

2016

Shopping Center Survey & Forecast



Austin Dallas Fort Worth
Houston San Antonio



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Herbert D. Weitzman
Chairman/Executive

Looking back on 2015 and forward to 2016, we see a retail market in balance in our key metro markets. On the following pages, you will read about the positive trends that are benefitting our shopping centers.

We look forward to a successful 2016 working with you, our clients and friends.

Sincerely,

A handwritten signature in black ink, appearing to read "H. Weitzman".

Herbert D. Weitzman

We're bringing the town square back to the neighborhood.®

Austin

Dallas

Fort Worth

Houston

San Antonio

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A Tradition of Real Estate Excellence

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AUSTIN

Austin Retail Market Sees Demand Outpacing Supply as Construction Remains Low

AUSTIN – Austin's retail market as of year-end 2015 is maintaining its low vacancy rate of only 4 percent, largely because demand for quality space continues to outpace supply.

The 96 percent occupancy rate is one of the highest recorded for the market, which has traditionally maintained healthy occupancy rates in the low-to-mid-90-percent range.

These findings are based on a review of retail market conditions for the greater Austin area as of year-end 2015 by The Weitzman Group and Cencor Realty Services. The market's occupancy rate is based on an inventory of approximately 47.2 million square feet of multi-tenant retail space in centers with 25,000 square feet or more.

Occupancy remains highest in Central Austin, where density continues to increase due to active mid- and high-rise residential construction. The area also is essentially built out in terms of retail space, creating barriers to entry except through redevelopments.

The suburban markets, such as Cedar Park and Kyle, have also seen occupancy stabilize at healthy levels and are seeing the majority of the new space being built.

While Weitzman/Cencor does not review centers below 25,000 square feet, a number of centers with around 10,000 square feet or so are being built throughout the market. Most open fully leased, but some have issues in terms of mid-block locations or other access problems, which could spell trouble in the long run.



Hopdoddy Burger Bar is one of the many local dining concepts expanding in Austin. A new location in mixed-use project **The Triangle** will open in 2016, joining other local concepts like Maudie's Tex-Mex.

Retailers leasing existing space and backfilling the few remaining large-format vacancies on the market have further improved the overall healthy occupancy.

Examples included:

- **Saks Fifth Avenue Off 5th**, which will open a 50,000-square-foot store – its first in Austin – in spring 2016 at **Gateway Shopping Center**, located at 9607 Research Boulevard. The space previously was a **Star Furniture** store;
- **Goodwill** and **Fitness Connection**, which backfilled a total of approximately 82,000 square feet of vacant anchor space in the **Market at Lake Creek**, a redevelopment project at Lake Creek Parkway and U.S. Highway 183 in northwest Austin. The location will be the first in Austin for **Fitness Connection**, based in North Carolina;
- **EVO Entertainment** and **Gold's Gym**, which will occupy a total of 76,000 square feet in **The Spot**, the redevelopment of a former **Target**-anchored center in San Marcos. The **Target** had been vacant since 2009;
- **Total Wine**, with a 31,000-square-foot store at 11617 Research Boulevard in Cedar Park and a 28,600-square-foot store at 5601 Brodie Lane in Sunset Valley. The locations are the first for Maryland-based **Total Wine** in the Austin market;

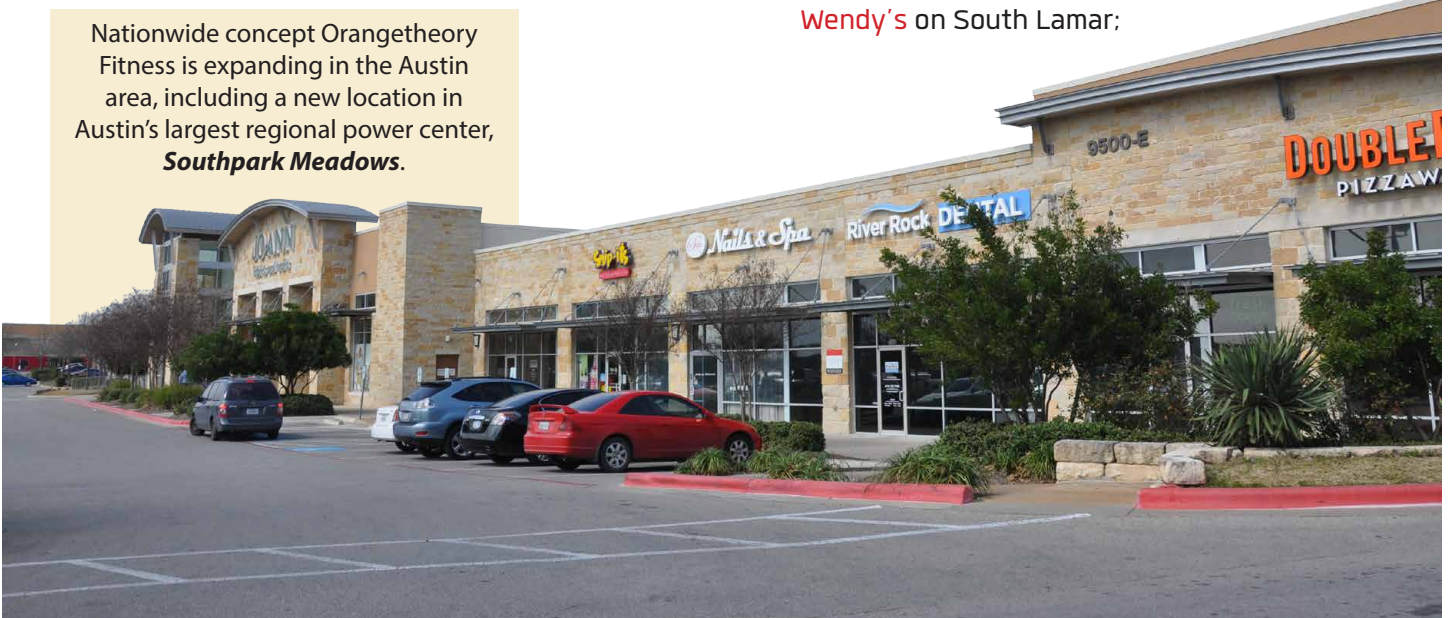
- **Mega Furniture**, a Phoenix-based concept, which entered the market with two stores in 2015: a 31,736-square-foot store at 13945 Research Boulevard near **Lakeline Mall**, and a 29,000-square-foot store at 12611 N. MoPac Boulevard (Loop 1) at Parmer. **Mega Furniture**, founded in 2002, is also entering the San Antonio market;
- **Gold's Gym**, which opened in approximately 30,000 square feet of existing space at 6th Street and Brazos in downtown Austin;
- **LA Fitness**, which opened a location (approximately 40,000 square feet) in redeveloped retail space at 4001 S. Lamar Boulevard.

Austin also experienced a good level of smaller-format retail and restaurant activity, with many concepts expanding in existing center space.

New and expanding concepts opening or committing to space during 2015 included:

- **Shake Shack**, a famed burger joint that opened in **The Domain** and in **Lamar Union**;
- **Pollo Tropical**, which will open a new location in 2016 on IH-35 in Kyle, on a pad site fronting **Lowe's** and **Walmart**;
- **True Food Kitchen**, which is set to open its first Austin location at 222 West Avenue in Seaholm;
- **In-N-Out Burger**, at the site of a former **Wendy's** on South Lamar;

Nationwide concept Orangetheory Fitness is expanding in the Austin area, including a new location in Austin's largest regional power center, **Southpark Meadows**.



- **STK Rebel**, a high-end steakhouse, which is taking 7,000 square feet at 305 East 3rd Street in downtown Austin for a location to open in 2016;
- **World of Beer**, a Florida-based tavern, which opened its first Austin location in a 3,400-square-foot space at 3121 S. Lamar Boulevard;
- **Orangetheory Fitness**, which is entering the market with three locations, including **Southpark Meadows**;
- **Mellow Mushroom**, which located in Round Rock;
- **Panera Bread**, **Five Guys** and **Masala Wok**, which located in Round Rock;
- **Jersey Mike's**, specializing in submarine sandwiches, with several new area locations.

Additionally, the retail market continues to see a high level of activity from Austin-based restaurant favorites. These include:

- **Hopdoddy Burger Bar**, with new leases in Round Rock and at **The Triangle**, a mixed-use project in Central Austin;
- **Jack Allen's Kitchen**, which leased in **San Clemente**, across from **Davenport Village**;

- **VertsKebab**, a locally based chain specializing in döner kebab, with several new locations in 2015;
- **Pinthouse Pizza**, with a location at **Brodie Oaks**;
- **P. Terry's**, with new locations including a 2016 restaurant on Research Boulevard;
- **Torchy's Tacos**, which leased in San Marcos and Lakeway and which is opening a flagship location on South Congress in 2016;
- **Tacodeli**, with locations in Westlake and on Burnet Road;
- **Via 313**, which leased in Oak Hill;
- **Blenders and Bowls**, which leased in Westlake and East Austin;
- **Chi'lantro**, **Barley Swine**, **Buffalina Pizza** and **Lick Ice Creams**, all of which located on Burnet Road.

Other retailers/restaurants that expanded with multiple locations in 2015 and/or have similar plans for 2016 include: **Sway**, **Via 313**, **Moe's Southwestern Grill**, and **Mama Fu's Kitchen**, just to name a few.

For close-in Austin, retail space availability is extremely limited, which is driving up rates for small-shop space into the mid-\$30s-per-square-foot range and higher. In addition to restaurants, space demand is coming from fitness, beauty and discount concepts, and to a lesser extent medical-space users.



Austin Burrito Company, a new concept offering all-natural ingredients, opened in late 2015 at Bee Cave's **Shops at the Galleria**, joining power and specialty retailers and local concepts like Mandola's Italian Market, Maudie's, Woody's and more.

For calendar-year 2015, the Austin market added approximately 900,000 square feet of space in new and expanded retail projects, a decline from the 1.2 million square feet added in 2014. The 2015 construction remains notably low, especially for a market with such high occupancy. However, other than grocery stores and a handful of other anchors, much of the new retail activity involved redevelopments or backfilled space.

Due to development costs and demand for new space, new-construction small-shop space can go for rates as high as \$40 per square foot per year or more. However, especially in Austin's most urban markets, the density and traffic justifies the rates to retailers.

New projects for 2015 include:

- **Oaks at Lakeway**, a 175,000-square-foot community center located at RR 620 South and Main Street in Lakeway, which opened a 100,000-square-foot **H-E-B**, as well as additional retail space;
- **Sam's Club**, a warehouse shopping club concept from **Walmart**, with a new approximately 135,000-square-foot location at 10900 Lakeline Mall Drive in Cedar Park;
- **Walmart**, with a 156,000-square-foot **Supercenter** that opened at 5754 Kyle Parkway in Kyle. The location also features small-shop space;
- **H-E-B**, with a 46,000-square-foot store on RR 12 in Wimberley;
- **Bass Pro Shops**, which opened a 120,000-square-foot location at the northeast corner of IH-35 and University Drive in Round Rock, adjacent to the **Round Rock Premium Outlets**;
- **Spare Time Texas**, a 50,000-square-foot indoor entertainment venue, which opened in late 2015 adjacent to **Walmart** at 1724 FM 685 in Pflugerville;
- **Lamar Union**, a mixed-use redevelopment project located on S. Lamar Boulevard, with 86,000 square feet of retail space and 422 apartments. The retail is anchored by **Alamo Drafthouse Cinema** and

includes **The Highball**, New York-based **Shake Shack** and others;

- **Seaholm**, the major residential, office and retail redevelopment of the art deco Seaholm power plant on Lady Bird Lake, with the retail anchored by a 11,500-square-foot **Trader Joe's** that opened during the first half of the year. **Seaholm** is designed to incorporate approximately 48,000 square feet of retail space;
- **Lamar Central**, a four-level mixed-use project at the site of the former Lamar Village Shopping Center on N. Lamar Boulevard at 38th Street. **Lamar Central** features 34,000 square feet of street-level retail space;
- **Burleson Crossing** in Bastrop, which expanded with a 55,000-square-foot **Hobby Lobby**.

Several new projects are in the works for 2016, including:

- New **H-E-B** grocery stores scheduled to open in locations including Hutto, New Braunfels and on South Congress;
- **High 5**, a 46,000-square-foot entertainment venue with bowling, an arcade, a restaurant and bar and more, which will open in January 2016 at 1502 RR 620 S in the **Oaks at Lakeway** in Lakeway;
- **Harker Heights Plaza**, a planned retail center to join anchor **Walmart Neighborhood Market** at the southwest corner of FM 2410 and Stillhouse Lake Drive in Harker Heights;
- Phase III of **Round Rock Crossing**, a regional center with **Target**, **Gander Mountain**, **Best Buy** and others. The third phase, designed to add as much as 90,000 square feet to the approximately 460,000-square-foot project, is scheduled to start in 2016;
- **Belterra Village**, a power retail project at U.S. Highway 220 at Nutty Brown Road in Dripping Springs. The project, adjacent to a proposed **H-E-B**, is designed for anchor and junior anchor space (such as **Pet Supplies Plus**, **Spec's**), as well

as a cinema, and is set for delivery in 2016;

- **Crystal Falls Town Center**, a community retail center to be anchored by a 59,000-square-foot **Randalls** grocery store. The center, at the southwest corner of Lakeline Boulevard and Crystal Falls Parkway in Leander, will total 94,000 square feet and open in the fourth quarter of 2016;
- The new specialty-retail phase of **The Domain**, called **Rock Rose**, which opens in early 2016 with space for local restaurants and retailers. Also at **The Domain** in 2016, **Nordstrom** will open a 123,000-square-foot luxury department store;
- New fitness facilities, including an **LA Fitness** to open on Slaughter Lane in South Austin and a **Gold's Gym** on FM 1431 in Cedar Park, adjacent to **Randalls**;
- **Aldrich Street**, with new retail planned for the existing space in the town center in the Mueller master-planned community. The retail in the town center, located in Central Austin off of IH-35, is designed with a focus on local concepts and will feature as much as 1.2 million square feet of mixed-use space (which includes an existing museum, apartments and offices). The first announced retail tenant is **Alamo Drafthouse Cinema**, which plans a six-screen theater.

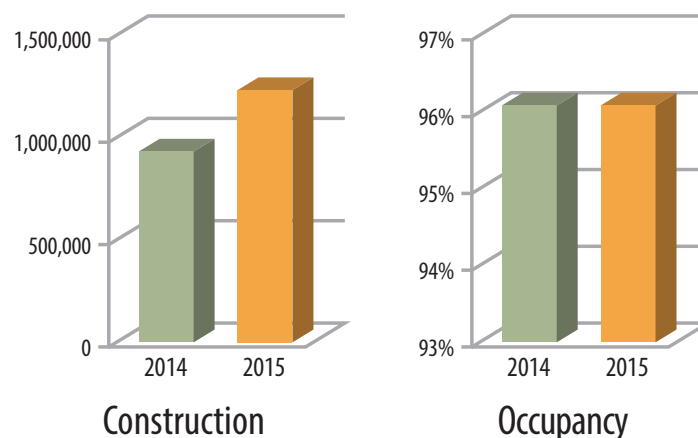
The tight market for well-located Class A retail space is resulting in average rates above \$30 per square foot for shop space in newly constructed projects. For the best-located new-construction projects and existing retail centers, rates have reached the \$40-per-square-foot level.

As Class A space fills up, the resulting demand for Class B and some C spaces has resulted in rental rate increases for select properties in those categories. However, there still remains a significant gap between Class A and other classes of rents.

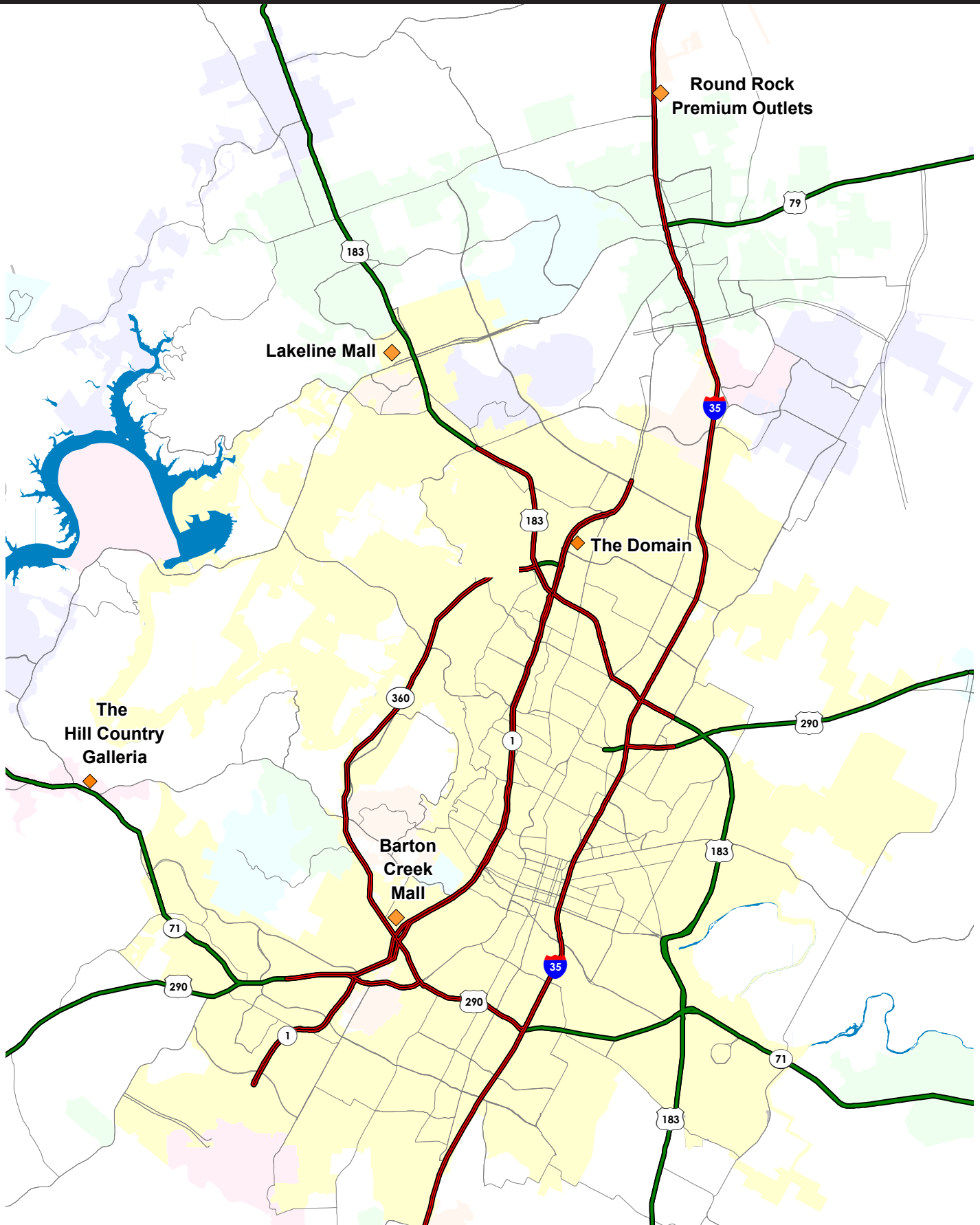
- For small-shop space in anchored Class A projects, rates range from the mid-\$30s per square foot per year to \$40 per square foot or higher;
- Averages for Class B small-tenant rates are posting from the mid-\$20s to around \$33 per square foot per year;
- Averages for Class C rates for small-tenant in-line spaces typically range from around \$20 to \$24 per square foot, though some Class C rates are in the teens.

For all classes of space, rates can go notably lower or higher than the rates listed above due to factors including anchors, traffic, demographics and location within a center.

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AUSTIN MALL MAP





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DALLAS FORT WORTH

D/FW Retail Market Reaches Highest Occupancy in 31 Years

DALLAS – Dallas/Fort Worth's retail market ended 2015 with 91.6 percent occupancy, an increase of more than 1 percent over year-end 2014's 90.5 percent occupancy rate. The 1.1 percent improvement represents a reduction in marketwide vacant space of approximately 1.8 million square feet.

This past calendar year marks only the third time in the past decade that the market breached the important 90-percent threshold. It also marks the highest overall market occupancy in 31 years years. The 91.6 percent rate is second only to 1984, when 92 percent of the market's multi-tenant space was leased.

The occupancy gain during the past year was largely due to:

- Demand from expanding concepts, including anchors, that created high new occupancy levels for the market's existing centers;
- New space development that was primarily anchor driven with extremely limited small-shop space that was built in line with demand;
- New market entrants that expanded primarily via existing space.

The D/FW occupancy rate is based on a total market inventory of 193,016,108 square feet of retail space in shopping centers with 25,000 square feet or more – the largest retail inventory for any metro area in Texas. Weitzman/Cencor surveys 1,383 centers in 42 submarkets, of which 30 submarkets are in the Dallas-area market, and 12 submarkets are in the Fort Worth-area market.

For year-end 2015, the occupancy rate in the Dallas area was 91.2 percent, a notable improvement over year-end 2014's already healthy 90.2 percent. The rate is based on total market inventory of 134.7 million square feet in the Dallas area.

The occupancy rate in the Fort Worth area was even better: 92.4 percent, compared to 91.4 percent at year-end 2014. The rate is based on a total inventory of 58.3 million square feet.

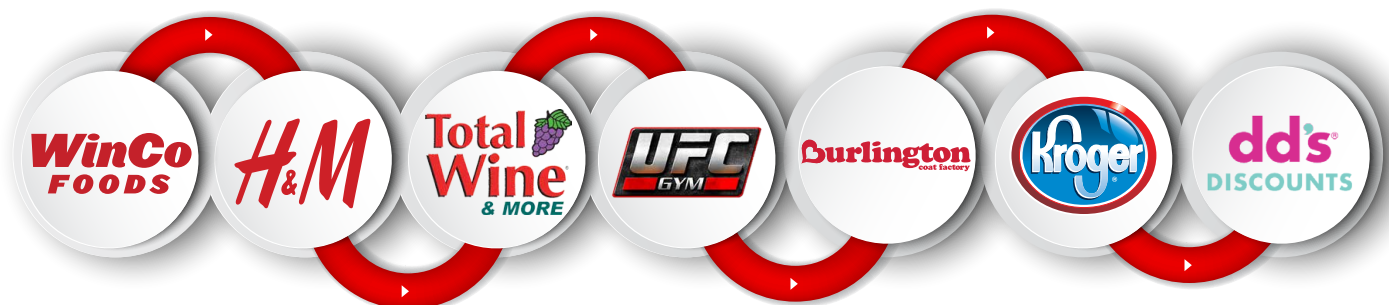


Castle Hills Marketplace, at SH-121 and Josey in Lewisville, opened its first phase in 2015 with a 123,000 -square-foot Kroger Marketplace.

For D/FW's major shopping center categories, the survey reported the following occupancy rates:

- **Community Centers** – 91.7 percent (compared to 90.6 percent at year-end 2014) for an inventory of 74.6 million square feet.
 - This category, typically anchored by a grocer, is the market's largest in terms of inventory. Community centers feature some of the strongest projects in D/FW. In addition to grocery and discounter anchors, the category features a mix of tenants designed to serve community needs.
- **Neighborhood Centers** – 86.6 percent (85.1 percent at year-end 2014) for an inventory of 40.7 million square feet.
 - This category represents smaller, typically unanchored centers of 25,000 square feet to as much as 100,000 square feet. The category continues to improve after falling to an occupancy low point of 81 percent during the recession. Since that time, vacant space in neighborhood centers has dropped from 6.9 million square feet at year-end 2009 to 5.5 million square feet today.
 - The strongest neighborhood centers in the category continue to report healthy occupancies, and 13 submarkets report neighborhood-center occupancy ranging from 90 to 100 percent.
- **Power Centers** – 95.2 percent (94.2 percent at year-end 2014) for an inventory of 40.8 million square feet
 - The occupancy in this category – which features power “category killer” retailers – reported gains as existing power retailers stabilized and concepts from gyms to discounters to grocers to medical uses backfilled box vacancies. As a result, power retail – a category that suffered fast-rising vacancy during the financial crisis as many power tenants failed – is today one of the healthiest categories in Dallas/Fort Worth.
- **Mixed-use** – 95.4 percent (92.4 percent at year-end 2014) for an inventory of 5.2 million square feet of retail space in projects with other commercial and residential space.
 - This category, with retail at its core, typically also features residential and office space, as well as other uses such as hotel or entertainment.
 - This category saw occupancy jump thanks in part to the active restaurant market and the lease-up of projects that opened just as the 2007-2009 recession hit.
 - During 2015 and moving into 2016, mixed-use is the most active non-community category, with major mixed-use projects under way or opening in markets like Plano and Frisco.
- **Malls** – 93.1 percent (92.7 percent at year-end 2014) for an inventory of 23.4 million square feet.
 - This category, which includes regional and super-regional malls, saw its stable occupancy improve further thanks to junior anchors like H&M, which opened in Denton's **Golden Triangle Mall**, Cedar Hill's **Hillside Village mall**

Key concepts backfill vacancies in 2015



and Fort Worth's **Ridgmar Mall**, and expanding mall tenants like **Francesca's**, **Torrid** and other apparel retailers.

