



Las Vegas

Retail 22Q1

Key Takeaways

- Retail vacancy decreased to 5.4% this quarter
- Net absorption increased year-over-year
- Retail asking rates increased to \$1.64 psf NNN



Retail Vacancy Hits New Low

Southern Nevada’s retail market continued to see strong demand in the first quarter of 2022. First quarter net absorption was more than double that recorded one year ago, bringing vacancy down to 5.4%. The asking rental rate for retail space increased to \$1.64 psf on a triple-net (NNN) basis.

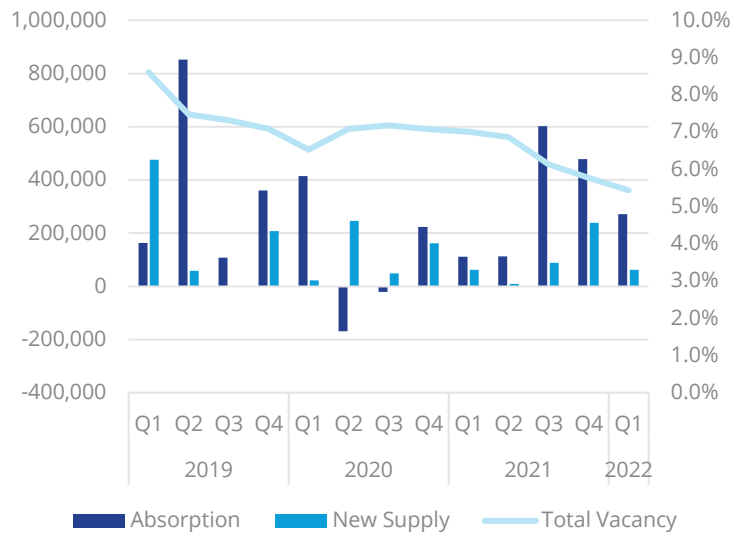
Market Indicators



Historic Comparison

	21Q1	21Q4	22Q1
Total Inventory (in Millions of SF)	71.2	71.5	71.5
New Supply (in Thousands of SF)	62.0	238.6	62.5
Net Absorption (in Thousands of SF)	110.9	478.1	271.2
Total Vacancy	7.0%	5.8%	5.4%
Under Construction (in Thousands of SF)	310.9	94.0	81.6
Overall Asking Lease Rates (NNN)	\$1.53	\$1.60	\$1.64

Market Graph



Southern Nevada’s retail market opened 2022 with strong net absorption and its lowest vacancy rate in twenty years

Recent Transactions



Lease

3810 East Flamingo
12,693 SF | \$1.35 NNN



Lease

2887 Green Valley
4,550 SF | \$1.73 NNN



Lease

4780 South Eastern
1,512 SF | \$1.13 NNN



Lease

10080 West Tropicana
1,210 SF | \$2.38 NNN



Lease

6620 West Flamingo
960 SF | \$2.11 NNN



Lease

9790 South Maryland
225 SF | \$2.67 NNN

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Employment and Taxable Sales

According to DETR, Southern Nevada added 31,300 retail jobs between February 2021 and February 2022. The Valley added 500 jobs in health and personal care stores but lost 600 jobs in food and beverage stores. In addition, 24,800 jobs were added in the eating and drinking places sector over the same period. Limited-service restaurants added 11,700 jobs, while full-service restaurants added 5,700 jobs.

Unemployment in the Las Vegas-Paradise MSA was 5.3% in February 2022. Over the past 12 months, total employment in Southern Nevada increased by 116,300 jobs, a 12.7% increase.

