



Retail Market Report

Compared to 2010

Vacancy



Net Absorption



Lease Rates



Construction



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Market Highlights

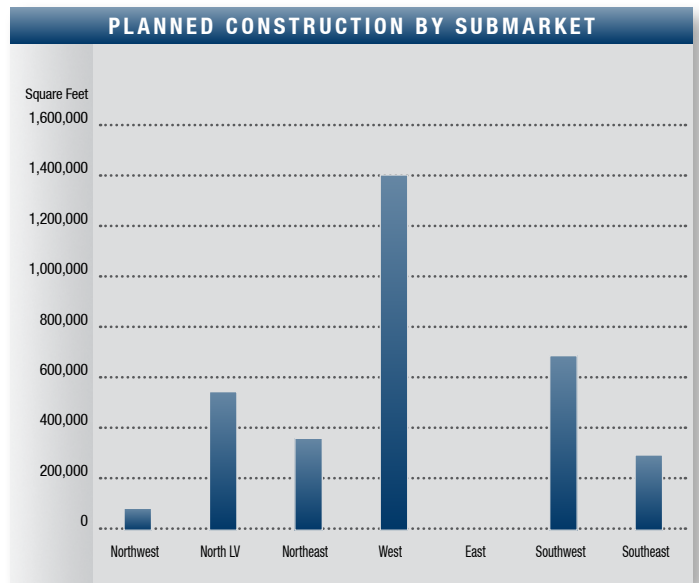
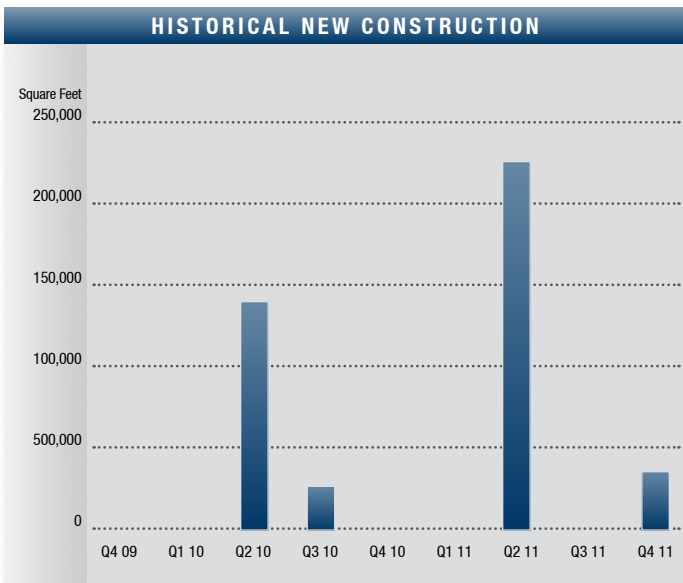
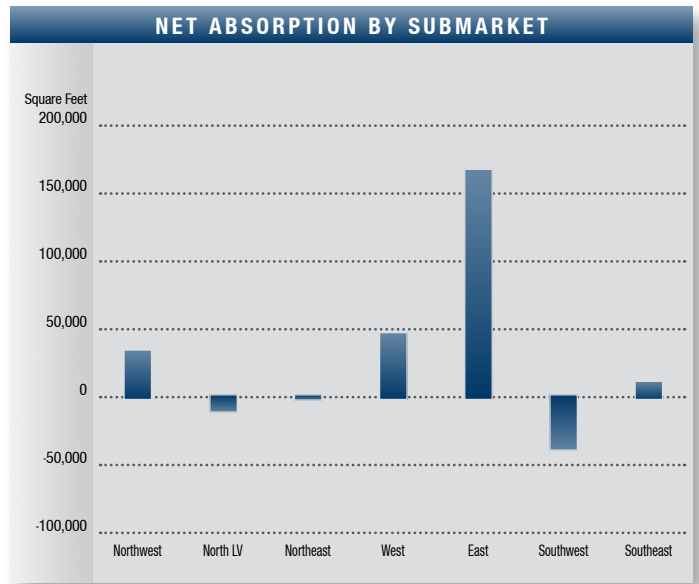
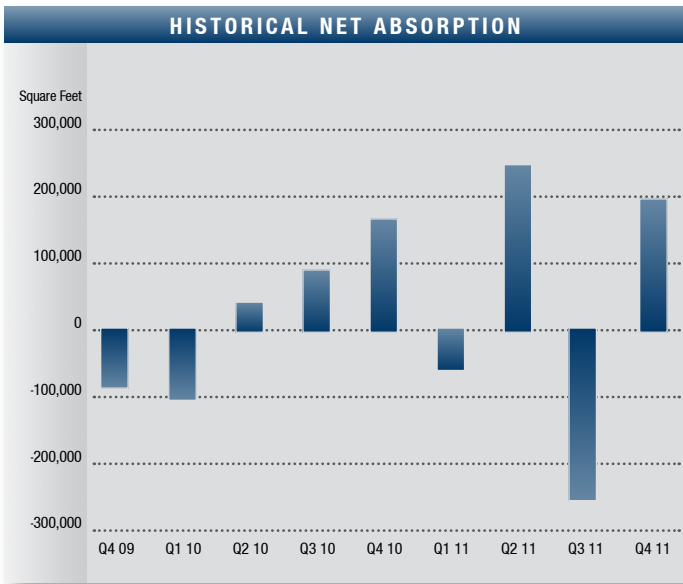
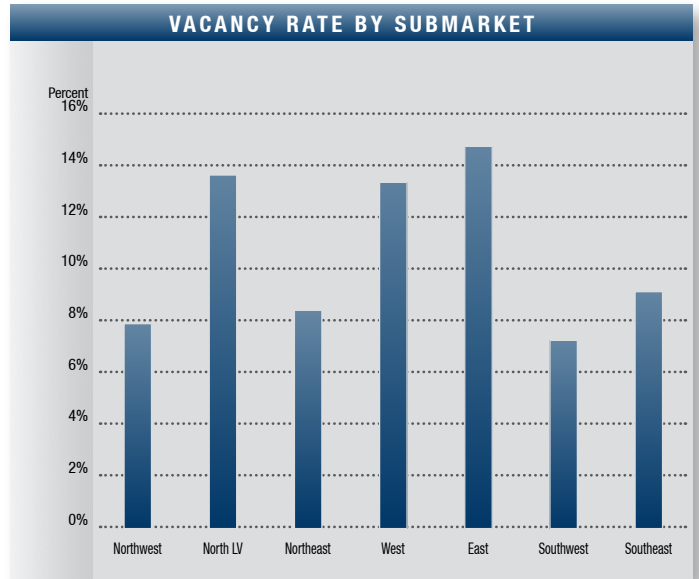
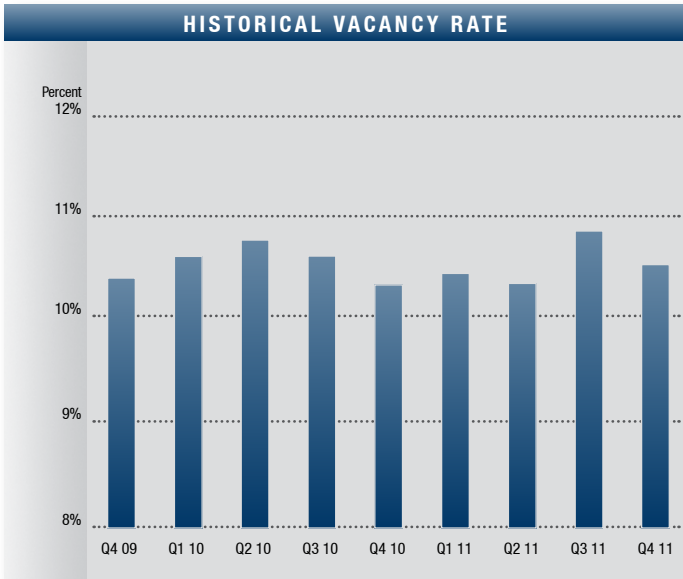
- Market Overview** – The Las Vegas Valley retail market posted a 10.6-percent vacancy rate by the close of 2011, which represented a 0.3-percentage-point decline from the preceding quarter (Q3 2011). Despite the recent demand, vacancy remained above the 10.3 percent reported during the same period one year ago (Q4 2010).
- Demand** – The retail sector reported 196,600 square feet of positive net absorption during the quarter, ending the year with a net gain (positive absorption) of 122,400 square feet. Power centers continued to post a below-average vacancy rate of 7.2 percent, even though it was the only product type to report negative net absorption for the year. The southwest also outperformed the broader market, with an overall vacancy rate of 7.2 percent.
- Inventory** – Total inventory increased by 35,000 square feet during the fourth quarter of 2011 as the second phase of Green Valley Crossing in the southeast submarket was delivered to tenants Petco and Staples. Over the last 12 months, a modest 260,000 square feet of new inventory has entered the market, well below the 1.7 million square feet of annual inventory growth averaged over the last ten years.
- Future Supply** – Among anchored centers, two WinCo Foods were actively under construction in the valley along with a second-phase addition to the Tivoli Village at Queensridge. Much of the 3.3 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 space has stalled or delayed construction activity (reported as planned activity in the accompanying datasets).

