

MARKETBEAT

Retail Snapshot Q4 2018 Cincinnati/Dayton



ECONOMIC INDICATORS

National

	Q4 17	Q4 18*	12 Month Forecast**
GDP Growth	2.5%	3.3%	▲
CPI Growth	2.1%	2.3%	▲
Consumer Spending Growth	2.7%	2.7%	▲
Retail Sales Growth	5.9%	4.6%	▲

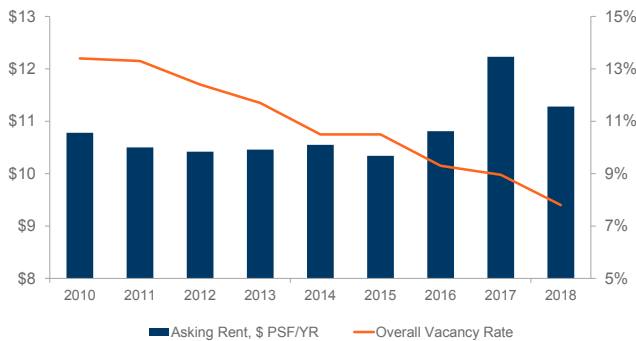
*Q4 18 Estimates. Values represent year-over-year % change.
**Forecast by Cushman & Wakefield.

Regional

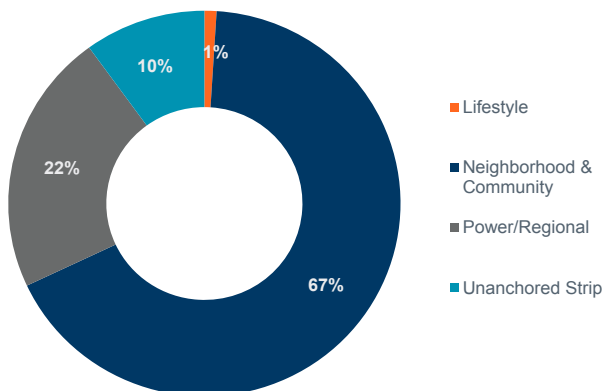
	Q4 17	Q4 18*	12-Month Forecast
Household Income	\$59,992	\$61,741	▲
Population Growth (yr-over-yr)	0.6%	0.4%	■
Unemployment	4.3%	4.1%	■

*Q4 18 Estimates. Values represent year-over-year % change.
Source: Moody's Analytics

Rental Rate vs. Overall Vacancy



Availability by Type



Economy

As part of its 2050 Transportation Plan, a preliminary demographic projection from the Ohio Kentucky Indiana Regional Council of Governments (OKI) showed that the population of the Greater Cincinnati region will grow by 10% over the next 35 years. The estimated growth rate translates to 200,000 new residents moving into the area by 2050. Much of this growth is expected to take place in the far northern suburbs that Cincinnati shares with Dayton, as a continuation of a current trend. The combined Cincinnati/Dayton unemployment rate of 4.1% was slightly higher than the fourth quarter of 2018 national unemployment rate of 3.7%.

Market Overview

Shopping center vacancy for the combined Cincinnati/Dayton market declined in each of the past six quarters. Among all shopping center types combined, vacancy was 7.8% in the fourth quarter of 2018, which was a 120-basis-point (bps) drop year-over-year.

Despite a significant drop over the past year, vacancy in Cincinnati/Dayton was still significantly higher than in most nearby metro markets. In the fourth quarter of 2018, vacancy was 6.3% in Cleveland, 5.9% in Louisville, and 4.6% in Columbus. Indianapolis vacancy was nearly identical to Cincinnati/Dayton at 7.7%. A few Midwest metro markets had higher vacancy rates than Cincinnati/Dayton, which included Kansas City (8.0%) and Detroit (8.6%).

While vacancy in the combined region was 7.8% in the fourth quarter, and in prior quarters vacancy varied greatly between the Cincinnati and Dayton markets. However, in the fourth quarter of 2018, vacancy was nearly identical in Greater Cincinnati (7.6%) and Greater Dayton (7.8%), as vacancy fell significantly in the Dayton market over the past 18 months. Within individual submarkets, vacancy rates ranged widely and followed similar patterns as prior quarters. Submarkets with low vacancy included Hyde Park/Mt. Lookout (2.9%) and South Dayton (4.0%). Conversely, vacancy was high in submarkets like Tri-County (22.3%) and West Dayton/Trotwood (26.8%).

Among the four types of shopping centers in the Cincinnati/Dayton market, vacancy rates ranged between 0.7% (Lifestyle) and 9.4% (Power/Regional). Asking rental rates averaged \$11.28 triple net 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, reflect what is currently available in the market, most of which is Class B or C space.

