

North American Business Activity Statistics

First Quarter 2015



Restoration Hardware
X Team Partner: The Trilogy Group
Atlanta, GA

WE ARE over 450 professionals in 35 offices throughout North America. We are a powerful network

of partner offices that exclusively focus on first class, best in class, world class retail real estate. XTeam International's unique platform assembles the strongest and most experienced retail-only specialists in the most important metropolitan markets in North America. There are no substitutes for resume or reputation, and each XTeam partner office is a recognized leader in its regional trade area. Our team has an enormous track record in the representation of Fortune 500 and emerging retailers alike. We represent North America's premier Power Center and Specialty Center developers as well as regional and local clientele who own the high street retail and neighborhood centers where North America shops.

Extensive Experience. Exclusively Retail. X Team.



TJ Maxx
X Team Partner: Niessink Commercial Real Estate
Indianapolis, IN

Q1 2015 Summary

XTeam International's North American retail report for the first quarter of 2015 illustrated strong gains in both leasing and sales activity, with the network reporting just under \$1 billion in quarterly transaction volume. Paced by the strongest quarter of leasing on record, XTeam partners generated over \$729 million in new lease transactions, tallying over 4.3 million square feet of newly leased space. The total square footage of space leased also grew, albeit more modestly, from 4.2 million square feet in the prior quarter to 4.3 million square feet. The strong spike in leasing dollar volume, measured against relatively flat square footage changes, indicates that rental rates moved sharply higher in the quarter.

The trailing four quarter total for lease transactions hit \$2.43 Billion at the end of the first quarter – the strongest four quarter performance on record.

Sales activity likewise moved sharply higher in the quarter, as \$217 million in sales activity closed escrow during the first quarter, a 45% increase over the prior quarter. The sales activity reflected some 3.78 million square feet of retail space in North America – a 53% increase over the prior period.

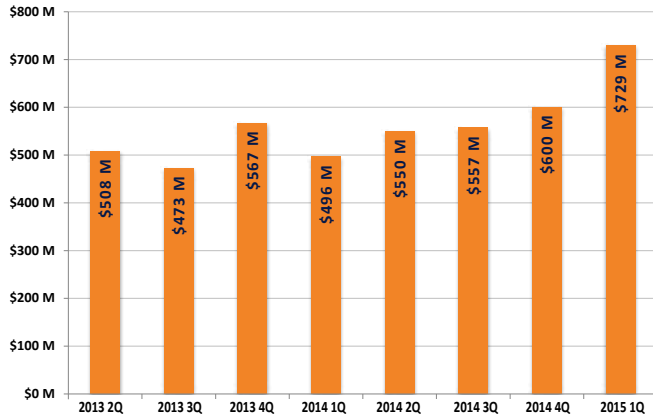
Surging lease and sales numbers are a reflection of a strengthening economy, in which existing spaces are commanding higher rents. Additionally, the absorption of more space, despite shrinking vacancy rates, demonstrates how new inventory is making its way out of the development pipeline and into the marketplace. Clearly the impacts of sustained low interest rates and an expanding economy have factored into the success of these new developments.

Key Findings from the Retail Sector:

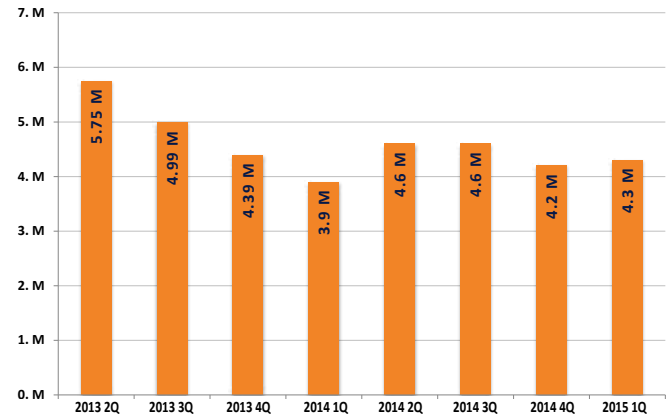
- X Team Partners consummated \$729 million in lease transactions during the first quarter of 2015, a record amount.
- Sales transactions totaled \$217 million, a 45% increase over the prior quarter.
- The total amount of retail space sold jumped from 1.75 M to 3.78 M square feet in the quarter, a 53% increase.
- Rental rates moved sharply higher, evidenced by increased lease transaction volume measured against small growth in total footage leased.

North American Leasing

The majority of new retail real estate transactions consummated each quarter are leases. In Q1 2015, leasing has represented 77% of the total value of all transactions (lease + sale). Because more consideration changes hands and more space is moved via leases, trends in leasing activity are an extremely reliable barometer of the strength of the retail sector, and by extension, the overall commercial real estate market and economy at large.



