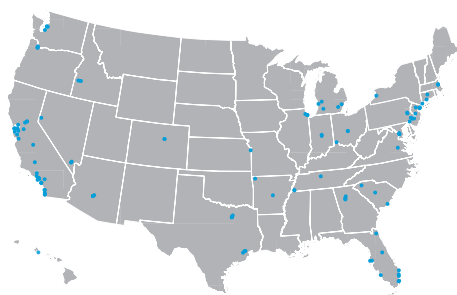


TAMPA BAY FLORIDA

# RETAIL RESEARCH REPORT



Tampa Bay Florida



## Retail Remains In Absorption Phase

### EXECUTIVE SUMMARY

The Tampa Bay retail market continued to experience positive signs during the second quarter of 2011 as vacancies fell and absorption increased. Well located, core centers with solid anchor tenants are generating the majority of tenant interest and are seeing their space being bid aggressively with rates not far off of the market peak. Many national credit tenants are moving forward with expansion plans, specifically those in the quick service restaurant, yogurt, pet supply, discount and dollar store sectors. Investment activity can be described as bifurcated with well-performing assets receiving the majority of interest. Overall, sale and leasing activity continues at a high level both locally and nationally as the overall economy continues a recovery trend.

### MARKET INDICATORS

|                              | Q2 2011 | Q3 2011* |
|------------------------------|---------|----------|
| VACANCY                      | ↓       | ↓        |
| NET ABSORPTION               | ↑       | ↑        |
| CONSTRUCTION                 | ↔       | ↔        |
| FIRST GENERATION RENTAL RATE | ↓       | ↓        |

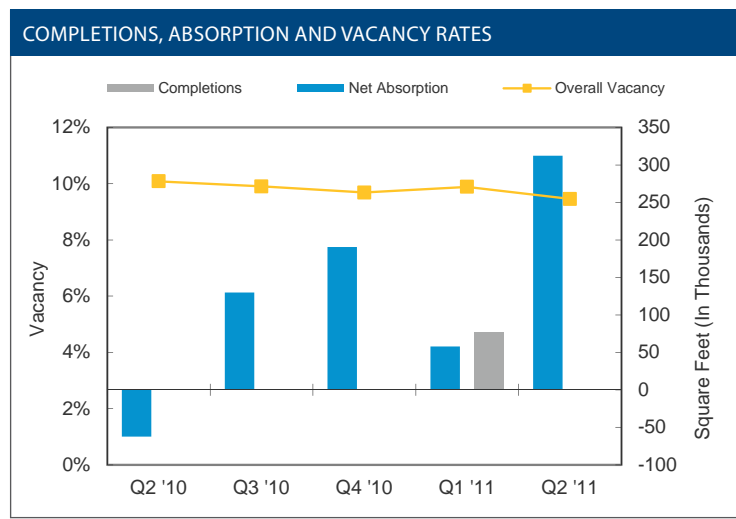
\*Relative to prior period. Note: Arrows compare current quarter to the previous quarter historically adjusted figures. All data in this report include buildings 10,000 square feet and greater.

### HIGHLIGHTED TRENDS

- Medical tenants are leasing retail space with high visibility and sufficient parking ratios.
- U.S. chain-store sales beat expectations, growing 6.9 percent in June based on ICSC's tally of 28 retailers.
- Tenants active in the Tampa Bay market include: Academy Sports, LA Fitness, Ross Dress for Less, Wawa, Tiajuana Flats and Wal-Mart Neighborhood Market.
- Overall asking lease rates have fallen steadily for the last eleven quarters, currently standing at \$14.18 per square foot triple net.

