

Economic Overview

According to the Bureau of Labor Statistics, the unemployment rate in Dayton is down 0.5 percentage points, from 4.5% in April 2016 to 4.0% in April 2017. The Dayton metropolitan statistical area job creation was up 0.4% totaling 1,900 jobs over the past year.

Market Overview

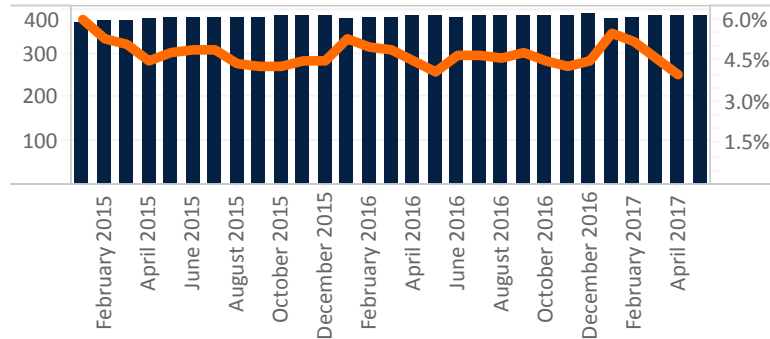
The Dayton retail market recorded 173,158 square feet (sf) of positive absorption during 2Q 2017. The total vacancy rate has decreased from 7.5% in 2Q 2016 to 7.0% at the close of 2Q 2017. Direct vacancy rates also decreased from 7.4% to 6.9% during the same time period. Weighted average rent growth began to improve during 2Q 2017. Weighted average asking rents in all classes increased 3.3% recording \$9.26 per square foot (psf) at the close of 2Q 2017 compared to 1Q 2017. Neighborhood/ Community center weighted average rents, which were previously on the decline, increased 3.1% quarter-over-quarter, recording \$9.45 psf at the close of 2Q 2017.

Market Highlights

As the vacancy rates improve, so have the average asking rents, posting \$9.26 psf in 2Q 2017, up 3.3% from \$8.96 psf in 1Q 2017. Multiple building purchases by SOA (122,647 sf), Get Air Trampoline Park (47,754 sf), and Friends Office Supply (20,550 sf) helped to offset the closing of two HH Gregg locations (66,295 sf) in the metro. The overall vacancy rate should remain steady as there is only 135,000 sf of space currently under construction, with the Valle Green Kroger Marketplace being built in the East submarket.

Dayton Employment

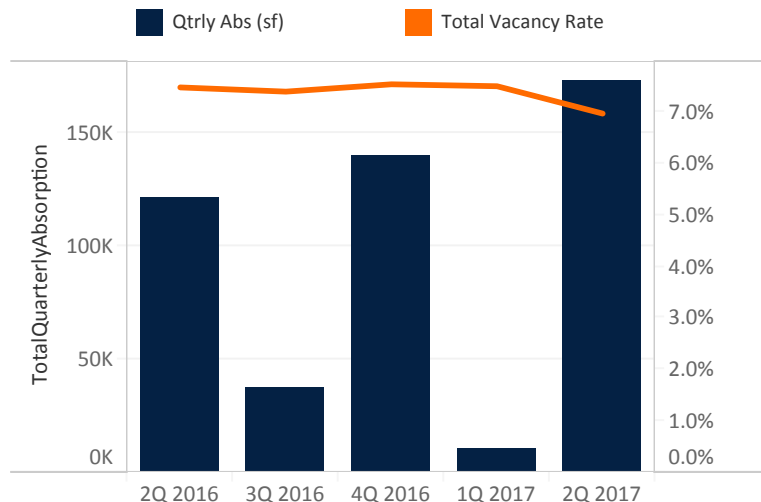
Source: BLS



Market Recap

Inventory (sf)	33,158,133
# of Bldgs	597
Qtrly Abs (sf)	173,158
Total Avail Rate	8.3%
Total Vacancy Rate	7.0%
U/C Inventory (sf)	135,000
Delivered (sf)	0
Weighted Average Asking Rate (NNN)	\$9.26

Absorption and Vacancy Rate



Overview by Specific Use (Total)

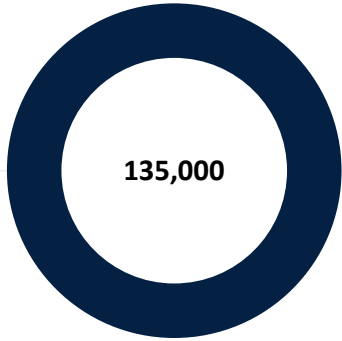
Specific Use	Inventory (sf)	Available (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Conv/Strip Ctr	4,984,682	610,192	491,554	9.9%	-5,914	-32,692
Free/Gen	12,209,139	364,591	315,418	2.6%	156,644	231,475
Nbrhd/Comm Ctr	14,381,864	1,727,251	1,499,785	10.4%	22,428	-15,160
Reg/Power Ctr	1,582,448	39,455	3,469	0.2%	0	0
Overall	33,158,133	2,741,489	2,310,226	7.0%	173,158	183,623

