# TROTWOOD, OHIO:

# LAND USE ECONOMIC DEVELOPMENT UTILIZATION STUDY

Economic Development Data Services
Kent, Ohio
January 2018

ARTICLES

Area Development

- Evaluating a Workforce Pipeline During Times of Low Unemployment
- Agile Real Estates Impact on Incentives
- The Search Is On, But Should We Tell?
- Understanding - and Capitalizing on - Opportunity Zones
- Incentive Considerations in M&A Transactions
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## INTRODUCTION

The City of Trotwood owns a 56 acre parcel called *The Crossroads* a former Salem Mall site on Salem Avenue. The parcel is within a Tax Increment Financing (TIF) District, that has a $12,000,000 debt on the property due to the acquisition of the property. The properties within the TIF District contribute $200,000 toward the debt amount. The City of Trotwood is currently funding the debt gap from the General Fund in an amount of $650,000 per year, an unsustainable financial practice.

Generally speaking, the estimated minimum industrial construction per foot cost is $175 per square foot. The Trotwood CIC has estimated that the amount of new construction to meet the existing debt level is $30,000,000, or approximately 170,000 square foot of new building (approximately 4 acres). The site, not including areas for parking or stormwater storage, could hold approximately 24,000,000 square feet of new construction.

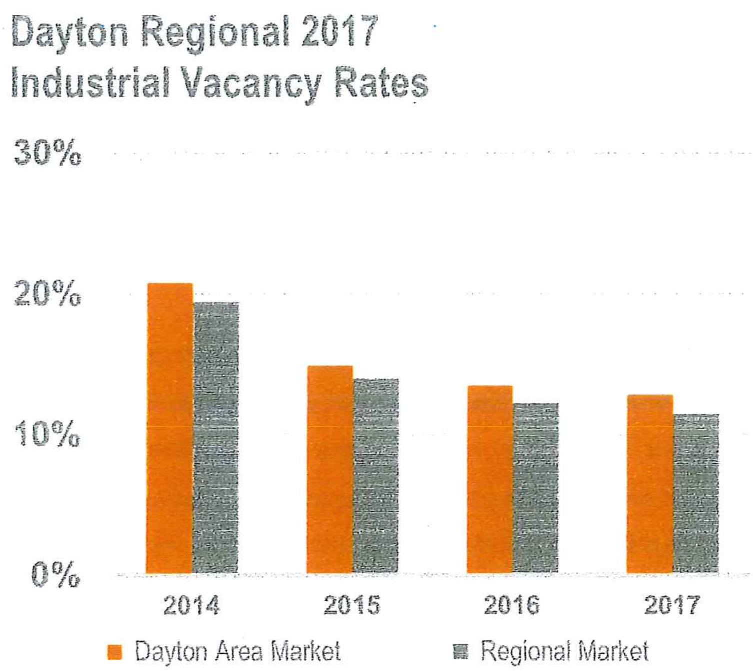
The goal is to create a development program that elicits the highest and best use for the property, provide funds to meet the existing debt obligation, and create additional sustainable employment in the community. The *2013-2017 American Community Survey 5-Year Estimate* lists Trotwood as having a 25.6% poverty rate. Additional employment in Trotwood is crucial to the overall success of the community.

There are a number of items that need to be considered in undertaking this vital community project. An understanding of the existing environment and region-wide competition will provide a framework from which to develop a plan for the Crossroads site and the Commerce Park site as well. A review of the environment is needed to put in perspective the elements working in Trotwood's favor and those items providing challenges, including the Zoning Code, internal economic development coordination, existing employment clusters, workforce makeup, area-wide absorption rates. The focus of the study is to provide recommendations for the Crossroads project. This study may serve as a starting place for development of a more long term community-wide economic development plan.

CURRENT COMMERCIAL/INDUSTRIAL VACANCY RATE

Vacancy rates among industrial and commercial properties in the Dayton Metro Region are important to track. These rates provide a view into the area competition. Real estate groups like the Miller-Valentine Group and Cushman & Wakefield periodically report on economic activity in the Dayton area. The reports provide insights on commercial and industrial development and trends in the greater Dayton area. An example from the Miller-Valentine August 28, 2017 Dayton Industrial Market Report:

> "The vacancy rate in the Dayton market continues to remain low at 11.4%. The result has been less flexibility from property owners, meaning higher lease rates and longer lease terms. Industrial users have found it increasingly difficult to find viable properties with favorable terms. Much of the remaining inventory lacks required features, is located in challenging areas or requires extensive tenant improvements.




> As predicted in the last year's survey, the decline in industrial vacancy has finally generated some speculative building, and multiple projects are in the planning stage. The projects include bulk warehouse buildings ranging in size from 250,000 SF to over 500,000 SF primarily in the North market near the airport where Procter & Gamble and Spectrum Brand are located. This location, with its access to I-70 and I-75, readily available land and in some cases tax abatement, continues to draw attention from developers new to our market. We see no reason why at least one of these projects won't get started within the next 6-12 months. Additionally, we believe owners of existing facilities will be making improvements to their inventory and buyers of older product will be providing necessary upgrades to make their facilities more appealing to users."

To paraphrase The Miller-Valentine Report, location, with access to I-75, readily available land and appropriate incentives, may draw attention from developers. The Crossroads location has all of these components. The Crossroads site needs to be on the radar screen of every commercial-industrial developer, real estate company and industrial construction company in the Dayton area. This involves intense and oft repetitive personal contact, and that always critiqued lunches and dinners with industrial developers and company executives. Development takes time. A company may make a decision to locate, and its development process may take many months in securing financing, project bidding, and public approval process. As is often said, it's a marathon.

Interestingly, other Miller-Valentine reports found on their website indicate the importance of logistics, manufacturing and health care to the Dayton area economy. These industrial sectors are also listed as "target industries" on the Montgomery County Economic Development Services office website.

Cushman & Wakefield provide quarterly updates primarily on industrial activity, both new construction and existing building vacancies. Their reports indicate active sales of vacant and other available industrial facilities in the greater Dayton area. In their third quarter 2018 report, it was reported that industrial vacancy rates are at 8.0%. Competition is considerable for existing facilities. They also reported an available 1.3 million square feet in distribution warehouse construction near the Dayton airport. Much of the new construction is of a warehouse distribution type.

Vacancy rates of available industrial buildings and land in the Dayton area and surrounding counties, especially in communities bordering I-75 and I-70, provide a strong indicator of the competition that Trotwood faces. Miller-Valentine reported on October 8, 2018 that there is "new construction and build-for-lease activity, much of it around I-70/I-75." The report goes on further to indicate that logistics is a key industry sector growing in the Dayton area. Online shopping is driving needed warehousing space for the region. The report further identifies advanced manufacturing, healthcare and bioscience technologies as newer, developing industries in need of space in the region.

In Montgomery County, there are eighteen (18) industrial parks (Table 6). In neighboring counties, there are an additional seventeen (17) industrial parks (Table 7) . These thirty-five (35) industrial park areas offer various types of incentives. Most of the cities do not list incentives on their respective websites. They are negotiated on an individual basis as part of the respective company's site selection process. The incentives may also vary with the project. It is interesting to note that there are only three (3) Opportunity Zones in the area. One of them is the Commerce Park in Trotwood; the other are in Dayton (Northwest Parkway Industrial Park) and Middletown (University Commerce Park). As Tables 6 and 7 illustrate, the local competition is considerable.

## COUNTY EMPLOYMENT /GROWTH TRENDS

The North American Industry Classification System (NAICS) is the standard created by the United States Government to classify business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. It is the lens through which we will look at employment sectors in Trotwood and Montgomery County. The NAICS Code system will help identify employment clusters and compare like employment clusters with Montgomery County.

The largest employment sectors in Trotwood based on NAICS codes are Retail Sales and Health Care, followed by Information and Transportation/Warehousing (Table 1). Montgomery County's largest employment sector is Health Care, followed by Manufacturing, Retail and Professional, Scientific, Technical Services

| 2012 | Trotwood | | | Montgomery County | | |
|---|---|---|---|---|---|---|
| Trotwood, Ohio NAICS Codes (2012) | Firms with paid employees | # of paid employees | Rank | # of Establishments | # of Employees | Rank |
| | | | | | | |
| Construction | 6 | 131 | 6 | 4,627 | 8,685 | 10 |
| Manufacturing | 12 | 95 | 8 | 1,842 | 28,704 | 2 |
| Wholesale Trade | 8 | 57 | 13 | 1,598 | 9,689 | 8 |
| Retail Trade | 42 | 1,189 | 1 | 6,114 | 26,913 | 3 |
| Transportation/ warehousing | 7 | 244 | 4 | 2,630 | 8,590 | 11 |
| Information | 8 | 250-499 | 3 | 759 | 8,397 | 12 |
| Finance & Insurance | 18 | 73 | 9 | 2,298 | 10,932 | 6 |
| Real estate/ rental/leasing | 21 | 70 | 10 | 4,278 | 3,173 | 13 |
| Professional, scientific, tech services | 10 | 73 | 9 | 6,090 | 13,366 | 4 |
| Admin support/waste mgmt | 9 | 137 | 5 | 3,819 | 12,588 | 5 |
| Educational services | 6 | 124 | 7 | 1,401 | 8,984 | 9 |

| 2012 | Trotwood | | | Montgomery County | | |
|---|---|---|---|---|---|---|
| Health care/ social assistance | 24 | 1,034 | 2 | 6,103 | 51,940 | 1 |
| Arts, recreation, entertainmen | 2 | 20-99 | 11 | 2,013 | 3,145 | 14 |
| Other | 17 | 64 | 12 | 7,367 | 9,993 | 7 |
| TOTAL | 173 | 3,227 | | 43,572 | 195,106 | |

This data is from 2012. Manufacturing positions is often the gauge by which communities measure economic success and wage revenue success. Recent developments in Trotwood increased the manufacturing employment to over 600 employees, thus shifting the ranking of manufacturing employment from the eighth largest employment sector to the third largest sector.

## TOP EMPLOYERS IN MONTGOMERY COUNTY

The Dayton Business Journal publishes an annual Book of Lists. There are key pieces of information in the publication related to economic growth and development in the greater Dayton area. Two key lists are (1) Dayton Area Manufacturing Companies (ranked by employment) and (2) Fastest Growing Companies (ranked by three year average revenue growth).

In the Dayton Business Journal, the list of top 25 manufacturing firms is expanded from twenty-five (25) that appear in the Book of Lists, to sixty-six (66) that appear on its website (Table 4). The companies are domiciled in thirty (30) different communities in the Dayton area. All but six of the communities are immediately adjacent to Interstate Routes, 70, 75 and 675. The twenty-five (25) fastest growing companies are similarly situated, and removing automobile dealerships and real estate companies, though in only twelve (12) communities.

None of the companies listed are located in Trotwood (this may be due to part to various reporting requests). The communities where these companies are located, for the most part have well known, respected and funded economic development programs for over twenty (20) years. The Dayton area, home of Wright-Patterson Air Force Base, is well known. Being at the intersection of I-75 and I-70 is a key locational factor.

Trotwood is only four (4) miles from I-70; five (5) miles from I-75 and only six (6) miles from the Dayton International Airport. To compete with these communities, Trotwood should examine the zoning codes of these communities and if applicable, consider the adoption of similar industrial zoning permitted uses and conditional uses.

## EDUCATIONAL ATTAINMENT & MEDIAN EARNINGS

The saying of "location, location, location" is a true adage amongst industrial developers. Adjacency to main highways is a prime consideration. Another consideration is the type of company and education/training levels of a community. May the educational level of a community provide the needed workforce? It all depends upon the workforce needed.

There is a difference in educational attainment when comparing Trotwood residents and those of Montgomery County as a whole (Table 5). It is interesting to note that in the employment entry years of eighteen (18) to twenty-four (24), Trotwood has a higher percentage of people who have a high school diploma or equivalent. However, when looking at education, beyond the high school level, the gap goes the other way, with Montgomery County having a greater percentage of residents who have a bachelor's degree and higher. For those twenty-five (25) years old and older, Trotwood has a higher percentage of residents having some college education (27.3% vs. 24.9% for Montgomery County). As with the younger cohort, Montgomery County has a higher percentage of Associates, Bachelor's and Graduate degrees. For older cohorts, however, the gap of higher education is considerable and will be a challenge in attracting certain type of high tech, biomedical and research type employment. This is also an opportunity to pursue partnerships with local universities and colleges to develop satellite campuses in Trotwood and over time increasing the education level within the community.

This is also a challenge to the type of economic development that Trotwood may be able to pursue. The Montgomery County Workforce Development Office will be key to assisting the development of a training program to match employers to potential employees in the Trotwood area.

Table 5b shows disparate salary levels between Montgomery County and Trotwood residents. Similarly, there is a difference in median earnings based upon educational levels between Trotwood residents and Montgomery County residents. The discrepancy illustrated may be due to types of employment, noting the differences in employment sectors and employment levels.

INTERNAL ISSUES

1) Websites

The City of Trotwood has two websites: (1) the official city website and (2) the Trotwood CIC website. Within the city website is the Planning & Zoning Department page. This page and the CIC website have non-overlapping economic development information. It is a little confusing as to what agency is the primary economic development voice for Trotwood. From a point of practicality, the CIC is that main point of contact, therefore all economic development information should be domiciled on the CIC site. He two sites should be linked together as well. This will provide a more visually cohesive economic development message to those using/visiting these sites.

Further, under the "Business" tab on the city website there is no mention of the CIC. All if the tabs lead back to the Planning & Zoning Department. Under the "Community" tab, there is a TCIC (Housing & Economic Development) tab. The Trotwood CIC clearly needs to be designated under the Business tab and all economic development information linked the CIC. While the CIC is a separate agency, it is integral to the operation of the City of Trotwood and its economic development program, it needs to be designated as such on all social media platforms.

The Planning & Zoning Department page should have a direct link to the City Zoning Code. Further, the permitted and conditional uses for each respective zoning district need to be tabbed separately. The present configuration is confusing and frustrating for a user looking for appropriate development standards and uses.

The CIC website was recently updated and it was not an improvement. It is now more difficult to navigate and find information. The website contractor needs to be in greater communication with the CIC Executive Director.

2) Zoning and Attraction

The Light Industrial Zoning District permitted and conditional uses need to be reviewed relative to development on this site and the Commerce Park. It is recommended that this zoning district and its permitted land uses be more closely aligned with the Montgomery County Economic Development Services "targeted industries." Montgomery County has made a conscious decision as to what type of industries and jobs to whom they are marketing and wish to see in the county. Trotwood should be pursuing the same or similar type of companies and employment. Through mutual communication, cooperation and support, Trotwood increases its ability to market and attract the type of companies and jobs consistent with Council and CIC goals.

Recommended land uses for the Crossroads and Commerce Park areas are: Logistics, light industrial assembly and fabrication, medical office and general office uses and include restaurant and hospitality uses.

*LOGISTICS AND WAREHOUSING*

Montgomery County notes that the Ohio Department of Transportation has invested over $1.0 billion in infrastructure improvements in the Dayton Metro Area. There are a number of types of logistics services:

Transportation Based Third Party Logistics Services
Warehouse/Distribution Third Party Logistics Services
Forwarder Based Third Party Logistics Services
Shipper/Management Based Third Party Logistics Services

Depending upon the source, the delineation and definition of these services overlap and can be very confusing. A land use and attraction program tied to logistics needs to be carefully defined. A multi-modal or traditional truck based warehouse program is not in the best interests of the site. However, a modern product driven (i.e., Amazon-type) facility is in the best interest of the site and the community. Retail activity has shifted and will continue to shift to online driven personal shopping choices. Delivery and tracking systems facilities are becoming the new normal and this site may lend itself to that type of product provider.

*ADVANCED MANUFACTURING (Aerospace, Research Technology)*

Attracting large manufacturing and research facilities is a difficult proposition. Often times, thin municipal resources are used to enter a competition for these employers where the odds of success are very low. A more common sense approach to pursuing manufacturing growth is in pursuit of supply chains serving the large manufacturing concern. Supply chain companies provide component parts and specialty tools and tend to locate in geographic clusters near the main user. The Dayton area is full of supply chain companies serving automotive, aerospace and medical technologies. The Dayton Business Journal provides a list of top employers in the Dayton Metro area. It is recommended that research be conducted as to what may best fit Trotwood. Local commercial/ industrial real estate and commercial/industrial construction firms may be able to provide specification and contact information for supply chain companies that are in the site selection process.

*BIOSCIENCE AND MEDICAL*

Another Montgomery County targeted industry segment is the Bioscience and Medical sector. The Dayton area is a leader in biomedical research and in healthcare providers. Health care covers a broad definition of services. The University of Dayton and the Wright-Patterson Air Force Research Lab appear to house the majority of bioscience and biomedical research in the Dayton area. This will be an area that may be out of the realm of realistic attraction efforts. Determining the need for medical services in any community involves a great deal of research that is well beyond the scope of this study. At the same time, the zoning for this parcel should include medical offices as a permitted use.

*OTHER*

The site is four miles from both I-75 and I-70. The parcels fronting on Shiloh Springs Road should be considered for a small hotel and restaurant development. Hospitality has been a growing commercial segment for the past four years. The combination construction cost is approximately ten percent (10%) of the overall needed construction cost, the use does provide both an entrance and a destination to the development projected by the proposed uses.

The aforementioned uses contain industry segments with specific NAICS codes. It is recommended that the City of Trotwood and the Trotwood CIC monitor regional, state and national trade shows that feature and or are attended by companies with NAICS codes fitting logistics, advanced manufacturing and biomedical uses. Funds should be budgeted and staff members attend these shows to pursue clients to fill the Crossroads and Commerce Park sites.

SITE DEVELOPMENT

The taxable value of a building to raise the needed amount to replace the existing General Fund expenditure is approximately $30,000,000; an industrial building of roughly 170,000 square feet. Potentially, that is a four (4) acre building in an available 57 acres. This makes the project idea scalable, however, it is recommended to pursue it in smaller projects. Smaller footprints of various types of employers, though focusing on industrial uses are advisable. Seeking diverse uses will assist the development revenue stream to be more sustainable. Council should consider a policy of developing a reserve fund from the TIF funding - in excess of the years of the TIF to fund future site maintenance and capital improvements.

A pre-development study plan needs to be performed. As part of the pre-development site examination process, Trotwood needs to perform a site survey and title search to determine the existing property lines, and identify the location of all water, sanitary sewer lines, natural gas lines and any possible easements on the site, and removal of the existing asphalt surfaces. This information will be critical relative to possible relocation of the lines to accommodate a development client. An existing site plan identifies a roadway through the property; this too may be impacted by the existing utility locations. The survey should locate this proposed public right-of-way as part of an overall development plan. Once the survey is complete, a new plat should be made so that future parcels may be created without any difficulty.

A development plan and profile for the roadway needs to be developed with at least a thirty (30) year useful life plan. This development will may see a level of truck traffic that may well exceed the traffic experienced during the Salem Mall's heyday. Trotwood will want to develop screening requirements for those portions of the residentially zoned properties abutting Denlinger Road, Kenfield Drive and Bloomfield Drive. Further, a periodic review of traffic and traffic signalization review should be included short and long term capital budget scenarios.

