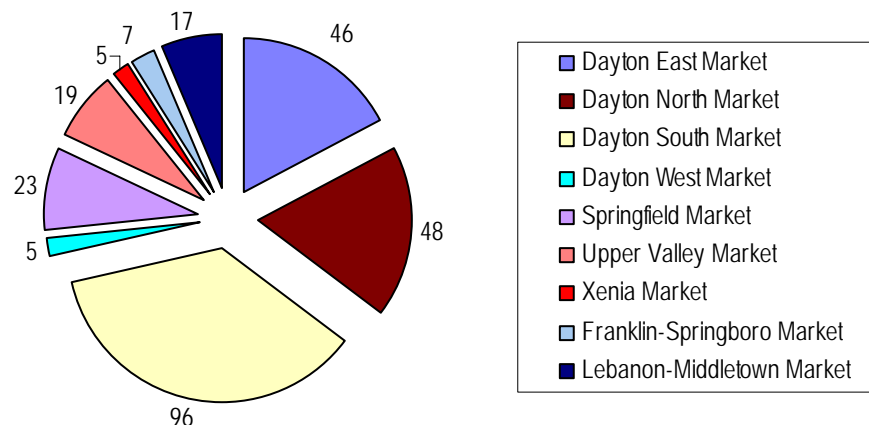




## 2007 DAYTON REGIONAL RETAIL MARKET STUDY

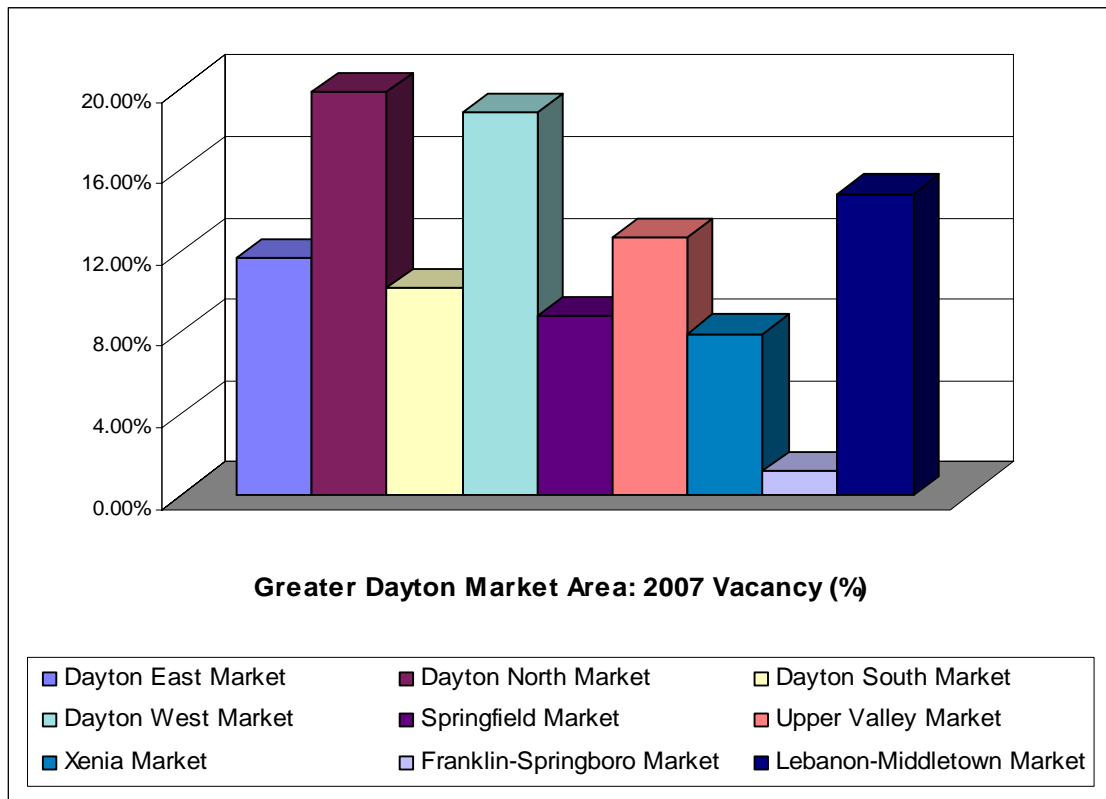
**Gem Real Estate Group's 2007 Dayton Regional Retail Market Study** is a comprehensive survey designed to capture the current conditions and developing trends regarding retail space within the Dayton region. The properties assessed for this survey are those deemed to most accurately reflect the region's retail market.

