

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
14.5% Vacancy Rate	▲	▲
-454K YTD Net Absorption, SF	▼	▲
\$2.37 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▬	▬

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
1.2M Las Vegas Employment	▲	▲
5.8% Las Vegas Unemployment Rate	▲	▼
4.1% U.S. Unemployment Rate	▲	▼

Source: BLS

ECONOMIC OVERVIEW

In Q3 2024, the Las Vegas market recorded an employment level of 1.2 million jobs, with the unemployment rate slightly rising from 5.4% in Q2 2023 to 5.8% in Q3 2024, though it is expected to decline in the near future. The metro area continues to experience robust growth, with the number of households increasing by 2.6% year-over-year (YOY) to 923,700. Wage growth is helping to draw job seekers back into the labor market, as the median household income reached \$77,700 in Q3 2024, reflecting a 3.3% YOY increase.

SUPPLY

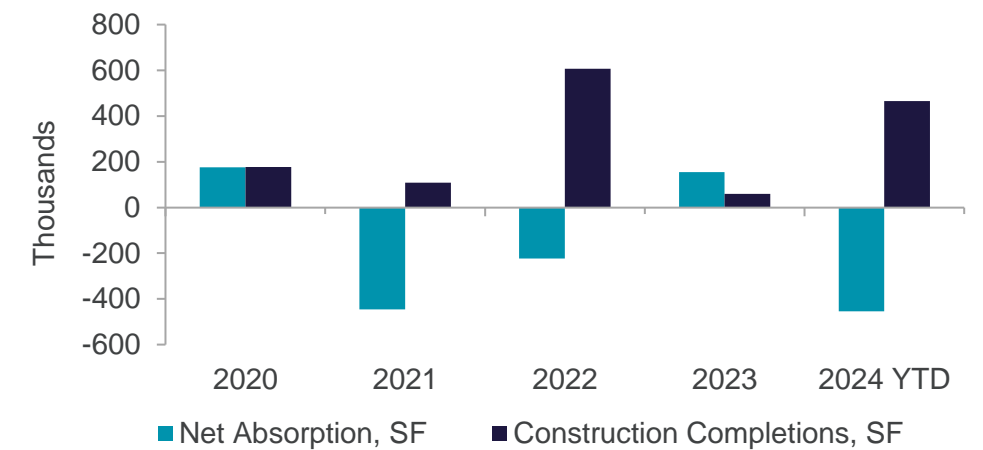
Vacancy, including sublease spaces, increased 60 basis points (bps) quarter-over-quarter (QOQ) reaching 14.5% for Q3 2024. On a year-over-year (YOY) basis, the Las Vegas valley has seen an uptick of 210 bps with 6.1 million square feet (msf) of current vacant space. Of this total, direct vacancy comprises 5.6 msf, or 13.4% of all vacant space, marking a rise of 40 bps QOQ and 180 bps YOY. Meanwhile, sublease vacancy makes up the remaining 483,000 square feet (sf) of vacant space, or 1.1% of all vacant space, a climb of 30 bps QOQ and YOY.

Amongst submarkets, the most significant increases in vacancy QOQ are observed in Henderson (6.3%), Southeast (4.58%), and Downtown (1.92%), while the Central North and West experienced the steepest declines at 0.73% and 0.34%, respectively. Of the submarkets with substantial amount of office inventory, the highest vacancy rates are in Central East (23%), Downtown (20.4%), and Northwest (16.1%). In contrast, North Las Vegas (3.7%) and Southeast (9.9%) maintain the lowest vacancy levels.

