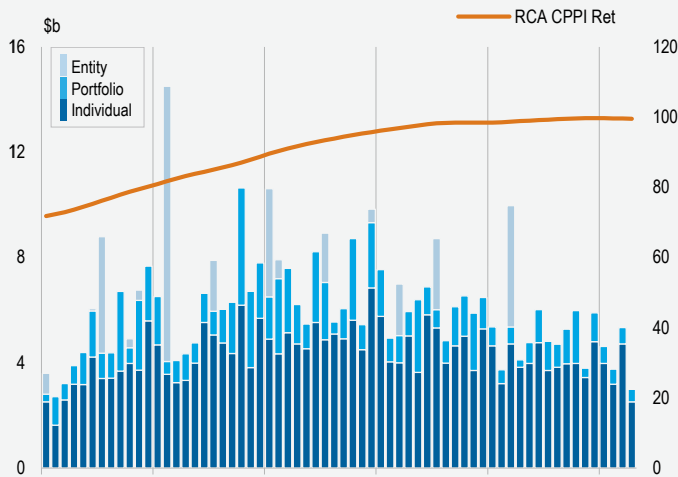


US CAPITAL TRENDS | RETAIL

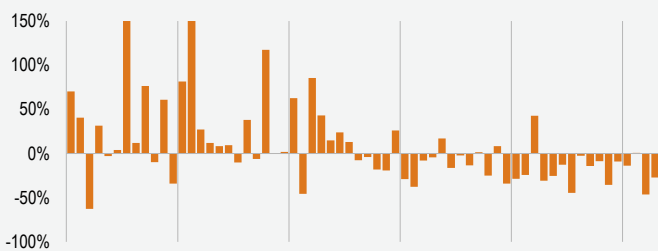
The pace of decline in retail deal activity in April broadly matches the decline seen in Q1'18. This match suggests that the decline in deal activity is actually accelerating given portfolio and entity-level transactions which masked broader trends.

\$3.0b Transaction volume
-27% YOY volume change
0.7% YOY price change

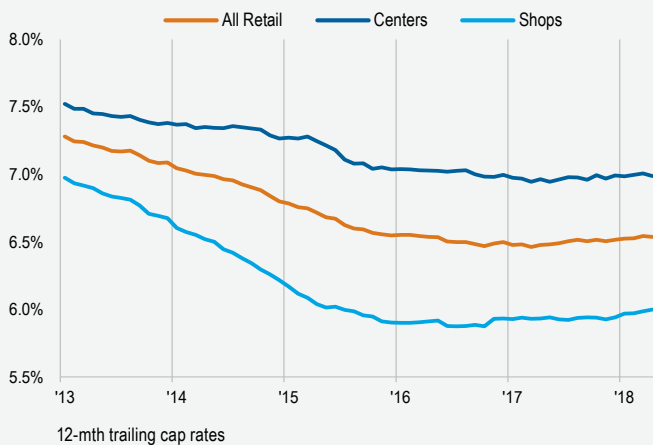
Monthly Transaction Volume & Pricing



Year-Over-Year Volume Change



Cap Rates



If we strip out the impact of one large entity-level transaction which happened in Q1'17, the decline in deal volume in Q1'18 was not so bad. Rather than falling 28% YOY, the decline would only have been 5%. The decline in sales activity in April of this year was driven by a pullback in single asset sales which were down 34% YOY.

This decline for single asset sales is significant as deals of this structure are the bedrock of the market. The underwriting for these investments is driven by expectations on the health of individual tenants and the submarkets where the assets are located. By contrast, a deal in progress like the Westfield acquisition by Unibail-Rodamco is likely more driven by broader portfolio-level concerns.

One month is not a trend, but the sharp decline in volume of single asset deals may suggest a change in expectations for the market. This decline did happen in a period of growing financial market uncertainty, as the 10yr UST was climbing in the month and crossed the 3% threshold. Deals are simply more difficult to complete in the face of uncertainty and a 30 bps increase in the 10yr UST.

