

MARKET VIEW

TOLEDO
RETAIL

RK

ENDYEAR 2021

HOT TOPICS

Vacancy is down 105 basis points since yearend 2020 to 10.45%

Leasing activity is up – 207,000 square feet was absorbed in 2021

Several anchor-scale lease transactions with traditional retailers were completed

Strip center development activity is up and Perrysburg is a hotspot for these developments

OVERVIEW

The Toledo, Ohio area retail space market put in a surprisingly strong performance in 2021 despite the lingering pandemic. The Reichle Klein Group end-year 2021 retail space market survey found the region continuing the solid performance recorded in the first six months of the year. Led by the Perrysburg/Rossford submarket, overall market vacancy declined to 10.45% from 11.5% at yearend 2020. The overall market absorbed 121,576 square feet of space in the second half of 2021 on top of the 85,497 square feet absorbed in the first half of the year. Occupancy gains were made both among in-line spaces and anchor spaces. Asking rents also improved with increases in the average asking rates for both in-line and anchor space.

QUICK STATS

Arrows indicate change from mid year 2021 (left) to end year 2021 (right)

10.5%
vacancy

▼ ▼
Mid '21 End '21

\$9.82
avg. lease rate

▲ ▲
Mid '21 End '21

121,576
net absorption

▲ ▲
Mid '21 End '21

141,020 SF
new construction

▼ ▲
Mid '21 End '21

ENDYEAR 2021

Leasing activity picked up nicely in the second half of 2021. As has become the norm, most of the activity is occurring among in-line spaces and smaller strip centers and much of it for service uses and restaurants. However, there were a few welcome transactions with traditional retailers for anchor spaces. Two notable transactions were Big Lots filling most of a long-vacant Giant Eagle space and Gabe's filling a long-vacant former Kroger space in on Carronade Drive, both in the US 20 corridor in the Perrysburg/Rossford submarket.

A factor in the market's improving metrics is the ongoing repurposing or redevelopment of marginal centers/locations or physical obsolescent spaces in strong locations. As a result, the total square footage devoted to "retail" continues to shrink. In the second half of 2021, total market square footage declined 224,233 square feet and stands at 20,827,586.

Meanwhile, the form of most infill development or redevelopment has taken on some common elements. Much of it is made up of smaller strip structures. On larger sites that may once have

been home to larger-format traditional centers with an anchor or two combined with smaller in-line spaces, today developers are building multiple smaller buildings providing spaces scaled to target users most active in the market currently, such as restaurants. Prime examples of this type of development are the former Anderson's site at Monroe and Talmadge in West Toledo and redevelopment of the former French Quarter Hotel site in Perrysburg. There are even examples of small infill sites on which two smaller buildings are built rather than one larger strip building that would typically have been built, the better to accommodate multiple drive-throughs and create more higher value endcap spaces. In any event, the pace of new construction picked up in the second half of 2021 and 141,020 square feet is under construction at year end.

We don't typically address the market for retail investment property sales in these reports, but we thought it worth noting that there is strong demand for retail investment property. Any centers or single tenant net leased properties taken to market are receiving a high level of interest from qualified buyers and trading cap rates are reaching new lows.