- o D/FW reports two of the 18 submarkets with malls reporting 100-percent mall occupancy; an additional 11 submarkets report occupancies well above 90 percent. Only four submarkets – Allen, Irving, Plano and Southwest Dallas – report notable vacancy, largely due to either vacant department stores or higher-than-typical small-shop vacancy.

The improvement seen in the retail market during 2015 is due to steady demand for lease space in D/FW's existing shopping centers, as evidenced by the strong absorption posted during the year. The market posted its highest absorption total since 2000, when the market absorbed 8.3 million square feet. However, that total largely represented leasing in new construction, which totaled 8.8 million square feet. It's important to note that the 2000 absorption total was 500,000 square feet less than the new-space total, which means new construction added half a million square feet of vacancy to the market.

This past year, absorption easily surpassed the 2015 construction total.

The leasing activity in 2015 helped the retail market post total absorption – defined as the **net** increase or decrease in occupied space – of 4,531,480 square feet: a total of 3,151,898 square feet were absorbed in the Dallas area, and 1,379,582 square feet were absorbed in the smaller Fort Worth area.

During 2015, leasing in existing centers boosted absorption by removing large vacant retail spaces from the market.

Key backfilled locations in existing centers during the year included:

- **H&M**, the famed fast-fashion retailer, which leased several new locations in existing space, including in the former **Barnes & Noble** in downtown Fort Worth, at **Hillside Village** in Cedar Hill and in **Golden Triangle Mall** in Denton;
- **WinCo Foods**, with approximately 85,000-square-foot stores at:
 - o The site for a former **Sports Authority** in Arlington's **Bardin Place Shopping Center**;
 - o The site of a closed **Target** at Centerville and LBJ and Garland;
 - o The site of a closed **Kroger** in **Orchard Village** in Lewisville.
- **Total Wine & More**, which leased 24,000 square feet in a junior anchor vacancy at **Denton Crossing**, located on Loop 288 in Denton. **Kroger** also expanded its store in **Denton Crossing** by 18,300 square feet by backfilling a site formerly filled by **World Market**;

H&M helped improve mall occupancy with new stores in existing space. Denton's **Golden Triangle Mall** location is pictured.



- **Burlington Coat Factory**, which leased approximately 50,000 square feet in a long-vacant **Mervyns** in a center adjacent to Fort Worth's **Ridgmar Mall**;
- **UFC Gym**, which backfilled a 12,962-square-foot space in **Dal-Rich Towne Square**, at 101 S. Coit Road in Richardson.
- The complete redevelopment of the vacant, 125,000-square-foot **Saks** store at **The Shops at Willow Bend**, an upscale mall in Plano. The project, starting in 2016, is razing the **Saks** store for open-air entertainment, restaurant and retail district. The mall's owner is also in the works to add an office tower and a hotel at the site, located at the Dallas North Tollway and Park Boulevard.

During 2015, the market reported new construction of 2,719,584 square feet of retail in new and expanded projects.

The 2015 annual construction, while representing an increase over the previous year's total of 2,056,926 square feet, is very conservative for a market that ranks as one of the healthiest in the country. Other than a select handful of retailers, few national concepts opened new-construction anchor stores during the year as national retailers focused on the seamless merger of their existing brick-and-mortar locations with their digital capabilities to create strong omnichannel success.

The majority of new space for 2015 was developed for retail anchors, with one store alone accounting for 20 percent of the new space added to the market during the year.

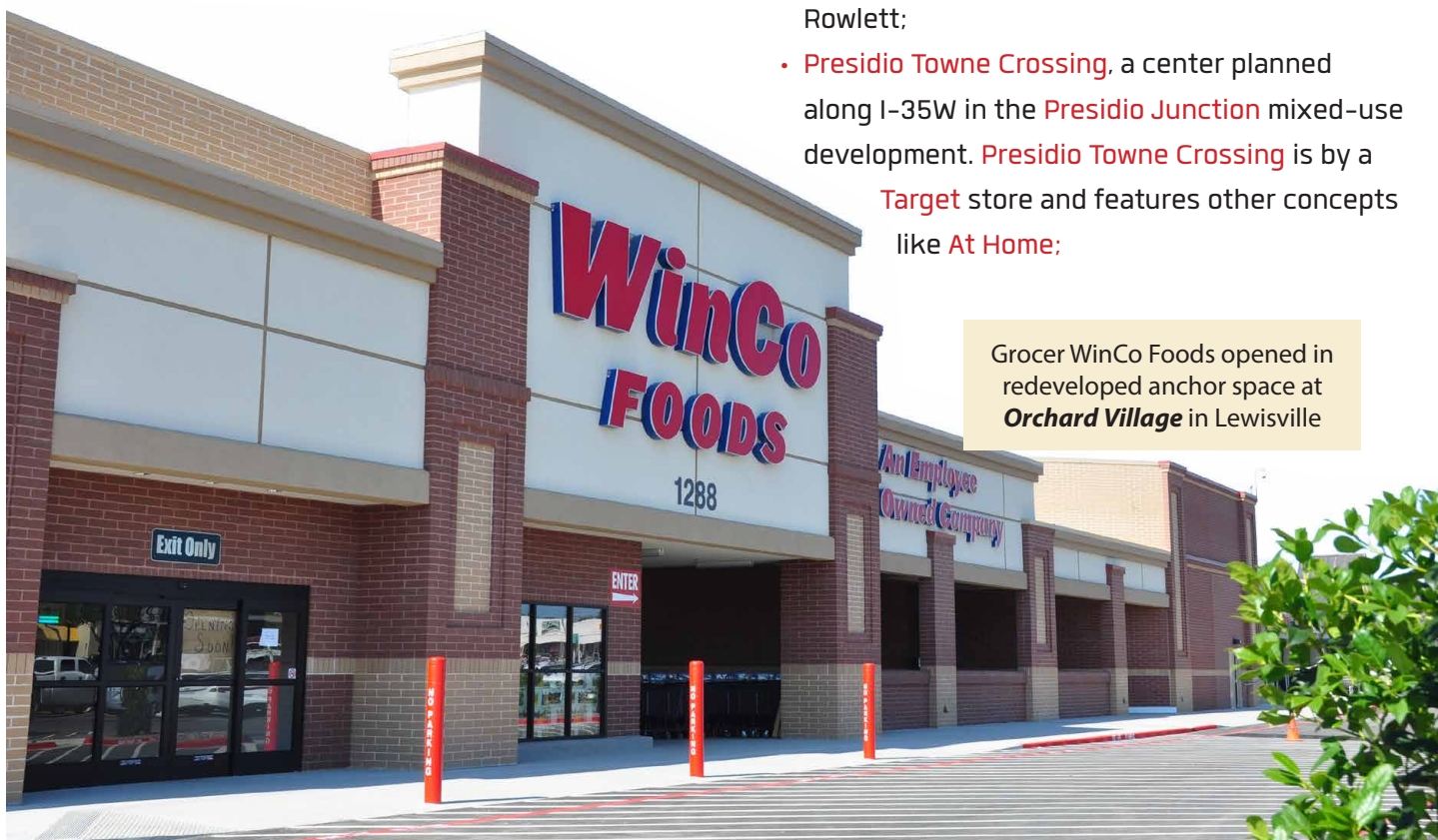
The construction, basically a blip on a market with 193 million square feet, represents only the second time since 2009 for new space to surpass the 2-million-square-foot level.

Retail space in new and expanded projects opening in 2015 included:

- **Nebraska Furniture Mart**, a 433-acre development with more than 560,000 square feet of retail space at SH-121 and FM 423 in The Colony. The project is sparking peripheral development such as a new 52,000-square-foot **Rooms To Go**;
- **West Plano Village**, a mixed-use project that opened in late 2015 with 90,000 square feet of retail space and 60,000 square feet of second-floor office space above the retail buildings. In addition, leading developer AMLI Residential opened 264 apartments in a four-story configuration in 2014. The first phase of **West Plano Village**, located at Dallas North Tollway and Parker Road, opened in September 2013 and brought online the retail component's anchor, an **eatZi's Market and Bakery**. Well-known national and local concepts in the project's retail space include **Kona Grill**, **Princi Italia**, **Mi Dia From Scratch**, **Pakpao**, an **AT&T** flagship store and others;
- **Glade Parks**, one of the largest non-grocery-anchored projects to come online in 2015, which opened its first phase with a mix of power retailers including **Dick's Sporting Goods**, **Michaels**, **HomeGoods**, **Tuesday Morning**, **Dave & Buster's**, **Ulta** and **Boot Barn** at SH-121 and Glade in Euless;
- **Preston Hollow Village**, the retail in a mixed-use project at US-75 and Walnut Hill Lane, with the retail featuring **Trader Joe's** and a number of restaurants;
- **Park Lane**, a mixed-use project at US-75 and Park Lane, across from **NorthPark Center** mall, which expanded by 37,000 square feet for a number of soft-goods concepts;

	Properties	2014 GLA	2014 Vacancy	2014 % Vacancy	2015 GLA	2015 Vacancy	2015 % Vacancy
Neighborhood	695	39,997,037	5,673,764	14.19%	40,656,816	5,456,680	13.42%
Mixed-Use	25	3,865,873	294,714	7.62%	5,165,286	238,392	4.62%
Malls	18	23,410,574	1,703,279	7.28%	23,410,574	1,603,063	6.85%
Community	461	73,832,376	6,969,752	9.44%	74,554,990	6,222,984	8.35%
Power	135	40,811,812	2,358,228	5.78%	40,840,133	1,958,000	4.79%

- **Castle Hills Marketplace**, a regional-draw shopping center that opened its first phase with a 123,000-square-foot **Kroger Marketplace**. The center, located at the southwest corner of SH-121 and N. Josey Lane in Lewisville, is in proximity to the massive **Nebraska Furniture Mart** complex;
- **North Tarrant Marketplace**, a community center that features a 123,000-square-foot **Kroger Marketplace** and approximately 16,000 square feet of small shop space at N. Tarrant Parkway and Precinct Line Road in North Richland Hills;
- **Lantana Town Center**, a retail center on FM 407 at Jeter Road in Bartonville (Denton County) that is anchored by a 120,000-square-foot **Kroger Marketplace**. The center also features small-shop space and pad sites for concepts including **Starbucks**, **Marble Slab** and others;
- **Burleson Commons**, a retail center anchored by **Premiere Cinemas** in Burleson (Fort Worth area), which added a 114,800-square-foot **Kroger Marketplace** that opened in late December 2015;
- The expansion of **Lewisville Towne Crossing**, which added space for a **Studio Movie Grill** and multi-tenant retail space. The project, first opened in 2009 and anchored by **SuperTarget**, is located at SH-121 and Josey Lane;
- **Whole Foods Market**, with a new store in Uptown Dallas, where it serves as the retail anchor for a residential tower at McKinney Avenue and Routh Street. For 2016, **Whole Foods** is scheduled to open in the Las Colinas area of Irving and at 3400 Bryant Irvin Road in Fort Worth. The Bryant Irvin Road location will be the grocer's first within the Fort Worth city limits;
- A 34,000-square-foot **REI** store, the anchor of a 55,000-square-foot project on East Northwest Highway, adjacent to **Half Price Books** Dallas flagship store;
- **Walmart**, with new 2015 stores that included a **Supercenter** at Coit Road and Arapaho in Dallas and smaller (approximately 45,000 square feet) **Neighborhood Market** stores in suburban markets such as DeSoto, Lancaster, Wylie, Burleson and Rowlett;
- **Presidio Towne Crossing**, a center planned along I-35W in the **Presidio Junction** mixed-use development. **Presidio Towne Crossing** is by a **Target** store and features other concepts like **At Home**;



- **The Village at Camp Bowie**, a retail center at Camp Bowie Boulevard and Bernie Anderson Avenue in Fort Worth anchored by a new **Sprouts** grocery;
- **WestBend**, a mixed-use project on University Drive in Fort Worth anchored by a 21,000-square-foot **Fresh Market**;
- **Lakeside DFW**, a mixed-use project at the northwest corner of FM 2499 and Lakeside Parkway in Flower Mound, with the retail anchored by a 45,000-square-foot **Moviehouse & Eatery** cinema;
- **Southlake Town Square** in Southlake, which added a new **Trader Joe's** specialty grocery;
- **H-E-B** in Burleson, which expanded to a total of 115,000 square feet, thereby creating the first **H-E-B Plus!** location in the greater Dallas/Fort Worth area.

Several major projects are in the works for completion in 2016 or later. These include:

- **CityLine Market**, a mixed-use project at the northeast corner of Renner Road and Plano Road in Richardson that will feature a **Whole Foods Market**-anchored center. The community center is set for completion in 2016;
- **Waterside**, located at Bryant Irvin Road at the Trinity River in Fort Worth, which will come online with Fort Worth proper's first **Whole Foods** location;

- **Walmart** and **Sam's Club** at US-380 and Preston Road in Prosper. **Sam's Club** also will open as the anchor for **East Village**, a retail center under way in the CityPlace area near downtown Dallas at US-75 and Haskell;
- A **Walmart Neighborhood Market** planned as the anchor for **Teasley Town Square**, a project at Teasley Lane and Ryan Road in Denton;
- The expansion of Fort Worth's **Presidio Towne Crossing**, which will add **WinCo** and other concepts;
- The expansion of **Euless' Glade Parks**, which will add retail including a 95,000-square-foot **Belk** department store, **Cinepolis** luxury cinema and several other junior anchors.
- The retail component of **Wade Park**, a \$1.6 billion mixed-use project under construction at the Dallas North Tollway at Lebanon Road in Frisco. The retail will include **Whole Foods Market**, **iPic Theaters** and a number of shops and restaurants, including **Torchy's Tacos** and the second location for popular Uptown Dallas venue **The Rustic**. The first phase is slated to open in 2017;

The D/FW retail market activity, especially retail leasing demand and store growth, is boosted by the area's economy, which ranks as one of the

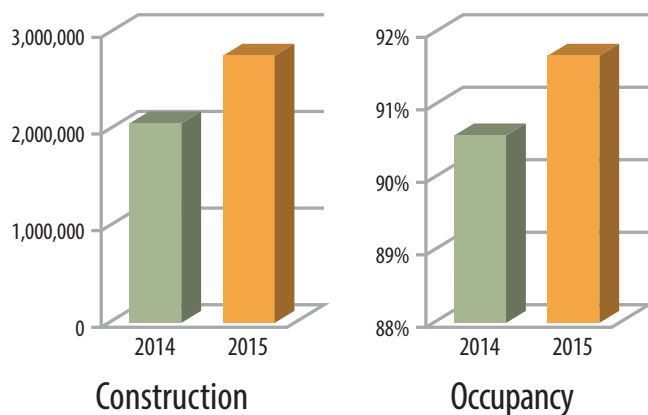
Mixed-use is one of D/FW's hottest construction categories. **West Plano Village**, at the Dallas North Tollway and Parker, completed its final phase of retail, office and multi-family in 2015.



strongest metro economies in the country. In terms of population, the D/FW metro area ranks as one of the fastest-growing in the country, adding more than 100,000 people annually.

With powerful growth expected to continue in the key areas of population, jobs and residential growth, the outlook for the D/FW retail market in 2016 is a year of steady gains to build on 2015's outstanding performance.

DALLAS/ FORT WORTH



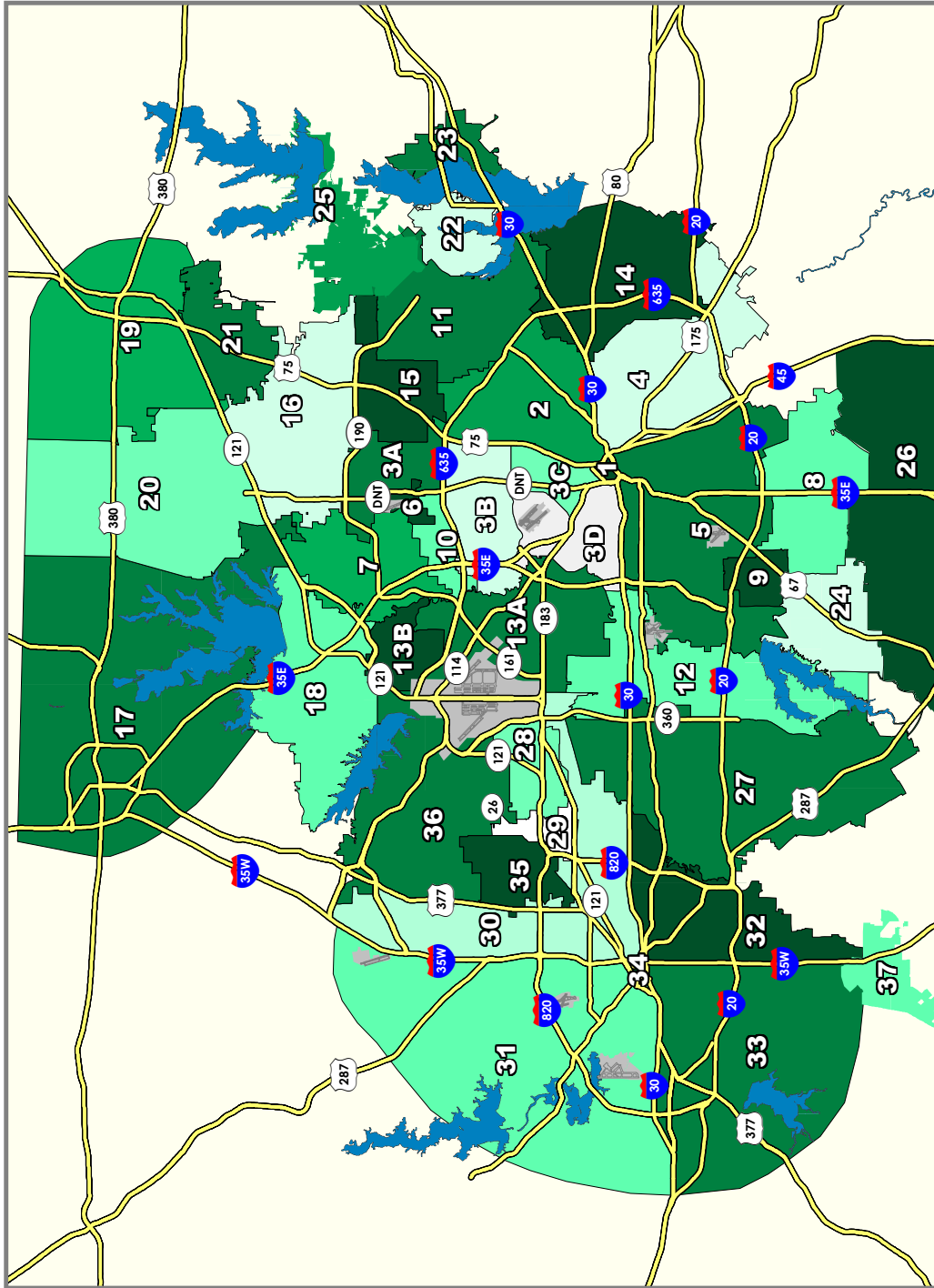
D/FW RENTAL RATES

Sector	Name	Class A	Class B	Class C
1	Dallas CBD	\$38	\$22	\$12
2	Northeast Dallas	\$32	\$20	\$10
3A	Far North Dallas	\$28	\$16	\$12
3B	North Dallas	\$35	\$18	\$13
3C	Park Cities/Oak Lawn	\$45	\$28	\$17
3D	West Dallas	\$28	\$15	\$10
4	Southeast Dallas	\$15	\$10	\$7
5	Southwest Dallas	\$16	\$10	\$7
6	Addison	\$30	\$18	\$11
7	Carrollton	\$22	\$13	\$8
8	DeSoto/Lancaster	\$16	\$9	\$5
9	Duncanville	\$14	\$10	\$5
10	Farmers Branch	\$18	\$14	\$6
11	Garland	\$27	\$16	\$10
12	Grand Prairie	\$24	\$13	\$10
13A	Irving	\$24	\$14	\$8
13B	Coppell	\$25	\$17	\$12
14	Mesquite/Balch Springs	\$22	\$15	\$8
15	Richardson	\$28	\$20	\$10
16	Plano	\$36	\$25	\$12
17	Denton	\$29	\$21	\$11
18	Lewisville/Flower Mound	\$30	\$22	\$12
19	McKinney	\$26	\$20	\$15
20	Frisco	\$35	\$21	\$15
21	Allen	\$26	\$18	\$10
22	Rowlett	\$22	\$14	\$9
23	Rockwall	\$26	\$18	\$11
24	Cedar Hill	\$22	\$16	\$11
25	Murphy/Wylie Sachse	\$25	\$16	\$10
26	Northern Ellis County	\$21	\$16	\$10
	Dallas Average	\$26	\$17	\$10
27	Arlington	\$26	\$18	\$8
28	Bedford/Euless	\$24	\$13	\$9
29	Hurst	\$24	\$14	\$9
30	Northeast Fort Worth	\$27	\$15	\$8
31	Northwest Fort Worth	\$24	\$13	\$8
32	Southeast Fort Worth	\$18	\$14	\$7
33	Southwest Fort Worth	\$30	\$18	\$12
34	Fort Worth CBD	\$27	\$17	\$13
35	North Richland Hills	\$24	\$14	\$6
36	Northeast Tarrant County	\$32	\$20	\$14
37	Burleson	\$25	\$18	\$12
38	Weatherford	\$22	\$12	\$6
	Fort Worth Average	\$25	\$16	\$9
	D/FW Average	\$26	\$16	\$10

