Market Overview

CENTRAL FLORIDA

RETAIL | FOURTH QUARTER | 2009

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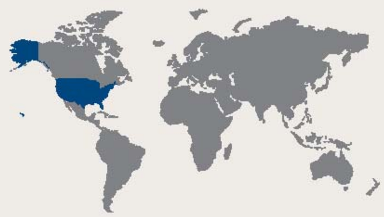
Insights on the Market

RETAIL | FOURTH QUARTER | 2009



MARKET INDICATORS

CENTRAL FLORIDA INVENTORY
73,193,652 s.f.

	Q4	Q1*
OVERALL VACANCY 9.9%	↔	↔
ABSORPTION 44,958 s.f.	↑	↑
CONSTRUCTION 170,152 s.f.	↓	↓
NEW SUPPLY 112,477 s.f.	↑	↓
AVG. DIRECT ASKING LEASE RATE, 1st GENERATION SPACE $21.21	↓	↓
AVG. DIRECT ASKING LEASE RATE, 2nd GENERATION SPACE $16.60	↑	↓

*Projected, relative to prior period
Note: Directional arrows compare current quarter to previous quarter historically adjusted figures.

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Satisfactory Finish to a Tough Year

Has the bottom of the retail market been reached? It may not be safe to say "yes" at this juncture, but the Central Florida retail market in 2009 finished off the year pointing in the right direction. Positive absorption has returned after three consecutive quarters of negative demand; retail sales are growing and rental rates are continuously becoming more affordable. Tenants that were not able to sustain operations during the downturn have exited the market by now, leaving the survivors to gain market share and increased revenues. Also, economic conditions began to show signs that the bottom of the recession is either upon us or within reach. The national GDP posted a positive 2.2 percent growth during the third quarter after four consecutive quarters of contraction, hinting to the possibility the recession may be fading. Each week, employers are cutting fewer jobs as evidenced by a drop in new jobless claim applications, as well as a slowing trend in the continual rise of the local and national unemployment rates. The residential market in Central Florida is experiencing a 7.2 month supply of inventory at the current sales pace, significantly below the 21.5 month supply experienced in January 2009. The bottom of the market downturn has yet to be defined, but the retail market in Central Florida is hinting at signs of leveling out.

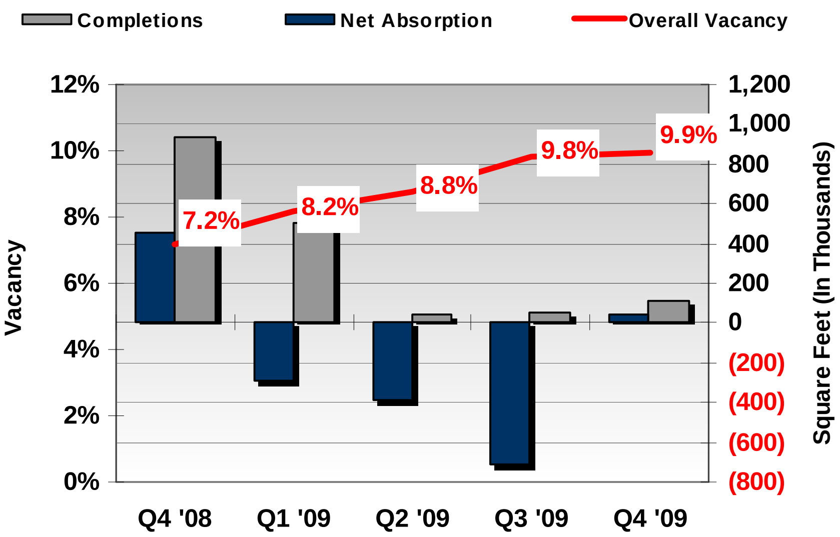
The 2009 holiday season generated higher retail sales than originally predicted. Same-store sales for the month of December increased by 2.8 percent when compared to the sales in December 2008, according to ICSC's index. Discount retailers led the way, with the majority experiencing double-digit gains. TJ Maxx posted the largest year-over-year increase at 20.9 percent. Most retailers managed inventories better this holiday season than ever before, boosting sales margins and providing year-over-year growth. Looking ahead into 2010, ICSC is anticipating retail sales will increase by 3 to 3.5 percent, which would yield the strongest performance since 2006.

