

# MARYLAND PARKWAY CORRIDOR



## TRANSIT-ORIENTED DEVELOPMENT

Sahara Avenue Focus Area Market Analysis

*November 10, 2020*





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## SAHARA AVENUE MARKET ANALYSIS

This report provides an analysis of the market demand for and feasibility of transit-oriented development (TOD) in the area around the proposed Sahara Avenue transit station. This analysis is conducted with consideration to two market geographies:

### FOCUS AREA

The Focus Area is a ¼ mile area surrounding the Sahara Avenue station. This area draws from both the Huntridge and Winchester neighborhoods. The southern portion of the Focus Area is in Clark County, while the northern portion (north of Sahara Avenue) is in the City of Las Vegas. The Focus Area is currently comprised primarily of auto-oriented commercial development.

### MARKET AREA

The Market Area, as shown in the map on the next page, is approximately 3.6 square miles around the proposed station, bounded by Las Vegas Boulevard S and Joe W Brown Drive on the west, E Desert Inn Road on the south, S Eastern Avenue on the east, and E Charleston Boulevard on the north. With similar market conditions and attributes, the Market Area is used to gauge the strengths and weaknesses for various development types (residential, retail, office, hospitality) and characterize the existing market potential for TOD in the Focus Area.

### STRENGTHS AND OPPORTUNITIES

The proposed station and surrounding Focus Area is located in close proximity to major destinations including Downtown, Las Vegas Boulevard, the Las Vegas Convention Center and the Sunrise Hospital and Medical Center. The Focus Area also has direct access to I-15 via Sahara Avenue.

Despite the Focus Area's proximity to potential demand drivers, there has been very little market activity in the Focus area in the recent past. The introduction of high frequency transit could serve as a catalyst to reinvestment in the Focus Area.



- ### Major Destinations
- John C Fremont Middle School
  - City Impact Center
  - Commercial Center
  - New Orleans Square
  - Las Vegas Athletic Club
  - Smith's Grocery Store
  - Baker Park
  - Las Vegas Convention Center
  - Sunrise Hospital and Medical Center

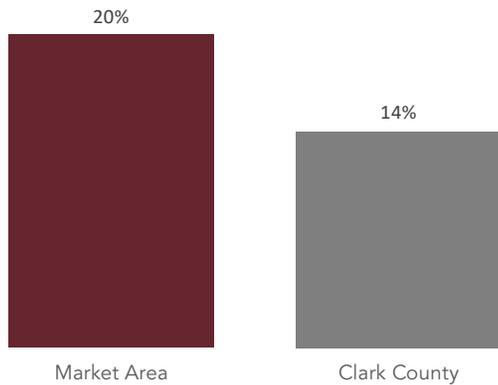
- Hotel/Convention Center
- Ⓜ Specialized Care Hospital
- Ⓜ Hospital
- Childcare Center
- Park
- Historic Area
- Government Property
- Transit Station
- ▭ Sahara Ave Market Area
- ▭ Focus Area (1/4 Mile)



## POPULATION AND HOUSEHOLDS

The Sahara Avenue Market Area (illustrated in the map on page 2) is home to approximately 28,200 residents, an increase of nearly 1,900 residents since 2010. This growth represents less than 1% of Clark County's population growth of 306,600 new residents over this time. The Market Area population has grown at approximately half the rate of the County over this time at 0.8% per year compared to 1.6% annually in the County overall. Between 2010 and 2019 the Market Area added 480 households, an annual growth rate of only 0.5%. This is also much lower than the County where the number of households increased by an average of 1.5% per year.

Households with No Vehicle, 2019

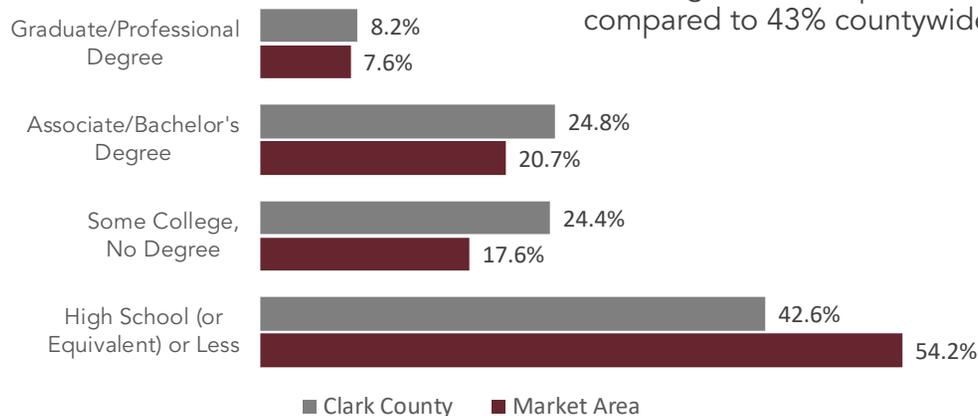


Source: ESRI Business Analyst

The Market Area has slightly lower levels of car ownership than the County, a factor that correlates with higher transit ridership. Within the Market Area, 20% of households do not have a vehicle, compared to 14% of households countywide. There is also a higher proportion of single-vehicle households, with 36% of households in the Market Area owning only 1 vehicle, compared to 30% countywide.

Market Area residents have a lower level of educational attainment than the County average. Within the Market Area 28% of the population (age 25 and older) has completed a post-secondary education (Associate Degree or higher), compared to 33% in the County while 54% of the population has a high school/equivalent or less education, compared to 43% countywide.

Education (Population Age 25+), 2019



Source: ESRI Business Analyst

## DEMOGRAPHIC SNAPSHOT

### Market Area

#### 2019 Demographics

Population: 28,160  
Households: 10,050  
Average Household Size: 2.78

#### Population Growth

The market area grew by an average of 190 new residents per year from 2010 to 2019

#### Income

Median household income of \$40,300 in the market area is 32% lower than Clark County (\$58,800)

### Clark County

#### 2019 Demographics

Population: 2,257,900  
Households: 816,500  
Average HH Size: 2.74

#### Population Growth

Clark County grew by an average of 34,070 new residents per year from 2010 to 2019

