Retail Market Report

VOIT COMMERCIAL BROKERAGE

Compared to last quarter:

Vacancy UP

Absorption DOWN

Lease Rates DOWN

Construction DOWN

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CORFAC International

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APPLIED ANALYSIS

Retail Market Highlights

- By the close of the first quarter of 2009, the Las Vegas retail market continued to be impacted by a softening economic climate, reduced consumer spending and a number of corporate restructurings for retailers. Overall vacancies climbed to 9.3 percent, which represented a 1.9-point rise from the preceding quarter. Compared to the same quarter of the prior year, vacancies were up 3.7 points from 5.6 percent.
- Market expansions continued to despite the downturn as a number of retail centers were well under construction by late-2008. Approximately 812,900 square feet completed construction, bringing total market inventory to 51.3 million square feet.
- As of March 31, 2009, a total of 2.5 million square feet was in some form of construction. It is worth noting a couple of major retail projects have stalled construction (1.7 million square feet), suggesting 0.8 million square feet is actively moving forward. Selected space underway includes a neighborhood center at Horizon Ridge Parkway and Green Valley Parkway in Henderson, The Home Depot in the Deer Springs Town Center, a Glazier's market in the southwest, and a Target along Interstate 215 in the north area. Additionally, plans for 9.8 million square feet remain on the drawing boards but are unlikely to move forward in the near term.
- Selected completions during the first quarter of 2009 included:
  - *The first phase of Deer Springs Town Center at the southeast corner of Interstate 215 and 5th Street in the North portion of the valley;*
  - *The second phase of Centennial Gateway in the northwest;*
  - *Additional space at Lake Mead Crossing in Henderson; and*
  - *Blue Diamond Ranch Center along Boulder Highway in the southwest submarket.*
- The market reported negative demand for the second consecutive quarter with 221,000 square feet of negative net absorption. The net move-out figure was slightly higher than the nearly 200,000 square feet of negative absorption posted in the final quarter of 2008. It is worth noting net absorption in existing centers was significant as absorption in newly-completed buildings offset much of the negative performances. Key vacancies included several Circuit City stores, the Great Indoors, Sportsman's Warehouse and selected grocery anchors in neighborhood centers.
- Economic conditions continue to erode as employment growth turned negative, reporting a net job loss of 41,400 positions during the past 12 months (down 4.5 percent year-over-year). As a result, unemployment levels rose to 10.1 percent, up 5.1 percent from a year ago. Job losses were particularly high in the leisure and hospitality industry (14,300 jobs) and construction sector (13,000 jobs).
- The impact of the national recession has impacted demand within the resort industry. The latest available data suggests visitor volumes are down 10 percent, average daily hotel room rates are down 21.5 percent, convention attendance is down 28.7 percent and gaming revenues are off 17.1 percent through the first two months of 2009. Softening demand has resulted in tighter margins in the tourism industry, sparking concern about financial viability under existing capital structures for selected operators. Assuming corporate restructurings are necessary, operating assets will continue to generate positive cash flow and employ hundreds of thousands of workers in southern Nevada.

RETAIL MARKET OVERVIEW

	Q1 2009	Q4 2008	Q1 2008	% CHANGE VS. Q1 2008
Under Construction	2,477,000	3,232,000	1,876,000	32.04%
Planned Construction	9,759,000	11,596,000	11,730,000	-16.80%
Vacancy	9.3%	7.4%	5.6%	66.76%
Net Absorption	-221,000	-200,000	269,000	N/A

