THIRD QUARTER 2014
LAS VEGAS
RETAIL

Voit
REAL ESTATE SERVICES

MARKET CHANGE

Compared to the Previous Quarter:

Vacancy
DOWN

Net Absorption
POSITIVE

Lease Rates
FLAT

Construction
DOWN

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APPLIED ANALYSIS

HIGHLIGHTS

- **Market Overview -** Demand for anchored retail space in Las Vegas picked up in the third quarter compared to the second quarter of 2014. During the latest reporting period, the vacancy rate fell to 9.1 percent, which is down 10 basis points (0.1 percentage point) from the prior quarter (Q2 2014). Compared to a year ago (Q3 2013), the retail vacancy rate has fallen 30 basis points (0.3 percentage points).
- **Demand -** The retail sector reported approximately 224,700 SF of positive net absorption in the third quarter of 2014, bringing the year-to-date total to 307,700 SF. During the quarter, Vercini reportedly leased 17,000 SF in Town Square, while Dollar Tree signed a deal for more than 12,000 SF in Sahara Pavilion North on the northeast corner of Sahara Avenue and Decatur Boulevard. In addition, Ulta leased nearly 11,000 SF in Lake Mead Crossing power center on the northwest corner of Lake Mead Parkway and Water Street.
- **Inventory -** One anchored retail project completed construction during the third quarter, bringing total inventory to 52.6 million SF. The 200,000 SF Sahara Center is located on the northeast corner of Sahara Avenue and Hualapai Way and was partially pre-leased when completed. Selected tenants include Petco, Stein Mart, TJ Maxx, Home Goods and Sprouts Farmers Market.
- **Future Supply -** Development activity fell to 2.1 million square feet in the third quarter of 2014. During the period, four anchored retail projects continued to make progress throughout the valley, including Las Vegas Athletic Club (87,800 SF), Life Time Athletic Henderson (170,000 SF), the second phase of Tivoli Village at Queensridge (300,000 SF) and Downtown Summerlin (1.5 million SF). In addition, roughly 11,300 SF of pad space broke ground at Green Valley Crossing, while Urgent Care Extra is building a 4,000 SF facility on the southeast corner of Rainbow Boulevard and Mardon Avenue.
- **Economic Considerations -** In August 2014 (latest available data), the Las Vegas MSA added 24,700 jobs compared to a year ago. The professional and business services sector witnessed the most substantial year-over-year growth with the addition of 6,400 positions. Other sectors reporting gains included education and health services (+5,900 jobs), retail trade (+5,100 jobs), government (+1,800 jobs), financial activities (+1,300 jobs) and leisure and hospitality (+1,200 jobs). Additional indicators that continue to perform well include taxable retail sales (+7.9 percent year-over-year for the 12 months ending July 2014) and visitor volume (reaching an all-time high of 40.8 million for the 12 months ending August 2014).
- **Overall -** The retail vacancy rate is now down 200 basis points (2.0 percentage points) from the high of 11.1 percent reached in 2010. Retail trade continues to be one of the fastest growing employment sectors in southern Nevada, and as consumer spending continues to report annual gains, it is likely more retailers will look to increase their presence in the area.

