Retail Market Report

VOIT COMMERCIAL BROKERAGE

Compared to last quarter:

Vacancy UP

Absorption DOWN

Lease Rates DOWN

Construction DOWN

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Voit Commercial Brokerage

CORFAC International

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APPLIED ANALYSIS

Retail Market Highlights

- By the mid-point of 2008, a challenging economic climate impacted the Las Vegas commercial retail market. Continued pull-back in the residential sector, elevated fuel prices, declining consumer confidence levels, and a softening employment market all contributed to declining consumer spending.
- At the end of the second quarter 2008, the Las Vegas retail market was comprised of 50.0 million square feet of inventory in 320 anchored centers. With 3.0 million square feet of unoccupied square feet, the valley-wide vacancy rate was at an elevated 6.0 percent, the highest rate in recent history. Valley-wide vacancies were up from the 5.3 percent in the preceding quarter and 3.3 percent reported one year ago.
- New additions to the market during the quarter contributed 325,000 square feet, while net absorption failed to keep pace at a negative 19,000 square feet. Several retailer closings during the quarter offset much of the absorption posted in pre-leased spaces that recently completed construction. During the past 12 months, supply additions totaled 3.2 million square feet during, while market demand (net absorption) was 1.8 million square feet. Vacancies during the latest quarter included the closures of Wickes Furniture outlets, Rite Aids, Albertson's, Smith's and other big box units.
- Several major projects completed construction during the quarter, including phase one of Blue Diamond Ranch Center anchored by an Albertson's in the southwest, the Las Vegas Athletic Club in Grand Flamingo Center, and the second phase of Boulder Crossroads in the east submarket.
- Currently, there are approximately 3.1 million square feet of retail space under construction and 12.7 million square feet planned (at varying stages) for future development. It is important to note that the planned space includes regional and mixed-use retail centers that are likely to be developed in phases. Additionally, it is unlikely that all planned projects will move forward as currently programmed.
- Selected projects planned to enter the market in the near term include the second phase of Centennial Gateway in the northwest, Desert Springs Town Center in the north submarket, space in Mountain's Edge in the southwest and the Target at Lake Mead Crossing in Henderson.
- The Las Vegas employment market reported a below-average performance during the past year, with a net job loss of 4,700 positions, which represented a 0.5-percent decrease from the same time last year. While various sectors, including construction, professional and business services, and leisure and hospitality posted staffing reductions, retail-employment expanded by 2.9 percent.

RETAIL MARKET OVERVIEW

	2Q2008	1Q2008	2Q2007	% CHANGE VS. 2Q07
Under Construction	3,134,000	1,914,000	3,555,000	-11.84%
Planned Construction	12,677,000	12,908,000	13,176,000	-3.79%
Vacancy	6.0%	5.3%	3.3%	81.82%
Net Absorption	-19,000	325,000	665,000	-102.86%

