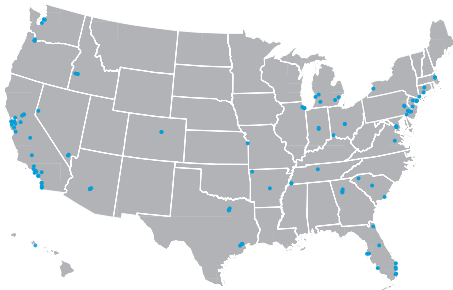


# CENTRAL FLORIDA RETAIL RESEARCH REPORT



## Slow Growth Occurring; Little Change

### EXECUTIVE SUMMARY

Retail activity throughout the Central Florida retail market remained fairly robust during the second quarter. Tenant activity was prevalent as many retailers continued to post positive store earnings as a result of increasing consumer expenditures. Nearly all retail categories are beginning to focus on expansion and/or relocation once again, with discount retailers and quick service restaurants the primary activity generators. Across the nation, unemployment continued on a general downward trend, despite recent upticks experienced in the past two months. Gross domestic product (GDP) remained positive for the eighth consecutive quarter showing signs of a sustained recovery. Investment activity remained slow during the quarter; however, activity among quality triple net assets remained strong as investor appetite favored these secure assets.

### HIGHLIGHTED TRENDS

- Store closings continued to decrease, with approximately 500 retailers closing in Q2 compared to 1,600 one year ago.
- Big Box retailers, typically known for their large footprint, have been testing smaller, more efficient store fronts to meet consumer demands.
- Traffic in and out of Orlando International Airport increased by 4.3 percent in May, with over 3 million passengers arriving and departing from the airport.
- ICSC Shopping Center Executive Opinion Survey revealed continued improvement in business conditions for the 9th straight month in July.

### MARKET INDICATORS

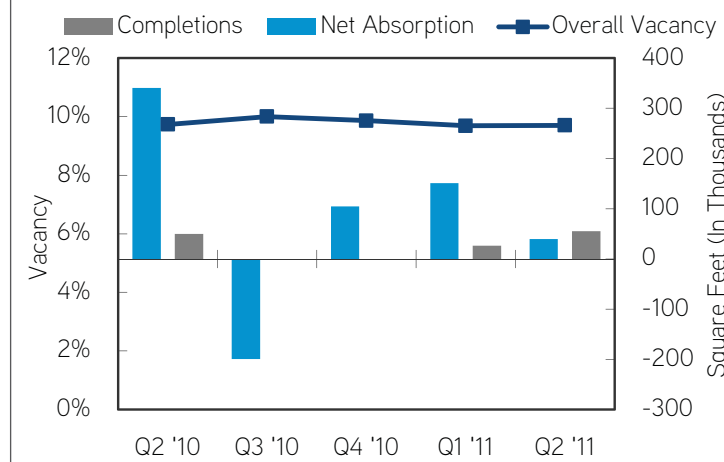
	Q2 2011	Q3 2011*
VACANCY	↔	↓
NET ABSORPTION	↓	↑
CONSTRUCTION	↓	↔
FIRST GENERATION RENTAL RATE	↓	↓
2ND GENERATION RENTAL RATE	↓	↓

\*Relative to prior period. Note: Arrows compare current quarter to the previous quarter historically adjusted figures. All data in this report include buildings 10,000 square feet and greater.