Overview by Market (Total)

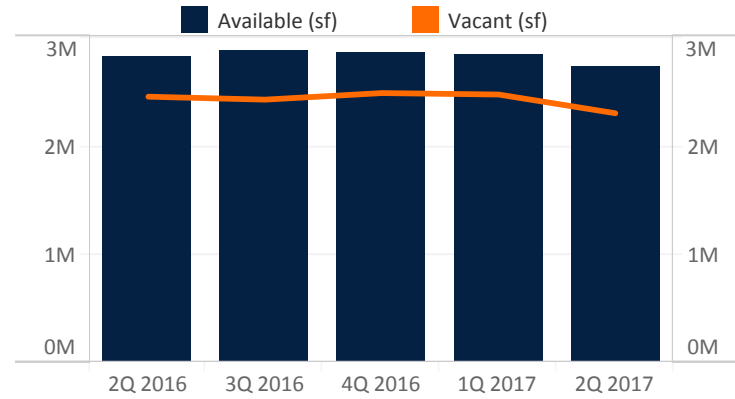
Market Name	Specific Use	Inventory (sf)	Available (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
East	Conv/Strip Ctr	301,097	34,262	27,862	9.3%	0	0
	Free/Gen	256,272	14,070	14,070	5.5%	-7,862	-7,862
	Nbrhd/Comm Ctr	1,031,068	305,400	178,900	17.4%	0	-27,069
	Subtotal	1,588,437	353,732	220,832	13.9%	-7,862	-34,931
North	Conv/Strip Ctr	944,424	142,670	127,735	13.5%	-5,200	-15,741
	Free/Gen	1,867,604	64,512	37,765	2.0%	28,809	28,809
	Nbrhd/Comm Ctr	1,881,797	35,550	35,550	1.9%	6,500	6,500
	Subtotal	4,693,825	242,732	201,050	4.3%	30,109	19,568
Out' East	Free/Gen	32,336	0	0	0.0%	0	0
	Subtotal	32,336	0	0	0.0%	0	0
South	Conv/Strip Ctr	2,355,125	262,124	203,619	8.6%	-580	-23,067
	Free/Gen	4,918,293	29,926	7,500	0.2%	13,050	13,050
	Nbrhd/Comm Ctr	6,665,471	819,763	727,382	10.9%	987	-13,573
	Reg/Power Ctr	1,582,448	39,455	3,469	0.2%	0	0
	Subtotal	15,521,337	1,151,268	941,970	6.1%	13,457	-23,590
Sprngfld - Urbana	Conv/Strip Ctr	633,229	88,168	84,340	13.3%	-1,200	5,130
	Free/Gen	1,660,495	105,169	105,169	6.3%	0	42,000
	Nbrhd/Comm Ctr	1,088,492	74,637	74,637	6.9%	400	-3,866
	Subtotal	3,382,216	267,974	264,146	7.8%	-800	43,264
Upper Valley	Conv/Strip Ctr	240,157	14,540	14,540	6.1%	1,066	986
	Free/Gen	1,370,962	0	0	0.0%	0	0
	Nbrhd/Comm Ctr	1,601,778	104,084	104,084	6.5%	-1,400	-1,400
	Subtotal	3,212,897	118,624	118,624	3.7%	-334	-414
West	Conv/Strip Ctr	497,390	68,428	33,458	6.7%	0	0
	Free/Gen	1,648,115	150,914	150,914	9.2%	122,647	155,478
	Nbrhd/Comm Ctr	1,953,097	374,517	365,932	18.7%	15,941	24,248
	Subtotal	4,098,602	593,859	550,304	13.4%	138,588	179,726
Xenia	Conv/Strip Ctr	13,260	0	0	0.0%	0	0
	Free/Gen	455,062	0	0	0.0%	0	0
	Nbrhd/Comm Ctr	160,161	13,300	13,300	8.3%	0	0
	Subtotal	628,483	13,300	13,300	2.1%	0	0
Overall	33,158,133	2,741,489	2,310,226	7.0%	173,158	183,623	