DALLAS/FORT WORTH SUBMARKET SUMMARY

Sector	Name	YE 2014 GLA	YE 2014 Vacancy	YE 2014 % Vacancy	YE 2015 GLA	YE 2015 Vacancy	YE 2015 % Vacancy
1	Dallas CBD	471,546	141,590	30.03%	471,546	146,822	31.14%
2	Northeast Dallas	9,495,443	1,113,264	11.72%	9,565,920	1,002,933	10.48%
3A	Far North Dallas	8,409,993	696,137	8.28%	8,622,668	620,951	7.20%
3B	North Dallas	5,479,628	198,407	3.62%	5,709,745	165,376	2.90%
3C	Park Cities/Oak Lawn	3,202,126	88,818	2.77%	3,240,126	126,113	3.89%
3D	West Dallas	575,833	135,901	23.60%	575,833	122,350	21.25%
4	Southeast Dallas	1,976,418	214,504	10.85%	1,976,418	213,800	10.82%
5	Southwest Dallas	7,970,594	1,049,613	13.17%	7,997,071	1,131,556	14.15%
6	Addison	1,542,927	337,307	21.86%	1,542,927	206,885	13.41%
7	Carrollton	3,204,344	487,472	15.21%	3,204,344	427,316	13.34%
8	DeSoto/Lancaster	1,994,749	210,142	10.53%	2,084,226	221,435	10.62%
9	Duncanville	1,444,174	267,201	18.50%	1,444,174	245,910	17.03%
10	Farmers Branch	1,087,528	84,900	7.81%	1,087,528	101,545	9.34%
11	Garland	7,114,523	825,789	11.61%	7,114,523	763,103	10.73%
12	Grand Prairie	3,486,058	294,946	8.46%	3,486,058	153,958	4.42%
13A	Irving	8,245,366	1,052,796	12.77%	8,245,366	999,683	12.12%
13B	Coppell	980,836	167,338	17.06%	980,836	167,760	17.10%
14	Mesquite/Balch Springs	5,518,780	531,656	9.63%	5,518,780	517,756	9.38%
15	Richardson	3,991,540	650,196	16.29%	3,991,540	477,057	11.95%
16	Plano	15,265,493	1,727,817	11.32%	15,335,483	1,548,155	10.10%
17	Denton	5,903,114	395,499	6.70%	6,645,200	358,534	5.40%
18	Lewisville/Flower Mound	9,774,757	887,173	9.08%	10,014,317	867,361	8.66%
19	McKinney	3,561,927	202,485	5.68%	3,641,814	194,494	5.34%
20	Frisco	6,996,142	273,980	3.92%	6,996,142	215,136	3.08%
21	Allen	4,961,771	501,922	10.12%	4,961,761	327,793	6.61%
22	Rowlett	1,258,154	75,624	6.01%	1,303,154	76,524	5.87%
23	Rockwall	2,168,606	129,955	5.99%	2,168,606	114,978	5.30%
24	Cedar Hill	2,653,170	175,797	6.63%	2,653,170	167,808	6.32%
25	Murphy/Wylie/Sachse	2,251,972	50,015	2.22%	2,296,972	44,515	1.94%
26	Northern Ellis County	1,818,496	88,000	4.84%	1,818,496	65,475	3.60%
	Dallas	132,806,008	13,056,244	9.83%	134,694,744	11,793,082	8.76%
27	Arlington	14,458,563	978,048	6.76%	14,485,563	947,853	6.54%
28	Bedford/Euless	2,801,831	323,181	11.53%	3,032,622	250,259	8.25%
29	Hurst	3,521,398	305,655	8.68%	3,521,398	350,834	9.96%
30	Northeast Fort Worth	3,733,579	359,007	9.62%	3,733,579	357,466	9.57%
31	Northwest Fort Worth	6,176,624	486,008	7.87%	6,351,468	357,180	5.62%
32	Southeast Fort Worth	1,428,948	154,510	10.81%	1,428,948	171,310	11.99%
33	Southwest Fort Worth	9,628,184	1,189,897	12.36%	9,694,859	883,840	9.12%
34	Fort Worth CBD	393,300	80,856	20.56%	393,300	54,824	13.94%
35	North Richland Hills	3,027,388	579,715	19.15%	3,176,388	568,968	17.91%
36	Northeast Tarrant Co	9,420,992	383,204	4.07%	9,434,301	368,734	3.91%
37	Burleson	1,882,624	36,282	1.93%	2,069,416	44,874	2.17%
38	Weatherford	999,522	79,430	7.95%	999,522	68,480	6.85%
	Fort Worth	57,472,953	4,955,793	8.62%	58,321,364	4,424,622	7.59%
	Grand Total	190,278,961	18,012,037	9.47%	193,016,108	16,217,704	8.40%

DALLAS/FORT WORTH SUBMARKET MAP



Shopping Center Sectors

- 1 - Dallas CBD
- 2 - Northeast Dallas
- 3A - Far North Dallas
- 3B - North Dallas
- 3C - Park Cities / Oak Lawn
- 3D - West Dallas
- 4 - Southeast Dallas
- 5 - Southwest Dallas
- 6 - Addison
- 7 - Carrollton
- 8 - DeSoto / Lancaster
- 9 - Duncanville
- 10 - Farmers Branch
- 11 - Garland
- 12 - Grand Prairie
- 13A - Irving
- 13B - Coppell
- 14 - Mesquite / Balch Springs
- 15 - Richardson
- 16 - Plano
- 17 - Denton
- 18 - Lewisville / Flower Mound
- 19 - McKinney
- 20 - Frisco
- 21 - Allen
- 22 - Rowlett
- 23 - Rockwall
- 24 - Cedar Hill
- 25 - Murphy / Wylie / Sachse
- 26 - Northern Ellis County
- 27 - Arlington
- 28 - Bedford / Euless
- 29 - Hurst
- 30 - Northeast Fort Worth
- 31 - Northwest Fort Worth
- 32 - Southeast Fort Worth
- 33 - Southwest Fort Worth
- 34 - Fort Worth CBD
- 35 - North Richland Hills
- 36 - Northeast Tarrant County
- 37 - Burleson
- 38 - Weatherford*

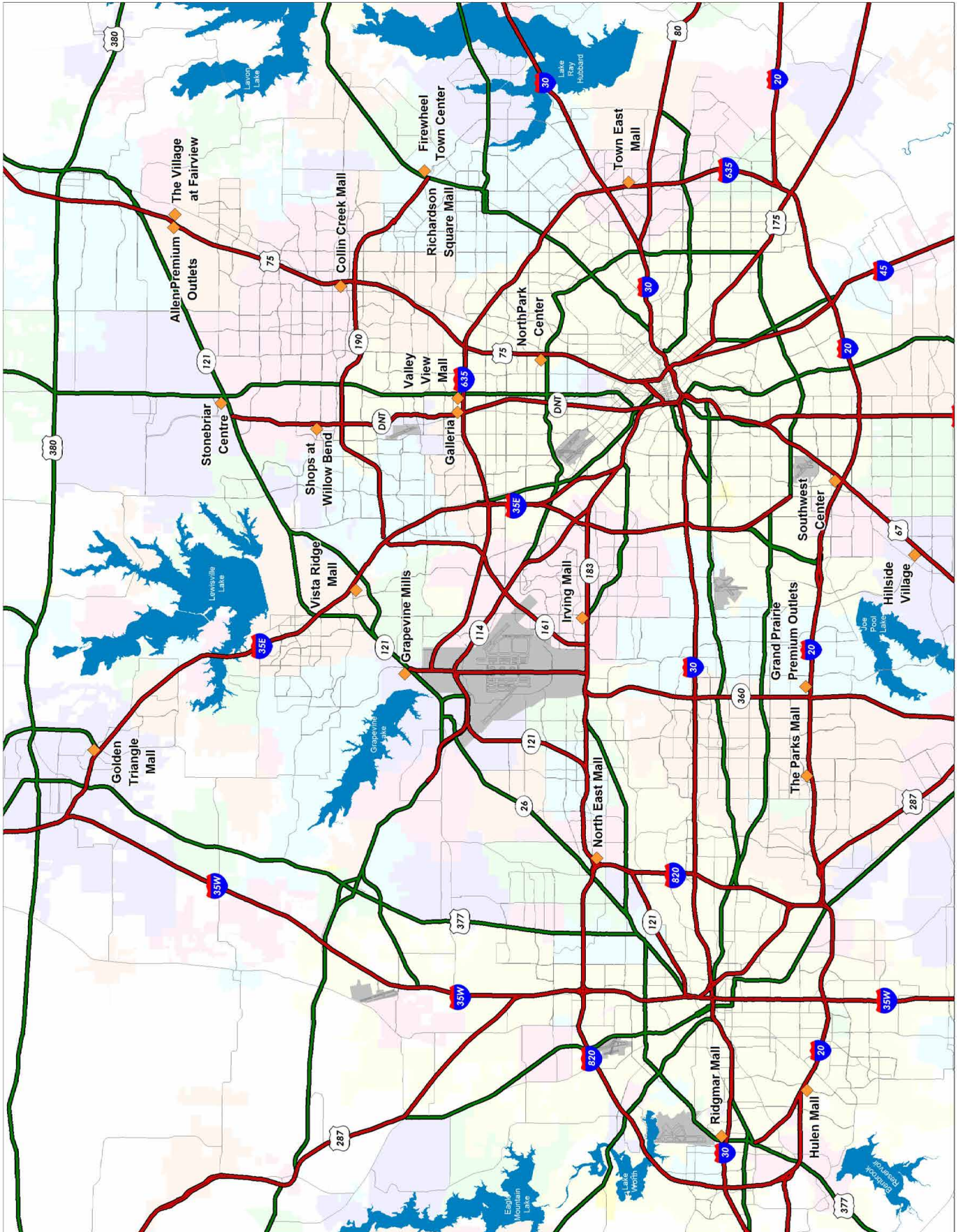
*not shown on map

DALLAS/FORT WORTH ABSORPTION & CONSTRUCTION

Sector	Name	2015 Absorption	2015 Construction*
1	Dallas CBD	-5,232	
2	Northeast Dallas	180,808	71,000
3A	Far North Dallas	287,861	192,000
3B	North Dallas	263,148	230,117
3C	Park Cities/Oak Lawn	705	38,000
3D	West Dallas	13,551	
4	Southeast Dallas	704	
5	Southwest Dallas	-55,466	27,000
6	Addison	130,422	
7	Carrollton	60,156	
8	DeSoto/Lancaster	78,184	90,000
9	Duncanville	21,291	
10	Farmers Branch	-16,645	
11	Garland	62,686	
12	Grand Prairie	140,988	
13A	Irving	53,113	
13B	Coppell	-422	
14	Mesquite/Balch Springs	13,900	
15	Richardson	173,139	
16	Plano	249,652	70,000
17	Denton	779,051	742,086
18	Lewisville/Flower Mound	259,372	239,560
19	McKinney	87,878	79,887
20	Frisco	58,844	
21	Allen	174,119	
22	Rowlett	44,100	45,000
23	Rockwall	14,977	
24	Cedar Hill	7,989	
25	Murphy/Wylie/Sachse	50,500	45,000
26	Northern Ellis County	22,525	
	Dallas	3,151,898	1,869,650
27	Arlington	57,195	27,000
28	Bedford/Euless	303,713	230,791
29	Hurst	-45,179	
30	Northeast Fort Worth	1,541	
31	Northwest Fort Worth	303,672	174,844
32	Southeast Fort Worth	-16,800	
33	Southwest Fort Worth	372,732	66,675
34	Fort Worth CBD	26,032	
35	North Richland Hills	159,747	150,000
36	Northeast Tarrant Co	27,779	13,832
37	Burleson	178,200	186,792
38	Weatherford	10,950	
	Fort Worth	1,379,582	849,934
	Grand Total	4,531,480	2,719,584

* New construction of 25,000 square feet or more; some construction represents expansion space

DALLAS/FORT WORTH MAJOR MALL MAP





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HOUSTON

Houston Retail Market Continues to Perform in Face of Energy Industry Weakness

HOUSTON - Houston's retail market as of year-end 2015 maintained its healthy occupancy rate of just under 96 percent, largely due to a stable metro area economy, construction largely limited to space built for anchor stores and strong leasing in existing retail centers that continues to absorb market vacancies.

The retail market is benefitting from the continued strength of the Houston economy, which despite the loss of numerous energy-sector jobs, still reports an unemployment rate of only 4.9 percent as of November 2015, according to the Texas Workforce Commission. The rate is not much changed from 4.5 percent in January 2015, thanks to a metro area economy that has greatly diversified over the past three decades.

Due to the diverse job market, the oil price downturn that began in mid-2014 has had few negative effects on the retail market; however, the office market has been adversely affected due to its heavy concentration of energy firms, particularly in the Downtown and Energy Corridor submarkets.

The Weitzman Group and Cencor Realty Services review a Houston-area retail market inventory of approximately 152 million square feet in multi-tenant retail centers with 25,000 square feet or more.

For calendar year 2015, the Houston-area retail market added retail space in new and expanded projects totaling approximately 2,656,000 square feet. That represents an increase of nearly 1 million square feet over the 1.7 million square feet of new space that came online in 2014.

Even with the increase, the total remains relatively low for a huge retail market with high occupancy and notable retail demand.

New projects in 2015 were dominated by grocery-anchored retail centers. These included:

- **The Junction at Deer Park**, which opened its first phase – an 83,000-square-foot **H-E-B** grocery -

Key concepts backfill vacancies in 2015



at the northeast quadrant of Spencer Highway and East Boulevard in Deer Park. Future phases will add more than 400,000 square feet;

- **H-E-B Spring Creek Market**, a 96,000-square-foot grocery store located at 3540 Rayford Road in Spring, just south of The Woodlands;
- **H-E-B**, which opened a 91,000-square-foot store at San Felipe and Fountainview in the affluent Tanglewood community. In addition to the grocer, the center is designed with 30,000 feet of small-shop space as well as pad space;
- **Cypress Creek Plaza**, a retail center at the northeast corner of Fry Road and Tuckerton in Cypress, where anchor **H-E-B** opened a 100,000-square-foot store in September 2015. An additional 51,000 square feet is under way for a mid-2016 opening;
- **Joe V's Smart Shop**, a discount grocery concept from **H-E-B**, with a new-construction store totaling 57,000 square feet at Beltway 8 and Fuqua in Houston;
- **Yale Street Market**, an approximately 150,000-square-foot grocery-anchored center located at Yale Street and I-10, inside the Loop. The center is anchored by a 27,529-square-foot **Sprouts Farmers Market**, which opened in March. Other concepts include **LA Fitness**, **World Market** and others;
- **The Shops at Katy Reserve**, which opened its fully leased first phase of nearly 160,000 square feet at FM 1463 and Spring Creek Boulevard in Katy. The center is anchored by an approximately

123,000-square-foot **Kroger Marketplace**. Phase II delivery is set for mid-2016;

- **Whole Foods**, which opened a 46,532-square-foot store at 1407 South Voss Road for the relocation of its Woodway store;
- The 175,000-square-foot retail component of the mixed-use **Hughes Landing** development in The Woodlands. Anchor **Whole Foods** opened a 40,000-square-foot store in March, and other concepts in the retail space include **Truluck's**, **Del Frisco's Grille**, **California Pizza Kitchen**, **Local Pour**, **Starbucks**, **Pier 1 Imports**, **KB Kasuals** and others;
- A center at FM 518 and Cullen in Pearland anchored by a 28,000-square-foot **Sprouts Farmers Market**;
- **Trader Joe's**, which opened a 12,500-square-foot store in early 2015 in **LaCenterra at Cinco Ranch** in Katy;
- **Fry-529 Retail Center**, located at the southeast corner of North Fry Road and FM 529 in Cypress. The first phase of the center, with 115,000 square feet, features a 60,000-square-foot **Fiesta Mart** that opened in January;
- **Walmart**, which opened a 41,000-square-foot **Neighborhood Market** at 24919 Westheimer Parkway in Katy;
- **Walmart Neighborhood Market**, with a new 40,000-square-foot store that opened at 12631 Broadway Street in Pearland;

The H-E-B anchor in **The Junction at Deer Park** opened during the second half of 2015



- **Walmart Neighborhood Market**, with a new 41,000-square-foot store for the northeast corner of Barker Cypress Road and Longenbaugh Drive;
- **Chambers Town Center**, located at I-10 and Highway 146 in Baytown. The center, anchored by a **Walmart** that opened in 2014, has a new phase with tenants including **Showbiz Cinemas**, **Whataburger**, **Chick-fil-A** and others.

Non-grocery-anchored retail for 2015 included:

- The 285,000-square-foot open-air, lifestyle expansion of **Baybrook Mall**, which celebrated its grand opening in November; an additional 270,000 square feet of power retail will open as part of the mall's expansion in late 2016, according to the mall. The 2015 openings include a 42,000-square-foot **Star Cinema Grill** flagship, a 40,000-square-foot **Dave & Buster's**, more than 30 retailers and 10 new restaurants, including **Maggiano's**, **Perry's Steakhouse & Grille**, **Yard House** and **Kona Grill**. When the second phase is completed in 2016, the expansion brings the mall to a total of 1.7 million square feet;
- **The River Oaks District**, a high-end mixed-use project that held its grand opening this fall, unveiling a collection of luxury retailers and high-end restaurants, many new to the Houston market. The project, at 4444 Westheimer Road, is designed for approximately 250,000 square feet of retail space, along with other uses. Concepts include a 33,000-square-foot **Equinox** gym, the first in the

Houston area, as well as **iPic luxury cinema**, **Cartier**, **Dior**, **Hermès** and several other luxury purveyors. For the **River Oaks District**, existing buildings between two of the busiest streets in Houston were demolished to create a mega-complex with planned future phases;

- **The Market at Crenshaw**, a regional project located along Beltway 8 between Fairmont Parkway and Crenshaw Road in Pasadena. The first phase of the center incorporates approximately 169,000 square feet for a 55,000-square-foot **Burlington**, along with a number of smaller concepts. A second, 60,000-square-foot phase is in the works;
- **Nordstrom Rack**, with a 31,000-square-foot store at Baybrook Square at I-45 and West Bay Area Boulevard in Webster;
- **Costco**, with a 150,000-square-foot store in Pearland at the northwest corner of Highway 288 and CR 59;
- **Burlington**, with a 60,000-square-foot Houston store at 9751 South Post Oak Road in **Meyer Park** shopping center;
- **Academy**, with a 63,000-square-foot store in Missouri City and a 72,000-square-foot store in Cypress;
- **Gallery Furniture**, a 165,000-square-foot furniture store located in **The Market at Long Meadows Farm** on the Grand Parkway in Richmond. The store also features a restaurant and a bar, as well as other attractions;
- **The Shops at Boulder Creek**, located at Beltway 8 and Pearland Parkway, which is anchored by an

Woodshore Marketplace, a Kroger Marketplace-anchored center in Clute, is set for a 2016 opening.



approximately 42,000-square-foot **Studio Movie Grill**;

- **Costco**, with a 153,000-square-foot store at the northeast corner of Highway 242 and I-45 in The Woodlands;
- **Grand Crossing**, a center anchored by a **Costco** that opened in 2014, where small-shop space was added for tenants including **Mattress Firm**, **Sleep Number**, **T-Mobile** and others. **Grand Crossing** is located at I-10 and Grand Parkway in Katy.

The market is also seeing strong demand for space in existing centers.

Leasing highlights included:

- **H-E-B**, which demolished a long-vacant, 87,000-square-foot former **Kmart** for a new 62,000-square-foot grocery store at Highway 146 near Palmer Highway in Texas City;
- **Academy**, with a 63,000-square-foot store at 1461 Spring Cypress and I-45, which represents the redevelopment of a former **Kroger** location;
- **H&M**, which opened a 28,000-square-foot store in **Pearland Town Center** and a 20,000-square-foot store in **CityCentre**, a mixed-use development located near the intersection of I-10 and Beltway 8.

The market is also seeing an incredible level of restaurant activity, largely from small chains or regional players like **Texas de Brazil**, which opened in late 2015 in **First Colony Mall** in Sugar Land; **Mellow Mushroom**, at 28th and Shepherd in the Heights; **Cane Rosso** at 19th and Shepherd; **Fuzzy's Taco Shop** at Kuykendahl and Highway 290; and **PDQ** at I-10 and Spring Cypress.

Many of the new restaurants are concepts that are entering the Houston market. These include:

- **Roka Akor**, a high-end Japanese steak, sushi and seafood restaurant that will open in the **2929 Wesleyan** luxury residential tower in the River Oaks area in Houston in mid-2016;
- **Tacodeli**, a favorite out of Austin, which is entering the market in 2016;
- **Velvet Taco**, a small chain out of Dallas, which will open on Washington Avenue;
- **Slim Chickens**, which is under way with its first area location at Grand Parkway and I-10.

For 2016 or later, several retail projects are already in the works. These again are dominated by grocery-anchored retail, including:

- **Woodshore Marketplace**, a community retail center at the southwest corner of Oyster Creek Drive and Dixie Drive in Clute, with a 123,000-square-foot **Kroger Marketplace** anchor and an additional 16,450 square feet of shop space. The center is scheduled to open in 2016;
- **Yale Marketplace**, to be anchored by one of the country's first locations for **Whole Foods** new value-shopping concept, **365 by Whole Foods Market**; the grocery store is to open at I-610 and

Roka Akor, a high-end restaurant, will open its first Houston location in the street-level retail space in luxury residential tower **2929 Wesleyan**.



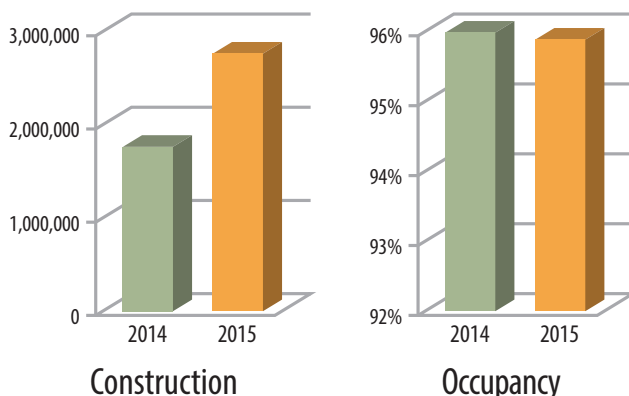
Yale near the close-in Heights area in late 2016;

- **Clear Lake Marketplace**, anchored by **H-E-B**, set to open in 2016 on Clear Lake City Boulevard at El Dorado Boulevard;
- **Main Street Kingwood**, a center at West Lake Houston Parkway at Kingwood Drive, to be anchored by **H-E-B** grocery. The center also features a number of restaurants;
- A **Walmart Supercenter**-anchored project at FM 1093 and FM 1463 in Katy. The **Walmart** is set to open in fall 2016;
- A **Walmart Neighborhood Market**, with an early 2016 opening at FM 518 West and Landing Boulevard in League City. The **Walmart**, a smaller grocery concept from the retail giant, anchors **The Shoppes at Landing**, where a second phase will open by mid-year 2016 with 16,200 square feet;
- **Trader Joe's**, which will open in **Royal Oaks**, a center anchored by **Kohl's**;
- **H-E-B**, with a store set to open in the second half of 2016 at Tamina Road and FM 1488 in Magnolia;
- **Magnolia Commons**, a mixed-use project planned for a 2017 opening at FM 1488 near FM 149. The retail will be anchored by **H-E-B**;
- **Marketplace at Ninety-Six**, a community center anchored by **Kroger Marketplace** at the intersection of League City Parkway and Hobbs Road in League City. In addition to the 123,000-square-foot **Kroger**, the center will open

in fall 2016 with an additional 25,900 square feet of space;

- **Miramesa Town Center**, a **Walmart**-anchored center at Fry and West in Northwest Houston. The center will also include a 45,000-square-foot **Star Cinema Grill**;
- A **Kroger Marketplace**-anchored community center, to total approximately 170,000 square feet, set to open in the first half of 2016 at Garth Road and Hunter Road in Baytown;
- **Star Cinema Grill**, with a 42,000-square-foot multi-screen cinema near the intersection of the Westpark Tollway and Grand Parkway in Katy;
- **Cabela's**, with a 72,000-square-foot store at I-45 and Big League Dreams Parkway. The location will be the first in the Houston area for outdoors superstore **Cabela's** and is set to open in the first half of 2016;
- **Stableside at Falcon Landing**, a center planned for a late 2016 or early 2017 opening at the northwest corner of Gaston Road and Falcon Landing Boulevard in Katy. The center will be anchored by a 102,473-square-foot **Kroger** and is designed for a cinema and shop space;
- A retail project with **Kroger** and **Sam's Club** at Grand Parkway and Boudreaux set to open in late 2016;
- **Fairfield Marketplace**, a community center with **Kroger Marketplace** and approximately 30,000 square feet of shop space in the master-planned Fairfield community in Cypress;
- **Valley Ranch Town Center**, a project designed for up to 1.8 million square feet of retail and entertainment space anchored by **Kroger Marketplace** located at U.S. 59 North at Grand Parkway in Porter (Montgomery County). The center's first phase is on track to open by early 2017;
- New **Kroger** stores set to open in 2017 at Grand Parkway and Morton, at Loop 336 and I-45 and at Grand Parkway and Holzworth.

HOUSTON



Other retail projects include power, mall and discount retail, as well as the market's first new **Target** store in years.

