FIRST QUARTER 2015
LAS VEGAS
RETAIL

Voit
REAL ESTATE SERVICES

MARKET CHANGE

Compared to Previous Quarter:

Vacancy
FLAT

Net Absorption
POSITIVE

Lease Rates
DOWN

Deliveries
DOWN

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APPLIED ANALYSIS

HIGHLIGHTS

- **Market Overview** – In the first quarter of 2015, the Las Vegas retail market reported a vacancy rate of 9.4 percent. While the vacancy rate remained unchanged from the prior quarter (Q4 2014), it was up 40 basis points (0.4 percentage points) from a year ago (Q1 2014).
- **Demand** – The retail market reported approximately 87,200 SF of positive net absorption during the first quarter. During the period, Flip N Tag leased 41,500 SF in The Mall at Grand Canyon at 4245 South Grand Canyon Drive. In addition, Colleen's Classic Consignment reportedly signed a deal for 37,000 SF in the former Sports Authority at Tropicana Beltway Center, while Total Wine & Spirits leased 34,500 SF in Centennial Gateway.
- **Inventory** – Two anchored retail projects totaling 107,800 SF completed construction during the period, bringing total inventory to 54.5 million SF. Las Vegas Athletic Club completed its 87,800 SF facility in North Las Vegas on the northeast corner of Decatur Boulevard and Tropical Parkway. In addition, two pad spaces totaling 20,000 SF finished construction at Green Valley Crossing on the southwest corner of Horizon Ridge and Green Valley Parkway.
- **Future Supply** – Development activity increased to 688,200 SF in the first quarter. The most notable project that broke ground during the period is IKEA's first Las Vegas store, which will total 351,000 SF and be located on the northwest corner of Interstate-215 and Durango Drive. The 300,000 SF second phase of Tivoli Village at Queensridge continued to move forward during the first quarter as well, while the 18,000 SF of pad spaces at Sahara Center broke ground. In addition, the 15,000 SF initial phase of the Decatur Shopping Center on the northeast corner of Decatur Boulevard and Rice Avenue started development as well as a 4,200 SF pad space at Rainbow Place.
- **Economic Considerations** – In February 2015 (latest available data), the Las Vegas MSA reported annual job growth of 27,500 positions. The most notable gains were witnessed by the leisure and hospitality sector (+10,600 jobs) and the construction sector (+5,500 jobs). Other sectors reporting substantial year-over-year growth included professional and business services (+4,000 jobs), retail trade (+3,800 jobs) and education and health services (+1,700 jobs). Consumer spending continues to report dramatic gains as well. For the 12 months ending January 2015 (latest available data), taxable retail sales reached an all-time high of $36.7 billion, which represents an increase of 9.3 percent from the prior 12-month period.
- **Overall** – The retail market vacancy rate has remained below 10 percent for eight consecutive quarters. In the past year, over 2.1 million SF of space has been added to the market with development activity expected to continue to pick up throughout 2015. With consumer spending at record highs, more retailers are expected to lease space throughout the valley.

