

2Q25

Las Vegas Office Market Overview



Market Observations

Economy

- Las Vegas reported a 5.5% unemployment rate in May 2025, well above the 4.4% national average. Recent job losses stem from reduced tourism, widespread white-collar layoffs, inflation, and economic volatility from tariffs.
- While office-using employment remains above pre-pandemic levels, growth has stalled over the past year. Total nonfarm employment posted slight year-over-year gains but remains sluggish—trailing the national growth rate by 70 basis points.
- Despite near-term softness in job growth and low consumer confidence, Las Vegas' continued economic diversification efforts have improved its resilience compared to previous downturns.

Major Transactions

- Large lease signings remain limited, with most activity concentrated in deals under 10,000 SF. Cost control, hybrid work models, and inflationary pressures continue to shape tenant behavior.
- While overall leasing volume remains subdued and near 2020 levels, a diverse tenant mix and strong renewal activity signal ongoing confidence in the Las Vegas market.
- New office development is shifting toward suburban hubs like Summerlin and Henderson, reflecting executive housing trends and decentralized demand.
- On the investment side, activity is focused on single-tenant and medical office assets, seen as lower-risk opportunities in a cautious capital environment.

Leasing Market Fundamentals

- Despite muted leasing activity, the market posted a modest net absorption gain of 208,017 SF in the first half of 2025. Overall vacancy declined to 12.0%, down 50 basis points from year-end 2024.
- Asking rents have softened since late 2024 but remain flat year-over-year. Class A space continues to lease quickly, while older, long-vacant spaces are dragging down average rates.
- Sublet availability remains low at 0.9%, outperforming other Southwest markets. With no new construction starts or deliveries to date, limited supply could pressure vacancy lower and support rent growth, even in a softer economic environment.

Outlook

- Economic uncertainty is driving conservative decision-making across the board, with both occupiers and investors prioritizing stability, cost control, and low-risk opportunities.
- With new development paused and ongoing tenant downsizing, vacancy is expected to remain relatively steady. However, Las Vegas is better positioned than many coastal markets, benefiting from lower remote work adoption and a limited tech occupier base.
- Strong population growth continues to fuel demand in population-serving industries. Combined with a broad tenant base, this positions the market for long-term resilience and balanced recovery.

1. Economy
2. Market Fundamentals
3. Appendix

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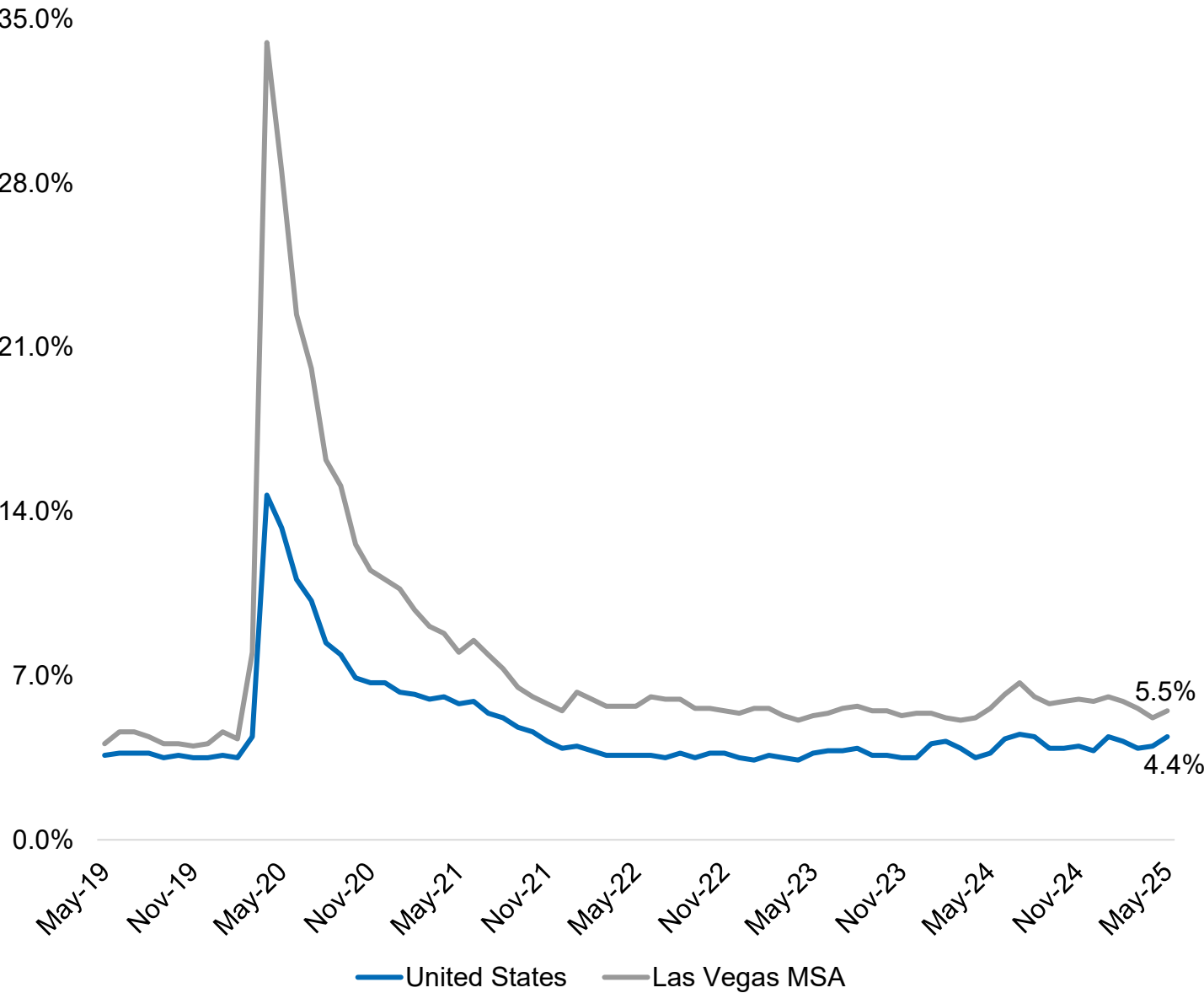
Economy



