

MARKETBEAT

Retail Snapshot Q2 2018 Cincinnati/Dayton



ECONOMIC INDICATORS

National

	Q2 17	Q2 18*	12 Month Forecast**
GDP Growth	2.2%	3.0%	▲
CPI Growth	1.9%	2.8%	▲
Consumer Spending Growth	2.7%	2.5%	▲
Retail Sales Growth	43%	5.3%	▲

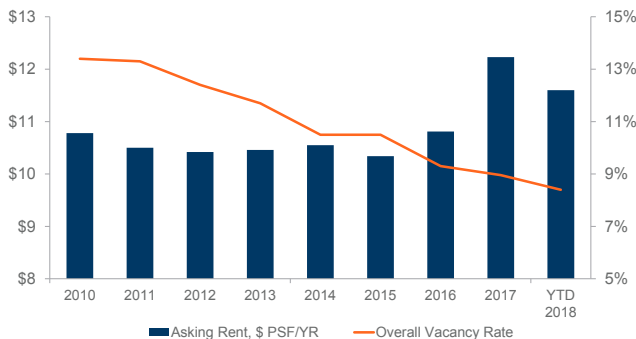
*Q2 18 Estimates. Values represent year-over-year % change.
**Forecast by Cushman & Wakefield.

Regional

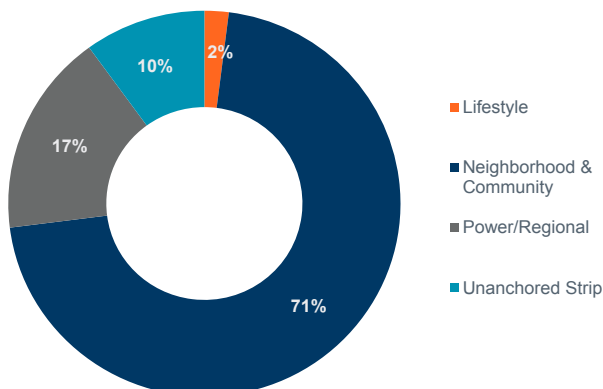
	Q2 17	Q2 18	12-Month Forecast
Household Income	\$59,989	\$61,966	▲
Population Growth (yr-over-yr)	0.5%	0.5%	■
Unemployment	4.5%	3.9%	■

Source: Moody's Analytics

Rental Rate vs. Overall Vacancy



Availability by Type



Economy

Financial technology company Smart Asset and the U.S. Census Bureau compared net migration statistics of millennials in major U.S. cities between 2016 and 2017. Cincinnati was among the top 15 cities to retain its millennial population, ahead of peer cities including Columbus and Indianapolis. The University of Dayton also reported that the Dayton metro area had the highest job growth rate of any Ohio metro area over the past 12 months. The Dayton region added nearly 10,000 jobs over the past year. At 3.9%, the combined Cincinnati/Dayton unemployment rate is nearly identical to the national unemployment rate of 3.8%.

Market Overview

Shopping center vacancy for the combined Cincinnati/Dayton market slowly declined over the past four quarters. Among all shopping center types combined, vacancy was 8.4% as of the second quarter of 2018, which was a 20-basis-point (bps) drop year-over-year.

As in prior quarters, shopping center vacancy for Cincinnati/Dayton remained above the national average rate of 7.0%. When compared with nearby metro markets, Cincinnati/Dayton was significantly higher in most instances. Vacancy in Indianapolis was 7.5%, 7.0% in Cleveland, 5.1% in Louisville, and 5.0% in Columbus. However, a few Midwest metro markets had higher vacancy rates than Cincinnati/Dayton, including Kansas City (8.5%) and Milwaukee (9.2%).

While vacancy in the combined region was 8.4% in the second quarter, vacancy specifically within Greater Cincinnati was 8.1%, while vacancy in Greater Dayton was 9.0%. Within submarkets, vacancy rates ranged between 2.5% (Hyde Park/ Mt. Lookout) and 22.2% (Tri-County). Vacancy in the Greater Dayton suburbs was a similar story, with a low vacancy rate of 4.8% in South Central Dayton (Kettering) and a high rate of 26.1% in West Dayton (Trotwood).

Among the four types of shopping centers in the Cincinnati/Dayton market, vacancy rates ranged between 2.6% and 9.4%, with the majority of vacant space in the Neighborhood & Community Center category. Asking rental rates averaged \$11.60 NNN per square foot (psf) per year across all categories. It should be noted that these figures are for benchmarking purposes only. These rates include all classes and availability sizes and reflect what is currently available in the market, most of which is Class B or C space.

After more than 350,000 square feet (sf) of negative absorption in 2017, net absorption through two quarters 2018 was 484,000 sf, with the vast majority of positive absorption occurring in the first quarter.

