

# 2017 Office Market Survey

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Commercial Real Estate Services, Worldwide.

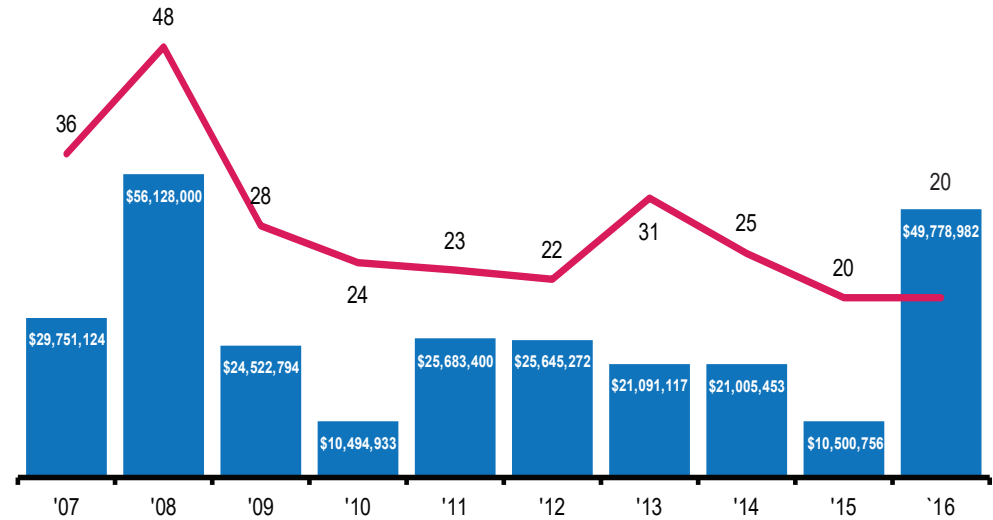
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# OFFICE MARKET SURVEY 2017

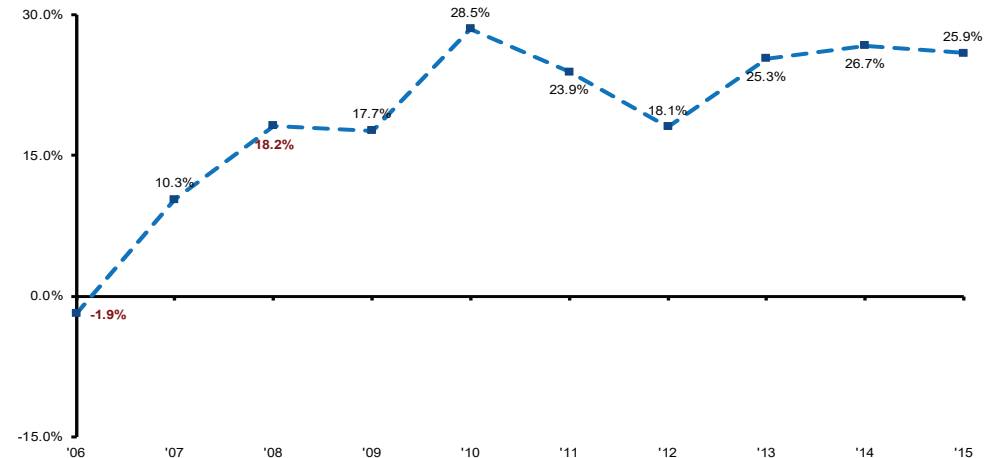
The Las Cruces office market realized some improvements in 2016 over 2015. The gains can largely be attributed to medical office and well located projects that finally came on line in 2016. Quality medical office space remains in short supply; and that may spur new growth in that sector of the office market. Professional office and back office rent numbers will stay suppressed with little opportunity for growth as we experienced minimal new tenant activity in Las Cruces during the 2016 calendar year. Downtown Las Cruces continues to struggle with high office vacancy and tenants continue to have significant leverage over landlords during lease negotiations or renewals. Market forces that drive demand for office space, especially in the town center, have not returned to the region since the economic downturn beginning in 2008.

*Survey figures reflect data drawn from a sample of 12 comparable properties containing approximately 753,200 square feet of leasable space. The subject properties are all multi-tenant facilities, with all but two, offering "Full Service" Leases. CAM charges assessed by the two properties charging same have been added to their Base Lease Rates for survey average calculations.*

## PERMITTED 'NEW' COMMERCIAL CONSTRUCTION: VALUE OF PERMITS / NUMBER OF PERMITS PULLED



## YEAR OVER YEAR % CHANGE: OFFICE-USING EMPLOYMENT SECTORS



Office Using Employment Sub-Sectors Include:  
Information, Financial Services and Professional / Business Services

Source: Las Cruces Construction Permits; Quarterly Census of Employment, NM Department of Labor

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<b>BROAD MARKET</b>	'12	'13	'14	'15	'16	'15-'16 % Change	'13-'16 % Change	'13-'16 Ann Avg % Change	'13-'16 Period Avg
Lease Rate	\$16.70	\$14.97	\$15.48	\$16.65	\$15.33	-7.93%	2.40%	0.79%	\$15.61
Vacancy Rate	15.7%	17.3%	15.6%	20.4%	14.3%	-29.90%	-17.34%	-6.35%	16.90%

