

# MARKETBEAT

## Retail Snapshot Q4 2017 Cincinnati/Dayton



### ECONOMIC INDICATORS

#### National

	Q4 16	Q4 17	12 Month Forecast**
GDP Growth	1.8%	2.3%*	▲
CPI Growth	1.8%	2.0%*	▲
Consumer Spending Growth	2.8%	2.6%*	▼
Retail Sales Growth	3.7%	4.3%*	▲

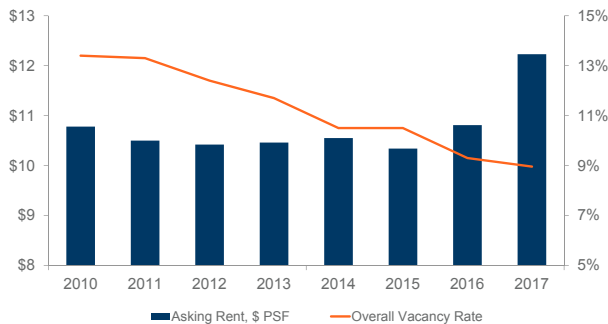
\*Q3 values. \*\*Forecast by Cushman & Wakefield. Values represent year-over-year % change.

#### Regional

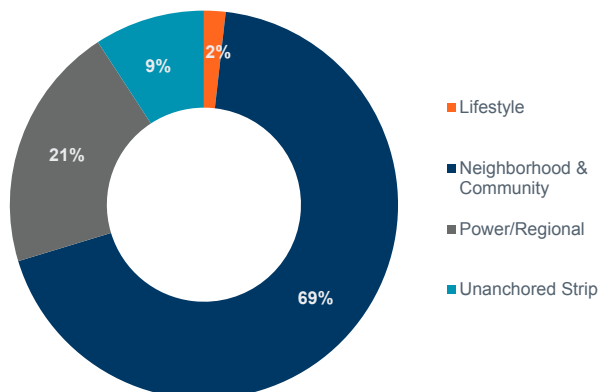
	Q4 16	Q4 17	12-Month Forecast
Household Income	\$58,622	\$60,914	▲
Population Growth (yr-over-yr)	0.4%	0.3%	■
Unemployment	4.4%	4.4%	■

Source: Moody's Analytics

### Rental Rate vs. Overall Vacancy



### Availability by Type



### Economy

The U.S. economy ended 2017 on a very high note. The Dow Jones Industrial Average set an all-time high and according to the Conference Board, the Consumer Confidence Index reached a 17-year high in November 2017. At 4.1%, the national unemployment rate has been consistently low all year and unemployment in the combined Cincinnati/Dayton is a similarly low 4.4%.

### Market Overview

Shopping center vacancy for the combined Cincinnati/Dayton market has remained stable over the past year. Among all shopping center types combined, vacancy was 9.0% as of the fourth quarter of 2017, which is a 30 basis point (bps) drop year-over-year.

Shopping center vacancy for Cincinnati/Dayton remains above the national average rate of 6.7%. When compared with nearby metro markets, Cincinnati/Dayton is relatively high. Vacancy in Cleveland is currently 8.3%, 7.6% in Indianapolis and 5.2% in Columbus.

When comparing Midwest metro vacancy rates, it is important to note that vacancy in Greater Cincinnati is 7.9%, while vacancy in Greater Dayton is 10.8% when isolated separately. Within Greater Cincinnati submarkets, vacancy rates vary greatly, between 1.5% (Hyde Park/ Mt. Lookout) and 21.1% (Tri-County). Greater Dayton, is a similar story, with a low vacancy rate of 6.7% in South Dayton (Miamisburg) to a high of 17.0% in North Dayton (Vandalia).

Among the four types of shopping centers in the Cincinnati/Dayton market, vacancy rates range from 3.0% to 10.0%. Asking rental rates range from \$11.50 to \$13.50 NNN per square foot (psf), depending on shopping center type. 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.

While fourth quarter net absorption was positive, full-year 2017 net absorption for area shopping centers was negative 351,000 square feet (sf), due mostly to significant amounts of negative absorption in the first quarter and third quarter.

The largest lease in the second half of 2017 took place in Beaver-creek, where At Home home décor moved into an 86,000-sf former K-Mart location. Burlington Coat Factory renewed 51,000 sf at South Towne Centre in Miamisburg, and opened a new 46,000-sf Eastgate location in October. Recent investment sale activity in Cincinnati/ Dayton was focused on sale-leasebacks of major retailers like Cabela's and CVS, along with sales of entire shopping centers.

