Office vacancy falls below 12.0% for first time in three years

▼11.9%	▼ 8,000	▶ 0	▲ 208,000	▼ $2.56
Vacancy Rate	SF Net Absorption	SF Construction Delivered	SF Under Construction	FSG/MTH Direct Lease Rate

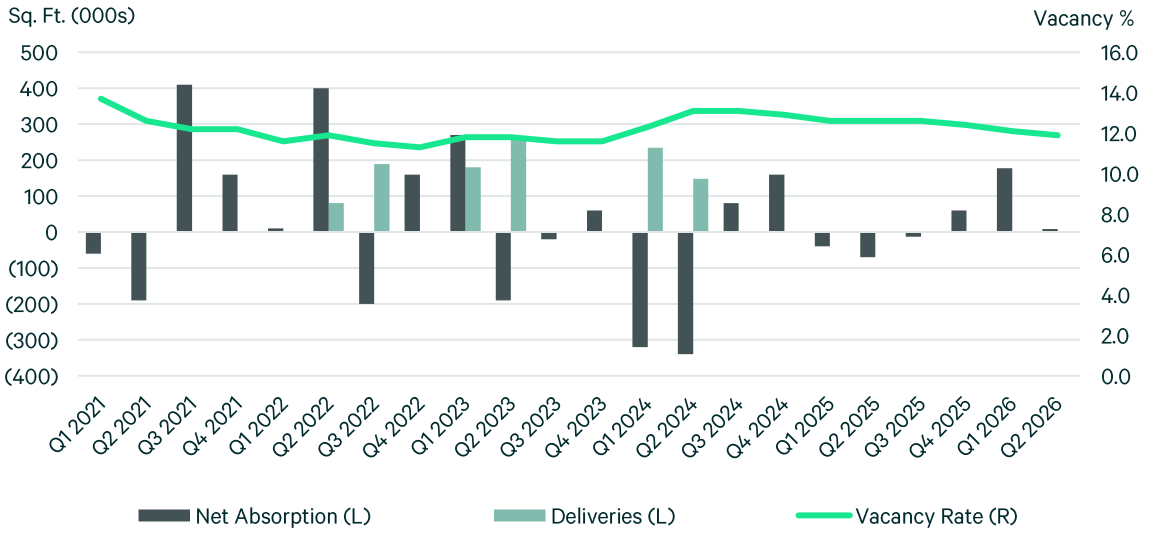
Note: Arrows indicate change from previous quarter.

Market Overview

The Las Vegas office market remained relatively stable in Q2 2026 as vacancy declined for the fourth consecutive quarter, reaching 11.9%, down 20 basis points (bps) from 12.1% in Q1 2026 and 80 bps below the 12.7% recorded one year ago. This marked the first sub-12.0% vacancy rate since Q4 2023 and continued a gradual tightening trend that has emerged since early 2024. Despite modest occupancy gains during the quarter, limited new supply and ongoing tenant movement into higher-quality space continued to support lower vacancy levels.

Net absorption totaled approximately 8,000 sq. ft. in Q2 2026, a slowdown from the strong 170,000 sq. ft. recorded in Q1 2026. Despite the modest quarterly figure, year-to-date absorption reached approximately 177,000 sq. ft., representing one of the strongest first-half performances in recent years and a meaningful improvement from the approximately 57,000 sq. ft. of negative absorption recorded in Q2 2025. Average direct asking rents ended the quarter at $2.56 per sq. ft. per month FSG, essentially unchanged from recent quarters. While occupancy growth has remained moderate over the past several years, rents have continued to trend upward, reflecting persistent supply constraints and limited availability of high-quality office space across preferred submarkets.

Figure 1: Historical Net Absorption (SF), Deliveries (SF), and Vacancy (%)



Source: CBRE Research, Q2 2026

Vacancy

The Las Vegas office market tightened further in Q2 2026, with vacancy declining to 11.9%. This represented a 20-bps decrease from Q1 2026 and an 80-bps decline from Q2 2025. The market has now returned to vacancy levels not seen in three years and appears to be stabilizing within a narrow range after the elevated volatility experienced during and immediately following the pandemic. While further quarters will determine whether tightening continues, current conditions suggest the market has largely worked through its post-pandemic occupancy adjustments.