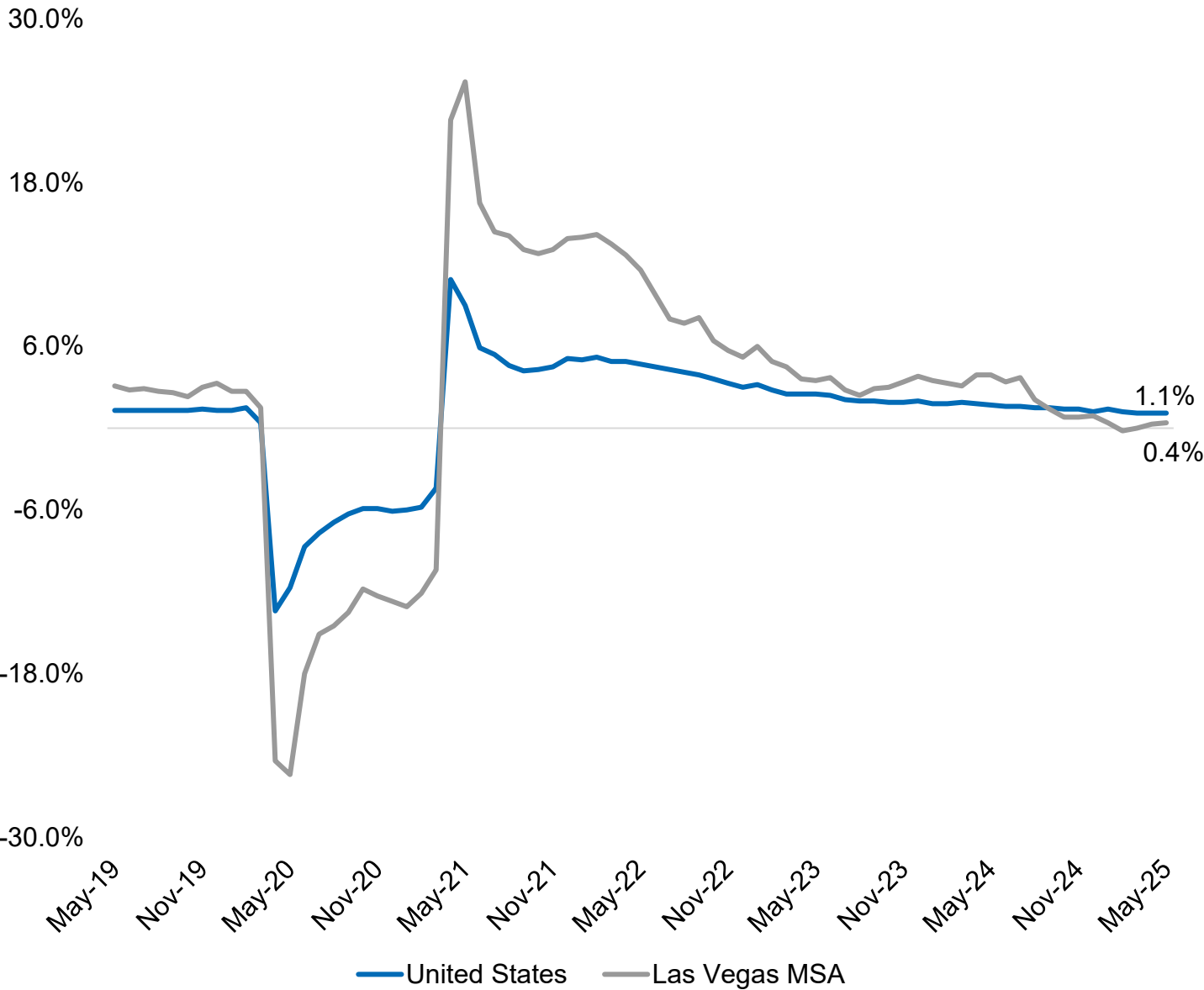
Las Vegas Job Market Shifts Amid Slower Growth

Las Vegas has consistently outperformed national employment growth, rebounding swiftly from pandemic-related losses. However, recent job declines in both white-collar and tourism sectors signal emerging economic headwinds. While the past three months show modest job gains, growth remains below national trends. Historically, strong performance has been driven by population growth and Nevada’s low-cost, business-friendly environment, especially compared to coastal Southwest markets.

Unemployment Rate, Seasonally Adjusted



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

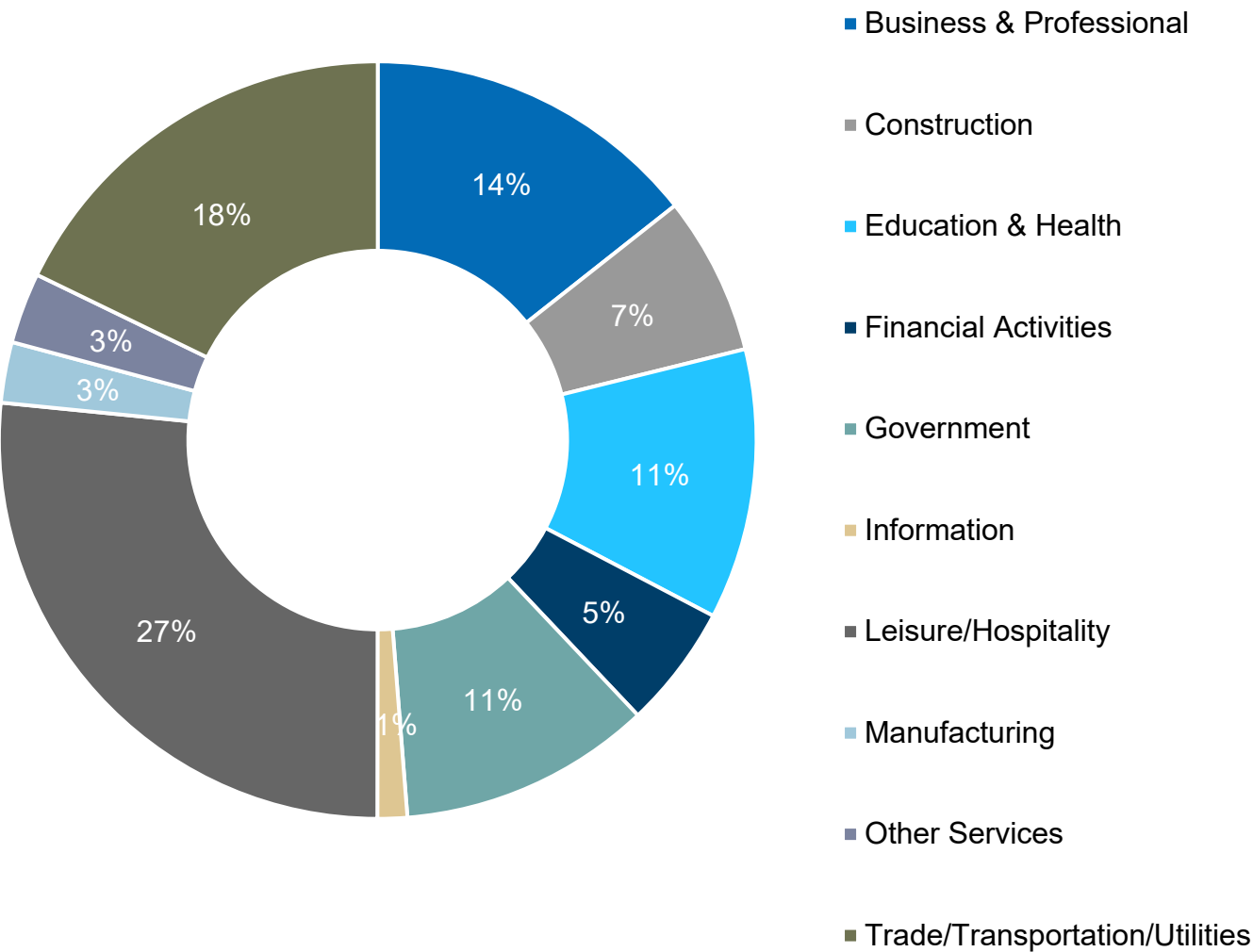


Source: U.S. Bureau of Labor Statistics, Las Vegas MSA
Note: Las Vegas' unemployment is historically higher than the U.S. average due to volatility in the tourism industry when the economy downcycles; hence, the 34.0% unemployment average at the start of the pandemic.

