howard Hughes, moving operations on campus. Net absorption rebounded posting positive absorption in Q3 and 79,894 sq. ft. of positive net absorption in the final quarter of 2024. The year-to-date net absorption stands at a substantial negative 518,602 sq. ft., reflecting ongoing challenges in the market. Among the submarkets, the Southwest submarket showed the highest quarterly net absorption with a positive 84,413 sq. ft., followed by the West submarket at 31,585 sq. ft. Again, the Central East submarket recorded the most substantial negative quarterly net absorption at negative 33,506 sq. ft., impacting its year-to-date figure which now stands at negative 310,699 sq. ft. The Central West and Southeast submarkets also contributed to the negative trend with quarterly net absorptions of negative 20,120 sq. ft. and negative 13,208 sq. ft. These figures indicate a mixed performance across submarkets, with some showing resilience while others continue to face significant occupancy challenges.

Construction Activity

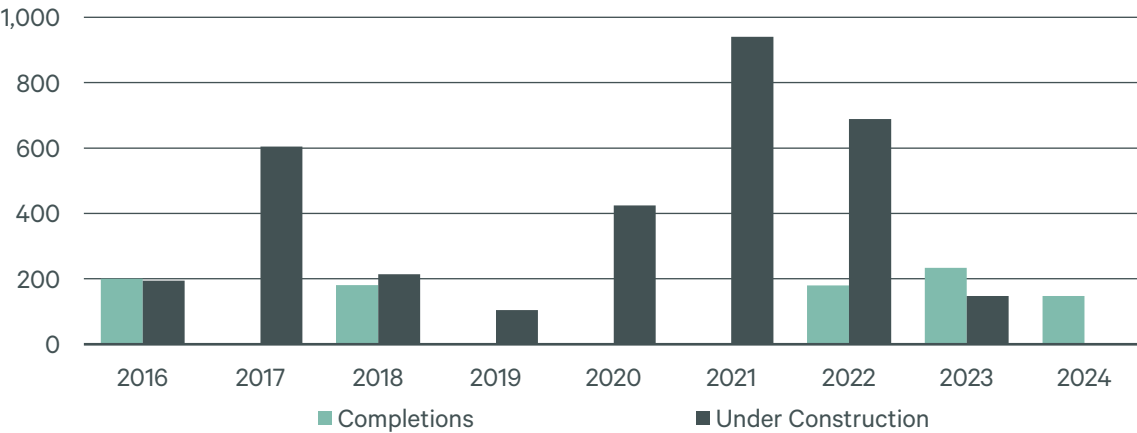
The Las Vegas office market has seen varying levels of construction activity, with notable fluctuations in both under-construction and delivered areas. 2024 brought no new buildings under construction, a stark contrast to Q3 2023 when five buildings totaling 381,602 sq. ft. were underway. The only new building completed in 2024 was 1 Meridian, which was finished in March. This lack of new construction raises questions about the market's ability to absorb the spaces vacated this year and meet the evolving needs of tenants. As the demand for office space continues to shift, the market will need to adapt to these changes, potentially leading to increased competition for existing spaces and influencing future construction decisions. The coming quarters will be crucial in determining how the Las Vegas office market balances supply and demand, ensuring that tenant requirements are met without overextending available resources.

FIGURE 4: Historical Q4 Total Net Absorption Trend (SF)



Source: CBRE Research, Q4 2024

FIGURE 5: Construction Activity (SF, 000s)

