



MALONE
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2012 State of the Market
RETAIL

Presented by
Mark Malone, CCIM
13th Annual Retail Report

Year Of Mixed Signals & Messages



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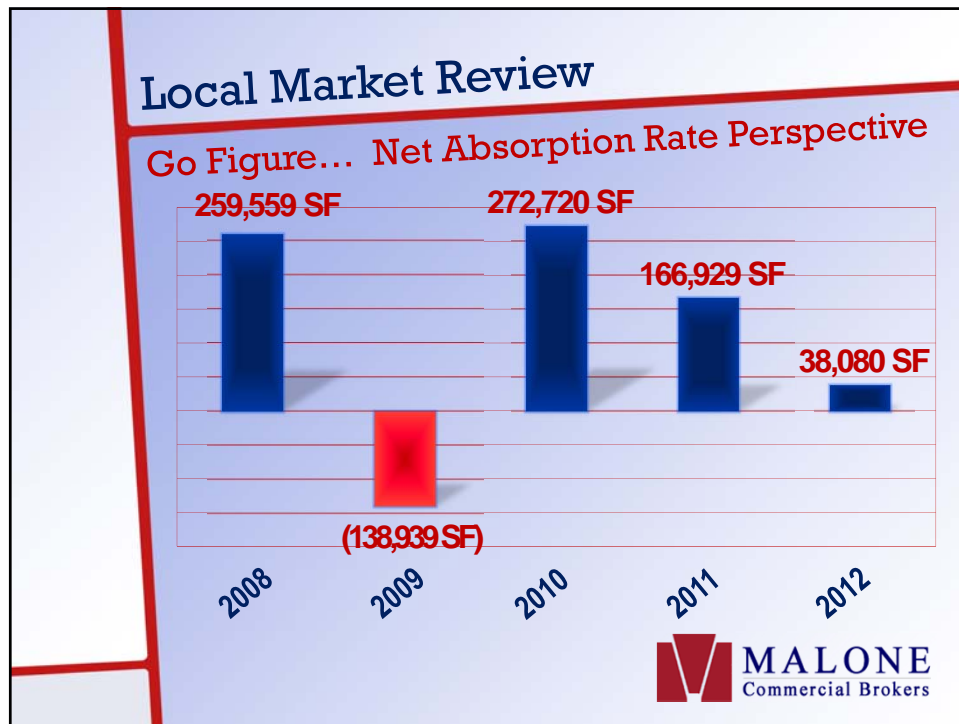
Local Market Review

Go Figure... Net Absorption Rate 2011 vs. 2012

	2012	2011
BOY inventory total	6,411,792	6,377,702
BOY vacant	<u>399,616</u>	<u>532,455</u>
BOY occupied	6,012,176	5,845,247
EOY inventory total	6,449,542	6,411,792
Adjustments*	17,150	
EOY vacant	<u>382,136</u>	<u>399,616</u>
EOY occupied	6,050,256	6,012,176
Net Absorption	38,080	166,929

*Retail space converted into warehouse taken out of inventory
*New Construction added

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Local Market Review

Go Figure... Large Vacancies

	2011	2012
Falmouth Shopping Ctr	74,050	68,650
238 Riverside St Portland	28,850	N/A
Cabela's	26,204	20,000
Maine Mall	69,330	69,330
Toys R Us	22,442	EMS
Maine Crossing	0	30,000
Pine Tree Shopping Ctr	<u>27,861</u>	<u>34,761</u>
Total	246,737	222,741