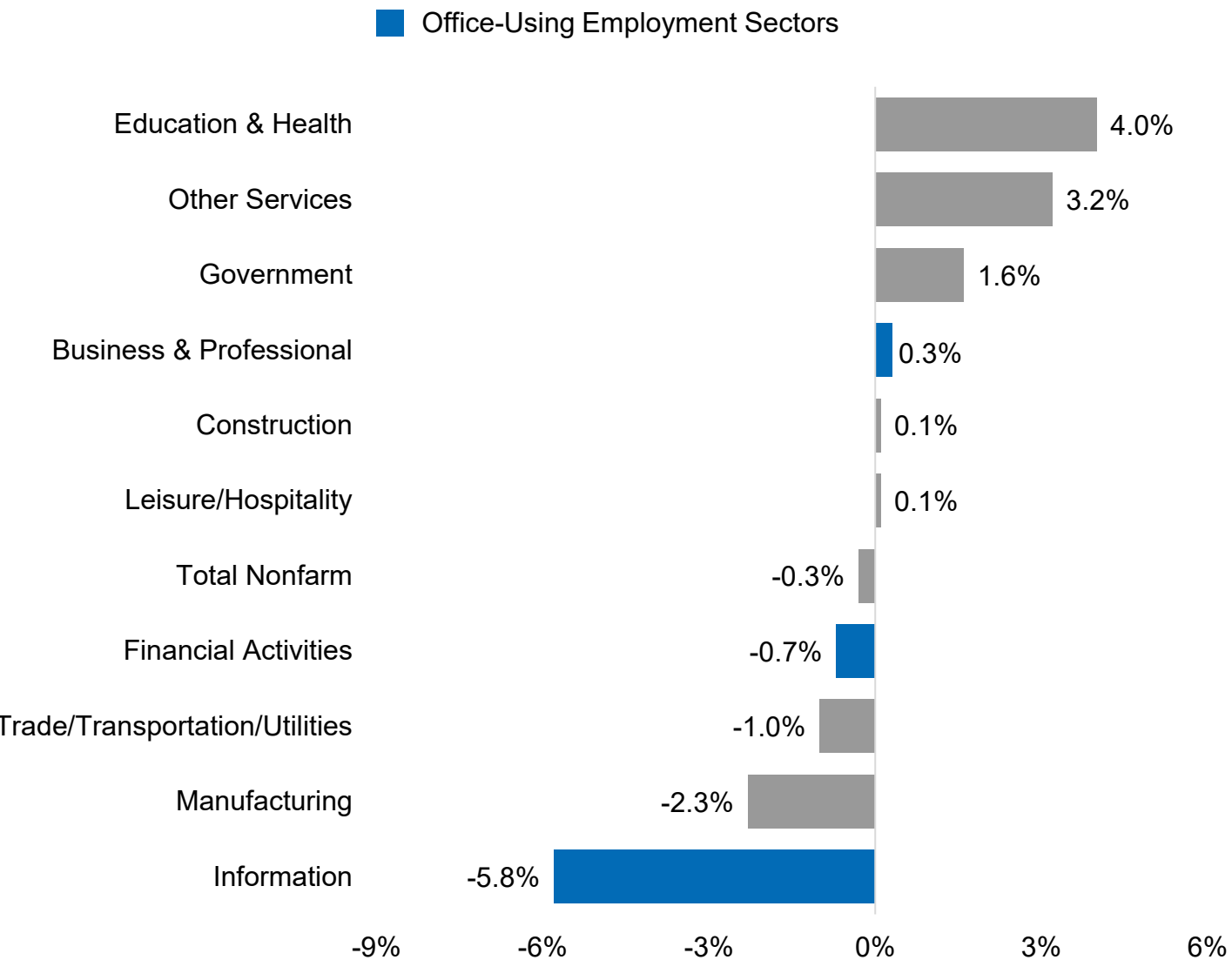
Las Vegas Employment Diversifies Amid Sector Contractions

Leisure and hospitality remains Las Vegas’ largest employment sector at 26.6%, down from 32.7% in 2010, underscoring the region’s ongoing economic diversification. Despite economic uncertainty causing job losses in half of all industry sectors, modest overall nonfarm employment growth persists, driven primarily by gains in education, health, and other services.

Employment by Industry, May 2025



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

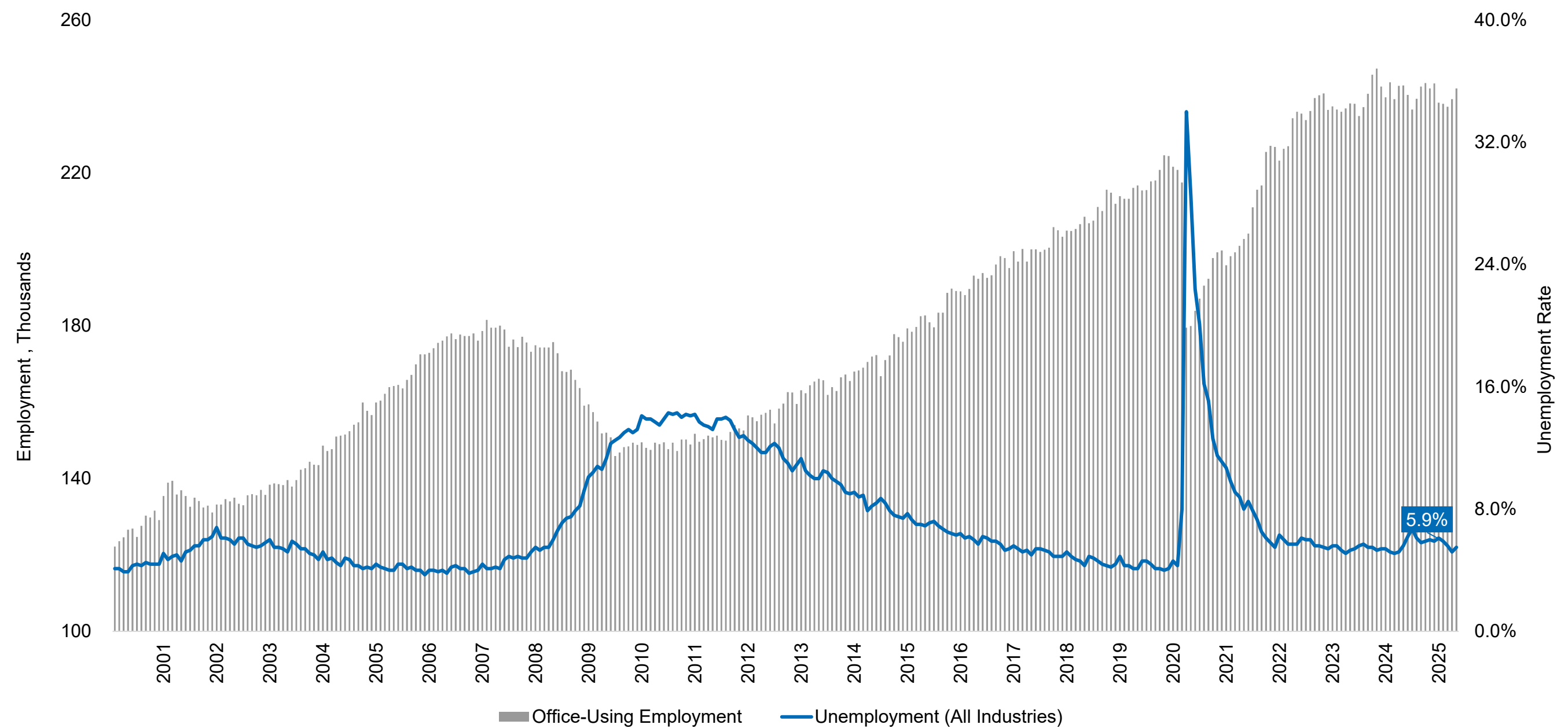


Source: U.S. Bureau of Labor Statistics, Las Vegas MSA

Las Vegas Office Employment Recovery Slows

After a sharp 17.4% decline at the onset of the pandemic, Las Vegas office-using employment rebounded by October 2021 and now stands 9.6% above pre-pandemic levels. However, recent national contractions in office-using sectors have stalled year-over-year growth. If these broader trends continue, local office job gains are likely to remain limited.