The Dayton metro area is growing in logistics warehousing, medical and advanced manufacturing, Trotwood needs to attract all of these job creating industries. A diverse economic base will weather economic downturns and shifts with fewer impacts. Again, these are areas identified as targeted industries by the Montgomery County Economic Development Office. It is obvious that their efforts are contributing significantly in the region. Directing a the zoning classification consistent with county-wide goals for the Crossroads and Commerce make it simpler to promote the area while participating with this wider known organization.

The competition in the Dayton area is considerable. The marketing and promotion of the site is key. Trotwood should consider an equally competitive stance on the marketing and sale of the property to that of its surrounding communities. The range of existing promotional materials is adequate, however, the aforementioned improvements to the websites are recommended. The development of personal relationships with area developers, industrial real estate companies, construction companies and area development agencies is critical.

Incentives for this site are going to be important. Development on a green site is much easier and less costly than developing a site that requires removal and disposal of asphalt and other materials (i.e., underground utility lines) that will be found on this site. Depending upon the overall value being brought to the table by a particular user, it may be necessary to consider delivering a "clean" site to a client, requiring additional municipal expense in creating a "shovel ready" site.

## TROTWOOD

Over the past six (6) years, Trotwood has been able to assist with the filling of vacant industrial buildings along the Salem/Shiloh Springs corridor and in the City's sixty (60) acre Commerce Park. Companies utilizing both occupancy and adaptive reuse include:

- Specialty Manufacturing- Technical Products (85 employees)
- Epix Tube- Metal fabrication (125 employees)
- Stratacache- Video display monitors and specialty software (250 employees)
- Storage of America- Private storage and assembly of storage related products

***NOTE**: employment figures are estimates and may include part time and 1099 employees*

Over the last three fiscal periods, the City of Trotwood has recognized over 500 new, living wage jobs, retrofitted over 1,250,000 square feet of commercial space and generated over $3,500,000 in capital improvements.

In addition to the aforementioned completed projects, on a city wide basis there is over 37,000 square feet of new commercial projects pending for City of Trotwood. These projects include a regional headquarters for a national non-profit, a new regional library and County Courthouse. These projects will produce over $5.5 million in new construction. These projects represent the first new commercial construction in the City in the prior 20 years.

Related to the Crossroads site is the recent news of a possible logistics site at Hara Arena Conference and Exhibit Center. The site has two (2) adjacent residential uses; one across the street and the other to the northeast corner of the site. As aforementioned, logistics is a key industry sector being recruited for the Dayton area. Like many industries, logistics users tend to cluster together. This could be a first location in Trotwood of logistics related companies. Logistics employment range from entry level to highly sophisticated positions.

OTHER FACTORS

Economic development starts in neighborhoods. This is an important advantage for Trotwood. Trotwood has many amenities including walkable neighborhoods and parks, lower cost of living and affordable housing. With only scattered exceptions, Trotwood's housing stock is at a minimum thirty (30) to forty (40) years old.

While the vast majority of the community's housing stock is single family, there is a wide range of multi-family housing also available. At this time, Trotwood is reviewing a two hundred (200) unit upper mid-range housing project. In addition to the aforementioned project, the Community Improvement Corporation owns approximately eighty (80) fully developed residential sites. These sites are located in the Wolf Creek Run and Sycamore Woods subdivisions.

Over the last four (4) years, the Trotwood Community Improvement Corporation has also acquired and caused to be rehabilitated more than forty (40) homes in the City. Currently the organization has an active rehabilitation and rent-to-own program in older parts of the City.

Table 1: Trotwood NAICS

| 2012 | Trotwood | | | | Montgomery County | | |
|---|---|---|---|---|---|---|---|
| Trotwood, Ohio NAICS Codes (2012) | 2012 NAICS Code | Firms with paid employees | Number of paid employees | Employment Rank/ Percentage | Number of Establishments | Employment | Employment Rank/ Percentage |
| | | | | | | | |
| **Construction** | 23 | 6 | 131 | 6 | 4,627 | 8,685 | 10 |
| **Manufacturing** | 31-33 | 12 | 95 | 8 | 1,842 | 28,704 | 2 |
| **Wholesale Trade** | 42 | 8 | 57 | 13 | 1,598 | 9,689 | 8 |
| **Retail Trade** | 44-45 | 42 | 1,189 | 1 | 6,114 | 26,913 | 3 |
| **Transportation/warehousing** | 48-49 | 7 | 244 | 4 | 2,630 | 8,590 | 11 |
| **Information** | 51 | 8 | 250-499 | 3 | 759 | 8,397 | 12 |
| **Finance & Insurance** | 52 | 18 | 73 | 9 | 2,298 | 10,932 | 6 |
| **Real estate/rental/leasing** | 53 | 21 | 70 | 10 | 4,278 | 3,173 | 13 |
| **Professional, scientific, tech services** | 54 | 10 | 73 | 9 | 6,090 | 13,366 | 4 |
| **Admin support/waste mgmt** | 56 | 9 | 137 | 5 | 3,819 | 12,588 | 5 |
| **Educational services** | 61 | 6 | 124 | 7 | 1,401 | 8,984 | 9 |
| **Health care/social assistance** | 62 | 24 | 1,034 | 2 | 6,103 | 51,940 | 1 |
| **Arts, recreation, entertainmen** | 71 | 2 | 20-99 | 11 | 2,013 | 3,145 | 14 |
| **Other** | 81 | 17 | 64 | 12 | 7,367 | 9,993 | 7 |
| **TOTAL** | | 173 | 3,227 | | 43,572 | 195,106 | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| **North American Industry Classification System** | | | | | | | |
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| | | | | | | | |

TABLE 2: Montgomery County Businesses

| County business patterns/ Nonemployer statistics Report | 2012 NAICS Code | 2012 NAICS Description | Total CBP and NES Establishments | CBP Establishments Percentage | NES Establishments Percentage | CBP Establishments | CBP Employment, including March 12th | CBP Annual Payroll (in thousands) | NES Establishments | NES Receipts (in thousands) |
|---|---|---|---|---|---|---|---|---|---|---|
| Montgomery | 23 | Construction | 3,915 | 18.2 | 81.8 | 712 | 8,685 | 475,483 | 3,203 | 189,417 |
| Montgomery | 236 | Construction of Buildings | 941 | 19.6 | 80.4 | 184 | 1,998 | 117,364 | 757 | 58,469 |
| Montgomery | 2362 | Nonresidential Building Construction | 160 | 35 | 65 | 56 | 1,363 | 88,680 | 104 | 11,780 |
| Montgomery | 238 | Specialty Trade Contractors | 2,916 | 17.1 | 82.9 | 500 | 5,795 | 288,924 | 2,416 | 124,994 |
| Montgomery | 2382 | Building Equipment Contractors | 631 | 40.1 | 59.9 | 253 | 3,714 | 191,577 | 378 | 17,387 |
| Montgomery | 31-33 | Manufacturing | 1,157 | 59.2 | 40.8 | 685 | 28,704 | 1,684,473 | 472 | 23,296 |
| Montgomery | 311 | Food Manufacturing | 95 | 31.6 | 68.4 | 30 | 1,209 | 53,838 | 65 | 2,375 |
| Montgomery | 44-45 | Retail Trade | 4,434 | 37.9 | 62.1 | 1,680 | 26,913 | 675,867 | 2,754 | 104,369 |
| Montgomery | 54 | Professional, Scientific, and Technical Services | 4,987 | 22.1 | 77.9 | 1,103 | 13,366 | 991,994 | 3,884 | 146,336 |
| Montgomery | 541 | Professional, Scientific, and Technical Services | 4,987 | 22.1 | 77.9 | 1,103 | 13,366 | 991,994 | 3,884 | 146,336 |
| Montgomery | 62 | Health Care and Social Assistance | 4,587 | 33 | 67 | 1,516 | 51,940 | 2,581,866 | 3,071 | 86,375 |
| Montgomery | 621 | Ambulatory Health Care Services | 2,881 | 36.6 | 63.4 | 1,054 | 18,504 | 1,158,715 | 1,827 | 67,804 |
| Montgomery | 72 | Accommodation and Food Services | 1,563 | 71.8 | 28.2 | 1,122 | 24,389 | 378,839 | 441 | 18,908 |
| Montgomery | 722 | Food Services and Drinking Places | 1,431 | 73.5 | 26.5 | 1,052 | 22,694 | 345,268 | 379 | 17,294 |
| Montgomery | 81 | Other Services (except Public Administration) | 6,158 | 19.6 | 80.4 | 1,209 | 9,993 | 301,651 | 4,949 | 116,304 |

TABLE 3: Montgomery County Industry Clusters

| Montgomery County 2007 | | | | | |
|---|---|---|---|---|---|
| Description | QCEW Cluster - Establishments | QCEW Cluster - Employment | Industry Cluster Employment LQ | QCEW Cluster - Wages | Industry Cluster Annual Wages LQ |
| Total All Industries | 12,892 | 268,440 | 1 | $10,948,614,517 | 1 |
| Advanced Materials | 498 | 19,649 | 1.85 | $1,066,827,715 | 1.71 |
| Agribusiness, Food Processing & Technology | 65 | 2,122 | 0.35 | $87,487,059 | 0.44 |
| Apparel & Textiles | 115 | 2,322 | 0.97 | $94,851,000 | 1.06 |
| Arts, Entertainment, Recreation & Vistor Industries | 323 | 6,656 | 0.63 | $194,745,381 | 0.6 |
| Biomedical/Biotechnical (Life Sciences) | 559 | 37,426 | 1.41 | $1,431,674,822 | 1.33 |
| Business & Financial Services | 2,141 | 21,608 | 0.92 | $1,199,370,609 | 0.69 |
| Chemicals & Chemical Based Products | 122 | 4,872 | 1.05 | $267,315,669 | 1.07 |
| Defense & Security | 471 | 11,230 | 0.82 | $596,674,671 | 0.74 |
| Education & Knowledge Creation | 139 | 13,492 | 1.42 | $615,733,380 | 1.58 |
| Energy (Fossil & Renewable) | 545 | 8,709 | 0.74 | $471,040,264 | 0.65 |
| Forest & Wood Products | 74 | 2,434 | 0.66 | $113,359,001 | 0.79 |
| Glass & Ceramics | 29 | 743 | 1.16 | $27,207,687 | 1.04 |
| Information Technology & Telecommunications | 521 | 9,220 | 0.9 | $547,601,876 | 0.69 |
| Transportation & Logistics | 338 | 7,832 | 0.95 | $350,306,615 | 1.03 |
| Manufacturing Supercluster | 508 | 24,175 | 1.85 | $1,347,493,479 | 1.85 |
| Primary Metal Mfg | 16 | 667 | 0.74 | $37,391,918 | 0.8 |
| Fabricated Metal Product Mfg | 212 | 4,919 | 1.64 | $227,228,404 | 1.81 |
| Machinery Mfg | 169 | 6,923 | 2.95 | $361,802,606 | 2.99 |
| Computer & Electronic Product Mfg | 40 | 2,360 | 0.94 | $124,734,183 | 0.63 |
| Electrical Equipment, Appliance & Component Mfg | 26 | 1,017 | 1.2 | $48,667,613 | 1.21 |
| Transportation Equipment Mfg | 45 | 8,289 | 2.41 | $547,668,755 | 2.77 |
| Mining | 7 | 146 | 0.35 | $7,427,377 | 0.34 |
| Printing & Publishing | 337 | 9,218 | 1.89 | $492,588,957 | 1.96 |
| Description | Occupation Cluster Employment | Occ. Cluster Share of Total Emp. | Occupation Cluster Employment LQ | | |
| Managerial, Sales, Marketing and HR | 24,588 | 7.4% | 0.87 | | |
| Skilled Production Workers | 25,773 | 7.8% | 1.02 | | |
| Health Care and Medical Science (Aggregate) | 22,277 | 6.7% | 1.27 | | |
| Health Care and Medical Science (Medical Practitioners and Scientists) | 4,350 | 1.3% | 1.09 | | |
| Health Care and Medical Science (Medical Technicians) | 4,355 | 1.3% | 1.24 | | |
| Health Care and Medical Science (Therapy, Counseling and Rehabilitation ) | 13,572 | 4.1% | 1.35 | | |
| Mathematics, Statistics, Data and Accounting | 7,424 | 2.2% | 0.95 | | |
| Legal and Financial Services, and Real Estate (L & FIRE) | 24,563 | 7.4% | 0.91 | | |
| Information Technology (IT) | 6,934 | 2.1% | 1.07 | | |
| Natural Sciences and Environmental Management | 595 | 0.2% | 0.4 | | |
| Agribusiness and Food Technology | 1,743 | 0.5% | 0.35 | | |
| Primary/Secondary and Vocational Education, Remediation & Social Services | 17,350 | 5.2% | 1.02 | | |
| Building, Landscape and Construction Design | 1,408 | 0.4% | 0.84 | | |
| Engineering and Related Sciences | 4,145 | 1.2% | 1.22 | | |
| Personal Services Occupations | 5,874 | 1.8% | 0.9 | | |
| Arts, Entertainment, Publishing and Broadcasting | 6,297 | 1.9% | 0.95 | | |

| | | | | | |
|---|---|---|---|---|---|
| Public Safety and Domestic Security | 2,611 | 0.8% | 0.69 | | |
| Postsecondary Education and Knowledge Creation | 4,719 | 1.4% | 1.15 | | |
| Job Zone 2 | 119,585 | 36.0% | 1.04 | | |
| Job Zone 1 | 47,097 | 14.2% | 0.94 | | |
| Technology-Based Knowledge Clusters | 28,167 | 8.5% | 1.03 | | |

TABLE 4: Largest Dayton Area Manufacturing Companies

| Rank | Company Name | Address 1 | City | Zipcode | Phone Number | Website | local jobs | Local sites | Manufacturing space |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Honda of America Manufacturing Inc. | 12500 Meranda Rd. | Anna | 45302 | 937-498-4545 | ohio.honda.com | 3,300 | 1 | 2,600,000 |
| 2 | AK Steel | 9227 Centre Pointe Dr. | West Chester | 45069 | 513-425-5000 | aksteel.com | 2,400 | 1 | 2,971 |
| 3 | Fuyao Glass America Inc. | 2801 W. Stroop Rd. | Moraine | 45439 | 937-496-5777 | fuyaousa.com | 2,000 | 1 | 1,800,000 |
| 4 | Emerson | 1675 W. Campbell Rd. | Sidney | 45365 | 937-498-3011 | emerson.com | 1,700 | 1 | 750,000 |
| 5 | Navistar International Corp. | 6125 Urbana Rd. | Springfield | 45502 | 937-390-2800 | navistar.com | 1,500 | 2 | 2,200,000 |
| 6 | Clopay Building Products | 1400 W. Market St. | Troy | 45373 | 937-440-6403 | clopaydoor.com | 1,200 | 2 | 1,000,000 |
| 7 | MAHLE Behr Dayton LLC | 1600 Webster St. | Dayton | 45404 | 937-369-2900 | mahle.com | 1,200 | 1 | 570,000 |
| 8 | Whirlpool Corp. | 1701 Kitchen Aid Way | Greenville | 45331 | 937-548-4126 | | 1,200 | | |
| 9 | Plastipak | 300 Washington St. | Jackson Center | 45334 | 937-596-5166 | plastipak.com | 960 | 1 | 1,000,000 |
| 10 | Cargill | 3201 Needmore Rd. | Dayton | 45414 | 937-236-1971 | cargill.com | 957 | | |
| 11 | Neaton Auto Products Manufacturing Inc. | 975 S. Franklin St. | Eaton | 45320 | 937-456-7103 | neaton.com | 923 | | 397,000 |
| 12 | F&P America Manufacturing | 2101 Corporate Dr. | Troy | 45373 | 937-339-0212 | fandp.com | 920 | | 350,000 |
| 13 | ADVICS North America Inc. | 1650 Kingview Dr. | Lebanon | 45036 | 513-696-5450 | advics-na.com | 900 | | |
| 14 | Greenville Technologies Inc. | 5755 State Route 571 East | Greenville | 45331 | 937-548-1471 | | 865 | | |
| 15 | Midmark Corp. | 1700 S. Patterson Blvd. #400 | Dayton | 45409 | 937-528-7500 | midmark.com | 841 | | 300,000 |
| 16 | UTC Aerospace Systems | 101 Waco St. | Troy | 45373 | 937-339-3811 | utcaerospacesystems.com | 814 | 1 | 300,000 |
| 17 | Airstream Inc. | 419 W. Pike St. | Jackson Center | 45334 | 937-596-6111 | airstream.com | 813 | 1 | 400,000 |
| 18 | Unison LLC | 2455 Dayton-Xenia Rd. | Beavercreek | 45434 | 937-426-0621 | unisonindustries.com | 800 | | 360,000 |
| 19 | DMAX Ltd. | 3100 Dryden Rd. | Moraine | 45439 | 937-425-9700 | dmaxengines.com | 740 | 1 | 540,000 |
| 20 | Yamada North America Inc. | 9000 Columbus-Dayton Rd. | South Charleston | 45368 | 937-462-7111 | yamadanorthamerica.com | 650 | 1 | 343,000 |
| 21 | Green Tokai Co. | 55 Robert Wright Dr. | Brookville | 45309 | 937-833-5444 | greentokai.com | 622 | 1 | 246,000 |
| 22 | Henny Penny Corp. | 1219 U.S. 35 W | Eaton | 45320 | 937-456-8400 | hennypenny.com | 600 | | 350,000 |
| 23 | MillerCoors Trenton Brewery | 2525 Wayne Madison Rd. | Trenton | 45067 | 513-896-9200 | millercoors.com | 570 | | 1,437,480 |
| 24 | Hobart Bros. Inc. | 101 Trade Sq. E. | Troy | 45373 | 937-332-4000 | hobartbrothers.com | 568 | | 1,090,000 |
| 25 | Silfex | 950 S. Franklin St. | Eaton | 45320 | 937-472-3311 | silfex.com | 515 | | 250,000 |
| 26 | Trimble Navigation Ltd. | 5475 Kellenburger Rd. | Huber Heights | 45424 | 937-233-8921 | trimble.com | 495 | | |
| 27 | Tenneco | 555 Woodman Dr. | Kettering | 45420 | 937-781-4940 | tenneco.com | 480 | 1 | 940,000 |
| 28 | Avery Dennison Printer Systems | 170 Monarch Ln. | Miamisburg | 45342 | 937-865-2123 | averydennison.com | 480 | 1 | 350,000 |
| 29 | Evenflo Co. Inc. | 225 Byers Rd. | Miamisburg | 45342 | 937-415-3300 | evenflo.com | 480 | | 130,000 |
| 30 | FRAM Group | 851 Jackson St. | Greenville | 45331 | 937-316-3000 | fram.com | 450 | | |
| 31 | Eastman Kodak Co. | 3000 Research Blvd. | Kettering | 45420 | 937-259-3000 | kodak.com | 430 | 1 | 300,000 |
| 32 | ITW Food Equipment Group | 701 S. Ridge Ave. | Troy | 45374 | 332-3000 | hobartcorp.com | 430 | | 175,000 |
| 33 | Freshway Foods | 601 N. Stolle Ave. | Sidney | 45365 | 937-498-4664 | freshwayfoods.com | 410 | | |
| 34 | Yaskawa America Inc. | 100 Automation Way | Miamisburg | 45342 | 937-847-6200 | motoman.com | 360 | 1 | 300,000 |
| 35 | Parker-Hannifin Corp. | 725 N. Beech St. | Eaton | 45320 | 937-456-5571 | parker.com | 358 | | |
| 36 | Advanced Composites Inc. | 1062 S. Fourth Ave. | Sidney | 45365 | 937-575-9800 | advcmp.com | 350 | | |
| 36 | American Trim | 1501 Michigan St. | Sideny | 45365 | 937-492-1111 | amtrim.com | 350 | | |
| 38 | Industry Products Co. | 500 Statler Rd. | Piqua | 45356 | 937-778-0585 | industryproductsco.com | 300 | 4 | 339,000 |
| 39 | Ross Casting and Innovation LLC | 420 S. Kuther Rd. | Sidney | 45365 | 937-97-4500 | rciwheels.com | 294 | | |

