



Retail Market Report

Compared to the Previous Quarter:

Vacancy



Net Absorption



Lease Rates



Construction



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Market Highlights

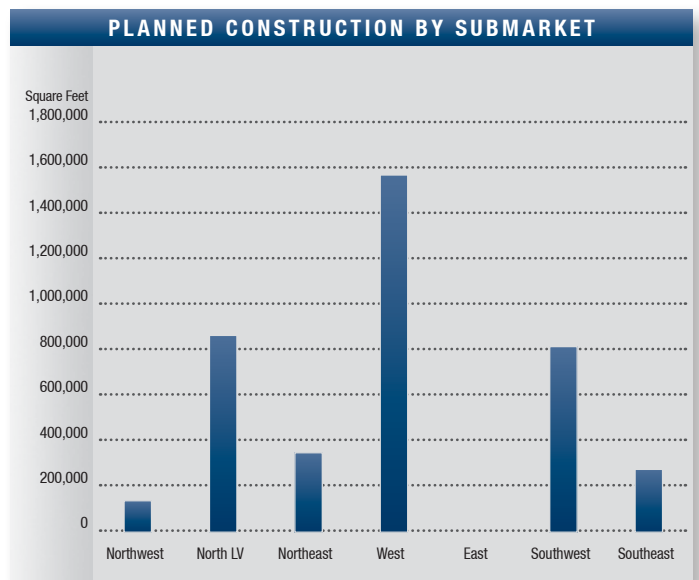
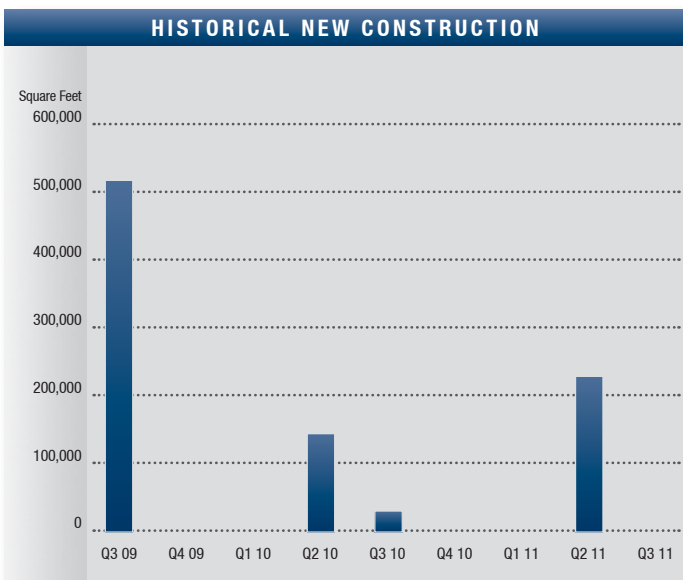
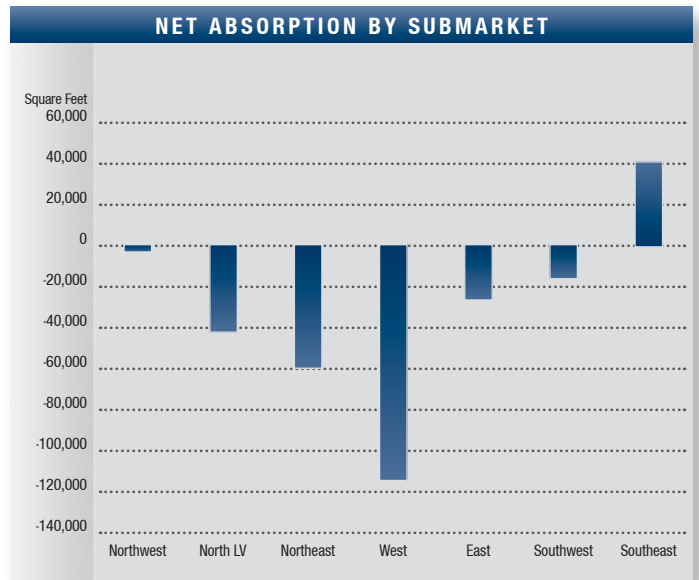
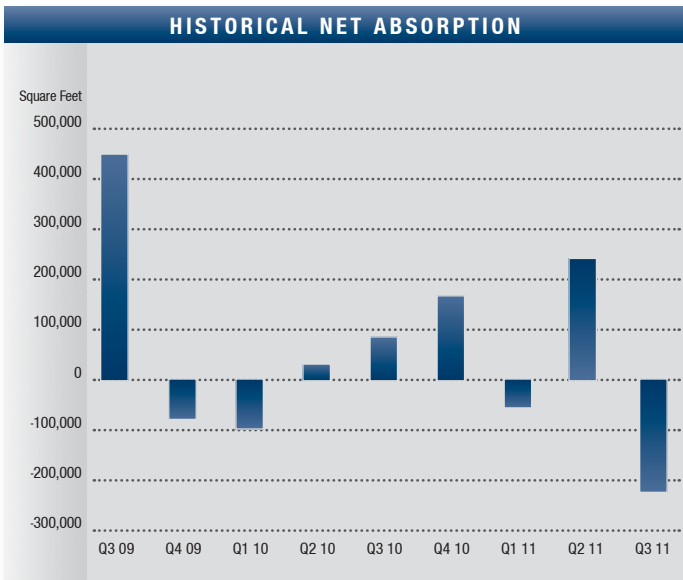
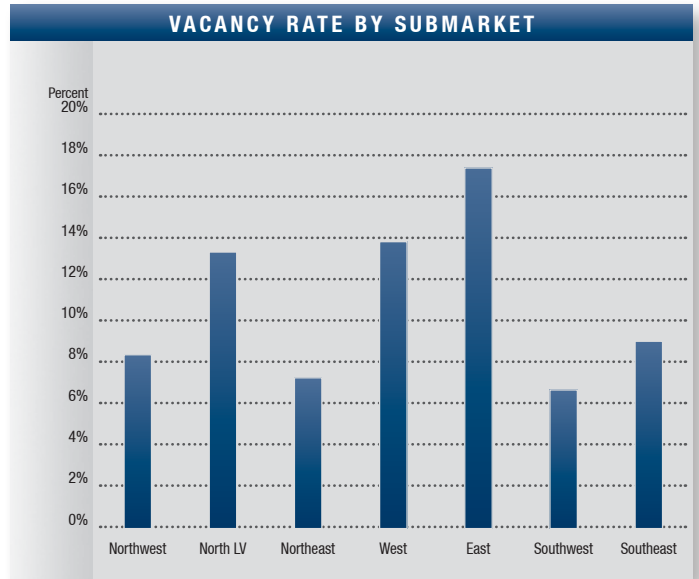
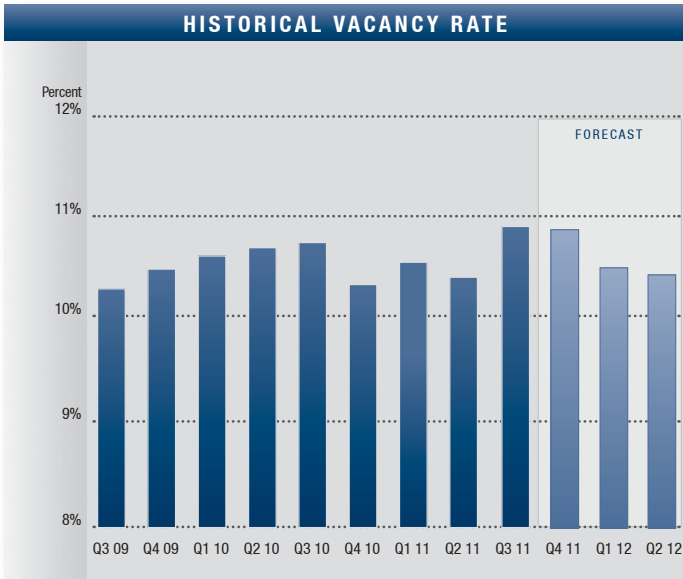
- Market Overview** - The Las Vegas Valley retail market posted a 0.4–percentage–point increase in the vacancy rate during the past three months as 223,400 square feet of negative move out occurred during the third quarter. The vacancy rate pushed to a new high of 10.8 percent, or 14 basis points above the same period a year ago (Q3 2010). Vacancies remain elevated compared to historical averages as a number of national chains have closed their doors and local conditions remain fragile.
- Demand** - The retail sector reported a considerable amount of negative net absorption, but it is important to note that nearly 100,000 square feet of space vacated during the quarter was sourced to the closings of several Borders bookstores throughout the valley. With a few of these stores in centers and submarkets that are outperforming the broader market, it is likely some of this space could be absorbed faster than other large vacancies.
- Inventory** - Total inventory remained unchanged during the quarter at 51.4 million square feet. Over the last 12 months, a modest 225,000 square feet of new inventory has entered the market. This represents about a tenth of the annual average built over the last ten years.
- Future Supply** - Among anchored centers, two WinCo Foods are actively under construction in the valley, and a second–phase addition to the