### OVERALL RETAIL MARKET SUMMARY STATISTICS, Q2 2011

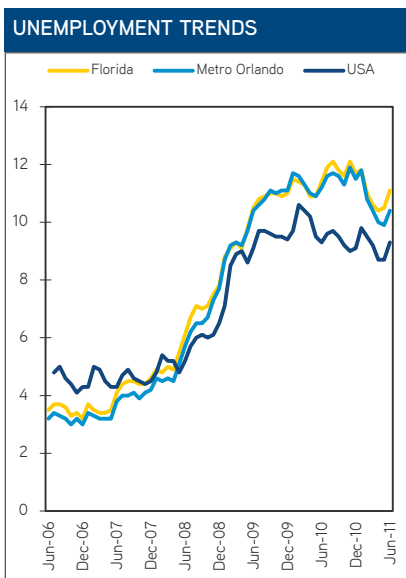
CURRENT VACANCY RATE:	9.7%
PREV. QTR. VACANCY RATE:	9.7%
YEAR AGO VACANCY RATE:	9.7%
NET ABSORPTION:	190,502 sf
UNDER CONSTRUCTION:	52,703 sf
CURRENT AVG. ASKING RATE:	\$16.69/NNN
PREV. QTR. AVG. ASKING RATE:	\$16.93/NNN
YEAR AGO AVG. ASKING RATE:	\$17.32/NNN

### COMPLETIONS, ABSORPTION AND VACANCY RATES



### FLAT CONDITIONS

Overall vacancy was unchanged during the quarter, remaining at 9.7 percent. The current average mirrors this time period one year ago.



The Metro Orlando MSA is currently experiencing a 10.4 percent unemployment rate for the month of June 2011, up from 9.9 percent in May 2011. The state of Florida is currently experiencing an 11.1 percent unemployment rate, up from 10.5 percent in the previous month. These rates can be compared to the national rate of 9.3 percent in the month of June 2011, up more than a half percent from 8.7 percent observed in May 2011.

Source: Florida Research & Economic Database

### VACANCY & ABSORPTION

Vacancy rates remained unchanged during the second quarter of 2011 averaging 9.7 percent. Vacancy levels registered approximately 0.4 percent below the market high of 10.1 percent experienced during the first quarter of 2010. Throughout that same time period, only one of six quarters experienced an increase in average vacancy rate.

As a result of steady tenant activity, net absorption remained positive during the second quarter. A net total of positive 39,437 square feet of space was absorbed during the quarter, bringing the year-to-date net absorption to a positive 190,502 square feet. Approximately 140 lease transactions occurred during the second quarter, representing a two percent increase from the previous quarter.

### TENANT ACTIVITY

Tenant activity continued to expand over the past two quarters. Dollar stores and discount retailers, such as Dollar Tree, Ross Dress for Less and Walmart continued to search for new sites, with a particular interest in infill development. Fitness centers, as well, have been rumored to be actively touring sites throughout the market along with various sporting good stores. Dick's Sporting Goods recently opened near the Mall at Millenia, backfilling the former Home Depot Expo Center along with a Toys R Us/Babies R Us superstore. Academy Sports, represented by

Colliers International, is also actively looking for sites in Central Florida. Restaurants, particularly the quick service segment, are leading the charge. Some notable expanding restaurants are Tijuana Flats, Five Guys, Anthony's Coal Fired Pizza, Panda Express, Chipotle, Chick-fil-A, Which Which and Jimmy John's. Wawa is another quickly expanding retail tenant that has numerous sites on the radar and is expecting to make a big push in 2012, along with 7-11's continued expansion.

### INVESTMENT

Blackstone Retail Property Group recently acquired Centro Properties Group, including a portfolio of 585 neighborhood and community shopping centers throughout the country for an estimated sale price of \$9 billion. Four properties in Central Florida were included in the acquisition. New Tower Trust also purchased a portfolio of shopping centers from BVT Equity Holdings, for an estimated sale price of \$130 million. The all-cash transaction included twelve properties throughout the southeast and one 63,000 square foot center, Champions Gate Village, in the Central Florida market.

Anchored retail centers and core assets with quality tenants in prime location are selling at low cap rates, in some cases between 6.5 and 7.5 percent. Everything else is being sold on a per square foot basis with the majority ranging in the \$50 to \$80 per square foot range.

