



## The Lee Retail Brief

2017

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**62%**  
increase  
in transaction  
volume over 5 years

**\$11.6 billion**  
transaction volume  
2016

**Ranked 2nd**  
june 2016  
Commercial Property Executive  
(2016 Top Brokerage Firms)

**890**  
agents  
and growing  
nationwide

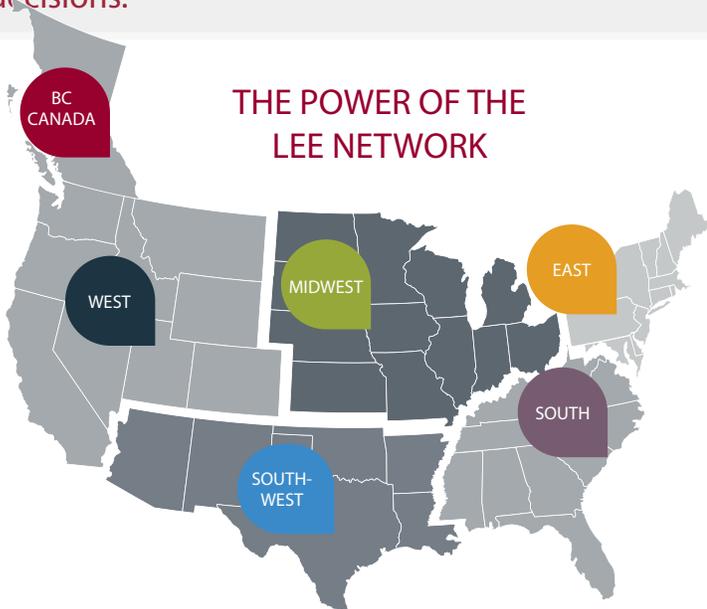
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**THE POWER OF THE LEE NETWORK**

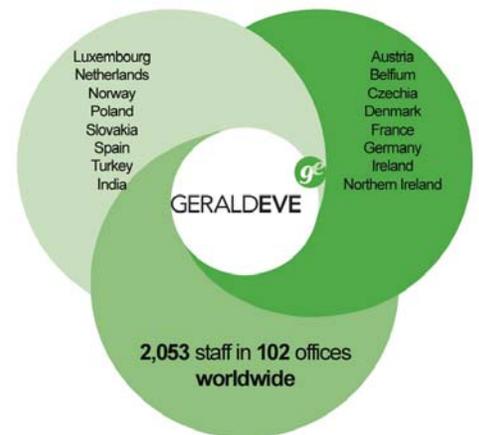
- Irvine, CA
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- Ontario, CA
- Riverside, CA
- Los Angeles, CA
- Industry, CA
- Carlsbad, CA
- Stockton, CA
- Pleasanton, CA
- West LA, CA

- Sherman Oaks, CA
- Central LA, CA
- Temecula Valley, CA
- Victorville, CA
- Calabasas, CA
- Los Olivos, CA
- San Luis Obispo, CA
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- Oakland, CA

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- Santa Barbara, CA
- Palm Desert, CA
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- Boise, ID
- Long Beach, CA
- Denver, CO
- Pasadena, CA
- Walnut Creek, CA
- Seattle, WA

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- Dallas/Ft Worth, TX
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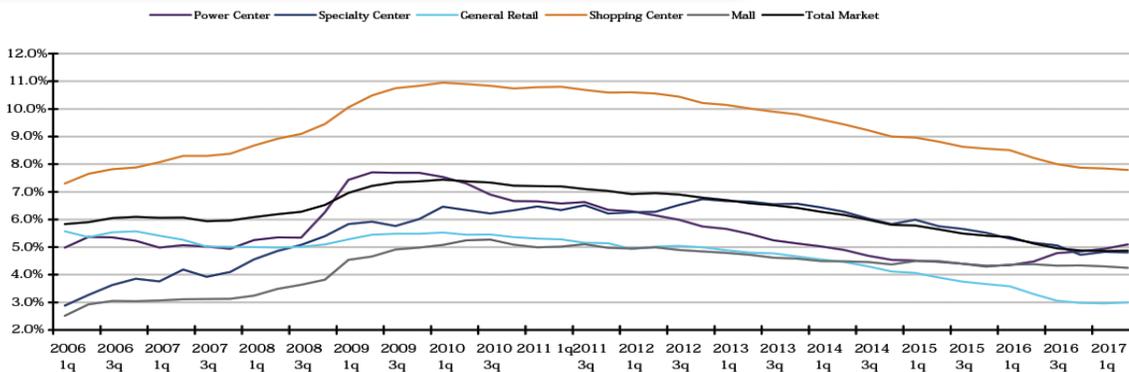
- Vancouver, BC
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# US RETAIL MARKET

## Another Steady as She Goes Quarter

While the retail market metrics for the US still indicate relative good health, retailers and retail property owners across the country are facing significant headwinds as they adjust to emerging consumer spending trends. Large department store operators like Macy's, Sears, JC Penny and others are grabbing headlines with major store closing announcements, and that has also put the spotlight on the struggles of major regional malls that, for decades, have depended on these anchor tenants to attract shoppers. Declining mall foot traffic has also impacted sales for other retailers, particularly in the clothing industry, who are also scaling back on brick-and-mortar locations. Some property owners have responded by shifting to alternate uses to fill empty anchor spaces and find a new formula that will bring

### VACANCY RATES BY BUILDING TYPE 2007-2017



Source: CoStar Property® \* Select markets included in this historical chart - see Methodology page.

### NET ABSORPTION



shoppers back to their malls, while some are giving up and looking to redevelop their properties to non-retail uses. Not all malls are struggling, though, as those in prime demographic areas are still thriving and operating near full occupancy.

Sporting goods operators Sport Chalet and Sport's Authority shuttered all their stores in 2016, as did women's apparel giant The Limited, which will remain in business as an online-only retailer. Another 11 national chains filed for bankruptcy just in the first quarter of 2017, some for the purpose of reorganization and others for liquidation.

The elephant in the room is Amazon.com. The e-commerce giant is huge and getting bigger every day, and the big brick-and-mortar retailers have yet to build online platforms that put more than a dent in Amazon's numbers. The company's stock has soared, sales have risen sharply and profits are being reinvested into a massive expansion of its fulfillment center platform and last mile delivery network. In July, Amazon founder and CEO Jeff Bezos, briefly passed Microsoft's Bill Gates as the richest man in the world, when its stock hit a new high. Walmart is mounting the biggest challenge to Amazon. Its recent purchase of Jet.com and ongoing expansion of its own supply chain are clear indications that Walmart will not cede online dominance without a proper challenge.

### ECONOMIC DRIVERS

GROWTH

EMPLOYMENT

MONETARY POLICY

GLOBAL ECONOMY



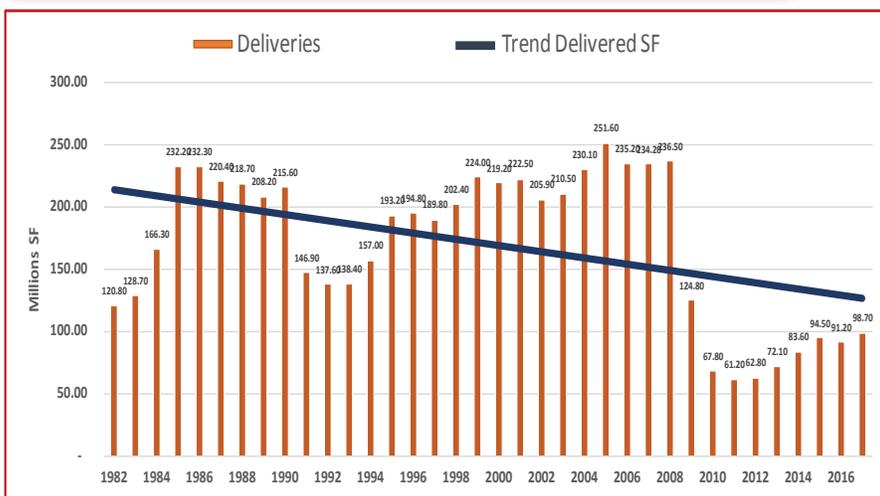
A LOOK AHEAD

Despite these industry woes, the US retail property market metrics still indicate a relatively stable retail property market. Vacancy is low and stable, construction activity is moderate and consistent, average asking lease rates inch up each quarter and net absorption is positive.

The vacancy rate was unchanged in Q2 at 4.8%, where it has been for the last four quarters. But, reported vacancy in secondary submarkets ranges much higher. General Retail (freestanding, general purpose properties) maintains the lowest vacancy of all retail property types, just 2.9% at the end of Q2 on a base of 6.8 billion square feet. Mall and Power Center vacancy is at 4.5% and 5.0%, respectively. Shopping Center (neighborhood, community and strip centers combined) rates are still highest at 7.7%, but this category contains suburban, unanchored centers that cater to local credit tenants.

As we have been reporting, urban areas represent a greater share of net absorption as major retailers have shifted their marketing focus on younger shoppers. Millennials are migrating to multifamily housing near public transportation hubs, with preference to live and work in areas with walkable amenities. Indeed, as some studies and surveys suggest, Millennials are increasingly willing to forego the home and automobile ownership associated with a more traditional suburban lifestyle.

#### HISTORICAL DELIVERIES 1982 - 2017



Q2 net absorption was up slightly to 16 million square feet, and that brought total net absorption in the past year up to over 106 million square feet. Q2 net absorption was just over a third of what it was four quarters ago. But the aggregate

numbers don't tell the whole story. In prime locations that allow retailers target their preferred demographic, net absorption is being held back by a lack of available space rather than a lack of demand.

The overall average asking rate has consistently moved higher in the last several years, and Q2 was no exception. The overall rate was up another \$.26 to \$16.13 per square foot. Over the past four quarters, retail rents across all product types and locations moved up by just over 3.47%, but urban locales are seeing much stronger rent gains compared to unanchored suburban retail centers, which is a direction of the shift in lifestyle priorities. Baby Boomers, the biggest group of retail consumers for decades, are turning 65 at a rate of approximately 10,000 per day, and are expected to spend less as transition into retirement.

New deliveries for the quarter also moved slightly higher in Q2, as over 19.2 million square feet was added to base inventory that now stands at 13.2 billion square feet. In the past four quarters, nearly 88.8 million square feet of new space has been delivered, while another 87 million square feet remains under construction.

## A LOOK AHEAD

US retail market growth will remain concentrated in more densely populated areas. Though total job creation is still cause for optimism, it's sluggish wage growth that presents more cause for concern. Too many of the jobs on offer are part time or at the lower end of the wage scale, and that does not bode well for consistent growth in retail sales. Post-election optimism has devolved into scandalous headlines and frustration over a lack of legislative action on key issues like healthcare, tax reform and infrastructure spending. If tax reform or infrastructure spending becomes a reality, retail sales would likely pick up, but, there is little evidence of progress on either of those fronts, so far.

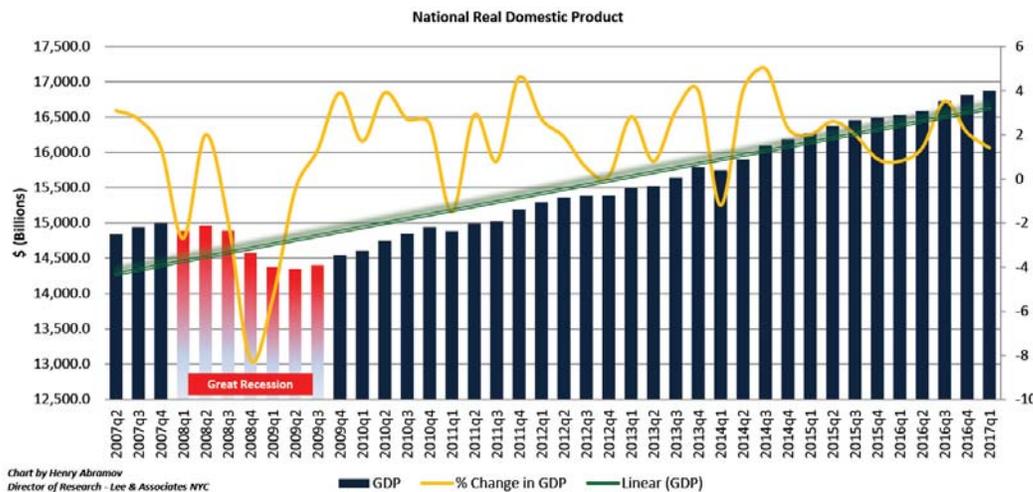
Those who thought lower energy prices would boost retail sales, remain disappointed. Many consumers decided to pay off existing debt and save more cash rather than head to the malls to make new purchases. However, that trend may be reversing as there are preliminary reports that credit card debt and auto loan defaults are back on the rise, which indicates that the middle class is still not feeling the full effects of the economic recovery.

