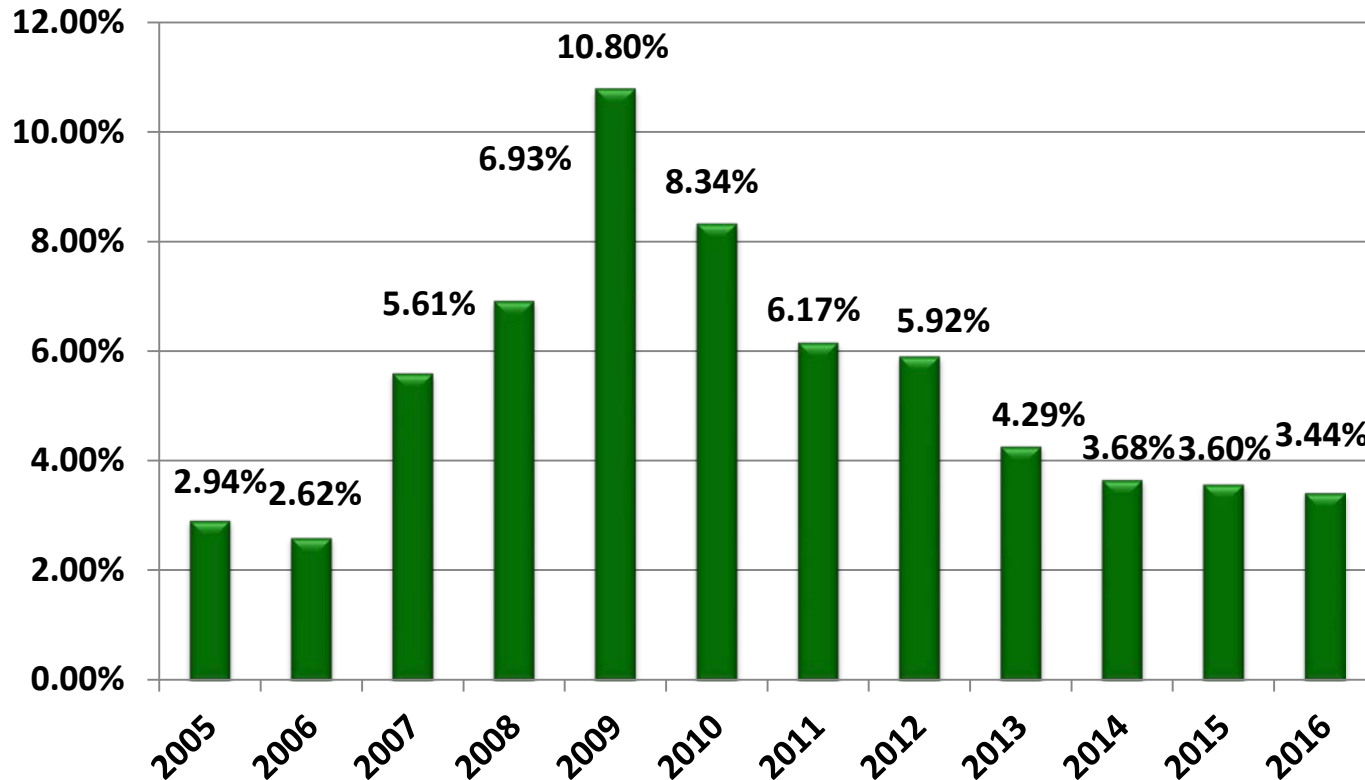


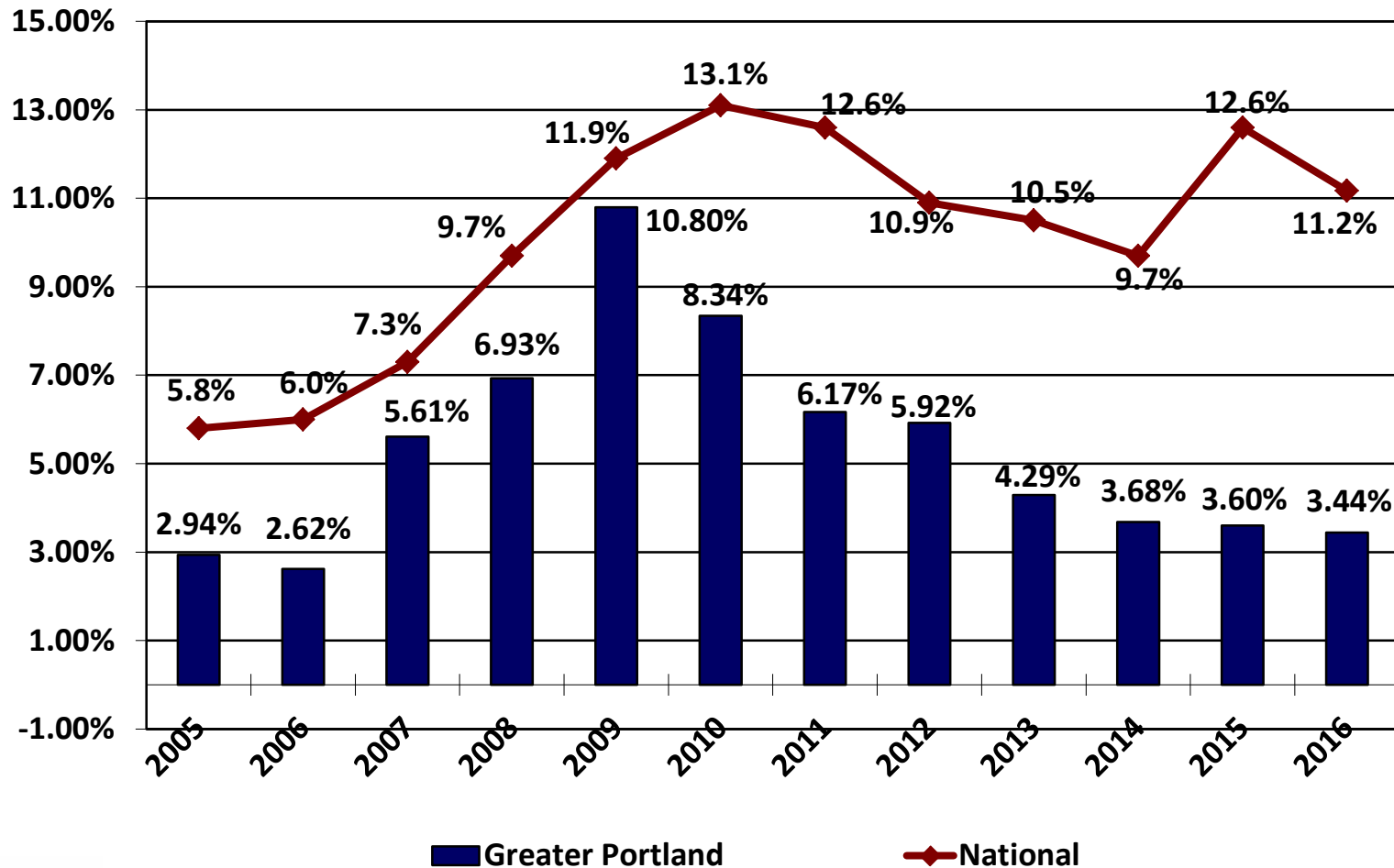
