



Voit
Real Estate Services

Retail Market Report

Compared to last quarter:

**Vacancy
DOWN**



**Absorption
UP**



**Lease Rates
DOWN**



**Construction
DOWN**



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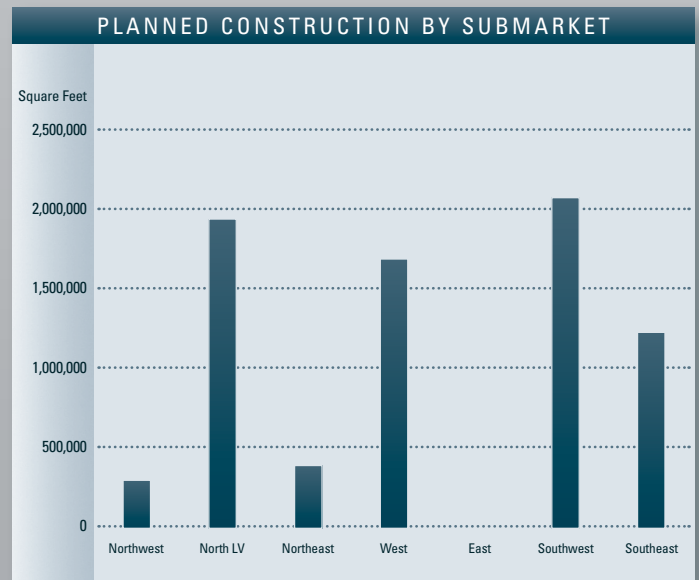
