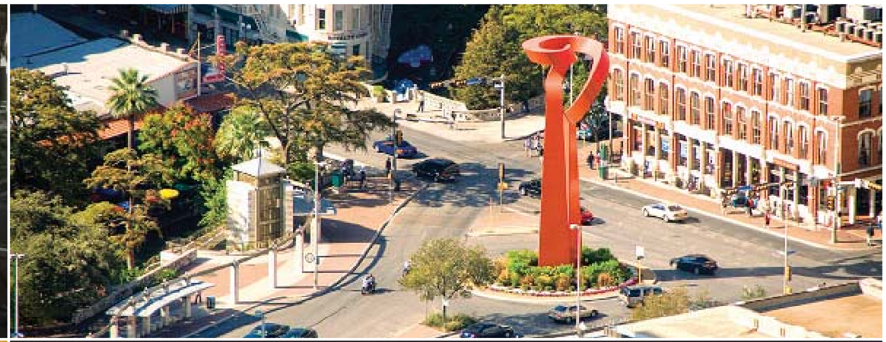
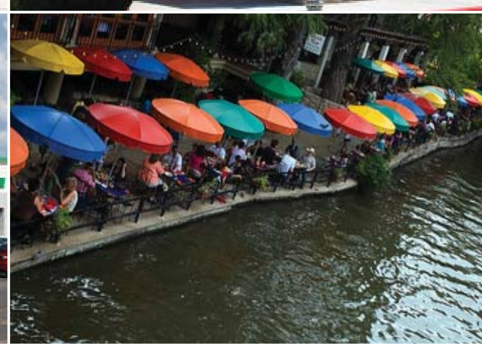


The Source

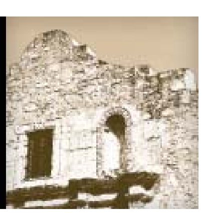
Better information, better decisions.

Retail Market Snapshot
San Antonio Metropolitan Area

First Quarter 2014



REOC SAN ANTONIO



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Retail 1Q 2014

OVERVIEW

According to the survey of nearly 47 million square feet of retail lease space, healthy tenant demand generated 288,308 square feet of positive net absorption in the first three months of the year which tightened the citywide vacancy rate to 10.1% compared to 10.3% last quarter and 11.0% recorded in the same quarter last year.

At the close of the first quarter, the citywide average quoted triple net rental rate stepped back $0.18 compared to the previous quarter to settle at $16.42 per square foot per year but the current average is up $0.82 compared to the same quarter last year for an upbeat annual increase of 5.3%.

CITYWIDE

	1Q 2014	1Q 2013
All Types		
Inventory	46,999,000	46,818,085
Direct Vacant	4,736,494	5,151,056
%Vacant	10.1%	11.0%
Average Rent	$16.42	$15.60
1Q Absorption	288,308	(4,818)
YTD Absorption	288,308	(4,818)
Regional Malls		
Inventory	7,436,215	7,126,845
Direct Vacant	289,313	456,857
%Vacant	3.9%	6.4%
1Q Absorption	75,104	0
YTD Absorption	75,104	0
Power Centers(250K+ sf)		
Inventory	12,285,283	11,686,372
Direct Vacant	752,498	727,176
%Vacant	6.1%	6.2%
Average Rent	$26.47	$25.64
1Q Absorption	102,973	39,365
YTD Absorption	102,973	39,365
Community Centers (100K-249K sf)		
Inventory	6,839,864	5,498,401
Direct Vacant	626,125	677,799
%Vacant	9.2%	12.3%
Average Rent	$19.99	$17.82
1Q Absorption	(2,306)	17,190
YTD Absorption	(2,306)	17,190
Neighborhood Centers (30K-99K sf)		
Inventory	18,033,541	20,029,044
Direct Vacant	2,759,159	2,989,112
%Vacant	15.3%	14.9%
Average Rent	$15.06	$14.51
1Q Absorption	115,276	(56,351)
YTD Absorption	115,276	(56,351)
Strip Centers (Less than 30K sf)		
Inventory	2,404,097	2,477,423
Direct Vacant	309,399	300,112
%Vacant	12.9%	12.1%
Average Rent	$15.82	$15.95
1Q Absorption	(2,739)	(5,022)
YTD Absorption	(2,739)	(5,022)