The retail real estate market in Central Florida is experiencing a 9.9 percent vacancy rate, nearly unchanged from the previous quarter posting of 9.8 percent. The 0.1 percent adjustment is well accepted, given the market has experienced an average increase of 0.5 percent each quarter during the three years prior. As vacancy rates begin to stabilize, rental rates continue to decrease as landlords adjust to attract new tenants, as well as maintain existing tenants. The market has experienced a 12 percent drop in asking rental rates from its all time high of $20.35 in the first quarter of 2008, bringing the year-end average to $17.86 per square foot triple net. Looking ahead into 2010, the Central Florida area will begin to rebound with a focus on the tourism industry to foster the growth. Orlando was recently voted as the #1 place for leisure travel in 2010 by Travel Leaders' Travel Trends Survey. The hotel industry, which is currently experiencing a 53% occupancy rate, hopes the result of the survey reins true.

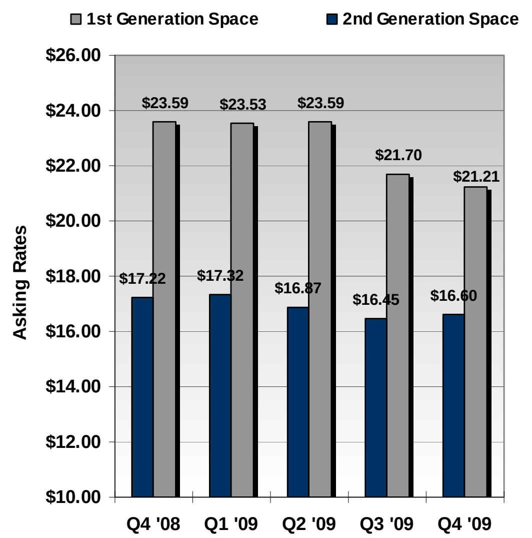
Trends

- Positive absorption has returned to the market, after three consecutive quarters of contraction.
- Retail sales during the holiday season increased by 2.8 percent and are forecasted to grow by 3 to 3.5 percent in the coming year.
- Construction activity and rental rates continue to decline and are expected to do so for the foreseeable future.

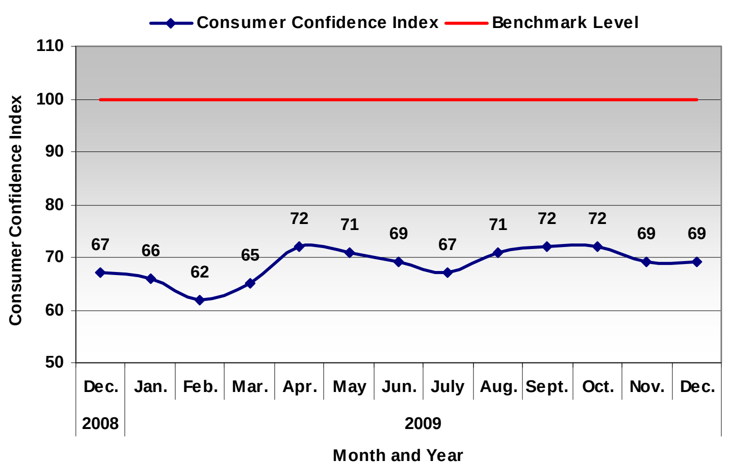
OVERALL RETAIL MARKET STATISTICS



AVERAGE ASKING LEASE RATES (NNN)

