

Retail Report

Columbus, Ohio
2Q 2010



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Pictured Below

The Discount Drug Mart plaza at Sawmill Parkway traded for \$5.15 million, or \$103 per SF in March. The 49,772 SF center is located in Southern Delaware County.



Inventory

Cassidy Turley surveyed more than 92 million square feet of retail space, comprised of 3,386 superstores, strip centers, drug stores, restaurants, regional malls and neighborhood centers that are 5,000 square feet or larger. Inventory is spread over six submarkets: Northwest, North-Northeast, Southeast, Southwest, Downtown and Out of County. Along with the market as a whole, a big box subset of the retail market was also surveyed this quarter. This survey tracks shopping centers of 50,000 square feet or more in gross leasable area.

The largest submarket is the North-Northeast, which includes the New Albany and Westerville metropolitan areas. This submarket has 918 buildings and more than 23.5 million square feet of space. The second largest submarket is the Out-of-County with 19.8 million square feet contained in 731 buildings. The next submarket is the Northwest, which consists of 550 buildings totaling 16.9 million square feet. The Southeast submarket, an emerging market, follows with 15.9 million square feet in 528 retail properties. The smallest suburban submarket in tracked retail space is the Southwest with 9.8 million square feet in 369 buildings. The once thriving Downtown submarket is comprised of almost 6 million square feet, located mainly on the first floor of mixed-use buildings.

New Construction

Throughout the first half of 2010, retail construction in the Columbus market has slowed considerably for fear of a double-dip recession. Many lenders continue to be very selective with the

projects they choose to fund. With financial backing hard to come by, there were no significant retail deliveries in the first two quarters of 2010. However, Menards was able to finally break ground on their new store front at the old Northland Mall site. Negotiations have been going on for some time to try and redevelop the abandoned mall site off Morse Road, but it took a sizable investment from the City of Columbus to finally make ends meet. Menards is receiving a 75-percent, 10-year tax abatement on real estate improvements. By completion, Columbus will have invested over \$38 million in the redevelopment plan, which includes real estate and infrastructure improvements. Joining the redevelopment of the Morse Road corridor are two projects currently under construction. The new 42,000 square foot Urban Active Fitness, part of Grandview Yard Phase I, remains on schedule to open by the end of the year. Once fully completed, Grandview Yard will add 2 million square feet of commercial space that will add new life to the Grandview area. Also under construction is a new 89,000 square foot neighborhood center at the intersection of Sawmill Parkway and Home Road in the Out-of-County submarket. Kroger has agreed to be the anchor tenant which will surely help attract business to fill the leftover in-line space. As stability in the economy has yet to take hold, there is and will continue to be very little demand for new retail construction.

Vacancy

The Columbus retail market has done a tremendous job of weathering the storm throughout the first half of 2010. To begin the year, consumer

confidence was starting to tick back upwards causing a decrease in overall vacancy rates (unfortunately, as of late consumer confidence has begun to fall again in fear of a double-dip recession). The direct vacancy rate for the retail market fell 42 basis points over the first two quarters from 2009's year end rate of 10.03% to 9.61%. This is a very welcome sign of deals getting completed, even in struggling times, but the vacancy rate is still above the pre-recession average of 8.40%. The retail bulk subset was not as fortunate as the overall market. The bulk market experienced (as predicted) an increase in vacancy through the first two quarters of 2010. The direct vacancy rate increased 138 basis points ending the second quarter at 12.63%. Like the overall market, this rate is well above the pre-recession averages around 10%. Attracting large anchor tenants to fill space will continue to be a struggle through the rest of the year. The third and fourth quarters could experience setbacks in the overall market as the economy tries to put together a string of positive months which would setup for growth potential starting in 2011.

Absorption

The decrease in vacancy for the overall retail market was fueled by over 182,000 square feet of positive absorption. It was a collective effort as four of the six submarkets contributed positive absorption in the second quarter. This also brings five of the six submarkets into the black for year to date positive absorption (the Southwest submarket is the only submarket that has negative year to date absorption). The biggest gains came in the Northwest and North-Northeast submarkets as

each had over 80,000 square feet of positive absorption in the second quarter 2010. The bulk submarket experienced a much harsher first two quarters. There has been over 588,000 square feet of negative absorption in the bulk subsets in 2010. Four of the five submarkets have year to date totals in the red with the Northwest submarket the only submarket to have positive year to date absorption (226,000 square feet). This trend will most likely continue throughout the remainder of the year as consumer confidence has begun to slide once again and discount retailers continue to find bargains and expand.

