

# MARKETBEAT RETAIL SNAPSHOT



## LAS VEGAS, NV

A Cushman & Wakefield Alliance Research Publication

Q1 2012



### ECONOMIC OVERVIEW

The leading indicators are slowly improving as shown by the increase in Clark County taxable sales. In fact, retail taxable sales ended 2011 at \$40.6 billion; higher than we have seen since before 2006 (\$35.9 billion) and grew since the end of 2010 where it came in at \$29.9 billion. Nevada jobless rate also fell for the seventh consecutive month, adding 3,600 jobs in the Las Vegas area. Nevada's tourism and gaming continue to drive the state's economic recovery. Visitor volume took a seasonal decline in February but was 4.5% higher than a year earlier. Gaming revenue was 5.7% higher in February than a year earlier. The retail market is expected to continue its show steady recovery through 2012.

While consumers continue to be cautious, pent up demand for delayed purchases of necessities have increased sales. National retailers are responding to the economic recovery and are beginning to look at the Las Vegas retail real estate market for potential expansion space. WinCo Foods opened two Southern Nevada stores this quarter. Robert Rhodes, district manager for WinCo Foods' southwest region stated that "The Company (WinCo) now has 82 locations in Washington, Idaho, Nevada, California, Utah and Oregon. The two new stores (in Southern Nevada) are open 24 hours and each employ 200 full and part time workers." Sportsman Warehouse also reopened its northwest location, Hobby Lobby is growing its presence in the market, and Summerlin's Mall is considering adding new space since major retailers are expressing interest in expanding into the Summerlin area again. More national retailers are anticipated to enter or expand in the market for the remainder of 2012, which will hopefully fill existing vacant spaces, specifically in neighborhood, community and regional centers.

### RETAIL SALES AND CONSUMER CONFIDENCE TRENDS



Source: Moody's Analytics

### ECONOMIC INDICATORS

NATIONAL	2011	2012F	2013F
GDP Growth	1.7%	2.4%	2.8%
CPI Growth	3.1%	2.2%	1.9%
Consumer Spending Growth	2.2%	2.3%	2.9%
Retail Sales Growth	7.7%	6.0%	4.0%
REGIONAL	2011	2012F	2013F
Household Income	\$51,974	\$53,361	\$55,426
Population Growth	0.9%	1.7%	2.5%
Unemployment	13.2%	13.0%	11.9%

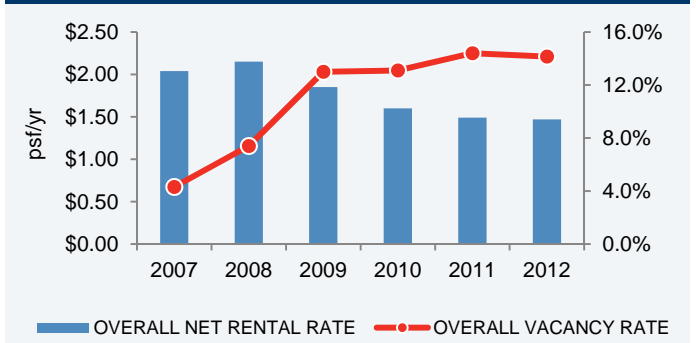
Source: Moody's Analytics

### ENTER MARKET NAME BY TYPE

	VACANCY	RENTAL RATES	MEDIAN SALES PRICE / SQUARE FOOT
General Retail	6.2%	\$13.80	\$127.99
Neighborhood Center	12.9%	\$18.36	\$46.71
Community Center	12.8%	\$18.84	\$58.93
Strip Center	22.9%	\$16.20	\$51.29
<b>TOTAL MARKET</b>	<b>14.1%</b>	<b>\$17.64</b>	<b>\$88.92</b>

