

# Las Vegas Valley Executive Summary

## Commercial Real Estate Markets - 1st Quarter 2014

### INDUSTRIAL



### OFFICE



### RETAIL



# RCG ECONOMICS

RCG Economics  
3900 Paradise Road  
Las Vegas, NV 89169  
T: (702) 967-3188  
F: (702) 967-3196  
W: [www.rcg1.com](http://www.rcg1.com)



University of Nevada, Las Vegas  
Lied Institute for Real Estate Studies  
Lee Business School  
4505 Maryland Parkway  
Box 456001  
Las Vegas, NV 89154-6001  
T: (702) 895-3362  
F: (702) 895-4090  
W: [business.unlv.edu/lie](http://business.unlv.edu/lie)

## Contributors

John Restrepo - Co-Editor  
Marcus Conklin - Co-Editor  
Hubert Hensen- Real Estate Economist  
Luis Lopez - Real Estate Economist  
Byron Goetting- Real Estate Economist  
Vida Splan - Researcher



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LIED INSTITUTE FOR  
REAL ESTATE STUDIES  
LEE BUSINESS SCHOOL

4505 South Maryland Parkway  
BEH 530B  
Las Vegas, Nevada 89154  
[www.liedinstitute.com](http://www.liedinstitute.com)

**RCG  
ECONOMICS**

3900 Paradise Road, Suite 209  
Las Vegas, Nevada 89169  
[www.rcg1.com](http://www.rcg1.com)

April 17, 2014

Re: *Commercial Real Estate Survey: 1<sup>st</sup> Quarter, 2014*

Dear Reader,

RCG Economics and the UNLV Lied Institute for Real Estate Studies are excited to produce the *Lied-RCG Commercial Real Estate Survey* ("the Survey") containing the most comprehensive, timely and accurate data and analysis on the Las Vegas Valley's industrial, speculative office and anchored retail markets.

RCG Economics has partnered with the Lied Institute to produce objective and independent quarterly surveys on the health and state of the commercial real estate market. RCG is a leader in real estate market research and analysis, including commercial real estate and economic forecasting. The Lied Institute seeks to advance real estate knowledge through research, student scholarship, certificate programs and community outreach activities.

The Survey is born of our commitment to excellence in serving those organizations requiring superior up-to-date market analysis and data to make key decisions. Developing this Private-Public Partnership to collect, analyze and release unbiased information is further proof of this commitment. Equally important, the data herein are collected as close as possible to the end of each quarter.

This survey documents historical and current market conditions at the Valley and submarket levels. The data contained within are organized and tracked by our in-house research analysts and economists to provide the best analysis of Las Vegas' commercial real estate markets. The survey contains a variety of meaningful market indicators, including:

- ◆ Total existing inventory
- ◆ New and planned construction activity
- ◆ Vacancy and occupancy levels
- ◆ Net Absorption
- ◆ "Coupon" or quoted monthly rents

Further, our three commercial (industrial, office and retail) databases contain benchmark building data, by submarket, dating back to 1996. This information allows us to develop "custom" studies for our readers and clients. It is through this survey and our other services and products, that we remain the "Source for Decision Makers."

Regards,

John Restrepo  
RCG Economics

Marcus Conklin  
Lied Institute for Real Estate Studies-UNLV





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## Las Vegas Valley Executive Summary Industrial Market - 1st Quarter 2014



BELTWAY BUSINESS PARK

# LAS VEGAS VALLEY INDUSTRIAL MARKET

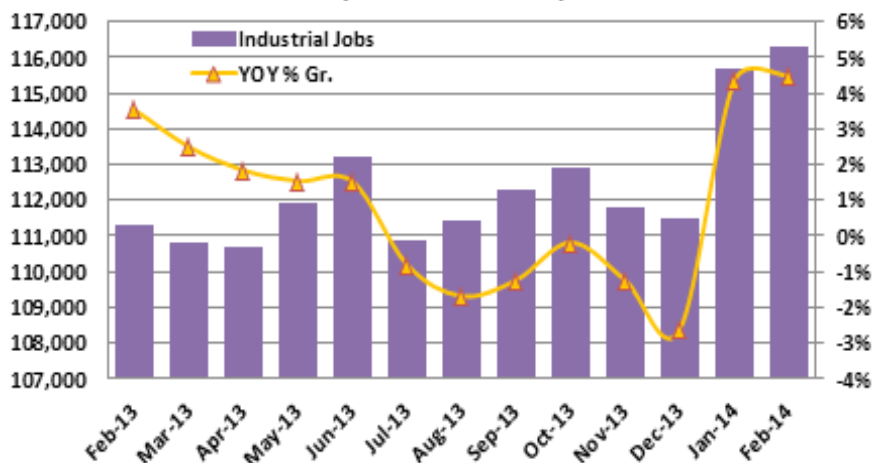
## SUMMARY

The Las Vegas Valley's ("the Valley") industrial market<sup>1</sup> ended Q1 2014 with an inventory of 107.7 million square feet ("sf"). Demand during Q1 was 862,000 sf. The quarter ended with an industrial vacancy rate of 11.1%, 3.8 percentage points less than the same time last year. At \$0.54 per square foot ("psf") NNN<sup>2</sup>, the average asking rent for industrial space was above last quarter (\$0.53 psf) and the same quarter last year (\$0.48 psf). At the end of Q1 2014, there were 1 million sf of industrial forward-supply<sup>3</sup> (all under construction as we recorded no space in the planning stages). All under construction space was for warehouse/distribution and light industrial buildings. Although industrial employment has yet to stabilize, performance metrics for the Valley's industrial market in the last four quarters indicate that we are now in the midst of a recovery.

## INDUSTRIAL-RELATED JOBS

Employment in the industrial sector represents 15% of all private employment in Clark County. There were 116,300 such jobs as of February 2014, 5,000 more (+4.5%) than in the same month in the prior year.<sup>4</sup> After finally turning positive between May 2012 and June 2013, annual industrial employment growth dipped back into negative territory during the six-month period of July 2013 to December 2013, though in the last two months has come back and posted strong growth (>4%). These losses were largely in the construction and transportation & warehousing industries. In these last two months, however, hiring in these industries has rebounded, especially in construction (~8%).

Clark County Total\* Industrial Jobs and Annual Growth (Feb-13 to Feb-14)



\*Natural resources, construction, manufacturing, and transportation & warehousing industries. Source: Nevada Department of Employment, Training and Rehabilitation; calculated by RCG Economics.

## Industrial Employment

Industry Sector	Dec			Jan			Feb		
	2013	2012	% Ch.	2014	2013	% Ch.	2014	2013	% Ch.
Nat. Resources	300	300	0.0%	300	300	0.0%	300	300	0.0%
Construction	40,900	40,200	1.7%	39,700	38,800	2.3%	40,400	39,200	3.1%
Manufacturing	21,000	20,500	2.4%	20,800	20,200	3.0%	20,900	20,300	3.0%
Wholesale	20,700	20,300	2.0%	20,500	20,000	2.5%	20,500	20,000	2.5%
Transp. & Warehousing	34,900	33,800	3.3%	34,400	33,800	1.8%	34,200	33,500	2.1%
<b>Total</b>	<b>117,800</b>	<b>115,100</b>	<b>2.3%</b>	<b>115,700</b>	<b>113,100</b>	<b>2.3%</b>	<b>116,300</b>	<b>113,300</b>	<b>2.6%</b>

Source: Nevada Department of Employment, Training & Rehabilitation.

## VACANCY & RENTS

The Valley's total industrial vacancy rate (directly vacant space plus vacant sublease space) was 11.1% in Q1, down from the 11.8% recorded for the previous quarter and the 14.9% in Q1, 2013. Vacancy levels have shown notable improvements in all quarters since peaking in Q4 of 2012 when the vacancy rate stood at 15.5%.

On a submarket basis, the lowest industrial vacancy rate in Q1 was found in East Las Vegas, at 7.4%. The Northwest submarket continues to post the highest rate among the Valley's seven submarkets at 18.1%, a slight worsening compared to Q4. This rate is 0.2 percentage points over the previous quarter's 17.9%. Among



the larger industrial submarkets, the vacancy rate in the Airport area declined the most, falling by 2.5 percentage points from 17.2% in Q4 2013 to 14.7% in Q1 2014. This was followed by North Las Vegas' 1.6 percentage point drop to 9.6%. West Central, Northwest and Henderson submarkets saw vacancy increase quarter over quarter, by 1.3, 0.2 and 1.0 percentage points, respectively.

All but incubator space experienced a decrease in vacancy over Q4. The largest drop, -2.3 percentage points, was in R&D/Flex space. Vacancy rose slightly in Incubator space (+0.4 percentage point). Light Industrial space had the lowest vacancy among all industrial types at 7.5%, while R&D/Flex space had the highest vacancy rate at 20.1%.

However, relative to Q1 2013, all product types experienced lower vacancy rates. R&D/Flex space saw the biggest change Y-O-Y with a 6.1 percentage point drop, while Warehouse/Distribution experienced the next largest decline - 5.6 percentage points. The decreases in vacancy rates for Light Distribution, Light Industrial and Incubator space were 3.6, 1.6 and 0.9 points, respectively. Overall, the industrial vacancy rate dropped from 14.9% to 11.1%, a 3.8-point improvement.

Monthly asking rents for industrial space (calculated on a NNN basis — or not accounting for any operating expenses) have risen over the past four quarters. At \$.54 per sf in Q1 2014, rents are up \$.01 since last quarter's \$.53 and \$.03 since Q1 2013's \$.48 psf.

## DEMAND

Demand in the Valley's industrial market (defined as total net absorption) was positive for the 6th straight quarter with 862,100 sf of net space absorbed in Q1 2014. For 2013 overall, net absorption totaled over 4.6 million sf, a major turnaround compared to 2012's -317,400 sf total and is the largest amount absorbed since 2007. The year-over-year ("YOY") difference in Q1 is about +6,500 sf, so we look poised for another good year in 2014. This is an important indicator of Southern Nevada's ongoing economic recovery.

