MARKETBEAT
RETAIL SNAPSHOT

LAS VEGAS, NV
A Cushman & Wakefield Alliance Research Publication

Q4 2011

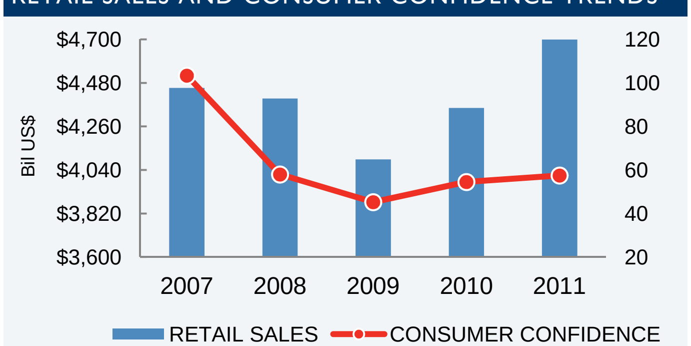
ECONOMIC OVERVIEW

In order to accurately assess the retail commercial real estate market for 2011, it is essential to take into consideration a couple of trends within retailing as a whole. One trend is retail data tracking and the other is consumer behavior. News regarding Consumers tops any other retail subject this year. Successful retailers are taking a step back and realizing that their focus needs to be more about the customer.

In the new retail technology age, retailers have to be innovative in finding new venues to keep consumers excited. Smartphone's have paved the way for consumers to now move into the retail data forum. According to Deloitte's 2011 Annual Holiday survey, the top three reasons for Smartphone usage includes; "67% search for store locations, 59% check and compare prices of products and services and 51% search for product information." Additionally, retailers are finding that they need to incorporate interactive displays, entertainment and other innovations in the brick and mortar stores to improve the customer experience. Data will be a key component in knowing the consumer and thus making the customer happy, which in turns brings in more profit for retailers.

The second trend is seen in retailers using the latest data to track consumers' cost-conscious and deal-seeking behaviors. This holiday season, consumers did not have to wait for Black Friday or Cyber Monday holiday deals. The "Gray Thursday" (Thanksgiving Day shopping) concept appears to have paid off. Retail sales showed a better than expect year over year 6.2 % growth during fourth quarter, according to the Commerce Department data. Consumers, although still cautious, enjoyed the deep discounts during the holiday shopping season. "The right mix of strong promotions, lean inventories and an emphasis on value put retailers in the perfect position to end the year on a high note. Retailers' promotions struck the right chord for budget-focused holiday shoppers," said National Retail Federation, Chief Economist, Jack Kleinhenz.

RETAIL SALES AND CONSUMER CONFIDENCE TRENDS



Source: Moody's Analytics

ECONOMIC INDICATORS

NATIONAL	2010	2011F	2012F
GDP Growth	3.0%	1.8%	2.6%
CPI Growth	1.6%	3.2%	2.1%
Consumer Spending Growth	2.0%	2.2%	2.3%
Retail Sales Growth	6.4%	8.3%	6.1%
REGIONAL	**2010**	**2011F**	**2012F**
Household Income	$53,342	$54,596	$56,048
Population Growth	0.9%	0.9%	1.7%
Unemployment	15.2%	13.5%	14.4%

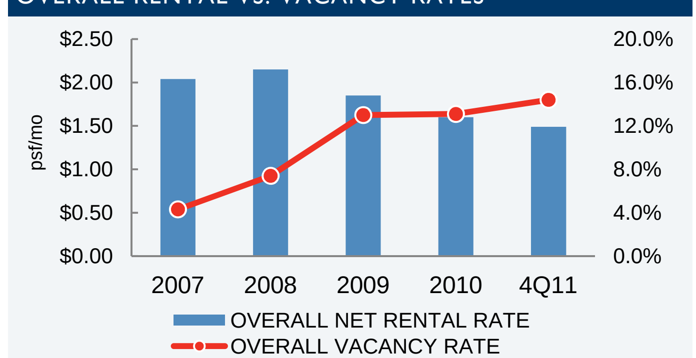
Source: Moody's Analytics

LAS VEGAS MARKET BY TYPE

	VACANCY	RENTAL RATES	MEDIAN SALES PRICE / PER SQUARE FOOT
General Retail	6.2%	$12.96	$180.77
Neighborhood Center	12.8%	$18.72	$155.35
Community Center	13.4%	$19.32	$93.06
Strip Center	22.0%	$16.20	$88.34
TOTAL MARKET	**14.4%**	**$17.88**	**$124.20**