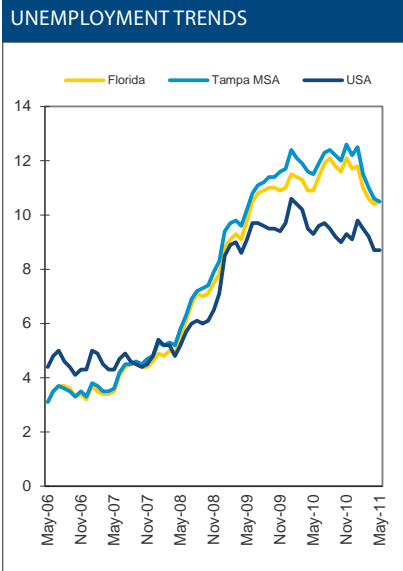
### OVERALL RETAIL MARKET SUMMARY STATISTICS, Q2 2011

|                              |             |
|------------------------------|-------------|
| CURRENT VACANCY RATE:        | 9.5%        |
| PREV. QTR. VACANCY RATE:     | 9.9%        |
| YEAR AGO VACANCY RATE:       | 10.1%       |
| NET ABSORPTION:              | 312,505 sf  |
| UNDER CONSTRUCTION:          | 68,400 sf   |
| CURRENT AVG. ASKING RATE:    | \$14.18/NNN |
| PREV. QTR. AVG. ASKING RATE: | \$14.27/NNN |
| YEAR AGO AVG. ASKING RATE:   | \$14.94/NNN |



### POSITIVE ABSORPTION

The Tampa Bay retail market posted 312,505 square feet of positive absorption during the second quarter of 2011.



The Tampa Bay MSA unemployment rate posted 10.5% in May 2011, down from the 11.5% rate posted in May 2010. The State of Florida rate was 10.5% in May 2011, while the national rate stands at 8.7%. Tampa Bay has continuously seen rates above the national average dating back to March 2008

Source: Florida Research & Economic Database

### VACANCY & ABSORPTION

The overall vacancy rate for the Tampa Bay retail market ended the quarter at 9.5 percent, down slightly from 9.9 percent in the previous quarter. The highest vacancy is occurring in the Pasco County submarket, where levels stand at 12.6 percent. The I-75 Corridor submarket posted the lowest vacancy rate, holding steady from the previous quarter at 6.9 percent. The Pasco submarket experienced the largest quarter-over-quarter decline in vacancy as rates fell from 13.7 to 12.6 percent.

The Tampa Bay retail market posted positive net absorption totaling 312,505 square feet during the second quarter of 2011. This marks the fourth consecutive quarter of positive absorption indicating that retailers are moving forward with expansion plans that have been on hold since the beginning of the recession.

### LEASE RATES

Overall asking lease rates fell slightly ending the first quarter at \$14.18 per square foot triple net. Lease rates have been on a steady decline dating back to the fourth quarter of 2008. Beyond the physical location of a shopping center, the capital position of the landlord or owner is also a factor effecting lease rates. Landlords with solid rent rolls have the ability to improve their centers physical appearance and be more selective in searching for quality tenants, thus giving them

increased leverage when negotiating leases.

With overall asking rates at deeply discounted levels, both national and local tenants have the ability to sign long term leases and lock into today's pricing. It is anticipated that rates will continue a downward trend for the foreseeable future.

### TENANT ACTIVITY

St. Petersburg has seen recent activity as Wal-Mart Supercenter opened at 1st Ave N and US-19. In addition, a new Sam's Club is in planning stages at US-19 and 22nd Ave N. In Tampa, Whole Foods has announced a new store will open at Dale Mabry Highway and Northdale Rd in the Carrollwood/Northdale area. Wal-Mart Neighborhood Market is expanding aggressively in the Tampa Bay market with two new stores opening this fall in Brandon and Dunedin, and another being planned in Clearwater.

### SHOPPING CENTER DEVELOPMENT

Forest City is marketing their phase two power center which will be constructed contiguous to Wiregrass Mall in Wesley Chapel. Publix anchored Pavilion Crossings is currently under construction at US-301 & Falkenburg Rd in Riverview and is scheduled to be delivered in November 2011.

