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Real Estate Services

Retail Market Report

Compared to last quarter:



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Prepared by:

Jerry J. Holdner, Jr. - CA Lic. #01145748
Vice President of Market Research
VOIT Real Estate Services - CA Lic. #01333376
e-mail: jholdner@voitco.com



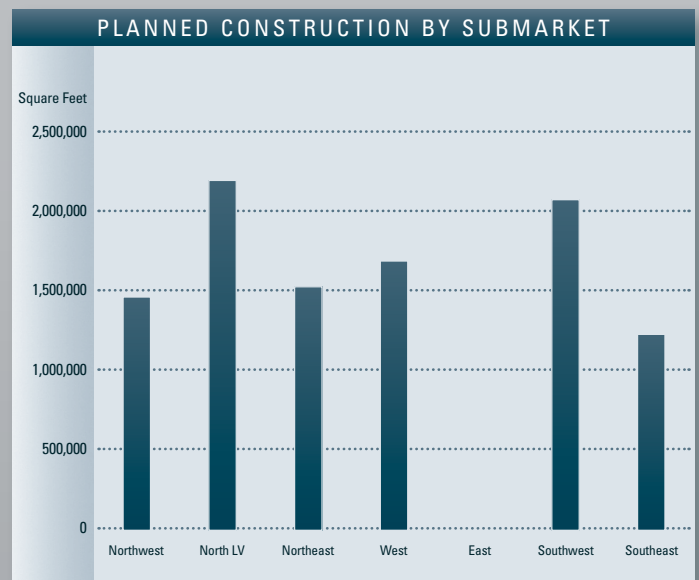
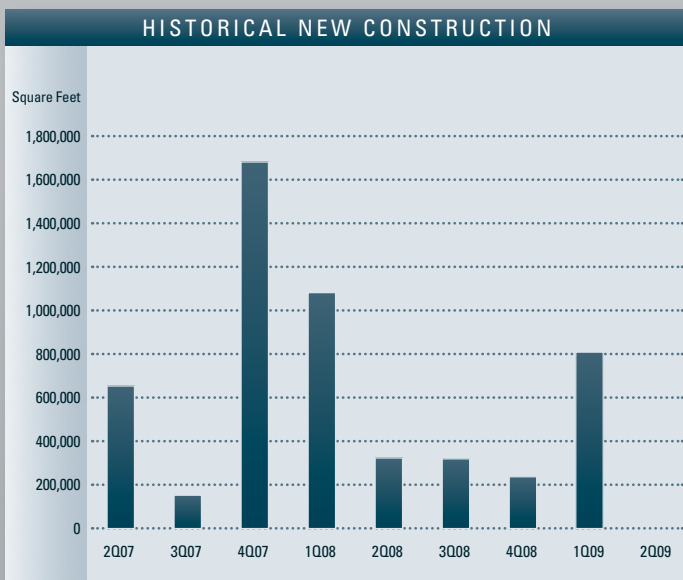
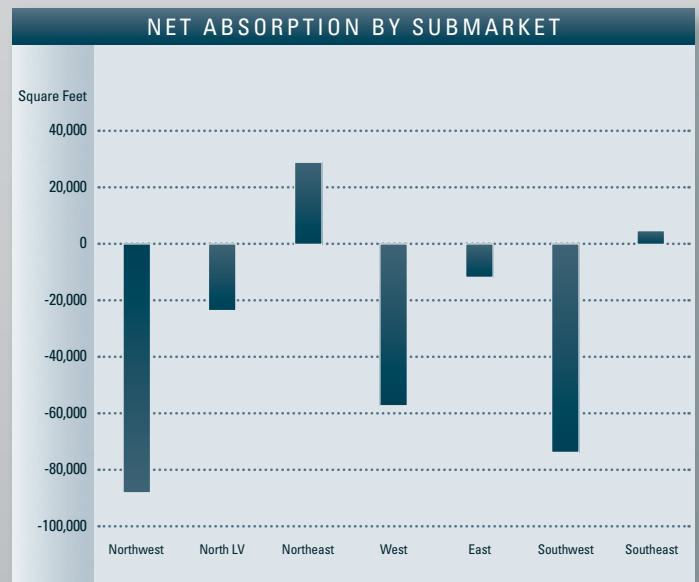
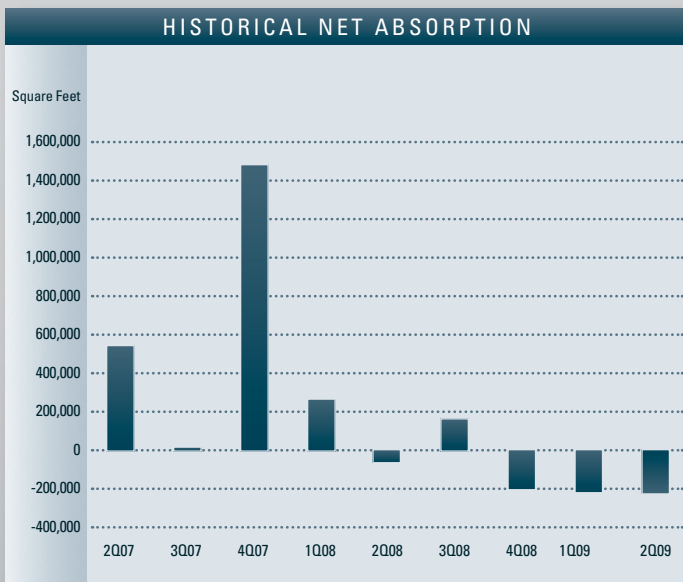
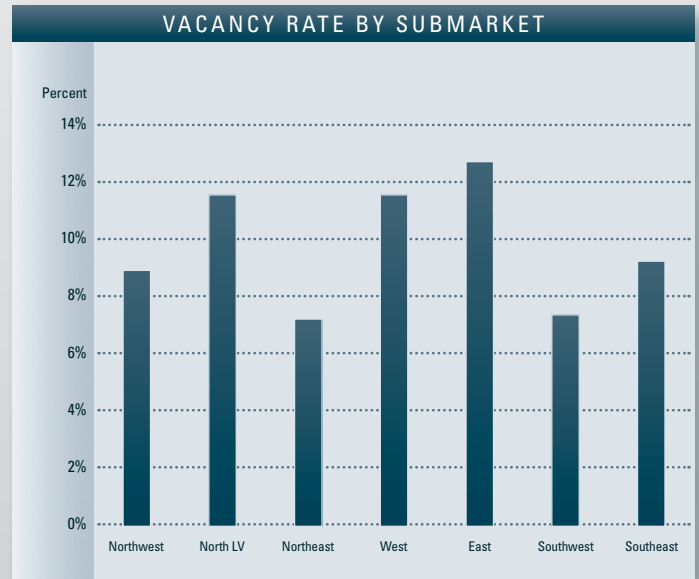
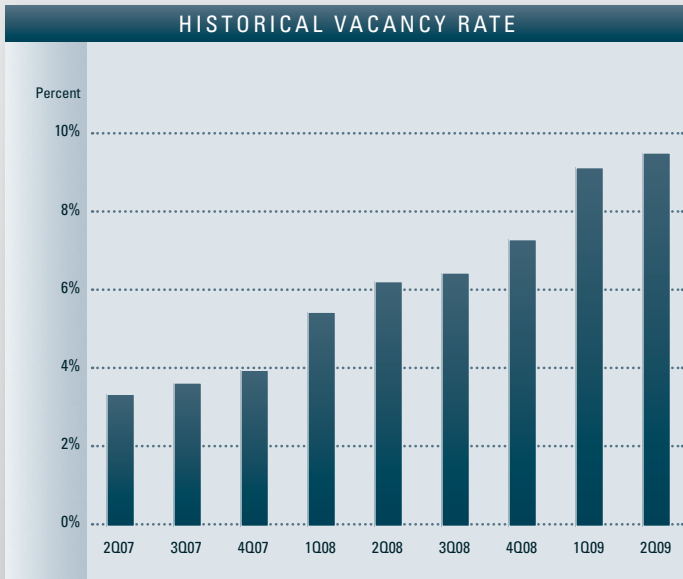
Market Highlights

