



Retail Market Report

Compared to the Previous Quarter

Vacancy

DOWN

Net Absorption

UP

Lease Rates

DOWN

Construction

DOWN

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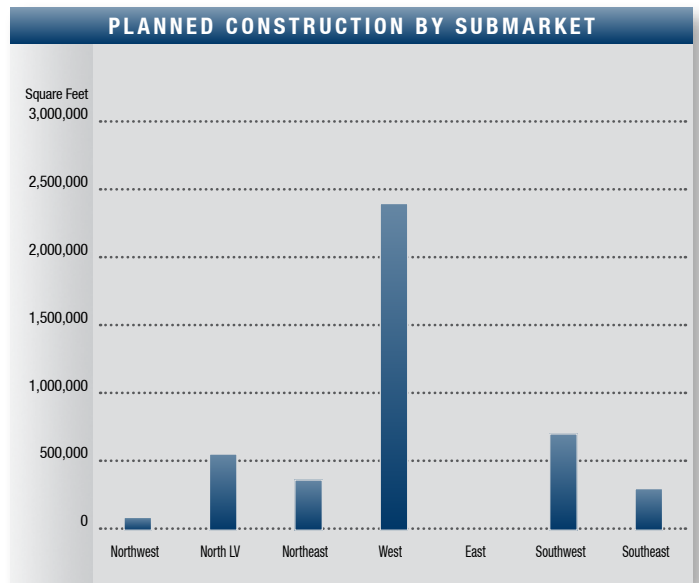
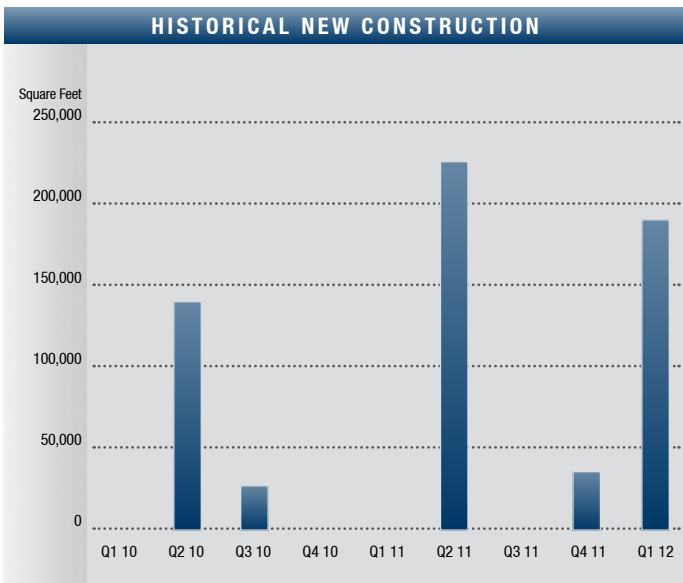