# GDP GROWTH

US GDP, the primary metric for tracking the total output of our country's goods and services, is closely scrutinized by economists around the world who saw more of the same out of the US economy in Q2. After another disappointing first quarter that saw US growth at an annualized rate of just 1.2%, growth picked up as it has in Q2 as it has been doing in recent years. The first estimate for the period came in at 2.6%, compared to 2.1% in the same period last year after a weak first quarter. That has given rise to more talk about taking a new look at the current GDP model to more accurately reflect seasonal changes.

Total GDP growth for all of 2016 was up just 1.6%, and it looks like the US economy is in for another year in the same range. Once thought to be anemic, 2% growth seems to be the new normal these days, and the Trump administration's goal of sustained 3% growth is looking lofty, at least until a tax reform or infrastructure bill becomes a reality. The prospects for either or both remain questionable.

## QUARTER-TO-QUARTER GROWTH IN REAL GDP



Corporate earnings in the first quarter of 2017 were mixed, but generally good. More companies reported revenue increases rather than cost-cutting measures as a reason for improved profitability. That means more hiring, more consumer spending and hopefully, a bump in GDP performance going forward.

Concerns regarding the performance of the automotive sector continue. After several years of robust sales increases,

consumers have put the brakes on auto purchases, especially small sedan-type cars. With gas prices down, consumers are opting for expensive trucks and SUV's, but fewer consumers can afford to make those purchases. In the final quarter of 2016, incentive-driven car sales accounted for a disproportionate share of GDP growth, but through the first half of the year, sales are down, and inventories are swelling, and that is having a negative impact on GDP. Automotive manufacturers have responded with production cutbacks of slow-selling models, but have not yet resorted to deep discounting to rental companies as a means of reducing over-supply as they have done in the past. Overall sales volume is down substantially through the first half of the year, and used car lots are swelling with formerly leased vehicles, which is exacerbating the problem. Also, auto loan defaults have been rising as of late.

Ongoing aggressive monetary policy in Europe has kept the EU growing faster than the US. The EU posted another decent quarter of 2.2% growth in Q2, after Q1's 2.1% mark. The European Central Bank has been running full steam ahead with its bond-buying program and has taken drastic monetary and fiscal measures to keep the European Union member countries from sliding into recession. A lot of experts wondering what the result would have been without all the meddling by central bankers.

# GDP GROWTH

As we reported last quarter, the “Trump Bump” after the election sent equities markets soaring on the expectation of lower corporate and personal income tax rates, reduced regulations and a huge infrastructure spending program. But, the nation waits while Republicans and Democrats in both houses of Congress continue to do battle with little or no result. That might not be all bad in terms of GDP growth, however. Businesses dislike uncertainty and will live with a less than optimum economic environment, as long as they know what to expect in terms of laws and regulations. If that remains the case, GDP growth should chug along near current levels for the rest of the year.

# EMPLOYMENT

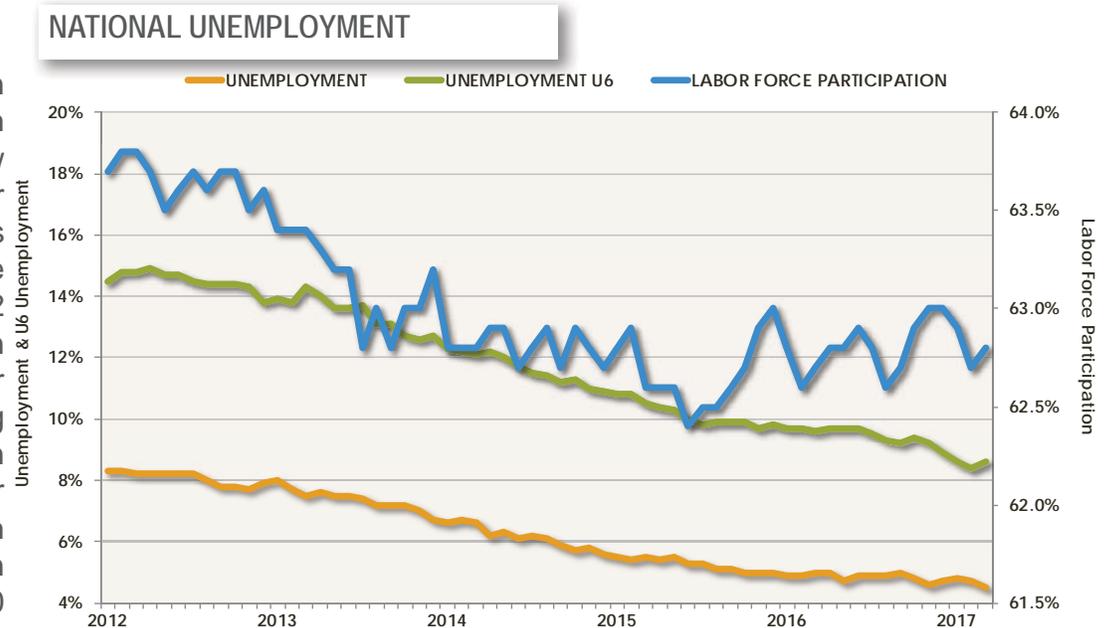
Job growth statistics remain difficult to make sense of. Here's what we said last quarter, and we stand by it in Q2: The U3 unemployment rate, the most widely quoted in the media, includes those who are employed and those of the unemployed who have actively sought employment in the most recent five weeks. We are still not sure who came up with U3, but we wish they hadn't because it quite often produces counter-intuitive results. When job creation is good, those who have not been looking for work, re-engage in their search and are added to the total of those who are actively looking, increasing the number of unemployed workers and thereby raising the unemployment rate. June of 2017 is a great example. Over 222,000 jobs were created, one of the best months in over a year, yet the unemployment rate rose by 10 basis points to 4.4%. These anomalies have caused many to discount the validity of the Bureau of Labor Statistics' U3 metric.

The U6 unemployment rates counts those working part time in their field of choice, who would prefer to be working full time, as unemployed. Many believe that U6 offers a more accurate employment picture. It does make clearer the frustration of many in the middle class who still feel like the recession never ended. They are technically employed, but don't feel the impact of higher income. The U6 unemployment rate is still double that of U3, at 8.6%.

Job creation slowed in 2016, with the 12 month rolling average of new positions falling by over 50,000. But that pace has picked up again through the first half of 2017, as the 12 month average is back on the rise. The second quarter of 2017 ended with a strong performance in June, when over 222,000 private sector jobs were added, much better than in March when an unexpectedly low 98,000 new jobs were created to end Q1. Wild swings in job growth impact consumer

spending and business expansion. Companies large and small tend to be more cautious in making long term decisions that have a big impact on hiring. Of significant import is the fact that tech sector job growth, which had been leading the way in terms of job creation, has slowed substantially this year. Even tech hotspots like San Francisco are cooling off, raising concerns over the impact on commercial real estate occupancy going forward.

The Labor Participation Rate, the metric that measures the percentage of those eligible for employment between the ages of 16 and 64 who are currently working, also remains near a four-decades low. A loss of job growth momentum and the early retirement of Baby Boomers, have combined to keep just 62.8% of potential workers in active production.



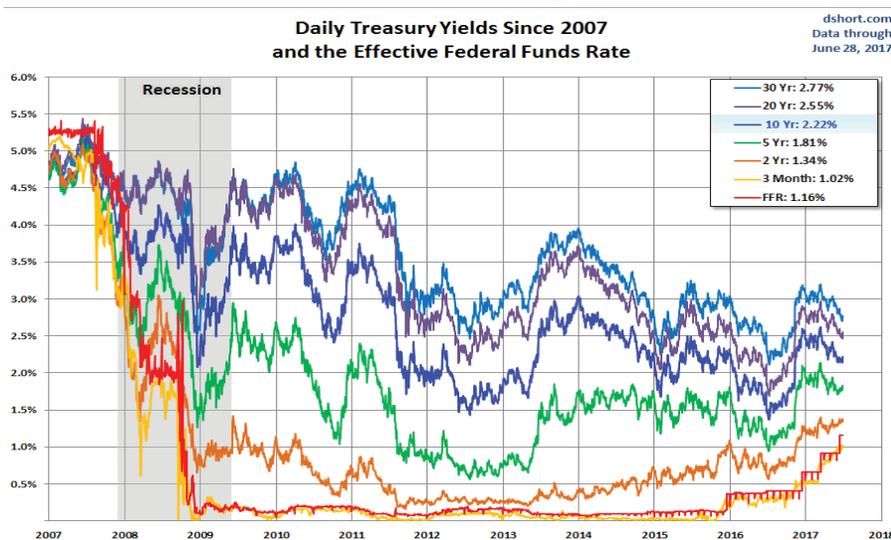
# EMPLOYMENT

Lagging wage growth is still tightening the drag on US economic growth. Full-time, high-paying jobs are available, but remain unfilled for lack of qualified applicants. Lower-skilled workers are still having a harder time getting ahead. Wage growth has seen some improvement, but remains under 3%. In June, wages grew by 2.8% on a year-over-year basis. For workers at the lower end of the wage scale, where most of the new jobs are, income growth in the low single digits has little impact on their spending habits.

# MONETARY POLICY

As the saying goes, “be careful what you wish for.” Calls for the Fed to reverse its easy money policy were finally heeded and after a preliminary move back in December of 2015, our central bankers have clearly changed their tune. In the past six months, the Fed has moved its Fed Funds rate up three times, with the most recent in the middle of June. Currently, that benchmark rate is set in a range of 1% to 1.25%, still low by historical standards. However, Ms. Yellen and friends have clearly drawn the line in the sand in terms of their intentions, despite up-and-down job numbers, tepid inflation and weak wage growth. It will take a sustained series of quarter-point increases to fully neutralize the activist posture of our central bank, which began ten years ago. As we have been reporting for the past two year, critics are vocal in their belief that Fed policy is largely responsible for what could be a bubble in the equities and commercial property markets, as both have seen disproportionate gains throughout the economic recovery.

## US TREASURY RATES IN PERCENTAGE



Fed rate hikes generally strengthens the US dollar making exports more expensive and effectively raises the debt service on dollar-denominated loans for borrowers around the world. However, dollar gains have been pared back recently, as economic growth around the world has gained momentum. What may become big news soon is the potential impact of reducing the Fed's balance sheet, which swelled to over \$4.5 trillion after several years of bond-buying. Money created in a computer on an as-needed basis, has to go back into the computer to be removed from circulation at some point or inflation will be sure to spike. In recent

weeks, the Fed has been discussing plans to gradually reduce its holdings by not reinvesting in maturing US Treasuries and Residential Mortgage Backed Securities. It is unknown how the bond markets will react to the change, but many are concerned that it will drive up bond yields, which would exacerbate the effects of expected further rate hikes by pushing borrowing costs up too quickly.

Despite the Fed's more robust monetary stance, central banks around the world are still in activist mode. The European Central Bank is still buying bonds at a 65 billion euro-per-month clip and holding interest rates in the zero bound. Though, there is more talk of backing off that aggressive stance given the recent improvements in European Union GDP and employment metrics. The Bank of Japan can't seem to wear itself off of central bank meddling. Its appetite for bond purchases is so voracious, it is running out of government debt to buy back.

Concerns of a near term recession here in the US remain muted, but other than a low unemployment rate, the Fed has little to point to support the case for a more robust recovery. The surprise that was Donald

# MONETARY POLICY

Trump is now a daily reality and not much has changed since he was sworn in as our President other than a daily dose of juicy headlines.

Trump's promises of a big infrastructure investment and tax reform would give the Fed a little help if either came to pass, but that is not likely. Deficit hawks on the political right are pushing back and Democrats appear united in blocking anything and everything the new President puts on the negotiating table.

Mortgage rates started to move higher as T-bill yields, the benchmark for commercial property loans, made a move up. However, the Fed has made two interest rate moves this year, and the yield on the 10 Year T-Bill has actually fallen. Clearly, that anomaly reflects further uncertainty about the US economy going forward, as investors are willing to pay more for the safety of US sovereign debt. So, it remains a good time to borrow, but borrowers are facing stricter loan underwriting from increasingly cautious lenders.

