

MARKETBEAT

Las Vegas

Retail Q1 2017



ECONOMIC INDICATORS

National

	Q1 2016	Q1 2017	12-Month Forecast*
GDP Growth	1.6%	2.0%	▲
CPI Growth	1.1%	2.4%	▲
Consumer Spending Growth	2.4%	3.1%	▼
Retail Sales Growth	2.5%	5.2%	■

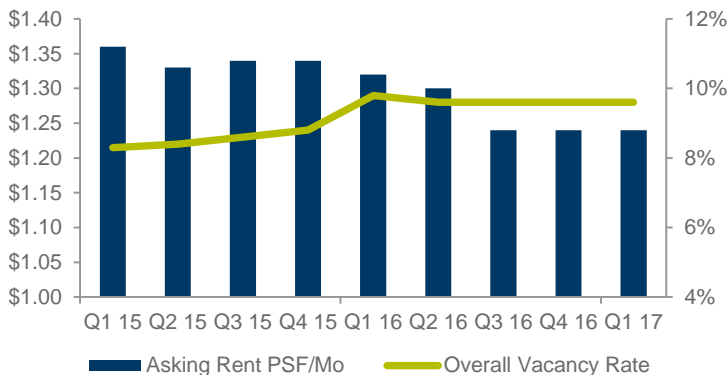
*Forecast by Cushman & Wakefield

Regional

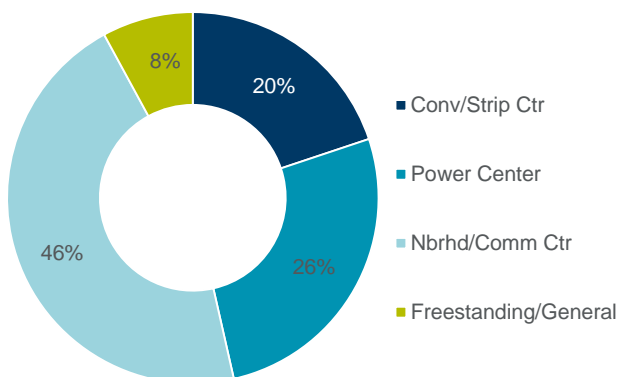
	Q1 2016	Q1 2017	12-Month Forecast
Household Income	\$52,013	\$52,923	▲
Population Growth	2.3%	2.6%	▲
Unemployment	6.4%	5.1%	▼

Source: Moody's Analytics

Rental Rate vs. Overall Vacancy



Availability by Type



Economy

The U.S retail economy continued to improve during first quarter 2017. Consumer spending growth rose from 2.4% to 3.1% year-over-year. In addition, retail sales growth improved by nearly 3% year-over-year. Gross domestic product (GDP) also continued to improve, exceeding that of the U.S.

Market Overview

After much activity in 2016, the retail sector in Las Vegas has begun to slow, although absorption will remain positive through 2017. The Southwest submarket reported over 180,000 square feet (SF) of construction activity, including a 169,000 SF Walmart Supercenter. In addition, many of the Fresh and Easy anchor spaces that vacated last year have been backfilled with new tenants. Major occupancies for first quarter 2017 include Ace Hardware and Party USA.

The Boulevard Mall will employ 500 people with the addition of call center TeleTech Services, occupying 50,000 SF. Phoenix-based Sprouts Farmers Market will add an additional 100 employees during the second half of the year at 8441 Farm Road in Northwest Las Vegas. In addition, Kansas-based Freddy's Frozen Custard and Steakburgers plans a third Las Vegas location. Walmart will also hire an additional 250 employees at Blue Diamond and Rainbow, with plans of a 169,000-SF super center, currently under construction. Smith's, a major supermarket chain, has plans to build two stores in the Las Vegas valley in the coming months, with a 123,000-SF location at Skye Canyon in northwest Las Vegas and a 140,000-SF location at Cadence in Henderson.

With the coming of the Oakland Raiders stadium at I-15 and Russell Road, Las Vegas is expected to see 6,000 new jobs. After a year of negotiations, National Football League owners agreed during first quarter 2017 to a move of the Raiders from Oakland, CA to Las Vegas. The stadium will cost \$1.9 billion and will seat 65,000. Stadium construction will commence by the end-of-year 2017 and will be delivered first quarter 2020 It's expected to produce over \$50M in annual revenue to the Las Vegas market.

Outlook

As the retail market remains landlord-favorable, tenant improvement monies will decrease for both new and existing tenants. Lease rental rates will continue to rise and vacancy rates will continue to decrease until more construction begins in the Las Vegas retail market.

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SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (NNN)
Airport	65	2,613,630	18.1%	(5,030)	(5,030)	0	\$1.28
Central East	174	6,571,454	16.0%	(54,324)	(54,324)	0	\$0.98
Central West	193	8,040,663	7.2%	15,962	15,962	0	\$1.16
Downtown	61	1,972,323	10.6%	33,514	33,514	26,200	\$1.12
Galleria	50	3,284,570	8.1%	(1,291)	(1,291)	0	\$1.47
North	77	4,106,868	8.1%	2,744	2,744	0	\$1.44
Northeast	146	5,893,426	13.1%	(19,276)	(19,276)	0	\$0.95
Northwest	171	8,387,506	8.3%	48,709	48,709	19,789	\$1.41
Southeast	171	7,399,556	11.0%	(12,291)	(12,291)	0	\$1.09
Southwest	165	6,791,567	6.1%	(9,010)	(9,010)	181,500	\$1.64
The Strip	52	3,601,497	3.5%	4,017	4,017	0	\$2.59
West	105	5,744,600	7.5%	8,898	8,898	0	\$1.36
LAS VEGAS TOTALS	1,430	64,407,660	9.6%	12,722	12,722	227,489	\$1.24

*Rental rates reflect gross asking \$psf/month

	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	CURRENT OVERALL NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (NNN)
Convenience/Strip Center	682	12,615,077	13.2%	29,664	29,664	32,289	\$1.36
Regional/Power Center	130	17,613,556	3.8%	(49,156)	(49,156)	169,100	\$1.33
Neighborhood/Community Center	317	29,288,874	11.6%	2,345	2,345	0	\$1.20
Freestanding/General	301	4,890,153	9.0%	29,869	29,869	26,200	\$0.90

Key Lease Transactions Q1 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Crossroads at Sunset	42,470	Furniture Fashions	Lease	Galleria
Boulevard Mall	36,437	Tele Tech	Lease	Central East
Foothills Plaza Bldg 1	28,000	Lost World Enterprises, LLC	Lease	Southeast
Crossroads at Sunset	17,500	Sears Outlet	Lease	Galleria

Key Sales Transactions Q1 2017

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
Town Square	1,148,390	Five Mile Capital JV Oaktree JV Centerbridge Partners/TH Real Estate & Fairbourne Partners	\$389,304,210 / \$339	The Strip
Rainbow Plaza	112,075	Brixton Alto Rainbow, LLC/QLV HRD, LLC	\$23,100,000 / \$206	West
Maryland Crossing (3949-4001 S Maryland Pkwy)	140,000	Decron Properties/JM111998, LLC	17,428,866 / \$124	Central East
Horizon Town Center	105,163	Nevada Title Company/US Bank National Association	\$5,550,000 / \$53	Southeast

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