



For release Oct. 6, 2017

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Commercial real estate market seeing more construction, lower vacancy rates

LAS VEGAS – A report released today by Xceligent in partnership with the Commercial Alliance Las Vegas (CALV) paints a mostly positive picture of the commercial real estate market in Southern Nevada, with most sectors continuing to gain ground through the third quarter of 2017.

“For the most part, the local commercial real estate market continues to get better each quarter,” said CALV President Jennifer Ott, CCIM, and a longtime local commercial real estate broker who specializes in the retail market. “I think the retail market continues to be a good example of that. While we’re all seeing national news about well-known retailers that have been closing or cutting back, this report and our experience here in the Las Vegas area actually shows that the retail market has been improving in the past few years.”

The report shows the retail market remained on the rise, absorbing nearly 50,000 square feet of space during the third quarter. This marks the fourth straight quarter that the local retail market has posted a positive absorption rate, according to Xceligent’s statistics. At the same time, the total retail vacancy rate in Southern Nevada fell to 9.4 percent, down 0.3 percent from one year earlier.

“This is good news for the industry and for the local economy,” Ott said.

Tina Hickman, director of analytics for Xceligent for the Las Vegas market, pointed out that nearly 150,000 square feet of retail space has been built so far this year in Southern Nevada – more than in past years. Another 180,000 square feet of retail space is under construction, with more than 800,000 additional square feet of space planned in local centers such as Mountain’s Edge Marketplace, The Landing and Shanghai Plaza.

Hickman said an improving local economy and job market are boosting the office, industrial and retail markets. While other cities are seeing a decline in “brick and mortar storefronts,” she said “Las Vegas continues to hold strong in the sector, due to the advantage gained from being a tourist destination.” With much of Southern Nevada’s new retail space being pre-leased, Hickman expected retail absorption to remain positive during the rest of 2017.

The story is similar for the office market, she said. The total office vacancy rate continued to decline, dropping to 14.9 percent during the third quarter of 2017, down 0.3 percent from the same quarter in 2016. The local office market also recorded 27,093 square feet of positive absorption during the third quarter, marking its fifth consecutive quarter of doing so.

Brenden Graves, sales executive for Xceligent in Las Vegas, said local office vacancy rates remain higher than historic averages. However, he explained that “obsolete” office space, especially in the central and northeast parts of Las Vegas, have a lot to do with those numbers. He added that office construction has been on the rise, though leasing activity has recently slowed.

In the local industrial market, Xceligent reported that more than 2.8 million square feet of space is under construction. High-profile new industrial tenants include Amazon, Dr. Pepper and Snapple and the Southern Nevada Teamsters Local 631.

According to the report from Xceligent and CALV, the local industrial market recorded nearly 1.5 million square feet of positive absorption during the third quarter of 2017. Due largely to new inventory being added to the market, Hickman said the total industrial vacancy rate increased by 0.5 percent, from 5.6 percent one year ago to 6.1 percent during the third quarter of 2017.

“Much of the focus for our industrial sector has been placed on new big-box tenants that are beginning to call Vegas home,” Hickman said. “But the lesser-sized inventory is still showing positive gains. Spaces ranging in size from 25,000 square feet and under account for over 3.3 million square feet of space reported as leased thus far in 2017.”

Xceligent, a growing provider of commercial real estate information, 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 third 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 U.S. 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](http://dmg.information), has launched an aggressive national expansion that will provide researched information in the 100 largest U.S. markets. For more information, visit xceligent.com.

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