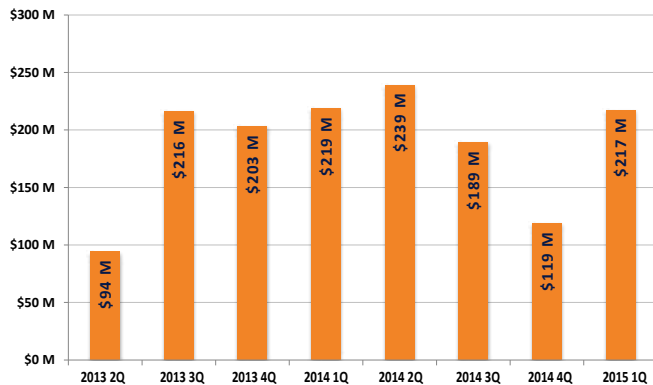
2015 1Q Leased Volume: \$729 Million



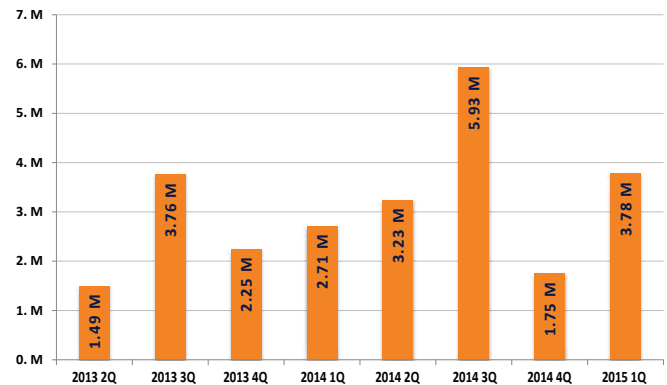
2015 1Q Leased SF: 4.3 Million

Sales Activity

The data described below captures all sales consummated by our Partners in a given quarter. This includes a broad mix of transactions including investment sales to investors, existing asset sales to users, redevelopment sales to developers and raw land sales to both users and developers. The breadth of transaction types captured by this data provides a more general commentary on retail real estate activity and trends from one quarter to the next.



