

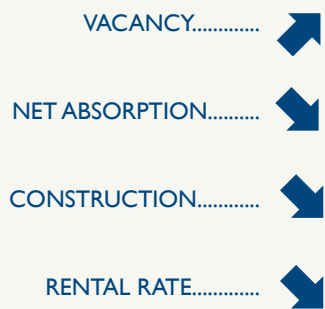
Market Research

RETAIL | SECOND QUARTER | 2009



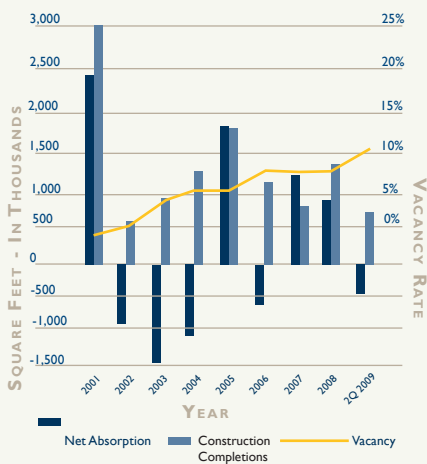
MARKET INDICATORS

TREND SINCE LAST QUARTER



UPDATE

COLUMBUS ABSORPTION, CONSTRUCTION AND VACANCY RATES



Commercial Real Estate Services
www.ctmt.com

Inventory

Colliers Turley Martin Tucker (CTMT) surveyed more than 89 million square feet of retail space, comprised of 2,880 superstores, strip centers, drug stores, restaurants, regional malls and neighborhood centers that are 5,000 square feet or larger. Inventory is spread over six submarkets: Northwest, North-Northeast, Southeast, Southwest, Downtown and Out of County. Along with the market as a whole, a big box subset of the retail market was also surveyed this quarter. This survey tracks shopping centers of 57,000 square feet or more in gross leasable area.

The largest submarket is the North-Northeast, which includes the New Albany and Westerville metropolitan areas. This submarket has 704 buildings and more than 21.5 million square feet of space. The second largest submarket is the Out-of-County submarket with 18.5 million square feet contained in 594 buildings. The next submarket is the Northwest, which consists of 519 buildings totaling 17 million square feet. The Southeast submarket, an emerging market, follows with 15.4 million square feet in 453 retail properties. The Southwest submarket has almost 9.5 million square feet in only 325 buildings. The smallest submarket, the once thriving Downtown, is comprised of 7 million square feet, located mainly on the first floor of mixed-use buildings.

New Construction

New construction in the Columbus retail market continues to be non-existent. The economic downturn settled into the retail sector during the first half of 2009. Retail vendors are continually finding it very difficult to find financing as commercial properties are still deemed much too risky for many lenders. Even larger, chain brand retailers are avoiding new construction. A new trend is developing as big box retailers look to occupy the large blocks of vacant space left by the wave of bankruptcies that swept the retail industry at the end of fourth quarter of 2008 and into the first quarter of 2009.

There is currently only 180,000 square feet of construction in the Columbus retail market, all of which is located in the Out-of-County submarket. A construction



SUNBURY MILLS PLA

The 123,000+ SF Kroger anchored center at Sunbury Mills plaza in the northeastern community of Sunbury was completed earlier this year.



KYBER RUN

Kroger is set to complete one of its newest stores on Route 62 just south of Route 37 in Johnstown. In addition to Kroger, the center will include more than 25,000 SF of adjacent retail space.

UPDATE NEW RETAIL CONSTRUCTION PROJECTS

| Building Name/Address | SF | Submarket | Delivery | Type | % Leased |
|-----------------------------------|---------------|---------------|----------|-------------|----------|
| Shoppes on Diley (7616 Diley Rd.) | 15,454 | Out of County | 3Q 09 | Strip Ctr. | 0% |
| Sawmill Pkwy & Powell | 12,570 | Out of County | 3Q 09 | Nbrhd. Ctr. | 77% |
| Kyber Run Center (US Rte 62) | 57,327 | Out of County | 3Q 09 | Strip Ctr. | 100% |
| Total | 85,351 | | | | |