These projects include:

- The expansion and renovation of leading mall **The Galleria**, which is adding new retail space and a newly renovated 198,000-square-foot **Saks** store opening in 2016 adjacent to its existing store. The **Saks'** relocation creates 110,000 square feet that is being subdivided for restaurants and retail space. The expansion will include a small "jewel box" building;
- **The Shoppes at Parkwest**, a power center at the northeast corner of I-10 and Katy Ford Bend Road, near **Katy Mills Mall**. The first phase will feature **Bed Bath & Beyond**, **Buy Buy Baby** and others;
- **Grand Parkway Marketplace**, a power center designed to have 400,000 square feet, which is planned for the intersection of Spring Stuebner Road and Kuykendahl Road in The Woodlands area. The center is slated to open in late 2016 or early 2017 and will be anchored by the first new Houston-area **Target** store in years;
- Cinemas, including a **Cinemark** on Beltway 8, an **Alamo Drafthouse Cinema** in the **Imperial Market** mixed-use redevelopment in Sugar Land and a **Flix Brewhouse** at **The Crossing at Telfair**. The cinemas have opening dates of 2016 and 2017;
- A 150,000-square-foot **Costco**, set to open in the first half of 2016 at Townsen Boulevard and I-69/Highway 59 in Humble. The store is the warehouse-club retailer's eighth in the Houston area;
- **Mid-Main**, a mixed-use project in Midtown Houston, which will open in 2016 with approximately 29,000 square feet of retail, in addition to multi-family space;
- **CityPlace**, a north Houston mixed-use project on I-45 at Grand Parkway near the new ExxonMobil corporate campus. **CityPlace** is designed to have 400,000 square feet of retail upon completion;

- New **Dick's Sporting Goods** stores, set to open at locations including **Baybrook Mall**, **Deerbrook Mall**, **First Colony Mall**, **The Woodlands Mall** and **Willowbrook Mall**. The stores are the chain's first in the Houston market;
- A new **H-E-B**-anchored center, planned to incorporate 285,000 square feet of retail space, slated for a 2018 opening at the northwest corner of IH-10 and Eagle Drive in Mont Belvieu.

In terms of rent, the Houston retail market is seeing average quoted rents remain steady and show slight increases over the levels they reached in 2014.

Demand for the Class A space, however, can result in small-shop rates in the best-located and newly constructed projects going as high \$50 to \$60 per square foot per year in select areas like Galleria, River Oaks and Midtown.

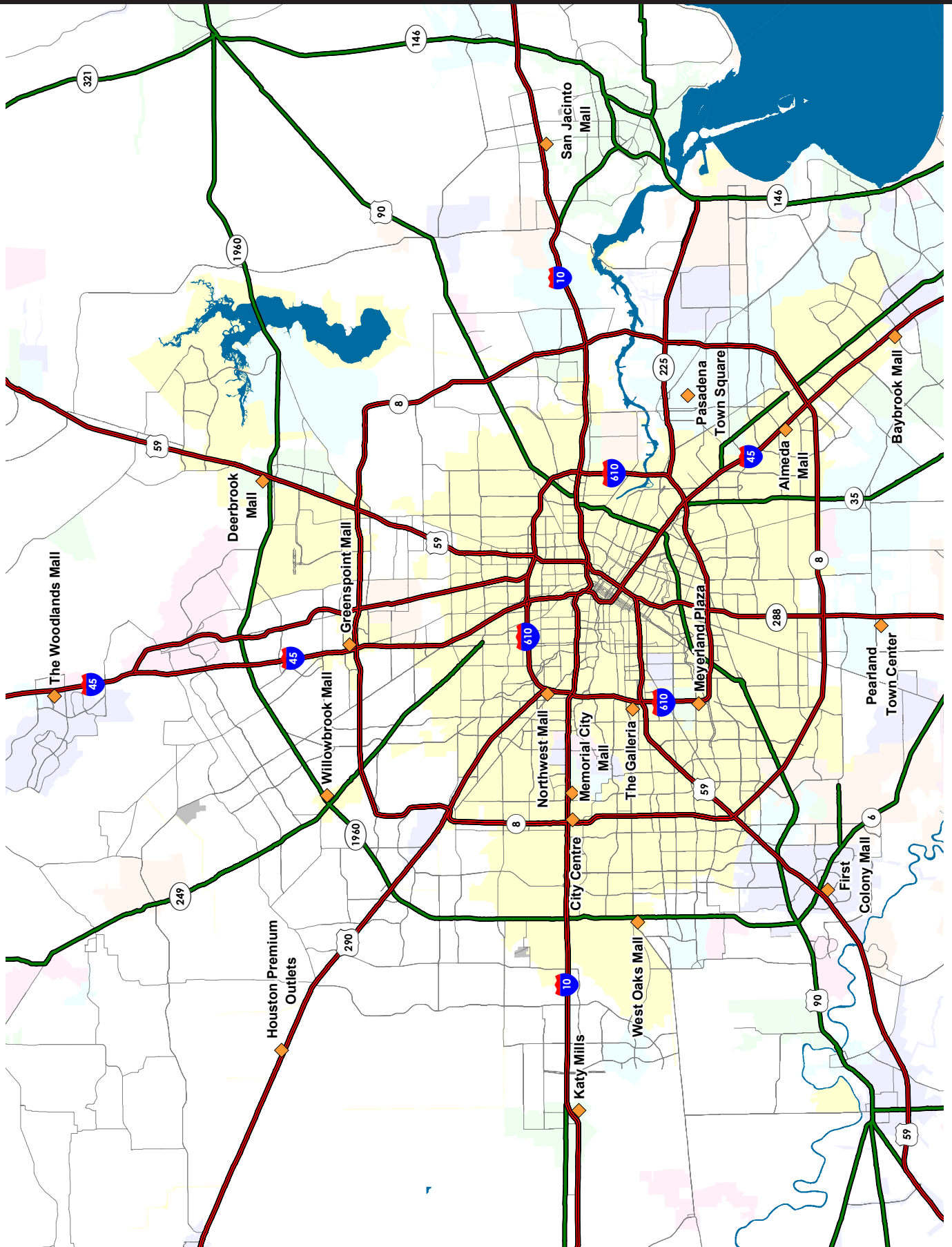
For small-shop in-line space in well-located, anchored projects:

- Class A rates ranged from \$30 to the high \$30s on a per-square-foot-per-year basis, with rates for quality space inside the Loop typically rising above \$40 per square foot or more.
- Class B small-shop-space average rates are posted from the low to the high \$20-per-square-foot-per-year range.
- Class C small-shop rates typically averaged in the \$15- to \$20-per-square-foot-per-year range.

These rates are average small-shop asking rates, and rates at specific centers can be notably higher or lower depending on location, anchors, type of tenant, specific-space sizes and demographics.

For 2016, the retail market will proceed with caution as it watches the energy sector performance, but we expect to see 2016 on a strong note.

HOUSTON MALL MAP





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SAN ANTONIO

Alamo City Retail Market Remains Healthy in 2015

SAN ANTONIO – San Antonio's retail market maintained its healthy occupancy rate of 93.5 percent as of year-end 2015, representing the steady nature of the market. The Alamo City benefits from continued demand for retail, restaurant and service space as construction remains dominated by spaces built for anchors like grocers, power retailers and large-format fitness concepts.

The occupancy rate is based on a review of San Antonio area multi-tenant shopping centers with 25,000 square feet or more conducted by The Weitzman Group and Cencor Realty Services. The review is based on a San Antonio retail market inventory of 43.8 million square feet.

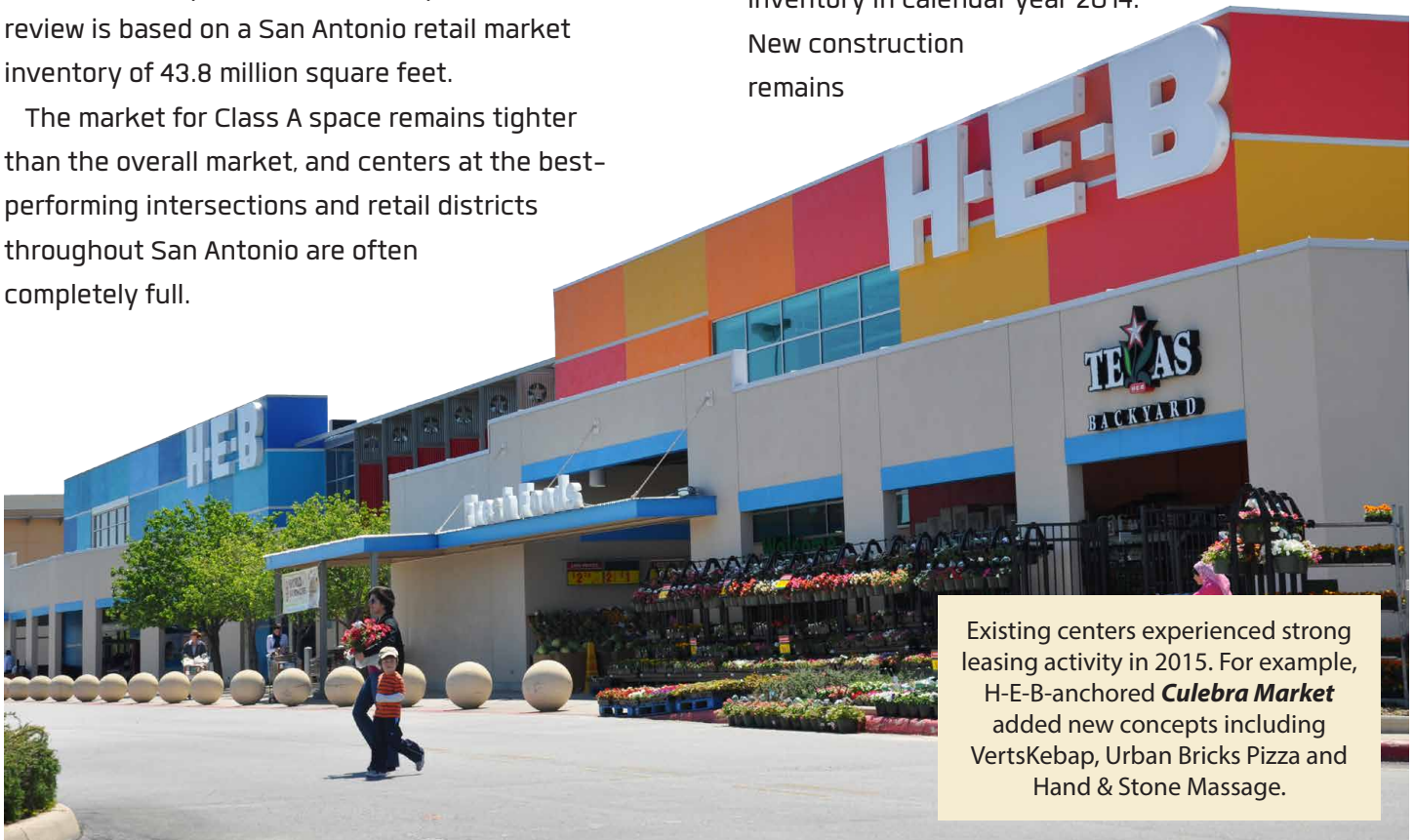
The market for Class A space remains tighter than the overall market, and centers at the best-performing intersections and retail districts throughout San Antonio are often completely full.

The market's limited retail construction is dominated by anchor stores. Little small-shop space is being built along with these anchors, which ensures continued high occupancy.

The construction market for 2015 reflects what was seen during 2014 and the previous few years – new space is for grocery stores and a limited number of other user types. Grocery stores are expanding to meet the need of a growing population and increased residential growth, which is on track to gain even more traction in 2016.

New space in new and expanded retail projects added approximately 893,000 square feet of new retail space, a notable decrease from the 1.4 million square feet added to the San Antonio retail market inventory in calendar year 2014.

New construction remains



Existing centers experienced strong leasing activity in 2015. For example, H-E-B-anchored **Culebra Market** added new concepts including VertsKebap, Urban Bricks Pizza and Hand & Stone Massage.

constrained due to very limited speculative space coming online.

The new expansion of **The Rim**, with approximately 260,000 square feet, represents the largest multi-tenant project in 2015. The expansion added new retail space for concepts including **Hemispheres**, **PetSmart**, **Bassett Furniture Direct**, **Off Broadway**, **Sun & Ski Sports** and restaurants including **Lupe Tortilla**, **The Lion & Rose pub**, **Potbelly**, **Russo's**, **Zoës Kitchen**, **IHOP** and several others. The expansion also added entertainment concept **Bowl & Barrel**, a 15-lane upscale bowling alley with a full-service restaurant and European-style beer hall.

In 2015, **Walmart** added more space than any other single retailer in the market. **Walmart's** new San Antonio stores include both its mega-format **Supercenters** and its smaller **Neighborhood Markets**.

For 2015, new Walmart Supercenter and Neighborhood Market locations included:

- An approximately 180,000-square-foot store as anchor for a development called **Singing Hills**, at the intersection of U.S. Highway 281 and SH-46 in Bulverde. In addition to **Walmart**, the center features in-line space and pad sites. The **Walmart** opened in September 2015;
- An approximately 153,000-square-foot **Walmart Supercenter** at 918 Bandera Road on the city's West side, which opened in August 2015;
- A 38,000-square-foot **Walmart Neighborhood Market** at 3175 Nacogdoches Road just north of

Loop 410, which opened during the first half;

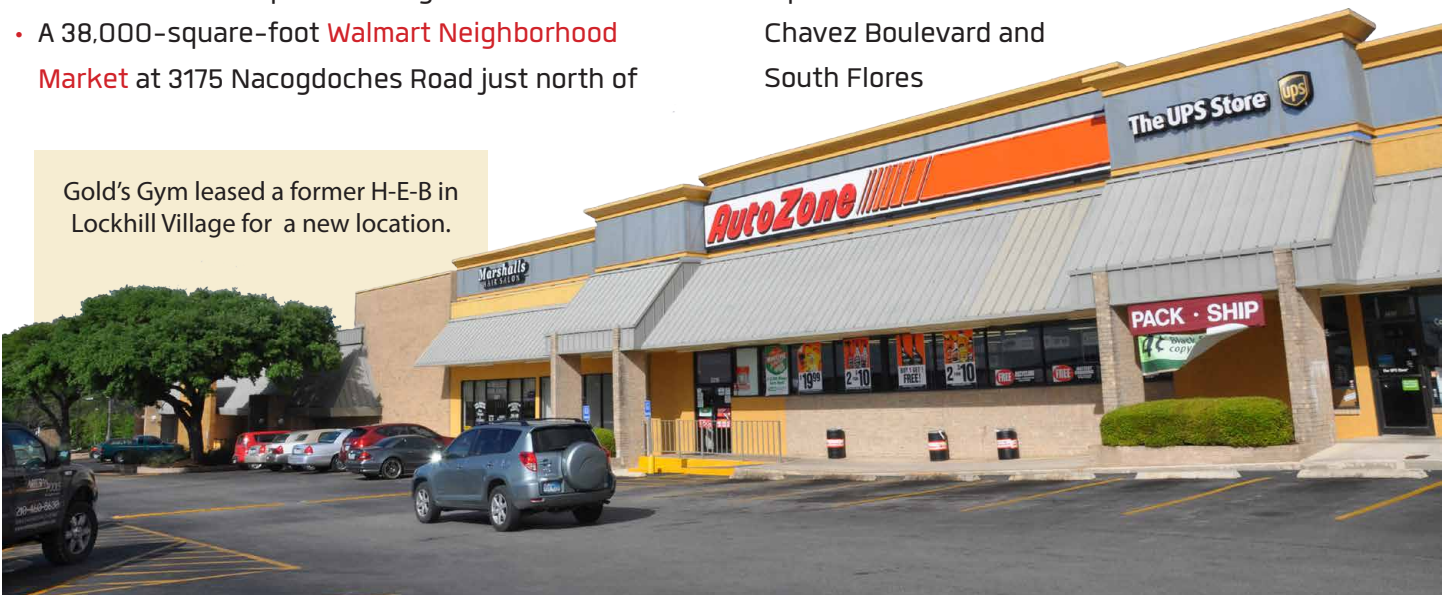
- A 42,000-square-foot **Neighborhood Market** at 9006 Guilbeau in northwest San Antonio, which opened during the first half of the year.

Other new retail space built in 2015 included:

- **LA Fitness**, with a new location at Bulverde and Loop 1604. **LA Fitness** opened in the first half of 2015. A second **LA Fitness** for 2015, with 40,000 square feet, opened at **The Vineyard**, a retail center at Loop 1604 and Blanco Road;
- **Gold's Gym**, with a new 38,000-square-foot freestanding location in **Bulverde Crossing**, a shopping center located at 17934 Bulverde Road;
- **H-E-B**, which opened a 62,000-square-foot store at Nogalitos and Park streets at the site of smaller, 26,000-square-foot **H-E-B**. The new store represents the first two-story location in Texas for **H-E-B**;
- **Forum Pointe**, a 40,000-square-foot center with concepts including **Brident Dental** and others. The project is located across IH-35 from **The Forum at Olympia Parkway**.

Although its square footage falls below the 25,000-square-foot level for our review, it's notable that San Antonio's leading grocer, **H-E-B**, opened its first downtown location in December 2015. The store, called **H-E-B Flores Market**, occupies 12,000 square feet at the corner of Cesar Chavez Boulevard and South Flores

Gold's Gym leased a former H-E-B in Lockhill Village for a new location.



Street. The downtown market is designed to serve the growing residential population in the area.

Several retail concepts leased space in existing centers during 2015, which helped boost overall occupancy. These included:

- **Northern Tool + Equipment**, which leased a 15,000-square-foot space in **The Village at Forum Parkway** at 14565 IH-35 North for its second area location;
- **YMCA of Greater San Antonio**, which leased a 53,570-square-foot former grocery store located at Potranco Road and Highway 151. The new location will open in 2016;
- **Planet Fitness**, which leased a 20,000-square-foot location in **Encino Park Center** at 20760 N. U.S. Highway 281 North at Evans Road;
- **Gold's Gym**, which took approximately 30,000 square feet in a former **H-E-B** at **Lockhill Village**, a community center located at 2323 Lockhill Selma Road, as well as a 26,000-square-foot former **Bally's** location at **Alamo Quarry Market**;
- **Blow Dry Bar**, which leased its first area location in **Dominion Ridge**, located at I-10 and Dominion Drive. The lease brought the mixed-use project to 100-percent occupancy;
- **H&M**, a famed "fast-fashion" apparel retailer, which in October opened a 24,000-square-foot store in **North Star Mall** at NW Loop 410 at San Pedro;
- **Ross Dress for Less**, which opened an approximately 25,000-square-foot location in **Nacogdoches Village** at Nacogdoches and O'Connor roads;
- **Mega Furniture**, which took a 34,000-square-foot location in a former **Kmart** located at 3150 W. Pat Booker Road on San Antonio's far Northeast side as part of the vacant store's redevelopment for multi-tenant retail;
- **Mega Furniture**, which also leased a 26,250-square-foot former **Bassett Furniture**

Dominion Ridge, a high-end mixed-use project, reached full occupancy in 2015; the center features Silo Elevated Cuisine, Di Frabo Ristorante Italiano, Aldaco's, Salons by JC, Blow Dry Bar and many others.



location at I-10 and De Zavala;

- **ULTA Beauty**, which opened in 11,000 square feet at **South Park Mall**, at 2310 S.W. Military Drive;
- **Culebra Meat Market**, which backfilled a 13,000-square-foot former **Walgreens**, part of a strip center at Bandera Road and Hillcrest.

The restaurant market remains extremely active. Some 2015 highlights included:

- **Ruth's Chris Steakhouse**, which opened its third San Antonio location in approximately 7,800 square feet at mixed-use project **Eilan**;
- **Di Frabo Ristorante Italiano**, a high-end concept from **Monterrey**, which opened at the mixed-use project, **Dominion Ridge**, in June 2015. Other dining concepts opened during 2015 in **Dominion Ridge** including **Posh Sushi**, a Laredo-based concept, joining already open **Silo Terrace Oyster Bar** and **Aldaco's Mexican Cuisine**, among others;
- **Pappadeaux Seafood Kitchen**, with a 15,000-square-foot restaurant in **The Landmark** on I-10 West near **The Shops at La Cantera**. The location, opening in 2016, is the concept's second in San Antonio;
- **In-N-Out Burger**, which opened in a new retail project in the works at 8202 North IH-35 in Windcrest;
- **Pollo Tropical**, a fast-expanding casual dining chain that is sister chain to **Taco Cabana**, with a location at 6515 W. Loop 1604 North;
- **VertsKebap**, a fast-casual restaurant, which opened its second location in **Culebra Market**, a project anchored by **H-E-B** at Loop 1604 and Culebra Road.

Dining concepts expanding in San Antonio also include **Whataburger**, **Taco Bell**, **Raising Cane's**, **Zoës Kitchen**, **Chick-fil-A**, **Shipley Do-Nuts**, **Dunkin' Donuts** and others.

For 2016 and beyond, retail activity will again add a number of new grocery store locations. **H-E-B's** future locations include stores planned for Potranco

Road near Talley Road, Culebra Road at Highway 211 and Culebra Road at Alamo Parkway.

Walmart has a number of stores in the works for 2016, including a 150,000-square-foot **Supercenter** at I-10 and Autumn Stage Road and a **Supercenter** at North Loop 1604 and Kitty Hawk Road. An approximately 180,000-square-foot **Supercenter** is set to open in January 2016 in Cibolo, northeast of San Antonio, at Cibolo Valley Drive and Borgfeld Road.

Walmart also plans to open at least four smaller **Neighborhood Market** stores – each with approximately 42,000 square feet – in 2016, including new stores at:

- 3418 East Southcross
- 3837 Pleasanton Road
- 6938 Walzem Road
- 9005 FM 1560 North

Natural Grocers by Vitamin Cottage, a specialty grocer, will enter the market in 2016 with two new stores, the first a 15,000-square-foot store at 13310 NW Military Highway and the second a store of the same size at 6514 N. New Braunfels Avenue.

Non-grocer retail on top for 2016 includes:

- **Academy Sports & Outdoors**, which will open a newly built 62,942-square-foot store at 7503 S. Zarzamora;
- **Rooms To Go**, which will open a newly constructed store at 15339 IH-35 North in early 2016. **Rooms To Go's** new store format averages approximately 40,000 square feet;
- **Santikos Theaters**, with a new 16-screen location called **Casablanca** at 11210 Alamo Ranch Parkway;

The largest redevelopment project for existing space involves the historic **Joske's** building at **Rivercenter Mall**. The multi-tenant redevelopment, set to open in early 2016, is branded **Shops at Rivercenter** and will feature **Dave & Buster's**, which will open in 33,000 square feet, and a two-story **H&M**. In addition, new concepts will include **Jimmy Buffet's Margaritaville**, **Yard House** and **Johnny**

Rockets. The redevelopment is creating multi-tenant space out of the interior of the former department store while preserving the historic façade of the building, which opened in 1887.

Asking retail rents remain stable in San Antonio, with rents for the market's strongest Class A retail centers maintaining the increases they've experienced over the past 18 months. Rents for shop space in key Class A retail centers can reach the \$40-per-square-foot level.

For centers by grade:

- Average Class A asking rents for small-shop in-line spaces in the market's strongest centers, including new construction, ranged from \$26 to the mid-\$30s per square-foot per year. These rates are for small-shop space in the newest and/or strongest anchored projects.

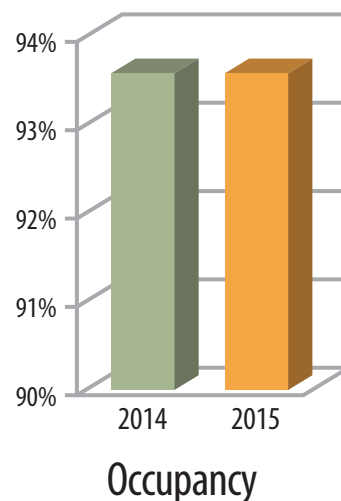
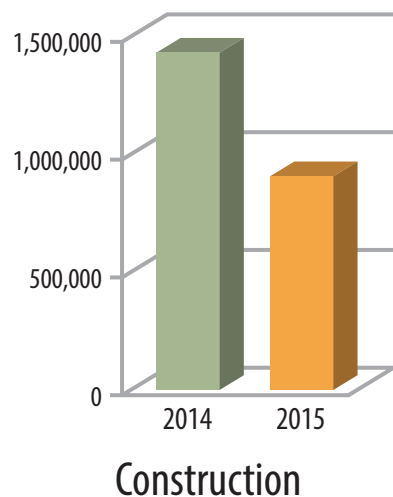
- Class B asking rates typically are in the \$18-to-\$22-per-square-foot range.
- Class C asking rates are in the \$12-to-\$16-per-square-foot range.

