

MARKETBEAT RETAIL SNAPSHOT

LAS VEGAS, NV

A Cushman & Wakefield Research Publication

Q1 2015

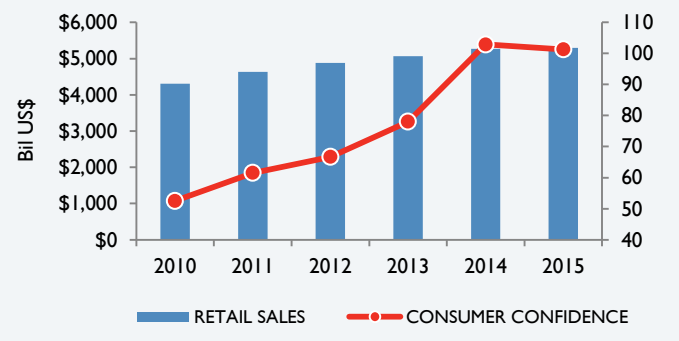


NATIONAL ECONOMIC OVERVIEW

High expectations abound for the job market and consumer spending in 2015. The year started off slower than expected with Q1 2015 GDP expected to only come in between 1.0% and 1.5%. Sluggish growth was driven by

weaker than expected consumer spending. This slowdown was clearly caused by a second consecutive year of severe winter weather. On the positive side, real after-tax income has increased by an annual rate of 6.9% from December 2014 to February 2015. When income growth is this strong, it is usually followed by strong consumer spending. After pent up spending due largely to weather in the first quarter, the rest of the year is expected to see much stronger growth.

RETAIL SALES AND CONSUMER CONFIDENCE TRENDS



LOCAL ECONOMY OVERVIEW

Las Vegas continued to recover at a faster pace than the overall U.S. economy. Jobs were added at 2.7% over the last year, representing a net increase of 23,600 jobs. This robust job growth drove the unemployment rate down by 1.2 percentage points on a year-over-year basis to 7.2%. While this rate is still in excess of the U.S. economy, the rate of decline is one of the fastest in the nation. Visitor volume increased by 0.5% for February YTD; 2015 is on pace to break last year's record setting visitor volume of 41,126,512. Gaming revenue declined in Clark County and the Las Vegas Strip by 1.7% and 4.4% respectively, in part due to lower baccarat activity. Malaysia-based Genting Berhad will break ground on the \$4 billion Resorts World Las Vegas on May 5th, 2015. Resorts World Las Vegas is expected to provide \$1.5 billion in construction wages and \$84 million in taxes while employing several thousand workers.

LOCAL RETAIL FUNDAMENTALS

Southern Nevada's retail market slowed modestly from prior quarters but continued to improve with 87,204 square feet (sf) of positive

absorption. The overall vacancy rate declined by 0.6 percentage points (pps) on a year-over-year basis representing a very resilient market when considering the just over 2.1 msf of new product that was added to the market over that same period. Lease rates climbed by 11.5% over the last year showing that demand is on the rise.

BREAKDOWN BY PROPERTY TYPE

	VACANCY	RENTAL RATES PSF/MO	2014 ABSORPTION
Neighborhood Centers	10.7%	\$1.38	(106,080)
Community Centers	9.5%	\$1.46	106,506
Power Centers	8.0%	\$2.18	86,778
TOTAL MARKET	9.4%	\$1.65	87,204

LOCAL RETAIL INVESTMENTS

Retail investment sales for Q1 2015 consisted of 18 transactions for total volume of \$200,793,000. DM Rhodes Ranch LLC's acquisition of Rhodes Ranch Town Center for \$25,250,000 was the largest transaction of the quarter. The average price per square foot for multi-tenant sales is now nearing \$200 psf while cap rates on stabilized assets hover in the mid-6 to low-7 percent range. This is largely in response to fewer distressed and bank-owned assets on the market. Stabilized assets are getting picked up quickly by out of state investors who have been priced out of other markets.

