



CINCINNATI, OH THE KNOWLEDGE REPORT



Retail Market Picks Up Where It Left Off In 2010

EXECUTIVE SUMMARY

For the second quarter in a row, the Cincinnati Retail Market saw positive results, as overall net absorption totaled 345,655 square feet for the first three months of the year. Given the large swing in vacant space, the overall vacancy rate dropped to 13.0%, which is 100 basis points lower than the vacancy rate at the end of 2010.

MARKET INDICATORS

	Q1 11	Q2 11*
VACANCY	↓	—
NET ABSORPTION	↑	—
CONSTRUCTION	—	—
RENTAL RATE	↑	—

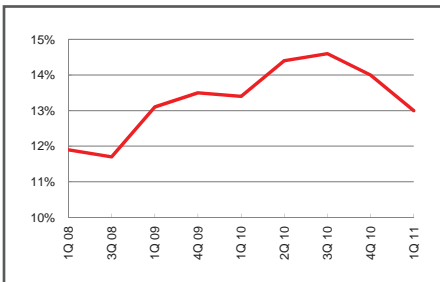
*Projected Change to the following Quarter.

The overall average asking rental rate increased to \$11.65 per square foot, as owners of commercial retail properties are taking notice of the increase in activity and are adjusting their rates slightly upwards. This increase is welcome news for owners, as rental rates have steadily dropped for the past 24 months.

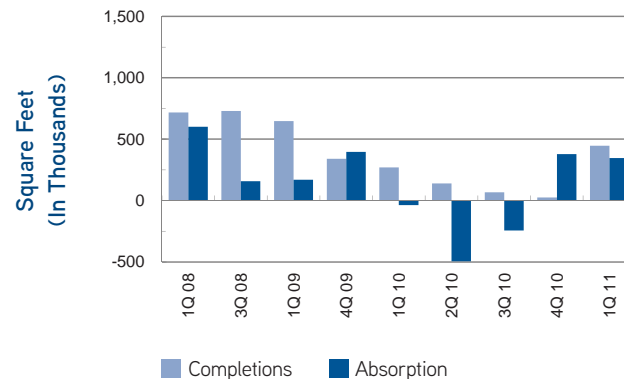
The most active market was the West Submarket, which showed overall net absorption of 142,947 square feet. The overall vacancy rate in this submarket dropped from 16.7% at the end of 2010 to 13%. Coming in second and a close third were the Campbell County and Boone County Submarkets, showing that Northern Kentucky is ready and able to aid in the retail recovery. Total net absorption for these two submarkets was 113,298 square feet.

The most active retailers in the market continue to be Marshall's, Family Dollar, Sav-A-Lot and Dollar General, along with quick-service restaurant favorites such as Smashburger, Jimmy John's Gourmet Sandwiches and Firehouse Subs.

OVERALL VACANCY RATE



COMPLETIONS VS ABSORPTION



The Cincinnati Retail Market delivered 446,000 SF of new retail space this quarter.

NEW DELIVERIES

The Retail Market delivered over 446,000 square feet of new retail space this quarter, as two new retail stores opened for business. The first was Target, which opened its doors and joined Kroger Marketplace at the Newport Pavilion. The project introduced an additional 137,000 square feet to the market and brought a revived and invigorated retail boost to an area that has seen several retailers leave for the past 15 years. An additional 75,000 square feet of inline retail space at Newport Pavilion, as well as 6-10 outlets, will help attract new retailers to the market. The second new delivery was Menards in the Indian Springs trade area near Fairfield. The store delivered 309,000 square feet of new retail space and is branding itself as one of the largest, one-stop, home improvement megastores in the area.

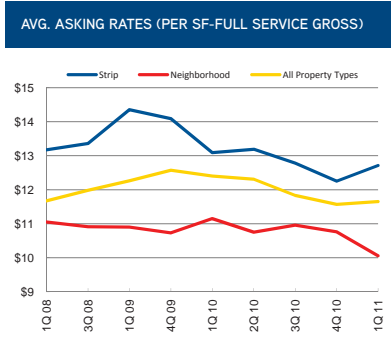
DOWNTOWN

The Downtown CBD had very little in net absorption, but activity continues to flourish as the Banks has come to life. The first retail tenant, The Holy Grail, made its debut in time for March Madness on St. Patrick's Day, while residents in the apartments above started to move in to their new homes in April. Additional retail tenants expected to open at the Banks this year include Toby Keith's I Love This Bar, Huey's 24/7 Diner, Le Crepe Nanou, the Wine Loft and a flagship Johnny Rockets restaurant and bar. Other transactions of note downtown

were the opening of a new exercise facility, Snap Fitness (4,000 square feet), at the Provident Building, the opening of the Walnut Grill in the former Bootsy's space on Walnut Street (9,589 square feet) and Trattoria Roma's grand opening (2,900 square feet) at the recently marketed Restaurant Row on 6th Street. In addition, the Horseshoe Casino is starting demolition work on the former Broadway Commons site and two new hotels are in the works, which will join the recently renovated Residence Inn that opened on 4th Street.

