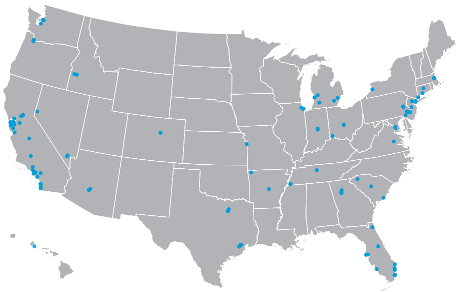
CENTRAL FLORIDA

RESEARCH REPORT

Colliers INTERNATIONAL
Central Florida



Tenant Demand on the Increase

EXECUTIVE SUMMARY

As the overall economy continues to grow, the Central Florida retail market is following a simlar trend for the second quarter of 2010. Net absorption registered the highest recording since the fourth quarter of 2007 following sluggish first quarter statistics. A number of leading economic indicators are finally beginning to show signs of a recovery taking place. National GDP registered another positive performance of 2.7 percent growth in the first quarter representing three consecutive quarter of growth after four quarters of contraction. Employment growth has increased consistently for three straight months and retail sales (excluding gasoline and motor vehicle sales) have been on an upward slope since late last year.

HIGHLIGHTED TRENDS

- The majority of the retailers expanding were were discount retailers, grocery and/or restaurant categories.
- With consumers focusing on humble spending habits, many retailers, such as Target and Walgreens, have increased grocery offerings that emphasis value and cost savings.
- New tenants, like WaWa, are beginning to tour the market for future locations.
- Construction activity remains bleak as developers find it hard to forecast pro-formas to warrant new development. Only neighborhood grocery anchored centers are building.
- The consumer confidence index declined during June 2010 to 52.9, however, this is significantly higher than the index low of 25 in February of 2009.

MARKET INDICATORS

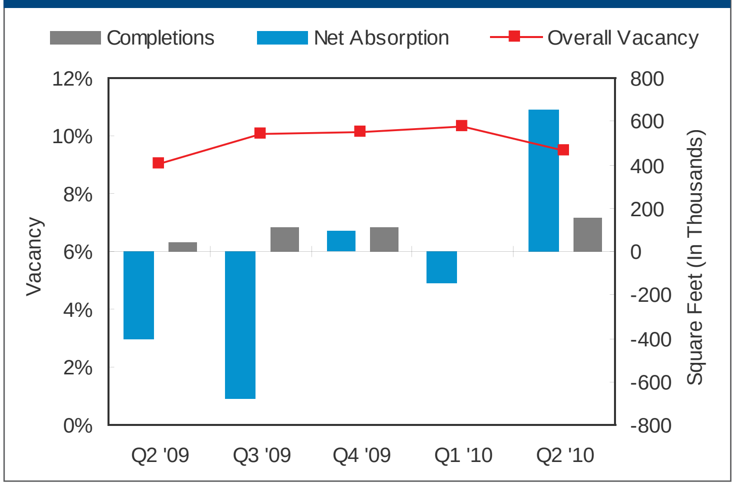
	Q2	Q3*
VACANCY	↓	↓
NET ABSORPTION	↑	↔
CONSTRUCTION	↓	↓
FIRST GENERATION RENTAL RATE	↓	↓
SECOND GENERATION RENTAL RATE	↓	↓

*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 2010

CURRENT VACANCY RATE:	9.5%
PREV. QTR. VACANCY RATE:	10.3%
YEAR AGO VACANCY RATE:	9.1%
NET ABSORPTION:	652,552
UNDER CONSTRUCTION:	196,591
CURRENT AVG. ASKING RATE:	$17.41/NNN
PREV. QTR. AVG. ASKING RATE:	$17.73/NNN
YEAR AGO AVG. ASKING RATE:	$18.29/NNN

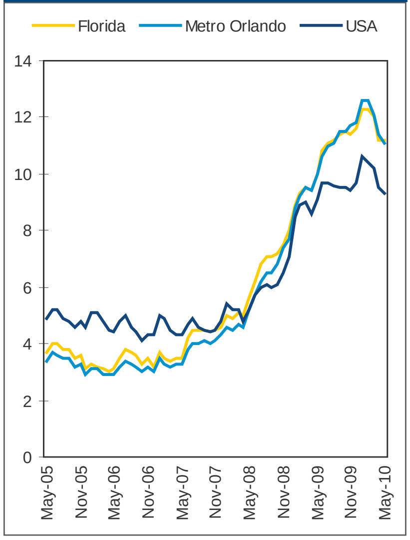
COMPLETIONS, ABSORPTION AND VACANCY RATES



STRONG ABSORPTION

Net absorption increased dramatically over the past quarter resulting in a significant decline over on the overall average lease rate.

UNEMPLOYMENT TRENDS



The Metro Orlando MSA is currently experiencing an 11.1 percent unemployment rate for the month of May 2010, down from 11.4 percent in April 2010. Over the past four months, the unemployment rate has fallen 1.5 percent from the peak of 12.6 experienced in January 2010. Much of the employment gains can be attributed to governmental hiring for the 2010 Census; adding caution that this decline in the unemployment rate may be temporary.

