MARKET TRENDS

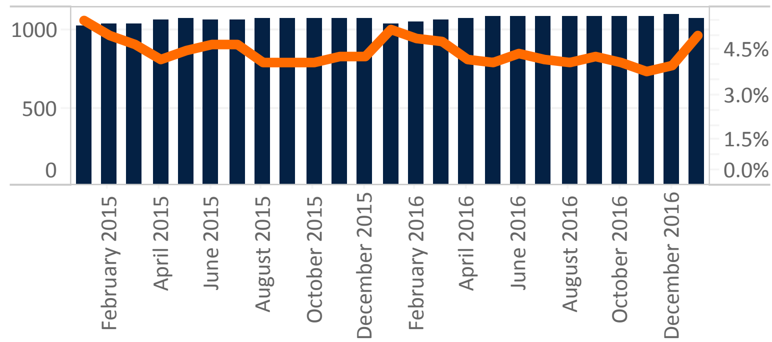
1Q 2017 | Cincinnati | Retail

Economic Overview

According to the Bureau of Labor Statistics, the unemployment rate dropped 0.2 percentage points from 5.2% in January 2016 to 5.0% in January 2017. The Average unemployment rate for the US was reported at 4.9% for 2016 down from 5.0% for the state of Ohio. The Cincinnati metropolitan statistical area job creation increased 2.8% totaling 29,200 over the past year. Office using jobs (information, professional and business services and financial activities) added 6,900 jobs during the past year.

Cincinnati Employment

Source: BLS



Market Overview

The Cincinnati retail market recorded 517,663 square feet (sf) of positive absorption during 1Q 2017. The total vacancy rate has remained steady at 7.7% year-over-year. Direct vacancy rates decreased 0.2 percentage points from 7.8% to 7.6% during the same time period. Weighted average rent growth ceased to continue improvement during 1Q 2017 especially in freestanding properties in West Central and Kenton County. Weighted average asking rents in all classes decreased 3.9% recording $10.88 per square foot (psf) at the close of 1Q 2017 compared to 4Q 2016. However, year-over-year, weighted average rents across the market have improved 2.9% from $10.57 psf in 1Q 2016.

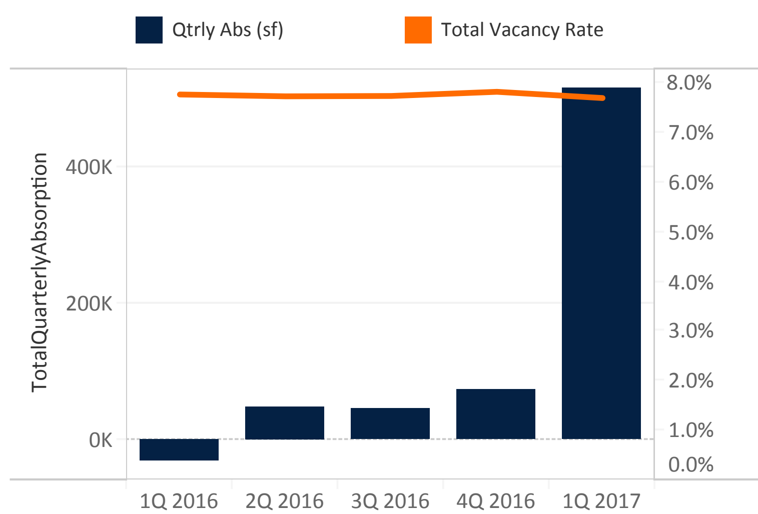
Market Recap

Inventory (sf)	58,231,446
# of Bldgs	874
Qtrly Abs (sf)	517,663
Total Avail Rate	9.1%
Total Vacancy Rate	7.7%
U/C Inventory (sf)	15,200
Delivered (sf)	346,697
Weighted Average Asking Rate (NNN)	$10.88

Market Highlights

The majority of the absorption shown in 1Q 2017 can be attributed to the completion of the Kenwood Collection and Oakley Station and the pre-leasing of those centers. The Cincinnati retail vacancy rate has remained the same despite the positive activity due to the additional inventory. As the vacancy rate has stalled with the met inventory demand, the weighted average rents have noticed a slight dip from $11.77 psf in 3Q 2016 to $10.88 psf in 1Q 2017.

Absorption and Vacancy Rate



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Overview by Specific Use (Total)

Specific Use	Inventory (sf)	Available (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Conv/Strip Ctr	10,261,115	1,089,452	891,386	8.7%	-22,897	-22,897
Free/Gen	18,495,028	685,431	645,845	3.5%	-1,080	-1,080
Nbrhd/Comm Ctr	22,903,647	3,052,805	2,531,813	11.1%	393,048	393,048
Reg/Power Ctr	6,571,656	452,613	419,100	6.4%	148,592	148,592
Overall	58,231,446	5,280,301	4,488,144	7.7%	517,663	517,663

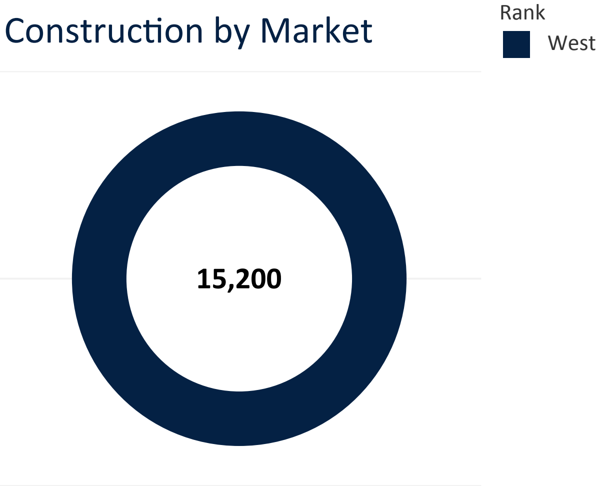
Overview by Market (Total)