The reported rates are average asking rates and do not take into consideration concessions. Rates can be higher or lower depending on location, co-tenancy, center condition and other factors.

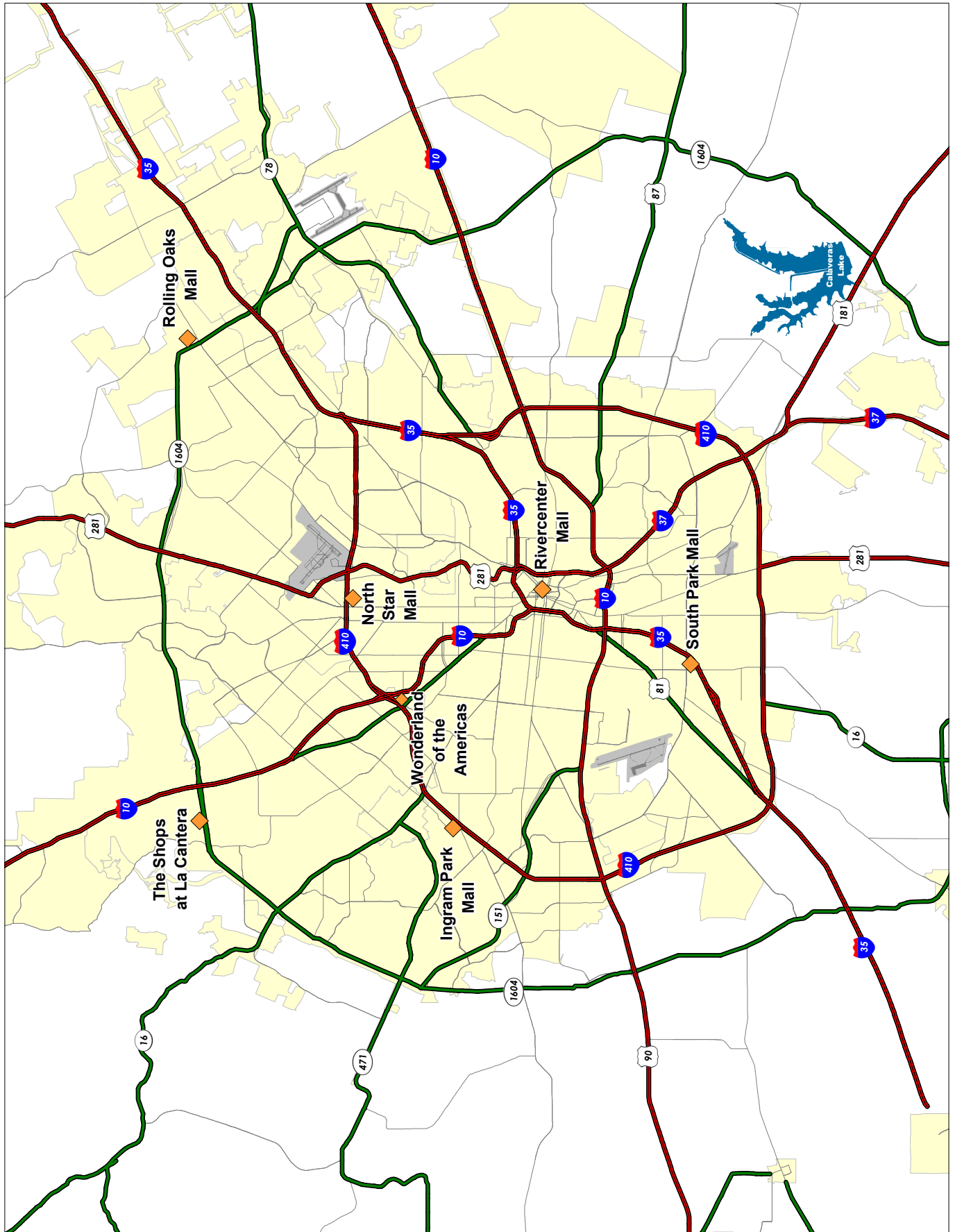
San Antonio's retail market continues to benefit from the continued soundness of the metro area's economy, which ranks as one of the better-performing major markets in Texas and the country.

For example, the metro area's unemployment rate was a low 3.9 percent as of November 2015, compared to 4.0 percent at the start of 2015.

SAN ANTONIO



SAN ANTONIO MAJOR MALL MAP





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DEFINITIONS

Neighborhood Shopping Center

Concept	Convenience
SF Including Anchors	25,000-100,000
Acreage	3-15
# of Typical Anchor(s)	0-1 or more
Type of Typical Anchor	Convenience store
Anchor Ratio	30-50%

Community Shopping Center

Concept	General merchandise
SF Including Anchors	100,000-300,000
Acreage	10-40
# of Typical Anchor(s)	2 or more
Type of Typical Anchor	Discount department store, supermarket, drug store, home improvement, large specialty/discount apparel
Anchor Ratio	40-60%

Regional Shopping Mall

Concept	General merchandise, fashion (mall, typically enclosed)
SF Including Anchors	400,000-800,000
Acreage	40-100
# of Typical Anchor(s)	2 or more
Type of Typical Anchor	Full-line department store, junior department store, mass merchant, fashion apparel
Anchor Ratio	50-70%

Super-regional Shopping Mall

Concept	Similar to regional center but has more variety
SF Including Anchors	800,000+
Acreage	60-120
# of Typical Anchor(s)	3 or more
Type of Typical Anchor	Full-line department store, junior department store, mass merchant, fashion apparel
Anchor Ratio	50-70%

Power Shopping Center

Concept	Category-dominant anchors, few small tenants
SF Including Anchors	250,000-800,000
Acreage	25-80
# of Typical Anchor(s)	3 or more
Type of Typical Anchor	Category killer, home improvement, discount department store, warehouse club, off-price
Anchor Ratio	75-90%

Lifestyle Shopping Center

Concept	Caters to consumers' "lifestyle" pursuits and needs in an upscale setting
SF Including Anchors	Typically 150,000 to 500,000 plus
# of Typical Anchor(s)	N/A
Type of Typical Anchor	Fashion department store, national specialty chain, destination restaurant
Anchor Ratio	N/A

Outlet Shopping Center

Concept	Manufacturers' outlet stores
SF Including Anchors	50,000-400,000
# of Typical Anchor(s)	N/A
Type of Typical Anchor	Manufacturers' outlet stores
Anchor Ratio	N/A

Fashion/Specialty Shopping Center

Concept	Higher-end, fashion oriented
SF Including Anchors	80,000-250,000
Acreage	5-25
# of Typical Anchor(s)	N/A
Type of Typical Anchor	Fashion
Anchor Ratio	N/A

COMPANY DIVISIONS

THE WEITZMAN GROUP

The Weitzman Group ranks as one of the largest full-service regional commercial real estate firms in the United States. The company ranks as a leader in the Texas real estate market, with offices in Dallas/Fort Worth, Austin, Houston and San Antonio.

The company specializes in leasing and selling commercial and retail properties and representing commercial space tenants. Through its divisions, The Weitzman Group fields one of the largest commercial real estate brokerage forces in Texas and has a leasing portfolio of more than 44 million square feet.

Commercial Retail Division

The Commercial Retail Division is comprised of three main specialties:

- General commercial brokerage
- Tenant representation
- Project leasing

Corporate Services Division

The Corporate Services Division specializes in the representation of office space users in Dallas/Fort Worth and other Texas markets. The division handles all aspects of:

- Tenant representation
- Office building site selection
- General lease negotiations
- Lease re-negotiations (renewals)

Investment Properties Group

The Investment Properties Group offers investment opportunities and services for buyers and sellers in five major categories:

- Retail properties
- Industrial properties
- Office buildings
- Land
- Disposition properties

CENCOR REALTY SERVICES

Cencor Realty Services is one of the largest regional commercial real estate management and development services firms in the United States. The Company is headquartered in Dallas/Fort Worth and also operates offices in Austin, Houston and San Antonio. Cencor's services include property management, asset management, construction services, renovation and redevelopment services, as well as related services.

Cencor currently manages a retail portfolio of more than 22 million square feet, making it one of the largest retail property management services firms in the U.S. Cencor's properties are primarily located in Dallas/Fort Worth, Austin, Houston and San Antonio.

ACKNOWLEDGEMENTS

Our 2016 Shopping Center Survey and Forecast would not be possible without valuable input from our retail real estate associates who provided in-depth knowledge of the retail markets in Dallas, Fort Worth, Austin, Houston and San Antonio.

Each market is surveyed for conditions relating to occupancy, leasing, new and expansion construction, tenant and user activity, rental rates and historical comparisons.

We also would like to thank the following people for their valuable contributions.

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2015

Shopping Center Survey & Forecast

Austin • Dallas • Fort Worth • Houston • San Antonio



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Herbert D. Weitzman
Chairman/Executive

Our 2015 Shopping Center Survey & Forecast marks the 25th time we have produced this Texas retail report for you. On the following pages, you'll read about key trends in our major Texas retail markets. We look forward to many more successful years with you, our clients and friends.

Sincerely,

A handwritten signature in dark ink, appearing to read "H. Weitzman", with a long, sweeping horizontal line extending to the right.

Herbert D. Weitzman

We're bringing the town square back to the neighborhood.®

Austin

Dallas

Fort Worth

Houston

San Antonio

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AUSTIN

Austin Retail Market Continues to Report Tight Occupancy, Extremely Limited Construction

AUSTIN – Austin’s retail market ends 2014 with occupancy at approximately 96 percent, representing one of the tightest retail markets in Texas. Demand from multiple users is driving rates for the best-located spaces to record levels. And the Austin economy continues to perform in terms of job growth, population growth and steady housing gains.

The 95.8 percent rate represents the best occupancy number for the market in a decade. The market reached its previous high point – 95.5 percent – at year-end 2004. The market has maintained an

enviable overall occupancy above 90 percent throughout the economic downturn, with the low point

being 90.5 percent in 2006.

These findings are based on a review of retail market conditions for the greater Austin area as of year-end 2014 by The Weitzman Group and Cencor Realty Services. The market’s occupancy rate is based on an inventory of approximately 45.3 million square feet of multi-tenant retail space in centers with 25,000 square feet or more.

The improving retail occupancy has led to a tight market for space in key trade areas, as well as an extremely limited supply of end-cap locations and pad sites at Class A locations. To meet demand for small-shop space, the market has seen a number of new-construction strip centers in the 10,000-square-foot range. These typically open fully leased.

While the market reports high occupancy overall, demand is weaker for small-shop space in older and existing suburban locations. However, as residential construction in the suburbs continues to pick up, demand for these existing suburban centers should pick up as well over the next year to 24 months.



Salons by JC's expansion in the Austin market included a location in **Round Rock Crossing**

The market's strong occupancy can be attributed to retailers continuing to lease existing space and backfill the few remaining large-format vacancies on the market.

Examples included:

- **Trader Joe's**, which opened in the first half of the year in the former Saks Fifth Avenue box space in Arboretum Market. Plans are also under way for Trader Joe's to anchor the retail space in the mixed-use redevelopment of the former Seaholm Power Plant in downtown Austin;
- **The Tile Shop**, which leased 34,776 square feet in a former Star Furniture in Gateway Shopping Center at 9607 Research Boulevard, and in a former Roomstore at Highway 290 and MoPac in South Austin;
- Also in Gateway Shopping Center, **Paul Mitchell The School Austin** opened in 16,000 square feet of backfilled space, and the Whole Foods store at the center – the oldest in Austin – underwent a major renovation;
- **DD's Discounts**, an off-price concept from Ross Dress for Less, which opened two locations in existing space for its first stores in the Austin market. DD's leased at 7112 Ed Bluestein Boulevard in Northeast Austin and 1819 S. Pleasant Valley in Southeast Austin;
- **Salons by JC**, which opened in existing space in Round Rock Crossing, anchored by Target, Best Buy and Gander Mountain, among others;
- **Gold's Gym**, which opened in Westlake and at RR 2222 and I-35;
- **HomeGoods**, which opened a 24,000-square-foot location, and **Ulta**, which leased 10,000 square feet, in Walden Park at 10900 Lakeline Mall Drive;
- **Southwest Theaters**, a concept new to Austin, which backfilled the space at 13729 Research Boulevard vacated in summer 2013 by Alamo Drafthouse when it relocated to a new facility. The new concept, a discount movie house, upgraded the 29,000-square-foot building.



Maudie's, an Austin Mexican food favorite, opened in mixed-use project **The Triangle**.

Austin also experienced a good level of smaller-format retail and restaurant activity, with many concepts expanding in existing center space.

New and expanding concepts opening or committing to space during 2014 included:

- **Heartland Dental**, which leased its first three area locations in Round Rock, Cedar Park and Kyle;
- **Hasler Brothers Steakhouse**, an upscale local concept that opened a new 6,100-square-foot location in Hill Country Galleria in Bee Cave;
- **Capital Grille**, a high-end concept from Darden, which opened in downtown Austin;
- **Gus's Fried Chicken**, with a downtown location near the convention center;
- **Smoothie King**, which opened in Cedar Park as part of its marketwide expansion;
- **Jack Allen's Kitchen**, **Kerby Lane Cafe** and **Tacodeli**, among the restaurants with new locations in Westlake;
- **Chavez**, a chef-driven restaurant, which opened in the former T.G.I.Friday's space downtown;
- **Vert's**, a local restaurant chain specializing in döner kebab, with several new locations in 2014;
- Austin favorite **Torchy's Tacos**, with several new locations in 2014;
- Dallas-based **Fuzzy's Taco Shop**, with two new Austin-area locations;
- **Maudie's Cafe**, an Austin tradition since 1954, which opened its seventh location in The Triangle, a mixed-use landmark located at North Lamar and Guadalupe;
- California-based **Pieology**, a high-quality pizzeria with a focus on healthy custom pies, which opened in 3,000 square feet in Cedar Park Town Center, anchored by Costco. The location will be the first of several planned in the Austin area for the restaurant;
- **PDQ**, a fast-casual concept specializing in chicken tenders and more, which opened two area locations in 2014;
- Minneapolis-based American-cuisine concept **CRAVE**, which opened in early 2014 in 8,500 square feet at 340 E. Second Street in downtown;
- Local favorite **P. Terry's Burger Stand**, which opened in the former Extreme Pita space at 6th Street and Congress downtown;
- **In-N-Out Burger**, which expanded in 2014 and which plans a 2015 location on South Lamar;

Fuddrucker's opened a new restaurant in 2014 in **Shops at the Galleria** in Bee Cave.



- **Fuddruckers**, with a new burger location in the Shops at the Galleria in Bee Cave;
- The restaurant market is also seeing a number of new locations from national and local quick-serve and fast-casual concepts like **Jersey Mike's**, **Dunkin Donuts**, **Raising Cane's**, **Smashburger**, **Five Guys Burgers and Fries**, **In-N-Out Burger**, **Carl's Jr.** and others.

For close-in Austin, retail space availability is extremely limited, which is driving up rates for small-shop space into the mid-\$30s-per-square-foot range and higher. In addition to restaurants, space demand is coming from medical, fitness, beauty and discount concepts.

For calendar-year 2014, the Austin market added approximately 1.2 million square feet of space in new and expanded retail projects. The projected total, while relatively low, exceeds 2013's construction number of 631,700 square feet, largely due to Walmart, which accounted for about half of 2014's new space.

Due to development costs and demand for new space, new-construction small-shop space can go for rates as high at \$40 per square foot per year. However, especially in Austin's most urban markets, the density and traffic justifies the rates to retailers.

New projects in 2014 included:

- **Walmart**, with large-format Supercenters and a smaller **Neighborhood Market**. The new stores include:
 - A 152,000-square-foot store at 1320 W. Highway 290 in Elgin;
 - An approximately 150,000-square-foot store at 11923 US Highway 290 E in Manor;
 - A 185,000-square-foot store that opened at 2801 E. Whitestone Boulevard in Cedar Park;
 - A 41,000-square-foot **Walmart Neighborhood Market** at 960 E. FM 2410 in Harker Heights.
- **Whole Foods**, which opened a 65,000-square-foot location in the mixed-use The Domain project;
- **H-E-B**, which expanded its Bastrop store by

approximately 27,000 square feet;

- **At Home**, a home decor superstore that formerly operated as Garden Ridge, with two new locations in 2014. A 107,000-square-foot store opened at 4801 183A Toll Road in Cedar Park Town Center, and a 101,000-square-foot store opened at 19000 Limestone Commercial Drive in Stone Hill Town Center in Pflugerville;
- **LA Fitness**, with an approximately 40,000-square-foot location on RR 620 in Round Rock;
- **Sprouts**, which opened a new store encompassing 27,000 square feet at 1530 Cypress Creek Road in Cedar Park;
- **Academy Sports and Outdoors**, which opened a 63,000-square-foot store in Burleson Crossing in Bastrop;
- The expansion of **Cedar Park Town Center**, located at 4601 183A Toll Road in Cedar Park, which in 2014 added the above-mentioned **At Home**, as well as new space for concepts including **In-N-Out Burger**, **BJ's Restaurant & Brewhouse**, **Pieology**, **Lupe Tortilla**, **PDQ** and **Mattress Firm**.

Based on projects in the pipeline, retail construction in 2015 is on track to exceed the level seen in 2014.

New projects include:

- **Sam's Club**, a warehouse shopping club concept from **Walmart**, with a new 136,500-square-foot location at 10900 Lakeline Mall Drive in Cedar Park in early 2015;
- **Walmart**, with a new Supercenter in Kyle set for 2015 opening;
- **H-E-B**, with a new 65,000-square-foot store in Cedar Park and a 46,000-square-foot store in Wimberly;
- **LA Fitness**, which is opening locations (approximately 40,000 square feet) in 2015 at 4001 S. Lamar and at 2020 W. Anderson Lane, as well as one in southwest Austin;
- **Lamar Union**, a mixed-use redevelopment project on urban S. Lamar Boulevard, which will open its 86,000 square feet of retail space in 2015, along

with 422 apartments. The retail is anchored by **Alamo Drafthouse Cinema** and features a mix of food concepts, soft goods and services. Notably, New York-based **Shake Shack** is one of the restaurants;

- **Seaholm**, a major residential, office and retail redevelopment of the art deco Seaholm power plant on Lady Bird Lake, with the retail anchored by **Trader Joe's** and featuring the first Austin location of **True Food Kitchen**;
- The redevelopment of the former Round Rock Garden Ridge on I-35 into approximately 100,000 square feet of multi-tenant retail;
- **Lamar Central**, a four-level mixed-use project at the site of the former Lamar Village Shopping Center on N. Lamar at 38th Street. Lamar Central will feature 34,000 square feet of street-level retail space;
- **Burleson Crossing in Bastrop**, which will expand with a 55,000-square-foot **Hobby Lobby**.

The availability of well-located Class A retail is the most constrained, and therefore, this class of rents is leading the market in terms of gains, with average rates above \$30 per square foot for shop space in

newly constructed projects. For the best-located new-construction projects, rates have reached the \$40-per-square-foot level.

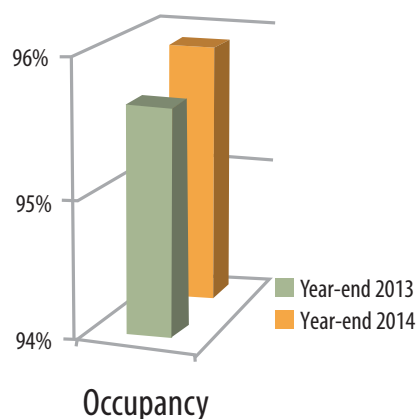
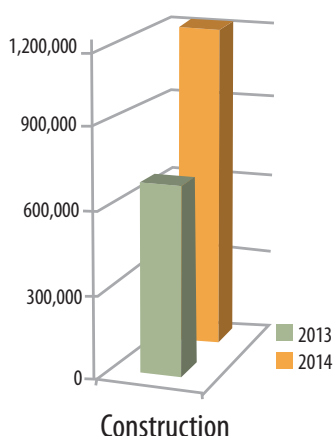
As Class A space fills up, the resulting demand for Class B and some C spaces has resulted in rental rate increases for select properties in those categories. However, there still remains a significant gap between Class A and other classes of rents.

- For small-shop space in anchored Class A projects, rates range from the low \$30s per square foot per year to \$40 per square foot;
- Averages for Class B small-tenant rates are posting from \$18 to the mid-\$20s-per-square-foot range;
- Averages for Class C rates for small-tenant in-line spaces typically range from around \$14 to \$18 per square foot or higher.

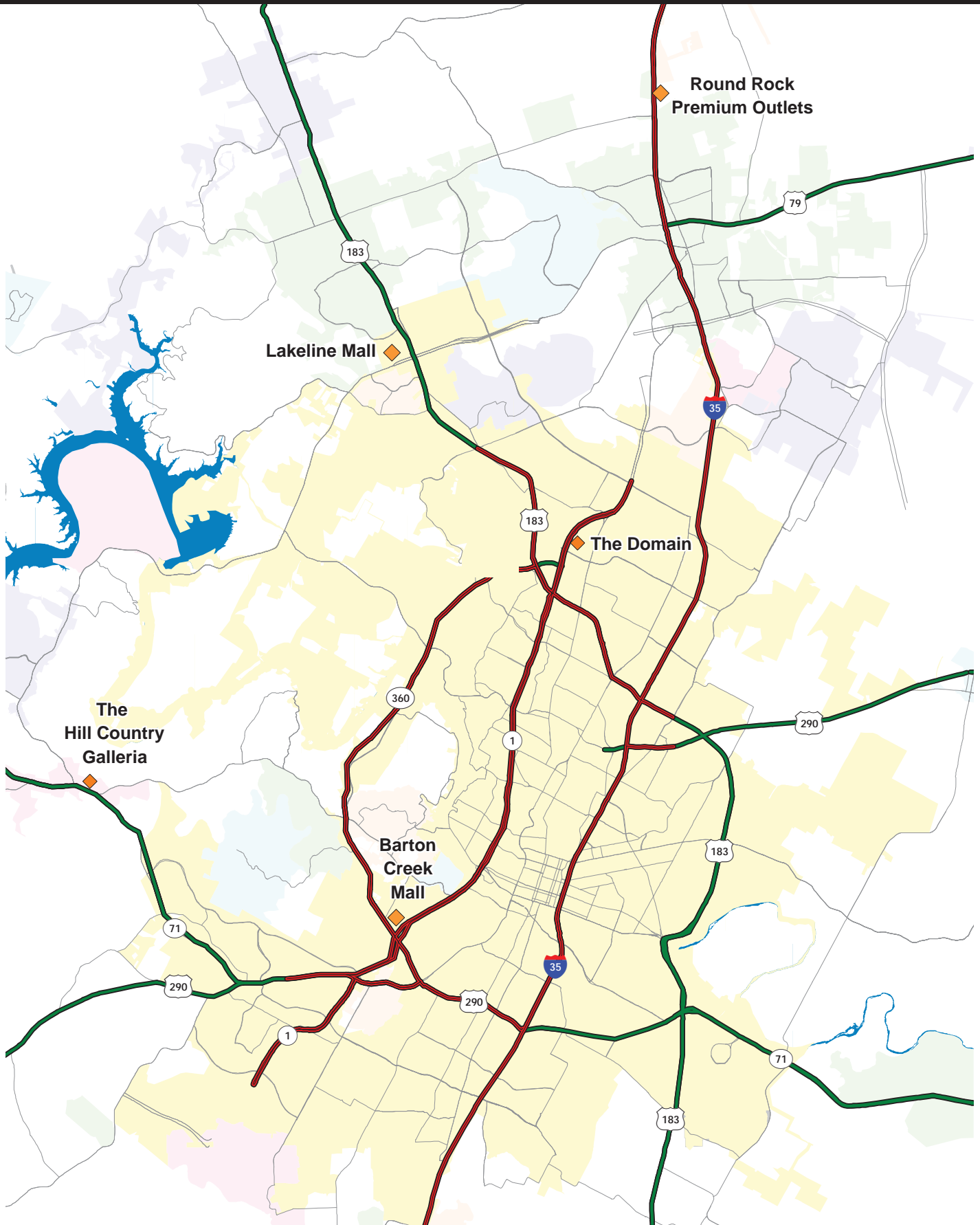
For all classes of space, rates can go notably lower or higher than the rates listed above due to factors including anchors, traffic, demographics and location within a center.

