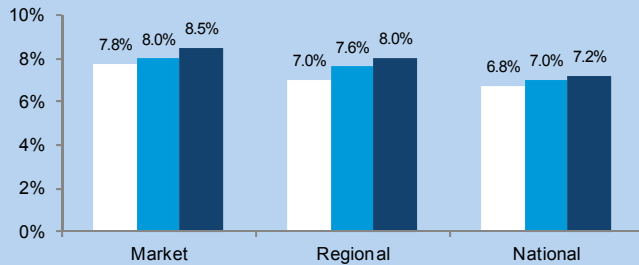


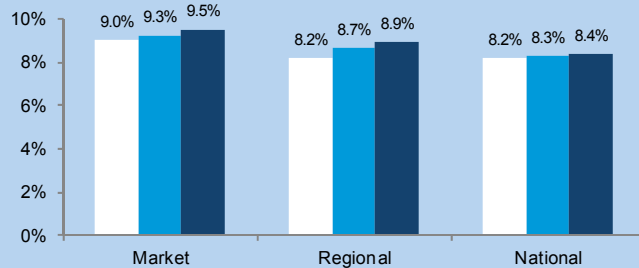


Retail Snapshot

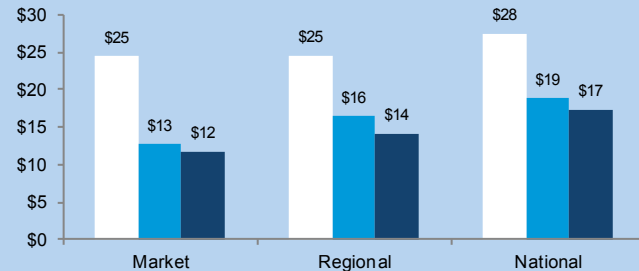
GOING IN CAP RATES (%)



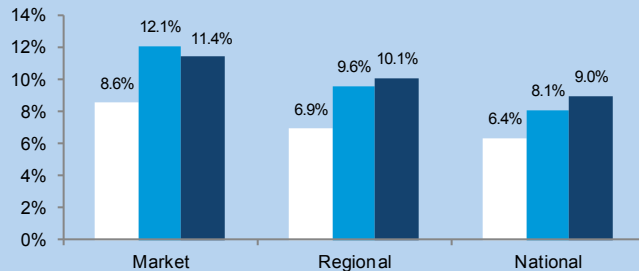
DISCOUNT RATES (%)



MARKET RENT (\$/SF)



VACANCY RATE (%)



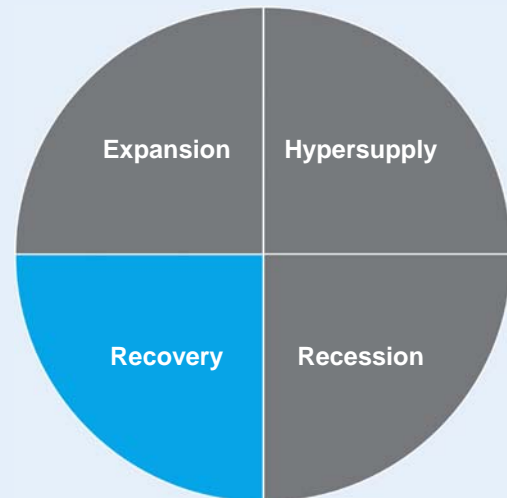
Legend

- Regional Mall
- Community Retail
- Neighborhood Retail

Market Commentary

Overall, the retail market has continued to experience gradual recovery with some new construction replacing older outdated facilities. Most new commercial development has been primarily focused on freestanding build-to-suit retail development as Giant Eagle's continued relocation from older facilities into new stores. The west market, and the city of Avon in particular, has experienced the most significant retail expansion, anchored by the recently completed Cleveland Clinic medical campus located at the newly installed highway interchange at I-90 and Lear Road.

MARKET CYCLE



Market Cycle: Recovery Stage 2

- Low New Construction
- Decreasing Vacancy Rates
- Moderate Absorption
- Low/Moderate Employment Growth
- Neg/Low Rental Rate Growth

The west market, fueled by continuous residential expansion, should also benefit from the anticipated completion of the American Greeting HQ, which will provide an additional anchor to the Crocker Park mixed-use lifestyle development. The downtown Cleveland CBD appears ripe for retail development to serve its growing residential population—on this note, developers will be paying especially close attention to the performance of Heinen's Grocery upon its opening at the beginning of 2015.



2015 Mid-Year VIEWPOINT

Integra Realty Resources – Cleveland
 Doug Sloan, MAI
 Senior Managing Director
 4199 Kinross Lakes Parkway, Suite 235
 Richfield, OH 44286
 Phone: 330-659-3640
 dsloan@irr.com

Cleveland, OH | Retail

CLEVELAND 12 MONTH FORECASTS

Categories	Regional Mall	Community Retail	Neighborhood Retail
Going In Cap Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Discount Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Market Rent Change (%)	1.50%	1.50%	1.50%
Expense Change (%)	1.50%	1.50%	1.50%
Absorption (SF)	-130,000	200,000	130,000
Construction (SF)		130,000	
Tenant Improvement (\$/SF)	\$0	\$0	\$0
Years to Balance	In Balance	2	2

AVERAGE ANNUAL CHANGE IN VALUE

Time	Regional Mall	Community Retail	Neighborhood Retail
Previous 36 Months	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Previous 12 Months	Remain Steady - no change	Decrease 2% - 3.9%	Decrease 2% - 3.9%
Future 12 Months	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Future 36 Months	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change

Market Commentary (continued)

The east and southeast markets have remained stable with inline space filling up and rents remaining relatively constant. In the south suburban market, the long-awaited redevelopment of the former enclosed Parma Town Mall began and experienced strong pre-leasing, successfully converting the complex into a modern open air center. In the Greater Akron MSA (the Chappell Hill Mall corridor) has been able to preserve stabilized occupancy and rent levels, but continues struggling to maintain its retail destination locale as the population migrates outside the trade area. Overall, continued stabilized stabilized occupancy and rental rates are anticipated throughout the market area.

TOP SEVEN CAP RATE FACTORS

- 1 Availability of financing
- 2 Interest rates
- 3 Risk premium of private real estate
- 4 Property income growth
- 5 Local economy, job growth, unemployment
- 6 Supply/demand
- 7 National economic conditions/GDP growth

About IRR

Integra Realty Resources (IRR) is the largest independent commercial real estate valuation and consulting firm in North America, with over 200 MAI-designated members of the of the Appraisal Institute among over 900 professionals based in our 66 offices throughout the United States and the Caribbean. Founded in 1999, the firm specializes in real estate appraisals, feasibility and market studies, expert testimony, and related property consulting services across all local and national markets. Our valuation and counseling services span all commercial property types and locations, from individual properties to large portfolio assignments. For more information, visit www.irr.com or blog.irr.com.

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