Despite uncertainty on interest rates, cap rates are essentially unchanged. Cap rates for shopping centers stood at 7.0%, unchanged over the last two and a half years. Cap rates for shops stood at 6.0%, up slightly from the 5.9% level seen in April '17.

The pace of sales was down for both shopping centers and shops in April. Shopping centers fell more though, down 31% YOY vs. a 21% YOY decline for shops.

Price growth for retail properties is still marginally above zero. The RCA CPPI grew at a 1% YOY pace in April, though this figure is rounded up from a pace that is at the lowest level since 2011.

Market Table | All Retail

Retail Transactions Reported Closed		Centers				Shops				All Retail			
		Volume		Price		Volume		Price		Volume		Price	
YTD through Apr'18		\$m	# Props	\$/sf	Avg Cap Rate	\$m	# Props	\$/sf	Avg Cap Rate	\$m	# Props	\$/sf	Avg Cap Rate
Mid-Atlantic	Baltimore	26.5	5	121						26.5	5	121	
	DC					39.5	5	822		39.5	5	822	
	DC MD burbs	11.0	2			64.1	9	141	5.2%	75.1	11	150	5.2%
	DC VA burbs	315.2	8	283	7.1%	59.5	9	653		374.7	17	366	6.8%
	Philadelphia	18.1	4	146		27.6	9	202		45.7	13	177	
	Pittsburgh	51.0	3	88	9.0%	45.4	7	184	5.7%	96.4	10	117	7.3%
	Richmond/Norfolk	139.4	13	63	7.3%	56.4	7	216		195.8	20	80	7.3%
	Tertiary Mid-Atlantic	108.1	7	209		68.5	24	212	6.1%	176.5	31	210	6.1%
	Total	669.3	42	130	7.6%	361.0	70	243	5.8%	1,030.2	112	165	6.7%
Midwest	Chicago	314.5	31	105	7.2%	361.7	53	177	6.4%	676.2	84	134	6.6%
	Cincinnati	61.2	6	77	8.1%	20.5	5	91		81.7	11	79	7.7%
	Cleveland	104.6	7	85	7.2%	20.0	3	306		124.5	10	88	7.2%
	Columbus	24.7	4	195		34.4	7	64		59.0	11	92	
	Detroit	73.8	10	108	6.6%	84.7	16	239		158.4	26	144	7.7%
	Indianapolis	59.8	7	261	7.5%	77.1	6			136.9	13	280	7.5%
	Kansas City	14.6	4			51.2	7	317	6.3%	65.9	11	292	6.3%
	Minneapolis	98.3	12	141	7.3%	60.4	13	351	5.9%	158.7	25	185	6.6%
	St Louis	97.9	10	95		74.2	7	245	7.2%	172.2	17	100	7.2%
	Tertiary Midwest	458.7	52	81	8.1%	353.4	67	112	6.8%	812.1	119	92	7.3%
	Total	1,308.0	143	95	7.6%	1,137.6	184	146	6.6%	2,445.6	327	112	7.1%
Northeast	Boston	10.2	3	98		93.6	19	310	5.3%	103.8	22	255	5.3%
	Hartford					24.0	6	150		24.0	6	150	
	Long Island	140.4	7	414		49.8	11	318		190.1	18	384	
	Manhattan	46.0	1			811.4	48	1,986	4.1%	857.4	49	1,947	4.0%
	No NJ	231.7	15	221	6.0%	68.2	16	302	6.0%	299.8	31	235	6.0%
	NYC Boroughs	154.5	4	457		366.3	62	693		520.8	66	599	4.8%
	Stamford	28.0	1			12.7	2	531		40.7	3	551	
