

North American Business Activity Statistics

Fourth Quarter 2012



The new Mall at Bay Plaza, Bronx N.Y.
A 3-level fashion mall exclusively represented
by XTeam Partner Welco Realty.

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.



Anthropologie in Cambridge MA
Leased by XTeam Partner, Strategic Retail Advisors

Q4 2012 Summary

The North American retail real estate market jolted ahead in the fourth quarter of 2012, based on figures compiled by XTeam International's 35 US and Canadian offices. XTeam partners consummated lease and sale transactions valued at \$1.32 Billion during the fourth quarter, reflecting a surge of 49% over third quarter totals. Some 16.8 Million square feet of space was either leased or sold during the fourth quarter, an increase of 53% over the prior period. Most notably, the amount of space sold in the fourth quarter reflected a 79% increase over third quarter totals.

A sharp uptick in sales activity, traditionally driven by year-end tax planning, resulted in both the dollar volume and square footage volume of sales transactions approximately equaling leasing activity. While over the course of the entire year, leasing activity accounted for roughly double the volume of sales transactions, both leases and sales contributed over \$600 Million in transaction volume and over 8 Million square feet of space in the fourth quarter. This data reflects a renewed willingness on the part of institutional capital sources to deploy resources into the commercial real estate sector.

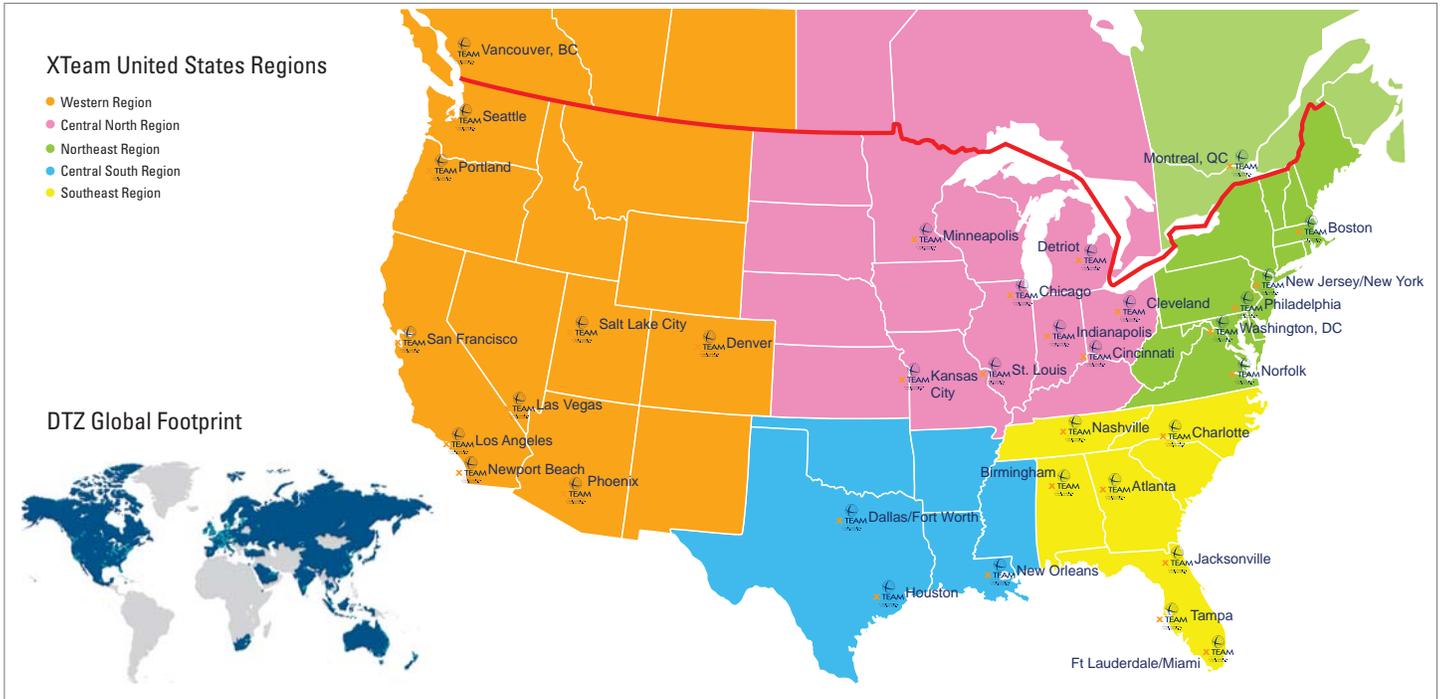
For the year, XTeam consummated over \$2.4 Billion in lease transactions, with the fourth quarter representing the strongest results both in transaction volume and square footage. Sales transactions for the year contributed another \$1.13 Billion in transaction volume, also driven by the strong fourth quarter results.

Land sales, a key indicator of activity in the development pipeline, also spiked sharply in the fourth quarter, with over 200-acres sold in the period. For the year, XTeam sold 493 acres of retail development land, clearly signaling a renaissance in the development business.