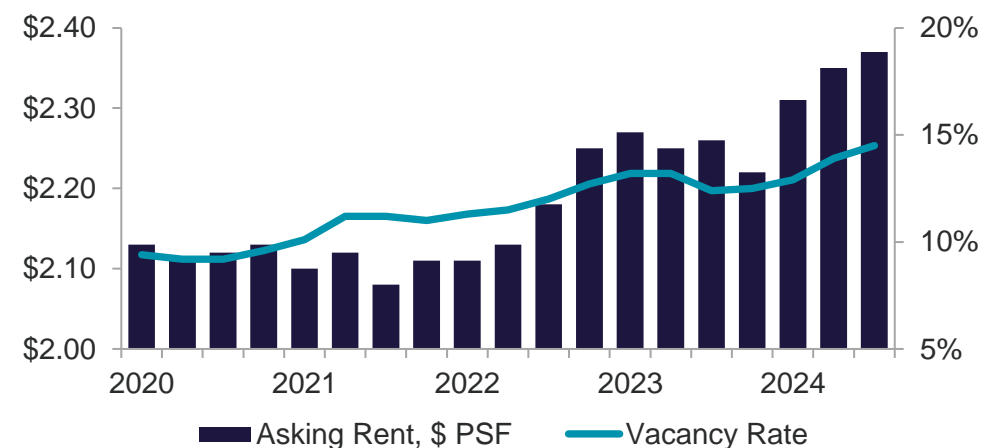
LEASING ACTIVITY

Leasing activity totaled 404,000 square feet (sf) in the third quarter, a decrease of 37% from the previous quarter when leasing activity was 645,996 sf. In the third quarter over 90% of the 151 completed leases were in spaces less than 8,000 sf with the average deal size approximately 3,000 sf. Market activity was most prevalent in the South (105,913 sf/26.2%), Southwest (105,671 sf/26.1%), and West (59,474 sf/15%) submarkets as higher-quality, efficiently configured spaces became available. For the fifth consecutive quarter, Class B

