



10100 W. Charleston Blvd.
Suite 200
Las Vegas, Nevada 89135

t: 702.967.3333
f: 702.314.1439

www.appliedanalysis.com

PRESS RELEASE

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Contact:
Brian R. Gordon, Principal
Applied Analysis
(702) 967-3333

Second Quarter 2010 Retail Market Performance Measures Released

Leading Real Estate Research Firm Notes Asking Rents Continue To Slip As Vacancies Remain Near Record Highs

After releasing its second quarter 2010 retail market report today, local business advisory firm Applied Analysis noted vacancies remained relatively flat as average asking rents among anchored-retail centers continued their move downward. Reporting a vacancy rate of 10.4 percent at the close of the second quarter of 2010, vacancies remain relatively stable compared to the previous quarter, but linger 0.2 points above the 10.2 percent witnessed during the same period of the prior year (Q2 2009). As the vacancy rate remains elevated with little demand for the nearly 5.4 million square feet of vacant space, downward pressure continues to be exerted on average asking rents. On a per-square-foot basis, average asking rents per month fell to \$1.68, a 17.0-percent decrease from \$2.02 witnessed just one year ago.

During the second quarter of 2010, the market witnessed positive absorption as more retail tenants moved into space than moved out, for a total of 165,600 square feet of positive absorption. However, excluding pre-leased new construction, the positive absorption figure still suggests limited positive activity as only 26,200 square feet of second-generation positive net absorption occurred during the quarter.

By quarter-end, the retail market reported 51.9 million square feet of inventory, as 139,400 square feet of new space was added to the market with a Lowe's being completed in the northwest submarket. Projects that remain actively under construction total approximately 568,800 square feet while plans for 5.1 million square feet remain on the drawing board. Inventory figures exclude nearly 1.3 million square feet of space that has stopped development due to current economic conditions.

Las Vegas Valley Quarterly Comparison Anchored Retail Centers

	2Q 2010 (current quarter)	1Q 2010 (previous quarter)	2Q 2009 (same quarter one year prior)
Retail Inventory (SF)	51.9 million	51.7 million	51.2 million
Under Construction (SF)	0.6 million	0.7 million	1.3 million
Vacancy Rate	10.4%	10.4%	10.2%
Average Asking Rent (PSF)	\$1.68	\$1.72	\$2.02
Completions (SF) - Quarter	139,000	-	-
Completions (SF) - Trailing 12 Months	656,000	516,000	1,367,000
Net Absorption (SF) - Quarter	166,000	-168,000	-293,000
Net Absorption (SF) - Trailing 12 Months	491,000	33,000	-707,000

Note: Inventory figures exclude approximately 1.3 million square feet of space in projects that have stalled or delayed construction activity. These projects have been reported as planned for reporting purposes until construction activity re-commences.

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Highlights:

- **Lowest vacancy rate:** Power centers (6.5%)
- **Highest vacancy rate:** Neighborhood centers (13.3%)
- **Construction activity:** Limited construction activity in the retail sector continues:
 - Tivoli Village – Located at the northeast corner of Alta Drive and Rampart Boulevard, the mixed-use project contains retail and office uses in the first phase (450,000 square feet)
 - Caroline’s Court – An additional 118,800 square feet of in-line and pad space within the Lowe’s-anchored center at the northeast corner of US-95 and Durango Drive in the northwest submarket
- **Average asking rents:** Available retail spaces reported average asking rents of \$1.68 per square foot, which represented a 17.0-percent decline from the \$2.02 reported during the same period of the prior year. While asking rents show significant decline, effective rents are down more steeply due to increased concessions. Market average pricing is impacted by the size, location, mix and type of space available.
 - Power centers - \$1.85 psf (down from \$2.22 in Q2 2009)
 - Community Centers - \$1.68 psf (down from \$2.14 in Q2 2009)
 - Neighborhood Centers - \$1.60 psf (down from \$1.83 in Q2 2009)
- **Annual employment decline (May 2010):**
 - All employees: -30,700 (-3.7%)
 - Construction: -16,500 (-25.4%)
 - Leisure and hospitality: -5,300 (-2.1%)
 - Retail-using positions: -3,600 (-2.2%)
- **Las Vegas unemployment rate:** 14.1% (up from 11.3% one year ago)