Market Name	Specific Use	Inventory (sf)	Available (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Boone Cty	Conv/Strip Ctr	975,872	137,115	101,698	10.4%	-3,826	-3,826
	Free/Gen	1,916,506	8,200	0	0.0%	0	0
	Nbrhd/Comm Ctr	1,792,408	125,321	52,818	2.9%	3,077	3,077
Campbell Cty	Conv/Strip Ctr	255,413	10,722	0	0.0%	1,200	1,200
	Free/Gen	1,035,251	5,265	5,265	0.5%	2,351	2,351
	Nbrhd/Comm Ctr	1,644,759	232,505	203,136	12.4%	-7,350	-7,350
Central	Conv/Strip Ctr	1,124,712	98,109	78,636	7.0%	-14,972	-14,972
	Free/Gen	972,667	12,000	12,000	1.2%	64,700	64,700
	Nbrhd/Comm Ctr	1,566,757	140,333	134,488	8.6%	30,951	30,951
	Reg/Power Ctr	653,154	158,110	158,110	24.2%	181,357	181,357
East	Conv/Strip Ctr	1,426,965	165,976	157,754	11.1%	1,500	1,500
	Free/Gen	2,579,869	46,397	44,911	1.7%	0	0
	Nbrhd/Comm Ctr	2,263,762	293,081	279,176	12.3%	69,221	69,221
	Reg/Power Ctr	864,238	20,683	15,683	1.8%	21,400	21,400
Hamltn - Oxford	Conv/Strip Ctr	478,696	42,048	42,048	8.8%	-7,233	-7,233
	Free/Gen	1,227,873	0	0	0.0%	0	0
	Nbrhd/Comm Ctr	811,355	245,080	245,080	30.2%	32,934	32,934
Kenton Cty	Conv/Strip Ctr	601,521	40,852	31,327	5.2%	-4,200	-4,200
	Free/Gen	629,175	0	0	0.0%	-1,700	-1,700
	Nbrhd/Comm Ctr	1,386,960	151,955	148,053	10.7%	-5,650	-5,650
	Reg/Power Ctr	500,000	3,872	3,872	0.8%	0	0
Middletown	Conv/Strip Ctr	687,590	72,954	60,691	8.8%	6,178	6,178
	Free/Gen	1,293,440	90,386	90,386	7.0%	12,700	12,700
	Nbrhd/Comm Ctr	1,105,988	196,819	195,419	17.7%	86,394	86,394
Midtown	Conv/Strip Ctr	282,016	13,830	13,830	4.9%	-1,017	-1,017
	Free/Gen	989,730	78,712	48,812	4.9%	-14,231	-14,231
	Nbrhd/Comm Ctr	1,197,805	84,166	84,166	7.0%	168,816	168,816
	Reg/Power Ctr	587,956	7,153	7,153	1.2%	0	0
North Central	Conv/Strip Ctr	1,578,167	167,161	139,603	8.8%	9,756	9,756
	Free/Gen	2,417,736	118,208	118,208	4.9%	0	0
Overall		58,231,446	5,280,301	4,488,144	7.7%	517,663	517,663

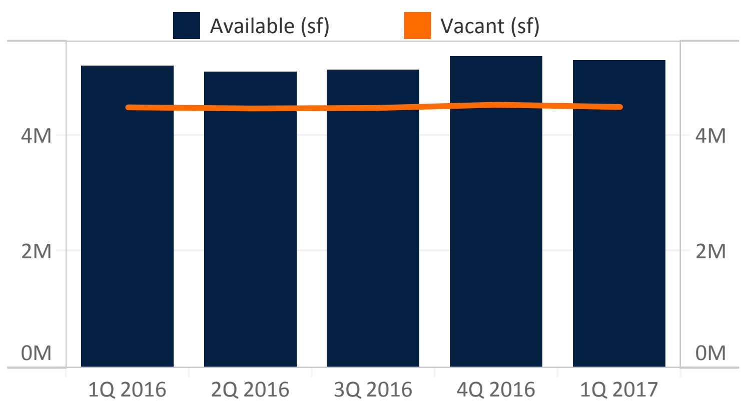
Overview by Market (Total) Cont'd

Market Name	Specific Use	Inventory (sf)	Available (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
North Central	Nbrhd/Comm Ctr	2,774,384	346,306	273,920	9.9%	-31,333	-31,333
	Reg/Power Ctr	1,340,000	62,074	54,192	4.0%	-217	-217
Northeast	Conv/Strip Ctr	1,083,094	106,730	99,748	9.2%	2,266	2,266
	Free/Gen	2,000,158	43,846	43,846	2.2%	0	0
	Nbrhd/Comm Ctr	2,569,773	357,690	254,054	9.9%	7,905	7,905
	Reg/Power Ctr	715,439	57,575	36,944	5.2%	-4,500	-4,500
West	Conv/Strip Ctr	751,160	54,157	30,803	4.1%	-320	-320
	Free/Gen	1,661,658	64,900	64,900	3.9%	-64,900	-64,900
	Nbrhd/Comm Ctr	2,153,009	231,235	168,969	7.8%	105,983	105,983
	Reg/Power Ctr	322,055	8,510	8,510	2.6%	0	0
West Central	Conv/Strip Ctr	1,015,909	179,798	135,248	13.3%	-12,229	-12,229
	Free/Gen	1,770,965	217,517	217,517	12.3%	0	0
	Nbrhd/Comm Ctr	3,636,687	648,314	492,534	13.5%	-67,900	-67,900
	Reg/Power Ctr	1,588,814	134,636	134,636	8.5%	-49,448	-49,448
Overall		58,231,446	5,280,301	4,488,144	7.7%	517,663	517,663

