

OVERVIEW

Grocery store expansion in the Boise Metro area is the lead story for 2011. Rosauers, Whole Foods and Fred Meyer are expanding and generating a positive buzz throughout the valley. Other national grocery stores are rumored to be eyeing locations in Ada and Canyon Counties, highlighted by Wal-Mart's new Neighborhood Market concept which is a 40,000 square foot box they are rolling out nationally. Discount stores such as Big Lots, Dollar Tree and Family Dollar remain active, and have begun paying higher rates as their profits rise. Second generation restaurant space remains in high demand as operators try to avoid the city and county impact fees which can approach \$13 per square foot. Former restaurant spaces in the 1,000 square foot – 3,500 square foot range are commanding the highest rates in the Treasure Valley. Vacant restaurants larger than 5,000 square feet, on the other hand, have been extremely difficult to re-lease. Larger scale restaurant tenants have dried up. Many of the restaurant related transactions are happening off-market before the spaces even become available to the public.

Eagle Road (Meridian Submarket) continues to dominate the market for new tenant interest and leases. In the first half of 2011 over 40% of leasing activity took place in the Meridian submarket. One result of leasing activity in 2011 is the depletion of class "A" shop space in the Eagle Road corridor, Boise Towne Square Mall area, and downtown Boise. The lack of space in these submarkets has not yet resulted in an upward trend in rental rates but they have stabilized in the high teens to low 20's. Transaction concessions, which include rental rates, tenant improvement allowances and free rent appear to be bottoming out. On average the total concessions on a five year lease can equal twelve to twenty four months of rent. Along with the uptick in leasing has come an increase in sales transactions. Two types of retail product are attracting the majority of the interest: single tenant net lease buildings and bank owned properties. As of the end of the second quarter, sales are up 40 % from 2010.

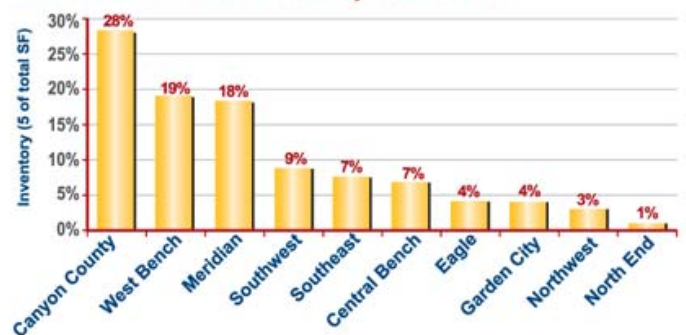
INVENTORY & VACANCY

Colliers International tracks 17.9 million square feet of inventory in the Boise Metro market. This is based off buildings and retail centers 5,000 square feet and larger (excluding the Boise Towne Square Mall). The West

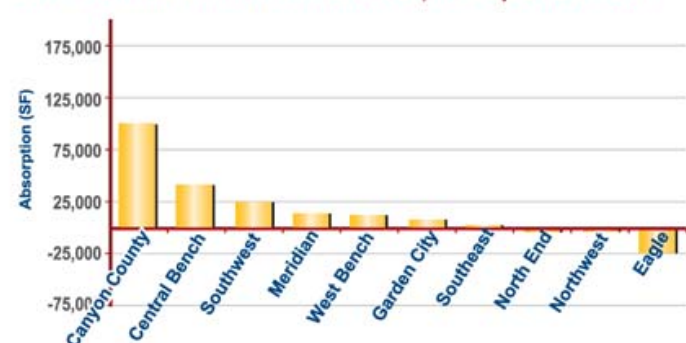
2011 Mid-Year Retail Avg. Triple Net Annual Asking Rates