| Products made locally | Top local executive | Owner | Owner (Parent company) | Headquarters |
| --- | --- | --- | --- | --- |
| Engines and engine components | Paul Dentinger | | Honda Motor Co. Ltd. | Tokyo |
| Makes flat-rolled carbon, stainless and electrical steel, | Roger Newport | | AK Steel Holding Corp. | West Chester |
| Automotive glass | Jeff Daochuan Liu | | Fuyao Group | Fuqing, Fuzhou, People's Republic of China |
| Compressors and condensing units | Brent Schroeder | | Emerson Electric Co. | St. Louis |
| Medium, heavy-duty and severe service trucks | Anthony Alferio | | Navistar International Corp. | Lisle, Ill. |
| Garage doors | Victor Weldon | | Griffon Corp. | New York |
| Products for vehicle heating, cooling and ventilation and engine cooling | Robert Baker | | MAHLE GmbH | Stuttgart, Germany |
| Household appliances | Ken Hossler | | Whirlpool Corp. | Benton Harbor, Mich. |
| Plastic containers | Mitch Kastein | | Plastipak Packaging | Plymouth, Mich. |
| Products for the foodservice and animal nutrition industries | | | Cargill Inc. | Minneapolis, Minn. |
| Steering wheels, airbag modules, instrument panels and components, ventilators | David Gulling | | Nihon Plast Co. Ltd. | Fujinomiya, Shizuoka, Japan |
| Modular assemblies, chassis systems, suspension parts, pedal assemblies | David Harrison dharrison@fandp.com | | F-Tech Inc. | Saitama, Japan |
| Automotive brake systems | Yuzo Imoto | | ADVICS Co. Ltd. | Kariya, Japan |
| | Bill LaFramboise | | | Marysville |
| Medical, dental and veterinary equipment | John Bauman | | Midmark Corp. | Dayton |
| Aircraft wheels and brakes | Jim Wharton jim.wharton@utas.utc.com | | United Technologies Corp. | Hartford, Conn. |
| Airstream travel trailers and touring coaches | Bob Wheeler | | Thor Industries Inc. | Elkhart, Ind. |
| Gas turbine tubes, ducts, manifolds | Shawn Conrad | | | Cincinnati |
| Duramax diesel 6.6L engine, Duramax 6.6L turbo-diesel engine | Shinichi Suzuki shinichi.suzuki@dmax-ltd.com | | Isuzu General Motors | Detroit, Tokyo |
| Oil pumps,pumps, water pumps, steering columns, half shafts, AT mission parts | Marc Murray | | Yamada Manufacturing Ltd. | Kiryu, Gunma, Japan |
| Automotive parts, injection molding | Daniel Bowers | | Tokai Kogyo Co. | Nagoya, Japan |
| Food service quipment | Rob Connelly rconnelly@hennypenny.com | | Employee owned | Eaton |
| Beer | Denise Quinn | | MillerCoors | Chicago |
| Welding filler metals | David Knoll | | Illinois Tool Works | Glenview, Ill. |
| Custom silicon components and assemblies | Kit Armstrong karmstrong@silfex.com | | Lam Research Corp. | Fremont, Ca. |
| | Chris Shephard | | | Sunnyvale, Calif. |
| Products for the automotive industry | | | Tenneco | Lake Forest, Ill. |
| Price marking and product identification machines and labels. | Yost Ryan Karen Willingham karen.willingham@averydennison.com | | Avery Dennison Corp. | Glendale, Calif. |
| Durable juvenile products | John Chamberlain | | Goodbaby International Holdings Ltd. | Hong Kong |
| Fram oil filters | | | | Lake Forest, Ill. |
| High-speed digital inkjet printing systems | Randy Vandagriff | | Eastman Kodak Co. | Rochester, N.Y. |
| Hobart and Vulcan products | Doug Lins | | Illinois Tool Works | Glenview, Ill. |
| | Devon Beer | | | Sidney |
| Robotic automation | Steve Barhorst | | Yaskawa Electric Corp. | Kitakyushu, Japan |
| | | | Parker-Hannifin | Cleveland |
| | John Gamble john.gamble@advcmp.com | | | |
| | Bob Stead bstead@amtrim.com | | | Lima |
| Die-cut, nonmetallic materials for acoustics, insulation, sealing applications and assemblies | Linda Cleveland pattym@industryproductsco.com | Linda Cleveland | | Piqua |
| | | | | Sidney |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 40 | Dayton-Phoenix Group | 1619 Kuntz Rd. | Dayton | 45404 | 937-496-3902 | dayton-phoenix.com | 285 | 1 | 640,000 |
| 41 | Ali Industries Inc. | 747 E. Xenia Drive | Fairborn | 45324 | 937-878-3946 | gatorfinishing.com | 282 | | |
| 42 | Hartzell Propeller | 1 Propeller Place | Piqua | 45356 | 937-778-4200 | hartzellprop.com | 263 | 1 | 250,000 |
| 43 | Lewisburg Container Co. | 275 Clay St. | Lewisburg | 45338 | 937-962-2681 | prattindustries.com | 252 | | 1,000,000 |
| 44 | Verso Corp. | 8540 Gander Creek Dr. | Miamisburg | 45342 | 877-855-7243 | versoco.com | 209 | | |
| 45 | Select Industries Corp. | 60 Heid Ave. | Dayton | 45401 | 937-233-9191 | select.org | 205 | 2 | 200,000 |
| 46 | Projects Unlimited Inc. | 6300 Sand Lake Rd. | Vandalia | 45414 | 937-918-2200 | pui.com | 180 | 2 | 85,000 |
| 47 | The Dupps Co. | 548 N. Cherry St. | Germantown | 45327 | 937-855-6555 | dupps.com | 152 | 1 | 94,967 |
| 48 | Harco Manufacturing Group LLC | 3535 Kettering Blvd. | Moraine | 45439 | 528-5000 | harcoonline.com | 140 | 1 | 300,000 |
| 49 | Tom Smith Industries Inc. | 500 Smith Dr. | Englewood | 45315 | 937-832-1555 | tomsmithindustries.com | 140 | 1 | 108,000 |
| 50 | SEEPEX Inc. | 511 Speedway Dr. | Enon | 45323 | 937-864-7150 | seepex.com | 120 | | 80,000 |
| 51 | Repacorp Inc. | 31 Industry Park Ct. | Tipp City | 45371 | 937-667-8496 | repacorp.com | 117 | 1 | 131,000 |
| 52 | Republic Wire Inc. | 5525 Union Centre Dr. | West Chester | 45069 | 513-860-1800 | republicwire.com | 110 | 1 | 400,000 |
| 53 | CTC Plastics | 401 N. Keowee St. | Dayton | 45404 | 937-228-2880 | ctcplastics.com | 100 | 2 | 497,000 |
| 54 | Hooven-Dayton Corp. | 511 Byers Rd. | Miamisburg | 45342 | 937-233-4473 | hoovendayton.com | 100 | 2 | 140,000 |
| 55 | Ernst Metal Technologies LLC | 2920 Kreitzer Rd. | Moraine | 45439 | 937-434-3133 | | 85 | | |
| 56 | Rack Processing Co. | 2350 Arbor Blvd. | Moraine | 45439 | 937-294-1911 | rackprocessing.com | 80 | 1 | 50,000 |
| 57 | Staco Energy Products Co. | 301 Gaddis Blvd. | Dayton | 45403 | 937-253-1191 | stacoenergy.com | 70 | | 150,000 |
| 58 | Mikesell's Potato Chip Co. | 333 Leo St. | Dayton | 45404 | 937-228-9400 | mike-sells.com | 60 | 1 | 60,000 |
| 59 | Palmer Manufacturing & Supply Inc. | 18 N. Bechtle Ave. | Springfield | 45504 | 937-323-6339 | palmermfg.com | 50 | 1 | 50,000 |
| 60 | Superior Aluminum Products | 555 E. Main St. | Russia | 45363 | 937-526-4065 | superioraluminum.com | 45 | 1 | 110,000 |
| 61 | Value Added Packaging Inc. | 44 Lau Pkwy. | Clayton | 45315 | 937-832-9595 | vapmanaged.com | 45 | 1 | 85 |
| 62 | SAS Automation LLC | 1200 S. Patton St. | Xenia | 45385 | 937-372-5255 | sas-automation.com | 33 | 1 | 13,000 |
| 63 | Paradigm Industrial | 1345 Stanley Ave. | Dayton | 45404 | 937-224-4415 | paradigmindustrial.com | 30 | 2 | 20,000 |
| 64 | GO2 Technologies | 850 Falls Creek Dr. | Vandalia | 45365 | 937-280-4151 | go2technologies.com | 15 | 1 | 12,000 |
| 65 | eRockets | 2790 Thunderhawk Ct. | Dayton | 45414 | 616-460-2678 | eRockets.biz | 4 | 1 | 3,500 |
| 66 | Protoduction 3D | 714 E. Monument Ave. | Dayton | 45401 | 937-531-6636 | protoduction3d.com | 4 | | |

| | | | | |
|---|---|---|---|---|
| Electromechanical products for the locomotive industry | Gale Kooken gkooken@dayton-phoenix.com | Gale Kooken | | Dayton, Ohio |
| | Phillip Ali | | | |
| Aircraft propeller systems | Joe Brown | | Tailwind Technologies Inc. | Piqua |
| Corrugated packaging | David McKinney djm@prattindustries.com | | Pratt Industries | Conyers, Ga. |
| Paper | B. Christopher DiSantis | | | |
| Automotive components and assemblies | Mark Wogoman | Robert Whited Kelly Wogoman | | Dayton |
| Aerospace electronics contract manufacturer, supplier of audio components | David Wyse wyse@pui.com | | | Vandalia |
| Process Equipment | Frank Dupps Jr. | | | Germantown |
| Automotive brake hoses | Jie Wei | | | Moraine |
| Thermo-plastic injection molding, mold design-build | Steven Good | | Annette Smith | Clayton |
| Progressive cavity pumps and accessories | Michael Dillon | | | |
| Digitally printed labels, tags, flexo, hot stamped and R.F.I.D. labels and tags, signs and banners | Rick Heinl rick.heinl@repacorp.com | | Heinl family | Tipp City |
| Copper electrical building wire for commercial, industrial, residential and utility markets | Ronald Rosenbeck rrosenbeck@republicwire.com | | Family owned | West Chester |
| Compounds commodity- and automotive-grade resins made from recycled plastic, compression and injection molder of various products, makes re-usable plastic pallets made from 100% recycled plastic | Vishal Soin vsoin@soinintl.com | Soin Family | | Dayton |
| Flexible packaging | Christopher Che cche@hoovendayton.com | Che International Christopher Che | Che International Group | Miamisburg |
| | | | | |
| Plating racks for the plating on plastics industry | Craig Coy ccoy@rackprocessing.com | | | |
| Electrical equipment | Jeff Hoffman | | | Dayton |
| Snack foods | Charles Shive cshive@mike-sells.com | | Mapp family Mapp trusts and foundations | Dayton |
| High speed continuous sand mixers, coremakers, sand heaters, bucket elevators, compaction tables, heaters, coolers, classifiers, molding, mold handling, automation, sand reclamation, storage and handling equipment, pumping systems, rollovers, 3D Printers, pneumatic transporters | Jack Palmer jack@palmermfg.com | | | Springfield, Ohio |
| Aluminum railing, fence, columns | Doug Borchers dborchers@superioraluminum.com | Families Francis and Borchers | | Russia, OH |
| Custom Corrugated Packaging | Jarod Wenrick Mari Wenrick mwenrick@vapmanaged.com | Jarod Wenrick Mari Wenrick | | Englewood |
| Robotic end-of-arm tooling and components | Trent Fisher tfisher@sas-automation.com | Trent Fisher | | Xenia |
| Custom machined details for production and repair as well as fabrication of specialty equipment and machines. | Ashley Webb | | | Dayton |
| Custom machines for robotic and non-robotic applications | | | | Vandalia, Ohio |
| Flying model rocket kits | Randy Boadway erockets@rocketmail.com | | | |
| | Matt Ballard mballard@protoduction3d.com Adam Yost ayost@protoduction3d.com | | | |

TABLE 5: Educational Attainment

| Educational Attainment | City of Trotwood | | Montgomery County | |
|---|---|---|---|---|
| | Total | Percent | Total | Percent |
| Population 18 to 24 years | 2,162 | | 50,199 | |
| Less than high school graduate | 694 | 32.1% | 7,031 | 14.0% |
| High school graduate (includes equivalency) | 714 | 33.0% | 14,092 | 28.1% |
| Some college or associate's degree | 744 | 34.4% | 24,885 | 49.6% |
| Bachelor's degree or higher | 10 | 0.5% | 4,191 | 8.3% |
| | | | | |
| Population 25 years and over | 16,835 | | 362,689 | |
| Less than 9th grade | 579 | 3.4% | 9,916 | 2.7% |
| 9th to 12th grade, no diploma | 1,619 | 9.6% | 26,785 | 7.4% |
| High school graduate (includes equivalency) | 5,942 | 35.3% | 101,758 | 28.1% |
| Some college, no degree | 4,600 | 27.3% | 90,358 | 24.9% |
| Associate's degree | 1,495 | 8.9% | 36,760 | 10.1% |
| Bachelor's degree | 1,595 | 9.5% | 58,083 | 16.0% |
| Graduate or professional degree | 1,005 | 6.0% | 39,029 | 10.8% |
| | | | | |
| Population 25 to 34 years | 2,948 | | 69,914 | |
| High school graduate or higher | 2,695 | 91.4% | 64,362 | 92.1% |
| Bachelor's degree or higher | 296 | 10.0% | 20,076 | 28.7% |
| | | | | |
| Population 35 to 44 years | 2,599 | | 60,952 | |
| High school graduate or higher | 2,364 | 91.0% | 55,553 | 91.1% |
| Bachelor's degree or higher | 388 | 14.9% | 18,483 | 30.3% |
| | | | | |
| Population 45 to 64 years | 6,487 | | 141,648 | |
| High school graduate or higher | 5,683 | 87.6% | 129,716 | 91.6% |
| Bachelor's degree or higher | 1,179 | 18.2% | 37,785 | 26.7% |
| | | | | |
| Population 65 years and over | 4,801 | | 90,175 | |
| High school graduate or higher | 3,895 | 81.1% | 76,357 | 91.0% |
| Bachelor's degree or higher | 737 | 15.4% | 20,813 | 23.1% |
| | | | | |
| Percent high school graduate or higher | | 86.9% | 89.9% | |
| Percent bachelor's degree or higher | | 15.4% | 26.8% | |
| Percent high school graduate or higher | | 86.9% | 89.9% | |
| Percent bachelor's degree or higher | | 15.4% | 26.8% | |
| | | | | |

TABLE 5b: Educational Attainment & Annual Salary

| **MEDIAN EARNINGS IN THE PAST 12 MONTHS (IN 2017 INFLATION-ADJUSTED DOLLARS)** | TROTWOOD | MONTGOMERY COUNTY |
|---|---|---|
| Population 25 years and over with earnings | $26,030 | $35,166 |
| Less than high school graduate | $18,263 | $19,706 |
| High school graduate (includes equivalency) | $23,255 | $26,807 |
| Some college or associate's degree | $26,069 | $31,965 |
| Bachelor's degree | $42,094 | $48,078 |
| Graduate or professional degree | $57,375 | $64,575 |

Table 6: Competing Sites in Montgomery County

| Montgomery County Commercial/Industrial Parcels 30 acres+ | | | Incentives | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Community** | Location | Acreage | Enterprise Zone | ED/GE | Foreign Trade Zone | TIF | Opportunity Zone | CRA | HUB Zone | Other Available |
| **Vandalia** | Northwoods Business Park | 320 | X | X | | | | | | |
| | Stonequarry Crossings | 46 | | | | | | | | |
| | 9105 Peters Pike | 55 | | | | | | | | |
| **Union** | Union Global Logistics Airpark | 850 | | | X | X | | | | |
| | Upper Lewisburg Salem | 38 | | | | | | | | |
| **Brookville** | Northbrook Industrial Park | 100 | | | | | | | | |
| | Northbrook Industrial Park | 54 | | | | | | | | |
| **Trotwood** | Trotwood Commerce Park | 62 | | | | X | X | X | | |
| **Dayton** | Northwest Parkway | 42 | | | | | X | | | |
| | Dayton Resource Industrial Park | 45 | | | | | | | | |
| | Dayton International Airport | 600 | | | | | | | | |
| | Dayton Commerce Park | 53 | | | | | | | | |
| **Miamisburg** | Austin Business Park | 69 | X | | X | X | | | | X |
| | Mound Industrial Park | 199 | | | | | | | | |
| **Huber Heights** | North Park Phase II | 80 | | | | | | | | |
| | Center Point 70 | 350 | | | | | | | | |
| **Clayton** | 6460 Salem Avenue | 61 | | | | | | | | |
| | 6942 Salem Avenue | 51 | | | | | | | | |

Table 7: Competing Sites, Regional

| Community | Industrial Park | Acres | Incentives | | | |
|---|---|---|---|---|---|---|
| | | | Foreign Trade Zone | Enterprise Zone | TIF | Opportunity Zone |
| **Tipp City** | Northgate Commerce Center | 136 | | | | |
| | Hyatt Street | 55 | | X | | |
| **Xenia** | Xenia Industrial Park - Arnovitz Section | 90 | | | | |
| | Greene Regional Business Park | 163.5 | | | | |
| **Fairborn** | Business Park | 325 | | | | |
| **Clark County** | NextEdge Research Technology Park | 205 | | | | |
| | PrimeOhio II Industrial Park | 185 | | | | |
| **Fairfield** | Miller Farm West | 62 | | | | |
| | Seward Pointe | 30 | | | | |
| | Fairfield Commerce Center | 53 | | | | |
| **Hamilton** | Hamilton Enterprise Park | 160 | | X | | |
| | University Commerce Park | 60 | | X | X | X |
| **Springboro** | South Tech Business Park | 89 | | | | |
| | Springboro Business Park | 65 | | | | |
| **Lebanon** | Columbia Business Park | 100 | | | | |
| | Lebanon Commerce Center | 380 | | | | |
| | | | | | | |

