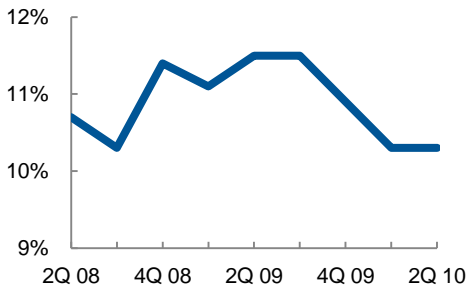
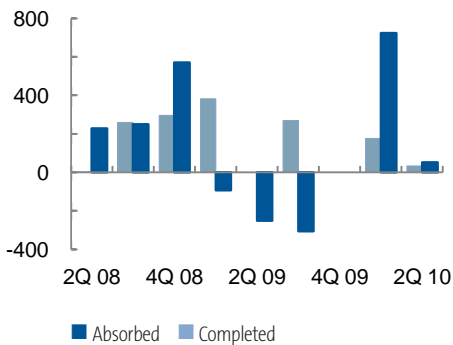


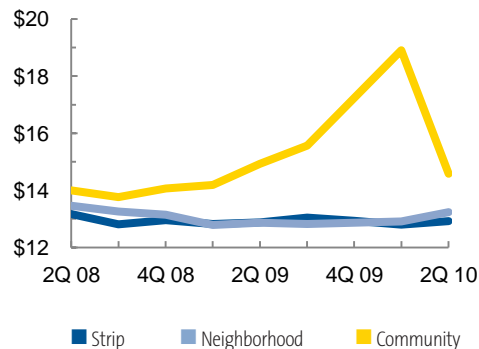
Vacancy Rate



Completion vs. Absorption (in Thousands of SF)



Asking Rental Rates (\$/SF/Yr. NNN)



Slower Consumer Spending; More Personal Savings... For Now

The slow-growth retail industry nationally and in St. Louis is indicative that consumers are trying to shore up their personal balance sheets and get out of debt. According to a recent report from the Commerce Department, sales at U.S. retailers declined 50 basis points in June. Sales fell for the second straight month after a string of seven consecutive months of increases, further signs of a slower than expected recovery. Consumers are facing major challenges including weak job growth, large levels of debt and slow income growth. But consumers also have many pent-up demands after two years of recession.

According to the Grubb & Ellis|Gundaker research, the St. Louis retail vacancy rate remained level year to date at 10.3 percent with an overall average asking rate of \$13.90 per square foot (for all retail properties over 15,000 square feet). Retail property owners and their lenders are still feeling extreme pressure from tenants for rent relief. In addition, owners are having difficulty getting financing for tenant build-outs but will concede to rent abatement in lieu of tenant finish.

St. Charles continues to have the highest vacancy rate of any St. Louis submarket at 16.3 percent, primarily in un-anchored retail strip centers. Independent retailers and restaurants continue to close and shuffle all over the region due to the slow economy only to be replaced by new owners, new concepts and franchisees.

There has been some good recent news with tenants around the St. Louis area. In South County, Pet Marketplace has leased 25,000 square feet at Yorkshire Village, The Tile Shop leased 17,500 square feet at The Shoppes at Sunset Hills and RSI Kitchen & Bath added a 10,400-square-foot store at 5960 South Lindberg. In Chesterfield, Charlie Gitto's leased 6,900 square feet at the former Uno's Chicago Grill.

Nordstrom's Rack Room is back filling the former 34,000-square-foot Circuit City at Brentwood Square, which will open in the Fall of 2010.

Other tenants active in the market include Wendy's who has secured 7 locations in the past two years with plans to open at least ten additional locations in 2010 and 2011. Dunkin Donuts has leased several new locations over the past year and plans to open another 15 stores over the next 18 months. Baskin Robbins plans to open about 30 new locations around the region.

The St. Louis retail market will continue to show improvement as consumer confidence increases. In the meantime, many national retailers are positioning themselves so they are in the right locations during the current tenant's market.

