

MARKETBEAT RETAIL SNAPSHOT

LAS VEGAS, NV

A Cushman & Wakefield Alliance Research Publication



ECONOMIC OVERVIEW

The U.S. economy struggled through 4Q 12 with GDP increasing by only 0.4% as cutbacks began in anticipation of the fiscal cliff and sequestration. The fiscal cliff came and went but sequestration has remained which has put downward pressure on personal income which dropped by 3.6% in January. Despite this drop, income rose by 1.1% in February and is up by 2.6% on a year-over-year basis. On the job front, 475,000 jobs have been added through 1Q 13. Consumer Confidence started off the year low but made a dramatic swing of 19.2% in February to increase to the third highest level over the past 12 months.

Nevada's economy has lagged behind the overall U.S. economy but has been recovering faster. The unemployment rate for Nevada currently sits at 9.6% representing a 2.2 percentage point drop from a year ago, the largest percentage decrease in the nation. Total net jobs added in the last year amounts to 23,800 with 600 of those coming in February.

The Las Vegas-Paradise Metropolitan Statistical Area (MSA) experienced population growth of 1.6% in 2012 and is expected to increase by 2.5% in 2013 and 2.9% in 2014. This increase in population speaks well to Nevada's future retail market and should ensure that retail expansion occurs in the market. As of February 2013, Clark County Gaming revenue had decreased by 3.0% on a year-over-year basis; however, February 2013 registered a 17.8% increase over February 2012.

RETAIL SALES AND CONSUMER CONFIDENCE TRENDS



Source: Moody's Analytics, Q1 13 is annualized

ECONOMIC INDICATORS

	2012	2013F	2014F
NATIONAL			
GDP Growth	2.2%	2.2%	3.4%
CPI Growth	2.1%	2.0%	2.1%
Consumer Spending Growth	1.9%	2.2%	3.6%
Retail Sales Growth	5.0%	4.2%	4.4%
REGIONAL			
Household Income	\$52,751	\$53,566	\$55,324
Population Growth	1.6%	2.5%	2.9%
Unemployment	11.8%	8.9%	8.7%

Source: Moody's Analytics

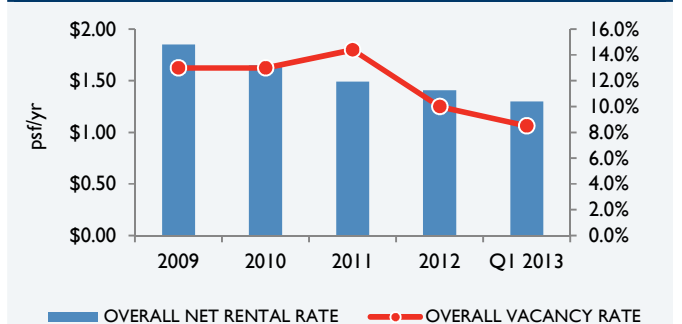
BREAKDOWN BY PROPERTY TYPE

	VACANCY	RENTAL RATES PSF/YR	MEDIAN SALES PRICE / SQUARE FOOT
Freestanding	14.9%	\$13.12	\$131.96
Anchorless Strip	13.2%	\$14.45	\$133.12
Neighborhood Center	9.0%	\$16.13	N/A
Community Center	7.3%	\$15.99	N/A
Regional Center	2.6%	\$13.24	\$28.47
Regional Mall	1.3%	\$45.00	N/A

TOTAL MARKET	8.4%	\$15.52	\$93.15
---------------------	-------------	----------------	----------------

Source: Property & Portfolio Research Inc.

OVERALL RENTAL VS. VACANCY RATES



Source: Commerce Research Department

RETAIL MARKET OVERVIEW

The average retail vacancy rate in Las Vegas continues to decline due to increasing absorption and limited new construction. As would be expected, anchored retail centers have the lowest average vacancy while freestanding buildings and anchorless strip centers have the highest average direct vacancy, currently at 14.9% and 13.2% respectively.

Leasing activity for the overall retail market through IQ 13 was 461,003 square feet (sf), representing a 48.9% increase over IQ 12. This leasing activity resulted in overall positive net absorption of 104,137 sf. The Southeast submarket experienced the most significant absorption at 55,910 sf, although it continues to have the highest overall vacancy rate at 10.5%

Although the retail market is experiencing healthy positive absorption, it is largely occurring as a result of local and regional tenants expanding, and not national tenants. One of the most actively expanding sectors is health & wellness such as urgent care, beauty salons, yoga studios and fitness training. Despite positive absorption, mid-to-large box spaces continue to be a challenge with few large tenants in the market and subdivision often being too costly.

The Shops at Summerlin, a 1.5 million sf regional mall in the West submarket is currently under construction with an anticipated

delivery in 2014. This mall has secured both Macy's and Dillard's as anchor tenants so far. Efforts are also underway to build a new baseball stadium and relocate the Las Vegas 51s, a triple A minor league team. The proposed location is adjacent to the Shops at Summerlin.

