



Retail Presentation Looking Back at 2011 and Moving Forward in 2012

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CARDENTE
REAL ESTATE
Commercial / Investment Brokerage



Buzz Words

Consolidation

Economic Slowdown

Upside Down

Underwater

Recession

Concessions

Vacancy

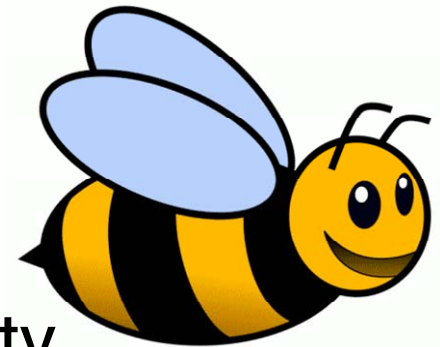
Window Shopping

E-Commerce

Absorption

Downsizing

Distressed Property



Greater Portland Net Absorption Rate Comparison of 2011 vs. 2010

	2011 SF	vs.	2010 SF
Beginning of Year Inventory	6,377,702		6,274,248
Beginning of Year Vacant	<u>532,455</u>		<u>701,721</u>
Beginning of Year Occupied	5,845,247		5,572,527
End of Year Inventory	6,411,792		6,377,702
End of Year Vacant	<u>399,956</u>		<u>532,455</u>
End of Year Occupied	6,011,836		5,845,247
Net Absorption	166,589		272,720

Source: Malone Commercial Brokers

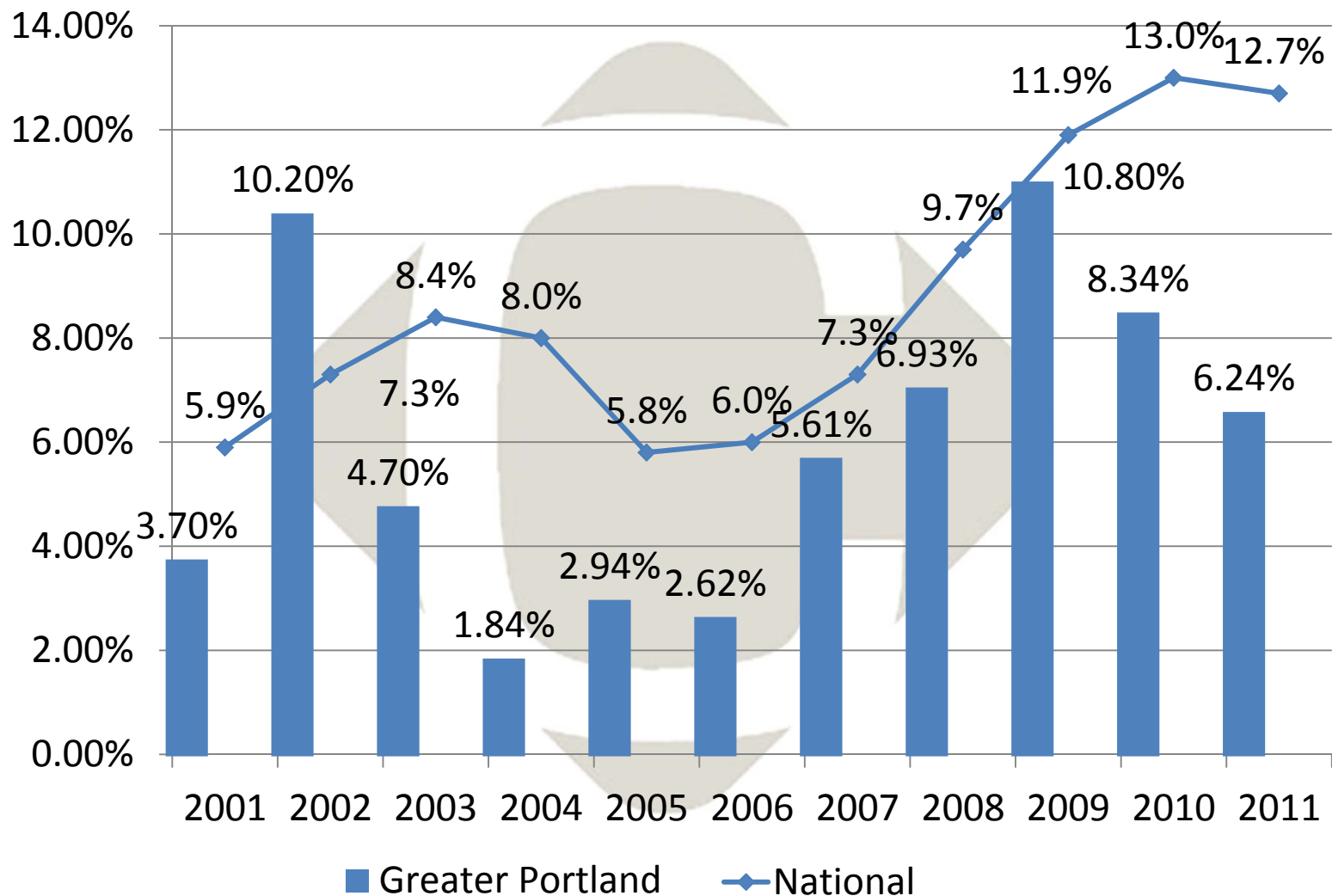
Greater Portland Vacancy Rate - By Type of Space

