FIRST QUARTER 2014
LAS VEGAS
RETAIL

Voit
REAL ESTATE SERVICES

MARKET CHANGE

Compared to the Previous Quarter:

Vacancy
DOWN

Net Absorption
POSITIVE

Lease Rates
DOWN

Deliveries
UP

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APPLIED ANALYSIS

HIGHLIGHTS

- **Market Overview -** During the first quarter of 2014, the Las Vegas retail market vacancy rate fell to 9.0%. Compared to the prior quarter, vacancies were down 10 basis points (0.1 percentage points), while they dropped 110 basis points (1.1 percentage points) from the same quarter a year ago (Q1 2013). The retail market reported an annual decline in vacancy rates for nine consecutive quarters.
- **Demand -** The retail sector reported positive net absorption for the fourth consecutive quarter with roughly 104,000 square feet of net move-ins during the first reporting period of 2014. The first quarter was an improvement over the 75,300 square feet of net move-outs witnessed in the same period one year before. In the past 12 months, the retail market reported approximately 633,800 square feet of positive net absorption. Areas witnessing the most substantial demand in the first quarter included the west (45,400 square feet), southwest (26,700 square feet), southeast (25,800 square feet) and north (24,200 square feet) submarkets.
- **Inventory -** The third phase of the Rainbow Mardon Center on the southeast corner of Rainbow Boulevard and Mardon Avenue completed construction during the first quarter. The project, which consists of a Goodwill, added 16,000 square feet to the market, bringing total inventory to 52.0 million. Although construction of anchored retail centers continued to pick up, completions were limited, with 55,400 square feet added to the market in the past 12 months.
- **Future Supply -** Approximately 2.1 million square feet of anchored retail space remained actively under construction throughout the valley in the first quarter. In the north submarket, the Las Vegas Athletic Club started construction on its 87,800-square-foot center. Meanwhile, three projects continued moving forward in the west, including Sahara Center on the northeast corner of Sahara Avenue and Hualapai Way (200,000 square feet), the second phase of Tivoli Village at Queensridge (300,000 square feet) and The Shops at Summerlin (1.5 million square feet). Another 25,000 square feet was under construction in the southeast, consisting of a Sprouts Farmer's Market at Green Valley Crossing.
- **Economic Considerations -** In February 2014 (latest available data), the southern Nevada economy reported an annual gain of 27,900 jobs. Sectors reporting the most substantial growth included retail (+7,100 jobs), leisure and hospitality (+7,000 jobs), professional and business services (+5,900 jobs) and education and health services (+2,400 jobs). In addition, one of the hardest hit sectors during the recession, construction, witnessed a year-over-year increase of 1,200 jobs in the latest period, as residential construction and commercial investments throughout the valley picked up.
- **Overall -** The retail vacancy rate reached its lowest level in more than five years in the first quarter of 2014 as net absorption remained positive for the fourth consecutive quarter. Material levels of net absorption will be required to move the needle toward historical averages.

