

# FOURTH QUARTER 2014 LAS VEGAS RETAIL

**Voit**  
REAL ESTATE SERVICES

## MARKET CHANGE

Compared to 2013:

Vacancy



Net Absorption



Lease Rates



Deliveries



## HIGHLIGHTS

- Market Overview** – The Las Vegas retail market vacancy rate ended 2014 at 9.4 percent. Compared to the prior quarter (Q3 2014) the retail vacancy rate edged up 30 basis points (0.3 percentage points), while it is up 20 basis points (0.2 percentage points) from a year ago (Q4 2013). It is important to understand broader market movements behind the changes in vacancy rate. During the fourth quarter of 2014 the 1.6-million SF Downtown Summerlin opened, contributing significantly to market-wide net absorption but yet-to-be leased spaces had a modest impact on vacancies as of year-end.
- Demand** – With nearly 1.8 million SF of completions in the fourth quarter, the retail market reported positive net absorption of 1.4 million SF during the period. As a result, net move-ins for the year totaled 1.7 million SF, the strongest level since 2007. During the quarter, the former 101,700 SF Target in Decatur Crossing power center was sold to a user. In addition, Hobby Lobby reportedly signed a deal for 64,800 SF in Rainbow Promenade, while El Super leased the former Von's in Sahara Pavilion North for 50,661 SF.
- Inventory** – Three anchored retail projects totaling nearly 1.8 million SF completed construction in the fourth quarter, bringing inventory to 54.4 million SF. For the year, deliveries totaled 2.0 million SF. During the fourth quarter, Urgent Care Extra completed its 4,000 SF facility on the southeast corner of Rainbow Boulevard and Mardon Avenue, while the 170,000 SF Life Time Athletic Henderson opened at 2425 Village View Drive.
- Future Supply** – Development activity fell to 399,000 SF in the fourth quarter of 2014 as the pad space at Green Valley Crossing (11,300 SF), Las Vegas Athletic Club (87,800 SF) and the second phase of Tivoli Village at Queensridge (300,000 SF) continued to make progress.
- Economic Considerations** – In November 2014 (latest available data), the Las Vegas MSA reported annual job growth of 22,000 positions, with substantial gains reported by the professional and business services (+8,400 jobs), education and health services (+4,200 jobs), construction (+2,300 jobs), retail trade (+2,000 jobs) and government (+1,800 jobs) sectors. Also, in the past 12 months, the Las Vegas area has welcomed nearly 41.0 million visitors, while Clark County taxable retail sales increased 7.9 percent year-over-year to \$35.9 billion.
- Overall** – The Las Vegas retail market vacancy rate has remained below 10.0 percent since the second quarter of 2013, and the sector reported positive net absorption of 100,000 SF or more in three of the past four quarters. Retailers continue to regain confidence in the southern Nevada economy and are leasing additional spaces while the area is also welcoming newcomers.

The most notable completion was the 1.6-million SF Downtown Summerlin, which includes major retailers such as Dillard's, Macy's, Nordstrom Rack, Sports Authority and others.

## FORECAST

- Employment** – The construction, professional and business services, retail trade and education and health services sectors are expected to continue to report positive growth in 2015.
- Construction** – Roughly 2.9 million square feet in anchored retail projects remains planned, with a handful of these projects expected to start construction in 2015.
- Vacancy** – The retail vacancy rate is expected to experience improvement in 2015 as retailers continue to expand or re-locate to larger spaces.

## OVERVIEW

	2014	2013	2012	2014 vs. 2013
Under Construction	399,039	2,141,000	331,128	(81.4%)
Planned Construction	2,932,845	3,099,234	4,766,901	(5.4%)
Vacancy	9.4%	9.2%	9.9%	0.2%
Net Absorption	1,733,030	419,193	602,102	N/A