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Local Market Review

Go Figure... Asking Lease Rates

	2012 Range
Prime Market	\$15.00 - \$25.00
Secondary Market	\$8.95 - \$20.00
Averages	\$8.95 - \$25.00



Local Market Review

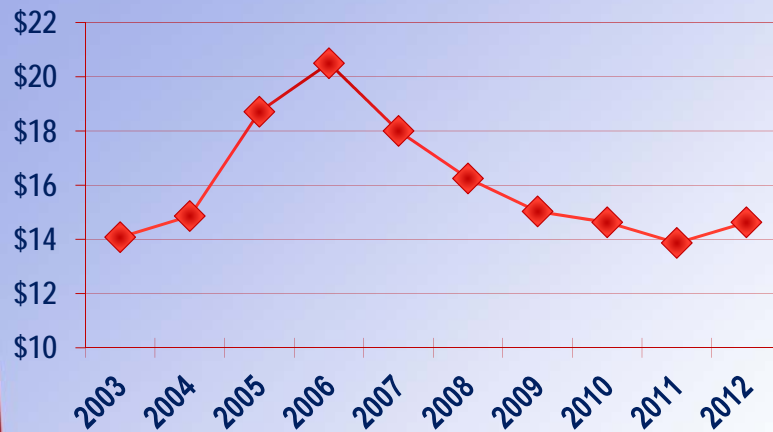
Go Figure... Asking Lease Rates

	2012 Avg	2011 Avg	% Change
Prime Market	\$18.23	\$16.06	13.52%
Secondary Market	\$12.36	\$12.23	1.06%
Averages	\$14.63	\$13.87	5.19%



Local Market Review

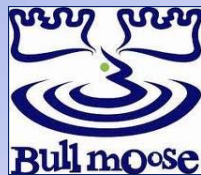
Go Figure... Historical Lease Rates



Local Happenings & Events

A Retail Reflection... Notable Transactions

- **Dollar Tree**- 11,000 SF in Portland
- **Bull Moose**- 11,000 SF in S. Portland
- **Phantom Fireworks**- 8,000 SF in Scarborough



Local Happenings & Events

A Retail Reflection... Notable Transactions

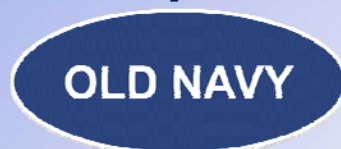
- **Fashion Bug**- closes 6,900 SF
- **Chuck E. Cheese**- closes 10,000 SF
- **Outback Steak**- closes 6,200 SF



Local Happenings & Events

A Retail Reflection... Notable Transactions

- **Old Navy**- relocates & downsizes to 24,476 SF
- **Regal Cinema**- closes in Falmouth
- **Best Buy**- closes 20,000 SF in Biddeford