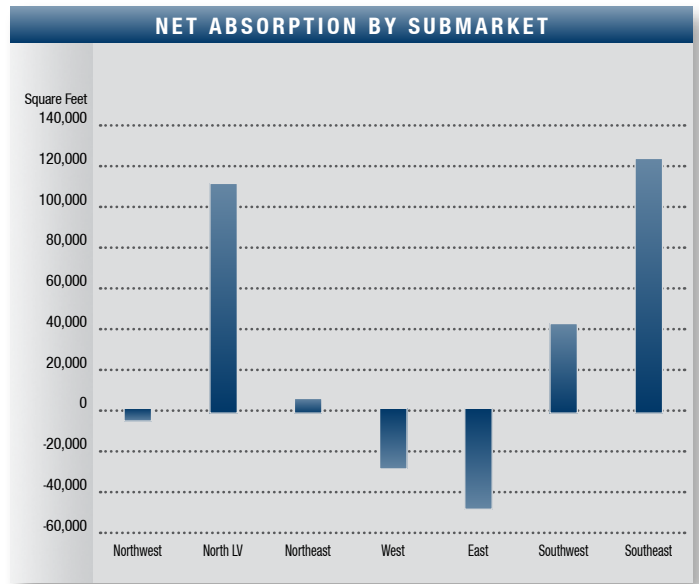
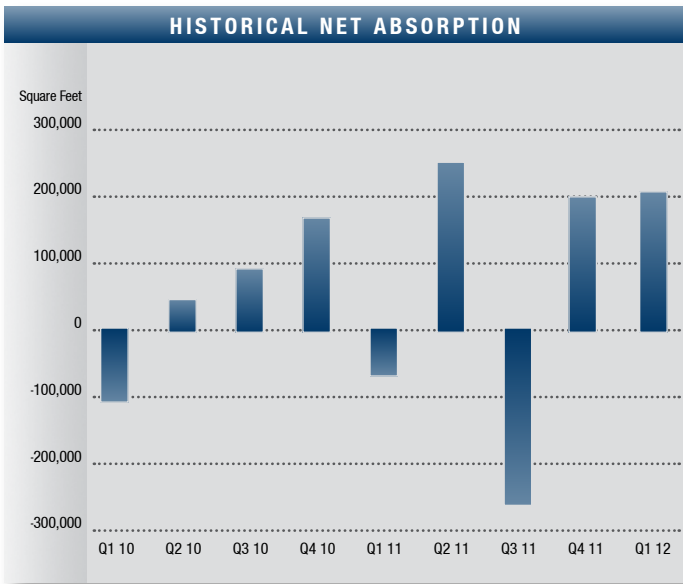
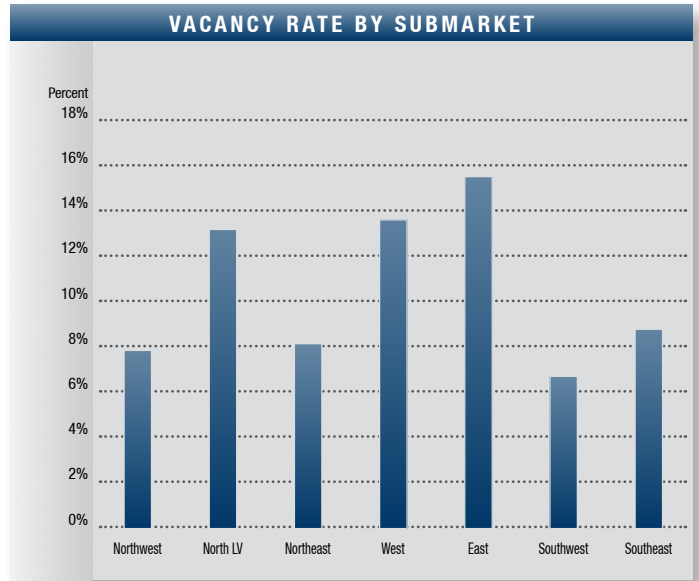
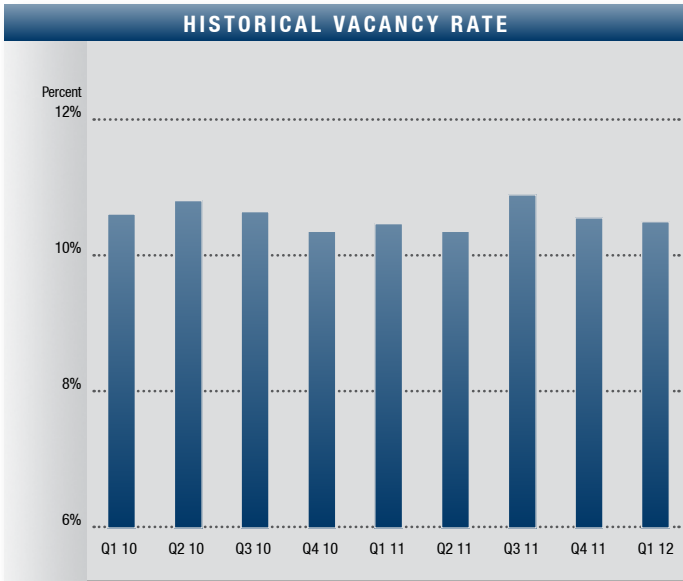
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Market Highlights