Southern Maine Retail Forecast



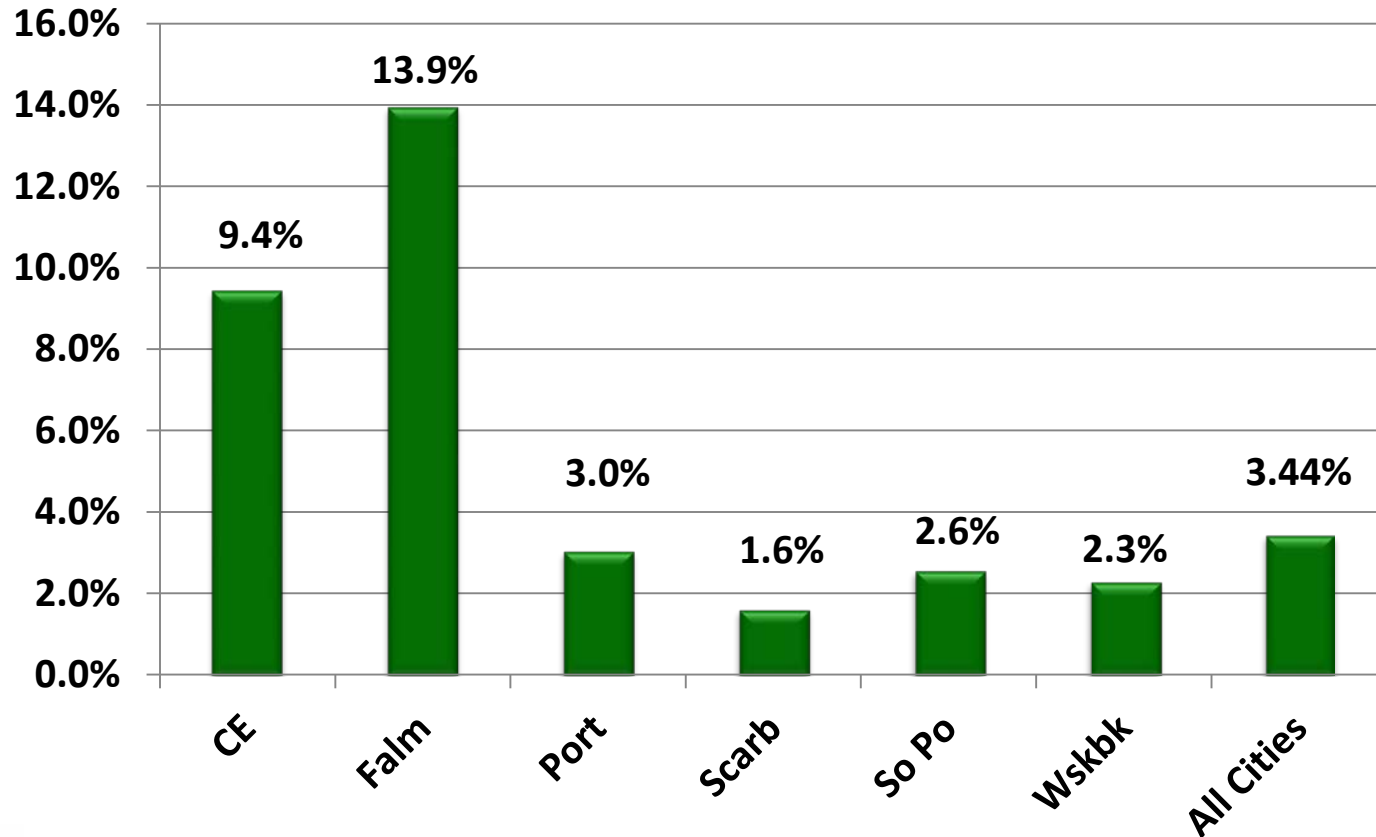
Greater Portland