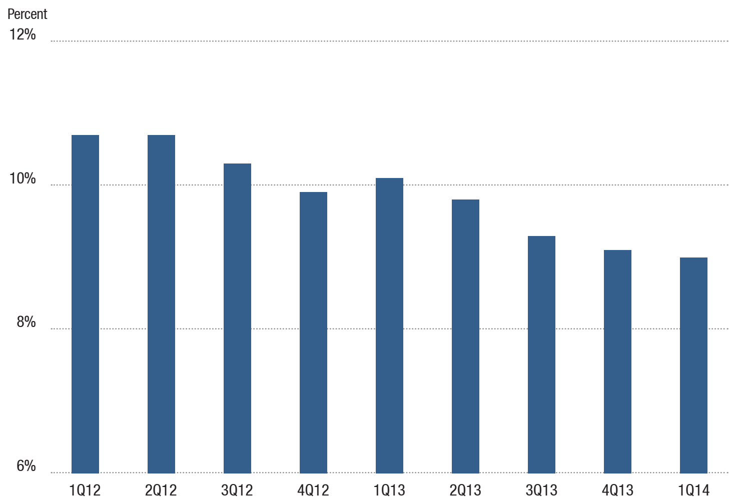
FORECAST

- **Employment -** Annual gains in the employment sector are expected to continue in 2014, particularly in the retail trade, leisure and hospitality and education and health services sectors.
- **Construction -** Construction activity is likely to continue to pick up throughout the year as retailers gain more confidence and developers move forward with additional phases to existing centers.
- **Vacancy -** The market-wide vacancy rate is expected to fall below 9.0%. Additionally, the completion of major retail venues in advance of the 2014 holiday season will bring on more product, particularly as The Shops at Summerlin wraps up construction.

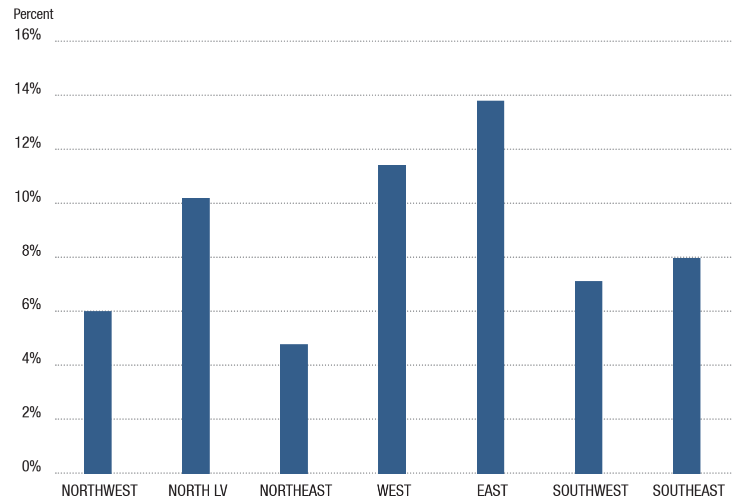
OVERVIEW

	1Q14	4Q13	1Q13	% of Change vs. 1Q13
Under Construction	2,112,750	2,041,000	333,531	533.4%
Planned Construction	2,429,622	2,849,972	4,429,108	(45.1%)
Vacancy	9.0%	9.1%	10.1%	(1.1%)
Net Absorption	103,993	111,198	(75,295)	N/A