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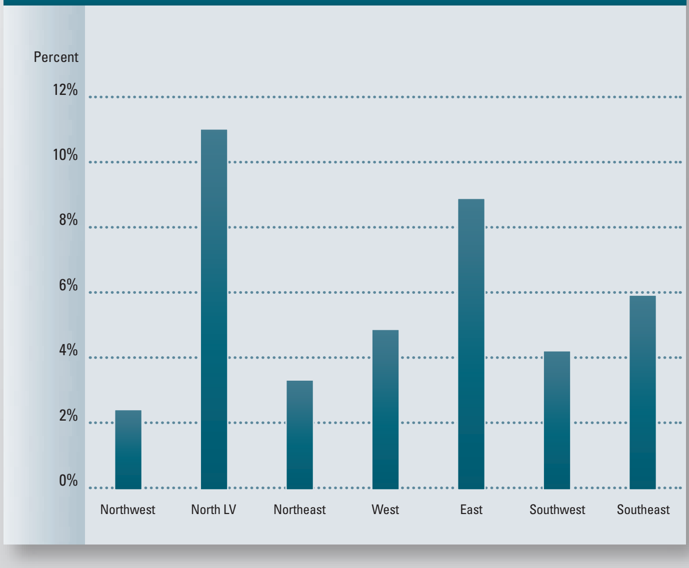
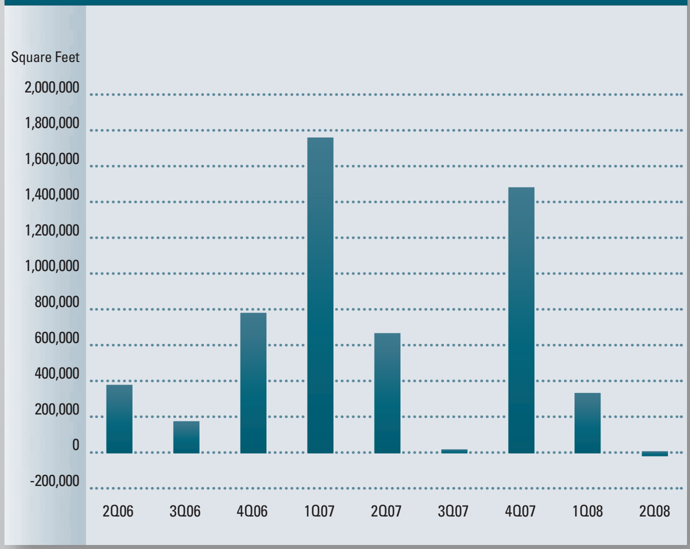
HISTORICAL VACANCY RATE

