

Las Vegas Commercial Real Estate Market Report 2025

Executive Summary & Investment Outlook

Prepared by Vegas Commercial Investors

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Market Overview

Las Vegas continues to establish itself as a premier commercial real estate investment destination, driven by economic diversification, population growth, and strategic geographic positioning. The market has shown resilience post-pandemic with strong fundamentals across multiple asset classes.

Key Market Indicators

Population Growth: 2.8% annually (above national average)

Employment Growth: 3.1% year-over-year

GDP Growth: \$165.9 billion (4.2% increase)

Unemployment Rate: 4.8% (trending downward)

Asset Class Performance Analysis

Office Market

Total Inventory: 45.2 million square feet

Average Vacancy Rate: 16.8%

Average Asking Rent: \$28.50 per square foot

Net Absorption: 485,000 square feet (Q2 2025)

Market Dynamics:

- Class A properties showing strongest performance
- Flight to quality trend continues
- Downtown Las Vegas experiencing renewed interest
- Hybrid work models stabilizing space demands

Investment Outlook: Selective opportunities in well-located, amenitized properties

Industrial Market

Total Inventory: 183.4 million square feet

Average Vacancy Rate: 6.2%

Average Asking Rent: \$8.95 per square foot

Net Absorption: 2.2 million square feet (Q2 2025)

Market Dynamics:

- E-commerce driving continued demand
- Last-mile distribution facilities premium
- Southwest Las Vegas most active submarket
- Limited land availability increasing values

Investment Outlook: Strong fundamentals support continued investment

Retail Market

Total Inventory: 112.8 million square feet

Average Vacancy Rate: 8.9%

Average Asking Rent: \$22.15 per square foot

Net Absorption: 118,197 square feet (Q2 2025)

Market Dynamics:

- Tourism recovery supporting retail performance
- Experiential retail concepts performing well
- Strip-adjacent properties commanding premiums
- Neighborhood centers showing stability

Investment Outlook: Cautious optimism with selective opportunities

Multifamily Market

Total Units: 847,000 units

Average Vacancy Rate: 4.7%

Average Rent: \$1,485 per unit

New Supply: 12,400 units under construction

Market Dynamics:

- Strong population growth supporting demand
- Build-to-rent becoming popular
- Luxury segment showing strength
- Affordability concerns in some submarkets

Investment Outlook: Favorable demographics support investment

Submarket Analysis

Downtown Las Vegas

- **Opportunity Zone benefits** attracting development
- **Arts District** emerging as creative hub
- **Mixed-use projects** gaining momentum
- **Government sector** providing stability

Investment Focus: Value-add opportunities and ground-up development

Las Vegas Strip Corridor

- **Tourism recovery** driving performance
- **Convention business** returning to pre-pandemic levels
- **High barrier to entry** maintaining values
- **Gaming license eligibility** premium

Investment Focus: Trophy assets and hospitality-related properties

Southwest Las Vegas

- **Master-planned communities** supporting growth
- **Industrial development** concentrated here
- **Higher-income demographics**
- **Strong infrastructure** and accessibility

Investment Focus: Industrial, retail, and multifamily opportunities

Henderson

- **Corporate relocations** increasing demand
- **Diverse economic base** reducing risk
- **High-quality housing** attracting residents
- **Limited developable land** supporting values

Investment Focus: Office and retail properties serving affluent population

North Las Vegas

- **Affordability** driving residential growth
- **Industrial expansion** continuing
- **Infrastructure improvements** enhancing accessibility
- **Value opportunities** for investors

Investment Focus: Industrial and value-add multifamily

Investment Trends & Opportunities

Capital Markets Activity

Total Investment Volume: \$3.2 billion (YTD 2025)

Average Cap Rates:

- Office: 7.2%
- Industrial: 5.8%
- Retail: 6.9%
- Multifamily: 5.4%

Emerging Investment Themes

Build-to-Rent Communities

- Single-family rental developments
- Targeting millennials and Gen Z
- Professional management companies active

Data Centers & Technology

- Nevada's favorable tax environment
- Proximity to California markets
- Renewable energy availability

