



The State of the Commercial Real Estate Industry: **First Quarter 2011 Retail Review & Outlook**

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KNOW YOUR MARKET



Today

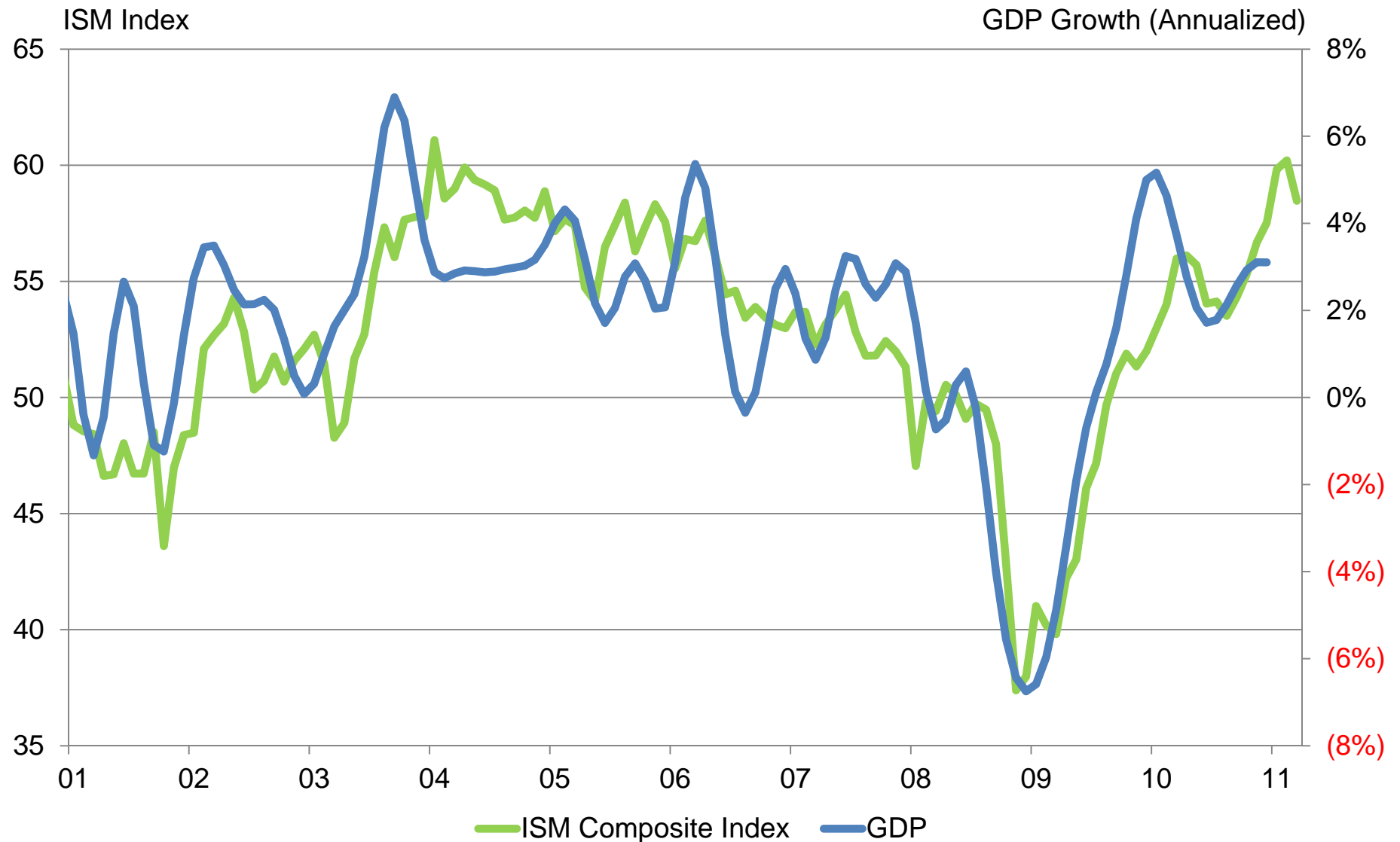
- Economy
- Leasing Fundamentals
- Capital Markets
- Sales Trends
- Summary and Q&A



Economy

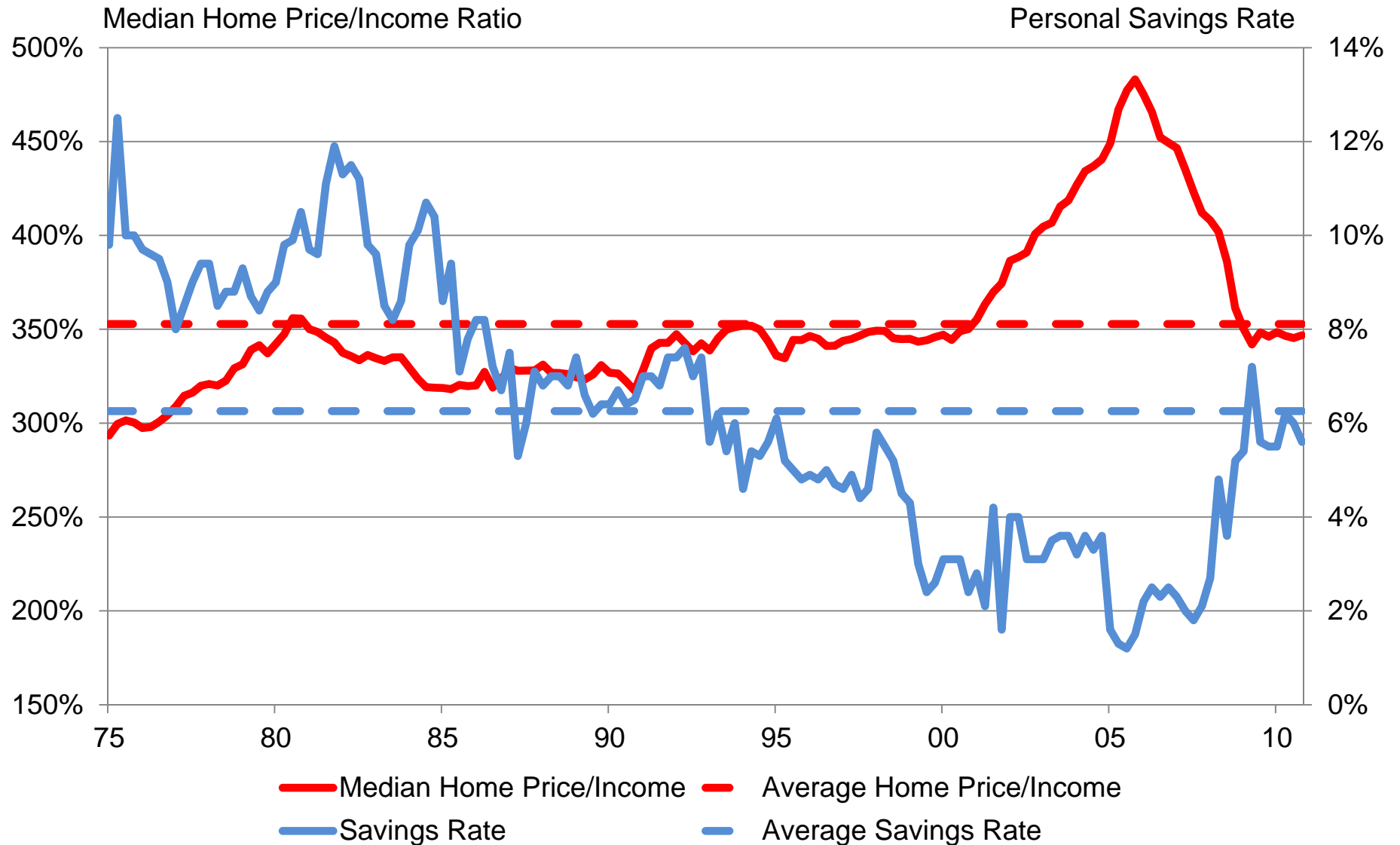


The Expansion is Perking Up



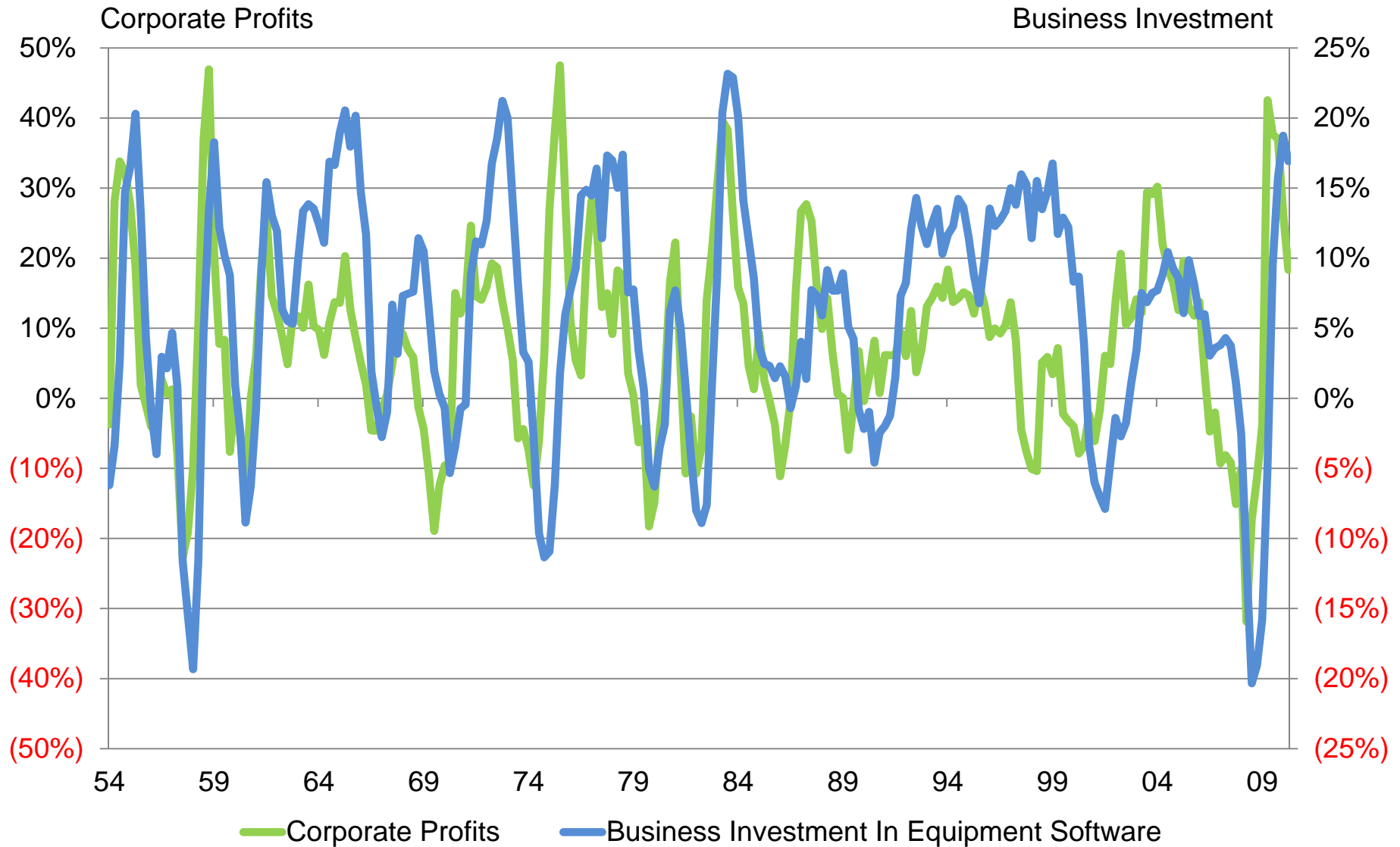


Imbalances Have Been Purged



Sources: BEA; Moody's Analytics

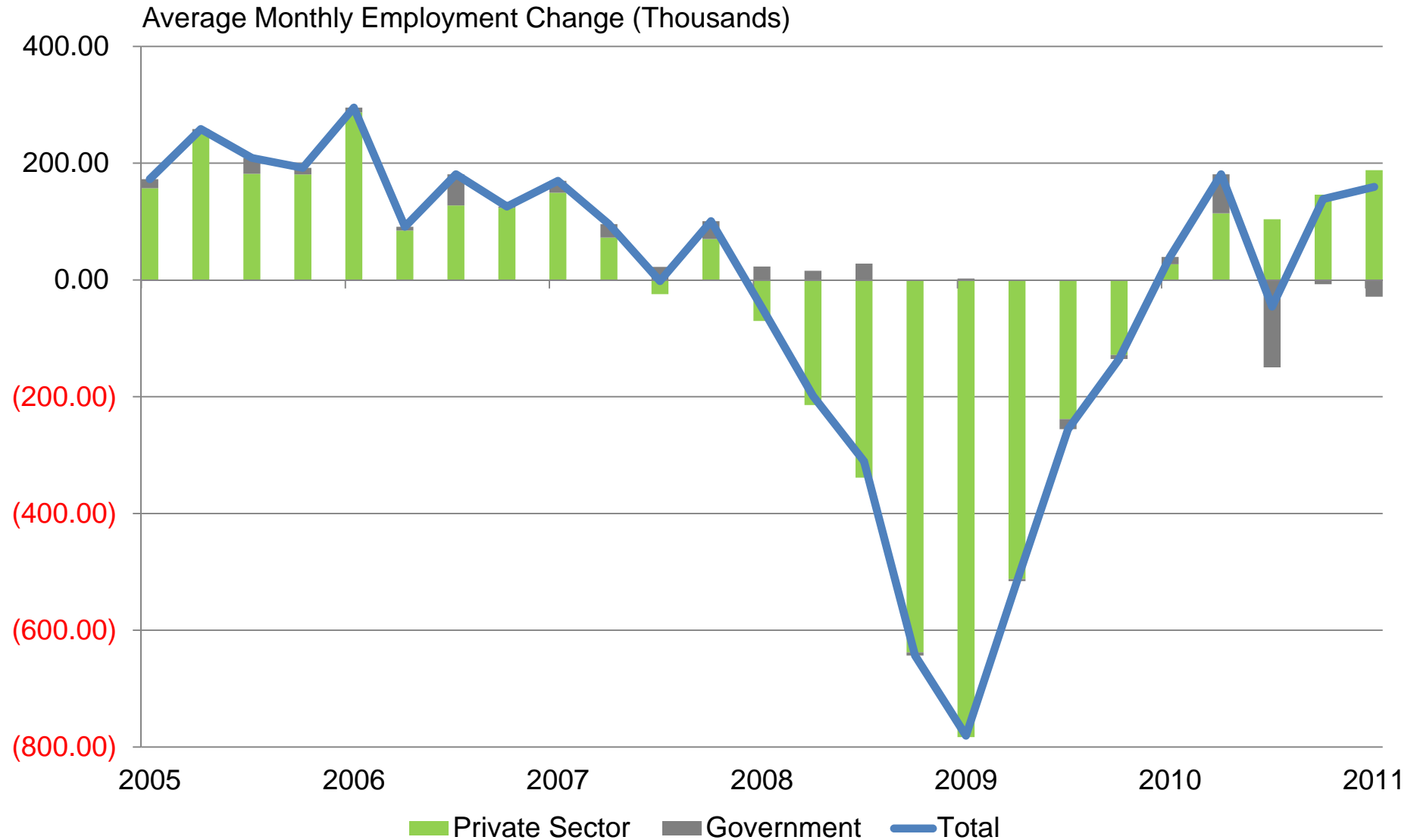
Strong Earnings are Supporting Business Investment



