

# INSIDE **retail**

ONE FOCUS. UNLIMITED POSSIBILITIES.



For a complete listing of the 190 plus retail chains TRC currently represents, see page 8 and for details regarding their stores and expansion plans, see our website: [www.theretailconnection.net](http://www.theretailconnection.net)

## ADAPTATION

by **Steven A. Lieberman & Alan P. Shor**

The business world is continuing to evolve at a very rapid rate, and we must be students of our industry -- testing, validating and reinforcing what we already know, simultaneously innovating, as we continue to adapt our respective strategies responsively per every component of our business while leveraging our unique advantages to the fullest.

Ours is and always will be a relationship business. The most successful relationships are earned and built on key elements including a shared vision and being

transacted for the foreseeable future - from access to operational and growth capital to consumer credit to the financing of commercial properties.

Accordingly, the retail landscape will see material changes as retailers and property owners use the current environment to clean up their portfolios, and focus on repositioning underperforming locations. This process is healthy in the long run and will form a solid base for retail expansion as the economy rebounds.



Steve Lieberman CEO



Alan Shor President

responsive, thorough, focused, ambitious, persistent, knowledgeable, strategic and creative. We must always look for opportunities to empower our partners and leverage our strengths and the linkage between our various opportunities, neutralizing any weaknesses and breaking any cycle that risk undermining such.

We are in a cycle where most companies over estimate where we will be in

18 months, however, totally under estimate where we will be in five years. We are looking out with that five year lens and positioning ourselves accordingly.

The credit market's impact on every phase of business is the primary challenge that has affected our market the most and the credit markets are going to continue to materially impact how business is

Shoppers will be more demanding than ever before. The new emerging consumer will demand more value for their money and genuine price transparency. Retailers will have to respond by adapting their business models and strategies. Retailers with authentic low cost operating models, who embrace sustainability as a means of reducing costs and who are transparent about how they pass savings on to their customers will be the most successful in enjoying reasonable profits and growth.

Strategically, TRC's objective is to make the connection at every point, where retail and real estate come together. This includes delivering all the related end-to-end services that provide meaningful value to our clients by leveraging the linkage and synergy of our complimentary business units. This provides TRC unparalleled knowledge, capacity, deal flow and insight, and as an investor, enables the company to monetize such on an unprecedented level.

We will continue to play our position, delivering thorough market analysis and action plans, so our clients can maximize their growth strategies by accurately targeting the revenue opportunities that exist.

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TRC HIGH FIVE

2003



TRC is founded by Steve Lieberman and Alan Shor



TRC attends its first ICSC conference, the ICSC Texas Oklahoma Conference



The TRC team negotiated 15 of DFW's 25 Largest Retail Leases



TRC is launched with 12 employees, makes permanent move to 2525 McKinnon offices, opens San Antonio office, and launches Connected Development Services



TRC attends its first ICSC Vegas with 80 restaurant and retail chains and 5MM SF in listings



TRC accounts for 11 of DFW's 25 Largest Retail Leases plus 11 of DFW's 2004's 44 Top Retail Tenant Rep & Project Leasing Heavy Hitters

2004

2005



TRC recognized as one of DFW's "Best Places to Work," 4 of 25 of DFW's Largest Retail Leases, and 11 of DFW's 2005's 44 Top Retail Tenant Rep & Project Leasing Heavy Hitters



TRC attends ICSC Vegas with 123 restaurant and retail chains and 15MM SF in listings



TRC Connected Development Services breaks ground on 1st development Arlington Highlands



TRC | CDS is named one of DFW's Largest Commercial Developers | Largest Retail Developers, breaks ground on Weatherford Ridge Shopping Center and Arlington Highlands is named Best New Retail Hospitality Development



TRC is named one of DFW's Largest Commercial Real Estate Brokerages, hires 50th employee, 11 of DFW's 25 Largest Retail Leases and 11 of DFW's 2006's 44 Top Retail Tenant Rep & Project Leasing Heavy Hitters



TRC attends Vegas & San Antonio ICSC with 125 restaurant and retail chains and 16MM SF in properties

2006

2007



TRC named one of the fastest growing companies in DFW, is recognized as one of DFW's "Best Places to Work," opens Houston office, is named one of DFW's Largest Commercial Real Estate Brokerages, and attends ICSC Vegas with 168 retail & restaurant chains and 21MM SF in properties



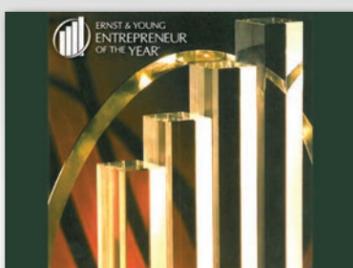
TRC's Equinox transaction named Best Retail Lease, 12 of DFW's 25 Largest Retail Leases and 14 of DFW's 2007's 44 Top Retail Heavy Hitters



TRC | CDS is named one of DFW's Largest Commercial Developers | Largest Retail Developers, breaks ground on Mansfield Pointe Shopping Center and breaks ground on Arlington Highlands East