Net absorption was positive in each quarter of 2018 and the year ended with 933,000 square feet (sf) of positive absorption. The negative 350,000 sf of absorption seen in 2017 was more of an exception than a rule. Full-year net absorption for the region was greater than 750,000 sf in four of the past five years.

The largest lease in the second half of 2018 took place in Tri-County, one of the region's largest retail submarkets. Ross Dress For Less will open one of its first stores in Ohio, at a 36,000-sf location in the Springdale Plaza shopping center. A new Planet Fitness location also opened in Northern Kentucky, at a 27,000-sf space at the Alexandria Village Green shopping center on Alexandria Pike.

Outlook

- While it will fall at a slower pace than in 2018, shopping center vacancy in the region should continue to decrease towards 7.0% in 2019.
- As in most of the prior quarters, the largest new lessors of space in this area will continue to be discount retailers.

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Cincinnati/Dayton



Q4 2018 Statistic Summary

SHOPPING CENTER TYPE	INVENTORY (SF)	DIRECT VACANT SF	SUBLET VACANT SF	TOTAL VACANT SF	OVERALL VACANCY RATE	Q4 2018 DIRECT NET ABSORPTION	YTD DIRECT NET ABSORPTION	AVERAGE ASKING RENT PSF (NNN)*
Lifestyle	4,040,836	26,486	0	26,486	0.7%	40,924	79,483	\$30.00
Neighborhood & Community	43,336,003	3,545,798	20,119	3,565,917	8.2%	208,578	742,418	\$10.86
Power/Regional	13,054,354	1,163,188	60,981	1,224,169	9.4%	-61,165	53,066	\$10.23
Unanchored Strip	8,278,083	547,158	0	547,158	6.6%	58,617	57,645	\$14.44
Shopping Center Total	68,709,276	5,282,630	81,100	5,363,730	7.8%	246,954	932,612	\$11.28

(All Types, Excluding Malls & Outlet)

* Rental rates reflect psf per year

Sources: Cushman & Wakefield Research, CoStar

Notable Lease Transactions - Q3 / Q4 2018

PROPERTY	SQUARE FEET	TENANT	CENTER TYPE	CITY
Springdale Plaza	36,000	Ross	Neighborhood & Community	Springdale
Governor's Pointe	28,000	Asian Market	Neighborhood & Community	Mason
Alexandria Village Green	27,000	Planet Fitness	Neighborhood & Community	Alexandria
Fort Thomas Plaza	18,000	Domino's	Neighborhood & Community	Fort Thomas
12110 Lebanon Road	14,000	Walgreens	Unanchored Strip	Sharonville
Champion West Center	12,000	Immortal Fitness	Neighborhood & Community	Hamilton
Kenwood Galleria	9,100	Hoppin Vines, LLC	Neighborhood & Community	Kenwood
Miami Plaza	8,600	Camp Bow Wow	Neighborhood & Community	Milford
Dayton Towne Center	8,600	Lucky Day Internet Cafe	Neighborhood & Community	Dayton
8336 Springboro Pike	8,000	Appliance Factory	Unanchored Strip	Miamisburg

Sources: Cushman & Wakefield Research, CoStar

Notable Sales Transactions - Q3 / Q4 2018

PROPERTY	SF	SELLER	BUYER	PURCHASE PRICE	PRICE PSF	CITY
Lifetime Fitness	152,000	Gramercy Property Trust, Inc.	Spirit Realty Capital	\$25,000,000	\$165	Mason
Cold Spring Crossing	313,000	CMC Properties	Etkin & Company	\$25,000,000	\$80	Cold Spring
Liberty Commons Shopping Centre	58,000	North Ridge Realty Group	TriPeaks Property, LLC	\$10,800,000	\$185	Liberty Township
Cinemark Dayton South 16	72,000	Oak Valley Management	Realty Income Corp.	\$10,600,000	\$147	Dayton
Wal-Mart Supercenter	204,000	RG Properties, Inc.	Agree Realty Corp.	\$7,500,000	\$37	Franklin
Thoroughbred Harley-Davidson	36,000	Noble Properties	Greg Stith	\$5,300,000	\$149	Florence
The Commons at Liberty Falls	40,000	Jerry Vaughn	Nandini Oil LLC	\$5,300,000	\$132	Liberty Township
Miamisburg Plaza	109,000	Miamisburg Plaza X, LLC	United Properties Corp.	\$5,200,000	\$48	Miamisburg

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

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