Target–anchored Green Valley Crossing is being built for Petco and Staples. Much of the 4.0 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 1.4 million square feet of planned space has stalled or delayed construction activity.

- Economic Considerations** - Selected indicators continued their slowdown during the third quarter, and with little movement from the government or Federal Reserve on the macro front, concern is intensifying as consumer sales and job growth moves forward at a snail's pace. At the local level, core employment continues to expand, partially attributable to positive performances from tourism and gaming. Nevertheless, southern Nevada's labor market has yet to see positive gains in sectors where the pool of long–term unemployed reside, particularly construction.
- Looking Forward** - While the performance of taxable retail sales has improved and the retail sector has begun adding jobs over the last year, the fragile economy remains a concern. As retailers approach the holiday season, it will important to watch sales volumes as well as seasonal–to–permanent hiring trends. If both indicators trend positive, it may set the stage for 2012, providing retailers increased confidence to consider next steps for expansion.

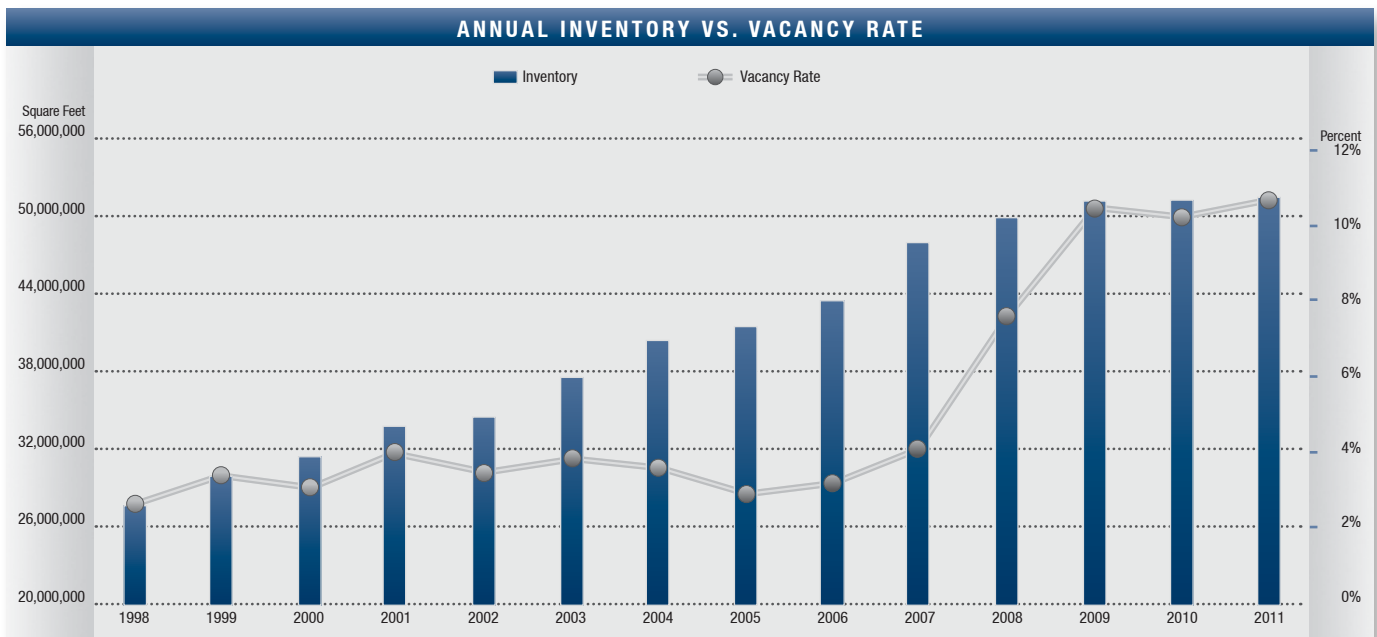
RETAIL MARKET OVERVIEW

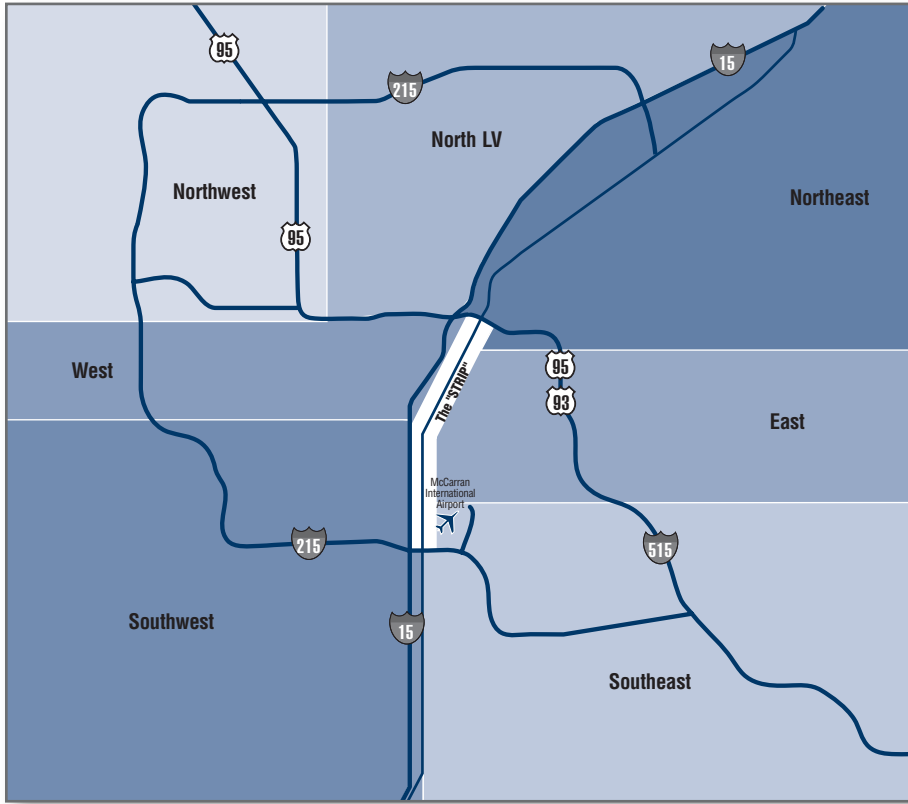
	Q3 2011	Q2 2011	Q3 2010	Q3 2011 vs. Q3 2010
Under Construction	225,000	130,000	299,000	(24.7%)
Planned Construction	4,027,800	4,222,800	4,993,800	(19.3%)
Vacancy	10.8%	10.4%	10.7%	0.2%
Net Absorption	(223,435)	247,880	88,433	N/A



