

Economic Overview

According to the Bureau of Labor Statistics, the unemployment rate dropped 0.4 percentage points from 5.2% in January 2017 to 4.8% in April 2017. The unemployment rate for the US was reported at 4.3%, down from 4.7% for the state of Nevada. The Las Vegas metropolitan statistical area job creation totaled 27,500 positions over the past year. Office using jobs (information, professional and business services and financial activities) added 9,700 positions during the past year.

Market Overview

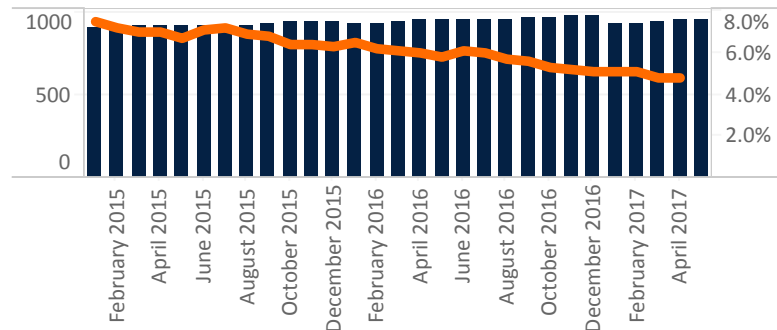
The Las Vegas office market recorded 125,089 square feet (sf) of positive absorption during 2Q 2017, down from 178,805 sf in 1Q 2017. The total vacancy rate has decreased from 15.1% in 1Q 2017 to 14.9% at the close of 2Q 2017. Direct vacancy rates decreased 0.3 percentage points from 14.6% to 14.3% during the same time period. Weighted average rents have remained consistent year-over-year. Class A rents decreased 4.5% year-over-year, recording \$2.56 psf at the close of 2Q 2017. Class B rents improved 8.5% year-over-year, recording \$1.66 psf at the close of 2Q 2017. Class C rents have decreased 1.4% during the time period, recording a weighted average of \$1.35 psf at 2Q 2017 end.

Market Highlights

There is currently 286,876 sf of office space under construction in Las Vegas with the majority occurring in the Southwest market. Construction activity is gaining ground as we continue to see more in the pipeline for office development. An additional 430,000 sf of space is currently planned and proposed for the metro. Absorption is expected to remain positive during 2017. This is the first quarter recording deals larger than 25,000 sf since 3Q 2016. In addition to that, there were more deals completed this quarter than the last that fell into the 10-25K range. Year-over-year sales reflect an increase in recorded price per square foot (psf) of 37.2%.

Las Vegas Employment

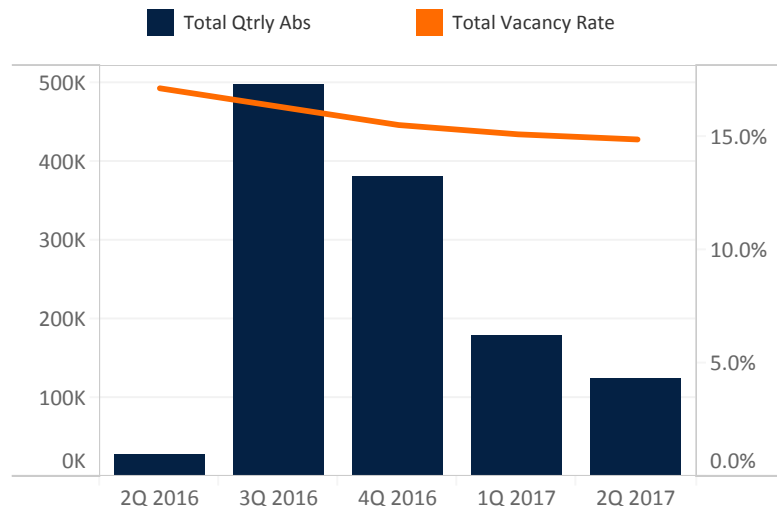
Source: BLS



Market Recap

Inventory (sf)	46,130,191
# of Bldgs	2,420
Qrtly Abs (sf)	125,089
Total Avail Rate	18.2%
Total Vacancy Rate	14.9%
U/C Inventory (sf)	286,876
Delivered (sf)	0
Weighted Average Asking Rate (FSG)	\$1.81

Absorption and Vacancy Rate



Overview by Class (Total)

Class	Inventory (sf)	Available (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
A	8,234,859	1,724,605	1,573,033	19.1%	1,274	7,043
B	32,895,779	5,822,303	4,537,733	13.8%	140,658	252,751
C	4,999,553	833,959	746,333	14.9%	-16,843	44,100
Overall	46,130,191	8,380,867	6,857,099	14.9%	125,089	303,894

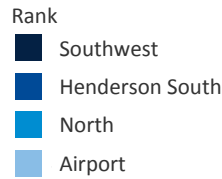
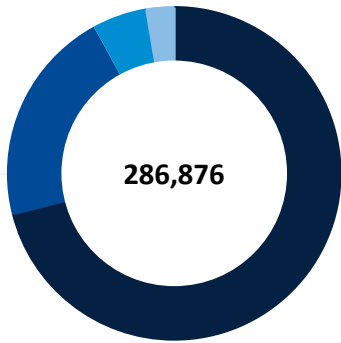
Overview by Market (Total)