Office-Using Employment* and Unemployment Across All Industries



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

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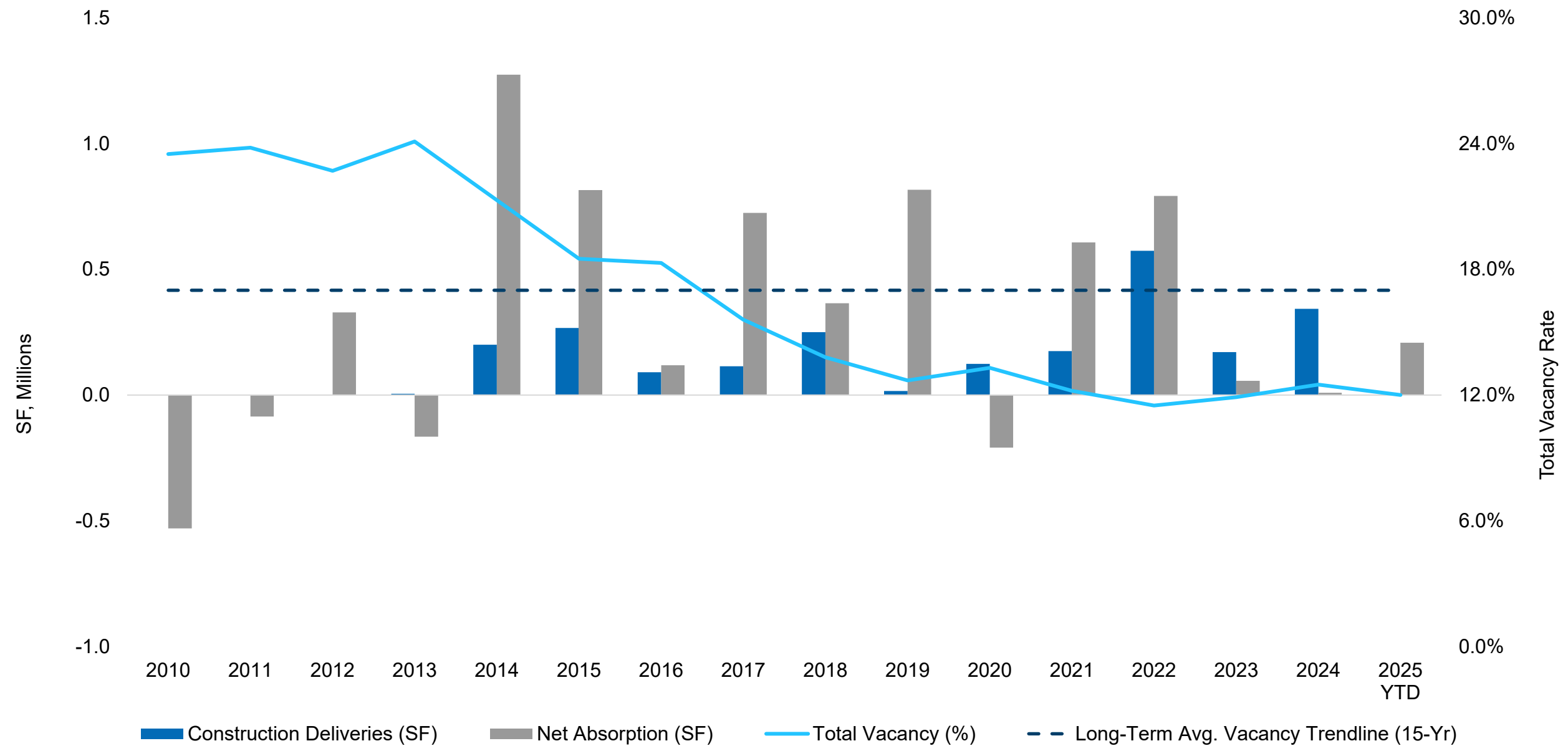
Market Fundamentals



Stable Vacancy and Modest Gains Reflect Market Resilience

Las Vegas’s post-GFC economic diversification has supported a stable post-pandemic recovery. Since 2021, vacancy rates have held steady, and no new deliveries occurred in the first half of 2025. Measured tenant activity resulted in modest but positive net absorption, totaling 208,317 square feet year-to-date.

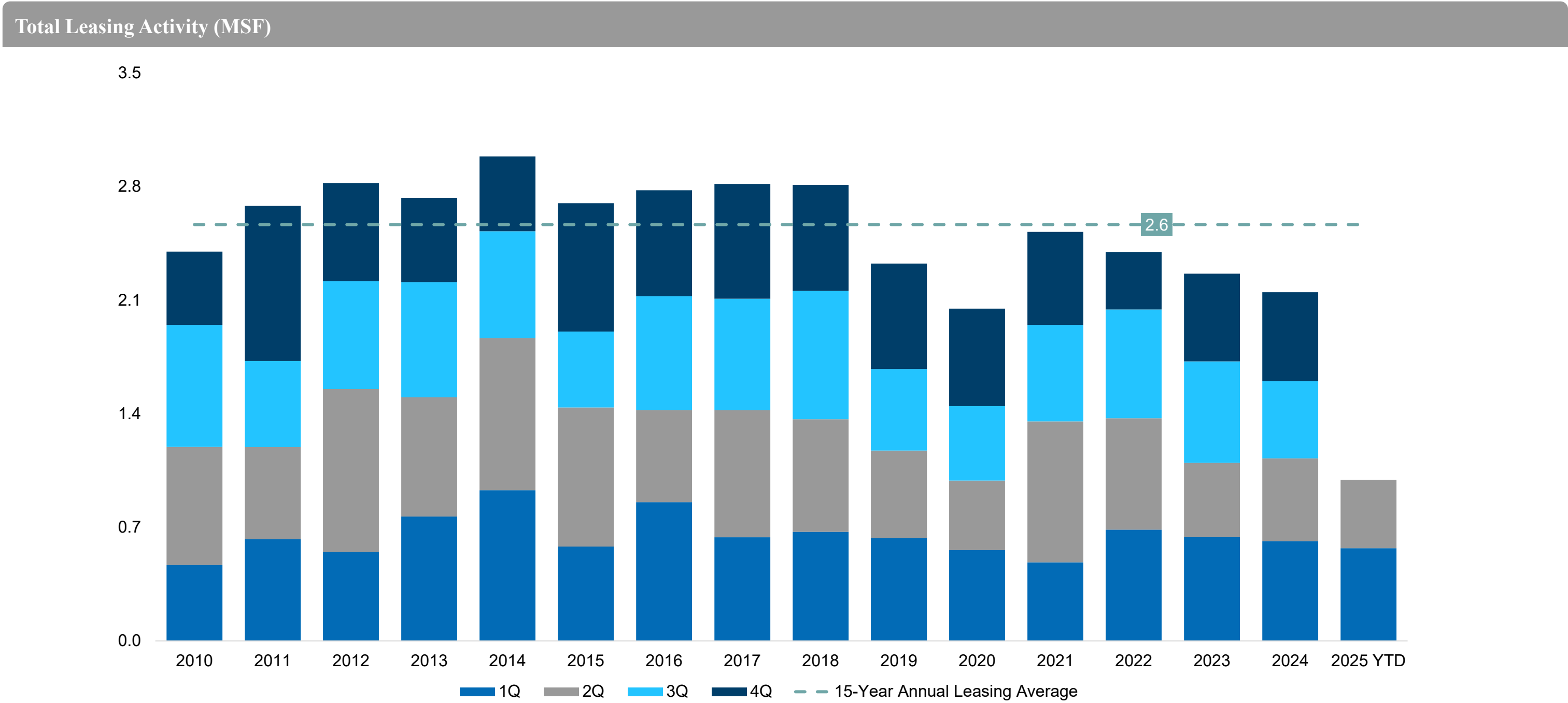
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research

