

Las Vegas



Market Facts

8.3%

Total vacancy in the fourth quarter.

447,427

Total square footage under construction in the fourth quarter.

1.8 MSF

Year to date Net Absorption

1,107,600

Total square footage of deliveries in 2016.

Retail Market Overview

"The Las Vegas retail market experienced a slight decline in market conditions in the fourth quarter 2016. The vacancy rate went from 8.1% in the previous quarter to 8.3% in the current quarter. Net absorption was positive 51,921 square feet, and vacant sublease space increased by 4,115 square feet. Quoted rental rates increased from third quarter 2016 levels, ending at \$16.73 per square foot per year. A total of 15 retail buildings with 356,776 square feet of retail space were delivered to the market in the quarter, with 447,427 square feet still under construction at the end of the quarter.

Retail net absorption was basically flat in Las Vegas fourth quarter 2016, with positive 51,921 square feet absorbed in the quarter. In third quarter 2016, net absorption was positive 541,444 square feet, while in second quarter 2016, absorption came in at positive 1,149,567 square feet. In first quarter 2016, positive 99,909 square feet was absorbed in the market. Tenants moving out of large blocks of space in 2016 include: Walmart moving out of 197,365 square feet at 4350 N Nellis Blvd - Wal-Mart Supercenter; Home Depot moving out of 105,275 square feet at Rainbow Plaza North; and Smith's Food & Drug Stores moving out of 70,495 square feet at Paradise Marketplace. Tenants moving into large blocks of space in 2016 include: Restoration Hardware moving into 77,000 square feet at RH Gallery; Desert 215 superstore moving into 69,859 square feet at Desert 215 Superstore; and Albertsons moving into 58,675 square feet at College Square.

Las Vegas's retail vacancy rate increased in the fourth quarter 2016, ending the quarter at 8.3%. Over the past four quarters, the market has seen an overall decrease in the vacancy rate, with the rate going from 9.2% in the first quarter 2016, to 8.5% at the end of the second quarter 2016, 8.1% at the end of the third quarter 2016, to 8.3% in the current quarter. The amount of vacant sublease space in the Las Vegas market has trended down over the past four quarters. At the end of the first quarter 2016, there were 1,043,021 square feet of vacant sublease space. Currently, there are 775,710 square feet vacant in the market.

Average quoted asking rental rates in the Las Vegas retail market are up over previous quarter levels, and up from their levels four quarters ago. Quoted rents ended the fourth quarter 2016 at \$1.39 per square foot per year. That compares to \$1.38 per square foot in the third quarter 2016, and \$1.34 per square foot at the end of the first quarter 2016. This represents a 0.5% increase in rental rates in the current quarter, and a 3.83% increase from four quarters ago.

During the fourth quarter 2016, 15 buildings totaling 356,776 square feet were completed in the Las Vegas retail market. Over the past four quarters, a total of 1,107,599 square feet of retail space has been built in Las Vegas. In addition to the current quarter, 16 buildings with 146,879 square feet were completed in third quarter 2016, 12 buildings totaling 424,238 square feet completed in second quarter 2016, and 179,706 square feet in 10 buildings completed in first quarter 2016. There were 447,427 square feet of retail space under

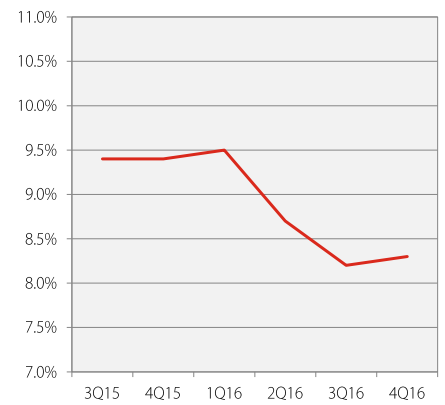
construction at the end of the fourth quarter 2016. Some of the notable 2016 deliveries include: 6555 S Durango Drive, a 351,000-square-foot facility that delivered in second quarter 2016 and is now 100% occupied, and Tivoli Village at Queensridge - Building 5, a 117,516-square-foot building that delivered in fourth quarter 2016 and is now 17% occupied.

Total retail inventory in the Las Vegas market area amounted to 113,185,289 square feet in 7,370 buildings and 1081 centers as of the end of the fourth quarter 2016. Tallying retail building sales of 15,000 square feet or larger, Las Vegas retail sales figures rose during the third quarter 2016 in terms of dollar volume compared to the second quarter of 2016.