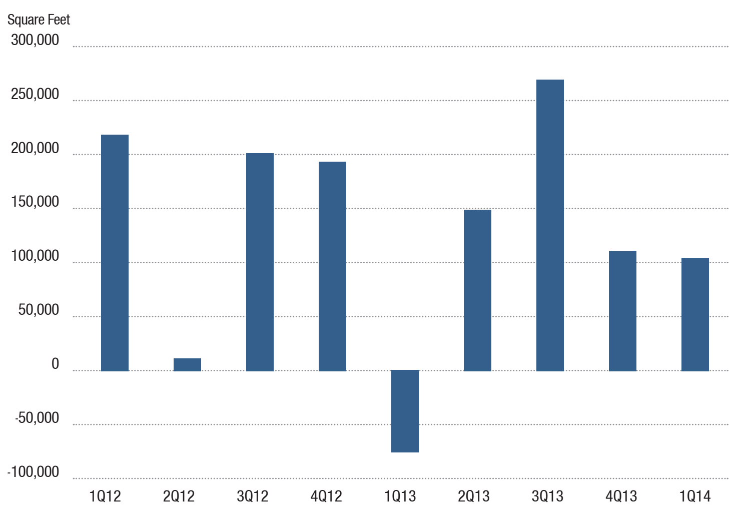
HISTORICAL VACANCY RATE



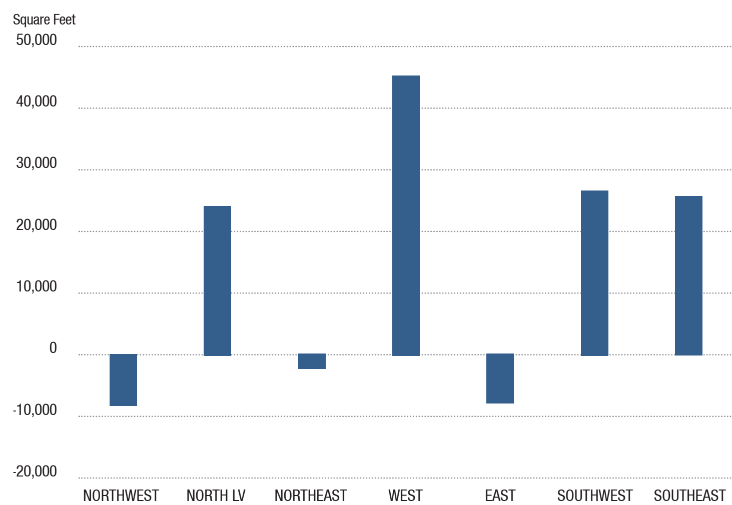
VACANCY RATE BY SUBMARKET



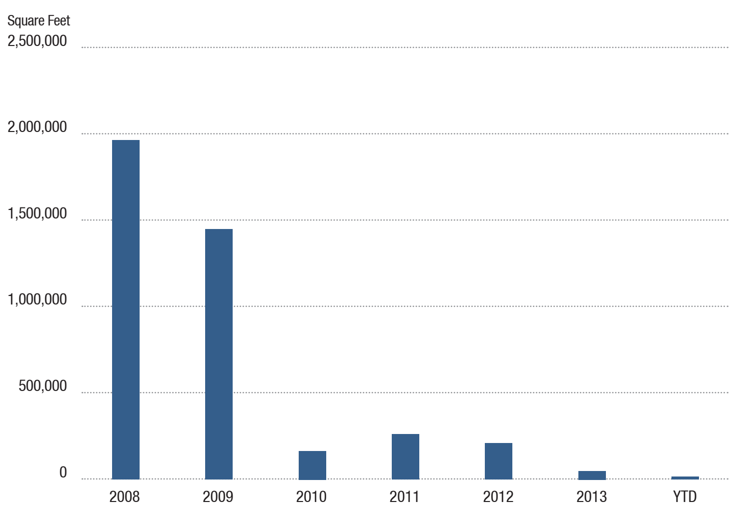
HISTORICAL NET ABSORPTION



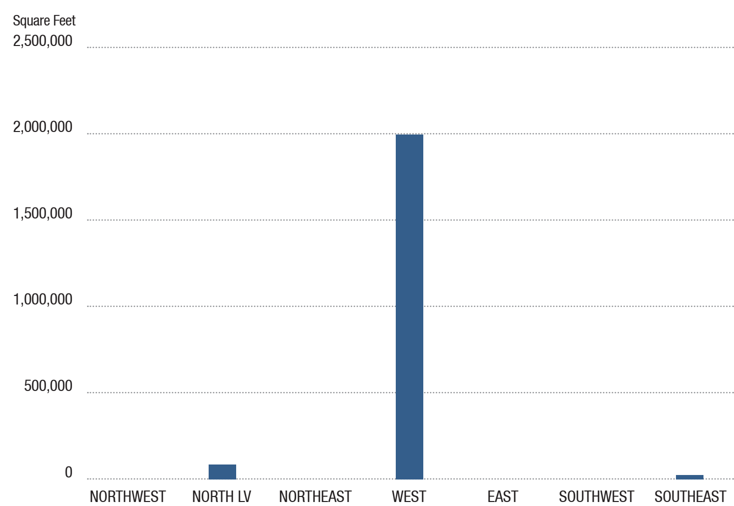
NET ABSORPTION BY SUBMARKET



ANNUAL NEW DELIVERIES



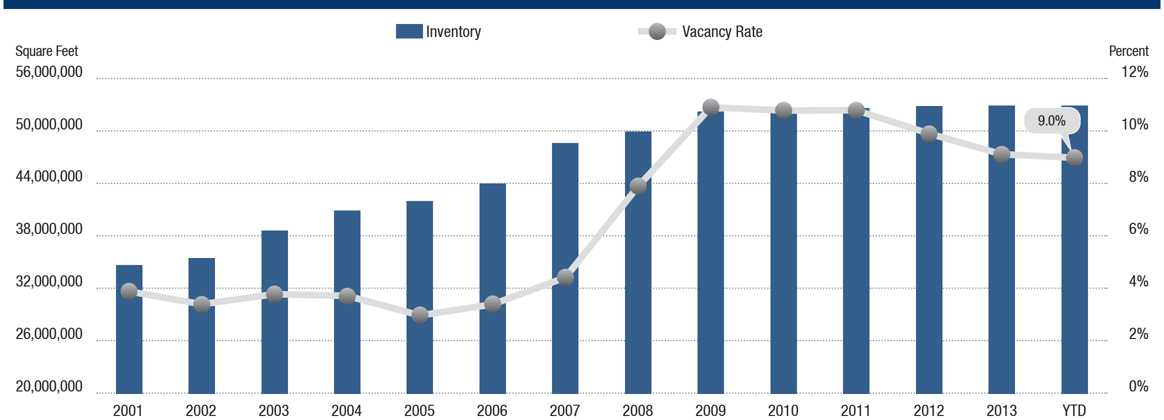
CONSTRUCTION ACTIVITY BY SUBMARKET



	INVENTORY				VACANCY RATES		ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet Under Construction	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2014	Net Absorption 1Q2014	Net Absorption 2013	New Inventory 1Q2014	New Inventory 2013
Northwest										
Power Centers	5	2,239,622	0	0	104,134	4.6%	(9,958)	44,076	0	0
Community Centers	8	1,099,610	0	73,956	107,377	9.8%	(5,540)	10,076	0	0
Neighborhood Centers	17	1,960,058	0	0	104,325	5.3%	7,349	(20,147)	0	0
Northwest Total	30	5,299,290	0	73,956	315,836	6.0%	(8,149)	34,005	0	0
North Las Vegas										
Power Centers	14	2,645,177	0	522,443	107,509	4.1%	1,650	(1,525)	0	5,886
Community Centers	11	1,508,952	87,750	67,400	128,799	8.5%	884	(12,777)	0	0
Neighborhood Centers	30	2,994,395	0	0	494,720	16.5%	21,675	81,574	0	0
North Las Vegas Total	55	7,148,524	87,750	589,843	731,028	10.2%	24,209	67,272	0	5,886
Northeast										
Power Centers	4	943,001	0	0	8,969	1.0%	3,200	(3,439)	0	0
Community Centers	7	1,054,911	0	431,328	50,579	4.8%	(6,706)	5,923	0	0
Neighborhood Centers	17	1,298,539	0	0	99,106	7.6%	1,320	14,291	0	0
Northeast Total	28	3,296,451	0	431,328	158,654	4.8%	(2,186)	16,775	0	0
West										
Power Centers	11	3,079,229	1,500,000	0	136,804	4.4%	(4,207)	7,202	0	0
