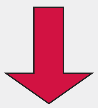
San Antonio Retail Report

Third Quarter 2011

TRENDS:

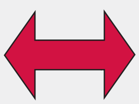
Vacancy Rate



Net Absorption

Construction

Asking Rents

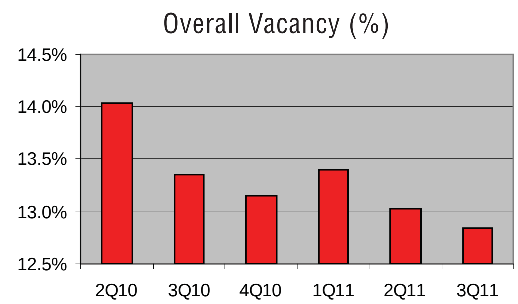


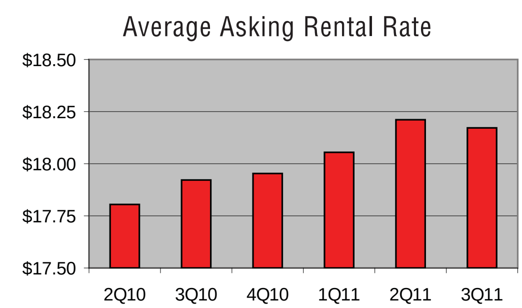
Overview

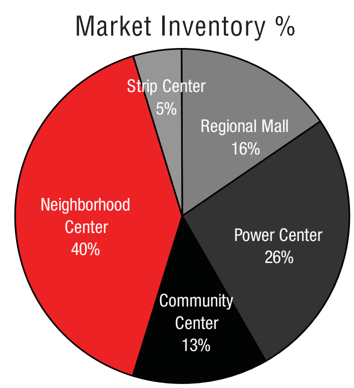
Despite challenges, the San Antonio retail market continues to show general improvement thanks, in large part, to a stable economy that is reportedly one of the strongest in the nation, evidenced by San Antonio's top ranking in the list of "Best cities for jobs right now" recently published by Forbes magazine. Steady leasing activity improved the citywide vacancy rate to 12.8% compared to 13.3% recorded a year ago. Meanwhile, the citywide average quoted triple net rental rate increased slightly to $18.17 per square foot annually – up twenty-five cents compared to the same quarter last year marking a modest 1.4% annual increase.

Leasing activity was widespread and resulted in 92,032 square feet of positive net absorption citywide led by new leases in area power centers including Versona (9,488 sf) at Huebner Oaks Shopping Center in the Northwest sector, Rustic Gallery (5,911 sf) at The Vineyard in the Far North Central sector, Impression Bridal (7,000 sf) at Park North and Corner Bakery (3,500 sf) at Alamo Quarry Market in the North Central sector. It appears that leasing velocity and demand for retail space, which generated a total of 315,819 square feet of positive net absorption year-to-date, are steadily moving the San Antonio retail market along a path of recovery in 2011. While demand for anchor space has not yet returned in full force, small and mid-sized transactions continue to fuel healthy activity. At the same time, the market continues to see new restaurant and quick-serve concepts enter the market like BRIO Tuscan Grille, Copeland's of New Orleans, Furr's Fresh Buffet, Cheddar's and Steak n Shake.

Speculative retail development remains limited and the majority of the 272,000 square feet delivered this year has been dominated by growing grocer H-E-B but construction is picking up with approximately 732,000 square feet currently under construction. Looking ahead, large retailers are once again sniffing out locations and drawing up plans for new store locations to be announced when the time is right.







Major Lease Transactions

Tenant	Center	Size	Submarket
Thrift Store	Blanco Road Shopping Center	16,000	North Central
Advance Auto	110 Goliad	10,000	South
Versona	Huebner Oaks Shopping Center	9,488	Northwest
Redken Cosmetology Salon	Park Oaks Shopping Center	9,040	North Central
Impression Bridal	Park North	7,000	North Central
Rustic Gallery	The Vineyard	5,911	Far North Central

*All rents are per SF/per YR unless otherwise noted.

