

Retail Stays Strong Despite Sluggish Economy

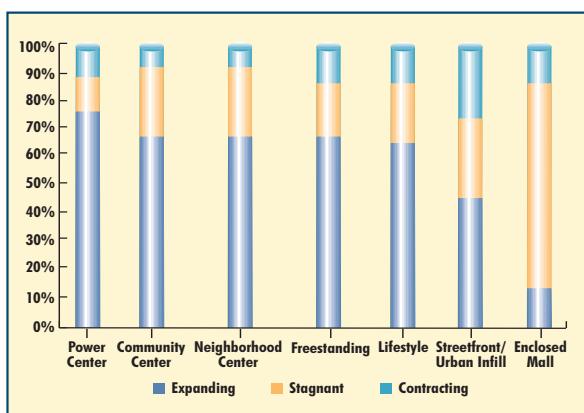
Retail real estate continues winning ways. – Owners of retail real estate continued to benefit from healthy retail sales that left occupancy levels little changed from a year ago and kept rents relatively buoyant. This despite a very sluggish economy that did not rebound as many had anticipated. Consumer confidence, a key ingredient of retail spending, dropped precipitously in early 2003. Combined with the war in Iraq and further job losses, consumer spending should have negatively impacted retail spending. However, with only a few exceptions, most sectors continue to post positive results. Helping most retailers were record low interest rates and a still robust housing market.

Retail landscape a mix of good and bad. – Although retail sales through the end of May were up a respectable 4.5%, many retailers were struggling to post positive results. Department stores in particular saw sales slip 5.5% in the first five months of the year, continuing a multi-year trend. Clothing sales were up a meager 1.3% and even though the housing market remained buoyant, furniture and home furnishings posted a slim 1.6% increase through May. Holding retail sales down were job losses totaling nearly 2.5 million

since early 2001, high oil costs robbing consumers of income otherwise available for consumption, and record debt levels. Supporting higher retail spending, however, were record low interest rates and record levels of refinancing activity which allowed consumers to pull equity out, lower mortgage payments and generally lower debt service payments. Added to this were federal tax cuts, again putting money into the hands of consumers who, it was hoped, would spend and not save.

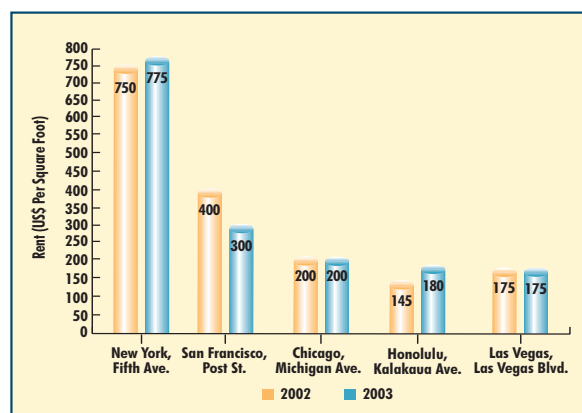
Nations most expensive retail strips did not fare evenly. – New York's 5th Avenue (leasing for \$775 PSF/per year), San Francisco's Post Street (\$300 PSF), Chicago's Michigan Avenue (\$200 PSF), Honolulu's Kalakaua Avenue (\$180 PSF) and Las Vegas' Las Vegas Boulevard (\$175 PSF) remain the country's most expensive retail strips. While the order did not change from 2002, the fortunes of these five did. Michigan Avenue and Las Vegas Boulevard saw rents hold steady while both 5th Avenue and Kalakaua Avenue posted substantial increases, and San Francisco saw Post Street rents fall 25%. A soft Bay Area economy and a number of bankruptcies contributed to a noticeable decline in demand for Post Street addresses. (continued on page 3)