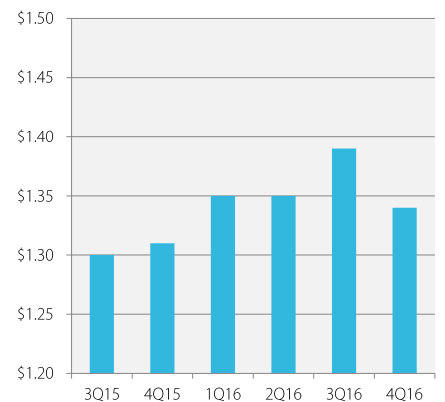
In the third quarter, 14 retail transactions closed with a total volume of \$1,330,562,735. The 14 buildings totaled 1,657,799 square feet and the average price per square foot equated to \$802.61 per square foot. That compares to 16 transactions totaling \$1,278,439,217 in the second quarter 2016. The total square footage in the second quarter was 1,273,352 square feet for an average price per square foot of \$1,004.00. Total retail center sales activity in 2016 was up compared to 2015. In the first nine months of 2016, the market saw 51 retail sales transactions with a total volume of \$2,866,277,336. The price per square foot averaged \$637.85. In the same first nine months of 2015, the market posted 63 transactions with a total volume of \$791,776,974. The price per square foot averaged \$222.11.

Cap rates have been lower in 2016, averaging 6.67% compared to the same period in 2015 when they averaged 7.48%. One of the largest transactions that has occurred within the last four quarters in the Las Vegas market is the sale of Fashion Show in Las Vegas. This 950,000 square foot retail center sold for \$1,250,000,000 or \$1,315.79 per square foot. The property sold on 7/29/2016, at a 3.90% cap rate." - CoStar