Sources: Federal Reserve; BEA



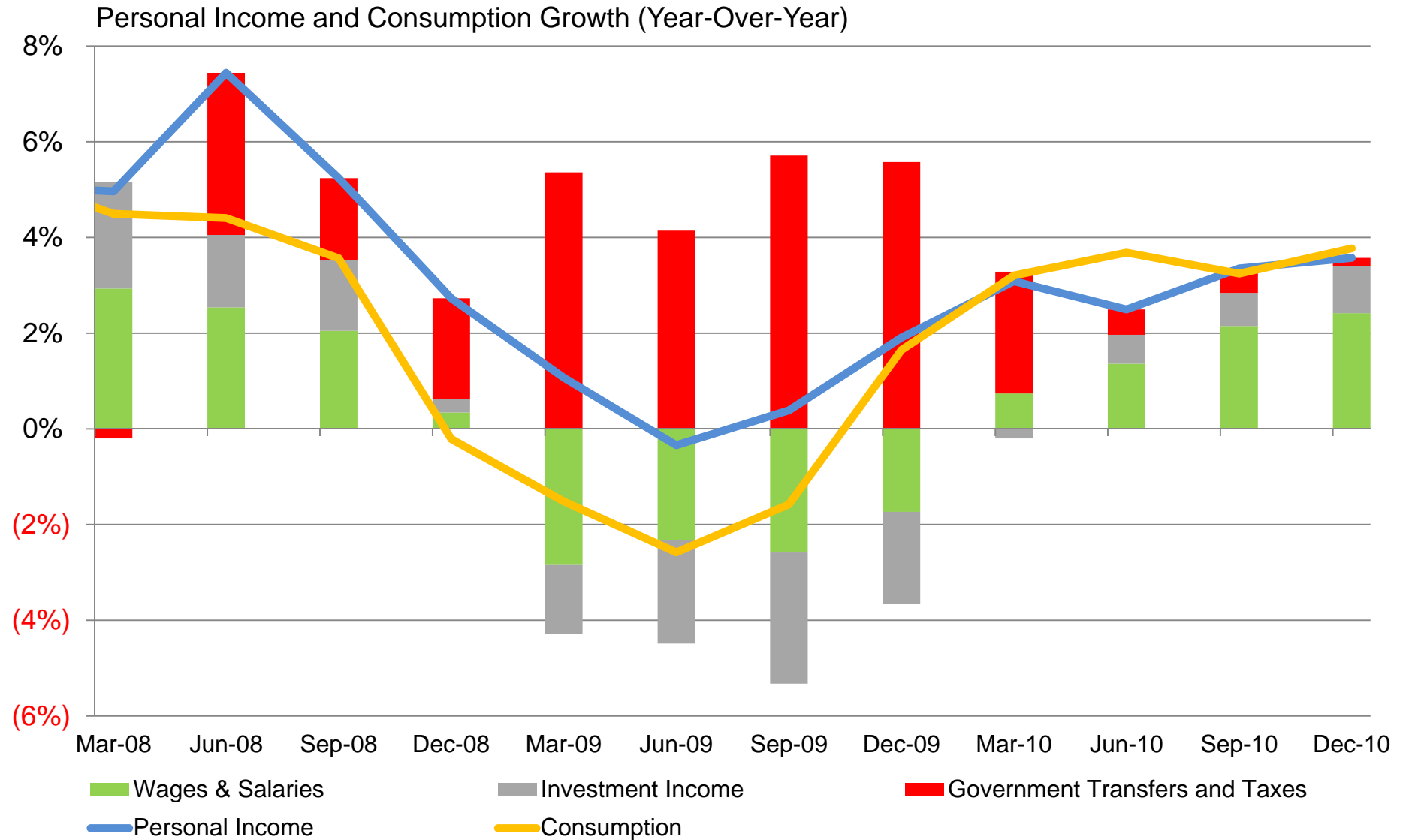
Job Creation Has Kicked Into Gear



Source: BLS



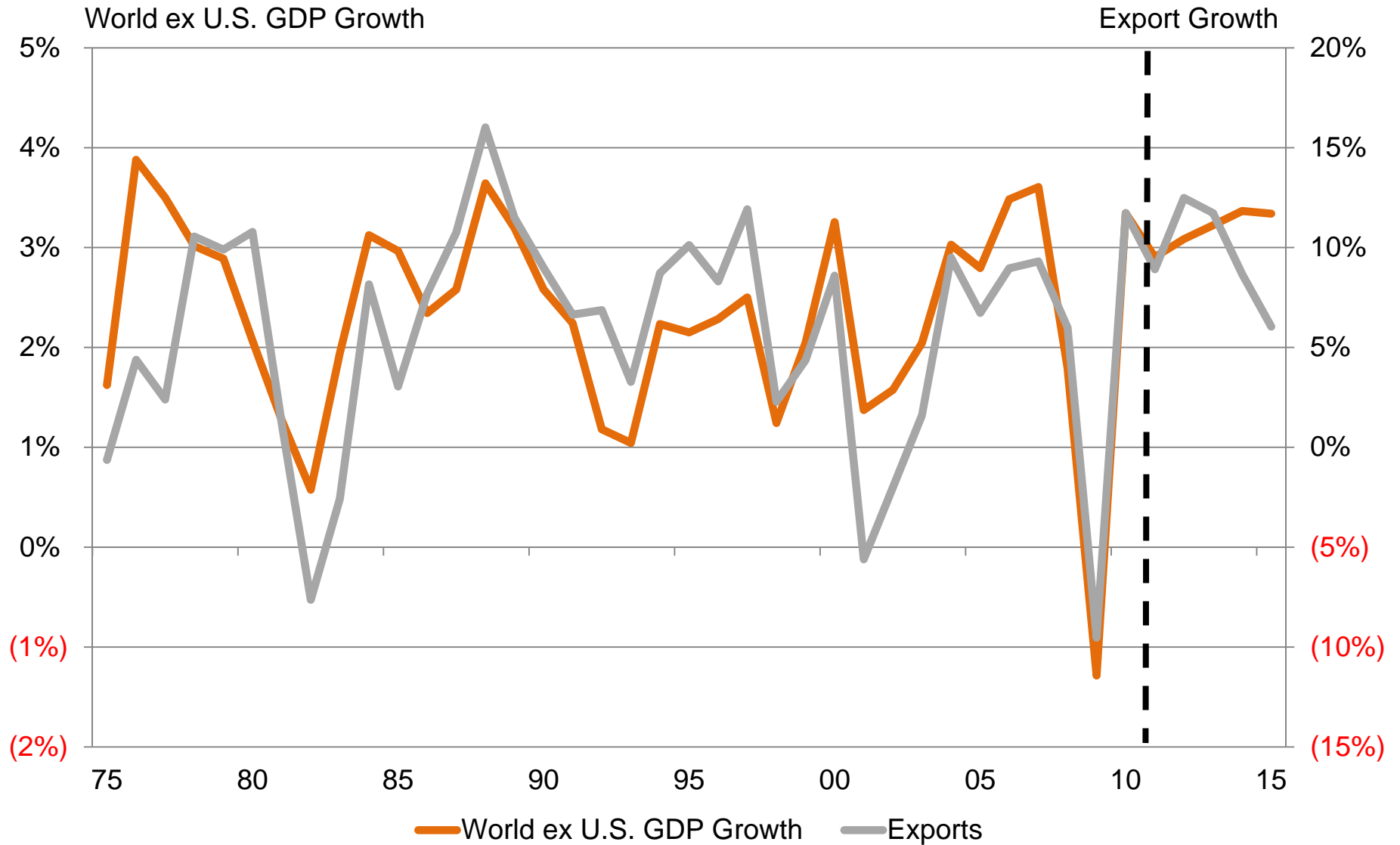
Wages Are Replacing Handouts



Source: BEA



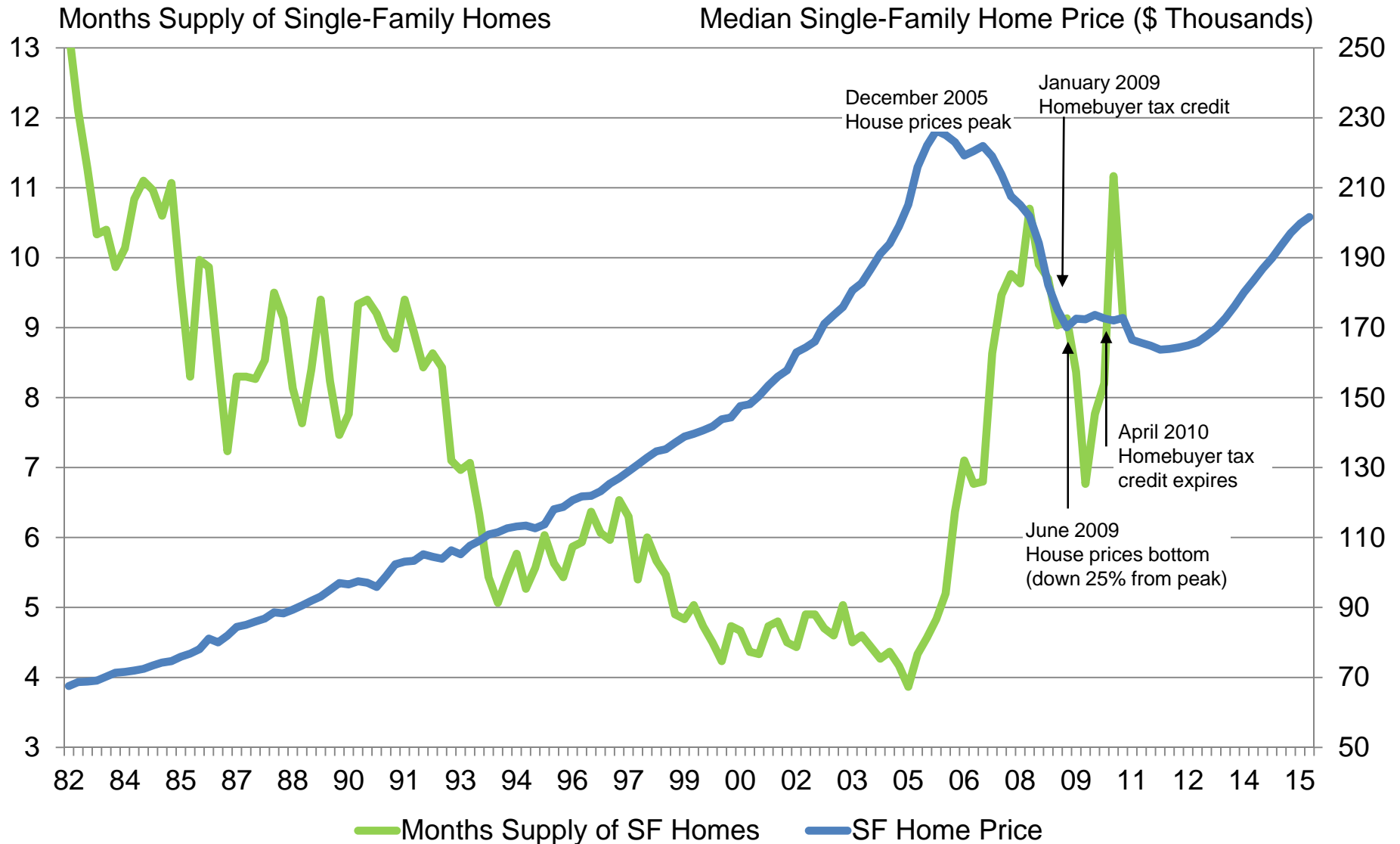
Global Growth is Driving Exports



Sources: BEA; Global Insight; Moody's Analytics

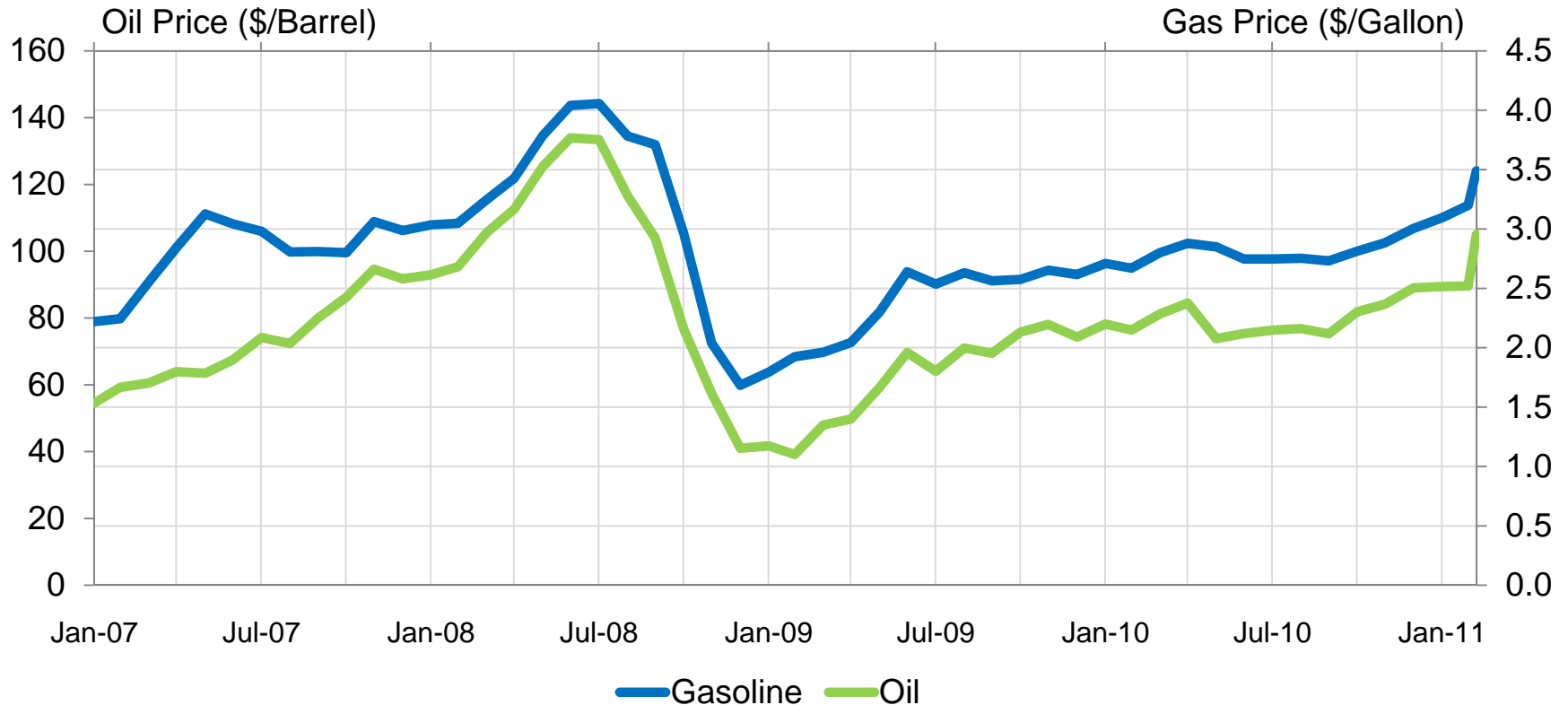


A Double Dip In Housing



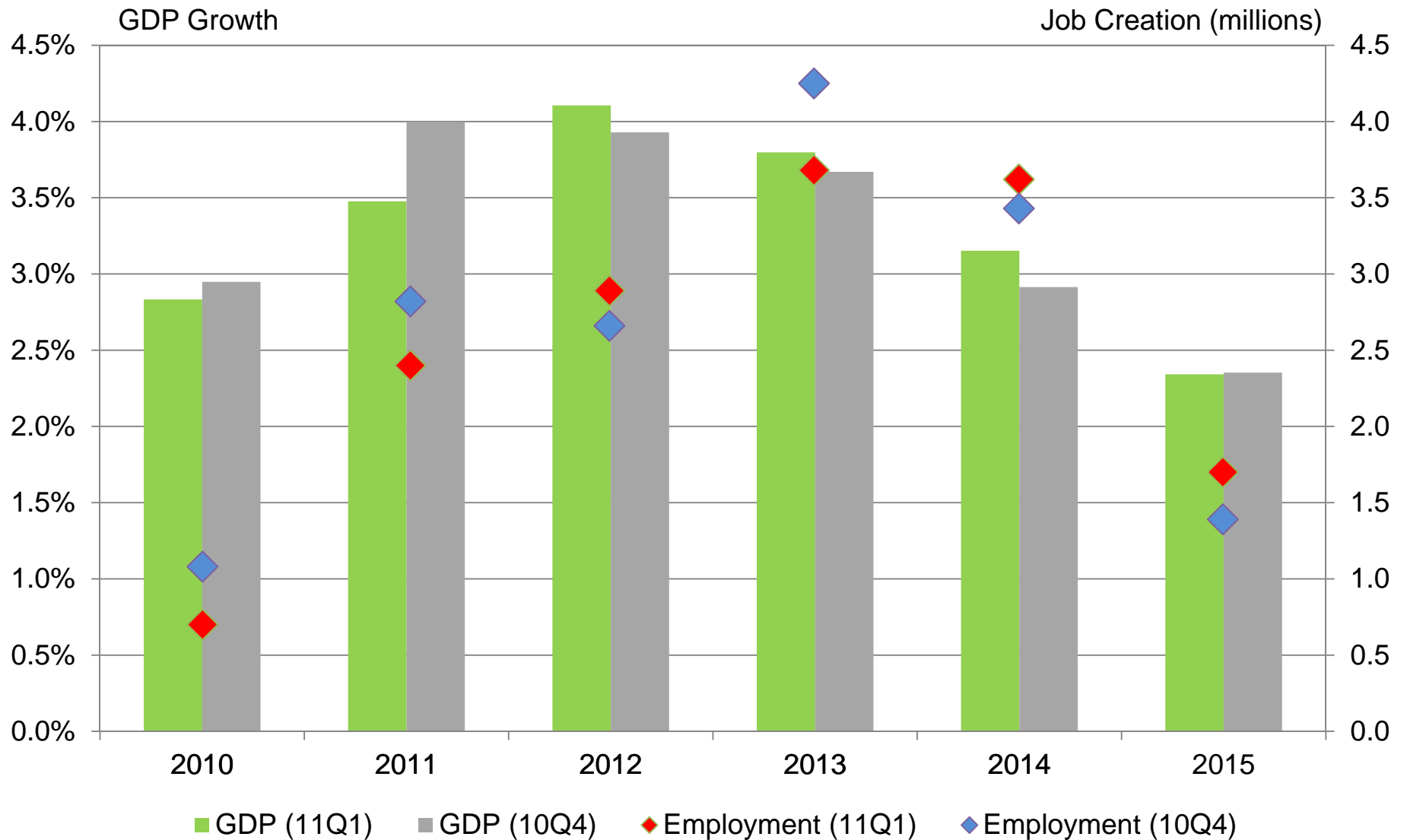


An Oil Shock is a Bigger Downside Risk



Oil Price	GDP Growth Impact	2011 GDP Growth	2011 Job Creation (Millions)
90	0.0%	3.7%	2.7
105	(0.3%)	3.4%	2.0
120	(0.7%)	3.0%	1.4
140	(1.1%)	2.6%	0.6