# City of Trotwood Businesses

| | TABLE 8: CITY OF TROTWOOD BUSINESSES | Street # | Street Name | ZipCode | Phone | Fax | Contact |
|---|---|---|---|---|---|---|---|
| 1 | AA Alpine Storage | 4753 | Salem Ave | 45416 | 277-7233 | 277-7242 | Chris Dull |
| 2 | A & B Litho Inc. | 2938 | Olive Road | 45426 | 837-8702 | 854-1252 | Mike Klawonn |
| 3 | A & B Auto Parts | 2715 | Olive Road | 45426 | 854-5323 | 854-9161 | Bill Hanes |
| 4 | Academy of Dayton | 4095 | Little Richmond Road | 45427 | 567-1072 | 567-1075 | Daisy Edwards |
| 5 | Access Systems | 4805 | Salem Avenue | 45416 | 837-5481 | 837-5481 | Al Russell |
| 6 | Accro-Cast Corporation | 4147 | Gardendale Avenue | 45417 | 228-0497 | N/A | Fred Luther |
| 7 | Adams Auto Service & Sales | 521 | East Main Street | 45426 | 854-9995 | N/A | Gary Adams |
| 8 | Advance America (Cash Advance) | 5143 | Salem Avenue | 45426 | 837-4544 | 837-6379 | Esther Sawyer |
| 9 | Albright Apartments | 4900 | Biddison | 45426 | 275-2131 | N/A | Angela Harris |
| 10 | Allen Refrigeration Equipment | 1866 | Shiloh Springs Road | 45426 | 223-0240 | N/A | Tom Reece |
| 11 | Algo Termite & Pest Control | 2574 | Shiloh Springs Road | 45426 | 854-5155 | 854-5355 | Al Moore |
| 8 | American Vending | 5805 | Shiloh Springs Road | 45426 | 837-6340 | N/A | Greg Moore |
| 9 | Andy's Auto Sales | 4221 | Gardendale Avenue | 45417 | 268-2021 | 268-2171 | Michael Anderson |
| 10 | Applied Mechanical Systems | 5598 | Wolf Creek Pike | 45426 | 854-3073 | 837-9040 | Mike Ayers |
| 11 | Apostolic Faith Church | 4208 | Freudenberger Avenue | 45427 | 262-9633 | N/A | Horace Smith |
| 12 | Albright Apartments | 4900 | Biddison | 45426 | 275-2131 | N/A | Hope Jarman |
| 13 | Auto-Valve Inc. | 1707 | Guenther Road | 45417 | 854-3037 | 854-3758 | Ray Clark |
| 14 | Auto Zone | 4044 | Salem Avenue | 45416 | 277-6006 | N/A | Barbara Smith |
| 15 | B & B Tile Co. | 11 | South Broadway Street | 45426 | 854-5143 | N/A | Ron Bailey |
| 16 | BTA Enterprises | 4090 | Little Richmond Road | 45417 | 277-0881 | 277-2420 | Dusty Atherton |
| 17 | Basore Road Grace Bretheren | 5675 | Basore Road | 45415 | 837-3747 | 837-0054 | Bryan White |
| 18 | Battles & Associates Insurance Agency | 9512 | Wolf Creek Pike | 45426 | 837-3292 | 837-3782 | Jeffery Battles |
| 19 | Be Safe Security | 20 | East Main Street | 45426 | 854-4455 | 854-4455 | Diane Rakestraw |
| 20 | Beauty Supply Outlet | 4599 | Salem Avenue | 45426 | 276-2044 | N/A | Chris Beck |
| 21 | Beauty Zone Plus | 5896 | Salem Avenue | 45426 | 854-7147 | 854-7147 | Joo Jinn |
| 22 | Bear Creek Hillgrove Cemetery | 172 | North Union Road | 45417 | 854-2659 | N/A | Steve Derringer |
| 23 | Belle Meadows Suites | 9000 | Springmeadows Lane | 45426 | 837-7705 | 837-4523 | Harvest Investments |
| 24 | Berean Missionary Church | 5900 | Basore Road | 45415 | 854-9130 | N/A | Ted Milby |
| 25 | Big Lots | 5009 | Salem Avenue | 45426 | 854-9393 | 854-8992 | Shery Hartzel |
| 26 | Boone's Power Equipment Inc. | 1050 | Diamond Mill Road | 45309 | 854-2396 | 837-7669 | Daniel Boone |
| 27 | Boyd Maintenace & Painting Inc. | 7667 | Old Dayton Road | 45417 | 854-3863 | N/A | Robert Boyd |
| 28 | Broadmoor Apartments | 400 | Burman Avenue | 45426 | 854-2633 | 854-8783 | Angela Cofey |
| 29 | Broadway Café | 203 | North Broadway Street | 45426 | 837-6555 | N/A | Donna Kup |
| 30 | Browning Auto Sales | 5427 | West Third Street | 45417 | 263-4013 | N/A | Rodney Browning |
| 31 | Burger King | 5341 | Salem Avenue | 45426 | 837-3093 | N/A | Dee Williams |
| 32 | Burlington Coat Factory | 5120 | Salem Avenue | 45426 | 837-5091 | N/A | Jerry Smith |
| 33 | California Gardens | 2190 | Shiloh Springs Road | 45426 | 837-3518 | 837-6418 | Angel Huerta |
| 34 | Canaan Missionary Baptist Church | 5191 | Hoover Avenue | 45417 | 268-6643 | 268-6591 | Joseph Coleman |

# City of Trotwood Businesses

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 35 | Capital Cleaners | 1990 | Shiloh Springs Road | 45426 | 854-3334 | N/A | Kay Jones |
| 36 | Carpet World | 4613 | Salem Avenue | 45416 | 278-4700 | N/A | Guy Cummings |
| 37 | Cashland | 5140 | Salem Avenue | 45426 | 854-0690 | 854-1373 | Ashley Thompkins |
| 38 | Catherines | 5411 | Salem Avenue | 45426 | 248-0192 | N/A | Rose Good |
| 39 | Cellular Connection | 5529 | Salem Avenue | 45426 | 837-7273 | 837-9873 | Katlan Hagan |
| 40 | Chase Bank | 5511 | Salem Avenue | 45426 | 854-0304 | 837-1930 | Dyana Brandon |
| 41 | Check Smart | 5521 | Salem Avenue | 45426 | 854-3392 | 854-7090 | Senita Boone |
| 42 | China City Buffet | 5589 | Salem Avenue | 45426 | N/A | 837-7990 | Jen Wang |
| 43 | China Cottage | 1983 | Shiloh Springs Road | 45426 | 854-8033 | 837-0303 | Tiger Wang |
| 44 | Christ Temple Apostolic Faith Church | 3241 | Denlinger Road | 45406 | 276-5281 | N/A | Kenneth Moore |
| 45 | Church of God Sanctified | 4929 | Porterfield Drive | 45417 | 854-1837 | N/A | Greg Wright |
| 46 | Church of Jesus Christ | 1500 | Shiloh Springs Road | 45426 | 837-7947 | N/A | Charles Lane |
| 47 | Clara's Academy of Excellence | 2075 | Shiloh Springs Road | 45426 | 837-7308 | N/A | Timothy Cargle |
| 48 | Classic Beer & Wine Drive-Thru | 5311 | Salem Avenue | 45426 | 837-7600 | N/A | Chamberlin |
| 49 | Coates Vision Center | 4387 | Parkway Drive | 45416 | 278-7391 | N/A | Janice Coate |
| 50 | Compassionate Quality Home Health Care | 4699 | Salem Avenue | 45416 | 274-5052 | 274-5090 | Beatrice Watson |
| 51 | Cork 'N' Brew | 4137 | Salem Avenue | 45416 | 278-4422 | N/A | Dean Brookshire |
| 52 | Cosmo's Unisex Hair Designers | 4097 | Salem Avenue | 45416 | 274-5626 | N/A | Cosmo Hiotis |
| 53 | Covenant Manor | 4951 | Covenant House Drive | 45426 | 854-4596 | 854-3855 | Vicki Fryman |
| 54 | Custom Trim Shop Inc. | 4023 | Salem Avenue | 45416 | 275-4255 | 275-4484 | Greg Buchholz |
| 55 | CVS Pharmacy | 1001 | East Main Street | 45426 | 854-4147 | 854-2446 | Jeff Huelsman |
| 56 | D & D Wedding & Events Planner | 4444 | Lake Center Drive | 45426 | 854-6200 | 854-6854 | Diana Branham |
| 57 | D. Anthony's Grille | 5212 | Salem Avenue | 45426 | 837-1497 | N/A | Anthony Brooks |
| 58 | DK & J Pump | 1790 | Shiloh Springs Road | 45426 | 837-1800 | 837-1800 | Diane Day |
| 59 | Dahio Trotwood Airport | 1334 | North Lutheran Church Road | 45426 | 854-1406 | N/A | Dan Hanes |
| 60 | Dayton Center Courts | 4801 | Salem Avenue | 45416 | 276-3978 | 279-5619 | Larry Jackson |
| 61 | Dayton Daily News | 4601 | Salem Avenue | 45416 | 567-1014 | N/A | Brent Hayes |
| 62 | Dayton Nutra Foods | 5294 | Salem Avenue | 45426 | 854-9100 | N/A | Brenda Lily |
| 63 | Dayton Quality Starter | 4025 | Salem Avenue | 45416 | 277-8371 | N/A | Ed Wendaline |
| 64 | Deer Creek Apartments | 700 | Keswick Circle | 45426 | 854-1555 | 837-3611 | Lashanna Norman |
| 65 | Dee's Place | 5409 | West Third Street | 45417 | 263-5100 | N/A | Delores Orange |
| 66 | Déjà vu Hall | 4321 | Salem Avenue | 45415 | 469-2707 | N/A | Brian Hall |
| 67 | Dollar General | 5118 | Salem Avenue | 45416 | 837-0556 | N/A | Abby Lawrence |
| 68 | Don Mitchell Realty Inc. | 3515 | Shiloh Springs Road | 45426 | 854-0724 | 854-1200 | Don Mitchell |
| 69 | Dots | 5477 | Salem Avenue | 45426 | 854-1224 | N/A | Nina Harris |
| 70 | Dr. Major Lee | 6000 | Sycamore Woods Boulevard | 45426 | 837-2722 | N/A | Major Lee |

# City of Trotwood Businesses

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 71 | Early Learning Center | 4400 | North Union Road | 45426 | 854-3050 | 854-4624 | Jeff Hall |
| 72 | Echoing Woods Residential Center | 5455 | Salem Bend Drive | 45426 | 854-5151 | 854-5153 | Rose Barber |
| 73 | El Grecos Pizza Villa | 3976 | Salem Avenue | 45406 | 278-3344 | | Vicki Howell |
| 74 | Enterprise Car Rental | 2520 | Shiloh Springs Road | 45426 | 854-1600 | 854-0296 | Greg Deloney |
| 75 | Eternal Light Baptist Church | 5103 | Schroeder Road | 45417 | 854-5800 | N/A | John Moore |
| 76 | Eye Mart | 5274 | Salem Avenue | 45426 | 837-3937 | 837-2540 | Roberta Thompson |
| 77 | F & S School Supply | 4622 | Salem Avenue | 45426 | 275-0200 | 275-0800 | Sharon Szakal |
| 78 | Faith Vision Baptist Church | 4769 | Free Pike | 45416 | 567-9374 | N/A | Rev. McFarland Jr. |
| 79 | Family Dollar Store | 4733 | Salem Avenue | 45426 | 279-0362 | N/A | Melena Northrup |
| 80 | Famous Recipe Fried Chicken | 885 | East Main Street | 45426 | 837-2505 | N/A | GZK |
| 81 | Fifth Avenue Mens Wear | 4595 | Salem Avenue | 45426 | 277-3787 | 277-3613 | Young Jang |
| 82 | Fifth Third Bank | 1 | East Main Street | 45426 | 854-3030 | 854-3035 | Bev Heath |
| 83 | Firestone Grismer Tire Co. | 5004 | Salem Avenue | 45416 | 276-4159 | N/A | Matt Scott |
| 84 | First American Loans | 4632 | Salem Avenue | 45416 | 278-5143 | 278-5197 | Kristin Willis |
| 85 | Flash Quick Copy | 2572 | Shiloh Springs Road | 45426 | 854-5648 | 854-7006 | Betty Thompson |
| 86 | Fox Run Apartments | 261 Apt. #4 | Fieldstone Drive | 45426 | 854-8484 | N/A | Carol Marcellino |
| 87 | Frank & J's Lounge | 5042 | Free Pike | 45426 | 854-1544 | N/A | Dave Spencer |
| 88 | Friendship Village | 5790 | Denlinger Road | 45416 | 837-5581 | 854-8203 | Carolyn Snedeker |
| 89 | Fullmer Landscape Inc. | 9547 | West Third Street | 45427 | 835-5642 | 835-5714 | Kent Fullmer |
| 90 | Gill Mart & Company | 2539 | Shiloh Springs Road | 45426 | 854-7510 | 854-7028 | Balbir Gill |
| 91 | Gold Rush Jewelry | 4795 | Salem Avenue | 45416 | 274-5120 | N/A | Mr. Rush |
| 92 | Goodwill Easter Seals Miami | 4825 | Salem Avenue | 45416 | 275-4626 | 278-2193 | Cheryl Wheeler |
| 93 | Gordon Food Service | 5380 | Salem Avenue | 45426 | 854-7480 | 837-1265 | Steve Kortis |
| 94 | Grace Baptist Church Inc. | 142 | Olive Road | 45417 | 268-4095 | N/A | Doug Criswell |
| 95 | Grace Church of God in Christ | 649 | Miller Avenue | 45427 | 268-1357 | N/A | Charles Foster |
| 96 | Greater Dayton Industrial Laser LLC | 5915 | Wolf Creek Pike | 45426 | 837-5900 | 837-8050 | Tom Peasron |
| 97 | Green Star Trucking Inc. | 426 | Glenview Road | 45426 | 837-7703 | N/A | Joyce Sutton |
| 98 | Grill's Tavern | 4949 | Union Road | 45426 | 854-9772 | N/A | Todd Domsitz |
| 99 | Gump Law Office | 2541 | Shiloh Springs Road | 45426 | 854-4900 | 854-0320 | Dennis Gump |
| 100 | H & M Christian Financial Institute | 712 | Gray Oak Drive | 45426 | 837-7700 | | Bernice Hayes |
| 101 | H & R Block | 4327 | Salem Avenue | 45416 | 426-5616 | N/A | Marilyn Cotton |
| 102 | Hara Arena | 1001 | Shiloh Springs Road | 45415 | 278-4776 | 278-4633 | Tom Carroll |
| 103 | Hawkins & Sons Construction | 4045 | Salem Avenue | 45426 | 277-2820 | 275-8357 | Fletcher Hawkins |
| 104 | Headliners Barber Shop | 729 | East Main Street | 45426 | 837-3131 | N/A | Willie Paige |
| 105 | Henry's Discount Clothing | 6267 | West Third Street | 45427 | 263-3242 | 263-6263 | Young Kim |
| 106 | Higgins Station | 420 | East Main Street | 45426 | 854-5616 | N/A | Luke Gosnell |
| 107 | Home Depot | 5200 | Salem Avenue | 45426 | 837-1551 | 837-9096 | Eddie Blackman |

# City of Trotwood Businesses

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 108 | Honey Baked Ham | 5515 | Salem Avenue | 45426 | 854-2600 | 854-0471 | Naomi Douds |
| 109 | Howard's Furniture & Appliance | 5413 | West Third Street | 45427 | 263-2282 | 263-3558 | Roger Wilson |
| 110 | It's Tyme Beauty Salon | 3972 | Salem Avenue | 45416 | 277-0194 | N/A | Dawn |
| 111 | J & J Tree Service | 4922 | Little Richmond Road | 45427 | 854-0462 | N/A | John Evans |
| 112 | J.W. Devers & Sons | 5 | Broadway Street | 45426 | 854-3040 | N/A | Jerry Haupt |
| 113 | Jenny Service | 5885 | Wolfe Creek Road | 45426 | 854-2035 | N/A | Tara |
| 114 | Jerusalem Missionary Baptist Church | 5565 | West Third Street | 45427 | 262-9104 | N/A | Herman Branham |
| 115 | Jiffy Lube | 5200 | Salem Avenue | 45426 | 837-2304 | N/A | John Brubaker |
| 116 | Jo Ann Fabrics | 5001 | Salem Avenue | 45426 | 854-3850 | 837-6592 | Alice Meyer |
| 117 | Just Sweat Fitness | 501 | East Main Street | 45426 | 854-7027 | | Virginia Johnson |
| 118 | Kasel Engineering | 5911 | Wolf Creek Pike | 45426 | 854-8875 | 854-7987 | Donald Kasel |
| 119 | Katie's Hallmark Shop | 5541 | Salem Avenue | 45426 | 854-3882 | 274-7430 | Dave Simpkins |
| 120 | Kentucky Fried Chicken | 5321 | Salem Avenue | 45426 | 837-2737 | N/A | Jim Randle |
| 121 | Key Bank | 3031 | Shiloh Springs Road | 45426 | 837-4171 | 837-3763 | Deborah Daniel |
| 122 | Kingdom Hall of Jehovah's Witnesses | 465 | West Main Street | 45426 | 837-5298 | N/A | John Fields |
| 123 | KJ Barber Shop | 4625 | Salem Avenue | 45416 | 276-9434 | N/A | Debbie Bostick |
| 124 | Korrect Plumbing | 7970 | West Third Street | 45427 | 837-2333 | 854-5633 | Dan Patterson |
| 125 | Kwik N Kold | 126 | Olive Road | 45417 | 837-2337 | N/A | Jerry Fields |
| 126 | Larch Tree Golf Course | 2765 | Snyder Road | 45426 | 854-1951 | N/A | Hank Chafin |
| 127 | Liberty Self Storage | 3785 | Shiloh Springs Road | 45426 | 837-5777 | 854-4148 | Carol Fleenor |
| 128 | Lord of Life Christian Fellowship | 302 | West Main Street | 45426 | 854-9673 | N/A | Matthew Scott |
| 129 | Lowe's Home Improvement | 5252 | Salem Avenue | 45426 | 854-8200 | N/A | Mike Sturtz |
| 130 | M.L. Gabriel Commons | 3300 | Shiloh Springs Road | 45426 | 854-0982 | N/A | Terrie Williams |
| 131 | Madison Lakes Learning Center | 581 | Olive Road | 45427 | 496-6644 | N/A | Alice Reid |
| 132 | Madison Park Elementary | 301 | South Broadway Avenue | 45426 | 854-4456 | 854-4493 | Deborah Smith |
| 133 | Mance, George Realty | 916 | Fairgrove Way | 45426 | 837-3992 | N/A | George Mance |
| 134 | Maranatha Christian Fellowship | 4501 | Wolf Road | 45416 | 279-0913 | 279-9713 | Truman Martin |
| 135 | Marathon Gas Station | 5199 | Salem Avenue | 45426 | 854-2047 | N/A | George Ephrem |
| 136 | Maria Joseph Center | 4830 | Salem Avenue | 45416 | 278-2062 | 276-4892 | Karie Toms |
| 137 | Marilyn E Thomas Center | 2900 | Shiloh Springs Road | 45426 | 226-5664 x786 | 837-9877 | Sandy Beard |
| 138 | May-Lin Manor Apartments | 4813 | Salem Avenue | 45426 | 263-1363 | 279-2929 | Vadood E. |
| 139 | McDonald's | 5360 | Salem Avenue | 45426 | 854-2122 | N/A | Cindy Holmberg |
| 140 | Meadowlark Apartments | 4900 | Biddison | 45426 | 275-2131 | 275-7012 | Hope Jarman |
| 141 | Midas Dayton | 4498 | Salem Avenue | 45416 | 276-5935 | N/A | Fred Barnett |
| 142 | Mike's Auto Parts | 8201 | West Third Street | 45345 | 835-5570 | N/A | Mike Horvath |
| 143 | Moss Creek Golf Course | 1 | Club Drive | 45315 | 837-4653 | 837-3623 | Steve Lambert |
| 144 | Mount Olive Church | 5501 | Olive Road | 45426 | 854-4073 | N/A | Joe Whitt |

