

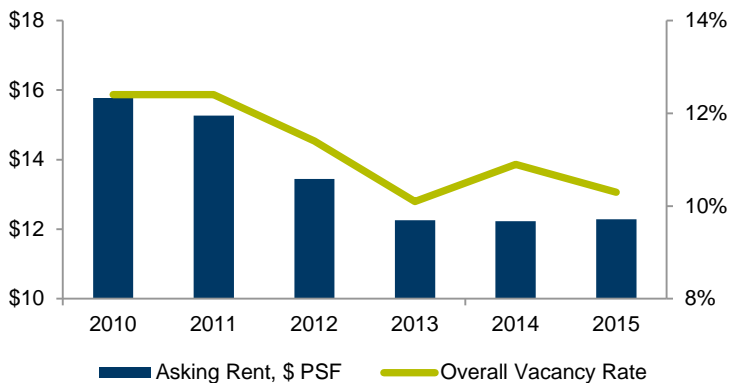
ECONOMIC INDICATORS

National			
	2014	2015	12-Month Forecast
GDP Growth	2.4%	2.4%	▲
CPI Growth	1.6%	0.1%	▲
Consumer Spending Growth	2.7%	3.1%	▲
Retail Sales Growth	3.9%	2.2%	▲

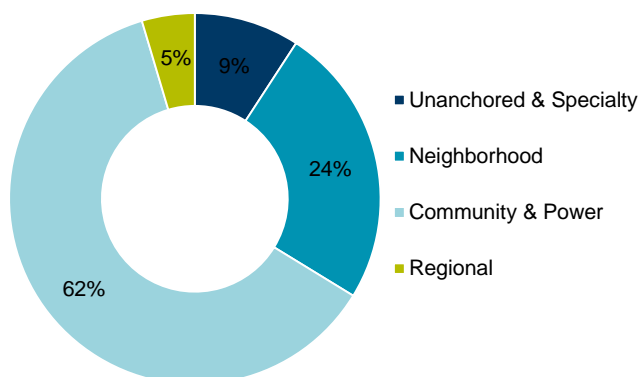
Regional			
	2014	2015	12-Month Forecast
Household Income	\$47,046	\$47,764	▲
Population Growth	0.4%	0.5%	▲
Unemployment	6.0%	5.4%	■

Source: Moody's Analytics

Rental Rate vs. Overall Vacancy



Availability by Type



Economy

The long-term trend in Alabama's unemployment rate remains positive. In December 2015, Alabama's unemployment rate fell to 5.4%, down from 5.7% twelve months prior. According to the Alabama Department of Labor, this is the lowest rate the state has reported since 2008. Continued job growth, combined with increased confidence in Alabama's economy as a whole, should contribute to a positive outlook for the coming year. Birmingham received several accolades throughout 2015, including Number One on *Forbes'* 2015 list of America's Most Affordable Cities and the Number One Next Hot Food City in America by *Zagat*.

Market Overview

The overall Birmingham retail market continued to improve at a steady pace throughout 2015. The market experienced 162,679 square feet (sf) of absorption during 2015. The majority of this absorption, over 100,000 sf, occurred in Community and Power centers. The US Highway 31 South submarket recorded the lowest vacancy at 3.7%, followed closely by the US Highway 280 submarket at 5.7% and the Central submarket at 6.8%. The Eastwood/Irondale submarket measured the highest vacancy marketwide of 24.4%. Average weighted rental rates for the overall market rose slightly from \$12.23 per square foot (psf) at year-end 2014 to \$12.29 psf at year-end 2015. Average rates vary by type with Regional centers quoting the highest average rents at \$28.84 psf. Several retailers opened new locations including a 50,000-sf Whole Foods in the Hoover/Riverchase submarket, which is the second Whole Foods location to open in the metro area, and PGA Tour Superstore in Inverness Plaza for 25,000 sf. Sprouts Farmers Market opened two stores in the metro area in 2015 and is scheduled to open another location on US Highway 31 in Vestavia in spring of 2016.

Outlook

The outlook for Birmingham's retail market is to remain steady and continue the trends seen in 2015. Several grocery-anchored centers began development and are scheduled to open in 2016. However, not many new projects are being developed, and the expectation is for this trend to continue as well, at least throughout 2016.