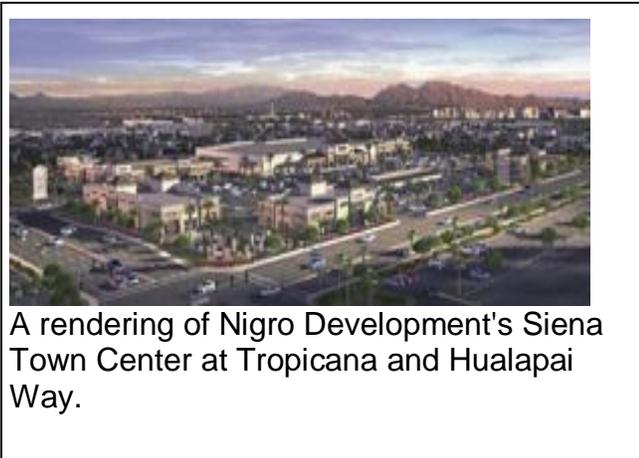


BY TONY ILLIA

Strong spending activity resulted in a robust valley-wide retail market in the second quarter with a low 4.2 percent vacancy rate, reports Applied Analysis, a Las Vegas-based economic research firm. There were 41.5 million square feet of retail space in 264 anchored centers, during the second quarter, with new projects such as Nigro Development's new \$15 million, 100,000-square-foot Siena Town Center coming online at Tropicana and Hualapai Way in southwest Las Vegas. The seven-building center is anchored by 65,000-square-foot Smith's Food & Drug.

"Through the first half of 2005, supply and demand has remained in relatively stable balance," said Brian Gordon, principal of Applied Analysis. "However, compared to historical activity levels, the amount of space completed this year has been somewhat modest, but we expect the pace to quicken during the second half of this year."



A rendering of Nigro Development's Siena Town Center at Tropicana and Hualapai Way.

There was 1.45 million square feet of new retail projects under construction in the second quarter, including American Nevada's 20-acre second phase of The District at Green Valley Ranch consisting of 155,800 square feet of retail/entertainment space at Interstate-215 and Green Valley Parkway in Henderson, and Territory's \$40 million, 430,000-square-foot Centennial Gateway at U.S. 95 and Ann Road in Las Vegas.

There is also 5.5 million square feet of new retail projects planned for future development with the Montecito Companies' \$60 million, 250,000-square-foot Grand Canyon Marketplace, located at Horse and Grand Canyon drives, scheduled to break ground in late 2006; and Triple Five Nevada's planned 2-million-square-foot regional mall, situated on 65 acres between US 95 and Grand Montecito Parkway.

The market saw 491,000 square feet of absorption during the first six months of 2005, despite adding 2.92 million square feet of new space over the last year. Its vitality can be attributed to a 14.6 percent growth in retail sales activity over the last year along with a 5.8 percent population gain. Retail employment, as a result, has remained healthy adding 9,600 new jobs over the last 12 months.

Land pricing and construction costs, however, are being reflected in rental rates, which reached \$1.67-per-square-foot in the second quarter, a \$0.9-per-square-foot gain over a year ago.

"Stable demand and rising land values have placed upward pressure on pricing resulting in a 14.4 percent increase in average asking rates in only six months," Gordon said. "With robust sales activity and mom-and-pop operators seeking expansion opportunities, we believe there is room for additional increases in newly constructed retail centers."