# City of Trotwood Businesses

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 145 | Mr. Mustang | 5088 | Wolf Creek Pike | 45427 | 275-7439 | N/A | Carl Pendley |
| 146 | Mr. World Hair Designers | 2578 | Shiloh Springs Road | 45426 | 854-4323 | N/A | Debbie Freeman |
| 147 | Muffler Brothers | 307 | East main Street | 45426 | 837-6005 | N/A | Brian Brenneman |
| 148 | Muffler Man | 4101 | Salem Avenue | 45416 | 274-0095 | 424-2592 | John Kuhbender |
| 149 | My Life Directions | 4444 | Lake Center Drive | 45426 | 620-9736 | N/A | Edythe Okwilagwe |
| 150 | National City Bank | 5141 | Salem Avenue | 45426 | 837-7714 | 837-0124 | Christina Hoschouer |
| 151 | Naya Jewelry | 5525 | Salem Avenue | 45426 | 837-0300 | N/A | Saied Haddad |
| 152 | Nenonene Medical Center | 4140 | Salem Avenue | 45416 | 275-6341 | 275-6342 | Kwasi Nenonene |
| 153 | New Attitude Boutique | 4187 | Salem Avenue | 45416 | 279-0336 | 279-0129 | Phetheria Woodson |
| 154 | New China Restaurant | 5519 | Salem Avenue | 45426 | 854-4888 | 854-6611 | Mike Zhan |
| 155 | New York Pizzeria | 498 | East Main Street | 45426 | 837-3333 | N/A | Kemal Cerak |
| 156 | Nile Investments | 4813 | Salem Avenue | 45426 | 263-1363 | N/A | Javid Adinehzadeh |
| 157 | Noble Communications | 4081 | Salem Avenue | 45416 | 830-7272 | N/A | Ben Noble |
| 158 | Northwest Church of Christ | 489 | South Broadway Street | 45426 | 854-2282 | N/A | Herbert Miller |
| 159 | Nurrenbrock Quality Candies | 2570 | Shiloh Springs Road | 45426 | 854-3924 | N/A | Linda Nurrenbrock |
| 160 | O'Danny Boy Ice Cream | 100 | Posperity Way | 45426 | 837-2100 | N/A | Danny Haas |
| 161 | Office Depot | 5425 | Salem Avenue | 45426 | 854-0550 | N/A | Tiffany Collinsworth |
| 162 | O'Reilly Auto Parts | 3970 | Salem Avenue | 45426 | 279-0668 | N/A | Matthew Wynne |
| 163 | Optical Fashions | 5557 | Salem Avenue | 45426 | 837-0044 | N/A | Patricia Browning |
| 164 | Payless Shoe Source | 4644 | Salem Avenue | 45416 | 274-3331 | 854-5510 | Amelio Washington |
| 165 | Pep Boys Auto Parts | 5221 | Salem Avenue | 45426 | 854-7007 | N/A | Bryan Haggerty |
| 166 | Petroziello, Brian - LPA | 1 | Maple Street | 45426 | 854-1137 | N/A | Brian Petroziello |
| 167 | Phillips Temple Church | 3620 | Shiloh Springs Road | 45426 | 837-9631 | 854-4890 | James Washington |
| 168 | Phoenix Tube | 5800 | Wolf Creek Pike | 45426 | 529-4858 | 999-7258 | Terry Dafler |
| 169 | Pinewood Garden Appartments | 309 | West Main Street | 45426 | 837-0839 | 837-5253 | Rachael Shaw |
| 170 | Pippin's Market | 5440 | Olive Road | 45426 | 854-0402 | N/A | Nawal Pandey |
| 171 | Pizza Hut | 1000 | East Main Street | 45426 | 854-3388 | 277-0232 | Maranda Hunt |
| 172 | Pleasant Green Missionary Church | 5301 | Olive Road | 45426 | 854-8810 | 854-0789 | Hence Coates |
| 173 | Precious Blood Church | 4961 | Salem Avenue | 45416 | 276-5954 | 276-5955 | Bill O'Donnell |
| 174 | Precious Blood Elementary | 4850 | Denlinger Road | 45426 | 277-2291 | 277-2217 | Kathy Mooseberger |
| 175 | Precious Blood Pre-School | 1995 | Shiloh Springs Road | 45416 | 854-7173 | N/A | Kate Reynolds |
| 176 | Premier Auto Mall | 4299 | Salem Avenue | 45416 | 275-0055 | 424-5590 | Darren Andrews |
| 177 | Premier Rental Purchase | 4589 | Salem Avenue | 45416 | 278-2000 | 275-6620 | Scott Kinnear |
| 178 | Pro Nails | 5475 | Salem Avenue | 45426 | 837-6078 | 276-3870 | Vinh Deng |
| 179 | Ray Garner Realty | 4549 | Sylvan Oak Drive | 45426 | 854-2199 | 837-6609 | Raymond Garner |
| 180 | RD Auto Crushing | 8630 | Snake Road | 45426 | 854-2236 | N/A | Roger Haul |
| 181 | Remington Tool Co. | 5907 | Wolf Creek Pike | 45426 | 854-6512 | N/A | Glen Eton |

# City of Trotwood Businesses

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 182 | Rent A Center | 5551 | Salem Avenue | 45426 | 854-7426 | 854-5435 | Ken McCartney |
| 183 | Replacement Auto Parts | 6271 | West Third Street | 45427 | 262-8384 | 262-8486 | Helen Richardson |
| 184 | Residence in Praise Fine Arts Center | 5 | Stuckhard Road | 45426 | 854-3500 | 837-2566 | Madeline Green |
| 185 | Revelation Church | 1496 | Swinger Drive | 45427 | 854-1933 | N/A | John W. Jackson, Sr. |
| 186 | Rich's Gas Station | 909 | East Main Street | 45426 | 854-1063 | N/A | Matthew Miller |
| 187 | Rich's Gas Station | 4051 | Salem Avenue | 45426 | 278-1534 | N/A | Brandon Durham |
| 188 | Robert Knoll's Studio | 109 | East Main Street | 45426 | 837-5855 | 276-5925 | David Knoll |
| 189 | Roberta Lynn's School of Dance | 2552 | Shiloh Springs Road | 45426 | 854-4234 | N/A | Roberta Lynn Holt |
| 190 | Rock of Ages Car Wash | 6295 | West Third Street | 45426 | 263-6900 | N/A | Glen Hughes |
| 191 | St Margaret's Episcopal Church | 5301 | Free Pike | 45426 | 837-7741 | N/A | Benjamin Hardy II |
| 192 | Salem Bend Condo Association | 5185 | Wellfleet Drive | 45426 | 854-3160 | N/A | Gilda Oberle |
| 193 | Salem Avenue Chiropractic | 4570 | Salem Avenue | 45416 | 275-8595 | N/A | Carol Harris |
| 194 | Salem Office Supply | 4604 | Salem Avenue | 45416 | 274-0900 | | |
| 195 | Salem Woods Apartments | 5291 | Woodcreek | 45426 | 837-6358 | 854-9996 | Sandra Allen |
| 196 | Sally Beauty Supply | 5553 | Salem Avenue | 45426 | 837-5245 | N/A | Cheryl White |
| 197 | Sears | 5200 | Salem Avenue | 45426 | 854-8199 | N/A | Mark Seyfried |
| 198 | Shear Professionals | 7 | West Main Street | 45426 | 854-8808 | N/A | Karen Strahorn |
| 199 | Shell Gas | 5300 | Salem Avenue | 45426 | 837-9937 | N/A | Lory Albright |
| 200 | Sherwin Williams | 5449 | Salem Avenue | 45416 | 8372787 | 837-2915 | John Parhison |
| 201 | Shiloh Springs Care Center | 3500 | Shiloh Springs Road | 45426 | 854-1180 | 854-0209 | Richard Giles |
| 202 | Shiloh Springs Court Apartments | 1740 | Shiloh Springs Road | 45426 | 276-4590 | 854-0209 | Peggy Boatwright |
| 203 | Shiloh Villas | 2500 | Orchard Drive | 45426 | 278-5494 | 277-7913 | Jocelyn Ortiz |
| 204 | Shoe Carnival | 5003 | Salem Avenue | 45426 | 837-8151 | N/A | Sean Conley |
| 205 | Sisters of the Precious Blood | 4969 | Salem Avenue | 45416 | 278-0871 | 837-5551 | Florence Seifert |
| 206 | Slemker's Auto Repair | 6000 | Wolf Creek Pike | 45426 | 854-1978 | N/A | Tony |
| 207 | Southern Ornamental Iron Co. | 4267 | Salem Avenue | 45416 | 278-7364 | 274-5799 | Sean Carey |
| 208 | Space Age Coating LLC | 4825 | Wolf Creek Pike | 45427 | 275-5117 | 278-7265 | Bob Heidenreich |
| 209 | Speedway | 5010 | Olive Road | 45426 | 854-2791 | N/A | Carolyn Hill |
| 210 | Speedway | 2001 | Shiloh Springs Road | 45426 | 854-5134 | 837-7713 | Heath Cromes |
| 211 | Spencer Motorcycle Sales | 7674 | Post Town Road | 45426 | 854-2519 | N/A | Bruce |
| 212 | State Farm Insurance | 5898 | Salem Avenue | 45427 | 837-0606 | N/A | Dave Leonard |
| 213 | Storage U.S.A. | 5520 | Salem Bend Drive | 45426 | 8392965 | 837-6592 | Judy Brooks |
| 214 | Stratford Place Apartments | 4715 | Dugger Road | 45417 | 854-0542 | 837-7696 | Kim Flaugher |
| 215 | Stryver Manufacturing Inc. | 15 | North Broadway Street | 45426 | 854-3048 | N/A | Bruce Flora |
| 216 | Subby's | 5527 | Salem Avenue | 45426 | 837-1641 | N/A | Charlene Harden |
| 217 | Subway | 706 | East Main Street | 45426 | 837-2338 | N/A | Ray Homsi |
| 218 | Subway | 5260 | Salem Avenue | 45426 | 837-6338 | N/A | Tom Clayton |
| 219 | Summit Christian Church | 4021 | Denlinger Road | 45416 | 854-1920 | N/A | Thomas Johnson |

# City of Trotwood Businesses

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 220 | SuperValue Signs | 904 | East Main Street | 45426 | 837-1822 | N/A | Don Brown |
| 221 | Swifty Gas | 2898 | Olive Road | 45426 | 854-3155 | 854-0258 | Tommy Swift |
| 222 | Syncreon | 1 | Modern Way | 45426 | 854-2000 | 854-2007 | Donna Ryder |
| 223 | T.N.T. Fashions | 5549 | Salem Avenue | 45426 | 837-8004 | N/A | Anna Riste |
| 224 | Taco Bell | 5281 | Salem Avenue | 45416 | 837-6000 | N/A | Teddy Durden |
| 225 | Talking Heads Barber Shop | 4560 | Salem Avenue | 45416 | 275-7750 | 276-2207 | Bob Smith |
| 226 | Target | 2800 | Shiloh Springs Road | 45426 | 837-1600 | N/A | Rita Fenwick |
| 227 | Taste (Creative Cuisine) | 2555 | Shiloh Springs Road | 45426 | 854-7060 | N/A | Reginald Gibson |
| 228 | Thomas Funeral Home | 4520 | Salem Avenue | 45426 | 274-8777 | 854-2943 | James Thomas |
| 229 | Tim's Car Care | 501 | South Broadway Street | 45426 | 837-6135 | 263-8894 | Tim Steiner |
| 230 | Tobin Bros. | 4157 | Gardendale Avenue | 45427 | 275-6961 | N/A | James Tobin, Jr. |
| 231 | Top Nails | 5290 | Salem Avenue | 45426 | 837-0111 | N/A | Vinh Deng |
| 232 | Trotwood BMV | 500 | East Main Street | 45426 | 837-0242 | 837-5378 | Ericka Joseph |
| 233 | Triumphant Cross Lutheran Church | 525 | North Broadway Street | 45426 | 837-6159 | 854-0130 | Terri Peterson |
| 234 | Trotwood Baptist Church | 777 | East Trotwood Boulevard | 45426 | 854-1931 | N/A | Dane Driver |
| 235 | Trotwood Barber Shop | 726 | East Main Street | 45426 | 837-8983 | N/A | Ron Hein |
| 236 | Trotwood Carry Out | 1010 | East Main Street | 45426 | 854-9611 | N/A | Evelyn James |
| 237 | Trotwood Chamber of Commerce | 5790 | Denlinger Road | 45426 | 837-1484 | 854-9611 | Marie Battle |
| 238 | Trotwood Church of the Bretheren | 208 | East Main Street | 45426 | 837-6604 | 837-1508 | Ron Bohannon |
| 239 | Trotwood Corporation | 15 | North Broadway Street | 45426 | 854-3047 | N/A | Bruce Flora |
| 240 | Trotwood Fish & Chicken | 720 | East Main Street | 45426 | 837-4250 | N/A | Mahmud Asmur |
| 241 | Trotwood Florist | 724 | East Main Street | 45426 | 854-0811 | N/A | Debbie Ashcraft |
| 242 | Trotwood Foodtown | 830 | East Main Street | 45426 | 837-2658 | 837-8252 | Jim Davis |
| 243 | Trotwood Library | 651 | East Main Street | 45426 | 837-4250 | 276-2979 | Cindy Butcher |
| 244 | Trotwood Madison Middle School | 3594 | North Synder Road | 45426 | 854-0017 | 854-8433 | Gerry Griffith |
| 245 | Trotwood Madison High School | 4440 | North Union Road | 45426 | 854-4908 | 854-0594 | Gerald Cox |
| 246 | Trotwood Physician Center | 3038 | Olive Road | 45426 | 208-7050 | 208-7031 | Bethel-Murray |
| 247 | Trotwood Preparatory Academy | 3100 | Shiloh Springs Road | 45426 | 854-4100 | 854-1177 | Jeffrey Neely |
| 248 | Trotwood United Church of Christ | 18 | North Broadway Street | 45426 | 837-1261 | N/A | James Henry |
| 249 | Trotwood Veterinarian | 5941 | Wolf Creek Pike | 45426 | 837-7796 | 837-7798 | Jamie Sissom |
| 250 | True Care Early Childhood Center | 4066 | Salem Avenue | 45426 | 567-1050 | 567-1051 | Rhonda Thomas |
| 251 | U.S. Post Office | 34 | Beardsley Street | 45426 | 837-0647 | N/A | Gary Dunn |
| 252 | Union Pentecostal Church | 1101 | Union Road | 45427 | 854-1351 | N/A | Clifford Hurst |
| 253 | United Theological Seminary | 4501 | Denlinger Road | 45426 | 529-2201 | N/A | Wendy Deichmann |
| 254 | Veranda Banquet Center | 5801 | Wolf Creek Pike | 45426 | 837-2969 | N/A | Fletcher Hawkins |
| 255 | Verizon Wireless - Cellular | 5529 | Salem Avenue | 45426 | 837-7273 | 837-9873 | Jeremy Wittman |
| 256 | VFW Post 4270 | 2383 | Union Road | 45426 | 837-7755 | N/A | Wesley Willis |

# City of Trotwood Businesses

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 257 | Victor's Shoe Repair | 4823 | Salem Avenue | 45416 | 274-7463 | N/A | Loreal Crump |
| 258 | Voyager Village Mobile Park | 50 | Voyager Boulevard | 45427 | 835-5556 | N/A | Shirley Starr |
| 259 | West Third Auto & Tire | 5427 | West Third Street | 45427 | 263-4011 | N/A | Jerry West |
| 260 | Walgreen's | 5271 | Salem Avenue | 45426 | 854-8829 | N/A | Leonard Baxter |
| 261 | Walter Cavender Co. | 5853 | Wolf Creek Pike | 45426 | 837-2643 | N/A | James Midlam |
| 262 | West Acres Church of Nazarene | 6169 | Hoover Avenue | 45427 | 854-2062 | N/A | Mary Cordell |
| 263 | West Side Auto Wrecking | 4167 | Freudenberger | 45427 | 263-2654 | N/A | Jim Curry |
| 264 | Westbrook Village Apartments | 5530 | Autumn Hills Drive | 45426 | 837-5300 | 837-5306 | Melinda Castrow |
| 265 | Westbrook Village Elementary | 6500 | Westford Road | 45426 | 854-3196 | 854-8252 | Tyrone Nadir |
| 266 | Westwood Fabrication | 5871 | Wolf Creek Pike | 45426 | 837-0494 | 837-2704 | Larry Highlander |
| 267 | Westwood Finishing Co | 5881 | Wolf Creek Pike | 45426 | 854-6608 | 837-2704 | Mike Conklin |
| 268 | White Castle | 5201 | Salem Bend Drive | 45426 | 854-1250 | 854-6927 | Natasha Henry |
| 269 | WIC | 4500 | Salem Avenue | 45426 | 496-3176 | 496-6524 | Regina Gilroy |
| 270 | Willowood Apartments | 3303 | Shiloh Springs Road | 45426 | 837-2906 | 424-8762 | Tina Gramann |
| 271 | Wingate At Belle Meadows | 5 | Belle Meadows Road | 45426 | 552-3057 | 854-1323 | Connor Murphy |
| 272 | Wise Construction | 1705 | Guenther Road | 45427 | 854-0281 | 837-4890 | Patty Taylor |
| 273 | Wolf Creek Carryout | 9920 | Wolf Creek Pike | 45426 | 837-3019 | N/A | Stacy Cox |
| 274 | Wolf Creek Company | 6051 | Wolf Creek Pike | 45426 | 854-2694 | 837-3008 | Scott Knowles |
| 275 | Woodland Hills Apartments | 5900 | Mac Duff Drive | 45426 | 837-3394 | 837-3397 | Travis Lemaster |
| 276 | YMCA | 506 | East Main Street | 45426 | 854-9622 | 837-3108 | Paul Brough |
| 277 | Your Beauty Connection | 3000 | Shiloh Springs Road | 45426 | 529-4514 | N/A | Paula Hubbard |

# MARKETBEAT
# Dayton
## Industrial Q4 2017

CUSHMAN & WAKEFIELD

DAYTON INDUSTRIAL

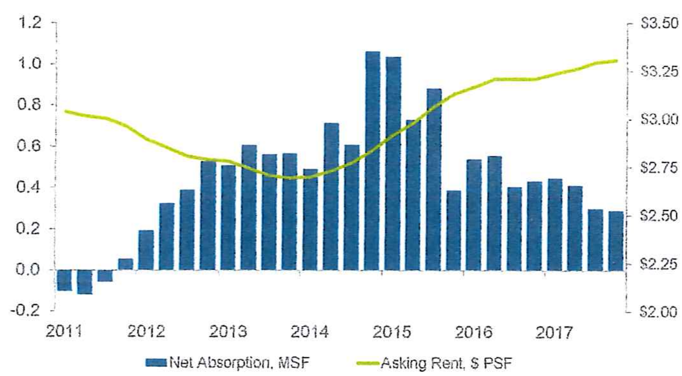
### Economic Indicators

| | Q4 16 | Q4 17 | 12 Month Forecast |
|---|---|---|---|
| Dayton Employment | 385K | 393K | ▲ |
| Dayton Unemployment | 4.7% | 4.6% | ▬ |
| U.S. Unemployment | 4.7% | 4.1% | ▼ |

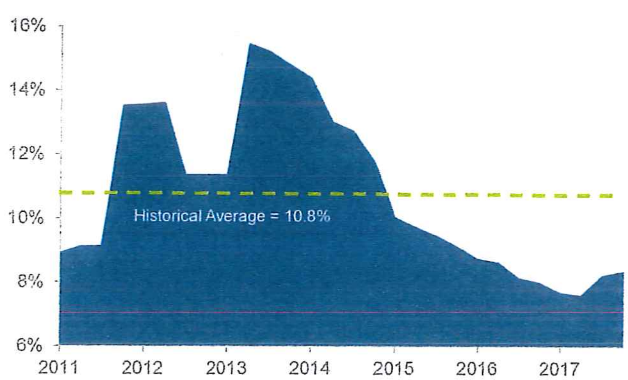
### Market Indicators (Overall, All Property Types)

| | Q4 16 | Q4 17 | 12 Month Forecast |
|---|---|---|---|
| Overall Vacancy | 8.0% | 8.3% | ▼ |
| Net Absorption (sf) | 526K | 489K | ▲ |
| Under Construction (sf) | 2.29M | 1.04M | ▲ |
| Average Asking Rent (FS) | $3.21 | $3.26 | ▲ |

### Net Absorption/Asking Rent
4-QTR TRAILING AVERAGE




### Overall Vacancy




Following a decade-long low vacancy level of 7.6% set in Q2 2017, the Q4 vacancy rate in the Greater Dayton industrial market increased to 8.3%. Year-over-year, vacancy increased by a slight 35 basis points (bps).