Vacancy Rates



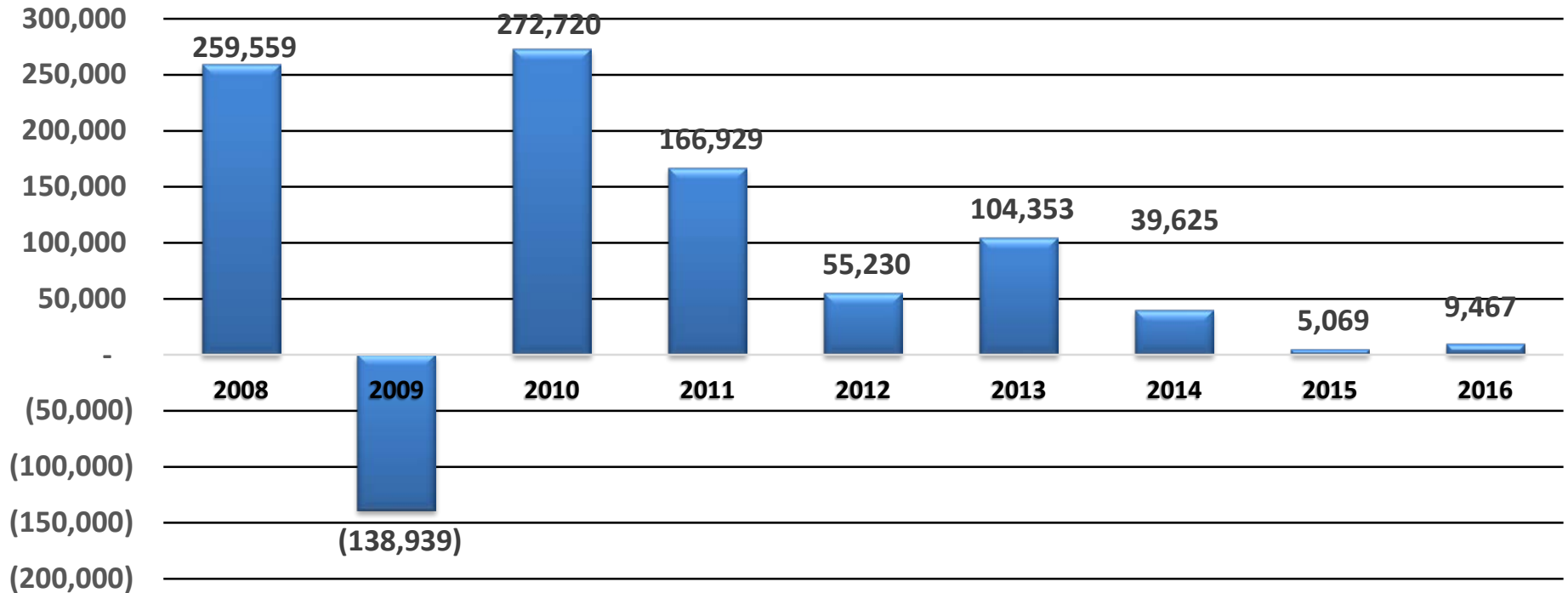
National Vs. Local Vacancy Rates