The Near-Term Outlook Has Dimmed Slightly



Sources: Moody's Analytics

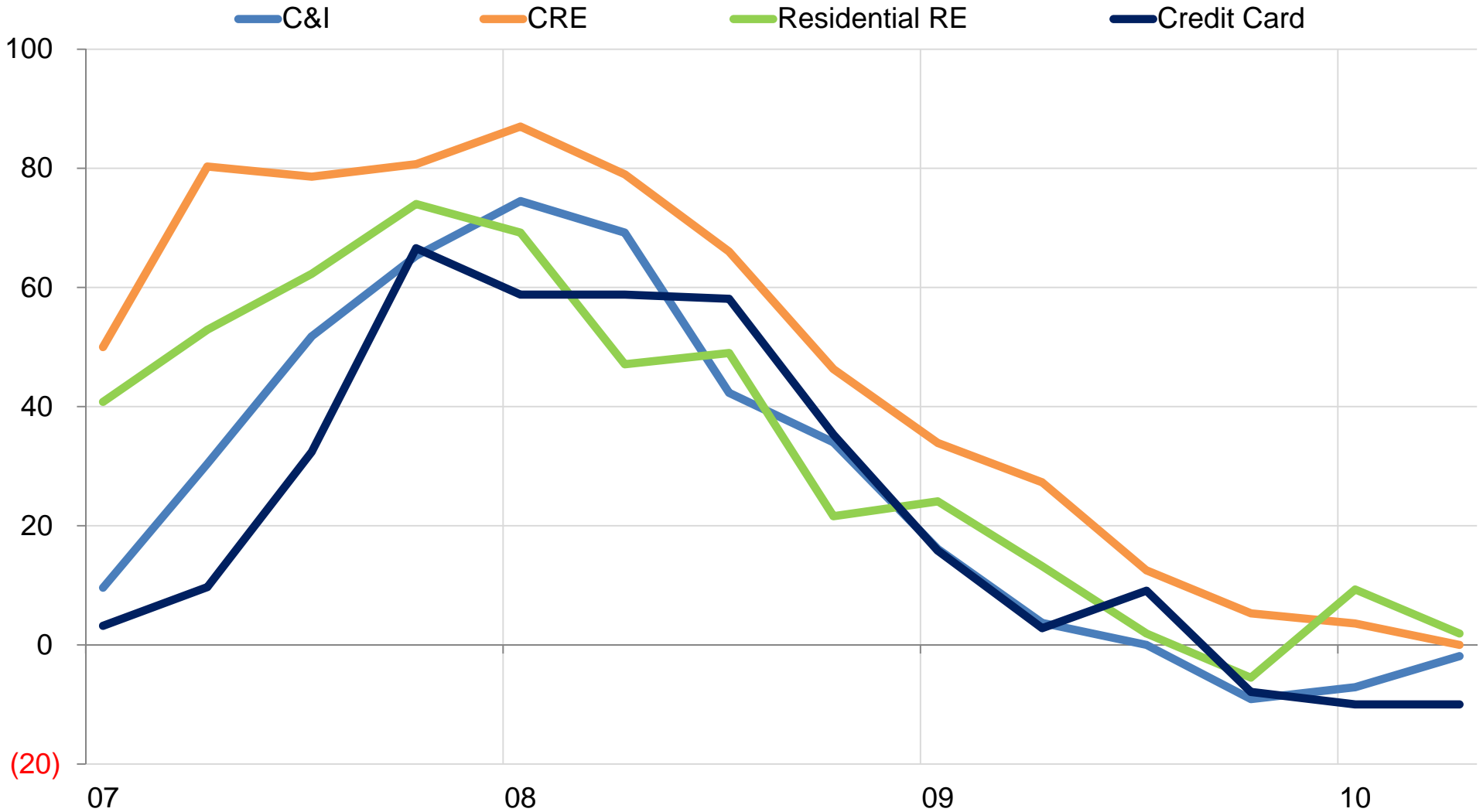


Capital Markets

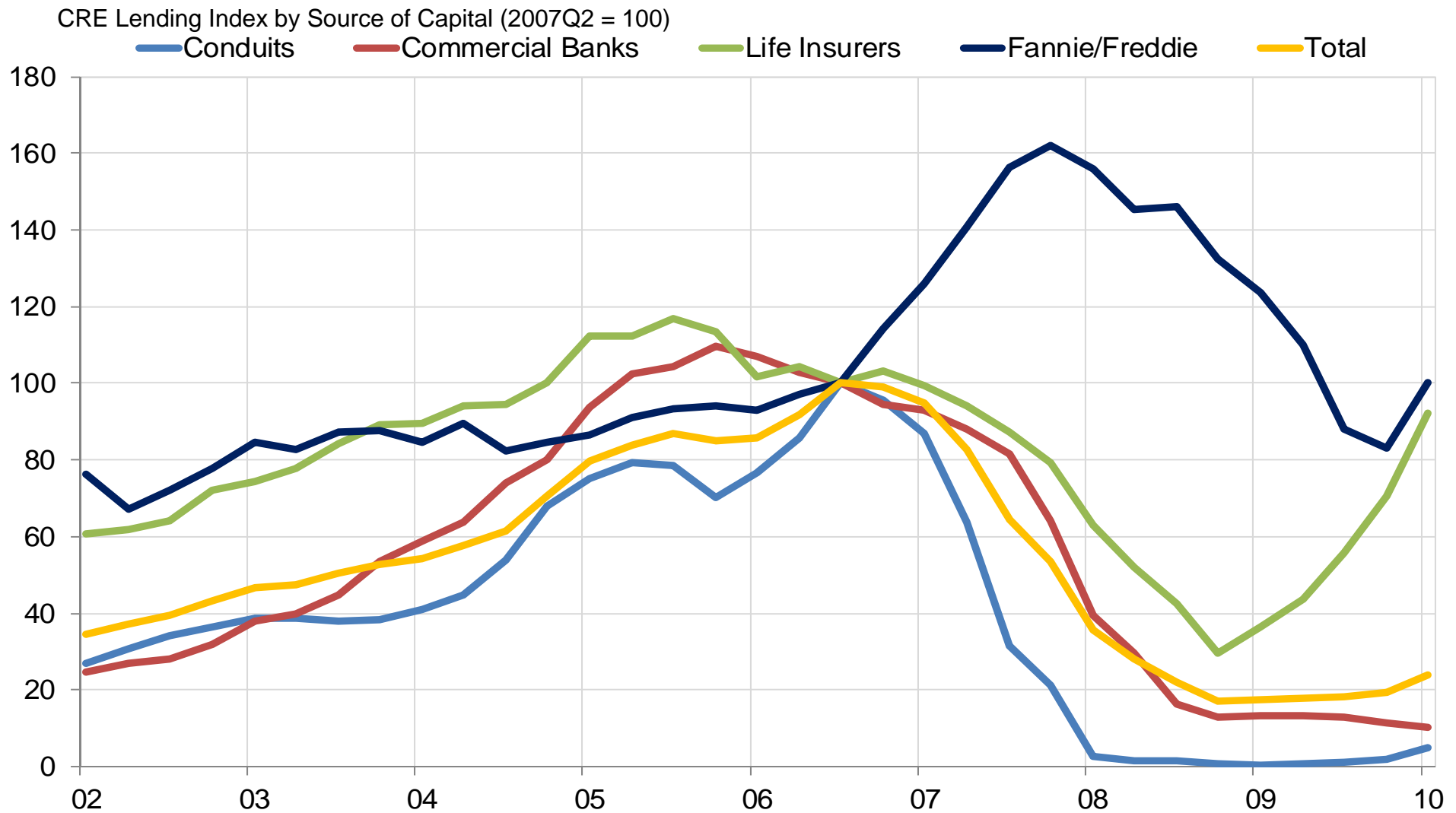
Let's Hope the Screws Were Not Stripped



Federal Reserve Loan Officer Survey Net % Of Respondents Tightening Standards



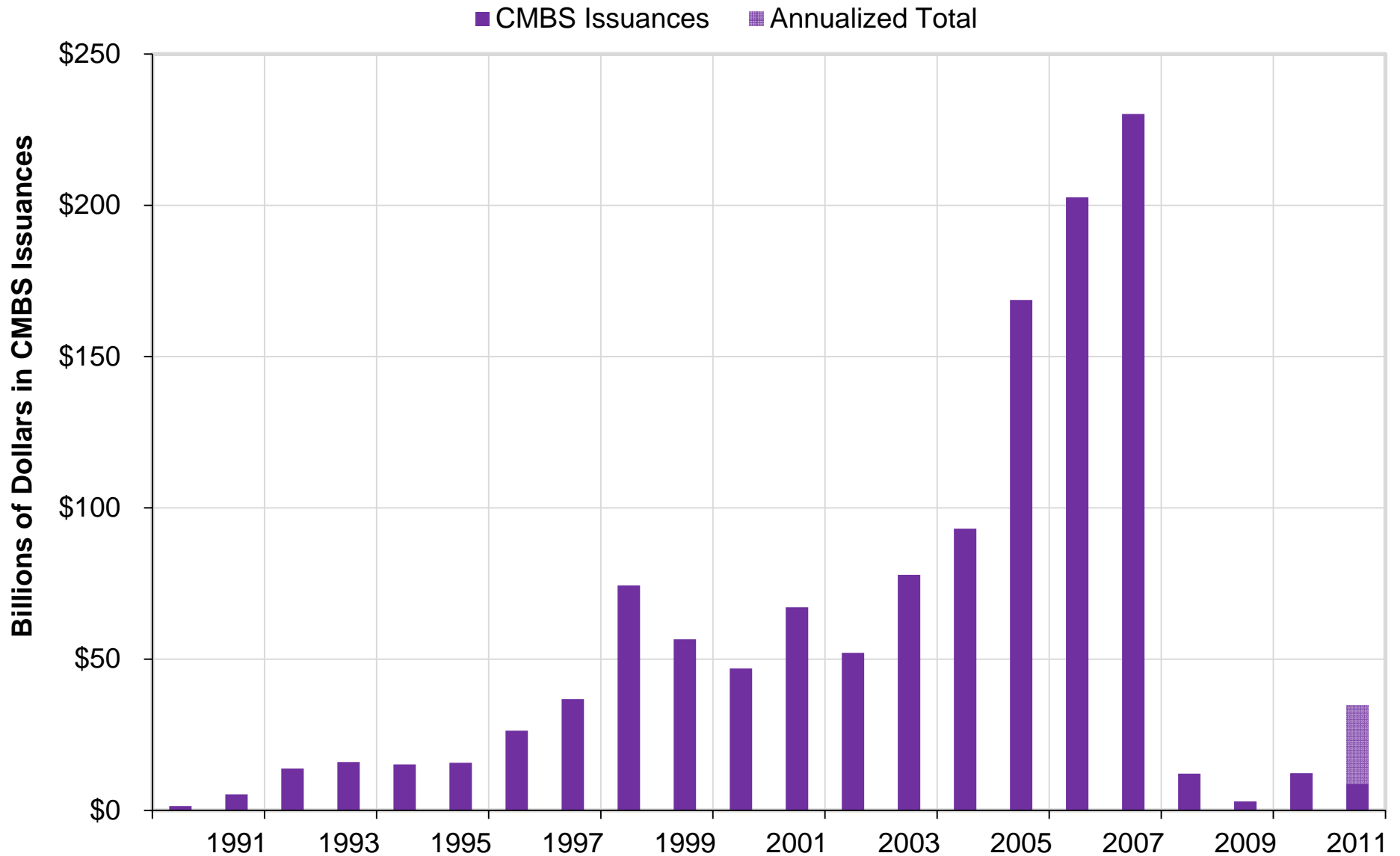
A Few Pockets Of Debt Capital Available



Source: ACLI; Moody's Analytics; Commercial Mortgage Alert; MBA

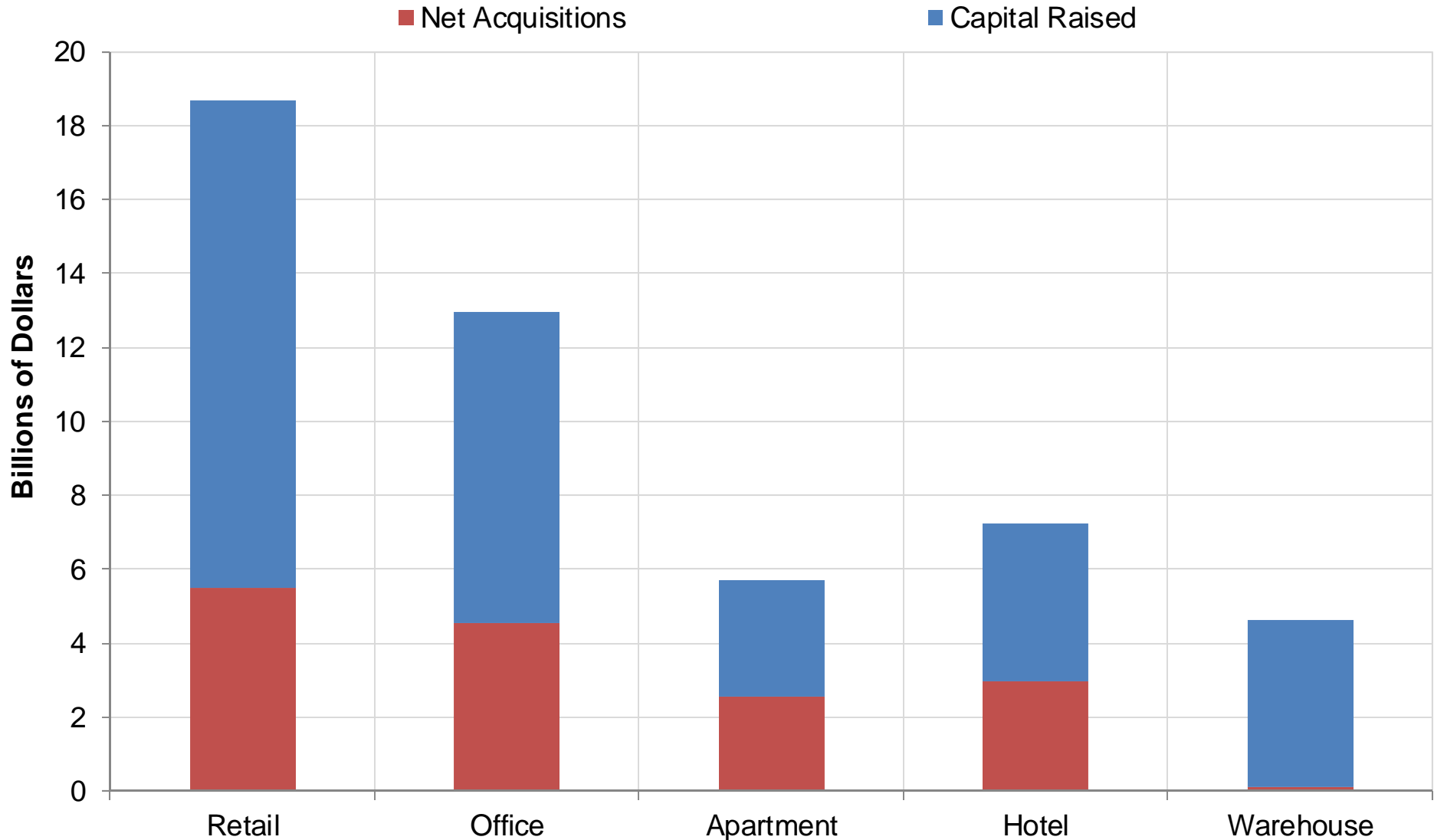


Quarterly CMBS Issuances Picking Up



Source: CMLS

Public REITs Successful in Raising Capital

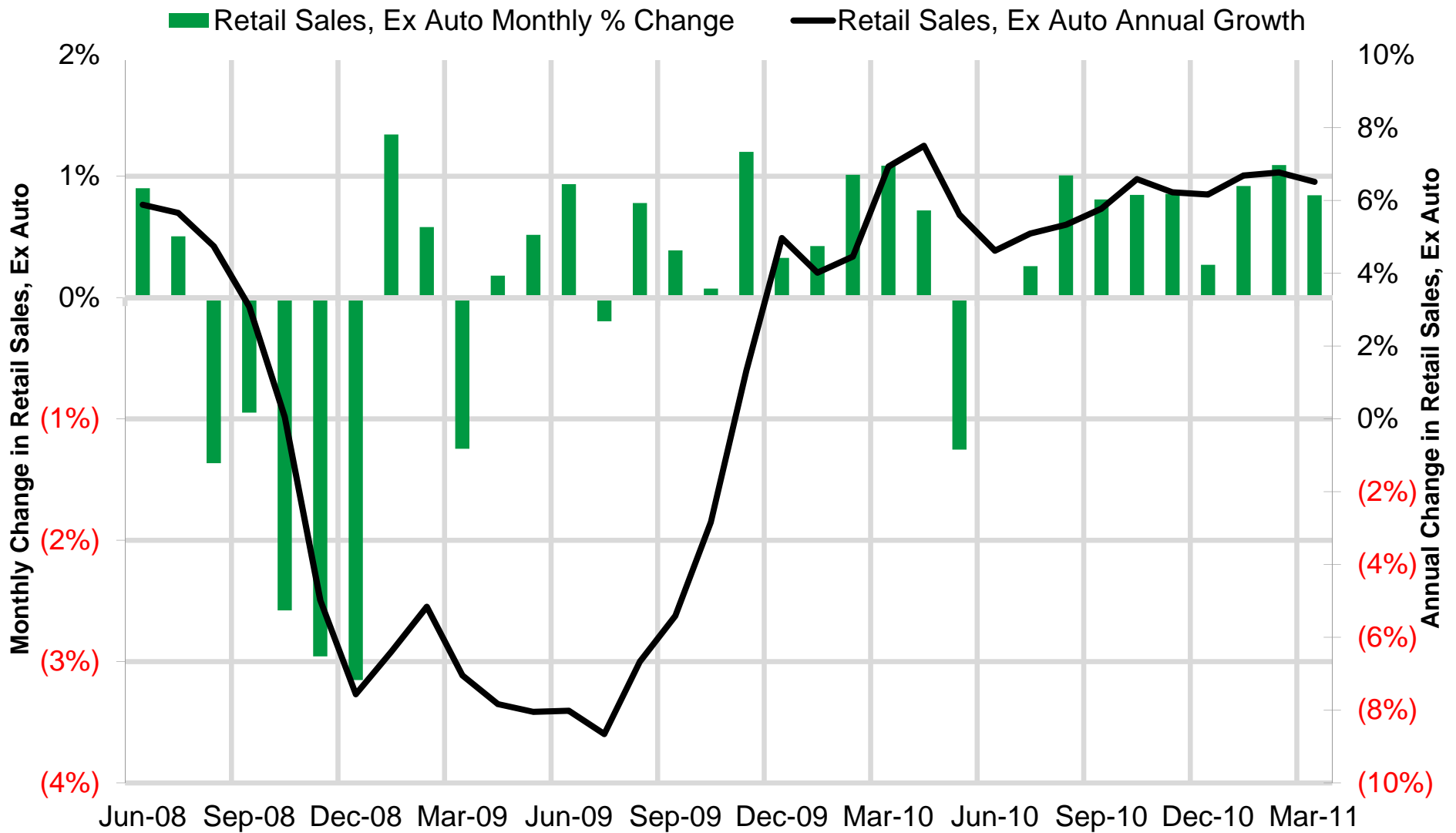




Leasing Fundamentals