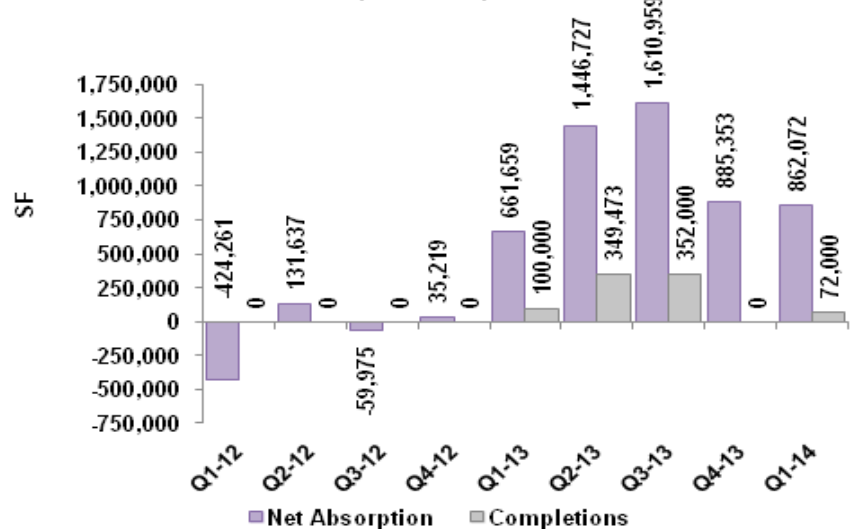
By submarket, North Las Vegas saw the most net absorption this quarter with 497,500 sf of more space occupied over last quarter. The East Las Vegas, Airport and Southwest submarkets also posted increases ranging between 23,000 sf and 356,100 sf. Negative net absorption this quarter was recorded in the Northwest (-2,900 sf), West Central (-152,000 sf) and Henderson (-69,000 sf).

Product demand in Q1 showed improvements for Warehouse/Distribution, Light Distribution, Light Industrial and R&D/Flex, but decreased for Incubator space. Light Distribution led the way with 318,000 sf absorbed for the quarter, but less than the 478,700 sf absorbed in Q4, 2013. The negative net absorption in the Incubator space was -30,900 sf. The Valley's positive net absorption for the last year was driven by the strong demand for Warehouse/Distribution space with nearly 3.0 million sf absorbed for the year. All other products were also positive for the year: Light Industrial (749,600 sf), Light Distribution (641,100 sf), R&D/Flex (361,600 sf) and Incubator (72,500 sf).

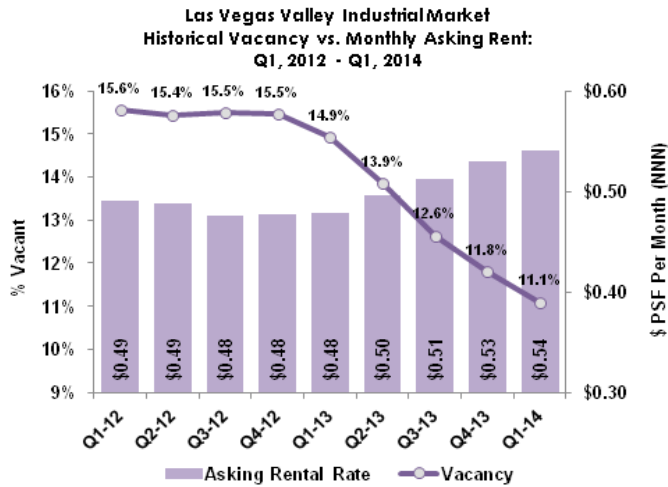
## SUPPLY

There were 72,000 sf of industrial completions during Q1, 2014 (one project in Henderson) and inventory inched up to 107.7 million sf in 4,201 buildings. For the year, 801,500 sf were brought to the market in 2013,

**Las Vegas Valley Industrial Market  
Historical Net Absorption vs. Completions:  
Q1, 2012 - Q1, 2014**



all in the form of six built-to-suit spaces primarily as Warehouse/Distribution buildings. In comparison to the previous recent years, we see that no new space was completed in 2012 and only 152,000 sf was completed in 2011. The completed project is VadaT-ech's 72,000 sf manufacturing facility, a light industrial building.



There were four projects under construction by the end of the quarter, which support the trend of build-to-suit warehouse/distribution developments: Konami Gaming's expansion (193,000 sf in Airport); FedEx Distribution Center (296,000 sf in Henderson); Nicholas & Company (200,000 sf in North Las Vegas); and TJ Maxx's expansion (300,000 sf in North Las Vegas).

An important measure of the near-term health of the commercial markets is the potential number of years of available supply. With the vacancy rate at 11.1% and assuming a 10-year quarterly absorption average of 545,000 sf, we estimate that it will take approximately one year for the industrial market to reach a 10% stabilized vacancy rate.

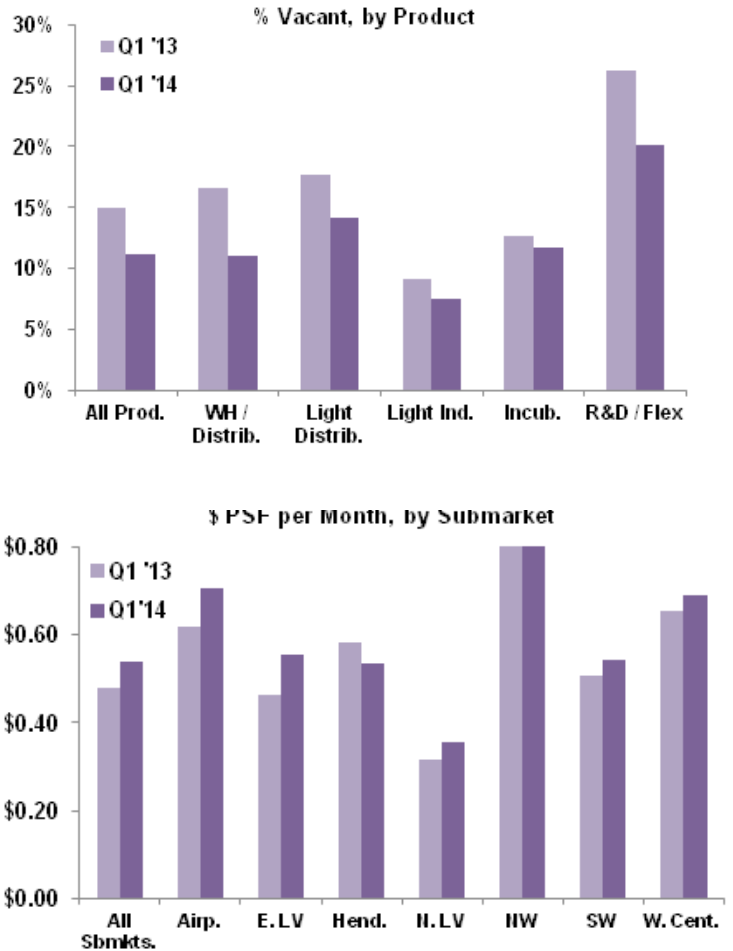
One of the economic development challenges facing Southern Nevada is the lack of space of a certain size. There is critical shortage of space over 100,000 sf. This shortage is hampering the rate of economic development because there is evidence that the region has lost a number of prospective businesses to competing Western metros due to the lack of large industrial spaces. Additionally, this shortage is limiting the growth potential of existing businesses, because of the inability to expand operations and hiring. This challenge is clearly illustrated in the following chart.

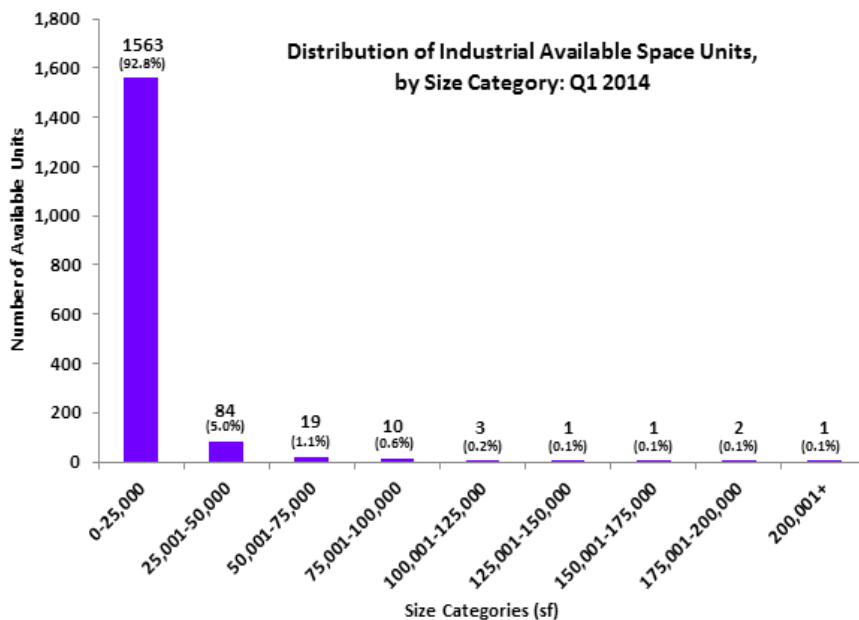
**FURTHER THOUGHTS**

As an important indicator of the steadily improving Southern Nevada economy, the industrial market continues to move toward a very healthy supply-demand balance. Local businesses continue to expand and the attention by firms from outside the state continues to grow. The result: the Valley's industrial market saw net absorption of 862,100 sf this quarter and 4.6 million sf for 2013. This is a remarkable turnaround considering the depth and breadth of the Great Recession. That said, there is a looming economic development and growth challenge facing the region. It's in the form of a dearth of available space of 100,000 sf or more in the market. As shown in the chart, above at the end of Q1, there were only eight buildings in this size range.

Recently, RCG Economics conducted a survey and market study (See <http://www.rcg1.com/industrial-building-survey-comparative-market-analysis-march-2014/>) on the impact of available inventory size on economic

**Las Vegas Valley Industrial Market  
Vacancy Trends: Q1, 2013 v. Q1, 2014**





development efforts for the Las Vegas Global Economic Alliance (<http://www.nevadadevelopment.org/>). The findings were sobering. More than 9,000 potential jobs went uncreated across the Las Vegas Valley in the past 12 months, as at least 75 companies opted for regional competitors with a wider selection of big industrial sites. When asked why they skipped over Las Vegas in 2013, the shortage of building inventory was the top answer given by potential newcomers, with 93.8% of companies citing it.

Of the companies surveyed that were looking to relocate and/or expand, 93% were manufacturing or warehousing businesses that needed large spaces. About 70% said they needed 100,000 to

300,000 sf, while 28.6% said they needed more than 300,000 sf. Unfortunately for them — and for Las Vegas — the local market has just 10 spaces of 100,000 sf or more on the market now..

Factors that have held back local, large-scale industrial development include relatively high land prices, lack of railroad access, and too little emphasis on building big spaces.

Additional reasons include the reluctance of many lenders to provide financing for speculative development in Southern Nevada in the aftermath of the Great Recession, along with the fact that a number of developers believe industrial rents are not yet at the level needed to support new development. Also, our less than robust recovery makes many developers hesitant to raise rents for fear of losing existing tenants or being unable to attract new tenants. All of these factors combined have created a “shortage” of large industrial buildings, which in turn, has made Southern Nevada less attractive than some of its competitors like Phoenix and Salt Lake City.

Local municipalities need to think long term and not convert commercial land uses, especially office and industrial acreage, to residential uses. Short-term demand for a certain type of development — i.e. homebuilding — due to unusual market and lending conditions should not trump long-term planning. Nevada needs a healthy commercial/jobs-housing balance to support continued economic growth and economic development.