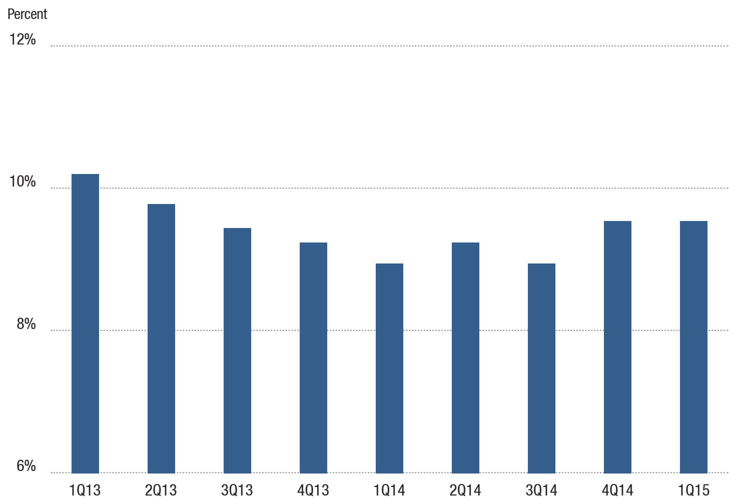
FORECAST

- **Employment** – Employment is expected to continue to report year-over-year gains, with significant improvements in the leisure and hospitality, construction and retail trade sectors.
- **Construction** – Construction activity is expected to continue throughout 2015 as a handful of the 2.8 million square feet of planned space will likely break ground in the next few quarters.
- **Vacancy** – While the vacancy rate is expected to remain below 10 percent, more anchor spaces will have to be absorbed before there are substantial declines.

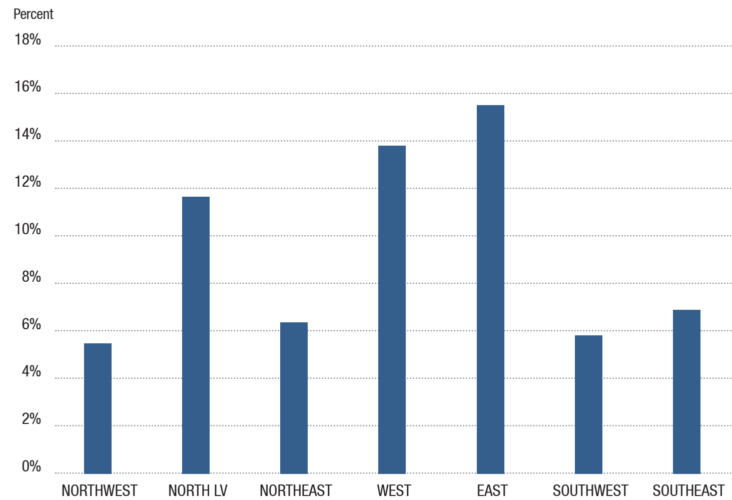
OVERVIEW

	1Q15	4Q14	1Q14	% Change vs. 1Q14
Under Construction	688,244	407,769	2,386,750	(71.2%)
Planned Construction	2,761,135	3,010,379	2,597,048	6.3%
Vacancy	9.4%	9.4%	9.0%	0.4%
Net Absorption	87,204	1,423,508	115,327	N/A