Source: Cushman & Wakefield / Commerce Database

OVERALL RENTAL VS. VACANCY RATES



RETAIL MARKET OVERVIEW

Taking a look at local data, the year end showed the Las Vegas retail market having approximately 8.23 million square feet (msf) of vacant product, which equates to a 14.4% vacancy factor. This is a drop from the third quarter vacancy rate of 14.6%, however, the retail market still shows a higher rate than we saw a year ago at 13.1%. As the retail market continues to recover and retailers continue to rent and build smaller spaces, vacancy in the next year is expected to remain stable in the 14% range. The trend for retailers to move to more intimate space, as well as the affordability of newer, better located retail centers, is reflected in the positive vacancy rates and net absorption in the Northwest, Southwest and Summerlin area of town. These areas in the Las Vegas market have the newer retail product and are surrounded by higher scale neighborhoods. The lease rates for the retail market have been very competitive in 2011. Landlords are eager to lease their buildings and make deals on a short term basis in order to have means of cash flow. Average asking rents fell to $1.49 per square foot (psf/mo) NNN during fourth quarter 2011. This is the lowest asking lease rate that we have seen since 2003 when the rate was $1.23 psf/mo NNN. Going into 2012, lease rates are expected to continue to remain low due to high vacancy and the growth of building sales.

OUTLOOK

After witnessing a very flat year in market activity, we don't expect 2012 to be any different. We do not expect to see any more major swings in the labor market or the commercial real estate market like we have seen in the past few years. The retail specialty is still cautious as the Las Vegas economy as a whole continues to be impacted by high unemployment rates and careful consumer activity, causing vacancies to remain elevated.

We will be keeping a close eye on a few retailer and consumer technology trends over the next few years to see how that will affect retailers property space use. With the growth of the digital presence, data tracking and on-line sales, many retailers are downsizing to stores as small as your local Walgreens. According to a Wall Street Journal report, "Many (retail) chains are concluding that their future lies in more intimate stores." Big Box creator Wal-Mart is looking at locations smaller than 40,000 sf and will open its first Wal-Mart Express store later this year. The smaller store size will also be options for Home Depot, Best Buy, Gap, Staples and Office Depot. To be more profitable, these retailers are looking for any way to lease out extra space, fill unused space with new products and even sell off unused land.

MARKET HIGHLIGHTS

SIGNIFICANT 2011 LEASE TRANSACTIONS	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
2575 East Sahara Avenue	Central East	Nice Cars Of Nevada	General Retail	44,000
1620 West Sunset Road	Green Valley	Erik Payne	General Retail	26,974
Winterwood Pavilion	East	Planet Fitness	Community Center	20,192
SIGNIFICANT 2011 SALE TRANSACTIONS	**SUBMARKET**	**BUYER**	**PURCHASE PRICE**	**SQUARE FEET**
700 S Rampart Blvd	Central East	Boulevard Anchor Acquisition LLC	$9,666,666	200,000
3200 Las Vegas Blvd	Central East	Fashion Show NM Acquisition LLC	$26,610,000	160,000
3700 Maryland Pkwy	Northwest	The Black Mailbox LLC	$5,000,000	139,523
SIGNIFICANT 2011 CONSTRUCTION COMPLETIONS	**SUBMARKET**	**MAJOR TENANT**	**COMPLETION DATE**	**SQUARE FEET**
Tivoli Village At Queensridge (Bldg 5,6,10,17)	Summerlin	N/A	1Q11	245,254
10721 West Charleston Blvd	Summerlin	Life Time Athletic	2Q11	200,000
SIGNIFICANT PROJECTS UNDER CONSTRUCTION	**SUBMARKET**	**MAJOR TENANT**	**COMPLETION DATE**	**SQUARE FEET**
Tivoli Village At Queensridge	Summerlin	N/A	4Q12	226,178
78 North Stephanie	Green Valley	WinCo Foods	3Q12	45,122

* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS

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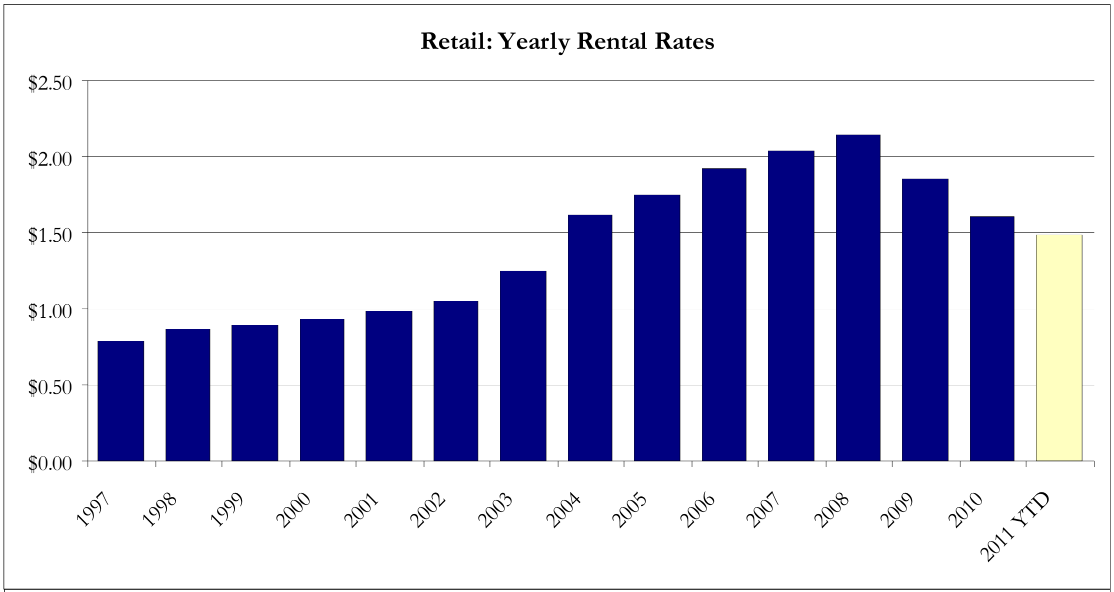
LAS VEGAS, NV SUBMARKET STATISTICS

SUBMARKET	INVENTORY	QUARTERLY CHANGE IN INVENTORY	VACANCY RATE	DEMAND (OCCUPIED SQUARE FEET)	ASKING RENT	RENT GROWTH	ABSORPTION
Central East	5,740,303	0	14.5%	4,904,939	$1.42	(6.6%)	50,202
Central West	8,011,282	0	12.8%	6,984,178	$1.23	(1.6%)	20,845
East	3,860,220	159,169	20.3%	3,077,341	$1.29	(9.8%)	8,796
Green Valley	10,781,466	122,350	14.9%	9,171,007	$1.58	8.2%	15,706
Henderson	2,592,336	38,373	26.0%	1,918,237	$1.64	(14.6%)	(56,907)
Nellis	2,899,378	0	10.7%	2,590,092	$1.40	(4.8%)	25,709
North Las Vegas	6,684,387	53,837	13.6%	5,775,147	$1.28	(20.9%)	(32,009)
Northwest	4,702,707	0	13.8%	4,054,567	$1.53	(13.1%)	10,243
Southwest	6,850,342	37,496	12.5%	5,995,988	$1.63	(4.1%)	64,567
Summerlin	5,043,948	0	11.6%	4,460,659	$1.87	(0.5%	(3,116)
TOTAL MARKET	**57,166,369**	**411,225**	**14.4%**	**48,932,155**	**$1.49**	**(8.6%)**	**104,036**

* RENTAL RATES REFLECT ASKING $PSF/MONTH



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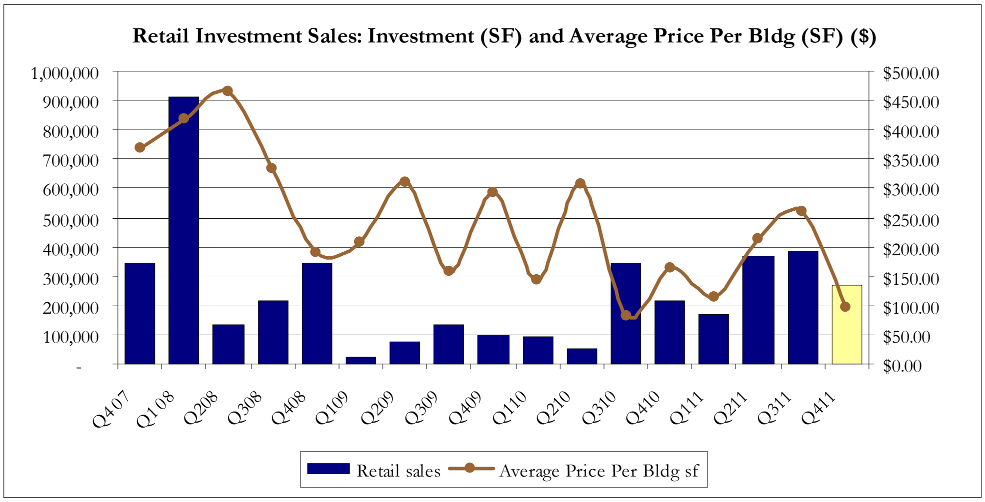