<sup>1</sup> Includes all single and multi-tenant for-lease and owner-occupied industrial Warehouse/Distribution, Light Distribution, Light Industrial, Incubator and R&D Flex properties with roll-up doors in the Las Vegas Valley.

<sup>2</sup> All industrial rents in this report are quoted on a monthly triple net (NNN) per square foot basis and does not include additional expenses such as taxes, insurance, maintenance, janitorial and utilities. Rents are based on the direct vacant space in projects, not the average of leases in projects.

<sup>3</sup> Forward-supply is a combination of space presently under construction in a quarter and space planned to begin construction within the next 4 quarters.

<sup>4</sup> Includes the following industries: Natural Resources, Construction, Manufacturing, and Transportation & Warehousing and Wholesale Trade from the Nevada Department of Employment, Training and Rehabilitation’s latest employment statistics.



## INDUSTRIAL MARKET GLOSSARY

Properties tracked have loading dock-grade-level doors. Building characteristics were used to define the appropriate subtype classification. These characteristics can include a building's primary use, size, type of loading doors, clear heights and parking ratios. A property must exhibit one or more of the typical building characteristics to be classified into subtypes.

### Warehouse/Distribution

These buildings are the largest among the subtypes and are used for warehousing and distributing materials and merchandise. Warehouse facilities are primarily used for storage and distribution buildings are warehouse facilities designed to accommodate the freight and movement of products/goods.

- Multi- or single-tenant,
- Building/park size of at least 10,000 square feet,
- Dock-high doors (or grade-level doors) and clear heights of at least 16 feet, and
- Parking ratios of: 1-2/1,000 square feet - traditional warehouse/distribution  
3-4/1,000 square feet - high velocity warehouse/distribution.

### Light Distribution

These buildings are primarily used as a distribution transfer center for the transshipment of products/goods (usually to change the mode of transport or for consolidation or deconsolidation of goods before shipment).

- Multi- or single-tenant,
- Building/park size of at least 5,000 square feet, usually characterized by long narrow buildings,
- Cross-dock doors (or several dock high doors) with 12-16 feet clear height to accommodate transfer to/from multiple trucks, and
- Parking ratios of: 1-2/1,000 square feet - traditional warehouse/distribution  
3-4/1,000 square feet - high velocity warehouse/distribution.

### Light Industrial

These buildings are primarily used for light industrial manufacturing (rather than heavy industrial manufacturing that uses large amounts of raw materials, power and space) to produce and/or assemble products/goods for consumers as end-users.

- Multi- or single-tenant,
- Building/park size of at least 7,000 square feet,
- Grade-level doors (or dock-high doors) and clear heights usually between 13 feet and 18 feet, and
- Parking ratio of 4+/1,000 square feet.

### Incubator

Buildings or portions of buildings that accommodate companies in the early phase of growth. The typical user generally needs 1,000 to 3,000 square feet of warehouse space plus 5% to 20% earmarked for office space with the remaining being the warehouse space. Because of its lower space needs, an incubator tenant is usually a low-volume business needing more less frequent packing and unpacking activity and smaller shipment sizes.

- Multi-tenant,
- Building/park size of at least 5,000 square feet,
- Grade-level doors with clear heights less than 15 feet, and
- Parking ratio: Less than 3/1,000 square feet.

### R&D/Flex

These buildings are the smallest among the subtypes and are designed to allow its occupants to easily alternate uses as industrial space or office space. This may include:

- Industrial space generally as light industrial or incubator; and
- Office space generally as research and development (R&D) parks.
- Multi- or single-tenant,
- Building/park size of at least 2,000 square feet,
- Grade-level doors with clear heights less than 15 feet, and
- Parking ratio of 3-4/1,000 square feet.

# Industrial Market Matrix

Las Vegas, Nevada  
First Quarter, 2014

## SUBMARKETS

TOTAL INDUSTRIAL MARKET	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	500	149	532	1,014	81	1,277	648	4,201
Total Rentable SF	14,127,625	2,823,817	12,770,916	31,452,029	1,336,299	33,137,033	12,016,433	107,664,152
Total Vacant SF	2,074,376	208,586	1,100,348	3,009,817	242,350	4,306,213	982,561	11,924,251
Total Occupied SF	12,053,249	2,615,231	11,670,568	28,442,212	1,093,949	28,830,820	11,033,872	95,739,901
Total Vacant (%)	14.7%	7.4%	8.6%	9.6%	18.1%	13.0%	8.2%	11.1%
Completions QTD	0	0	72,000	0	0	0	0	72,000
Completions YOY	222,000	0	72,000	86,000	0	393,473	0	773,473
Total Net Absorption QTD	356,079	22,952	-68,954	497,456	-2,936	209,780	-152,305	862,072
Total Net Absorption YOY	585,499	172,483	-177,223	2,817,125	218,324	1,318,011	-129,107	4,805,111
Asking Rents (\$ PSF)	\$0.70	\$0.55	\$0.54	\$0.36	\$0.99	\$0.54	\$0.69	\$0.54
Under Construction SF	193,000	0	296,000	500,000	0	0	0	989,000
Planned SF	0	0	0	0	0	0	0	0

WAREHOUSE/DISTRIBUTION	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	78	18	77	176	5	138	52	544
Total Rentable SF	4,844,394	907,075	6,459,019	18,506,459	223,661	13,066,312	1,939,836	45,946,756
Total Vacant SF	391,122	9,395	440,207	1,856,129	50,367	2,126,808	170,785	5,044,813
Total Occupied SF	4,453,272	897,680	6,018,812	16,650,330	173,294	10,939,504	1,769,051	40,901,943
Total Vacant (%)	8.1%	1.0%	6.8%	10.0%	22.5%	16.3%	8.8%	11.0%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	86,000	0	393,473	0	479,473
Total Net Absorption QTD	175,998	-9,395	-152,937	340,807	0	-60,740	-97,503	196,230
Total Net Absorption YOY	213,836	44,764	-171,693	2,424,879	-17,025	574,602	-88,038	2,981,326
Asking Rents (\$ PSF)	\$0.43	\$0.56	\$0.48	\$0.33	\$0.49	\$0.45	\$0.43	\$0.40
Under Construction SF	193,000	0	296,000	500,000	0	0	0	989,000
Planned SF	0	0	0	0	0	0	0	0

LIGHT DISTRIBUTION	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	68	19	37	167	1	181	40	513
Total Rentable SF	3,169,129	340,675	1,571,703	4,848,934	51,000	6,930,636	775,747	17,687,824
Total Vacant SF	578,841	24,368	201,107	564,423	34,426	969,181	120,950	2,493,296
Total Occupied SF	2,590,288	316,307	1,370,596	4,284,511	16,574	5,961,455	654,797	15,194,528
Total Vacant (%)	18.3%	7.2%	12.8%	11.6%	67.5%	14.0%	15.6%	14.1%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	93,647	0	-31,200	144,692	0	92,760	18,058	317,957
Total Net Absorption YOY	101,743	46,577	-42,906	204,015	38,593	276,283	15,754	640,058
Asking Rents (\$ PSF)	\$0.58	\$0.43	\$0.43	\$0.37	\$0.29	\$0.52	\$0.42	\$0.48
Under Construction SF	0	0	0	0	0	0	0	0
Planned SF	0	0	0	0	0	0	0	0

# Industrial Market Matrix

## Las Vegas, Nevada First Quarter, 2014

### SUBMARKETS

LIGHT INDUSTRIAL	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	198	91	312	594	16	740	482	2,433
Total Rentable SF	3,076,809	1,135,150	3,057,009	6,755,260	290,111	9,121,042	6,622,403	30,057,784
Total Vacant SF	357,483	75,194	215,073	424,078	0	674,464	512,534	2,258,826
Total Occupied SF	2,719,326	1,059,956	2,841,936	6,331,182	290,111	8,446,578	6,109,869	27,798,958
Total Vacant (%)	11.6%	6.6%	7.0%	6.3%	0.0%	7.4%	7.7%	7.5%
Completions QTD	0	0	72,000	0	0	0	0	72,000
Completions YOY	222,000	0	72,000	0	0	0	0	294,000
Total Net Absorption QTD	74,378	23,209	98,197	-16,842	11,644	84,355	-33,472	241,469
Total Net Absorption YOY	253,055	67,665	77,265	113,099	27,135	247,503	-36,108	749,614
Asking Rents (\$ PSF)	\$0.80	\$0.52	\$0.65	\$0.36	\$0.00	\$0.59	\$0.77	\$0.59
Under Construction SF	0	0	0	0	0	0	0	0
Planned SF	0	0	0	0	0	0	0	0