#### TRANSACTION UPDATE

##### SALES ACTIVITY

| PROPERTY ADDRESS                            | PROPERTY TYPE | BUYER NAME                   | SIZE (SF) | SALES PRICE                | SUBMARKET      |
|---|---------------|------------------------------|-----------|----------------------------|----------------|
| 2508 McMullen Booth Rd (Northwood Plaza)    | Community     | AEW Capital Management, L.P. | 199,929   | \$37,615,000 (\$188.14/SF) | North Pinellas |
| 2021 Collier Pkwy (Collier Commons)         | Community     | Publix Super Markets         | 143,036   | \$28,175,000 (\$196.98/SF) | Pasco County   |
| 3426 Lithia Pinecrest Rd (Lithia Crossings) | Neighborhood  | Kite Realty Group Trust      | 81,000    | \$13,250,000 (\$163.58/SF) | I-75 Corridor  |
| 6402 US-41 N (Shoppes at Appolo Beach)      | Neighborhood  | Klaff Realty, LP             | 106,614   | \$10,175,000 (\$95.44/SF)  | I-75 Corridor  |
| 619 S Fort Harrison Ave                     | Neighborhood  | The Rosen Group, Inc.        | 41,837    | \$6,605,000 (\$157.87/SF)  | I-75 Corridor  |

##### LEASING ACTIVITY

| PROPERTY ADDRESS               | SPACE TYPE   | TENANT NAME       | SIZE (SF) | LEASE TYPE | SUBMARKET      |
|--------------------------------|--------------|-------------------|-----------|------------|----------------|
| 407 E Memorial Blvd            | Freestanding | Dollar General    | 10,894    | New/Direct | Polk County    |
| Bayside Bridge Shopping Center | Inline       | Pet Supplies Plus | 9,638     | New/Direct | Mid Pinellas   |
| Summerfield Crossings          | Inline       | Pet Malls         | 4,200     | New/Direct | I-75 Corridor  |
| Northwood Plaza                | Inline       | Louis Pappas      | 2,250     | New/Direct | North Pinellas |