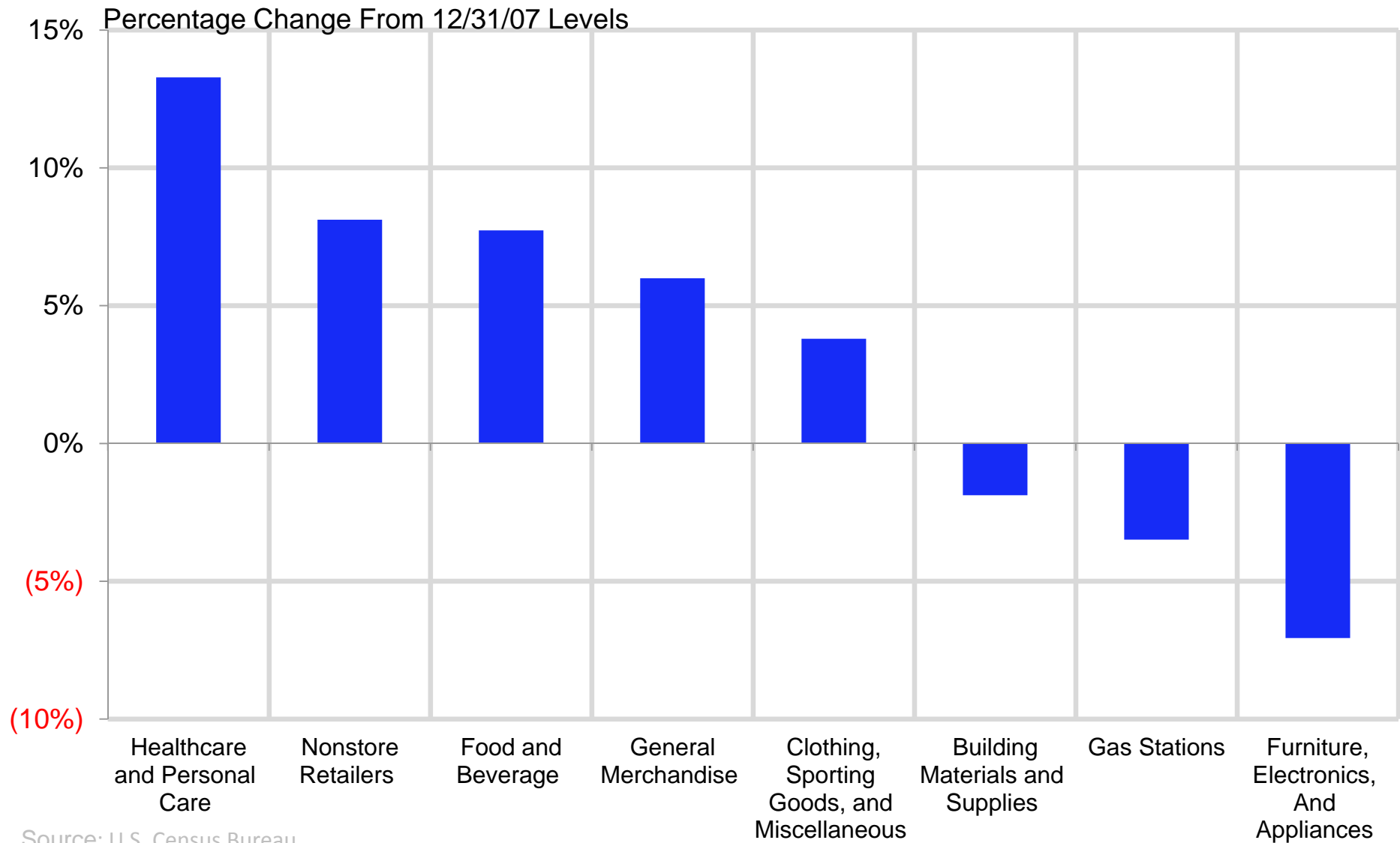
Retail Sales Volume Forges Ahead



Source: U.S. Census Bureau



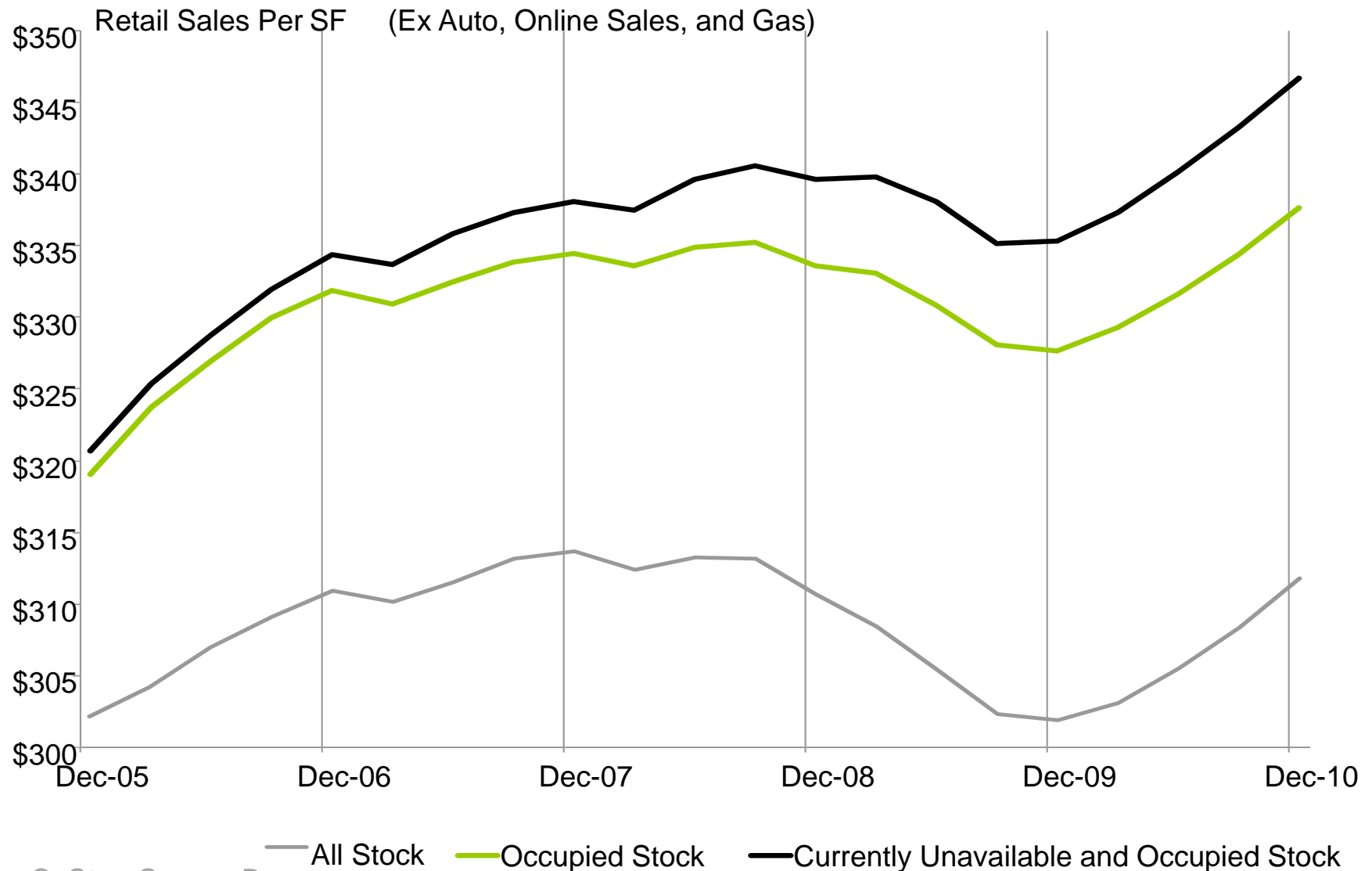
Consumers Discretionary With Spending



Source: U.S. Census Bureau



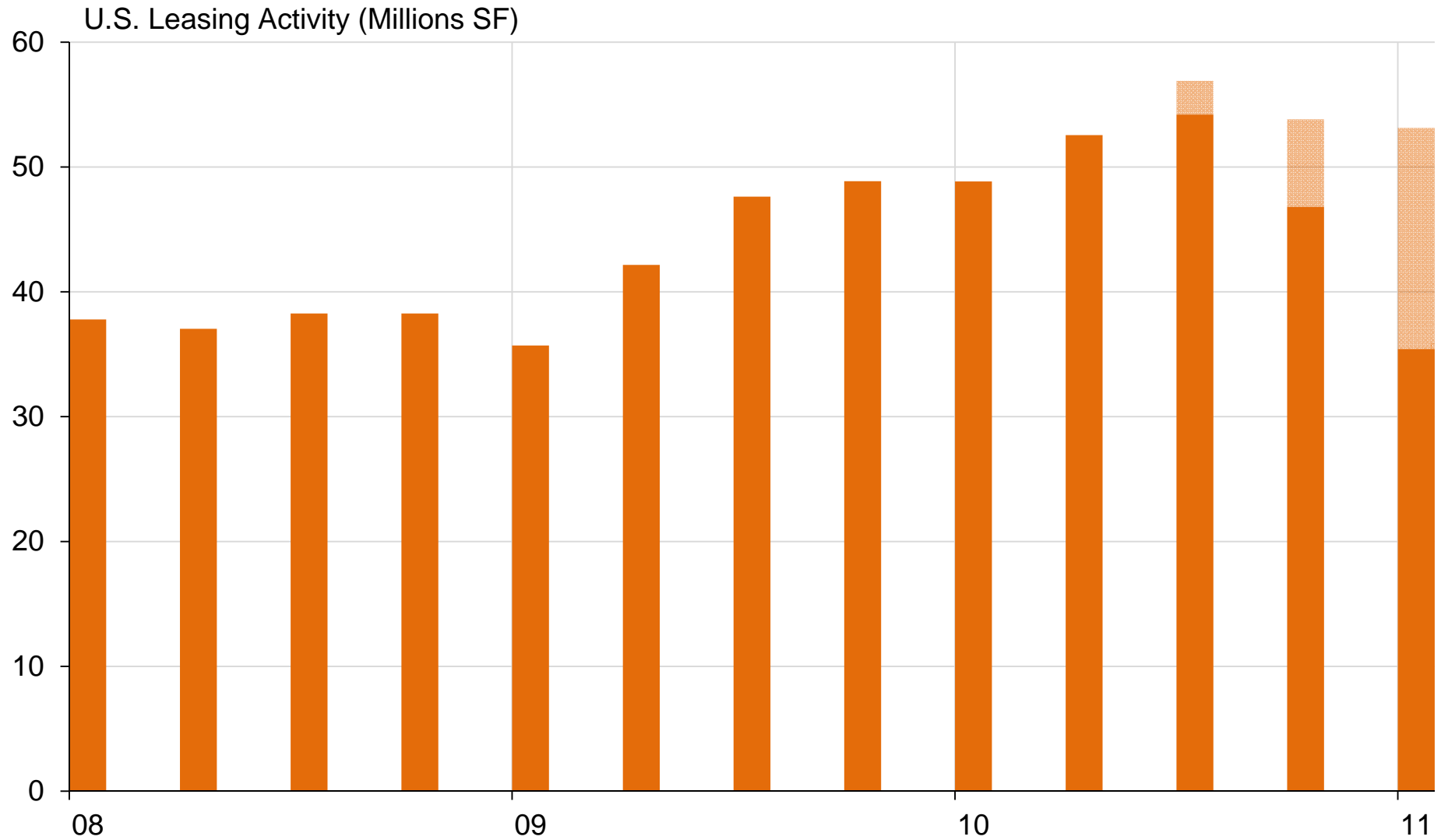
To The Victor Goes the Spoils



Source: CoStar; Census Bureau

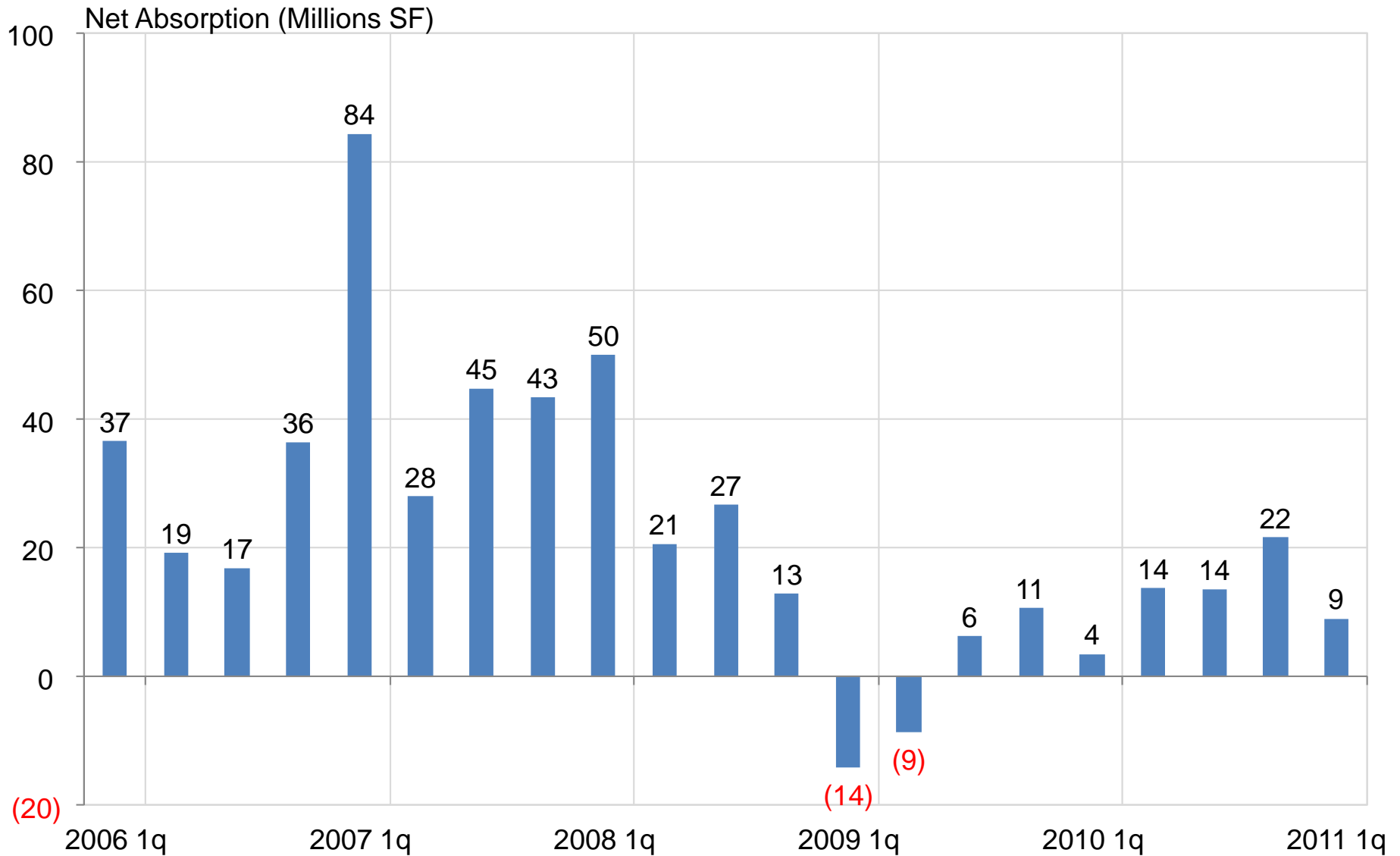


Reshuffling Space





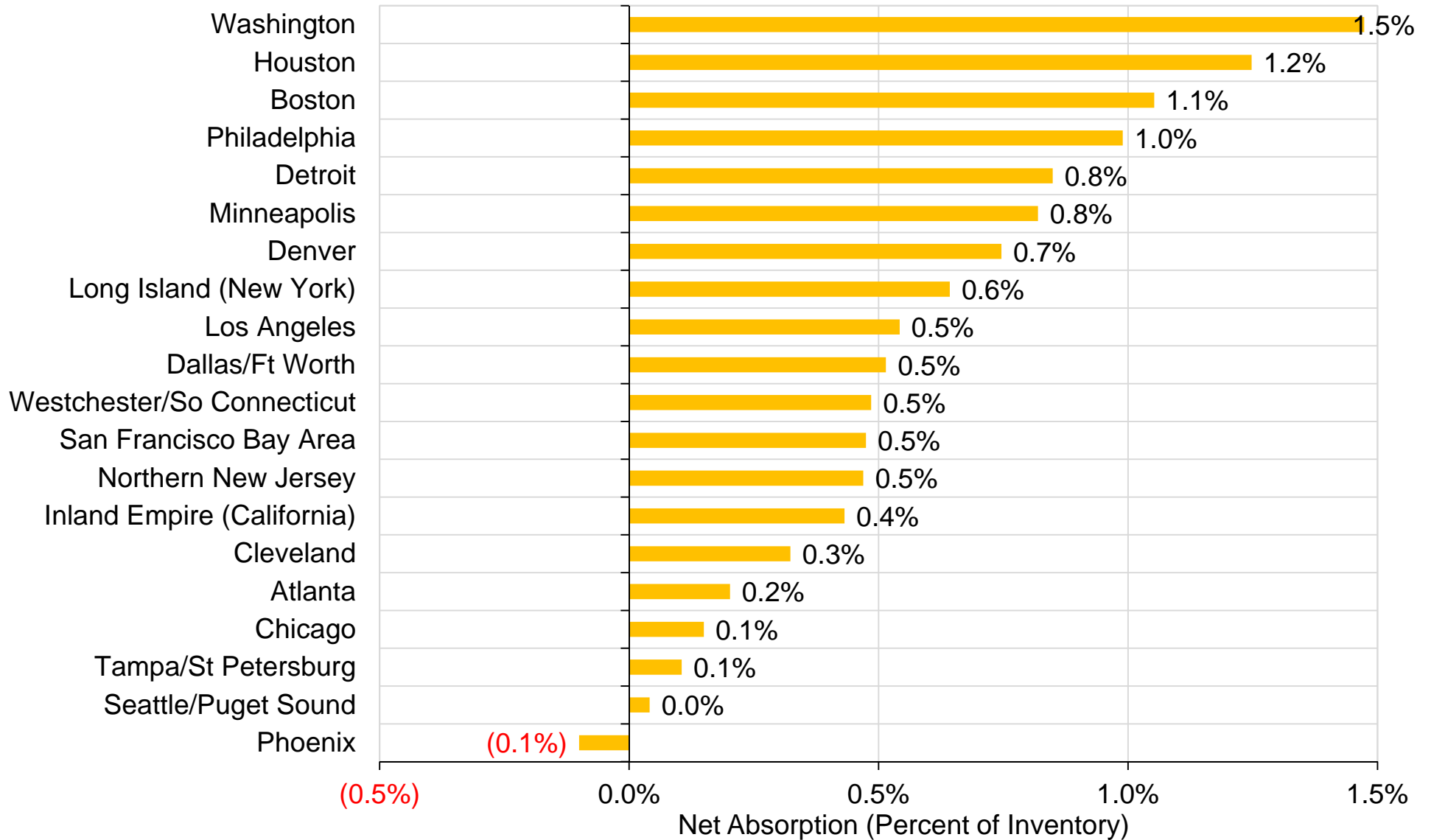
Net Absorption Remains Positive



Source: CoStar Group



Northeast Corridor Demand Healthy

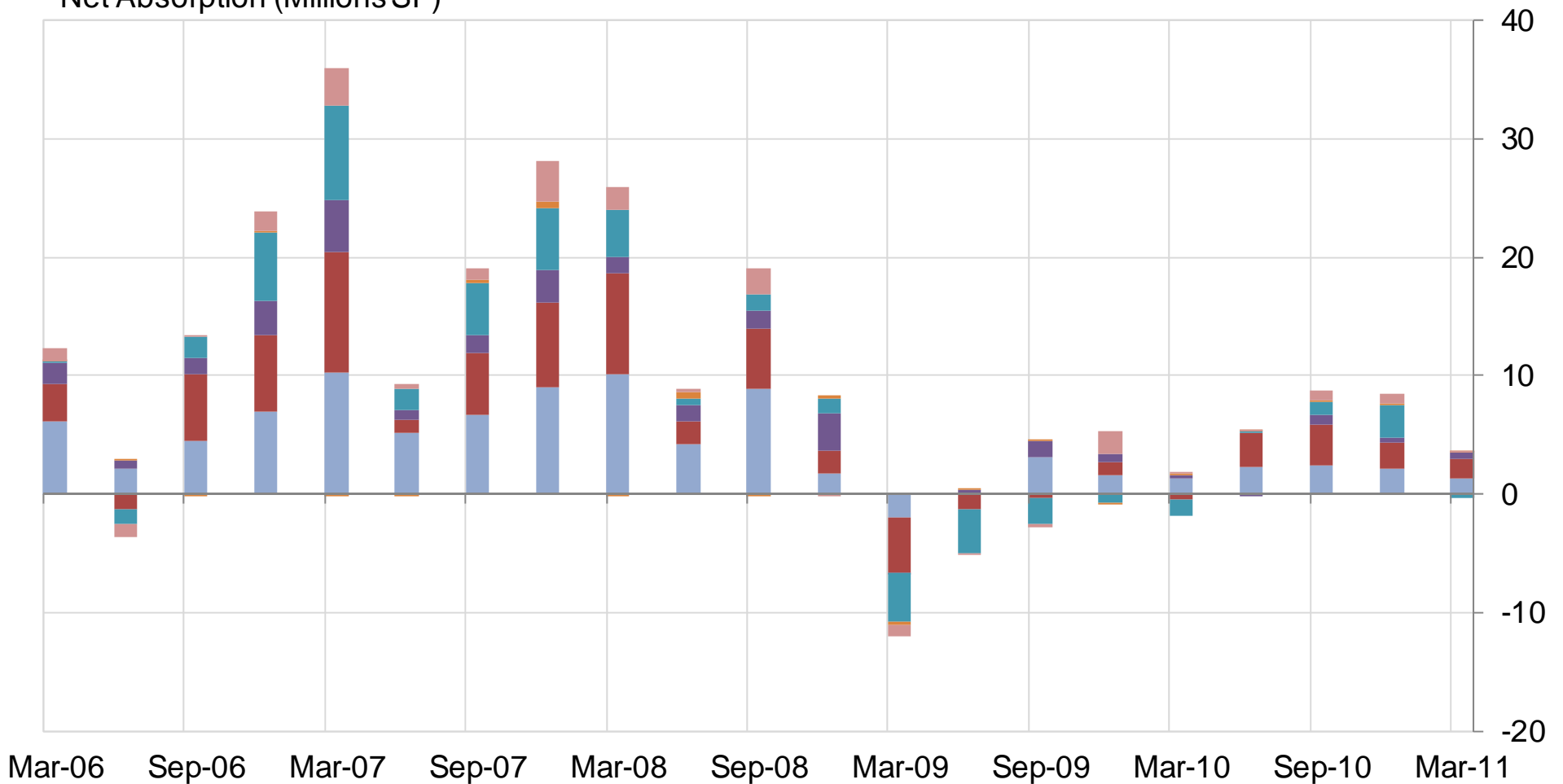


Demand Still Meek, Especially in Power Centers



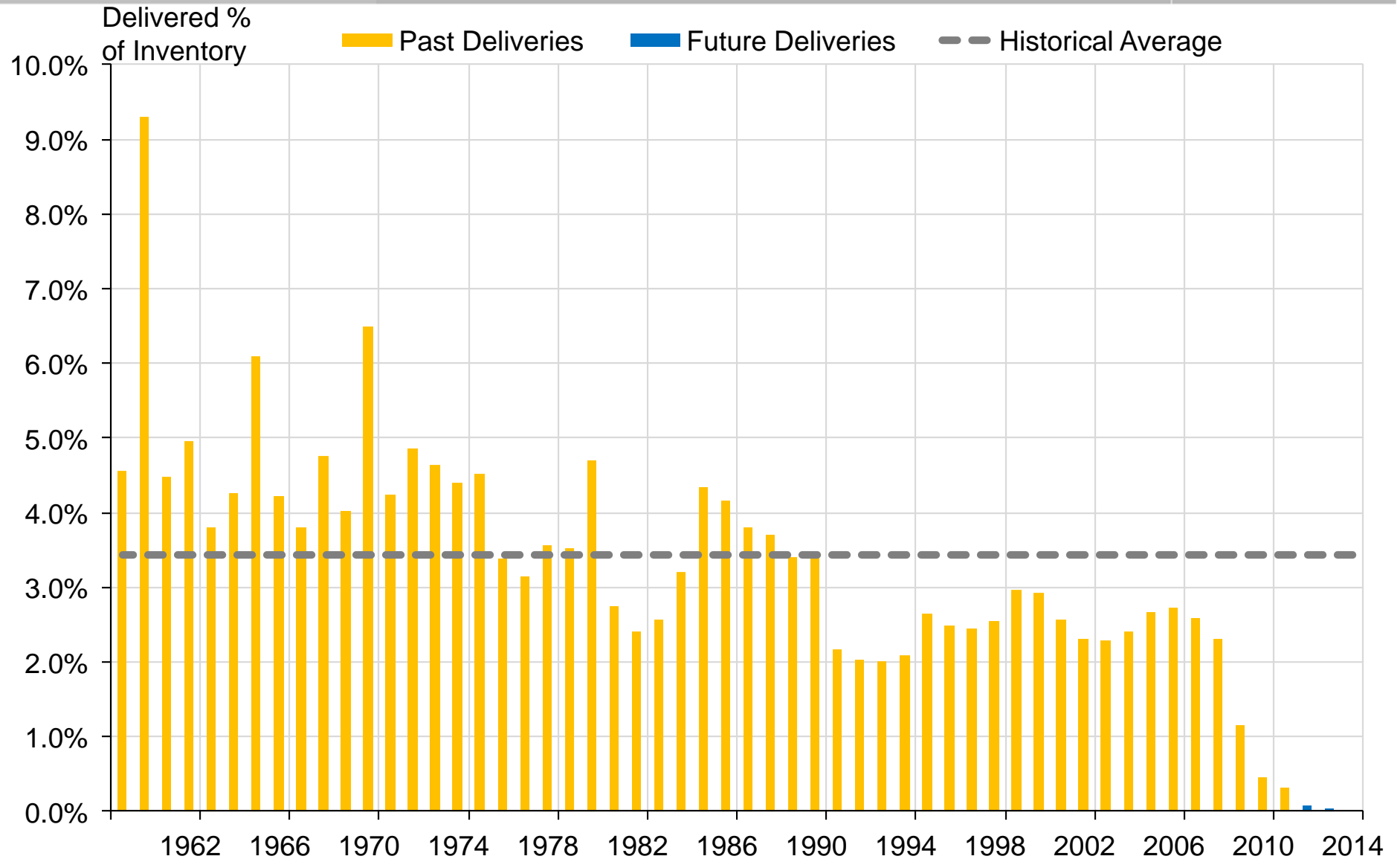
- Power Center