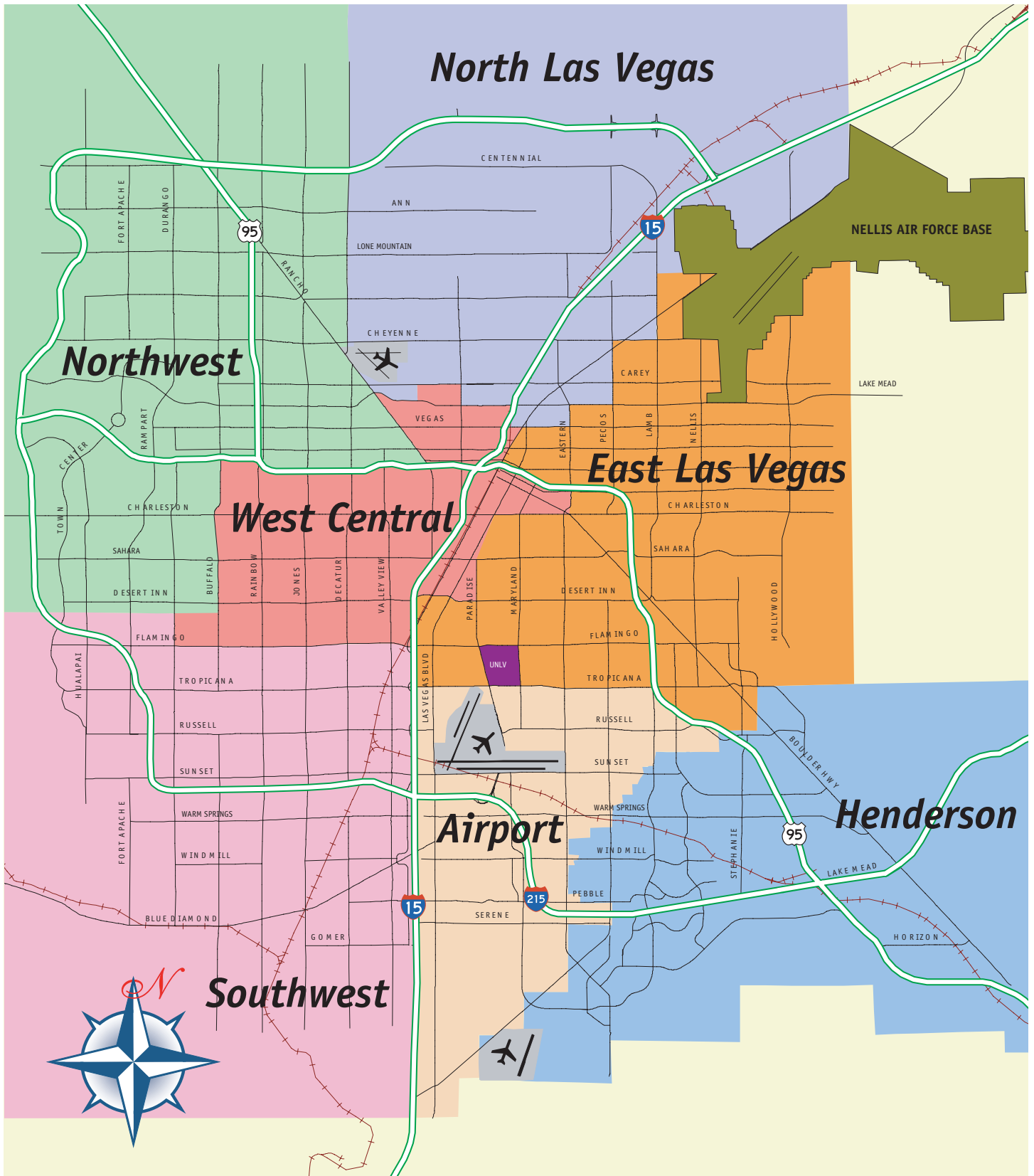
INCUBATOR	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	89	13	29	31	4	120	62	348
Total Rentable SF	1,714,621	298,623	456,906	561,552	99,325	2,496,381	2,458,615	8,086,023
Total Vacant SF	302,192	95,384	50,429	58,274	14,292	260,074	165,536	946,181
Total Occupied SF	1,412,429	203,239	406,477	503,278	85,033	2,236,307	2,293,079	7,139,842
Total Vacant (%)	17.6%	31.9%	11.0%	10.4%	14.4%	10.4%	6.7%	11.7%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	-28,447	9,138	31,245	-8,600	0	-2,177	-32,039	-30,880
Total Net Absorption YOY	50	10,553	4,502	18,081	13,039	41,453	-15,200	72,479
Asking Rents (\$ PSF)	\$0.79	\$0.58	\$0.53	\$0.46	\$0.65	\$0.68	\$0.92	\$0.71
Under Construction SF	0	0	0	0	0	0	0	0
Planned SF	0	0	0	0	0	0	0	0

R&D / FLEX	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	67	8	77	46	55	98	12	363
Total Rentable SF	1,322,672	142,294	1,226,279	779,824	672,202	1,522,662	219,832	5,885,765
Total Vacant SF	444,738	4,245	193,532	106,913	143,265	275,686	12,756	1,181,135
Total Occupied SF	877,934	138,049	1,032,747	672,911	528,937	1,246,976	207,076	4,704,630
Total Vacant (%)	33.6%	3.0%	15.8%	13.7%	21.3%	18.1%	5.8%	20.1%
Completions QTD	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0
Total Net Absorption QTD	40,503	0	-14,259	37,399	-14,580	95,582	-7,349	137,296
Total Net Absorption YOY	16,814	2,924	-44,392	57,051	156,582	178,170	-5,516	361,634
Asking Rents (\$ PSF)	\$0.91	\$1.25	\$0.76	\$0.46	\$1.15	\$0.87	\$0.65	\$0.86
Under Construction SF	0	0	0	0	0	0	0	0
Planned SF	0	0	0	0	0	0	0	0



# LAS VEGAS VALLEY

## INDUSTRIAL SUBMARKET MAP





BELTWAY BUSINESS CENTER

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## Las Vegas Valley Executive Summary Office Market - 1st Quarter 2014



HUGHES CENTER



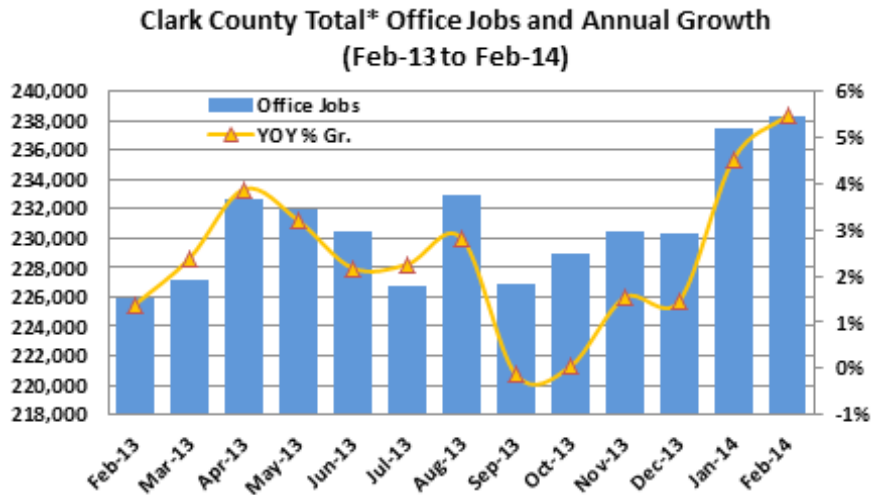
# LAS VEGAS VALLEY OFFICE MARKET

## SUMMARY

The Las Vegas Valley's ("the Valley") speculative office market<sup>1</sup> saw 45,700 square feet ("sf") of space completed at the end of Q1, 2014 though inventory remained at 42.4 million sf. In the last five quarters, Q3, 2013 was the only other quarter to see new space completed. Vacancy was 22.7% at the end of Q1, 2014, slightly down from the 23.7% vacancy recorded for the Q1, 2013. The 180,500 sf of net absorption in Q1 marked a second straight quarter of increase in demand. At \$1.78 per square foot ("psf") FSG<sup>2</sup>, asking rent for office space in Q1 continued its slide from Q4 2013's \$1.84 psf and Q3 2013's \$1.85 psf. At the end of the quarter, there were 574,000 sf of office space under-construction and no space in the planning stages. Much of this under-construction space was concentrated in Class A product in the northwest and southwest submarkets.

## OFFICE-RELATED JOBS

Employment in the office sector is an integral driver in our local economy, comprising 31% of all private employment in Clark County. There were 238,300 jobs in sectors that traditionally occupy offices as of February 2014, 12,400 more (+5.5%) than in February 2013.<sup>3</sup> Throughout 2013, year-over-year ("YOY") growth in office-related employment had been moderate, averaging 2%. How-



\*Information, financial activities, professional & business and health care & social assistance. Source: Nevada Department of Employment, Training and Rehabilitation; calculated by RCG Economics.

## Office Employment

Industry Sector	Dec 2012			Jan 2013			Feb 2014		
	2013	2012	% Ch.	2014	2013	% Ch.	2014	2013	% Ch.
Information	9,700	9,900	-2.0%	9,600	9,100	5.5%	9,600	9,200	4.3%
Financial Activities	44,000	42,800	2.8%	43,500	42,500	2.4%	43,600	42,900	1.6%
Prof. & Business	113,000	106,800	5.8%	115,400	111,500	3.5%	116,000	110,100	5.4%
Health Care & Social Assist.	70,000	68,600	2.0%	69,000	68,200	1.2%	69,100	68,700	0.6%
<b>Total</b>	<b>236,700</b>	<b>228,100</b>	<b>3.8%</b>	<b>237,500</b>	<b>231,300</b>	<b>2.7%</b>	<b>238,300</b>	<b>230,900</b>	<b>3.2%</b>

Source: Nevada Department of Employment, Training & Rehabilitation.

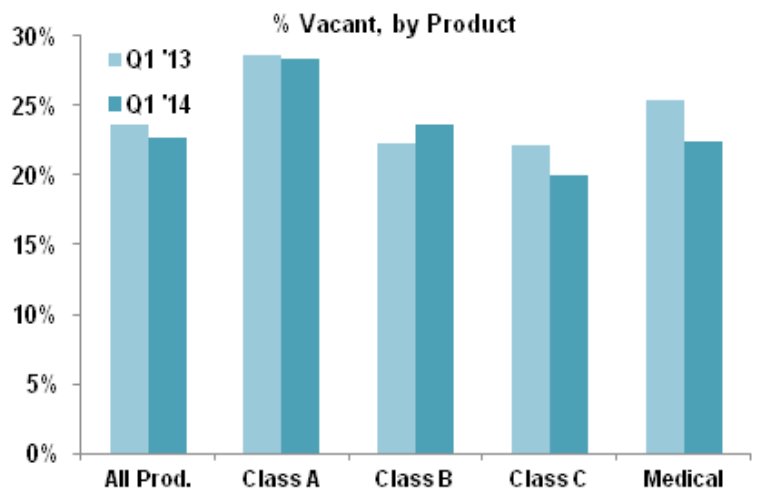
ever, 2014 has gotten off to a good start with 5% average monthly growth in office jobs in the first two months. Professional and business jobs have been especially strong, showing gains of 6.2% and 7.6%, respectively, in the first two months of the first quarter.

## VACANCY & RENTS

Total vacancy this quarter (directly vacant space plus vacant sublease space) in the Valley's office market dropped 0.4 points to 22.7%. This gain marks the start of a two-quarter streak with dropping vacancy rates. Vacancy has been above the 22% mark since Q2, 2010.