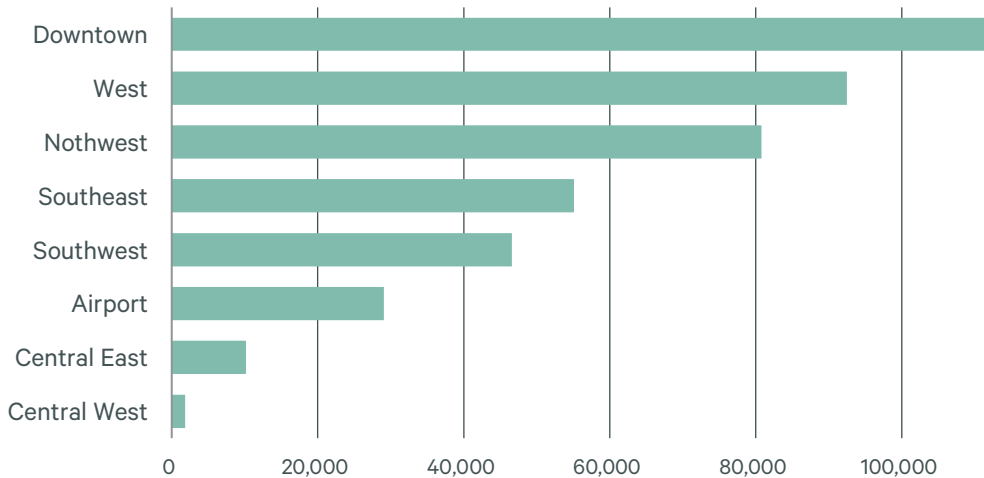


Source: CBRE Research, Q4 2024

Leasing Activity

Leasing activity in the Las Vegas office market during Q4 2024 saw a notable increase, with 523,861 sq. ft. leased across 138 transactions, marking a significant rise from the 455,317 sq. ft. leased in Q3 2024. This surge reflects strong demand, particularly in the Southwest submarket, which led with major leases such as Shield Legal leasing 36,189 sq. ft. at 5170 Badura Ave and Boldyn leasing 21,774 sq. ft. at 6775 Edmond St. Other significant leases included Eide Bailly leasing 25,636 sq. ft. at Meridian, Arthur J. Gallagher renewing their lease at 777 N Rainbow Blvd, and Regus renewing 14,304 sq. ft. at The District. Year-to-date total leased area was 2.2 million sq. ft., surpassing the 2023 leased area of 2.1 million sq. ft. However, the leasing activity in 2024 could not round out positive absorption due to the amount of new space coming to market. Remarkably, out of the 31 new leases signed over 15,000 sq. ft. in 2024, 11 of them came in Q4 2024. Sublease space saw a decline of 93,803 sq. ft., which is beneficial for the market because it indicates a reduction in excess supply, leading to a more balanced market. This decline in sublease space can also signal increased confidence among tenants, as fewer companies are looking to offload their leased spaces.

FIGURE 7: Sublease Availability by Submarket (SF)



Source: CBRE Research, Q4 2024

FIGURE 6: Leasing Volume by Class (SF, 000s)



Source: CBRE Research, Q4 2024

FIGURE 8: Notable Q4 2024 Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Shield Legal	36,189	New Lease	5170 Badura Ave	Southwest
Eide Bailly	25,636	New Lease	1 Meridian Vista Dr	West
Arthur J. Gallagher	24,818	Renewal	777 N Rainbow Blvd	West
Boldyn	21,774	New Lease	6775 Edmond St	Southwest
New Horizon Medical Solutions	19,783	New Lease	8395 W Sunset Rd	Southwest
Lewis and Roca	17,633	New Lease	8488 Rozita Lee Dr	Southwest
Regus	14,304	Renewal	120-170 S Green Valley Pkwy	Southeast
Acesso Biologics	12,866	Sublease	1980 Festival Plaza Dr	West
Access to Healthcare Network	11,799	New Lease	4000-4040 S Eastern Ave	Central East

Source: CBRE Research, Q4 2024

Market Statistics Index

Class A	Property Count	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability (SF)	Sublease Availability (SF)	Avg. Direct Asking Rate (SF/Mo FSG)	QTD Direct Net Absorption	YTD Direct Net Absorption	Δ YOY Avg. Direct Asking Rate
Airport	9	932,231	14.5	18.8	155,774	19,529	\$3.40	10,571	(54,945)	▲ \$0.30
Central East	9	1,377,821	53.1	54.5	749,909	1,528	\$2.94	(35,102)	(198,131)	► \$0.00
Central West	1	157,624	-	-	-	-	-	-	31,792	► -
Downtown	4	775,006	10.5	24.1	82,756	104,406	\$2.85	-	10,202	▲ \$0.53
Northwest	1	163,682	20.9	57.9	34,131	60,636	\$3.05	-	(30,295)	▲ \$0.10
Southeast	6	429,215	6.6	8.0	28,525	5,945	\$3.09	(2,073)	(12,184)	▲ \$0.01
Southwest	14	1,714,925	13.0	18.1	276,107	34,694	\$3.36	20,400	47,940	▼ \$0.54
West	15	1,526,514	21.2	22.6	324,712	19,728	\$3.69	27,837	61,923	▲ \$0.12
Total	59	7,077,018	22.0	26.8	1,651,914	246,466	\$3.20	21,633	(143,698)	▲ \$0.06