Source: Cushman & Wakefield / Commerce Database

### OVERALL RENTAL VS. VACANCY RATES



Source: Cushman & Wakefield / Commerce Database

## RETAIL MARKET OVERVIEW

Retail is showing the strongest market improvements compared to other commercial sectors. For the fourth straight quarter the vacancy rate showed a decline. The Las Vegas retail market has approximately 8.1 million square feet (msf) of vacant product, which equates to a 14.1% vacancy factor. This is a drop from the fourth quarter vacancy rate of 14.4%, and the same rate we saw a year ago. As the retail market continues to recover and retailers continue to rent and build smaller spaces, vacancy in the next year is expected to remain stable in the high 13% to low 14% range. The trend for retailers to move to more intimate space, as well as the affordability of newer, better located retail centers, is reflected in the positive vacancy rates and net absorption in the Green Valley area of town, which showed a positive 42,620 sf of net absorption. This area in the Las Vegas market has newer retail product and is surrounded by higher scale neighborhoods. The lease rates for the retail market have been very competitive in 2012. Landlords are eager to lease their buildings and make deals on a short term basis in order to have means of cash flow. Average asking rents fell to \$1.47 per square foot per month (psf/mo) triple net during first quarter 2012. This is the lowest asking lease rate that we have seen since 2003 when the rate was \$1.23 psf/mo

triple net. Going into 2012, we expect lease rates to continue to remain low due to high vacancy and the growth of building sales.

## OUTLOOK

After witnessing a very flat year in market activity, we don't expect 2012 to be any different. We do not expect to see any more major swings in the labor market or the commercial real estate market like we have seen in the past few years. The retail specialty is still cautious as the Las Vegas economy as a whole continues to be impacted by high unemployment rates and careful consumer activity, causing vacancies to remain elevated.

The trend toward smaller space for retailers will continue through 2012. According to a Wall Street Journal report, "Many (retail) chains are concluding that their future lies in more intimate stores." Big Box creator Wal-Mart is looking at locations smaller than 40,000 sf and will open its first Wal-Mart Express store later this year. The smaller store size will also be options for Home Depot, Best Buy, Gap, Staples and Office Depot. To be more profitable, these retailers are looking for any way to lease out extra space, fill unused space with new products, and even sell off unused land.

## MARKET HIGHLIGHTS

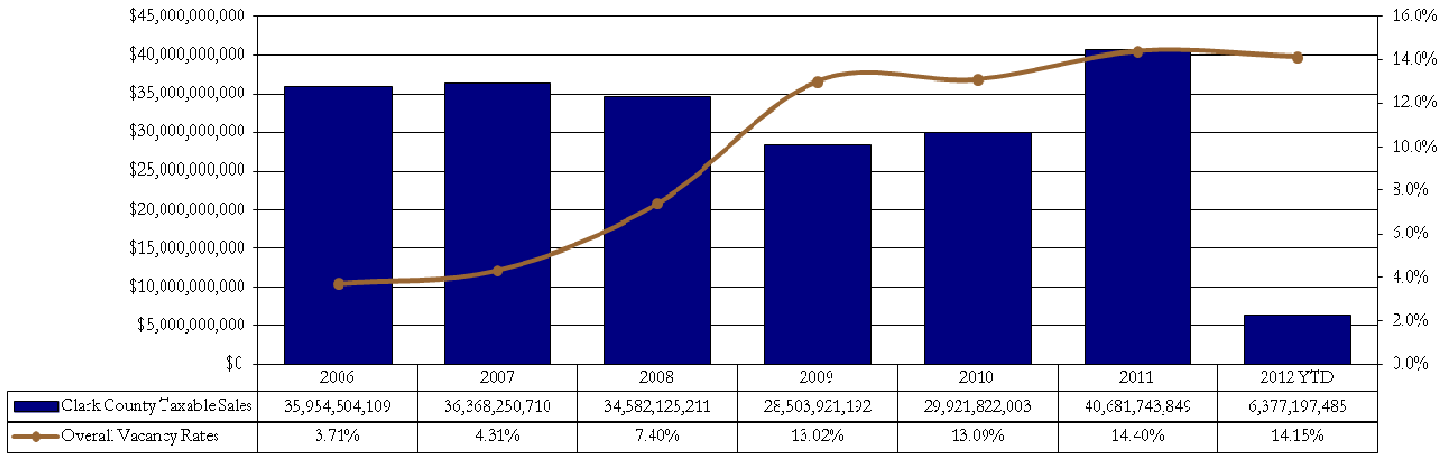
Significant IQ12 Lease Transactions	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
4750 W Blue Diamond Rd	Southwest	Furniture Center	Community Center	11,139
390 S Decatur Blvd	Central West	Opportunity Village	Community Center	36,800
5905 S Eastern Ave	East	Farmer Boy Foods	Community Center	50,077
Significant IQ12 Sale Transactions	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
2525 W Horizon Ridge Pkwy	Southeast	Protofino Properties LLC	\$2,300,000 / \$83 psf	27,500
4120 S Rainbow Blvd	Southwest	Plaza Bonita LLC	\$2,287,500 / \$58 psf	39,138
9295 W Flamingo Rd	Southwest	9295 Brooks LLC	\$4,811,698 / \$82 psf	58,164
Significant IQ12 Construction Completions	SUBMARKET	MAJOR TENANT	COMPLETION DATE	SQUARE FEET
78 North Stephanie	Green Valley	WinCo Foods	IQ12	45,122
Significant Projects Under Construction	SUBMARKET	MAJOR TENANT	COMPLETION DATE	SQUARE FEET
Tivoli Village at Queensridge	Summerlin	N/A	4Q12	226,178

\* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS

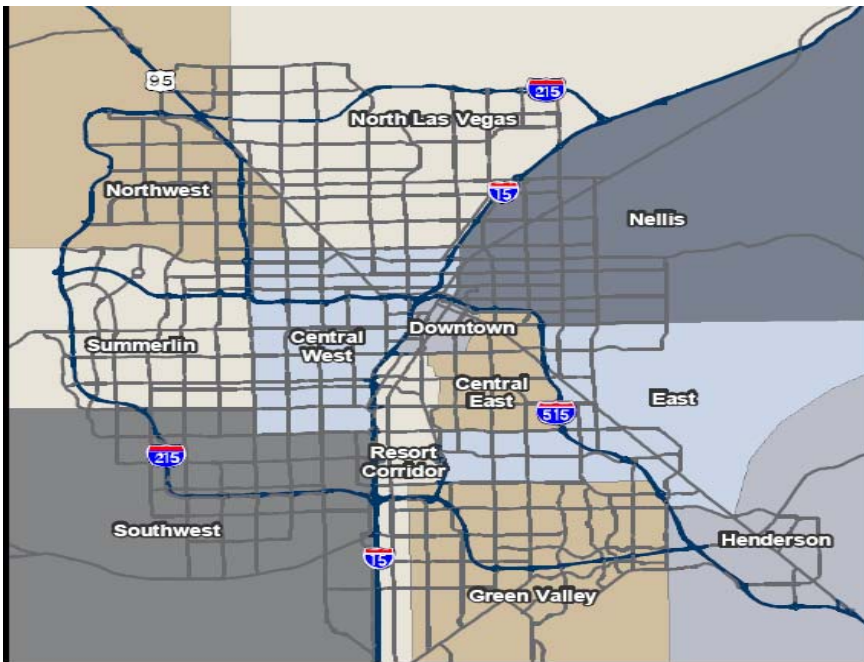
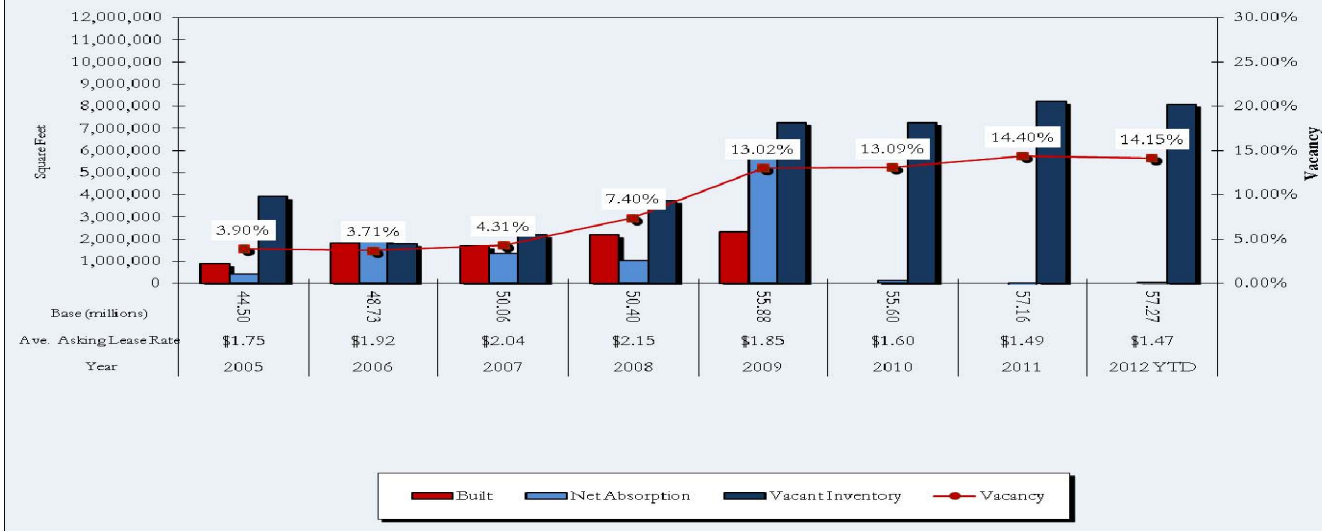
	No. of Bldgs.	Inventory			Vacancy		Demand & Supply			Pricing		
		Existing SF	Under Const. SF	Planned SF	SF	Rate	Net Absorption	Gross Spaced	Sublease	Asking Rent (NNN) Low	High	Weighted
<b>Central East</b>												
Community Centers	19	3,395,056	0	0	402,781	11.86%	46,530	55,171	34,387	\$0.50	\$3.00	\$1.41
Freestanding	6	238,583	0	0	19,800	8.30%	-	-	-	-	-	-
Neighborhood Centers	5	450,421	0	0	68,305	15.16%	(39,915)	-	-	\$0.49	\$3.75	\$1.44
Anchorless Strip	44	1,656,243	0	0	346,344	20.91%	(8,481)	2,300	1,590	\$0.47	\$2.85	\$1.28
<b>Total</b>	<b>74</b>	<b>5,740,303</b>	<b>0</b>	<b>0</b>	<b>837,230</b>	<b>14.59%</b>	<b>(1,866)</b>	<b>57,471</b>	<b>35,977</b>	<b>\$0.47</b>	<b>\$3.75</b>	<b>\$1.38</b>
<b>Central West</b>												
Community Centers	29	4,703,263	0	0	645,495	13.72%	4,123	44,708	-	\$0.50	\$3.23	\$1.26
Freestanding	6	512,437	0	0	1,200	0.23%	-	-	1,350	\$0.65	\$1.60	\$1.42
Neighborhood Centers	16	1,239,891	0	0	156,455	12.62%	20,130	20,130	14,267	\$0.75	\$2.50	\$1.34
Anchorless Strip	44	1,555,691	0	0	193,951	12.47%	5,750	10,700	-	\$0.50	\$2.50	\$1.10
<b>Total</b>	<b>95</b>	<b>8,011,282</b>	<b>0</b>	<b>0</b>	<b>997,101</b>	<b>12.45%</b>	<b>30,003</b>	<b>75,538</b>	<b>15,617</b>	<b>\$0.50</b>	<b>\$3.23</b>	<b>\$1.28</b>
<b>East</b>												
Community Centers	17	3,090,995	0	0	635,361	20.56%	1,024	27,750	43,562	\$0.50	\$2.50	\$1.17
Freestanding	3	113,234	0	0	28,288	24.98%	-	-	-	\$0.83	\$1.63	\$1.27
Neighborhood Centers	4	363,359	0	0	19,875	5.47%	(7,037)	-	8,100	\$0.99	\$1.50	\$1.24
Anchorless Strip	15	402,632	0	0	112,226	27.87%	(2,024)	-	-	\$0.60	\$2.00	\$1.21
