



Retail Market Report

Compared to the Previous Quarter:

Vacancy



Net Absorption

NEGATIVE



Lease Rates

DOWN



Construction

DOWN



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Market Highlights

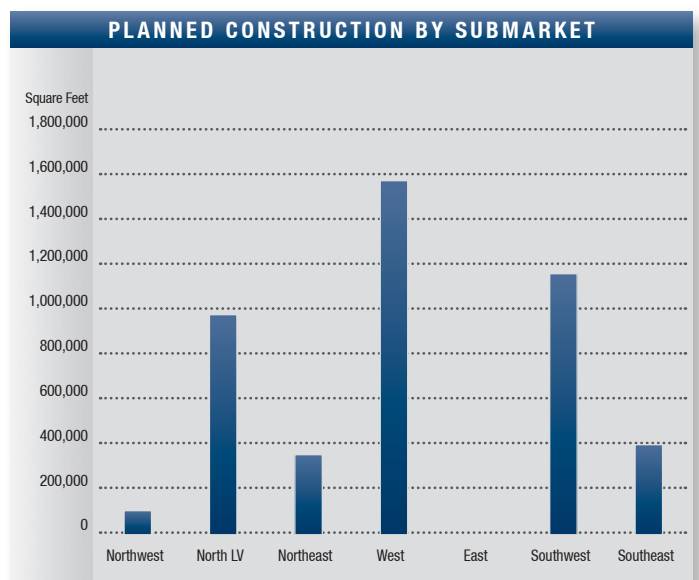
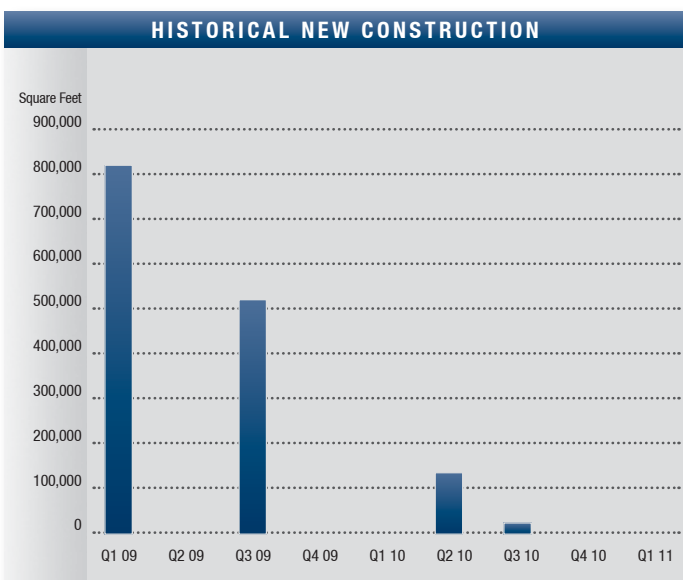
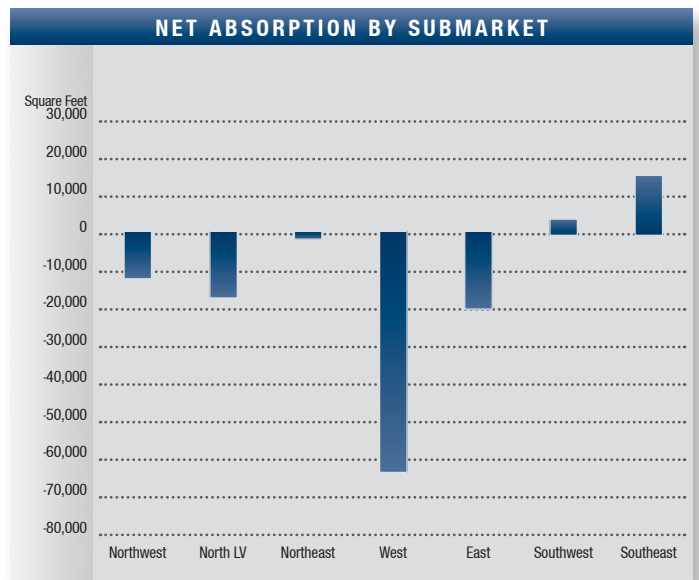
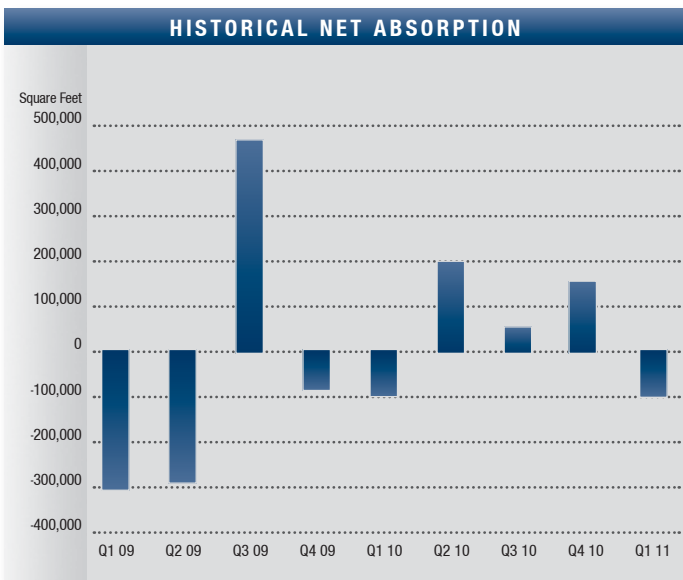
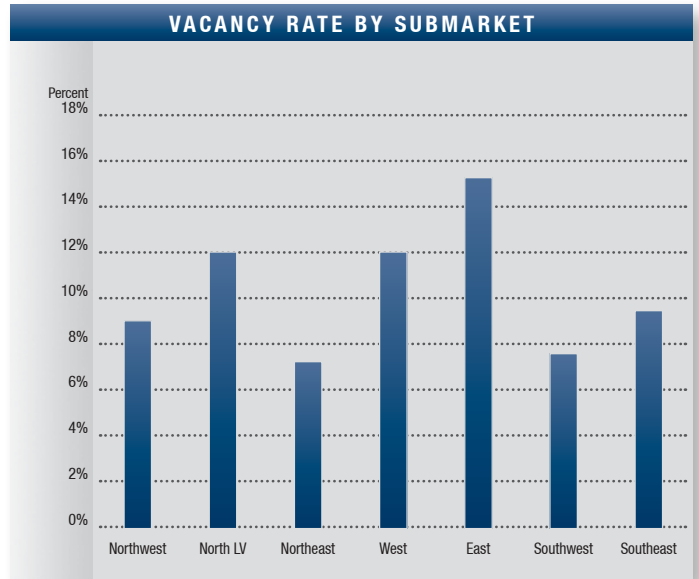
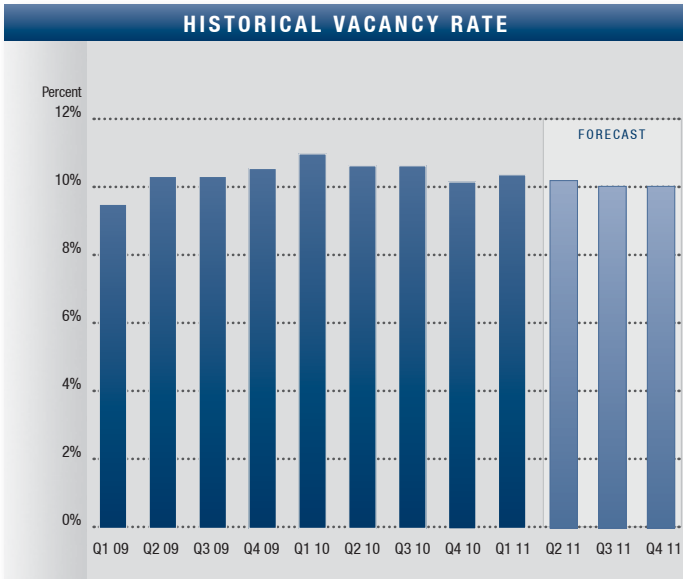
- Market Overview** - After three quarters of posted declines in vacancy, the Las Vegas retail market contracted once again. The vacancy rate increased 32 basis points from the previous quarter to 10.4 percent or 5.3 million square feet. Average asking rents declined from the previous quarter (Q4 2010) as the sector continued adjusting from the latest downturn.
- Demand** - While 311,600 square feet of positive net absorption occurred within the retail sector during 2010, the first quarter of 2011 reported 98,300 square feet of net move-out, indicating that the retail sectors remains weak and will likely show additional volatility in the near term. On a brighter note, neighborhood centers reported 11,900 square feet of positive net absorption.
- Inventory** - Total inventory remained unchanged at 51.2 million square feet as no new supply entered the market. Over the past year, only 164,600 square feet completed construction, with most being built for pre-leased tenants. For comparison purposes, an average of approximately 2.0 million square feet entered the market each year over the last ten years.
- Future Supply** - Elevated vacancies and dwindling rents have brought new construction to a near halt. As 4.6 million square feet remain actively planned or marketed for pre-lease opportunities, it is likely that much of this space will not come online for several years. Nearly 1.3 million square feet of planned space has already been stalled or delayed