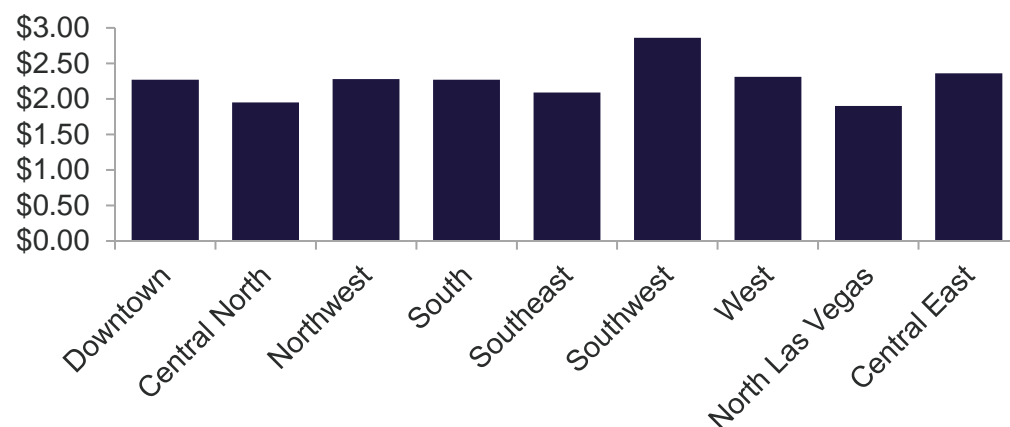
SPACE DEMAND / DELIVERIES



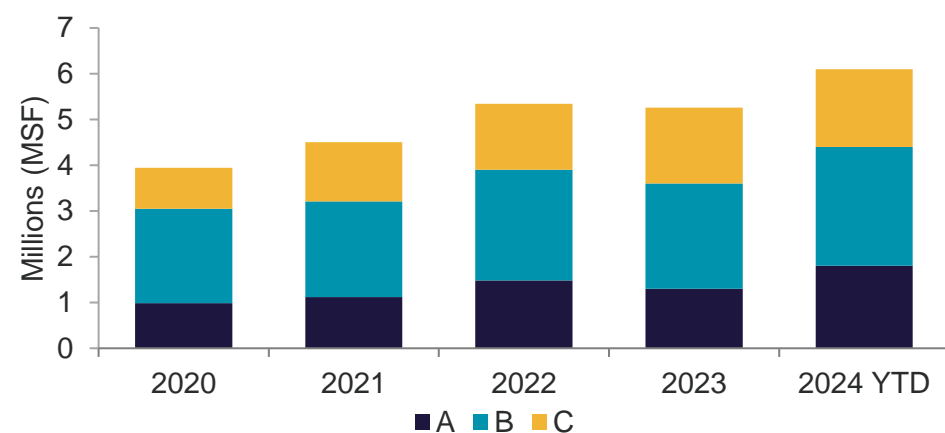
OVERALL VACANCY & ASKING RENT



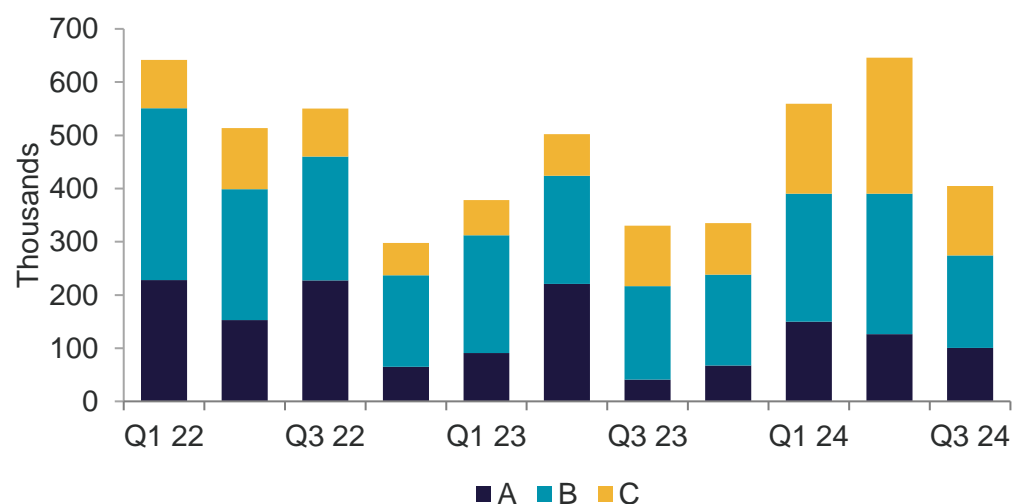
AVERAGE ASKING RENT MONTHLY \$PSF FSG



VACANT SPACE BY CLASS



OVERALL NEW LEASING BY CLASS



leasing contributed the highest share of activity with 173,500 sf, followed by Class C with 130,450 sf, and Class A with 100,459 sf.

ABSORPTION

Absorption remains negative for the fourth consecutive quarter, with the Las Vegas market recording negative absorption of 215,608 square feet (sf) across all building classes in Q3 2024. Of the 13 office submarkets, only four achieved positive absorption during the quarter, led by the South with 90,386 sf and the West with 24,733 sf. Class C buildings are beginning to recover, absorbing 18,688 sf, marking their first stretch of positive absorption this year. Alternatively, Class A buildings endured negative absorption of 156,082 sf, leading in negative absorption for the first time this year among all building classes. Although Class B buildings lead in leasing activity, offering a balance of desirable space with lower cost exposure, they have yet to achieve positive absorption on the year, posting 78,214 sf of negative absorption.

PRICING

The overall full-service gross asking rent for all property classes remained relatively flat from this previous quarter, finishing Q3 2024 at \$2.37 per square foot (psf), reflecting a slight increase of 85 basis points QOQ and 250 basis points YOY. Among all property classes, Class A properties saw the highest growth, with average asking rent bumping upward 2.7% YOY to \$2.97 psf, while Class B and Class C properties remained stable YOY at \$2.28 psf, and \$1.86 psf, respectively. The Southwest submarket carries on as the most expensive submarket at \$2.86 psf, followed by the Central East at \$2.36 psf. The North and Central North submarkets remain the least expensive, with asking rents at \$1.90 and \$1.95 psf, respectively.

