

1Q25

Las Vegas Office Market Overview



Market Observations

Economy

- As of February 2025, Las Vegas reports a 5.9% unemployment rate, notably higher than the 4.1% national average.
- Employment contracted across several sectors due to tariffs, reduced tourism, and national white-collar layoffs. While near-term job growth is expected to remain soft amid low consumer confidence, ongoing efforts to diversify the local economy have positioned the metro for greater resilience compared to previous downturns.
- The 10-Year Treasury yield fell from 4.79% in mid-January to 4.02% on April 4, suggesting lower borrowing costs ahead. However, the decline also reflects heightened investor caution following the announcement of broad U.S. tariffs on imported goods.

Major Transactions

- Large lease signings remain scarce. Activity is primarily concentrated in sub-10,000 SF transactions, driven by cost containment, hybrid models, and inflationary headwinds.
- While overall leasing volume reached record lows in 2024, finance, legal services, and industrial-adjacent tenants continued to be active.
- New office development has pivoted away from the Strip, favoring Summerlin and Henderson—areas aligned with suburban demand and executive residential preferences.

Leasing Market Fundamentals

- Despite subdued leasing activity, the first quarter of 2025 recorded a modest net absorption gain of 56,751 SF. Total vacancy (12.5%) was flat quarter-over-quarter.
- Asking rents remain above year-ago levels but are increasing at a slower pace than in previous years.
- Sublet availability (0.8%) remains low relative to other Southwest markets.
- Hybrid work continues to reshape space demand. Office space per new office-using job has declined from a pre-pandemic average of 215 SF to just 83 SF today, highlighting tenant optimization trends.

Outlook

- Economic uncertainty continues to influence conservative strategies among occupiers and investors.
- Vacancy is expected to trend upward as more tenants downsize. However, Las Vegas remains better positioned than many coastal markets due to lower remote work adoption.
- Newly imposed tariffs will increase raw material costs and replacement expenses, discouraging new development as feasibility is reassessed.
- Population growth continues to support demand across population-serving industries. This growth, coupled with tenant diversity, underpins long-term stability and recovery potential.

1. Economy
2. Market Fundamentals
3. Appendix

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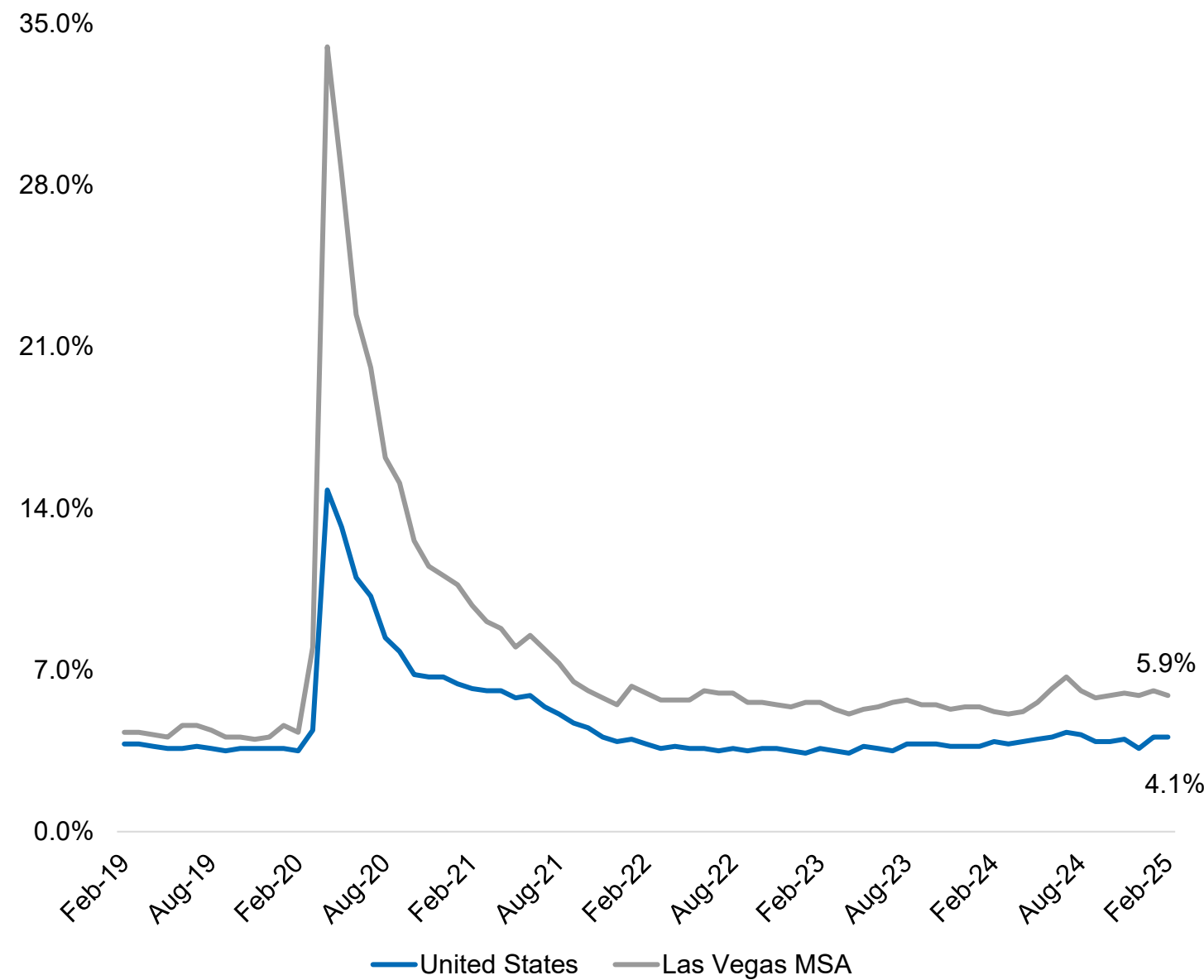
Economy