<b>Total</b>	<b>39</b>	<b>3,970,220</b>	<b>0</b>	<b>0</b>	<b>795,750</b>	<b>20.04%</b>	<b>(8,037)</b>	<b>27,750</b>	<b>51,662</b>	<b>\$0.50</b>	<b>\$2.50</b>	<b>\$1.22</b>
<b>Green Valley</b>												
Community Centers	33	7,422,044	0	0	834,093	11.24%	22,729	35,306	1,200	\$0.75	\$3.00	\$1.67
Freestanding	3	263,856	0	0	0	0.00%	-	-	-	-	-	-
Neighborhood Centers	24	2,224,891	0	0	378,697	17.02%	20,300	25,708	42,879	\$0.50	\$2.50	\$1.50
Anchorless Strip	41	870,675	0	0	234,544	26.94%	(409)	3,286	-	\$0.75	\$2.65	\$1.40
<b>Total</b>	<b>101</b>	<b>10,781,466</b>	<b>0</b>	<b>0</b>	<b>1,447,334</b>	<b>13.42%</b>	<b>42,620</b>	<b>64,300</b>	<b>44,079</b>	<b>\$0.50</b>	<b>\$3.00</b>	<b>\$1.52</b>
<b>Henderson</b>												
Community Centers	10	1,954,454	0	0	545,355	27.90%	6,500	6,500	-	\$0.50	\$4.00	\$1.69
Freestanding	0	0	0	0	0	0.00%	-	-	-	-	-	-
Neighborhood Centers	3	295,539	0	0	10,346	3.50%	(2,093)	-	-	\$1.25	\$2.00	\$1.63
Anchorless Strip	7	342,343	0	0	113,991	33.30%	-	-	-	\$0.50	\$3.25	\$1.59
<b>Total</b>	<b>20</b>	<b>2,592,336</b>	<b>0</b>	<b>0</b>	<b>669,692</b>	<b>25.83%</b>	<b>4,407</b>	<b>6,500</b>	<b>-</b>	<b>\$0.50</b>	<b>\$4.00</b>	<b>\$1.64</b>
<b>Nellis</b>												
Community Centers	9	1,301,060	0	0	71,966	5.53%	-	-	-	\$0.75	\$2.50	\$1.22
Freestanding	2	100,340	0	0	0	0.00%	-	-	-	-	-	-
Neighborhood Centers	11	934,396	0	0	113,324	12.13%	17,373	21,398	-	\$0.75	\$3.25	\$1.62
Anchorless Strip	17	563,582	0	0	106,623	18.92%	-	-	-	\$0.80	\$3.50	\$1.38
<b>Total</b>	<b>39</b>	<b>2,899,378</b>	<b>0</b>	<b>0</b>	<b>291,913</b>	<b>10.07%</b>	<b>17,373</b>	<b>21,398</b>	<b>-</b>	<b>\$0.75</b>	<b>\$3.50</b>	<b>\$1.41</b>
<b>North Las Vegas</b>												