#### Income

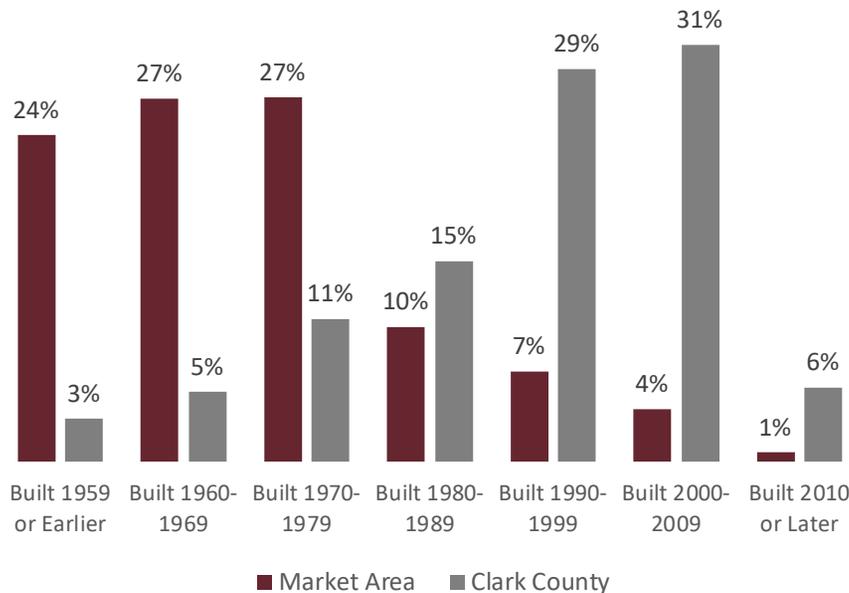
Median household income of \$58,800

## HOUSING CONDITIONS

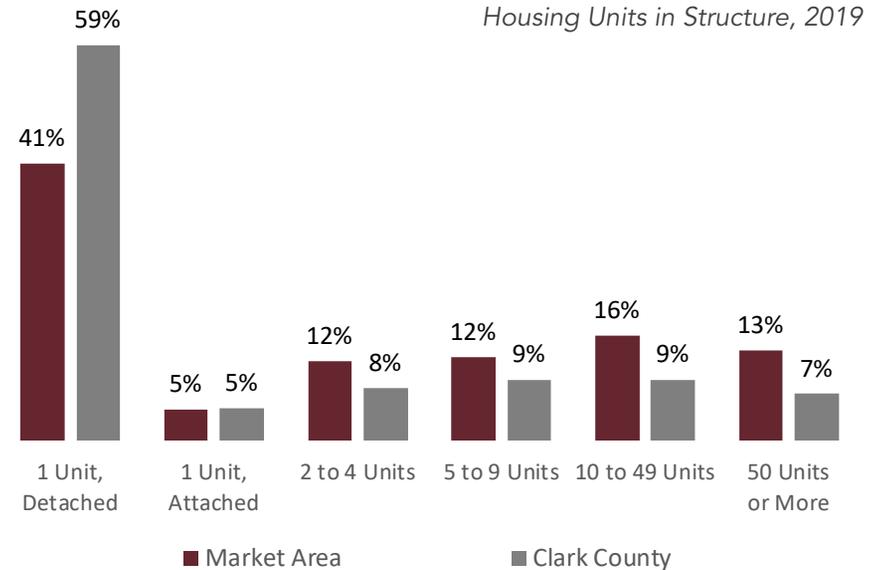
There are approximately 12,300 housing units in the Market Area, an increase from 11,700 in 2010. Between 2010 and 2019 the Market Area captured 0.6% of the housing growth in Clark County, which added 106,700 new units over this time. Overall, 1.3% of the County's housing is located in the Sahara Avenue Market Area.

Housing composition in the Market Area differs from the County overall, likely reflecting its proximity to the City and its more urban development patterns. While 59% of housing units in the County are single family detached homes, these only account for 41% of homes in the Market Area. There is more multifamily housing in the Market Area than in the County overall; 29% of homes in the Market Area are in buildings with 10 units or more compared to 16% in the

Housing Units by Year Built



Source: ESRI Business Analyst



Source: ESRI Business Analyst

County as a whole. As is typical with a higher proportion of multifamily housing, more households in the Market Area are renters at 60% compared to 45% of households countywide.

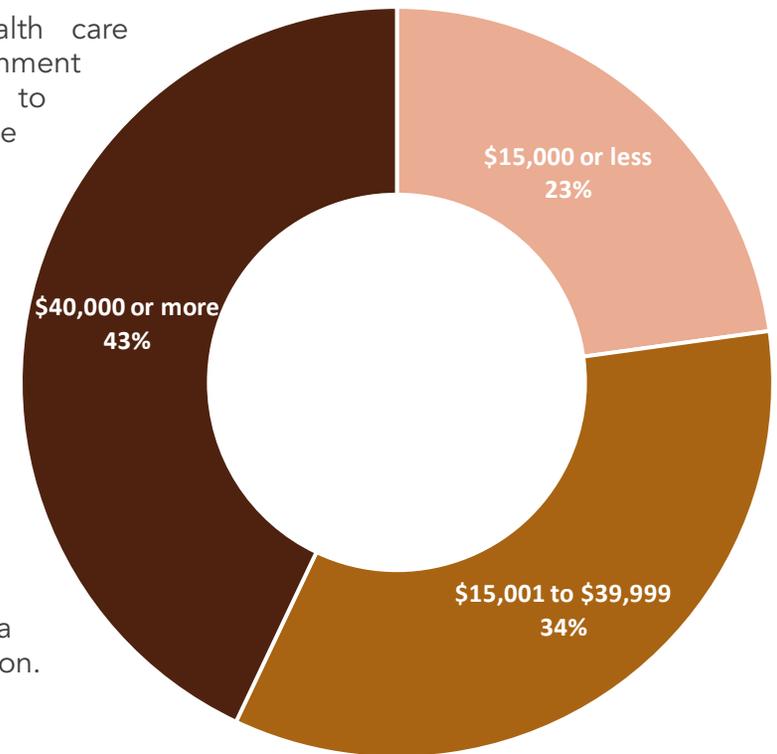
The Market Area has more older homes than the County overall. While 60% of the County's housing stock was built between 1990 and 2009, only 11% of homes in the Market Area were built during this time period with 54% of homes built between 1960 and 1979.

## EMPLOYMENT

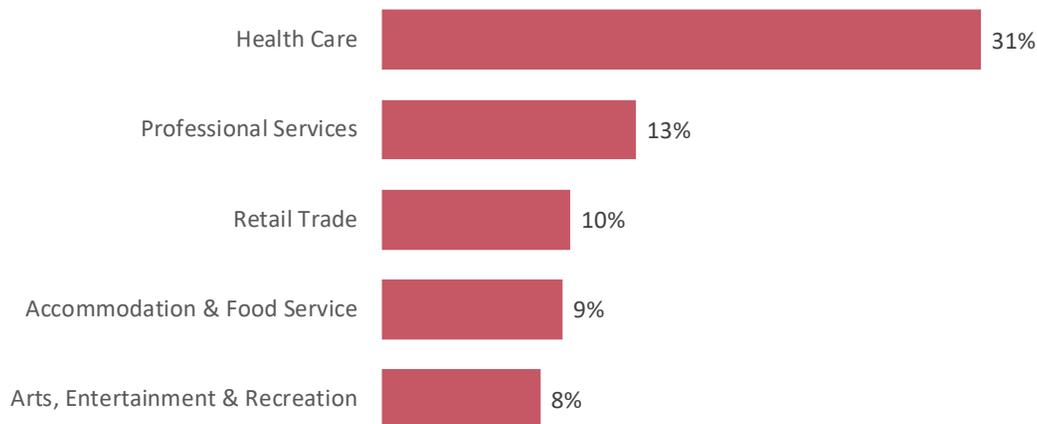
The employment base in the Market Area consists almost entirely of health care and health care related jobs with a strong presence of retail/food/entertainment jobs as well. There are 16,000 jobs in the Market Area – which equates to approximately 1.6% of the County’s 986,500 jobs. Due to the presence of Sunrise Hospital and Medical Center in the Market Area, nearly one-third of this employment is in Health Care (31% of jobs). Other major employment sectors within the Market Area are Professional Services (13%), Retail (10%), Accommodation & Food Service (9%), and Arts/Entertainment/Recreation (8%).

The mixture of employment between health care jobs and service jobs is reflected in the distribution of jobs by wage. While 57% of jobs in the Market Area are lower paying with annual earnings less than \$40,000 per year, the area has a slightly higher proportion of higher paying jobs (\$40,000 per year or more) than the County overall. Within the Market Area 43% of jobs are at this wage level compared to 39% of jobs countywide.

Within the Market Area, nearly half of jobs require some college education or an Associate degree. This reflects the concentration of employment in Health Care and Professional Services that often have a higher proportion of jobs requiring a degree or other advanced education.