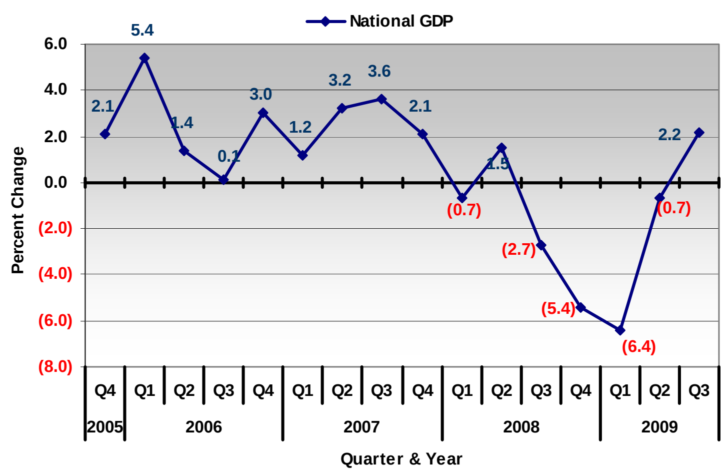


FLORIDA CONSUMER CONFIDENCE INDEX



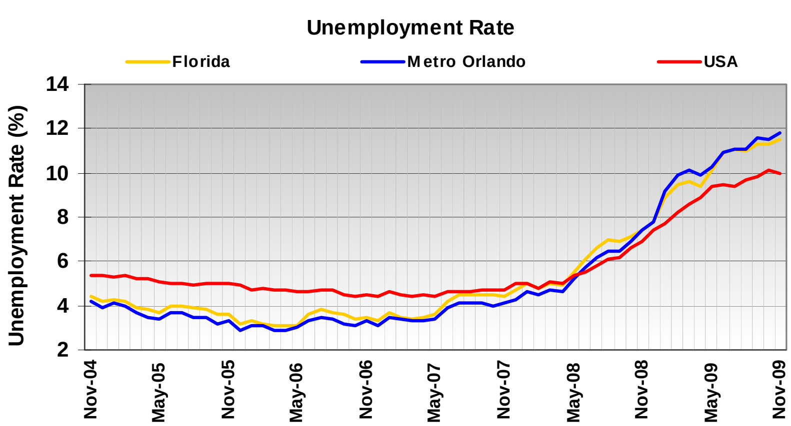
Source: Bureau of Economic and Business Research

NATIONAL GDP



Source: Bureau of Economic Analysis – U.S. Department of Commerce

UNEMPLOYMENT SNAPSHOT

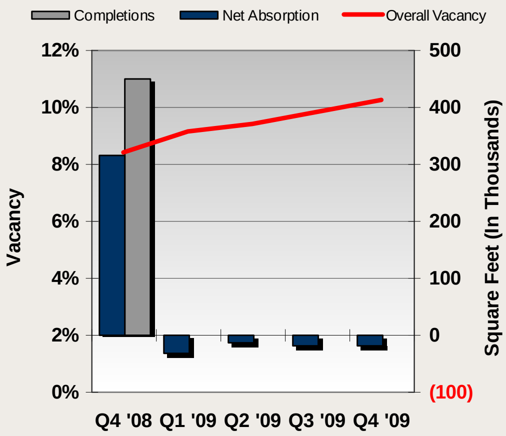


Source: Florida Research and Economic Database

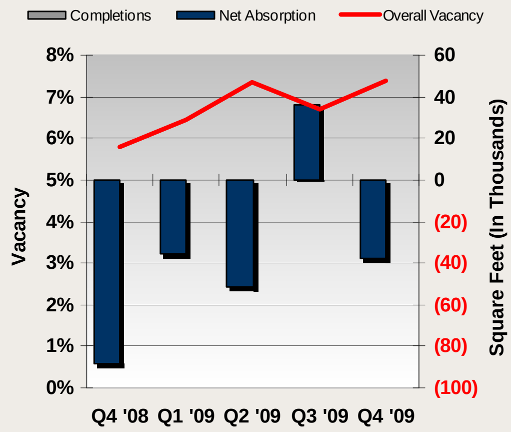
The unemployment rate for the Orlando-Kissimmee MSA was 11.8% for November 2009. This compares to the year ago rate of 7.4% for November 2008. The State of Florida rate was 11.5% for November 2009 which compares to 7.4% for November 2008. Both the local and state rates are higher than the national rate which now stands at 10.0%, down 0.1% from the previous month. The national rate in November 2008 was 6.9%. The detailed snapshot for the Central Florida area shows a net loss of 62,021 jobs from November 2008 to November 2009. All reported rates are non-seasonally adjusted.