TRC debuts its own booth at ICSC Vegas with 170 retail & restaurant chains and 18MM SF in properties



Lieberman and Shor win Ernst & Young Entrepreneur of the Year Southwest Area-North and TRC Wins Dallas' Top 100 Fastest Growing Companies Second Year in a Row



TRC is named one of DFW's Largest Commercial Real Estate Brokerages, 15 of DFW's 2008's 44 Top Retail Heavy Hitters, 12 of DFW's 25 Largest Retail Leases, and TRC | CDS is named one of DFW's Largest Commercial Developers | Largest Retail Developers

2008

2009



TRC celebrates its 5th year, is named one of DFW's Largest Real Estate Commercial Brokerages, 9 of DFW's 25 Largest Retail Leases and 12 of DFW's 2009's 44 Top Retail Heavy Hitters



The Retail Connection | Connected Net Lease is launched



Grand opening Arlington Highlands East

TRC TEAM AWARDS

**CORNERSTONE AWARD**



Merrill Wertheimer

Historically, the cornerstone was the first stone set when a building was being established, on which the rest of the structure was built. TRC's cornerstone award is our highest recognition and we are proud to name Merrill Wertheimer as this year's outstanding recipient.

**ROOKIE OF THE YEAR**



Jordan Cluff

The key to The Retail Connection's success has always been attracting, retaining and developing the next generation of young brokers. Our Rookie of the Year Award is presented to the associate that accomplishes the greatest production in their first full calendar year and Jordan broke all the records.

**BUILDING BLOCK AWARD**



Annette Conely

This award goes to the individual who exhibits the trait of a "building block." Someone who is an absolute priority in making a business successful. The 2008 Building Block award went to someone with those exact qualities — Annette Conely. Annette is the epitome of professionalism, work ethic, and loyalty.

**BEST INVESTMENT DEAL**



Alan Shor

Stemming from the creation and huge success of our investment platform, this award goes to the individuals who possess the will and fortitude



John Doubleday

to see an investment deal through to the very end. Alan Shor and John Doubleday are the impressive winners for 2008.

**BEST LISTING AWARD**



Chris Thomas

When you have a year like The Retail Connection had in 2008 and adding over 5 million square feet of new listings,



Ross Golman

determining the winner in this category was difficult. But clearly, the individuals to whom this award was given, were worthy recipients Chris Thomas and Ross Golman.

**MOST DEALS AWARD**



Jeremy Zidell

This prestigious TRC Award goes to the individual who executed the most leases in 2008. This accomplishment is not easily achieved without great systems in place, outstanding organizational skills and a commitment to the retail industry. This award is given to Jeremy Zidell who executed 44 deals in 2008.

**CHAIRMAN'S & PRESIDENT'S SQUARE AWARDS**

As the result of unprecedented production numbers being reached by our accomplished team of brokers, in typical TRC fashion, we have set the bar higher and created two new award categories; the Chairman's Square and the President's Square. For 2008, seven [7] of our brokers, received the prestigious award, and Steve Lieberman was the first to achieve the Chairman's Square Award. Congratulations to all of TRC's top producers for your outstanding efforts.



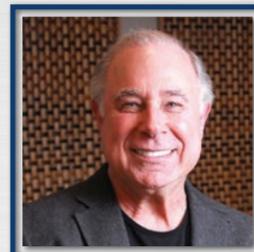
Steve Lieberman  
CHAIRMAN'S SQUARE  
PRESIDENT'S SQUARE



Steve Greenberg  
PRESIDENT'S SQUARE



Terry Syler  
PRESIDENT'S SQUARE



Dennis Leibovitz  
PRESIDENT'S SQUARE



John Mathes  
PRESIDENT'S SQUARE



David Sacher  
PRESIDENT'S SQUARE



Tim Donovan  
PRESIDENT'S SQUARE

 STEVE LIEBERMAN	 STEVE GREENBERG	 DENNIS LIEBOVITZ	 JOHN MATHES	 TERRY SYLER
 DAVID SACHER	 JEREMY ZIDELL	<b>2008 TOP producers</b>		 MITCH TRAUB
 TIM DONOVAN	 SHERMAN HINKEBEIN			 best investment JOHN DOUBLEDAY
 DAVID LEVINSON	 CHRIS THOMAS	 DAVID STUKALIN	 GREG SLUSKY	 JIM WEIR
 JAY CEITLIN	 ROSS GOLMAN	<b>top producing new teammates</b>		 rookie of the year JORDAN CLUFF
 KEN SHULMAN	 JOHN HAMMILL			 SCOTT ROSE

**TENANT DRIVEN ACQUISITIONS AND REDEVELOPMENT OPPORTUNITIES WILL BE FOCUS**

by *David Wilson* President | Connected Development Services

Connected Development Services has had a productive five years since its inception as the development arm of The Retail Connection, L.P. Since the Spring of 2004, Connected Development Services has strategized and completed the development of three impressive projects with five phases totaling over 1,275,000 square feet. We have also purchased for all cash, two parcels of land to be developed in the future. The incredible team of talented professionals we have assembled is nothing short of exceptional in every aspect of retail development and construction management from site planning to tenant coordination.