construction activity. Only a single retail project in the West submarket at Tivoli Village at Queensridge, totaling 225,000 square feet in the initial phase, remains under construction. It is expected to be completed during the second quarter.

- Economic Considerations** - The economic engine continues to push ahead on the national front, hopefully tugging southern Nevada with it. The tourism sector continues to return to positive figures, compared to the figures witnessed during the downturn over the last few years, but remains significantly down from the prior peak. Additionally, confidence and consumer spending have been modestly rising for the last six months, indicating that an economic rebound may take hold nationally. Nevertheless, enduring elevated levels of unemployment and inflation, particularly in food and energy, will have negative effects, slowing down an economy that is finally on the rise.
- Looking Forward** - The vacancy rate has held in the mid-10 percent range for two years, struggling to improve. Over the last few months, southern Nevada has witnessed strong increases in taxable retail sales indicating that retailers may become more willing to expand, especially at today's lower-than-average rents, once consumer spending shows sustainable growth for at least 12 months. It will still potentially take years to absorb the several million square feet of vacant space and to return rents to pre-recession levels.

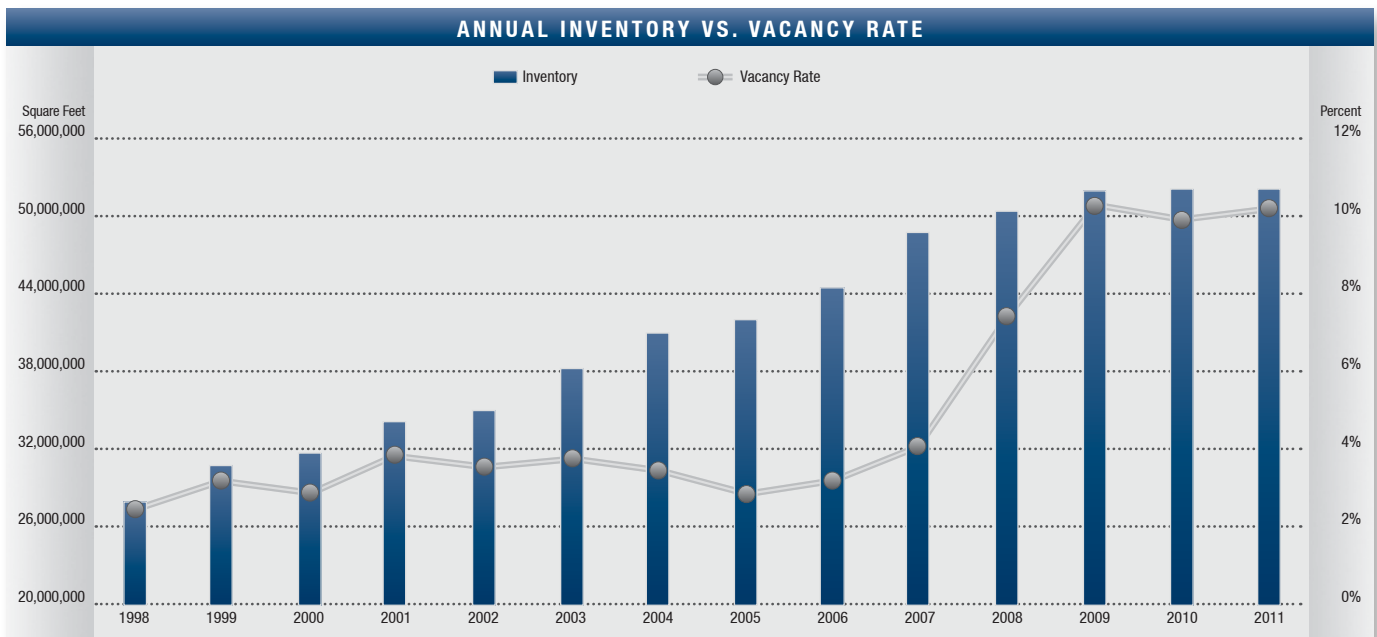
RETAIL MARKET OVERVIEW

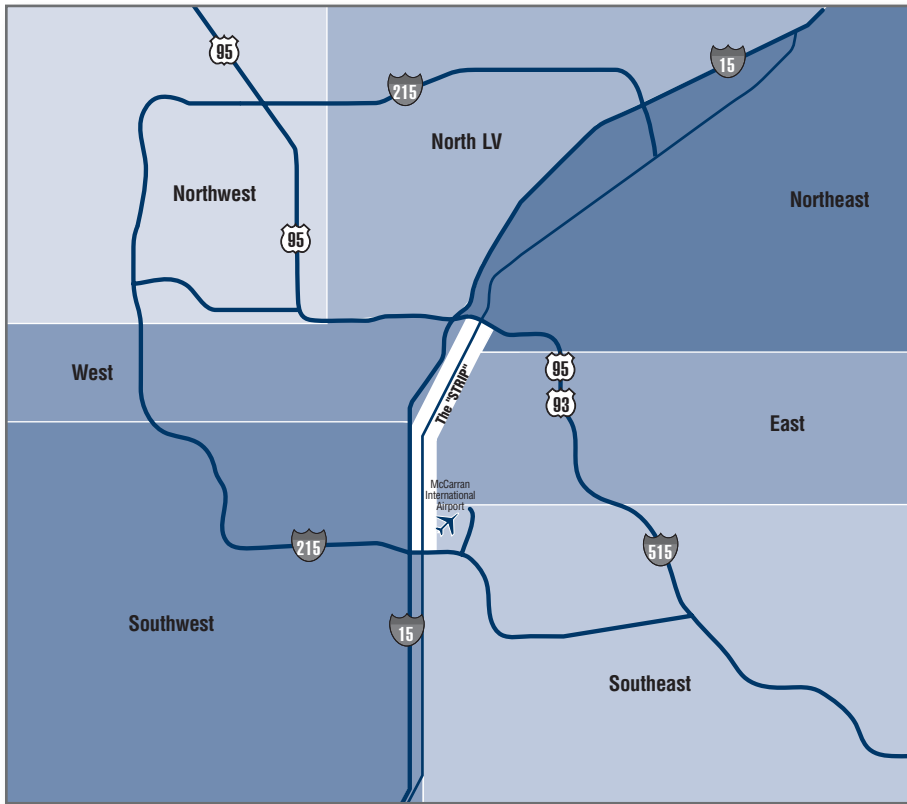
	Q1 2011	Q4 2010	Q1 2010	Q1 2011 vs. Q1 2010
Under Construction	225,000	299,000	465,000	(51.6)%
Planned Construction	4,574,000	4,405,000	7,027,000	(34.9)%
Vacancy	10.4%	10.2%	10.7%	(3.0)%
Net Absorption	(98,000)	165,000	(103,000)	N/A