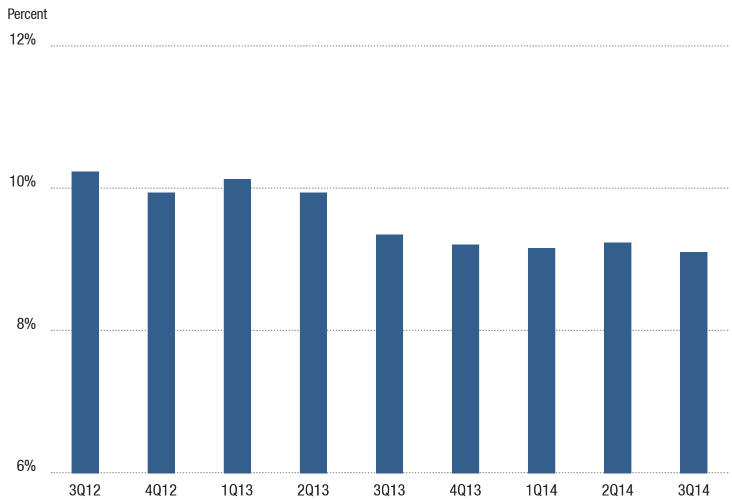
FORECAST

- **Employment -** Employment is expected to continue to report year-over-year gains, with broader improvements in the construction, retail trade and professional and business services sectors.
- **Construction -** Construction activity is expected to pick up heading into 2015 as a handful of the 2.8 million SF of planned inventory is expected to break ground.
- **Vacancy -** While the vacancy rate is expected to continue to report modest improvements, meaningful gains will be driven by occupancies within second generation big boxes.

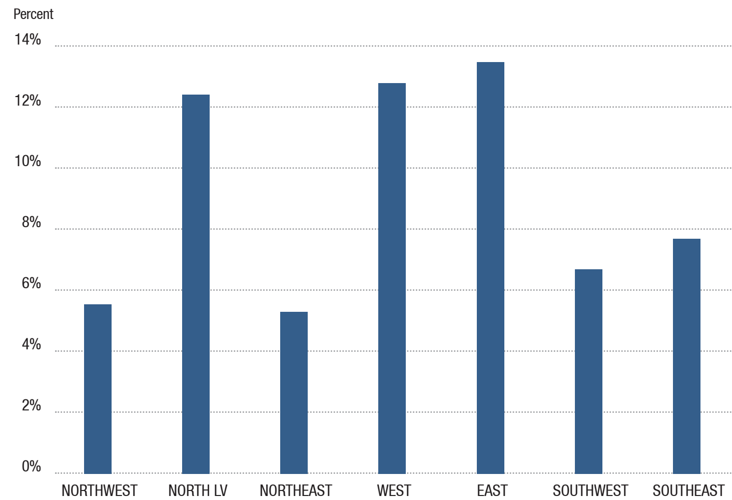
OVERVIEW

	3Q14	2Q14	3Q13	% Change vs. 3Q13
Under Construction	2,073,039	2,257,750	1,837,928	12.8%
Planned Construction	2,815,595	2,479,884	3,315,234	(15.1%)
Vacancy	9.1%	9.2%	9.4%	(0.3%)
Net Absorption	224,673	(18,965)	258,126	N/A