Because of the work by the CDS team - along with the efforts of the TRC brokers, our projects are in good shape financially. With our low-risk methodology and conservative approach to the business, CDS pre-leased our projects to beyond breakeven before closing loans and commencing construction. We purchased the land for our future projects with all cash so we have no bank debt on them to worry about. We brought our projects in under our construction budgets, and our continuing leasing efforts have been very good, given the economic changes over the past eighteen months. As a result, all of our projects are in great shape.

One outstanding example is our project in Arlington, Texas – Arlington Highlands – an 800,000 square foot center, which recently grand opened its second phase of retail. This beautiful lifestyle center has over 100 distinct national, regional and local shops, dining and entertainment venues. There is nothing anywhere in the Dallas Fort Worth metroplex quite like this project, and certainly it is Arlington’s new crown jewel for work, shop, dine and play. The project is remarkably 95 percent leased, and the second phase came in under budget by 8 % on construction | development costs.

All of that makes for an excellent track record, especially as we compare our situation to others. But, since new development is dormant for an undetermined period of time, we are finding ways to expand our scope of activities in order to stay busy, and generate fees, commissions, and profits. One approach is to open up the expertise we have by providing services to third parties. Since our construction services group consists of trained architects, we are now providing both architectural services and construction management services, including site planning, LEED advisory, bidding and scheduling, lease administration and tenant coordination.



Marc Fawks  
Vice President | CDS

But, since new development is dormant for an undetermined period of time, we are finding ways to expand our scope of activities in order to stay busy, and generate fees, commissions, and profits. One approach is to open up the expertise we have by providing services to third parties. Since our construction services group consists of trained architects, we are now providing both architectural services and construction management services, including site planning, LEED advisory, bidding and scheduling, lease administration and tenant coordination.

Other services we are now providing are property management and asset management. Our development partners, who have asset management responsibility on the properties they have developed, are also very experienced in adding value to built properties. With combined experience of over 60 years, we have dealt with all types of issues with existing projects and know how to work with tenant problems. Our ability to better define or redefine a tenant mix and our understanding of what it takes to lease up a property are second to none. Of course, tying this into the TRC brokerage group is a tremendous plus. Also, we will soon announce the formation of a property management group to handle the day to day property management needs of existing properties.



David Wilson  
President | CDS

And, last but not least, we are excited about the growth we are planning for in our business by changing our focus from building new projects to acquiring existing properties. We, like many, are in the market to purchase under-performing properties. As we team up with equity partners to purchase properties, we will use our experienced asset management and construction management teams to renovate or redevelop as needed, and identify a new game plan for the success of a property. The TRC broker relationships will play a major role in this effort as will the property management group. Right now we are only seeing a trickle of potential opportunities, but we expect that there will eventually be a number of attractive opportunities that fit our model.

**CONSTRUCTION MANAGEMENT**

As part of our CDS platform, our construction management team has over 50 years of diverse construction and retail real estate development, re-development and renovation experience. We assume an owner's mentality and take responsibility for the direction and implementation of the entire construction process. We serve as the single point of contact for the owner, making sure the project gets done on time and within budget while minimizing risks. Our approach allows our clients to focus on their core business strategies, and becomes the connection where retail and real estate come together.

- Site Planning
- Budgeting
- Entitlement Process
- LEED Advisory
- Bidding Process
- Scheduling
- Contracts & Lease Administration
- Field Construction Management
- Tenant Coordination
- Project Close-Out

The Retail Connection | Connected Development Services is a highly competitive and experienced team with the tenacity and determination to succeed under any and all circumstances. We have the talent, the work ethic, and the leadership to plow through this economic crisis and come out of it as stronger individuals in a more diversified and stronger company.

**ARLINGTON HIGHLANDS EAST GRAND OPENING**

**ARLINGTON HIGHLANDS EAST GRAND OPENS WITH A BANG!**

On Saturday, April 4th, Arlington Highland's East celebrated its grand opening with the help of The Honorable Mayor Robert Cluck and other city officials, the partners of the project; The Retail Connection, L.P., Connected Development Services, LLC, and Cheney & Mathes, LLC, along with fireworks, bands, and almost 2,000 attendees from Arlington and the surrounding areas.



Arlington Highlands East is a 160,000 square foot addition to Arlington Highlands, bringing the entire project to an astounding 800,000 square feet of Class A retail, office, restaurant, entertainment and hospitality space.

Arlington Highlands East will feature retailers that are the first to Arlington, Texas. AHE is THE premier dining and entertainment destination in the DFW metroplex, with great retailers including Splitsville Luxury Lanes and Dining Lounge, Blackfinn American Saloon, Bone Daddy's, Boudreaux's Cajun Kitchen, Dave & Buster's, Houlihans, Red Robin Gourmet Burgers & Spirits, Luxury Spa, Chuy's, and Pluckers. AHE is almost 96% leased.



