Metro Denver Retail Market
Midyear – 2009

Presented by:
Jon Weisiger
Senior Vice President, Retail Division
What are the Drivers of Retail?

- Job Growth
- Housing Growth
- Available Consumer Credit
- Low Interest Rates
- Consumer Confidence

retail sales
Job Growth Vs. Retail Sales

Metro Denver

Sources: BLS; Colo Workforce
Retail Sales Growth & Home Sales Trends

Metro Denver

Sources: Colo Workforce; Silverstein Economic Summary
Consumer Confidence

Sources: Silverstein Economic Summary
Retail Supply & Demand Trends

Metro Denver

Sources: CBRE Research, CoStar
- 55 big box listings metro wide >20,000 SF
Rent Trends (weighted avg. rate)

Metro Denver

Sources: CBRE Research
Where is Retail in the Cycle?

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

**Phase II - Expansion**
- Declining Vacancy
- New Construction
- Rent Stable

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

**Phase IV - Recession**
- Declining Vacancy
- Limited Construction
- Rent Growth Negative or < Inflation Rate

Sources: CBRE Research

Box Segment

Community Centers

Grocery Centers

Outlet Centers

Lifestyle Centers

Regional Malls
Metro Area Unemployment Rates

Source: BLS, using not-seasonally adjusted numbers as of May 2009
Home Price Market Comparison

Source: S&P/Case-Shiller Home Price Indices

-40.0% -35.0% -30.0% -25.0% -20.0% -15.0% -10.0% -5.0% 0.0% 5.0%

DENVER DALLAS PORTLAND SEATTLE LOS ANGELES LAS VEGAS PHOENIX

% Change

April 08 to April 09 Change March 09 to April 09 Change

Source: S&P/Case-Shiller Home Price Indices
What’s Hot & What’s Not

**Dominating the Market**
- **SUPER★TARGET**
- **WAL·MART®**
- **COSTCO WHOLESALE**
- **SAM’S CLUB**
- **KING Soopers**
- **SAFEWAY FOOD & DRUG**

**Rising Stars**
- **SUNFLOWER FARMERS MARKET**
- **SPROUTS FARMERS MARKET**
- **FAMILY DOLLAR**
- **SAVERS good all around**
- **24 HOUR FITNESS**
- **LIFETIME FITNESS**
- **COLORADO ATHLETIC CLUB**
- **MOUNTAINIFE FITNESS**
- **Qdoba MEXICAN GRILL**
- **SMASHBURGER**
- **MAXIMUS McCABE’s**

**Consolidations & Closings**
- **Linens n Things**
- **Circuit City**
- **Ritz & Wolf Camera**
- **Office Supply Stores**
- **Chain Casual Dining**
- **Sporting Goods Retailers**
- **Home Accessories**
- **Upscale Apparel**
Retail Trends

- Luxury retailers will continue to struggle
- Continued growth in discount sector
- Expansion of grocery and specialty grocery
- Box stores on the decline
- Smaller retail boxes
- Store-within-a-store concepts
- Urban (infill) mixed-use projects
- Continued growth of “necessity goods” retailers
Capital Impacts to Retail in 2009

- Capital Market uncertainty
- Wall Street retailers hurtting
- Downward pressure on retail rents
- Private equity taking over some retail firms
- Availability of capital for new projects
  - New development
  - Replacement of commercial loans
- More retail product coming to the market soon
Conclusions - Nine Tips for 2009

1. Focus Inward with your tenants – personal touch, Ad’s/promos
2. Early Renewals
3. “Blend” and “Extend” leases
4. Shorter leases: reduce risk raise upside
5. Reduce “op-ex”
6. Just say “Yes” – tenant’s market
7. Increase efficiency to complete deals-make it painless
8. Look for alternative revenue streams :ie media, corp partnerships, ATM’s etc
9. Don’t overreact-keep a steady hand on the wheel!
“We can’t solve problems by using the same kind of thinking we used when we created them.”

— Albert Einstein