

RETAIL INVESTMENT MARKET

Q2 2018

Accelerating success.

Retail Property Sales Dropped Significantly in Q2 2018

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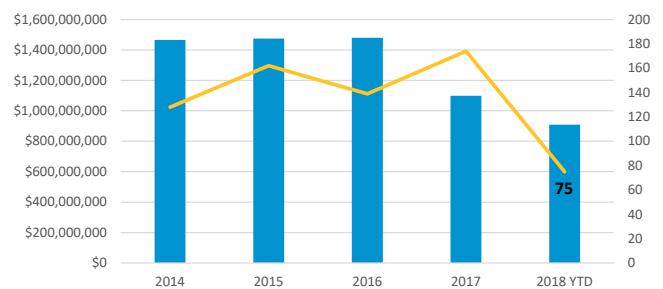
Puget Sound property sales for retail properties decreased nearly 71% quarter over quarter to \$206.6 million, the lowest total sales volume recorded since Q3 2016. This is largely due to insecurity in the market, as many retailers struggled to stay afloat with the emergence of e-commerce. The period got off to a slow start, as only six properties worth \$21.0 million changed hands in April. In May, there were 10 properties sold for \$78.4 million, followed by 12 locations purchased for \$107.2 million in June.

The U.S. stock market saw an overall increase for the quarter, benefiting from strong tech performance and avoiding major swings caused by tariff legislation. The Russell 2000 saw the biggest gain among all tickers, returning 7.5%. Other major stock results included the following: the Nasdaq went up 6.3%, the Wilshire 5000 by 3.8%, the S&P 500 by 2.9%, and the Dow Jones by 0.7%.

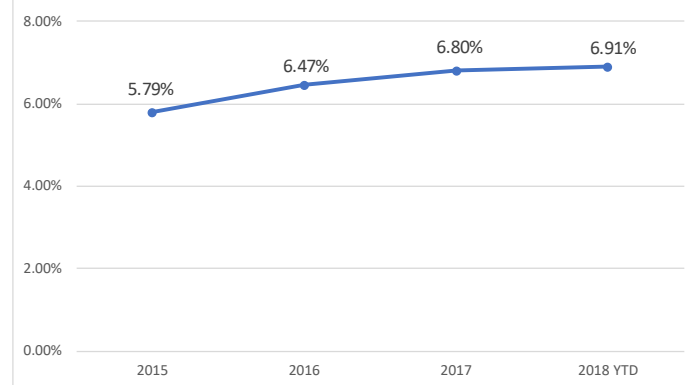
Across the country, there were \$20.7 billion in retail properties that sold in Q2, a 39% increase from this time last year. A majority of this can be traced to Unibail-Rodamco's purchase of Westfield Corp., which owns \$8.0 billion of U.S retail assets. In the first half of 2018, the Puget Sound was ranked the eighth most active retail market in the U.S., and fourth on the West Coast behind Los Angeles, San Diego, and San Jose. Going forward, the mega sale to keep track of is Brookfield's pending purchase of GGP Inc., which would add a similar value to the national retail sector.

The most notable transaction in Q2 2018 was TMY Woodinville Towne Center LLC's close on Woodinville Towne Center at 14160 NE Woodinville Duvall Road for \$37.8 million (\$313/SF). The property was previously purchased by Tourmaline Capital for \$19.6 million (\$163/SF). This was followed by Crow Holdings' purchase of the Avalon Meydenbauer at 230 Bellevue Way NE for \$16.6 million (\$753.38/SF).

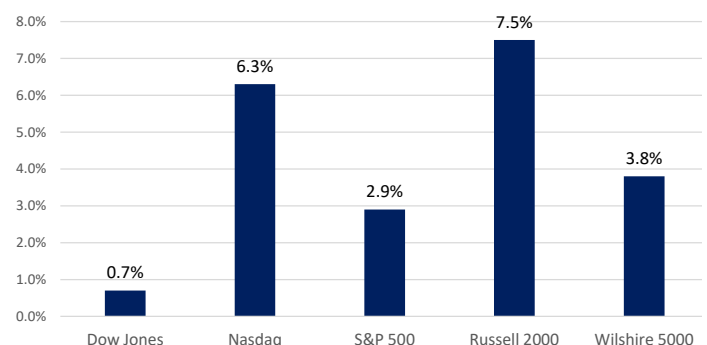
Investment Activity vs. Number of Transactions