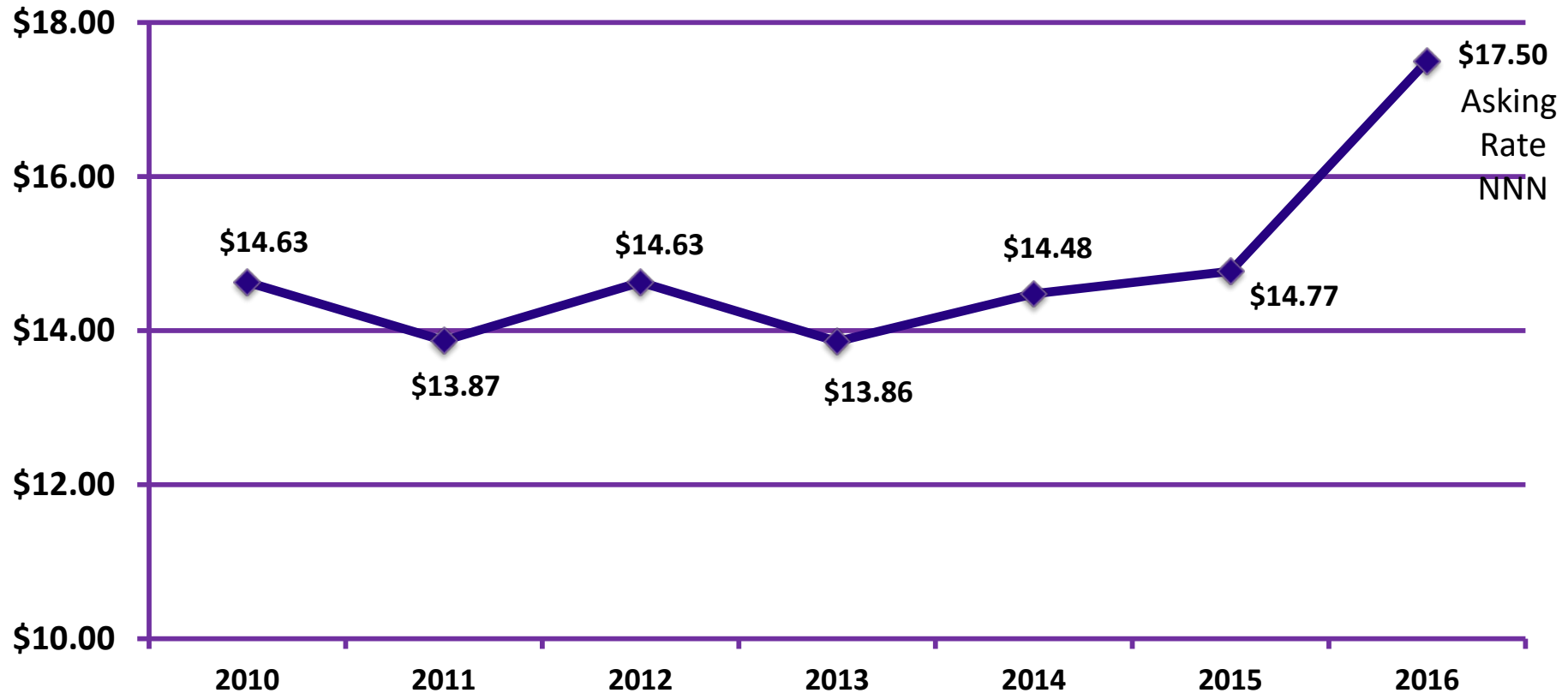
GP Retail Shopping Centers Vacancy Rates