Local Happenings & Events

A Retail Reflection... Notable Transactions

- **Goodwill-** 17,800 SF in Windham
- **Tractor Supply-** 19,000 SF in Windham

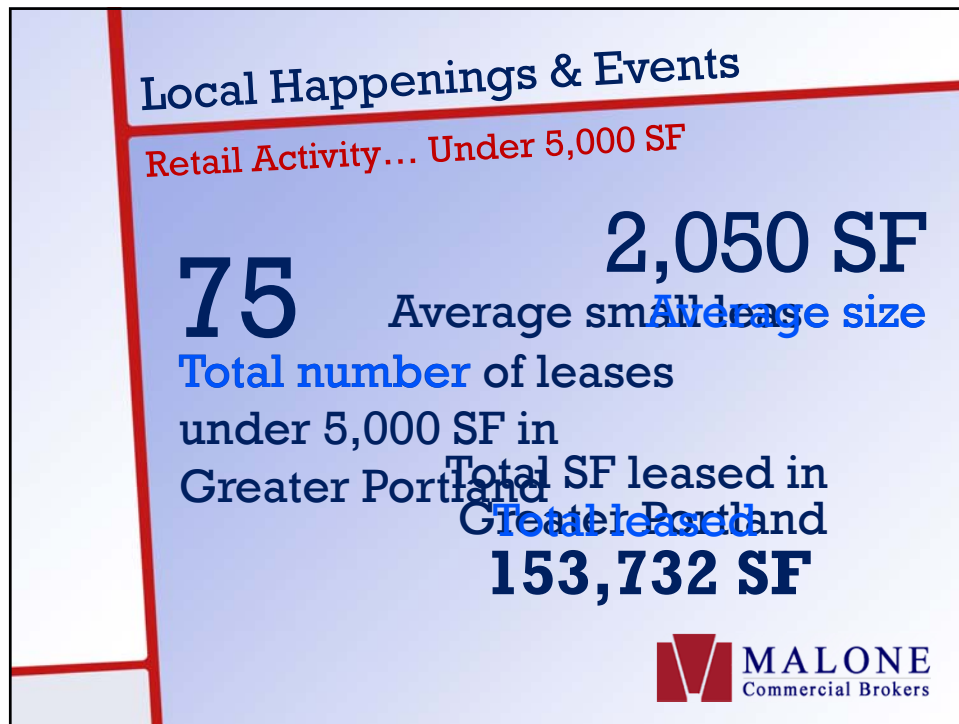


Local Happenings & Events

A Retail Reflection... Notable Transactions

- **Bucks Naked-** 8,037 SF on Wharf St
- **Spread-** 5,404 SF on Commercial St
- **Infinity Brew Pub-** 6,131 SF on Commercial St





Local Happenings & Events

Retail Activity... Under 5,000 SF



Tandem
Coffee
Roasters



2 NOTE BOTANICAL PERFUMERY



Local Happenings & Events

Retail Activity... Under 5,000 SF

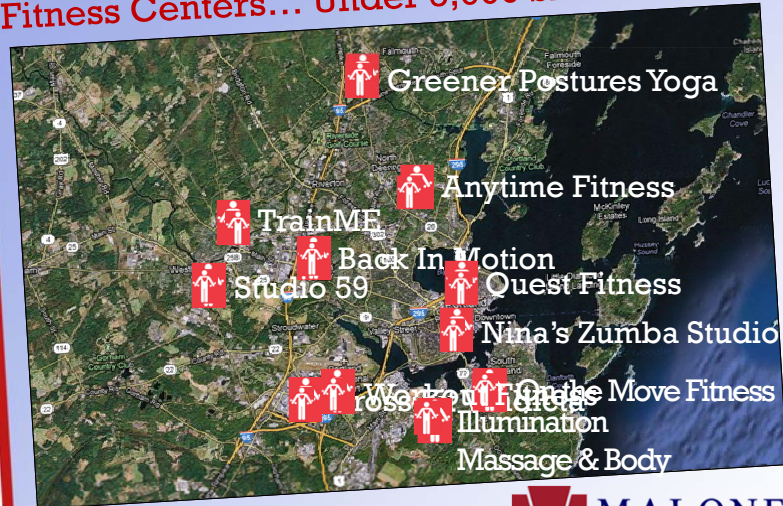


GURLEY ANTIQUES GALLERY



Local Happenings & Events

Fitness Centers... Under 5,000 SF



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Local Happenings & Events

Sale Activity...

- Rite Aid Shopping Center
 - \$2,750,000 - 22,233 SF
- 45 Western Ave in S. Portland
 - \$650,000 - 5,700 SF
- Blockbuster Video in S. Portland
 - \$1,120,000 - 7,000 SF

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Local Happenings & Events

Sale Activity...

- Napa Building in Yarmouth
 - \$425,000 - 4,400 SF
- Pizza Hut in Lewiston
 - \$155,000 - 2,040 SF
- Pedro O'Hara's in Freeport
 - 6,378 SF



Local Happenings & Events

Sale Activity...

- A-Z – IGA in Old Orchard
 - \$900,000 - 16,086 SF
- Norway Savings Land in Gray
 - \$435,000 - 1 Acre



Local Happenings & Events

In The Pipeline... Sure Bets

- **Bon-Ton**- 120,800 SF at Maine Mall
- **Nordstrom Rack**- 30,000 SF at Maine Crossing





Local Happenings & Events

In The Pipeline... Sure Bets

- **Sleepy's**- 11,200 SF at Mallside
- **Five Guys Burgers**- 3,100 SF at Mallside