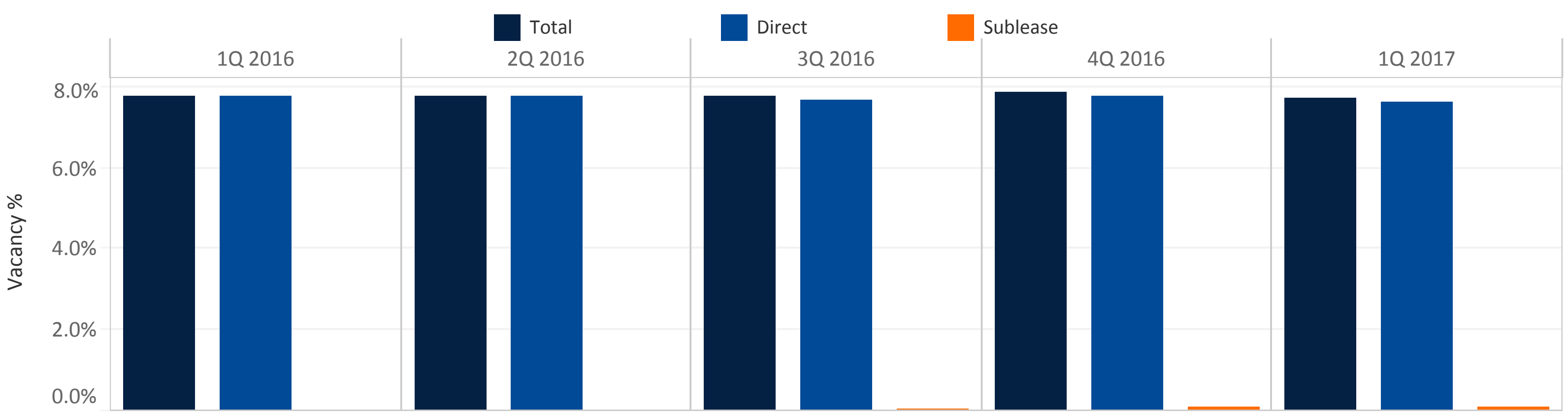
Construction by Market



Total Available and Vacant



Vacancy Rate



Overview by Specific Use (Direct)

Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Conv/Strip Ctr	10,261,115	1,078,063	884,762	8.6%	-20,280	-20,280
Free/Gen	18,495,028	685,431	645,845	3.5%	-1,080	-1,080
Nbrhd/Comm Ctr	22,903,647	3,014,218	2,493,226	10.9%	395,060	395,060
Reg/Power Ctr	6,571,656	452,613	419,100	6.4%	148,592	148,592
Overall	58,231,446	5,230,325	4,442,933	7.6%	522,292	522,292

Overview by Specific Use (Sublease)

Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Conv/Strip Ctr	10,261,115	11,389	6,624	0.1%	-2,617	-2,617
Free/Gen	18,495,028	0	0	0.0%	0	0
Nbrhd/Comm Ctr	22,903,647	38,587	38,587	0.2%	-2,012	-2,012
Reg/Power Ctr	6,571,656	0	0	0.0%	0	0
Overall	58,231,446	49,976	45,211	0.1%	-4,629	-4,629

MARKET TRENDS

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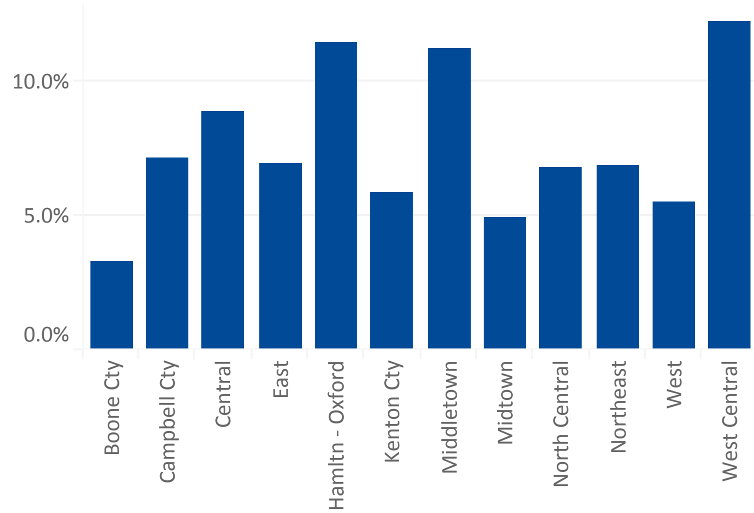
Direct Vacancy Rate

