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Strong demand for retail space during first quarter

Retail space is more robust than ever with a low 3.7 percent valley-wide vacancy rate during the first quarter, a 0.3 percent improvement over last year, reports Applied Analysis, a Las Vegas-based economic research firm.

There was 38.5 million square feet of retail inventory in 245 centers during the first quarter with a whopping 659,000 square feet worth of absorption. That's 109,000 square feet more than a year ago. Projects such as Nigro Development's \$25 million, 271,326-square-foot Rhodes Ranch Town Center at Durango Drive and Warm Springs Road came online as did Triple Five's \$250 million, 1.5 million-square-foot Grand Canyon Parkway at Flamingo and Grand Canyon roads.

Additionally, there was 2.46 million square feet of retail space under construction in the first quarter with another 4.1 million square feet planned for future development. As a result, retail employment has increased by 7.7 percent or 11,700 jobs over the past 12 months.

"A tremendous amount of inventory is under construction now, and there are record numbers of rooftops to support and justify the fervor to build," says Jason Salmon, Applied Analysis's director of real estate services. "With remarkable growth in the southwest, southeast and northwest regions, the metropolitan area at large is redefining itself."

High residential density areas such as Green Valley and Summerlin continue to lead the retail pack. Nearly 72 percent of all retail space now under construction is occurring in the southwest submarket. And the southeast area has the valley's highest asking rents at \$1.80-per-square-foot, or 21 cents more than the county average, while still maintaining a 3.7 percent vacancy rate.

Meanwhile, neighborhood centers, which tend to have more inline space and smaller-use tenants, have the highest vacancy rate of all product types at 4.1 percent, while power centers with big-box build-to-suit tenants have the lowest rates at 3.1 percent.

"With 25,000 residential construction permits approved for development -- retailers are following consumers," says Kent Preston, head of the Preston Retail

Group at Voit Commercial Brokerage. "Las Vegas tends to provide the right demographics and the right financial model for many publicly traded retailers."

Clark County had 1.64 million residents in 2003, up from 1.58 million the previous year. Also, there was a record 25,230 new home sales last year, a 10 percent increase over the previous mark set in 2001.

Projects

Distinctive Homes at the Springs LLC is spending \$2 million to construct 15 single-family homes in the Springs at Stetson Ranch subdivision, located at the southwest corner of Patrick Lane and Grand Canyon Drive in southwest Las Vegas. Silver State Bank is financing the project.

Perini Building Co. recently completed the first phase of "Las Ventanas," a \$90 million, 360,000-square-foot assisted care community located on 17.5 acres at the southeast corner of Town Center Drive and W. Charleston Boulevard in Summerlin. The project is being developed by Westport Senior Living of Palm Springs, Florida, and Greystone Communities, Inc. of Irving, Texas. The development offers 198 independent living residents, 60 assisted-living suites and 60 skilled-nursing rooms with fees ranging from \$1,500 to \$4,300 per month.

JMA Architecture Studios and RTKL Associates have been selected to design a new \$250 million Veterans Affairs medical complex consisting of an 81-bed hospital, a 120-bed nursing home and an outpatient clinic in Las Vegas. A site has yet to be determined.

The Rural Health Management Corp. of Nephi, Utah, plans to build a \$14.5 million, 25-bed hospital in Pahrump, 60 miles southwest of Las Vegas. Scheduled to open by October 2005, the 25-acre Desert View Medical Center will have two surgical suites, three trauma beds, a maternity ward and cardiac and respiratory care services.

The City of Henderson annexed 482 acres near Anthem Parkway and Hampton Road that was bought by Pulte Homes from the Bureau of Land Management's November auction for \$66.5 million. Pulte Homes and Del Webb plan to develop a fitness-oriented community at the site.

Gov. Kenny Guinn has approved plans for a \$32.5 million, 150-bed psychiatric hospital at the northwest corner of Jones and Oakey boulevards in Las Vegas. Construction on the hospital should begin in early 2005, with occupancy in mid-2006.

Martin-Harris Construction is performing a \$7 million 72,000-square-foot upgrade of the Bill and Lillie Heinrich YMCA, located at 4141 Meadows Lane in Las Vegas. Designed by JMA Architecture Studios, the three-phase project calls for a

new outdoor aquatic center and parking lot, plus a playground. Also, the 23-year-old two-story building will undergo a complete renovation. The project is scheduled to finish in March 2005.

Transactions

La Salsa signed a \$1 million, 10-year lease for 2,979 square feet at The District at Green Valley Ranch, located at the southwest corner of Interstate 215 and Green Valley Parkway in Henderson. Dave Johnson and Phillip Baca of NAI Horizon represented the tenant, and Richard Green of American Nevada Company represented the owner.

Nigro Development LLC purchased 14.5 acres at southwest corner of Russell Road and the Interstate 215 Beltway in Las Vegas from Russell Beltway LLC for \$4.74 million. Scott Gragson, John Kilpatrick and Robert Torres of Colliers International represented the seller.

Hart/Volland Enterprises purchased 8,410 square feet at 1401 S. Rainbow in Las Vegas for \$1.675 million from Z&C Management. Scot Marker and David Grant of Colliers International represented the buyer.