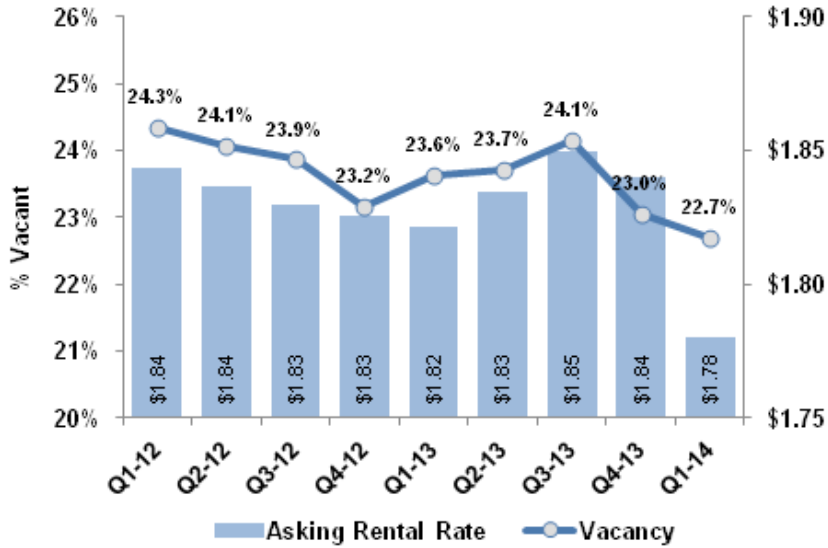
Downtown maintains the lowest vacancy rate at 16.8% and is the only submarket in the Valley

## Las Vegas Valley Office Market Vacancy Trends: Q1, 2013 v. Q1, 2014





**Las Vegas Valley Office Market  
Historical Vacancy vs. Monthly Asking Rent:  
Q1, 2012- Q1, 2014**



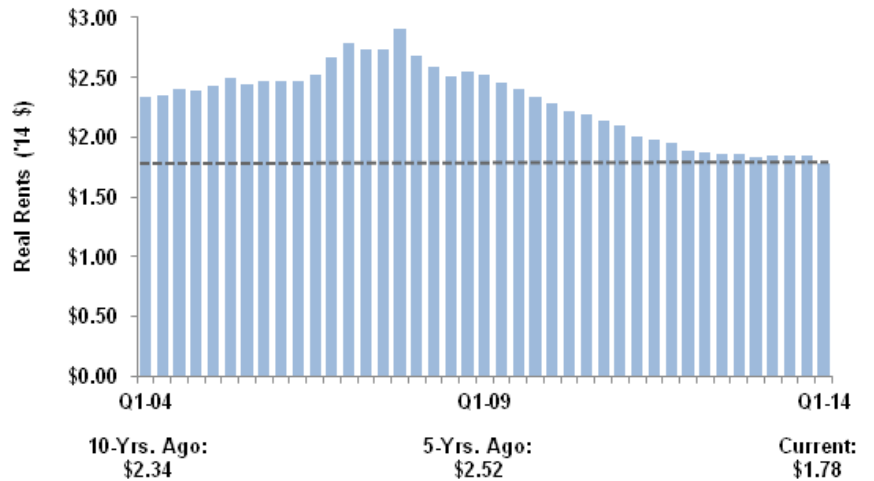
with a vacancy below 20%. East Las Vegas continues to have the highest rate at 26.2%, followed by West Central at 25%. The Southwest submarket led the way with a vacancy rate drop over last quarter of 1.5 percentage points, while North Las Vegas dropped 1.3, West Central dropped 1.0 and East Las Vegas improved 0.5 percentage points. The other submarkets saw vacancy rates either rise or stagnate. Downtown and Northwest vacancy rates remain unchanged. However, the airport rate rose 0.3 percentage points and in Henderson it went up 0.5 percentage points.

The improvement in the office vacancy rate this quarter was due to demand for Class A and Class C space, which posted 1.2 and 1.0 point drops to 28.4% and

20.0%, respectively. The two other product types saw vacancy rate increases. While, the Class A market partially drove some of the improvement in the overall vacancy rate, it still has a highest rate. Vacancy for Class B and Class C are similar to the Medical Office rate, at 23.6%, 20.0% and 22.4%, respectively.

When considering the past several years of data, there has been little improvement in vacancy rates since Q1 2011 and in asking rent price since Q1 2012 on both the submarket and product type levels, suggesting that the Valley's office market may be stable. Sadly, this stability exists at a vacancy rate around 20%, giving us a sizable surplus of office space.

**Las Vegas Valley Office Market  
Inflation-Adjusted Monthly Rent: Q1, 2004 - Q1, 2014 (Baseline)**

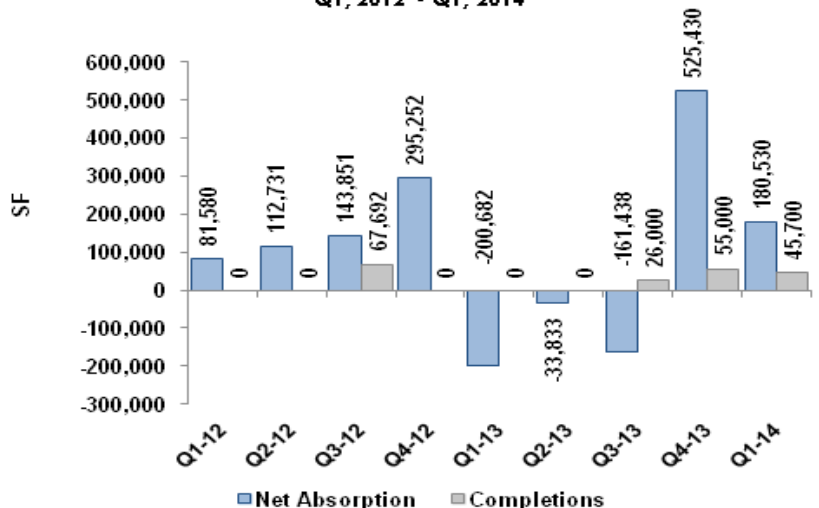


Average monthly asking office rent (calculated on a full-service gross basis—or accounting for all operating expenses) was \$1.78 per square foot ("psf") in Q1, \$0.06 less than the \$1.84 psf asking rent in the previous quarter. After a trend of decreases beginning in Q4 2007, rents began to stabilize in 2012.

**DEMAND**

Valley-wide speculative office total net absorption was positive for the second straight quarter at 180,500 sf during Q1. An on annual basis, net absorption for 2013 totaled 129,500 sf, a significant drop from 2012 when 633,400 sf was absorbed but better than 2011's -746,400 sf.

**Las Vegas Valley Office Market  
Historical Net Absorption vs. Completions:  
Q1, 2012 - Q1, 2014**



Most of this quarter's improvement occurred in the Southwest and West Central submarkets, where a combined 152,400 sf were absorbed. Most submarkets saw an increase in demand compared to last quarter, except for the Airport and Northwest (-12,400 and -3,200, respectively).

Class A (73,900 sf) and Class C (160,800 sf) office space recorded positive absorption on a net basis for the quarter, while the Medical (-7,900 sf) and Class B markets (-46,300 sf) recorded negative absorption.

**SUPPLY**

The first quarter of 2014 saw 45,700 sf of new office product completed. The completion of phase two of the Seven Hills Plaza accounts for all this new space. With this, completions during the first quarter have already surpassed last year's totals. In 2013, only 26,000 square feet of spec office space were completed in the Valley. This was the lowest rate of annual completions recorded since we started tracking the market over 20 years ago. Of the past 17 quarters since Q1, 2010, there have been only five where new space has entered the market. In comparison, the amount of annual office completions during the boom years—from 2003 to 2008—ranged between 1.1 million sf and 4.3 million sf.

A higher level of completions are expected in 2014 as we've record three more completed speculative office projects in the forward supply<sup>4</sup> pipeline. One development underway is in the Northwest, the office component of the Shops at Summerlin (198,000 sf-Class A). We also expect the new Cadence Marketing Center (10,000 sf-Class A) to open in Henderson. The Gramercy's two 100,000-sf Class A buildings in the Southwest are also expected to open this year.

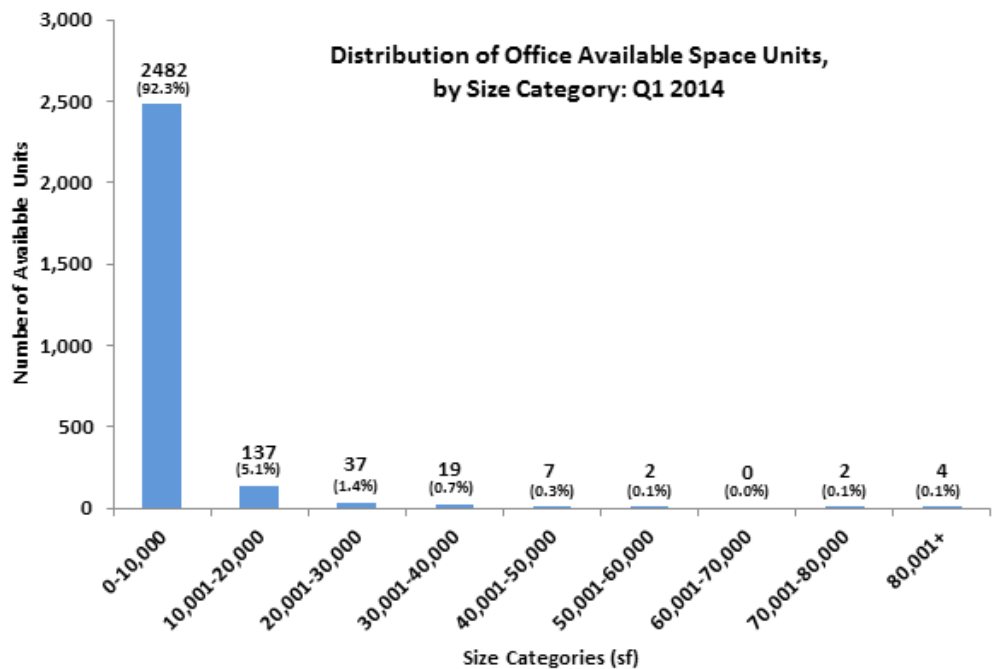
An important measure of the near-term health of the commercial markets is the potential number of years of available supply. Given the very high vacancy rate (22.7%) and the average quarterly absorption of the last 10 years (205,000 sf), we estimate that there are about 7 years worth of speculative office supply in the Valley that must be absorbed to reach a 10% "normalized" vacancy.

**FURTHER THOUGHTS**

As an important indicator of the steadily improving Southern Nevada job market, the office market continues to try and find its footing. There is also potential economic development and growth challenge facing the region. It's in the form of a lack of available contiguous office space of 40,000 sf or more. At the end of Q1, there were only 16 units of space in this size range.

There continues to be reluctance by most lenders to provide financing for speculative office development in Southern Nevada in the aftermath of the Great Recession. This is driven by the historically high Valley-wide

vacancy rate and low rents, which are driven by weak office-using job growth. As with the industrial market, Southern Nevada's municipalities need to think long-term and not convert commercial land uses to residential uses. Short-term demand for a certain type of development — i.e. homebuilding — due to unusual market and lending conditions should not trump long-term planning. Nevada needs a healthy commercial/jobs-housing balance to support continued economic growth and economic development.



<sup>1</sup> Includes all for-lease (speculative only) professional office Class A, Class B, Class C and Medical office properties greater than or equal to 10,000 sf of gross leasable area. Does not include government buildings.

<sup>2</sup> All office rents in this report are quoted on a monthly full-service gross (FSG) psf basis inclusive of taxes, insurance, maintenance, janitorial and utilities.

<sup>3</sup> Includes the following industries: Information, Financial Activities, Professional & Business and Health Care & Social Assistance from the Nevada Department of Employment, Training and Rehabilitation's latest employment statistics.

<sup>4</sup> Forward-supply is a combination of space presently under construction in a quarter and space planned to begin construction within the next 4 quarters.

