



Retail Market Report

Compared to previous quarter:

Vacancy

DOWN

Net Absorption

UP

Lease Rates

DOWN

Construction

DOWN

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Market Highlights

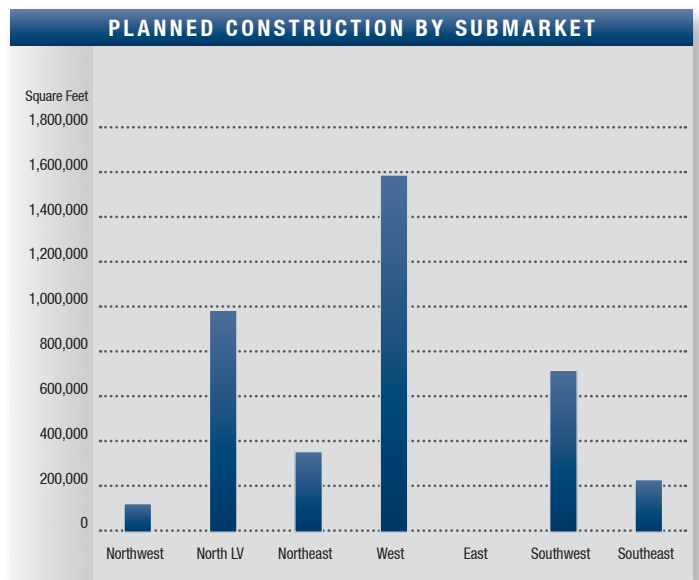
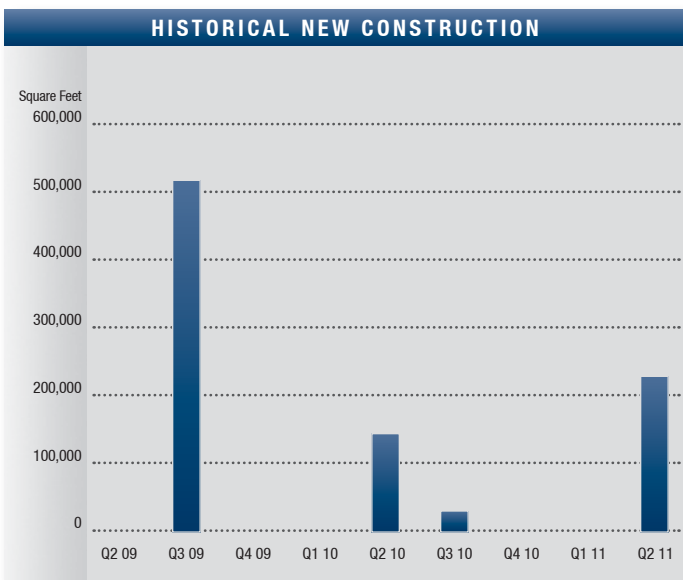
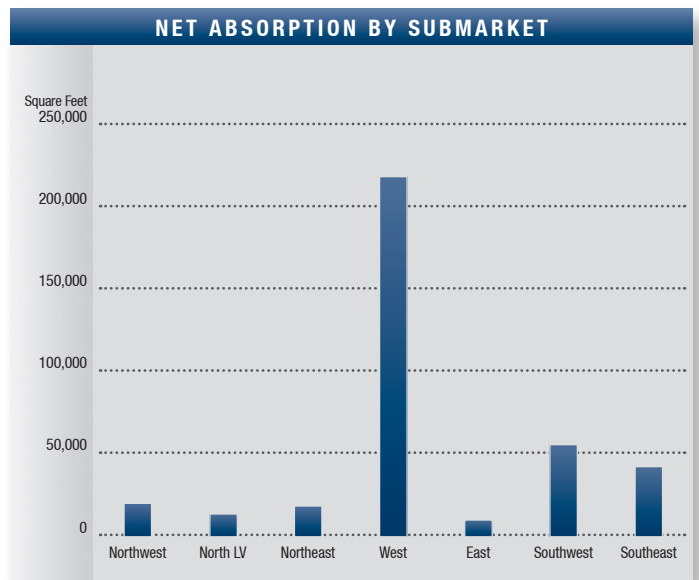
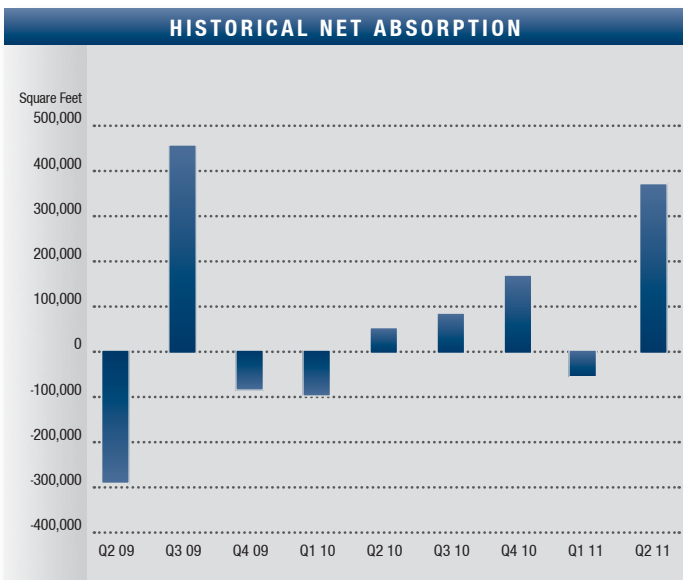
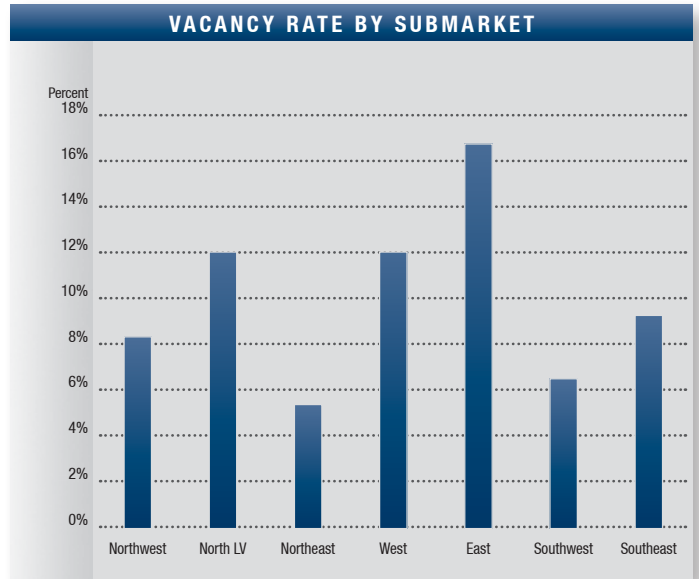
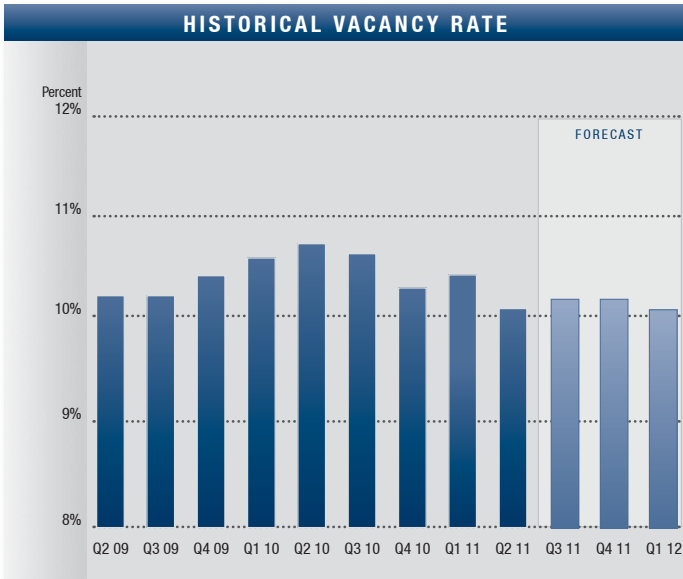
- Market Overview** - Reporting one of the best performing quarters in several years, the Las Vegas retail market witnessed positive net absorption during the quarter. The vacancy rate declined 33 basis points from the previous quarter to 10.1 percent. Compared to the same quarter one year ago (Q2 2010), vacancies are down from 10.8 percent.
- Demand** - The retail sector reported a considerable amount of positive absorption, with a net gain of 369,700 square feet during the second quarter. While much of the absorption is due to the pre-leased activity of Tivoli Village's opening in the west submarket, all product types and all submarkets witnessed positive net absorption. Leasing activities over the last three months have pushed the vacancy rate down to a level not seen since early 2009.
- Inventory** - Total inventory increased 225,000 square feet to more than 51.4 million square feet as Tivoli Village at the northeast corner of Rampart Boulevard and Alta Drive opened after several years of construction. Many of the projects completed during the downturn were for pre-leased users, which will likely be a requirement the market demands going forward as vacant space remains above historical norms.
- Future Supply** - Much of the 3.9 million square feet of space planned or actively being marketed for development is not likely to begin construction for several years. It is important to note that nearly 1.3 million square feet of planned space has already