- Economic Considerations** – Within a still battered economy, selected indicators continue to gain strength, a signal that consumers and business owners may once again be gaining confidence. Taxable retail sales have increased in 11 of the past 12 months; in October 2011 (the latest data available), sales volume was up 5.1 percent compared to the previous year. Core employment (defined as total employment less construction and government sectors) posted a net gain of 14,900 jobs over the last year, largely in retail, leisure and hospitality, and education and health services. Tourism and gaming continued posting gains in gaming revenue, room rates, and visitor volume, all suggesting the recovery cycle is underway within the industry.
- Looking Forward** – The retail sector is poised for a modest recovery in 2012, assuming the growth trajectory in retail sales and retail-using employment continues. That understood, improvements in the broader job market and consumer confidence require market improvements before retailer demand space at pre-recession levels. While demand is expected to emerge in small pockets, pricing is likely to remain deeply discounted as distressed sales take place and retailers operate from a position of caution.

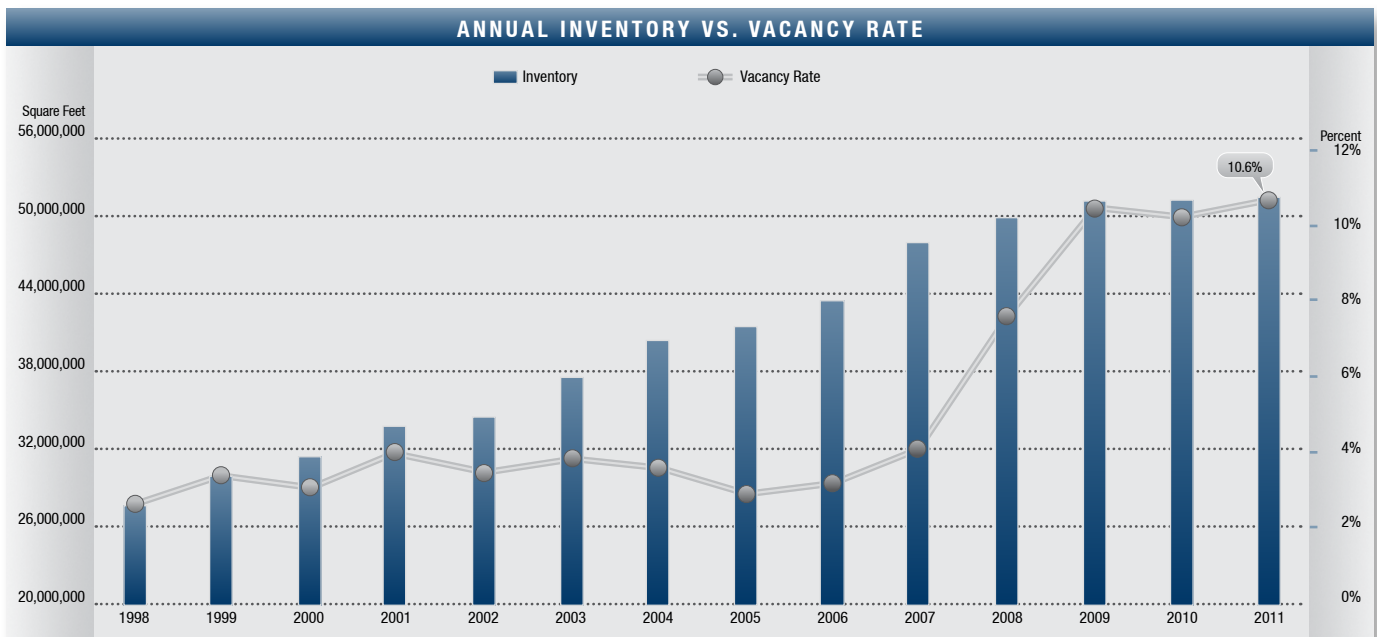
RETAIL MARKET OVERVIEW

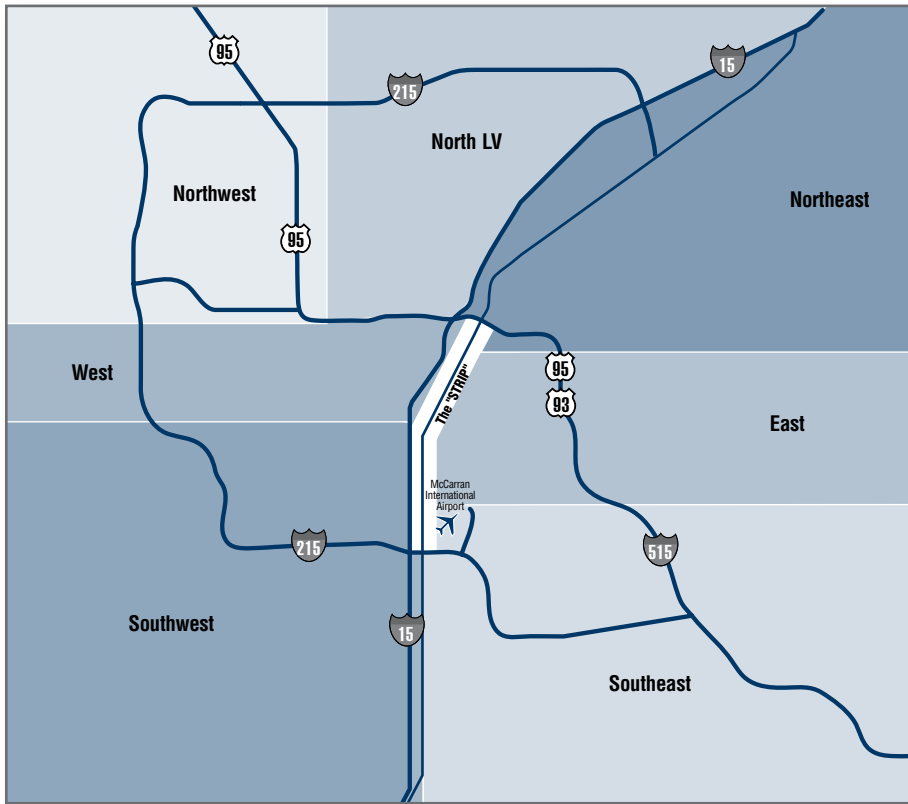
	2011	2010	2009	2011 vs. 2010
Under Construction	490,000	299,000	464,500	63.9%
Planned Construction	3,326,500	4,619,100	7,045,500	(28.0%)
Vacancy	10.6%	10.3%	10.4%	2.1%
Net Absorption	122,400	190,800	(229,900)	(35.9%)