	INVENTORY				VACANCY RATES		ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet Planned	Square Feet Under Construction	Square Feet Vacant	Vacancy Rate Q1 2011	Net Absorption Q1 2011	Net Absorption 2010	New Inventory Q1 2011	New Inventory 2010
Northwest										
Power Centers	5	2,239,622	–	–	141,847	6.3%	–	22,803	–	–
Community Centers	8	1,099,610	73,956	–	166,869	15.2%	–	160,234	–	164,584
Neighborhood Centers	17	1,960,058	48,900	–	151,161	7.7%	(13,452)	(8,186)	–	–
Northwest Total	30	5,299,290	122,856	–	459,877	8.7%	(13,452)	174,851	–	164,584
North Las Vegas										
Power Centers	12	2,623,957	630,475	–	201,764	7.7%	(3,000)	28,419	–	–
Community Centers	11	1,508,952	206,909	–	135,028	8.9%	(6,593)	10,683	–	–
Neighborhood Centers	29	2,845,500	137,000	–	504,655	17.7%	(8,413)	5,423	–	–
North Las Vegas Total	52	6,978,409	974,384	–	841,447	12.1%	(18,006)	44,525	–	–
Northeast										
Power Centers	4	943,001	–	–	8,930	0.9%	(2,880)	30	–	–
Community Centers	7	1,054,911	351,328	–	44,062	4.2%	(12,433)	(8,501)	–	–
Neighborhood Centers	17	1,298,539	–	–	176,577	13.6%	13,300	38,769	–	–
Northeast Total	28	3,296,451	351,328	–	229,569	7.0%	(2,013)	30,298	–	–
West										
Power Centers	11	3,079,229	1,200,000	–	148,343	4.8%	(40,292)	113,409	–	–
Community Centers	17	2,381,430	380,000	225,000	393,670	16.5%	(21,080)	(12,891)	–	–
Neighborhood Centers	22	2,540,122	–	–	429,098	16.9%	(5,152)	(18,185)	–	–
West Total	50	8,000,781	1,580,000	225,000	971,111	12.1%	(66,524)	82,333	–	–
East										
Power Centers	4	1,203,293	–	–	57,325	4.8%	(350)	11,855	–	–
Community Centers	11	1,864,470	–	–	367,674	19.7%	(5,299)	(67,086)	–	–
Neighborhood Centers	29	3,143,708	–	–	522,913	16.6%	(15,364)	(19,352)	–	–
East Total	44	6,211,471	–	–	947,912	15.3%	(21,013)	(74,583)	–	–
Southwest										
Power Centers	13	4,372,467	223,156	–	288,671	6.6%	(5,242)	20,661	–	–
Community Centers	8	786,101	615,972	–	70,580	9.0%	276	(9,575)	–	–
Neighborhood Centers	33	3,409,656	310,000	–	289,857	8.5%	9,737	(3,926)	–	–
Southwest Total	54	8,568,224	1,149,128	–	649,108	7.6%	4,771	7,160	–	–
Southeast										
Power Centers	10	3,851,585	175,037	–	286,089	7.4%	12,950	110,863	–	–
Community Centers	23	4,349,958	53,000	–	431,694	9.9%	(26,248)	(66,587)	–	–
Neighborhood Centers	45	4,639,847	167,918	–	507,848	10.9%	31,205	(2,178)	–	–
Southeast Total	78	12,841,390	395,955	–	1,225,631	9.5%	17,907	42,098	–	–
Las Vegas Total										
Power Centers	59	18,313,154	2,228,668	–	1,132,969	6.2%	(38,814)	308,040	–	–
Community Centers	85	13,045,432	1,681,165	225,000	1,609,577	12.3%	(71,377)	6,277	–	164,584
Neighborhood Centers	192	19,837,430	663,818	–	2,582,109	13.0%	11,861	(7,635)	–	–
Las Vegas Total	336	51,196,016	4,573,651	225,000	5,324,655	10.4%	(98,330)	306,682	–	164,584

This survey consists of anchored centers greater than 30,000 square feet. **Note:** Planned inventory includes projects that previously commenced construction but are not actively underway.





PRODUCT TYPE

POWER CENTER

Power Centers have multiple big-box tenants and typically fewer shop-space tenants; size starts at 100,000 SF

COMMUNITY CENTERS

Community Centers are multiple anchored with shop-space tenants; the sizes generally start at 100,000 SF

NEIGHBORHOOD CENTERS

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

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