Key Findings from the retail sector included:

- Sales transaction volume in Q4 increased 82% over Q3.
- The inventory of space sold in Q4 increased 79% over Q3
- Leasing activity increased by 19% in the quarter
- Total space leased increased by 25% over Q3
- Land sales doubled over Q3, signaling new developments.
- XTeam completed over \$3.5 B in total transaction volume in 2012 throughout North America.
- The network leased or sold over 38 Million square feet for the year.
- Steep increases in building leases and sales, and land sales characterized the final quarter of 2012

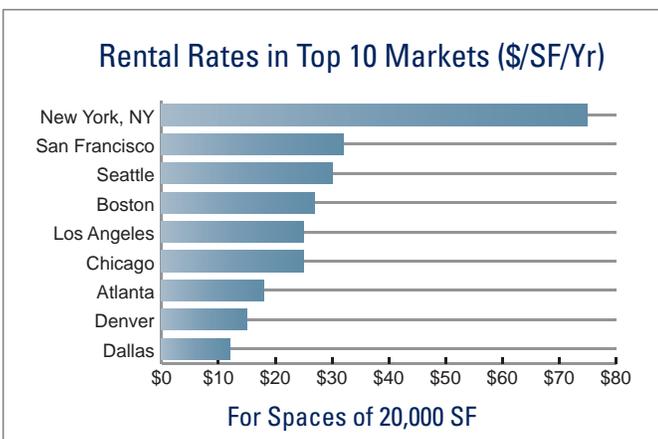
North American Partner Offices



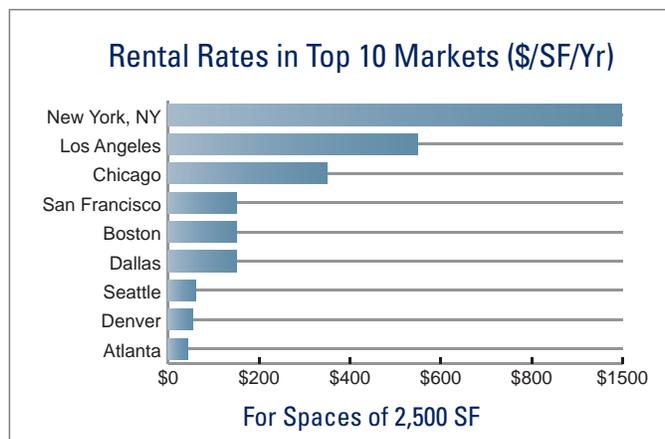
Rental Rates in Top 10 Markets

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 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 4Q 2012, 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



North American Leasing

The majority of new retail real estate transactions consummated each quarter are leases. Throughout 2012, leasing has represented 68% of the total value of all transactions (lease + sale) and approximately 67% 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

David Larson Legend Retail Group Denver, CO

“ Never say ‘never’. After 30 years in the business it seems that the more things change the more they stay the same. I have often said that the players in our industry stay the same it’s just their logos that change. People are the life blood of this business and you never know who you will need, or possibly be working for, in the future. Do unto others... ”



How’s business:

“Surprisingly good. We survived, and even thrived, through the last 4 years because we couldn’t just sit by and wait for the market to get better. I am optimistic about the future of our industry. I love the dynamic unknown of what will be the next big driver within the retail real estate world (there will definitely be one).

The future challenges and associated creativity that comes with those challenges has re-energized all of us. We have never worked harder and have never had more fun.”

Business

Biggest challenge for your business at the moment: Adjusting to the new world of retailing. The changes over the last 4 years were not caused only by the Great Recession, but also by the fundamental changes in retailing. The long predicted impact of online retailing has finally arrived. As the traditional growth vehicles of suburban box retailing and power center development become less and less viable for the future, the challenge for our business is to be forward thinking and ahead of the change.

In the next year: Choosing from the multitude of opportunities before us. Staying focused in order to effectively execute those opportunities with excellence.

Biggest Mistake/Success: Personally, my biggest career mistake was trying to diversify by becoming a restaurant franchisee – it was an absolute disaster and took me away from what I knew how to do best. Biggest success came from the decision to join four other seasoned professionals and leave the larger corporate brokerage world to form Legend Retail Group.

Biggest business strength/weakness: Strength – The open communication and trust that allows Legend Retail Group, as a company, to serve all of our clients by providing meaningful and accurate information. Weakness – I am overly optimistic about deals getting done quickly. Thirty years in the business and I still don’t know why they take so long.

Personal

Most admired entrepreneur or role model: Phil Anschutz, one of Colorado’s notable billionaires. Phil has an uncanny ability to identify opportunity and source the right people to execute the various businesses he has built or acquired. He maintains a very low profile and is extremely philanthropic - out of gratitude for what he has been given, not for self promotion.

Favorite pastimes: Skiing, really bad golf and enjoying time with my wife and 4 adult children.

Favorite book: Not a big reader, but I have been reading the book Bonhoeffer (biography of Dietrich Bonhoeffer by Eric Metaxas). I love true stories of ordinary people doing extraordinary things because of an unwavering conviction.

Favorite film: Any movies that make me laugh or inspiring true stories. I couldn’t name an all time favorite but last year I was surprised by a French film that was a fantastic true story – The Intouchables – two enthusiastic thumbs up!

Music you are listening to: Mumford & Sons, Adele, John Mayer, Diana Krall and Bon Iver. I still like to listen to the legends of my era – Eric Clapton, Marvin Gaye, Stevie Wonder, Michael Jackson, Crosby Stills Nash & Young, etc...



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