	INVENTORY				VACANCY RATES		ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet Planned	Square Feet Under Construction	Square Feet Vacant	Vacancy Rate Q4 2011	Net Absorption Q4 2011	Net Absorption 2011	New Inventory Q4 2011	New Inventory 2011
Northwest										
Power Centers	5	2,239,622	–	–	173,689	7.8%	17,805	(31,842)	–	–
Community Centers	8	1,099,610	73,956	–	113,397	10.3%	14,211	53,472	–	–
Neighborhood Centers	17	1,960,058	–	–	125,612	6.4%	138	12,097	–	–
Northwest Total	30	5,299,290	73,956	–	412,698	7.8%	32,154	33,727	–	–
North Las Vegas										
Power Centers	12	2,623,957	535,475	95,000	266,889	10.2%	2,685	(68,125)	–	–
Community Centers	11	1,508,952	–	–	121,877	8.1%	(18,733)	6,558	–	–
Neighborhood Centers	29	2,853,911	–	–	564,663	19.8%	1,530	(66,203)	–	–
North Las Vegas Total	52	6,986,820	535,475	95,000	953,429	13.6%	(14,518)	(127,770)	–	–
Northeast										
Power Centers	4	943,001	–	–	3,930	0.4%	–	2,120	–	–
Community Centers	7	1,054,911	351,328	–	93,973	8.9%	526	(62,344)	–	–
Neighborhood Centers	17	1,298,539	–	–	176,661	13.6%	(1,000)	13,216	–	–
Northeast Total	28	3,296,451	351,328	–	274,564	8.3%	(474)	(47,008)	–	–
West										
Power Centers	11	3,079,229	1,200,000	–	124,941	4.1%	16,742	(21,845)	–	–
Community Centers	18	2,606,430	200,000	300,000	542,793	20.8%	47,824	54,797	–	225,000
Neighborhood Centers	22	2,540,122	–	–	426,118	16.8%	(16,190)	(2,172)	–	–
West Total	51	8,225,781	1,400,000	300,000	1,093,852	13.3%	48,376	30,780	–	225,000
East										
Power Centers	4	1,203,293	–	–	254,802	21.2%	(14,598)	(42,986)	–	–
Community Centers	11	1,864,470	–	–	231,744	12.4%	112,873	130,631	–	–
Neighborhood Centers	29	3,143,708	–	–	428,676	13.6%	64,829	36,265	–	–
East Total	44	6,211,471	–	–	915,222	14.7%	163,104	123,910	–	–
Southwest										
Power Centers	13	4,372,467	223,156	–	277,363	6.3%	(14,330)	6,066	–	–
Community Centers	8	786,101	52,219	–	73,057	9.3%	(13,399)	(2,201)	–	–
Neighborhood Centers	33	3,409,656	406,000	–	264,667	7.8%	(13,645)	(1,302)	–	–
Southwest Total	54	8,568,224	681,375	–	615,087	7.2%	(41,374)	2,563	–	–
Southeast										
Power Centers	10	3,851,585	175,037	–	219,230	5.7%	1,520	79,809	–	–
Community Centers	23	4,349,958	53,000	–	403,097	9.3%	8,433	2,349	–	–
Neighborhood Centers	46	4,674,847	56,295	95,000	550,061	11.8%	(628)	23,992	35,000	35,000
Southeast Total	79	12,876,390	284,332	95,000	1,172,388	9.1%	9,325	106,150	35,000	35,000
Las Vegas Total										
Power Centers	59	18,313,154	2,133,668	95,000	1,320,844	7.2%	9,824	(76,803)	–	–
Community Centers	86	13,270,432	730,503	300,000	1,579,938	11.9%	151,735	183,262	–	225,000
Neighborhood Centers	193	19,880,841	462,295	95,000	2,536,458	12.8%	35,034	15,893	35,000	35,000
Las Vegas Total	338	51,464,427	3,326,466	490,000	5,437,240	10.6%	196,593	122,352	35,000	260,000

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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