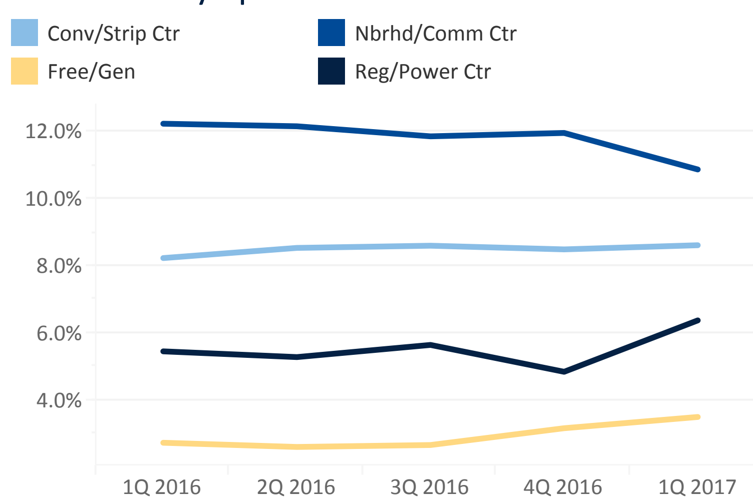
By Market and Specific Use

Market Name	Specific Use	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017
Boone Cty	Conv/Strip Ctr	11.1%	11.3%	11.0%	10.0%	10.4%
	Free/Gen	2.9%	0.0%	0.0%	0.0%	0.0%
	Nbrhd/Comm Ctr	1.5%	3.3%	3.0%	3.1%	2.9%
Campbell Cty	Conv/Strip Ctr	0.5%	0.5%	0.5%	0.5%	0.0%
	Free/Gen	0.5%	0.5%	0.7%	0.7%	0.5%
	Nbrhd/Comm Ctr	16.8%	16.8%	12.2%	11.9%	12.4%
Central	Conv/Strip Ctr	4.6%	5.2%	5.5%	5.7%	7.0%
	Free/Gen	1.3%	1.3%	1.3%	1.3%	1.2%
	Nbrhd/Comm Ctr	8.5%	8.2%	12.3%	8.0%	8.6%
	Reg/Power Ctr	9.1%	9.1%	9.1%	19.8%	24.2%
East	Conv/Strip Ctr	10.6%	11.5%	11.3%	11.2%	11.1%
	Free/Gen	0.4%	1.7%	1.7%	1.7%	1.7%
	Nbrhd/Comm Ctr	13.8%	14.1%	13.8%	13.4%	12.2%
	Reg/Power Ctr	11.3%	11.2%	14.4%	4.3%	1.8%
Hamltn - Oxford	Conv/Strip Ctr	7.9%	5.3%	7.5%	7.3%	8.8%
	Free/Gen	0.0%	0.0%	0.0%	0.0%	0.0%
	Nbrhd/Comm Ctr	33.1%	32.6%	34.4%	34.3%	30.2%
Kenton Cty	Conv/Strip Ctr	5.9%	4.7%	4.4%	4.5%	5.2%
	Free/Gen	0.0%	0.0%	0.0%	0.0%	0.0%
	Nbrhd/Comm Ctr	4.4%	4.8%	5.1%	10.2%	10.6%
	Reg/Power Ctr	2.5%	2.5%	2.5%	0.8%	0.8%
Middletown	Conv/Strip Ctr	7.6%	7.6%	7.1%	9.7%	8.8%
	Free/Gen	7.1%	7.1%	7.1%	8.0%	7.0%
	Nbrhd/Comm Ctr	20.2%	20.2%	23.2%	25.5%	17.7%
Midtown	Conv/Strip Ctr	8.1%	9.0%	9.0%	3.6%	3.6%
	Free/Gen	2.9%	2.9%	3.5%	3.5%	4.9%
	Nbrhd/Comm Ctr	3.5%	3.5%	3.5%	4.2%	7.0%
	Reg/Power Ctr	0.3%	1.2%	1.2%	1.2%	1.2%
North Central	Conv/Strip Ctr	11.1%	10.9%	10.2%	9.5%	8.8%
	Free/Gen	4.9%	4.9%	4.9%	4.9%	4.9%
	Nbrhd/Comm Ctr	8.0%	9.8%	8.3%	7.5%	8.7%
	Reg/Power Ctr	4.0%	4.0%	3.8%	4.0%	4.0%
Northeast	Conv/Strip Ctr	9.6%	10.1%	10.6%	9.4%	9.2%
	Free/Gen	4.3%	4.3%	4.3%	2.2%	2.2%
	Nbrhd/Comm Ctr	12.1%	11.6%	10.4%	10.2%	9.9%
	Reg/Power Ctr	6.9%	4.8%	4.5%	4.5%	5.2%
West	Conv/Strip Ctr	3.1%	3.1%	3.9%	3.9%	3.7%
	Free/Gen	0.0%	0.0%	0.0%	0.0%	3.9%
	Nbrhd/Comm Ctr	12.1%	11.0%	10.5%	12.8%	7.8%
	Reg/Power Ctr	2.6%	2.6%	2.6%	2.6%	2.6%
West Central	Conv/Strip Ctr	8.4%	10.6%	10.7%	12.7%	13.3%
	Free/Gen	5.6%	5.6%	5.6%	12.3%	12.3%
	Nbrhd/Comm Ctr	18.1%	16.3%	15.9%	15.3%	13.5%
	Reg/Power Ctr	5.4%	5.4%	5.4%	5.4%	8.5%
Overall		7.8%	7.7%	7.7%	7.8%	7.6%

