

LAS VEGAS

Retail Q3 2020



CUSHMAN & WAKEFIELD

\$54,200

Median HH Income

YoY
Chg12-Mo.
Forecast

1.9%

Population Growth



15.9%

Unemployment Rate



Source: BLS

(Economic Indicators are representative of specific county or MSA.)

U.S. ECONOMIC INDICATORS
Q3 2020

-4.2%

GDP Growth

YoY
Chg12-Mo.
Forecast

-7.6%

Consumer Spending
Growth

5.1%

Retail Sales Growth



Source: BEA, Census Bureau

ECONOMIC OVERVIEW

The Las Vegas employment market has been significantly affected by COVID-19 stay-at-home orders, resulting in loss of 126,300 jobs or -12.2% year-over-year (YOY) through August 2020.¹ Of the 126,300 jobs lost, 72,600 (-24.7% YOY) or 58% of losses were in the leisure and hospitality sector. Professional and business services sector lost 21,400 jobs (-14.1% YOY) or 17% of total jobs lost. During the same time period, the monthly unemployment rate increased from 4.1% last year to 15.5% and is currently more than twice the 30-year monthly average of 6.4% yet 40 basis points (bps) below the Q3 2020 quarterly average of 15.9%. Annual unemployment rate is forecasted to be 15.6% by end of 2020 and 14.4% in 2021, elevated compared to 4.0% in 2019. All employment sectors are expected to shrink at a combined growth rate of -10.4% in 2020 and then grow 2.4% in 2021. Las Vegas's economy of \$110.1 billion as measured by gross regional product is forecasted to shrink -9.4% in 2020 and grow 5.8% in 2021, above its 10-year average of 2.2%.²

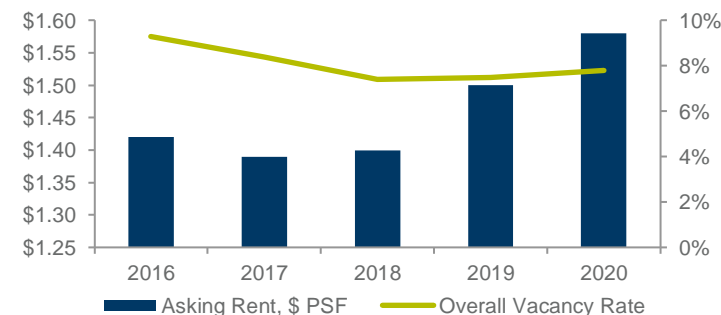
MARKET OVERVIEW

Retail vacancy, including sublease, decreased 10 bps from last quarter yet increased 40 bps YOY to 7.8% in Q3 2020. The current vacancy rate is 240 bps below the 10-year quarterly average of 10.2%. Occupancy grew this quarter by 97,900 square feet (sf) thanks to positive net absorption of 47,400 sf in the West and 45,000 sf in the Northeast submarkets. Year-to-date (YTD), tenants returned 117,000 sf across the market. Power centers returned the most space (-85,300 sf), followed by neighborhood & community centers (-29,300 sf). Conversely, strip centers gained tenants YTD (+12,000 sf). The average asking rent of \$1.58 per square foot (psf) on a monthly triple net basis increased 1.9% from last quarter and 6.0% YOY across all centers. Both power & regional centers (+7.9% YOY) and strip centers (+7.5% YOY) continue to impress, as each retail type experienced notable average rental rate increases YOY. The market delivered 131,500 sf of retail space in Q3 2020 and has delivered 344,700 sf since the beginning of 2020. Year-to-date, 66% of new inventory was strip centers, followed by neighborhood & community centers (33%). Additionally, there is over 102,900 sf currently under construction valley-wide, which is concentrated in the Southwest submarket (95,400 sf).