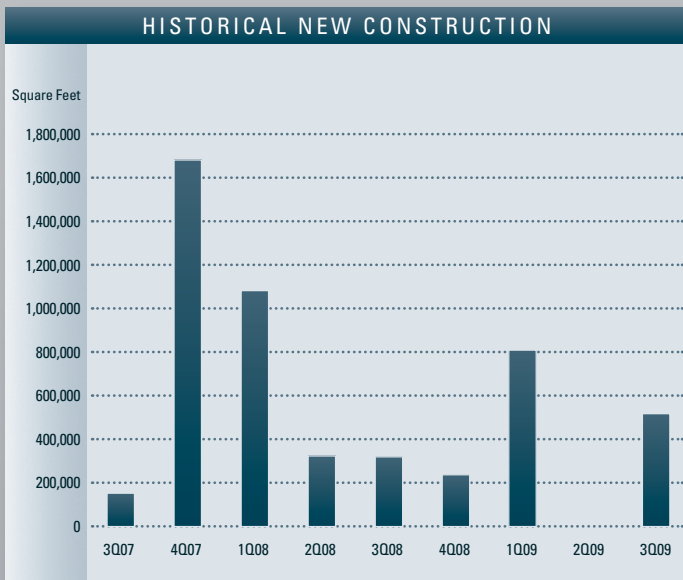
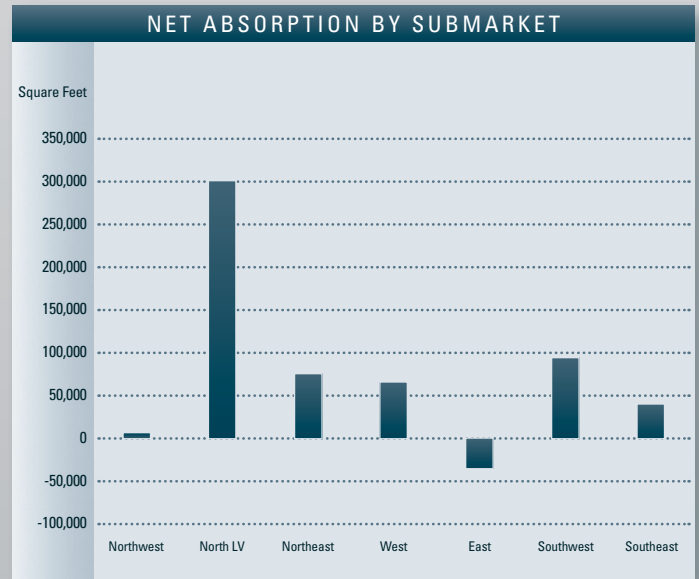
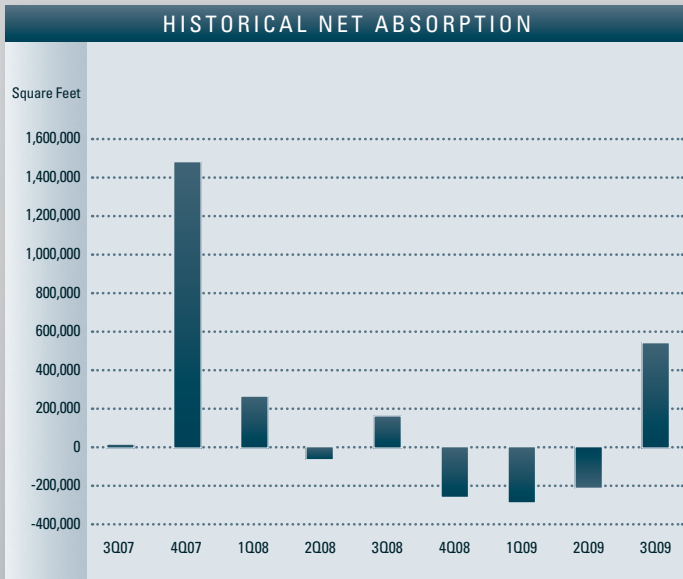
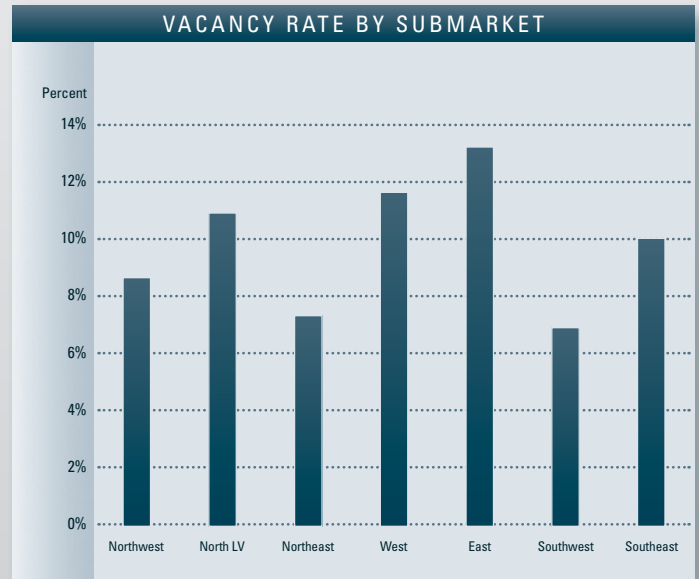
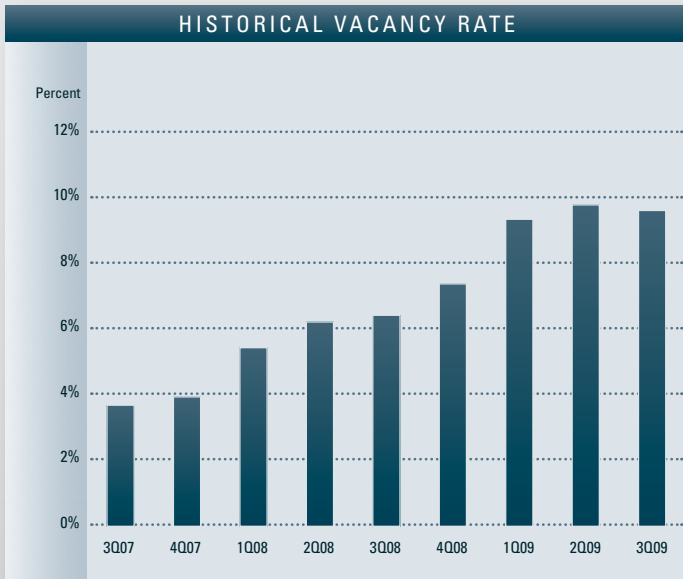
Market Highlights