We sampled 266 retail facilities for this survey. These properties are divided into nine distinct sub-markets identified as: Dayton East; Dayton North; Dayton South; Dayton West; Springfield; Upper Valley; Xenia; Franklin-Springboro; Lebanon-Middletown. The chart below illustrates the number of retail centers surveyed within each sub-market.



A grand total of 26,192,214 square feet of retail space within the Dayton Regional Market was surveyed. **Gem Real Estate Group** determined that 3,259,738 square feet, or 12.45% of the grand total, was reported to be vacant. Accordingly, those properties included in last year's survey demonstrate a negative absorption within the regional market of **(52,401)** square feet. The 2007 results are summarized in the following grid.

	2007	2007	2007	2006-2007	Rental Rate Range	Expense/ Sq.Ft.
	#	GFA	Vac. s.f.	Vac. %	Absorb.	All Space
<i>Dayton East Market</i>	46	5,624,926	654,636	11.64%	21,258	\$2.00 - \$35.00 \$0.33 - \$25.00
<i>Dayton North Market</i>	48	4,378,134	868,857	19.85%	(59,640)	\$2.00 - \$23.00 \$0.90 - \$4.00
<i>Dayton South Market</i>	96	7,510,774	762,704	10.15%	101,495	\$3.00 - \$75.00 \$0.50 - \$20.66
<i>Dayton West Market</i>	5	438,317	82,479	18.82%	(42,444)	\$3.00 - \$12.00 \$1.00 - \$2.51
<i>Springfield Market</i>	23	2,913,467	256,523	8.80%	(79,473)	\$2.50 - \$28.00 \$1.00 - \$2.96
<i>Upper Valley Market</i>	19	2,574,942	326,892	12.70%	(42,180)	\$4.50 - \$35.00 \$1.10 - \$2.50
<i>Xenia Market</i>	5	548,262	43,515	7.94%	11,500	\$7.00 - \$14.00 \$2.65 - \$3.83
<i>Franklin-Springboro Market</i>	7	457,509	5,450	1.19%	(4,450)	\$3.00 - \$13.00 \$1.56 - \$4.00
<i>Lebanon-Middletown Market</i>	17	1,745,883	258,682	14.82%	41,533	\$2.70 - \$22.00 \$1.50 - \$4.16
<i>Regional Market</i>	266	26,192,214	3,259,738	12.45%	(52,401)	\$2.00 - \$75.00 \$0.33 - \$25.00
<i>Dayton Area Market</i>	195	17,952,151	2,368,676	13.19%	20,669	\$2.00 - \$75.00 \$0.33 - \$25.00



The following chart illustrates the vacancy and absorption trends for both the Regional and immediate Dayton Area Markets. The trend in 2007 for the Dayton Regional market reflects a negative change in vacancy rates and, correspondingly, available space. The trend in 2007 for the Dayton Area market reflects an increase in vacancy rates and, correspondingly, available space. A summary of these trends, from 2002–2007 is shown below.

	2007	2006-2007	2006	2005-2006	2005	2004-2005	2004	2003-2004	2003	2002-2003	2002	2001-2002
	Vac. %	Absorb.	Vac. %	Absorb.	Vac. %	Absorb.	Vac. %	Absorb.	Vac. %	Absorb.	Vac. %	Absorb.
<i>Dayton Area Market</i>	13.19%	20,669	13.32%	120,927	13.38%	(257,060)	11.65%	224,393	15.09%	(237,893)	13.51%	44,647
<i>Regional Market</i>	12.45%	(52,401)	12.24%	274,571	12.87%	(311,716)	11.41%	131,190	13.40%	(242,908)	12.36%	(166,806)

These data demonstrate a strengthening of both the area and regional retail market.

**The Gem Real Estate Group, Inc.** surveyed 195 retail properties in the Dayton Area Market. This market is divided into sub-markets of East, North, South, and West. A total of 17,952,151 square feet of retail space was surveyed within these sub-markets. This review found that 2,368,676 square feet, or 13.19% of the total, was reported to be vacant. That result represents a decrease in the vacancy from 2006, when an 13.32% retail vacancy rate was identified. This indicates a net positive absorption of 20,669 square feet within the Dayton Area Market during 2007. This activity is summarized, along with historical trend data, in the summary below.