Austin's retail market continues to benefit from an economy that remains one of the healthiest in the country.

AUSTIN



AUSTIN MALL MAP





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DALLAS FORT WORTH

D/FW Retail Market Occupancy Continues To Surpass The 90-Percent Mark

DALLAS – Dallas/Fort Worth's retail market ended 2014 with 90.5 percent occupancy, only the second time the market has breached the important 90-percent threshold since 2004. The occupancy of 90.5 percent is a full half-percent higher than year-end 2013's rate of 90.0 percent. While a half-percent might not sound significant, consider that D/FW's retail market inventory now exceeds 190 million square feet, and that half-percent translates into a reduction in vacant space of approximately 500,000 square feet.

The market begins 2015 with a vacancy rate of 9.5 percent, a significant improvement over the recent vacancy high point of 12.4 percent at year-end 2011.

The improved occupancy also brings the massive

D/FW retail market closer to the market's most recent high point, a 92 percent rate reported for 2000.

The occupancy gain during the past year was largely due to:

- Steady leasing that filled vacancies in the market's existing centers
- Expanding anchors like WinCo that grew throughout the market by taking over previously vacant box sites
- New space development that was primarily anchor driven with extremely limited small-shop space
- Few store closings in 2014

The D/FW occupancy rate is based on a total market inventory of 190,115,486 square feet of retail space in shopping centers with 25,000 square feet or more – one of the largest retail inventories in the country. Weitzman/Cencor surveys 1,383 centers in 42 submarkets.

For year-end 2014, the occupancy rate in the Dallas area was 90.2 percent, compared to 90.0 percent at year-end 2013. The rate is based on total market inventory of 132.7 million square feet in the Dallas area.

The occupancy rate in the Fort Worth area was even better: 91.2 percent, compared to 90.4 percent at year-end 2013. The rate is based on a total inventory of 57.4 million square feet.



WinCo, an Idaho-based grocer, is expanding throughout D/FW by redeveloping box vacancies in community centers. Here, WinCo is shown under development in Lewisville's **Old Orchard East** shopping center in a photo taken January 5, 2015

For D/FW's major shopping center categories, the survey reported the following occupancy rates:

- **Community Centers** – 90.4 percent (compared to 89.8 percent at year-end 2013) for an inventory of 73.9 million square feet. 2014 was the first time since 2005 that community center occupancy has exceeded the important 90-percent mark.
 - o This category, typically anchored by a grocer, is the market's largest in terms of inventory. Community centers feature some of the strongest projects in D/FW and represented the majority of new space during 2014. In addition to grocery and discounter anchors, the category features a mix of tenants designed to serve community needs.
- **Neighborhood Centers** – 86.0 percent (84.9 percent at year-end 2013) for an inventory of 39.9 million square feet
 - o This category represents smaller, typically unanchored centers of 25,000 square feet to as much as 100,000 square feet. The category continues to improve after falling to an occupancy low point of 81 percent during the recession. Since that time, vacant space in neighborhood centers has declined from 7.1 million square feet at year-end 2009 to 5.6 million square feet today.
 - o The strongest neighborhood centers in the category continue to report healthy occupancies, and 13 submarkets report neighborhood-center occupancy of 90 percent or better.
- **Power Centers** – 94.2 percent (93.9 percent at year-end 2013) for an inventory of 40.6 million square feet
 - o The occupancy in this category – which features power “category killer” retailers – reported gains as concepts from gyms to discounters to grocers to medical uses backfilled box vacancies. As a result, power retail – a category that suffered rising vacancy during the recession as many power tenants failed – is today the healthiest category in Dallas/Fort Worth.
- **Mixed-use** – 91.7 percent (92.2 percent at year-end 2013) for an inventory of 3.9 million square feet of retail space
 - o This category, with retail at its core, typically also features residential and office space, as well as other uses such as hotel or entertainment.
 - o This category saw occupancy remain stable during the past year as lifestyle retail and restaurants staged a healthy performance.
 - o During 2014 and moving into 2015, the market is seeing several new mixed-use projects as the booming multi-family market continues to add projects with space for restaurants, fitness and services.
- **Malls** – 92.6 percent (93.5 percent at year-end 2013) for an inventory of 24.9 million square feet
 - o This category, which includes regional and super-regional malls, has three of the 18 submarkets with malls reporting 100-percent mall occupancy; an additional 11 submarkets

Key concepts backfill vacancies in 2014



report occupancies above 90 percent. Only four submarkets – Allen, Irving, Plano and Southwest Dallas – report notable vacancy, with much of this due to weak occupancy at older, out-of-date malls.

Absorption tops 2 million square feet

The improvement seen in the market during 2014 is due to limited new construction and steady demand for lease space in D/FW's existing shopping centers. The leasing activity helped the retail market post total absorption – defined as the net increase or decrease in occupied space – of 2,257,875 square feet. This is on par with 2013's strong absorption of 2,675,919 square feet.

Of the 2.3 million square feet absorbed in 2014, a total of 1,235,898 square feet were absorbed in the Dallas area, and 1,021,977 square feet were absorbed in the Fort Worth area.

During 2014, leasing in existing centers boosted absorption by removing vacant retail spaces from the market.

Key backfilled locations in existing centers during the year included:

- Grocers and other retailers actively absorbing space in existing centers, further boosting occupancy. For example:
- **Bealls**, a leading Texas-based department store, which leased 25,000 square feet of anchor space in Grapevine Towne Center, located at SH-114 and William D. Tate in Grapevine;
- **John Peter Smith (JPS) Health Network**, which opened in a 60,000-square-foot former grocery store space at Cooper Street Commons, located at 1020 South Cooper at Arkansas Lane in Arlington;
- **IndoPak World Market**, which leased a 45,056-square-foot anchor building at Matlock Oaks, a community center located at the southwest corner of Matlock Road and Green Oaks Boulevard, north of I-20 in Arlington. The store is an internationally focused grocery store;
- **Whole Foods Market**, which opened a 40,000-square-foot store in Colleyville Downs Center at Glade Road and SH-26 in July. The store took a vacancy created by a closed Albertsons;
- **Studio Movie Grill**, which opened a 51,035-square-foot location at



New tenancy in backfilled space included this Bealls department store, which took a box vacancy in **Grapevine Towne Center** in the Northeast Tarrant County submarket.

5655 Colleyville Boulevard in a space formerly occupied by Colleyville Cinema Grill;

- **Crunch Fitness**, which leased 19,920 square feet of retail space in Addison Town Center, a **Kroger**-anchored center located at 3756 Belt Line Road at Midway in Addison;
- **99 Ranch Market**, an Asian supermarket, which leased a 50,000-square-foot store to anchor the redevelopment of Carrollton Town Center at the southeast corner of President George Bush Turnpike and Old Denton Road in Carrollton;
- **Plaza Central**, a Hispanic-themed mall, which will occupy the 163,166-square-foot Macy's building at the former Six Flags Mall in Arlington;
- **Shepler's Western Wear**, which leased 18,898 square feet of space in Preston Valley Shopping Center, located at the southwest corner of LBJ Freeway and Preston Road in Far North Dallas;
- The expansion of **Kroger's** store at 7505 N. MacArthur Boulevard in Irving, which increased to 102,000 square feet by expanding into a site formerly occupied by Barnes & Noble.

New construction dominated by grocers

During 2014, the market reported new construction of 2,012,308 square feet of new space in new and expanded retail projects. The annual total is essentially a repeat of what was added in 2013: 1,890,783 square feet. The 2014 annual construction, while representing an increase over the previous year, is very conservative, reflecting the fact that, other than a select handful of retailers, few national concepts opened new anchor stores during the year. Many major retailers, despite healthy sales gains, are focusing on the seamless merger of their existing brick-and-mortar locations with their digital

capabilities to create strong omnichannel success.

The majority of new space for 2014 included grocers, entertainment concepts and food service, along with limited small-shop space.

New projects that opened during calendar-year 2014 included:

- **Forney Marketplace**, a new regional-draw center along U.S. Highway 80 in Forney. The center's **Kroger Marketplace** anchor opened its 123,000-square-foot store in January 2014. Future phases of the center will include up to 150,000 square feet of anchor and junior anchor spaces, as well as retail and restaurant pad sites;
- **Kroger**, which also added approximately 54,000 square feet of new space through store expansions in Irving and Rockwall;
- **Alliance Town Center**, with a new phase totaling approximately 115,000 square feet with concepts including **Haverty's**, **DSW**, **Shepler's Western Wear**, **Five Below** and **Sleep Experts**. A phase of the project set for 2015 will add another 175,000 square feet;
- **Costco Wholesale Club**, which opened an approximately 154,000-square-foot store in Presidio Junction, a mixed-use project on the west side of I-35W and south of North Tarrant Parkway in the Alliance area of North Fort Worth;
- **Whole Foods Market**, which opened a 38,000-square-foot store in the Shops at Highland Village, located at FM 2499 and Justin Road (FM 407) in Highland Village;
- **Sylvan I Thirty**, a mixed-use development located at Sylvan Avenue and I-30 in the Oak Cliff/West Dallas area that, in addition to residential space, features 49,134 square feet of retail space for

	Properties	2013 GLA	2013 Vacancy	2013 % Vacancy	2014 GLA	2014 Vacancy	2014 % Vacancy	2014 % GLA
Neighborhood	693	39,745,587	6,023,471	15.16%	39,942,037	5,599,823	14.01%	21.00%
Mixed Use	25	3,627,089	283,373	7.81%	3,920,783	324,714	8.28%	2.06%
Malls	18	23,411,765	1,475,657	6.30%	23,419,377	1,703,279	7.27%	12.32%
Community	462	72,838,259	7,406,551	10.17%	73,852,374	7,093,717	9.61%	38.85%
Power Center	135	40,197,051	2,455,393	6.11%	40,604,951	2,358,228	5.81%	21.36%

tenants including **Cox Farms Market** specialty grocery, **Ten** ramen restaurant, and **CrossFit**;

- **West Village**, where the new phase called 3700M opened with approximately 37,000 square feet of retail space and a line-up that includes **J. Crew**, **Suitsupply**, **Eureka! Burger** restaurant and others. The retail is part of a mixed-use phase that includes high-rise and mid-rise residential buildings. **West Village** is located along McKinney Avenue and Lemmon Avenue in Uptown Dallas;
- **Arboretum Village**, an approximately 100,000-square-foot community retail center at Gaston Avenue and Garland Road/East Grand in East Dallas. The center is anchored by a **Fresh Market** grocery store and **PetSmart**. Concepts such as **Luke's Locker**, **Starbucks** and others are opening in 2015;
- **Gander Mountain**, which in the first half of the year opened in a new 52,000-square-foot space in Highlands East Shopping Center, located near the intersection of I-20 and Matlock Road in Arlington. **Gander Mountain** also opened a 45,600-square-foot store in Lake Worth's Landmark Quebec shopping center at Quebec Street and Northwest Center Drive;
- **Sprouts**, with a 28,000-square-foot store at 316 Grapevine Highway in Hurst, and with a 26,000-square-foot store at 5711 W. Interstate 20

West Plano Village, located at the Dallas North Tollway and Parker Road, will be completed in early 2015. The project features AMLI apartments, office space and street-level retail space for concepts including **eatZi's Market & Bakery**, **Kona Grill**, **AT&T Flagship**, **Princi Italia** and others

Highway in Arlington;

- **WinCo Foods**, a grocery chain that entered the market with new stores in McKinney, Fort Worth and Duncanville. The **WinCo** locations, which average around 90,000 square feet, represent new construction at what are typically redevelopment locations;
- **Sam's Club**, with a 136,000-square-foot store off of I-35W in Burleson;
- **Academy Sports & Outdoors**, which opened a 72,000-square-foot store at SH-380 and I-35 in Denton;
- **Southlake Park Village**, a shopping center at Southlake Boulevard and S. Carroll Avenue in Southlake that opened its first phase in 2014 with a 22,500-square-foot **REI** outdoor-gear store. Other retail includes **Fresh Market** grocery store, which will occupy approximately 24,000 square feet and will open early 2015;
- **Walmart**, with several new stores in the D/FW area, including:
 - A 185,000-square-foot Supercenter at I-35 and Ledbetter in southern Dallas, which opened in January 2014;
 - An approximately 42,000-square-foot Neighborhood Market, which opened in March at 1855 S. Garland Avenue in Garland. The store, new construction, represents the redevelopment of a vacant strip center that was demolished;
 - A 152,000-square-foot Supercenter at 8015 Woodbridge Parkway in Sachse;



- o A 182,000-square-foot Supercenter at Jacksboro Highway and River Oaks Boulevard in Fort Worth.

For 2015, the market is on track to see another round of retail construction, and again grocery stores will dominate the new space. If all of the planned retail opens as scheduled, D/FW could see its most active retail construction market since 2008, when new space totaled 4.7 million square feet.

All told, approximately 3 million square feet is in the works for 2015.

Projects planned for 2015 and later include:

- **Nebraska Furniture Mart**, a 433-acre development with more than 560,000 square feet of retail space at SH-121 and FM 423 in The Colony. The project, set to open in early 2015, is sparking peripheral development such as a new 52,000-square-foot **Rooms To Go**;
- **West Plano Village**, a mixed-use project with 90,000 square feet of retail space and 60,000 square feet of second-floor office space above the retail buildings. In addition, leading developer **AMLI Residential** has apartments in a four-story configuration. The first phase of **West Plano Village**, located at the Dallas North Tollway and Parker Road, opened in September 2013 and brought online the retail component's anchor, a 10,500-square-foot **eatZi's Market and Bakery**. Well-known national and local concepts opening in the first half of 2015 include **Kona Grill**, **Princi Italia**, **Mi Dia From Scratch**, **Pakpao**, an **AT&T** flagship store and others;
- **Castle Hills Marketplace**, a 300,000-square-foot shopping center to be anchored by a 123,000-square-foot **Kroger Marketplace**. The center, located at the southwest corner of SH-121 and N. Josey Lane in Lewisville, is in proximity to the massive **Nebraska Furniture Mart** complex;
- **Kroger**, which in addition to the Castle Hills Marketplace store, plans additional Marketplace stores, including ones in Burleson, Bartonville, North Richland Hills and Granbury. **Kroger** also has a site at the northeast corner of SH-380 and FM 423, though the timing of the opening is not yet available;
- **WinCo Foods** with new locations at Old Orchard Village East in Lewisville, at Rufe Snow Drive and NE Loop 820 in North Richland Hills and at the site of the former Target on Centerville Road near LBJ Freeway in Garland;
- **CityLine Market**, a mixed-use project at the northeast corner of Renner Road and Plano Road in Richardson that will feature a **Whole Foods Market**-anchored center. The community center is set for completion in 2016;
- **Whole Foods Market**, which plans new stores including one in Uptown Dallas, where it will serve as the retail anchor for a residential tower at McKinney Avenue and Routh Street. For 2016, **Whole Foods** is scheduled to open at 3400 Bryant Irvin Road in Fort Worth. The location will be the grocer's first within the Fort Worth city limits;
- A 55,000-square-foot project on East Northwest Highway, adjacent to **Half Price Books** Dallas flagship store, that will be home to a 34,000-square-foot **REI** store. The center, now under construction, is set for a spring 2015 opening;
- **Walmart**, with planned locations that include:
 - o A Supercenter scheduled to open at Coit Road and Arapaho in Dallas in spring 2015;
 - o A 182,000-square-foot Supercenter planned for the southeast corner of Golden Triangle and Park Vista Boulevards in Fort Worth;
 - o A 41,000-square-foot Neighborhood Market planned as the anchor for Teasley Town Square, a project at Teasley Lane and Ryan Road in Denton;
 - o Additional Neighborhood Market stores set for markets including McKinney, Sachse, Lancaster, DeSoto and Cedar Hill;

- **Presidio Towne Crossing**, a center planned along I-35W in the Presidio Junction mixed-use development. **Presidio Towne Crossing** will be anchored by a **Target** store that is expected to open in 2015;
- **The Village at Camp Bowie**, a retail center at Camp Bowie Boulevard and Bernie Anderson Avenue in Fort Worth, where **Sprouts** is expected to open in early 2015;
- **WestBend**, a mixed-use project on University Drive in Fort Worth that will be anchored by a 21,000-square-foot **Fresh Market** and also feature the first Fort Worth location for **Grimaldi's Pizza**;
- **Wade Park**, a mixed-use project planned for the Dallas North Tollway at Lebanon Road that will feature retail space anchored by **Whole Foods Market**;
- **Lakeside DFW**, a mixed-use project planned for the northwest corner of FM 2499 and Lakeside Parkway in Flower Mound. The retail will be anchored by a 45,000-square-foot **Moviehouse & Eatery** cinema;
- A **Cinemark Movie Bistro**, the third in Texas, which is set to open in Denton in 2015;
- **Southlake Town Square** in Southlake, which will add a new **Trader Joe's** specialty grocery in the first quarter of 2015;
- **H-E-B** in Burleson, which will expand by approximately 27,000 square feet to a total of

115,000 square feet, thereby creating the first **H-E-B Plus!** location in the greater Dallas/Fort Worth area.

The D/FW retail market activity, especially retail leasing demand and store growth, is boosted by the area's economy, which ranks as one of the strongest metro economies in the country. In terms of population, the D/FW metro area ranks as one of the fastest-growing in the country, adding more than 100,000 people annually.

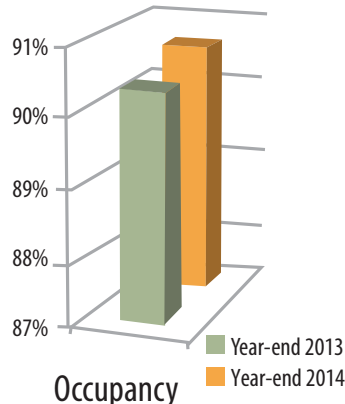
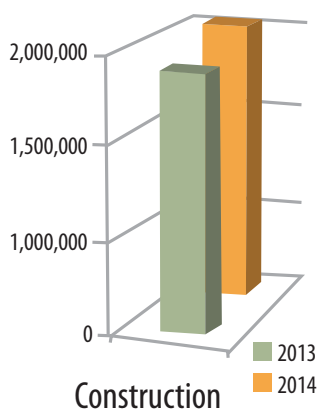
The market added approximately 112,000 net new jobs in 2014, according to a BLS December 2014 report that also noted that the employment growth of 3.6 percent exceeded the national average of 2.0 percent.

During 2014, the market added approximately 23,000 new single-family homes for the 12 months ended Third Quarter 2014, eight percent higher than the same period in 2013 and 69 percent higher than the low point in 2011. The market is also seeing significant multi-family construction.

For 2015, MetroStudy predicts that D/FW will rank second in the nation in homebuilding with 28,000 new homes.

With powerful growth expected to continue in the key areas of population, jobs and residential growth, the outlook for the D/FW retail market in 2015 is for another year of sturdy gains.

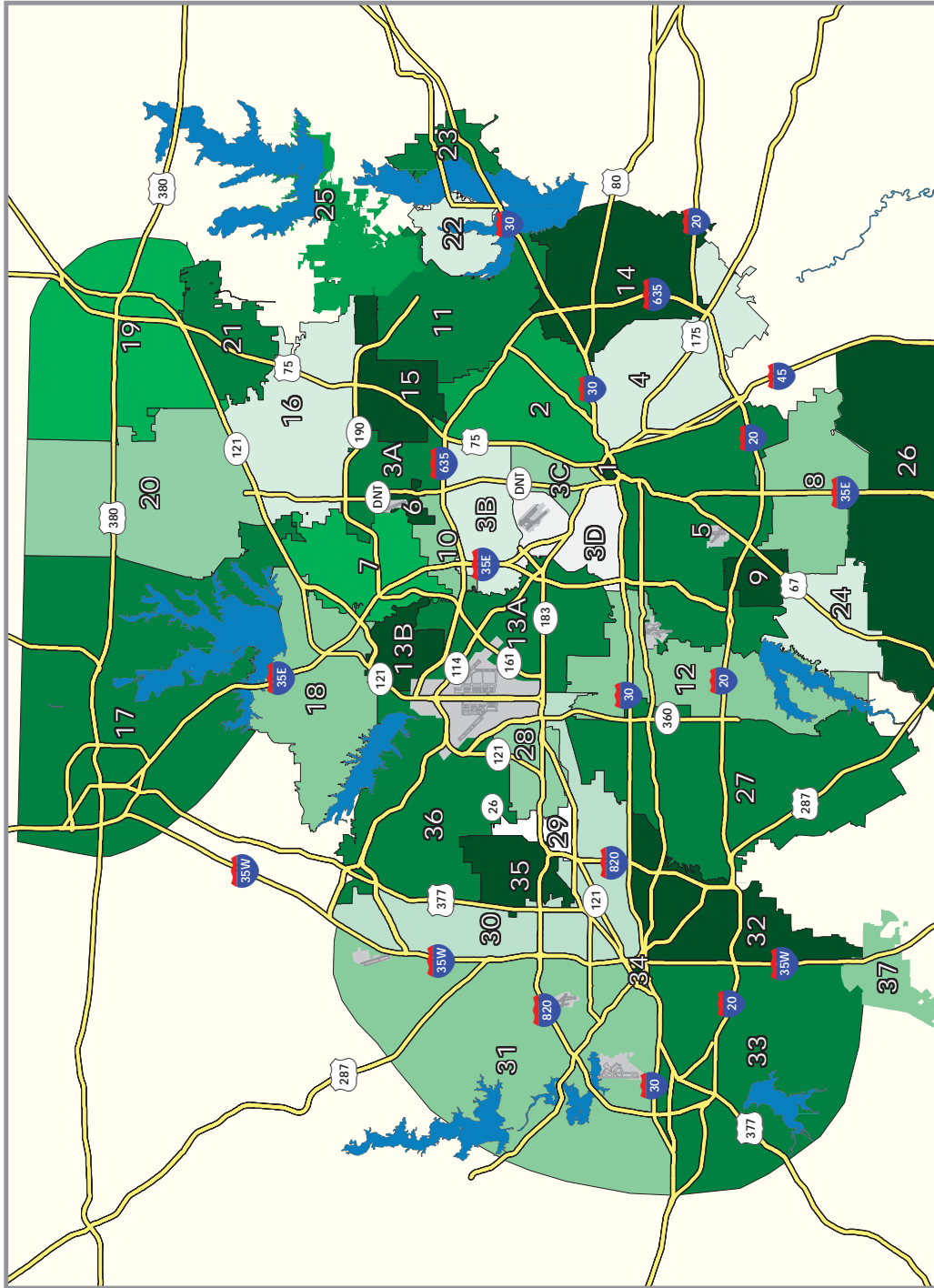
DALLAS/FORT WORTH



DALLAS/FORT WORTH SUBMARKET SUMMARY

Sector	Name	YE 2013 GLA	YE 2013 Vacancy	YE 2013 % Vacancy	YE 2014 GLA	YE 2014 Vacancy	YE 2014 % Vacancy
1	Dallas CBD	471,546	138,555	29.38%	471,546	141,590	30.03%
2	Northeast Dallas	9,362,699	1,003,754	10.72%	9,463,318	1,113,264	11.76%
3A	Far North Dallas	8,409,993	749,141	8.91%	8,409,993	696,137	8.28%
3B	North Dallas	5,479,628	251,911	4.60%	5,479,628	198,407	3.62%
3C	Park Cities/Oak Lawn	3,165,126	120,518	3.81%	3,202,126	88,818	2.77%
3D	West Dallas	575,833	135,901	23.60%	575,833	135,901	23.60%
4	Southeast Dallas	1,976,418	187,350	9.48%	1,976,418	214,504	10.85%
5	Southwest Dallas	7,681,764	930,672	12.12%	8,075,094	1,049,613	13.00%
6	Addison	1,542,927	280,250	18.16%	1,542,927	337,307	21.86%
7	Carrollton	3,204,344	556,124	17.36%	3,204,344	487,472	15.21%
8	Desoto/Lancaster	1,994,749	215,703	10.81%	1,994,749	184,142	9.23%
9	Duncanville	1,355,174	234,482	17.30%	1,444,174	267,201	18.50%
10	Farmers Branch	1,087,528	150,100	13.80%	1,087,528	84,900	7.81%
11	Garland	7,068,523	882,855	12.49%	7,114,523	807,848	11.35%
12	Grand Prairie	3,500,643	313,155	8.95%	3,500,643	294,946	8.43%
13A	Irving	8,208,366	970,295	11.82%	8,245,366	1,052,796	12.77%
13B	Coppell	980,836	183,631	18.72%	980,836	167,338	17.06%
14	Mesquite/Balch Springs	5,518,780	592,658	10.74%	5,518,780	531,656	9.63%
15	Richardson	3,991,550	693,824	17.38%	3,991,540	650,196	16.29%
16	Plano	15,265,493	1,609,412	10.54%	15,265,493	1,727,817	11.32%
17	Denton	5,780,653	393,650	6.81%	5,908,565	395,499	6.69%
18	Lewisville/Flower Mound	9,565,373	944,162	9.87%	9,603,373	887,173	9.24%
19	McKinney	3,476,927	202,485	5.82%	3,561,927	202,485	5.68%
20	Frisco	6,996,142	336,719	4.81%	6,996,142	273,980	3.92%
21	Allen	4,961,771	501,922	10.12%	4,961,771	501,922	10.12%
22	Rowlett	1,258,154	75,624	6.01%	1,258,154	75,624	6.01%
23	Rockwall	2,151,606	97,711	4.54%	2,168,606	129,955	5.99%
24	Cedar Hill	2,653,170	175,797	6.63%	2,653,170	175,797	6.63%
25	Murphy/Wylie/Sachse	2,099,775	45,800	2.18%	2,251,972	50,015	2.22%
26	Northern Ellis County	1,788,496	120,992	6.77%	1,818,496	88,000	4.84%
	Dallas	131,573,987	13,095,153	9.95%	132,727,035	13,012,303	9.80%
27	Arlington	14,370,563	1,041,749	7.25%	14,280,676	954,038	6.68%
28	Bedford/Euless	2,801,831	325,249	11.61%	2,801,831	323,181	11.53%
29	Hurst	3,521,398	365,751	10.39%	3,521,398	305,655	8.68%
30	Northeast Fort Worth	3,618,579	393,258	10.87%	3,733,579	359,007	9.62%
31	Northwest Fort Worth	5,938,999	634,801	10.69%	6,324,599	633,983	10.02%
32	Southeast Fort Worth	1,428,948	181,153	12.68%	1,428,948	154,510	10.81%
33	Southwest Fort Worth	9,543,184	1,236,827	12.96%	9,628,184	1,189,897	12.36%
34	Fort Worth CBD	393,300	82,356	20.94%	393,300	80,856	20.56%
35	North Richland Hills	2,977,738	558,122	18.74%	3,027,388	579,715	19.15%
36	Northeast Tarrant Co	9,366,402	461,286	4.92%	9,366,402	383,204	4.09%
37	Burleson	1,746,624	38,463	2.20%	1,882,624	36,282	1.93%
38	Weatherford	999,522	101,357	10.14%	999,522	79,430	7.95%
	Fort Worth	56,707,088	5,420,372	9.56%	57,388,451	5,079,758	8.85%
	Grand Total	188,281,075	18,515,525	9.83%	190,115,486	18,092,061	9.52%

