



# Las Vegas retail market report

Q1 2023

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**AVISON  
YOUNG**

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# Las Vegas retail market: Trends

## 1.2 msf

### Development activity (sf)

Retail inventory (10,000+ sf) totaled 93,678,676 sf in the greater Las Vegas area to end the 1<sup>st</sup> quarter of 2023.

Retail development activity has experienced a tremendous rebound following the lull experienced during the pandemic, with 1,233,089 sf in the 1<sup>st</sup> quarter's development pipeline – only the third time Las Vegas' development activity has topped a million sf in the past 5 years.

## 5.6%

### Total vacancy rate

The vacancy rate for Las Vegas retail continued its downward trend across all submarkets – with the total vacancy rate in the greater Las Vegas area seeing a drop of 30 basis points from 5.9% in Q4 2022 to 5.6% in Q1 2023.

The decline in vacancies can largely be attributed to the post-pandemic rise in tenant demand. Larger space retail uses that were considered “high-risk” to keep open during the pandemic, such as grocery stores and fitness centers, were some of the primary drivers of this resurgence – with these tenants leasing larger vacant spaces in shopping centers and new developments.

## \$82.5m

### Sales volume (Q1 2023)

Investment sales are still down slightly in Q1 when compared to historical norms – with 18 closed transactions totaling \$82.5m.

While some of this is attributable to cap rates and rising interest rates needing to reconcile between sellers and buyers, it is important to note that 2022 saw higher-than-average sales metrics. It appears that more owners are exhibiting confidence and holding their assets than in prior quarters. Total available listings decreased in Q1 showing this may be more of a supply-side issue than a buyer pullback or concern on retail investments.

# Las Vegas retail market: Indicators

## 1.2 msf

Las Vegas ended the 1<sup>st</sup> quarter with the **second-largest development pipeline** over the past 5 years – finishing the period with 80,674 sf delivered and 1,152,415 sf currently under construction.

## 257.3 ksf

**Total net absorption** was **up** significantly in Q1, ending the quarter with 257,291 sf of positive net absorption - which tripled the 77,462 sf of positive net absorption recorded in Q4 2022.

## \$32.21 psf

**Direct market rents** for retail properties have **increased** to \$32.21 psf in Q1 2023 – up \$0.92 (2.9%) over Q4's rate of \$31.29.

## 5.7 msf

**Total availabilities decreased** by 378,220 sf quarter-over-quarter, ending the first period with 5,724,561 sf of total available retail space – the least amount of available space in over a decade.