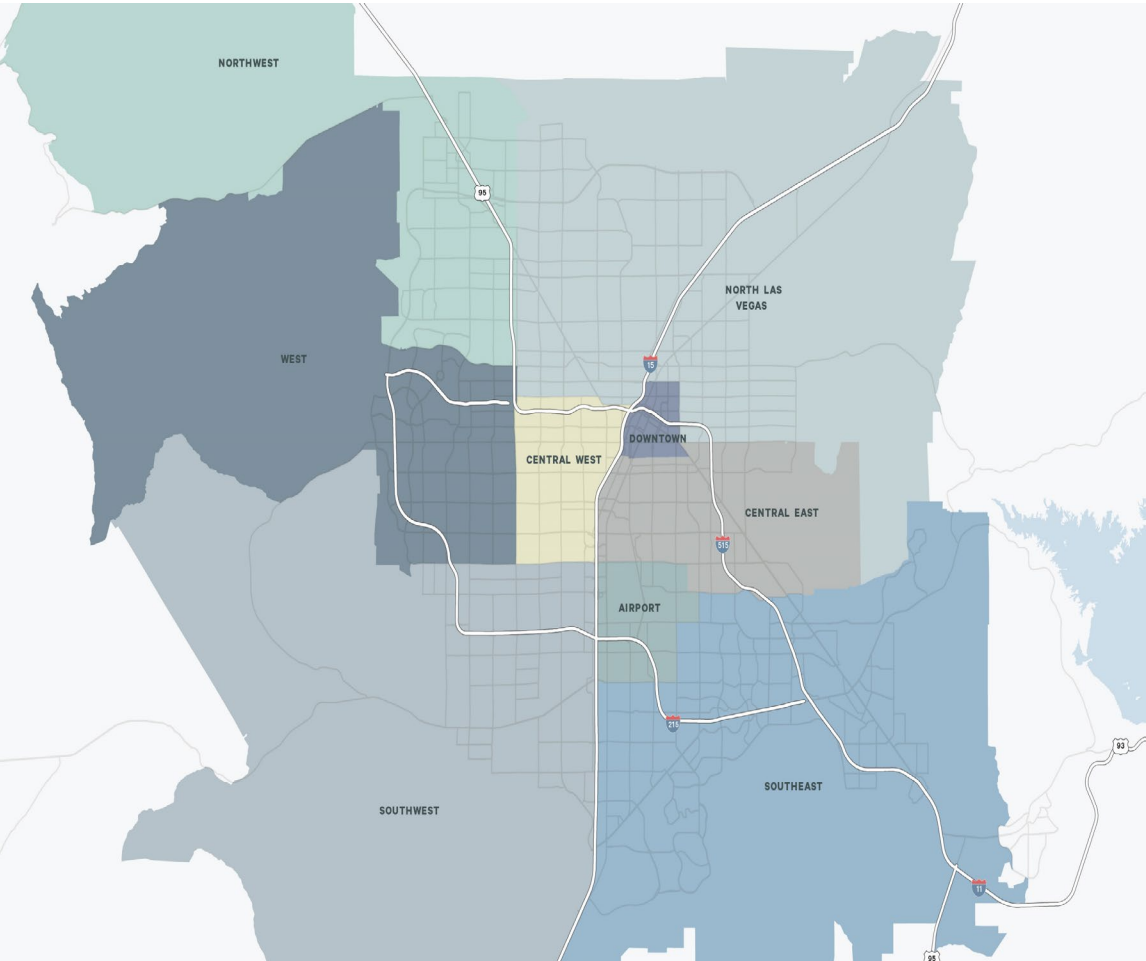
Class B	Property Count	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability (SF)	Sublease Availability (SF)	Avg. Direct Asking Rate (SF/Mo FSG)	QTD Direct Net Absorption	YTD Direct Net Absorption	Δ YOY Avg. Direct Asking Rate
Airport	85	2,480,593	8.1	9.5	226,820	9,536	\$2.47	(1,301)	(115,542)	▼ \$0.13
Central East	30	1,398,129	17.5	18.1	244,690	8,630	\$1.95	8,157	1,627	▲ \$0.05
Central West	93	2,969,710	14.0	15.2	449,576	1,822	\$2.48	(22,742)	(223,795)	▲ \$0.47
Downtown	18	926,175	22.8	29.4	265,433	6,879	\$2.23	15,798	2,258	▼ \$0.03
North Las Vegas	51	1,097,735	2.2	2.4	25,912	-	\$2.12	(690)	(42)	▼ \$0.15
Northwest	51	1,506,550	21.8	24.1	342,726	20,140	\$2.63	7,256	26,510	▲ \$0.09
Southeast	231	5,283,526	11.9	15.6	773,181	49,170	\$2.53	(11,135)	(52,065)	▲ \$0.06
Southwest	153	3,569,971	5.2	6.5	220,412	11,906	\$2.69	62,885	89,967	▼ \$0.02
West	239	6,060,689	6.1	9.8	523,751	72,757	\$2.61	4,723	(1,519)	▼ \$0.05
Total	951	25,293,078	10.3	12.9	3,072,501	180,840	\$2.48	62,951	(272,601)	▲ \$0.07