- Market Overview** – The Las Vegas Valley retail market posted a modest decline in the vacancy rate, falling from 10.6 percent to 10.5 percent during the past three months. While the latest movement is small, the vacancy rate among anchored centers has held within the 10–percent range for three years, suggesting that some stabilization has taken hold. Moving the sector in a more aggressive positive direction will require the leasing of former spaces previously held by national retailers who vacated during the latest economic downturn.
- Demand** – The retail sector reported approximately 203,300 square feet of positive net absorption during the first quarter. Much of the incremental demand was sourced to two new WinCo Foods – one in the north portion of the valley and another in the southeast (Henderson). An additional space (36,000 square feet) was leased by Hobby Lobby at the southwest corner of Tropicana Avenue and Fort Apache Road. It is important to note that the southwest submarket recorded nearly 43,100 square feet of positive net absorption.
- Inventory** – The market witnessed 190,000 square feet of new inventory come on line during the quarter as two WinCo Foods stores opened (approximately 95,000 square feet each). Total inventory now stands at nearly 51.7 million square feet. Approximately 450,000 square feet of new construction entered the market over the last 12 months. This is the largest annual amount of new product to enter the market since the third quarter of 2009.
- Future Supply** – Among anchored centers, only the second–phase addition to Tivoli Village at Queensridge totaling 300,000 square feet is actively under construction. Much of the 4.3 million square feet of space planned, or actively being marketed for development, is not likely to begin construction for an extended period of time. It is important to note that nearly 1.4 million square feet has stalled or delayed construction activity (included in the planned figures for reporting purposes).
- Economic Considerations** – During the first quarter of 2012, the stock market rallied and the national labor market reported its strongest first quarter job growth (+635,000) since 2006. GDP in the prior quarter (Q4 2011) came in at 3.0 percent, above the 20–year annual average, and initial unemployment claims are at their lowest levels since 2008. Coupled with local indicators reporting positive movement, particularly in travel and tourism, it appears that a recovery is finally emerging. While the pace of improvement is expected to be slow, it appears to be trending in a positive direction.
- Looking Forward** – The performance of taxable retail sales continues to show impressive improvement, particularly in restaurants, consumer electronics and automobiles. Incomes and employment are slowly rising once again, positioning consumers to feel more confident in the future. The stabilizing conditions appear to be having an impact on overall consumer spending. The focus ahead is on job creation, while housing market conditions continue to remain relatively weak. It appears the worst of the last economic recession is in the rearview mirror.