CONSTRUCTION

Last quarter the market received a major new player; Downtown Summerlin. The 106-acre, 1.6 million sf lifestyle center, owned by the Howard Hughes Corp. drew high traffic counts and opened additional shops showing that demand is strong for high quality retail space. Although construction was down from prior quarters, two new projects were completed in Q1 2015 for a total of 107,000 sf. The largest of these is the Las Vegas Athletic Club in North Las Vegas.

Several other retail projects are also under construction. Tivoli Village, comprised of 300,000 sf of lifestyle retail space will be completed this year while IKEA's 351,000 sf project is expected to come online in 2016. The Las Vegas Strip continued to add more and more options for visitors to Las Vegas. In addition to several projects completed over the past 12 months, new projects such as AEG and MGM's 20,000 seat arena, will give visitors yet another reason to visit Las Vegas

TRANSACTIONS

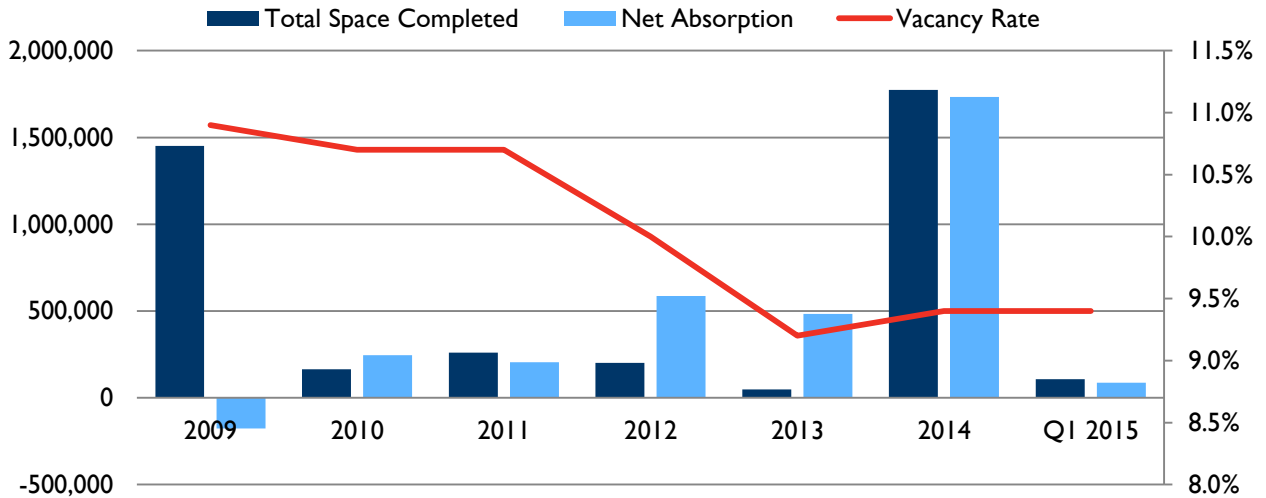
During Q1, First American Exchange Company LLC acquired two multi-tenant retail buildings for a sales price of \$3,700,000 or \$156 psf in the Southeast submarket. At the time of sale, the buildings were 100% occupied by locally recognized tenants such as Tutoring Club, Happy Nails and Jiu-Jitsu. On the leasing side, Flip and Tag signed a 60 month lease at The Mall at Grand Canyon for 41,500 sf.

OUTLOOK

The Las Vegas market will continue to grow as the economy strengthens. Expect to see an increase in the number of visitors,

conventions, taxable sales, residential development and entertainment which will all push retail development along. Absorption is expected to continue to keep pace with new construction while lease rates are expected to moderate from the 11.5% they have risen over the past year. Although there have been some major projects completed over the previous year, new development of suburban and neighborhood retail markets has been largely non-existent. Interest by developers in this segment is expected to increase over the next 12 months which could lead to additional projects.

