Job Growth Vs. Retail Sales
Metro Denver

Sources: CO Dept. of Labor, CO Dept. of Revenue
Retail Sales Growth & Home Sales Trends
Metro Denver

Sources: CO Dept. of Revenue, MetroList
Consumer Confidence

Source: Conference Board
Retail Supply & Demand Trends
Metro Denver

Sources: Trammell Crow Research, CoStar
Rent Trends (weighted avg. rate)

Metro Denver

- 1998: $12.97
- 1999: $13.49
- 2000: $14.46
- 2001: $13.74
- 2002: $13.81
- 2003: $14.73
- 2004: $14.99
- 2005: $14.70
- 2Q '06: $14.70
Where is Retail in the Cycle?

Phase I - Recovery
- Declining Vacancy
- New Construction
- Rent Growth

Phase II - Expansion
- Declining Vacancy
- New Construction
- Rent Growth

Phase III - Hypersupply
- Increasing Vacancy
- New Construction
- Rent Growth Positive but Declining

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

Lifestyle Centers
- Declining Vacancy
- Limited Construction
- Rent Growth Negative or < Inflation Rate

Box Segment

Overall Market

Regional Malls

Sources: Mueller, Real Estate Finance, 1995; Trammell Crow Research
Effective Buying Income Comparison

Source: Claritas
What’s Hot & What’s Not

Dominating the Market
• Super Target
• Wal-Mart
• Costco
• Sam’s Club
• Home improvement retailers

Rising Stars
• Lifestyle centers
• Kohl’s
• Specialty grocers
• Home-oriented retailers
• Sporting goods

Consolidations & Closings
• Mervyn’s
• MediaPlay
• Albertson’s
• Toys “R” Us
Retail Trends

- Continued growth in discount sector.
- Growth in larger outdoor centers having a lifestyle component.
- # of regional malls on the decline.
  - Renewal of functionally obsolete malls
- Mixed-use projects.
- Continued growth of lifestyle retailers:
  - Specialty grocers
  - Home-oriented stores
  - Sporting goods
  - Luxury goods
The Streets at Southglenn
Retail Trends

- Quick-serve restaurants will continue to grow, imitators coming in quickly: 50% of Coloradans will have a restaurant meal on any given day.

- Increasingly competitive environment means there will continue to be failures, which create large blocks of space to fill: Mervyn’s, Albertson’s, Great Indoors, Casual Corner, MediaPlay, Toys “R” Us.

- Existing retailers in our market continue to expand and new retailers continue to look.
What Will Impact Retail in 2007?

- High energy costs and rising interest rates could curtail consumer spending.
- Consumer debt remains at record levels: U.S. savings rate is near zero.
- Consumer confidence: Very volatile in, due to the above factors.
- Job growth: 30,000 in ’06, expansion continuing into 2007.
- Housing market: Is cooling nationally, less so in metro Denver.
- Construction costs.
- Possibility of overbuilding.
Retail Requires “Special” Vision…