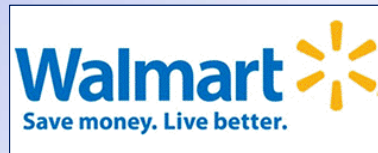




Local Happenings & Events

In The Pipeline... Sure Bets

- **Old Navy Outlet**- 15,700 SF at FVS
- **Wal-Mart**- to expand from 92,000 SF to 124,000 SF in Falmouth



Local Happenings & Events

In The Pipeline... Sure Bets

- **Market Basket**- 108,000 SF in Biddeford Crossing
- **Family Dollar**- 8,000 SF in OOB



Local Happenings & Events

In The Pipeline... Other Influencing Events

- VIP to sell parts business to O'Reilly Automotive
- Supervalu to sell Shaw's supermarkets to Cerberus Capital Management



Local Happenings & Events

In The Pipeline... Other Influencing Events

Jordan's Redevelopment
~~East Harold Building~~
~~Midtown Landing~~
~~Redevelopment~~
 Thompson's Point
 In the Streets Housing



Macro Trends

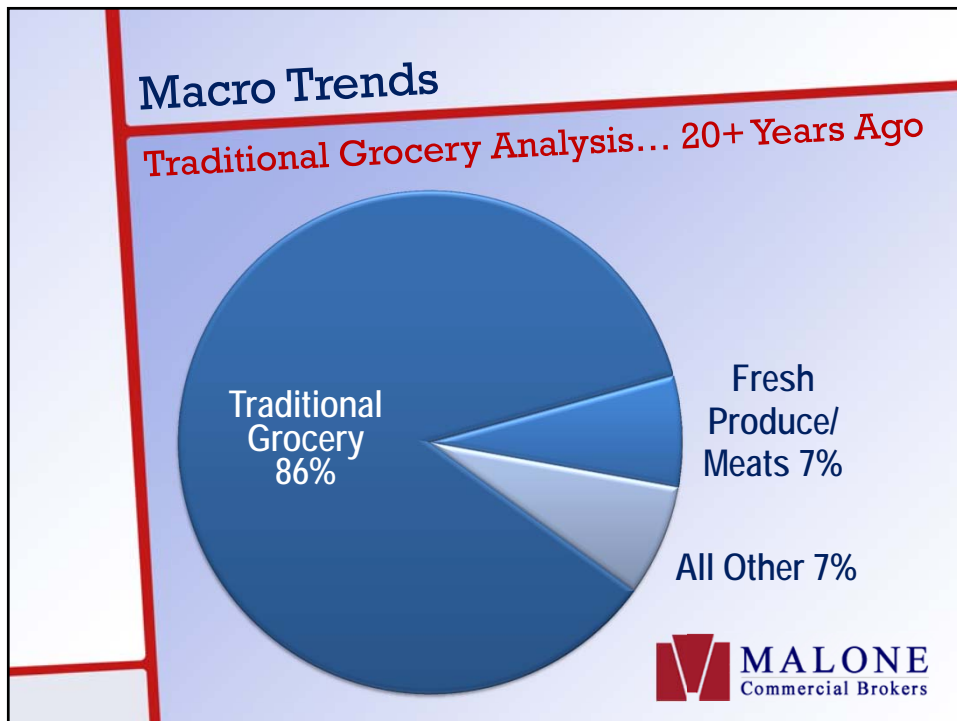
Traditional Grocery Analysis...

