

MARYLAND PARKWAY CORRIDOR



TRANSIT-ORIENTED DEVELOPMENT

Desert Inn Road Focus Area Market Analysis

July 12, 2021



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DESERT INN ROAD 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 Desert Inn Road transit station. This analysis is conducted with consideration to two market geographies:

FOCUS AREA

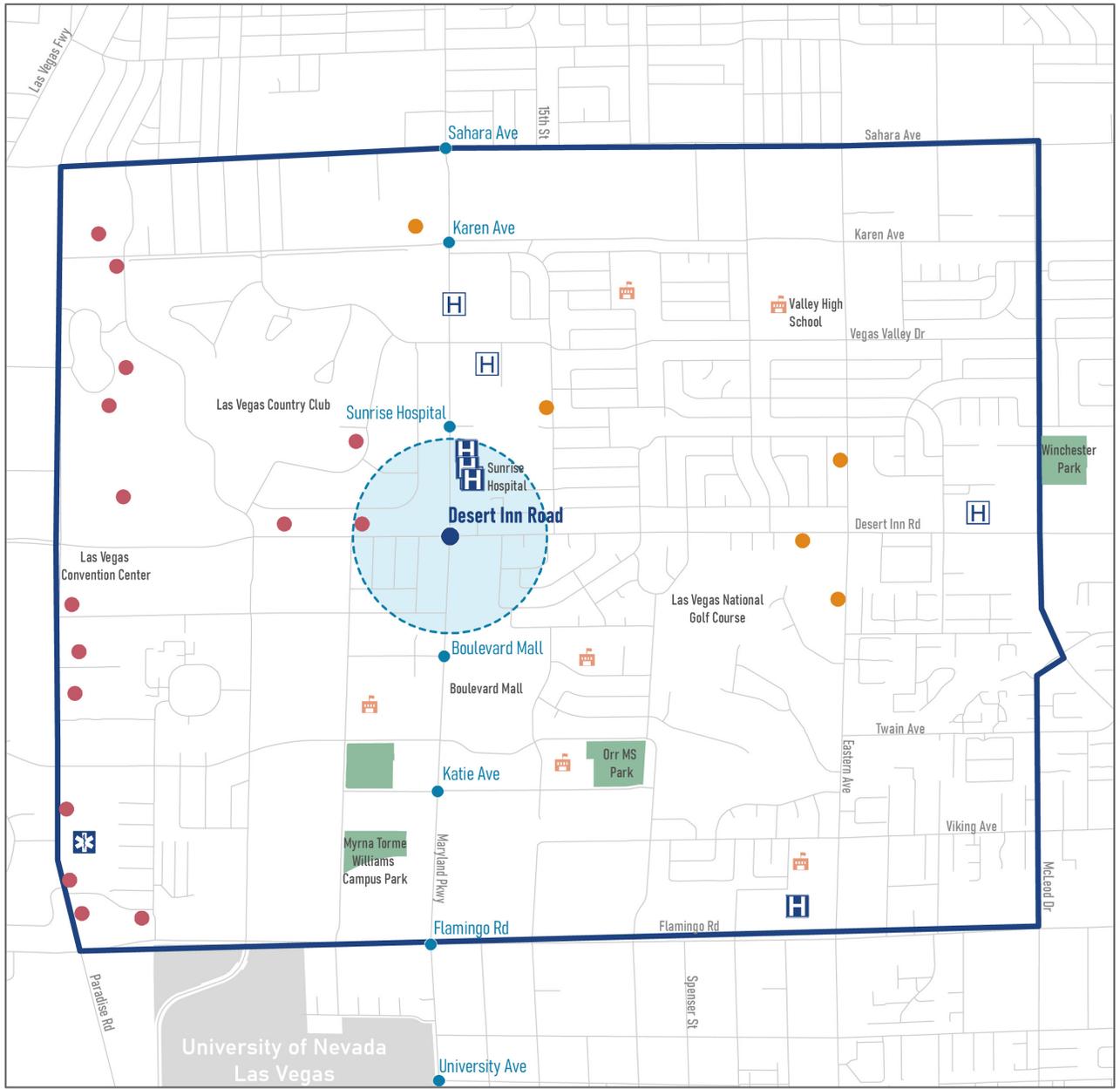
The Focus Area is a ¼ mile area surrounding the Desert Inn Road station. This area draws from both the Paradise and Winchester neighborhoods. The Focus Area contains a large amount of surface parking with some residential, commercial, and medical uses. Part of the area extends into the Las Vegas Country Club and includes Sunrise Hospital and the vacant anchor tenant space on the north side of the Boulevard Mall.

MARKET AREA

The Market Area, as shown in the map on the next page, is approximately 5.1 square miles around the proposed station, bounded by Paradise Road on the west, Flamingo Road on the south, McLeod Drive on the east, and Sahara Avenue on the north. As a larger area with similar market conditions and attributes, the Market Area is used to gauge the market strengths and weaknesses for various development types (residential, retail, office, hospitality) in order to characterize the existing market potential for TOD in the Focus Area.

STRENGTHS AND OPPORTUNITIES

The proposed station and surrounding Focus Area are located in close proximity to destinations including the Boulevard Mall, the Las Vegas Convention Center, and Sunrise Hospital. Despite the Focus Area's proximity to potential demand drivers, there's been little market activity in the area recently, outside of efforts made by the major destinations close by (e.g., Boulevard Mall and Sunrise Hospital). The introduction of high frequency transit could serve as a catalyst to reinvestment in the Focus Area.



- ### Major Destinations
- Sunrise Hospital
 - Las Vegas Country Club
 - Las Vegas National Golf Course
 - Las Vegas Convention Center
 - Boulevard Mall
 - Valley High School

- CCSD School
- Childcare Center
- Hospital
- Specialized Care Hospital
- Emergency Clinic
- Hotel/Convention Center
- Focus Area (1/4 mile)
- Desert Inn Market Area
- Transit Station



SECTION 1: STATION AREA OVERVIEW

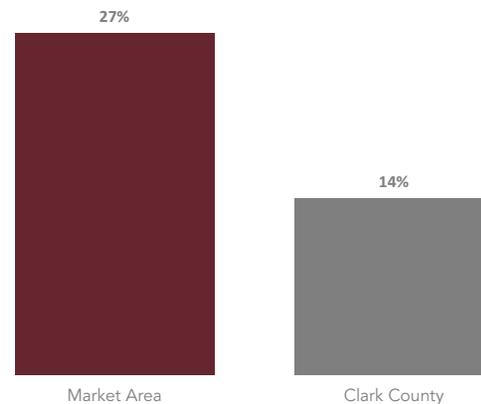
POPULATION AND HOUSEHOLDS

The Desert Inn Road Market Area (illustrated in the map on page 2) is home to approximately 44,500 residents, an increase of just over 1,400 residents since 2010. This growth represents less than 0.5% of Clark County's population growth of 306,600 new residents over this time. The Market Area population has grown at a much slower rate compared to the County over this time at 0.3% per year compared to 1.6% annually in the County overall. Between 2010 and 2019, the Market Area added 240 households – a slower growth rate than population at only 0.1% annual growth. This is also much lower than the County where the number of households increased by an average of 1.5% per year over this time.

