

North American Business Activity Statistics

Second Quarter 2013

LANE4
PROPERTY GROUP

XTEAM
INTERNATIONAL
EXTENSIVE EXPERIENCE.
EXCLUSIVELY RETAIL.



One Cadogan Place in Central London – Knightsbridge.
Exclusively represented by XTeam International partner DTZ.

WE ARE over 400 professionals in 35 offices throughout North America. We are a powerful network

of partner offices that exclusively focus on first class, best in class, world class retail real estate. XTeam International's unique platform assembles the strongest and most experienced retail-only specialists in the most important metropolitan markets in North America. There are no substitutes for resume or reputation, and each XTeam partner office is a recognized leader in its regional trade area. Our team has an enormous track record in the representation of Fortune 500 and emerging retailers alike. We represent North America's premier Power Center and Specialty Center developers as well as regional and local clientele who own the high street retail and neighborhood centers where North America shops.

In 2012 XTeam consummated retail lease and sale transactions in North America that totaled over \$3.5 Billion in value and over 38 Million square feet of the best space in every retail market.

Together with our International Partner DTZ, we provide brokerage and consulting services to firms that make the global economy hum in North America, Europe, Asia and the Middle East.

Extensive Experience. Exclusively Retail. XTeam.

250 COLUMBINE a new mixed use development in North Cherry Creek – Denver
Exclusively represented by XTeam Partner Legend Retail Group.

Q2 2013 Summary

The North American leasing market returned to form in the second quarter of 2012, based on data reported by XTeam International's 35 US and Canadian offices. Across the network, 5.75 M square feet was leased during Q2, with a total consideration of \$602 M. This dollar amount was a 12% increase over the year-before period and a 35% increase over Q1 of 2013. The amount of square footage leased dropped of 21% over the year-before period, but tallied a substantial increase of 42% over Q1 results.

Year to date, XTeam partners have leased 9.1 M square feet of retail space with a total consideration of \$995,473,932.

The sales market for commercial retail property showed mixed signs in Q2, as the network moved 1.49 M square feet of improved properties, an increase of 7% over the year-before period. Total consideration however was down, slipping 56% from the year-before period. Yet despite the mixed results, sales of development land across the network was strong, as 196 acres of new development land was sold to developers and users.

The significant amount of investment in retail development land is a strong reflection of the positive trend in the burgeoning economy, as developers and users seek to grow the pipeline of future projects to satisfy increasing leasing demand.

Market activity was heavily weighted in favor of lease transactions over sales during Q2, as leasing accounted for 86% of the total value of all transactions and 79% of the total square footage. This heavy tilt in favor of leasing activity further signals an economy that is gaining steam, as evidenced by expanding demand for retail space. Meanwhile, the relatively lower volume of sales may reflect the dwindling supply of available for-sale assets.

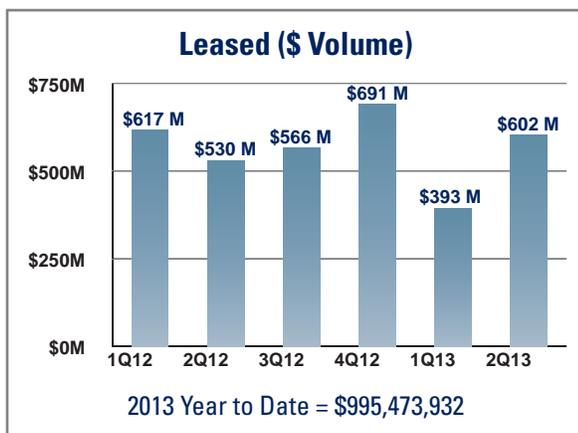
After Q1 of 2013, data suggested that the market may have taken a breather after a strong comeback in 2012. But the sharply improved Q2 leasing numbers above bring year to date totals for leasing activity to near parity with 2012, while sales figures year-to-date exceed 2012 totals. XTeam International forecasts continued, gradual growth in the retail real estate market, with the recovery moving beyond the coasts and gaining momentum across all regions.

Key findings from the retail sector included:

- The total consideration of properties leased in the quarter increased 12%, from the year-before period.
- Total dollar volume of retail property sales dropped by half the year-before period, yet the total footage sold rose by 8%.
- Despite inventory shrinking and increasing rents, leasing has picked up, by 2.4 M SF (42%) over Q1.
- Total transaction volume in the period (leases, sales & land) totaled \$696 M, as compared to \$743 M in the year-before period, a decrease of 6%.
- Total transaction volume year-to-date (leases, sales and land) totals \$1.43 B, as compared to \$1.53 B in the same period the year before, a decrease of 7%.
- Land sales of sites for new development totaled 196, an increase of 60% over the prior quarter, signaling further development.