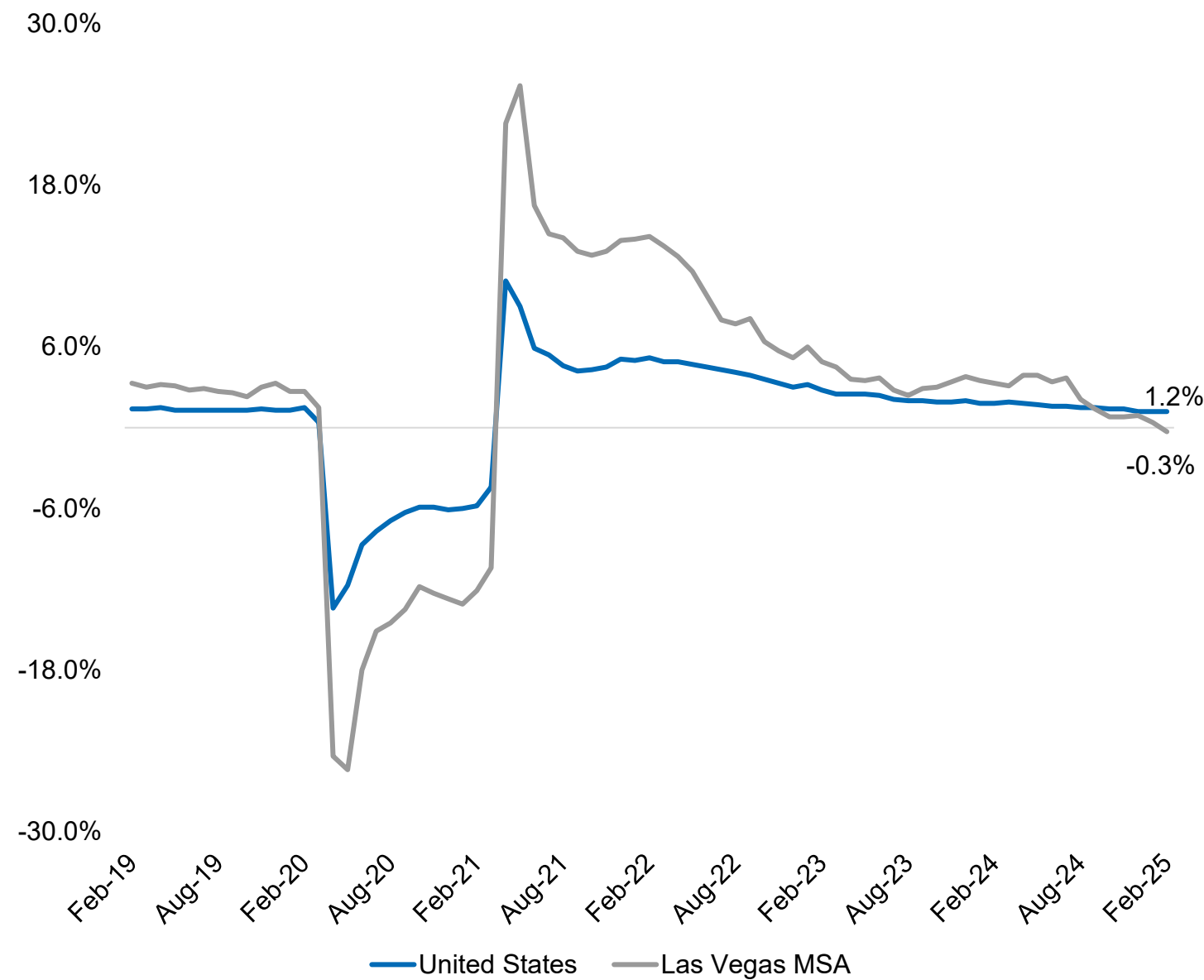
Las Vegas Labor Market: From Recovery to Reassessment

Las Vegas has outpaced national employment growth in recent years, rebounding rapidly from pandemic-related losses. However, recent job declines in both white-collar and tourism sectors highlight emerging economic headwinds. Historically strong growth has been supported by population gains and Nevada’s business-friendly environment, characterized by lower costs and fewer regulations compared to coastal Southwest markets.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

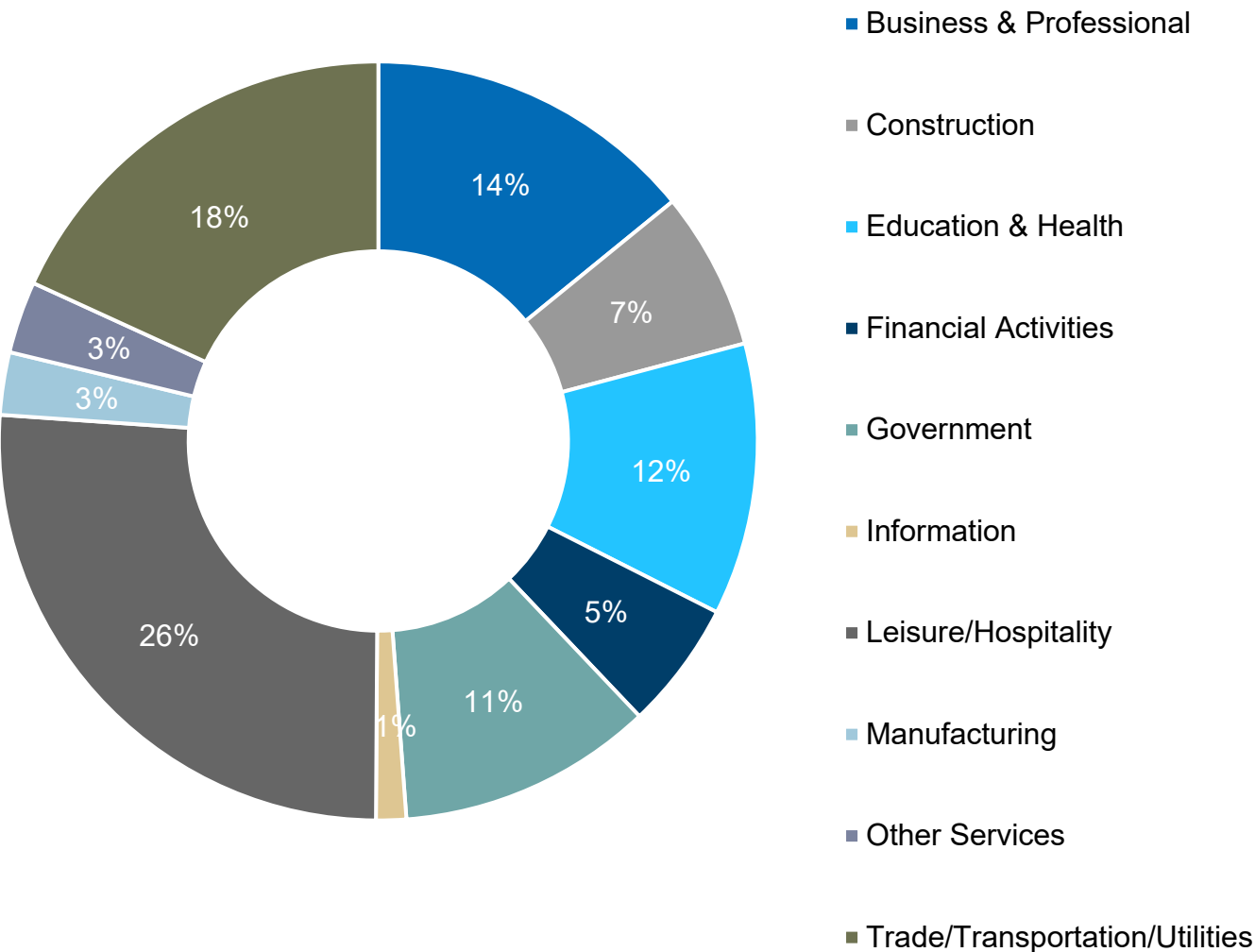


Source: U.S. Bureau of Labor Statistics, Las Vegas MSA
Note: Las Vegas’ unemployment is historically higher than the U.S. average due to volatility in the tourism industry when the economy downcycles; hence, the 34.0% unemployment average at the start of the pandemic.

