

# COMMERCIAL REAL ESTATE **OUTLOOK**

Volume 31

LAS VEGAS  
NEVADA

**NAI**Excel  
**NAI**Vegas

COMMERCIAL REAL ESTATE SERVICES, WORLDWIDE

For the full report including research in Southern Utah, Northern Utah, Austin and San Antonio, visit [naiexcel.com](http://naiexcel.com) or [naivegas.com](http://naivegas.com)

# 2023 Outlook

In 2022, commercial real estate markets faced economic headwinds of high inflation, material shortages, increased interest rates, and reduced corporate profits. While stock prices and residential real estate experienced market adjustments, commercial real estate has been more resilient.

## Interest Rates and Cap Rate

Commercial financing rates nearly doubled between the first and fourth quarter of 2022. New loan originations subsided and refinancing became nearly nonexistent. However, cap rates only saw a minimal increase. Investors commonly seek cap rates that are a few hundred basis points above interest rates to achieve positive leverage, yet many investments in 2022 traded well below these spreads. Either interest rates will need to decrease, or cap rates will likely increase further in 2023.

## New Construction and Supply Chain Shortages

Even with supply chain shortages, commercial construction in 2022 was one of the strongest years in the recent decade. Increased construction costs, higher financing costs, and reduced corporate profits are expected to contribute to slower commercial construction starts in 2023.

## Property Values and Inflation

Increased interest rates and subsequently higher cap rates, will place downward pressure on prices. Inflation, however, will work to move lease rates, materials, and labor costs upward. In the long run, increased demand from continued population growth, and higher construction costs, are expected to move prices upward.

Much of the resilience in commercial real estate can be attributed to surplus cash held by property owners, business owners, and investors. Most holders of real estate remain slow to sell at a discount, and marketable properties that do come available often have owner user or investor candidates prepared to purchase. The direction of US inflation and the federal reserve interest rate policy will further influence the direction of commercial real estate in 2023.

## Summary

We remain confident in the long-term fundamentals along the I-15 corridor in Utah and Nevada. In January 2023, we open our first commercial real estate office in Texas, serving the I-35 Corridor in San Antonio and Austin. Like Utah and Nevada, these markets offer robust population growth, a favorable business environment, and quality of life that is attracting growth. Where there is growth, we expect our clients will find many good opportunities to invest long term in commercial real estate.

Jon Walter  
*Principal Broker, Utah*

Todd Manning  
*Principal Broker, Nevada*

Neil Walter  
*Chief Executive Officer*

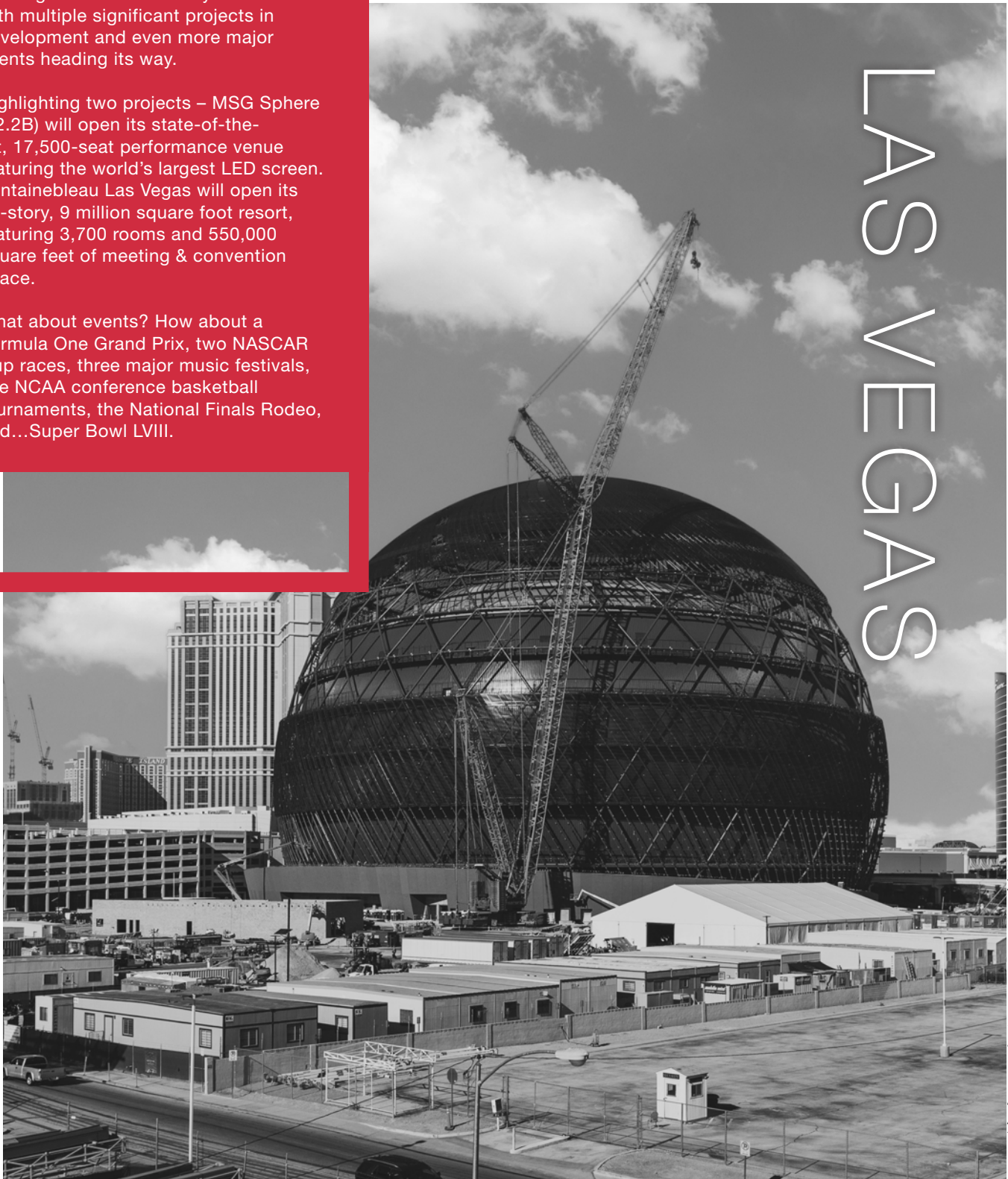
Tom DeWine  
*Principal Broker, Texas*

## LAS VEGAS OUTLOOK

Las Vegas enters the new year with multiple significant projects in development and even more major events heading its way.