- Neighborhood Center
- Strip and Community Centers
- Outlet Center
- Lifestyle Center
- Regional and Super Regional Malls

Net Absorption (Millions SF)



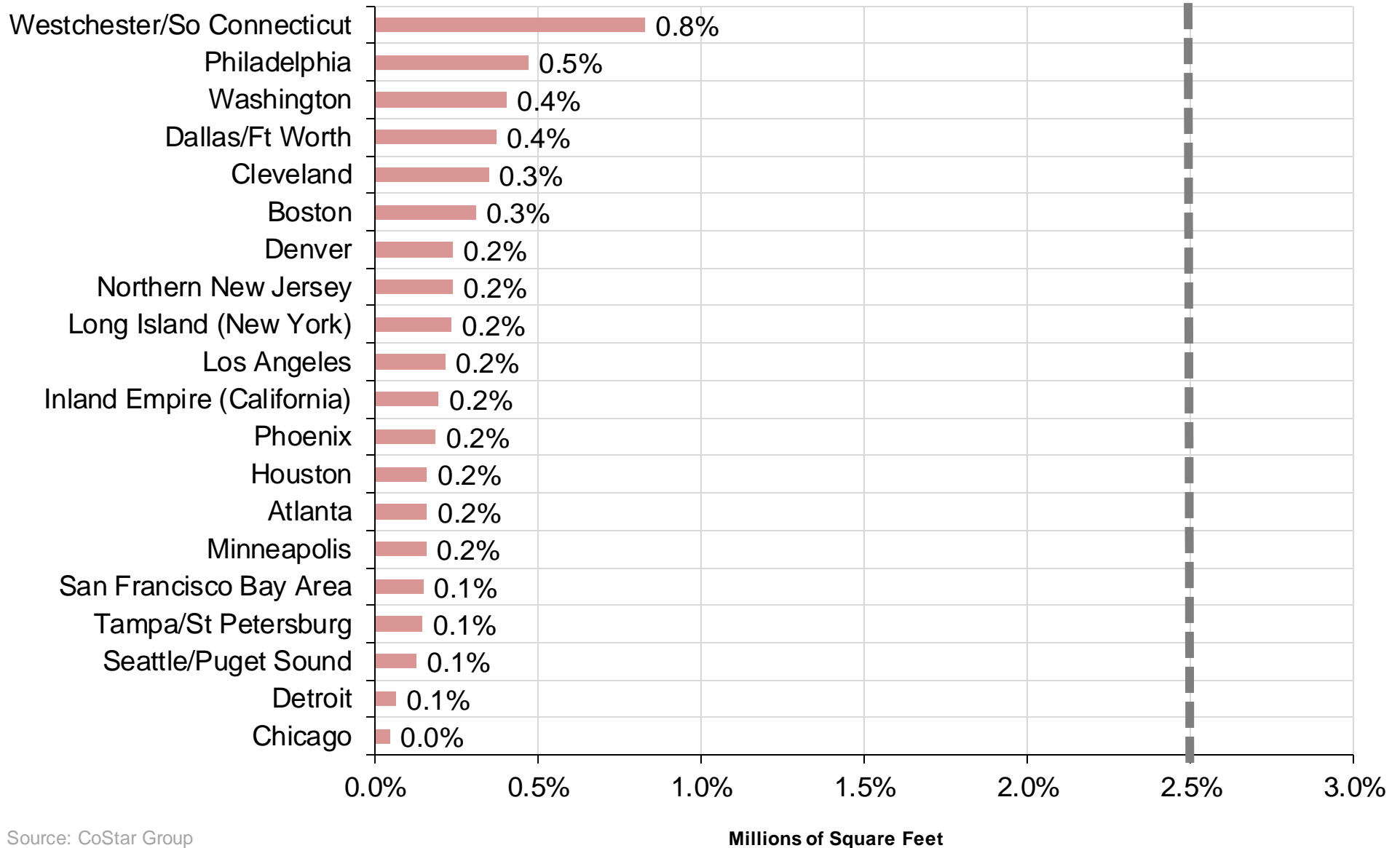


Construction Still Muted



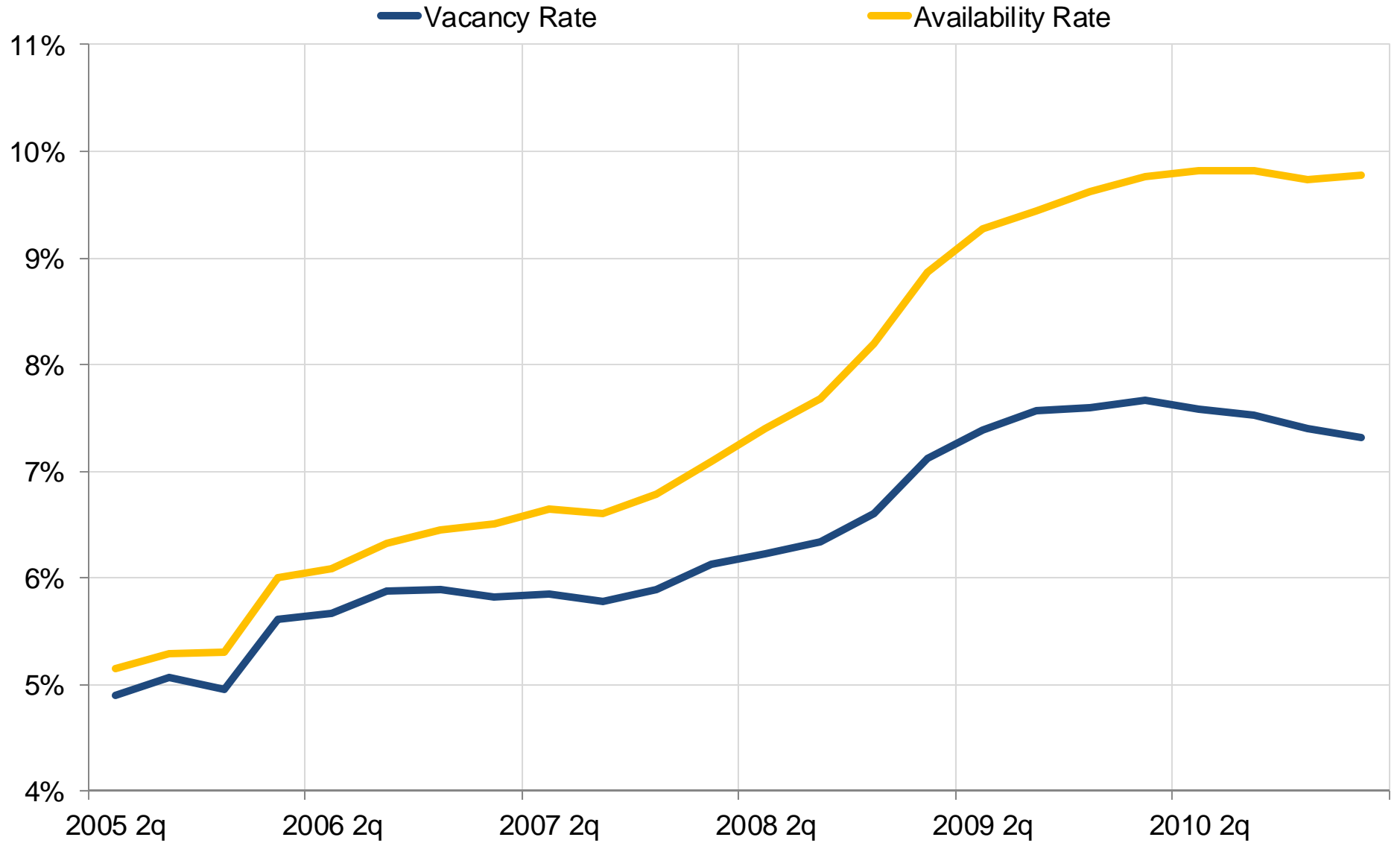


Construction Restrained (Even in healthier markets)





Vacancies Finally Cresting





More Markets Getting Healthy

Percentage of Submarkets With Declining Vacancy Rates

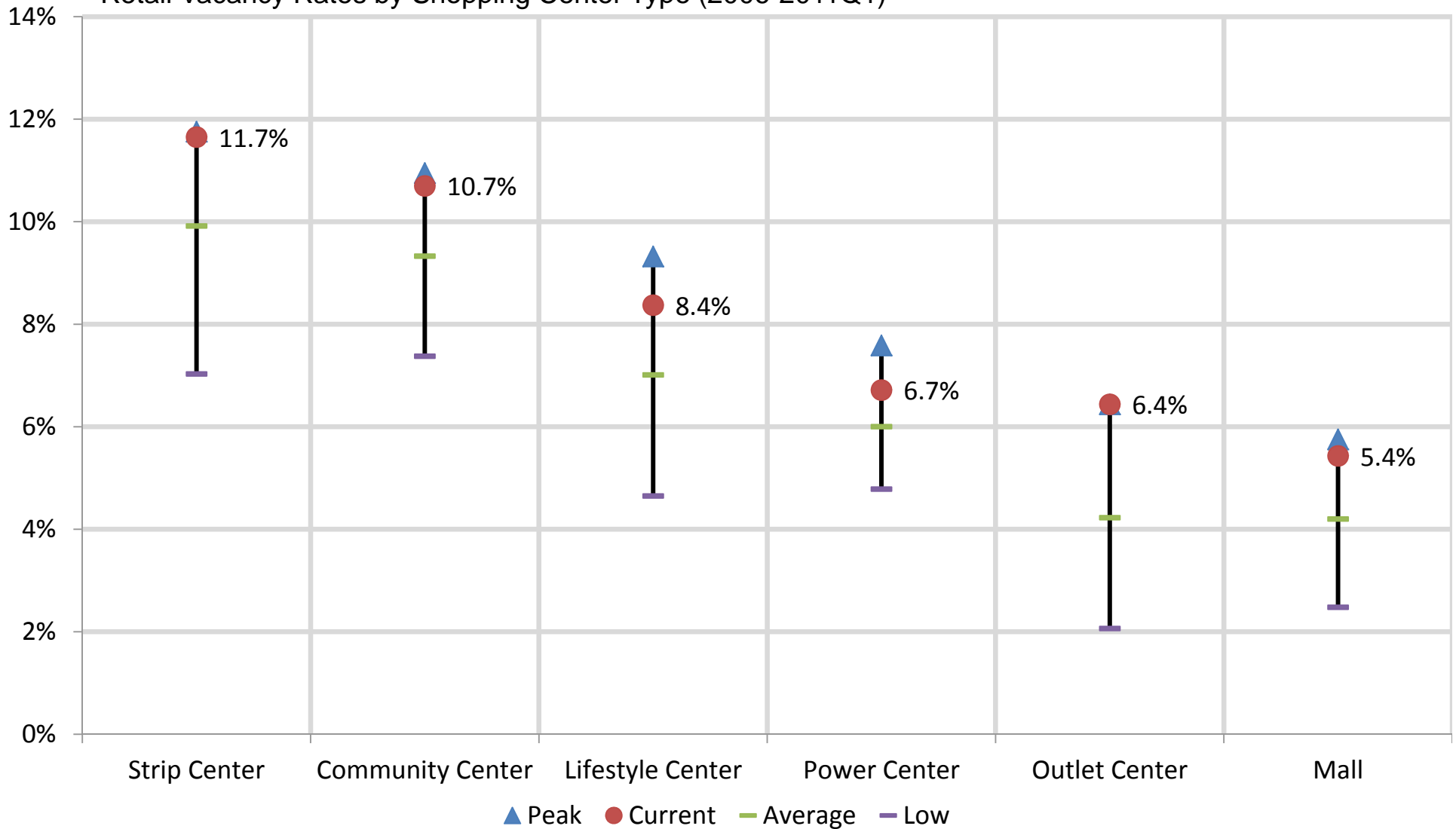


Source: CoStar Group

Power, Lifestyle Centers Pulling Back From The Peak

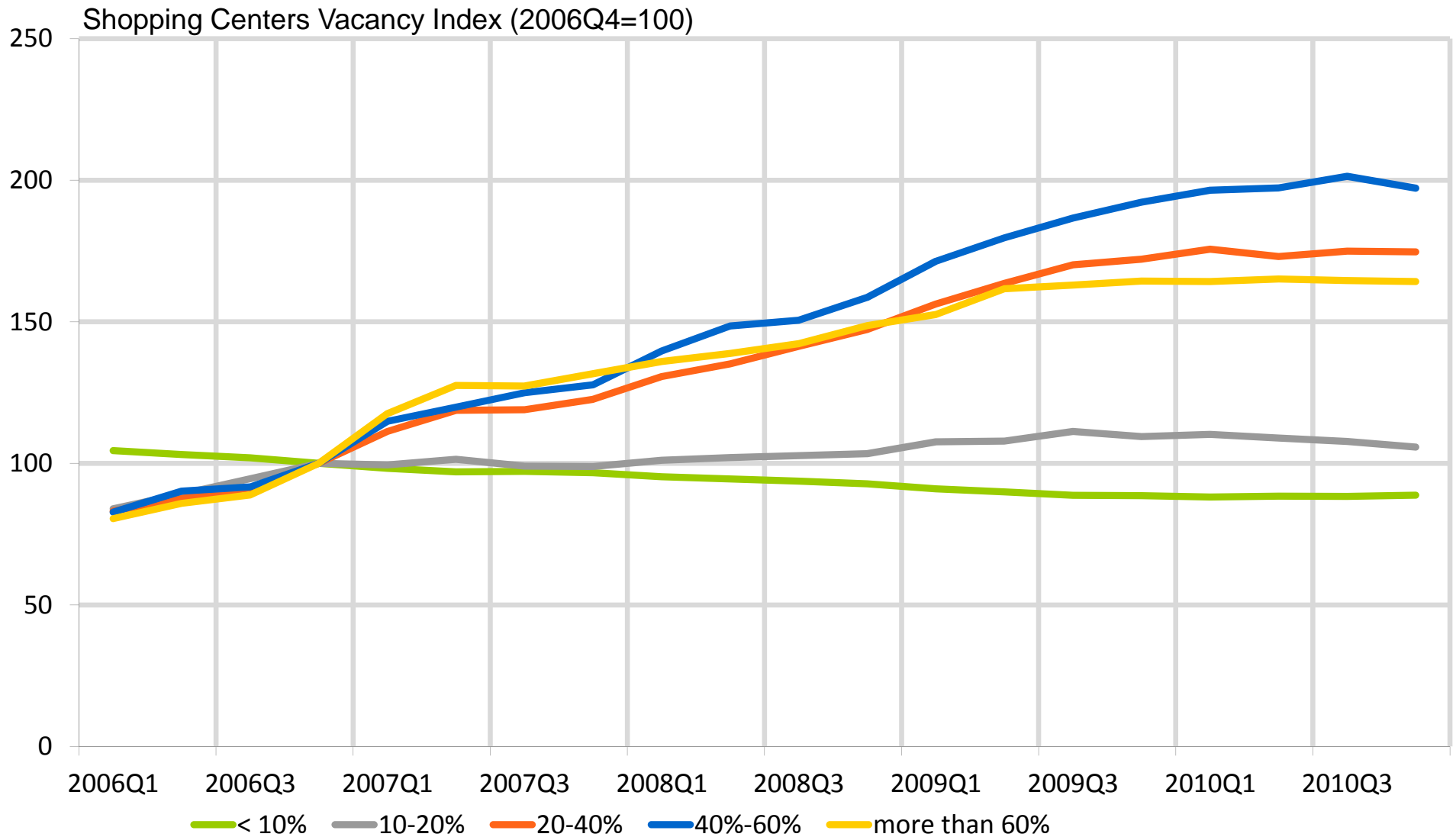


Retail Vacancy Rates by Shopping Center Type (2006-2011Q1)