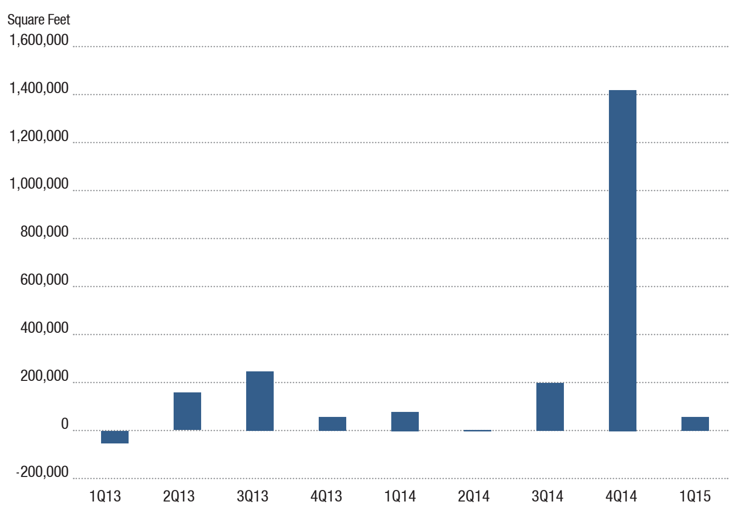
HISTORICAL VACANCY RATE



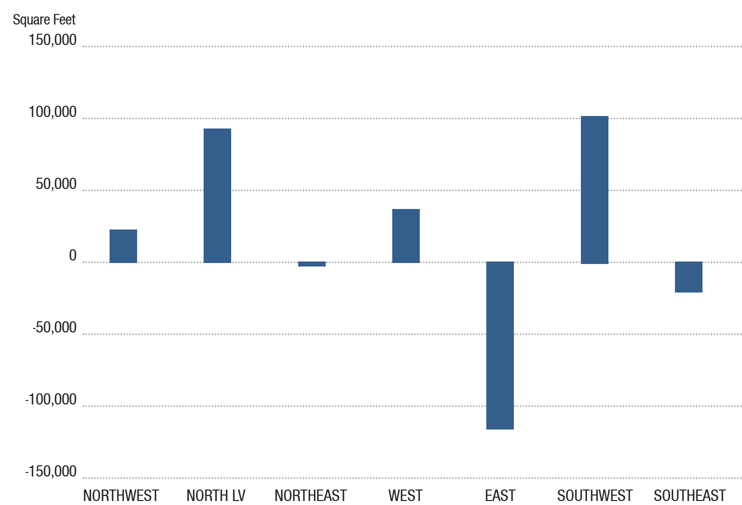
VACANCY RATE BY SUBMARKET



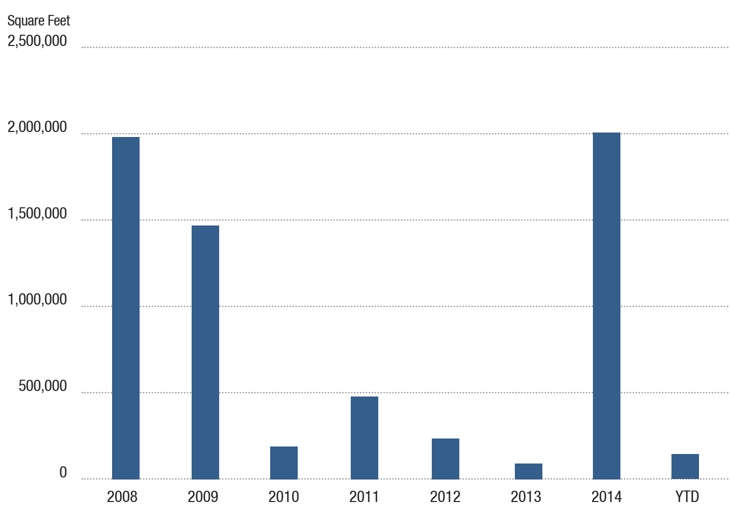
HISTORICAL NET ABSORPTION



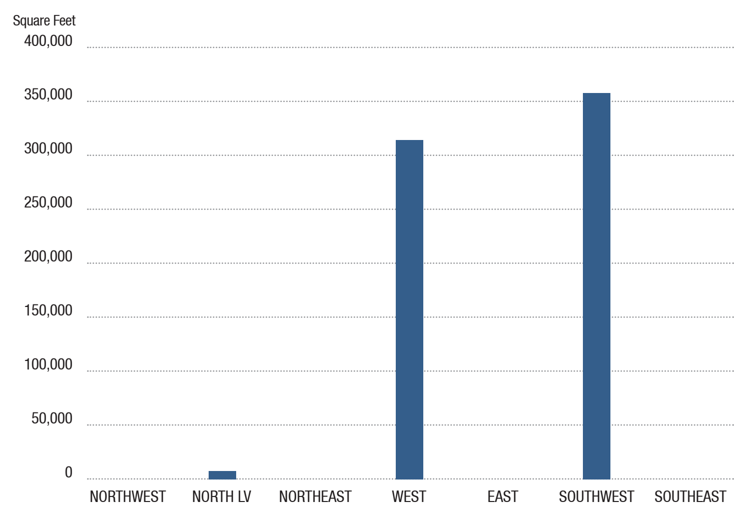
NET ABSORPTION BY SUBMARKET



HISTORICAL NEW CONSTRUCTION



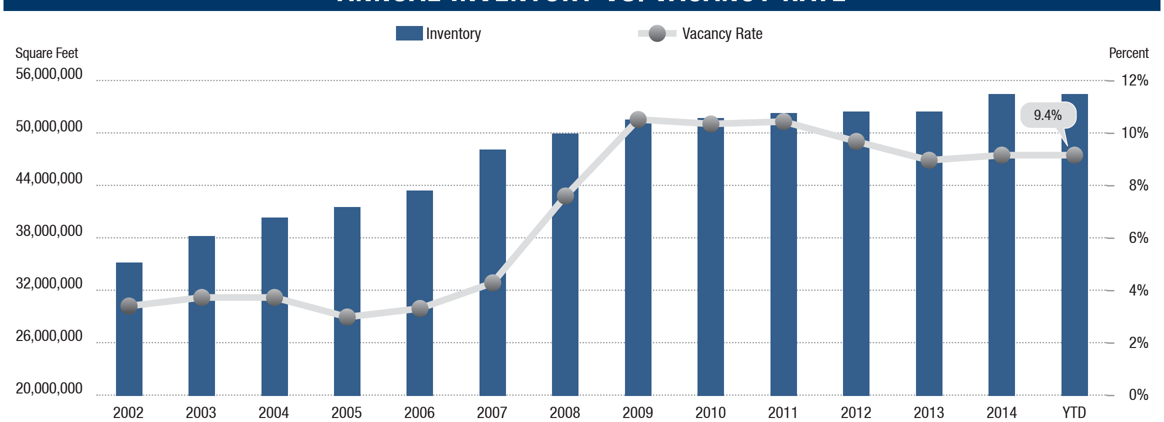
CONSTRUCTION ACTIVITY BY SUBMARKET



	INVENTORY				VACANCY RATES		ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet Under Construction	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2015	Net Absorption 1Q2015	Net Absorption 2014	New Inventory 1Q2015	New Inventory 2014
Northwest										
Power Centers	5	2,239,622	0	0	118,719	5.3%	5,600	(30,143)	0	0
Community Centers	8	1,099,610	0	73,956	78,169	7.1%	25,059	(1,391)	0	0
Neighborhood Centers	17	1,960,058	0	356,798	78,383	4.0%	(10,213)	43,504	0	0
Northwest Total	30	5,299,290	0	430,754	275,271	5.2%	20,446	11,970	0	0
North Las Vegas										
Power Centers	15	2,777,628	0	522,443	281,517	10.1%	(6,635)	(165,723)	0	0
Community Centers	12	1,775,513	15,000	52,400	171,015	9.6%	86,539	(12,750)	87,750	0
Neighborhood Centers	30	2,994,395	0	0	426,118	14.2%	9,997	51,637	0	0
North Las Vegas Total	57	7,547,536	15,000	574,843	878,650	11.6%	89,901	(126,836)	87,750	0
Northeast										
Power Centers	4	943,001	0	0	12,561	1.3%	(3,000)	2,608	0	0
Community Centers	7	1,054,911	0	431,328	98,557	9.3%	(1,680)	(16,204)	0	0
Neighborhood Centers	17	1,298,539	0	0	97,874	7.5%	(688)	3,240	0	0
Northeast Total	28	3,296,451	0	431,328	208,992	6.3%	(5,368)	(10,356)	0	0
West										
Power Centers	12	4,679,229	0	0	639,587	13.7%	1,089	1,091,921	0	1,600,000