Highlighting two projects – MSG Sphere (\$2.2B) will open its state-of-the-art, 17,500-seat performance venue featuring the world's largest LED screen. Fontainebleau Las Vegas will open its 67-story, 9 million square foot resort, featuring 3,700 rooms and 550,000 square feet of meeting & convention space.

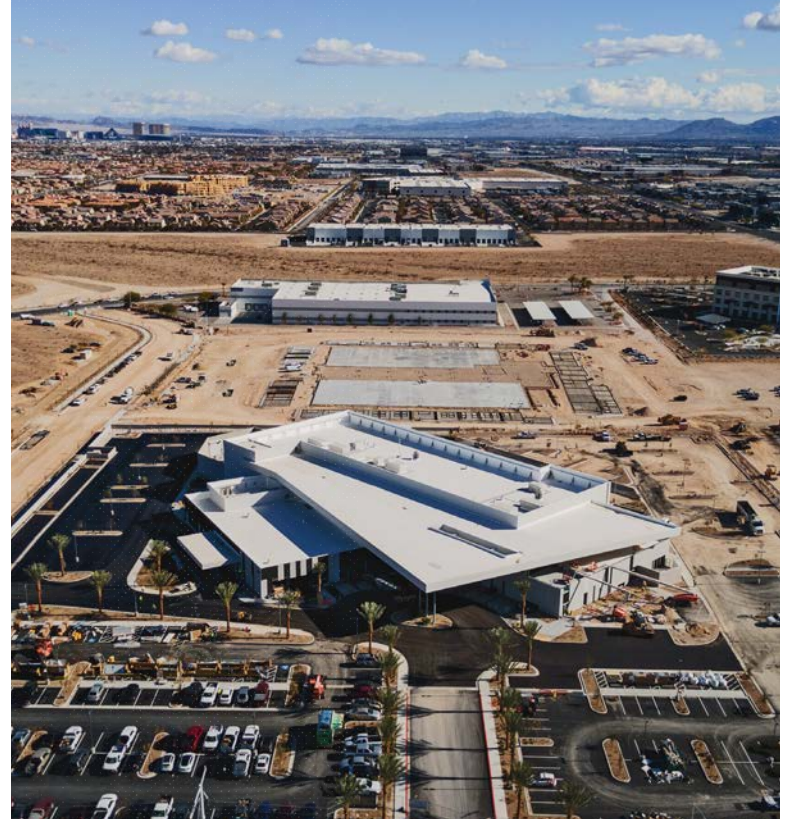
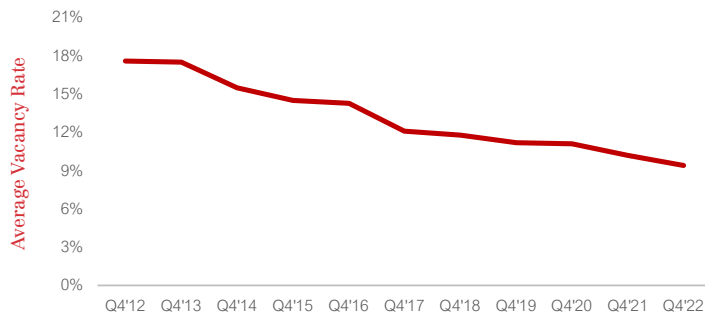
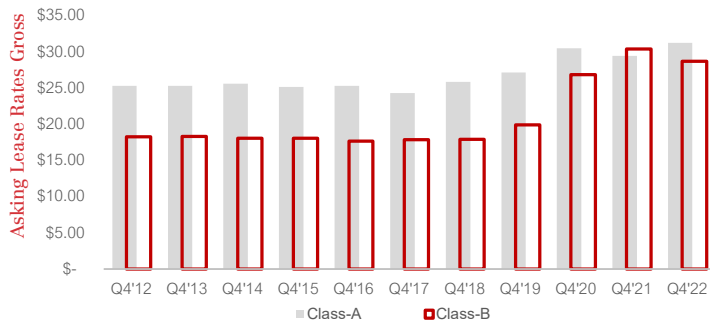
What about events? How about a Formula One Grand Prix, two NASCAR Cup races, three major music festivals, five NCAA conference basketball tournaments, the National Finals Rodeo, and...Super Bowl LVIII.