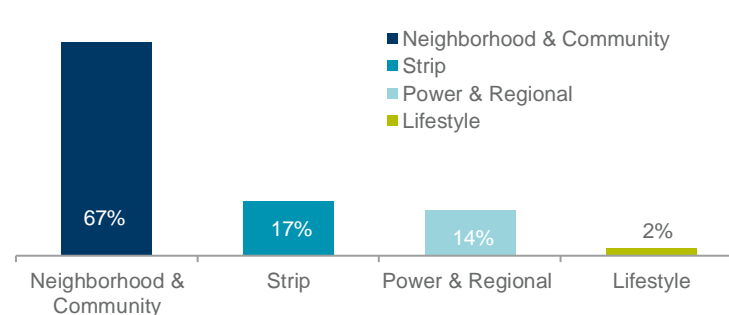
SALES ACTIVITY

The Las Vegas retail market recorded \$182 million in sales volume across 35 centers and 953,000 sf thus far in 2020, a 77% decrease in volume compared to the first nine months of 2019. Average price was \$256 psf in Q3 2020 compared to \$245 in Q3 2019 (+4.4% YOY). Average cap rate was 6.4% in Q3 2020 compared to 6.7% a year ago. The leading buyers of retail centers YTD were private investors (96% vs. to 93% in 2019), followed by REITs (3% vs. to 1% in 2019). Private sellers accounted for 99% of activity (vs. 45% in 2019).³

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE





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 CONSTRUCTION (SF)	OVERALL AVG ASKING RENT (NNN)*
Central East	8,715,867	46,049	968,345	11.6%	4,472	-98,809	0	\$1.55
Central West	10,150,376	4,145	849,343	8.4%	-8,622	-13,605	4,200	\$1.42
East	3,449,492	32,374	112,288	4.2%	26,026	-11,740	0	\$1.37
North	6,999,750	6,398	581,929	8.4%	6,276	3,595	0	\$1.21
Northeast	3,989,143	0	277,249	7.0%	44,983	15,306	0	\$1.40
Northwest	5,203,124	7,000	234,013	4.6%	-12,176	-42,424	0	\$2.15
Southeast	14,266,756	67,523	1,277,863	9.4%	-7,586	76,010	3,300	\$1.65
Southwest	6,550,783	11,350	410,346	6.4%	-2,874	-54,850	95,409	\$1.88
West	8,123,768	17,791	377,171	4.9%	47,371	9,472	0	\$2.01
TOTAL	67,449,059	192,630	5,088,547	7.8%	97,870	-117,045	102,909	\$1.58
Lifestyle	1,314,923	0	114,647	8.7%	-19,789	-14,502	64,587	\$2.82
Neighborhood & Community	41,789,335	171,078	3,348,081	8.4%	93,302	-29,269	3,300	\$1.57
Power & Regional	14,266,086	7,000	743,497	5.3%	30,037	-85,260	0	\$1.36
Strip	10,078,715	14,552	882,322	8.9%	-5,680	11,986	35,022	\$1.71
TOTAL	67,449,059	192,630	5,088,547	7.8%	97,870	-117,045	102,909	\$1.58

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

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
6656 Sky Pointe Dr.	Northwest	Tractor Supply Company	19,097	New
1100 W. Warm Springs Rd.	Southeast	Echo Park Automotive, Inc.	14,817	New
4463 W. Charleston Blvd.	Central West	Cano Health LLC	13,270	New
3025 E. Tropicana Ave.	Central East	Advanced Auto Parts	10,848	New
2575 E. Craig Rd.	North	Dollar Tree	10,810	New

KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
4802 W. Bell Dr.	Central West	Indus Nevada LLC / RXLand	38,614	\$3.3M / \$85
5220 E. Russell Rd.	East	Eric Nelson / Grace Delight of Nevada	35,878	\$6.0M / \$167
953 E. Sahara Ave.	Central East	Ahana Trust / NPS Investments LLC	24,000	\$1.2M / \$50
9875 W. Deer Springs Way	Northwest	Mass Equities, Inc. / T&M Mini Storage LLC	18,000	\$4.3M / \$238
6820 W. Ann Rd.	Northwest	Monaghan Farms, Inc. / 6820 W. Ann Rd LLC	15,120	\$3.8M / \$254

Sources: ¹www.bls.gov ² GDP as of 2019. (f) by Moody's Analytics economy.com 9/2020 ³ RCA

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