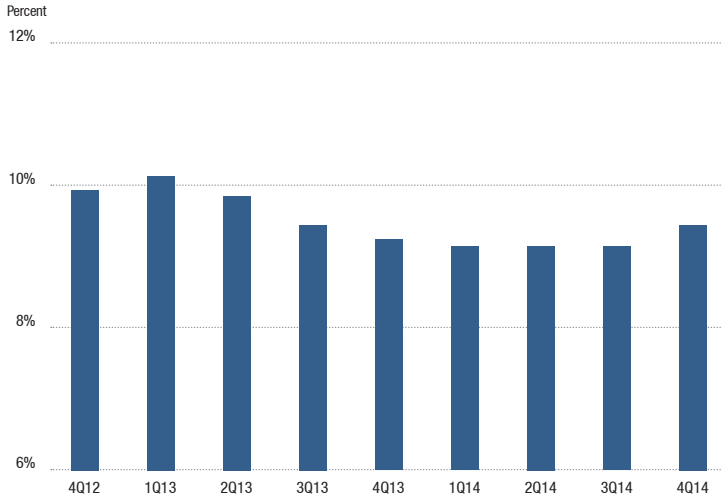
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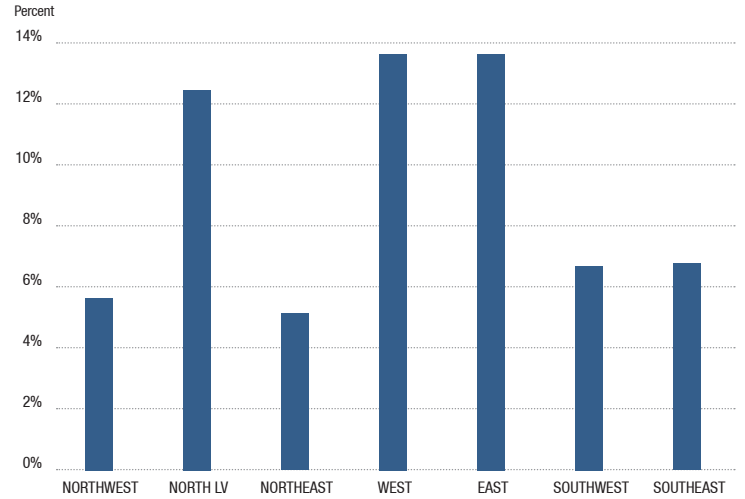
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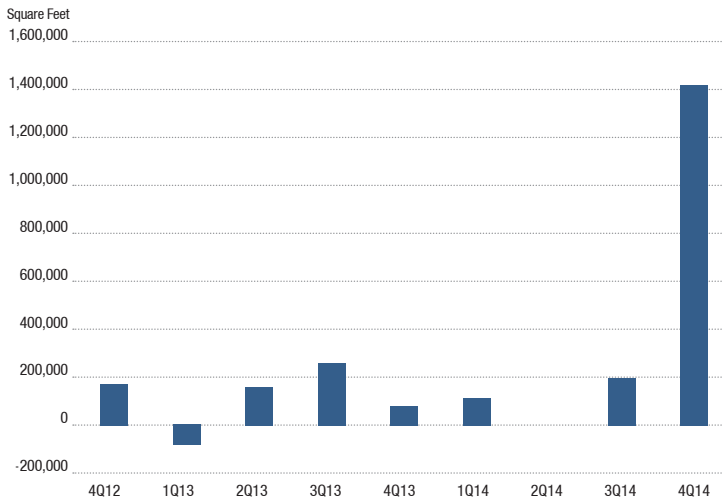
## HISTORICAL VACANCY RATE