Cap Rate Trends



Major Stock Index Return Rates



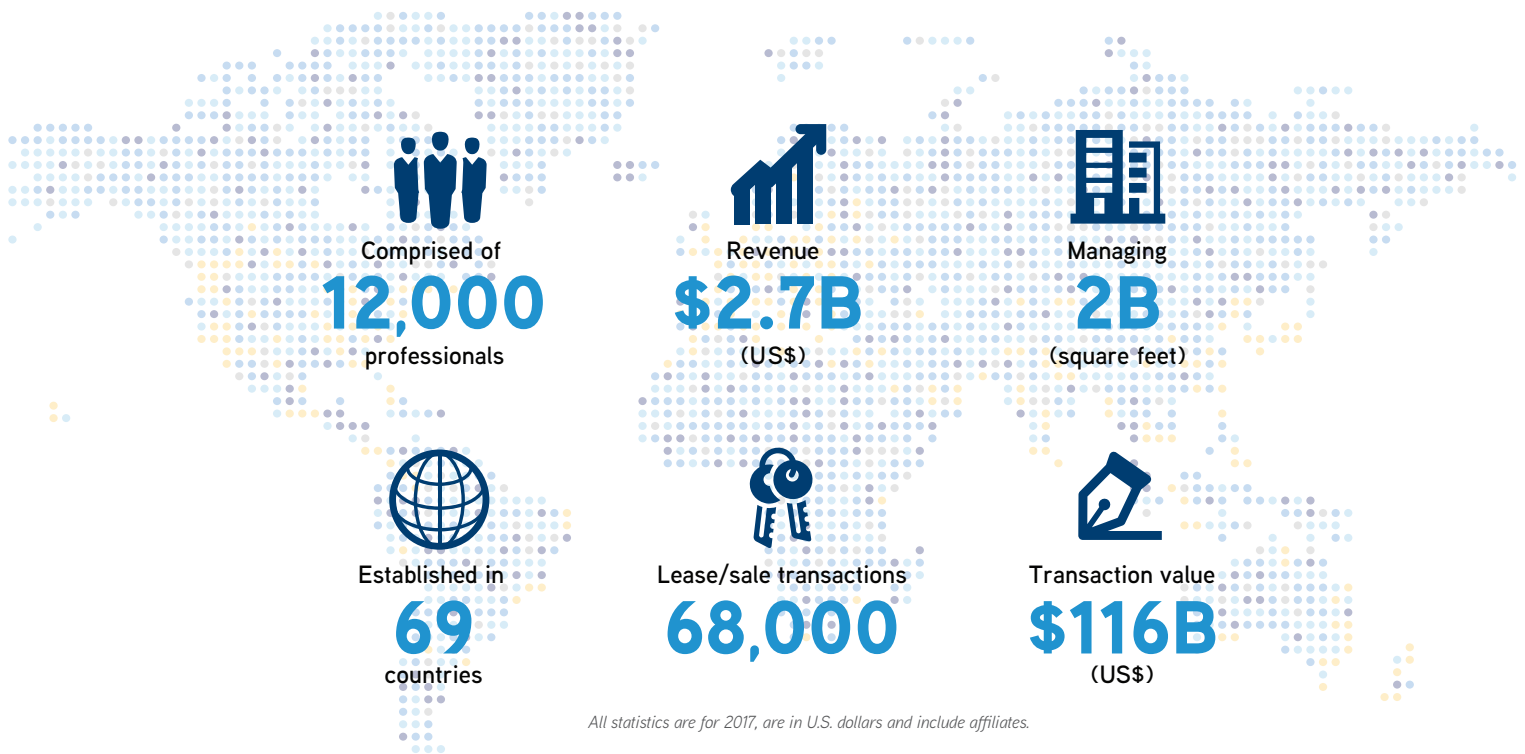
MARKET INDICATORS	Q2 2018 (Q-o-Q)	Q2 2017 (Y-o-Y)
SALES VOLUME	↓	↓
SALE PRICE	↓	↓
CAP RATE	↑	↑

NOTABLE Q2 2018 INVESTMENT TRANSACTIONS

Building Name	City / Submarket	Retail Type	Retail RBA	Sales Price (\$)	Price/SF	Buyer	Sale Date
Woodinville Towne Center	Woodinville	Shopping	120,566	\$37,700,000	\$312.69	TMY Woodinville Towne Center LLC	6/19/2018
Avalon Meydenbauer (retail condo)	Bellevue / CBD	Other	22,034	\$16,600,000	\$753.38	Crow Holdings	5/1/2018
Safeway Corp WA Retail Portfolio	Seattle / Northgate	Shopping	100,817	\$16,525,000	\$163.91	Confidential	5/14/2018
Safeway	Monroe / S Snohomish	Shopping	56,446	\$13,142,000	\$232.82	TMY Woodinville Towne Center LLC	6/21/2018
H-Mart Plaza	Lynnwood	Shopping	42,830	\$12,500,000	\$291.85	The Paul & Ingrid Mitchell Family Trust	6/7/2018
Silverdale Shopping Center	Silverdale	Shopping	67,287	\$12,150,000	\$180.57	Sil-Way LLC	6/1/2018
Safeway	Seattle / Northgate	Shopping	50,734	\$10,525,000	\$207.45	Washington RE Holdings	5/14/2018
301 37th Avenue Southeast	Puyallup	Shopping	116,000	\$10,152,555	\$87.52	Sam Colson	5/4/2018

* Sale Price allocated for retail only

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