Leasing Activity Stalls Amid Economic Uncertainty

Leasing volume in the first half of 2025 is just 0.3% above the 2020 low, reflecting continued market softness. Despite Las Vegas’ advantages of affordability and population growth, current rising capital costs, economic uncertainty, and widespread space reductions have dampened demand. Caution among occupiers is expected to keep activity subdued in the near term.

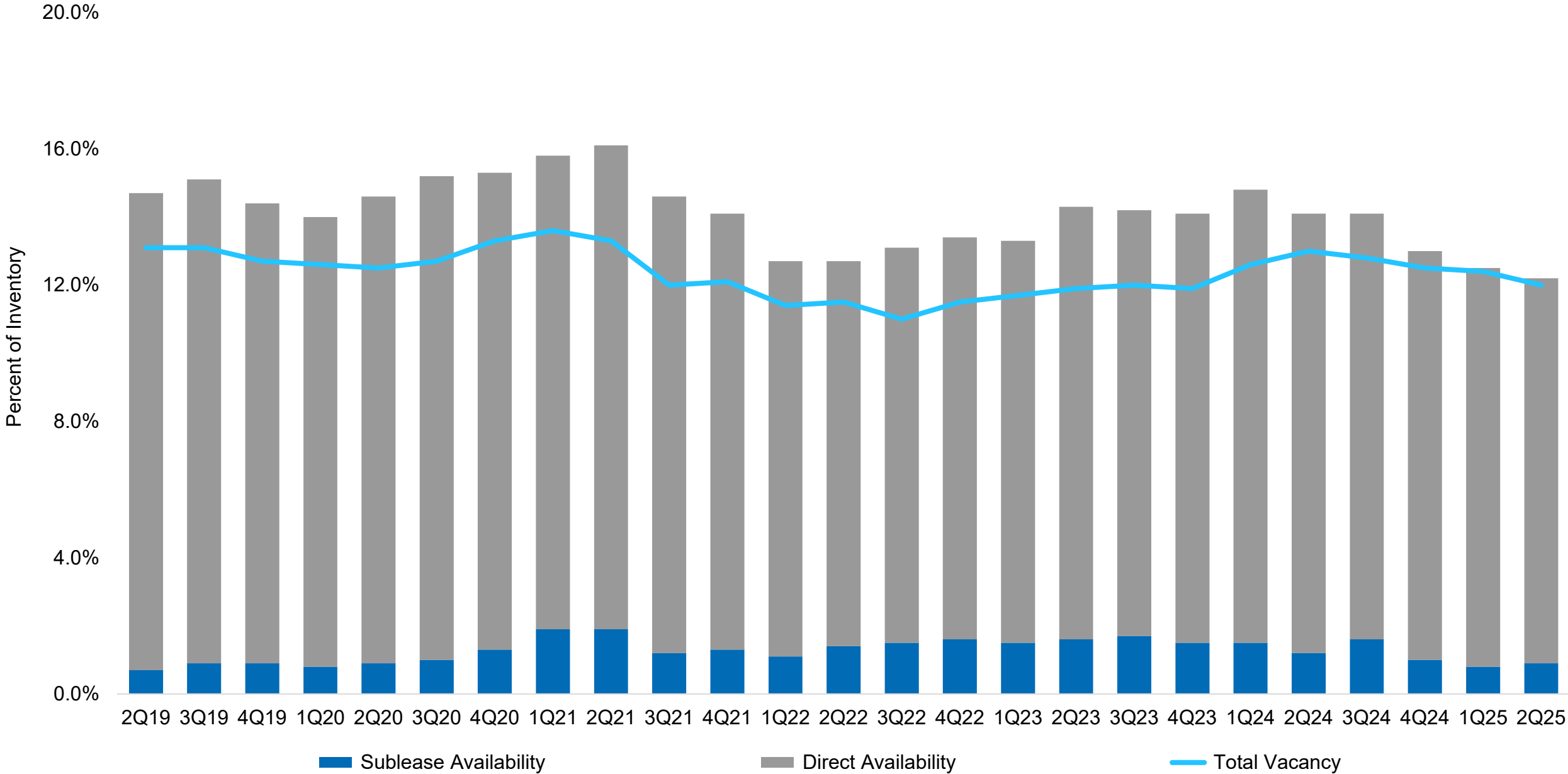


Source: Newmark Research

Las Vegas Office Market Tightens as Availability Narrows

Las Vegas’ office market continues to outperform, with direct and sublet availability remaining below national averages. Availability declined for the third-straight quarter as more space was withdrawn from the market. A key shift has emerged where the historical 200-basis-point gap between availability and vacancy has narrowed to just 20 basis points, indicating a more efficient and responsive leasing environment.

