

CINCINNATI / DAYTON

Retail Q2 2020

CUSHMAN & WAKEFIELD

YoY Chg 12-Mo. Forecast

\$59,612
Median HH Income



0.6%
Population Growth



14.4%
Unemployment Rate



Sources: BLS, BOC, Moody's Analytics
Q2 2020 data are based on latest available data of combined MSAs. Growth rates are year-over-year.

U.S. ECONOMIC INDICATORS Q2 2020

YoY Chg 12-Mo. Forecast

-9.9%
GDP Growth



-11.0%
Consumer Spending Growth



-10.3%
Retail Sales Growth



Sources: BLS, BOC, Moody's Analytics
Q2 2020 data are based on latest available data. Growth rates are year-over-year.

The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

ECONOMIC OVERVIEW

The Bureau of Labor Statistics openly acknowledged that recent unemployment numbers most likely *understate* the actual situation due to classification errors in recent surveys. The Bureau of Economic Analysis took the unusual step of declaring the country is already in a recession, despite the official data so far showing the first quarter of 2020 as the only period of negative GDP growth since the economic expansion began a decade ago. Many unknowns in the U.S. and across the globe are still to be resolved.

SUPPLY AND DEMAND

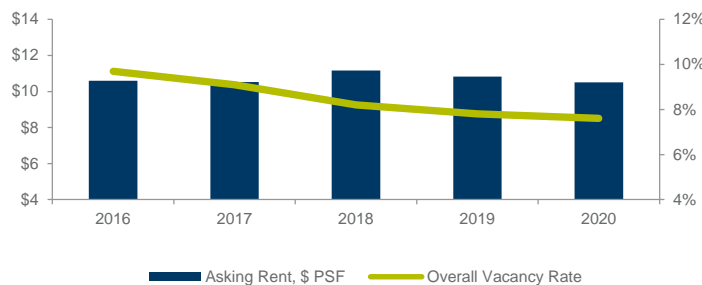
Despite the recent economic downturn, the shopping center vacancy rate for the combined region declined from 7.8% in Q2 2019 to 7.6% in Q2 2020. The Cincinnati retail market is almost twice as large as the Dayton market and the two metro areas were headed in opposite directions. Cincinnati's vacancy rate fell on a year-over-year (YOY) basis from 7.6% to 6.6%. Conversely, Dayton's YOY vacancy grew from 8.4% to 9.6%. Among the four types of shopping centers in the combined region, vacancy rates ranged between 3.4% (Lifestyle) and 8.4% (Neighborhood & Community). Outside of a YOY vacancy decrease at Power/Regional centers (8.8% to 7.5%), vacancy changes were minimal in most shopping center categories.

Full-year 2019 positive net absorption was greater than 400,000 square feet (sf). However, global economic difficulties impacted regional net absorption in first half of 2020. Year-to-date 2020 net absorption was negative 444,000 sf, and both Q1 2020 and Q2 2020 net absorption exceeded negative 200,000 sf. The majority of negative absorption (226,000 sf) took place at Neighborhood & Community centers.

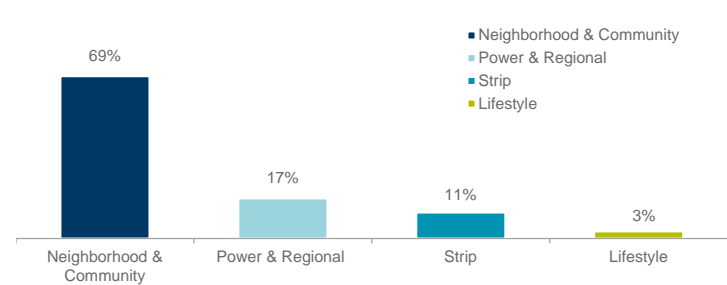
PRICING

Asking rental rates averaged \$10.50 triple net per square foot (psf) per year across all categories. This rate was 3.0% lower on a YOY basis. It should be noted that these figures are used for benchmarking and include all classes and availability sizes.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