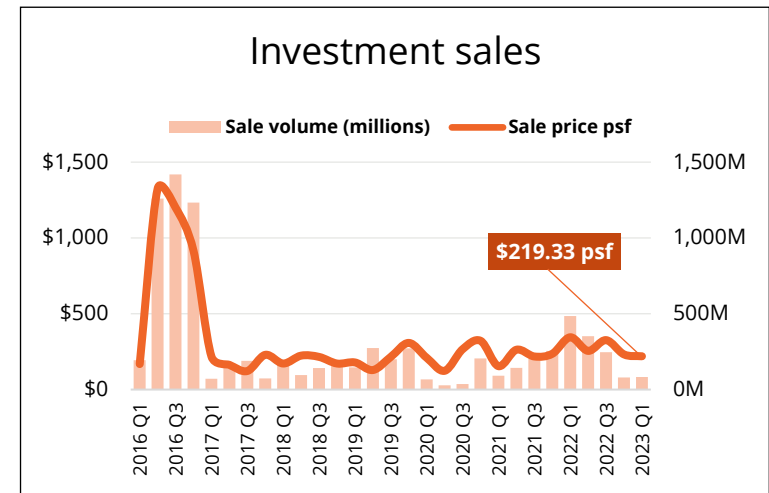
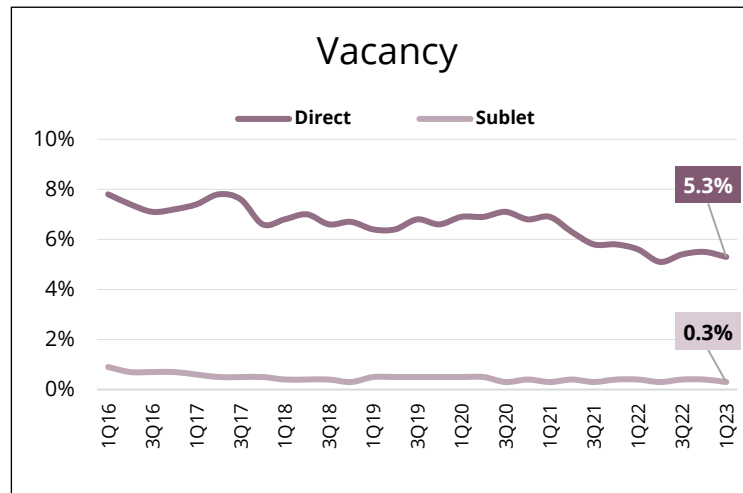
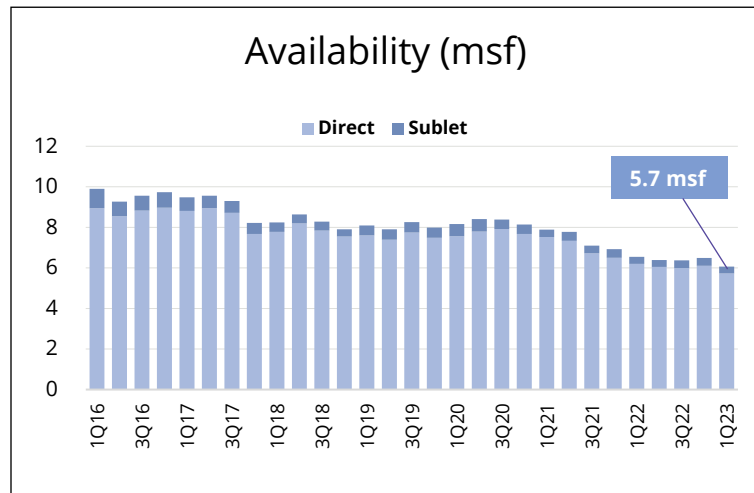