Absorption Rate



GP Historical Lease Rates



Old Port



- Changing landscape
- Expansion west and east
- Almost no vacancy
- Restaurant scene
- Hotel Impact



Middle St. Corridor

- National retailers entering the market
- A mix of local and national tenants has created a “renaissance” on the Middle Street corridor



COMING IN 2017
TO MIDDLE ST

India St. & East End

- A once vibrant neighborhood comes back to life!



The Bayside

- Both East & West Bayside continue to see retail expansion
- EAST
 - Mougalian Rugs at 175 Anderson:
 - Joins Coffee By Design, Youngs Furniture, Cyclemania, Rising Tide
 - AAA building on Marginal Way proposed conversion to retail
 - Just up the hill – Washington Ave Corridor
 - Continues to develop into a cool restaurant area
- WEST
 - Kennebec St & Marginal Way:
 - Chipotle, T-Mobile, All Speed

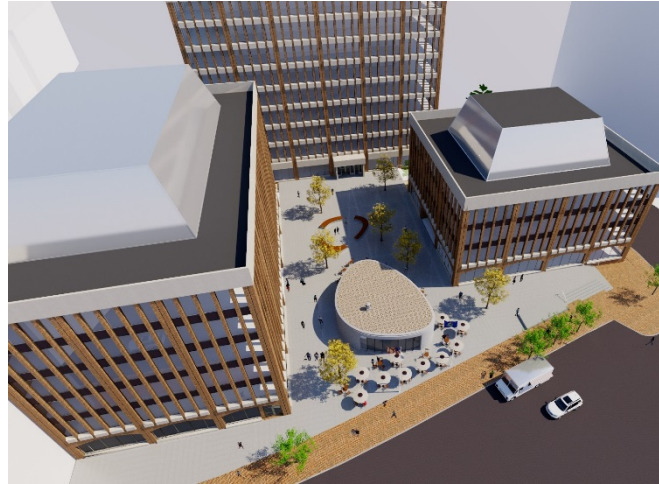
Significant Mall & Retail Building Sales

Property	Sales Price	SQ/Acres	Price PSF	City
Wendy's	\$ 505,000.00	3,056	\$ 165.25	Brunswick
Tim Horton's	\$ 525,000.00	2,864	\$ 183.31	Auburn
Mr. Bagel	\$ 600,000.00	3,200	\$ 187.50	Scarborough
Margarita's Restaurant	\$ 610,000.00	4,321	\$ 141.17	Portland
Borellas	\$ 667,500.00	2,720	\$ 245.40	Portland
Sala Thai	\$ 750,000.00	2,136	\$ 351.12	Portland
Taylor Brook Mall	\$ 800,000.00	32,000	\$ 25.00	Auburn
Cumberland Farms	\$ 950,000.00	3,300	\$ 287.88	Brunswick
Aubuchon Hardware	\$ 1,000,000.00	19,000	\$ 52.63	Raymond
Clearwater Drive	\$ 1,170,000.00	7,078	\$ 165.30	Falmouth
Wiscasset Marketplace	\$ 1,230,000.00	34,800	\$ 35.34	Wiscasset
Bugaboo Creek Restaurant	\$ 2,300,000.00	9,060	\$ 253.86	South Portland
West Falmouth Crossing	\$ 2,440,000.00	15,000	\$ 162.67	Falmouth
Rite Aid	\$ 3,000,000.00	11,180	\$ 268.34	Augusta
Cumberland Farms	\$ 4,000,000.00	19,250	\$ 207.79	Scarborough
Walmart Plaza	\$ 12,436,000.00	109,000	\$ 114.09	Falmouth
Mt Auburn Plaza, et al	\$ 20,000,000.00	110,419	\$ 181.13	Auburn
Acadia Realty	Undisclosed	595,149	\$ -	Wells, Waterville, Bangor