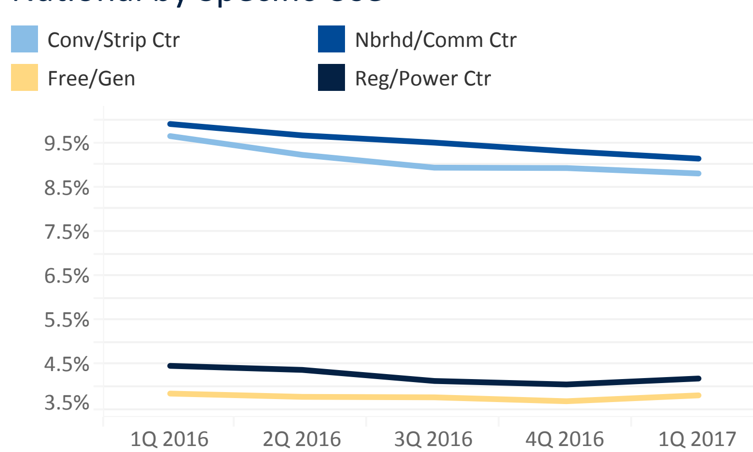
By Market



Cincinnati by Specific Use



National by Specific Use



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MARKET TRENDS

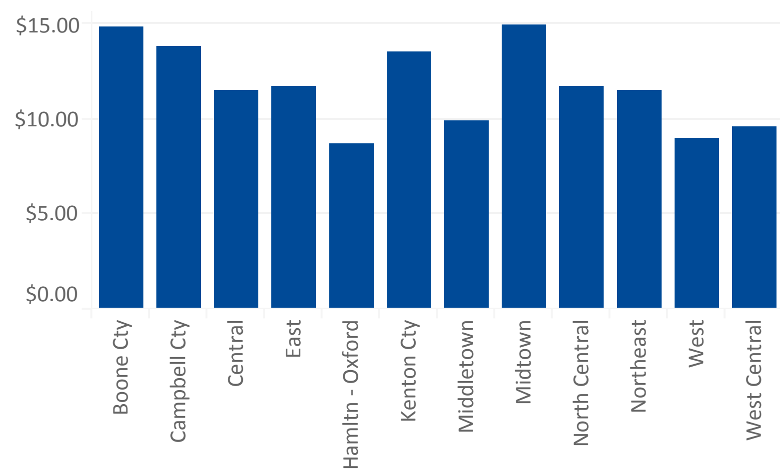
1Q 2017 | Cincinnati | Retail

Direct Weighted Average Asking Rates (NNN)

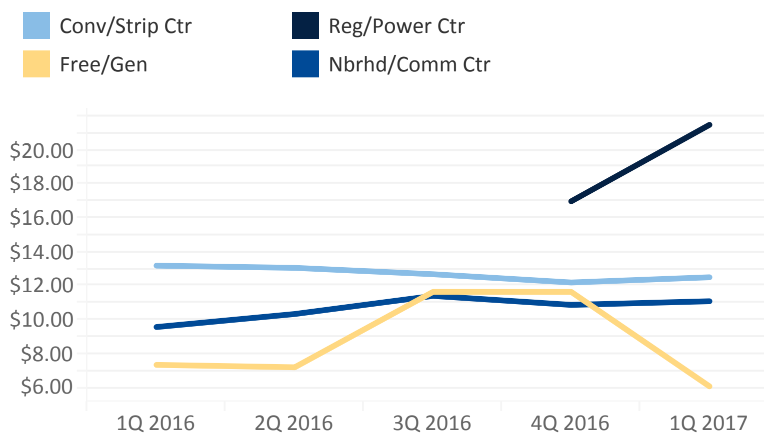
By Market and Specific Use

Market Name	Specific Use	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017
Boone Cty	Conv/Strip Ctr	$12.87	$12.82	$12.14	$13.32	$13.43
	Free/Gen	-	-	-	-	-
	Nbrhd/Comm Ctr	$14.95	$19.20	$19.20	$15.80	$15.85
Campbell Cty	Conv/Strip Ctr	$10.00	$10.00	$10.00	$10.00	$12.00
	Free/Gen	$23.00	$23.00	$21.50	$21.50	$18.00
	Nbrhd/Comm Ctr	$10.18	$11.11	$12.35	$11.97	$13.72
Central	Conv/Strip Ctr	$19.80	$18.20	$16.47	$12.63	$11.89
	Free/Gen	-	$7.00	$7.00	$7.00	$7.00
	Nbrhd/Comm Ctr	$16.42	$16.21	$16.18	$15.12	$12.21
	Reg/Power Ctr	-	-	-	-	-
East	Conv/Strip Ctr	$13.69	$13.07	$12.78	$13.19	$14.09
	Free/Gen	$10.00	$7.98	$8.70	$8.70	$6.00
	Nbrhd/Comm Ctr	$11.19	$11.11	$11.02	$11.02	$10.80
	Reg/Power Ctr	-	-	-	-	-
Hamltn - Oxford	Conv/Strip Ctr	$11.17	$9.57	$11.58	$10.59	$12.10
	Free/Gen	-	-	-	-	-
	Nbrhd/Comm Ctr	$7.04	$8.20	$8.20	$8.53	$8.47
Kenton Cty	Conv/Strip Ctr	$12.93	$12.96	$13.56	$13.56	$12.41
	Free/Gen	-	-	$25.00	$25.00	-
	Nbrhd/Comm Ctr	$15.91	$16.00	$15.91	$15.91	$15.80
	Reg/Power Ctr	-	-	-	-	-
Middletown	Conv/Strip Ctr	$11.91	$12.05	$10.53	$9.17	$9.30
	Free/Gen	-	-	-	-	-
	Nbrhd/Comm Ctr	$6.61	$8.15	$10.69	$10.62	$10.62
Midtown	Conv/Strip Ctr	-	$28.00	$26.00	-	-
	Free/Gen	$16.85	$16.85	$12.92	$12.92	$12.84
	Nbrhd/Comm Ctr	$12.61	$12.61	$12.88	$14.73	$16.19
	Reg/Power Ctr	-	-	-	-	$21.50
North Central	Conv/Strip Ctr	$13.52	$13.07	$13.26	$12.74	$13.91
	Free/Gen	-	-	-	-	-
	Nbrhd/Comm Ctr	$8.71	$8.79	$10.20	$9.49	$10.12
	Reg/Power Ctr	-	-	-	-	-
Northeast	Conv/Strip Ctr	$12.62	$12.27	$13.83	$12.96	$14.18
	Free/Gen	$5.22	$5.22	$4.00	$4.00	$4.00
	Nbrhd/Comm Ctr	$9.59	$10.85	$12.88	$12.90	$12.39
	Reg/Power Ctr	-	-	-	-	-
West	Conv/Strip Ctr	$10.61	$10.58	$10.58	$10.33	$9.94
	Free/Gen	-	-	-	-	$4.95
	Nbrhd/Comm Ctr	$12.07	$12.07	$12.21	$10.95	$11.26
	Reg/Power Ctr	-	-	-	-	-
West Central	Conv/Strip Ctr	$11.36	$11.87	$9.74	$11.34	$10.77
	Free/Gen	-	-	-	-	$5.50
	Nbrhd/Comm Ctr	$10.16	$10.81	$12.20	$10.76	$11.06
	Reg/Power Ctr	-	-	-	$17.00	-
Overall		$10.57	$10.93	$11.77	$11.40	$10.88