## OFFICE MARKET GLOSSARY

Office property buildings or building parks tracked include speculative, multi-tenant properties with at least 10,000 square feet of usable office space. Building characteristics were used to define the appropriate subtype classification (i.e., professional or medical). These characteristics can include rents, location, quality of building systems (e.g., mechanical, elevator and utility systems), finishes (e.g., lobby and hallway design/ materials), and amenities. A property must exhibit one or more of the typical building characteristics to be considered a specific classification.

### **Class A**

Class A properties are the highest quality buildings in the market with steel frame construction, typically mid-rise (3 - 4 stories) or high-rise (5 stories or more).

- High asking gross rent (FSG) with a typical premium of 20-30% of office rents in the local market,
- Location within a central business area,
- Capacity to meet current tenant requirements and anticipated future tenant needs,
- Building finishes that are of high quality and competitive with new construction, and
- Maintenance, management and upkeep amenities above average.

### **Class B**

Class B properties have buildings with steel frame, reinforced concrete or concrete tilt-up construction - usually low-rise (1 - 2 stories) or mid-rise (3 - 4 stories).

- Asking gross rent (FSG) typically in a specified range between asking gross rents for Class A and Class C buildings,
- Average to good location,
- Adequate capacity to deliver services currently required by tenants,
- Building finishes with average to good design and materials, and
- Maintenance, management and upkeep amenities that are considered average.

### **Class C**

Class C properties have buildings with wood construction and are usually low-rise (1 - 2 stories).

- Asking gross rent (FSG) typically in the bottom 10-20% of office rents in the marketplace,
- Depends primarily on lower prices rather than desirable locations to attract occupants,
- Capacities that may not meet current tenant needs,
- Building finishes that show a dated appearance, and
- Maintenance, management and upkeep amenities that are below average.

### **Medical**

An office building in which 50% or more of its available space under the various building classifications above consists of medical office use.



# Office Market Matrix

Las Vegas, Nevada

First Quarter, 2014

## SUBMARKETS

TOTAL OFFICE MARKET	Airport	Downtown	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	307	118	182	323	94	390	387	275	2,076
Total Rentable SF	5,094,766	3,780,861	6,013,558	5,945,568	783,529	8,793,919	6,593,103	5406541	42,411,845
Total Vacant SF	1,052,343	634,235	1,574,528	1,480,665	167,968	2,023,872	1,359,754	1349331	9,642,696
Total Occupied SF	4,042,423	3,146,626	4,439,030	4,464,903	615,561	6,770,047	5,233,349	4057210	32,769,149
Total Vacant (%)	20.7%	16.8%	26.2%	24.9%	21.4%	23.0%	20.6%	25.0%	22.7%
Completions QTD	0	0	0	45,700	0	0	0	0	45,700
Completions YOY	0	55,000	0	71,700	0	0	0	0	126,700
Total Net Absorption QTD	-12,444	2,351	29,500	2,115	9,857	-3,210	96,856	55505	180,530
Total Net Absorption YOY	76,623	-91,801	145,385	-154,136	11,567	405,348	208,855	-91153.03127	510,689
Asking Rents (\$ PSF)	\$1.79	\$1.84	\$1.40	\$2.04	\$1.60	\$1.94	\$2.08	\$1.36	\$1.78
Under Constuction SF	0	0	0	50,000	0	324,000	200,000	0	574,000
Planned SF	0	0	0	0	0	0	0	0	0

PROFESSIONAL CLASS A	Airport	Downtown	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	6	5	9	12	0	21	3	2	58
Total Rentable SF	665,904	795,116	1,351,642	828,068	0	1,616,232	397,112	227624	5,881,698
Total Vacant SF	157,379	188,156	21,498	414,756	0	671,100	159,817	55541	1,668,247
Total Occupied SF	508,525	606,960	1,330,144	413,312	0	945,132	237,295	172083	4,213,451
Total Vacant (%)	23.6%	23.7%	1.6%	50.1%	0.0%	41.5%	40.2%	24.4%	28.4%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0	0
Total Net Absorption QTD	0	30,185	-8,330	28,700	0	39,536	-15,682	-505	73,904
Total Net Absorption YOY	51,889	-99,652	28,700	-37,381	0	81,325	-34,027	22449.57616	13,304
Asking Rents (\$ PSF)	\$2.42	\$2.34	\$2.85	\$2.45	\$0.00	\$2.10	\$2.59	\$2.94	\$2.32
Under Constuction SF	0	0	0	50,000	0	266,000	200,000	0	516,000
Planned SF	0	0	0	0	0	0	0	0	0

PROFESSIONAL CLASS B	Airport	Downtown	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	42	26	18	66	8	75	71	46	352
Total Rentable SF	1,936,021	1,720,096	1,066,557	2,144,054	200,796	2,795,551	2,405,132	1666046	13,934,253
Total Vacant SF	426,287	237,182	492,581	408,149	118,104	559,757	628,559	414417	3,285,036
Total Occupied SF	1,509,734	1,482,914	573,976	1,735,905	82,692	2,235,794	1,776,573	1251629	10,649,217
Total Vacant (%)	22.0%	13.8%	46.2%	19.0%	58.8%	20.0%	26.1%	24.9%	23.6%
Completions QTD	0	0	0	45,700	0	0	0	0	45,700
Completions YOY	0	55,000	0	45,700	0	0	0	0	100,700
Total Net Absorption QTD	-26,610	13,268	-24,193	83,775	-6,053	-98,124	-1,024	12636	-46,325
Total Net Absorption YOY	17,793	47,278	10,289	22,843	-27,194	-45,422	-10,326	-95269.94906	-80,008
Asking Rents (\$ PSF)	\$1.88	\$1.87	\$1.36	\$1.86	\$1.52	\$1.86	\$2.18	\$1.07	\$1.74
Under Constuction SF	0	0	0	0	0	0	0	0	0
Planned SF	0	0	0	0	0	0	0	0	0

# Office Market Matrix

Las Vegas, Nevada

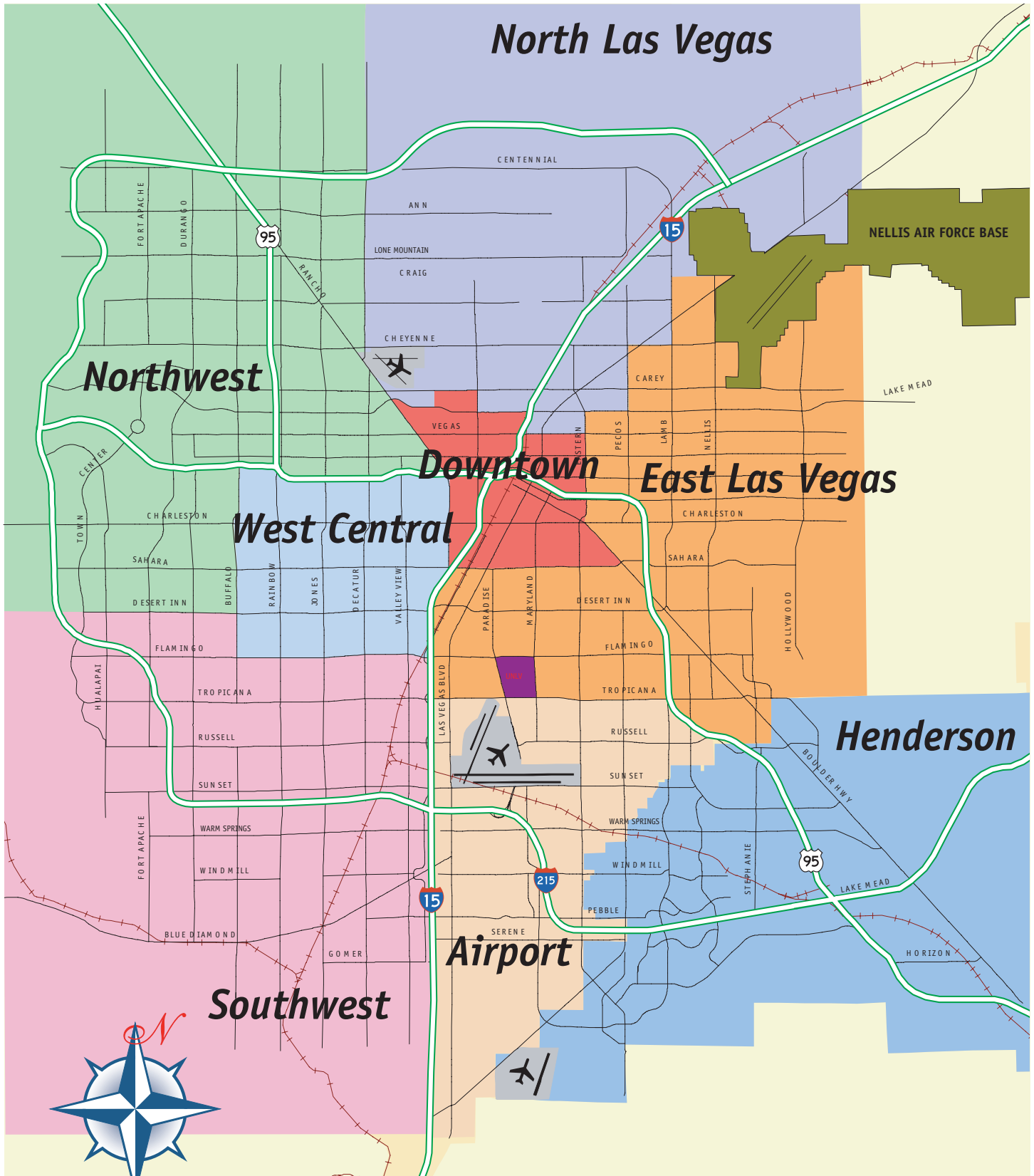
First Quarter, 2014

SUBMARKETS									
PROFESSIONAL CLASS C	Airport	Downtown	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	253	66	110	139	76	210	272	187	1,313
Total Rentable SF	2,364,311	877,606	2,051,408	1,592,430	482,290	2,234,002	3,058,831	2761393	15,422,271
Total Vacant SF	447,740	151,232	583,035	317,769	35,337	413,372	449,826	684670	3,082,981
Total Occupied SF	1,916,571	726,374	1,468,373	1,274,661	446,953	1,820,630	2,609,005	2076723	12,339,290
Total Vacant (%)	18.9%	17.2%	28.4%	20.0%	7.3%	18.5%	14.7%	24.8%	20.0%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	26,000	0	0	0	0	26,000
Total Net Absorption QTD	17,041	-41,856	63,125	-42,605	-6,181	-213	138,641	32849	160,801
Total Net Absorption YOY	19,201	-67,400	34,998	-42,550	27,599	163,447	140,719	83194.98501	359,209
Asking Rents (\$ PSF)	\$1.49	\$1.30	\$1.26	\$1.73	\$1.23	\$1.75	\$1.85	\$1.38	\$1.53
Under Constuction SF	0	0	0	0	0	0	0	0	0
Planned SF	0	0	0	0	0	0	0	0	0