Medical Real Estate

- Aging population driving demand
- Specialized facilities needed
- Stable, long-term lease structures

Mixed-Use Development

- Live-work-play concepts
 - Transit-oriented development
 - Urban infill opportunities
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Economic Drivers & Outlook

Diversification Success

Las Vegas has successfully diversified beyond gaming:

Technology Sector: 15.2% of economy

Healthcare: 12.8% of economy

Professional Services: 11.3% of economy

Gaming/Tourism: 18.5% of economy (historically 35%+)

Major Corporate Relocations

Recent and announced corporate moves:

- **Tesla Gigafactory** (ongoing expansion)
- **Amazon** (multiple distribution centers)
- **Google** (data center investments)
- **Various California companies** (tax advantages)

Infrastructure Investments

Transportation:

- Harry Reid International Airport expansion
- Interstate improvements
- Potential high-speed rail to California

Utilities:

- Renewable energy projects
 - Water infrastructure upgrades
 - Smart city initiatives
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Risk Factors & Considerations

Market Risks

Economic Sensitivity: Still tied to national economic cycles

Water Resources: Long-term sustainability concerns

Climate Change: Heat and extreme weather impacts

Regulatory Changes: Tax policy and gaming regulation shifts

Asset-Specific Risks

Office: Continued work-from-home adoption

Retail: E-commerce competition

Industrial: Construction cost inflation

Multifamily: Interest rate sensitivity

Investment Strategies by Investor Type

Institutional Investors

- Core-plus properties in established submarkets
- Large-scale development projects
- Sale-leaseback opportunities with major tenants

Private Equity & Funds

- Value-add repositioning projects
- Distressed asset acquisitions
- Ground-up development in growth areas

High Net Worth Individuals

- Triple-net lease investments
- Small-to-medium multifamily properties
- Opportunistic land investments

International Investors

- Trophy assets in prime locations
 - Gaming-related properties
 - Large mixed-use developments
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2025-2026 Projections

Market Forecasts

Office Market:

- Vacancy rates to stabilize around 15-16%
- Rents to grow modestly (2-3% annually)
- Flight to quality to continue

Industrial Market:

- Continued strong performance
- Vacancy to remain below 7%
- Rent growth of 4-6% annually

Retail Market:

- Gradual improvement in fundamentals
- Experiential retail to outperform
- Rent growth of 1-2% annually

Multifamily Market:

- Strong demographic support
- Rent growth of 3-5% annually
- New supply to moderate vacancy increases

Investment Recommendations

Near-term (2025):

1. Industrial properties in Southwest Las Vegas
2. Value-add multifamily in growth corridors
3. Medical office buildings
4. Land banking in development paths

Medium-term (2026-2027):

1. Downtown Las Vegas revitalization plays
2. Transit-oriented development
3. Build-to-rent communities
4. Data center development

Long-term (2028+):

1. Climate-resilient properties
2. Sustainable development projects
3. Technology sector real estate
4. Water-efficient properties

Due Diligence Checklist

Market Analysis

- Submarket demographics and trends
- Competition analysis
- Zoning and development regulations
- Transportation and accessibility

Financial Analysis

- Cap rate comparisons
- Cash flow projections
- Sensitivity analysis
- Exit strategy planning

Physical Analysis

- Property condition assessment
- Environmental considerations
- Climate adaptation measures
- Technology infrastructure

Legal/Regulatory

- Title and ownership verification
 - Permit and compliance status
 - Tax implications
 - Insurance requirements
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Conclusion

Las Vegas presents compelling commercial real estate investment opportunities across multiple asset classes. The market's continued economic diversification, population growth, and strategic advantages create a favorable investment environment.

Key success factors include:

- Thorough submarket analysis
- Understanding of local dynamics
- Proper due diligence processes
- Long-term perspective on market cycles

Investors should focus on quality assets in growth submarkets while remaining mindful of market-specific risks and economic cycles.

About Vegas Commercial Investors

Vegas Commercial Investors provides exclusive access to Las Vegas commercial real estate investment opportunities. Our deep market knowledge and extensive network enable qualified investors to access private listings, off-market deals, and exclusive development projects.

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