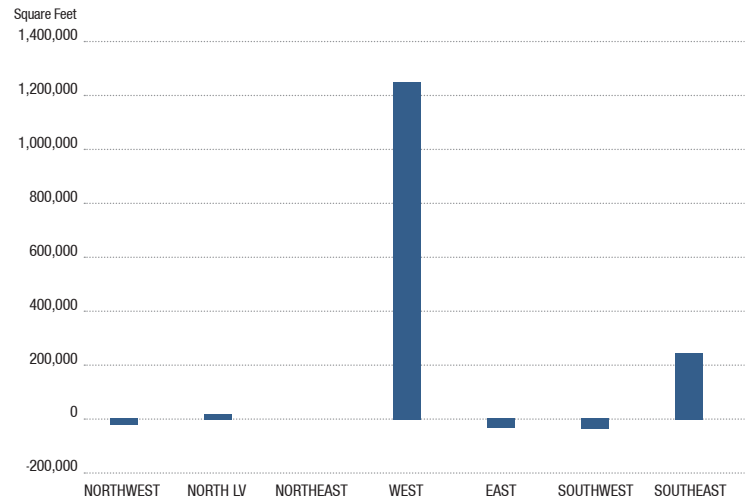
## VACANCY RATE BY SUBMARKET



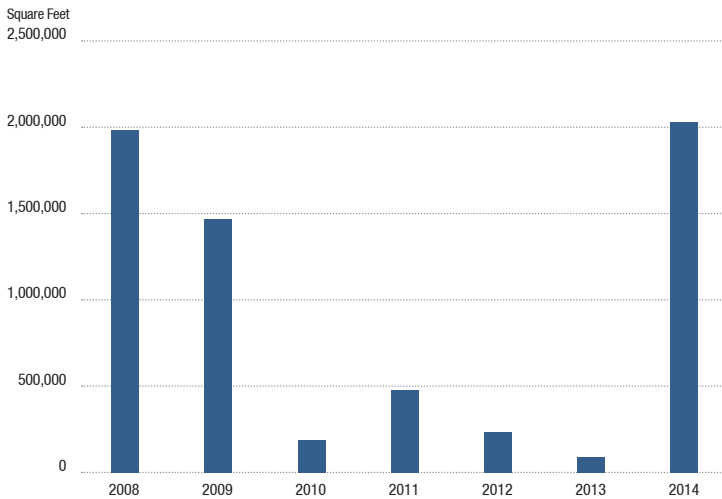
## HISTORICAL NET ABSORPTION



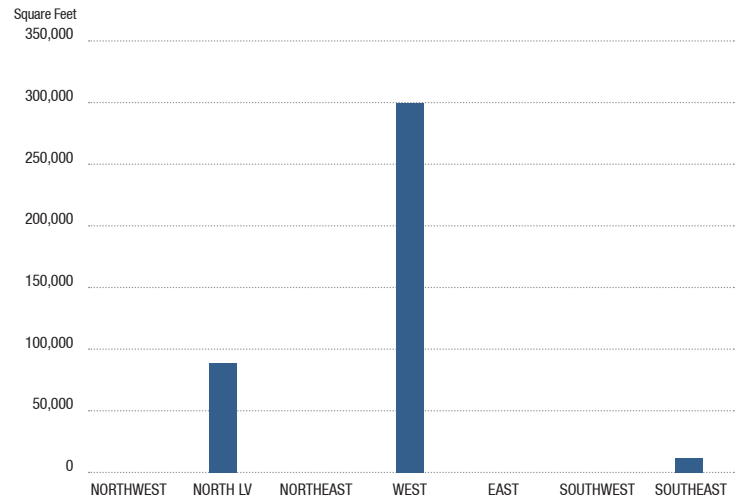
## NET ABSORPTION BY SUBMARKET



## HISTORICAL NEW CONSTRUCTION



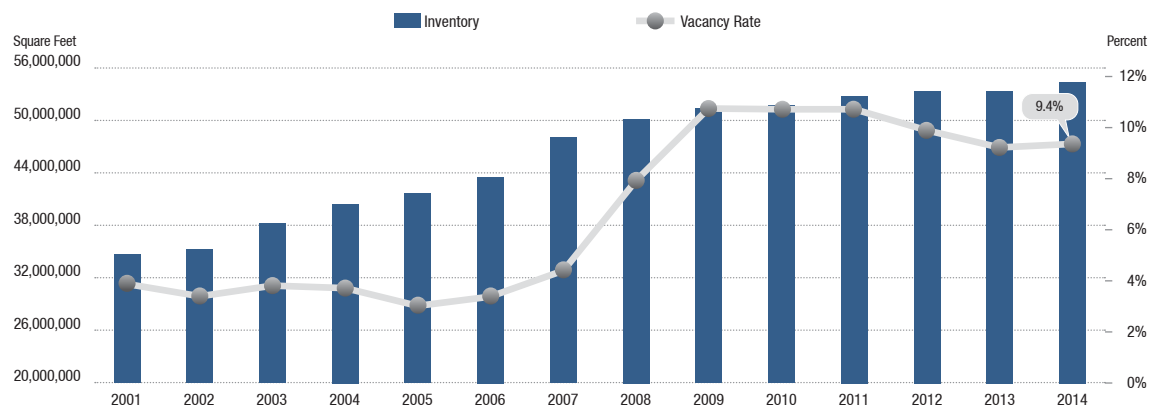
## CONSTRUCTION ACTIVITY BY SUBMARKET



	INVENTORY			VACANCY RATES			ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet Under Construction	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2014	Net Absorption 4Q2014	Net Absorption 2014	New Inventory 4Q2014	New Inventory 2014
<b>Northwest</b>										
Power Centers	5	2,239,622	0	0	124,319	5.6%	(11,236)	(30,143)	0	0
Community Centers	8	1,099,610	0	73,956	103,228	9.4%	(680)	(1,391)	0	0
Neighborhood Centers	17	1,960,058	0	132,798	68,170	3.5%	(8,705)	43,504	0	0
<b>Northwest Total</b>	<b>30</b>	<b>5,299,290</b>	<b>0</b>	<b>206,754</b>	<b>295,717</b>	<b>5.6%</b>	<b>(20,621)</b>	<b>11,970</b>	<b>0</b>	<b>0</b>
<b>North Las Vegas</b>										
Power Centers	15	2,777,628	0	522,443	274,882	9.9%	18,200	(165,723)	0	0
Community Centers	11	1,508,952	87,750	67,400	150,056	9.9%	3,000	(12,750)	0	0
Neighborhood Centers	30	2,994,395	0	0	483,385	16.1%	2,385	51,637	0	0
<b>North Las Vegas Total</b>	<b>56</b>	<b>7,280,975</b>	<b>87,750</b>	<b>589,843</b>	<b>908,323</b>	<b>12.5%</b>	<b>23,585</b>	<b>(126,836)</b>	<b>0</b>	<b>0</b>
<b>Northeast</b>										
Power Centers	4	943,001	0	0	9,561	1.0%	(1,600)	2,608	0	0
Community Centers	7	1,054,911	0	431,328	60,077	5.7%	1,200	(16,204)	0	0
Neighborhood Centers	17	1,298,539	0	0	97,186	7.5%	0	3,240	0	0
<b>Northeast Total</b>	<b>28</b>	<b>3,296,451</b>	<b>0</b>	<b>431,328</b>	<b>166,824</b>	<b>5.1%</b>	<b>(400)</b>	<b>(10,356)</b>	<b>0</b>	<b>0</b>
<b>West</b>										
Power Centers	12	4,679,229	0	0	640,676	13.7%	1,200,938	1,091,921	1,600,000	1,600,000
Community Centers	19	2,806,430	300,000	0	449,699	16.0%	56,384	144,072	0	0