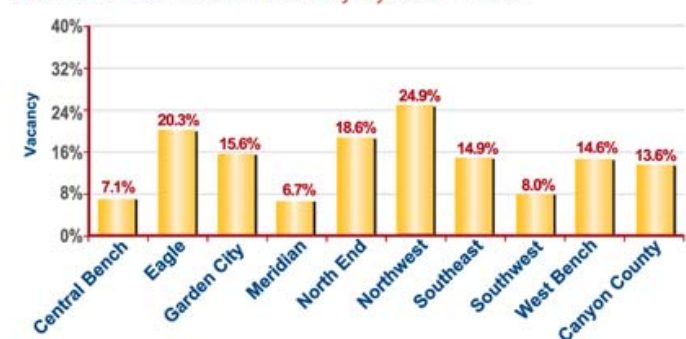
2011 Mid-Year Retail Inventory Distribution



2011 Mid-Year Retail Ranked Absorption by Submarket



2011 Mid-Year Retail Vacancy by Submarket



Bench and Meridian submarkets make up 37% of the Treasure Valley inventory. Vacancy took a large dip, going from 13.6% in 2009 to 12.5% in the second quarter (Q2) of 2011. This decline is in large part due to the former Sam's Club building, 134,059 square feet being sold (Albertsons Foundation purchased and donated the building to the College of Western Idaho). The transaction dropped the Canyon County vacancy from 18.7% to 13.6%. The Nampa Gateway shopping center and The Treasure Valley Marketplace are still the major factors in the high vacancy in Canyon County.

### TRIPLE NET ASKING RATES & COMP RENTS

Landlord asking rates continued to be constant through the first half of 2011. The overall average asking rate is \$13.32, down slightly from \$13.34 in the last quarter. Class A properties are leasing in between \$17.00 - \$26.00 per square foot a year. Second generation space in B and C type properties are leasing in between \$7.00-\$14.00 PSF a year. Many landlords are still finding it hard to come up with cash for tenant improvements but are trying to help in other ways such as free rent. So far through 2011 we have seen tenants more willing to sign five year terms, opposed to the average three year terms we saw in 2009 and 2010.

### NET ABSORPTION

With vacancy declining, absorption through the first half of 2011 was 162,964 square feet. Again, this can largely be attributed to the Sam's Club transaction. The Central Bench started 2011 off in a positive direction, with an absorption of 39,403 square feet, which was helped out by the Re-Style lease of 23,000 square feet in the Hillcrest Shopping Center. The Eagle submarket had the largest amount of negative absorption at -23,956 square feet.

### OUTLOOK

Current economic conditions offer reason for optimism, but the future remains a guessing game. On a positive note, new development is on the horizon. There are whispers that downtown's long-maligned 8th and Main project will finally move forward and the CenterCal project at Eagle & Fairview will break ground this summer. One drawback is that these new developments might just pull tenants out of current projects, resulting in a shuffling of tenants instead of actual net absorption. The proliferation of new grocery stores will undoubtedly alter Boise's retail landscape. The excitement created by these new anchors will encourage development of new strip centers and pads in the surrounding areas. All of this will push Boise into a much better marketplace in 2012, while stimulating long-term optimism.

### 2011 Mid-Year Retail Submarket Statistics at a Glance

Submarket	Building/ Center Count	Inventory (SF)	Direct Vacant (SF)	Sublease Vacant (SF)	Total Vacant (SF)	Vacancy Rate	Absorption Mid-Year (SF)	Avg. Asking Rates (NNN Annual)
Central Bench	42	1,188,726	83,932	0	83,932	7.1%	39,403	\$12.07
Eagle	24	726,065	147,291	0	147,291	20.3%	-23,956	\$14.38
Garden City	21	708,612	110,384	0	110,384	15.6%	6,343	\$8.84
Meridian	93	3,252,112	218,577	0	218,577	6.7%	12,359	\$14.72
North End	8	179,720	33,501	0	33,501	18.6%	-2,324	\$16.33
Northwest	25	544,698	127,493	7,920	135,413	24.9%	-2,772	\$10.29
Southeast	39	1,314,207	195,189	0	195,189	14.9%	1,540	\$15.31
Southwest	31	1,560,395	114,292	10,520	124,812	8.0%	22,971	\$13.16
West Bench	79	3,389,155	494,880	1,431	496,311	14.6%	10,691	\$14.22
Canyon County	158	5,045,452	681,461	3,500	684,961	13.6%	98,709	\$11.58
<b>Market Total</b>	<b>520</b>	<b>17,909,142</b>	<b>2,207,000</b>	<b>23,371</b>	<b>2,230,371</b>	<b>12.5%</b>	<b>162,964</b>	<b>\$13.32</b>