Market Name	Class	Inventory (sf)	Available (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
Airport	A	1,118,072	260,860	245,951	22.0%	3,051	27,932
	B	4,303,777	730,700	473,039	11.0%	28,307	35,776
	C	401,293	47,836	41,528	10.3%	-2,321	390
	<i>Subtotal</i>	5,823,142	1,039,396	760,518	13.1%	29,037	64,098
Central East	A	1,465,377	363,276	340,935	23.3%	-18,454	-20,879
	B	3,842,173	796,029	674,605	17.6%	28,030	33,766
	C	2,166,322	393,941	334,712	15.5%	8,915	39,112
	<i>Subtotal</i>	7,473,872	1,553,246	1,350,252	18.1%	18,491	51,999
Central West	A	179,869	18,803	18,803	10.5%	0	0
	B	4,636,350	827,210	707,867	15.3%	11,403	50,328
	C	784,838	139,177	142,361	18.1%	-6,427	715
	<i>Subtotal</i>	5,601,057	985,190	869,031	15.5%	4,976	51,043
Downtown	A	1,315,148	280,104	231,255	17.6%	-16,844	-15,171
	B	810,317	187,174	131,973	16.3%	-10,808	-14,879
	C	547,752	133,358	123,130	22.5%	-11,570	-8,686
	<i>Subtotal</i>	2,673,217	600,636	486,358	18.2%	-39,222	-38,736
Henderson North	A	250,033	144,880	144,880	57.9%	0	0
	B	1,528,096	277,549	247,035	16.2%	11,738	46,019
	C	75,243	9,357	9,357	12.4%	-4,757	-4,757
	<i>Subtotal</i>	1,853,372	431,786	401,272	21.7%	6,981	41,262
Henderson South	A	554,195	90,792	84,377	15.2%	8,322	6,257
	B	3,602,953	577,865	523,629	14.5%	-10,244	-60,951
	C	120,129	22,034	18,951	15.8%	4,274	5,864
	<i>Subtotal</i>	4,277,277	690,691	626,957	14.7%	2,352	-48,830
North	A	46,871	7,737	7,737	16.5%	0	2,986
	B	1,198,763	178,802	114,520	9.6%	17,837	18,303
	C	96,143	22,396	22,396	23.3%	0	-4,050
	<i>Subtotal</i>	1,341,777	208,935	144,653	10.8%	17,837	17,239
Northwest	A	709,202	81,560	120,537	17.0%	-11,628	-13,471
	B	2,179,359	701,473	426,674	19.6%	55,858	88,348
	C	205,351	34,258	34,258	16.7%	-6,052	483
	<i>Subtotal</i>	3,093,912	817,291	581,469	18.8%	38,178	75,360
Southwest	A	1,030,465	164,018	142,058	13.8%	5,908	-3,067
	<i>Subtotal</i>	5,801,677	902,601	821,654	14.2%	11,240	39,944
Overall		46,130,191	8,380,867	6,857,099	14.9%	125,089	303,894

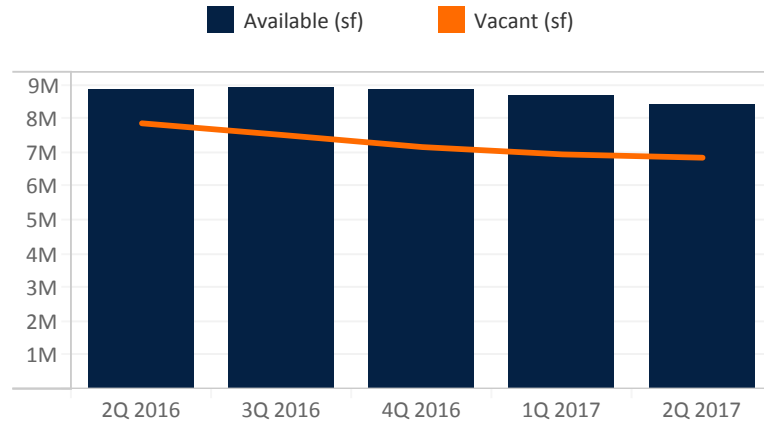
Overview by Market (Total) Cont'd

Market Name	Class	Inventory (sf)	Available (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
Southwest	B	4,604,599	721,091	670,104	14.6%	6,832	43,011
	C	166,613	17,492	9,492	5.7%	-1,500	0
	<i>Subtotal</i>	5,801,677	902,601	821,654	14.2%	11,240	39,944
West	A	1,565,627	312,575	236,500	15.1%	30,919	22,456
	B	6,189,392	824,410	568,287	9.2%	1,705	13,030
	C	435,869	14,110	10,148	2.3%	2,595	15,029
	<i>Subtotal</i>	8,190,888	1,151,095	814,935	9.9%	35,219	50,515
Overall		46,130,191	8,380,867	6,857,099	14.9%	125,089	303,894