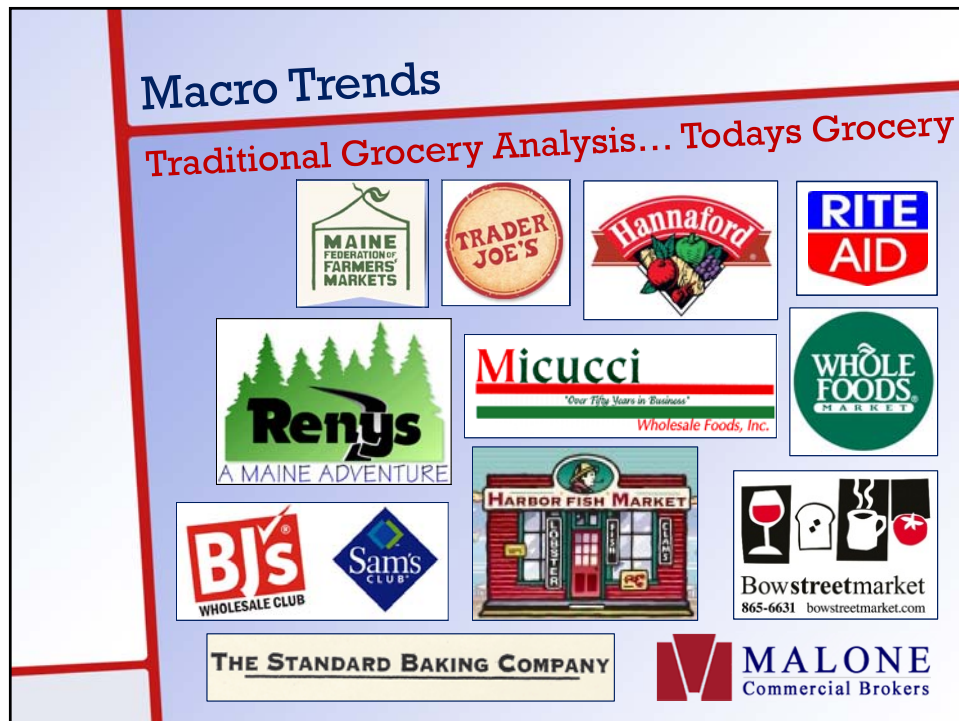
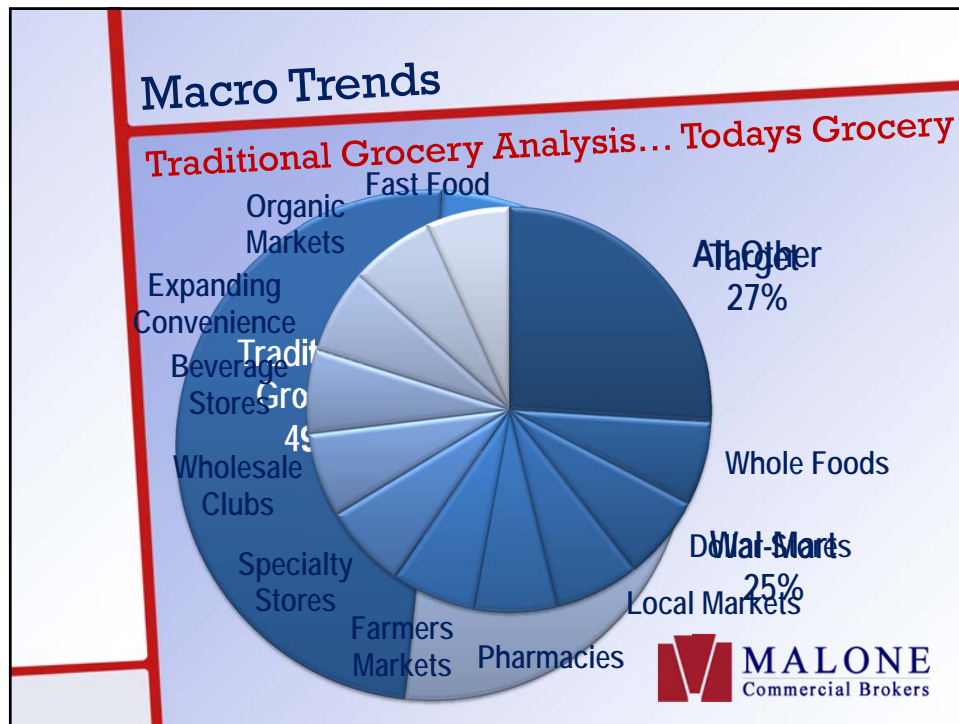
Grocery sector in frying pan

E-Commerce on fire



The logo for MALONE Commercial Brokers, featuring a stylized red 'M' icon to the left of the company name in a serif font.