# GLOBAL ECONOMY

Until the end of last year, we were describing the global economic outlook as troublesome. We still remained concerned, but the global picture has definitely brightened in the first half of 2017. The panic over the Brexit vote is over, though the UK is still in for some rough road ahead. The actual process of extricating itself is now underway, and it should make for some interesting sausage making before it is complete. The British Pound remains under siege and other players will be making their plays to replace the UK as a financial

services hub, but there is no clear indication of that happening in the near term

**EURO AREA REAL GDP<sup>2</sup>**  
(QUARTER-ON-QUARTER PERCENTAGE CHANGES)



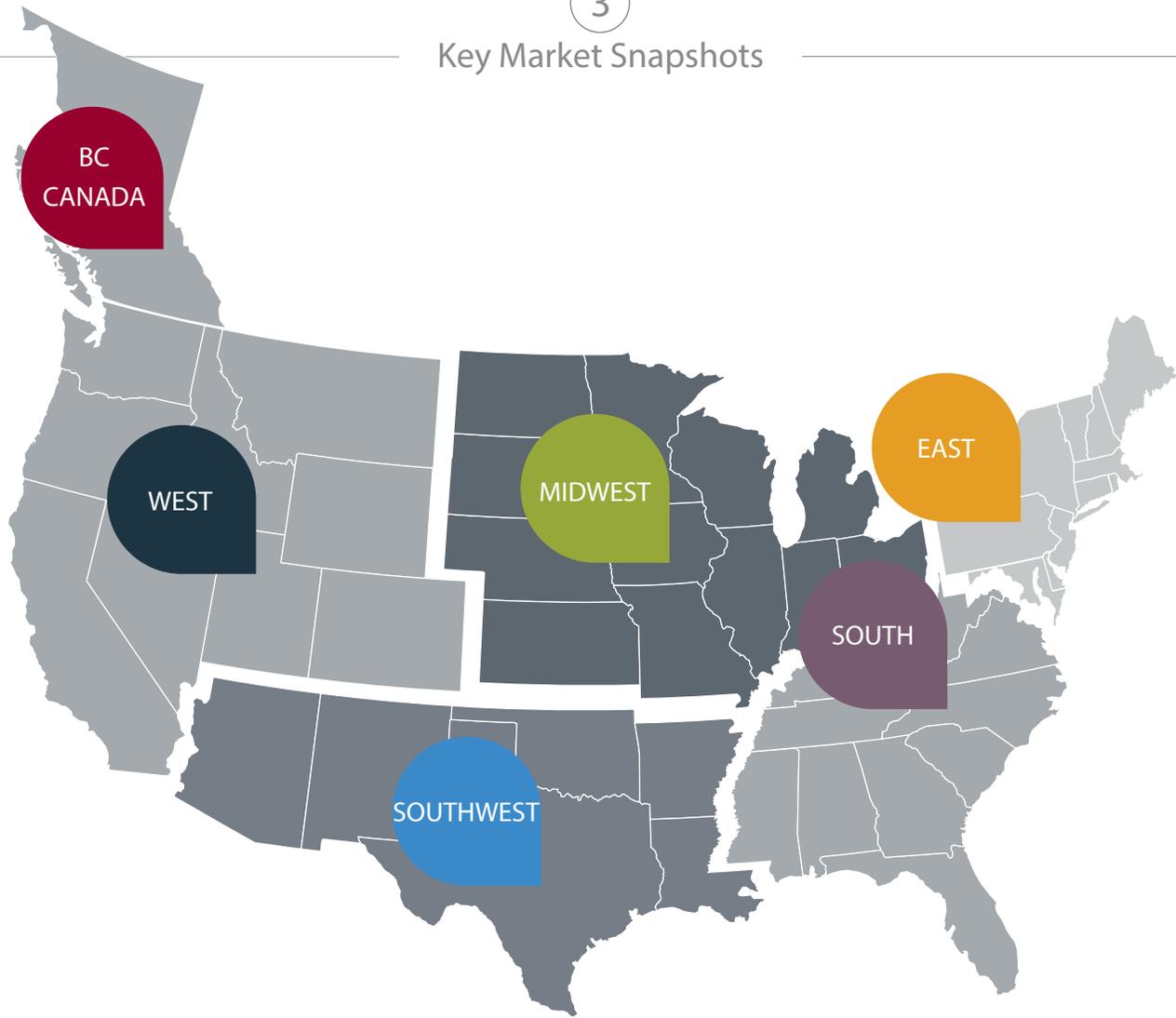
While Europe's political union is still not certain, GDP growth there is steadily improving. In 2016, GDP was up 1.8%, 20 basis points higher than the US growth rate, and that has more experts questioning why Mr. Draghi and his fellow central bankers at the ECB still have the monetary throttle wide open.

China's economy has stabilized and its stock markets have become less volatile. In fact, trade throughout

Asia has improved in 2017 despite the fact that the US pulled out of the Trans Pacific Partnership trade agreement after Donald Trump took the reins as President. The recent OPEC agreement to cap production helped to stabilize the price of a barrel of oil above \$50 in Q1, but an increase in US oil production in recent months sent the price of oil back into the low \$40 range again by the end of Q2. Supply is still running ahead of demand and without more robust economic growth around the world, oil prices are likely to remain near current levels.

In June, Qatar, still a big oil player, was snubbed by other Middle Eastern countries for alleged ties to financing terror-related groups, and that has frayed nerves throughout the region that is already tense over the conflict with ISIS in Syria and Iraq. The fact that so much attention is on the Middle East right now without a resulting spike in oil prices is proof positive that there is more oil coming out of the ground than is currently needed. Fears over "peak supply" have given way to the potential global impact of "peak demand" instead.

Key Market Snapshots



**EAST BAY/OAKLAND  
ORANGE COUNTY  
SAN DIEGO  
DENVER**

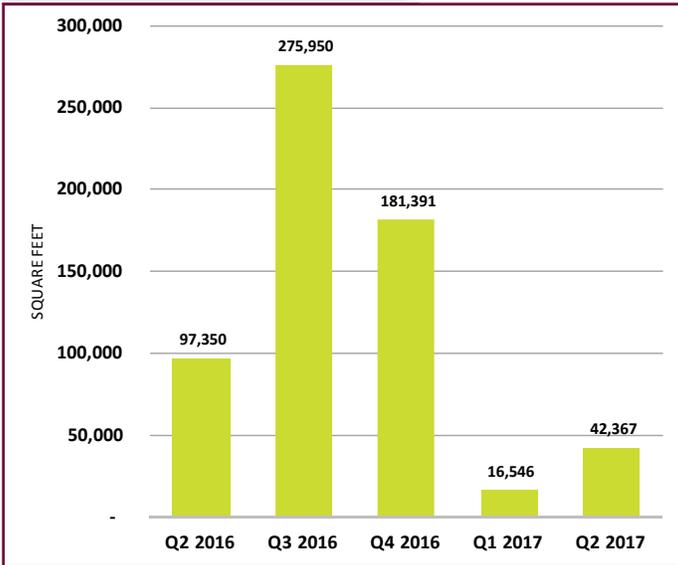
**DALLAS/FT WORTH**

**ATLANTA  
GREENVILLE/SPARTANBURG  
CHARLESTON**

**VANCOUVER BC, CANADA**

# EAST BAY / OAKLAND

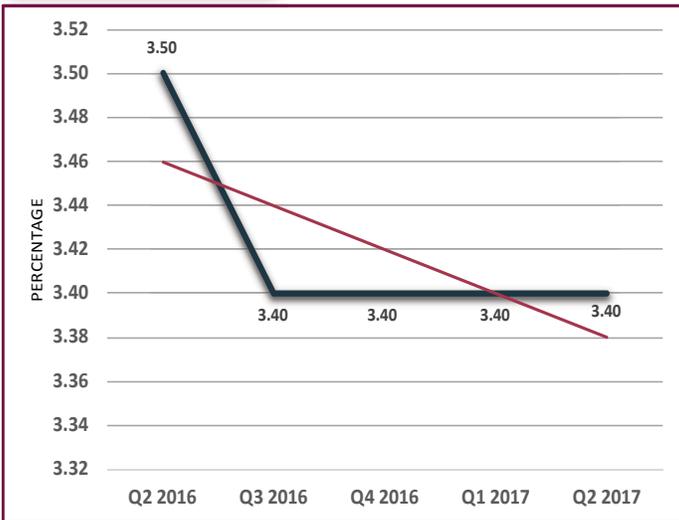
## NET SF ABSORPTION



## TRENDING NOW

The Oakland/East Bay retail market is a large metro area that includes the 680, 80, 880, and Hwy 4 corridors and the entire City of Oakland. Currently, the region has almost 121.6 million square feet of retail inventory. Over half of that total, or 62.1 million square feet, is in general retail properties (freestanding general purpose commercial), while another 39.8 million square feet is in shopping center properties (a combination of community, neighborhood, and strip centers). Malls and power centers make up the balance at 11.26 million square feet and 7.7 million square feet, respectively. The regional economy has gotten a huge boost from the recent run-up in the tech sector that has come across the San Francisco Bay from Silicon Valley and the City of San Francisco.

## VACANCY RATE



The second quarter turned out to be another quiet one for the regional retail sector. Vacancy was unchanged for the fourth straight quarter, holding at 3.4%. Tight conditions have emboldened landlords to push for additional security in form of letters of credit, higher security deposits and more personal guarantees. At the same time, lease defaults, especially from mom-and-pop tenants, are on the rise and more tenants are re-trading deals late in the negotiating period over growing concerns of market stability and store profitability. By product type, vacancy in power centers is seeing the most movement. In Q2, vacancy in those centers rose 30 basis points to 5.9% after a sharp decline in Q1. This is due to ongoing efforts of bigger brick-and-mortar retailers to “right-size” in response to the challenges posed by the ongoing increases in online retail sales.

3.4%

VACANCY

\$25.54

AVG. SF RENTAL RATES

42,367

NET SF ABSORPTION

121,573,893

RETAIL SF INVENTORY

692,738

SF UNDER CONSTRUCTION



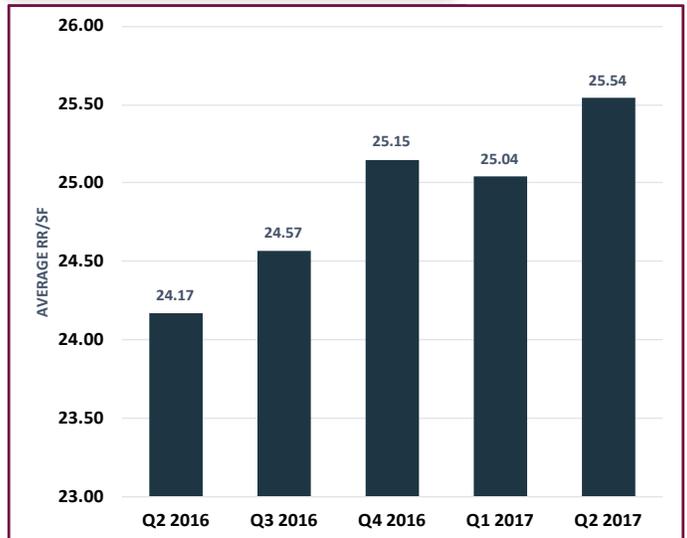
## EAST BAY / OAKLAND - TRENDING NOW (continued)

Net absorption, while still in positive territory, was very light for the second straight period, ending the quarter with a gain in occupied space of just over 42,000 square feet. Shopping centers posted a net gain of 67,018, while power centers and general retail recorded small declines. Net absorption metrics are being impacted by declining store sizes, as traditional retailers focus more on boosting online sales. Lack of good quality inventory, in part due to low levels of construction, is also impacting net absorption. There just isn't enough space available in the submarkets preferred by expanding retailers. As we reported last quarter, landlords are focused on securing tenants that appeal to younger customers who are gaining on the Baby Boomers in terms of disposable income.

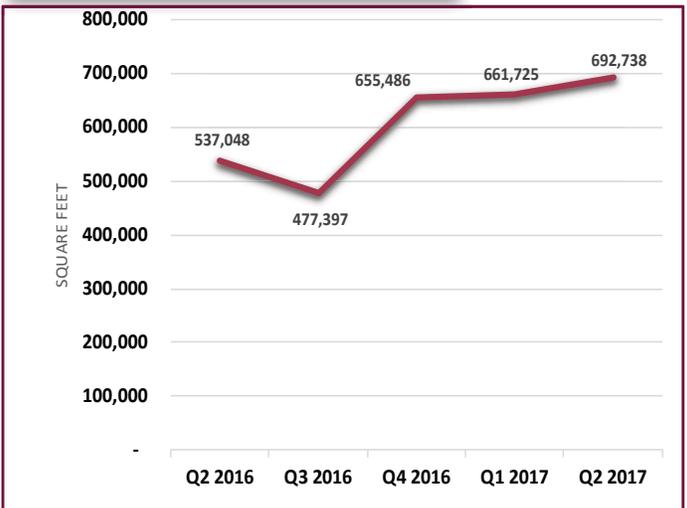
Overall average asking rental rates moved up again in Q2, after a slight dip in the first period, but rates have been on the upswing since 2013. In Q2, the overall average rate rose \$.50 to \$25.54. In the past year, the overall average asking rate has increased by \$1.37, or nearly 5.7%. By product type, general retail asking rates have moved up 7.15% year-over-year, while shopping center rates climbed by 8.7% in the same period. Power centers and malls both posted annual rate declines.

A surge in the availability of net-leased investment properties is putting upward pressure on cap rates and retail investment properties are spending more time on the market before selling. Asking cap rates are now in the 5.5% to 6.5% range. In 2015 and 2016, very few properties made it to the open market and were selling quickly in the 4.0% to 5.5% range.