Greater Portland numbers include Portland, South Portland, Scarborough, Falmouth, Westbrook and Cape Elizabeth

Type of Retail	Total Area	Vacancy	%
Power Center	3,516,209	182,060	5.18%
Community	1,426,966	137,005	9.60%
Strip Center	1,106,790	40,030	3.60%
Single Tenant (over 10,000 SF)	361,827	40,861	11.29%
Totals	6,411,792	399,956	

Source: Malone Commercial Brokers

Vacancy Rate - Local vs. National



Major Store Closings and Moves

BORDERS®



ON
OLD NAVY

LOWE'S®

Large Vacancies 2010-2011

	2010	2011
Falmouth Shopping Center	Vacant	Vacant
74,050 SF majority of space was Shaw's, Rite Aid and Hardware Store		
238 Riverdale Street Portland	Vacant	Vacant
28,850 SF Former Wick's Lumber		
Cabela's Gateway Retail	Vacant	Vacant plus two businesses went out of business
21,640 SF (new construction 2008)		
Maine Mall	139,588 SF still Vacant	69,330 SF is still Vacant
160,634 SF (majority of SF is Filene's)		
Toys R' Us	Vacant	Vacant
20,442 SF (former Babies R' Us; former Office Depot)		

Greater Portland Asking Lease Rates

2011 vs. 2010

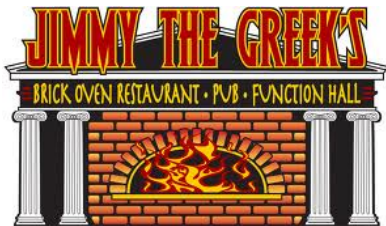
		2011	2010
	Range	Average	Average
<i>Primary Market</i>	\$10.00-\$25.00	\$15.39	\$16.55
<i>Secondary Market</i>	\$8.95-\$22.50	\$12.21	\$12.49
<i>Overall</i>	\$8.95-\$25.00	\$13.30	\$14.40

New Franchises to Maine

Even in a sluggish economy like we had in 2011, we still have new stores and restaurants expanding into Maine.



Mainers Love Their Restaurants



New Construction



You matter more.

New Construction



Absorption

- Reny's - Took over L.L. Bean space on Congress St. and also opened in Topsham Fair Mall.
- Old Navy - Moved from one Regional Power Center at Maine Crossing to Maine Mall and absorbed part of Linen N' Things
- Jimmy the Greek - Took over Sebago Brewing space
- J.Jill and Aveda - Moved to the Maine Mall
- Verizon - Retrofit of Marginal Way space
- Urban Outfitters - Middle Street, formerly The Pavilion
- Michael's and Casa Fiesta - Biddeford Crossing



Old Port and Downtown Portland



- Positive news on the Old Port and Downtown Portland continues in 2011
- Diverse Retail including Urban Outfitters, Black Parrot expand
- Restaurants Galore
- Average leases in the \$25-\$30 PSF range for spaces in the typical Old Port size of 1200-1800 SF.
- Larger spaces typically holding steady in the \$19.00 - \$22.00 PSF
- Low vacancy rates
- Commercial Street and Fore Street becoming as popular as (if not more than) Exchange Street
- Portland Arts area holding its own

Southern Maine Retail

(Outside of Greater Portland Market)

Freeport

- 140 Main St. sold to Olympia Sports and became their 29th location in Maine.
- A six screen Nordica Theatre opened in Freeport Village Station

Saco

- Monkey Trunks opened at Cascade Falls
- Car dealerships experiencing some growth

Topsham

- Reny's opened up a 40,000 SF store at Topsham Fair Mall
- Town Fair Tire opened 3 stores; Topsham, Auburn and Augusta
- Healthy retail market

Brunswick

- Cooks Corner: Border's and Talbot's have closed; Fashion Bug is closing January 27th
- Downtown Main Street retail is doing well

Southern Maine Retail Continued

Biddeford

- Several retail deals were amped with the expectation of the Casino vote passing and were then reconsidered when it didn't pass.
- Biddeford Crossing had two major additions absorbing vacant space:
 - Michael's
 - Casa Fiesta Restaurant
- The closing of Lowe's created a 160,000 SF vacancy.
- Five Points Shopping Center has also filled most of it's vacancy.