Retail Trends Report - Second Quarter 2010

St. Louis, MO



By Submarket	Total SF	Vacant SF	Vacancy %	NET ABSORPTION		Under Construction SF	ASKING RENT	
				Current	Year To Date		Neighborhood	Power
Central St. Louis County	6,361,086	619,801	9.7%	1,227	88,653	-	20.78	-
Fenton	1,803,145	151,037	8.4%	9,420	4,341	-	19.34	16.37
IL- Madison County	4,437,247	267,068	6.0%	1,383	60,597	-	6.05	-
IL- St. Clair	5,375,887	693,921	12.9%	29,190	91,205	-	9.87	-
Jefferson County	2,520,683	178,083	7.1%	1,400	7,734	-	17.17	-
North St. Louis County	10,486,604	976,490	9.3%	7,680	110,581	-	11.05	-
South County	6,841,832	696,051	10.2%	(2,290)	122,703	-	13.35	-
St. Charles County - E	5,200,820	616,928	11.9%	(7,773)	4,796	-	12.59	-
St. Charles County - W	6,180,839	1,005,102	16.3%	4,062	19,432	-	11.70	-
St. Louis City	3,613,679	295,184	8.2%	6,730	106,538	-	13.37	-
West St. Louis County - E	3,955,806	482,693	12.2%	(1,457)	175,104	-	16.34	21.00
West St. Louis County - W	6,962,365	605,451	8.7%	2,295	(8,064)	-	16.36	-
Totals	63,739,993	6,587,809	10.3%	51,867	783,620	-	13.23	18.91

By Property Type	Total SF	Vacant SF	Vacancy %	Current	Year To Date	Under Construction SF	ASKING RENT	
							Neighborhood	Power
Community	13,360,239	1,072,314	8.0%	(254)	287,434	-	14.58	-
Free-standing	8,234,628	547,925	6.7%	-	142,507	-	10.41	-
Neighborhood	23,135,741	2,322,200	10.0%	46,384	187,281	-	13.23	-
Power	3,045,967	158,487	5.2%	2,500	(6,985)	-	18.91	-
Regional	2,909,179	581,934	20.0%	4,850	19,785	-	18.21	-
Specialty/Theme	151,958	29,229	19.2%	-	(6,858)	-	21.75	-
Strip	11,140,681	1,826,780	16.4%	(1,613)	160,158	-	12.92	-
Super-regional	856,523	-	-	-	-	-	-	-
Urban Retail	905,077	48,940	5.4%	-	298	-	12.92	-
Totals	63,739,993	6,587,809	10.3%	51,867	783,620	-	13.90	-

Grubb & Ellis|Gundaker Commercial Real Estate Advisors

Ingrid Long

Senior Advisor

314.719.2090

ilong@gundakercommercial.com

John McDonald

Senior Advisor

314.719.2072

jmcdonald@gundakercommercial.com

Dave Morris

Senior Vice President

314.719.2050

dmorris@gundakercommercial.com

RETAIL TERMS AND DEFINITIONS

Total SF: Retail inventory includes all multi-tenant and single tenant buildings at least 15,000 square feet.

Retail Building Classifications: Community Centers are properties with 200,000 to 400,000 square feet, usually two or more anchor stores. Free-standing Centers consist of one building occupied by one major tenant. Neighborhood Centers are properties with 50,000 to 200,000 square feet, at least one anchor store, typically a supermarket. Power Centers are 250,000 to 800,000 square feet, with three or more major anchors. Showrooms are 25,000 to 75,000 square feet with no dominant anchor stores. Specialty/Theme Centers are 80,000 to 250,000 square feet, have no traditional anchor stores, but often have a common theme such as fashion or entertainment. Strip Centers are 10,000 to 50,000 square feet, constructed with common walls in a strip facing the street and usually have no dominant anchor

stores. Super Regional Centers are properties with greater than one million square feet of space, drawing from a trade area encompassing multiple smaller submarkets. Urban Retail Centers are typically the retail space in the lower levels of downtown office buildings as well as other street-oriented retail spaces.

Vacancy and Availability: The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant. The availability rate is the amount of space available for lease divided by the inventory.

Net Absorption: The net change in physically occupied space over a period of time.

Asking Rent: The dollar amount asked by landlords for available space expressed in dollars per square foot per year in most parts of the country and dollars per square foot per month in areas of California and selected other markets. Retail rents are reported on a triple net basis where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a pro rata basis.

* Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.