	Center Count	Total Inventory SF	Direct Vacant SF	Direct Vacancy Rate	Sublease Vacant	Sublease Vacancy Rate	Total Vacant SF	Vacancy Rate Q2 '11	Vacancy Rate Q4 '10	Net Absorption Q1-Q2 '11	New Supply Q1-Q2 '11	Proposed SF	Under Construction SF	Avg. NNN Asking Rates
<b>Treasure Valley Retail Market</b>														
<b>Central Bench</b>														
Anchor/ Big Box / Power Center	5	402,399	0	0.0%	0	0.0%	0	0.0%	0.0%	n/a	0	0	0	n/a
Anchored Shops	2	149,512	14,176	9.5%	0	0.0%	14,176	9.5%	23.6%	n/a	0	0	0	\$14.83
Unanchored Shops	18	421,017	53,640	12.7%	0	0.0%	53,640	12.7%	21.8%	n/a	0	0	0	\$11.26
Free-Standing / Single Tenant	17	215,798	16,116	7.5%	0	0.0%	16,116	7.5%	0.0%	n/a	0	0	0	\$7.69
<b>All</b>	<b>42</b>	<b>1,188,726</b>	<b>83,932</b>	<b>7.1%</b>	<b>0</b>	<b>0.0%</b>	<b>83,932</b>	<b>7.1%</b>	<b>10.9%</b>	<b>39,403</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$12.07</b>
<b>Eagle</b>														
Anchor/ Big Box / Power Center	3	366,303	0	0.0%	0	0.0%	0	0.0%	0.0%	n/a	0	20,000	0	n/a
Anchored Shops	2	11,821	10,522	89.0%	0	0.0%	10,522	89.0%	n/a	n/a	0	563,600	0	\$18.00
Unanchored Shops	13	290,946	135,335	46.5%	0	0.0%	135,335	46.5%	36.8%	n/a	0	0	0	\$14.25
Free-Standing / Single Tenant	6	56,995	1,434	2.5%	0	0.0%	1,434	2.5%	0	n/a	0.0%	300,000	0	\$16.00
<b>All</b>	<b>24</b>	<b>726,065</b>	<b>147,291</b>	<b>20.3%</b>	<b>0</b>	<b>0.0%</b>	<b>147,291</b>	<b>20.3%</b>	<b>11.9%</b>	<b>-23,956</b>	<b>0</b>	<b>883,600</b>	<b>0</b>	<b>\$14.37</b>
<b>Garden City</b>														
Anchor/ Big Box / Power Center	2	352,922	390	0.1%	0	0.0%	390	0.1%	0.1%	n/a	0	0	0	\$5.13
Anchored Shops	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	n/a	n/a
Unanchored Shops	7	239,814	79,852	33.3%	0	0.0%	79,852	33.3%	35.9%	n/a	0	0	0	\$10.27
Free-Standing / Single Tenant	12	115,876	30,142	26.0%	0	0.0%	30,142	26.0%	11.1%	n/a	0	0	0	\$5.88
<b>All</b>	<b>21</b>	<b>708,612</b>	<b>110,384</b>	<b>15.6%</b>	<b>0</b>	<b>0.0%</b>	<b>110,384</b>	<b>15.6%</b>	<b>14.2%</b>	<b>6,343</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$8.84</b>
<b>Meridian</b>														
Anchor/ Big Box / Power Center	14	2,026,084	23,549	1.2%	0	0.0%	23,549	1.2%	0.8%	n/a	0	149,560	59,114	\$15.00
Anchored Shops	10	231,349	12,306	5.3%	0	0.0%	12,306	5.3%	9.6%	n/a	0	56,774	0	\$17.09
