



GREATER COLUMBUS REGION RETAIL TRENDS REPORT



Retail Market Moving Forward

COLUMBUS REGION OVERVIEW

The Columbus retail market finished the third quarter 2010 with strong positive absorption which has turned the year-to-date absorption positive from a large deficit in the first quarter. The Columbus market absorbed 236,129 square feet in the third quarter and the total amount of space under construction remained at 595,647 square feet. Times are still tough for the market though as retail sales are still below pre-recession levels. The consumption levels that drive the U.S. economy have been weakened by a higher than normal savings rate for those with income and the obvious loss of sales because of high unemployment. *Continued on page 2...*

FORECASTS AND REFLECTIONS

- The retail vacancy rate improved from 12.4 percent by 40 basis points to 12 percent. For the second consecutive quarter, the Columbus market has shown strong absorption numbers.
- Construction continues to be limited to the remodeling of properties and the continuation of construction from earlier this year.
- Average asking rental rates are showing erratic behavior this year because of the

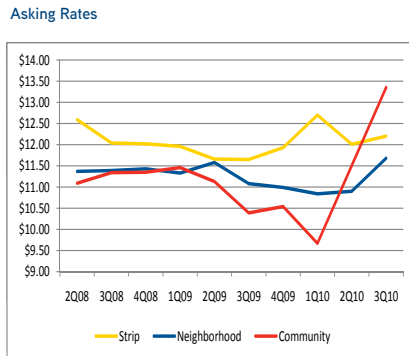
diverse quality of product across submarkets and across product type. Additionally, the capital position of landlords and owners has played a role in the average asking rental rates because landlords with more capital are able to extend the search for stronger tenants and continue to ask higher rates, or they are able to negotiate higher rates due to tenant improvement dollars contribution.

MARKET INDICATORS

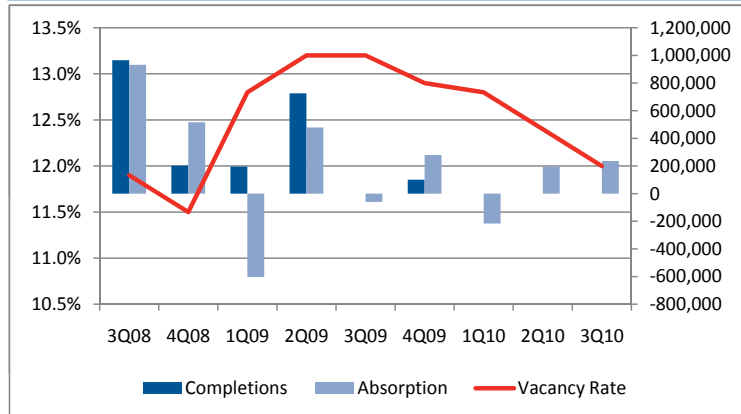
	Q3 2010	Q4 2010*
VACANCY	↓	↑
NET ABSORPTION	↑	↓
CONSTRUCTION	—	—
RENTAL RATES	—	—

*Projected change to following quarter

ERRATIC BEHAVIOR

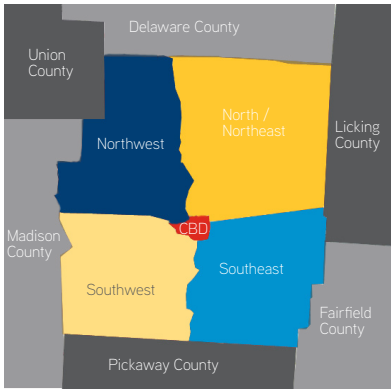


VACANCY RATE OVER COMPLETIONS AND ABSORPTIONS



GOOD ON PAPER

The Columbus retail market has been performing favorably but the concerns of business owners and landlords still hold strong as the economy remains weak and consumers are saving more than in recent years.



The Columbus retail market includes 11 suburban submarkets and the Central Business District. A total inventory of 55 million square feet of space with only 1 million of that space in the CBD.

LANDLORDS

Conditions of the market are unchanged for most landlords. Despite retail sales steadying, many landlords have tenants who are just hanging on and are struggling to pay rent. While stronger leasing in the past two quarters has pushed the vacancy rate downward, there has not been much positive effect on pricing for landlords.

The capital position of landlords has divided the market more sharply than submarket and property type. The landlords who have the best capital positions are waiting and some are renovating the façade, while those with the weakest capital positions are dropping asking rates drastically in the hopes of attracting cash flow of any strength.

TENANTS

Tenants are seeing sales steady and some are even seeing an increase since the unemployment picture has lightened and consumers are in a better position. There has been an increase in the number of local restaurants seeking retail space as well as an increase in the number of new concepts; food purveyors have been the most active retailers.