Vacancy trends varied by asset class. Class A vacancy declined from 16.7% to 15.7%, a significant 100-bps improvement quarter-over-quarter, driven by continued absorption in higher-quality properties. In contrast, Class B vacancy increased slightly from 9.7% to 9.8%, indicating that tenant demand remained concentrated in newer and more functional space. Importantly, elevated Class A vacancy continues to be disproportionately influenced by large blocks of vacant space within the Hughes Center in the Central East submarket, where vacancy reached 29.9%. As these vacancies are tied primarily to ownership and financial circumstances rather than underlying market weakness, they remain somewhat disconnected from broader leasing fundamentals. Excluding Central East, vacancy remained notably limited across the valley, particularly in the Southwest and West submarkets, which recorded vacancy rates of 4.0% and 6.4%, respectively.

Asking Rent

Average direct asking rents across the Las Vegas office market ended Q2 2026 at $2.56 per sq. ft. per month FSG, a marginal decline of $0.01 from Q1 2026 and $0.06 below Q2 2025. Despite little change in recent quarters, pricing remained near historic highs and continued to reflect the scarcity of well-located, high-quality office inventory.

Over the longer term, rents have demonstrated considerable resilience. Average asking rents increased from approximately $2.08 per sq. ft. per month FSG in Q1 2020 to the current range of roughly $2.50 to $2.60, despite only modest net occupancy growth during that period. This trend suggests that supply limitations and ongoing flight-to-quality dynamics have supported pricing power even as overall demand has remained relatively stable. By asset class, Class A rents have increased from $3.02 to $3.07 per sq. ft. per month FSG quarter-over-quarter, while Class B rents remained essentially unchanged at $2.46. The Southwest continued to command the highest asking rents in the market at $3.09 per sq. ft. per month FSG, supported by extremely limited availability and sustained tenant preference. Downtown and North Las Vegas remained the most affordable submarkets, each averaging $2.24 per sq. ft. per month FSG.

Figure 2: Vacancy Rate (%) by Class

Source: CBRE Research, Q2 2026

Figure 3: Average Direct Asking Rate ($/SF/Mo FSG) by Class

Source: CBRE Research, Q2 2026

Net Absorption

The Las Vegas office market recorded approximately 8,000 sq. ft. of positive net absorption in Q2 2026, following the strong 170,000 sq. ft. absorbed during Q1 2026. While occupancy gains moderated quarter-over-quarter, the market remained firmly positive on a year-to-date basis, with approximately 177,000 sq. ft. absorbed during the first half of 2026. This compares favorably to the approximately 57,000 sq. ft. of negative absorption recorded during Q2 2025 and indicates that overall market performance remains substantially stronger than one year ago.

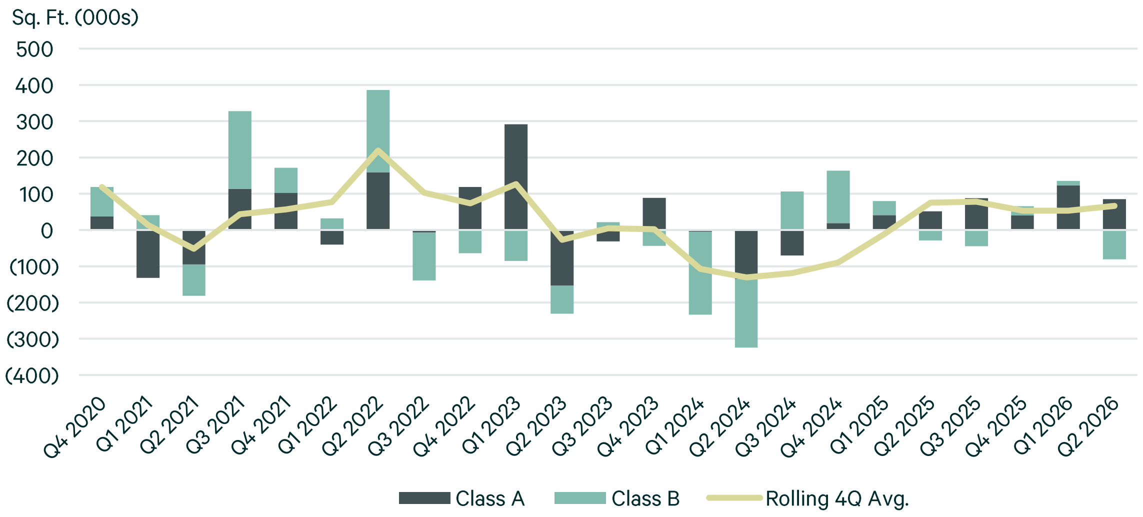
Despite modest net absorption during the quarter, underlying tenant movement remained active. Class A properties recorded approximately 85,000 sq. ft. of positive absorption, while Class B properties posted approximately 81,000 sq. ft. of negative absorption, highlighting continued migration toward higher-quality space. Performance varied considerably across submarkets, reflecting ongoing tenant repositioning within the market rather than broad-based demand growth. The Southwest led the market with approximately 46,000 sq. ft. of positive absorption, followed by Downtown with approximately 36,000 sq. ft. Conversely, the West submarket recorded approximately 46,000 sq. ft. of negative absorption after posting exceptionally strong gains during Q1 2026. While overall net absorption was limited, occupancy trends continued to be shaped by tenants relocating into preferred locations and higher-quality product.

