

OCT 09 / 2017



BERGMAN

BROADCAST

INSIDE THIS ISSUE

**Remembering
Harvey Bergman** 3

Cincinnati Q3 Market Reports

Retail	5
Office	6
Industrial	7

Dayton Q3 Market Reports

Retail	9
Office	10
Industrial	11

What We Do 12

Featured Listings 13

Huffy Corp On The Move 14

B

BERGMAN



FAMILY, PARTNERS, ASSOCIATES, & EMPLOYEES REMEMBER
HARVEY BERGMAN

JUNE 4, 1925 - SEPTEMBER 11, 2017



Harvey Bergman, a lifelong Cincinnati, left an indelible impression on our community. Mr. Bergman passed away at the age of 92 on September 11, 2017. He was devoted to his family, friends, faith and community. His actions spoke louder than his words; he was extremely generous and quietly supported numerous organizations and causes. Mr. Bergman was a confidant and counsel to many.

Beginning with Harvey's grandfather, the Bergman family has owned and operated several businesses in the Cincinnati area since the early 1900s. Harvey began working for The H. Zussman & Son Co., a dry goods wholesaler, which then branched out into clothing manufacturing. Mr. Bergman took over manufacturing operations and later became a principal and owner. From there, the concept of a national brand, expansion began which became Bergman Manufacturing Co., a sportswear manufacturer with plants in several states.

Harvey was active in commercial real estate throughout his career. In 1990, Harvey together with his family established Bergman Group, Inc. Joined by his sons Laurence Bergman and Thomas Bergman, and sons-in-law Steven Adler and Daniel Feigelson, Bergman Group, Inc. became a significant commercial development and brokerage firm in the region. Harvey Bergman led the family business for many decades, and together with his sons and sons in law created the current family business, NAI Bergman.

Mr. Bergman worked up to the time of his death; serving as a mentor and elder statesman for various businesses and serving as a valued member of NAI Bergman, managing investment and development projects for the company. The partners, associates, and employees of NAI Bergman are saddened and mourn his passing but take consolation in his dedication and contributions to his family, country, business partners, community, and industry.

CINCINNATI 2017 Q3 MARKET REPORTS

5.6%

Vacancy rate in the Cincinnati Retail market reported by the CoStar Group for the quarter 3 overview.

Over the past few years, Cincinnati's job growth and strong net absorption have tightened vacancies significantly.

Since reaching a cyclical high in 2015, supply has continued at a modest pace but has not eclipsed net absorption a single year this cycle. Since the recession, Cincinnati's Rust Belt economy has recovered a good portion of its manufacturing jobs, and employment in leisure/hospitality and financial activities is well below its prerecession peak. With retailers snapping up vacant space, developers have returned to the metro, and transaction volume has largely outpaced the metro's historical average over the last few years.

CINCINNATI RETAIL OVERVIEW

The most important sale of 2017 in terms of SF and sales price was the trade of the Rookwood Commons and Rookwood Pavilion in January 2017.

\$190

million dollars

Total sales volume in 2016 was relatively weak, just reaching \$213 million, but activity has picked back up in 2017. Through just September 2017, sales volume has eclipsed \$320 million because of a particularly strong start to the year, with \$214 million sold in 17Q1.

CINCINNATI OFFICE OVERVIEW

708 ⁽⁰⁰⁰⁾ SF
12 Month Deliveries

841 ⁽⁰⁰⁰⁾ SF
12 Month Net Absorption

9.3%
Vacancy Rate

2.7%
12 Month Rent Growth

Investors have shown widespread interest in the metro recently, including a 10-property acquisition by TriHealth in April 2017.

PURCHASED FOR
\$155
MILLION DOLLARS

The Cincinnati office market is on solid footing because of abundant demand over the last few years. Net absorption, which escalated every year of the cycle, reached its peak in 2016 at over 2.1 million. A significant portion of recent leasing activity has been concentrated in submarkets outside the CBD, including Butler County and Covington/Newport. Developers have steadily delivered new buildings since 2015, the largest of which have been build-to-suits for Kroger and GE and the Tower in Kenwood, which was nearly fully occupied a year after completing. Vacancy compression has been further aided by the conversions of obsolete inventory into multifamily, particularly in the CBD. Clifton/Midtown is home to a large proportion of ongoing development, including multiple speculative properties delivering in 2017.

CINCINNATI INDUSTRIAL OVERVIEW

ABSORPTION

Net Absorption was positive 3,012,651 square feet in the second quarter 2017. That compares to positive 968,604 square feet in the first quarter 2017.