Market Area Top Employment Sectors, 2019



Market Area Jobs by Wage, 2017

Source: US Census LEHD

Source: ERSI Business Analyst

## EMPLOYMENT BY INDUSTRY SNAPSHOT

### Market Area

#### Major Employment Industries:

1. Health Care (31%)
2. Professional Services (13%)
3. Retail (10%)

### Clark County

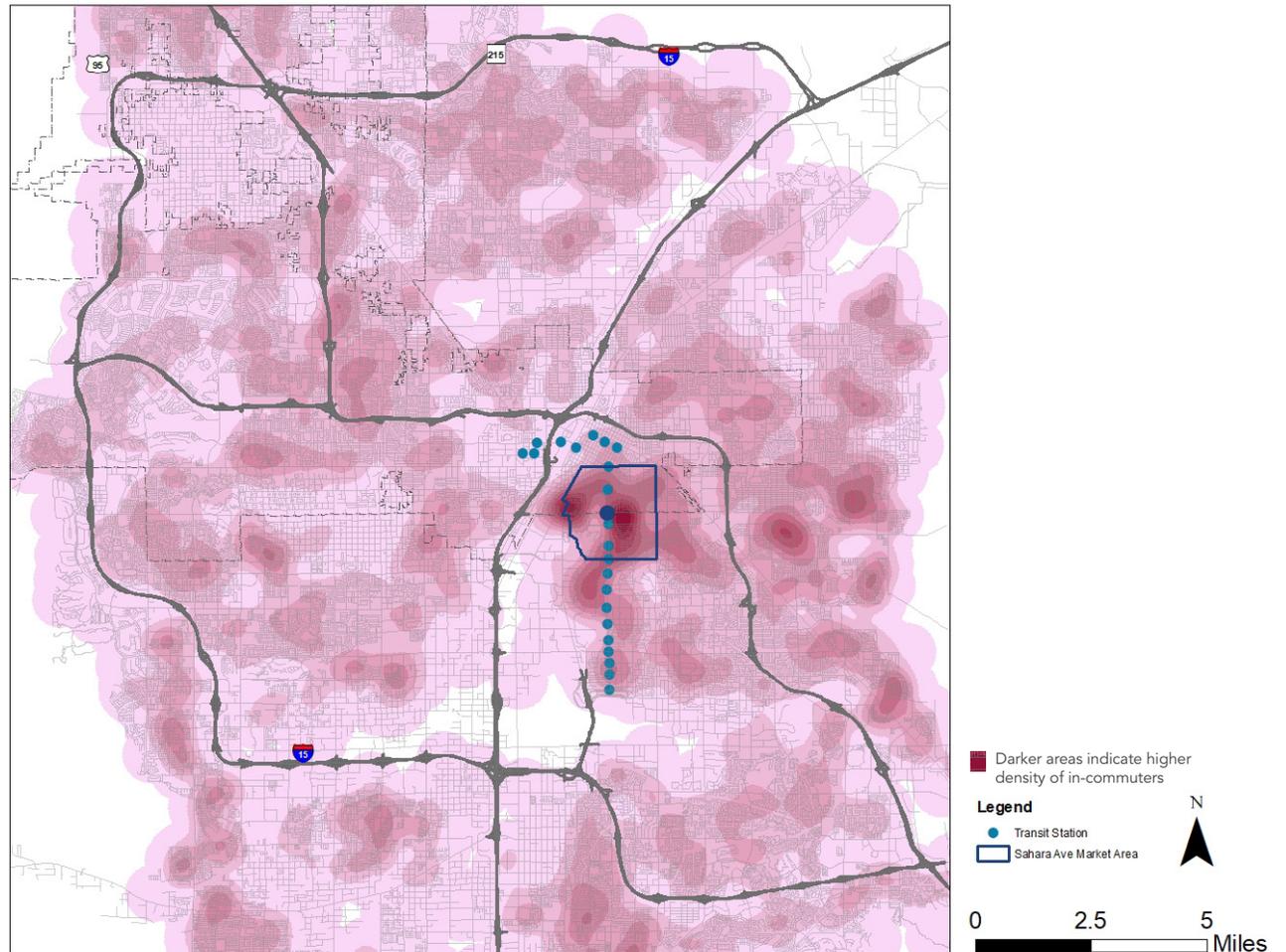
#### Major Employment Industries:

1. Accommodation & Food Service (17%)
2. Arts, Entertainment & Recreation (14%)
3. Retail (12%)

Home Location of  
Market Area Workers, 2017

Typical of a centrally located area, workers employed in the Market Area live throughout the City of Las Vegas and Clark County. While nearly 73% of Market Area employees commute less than 10 miles to the area, 97% of those employed in the Market Area live outside its boundaries.

Of the Market Area residents who are employed, 96% work outside of the area while 4% both live and work in the Market Area. As shown on the map below, this area brings in employees from most of the City of Las Vegas as well as areas to the east and south of the city.



Source: U.S. Census Longitudinal Employer-Household Dynamics (LEHD), 2017

## MULTIFAMILY RESIDENTIAL MARKET

There are 4,430 multifamily units in the Sahara Avenue Market Area, accounting for 2% of the Clark County inventory. There has been no new development built within the Market Area since 2010; however, there is currently one proposed project in the area.

Market Area rents are lower than the County with overall rents averaging \$0.98 per square foot (compared to \$1.17 in the County). Rents have been increasing at the same pace in the Market Area as the County with average annual increases of 1.8% or an average of \$13 per unit per year in the Market Area and \$16 across the County. Multifamily vacancy is slightly higher in the Market Area (8.8%) compared to the County overall (7.2%).

As noted, there are currently 370 units proposed in the area. The Thunderbird Lofts is a proposed high-rise apartment project located on Las Vegas Boulevard South in the northwest corner of the Market Area just south of the Downtown area.

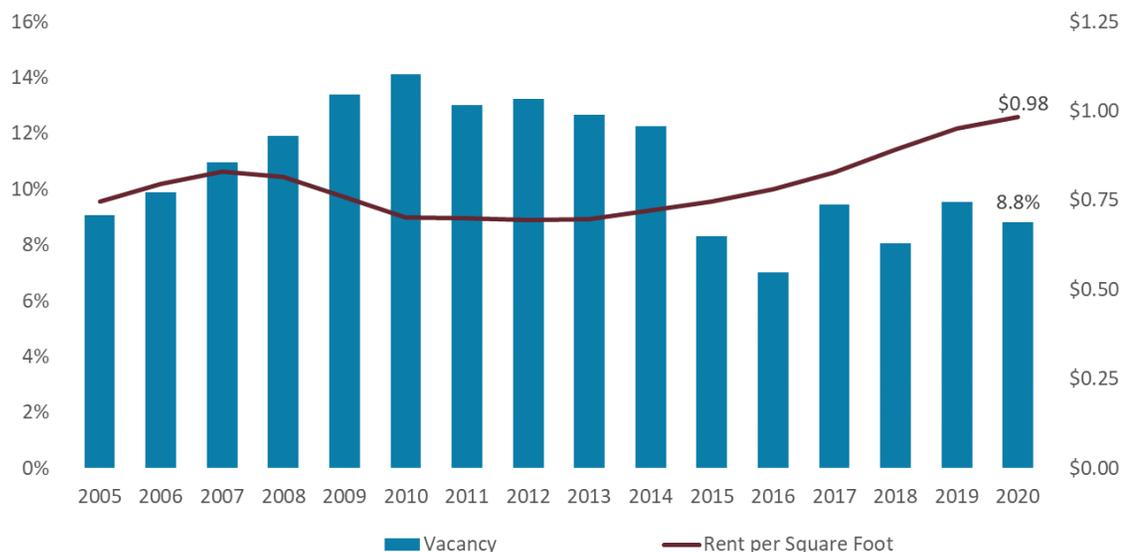
### MULTIFAMILY SNAPSHOT

- 4,430 units
- No new development since 2010
- 370 units proposed
- Average rent of \$0.98/sf
- 8.8% vacancy

The market area has had no recent development, but current activity accounts for 5.0% of units currently proposed in the County

## Market Opportunity

Multifamily Vacancy and Rent, 2005-2020



Source: CoStar

The proposed project indicates that the area is beginning to attract new units despite the poor existing market conditions. If successful, the project will help support demand for additional TOD multifamily projects that can be spurred by the presence of the transit station.

Market Area Multifamily



- Multifamily Development
- Existing
  - Proposed
  - Under Construction
  - Transit Station
  - Sahara Ave Market Area
  - Focus Area (1/4 Mile)



Source: CoStar

# COMMERCIAL MARKET

## RETAIL

There is 2.74 million square feet of retail space in the Market Area, accounting for 2.4% of the County’s 116.45 million square foot total. The Market Area inventory has only grown by 11,000 square feet since 2015, which is an increase of less than 1% overall. Over this time period the County’s retail inventory grew by 3.4%, adding over 4 million square feet of new space.

