

	YoY Chg	12-Mo. Forecast
13.5% Vacancy Rate	▲	▲
-246K Net Absorption, SF	▼	▼
\$2.05 Asking Rent, PSF	▬	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2021

	YoY Chg	12-Mo. Forecast
908.6K Las Vegas Employment	▼	▲
9.8% Las Vegas Unemployment Rate	▲	▼
6.0% U.S. Unemployment Rate	▲	▼

Source: BLS

ECONOMIC OVERVIEW

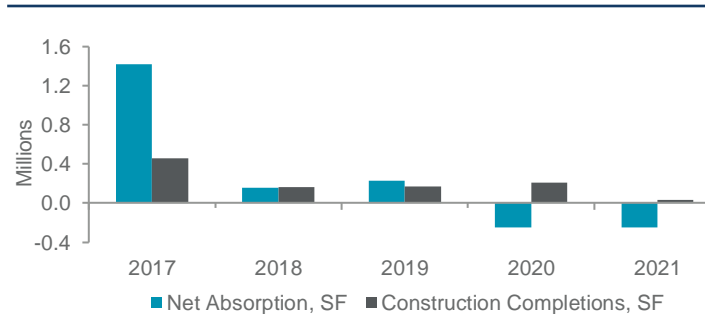
The Las Vegas employment market has been significantly impacted by COVID-19 stay-at-home orders, resulting in loss of 145,100 jobs or -13.8% year-over-year (YOY) through February 2021. Of the 145,100 jobs lost, 95,600 (-32.7% YOY) or 66% of losses were in the leisure and hospitality sector. Professional and business services sector lost 25,400 jobs (-16.3% YOY) or 18% of total jobs lost. During the same time, the monthly unemployment rate increased from 3.9% last year to 9.3% and is currently 50 basis points (bps) below the Q1 2021 quarterly average of 9.8%.¹ All employment sectors are expected to grow at a combined rate of 2.7% in 2021 and 7.2% in 2022. Las Vegas's economy of \$107.1 billion as measured by gross regional product is forecasted to grow 4.8% in 2021 and 10.9% in 2022, above its 10-year average of 1.4%.²

SUPPLY AND DEMAND

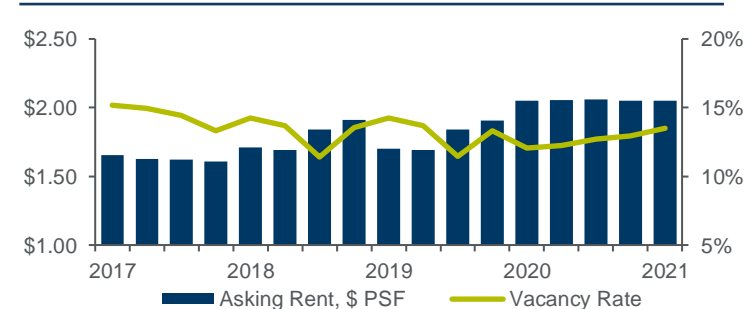
Vacancy, including sublease, increased 50 bps from last quarter and 150 bps from last year to 13.5% in Q1 2021. The current vacancy rate is 30 bps below the five-year quarterly average of 13.8%. Vacancy rates remain the lowest in the Central North (9.3%) and North Las Vegas (9.3%) submarkets and the highest in Central East (19.7%) and Downtown (16.2%) submarkets. Southern Nevada's office market entered negative occupancy gains territory in Q3 2020 and unfortunately has remained there in Q1 2021. Tenants returned space across all submarkets and all classes during the quarter, with the most space returned to South, West and Northwest submarkets. In Q1 2021, The Peaks Corporate Park was delivered, totaling 35,000 square feet (sf) across three buildings, located on W. Flamingo Rd. in Southwest submarket. Tenants occupied 25,000 sf upon completion with the remaining space already pre-leased. Additionally, sublease activity has increased since this time last year, as tenants across the market re-evaluate space requirements. As of Q1 2021, sublease vacancy stands at 0.5% (231,855 sf) compared to 0.3% (140,928 sf) a year ago. As large companies seek to decentralize from major metros, Las Vegas is uniquely positioned to fill the void for office space with a combination of projects in the construction pipeline and available sublease space with attractive pricing.