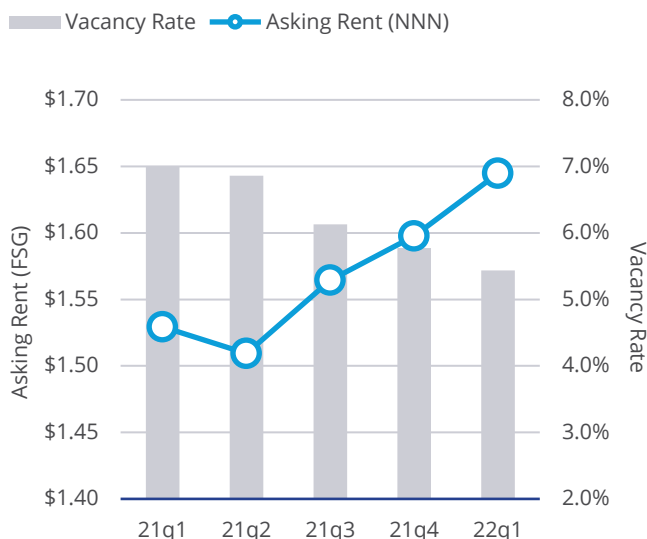
Clark County had taxable retail sales of \$1.8 billion in January 2022, representing 16.2% annual growth. Eating and drinking places had retail sales of \$835.5 million in the same period, representing 61.7% annual growth. Non-store retailers saw 12.2% annual growth in taxable sales.

Construction and Absorption

The first quarter saw the completion of 62,478 square feet of retail space. This space was 77.9% pre-leased. An additional 288,654 square feet of retail space is scheduled for completion during the remainder of 2022.

Vacancy vs. Rents

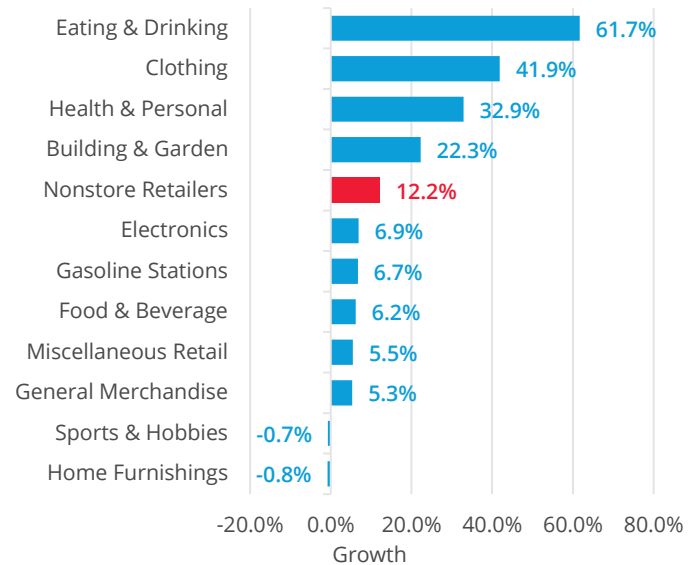
Past five quarters



Source: Colliers International

Taxable Sales Growth by Sector

January 2022; year-over-year



Source: Colliers International

Net absorption was 271,211 square feet this quarter, more than double the net absorption recorded one year ago. Net absorption had been decreasing since the third quarter of 2021, as was retail inventory expansion. On a positive note, the retail market has had six straight quarters of positive net absorption, taking vacancy down from 7.1% to 5.4%.

All retail subtypes but community centers had positive net absorption this quarter. Strip centers absorbed 83,658 square feet, followed by power centers with 81,613 square feet and neighborhood centers with 54,287 square feet.

The Northwest submarket had the Valley's strongest net absorption this quarter at 82,234 square feet. It was followed by University East at 74,677 square feet and West Central at 57,616 square feet. The Henderson submarket, which had the most net absorption in the Valley in 2021, had -7,963 square feet of net absorption this quarter.

The subsectors most active in occupying retail space over the past four quarters were involved in miscellaneous retail (21.3%), health services (17.1%), personal services (13.5%), eating and drinking places (11.6%) and amusement & recreation (2.5%). Local companies took 69.1% of the leased square footage we tracked over the past four quarters, followed by companies from the Mountain West (16.2%) and Great Plains (4.4%).

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Vacancy

Retail vacancy decreased to 5.4% this quarter, the lowest retail vacancy rate in Southern Nevada since before the Great Recession. Vacancy rates were remarkably consistent between subtypes, with strip centers having the highest vacancy rate at 5.9%, and freestanding retail the lowest at 4.7%.

Among submarkets, North Las Vegas, Northwest, Southwest and West Central had vacancy rates below the Valley average, while Downtown, Henderson, Northeast and University East had above average vacancy. The Valley's lowest vacancy rate was in the Southwest at 3.3% and highest in Downtown at 10.2%.