CBD / SOUTH

	1Q 2014	1Q 2013
All Types		
Inventory	6,365,096	6,369,211
Direct Vacant	743,030	835,171
%Vacant	11.7%	13.1%
Average Rent	$14.71	$14.57
1Q Absorption	55,652	9,952
YTD Absorption	55,652	9,952
Regional Malls		
Inventory	1,861,120	1,861,120
Direct Vacant	170,000	247,444
%Vacant	9.1%	13.3%
1Q Absorption	50,000	0
YTD Absorption	50,000	0
Power Centers		
Inventory	847,358	847,358
Direct Vacant	21,959	20,914
%Vacant	2.6%	2.5%
Average Rent	$23.00	$22.00
1Q Absorption	0	3,986
YTD Absorption	0	3,986
Community Centers		
Inventory	964,703	722,267
Direct Vacant	85,079	87,146
%Vacant	8.8%	12.1%
Average Rent	$18.25	$18.00
1Q Absorption	0	(1,067)
YTD Absorption	0	(1,067)
Neighborhood Centers		
Inventory	2,501,313	2,768,464
Direct Vacant	456,813	471,821
%Vacant	18.3%	17.0%
Average Rent	$13.75	$13.23
1Q Absorption	5,652	(3,279)
YTD Absorption	5,652	(3,279)
Strip Centers		
Inventory	190,602	170,002
Direct Vacant	9,179	7,846
%Vacant	4.8%	4.6%
Average Rent	$18.25	$20.25
1Q Absorption	0	10,312
YTD Absorption	0	10,312

NON-CBD / NORTH

	1Q 2014	1Q 2013
All Types		
Inventory	40,633,904	40,448,874
Direct Vacant	3,993,464	4,315,885
%Vacant	9.8%	10.7%
Average Rent	$16.55	$15.70
1Q Absorption	232,656	(14,770)
YTD Absorption	232,656	(14,770)
Regional Malls		
Inventory	5,575,095	5,265,725
Direct Vacant	119,313	209,413
%Vacant	2.1%	4.0%
1Q Absorption	25,104	0
YTD Absorption	25,104	0
Power Centers		
Inventory	11,437,925	10,839,014
Direct Vacant	730,539	706,262
%Vacant	6.4%	6.5%
Average Rent	$26.67	$26.03
1Q Absorption	102,973	35,379
YTD Absorption	102,973	35,379
Community Centers		
Inventory	5,875,161	4,776,134
Direct Vacant	541,046	590,653
%Vacant	9.2%	12.4%
Average Rent	$19.99	$18.63
1Q Absorption	(2,306)	18,257
YTD Absorption	(2,306)	18,257
Neighborhood Centers		
Inventory	15,532,228	17,260,580
Direct Vacant	2,302,346	2,517,291
%Vacant	14.8%	14.6%
Average Rent	$15.20	$14.65
1Q Absorption	109,624	(53,072)
YTD Absorption	109,624	(53,072)
Strip Centers		
Inventory	2,213,495	2,307,421
Direct Vacant	300,220	292,266
%Vacant	13.6%	12.7%
Average Rent	$15.73	$15.56
1Q Absorption	(2,739)	(15,334)
YTD Absorption	(2,739)	(15,334)

Analysis by REOC San Antonio based on 2013 data provided by Xceligent and approved by the San Antonio Industrial Advisory Board.

Statistical information is calculated on multi-tenant centers totaling 20,000 sf and larger (including both leaseable and separately owned inline space).

Rental rates reflect non-weighted strict average asking rates quoted on an annual triple net basis (excluding regional malls).

LOOKING AHEAD

The Rim, Phase V (259,656 sf) is currently under construction and expected to be completed by the end of this year with a tenant line-up that includes Hobby Lobby, PetSmart, Total Wine, Bassett Furniture, Home Consignment Center, Hemispheres, a World of Fine Furnishings, Aqua Tots Aveda, Fleet Feet and several restaurant and entertainment concepts such as Bowl & Barrel, Zoe's Kitchen and Toby Keith's I Love This Bar & Grill. In the same quadrant of the I-10/Loop 1604 interchange, TopGolf (65,000 sf) is also under construction.

