

LAS VEGAS OFFICE MARKET

Yardi® Matrix

Market Analysis

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Office Sector Treads Water



The office market faces strong headwinds in Las Vegas, with the past two years' expansion mode seeming to have hit a wall. Both investors and developers have shown increasing restraint toward secondary office markets this late in the cycle. The same is true for coworking companies, which were hesitant to expand into or enter the Las Vegas market. WeWork was an exception, having leased 50,000 square feet in Summerlin for its first location in the metro.

Office-using employment increased 1.3% year-to-date through August, to a total of 214,000 jobs. However, the rate of improvement is more than 200 basis points below that of last year and the lowest since 2010. The metro's positive demographic movement has failed to translate into growth for the office-using job market, favoring the market's leisure and hospitality and its education and health services sectors instead.

Transaction volume year-to-date through August decreased by more than 80% compared to the same period in 2018, with deals totaling only \$64 million. These were the lowest-performing first eight months of a year for sales volume since 2010. And with no completions year-to-date and just one project in the works as of August, developers are expected to add only 111,000 square feet by year's end, equating to 0.3% of existing inventory. With companies thinking cautiously about the metro's office market in the late-stage cycle, Las Vegas' overall vacancy rate increased by 40 basis points from the beginning of the year.