VACANCY

The overall average vacancy rate for the Central Florida retail market is currently 9.5 percent, down from 10.3 percent in the previous quarter. The significant decline can be attributed to a large amount of positive absorption of 652,552 square feet. During the quarter, 10 of the 12 submarkets posted positive absorption representing a significant change from previous quarters. The Clermont/Lake County submarket currently holds the lowest vacancy of all submarkets at 5.0 percent. The Winter Park/Maitland submarket is right behind with an average of 5.3 percent. The Northwest Orange submarket currently has the highest vacancy rate at 14.9 percent, which is down from 15.7 percent in the previous quarter.

CONSTRUCTION & DELIVERIES

The Central Florida retail market added three additional properties to the market with a combined square footage of 152,695. This was an increased from the first quarter where no deliveries were recorded. The most prominent delivery was the Publix anchored shopping center (Shoppes at Aloma Walk) located in the Oviedo/Winter Springs submarket that included 88,295 square feet. Construction was also completed on the 50,000 square foot Staples retail store located on Narcoossee Road in the Lake Nona/ Southeast submarket. Three retail projects remain under construction in the overall market for a total of 196,591 square feet.

INVESTMENT

Restaurants and triple net (NNN) investments are generating the majority of the investment activity during the second quarter. Investors in the current market continue to look for value add or safe investments. Cap rates are being recorded around 7.25 to 8.5 percent for NNN properties, while long-term, investment grade properties are experiencing low to mid 7 percent rates. In some cases, assets with short term leases and non-credit tenants are still experiencing cap rates in the 11 to 14 percent range. Financing is still available, although lender underwriting standards have tightened significantly. All-cash buyers are the main players and provide the greatest opportunity for quick transactions.

SUMMARY

Overall, leasing and sales activity has increased during the second quarter. Investment sales, particularly restaurants and triple net properties are generating a higher level of interest from buyers. It is forecasted that rental rates will likely continue to marginally decline for the remainder of the year. Landlords will continue to focus on increasing occupancy levels through discounted lease rates and concessions. There is a hightened sense of optimism from retailers and brokers in the market with signs that stabilization in vacancy and tenant demand will continue to occur throughout 2010.

TRANSACTION UPDATE

SALES ACTIVITY

PROPERTY ADDRESS	PROPERTY TYPE	BUYER NAME	SIZE (SF)	SALES PRICE	SUBMARKET
Thirsty Whale Sports Bar - MetroWest	Restaurant	QMDC Group LLC	5,136	$840,000 ($163.55/SF)	West Orange
801 N John Young Pkwy	Restaurant	Mathura Properties 7 LLC	20,780	$750,000 ($36.09/SF)	West Orange
100 Dog Track Road	Gas-Station	Narayan N Inc.	3,068	$1,100,000 ($358.54/SF)	Altamonte/Wekiva
8986 International Drive	Restaurant	National Retail Properties, Inc.	17,987	$8,100,000 ($450.33/SF)	Tourist Corridor
129 W Church Street	Restaurant	129 W. Church Street LLC	11,296	$2,200,000 ($194.76/SF)	Downtown Orlando

LEASING ACTIVITY

PROPERTY ADDRESS	SPACE TYPE	TENANT NAME	SIZE (SF)	LEASE TYPE	SUBMARKET
The Oaks of Lake Mary	Inline	Planet Fitness	20,864	New/Direct	Lake Mary/Sanford
Orlando Fashion Square	Inline	Sunshine Fitness Centers	18,000	New/Direct	Downtown
Belle Isle Commons	Inline	Fellowship of Orlando	13,557	New/Direct	Southeast Orlando
West Colonial Oaks	Inline	Family Dollar	10,500	New/Direct	West Orange
Casselberry Square Shopping Center	Inline	Bedroom Superstore	8,080	New/Direct	Casselberry/Winter Springs