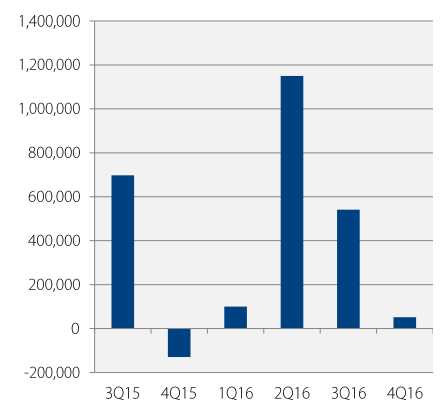
Vacancy Rates



Average Lease Rates

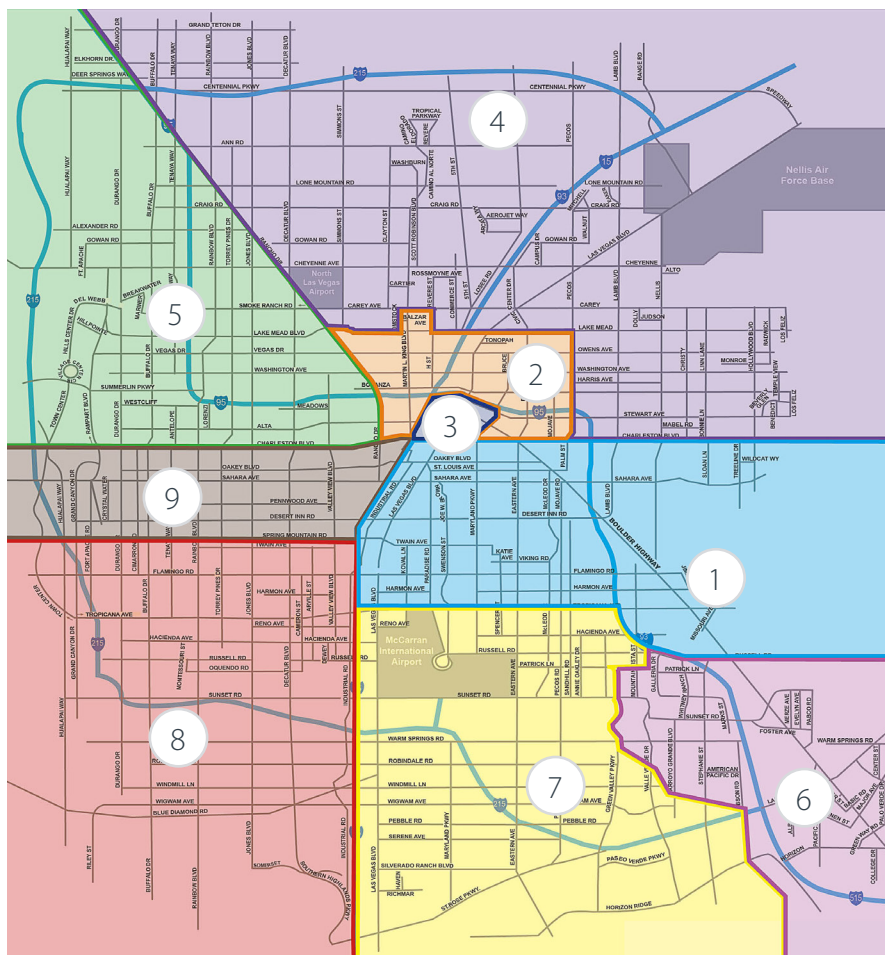


Net Absorption



Las Vegas Retail Submarkets

1. Central East
2. Central North
3. Downtown
4. North
5. Northwest
6. Henderson/SE
7. South
8. Southwest
9. West



Retail Market Indicators

Freestanding, Single Tenant

Submarket	Total SF	Vacant SF	Vacancy %	YTD Net Absorption	Avg. Asking Rates
Central East	5,308,323	349,862	6.6%	153,288	\$0.87
Central West	6,155,614	168,952	2.7%	106,749	\$1.24
East	2,045,912	48,723	2.4%	27,209	\$1.74
N. Las Vegas	1,784,459	99,322	5.6%	25,869	\$1.23
Northeast	2,648,130	237,143	9.0%	(25,778)	\$1.22
Northwest	1,777,515	73,699	4.1%	(45,203)	\$1.41
Resort Cor	3,479,133	216,719	6.2%	(42,312)	\$1.67
Southeast	5,024,012	159,878	3.2%	88,995	\$1.37
Southwest	2,852,565	111,489	3.9%	522,183	\$2.12
West	2,115,680	96,806	4.6%	(40,447)	\$1.99
Totals	34,290,259	1,653,810	4.8%	756,784	\$1.28

Power Center

Submarket	Total SF	Vacant SF	Vacancy %	YTD Net Absorption	Avg. Asking Rates
Central East	622,029	100,089	16.1%	3,520	\$1.00
Central West	1,005,509	13,880	1.4%	8,006	n/a
East	895,687	43,291	4.8%	n/a	\$1.15
N. Las Vegas	1,924,375	185,251	9.6%	19,732	\$1.58
Northeast	350,554	4,000	1.1%	n/a	n/a
Northwest	1,298,062	17,398	1.3%	23,353	\$2.32
Resort Cor	901,456	145,772	16.2%	1,261	n/a
Southeast	2,147,965	89,523	4.2%	11,488	\$2.03
Southwest	3,186,679	96,862	3.0%	16,157	\$1.79
West	1,997,652	89,786	4.5%	(20,256)	\$2.04
Totals	14,329,968	785,852	5.5%	63,341	\$1.63

Neighborhood/Strip/Community Center

Submarket	Total SF	Vacant SF	Vacancy %	YTD Net Absorption	Avg. Asking Rates
Central East	6,963,099	1,046,887	15.0%	(7,898)	\$1.18
Central West	9,132,234	1,162,160	12.7%	(12,766)	\$1.15
East	2,481,183	250,273	10.1%	108,886	\$1.20
N. Las Vegas	5,366,306	670,617	12.5%	121,290	\$1.18
Northeast	3,611,509	405,399	11.2%	22,519	\$1.11
Northwest	3,571,859	281,448	7.9%	115,608	\$1.53
Resort Cor	403,590	27,242	6.7%	7,173	\$1.95
Southeast	11,492,001	1,143,780	12.5%	361,315	\$1.36
Southwest	3,727,356	361,133	9.7%	85,705	\$1.66
West	4,801,822	475,743	9.9%	72,635	\$2.74
Totals	52,156,530	6,256,765	12.0%	815,105	\$1.38

Total Retail Market

Submarket	Total SF	Vacant SF	Vacancy %	YTD Net Absorption	Avg. Asking Rates
Central East	15,807,427	1,737,598	11.0%	151,473	\$1.11
Central West	17,547,977	1,350,642	7.7%	96,339	\$1.16
East	5,432,782	342,287	6.3%	136,175	\$1.25
N. Las Vegas	9,075,140	955,190	10.5%	166,891	\$1.24
Northeast	6,610,193	646,542	9.8%	(3,259)	\$1.14
Northwest	6,647,436	372,545	5.6%	93,758	\$1.55
Resort Cor	8,926,195	544,921	6.1%	(33,878)	\$1.66
Southeast	20,857,624	1,804,973	8.7%	499,832	\$1.44
Southwest	9,766,600	569,484	5.8%	624,045	\$1.74
West	10,191,394	829,718	8.1%	180,154	\$2.55
Totals	113,185,289	9,447,716	8.3%	1,842,841	\$1.39

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