2015 1Q Sales Volume: \$217 Million

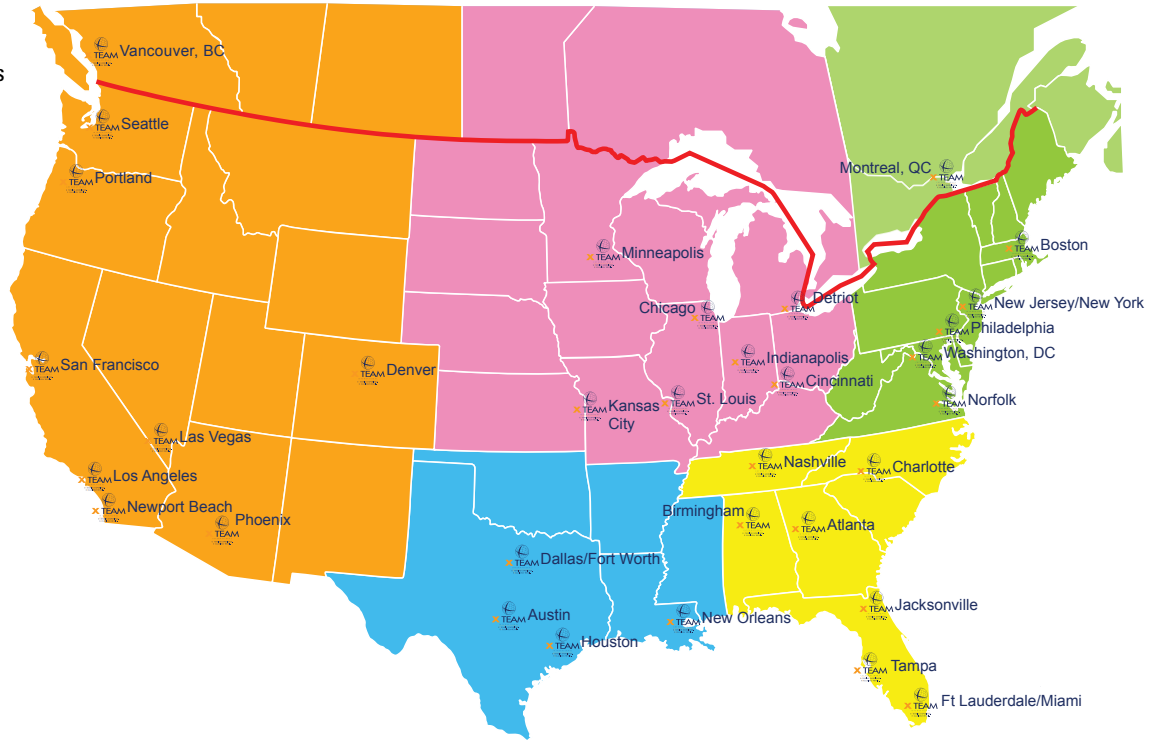


2015 1Q SF: 3.78 Million

North American Partner Offices

X Team United States Regions

- Western Region
- Central North Region
- Northeast Region
- Central South Region
- Southeast Region

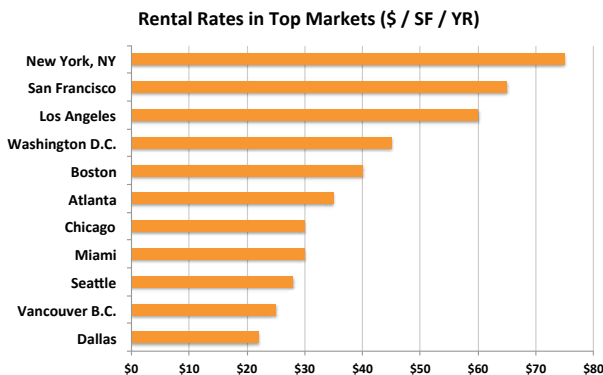


Rental Rates in Top Markets

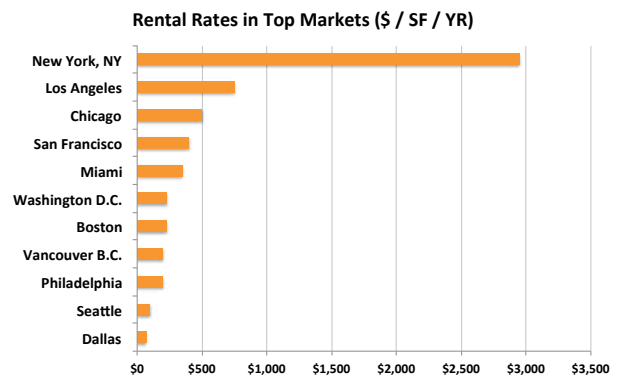
The survey below tracks rental rates in key national markets, both in the Power Center and premium High Street retail segments. The Power Center survey captures rental rates for junior boxes in the 20,000 SF range for best in class Power Centers. The adjacent survey of High Street retail captures rates for the top premium retail locations in the 2,500 SF range (excluding enclosed malls). While the New York market is the pace setter in both surveys, the disparity with other national markets is far narrower in the Power Center segment than in premium retail.

On the High Streets, New York's 5th Avenue achieved rents greater than \$2,500 per SF in 2015, roughly three times that of Los Angeles' Rodeo Drive (which stands at \$750 / SF). This significant premium above all other North American markets validates New York City as an international target for retail. However in the Power Center arena, while isolated examples of \$75 / SF rents have been attained in Manhattan, New York's \$40 / SF rate for outer Boroughs is outpaced by Los Angeles' and Seattle's low to mid \$60 rent levels. After New York rent rankings vary between power centers and premium retail.

Power Center Retail



Premium Retail



Partner Profile

Julie Soloman

The Trilogy Group | Senior Vice President

Clients Include:

Best Buy, The Fresh Market, Cobb Theatres, IKEA, iFLY, Pinstripes, Advance Auto, The Vitamin Shoppe, Chipotle and Zoe's Kitchen



Breaking News

Julie Solomon of Retail Insight has joined forces with The Trilogy Group in Atlanta. After 13 years of running her own business, she has merged with a group with whom she has shared similar core values and strategic goals. Combined together, they have the band width and expertise to fully meet their client's needs and expectations.

Business

Professional Stats

The Trilogy Group was established in 2001 as a combination of three independent boutique firms, headed up by three industry titans who share like vision and strategies.

Brokers: 10

Support: 5

What's New in Atlanta

Restoration Hardware recently opened their largest store to date. This 6-story, 70,000 square foot design gallery opened across the street from Buckhead Atlanta, an upscale premiere mixed-use development that opened last year.

Recently Recruited

Taylor Dozier, Retail Leasing Associate - 8 years of experience in the Atlanta retail market in landlord and tenant leasing, development and site acquisition.

Personal

Favorite Pastime

Hiking and spending time with her twin boys.



xteam.net

FOR MORE INFORMATION CONTACT

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