



Retail Market Review & Forecast 2008 – 2009

Presented by Matthew Cardente
 matt@cardente.com
 207-775-7363
 www.cardente.com

RETAIL MARKET SURVEY

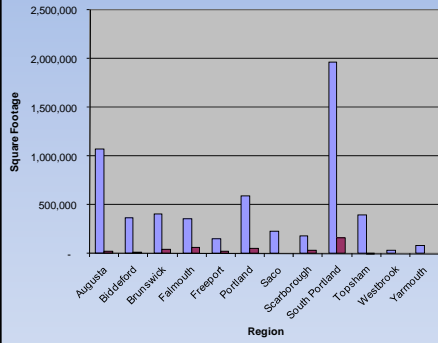
On the following pages are properties that we have included for our Retail Market Survey for 2008. The information was extracted by communicating with brokers and Landlords, and from reviewing information that we were able to obtain online. Vacancies are based upon December 1, 2008. Subleases and single tenant properties were not included in this analysis.

TOTAL SQUARE FOOTAGE: 5,780,981 square feet
 AVAILABLE SQUARE FOOTAGE: 415,298 square feet
 OVERALL ALL VACANCY RATE: 7.18 %

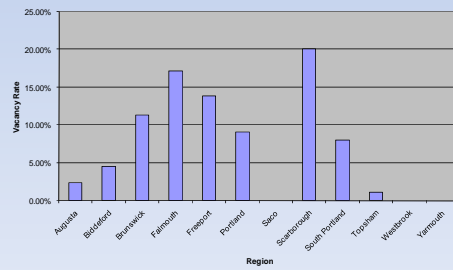
REGIONAL TOTALS	TOTAL BUILDING SQUARE FOOTAGE USED	AVIALABLE SQUARE FOOTAGE	VACANCY RATE
Augusta	1,072,054 SF	25,042 SF	2.34%
Biddeford	360,410 SF	16,199 SF	4.49%
Brunswick	403,996 SF	45,575 SF	11.28%
Falmouth	349,331 SF	59,775 SF	17.11%
Freeport	144,742 SF	20,045 SF	13.85%
Portland	588,737 SF	53,395 SF	9.07%
Saco	222,412 SF	-	-
Scarborough	175,188 SF	35,186 SF	20.08%
South Portland	1,965,628 SF	155,910 SF	7.93%
Topsham	390,506 SF	4,171 SF	1.07%
Westbrook	32,472 SF	-	0.00%
Yarmouth	75,505 SF	-	0.00%

RETAIL MARKET SURVEY

Maine Retail Centers Excluding Single Tenant Properties and Subleases



Maine Retail Centers Excluding Single Tenant Properties and Subleases - Vacancy Rate



Maine Retail Centers Excluding Single Tenant Properties and Subleases

	Building SF (Retail Space Only)	Available SF	Vacancy Rate
AUGUSTA			
Augusta Crossing	89,996	-	0.00%
Marketplace @ Augusta	515,544	6,219	1.21%
Turnpike Plaza	207,000	11,275	5.45%
Capitol Shopping Center	137,717	5,603	4.07%
Kings Court	14,050	1,945	13.84%
Augusta Plaza	107,747	-	0.00%
TOTAL	1,072,064	25,042	2.34%
BIDDEFORD			
Biddeford Crossing	188,191	2,500	1.33%
Five Points Shopping Center	142,403	6,800	4.78%
321 Elm Street	29,816	6,899	23.14%
TOTAL	360,410	16,190	4.46%
BRUNSWICK			
Cooks Corner Mall	232,621	34,591	14.87%
Merrymeeting Plaza	156,784	-	0.00%
104-110 Pleasant Street	14,591	10,984	75.28%
TOTAL	403,996	45,576	11.28%
FALMOUTH			
Falmouth Shopping Center	204,054	49,350	24.18%
The Shops at Falmouth Village	76,000	3,425	4.51%
West Falmouth Crossing	69,277	7,000	10.10%
TOTAL	349,591	66,776	17.11%
FREEPORT			
Freeport Gateway	11,262	3,448	30.56%
The Freeport Outlet	28,000	4,150	14.82%
Freeport Plaza	10,368	6,768	65.29%
Freeport Crossing	95,092	5,679	5.97%
TOTAL	144,742	20,046	18.66%
PORTLAND			
Northgate	108,962	-	0.00%
Pine Tree Shopping Center	109,200	32,700	29.95%
1041 Brighton Avenue Plaza	24,150	930	3.85%
1064 Brighton Avenue	19,734	5,160	26.15%
Forest Avenue Plaza	30,960	-	0.00%
1037 Forest Avenue	15,518	3,255	20.84%
Hampford Plaza	79,142	-	0.00%
Union Station Plaza	117,843	2,068	1.75%