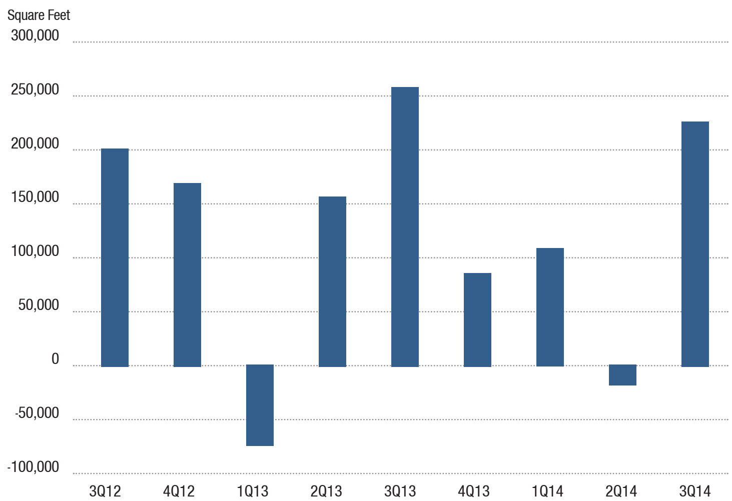
HISTORICAL VACANCY RATE



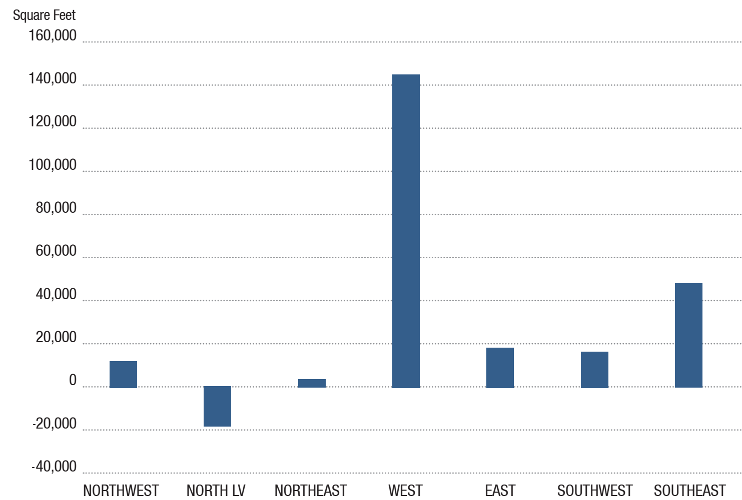
VACANCY RATE BY SUBMARKET



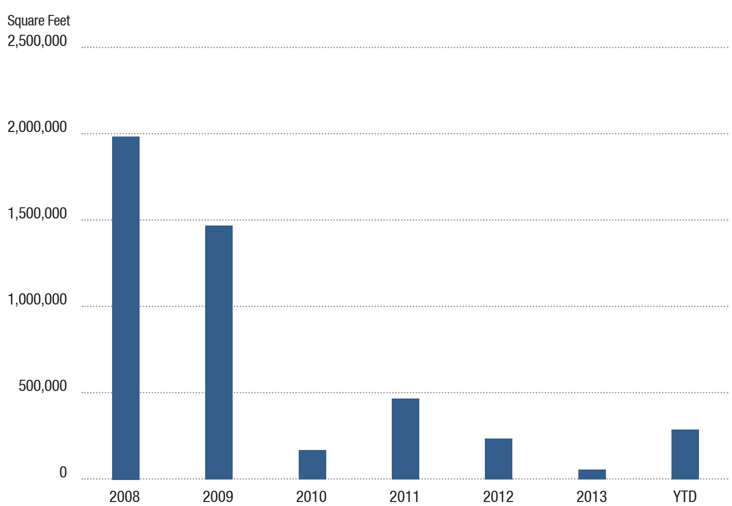
HISTORICAL NET ABSORPTION



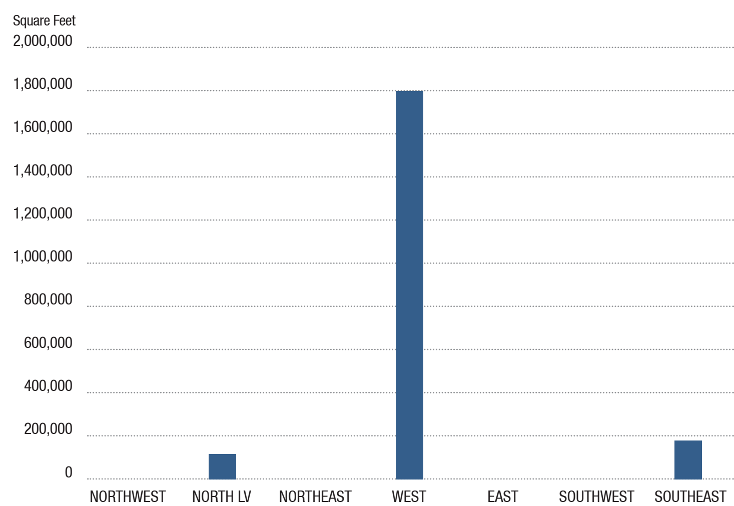
NET ABSORPTION BY SUBMARKET



HISTORICAL NEW CONSTRUCTION



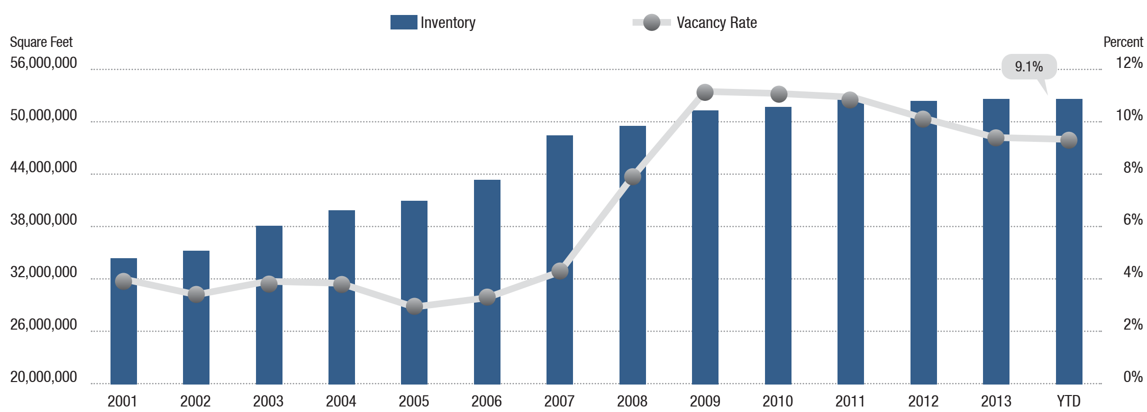
CONSTRUCTION ACTIVITY BY SUBMARKET



	INVENTORY				VACANCY RATES		ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet Under Construction	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2014	Net Absorption 3Q2014	Net Absorption 2014	New Inventory 3Q2014	New Inventory 2014
Northwest										
Power Centers	5	2,239,622	0	0	113,083	5.0%	1,895	(18,907)	0	0
Community Centers	8	1,099,610	0	73,956	102,548	9.3%	1,600	(711)	0	0
Neighborhood Centers	17	1,960,058	0	64,848	59,465	3.0%	8,678	52,209	0	0
Northwest Total	30	5,299,290	0	138,804	275,096	5.2%	12,173	32,591	0	0
North Las Vegas										
Power Centers	15	2,777,628	0	522,443	247,882	8.9%	6,540	(138,723)	0	0
Community Centers	11	1,508,952	87,750	67,400	153,056	10.1%	(9,053)	(15,750)	0	0
Neighborhood Centers	30	2,994,395	0	0	485,770	16.2%	(15,461)	49,252	0	0
North Las Vegas Total	56	7,280,975	87,750	589,843	886,708	12.2%	(17,974)	(105,221)	0	0
Northeast										
Power Centers	4	943,001	0	0	7,961	0.8%	1,008	4,208	0	0
Community Centers	7	1,054,911	0	431,328	61,277	5.8%	(300)	(17,404)	0	0
Neighborhood Centers	17	1,298,539	0	0	97,186	7.5%	1,920	3,240	0	0
Northeast Total	28	3,296,451	0	431,328	166,424	5.0%	2,628	(9,956)	0	0
West										
Power Centers	11	3,079,229	1,500,000	0	241,614	7.8%	(1,480)	(109,017)	0	0