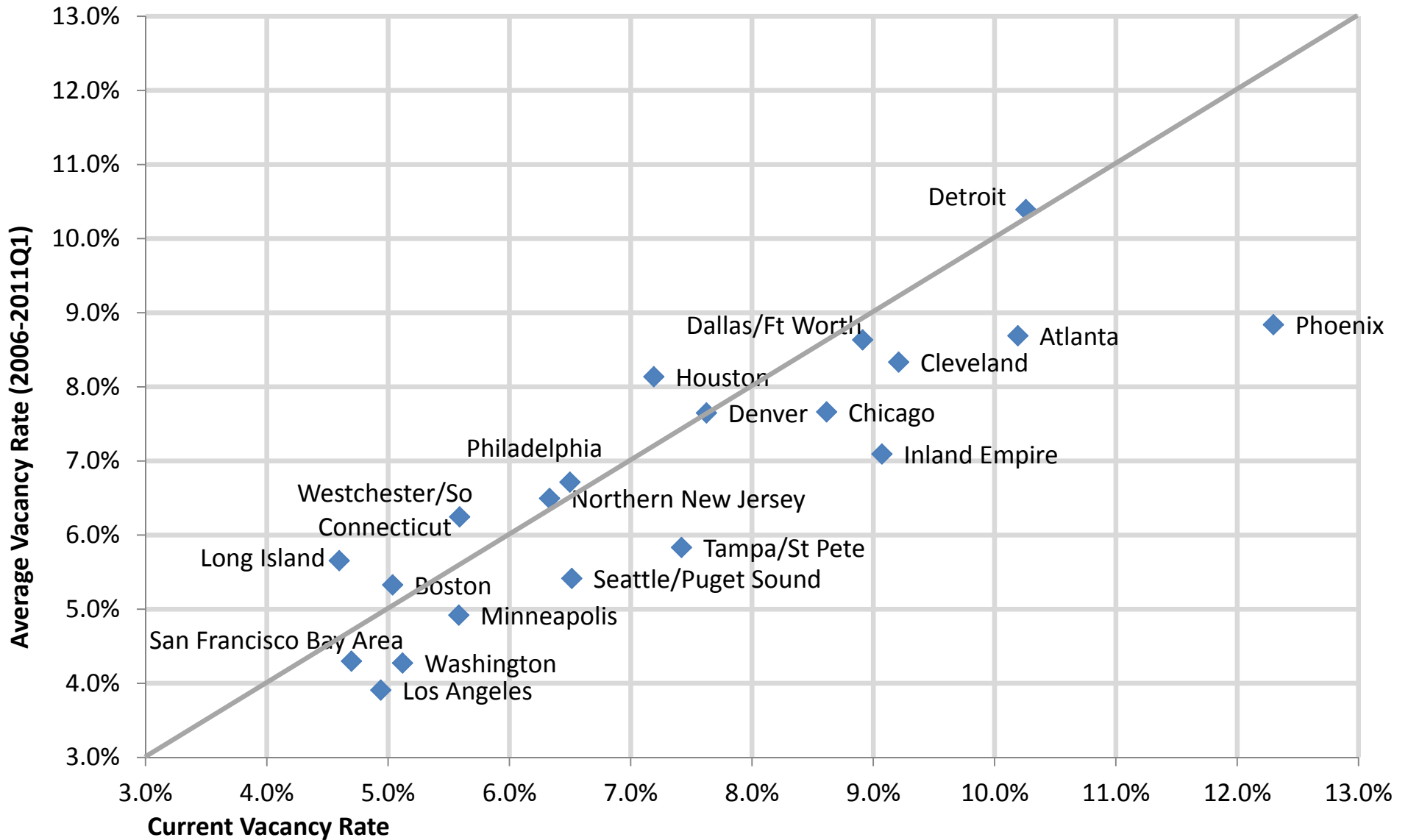




Bifurcation Evident



Housing Bust Metros Fighting Excessive Vacancies

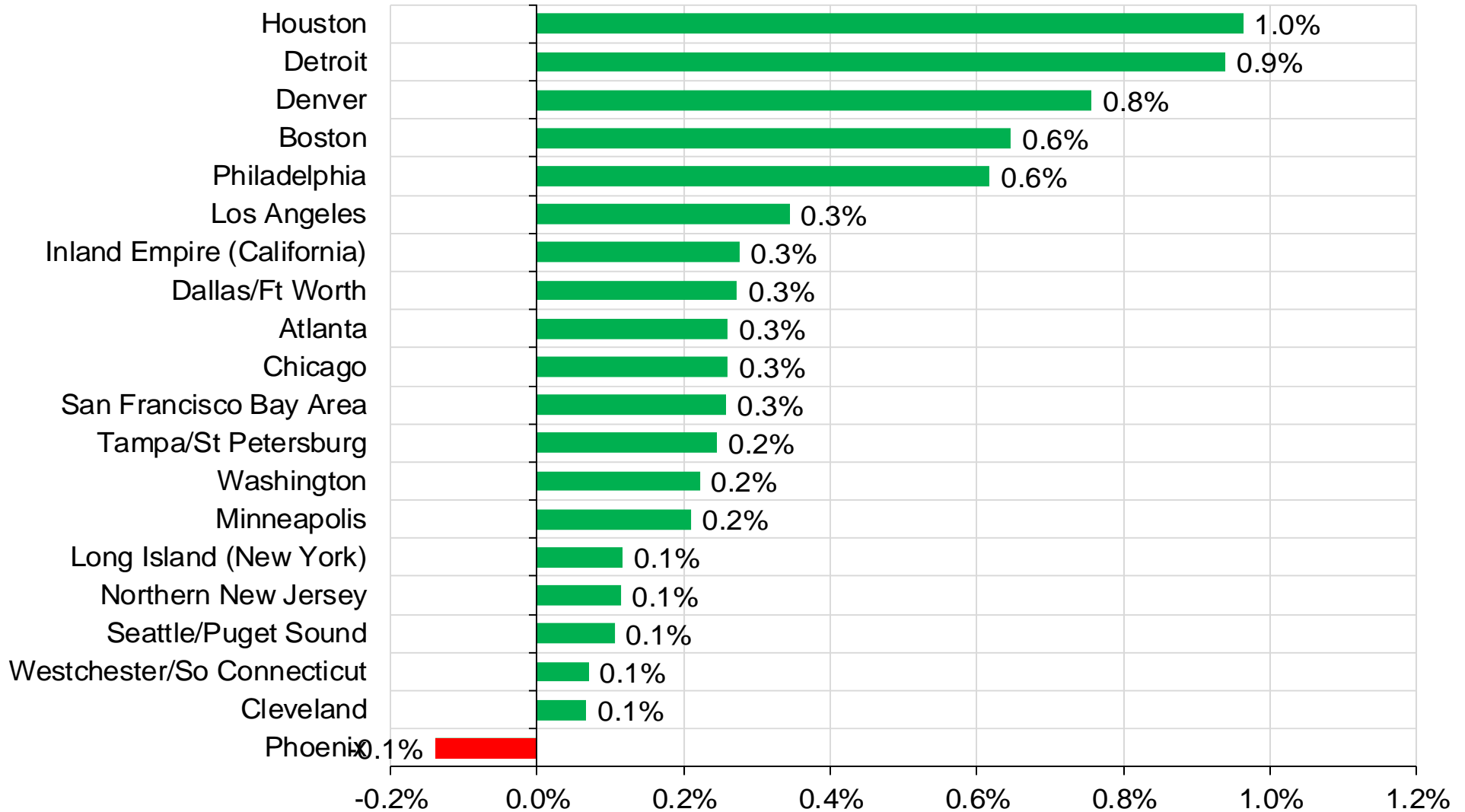


Source: CoStar Group

Broad-Based Improvement in Fundamentals

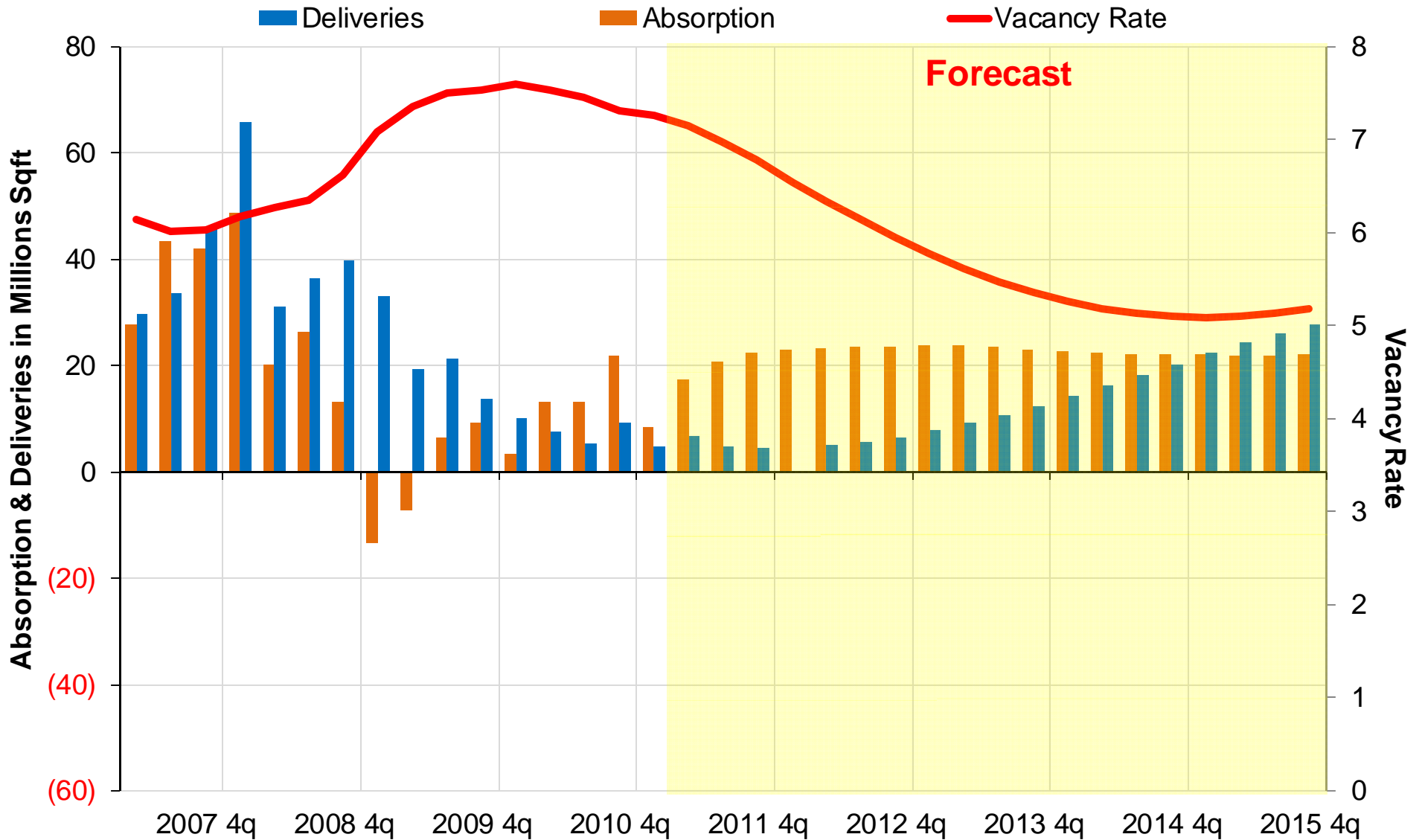


Year-Over-Year Change in Occupancy Rates in 20 Largest Markets



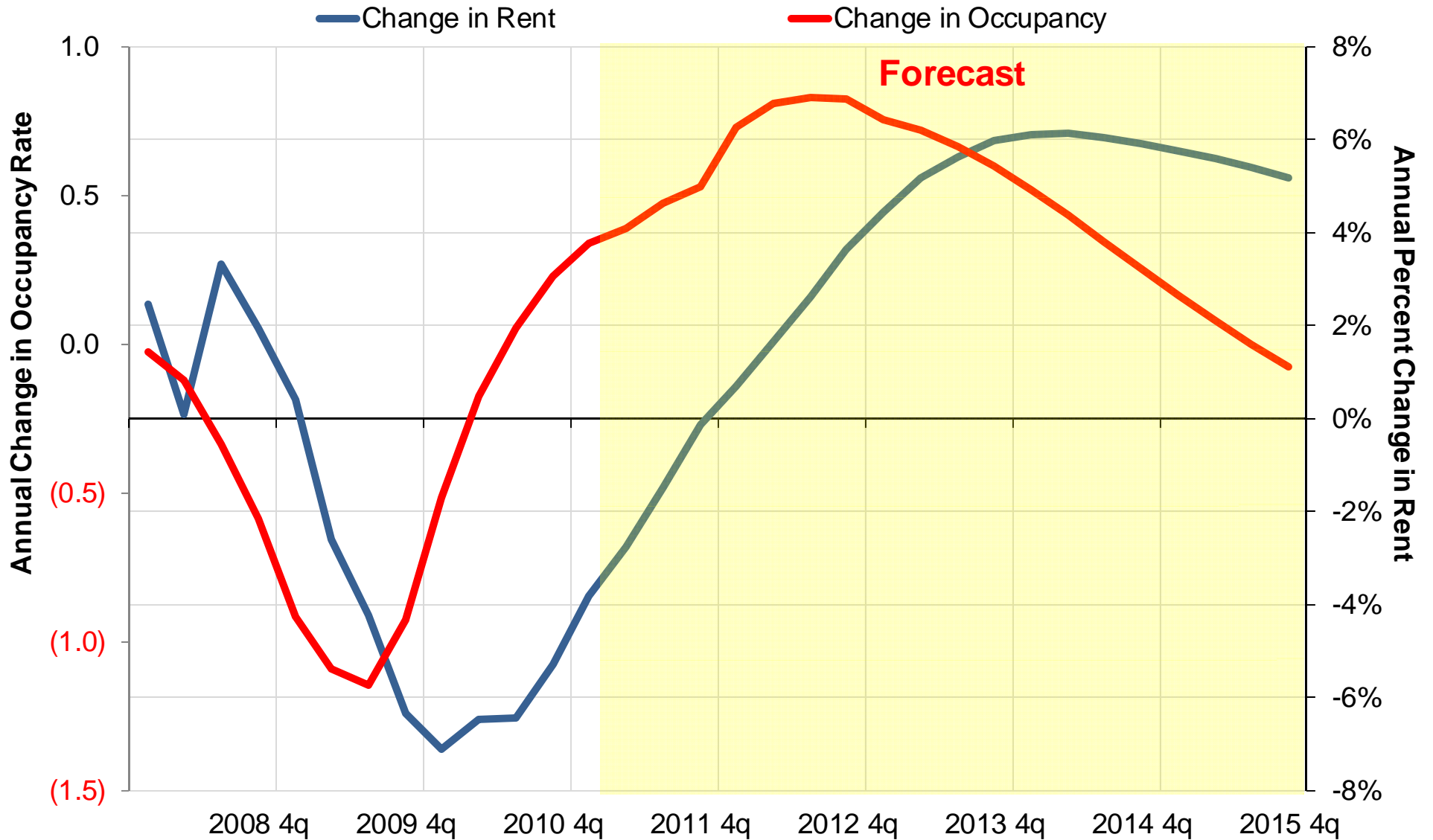


Vacancy Forecast





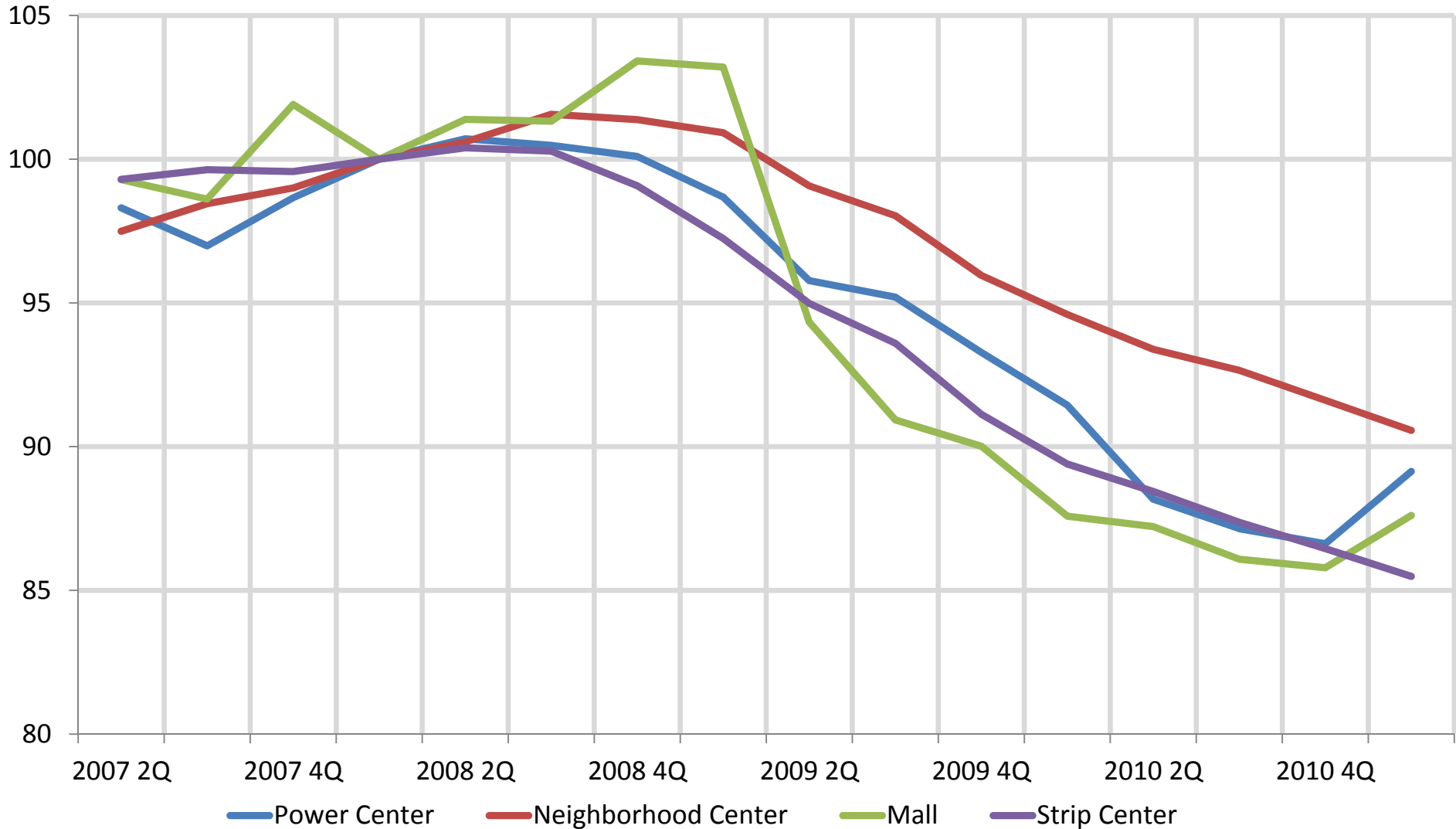
Rent Forecast



Malls, Power Centers Responding to Improving Fundamentals



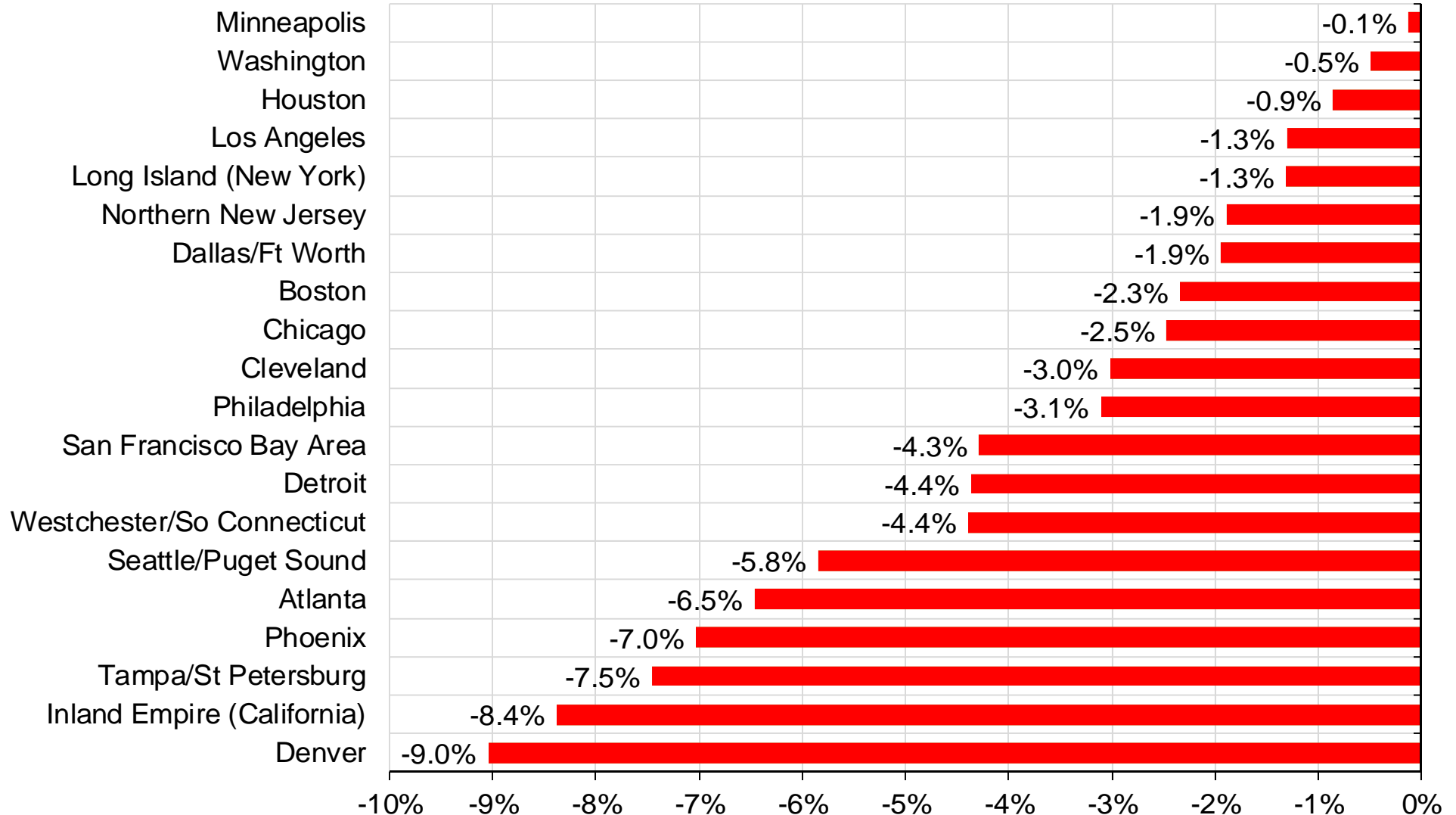
Rent Index (2008 1Q = 100)





South and West Still Struggling

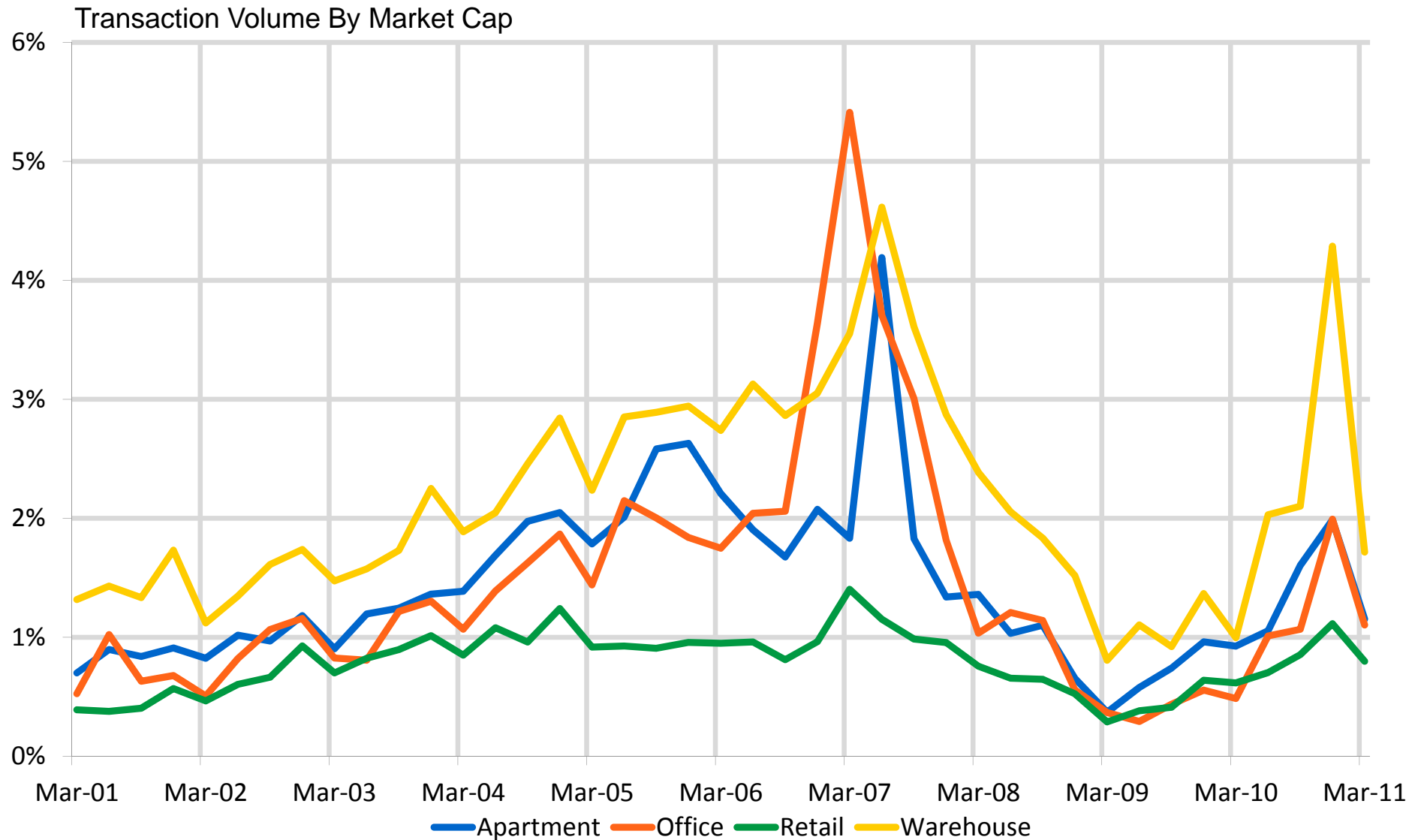
Year-Over-Year Change in Rental Rates in 20 Largest Markets





Retail Property Sales

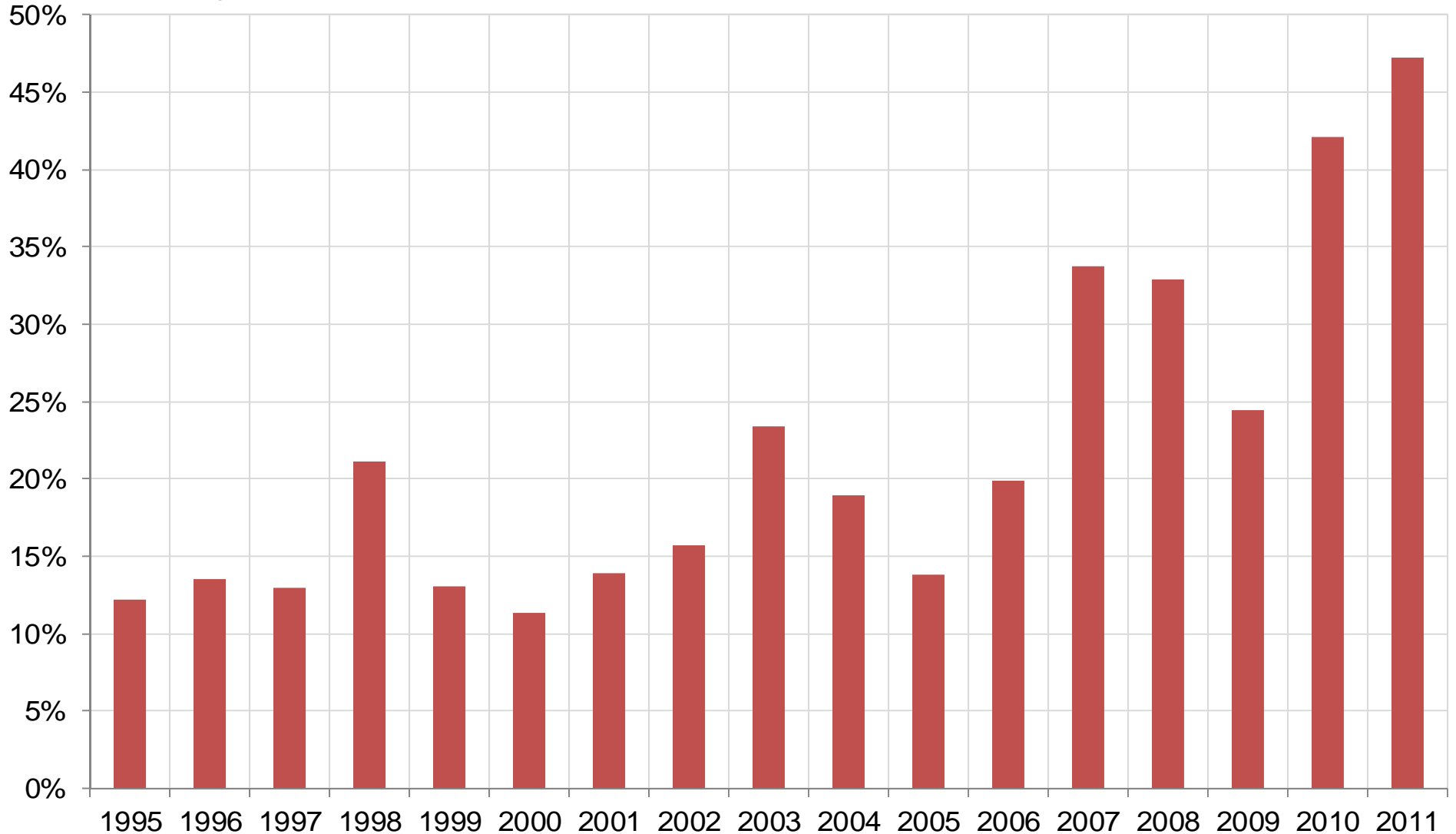
Retail Showing Less Liquidity Than Other Types