VACANCY RATE BY SUBMARKET

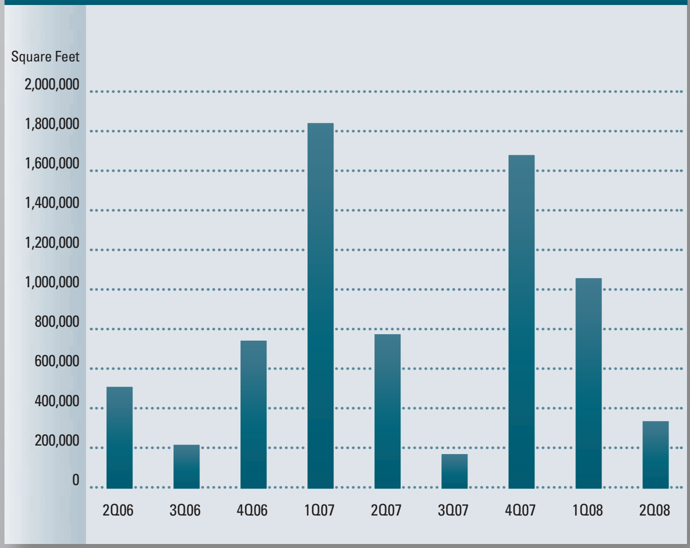


HISTORICAL NET ABSORPTION

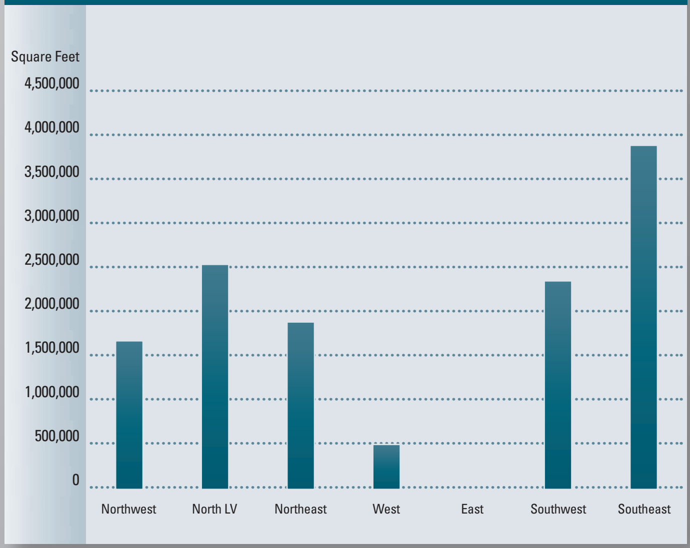


NET ABSORPTION BY SUBMARKET

HISTORICAL NEW CONSTRUCTION



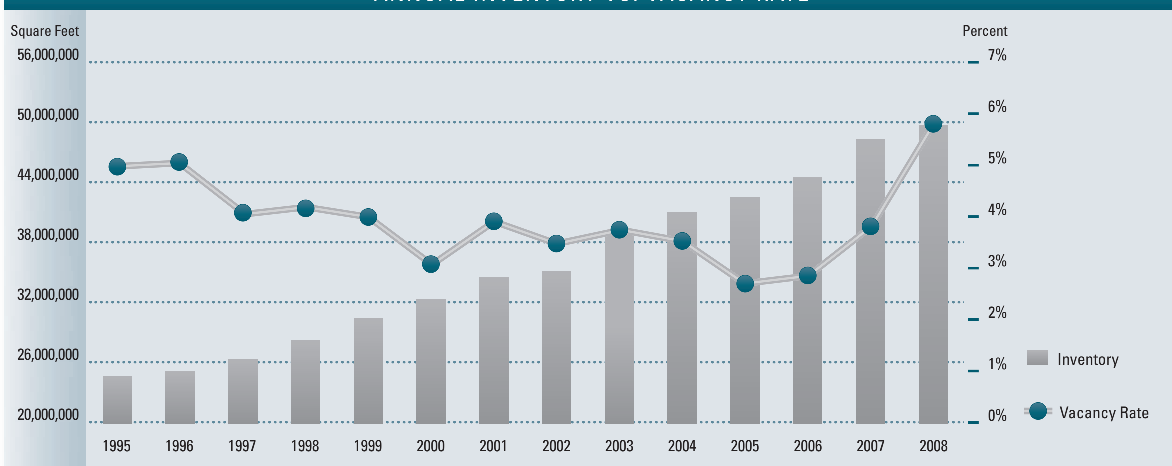
PLANNED CONSTRUCTION BY SUBMARKET

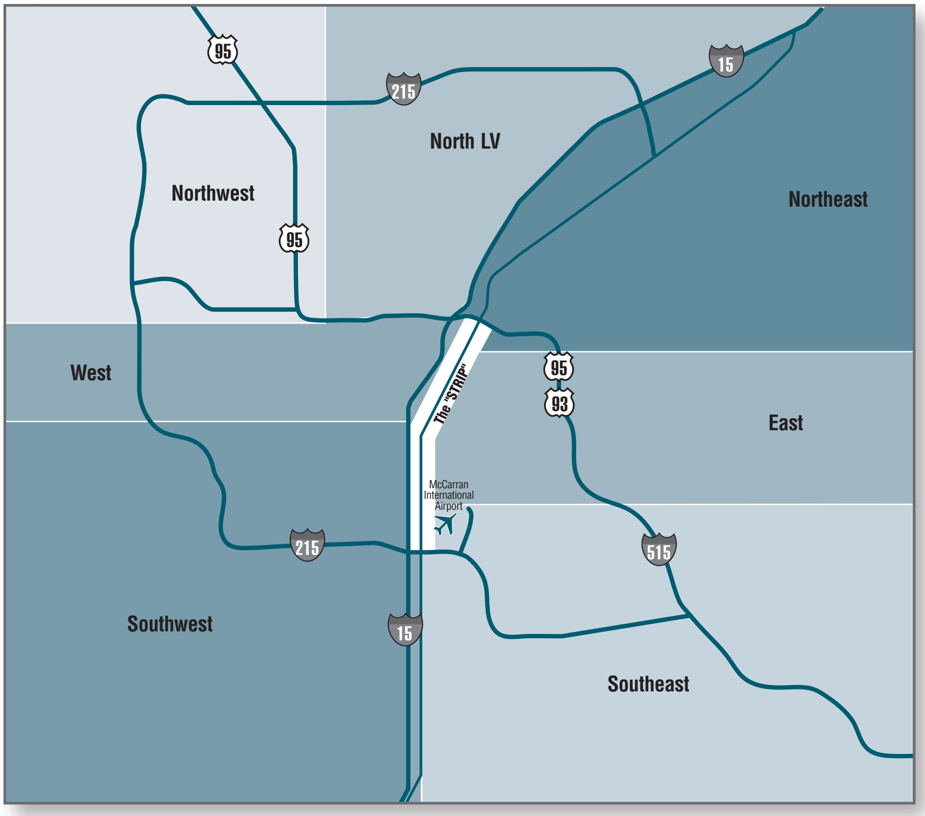


	INVENTORY				VACANCY		ABSORPTION	
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet Planned	Square Feet U / C	Square Feet Vacant	Vacancy Rate 2Q2008	Net Absorption 2Q2008	New Inventory 2Q2008
Northwest								
Power Centers	5	2,189,622	1,000,000	0	41,567	1.9%	2,776	0
Community Centers	5	745,896	258,210	189,130	7,200	1.0%	2,500	0
Neighborhood Centers	17	1,960,058	456,525	0	67,702	3.5%	(20,967)	0
Northwest Total	27	4,895,576	1,714,735	189,130	116,469	2.4%	(15,691)	0
North Las Vegas								
Power Centers	9	1,956,677	943,062	347,360	97,693	5.0%	(24,673)	0
Community Centers	11	1,685,647	1,011,508	0	144,445	8.6%	(20,139)	0
Neighborhood Centers	28	2,834,410	553,020	29,523	473,573	16.7%	(4,371)	0
North Las Vegas Total	48	6,476,734	2,507,590	376,883	715,711	11.1%	(49,183)	0
Northeast								
Power Centers	4	943,001	1,349,211	0	1,560	0.2%	0	0
Community Centers	7	1,054,911	453,705	0	13,902	1.3%	(1,812)	0
Neighborhood Centers	15	1,111,951	34,000	86,588	83,240	7.5%	0	0
Northwest Total	26	3,109,863	1,836,916	86,588	98,702	3.2%	(1,812)	0
West								
Power Centers	10	2,804,229	403,009	1,200,000	91,978	3.3%	643	0