Available Space and Total Vacancy as Percent of Overall Market

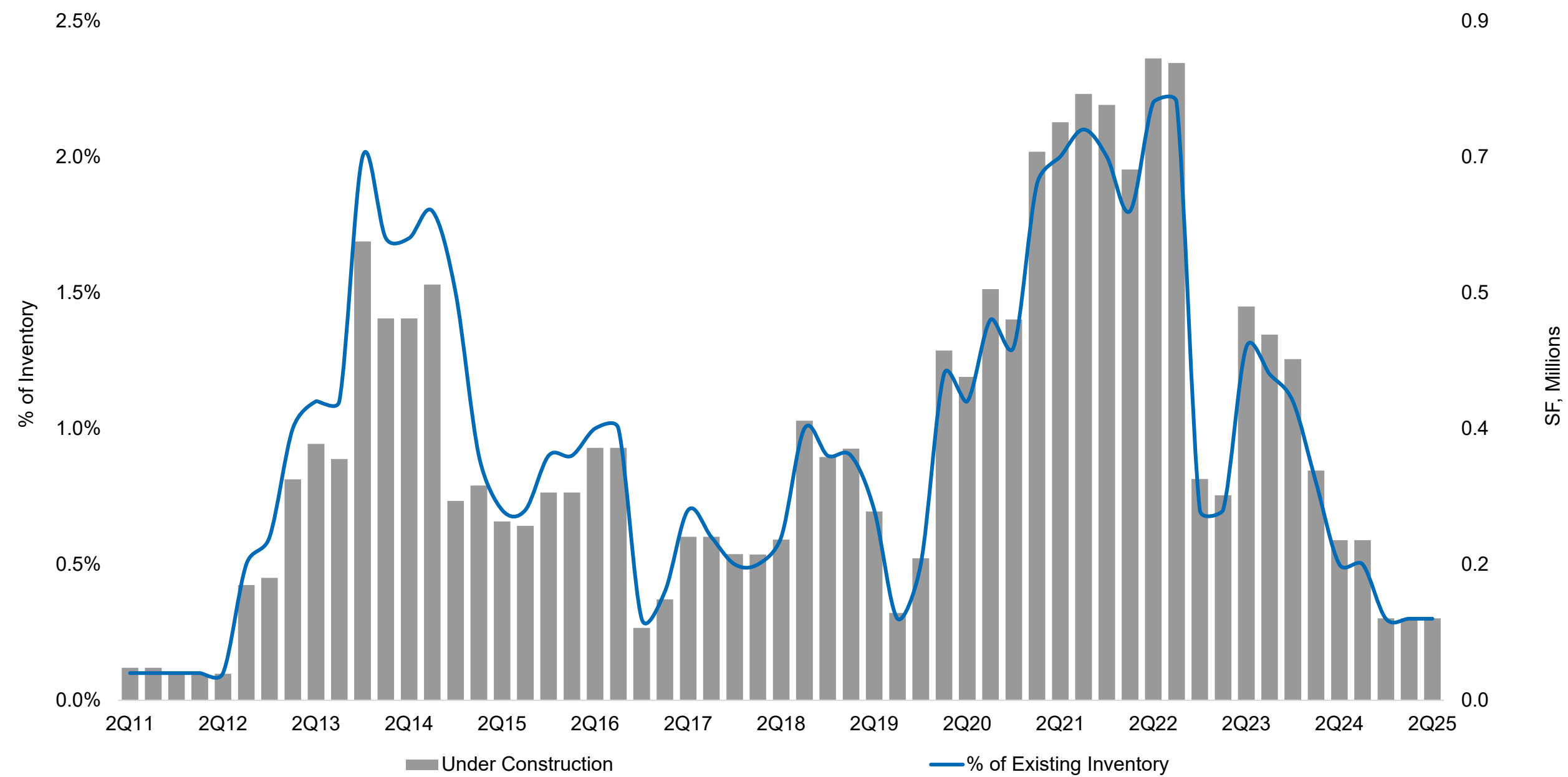


Source: Newmark Research

Construction Pauses as Market Shifts Toward Landlords

Amid rising construction costs and inflation, no new traditional office projects have broken ground or delivered as of mid-2025. With limited new supply, steady tenant activity, and competitive rental rates, vacancy is expected to decline further. This may potentially drive rents upwards again as the market shifts toward a more landlord-favorable environment.