## MARKET TRANSACTION UPDATE

### SALES ACTIVITY

PROPERTY ADDRESS	PROPERTY TYPE	BUYER NAME	SIZE (SF)	SALES PRICE	SUBMARKET
Wekiva Plaza & Shoppes at Wekiva	Neighborhood	Publix Super Markets	81,000	\$9,000,000 (\$111.11/SF)	Northwest Orlando
8123 W Irlo Bronson Memorial Hwy.	Restaurant	Intram Investments, Inc.	10,963	\$5,175,000 (\$472.04/SF)	Kissimmee/St. Cloud
5605 S Kirkman Rd.	Freestanding	TCM of Kirkman, LLC	7,076	\$2,850,000 (\$402.77/SF)	Tourist Corridor
Tire Kingdom - 7138 Narcoossee Rd.	Freestanding	OR King LLC	6,922	\$2,685,000 (\$387.89/SF)	Lake Nona/SE Orlando
Shoppes of Kissimmee	Neighborhood	H.L. Libby Corporation	74,230	\$2,200,000 (\$29.64/SF)	Kissimmee/St. Cloud

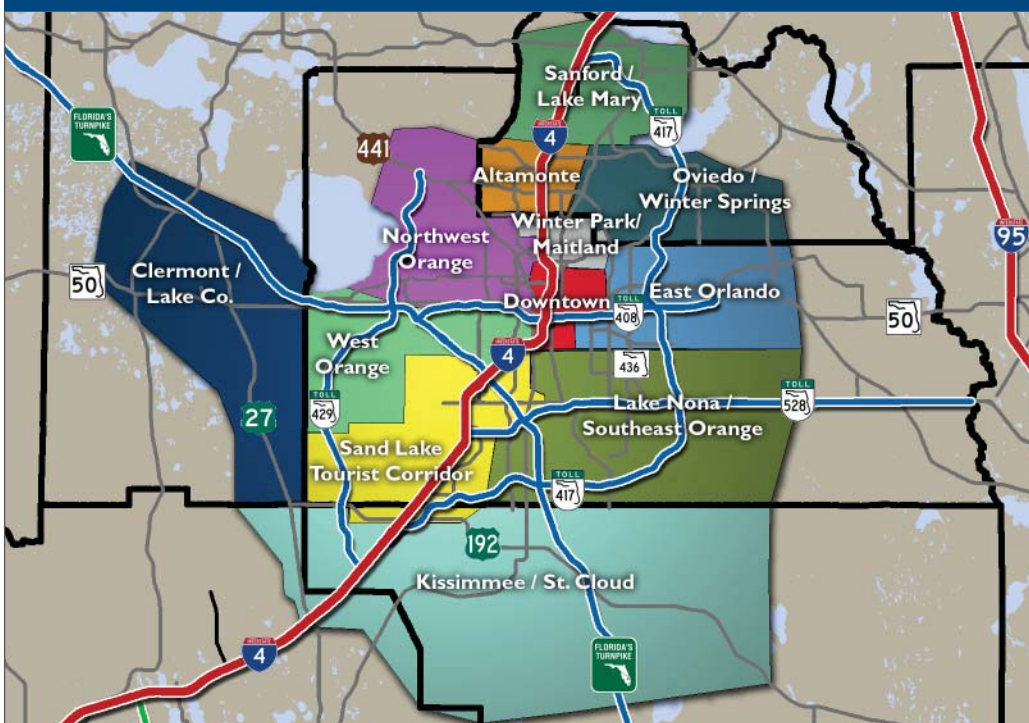
### LEASING ACTIVITY

PROPERTY ADDRESS	SPACE TYPE	TENANT NAME	SIZE (SF)	LEASE TYPE	SUBMARKET
Seminole Centre - 3655 S Orlando Dr.	Freestanding	Aldi	24,654	New/Direct	Sanford/Lake Mary
Prairie Lake Plaza - 1140 E Altamonte	Inline	GFS Marketplace	17,000	New/Direct	Altamonte/Casselberry
Sun Plaza - 6389 W Colonial Dr.	Inline	Paradise	15,000	New/Direct	West Orange
Kohl's Wekiva - 945 W SR 436	Inline	Dollar Tree	14,525	New/Direct	Altamonte/Casselberry
12501 S Apopka Vineland Rd.	Inline	The Knife Restaurant	6,887	New/Direct	Tourist Corridor