**PROVIDING WINNING STRATEGIES FOR RETAILERS AND LANDLORDS IN TOUGH TIMES**

By **Steven H. Zimmerman** *Managing Director | Brokerage*

“There are a multitude of questions facing both brokers and landlords in today’s environment. The retooling of most retail organizations is making sure that service providers in the brokerage and advisory arena will be required to have new ideas, a better approach, and the willingness to negotiate in a different way. We are in an environment where companies that listen to their clients and respond to their needs will survive these difficult economic times,” said Steven H. Zimmerman, Managing Director of Brokerage for The Retail Connection.

With the private sector losing almost 700,000 jobs in March, bringing the overall national unemployment rate to approximately 8.5%, there is need for retailers, especially those in the high-end service or luxury products to rethink their expansion plans, service offerings and brand positioning. Although the sharp declines in job loss have been for the most part among small and medium-sized businesses, white collar job losses within the financial markets has undermined consumer confidence at all levels of income. As a result, consumers are in a “hunker down” mode. Travel and leisure will be limited to short trips and affordable personal services, eating at home will again become a resurrected tradition, and the number of shopping trips to a person’s favorite boutique will be reduced to once a season, versus once a week. As a result, categories such as groceries, automotive, fast food and value retail will become popular and broaden. Over the ensuing months the playing field will be narrowed in terms of retail categories that have sustainability, thus providing opportunities for quality retailers to gain market

share either by structuring favorable deals or having access to irreplaceable real estate that has historically not been available to them.

Difficult times can also bring opportunities for landlords. Although no landlord enjoys having large vacancies such as those created by Circuit City, Linens N Things, Shoe Pavilion, and others, this may be an opportunity for landlords and brokers to re-engineer a center’s leasing strategy by providing services, dining, and products in categories where there is now a deficit. Looking at a center with a fresh set of eyes may uncover opportunities to maximize value in ways not previously planned.

Even though we provide brokerage and advisory nationally, it has never been a better time to be focused on our core areas in Dallas, Houston and San Antonio. Since so many of our client’s expansion opportunities are situated in the Southwest, this has given us a comfortable edge, and we have never seen a more unique time and opportunity to be a leader in the brokerage area. Our organization is blessed with a unique blend of experienced veterans and young top talent that will stop at nothing to make the deal and the entire relationship experience one the client remembers. As a result, we have an exceptionally high retention rate with our clients. And that leads to being able to retain talent, while we build a fortified infrastructure for expanded brokerage, advisory and investment services. Being nimble, also allows us to quickly change gears, if and when our clients’ expansion plans shift. Accepting that the landscape has changed dramatically for both retail and landlord clients is the first step in creating strategies that not only fills a void, but position a retailer and a project for future growth and prosperity.



**Steven H. Zimmerman**  
*Managing Director | Brokerage*



TRANSACTION BRIEFS



**HIGH FIVE:** It is hard to believe The Retail Connection is celebrating five years in business this year. Five years ago, we set out with a plan, ambitious goals, vision, drive and determination to build a great team that would serve to make the connection at every place retail and real estate come together. Our intent has always been to become the industry leader, sourcing the most valuable knowledge, building the most talented team and delivering the most influential results. We have enjoyed an incredible run, as evidenced by our history and timeline.

TRC’s **brokerage and advisory** business continues to take care of our existing retail clients, win new retailers, and adapt our representation to their needs. We continue to have the best group of retailers of any company in our industry and now represent over 190 retail and restaurant chains in the market.

New brands have been added to the TRC family of retailers including: Charming Charlie, Splitsville Lanes, Houlihan’s, Bone Daddy’s, Equinox, and PetSmart.

TRC’s **Dallas** team has negotiated a 35,000 sf lease for Nordstrom Rack at Southlake Town Center in Southlake Texas, a 48,000 sf Bed Bath & Beyond lease in Harker Heights, Texas, and a 28,000 sf Equinox fitness club in the prestigious Preston Hollow area of Dallas, Texas.

We recognized last year that in this changing environment, project leasing is going to be critically important to our success. In that regard, we added two very seasoned **project leasing** veterans, David Thomas and Scott Rose to our already outstanding team, and many new project leasing assignments such as Lake Highlands Town Center in Dallas, West 7th in Fort Worth, The Glen at Walnut Hill and Central Expressway in Dallas, Hill Country Galleria in Bee Cave [Austin], and Global Realty & Management’s Houston Portfolio of fourteen shopping centers. We now represent over 120 retail centers totalling more than 17M sf.



Our **Houston** office has landed several impressive leases with a new 38,000 sf Golfsmith located in the Woodlands Home Center at I-45 @ Briar Rock. A 3,000 sf Thomas Markle Jewelers located at Market Street in The Woodlands, and a 7,000 sf Ruby Tequila’s at Willowbrook Commons at SH 249 @ FM 1960, and a new 4,000 sf Chase Bank location at Hwy 35 & W Calton in Laredo, TX.