Rents

The average asking rental rate for retail space in Southern Nevada was \$1.64 psf NNN this quarter. This was \$0.04 psf higher than one quarter ago and \$0.11 psf higher than one year ago. This is the highest asking rent recorded in the Valley since 2010.

The Southwest submarket, with 3.3% vacancy, had the Valley's highest asking rates at \$2.21 psf NNN. It was followed by the 10.2% vacant Downtown submarket's \$1.84 psf NNN asking rate.

Single-Tenant Investments	'20	'21	'22 YTD
No. Sales	59	71	14
Square Footage	887,621	711,823	175,799
Sales Volume	\$191.7 MM	\$210.7 MM	\$146.8 MM
Average Price/SF	\$215.99	\$295.99	\$835.13
Average Sale Size	15,000	10,000	12,600
Cap Rate	6.0%	6.3%	5.8%

Shopping Center Investments	'20	'21	'22 YTD
No. Sales	21	37	18
Square Footage	865,059	1,564,588	370,218
Sales Volume	\$155.7 MM	\$382.4 MM	\$141.1 MM
Average Price/SF	\$179.99	\$244.38	\$381.15
Average Sale Size	41,200	42,300	20,600
Cap Rate	7.0%	6.5%	5.3%

Sales

Single-tenant retail investment sales volume this quarter was \$146.8 million in 14 sales totaling 175,799 square feet at an average sales price of \$835.13 psf. The average cap rate for single-tenant properties was 5.8%.

Single-tenant investment sales in the fourth quarter of 2021 occurred primarily in the Southwest, Northwest and University East submarkets.

Shopping center investment sales this quarter had sales volume of \$141.1 million in 18 sales totaling 370,218 square feet at an average sales price of \$381.15 psf. The average cap rate for shopping centers was 5.3%.

Strip centers were the investor's favorite among subtypes in the first quarter of 2022, registering almost 90% of the Valley's sales volume. Downtown and Henderson lead the Valley this quarter in investment sales volume.

Forecast

Far from dying, the retail market in Southern Nevada is as hot as it has ever been. Net absorption is high, vacancy is as low as it has been in twenty years, and investment sales really took off this quarter, not only in terms of the amount of square footage sold, but in the prices retail centers are demanding.