COMPLETED CONSTRUCTION PROJECTS

| | | | | | |
|---|----------------|---------------|-------|-------------|------|
| Sunbury Mills Plaza Kroger (Hwy 36/37 & SR 3) | 123,490 | Out of County | 1Q 09 | Power Ctr. | 100% |
| Smith & High (1246 N. High St.) | 30,000 | Downtown | 1Q 09 | Store Front | 78% |
| Walgreens (4765-4775 W. Broad St.) | 14,820 | Northwest | 1Q 09 | Drug Store | 100% |
| Total | 168,310 | | | | |

trend that started towards the second half of 2008 has continued into the first half of 2009. Shopping centers continue to be delivered in stages. The “big box” space is mostly completed in local shopping centers, but the inline space is what is left to be developed. A prime example of this is the dynamic playing out at Polaris, as the big box stores are complete and occupied but the inline stores continue to struggle. This shows the major effect the recession has had on the smaller retail users.

Vacancy

The direct vacancy rate for the Columbus retail market has started to reflect the economic woes of the past year as both the total retail market and the bulk market experienced significant increases.

The vacancy rate for the Columbus retail market increased over two percentage points. The mid-year rate was 10.55% compared to 2008's year end rate of 8.40%. The bulk market also experienced an increase in direct vacancy as the mid-2009 rate was 11.41%, a 132 basis point increase from the end of 2008. Many retailers were hoping that sales from a strong shopping season at the end of the year would help push them through the recession. Unfortunately for most, holiday shopping was below historic averages in all sectors causing many companies to reduce space or close their doors all together. Luckily for the retailers that were able to weather the storm, they should be able to outlast the tail end of the recession. While struggles still lie ahead for the companies left, hopefully the worst has already passed them by.

UPDATE COLUMBUS RETAIL SALES DURING THE FIRST AND SECOND QUARTERS

| PROPERTY ADDRESS | SALES DATE | SALE PRICE | SIZE SQ. FT. | PRICE/SQ. FT. | BUYER |
|---------------------------------|------------|---------------------|----------------|-----------------|---------------------------|
| Walgreens (9669 Sawmill Pkwy) | 3/12/2009 | \$5,568,000 | 14,820 | \$375.71 | Liberty Crossing, LLC |
| Walgreens (5690 W Broad St) | 4/14/2009 | \$4,751,051 | 14,560 | \$326.31 | CaleWG Galloway Ohio, LLC |
| CVS (900 N Hamilton Rd) | 5/29/2009 | \$3,270,000 | 10,443 | \$313.13 | 900-906 OH, LLC |
| CVS (3110 Cleveland Ave) | 1/20/2009 | \$1,978,000 | 11,338 | \$174.46 | 3100 Columbus Ohio, LLC |
| East Main Center (6748 Main St) | 2/20/2009 | \$1,455,600 | 80,455 | \$18.09 | GBS Reynoldsburg, LLC |
| CVS (711 Park Rd) | 1/20/2009 | \$1,450,000 | 11,208 | \$129.37 | 711 Worthington OH, LLC |
| TOTAL | | \$18,472,651 | 142,824 | \$129.34 | |

UPDATE

COLUMBUS RETAIL MARKET STATISTICS

| Submarket | Existing Properties | | | | | | | Absorption | | Construction | | Rent |
|---------------|---------------------|--------------------|-----------------|----------------------------|---------------------|-----------------------|------------------------------------|-------------------------------|-------------------------|----------------------------|-------------------|-----------------------|
| | Buildings | Total Inventory SF | Total Vacant SF | Direct Vacancy Rate Last Q | Direct Vacancy Rate | Sublease Vacancy Rate | Total Vacancy Rate Current Quarter | Net Absorption Current Q - SF | Net Absorption YTD - SF | Completions Current Q - SF | Under Const. - SF | Asking NNN Rent \$/SF |
| Northwest | 519 | 17,090,511 | 1,617,668 | 9.15% | 9.09% | 0.38% | 9.47% | 8,029 | (34,610) | 0 | 49,000 | \$13.99 |
| North/NE | 704 | 21,683,232 | 1,964,162 | 8.37% | 8.73% | 0.33% | 9.06% | (56,340) | (70,265) | 0 | 82,802 | \$13.20 |
| Southeast | 453 | 15,470,610 | 1,915,829 | 11.57% | 12.28% | 0.11% | 12.38% | (60,237) | (57,654) | 0 | 9,600 | \$9.46 |
| Southwest | 325 | 9,486,043 | 1,073,299 | 10.73% | 10.59% | 0.73% | 11.31% | 19,421 | 92,176 | 14,820 | 0 | \$9.52 |
| Downtown | 285 | 7,151,089 | 1,446,431 | 16.46% | 20.23% | 0.00% | 20.23% | (271,265) | (285,408) | 0 | 16,114 | \$11.13 |
| Out of County | 594 | 18,510,891 | 1,649,936 | 7.53% | 8.84% | 0.07% | 8.91% | (243,878) | 41,210 | 15,228 | 180,817 | \$10.89 |
| Total | 2,880 | 89,392,376 | 9,667,325 | 9.79% | 10.55% | 0.26% | 10.81% | (604,360) | (314,551) | 30,048 | 338,333 | \$11.67 |