Office Under Construction and % of Existing Inventory

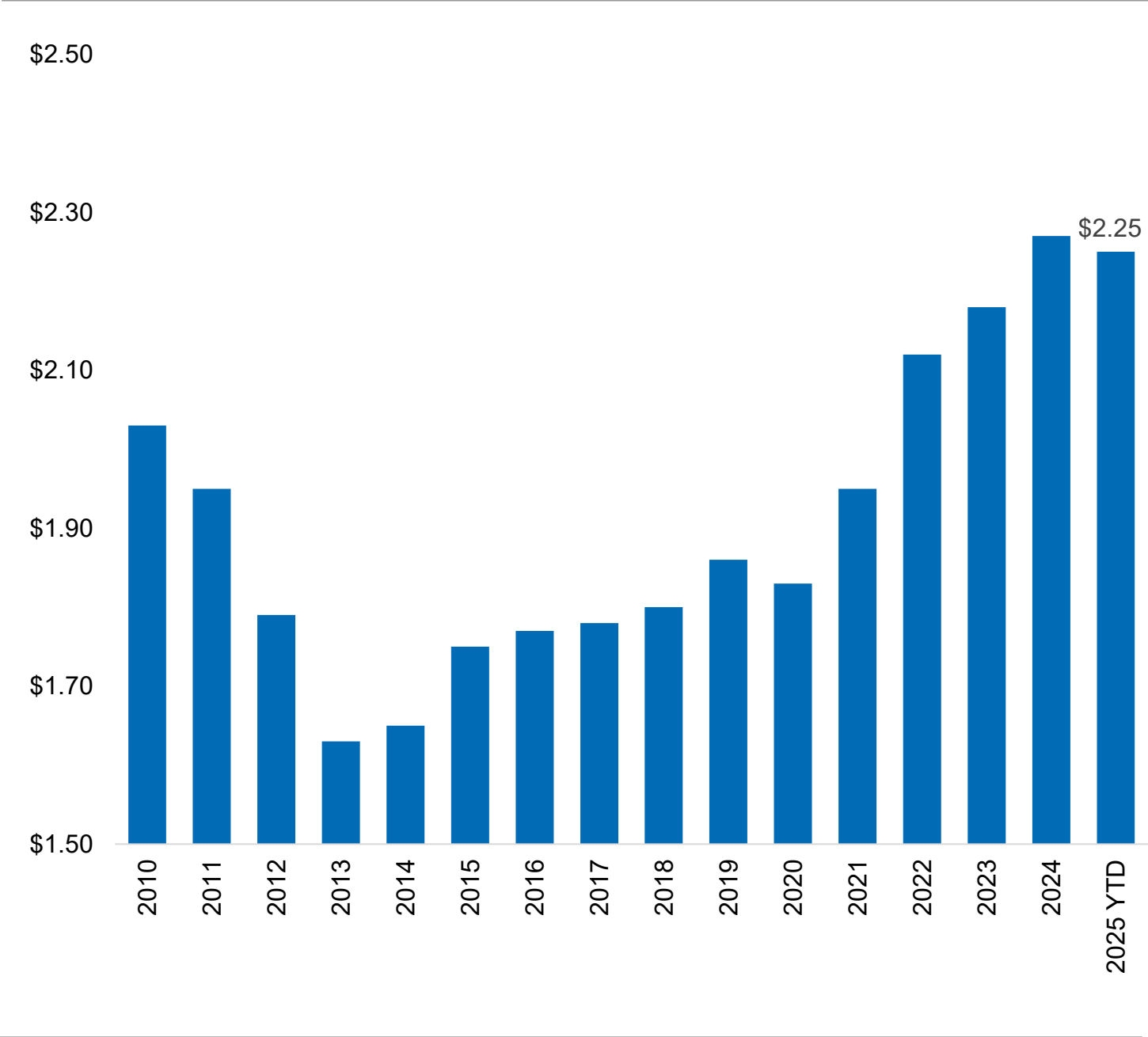


Source: Newmark Research

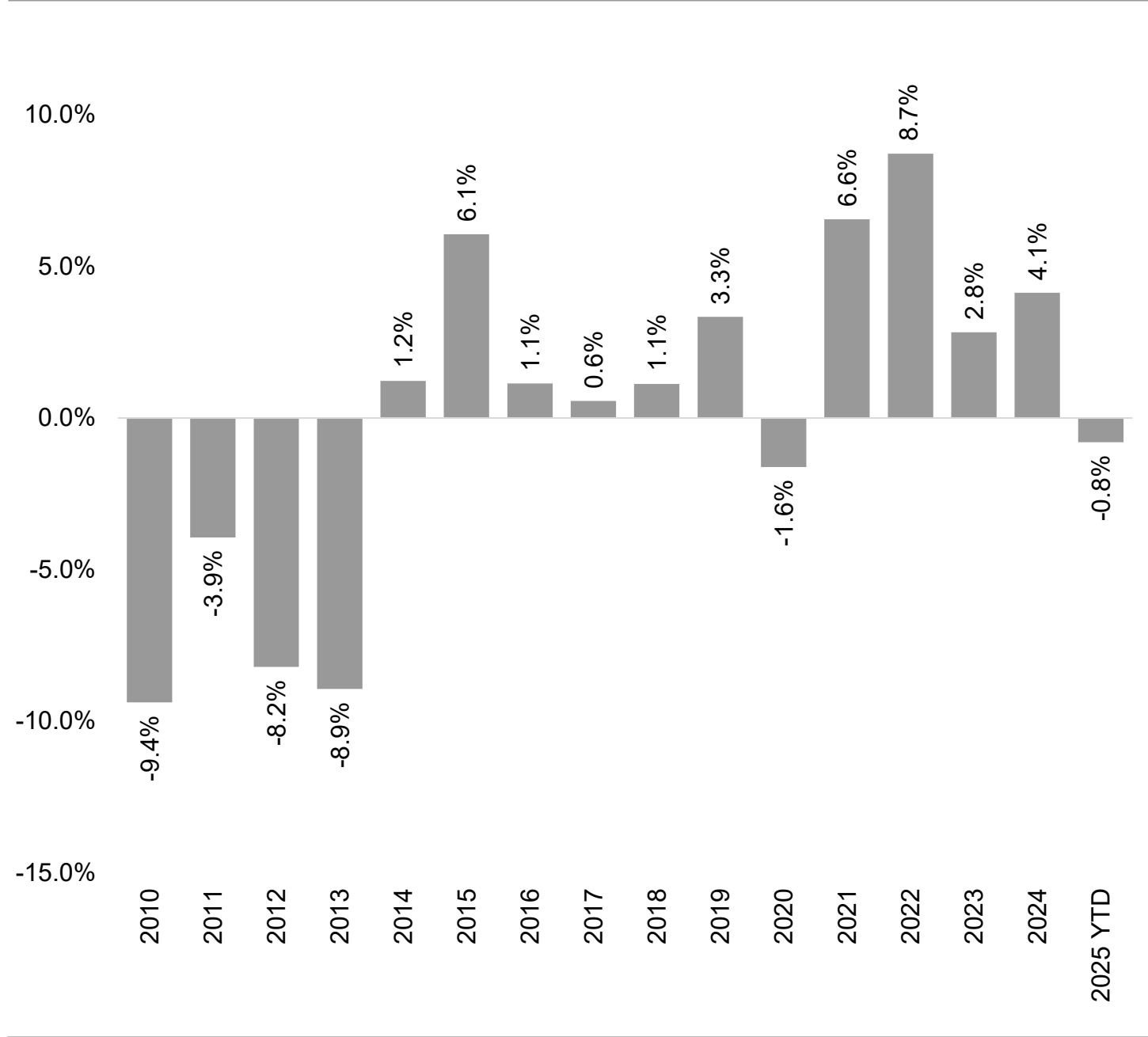
Stagnant Listings Weigh on Rents Amid Limited Supply

After steady growth from 2020 to 2024, Las Vegas office rents are feeling downward pressure as long-vacant, lower-quality spaces drag down averages. While newer, high-quality spaces lease quickly at market rates, older inventory remains challenging to fill. With very limited construction in the pipeline, limited supply may eventually drive moderate rent increases as demand outpaces availability.