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CITYWIDE

	3Q 2011	3Q 2010
All Types		
Inventory	45,586,896	44,692,344
Available	5,855,252	5,960,330
%Vacant	12.8%	13.3%
Average Rent	$18.17	$17.92
3Q Absorption	92,032	103,212
YTD Absorption	315,819	130,300
Regional Malls		
Inventory	7,126,845	7,126,845
Available	604,305	653,545
%Vacant	8.5%	9.2%
3Q Absorption	0	82,888
YTD Absorption	0	90,768
Power Centers(250K+ sf)		
Inventory	11,873,358	11,880,043
Available	891,613	965,594
%Vacant	7.5%	8.1%
Average Rent	$24.63	$24.02
3Q Absorption	66,489	127,092
YTD Absorption	63,354	134,577
Community Centers (100K-249K sf)		
Inventory	5,967,473	5,459,219
Available	702,942	634,296
%Vacant	11.8%	11.6%
Average Rent	$19.01	$18.51
3Q Absorption	(24,559)	(201,961)
YTD Absorption	153,570	(207,977)
Neighborhood Centers (30K-99K sf)		
Inventory	18,508,468	18,231,720
Available	3,250,880	3,328,989
%Vacant	17.6%	18.3%
Average Rent	$14.03	$14.01
3Q Absorption	30,670	77,137
YTD Absorption	93,992	80,026
Strip Centers (Less than 30K sf)		
Inventory	2,110,752	1,994,517
Available	405,512	377,906
%Vacant	19.2%	18.9%
Average Rent	$15.78	$15.78
3Q Absorption	19,432	18,056
YTD Absorption	4,903	32,906

CBD / SOUTH

	3Q 2011	3Q 2010
All Types		
Inventory	5,798,456	5,616,523
Available	806,865	742,438
%Vacant	13.9%	13.2%
Average Rent	$15.97	$16.60
3Q Absorption	634	(3,871)
YTD Absorption	16,334	(6,538)
Regional Malls		
Inventory	1,861,120	1,861,120
Available	252,720	252,720
%Vacant	13.6%	13.6%
3Q Absorption	0	0
YTD Absorption	0	7,880
Power Centers		
Inventory	498,784	498,784
Available	15,620	12,378
%Vacant	3.1%	2.5%
Average Rent	$21.19	$22.40
3Q Absorption	0	6,224
YTD Absorption	(3,339)	6,224
Community Centers		
Inventory	572,738	572,738
Available	47,556	45,994
%Vacant	8.3%	8.0%
Average Rent	$20.01	$21.12
3Q Absorption	(5,680)	4,587
YTD Absorption	6,234	(1,728)
Neighborhood Centers		
Inventory	2,715,381	2,583,383
Available	465,795	408,728
%Vacant	17.2%	15.8%
Average Rent	$14.19	$14.65
3Q Absorption	(3,686)	(14,682)
YTD Absorption	(2,609)	(17,474)
Strip Centers		
Inventory	150,433	100,498
Available	25,174	22,618
%Vacant	16.7%	22.5%
Average Rent	$15.33	$16.78
3Q Absorption	10,000	0
YTD Absorption	16,048	(1,440)

NON-CBD / NORTH

	3Q 2011	3Q 2010
All Types		
Inventory	39,788,440	39,075,821
Available	5,048,387	5,217,892
%Vacant	12.7%	13.4%
Average Rent	$18.42	$18.06
3Q Absorption	91,398	107,083
YTD Absorption	299,485	136,838
Regional Malls		
Inventory	5,265,725	5,265,725
Available	351,585	400,825
%Vacant	6.7%	7.6%
3Q Absorption	0	82,888
YTD Absorption	0	82,888
Power Centers		
Inventory	11,374,574	11,381,259
Available	875,993	953,216
%Vacant	7.7%	8.4%
Average Rent	$24.78	$24.09
3Q Absorption	66,489	120,868
YTD Absorption	66,693	128,353
Community Centers		
Inventory	5,394,735	4,886,481
Available	655,386	588,302
%Vacant	12.1%	12.0%
Average Rent	$18.90	$18.26
3Q Absorption	(18,879)	(206,548)
YTD Absorption	147,336	(206,249)
Neighborhood Centers		
Inventory	15,793,087	15,648,337
Available	2,785,085	2,920,261
%Vacant	17.6%	18.7%
Average Rent	$14.01	$13.91
3Q Absorption	34,356	91,819
YTD Absorption	96,601	97,500
Strip Centers		
Inventory	1,960,319	1,894,019
Available	380,338	355,288
%Vacant	19.4%	18.8%
Average Rent	$15.82	$15.72
3Q Absorption	9,432	18,056
YTD Absorption	(11,145)	34,346

Statistical information is calculated on multi-tenant centers totaling 20,000 s.f. and larger (including both leaseable and separately owned inline space).

Totals and vacancy numbers include regional malls. Average rental rates reflect asking rates quoted on an annual triple net basis weighted by the total square footage of the center.

Average rental rates do NOT include rates for regional malls.

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