	INVENTORY				VACANCY RATES		ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet Planned	Square Feet Under Construction	Square Feet Vacant	Vacancy Rate Q3 2011	Net Absorption Q3 2011	Net Absorption YTD	New Inventory Q3 2011	New Inventory YTD
Northwest										
Power Centers	5	2,239,622	–	–	191,494	8.6%	(40,388)	(49,647)	–	–
Community Centers	8	1,099,610	73,956	–	127,608	11.6%	39,261	39,261	–	–
Neighborhood Centers	17	1,960,058	48,900	–	125,750	6.4%	(2,394)	(11,959)	–	–
Northwest Total	30	5,299,290	122,856	–	444,852	8.4%	(3,521)	1,573	–	–
North Las Vegas										
Power Centers	12	2,623,957	535,475	95,000	269,574	10.3%	471	(70,810)	–	–
Community Centers	11	1,508,952	206,909	–	103,144	6.8%	–	25,291	–	–
Neighborhood Centers	29	2,845,500	137,000	–	563,975	19.8%	(41,931)	(67,733)	–	–
North Las Vegas Total	52	6,978,409	879,384	95,000	936,693	13.4%	(41,460)	(113,252)	–	–
Northeast										
Power Centers	4	943,001	–	–	3,930	0.4%	–	2,120	–	–
Community Centers	7	1,054,911	351,328	–	94,499	9.0%	(54,512)	(62,870)	–	–
Neighborhood Centers	17	1,298,539	–	–	140,305	10.8%	(6,184)	49,572	–	–
Northeast Total	28	3,296,451	351,328	–	238,734	7.2%	(60,696)	(11,178)	–	–
West										
Power Centers	11	3,079,229	1,200,000	–	141,683	4.6%	(484)	(38,587)	–	–
Community Centers	18	2,606,430	380,000	–	590,617	22.7%	(108,687)	6,973	–	225,000
Neighborhood Centers	22	2,540,122	–	–	409,928	16.1%	(5,353)	14,018	–	–
West Total	51	8,225,781	1,580,000	–	1,142,228	13.9%	(114,524)	(17,596)	–	225,000
East										
Power Centers	4	1,203,293	–	–	240,204	20.0%	(22,438)	(28,388)	–	–
Community Centers	11	1,864,470	–	–	344,617	18.5%	(2,283)	(28,564)	–	–
Neighborhood Centers	29	3,143,708	–	–	493,505	15.7%	(1,506)	17,758	–	–
East Total	44	6,211,471	–	–	1,078,326	17.4%	(26,227)	(39,194)	–	–
Southwest										
Power Centers	13	4,372,467	223,156	–	263,033	6.0%	(7,046)	20,396	–	–
Community Centers	8	786,101	180,719	–	59,658	7.6%	1,286	11,198	–	–
Neighborhood Centers	33	3,409,656	406,000	–	251,022	7.4%	(12,279)	12,343	–	–
Southwest Total	54	8,568,224	809,875	–	573,713	6.7%	(18,039)	43,937	–	–
Southeast										
Power Centers	10	3,851,585	175,037	–	220,750	5.7%	69,745	78,289	–	–
Community Centers	23	4,349,958	53,000	–	411,530	9.5%	(9,136)	(6,084)	–	–
Neighborhood Centers	45	4,639,847	56,295	130,000	514,433	11.1%	(19,577)	24,620	–	–
Southeast Total	78	12,841,390	284,332	130,000	1,146,713	8.9%	41,032	96,825	–	–
Las Vegas Total										
Power Centers	59	18,313,154	2,133,668	95,000	1,330,668	7.3%	(140)	(86,627)	–	–
Community Centers	86	13,270,432	1,245,912	–	1,731,673	13.0%	(134,071)	(14,795)	–	225,000
Neighborhood Centers	192	19,837,430	648,195	130,000	2,498,918	12.6%	(89,224)	62,537	–	–
Las Vegas Total	337	51,421,016	4,027,775	225,000	5,561,259	10.8%	(223,435)	(38,885)	–	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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