MEDICAL OFFICE	Airport	Downtown	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	6	21	45	106	10	84	41	40	353
Total Rentable SF	128,530	388,043	1,543,951	1,381,016	100,443	2,148,134	732,028	751478	7,173,623
Total Vacant SF	20,937	57,665	477,414	339,991	14,527	379,643	121,552	194703	1,606,432
Total Occupied SF	107,593	330,378	1,066,537	1,041,025	85,916	1,768,491	610,476	556775	5,567,191
Total Vacant (%)	16.3%	14.9%	30.9%	24.6%	14.5%	17.7%	16.6%	25.9%	22.4%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0	0
Total Net Absorption QTD	-2,875	754	-1,102	-67,755	22,091	55,591	-25,079	10525	-7,850
Total Net Absorption YOY	-12,260	27,972	71,398	-97,048	11,162	205,998	112,488	-101527.6434	218,183
Asking Rents (\$ PSF)	\$1.62	\$1.91	\$1.58	\$2.02	\$2.39	\$2.02	\$1.80	\$1.69	\$1.83
Under Constuction SF	0	0	0	0	0	58,000	0	0	58,000
Planned SF	0	0	0	0	0	0	0	0	0

# LAS VEGAS VALLEY

## OFFICE SUBMARKET MAP







ARROYO MARKET SQUARE

**RCG**  
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# Las Vegas Valley Executive Summary

## Retail Market - 1st Quarter 2014



THE DISTRICT AT GREEN VALLEY RANCH

# LAS VEGAS VALLEY ANCHORED RETAIL MARKET

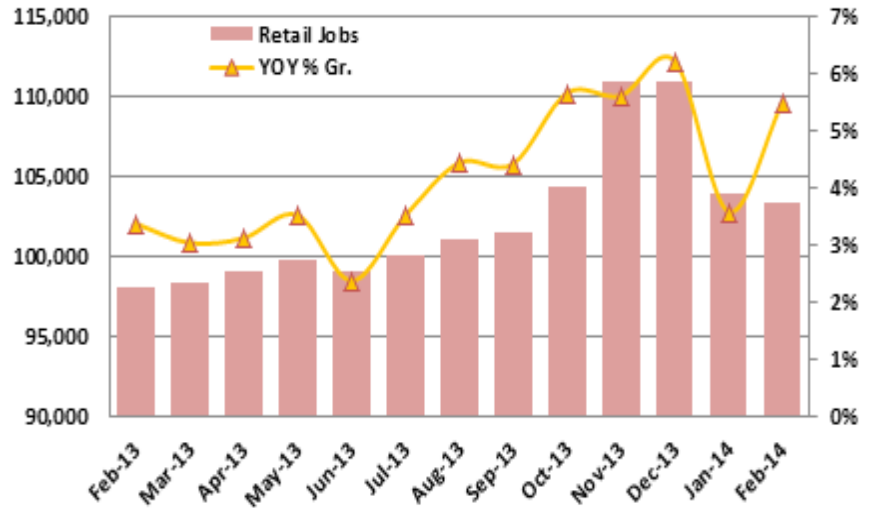
## SUMMARY

The Las Vegas Valley's ("the Valley") anchored retail market<sup>1</sup> inventory remained at 44.0 million square feet ("sf") in Q1, 2014 - there were no completions recorded during the quarter. We again see positive change in retail space demand. With a combined 63,100 sf, there have now been two straight quarters with net positive absorption. This helped push vacancy down to 11.5% in Q1, down from 11.7% last quarter and 12.5% in the same quarter last year. Average monthly asking rents declined to \$1.23 per square foot ("psf") NNN<sup>2</sup> in Q1; \$0.03 lower than the previous quarter and \$0.10 lower than Q1, 2013. There are 278,700 sf of forward-supply<sup>3</sup> space, comprised of two Community Centers that are under construction at the end of Q1.

## RETAIL JOBS

There were 103,400 jobs in the retail sector in February 2014, accounting for 14% of total private jobs in Clark County. This was 5,400 (+5.5%) more than the retail jobs recorded in February 2013. Employment in the retail sector has been increasing on a year-over-year ("YOY") basis since May 2010 and has shown relatively strong gains throughout the last 12 months.

Clark County Total\* Retail Jobs and Annual Growth  
(Feb-13 to Feb-14)



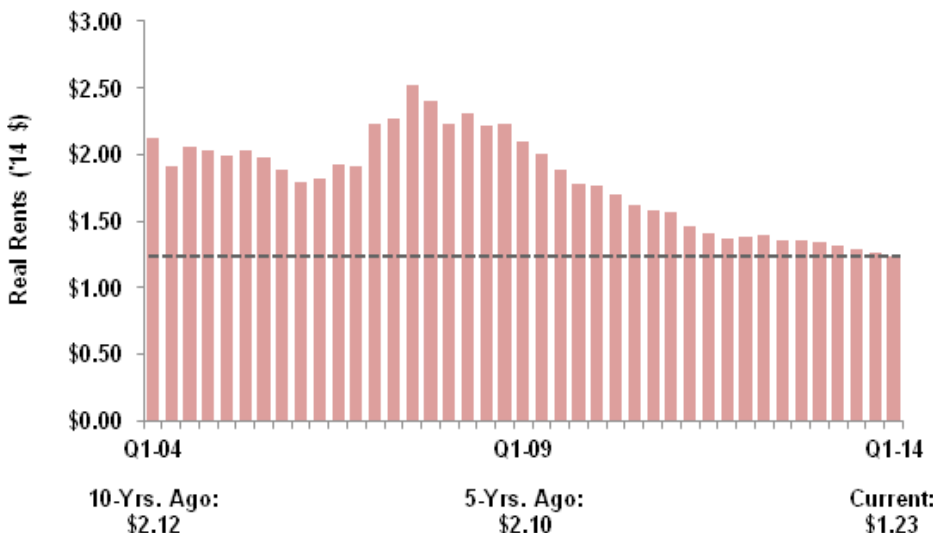
Source: Nevada Department of Employment, Training and Rehabilitation; calculated by RCG Economics.

## Office Employment

Industry Sector	Dec			Jan			Feb		
	2013	2012	% Ch.	2014	2013	% Ch.	2014	2013	% Ch.
Information	9,700	9,900	-2.0%	9,600	9,100	5.5%	9,600	9,200	4.3%
Financial Activities	44,000	42,800	2.8%	43,500	42,500	2.4%	43,600	42,900	1.6%
Prof. & Business	113,000	106,800	5.8%	115,400	111,500	3.5%	116,000	110,100	5.4%
Health Care & Social Assist.	70,000	68,600	2.0%	69,000	68,200	1.2%	69,100	68,700	0.6%
<b>Total</b>	<b>236,700</b>	<b>228,100</b>	<b>3.8%</b>	<b>237,500</b>	<b>231,300</b>	<b>2.7%</b>	<b>238,300</b>	<b>230,900</b>	<b>3.2%</b>

Source: Nevada Department of Employment, Training & Rehabilitation.

Las Vegas Valley Retail Market  
Inflation-Adjusted Asking Rent: Q1, 2004 - Q1, 2014 (Baseline)



## VACANCY & RENTS

Since the record high of 15.3% in Q2 2011, the average Valley-wide vacancy rate (directly vacant space plus vacant sublease space) in the anchored retail market declined for the 11th consecutive quarter to 11.5% in Q1 2014. This is 0.2 percentage points below Q4, and 1 percentage point below Q1 2013 when vacancy was 12.5%.

The highest submarket vacancies were in Henderson (14.6%), West Central (13.5%) and North Las Vegas (13.0%). Four submarkets had vacancy rates below 10%, including Southwest (7.7%), Downtown (9.0%),

Northeast (9.8) and Northwest (9.9%). Relative to the previous quarter, vacancy rates increased in half the submarkets and decreased in the other half. The largest improvements were in the University East and West Central submarkets, which saw vacancy rates drop 1.7 and 3.6 percentage points to 12.1% and 13.5%, respectively, in Q1 2014.

Vacancy improved greatly in Community Centers during the first quarter. There was 167,800 sf of absorption, making up for losses in the other two subtypes. Community Centers have the lowest overall vacancy rate among the three product types at 10.1%. Power Center space stood at 11.6% vacant and neighborhood Centers at 13.2% at the end of Q1.

The negative trend in asking rents continued, sinking to \$1.23 psf in Q4 (calculated on a NNN basis; not accounting for any operating expenses). Asking rents have continued to fall for seven straight quarters. We believe this is sign of the quality of the vacant space that remains rather than an issue of declining demand for anchored space in the Valley.

**DEMAND**

Total net absorption has increased two quarters in a row, posting 63,100 sf of gains in Q1 2014 after last quarter's 312,100 sf. However, on a year-over-year basis, the 457,400 sf of net absorption this quarter is about half what was in 2012 when absorption broke 1 million sf.

Net absorption decreased in the Northwest and North Las Vegas submarkets this quarter, with -58,800 sf and -118,200 sf, respectively. The remaining submarkets recorded positive absorption, led by the West Central with 157,600 sf absorbed.

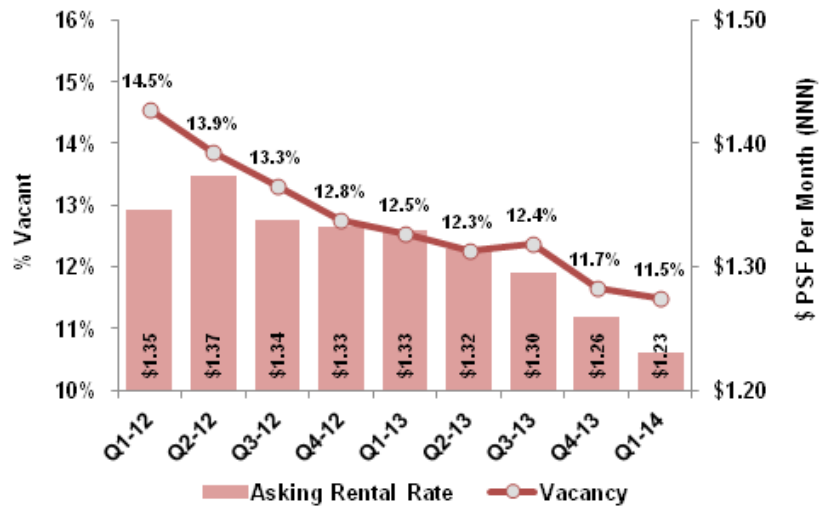
Net absorption was positive only in the Community Centers (167,800), mitigating losses in the Power Centers (-96,000 sf) and Neighborhood Centers (-8,800 sf).

