The Recession Generation

Post economic crisis: Landlords adapting to value-conscious consumer

Source: Shopping Centers Today 3/2010
DENVER METRO RETAIL MARKET CONDITIONS | 2nd Quarter 2010

Hot Topics
- Vacancy continued to decrease
- Absorption posted positive for the quarter
- Availability bucked increasing trend, reported flat
- IKEA breaks ground
- Retail sales growth improved
- Wal-Mart Supercenter and 24 Hour Fitness delivered 245k SF
- National unemployment decreases

Denver Retail Quick Stats
- Direct Vacancy: 9.3%
- Overall Lease Rates: $16.28
- Net Absorption: 301k
- Construction: 1.1M

JOB GROWTH vs. RETAIL SALES | Metro Denver

Sources: BLS, Colo Workforce
RETAIL SALES GROWTH & HOME SALES TRENDS | Metro Denver

Retail Sales Growth % (YOY)

2005 2006 2007 2008 2009 2010 YTD

-15.0% -10.0% -5.0% 0.0% 5.0% 10.0% 15.0%

Home Sales (YTD)

0 10,000 20,000 30,000 40,000 50,000 60,000 70,000

RETAIL

NATIONAL RETAILER SALES | June 2010 vs. June 2009

Kohls 3.6%
Target 1.3%
The Limited 5.0%
Costco Wholesale 9.7% Macys 2.8%
Nordstrom 4.8% JCPenney 2.1%

Sources: Coli Workforce, Silverstein Economic Summary

Sources: The Denver Business Journal
CONSUMER CONFIDENCE

RETAIL SUPPLY & DEMAND TRENDS | Metro Denver

Sources: Silverstein Economic Summary

Sources: CBRE Research, CoStar
WHERE IS THE DENVER RETAIL MARKET IN THE CYCLE?

**Phase I - Recovery**
- Declining Vacancy
- New Construction
- Rent Stable

**Phase II - Expansion**
- Declining Vacancy
- Limited Construction
- Rent Growth Declining

**Phase III - Hypersupply**
- Increasing Vacancy
- Limited Construction
- Rent Growth Declining

**Phase IV - Recession**
- Increasing Vacancy
- Limited Completions
- Rent Growth Negative or < Inflation Rate

Who Left Space Behind?
- 80 big box listings metro wide >20,000 SF
- 3.7M SF

METRO DENVER BIG BOX VACANCY
**DOMINATING THE MARKET**

- Blockbuster
- Bookstores
- Chain Casual Dining
- Upscale Apparel
- Office Supply Stores
- Sporting Goods Retailers

**CONSOLIDATIONS & CLOSINGS**

**WHAT'S HOT & WHAT'S NOT**

- Blockbuster
- Bookstores
- Chain Casual Dining
- Upscale Apparel
- Office Supply Stores
- Sporting Goods Retailers

**THE MORPHING RETAIL FORMATS**

- New Format Grocery
- New Technology Store
- Furniture Under Construction

**TELEVISIONS $100-$500**

- SmartCo Foods
- IKEA
- Sprouts Farmers Market
- Bed Bath & Beyond
- Goodwill
- Savers
- Marshalls
- Toys R Us
- Nordstrom Rack
- pinkberry
- Five Guys
- CBRE
**Trends**
- Urban (infill mixed-use projects)
- Continued growth of “necessity goods” and “value” retailers
- Luxury retailers will continue to struggle
- Innovation and creative concepts
- Expansion of grocery and specialty grocery
- Increased absorption of vacant boxes
- Smaller retail boxes
- Store-within-a-store concepts

**Mind Reading**
Where real estate, retail and development meet

Source: Retail Traffic May/June 2010