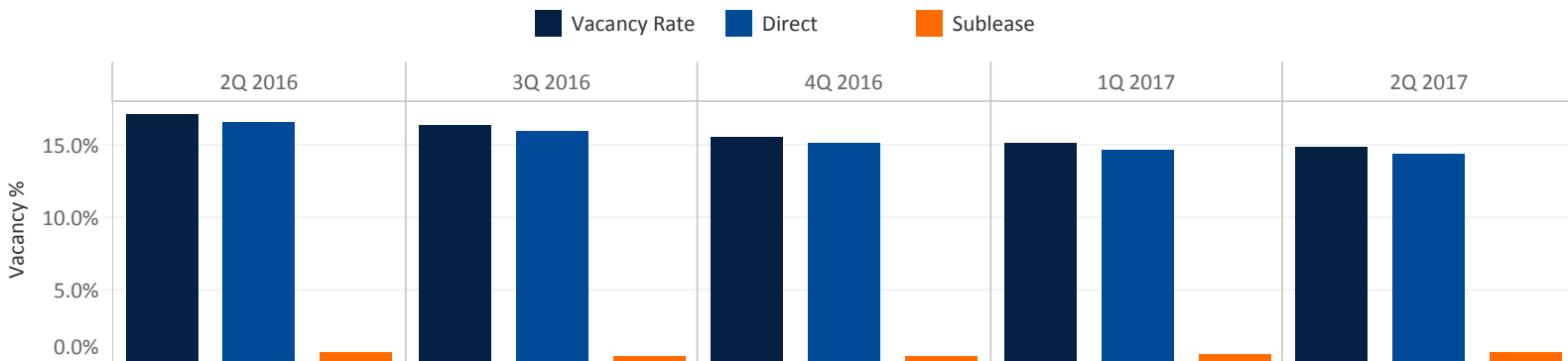
Construction by Market



Total Available and Vacant



Vacancy Rate



Overview by Class (Direct)

Class	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
A	8,234,859	1,607,710	1,520,645	18.5%	33,153	29,122
B	32,895,779	5,553,813	4,312,919	13.1%	176,185	341,387
C	4,999,553	849,840	744,833	14.9%	-15,343	45,600
Overall	46,130,191	8,011,363	6,578,397	14.3%	193,995	416,109

Overview by Class (Sublease)

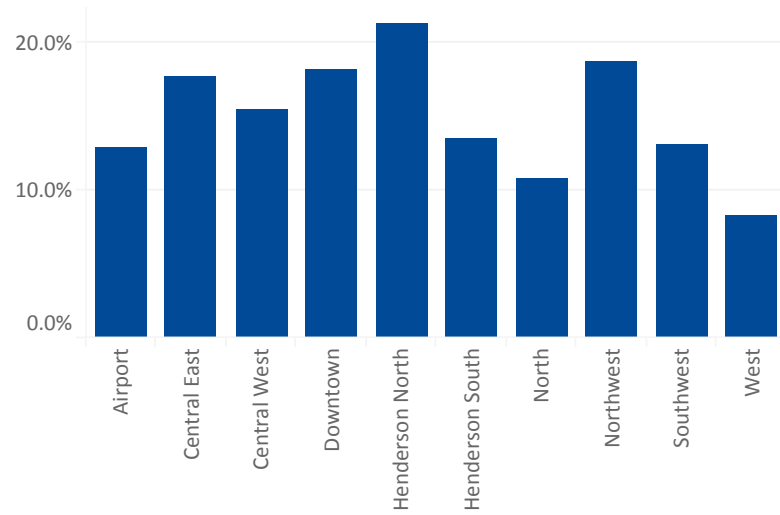
Class	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
A	8,234,859	116,895	52,388	0.6%	-31,879	-22,079
B	32,895,779	268,490	224,814	0.7%	-35,527	-88,636
C	4,999,553	2,465	1,500	0.0%	-1,500	-1,500
Overall	46,130,191	387,850	278,702	0.6%	-68,906	-112,215