# LAS VEGAS



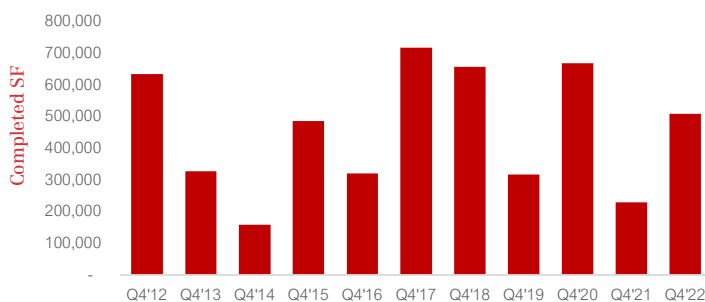
# Office LAS VEGAS



6350 S Durango Drive

Medical Office 100,000 Under Construction

Market	Total Inventory	% Vacant	YTD Net Absorption	SF Under Construction	Built YTD	Asking Gross Rent
Class A	12,528,494	11.8%	132,058	565,584	429,417	\$31.24
Class B	46,451,372	9.7%	720,269	283,781	78,951	\$28.69
Class C	8,992,946	4.2%	14,657	-	-	\$15.70
Central East Las Vegas	9,198,848	14.8%	61,739	-	14,674	\$28.25
Central North Las Vegas	2,600,990	2.4%	1,448	-	-	\$12.00
Downtown Las Vegas	5,679,807	10.2%	(71,631)	1,600	-	\$27.43
North Las Vegas	2,541,508	4.9%	(15,640)	142,411	12,000	\$24.99
Northwest Las Vegas	10,586,988	11.5%	1,412	108,800	-	\$31.10
South East Las Vegas / Henderson	2,044,764	9.1%	(53,628)	-	-	\$27.27
South Las Vegas	13,485,647	9.9%	(17,864)	162,870	24,000	\$28.48
Southwest Las Vegas	13,063,069	6.6%	431,161	297,684	452,834	\$33.97
West Las Vegas	8,297,325	7.5%	479,772	283,000	4,860	\$33.11
Outlying Clark County	538,113	6.6%	44,722	-	-	\$12.95
<b>Totals</b>	<b>68,037,059</b>	<b>9.4%</b>	<b>861,491</b>	<b>996,365</b>	<b>508,368</b>	<b>\$29.13</b>



**9.4%** VACANCY
 **\$29.13** ASKING RENT
 **5.5-7%** CAP RATE

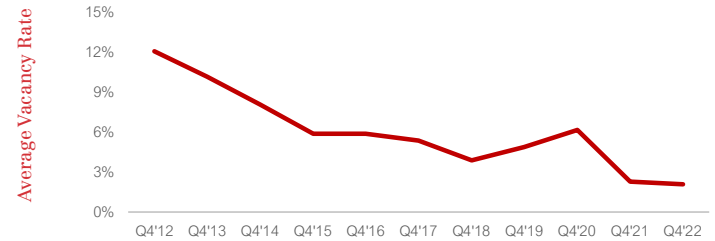
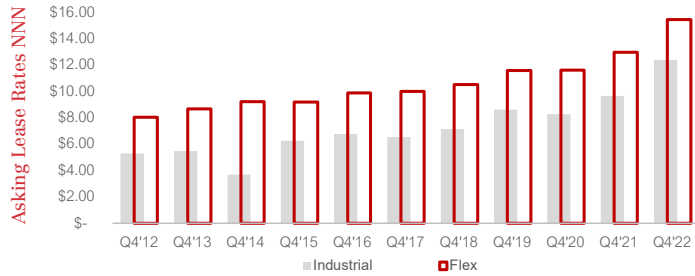
Despite more than 500,000 square feet of new office space being added in 2022, another year of strong absorption led to an 80 basis point drop in the market vacancy rate year-over-year. The average lease rate, however, declined 2.3% year-over-year, due largely to a drop in rates for class B office space.

The strong sales trends continued in 2022 with the average sales price per square foot up 16% over 2021 and market-wide sales volume hitting \$1.0 billion, matching the record level set in 2005.



# Industrial

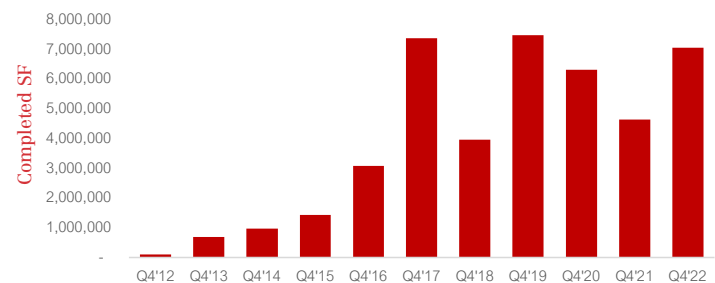
## LAS VEGAS



Market	Total Inventory	% Vacant	YTD Net Absorption	SF Under Construction	Built YTD	Asking NNN Rent
Industrial	141,107,995	2.0%	7,170,127	14,389,870	7,013,436	\$12.37
Flex	22,226,291	2.5%	99,867	9,900	28,000	\$15.43
Airport / East Las Vegas	5,260,652	0.1%	(5,612)	-	-	\$12.00
Central Las Vegas	9,905,627	2.1%	71,814	37,069	54,490	\$11.12
North Las Vegas	62,389,004	1.2%	3,850,995	8,377,980	3,294,056	\$11.56
North West Las Vegas	926,899	4.4%	4,925	-	-	\$15.15
South East Las Vegas / Henderson	15,947,633	2.2%	53,042	565,152	107,440	\$12.31
Las Vegas Speedway	22,060,703	3.4%	2,520,410	842,433	2,469,549	\$13.36
SW Las Vegas	42,226,029	2.5%	769,002	2,065,216	1,115,901	\$14.84
West Las Vegas	3,300,679	3.7%	(987)	-	-	\$12.23
Outlying Clark County	1,317,060	3.7%	6,405	2,511,920	-	\$8.88
<b>Totals</b>	<b>163,334,286</b>	<b>2.1%</b>	<b>7,269,994</b>	<b>14,399,770</b>	<b>7,041,436</b>	<b>\$13.17</b>