	Westchester	92.4	5	219	7.0%	25.7	6	261		118.1	11	227	7.0%
	Tertiary Northeast	238.1	18	109		107.7	37	132	6.2%	345.8	55	116	6.6%
	Total	941.2	54	228	6.0%	1,559.2	207	606	5.4%	2,500.5	261	377	5.6%
Southeast	Atlanta	303.9	33	120	8.2%	72.9	16	162	6.4%	376.7	49	126	7.7%
	Broward	128.8	12	201		45.8	10	426	6.7%	174.6	22	236	6.9%
	Charlotte	69.7	11	92	7.8%	21.3	5	353	6.7%	91.1	16	121	7.5%
	Jacksonville	46.7	6	130		9.1	2	538	6.7%	55.8	8	148	6.7%
	Memphis	6.2	1			19.7	4	111		25.8	5	87	
	Miami	150.7	10	326	6.1%	115.0	17	362	5.4%	265.6	27	341	5.7%
	Nashville	142.5	9	214		73.7	13	240		216.2	22	223	
	Orlando	136.0	16	108		57.2	13	275	6.1%	193.2	29	132	6.3%
	Palm Beach	75.7	7	163		21.3	5	562		97.1	12	194	5.3%
	Raleigh/Durham	41.3	4	134	8.8%	44.2	7	158		85.4	11	145	9.2%
	Tampa	101.5	8	207		46.2	10	183		147.7	18	199	8.3%
	Tertiary Southeast	882.7	88	111	7.3%	444.2	77	175	6.6%	1,326.9	165	126	6.9%
	Total	2,085.7	205	131	7.6%	970.7	179	207	6.6%	3,056.3	384	148	7.1%
Southwest	Austin	73.0	9	211		57.4	9	449	5.4%	130.4	18	232	5.6%
	Dallas	359.9	33	267	6.9%	335.2	41	179	6.4%	695.1	74	259	6.6%
	Denver	315.0	16	158		125.3	24	176	5.2%	440.3	40	162	5.3%
	Houston	274.9	30	137	7.7%	137.3	22	442	5.6%	412.2	52	194	7.0%
	Phoenix	145.2	21	188		70.4	15	289	5.8%	215.6	36	211	5.8%
	San Antonio	80.1	10	130		12.9	3			92.9	13	143	
	Tertiary Southwest	456.2	33	99	7.1%	226.6	45	203	6.4%	682.8	78	116	6.7%
	Total	1,704.1	152	143	7.1%	965.1	159	215	6.0%	2,669.2	311	157	6.4%
West	East Bay	44.1	6	219		70.4	15	414	4.7%	114.6	21	282	5.2%
	Inland Empire	95.1	12	102	6.2%	104.7	15	197	4.8%	199.8	27	128	5.6%
	Las Vegas	221.8	15	178	7.7%	27.0	5	96		248.7	20	163	7.7%
	Los Angeles	977.9	35	375	6.2%	490.2	67	601	5.1%	1,468.1	102	425	5.8%
	Orange Co	122.6	12	341		148.5	17	292		271.1	29	311	4.6%
	Portland	72.6	7	177	8.0%	46.7	8	323		119.3	15	197	7.3%
	Sacramento	105.1	13	162		73.3	12	322		178.4	25	203	6.3%
	Salt Lake City	204.1	8	195	7.0%	9.3	2			213.4	10	196	6.9%
	San Diego	96.2	7	309	5.6%	153.1	19	504	5.3%	249.2	26	403	5.4%
	San Francisco	53.6	2	602		55.2	11	839		108.8	13	703	
	San Jose	88.7	7	473		179.8	14	575		268.4	21	530	
	Seattle	410.8	21	294		127.7	24	354	4.3%	538.5	45	305	4.8%
Tertiary West	654.1	34	157	7.1%	352.9	59	221	5.7%	1,007.0	93	179	6.3%	
Total	3,146.6	179	244	6.6%	1,838.6	268	350	5.2%	4,985.2	447	273	6.0%	
Total	Total US	9,854.9	775	160	7.1%	6,832.2	1,067	282	6.1%	16,687.1	1,842	193	6.6%