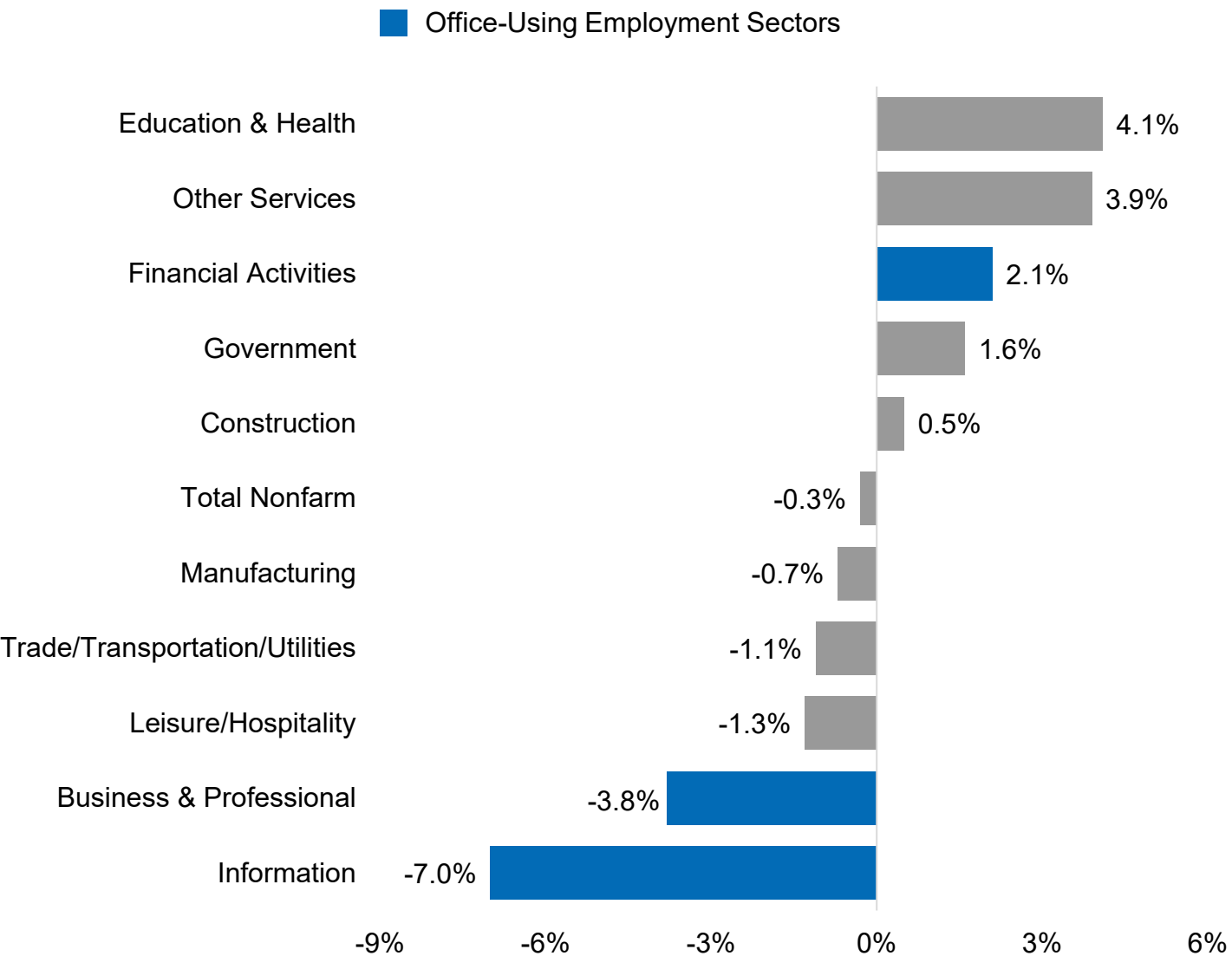
Shifting Toward a More Diverse Economy

Leisure and hospitality remains Las Vegas’s largest employment sector at 26.0%, though its share has declined from 32.7% in 2010—reflecting ongoing economic diversification. However, economic uncertainty has triggered contractions across multiple sectors, resulting in negative nonfarm employment growth as of February.

Employment by Industry, February 2025



Employment Growth by Industry, 12-Month % Change, February 2025

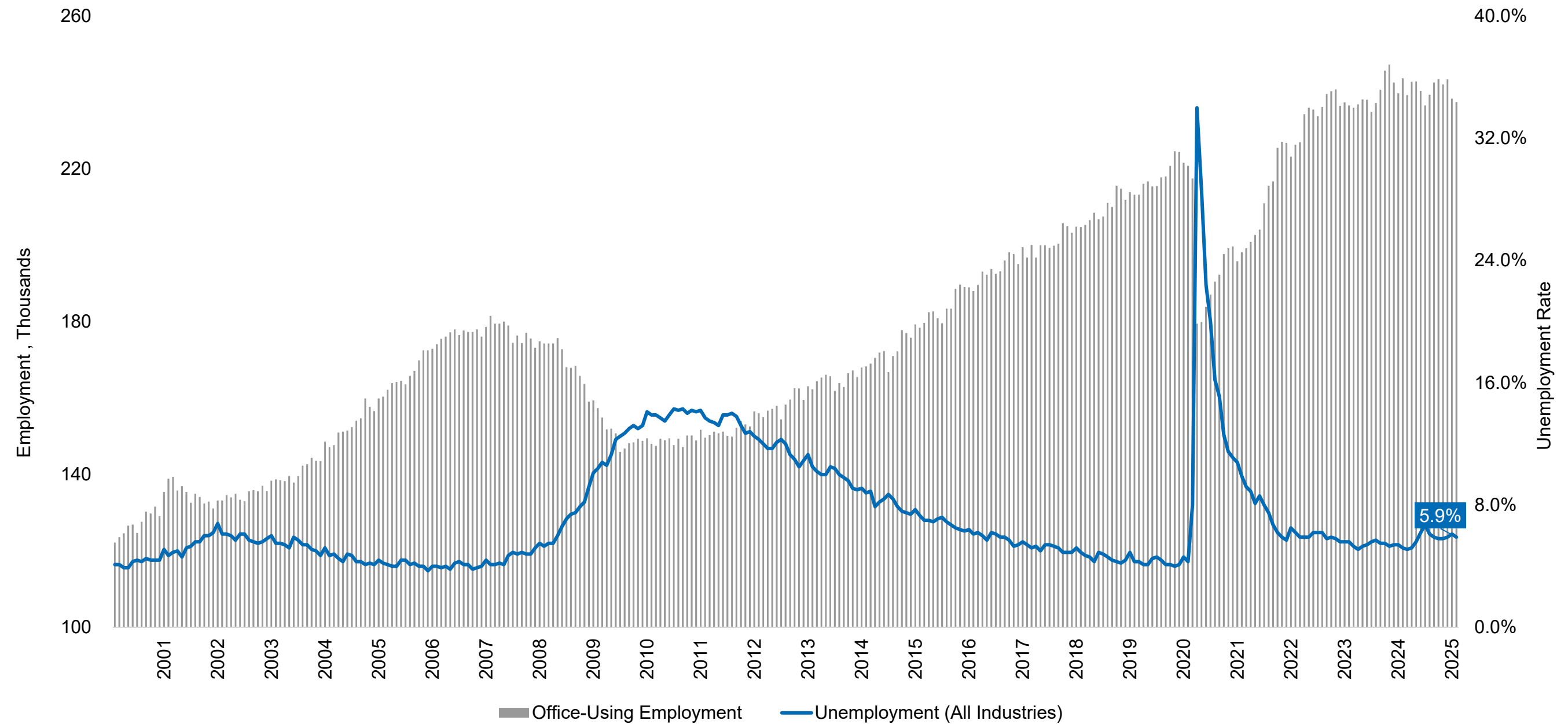


Source: U.S. Bureau of Labor Statistics, Las Vegas MSA

Office-Using Employment Growth Plateaus Amid Broader Slowdown

After a sharp 17.4% decline at the onset of the pandemic, Las Vegas office-using employment rebounded by October 2021 and now stands 7.6% above pre-pandemic levels. However, recent national sector-wide contractions have driven a 2.5% decline locally over the past year. If these macro trends persist, office job growth is expected to remain subdued.

