

CLEVELAND RETAIL REPORT

Fourth Quarter 2008



NAIDaus

Commercial Real Estate Services, Worldwide.
Business Property Specialists, Inc. Broker

CLEVELAND

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TRENDS:

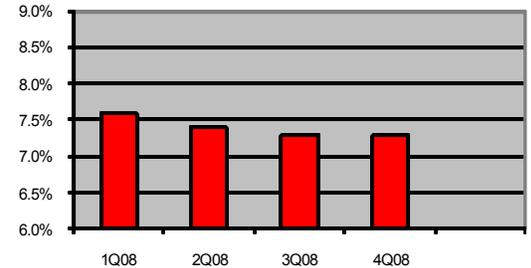
OVERVIEW:

Vacancy Rate



Despite a steady stream of disparaging headlines and continued economic turmoil, the Cleveland retail market was surprisingly stable during the last quarter of 2008. Vacancy remained unchanged from the 3rd quarter, ending the year at 7.3 percent. Even more surprising is the fact that actual vacancy actually decreased as the year progressed, falling from a high of 7.6 percent during the 1st quarter 2008.

Overall Vacancy 7.3%

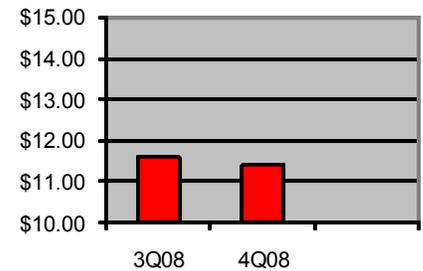


Net Absorption



Absorption for the 4th quarter was a positive 133,335 square feet and for the year, was just over 1 million square feet. The largest lease signings for the year include the 75,221 square feet by Hobby Lobby at Stow Community Center, the 51,918 square feet by Fresh Market at Timberline Plaza and the 40,144 square feet by Nordstrom Rack at Legacy Village.

Average Asking Rental Rate

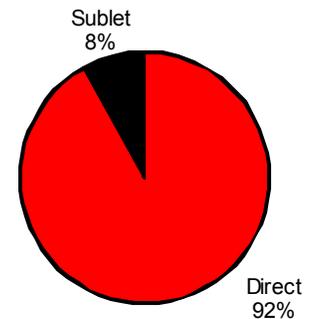


Construction

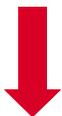


Although rental rates have clearly softened over the past few years, the average quoted asking rental rate was stable, ending the year at \$11.41 per square foot. This is within a few dimes of where it started the year. Construction activity has also softened, with 665,214 square feet under construction at year-end 2008.

Vacancy By Available Space Type



Asking Rents



Looking forward, we expect vacancy to increase over the first part of 2009, as the full effects of numerous previously-announced closings are realized. Construction activity will also be limited, as financing for development projects has all but dried up.

Major Lease Transactions

Tenant:	Building:	Size (SF):	Market:
Unique Outlet	Greenbriar Crossing Bldg. B	22,000	Southwest
N/A	West Point Plaza	10,000	Northeast
Dollar General	Broadway Shoppes	9,231	East
Play It Again Sports	17100 Royalton Rd	8,200	Southwest

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

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General Retail Market Statistics

Market	# BLDGS.	TOTAL GLA (SF)	TOTAL AVAIL (SF)	TOTAL VACANT AVAIL (%)	YTD NET Absorption (SF)	QUOTED RATES (\$/SF/YR)	UNDER CONSTRUCTION (SF)
Downtown Cleveland	282	6,250,135	153,956	2.5%	54,058	\$8.74	33,426
East	373	5,479,821	223,877	4.1%	83,123	\$12.50	0
Lorain County	573	5,953,477	234,476	3.9%	87,475	\$8.69	0
Medina County	349	3,314,586	187,064	5.6%	154,148	\$10.23	0
Northeast	653	8,766,879	854,486	9.7%	3,569	\$9.21	23,600
South	369	4,032,375	311,539	7.7%	23,716	\$9.75	99,473
Southeast	109	1,854,059	120,854	6.5%	2,049	\$11.42	0
Southwest	789	9,708,723	483,412	5.0%	(58,367)	\$10.51	22,089
Summit County	2,340	18,857,425	757,133	4.0%	254,679	\$9.17	14,812
West	486	6,179,219	169,066	2.7%	96,960	\$14.71	0

