



## Retail Market Report

Compared to 2011:

Vacancy



Net Absorption



Lease Rates



Transactions



Deliveries



To view available properties or electronic versions of current or past market reports, please visit:

[www.voitco.com](http://www.voitco.com)

### Market Highlights

- Market Status** - In the fourth quarter of 2012, Reno's retail market saw its first positive absorption figure and first drop in vacancy in over a year. While some fundamentals — such as lease rates, vacancy/availability spread, and transaction activity — do indeed point towards stabilization, the housing market and job growth remain a drag on Reno's local economy, and both need to show promise for solid improvement in the retail market.
- Lease Rates** - The average asking triple-net lease rate in the Reno retail market was \$1.24 per square foot per month in the fourth quarter of 2012 — a drop from the \$1.26 seen in the two previous quarters but still an increase of \$0.03 over the fourth quarter of 2011.
- Absorption** - The Reno retail market recorded 57,598 square feet of positive net absorption for the fourth quarter of 2012 — the first positive figure since the third quarter of 2011, giving the market 152,878 square feet of negative absorption overall for the year.
- Transaction Activity** - Sale and leasing transaction volume totaled 233,921 square feet in the fourth quarter. Though this was an average figure, typically this statistic does have some lag time to post final numbers, so look for the fourth quarter numbers to end up around 275,000 square feet. Details of the largest transactions for 2012 can be found on the back page of this report.
- Employment** - The unemployment rate in the Reno-Sparks MSA was 10.6% in October 2012, down from 12% in July 2012. This compares with an unemployment rate of 10.9% for Nevada and 7.5% for the nation during the same period.
- Overall** - We expect that vacancy will remain high around 14% and availability rates at mid-15% range. The spread between vacancy and availability has tightened significantly, which is a good indicator that the market is beginning to reflect its true state and that less shadow space is out there. However, consumer spending will always be directly correlated with job growth and the housing market so until those both improve, Reno's retail market will remain stagnant.
- Vacancy** - The overall vacancy rate came in at 14.01%, a decrease of 23 basis points from the previous quarter but an increase of 114 basis points since year-end 2011. Within the major submarkets, the Sparks Redevelopment and South Virginia submarkets performed best with vacancy rates of 4.21% and 5.47%, respectively. The Park Lane submarket came in with the highest vacancy rate at 23.77%.
- Availability** - The percentage of all space being marketed was 15.20% in the fourth quarter of 2012 — a decrease of 50 basis points from the previous quarter and 42 basis points from year-end 2011. Similar to vacancy, the Sparks Redevelopment and South Virginia submarkets remained strongest at 5.35% and 5.80%, respectively, while Park Lane came in as the weakest of all major submarkets at 25.10%.

Prepared by:

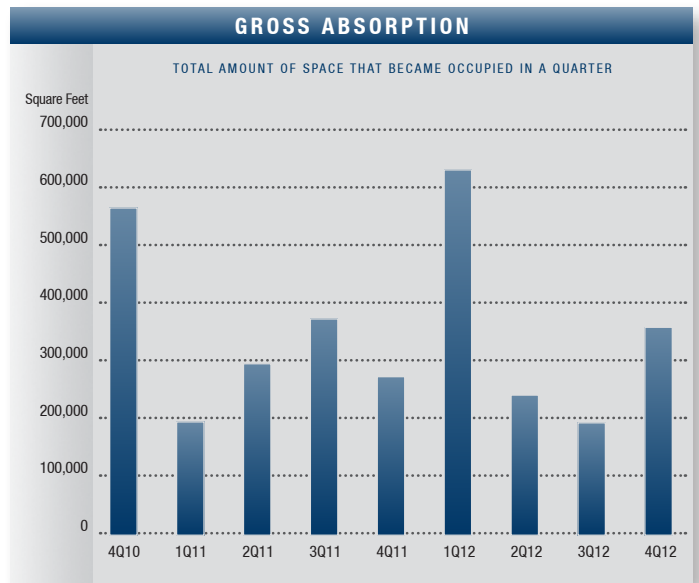
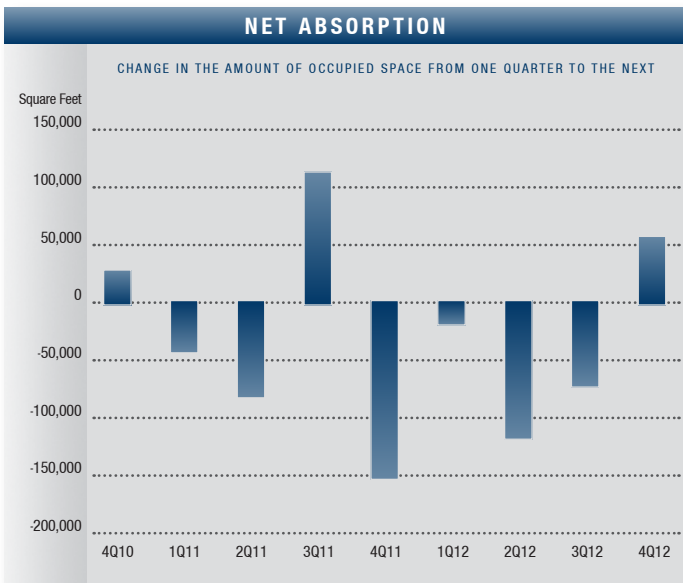
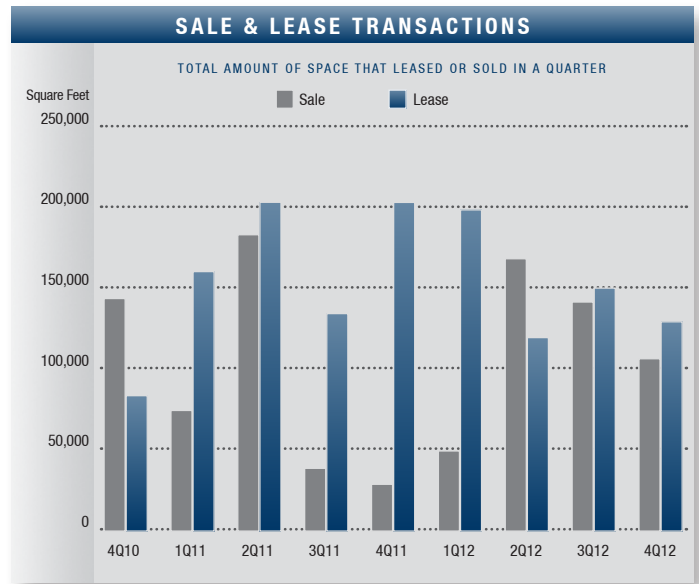
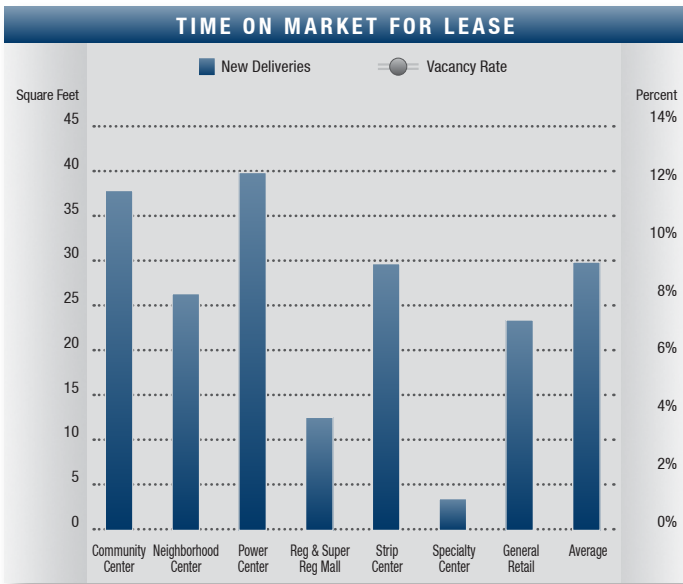
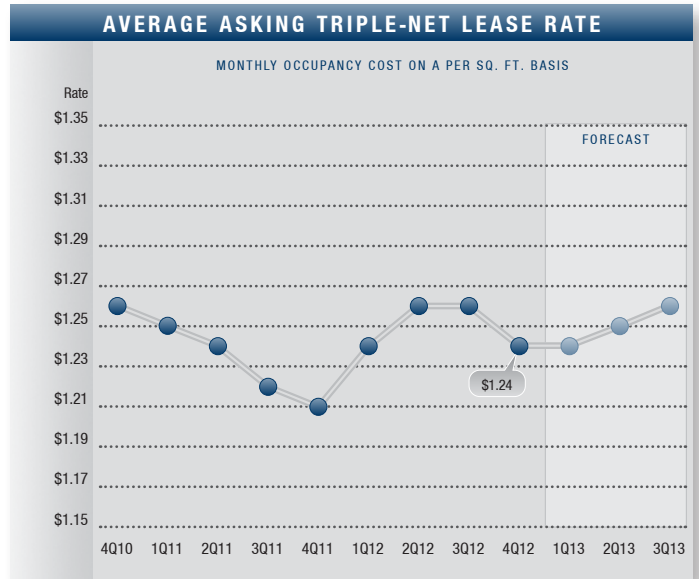