The Market Area has lower levels of car ownership than the overall County which is a factor that correlates with higher transit ridership. Within the Market Area, 27% of households do not have a vehicle, compared to 14% of households countywide. There is also a higher proportion of single-vehicle households with 37% 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 25% of the population (age

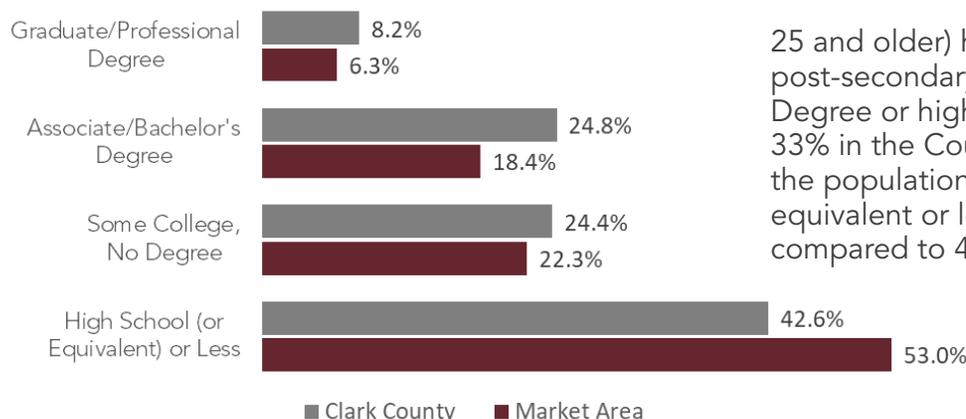
Households with No Vehicle, 2019



Source: ESRI Business Analyst

25 and older) has completed a post-secondary education (Associate Degree or higher) compared to 33% in the County while 53% 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: 44,500
Households: 18,900
Average Household Size: 2.35

Population Growth

The Market Area grew by an average of 140 new residents per year from 2010 to 2019.

Income

Median household income of \$34,300 in the Market Area is 42% lower than Clark County (\$58,800)

Clark County

2019 Demographics

Population: 2,257,890
Households: 816,505
Average Household Size: 2.77

Population Growth

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

Income

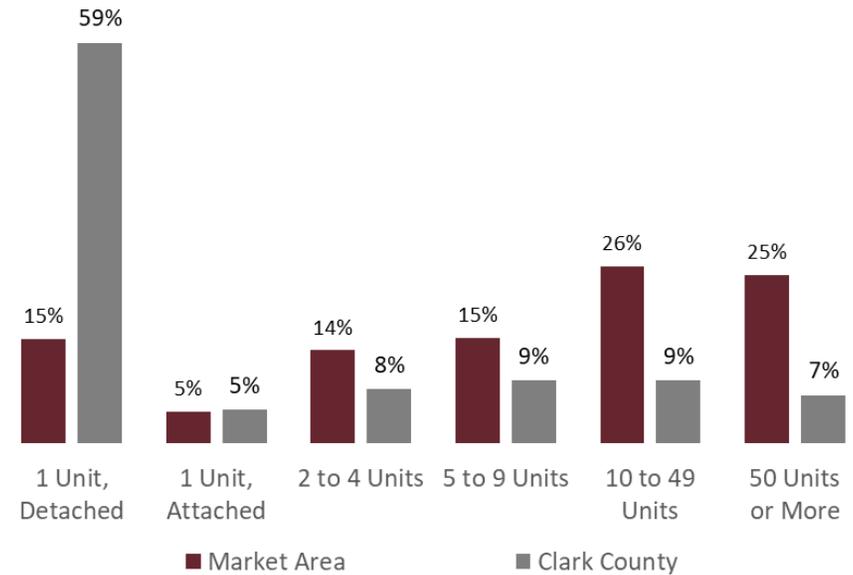
Median household income of \$58,800

HOUSING CONDITIONS

There are approximately 24,500 housing units in the Market Area, a small increase from 23,700 in 2010. Between 2010 and 2019 the Market Area captured 0.7% of the housing growth in Clark County, which added 106,700 new units over this time. Overall, 2.6% of the County's housing is located in the Desert Inn Road Market Area.

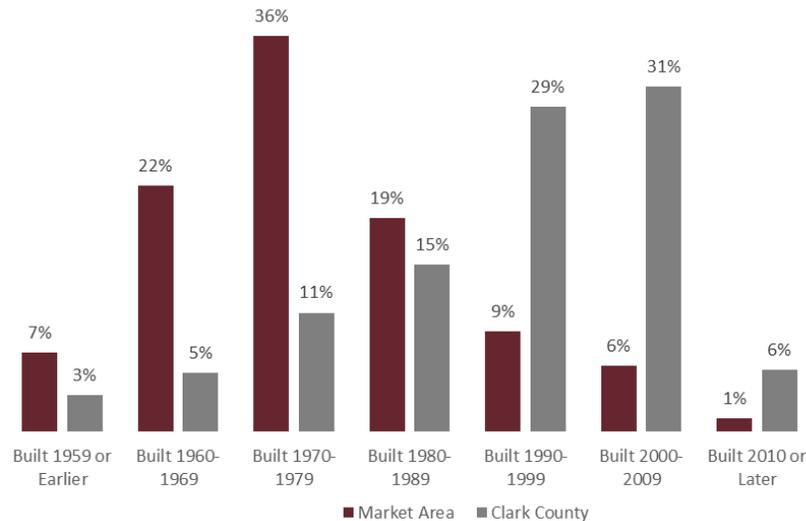
Housing composition in the Market Area differs from the County overall. While 59% of housing units in the County are single family detached homes, these only account for 15% of homes in the Market Area. There is more multifamily housing in the Market Area than in the County overall with 51% of homes in the Market Area are in buildings with 10 units or more compared to 16% in the County as a whole. As is typical with a higher proportion of multifamily housing, more households in the Market Area are renters - 77% rent their homes compared to 45% of households countywide.

Housing Units in Structure, 2019



Source: ESRI Business Analyst

Housing Units by Year Built



Source: ESRI Business Analyst

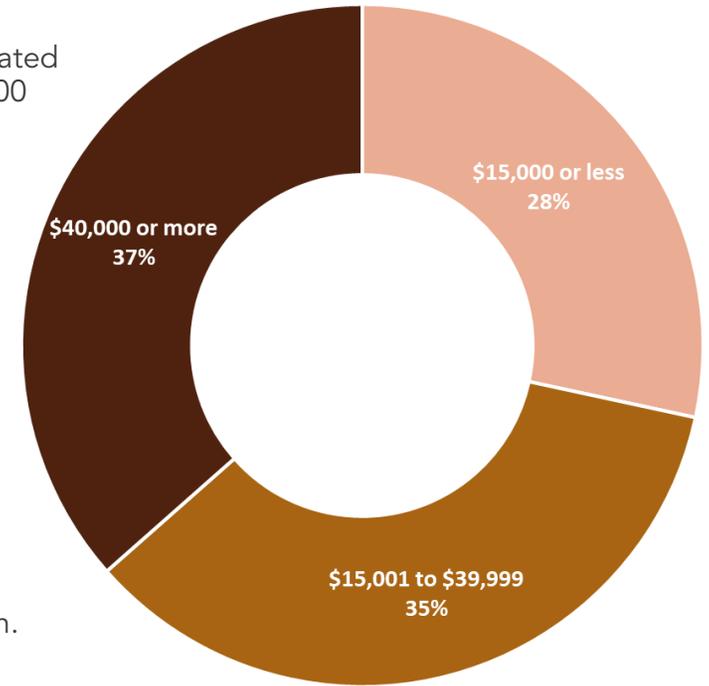
The Market Area has older homes than the County overall. While 60% of the County's housing stock was built between 1990 and 2009, only 16% of homes in the Market Area were built during this time period with 58% of homes built between 1960 and 1979 (compared to 16% of homes countywide).