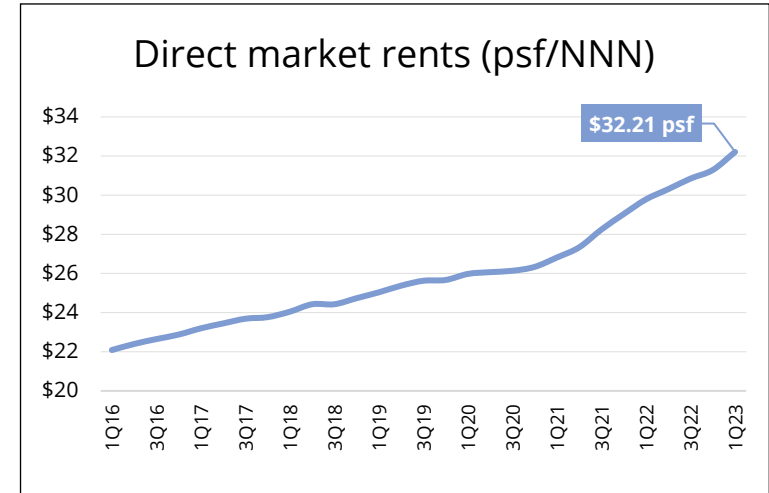
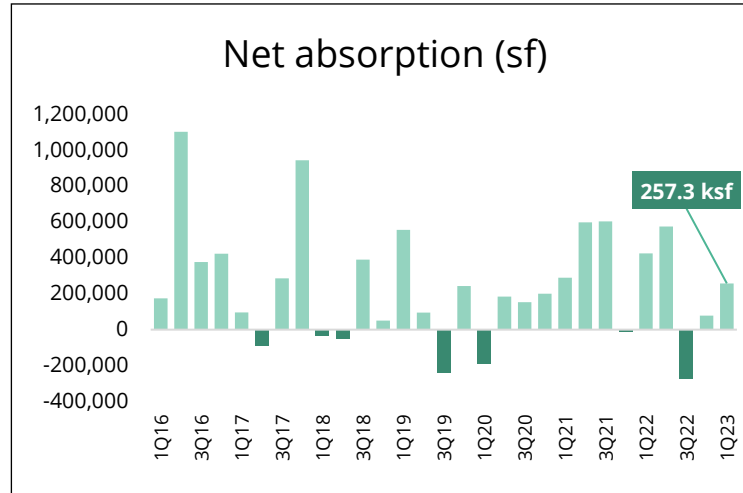
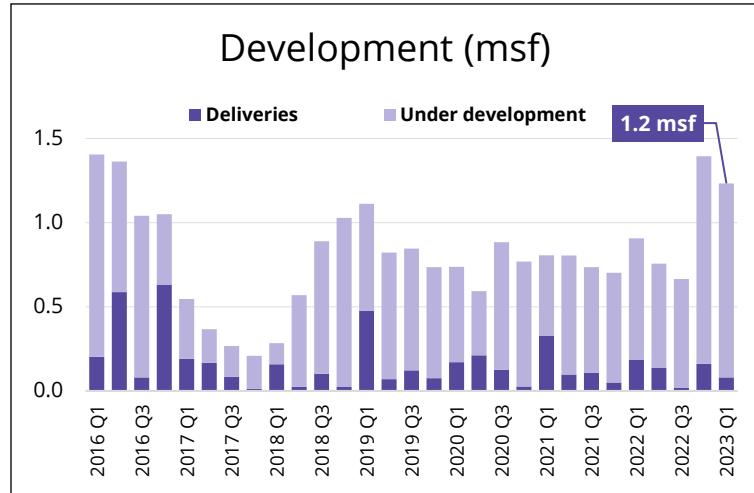
## 5.6%