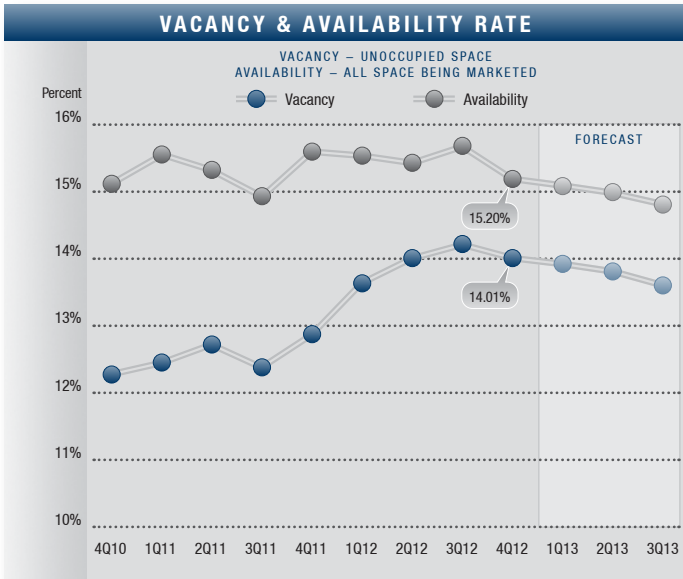
**Jerry J. Holdner, Jr.** — Lic.#01145748  
 Vice President of Market Research  
 e-mail: [jholdner@voitco.com](mailto:jholdner@voitco.com)