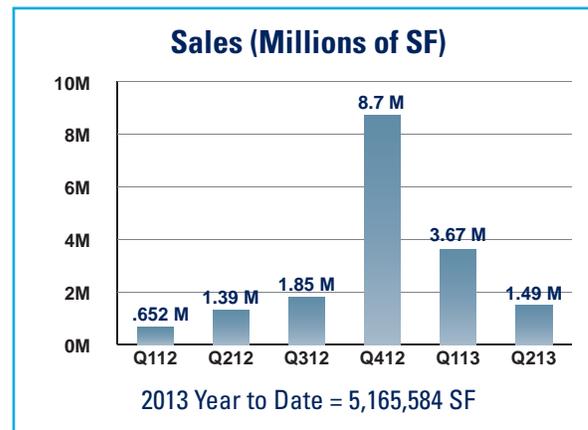
North American Leasing

The majority of new retail real estate transactions consummated each quarter are leases. In 2Q 2013, leasing has represented 86% of the total value of all transactions (lease + sale) and approximately 79% of the total square footage. Because more consideration changes hands and more space is moved via leases, trends in leasing activity are an extremely reliable barometer of the strength of the retail sector, and by extension, the overall commercial real estate market and economy at large.

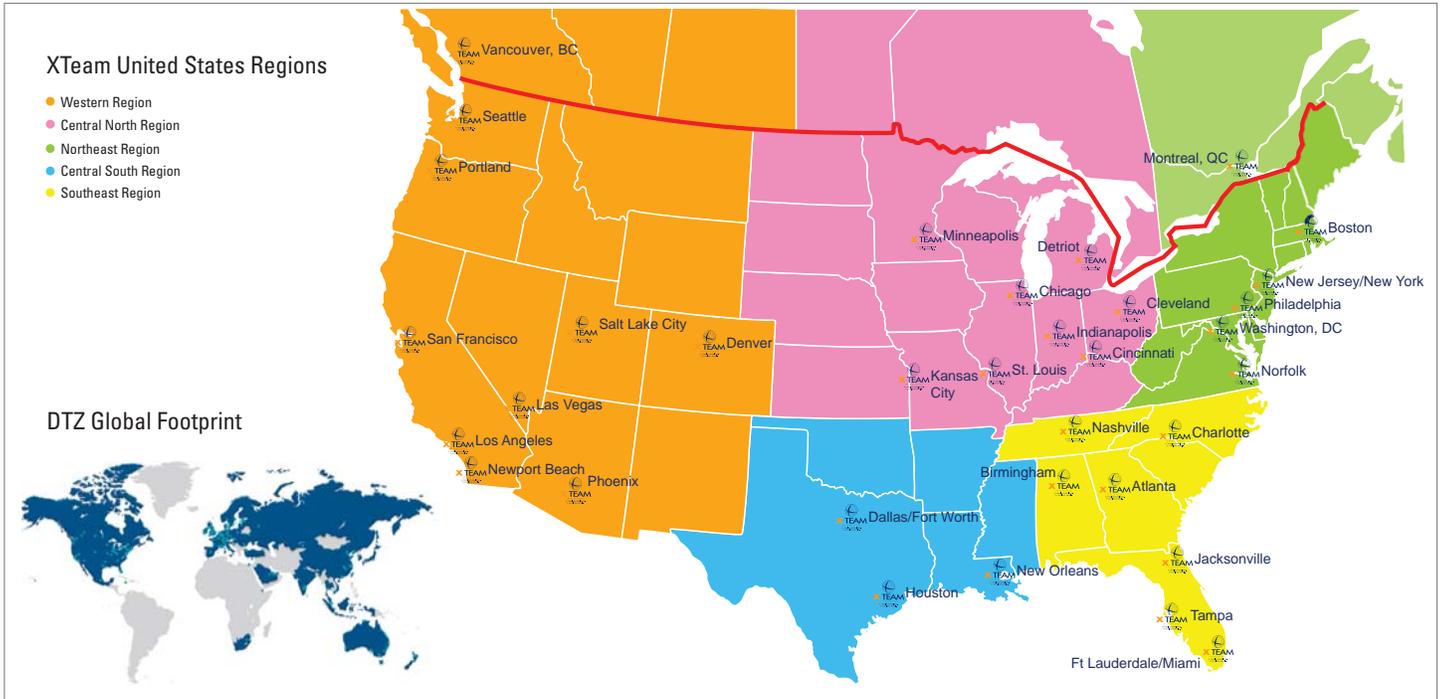


Sales Activity

The data described below captures all sales consummated by our Partners in a given quarter. This includes a broad mix of transactions including investment sales to investors, existing asset sales to users, redevelopment sales to developers and raw land sales to both users and developers. The breadth of transaction types captured by this data provides a more general commentary on retail real estate activity and trends from one quarter to the next.