DALLAS/FORT WORTH SUBMARKET MAP



Shopping Center Sectors

- 1 - Dallas CBD
- 2 - Northeast Dallas
- 3A - Far North Dallas
- 3B - North Dallas
- 3C - Park Cities / Oak Lawn
- 3D - West Dallas
- 4 - Southeast Dallas
- 5 - Southwest Dallas
- 6 - Addison
- 7 - Carrollton
- 8 - DeSoto / Lancaster
- 9 - Duncanville
- 10 - Farmers Branch
- 11 - Garland
- 12 - Grand Prairie
- 13A - Irving
- 13B - Coppell
- 14 - Mesquite / Balch Springs
- 15 - Richardson
- 16 - Plano
- 17 - Denton
- 18 - Lewisville / Flower Mound
- 19 - McKinney
- 20 - Frisco
- 21 - Allen
- 22 - Rowlett
- 23 - Rockwall
- 24 - Cedar Hill
- 25 - Murphy / Wylie / Sachse
- 26 - Northern Ellis County
- 27 - Arlington
- 28 - Bedford / Euless
- 29 - Hurst
- 30 - Northeast Fort Worth
- 31 - Northwest Fort Worth
- 32 - Southeast Fort Worth
- 33 - Southwest Fort Worth
- 34 - Fort Worth CBD
- 35 - North Richland Hills
- 36 - Northeast Tarrant County
- 37 - Burleson
- 38 - Weatherford*

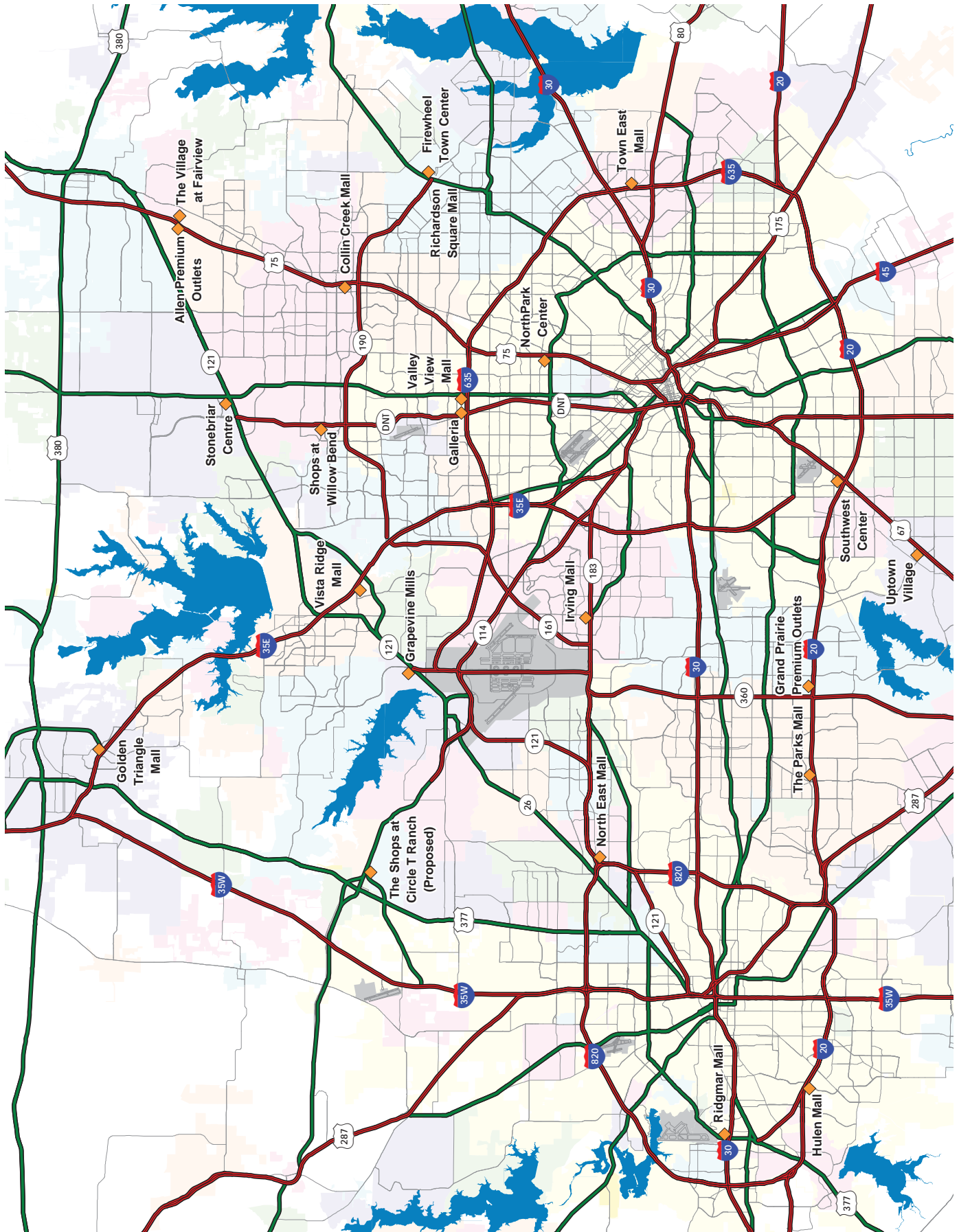
*not shown on map

DALLAS/FORT WORTH ABSORPTION & CONSTRUCTION

Sector	Name	2014 Absorption	2014 Construction*
1	Dallas CBD	-3,035	
2	Northeast Dallas	-8,891	100,619
3A	Far North Dallas	53,004	
3B	North Dallas	53,504	
3C	Park Cities/Oak Lawn	68,700	37,000
3D	West Dallas	0	
4	Southeast Dallas	-27,154	
5	Southwest Dallas	274,389	393,330
6	Addison	-57,057	
7	Carrollton	68,652	
8	Desoto/Lancaster	31,561	
9	Duncanville	56,281	89,000
10	Farmers Branch	65,200	
11	Garland	121,007	46,000
12	Grand Prairie	18,209	
13A	Irving	-45,501	37,000
13B	Coppell	16,293	
14	Mesquite/Balch Springs	61,002	
15	Richardson	43,618	
16	Plano	-118,405	
17	Denton	126,063	127,912
18	Lewisville/Flower Mound	94,989	38,000
19	McKinney	85,000	85,000
20	Frisco	62,739	
21	Allen	0	
22	Rowlett	0	
23	Rockwall	-15,244	17,000
24	Cedar Hill	0	
25	Murphy/Wylie/Sachse	147,982	152,197
26	Northern Ellis County	62,992	30,000
	Dallas	1,235,898	1,153,058
27	Arlington	-2,176	88,000
28	Bedford/Euless	2,068	
29	Hurst	60,096	
30	Northeast Fort Worth	149,251	115,000
31	Northwest Fort Worth	386,418	385,600
32	Southeast Fort Worth	26,643	
33	Southwest Fort Worth	131,930	85,000
34	Fort Worth CBD	1,500	
35	North Richland Hills	28,057	49,650
36	Northeast Tarrant Co	78,082	
37	Burleson	138,181	136,000
38	Weatherford	21,927	
	Fort Worth	1,021,977	859,250
	Grand Total	2,257,875	2,012,308

* New construction of 25,000 square feet or more; some construction represents expansion space

DALLAS/FORT WORTH MAJOR MALL MAP





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HOUSTON

Houston Retail Market Continues to See High Occupancy

HOUSTON - Houston's retail market continues to post its strongest retail market occupancy numbers in years, with only four percent of the market's 149 million square feet vacant. But the rapid drop in the price of oil is leading some to question whether the market can maintain that high level of occupancy in 2015. However, the economy today is far less dependent on energy than in the 1980s, so the impact should be lessened, and lower gas prices are increasing consumers' disposable income.

The occupancy rate shows the retail market is benefitting from the strength of the Houston metro economy, which created more than 125,000 jobs in 2014 for its strongest employment market since 1981.

The Weitzman Group and Cencor Realty Services review a Houston-area retail market inventory of approximately 149 million square feet in multi-tenant retail centers with 25,000 square feet or more.

Even as the market tightens, the new construction in 2014 remained constrained due to the limited expansions by anchor tenants other than grocers. However, several key projects are expanding, and Houston is seeing two major mall expansions under way, despite the fact that the category remains all but dormant nationwide.

For calendar year 2014, the Houston-area retail market saw new space in new and expanded retail projects that totaled approximately 1,740,400 square feet. The total is considered low for a market with high occupancy in the midst of a strong economy. The new space is on par with the approximately 1.6 million square feet added in 2013.

New projects for 2014 included:

- **Kroger**, with multiple locations including:
 - A 124,000-square-foot **Marketplace** store that opened at 9703 Barker Cypress Road in the Towne Lake community in Cypress;
 - A 123,000-square-foot **Kroger Marketplace** that opened at Kuykendahl and West Rayford in Spring as the anchor for Spring Marketplace;
 - A 100,000-square-foot store at Highway 59 and FM 1960 in Humble. The store is designed to replace a smaller location in Humble.
- **H-E-B**, with multiple locations including:
 - a 100,000-square-foot grocery store at Spring Cypress Road and Grant Road in Cypress;
 - an 80,000-square-foot store at 2710 Pearland Parkway. The location is the second for **H-E-B** in the Pearland market;
 - a 100,000-square-foot store at League City Parkway and Highway 96 in League City;
 - a 90,900-square-foot store at San Felipe and Fountainview, which opened in the Galleria area at the site of an old multi-family project;



- o the fifth Woodlands-area **H-E-B**, which opened in October in Creekside Park Village Center, located on Kuykendahl Road between Creekside Forest and Creekside Greens drives. The new store incorporates 100,000 square feet. **Walgreens** also opened in 2014 in the center;
- **Vintage Marketplace**, an approximately 71,000-square-foot center anchored by a 40,443-square-foot **Whole Foods** that opened in June. The project is at the southeast corner of Louetta and Cutten roads in North Houston;
- **Whole Foods**, with an approximately 48,500-square-foot store in the newest phase of mixed-use project BLVD Place at 1700 Post Oak Boulevard in the Uptown/Galleria area;
- **Walmart Supercenter**, with an 185,000-square-foot store near the intersection of I-45 and Wayside Drive;
- **Walmart Supercenter**, with an 185,989-square-foot store in Chambers Town Center, located at I-10 and Highway 46 in Baytown. A new phase will add **ShowBiz Cinemas**, as well as additional retail, for 2015 or later;
- **Walmart Neighborhood Market**, the concept's smaller, approximately 46,000-square-foot store, which is under way

with eight new locations. The location in Katy opened in 2014;

- **Sam's Club**, which opened a 136,000-square-foot store in the Shops at Bella Terra off Grand Parkway in Richmond;
- **Nordstrom**, which built a new 138,000-square-foot, two-level store at The Woodlands Mall at the site of a former Sears store;
- **LaCenterra** at Cinco Ranch Phase III in Katy. The retail space in the mixed-use phase totaled 37,000 square feet anchored by a 12,500-square-foot **Trader Joe's**;
- **Academy Sports & Outdoors**, with a 2014 store in the Village at West Oaks at Westheimer and Highway 6;
- **Gander Mountain**, which opened a 52,000-square-foot store in Market Square on Eldridge Parkway, located at Eldridge Parkway and Westheimer Road;
- **TopGolf**, a golf-focused entertainment center, which opened an approximately 65,000-square-foot facility at 560 Spring Park Boulevard;
- **Costco**, which opened a 152,000-square-foot store at I-10 and Grand Parkway in the Katy area;
- The first phase of the Shops at Uptown Crossing, which will feature **Walmart** and other concepts. The first phase was a new-construction, 32,000-square-foot **Microcenter**;
- **Buc-ee's**, a supersized convenience store and travel stop, with 60,000-square-foot locations at I-45 South and Holland Road in Texas City and at I-10 and John Martin Road in Baytown;
- **Sprouts**, with a new-construction 28,000-square-foot store at 20708 Kuykendahl.



Kroger Marketplace opened two large-format Marketplace stores in 2014

The market is also seeing strong demand for space in existing centers.

Leasing highlights included:

- **Fitness Connection**, which backfilled 46,000 square feet of existing space in Fondren Road Plaza;
- Discounter **Five Below**, with eight new locations
- **Floor and Décor**, which backfilled a former Kroger in Sugar Land;
- **World Gym** and **Palais Royal**, which leased the majority of space in vacant former **Macy's** in Texas City;
- **Bravo Ranch Supermercado**, which backfilled a 42,000-square-foot former **Kroger** in Pasadena;
- **H&M**, with 20,000-square-foot-plus stores in the Galleria and in Katy Mills Mall;
- **Toby Keith's I Love This Bar & Grill**, which opened a 28,000-square-foot location at West Oaks Mall;
- **Golfsmith**, with a 26,000-square-foot store at 5319 FM 1960 West;
- **Pet Club**, which leased approximately 6,000 square feet in Cullen Crossing Shopping Center in Pearland for its first area location. **Pet Club** is just one of several pet-focused retailers expanding in Houston;
- A vacant Circuit City at 9950 Kleckly, which was converted for medical users.

For 2015, several retail projects are already in the works. These include:

- The 555,000-square-foot expansion of **Baybrook Mall**, which will be anchored by a 42,000-square-foot **Star Cinema Grill**. (The cinema is relocating). The expansion brings the mall to a total of 1.7 million square feet and is set to open by the end of 2015;
- The expansion and renovation of leading mall **The Galleria**, which is

adding new retail space and a newly renovated 198,000-square-foot **Saks** store adjacent to its existing store. The **Saks'** relocation creates 110,000 square feet that will be subdivided for restaurants and retail space. The mall also will add a new multi-family tower;

- **Yale Market**, a 125,000-square-foot center under construction at the intersection of I-10 and Yale near the close-in Heights neighborhood. The center's line-up will include **Sprouts Farmers Market**, **LA Fitness**, **World Market** and **Mattress Firm**;
- **Nordstrom Rack**, which announced a 31,000-square-foot store to open in spring 2015 at Baybrook Square at I-45 and West Bay Area Boulevard in Webster. The store will replace a current **DSW**, which will relocate within the center;

The **Central Square Midtown** redevelopment will feature 25,000 square feet of street-level retail for Houston's strong Midtown/Downtown market.



- **Whole Foods**, which plans a 40,000-square-foot store at 1407 S. Voss Road, between Woodway and San Felipe, for a 2015 opening. The store, a relocation of the **Whole Foods** Woodway location, is at the site of a Randalls Flagship store that closed in mid-2013;
- Also for 2015, **Whole Foods** plans a 40,000-square-foot store as anchor to the Hughes Landing mixed-use complex located near the intersection of Lake Front Circle and Lake Woodlands Drive in The Woodlands. Dallas-based **Whiskey Cake Kitchen & Bar** also will open its first Houston-area location in the project;
- **Costco**, with a 153,000-square-foot store to open in early 2015 at the northeast corner of Highway 242 and I-45 in The Woodlands;
- **Walmart Neighborhood Market**, with a new 41,000-square-foot store for the northeast corner of Barker Cypress Road and Longenbaugh Drive;
- **Cabela's**, which will open a 72,000-square-foot store in 2015 at I-45 and Big League Dreams Parkway. The location will be the first in the Houston area for outdoors superstore **Cabela's**;
- **Fry-529 Retail Center**, located at the southeast corner of North Fry Road and FM 529. The first phase of the center, with 115,000 square feet, will feature **Fiesta Mart** and **Goodwill Select Store**. **Fiesta** opens in January 2015;
- **Gallery Furniture**, with a new 165,000-square-foot

store set to open in 2015 on West Grand Parkway South in Richmond;

- **CityPlace**, a north Houston mixed-use project on I-45 at Grand Parkway near the new ExxonMobil corporate campus. **CityPlace** is designed to have 400,000 square feet of retail upon completion. The first mixed-use building, with 27,000 square feet of retail space, is set for completion in late 2015, with the next phase coming online in 2016.

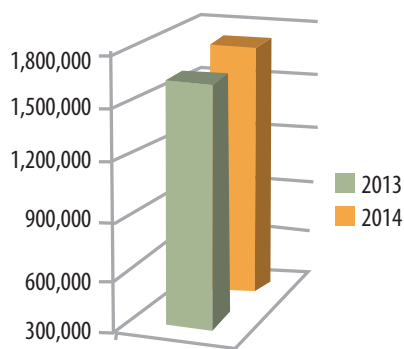
In terms of rent, the Houston retail market is seeing average quoted rents remain steady after showing notable gains in 2013. Demand for the best-located space, however, is resulting in Class A small-shop rates in newly constructed projects going as high at \$60 per square foot per year.

For small-shop in-line space in well-located, anchored projects:

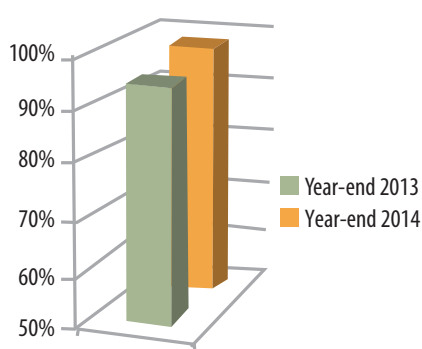
- Class A rates ranged from approximately \$30 to \$40 on a per-square-foot-per-year basis.
- Class B small-shop space average rates ranged from approximately \$22 per square foot to \$28 per square foot.
- Class C small-shop average rates typically were in the \$15 to \$20-per-square-foot-per-year range.

These rates are average small-shop asking rates, and rates at specific centers can be notably higher or lower depending on location, anchors, type of tenant, specific-space sizes and demographics.

HOUSTON

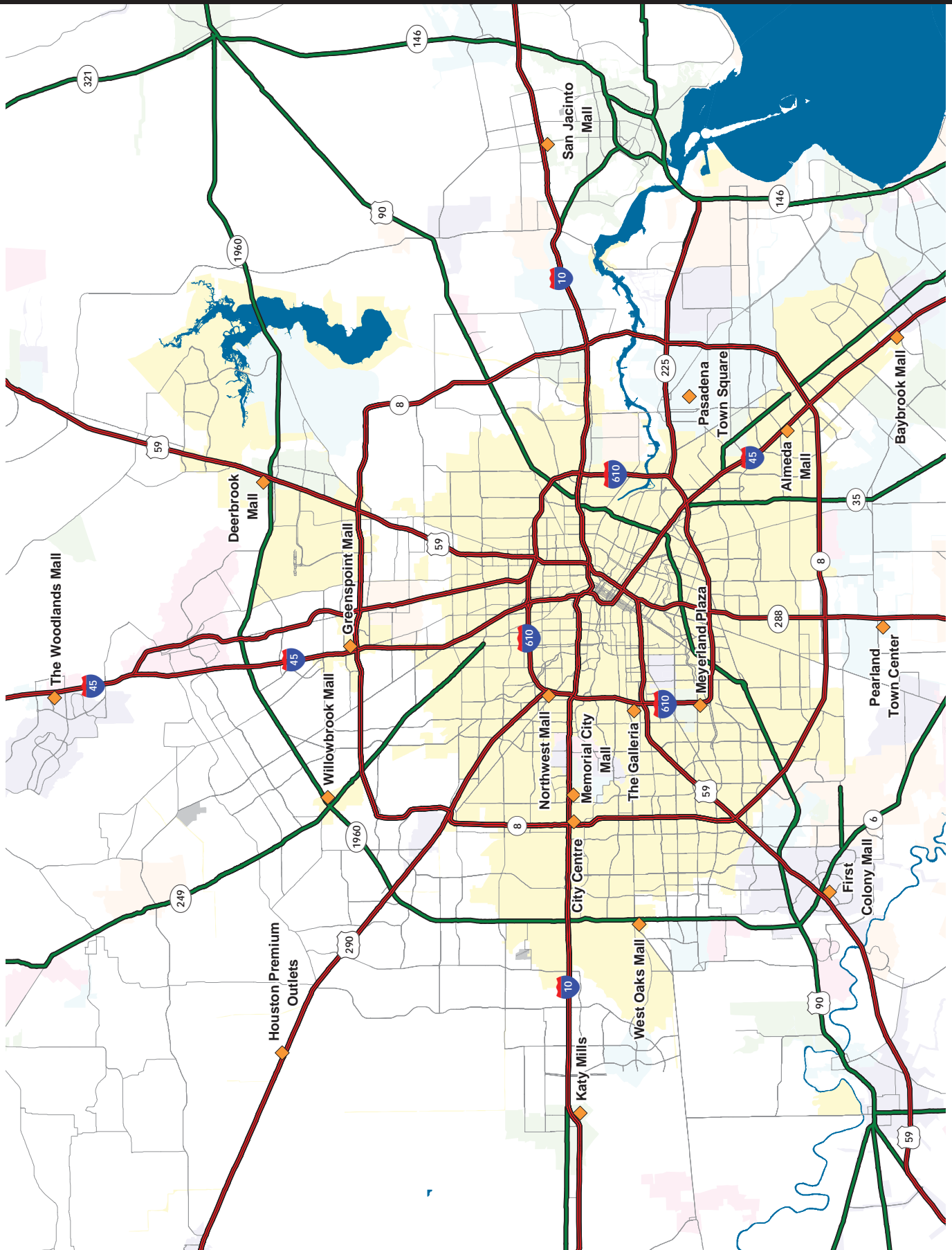


Construction



Occupancy

HOUSTON MALL MAP





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SAN ANTONIO

San Antonio Retail Market Continues to Make Strides

SAN ANTONIO – San Antonio's retail market posted an occupancy rate of 93.0 percent at year-end 2014, a notable gain over the 91.4 percent rate posted at year-end 2013.