### AVERAGE SF RENTAL RATES



### SF UNDER CONSTRUCTION

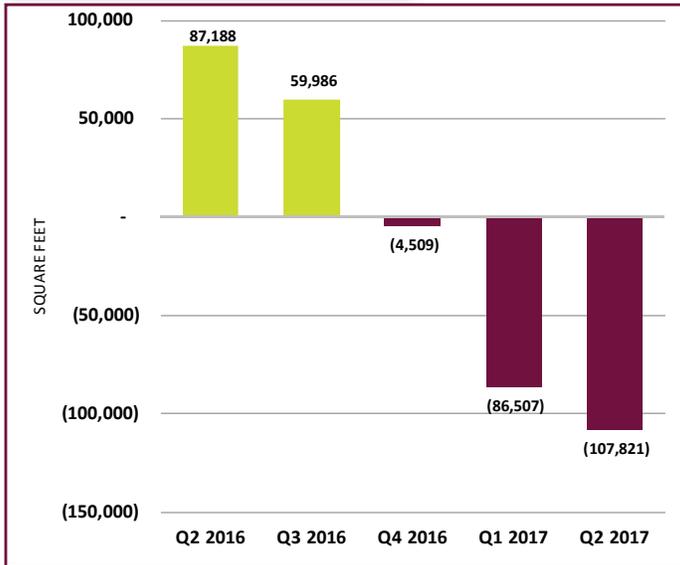


### A LOOK AHEAD

- Leasing activity will moderate due to a lack of quality inventory
- Sales activity will soften further causing a rise in cap rates over the next several quarters
- Vacancy will begin to move back up over the next 12-24 months
- Time-on-market for retail investment properties will increase
- Average asking rental rates will increase steadily with year-over-year growth of 5%
- Ground-up construction will be stifled by scarcity and high price of land; small infill projects and existing center renovations will make up the bulk of the construction activity

# ORANGE COUNTY

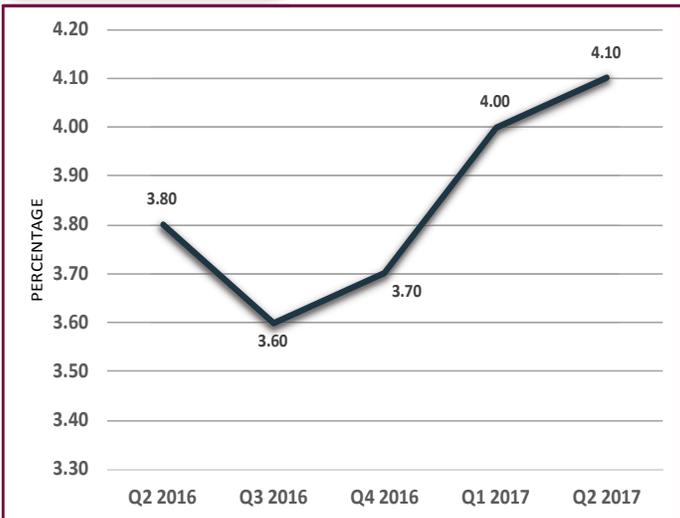
## NET SF ABSORPTION



## TRENDING NOW

Economic growth in Orange County continues to outpace all but a few of the state's 58 counties and that makes the region a high priority for retailers and retail property investors. Though the area has a relatively high cost of living, it offers a quality of life that few other metro areas around the country can match. Famous for its great weather, beautiful beaches, outdoor recreational opportunities and thriving business community, residents see the value in paying a little more to call Orange County home. There is also a high concentration of wealth, both in coastal and inland communities that has contributed to healthy retail sales for decades. Job growth has been consistently strong throughout the current economic recovery and the unemployment rate is low, just 3.8%, well below the state rate of 4.9% and the US rate of 4.3%.

## VACANCY RATE



Vacancy remains low despite a 30 basis point increase since the end of 2015. At the end of Q2, overall vacancy settled at just 4.1% but remains much lower for good quality spaces, especially in coastal submarkets. In some South County cities, the vacancy rate is still under 1.0%. The restaurant category remains hot throughout the county, with tenants paying top-of-the-market rates to roll out new, trendy concepts that keep the customers coming in.

It has become clear that the "Amazon Effect" has a firm grip on the brick-and-mortar retail sector. As we reported last quarter, the closing of all the Sport Chalet and Sports Authority stores was a major setback for their Orange County landlords and ancillary tenants who depended on them to generate customer traffic. Relentless online sales competition and rising rents have forced many category retailers to adapt to the challenge or force closing their doors. Big box tenants are still in the process of rightsizing

4.1%

VACANCY

\$26.28

AVG. SF RENTAL RATES

(107,821)

NET SF ABSORPTION

143,481,662

RETAIL SF INVENTORY

646,384

SF UNDER CONSTRUCTION



## ORANGE COUNTY - TRENDING NOW (continued)

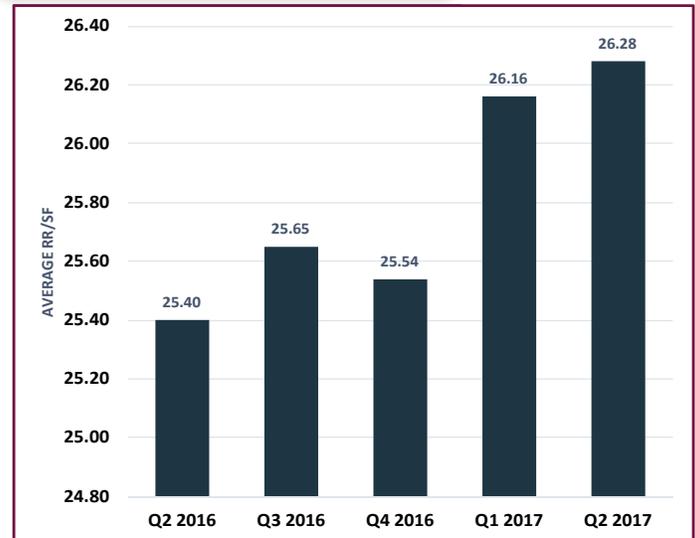
their operations and developing online capabilities of their own to increase profitability.

Landlords still have the upper hand and, in general, are holding out for top of the market rents. The average asking lease rate moved slightly higher in Q2, adding \$.12 to end the period at \$26.28. Year-over-year, the average rental rate has moved up by 4.3%. Net absorption was negative for the third consecutive quarter in Q2, ending the period with a net loss of 107,821 square feet. However, the losses are mainly attributable to secondary locations in inland submarkets, where tenants are forced to compete for prime space in coastal regions of the county. Significant quarterly increases in occupied space are becoming harder to produce given the low vacancy rate and lack of new construction.

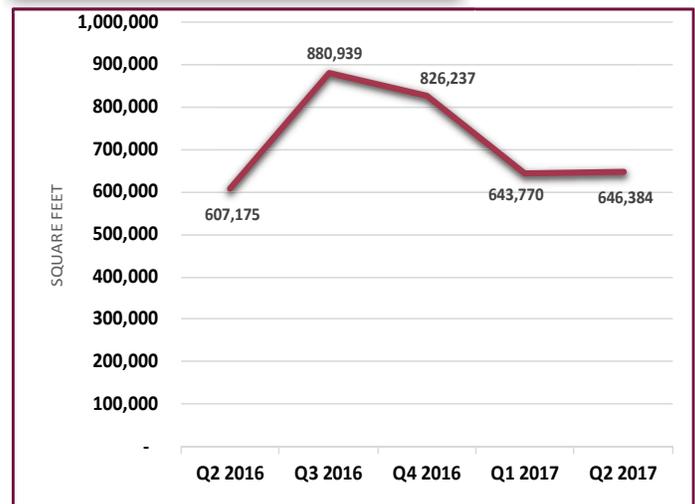
Most of the retail development in Orange County has become very expensive because of the lack of opportunities and the number of developers chasing the same product. The majority of new projects are the result of 1031 exchange capital wherein the developer overpays to acquire the land or redevelopment property. In Q1 new deliveries totaled just 52,098 square feet.

The retail investment market remains very tight, and the expected rise in cap rates resulting from higher interests rates has yet to materialize. Sellers have successfully held tight on their asking prices, as they know that the demand for retail assets is still running well ahead of supply. The majority of the demand is still coming from 1031 exchange buyers who have a choice of paying a premium for what they know are quality properties or leave the state and take on more risk to get better returns.

### AVERAGE SF RENTAL RATES



### SF UNDER CONSTRUCTION

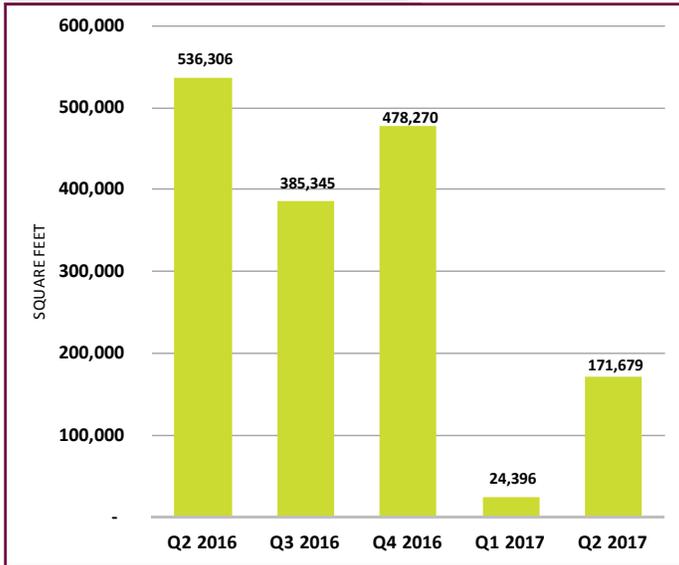


### A LOOK AHEAD

- Supply of good quality product will remain thin in coastal submarkets
- The vacancy rate will remain at today's low level
- Net absorption will be near zero due to lack of available space
- Overall lease rates will remain flat, but prime spaces will see rent spikes
- Cap rates will hold steady at today's historic lows
- One-off small development will continue, but no major projects are slated for completion over the next 12 months

# SAN DIEGO

## NET SF ABSORPTION



## TRENDING NOW

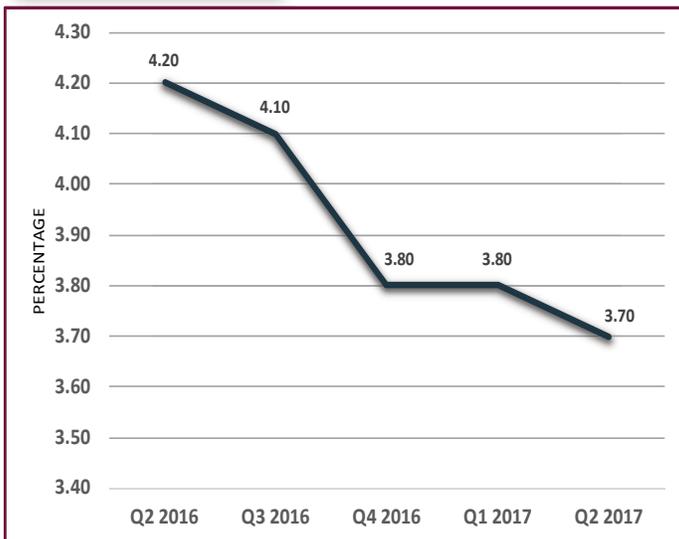
Retail market activity in San Diego, California's second largest city, stayed on its steady path of growth in the second quarter. Rents moved higher, absorption increased and vacancy was slightly lower. Tourism has been and will continue to bring billions of dollars in economic activity to the region. San Diego's convention business is thriving and got another boost with the announcement that Comic-Con, one of nation's largest conventions, has extended its contract through 2021. The region is also home to more than 125 craft breweries and brewpubs with estimated annual revenues of \$9 million.

Strong local demographics and a diverse employment base provide San Diego with a steady source of retail demand. The region's defense, biotech, tech and medical sectors offer high-paying, full-time jobs to the highly-educated workforce, which is fueling greater demand for high-end retail. The defense industry alone generates nearly \$45 billion in economic activity each year, and the Department of Defense just awarded a \$1.6 grant to the City of San Diego to support growth of local defense contractors.

With the San Diego Chargers move to Los Angeles, the 166-acre Qualcomm stadium site is being targeted by multiple developers and San Diego State University (SDSU) for redevelopment. Current proposals include a new stadium for SDSU and a Major League Soccer team, along with an expansion of the SDSU campus.

The area along the San Diego Bay near downtown will look very different in the coming years. Seaport Village is slated for a complete renovation and the former Anthony's will be redeveloped into a Miguel's Cocina, Brigantine Restaurant and Ketch Seafood and Grill.