stalled or delayed construction activity. Among anchored centers, only two neighborhood center projects totaling 186,300 square feet are actively under construction in the southeast submarket, which includes the City of Henderson. One project will be the first WinCo Foods in southern Nevada and another is a second phase of Green Valley Crossing where a Glazier's Food Marketplace and Staples will join Target.

- Economic Considerations** - After three months of significant expansion in the labor market, May 2011 employment figures were disappointing. Joined with the end of the Federal Reserve's second round of quantitative easing and no plans for further efforts to jumpstart the economy, the pace of future economic growth remains uncertain. For the consumer, inflation is impacting almost everything but housing, and a lack of real growth in income has confidence on uneasy ground. It is likely that job reports will have to show stronger improvement more consistently before the tide buoys all.
- Looking Forward** - Positive reports in taxable retail sales and 4,000 additional retail-using employees in the labor market over the last 12 months suggest the environment for retailers may have turned more favorable. If hiring shows additional strength and significant positive net absorption continues over the next six months, we may see average asking rents stabilize.

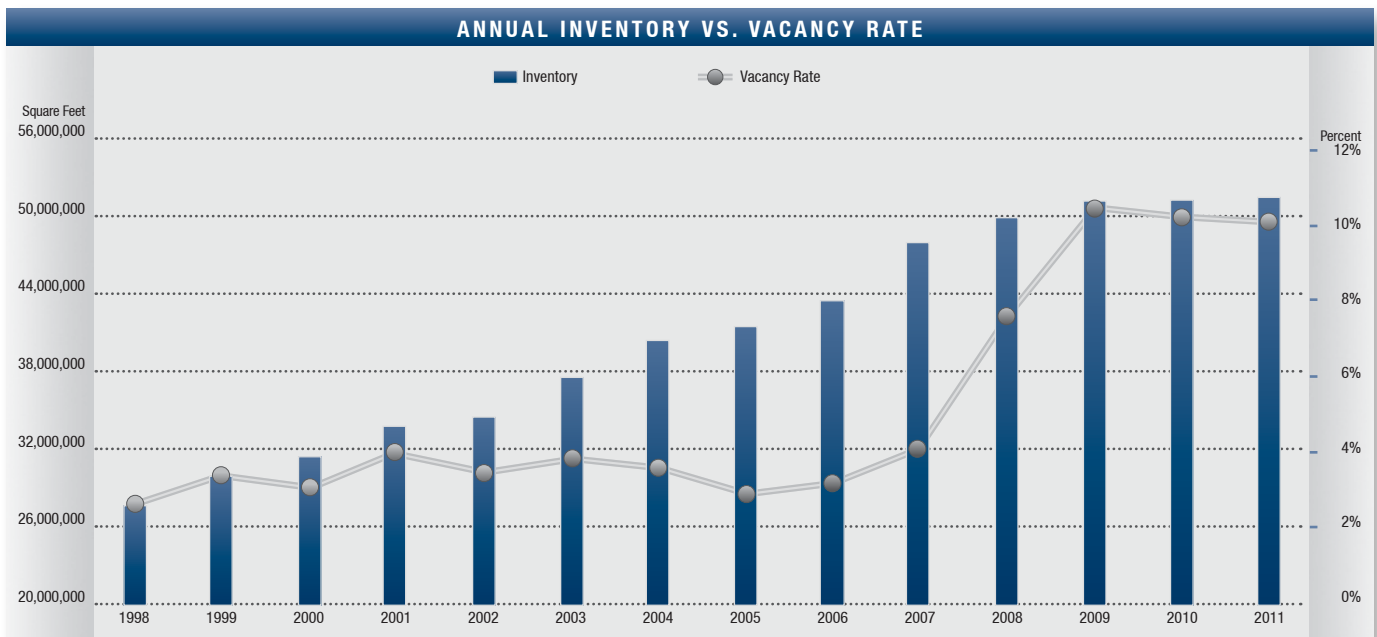
RETAIL MARKET OVERVIEW

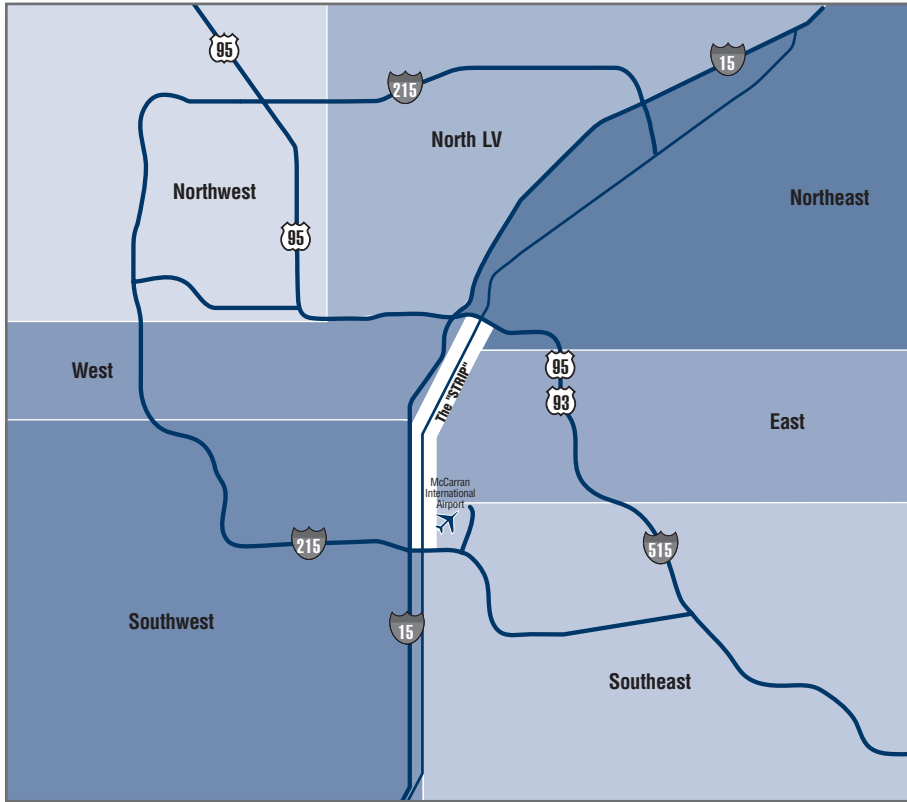
	Q2 2011	Q1 2011	Q2 2010	Q2 2011 vs. Q2 2010
Under Construction	186,295	225,000	325,130	(42.7%)
Planned Construction	3,970,480	4,592,028	5,369,591	(26.1%)
Vacancy	10.1%	10.5%	10.8%	(0.7 points)
Net Absorption	369,744	(63,330)	53,305	N/A