Construction Activity

Construction activity resumed in Q2 2026 with the groundbreaking of Halo Tower, a 208,000-sq.-ft. Class A office project located near Interstate 215 and Sunset Road in the Southwest submarket. The project represents the first major construction start in Las Vegas since Q1 2023 and reflects improving feasibility for select projects in supply-constrained submarkets.

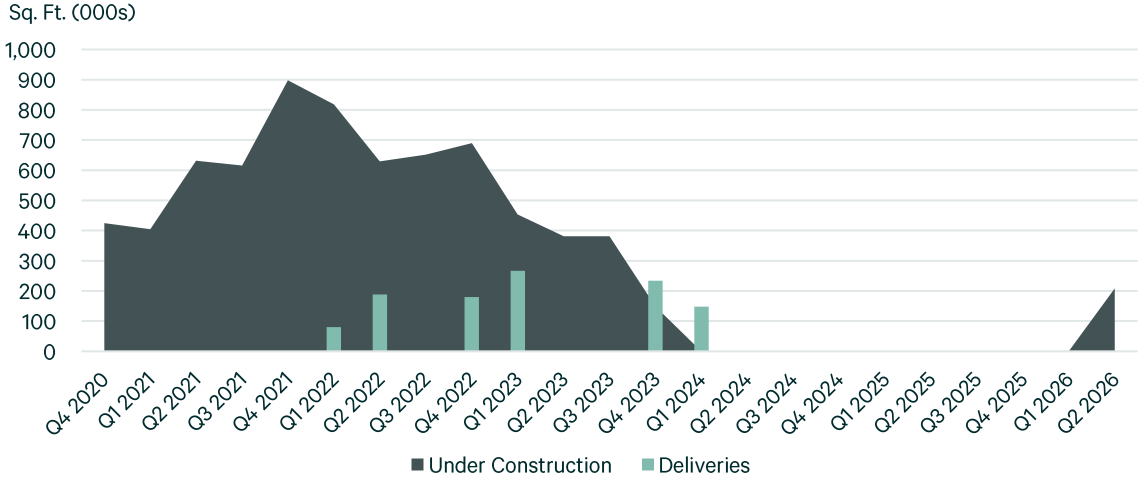
Despite the milestone, a single project is unlikely to materially alter broader market fundamentals in the near term. New office development remains constrained by elevated construction costs, financing challenges, and significant pre-leasing requirements. As a result, supply additions continue to lag tenant demand for high-quality, well-located space. The Southwest's combination of low vacancy, strong rent growth, and limited development opportunities continues to make it one of the region's most supply-constrained office submarkets. The start of Halo Tower may help expand future Class A options, but meaningful relief for occupiers seeking premium space will likely remain limited over the near term.