UPDATE SUBMARKET COMPARISONS									
SUBMARKET BREAKDOWN									
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
Downtown									
Q2 '11	62	5,013,062	9.77%	9.91%	-557	-28,645	0	0	\$19.73/nnn
Kissimmee / St. Cloud									
Q2 '11	156	8,266,093	9.72%	9.82%	18,423	10,921	14,400	0	\$16.03/nnn
Altamonte / Longwood									
Q2 '11	88	5,622,636	6.73%	7.39%	-17,029	-23,023	0	0	\$14.83/nnn
Lake Nona / Southeast Orange									
Q2 '11	91	4,524,099	12.82%	12.82%	6,812	13,592	0	0	\$14.29/nnn
East Orange									
Q2 '11	120	6,815,255	8.34%	8.43%	21,916	36,987	0	52,703	\$17.93/nnn
Northwest Orange									
Q2 '11	126	8,662,439	14.09%	14.09%	32,927	59,213	0	0	\$13.38/nnn
Sanford / Lake Mary									
Q2 '11	88	5,589,259	7.86%	7.86%	-5,959	-12,112	0	0	\$17.71/nnn
Oviedo / Winter Springs									
Q2 '11	114	6,557,267	12.23%	12.23%	13,923	4,684	0	0	\$15.52/nnn
Sand Lake / Tourist									
Q2 '11	170	14,920,247	7.70%	7.84%	-18,432	70,114	0	0	\$19.48/nnn
West Orange									
Q2 '11	48	2,552,197	7.42%	7.42%	32,680	66,963	0	0	\$16.54/nnn
Clermont / Lake County									
Q2 '11	41	2,153,052	6.79%	6.79%	37,971	40,401	41,051	0	\$18.92/nnn
Winter Park / Maitland									
Q2 '11	35	1,617,315	3.61%	3.61%	8,203	22,137	0	0	\$21.17/nnn

CENTRAL FLORIDA OVERALL MARKET									
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
2011 2Q	1,158	73,647,971	9.6%	9.7%	39,437	190,502	55,451	52,703	\$16.69/nnn
2011 1Q	1,156	73,592,520	9.6%	9.7%	151,065	151,065	26,094	108,154	\$16.93/nnn
2010 4Q	1,155	73,566,426	9.7%	9.9%	104,269	160,504	0	81,545	\$16.88/nnn
2010 3Q	1,155	73,566,426	9.8%	10.0%	-199,274	56,235	0	26,094	\$17.12/nnn
2010 2Q	1,155	73,566,426	9.5%	9.7%	340,366	255,509	50,000	0	\$17.32/nnn
2010 1Q	1,154	73,516,426	9.9%	10.1%	-84,857	-84,857	18,561	50,000	\$18.11/nnn
2009 4Q	1,153	73,497,865	9.7%	10.0%	179,558	-664,645	112,477	18,561	\$18.18/nnn
2009 3Q	1,150	73,371,096	9.9%	10.1%	-691,476	-844,203	108,846	145,330	\$18.23/nnn
2009 2Q	1,145	73,262,250	8.8%	9.0%	-170,114	-152,727	246,154	235,615	\$18.45/nnn

SUBMARKET MAP



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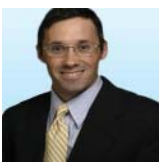
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- Over 12,500 professionals

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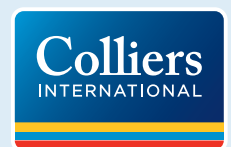
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This report includes owner and non-owner occupied space 10,000 square feet and greater. Directional arrows compare current quarter to previous quarter numbers. Due to continual updates and refinements in the historical database, some of the data in this report may not match data published in previous quarters. Sources: Costar Property and Colliers International Central Florida.



Central Florida

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