

# MARKETBEAT

## Las Vegas

### Retail Q2 2017



#### ECONOMIC INDICATORS

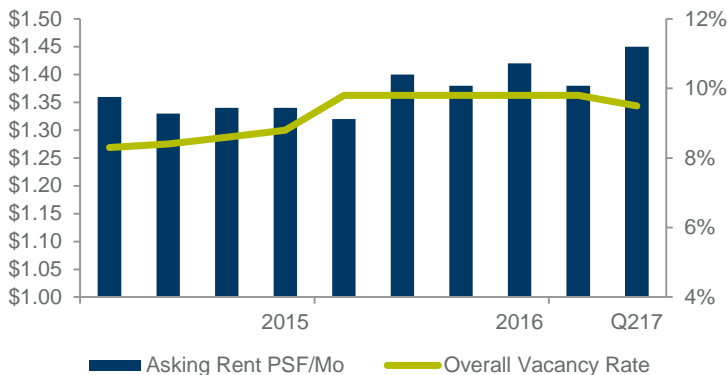
National	Q2 2016	Q2 2017	12-Month Forecast*
GDP Growth	1.3%	2.3%	▲
CPI Growth	1.1%	1.9%	▲
Consumer Spending Growth	2.7%	2.7%	■
Retail Sales Growth	2.2%	4.0%	■

\*Forecast by Cushman & Wakefield. Values represent year-over-year % change.

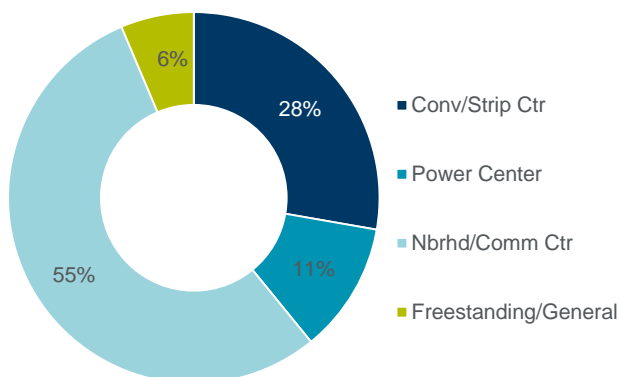
Regional	Q2 2016	Q2 2017	12-Month Forecast
Household Income	\$52,137	\$53,368	▲
Population Growth	2.3%	2.6%	▲
Unemployment	6.0%	4.8%	▼

Source: Moody's Analytics

#### Rental Rate vs. Overall Vacancy



#### Availability by Type



#### Economy

The national retail economy remained on the path to improvement during second quarter 2017. Although consumer spending remained steady at 2.7%, retail sales growth rose from 2.2% second quarter 2016 to 4.0%, compared to 2.2% second quarter 2016. Gross domestic product (GDP) rose by 1 percentage point (pp), and the consumer price index (CPI) rose year-over-year by 0.8 pp.

The Las Vegas market also showed signs of improvement second quarter 2017. Household income was still on the rise, at over \$53,000, and unemployment reported a marked decrease from 6.0% to 4.0%

#### Market Overview

Highlighted below are Las Vegas retail trends for second quarter 2017 :

- The retail market continued to grow with an increase in speculative spaces.
- Lease rental rates increased as a result of higher demand for quality centers.
- Vacancy rates decreased slightly from first quarter 2017 to 9.5%.
- In-demand new construction reported higher lease rentals rates per square foot.
- Demand for pads and build-to-suit spaces increased.

Seafood City Supermarket at Arroyo Center and At Home at Eastern Commons both signed leases with build-outs for their spaces currently underway.

Walker Furniture is planning a 150,00-square-foot (sf) store adjacent to IKEA at Durango Drive and Sunset Way, its second superstore in the Las Vegas valley. Construction is expected to start by the end of summer and open by third quarter 2018. A retail strip center is also planned for that area. In addition, Columbus, OH-based White Castle, after opening a location two years ago on the Strip, is planning an additional Las Vegas location, a 3,400-sf building in Downtown Las Vegas at 107 North Fourth Street, at the northwest corner of Fourth and Fremont Streets. Albertson's continued to expand and opened a location at 7975 Blue Diamond Road near Buffalo Drive. Amazon also announced that it would buy U.S. organic supermarket chain Whole Foods market for \$13.7 billion.

#### Outlook

Lease rental rates will continue to slowly rise and vacancy rates will slowly decrease due to lack of new inventory being delivered to the Las Vegas retail market.

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### Retail Q2 2017



SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (NNN)
Airport	66	2,552,283	16.6%	49,360	44,330	0	\$1.40
Central East	173	6,506,797	15.6%	26,629	-35,050	0	\$1.01
Central West	194	8,042,570	7.0%	11,993	27,955	0	\$1.31
Downtown	61	1,973,323	10.8%	1,216	29,130	11,200	\$3.66
Galleria	51	3,261,486	6.5%	54,609	53,318	0	\$1.84
North	78	4,120,614	8.4%	-11,354	-8,610	0	\$1.60
Northeast	148	5,927,780	12.6%	43,397	31,476	0	\$1.03
Northwest	172	8,364,910	8.2%	9,505	63,114	19,789	\$1.70
Southeast	172	7,409,848	11.5%	-30,841	-43,132	0	\$1.46
Southwest	163	6,741,745	5.7%	18,114	7,784	181,500	\$1.85
The Strip	60	2,895,791	4.6%	984	10,601	0	\$3.00
West	106	5,755,556	7.5%	4,144	14,042	0	\$1.10
<b>LAS VEGAS TOTALS</b>	<b>1,444</b>	<b>63,552,703</b>	<b>9.5%</b>	<b>177,756</b>	<b>194,958</b>	<b>212,489</b>	<b>\$1.45</b>

\*Rental rates reflect gross asking \$psf/month

	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	CURRENT OVERALL NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (NNN)
Convenience/Strip Center	692	13,052,336	12.8%	30,167	59,411	30,989	\$1.58
Regional/Power Center	129	16,380,164	4.2%	-15,993	-65,149	0	\$1.58
Neighborhood/Community Center	318	29,175,767	11.2%	86,796	94,041	0	\$1.39
Freestanding/General	305	4,944,436	7.7%	76,786	106,655	181,500	\$1.27

### Key Lease Transactions Q2 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Albertson's (7975 Blue Diamond Rd)	56,860	Albertson's	Lease	Southwest
Fiesta Plaza	52,544	La Bonita Supermarkets	Lease	Northeast
Sahara Center	48,929	Burlington Coat Factory	Lease	West
3024 Fremont St	24,000	Varsanyi Freddy Property Holdings LLC	Lease	Northeast

### Key Sales Transactions Q2 2017

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
Rancho Sierra	316,140	Tonopah-Craig Raod Company LLP / 4343 N Rancho Drive LLC	\$13,180,000 / \$42	Northwest
Macy's (3634 S Maryland Pkwy)	177,997	Macy's / Quarry Capital	\$3,550,000 / \$20	Central East
Tropicana Nellis Plaza	84,200	Maury Abrams LLC / Agora Realty Mgmt	\$7,100,000 / \$84	Central East
Nellis Lake Park	69,395	BFL 1955 North Nellis LLC / Ralphs Grocery Company	\$6,251,312 / \$90	Northeast

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#### About Cushman & Wakefield

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