Construction by Market

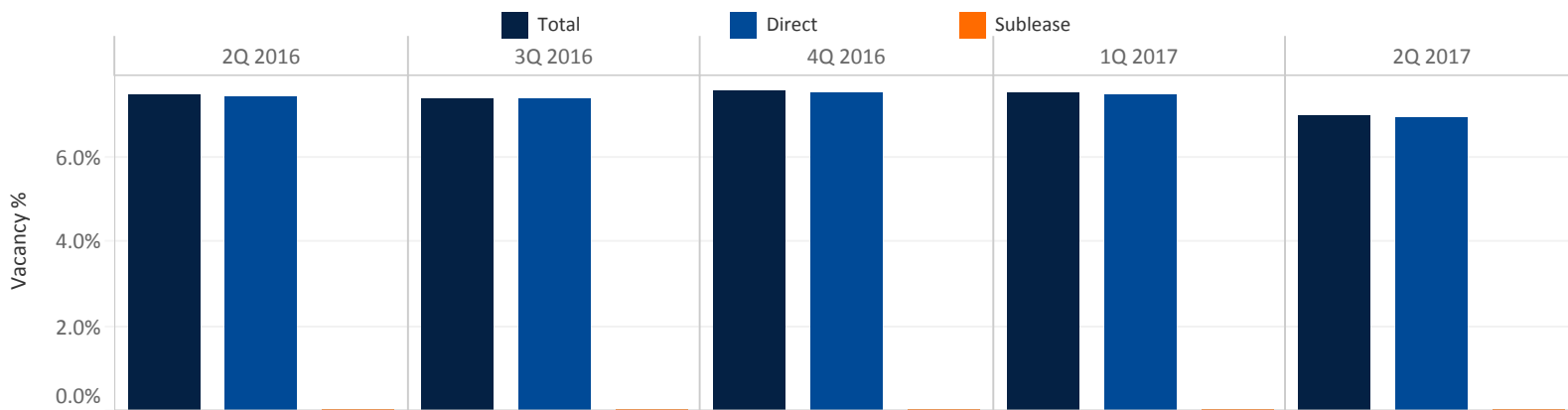
Rank
■ East



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	4,984,682	570,909	488,781	9.8%	-5,914	-29,919
Free/Gen	12,209,139	364,591	315,418	2.6%	156,644	231,475
Nbrhd/Comm Ctr	14,381,864	1,700,634	1,485,725	10.3%	22,428	-15,160
Reg/Power Ctr	1,582,448	39,455	3,469	0.2%	0	0
Overall	33,158,133	2,675,589	2,293,393	6.9%	173,158	186,396

Overview by Specific Use (Sublease)

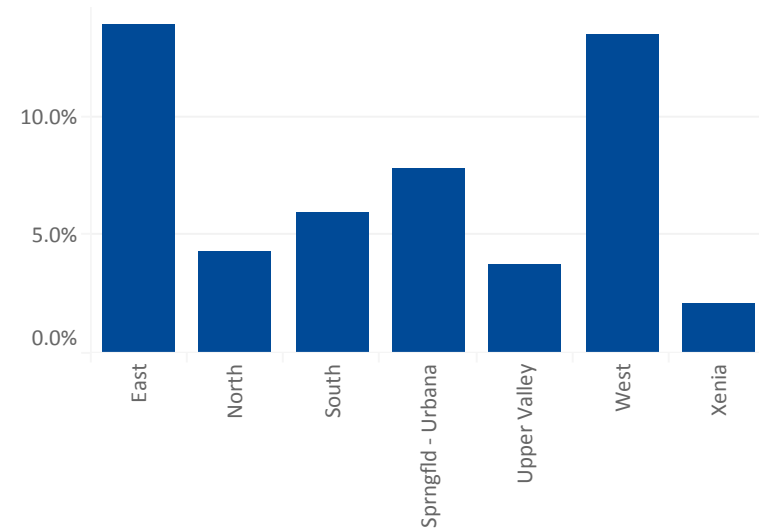
Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Conv/Strip Ctr	4,984,682	39,283	2,773	0.1%	0	-2,773
Free/Gen	12,209,139	0	0	0.0%	0	0
Nbrhd/Comm Ctr	14,381,864	26,617	14,060	0.1%	0	0
Reg/Power Ctr	1,582,448	0	0	0.0%	0	0
Overall	33,158,133	65,900	16,833	0.1%	0	-2,773