Unanchored Shops	39	569,958	131,648	23.1%	0	0.0%	131,648	23.1%	29.0%	n/a	0	52,850	0	\$14.30
Free-Standing / Single Tenant	27	403,673	51,074	12.7%	0	0.0%	51,074	12.7%	6.7%	n/a	0	20,000	0	\$14.99
<b>All</b>	<b>90</b>	<b>3,231,064</b>	<b>218,577</b>	<b>6.8%</b>	<b>0</b>	<b>0.0%</b>	<b>218,577</b>	<b>6.8%</b>	<b>6.7%</b>	<b>12,359</b>	<b>0</b>	<b>279,184</b>	<b>59,114</b>	<b>\$14.72</b>
<b>North End</b>														
Anchor/ Big Box / Power Center	3	21,048	0	0.0%	0	0.0%	0	0.0%	0.0%	n/a	0	0	0	n/a
Anchored Shops	2	79,088	0	0.0%	0	0.0%	0	0.0%	0.0%	n/a	0	0	0	n/a
Unanchored Shops	4	86,696	33,501	38.6%	0	0.0%	33,501	38.6%	29.0%	n/a	0	0	0	\$16.33
Free-Standing / Single Tenant	2	13,936	0	0.0%	0	0.0%	0	0.0%	n/a	n/a	0	0.0%	0	n/a
<b>All</b>	<b>11</b>	<b>200,768</b>	<b>33,501</b>	<b>16.7%</b>	<b>0</b>	<b>0.0%</b>	<b>33,501</b>	<b>16.7%</b>	<b>14.4%</b>	<b>-2,324</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$16.33</b>
<b>Northwest</b>														
Anchor/ Big Box / Power Center	7	232,903	32,672	14.0%	0	0.0%	32,672	14.0%	14.6%	n/a	0	0	0	\$5.95
Anchored Shops	3	99,275	63,289	63.8%	0	0.0%	63,289	63.8%	57.9%	n/a	0	0	0	\$9.90
Unanchored Shops	5	99,866	20,361	20.4%	0	0.0%	20,361	20.4%	33.4%	n/a	0	177,300	0	\$10.02
Free-Standing / Single Tenant	10	112,654	11,171	9.9%	7,920	7.0%	19,091	16.9%	0.0%	n/a	0	13,500	0	\$14.67
<b>All</b>	<b>25</b>	<b>544,698</b>	<b>127,493</b>	<b>23.4%</b>	<b>7,920</b>	<b>1.5%</b>	<b>135,413</b>	<b>24.9%</b>	<b>24.9%</b>	<b>-2,772</b>	<b>0</b>	<b>190,800</b>	<b>0</b>	<b>\$10.29</b>
<b>Southeast</b>														
Anchor/ Big Box / Power Center	12	863,682	134,388	15.6%	0	0.0%	134,388	15.6%	15.4%	n/a	0	0	0	\$19.87
Anchored Shops	11	160,902	32,492	20.2%	0	0.0%	32,492	20.2%	25.9%	n/a	0	0	0	\$10.40
Unanchored Shops	12	196,314	28,309	14.4%	0	0.0%	28,309	14.4%	19.2%	n/a	0	0	0	\$16.24
Free-Standing / Single Tenant	4	93,309	0	0.0%	0	0.0%	0	0.0%	0.0%	n/a	0	0	0	n/a
<b>All</b>	<b>39</b>	<b>1,314,207</b>	<b>195,189</b>	<b>14.9%</b>	<b>0</b>	<b>0.0%</b>	<b>195,189</b>	<b>14.9%</b>	<b>15.9%</b>	<b>1,540</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$15.31</b>
<b>Southwest</b>														
Anchor/ Big Box / Power Center	7	974,933	0	0.0%	0	0.0%	0	0.0%	0.7%	n/a	0	0	0	n/a
Anchored Shops	4	316,371	88,899	28.1%	3,520	1.1%	92,419	29.2%	29.1%	n/a	0	0	0	\$12.96