4750 W Sunset Rd | Sold by NAI Vegas

Industrial 42,000



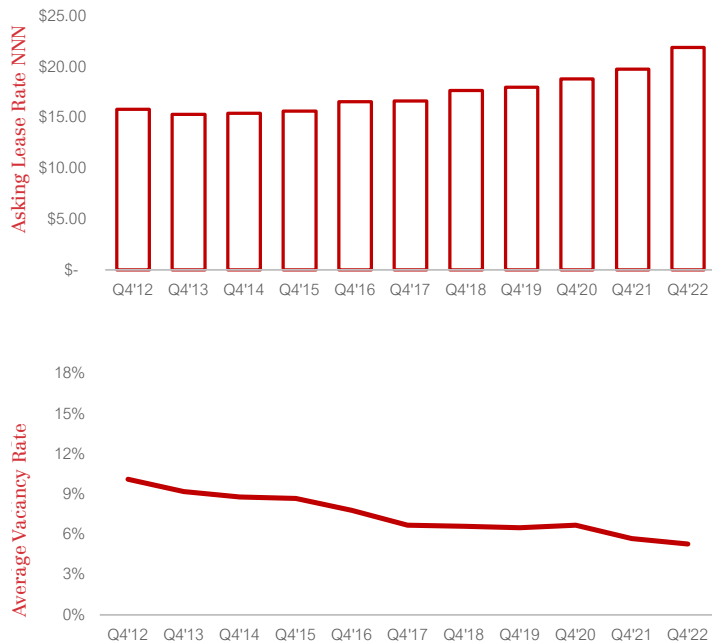
**2.1%** VACANCY
 **\$13.17** ASKING RENT
 **4.5-6%** CAP RATE

The Las Vegas industrial market continues to see record growth with more than 7.0 million square feet added in 2022, 14.4 million square feet currently under construction, and another 30 million square feet in planning. The market average lease rate increased an incredible 28.8% in 2022.

Industrial sales volume reached a record \$2.2 billion in 2022 and the average sales price per square foot increased 17.5% over 2021. With its proximity to Southern California and central location in the West, the long-term outlook in Las Vegas remains strong.

# Retail

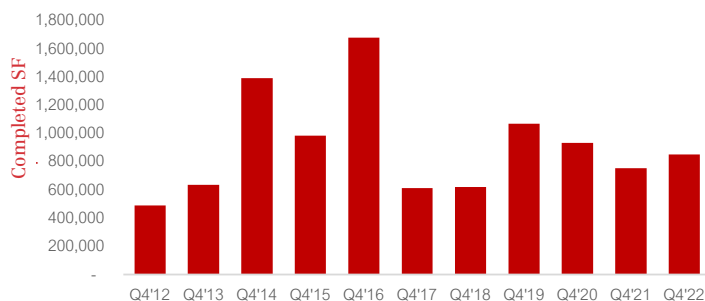
## LAS VEGAS



8130 W Warm Springs Rd | Leased by NAI Vegas

Retail 14,000

Market	Total Inventory	% Vacant	YTD Net Absorption	SF Under Construction	Built YTD	Asking NNN Rent
General Retail	39,585,329	4.4%	811,780	980,056	728,503	\$23.55
Mall	9,841,401	6.7%	(324,600)	-	-	\$26.68
Power Center	13,170,872	5.0%	194,357	-	-	\$21.83
Shopping Center	53,554,664	6.2%	646,258	132,653	123,554	\$20.96
Specialty Center	3,168,269	12.7%	(246,965)	-	-	\$18.20
Central East Las Vegas	15,910,510	9.2%	(120,250)	407,420	34,651	\$19.20
Central West Las Vegas	17,513,280	4.8%	(61,561)	6,865	19,743	\$18.95
East Las Vegas	5,857,340	3.4%	137,480	18,619	127,322	\$21.22
North Las Vegas	9,286,281	5.3%	194,838	71,668	96,793	\$18.60
Northeast Las Vegas	6,817,069	8.2%	27,126	-	12,230	\$14.66
Northwest Las Vegas	7,409,661	2.1%	80,225	56,448	28,110	\$26.46
Resort Corridor	9,189,037	5.7%	(54,212)	148,232	5,991	\$31.71
Southeast Las Vegas	22,345,119	4.0%	547,228	63,689	166,210	\$22.25
Southwest Las Vegas	11,373,612	4.1%	450,513	338,818	345,507	\$31.71
West Las Vegas	10,974,885	4.4%	(35,147)	-	5,000	\$28.76
Outlying Clark County	2,643,741	11.2%	(85,410)	950	10,500	\$16.19
<b>Totals</b>	<b>119,320,535</b>	<b>5.3%</b>	<b>1,080,830</b>	<b>1,112,709</b>	<b>852,057</b>	<b>\$21.88</b>



**5.3%** VACANCY
 **\$21.88** ASKING RENT
 **4.5-7%** CAP RATE

Average asking rents continued their upward trend in 2022 to end the year at \$21.88 per square foot. The average vacancy rate also continued its downward trend to end the year at 5.3%.

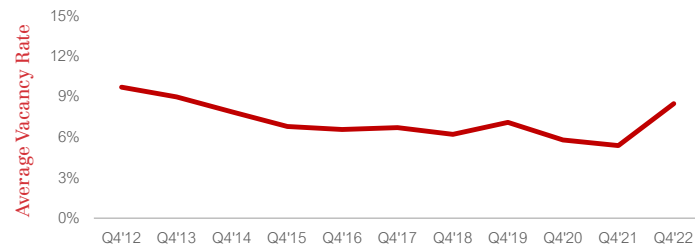
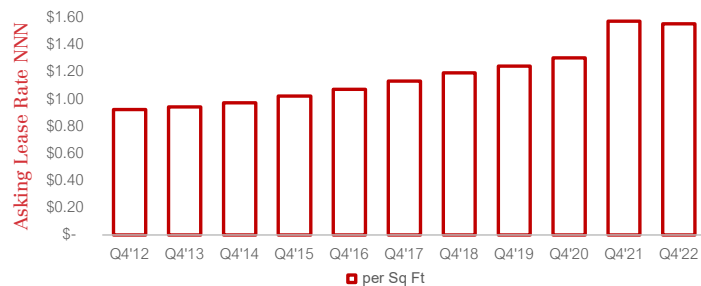
The market added 852,000 square feet of new space last year and has another 1.1 million square feet under construction. Sales volume hit a record \$2.0 billion in 2022 with the average sales price per square foot up 28%.

Base Inventory, Project Info, Construction, Vacancy, and Lease Rates courtesy of CoStar.