While most large-scale, multi-tenant retail development has been sidelined over the past several years, there are strong retail districts and niche markets that continue to support new growth. In addition to the proven strength of The Rim, growing areas such as Bulverde are experiencing new retail development to answer pent-up demand. Earlier this year, work began on Singing Hills - a 250-acre mixed-use, master-planned community located at the interchange of US 281 & Hwy 46. Niche areas include Sonterra Village (45,000 sf) located in the Far North sector along Loop 1604 at Sonterra Place which will feature Trader Joe's and Zoe's Kitchen. In the North Central sector, adjacent to the Alamo Quarry Market, new construction will deliver Quarry Village II (40,510 sf) – a mixed-use retail/office project to be anchored by Methodist Healthcare (8,500 sf) and Urban Mattress (2,998 sf). In the Northeast sector, foundations are being formed at Forum Pointe (70,000 sf) located across I-35 from The Forum at Olympia Parkway.

DEFINITIONS

Absorption (Net)
The change in occupied space in a given time period expressed in square feet (sf).

Average Asking Rental Rate
Non-weighted strict average rental rate quoted on an annual triple net basis.

Triple Net
Additional expenses such as real estate taxes, operating costs and insurance premiums, paid by tenant over and above the agreed per square foot base rental rate.

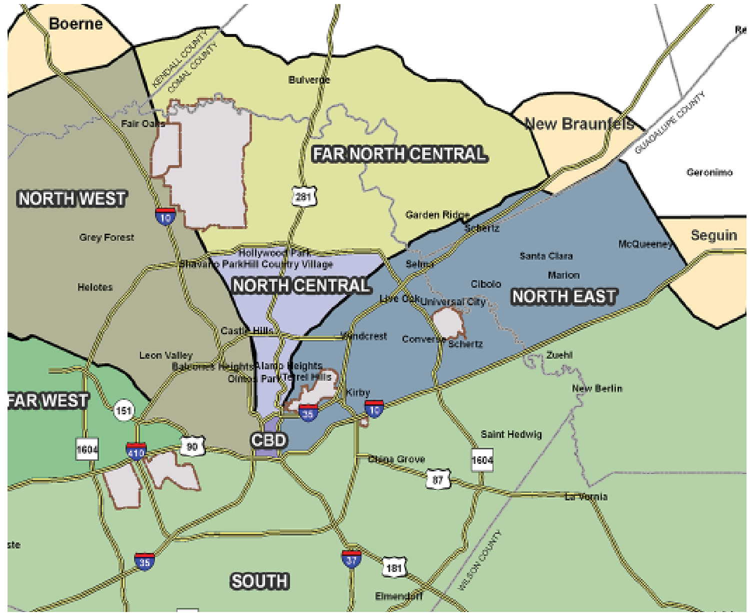
Direct Vacancy
Space currently available for lease directly with the landlord or building owner; excludes sublease space.

SF/PSF
Square foot/per square foot, used as a unit of measurement

Sublease
Arrangement in which a tenant leases rental property to another and the tenant becomes the landlord to the subtenant.

Sublease Space
Total square footage being marketed for lease by a tenant; sublease space is not considered in the overall occupancy or absorption numbers – only direct leases are included.

SUBMARKET MAP



PROPERTY TYPES

Regional Mall (RM) - Enclosed cneters with a total area greater than 500,000 sf. Tenant mix ranges from kiosk and food court to major department stores.

Power Center (PC) - Usually greater than 250,000 sf featuring a mix of big box tenants (typically large national retailers) along with inline shop space and often supported by entertainment components such as theaters, fitness and restaurants.

Community Centers (CC) - Generally range between 100,000 sf and 250,000 sf and usually anchored by grocery store or other significant junior anchor tenant(s).

Neighborhood Center (NC) - Generally range between 30,000 sf and 100,000 sf; tenant mix usually local and regional retailers.

Strip Centers (SC) - Unachored centers less than 30,000 sf serving the immediate residential area.

CRITERIA

This study includes San Antonio area retail centers 20,000 square feet or larger including both leaseable and separately-owned inline space.

SERVICES

REOC San Antonio is actively involved in all aspects of commercial real estate: project leasing, acquisition and disposition, buyer and tenant representation, site selection, property management, construction supervision, development, research, marketing and consulting.

For additional information about our services, please contact:
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