Direct Vacancy Rate

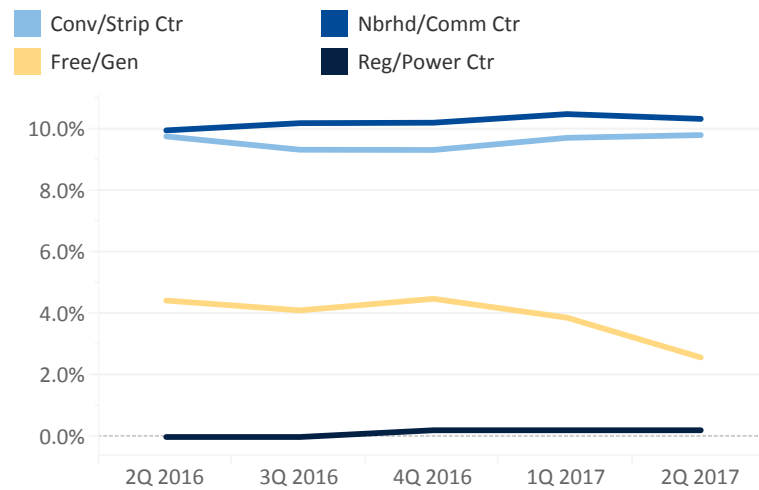
By Market and Specific Use

Market Name	Specific Use	Quarter Year				
		2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
East	Conv/Strip Ctr	9.3%	9.3%	9.3%	9.3%	9.3%
	Free/Gen	2.4%	2.4%	2.4%	2.4%	5.5%
	Nbrhd/Comm Ctr	13.9%	13.9%	14.7%	17.4%	17.4%
North	Conv/Strip Ctr	11.8%	12.1%	11.9%	13.0%	13.5%
	Free/Gen	4.8%	4.1%	3.6%	3.6%	2.0%
	Nbrhd/Comm Ctr	2.3%	1.9%	2.2%	2.2%	1.9%
Out' East	Free/Gen	0.0%	0.0%	0.0%	0.0%	0.0%
South	Conv/Strip Ctr	8.8%	8.1%	7.9%	8.6%	8.5%
	Free/Gen	0.0%	0.0%	0.4%	0.4%	0.2%
	Nbrhd/Comm Ctr	10.3%	10.5%	10.6%	10.7%	10.7%
	Reg/Power Ctr	0.0%	0.0%	0.2%	0.2%	0.2%
Sprngfld - Urbana	Conv/Strip Ctr	12.1%	13.2%	14.1%	13.1%	13.3%
	Free/Gen	6.6%	6.5%	8.9%	6.3%	6.3%
	Nbrhd/Comm Ctr	7.4%	11.1%	6.5%	6.9%	6.9%
Upper Valley	Conv/Strip Ctr	6.9%	6.3%	6.5%	6.5%	6.1%
	Free/Gen	1.8%	0.0%	0.0%	0.0%	0.0%
	Nbrhd/Comm Ctr	6.6%	6.6%	6.4%	6.4%	6.5%
West	Conv/Strip Ctr	9.0%	6.7%	6.7%	6.7%	6.7%
	Free/Gen	18.6%	18.6%	18.6%	16.6%	9.2%
	Nbrhd/Comm Ctr	18.9%	18.3%	19.4%	19.6%	18.7%
Xenia	Conv/Strip Ctr	0.0%	0.0%	0.0%	0.0%	0.0%
	Free/Gen	0.0%	0.0%	0.0%	0.0%	0.0%
	Nbrhd/Comm Ctr	0.0%	0.0%	8.3%	8.3%	8.3%
Overall		7.4%	7.4%	7.5%	7.4%	6.9%

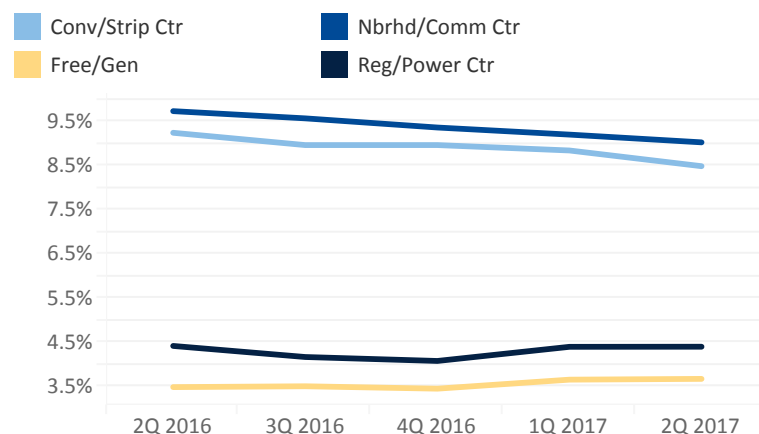
By Market



Dayton by Specific Use



National by Specific Use

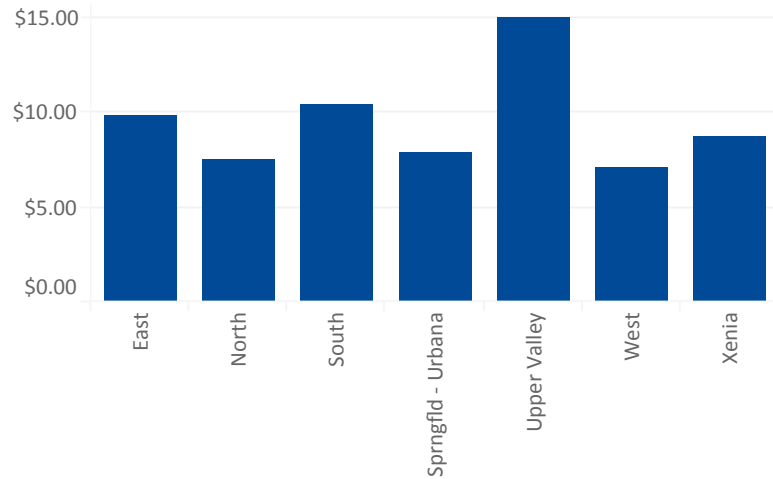


Direct Weighted Average Asking Rates (NNN)