Retail rents in the Market Area are 26% lower than the County overall, at \$13.83 per square foot compared to \$18.78. Rents across the County peaked at over \$26 in 2007 and while they have yet to return to that high, they are slowly increasing after reaching a low of \$15.38 in 2013. Within the Market Area, rents hit a high of \$17.81 in 2006 and reached a low of \$10.83 in 2018.

While countywide retail vacancy averages 6.5%, retail vacancy in the Market Area is much higher, at 14.9%. The low rents, high vacancy, and lack of recent development indicate that there is little demand for additional retail space in this area. The retail trade area has seen limited growth in households and has lost sales to retailers outside of the trade area. The Market Area has also lost retail anchors in the past decade including an Albertsons at the southwest corner of Sahara Avenue and Maryland Parkway.

### RETAIL SNAPSHOT

- 2.74 million SF
- 11,000 SF built since 2015 (0.4% growth)
- Captured 0.3% of County growth

## HOTEL

There are seven hotels and motels within the Market Area with a total of approximately 500 rooms. The Market Area for the Sahara Avenue Focus Area does not include major hotels/resorts along Las Vegas Boulevard south of Sahara Avenue. The majority of the hotel inventory within the Market Area is located along Las Vegas Boulevard South north of Sahara Avenue. The most recently constructed hotel in the Market Area was built in 1998; however, two hotels have been renovated recently – the Extended Stay America in 2015, and the Thunderbird Hotel in 2016.



Source: CoStar

## OFFICE

There are 1.97 million square feet of office space in the Market Area, accounting for 3% of the 66.36 million square feet of space in the City. The Market Area has only had one new office development since 2010 adding less than 1,000 square feet of new space. Over this same time period, the County added 4.85 million square feet of new office space.

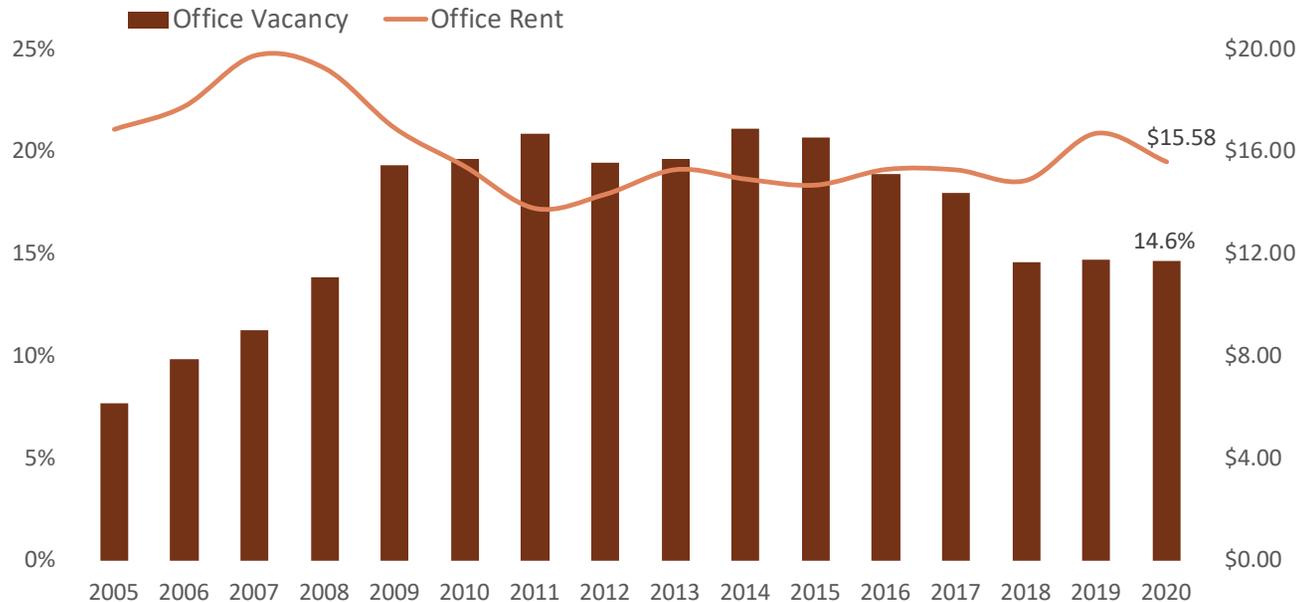
Office rents in the Market Area are currently \$15.58 per square foot, which is 25% lower than the countywide average rent of \$20.74. Market Area rents hit a high of \$19.75 in 2007 and then steadily declined to a low of \$13.74 in 2011. Since then, they have fluctuated around \$14 to \$15 per square foot.

Office vacancy in the Market Area is 14.6% and has averaged 16.9% since 2015. This is higher than the County overall where vacancy for office space is 10.4% and has averaged 12.2% since 2015.

### OFFICE SNAPSHOT

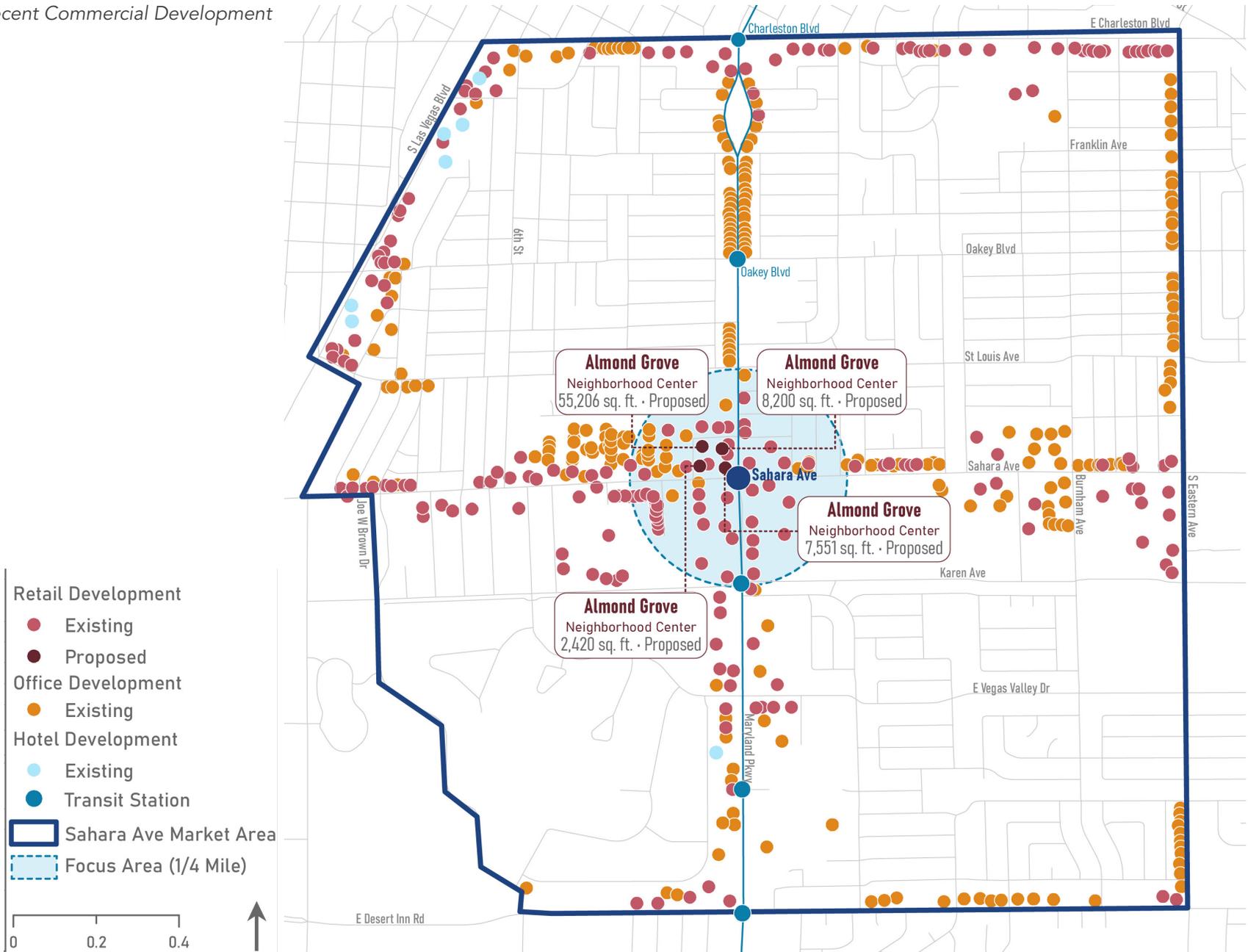
- 1.97 million SF
- 978 SF built since 2010
- Rents are approximately 25% lower than the countywide average

Office Vacancy and Rent, 2005-2020



Source: CoStar

Recent Commercial Development



## SECTION 2: DEMAND ANALYSIS

### RESIDENTIAL

#### Growth Trend

This section estimates demand for new housing in the Market Area by applying capture rates to forecasted countywide housing growth.