Direct Vacancy Rates

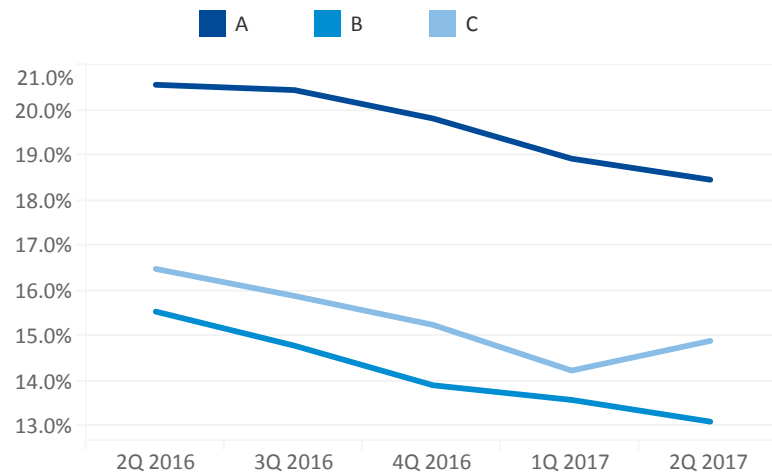
By Market and Class

Market Name	Class	Quarter Year				
		2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
Airport	A	16.6%	25.7%	25.6%	22.3%	21.1%
	B	13.1%	11.9%	11.0%	11.6%	11.0%
	C	10.4%	10.3%	10.4%	9.8%	10.3%
Central East	A	25.2%	19.7%	21.8%	22.0%	22.0%
	B	20.9%	19.4%	18.7%	18.2%	17.5%
	C	18.2%	17.8%	16.4%	15.1%	15.4%
Central West	A	12.5%	10.5%	10.5%	10.5%	10.5%
	B	19.6%	18.2%	17.0%	16.0%	15.3%
	C	20.7%	19.2%	17.9%	17.3%	18.1%
Downtown	A	17.0%	17.0%	17.1%	16.9%	17.6%
	B	16.2%	13.9%	14.8%	15.4%	16.3%
	C	19.3%	18.7%	21.0%	20.4%	22.5%
Henderson North	A	59.1%	58.5%	57.9%	57.9%	57.9%
	B	19.8%	18.6%	18.3%	16.9%	15.8%
	C	5.4%	5.4%	5.4%	6.1%	12.4%
Henderson South	A	14.3%	12.9%	14.3%	14.9%	13.9%
	B	13.3%	13.6%	12.6%	13.1%	13.4%
	C	20.9%	20.3%	20.3%	19.3%	15.8%
North	A	16.5%	16.5%	26.7%	16.5%	16.5%
	B	11.1%	11.7%	10.6%	10.5%	9.6%
	C	19.1%	19.1%	19.1%	23.3%	23.3%
Northwest	A	18.5%	17.8%	15.1%	15.4%	17.0%
	B	25.3%	25.9%	22.3%	20.9%	19.6%
	C	17.2%	17.2%	17.6%	13.7%	16.7%
Southwest	A	16.7%	15.1%	11.4%	14.4%	13.2%
	B	15.8%	15.7%	14.8%	14.2%	13.4%
	C	7.9%	7.5%	5.7%	4.8%	5.7%
West	A	22.1%	22.5%	20.1%	16.2%	14.4%
	B	8.4%	7.4%	7.3%	7.1%	7.2%
	C	7.0%	6.3%	5.2%	2.9%	2.3%
Overall		16.5%	15.9%	15.1%	14.6%	14.3%

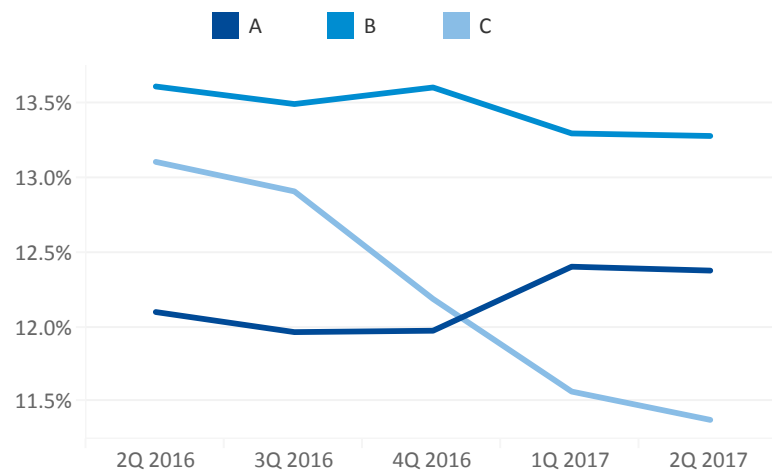
By Market



Las Vegas by Class



National by Class

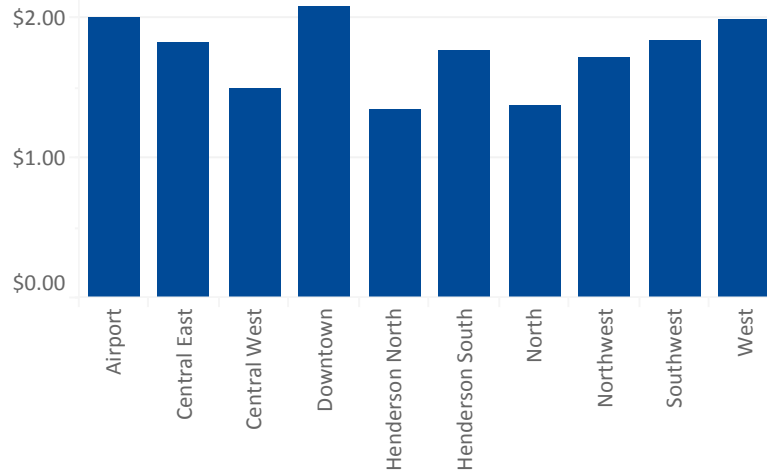


Direct Weighted Average Asking Rates (FSG)