Sherman Hinkebein has continued to cultivate TRC’s presence in the **San Antonio** market with major transactions such as a 43,788 sf ground lease for Chase Bank at NWC Loop 410 at Military, a 33,657 sf lease for Jo-Ann Stores at The Pavilions at NWC Loop 410 at McCullough, and the sale of the 82,000 sf Leon Valley Shopping Center at SEC Bandera at Huebner.

**Connected Net Lease**, led by industry veterans Ken Shulman and John Hammill, continue to grow and have added three new staff members since joining The Retail Connection in the Fall of 2008. TRC | CNL provides institutional quality brokerage and advisory services for investors and developers of single-tenant, net lease properties across the United States.

**Connected Development Services’** talented team will retool and focus on the acquisition opportunities that this market will present as well as continue to provide construction management services. At the same time, we will ensure our existing shopping centers all stay fully leased and well managed.

**Connected Capital Services** will look at a number of retail operating companies this year, and determine where the best investments should be made. These companies will likely be turn-around opportunities –what the market will present to us. We now have in our investment portfolio 15 investments, 6 developments, 1 acquisition, and 8 retail operating companies. Not bad for a 5 year old.

**Merchant Banking** still remained a primary focus over the past year, even as the economy softened, and the appetite for buyouts greatly diminished. Private retailers slowed or stopped their growth as the capital markets tightened up. In 2008, we closed an investment on The Fragrance Outlet, a specialty fragrance chain with 70 stores located in the better outlet centers across the country.

EMERGING RETAIL



**Logan's Roadhouse - It's a Real American Tradition**

Logan's Roadhouse®, Inc., headquartered in Nashville, Tennessee, currently owns and operates 168 company-operated and 26 franchised Logan's Roadhouse restaurants in 24 states and growing. Logan's opened its first location in Lexington, KY in 1991.

They are known for great mesquite-grilled steaks, ice-cold longnecks, mouthwatering, made-from-scratch yeast rolls, and bottomless buckets of in-shell peanuts. The high-quality, moderately-priced menu features over 30 entrees including aged steaks hand-cut fresh on premises, mesquite-grilled chicken,



fresh ground steakburgers, baby-back ribs, seafood, and specialty salads made from only the freshest ingredients.

Logan's Roadhouse revisits the classic roadhouse from days past and brings it to life in a modern way through its welcoming hospitality, attentive service and kickin', upbeat atmosphere.

Come as you are, grab an ice-cold longneck, enjoy a fresh, mesquite-grilled steak, tap your toes to the rockin' roadhouse sounds. Make lifelong friends.

**Charming Charlie - Absolutely Fabulous Accessories**

Charming Charlie offers a huge selection of fashion jewelry, handbags, sunglasses, watches, sterling silver jewelry and trendy accessory items, such as beaded silk shirts, scarves, hats and jeweled belts. Many are brand names and all are at unbelievable prices.



The Charming Charlie stores are the largest women's accessory retailer in Houston. With 10,000 square feet of genuine selling floor space. Charming Charlie's goal is to attract shoppers from all over Texas and neighboring states with their impressive prices and the very latest finds in fashion accessories. Showcased in a charming boutique setting, upscale surroundings and quality customer service provide a shopping experience that keeps customers coming back.

Charlie had a vision to offer a huge selection of the very latest in fashion accessories and merge the world of fashion with incredible deals and discounts.

But Charlie wanted to add a new element to his stores: an upscale, chic boutique-style shopping experience showcased in a retail space the size of a warehouse. With his first 10,000 square foot Charming Charlie store in Houston, Texas, which opened in October 2004, and multiple store openings in Texas and soon in surrounding states, he is successfully realizing his vision.



Today Charming Charlie has 18 stores in Texas.

LEADING EDGE SERVICES

[www.theretailconnection.net](http://www.theretailconnection.net)

**The Retail Connection | Client Connect** – The fastest, easiest way to stay connected with the most up-to-date information from anywhere in the world. All you need is an internet connection.



THE RETAIL CONNECTION'S ADVANCED TECHNOLOGY CONTINUES TO EVOLVE, INCLUDING OUR NEW WEBSITE AND CLIENT CONNECT APPLICATION [A VIRTUAL REPOSITORY OF SELECTED DOCUMENTS AND FILES CUSTOM TO EACH CLIENT, ELIMINATING THE DELAY OF SHARING FILES AND INFORMATION VIA EMAIL OR OVERNIGHT COURIER.]

**TRC | Client Connect affords the following benefits:**

- **Convenience** – Access to contracts, aerals, site plans, demographics, market facts, strategic workbooks, and site summaries.
- **Security** – Access rights are granted, customized, and managed by TRC executives to allow only authorized viewing.
- **Accountability** – TRC | Client Connect enables real time monitoring and measurement of all team activities.
- **Critical Dates Notification** – Transactions will stay on schedule and helps all parties adhere to deadlines.
- **E-Mail Organization** – Captures and organizes emails and attaches them to relevant transaction activities.
- **Ease of Use** – Functions and navigations are simple and intuitive. Documents are accessible with convenient search, locate and retrieve capability.
- **Track Usage | Changes** – Documents can be viewed, modified and saved with all changes being tracked.