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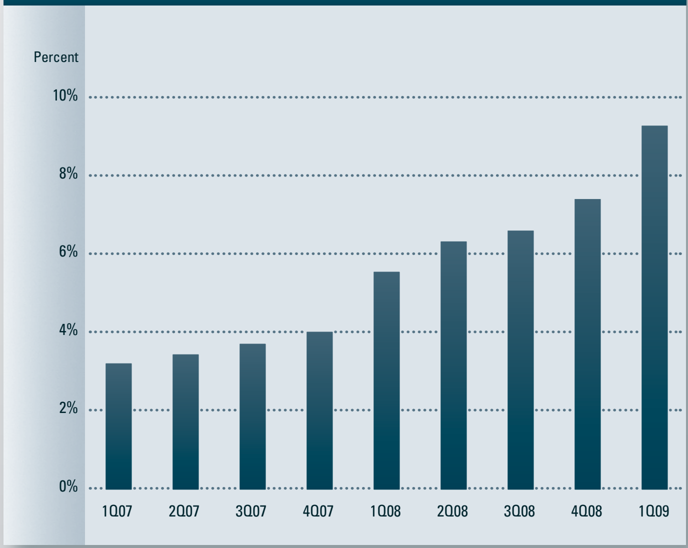
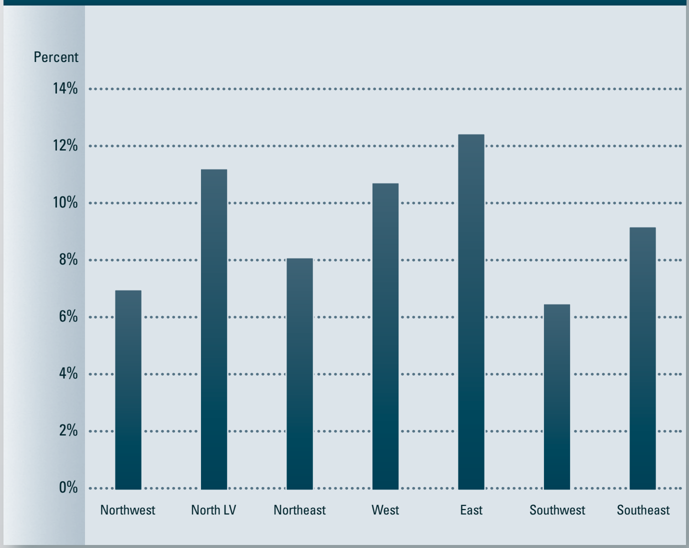
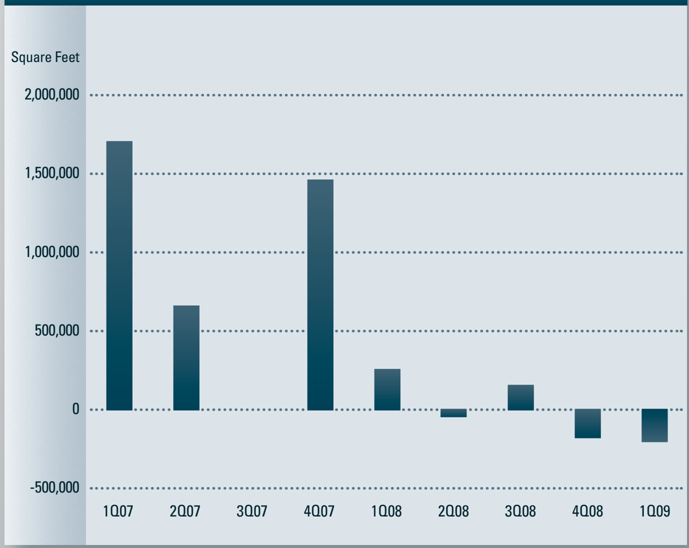
HISTORICAL VACANCY RATE