The Sahara Avenue Market Area has not had recent (past 10 years) multifamily development; however, there are currently 370 units proposed for the area. This growth accounts for 5.0% of the current proposed projects countywide. Given the lack of recent development, the project currently proposed will have a significant impact on the area's multifamily market. If the project is successful, there may be demand for additional projects; however, if the project is not successful then it may be harder to attract additional development.

#### Demand Forecast

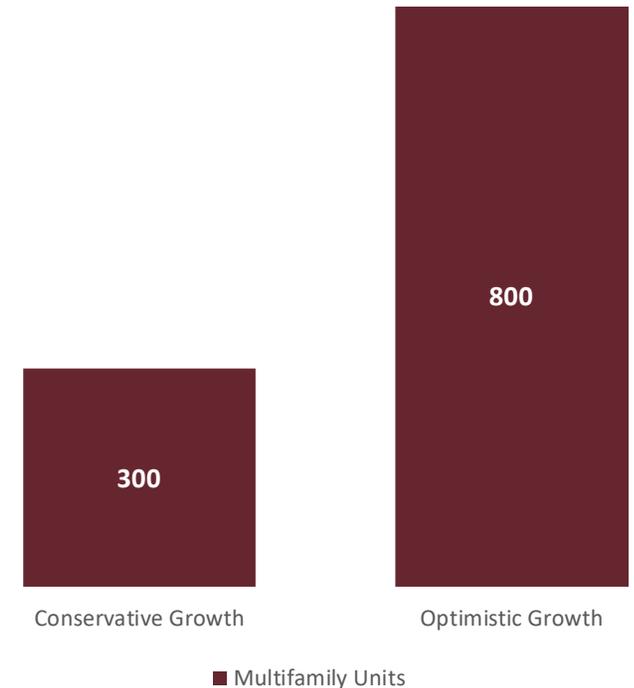
Clark County population growth forecasts (prepared by Center for Business and Economic Research) anticipate an additional 337,000 residents in the County between 2020 and 2030, at an average of 33,700 new residents per year (1.3% annual growth). This annual growth rate, applied to the County's housing stock, translates to approximately 135,770 new housing units over the next 10 years. Accounting for the 4,090 units currently under construction in the County, there is a net demand for 131,680 new units, or 13,168 new housing units per year. Applying recent trends, 40% of this growth

can be expected in multifamily housing (including apartments and condos) or an additional 52,700 multifamily units by 2030.

Two trends were used to create growth scenarios for the Market Area: an overall trend of 0.5% capture of County growth applicable if the project currently proposed does not spur the market to generate additional development, and a more optimistic trend of 1.6% capture of County growth that could occur if the local market is proven out by this first project.

Based on the projected countywide growth of 52,700 multifamily housing units by 2030 and applying these capture rates, the Sahara Avenue Market Area could capture between 300 and 800 new multifamily housing units over this time period. This wide range of development potential reflects the uncertain nature of the area's market. With no recent development, the project currently proposed is likely to set the market potential. If it is not successful, its 370 units may be the only development to take place in the next 10 years. If, however, the project succeeds additional projects may follow. The optimistic growth forecast would accommodate an additional two to three projects projects of this scale (300 to 400 units).

Market Area Residential Growth 2020-2030



Source: Economic & Planning Systems

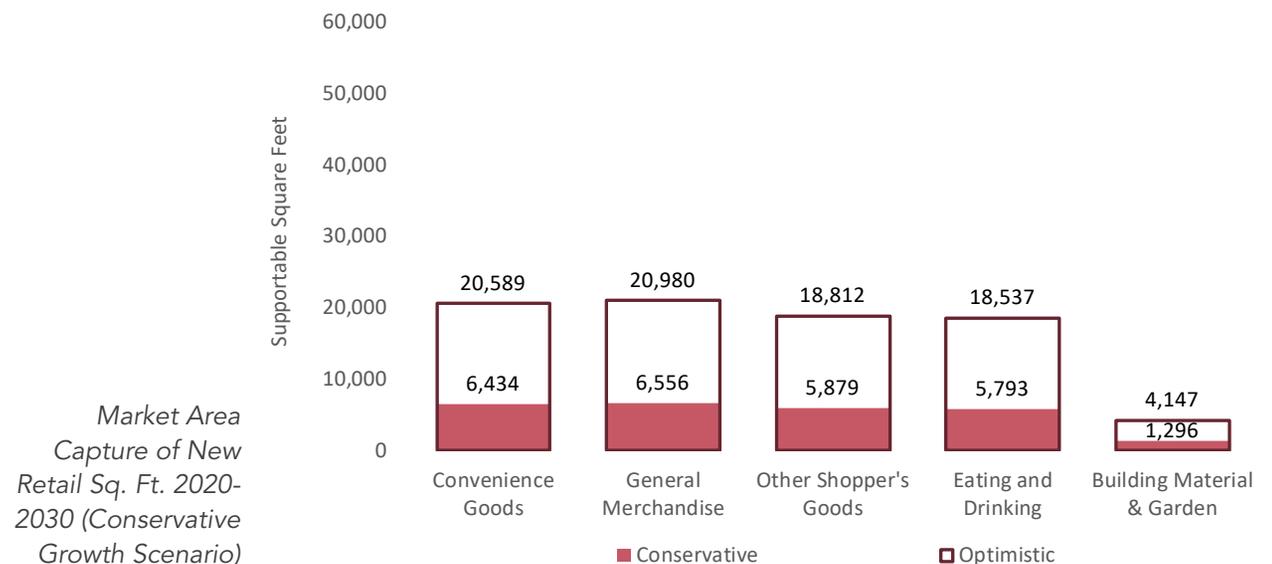
## RETAIL

A demand estimate for future retail space in the Market Area was developed based on anticipated population growth and the related growth in retail spending. This analysis of retail development potential in the Market Area accounts for capture of demand from new residents considering the spending patterns for local retail (i.e. inflow and outflow of resident dollars). Demand analysis is based on the population of the area, per capita income, and spending habits for consumers in Nevada as reported by the Census of Retail Trade and ESRI Retail Marketplace data. To estimate retail demand for the area, the total personal income (TPI) is calculated by multiplying the population by per capita income for the Market Area. TPI is used along with spending patterns for consumers in the state to estimate retail expenditure potential: the amount of money that the average resident spends on retail goods. After accounting for leakage (outflow of dollars to retailers outside of the Market Area), this spending potential is converted to the amount of retail square footage that can be supported by new residents living in the area based on sales per square foot by store category.

Utilizing the growth capture scenarios from the residential demand analysis, there is potential for between 1,700 and 5,400 new residents in the Market Area by 2030. Retail expenditures of these residents will create demand for an additional 40,000 to 128,000 square feet of retail space over this time.

Of this total demand, not all is likely to be accommodated within the Market Area. Nor will demand necessarily translate to new retail space as the Market Area has a nearly 15% vacancy rate for retail space. Depending on the retail sector, there is potential for the Market Area to capture between 0 and 75% of resident spending. The highest capture rates are for convenience goods (e.g. grocery stores, pharmacies, liquor stores) and shoppers' goods (e.g. apparel, electronics, sporting goods, etc.), as well as restaurants, while spending in general merchandise stores (e.g. Target, Walmart) and more specialized sectors such as building material and garden stores is more likely to occur elsewhere in the community. Accounting for the capture and leakage of spending across sectors, the growth scenarios for the Market Area project demand for between 26,000 and 83,000 square feet of retail space by 2030.