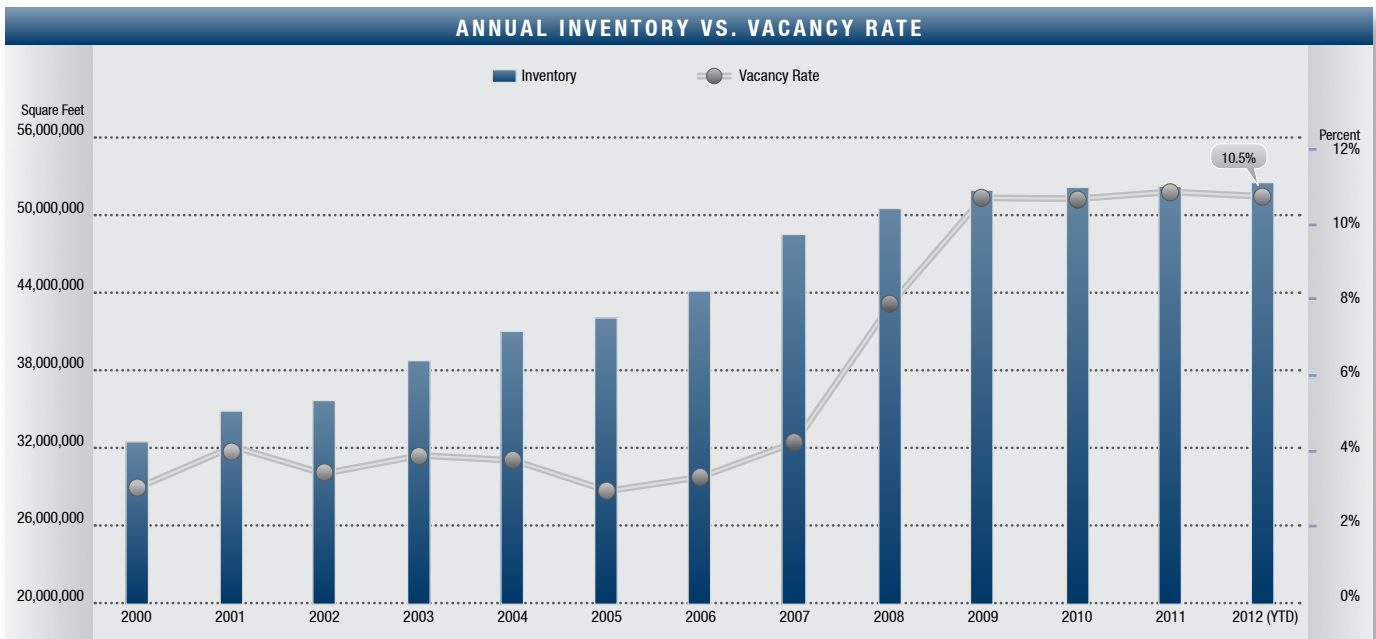
RETAIL MARKET OVERVIEW

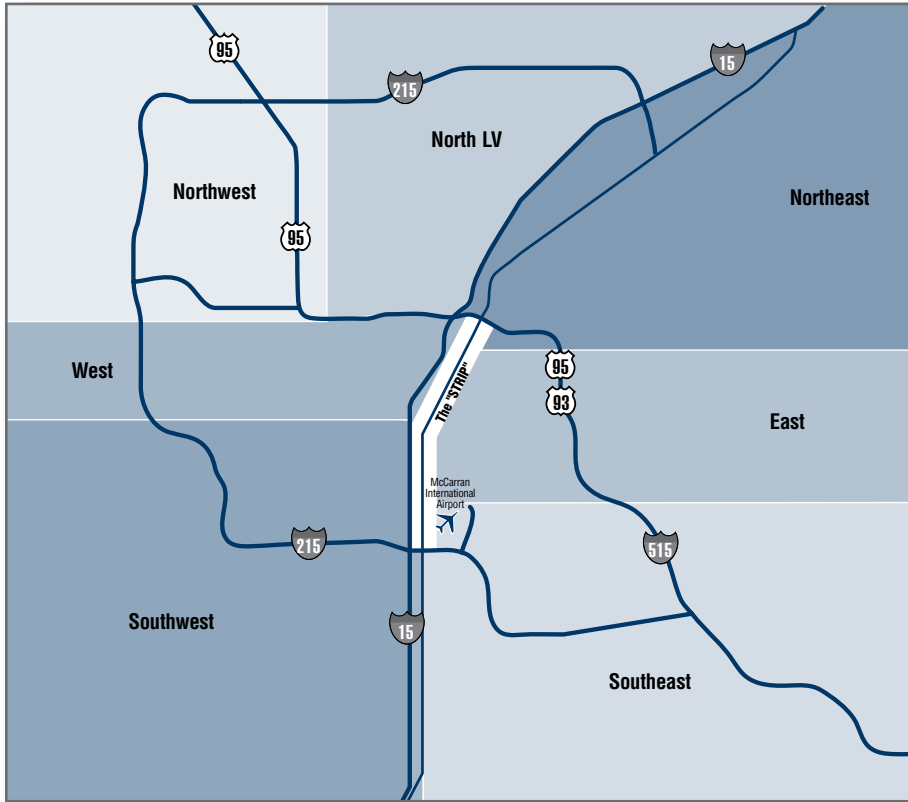
| | Q1 2012 | Q4 2011 | Q1 2011 | Q1 2012 vs. Q1 2011 |
|----------------------|-----------|-----------|-----------|---------------------|
| Under Construction | 300,000 | 490,000 | 225,000 | 33.3% |
| Planned Construction | 4,326,000 | 3,626,000 | 5,088,000 | (15.0%) |
| Vacancy | 10.5% | 10.6% | 10.5% | N/A |
| Net Absorption | 203,000 | 197,000 | (63,000) | 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 2012 | Net Absorption Q1 2012 | Net Absorption 2011 | New Inventory Q1 2012 | New Inventory 2011 |
| Northwest | | | | | | | | | | |
| Power Centers | 5 | 2,239,622 | - | - | 185,627 | 8.3% | (11,938) | (31,842) | - | - |
| Community Centers | 8 | 1,099,610 | 73,956 | - | 113,369 | 10.3% | (17) | 53,517 | - | - |
| Neighborhood Centers | 17 | 1,960,058 | - | - | 116,604 | 5.9% | 9,008 | 12,097 | - | - |
| Northwest Total | 30 | 5,299,290 | 73,956 | - | 415,600 | 7.8% | (2,947) | 33,772 | - | - |
| North Las Vegas | | | | | | | | | | |
| Power Centers | 13 | 2,718,957 | 535,475 | - | 242,115 | 8.9% | 119,774 | (68,125) | 95,000 | - |
| Community Centers | 11 | 1,508,952 | - | - | 109,677 | 7.3% | 12,200 | 6,558 | - | - |
| Neighborhood Centers | 29 | 2,853,911 | - | - | 586,253 | 20.5% | (21,590) | (66,203) | - | - |
| North Las Vegas Total | 53 | 7,081,820 | 535,475 | - | 938,045 | 13.2% | 110,384 | (127,770) | 95,000 | - |
| Northeast | | | | | | | | | | |
| Power Centers | 4 | 943,001 | - | - | 3,930 | 0.4% | - | 2,120 | - | - |
| Community Centers | 7 | 1,054,911 | 351,328 | - | 90,061 | 8.5% | 3,912 | (62,344) | - | - |
| Neighborhood Centers | 17 | 1,298,539 | - | - | 174,481 | 13.4% | 2,180 | 13,216 | - | - |
| Northeast Total | 28 | 3,296,451 | 351,328 | - | 268,472 | 8.1% | 6,092 | (47,008) | - | - |
| West | | | | | | | | | | |
| Power Centers | 11 | 3,079,229 | 1,500,000 | - | 142,141 | 4.6% | (17,200) | (21,845) | - | - |
| Community Centers | 18 | 2,606,430 | 900,000 | 300,000 | 551,905 | 21.2% | (9,112) | 54,797 | - | 225,000 |