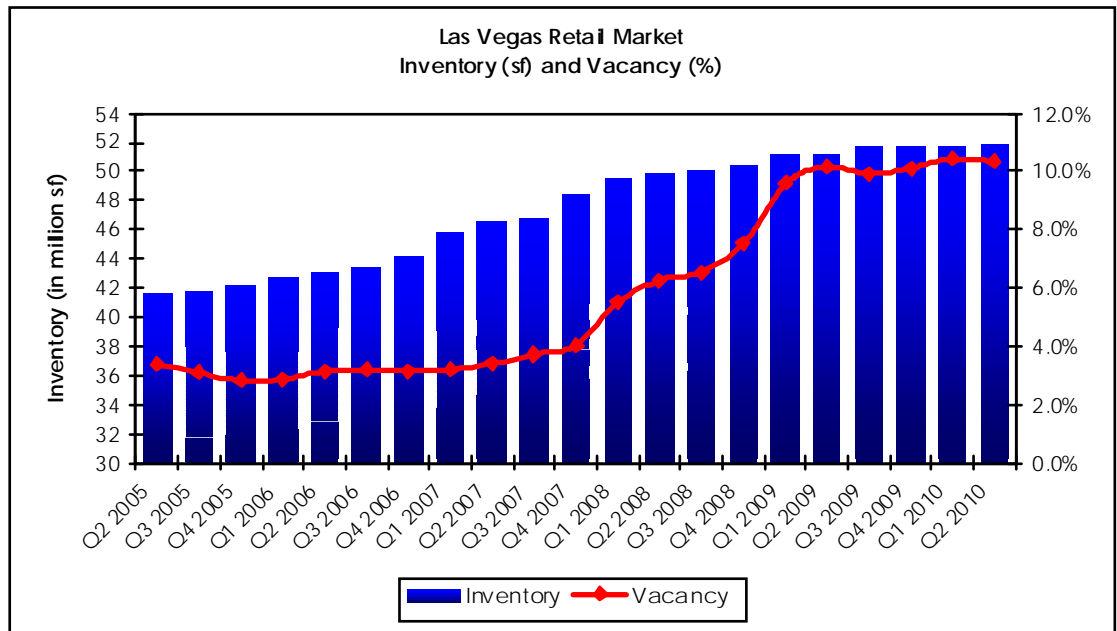
**Jurisdictional Comparison
 Anchored Retail Centers**

	Unincorporated Clark County	City of Las Vegas	City of Henderson	City of North LV	Valley-wide Total
Retail Inventory (SF)	20.3 million	16.7 million	10.0 million	4.8 million	51.9 million
Under Construction (SF)	-	0.6 million	-	-	0.6 million
Vacancy Rate - 2010 Q2	9.0%	10.7%	11.6%	12.2%	10.4%
Vacancy Rate - 2009 Q2	8.6%	11.2%	10.3%	13.0%	10.2%
Average Asking Rates - 2010 Q2	\$1.61	\$1.70	\$1.70	\$1.77	\$1.68
Average Asking Rates - 2009 Q2	\$1.95	\$1.93	\$2.07	\$2.25	\$2.00
Net Absorption (SF) - 2010 Q2	-70,500	226,800	21,500	-12,200	165,600
Net Absorption (SF) - 2009 Q2	-159,300	-115,600	66,400	-84,000	-292,500

Commentary:

Applied Analysis Principal Brian Gordon commented, "The vacancy rate among anchored-retail centers has held within a tight range during the past 18 months. Additionally, the quarter-over-quarter pace of decline in average asking rents slowed for the first time in more than a year, suggesting the sector may be approaching the proverbial bottom. Nevertheless, this bottom could likely be a new normal as average asking rents have declined 23.8 percent since its peak and vacant inventory now includes nearly two years of excess supply on the market at normalized absorption rates. It will take several years to return to pre-recession vacancy levels given current market dynamics."

Jake Joyce, project manager at Applied Analysis, also commented, "Weaker-than-expected consumer spending and consumer confidence levels that have yet to report the strength normally witnessed in a post-recession recovery have consumers and businesses alike remaining cautious. The retail market is where consumer sentiment is ultimately realized, so as long as the economic outlook and pace of recovery appear soft, price points within the retail market will continue to correct."



Applied Analysis is a Nevada-based advisory service firm providing a wide range of consultation services for public and private entities. The company utilizes extensive experience in economics, information technology and finance to provide a wide range of services, including urban economic consulting, financial advisory services, market analysis, public policy analysis, hospitality industry and gaming consulting, and information system and technology consulting. Applied Analysis has offices at 10100 West Charleston Blvd., Suite 200, and can be reached at 702-967-3333. The firm's Web site can be accessed at www.appliedanalysis.com.