Mall Market Statistics

Market	# CTRS.	TOTAL GLA (SF)	TOTAL AVAIL (SF)	TOTAL VACANT AVAIL (%)	YTD NET Absorption (SF)	QUOTED RATES (\$/SF/YR)	UNDER CONSTRUCTION (SF)
Downtown Ind	2	384,294	50,000	13.0%	0	\$0.00	0
East	4	3,217,821	338,239	10.5%	38,959	\$0.00	0
Lorain County	1	940,174	52,101	5.5%	41,955	\$0.00	0
Medina County	0	0	0	0.0%	0	\$0.00	0
Northeast	4	3,436,671	318,658	9.3%	(4,050)	\$10.11	0
South	2	2,239,253	36,862	1.6%	(29,362)	\$0.00	19,717
Southeast	0	0	0	0.0%	0	\$0.00	0
Southwest	2	2,617,761	39,121	1.5%	5,237	\$14.59	0
Summit County	4	2,772,935	146,562	5.3%	(24,882)	\$3.19	0
West	3	1,814,335	49,975	2.3%	77,062	\$30.00	62,884

Power Center Market Statistics

Market	# CTRS.	TOTAL RBA (SF)	TOTAL AVAIL (SF)	TOTAL VACANT AVAIL (%)	YTD NET Absorption (SF)	QUOTED RATES (\$/SF/YR)	UNDER CONSTRUCTION (SF)
Downtown Cleveland	0	0	0	0.0%	0	\$0.00	0
East	1	638,416	14,508	2.3%	20,573	\$0.00	0
Lorain County	2	1,247,690	36,520	2.9%	85,551	\$13.00	0
Medina County	3	1,034,468	39,135	3.8%	(36,635)	\$15.53	0
Northeast	5	1,260,061	37,429	3.0%	(7,191)	\$9.66	0
South	1	886,596	18,956	2.1%	22,410	\$0.00	56,097
Southeast	1	317,380	25,045	7.9%	36,461	\$0.00	0
Southwest	2	1,141,118	155,971	13.7%	(45,825)	\$0.00	312,000
Summit County	10	4,736,290	210,314	4.4%	35,898	\$16.85	92,949
West	2	873,314	225,890	25.9%	19,805	\$0.00	0

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Shopping Center Market Statistics

Market	# CTRS.	TOTAL GLA (SF)	TOTAL AVAIL (SF)	TOTAL VACANT AVAIL (%)	YTD NET Absorption (SF)	QUOTED RATES (\$/SF/YR)	UNDER CONSTRUCTION (SF)
Downtown Cleveland	1	66,973	0	0.0%	0	\$0.00	0
East	54	3,098,492	274,478	8.9%	29,483	\$15.68	0
Lorain County	62	5,277,509	938,678	17.8%	(209,843)	\$12.27	70,000
Medina County	49	2,838,824	369,723	13.0%	109,426	\$11.61	0
Northeast	162	8,352,404	869,058	10.4%	186,328	\$12.46	0
South	51	2,379,422	278,196	11.7%	(39,670)	\$11.36	0
Southeast	30	2,151,147	484,565	22.5%	36,410	\$13.90	0
Southwest	141	7,796,977	666,037	8.9%	46,251	\$14.32	0
Summit County	278	10,179,882	1,193,930	11.7%	(17,969)	\$9.82	14,000
West	79	4,087,931	333,755	8.2%	(61,500)	\$12.49	0

Specialty Center Market Statistics

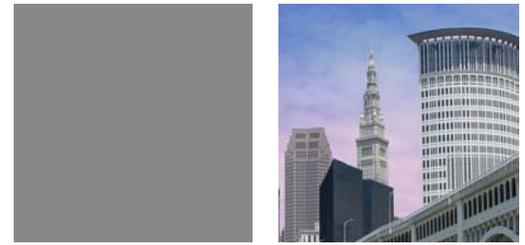
Market	# CTRS	TOTAL GLA (SF)	TOTAL AVAIL (SF)	TOTAL VACANT AVAIL (%)	YTD NET Absorption (SF)	QUOTED RATES (\$/SF/YR)	UNDER CONSTRUCTION (SF)
Downtown Cleveland	0	0	0	0.0%	0	\$0.00	0
East	0	0	0	0%	0	\$0.00	0
Lorain County	0	0	0	0%	0	\$0.00	0
Medina County	2	395,938	15,029	3.8%	(15,029)	\$6.00	0
Northeast	0	0	0	0.0%	0	\$0.00	0
South	0	0	0	0.0%	0	\$0.00	0
Southeast	0	0	0	0.0%	0	\$0.00	0
Southwest	1	525,555	0	0.0%	0	\$0.00	0
Summit County	2	161,083	495	0.0%	0	\$0.00	0
West	1	575,861	50,000	8.7%	1,050	\$0.00	0