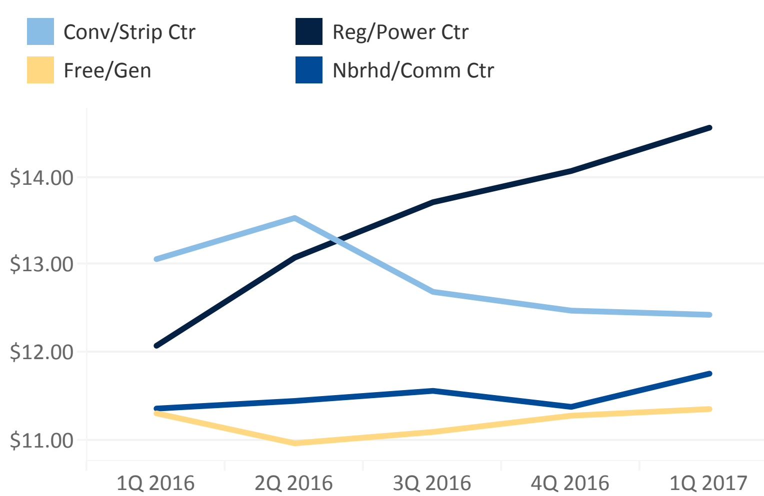
By Market



Cincinnati by Specific Use



National by Specific Use



MARKET TRENDS

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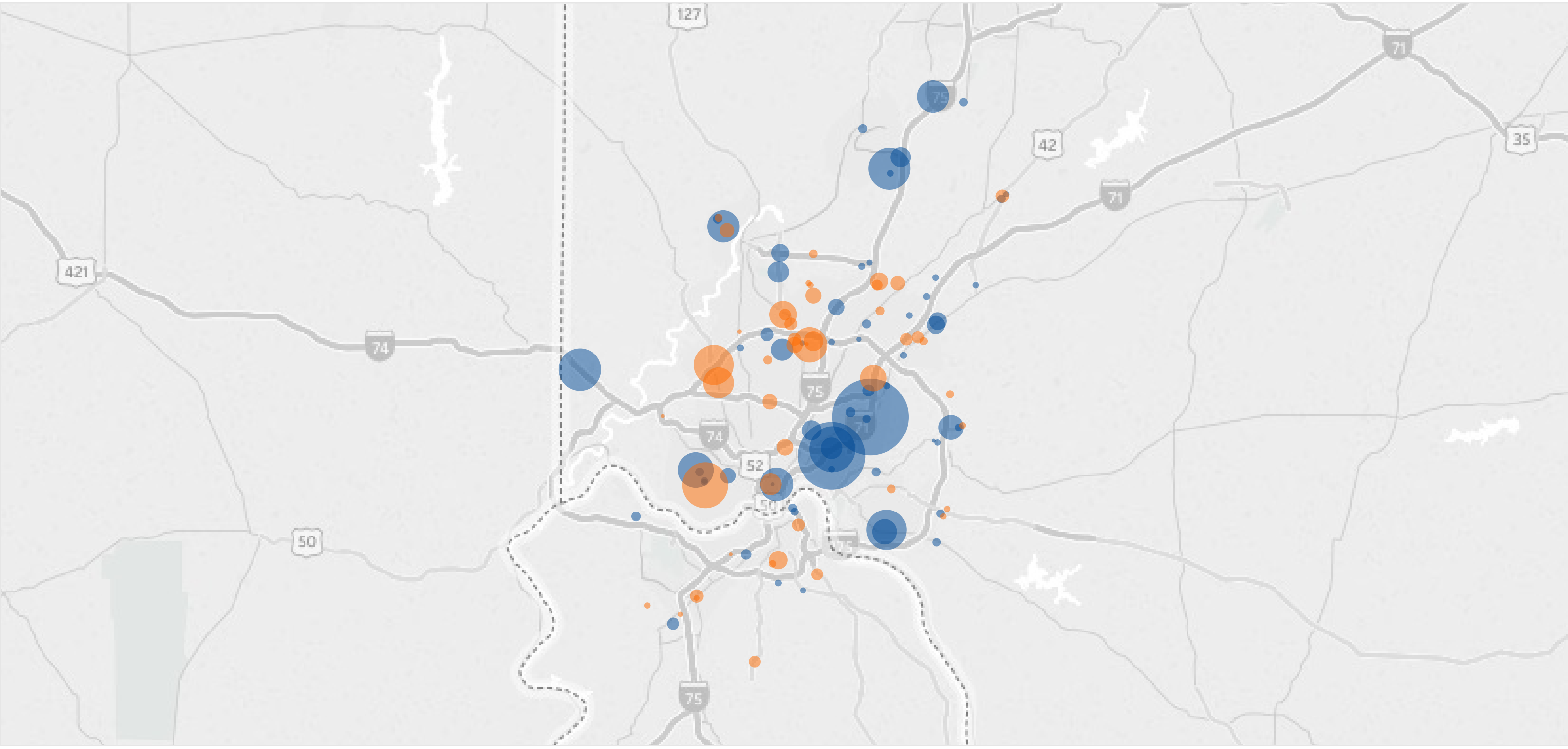
Absorption Map