HOTTEST SUBMARKET

As noted in the Executive Summary, the West Submarket had the highest amount of overall net absorption, totaling 142,947 square feet. This is exciting news for a submarket that recently had a vacancy rate of 16.7% and has dropped to 13%. The West Market has historically been overlooked by retailers because of the accessibility into the area. What has been discovered in the recent downturn is that the market is well equipped to support substantially more retailers and the customers are exceptionally loyal to the brands that make the leap to this side of town. Many retailers have reported that their most profitable locations lie west of I-75. With no new developments currently being marketed, several redevelopments are currently being considered as retailers push for prime locations.



UPDATE Recent Transactions

LEASING ACTIVITY

PROPERTY	TRADE AREA	TENANT	LANDLORD	SIZE	TYPE
Former Old Time Pottery Building	Florence	Crossroads Church	ATMF Realty & Equity Corp	110,000	Direct Lease
Glenway Plaza	Western Hills	Glenway Storage	Kimco Realty Corp.	90,000	Direct Lease
Hillcrest Square	Norwood	Roses	Gator Investments	51,590	Direct Lease
Cincinnati Mall	Forest Park	Candlewood Suites	World Properties	48,000	Direct Lease
Voice of America	West Chester	Aveda	Midland Atlantic	28,226	Direct Lease
Hillcrest Square - Kroger	Norwood	Sav-A-Lot	Gator Investments	21,000	Direct Lease
Former Walgreen's	North College Hill	Sav-A-Lot	Viking Partners, LLC	20,400	Direct Lease
Five Mile Road	Anderson	All About Kids	Build to Suit	10,000	Direct Lease
Former Bootsy's	CBD	Walnut Grill	Mars Realty Estate Investments, LLC	9,589	Direct Lease
KY 18 & Turfway	Florence	Family Dollar	Kentucky Holdings, LLC	8,300	Direct Lease
Milford Square	Milford	Family Dollar	Milford Equites, LLC	8,000	Direct Lease
Crescent Springs	Crescent Springs	Chic Street	Toebben Properties	7,205	Direct Lease
Newport Pavilion	Newport	New China Buffet	Goodman Real Estate Service Group, LLC	6,116	Direct Lease

SALE ACTIVITY

PROPERTY	TRADE AREA	BUYER	SELLER	SIZE	SALE PRICE
Evendale Commons Retail	Evendale	Yale Evendale LLC	Miller Valentine Group	9,835	\$2,300,000

Transactions are believed to be accurate but not guaranteed.