EMPLOYMENT

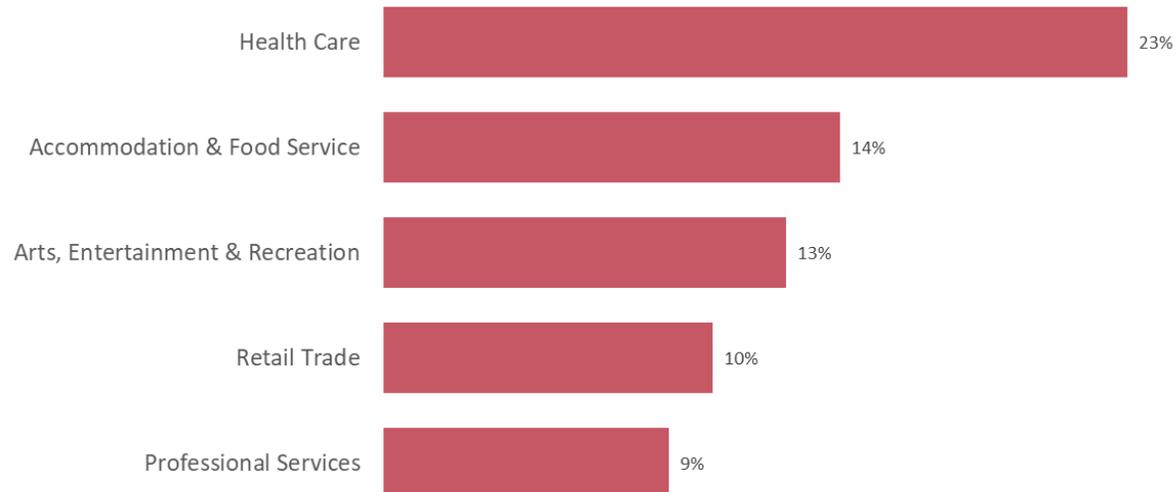
The employment base in the Market Area consists primarily of health care and health care related jobs with significant employment in retail/food/entertainment as well. There are 25,500 jobs in the Market Area – which equates to approximately 2.6% of the County’s 986,500 jobs. Due to the presence of Sunrise Hospital and Medical Center in the Market Area, nearly one-quarter of this employment is in Health Care (23.5% of jobs). Other major employment sectors within the Market Area are Accommodation & Food Service (14%), Arts/Entertainment/Recreation (13%), Retail (10%), and Professional Services (9%).

The prevalence of service jobs is reflected in the distribution of jobs by wage. 63% of jobs in the Market Area are lower paying with annual earnings less than \$40,000 per year, and the area has a slightly lower proportion of higher paying jobs (\$40,000 per year or more) than the County overall. Within the Market Area, 37% 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 – sectors that often have a higher proportion of jobs requiring a degree or other advanced education.



Market Area Top Employment Sectors, 2019



Source: ERSI Business Analyst

Market Area Jobs by Wage, 2017

Source: US Census LEHD

EMPLOYMENT BY INDUSTRY SNAPSHOT

Market Area

Major Employment Industries:

1. Health Care (23%)
2. Accommodation and Food Service (14%)
3. Arts, Entertainment & Recreation (13%)

Clark County

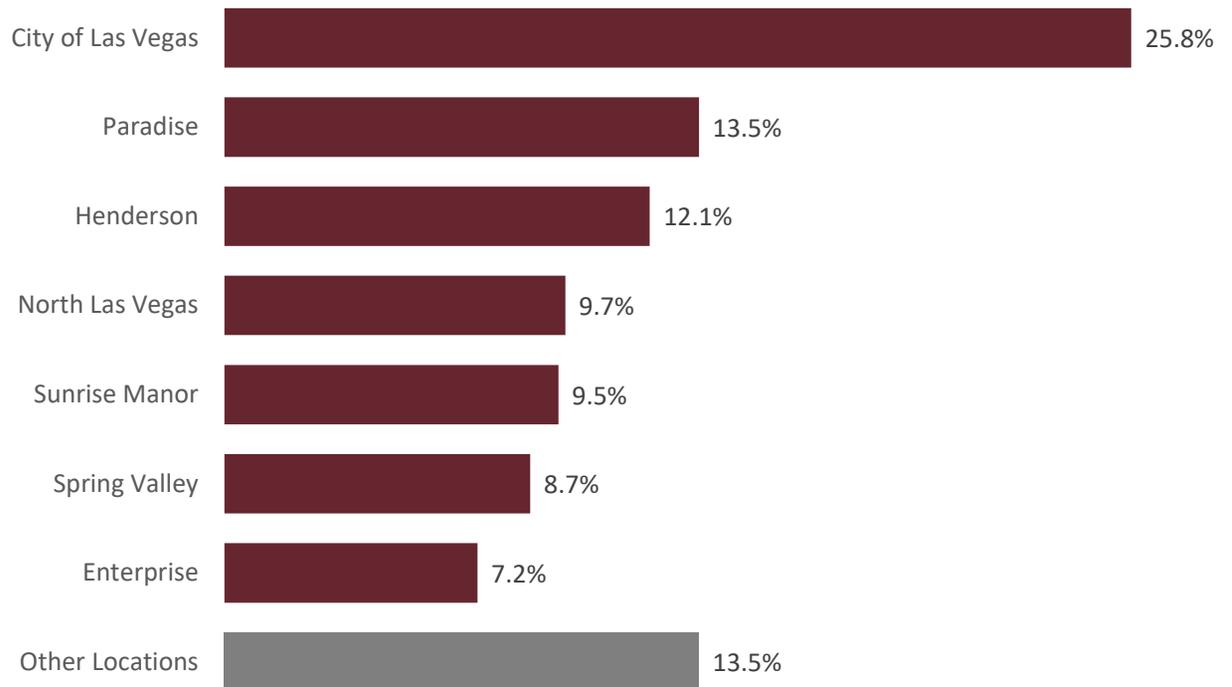
Major Employment Industries:

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

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, 95% of those employed in the Market Area live outside its boundaries.

Of the Market Area residents who are employed, 93% work outside of the area while only 7% both live and work in the Market Area. Nearly 26% of Market Area employees live within the City of Las Vegas. A significant number of employees also live in Paradise (13.5%), Henderson (12%), North Las Vegas (9.7%), and Sunrise Manor (9.5%).