Neighborhood Centers	23	2,740,122	0	0	314,979	11.5%	(8,900)	157,060	0	200,000
<b>West Total</b>	<b>54</b>	<b>10,225,781</b>	<b>300,000</b>	<b>0</b>	<b>1,405,354</b>	<b>13.7%</b>	<b>1,248,422</b>	<b>1,393,053</b>	<b>1,600,000</b>	<b>1,800,000</b>
<b>East</b>										
Power Centers	4	1,203,293	0	0	219,047	18.2%	(37,689)	(65,376)	0	0
Community Centers	12	1,953,450	0	0	210,212	10.8%	1,700	26,514	0	0
Neighborhood Centers	29	3,143,708	0	0	436,165	13.9%	2,553	65,506	0	0
<b>East Total</b>	<b>45</b>	<b>6,300,451</b>	<b>0</b>	<b>0</b>	<b>865,424</b>	<b>13.7%</b>	<b>(33,436)</b>	<b>26,644</b>	<b>0</b>	<b>0</b>
<b>Southwest</b>										
Power Centers	16	4,519,040	0	508,140	257,774	5.7%	(41,581)	(14,875)	0	0
Community Centers	12	821,982	0	313,863	16,550	2.0%	11,300	61,360	4,000	20,000
Neighborhood Centers	35	3,434,684	0	395,414	310,824	9.0%	(4,504)	7,060	0	0
<b>Southwest Total</b>	<b>63</b>	<b>8,775,706</b>	<b>0</b>	<b>1,217,417</b>	<b>585,148</b>	<b>6.7%</b>	<b>(34,785)</b>	<b>53,545</b>	<b>4,000</b>	<b>20,000</b>
<b>Southeast</b>										
Power Centers	10	3,851,585	0	175,037	179,264	4.7%	5,945	23,205	0	0
Community Centers	24	4,519,958	0	300,000	308,566	6.8%	194,423	226,259	170,000	170,000
Neighborhood Centers	51	4,810,625	11,289	12,466	406,662	8.5%	38,475	135,546	0	25,000
<b>Southeast Total</b>	<b>85</b>	<b>13,182,168</b>	<b>11,289</b>	<b>487,503</b>	<b>894,492</b>	<b>6.8%</b>	<b>238,843</b>	<b>385,010</b>	<b>170,000</b>	<b>195,000</b>
<b>Las Vegas Total</b>										
Power Centers	66	20,213,398	0	1,205,620	1,705,523	8.4%	1,132,977	841,617	1,600,000	1,600,000
Community Centers	93	13,765,293	387,750	1,186,547	1,298,388	9.4%	267,327	427,860	174,000	190,000
Neighborhood Centers	202	20,382,131	11,289	540,678	2,117,371	10.4%	21,304	463,553	0	225,000
<b>Las Vegas Total</b>	<b>361</b>	<b>54,360,822</b>	<b>399,039</b>	<b>2,932,845</b>	<b>5,121,282</b>	<b>9.4%</b>	<b>1,421,608</b>	<b>1,733,030</b>	<b>1,774,000</b>	<b>2,015,000</b>