REITs Moving on Retail Portfolios

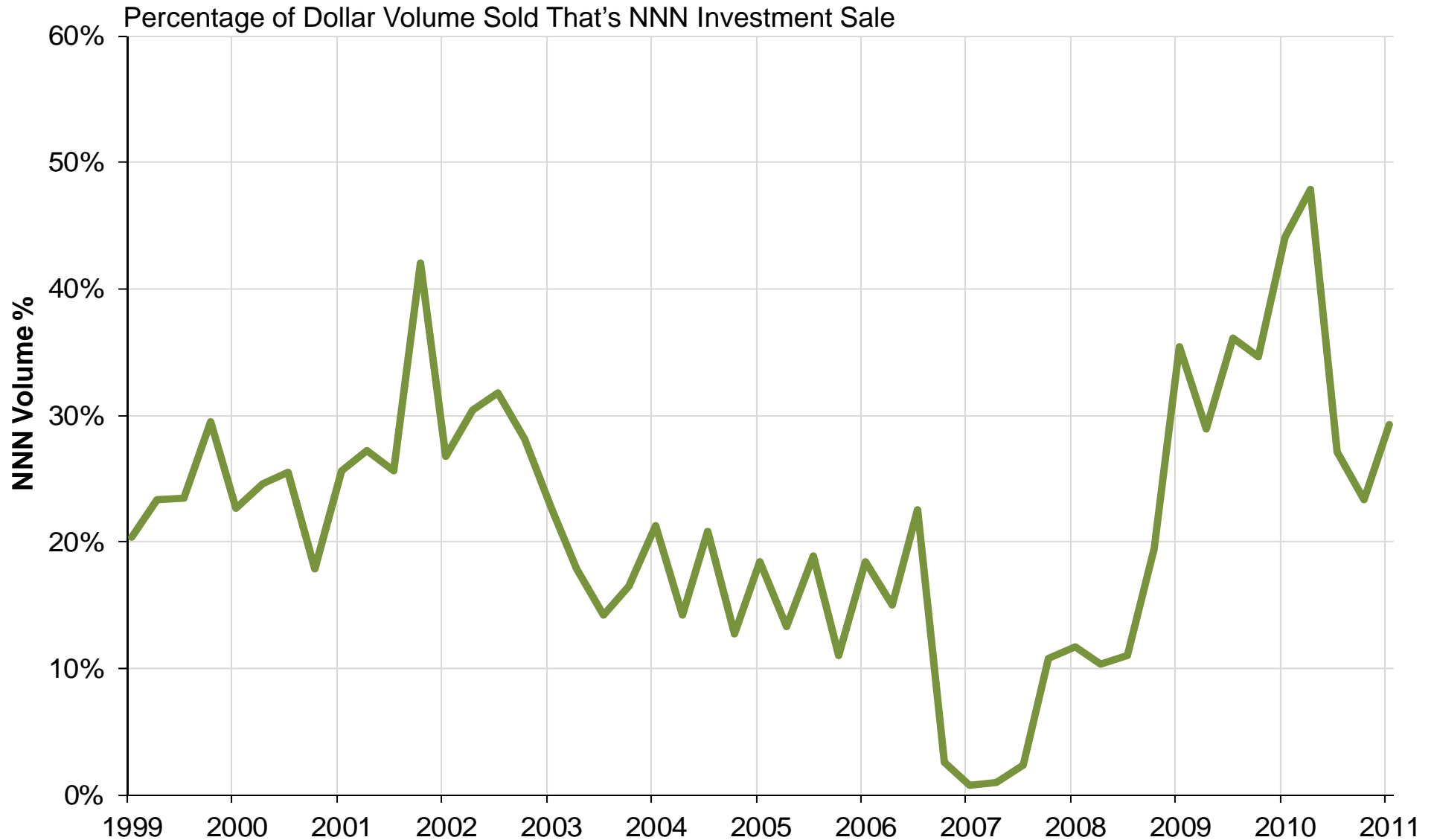
Percentage of Dollar Volume Sold That's Part of a Portfolio



Source: CoStar Group



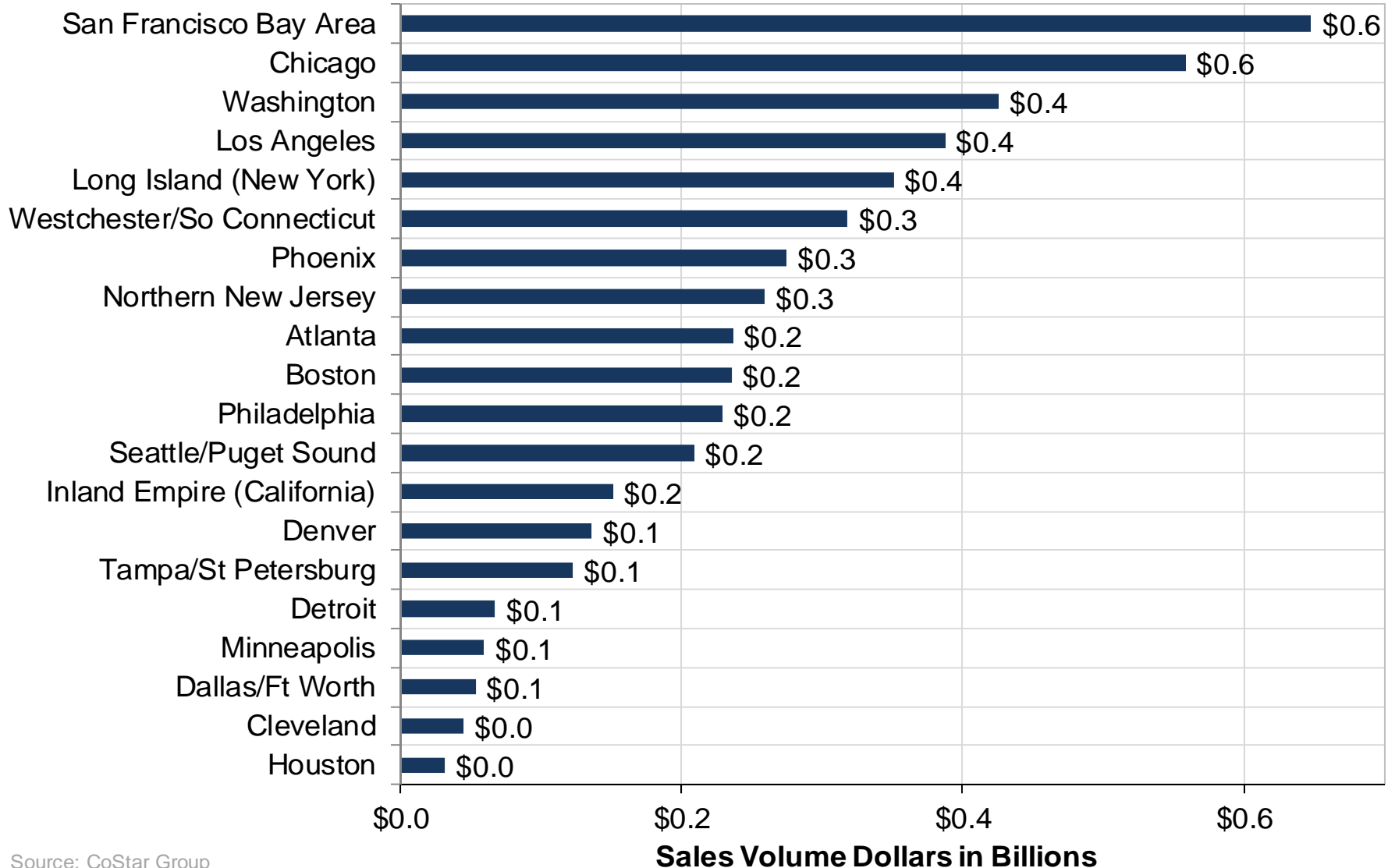
Investors Moving Beyond Drugstores





Core Markets Taking Bulk of Deal Volume

Year-to-Date Sales Volume in 20 Largest Markets





Selected Top Retail Deals – 1Q2011



Forest City Portfolio – NY, NJ
Forest City formed a joint venture partnership with Madison International Realty in a Recapitalization Deal valued at \$851.5 million
15 Shopping Centers
2.8 million square feet



Alameda Towne Centre – Alameda, CA
Harsch Investment sold to Jamestown for \$181 million
600,000 square feet



Westwood Town Center – Seattle, WA
4025 – 4045 S Riverpoint Parkway
Wesbild BP sold to MEPT/ New Tower Trust Company for \$78.1 million
300,000 square feet