The **total vacancy rate** for Las Vegas retail ended the 1<sup>st</sup> quarter at 5.6% - **down** 30 basis points quarter-over-quarter. Vacancy continues to fall as demand for retail has rebounded from the hesitancy seen by tenants during Covid.

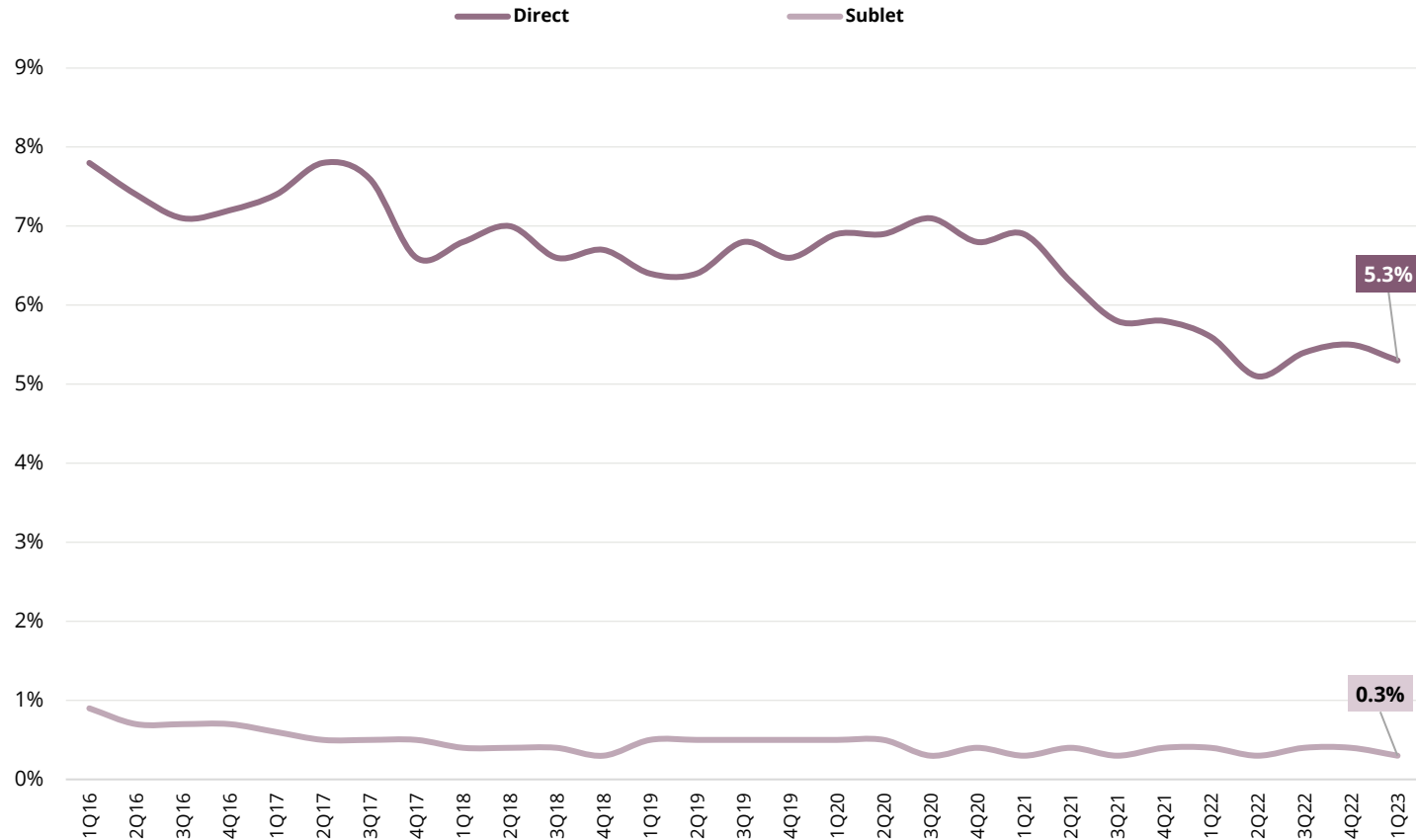
## \$82.5m

**Sales volume (by \$) increased** by \$3.1m over the previous quarter – ending Q1 with \$82,464,789 transacted during the quarter.