## UPDATE SUBMARKET COMPARISONS

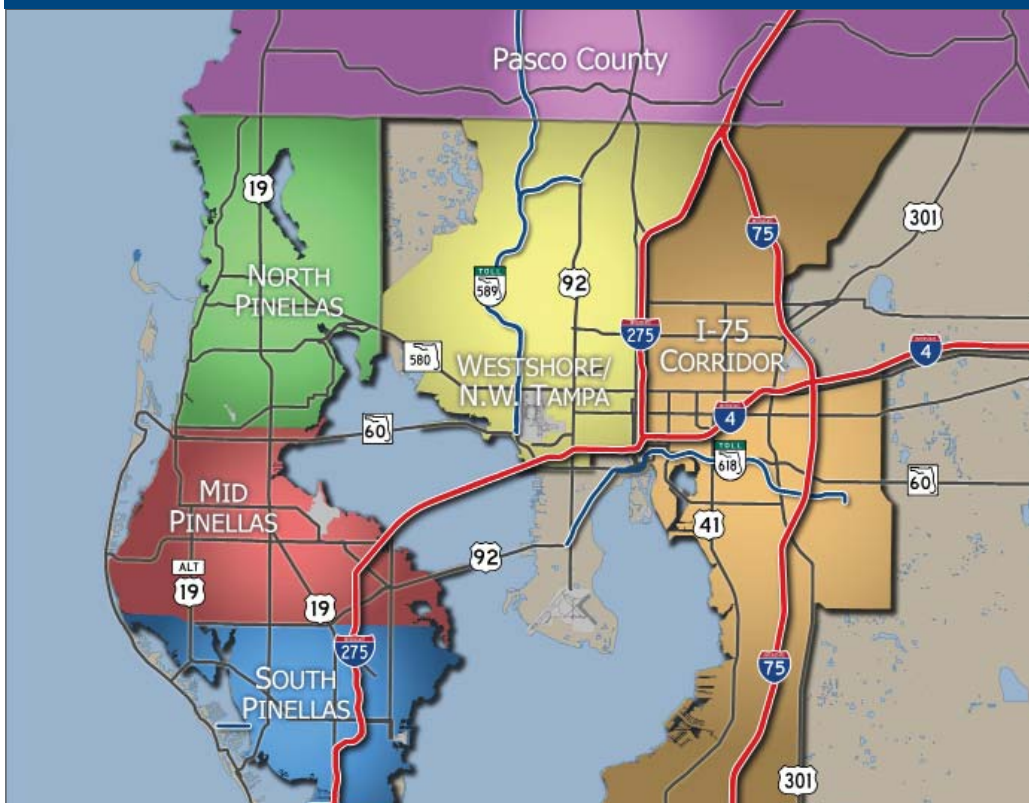
## SUBMARKET BREAKDOWN

| 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. | Overall Avg. Direct Asking Rate NNN |
|-----------------------------------|--------|----------------------|---------------|--------------|-------------------------------|----------------------|----------------------|----------------------|-------------------------------------|
| Pasco County                      |        |                      |               |              |                               |                      |                      |                      |                                     |
| Q2 '11                            | 199    | 11,594,390           | 12.6%         | 12.6%        | 130,139                       | 124,095              | 0                    | 0                    | \$13.36/nnn                         |
| Westshore/NW Tampa                |        |                      |               |              |                               |                      |                      |                      |                                     |
| Q2 '11                            | 241    | 14,241,194           | 6.9%          | 7.0%         | 52,749                        | -39,938              | 0                    | 0                    | \$14.80/nnn                         |
| I-75 Corridor                     |        |                      |               |              |                               |                      |                      |                      |                                     |
| Q2 '11                            | 200    | 12,480,353           | 6.8%          | 6.9%         | 18,644                        | 9,016                | 0                    | 68,400               | \$13.59/nnn                         |
| North Pinellas                    |        |                      |               |              |                               |                      |                      |                      |                                     |
| Q2 '11                            | 172    | 8,344,161            | 8.9%          | 9.5%         | 62,339                        | 86,345               | 0                    | 0                    | \$15.14/nnn                         |
| Mid-Pinellas                      |        |                      |               |              |                               |                      |                      |                      |                                     |
| Q2 '11                            | 199    | 10,399,076           | 7.6%          | 9.1%         | -209                          | -28,569              | 0                    | 0                    | \$14.36/nnn                         |
| South Pinellas/St. Petersburg CBD |        |                      |               |              |                               |                      |                      |                      |                                     |
| Q2 '11                            | 145    | 8,419,025            | 8.5%          | 9.6%         | 40,520                        | 105,795              | 0                    | 0                    | \$11.11/nnn                         |

## TAMPA BAY OVERALL RETAIL 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. | Overall Avg. Direct Asking Rate NNN |
|-------------|--------|----------------------|---------------|--------------|-------------------------------|----------------------|----------------------|----------------------|-------------------------------------|
| 2011 2Q     | 1,283  | 72,288,896           | 9.0%          | 9.5%         | 312,505                       | 370,483              | 0                    | 68,400               | \$14.18/nnn                         |
| 2011 1Q     | 1,283  | 72,288,896           | 9.4%          | 9.9%         | 57,978                        | 57,978               | 76,980               | 68,400               | \$14.27/nnn                         |
| 2010 4Q     | 1,280  | 72,064,115           | 9.2%          | 9.7%         | 190,556                       | -18,720              | 0                    | 76,980               | \$14.27/nnn                         |
| 2010 3Q     | 1,279  | 72,026,218           | 9.3%          | 9.9%         | 129,899                       | -209,276             | 0                    | 76,980               | \$14.68/nnn                         |
| 2010 2Q     | 1,279  | 72,026,218           | 9.4%          | 10.1%        | -62,402                       | -339,175             | 14,820               | 76,980               | \$14.94/nnn                         |
| 2010 1Q     | 1,279  | 72,026,218           | 9.3%          | 10.0%        | -276,773                      | -276,773             | 14,820               | 76,980               | \$15.03/nnn                         |
| 2009 4Q     | 1,278  | 72,011,398           | 8.9%          | 9.6%         | -56,136                       | -653,214             | 118,836              | 91,800               | \$15.33/nnn                         |
| 2009 3Q     | 1,275  | 71,892,562           | 8.9%          | 9.4%         | -475,265                      | -597,078             | 24,000               | 210,636              | \$15.67/nnn                         |
| 2009 2Q     | 1,274  | 71,868,562           | 8.2%          | 8.7%         | 56,375                        | -121,813             | 283,398              | 219,816              | \$15.77/nnn                         |

SUBMARKET MAP



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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This report includes owner and non-owner occupied 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 Tampa Bay Florida.



Tampa Bay Florida

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