

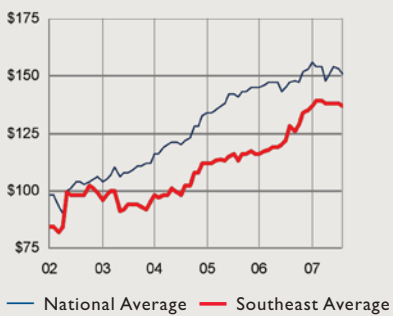
Market Report

RETAIL | FALL | 2007

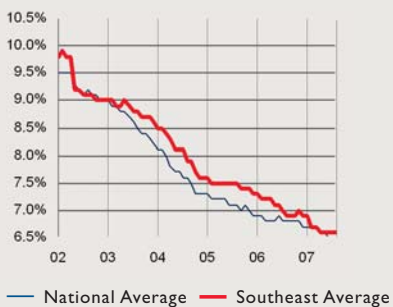


RETAIL INVESTMENT TRENDS

PRICE PER SQUARE FOOT



CAP RATE TRENDS



ANNUAL RETAIL SALES VOLUME ATLANTA METRO



What Happened? (Debt Earthquake)

- **Stress fault** - Abundance of easy money drove residential housing investment to a peak of 6% of GDP in 2006 (14% of all subprime mortgages delinquent at year-end per *MBA* – 40% of all 2006 mortgages were either subprime or Alt-A per *CFSB*) - \$650 billion in residential mortgage loan losses to investors anticipated through 2011 per *FDIC* study
- **Seismic event** - Mid-2007 subprime residential mortgage collapse impacted global credit markets causing liquidity crunch sparking bond investor knee-jerk that required action by central banks
- **Damage** – All level of risk buyers abruptly increased yield requirements leaving \$60 billion of CMBS debt unsold at below market returns (approx. \$30 billion was re-packaged and subsequently sold by 4Q 2007)
- **First Responder** - CMBS debt spreads spiked 100+ bps as market repriced in an attempt to lure investors back (T-bill rally helped keep rates competitive)
- **After shock** - Institutional investors and REITs slowed class-A or “core” acquisition activity due to lack of “visibility”

What's Next? (Aftermath)

- **Cleanup** - CMBS debt market will return to a new “normal” by 1Q 2008 with spreads averaging 175 bps - Lenders will resume funding and confidence returns to the largest segment of R.E. capital albeit with more conservative underwriting
- **Repairs** - Transactions will be subjected to higher stress testing ultimately imposing larger chunks of equity and forcing postponement of some new developments requiring speculative residential components to achieve feasibility
- **Going Forward** - Cap rates will reflect increased cost of capital and more conservative structure
- **Result** - Sale transaction volume will fall 50% from peak levels, however quality properties will remain in demand and asset fundamentals will remain stable

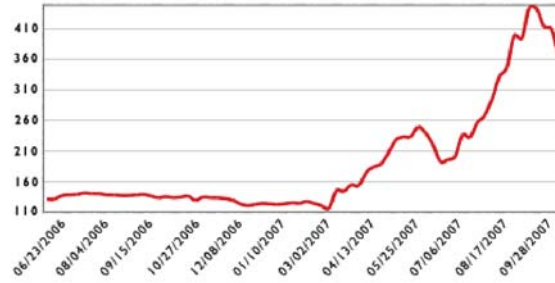
COLLIERS
SPECTRUM CAUBLE

Colliers Spectrum Cauble
5871 Glenridge Drive
Suite 400
Atlanta, Georgia 30328
Tel: 404.252.2288
Fax: 404.242.8666

AVERAGE CORE SPREAD



MORGAN STANLEY FIXED-RATE BBB 0 YEAR CMBS SPREAD



SHOPPING CENTER SALES STATISTICS
ALL CENTERS OVER \$5 MILLION

		2004	2005	2006	YTD 2007
Volume in Billions	Atlanta	\$1.37	\$1.13	\$1.26	\$2.41
	Southeast	\$6.28	\$6.79	\$7.57	\$11.74
Average Price PSF	Atlanta	\$133	\$156	\$154	\$140
	Southeast	\$118	\$128	\$137	\$131
Median Cap Rate	Atlanta	7.71%	7.52%	7.34%	6.60%
	Southeast	7.84%	7.58%	7.25%	6.62%

RECENT COLLIERS SPECTRUM CAUBLE SHOPPING CENTER SALES



Shoppes of Sebastian - Publix anchored - Sebastian, FL



Plantation Heights - Mixed-use (retail/ residential) - Atlanta, GA



Cooper Oaks Crossing - Tom Thumb anchored - Arlington, TX



Curry Ford Shopping Center - Winn-Dixie anchored - Orlando, FL

Member Affiliations:



267 OFFICES IN 57 COUNTRIES
ON 6 CONTINENTS

USA	95
Canada	17
Latin America	17
Europe/ Middle East	85
Asia/ Pacific	53

\$63.5 billion in annual transaction volume in 2006

672 million square feet under management

10,171 Professionals

CONTACT INFORMATION

Jon Barry
President

Joe Montgomery
Senior Vice President
Investment Sales-Director

Tony D'Ambrosio
Vice President
Investment Sales

Brian Lefkoff
Senior Vice President
Tenant Rep

Jennifer McAfee
Vice President

Coleman Morris
Vice President

Alex Deitch
Vice President

Marisa Roy
Senior Associate

Melody Holley Associate
Amy Fingerhut Associate

Jonathan Wise
Associate

This report and other research materials may be found on our website at www.colliers.com/atlanta/retail. This market report is a research document of Colliers Spectrum Cauble, Inc. Questions related to information herein should be directed to the Research Department at 404-252-2288. Information contained herein has been obtained from sources deemed reliable and no representation is made as to the accuracy thereof. Colliers Spectrum Cauble, Inc. is an independently owned and operated business and a member firm of Colliers International Property Consultants, an affiliation of independent companies with over 260 offices throughout more than 50 countries worldwide.



www.colliers.com/atlanta/retail