MARKETBEAT

LAS VEGAS

Retail Q4 2020

	YoY Chg	12-Mo. Forecast
$50,500 Median HH Income	▼	▲
1.6% Population Growth	▼	▲
12.8% Unemployment Rate	▲	▼

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

U.S. ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
-2.5% GDP Growth	▼	▲
-4.7% Consumer Spending Growth	▼	▲
5.3% Retail Sales Growth	▲	▲

Source: BEA, Census Bureau

ECONOMIC OVERVIEW

The Las Vegas employment market has been significantly impacted by COVID-19 stay-at-home orders, resulting in loss of 106,500 jobs or -10.1% year-over-year (YOY) through November 2020. Of the 106,500 jobs lost, 62,400 (-21.4% YOY) or 58.6% of losses were in the leisure and hospitality sector. Professional and business services sector lost 21,200 jobs (-13.8% YOY) or 19.9% of total jobs lost. During the same time, the monthly unemployment rate increased from 3.6% last year to 11.5% and is currently 130 basis points (bps) below the Q4 2020 quarterly average of 12.8%.[1] On the bright side, monthly job gains have been positive for the last seven consecutive months. All employment sectors are expected to grow at a combined rate of 1.6% in 2021 and 5.0% in 2022. Las Vegas's economy of $102.1 billion as measured by gross regional product is forecasted to grow 5.3% in 2021 and 10.6% in 2022, above its 10-year average of 1.4%.[2]

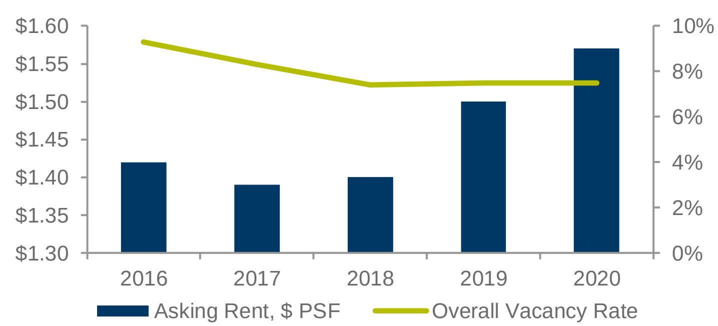
MARKET OVERVIEW

Retail vacancy, including sublease, decreased 30 bps from last quarter to 7.5% in Q4 2020 yet remained unchanged YOY. The current vacancy rate is 250 bps below the 10-year quarterly average of 10.0%. Occupancy grew this quarter by 239,600 square feet (sf) thanks to positive net absorption of 106,000 sf in the Central West and 70,500 sf in the Southwest submarkets. Tenants absorbed the most space in power centers (+104,400 sf), followed by strip centers (+78,400 sf) during Q4 2020. Occupancy increased by 118,900 sf across the market in 2020, thanks to the last three consecutive quarters of positive absorption, and was led by positive gains in strip centers (+91,500 sf) and power centers (+19,100 sf). The average asking rent of $1.57 per square foot (psf) on a monthly triple net basis decreased 0.6% from last quarter yet grew 4.7% YOY across all centers. Since the end of 2019, all property types except lifestyle centers have seen substantial rental rate increases. This growth was led by power & regional centers (+9.7% YOY), followed by neighborhood & community centers (+4.0% YOY) and strip centers (+3.6% YOY). Despite no completions in Q4 2020, the market delivered 346,000 sf since the beginning of 2020. Additionally, there is over 110,900 sf currently under construction valley-wide, with 93% of currently under construction properties in the Southwest submarket (103,400 sf).