**SUPPLY**

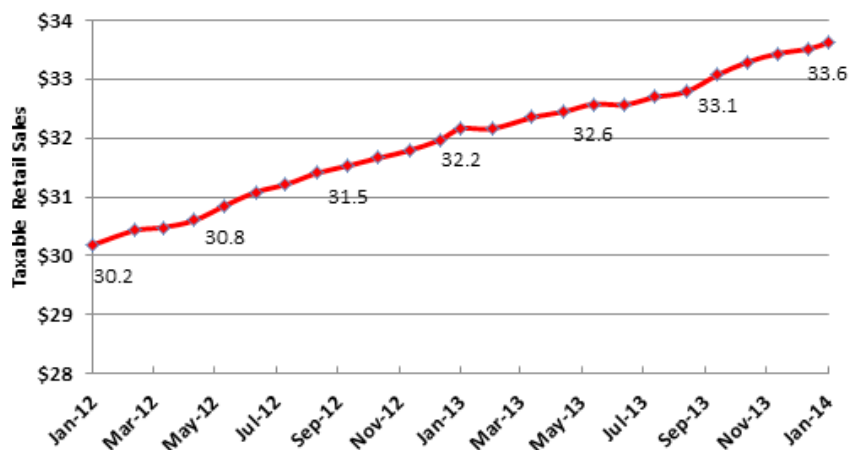
No new anchored retail space in the Valley was completed during Q1, 2014. There were only two quarters in the past four years (since Q1, 2010) that new retail space was brought to the market. The Valley's total anchored retail inventory has remained at 44.0 million sf in 266 shopping center buildings.

Lastly, forward supply activity at the end of Q4 was unchanged over the previous quarter: there were no anchored centers planned for development, while 278,700 sf remain in construction. Under-construction retail space included two Community Centers being built in phases, including the 138,700-sf Green Valley Crossing in Henderson and the 140,000-sf Target-anchored center in the Northwest.

**Las Vegas Valley Retail Market  
Historical Vacancy vs. Monthly Asking Rent:  
Q1, 2012 - Q1, 2014**



**Clark County Taxable Retail Sales, Rolling Annual, \$Billions  
(Jan-12 to Jan-14)**



Source: Nevada Department of Taxation; calculated by RCG Economics.

We do not see much new retail development taking place in 2014. This will help the Valley's anchored retail market to continue to move toward a 10% stabilized vacancy rate. Our latest estimates indicate that this will happen in about 5 quarters (based on the average quarterly absorption rate of 190,800 sf over the last 10 years).



## FURTHER THOUGHTS

As retail spending improves (taxable retail sales have been improving for the last seven months), the demand for anchored space will continue to intensify. This is all already moving the overall vacancy rate back to a 10% stable level, and it will ultimately start putting upward pressure on rents. This will encourage new retail center development, especially in the Valley's preferred residential areas in the southeast, southwest and the northwest. While not part of the anchored retail market inventory we track, the Shops at Summerlin Center, an open-air shopping project, is scheduled to open in the fall of 2014. It is located just east of the 215 freeway between Charleston and Sahara and just southeast of the Red Rock Casino Resort in the western part of the Las Vegas Valley. The center will have 125 shops and will be part of a 1.6 million sf mixed-use development comprised of retail, entertainment, office, a hotel and multiple family components.

The Las Vegas economy has stabilized and is moving forward moderately. Most economic and market indicators have seen continued improvement over a number of months, meaning that the Southern Nevada recovery has taken hold. We remain a bit worried that real (inflation adjusted) incomes continue to flounder, but barring any unforeseen events, we believe that wages and spending power will see some improvement in 2014 as the job market continues to solidify.

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<sup>1</sup> Includes all anchored retail Power Center, Community Center and Neighborhood Center properties with 40,000 or more of gross leasable area in the Las Vegas Valley.

<sup>2</sup> All retail rents in this report are quoted on a monthly triple net (NNN) per square foot basis and does not include additional expenses such as taxes, insurance, maintenance, janitorial and utilities.

<sup>3</sup> Forward-supply is a combination of space presently under construction in a quarter and space planned to begin construction within the next 4 quarters.

## RETAIL MARKET GLOSSARY

Retail properties tracked include shopping centers with at least 10,000 square feet of usable space. These centers have several different stores or tenants and are anchored by one or more large, national tenant (i.e., Best Buy, Target, and Smith's). Characteristics of buildings were used to define the appropriate classification of properties into subtypes, such as tenant mix, size and trade area. A property must exhibit one or more of the typical building characteristics to be considered a specific classification.

### Power Center

Centers with a minimum of three, but usually five or more, anchor tenants that dominant in their categories

- Size typically more than 250,000 square feet, but can be as small as 125,000 square feet; almost all units designed for large tenants
- Customer-base is typically drawn from within a 15-mile trade area

### Community Center

Centers with stores that sell consumer goods, in addition to convenience goods and personal services.

- Typical anchor tenants include junior department stores and off-price/discount stores, and store that sell goods requiring comparison such as apparel and appliances; other tenants include drug stores and home improvement centers
- Size typically between 100,000 and 300,000 square feet, but can be over 500,000 square feet
- Customer-base is primarily within a five-mile trade area

### Neighborhood Center

Center with stores that sell convenience goods (e.g., food, sundries and takeout food) and provide personal services (e.g., dry cleaning and hair/nail care) that meet the day-to-day living needs to the immediate area.

- Typical anchor tenant is a supermarket
- Size tends to be smaller than 100,000 square feet, but can range from 30,000 to 150,000 square feet
- Customer-base is within a two- to three-mile trade area

# Retail Market Matrix

Las Vegas, Nevada  
First Quarter, 2014

## SUBMARKETS

TOTAL RETAIL MARKET	Downtown	Henderson	North Las Vegas	Northeast	Northwest	Southwest	University East	West Central	Totals
Number of Properties	9	54	27	21	58	23	40	34	266
Total Rentable SF	1,106,510	8,680,068	4,910,743	2,542,317	10,588,588	5,783,835	6,050,227	4379055	44,041,343
Total Vacant SF	99,642	1,263,541	636,813	248,125	1,052,821	443,145	734,200	590855	5,069,142
Total Occupied SF	1,006,868	7,416,527	4,273,930	2,294,192	9,535,767	5,340,690	5,316,027	3788200	38,972,201
Total Vacant (%)	9.0%	14.6%	13.0%	9.8%	9.9%	7.7%	12.1%	13.5%	11.5%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0	0
Total Net Absorption QTD	56,095	-99,161	-118,238	12,649	-58,750	15,157	97,744	157569	63,065
Total Net Absorption YOY	43,189	147,456	-130,425	29,840	197,857	46,096	36,341	87000.11189	457,354
Asking Rents (\$ PSF)	\$1.33	\$1.38	\$1.49	\$1.11	\$1.35	\$1.05	\$0.93	\$1.01	\$1.23
Under Constuction SF	0	138,738	0	0	140,000	0	0	0	278,738
Planned SF	0	0	0	0	0	0	0	0	0

POWER CENTERS	Downtown	Henderson	North Las Vegas	Northeast	Northwest	Southwest	University East	West Central	Totals
Number of Properties	0	8	2	0	7	1	3	3	24
Total Rentable SF	0	2,962,288	987,713	0	2,840,846	944,314	1,210,223	1138224	10,083,608
Total Vacant SF	0	567,145	8,493	0	169,318	47,811	171,818	202994	1,167,579
Total Occupied SF	0	2,395,143	979,220	0	2,671,528	896,503	1,038,405	935230	8,916,029
Total Vacant (%)	0.0%	19.1%	0.9%	0.0%	6.0%	5.1%	14.2%	17.8%	11.6%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0	0
Total Net Absorption QTD	0	-50,218	0	0	-49,831	0	0	4080	-95,969
Total Net Absorption YOY	0	29,033	1,588	0	-27,760	-1,923	11,046	-8507.012885	3,477
Asking Rents (\$ PSF)	\$0.00	\$1.60	\$3.00	\$0.00	\$1.35	\$1.65	\$1.00	\$1.13	\$1.39
Under Constuction SF	0	0	0	0	0	0	0	0	0
Planned SF	0	0	0	0	0	0	0	0	0

COMMUNITY CENTERS	Downtown	Henderson	North Las Vegas	Northeast	Northwest	Southwest	University East	West Central	Totals
Number of Properties	5	21	10	8	19	9	19	15	106
Total Rentable SF	684,340	2,920,692	1,755,463	1,407,552	4,092,234	3,216,421	2,761,028	1649146	18,486,876
Total Vacant SF	88,182	305,931	160,794	116,981	324,504	279,421	293,894	292144	1,861,851
Total Occupied SF	596,158	2,614,761	1,594,669	1,290,571	3,767,730	2,937,000	2,467,134	1357002	16,625,025
Total Vacant (%)	12.9%	10.5%	9.2%	8.3%	7.9%	8.7%	10.6%	17.7%	10.1%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0	0
Total Net Absorption QTD	-24,637	672	-5,391	0	-12,911	3,877	101,464	104741	167,815
Total Net Absorption YOY	-40,843	7,642	-5,389	-10,247	-12,263	20,366	86,738	42178.78874	88,183
Asking Rents (\$ PSF)	\$1.32	\$1.11	\$1.43	\$1.26	\$1.72	\$0.69	\$1.11	\$0.75	\$1.11
Under Constuction SF	0	138,738	0	0	140,000	0	0	0	278,738
Planned SF	0	0	0	0	0	0	0	0	0

NEIGHBORHOOD CENTERS	Downtown	Henderson	North Las Vegas	Northeast	Northwest	Southwest	University East	West Central	Totals
Number of Properties	4	25	15	13	32	13	18	16	136
Total Rentable SF	422,170	2,797,088	2,167,567	1,134,765	3,655,508	1,623,100	2,078,976	1591685	15,470,859
Total Vacant SF	11,460	390,465	467,526	131,144	558,999	115,913	268,488	95717	2,039,712
Total Occupied SF	410,710	2,406,623	1,700,041	1,003,621	3,096,509	1,507,187	1,810,488	1495968	13,431,147
Total Vacant (%)	2.7%	14.0%	21.6%	11.6%	15.3%	7.1%	12.9%	6.0%	13.2%
Completions QTD	0	0	0	0	0	0	0	0	0
Completions YOY	0	0	0	0	0	0	0	0	0
Total Net Absorption QTD	80,732	-49,615	-112,847	12,649	3,992	11,280	-3,720	48748	-8,781
Total Net Absorption YOY	84,032	110,781	-126,625	40,087	237,881	27,653	-61,444	53328.33603	365,694
Asking Rents (\$ PSF)	\$1.42	\$1.33	\$1.48	\$1.05	\$1.11	\$1.64	\$0.72	\$1.61	\$1.21
Under Constuction SF	0	0	0	0	0	0	0	0	0
Planned SF	0	0	0	0	0	0	0	0	0

# LAS VEGAS VALLEY

## RETAIL SUBMARKET MAP