Community Centers	24	4,643,509	0	0	485,973	10.47%	(19,430)	8,474	-	\$0.50	\$3.00	\$1.73
Freestanding	1	53,837	0	0	30,281	56.25%	-	-	-	\$0.75	\$0.75	\$0.75
Neighborhood Centers	17	1,463,304	0	0	160,929	11.00%	2,000	2,000	1,600	\$0.75	\$2.75	\$1.35
Anchorless Strip	15	523,737	0	0	201,066	38.39%	(649)	16,251	-	\$0.49	\$2.00	\$1.18
<b>Total</b>	<b>57</b>	<b>6,684,387</b>	<b>0</b>	<b>0</b>	<b>878,249</b>	<b>13.14%</b>	<b>(18,079)</b>	<b>26,725</b>	<b>1,600</b>	<b>\$0.49</b>	<b>\$3.00</b>	<b>\$1.25</b>
<b>Northwest</b>												
Community Centers	17	3,676,439	0	0	390,326	10.62%	5,822	7,022	9,172	\$0.75	\$3.00	\$1.73
Freestanding	0	0	0	0	0	0.00%	-	-	-	-	-	-
Neighborhood Centers	18	701,198	0	0	185,722	26.49%	(11,959)	-	1,609	\$0.50	\$2.65	\$1.56
Anchorless Strip	10	325,070	0	0	92,170	28.35%	1,099	1,099	-	\$0.99	\$2.25	\$1.27
<b>Total</b>	<b>45</b>	<b>4,702,707</b>	<b>0</b>	<b>0</b>	<b>668,218</b>	<b>14.21%</b>	<b>(5,038)</b>	<b>8,121</b>	<b>10,781</b>	<b>\$0.50</b>	<b>\$3.00</b>	<b>\$1.52</b>
<b>Southwest</b>												
Community Centers	15	4,217,099	0	0	407,733	9.67%	104	15,717	5,180	\$0.63	\$3.00	\$1.76
Freestanding	0	0	0	0	0	0.00%	-	-	-	-	-	-
Neighborhood Centers	10	980,368	0	0	67,138	6.85%	-	-	-	\$0.99	\$2.75	\$1.62
Anchorless Strip	52	1,652,875	0	0	450,941	27.28%	(39,319)	2,000	4,203	\$0.50	\$4.25	\$1.51
<b>Total</b>	<b>77</b>	<b>6,850,342</b>	<b>0</b>	<b>0</b>	<b>925,812</b>	<b>13.51%</b>	<b>(39,215)</b>	<b>17,717</b>	<b>9,383</b>	<b>\$0.50</b>	<b>\$4.25</b>	<b>\$1.63</b>
<b>Summerlin</b>												
Community Centers	19	3,875,652	0	0	473,884	12.23%	1,498	7,275	-	\$0.75	\$3.50	\$2.01
Freestanding	0	0	0	0	0	0.00%	-	-	-	-	-	-
Neighborhood Centers	8	577,211	0	0	27,378	4.74%	(9,478)	-	-	\$0.80	\$3.00	\$2.00