Market Area In-Commuting, 2017



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

MULTIFAMILY RESIDENTIAL MARKET

There are 13,380 multifamily units in the Desert Inn Road Market Area, accounting for 6% of the Clark County inventory. There has been one new development built within the Market Area being the Siegel Suites Swenson II apartments adding 96 new units. There is currently one project under construction, the Royal Crest Apartment Homes, which will add an additional 300 units to the area.

Market Area rents are lower than the County with overall rents averaging \$1.03 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 \$12 per unit per year in the Market Area and \$16 across the County. Multifamily vacancy is only slightly higher in the Market Area (7.9%) compared to the County overall (7.2%).

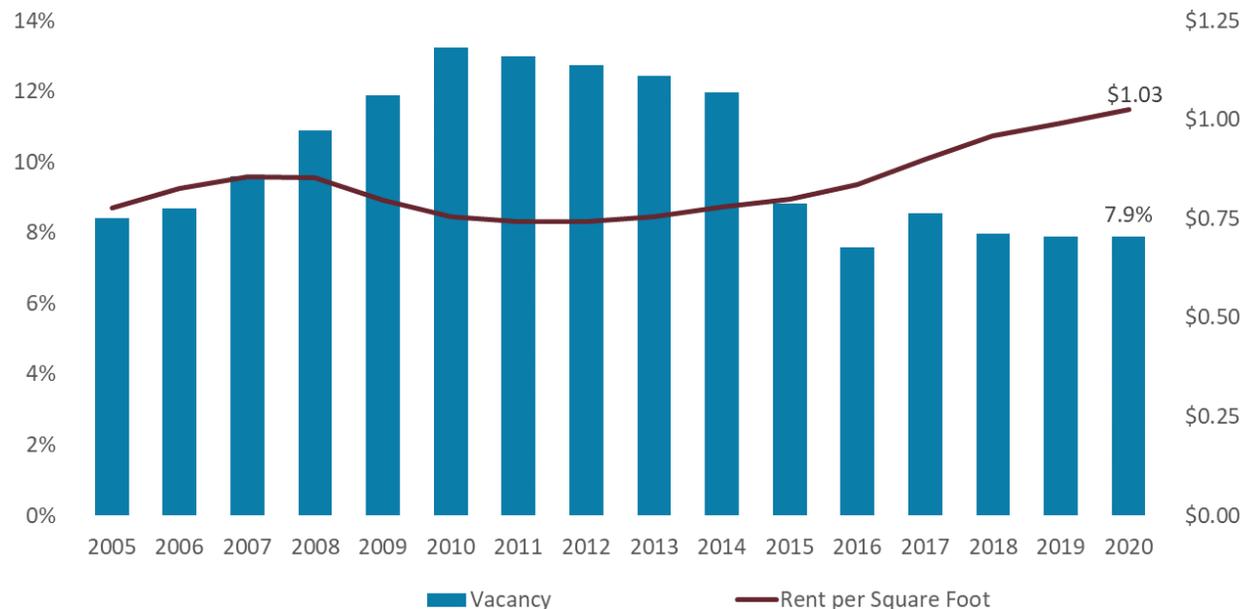
As noted, there are currently 300 units under construction in the area. The 6-story, Royal Crest Apartment Homes, located at 602 North Royal Crest Circle, is a market rate project that is anticipated to be completed in October 2021. A 400 unit apartment building has recently been proposed on the western edge of the Market Area along Paradise Road.

MULTIFAMILY SNAPSHOT

- 13,380 units
- 96 built since 2010
- 300 units under construction
- No units proposed
- Average rent of \$1.03/sf
- 7.9% vacancy

The current activity in the Market Area accounts for 7.3% of units currently under construction in the County.

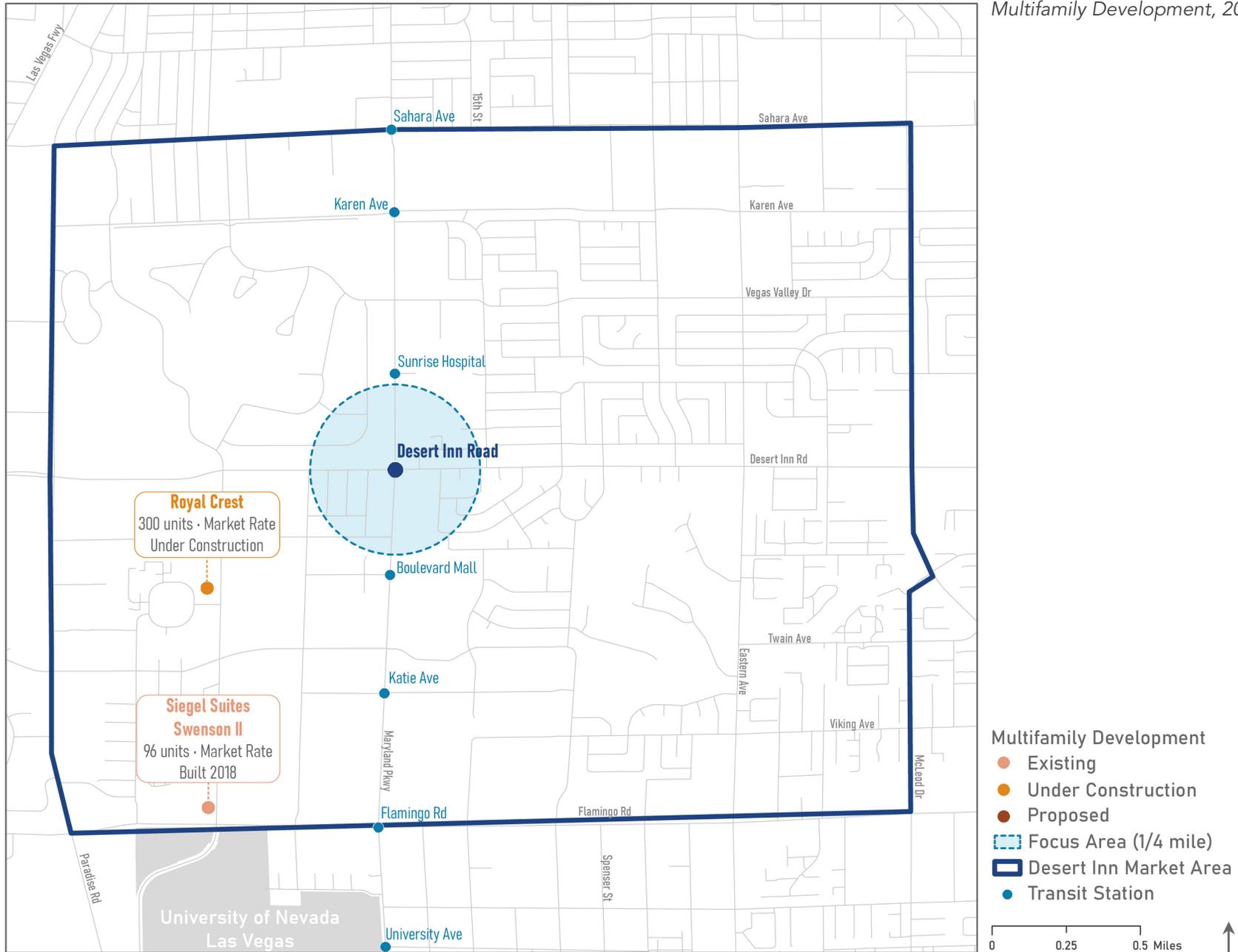
Multifamily Vacancy and Rent, 2005-2020



Source: CoStar

Market Opportunity

The Market Area has had one recent development and one that is proposed. While the Siegel Suites apartment project is a short-term lease development targeting a specific market, the project currently under construction is a traditional format, market rate project, which is an indication that the area is attracting new development despite weaker 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.