# Multifamily

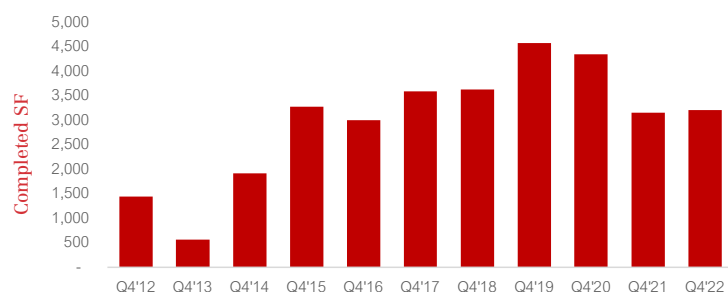
## LAS VEGAS



Market	Units	% Vacant	YTD Net Absorption	Units UC	Built YTD	Asking Rent/SF	Asking Studio	Asking 1 Bed	Asking 2 Bed	Asking 3 Bed
Class A	46,401	9.4%	93	4,773	1,139	\$1.72	\$1,473	\$1,514	\$1,798	\$2,174
Class B	158,594	8.6%	(2,734)	5,195	2,070	\$1.54	\$1,049	\$1,220	\$1,455	\$1,704
Class C	77,255	7.9%	(1,793)	89	-	\$1.39	\$867	\$975	\$1,169	\$1,396
Central Las Vegas	50,832	8.4%	(543)	754	664	\$1.43	\$896	\$997	\$1,226	\$1,417
Downtown Las Vegas	40,850	10.9%	(1,552)	-	199	\$1.56	\$879	\$1,086	\$1,278	\$1,478
North Las Vegas	45,770	7.4%	(859)	1,088	130	\$1.38	\$934	\$1,118	\$1,304	\$1,523
Northwest Las Vegas	10,951	8.6%	(23)	1,371	133	\$1.58	\$1,269	\$1,342	\$1,599	\$1,987
South East Las Vegas / Henderson	50,660	8.3%	(575)	1,439	914	\$1.59	\$1,320	\$1,330	\$1,558	\$1,768
South Las Vegas	22,440	7.1%	(239)	1,741	228	\$1.67	\$1,419	\$1,467	\$1,716	\$2,013
West Las Vegas	57,312	8.9%	(698)	3,664	823	\$1.64	\$1,772	\$1,431	\$1,655	\$1,907
Outlying Clark County	3,898	7.4%	29	-	118	\$1.14	\$887	\$866	\$945	\$1,245
<b>Totals</b>	<b>282,713</b>	<b>8.5%</b>	<b>(4,460)</b>	<b>10,057</b>	<b>3,209</b>	<b>\$1.55</b>	<b>\$1,003</b>	<b>\$1,235</b>	<b>\$1,466</b>	<b>\$1,696</b>

### 2460 E Serene Ave

Multifamily 149 Units Completed 2022



**8.5%**  
VACANCY

**\$1.55**  
ASKING RENT

**4-5.5%**  
CAP RATE

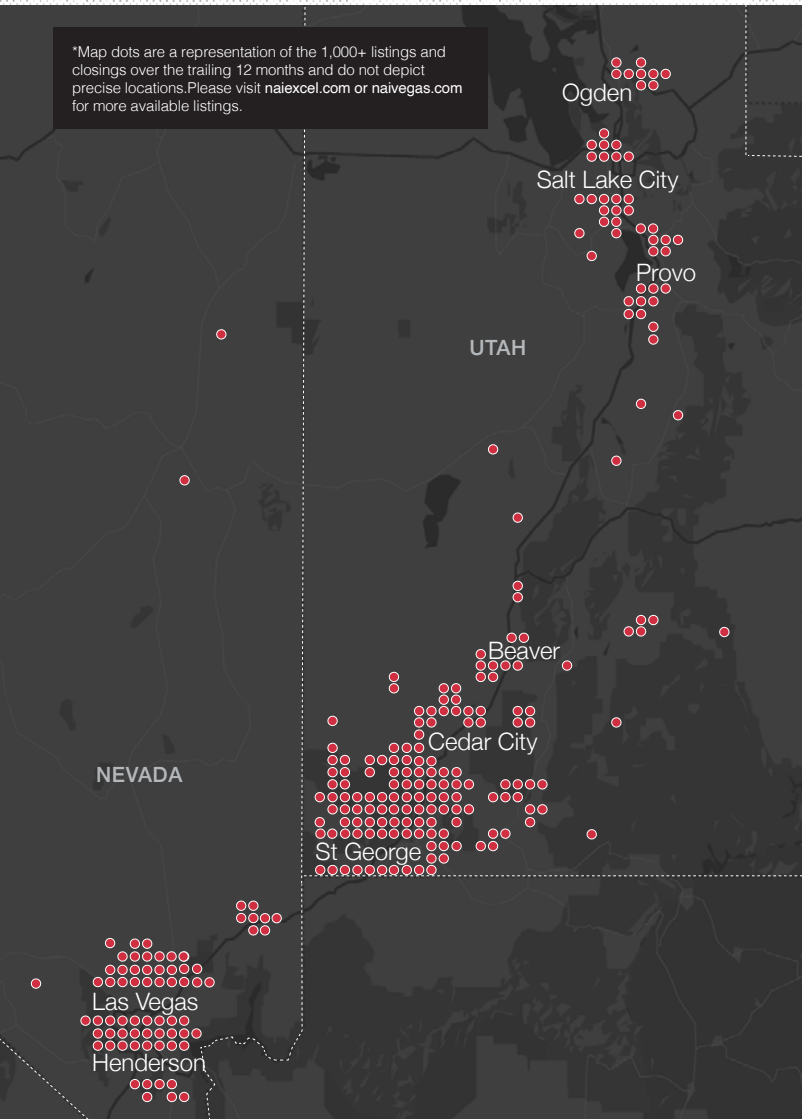
The multifamily market added 3,200 new units in 2022 and is looking at more than 10,000 units under construction. Inflation and affordability challenges contributed to the vacancy rate nearly doubling in 2022. Average rents dipped just slightly from a year ago.