Community Centers	18	2,606,430	300,000	0	548,976	21.1%	29,595	14,911	0	0
Neighborhood Centers	22	2,540,122	200,000	0	252,032	9.9%	20,007	51,082	0	0
West Total	51	8,225,781	2,000,000	0	937,812	11.4%	45,395	73,195	0	0
East										
Power Centers	4	1,203,293	0	0	161,518	13.4%	(7,847)	82,494	0	0
Community Centers	12	1,953,450	0	0	230,159	11.8%	6,567	7,463	0	0
Neighborhood Centers	29	3,143,708	0	0	474,779	15.1%	(6,461)	9,878	0	0
East Total	45	6,300,451	0	0	866,456	13.8%	(7,741)	99,835	0	0
Southwest										
Power Centers	16	4,519,040	0	186,140	242,923	5.4%	11,182	130,146	0	23,710
Community Centers	11	817,982	0	268,563	55,164	6.7%	18,746	10,417	16,000	7,381
Neighborhood Centers	34	3,412,656	0	381,000	321,137	9.4%	(3,253)	21,684	0	0
Southwest Total	61	8,749,678	0	835,703	619,224	7.1%	26,675	162,247	16,000	31,091
Southeast										
Power Centers	10	3,851,585	0	175,037	169,707	4.4%	12,295	24,895	0	0
Community Centers	23	4,349,958	0	300,000	363,464	8.4%	1,361	(31,141)	0	0
Neighborhood Centers	50	4,785,625	25,000	23,755	505,074	10.6%	12,134	7,432	0	11,540
Southeast Total	83	12,987,168	25,000	498,792	1,038,245	8.0%	25,790	1,186	0	11,540
Las Vegas Total										
Power Centers	64	18,480,947	1,500,000	883,620	931,564	5.0%	6,315	283,849	0	29,596
Community Centers	90	13,391,293	387,750	1,141,247	1,484,518	11.1%	44,907	4,872	16,000	7,381
Neighborhood Centers	199	20,135,103	225,000	404,755	2,251,173	11.2%	52,771	165,794	0	11,540
Las Vegas Total	**353**	**52,007,343**	**2,112,750**	**2,429,622**	**4,667,255**	**9.0%**	**103,993**	**454,515**	**16,000**	**48,517**