COMMERCIAL MARKET

RETAIL

There are 4.33 million square feet of retail space in the Market Area accounting for 3.7% of the County's 116.45 million square feet of retail. The Market Area inventory has only grown by 2,500 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% which added over 4 million square feet of new space.

Retail rents in the Market Area are slightly lower than the County overall at \$18.00 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 \$21.54 in 2008 and reached a low of \$11.73 in 2018.

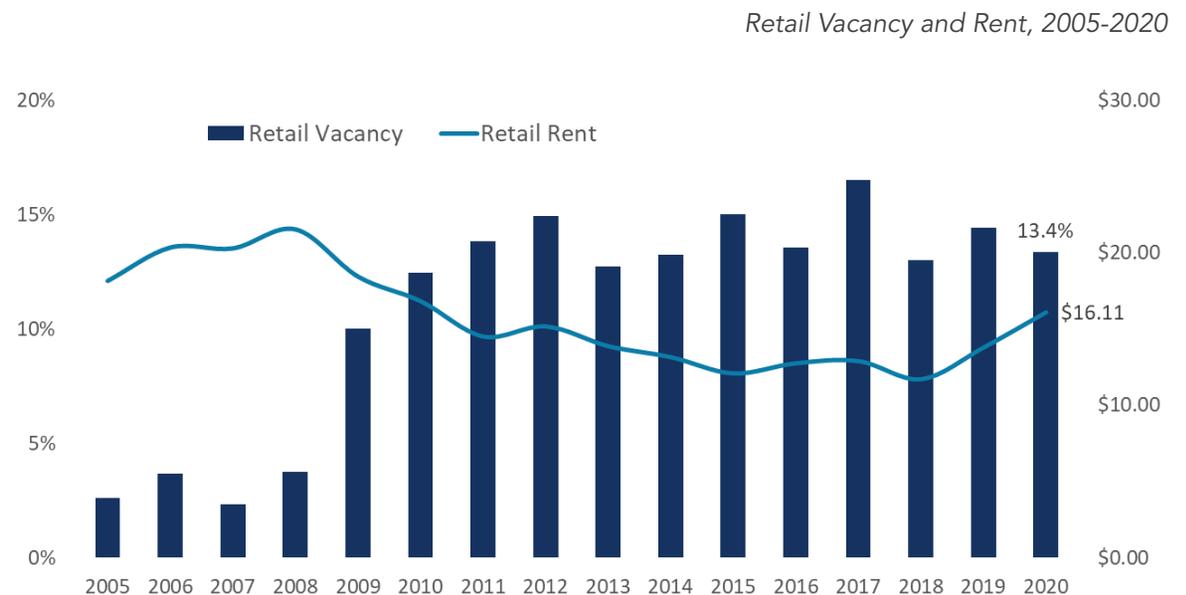
While countywide retail vacancy averages 6.5%, retail vacancy in the Market Area is much higher at close to 14%. The vacant anchor tenant space on the north side of the Boulevard Mall accounts for a large portion of the vacant space in the Market Area. The retail trade area has also seen limited growth in households and has lost sales to retailers outside of the trade area.

HOTEL

There are 14 hotels and motels within the Market Area with approximately 5,900 rooms. This includes the Westgate Las Vegas Resort & Casino with over 2,900 rooms. For the most part, the Desert Inn Road Market Area does not include major hotels/resorts along Las Vegas Boulevard South aside from the Westgate. There were two hotels built in 2020 in the Market Area, a Hampton and a Home2Suites both on Sierra Vista Drive, indicating some demand in the areas surrounding Las Vegas Boulevard South for limited-service options.

RETAIL SNAPSHOT

- 4.33 million SF
- 2,500 SF built since 2015 (0.06% growth)
- Captured 0.06% of County growth



Source: CoStar

OFFICE

There are 2.96 million square feet of office space in the Market Area accounting for 4.5% of the 66.36 million square feet of space in the County. The Market Area has had no new office development since 2010 and, in fact, has lost nearly 85,000 square feet of office space over this time. Over this same time period, the County added 4.85 million square feet of new office space.

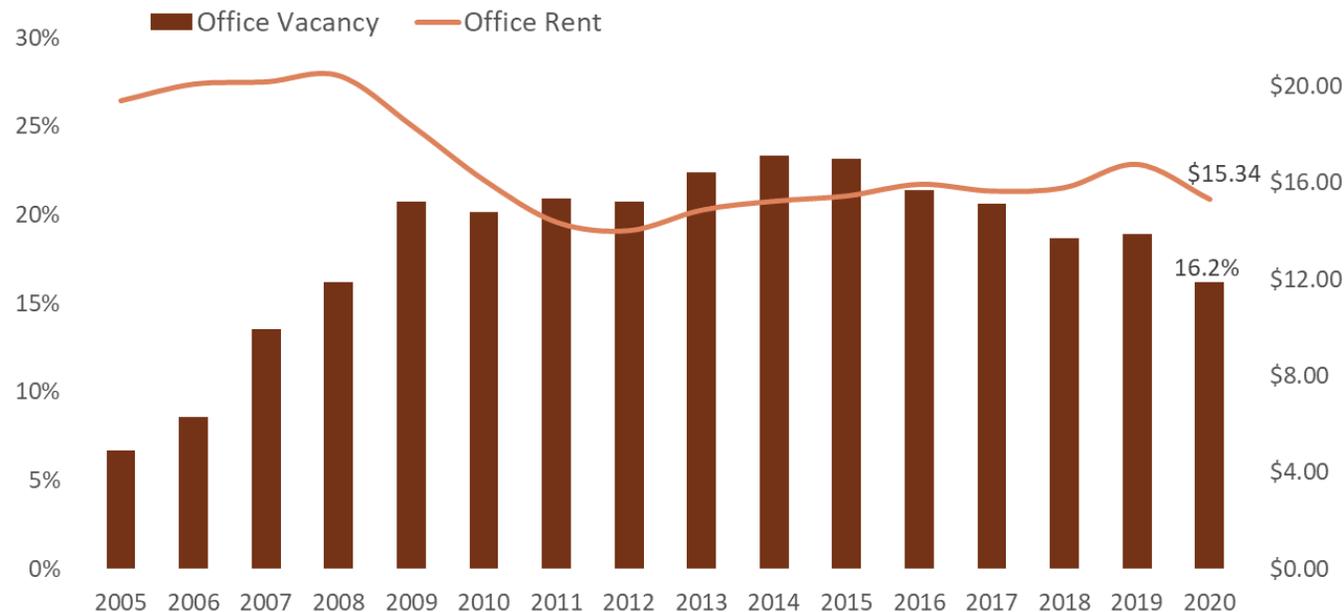
Office rents in the Market Area are currently \$15.34 per square foot which is 25% lower than the countywide average rent of \$20.74. Market Area rents hit a high of \$20.46 in 2008 and then steadily declined to a low of \$14.04 in 2012. Since then, they have fluctuated around \$14 to \$16 per square foot.