- ◆ **Market Environment** – By the mid-point of 2009, the Las Vegas economic climate continued to be impacted by the national recession, local housing conditions and contraction in the region’s core industry, leisure and hospitality. The rate of unemployment in Las Vegas has escalated to all-time highs (11.1 percent) as the market continues to shed jobs. These factors continue to impact consumer spending, having a direct impact on retailers and ultimately landlords of commercial retail product.
- ◆ **Vacancy** – Availability in the market has reached an all-time high with 9.8 percent of inventory remaining vacant. The latest vacancy factor is above the 9.3 percent posted three months prior and well ahead of the 6.3 percent reported at the mid-point of 2008. Historically, vacancies have averaged in the 3- to 5-percent range in anchored centers.
- ◆ **Demand** – Weakening demand resulted in the third consecutive quarter of negative net absorption. During the second quarter, approximately 224,200 square feet of space vacated, bringing the trailing 12-month total of negative net absorption to 479,400 square feet. The amount of occupied space reached 46.3 million square feet, a level not witnessed since the third quarter of 2007.
- ◆ **Inventory** – The retail market reported 51.3 million square feet of existing product, which was consistent with the preceding quarter. No major completions took place during the second quarter of 2009. Expansions during the past 12 months totaled 1.4 million square feet.
- ◆ **Future Supply** – Currently, approximately 1.5 million square feet of space is under construction. In the coming quarters, two Target stores are expected to come on-line, one located at Interstate 215/Decatur in the north and another at Horizon/Green Valley Parkway in the south-east. The Home Depot is expected to open another store in the Deer Springs Town Center in the north portion of the valley. In addition, a Glazier’s Market has nearly finished construction at the southeast corner of Warm Springs Road and Durango Drive in the southwest sub-market. Plans for another 10.1 million square feet remain on the drawing board, which is where they will likely stay for the next one to three years.
- ◆ **Market Outlook** – In the near term, we expect market demand to remain weak while limited new projects will move forward. It is likely that vacancies will continue to extend beyond 10 percent. Overall fundamentals should start to show some improvement as key indicators in the housing market suggest a bottom is approaching. Home inventories are shrinking and sales are rising, yet prices remain sluggish. A bottoming in residential pricing will provide additional clarity into consumer spending and the commercial retail sector.

RETAIL MARKET OVERVIEW

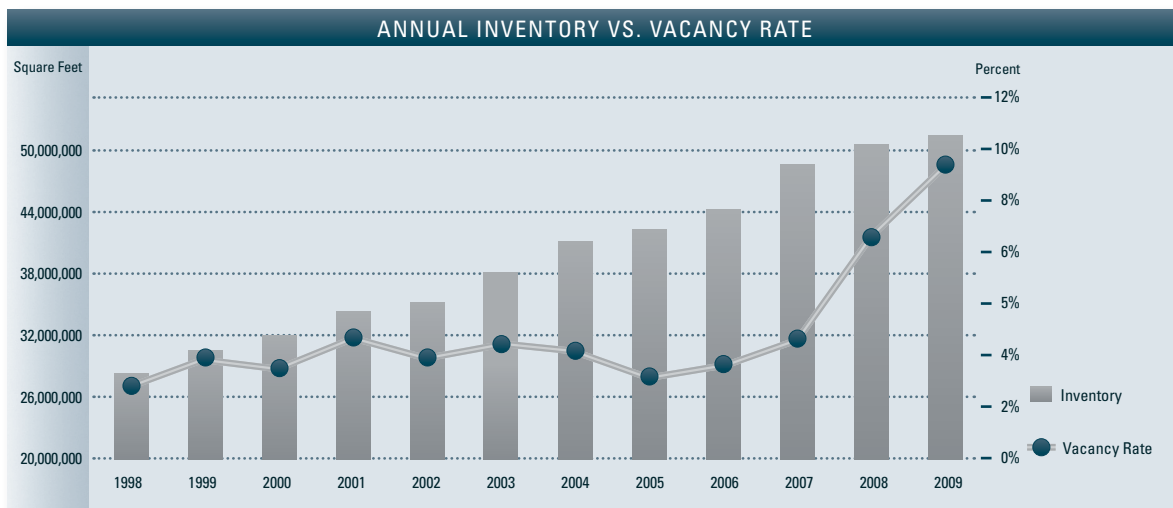
	Q2 2009	Q1 2009	Q2 2008	% CHANGE VS. Q2 2008
Under Construction	1,535,000	2,477,000	3,179,000	-51.71%
Planned Construction	10,142,000	9,759,000	11,301,000	-10.26%
Vacancy	9.8%	9.3%	6.3%	55.56%
Net Absorption	-224,000	-221,000	-200,000	N/A

