

ECONOMIC INDICATORS

National

	Q2 17	Q2 18*	12-Month Forecast**
GDP Growth	2.2%	3.0%	▲
CPI Growth	1.9%	2.8%	▲
Consumer Spending Growth	2.7%	2.5%	▲
Retail Sales Growth	4.3%	5.3%	▲

*Q2 18 estimates. Values represent year-over-year % change. **Forecast by Cushman & Wakefield.

Regional

	Q2 17	Q2 18	12-Month Forecast**
Household Income	\$55,639	\$57,547	▲
Population Growth	2.2%	2.4%	▲
Unemployment	5.2%	4.4%	▼

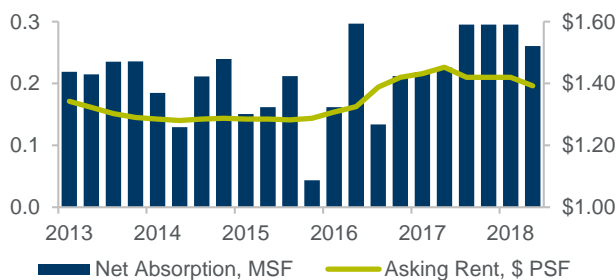
*Q2 18 estimates. **Forecast by Cushman & Wakefield. Source: Moody's Analytics.

Market Indicators

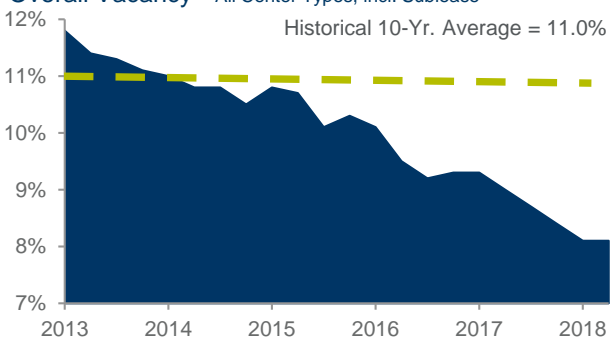
	Q2 17	Q2 18	12-Month Forecast
Overall Vacancy - incl. Sublease	9.0%	8.1%	▼
Net Absorption sf	300k	162k	▲
Under Construction sf	129k	229k	▲
Average Asking Rent (NNN)	\$1.50	\$1.39	▲

Net Absorption/Asking Rent (Triple Net, Monthly)

4-QTR TRAILING AVERAGE



Overall Vacancy – All Center Types, incl. Sublease



Economy

The Las Vegas employment market continued to record job growth, adding 27,700 jobs (+2.8%) year-over-year through May 2018.¹ During the same time period, the unemployment rate decreased 80 basis points (bps), dropping to 4.4%. Also worth noting, the current rate is 210 bps below the 28-year average of 6.5%.

All employment sectors are expected to grow at a combined growth rate of 3.3% in 2018. Las Vegas's economy of \$111.1 billion² as measured by gross regional product is forecasted to grow an additional 5.1% in 2018 and 4.2% in 2019, above its 10-year average of 2.2%.³

Market Overview

Retail vacancy (including sublease) remained unchanged at 8.1% compared to last quarter and decreased 90 bps from a year ago. This was the fifth consecutive quarter of occupancy growth. Occupancy grew by 161,751 square feet (sf) across all center types in the second quarter, bringing year-to-date net absorption to 333,023 sf. This year's mid-year activity was notably higher compared to 195,000 sf absorbed during the same time last year. Tenants absorbed the majority of space in Southeast, North and Northwest submarkets, a combined 435,407 sf. At the end of Q2 2018, overall vacancy was the lowest in Southwest submarket (4.6%) followed by Northwest (4.8%) and East (6.1%) submarkets. Of the nine properties, totaling 228,661 sf currently under construction countywide, seven (totaling 102,771 sf) are scheduled for completion in 2018.

With the bankruptcies of national retail chains and many store anchors vacating or subleasing their spaces, grocery stores are becoming increasingly vital anchors and developers of local shopping centers. This year, regional grocery chain Sprouts will open a newly constructed 54,880-sf shopping center at Rainbow and Warm Springs, as well as a 51,000-sf retail center at Silverado Ranch. Sprouts also opened a new \$4 million development this quarter, including a 31,000-sf grocery store, in North Las Vegas. Their expansion includes launching a local home delivery program for select parts of the Valley. Not to be outdone, Smith's 124,000-sf Skye Canyon Village project opened its grocery anchor this quarter, with construction on the rest of the retail complex scheduled to complete in May 2020. Finally, the Silverton Village development broke ground this quarter, a \$60 million project at Blue Diamond and Dean Martin Drive. It is set to open in 2019 with a Costco anchor, Hyatt Place, Starbucks, and Panera already committed.