Sales volume remained strong in 2022 at \$3.9 billion but was off 50% in the second half of the year. The average sales price per unit was up 10.1% in the last six months of 2022 compared to the same period in 2021.



# Select 2022 Transactions

\*Map dots are a representation of the 1,000+ listings and closings over the trailing 12 months and do not depict precise locations. Please visit [naixel.com](http://naixel.com) or [naivegas.com](http://naivegas.com) for more available listings.



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Closings 2022 T12



**\$780M**

Listing Volume

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**PODS**  
Moving & Storage

±146,318 SF

AGENTS: Eric Larkin, Leslie Houston  
Mike Kenny & Zach McClenahan

**LEASED**

INDUSTRIAL

**PACIFIC GROUP**

OFFERED AT \$36,850,000  
135 ACRES

AGENT: Bryan Houser

**SOLD**

LAND

**Red Roof**

OFFERED AT \$22,500,000

AGENT: Anders Graciano



OFFERED AT \$15,923,620  
±201 ACRES

AGENT: Meeja McAllister

**SOLD**

HOSPITALITY

**SOLD**

LAND



OFFERED AT \$5,350,000  
±25.82 ACRES

AGENT: Wes Davis



OFFERED AT \$12,250,000  
79,426 SF

AGENTS: Neil Walter Team &  
Brandon Vandermyde

**SOLD**

LAND

**SOLD**

INDUSTRIAL



CORAL CANYON

OFFERED AT \$4,700,000  
±26,622 SF

AGENT: Jason Griffith



±86,856 SF

AGENTS: Eric Larkin, Leslie Houston  
Mike Kenny & Zach McClenahan

**SOLD**

OFFICE

**LEASED**

INDUSTRIAL



OFFERED AT \$8,400,000  
TWO BUILDINGS

AGENTS: Erik Sexton  
& Camila Rosales



±37,080 SF

AGENT: Anders Graciano

**SOLD**

INDUSTRIAL





**LEASED**

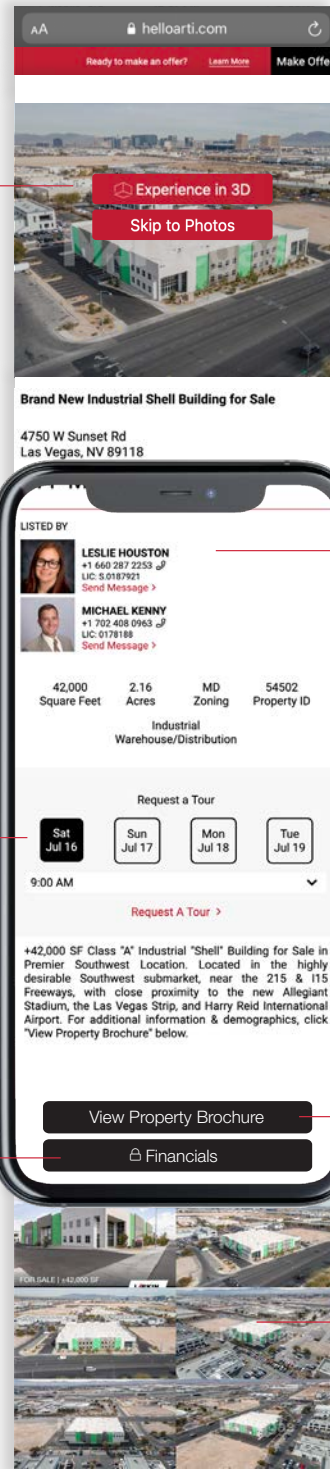
HOSPITALITY

**NAI**Excel

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\*Logos represent the property name, buyer, seller, tenant or most recent occupant of the property transacted.  
Logos are intellectual property of their respective owners.

<p>SIENNA HILLS AUTO MALL</p> <p>OFFERED AT \$6,033,060 ±6 ACRES</p> <p>AGENTS: Greg Whitehead &amp; Gregg McArthur</p>	<p></p> <p>OFFERED AT \$5,000,000 ±4.09 ACRES</p> <p>AGENTS: Jon Walter &amp; Kevin O'Brien</p>	<p></p> <p>±5,356 SF</p> <p>AGENTS: Stan Perkins, Zach Hatch &amp; Jay Blacker</p>	<p></p> <p>OFFERED AT \$5,300,000 7,200 SF</p> <p>AGENT: Jason Griffith</p>
<b>SOLD</b> LAND	<b>SOLD</b> LAND	<b>LEASED</b> RETAIL	<b>SOLD</b> RETAIL
<p>7485 COMMERCIAL WY</p> <p>±21,010 SF</p> <p>AGENT: Bryan Houser</p>	<p></p> <p>PANATTONI®</p> <p>OFFERED AT \$10,000,000 ±9.19 ACRES</p> <p>AGENTS: Eric Larkin, Leslie Houston Mike Kenny &amp; Zach McClenahan</p>	<p>1775 VILLAGE CENTER CIR</p> <p>OFFERED AT \$2,800,000 ±5,504 SF</p> <p>AGENT: John Lee</p>	<p></p> <p>OFFERED AT \$4,525,000</p> <p>AGENTS: Zach Hatch &amp; Neil Walter</p>
<b>LEASED</b> INDUSTRIAL	<b>SOLD</b> LAND	<b>SOLD</b> LAND	<b>SOLD</b> LAND
<p></p> <p>OFFERED AT \$4,500,000 ±18,550 SF</p> <p>AGENT: Gregg McArthur</p>	<p></p> <p>KALIFANO</p> <p>CRYSTALS   GEMSTONES   FOSSILS   METAL ART</p> <p>OFFERED AT \$4,875,000 ±14,212 SF</p> <p>AGENTS: Tina Taylor &amp; Nick Till</p>	<p>2910 BROOKS PARK DR</p> <p>OFFERED AT \$1,500,000 ±5,500 SF</p> <p>AGENT: Bryan Houser</p>	<p>FARM &amp; RANCH</p> <p>OFFERED AT \$2,700,000 ±312 ACRES</p> <p>AGENTS: Matt Chappell &amp; Jeannie Sampson</p>
<b>SOLD</b> HOSPITALITY	<b>SOLD</b> INDUSTRIAL	<b>SOLD</b> INDUSTRIAL	<b>SOLD</b> LAND
<p></p> <p>OFFERED AT \$1,525,000 ±3.08 ACRES</p> <p>AGENT: Zach Hatch</p>	<p></p> <p>OFFERED AT \$2,405,200 ±5,320 SF</p> <p>AGENTS: Brandon Price &amp; Dan Bertleson</p>	<p></p> <p>±12,000 SF</p> <p>AGENT: Maria Herman</p>	<p>8085 BLUE DIAMOND RD</p> <p>OFFERED AT \$5,700,000 10,309 SF</p> <p>AGENT: Maria Herman</p>
<b>SOLD</b> LAND	<b>SOLD</b> RETAIL	<b>LEASED</b> RETAIL	<b>SOLD</b> RETAIL
<p>ELDORA PROFESSIONAL CENTER</p> <p>±5,812 SF</p> <p>AGENTS: Asim Mehmood &amp; Todd Manning</p>	<p></p> <p>OFFERED AT \$2,950,000</p> <p>AGENT: Brandon Price</p>	<p></p> <p>YESHIVA DAY SCHOOL LAS VEGAS</p> <p>OFFERED AT \$5,500,000 ±25,813 SF</p> <p>AGENTS: Erik Sexton &amp; Camila Rosales</p>	<p>225 E FOSTER AVE</p> <p>OFFERED AT \$1,260,000 8 UNITS</p> <p>AGENT: Michael Albanese</p>
<b>LEASED</b> OFFICE	<b>SOLD</b> RETAIL	<b>SOLD</b> OFFICE	<b>SOLD</b> HOSPITALITY