Retail occupancy continued to make gains due to steady demand for retail space at a time when the market's limited construction is primarily for users, and little speculative space is coming online.

The occupancy rate is based on a review of San Antonio area multi-tenant shopping centers with 25,000 square feet or more conducted by The Weitzman Group and Cencor Realty Services. The review is based on a San Antonio retail market inventory of 41.7 million square feet.

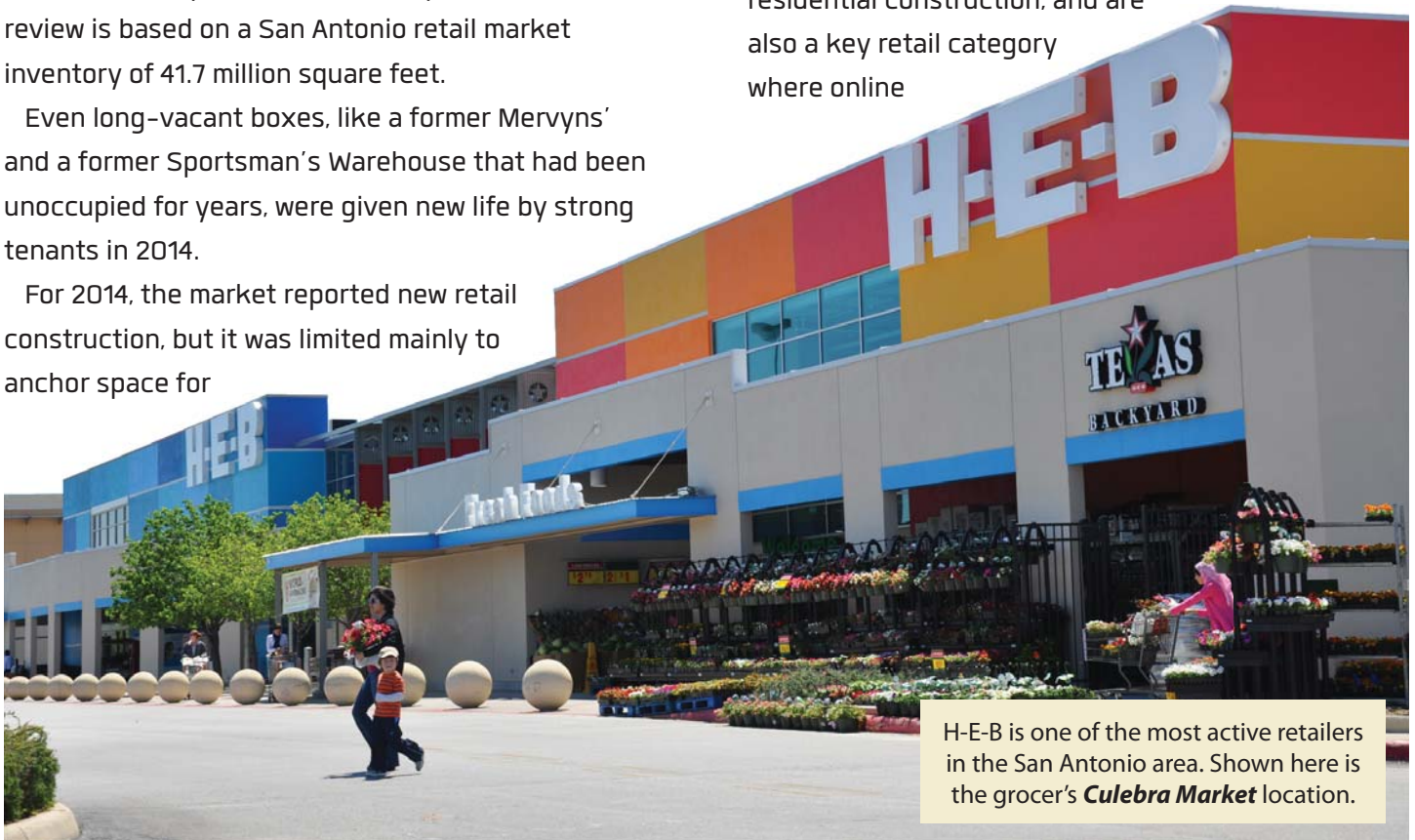
Even long-vacant boxes, like a former Mervyn's and a former Sportsman's Warehouse that had been unoccupied for years, were given new life by strong tenants in 2014.

For 2014, the market reported new retail construction, but it was limited mainly to anchor space for

users. Construction of small-shop speculative space continued to be limited, reflecting developers' desire to ensure that retail construction did not outpace retail demand.

As a result, the market's available space tightened as leasing continued during a time of constrained construction. Several areas, including the retail along S.W. and S.E. Military and key retail districts along Loop 1604 and Loop 410, now report little availability of either small-shop or end-cap locations.

During 2014, grocery stores dominated the new space added to the San Antonio metro area, reflecting the situation in Texas' other major markets. Grocery stores are expanding to meet the need of a growing population and increased residential construction, and are also a key retail category where online



H-E-B is one of the most active retailers in the San Antonio area. Shown here is the grocer's **Culebra Market** location.

competition has failed to get much traction.

New space in new and expanded retail projects added approximately 1.4 million square feet to the San Antonio retail market inventory. The total, while relatively constrained for a market with high occupancy in a strongly performing metro area, was still double the 704,000 square feet of new space added during 2013.

During 2014, no other retailer added more space in San Antonio than Walmart. The world's largest retailer is expanding in the Alamo City with both large-format Supercenters and smaller Neighborhood Market stores. Walmart also added two new Sam's locations during the year.

For 2014, new Walmart Supercenter locations included:

- A store at 12639 Blanco Road;
- A store at Nacogdoches Road and Thousand Oaks Drive;
- A store at Wurzbach Parkway and Blanco Road;
- A store at Walzem Road and Parkcrest Drive;
- A store at Loop 410 and Ray Ellison Boulevard.



High-end mixed-use project **Dominion Ridge** opened in 2014 with a mix of high-profile restaurants, shops and office space.

Several **Walmart Neighborhood Markets**, the grocer's smaller concept with footprints in the 40,000-square-foot range, opened in the San Antonio market in 2014.

New Neighborhood Markets for 2014 included:

- 1515 South Ellison Drive, on the far West Side;
- Hunt Lane and Military Drive, also on the far West Side;
- Guilbeau and Tezel Roads, on the Northwest Side;
- DeZavala and Lockhill-Selma Roads, on the Northwest Side.

Sam's Club, a wholesale-club store from **Walmart**, opened new stores at 2530 Marshall Road on the far North Side and at 3239 Goliad Road in the Brooks City Base project.

The most active traditional grocer for 2014 was market leader H-E-B, with new stores that included:

- a new 97,000-square-foot store at 368 Valley Hi Drive in South San Antonio;
- an upscale, 70,000-square-foot **H-E-B** store at Hardy Oak and Wilderness Oaks in the Stone Oak area. The new store features **H-E-B's** first in-store full-service restaurant.

The market also saw some key specialty projects come online in 2014, including:

- **Dominion Ridge**, an upscale mixed-used project at IH-10 and Dominion Drive, which brought online 57,000 square feet of retail

space. The project is now home to **Salons by JC**, **Silo Elevated Cuisine**, **Aldaco's Mexican Cuisine**, **Di Frabo Italian**, **Posh Sushi**, **Neva Face** and **Body spa**, **Moda Bebe** children's boutique, **Toy Zone**, **First American Title**, **CuppenCake** espresso bar and bakery lounge and others. **Dominion Ridge** also features existing freestanding **CVS** and **Chase Bank** locations, which opened in 2012;

- **Sonterra Village**, a new retail center with approximately 40,000 square feet anchored by a 12,500-square-foot **Trader Joe's** specialty grocery. The center, at 403 North Loop 1604 West, also includes **Zoë's Kitchen**, **Tarka** Indian restaurant and **Orange Theory Fitness**;
- **The Rim**, a power/regional project that is adding new space through 2015 in its fifth phase. For 2014, new space was added for concepts like **Bassett Furniture**, **Hobby Lobby**, **Hemispheres**, **PetSmart**, **Total Wine**, **Mattress Firm**, **Boot Barn**, **Fleet Feet**, **Carl's Jr.**, **Popeye's**, **Zoe's** and **54th Street Bar & Grill**. Concepts for 2015 include **Lion & Rose**, **Off Broadway Shoe Warehouse**, **Guitar Center**, **Top Golf**, **Beauty Brands**, **Toby Keith's I Love This Bar & Grill**, **Bowl & Barrel** and many other shops and restaurants, as well as a **Hilton Garden Inn**;
- **Main Event Entertainment**, which opened a 58,000-square-foot facility in Monterrey Village at SH 151 and Cable Ranch Road. The location is the second in the metro area for **Main Event**.

For 2015, several new retail projects are in the works, with Walmart and H-E-B again among the most active concepts.

New space set for 2015 or later includes:

- A **Walmart Supercenter** with 150,000 square feet at Bandera and Woodlawn set to open in the first half of 2015;
- A 185,000-square-foot **Supercenter** planned for Cibolo, northeast of San Antonio, at Cibolo Valley Drive and Borgfield Road;
- A **Walmart Neighborhood Market** at MacArthur View and Nacogdoches on the Northeast side opening January 2015;
- The completion of the newest phase of **The Rim**, as mentioned previously. **Top Golf**, an entertainment concept, will open a 65,000-square-foot location at **The Rim**, its first location in San Antonio;
- **Singing Hills**, a mixed-use development located at Hwy 281 and SH 46 in Bulverde anchored by a **Walmart Supercenter** slated for a 2015 opening;
- **H-E-B** and **LA Fitness**, which will anchor a project at Bulverde and Loop 1604. **LA Fitness** opens in the first half of 2015, and **H-E-B** is set for a 2016 completion. **Gold's Gym** is under construction at a different corner of the intersection;
- **Forum Pointe**, a 40,000-square-foot center with concepts including **Western Dental**, **Select Comfort**, **Pasha Mediterranean Cuisine**, **Salon Suites** and others. The project, near The Forum at Olympia Parkway, is set to open in the first half of 2015.

Retailers and restaurants continue to use existing centers to expand, which is boosting occupancy.

For 2014, expanding retailers in existing space included:

- **Gander Mountain**, an outdoors superstore, which backfilled the former **Sportsman's Warehouse** in Westover Hills Marketplace at 8203 SH 151;
- **Dick's Sporting Goods**, which opened its third area location in former **Mervyn's** space at South Park Mall;
- **DSW** and **ULTA**, which backfilled part of the former **Best Buy** space at Ingram Festival, a power center peripheral to Ingram Park Mall. **DSW** took 18,600 square feet, and **Ulta** took 12,000 square feet. The space became available when **Best Buy** relocated within the center;
- **Gold's Gym**, which took the 26,000-square-foot former **Bally's** location at Alamo Quarry Market. The location opens in early 2015;

- **Blast Fitness**, which opened its third metro area location in Westpark Plaza in Northwest San Antonio;
- **H&M**, a famed “fast-fashion” apparel retailer, which opened a 27,000-square-foot store at The Shops at La Cantera mall during the first half of the year. **H&M** also will open in redeveloped space in the former **Dillard’s** department store at Rivercenter Mall downtown. **Dave & Buster’s** also is scheduled to open in the redeveloped space, with completion set for 2015;
- **Total Wine** and Phoenix-based **Mega Furniture**, which opened in La Plaza del Norte;
- **Concentra**, which took an 8,000-square-foot former restaurant space in Fiesta Trail Shopping Center for a new medical office location;
- **Norris Conference Centers**, which took 33,000 square feet in the Park North retail/entertainment project along Loop 410 at Blanco Road and San Pedro Avenue;
- **Bowlero**, which backfilled the former **AMF Country Lane** at 1330 San Pedro Avenue. **Bowlero** is a bowling alley/bar/restaurant concept;
- Urgent care facilities, which continue to expand into existing space, including former **Blockbusters** on Nacogdoches and at Culebra and Tezel and a 3,200-square-foot former bank endcap space in Deerfield Shopping Center;

The restaurant market is also seeing expansions from

quick-serve, fast-casual and fine dining concepts.

New restaurant locations for 2014 include:

- **Silo Elevated Cuisine**, ranked as one of the country’s top restaurants, which opened its third location in Dominion Ridge. The new restaurant lives up to the “elevated” name with rooftop dining and fantastic views;
- **Whiskey Cake**, a popular Dallas-based concept, which opened in the Shops at La Cantera in Northwest San Antonio;
- **Torchy’s Tacos**, a popular Austin-based concept, which entered the San Antonio market with a new location in The Shops at Lincoln Heights;
- **Twin Peaks**, which opened its second area location in Westover Hills in May. **Twin Peaks** also opened at Blanco and Loop 410 in the Park North project;
- **Pollo Tropical**, a fast-expanding casual dining chain that is sister chain to **Taco Cabana**, with a location at 838 Bitters Road at Highway 281 and a location at 6819 North Loop 1604 West at Chase Boulevard. A location at 281 and Evans is also on track for a 2015 opening;
- **Kneaders Bakery & Café**, a restaurant with locations in several states, which entered the Texas market with a San Antonio location at Stone Oak and Hardy Oak;



A vacant office building at IH-35 and Walzem Road was demolished in 2014 for a project set to open with concepts such as In-N-Out and others.

- **Pappadeaux Seafood Kitchen**, with a 15,000-square-foot restaurant in The Landmark on I-10 West near The Shops at La Cantera. The location, when it opens, will be the concept's second in San Antonio.
- **McAlister's**, which relocated to a new free-standing location at Northwest Military and Loop 1604. A new **Starbucks** is adjacent;
- **Salata**, a salad-bar concept, which opened its second metro area location on the far North Central Side;
- Quick-service restaurants, including **Chick-fil-A** and **Popeye's**;
- **In-N-Out Burger**, which opened its first of several planned locations.

Asking retail rents remain stable in San Antonio, with rents for the market's strongest Class A retail centers maintaining the increases they've experienced over the past 18 months.

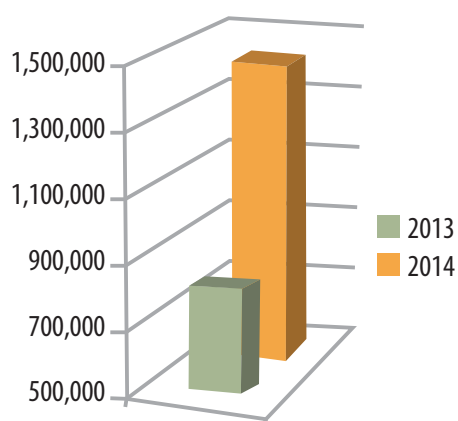
For centers by grade:

- Average Class A asking rents for small-shop in-line spaces in the market's strongest centers, including new construction, ranged from \$25 to the mid-\$30s per square-foot per year. These rates are for small-shop space in the newest and/or strongest anchored projects.
- Class B asking rates typically are in the \$18-to-\$22-per-square-foot range.
- Class C asking rates are in the \$12-to-\$16-per-square-foot range.

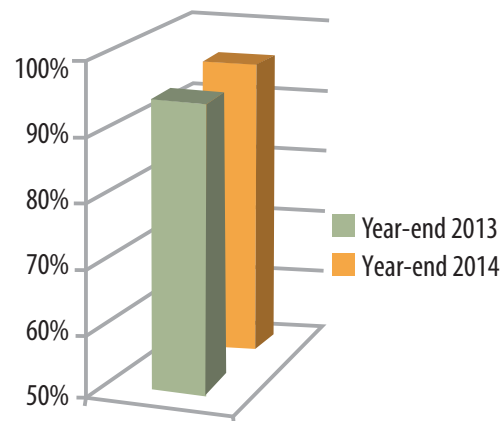
The above are average asking rates and do not take into consideration concessions. Rates can be higher or lower depending on location, co-tenancy, center condition and other factors.

San Antonio's retail market continues to benefit from the continued soundness of the metro area's economy, which ranks as one of the better-performing major markets in Texas and the country.

SAN ANTONIO

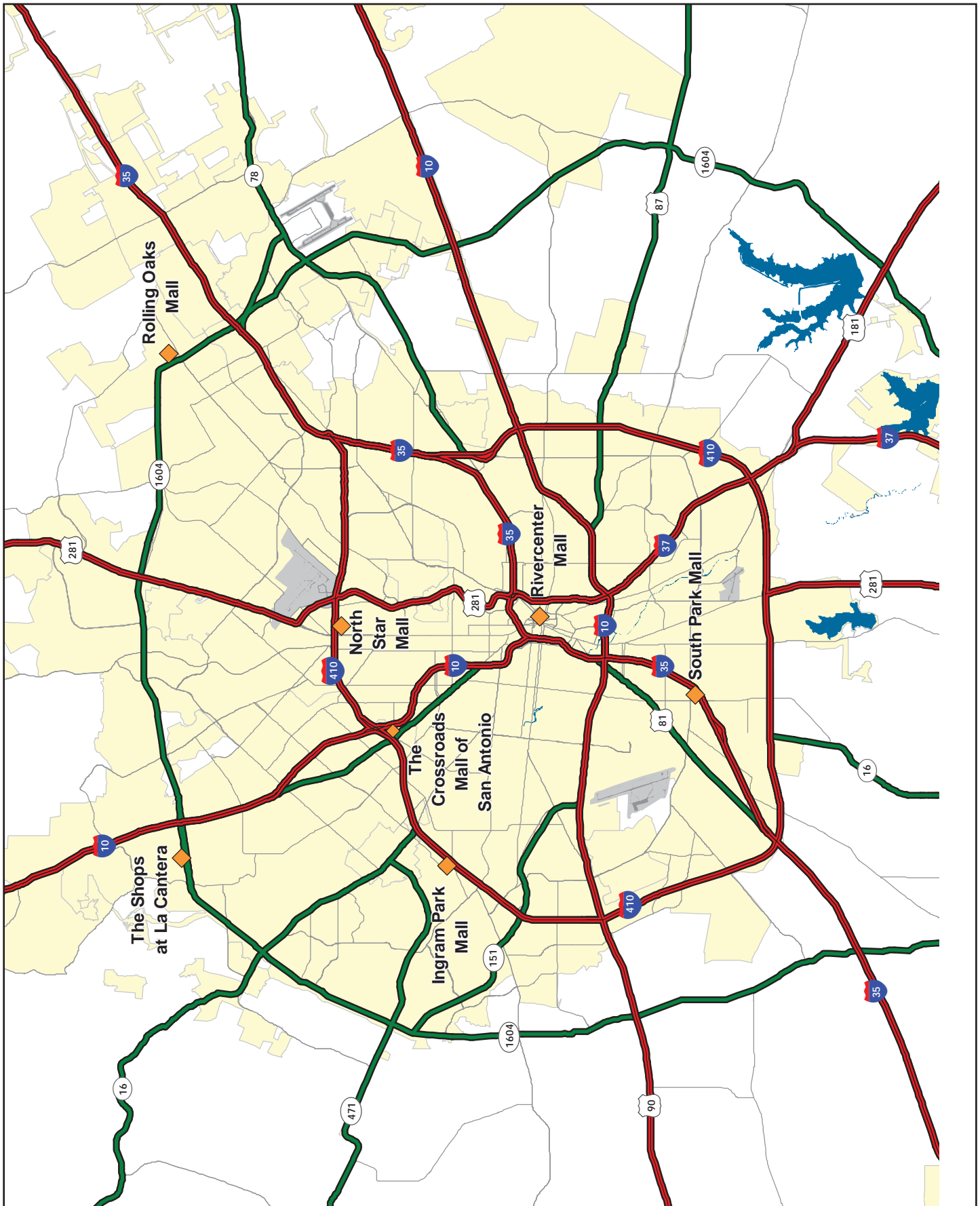


Construction



Occupancy

SAN ANTONIO MAJOR MALL MAP





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DEFINITIONS

Neighborhood Shopping Center

Concept	Convenience
SF Including Anchors	25,000-100,000
Acreage	3-15
# of Typical Anchor(s)	0-1 or more
Type of Typical Anchor	Convenience store
Anchor Ratio	30-50%

Community Shopping Center

Concept	General merchandise
SF Including Anchors	100,000-300,000
Acreage	10-40
# of Typical Anchor(s)	2 or more
Type of Typical Anchor	Discount department store, supermarket, drug store, home improvement, large specialty/discount apparel
Anchor Ratio	40-60%

Regional Shopping Mall

Concept	General merchandise, fashion (mall, typically enclosed)
SF Including Anchors	400,000-800,000
Acreage	40-100
# of Typical Anchor(s)	2 or more
Type of Typical Anchor	Full-line department store, junior department store, mass merchant, fashion apparel
Anchor Ratio	50-70%

Super-regional Shopping Mall

Concept	Similar to regional center but has more variety
SF Including Anchors	800,000+
Acreage	60-120
# of Typical Anchor(s)	3 or more
Type of Typical Anchor	Full-line department store, junior department store, mass merchant, fashion apparel
Anchor Ratio	50-70%

Power Shopping Center

Concept	Category-dominant anchors, few small tenants
SF Including Anchors	250,000-800,000
Acreage	25-80
# of Typical Anchor(s)	3 or more
Type of Typical Anchor	Category killer, home improvement, discount department store, warehouse club, off-price
Anchor Ratio	75-90%

Lifestyle Shopping Center

Concept	Caters to consumers' "lifestyle" pursuits and needs in an upscale setting
SF Including Anchors	Typically 150,000 to 500,000 plus
# of Typical Anchor(s)	N/A
Type of Typical Anchor	Fashion department store, national specialty chain, destination restaurant
Anchor Ratio	N/A

Outlet Shopping Center

Concept	Manufacturers' outlet stores
SF Including Anchors	50,000-400,000
# of Typical Anchor(s)	N/A
Type of Typical Anchor	Manufacturers' outlet stores
Anchor Ratio	N/A

Fashion/Specialty Shopping Center

Concept	Higher-end, fashion oriented
SF Including Anchors	80,000-250,000
Acreage	5-25
# of Typical Anchor(s)	N/A
Type of Typical Anchor	Fashion
Anchor Ratio	N/A

COMPANY DIVISIONS

THE WEITZMAN GROUP

The Weitzman Group ranks as one of the largest full-service regional commercial real estate firms in the United States. The company ranks as a leader in the Texas real estate market, with offices in Dallas/Fort Worth, Austin, Houston and San Antonio.

The company specializes in leasing and selling commercial and retail properties and representing commercial space tenants. Through its divisions, The Weitzman Group fields one of the largest commercial real estate brokerage forces in Texas and has a leasing portfolio of more than 44 million square feet.

Commercial Retail Division

The Commercial Retail Division is comprised of three main specialties:

- General commercial brokerage
- Tenant representation
- Project leasing

Corporate Services Division

The Corporate Services Division specializes in the representation of office space users in Dallas/Fort Worth and other Texas markets. The division handles all aspects of:

- Tenant representation
- Office building site selection
- General lease negotiations
- Lease re-negotiations (renewals)

Investment Properties Group

The Investment Properties Group offers investment opportunities and services for buyers and sellers in five major categories:

- Retail properties
- Industrial properties
- Office buildings
- Land
- Disposition properties

CENCOR REALTY SERVICES

Cencor Realty Services is one of the largest regional commercial real estate management and development services firms in the United States. The Company is headquartered in Dallas/Fort Worth and also operates offices in Austin, Houston and San Antonio. Cencor's services include property management, asset management, construction services, renovation and redevelopment services, as well as related services.

Cencor currently manages a retail portfolio of more than 22 million square feet, making it one of the largest retail property management services firms in the U.S. Cencor's properties are primarily located in Dallas/Fort Worth, Austin, Houston and San Antonio.

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