A major manufacturing vacancy in Q3 led to negative quarterly absorption for the first time in more than two years. Conversely, the market saw 489,000 sf of positive absorption in Q4.

The largest driver of positive absorption for the quarter was new construction. Over 700,000 sf of new build-to-suit (BTS) product was delivered to the market. Major projects included a 270,000-sf facility for Victory Wholesale Group in Springboro, and a 100,000-sf building for United Grinding near I-75 in Miamisburg.

Even with a number of new deliveries, more than 1.0 million square feet (msf) remains under construction across the Dayton market, concentrated mostly in the North submarket.

While construction completions were frequent, leasing activity was minimal in Q4. As United Grinding moved to its new building, Cornerstone Research Group moved into its previous 53,000-sf facility located on Earl Boulevard in Miamisburg.

Local custom packaging supplier Adapt-A-Pak leased the entire 20,000-sf building at 165 Janney Road in North Dayton.

Overall asking rates across product categories currently average $3.26 per square foot (psf) NNN. While this represents a 2%-drop from the prior quarter, it is a 1.5% year-over-year rate increase.

Sale activity in the fourth quarter was somewhat modest. The largest sale of the quarter took place in Troy, where investor Outrigger Group Ltd. purchased the property at 701 West Water Street for $1.35 millon ($30 psf). Nearby in Huber Heights, the I-70/I-75 Business Park III building on Executive Boulevard was sold to investor Cobblestone Street II LLC for $492,000 ($11 psf). Five of the six buildings located at the 290,000-sf I-70/I-75 Business Park have been sold in the past 18 months. Further south in Middletown, Cravens Enterprises LLC acquired the 42,000-sf manufacturing facility at 1600 Made Industrial Drive for $1.25 million ($30 psf).

# MARKETBEAT
## Dayton
### Industrial Q4 2017

CUSHMAN & WAKEFIELD

| SUBMARKET | INVENTORY | DIRECT VACANT | DIRECT VACANCY RATE | NET ABSORPTION | YTD NET ABSORPTION | UNDER CNSTR | AVERAGE ASKING RENT |
|---|---|---|---|---|---|---|---|
| **Bulk Warehouse** | | | | | | | |
| Central | 982,856 | 0 | 0.0% | 0 | 314,192 | 0 | $2.00 |
| East | 2,525,989 | 284,534 | 11.3% | 0 | 60,533 | 0 | $3.07 |
| North | 7,518,016 | 469,846 | 6.2% | (117,600) | 493,400 | 511,750 | $3.77 |
| South | 5,020,228 | 715,247 | 14.2% | (36,000) | 238,506 | 0 | $3.91 |
| Upper North | 2,940,754 | 82,800 | 2.8% | 0 | 0 | 0 | $2.80 |
| Bulk Warehouse Total | 18,987,843 | 1,552,427 | 8.2% | (153,600) | 1,106,631 | 511,750 | $3.59 |
| **Freestanding** | | | | | | | |
| Central | 16,307,515 | 1,371,280 | 8.4% | (24,000) | (20,689) | 0 | $2.78 |
| East | 18,291,238 | 873,758 | 4.8% | (4,000) | (314,492) | 296,000 | $3.67 |
| North | 14,970,412 | 2,528,323 | 16.9% | (25,920) | (656,292) | 182,600 | $2.71 |
| South | 22,747,459 | 1,779,386 | 7.8% | 360,300 | 430,976 | 51,000 | $2.92 |
| Upper North | 15,206,650 | 664,742 | 4.4% | 325,000 | 495,583 | 0 | $3.15 |
| West | 2,074,439 | 0 | 0.0% | 12,000 | 12,000 | 0 | $0.00 |
| Freestanding Total | 89,597,713 | 7,217,489 | 8.1% | 643,380 | (52,914) | 529,600 | $2.89 |
| **Office/Warehouse** | | | | | | | |
| Central | 567,124 | 100,941 | 17.8% | 1,440 | (15,760) | 0 | $3.79 |
| East | 297,810 | 43,470 | 14.6% | 0 | 3,750 | 0 | $6.61 |
| North | 1,334,580 | 182,511 | 13.7% | 0 | 29,400 | 0 | $3.98 |
| South | 4,221,820 | 486,715 | 11.5% | (2,150) | 83,110 | 0 | $5.78 |
| Upper North | 331,542 | 26,700 | 8.1% | 0 | 0 | 0 | $3.85 |
| Office/Warehouse Total | 6,752,876 | 840,337 | 12.4% | (710) | 100,500 | 0 | $5.19 |
| **By Submarket** | | | | | | | |
| Central | 17,857,495 | 1,472,221 | 8.2% | (22,560) | 277,743 | 0 | $2.78 |
| East | 21,115,037 | 1,201,762 | 5.7% | (4,000) | (250,209) | 296,000 | $3.62 |
| North | 23,823,008 | 3,180,680 | 13.4% | (143,520) | (133,492) | 694,350 | $2.92 |
| South | 31,989,507 | 2,981,348 | 9.3% | 322,150 | 752,592 | 51,000 | $3.79 |
| Upper North | 18,478,946 | 774,242 | 4.2% | 325,000 | 495,583 | 0 | $3.15 |
| West | 2,074,439 | 0 | 0.0% | 12,000 | 12,000 | 0 | $0.00 |
| TOTAL INDUSTRIAL | 115,338,432 | 9,610,253 | 8.3% | 489,070 | 1,154,217 | 1,041,350 | $3.26 |

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# MARKETBEAT
# Dayton
## Industrial Q1 2018

CUSHMAN & WAKEFIELD

DAYTON INDUSTRIAL

### Economic Indicators

| | Q1 17 | Q1 18 | 12 Month Forecast |
|---|---|---|---|
| Dayton Employment | 387k | 392k | ▲ |
| Dayton Unemployment | 4.7% | 4.3% | ▬ |
| U.S. Unemployment | 4.7% | 4.1% | ▼ |

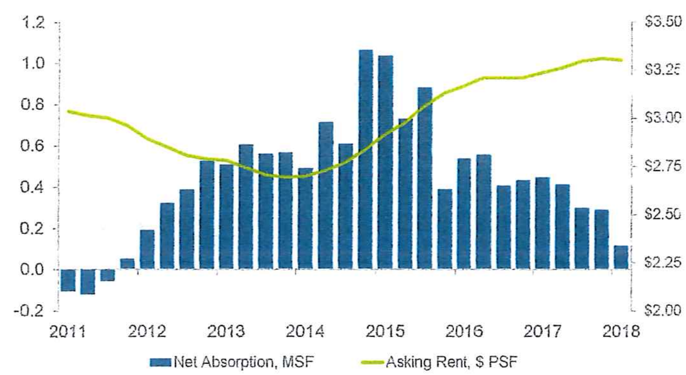
Numbers above are quarterly averages. Jan 2018 data used to represent Q1 2018 for Dayton.

### Market Indicators (Overall, All Property Types)

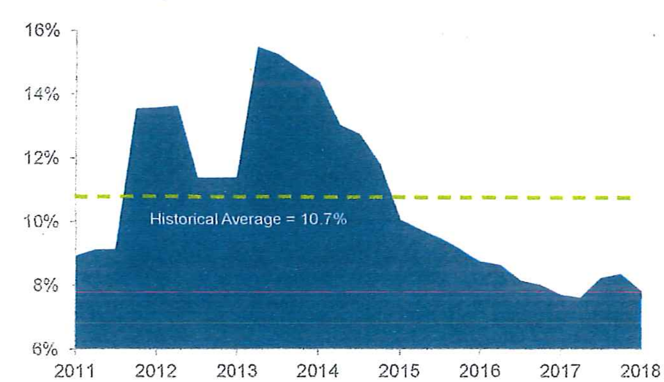
| | Q1 17 | Q1 18 | 12 Month Forecast |
|---|---|---|---|
| Overall Vacancy | 7.7% | 7.8% | ▼ |
| Net Absorption (sf) | 621k | -75k | ▲ |
| Under Construction (sf) | 1.54M | 1.01M | ▲ |
| Average Asking Rent* | $3.32 | $3.29 | ▲ |

*Rental rates reflect net asking $psf/year

### Net Absorption/Asking Rent
4-QTR TRAILING AVERAGE




### Overall Vacancy




## Economy

The Greater Dayton area was once again highlighted in the Top 10 of Tier-2 metropolitan areas (population between 200,000 and 1.0 million people) by Site Selection magazine. In its recent 2017 Governor's Cup project rankings, Dayton ranked eighth among comparable metro regions due the large amount of new construction projects underway. The region's unemployment rate of 4.3% is near the national rate, which currently sits at 4.1%.

## Market Overview

After fluctuating slightly over the course of 2017, the vacancy rate in the Greater Dayton industrial market for Q1 2018 is 7.8%. Year-over-year, vacancy increased slightly, but has fallen by nearly 100 basis points (bps) since Q1 2016.

The Dayton market saw negative 75,000 square feet (sf) of net absorption in Q1 2018. Recently-created vacancies were countered by positive absorption from new construction. Nearly 84,000 sf of new build-to-suit (BTS) product was delivered to the market. The largest of these projects was a 45,000-sf expansion of the 101,000-sf Magnode aluminum products building in Trenton.

More than 1.0 million square feet (msf) remains under construction across the Dayton market, with additional projects in the pipeline that are expected to begin in the middle of the year.

Sale activity in the first quarter was strong as five buildings were sold for at least $1.0 million each. The largest sale of the quarter took place in Springboro. MP Booker Assets Ohio LLC purchased the newly-vacant 131,000-sf former MCM Electronics property on South Pioneer Boulevard for $3.7 million ($28 psf). Nearby in Kettering, the 59,000-sf building at 4800 Hempstead Station Drive was sold to Siva Properties LLC for $2.2 million ($36 psf). Canadian-based MSW Plastics purchased the 60,000-sf former Encon Plant in Vandalia for $1.0 million ($17 psf), which had previously been vacant.

Unlike sale activity, leasing activity was lower in Q1 2018 than at any point in the past five quarters. Notable new leases included 12,000 sf by Evans Entertainment at the Beerman Warehouse Building in Moraine. At the recently-completed 22,500-sf office/warehouse located at 1740 Thomas Paine Parkway in Centerville, Paragon Infusion LLC and Bennett & Bennett each leased 3,100 sf.

Overall asking rates across product categories currently average $3.29 per square foot (psf) NNN, which is in line with asking rates seen throughout 2017.

## Outlook

Despite a slow start to the year, leasing activity should increase and direct vacancy will approach 7.0% by the end of 2018.

# MARKETBEAT
## Dayton
## Industrial Q1 2018

CUSHMAN & WAKEFIELD

| SUBMARKET | INVENTORY (SF) | DIRECT VACANT (SF) | DIRECT VACANCY RATE | NET ABSORPTION (SF) | YTD NET ABSORPTION (SF) | UNDER CONSTR (SF) | AVERAGE ASKING RENT |
|---|---|---|---|---|---|---|---|
| **Bulk Warehouse** | | | | | | | |
| Central | 982,856 | 0 | 0.0% | 0 | 0 | 0 | $2.00 |
| East | 2,525,989 | 284,534 | 11.3% | 0 | 0 | 0 | $3.07 |
| North | 7,518,016 | 469,846 | 6.2% | 0 | 0 | 511,750 | $3.77 |
| South | 5,020,228 | 625,247 | 12.5% | 0 | 0 | 0 | $4.01 |
| Upper North | 2,940,754 | 82,800 | 2.8% | 0 | 0 | 0 | $2.80 |
| Bulk Warehouse Total | 18,987,843 | 1,462,427 | 7.7% | 0 | 0 | 511,750 | $3.63 |
| **Freestanding** | | | | | | | |
| Central | 16,366,051 | 1,329,777 | 8.1% | -3,423 | -3,423 | 0 | $2.84 |
| East | 18,293,115 | 772,096 | 4.2% | -38,117 | -38,117 | 327,000 | $3.80 |
| North | 14,971,497 | 2,293,571 | 15.3% | 76,608 | 76,608 | 175,000 | $2.73 |
| South | 23,380,735 | 1,918,966 | 8.2% | -63,580 | -63,580 | 0 | $2.97 |
| Upper North | 17,954,995 | 659,742 | 3.7% | 5,000 | 5,000 | 0 | $3.13 |
| West | 2,137,789 | 0 | 0.0% | 0 | 0 | 0 | $0.00 |
| Freestanding Total | 93,104,182 | 6,974,152 | 7.5% | -23,512 | -23,512 | 502,000 | $2.95 |
| **Office/Warehouse** | | | | | | | |
| Central | 567,124 | 96,942 | 17.1% | 3,999 | 3,999 | 0 | $3.81 |
| East | 297,810 | 43,870 | 14.7% | -400 | -400 | 0 | $4.69 |
| North | 1,284,580 | 184,911 | 14.4% | -2,400 | -2,400 | 0 | $4.21 |
| South | 3,951,535 | 438,515 | 11.1% | -52,546 | -52,546 | 0 | $6.01 |
| Upper North | 331,542 | 26,700 | 8.1% | 0 | 0 | 0 | $3.85 |
| Office/Warehouse Total | 6,432,591 | 790,938 | 12.3% | -51,347 | -51,347 | 0 | $5.21 |
| **By Submarket** | | | | | | | |
| Central | 17,916,031 | 1,426,719 | 8.0% | 576 | 576 | 0 | $2.83 |
| East | 21,116,914 | 1,100,500 | 5.2% | -38,517 | -38,517 | 327,000 | $3.62 |
| North | 23,774,093 | 2,948,328 | 12.4% | 74,208 | 74,208 | 686,750 | $2.97 |
| South | 32,352,498 | 2,982,728 | 9.2% | -116,126 | -116,126 | 0 | $3.79 |
| Upper North | 21,227,291 | 769,242 | 3.6% | 5,000 | 5,000 | 0 | $3.12 |
| West | 2,137,789 | 0 | 0.0% | 0 | 0 | 0 | $0.00 |
| DAYTON TOTALS | 118,524,616 | 9,227,517 | 7.8% | -74,859 | -74,859 | 1,013,750 | $3.29 |

*Rental rates reflect net asking $psf/year

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# MARKETBEAT
## Dayton
### Industrial Q2 2018

CUSHMAN & WAKEFIELD

DAYTON INDUSTRIAL

### Economic Indicators

| | Q2 17 | Q2 18 | 12 Month Forecast |
|---|---|---|---|
| Dayton Employment | 388k | 393k | ▲ |
| Dayton Unemployment | 4.9% | 4.2% | ▬ |
| U.S. Unemployment | 4.3% | 3.8% | ▼ |

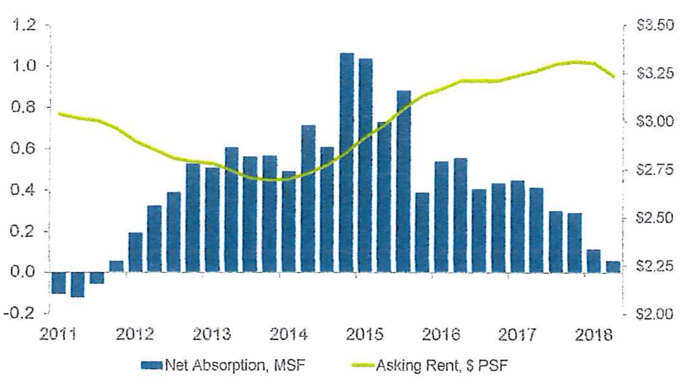
Numbers above are quarterly averages. April/May 2018 data used to represent Q2 2018 for Dayton.

### Market Indicators (Overall, All Property Types)

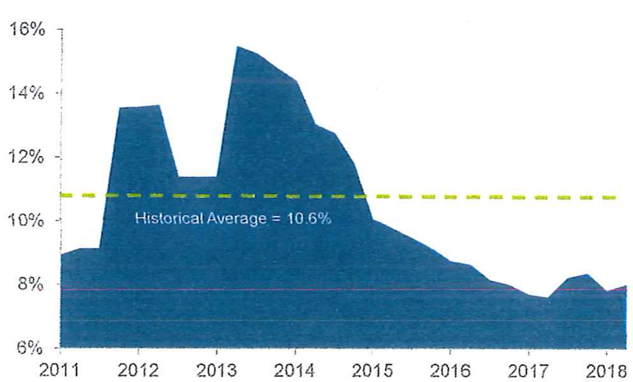
| | Q2 17 | Q2 18 | 12 Month Forecast |
|---|---|---|---|
| Overall Vacancy | 7.6% | 8.0% | ▼ |
| Net Absorption (sf) | 192k | -40k | ▲ |
| Under Construction (sf) | 1.5M | 909k | ▲ |
| Average Asking Rent* | $3.32 | $3.05 | ▲ |

*Rental rates reflect net asking $psf/year

### Net Absorption/Asking Rent
4-QTR TRAILING AVERAGE




### Overall Vacancy




### Economy

The latest Manufacturing and Logistics "Report Card" from the Ball State University Center for Business and Economic Research awarded an "A" grade to the state of Ohio for "logistics industry health." In the 2018 report, only five of the 50 states received "A" grades in the logistics category, based on multiple criteria. The Dayton region's unemployment rate dropped significantly to 4.2%, which is just above the current national rate of 3.8%.

### Market Overview

The first and second quarter 2018 statistics in the Greater Dayton industrial market were mirror-images of each other. The direct vacancy rate remained at 7.8% for the second consecutive quarter, while Q2 2018 vacancy increased by only 20 basis points (bps) over the prior year.

Q2 2018 net absorption was negative 40,000 square feet (sf) due mostly to vacancy at the 252,000-sf former Dayton Daily News printing plant in Franklin. This building is now available for lease after being sold to Cincinnati-based investor CERTA in May for $3.2 million ($13 per square foot).