Outlook

- Sustained economic expansion and robust job growth will continue to support the retail market, even as swelling land prices drive developer and tenant costs ever higher. Rents will increase for the remainder of 2018, rivaling last summer's high of \$1.50 per square foot per month (psf) on a triple-net basis.
- Wealthy households will continue to move to the northwest and southeast corners of the Valley, luring upscale retailers to these areas. This will create opportunities for emerging businesses to establish themselves in the older neighborhoods of the north, central and eastern submarkets. Retail net absorption will remain highest in the northwest and southeast, while the northeast, which has had negative net absorption and above-average vacancy rates for the past two quarters, will continue to struggle.

Sources: ¹www.bls.gov ²bea.gov ³GDP as of 2016. (f) by Moody's Analytics economy.com

MARKETBEAT

Las Vegas

Retail Q2 2018



SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	AVERAGE ASKING RENT* (ALL Center Types)
Central East	405	9,163,480	108,160	862,389	10.6%	31,754	27,550	0	\$1.16
Central West	492	10,202,329	64,395	863,574	9.1%	-29,079	-115,340	0	\$1.28
East	180	3,472,638	0	211,275	6.1%	35,845	27,773	0	\$1.45
North	364	7,369,365	35,239	563,045	8.1%	-2,756	113,825	0	\$1.29
Northeast	223	3,986,484	43,687	370,712	10.4%	-3,835	-66,026	0	\$1.20
Northwest	244	4,862,954	2,673	232,369	4.8%	51,101	84,583	122,868	\$1.69
Southeast	721	14,418,708	121,647	1,165,674	8.9%	73,765	236,999	40,851	\$1.43
Southwest	382	7,546,713	2,400	343,802	4.6%	11,276	48,149	64,942	\$1.29
West	360	8,220,381	2,972	618,381	7.6%	-6,320	-24,490	0	\$1.62
TOTAL	3,371	69,243,052	381,173	5,231,221	8.1%	161,751	333,023	228,661	\$1.39
Lifestyle	44	1,297,331	0	143,924	11.1%	-425	-4,698	0	\$3.37
NC & Community	2,049	43,078,420	378,773	3,698,619	9.5%	121,273	284,751	184,370	\$1.34
Power	364	15,709,434	2,400	648,991	4.1%	30,614	-26,887	0	\$1.62
Strip	914	9,157,867	0	739,687	8.1%	10,289	79,857	44,291	\$1.45
TOTAL	1,456	91,855,798	1,687,240	4,133,387	6.3%	167,088	1,167,284	5,294,690	\$0.40

*Rental rates reflect triple net asking rents \$psf/monthly. Vacancy rate and net absorption includes direct and sublease. Inventory includes properties of 5,000 sf and larger.

Key Lease Transactions Q2 2018

PROPERTY	SF	TENANT	LANDLORD	TRANSACTION TYPE	SUBMARKET
3041-3181 N Rainbow Blvd	40,728	Floor and Décor	JP Morgan Chase & Co.	New Lease	Northwest
4486 N. Rancho Blvd.	26,390	Go For It USA	4343 N Rancho Drive LLC	New Lease	Northwest
7500 W Lake Mead Blvd.	22,752	Michael's	Investment Concepts, Inc.	New Lease	Northwest
7091 W Craig Road	10,975	Cheer Athletics & Gymnastics	James Hussey	New Lease	Northwest

Key Sale Transactions Q2 2018

PROPERTY	SF	BUYER	SELLER	PRICE / \$PSF	SUBMARKET
Eastern Commons	64,954	Kirkorian Properties, LP	Weingarten Realty Investors	\$26,035,354 / \$400.83	Southeast
Centennial Crossroads Plaza	105,414	Investment Concepts, Inc.	Shopcore Properties	\$21,500,000 / \$203.96	Northwest
Tropicana Marketplace	69,338	ABC Vegas Properties	Weingarten Realty Investors	\$15,000,000 / \$216.33	Central West
Hualapai Plaza	26,218	Friant & Associates	Logic Commercial Real Estate	\$9,850,000 / \$375.70	Southwest

Jolanta Campion

Director of Research, San Diego & Nevada
jolanta.campion@cushwake.com

Becca Gabriel

Research Analyst, Southwest Nevada
rebecca.gabriel@cushwake.com
6725 Via Austi Pkwy, Suite 275
Las Vegas, NV 89119
Tel: 792.796.7900 Fax: 792.786.7820

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