Market Statistics Index

Las Vegas	Property Count	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (SF)	Sublease Availability (SF)	Avg. Direct Asking Rate (SF/Mo FSG)	QTD Direct Net Absorption	YTD Direct Net Absorption	Δ YOY Avg. Direct Asking Rate
Airport	102	3,639,549	10.1	12.3	418,074	29,065	\$2.76	9,733	(167,092)	▲ \$0.14
Central East	82	4,676,810	28.3	29.9	1,388,813	10,158	\$2.41	(33,506)	(310,699)	▼ \$0.02
Central West	130	4,173,254	10.8	11.7	484,625	1,822	\$2.45	(20,120)	(181,523)	▲ \$0.45
Downtown	40	2,064,113	15.5	23.6	376,620	111,285	\$2.35	14,431	19,347	▲ \$0.08
North Las Vegas	54	1,124,849	2.2	2.3	25,912	-	\$2.12	(690)	(42)	▼ \$0.15
Northwest	52	1,670,232	21.7	27.4	376,857	80,776	\$2.67	7,256	(3,785)	▲ \$0.12
Southeast	240	5,737,784	11.5	14.9	801,706	55,115	\$2.55	(13,208)	(64,249)	▲ \$0.06
Southwest	169	5,326,439	7.7	10.3	503,942	46,600	\$3.01	84,413	133,226	▼ \$0.28
West	258	7,706,247	9.1	12.3	858,140	92,485	\$3.01	31,585	56,215	▲ \$0.08
Total	1,127	36,119,277	12.8	15.7	5,234,689	427,306	\$2.63	79,894	(518,602)	▲ \$0.08

Las Vegas Historical	Property Count	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (SF)	Sublease Availability (SF)	Avg. Direct Asking Rate (SF/Mo FSG)	QTD Direct Net Absorption	YTD Direct Net Absorption	Δ YOY Avg. Direct Asking Rate
Q3 2024	1,138	36,482,976	12.9	16.0	5,326,192	521,109	\$2.64	17,286	(607,131)	▲ \$0.13
Q2 2024	1,141	36,698,669	12.7	15.9	5,442,556	395,729	\$2.60	(291,132)	(635,694)	▲ \$0.09
Q1 2024	1,141	36,729,854	12.1	15.0	5,136,039	375,421	\$2.64	(344,562)	(344,562)	▲ \$0.18
Q4 2023	1,139	36,795,905	11.2	13.7	4,731,0314	326,906	\$2.55	54,253	108,707	▲ \$0.14
Trailing 4Q Average			12.2	15.2	5,158,955	404,791	\$2.61	(141,039)	(369,670)	▲ \$0.14

Market Area Overview



CBRE Office

Las Vegas

8548 Rozita Lee Ave., Ste. 200
Las Vegas, NV 89113
www.cbre.com/lasvegas

Survey Criteria

The Las Vegas office dataset Includes all office buildings that are greater than or equal to 10,000 sq. ft. across 9 submarkets (within the Downtown and Suburban areas) excluding owner-user/single tenancy and government-owned. Medical/MOB is tracked separately. Buildings that have begun construction are evidenced by site excavation or foundation work.

Methodology

Positive absorption is based on the date the lease is signed. Achieved lease rates are calculated from base monthly rent for transacted deals, weighted by size/SF of deal. Sublease availability is considered occupied. Lease activity is the sum of the square footage of leases signed during a designated period.

Disclaimer

Please note that recent adjustments and property reclassification efforts in our database may have resulted in changes to historical report numbers. We continuously update our data to reflect these changes. Please refer to the most recent publications for the most up-to-date market information.

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