RETAIL MARKET SURVEY

Continued on next page

Available SF

Maine Retail Centers Excluding Single Tenant Properties and Subleases

	Building SF (Retail Space Only)	Available SF	Vacancy Rate
Westgate	83,128	9,282	11.17%
TOTAL	586,787	53,885	9.07%
SACO			
Saco Valley Shopping Center	159,112	-	0.00%
Hannaford Plaza-Saco	63,300	-	0.00%
TOTAL	222,412	-	-
SCARBOROUGH			
Payne Road Plaza	36,787	-	-
450 Payne Road Plaza	19,100	-	0.00%
31 Hannaford Drive	71,301	6,086	8.54%
The Gateway Shoppes	48,000	29,100	60.63%
TOTAL	175,188	35,186	20.06%
SOUTH PORTLAND			
Clarks Pond	210,000	16,178	7.70%
Corner Brook	25,740	-	0.00%
740 Broadway	22,142	11,490	51.89%
Jetport Plaza	97,776	1,230	1.26%
Hannaford Plaza-ME Mall	95,687	10,032	10.48%
Mallside Plaza-198 Maine Mall Rd	98,491	15,400	15.64%
Shaws Millcreek Plaza	90,008	12,000	13.33%
Millcreek Shopping Center	72,506	4,200	5.79%
Maine Mall	1,020,000	81,600	8.00%
Mallside-220 Maine Mall Rd	58,064	-	0.00%
Plaza 29-29 Western Ave	13,020	-	0.00%
Target Plaza-200 Running Hill Rd	146,484	-	0.00%
Western Ave Crossing	15,700	3,780	24.08%
TOTAL	1,985,628	155,910	7.83%
TOPSHAM			
Topsham Fair Mall	109,978	-	0.00%
Best Buy	46,847	-	0.00%
Topsham Crossing	220,757	4,171	1.89%
Winners Circle	12,824	-	0.00%
TOTAL	390,606	4,171	1.07%
WESTBROOK			
Westbrook Crossing	32,472	-	0.00%
TOTAL	32,472	-	0.00%
YARMOUTH			
Hannaford Plaza	50,862	-	0.00%
TOTAL	75,505	-	0.00%
TOTAL	5,780,981	415,298	7.18%

RETAIL MARKET SURVEY

RETAIL MARKET SURVEY

AVERAGE LEASE RATES

New Construction Strip Centers:

\$20 - \$25 per square foot NNN

Primary Retail Markets:

\$19 - \$22 per square foot NNN

Secondary Markets:

\$10 - \$15 per square foot NNN (pending size, quality, and property location)

Old Port, Portland:

\$23 - \$30 per square foot Modified Gross (pending size, quality, and property location)



RETAIL MARKET SURVEY

PORTLAND'S OLD PORT

- This year's Retail Market Survey did not include retail properties in the Old Port. In part, this area was excluded due to most buildings being mixed use (retail on the first floor and office space and apartments on the upper levels). However, we did compile the following information:
- As of January 7, 2009, we found a total of 59,696 +/- square feet of retail space available for lease or sublease in Portland's Old Port (Franklin to Temple Street & Middle Street to Commercial Street). This information was gathered from www.mainecepe.com and included 17 different buildings.
- Following significantly lower sales in 2008, retailers suffered through a poor holiday season.
- Due to high lease rates, businesses in the Old Port are relocating to cheaper alternatives in other parts of Portland, such as the revitalized Congress Street.
- On Exchange Street alone, at least 10 storefronts have been vacated due to tenants relocating or closing.
- With even more units expected to be vacant in the near future, Old Port landlords are beginning to offer significant concessions to attract tenants. This trend will continue in 2009 and will likely result in the general downward adjustment of Old Port rents.



TOUGH TIMES FOR RETAIL IN 2008 & 2009

- **Office Depot** is closing 112 locations over the next three months to cut costs. South Portland's Office Depot is one of the stores that is closing.
- **Circuit City** By the end of March, all 567 Circuit City Stores will be closing their doors.
- **Linen N Things** is closing all 371 of its stores including locations in Bangor, Augusta, Biddeford, South Portland, and Kittery.
- **Tweeter** is closing all of its 94 stores including the store in South Portland, Maine. Tweeter is approximately \$165 Million Dollars in debt.
- *"About 160,000 stores will have closed this year and 200,000 more could shutter next year",* said Burt P. Flickinger III, managing director of the consulting firm Strategic Resource Group. That would be the industry's biggest contraction in 35 years.

RETAIL MARKET SUMMARY & REVIEW

Early Outlook and Strategy

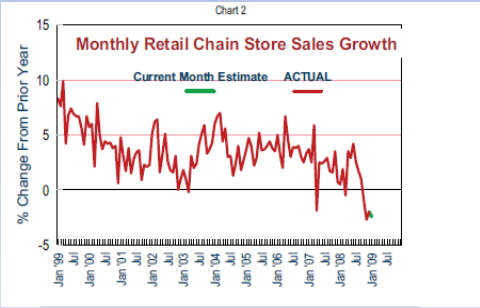
With a struggling labor market, plunging stock market, financial crisis, and recession as a backdrop, the industry anticipates very weak holiday sales. Value is the strategic watch word for the season. Retailers pared their ordering of apparel, in particular, and will enter the season with lean inventories. This is expected to be the most challenging holiday seasons in many years. Additionally, some retailers worry that the short season (days between Thanksgiving and Christmas) will exacerbate the weakness.