UPDATE

COLUMBUS BULK RETAIL MARKET STATISTICS

| Submarket | Existing Properties | | | | | | | Absorption | | Construction | | Rent |
|---------------|---------------------|--------------------|-----------------|----------------------------|---------------------|-----------------------|------------------------------------|-------------------------------|-------------------------|----------------------------|-------------------|-----------------------|
| | Buildings | Total Inventory SF | Total Vacant SF | Direct Vacancy Rate Last Q | Direct Vacancy Rate | Sublease Vacancy Rate | Total Vacancy Rate Current Quarter | Net Absorption Current Q - SF | Net Absorption YTD - SF | Completions Current Q - SF | Under Const. - SF | Asking NNN Rent \$/SF |
| Northwest | 53 | 10,754,721 | 1,357,332 | 11.34% | 12.54% | 0.08% | 12.62% | (128,952) | (298,467) | 0 | 0 | \$15.88 |
| North/NE | 54 | 12,819,580 | 864,646 | 6.76% | 6.61% | 0.13% | 6.74% | 19,150 | (9,986) | 0 | 0 | \$16.32 |
| Southeast | 42 | 8,061,035 | 1,004,284 | 13.68% | 12.41% | 0.05% | 12.46% | 102,742 | 6,969 | 0 | 0 | \$14.84 |
| Southwest | 26 | 5,655,321 | 627,944 | 5.24% | 4.68% | 0.00% | 4.68% | 75,600 | 110,379 | 0 | 0 | \$14.47 |
| Out of County | 38 | 7,471,109 | 1,282,286 | 17.32% | 17.16% | 0.00% | 17.16% | 11,600 | (334,676) | 0 | 180,817 | \$15.96 |
| Total | 213 | 44,761,766 | 5,136,492 | 11.59% | 11.41% | 0.07% | 11.48% | 80,140 | (525,781) | 0 | 180,817 | \$15.65 |

Absorption

After having positive absorption to close out 2008, the Columbus retail market has experienced large amounts of negative absorption for the first half of 2009. The Columbus market could not avoid the inevitable as there has been over 314,000 square feet of negative absorption in the first two quarters of 2009. The Out-of-County submarket contributed a large chunk of the negative absorption, while the Downtown region continues to search for retailers who want to bring back the urban industry.

The bulk retail market has experienced even worse results through the first two quarters. The bulk market recorded over 525,000 square feet of negative absorption in the first half of 2009. The Northwest and Out-

of-County submarkets have recorded over 630,000 square feet of negative absorption combined. The lone bright spot has been the Southwest submarket which experienced over 110,000 square feet of positive absorption helping to cancel out some of the large amounts of negative absorption in the other submarkets.

Recent Sales

During the first half of 2009, there were only six investment grade properties that traded hands. The volume of sales and the size of transactions in the market continue to be below historical averages. In total, there was only 142,800 square feet exchanged through those six properties, but the average price per square foot reflected better times.

The average price per square foot more than doubled from 2008's average of \$62.73 to 2009's mid-year average of \$129.34 per square foot. Convenience stores such as CVS and Walgreens proved to be the most desirable as five of the six transactions involved one of those two stores.

Outlook

The remainder of 2009 should reflect the trend of the first two quarters. Vacancies will continue to rise and then level off through the first half of 2010, while absorption will remain negative. Expansion should remain stagnant as companies keep looking into 2010 and 2011 for signs of economic relief. Look for the retail sector to rebound a quarter or two after the national economic turn around that could unfold in the next few quarters.