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Contact:

George McCabe, B&P

702.967.2222 or 325.7358 (mobile phone)

gmccabe@bpadv.com

Commercial real estate markets made more progress to end 2015, CALV reports

LAS VEGAS – A report released today by Xceligent and the Commercial Alliance Las Vegas (CALV) shows the office, industrial and retail sectors of the commercial real estate market in Southern Nevada all made steady progress to close out 2015.

“Like other aspects of our local real estate industry and our local economy, 2015 was a year of continued progress for our commercial real estate markets,” said 2016 CALV President Soozi Jones Walker, CCIM, SIOR, a longtime local commercial real estate broker. “In most categories, it’s safe to say that we’re not quite back to the peak occupancy and leasing levels we saw before the recession, but we’re getting there.”

According to the latest report from CALV and Xceligent, the Southern Nevada industrial market continued to lead the local recovery, absorbing almost 500,000 square feet of space during the fourth quarter of 2015 to lower its overall vacancy rate to 6.7 percent. For the year, the vacancy rate for local industrial space dropped by 1.5 percent as nearly 3.4 million square feet of industrial space was absorbed during 2015. Walker said it’s also telling to see developers building speculative industrial buildings for the first time in years.

The Southern Nevada retail market made headlines in 2015 for its ups and downs. Walker said industry highlights included IKEA breaking ground last year on what is expected to be the largest single store of any kind in Nevada when it opens later in 2016. Meanwhile, popular restaurant chains like Cracker Barrel, White Castle, PDQ and Chick-fil-A made news when they entered the market.

On the flip side, Anna’s Linens, Fresh & Easy and Haggen all closed Southern Nevada stores late last year, vacating large anchor and junior anchor retail spaces.

Overall, Walker said the local retail market improved during the fourth quarter, absorbing 375,000 square feet of space and seeing its vacancy rate drop by 0.4 percent. At the same time, lease rates increased slightly.

In the office market, she said vacancy rates improved in the fourth quarter, but remained higher than historic norms at 18.6 percent. The local office market absorbed more than 35,000 square feet in the fourth quarter, with office space near McCarran International Airport and on the west side of Las Vegas leading the way. For all of 2015, the local office market absorbed more than 650,000 square feet, while the vacancy rate dropped 1.2 percent.

Industry leaders often talk about the “flight to quality,” where office tenants have been moving to newer spaces with more modern amenities in locations they generally

consider to be more desirable, leaving older, usually lower-priced spaces in more established parts of town with increased vacancy rates.

“But the flight to quality is only half of the picture,” Walker said. “With lease rates stabilizing and in some cases increasing, concessions have been reduced. Therefore, areas that have been long ignored are receiving more attention due not only to location, but also price. Location is still important, as shown by these reports. Older areas have less stable rents. However, central locations have picked up desirability due to lower rates and their proximity to the central core.”

Xceligent, a rapidly growing provider of commercial real estate information locally and nationally, partners with CALV to produce quarterly reports on market trends and conditions in the office, industrial and retail markets in Southern Nevada. The report released today covers activity through the fourth quarter of 2015.

Walker, whose professional designations include being a Certified Commercial Investment Member (CCIM) and a member of the Society of Industrial and Office REALTORS® (SIOR), is one of dozens of leading local commercial real estate brokers who serve on advisory boards that help verify and produce these reports on the office, industrial and retail markets in Southern Nevada. She thanked her fellow brokers and others for sharing their time and expertise to help verify this data and to ensure these reports are the most accurate overview possible of the local market.

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, Inc.

Xceligent is the fastest growing provider of commercial real estate information in the country. Headquartered in Independence, Missouri, Xceligent is known to be a leader in customer service and has a longstanding history of partnering with the commercial real estate community. Xceligent is the exclusive provider of commercial real estate information to members of the National Association of REALTORS® through the REALTOR® Benefits® Program, and is endorsed by leading commercial real estate trade organizations and brokerage firms as a preferred service for commercial real estate information. To learn more, visit www.xceligent.com.

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