Recent Retail Sales

Retail sales in 2010 have started slow with only two properties being traded that were larger than 50,000 square feet. However, many smaller deals are still being completed in the market as there were 14 sales involving properties worth more than one million dollars. Those sales combined for over 573,000 square feet of space sold for over \$41.7 million, or an average trading price of \$72.85 per square foot. The largest sale in the first two quarters in terms of square footage and price was Great Southern Shopping Center. Donaldson Properties, out of Texas, purchased the 211,700 square foot shopping center for \$9.5 million or \$44.87 per square foot. Another major transaction was Flags Columbus Partners purchasing the Flags Shopping Center in Gahanna. The 43,000 square foot shopping center sold for \$1.7 million, or \$39.49 per square foot. While deal sizes continue to be low compared to pre-recession levels, the average price per square foot made significant gains in the first two quarters to \$72.85 per

Pictured Below

The 42,000 square foot Urban Active Fitness at Grandview Yard will be completed by the end of 2010. Once fully complete, Grandview Yard will add 2 million SF of commercial space to the Grandview area

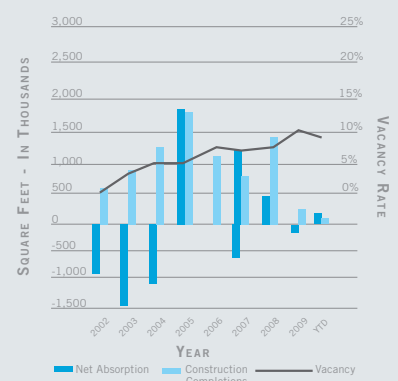


Columbus, Ohio Retail Market

At a glance

	1Q 2010	2Q 2010
Vacancy	▲	▼
Absorption	▼	▲
Construction	▼	▼
Rental Rate	▼	◆

RETAIL TOTAL MARKET GRAPH



Retail Sales

Major Sales for First Half of 2010

Property	ADDRESS	SALE DATE	SIZE SF	PRICE	PRICE/SF	BUYER
Shoppes at Newark	N 21st St	3/17/2010	7,827	\$2,215,000	\$282.99	Fairmount LLC
Wal-Mart	Columbus Pike	2/24/2010	86,675	\$2,602,179	\$30.02	Eric S Zorn Trust
Lash Chevrolet	W Coshocton St	2/4/2010	15,160	\$1,400,000	\$92.35	Lash Investments LLC
Great Southern Shp Ctr	S High St	1/13/2010	211,719	\$9,500,000	\$44.87	Donaldson Properties Ltd
Advanced Auto Parts	N Houk Rd	4/9/2010	7,000	\$1,495,000	\$213.57	Cole AA Delaware OH LLC
The Morse & Stelzer Shops	Morse Rd	5/3/2010	32,791	\$1,700,000	\$51.84	4056 Morse LLC
Discount Drug Plaza	Sawmill Pkwy	3/23/2010	49,772	\$5,150,000	\$103.47	Powell Plaza Holdings LLC
	Scarborough Blvd	4/6/2010	18,000	\$1,650,000	\$91.67	5858 Scarborough LLC
Stoney River Legendary Steaks	Upper Metro Pl	4/27/2010	7,846	\$1,200,000	\$152.94	Chuang Development LLC
McDonald's	Attucks Dr	1/13/2010	5,320	\$1,450,000	\$272.56	Robert Houret Construction
Flags Shopping Ctr	Flags Center Dr	1/14/2010	43,049	\$1,700,000	\$39.49	Flags Columbus Partners
Galloway Crossing	Hall Rd	4/12/2010	29,840	\$4,500,000	\$150.80	Viking Partners
	S High St	4/14/2010	43,592	\$1,046,720	\$24.01	Webb Entertainment LLC
	Polaris Pkwy	1/27/2010	14,422	\$6,133,333	\$425.28	Three Fountains LLC
Total			573,013	\$41,742,232	\$72.85	

square foot compared to 2009's average of \$40.54 per square foot.

Outlook

Over the past two quarters some positive signs are starting to come together in the Columbus retail market. There are several different retail sectors that are leading the charge to stabilization

and growth. The home improvement sector is starting to become active for the first time since the housing crisis. Discounters and furniture suppliers are aggressively pursuing space in the 20,000 to 50,000 square foot range. Also, the fast food and fast casual restaurants will continue to be the trend setters in the market. The

most optimistic news for the future is developers actively planning and looking for new opportunities. For the immediate future, developers will be focused on smaller developments and building apartments in the suburbs, but moving forward they will start to seriously consider more large scale projects.

