



For Immediate Release
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Contact: John Restrepo
Restrepo Consulting Group LLC
(702) 967-3188

Contact: Vic Donovan
Colliers International
(702) 735-5700

Available Retail Space Declines

State's Leading Real Estate Economics Firm Notes Very Strong 1st Quarter 2005 Performance

LAS VEGAS - With the release of their first quarter 2005 retail market survey today, Las Vegas-based advisory firm Restrepo Consulting Group LLC (RCG) and commercial brokerage firm Colliers International noted that the Las Vegas Valley speculative retail inventory grew by over 331,000 square feet during the first three months of the year to 35 million square feet in 222 buildings. Unoccupied space totaled 1.8 million square feet, reflecting a vacancy rate of 4.8 %. Demand (net absorption) during Quarter 1 was a positive 399,000 square feet. At the end of the first quarter, there were 2.9 million square feet of forward supply -834,400 under construction and 2.1 million square feet of planned space.

Quarterly & Yearly Comparisons

	Q1, 2005 (Current quarter)	Q4, 2004 (Previous quarter)	Q1, 2004 (Same quarter previous year)	Q1, 2003 (Same quarter – two years previous)
Retail Inventory (SF)	34,970,000	34,639,000	33,467,000	30,706,000
Under Construction (SF)	834,000	554,000	1,092,000	1,263,000
Vacancy Rate	4.8%	5.1%	4.7%	3.9%
Asking Rates (PSF)	\$1.64	\$1.66	\$1.70	\$1.28
Net Absorption (SF)	399,000	255,000	159,000	653,000

Along with a stable performance during the first quarter, RCG and Colliers International recorded a healthy balance between demand and supply. Demand (net absorption) also kept pace with completions. Net absorption exceeded completions by 20%.

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Healthy absorption resulted in a declining vacancy rate. Valley-wide monthly average asking rates were \$1.64 per square foot (calculated on a NNN basis – or not accounting for any operating expenses) compared to historically flat rates of \$1.28 per square foot in the first quarter of 2003, two years ago.

Market Highlights:

- √ Lowest vacancy rate: Power Center space (2.6%)
- √ Highest vacancy rate: Community Center space (5.9%)
- √ Vacancy rate by age: 6.3% for projects constructed prior to 1995. 3.5% for projects constructed from 1995 to 2003 (last stabilized vacancy year)
- √ Retail-using employment increased by 3.9% during the past 12 months
- √ Completions only occurred in the University East and North Las Vegas submarkets, including Las Vegas Windmill Sav-On and Silverado Ranch Shopping Plaza in the University East, and Simmons Marketplace in the North Las Vegas submarkets
- √ Average asking lease rates have consistently been between \$1.60 and \$1.70 during the last four quarters, including this quarter's \$1.64 psf
- √ Submarkets reporting lower-than-average vacancy rates: North Las Vegas (2.0%), Northwest (2.2%), and (10.4%)
- √ Submarkets reporting higher-than-average vacancy rates: Southwest (8.2%), Downtown (7.9%), West Central (7.0%) and University East (6.6%)

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Commentary:

“The overall speculative retail vacancy rate declined for the first time in nine quarters this quarter 4.8% toward a nine-quarter low was 3.9% in Quarter 1, 2003,” said John Restrepo, Principal of RCG. He further noted strong economic and population growth as the major causes of this continued drop. The healthiest markets were North Las Vegas, Henderson and the Northwest, with vacancies of 1 to 2 percentage points below the Valley average.

“While current vacancy levels remain above 2000, our best year, the Valley’s speculative retail market is very strong as evidenced by a such a low vacancy that we are essentially fully occupied in that segment. Accordingly, we expect lease rate to rise in 2005,” said Vic Donovan, Managing Partner of Colliers International.

“The continuing trend of retail development along the Valley’s freeways and our suburban population centers, especially in Green Valley, the North Las Vegas, the Southwest and the Northwest continues unabated,” said Restrepo. The demands being generated by a growing economy and population-base have been of the major drivers. “noted Restrepo.

“While the for-lease retail market remains strong, it will be important to monitor the amount of forward supply to the extent it impacts our for-lease market,” added Donovan. Data maintained by RCG and Colliers International suggested that anchored strip retail capitalization rates are ranging between 6.25% and 7%, the lowest in years, according to Donovan.

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Restrepo Consulting Group LLC is the most established and prominent Nevada-based urban economics and real estate consulting firm in the state. John Restrepo, principal of the firm, has been providing economics and real estate market research services in Nevada since 1988. RCG provides a broad range of advisory services to a variety of public and private organizations. The firm uses its deep expertise in regional economics, real estate, demographics, information technology and finance to assist its clients. RCG has prepared numerous demographic assessments, highest and best use studies, market analyses and regional economic reports. RCG' other service lines include financial advisory services, strategic planning, public policy analysis and gaming industry consulting. The firm is sought after by many of the Nevada's most prominent companies and public agencies. Restrepo Consulting Group LLC has offices at 3960 Howard Hughes Parkway, Suite 130, and can be reached at 702-967-3188. The firm's Web site can be accessed at www.rcg1.com.

Colliers International is the largest commercial real estate firm in Nevada with more than \$ 1.385 billion in lease and sale transactions in 2004. *Colliers International* has an elite team of the most knowledgeable commercial real estate brokers in Southern Nevada. *Colliers International* employs over 65 sales professionals in Las Vegas and Reno, and specializes in the leasing and sale of office, industrial, retail and investment properties. In addition, Colliers International provides a wide range of corporate services, including construction administration, investment analysis, transaction management, research, site analysis, portfolio asset management & property management.

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With offices at 3960 Howard Hughes Parkway, Suite 150, Colliers International can be reached at 702-735-5700. The firm's Web site can be accessed at www.lvcolliers.com.

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