North American Partner Offices



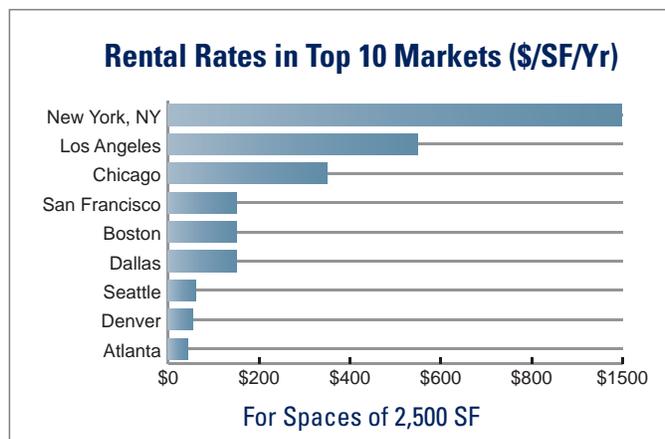
Rental Rates in Top 10 Markets

The survey below tracks rental rates in ten key national markets, both in the Power Center and premium High Street retail segments. The Power Center survey captures rental rates for junior boxes in the 20,000 SF range for best in class Power Centers. The adjacent survey of High Street retail captures rates for the top premium retail locations in the 2,500 SF range (excluding enclosed malls). While the New York market is the pace setter in both surveys, the disparity with other national markets is far narrower in the Power Center segment than in premium retail. On the High Streets, New York's Madison Avenue achieved rents of \$1,500 per SF in 2Q 2013, more than doubling the \$540 per SF rate on Los Angeles's Rodeo Drive. This significant premium above all other North American markets validates New York City as an international target for retail. However in the Power Center arena, while isolated examples of \$75/SF rents have been attained in Manhattan, New York's \$40 per SF rate for outer Boroughs narrowly outpaces Los Angeles's and Seattle's mid \$30 rent levels. In addition to New York, Los Angeles and Seattle, San Francisco and Chicago are the strongest landlord markets in the current survey, commanding rents 25% to 50% higher than Dallas, Denver, Atlanta and Boston.

Power Center Retail



Premium Retail



Jason Baker, Baker Katz Houston, Texas

“The key to this business is the strength of your relationships. That said, you should start off your career in the area you plan to be in long-term. And always remember to be on time, do what you say you’re going to do, say “please and thank you” and finish what you start. Your success will be predicated almost exclusively on the little things...not the big ones.”



How's business:

“In the next year... With several million square feet of retail being added in the next 12-18 months, Houston is experiencing a surge in the retail market. Although we are still experiencing challenges as a result of the recession, Houston will have 60 new grocery-anchored centers created within the next 12 months. That in and of itself is truly telling of the bright future we have ahead of us.”

Business

Biggest challenge for your business at the moment: The high demand of retail space combined with very little construction has created a challenge for retailers looking to expand. The team and I are focused on making sure we meet the needs of all our clients, help them navigate an extremely competitive market and achieve their expansion goals – all at the same time. That is the biggest challenge, but also where incredible opportunities lie.

Biggest Mistake/Success

Mistake: That we didn't start Baker Katz, formed in 2004, a little sooner!

Success: For the first time since we started Baker Katz, Kenneth and I do not feel the need to look for more experience to add to the team. The level of cooperation and communication in our office is by far the highest it has been in the nearly ten years we've been in business.

Biggest business strength

Strength: Solid reputations and extensive market knowledge, coupled with deep relationships both nationally and locally.

Advice to someone starting in the real estate industry today: The key to this business is the strength of your relationships. That said, you should start off your career in the area you plan to be in long-term. And always remember to be on time, do what you say you're going to do, say "please and thank you" and finish what you start. Your success will be predicated almost exclusively on the little things...not the big ones.

The best place to invest today: In and around Houston we are getting ready to see an explosion of grocery-anchored retail centers. If we are talking about the "safest" place to invest today, I'd say that would be close to the top of my list.

Personal

Most admired entrepreneurs or role model: Without question my role model is my father. It's a bit cliché, but he is the most humble, reliable and dependable person I know. I am constantly striving to live a well-rounded personal and professional life like he did. He is the quintessential man; a former professional athlete, businessman, community leader, hunter and married man to my wonderful mother for 45 years. As my brothers and I put it, "he is our John Wayne."

Favorite:

Restaurant – There is a 75-year-old cafeteria by my office called Cleburne. The nostalgia, as well as the consistently fresh and quality food, gets me in the doors several times a week!

Film – I once read a quote from someone that described watching the Godfather as a 'spiritual experience.' Any movie that can leave such a strong impression will always be high on my list of favorites.

Music – One form of music that I am always happy to listen to is classic jazz, with the likes of Duke Ellington, John Coltrane and Milt Jackson.

Describe your best day

This is another easy one for me – the absolute best day for me includes spending time outdoors with my wife and three daughters; Lillian, Lizzie and Caroline.



www.xteam.net