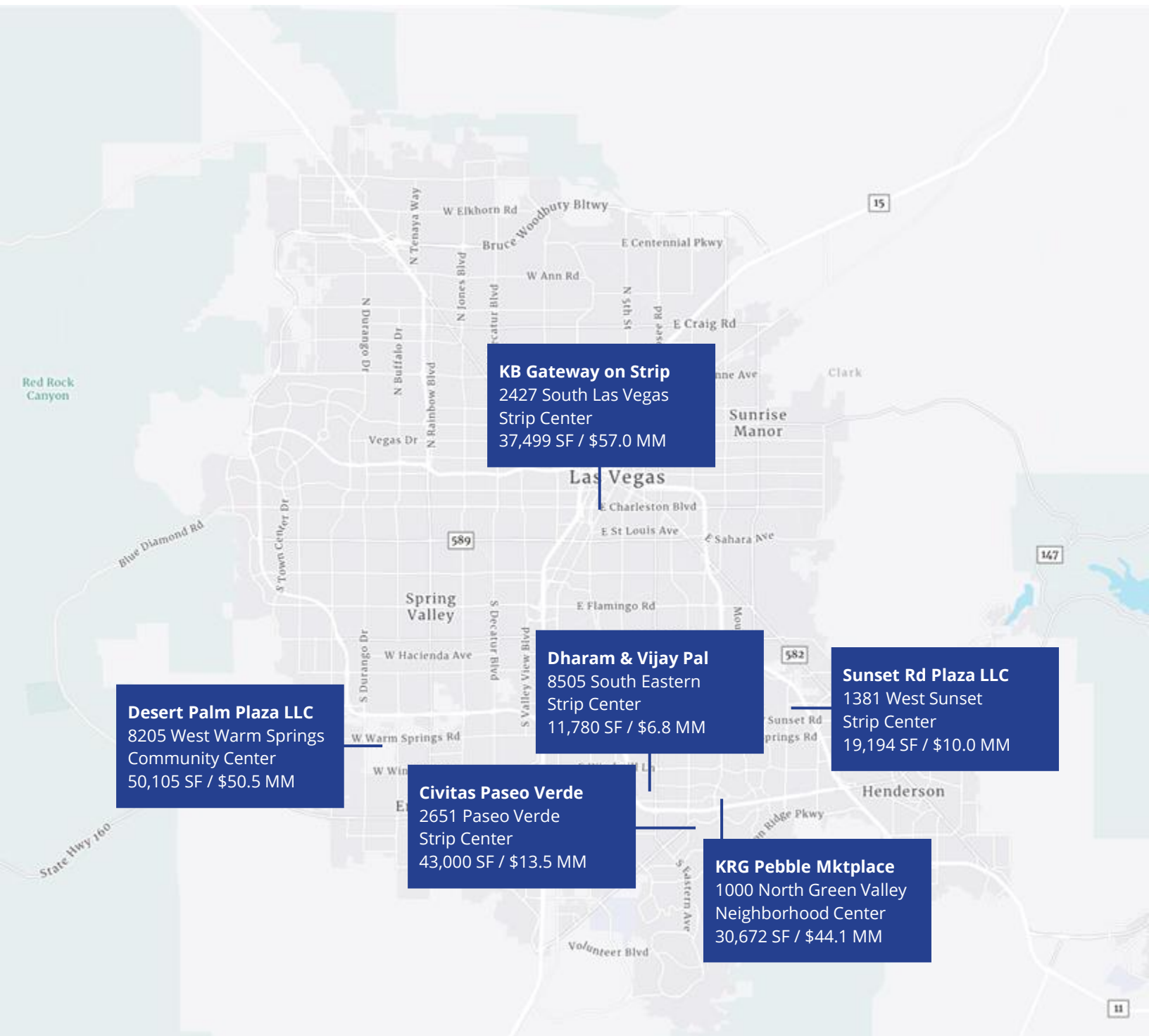
While anchored retail has long been deemed superior to unanchored, strip centers dominated in sales and are the only subtype scheduled to see deliveries in 2022, to the tune of 288,654 square feet. This is not surprising if you consider that retail anchors have been battered pretty thoroughly since at least 2005. With new anchors scarce and demand for retail strong, developers are building unanchored strip centers.

We think 2022 could be a great year for Southern Nevada's retail market, although we must note that national and global economic and logistical problems could certainly slow things down.

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Sales Activity



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Glossary

General Definitions

Direct Lease: Space in a building offered for lease directly by the owner of the building.

Sublease: Space in a building that is offered for sublease by the primary tenant.

Net Absorption: The difference in occupied square footage from one period to another.

Direct Availability Rate: The percentage of total inventory available for direct lease, regardless of whether it is vacant.

Sublease Availability Rate: The percentage of total inventory available for sublease, regardless of whether it is vacant.

Availability Rate: The percentage of total inventory available for direct lease or sublease, regardless of whether that space is vacant or occupied.

Vacancy Rate: The percentage of total inventory that is available for direct lease or sublease that is vacant.

Retail Subtypes

Community Center (CC): Retail centers anchored by supermarkets, drug stores and discount department stores. Tenants include off-price retailers selling apparel, home furnishings, toys, electronics or sporting goods.

Neighborhood Center (NC): Retail centers anchored by supermarkets and drug stores. Neighborhood centers are intended for day-to-day convenience shopping.

Power Center (PC): Retail centers dominated by several large anchors including discount department stores, off-price stores, warehouse clubs or “category killers”. Power centers generally do not include much inline space.

Strip Center (SC): Unanchored retail centers that are 20,000 square feet in size or larger.

Freestanding (FR): Freestanding retail buildings that are 10,000 square feet in size or larger.