New Development



Source: Colliers Research
NB: Based on 47 Metros across North America

Top Streetfront Rents



Source: Colliers Research



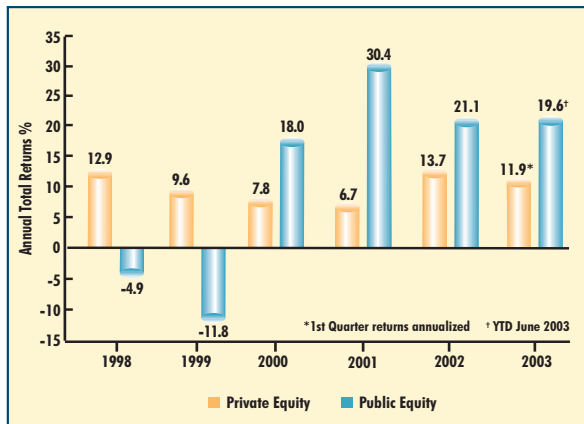
Market	Community Shopping Center Rent (US\$PSF)		Neighborhood Center Rent (US\$PSF)		Power Center Rent (US\$PSF)		Premier Fashion Streetfront	Rent (US\$PSF)
	High	Low	High	Low	High	Low		
Atlanta, GA	21.00	17.00	20.00	16.00	21.00	17.00	Peachtree Street	30.00
Bakersfield, CA	27.00	12.00	20.00	11.00	12.00	10.00	N/A	N/A
Boston, MA	25.00	12.00	22.00	10.00	24.00	14.00	Newbury Street	145.00
Chicago, IL	35.00	12.00	25.00	10.00	30.00	10.00	Michigan Avenue	200.00
Cincinnati, OH	21.00	12.00	17.00	10.00	33.00	15.00	Rookwood	40.00
Cleveland, OH	25.00	13.00	16.00	12.00	25.00	12.00	Cedar Road/Richmond Road	40.00
Columbia, SC	18.00	12.00	18.00	12.00	25.00	14.00	Devine Street	12.00
Dallas, TX	27.00	8.00	25.00	10.00	12.00	7.00	Oak Lawn/Fitzhugh	28.00
Denver, CO	25.00	12.00	10.00	6.00	10.00	6.00	Cherry Creek North	30.00
Detroit, MI	30.00	18.00	28.00	8.00	22.00	10.00	Woodward Avenue	35.00
Fresno, CA	24.00	12.00	21.00	16.00	13.00	11.00	N/A	N/A
Hartford, CT	20.00	16.00	18.00	12.00	19.00	14.00	Farmington Avenue	32.00
Honolulu, HI	35.00	23.64	31.00	20.00	35.00	24.00	Kalakaua Avenue/Seaside Avenue	180.00
Houston, TX	35.00	5.40	36.00	3.00	35.00	6.00	Westheimer	93.00
Indianapolis, IN	24.00	7.00	24.00	7.00	24.00	12.00	E. 82nd Street & Keystone Avenue	24.00
Jacksonville, FL	20.00	10.00	20.00	10.00	18.00	15.00	Southside Boulevard	15.00
Kansas City MO-KS	22.00	18.00	20.00	16.00	14.00	12.00	JC Nichols Parkway & 47th Street	45.00
Las Vegas, NV	30.00	9.00	24.00	8.00	25.00	5.00	Las Vegas Boulevard	175.00
Los Angeles, CA	42.00	24.00	36.00	21.00	30.00	15.00	Rodeo Drive/Wilshire Boulevard	170.00
Memphis, TN	20.00	8.00	22.00	9.00	14.00	6.00	Poplar/Germantown Road	28.00
Milwaukee, WI	22.00	14.00	18.00	10.00	16.00	10.00	Bluemound Road	25.00
Minneapolis, MN	20.00	11.00	19.00	18.00	23.00	10.00	50th & France	30.00
Nashville, TN	23.00	12.00	18.00	10.00	26.00	14.00	West End	26.00
New York, NY	N/A	N/A	N/A	N/A	N/A	N/A	Fifth Ave (East 50th St - East 59th St)	775.00
Orlando, FL	25.00	8.00	20.00	8.00	14.00	6.00	Park Avenue/Winter Park	55.00
Philadelphia, PA	30.00	12.00	25.00	10.00	20.00	10.00	Walnut Street	70.00
Phoenix, AZ	25.00	10.00	30.00	10.00	38.00	20.00	Camelback Road/Scottsdale Road	40.00
Sacramento, CA	30.00	18.00	36.00	18.00	42.00	21.00	Galleria Circle	36.00
Salt Lake City, UT	28.00	12.00	18.00	10.00	14.00	10.00	Gateway	22.00
San Diego, CA	42.00	15.00	42.00	15.00	42.00	24.00	Girard/Prospect	84.00
San Francisco, CA	50.00	25.00	36.00	18.00	30.00	24.00	Post & Powell	300.00
San Jose/Silicon Valley, CA	44.00	30.00	39.00	24.00	24.00	16.00	Stevens Creek Boulevard	48.00
Seattle, WA	48.00	20.00	30.00	18.00	23.00	14.00	6th Avenue	58.00
St. Louis, MO	24.00	16.00	18.00	12.00	10.00	6.00	Clayton/Lindbergh	40.00
Tampa, FL	25.00	12.00	28.00	10.00	25.00	10.00	Hyde Park Village	40.00
Walnut Creek, CA	42.00	27.00	39.00	24.00	17.00	13.00	Main Street/Mt. Diablo	78.00
Washington, DC	22.00	14.00	26.00	18.00	20.00	12.00	M Street	30.00

