



Retail Market Report

Compared to last quarter:

Vacancy

DOWN

Net Absorption

POSITIVE

Lease Rates

DOWN

Construction

DOWN

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Market Highlights

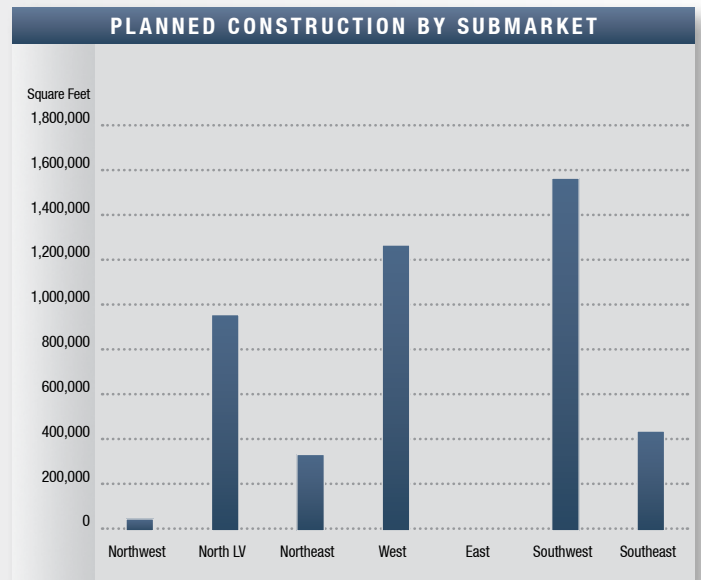
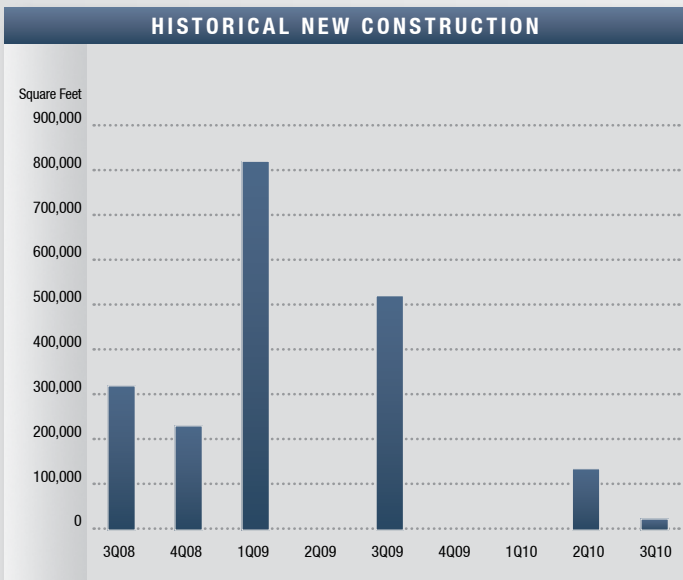
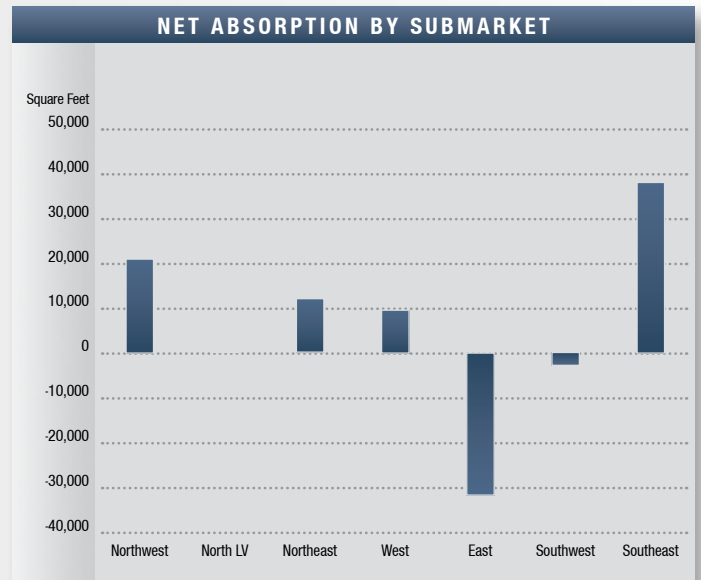
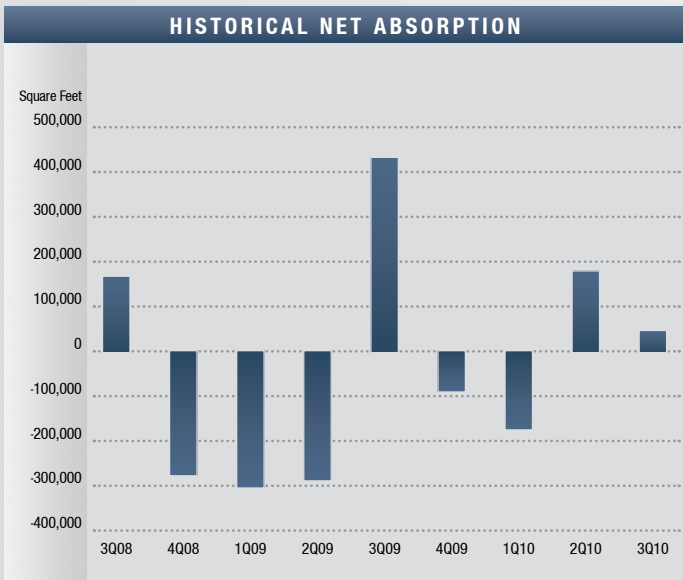
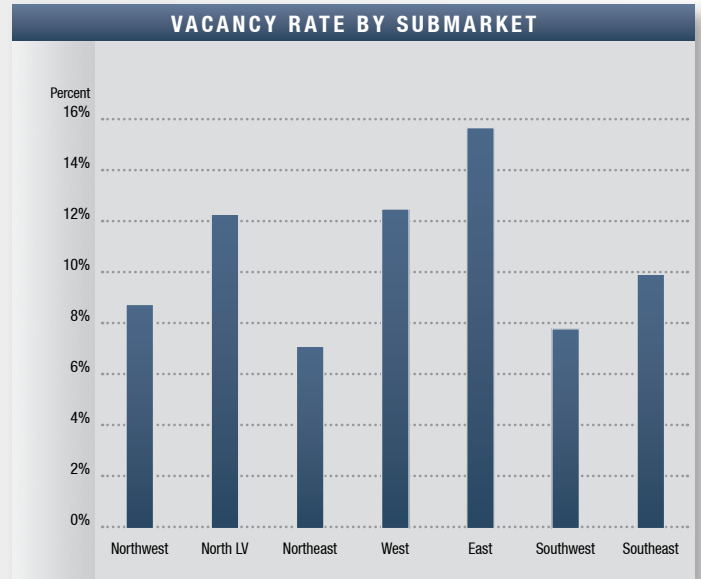
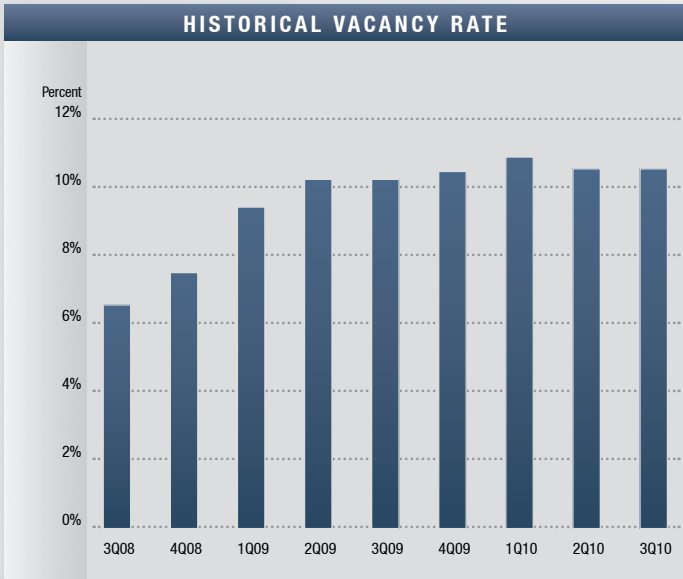
- Market Overview** – The retail market in Las Vegas showed some improvement during the third quarter. While the current vacancy rate remains more than double the historical 10-year average, the latest period reflects the second consecutive decline in vacancies. Additionally, the vacancy rate is up only a modest 33 basis points from a year ago.
- Demand** – More space was occupied than vacated during the third quarter, reporting 47,200 square feet of positive absorption for the second successive quarter, a condition not witnessed since the beginning of the latest downturn, in the first quarter of 2008, when a significant amount of preleased space was entering the market.
- Inventory** – At the end of the third quarter of 2010, total inventory grew to 51.2 million square feet as 25,200 square feet of in-line shop space completed construction at Caroline's Court in the northwest portion of the valley. Due to poor performance in the broader economy, the completion of new retail space has slowed tremendously with only 164,600 square feet of new space coming to market within the last 12 months, the lowest annual total in more than a decade. For comparison purposes, an average of approximately 2.1 million square feet annually entered the market over the last ten years.
- Future Supply** – Similar to other commercial sectors, only a couple of projects are moving forward as construction has waned over the last several years. Of the nearly 4.7 million square feet