Community Centers	18	2,594,770	80,000	450,000	149,819	5.8%	(25,946)	0
Neighborhood Centers	22	2,570,157	0	0	151,813	5.9%	(53,792)	0
West Total	50	7,969,156	483,009	1,650,000	393,610	4.9%	(79,095)	0
East								
Power Centers	4	1,203,293	0	0	0	0.0%	0	0
Community Centers	12	1,943,070	0	0	284,172	14.6%	20,544	60,000
Neighborhood Centers	29	3,143,708	0	0	272,827	8.7%	(9,665)	0
East Total	45	6,290,071	0	0	556,999	8.9%	10,879	60,000
Southwest								
Power Centers	12	5,048,799	978,951	64,000	126,188	2.5%	11,910	0
Community Centers	8	786,101	595,719	130,000	25,178	3.2%	166,708	165,346
Neighborhood Centers	31	3,265,743	729,242	282,000	227,678	7.0%	(68)	100,000
Southwest Total	51	9,100,643	2,303,912	476,000	379,044	4.2%	178,550	265,346
Southeast								
Power Centers	8	3,448,934	2,764,135	201,970	229,124	6.6%	(70,478)	0
Community Centers	23	4,367,897	576,500	0	210,075	4.8%	(11,242)	0
Neighborhood Centers	42	4,382,699	490,312	153,874	292,066	6.7%	19,373	0
Southeast Total	73	12,199,530	3,830,947	355,844	731,265	6.0%	(62,347)	0
Las Vegas Total								
Power Centers	52	17,594,555	7,438,368	1,813,330	588,110	3.3%	(79,822)	0
Community Centers	84	13,178,292	2,975,642	769,130	834,791	6.3%	130,613	225,346
Neighborhood Centers	184	19,268,726	2,263,099	551,985	1,568,899	8.1%	(69,490)	100,000
Total	**320**	**50,041,573**	**12,677,109**	**3,134,445**	**2,991,800**	**6.0%**	**(18,699)**	**325,346**

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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