Community Centers	19	2,806,430	300,000	0	543,273	19.4%	11,681	50,498	0	0
Neighborhood Centers	23	2,740,122	0	0	306,079	11.2%	135,010	165,960	200,000	200,000
West Total	53	8,625,781	1,800,000	0	1,090,966	12.6%	145,211	107,441	200,000	200,000
East										
Power Centers	4	1,203,293	0	0	181,358	15.1%	2,908	(27,687)	0	0
Community Centers	12	1,953,450	0	0	211,912	10.8%	7,670	24,814	0	0
Neighborhood Centers	29	3,143,708	0	0	438,718	14.0%	7,779	62,953	0	0
East Total	45	6,300,451	0	0	831,988	13.2%	18,357	60,080	0	0
Southwest										
Power Centers	16	4,519,040	0	508,140	227,393	5.0%	14,662	26,712	0	0
Community Centers	11	817,982	4,000	264,563	35,605	4.4%	(3,852)	38,305	0	16,000
Neighborhood Centers	35	3,434,684	0	395,414	306,320	8.9%	5,472	11,564	0	0
Southwest Total	62	8,771,706	4,000	1,168,117	569,318	6.5%	16,282	76,581	0	16,000
Southeast										
Power Centers	10	3,851,585	0	175,037	185,209	4.8%	11,797	17,260	0	0
Community Centers	23	4,349,958	170,000	300,000	332,989	7.7%	16,063	31,836	0	0
Neighborhood Centers	51	4,810,625	11,289	12,466	445,137	9.3%	20,136	97,071	0	25,000
Southeast Total	84	13,012,168	181,289	487,503	963,335	7.4%	47,996	146,167	0	25,000
Las Vegas Total										
Power Centers	65	18,613,398	1,500,000	1,205,620	1,204,500	6.5%	37,330	(246,154)	0	0
Community Centers	91	13,591,293	561,750	1,137,247	1,440,660	10.6%	23,809	111,588	0	16,000
Neighborhood Centers	202	20,382,131	11,289	472,728	2,138,675	10.5%	163,534	442,249	200,000	225,000
Las Vegas Total	**358**	**52,586,822**	**2,073,039**	**2,815,595**	**4,783,835**	**9.1%**	**224,673**	**307,683**	**200,000**	**241,000**