Office vacancy in the Market Area is 16.2% and has averaged 19.8% 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

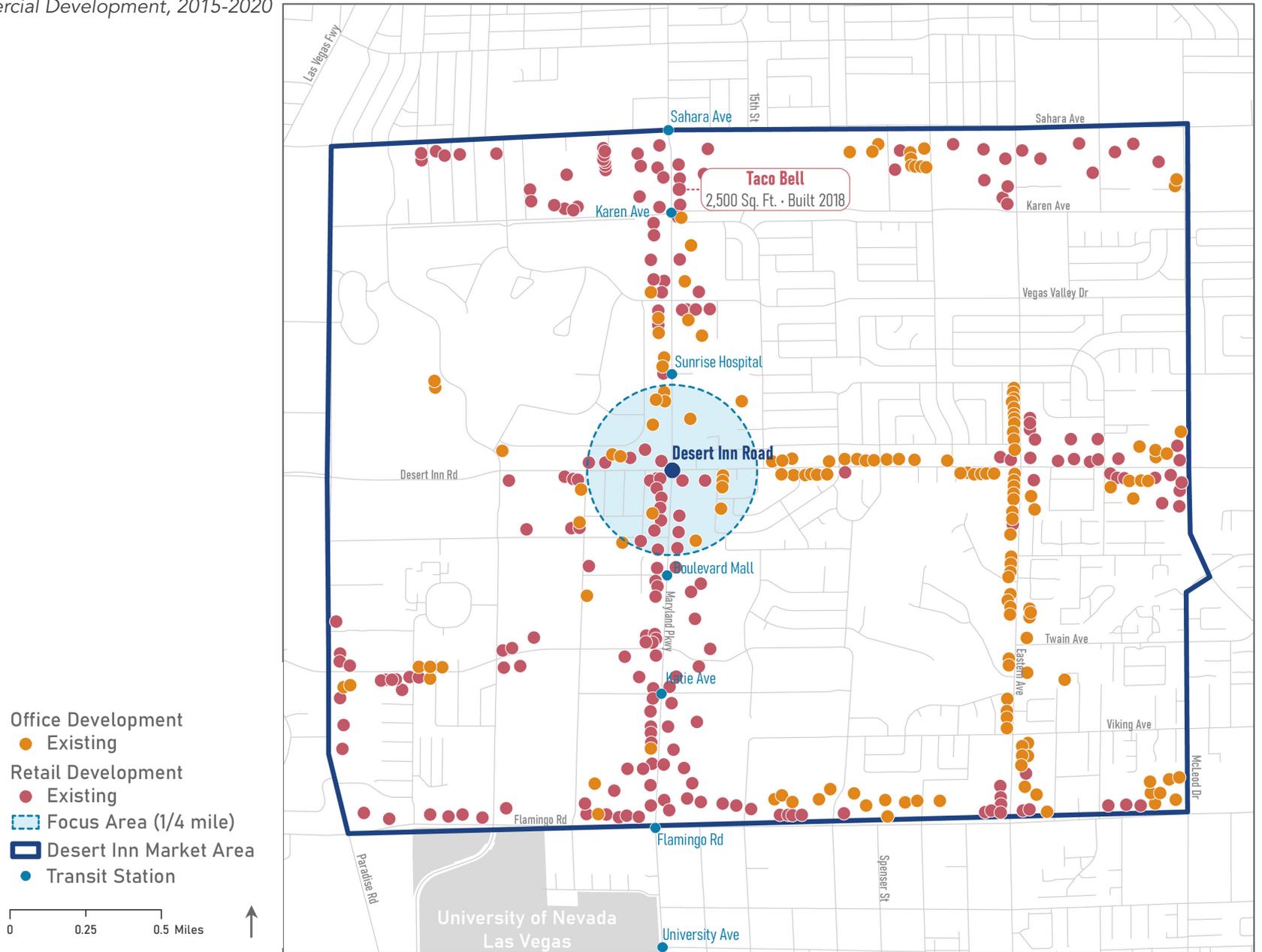
- 2.96 million SF
- Net loss of 85,000 square feet since 2010
- Rents are approximately 25% lower than the countywide average

Office Vacancy and Rent, 2005-2020



Source: CoStar

Commercial Development, 2015-2020



SECTION 2: DEMAND ANALYSIS

RESIDENTIAL

Trend

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

The Desert Inn Road Market Area has had 96 new multifamily units built in the past 10 years, and there are currently 300 units under construction. This construction accounts for 2.6% of projects currently under construction and proposed countywide. The combined 396 units (recently built and under construction) account for 1.8% of recent (since 2015) and currently under construction projects in the County. The recently constructed apartment development is a short-term lease or stay property aimed at renters needing shorter leases or lower income renters where the lease structure is more financially feasible for them due to lower barriers to entry (lower or no security deposit). The development of a new building to target this market indicates a likely need for additional housing affordable to lower income households. The project that is under construction is a larger, more traditional market apartment building and will likely have a positive impact on the area's multifamily market.

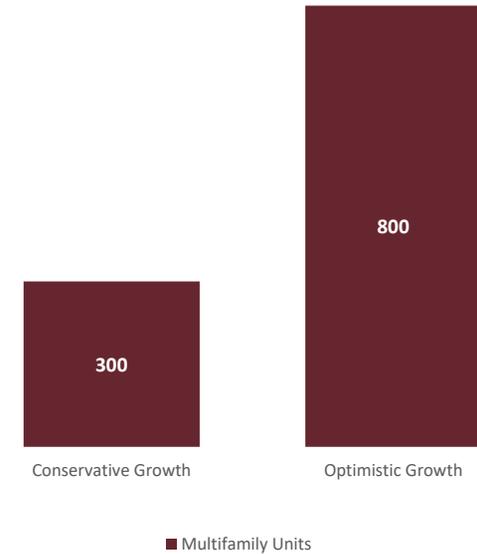
Demand Forecast

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, an average of 33,700 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 (including 344 in the Market Area), 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 under construction does not spur the market to generate additional development or cannot support redevelopment of under-utilized parcels, and a more optimistic trend of 1.5% capture of County growth that could occur if the local market is proven out by this first project and development sites can be obtained.

Based on the projected countywide growth of 52,700 multifamily housing units by 2030 and applying these capture rates, the

Market Area Residential Growth 2020-2030



Source: Economic & Planning Systems

Desert Inn Road 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. The area is largely developed and lacks apparent infill or redevelopment sites aside from the vacant anchor tenant space on the north side of the Boulevard Mall. Redevelopment of underutilized sites present risks and higher supportable land costs which must be matched with achievable rental rates. Support for redevelopment in the area through incentives can help reduce these risks and help affordable housing projects.