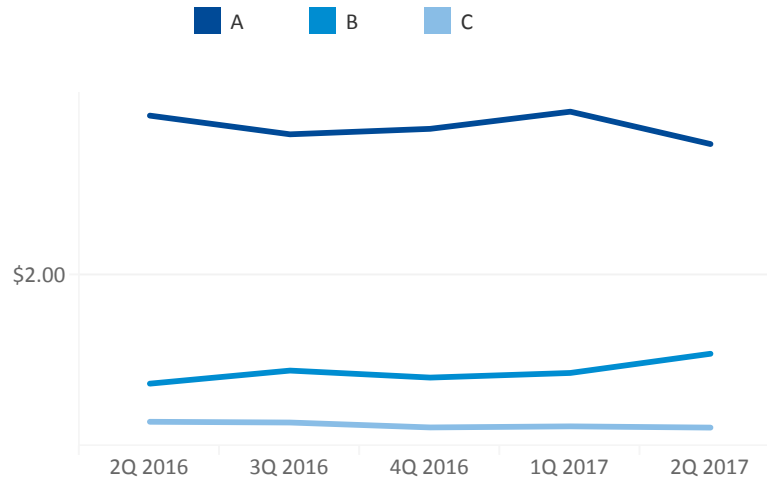
By Market and Class

Market Name	Class	Quarter Year				
		2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
Airport	A	\$2.73	\$2.68	\$2.76	\$2.74	\$2.70
	B	\$1.42	\$1.62	\$1.51	\$1.51	\$1.99
	C	\$1.05	\$1.06	\$1.11	\$1.01	\$1.07
Central East	A	\$2.93	\$2.84	\$2.82	\$2.93	\$2.82
	B	\$1.37	\$1.43	\$1.39	\$1.42	\$1.45
	C	\$1.00	\$1.07	\$1.01	\$1.00	\$1.00
Central West	A	\$1.62	-	-	-	-
	B	\$1.59	\$1.56	\$1.57	\$1.54	\$1.54
	C	\$1.21	\$1.06	\$1.07	\$1.18	\$1.16
Downtown	A	\$2.71	\$2.78	\$2.77	\$2.93	\$2.57
	B	\$1.77	\$1.73	\$1.76	\$1.71	\$1.71
	C	\$1.82	\$1.80	\$1.71	\$1.77	\$1.77
Henderson North	A	\$1.77	\$1.77	\$1.77	\$1.77	\$1.77
	B	\$1.28	\$1.31	\$1.31	\$1.37	\$1.34
	C	\$0.97	\$0.97	\$0.97	\$0.97	\$0.97
Henderson South	A	\$2.24	\$2.37	\$2.37	\$2.31	\$2.26
	B	\$1.68	\$1.69	\$1.68	\$1.66	\$1.66
	C	\$1.92	\$1.72	\$1.89	\$1.83	\$1.90
North	A	\$1.65	\$1.65	\$1.65	\$1.65	\$1.65
	B	\$1.21	\$1.21	\$1.45	\$1.44	\$1.35
	C	\$1.35	\$1.35	\$1.35	\$1.46	\$1.20
Northwest	A	\$1.13	\$1.74	\$1.74	\$1.82	\$1.93
	B	\$1.57	\$1.66	\$1.64	\$1.68	\$1.65
	C	\$1.76	\$1.78	\$1.78	\$1.78	\$1.83
Southwest	A	\$2.30	\$2.33	\$2.46	\$2.42	\$2.30
	B	\$1.77	\$1.77	\$1.78	\$1.80	\$1.81
	C	\$1.68	\$1.67	\$1.65	\$1.90	\$1.80
West	A	\$2.58	\$2.55	\$2.53	\$2.53	\$2.44
	B	\$1.60	\$1.71	\$1.65	\$1.73	\$1.75
	C	\$1.33	\$1.17	\$1.27	\$1.35	\$1.39
Overall		\$1.79	\$1.82	\$1.80	\$1.81	\$1.81