- ◆ **Market Overview** – At the end of the third quarter of 2009, the Las Vegas retail market continued to feel downward pressure on rents as vacancies remained elevated and budget-conscious consumers linger on the sidelines in what is the longest recession since the Great Depression. Overall vacancies remained elevated at 9.9 percent, which represented a 0.2-point fall from the preceding quarter largely due to occupancies of three former Mervyn's locations by Kohl's. Compared to the same quarter of the prior year, vacancies were up 3.3 points from 6.6 percent.
- ◆ **Future Supply** – By the end of the third quarter, approximately 809,800 square feet was in some form of construction, placing under construction retail projects below 1 million square feet, something the market has not witnessed since early 2005. Projects remaining under construction include a Lowe's-anchored center at Caroline's Court in the northwest and Tivoli Village at Queensridge. It is worth noting that approximately 1.4 million square feet of space has stalled or delayed construction activity and will remain classified as planned until construction activity resumes. Planned space remains elevated at 7.5 million square feet with the majority of space not expected to move forward in the near term.
- ◆ **Economic Considerations** – Economic conditions continued to deteriorate in Las Vegas as job losses continued, pushing 60,400 southern Nevadan's out of work during the past 12 months (down 6.7 percent year-over-year). As a result, unemployment levels rose to 13.4 percent, up from 7.0 percent one year ago. Job losses remain particularly high in the most prominent sectors - construction (down 21,400 jobs or 22.6 percent) and leisure and hospitality (down 18,700 jobs or 6.9 percent).
- ◆ **Looking Forward** – National economic contraction has slowed and growth in a variety of leading indicators is expected, yet Las Vegas has yet to reap the benefits of a recession that is 'very likely over.' Retailers continue to downsize as fundamentals in consumer behavior has shifted to less consumption and more savings, during this extended period of economic decline. The market will take a wait-and-see approach as retailers enter their busiest shopping season, in hopes that consumers are ready to open their wallets and return to more normalized activity.
- ◆ **Demand** – Pre-leased space in recent completions contributed to the bulk of the 545,100 square feet of net absorption. Without these additions positive net absorption would have been less than 1 percent of vacant space. To return to pre-recession vacancy rates of approximately 4.0 percent, the market is required to absorb approximately 5.9 percent of overall inventory, or 3.0 million square feet.
- ◆ **Inventory** – Retail market expansions continued as pre-leased anchored centers that have long been in the development pipeline were delivered. Approximately 545,100 square feet completed construction, bringing total market inventory to 51.8 million square feet. Selected completions during the third quarter of 2009 included: (a) a Target located in North Las Vegas along the Interstate-215 and Decatur Boulevard; (b) an additional Target store and surrounding retail in the southeast/Henderson area; (c) a Glazier's Food Marketplace at the Desert Marketplace shopping center in the southwest; and (d) The Home Depot located at the Deer Springs Town Center in North Las Vegas was delivered to the tenant.