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



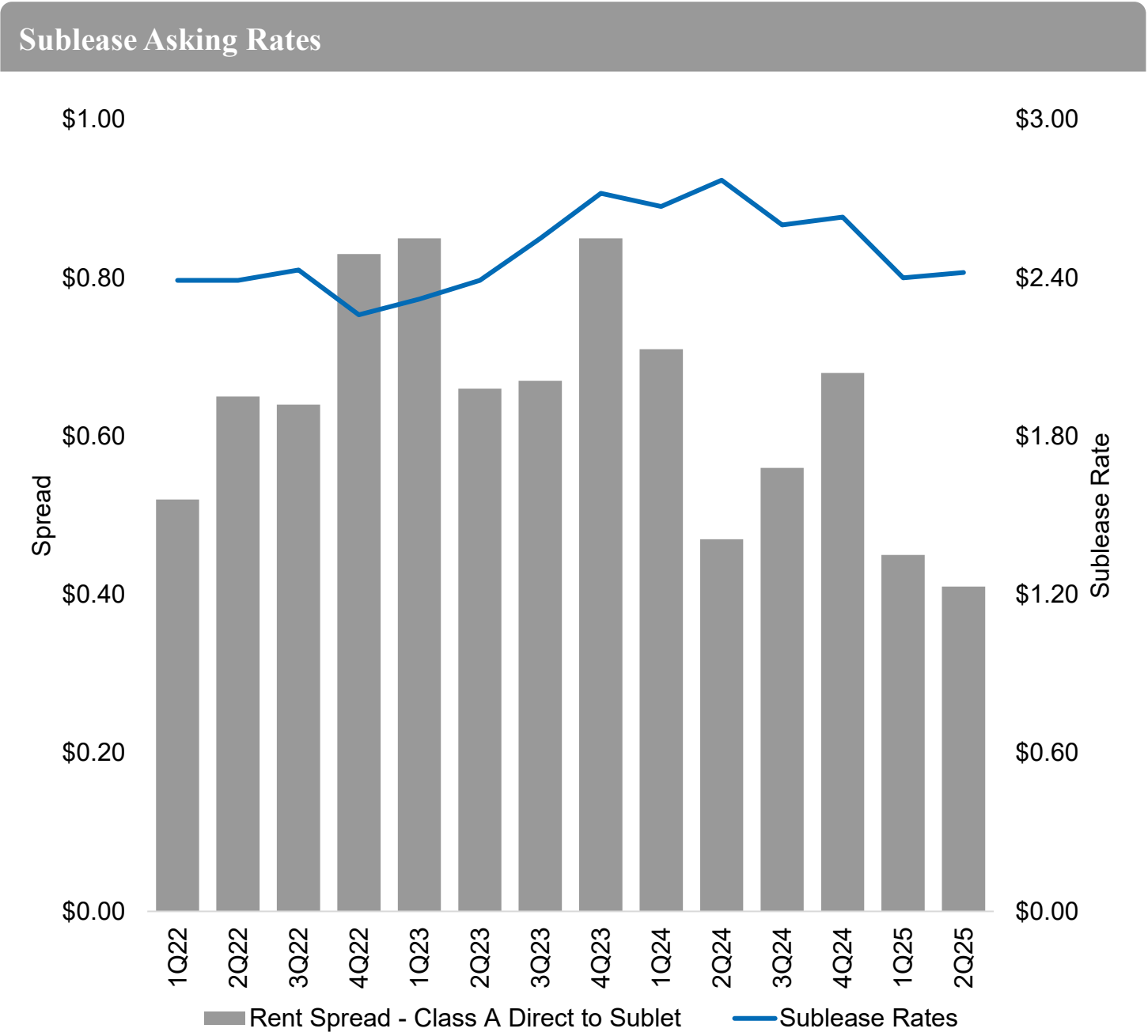
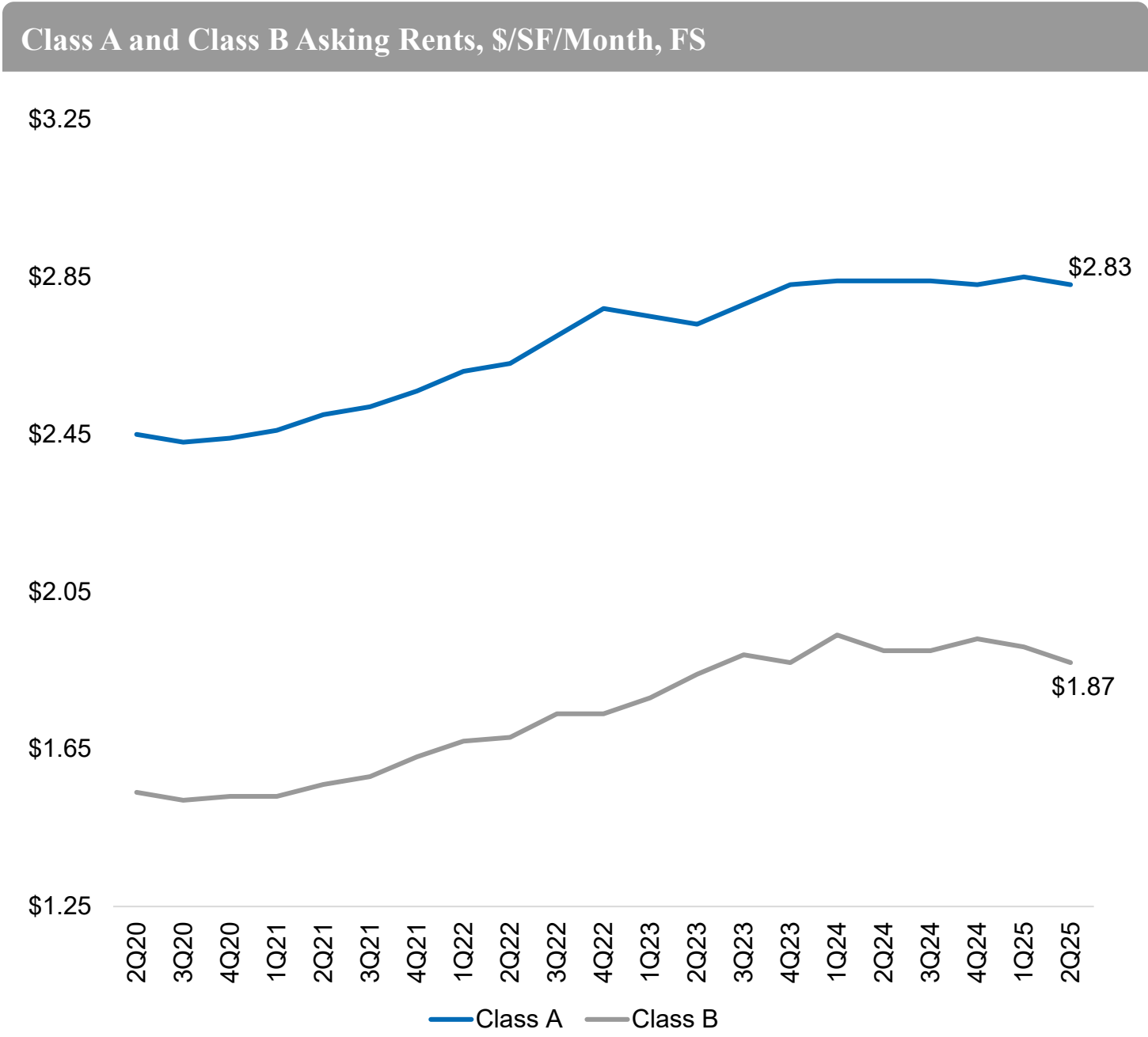
Year-over-Year Asking Rent Growth Rate



Source: Newmark Research

Flight to Quality Narrows Rent Gap Between Direct and Sublease Space

Cost-conscious tenants have helped stabilize Class A direct rents, as landlords focus on maintaining occupancy. In contrast, rates in lower-tier buildings are declining due to prolonged vacancies. Sublease rates held steady this quarter, with the rent gap between sublease and Class A direct space narrowing for the third-straight quarter, which is largely driven by tenants prioritizing quality, regardless of lease type.



Source: Newmark Research

West Las Vegas Tenants Recommit Amid Diversified Leasing Activity

Most of this quarter’s large leases were renewals, reflecting tenant recommitment to existing spaces. The wide industry mix among top deals highlights successful efforts to diversify the tenant base, reducing reliance on any single sector and enhancing long-term market resilience.

Notable 2Q25 Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
FirstService Residential	8290 Arville St	Southwest	Lease Renewal	28,748
Property management group, FirstService Residential, renewed for another term.				
NP Durango	Arroyo Corporate Center	Southwest	Lease Renewal	11,189
Hospitality group, NP Durango, renewed in the Southwest submarket for 11,189 SF.				
Unify Financial Federal Credit Union	Canyon Plaza	West	Lease Renewal	9,775
Unify Financial signed on to stay at Canyon Plaza for a short-term renewal.				
Teamsters Local Union	Lakes Business Park	West	Lease Renewal	9,015
Labor union group, Teamsters, renewed at Lake Business Park.				

Source: Newmark Research

Las Vegas Investment Remains Cautious Despite Late 2024 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.

2Q25 Notable Traditional Office Sale Transactions				
Buyer	Building(s)	Submarket	Price	Square Feet
Advanced Management Group Nevada	Summerlin Professional Office	Northwest	\$5,900,000	24,286
The buyer plans to occupy a large portion of the building and lease out the remaining portion.				
Ben Rouhani	The Park at Spanish Ridge 4	Southwest	\$5,500,000	13,280
The building was 100% occupied at the time of sale.				
Mozi Media	2970 W Sahara Ave	West	\$3,100,000	5,136
Fully occupied by Las Vegas Defense Group, the building was sold to Mozi Media.				
Luxury Estates International	10781 W Twain Ave	Southwest	\$3,000,000	4,176
In an owner user transaction, Luxury Estates International purchased the building with plans to occupy.				

Source: Newmark Research

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Appendix



Las Vegas Metro Office Submarket Map and High-Level Statistics | 2Q25



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Las Vegas Metro Office Submarket Statistics | 2Q25



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Population Has Increased Considerably in Recent Decades



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Tourism Slows, Testing Las Vegas' Economic Diversification



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