This new demand is summarized in the chart below. Within the Market Area, the opportunity for capture of new spending is highest in Convenience Goods and General Merchandise and is also strong in Shopper's Goods and Eating & Drinking. These retail sectors with the strongest potential are also the most likely to locate in a TOD area. The combination of TOD and an auto-oriented existing environment mean that the Market Area may be able to attract a variety of retailers. As noted previously, however, the weak retail market in this area will create a challenge to translating increased demand into new retail development.



Market Area Capture of New Retail Sq. Ft. 2020-2030

Description	Retail Sales % of TPI (2019)	Capture Rate	Conservative Growth		Optimistic Growth	
			Expenditure Potential	Supportable Sq. Ft.	Expenditure Potential	Supportable Sq. Ft.
<b>Convenience Goods</b>						
Grocery Stores	5.6%	75%	\$1,634,132	4,085	\$5,229,221	13,073
Specialty Food Stores	0.2%	50%	\$47,446	119	\$151,828	380
Beer, Wine, & Liquor Stores	0.3%	75%	\$80,606	269	\$257,938	860
Health and Personal Care	2.7%	75%	<u>\$784,527</u>	<u>1,961</u>	<u>\$2,510,488</u>	<u>6,276</u>
<b>Total Convenience Goods</b>	<b>8.8%</b>		<b>\$2,546,711</b>	<b>6,434</b>	<b>\$8,149,475</b>	<b>20,589</b>
<b>Shopper's Goods</b>						
<b>General Merchandise</b>						
Department Stores (including discount department, superstores, and warehouse clubs)	5.3%	75%	\$1,544,349	5,148	\$4,941,917	16,473
Other General Merchandise Stores	2.5%	50%	<u>\$492,972</u>	<u>1,408</u>	<u>\$1,577,512</u>	<u>4,507</u>
<b>Subtotal (General Merchandise)</b>	<b>7.8%</b>		<b>\$2,037,322</b>	<b>6,556</b>	<b>\$6,519,429</b>	<b>20,980</b>
<b>Other Shopper's Goods</b>						
Clothing & Accessories	3.7%	50%	\$711,857	2,034	\$2,277,943	6,508
Furniture & Home Furnishings	1.2%	25%	\$120,822	483	\$386,629	1,547
Electronics & Appliances	1.1%	50%	\$220,119	440	\$704,381	1,409
Sporting Goods, Hobby, Book, & Music Store	1.2%	50%	\$233,490	667	\$747,167	2,135
Miscellaneous Retail	1.9%	75%	<u>\$563,539</u>	<u>2,254</u>	<u>\$1,803,325</u>	<u>7,213</u>
<b>Subtotal (Other Shopper's Goods)</b>	<b>9.2%</b>		<b>\$1,849,826</b>	<b>5,879</b>	<b>\$5,919,444</b>	<b>18,812</b>
<b>Total Shopper's Goods</b>	<b>17.0%</b>		<b>\$3,887,148</b>	<b>12,435</b>	<b>\$12,438,873</b>	<b>39,792</b>
<b>Eating and Drinking</b>	<b>7.0%</b>	75%	<b>\$2,027,457</b>	<b>5,793</b>	<b>\$6,487,864</b>	<b>18,537</b>
<b>Building Material &amp; Garden</b>						
Building Material & Supplies Dealers	2.0%	50%	\$388,757	1,296	\$1,244,023	4,147
Lawn & Garden Equipment & Supply Stores	0.1%	0%	<u>\$0</u>	<u>0</u>	<u>\$0</u>	<u>0</u>
<b>Total Building Material &amp; Garden</b>	<b>2.1%</b>		<b>\$388,757</b>	<b>1,296</b>	<b>\$1,244,023</b>	<b>4,147</b>
<b>Total Retail Goods</b>	<b>34.9%</b>		<b>\$8,850,073</b>	<b>25,958</b>	<b>\$28,320,235</b>	<b>83,064</b>

Source: ESRI; Economic & Planning Systems

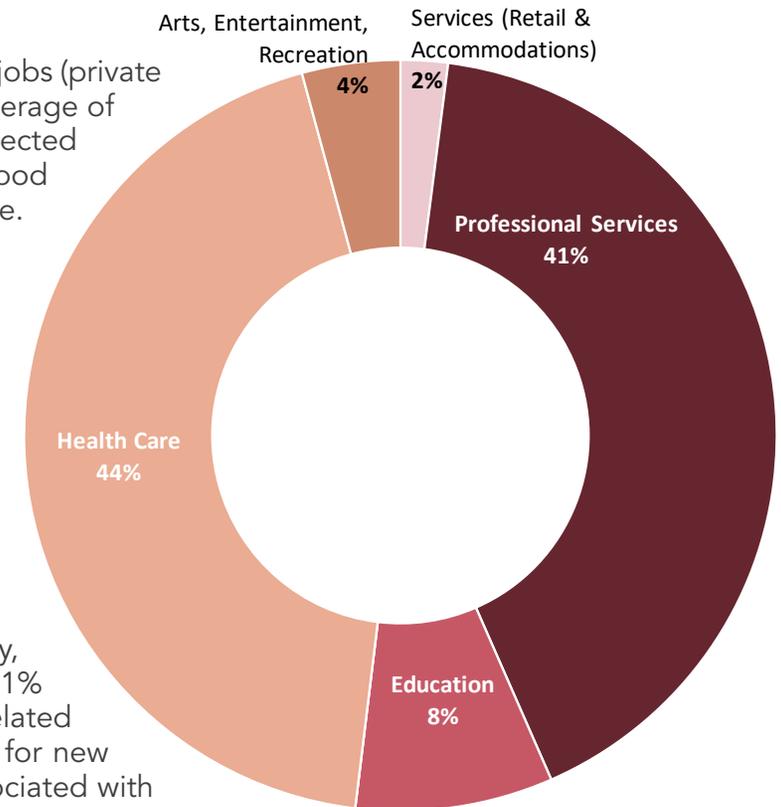
## OFFICE Employment Growth

Countywide employment growth forecasts (already cited) outline an increase of 43,670 jobs (private non-farm employment) in Clark County between 2020 and 2030. This equates to an average of 4,367 new jobs per year or 0.3% average annual growth. Over 70% of this growth is expected in just two industries – Health Care (36% of growth) and Accommodations and Food Services (35% of growth) while nine industries are expected to remain flat or decrease.

Based on the current capture of County employment, the Sahara Avenue Market Area is expected to grow by 740 jobs over this time – which is 1.7% of County growth. Applying the countywide growth rates by industry, 85% of employment growth in the Market Area is estimated to be in Health Care and 14% in Professional and Technical Services.

### Office Demand

Demand for office development in the Market Area is based on employment growth in sectors that occupy office space. Accounting for the share of employees within each employment sector that utilize office space (e.g., 100% of employment in Finance and Insurance, versus 50% of employment in Health Care), over the next 10 years the Market Area is expected to see demand for an additional 135,000 square feet of office space. This demand is primarily generated by the Health Care industry, accounting for 44% of office space demand, and Professional Services, accounting for 41% of demand, which may also be related to health care. Note that growth specifically related to Sunrise Hospital was excluded from this estimate as it is unlikely to drive demand for new office space. This indicates that major development opportunities are likely to be associated with medical office space and may be associated with growth of the medical uses around Sunrise Hospital.