Office-Using Employment* and Unemployment Across All Industries



Source: U.S. Bureau of Labor Statistics, Las Vegas MSA
Note: February 2025 data is preliminary.
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

Slower Office Space Demand Growth Reflects Lasting Post-Pandemic Shifts



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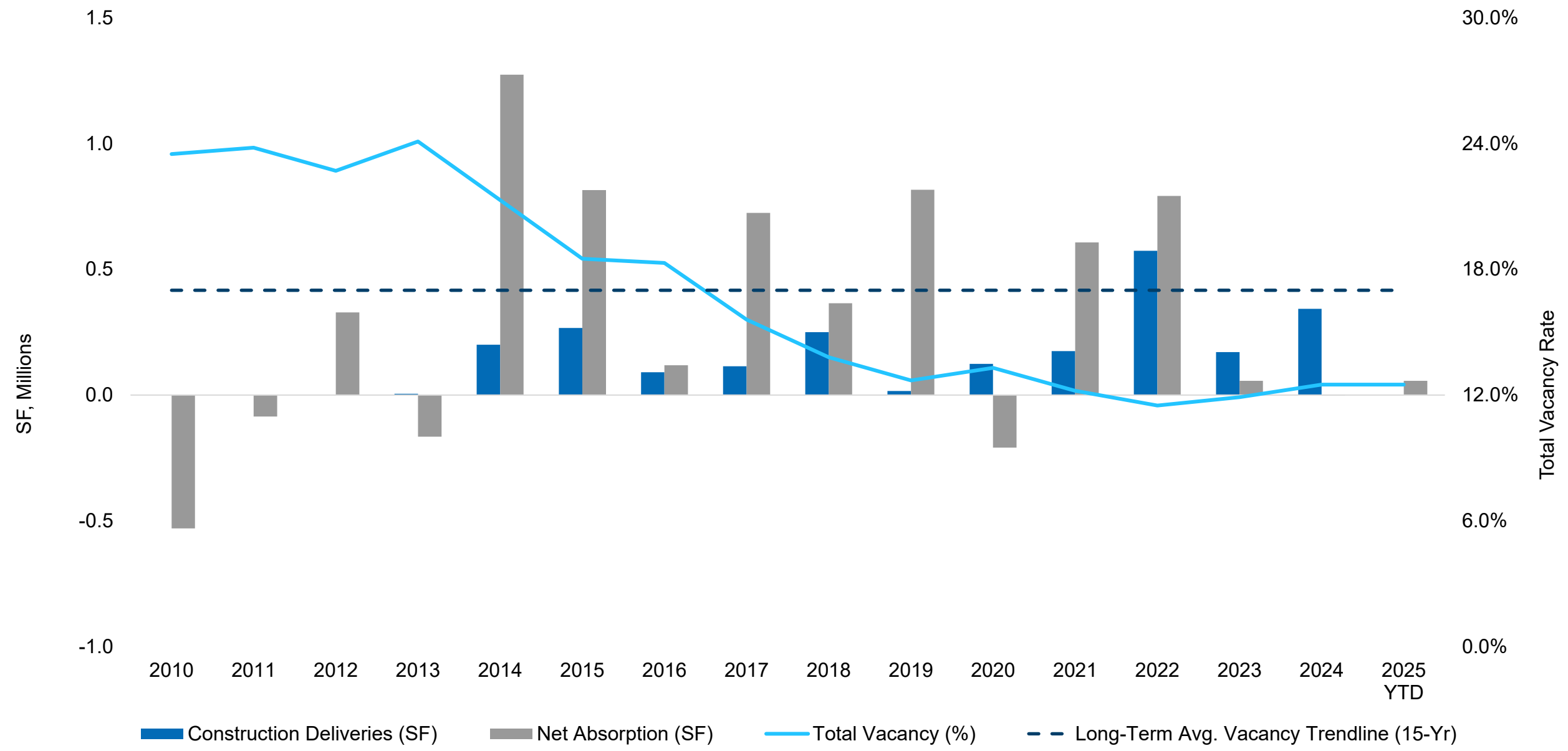
Market Fundamentals



Office Market Stability and Post-Pandemic Resilience Strong

Las Vegas' economic diversification following the Global Financial Crisis has contributed to a strong post-pandemic recovery and market stability. Since 2020, vacancy has remained relatively steady, with no change from 2024 into 2025. The first quarter of 2025 saw no new deliveries, while measured tenant activity—including leases, expansions, and moveouts—led to modest but positive net absorption.

Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research

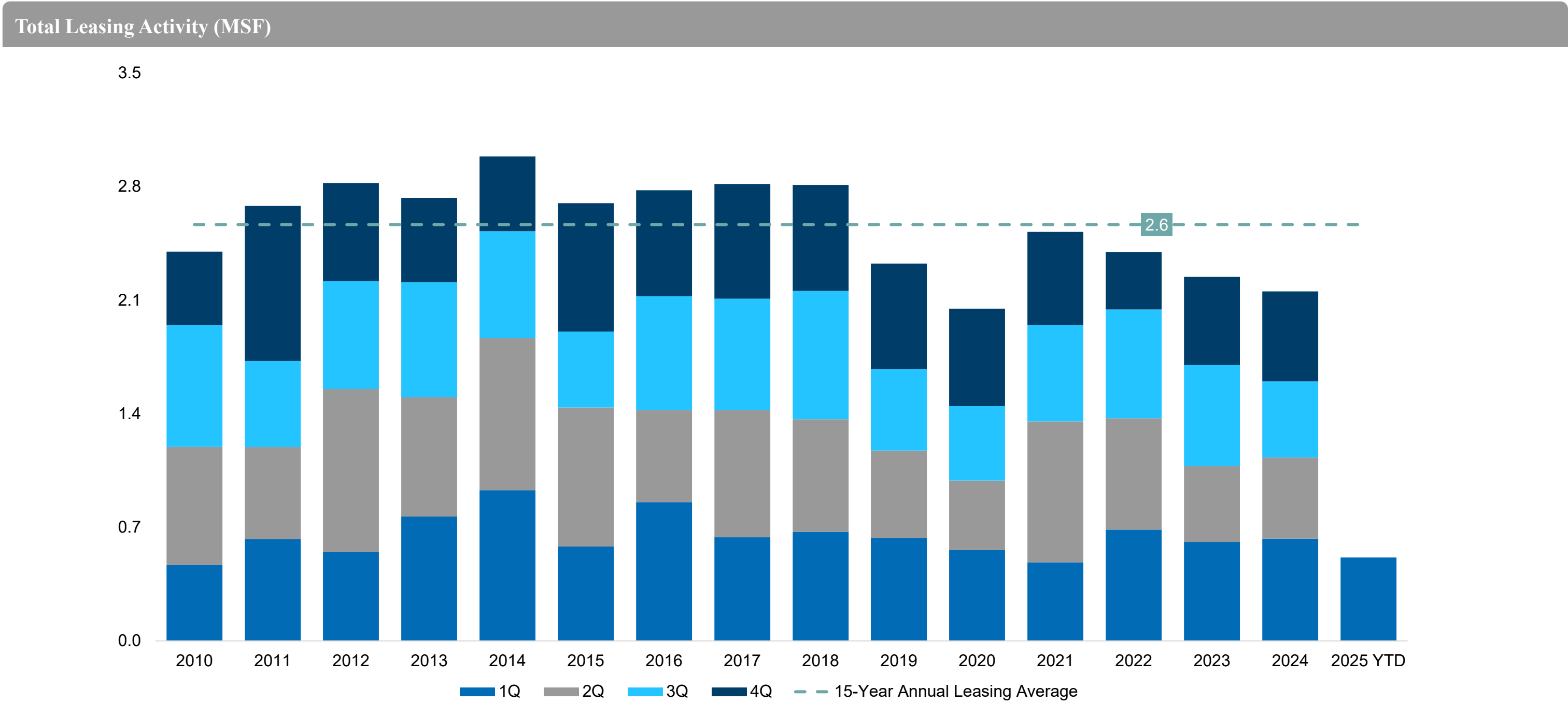
CEOs Project Increased Office Attendance