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\* NAI Excel, NAI Vegas & its affiliates.



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# Learn. Earn. Invest.



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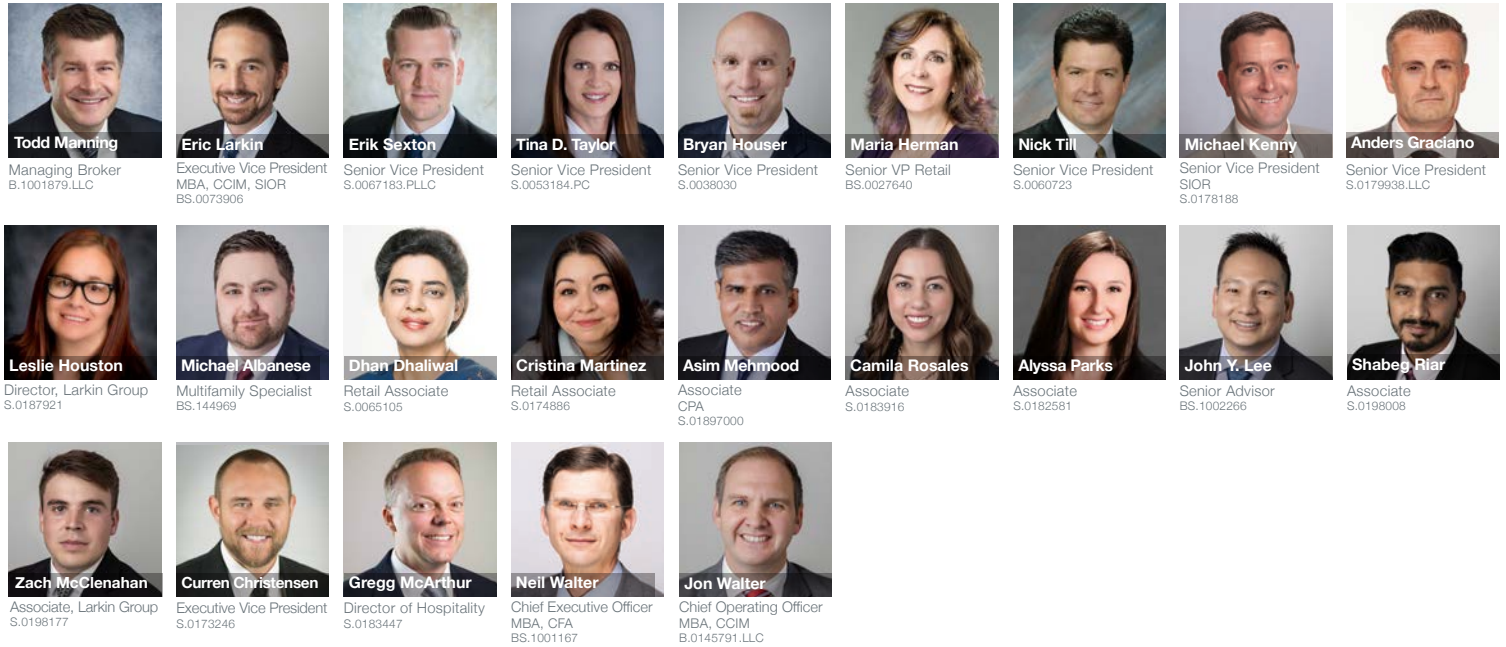
The people we surround ourselves with are our greatest assets. While other forms of marketing are critical, relationships are what produce results.