New Office Demand by Sector

Source: Economic & Planning Systems

Description	2020	2030	10-Year Job Growth	10-Year New Office Sq. Ft	Annual New Office Sq. Ft
<b>Sahara Avenue Market Area</b>					
Services (Retail & Accommodations)	4,063	4,171	108	2,722	272
Professional Services	6,867	7,173	306	55,521	5,552
Education	1,137	1,213	76	11,382	1,138
Health Care	6,582	7,498	916		
Health Care (excluding Sunrise Hospital)	3,382	3,852	471	58,813	5,881
Arts, Entertainment, Recreation	1,743	1,856	113	5,659	566
<b>Total*</b>	<b>21,115</b>	<b>21,853</b>	<b>738</b>	<b>134,098</b>	<b>13,410</b>

Market Area Office  
Demand 2020-2030

\* Note: total may not add to sum of industries shown due to exclusion of industries that do not generate office demand

Source: Center for Business and Economic Research; Economic & Planning Systems

## SECTION 3: DEVELOPMENT OPPORTUNITIES

### DEVELOPMENT SITES

The analysis of development opportunities for TOD looks at the Sahara Avenue Focus Area – the ¼ mile radius around the proposed station. Given that the Focus Area is almost fully developed, development opportunity sites are likely to be infill or redevelopment projects of parcels within the commercial areas.

### PARCEL ANALYSIS

Within the Focus Area, development opportunity analysis was conducted at a parcel level. Using a multi-layered approach, parcels were identified that are:

- Over ½ acre in size (as parcels smaller than this likely cannot accommodate a development of scale)

And

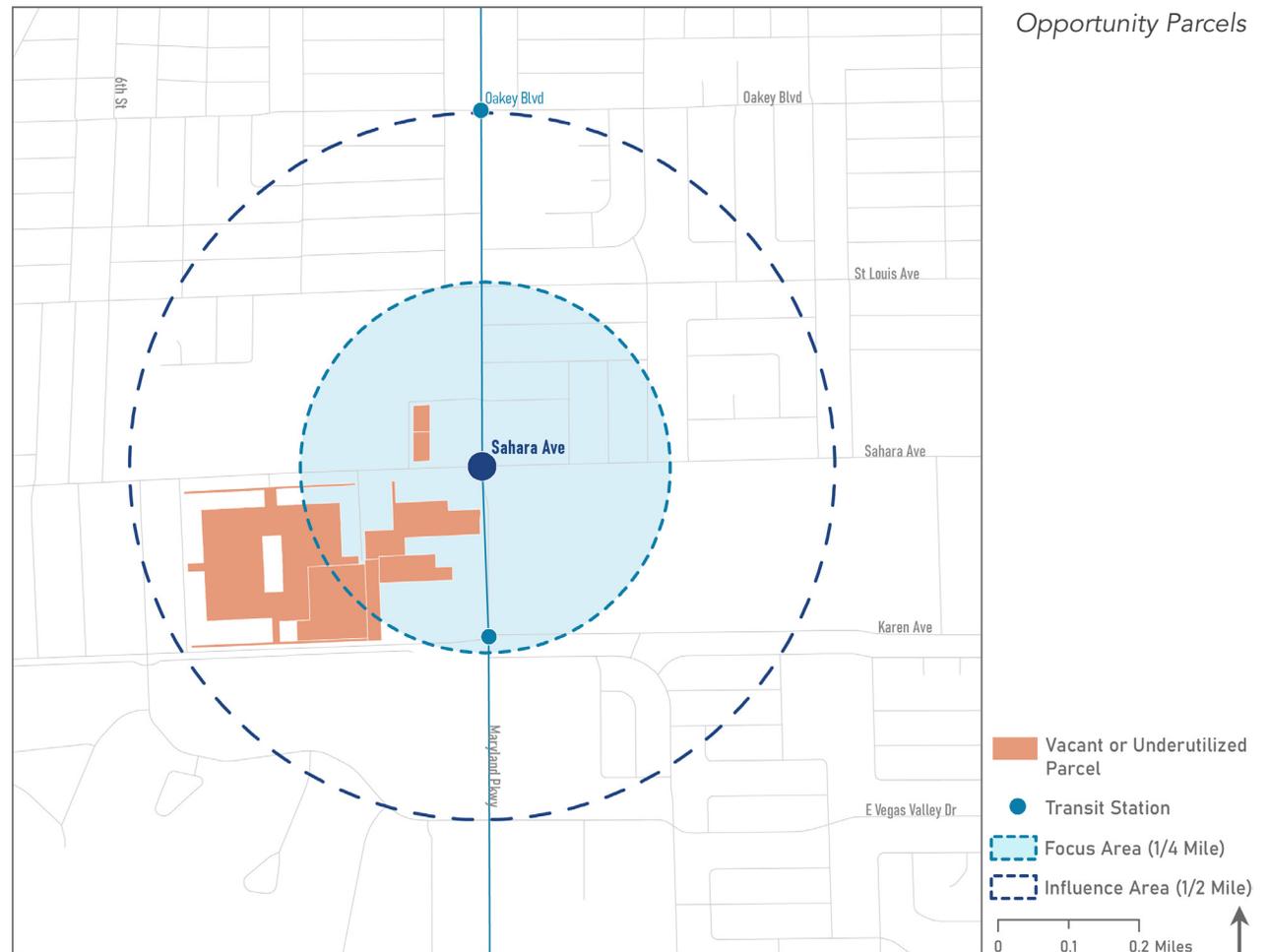
- Currently vacant

Or

- Existing development is low value (defined as a ratio of improvement value to land value of less than 0.5)

The infill and redevelopment opportunities in the Focus Area are limited. There are three vacant parcels to the north and west of the Las Vegas Athletic Club that are currently the most development-ready. In addition, the neighborhood shopping center on the southwest corner of Maryland Parkway and Sahara Avenue has a large vacated anchor space (a former Albertsons) that may have redevelopment potential.

The Commercial Center mall, located south of E Sahara Avenue and west of Maryland Parkway, has a number of small commercial spaces surrounding a large parking lot. The mall is not under single ownership and is a destination for ethnic businesses with a large number of small business tenants. These attributes indicate continued viability for this space despite the outmoded design and age of the buildings. Opportunities in this area may involve building on the current mix of businesses and destination appeal of the mall by supporting investment in the center.



## DEVELOPMENT FEASIBILITY

Two measures of development feasibility—land sale prices and rental rates—were applied to the Market Area to gauge the supportability of new development by type.

### LAND SALES

For this analysis, land sales are defined as property sales that were completed for the purpose of development (or redevelopment) and include both parcels that are vacant and those that are already developed. The average sale price per square foot for land from property sales completed within the Market Area is compared to the average countywide. This comparison assesses the value of land in the Market Area by use type to estimate the strength of the market for new development. Land sales for each TOD land use category are included.

The average sale price per square foot for land sales in the Sahara Avenue Market Area from 2017 through mid-2020 is \$12.80 per square foot, as shown in the first table below. This average price per square foot is 28 percent lower than the countywide average of \$17.67 per square foot. The Market Area only had 4 land sales completed in the analysis period. The low price of land indicates that this area may not be able to achieve rents necessary to support new development.

### RENTAL RATES

The average rental rates (both overall and for new development) for retail space, office space, and apartments within the Focus Area are compared to the Market Area and countywide average. This measure gauges if rental rates achieved for new space in the Market Area and/or Focus Area are high enough to support new development.

**Retail** - The lack of new development in the Market Area makes gauging development feasibility difficult. The average rental rate for all retail spaces in the Market Area is lower than the Clark County average as shown in the table to the right. The average rental rate for the limited amount of new retail space in the Market Area is \$24 per square foot (NNN), which is lower than the countywide average for new space (\$35 per sf) indicating that even new space in the Market Area is achieving lower than average rents.

**Office** - The average rental rates for all office space in the Market Area (\$15.58 per square foot [Gross/Full Service]) are also lower than the county-wide average (\$20.74 per sf). There has not been significant new office development within the Market Area in recent years and the achievable rates of the new space indicate that developing new office uses will be difficult without being able to command higher rents.

**Multifamily** - As with office space, there has not been any new multifamily apartment development in the Market Area in the recent past. The average monthly rental rates for apartments in the area are less than \$1.00 per square foot and lower than the County average.