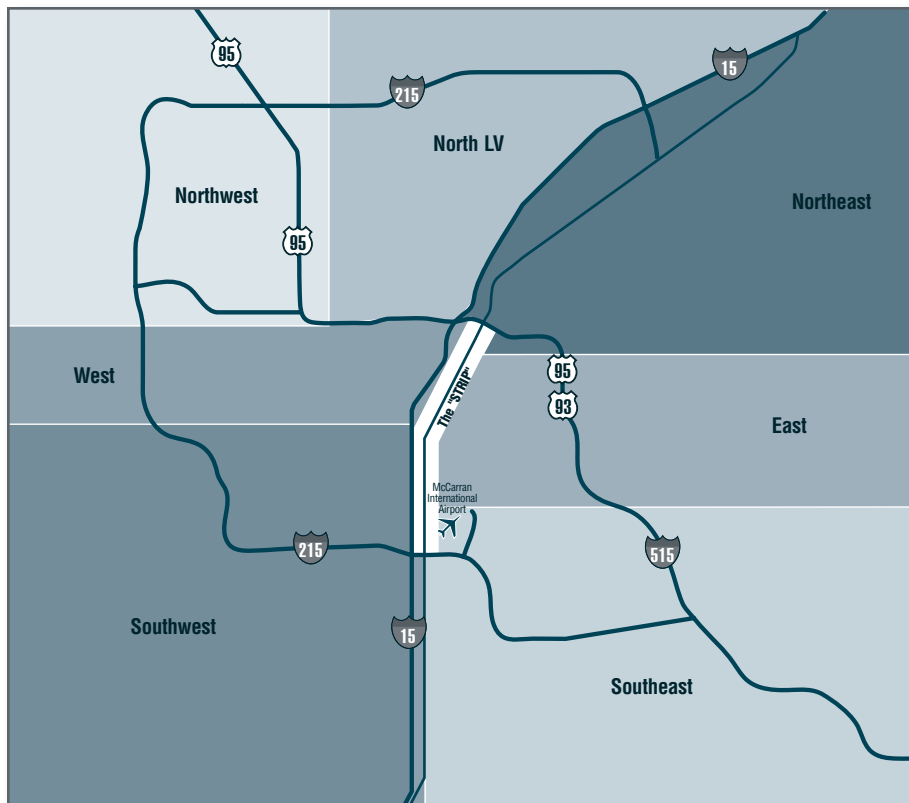
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	INVENTORY				VACANCY		ABSORPTION	
	Number of Buildings	Net Rentable Square Feet	Square Feet Planned	Square Feet Under Construction	Square Feet Vacant	Vacancy Rate 202009	Net Absorption 202009	New Inventory 202009
Northwest								
Power Centers	5	2,189,622	1,000,000	-	159,285	7.3%	(1,020)	-
Community Centers	6	935,026	-	258,210	169,359	18.1%	(48,094)	-
Neighborhood Centers	17	1,960,058	456,525	-	117,779	6.0%	(39,295)	-
Northwest Total	28	5,084,706	1,456,525	258,210	446,423	8.8%	(88,409)	-
North Las Vegas								
Power Centers	10	2,332,919	630,475	291,038	221,584	9.5%	520	-
Community Centers	11	1,508,952	1,011,508	-	110,493	7.3%	(17,699)	-
Neighborhood Centers	29	2,845,500	553,020	-	437,918	15.4%	(6,814)	-
North Las Vegas Total	50	6,687,371	2,195,003	291,038	769,995	11.5%	(23,993)	-
Northeast								
Power Centers	4	943,001	1,142,211	-	1,560	0.2%	-	-
Community Centers	7	1,054,911	351,328	-	64,502	6.1%	605	-
Neighborhood Centers	17	1,298,539	34,000	-	168,610	13.0%	27,915	-
Northwest Total	28	3,296,451	1,527,539	-	234,672	7.1%	28,520	-
West								
Power Centers	11	3,079,229	1,603,009	-	198,564	6.4%	0	-
Community Centers	17	2,381,430	80,000	450,000	375,108	15.8%	(14,872)	-
Neighborhood Centers	22	2,570,157	-	-	346,914	13.5%	(42,922)	-
West Total	50	8,030,816	1,683,009	450,000	920,586	11.5%	(57,794)	-
East								
Power Centers	4	1,203,293	-	-	45,072	3.7%	(4,743)	-
Community Centers	11	1,863,070	-	-	329,611	17.7%	(1,724)	-
Neighborhood Centers	29	3,143,708	-	-	409,885	13.0%	(5,784)	-
East Total	44	6,210,071	-	-	784,568	12.6%	(12,251)	-
