

LAS VEGAS

Retail Q4 2019



YoY Chg 12-Mo. Forecast

\$62,100
Median HH Income



2.8%
Population Growth



3.7%
Unemployment Rate



Source: BLS, November 2019
(Economic Indicators are representative of specific county or MSA.)

U.S. ECONOMIC INDICATORS Q4 2019

YoY Chg 12-Mo. Forecast

2.4%
GDP Growth



4.3%
Consumer Spending Growth



4.1%
Retail Sales Growth



Source: BEA, Census Bureau

ECONOMIC OVERVIEW

The Las Vegas employment market recorded growth, adding 27,100 jobs (+2.7%) year-over-year (YOY) through November 2019.¹ During the same time period, the unemployment rate decreased 80 basis points (bps), dropping to 3.7%. Notably, the current unemployment rate is 270 bps below the 30-year average of 6.4%. All employment sectors are expected to grow at a combined growth rate of 1.9% in 2020 and 0.4% in 2021. Las Vegas's economy of \$122.4 billion² as measured by gross regional product is forecasted to grow an additional 4.4% in 2020 and 4.3% in 2021, above its 10-year average of 2.9%.³

MARKET OVERVIEW

Retail vacancy, including sublease, increased 10 bps from last year and from one year ago, up to 7.5% for fourth quarter 2019. This year marked the eighth straight year of retail occupancy gains. Tenants have absorbed almost 6.4 million square feet (msf) during this time – an average of 800,000 square feet (sf) per year. Over the same time period, retail vacancy has dropped. Occupancy grew by 68,600 sf this quarter, thanks to gains in the North (71,300 sf), Northeast (21,600 sf) and Southeast (20,700 sf) submarkets. The Las Vegas retail market delivered 595,700 sf in 2019 – the most since 2009 and a 124% increase YOY. Strip centers (420,200 sf) accounted for 71% of all retail properties delivered in 2019, while neighborhood & community centers represented 20% of 2019 deliveries.

SALES ACTIVITY

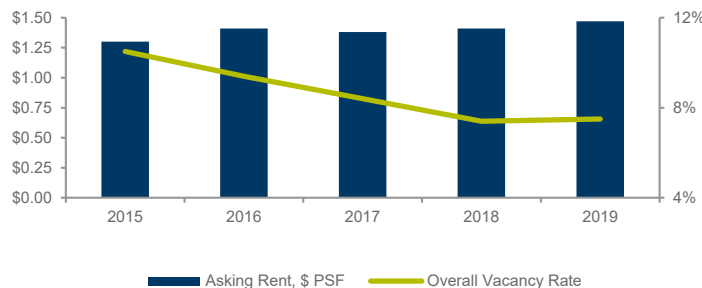
The Las Vegas retail market recorded nearly \$1.4 billion in sales volume in 2019, a 20% decrease compared to 2018. \$620 million transacted in the fourth quarter of 2019 vs. \$235 million traded last quarter. The average cap rate for retail properties this quarter was 6.6%, down 10 bps since this time last year. Private investors (94%) accounted for nearly all buyers in 2019, followed by institutional buyers at 3%. The average price per sf rose 28% YOY, up to \$234 compared to \$183 last year.

OUTLOOK

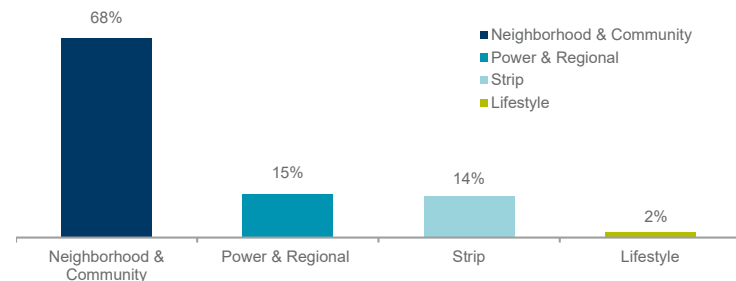
As the Las Vegas economy continues growth, the retail market benefits. The Las Vegas economy relies on consumer spending and tourism, which will continue to be fueled by an influx of new residents and visitors. Las Vegas is poised to outperform the U.S. over the next several years. Lack of available land and rising development costs will continue to be a thorn in the otherwise buoyant retail market.

Sources: ¹www.bls.gov ²bea.gov ³GDP as of 2018. (f) by Moody's Analytics economy.com 11/2019 ⁴RCA.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



LAS VEGAS

Retail Q4 2019

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (NNN)*
Central East	8,752,294	17,499	951,215	11.1%	-4,718	-63,262	0	\$1.38
Central West	10,243,362	6,861	859,634	8.5%	-20,911	56,700	0	\$1.39
East	3,442,881	1,700	133,297	3.9%	-14,256	-4,164	0	\$1.51
North	7,034,926	6,398	647,250	9.3%	71,348	-10,663	0	\$1.10
Northeast	4,031,046	30,000	277,793	7.6%	21,570	-50,607	0	\$1.36
Northwest	5,025,036	7,000	129,795	2.7%	13,791	154,151	0	\$1.95
Southeast	14,062,206	65,994	1,110,023	8.4%	20,698	287,438	0	\$1.54
Southwest	6,569,643	6,581	378,623	5.9%	-13,947	106,278	0	\$1.98
West	8,035,768	10,513	406,051	5.2%	-4,951	47,385	0	\$1.78
TOTAL	67,197,162	152,546	4,893,681	7.5%	68,624	523,256	0	\$1.47
Lifestyle	1,335,357	0	94,472	7.1%	18,174	71,871	0	\$3.21
Neighborhood & Community	41,659,660	104,489	3,348,056	8.3%	33,813	333,816	0	\$1.45
Power	14,211,450	37,000	755,504	5.6%	-24,774	-211,784	0	\$1.23
Strip	9,990,695	11,057	695,649	7.1%	41,411	329,353	0	\$1.67
TOTAL	67,197,162	152,546	4,893,681	7.5%	68,624	523,256	0	\$1.47

*Rental rates reflect NNN asking \$/PSF/month. ** Renewals included in leasing statistics

KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1515-1711 W. Craig Rd.	North Las Vegas	BioLife Plasma Services	23,500	New
6100 W. Vegas Dr.	Central West	Dollar Tree	16,709	New
1515-1711 W. Craig Rd.	North Las Vegas	Uptown Jungle Fun Park	15,060	New
2255 Village Walk Dr.	Southeast	Sephora	11,528	New
2020 W. Craig Rd.	North Las Vegas	Super Pawn	8,256	Renewal**

KEY SALES TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Hualapai Commons Portfolio	West	Peccole-Nevada Corp. / J.A. Kennedy Real Estate	244,759	\$45,973,690 / \$188
Westland Fair Portfolio	Central West	Weingarten Realty Investors / Cannon Commercial, Inc.	214,127	\$43,500,000 / \$203
The Shoppes on Rainbow	Central West	Monterey Vista Village Shopping Center, LLC / The Shoppes on Rainbow LLC	64,610	\$7,272,800 / \$113
The Park at 3900	Central East	Rialto Capital / The Calida Group	64,534	\$32,250,000 / \$500
5881 E. Charleston Blvd.	East	Fortress Investment Group LLC / Newark Meadows LLC	58,246	\$12,562,863 / \$216

ALEX CASINGAL

Research Analyst

Tel: +1 702 688 6881

alexander.casingal@cushwake.com

JOLANTA CAMPION

Director of Research, San Diego & Nevada

Tel: +1 858 625 5235

jolanta.campion@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

cushmanwakefield.com