Negative   Positive



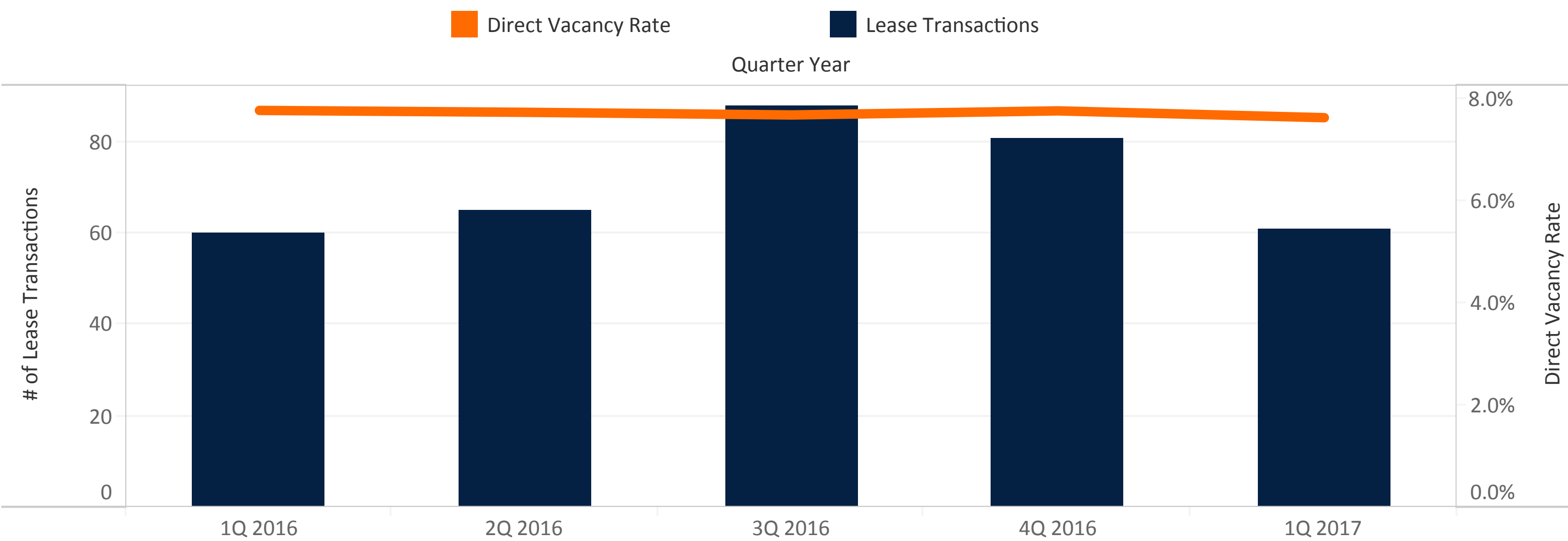
Largest Positives (Total)

PropertyName	Significant Transactions	Market Name	Specific Use	
The Kenwood Collection	Delivered 181,357 sf pre-leased to Old Navy, Pies & Pints, Crunch	Central	Reg/Power Ctr	181,357
Oakley Station	Delivered 141,440 sf pre-leased to Pet Supplies Plus, Bear Paddle	Midtown	Nbrhd/Comm Ctr	141,440
Urban Air	Urban Air Entertainment leased 64,700 sf	Central	Free/Gen	64,700
Harrison Retail Center	Family Farm and Home leased Former Roses space- 55,000 sf	West	Nbrhd/Comm Ctr	55,500
Grandview Weekend Outlet	Bldg sold to undisclosed owner occupier	Middletown	Nbrhd/Comm Ctr	54,394
Anderson Towne Center Expansion	Crunch Fitness and Cinema complete Construction	East	Nbrhd/Comm Ctr	50,000
Cincinnati Marketplace	Undisclosed tenant leased 2,000 sf; undisclosed tenant leased 2400 sf	West	Nbrhd/Comm Ctr	39,216
Kroger	New Delivery	Midtown	Nbrhd/Comm Ctr	34,500

