

RETAIL MARKET OVERVIEW

In analyzing the Polk County retail market, we have used statistics from the 1st Quarter 2011 CoStar Retail Report for the Tampa/St. Petersburg retail market. This report indicated that the Tampa area included 215.51 million square feet of space, with 26.66 million square feet located in Polk County. Vacancy was reported at 6.8% in the county, which is below the region at 7.4%. The average rental rate was \$13.08 per square foot, which is also below the region at \$13.54 per square foot. The county experienced 73,524 of positive absorption in the first quarter of 2011. This was the third highest of any submarket in the region to South Pinellas and the Tampa Central Business District. There was reportedly no delivered space during the first quarter of 2011 and no space under construction.

The following charts summarize the retail submarket statistics for the first quarter of 2011 as well as the regional trends from 2007 to 2011.

TOTAL RETAIL SUBMARKET STATISTICS

First Quarter 2011

| Market | Existing Inventory | | Vacancy | | | YTD Net Absorption | YTD Deliveries | Under Const SF | Quoted Rates |
|-------------------|--------------------|--------------------|-------------------|-------------------|-------------|--------------------|----------------|----------------|----------------|
| | # Blds | Total GLA | Direct SF | Total SF | Vac % | | | | |
| Bayside | 180 | 3,990,178 | 135,291 | 135,291 | 3.4% | 14,803 | 0 | 0 | \$13.13 |
| Clearwater CBD | 200 | 1,357,038 | 78,818 | 78,818 | 5.8% | 9,768 | 0 | 159,500 | \$11.63 |
| East Tampa | 767 | 12,238,917 | 722,189 | 736,215 | 6.0% | 10,729 | 0 | 0 | \$14.21 |
| Gateway | 278 | 3,435,889 | 510,981 | 510,981 | 14.9% | (1,578) | 0 | 0 | \$12.50 |
| Hernando County | 421 | 7,719,265 | 553,440 | 553,440 | 7.2% | 25,817 | 0 | 0 | \$13.20 |
| Manatee | 1,519 | 18,602,500 | 1,289,937 | 1,385,246 | 7.4% | (23,040) | 0 | 0 | \$12.38 |
| Manatee Outlying | 67 | 1,138,481 | 108,075 | 115,807 | 10.2% | (3,426) | 0 | 17,588 | \$16.76 |
| Mid-Pinellas | 918 | 10,856,338 | 766,746 | 978,724 | 9.0% | (86,470) | 3,500 | 0 | \$11.80 |
| North Pinellas | 844 | 13,221,407 | 1,076,175 | 1,137,383 | 8.6% | 21,575 | 0 | 0 | \$14.44 |
| Northeast Tampa | 842 | 10,648,345 | 612,814 | 616,337 | 5.8% | (909) | 0 | 0 | \$13.75 |
| Northwest Tampa | 1,195 | 17,890,346 | 1,330,643 | 1,368,231 | 7.6% | (77,814) | 0 | 14,820 | \$13.34 |
| Pasco County | 1,402 | 22,365,401 | 2,171,162 | 2,175,907 | 9.7% | (34,390) | 87,559 | 84,553 | \$13.35 |
| Polk County | 1,854 | 26,662,671 | 1,765,007 | 1,823,565 | 6.8% | 73,524 | 0 | 0 | \$13.08 |
| Sarasota | 1,891 | 23,299,817 | 1,480,017 | 1,534,375 | 6.6% | 20,068 | 0 | 9,240 | \$14.78 |
| Sarasota Outlying | 339 | 4,869,581 | 411,295 | 411,295 | 8.4% | 22,350 | 0 | 9,990 | \$11.53 |
| South Pinellas | 1,793 | 17,980,291 | 1,162,004 | 1,256,609 | 7.0% | 128,611 | 12,900 | 9,315 | \$12.55 |
| South Tampa | 703 | 6,715,079 | 247,460 | 247,460 | 3.7% | 12,745 | 0 | 11,400 | \$15.86 |
| St Petersburg CBD | 171 | 1,783,377 | 190,947 | 190,947 | 10.7% | 6,704 | 0 | 0 | \$13.17 |
| Tampa CBD | 97 | 3,034,165 | 343,254 | 346,254 | 11.4% | 102,534 | 0 | 0 | \$18.65 |
| Westshore | 595 | 7,700,518 | 387,254 | 387,254 | 5.0% | (15,701) | 0 | 0 | \$16.42 |
| Totals | 16,076 | 215,509,604 | 15,343,509 | 15,990,139 | 7.4% | 205,900 | 103,959 | 316,406 | \$13.54 |