Community Centers	19	2,806,430	300,000	0	396,704	14.1%	52,995	144,072	0	0
Neighborhood Centers	22	2,696,497	18,000	0	365,150	13.5%	(19,023)	161,060	0	204,000
West Total	53	10,182,156	318,000	0	1,401,441	13.8%	35,061	1,397,053	0	1,804,000
East										
Power Centers	4	1,203,293	0	0	217,304	18.1%	1,743	(65,376)	0	0
Community Centers	12	1,953,450	0	0	234,630	12.0%	(24,418)	26,514	0	0
Neighborhood Centers	29	3,143,708	0	0	521,160	16.6%	(101,701)	65,506	0	0
East Total	45	6,300,451	0	0	973,094	15.4%	(124,376)	26,644	0	0
Southwest										
Power Centers	16	4,519,040	351,000	157,140	172,063	3.8%	85,711	(14,875)	0	0
Community Centers	12	823,882	4,244	309,619	35,273	4.3%	(18,723)	63,260	0	21,900
Neighborhood Centers	35	3,434,684	0	310,414	278,240	8.1%	32,584	7,060	0	0
Southwest Total	63	8,777,606	355,244	777,173	485,576	5.5%	99,572	55,445	0	21,900
Southeast										
Power Centers	10	3,851,585	0	175,037	176,994	4.6%	2,270	23,205	0	0
Community Centers	24	4,519,958	0	345,000	321,832	7.1%	(13,266)	226,259	0	170,000
Neighborhood Centers	51	4,755,644	0	27,000	413,215	8.7%	(17,036)	135,546	20,019	25,000
Southeast Total	85	13,127,187	0	547,037	912,041	6.9%	(28,032)	385,010	20,019	195,000
Las Vegas Total										
Power Centers	66	20,213,398	351,000	854,620	1,618,745	8.0%	86,778	841,617	0	1,600,000
Community Centers	94	14,033,754	319,244	1,212,303	1,336,180	9.5%	106,506	429,760	87,750	191,900
Neighborhood Centers	201	20,283,525	18,000	694,212	2,180,140	10.7%	(106,080)	467,553	20,019	229,000
Las Vegas Total	**361**	**54,530,677**	**688,244**	**2,761,135**	**5,135,065**	**9.4%**	**87,204**	**1,738,930**	**107,769**	**2,020,900**