Tenants leased 1.7 million square feet (msf) in 2020 combined across 322 deals of which 1.2 msf (229 deals) were new leases and 498,000 (93 deals) were renewals. This activity will boost future absorption as tenants occupy their space in 2021. Large deals remain shelved, as executives reset their real estate strategy. Leasing activity remained moderate in Q1 2021 at 213,038 sf (41 deals), including renewals, compared to 351,400 (61 deals) in Q4 2020 and 598,200 (103 deals) in Q1 2020. Three submarkets combined accounted for 172,400 sf or 81% of space leased in Q1 2021: Northwest (35%), South (29%) and Southwest (17%). Class A leasing (18 deals) accounted for the majority or 122,400 sf (57%) leased in Q1 2021, followed by Class B (12 deals) at 61,572 sf (29%) and Class C (11 deals) at 29,066 sf (14%).

SPACE DEMAND / DELIVERIES



OVERALL VACANCY / ASKING RENT



LAS VEGAS

Office Q1 2021



PRICING

The average asking rent for all classes combined of \$2.05 per square foot (psf) on a monthly full-service basis remained unchanged from last quarter and a year ago. Class A average monthly asking rent increased slightly per or +0.4% quarter-over-quarter (QOQ) to \$2.50 yet decreased 0.2% YOY. Additionally, average Class B rent increased 1.0% QOQ and 1.9% YOY to \$2.12. The Downtown submarket still commands the highest average rental rate at \$2.41 per month despite a -5.9% YOY decrease, followed by the Southwest submarket (\$2.36) where average rent grew 2.2% YOY. The average rental rate of \$1.86 in the West submarket recorded the highest YOY gains of 4.5%, followed by South (+3.9% YOY).

FUTURE INVENTORY

The Las Vegas office market currently has eight properties under construction, totaling 385,042 sf. All are speculative developments located in Southwest submarket. These projects are 10% pre-leased as of Q1 2021. Several highly anticipated office projects remain in the pipeline, including UnCommons, Narrative and Axiom. These three projects combined will add 335,600 sf of Class A office space to the Southern Nevada's office market. Between these upcoming projects and the wealth of attractive sublease space on the market, occupiers will have a plethora of choices when it comes to high-end office space in Las Vegas. Additionally, there are 35 proposed projects, totaling 2.5 msf, across all classes. Tenants and landlords continue to seek space in the South and Southwest submarkets, with 71% of the proposed inventory expected in these submarkets.

SALES ACTIVITY

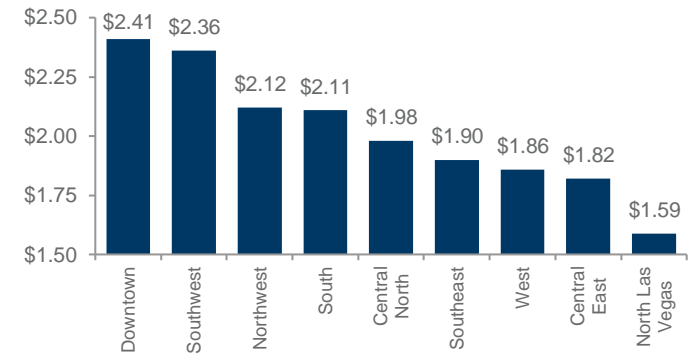
The Las Vegas office market recorded nearly \$43 million in sales activity across eight properties and 156,200 sf in Q1 2021 compared to \$114 million across 12 properties in Q4 2020 and \$121 million across 14 properties in Q1 2020. Average price psf held steady at \$195 in Q1 2021 compared to a 2020 quarterly average of \$196. Average cap rate was 5.4% in Q1 2021 compared to a 2020 quarterly average of 7.0%. The leading buyers of office properties in Q1 2021 were private investors (100% vs. 79% in 2020). Private sellers accounted for 100% of activity (mirroring the 70% in 2020).³

Sources: ¹www.bls.gov ²GDP as of 2020. (f) by Moody's Analytics economy.com 3/2021 ³RCA.