Source: CoStar Property®

TOTAL RETAIL MARKET STATISTICS

First Quarter 2011

| Period | Existing Inventory | | Vacancy | | | Net | Deliveries | | UC Inventory | | Quoted |
|---------|--------------------|-------------|------------|------------|-------|------------|------------|-----------|--------------|-----------|---------|
| | # Blds | Total GLA | Direct SF | Total SF | Vac % | Absorption | # Blds | Total GLA | # Blds | Total GLA | Rates |
| 2011 1q | 16,076 | 215,509,604 | 15,343,509 | 15,990,139 | 7.4% | 205,900 | 6 | 103,959 | 13 | 316,406 | \$13.54 |
| 2010 4q | 16,071 | 215,409,667 | 15,423,812 | 16,096,102 | 7.5% | 323,274 | 3 | 33,649 | 15 | 233,962 | \$13.74 |
| 2010 3q | 16,068 | 215,376,018 | 15,668,197 | 16,385,727 | 7.6% | 529,643 | 5 | 224,345 | 16 | 179,910 | \$14.14 |
| 2010 2q | 16,064 | 215,154,384 | 15,846,943 | 16,693,736 | 7.8% | (167,063) | 5 | 37,818 | 14 | 351,547 | \$14.51 |
| 2010 1q | 16,059 | 215,116,566 | 15,635,564 | 16,488,855 | 7.7% | (472,464) | 7 | 132,769 | 16 | 378,516 | \$14.63 |
| 2009 4q | 16,052 | 214,983,797 | 14,991,205 | 15,883,622 | 7.4% | (221,287) | 14 | 540,172 | 18 | 462,381 | \$14.94 |
| 2009 3q | 16,039 | 214,444,125 | 14,426,187 | 15,122,663 | 7.1% | (797,140) | 15 | 269,624 | 25 | 764,261 | \$15.91 |
| 2009 2q | 16,024 | 214,174,501 | 13,295,682 | 14,055,899 | 6.6% | 398,094 | 24 | 789,987 | 34 | 999,379 | \$15.99 |
| 2009 1q | 16,001 | 213,386,278 | 12,813,013 | 13,665,770 | 6.4% | (801,840) | 37 | 774,791 | 52 | 1,656,369 | \$16.33 |
| 2008 4q | 15,966 | 212,616,109 | 11,481,821 | 12,093,761 | 5.7% | 621,837 | 34 | 1,268,164 | 68 | 1,748,448 | \$16.68 |
| 2008 3q | 15,932 | 211,347,945 | 11,141,092 | 11,447,434 | 5.4% | 182,809 | 37 | 723,382 | 85 | 2,711,397 | \$16.61 |
| 2008 2q | 15,895 | 210,624,563 | 10,665,595 | 10,906,861 | 5.2% | 307,197 | 40 | 1,105,062 | 87 | 2,577,323 | \$16.58 |
| 2008 1q | 15,856 | 209,528,101 | 9,918,442 | 10,117,596 | 4.8% | 950,477 | 74 | 1,683,027 | 91 | 3,151,916 | \$16.17 |
| 2007 4q | 15,783 | 207,848,686 | 9,152,646 | 9,388,658 | 4.5% | 86,106 | 33 | 547,529 | 133 | 4,196,932 | \$15.96 |
| 2007 3q | 15,752 | 207,462,720 | 8,901,786 | 9,088,798 | 4.4% | 642,567 | 44 | 1,029,166 | 128 | 3,925,710 | \$16.10 |
| 2007 2q | 15,710 | 206,647,528 | 8,731,028 | 8,916,173 | 4.3% | 163,330 | 42 | 628,436 | 105 | 3,183,931 | \$15.12 |

Source: CoStar Property®

The above table summarized the trends in the retail market for the Tampa/St. Petersburg region. This indicates an increasing trend in vacancy from a low of 4.3% in the 2nd quarter of 2007 to a high of 7.8% in the 2nd quarter of 2010. However, this trend appears to have reversed with slight declines in vacancy over the last four quarters to a current level of 7.4%. In addition, the average rental rate has declined since a high of \$16.68 per square foot in the 4th quarter of 2008 to a current low of \$13.54 per square foot.

In conclusion, the Tampa/St. Petersburg region has experienced a slightly declining vacancy over the last year with three quarters in a row with positive absorption. However, rental rates continue to decline and are at the lowest level in several years. We expect the Tampa Bay region and the Polk County submarket to continue to struggle until the market and economy begin a recovery and the excess inventory of space is absorbed.