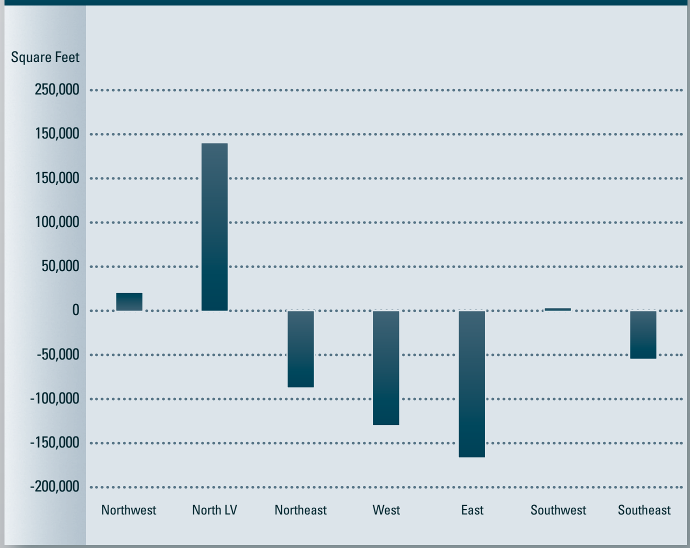
VACANCY RATE BY SUBMARKET



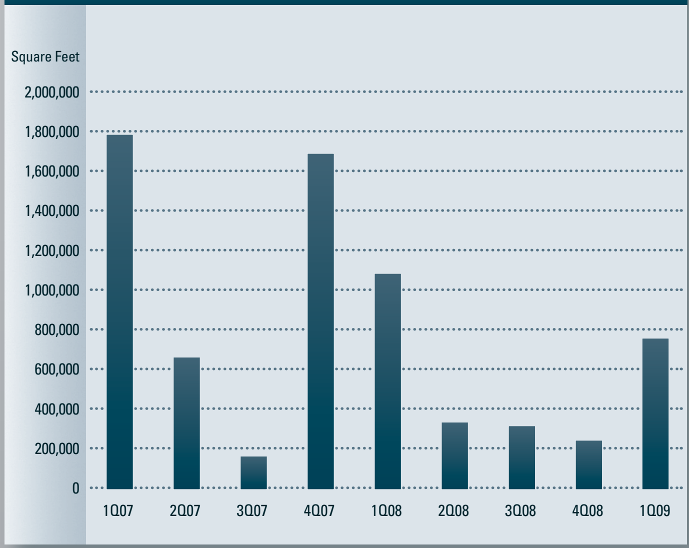
HISTORICAL NET ABSORPTION



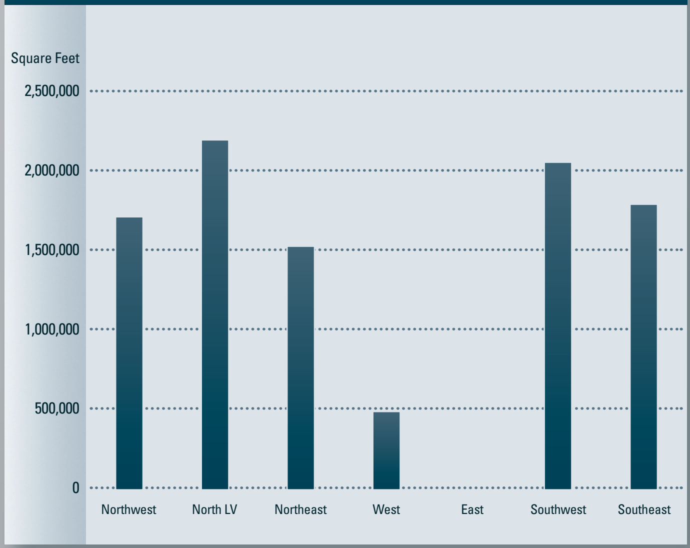
NET ABSORPTION BY SUBMARKET



HISTORICAL NEW CONSTRUCTION



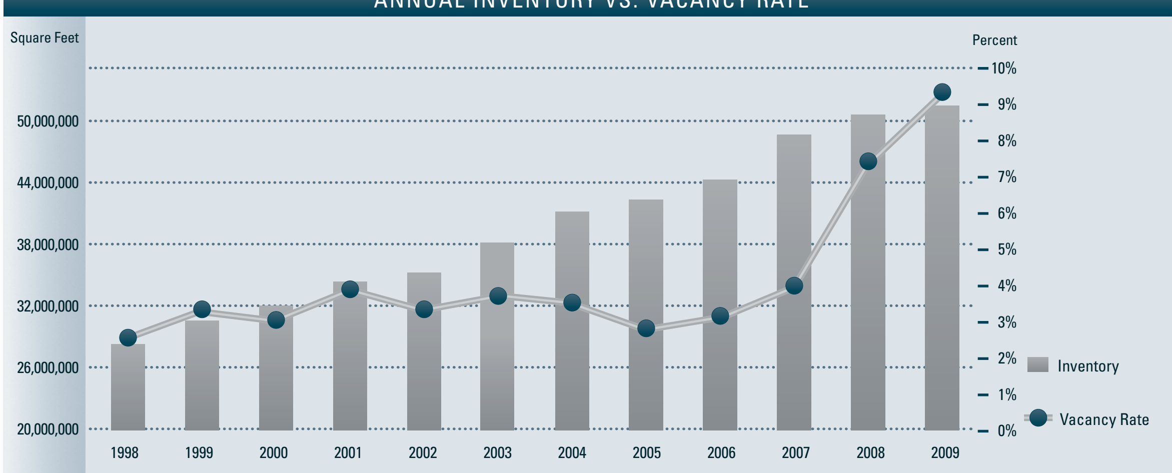
PLANNED CONSTRUCTION BY SUBMARKET

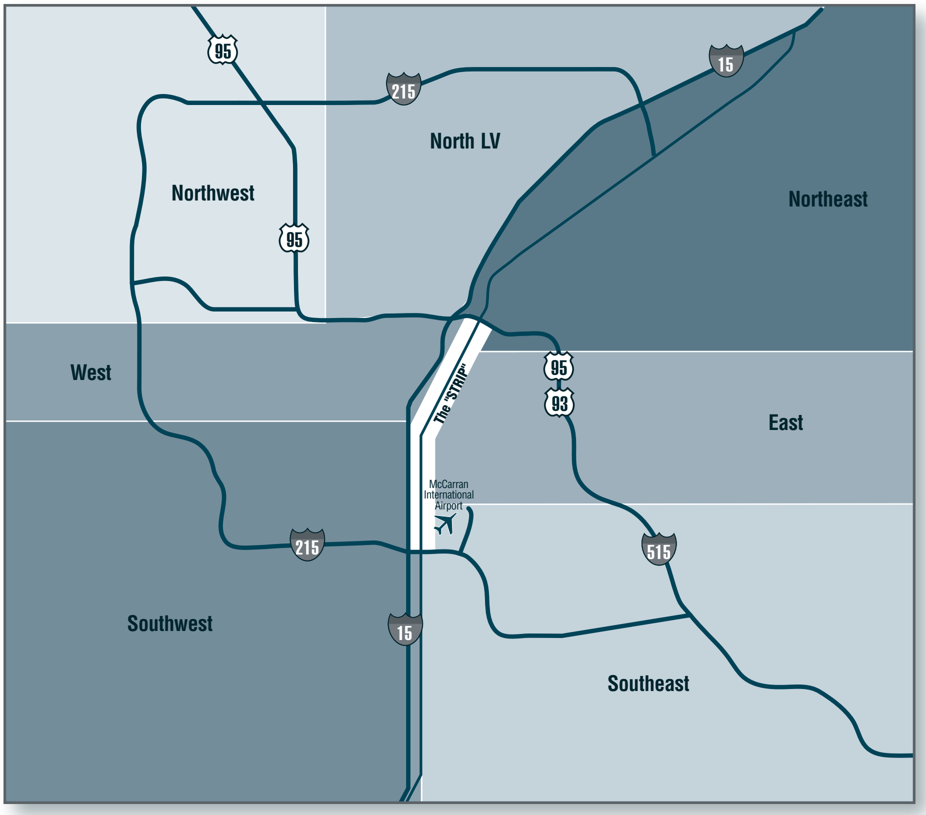


	INVENTORY				VACANCY		ABSORPTION	
	Number of Buildings	Net Rentable Square Feet	Square Feet Planned	Square Feet U / C	Square Feet Vacant	Vacancy Rate 4Q2008	Net Absorption 1Q2009	New Inventory 1Q2009
Northwest								
Power Centers	5	2,189,622	1,000,000	-	158,265	7.2%	(68,411)	-
Community Centers	6	935,026	258,210	450,000	121,265	13.0%	77,565	189,130
Neighborhood Centers	17	1,960,058	456,525	-	78,484	4.0%	9,371	-
Northwest Total	28	5,084,706	1,714,735	450,000	358,014	7.0%	18,525	189,130
North Las Vegas								
Power Centers	10	2,332,919	630,475	291,038	222,104	9.5%	235,968	376,242
Community Centers	11	1,508,952	1,011,508	-	92,794	6.1%	23,826	-
Neighborhood Centers	29	2,845,500	553,020	-	431,104	15.2%	(69,953)	-
North Las Vegas Total	50	6,687,371	2,195,003	291,038	746,002	11.2%	189,841	376,242
