

RETAIL

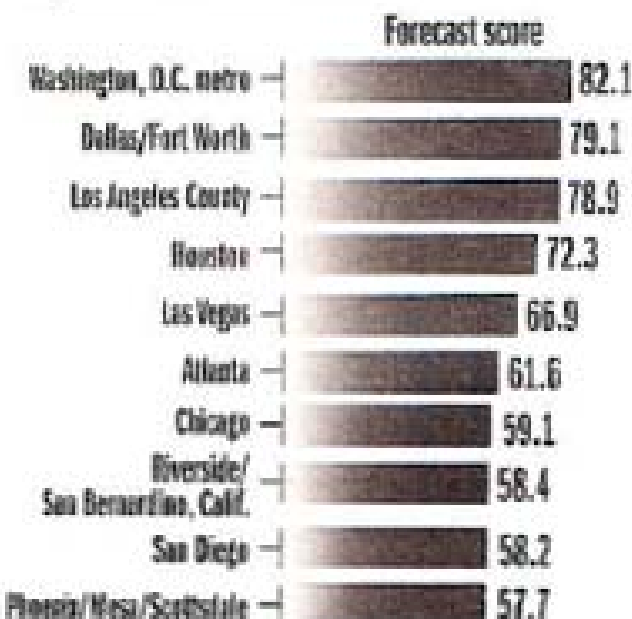
Retail market numbers murky in early 2007

The outlook for the U.S. retail market is murkier at year-end 2006 than a year ago, when the housing slump was just getting under way. The housing market slowdown will have major implications for retailers on two fronts in 2007. First, homeowners will be less able to tap into their home equity via cash-back mortgage refinancing and home equity loans. Second, retail development targeting new residential neighborhoods may be delayed until home construction and sales pick up.

Grubb & Ellis predicts that nationally the retail market will remain in equilibrium with slightly lower construction and absorption. However, expect retail development to be highly visible particularly in Midtown Atlanta. About 100,000 people live within two miles of Midtown Atlanta, with a median age of 32 years and a median home value of \$332,000. Such demographics have prompted the Midtown Alliance to update its "Blueprint Midtown" with a greater emphasis on attracting retail development to the Peachtree Street corridor. Plans

Retail market strength

Top 10 U.S. markets 2007-2011



Note: Markets were ranked from 0 to 100 against 18 property, economic and demographic variables.

Source: Grubb & Ellis Co.

include 2 million square feet of urban retail on 14 consecutive city blocks. The vision is to make the Midtown Mile a shopping and entertainment destination such as Chicago's Michigan Avenue. High-end local, regional and national retailers to boutique and service-based retailers will find value locating in Midtown Atlanta.