CONSTRUCTION

Office building completions in the third quarter were limited to 74,939 square feet (sf) as the two-building The View at Seven Hill came online in the South submarket. Currently, both under-construction and proposed developments have slowed, as they await pre-leasing commitments, declining vacancy and improvements in the capital markets sector. In the South submarket, notable projects under construction include The Village at St. Rose Towers 1 and 2, totaling 161,823 sf, with expected completions in 2025. Meanwhile, Halo Tower, a 210,000-sf proposed development in the Southwest, stands out as one of the notable projects in the development pipeline.

OUTLOOK

- Tenant Improvement costs remain a key factor in site selection, driving demand for high-quality, efficiently configured and move-in ready spec office space
- Downsizing and collaborative space-sharing among companies will continue as companies look to optimize their footprint
- The shift from central core locations to high-quality suburban office properties will continue for the foreseeable future.
- Technology will continue to impact the demand for office in certain industries
- In addition to location, property owners that focus on the tenant’s experience will continue to attract occupiers seeking to retain and attract talent.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Downtown	2,267,317	111,285	350,954	20.4%	-43,141	-65,506	110,345	0	\$2.27	\$2.33
Central North	490,089	0	6,538	1.3%	3,400	-1,920	8,630	0	\$1.95	N/A
Northwest	7,235,064	107,629	1,059,373	16.1%	-77,640	-51,960	251,181	0	\$2.28	\$3.02
South	8,986,692	82,566	1,037,994	12.5%	90,386	-48,595	446,255	161,823	\$2.27	\$2.82
Southeast	1,891,728	41,909	187,799	12.1%	-87,500	-83,850	53,765	0	\$2.09	\$2.42
Southwest	7,436,741	61,642	818,624	11.8%	-10,787	24,134	332,120	0	\$2.86	\$3.29
West	6,972,147	19,561	864,778	12.7%	24,733	798	220,336	0	\$2.31	\$3.94
North Las Vegas	1,245,410	0	46,212	3.7%	2,428	4,572	13,250	0	\$1.90	N/A
Henderson	74,050	0	4,670	6.3%	-4,670	-4,670	4,670	0	N/A	N/A
Central East	5,924,247	58,299	1,304,738	23%	-112,817	-227,740	168,963	0	\$2.36	\$2.96
Las Vegas Totals	42,523,485	482,891	5,681,680	14.5%	-215,608	-454,737	1,609,515	161,823	\$2.37	\$2.97
Class A	6,755,329	194,794	1,625,517	26.9%	-156,082	-59,497	377,161	161,823	\$2.97	\$2.97
Class B	19,922,522	263,747	2,378,443	13.3%	-78,214	-354,306	677,744	0	\$2.28	N/A
Class C	15,845,634	24,350	1,677,720	10.7%	18,688	-40,934	554,610	0	\$1.86	N/A
Las Vegas Totals	42,523,485	482,891	5,681,680	14.5%	-215,608	-454,737	1,609,515	161,823	\$2.37	\$2.97