Northeast								
Power Centers	4	943,001	1,142,211	-	1,560	0.2%	-	-
Community Centers	7	1,054,911	351,328	-	65,107	6.2%	(50,464)	-
Neighborhood Centers	17	1,298,539	34,000	-	196,525	15.1%	(33,670)	-
Northwest Total	28	3,296,451	1,527,539	-	263,192	8.0%	(84,134)	-
West								
Power Centers	11	3,079,229	403,009	1,200,000	198,564	6.4%	(4,257)	-
Community Centers	17	2,381,430	80,000	-	360,236	15.1%	(81,636)	-
Neighborhood Centers	22	2,570,157	-	-	303,992	11.8%	(42,691)	-
West Total	50	8,030,816	483,009	1,200,000	862,792	10.7%	(128,584)	-
East								
Power Centers	4	1,203,293	-	-	40,329	3.4%	(36,929)	-
Community Centers	11	1,863,070	-	-	327,887	17.6%	(48,660)	-
Neighborhood Centers	29	3,143,708	-	-	404,101	12.9%	(79,162)	-
East Total	44	6,210,071	-	-	772,317	12.4%	(164,751)	-
Southwest								
Power Centers	12	5,048,799	878,951	64,000	263,435	5.2%	(8,520)	-
Community Centers	8	786,101	595,719	-	46,962	6.0%	(26,326)	-
Neighborhood Centers	33	3,409,656	583,000	196,000	288,666	8.5%	37,834	57,913
Southwest Total	53	9,244,556	2,057,670	260,000	599,063	6.5%	2,988	57,913
Southeast								
Power Centers	10	3,851,585	840,037	-	390,848	10.1%	11,451	189,584