## VACANCY RATE



3.7%

VACANCY

\$22.81

AVG. SF RENTAL RATES

171,679

NET SF ABSORPTION

135,698,637

RETAIL SF INVENTORY

725,764

SF UNDER CONSTRUCTION

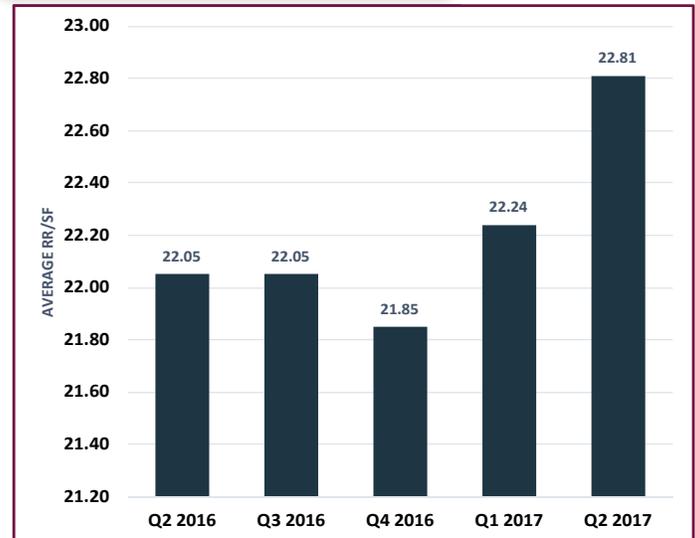
## SAN DIEGO - TRENDING NOW (continued)

Also, Horton Plaza will be renovated to make it more accessible and inclusive to Downtown and the Gaslamp Quarter.

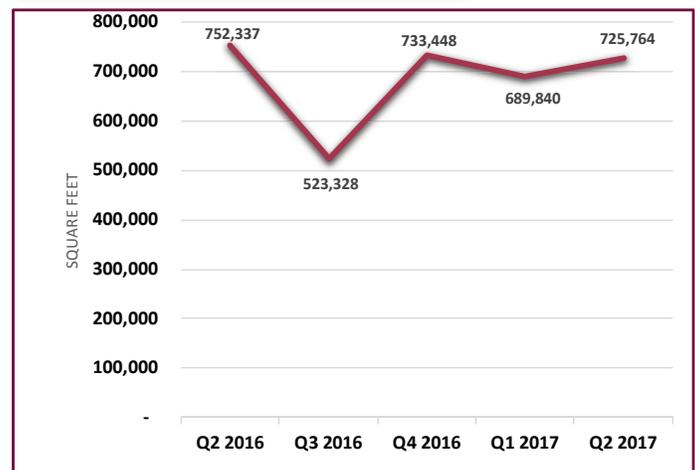
Westfield is also nearing completion of its major renovation of its UTC mall, which will include 100 new retailers and restaurants, all who are willing to pay premium rents to secure space in the project, which is close to high density residential housing, UCSD and the affluent La Jolla area. The long-awaited One Paseo mixed-use development has finally broken ground, as well. The project will soon deliver another 95,000 square feet of prime retail space, along with 280,000 square feet of office and upscale residential units. For the most part, anchored neighborhood centers are performing well, but there is a trend for banks to shift away from 5,000-square-foot pad locations to smaller spaces. Generally, centers perform better the closer they are to the coast, while inland properties in areas like Vista are struggling to fill their inline shop vacancies.

Vacancy fell another 10 basis points in Q2, net absorption rose to 171,679 square feet and the overall average asking rental rate was up sharply, adding \$.54 to \$22.81. Just under 66,000 square feet of new space was delivered, but over 725,000 square feet was still under construction as the quarter ended. Most of that space is slated for delivery by the end of the year.

### AVERAGE SF RENTAL RATES



### SF UNDER CONSTRUCTION

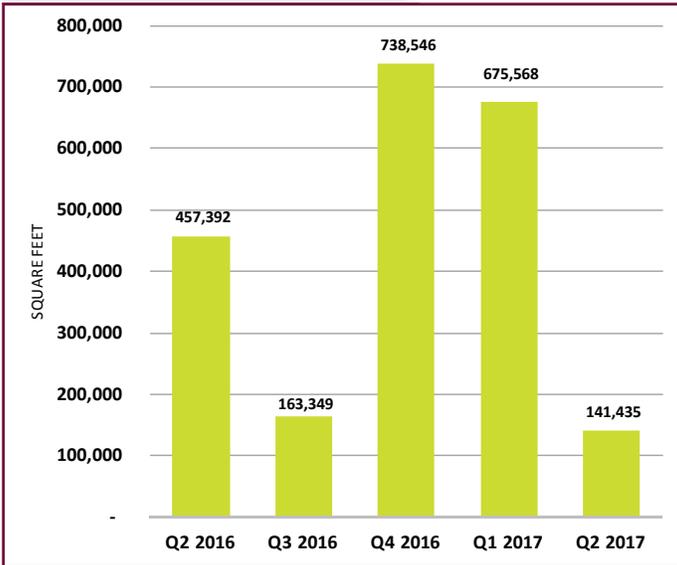


### A LOOK AHEAD

- Net absorption will remain slightly positive as projects such as South Campus Plaza are delivered
- Overall leasing activity will be steady, but competition for prime locations will intensify
- The vacancy rate will stabilize for the balance of the year
- Construction will increase as several projects will be breaking ground soon
- The craft brewing industry will continue to expand, including new retail tasting rooms
- Average asking lease rates will trend up slightly

# DENVER

## NET SF ABSORPTION



## TRENDING NOW

The economy in the Denver area has been in steady growth mode for the last several years. It includes metro Denver along with the cities of Boulder, Fort Collins, Greeley, Longmont and surrounding areas. Population growth has been very strong, in large part to the high quality of life and wide variety of recreational activities that are available resulting from its proximity to the Front Range of the Rocky Mountains. Retail sales growth has been supported by robust job growth and a healthy housing market. Big job gains in the tech, healthcare and hospitality sectors have offset the negative impact of energy sector employment that resulted from the collapse in oil prices back in 2014. At the end of the second quarter, the Denver region's unemployment rate stood at just 2.5% one of the lowest for any major metro area in the country, and that bodes well for ongoing expansion in the retail property sector.

## VACANCY RATE



With a limited supply of new development projects under construction, and demand from retailers throughout the region, vacancy has tightened. The overall vacancy rate has been under 5% since the beginning of 2016, and in 2017, vacancy has ranged between 4.6% and 4.9%, and ended the second quarter at just 4.7%.

While vacancy is low region-wide, the Colorado Blvd/ Cherry Creek area is lowest at just 2.8%. By category, only power centers have seen a vacancy increase, rising from 3.5% to 5.9% in the past year, which is due to ongoing "rightsizing" efforts by larger retailers who have been impacted by the steady rise in online sales from the likes of Amazon.com. Brand name retailers currently looking to take on more locations include Planet Fitness, Bentley's Pets, Oregano's and The Kitchen, among others.

4.7%

VACANCY

\$17.38

AVG. SF RENTAL RATES

141,435

NET SF ABSORPTION

198,346,689

RETAIL SF INVENTORY

2,058,788

SF UNDER CONSTRUCTION



## DENVER - TRENDING NOW (continued)

Tighter vacancy means higher rents and that has certainly been the case for the Denver area in 2017. After asking rates remained flat throughout 2016, they have spiked this year, gaining \$1.09, or 6%, in the first two periods to \$19.09. Though Mall and Power Center asking rates have been somewhat erratic, shopping center (community, neighborhood and strip centers combined) and general retail (freestanding, general purpose commercial) rates have been climbing in a more steady fashion. Rents also vary widely by submarket. The Colorado Blvd/Cherry Creek area has the highest average rates at nearly \$29.

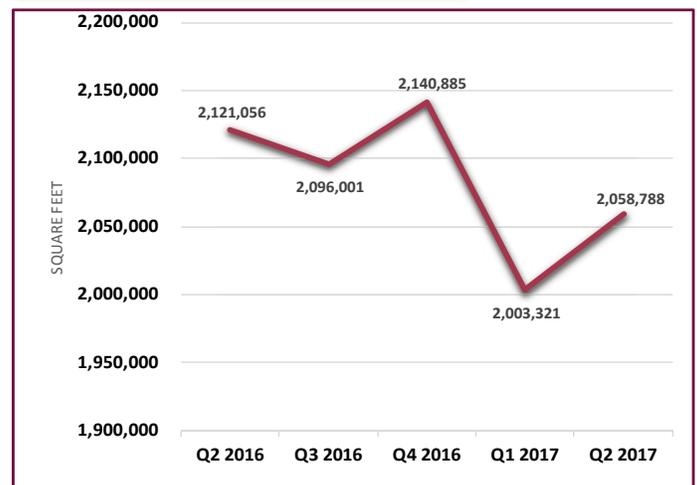
Low vacancy also gives landlords the opportunity to choose among tenants with established track records and strong credit. Tenants, on the other hand, are pushing back by negotiating for longer lease terms with multiple renewal options and higher tenant improvement allowances to offset rising rents.

Currently, there is 198.3 million square feet of retail space in the region's base inventory, and just over 2 million square feet is currently under construction, most of which is preleased. In the first half of the year, just over 1,000,000 square feet of new retail space was delivered. Eight of the ten largest projects delivered this year are 100% leased, including 5940 Promenade Pkwy in the Southeast Outlying submarket and 1040 Colorado Blvd in the Colorado Blvd/Cherry Creek area. Retailers such as King Soopers and CVS continue to look for more development opportunities throughout the area.

### AVERAGE SF RENTAL RATES



### SF UNDER CONSTRUCTION

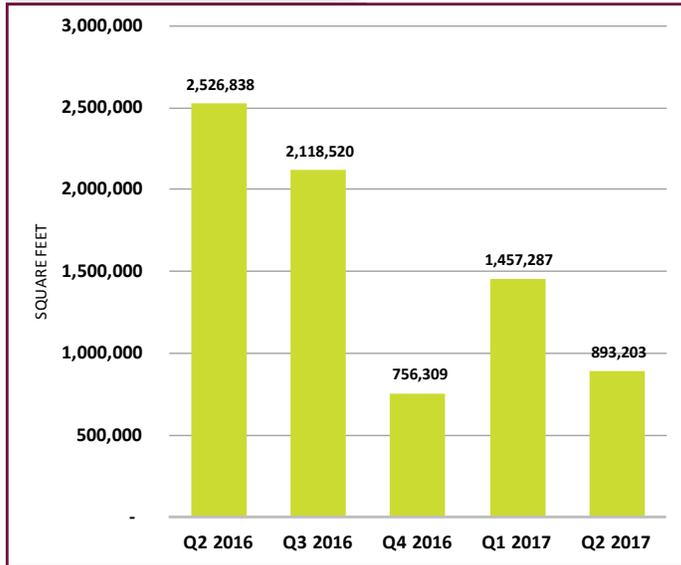


### A LOOK AHEAD

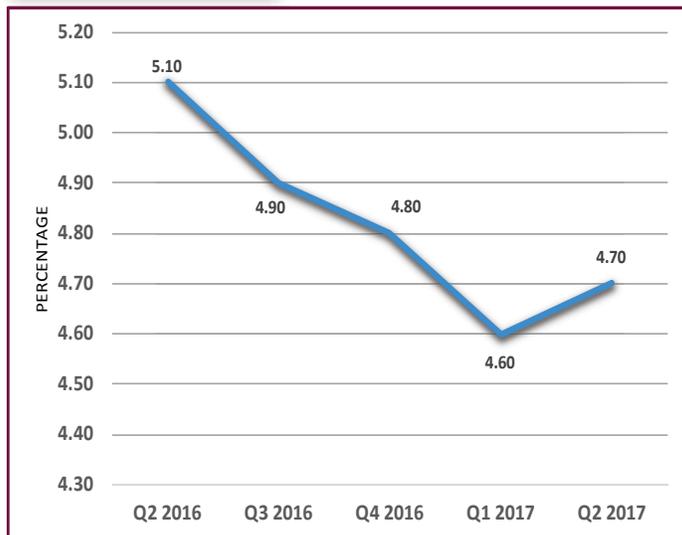
- Leasing activity will remain strong, but will be limited by tightening supply
- Net absorption will remain near current level
- Vacancy will decline slightly through the end of the year
- Average asking rents will keep moving higher
- Sales prices will rise due to very tight supply
- Construction activity will be moderate

# DALLAS / FT WORTH

## NET SF ABSORPTION



## VACANCY RATE



## TRENDING NOW

The Dallas/Fort Worth (DFW) area is still experiencing rapid population and job growth, which bodes well for additional gains in retail sales. More people means more retail sales and retailers have been actively expanding throughout the region to meet increasing demand. Employers, big and small, welcome the friendly regulatory and tax environment along with the availability of affordable housing for their employees.

Toyota just completed its new headquarters facility in Frisco this year after making its big move from Southern California. JP Morgan Chase and State Farm Insurance have also made big commitments in the DFW area, along with hundreds of other companies who are creating new full time jobs that will generate more retail sales. Fortunately, DFW has little connection to the energy sector, so its overall economy has grown unchecked by the collapse in oil prices that has hit the Houston area so hard.

Retail vacancy has been in steady decline since 2010, falling from 8.7% since the end of that year, to just 4.7% by Q2 of this year. In Q2, the overall vacancy rate actually rose by 10 basis points, but that was mainly due to a spike in new deliveries in the period. Year-over-year, the vacancy rate has fallen 40 basis points on total current inventory of 418.4 million square feet in 31,066 buildings. Large lease signings that will soon be reducing vacancy include the 56,147-square-foot lease to Academy Sports at 920 Steger Towne Road, and the 53,820-square-foot lease to Super Fresh at Pitman Corners.

