

RETAIL OVERVIEW



Solano County
Real Estate Round-Up
2009

Presented by:

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CORNISH & CAREY COMMERCIAL/ONCOR INTERNATIONAL





Solano County Real Estate Round-Up 2009

2008 Headlines

“Retail Construction Hits a Red Light”

“Chain Store Closures: 3,681 and Counting”

“Target Misses July Sales’ Goal”

“Big Lots Profit Rises, But American Eagle, Chico’s Drop”

“Mall Owners File Chapter 11 to Regain Control”

“Weak Economy Spurs Shift to Value at American Eagle”

“More Stores to Close, But Vacancy Declines”

“Same-Store Sales Continue to Dwindle at Sears”

“Gap’s Same-Store Sales Slump 11%”

“Mervyn’s May Be Forced to File Chapter 11”

“Retailers Report Mixed Sales Results in July”

“Hard Times Help Sales at Ross Stores”

“Gymboree Raises Q2 Guidance After Sales Bounce Up”

“July Sales Figures Drag Down Retail Sector”

“Olive Garden’s Parent Warnings on Profit”

“Target to Open Designer-Focused Stores in New York”





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2009 Headlines

“Kohl’s Bet Big on California”

“Target August Sales Top Expectation”

“Retail Sales Rebound Into Xmas”

“Earnings Reports Offer Stocks a Lift”

“Shares Show Consumer Not Dead”

“Pier 1 Performs (Better Than Planned)”

“Dick’s Sporting Goods Record Profit”

“California Home and Garden Retailer Expands Despite the Tough Economy”

“Big Box Retailers Invading New York”

“Retailers See Sales Begin to Recover in September”





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Bankruptcies and Liquidations:

Potential Bankruptcies & Liquidation Impact:

1,526 confirmed closures out of approximately 3,319 US Stores

Total Store Closings:

Up to 1,544 stores have closed nationwide

Potential Impact of Store Closure Announcements:

As of September 2009, 3,070 potential store closures out of 4,863 affected stores nationwide

***Retail Traffic Magazine*



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CoStar – Third Quarter 2009 National Retail Report

CoStar Ranks the Nation's Retail Markets on Vacancy, Rental Rates, Absorption and Construction Activity.

Markets Showing Improvement in the Retail Vacancy Rate

- **Memphis:** 8.9% improvement over the Q3 2008 vacancy rate of 10%
- **New York:** 2.5% improvement over the Q3 2008 vacancy rate of 3.0%
- **Tulsa:** 7.6% improvement over the Q3 2008 vacancy rate of 7.8%

Markets Showing the Most Significant Increase in the Retail Vacancy Rate

- **Phoenix:** 11.4% increase over the Q3 2008 vacancy rate of 8.4%
- **Sacramento:** 10.4% increase over the Q3 2008 vacancy rate of 7.6%
- **Inland Empire:** 9.0% increase over the Q3 2008 vacancy rate of 6.3%



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CoStar – Third Quarter 2009 National Retail Report

Markets Showing an Increase in the Average Asking Retail Rental Rate

- **Cincinnati:** \$12.53/square foot, up 2.9% over Q3 2008
- **San Francisco:** \$31.98/square foot, up 1.5% over Q3 2008
- **Dallas/Fort Worth:** \$14.51/square foot, up 0.9% over Q3 2008
- **Philadelphia:** \$15.21/square foot, up 0.2% over Q3 2008

Markets Showing a Significant Decrease in the Average Asking Retail Rental Rate

- **Memphis:** \$10.98/square foot, down 18.1% over Q3 2008
- **Toledo, OH:** \$8.04/square foot, down 17.8% over Q3 2008
- **East Bay/Oakland, CA:** \$24.88/square foot, down 13.8% over Q3 2008





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CoStar – Third Quarter 2009 National Retail Report

Markets Showing a Significant Positive Net Absorption of Retail Space, Q3 2009

- **Westchester/So CT:** Net absorption of 1.92M square feet
- **Memphis:** Net absorption of 731,215 square feet
- **Long Island:** Net absorption of 1.7M square feet
- **Kansas City:** Net absorption of 606,487 square feet

Markets Showing a Significant Negative Net Absorption of Retail Space, Q3 2009

- **East Bay/Oakland, CA:** Net absorption of -676,595 square feet
- **Sacramento:** Net absorption of -543,118 square feet
- **Orlando:** Net absorption of -984,246 square feet





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CoStar – Third Quarter 2009 National Retail Report

Retail Projects Under Construction - *At close of Q3 2009*

- 1,166 Retail projects, nation wide, totaling 49.87M square feet of retail space under construction
- Compared to the same time last year: 3,051 retail projects totaling 104.26M square feet under construction

Markets with Significant Retail Space Under Construction

- Las Vegas: 2.34M square feet
- Washington: 3.37M square feet
- New York City: 1.03M square feet
- Westchester/So CT: 2.29M square feet
- Dallas/Ft. Worth: 4.32M square feet

Markets with Very Little Retail Space Under Construction

- Dayton: 0 square feet
- Baltimore: 101,585 square feet
- Madison: 41,072 square feet
- Minneapolis: 341,665 square feet





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Solano County Residential Overview

Residential Units Sold in the 3rd Quarter:

2008: 1,562 Units Sold

2009: 1,784 Units Sold

Net Result: 222 More Units in the 3rd Quarter of 2009

***Zip Realty**



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Vallejo Retail Overview

- **Lowe's**
Opening a store at the former Mazda Dealership – Date TBD
- **Bed Bath & Beyond**
Opening a store in the former Linens 'N Things – November 2009
- **Dollar Tree**
Opened in Vallejo Corners – 2009
- **Mervyn's and Cost Plus**
Still vacant





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Fairfield Retail Overview

- **Wal-Mart**
190,000 SF Super Center on North Texas Street - Opening late 2010. Demolition is done, currently pulling building permits.
- **Orchard Supply Hardware (OSH)**
Opened 38,000 SF in former Yard Birds location – September 2009. OSH reported a strong opening.
- **Solano Mall (Westfield)**
Increase in leasing activity has picked up in second half of 2009. Addition of a food court is scheduled in 2010.
- **Edward Theaters**
Added an IMaxx Theater in 2008.





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Fairfield Retail Overview

- **Former Mervyn's – 80,000 total square feet.
Forever 21, 40,000 SF upstairs.
LOI activity in the 40,000 SF downstairs.**
- **11.5 Acre site at Nelson Road/Lyon Road
LOI activity
City owned – LOI activity on the site**
- **Former Circuit City
Landlord received LOI activity on the space**





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Suisun City Retail Overview

Wal-Mart

**North of Highway 12 @ Walters Rd.
23 acres (project pending)**

Cast Iron Grill & Bar

Opening first week of November

Dimitri's Lounge By The Bay

Scheduled to open mid November

Subway

Strong opening

Hampton Inn & Suites

Open and operating



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Vacaville Retail Overview

- **Former Mervyn's**
Burlington Coat Factory is negotiating a lease
- **Former Old Navy**
Landlord is has LOI interest
- **Former Circuit City**
Landlord has LOI interest





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Dixon Retail Overview

Nothing new to report in Dixon.





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Rents (New Construction) - 2008

Big Box: \$9.00 – \$17.00 psf (NNN)

Shops: \$18 - \$30 psf (NNN)

NNN: \$6 psf (average)



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