Sahara Avenue Market Area Land Sales, 2017-2020

	Clark County		Sahara Ave MA		% Diff.
	Price per SF	# of Sales	Price per SF	# of Sales	
<b>Average/Total</b>	<b>\$17.67</b>	<b>1,749</b>	<b>\$12.80</b>	<b>4</b>	<b>-28%</b>

Source: CoStar; Economic & Planning Systems

Focus Area and Market Area Average Rental Comparison

Use	Rent per Sq. Ft. Factor	Time-Period	Clark County		Sahara Ave MA	
			New	All	New	All
Retail	per sf (NNN)	Annual	\$35.16	\$18.78	\$24.00	\$13.83
Office	per sf (Gross)	Annual	\$32.51	\$20.74	---	\$15.58
Apartment	per sf	Monthly	\$1.38	\$1.17	---	\$0.98

Source: CoStar; Economic & Planning Systems

## FEASIBILITY FINDINGS

The lack of development activity in the Market Area and the lower than average rents for most uses indicates that new development may not be feasible in the Market Area. The higher than average vacancy rates also indicate there is existing space that can accommodate new tenants, which may also lower demand. While there are a handful of potential development sites within the Focus Area, incentives will likely be needed to address feasibility gaps for new development. Providing support for a new project that can prove market demand and establish supportable rents, coupled with the construction of the transit station, can help to change the market dynamics of the area. Additionally, support for reinvestment in existing commercial uses may help to illustrate demand for new commercial development and supportability of higher rental rates.

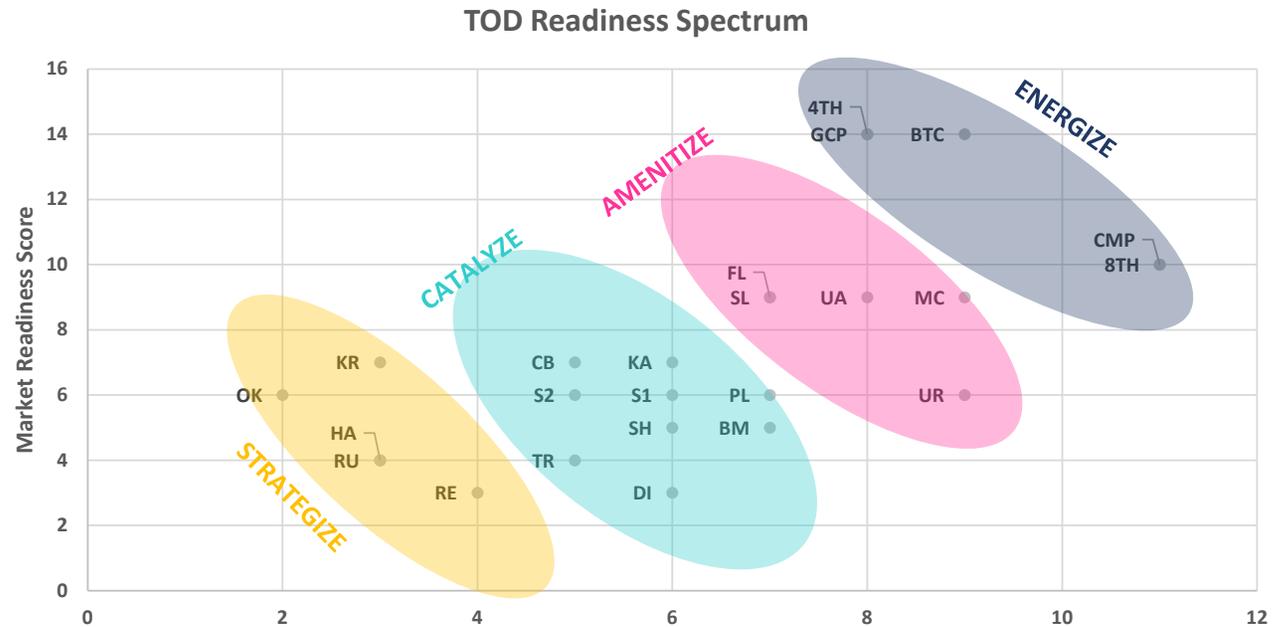
## TOD MATURITY

A TOD Readiness Spectrum was created to categorize Focus Areas along the corridor in terms of their readiness to attract and support TOD. Focus Areas have been organized into four categories (Energize, Amenitize, Catalyze, and Strategize) based on their market readiness and supportiveness of the built environment. Overarching strategies for supporting TOD were developed for each category.

The Sahara Avenue Focus Area is within the Catalyze category as shown below. Focus Areas in this category are generally

lacking market support for TOD and need investments to increase the TOD supportiveness. Catalytic development and/or public investment is needed to spur TOD. Strategies for this category include:

- Identify catalytic TOD sites within the Focus Area
- Create development incentives for TOD
- Increase mix of uses within Focus Area
- Identify opportunities to attract additional ridership
- Revise zoning to encourage TOD-style development



## PRIORITY ACTION RECOMMENDATIONS

### Priority Actions

**Identify tools and strategies to support reinvestment in existing commercial areas to attract tenants to vacant spaces and increase the attractiveness of leasable space.**

Many of the commercial buildings in the Market Area are reaching the end of their useful life (i.e. older than 25 years) and are in need of reinvestment. The Focus Area includes a vacant grocery store space and other under-performing retail spaces. The lack of new housing growth in the area has led to the retail market shifting to areas to the south and east. Despite these conditions, there are retail centers that are stable and have opportunity. The Smith's anchored grocery shopping center on the southeast corner of Sahara Avenue and Maryland Parkway appears to be a stable center and could benefit from investment. Many of the commercial buildings on the north side of Sahara Avenue are on single parcels and/or smaller parcels and not part of anchored shopping centers. In these areas, a tenant-oriented improvement program may also work to help increase the attractiveness of these spaces and the area overall.

**Reach out to the property owner(s) of the vacant parcels in the Focus Area to determine their plans for the properties and gauge their interest in TOD.**

There are three large adjoining parcels in the Focus Area that could be used for redevelopment (behind the Las Vegas Athletic Club). Outreach to the owners could help understand if they plan to develop the parcels or may be willing to sell. Tools and incentives could be explored to either entice the owner to develop a TOD or to sell to a partner agency or developer wanting to do a TOD project. The lower land values may make the development of an affordable rental project using tax credits or other similar tools a viable project, even with current market conditions. As well, the parcels could be purchased as part of an affordable housing and/or TOD land bank for future use once the transit investments are made along Maryland Parkway.

**Work with the owners and tenants in the Commercial Center mall to collectively develop ideas for reinvestment in the center, use of the parking lots, increased marketing of the center, and increased center wide events.**

The Commercial Center mall has attracted a variety of small businesses, ethnically oriented businesses and visitors, and has interesting entertainment/recreation uses (e.g. the Sahara Event Center and Roller Hockey Rink). There may be an opportunity to partner with building owners and businesses to increase the visual appeal, customer amenities (e.g. improved parking, outdoor spaces), and promotion of the center.

## VALUE CAPTURE RECOMMENDATIONS

A value capture toolkit has been developed for this effort and is provided in a separate document. Two potential value capture tools were identified that fit the conditions present and have the potential to be successful in the Sahara Avenue Focus Area.

- **Tax Increment Financing** – The Focus Area is in need of reinvestment. Establishment of a redevelopment area and the use of TIF can help attract a developer(s) to build a project on the opportunity sites in the Focus Area. The generated increment can help address feasibility gaps for the TOD and may also be used for capital improvements that support the transit station and area attractiveness and connectivity. A smaller, focused redevelopment area may be viable for the properties on the southwest corner of Maryland Parkway and Sahara Avenue in conjunction with a TOD to serve as the catalyst for the increment generation.
- **Land Banking** – The Focus Area is a good candidate for affordable housing given its current and future connectivity to transit, proximity to I-15, Las Vegas Boulevard South, and major employment areas to the west and north. However, because market conditions may not support a development project in the near-term, new housing development may not take place for a few years. Additionally, as transit investments are made, the ability to obtain financing through low income housing tax credits or other affordable housing financing tools may improve. With this in mind, land banking would position the area well for housing development once that happens. Purchase of vacant parcels that are large enough for a housing project would be a proactive strategy to preserve both affordability of the land and the potential for TOD once the transit line is built.