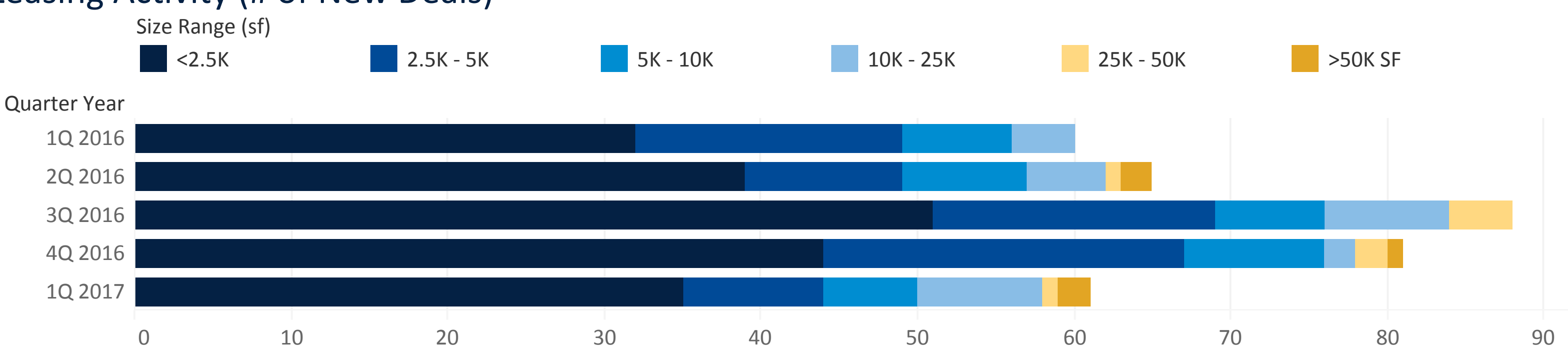
Largest Negatives (Total)

PropertyName	Significant Transactions	Market Name	Specific Use	
Remke Biggs	Remke -64,900 sf	West	Free/Gen	-64,900
Colerain Towne Center	Hobby Lobby -14,928 sf; Dick's -33,160 sf; Undisclosed -1,360 sf	West Central	Reg/Power Ctr	-49,448
Springdale Plaza	Bed Bath & Beyond -36,000 sf; PNC Bank -2438 SF	West Central	Nbrhd/Comm Ctr	-38,438
Colerain Shopping Center	LA Fitness -30,000 SF	West Central	Nbrhd/Comm Ctr	-30,000
Fairoaks Plaza	Restoration Church of Christ -28,800 sf; KMR Driving School 3,250 sf	North Central	Nbrhd/Comm Ctr	-23,110
Pfeiffer Commons	Office Depot -21394 sf	Central	Conv/Strip Ctr	-21,394
U Square at the Loop	Altar'd State -5552 sf; Body Central -4004sf; iExpert -2248 SF	Midtown	Free/Gen	-14,375
Tri-County Commons	Furniture Fair -12,000 sf	West Central	Nbrhd/Comm Ctr	-12,000

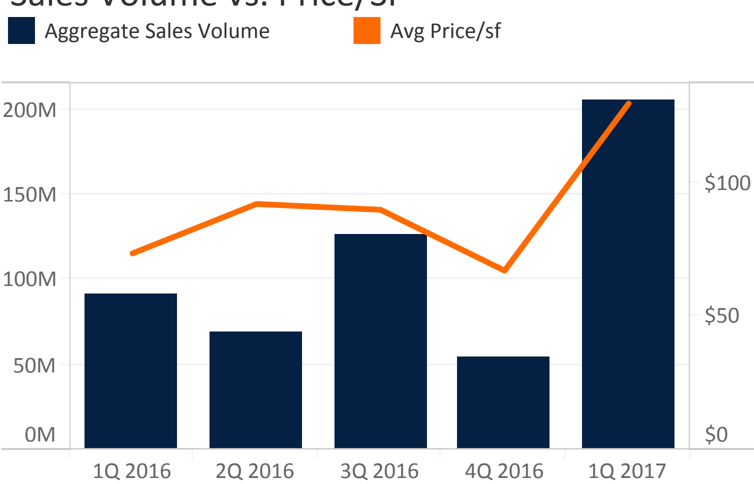
Leasing Activity Trends



Leasing Activity (# of New Deals)



Sales Volume vs. Price/SF



Top Sales

Property	Sale Date	Buyer	Sale Price
Rookwood Commons	01/06/2017	Hines	$112,000,000
Rookwood Pavilion	01/06/2017	Hines	$78,000,000
Valley View Shoppes	01/09/2017	Brandicorp	$2,812,000
Advance Auto Parts	01/12/2017	Marc Seymour	$1,810,000
Staples	02/07/2017	3601 Towne Boulevard LLC	$1,600,000

Terminology

Term	Definition
Conv/Strip Ctr –	10,000+ sf; no dominant anchors; convenience oriented tenants.
Direct Vacant (sf) –	The total of the vacant square footage in a building that is being marketed by an agent representing the landlord.
Freestanding/ General/ Big Box	20,000+ sf; consists of one building occupied by one major tenant.
Inventory –	The total square feet of all existing single tenant, multi tenant and owner occupied retail properties greater than 10,000 sf.
Neighborhood/ Community Ctr	50,000 - 400,000 sf; usually two or more anchors such as discount department store, home improvement, books, electronics, or apparel. May also include grocery or drug store anchor.
Net Absorption–	The net change in occupancy from quarter to quarter, expressed in square feet.
Regional/Power Ctr	250,000 - 800,000 sf; two or more anchors such as, home improvement, discount department store or warehouse club, fashion apparel. Very little or no in-line shop space.
Sublease (sf) –	Space that is offered for lease by a current tenant, or his agent, within a property.
Total Available (sf) –	All of the available leasable space within a building, whether it is occupied or vacant, for direct lease or sublease space.
Total Vacant (sf) –	The total of all of the vacant square footage within a building, including both direct and sublease space.
Weighted Average Direct Asking Rent–	The weighted average of all direct asking lease rents expressed as a full service/gross rental rate and weighted on total direct available square feet. Non-full service rents (such as NNN) have been grossed up to reflect a full service/gross rate.

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