### Outlook

- National retail closure trends will affect the local market:
  - Macy's recently announced the closure of its Downtown Cincinnati store
  - Sears will be closing its Western Hills location.
- Wahlburgers and Aladdin's Eatery will both be opening Downtown Cincinnati restaurants by this Spring.

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## Retail Snapshot Q4 2017

### Cincinnati/Dayton



#### Q4 2017 Statistic Summary

Shopping Center Type	Inventory (SF)	Direct Vacant SF	Sublet Vacant SF	Total Vacant SF	Vacancy Rate	Q4 2017 Net Absorption	FY 2017 Net Absorption	Average Asking Rent PSF (NNN)*
Lifestyle	4,275,070	113,522	0	113,522	2.7%	-23,172	-13,794	\$11.54
Neighborhood & Community	44,070,091	4,315,098	48,381	4,363,479	9.9%	160,684	-185,941	\$12.16
Power/Regional	13,971,105	1,292,536	27,260	1,319,796	9.4%	-105,406	-160,262	\$11.67
Unanchored Strip	8,398,907	580,181	5,640	585,821	7.0%	26,765	9,023	\$13.57
<b>Shopping Center Total</b>	<b>70,715,173</b>	<b>6,301,337</b>	<b>81,281</b>	<b>6,382,618</b>	<b>9.0%</b>	<b>58,871</b>	<b>-350,974</b>	<b>\$12.23</b>

(All Types, Excluding Malls & Outlet)

\* Rental rates reflect \$/sf per year  
Sources: Cushman & Wakefield Research, CoStar

#### Notable Lease Transactions - Q3 / Q4

PROPERTY	SQUARE FEET	TENANT	CENTER TYPE	CITY
Greene Crossing	85,600	At Home	Neighborhood & Community	Beavercreek
South Towne Centre	51,000	Burlington Coat Factory	Power/Regional	Miamisburg
32 East	46,000	Burlington Coat Factory	Neighborhood & Community	Eastgate
Kenwood Collection	42,500	Envision Cinemas Bar & Grille	Lifestyle	Kenwood
Normandy Square	32,500	Big Lots	Neighborhood & Community	Centerville
Kings Mall I	30,000	Altitude Trampoline Park	Neighborhood & Community	Symmes Twp.
Kenwood Square	27,700	Michaels	Power/Regional	Kenwood
Newport Shopping Center	21,300	Best Furniture Outlet	Power/Regional	Newport
3990 SR-22/3	21,000	Office Depot	Unanchored Strip	Loveland
Wilmington Plaza	20,200	Murphy Books	Neighborhood & Community	Kettering

Sources: Cushman & Wakefield Research, CoStar, Xceligent

#### Notable Sales Transactions - Q3 / Q4

PROPERTY	SF	SELLER	BUYER	PURCHASE PRICE	PRICE PSF	CITY
Cabela's	82,000	Bass Pro Shops Corp.	Store Capital Corp.	\$21,300,000	\$259	West Chester
North Heights Plaza	182,000	DDR Corp.	PMAT North Heights LLC	\$18,500,000	\$101	Huber Heights
Cabela's	80,000	Bass Pro Shops Corp.	Starwood Property Trust	\$14,300,000	\$220	Centerville
Petsmart / Fresh Thyme	53,000	ARKA Properties Group	AKB LLC	\$12,400,000	\$234	Cincinnati
Corners at the Mall	152,000	Corners Mall X LLC	Corners At The Mall LLC	\$9,600,000	\$62	Miamisburg
CVS	13,000	CVS Health	Sand Capital	\$8,000,000	\$610	Erlanger
Sharonville Plaza	131,000	Kimco Realty Corp.	Gordon Realty LLC	\$7,000,000	\$54	Sharonville
Kettering Towne Center	213,000	2000 East Dorothy Lane Holding	Cuyahoga Investments LLC	\$6,300,000	\$29	Kettering
The Crossings at Gunn Eden	125,000	Champion Crossings Real Estate	Duloc Hamilton LLC	\$4,600,000	\$37	Hamilton
Hobby Lobby	57,000	Colreg LLC	C&S Colerain LLC	\$4,300,000	\$75	Colerain

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

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