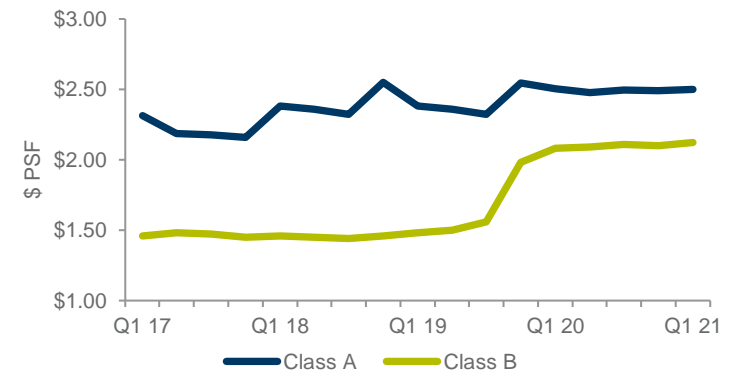
OUTLOOK

- Active tenant requirements currently are at 3.0 msf. Tenant demand waned due the COVID-19-related slowdown, with an estimated one third tenant requirements experiencing some sort of hold. However, one year into the pandemic, occupiers better understand their needs and should seek to take advantage of the plethora of space available across Las Vegas. While not all of the current tenants in the market will transact in the short term, these levels provide a barometer to leasing activity in quarters to follow.
- Despite a temporary negative absorption due to pandemic across the market over the last three quarters, 2021 indicates sustained optimism in the Las Vegas office market. Office-using employment is forecasted to grow 1.2% in 2021 and 1.3% in 2022, positively affecting demand for office space. Las Vegas remains an attractive option for companies seeking space outside of major metros, thanks to the pro-business climate, affordability of office space, favorable tax structure and proximity to major Western markets.

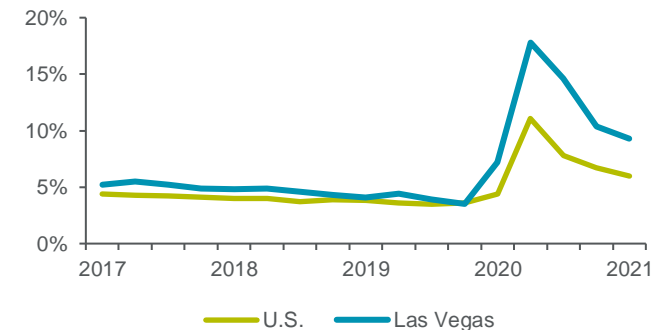
AVERAGE ASKING RENT MONTHLY \$PSF FULL SERVICE



AVERAGE ASKING RENT MONTHLY \$PSF FULL SERVICE



UNEMPLOYMENT RATE IN COMPARISON



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)**	UNDER CONSTRUCTION (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Central East	6,989,570	14,232	1,364,225	19.7%	-29,285	-29,285	13,750	0	\$1.82	\$2.45
Central North	959,928	6,150	83,329	9.3%	-7,349	-7,349	0	0	\$1.98	\$2.75
Downtown	2,142,381	0	327,412	16.1%	-9,280	-9,280	0	0	\$2.41	\$2.69
North Las Vegas	1,511,583	16,800	140,345	9.3%	-4,000	-4,000	0	0	\$1.59	\$1.46
Northwest	9,282,895	63,978	1,115,353	12.7%	-36,195	-36,195	6,283	0	\$2.12	\$2.44
South	9,412,219	30,423	1,226,908	13.4%	-62,915	-62,915	68,676	0	\$2.11	\$2.47
Southeast	2,438,057	0	317,932	13.0%	-22,735	-22,735	33,697	0	\$1.90	\$2.51
Southwest	7,934,310	88,237	857,005	11.9%	-22,322	-22,322	1,725	385,042	\$2.36	\$2.69
West	7,028,647	12,035	797,969	11.5%	-52,194	-52,194	30,492	0	\$1.86	\$2.74
TOTALS	47,699,590	231,855	6,230,478	13.5%	-246,275	-246,275	154,623	385,042	\$2.05	\$2.50
Class A	9,618,970	150,348	1,458,600	16.7%	-59,617	-59,617	84,611	335,590	\$2.50	
Class B	18,355,508	46,634	2,394,426	13.3%	-14,716	-14,716	52,359	49,452	\$2.12	
Class C	19,725,112	34,873	2,377,452	12.2%	-171,942	-171,942	17,653	0	\$1.69	
TOTALS	47,699,590	231,855	6,230,478	13.5%	-246,275	-246,275	154,623	385,042	\$2.05	\$2.50

*Rental rates reflect full service asking. **Renewals not included in leasing statistics.