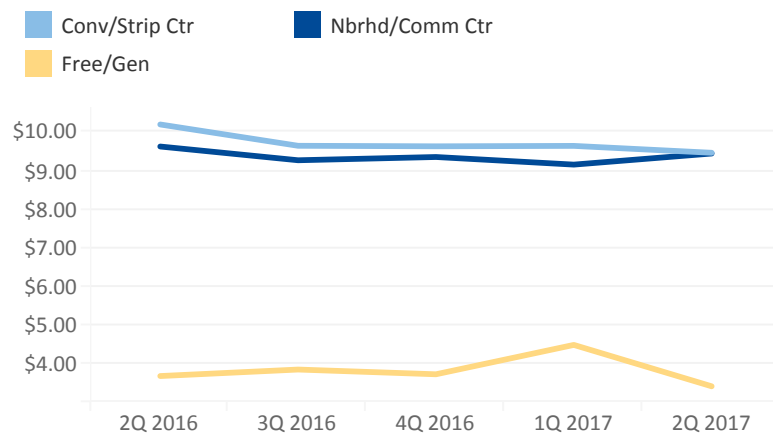
By Market and Specific Use

Market Name	Specific Use	Quarter Year				
		2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
East	Conv/Strip Ctr	\$10.80	\$10.97	\$12.80	\$12.80	\$11.36
	Free/Gen	-	\$5.50	-	-	-
	Nbrhd/Comm Ctr	\$8.79	\$8.80	\$9.03	\$9.13	\$9.13
North	Conv/Strip Ctr	\$7.34	\$7.36	\$7.29	\$7.45	\$7.49
	Free/Gen	\$3.72	\$3.79	\$3.79	\$3.79	\$3.25
	Nbrhd/Comm Ctr	\$6.12	\$8.39	\$8.39	\$8.35	\$9.02
Out' East	Free/Gen	-	-	-	-	-
South	Conv/Strip Ctr	\$12.32	\$10.57	\$10.95	\$11.03	\$10.95
	Free/Gen	-	-	-	\$12.50	-
	Nbrhd/Comm Ctr	\$11.14	\$10.24	\$9.80	\$9.68	\$10.12
	Reg/Power Ctr	-	-	-	-	-
Springfld - Urbana	Conv/Strip Ctr	\$9.87	\$10.23	\$8.09	\$7.50	\$7.47
	Free/Gen	-	-	-	-	-
	Nbrhd/Comm Ctr	\$9.66	\$8.31	\$9.66	\$10.15	\$10.15
Upper Valley	Conv/Strip Ctr	\$15.97	\$16.06	\$15.35	\$17.00	\$15.89
	Free/Gen	-	-	-	-	-
	Nbrhd/Comm Ctr	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00
West	Conv/Strip Ctr	\$10.00	\$7.43	\$7.43	\$6.50	\$6.50
	Free/Gen	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50
	Nbrhd/Comm Ctr	\$8.40	\$7.91	\$7.69	\$7.88	\$7.84
Xenia	Conv/Strip Ctr	-	-	-	-	-
	Free/Gen	-	-	-	-	-
	Nbrhd/Comm Ctr	-	-	\$8.75	\$8.75	\$8.75
Overall		\$9.32	\$9.01	\$9.01	\$8.96	\$9.26