The largest lease in the first half of 2017 took place in Deerfield Township, where CubeSmart Self Storage leased 53,500 sf at the Montgomery Crossing shopping center. Discount retailer Bargain Hunt opened a 34,000-sf store in Hamilton at the Town & Country Shopping Center, which is the company's sixth store opened in the Cincinnati/Dayton region since 2016. Arts and crafts retailer A.C. Moore opened its first location in the region, which was 20,000 sf at Ridgewater Plaza in Pleasant Ridge.

Outlook

- At its current pace, shopping center vacancy in the region should fall below 8.0% by the end of 2018.
- Per the national trend, discount retailers will continue to gradually absorb space previously vacated by large big-box tenants.

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Cincinnati/Dayton



Q2 2018 Statistic Summary

SHOPPING CENTER TYPE	INVENTORY (SF)	DIRECT VACANT SF	SUBLET VACANT SF	TOTAL VACANT SF	OVERALL VACANCY RATE	Q2 2018 DIRECT NET ABSORPTION	YTD DIRECT NET ABSORPTION	AVERAGE ASKING RENT PSF (NNN)*
Lifestyle	4,603,968	120,175	0	120,175	2.6%	32,738	53,881	\$26.93
Neighborhood & Community	44,289,629	4,152,687	22,131	4,174,818	9.4%	66,546	238,823	\$10.71
Power/Regional	13,143,772	966,424	57,160	1,023,584	7.8%	-51,129	176,290	\$12.26
Unanchored Strip	8,281,708	570,410	5,465	575,875	7.0%	23,637	14,864	\$13.63
Shopping Center Total	70,319,077	5,809,696	84,756	5,894,452	8.4%	71,792	483,858	\$11.60

(All Types, Excluding Malls & Outlet)

* Rental rates reflect psf per year

Sources: Cushman & Wakefield Research, CoStar

Notable Lease Transactions - Q1 / Q2 2018

PROPERTY	SQUARE FEET	TENANT	CENTER TYPE	CITY
Montgomery Crossing	52,500	CubeSmart	Neighborhood & Community	Deerfield Twp.
Town & Country Shopping Center	34,000	Bargain Hunt	Neighborhood & Community	Hamilton
Southland 75 Center	29,600	Get Air	Neighborhood & Community	Miamisburg
Fairfield Crossing	21,000	Habitat For Humanity	Neighborhood & Community	Fairfield
Ridgewater Plaza	19,800	AC Moore	Neighborhood & Community	Cincinnati
Governor's Pointe South	18,200	Party City	Neighborhood & Community	Mason
Cross Pointe Shopping Center	16,000	Home 2 Home	Power/Regional	Centerville
Gettysburg Plaza	15,900	Save-A-Lot	Neighborhood & Community	Dayton
10575 Loveland Madeira Road	14,000	Hertz	Unanchored Strip	Loveland
Shoppes of Kenwood	13,600	Discount Fashion Warehouse	Neighborhood & Community	Kenwood

Sources: Cushman & Wakefield Research, CoStar

Notable Sales Transactions - Q1 / Q2 2018

PROPERTY	SF	SELLER	BUYER	PURCHASE PRICE	PRICE PSF	CITY
32 East Shopping Center	189,000	Pebb Enterprises	Rainier Companies / Stark Ent.	\$29,100,000	\$154	Eastgate
Newport Shopping Ctr. / Newport Plaza	465,000	American Diversified Dev.	AlbaneseCormier Holdings	\$16,000,000	\$34	Newport
Kroger	61,000	H&R REIT	Apollo Global RE	\$13,300,000	\$219	Florence
Kingsgate Plaza	66,000	Richard Mayerson	Midland Atlantic Props	\$6,900,000	\$104	West Chester
Thoroughbred Harley-Davidson	36000	Noble Properties	8025 Action Boulevard LLC	\$5,300,000	\$149	Florence
MedVet Dayton	14000	Med Vet Ohio	Broadstone Real Estate LLC	\$5,100,000	\$370	Dayton
7240 Outfitters Way	9000	Anchor Associates	LB Apt Rentals LLC	\$4,600,000	\$506	West Chester
Rite Aid	15,000	RA Xenia LLC	Second Avenue RA LLC	\$4,300,000	\$292	Xenia
Johnny's Toys	97,000	Jeff Reed	Six Plains LLC	\$3,200,000	\$32	Covington
Former HH Gregg	49,000	Pebb Enterprises	Duloc Eastgate LLC	\$3,100,000	\$62	Cincinnati

Sources: Cushman & Wakefield Research, CoStar, Real Capital Analytics

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