**STAY CONNECTED 24/7 WITH TRC | CLIENT CONNECT**

cont. from page 1 **ADAPTATION**

Brokerage and advisory has remained very active, as we are providing solutions for the marketplace challenges our clients face by leveraging our relationships and financial solutions for our clients.

New development has been put on hold and we have shifted our current investment model from tenant-driven development to tenant-driven acquisition.

The most successful landlords and retailers know that they are a team, that their relationship is as partners, and that the best team wins. As such, TRC has initiated a market stabilization program where we are working with our clients on both sides of the equation to take actions that will stabilize one another's real estate through and beyond these challenging times.

One of the casualties of the market will also be the biggest opportunity: a significant number of centers are going to be sold at very attractive pricing. As such, we are raising capital, ramping up our investment sales teams and growing our acquisitions capacity in multiple ways.

Stability is the cornerstone on which confidence in the market will be rebuilt and we remain as confident as ever with our team, clients, market and the future opportunities that we share ahead.

The last six months have clearly challenged our team to peak performance – winners win and our team is not wired to be satisfied with participation trophies. They have become more focused on expanding their skill sets, being more creative by providing innovative solutions and determining how they contribute at the highest levels.

Our team is very resilient and extremely bright, they clearly get it, and know they must perform above and beyond to reach our potential. Competitors like to compete primarily as a vehicle to win – our focus is on growth and success, not survival.

Our intent when we found TRC 5 years ago was to become the industry leader, sourcing the most valuable knowledge, building the most talented team, and delivering the most influential results. We have enjoyed an incredible run, however, we know that we have only taken our first steps. There is no question that the national economy and financial market melt-down are going to cause significant challenges for every market in the US until certainty, realignment and stability are re-established. Change and challenge are everywhere -- however, with such, unprecedented opportunities will emerge.

## HOUSTON WILL REBOUND RAPIDLY

by **David Stukalin** *President | Houston*

Houston is famous for its can-do spirit, and 2009 proves to be no less optimistic when it comes to forecasting the city's economic strength even in a market downturn. "There has always been a demand for highly innovative companies in the Houston region, and those who are part of our business community know that future prosperity will be the result of planning and diligent attention to reaching business goals," said David Stukalin, President of The Retail Connection's Houston office. "Houston's energy and petrochemical, aviation and aerospace, medical, technology, retail and real estate strengths, are the main reasons The Retail Connection wanted to have a Houston presence, and opened an office here in 2007", he stated.



David Stukalin  
President | Houston

The Retail Connection has continued to take advantage of the Bayou City's proactive environment for doing business – even when the tide turns. Houston's steady job growth prior to the current economic situation has been one of the key reasons Texas has not been hit as hard by the recession as other parts of the country. Houston lost 6,300 jobs from February 2008 to February 2009, a 0.2 percent decline – far lower than most major cities. The key

drivers of economic growth mentioned earlier, are the reasons Houston still attracts retail chains and development that otherwise would not have happened in other parts of the country.

In 2008, Houston experienced a banner year, and celebrated a number of accomplishments and recognitions by the nation's media. Kiplinger's Personal Finance named Houston the number one city in the country to live, work and play; Forbes.com ranked Houston the number seven city in the country for jobs, third in income growth and fourth in job growth. It also ranked Houston the third best city for young professionals; M.D. Anderson Cancer Center was rated the best hospital for oncology in the United States by US News and World Report; William P. Hobby Airport ranked number two for customer satisfaction among small North American airports and Hotel ZaZa was named one of the world's top 33 business hotels by Forbes Magazine.

With a long-term vision for growth in mind, TRC Houston recently completed several major transactions that reveal the durability of the retail market in the area such as the 38,000 sf Golfsmith located in the Woodlands Home Center at I-45 @ Briar Rock. A 3,000 sf Thomas Markle Jewelers located at Market Street in The Woodlands, a 7,000 sf Ruby Tequila's at Willowbrook Commons at SH 249 @ FM 1960, and a new 4,000 sf Chase Bank location at Hwy 35 & W Calton

in Laredo, TX. Grand Corners, located at Grand Parkway and Westpark Tollway in Katy, Texas will be a 400,000 sf center and has already secured Bed Bath & Beyond, and is currently in talks with a medical group for a regional emergency care center as well as several other in-line tenants.



## SAN ANTONIO'S POPULATION IS SUSTAINING RETAIL DEMAND

by **Sherman Hinkebein** *Executive Vice President | Brokerage*

Although the horizon has changed, in comparison to other similar cities, San Antonio, like Texas, has experienced less job losses and retail sales declines than the rest of the country. San Antonio rose nine spots in Marcus & Millichap's recently published National Real Estate Report, to No. 24 from last year's No. 33 ranking. The firm ranks 43 markets based on several forward-looking supply and demand indicators.