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Leasing Activity Declines Amid Economic Uncertainty

Leasing activity continues to decline, with volume in the opening quarter of 2025 posting the lowest first-quarter showing since 2021. Despite the market's advantages with lower costs, population growth, and a prime Southwest location, economic uncertainty coupled with rising capital costs and widespread space reductions have constrained demand. This slowdown is expected to persist as occupiers remain cautious in the near term.

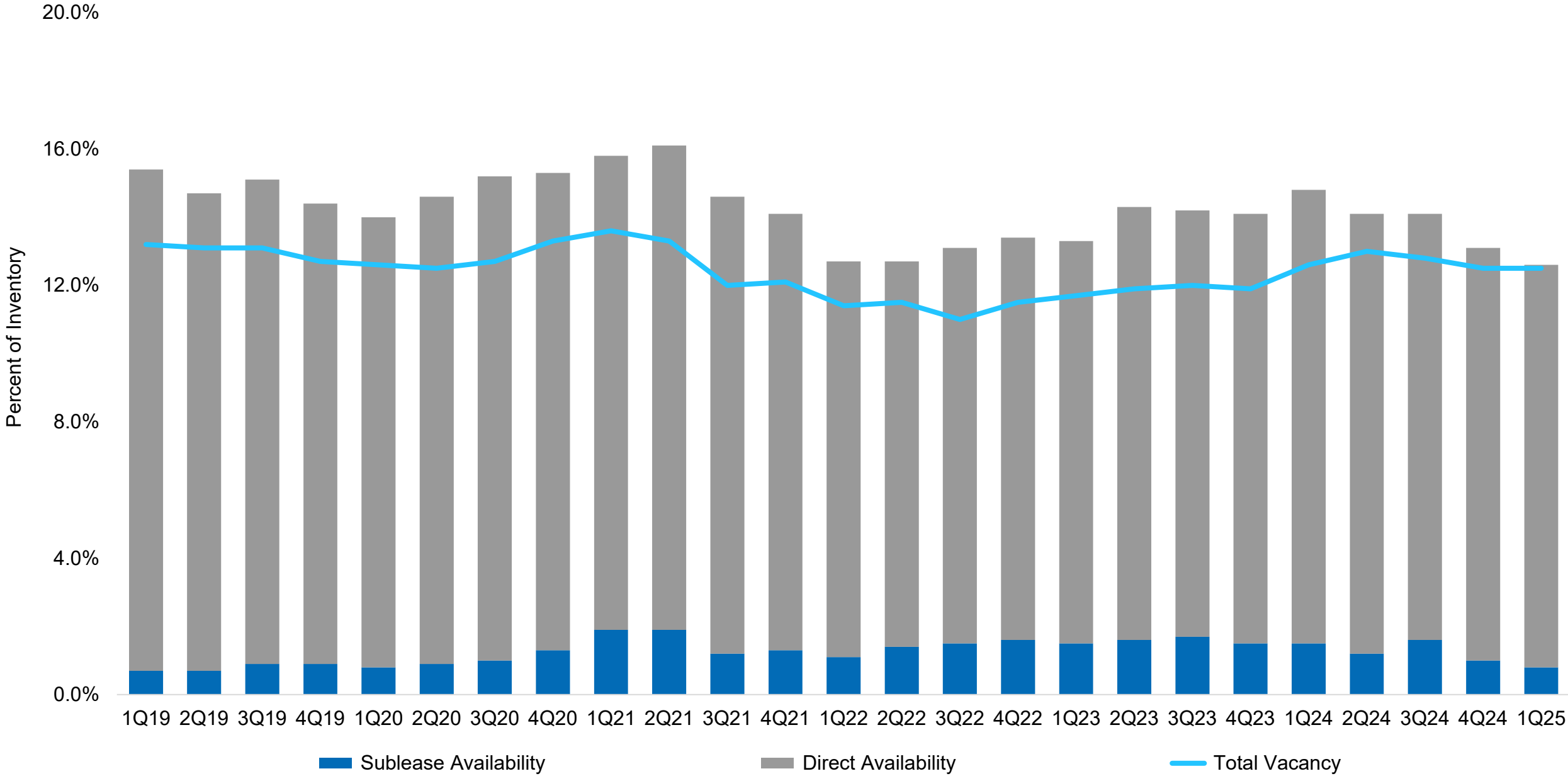


Source: Newmark Research

Las Vegas Office Market Sees Tightening Availability and Vacancy Gap

Las Vegas' office market continues to outperform national trends, with both direct and sublet availability remaining below average. Availability declined again this quarter as spaces came off market. A notable shift has emerged—historically, there was a 200-basis-point gap between availability and actual vacancy as landlords marketed space early to minimize downtime. In recent quarters, this delta has narrowed significantly, now standing at just 10 basis points, signaling a more efficient leasing environment.