Net absorption was solidly positive again in Q2. Another net gain of 893,203 square feet was posted in the quarter, following a gain of 1,457,287 square feet in Q1. In the past year, over 5.2 million square feet of net gain in occupied

4.7%

VACANCY

\$16.06

AVG. SF RENTAL RATES

893,203

NET SF ABSORPTION

418,419,124

RETAIL SF INVENTORY

6,565,492

SF UNDER CONSTRUCTION



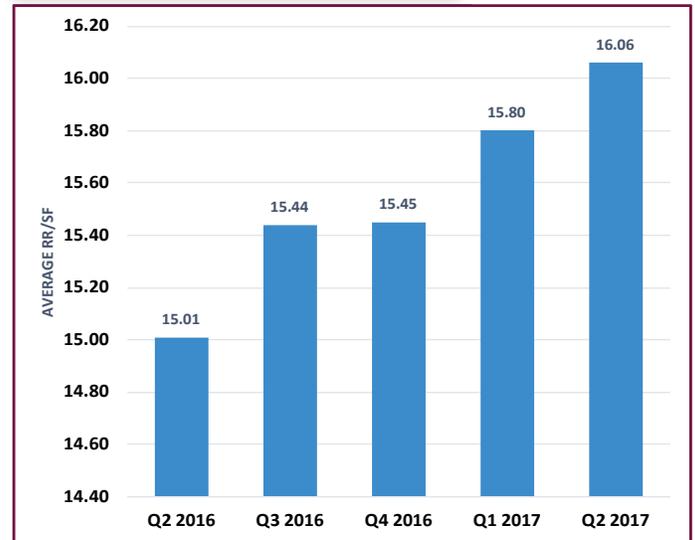
## DALLAS / FT WORTH - TRENDING NOW (continued)

space has been recorded, making the region one of the nation's three fastest growing retail markets along with the Chicago and Philadelphia areas. Landlords are leveraging strong market growth to negotiate longer lease terms as a precaution against the end of the current economic recovery. Tenants are more interested in shorter lease terms for the same reason, along with the added uncertainty over the rising threat of online sales.

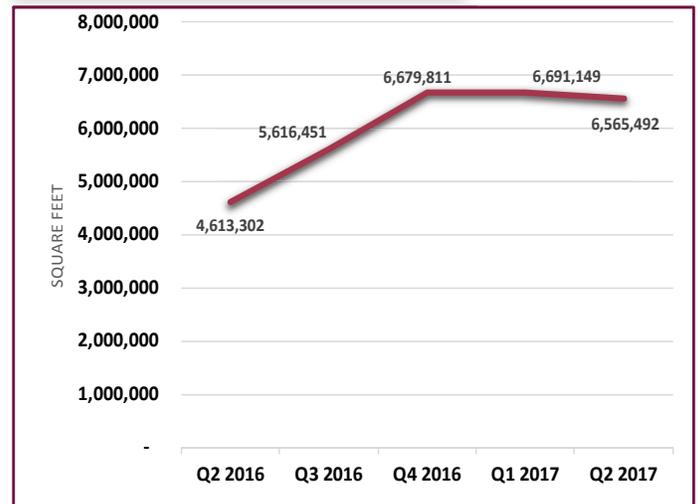
The combined average asking lease rate for all retail categories in Q2 was up another \$.26 to \$16.06. Year-over-year, that rate has risen by \$1.05 or 7%. Power Center rental rates are highest at \$28.66 but that is after a substantial Q2 decline of \$3.28. The Power Center sector is still feeling the impact of the 'right-sizing' phenomenon that has been prevalent with big box retailers hurt by online competition. Mall asking rents, on the other hand, gained \$1.23 in Q2 to end the period at \$21.60. DFW's malls are faring better than those in many other major metro areas. Asking rents have managed to increase since the beginning of 2016 and vacancy has declined by 110 basis points in that time to a new low of 2.3%. Neighborhood centers are focusing more on mom & pop tenants, especially those that are less likely to succumb to online sales pressure. Retail in CBD areas is flourishing due to the increase in population density, especially younger consumers who like the urban feel and live/work/play lifestyle.

New deliveries for the entire region in Q2 included 108 buildings totaling 1,635,648 square feet, up sharply over Q1's total of 954,356 square feet. In fact, Q2 deliveries were highest since the beginning of 2016. Another 6.56 million square feet is still under construction.

### AVERAGE SF RENTAL RATES



### SF UNDER CONSTRUCTION

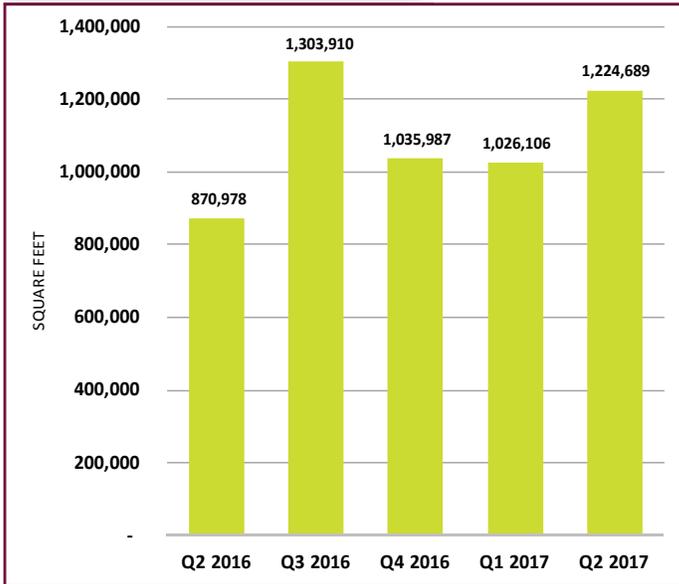


### A LOOK AHEAD

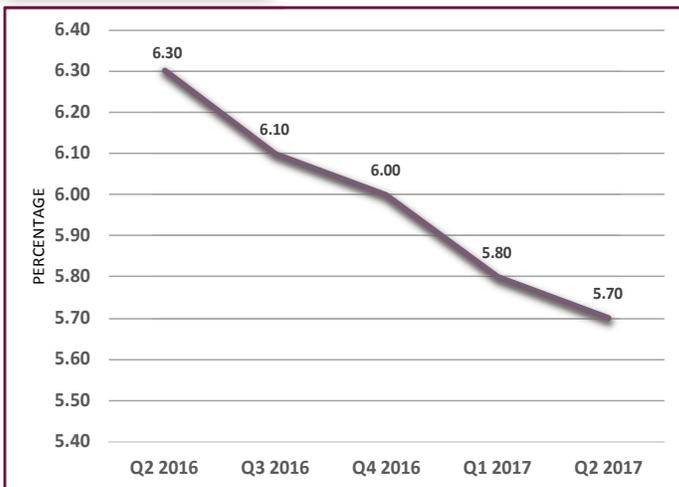
- Lease and sale activity should level off for the remainder of 2017
- Average asking lease rates may dip slightly after steady gains since 2013
- Vacancy will remain near current levels for the next several quarters
- Net absorption will moderate but remain positive
- Construction will stay at current levels through the end of the year
- Investor-buyers are becoming more cautious due to fear of cap rate decompression as mortgage rates move higher

# ATLANTA

## NET SF ABSORPTION



## VACANCY RATE



## TRENDING NOW

The Atlanta metro area is one of the fastest growing major markets in the country. It continues to see strong population and job growth that underpins healthy retail sales performance. The re-urbanization trend, so prevalent around the country, has been and remains particularly strong in Atlanta. Buckhead and other in-town submarkets are attracting the younger residents who choose to forego home ownership in the suburbs in favor of renting apartments in walkable distance to trendy restaurants, bars and entertainment venues. So, the retail component of mixed-use projects is outperforming suburban shopping centers both in terms of vacancy and rent growth. The demographic shift brought on by retiring baby boomers is here to stay. Over 10,000 boomers in the United States turn 65 every day, and many are retired or will soon be retiring and that means lower retail spending levels going forward.

Net absorption was strong again in Q2, continuing Atlanta's consistent growth in occupied space. The second period posted another 1,224,689-square-foot gain, which is also the fourth consecutive period of seven-figure increases. Significant move-ins for 2017 include the 69,756-square-foot lease to Tommy's Wholesale at 620 Bankhead Hwy, the 60,877-square-foot lease to Life Storage at Gwinnett Square, a 188,320-square-foot location for Dillards and Dick's Sporting goods new 54,448-square-foot store at Perimeter Pointe.

The overall vacancy rate for the Atlanta region held steady at 5.7% in Q2. Shopping centers (a combination of community, neighborhood and strip centers) still has the highest vacancy at 8.9%, but did manage a 40-basis-point decline in Q2. General retail property vacancy is still lowest, but was unchanged in Q2 at 3.4%. As we reported last quarter, shopping centers

5.7%

VACANCY

\$13.29

AVG. SF RENTAL RATES

1,224,689

NET SF ABSORPTION

361,053,458

RETAIL SF INVENTORY

2,471,745

SF UNDER CONSTRUCTION



## ATLANTA - TRENDING NOW (continued)

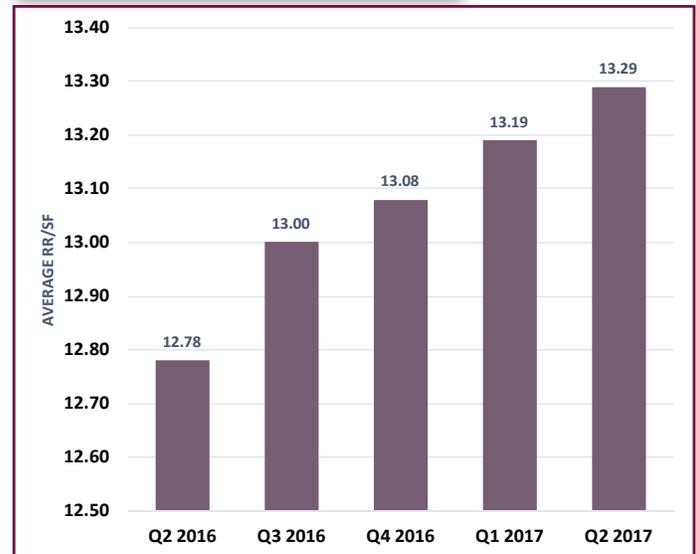
in prime locations, including downtown-midtown, the northern suburbs and near college campuses, are nearing full occupancy and ongoing tenant interest.

Prime locations in urban locales command the highest rents, as tenants scramble to compete for thin supply. The overall average asking lease rate for the Atlanta region rose by another \$.10 to \$13.29 in Q2, but rates of more than \$20 in urban locals are not uncommon. Buckhead is still the most expensive submarket in Atlanta, as rents there are approaching \$30 per square foot. Only rents in the General Retail category are above the previous market peak of 2008, while Mall and Power Center rents are still more than \$7 per square foot lower.

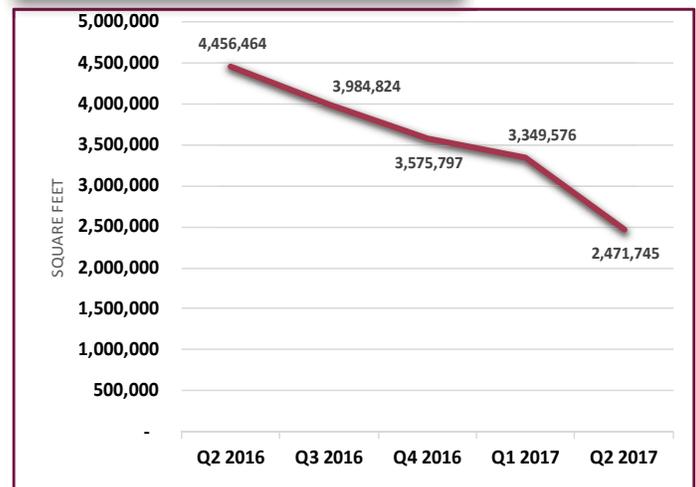
Landlords are still looking to push rents higher, but need to remain sensitive to shifting market dynamics that can change quickly, including choosing tenants who are vulnerable to aggressive online competition. However, owners of prime retail properties can still afford to be selective in terms of creditworthiness. Renewing tenants are pushing for landlord contributions toward store retrofit. It is common for landlords to offer approximately \$5 per square foot to keep a tenant in their center. Expanding tenants are shifting their interest to areas like Ponce City Market, Around Leno and the upscale Avalon project to locate where their best customers are clustered.

The struggles for traditional suburban malls anchored by former retail heavyweights like Sears and Macy's, continues. These and other big department stores are still in retreat due to overwhelming competition from online retailers. That is also scaring off other tenants who need strong anchors to generate foot traffic for their stores.