Macro Trends

Traditional Grocery Analysis... Effect On Real Estate

- New construction stalled
- Dollar Stores growing
- Pharmacies adding more groceries
- Wal-Mart opening small stores
- Target adding groceries
- High-end grocers thriving
- Existing mid-level retailers need to reinvent



Macro Trends

Traditional Grocery Analysis...


Grocery Anchored Centers-Investment

- No longer a sure bet
- National vacancy rates over 11%




Macro Trends
M-Commerce & E-Commerce ... Internet Sales

511



BANKRUPT

Borders 2009 Borders 2011

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Macro Trends
M-Commerce & E-Commerce...

**Mobile
Commerce**

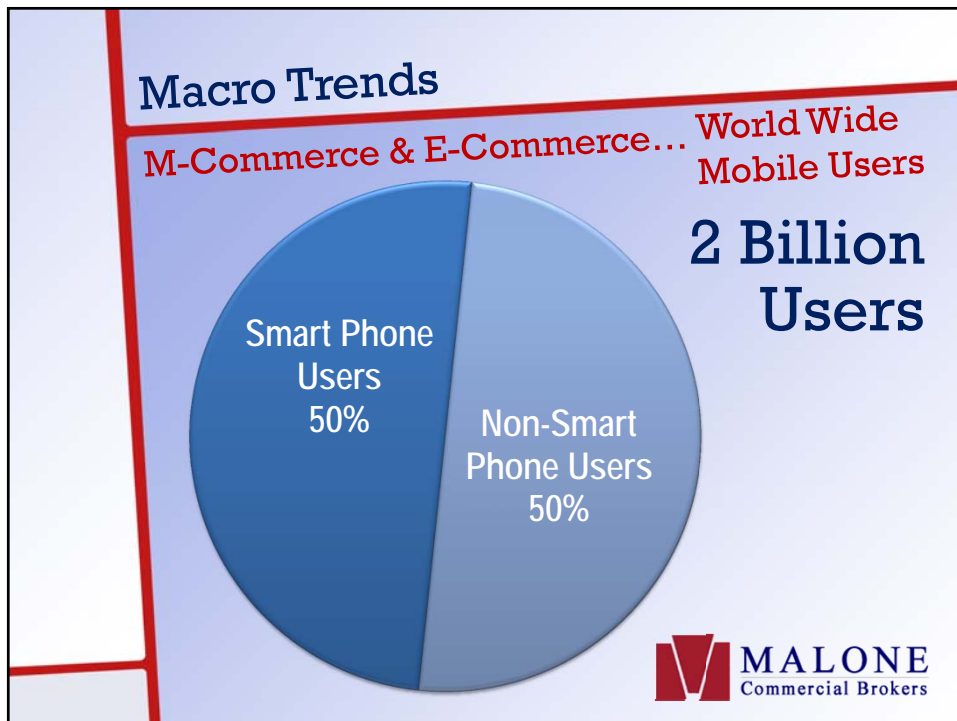
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Macro Trends

M-Commerce & E-Commerce...



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Macro Trends

M-Commerce & E-Commerce...

70% Increase in Mobile Device Use Since 2010

KEEP CALM AND SPEND 72% MORE

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Macro Trends

M-Commerce & E-Commerce...

Digital Enterprise Omnivore Consumer

Omni-channeling Enterprise Company

Mobile Employees

Mobile Strategy

Virtual Mergers

Digital Omnivore Consumer

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Macro Trends

M-Commerce & E-Commerce...

