

North American Business Activity Statistics

First Quarter 2013

LANE4
PROPERTY GROUP



One of Dave & Buster's latest prototype stores.
XTeam partner Venture Commercial represents Dave & Buster's
throughout 18 states in the central U.S.

WE ARE over 450 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.

A new CVS store at the beautifully remodeled Corinth Square shopping center in Prairie Village, KS, leased by XTeam partner LANE4 Property Group.

Q1 2013 Summary

The first quarter of 2013 was a tale of two markets across North America, based on data reported by XTeam International's 35 US and Canadian offices. Sales of retail commercial properties totaled over 3.67 million square feet across the network, an 82% increase over the prior year's Q1 total. Likewise, the total dollar volume of comparable sale transactions was up, increasing from \$172 M to \$334 M, an increase of 48%.

Retail leasing activity however dropped in the US and Canada during the first quarter of 2013, slipping from 4.47 M square feet in Q1 2012 to 3.35 M square feet, a drop of 25%. The total dollar volume of leasing activity slipped more steeply, from \$617 M to \$393 M, a drop of 36%.

The drop off in leasing activity may be attributable to first quarter sluggishness, typical in the real estate cycle, which traditionally sees the highest volume of activity in the fourth quarter. Nonetheless, the drop is cautionary as the leasing totals are the lowest in the past five quarters.

Sales of land sales for new development sites remains healthy, as the network consummated some 78 acres of development site sales during the quarter, signaling continued new developments that are ready to break ground.

After a strong comeback year for the market in 2012, in which leasing and sales of retail properties saw hearty recoveries, the leasing market may be pausing. Retailer's renewed appetites in 2012 took millions of square feet of space out of circulation, lowering vacancy rates, thus causing rents to firm. Today, faced with fewer available properties and higher rents, tenants have predictably grown more selective, evidenced by slowing leasing numbers. Yet these same fundamentals (lower vacancy rates and firming rents) have clearly buoyed investors, together with low interest rates, precipitating the strong sales figures reported above.

Key Findings from the retail sector included:

- The total square footage of properties sold in the quarter increased 82%, from the year-before period.
- Total dollar volume of retail property sales increased 48% over the year-before period.
- Firming rents and decreasing vacancy rates, combined with low interest rates buoyed investors.
- As inventory has shrunk and rents have firmed, leasing has slowed, dropping to 3.35 M square feet in the quarter, a decline of 25% from the year-before period.
- Total transaction volume in the period (leases, sales & land) totaled \$727 M, as compared to \$789 M in the year-before period, a modest drop of 8%.
- Land sales of sites for new development totaled 78 acres in the quarter, signaling further development.

North American Leasing

The majority of new retail real estate transactions consummated each quarter are leases. In 1Q 2013, leasing has represented 54% of the total value of all transactions (lease + sale) and approximately 48% 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.

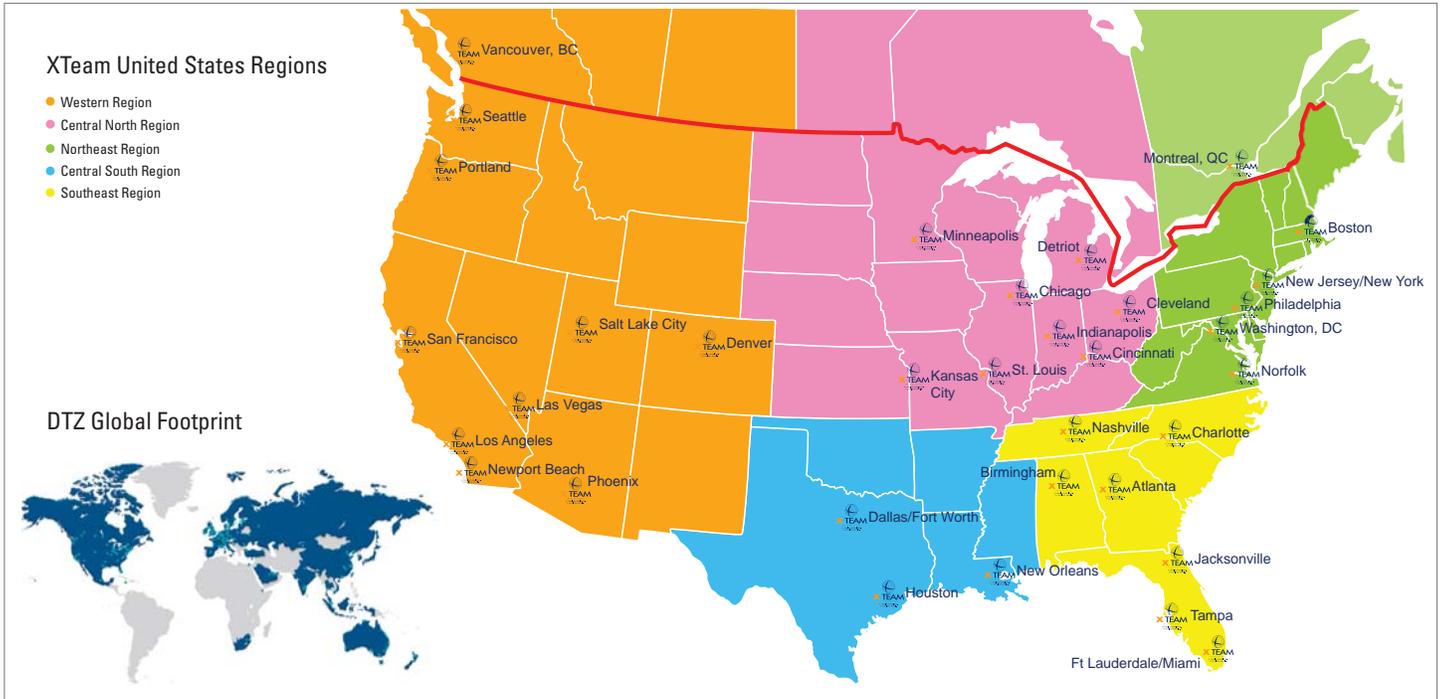
Sales Activity

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.