RETAIL MARKET OVERVIEW

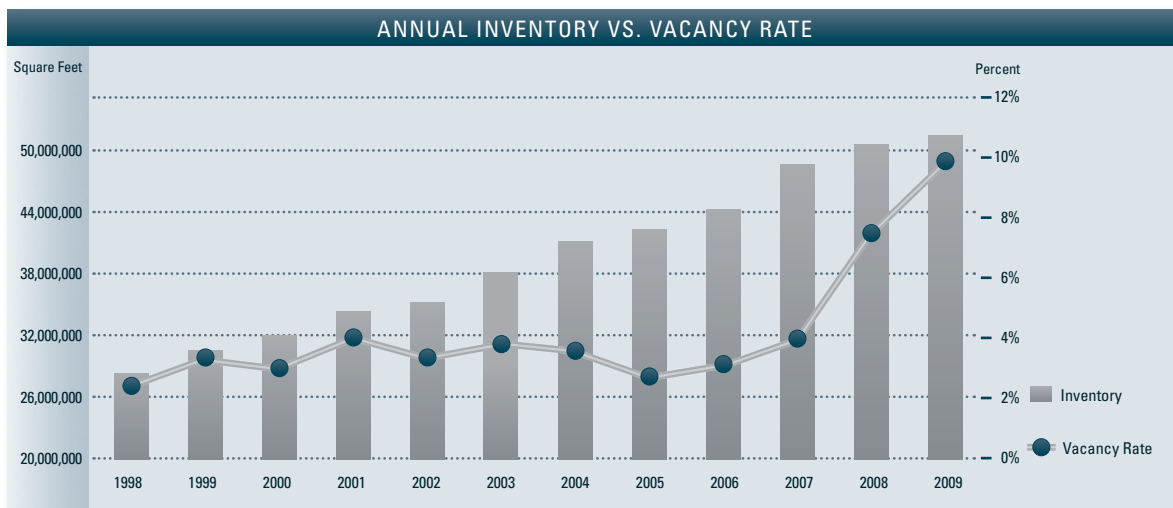
	Q3 2009	Q2 2009	Q3 2008	% CHANGE VS. Q3 2008
Under Construction	809,800	1,339,200	2,854,900	-71.63%
Planned Construction	7,502,700	10,439,700	11,409,300	-34.24%
Vacancy	9.9%	10.1%	6.6%	50.00%
Net Absorption	545,100	-224,200	165,500	N/A