Selected Recent Transactions



The Shops at Fox River, McHenry, IL



Point Fosdick Square, Gig Harbor, WA

Property Name Address Location	SF Year Built Notes	Price \$/sf Qualifier	O Owner/Buyer S Seller ↔ Broker
Mid-Atlantic			
Silver Spring Square 6416 Carlisle Pike Mechanicsburg, PA	342,483 2007 Centers	\$80,800,000 \$236 confirmed	O Wilder Cos from S DDR by ↔ CBRE
Krispy Korner 6328 Richmond Hwy Fairfax, VA	16,680 1961 Centers	\$6,742,200 \$404 confirmed	O JCR Companies from S Maisel Hollins Dev't by ↔ NAI KLNB
Midwest			
The Shops at Fox River 3340 Shoppers Dr McHenry, IL	341,000 2007 Centers	\$32,000,000 \$94 confirmed	O Time Equities from S DDR by ↔ Mid-America RE Group
Fairview City Center 6569 N Illinois St Fairview Heights, IL	193,217 1995 Centers	\$28,440,000 \$147 approximate	O Select Strategies Realty by ↔ HFF from S Kimco by ↔ Marcus & Millichap
Northeast			
Rivertowns Square Retail Lawrence St Dobbs Ferry, NY	130,500 2016 Centers	\$68,900,000 \$528 confirmed	O Regency Centers from S Saber RE Advisors JV Rabin Alexander
Lowe's Home Improvement 118 2nd Ave Brooklyn, NY	151,000 2004 Centers	\$53,000,000 \$351 confirmed	O Two Trees from S Forest City by ↔ TerraCRG
Southeast			
Valley Bend At Jones Farm 2750 Carl T Jones Dr Huntsville, AL	499,111 2001 Centers	\$66,000,000 \$132 confirmed	O DRA Advisors from S Blackstone JV DDR by ↔ Cushman & Wakefield
Fountains of Miramar 3001 SW 160th Ave Miramar, FL	139,329 2005 Centers	\$40,000,000 \$287 confirmed	O LACERA from S DDR JV Blackstone by ↔ Cushman & Wakefield
Costco 14585 Biscayne Blvd North Miami Beach, FL	143,548 1992 Shops	\$16,939,700 \$118 confirmed	O Turnberry Associates JV Lefrak Organization from S Costco
Southwest			
Thorncreek Crossing 1001 E 120th Ave Thornton, CO	212,020 2002 Centers	\$45,000,000 \$212 approximate	O The Kroenke Group from S Ginsburg Development Co by ↔ JLL
Rite Aid 707 E Jefferson Ave Englewood, CO	14,608 2016 Shops	\$10,400,000 \$712 approximate	O Saba Properties from S Kentro Group
West			
Macys 200 W Washington Ave Sunnyvale, CA	177,000 1979 Shops	\$95,000,000 \$537 confirmed	O SARES-REGIS Group JV Hunter Properties from S Sand Hill Prop Co
Point Fosdick Square 4831 Point Fosdick Dr NW Gig Harbor, WA	183,898 1984 Centers	\$68,113,631 \$370 confirmed	O Donahue Schriber from S Terramar Retail Centers by ↔ Eastdil Secured

Jim Costello, Senior Vice President [Contact](#)

Robert M. White, Jr., Founder & President

Alexis Maltin, Manager, Analytics

Elizabeth Szep, Manager, Analytics

Michael Savino, Analyst

About Real Capital Analytics

Real Capital Analytics (RCA) is the authority on the deals, the players and the trends that drive the commercial real estate investment markets. Covering all markets globally, RCA delivers timely and reliable data with unique insight into market participants, pricing and capital flows. The most active investors, lenders and advisors depend on RCA's market intelligence to formulate strategy and to source, underwrite and execute deals. An industry pioneer since 2000, RCA has offices in New York, San Jose, London and Singapore. For more information, visit: rcanalytics.com

About Capital Trends

Capital Trends reports analyze and interpret trends in the global real estate market using RCA's comprehensive data. US Capital Trends is a monthly edition comprising an overview of the U.S. market and separate reports on the five main property types. Asia Pacific, Europe and Global Capital Trends are published quarterly.

Methodology

Data based on properties and portfolios \$2.5m and greater unless otherwise stated.

For the most current data and even more options for analysis, visit: rcanalytics.com