**Tyler Boyd**  
 Market Research Analyst  
 e-mail: [tboyd@voitco.com](mailto:tboyd@voitco.com)

VOIT Real Estate Services — Lic.#01333376

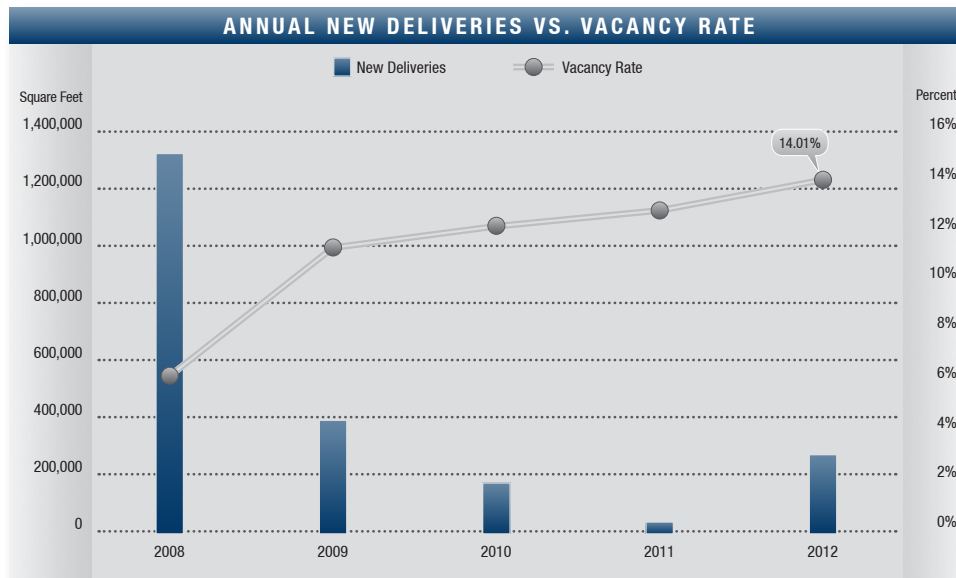
### RETAIL MARKET OVERVIEW

	2012	2011	2010	% of Change vs. 2011
Vacancy Rate	14.01%	12.87%	12.27%	8.86%
Availability Rate	15.20%	15.62%	15.13%	(2.69%)
Average Asking Lease Rate	\$1.24	\$1.21	\$1.26	2.48%
Sale & Lease Transactions	1,056,934	1,021,593	782,778	3.46%
Gross Absorption	1,406,738	1,119,847	1,189,056	25.62%
Net Absorption	(152,878)	(163,618)	(141,428)	N/A