	2007	2006-2007	2006	2005-2006	2005	2004-2005	2004	2003-2004	2003	2002-2003	2002	2001-2002
	Vac. %	Absorb.	Vac. %	Absorb.	Vac. %	Absorb.	Vac. %	Absorb.	Vac. %	Absorb.	Vac. %	Absorb.
<i>Dayton East Market</i>	11.64%	21,258	12.01%	128,700	13.90%	(64,189)	12.41%	(37,936)	11.88%	(60,189)	10.63%	25,391
<i>Dayton North Market</i>	19.85%	(59,640)	18.48%	(21,373)	17.28%	(133,511)	13.56%	83,986	22.38%	(118,202)	19.86%	(36,946)
<i>Dayton South Market</i>	10.15%	101,495	11.52%	(6,120)	10.94%	(62,575)	9.96%	169,858	12.33%	(75,847)	10.81%	81,102
<i>Dayton West Market</i>	18.82%	(42,444)	9.13%	19,720	13.63%	3,215	13.34%	8,485	15.13%	16,345	17.35%	(24,900)
<i>Dayton Area Market</i>	13.19%	20,669	13.32%	120,927	13.38%	(257,060)	11.65%	224,393	15.09%	(237,893)	13.51%	44,647

**The Gem Real Estate Group, Inc.** analyzed each sub-group within the survey area. The most significant change is identified within the Dayton: South sub-market. This market reflects a negative trend with an decrease in vacancy, resulting from positive space absorption. The remaining markets demonstrated little variation from last year's performance. The historical trend activity for each sub-market is illustrated below. A brief summary of the specific sub-market activity follows.

	2007	2006-2007	2006	2005-2006	2005	2004-2005	2004	2003-2004	2003	2002-2003	2002	2001-2002
	Vac. %	Absorb.	Vac. %	Absorb.	Vac. %	Absorb.	Vac. %	Absorb.	Vac. %	Absorb.	Vac. %	Absorb.
<i>Dayton East Market</i>	11.64%	21,258	12.01%	128,700	13.90%	(64,189)	12.41%	(37,936)	11.88%	(60,189)	10.63%	25,391
<i>Dayton North Market</i>	19.85%	(59,640)	18.48%	(21,373)	17.28%	(133,511)	13.56%	83,986	22.38%	(118,202)	19.86%	(36,946)
<i>Dayton South Market</i>	10.15%	101,495	11.52%	(6,120)	10.94%	(62,575)	9.96%	169,858	12.33%	(75,847)	10.81%	81,102
<i>Dayton West Market</i>	18.82%	(42,444)	9.13%	19,720	13.63%	3,215	13.34%	8,485	15.13%	16,345	17.35%	(24,900)
<i>Springfield Market</i>	8.80%	(79,473)	6.03%	59,624	7.25%	918	7.67%	(15,729)	7.13%	(4,048)	7.12%	(101,034)
<i>Upper Valley Market</i>	12.70%	(42,180)	11.06%	32,989	14.50%	(6,752)	14.18%	36,705	15.33%	12,392	15.88%	(154,912)
<i>Xenia Market</i>	7.94%	11,500	10.03%	32,200	9.75%	(5,000)	7.12%	3,000	7.64%	(4,000)	7.16%	9,300
<i>Franklin-Springboro Market</i>	1.19%	(4,450)	0.22%	0	0.22%	30,500	6.71%	(18,777)	2.71%	(3,237)	2.02%	13,414
<i>Lebanon-Middletown Market</i>	14.82%	41,533	17.21%	28,831	18.87%	(74,322)	14.52%	(98,402)	8.91%	(6,122)	8.95%	21,779
<i>Regional Market</i>	12.45%	(52,401)	12.24%	274,571	12.87%	(311,716)	11.41%	131,190	13.40%	(242,908)	12.36%	(166,806)

### **Dayton East**

Within the *Dayton East* market, a total of (46) facilities were surveyed. This market accounts for a total of 5,624,926 square feet of space, of which 654,636 square feet, or 11.64%, was reported to be vacant. This indicates a positive absorption for the *East* market of 21,258 square feet. Overall, quoted annual lease rates range from \$2.00 to \$35.00 per square foot. Expense reimbursements ranged from \$0.33/sq.ft. to \$25.00/sq.ft.