Significant Retail Leases

TENANT	LOCATION	CITY	SIZE / SF
Hyperlite Mountain Gear	Pepperell Mill Camus	Biddeford	11,194
Lamey Wellehan	Falmouth Village Center	Falmouth	8,609
West End	164 Middle St	Portland	16,319
Bunker Brewing	17 Westfield	Portland	8,001
Mark's Sports	42-52 Wharf St.	Portland	7,200
Bouzu Steakhouse	Western Ave	South Portland	8,220
Urban Air	Clark's Pond	South Portland	26,515
Children's Adventure Center	1156 Broadway	South Portland	6,500
Willow Pizza & Restaurant	740 Broadway	South Portland	<u>8,807</u>
-			101,365

New Construction



Maine Mall & Mall Area

Update & Retail Trends

- The Maine Mall and surrounding area continue to be a major draw for shoppers and retailers
- Sales for this holiday season should wind up 4% to 6% higher than last year
- The traditional department store is in a transitional period
- The Maine Mall is close to full occupancy
- The former GAP and Layne Bryant spaces totaling 22,000 SF are being leased to H&M and H&M's current space (17,000 SF) will be filled soon
- The former Sports Authority space, currently vacant at 43,000 SF, has several interested parties for all or part of it.
- The site that General Growth Properties leased to CarMax

Thanks to Craig Gorris for this information about the Maine Mall.

Update & Retail Trends (CONT.)

TRADITIONAL DEPARTMENT STORES ARE IN TRANSITION

MACY'S - Plans to close 68 stores including its 143,000 SF store in Bangor

SEARS – Plans to close 108 Kmart's and 42 Sears stores by Spring 2017

Mall owners are getting creative repositioning vacant department store spaces. Some of these closing might actually be a positive, because alternative uses can actually bring more traffic than the existing department stores.

H&M, Forever 22, Dick's Sporting Goods, supermarkets, specialty food stores, gyms, restaurants, cafes and cool food halls, among others are helping to fill the void left by closing department stores.

Update & Retail Trends (CONT.)



Eastpoint Christian Church of Clarks Pond



Urban Air Trampoline & Adventure Park

Update & Retail Trends (CONT.)

Single Tenant Retail Properties are in high demand from high-net-worth individual investors -- fast food chains and drugstores are among the most sought-after tenants.

Why? Zero or no landlord responsibility, limited exposure to operating expenses, capital expenses, vacancy, less, risk.

One Tenant = one check monthly.

Noted in ICSC Magazine as well.

Looking Ahead to 2017

- Vacancy Rates remaining low – however they don't have much room to drop
- Lease rates should also remain stable – but after rising over the past few years, they should moderate
- The first new major retail center in the Greater Portland area in years should break ground in Westbrook
- After an active 2016 in shopping center and retail building sales 2017 should be slower
- Increasing interest rates will have an impact on pricing and CAP rates for retail and investment properties
- On-line retail sales will continue to increase but will still be less than 8% to 9% of sales

Looking Ahead to 2017 (CONT.)

- Demand for retail space on Portland's peninsula will remain strong
- Demand for single tenant retail properties should remain strong
- Other national retailers will continue to be drawn to Portland's Old Port and Waterfront
- As the US economy heads into 2017, it has the wind in its sails. There have been gains in employment, consumer spending, incomes, housing starts and consumer confidence.

All in all, it should be another positive year for the retail sector

Thank You!



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