Retail Demographics

Submarket	Households (2021)	Average Household Income (2021)	Occupied Retail SF (2021)	Occupied Retail SF (2022)
Downtown	27,400	\$46,200	2,929,191	2,839,606
Henderson	125,100	\$104,500	11,158,740	11,089,256
North Las Vegas	78,800	\$76,400	6,649,107	6,736,413
Northeast	98,200	\$57,100	3,734,843	3,753,017
Northwest	189,400	\$97,500	14,673,837	14,695,975
Southwest	128,300	\$99,200	9,187,106	9,379,214
University East	95,000	\$73,500	9,569,560	9,572,324
West Central	45,700	\$62,300	8,130,468	8,110,278

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Subtype	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Vacancy Rate	Vacancy Rate Previous Quarter	Net Absorption Current	Net Absorption YTD	Under Construction SF	Deliveries YTD	Average Direct Asking Rate (NNN)
Downtown											
PC	0	n/a	n/a	n/a	n/a	n/a	0	0	0	0	n/a
CC	1,003,090	12.6%	0.0%	12.6%	10.6%	11.7%	11,000	11,000	0	0	\$1.33
NC	470,630	8.0%	0.0%	8.0%	8.0%	7.3%	-2,920	-2,920	0	0	\$1.30
SC	1,004,196	13.1%	0.0%	13.1%	13.1%	12.5%	-6,474	-6,474	0	0	\$2.36
FR	638,836	8.4%	0.0%	8.4%	6.6%	6.6%	0	0	0	0	\$2.85
Total	3,116,752	11.2%	0.0%	11.2%	10.2%	10.3%	1,606	1,606	0	0	\$1.84
Henderson											
PC	2,896,215	7.5%	0.0%	7.5%	7.5%	8.3%	22,690	22,690	0	0	\$1.58
CC	2,998,438	7.6%	0.0%	7.6%	6.9%	3.3%	-108,836	-108,836	0	0	\$1.67
NC	3,082,558	8.4%	0.0%	8.4%	8.4%	8.5%	4,494	4,494	0	0	\$1.49
SC	2,129,452	6.4%	0.0%	6.4%	6.4%	9.1%	71,742	71,742	0	37,878	\$1.64
FR	1,218,473	0.5%	0.9%	1.3%	1.3%	1.5%	1,947	1,947	0	0	n/a
Total	12,325,136	6.9%	0.1%	7.0%	6.8%	6.6%	-7,963	-7,963	0	37,878	\$1.58
North Las Vegas											
PC	774,065	10.7%	0.0%	10.7%	10.7%	10.7%	0	0	0	0	\$1.25
CC	2,527,936	2.6%	0.0%	2.6%	1.6%	2.6%	25,863	25,863	0	0	\$1.89
NC	2,065,576	6.8%	0.0%	6.8%	5.2%	5.3%	1,669	1,669	0	0	\$2.00
SC	1,312,196	4.7%	0.0%	4.7%	4.7%	3.8%	-10,855	-10,855	0	0	\$1.51
FR	501,745	4.4%	0.0%	4.4%	4.4%	4.4%	0	0	0	0	\$1.50
Total	7,181,518	5.2%	0.0%	5.2%	4.4%	4.6%	16,677	16,677	0	0	\$1.68
Northeast											
PC	0	n/a	n/a	n/a	n/a	n/a	0	0	0	0	n/a
CC	1,297,819	4.8%	0.0%	4.8%	4.8%	4.0%	-10,176	-10,176	0	0	\$1.59
NC	1,404,861	8.8%	0.0%	8.8%	4.4%	4.3%	-840	-840	0	0	\$1.30
SC	769,047	5.2%	0.0%	5.2%	5.2%	6.1%	6,695	6,695	0	0	\$1.54
FR	718,059	29.4%	0.0%	29.4%	29.4%	31.8%	11,958	11,958	0	0	\$1.25
Total	4,189,786	10.4%	0.0%	10.4%	8.9%	9.3%	7,637	7,637	0	0	\$1.47
Northwest											
PC	3,171,110	3.6%	0.0%	3.6%	3.2%	3.5%	8,839	8,839	0	0	\$2.38
CC	5,064,446	4.8%	0.0%	4.8%	4.5%	5.6%	55,287	55,287	0	0	\$1.45
NC	3,595,985	5.6%	0.4%	6.0%	4.9%	5.5%	20,690	20,690	0	0	\$1.64