Available Space and Total Vacancy as Percent of Overall Market

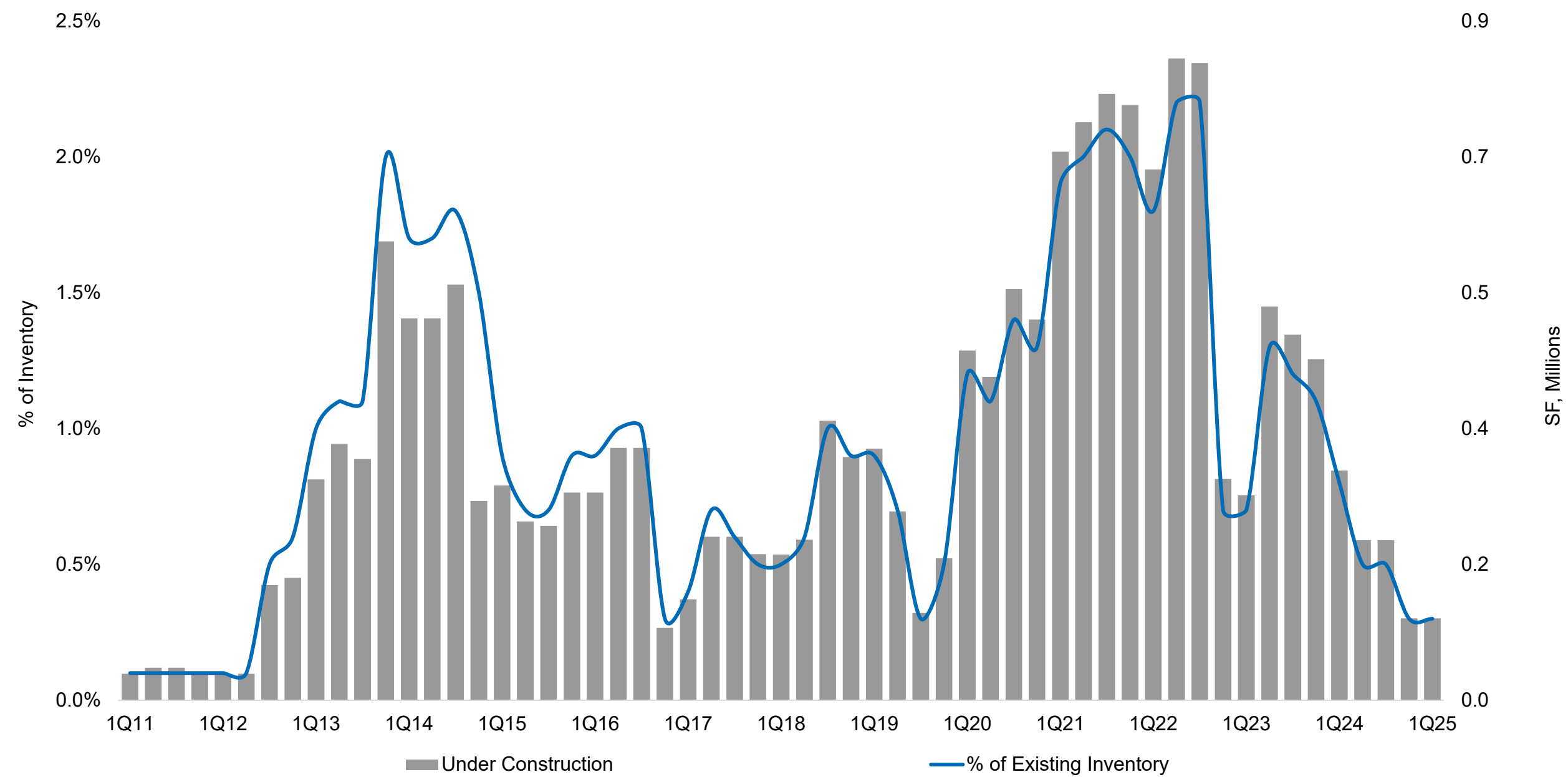


Source: Newmark Research

Measured Development Limits Vacancy Increases

Despite inflation and rising construction costs, 2023 saw new office projects, primarily built-to-suit or mixed-use speculative developments, driven by Las Vegas' affordability and regional access. Since the middle of 2024, developers have paused traditional office starts, awaiting market absorption of ongoing projects.

Office Under Construction and % of Existing Inventory



Source: Newmark Research

Sublease Availability Focused in Downtown and Western Submarkets



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Southwest Submarket Outperforms Within Las Vegas Metro