Total Retail Market Statistics

Market	# CTRS.	TOTAL GLA (SF)	TOTAL AVAIL (SF)	TOTAL VACANT AVAIL (%)	YTD NET Absorption (SF)	QUOTED RATES (\$/SF/YR)	UNDER CONSTRUCTION (SF)
Downtown Cleveland	286	6,701,402	203,956	3.0%	54,058	\$8.74	33,426
East	454	12,434,550	851,102	6.8%	172,138	\$13.96	0
Lorain County	676	13,418,850	1,261,775	9.4%	5,138	\$11.39	70,000
Medina County	426	7,583,816	610,951	8.1%	211,910	\$10.82	6,049
Northeast	895	21,816,015	2,079,631	9.5%	178,656	\$10.70	23,600
South	450	9,537,646	645,553	6.8%	(22,906)	\$10.75	175,287
Southeast	153	4,322,586	630,464	14.6%	30,500	\$13.59	0
Southwest	981	21,490,134	1,344,541	6.3%	(52,704)	\$13.16	334,089
Summit County	2,763	36,707,615	2,307,939	6.3%	248,221	\$9.44	28,812
West	616	13,530,660	828,686	6.1%	67,585	\$13.47	0

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Methodology | Definitions | Sub Market Map



Absorption (Net)

The change in occupied space in a given time period.

Available Square Footage

Net rentable area considered available for lease; excludes sublease space.

Average Asking Rental Rate

Rental rate as quoted from each building's owner/management company. For office space, a full service rate was requested; for retail, a triple net rate requested; for industrial, a NN basis.

Building Class

Class A product is office space of steel and concrete construction, built after 1980, quality tenants, excellent amenities & premium rates. Class B product is office space built after 1980, fair to good finishes & wide range of tenants.

Direct Vacancy

Space currently available for lease directly with the landlord or building owner.

Market Size

Includes all existing and under construction office buildings (office, office condo, office loft, office medical, all classes and all sizes, both multi-tenant and single-tenant, including owner-occupied buildings) within each market.

Overall Vacancy

All unoccupied lease space, either direct or sublease.

SF/PSF

Square foot/per square foot, used as a unit of measurement

Sublease

Arrangement in which a tenant leases rental property to another, and the tenant becomes the landlord to the subtenant.

Sublease Space

Total square footage being marketed for lease by the tenant. Sublease space is not considered in the overall occupancy or absorption numbers—only direct leases are included.

Sublease Vacancy

Space currently available in the market for sublease with an existing tenant within a building acting as the landlord.



Cleveland Submarkets

1. Lorain County

Vacancy: 9.4% YTD Abs: 5K SF Avg. Rents: \$11.39 PSF

2. West

Vacancy: 6.1% YTD Abs: 133K Sf Avg Rent: \$13.47 PSF

3. Downtown Cleveland

Vacancy: 3.0% YTD Abs: 54K SF Avg. Rent: \$8.74 PSF

4. Northeast

Vacancy: 9.5% YTD Abs: 179K SF Avg. Rent: \$10.70 PSF

5. East

Vacancy: 6.8% YTD Abs: 172 K SF Avg. Rent: \$13.96 PSF

6. South

Vacancy: 6.8% YTD Abs: (23) K SF Avg. Rent: \$10.75 PSF

7. Southeast

Vacancy: 14.6% YTD Abs: 75 K SF Avg. Rent \$13.59 PSF

8. Southwest

Vacancy: 6.3% YTD Abs: (53) K SF Avg. Rent: \$13.16 PSF

9. Medina County

Vacancy: 8.1% YTD Abs: 212 K SF Avg. Rents: \$10.82 PSF

10. Summit County

Vacancy: 6.3% YTD Abs: 248 K SF Avg. Rent: \$9.44 PSF



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