Henderson's Galleria at Sunset mall is about to undergo a \$7 million renovation. Expected to start in April, the renovations will include upgrades to restrooms, the food court, center court and guest services area. The Galleria has also announced the addition of H&M which will occupy approximately 20,000 sf on two levels.

OUTLOOK

Although the trend has been positive over the past year with vacancies declining, there is still uncertainty in the market and stability has not fully returned. Landlords are still waiting to see what the ramifications will be of the merger of Office Max / Office Depot, the restructuring of the Barnes & Noble model and how many and how quickly the Fresh & Easy store locations will close. Expected closures from all of these companies will add additional space to the market in a size range that will cause some leasing challenges.

MARKET HIGHLIGHTS

Significant Q1 2013 Lease Transactions	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
Peccole Plaza	West	Dignity Health	Community Center	8,814
Village Square	SE Las Vegas/Henderson	Chinita	Community Center	5,406
Whitney Ranch	South	Family Christian	Community Center	5,000
Silverado Ranch Place	West	Cilantro Rack	Neighborhood Center	3,290
Significant Q1 2013 Sale Transactions	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
Regal Plaza	South	Regal I, LLC	\$15,100,000 / \$106	142,185
Shoppes at Harmon Square	Central East	HD Harmon Square, LLC	\$11,500,000 / \$317	36,265
Gold's Gym	North	Store Capital	\$8,300,000 / \$174	47,425
Cimarron Square	Southwest	The Equity Group	\$5,700,000 / \$158	35,668
Significant Q1 2013 Construction Completions	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
Significant Projects Under Construction	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
Shops at Summerlin	West	Macy's and Dillard's	2014	1,500,000
Tivoli Village	Northwest		2014	218,237

* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS

	Inventory		Vacancy		Demand &	Supply	Pricing		
	No. of	Existing	SF	Rate	Net	Gross	Asking Rent (NNN)		
	Bldgs.	SF			Absorption	Spaced	Direct	Sublease	Weighted Avg.
Central East									
Freestanding	52	1,568,988	209,256	13.3%	-6,625	11,268	\$11.47	\$15.00	\$11.70
Anchorless Strip	59	1,809,946	153,778	8.5%	1,568	17,924	\$11.56	\$8.94	\$11.24
Neighborhood Centers	38	2,535,975	248,623	9.8%	-554	9,234	\$14.45	-	\$14.45
Community Centers	25	3,858,783	603,518	15.6%	7,061	2,890	\$10.25	-	\$10.25
Regional Center	6	3,085,466	42,218	1.4%	-	-	-	-	-
Regional Mall	3	3,610,709	-	0.0%	-	-	-	-	-
Total	183	16,469,867	1,257,393	7.6%	1,450	41,316	\$11.10	\$11.97	\$11.10
Central North									
Freestanding	13	425,820	17,550	4.1%	2,705	1,300	\$14.56	-	\$14.56
Anchorless Strip	7	185,756	70,020	37.7%	-24,690	4,880	\$10.72	-	\$10.72
Neighborhood Centers	7	493,378	20,866	4.2%	-	-	\$13.06	-	\$13.06
Community Centers	3	367,694	19,000	5.2%	-	-	\$20.10	-	\$20.10
Regional Center	-	-	-	0.0%	-	-	-	-	-
Regional Mall	-	-	-	0.0%	-	-	-	-	-
Total	30	1,472,648	127,436	8.7%	-21,985	6,180	\$13.03	\$0.00	\$13.03
Downtown									
Freestanding	3	101,590	-	0.0%	-	-	-	-	-
Anchorless Strip	5	127,980	3,000	2.4%	-	-	\$12.00	-	\$12.00
Neighborhood Centers	4	297,376	-	0.0%	-	-	-	-	-
Community Centers	5	1,140,735	1,900	0.2%	119	-	\$33.00	-	\$33.00
Regional Center	3	1,415,741	-	0.0%	-	-	-	-	-
Regional Mall	-	-	-	0.0%	-	-	-	-	-
Total	20	3,083,422	4,900	0.2%	119	0	\$20.14	\$0.00	\$20.14
North									
Freestanding	19	584,852	110,722	18.9%	-3,403	1,250	\$15.95	-	\$15.95
Anchorless Strip	49	1,535,477	251,369	16.4%	11,905	48,235	\$13.84	\$14.04	\$13.85
Neighborhood Centers	48	3,435,430	264,684	7.7%	28,579	4,981	\$12.70	\$11.96	\$12.61
Community Centers	27	4,055,358	180,069	4.4%	-18,116	10,097	\$24.07	\$10.01	\$19.53
Regional Center	-	-	-	0.0%	-	-	-	-	-
Regional Mall	-	-	-	0.0%	-	-	-	-	-
Total	143	9,611,117	806,844	8.4%	18,965	64,563	\$16.04	\$12.00	\$15.00
Northwest									
Freestanding	13	310,595	58,233	18.8%	-	-	\$12.58	-	\$12.58
Anchorless Strip	57	1,782,123	228,781	12.8%	8,202	5,600	\$15.68	\$33.00	\$15.90
Neighborhood Centers	41	2,889,843	192,760	6.7%	6,929	4,611	\$17.78	\$11.71	\$15.24
Community Centers	29	4,114,433	291,541	7.1%	21,116	28,912	\$14.62	-	\$14.62
Regional Center	-	-	-	0.0%	-	-	-	-	-
Regional Mall	1	960,000	33,092	3.5%	-16,516	22,917	-	-	-
Total	141	10,056,994	804,407	8.0%	19,731	62,040	\$14.93	\$22.36	\$14.38
Southeast									
Freestanding	16	512,633	88,535	17.3%	-	-	\$12.19	-	\$12.19
Anchorless Strip	31	986,803	107,056	10.9%	-1,447	-	\$10.80	-	\$10.80
Neighborhood Centers	28	1,863,296	248,373	13.3%	375	2,400	\$13.19	-	\$13.19
Community Centers	17	2,527,801	166,509	6.6%	40,714	-	\$16.02	-	\$16.02
Regional Center	1	370,761	118,544	32.0%	16,268	-	\$17.82	-	\$17.82
Regional Mall	1	1,048,000	39,611	3.8%	-	-	\$45.00	-	\$45.00
Total	94	7,309,294	768,628	10.5%	55,910	2,400	\$15.71	\$0.00	\$15.71