Market	Community Shopping Center Rent (C\$PSF)		Neighborhood Center Rent (C\$PSF)		Power Center Rent (C\$PSF)		Premier Fashion Streetfront	Rent (C\$PSF)
	High	Low	High	Low	High	Low		
Calgary, AB	30.00	18.00	25.00	17.00	19.00	13.00	17th Avenue & 8th Street	33.00
Edmonton, AB	24.00	16.00	18.00	10.00	18.00	14.00	Whyte Avenue	30.00
Halifax, NS	30.00	10.00	20.00	12.00	18.00	8.00	Spring Garden Road	45.00
Montreal, QC	30.00	15.00	20.00	10.00	18.00	7.00	Ste-Catherine Street W.	120.00
Ottawa, ON	22.00	15.00	25.00	15.00	22.00	18.00	York Street	30.00
Regina, SK	25.00	17.00	17.00	12.00	22.00	18.00	N/A	N/A
Saskatoon, SK	24.00	20.00	20.00	16.00	18.00	12.00	21st Street	24.00
Toronto, ON	25.00	10.00	24.00	14.00	28.00	15.00	Bloor Street	175.00
Vancouver, BC	20.00	11.00	23.00	11.00	15.00	10.00	Robson Street	130.00
Victoria, BC	26.00	24.00	28.00	11.00	N/A	N/A	Government Street	65.00

Shopping center development led by power centers. – Power centers were the most common format of new retail development, with 76% of all metros across North America showing power centers expanding in their respective marketplace. By comparison, community and neighborhood centers came in at 67%, as did freestanding properties. Lifestyle was fifth at 63% followed by streetfront/urban infill at 45% and enclosed malls at 12%. The expansion of power centers ties into the most active retail categories such as discount retailers, home improvement, home furnishings and wholesale clubs, which all tend to serve as anchors in these freestanding/unconnected retail formats.

Food, discount retailers, home improvement and furnishings, drug stores, apparel and wholesale clubs round out top ten list of most active retailers. – Food retailers, value retailers, convenience retailers and retailers catering to the home remain the four key groups in terms of expansion and new growth in retail. At least 90% of metros surveyed in North America indicated, restaurants, discount retailers, home improvement, supermarkets/food stores, drug stores and fast food outlets were the most active retailers in their respective markets. At the other end of the spectrum were theaters, brand retailers, office supplies and luxury retailers that were relatively inactive.