MARKET ACTIVITY

The story for the quarter is higher than average market activity. Market volume activity is the absolute value of the absorption in each building

and it gives us a measure of how much space is in transition. The market in the third quarter experienced slightly more than 520,000 square feet of market volume activity. This year has seen a significant increase the amount of space in transition compared to the two years of the recession. In 2008 and 2009 the third quarter market volume activity was less than 350,000 square feet.

CONSTRUCTION

There are a few important projects still under construction. The first phase of the expansive Grandview Yard project has nearly been completed and a few tenants have already moved into space including Urban Active and Jason's Deli. Menard's began construction on Morse Road last quarter and expects to be complete in early 2011.

The lone completion this year occurred at Olentangy Crossing, 6421-6501 Pullman Dr. in Lewis Center. Kroger Inc. has opened a store there and the center is reaching complete occupancy.

UPDATE New Supply, Absorption and Vacancy Rates					
SALES ACTIVITY					
PROPERTY ADDRESS	SALES DATE	SALE PRICE	SIZE SF	SALES PRICE / SF	TYPE
4560 Hilton Corporate Dr.	7/21/2010	\$5,510,518.00	288,754	\$19.08	Hotel/Recreation
1690 Morse Road	7/23/2010	\$3,000,000.00	193,218	\$15.53	Shopping Center
2690 Hamilton Road	7/23/2010	\$2,000,000.00	143,082	\$13.98	Shopping Center
98-102 Front Street, N	8/4/2010	\$3,000,000.00	142,884	\$21.00	Parking Garage/Office
4050 Broad Street, W	7/23/2010	\$2,000,000.00	134,690	\$14.85	Shopping Center
LEASE ACTIVITY					
PROPERTY ADDRESS	LESSOR	LESSEE	LEASE SF	ASKING PRICE / SF	TYPE
3780 Park Mill Run Drive	Taggart Real Estate	Floor N Decor	80,000	\$10.00 NNN	Big Box
5542 Columbus Pike	Polaris Real Estate	Hobby Lobby	55,000	-	Power Ctr
6505 Dublin Center	Janet D Zachrich	Olive Garden	5,198	\$15.39 NNN	Stand-alone
495 Main Street	Capital List Investments	Columbus Asian Market	19,032	-	Power Ctr
4930 W Broad Square	Continental Realty	Dublin Pain Clinic	12,144	\$2.50 MG	Conv/Strip Ctr

UPDATE Market Comparisons

RETAIL MARKET

SUBMARKET	Total SF	Vacant SF	Vacancy %	Net Absorption		Construction		Asking Rental Rates	
				Current Quarter	Year-to-date	Current	Completions	Neighborhood	Power
CBD	986,975	61,409	6.2	(5,076)	9,371	-	-	-	-
FAIRFIELD	3,425,734	457,628	13.4	(3,300)	8,115	-	-	\$12.71	-
LICKING	3,250,240	323,979	10.0	(4,378)	(15,724)	-	-	\$11.83	-
MADISON	437,583	5,285	1.2	5,410	621	-	-	\$17.00	-
NORTH DELAWARE	1,780,118	263,271	14.8	28,478	27,878	-	-	\$10.83	\$19.06
NORTHEAST	15,172,808	1,109,188	7.3	23,823	136,699	240,000	-	\$11.26	\$15.41
NORTHWEST	12,848,259	1,190,071	9.3	139,597	280,464	355,647	-	\$13.36	\$20.00
PICKAWAY	694,724	10,967	1.6	(1,750)	(2,270)	-	-	\$14.00	-
SOUTHEAST	9,540,129	1,389,465	14.6	79,159	(64,432)	-	-	\$8.85	\$14.00
SOUTHWEST	6,725,523	1,862,992	27.7	(28,958)	(165,378)	-	-	\$13.86	\$11.00
UNION	1,157,257	46,577	4.0	3,124	1,366	-	-	\$8.00	\$12.00
TOTALS	56,019,350	6,720,832	12.0	236,129	216,710	595,647	-	\$11.68	\$14.57

PROPERTY TYPE	Total SF	Vacant SF	Vacancy %	Net Absorption		Construction		Asking Rental Rates	
				Current Quarter	Year-to-date	Current	Completions	Neighborhood	Power
COMMUNITY	8,999,075	1,203,135	13.4	76,900	198,422	-	-	\$13.35	-
FREE-STANDING	7,656,757	644,694	8.4	77,100	58,928	340,000	-	\$15.44	-
NEIGHBORHOOD	17,405,444	2,424,315	13.9	42,040	(133,130)	255,647	176,250	\$11.68	-
OTHER	27,000	4,610	17.1	0	(248)	-	-	\$4.75	-
OUTLET	184,000	0	0.0	0	0	-	-	-	-
POWER	5,016,555	457,685	9.1	35,921	30,571	-	-	\$14.57	-
REGIONAL	3,828,626	536,515	14.0	13,460	55,430	-	-	\$14.66	-
SPECIALTY	250,000	51,254	20.5	(7,376)	(4,793)	-	-	\$10.00	-
STRIP	5,498,921	752,424	13.7	(4,216)	(12,936)	-	-	\$12.20	-
SUPER REGIONAL	6,530,997	640,655	9.8	0	10,054	-	-	\$13.26	-
URBAN	621,975	5,545	0.9	2,300	14,412	-	-	\$14.71	-
TOTALS	56,019,350	6,720,832	12.0	236,129	216,710	595,647	176,250		