SUBMARKET TRENDS

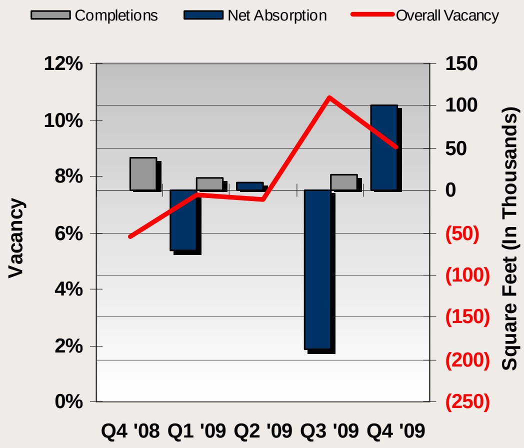
DOWNTOWN



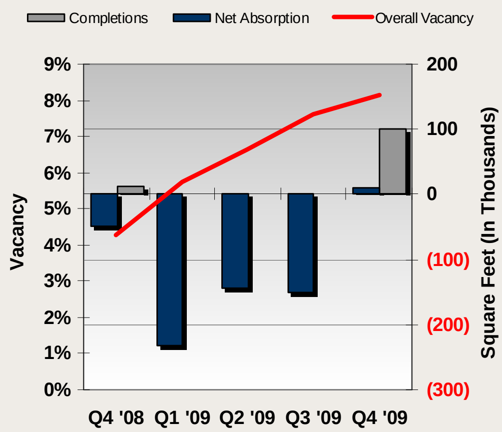
ALTAMONTE / LONGWOOD



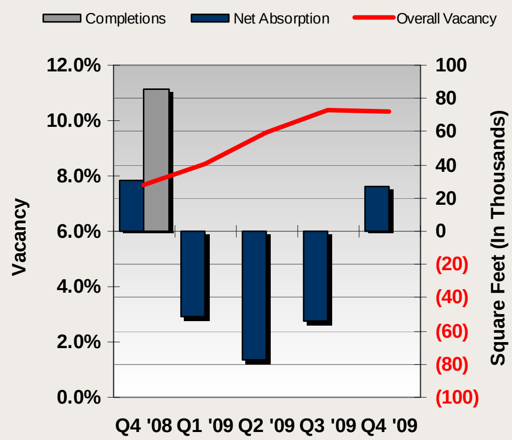
SANFORD / LAKE MARY



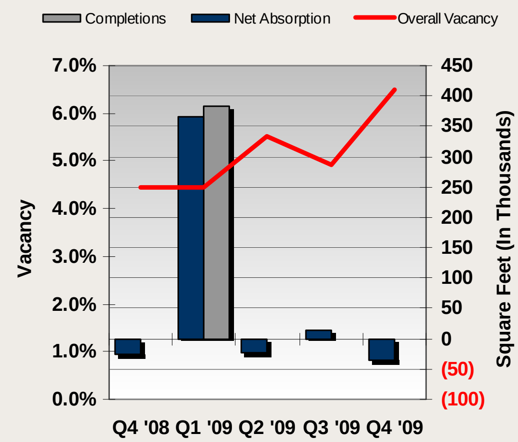
SAND LAKE / TOURIST



EAST ORLANDO



CLERMONT / LAKE COUNTY



SUBMARKET OVERVIEW

During the fourth quarter, five submarkets experienced positive absorption, while seven continued to experience declining demand. The Sanford / Lake Mary submarket experienced the largest amount of positive absorption at 100,126 square feet. The Lake Nona / Southeast Orange submarket followed registering a positive 83,046 square feet.

Construction activity remains weak in nearly all submarkets. The Oviedo / Winter Springs submarket currently has the highest amount of construction activity at 66,831 square feet. The neighborhood center is located at the northwest corner of State Road 417 and Aloma Ave (SR-426) and will be anchored by Publix Supermarket at completion.

Millenia Crossings, a 100,000 square foot strip center located within the Sand Lake / Tourist Corridor submarket, completed construction during the fourth quarter. At the time of completion the center was 60 percent occupied and featured national tenants like Mattress Giant, Nordstrom Rack and Party City. The other completion during the fourth quarter was a strip center located in the West Orange submarket, consisting of 12,477 square feet.

In the coming year, Hobby Lobby will be opening its first location in Central Florida, back filling the former 53,065 square foot Circuit City within the Colonial Plaza shopping center. Laredo Cantina, J. Alexander's and Ocean Prime all opened their first locations in Central Florida along the restaurant strip of Sand Lake Road.