Retail Market Statistics

Vacancy, Absorption, Construction and Rent

Submarket	Existing Properties							Absorption		Construction		Rent
	Bldgs	Total Inventory Sq. Ft.	Total Vacant Sq. Ft.	Direct Vacancy Rate, Last Quarter	Direct Vacancy Rate	Sublease Vacancy Rate	Total Vacancy Rate Current Qtr	Net Absorption Current Qtr - Sq. Ft.	Net Absorption YTD - Sq. Ft.	Completions Current Qtr - Sq. Ft.	Under Construction Sq. Ft.	Asking NNN Rent \$ Per Sq. Ft.
NORTHWEST	550	16,940,696	1,564,496	9.24%	8.83%	0.41%	9.24%	88,205	67,928	24,000	0	\$12.57
NORTH-NORTHEAST	918	23,569,652	1,689,943	7.27%	6.96%	0.21%	7.17%	81,038	123,659	0	0	\$13.39
SOUTHEAST	528	15,923,035	1,989,548	12.60%	12.43%	0.07%	12.49%	29,859	88,115	0	0	\$9.58
SOUTHWEST	369	9,875,364	1,392,866	13.66%	13.80%	0.30%	14.10%	(15,357)	(24,822)	0	0	\$9.80
DOWNTOWN	290	5,922,804	373,413	6.43%	6.30%	0.00%	6.30%	7,543	4,313	0	0	\$12.82
OUT OF COUNTY	731	19,889,280	2,018,255	9.98%	10.09%	0.06%	10.15%	(9,208)	8,166	21,187	0	\$10.86
Total	3,386	92,120,831	9,028,521	9.77%	9.61%	0.19%	9.80%	182,080	267,359	45,187	0	\$11.61

Bulk Retail Market Statistics

Vacancy, Absorption, Construction and Rent

Submarket	Existing Properties							Absorption		Construction		Rent
	Bldgs	Total Inventory Sq. Ft.	Total Vacant Sq. Ft.	Direct Vacancy Rate, Last Quarter	Direct Vacancy Rate	Sublease Vacancy Rate	Total Vacancy Rate Current Qtr	Net Absorption Current Qtr - Sq. Ft.	Net Absorption YTD - Sq. Ft.	Completions Current Qtr - Sq. Ft.	Under Construction Sq. Ft.	Asking NNN Rent \$ Per Sq. Ft.
NORTHWEST	53	10,428,193	850,274	10.00%	7.95%	0.20%	8.15%	213,618	226,678	0	0	\$16.16
NORTH-NORTHEAST	55	12,819,580	969,513	7.50%	7.50%	0.06%	7.56%	0	(37,063)	0	0	\$16.14
SOUTHEAST	42	8,061,035	1,424,792	16.86%	16.86%	0.82%	17.68%	0	(89,585)	0	0	\$15.15
SOUTHWEST	26	5,655,321	1,510,563	10.00%	10.00%	0.52%	10.52%	0	(583,447)	0	0	\$14.67
OUT OF COUNTY	40	7,471,109	1,053,910	13.75%	13.75%	0.36%	14.11%	0	(104,622)	0	180,817	\$15.55
Total	216	44,435,238	5,809,052	13.11%	12.63%	0.44%	13.07%	213,618	(588,039)	0	180,817	\$15.68

Investor Services

- Capital Markets
- Land Acquisition and Disposition
- Landlord Representation
- Owner/Occupier Sales
- Project and Development Services
- Property Management

Specialty Services

- Auction Services
- Distressed Asset Services
- Location Advisory and Incentives Practice
- Logistics/Multi-Modal
- Mission Critical Services
- Real Estate Tax Consulting/Appeal
- Receivership Services
- Sustainability Consulting
- Valuation Service

Occupier Services

- Corporate Services
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- Owner/Occupier Sales
- Project and Development Services
- Strategic Consulting
- Tenant Representation

Practice Groups

- Automotive
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- Higher Education
- Hospitality
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- Life Sciences
- Not-for-Profit
- Retail

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- Milwaukee, WI
- Minneapolis, MN

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- Napa, CA
- Nashville, TN
- New York, NY
- Oakland, CA
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- Redwood City, CA
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About Cassidy Turley

Cassidy Turley is one of the nation's largest commercial real estate service firms in the U.S., with 420 million square feet of managed space in 57 locations and \$15 billion in completed transactions for 2008. Cassidy Turley is a privately held firm owned by its 360 shareholders created from the August 2008 merger of Colliers Turley Martin Tucker in the Midwest, Cassidy & Pinkard Colliers in Washington, DC, Colliers ABR in New York City and Colliers Pinkard in Baltimore, Charlotte and Raleigh, along with the addition of BT Commercial in Northern California (formerly affiliated with NAI), BRE Commercial in Southern California and Phoenix (both formerly affiliated with Grubb & Ellis) and Colliers Houston & Co. of New Jersey.

325 John H. McConnell Boulevard, Suite 250 | Columbus, Ohio 43215 | 614.241.4700

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