As in Q1, positive absorption from new construction counteracted much of the negative absorption. 175,000 sf of new build-to-suit (BTS) product was delivered to the market in Q2 2018, including a 106,000-sf facility in Englewood for plastics manufacturer Hematite.

Over 900,000 sf was under construction across the region, most of which should be complete before the end of the year.

Similar to Q1, industrial leasing activity was modest in Q2 2018. Notable new leases included 8,400 sf by Something Old Rental at 2416 Stanley Avenue in Dayton. At the I-70/I-75 Business Park III in Huber Heights, Tecta America - Zero Roofing leased 6,500 sf. In the South submarket, N12 Technologies leased 6,100 sf at 2000 Composite Drive in Kettering.

Overall asking lease rates across product categories currently average $3.05 per square foot (psf) NNN, which is a decrease on both a quarterly and yearly basis.

In addition to the former Dayton Daily News printing plant, sale activity in the second quarter included five buildings that were sold for at least $750,000 each. The largest sale of the quarter took place in Franklin, where automotive products manufacturer NC Works bought its own 80,000-sf facility from investor KP Properties for $6.2 million ($78 psf).

### Outlook

As new construction is completed and leasing activity increases net absorption should be positive for the remainder of 2018.

# MARKETBEAT

## Dayton

### Industrial Q2 2018

CUSHMAN & WAKEFIELD

| SUBMARKET | INVENTORY (SF) | DIRECT VACANT (SF) | DIRECT VACANCY RATE | DIRECT QTR NET ABSORPTION (SF) | DIRECT YTD NET ABSORPTION (SF) | UNDER CONSTRUCTION (SF) | DIRECT AVERAGE ASKING RENT |
|---|---|---|---|---|---|---|---|
| **Bulk Warehouse (Warehouse/Distribution)** | | | | | | | |
| Central | 982,856 | 0 | 0.0% | 0 | 0 | 0 | $0.00 |
| East | 2,785,358 | 284,534 | 10.2% | 0 | 0 | 0 | $3.07 |
| North | 7,518,016 | 453,956 | 6.0% | 0 | 0 | 511,750 | $2.50 |
| South | 5,020,228 | 628,996 | 12.5% | -2,000 | -3,749 | 0 | $3.46 |
| Upper North | 2,940,754 | 82,800 | 2.8% | 0 | 0 | 0 | $2.80 |
| Bulk Warehouse Total | 19,247,212 | 1,450,286 | 7.5% | -2,000 | -3,749 | 511,750 | $2.83 |
| **Freestanding (Manufacturing)** | | | | | | | |
| Central | 16,366,331 | 1,329,777 | 8.1% | 0 | -3,423 | 0 | $2.90 |
| East | 18,293,115 | 772,096 | 4.2% | 0 | -38,117 | 327,000 | $3.60 |
| North | 15,148,721 | 2,237,491 | 14.8% | 234,304 | 309,912 | 0 | $2.60 |
| South | 23,432,360 | 1,978,496 | 8.4% | -245,860 | -309,440 | 70,000 | $2.93 |
| Upper North | 17,954,995 | 659,742 | 3.7% | 0 | 5,000 | 0 | $3.32 |
| West | 2,137,789 | 0 | 0.0% | 0 | 0 | 0 | $0.00 |
| Freestanding Total | 93,333,311 | 6,977,602 | 7.5% | -11,556 | -36,068 | 397,000 | $2.88 |
| **Office/Warehouse (Office Serivce)** | | | | | | | |
| Central | 567,124 | 79,417 | 14.0% | 10,040 | 14,039 | 0 | $3.36 |
| East | 297,810 | 43,870 | 14.7% | 0 | -400 | 0 | $4.61 |
| North | 1,284,580 | 178,511 | 13.9% | 6,400 | 4,000 | 0 | $3.94 |
| South | 3,951,535 | 457,823 | 11.6% | -19,308 | -71,854 | 0 | $4.81 |
| Upper North | 331,542 | 50,700 | 15.3% | -24,000 | -24,000 | 0 | $3.85 |
| Office/Warehouse Total | 6,432,591 | 810,321 | 12.6% | -26,868 | -78,215 | 0 | $4.44 |
| **By Submarket** | | | | | | | |
| Central | 17,916,311 | 1,409,194 | 7.9% | 10,040 | 10,616 | 0 | $2.94 |
| East | 21,376,283 | 1,100,500 | 5.1% | 0 | -38,517 | 327,000 | $3.39 |
| North | 23,951,317 | 2,869,958 | 12.0% | 240,704 | 313,912 | 511,750 | $2.66 |
| South | 32,404,123 | 3,065,315 | 9.5% | -267,168 | -385,043 | 70,000 | $3.31 |
| Upper North | 21,227,291 | 793,242 | 3.7% | -24,000 | -19,000 | 0 | $3.34 |
| West | 2,137,789 | 0 | 0.0% | 0 | 0 | 0 | $0.00 |
| **DAYTON TOTALS** | **119,013,114** | **9,238,209** | **7.8%** | **-40,424** | **-118,032** | **908,750** | **$3.05** |

*Rental rates reflect net asking $psf/year

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# MARKETBEAT
## Dayton
## Industrial Q3 2018

CUSHMAN & WAKEFIELD

DAYTON INDUSTRIAL

### Economic Indicators

| | Q3 17 | Q3 18 | 12 Month Forecast |
|---|---|---|---|
| Dayton Employment | 389k | 393k | ▲ |
| Dayton Unemployment | 4.6% | 4.2% | ▬ |
| U.S. Unemployment | 4.4% | 3.9% | ▼ |

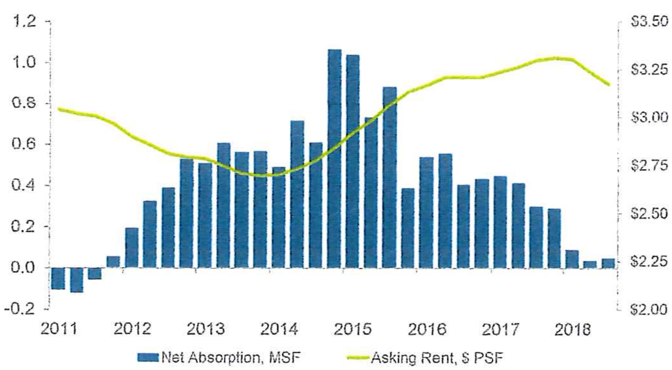
Numbers above are quarterly averages. July/August 2018 data used to represent Q3 2018 for Dayton.

### Market Indicators (Overall, All Property Types)

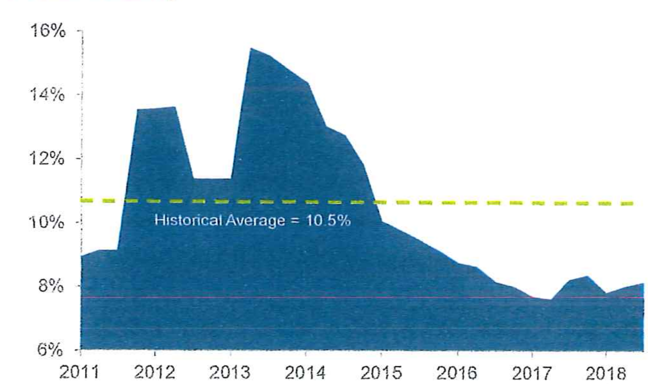
| | Q3 17 | Q3 18 | 12 Month Forecast |
|---|---|---|---|
| Overall Vacancy | 8.2% | 8.1% | ▼ |
| Net Absorption (sf) | -149k | -98k | ▲ |
| Under Construction (sf) | 1.4M | 1.3M | ▲ |
| Average Asking Rent* | $3.33 | $3.08 | ▲ |

*Rental rates reflect net asking $psf/year

### Net Absorption/Asking Rent
4-QTR TRAILING AVERAGE




### Overall Vacancy




## Economy

The Dayton Development Coalition (JobsOhio) recently announced that area employers have ceated over 1,100 new jobs and retained an additional 3,600 existing jobs so far in 2018. The new jobs are a part of nearly two dozen projects with a combined capital investment in excess of $260 million. This investment was reflected in the 430,000 square feet (sf) of industrial construction projects delivered so far in 2018. Dayton's metro unemployment rate is 4.3%, which is near the current national rate of 3.9%.

## Market Oveview

Direct vacancy in the Greater Dayton industrial market has mostly been unchanged over the past two years. As of Q3 2018, the vacancy rate was 8.0%, which was slightly higher than the prior quarter, but also a 20 basis points (bps) drop over the prior year.

Q3 2018 net absorption was negative 204,000 sf, due mostly to a newly-vacant 259,000-sf distribution warehouse in Fairborn. That warehouse had been occupied by retailer Elder-Beerman. Bon-Ton Stores, its parent company, declared bankruptcy in February.

Q3 absorption was also significantly impacted by the delivery of a new 150,000-sf Pepsi Distribution Center in Fairborn. As a result, PepsiCo consolidated its local operation by vacating three buildings which totaled 221,000 sf. The combination of move-outs over the course of the year has led to year-to-date net absorption total of negative 341,000 sf.

Over 1.3 million square feet (msf) was under construction across the region, mostly comprised of distribution warehouse space located near the Dayton Airport in the North submarket.

In Q3, industrial leasing activity was at its lowest point for 2018. The largest lease of the quarter took place in Moraine, where RPS Technologies leased 18,000 sf at Dryden Road - Building A. North of downtown Dayton, HR Machine LLC leased the entire 8,700-sf building at 1934 Stanley Avenue. Nearby, R&M Welding renewed at the 8,500-sf 1944 Stanley Avenue building.

Overall asking lease rates across product categories reached an average of $3.05 per square foot (psf) NNN in Q3, which was unchanged over the prior quarter.

Sale activity in the third quarter included four buildings that were sold for at least $750,000 each. In Miamisburg, an investor called CoreCivic, Inc. purchased the 217,000-sf Federal Government Archives & Records warehouse for $6.5 million ($30 psf). Florida-based healthcare company AxoGen expanded its presence in the Dayton area, after it acquired a 70,000-sf facility in Vandalia for $5.0 million ($71 psf). Medical equipment supplier Radmedix relocated its operation from northern Cincinnati to a 25,000-sf building on 2510 Lance Drive in Kettering that it purchased for $750,000 ($30 psf).

## Outlook

Despite three consecutive quarters of negative absorption in 2018, fourth quarter construction deliveries and leasing activity will counteract this trend.

# MARKETBEAT

# Dayton

## Industrial Q3 2018

CUSHMAN & WAKEFIELD

| SUBMARKET | INVENTORY (SF) | DIRECT VACANT (SF) | DIRECT VACANCY RATE | DIRECT QTR NET ABSORPTION (SF) | DIRECT YTD NET ABSORPTION (SF) | UNDER CONSTRUCTION (SF) | DIRECT AVERAGE ASKING RENT |
|---|---|---|---|---|---|---|---|
| **Bulk Warehouse (Warehouse/Distribution)** | | | | | | | |
| Central | 982,856 | 0 | 0.0% | 0 | 0 | 0 | N/A |
| East | 2,785,358 | 543,903 | 19.5% | -259,369 | -259,369 | 0 | $3.21 |
| North | 7,518,016 | 427,815 | 5.7% | 0 | 42,031 | 945,491 | $2.50 |
| South | 5,020,228 | 648,196 | 12.9% | 18,373 | -22,949 | 0 | $3.56 |
| Upper North | 2,940,754 | 82,800 | 2.8% | 0 | 0 | 0 | N/A |
| Bulk Warehouse Total | 19,247,212 | 1,702,714 | 8.8% | -240,996 | -240,287 | 945,491 | $3.18 |
| **Freestanding (Manufacturing)** | | | | | | | |
| Central | 16,357,647 | 1,489,939 | 9.1% | -160,162 | -179,243 | 0 | $2.95 |
| East | 18,443,055 | 712,440 | 3.9% | 146,956 | 108,839 | 177,000 | $3.63 |
| North | 15,176,207 | 2,239,491 | 14.8% | 12,000 | 336,644 | 56,000 | $2.60 |
| South | 23,444,580 | 1,953,246 | 8.3% | 36,250 | -317,675 | 156,805 | $2.93 |
| Upper North | 17,954,995 | 659,742 | 3.7% | 0 | 5,000 | 0 | $3.32 |
| West | 2,137,789 | 0 | 0.0% | 0 | 0 | 0 | N/A |
| Freestanding Total | 93,514,273 | 7,054,858 | 7.5% | 35,044 | -46,435 | 389,805 | $2.88 |
| **Office/Warehouse (Office Serivce)** | | | | | | | |
| Central | 567,124 | 79,417 | 14.0% | 0 | 14,039 | 0 | $3.36 |
| East | 297,810 | 43,870 | 14.7% | 0 | -400 | 0 | $4.61 |
| North | 1,284,580 | 176,511 | 13.7% | 2,000 | 6,000 | 0 | $3.86 |
| South | 3,946,683 | 436,288 | 11.1% | 0 | -50,319 | 0 | $4.75 |
| Upper North | 331,542 | 50,700 | 15.3% | 0 | -24,000 | 0 | $3.85 |
| Office/Warehouse Total | 6,427,739 | 786,786 | 12.2% | 2,000 | -54,680 | 0 | $4.41 |
| **By Submarket** | | | | | | | |
| Central | 17,907,627 | 1,569,356 | 8.8% | -160,162 | -165,204 | 0 | $2.98 |
| East | 21,526,223 | 1,300,213 | 6.0% | -112,413 | -150,930 | 177,000 | $3.37 |
| North | 23,978,803 | 2,843,817 | 11.9% | 14,000 | 384,675 | 1,001,491 | $2.64 |
| South | 32,411,491 | 3,037,730 | 9.4% | 54,623 | -390,943 | 156,805 | $3.28 |
| Upper North | 21,227,291 | 793,242 | 3.7% | 0 | -19,000 | 0 | $3.34 |
| West | 2,137,789 | 0 | 0.0% | 0 | 0 | 0 | N/A |
| **DAYTON TOTALS** | **119,189,224** | **9,544,358** | **8.0%** | **-203,952** | **-341,402** | **1,335,296** | **$3.05** |

*Rental rates reflect net asking $psf/year

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# NEWS & INSIGHT



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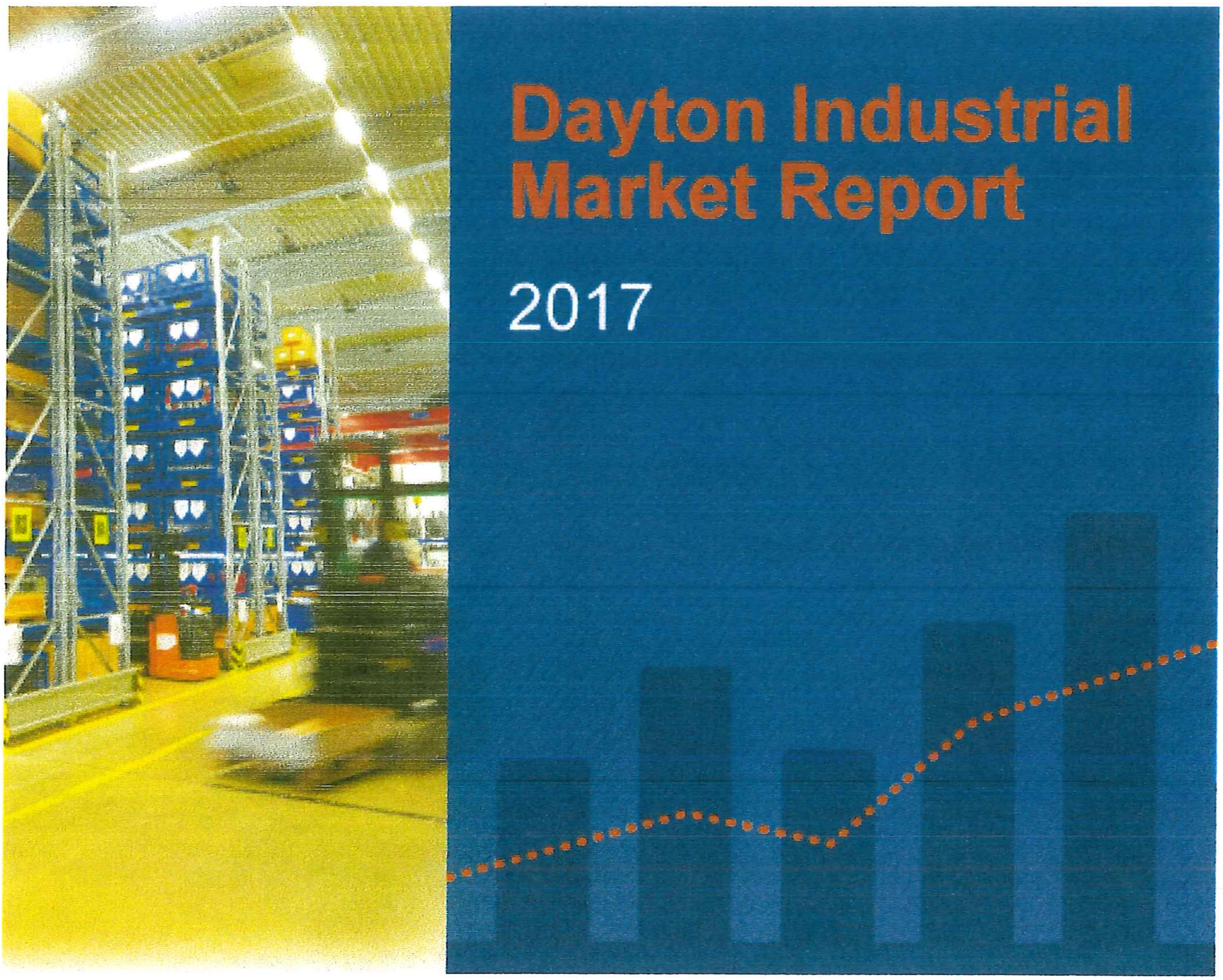
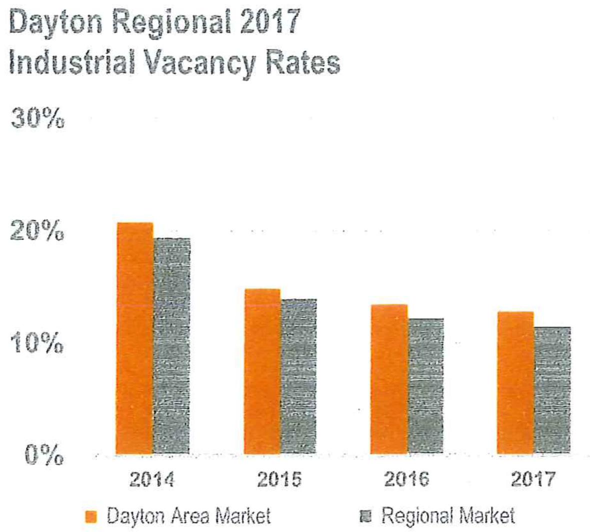



August 28, 2017 / By Steve Peters, Sr. Vice President

## Vacancy Rate in the Dayton Industrial Market Continues to Decline




The vacancy rate in the Dayton market continues to remain low at 11.4%. The result has been less flexibility from property owners, meaning higher lease rates and longer lease terms. Industrial users have found it increasingly difficult to find viable properties with favorable terms. Much of the remaining inventory lacks required features, is located in challenging areas or requires extensive tenant improvements.