Retail Real Estate Investment Performance (1998-2003)



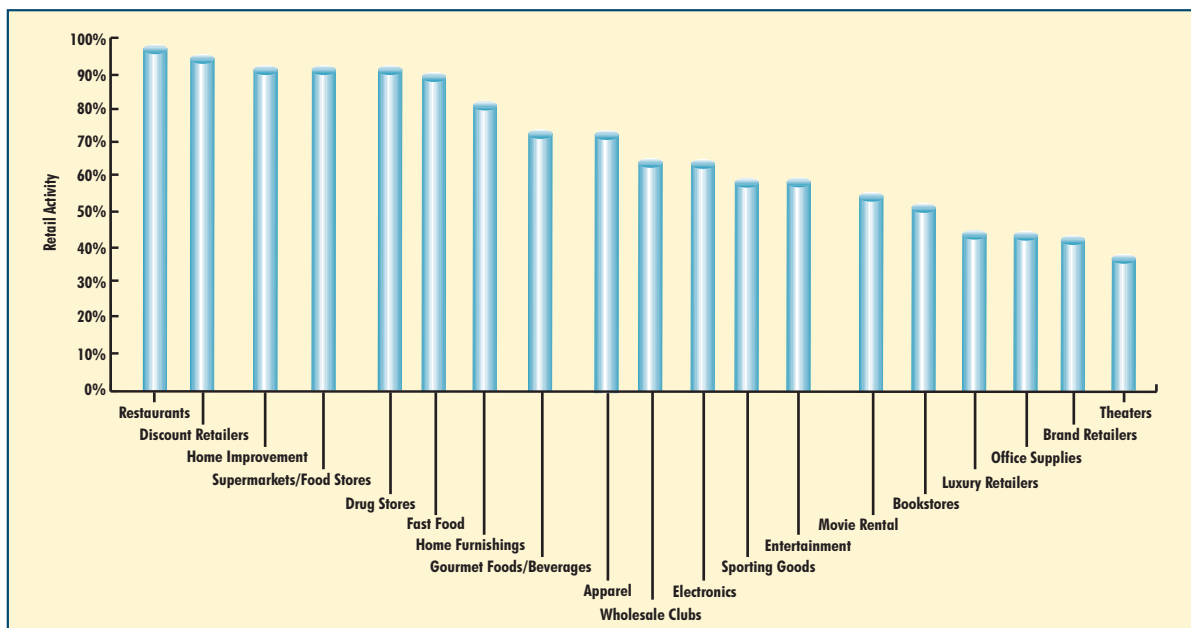
Source: National Council of Real Estate Investment Fiduciaries, National Association of Real Estate Investment Trusts

Downtown retail continues to expand across many major North American cities. – Tying into urban revitalization, retailing in many of North America’s major cities continues to expand. Led by such cities as Atlanta, Boston, Calgary, Chicago, Denver, Detroit, Honolulu, Houston, Philadelphia, San Diego, San Jose, St. Louis, Toronto, Vancouver and Washington, DC, 48% of metros across North America reported expanding retail activity in their respective downtown areas. A further 42% reported a stagnant downtown marketplace and only 10% indicated a contraction in downtown retailing.



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Retailers Ranked by Activity