Windham

- Windham has the healthiest retail vacancy rate of Southern Maine:
 - 3.7% vacancy factor
- Major Contributing Transactions:
 - 19,000 SF Tractor Supply on Route 302
 - Construction of a new Goodwill
- There is at least one multi-tenanted development project being planned for 2012

Significant Retail Sale Transactions in 2011

Sales:

- Bessey Square, Route One, Scarborough - 6,945 SF
existing building and development site: \$1,450,000
- 887-899 Forest Avenue, 15,605 SF RSVP building \$2,142,500
- Gray Plaza, Route 26, Gray, 53,640 SF shopping center \$1,750,000
- Arby's Pad site for new branch of C-Port Credit Union \$ 900,000
- Rite Aid, Main Street, Westbrook, 11,180 SF building \$2,400,000

Bricks and Mortar vs. Online Shopping



National statistics show that Consumers spent \$35.3B online during the holiday shopping season, a 15% increase over 2010.

Newest terminology which will continue to hurt Bricks and Mortar stores: Window Shopping. Consumers do their “window shopping” at their local stores and scan the items on their smart phones to determine the best price on-line for that item. A marketing tool of Amazon has gained momentum and will continue to cut into Bricks and Mortar’s profitability as the popularity of Smart Phones and tablets has grown considerably

Bricks and Mortar vs. Online Shopping



HOWEVER:

Bricks and Mortar Retailers are fighting back by changing the customer's experience through well-trained salespeople, innovative marketing, more careful pricing and amplifying exclusive and in-store products that can not be duplicated or compared on-line.

The Hourglass Economy Factor and its Effect on Maine Retailers

A loose definition of how the “hour glass economy” works as it relates to retailers is middle priced retailers are being edged out of sales as the lower end retailers and higher end retailers benefit.

- Dollar Stores are thriving throughout Maine and the entire U.S.
- Family Dollar and Dollar Tree each opened 3 new Maine locations in 2011 and plan on at least 6 more for 2012!
- Secondhand and thrift stores are booming
- Goodwill has opened numerous stores over the past 5 years in Maine and enlarged the size of the store; Reny's and Marden's continue to do well and have also increased their store sizes.

The Hourglass Economy Factor and its Effect on Maine Retailers

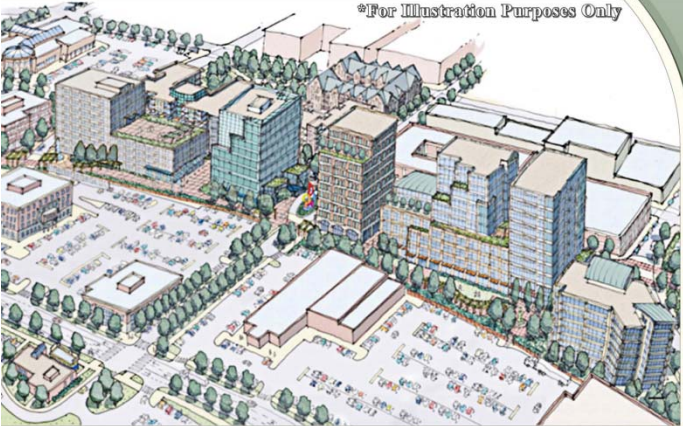
- Even the retailing giant Wal-Mart is exploring expansion into the dollar store business. Watch for this trend to continue throughout the country over the next several years.
- At the high end of the spectrum, are stores such as Apple, Tiffany, Whole Foods. The top retailers for sales per square foot is Apple retail, which have the highest sales at over \$5,600 PSF in annual sales.
- Whole Foods, another high end retailer has increased its per square foot of annual sales, as well as Williams-Sonoma and Pottery Barn appealing to a higher end customer base.

New and Exciting Project Planned for 2012: Maritime Landing

A Mixed Use Project which will ultimately develop and lease over 80,000 SF of Retail


**Maritime Landing
Portland, ME**

**For Illustration Purposes Only*



Site Information

- Prime mixed-use project including retail, office, luxury housing, and a public parking facility
- Convenient location with easy access to Downtown Portland, historic Old Port, and I-295, and less than one mile to the USM campus
- Shadow-anchored by Whole Foods and Trader Joe's
- Excellent street visibility, high traffic counts, ample street parking
- Highway signage opportunities



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WRE COMMERCIAL BROKERS

**Maritime Landing
Portland, ME**



**105 SOMERSET ST
DEMOGRAPHICS**

	3 MILES	5 MILES	10 MILES
POPULATION	71,976	107,776	167,625
HOUSEHOLDS	34,679	49,297	72,313
MED. HH INCOME	\$48,863	\$52,061	\$56,012

The information above has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, estimates, assumptions or opinions and are for illustrative only and do not represent the opinion or financial position of the property. The value of this information is only valid in one and other states, which should be evaluated by your own financial advisors. You and your advisors should consider a careful and complete investigation of the property to determine its true condition.

DARTMOUTH

Retail Rumors for 2012



2012 Predictions

- Available retail space will be absorbed due to the scarcity of new inventory
- Several development projects will commence
- Additional big box stores could face closures
- Banks and Credit Unions will continue to expand
- Starbucks expanding its Maine presence
- Dollar stores expanding, along with Marden's, Reny's and Goodwill
- Lease and sale pricing will hold steady with minor increases
- The worst of times are behind us! Retail will continue to experience modest growth.



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