Note: Planned inventory includes projects that previously commenced construction but are not actively underway.

ANNUAL INVENTORY VS. VACANCY RATE

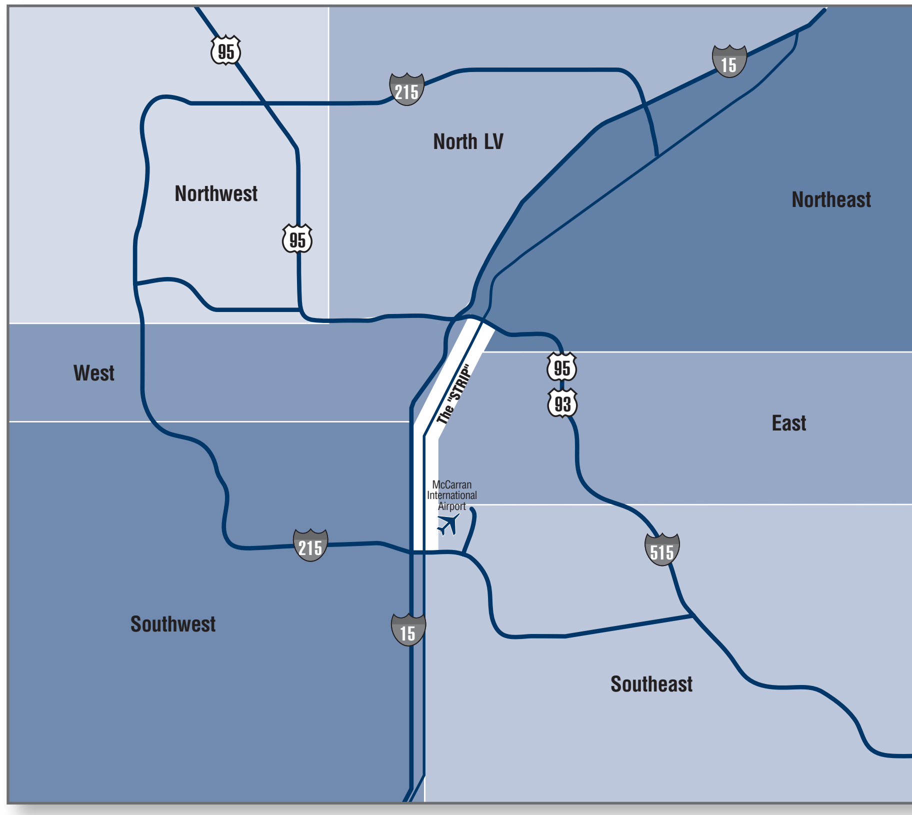


PRODUCT TYPE

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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