Unanchored Shops	10	150,741	18,668	12.4%	0	0.0%	18,668	12.4%	7.9%	n/a	0	0	0	\$15.02
Free-Standing / Single Tenant	10	118,350	6,725	5.7%	7,000	5.9%	7,000	5.9%	0.0%	n/a	0	60,000	0	\$5.95
<b>All</b>	<b>31</b>	<b>1,560,395</b>	<b>114,292</b>	<b>7.3%</b>	<b>10,520</b>	<b>0.7%</b>	<b>118,087</b>	<b>7.6%</b>	<b>7.0%</b>	<b>22,971</b>	<b>0</b>	<b>60,000</b>	<b>0</b>	<b>\$13.16</b>
<b>West Bench / Mall</b>														
Anchor/ Big Box / Power Center	19	1,641,449	184,289	11.2%	0	0.0%	184,289	11.2%	11.2%	n/a	0	0	0	\$12.75
Anchored Shops	11	730,890	88,184	12.1%	1,431	0.2%	89,615	12.3%	14.1%	n/a	0	0	0	\$14.13
Unanchored Shops	28	681,166	173,115	25.4%	0	0.0%	173,115	25.4%	23.9%	n/a	0	0	0	\$14.83
Free-Standing / Single Tenant	21	335,650	49,292	14.7%	0	0.0%	49,292	14.7%	18.1%	n/a	0	0	0	\$9.13
<b>All</b>	<b>79</b>	<b>3,389,155</b>	<b>494,880</b>	<b>14.6%</b>	<b>1,431</b>	<b>0.0%</b>	<b>496,311</b>	<b>14.6%</b>	<b>14.9%</b>	<b>10,691</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$14.21</b>
<b>Canyon County</b>														
Anchor/ Big Box / Power Center	33	2,761,897	142,550	5.2%	0	0.0%	142,550	5.2%	11.2%	n/a	0	0	0	\$8.98
Anchored Shops	16	347,556	165,981	47.8%	0	0.0%	165,981	47.8%	111.0%	n/a	0	0	0	\$13.11
Unanchored Shops	37	571,855	75,927	13.3%	0	0.0%	75,927	13.3%	29.9%	n/a	0	0	0	\$12.23
Free-Standing / Single Tenant	72	1,364,144	297,003	21.8%	3,500	0.3%	300,503	22.0%	58.3%	n/a	0	0	0	\$11.12
<b>All</b>	<b>158</b>	<b>5,045,452</b>	<b>681,461</b>	<b>13.5%</b>	<b>3,500</b>	<b>0.1%</b>	<b>684,961</b>	<b>13.6%</b>	<b>18.7%</b>	<b>98,709</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$11.58</b>
<b>Market Totals</b>														
Anchor/ Big Box / Power Center	105	9,643,620	517,838	5.4%	0	0.0%	517,838	5.4%	6.9%	0	0	169,560	59,114	\$14.48
Anchored Shops	61	2,126,764	475,849	22.4%	4,951	0.2%	480,800	22.6%	25.9%	0	0	620,374	0	\$13.00
Unanchored Shops	173	3,308,373	750,356	22.7%	0	0.0%	750,356	22.7%	24.5%	0	0	230,150	0	\$13.63
Free-Standing / Single Tenant	181	2,830,385	462,957	16.4%	18,420	0.7%	481,377	17.0%	17.5%	0	0	393,500	0	\$11.58
<b>All</b>	<b>520</b>	<b>17,909,142</b>	<b>2,207,000</b>	<b>12.3%</b>	<b>23,371</b>	<b>0.1%</b>	<b>2,230,371</b>	<b>12.5%</b>	<b>13.6%</b>	<b>162,964</b>	<b>0</b>	<b>1,413,584</b>	<b>59,114</b>	<b>\$13.32</b>