CENTRAL FLORIDA MARKET STATISTICS

Sbmrkt	Bldgs.	Total Inventory S.F.	Direct Vac. %	Total Vac. %	Net Absorp. Current Qtr. S.F.	Net Absorp. YTD S.F.	New Completions S.F.	Under Construc. S.F.	Avg. Direct Asking Rate NNN
HIGHLIGHTED CENTRAL FLORIDA SUBMARKETS									
Downtown									
Q4 '09	54	4,359,328	10.24%	10.24%	(18,101)	(78,909)	0	0	$21.55
Kissimmee / St. Cloud									
Q4 '09	146	7,984,058	11.03%	11.22%	34,710	(197,904)	0	14,400	$18.20
Altamonte / Longwood									
Q4 '09	85	5,526,623	6.92%	7.39%	(38,007)	(89,295)	0	0	$17.40
Lake Nona / Southeast Orange									
Q4 '09	84	4,442,253	13.03%	13.10%	83,046	(110,691)	0	0	$16.16
East Orange									
Q4 '09	112	6,724,232	10.14%	10.33%	26,983	(156,389)	0	52,703	$20.55
Northwest Orange									
Q4 '09	123	8,920,194	12.20%	12.20%	(25,572)	(26,543)	0	0	$13.70
Sanford / Lake Mary									
Q4 '09	90	5,679,224	9.02%	9.02%	100,126	(148,615)	0	36,218	$17.47
Oviedo / Winter Springs									
Q4 '09	106	6,289,727	12.02%	12.10%	(1,972)	(177,270)	0	66,831	$16.98
Sand Lake / Tourist									
Q4 '09	161	15,764,435	7.38%	8.15%	10,274	(515,176)	100,000	0	$19.56
West Orange									
Q4 '09	45	2,432,442	9.52%	9.52%	(58,909)	(39,719)	12,477	0	$19.67
Clermont / Lake County									
Q4 '09	37	2,238,649	6.49%	6.49%	(35,029)	319,672	0	0	$18.43
Winter Park / Maitland									
Q4 '09	27	1,718,970	5.09%	5.09%	(13,312)	(19,727)	0	0	$18.50

Qtr. & Year	Bldgs.	Total Inventory S.F.	Direct Vac. %	Total Vac. %	Net Absorp. Current Qtr. S.F.	Net Absorp. YTD S.F.	New Completions S.F.	Under Construc. S.F.	Avg. Direct Asking Rate NNN
CENTRAL FLORIDA OVERALL MARKET									
2009 4Q	1,087	73,193,652	9.7%	9.9%	44,958	(1,349,376)	112,477	170,152	$17.86
2009 3Q	1,084	73,055,193	9.6%	9.8%	(716,570)	(1,394,334)	56,380	282,629	$17.91
2009 2Q	1,081	72,998,813	8.4%	8.8%	(388,481)	(677,764)	46,154	272,178	$18.38
2009 1Q	1,079	72,952,659	7.9%	8.2%	(289,283)	(289,283)	506,802	303,932	$18.89
2008 4Q	1,071	72,445,857	6.8%	7.2%	453,957	1,296,039	933,890	671,456	$18.87
2008 3Q	1,057	71,494,867	6.4%	6.6%	131,323	842,082	279,200	1,490,164	$19.14
2008 2Q	1,045	71,096,211	6.0%	6.2%	336,285	710,759	684,591	1,563,522	$19.70
2008 1Q	1,029	70,221,621	5.4%	5.5%	374,474	374,474	970,868	2,192,531	$20.35
2007 4Q	1,011	69,511,099	4.9%	5.1%	1,067,798	2,560,676	1,136,451	2,381,420	$19.74

CENTRAL FLORIDA HIGHLIGHTED SUBMARKETS

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This Colliers Arnold market report includes retail space 10,000+ s.f. located within shopping centers in Orange, Lake, Osceola and Seminole Counties. Rates quoted are triple net asking rates. First Generation space is defined as space built after 2006. Second Generation space is space built prior to 2006. Directional arrows com-pare current quarter numbers to previous quarter numbers. Arrows show change when there is a 10 cent or more change in lease rate or 0.5% or more change in vacancy rate. Due to continual updates and refinements in the historical database, some of the data in this report may not match data published in previous reports. Sources: CoStar Property and Colliers Arnold. Colliers Arnold is a member firm of Colliers International - a worldwide affiliation of independently owned and operated companies with over 293 offices throughout more than 61 countries. Questions should be directed to Colliers Arnold Research at: drice@colliersarnold.com or by phone at 407.843.1723. Report written by Daniel Rice, GIS/Research Coordinator. Information contained herein has been obtained from sources deemed reliable but not guaranteed. No representation is made as to the accuracy thereof. Data as of 01/07/2010.

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