Anchorless Strip	18	591,085	0	0	94,367	15.97%	(4,360)	-	-	\$0.75	\$2.72	\$1.56
<b>Total</b>	<b>45</b>	<b>5,043,948</b>	<b>0</b>	<b>0</b>	<b>595,629</b>	<b>11.81%</b>	<b>(12,340)</b>	<b>7,275</b>	<b>-</b>	<b>\$0.75</b>	<b>\$3.50</b>	<b>\$1.86</b>
<b>Las Vegas Total</b>												
<b>Community Centers</b>	<b>192</b>	<b>38,279,571</b>	<b>0</b>	<b>0</b>	<b>4,892,967</b>	<b>12.78%</b>	<b>68,900</b>	<b>207,923</b>	<b>93,501</b>	<b>\$0.50</b>	<b>\$4.00</b>	<b>\$1.57</b>
<b>Freestanding</b>	<b>21</b>	<b>1,282,287</b>	<b>0</b>	<b>0</b>	<b>79,569</b>	<b>6.21%</b>	<b>-</b>	<b>-</b>	<b>1,350</b>	<b>\$0.65</b>	<b>\$1.63</b>	<b>\$1.15</b>
<b>Neighborhood Centers</b>	<b>116</b>	<b>9,230,578</b>	<b>0</b>	<b>0</b>	<b>1,188,169</b>	<b>12.87%</b>	<b>(10,679)</b>	<b>69,236</b>	<b>68,455</b>	<b>\$0.49</b>	<b>\$3.75</b>	<b>\$1.53</b>
<b>Anchorless Strip</b>	<b>263</b>	<b>8,483,933</b>	<b>0</b>	<b>0</b>	<b>1,946,223</b>	<b>22.94%</b>	<b>(48,393)</b>	<b>35,636</b>	<b>5,793</b>	<b>\$0.47</b>	<b>\$4.25</b>	<b>\$1.35</b>
<b>Total</b>	<b>592</b>	<b>57,276,369</b>	<b>0</b>	<b>0</b>	<b>8,106,928</b>	<b>14.15%</b>	<b>9,828</b>	<b>312,795</b>	<b>169,099</b>	<b>\$0.47</b>	<b>\$4.25</b>	<b>\$1.47</b>

\* RENTAL RATES REFLECT ASKING \$PSF/MONTH

### Retail: Clark County Taxable Sales and Vacancy Rate (%)



### Las Vegas Retail Market Overview 2005-2012



Only existing properties, for lease  $\geq 20,000$  square feet are included in the market reviews

**TYPE**  
 COMMUNITY CENTER.....  $\geq 100,000$  AND  $\leq 349,999$  SF  
 NEIGHBORHOOD CENTER .....  $\geq 50,000$  AND  $\leq 99,999$  SF  
 ANCHORLESS STRIP .....  $\leq 49,999$  SF  
 FREESTANDING ..... FREESTANDING