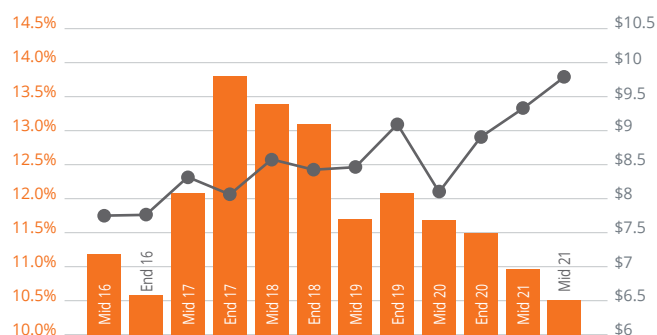
VACANCY RATE vs. LEASE RATE



10.5%
vacancy rate

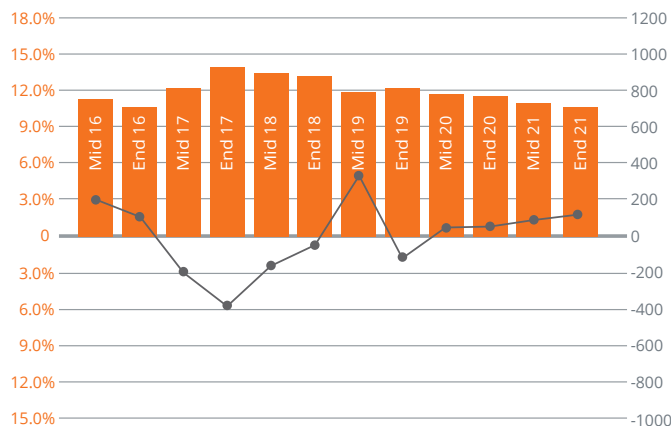


\$9.82
avg. lease rate



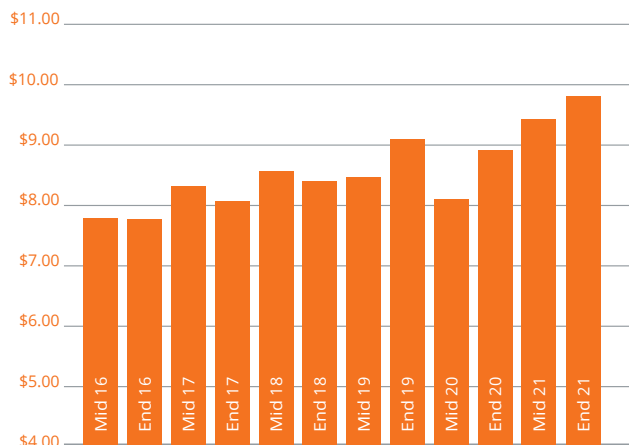
MARKET STATISTICS

	Submarket	Rentable Area	Vacancy Rate (%)	Net Absorption (SF)	Under Construction (SF)	Average Asking Lease Rate (SF/YR)
Central City	Anchor		37.14%	19,516	68,364	\$8.27
	Strip Inline		21.42%	14,121	0	\$9.22
	Total	718,157	26.08%	5,395	68,364	\$8.80
E. Toledo/ Oregon/ Northwood	Anchor		19.51%	-	0	\$6.39
	Strip Inline		14.21%	20,020	0	\$10.00
	Total	2,129,314	17.18%	20,020	0	\$7.55
Lambertville/ Temperance	Anchor		9.61%	-	0	\$10.00
	Strip Inline		10.86%	11,553	0	\$15.07
	Total	520,046	10.36%	11,553	0	\$13.38
North Toledo	Anchor		11.29%	6,285	0	\$5.35
	Strip Inline		14.97%	1,748	4,146	\$8.89
	Total	2,664,368	12.56%	4,537	4,146	\$6.81
Perrysburg/ Rossford	Anchor		10.25%	11,880	47,011	\$12.10
	Strip Inline		6.84%	37,205	9,200	\$19.48
	Total	2,520,800	9.24%	25,325	56,211	\$12.54
South/ Southwest	Anchor		4.67%	20,000	0	\$6.61
	Strip Inline		9.87%	19,631	0	\$12.34
	Total	6,324,938	6.88%	39,631	0	\$10.35
West Toledo/ Sylvania	Anchor		10.6%	45,400	0	\$13.83
	Strip Inline		9.02%	12,685	12,299	\$12.93
	Total	5,949,963	9.52%	58,085	12,299	\$13.13
Market Total	Anchor		10.04%	27,719	115,375	\$7.61
	Strip Inline		10.97%	93,857	25,645	\$11.81
		20,827,586	10.45%	121,576	141,020	\$9.82