South									
Freestanding	18	548,426	99,416	18.1%	-8,573	-	\$17.30	\$15.96	\$17.10
Anchorless Strip	76	2,306,728	371,737	16.1%	30,917	21,574	\$15.79	\$15.96	\$15.80
Neighborhood Centers	45	3,091,629	431,119	13.9%	5,106	13,101	\$16.15	\$14.40	\$15.86
Community Centers	21	3,176,972	209,319	6.6%	-10,719	181,736	\$18.22	-	\$18.22
Regional Center	3	1,469,234	2,000	0.1%	-	-	\$21.60	-	\$21.60
Regional Mall	-	-	-	0.0%	-	-	-	-	-
Total	163	10,592,989	1,113,591	10.5%	16,731	216,411	\$16.53	\$15.44	\$16.40
Southwest									
Freestanding	26	811,378	122,702	15.1%	4,237	6,470	\$11.12	-	\$11.12
Anchorless Strip	63	1,876,927	218,319	11.6%	-2,930	22,503	\$14.34	-	\$14.34
Neighborhood Centers	33	2,377,223	100,448	4.2%	-1,745	8,780	\$18.62	-	\$18.62
Community Centers	28	4,221,000	237,042	5.6%	32,090	6,600	\$18.23	-	\$18.23
Regional Center	-	-	-	0.0%	-	-	-	-	-
Regional Mall	-	-	-	0.0%	-	-	-	-	-
Total	150	9,286,528	678,511	7.3%	31,652	44,353	\$0.00	\$0.00	\$15.58
West									
Freestanding	26	811,378	138,691	17.1%	-3,100	11,054	\$12.79	-	\$12.79
Anchorless Strip	62	1,851,113	241,666	13.1%	-3,458	5,046	\$16.55	-	\$16.55
Neighborhood Centers	33	2,377,223	233,983	9.8%	3,484	7,640	\$22.72	-	\$22.72
Community Centers	28	4,221,000	301,673	7.2%	-15,362	-	\$20.26	\$26.70	\$20.89
Regional Center	-	-	-	0.0%	-	-	-	-	-
Regional Mall	-	-	-	0.0%	-	-	-	-	-
Total	149	9,260,714	916,013	9.9%	-18,436	23,740	\$0.00	\$26.70	\$48.19
Las Vegas Total									
Freestanding	186	5,675,660	845,105	14.9%	-14,759	31,342	\$13.12	\$15.48	\$13.16
Anchorless Strip	409	12,462,853	1,645,726	13.2%	20,067	125,762	\$14.45	\$17.98	\$14.46
Neighborhood Centers	277	19,361,373	1,740,856	9.0%	42,174	50,747	\$16.13	\$12.69	\$15.76
Community Centers	183	27,683,776	2,010,571	7.3%	56,903	230,235	\$15.99	\$18.36	\$15.67
Regional Center	13	6,341,202	162,762	2.6%	16,268	-	\$13.24	N/A	\$17.88
Regional Mall	5	5,618,709	72,703	1.3%	-16,516	22,917	\$45.00	N/A	\$45.00
Total	1,073	77,143,573	6,477,723	8.4%	104,137	461,003	\$15.52	\$16.13	\$15.45