Figure 4: Net Absorption (SF) Trend



Source: CBRE Research, Q2 2026

Figure 5: Construction (SF) Activity



Source: CBRE Research, Q2 2026

Leasing Activity

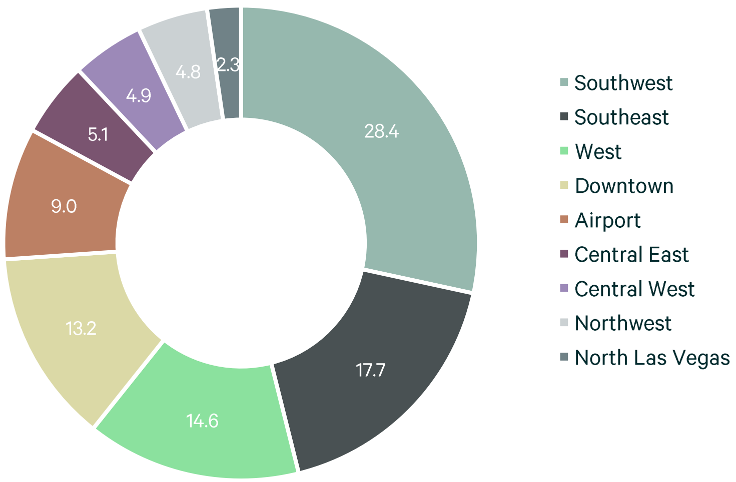
Leasing activity totaled approximately 420,000 sq. ft. in Q2 2026, down from roughly 560,000 sq. ft. in Q1 2026 and approximately 600,000 sq. ft. in Q2 2025. The quarter-over-quarter decline was driven primarily by reduced Class B leasing volume, which fell from approximately 360,000 sq. ft. to 230,000 sq. ft. Despite the slowdown, leasing activity remained consistent with the market's broader trend of measured tenant decision-making rather than widespread expansion. Occupiers continued to prioritize efficiency, location, and building quality, resulting in demand concentrating within a relatively small portion of the inventory base.

Class A leasing activity increased modestly to approximately 180,000 sq. ft., up from 170,000 sq. ft. in Q1 2026, while Class B activity declined substantially and Class C leasing remained limited at approximately 10,000 sq. ft. The increase in Class A leasing alongside positive Class A absorption and tightening Class A vacancy reinforces the market's ongoing flight-to-quality trend. Although overall leasing volume moderated, the market continued to generate occupancy gains in desirable properties and submarkets. This dynamic continued to support occupancy gains in well-located, functional properties where available options remained limited.

Figure 6: Leasing Activity (SF) Trend

Source: CBRE Research, Q2 2026

Figure 7: Leasing by Submarket (% of Total Activity)



Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
PN II	25,000	Renewal	7150 7255 S Tenaya Way	Southwest
Century Communities of Nevada	13,324	Renewal	6325 6345 S Jones Blvd	Southwest
Mike Ferry Organization	12,503	New Lease	7150 7255 S Tenaya Way	Southwest
Zarminali Health	11,941	Renewal	871 Coronado Ctr Dr	Southeast
Sedgwick Claims Management	11,839	Renewal	9930 W Cheyenne Ave	Northwest
Messner Reeves	11,777	New Lease	6385 S Rainbow Blvd	Southwest
Ces Power	10,708	New Lease	201 S Las Vegas Blvd	Downtown

Source: CBRE Research, Q2 2026

Market Statistics by District

Figure 9

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/Mo)	Class A Asking Rent ($/SF FSG/Mo)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Under Construction (SF)
Airport	3.20	7.4	7.8	7.8	0.0	2.58	3.58	(22,000)	21,000	-
Central East	5.51	29.9	30.1	29.5	0.6	2.39	3.01	4,000	10,000	-
Central West	5.08	12.5	12.9	12.8	0.1	2.29	-	(10,000)	17,000	-
Downtown	2.13	14.7	17.3	14.2	3.1	2.24	2.42	36,000	40,000	-
North Las Vegas	1.24	8.4	9.5	9.5	-	2.24	-	(3,000)	(6,000)	-
Northwest	2.35	15.9	17.2	15.9	1.3	2.68	3.18	(23,000)	(37,000)	-
Southeast	7.06	10.5	11.8	11.2	0.5	2.69	3.01	27,000	37,000	-
Southwest	5.90	4.0	5.8	5.5	0.3	3.09	3.32	46,000	66,000	208,000
West	7.81	6.4	8.3	7.1	1.2	2.99	3.50	(46,000)	29,000	-
Total	**40.27**	**11.9**	**13.1**	**12.4**	**0.7**	**2.56**	**3.07**	**8,000**	**177,000**	**208,000**