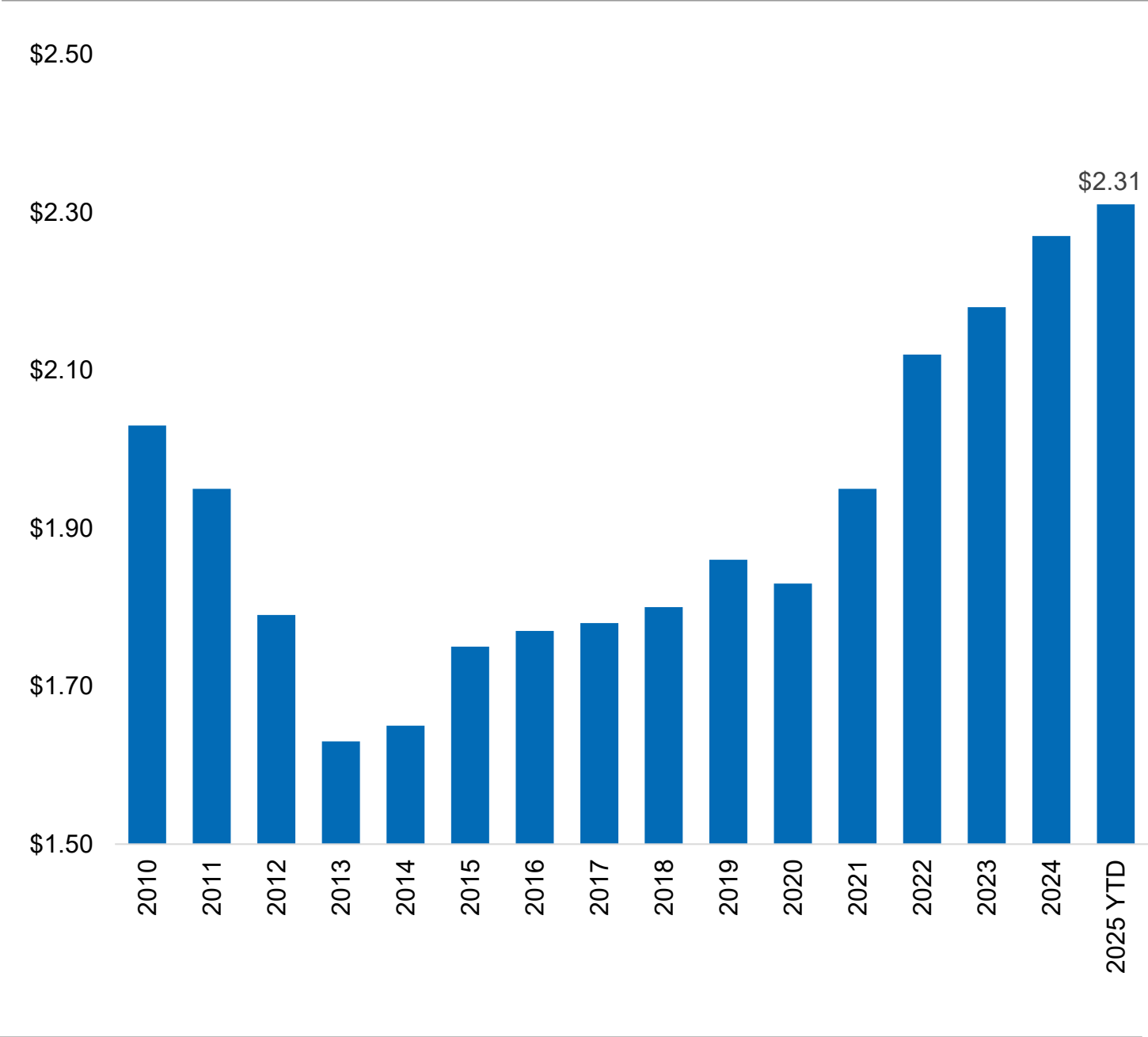


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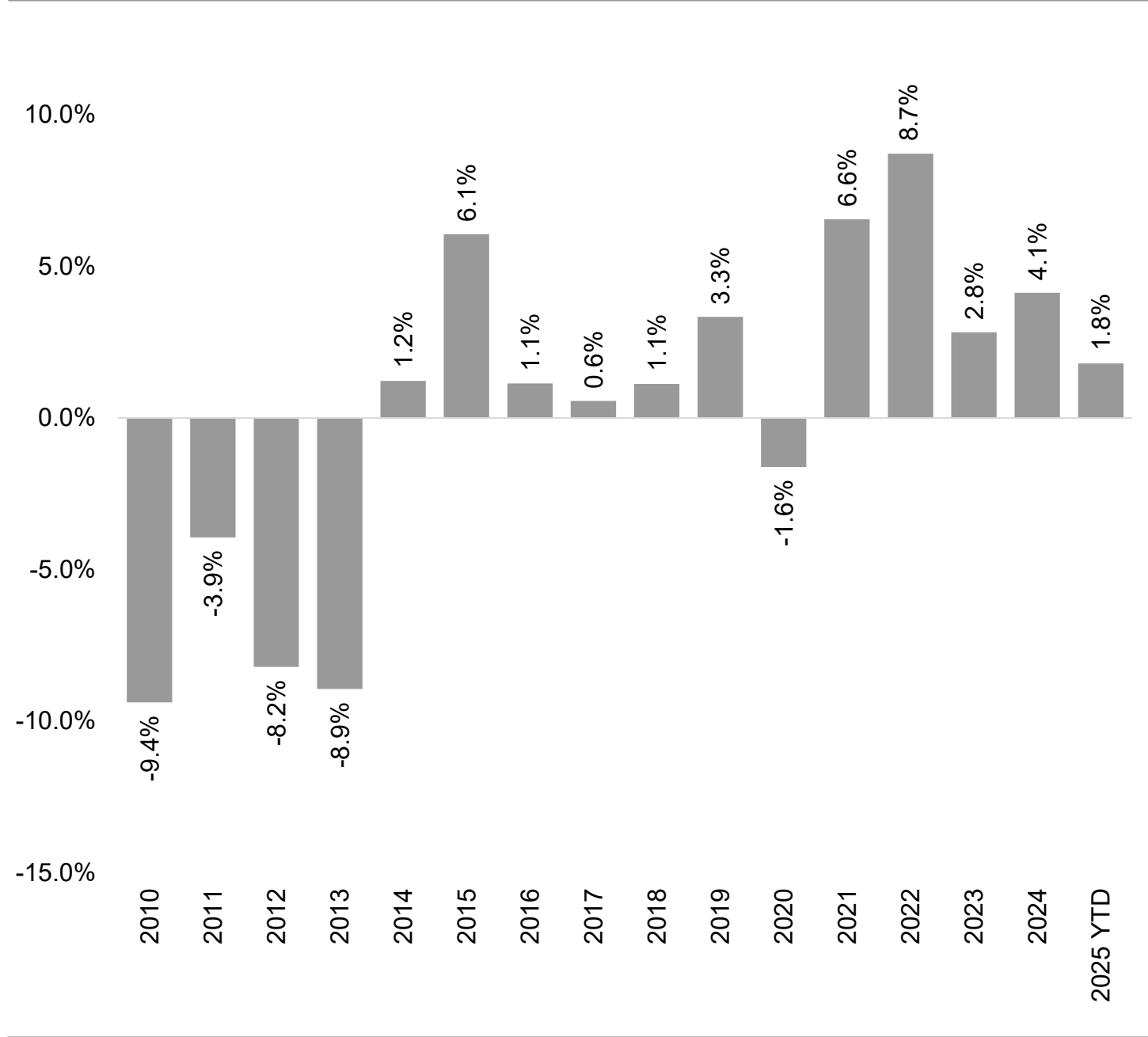
Office Rents See Strong Growth but Face Potential Slowdown

Following a sharp decline after the Global Financial Crisis, Las Vegas office lease rates experienced steady, moderate growth through 2020 before surging by 26.2% in the first quarter of 2025. While rent growth is expected to continue, economic uncertainty may temper its pace as both landlords and tenants navigate shifting market conditions.

Office Average Asking Rent, \$/SF/Month, FS



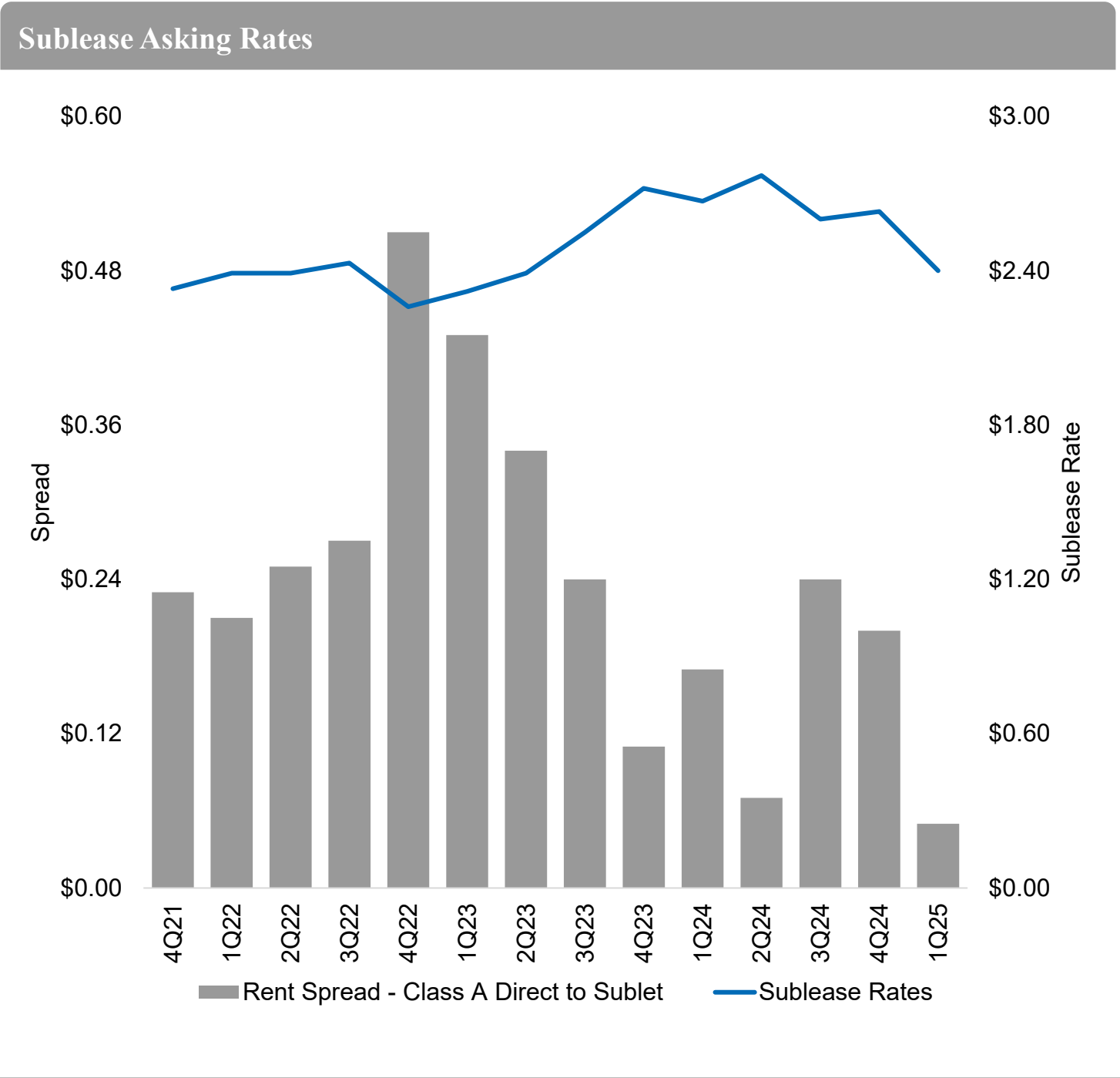
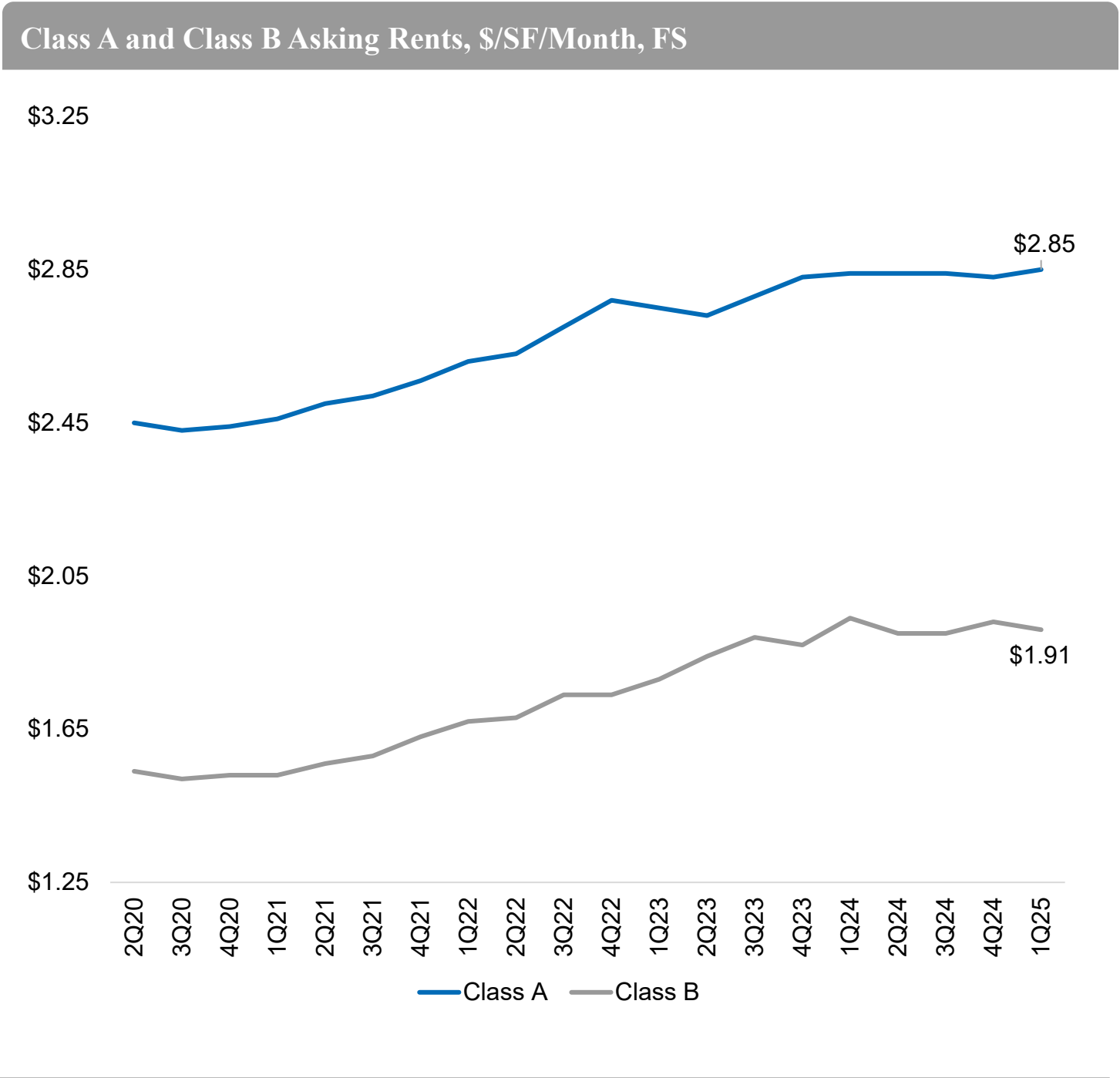
Year-over-Year Asking Rent Growth Rate