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

ANNUAL INVENTORY VS. VACANCY RATE



PRODUCT TYPE

Power Center

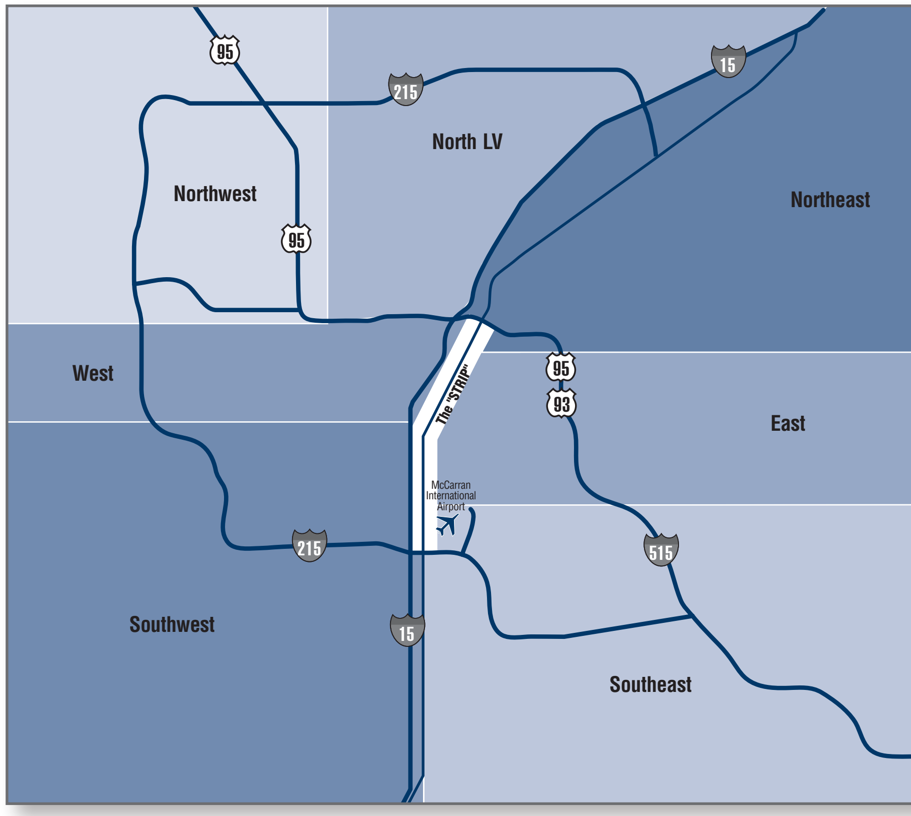
Power Centers have multiple big-box tenants and typically fewer shop-space tenants; size starts at 100,000 SF

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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