### AVERAGE SF RENTAL RATES



### SF UNDER CONSTRUCTION

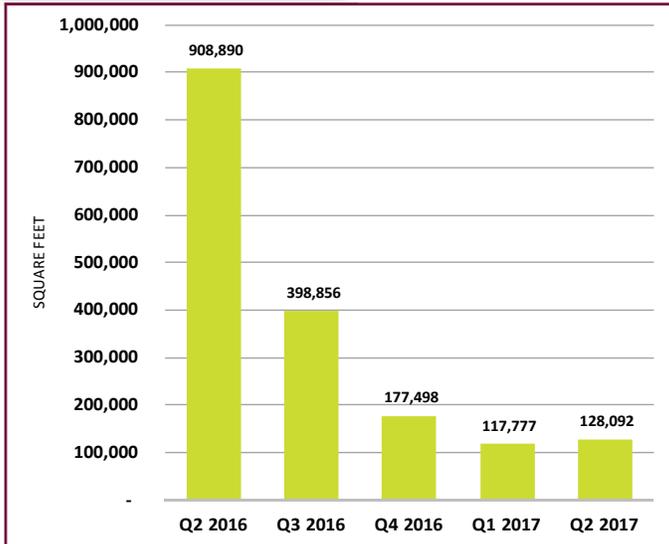


### A LOOK AHEAD

- NNN sale activity will continue to be very strong in the top Atlanta submarkets
- Average asking lease rates will see further increases in the second half of 2017
- Net absorption is expected to remain in positive territory for the rest of the year
- Construction activity should pick up slightly through the end of the year
- The vacancy rate should continue to decline, especially in more urbanized submarkets
- Strong multi-family and home building will give retail sales a further boost

# GREENVILLE/SPARTANBURG

## NET SF ABSORPTION



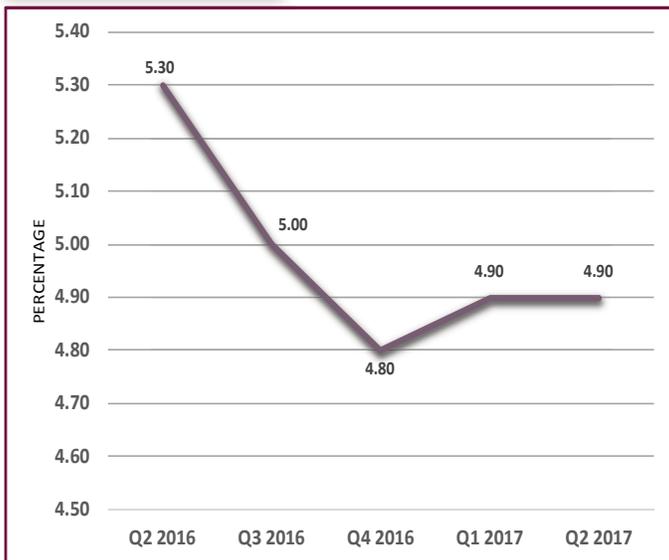
## TRENDING NOW

The Greenville/Spartanburg retail market continues to tighten. Population growth throughout the region continues to drive economic expansion. Greenville was recently identified as the fourth fastest growing city in the nation by the Census Bureau. The region's low cost of living and low labor costs have been attracting big corporations like BMW and Michelin and a growing number of their automotive suppliers. That has given a big boost to the regional housing market, which, in turn, supports retail sales growth.

As we have been reporting, Downtown Greenville remains in particular focus to retailers due to consistent population growth occasioned by robust multifamily housing construction. Greenville, like so many other CBDs around the country, is seeing an influx of younger residents who like being able to walk from home to work and then from work to their favorite restaurants and bars. Downtown Greenville's recent transformation and revitalization plays directly into that trend. Few downtown areas in the US boast its charm and character.

Vacancy has been falling throughout the region since 2012, but has stabilized just below 5%. In Q2, the overall vacancy rate was unchanged at 4.9%, but is down 40 basis points year-over-year. Of the area's 49.57 million square feet of general retail space, just 3.1% of it was vacant by the end of Q2, unchanged in the past three quarters. Vacancy in Shopping Centers (the combination of community, neighborhood and strip centers) was up 10 basis points to 8.6% on a base of 28.8 million square feet. Even though overall vacancy is relatively low throughout the region, there has been significant turnover of space, which has

## VACANCY RATE



4.9%

VACANCY

\$10.76

AVG. SF RENTAL RATES

128,092

NET SF ABSORPTION

87,201,529

RETAIL SF INVENTORY

202,188

SF UNDER CONSTRUCTION



## GREENVILLE/SPARTANBURG - TRENDING NOW (continued)

created new opportunities for expanding tenants to secure good quality locations. In all, there is 87.2 million square feet of existing retail space in the Greenville/Spartanburg area.

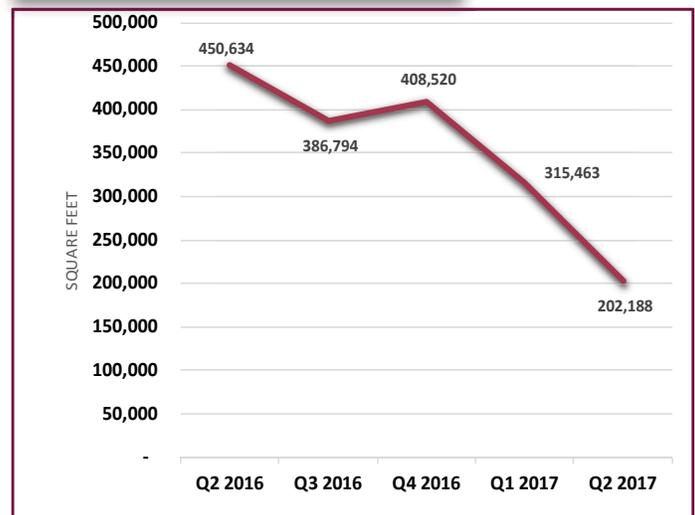
In 2016, just 362,000 square feet of new space was delivered throughout the region, but nearly that much space has been added in just the first half of 2017. So far this year, 345,735 square feet has been completed and another 202,188 square feet is still under construction. The largest new deliveries include the Camperdown project totaling 100,000 square feet and Falls Park Place, a fully occupied 48,000-square-foot building. Significant projects in the construction pipeline include 44,000 square feet at Earth Fare Plaza, 35,773 square feet at Markley Station, and two buildings on Drayton Road in Spartanburg totaling 27,980 square feet and 15,000 square feet.

Average asking rental rates keep moving higher. In Q2, the overall asking rate moved up another \$.25 to finish at \$10.76. Year-over-year the overall rate has increased by 6.5%. Downtown Greenville rents are still running higher than surrounding submarkets, settling at \$24.70 at the midyear point. By product type, it's the power centers that continue to lead the way on rents with an average asking rate of \$20.24, up another \$.20 in Q2. Landlords across all product types have benefited from steady retail activity in recent years, which has allowed them to push rents higher. However, big box retailers have been hit hard by the increase in online sales, and those users are downsizing and focusing more on boosting online sales of their own. That may force those landlords to ease up on rental rates to get large vacancies filled going forward.

### AVERAGE SF RENTAL RATES



### SF UNDER CONSTRUCTION

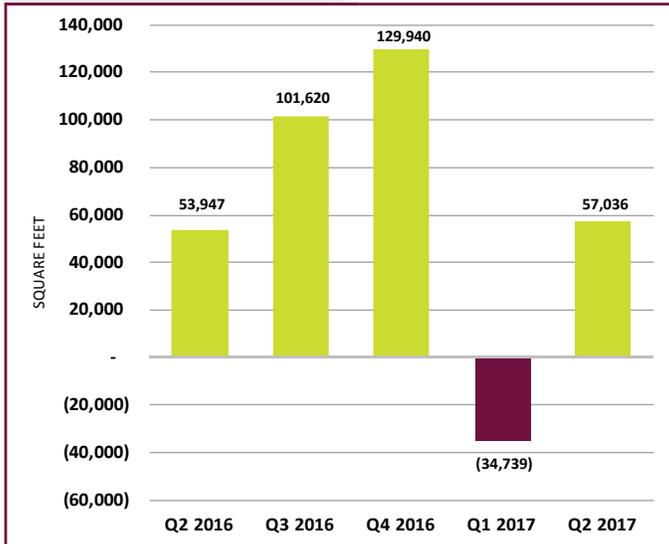


### A LOOK AHEAD

- Lease and sale activity is expected to remain steady due to strong overall economic growth
- Net absorption will moderate and remain steady through the last half of the year
- Average asking lease rates will continue to rise slowly
- Construction will be most active in the 5,000-15,000 square foot range
- Look for retailers to reduce store size by limiting on-site inventory
- Vacancy will stabilize in the current range

# CHARLESTON

## NET SF ABSORPTION



## TRENDING NOW

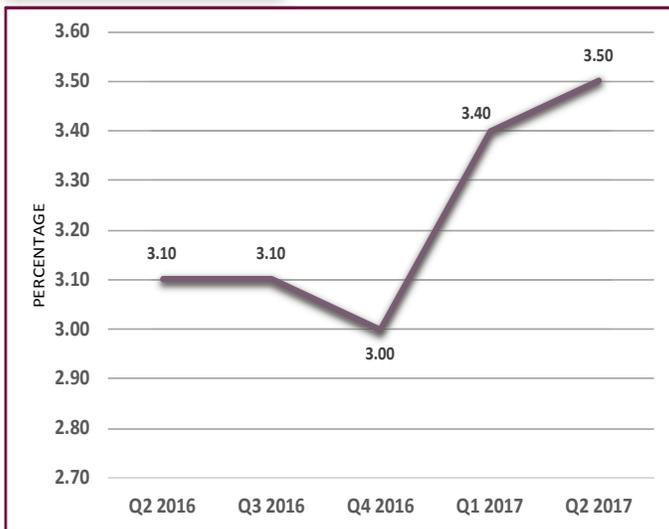
Booming residential development in the outlying areas including Summerville and Berkeley Count is fueling the continued draw to the area for retailers who are expanding their footprints in the area. Two power centers are planned at either end of the Nexton development in Summerville. This large residential development is being built in anticipation of the new Volvo manufacturing plant and the continuing appeal of the Charleston lifestyle and relatively low cost of living.

The region currently boasts a population of approximately 700,000 residents, which is growing by more than 40 per day. That growth has led to an influx of manufacturing jobs generated by Boeing, Daimler, Volvo and others. The expanding Port of Charleston is also a major contributor to regional economic growth, helping Charleston's become one of the fastest growing metro areas in the south. Add Charleston's legendary charm and variety of luxury and tourist-class hotels and is easy to understand why Travel & Leisure and Conde Naste keep naming Charleston the nation's best city.

Vacancy ticked up again in Q2 but still ended the period with an overall vacancy rate of just 3.5%, making it one of the tightest retail markets we track. In fact, the vacancy rate has varied between 3.0% and 3.9% in each of the last eight quarters. As a result of such limited inventory, landlords still have the advantage in terms of negotiating improvement allowances and other concessions.

Low vacancy has definitely given landlords the power to push for higher rates. The overall average asking leased

## VACANCY RATE



3.5%

VACANCY

\$21.47

AVG. SF RENTAL RATES

57,036

NET SF ABSORPTION

43,738,557

RETAIL SF INVENTORY

389,925

SF UNDER CONSTRUCTION

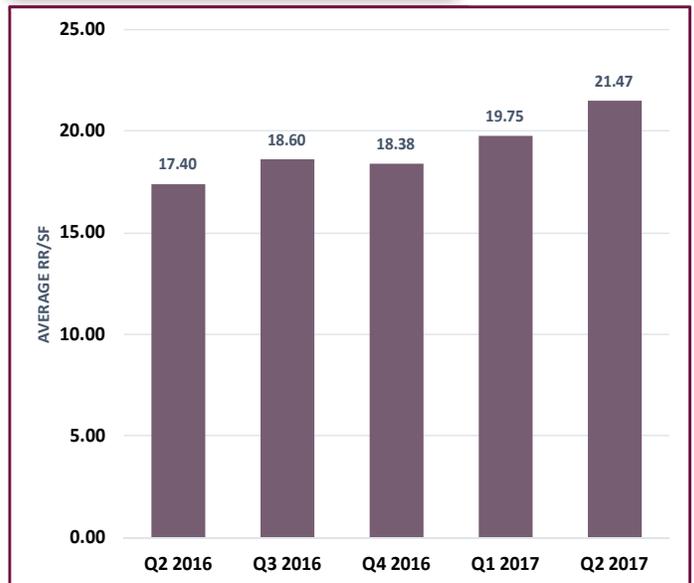
## CHARLESTON - TRENDING NOW (continued)

rose sharply for the second consecutive period, gaining another \$1.72 to \$21.47, after a Q1 increase of \$1.37. In the past year, the average asking rate has increased by 13.37%, one of the highest growth rates in the country. As was the case in Q1, mall rents were unchanged, but general retail and shopping centers (a combination of community, neighborhood and strip centers) saw big gains. Despite recent rent gains, higher quality tenants are gaining some negotiating strength, as more landlords prioritize tenant creditworthiness and tenant mix over contract rental rates in order to improve the overall performance of their centers.