Source: Colliers Research
NB: Based on 47 Metros across North America

Market	Neighborhood Center Sales Price (US\$PSF)	Neighborhood Center Cap Rate (%)	Power Center Sales Price (US\$PSF)	Power Center Cap Rate (%)	Land (US\$PSF)
Atlanta, GA	N/A	N/A	N/A	N/A	6.00
Bakersfield, CA	86	9.75	N/A	N/A	7.50
Boston, MA	155	7.50	260	8.50	30.00
Chicago, IL	110	8.00	150	8.50	10.00
Cincinnati, OH	60	10.00	38	9.50	6.50
Cleveland, OH	100	7.50	110	8.75	5.20
Columbia, SC	90	9.00	80	9.00	5.00
Dallas, TX	113	9.50	120	9.00	6.80
Denver, CO	160	8.00	135	9.00	6.00
Detroit, MI	85	10.50	125	9.50	8.00
Fresno, CA	125	8.50	N/A	N/A	10.50
Hartford, CT	60	10.00	65	9.00	6.00
Honolulu, HI	400	9.00	350	8.50	12.50
Houston, TX	80	10.00	125	8.00	5.00
Indianapolis, IN	140	8.25	33	8.75	8.00
Jacksonville, FL	105	8.00	110	7.50	7.00
Kansas City MO-KS	95	10.00	105	9.00	8.00
Las Vegas, NV	99	9.85	142	9.35	14.10
Los Angeles, CA	N/A	7.50	N/A	8.00	15.00
Memphis, TN	85	11.00	115	9.50	6.00
Milwaukee, WI	43	10.50	70	9.50	3.00
Minneapolis, MN	91	8.75	N/A	N/A	7.00
Nashville, TN	N/A	9.00	N/A	8.30	4.50
New York, NY	N/A	N/A	N/A	N/A	N/A
Orlando, FL	88	9.05	96	9.10	6.80
Philadelphia, PA	150	9.00	170	8.50	10.00
Phoenix, AZ	123	9.20	N/A	N/A	8.10
Sacramento, CA	99	9.00	N/A	N/A	20.50
Salt Lake City, UT	N/A	N/A	N/A	N/A	10.00
San Diego, CA	150	8.25	180	7.30	13.00
San Francisco, CA	250	7.00	600	7.00	50.00
San Jose/Silicon Valley, CA	350	7.00	250	7.50	23.00
Seattle, WA	150	8.00	200	8.50	21.00
St. Louis, MO	180	8.80	NA	NA	8.00
Tampa, FL	NA	NA	NA	NA	4.00
Walnut Creek, CA	200	7.50	175	7.50	7.00
Washington, DC	175	8.80	147	9.30	N/A

Market	Neighborhood Center Sales Price (C\$PSF)	Neighborhood Center Cap Rate (%)	Power Center Sales Price (C\$PSF)	Power Center Cap Rate (%)	Land (C\$PSF)
Calgary, AB	150	9.75	200	9.25	13.00
Edmonton, AB	190	9.50	164	9.00	8.50
Halifax, NS	100	12.00	125	11.50	10.00
Montreal, QC	88	10.75	N/A	8.50	12.50
Ottawa, ON	150	9.25	170	9.50	N/A
Regina, SK	N/A	N/A	N/A	N/A	14.00
Saskatoon, SK	N/A	N/A	N/A	N/A	10.40
Toronto, ON	170	9.25	150	9.25	N/A
Vancouver, BC	145	8.90	170	8.65	50.00
Victoria, BC	189	10.00	N/A	N/A	19.50

Glossary

Community Shopping Center – Usually configured as a strip often in a straight line or “L” or “U” shape. Anchor tenant is typically a discount department store (i.e. Wal-Mart, Target), supermarket or super drug store. A community center typically offers a wider range of apparel and other soft goods than a neighborhood center does. Total gross leaseable area is often between 100,000 and 400,000 square feet.

Neighborhood Shopping Center – These centers are designed to provide convenience shopping for the day-to-day needs of consumers in the immediate neighborhood. Anchors are likely to be supermarkets or drugstores. Other tenants might include stores providing sundries, snacks and personal services. Generally, neighborhood centers are 30,000 – 150,000 SF in size and are configured as strip centers without an enclosed walkway or mall area, but may possibly have a canopy to connect the storefronts.

Power Center – These centers are designed to provide tremendous selection in a particular merchandise category at low prices. Anchors are likely to be category killers, home improvement stores, discount department stores, warehouse clubs or off-price stores. Generally, regional centers are 250,000-600,000 SF in size and are configured with several freestanding (unconnected) anchors and a minimal number of small specialty tenants.

Lifestyle Center – Nonanchored open-air specialty center with high concentration of mall type fashion, home, restaurant and entertainment retailers.

Premier Fashion Streetfront – Destination retail corridor in urban center typically occupied by fashion retailers and able to command top rents.

Rents – All retail rents in this report are quoted on an annual, triple net per square foot basis.

Note: SF = Square Feet
PSF = Per Square Foot

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