	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2012	Square Feet Available	Availability Rate 4Q2012	Average Asking Lease Rate	Net Absorption 4Q2012	Net Absorption 2012	Gross Absorption 4Q2012	Gross Absorption 2012
<b>Reno Market</b>													
Airport Ret	31	406,933	0	53,723	41,716	10.25%	41,716	10.25%	\$1.34	2,388	(7,368)	3,288	10,712
Carson City County Ret	185	3,787,463	0	25,926	777,548	20.53%	840,570	22.19%	\$1.12	6,047	16,710	70,803	157,843
Douglas County Ret	124	2,122,059	0	0	241,344	11.37%	253,520	11.95%	\$1.41	(18,280)	3,519	9,917	78,765
Incline Village Ret	17	372,849	0	0	16,388	4.40%	16,388	4.40%	\$0.69	2,500	(37)	2,934	4,335
Kietzke Ret	140	2,212,836	0	0	228,505	10.33%	238,121	10.76%	\$0.95	6,645	15,219	19,118	105,478
Lyon County Ret	85	1,131,328	0	339,935	104,677	9.25%	180,165	15.93%	\$1.01	5,585	7,463	11,631	29,520
Meadowood Ret	169	4,452,285	0	0	644,624	14.48%	697,521	15.67%	\$1.25	14,871	(108,379)	28,223	107,842
N Outlying Washoe Cty Ret	1	4,835	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
North Valleys Ret	69	888,610	0	635,637	56,930	6.41%	105,134	11.83%	\$1.35	(5,585)	149,419	5,655	181,673
Northeast Reno Ret	99	570,325	0	38,000	77,245	13.54%	83,076	14.57%	\$1.30	(12,568)	2,910	5,500	34,422
Northeast Sparks Ret	123	2,315,103	0	258,110	396,725	17.14%	397,797	17.18%	\$1.41	28,789	47,850	31,789	221,042
Northwest Reno Ret	125	1,739,117	0	135,800	288,223	16.57%	319,822	18.39%	\$1.36	6,887	4,668	22,735	58,900
Park Lane Ret	179	1,819,494	0	345,866	432,531	23.77%	456,622	25.10%	\$1.05	(1,625)	(23,547)	26,147	75,845
Reno Redevelopment Ret	67	1,032,388	0	0	170,900	16.55%	167,600	16.23%	\$1.56	13,887	(30,038)	18,642	31,710
S Outlying Washoe Cty Ret	11	169,658	0	0	8,223	4.85%	8,223	4.85%	\$1.53	4,331	4,331	11,104	11,104
South Reno Ret	143	2,756,590	0	178,700	188,785	6.85%	205,685	7.46%	\$1.57	(18,842)	(74,291)	33,061	89,018
South Virginia Ret	212	1,139,043	0	0	62,265	5.47%	66,015	5.80%	\$1.17	(825)	(13,438)	3,057	35,747
Southwest Reno Ret	38	451,148	0	0	37,797	8.38%	31,732	7.03%	\$1.21	4,060	(649)	8,214	18,692
Spanish Springs Ret	86	1,718,004	0	137,516	255,659	14.88%	264,532	15.40%	\$1.20	(2,742)	(19,884)	11,843	63,978
Sparks Industrial Ret	42	435,946	0	3,343	19,336	4.44%	27,386	6.28%	\$1.38	(1,700)	(6,119)	1,700	3,697
Sparks Redevelopment Ret	103	438,827	0	0	18,467	4.21%	23,467	5.35%	\$1.12	9,466	16,160	10,666	19,822
Storey County Ret	11	52,282	0	193,000	1,600	3.06%	3,440	6.58%	\$0.95	4,500	9,679	4,500	14,179
West Sparks Ret	79	1,738,918	0	29,120	381,101	21.92%	396,974	22.83%	\$1.30	9,809	(147,056)	14,593	52,414
<b>Reno Market Total</b>	<b>2,139</b>	<b>31,756,041</b>	<b>0</b>	<b>2,374,676</b>	<b>4,450,589</b>	<b>14.01%</b>	<b>4,825,506</b>	<b>15.20%</b>	<b>\$1.24</b>	<b>57,598</b>	<b>(152,878)</b>	<b>355,120</b>	<b>1,406,738</b>
Malls	21	1,858,810	0	258,110	151,651	8.16%	162,723	8.75%	\$1.82	5,000	58,889	5,000	117,282
Power Centers	82	3,082,517	0	384,448	773,846	25.10%	807,954	26.21%	\$1.14	(8,898)	(105,195)	10,579	77,996
Community Centers	219	6,860,428	0	4,000	1,073,398	15.65%	1,141,582	16.64%	\$1.20	29,497	(14,961)	35,848	181,790
Neighborhood Centers	177	4,265,929	0	725,315	420,077	9.85%	496,847	11.65%	\$1.25	(1,509)	(79,957)	25,068	116,180
Strip Centers	295	3,087,671	0	238,916	548,534	17.77%	586,402	18.99%	\$1.38	38,272	25,089	80,605	238,267
Specialty Centers	20	690,674	0	0	71,038	10.29%	72,670	10.52%	\$0.00	(30,904)	(71,038)	19,199	19,199
General Retail	1,325	11,910,012	0	763,887	1,412,045	11.86%	1,557,328	13.08%	\$1.14	26,111	34,295	178,821	656,024
<b>Reno Market Total</b>	<b>2,139</b>	<b>31,756,041</b>	<b>0</b>	<b>2,374,676</b>	<b>4,450,589</b>	<b>14.01%</b>	<b>4,825,506</b>	<b>15.20%</b>	<b>\$1.24</b>	<b>57,598</b>	<b>(152,878)</b>	<b>355,120</b>	<b>1,406,738</b>

Lease rates are on a triple-net basis.



RECENT TRANSACTIONS

Sale Transactions

Property Address	Submarket	Square Feet	Sale Price Per SF	Buyer	Seller
Shoppers Square – 355 E. Plumb Ln.	Park Lane	50,300	\$242.54	Gershman Properties, LLC	Real Estate Affiliates, Inc.
912 & 915 Jacks Valley Rd.	Douglas County	54,606	\$100.72	Shaheen Family Trust	Nevada State Bank
Air Center Plaza – 3923 S. McCarran Blvd.	Airport	51,515	\$73.76	DBB Holdings, Inc.	Wells Fargo Bank
6395 S. McCarran Blvd.	Meadowood	6,723	\$386.73	Reno Covenant Group, LLC	Dart 6395, LLC
9570 S. McCarran Blvd.	Northwest Reno	14,920	\$105.56	DBB Holdings, Inc.	Cornerstone Developments Partners, Inc.