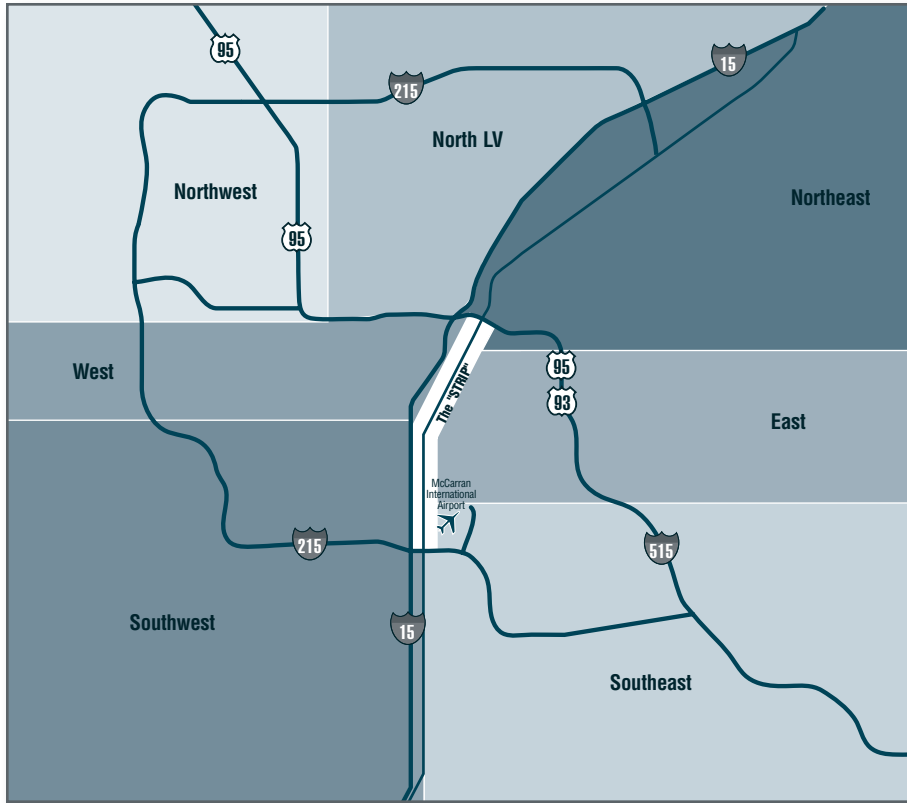
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	INVENTORY				VACANCY		ABSORPTION	
	Number of Buildings	Net Rentable Square Feet	Square Feet Planned	Square Feet Under Construction	Square Feet Vacant	Vacancy Rate 3Q2009	Net Absorption 3Q2009	New Inventory 3Q2009
Northwest								
Power Centers	5	2,189,622	-	-	151,719	6.9%	7,566	-
Community Centers	6	935,026	-	258,210	169,359	18.1%	-	-
Neighborhood Centers	17	1,960,058	298,900	-	117,931	6.0%	(152)	-
Northwest Total	28	5,084,706	298,900	258,210	439,009	8.6%	7,414	-
North Las Vegas								
Power Centers	12	2,623,957	630,475	-	221,584	8.4%	291,038	291,038
Community Centers	11	1,508,952	1,011,508	-	125,361	8.3%	(14,868)	-
Neighborhood Centers	29	2,845,500	287,000	-	414,122	14.6%	23,796	-
North Las Vegas Total	52	6,978,409	1,928,983	-	761,067	10.9%	299,966	291,038
Northeast								
Power Centers	4	943,001	-	-	9,280	1.0%	71,280	-
Community Centers	7	1,054,911	351,328	-	62,465	5.9%	2,037	-
Neighborhood Centers	17	1,298,539	34,000	-	168,610	13.0%	0	-
Northwest Total	28	3,296,451	385,328	-	240,355	7.3%	73,317	-
West								
Power Centers	11	3,079,229	1,603,009	-	196,464	6.4%	77,787	-
Community Centers	17	2,381,430	80,000	450,000	377,485	15.9%	(2,377)	-
Neighborhood Centers	22	2,570,157	-	-	356,363	13.9%	(9,449)	-
West Total	50	8,030,816	1,683,009	450,000	930,312	11.6%	65,961	-
East								
Power Centers	4	1,203,293	-	-	42,885	3.6%	2,187	-
Community Centers	11	1,863,070	-	-	337,999	18.1%	(8,388)	-
Neighborhood Centers	29	3,143,708	-	-	439,428	14.0%	(29,543)	-
East Total	44	6,210,071	-	-	820,312	13.2%	(35,744)	-
Southwest								
Power Centers	13	5,112,799	878,951	-	255,382	5.0%	115,145	64,000
Community Centers	8	786,101	415,719	-	66,203	8.4%	-	-
Neighborhood Centers	33	3,409,656	779,000	-	322,148	9.4%	(21,299)	-
Southwest Total	54	9,308,556	2,073,670	-	643,733	6.9%	93,846	64,000
Southeast								
Power Centers	10	3,851,585	840,037	-	409,810	10.6%	-	-
Community Centers	23	4,367,897	153,000	-	333,734	7.6%	(85,449)	-
Neighborhood Centers	45	4,682,842	229,312	101,550	550,476	11.8%	125,812	161,269
Southeast Total	78	12,902,324	1,222,349	101,550	1,294,020	10.0%	40,363	161,269
Las Vegas Total								
Power Centers	59	19,003,486	3,952,472	-	1,287,124	6.8%	565,003	355,038
Community Centers	83	12,897,387	2,011,555	708,210	1,472,606	11.4%	(109,045)	-
Neighborhood Centers	192	19,910,460	1,628,212	101,550	2,369,078	11.9%	89,165	161,269
Total	334	51,811,333	7,592,239	809,760	5,128,808	9.9%	545,123	516,307

This survey consists of buildings greater than 30,000 square feet. **Note:** Planned inventory includes projects that previously commenced construction but are not actively underway.





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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