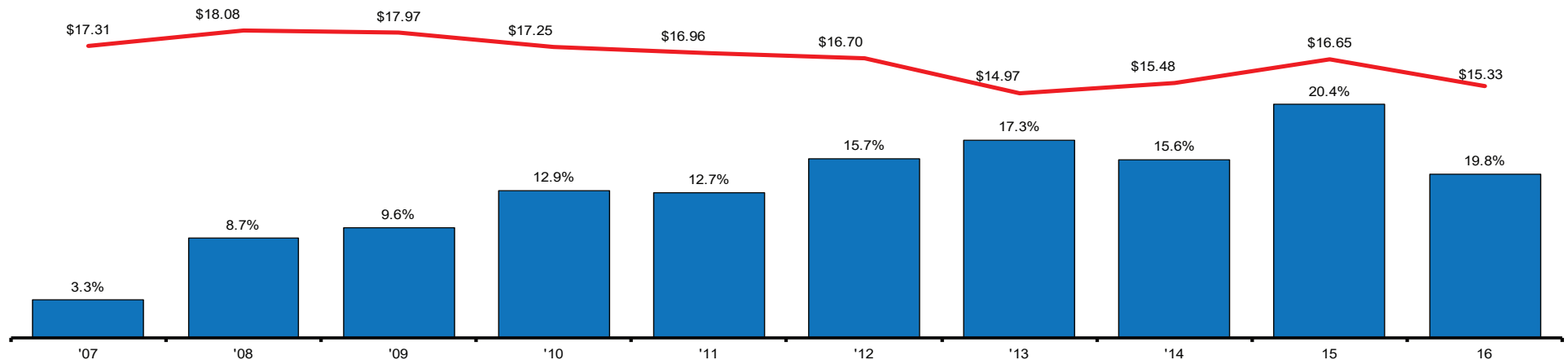
  

<b>SUB-MARKETS</b>	'12	'13	'14	'15	'16	'15-'16 % Change	'13-'16 % Change	'13-'16 Ann Avg % Change	'13-'16 Period Avg
<b>DOWNTOWN</b>									
Lease Rate	\$14.24	\$14.97	\$15.18	\$13.36	\$14.24	0.47%	-4.83%	-1.65%	\$14.64
Vacancy Rate	19.70%	19.30%	15.64%	23.20%	16.22%	-30.10%	-18%	-5.72%	18.58%
<b>TELSHOR</b>									
Lease Rate	\$17.09	\$16.35	\$16.34	\$15.82	\$15.82	0.00%	-3.21%	-1.09%	\$16.08
Vacancy Rate	12.28%	15.96%	18.16%	19.79%	27.93%	41.13%	75%	18.65%	20.46%
<b>E. LOHMAN</b>									
Lease Rate	\$24.68	\$20.77	\$21.11	\$27.67	\$27.67	0.00%	33.24%	9.57%	\$24.31
Vacancy Rate	9.57%	14.40%	13.93%	8.19%	1.37%	-83.31%	-91%	-78.49%	9.47%

Source: NAI 1st Valley Independent Market Survey

## OFFICE MARKET SURVEY AVERAGES: Lease Rates PSF & Vacancy Percentage

Source: NAI 1st Valley Independent Market Survey

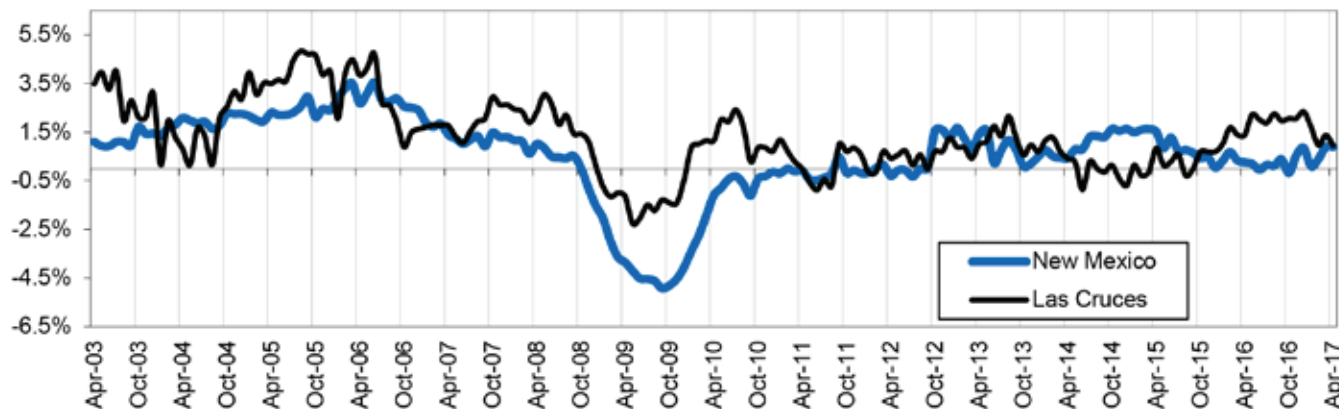


# OFFICE MARKET SURVEY 2017

## OVER THE YEAR GROWTH RATES - City of Las Cruces MSA

Source: Department of Labor, NM Labor Market Review

Las Cruces MSA Over-the-Year Growth Rates



## OVER THE YEAR JOB GAINS/ LOSSES - City of Las Cruces MSA

Las Cruces MSA Over-the-Year Job Gains/Losses and Total Nonfarm Growth Rate