"We are still seeing leasing activities in certain sectors of the city where demand is present and there is a void for things like domestic home products," said Sherman Hinkebein, Executive Vice President of Brokerage for The Retail Connection's San Antonio office.

Since Hinkebein advises on expansion strategy for high profile brands such as Bed, Bath & Beyond, Famous Footwear, Jo-Ann's, Gold's Gym and Radio Shack in San Antonio and surrounding markets, he is acutely aware of current pockets of retail opportunity. Recently, the San Antonio TRC office positioned a 33,657 sf Jo-Ann's at The Pavilions at Loop 410 & McCullough.

Retail continues to be driving employment as well, due to San Antonio's strong tourism industry. After adding 14,800 positions in 2008, employers are projected to trim payrolls 0.4 percent this year, or by 3,300 jobs. Retail development is projected to total 2.5 million sf in 2009, down from 4 million sf last year. Completions will account for a 3.3 percent increase in retail stock. Despite easing construction, vacancy is expected to finish the year at 10.4 percent, up 140 basis points from 2008, when the rate rose 40 basis points. Owners are forecast to increase concessions to hasten the absorption of new space.



Sherman Hinkebein  
EVP | Brokerage

"For retailers with expansion capabilities, there are some great infill opportunities at rents that have not been seen in many years," said Hinkebein.

## BROKERAGE & ADVISORY | PROJECT LEASING

The Retail Connection provides an aggressive and comprehensive approach to the marketing and property leasing services the company delivers to individual and institutional investors. Our clients include some of the country's largest and most sophisticated corporate, institutional and private owners and developers of real estate.

Recently, The Retail Connection added two new industry veterans to its already impressive project leasing team.

David Thomas, Senior Vice President | Brokerage brings over 15 years experience, focusing on leasing and consulting of specialty mixed-use, urban, and street retail projects, as well as big box power centers. Prior to joining The Retail Connection, he directed leasing activities for over 4M square feet of retail space for Regency Realty Corp. He is currently involved in leasing several high-profile centers including Cypress Equities' West 7th development, a 950,000 square foot mixed-

use center located at West 7th and University in the center of Fort Worth's cultural district. David Also leases 560,000sf of projects for Dalsan Properties including their Galleria, West Plano and Collin Creek projects: Alpha Parkway Plaza, Preston Park Highland and Parker Central Plaza.

Scott Rose, Senior Vice President | Brokerage, was most recently with Cross Development where he oversaw 120 acres of development projects, has closed approximately 550 deals since 2000. In 2008 Rose represented Cross development in the Kohl's lease in Prosper Texas, and the new family concept for 24 Hour Fitness in Fort Worth, Texas for approximately 50,000 square feet. Rose has secured 12 new listings totaling over 500,000 square feet of existing retail assignments since joining The Retail Connection.

The Retail Connection's 27 broker Landlord Representation Team currently represents over 16M square feet of properties for its 84 owner clients.