UPDATE SUBMARKET COMPARISONS

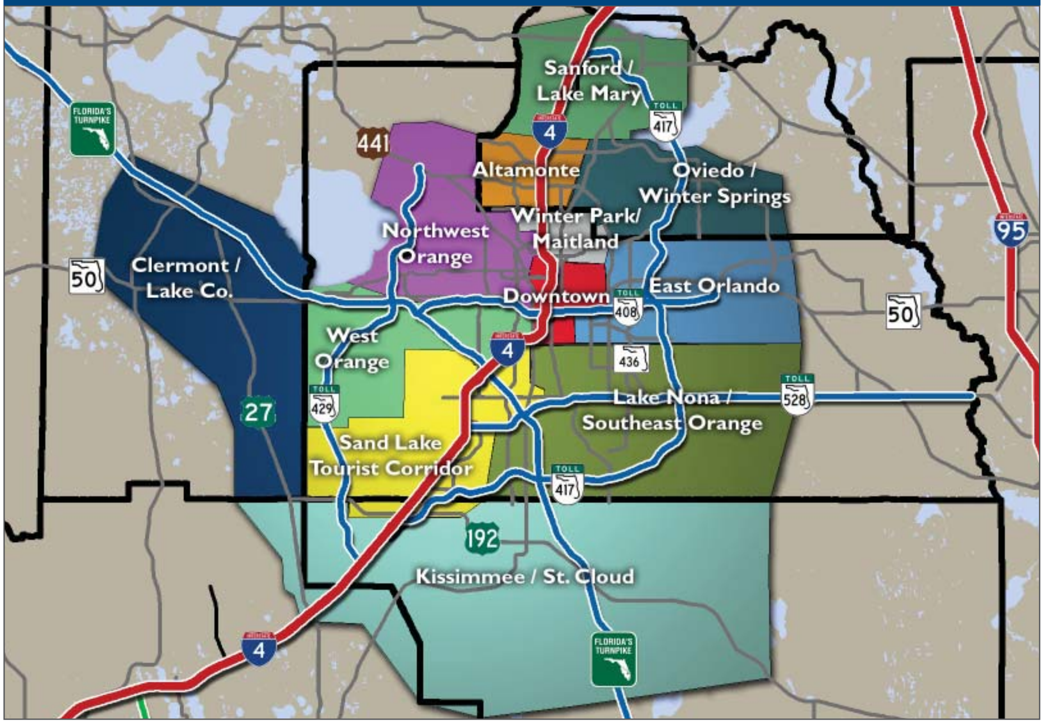
SUBMARKET BREAKDOWN

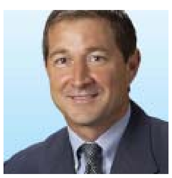
Sbmrkt	Bldgs.	Total Inventory S.F.	Direct Vac. %	Total Vac. %	Net Absorp. Current Qtr. S.F.	Net Absorp. YTD S.F.	New Completions S.F.	Under Construc. S.F.	Avg. Direct Asking Rate NNN
Downtown									
Q2 '10	61	4,680,815	7.3%	7.4%	34,704	108,443	0	0	$22.30
Kissimmee / St. Cloud									
Q2 '10	156	8,229,903	9.7%	9.8%	97,924	88,541	14,400	0	$18.46
Altamonte / Longwood									
Q2 '10	89	5,642,178	6.2%	6.2%	33,749	80,273	0	0	$16.39
Lake Nona / Southeast Orange									
Q2 '10	86	4,410,582	13.2%	13.2%	35,055	50,033	50,000	0	$14.74
East Orlando									
Q2 '10	117	7,810,700	7.6%	7.7%	256,904	233,336	0	0	$18.88
Northwest Orange									
Q2 '10	121	8,756,097	14.9%	14.9%	64,852	-17,634	0	0	$13.67
Sanford / Lake Mary									
Q2 '10	90	5,699,290	8.7%	8.7%	43,007	7,658	0	36,218	$15.53
Oviedo / Winter Springs									
Q2 '10	107	6,356,655	12.9%	13.0%	-3,261	-73,273	88,295	0	$17.66
Sand Lake / Tourist									
Q2 '10	166	15,830,411	6.8%	7.6%	66,962	59,882	0	0	$19.44
West Orange									
Q2 '10	48	2,552,286	10.6%	10.6%	32,235	-22,999	0	160,373	$17.19
Clermont / Lake County									
Q2 '10	39	2,632,448	5.1%	5.1%	-26,148	-18,108	0	0	$18.21
Winter Park / Maitland									
Q2 '10	27	1,704,268	5.3%	5.3%	18,189	-1,417	0	0	$20.46

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
2010 2Q	1,125	75,433,163	9.3%	9.5%	652,552	502,195	152,695	196,591	$17.41
2010 1Q	1,123	75,368,763	10.1%	10.3%	-150,357	-150,357	0	313,068	$17.73
2009 4Q	1,123	75,368,763	9.9%	10.1%	94,542	-1,261,521	112,477	152,695	$17.78
2009 3Q	1,121	75,256,286	9.9%	10.1%	-680,535	-1,356,063	108,846	215,172	$17.83
2009 2Q	1,116	75,147,440	8.8%	9.1%	-402,532	-675,528	46,154	235,723	$18.29
2009 1Q	1,114	75,101,286	8.3%	8.5%	-272,996	-272,996	518,002	267,477	$18.80
2008 4Q	1,105	74,583,284	7.2%	7.5%	530,709	1,077,602	963,155	682,656	$18.88
2008 3Q	1,089	73,585,229	6.8%	6.9%	69,509	546,893	279,200	1,548,429	$19.15
2008 2Q	1,077	73,204,373	6.4%	6.5%	316,256	477,384	684,591	1,592,787	$19.70

SUBMARKET MAP





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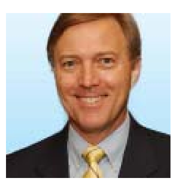

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This report includes owner and non-owner occuped space 10,000 square feet and greater. Directional arrows compare current quarter to previous quarter numbers. Arrows show change when there is a 10 cent or more change in lease rate or 0.5 percent or 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 quarters. Sources: Costar Property and Colliers International Central Florida.

480 offices in 61 countries on 6 continents

United States: 135
Canada: 39
Latin America: 17
Asia Pacific: 194
EMEA: 95

- $1.9 billion in annual revenue
- 2.4 billion square feet under management
- Over 15,000 professionals

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