Mid-December View

Black Friday had decent sales with more consumers reporting they would shop on that day and the subsequent weekend (45%, up from 36% in the prior year). Terry Lundgren of Macy's noted that "November ended with a strong Thanksgiving weekend, including the largest Black Friday in the history of the company." But overall industry sales volatility was very high through the season. Retailers were very creative in their marketing from layaway to heavy discounting targeted on certain days, but sales languished.

Post-Christmas View

Plunging consumer demand triggered escalated and widespread discounting (JCP reported it was "extraordinarily promotional"). Retailers held "marketing days" during the month with sweetened discounts to try to drive traffic, but consumers procrastinated and at the end of the season winter storms during the days ahead of Christmas added to the industry woes and shoppers' absence from the stores. Although Amazon.com reported its best holiday season ever, the industry had its weakest sales since at least 1970.

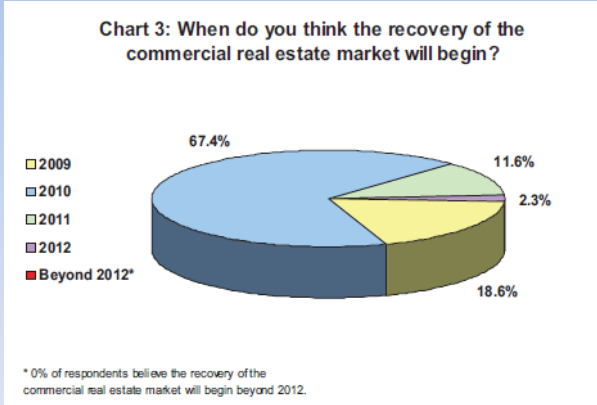


* References: The International Counsel of Shopping Centers (ICSC) www.ICSC.org

RETAIL MARKET SUMMARY & REVIEW

Commercial Real Estate Recovery

In this month's special question, the panel was asked when they thought the recovery of the commercial real estate market would begin. As shown in Chart 3, an overwhelming majority of the panel expects the commercial real estate market to begin recovering in 2010 (67.4%). While only 18.6% of respondents believe the recovery will begin in 2009, about 11.6% of executives believe the recovery would start in 2011. In addition, a mere 2.3% of respondents believe the market will bounce back in 2012, while no one believed it would begin after 2012.



* 0% of respondents believe the recovery of the commercial real estate market will begin beyond 2012.
 * References: The International Counsel of Shopping Centers (ICSC) www.ICSC.org

Even during tough economic times, new development was underway in the State of Maine. New developments include:



FREEPORT VILLAGE STATION -120,000 +/- SF lifestyle center scheduled to be completed by Spring of 2009.



GATEWAY SHOPPES, SCARBOROUGH— 184,000+/- SF to be completed in 2008 and 2009. Property is anchored by Cabela's. This property is listed by Tony Armstrong of Properties Northeast, 207-774-0800.



MAINE STREET STATION, BRUNSWICK – 40,000 +/- SF green designed transit oriented development scheduled for Spring 2009 occupancy. The property is listed with Tony Donovan of Fishman Realty Group, 207-775-6561.



740 BROADWAY, SOUTH PORTLAND - 22,000 +/- SF of highly visible retail completed in 2008 in replacement of the former Captain Newick's. The property is listed with Tom Moulton of the Dunham Group 207-773-7100.

NEW RETAIL DEVELOPMENT IN THE STATE OF MAINE IN 2008 / 2009



FIRST LOOK PLAZA, SCARBOROUGH – 17,984 +/- SF retail development across from Cabela's in Scarborough completed in 2008. The property is listed with Tony McDonald of CBRE, The Boulos Company, 207-772-1333.



CASCADES SOUTH, SACO – 50,000 +/- SF retail building and 12,000 +/- SF strip center planned to go under construction in 2009. Property is listed with Karen Rich of Cardente Real Estate, 207-775-7363.

5 WESTERN AVENUE, SOUTH PORTLAND – 34,350 +/- SF retail complex planned to go under construction in 2009. Property is listed with Karen Rich of Cardente Real Estate, 207-775-7363.



NEW RETAIL DEVELOPMENT IN THE STATE OF MAINE IN 2008 / 2009

PREDICTIONS FOR 2009

- New retail development will continue to slow down throughout the State of Maine. This is due in part to the soft economy and to the saturation of development in the major hubs along I-95 and I-295.
- Struggling National retailers will continue to pull out of Maine's retail centers increasing vacancy and competition.
- Absorption of vacancies will be slow moving. Asking lease rates for larger spaces may drop and new Tenants may cater more to wholesale related uses.
- Small retail centers with two to five tenants will remain strong. Especially complexes that are tenanted by reasonably priced food operations.
- Matthew Cardente will go to Fenway Park three times next year and the Yankees will not make the playoffs.