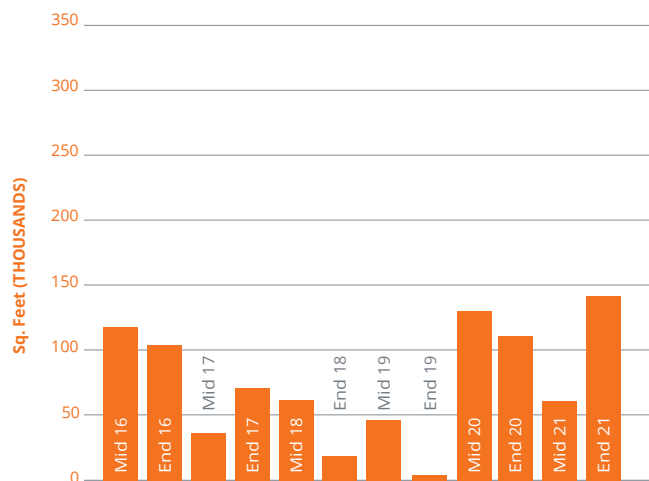
Vacancy/Net Absorption

Overall market vacancy dropped 55 basis points from mid-year 2021 to 10.45% at end-year with vacancy falling among both in-line and anchor spaces while the market absorbed 12,576 square feet. At the submarket level, the improvement was driven by the strong performance of the western and southern submarkets, all of which have vacancy rates under 10%.



Average Asking Lease Rate

The average asking rental rates for the Toledo area retail market continue to rise for both anchor and in-line space. The overall average increased 4.3% in the second half of 2021. The increases are being driven by the performance of the Perrysburg/Rossford, South/Southwest and West Toledo/Sylvania submarkets. Rent growth in these submarkets is offsetting declines in asking rates in North Toledo, Lambertville/Temperance, East Toledo/Oregon/Northwood and the Central City.



New Construction

At 141,020 square feet, the amount of space under construction is at the highest level in the past five years. The highest concentration of new construction is occurring in Perrysburg. The Central City is also seeing some space added in the mixed-use Lower Town development on Summit Street north of downtown.



TOP TRANSACTIONS

1. Perrysburg/Rossford

SIZE
60,000 SF BUYER/TENANT
Gabes

2. Perrysburg/Rossford

SIZE
???? SF BUYER/TENANT
Big Lots

3. South/Southwest

SIZE
20,000 SF BUYER/TENANT
Discount Fashion Warehouse

4. Perrysburg/Rossford

SIZE
12,052 SF BUYER/TENANT
Boot Barn

5. West Toledo/Sylvania

SIZE
???? SF BUYER/TENANT
Home Buys

6. West Toledo/Sylvania

SIZE
12,299 SF BUYER/TENANT
Cooper's Hawk

OUR PURPOSE

**To make real estate work for
our clients and customers**

OUR VALUES

**Trust.
Service with a Warrior Spirit.
All in.**

RK

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SUBMARKET MAP



GLOSSARY OF TERMS

Average Asking Lease Rate: Rate determined by multiplying the asking net lease rate for each building by its available space, summing the products, then dividing by the sum of the available space with full-service gross leases for all buildings in the summary.

Net Leases: Includes all lease types whereby the tenant pays an agreed rent plus most, or all, of the operating expenses and taxes for the property, including utilities, insurance and/or maintenance expenses.

Market Coverage: Includes all competitive office buildings 5,000 square feet and greater in size.

Net Absorption: The change in occupied square feet from one period to the next.

Net Rentable Area: The gross building square footage minus the elevator core, flues, pipe shafts, vertical ducts, balconies and stairwell areas.

Occupied Area (Square Feet): Building area not considered vacant.

Under Construction: Buildings which have begun construction as evidenced by site excavation or foundation work.

Available Area (Square Feet): Available Building Area which is either physically vacant or occupied.

Availability Rate: Available Square Feet divided by the Net Rentable

Vacant Area (Square Feet): Existing Building Area which is physically vacant or immediately available.

Vacancy Rate: Vacant Building Feet divided by the Net Rentable Area.

Normalization: Due to a reclassification of the market, the base, number and square footage of buildings of previous quarters have been adjusted to match the current base. Availability and Vacancy figures for those buildings have been adjusted in previous quarters.