CYPRESS EQUITIES

West 7<sup>th</sup> | Fort Worth, Texas



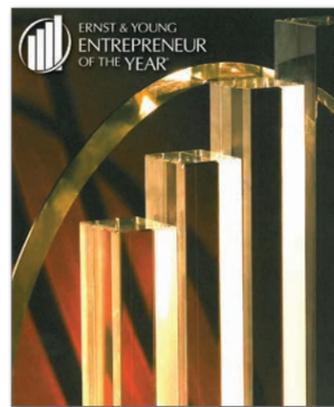
UNIVERSITY PARK

University Park | Austin, Texas

## TENANT REPRESENTATION

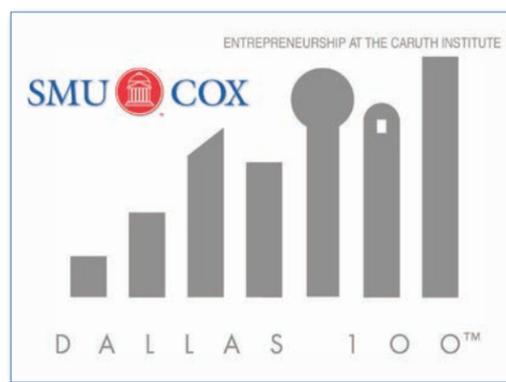
- |                               |                              |                          |
|-------------------------------|------------------------------|--------------------------|
| 5 & Diner                     | Go Fish                      | Papa John's              |
| Ace Hardware                  | Golden Corral                | Paradise Bakery          |
| American Apparel              | Gold's Gym                   | Pei Wei                  |
| Anytime Fitness               | Golfsmith                    | Performance Bicycles     |
| a pea in the pod              | Goodfella's Pizza & Pasta    | Pesce                    |
| AT&T                          | Grandy's                     | PetSmart                 |
| Baker Street Pub & Grill      | Great Clips                  | Piranha Killer Sushi     |
| Banana Republic               | Grotto                       | Pizza Inn                |
| Bank of the Ozarks            | Guitar Center                | Planet Fitness           |
| Bed Bath & Beyond             | Hallmark                     | Pluckers                 |
| Bengal Coast                  | Hawk Electronics             | Pure Sushi Bar           |
| Berryhill Baja Grill          | HEB                          | Quickway                 |
| BlackFinn                     | Hibashi Teppan Bar & Sushi   | RadioShack               |
| Blue Mesa Grill               | Hoffbrau Steaks              | Rainforest Cafe          |
| Boater's World                | Houston's Restaurants        | Rancho Miguel            |
| Boi Na Braza                  | Howl At The Moon             | Red Robin                |
| Bolsa Restaurant              | InkStop                      | Ritz/Wolf Camera         |
| Bone Daddy's                  | Iron Cactus                  | R.J. Gator's             |
| Bonefish Grill                | Jack-in-the-Box              | Rockler                  |
| Books-a-Million               | Jamba Juice                  | Rocky Mountain Chocolate |
| Boudreaux's Cajun Kitchen     | JCPenney                     | Factory                  |
| Brooklyn's Old Style Pizzeria | Jersey Mike's Subs           | Rubio's                  |
| Brusters Real Ice Cream       | Jo~Ann Fabrics               | Ruby Tequilas            |
| Buckhead Saloon               | Jos. A. Bank                 | Saltgrass Steakhouse     |
| Buffalo Wild Wings            | K&G Menswear                 | Sambuca                  |
| buybuy Baby                   | Kenny & Ziggy's              | Sam Moon                 |
| Cadillac Bar                  | Knockouts                    | Sears                    |
| Cafe R&D                      | Kona Grill                   | Sherlock's               |
| Casual Male                   | LA Fitness                   | Sherwin Williams         |
| Catherines                    | La Grande Orange             | Simon Kitchen & Bar      |
| Cellular Planet               | Landry's Seafood             | Simply Fashions          |
| Charming Charlie              | Lane Bryant                  | Sleep Experts            |
| Chase                         | Lenny's Sub Shop             | Smoothie King            |
| Chelsea's Kitchen             | Logan's Roadhouse            | Snappy Salads            |
| Cici's Pizza                  | Love & War in Texas          | Souper Salad             |
| Claire's                      | Maestro's Pizzeria           | Splitsville Lanes        |
| Compass Trading               | Marmalade Cafe               | Sprint                   |
| Cork                          | Mattitio's                   | Star Power               |
| Cozymels                      | Massage Envy                 | Studio Movie Grill       |
| Cupcakery                     | Maytag                       | Super Slow Zone          |
| Cyclone Anaya's               | Max Brenner                  | Tabboulah                |
| Dallas Chop House             | McAlister's Deli             | The Blue Fish            |
| Dallas Fish Market            | Mealey's Furniture           | The Cash Store           |
| Deluxe Nail Salon             | Melrose                      | The Fresh Market         |
| Destination Maternity         | Men's Warehouse              | The Luxury of Leather    |
| Dollar Tree                   | Merge                        | The Sports Authority     |
| Dougherty Pharmacy            | Mervyn's                     | Tin Star                 |
| Draper's & Damon's            | Mimi Maternity               | Tio's Tortas             |
| DSW Shoes                     | Mitchell Gold + Bob Williams | T-Mobile                 |
| Dunkin' Donuts                | Molto Formaggio              | TRS Home Furnishings     |
| East Wind                     | Monarch Dental               | Truluck's                |
| Eno's                         | Motherhood Maternity         | Urban Brands             |
| Equinox Fitness               | Mothers Work                 | Urban Wood Grill         |
| Ethan Allen                   | Music & Arts                 | Vic and Anthony's        |
| Evolution Tans                | my fit foods                 | Wapango                  |
| Eyecrafters                   | Naan                         | Which Wich               |
| EZ Money                      | Neiman Marcus                | Whiskey River            |
| Faces 365                     | Nick-N-Willy's               | Woly Board Company       |
| Famous Footwear               | Nora's Wine Bar & Osteria    | Woodlands Grill          |
| Fantastic Sams                | Nordstrom Rack               | Yofe Cafe                |
| Fashion Bug                   | Old Navy                     | Young Chef's Academy     |
| Fish City Grill               | Orange Cup                   | YUM! Brands              |
| Fish Express                  | Paciugo                      | Yumi to Go               |
| Freed's Furniture             | Palm Beach Tan               | Zaxby's                  |
| GAP                           | Palominos                    | Zinski's Delicatessen    |
| GNC                           | Panera Bread                 |                          |

## TRC RECENT AWARDS



Winner

**Ernst & Young**  
**Entrepreneur Of The Year**  
Southwest Area - North



Winner

**2008 Dallas 100™**  
**Entrepreneur Awards**

## LET'S CONNECT



come visit us at our booth  
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### investment

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