LARGE BLOCKS: Moving out included 811,665 square feet in three different locations.

LARGE BLOCKS: Moving in included 2,120,481 square feet in three different locations.

FLEX: Positive 108,654 square feet in the second quarter 2017, compared to negative 51,090 square feet in the first quarter.

WAREHOUSE: Positive 2,903,997 square feet in the second quarter 2017, compared to positive 1,019,694 square feet in the first quarter.

SALES

Tallying industrial building sales of 15,000 square feet or larger, Cincinnati industrial sales figures fell during the first quarter 2017 in terms of dollar volume compared to the fourth quarter of 2016.

In the first quarter, 19 industrial transactions closed with a total volume of \$88,226,500. The 19 buildings totaled 1,983,454 square feet, and the average price per square foot, equated to \$44.48 per square foot. That compares to 23 transactions totaling \$121,590,706 in Q4. The total square footage was 3,346,244 for an average price per square foot of \$36.34.

VACANCY

The vacancy rate was 4.5% at the end of the first quarter 2017, 4.8% at the end of the fourth quarter 2016, and 4.6% at the end of the third quarter 2016.

Flex projects reported a vacancy rate of 8.3% at the end of the second quarter 2017, 9.4% at the end of the first quarter 2017, 8.8% at the end of the fourth quarter 2016, and 8.1% at the end of the third quarter 2016.

Warehouse projects reported a vacancy rate of 3.5% at the end of the second quarter 2017, 4.3% at the end of first quarter 2017, 4.6% at the end of the fourth quarter.

VACANCY RATE DECREASED
↓3.6%
AT THE END OF Q2 2017

NET ABSORPTION POSITIVE
3,012,651 SF
AT THE END OF Q2 2017

LARGEST TRANSACTION
\$36,200,000
478,119 SF BUILDING IN WEST CHESTER

DAYTON

2017 Q3 MARKET REPORTS

6.5%

Vacancy rate in the Dayton Retail market reported by the CoStar Group for the quarter 3 overview.

Fundamentals remain healthy, mainly kept in place by limited new supply. The growing importance of e-commerce is changing the retail world nationwide.

Demand has been strong enough to bring vacancies to historic lows in recent quarters, but because the industry is in flux this has not been able to promote steady rent growth. Healthy demand for new construction in Dayton has kept vacancies dropping for much of the cycle, but it is not strong enough to warrant heavy construction or spec projects. Absorption has outpaced new supply and fueled marginal rent growth, but the future of retail is still uncertain.



DAYTON RETAIL OVERVIEW

A recent noteworthy deal from this year is the purchase of Centerville Place, a 191,000 SF retail center that sold in July, 2017.

\$9.2
million dollars

Investment in the retail sector has been picking up in recent years. Sales volume through August in 2017 is already 40% above the annual average. Price per unit is on the rise as well, and at \$51/SF as of August was 56% above what properties sold for in 2010.

DAYTON

OFFICE OVERVIEW

5⁽⁰⁰⁰⁾ SF
12 Month Deliveries

586⁽⁰⁰⁰⁾ SF
12 Month Net Absorption

10.8%
Vacancy Rate

3.3%
12 Month Rent Growth

Investment in Dayton primarily consists of smaller offices trading between local private investors for **\$30-50 PER/SF.**

NOTEABLE TRANSACTIONS
OLD POST OFFICE & FEDERAL BUILDING
\$12.35
MILLION DOLLARS

Dayton's office market has endured a slow recovery since the metro's manufacturing-heavy economy lost a significant number of jobs during the recession. However, positive job growth in recent years has spurred strong office absorption since 2014. This demand has outpaced new supply in the metro, allowing vacancies to compress toward their historical average. The Wright-Patterson Air Force Base in the East Dayton Submarket serves as the main demand driver for office space in the metro by attracting large defense contractors to the area. Office space remains inexpensive in Dayton, and rent growth had been either negative or stagnant until 2017. Investment generally consists of smaller offices trading between local investors; the \$12 million sale of the Old Post Office and Federal Building was a notable outlier.

DAYTON

INDUSTRIAL OVERVIEW

ABSORPTION

Net absorption was negative 78,308 square feet in the second quarter 2017, That compares to positive 896,524 square feet in the first quarter 2017.

LARGE BLOCKS: Moving out included 330,004 square feet in three different locations.

LARGE BLOCKS: Moving in included 247,740 square feet in three different locations.