**NAI**Excel **NAI**Vegas

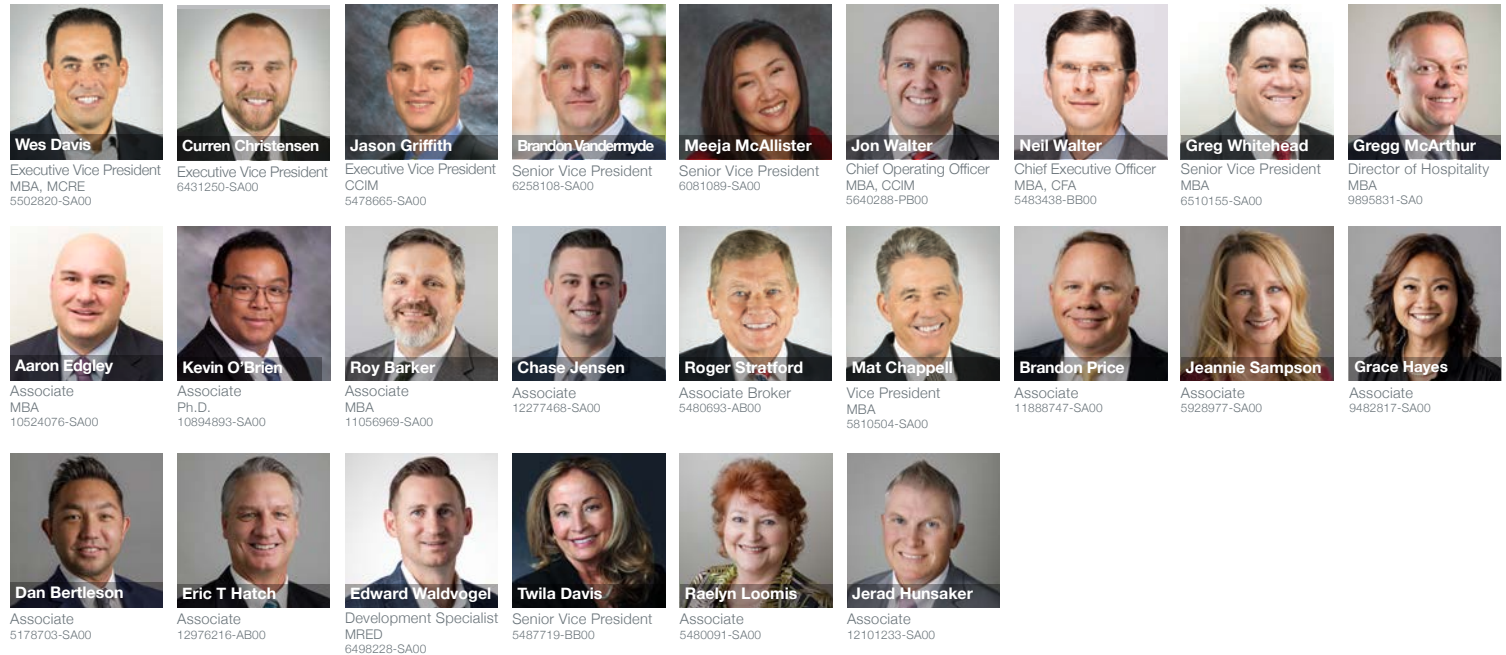


# Our Team

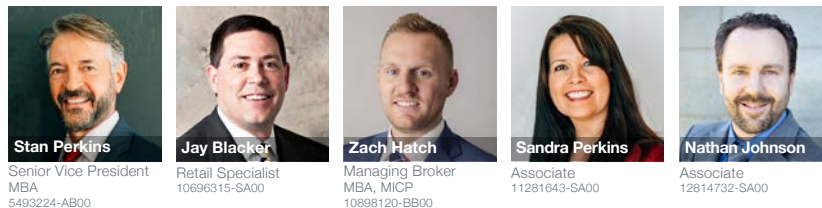
## Las Vegas



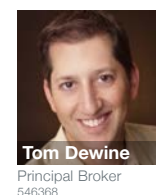
## Southern Utah



## Northern Utah



## San Antonio



## Asset Management



**Adam Corley**  
Asset Management  
Director  
12059151-SA00



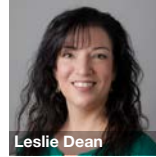
**Colby Banner**  
Asset Manager  
11849257-SA00



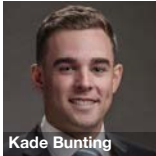
**Todd Manning**  
Managing Broker  
B.1001679.LLC



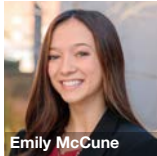
**McKayne Moss**  
Asset Manager  
12713478-SA00



**Leslie Dean**  
Asset Manager  
12991563-SA00

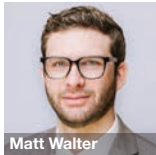


**Kade Bunting**  
Facilities Coordinator

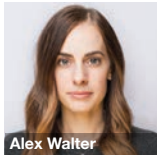


**Emily McCune**  
Asset Management  
Assistant

## Utah & Nevada Support Team



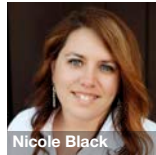
**Matt Walter**  
Chief Technology Officer



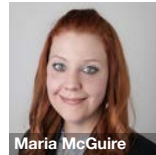
**Alex Walter**  
Creative Director



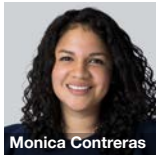
**Radlee Iverson**  
Chief Financial Officer



**Nicole Black**  
Office Manager



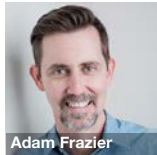
**Maria McGuire**  
Office Manager



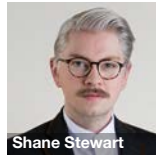
**Monica Contreras**  
Sr. Graphic Designer



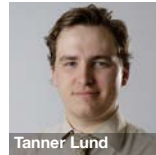
**McKenna Stanger**  
Graphic Designer



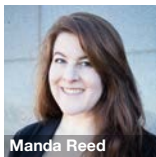
**Adam Frazier**  
Lead Photographer



**Shane Stewart**  
Photographer



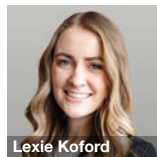
**Tanner Lund**  
Photographer



**Manda Reed**  
Photographer



**Jim Oberg**  
Photographer



**Lexie Koford**  
Photographer



**Trey Allred**  
Accountant



**Dave Newman**  
Research Analyst



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