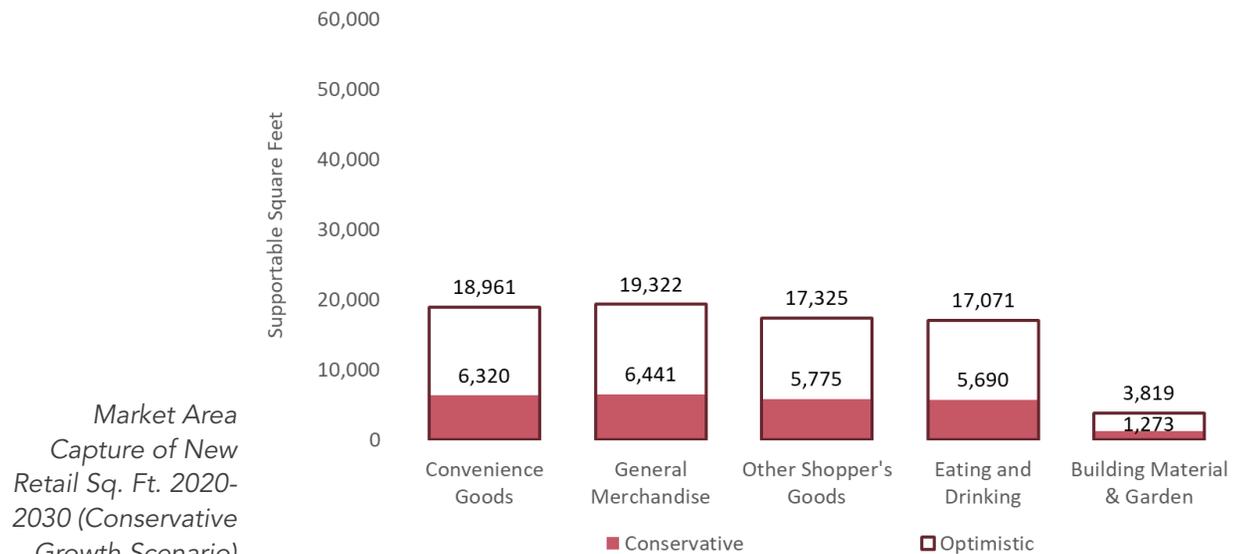
RETAIL

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 5,100 new residents in the Market Area by 2030. Retail expenditures of these residents will create demand for an additional 39,000 to 118,000 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. The addition of new housing in the area can help spur interest in the area. The potential capture of new space varies depending on retail sector with capture estimates ranging from between 0 to 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 will be more difficult to capture in this location than 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 25,500 and 76,500 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, especially given that the Boulevard Mall is a known retail location. The combination of TOD and an auto-oriented existing environment mean that the Market Area may be able to attract a variety of retailers.



Source: Economic & Planning Systems

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.
Convenience Goods						
Grocery Stores	5.6%	75%	\$1,605,269	4,013	\$4,815,806	12,040
Specialty Food Stores	0.2%	50%	\$46,608	117	\$139,824	350
Beer, Wine, & Liquor Stores	0.3%	75%	\$79,182	264	\$237,546	792
Health and Personal Care	2.7%	75%	\$770,671	1,927	\$2,312,012	5,780
Total Convenience Goods	8.8%		\$2,501,729	6,320	\$7,505,188	18,961
Shopper's Goods						
General Merchandise						
Department Stores (including discount department, superstores, and warehouse clubs)	5.3%	75%	\$1,517,072	5,057	\$4,551,216	15,171
Other General Merchandise Stores	2.5%	50%	\$484,265	1,384	\$1,452,796	4,151
Subtotal (General Merchandise)	7.8%		\$2,001,337	6,441	\$6,004,011	19,322
Other Shopper's Goods						
Clothing & Accessories	3.7%	50%	\$699,284	1,998	\$2,097,851	5,994
Furniture & Home Furnishings	1.2%	25%	\$118,688	475	\$356,063	1,424
Electronics & Appliances	1.1%	50%	\$216,231	432	\$648,694	1,297
Sporting Goods, Hobby, Book, & Music Stores	1.2%	50%	\$229,366	655	\$688,097	1,966
Miscellaneous Retail	1.9%	75%	\$553,585	2,214	\$1,660,756	6,643
Subtotal (Other Shopper's Goods)	9.2%		\$1,817,153	5,775	\$5,451,460	17,325
Total Shopper's Goods	17.0%		\$3,818,491	12,215	\$11,455,472	36,646
Eating and Drinking	7.0%	75%	\$1,991,647	5,690	\$5,974,942	17,071
Building Material & Garden						
Building Material & Supplies Dealers	2.0%	50%	\$381,891	1,273	\$1,145,672	3,819
Lawn & Garden Equipment & Supply Stores	0.1%	0%	\$0	0	\$0	0
Total Building Material & Garden	2.1%		\$381,891	1,273	\$1,145,672	3,819
Total Retail Goods	34.9%		\$8,693,758	25,499	\$26,081,273	76,497

Source: ESRI; Economic & Planning Systems

OFFICE

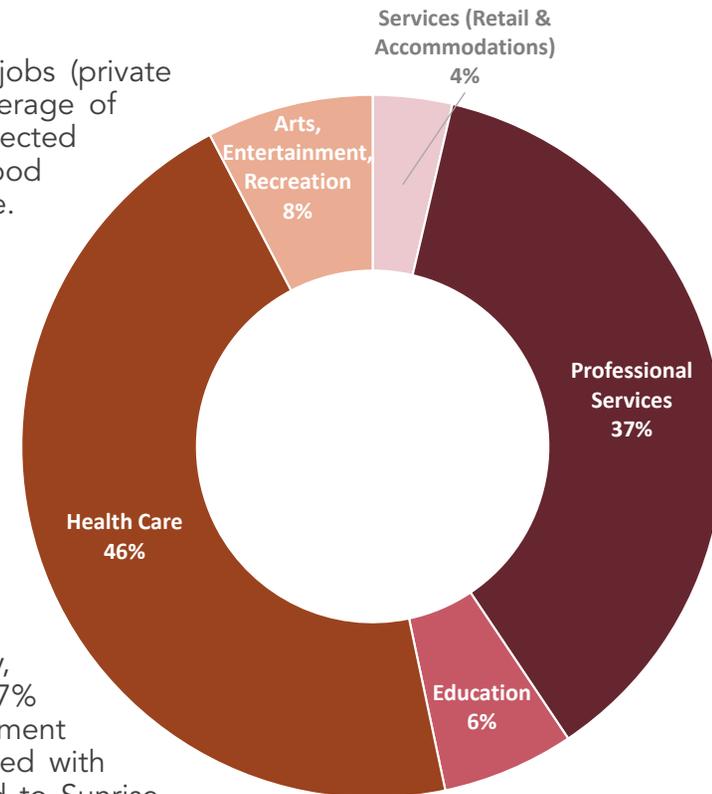
Employment Growth

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 Desert Inn Road Market Area is expected to grow by 1,150 jobs over this time – which is 2.6% of County growth. Applying the countywide growth rates by industry, 50% of employment growth in the Market Area is estimated to be in Health Care, 13% in Arts, Entertainment, and Recreation, and 12% in Accommodations and Food.