New / Coming to the Region

Property Address	Tenant	Tenant Type	Submarket	Projected Opening	Owner
5695 S. Virginia St.	99 Cent Only	Discount Store	Meadowood	Now Open	DB Investments, Ltd.
Ironhorse SC – 635 E. Prater Way	Family Dollar	Discount Store	Northeast Sparks	Winter 2013	Iron Horse Kohala, LLC
100 N. Sierra St.	Kor Fitness	Fitness Center	Reno Redevelopment	Now Open	Sierra First Partners, LLC
6850 S. McCarran Blvd.	New Horizons	Daycare	Meadowood	Now Open	Edmondson Family Trust
1700 Victorian Ave.	The Mob Syndicate	Clothing Store	Sparks Redevelopment	Fall 2012	FE Choquette, LLC

**General Retail:** Typically single-tenant freestanding general purpose commercial buildings with parking. Many single retail buildings fall into this use code, especially when they don't meet any of the more detailed use code descriptions.

**Mall:** Retail centers which provide shopping goods, general merchandise, apparel, furniture, and home furnishings in full depth and variety. Malls are generally built around one or more full-line department stores as the major drawing powers. However, some malls, such as lifestyle centers, lack major anchors and instead rely on trendier, upscale retail to draw business from nearby affluent neighborhoods.

**Power Center:** The center typically consists of several freestanding anchors and only a minimum amount of small specialty tenants. 250,000–600,000 SF and is dominated by several large anchors, including discount department stores, off-price stores, and warehouse clubs.

**Shopping Center:** Combination of the following retail types:

**Strip Center:** An attached row of stores or service outlets managed as a coherent retail entity. May be configured in a straight line, L, or U shape. On-site parking usually in front of stores.

**Neighborhood Center:** Centers providing convenience goods (food, drugs, etc.) and personal services (laundry, dry cleaning, etc.) for day-to-day needs of surrounding neighborhood. Generally 30,000–100,000 square feet in size.

**Community Center:** Centers offering a wider range of apparel and goods than community centers. Often anchored by supermarkets, super drugstores, or discount department stores. Usually configured in a straight line or L or U shape. Generally 100,000–350,000 square feet in size.

**Specialty Center:** Centers focused on a particular specialty or theme. Examples include Airport Retail (a center using an airport as its main draw), Outlet Center (a center of bigger chain stores often found in malls selling their own merchandise at a discount), and Theme/Festival Center (centers built around a unifying theme, often appealing most to tourists).

To view available properties, please visit:  
[www.voitco.com](http://www.voitco.com)

Please Contact Us for Further Information

Anaheim, CA 714.978.7880	Newport Beach, CA 949.644.8648
Commerce, CA 323.201.4494	Phoenix, AZ 602.952.8648
Inland Empire, CA 909.545.8000	Reno, NV 775.309.0782
Irvine, CA 949.851.5100	Sacramento, CA 916.772.8648
Las Vegas, NV 702.734.4500	San Diego, CA 858.453.0505



REAL ESTATE SERVICES

101 Shipyard Way  
Newport Beach, CA 92663  
949.644.8648  
[www.voitco.com](http://www.voitco.com)  
Lic. #01333376

This survey consists of properties representing both single tenant and multi-tenant buildings. The lease rates are based on a triple-net basis. The information contained in this report is gathered from sources that are deemed reliable, but no guarantees are made as to its accuracy. This information is for Voit Real Estate Services' use only and cannot legally be reproduced without prior written consent from the management of Voit Real Estate Services.