FLEX: Positive 25,480 square feet in the second quarter 2017, compared to positive 15,443 square feet in the Q1 2017.

WAREHOUSE: Negative 103,788 square feet in the second quarter 2017 compared to positive 881,081 square feet in the first quarter 2017, positive 2,366,331 in the fourth quarter.

VACANCY

The vacancy rate was 7.0% at the end of the first quarter 2017, 7.8% at the end of the fourth quarter 2016, and 9.9% at the end of the third quarter 2016.

Flex projects reported a vacancy rate of 8.0% at the end of the second quarter 2017, 8.6% at the end of the first quarter 2017, 9.0% at the end of the fourth quarter 2016, and 11.1% at the end of the third quarter 2016.

Warehouse projects reported a vacancy rate of 7.2% at the end of the second quarter 2017, 7.0% at the end of first quarter 2017, 7.8% at the end of the Q4. 2016, and 9.8% at the end Q3 2016.

VACANCY RATE INCREASED
↑7.2%
AT THE END OF Q2 2017

LEASES

The average quoted asking rental rate for available Industrial space was \$3.53 per square foot per year at the end of the second quarter 2017 in the Dayton market area. This represented a 0.3% decrease in quoted rental rates from the end of the first quarter 2017, when rents were reported at \$3.54 per square foot.

The average quoted rate within the Flex sector was \$7.99 per square foot at the end of the second quarter 2017, while Warehouse rates stood at \$3.38. At the end of the first quarter 2017, Flex rates were \$9.99 per square foot, and Warehouse rates were \$3.31.

NET ABSORPTION NEGATIVE
78,308 SF
AT THE END OF Q2 2017

AVERAGE RENTAL RATE
\$3.53 SF
AT THE END OF Q2 2017

6 REASONS TO WORK WITH US
WHAT WE DO

With over 50 years and four generations of commercial real estate experience in the Greater Cincinnati area and beyond, NAI Bergman has steadily grown by meeting client needs and partnering with tenants and others to promote mutual growth and prosperity in all aspects of commercial property ownership.



BROKERAGE

Serving Cincinnati, Dayton, Northern Kentucky, and Southeast Indiana



PROPERTY MANAGEMENT

We offer our clients unique custom-fit solutions based on the clients business model rather than our own



DEVELOPMENT

We can assist in the complete cycle of development or re-developing a property



CORPORATE SERVICES

We align your goals with your needs and provide complete management services



INVESTMENT SALES

Maximize your real estate position and strategies for portfolios and own real estate



RECEIVERSHIP

We provide management services for troubled properties to increase performance

THE POWER OF LOCAL KNOWLEDGE
FEATURED LISTINGS



119 FAIRFIELD AVE
BELLEVUE, KENTUCKY
RETAIL FOR LEASE
1,864 - 8,000 SF



11311 CORNELL PARK DR
CINCINNATI, OHIO
OFFICE FOR SUBLEASE
6,051 SF



3131 NEWMARK DR
DAYTON, OHIO
OFFICE FOR LEASE
3,543 - 25,000 SF



1152 STATE ROUTE 131
MILFORD, OHIO
RETAIL FOR LEASE
3,400 SF



113 WEST 4TH STREET
DOWNTOWN CINCINNATI
6-STORY BUILDING FOR SALE
22,680 SF



1776 LAMMERS PIKE
BATESVILLE, INDIANA
INDUSTRIAL FOR SALE
133,805 SF



3494 READING ROAD
CINCINNATI, OH
OFFICE FOR SALE
15,000 SF



401 E. COURT STREET
CINCINNATI, OHIO
OFFICE FOR LEASE
6,518 SF



340 CENTRAL AVE
FRANKLIN, OHIO
FISHING CLUB FOR SALE
NEW REDUCED PRICE!

HEADQUARTERS
ARE ON THE
MOVE FOR

**HUFFY
CORP**

Huffy Corporation is planning on moving their headquarters to a new location in Miami Township. Huffy Corp., now based in Centerville, will be moving to its new location at 8877 Gander Creek. The 50,000 square foot building comes with more room that will give the company 40 percent more space to design and showcase sample bikes. Dave Dickinson and Russ Mass of NAI Bergman represented the seller, F9 Properties LLC. The privately owned firm has plans to move at the end of the year along with about 100 employees.

“For the past decade, the Centerville location handled our growth; we’ve simply outgrown our current building,”

Bill Smith, Huffy Corp. President and Chief Executive Officer to Dayton Daily News.