of planned development, little is expected to begin construction in the near term. Investments in new construction within the sector will likely require several consecutive quarters of economic expansion and job growth, a condition not expected this year.

- Economic Considerations** – Clouds continue to hover over the economic environment in southern Nevada. In August, the unemployment rate declined 10 basis points from its peak of 14.8 percent reached during the prior month. While the decline is welcome, the unemployment rate remains up 1.7 percentage points from a year ago and one of the highest in the country. While the national recession was officially declared over in June 2009, the southern Nevada labor market continues to struggle, particularly in key sectors such as construction and casino-hotel gaming which have shed 13,500 and 2,000 jobs, respectively, during the last year. There have been some bright spots, with 3,600 jobs added in professional and business services and 1,600 jobs in food services and drinking places.
- Looking Forward** – With trend lines in taxable retail sales activity (consumer spending) starting to stabilize, the commercial retail market may be finding its way along the bottom. Nevertheless, depressed price levels for retail space will continue to drive the market as it attempts to shed several years of excess inventory. Additionally, uncertainty remains with regard to the ultimate demand for the number of big box spaces that have been vacated since the onset of the national recession.

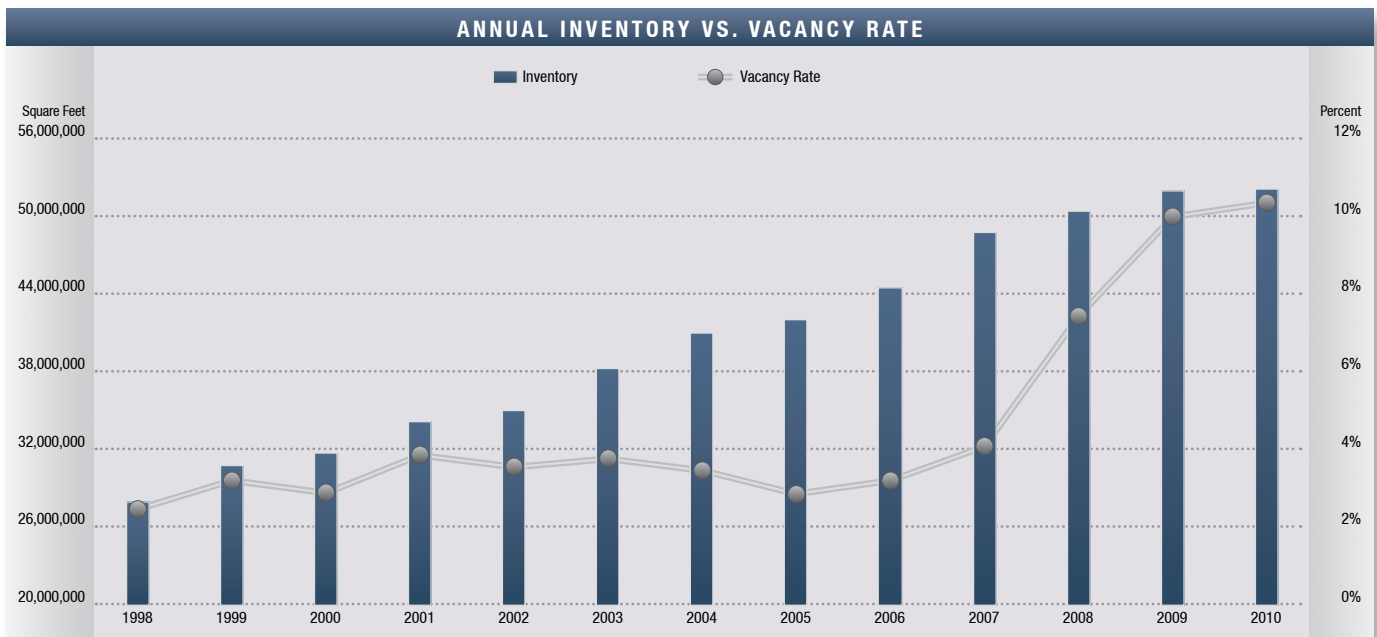
RETAIL MARKET OVERVIEW

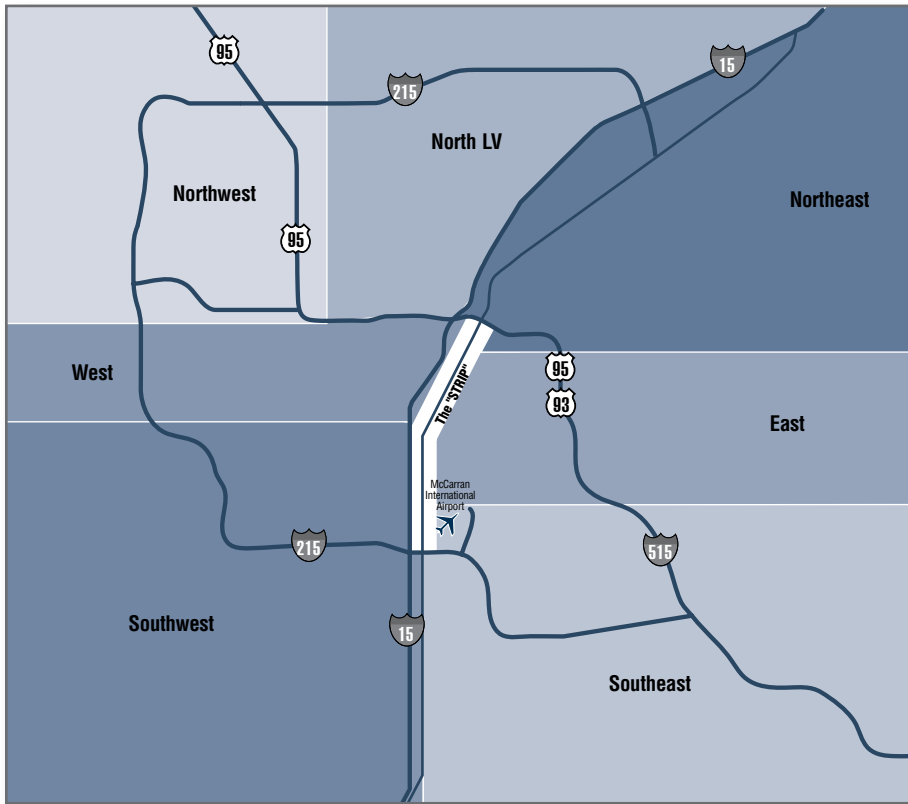
	3Q2010	2Q2010	3Q2009	% CHANGE vs. 3Q2009
Under Construction	524,000	550,000	690,000	-24.1%
Planned Construction	4,675,000	5,051,000	7,665,000	-39.0%
Vacancy	10.7%	10.7%	10.4%	3.2%
Net Absorption	47,000	188,000	442,000	-89.4%