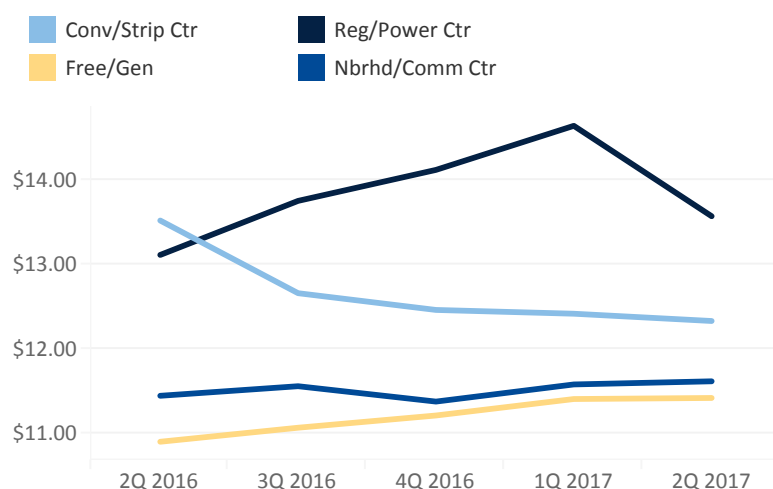
By Market



Dayton by Specific Use

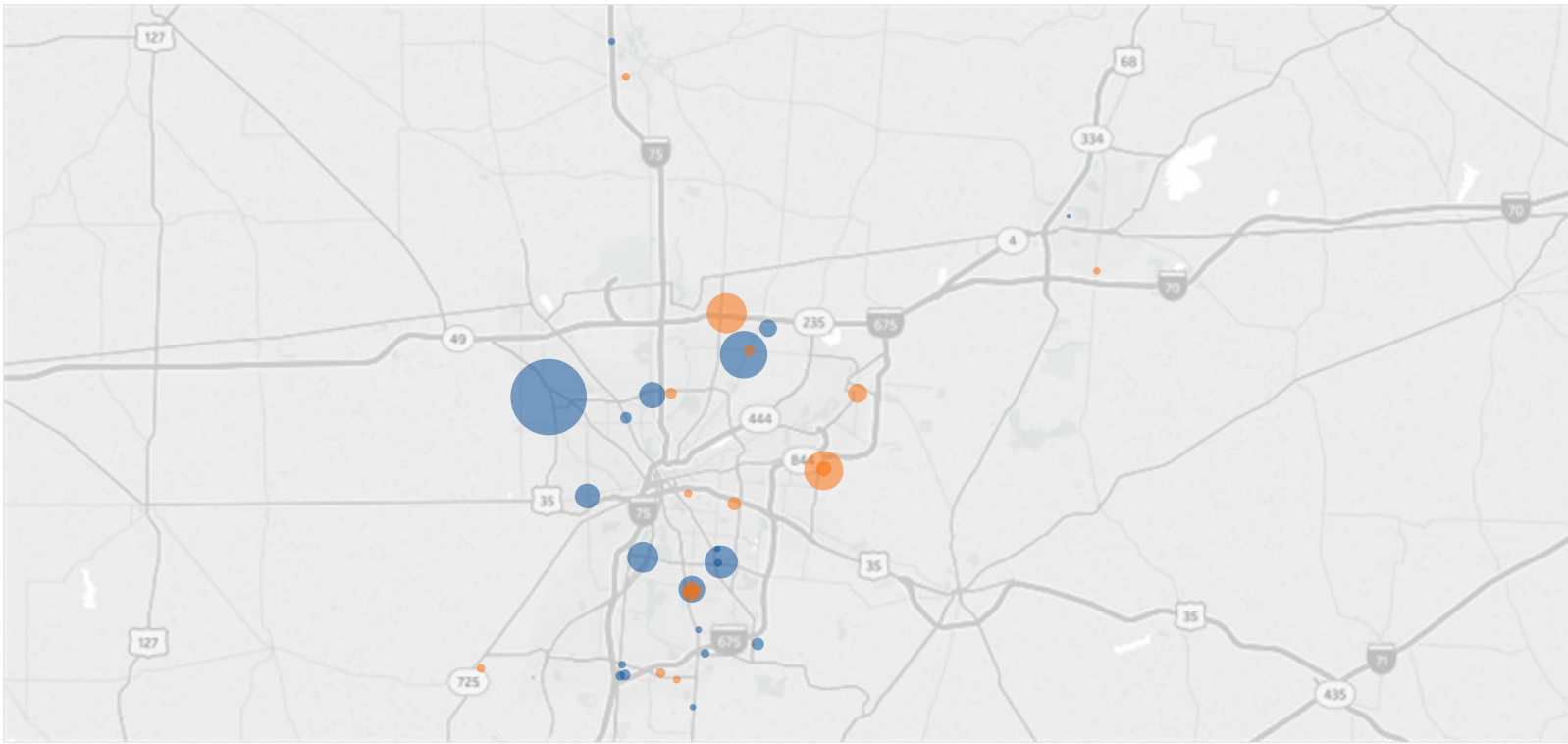


National by Specific Use



Absorption Map

■ Negative
 ■ Positive



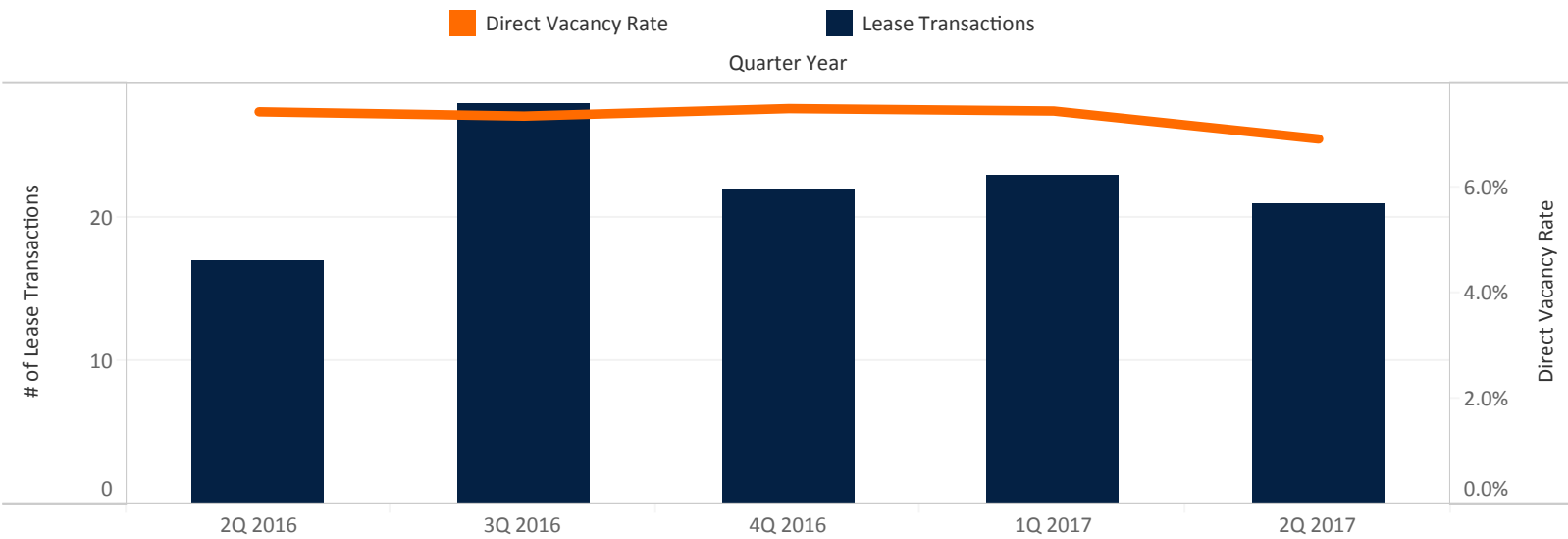
Largest Positives (Total)

PropertyName	Significant Transactions	Market Name	Specific Use	
Target	SOA	West	Free/Gen	122,647
6020 Chambersburg Rd	Get Air Trampoline Park	North	Free/Gen	47,754