QUARTERLY COMPARISON AND TOTALS

QUARTER, YEAR	Total SF	Vacant SF	Vacancy %	Net Absorption		Construction		Asking Rental Rates	
				Current Quarter	Year-to-date	Current	Completions	Neighborhood	Power
Q3, 2010	56,019,350	6,720,832	12.0	236,129	216,710	595,647	176,250	\$11.68	\$14.57
Q2, 2010	55,843,100	6,950,296	12.4	197,025	(19,419)	771,897	-	\$12.71	\$12.56
Q1, 2010	55,843,100	7,147,321	12.8	(216,444)	(216,444)	727,438	-	\$10.84	\$10.37
Q4, 2009	58,065,202	7,466,122	12.9	279,204	255,994	727,438	100,500	\$10.99	\$13.49
Q3, 2009	57,964,702	7,644,826	13.2	(40,275)	(23,210)	827,938	289,700	\$11.08	\$17.61



BIG BOXES

Big boxes have done well this quarter and last. The construction on Menard's and the leasing of Floor N Decor as well as Hobby Lobby are very good signals that retail sales figures have strengthened and consumers spending has stabilized.

CBD

The Central Business District (CBD) lost 5,076 square feet in negative absorption and increased the vacancy rate to 6.1 percent. Year to date absorption is positive at 9,371 square feet.

SOUTH

The south submarkets are Southeast and Southwest. The Southeast has seen a great quarter in what had been a tough market this year with 79,159 square feet of positive absorption in the third quarter. The total absorption for the year is only 64,432 square feet of negative absorption. The Southwest has been hit harder losing 28,958 in negative absorption this quarter with a year-to-date total negative absorption of 165,378 square feet.

NORTH

The north submarkets include Northwest, Northeast, and North Delaware. The Northwest has seen the majority of construction this year but no completions. The vacancy rate decreased 100 basis points to 9.3 percent on positive absorption of 139,597 square feet. The Northeast has also been a strong performer this year with the vacancy rate dipping down to 7.3 percent from 23,823 square feet of positive absorption.

WEST

The west submarkets include Union and Madison Counties, which have seen a small uptick in absorption with 3,124 and 5,410 square feet respectively.

EAST

The east submarkets are Licking and Fairfield Counties, which performed weakly but only increased vacancy by 20 and 10 basis points respectively. Surprisingly, the asking rental rates have increased over the quarter. The completion of Olentangy crossing seems to have increased the asking rental rates for the area.

FUNDAMENTALS

The U.S. retail sector has shown a small amount of growth over the quarter. Three sources are instructive for retail consumer activity. First, the consumer confidence index, the second is a weekly poll conducted by Gallup, and the third is the Beige Book produced by the Federal Reserve Bank semi-quarterly.

The consumer confidence index is produced by The Conference Board and is a survey of consumers that relates how confident consumers are in the current economic conditions by their spending and saving habits. The index was volatile during the quarter. In July the index was 50.4 decreasing by 300 basis points from 53.4 in June. In August the index had improved to 53.2 and in September the index weakened to 48.5. The index was 112.5 in July 2007, six months before beginning of the recession.

Gallup's consumer spending measure tracks the average dollar amount Americans report spending or charging on a daily basis, not counting the purchase of a home, motor vehicle, or normal household bills. Over the three month period between July and October the 14-day rolling average fell from \$64 to \$56 with a high of \$67 in late July.

The Cleveland Federal Reserve reports on consumer spending twice a quarter in the Beige Book. The data for these reports comes from qualitative surveys of retailers in the fourth district, which includes Columbus. In July, retailers reported that consumer spending was flat or slightly up, and that much of the increase was due to food and apparel. Discretionary spending was still weak. In September, retailers reported that retail sales showed an improvement on the previous 30-day period and purchases increased year over year. Retailers are expecting a sales increase in the next quarter above the increase experienced last year. Consumers were noted to be focusing on value-priced seasonal items.

480 offices in 61 countries on 6 continents

United States: 95
Canada: 17
Latin America: 17
Asia Pacific: 52
EMEA: 85

- \$1.6 billion in annual revenue
- 672.9 million square feet under management
- Over 10,000 professionals

GREATER COLUMBUS REGION

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