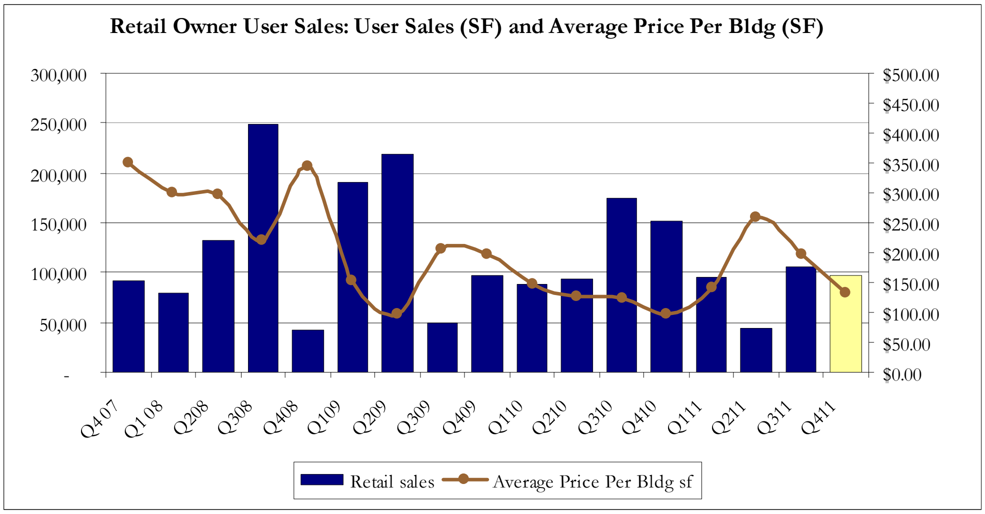

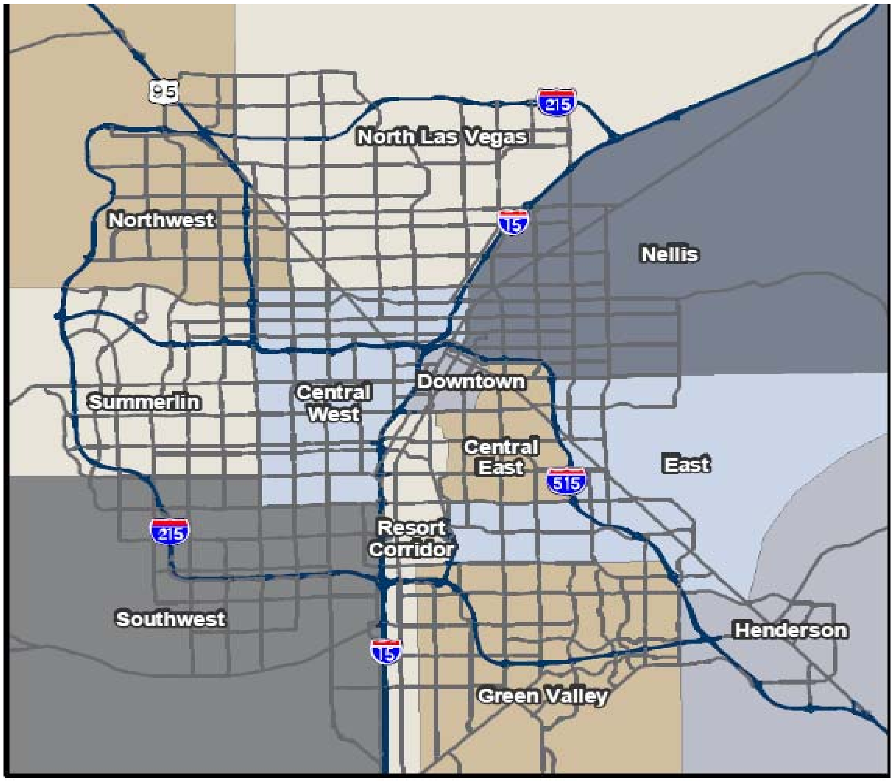

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