	TOTAL INVENTORY	DIRECT VACANT SF	SUBLEASE VACANT SF	TOTAL VACANT SF	TOTAL VACANCY RATE	4TH Q 2010 VACANCY RATE	NET ABSORPTION (QUARTER 1)	NET ABSORPTION (YTD)	AVERAGE ASKING RATE
BOONE COUNTY									
Community	208,255	4,197	0	4,197	2.0%	2.0%	0	0	\$19.50
Convenience / Strip	586,633	114,377	0	114,377	19.5%	24.5%	23,185	23,185	\$13.30
Freestanding	1,109,154	115,598	0	115,598	10.4%	10.4%	0	0	\$9.17
Neighborhood	1,272,302	82,743	0	82,743	6.5%	8.1%	15,728	15,728	\$11.99
Power	514,612	49,645	0	49,645	9.6%	40.8%	0	0	\$11.00
Regional	726,575	209,027	0	209,027	28.8%	29.0%	7,997	7,997	\$14.50
TOTAL	4,417,531	575,587	0	575,587	13.0%	17.9%	46,910	46,910	\$12.06
CAMPBELL COUNTY									
Community	297,095	118,378	0	118,378	39.8%	26.6%	0	0	\$14.00
Convenience / Strip Centre	138,525	5,340	0	5,340	3.9%	0.0%	0	0	\$27.00
Freestanding	612,202	122,000	0	122,000	19.9%	19.9%	0	0	\$6.87
Neighborhood	491,000	17,242	0	17,242	3.5%	10.3%	33,440	33,440	\$12.92
Power	288,000	3,550	0	3,550	1.2%	1.2%	0	0	\$20.00
Regional	696,952	76,901	0	76,901	11.0%	14.6%	25,000	25,000	\$13.92
Street Front	75,000	20,463	0	20,463	27.3%	27.3%	7,948	7,948	\$35.00
TOTAL	2,598,774	363,874	0	363,874	14.0%	14.6%	66,388	66,388	\$14.42
CBD/MIDTOWN									
Community	1,192,233	137,114	0	137,114	11.5%	14.2%	31,630	31,630	\$14.62
Convenience / Strip	313,428	43,692	0	43,692	13.9%	15.0%	11,827	11,827	\$17.03
Freestanding	636,889	130,843	0	130,843	20.5%	19.9%	-4,343	-4,343	\$11.83
Neighborhood	573,680	54,119	0	54,119	9.4%	9.3%	5,135	5,135	\$14.25
Regional	917,155	35,000	0	35,000	3.8%	3.7%	0	0	\$29.50
Street Front	246,382	70,662	0	70,662	28.7%	28.8%	0	0	\$9.85
TOTAL	3,879,767	471,430	0	471,430	12.2%	13.0%	44,249	44,249	\$13.11
EAST									
Community	455,182	3,507	0	3,507	0.8%	0.7%	-7	-7	\$13.00
Convenience / Strip	1,218,618	304,448	5,178	309,626	25.4%	26.8%	5,761	5,761	\$11.28
Freestanding	2,433,661	87,020	0	87,020	3.6%	4.7%	0	0	\$6.76
Neighborhood	1,570,426	254,425	0	254,425	16.2%	16.4%	797	797	\$10.26
Regional	833,195	292,816	0	292,816	35.1%	35.1%	0	0	\$11.37
TOTAL	6,511,082	942,216	5,178	947,394	14.6%	15.2%	6,551	6,551	\$10.68
KENTON COUNTY									
Community	314,930	5,900	0	5,900	1.9%	4.9%	0	0	\$18.00
Convenience / Strip	285,549	34,584	0	34,584	12.1%	25.3%	15,741	15,741	\$13.66
Freestanding	407,547	0	0	0	0.0%	0.0%	0	0	\$0.00
Neighborhood	1,189,199	182,979	0	182,979	15.4%	14.8%	-32,622	-32,622	\$10.91
Regional	500,000	4,367	0	4,367	0.9%	0.9%	0	0	\$26.50
TOTAL	2,697,225	227,830	0	227,830	8.4%	10.3%	-16,881	-16,881	\$10.68
NORTH CENTRAL									
Community	861,299	200,396	0	200,396	23.3%	20.0%	-27,073	-27,073	\$15.41
Convenience / Strip	1,804,827	319,900	0	319,900	17.7%	17.1%	-12,453	-12,453	\$11.31
Freestanding	2,747,970	156,444	0	156,444	5.7%	4.3%	4,593	4,593	\$9.07
Neighborhood	2,318,323	448,977	0	448,977	19.4%	19.6%	718	718	\$10.59
Power	1,227,298	182,560	0	182,560	14.9%	14.9%	0	0	\$4.47
Regional	1,833,449	222,961	0	222,961	12.2%	14.1%	56,856	56,856	\$23.70
TOTAL	10,793,166	1,531,238	0	1,531,238	14.2%	13.9%	22,641	22,641	\$12.09
NORTHEAST									
Community	644,894	154,586	0	154,586	24.0%	24.0%	0	0	\$14.00
Convenience / Strip	1,963,098	263,251	0	263,251	13.4%	11.7%	-38,445	-38,445	\$14.38
Freestanding	1,926,922	29,738	0	29,738	1.5%	2.1%	-29,738	-29,738	\$7.29
Neighborhood	2,474,653	292,749	0	292,749	11.8%	12.6%	26,657	26,657	\$11.45
Power	674,550	0	0	0	0.0%	10.2%	0	0	\$0.00
Regional	1,088,356	74,190	0	74,190	6.8%	6.5%	25,563	25,563	\$28.77
Street Front	67,327	12,403	0	12,403	18.4%	18.4%	0	0	\$15.00
TOTAL	8,839,800	826,917	0	826,917	9.4%	10.2%	-15,963	-15,963	\$14.33
NORTHWEST									
Community	641,537	128,566	0	128,566	20.0%	31.0%	66,592	66,592	\$7.56
Convenience / Strip	673,196	178,806	0	178,806	26.6%	13.4%	-23,868	-23,868	\$13.29
Freestanding	2,452,237	391,669	0	391,669	16.0%	14.5%	0	0	\$7.53
Neighborhood	2,088,316	372,781	0	372,781	17.9%	16.3%	1,565	1,565	\$6.70
Regional	918,901	32,971	0	32,971	3.6%	4.1%	4,524	4,524	\$17.30
TOTAL	6,774,187	1,104,793	0	1,104,793	16.3%	15.1%	48,813	48,813	\$8.67
WEST									
Community	970,270	133,809	0	133,809	13.8%	13.7%	-1,233	-1,233	\$7.00
Convenience / Strip	571,351	123,375	0	123,375	21.6%	20.2%	-7,634	-7,634	\$12.84
Freestanding	966,046	44,000	0	44,000	4.6%	17.1%	42,533	42,533	\$12.35
Neighborhood	1,413,419	302,158	0	302,158	21.4%	25.0%	101,642	101,642	\$10.67
Regional	776,510	7,315	0	7,315	0.9%	1.9%	7,639	7,639	\$0.00
TOTAL	4,697,596	610,657	0	610,657	13.0%	16.7%	142,947	142,947	\$9.48
MARKET TOTALS									
Community	5,585,695	886,453	0	886,453	15.9%	16.4%	69,909	69,909	\$11.66
Convenience / Strip	7,555,225	1,387,773	5,178	1,392,951	18.4%	17.7%	-25,886	-25,886	\$12.71
Free Standing	13,292,628	1,077,312	0	1,077,312	8.1%	8.8%	13,045	13,045	\$9.31
Neighborhood	13,391,318	2,008,173	0	2,008,173	15.0%	15.7%	153,060	153,060	\$10.06
Power	2,704,460	235,755	0	235,755	8.7%	17.2%	0	0	\$6.99
Regional	8,291,093	955,548	0	955,548	11.5%	12.4%	127,579	127,579	\$18.52
Street Front	388,709	103,528	0	103,528	26.6%	26.0%	7,948	7,948	\$17.73
TOTAL	51,209,128	6,654,542	5,178	6,659,720	13.0%	14.0%	345,655	345,655	\$11.65