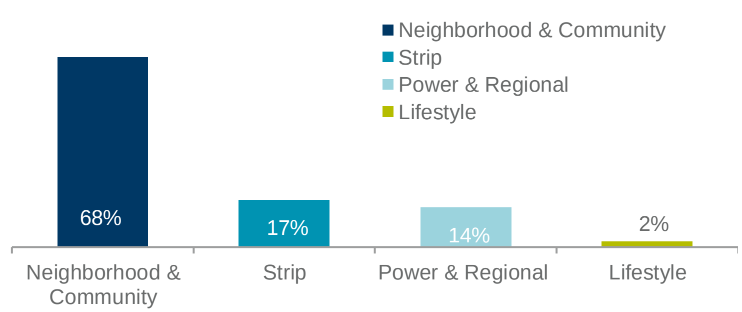
SALES ACTIVITY

The Las Vegas retail market recorded $355 million in sales volume across 53 centers and 1.7 million square feet (msf) in 2020, a 79% decrease in volume compared to 2019. Average price was $255 psf in 2020 compared to $245 in 2019 (+4.1% YOY). Average cap rate was 6.5% in 2020 compared to 6.6% a year ago. The leading buyers of retail centers were private investors in 2020 (95% vs. to 93% in 2019), followed by REITs (4% vs. to 1% in 2019). Private sellers accounted for 90% of activity (vs. 45% in 2019), with institutional investors accounting for 9% (vs. 10% in 2019).[3]

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



MARKETBEAT

LAS VEGAS

Retail Q4 2020

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	8,731,576	40,789	951,646	11.4%	67,503	-31,306	0	$1.53
Central West	10,159,627	51,861	725,010	7.6%	105,981	92,376	4,200	$1.39
East	3,437,808	29,274	102,138	3.8%	15,325	3,585	0	$1.36
North	7,048,382	6,398	502,552	7.2%	72,124	75,919	0	$1.19
Northeast	3,982,358	0	282,236	7.1%	-10,317	4,989	0	$1.43
Northwest	5,206,637	7,000	194,747	3.9%	12,529	-29,895	0	$2.12
Southeast	14,326,290	67,523	1,387,190	10.2%	-114,179	-38,169	3,300	$1.66
Southwest	6,563,905	6,581	351,968	5.5%	70,485	16,496	103,409	$1.92
West	8,241,699	17,791	345,592	4.4%	20,154	24,980	0	$2.02
TOTAL	**67,698,282**	**227,217**	**4,843,079**	**7.5%**	**239,605**	**118,975**	**110,909**	**$1.57**
Lifestyle	1,326,316	0	97,325	7.3%	20,514	6,012	64,587	$2.81
Neighborhood & Community	41,942,910	212,189	3,216,665	8.2%	36,303	2,388	3,300	$1.55
Power & Regional	14,273,891	7,000	697,635	4.9%	104,382	19,122	0	$1.36
Strip	10,155,165	8,028	831,454	8.3%	78,406	91,453	43,022	$1.73
TOTAL	**67,698,282**	**227,217**	**4,843,079**	**7.5%**	**239,605**	**118,975**	**110,909**	**$1.57**

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

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
5639 Centennial Center Blvd.	Northwest	UFC	44,619	New
8945 W. Charleston Blvd.	West	Planet Fitness	20,100	New
309 – 321 N. Nellis Blvd.	Northeast	Island Pacific Seafood	16,633	New
6495 N. Decatur Blvd.	North	Walgreens	14,820	Renewal**
8410 W. Warm Springs Rd.	Southwest	United Healthcare Services	6,927	New

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/$ PSF
Sunrise Marketplace	East	Phillips Edison & Company / Expo-Bach LLC	191,345	$32.7M / $171
Crossroads Commons	West	Panther Crossroads Commons LLC / SF Crossroads LLC	173,249	$50.8M / $293
6520 Centennial Center Blvd.	Northwest	Cardan Centennial LLC / Howard A. Keyes Trust	45,934	$11.8M / $256
6551 Centennial Center Blvd.	Northwest	Gieszl Nevada LLC / Howard A. Keyes Trust	45,707	$18.5M / $405
2550 S. Rainbow Blvd.	Central West	EQ Sahara LLC / Virtus Commercial	40,679	$8.6M / $211

Sources: [1]www.bls.gov [2] GDP as of 2020. (f) by Moody's Analytics economy.com 12/2020 [3] RCA.

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