Source: Newmark Research

Stabilizing Rents and Narrowing Sublease Gap

Cost-conscious office tenants have helped maintain stability in Class A and B direct rental rates as landlords prioritize occupancy. This quarter, sublease rates declined with the removal of select Class A sublease space, further narrowing the spread between Class A direct and sublease rates to just \$0.05/SF for the third consecutive quarter.



Source: Newmark Research

Diverse Office Demand Strengthens Market Stability

Traditional office users—including legal, financial, and business support services—were active across all Las Vegas submarkets in the first quarter of 2025. The city’s ongoing economic diversification efforts have not only bolstered overall market resilience but have also reinforced sector diversity within the office market. This broad tenant base reduces reliance on any single industry, mitigating risks during economic downturns and supporting long-term market stability.

Notable 1Q25 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Westlake Services	Tower 300	Downtown	Direct Lease	33,024
Financial firm, Westlake Services, leased 33,024 in Downtown’s Tower 300.				
Lewis Brisbois Bisgaard & Smith, LLP	Rainbow Sunset Pavilion	Southwest	Lease Renewal	26,458
The law firm renewed its space on the 6 th floor for another term.				
Jimmerson Law Firm	The Plaza at Summerlin	Northwest	Direct Lease	15,055
Moving from their downtown location, Jimmerson Law Firm signed for a larger lease at the Plaza at Summerlin.				
Regus	The District at Green Valley II	South	Direct Lease	14,304
Coworking firm, Regus, leased 14,304 SF in the South submarket at The District at Green Valley II.				

Source: Newmark Research

Muted Investment Activity Persists Despite Rate Cuts



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Capital Deployment Trends Reflect Broader Market Hesitancy



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Medical Office Outperforms Traditional Sales Amid Economic Uncertainty

Medical office sales continue to outpace traditional office transactions as investors prioritize stabilized assets in an uncertain economic climate. Among traditional office sales, activity remained mixed, driven by distressed loan resolutions, 1031 exchanges, and owner-user acquisitions. Investors are increasingly prioritizing lower-risk, stabilized assets or properties offering strong value opportunities.

1Q25 Notable Traditional Office Sale Transactions				
Buyer	Building(s)	Submarket	Price	Square Feet
Premier Realty Management	10550 W Charleston Blvd	Northwest	\$21,500,000	71,338
Del Mar Partnerships sold the building located at 10550 W Charleston Blvd to Premier Realty Management in a 1031 Exchange.				
Dimopoulos Law Firm	400 S. 7 th St.	Downtown	\$18,000,000	25,000
Previously owned by one of the law firm tenants in the building (Eglet Prince), the Downtown building traded to a different law firm tenant, Dimopoulos Law Firm, for \$18 million.				
The PENTA Building Group	2290 Corporate Circle	South	\$16,799,400	55,998
2290 Corporate Circle transacted to PENTA Building Group and resolved a troubled situation.				
D2D Partners	Southend on Water	Southeast	\$5,500,000	14,474
Leased 100% by NNN tenants, D2D Partners purchased the 14,474-square-foot-building for \$5.5 million.				

Source: Newmark Research

Appendix



Las Vegas Metro Office Submarket Map and High-Level Statistics | 1Q25



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Las Vegas Metro Office Submarket Statistics | 1Q25



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Population Has Increased Considerably in Recent Decades



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Tourism and Gaming Show Early 2025 Slowdown After Strong Recovery



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For more information:

Amelia Yates
Research Manager
Las Vegas, Phoenix, SLC
amelia.yates@nmrk.com

Dain Fedora
Head of Research
Southwest
dain.fedora@nmrk.com

Las Vegas Office
8488 Rozita Lee Ave.
Suite 125
Las Vegas, NV 89113
t 702-733-7500

New York Headquarters
125 Park Ave.
New York, NY 10017
t 212-372-2000

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