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2024

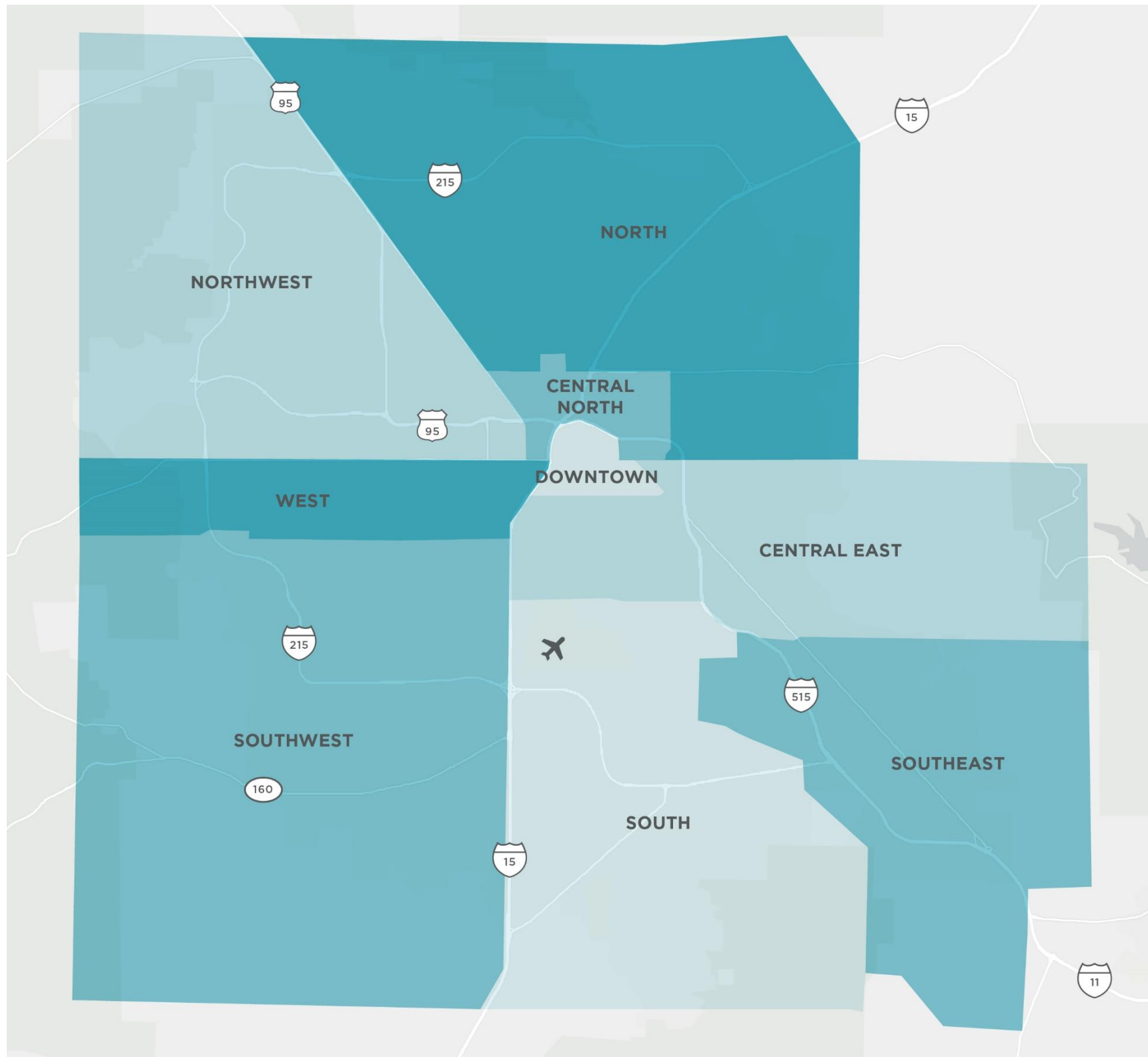
PROPERTY	SUBMARKET	TENANT	SF	TYPE
8488 Rozita Lee Avenue	Southwest	Kiln	26,800	Direct
One Meridian Vista Drive	Southwest	Eide Bailly	25,636	Direct
2360 Corporate Circle	South	Atkins	16,083	Direct
701 North Green Valley Parkway	South	JS Holdings	15,138	Direct
3770 Howard Hughes Parkway	Central East	Cunningham Group Architecture	10,396	Renewal

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
851 South Rampart Boulevard	Northwest	Local Asset Management / Woodside Health	50,716	\$21M / \$414
817 South Main Street	Downtown	HFI / Avi Schlesinger	11,785	\$4.6M / \$390
3900 Meadows Lane	Northwest	Cheng Catherine K Trust / Safe Nest	10,750	\$3.5 M / \$321
1349 Galleria Drive	Southeast	Erickson & Whitaker PC / Houchin Investment	12,600	\$3.2M / \$254
3210 E Tropicana Avenue	Central East	Rakayla Capital / BFH Vegas I	13,065	\$2.9M / \$222

OFFICE SUBMARKETS



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