	INVENTORY				VACANCY RATES		ABSORPTION	
	Number of Bldgs.	Net Rentable Square Feet	Square Feet Under Construction	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2010	Net Absorption 3Q2010	New Inventory 3Q2010
Northwest								
Power Centers	5	2,189,622	–	–	182,142	8.3%	(1,891)	–
Community Centers	8	1,099,610	–	73,956	143,830	13.1%	9,124	25,174
Neighborhood Centers	17	1,960,058	48,900	–	137,709	7.0%	13,283	–
Northwest Total	30	5,249,290	48,900	73,956	463,681	8.8%	20,516	25,174
North Las Vegas								
Power Centers	12	2,623,957	630,475	–	218,676	8.3%	–	–
Community Centers	11	1,508,952	206,909	–	120,405	8.0%	2,604	–
Neighborhood Centers	29	2,845,500	137,000	–	513,581	18.0%	(3,028)	–
North Las Vegas Total	52	6,978,409	974,384	–	852,662	12.2%	(424)	–
Northeast								
Power Centers	4	943,001	–	–	6,050	0.6%	30	–
Community Centers	7	1,054,911	351,328	–	41,949	4.0%	–	–
Neighborhood Centers	17	1,298,539	–	–	193,970	14.9%	13,000	–
Northeast Total	28	3,296,451	351,328	–	241,969	7.3%	13,030	–
West								
Power Centers	11	3,079,229	1,200,000	–	139,290	4.5%	38,121	–
Community Centers	17	2,381,430	80,000	450,000	429,951	18.1%	(25,600)	–
Neighborhood Centers	22	2,540,122	–	–	419,640	16.5%	(2,318)	–
West Total	50	8,000,781	1,280,000	450,000	988,881	12.4%	10,203	–
East								
Power Centers	4	1,203,293	–	–	71,926	6.0%	(5,496)	–
Community Centers	11	1,864,470	–	–	359,190	19.3%	(5,465)	–
Neighborhood Centers	29	3,143,708	–	–	536,705	17.1%	(20,092)	–
East Total	44	6,211,471	–	–	967,821	15.6%	(31,053)	–
Southwest								
Power Centers	13	4,372,467	223,156	–	292,264	6.7%	654	–
Community Centers	8	786,101	850,972	–	57,421	7.3%	6,000	–
Neighborhood Centers	33	3,409,656	506,000	–	316,300	9.3%	(10,142)	–
Southwest Total	54	8,568,224	1,580,128	–	665,985	7.8%	(3,488)	–
Southeast								
Power Centers	10	3,851,585	175,037	–	375,267	9.7%	27,154	–
Community Centers	23	4,367,897	53,000	–	382,944	8.8%	7,682	–
Neighborhood Centers	45	4,639,847	212,680	–	529,670	11.4%	3,629	–
Southeast Total	78	12,859,329	440,717	–	1,287,881	10.0%	38,465	–
Las Vegas Total								
Power Centers	59	18,263,154	2,228,668	–	1,285,615	7.0%	58,572	–
Community Centers	85	13,063,371	1,542,209	523,956	1,535,690	11.8%	(5,655)	25,174
Neighborhood Centers	192	19,837,430	904,580	–	2,647,575	13.3%	(5,668)	–
Total	336	51,163,955	4,675,457	523,956	5,468,880	10.7%	47,249	25,174

This survey consists of anchored centers greater than 30,000 square feet. **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, the size starts at 30,000 SF

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