Wilmington Plaza	One Dollar Book Swap; Advance America	South	Nbrhd/Comm Ctr	23,225
1927 W Dorothy Ln	Friends Office	South	Free/Gen	20,550
Town & Country Shopping Center	Sport's Clips; C&C Studios	South	Nbrhd/Comm Ctr	15,053
5651 N Dixie Dr	Elcan Inv/ Dollar Tree	North	Free/Gen	14,820
Westown Shopping Center	Red Carpet Market	West	Nbrhd/Comm Ctr	13,050
Sulphur Grove	Spirit Halloween	North	Nbrhd/Comm Ctr	6,500

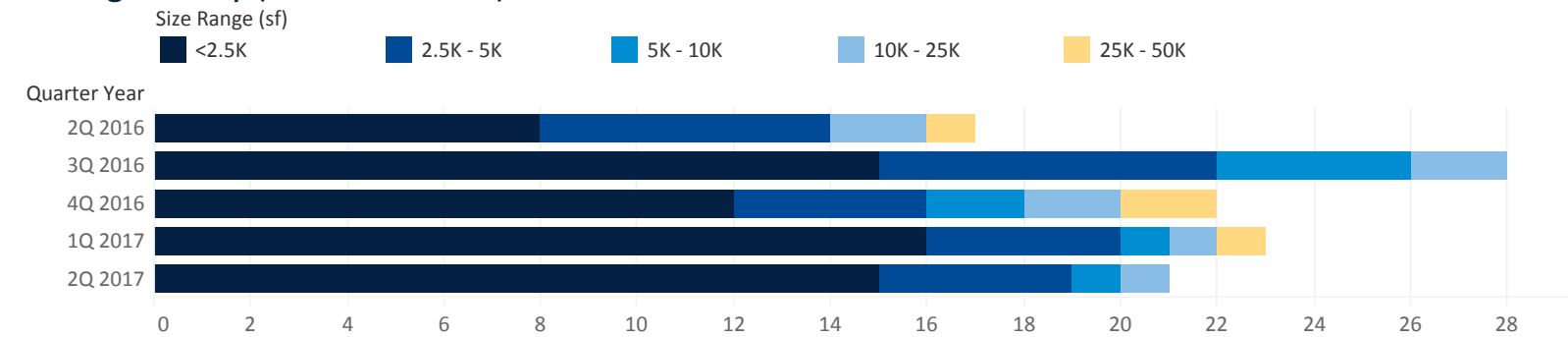
Largest Negatives (Total)