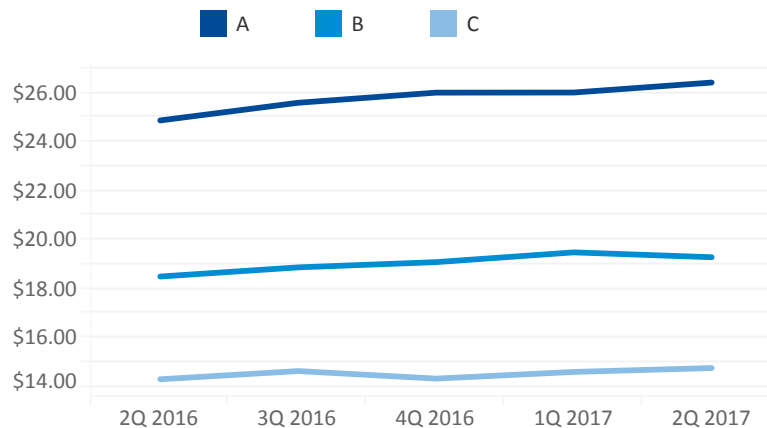
By Market



Las Vegas by Class

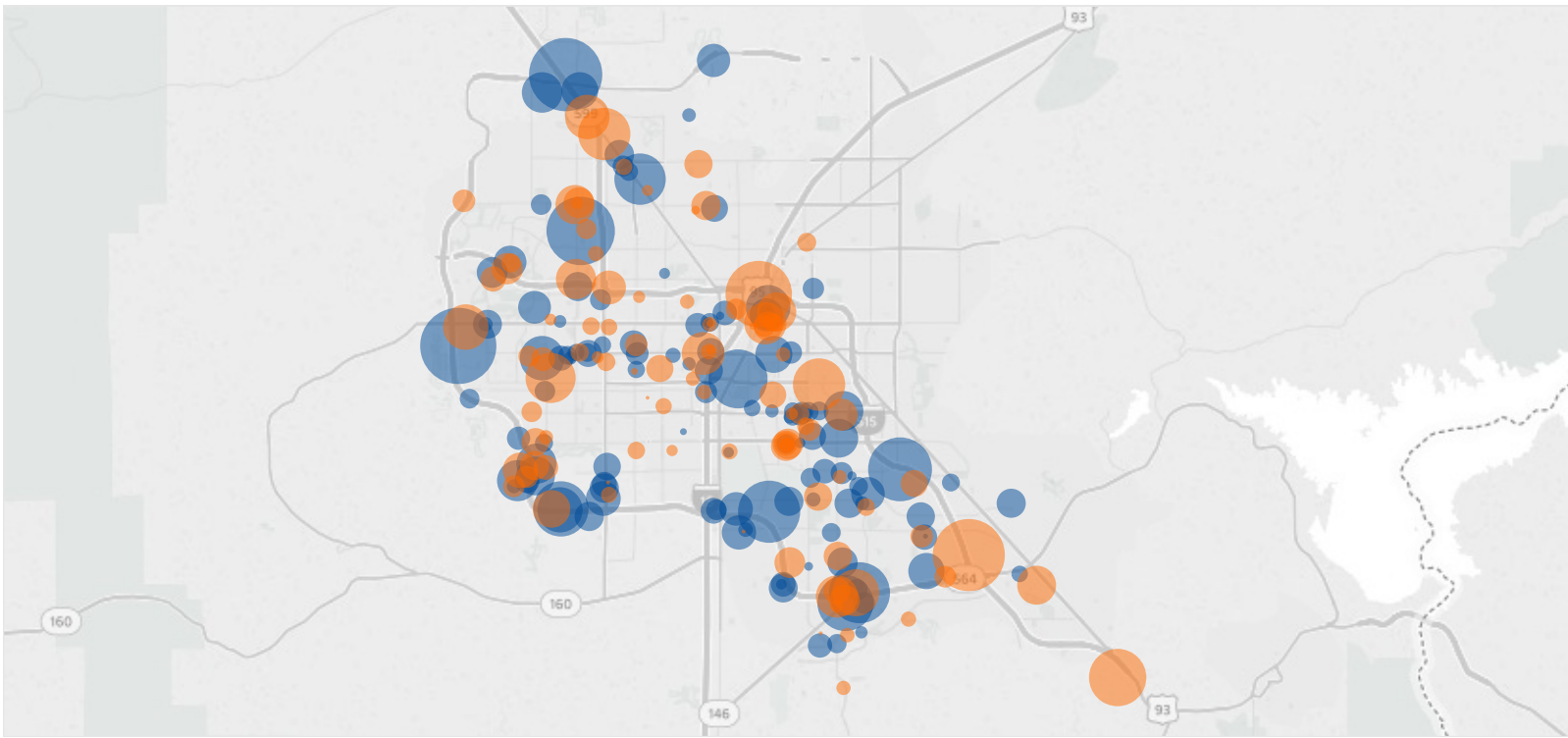


National by Class



Absorption Map

■ Negative
 ■ Positive



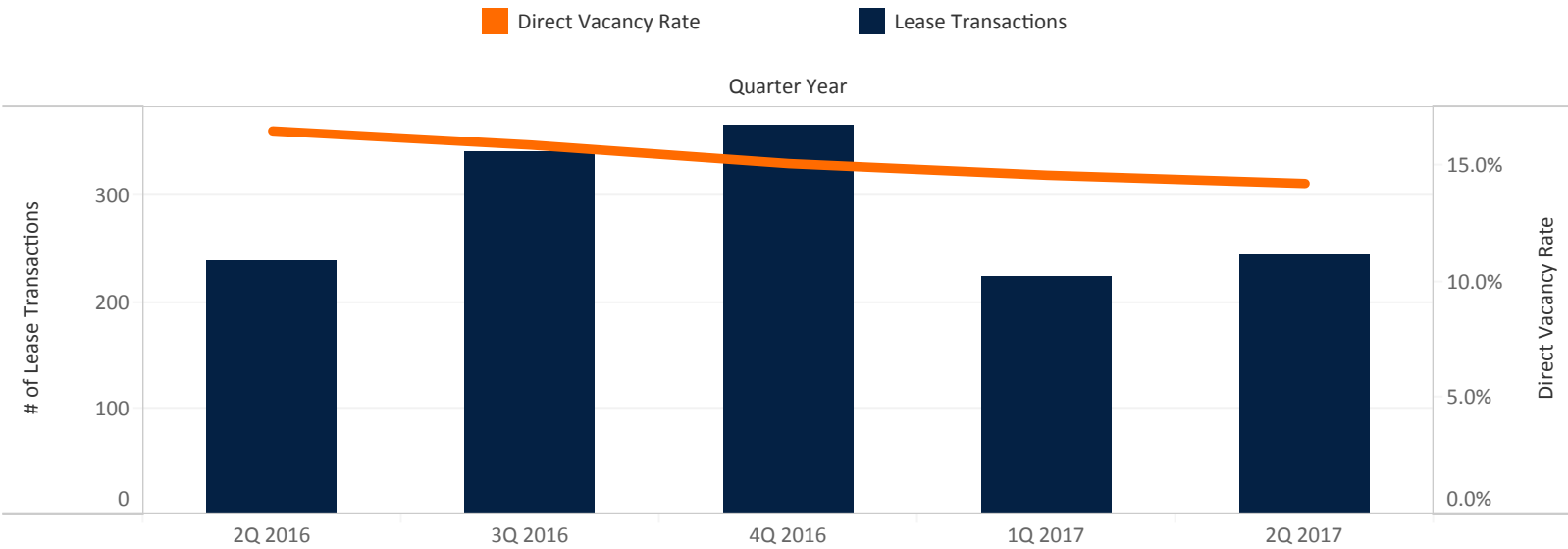
Largest Positives (Direct)

Property Name	Significant Transactions	Market Name	Class	
One Summerlin	Flynn Gallager; MGM; JFK Financial; State Farm Insurance; Full House Resorts	West	A	34,193
Cimarron Commons	Coral Academy of Science Las Vegas	Northwest	B	31,625
Las Vegas Technology Center II	Centene Management Company	Northwest	B	27,535
Russell Commerce Center	Lin Consulting LLC	Henderson North	B	24,034
101 Convention Center Dr	2233 Paradise Rd, LLC occupied 10,738 sf.	Central East	C	20,496
Centra Point Bldg 8	Valley Health Services; Terra West	Southwest	B	17,977
Green Valley Corporate Center	Transportation Agent Grid; Barrick Gold	Henderson South	B	17,058