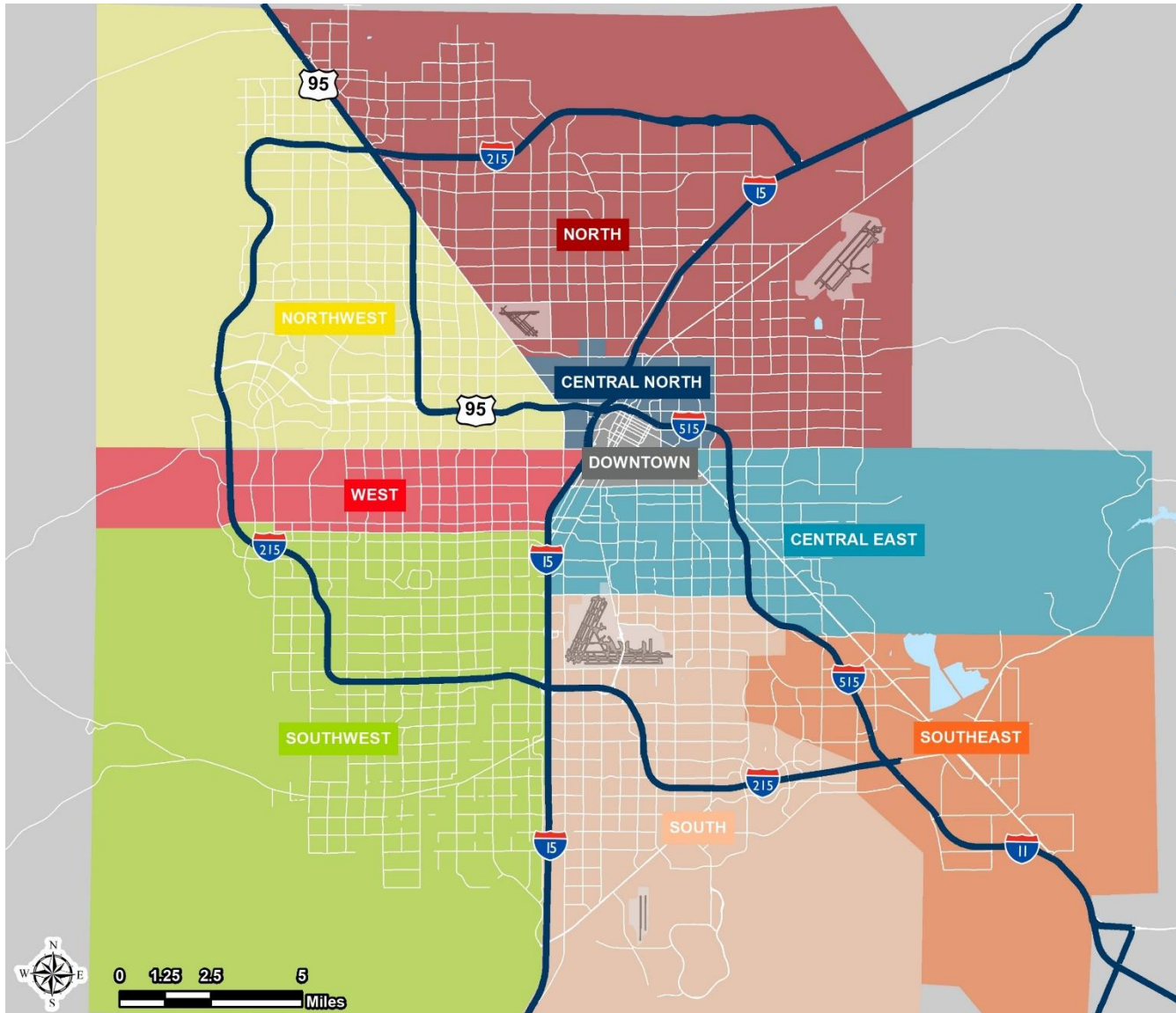
KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
2275 Corporate Circle	South	Greenspun Media Group LLC	25,465	Renewal**
6775 Edmond St.	Southwest	AGS, LLC	25,088	New
2370 Corporate Circle	South	P3 Health Partners	10,281	New
10000 W. Charleston Blvd.	Northwest	Investment Counsel Co. of Nevada	9,529	New
400 S. Rampart Blvd.	Northwest	Bank of America	9,286	New

KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
6170 N. Durango Dr.	Northwest	Sina Companies LLC/ KB Property Advisors	57,156	\$18.5M / \$324
1333 N. Buffalo Dr.	Northwest	Lawrence Miller & Geraldine Miller Trust/ Ronald Leparulo Trust	34,317	\$6.0M / \$175
3041 E Flamingo Rd.	Central East	PacVentures, Inc./ Peter P. Bollinger Investment Company	14,680	\$4.5M / \$310
3556 E. Russell Rd.	South	WSS Russell Properties LLC / D&C Ent. LLC	11,568	\$1.8M / \$157
2601 N. Tenaya Way	Northwest	Prime Nevada Real estate I, LLC / HR, LLC	8,800	\$2.8M / \$315

OFFICE SUBMARKETS



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