Source: CBRE Research, Q2 2026

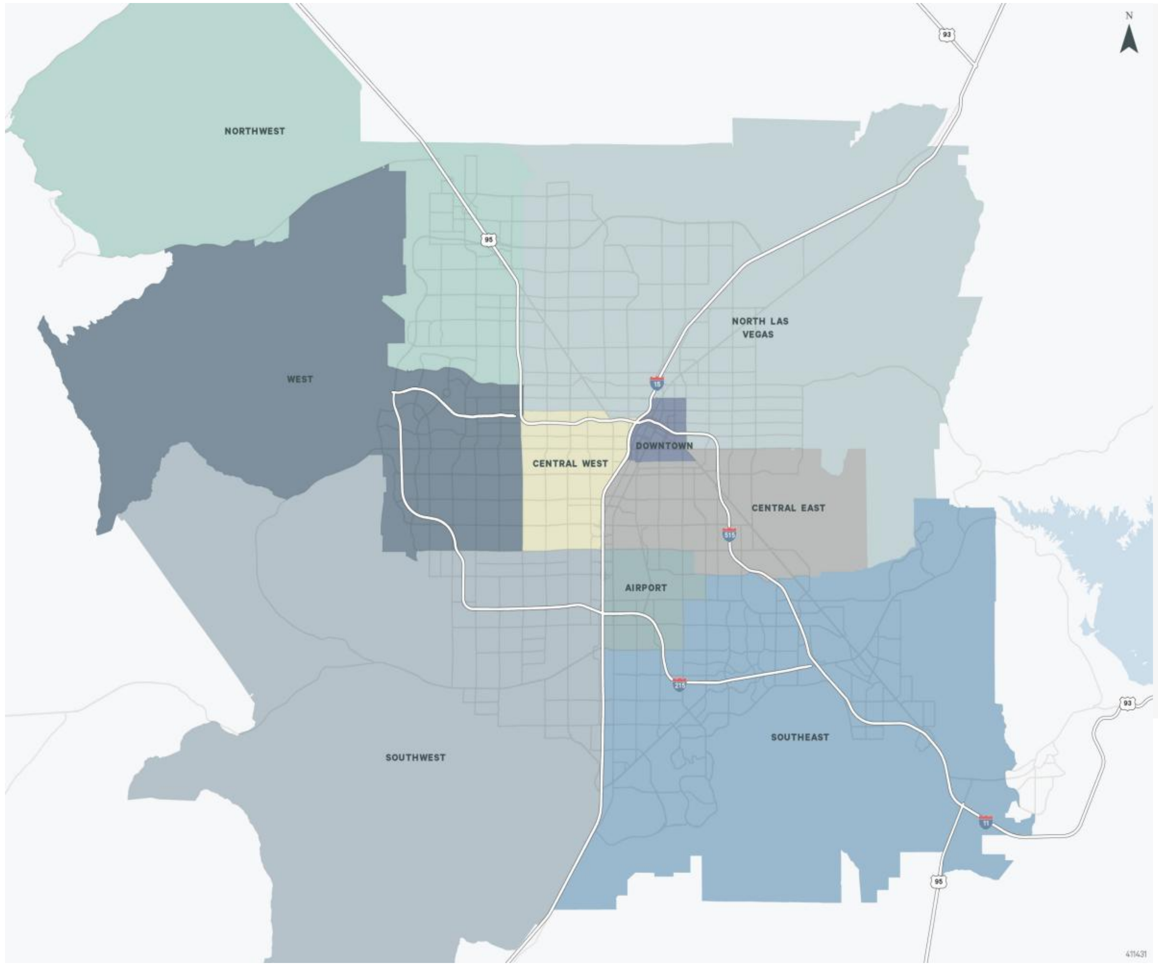
Market Statistics by Class

Figure 10

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/Mo)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Under Construction (SF)
Class A	9.81	15.7	17.5	16.3	1.2	3.07	85,000	208,000	208,000
Class B	25.91	9.8	10.9	10.3	0.6	2.46	(81,000)	(69,000)	-
Class C	4.55	15.6	15.9	15.9	-	1.69	4,000	38,000	-
Total	**40.27**	**11.9**	**13.1**	**12.4**	**0.7**	**2.56**	**8,000**	**177,000**	**208,000**

Source: CBRE Research, Q2 2026

Market Area Overview



CBRE Office

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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. 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

The market area covered in this, and future reports include mixed-use and professional properties. Additionally, statistical metrics are based on data for general office properties of 10,000 sq. ft. or greater, including mixed-use office properties.

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