Note: Planned inventory includes projects that previously commenced construction but are not actively underway.

ANNUAL INVENTORY VS. VACANCY RATE



PRODUCT TYPE

Power Center

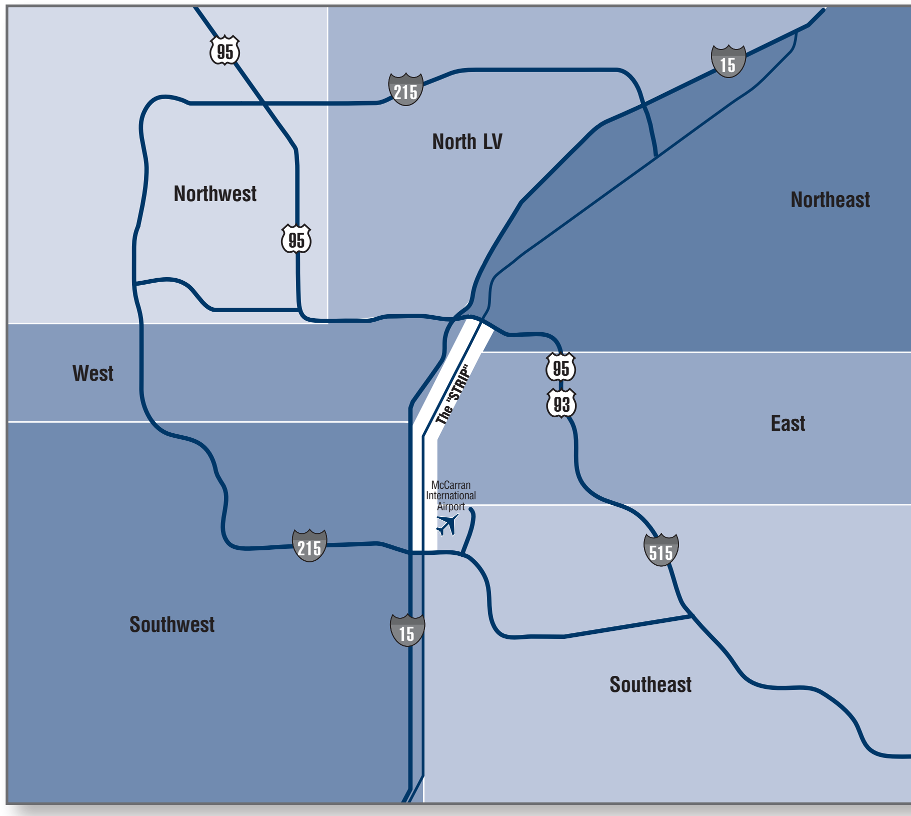
Power Centers have multiple big-box tenants and typically fewer shop-space tenants; size starts at 100,000 SF

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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