Community Centers	23	4,367,897	711,698	-	253,826	5.8%	(30,308)	-
Neighborhood Centers	44	4,521,573	229,312	276,000	532,653	11.8%	(36,031)	-
Southeast Total	77	12,741,055	1,781,047	276,000	1,177,327	9.2%	(54,888)	189,584
Las Vegas Total								
Power Centers	56	18,648,448	4,894,683	1,555,038	1,275,105	6.8%	129,302	565,826
Community Centers	83	12,897,387	3,008,463	450,000	1,268,077	9.8%	(136,003)	189,130
Neighborhood Centers	191	19,749,191	1,855,857	472,000	2,235,525	11.3%	(214,302)	57,913
Total	**330**	**51,295,026**	**9,759,003**	**2,477,038**	**4,778,707**	**9.3%**	**(221,003)**	**812,869**

This survey consists of buildings greater than 30,000 square feet.

ANNUAL INVENTORY VS. VACANCY RATE





PRODUCT TYPE

POWER CENTERS

Power Centers have multiple big box tenants and typically less shop space tenants, size starts at 100,000 SF and up.

COMMUNITY CENTERS

Community Centers are multiple anchored with shop space tenants, the sizes generally start at 100,000 SF and up.

NEIGHBORHOOD CENTERS

Neighborhood Centers are supermarket anchored with shop space tenants, the size starts at 30,000 SF and up.

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