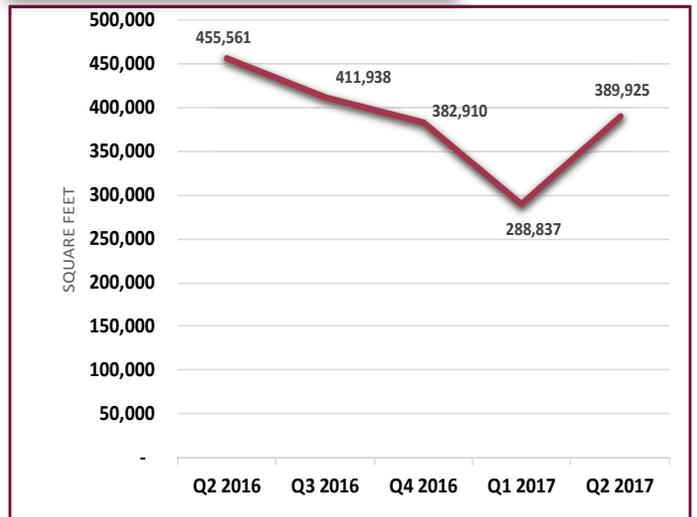
Though vacancy remains low, it may be taking its toll on net absorption, as a lack of quality inventory constricts retail expansion. In 2015 over 1,441,079 square feet net absorption was reported. That number fell to 477,874 square feet in 2016, and at the mid-point of 2017, just 22,297 square feet of positive net absorption has been realized. Low supply is at least partly to blame, as demand for good quality space in prime submarkets like Mount Pleasant, Summerville and Downtown Charleston are still very strong, but it may also reflect changes in the retail sector in general as national, regional and local operators try to find ways to cope with the rise in online retail sales.

Limited infrastructure and increasing traffic congestion is encouraging local governments to rein in new development. Environmental impact fees, zoning changes and in some cases, outright moratoriums on new construction, are making ground-up projects much more of a challenge. In Q2, 120,309 square feet in 14 buildings, was delivered and another 389,925 square feet remained under construction.

### AVERAGE SF RENTAL RATES



### SF UNDER CONSTRUCTION



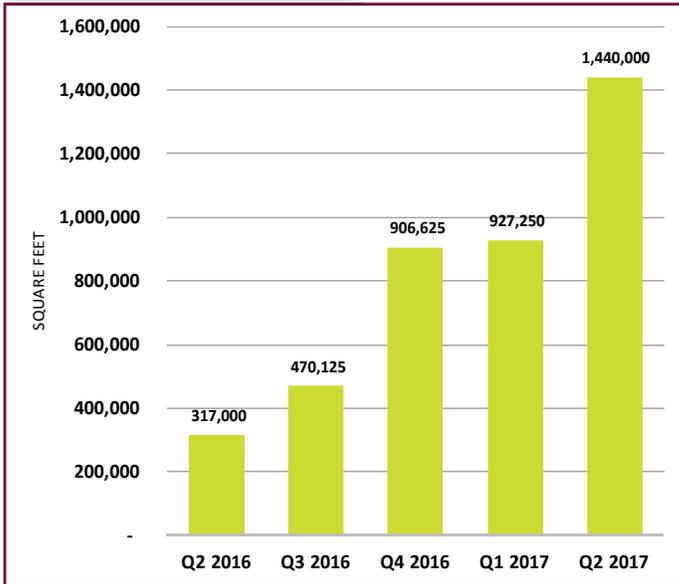
Information provided by Will Sherrod, CCIM - Lee & Associates Charleston (843) 747-1200

### A LOOK AHEAD

- Overall lease and sale activity will remain steady
- Net absorption will be positive in anchored centers, but CBD gains will be flat or negative through the end of 2017
- Vacancy will remain low and steady in suburban centers, but is likely to move higher in the CBD
- Landlords will negotiate more on lease rates to strengthen tenant mix
- Rental rate growth will flatten out, and effective rates will be 10%-15% lower than asking
- Ground-up development will decline due to increasing difficulties with the entitlement process

# VANCOUVER, BC CANADA

## NET SF ABSORPTION



## VACANCY RATE



## TRENDING NOW

The Vancouver metro region continues to experience healthy increases in retail sales, largely due to the increase in the presence of luxury international retailers. Another 8% increase in retail sales was reported in Q2 of 2017, but the most successful retailers are either in the luxury or discount categories. However, those in the middle continue to struggle. In-between operators like BCBG, Bebe and Guess, have been struggling, forcing store closures and bankruptcies.

Store closures by mid-tier fashion tenants, have undoubtedly led to an increase in vacancy within the region's malls. However, that has been offset in part by larger luxury tenants which have been performing above expectations. In June, Holt Renfrew recently added 10,000 square feet to its existing location in Vancouver's Pacific Center, while Nordstrom opened a 300,000-square-foot store there. The recent \$2 billion investment to improve public transit has also improved the outlook for the region's malls, especially in the suburbs.

Neighborhood grocery-anchored centers in areas of high foot traffic in the Vancouver CBD are experiencing higher asking lease rates. Rent growth is best in centers in the immediate vicinity of public transport, especially where high rise residential development is taking place. Centers not in areas of high foot traffic require ample on-site parking, which is scarce in Vancouver's downtown. In Q2, rents rose as much as 14% in mixed-use developments centered on mass transit.

Competition in suburban anchored neighborhood centers increased over the past quarter, as well. The vacancy rate was already low at 3%, but dropped quickly to almost 2%. The tight market makes it difficult for retailers to

4.0%

VACANCY

\$36.00

AVG. SF RENTAL RATES

1,440,000

NET SF ABSORPTION

18,700,000

RETAIL SF INVENTORY

1,000,250

SF UNDER CONSTRUCTION

## VANCOUVER, BC - TRENDING NOW (continued)

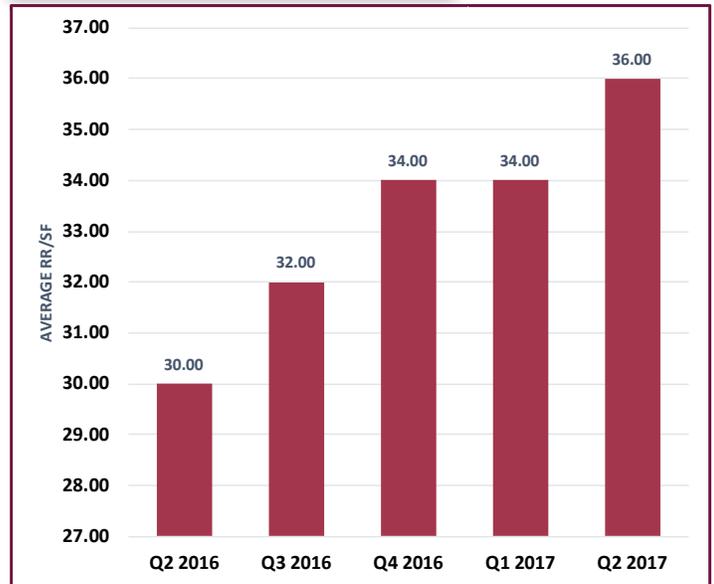
find space, and that is exacerbated by exclusive use arrangements in place in many centers. Recently, an exclusive held by a barber shop blocked a new high-end hair salon from leasing the space of their choice.

Rezoning continues to be the hottest topic for sellers in Metro Vancouver. The region is experiencing very high demand for housing and one way to provide it is to build residential units above retail space. Therefore, potential sellers are holding on to properties in areas that may be rezoned in the future. However, developers are concerned over potential regulations that mandate social and/or affordable housing units, which make it difficult to predict project cost and return on investment.

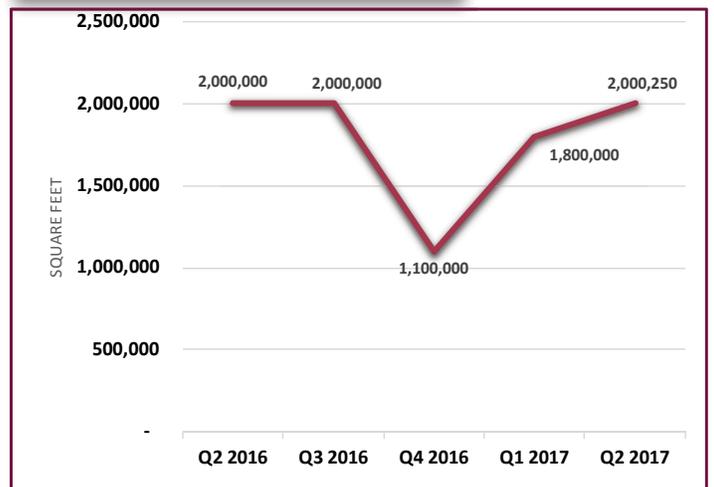
Of substantial concern to the business community is the change in the political agenda that resulted from the recent election of John Horgan, who supports a platform that could increase taxes, decrease public transportation investment, and lower allowable development density. These proposed measures can directly impact the cost to build new retail space along with the operating costs that landlords would pass along to retail tenants.

Vancouver market metrics still indicate a healthy retail sector. Lee & Associates tracks a base inventory of 18.7 million square feet of food-anchored centers. Net absorption in that sample has steadily increased in each of the last five quarters. In Q2, a net gain in occupied space of 1,440,000 square feet was recorded, a substantial increase over the Q1 total of 927,250 square feet. The average asking rental rate rose to \$36 in Q2 after holding at \$34 for the two previous quarters. Vacancy was unchanged at 4%.

### AVERAGE SF RENTAL RATES



### SF UNDER CONSTRUCTION



\*Data is calculated on food-anchored retail shopping centers/plaza only

### A LOOK AHEAD

- Sale activity will increase as investors pursue retail assets in the improving downtown Vancouver core
- Net absorption will pick up later in the year, as new product becomes occupied
- Vacancy will move higher in the next few quarters, as several major mixed-use projects are delivered to inventory
- Sales prices will increase for properties with pending neighborhood plan updates that increase FAR
- Construction will increase as several master-planned communities continue development well into 2018
- Rental rates will move by as much as 25% this year, as landlords renegotiate rates to include significant increases in property taxes

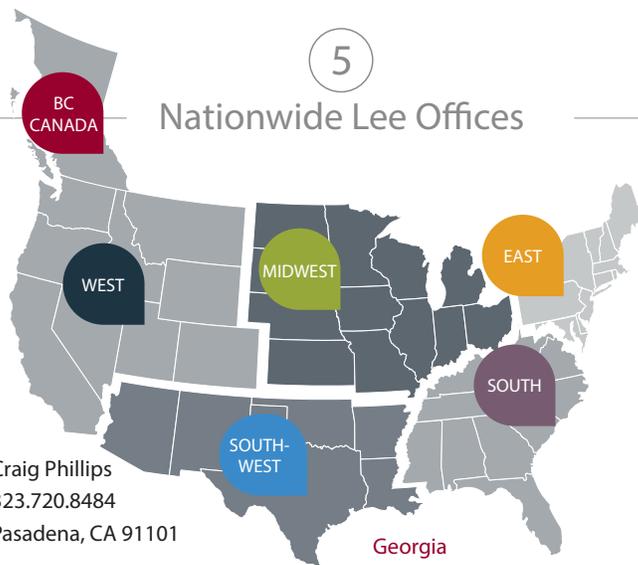
## SELECT TOP RETAIL LEASES Q2 2017

BUILDING	MARKET	SF	TENANT NAME
16705 Fort St	Detroit	175,000	Kroger
7600 Roosevelt Rd	Chicago	98,500	HOBO-Home Owners Bargain Outlet
Cermak Fresh Market	Chicago	89,188	Cermak Produce
12901 N. I-35 Hwy	Austin	77,958	Floor & Decor
Harris Teeter	Wilmington	76,000	Harris Teeter
Oregon City	Portland	72,483	Coastal Farm & Ranch
K-Mart	Atlanta	69,756	Tommy's Wholesale
120 Medway St	Boston	68,125	Stop & Shop
3240 Highland Ave	Cincinnati	64,700	Urban Air Entertainment

## SELECT TOP RETAIL SALES Q2 2017

BUILDING	MARKET	SF	PRICE PSF	CAP RATE	BUYER	SELLER
Macy's Men's Store	San Francisco	263,640	\$948.26	N/A	Blatteis Realty Co, Inc.	Macy's, Inc.
Oaks at Lakeway	Austin	236,233	\$482.57	N/A	TA Realty	Stratus Properties
Arborland Center	Detroit	403,536	\$252.77	5.85%	Brixmor Property Group	AmCap, Inc.
3030 N. Broadway	Chicago	127,889	\$633.36	5.64%	DDR Corp.	The Taxman Corporation
Campus Marketplace	San Diego	144,287	\$508.36	5.2%	Inven Trust Properties	Emerald Interests Corp
272-284 57th Ave NE	Minneapolis	389,132	\$137.49	5.82%	Sterling Organization	Tri-Land Properties, Inc.

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## The Lee Retail Brief

[lee-associates.com](http://lee-associates.com)

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