3930 Leon Ave	Purchased by Howard Chin - 3930 Leon LLC	North	B	15,561

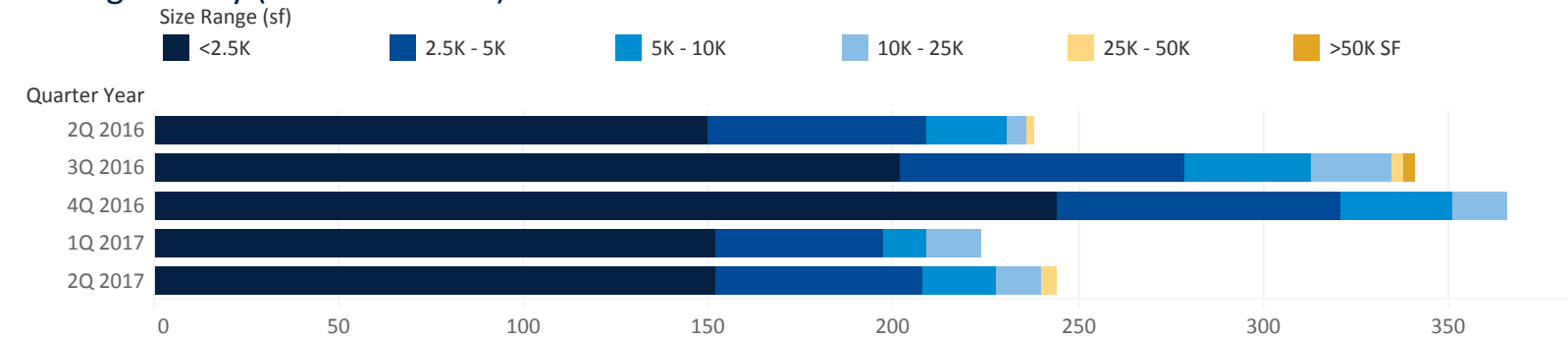
Largest Negatives (Direct)

Property Name	Significant Transactions	Market Name	Class	
Black Mountain Office Center	University of Phoenix - Henderson Learning Center	Henderson North	B	-30,584
Molasky Corporate Center I	The Southern Nevada Water Authority	Downtown	A	-26,000
1202 High Tech Cir	Accelerated Payment Tech	Henderson South	B	-19,359
5041 N Rainbow Blvd	Digital Matrix International Inc	Northwest	B	-16,072
3080-3090 S Durango Dr	Vegas One Realty; 411 Locals	West	B	-14,789
2300 Corporate Cir	10,900 sf leased to a medical user.	Henderson South	B	-13,026
Pavilion	Freedom Mortgage; Pasunity Inc; City National	West	A	-12,187
Desert Inn Office Center	Law Firm	Central East	C	-11,740