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 183,000 square feet of office space. This demand is primarily generated by the Health Care industry, accounting for 46% of office space demand, and Professional Services, accounting for 37% of demand, which may also be related to health care. 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. Note that growth specifically related to Sunrise Hospital was excluded from this estimate as it is unlikely to drive demand for new private office space.



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
Desert Inn Road Market Area					
Services (Retail & Accommodations)	8,451	8,716	265	6,681	668
Professional Services	9,256	9,668	412	67,646	6,765
Education	1,112	1,186	74	11,128	1,113
Health Care	8,005	9,118	1,114		
Health Care (excluding Sunrise Hospital)	4,805	5,473	668	83,556	8,356
Arts, Entertainment, Recreation	4,325	4,605	281	14,041	1,404
Total*	32,942	34,093	1,151	183,051	18,305

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 Desert Inn Road Focus Area – the ¼ mile radius around the proposed station. Given that the Focus Area is fully developed, development opportunity sites will 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 most likely site in the Focus Area to attract redevelopment is the vacant anchor tenant space and associated parking field on the north end of the Boulevard Mall site. The pad sites along Desert Inn Road on the north side of the vacant anchor tenant space are likely candidates to be included in a larger land aggregation. A site this large presents

major opportunities to include a mixture of uses, support higher density development, and have a major impact on the market in the area.

The other sites identified are the surface parking lots serving Sunrise Hospital and the parking and staging area for the Convention Center west of Maryland Parkway. To make these feasible development sites, the existing parking uses would need to be accommodated in other parking lots or new parking structures. The redevelopment of these sites is less likely to occur until market activity along the corridor increases and/or the owners need additional land to support expansion.



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.

There were few “land” sales in the Desert Inn Road Market Area from 2017 through mid-2020. Sale of existing commercial properties were more prevalent. Those sales had a wide range of average sales price per square foot of land from \$15 to \$101. One land sale with price information was identified near Sunrise Hospital with a price per square foot of \$31. The lack of sales makes assessing feasibility difficult. The prices for existing properties were typically above \$30 per square foot indicating redevelopment of existing uses would require rental rates that could support a higher-than-average land price.

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 below. The average rental rate for retail space in the Market Area is \$18 per square foot (NNN), which is equivalent to the countywide average for space (\$18.78 per sf), but far lower than the average for new space in the county of \$35 per square foot.

Office - The average rental rates for all office space in the Market Area (\$22.67 per square foot [Gross/Full Service]) are slightly higher 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 - There has only been one new multifamily apartment development in the Market Area recently, which is oriented to short term leases. The average monthly rental rates for apartments in the area are less than \$1.00 per square foot and lower than the County average.

Desert Inn Road Market Area Land Sales, 2017-2020

Proposed Use	Clark County		Desert Inn Road		% Diff.
	Price per SF	# of Sales	Price per SF	# of Sales	
Retail	\$21.28	649	\$32.86	3	54%
Multifamily	\$12.43	156	\$5.17	1	-58%
Average/Total	\$17.67	1,749	\$19.87	4	12%

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. 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. The vacant anchor tenant site on the north side of the Boulevard Mall is large enough to support a significant amount of density that may be able to overcome land prices and help set the market for achievable rental rates. Additionally, support for reinvestment in existing commercial uses may help to illustrate demand for new commercial development and supportability of higher rental rates.

Market Area Average Rental Rates Comparison

Use	Rent per Sq. Ft. Factor	Time-Period	Clark County		Desert Inn Road Market Area	
			New	All	New	All
Retail	per sf (NNN)	Annual	\$35.16	\$18.78	---	\$18.00
Office	per sf (Gross)	Annual	\$32.51	\$20.74	---	\$22.67
Apartment	per sf	Monthly	\$1.38	\$1.17	---	\$0.93

Source: CoStar; Economic & Planning Systems

TOD Readiness Spectrum



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 Desert Inn Road Focus Area is within the Catalyze category, as shown to the left. Focus Areas in this category are generally lacking market support for TOD and need investments to increase the TOD supportiveness. Catalytic development and/or 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 AND VALUE CAPTURE RECOMMENDATIONS

PRIORITY ACTION RECOMMENDATIONS

Priority Actions

Work with the owners of the Boulevard Mall to collectively develop ideas for redevelopment and reinvestment in the northern portion of the mall properties, specifically the re-use or redevelopment of the vacant anchor tenant space and parking field.

- Boulevard Mall is still a retail destination but is evolving in tenant mix and focus due to the loss of anchor tenants and shifts in the retail marketplace. The size of the property and mostly single ownerships means the Mall area can and should continue to be a destination for retail and entertainment, serving perhaps a more resident oriented customer base. The vacant anchor tenant space on the north side of the Boulevard Mall and/or parking field represent a significant opportunity to introduce higher density and mixed-use development into the Focus Area that can support the future transit investment. Outreach to the property owner can help identify plans for and barriers to redevelopment that the County may be able to help address.

Reach out to Sunrise Hospital to understand their future expansion plans and provide resources to support the creation of transit-oriented uses at and around the hospital.

- Sunrise Hospital has been an active property owner in the Focus Area. The hospital has made recent land purchases to support their campus including buying areas for parking and rental homes to control land and units around the hospital. There is an opportunity to work collectively to identify potential sites or opportunities for TOD on their current land holdings or other areas surrounding the hospital.

Reach out to the Las Vegas Convention and Visitors Bureau to understand the potential for development on their parking and staging lots located on the southeast corner of University Center Drive and Desert Inn Road.

- The large parking and staging lot south and east of the intersection of University Center Drive and Desert Inn Road is a large undeveloped site with proximity to both Las Vegas Boulevard and Maryland Parkway. Consolidation of parking in a structured garage or other locations could create the opportunity for TOD on this site which could be an attractive location for a variety of users.

VALUE CAPTURE RECOMMENDATIONS

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

- **Tax Increment Financing** – The establishment of a redevelopment area and the use of TIF can help support the redevelopment of the large opportunity sites within the Focus Area. The generated increment can help address feasibility gaps to TOD and higher density development and may also be used for smaller capital investments that support the transit station and area attractiveness and connectivity. A focused redevelopment area around the vacant anchor tenant spaces on the north side of the Boulevard Mall, around Sunrise Hospital, and/or on the Convention Center lots will support redevelopment costs and logistical issues with reuse of the sites.
- **Naming Rights** – The proximity of the future transit stop to Sunrise Hospital and the Las Vegas Convention Center creates the opportunity to orient the transit station towards serving these major destinations. A naming rights agreement can help fund station area improvements and enhanced urban design in the area in exchange for marketing/promotional benefits to either one of these entities or their partners.
- **Special Assessment District** – The presence of a small group of property owners that own large sites or amounts of land in the Focus Area (e.g., Sunrise Hospital, Boulevard Mall) makes the use of a special assessment district a more feasible tool to consider. The large property owners will make creating buy-in easier for a district given that majority of revenue would be derived from their sites. A special assessment district can help fund enhanced streetscape, place-making, and transit supportive investment that can help catalyze reinvestment within the area.