PropertyName	Significant Transactions	Market Name	Specific Use	
North Heights Plaza	HH Gregg	North	Free/Gen	-33,765
Shoppes of Beaver creek	HH Gregg	South	Nbrhd/Comm Ctr	-32,530
36 S Central Ave	Fastenal	East	Free/Gen	-7,862
4075-4089 E Town and Country Rd	Herle's Men's Store	South	Free/Gen	-7,500
Rex Centre	Family Christian	South	Nbrhd/Comm Ctr	-5,016
4105-4133 W Town and Country Rd	River Valley Credit Union; Edward Jones	South	Conv/Strip Ctr	-5,000
Eastown Shopping Center	Spin-N-Win	South	Nbrhd/Comm Ctr	-3,935
Quarter Mile Crossing	All-Aire HVAC ; PIP Printing	North	Conv/Strip Ctr	-2,700

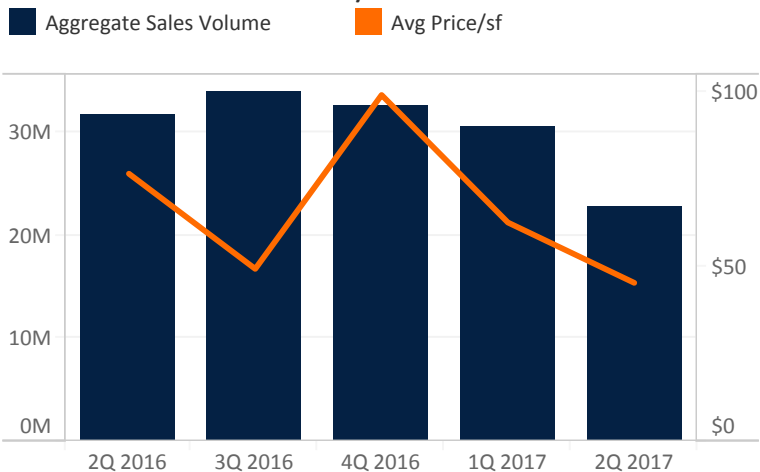
Leasing Activity Trends



Leasing Activity (# of New Deals)



Sales Volume vs. Price/SF



Top Sales

Property	Sale Date	Buyer	Sale Price
Yankee Station	05/30/2017	LNR Property	\$4,197,996
Bob Evans	05/28/2017	VEREIT Inc	\$2,034,483
Drug Emporium Plaza	05/04/2017	Neyer Management	\$2,000,000
Bob Evans	05/18/2017	VEREIT Inc	\$1,948,000
Bob Evans	04/28/2017	Golden Gate Capital	\$1,632,889

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.

This information has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy.

Advisory Board Members

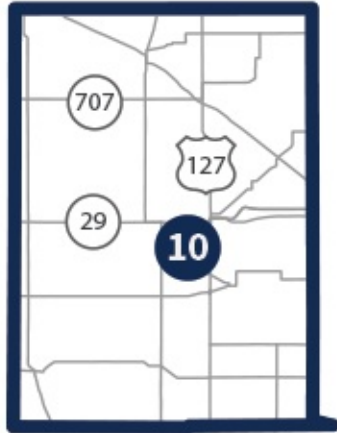
Colliers International	Pete Nichols	Miller-Valentine Group	Steve Ireland
Equity, Inc.	Kelly Gray	NAI Bergman	Larry Bergman
	Tracey Herron	Oberer Realty Services	Danielle Kuehnle
Miller-Valentine Group	Aaron Savino	RG Properties	Paul Miller

Research Advisory Board Members

CBRE	Demetri Sampanis	Cushman & Wakefield	Jarrett Hicks
Colliers	Dew Wall	JLL	Ross Bratcher
	Loren DeFilippo	Newmark Grubb Knight Frank	Travis Inglis

Xceligent Team

Brian Reece	Regional VP of Analytics	breece@xceligent.com	(919) 971-3461
Cassandra Sorah	Director of Analytics	csorah@xceligent.com	(816) 876-1151
Ron Haley	Sales Executive	rhaley@xceligent.com	(513) 801-9108



- 1 Xenia
- 2 East
- 3 North
- 4 West
- 5 South
- 6 Outlying East
- 7 Springfield / Urbana
- 8 Upper Valley
- 9 Outlying West
- 10 Outlying North