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

## ANNUAL INVENTORY VS. VACANCY RATE



PRODUCT TYPE

**Power Center**

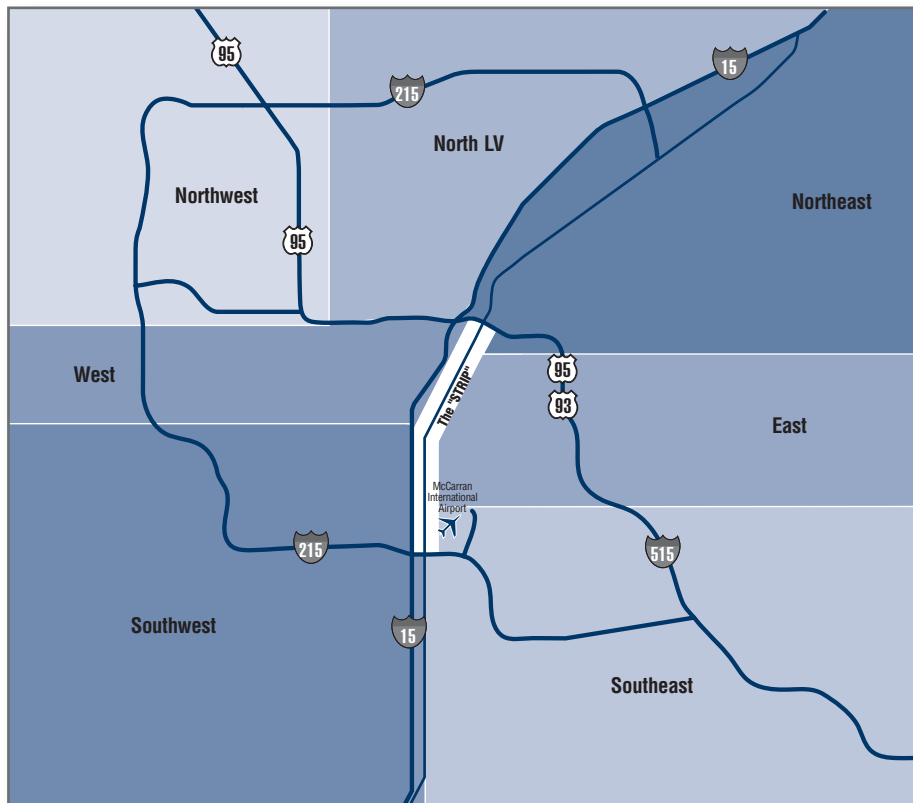
Power Centers have multiple big-box tenants and typically fewer shop-space tenants; size starts at 100,000 SF

**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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