### **Dayton North**

Within the *Dayton North* market, a total of (48) facilities were surveyed. This market accounts for a total of 4,378,134 square feet of space, of which 868,857 square feet, or 19.85%, was reported to be vacant. This indicates a negative absorption for the *North* market of (59,640) square feet. Overall, quoted annual lease rates range from \$2.00 to \$23.00 per square foot. Expense reimbursements ranged from \$0.90/sq.ft. to \$4.00/sq.ft.

### **Dayton South**

Within the *Dayton South* market, a total of (96) facilities were surveyed. This market accounts for a total of 7,510,774 square feet of space, of which 762,704 square feet, or 10.15%, was reported to be vacant. This indicates a positive absorption for the *South* market of 101,495 square feet. Overall, quoted annual lease rates range from \$3.00 to \$75.00 per square foot. Expense reimbursements ranged from \$0.50/sq.ft. to \$20.66/sq.ft.

### **Dayton West**

Within the *Dayton West* market, a total of (5) facilities were surveyed. This market accounts for a total of 438,317 square feet of space, of which 82,479 square feet, or 18.82%, was reported to be vacant. This indicates a positive absorption for the *West* market of 82,479 square feet. Overall, quoted annual lease rates range from \$3.00 to \$12.00 per square foot. Expense reimbursements ranged from \$1.00/sq.ft. to \$2.51/sq.ft.

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### **Springfield**

Within the *Springfield* market, a total of (23) facilities were surveyed. This market accounts for a total of 2,913,467 square feet of space, of which 256,523 square feet, or 8.80%, was reported to be vacant. This indicates a negative absorption for the *Springfield* market of (79,473) square feet. Overall, quoted annual lease rates range from \$2.50 to \$28.00 per square foot. Expense reimbursements ranged from \$1.00/sq.ft. to \$2.96/sq.ft.

### **Upper Valley**

Within the *Upper Valley* market (Tipp City, Troy, Piqua and Sidney), a total of (19) facilities were surveyed. This market accounts for a total of 2,574,942 square feet of space, of which 326,892 square feet, or 12.70%, was reported to be vacant. This indicates a negative absorption for the *Upper Valley* market of (42,180) square feet. Overall, quoted annual lease rates range from \$4.50 to \$35.00 per square foot. Expense reimbursements ranged from \$1.10/sq.ft. to \$2.50/sq.ft.

### **Xenia**

Within the *Xenia* market, a total of (5) facilities were surveyed. This market accounts for a total of 548,262 square feet of space, of which 43,515 square feet, or 7.94%, was reported to be vacant. This indicates a positive absorption for the *Xenia* market of 11,500 square feet. Overall, quoted annual lease rates range from \$7.00 to \$14.00 per square foot. Expense reimbursements ranged from \$2.65/sq.ft. to \$3.83/sq.ft.

### **Franklin-Springboro**

Within the *Franklin/Springboro* market, a total of (7) facilities were surveyed. This market accounts for a total of 457,509 square feet of space, of which 5,450 square feet, or 1.19%, was reported to be vacant. This indicates a negative absorption for the *Franklin/Springboro* market of (4,450). Overall, quoted annual lease rates range from \$3.00 to \$13.00 per square foot. Expense reimbursements ranged from \$1.56/sq.ft. to \$4.00/sq.ft.

### **Lebanon-Middletown**

Within the *Lebanon-Middletown* market, a total of (17) facilities were surveyed. This market accounts for a total of 1,745,883 square feet of space, of which 258,682 square feet, or 14.82%, was reported to be vacant. This indicates a net positive absorption for the *Lebanon-Middletown* market of 41,533 square feet. Overall, quoted annual lease rates range from \$2.70 to \$22.00 per square foot. Expense reimbursements ranged from \$1.50/sq.ft. to \$4.16/sq.ft.

As previously mentioned, this study is intended to reflect the condition of the Dayton regional retail real estate market. This survey may exclude facilities which are occupied solely by its owner or by single tenants.

The information published in ***Gem Real Estate Group's 2007 Retail Market Study*** reflects market conditions during the fourth quarter of 2007. All data contained herein are believed to be accurate and have been compiled from one or more of the following sources: property owners, property managers, leasing agents, physical inspections and/or public records. All information furnished by others is believed to be reliable. ***Gem Real Estate Group*** makes no warranties regarding the accuracy of this information, which is subject to change without notice.

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