Southwest								
Power Centers	12	5,048,799	878,951	64,000	306,527	6.1%	(43,092)	-
Community Centers	8	786,101	595,719	-	66,203	8.4%	(19,241)	-
Neighborhood Centers	33	3,409,656	583,000	196,000	300,849	8.8%	(12,183)	-
Southwest Total	53	9,244,556	2,057,670	260,000	673,579	7.3%	(74,516)	-
Southeast								
Power Centers	10	3,851,585	840,037	-	409,810	10.6%	(18,962)	-
Community Centers	23	4,367,897	153,000	-	248,285	5.7%	5,541	-
Neighborhood Centers	44	4,521,573	229,312	276,000	515,019	11.4%	17,634	-
Southeast Total	77	12,741,055	1,222,349	276,000	1,173,114	9.2%	4,213	-
Las Vegas Total								
Power Centers	56	18,648,448	6,094,683	355,038	1,342,402	7.2%	(67,297)	-
Community Centers	83	12,897,387	2,191,555	708,210	1,363,561	10.6%	(95,484)	-
Neighborhood Centers	191	19,749,191	1,855,857	472,000	2,296,974	11.6%	(61,449)	-
Total	330	51,295,026	10,142,095	1,535,248	5,002,937	9.8%	(224,230)	-

This survey consists of buildings greater than 30,000 square feet.





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.

For further information, please contact:

ANAHEIM METRO OFFICE
 3500 W. Orangewood Ave.
 Orange, CA 92868
 TEL: 714.978.7880
 FAX: 714.978.9431

IRVINE OFFICE
 2020 Main St.
 Suite 100
 Irvine, CA 92614
 TEL: 949.851.5100
 FAX: 949.261.9092

LAS VEGAS OFFICE
 10100 W. Charleston Blvd.
 Suite 200
 Las Vegas, NV 89135
 TEL: 702.734.4500
 FAX: 702.733.7690

NEWPORT BEACH OFFICE
 101 Shipyard Way
 Suite M
 Newport Beach, CA 92663
 TEL: 949.644.8648
 FAX: 949.644.8695

SAN DIEGO OFFICE
 4370 La Jolla Village Dr.
 Suite 990
 San Diego, CA 92122
 TEL: 858.453.0505
 FAX: 858.453.1981

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