SC	2,526,525	5.7%	0.0%	5.7%	5.6%	5.5%	-2,582	-2,582	0	0	\$1.66
FR	1,275,997	0.0%	0.0%	0.0%	0.0%	0.0%	0	0	0	0	n/a
Total	15,634,063	4.5%	0.1%	4.6%	4.1%	4.7%	82,234	82,234	0	0	\$1.61
Southwest											
PC	944,314	4.7%	0.0%	4.7%	4.7%	4.5%	-1,500	-1,500	0	0	\$1.58
CC	2,688,783	5.0%	0.0%	5.0%	5.0%	5.0%	364	364	0	0	\$2.28
NC	2,566,980	4.5%	0.0%	4.5%	2.1%	2.3%	5,206	5,206	0	0	\$2.58
SC	2,628,175	3.6%	0.3%	4.0%	3.5%	3.7%	29,575	29,575	81,625	24,600	\$2.32
FR	1,003,237	0.0%	0.0%	0.0%	0.0%	0.1%	5,082	5,082	0	0	n/a
Total	9,831,489	4.0%	0.1%	4.1%	3.3%	3.4%	38,727	38,727	81,625	24,600	\$2.21
University East											
PC	1,210,223	5.2%	0.0%	5.2%	5.2%	8.1%	35,025	35,025	0	0	\$1.92
CC	2,946,813	10.9%	0.0%	11.0%	9.0%	9.4%	12,470	12,470	0	0	\$1.30
NC	2,069,675	9.2%	0.0%	9.2%	5.1%	6.1%	19,827	19,827	0	0	\$1.29
SC	2,930,441	7.8%	0.0%	7.8%	7.6%	8.3%	7,355	7,355	0	0	\$1.60
FR	1,405,285	3.7%	1.2%	4.9%	4.9%	4.9%	0	0	0	0	\$1.75
Total	10,562,437	8.1%	0.2%	8.3%	6.9%	7.7%	74,677	74,677	0	0	\$1.45
West Central											
PC	1,138,224	7.5%	0.0%	7.5%	4.2%	5.6%	16,559	16,559	0	0	\$1.51
CC	1,673,635	12.3%	0.0%	12.3%	5.5%	6.2%	11,835	11,835	0	0	\$1.42
NC	1,777,642	4.5%	0.0%	4.5%	3.7%	4.1%	6,161	6,161	0	0	\$1.54
SC	2,449,865	4.6%	0.0%	4.6%	n/a	n/a	-11,798	-11,798	0	0	\$1.61
FR	1,648,361	1.8%	0.5%	2.4%	2.2%	4.1%	34,859	34,859	0	0	\$1.42
Total	8,687,727	5.9%	0.1%	6.0%	4.0%	4.6%	57,616	57,616	0	0	\$1.51
Grand Total											
PC	10,134,151	6.0%	0.0%	6.0%	5.5%	6.3%	81,613	81,613	0	0	\$1.56
CC	20,200,960	6.9%	0.0%	6.9%	5.6%	5.6%	-2,193	-2,193	0	0	\$1.57
NC	17,033,907	6.7%	0.1%	6.8%	5.1%	5.4%	54,287	54,287	0	0	\$1.60
SC	15,749,897	6.0%	0.1%	6.1%	5.9%	6.3%	83,658	83,658	81,625	62,478	\$1.77
FR	8,409,993	4.5%	0.4%	4.9%	4.7%	5.3%	53,846	53,846	0	0	\$2.10
Total	71,528,908	6.2%	0.1%	6.3%	5.4%	5.8%	271,211	271,211	81,625	62,478	\$1.64
HISTORICAL											
22q1	71,528,908	6.2%	0.1%	6.3%	5.4%	5.8%	271,211	271,211	81,625	62,478	\$1.64
21q4	71,497,147	6.5%	0.1%	6.6%	5.8%	6.1%	478,107	1,303,577	94,042	413,876	\$1.60
21q3	71,258,534	7.0%	0.1%	7.2%	6.1%	6.9%	601,779	825,470	389,123	175,263	\$1.56
21q2	71,169,650	7.4%	0.2%	7.6%	6.9%	7.0%	112,746	223,691	323,552	86,379	\$1.51
21q1	71,160,371	7.6%	0.3%	7.9%	7.0%	7.1%	110,945	110,945	310,915	62,000	\$1.53

480 offices in 67 countries on 6 continents

United States: 160
Canada: 49
Latin America: 14
Asia Pacific: 97
EMEA: 108



\$3.3B
in revenue



2B
square feet under management



18,000 +
professionals and staff

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