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MARKET STATISTICS

| SHOPPING CENTER TYPE* | INVENTORY (SF) | SUBLET VACANT (SF) | DIRECT VACANT (SF) | OVERALL VACANCY RATE | CURRENT QTR OVERALL NET ABSORPTION(SF) | YTD OVERALL NET ABSORPTION (SF) | UNDER CNSTR (SF) | OVERALL AVG ASKING RENT (NNN)** |
|--------------------------|-------------------|--------------------|--------------------|----------------------|--|---------------------------------|------------------|---------------------------------|
| Lifestyle | 4,491,317 | 60,000 | 92,856 | 3.4% | 58,955 | 50,307 | 0 | \$13.50 |
| Neighborhood & Community | 40,425,275 | 109,883 | 3,278,890 | 8.4% | -172,753 | -226,335 | 0 | \$10.27 |
| Power / Regional | 11,238,135 | 38,921 | 799,677 | 7.5% | -25,851 | -206,583 | 0 | \$9.04 |
| Unanchored Strip | 8,301,269 | 10,225 | 539,708 | 6.6% | -74,288 | -61,546 | 0 | \$13.57 |
| CINCINNATI TOTALS | 64,455,996 | 219,029 | 4,711,131 | 7.6% | -213,937 | -444,157 | 0 | \$10.50 |

*Shopping Center Types do not include malls & outlets

**Rental rates reflect weighted net asking \$psf/year

KEY LEASE TRANSACTIONS Q1 / Q2 2020

| PROPERTY | SUBMARKET | TENANT | SF | TYPE |
|-------------------------|----------------------|--------------------------|--------|-----------|
| Ridgewater Plaza | Kenwood | Overstock Guys | 30,000 | New Lease |
| Tylersville Pointe | Butler County | Ross Dress For Less | 22,000 | New Lease |
| Wilmington Plaza | South Central Dayton | Pauer Sports Performance | 20,000 | New Lease |
| Western Hills Plaza | Forest Park/West | Old Navy | 15,000 | New Lease |
| Westown Shopping Center | West Dayton | Oak Street Health | 13,000 | New Lease |

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 / Q2 2020

| PROPERTY | SUBMARKET | SELLER / BUYER | SF | PRICE / \$ PSF |
|----------------------------|-------------------------|---|---------|----------------|
| Fair Oaks Plaza | Butler County | Gidon Eldad / Bernard Niederman | 156,212 | \$7.0M / \$45 |
| Turfway Plaza | Cincinnati Intl Airport | Starwood Property Trust / Cotswold Group | 133,985 | \$9.2M / \$69 |
| Latonia Plaza II | Outlying N Kentucky | Schottenstein Prop. Group / Covtech Investments LLC | 97,170 | \$3.8M / \$40 |
| Hobby Lobby | Butler County | Bayrock Investment / NetSTREIT | 55,000 | \$6.9M / \$125 |
| Family Dollar Center | Reading/Roselawn | America's Realty / Asad Salah Shukri | 25,930 | \$1.3M / \$50 |
| Gilmore Square | Butler County | Gana Investments LLC / Shoppes At Gilmore LLC | 18,900 | \$1.9M / \$102 |
| Northgate Mall (Outparcel) | Forest Park/West | Tabani Group / ISO Holdings | 15,047 | \$3.7M / \$247 |
| Cassinelli Square | Tri-County I-275 | Terra Firma Associates / CH Princeton Pike | 15,028 | \$1.3M / \$87 |
| Walgreens (Miamiisburg) | South Dayton | The Blackstone Group LP / Exchange Right | 13,392 | \$5.5M / \$408 |
| 614-622 Buttermilk Pike | Cincinnati Intl Airport | Anchor Associates / Downtown Property Mgmt, Inc. | 11,800 | \$6.7M / \$569 |

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