# Las Vegas retail market: Indicators



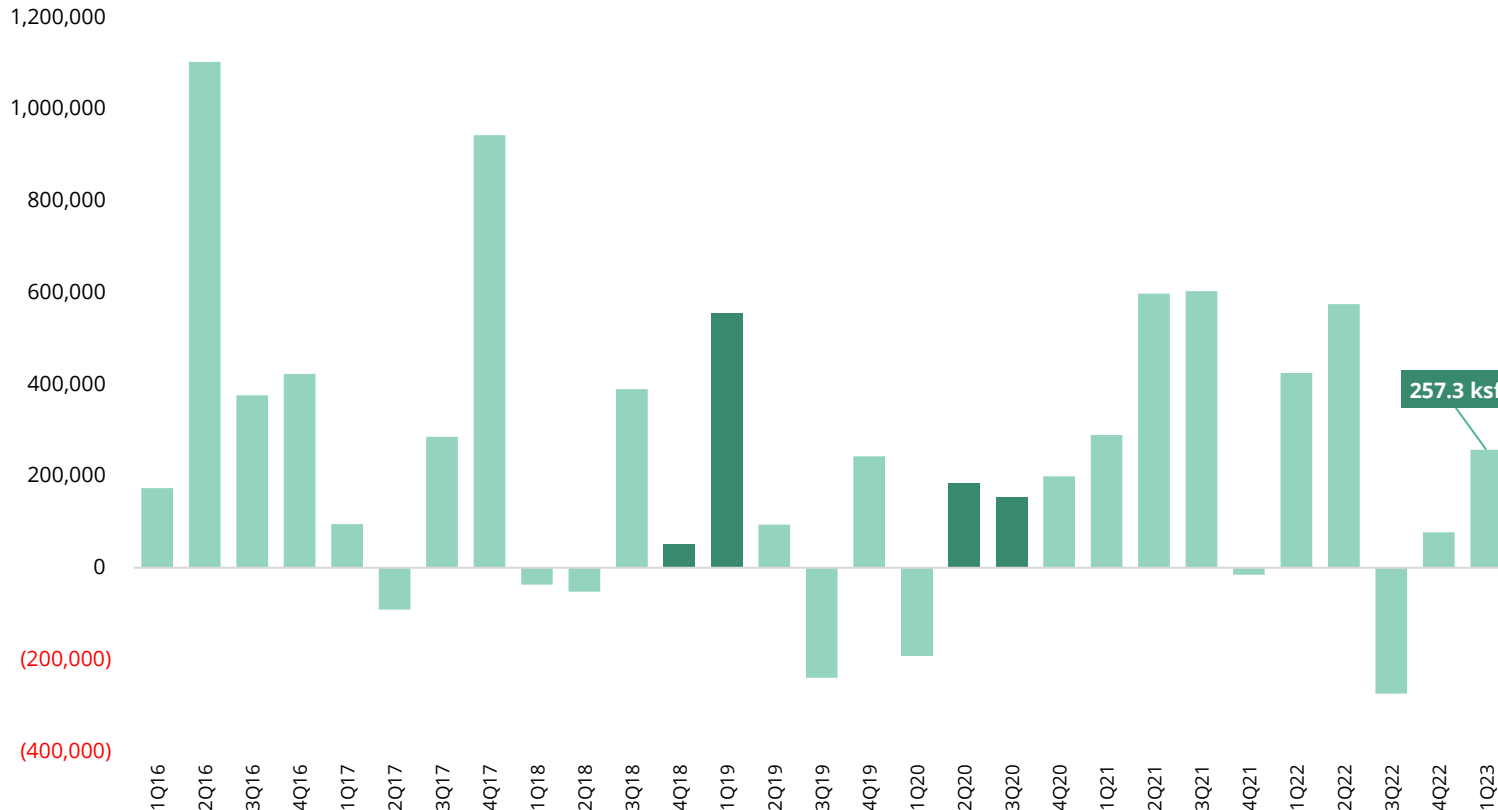
# Las Vegas retail market: Vacancy



**Las Vegas retail records 2<sup>nd</sup> lowest total vacancy rate of the past decade in 1<sup>st</sup> quarter of 2023 (5.6%).**

The decline in vacancies has been largely fueled by rising tenant demand post-pandemic - with grocery stores and fitness centers making a resurgence by leasing larger vacant spaces in shopping centers and new mixed-use developments.

# Las Vegas retail market: Net absorption



**Las Vegas retail reports 257.3 ksf of positive net absorption in the 1<sup>st</sup> quarter.**

Despite wavering consumer confidence due to rising interest rates and fears of a possible economic downturn, Las Vegas has continued to fare well given recent growth in both population and market size.

# Las Vegas retail market: Sales activity

## Q1 2023: Notable closed transactions

Address	Sale date	Size (sf)	Sale price	Sale price psf	Buyer	Seller	Notes
<b>AAA Bar &amp; Restaurant Supply</b> 2025 E Sahara Ave, Las Vegas	Jan 2023	56,315	\$8,710,000	\$154.67	Odyssey Partners	Schwartz Family Holdings	Developer Odyssey Properties purchased the 8.23-acre parcel for its land value – with the plan to redevelop the already existing retail buildings to open a Charter School. One of the buildings, at the time of closing, was leased out by AAA Bar and Restaurant Supply. The tenant is expected to finish out remainder of lease. Odyssey Properties expected to gut that building and have that building be the first phase of the Charter School.
<b>Findlay RV Center</b> 4530 Boulder Hwy, Las Vegas	Feb 2023	31,516	\$7,500,000	\$237.97	Lazydays RV	Findlay Lincoln	The sale of Findlay RV Center was the top retail transaction of the quarter – the auto dealership sold for \$7,500,000 (\$237.97). The building is located on 5.73 acres of land and was zoned CM at the time of sale.
<b>Trocam Plaza</b> 4600-4780 W Tropicana Ave, Las Vegas	Jan 2023	23,764	\$7,450,000	\$313.50	Dung Nguyen	Trident Development Company	Trocam Plaza is a freestanding retail strip center in the Central West Las Vegas submarket. At the time of sale the property was 100% occupied and sold for \$7.45m at a 7.01% cap rate. Tenants in the center included: Panda Express, Verizon Wireless, Trident, multiple spas, and McMullan's Irish Pub.
<b>Rainbow Expressway</b> 120 S Rainbow Blvd, Las Vegas	Jan 2023	45,556	\$6,750,000	\$148.17	Robert Cox	Smith Ranches GP	The Rainbow Expressway Plaza was formerly a retail neighborhood center, however at the time of sale the site was recently redeveloped into a freestanding single tenant retail site – with Conn's HomePlus as the sole tenant. The building was 100% occupied at the time of sale and sold for \$6,750,000 with a cap rate of 7.23%.
<b>Tropicana Arville Center</b> 4970 Arville St, Las Vegas	Jan 2023	35,134	\$6,650,000	\$189.28	Not Disclosed	Val Schwartz LLC	The Tropicana Arville Center was marketed as a storefront retail/office site – during the time of sale the property was 100% occupied and sold for \$6.65m with a cap rate of 5.8%. Tenants at the time of sale included:

# Las Vegas retail market: Leasing & development activity

## Recent leasing activity

Tenant name	Address	City	Sign date	Size (sf)	Rent psf (\$)	Transaction type	Lease type
La Bonita Supermarket	5051 E Bonaza Rd	Las Vegas	Jan 2023	50,482	Not Disclosed	New Lease	Direct
Market by Macy's	7020 Arroyo Crossing Pkwy	Las Vegas	Mar 2023	35,328	\$18.00	New Lease	Direct
Ross Dress for Less	Harmon & Las Vegas Blvd	Las Vegas	Jan 2023	27,435	Not Disclosed	New Lease	Direct
Five Below	4604-4798 W Sahara Ave	Las Vegas	Mar 2023	17,068	\$18.00	New Lease	Direct
Chuck-E-Cheese	655-775 W Craig Rd	North Las Vegas	Jan 2023	15,069	\$15.00	New Lease	Direct
LA Furniture	2000 S Rainbow Blvd	Las Vegas	Jan 2023	12,000	\$15.00	New Lease	Direct
EKO Karaoke Lounge	3824 Paradise Rd	Las Vegas	Mar 2023	11,369	\$39.00	New Lease	Direct

## Notable construction projects

Project Name	Address	City	Size (sf)	Est. Delivery
Gindi Capital Retail Development Project	3743-3755 S Las Vegas Blvd	Las Vegas	400,000	Jan 2024
Saint Rose Square	Saint Rose Pkwy & Seven Hills Dr	Henderson	300,000	Aug 2024
The Bend	Sunset & Durango	Las Vegas	157,000	Oct 2023
Project 63	Harmon & Las Vegas Blvd	Las Vegas	135,815	Jun 2023



# Las Vegas retail market: Submarket stats

Submarket	Existing inventory sf	Deliveries sf (Q1 2023)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption sf (Q1 2023)	Direct market rent (psf)
Central East Las Vegas	13,040,830	-	400,000	9.0%	0.8%	9.8%	56,261	\$25.88
Central West Las Vegas	14,048,462	-	-	4.7%	0.1%	4.8%	61,509	\$23.98
East Las Vegas	4,462,038	-	10,909	2.4%	0.2%	2.6%	32,510	\$21.69
North Las Vegas	7,175,129	-	16,000	6.7%	0.3%	7.0%	(62,496)	\$24.62
Northeast Las Vegas	5,057,971	-	-	8.3%	0.2%	8.5%	83,099	\$19.39
Northwest Las Vegas	5,979,082	-	22,432	1.9%	0.0%	1.9%	8,652	\$30.79
Resort Corridor	8,072,630	-	135,815	4.1%	0.2%	4.3%	121,896	\$83.35
Southeast Las Vegas	18,140,527	43,828	327,769	5.4%	0.0%	5.4%	(40,762)	\$29.25
Southwest Las Vegas	8,698,264	36,846	239,490	2.2%	1.0%	3.2%	120,419	\$30.47
West Las Vegas	9,085,965	-	-	6.0%	0.5%	6.5%	(123,797)	\$33.30
<b>Market total</b>	<b>93,678,676</b>	<b>80,674</b>	<b>1,152,415</b>	<b>5.3%</b>	<b>0.3%</b>	<b>5.6%</b>	<b>257,291</b>	<b>\$32.21</b>

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