The most active category in the West Submarket was Neighborhood Centers, as several centers saw occupancy levels increase in the first quarter of 2011. Glenway Plaza saw 90,000 square feet of net absorption alone, as Glenway Storage acquired the long-time vacant space and will be converting it to inside storage units. Toys“R”Us continues to lease approximately 40,000 square feet in this building, but ultimately the entire building will be converted when Toys“R”Us vacates. One major project that will lead to future job growth is the expansion of the area’s Kroger store to over 100,000 square feet. The same center has also added Great Clips to this development. Other tenants continuing to be interested in this submarket are fast casual restaurants, national discount retail users and cell phone stores.

RENTAL RATES

Overall weighted asking rental rates have increased to \$11.65 per square foot for the Greater Cincinnati market. This is an increase of \$0.08 per square foot from the 4th quarter 2010 rate of \$11.57 per square foot. Strip Centers were the main contributor to this jump, as rental rates for this property type averaged \$12.71 per square foot. We expect rental rates to remain relatively stable for the balance of the year.

INVESTMENT SALES

A limited amount of retail investment sales occurred in the first quarter of 2011, but one notable transaction closed at Evendale Commons. The investment sale consisted of a 100% fully leased retail building totaling 9,835 square feet. Two key tenants included Starbucks and Chipotle. The building sold for \$2.37 million.

FORECAST

The Greater Cincinnati Retail Market has shown positive signs of growth and we expect to see more positive absorption towards the end of 2011. Vacancy rates will begin to fall slightly and rental rates will show a small uptick in their average asking rate.

Consumer confidence appears to be driving current retail activity, as more and more consumers are starting to have confidence in the economy and feel more comfortable spending their discretionary income. This factor, along with the continued job growth we are seeing should help 2011 shape up to be a year of modest recovery for the Retail Market.

480 offices in 61 countries on 6 continents

United States: 135
 Canada: 39
 Latin America: 17
 Asia Pacific: 194
 EMEA: 95

- \$1.9 billion in annual revenue
- 2.4 billion square feet under management
- Over 15,000 professionals

RETAIL TEAM:

Ken Arbino
 +1 513 562 2238

Justin T. Rex, MCRE
 +1 513 562 2218

Morton A. Schwartz
 +1 513 562 2277

Mike Ziegler, CLS
 +1 513 562 2224

Jeff Johnston, CPA
 +1 513 562 2231

Chris Prosser, CCIM
 +1 513 562 2232

Steve Timmel, CCIM
 +1 513 562 2221

CEO/PRESIDENT:
 Shenan P. Murphy, CCIM
 +1 513 721 4200

DIRECTOR OF RESEARCH:
 Brian T. Graham, CCIM
 +1 513 562 2214

GRAPHIC DESIGNER:
 Ricky Dennis
 +1 513 562 2213

Colliers International | Greater Cincinnati
 425 Walnut Street, Suite 1200
 Cincinnati, OH 45202



Colliers International statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures

Accelerating success.

RETAIL SUBMARKETS