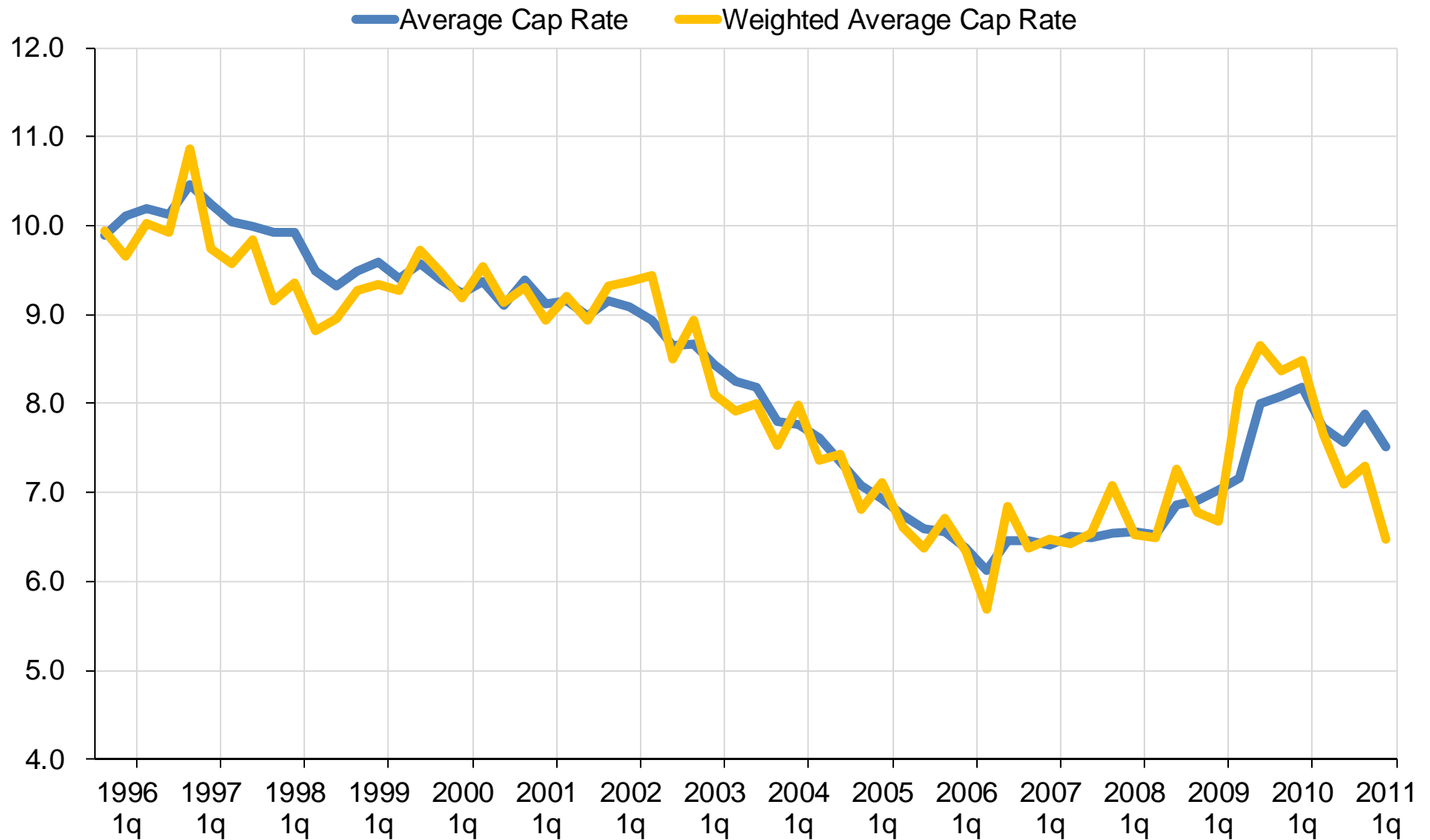
Landstown Commons – Virginia Beach, VA
The Goodman Company sold to Inland Diversified for \$91.2 million
414,500 square feet



Bixby Portfolio – Long Beach, CA
Bixby Land Company sold to Equity One for \$72 million
3 Shopping Centers
312,000 square feet

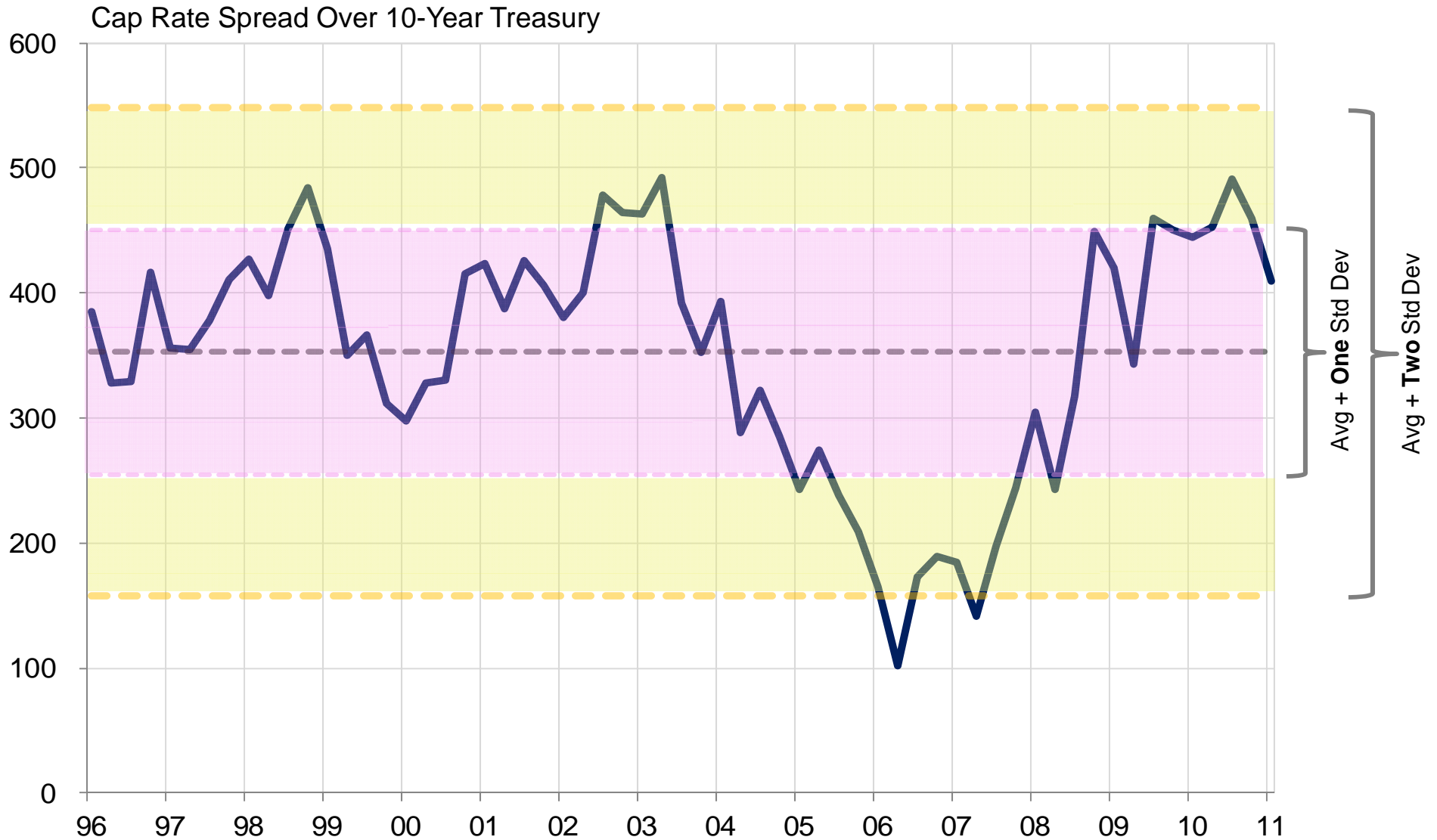


Cap Rates Starting to Compress



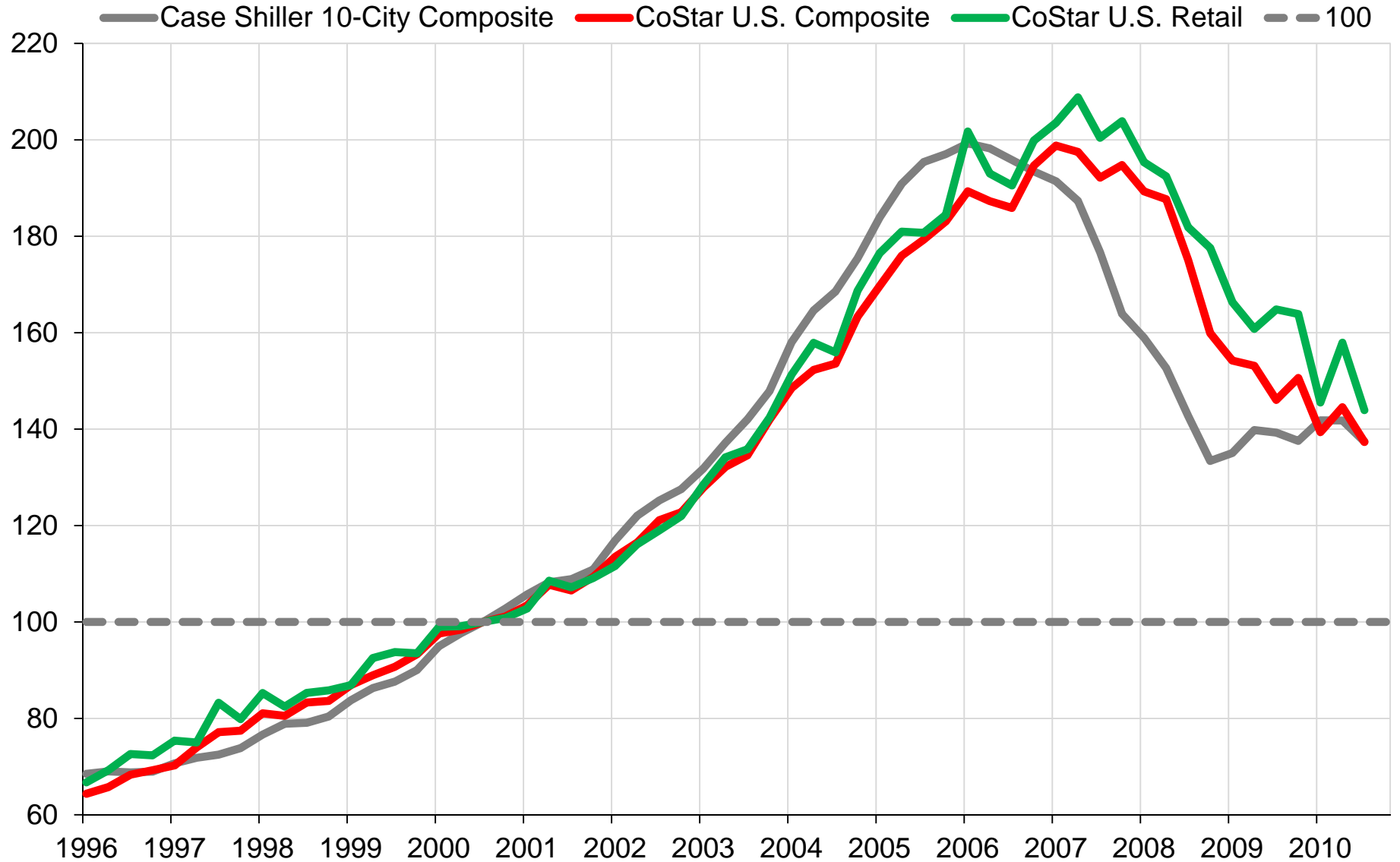


Spreads Tightening





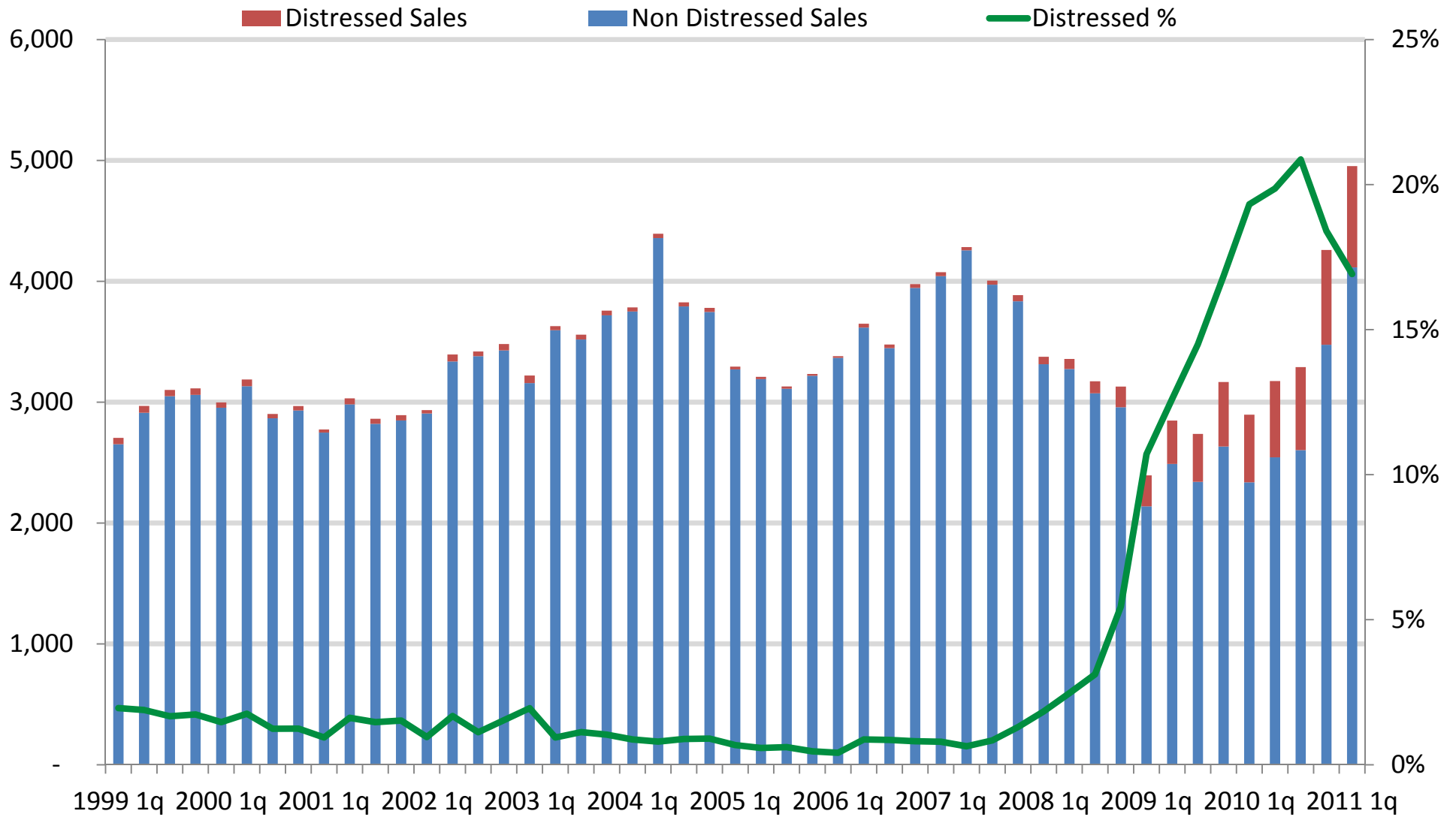
Retail Repeat Sales Index Still Declining





Retail Distress is Moderating

Distressed vs. Non-Distressed Sales Volume

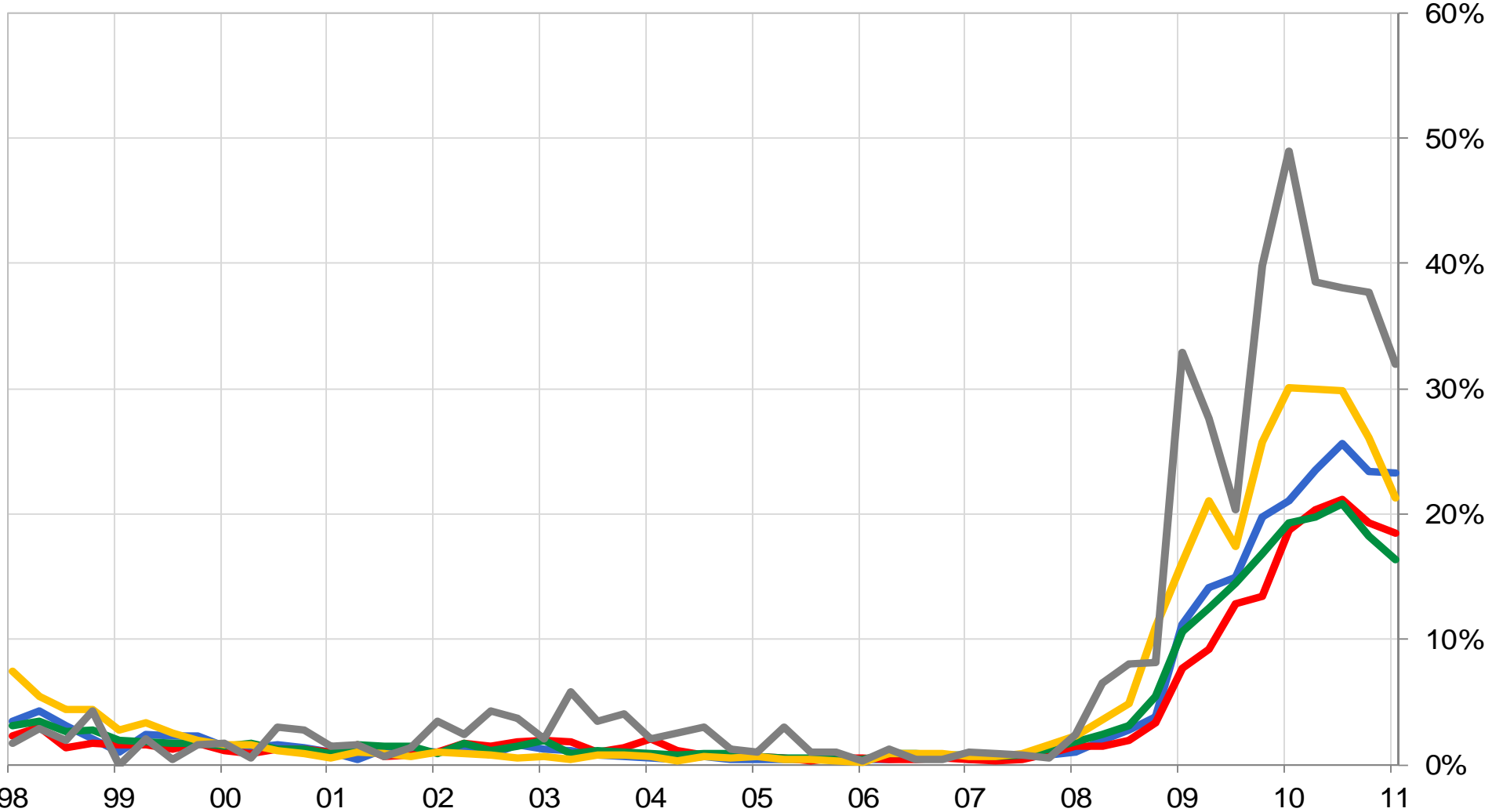




Retail Distress is Moderating

Distressed Sales Volume by Property Type

Office Industrial Retail Multifamily Hospitality





Summary