| Neighborhood Centers | 22 | 2,540,122 | - | - | 427,718 | 16.8% | (1,600) | (2,172) | - | - |
| West Total | 51 | 8,225,781 | 2,400,000 | 300,000 | 1,121,764 | 13.6% | (27,912) | 30,780 | - | 225,000 |
| East | | | | | | | | | | |
| Power Centers | 4 | 1,203,293 | - | - | 282,518 | 23.5% | (27,716) | (42,986) | - | - |
| Community Centers | 11 | 1,864,470 | - | - | 237,733 | 12.8% | (5,989) | 130,631 | - | - |
| Neighborhood Centers | 29 | 3,143,708 | - | - | 443,552 | 14.1% | (14,876) | 36,265 | - | - |
| East Total | 44 | 6,211,471 | - | - | 963,803 | 15.5% | (48,581) | 123,910 | - | - |
| Southwest | | | | | | | | | | |
| Power Centers | 13 | 4,372,467 | 223,156 | - | 269,518 | 6.2% | 7,845 | 6,066 | - | - |
| Community Centers | 8 | 786,101 | 52,219 | - | 65,306 | 8.3% | 7,751 | (2,201) | - | - |
| Neighborhood Centers | 33 | 3,409,656 | 406,000 | - | 237,206 | 7.0% | 27,461 | (1,302) | - | - |
| Southwest Total | 54 | 8,568,224 | 681,375 | - | 572,030 | 6.7% | 43,057 | 2,563 | - | - |
| Southeast | | | | | | | | | | |
| Power Centers | 10 | 3,851,585 | 175,037 | - | 221,530 | 5.8% | (2,300) | 79,809 | - | - |
| Community Centers | 23 | 4,349,958 | 53,000 | - | 368,223 | 8.5% | 34,874 | 2,349 | - | - |
| Neighborhood Centers | 47 | 4,769,847 | 56,295 | - | 554,381 | 11.6% | 90,680 | 23,992 | 95,000 | 35,000 |
| Southeast Total | 80 | 12,971,390 | 284,332 | - | 1,144,134 | 8.8% | 123,254 | 106,150 | 95,000 | 35,000 |
| Las Vegas Total | | | | | | | | | | |
| Power Centers | 60 | 18,408,154 | 2,433,668 | - | 1,347,379 | 7.3% | 68,465 | (76,803) | 95,000 | - |
| Community Centers | 86 | 13,270,432 | 1,430,503 | 300,000 | 1,536,274 | 11.6% | 43,619 | 183,307 | - | 225,000 |
| Neighborhood Centers | 194 | 19,975,841 | 462,295 | - | 2,540,195 | 12.7% | 91,263 | 15,893 | 95,000 | 35,000 |
| Las Vegas Total | 340 | 51,654,427 | 4,326,466 | 300,000 | 5,423,848 | 10.5% | 203,347 | 122,397 | 190,000 | 260,000 |

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; size starts at 30,000 SF

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