The data above includes transaction totals from XTeam's North American offices.
Source: XTeam International

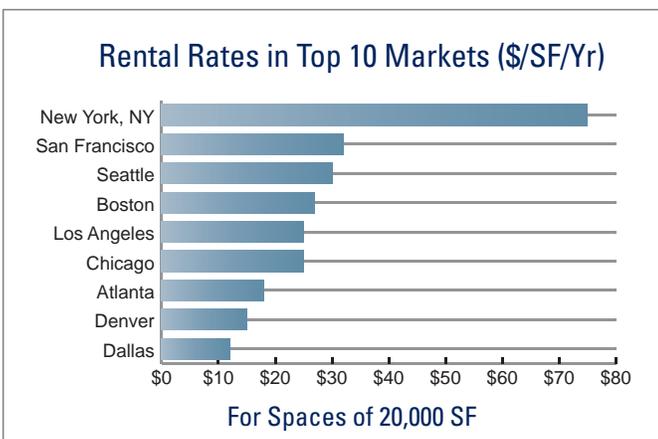
North American Partner Offices



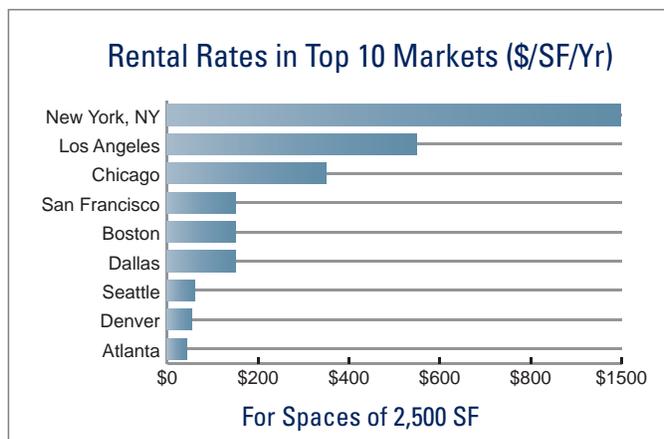
Rental Rates in Top 10 Markets

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 1Q 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



Stephen Knight, President Sitings Realty Ltd, Vancouver BC

“ Always reinvent yourself. Things never stay the same, as much as we want them to. You have to always be out in the real estate world looking for the next opportunity and trend. ”



How's business:

“Never been better. We have a great young team and they are creating so many opportunities. Today our tenant representation is busier than ever, but with different types of tenants than we had 10 years ago. We have a new office and the layout enables us to have better interaction. It is a pleasure to come to work every day.”

Business

Biggest challenge for your business at the moment: Lack of supply of available real estate. Some of the markets we serve, such as Calgary have retail vacancy rates of only 1%. We also have had to adapt from a business driven by box tenants to tenants who are less internet vulnerable.

In the next year: Uncertainty - but it also creates opportunity. When markets move up and down the world needs us. Between economic, political, and social habit changes that are taking place daily, what's hot today isn't necessarily what's going to be important a year from now. So with luck, the challenge should become the opportunity.

Biggest Mistake/Success: My biggest mistake would be getting distracted by other business opportunities. My biggest success has been all the people past and present who have worked tirelessly to bring Sitings to where it is today.

Biggest business strength/weakness: Our biggest strength is our open door and file policy which gives each member of this team the strength of all the other individuals in the office. Our biggest weakness is operating a business over 4 provinces and 3 time zones. We all travel 2 to 3 days a week, which leads to a lot of time away from home.

Advice to someone starting in the real estate industry today:

Great timing! Things are only going to get better over the next five years. If you start when times are tougher you are trained for when the good times roll. Find yourself a good X Team office to work in as they are all the top providers in their respective marketplaces. Most of all be persistent – somebody is only saying no if they have said no for the third time.

The best place to invest today: Small market USA shopping centres. In Canada we have seen the traditional small market spread in cap rates compress. Cap rates in the small markets have not done the same in the US. As the institutions push cap rates in the urban markets to new lows, the small investor needs somewhere to place their capital. We have even seen the institutions come back into the small markets due to lack of product in the urban centres, and I think the same will happen in the US.

Personal

Most admired entrepreneurs: Vancouver is not a head office city which means almost every talented person is an entrepreneur. I really admire all the real estate entrepreneurs who emerged from the ashes of the early 1980's and survived the recession of the mid-nineties. These entrepreneurs have built the shopping centre industry in Western Canada. Today this group is building new 60-storey mixed use towers, 2500 unit condo/retail projects, and investing in the opportunities in the US.

Favourite experience: Sitting on a warm beach with the sound of waves crashing in, or heli skiing in the Canadian Rockies with 12 inches of new snow. All of the above better with my wife and kids, all without smartphones.

Favourite restaurant: We are blessed in Vancouver to have a number of fantastic restaurants that have opened in recent years. If you are ever in Vancouver try Coast, Blue Water Café or Black+Blue. My favourite restaurants in the US is Spago in Maui, followed by Mastro's Ocean Club in Las Vegas.

Best Day: One spent with my wife and five kids aged 3 to 23. Second best, a day at work with no disasters.



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