	INVENTORY				VACANCY RATES		ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet Planned	Square Feet Under Construction	Square Feet Vacant	Vacancy Rate Q2 2011	Net Absorption Q2 2011	Net Absorption YTD	New Inventory Q2 2011	New Inventory YTD
Northwest										
Power Centers	5	2,239,622	–	–	151,106	6.7%	(9,259)	(9,259)	–	–
Community Centers	8	1,099,610	73,956	–	166,869	15.2%	–	–	–	–
Neighborhood Centers	17	1,960,058	48,900	–	123,356	6.3%	27,805	14,353	–	–
Northwest Total	30	5,299,290	122,856	–	441,331	8.3%	18,546	5,094	–	–
North Las Vegas										
Power Centers	12	2,623,957	630,475	–	203,567	7.8%	(1,803)	(4,803)	–	–
Community Centers	11	1,508,952	206,909	–	103,144	6.8%	31,884	25,291	–	–
Neighborhood Centers	29	2,845,500	137,000	–	522,044	18.3%	(17,389)	(25,802)	–	–
North Las Vegas Total	52	6,978,409	974,384	–	828,755	11.9%	12,692	(5,314)	–	–
Northeast										
Power Centers	4	943,001	–	–	3,930	0.4%	5,000	2,120	–	–
Community Centers	7	1,054,911	351,328	–	39,987	3.8%	4,075	(8,358)	–	–
Neighborhood Centers	17	1,298,539	–	–	134,121	10.3%	7,456	55,756	–	–
Northeast Total	28	3,296,451	351,328	–	178,038	5.4%	16,531	49,518	–	–
West										
Power Centers	11	3,079,229	1,200,000	–	146,154	4.7%	2,189	(38,103)	–	–
Community Centers	18	2,606,430	380,000	–	402,679	15.4%	215,991	194,911	225,000	225,000
Neighborhood Centers	22	2,540,122	–	–	428,401	16.9%	697	(4,455)	–	–
West Total	51	8,225,781	1,580,000	–	977,234	11.9%	218,877	152,353	225,000	225,000
East										
Power Centers	4	1,203,293	–	–	206,865	17.2%	(5,600)	(5,950)	–	–
Community Centers	11	1,864,470	–	–	342,334	18.4%	25,340	20,041	–	–
Neighborhood Centers	29	3,143,708	–	–	491,999	15.7%	(11,694)	(27,058)	–	–
East Total	44	6,211,471	–	–	1,041,198	16.8%	8,046	(12,967)	–	–
Southwest										
Power Centers	13	4,372,467	223,156	–	259,626	5.9%	29,045	23,803	–	–
Community Centers	8	786,101	180,719	–	60,944	7.8%	9,636	9,912	–	–
Neighborhood Centers	33	3,409,656	310,000	–	238,743	7.0%	14,885	24,622	–	–
Southwest Total	54	8,568,224	713,875	–	559,313	6.5%	53,566	58,337	–	–
Southeast										
Power Centers	10	3,851,585	175,037	–	290,495	7.5%	(4,406)	8,544	–	–
Community Centers	23	4,349,958	53,000	–	402,394	9.3%	29,300	3,052	–	–
Neighborhood Centers	45	4,639,847	–	186,295	491,256	10.6%	16,592	47,797	–	–
Southeast Total	78	12,841,390	228,037	186,295	1,184,145	9.2%	41,486	59,393	–	–
Las Vegas Total										
Power Centers	59	18,313,154	2,228,668	–	1,261,743	6.9%	15,166	(23,648)	–	–
Community Centers	86	13,270,432	1,245,912	–	1,518,351	11.4%	316,226	244,849	225,000	225,000
Neighborhood Centers	192	19,837,430	495,900	186,295	2,429,920	12.2%	38,352	85,213	–	–
Las Vegas Total	337	51,421,016	3,970,480	186,295	5,210,014	10.1%	369,744	306,414	225,000	225,000

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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