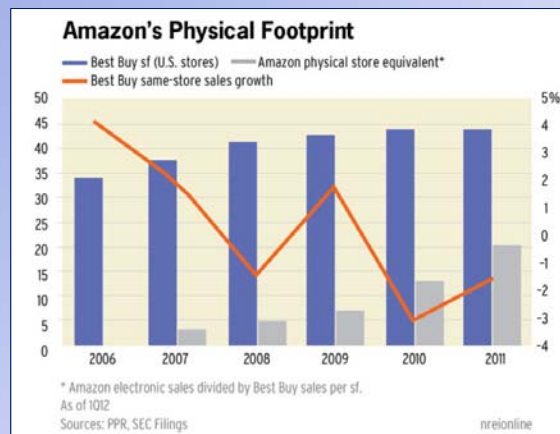
Showrooming

Making a purchase on the Web
after looking at the same
merchandise in a bricks and
mortar store.



Macro Trends

M-Commerce & E-Commerce...



Macro Trends

M-Commerce & E-Commerce... Solutions

Bricks & Mortar Fight Back

- Level Playing field with Internet Taxes
- Developing Mobile Strategies



Macro Trends

M-Commerce & E-Commerce... Internet Tax

ICSC Leading The Tax Strategy

- Local retail is backbone of local communities
- Internet retailers have unfair advantage



Macro Trends

M-Commerce & E-Commerce... Internet Tax




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Macro Trends


M-Commerce & E-Commerce... Internet Tax

For Every 1 Million Dollars



3.6
Jobs

Local Sales



.8
Jobs

Internet Sales

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Macro Trends

M-Commerce & E-Commerce... Internet Tax

**23 Billion
IN LOST
State & Local Sales Tax**



Macro Trends

M-Commerce & E-Commerce... Internet Tax

State Government Fights Back

2011 1040ME LONG FORM Page 2

27 Amount from line 26, (NET TAX) .00

28 TAX PAYMENTS:

a. Maine Income Tax Withheld, (Enclose W-2, 1099 and 1099ME forms) .00

b. 2011 Estimated Tax Payments and 2010 Credit Carried Forward and Extension payment, (Include any REAL ESTATE WITHHOLDING Tax Payments) .00

REFUNDABLE TAX CREDITS. Enclose applicable worksheet with your return.

c. Rehabilitation of historic properties after 2007 (worksheet, line 6) .00

d. Child care credit, (Child Care Credit worksheet, line 5 on page 10) .00

e. TOTAL (Add lines 28a, b, c and d) .00

29 INCOME TAX OVERPAID, if line 28e is larger than line 27, enter amount overpaid (Line 28e minus line 27) .00

30 INCOME TAX UNDERPAID, if line 27 is larger than line 28e, enter amount underpaid (Line 27 minus line 28e) .00

31 USE TAX (SALES TAX) (See instructions.) .00

31a. SALES TAX ON CASUAL RENTALS OF LIVING QUARTERS. (See instructions.) .00

32 VOLUNTARY CONTRIBUTIONS and PARK PASSES, (From Schedule CP, line 14) .00

33 NET OVERPAYMENT (Line 29 minus lines 31, 31a and 32) - NOTE: If total of lines 31, 31a and 32 is greater than line 29, enter as amount due on line 35a below .00

34 Amount to be CREDITED



Macro Trends

M-Commerce & E-Commerce... New Industries Being Formed



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Macro Trends

M-Commerce & E-Commerce... Mobile Strategies



- Changing UPC codes
- Blocking cell signals

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Macro Trends

M-Commerce & E-Commerce... Mobile Strategies



- 2012 Holiday Season Top 3 most visited

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Macro Trends

M-Commerce & E-Commerce... Other Examples of Mobile Strategies

- Target, Best Buy, Wal-Mart price matching by hour
- Employee's with iPads or POS devices
- Aggressive downsizing

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Macro Trends

M-Commerce & E-Commerce...

New Industries
Being Formed

- Shopsyavvy
- Shopkick
- Retailer's price
- Barcode scanner,
- QR Code Reader
- Payments & loyalty cards



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Predictions for 2013

The Future Is Now...

- Vacancy rates stabilize at 5% in prime markets
- Leases mature & lead to downsizing
- Renovations & retrofits up
- New construction slight pick up in prime markets
- Grocery wars heat up locally
- Price breaks on leases dwindle in prime markets
- Retail Investment Properties are hot commodity

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