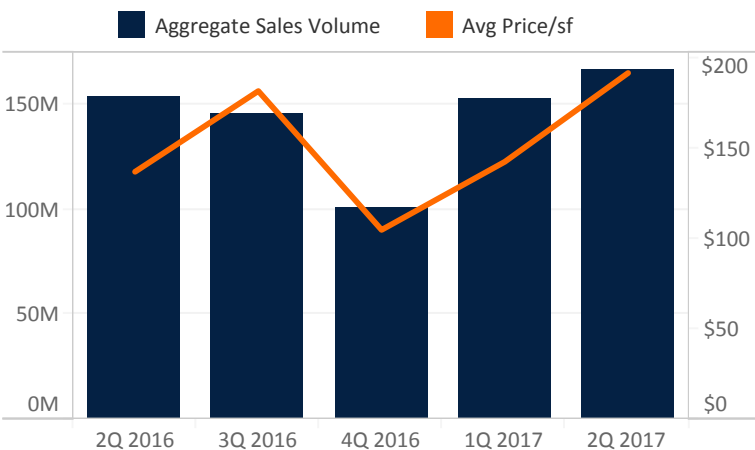
Leasing Activity Trends



Leasing Activity (# of New Deals)



Sales Volume vs. Price/SF



Top Sales

Property	Sale Date	Buyer	Sale Price
The Gramercy	04/24/2017	The Koll Company & Estein USA	\$61,750,000
Corporate Pointe	05/30/2017	Pacifica Real Estate Group	\$19,250,000
Durango Commons Business Park	04/24/2017	Gavish Property Management	\$9,375,000
Southwest Medical Associates Surgery C..	05/24/2017	Alliance Consolidated Group of Companies	\$9,000,000
Hughes Airport Center	05/05/2017	Silver State Schools Credit Union	\$7,500,000

Terminology

Term	Definition
Class A	Most prestigious buildings competing for premier office users with rents above the market average. Buildings have high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence.
Class B	Buildings competing for a wide range of office users with average market rents. Building finishes are fair to good for the area and systems are adequate, but the property does not compete with Class A product.
Direct Vacant (sf)	The total of the vacant square feet in a building that is being marketed by an agent representing the landlord.
Inventory	The total square feet (sf) of all existing single and multi tenant office buildings greater than 3,000 sf, excluding government buildings.
Net Absorption	The net change in occupancy from quarter to quarter, expressed in square feet.
Sublease (sf)	Space that is offered for lease by a current tenant, or his agent, within a property.
Total Available (sf)	All of the available leasable space within a building, whether it is occupied or vacant, for direct lease or sublease space. Space can be available but not vacant, for example, if the landlord, or his agent, is marketing space that will be coming available at a future date because a tenant is planning to move.
Total Vacant (sf)	The total of all of the vacant square feet within a building, including both direct and sublease space.
Tracked Criteria	The Las Vegas office tracked set consists of all existing single and multi tenant office buildings larger than 3,000 SF, excluding government buildings. Includes all office property types that are part of an office or business park. Excludes offices in the Far SE, NE, SW, NW Clark County markets.
Weighted Average Asking Rent	The weighted average of all direct asking lease rents expressed as a full service/gross rental rate and weighted on total direct available square feet. Non-full service rents (such as NNN) have been grossed up to reflect a full service/gross rate.
Xceligent Partner	CALV

This information has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy.

Advisory Board Members

CBRE	Amy Lance Randy Broadhead	Cushman Wakefield	Jayne Cayton Matt Kreft
Colliers	Patti Dillion Ryan Martin Stacy Scheer		Michael Dunn Natalie Wainwright Nick Barber
Commercial Executives	Bobbi Miracle Soozi Jones	Gatski Commercial	Chuck Witters
Cushman Wakefield	Dan Palmeri	Jones Lang LaSalle	Bret Davis
		Newmark Grubb Knight Frank	Michael Hsu Mike Tabeek

Research Advisory Board Members

CBRE	JJ Peck	MDL Group	Nathalie Mills
Cushman & Wakefield	Laura Wilhelm	Newmark Grubb Knight Frank	Stephanie Hawkins
Harsch Investment Properties	Everlee Aines	RCG Economics	Hubert Hensen
		Sun Commercial	Cassie Hsu

Xceligent Team

Brad Hauser	Regional VP of Analytics	bhauser@xceligent.com	(281) 782-3944
Brenden Graves	Sales Executive	bgraves@xceligent.com	(714) 369-0307
Steig Seaward	Regional VP of Sales	sseaward@xceligent.com	(303) 828-4464
Tina Hickman	Director of Analytics	thickman@xceligent.com	(660) 553-8365

