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Most arrows pointing in positive direction for local commercial real estate market

LAS VEGAS – A report released today by Xceligent in partnership with the Commercial Alliance Las Vegas (CALV) shows the commercial real estate market in Southern Nevada posting mostly positive results through the first half of 2017.

“Most of the arrows continue to point in a positive direction, especially when compared to the past several years,” said CALV President Jennifer Ott, CCIM, and a longtime local commercial real estate broker who specializes in the retail market. “The retail market is a good example. After a relatively slow first quarter, we saw the retail sector pick up during the second quarter. That trend should continue through the rest of 2017.”

According to the report, the total vacancy rate for the local retail market went from 9.8 percent in the first quarter of 2017 to 9.5 percent during the second quarter. The local retail market recorded 177,756 square feet of positive absorption during the second quarter of 2017, up from 17,202 square feet during the first quarter of this year.

Tina Hickman, director of analytics for Xceligent for the Las Vegas market, said more than 200,000 square feet of retail space is under construction in Southern Nevada, with a new Walmart Supercenter in the Southwest part of Las Vegas accounting for most of that.

Meanwhile, Ott said the local office market continues to improve after seeing vacancy rates approach record highs during the recession. One reason for that, Ott and Hickman agreed, is Southern Nevada’s overall economic and job growth.

The total office vacancy rate continued to decline, dropping from 15.1 percent in the first quarter of 2017 to 14.9 percent in the second quarter. At the same time, the local office market recorded 125,089 square feet of positive absorption during the second quarter, compared to 178,805 square feet during the first quarter of 2017.

Brenden Graves, sales executive for Xceligent in Las Vegas, noted that “although office vacancies are high, this is largely due to obsolete product on the market in the central and northeast markets. The office market actually has felt a compression in space that will likely soon affect rates.”

Hickman said 286,876 square feet of office space is now under construction in Southern Nevada, with most of it being built in the Southwest part of Las Vegas.

“Construction activity is gaining ground even more than last quarter, as we continue to see more plans in the pipeline for office development,” she added. “An additional 430,000 square feet of office space is currently planned and proposed for the Las Vegas metro area. Absorption is expected to remain positive during 2017.”

The story is similar in the Southern Nevada industrial market, where Xceligent is tracking 13 industrial buildings under construction, adding more than 3.3 million square feet of space to the market. Another 2 million square feet of space has been proposed.

Hickman said the local industrial market recorded 1.8 million square feet of positive absorption during the second quarter of 2017, more than triple the amount of activity recorded during the first quarter of 2017. Still, the total industrial vacancy rate increased to 6.0 percent during the second quarter, up from 5.6 percent during the first quarter.

“Industrial vacancy rates have experienced a slight increase due to the new inventory,” she explained. “Much of this space is scheduled to be occupied within 2017, and absorption is expected to continue an upward trend.”

Graves also commented on rising land costs and the increasing number of multifamily developments being built around Southern Nevada.

“In regard to land, we’re seeing that prices on a per-acre basis have outrun most product types’ appetite,” he said. “This has created an influx of land purchased for multifamily, and we’re not sure where the renters are going to come from.”

Xceligent, a growing provider of commercial real estate information locally and nationally, partners with CALV and local commercial real estate professionals through their Quarterly Advisory Boards to produce quarterly reports on trends and conditions in the office, industrial and retail markets in Southern Nevada. The report released this week covers activity through the second quarter of 2017.

Ott, whose professional designations include being a Certified Commercial Investment Member (CCIM), is one of dozens of leading local brokers who volunteer to serve on advisory boards that help verify and produce these reports.

About the Commercial Alliance Las Vegas

The Commercial Alliance Las Vegas (CALV) is the commercial real estate division of the Greater Las Vegas Association of REALTORS®. It organizes and empowers the industry in Southern Nevada through education, networking, promoting professionalism and shaping public policy. Membership in CALV is open to REALTORS® and non-REALTORS® alike. For more information, and to access the full reports on the commercial real estate market, visit www.calv.org.

About Xceligent

Xceligent is a leading provider of verified commercial real estate information across the United States. Its professional research team pro-actively collects: a comprehensive inventory of

commercial properties, buildings available for lease and sale, tenant information, sales comparables, historical trends on lease rates and building occupancy, market analytics, and demographics. This information assists the real estate professionals, appraisers, owners, investors, and developers that make strategic decisions to lease, sell, and develop commercial properties. Xceligent, backed by [dmg information](#), has launched an aggressive national expansion that will provide researched information in the 100 largest United States markets. For more information on Xceligent, visit [xceligent.com](#).

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