



**For Immediate Release  
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### **The Valley' Retail Market Desperately Needs More Space**

LAS VEGAS - With the upcoming release of their 1<sup>st</sup> quarter 2006 retail market survey, Las Vegas-based advisory firm Restrepo Consulting Group LLC (RCG) and commercial brokerage firm Colliers International (CI) noted that there was no new for-lease anchored retail space added to the Las Vegas Valley so far into 2006. Inventory stands at 35.4 million sf. However, forward supply, the amount of retail space under-construction and planned to begin construction within the next 12 months, reached a substantial 5.7 million square feet, up by 90% from the 3 million square feet recorded in Q1, 2005. Most of this space was located in the North Las Vegas and Southwest submarkets.

Absorption dropped during the 1<sup>st</sup> quarter to 44,200 square feet, compared to the 425,500 sf absorbed in Q4, 2005 and 336,500 sf in Q1, 2005. The fact that **NO** new retail space was added in the 1<sup>st</sup> quarter, combined with a lack of quality remaining space available, drove weak absorption. At 2005's rate of average quarterly absorption of 358,000 sf, there is enough available retail space to last just under three quarters, assuming no new supply is added or existing spaces is vacated. Adding all forward supply (5.7 million sf) would represent an absorption period of 16 quarters, or four years.

Vacant space in the 1<sup>st</sup> quarter totaled 1 million square feet, reflecting a vacancy rate of 2.9%, a decline from the Q4, 2005 vacancy of 3.0%. Compared to Q1, 2005, vacancy dropped by about two percentage points, from 4.8%. The current vacancy rate is the lowest rate recorded in the past 3 years, when it stood at 2.7% in Q3, 2002.

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### Quarterly & Yearly Comparisons

	Q1, 2006	Q4, 2005 (Previous quarter)	Q1, 2005 (Same quarter- previous year)	Q1, 2004 (Same quarter-two years previous)
Retail Inventory (SF)	35.4 million	35.4 million	35 million	33.5 million
Under Construction (SF)	1.3 million	1.3 million	834,000	1 million
Planned (SF)	4.4 million	4.5 million	2 million	2.2 million
Vacancy Rate	2.9%	3.0%	4.8%	4.7%
Asking Rent (MO/SF)	\$ 1.54	\$ 1.61	\$ 1.64	\$ 1.70
Net Absorption (SF)	44,200	425,500	336,500	159,300

The 1<sup>st</sup> quarter ended with an average monthly asking rent of \$1.54-per-square foot (calculated on a NNN basis – or not accounting for any operating expenses), down by 4.3% compared to the \$1.61 per-square-foot last quarter. This was the lowest asking rent since Q1, 2003, when it was \$1.28 per square foot. The decline was due to a lack of quality space.

#### **Q1, 2006 Market Highlights:**

- √ Lowest vacancy rate: Power Center space (1.4%)
- √ Highest vacancy rate: Neighborhood Center space (4.2%)
- √ No completions occurred in any submarket
- √ Average monthly asking rents ranged \$1.61 and \$1.70 during the last several quarters, until this quarter when the asking rent dropped to \$1.54 psf
- √ Submarkets reporting lower-than-average vacancy rates: Henderson (2.3%), North Las Vegas (.7%), Northwest (2.3%) and the Southwest (2.5%)
- √ Submarkets reporting higher-than-average vacancy rates: Downtown (6.5%), Northeast (4.8%), University East (3.7) and West Central (3.3)

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**Commentary:**

“The overall anchored spec retail vacancy rate continued to decline to 2.9% from the 4.8% of the 1<sup>st</sup> quarter 2005, continuing the declining vacancy trajectory in the valley,” said John Restrepo, Principal of RCG. The valley is seeing such strong economic and population growth that we continue to have a severely supply-constrained retail market. The retail market, along with our office and industrial markets, are so constrained that they could hamper the entrance of new retailers in the market as well as retail expansions in 2006. The most supply-constrained submarkets were Henderson (2.3%), North Las Vegas (.7%) and the Northwest (2.3%).

“Retail space demand along the Valley’s freeways and in our suburban population centers, especially in Green Valley, North Las Vegas, the Southwest and the Northwest continues unabated,” said Restrepo. “The ‘new’ trend is an emerging interest in redevelopment and infill development by a growing number of niche players” he said.

According to Restrepo, “the 5.7 million square feet of forward supply, if all built, will go a long way in relieving the significant demand pressures that the Valley’s retail market has been experiencing in the last several years.”

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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 3960Howard Hughes Parkway, Suite 130, and can be reached at 702-967-3188. The firm's Web site can be accessed at [www.rcg1.com](http://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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