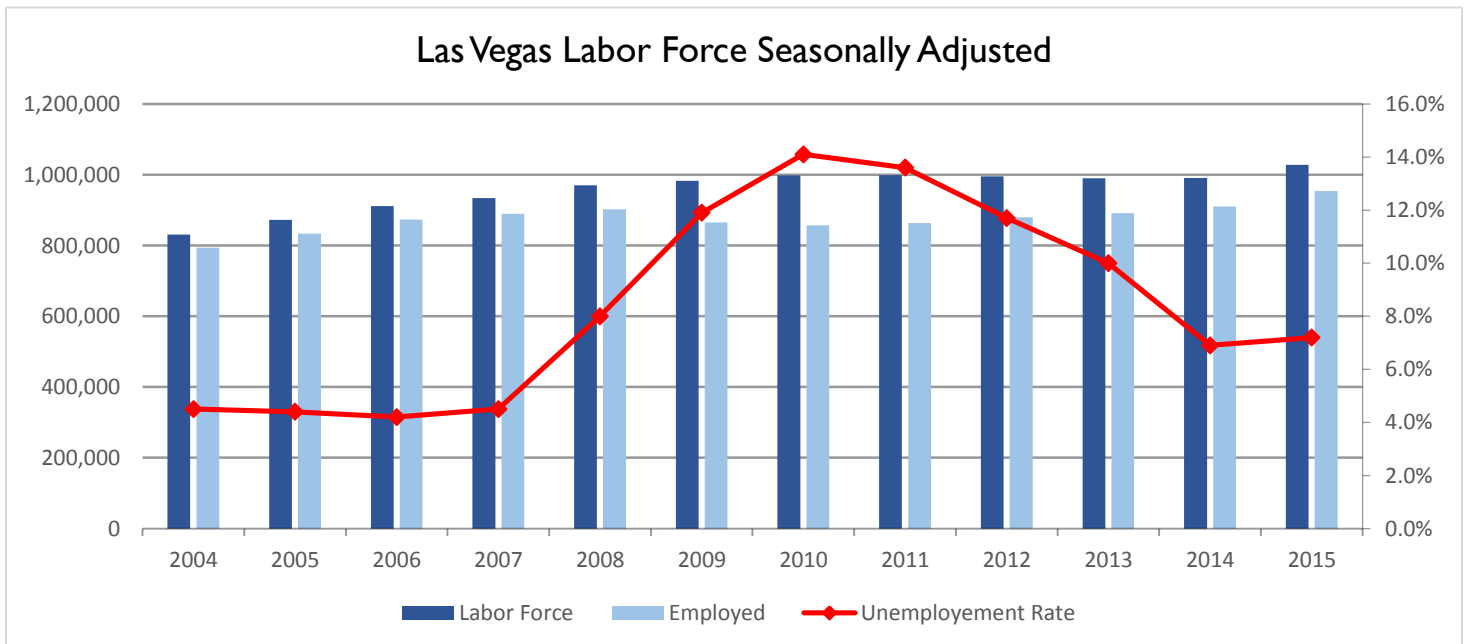
Las Vegas Retail Overview 2009 - 2015



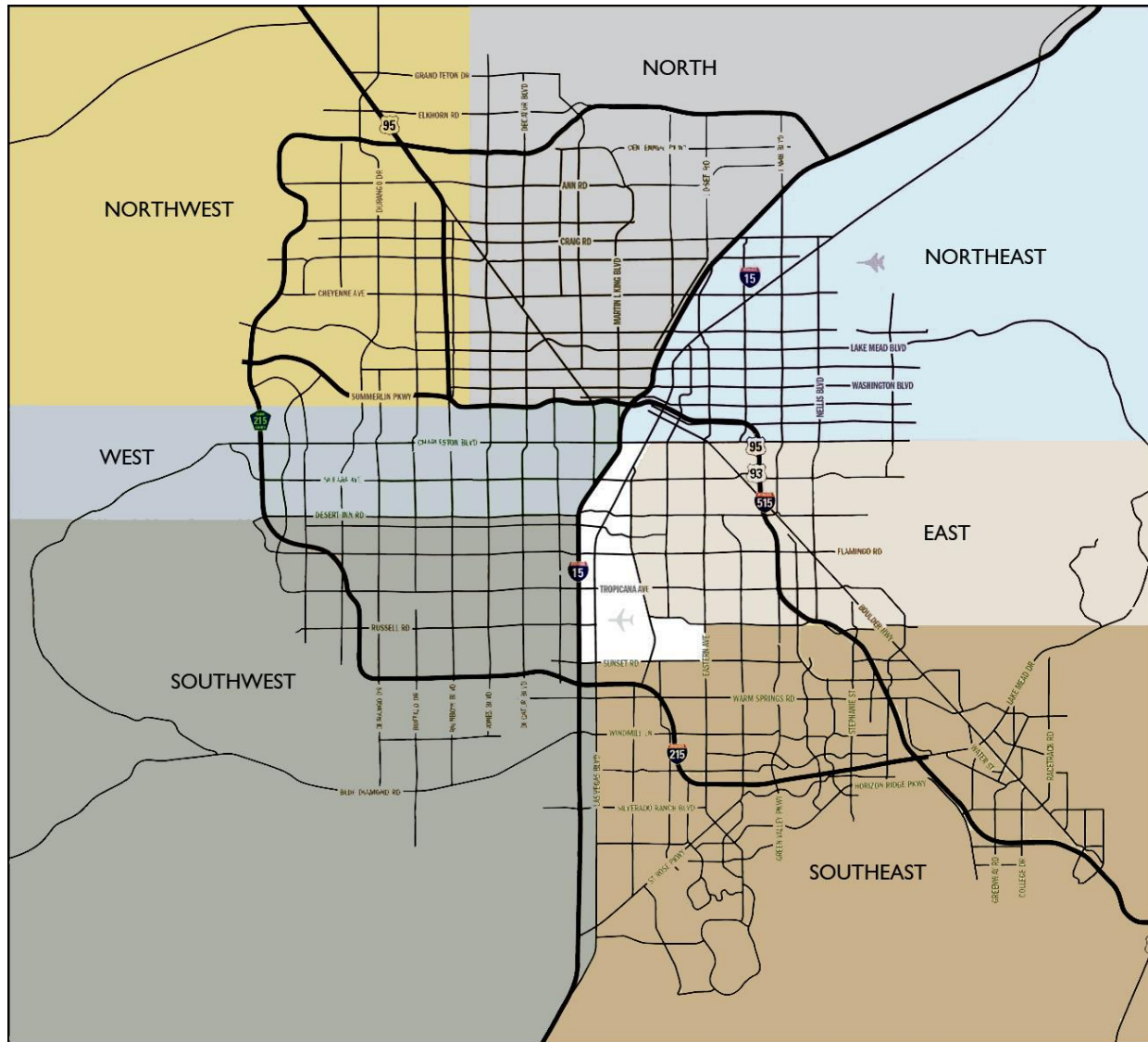
MARKET HIGHLIGHTS

SIGNIFICANT Q1 2015 LEASE TRANSACTIONS	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
4245 S. Grand Canyon Dr.	Southwest	Flip and Tag	Neighborhood Center	41,500
1920 N. Las Vegas Blvd.	Northeast	Beauty Supply Warehouse	Neighborhood Center	22,285
8975 W. Charleston Blvd	West	Humana Marketpoint, Inc.	Community Center	5,375
SIGNIFICANT Q1 2015 SALE TRANSACTIONS	SUBMARKET	BUYER	PRICE / \$PSF	SQUARE FEET
Rhodes Ranch Town Center	Southwest	DM Rhodes Ranch LLC	25,250,000 / \$316.28	79,832
Charleston Festival	West	Charleston Festival Retail LLC	13,860,000 / \$113.81	87,360
Orange Grove at Rhodes Ranch	Southeast	Ravan Orange Grove LLC	\$9,320,000 / \$382.28	24,380
SIGNIFICANT Q1 2015 CONSTRUCTION COMPLETIONS	SUBMARKET	MAJOR TENANT	COMPLETION DATE	SQUARE FEET
6050 Decatur Blvd.	North	LVAC	Q1 2015	87,750
635 S. Green Valley Pkwy	Southeast	TBD	Q1 2015	20,019
SIGNIFICANT PROJECTS UNDER CONSTRUCTION	SUBMARKET	MAJOR TENANT	COMPLETION DATE	SQUARE FEET
IKEA	Southwest	IKEA	2016	351,000
Tivoli Village	West	TBD	2015	300,000
Sahara Center Pad Spaces	West	TBD	2015	18,000

* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS



		No. of	Existing	Vacant	Vacancy	Q4	Asking Rent	Construction	
	Center Type	Bldgs	SF	SF	Rate	Absorption	Direct	Completed	Under
Northwest	Neighborhood	17	1,960,058	68,170	3.5%	(8,705)	\$1.63	0	0
	Community	8	1,099,610	102,548	9.3%	-680	\$2.04	0	0
	Power	5	2,239,622	113,804	5.0%	(11,236)	\$1.76	0	0
	Total	30	5,299,290	295,717	5.2%	(20,621)	\$1.79	0	0
North	Neighborhood	30	2,994,395	485,385	16.1%	2,385	\$1.16	0	0
	Community	11	1,508,952	150,056	9.9%	3,000	\$1.62	87,750	15,000
	Power	15	2,777,628	247,882	9.9%	18,200	\$1.26	0	0
	Total	57	7,547,536	908,323	11.6%	23,585	\$1.28	87,750	15,000
Northeast	Neighborhood	17	1,298,539	97,186	7.5%	0	\$1.14	0	0
	Community	7	1,054,911	60,077	5.7%	1,200	\$1.16	0	0
	Power	4	943,001	9,561	1.0%	1,(600)	\$1.63	0	0
	Total	28	3,296,451	166,824	6.3%	(400)	\$1.14	0	0
West	Neighborhood	23	2,740,122	314,979	11.5%	(8,900)	\$1.42	0	18,000
	Community	19	2,806,430	543,273	19.4%	56,384	\$1.52	0	300,000
	Power	12	4,679,229	640,676	13.7%	1,200,938	\$3.03	0	0
	Total	53	10,182,156	1,405,354	13.8%	1,248,422	\$2.24	0	318,000
East	Neighborhood	29	3,143,708	436,165	13.9%	2,553	\$1.33	0	0
	Community	12	1,953,450	210,212	10.8%	1,700	\$1.17	0	0
	Power	4	1,203,293	219,047	18.2%	(37,689)	\$1.61	0	0
	Total	45	6,300,451	865,424	15.4%	33,436	\$1.29	0	0
Southwest	Neighborhood	35	3,434,684	310,824	9.0%	7,060	\$1.32	0	0
	Community	12	821,982	16,550	2.0%	(11,300)	\$1.95	0	4,244
	Power	16	4,519,040	257,774	5.7%	(41,581)	\$2.03	0	351,000
	Total	63	8,777,606	585,148	5.5%	(34,785)	\$1.52	0	355,244
Southeast	Neighborhood	51	4,810,625	406,662	8.5%	38,475	\$1.65	20,019	0
	Community	24	4,519,958	308,566	6.8%	194,423	\$1.49	0	0
	Power	10	3,851,585	185,209	4.7%	5,945	\$1.87	0	0
	Total	85	13,127,187	894,492	6.9%	238,843	\$1.62	20,019	0
Las Vegas	Neighborhood	201	20,283,525	2,180,140	10.7%	(106,080)	\$1.38	20,019	18,000
	Community	94	14,033,754	1,336,180	9.5%	106,506	\$1.46	87,750	319,244
	Power	66	20,213,398	1,618,745	8.0%	86,778	\$2.18	0	351,000
	Total	361	54,530,677	5,135,065	9.4%	87,204	\$1.65	107,769	688,244



Property Classification:

Neighborhood Center: Retail centers generally greater than 30,000 square feet with a supermarket anchor.

Community Center: Retail centers with multiple anchors.

Power Center: 100,000 square feet and up with multiple anchors with represent more than one-half of the total space within the center.