As predicted in the last year's survey, the decline in industrial vacancy has finally generated some speculative building, and multiple projects are in the planning stage. The projects include bulk warehouse buildings ranging in size from 250,000 SF to over 500,000 SF primarily in the North market near the airport where Procter & Gamble and Spectrum Brand are located. This location, with its access to I-70 and I-75, readily available land and in some cases tax abatement, continues to draw attention from developers new to our market. We see no reason why at least one of these projects won't get started within the next 6-12 months. Additionally, we believe owners of existing facilities will be making improvements to their inventory and buyers of older product will be providing necessary upgrades to make their facilities more appealing to users.

If you would like more information about Dayton's industrial market, available properties, or a copy of the complete 2017 Dayton Industrial Market Report, please contact Steve Peters, SIOR at (937) 297-3243 or Gerry Smith at (937) 297-9368.

Download 2017 Industrial Market Report →

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AREA DEVELOPMENT

# Evaluating a Workforce Pipeline During Times of Low Unemployment

## Although the education levels of a state's workforce should be a significant consideration for any project expansion or relocation, that data alone may not be sufficient to tell the whole story of the workforce for a particular market.

Ann Petersen, Managing Director, Business Incentives Practice, Cushman & Wakefield (Q4 2018)

In July 2018, the unemployment rate was reported at 4.3 percent — at its lowest level since early 2001. Similarly, all typical economic measurements point to a booming economy — employers are adding jobs, output is soaring, and average wages are rising. In these easy economic times, what do corporate executives have to be worried about?

{{RELATEDLINKS}}Executives are faced with a growing number of considerations when evaluating new opportunities for a location decision or an expansion of an existing operation. With unemployment levels at all-time record lows, any location decision must factor in workforce. An important workforce consideration when evaluating a particular market is the workforce pipeline. Current workforce data becomes outdated almost as soon as the data is pulled, and often does not account for the true supply and demand in the market. For instance, current workforce data will not include recent corporate announcements of company relocations or expansions; it is almost impossible to account for future workforce demand through raw data alone. Accordingly, just because the workforce data looks robust for a certain industry, there may be other factors that could contribute to a shortage in certain skill sets, driving up the market's average wages and putting pressures on business to attract and retain good talent.

{{SIDEIMAGE1}}One way to evaluate the performance of a market from a skilled workforce perspective is to look at educational attainment levels, or the average education level (e.g., high school diploma, four-year degree, advanced or other master's level education, etc.) of the market, overall. Minnesota and Massachusetts, two states with historically high educational attainment levels (40 percent of Massachusetts residents and 33 percent of Minnesota residents have a bachelor's degree or higher[1]) also spend a relatively high amount, per capita, on K-12 education.[2] The correlation makes sense – generally, those states that put a financial focus on K-12 education enjoy increased levels of educational attainment across the state in the workforce population, as compared to the rest of the country. Thus, executives looking for a skilled workforce would be well served by looking to states and markets with high educational attainment levels.

A market with an already existing highly skilled workforce may seem like a solution to the workforce crisis; however, one metric may be cause for concern. An existing skilled workforce may help to reduce a company's exposure to risk associated with finding skilled labor, but net migration data helps to complete the workforce picture in a particular market. Although highly skilled states like Minnesota and Massachusetts enjoy high levels of skilled workers, both states' net migration numbers are extremely low or even negative.[3] Net migration data indicates whether or not more workers are moving into a particular market versus moving out, and low or negative net migration numbers may indicate a trend leading to more workers exiting the state versus remaining.

One way to evaluate the performance of a market from a skilled workforce perspective is to look at educational attainment levels, or the average education level of the market, overall. Net migration matters, but there may be more to the story than what the data shows. A recent trend in office relocations indicates that while urban areas will always flourish, many skilled workers are preferring to relocate to "mid-tier" cities that offer the same amenities as highly urban areas, but with a lower cost of living. Corporate executives should take this trend into consideration when evaluating a corporate office location decision. While it may make sense to maintain an executive presence in a high-cost, large urban market, many of the middle management and back office operations can be moved to mid-sized, lower cost but still culturally rich in amenities cities like Indianapolis, Columbus, Nashville, or Milwaukee.

A company should also look at a state's available workforce development programs such as Georgia's QuickStart or Louisiana's LED FastStart program (two states that offer robust, best-in-class workforce development programs to new and expanding businesses) as part of an overall analysis of a potential market's workforce, workforce pipeline, and potential retraining opportunities, should a skills gap exist.

1 Percent of population with a bachelor's degree or higher – ESMI Quarterly Census of Employees and Wage – 2018.3 EMSI Class of Worker
2 $15,593 per student in Massachusetts, $12,382 per student in Minnesota - Fiscal Year 2016 Public Elementary-Secondary School Per Pupil Spending; 2016 Annual Survey of School System Finances, US Census Bureau
3 3.4% net migration for Massachusetts, 1.4% net migration for Minnesota - 2016-2017 Business Insider; data from US Census Bureau

AREA DEVELOPMENT

# Millennials Spark Seismic Shift in Site Selection

## Those looking for a location for a new facility are focusing on communities that differentiate themselves through their quality of life, labor force, and cultural fit.

Gregory Burkart, Managing Director and City Leader, Site Selection & Incentives Advisory , Duff & Phelps, LLC (Q4 2018)

With the C-suite increasingly focused on creating and sustaining a strong corporate culture, site selection is undergoing a seismic shift. Instead of just identifying the right buildings, organizations are looking for the right people — particularly, young millennials, hoping to integrate their joie de vivre into their firms. CEOs recognize that their employees build a strong corporate culture. When executives find the right pocket of labor, companies construct buildings around them.

Communities and their amenities are a bigger piece of the site selection equation today, as many millennials value work-life balance. They are driven to communities that have great assets, and ultimately communities where they can enjoy living outside of work.

{{RELATEDLINKS}} **Metros or Suburbs?**

As site selectors, our job is to understand these new indicators and then identify places where we think millennials will migrate, today and in the future. According to Dr. Richard Florida, millennials are the happiest in urban areas. Citing a recent study, Dr. Florida notes that millennials are particularly the happiest in those cities with more than 250,000 residents.

In a 2009 study by Michigan State University, "Investing in your Future or Chasing your Past," the Land Policy Institute identified public amenities in metropolitan areas that are strongly correlated with growth in population, jobs, and per capita income. For example, the researchers found that investments in green amenities in metropolitan areas increased population, jobs, and per capita income. "Green amenities" are investments in assets such as parks, trails, and water-related developments, which are all attractive to millennials. The study also found that low housing costs in metro areas were associated with job and population growth as millennials struggle pay off student loans. Also noteworthy is that colleges and universities are associated with population and job growth in metro areas as the transition from school to work is easier on millennials.

{{SIDEIMAGE1}} While these indicators relate to metro areas, there is hope for rural areas to attract millennials. In a recent article, "Rich millennials are ditching the golf communities of their parents for a new kind of neighborhood," Tanza Loudenback identified a new housing trend — agricultural neighborhoods or "agrihoods," where millennials can raise their own food near their homes. These are master-planned communities with working farms at their core. Moreover, the homes in these communities are built to high environmental standards with renewable energy and smart technologies. As of 2017, there were 150 "agrihoods" in the U.S., some located near metro areas while others are further out, connected to urban cores by mass transit. A classic example is a new urbanism community Serenbe, 20 minutes from Atlanta's Hartsfield-Jackson International airport.

**Connecting With the Community**

Amazon's HQ2 Request for Proposal is an example of this profound shift in site selection. While the company recites traditional site location factors, the winning community will differentiate itself through quality of life, labor force, and cultural fit. The chosen city will have demonstrated a connectivity between buildings, facilities, and community. It must be a place where Amazon can cultivate and incorporate the local culture and creativity into its operations. A place where proximity fosters a sense of place.

If you look at a selection of cities on Amazon's short list, you'll find the hottest markets in the country. The common denominator is that these communities have an abundance of amenities that attract young, educated millennials, e.g., creative music and arts scenes, dynamic restaurants, and lush parks and open spaces. Austin, Nashville, and Raleigh have an average age that is less than the national average of 37 years, the growth of the millennial cohort exceeds the national average of 7.5 percent, and the education attainment exceeds the national average of 30 percent for bachelor and post-graduate degrees.

Looking ahead, we know that more than one in three American labor force participants (35 percent) are millennials, which — according to a Pew Research Center analysis — makes them the largest generation in the U.S. labor force. Enterprises of all sizes must orient their focus — including site selection — to ensure they appeal to this growing and influential segment of existing (and potential) employees. Doing so successfully won't be a happy accident. Rather, it will be the result of a detailed and rigorous analysis of what millennials desire in their workplace, the overall work environment, and amenities offered by the locale itself: plenty of creative outlets, attractive green/water amenities, vibrant food scenes, and music venues, to name a few. Getting this analysis "right" will lead to a happier, more productive millennial workforce and, in turn, enduring business success.

AREA DEVELOPMENT

# Agile Real Estate's Impact on Incentives

## Agile real estate solutions that reduce your firm's level of investment and/or headcount may have an effect on incentives provided by state and local entities.

Aaron Hirschl , Senior Financial Analyst, CBRE (Q4 2018)
In today's dynamic and often uncertain business environment, organizations of all types and sizes are searching for opportunities to optimize performance and maximize competitiveness while remaining sensitive to overall costs. Work's accelerating pace of change — fueled largely by technological, regulatory, economic, and cultural trends — requires companies to adopt agile operational strategies in order to quickly reconfigure structure, processes, people, and technology.

{{RELATEDLINKS}} Americas-based real estate executives responding to CBRE's 2018 Americas Occupier Survey revealed that although real estate decisions were once focused on building cost, location, and amenities, the framework for making real estate commitments now includes flexibility as an equally important component. While corporate real estate has long been viewed as necessary overhead, today's executives recognize the need for flexibility and are employing agile workplace strategies that meet the demands of the organization today and in the future.

**Incentive eligibility requirements**
Companies are seeking alternative real estate solutions — grounded in the concept of agility — to deliver highly effective and efficient workplaces, differentiated assets, and optimized real estate portfolios that create and protect value for owners, occupiers, and service providers alike. An agile and amorphic approach provides occupiers with alternate real estate solutions; however, these approaches may not align with companies seeking economic incentives from state and local entities that have narrow eligibility requirements, specifically as they relate to minimum levels of investment and job creation.

{{SIDEIMAGE1}} While economic incentive consideration may be site specific, incentives are mainly driven by the level of capital investment, headcount, and payroll associated with a project. Capital investment and job creation are measured to estimate the potential indirect and direct taxable revenue a project may generate.

As a growing number of companies seek to employ agile real estate strategies, the typical capital investment and headcount levels for a given deal have changed. Agile strategies tend to reduce the capital required for a project by leveraging the growth of co-working networks and flexible on-demand space. Additionally, these strategies can reduce the overall lifecycle facility costs and the time and effort necessary to procure a real estate solution. Finally, agile real estate solutions allow companies to utilize on-demand hiring and employ freelance or contract employees, avoiding costly overhead generally needed to operate a self-sustaining business. As a result, incentive policies with more flexible eligibility requirements will most effectively attract companies utilizing agile workplace strategies.

**Agile Real Estate: What, How, and Why**
What is agile real estate? Workplace environments and space agreement structures that are dynamic and nimble in supporting organizational objectives and employee needs — today and tomorrow.

{{SIDEIMAGE2}} How do you achieve agility? Create a unique and implementable strategy that increases productivity, drives efficiency, creates appropriate flexibility, and delivers rich experiences to employees and tenants.

In February 2018, CBRE published a survey in partnership with CoreNet Global titled "Stress Testing Your CRE

Agility." With more than 85 responses, the survey revealed the best practices employed by corporate real estate departments that described themselves as "agile." (Note that respondents were primarily in the finance, technology, government, manufacturing, and pharmaceutical industries.).

Why does agility matter? Agility delivers more effective workplaces and assets and streamlined portfolios that help drive better business performance, helps attract and retain talent and tenants, and increases asset value. Based on responses to CBRE's 2017 Global Occupier Survey, the implementation of an agile, shared workplace strategy is driven by the following internal and external needs:

- Reduce costs (45%)
- Obtain a short-term space solution (42%)
- Increase flexibility in leasing terms (41%)
- Acquire satellite/remote office spaces (25%)
- Attract and retain talent (21%)
- Promote networking or collaboration (15%)
- Promote innovation (13%)



or Office Leasing Activity by Industry

**Flexing Their Muscles**

A recent U.S. MarketFlash by CBRE, "Flexing Their Muscles: Flexible Space Provider Leasing Surging," shows the elevated demand for flexible terms:

- Flexible space providers accounted for 4.4 percent of square footage leased in major deals during the first half of 2018, nearly double their share in H1 2017 and up from less than 1 percent in 2013.
- Flexible space providers have been the primary growth driver within the business services sector. One third of major leases signed by business services firms in H1 2018 were flexible space providers, up from less than 7 percent five years earlier.
- If a similar rate of growth continues, flexible space providers' share of major leasing will surpass the legal, government, and insurance sectors by mid-year 2019.

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E Agility

Corporate occupiers have been the major drivers of the expansion of agile space solutions over the last few years:

- A Fortune 50 multinational technology company made headlines at the end of 2016 when it announced its decision to give nearly 30 percent of its employees in New York City access to co-working locations. The company cited its desire to tap into the startup culture in a more flexible co-working office arrangement.
- A Fortune 500 multinational investment bank and financial services company launched a fintech-focused accelerator space in the Flatiron section of NYC in 2016 to help innovative startups collaborate, experiment, and grow.
- A Fortune 50 multinational information technology company partnered with a co-working operator at its recently launched NYC office space in West Soho.
- A Fortune 50 multinational engineering and electronics company launched a co-working innovation hub on the top floor of its research campus in April 2017.

**Incentives: Flexibility Will Flourish**

Even as companies increasingly employ agile real estate strategies, incentives will continue to be top of mind for corporate real estate decision-makers; incentives play an important role in the site selection process. Traditionally, state and local entities offering economic incentives have based incentive policy on overall economic and fiscal impact and also require minimum levels of investment and job creation. An agile real estate strategy could reduce the level of investment and/or headcount; thus, state and local entities should proactively revise policies to reflect the reality of companies incorporating flexible workplaces into their real estate strategy.

AREA DEVELOPMENT

# The Search Is On, But Should We Tell?

## When site selecting, there are pros and cons to maintaining confidentiality as well as to making the search public; it all depends upon your company's current situation.

Monty Turner, Senior Consultant, Global Location Strategies (Q4 2018)

Last year, Amazon single-handedly turned the site selection profession into a household name. As everyone reading this article will recall, in late summer 2017, Seattle-based Amazon publicly announced its plans to establish a second headquarters in North America. News spread far and wide, precipitating a race among local communities to cobble together the most successful bid they could possibly dream up, and dream they did. The creative measures that were undertaken — one Georgia city offered to change its name to Amazon if chosen — fueled the media frenzy. For six full months, hardly a day went by without hearing something about Amazon HQ2.

Mind you, not all the news was positive. With more than 200 communities submitting bids, many critics railed on Amazon for pursuing a public search. The chief complaint was that it caused many unqualified communities to submit proposals, wasting precious local government resources in towns already strapped with underfunded services. In Amazon's defense, though, its RFP was quite thorough, detailing minimum size requirements for available land, labor, and infrastructure needs.

{{RELATEDLINKS}} Regardless, the question of whether to conduct a site search publicly or privately remains a matter of debate. There are three types of approaches:

**Fully confidential.** No one — other than a handful of employees, site selection consultants, and the final two to three communities and states under consideration — knows about the project until a formal announcement takes place. The majority of projects follow this approach.

**Semi-confidential.** In this situation, it is common knowledge that the company is looking for a site, but the public does not know precisely where. An example is Apple's current search for a fourth U.S. campus.

**Public.** This is the Amazon HQ2 approach, where the company announces its plans to find a new location and conducts an open-bidding process to vet qualified communities.

### The Advantages of Maintaining Confidentiality

There are many good reasons companies choose to keep their search confidential, but these four rise to the top: Human capital. If employees learn their company is considering a move, it can lead to anxiety that their jobs may somehow be affected. News of this magnitude can quickly spin out of control, and executives are eager to avoid distractions that might negatively impact productivity or morale. This complication is exacerbated if the current facility is unionized and possible locations under review are outside of union strongholds. Maintaining a "business as usual" approach, while keeping the site search confidential, is a better guarantee that productivity and profits stay on track.

{{SIDEIMAGE1}} **Avoidance of political influence.** Companies should select a site because it meets the needs of the project, not for political motives. Politics has a place in site selection, but maintaining confidentiality limits the potential for politics to completely sway a decision.

**Time management.** Anonymity can help avoid a mountain of phone calls, emails, and tweets from potential suitors. It's an economic developer's job to recruit companies, but public searches will draw attention from elected officials, well-meaning citizens, and others who will go to great lengths to promote the attributes of their community. While most try not to go overboard, the sheer number of competing communities can quickly overwhelm the inboxes of company executives.

**Competitive advantage.** If competition gets wind of a company's plans to expand capacity, they may take measures to either derail or to leapfrog those plans and get to market first. If the company is considering a site near one of its competitors, a competitor may go to great lengths to prevent it from happening. Its longevity in a community gives that company certain political clout that could lead to roadblocks. Keeping the search private can thwart aggressive efforts to block corporate strategy and give you a competitive edge as a first-mover in your industry.

Anonymity can help avoid a mountain of phone calls, emails, and tweets from potential suitors. **The Advantages of a Public Search**

There are two sides to every story, and many believe there are as many good reasons for going public with a site search as there are for keeping it under wraps. Here are four counterpoints for an open search:

**Investor confidence.** Many people believe much of the reason Amazon conducted an open site search was to draw attention to the company and its enormous growth potential to secure more investment capital. The sheer novelty of having two corporate headquarters on the same continent — both employing more than 50,000 people — sends a strong signal that company executives have confidence in their long-term growth.

**Choice sites.** It is possible that the more competitive a search is, the more likely communities are to offer up their best sites. Companies that don't have instant name recognition might especially benefit from announcing their search to better ensure the best available offerings.

**Better incentives.** Another widely held view about Amazon's public bid process is that it opened the door to far better incentives from states and counties. Details provided in the initial RFP shed light on what was most important to Amazon, i.e., talent attraction, public transportation and infrastructure, and land availability. With a clear picture of corporate goals, communities can focus on offering incentive packages with purpose.

If competition gets wind of a company's plans to expand capacity, they may take measures to either derail or to leapfrog those plans and get to market first. **Comprehensive information.** EDOs receive many RFIs every week. They are inclined to invest resources where they know they can be most impactful. Full disclosure of the search company breaks the barrier of secrecy and adds validity to the project, especially if the company is not using a trusted location advisor.

Which method is best? The answer depends upon the company's current situation, its competitive landscape, and the industry in which it operates. In my experience, the benefits of maintaining confidentiality usually outweigh an open bid. Privacy helps eliminate unnecessary worry among employees and investors. It also keeps your competition in the dark.

Once you decide that a new location can be advantageous, you should carefully consider the pros and cons of your approach. Develop a comprehensive checklist (a site selection professional can provide this), making sure to focus on long-term gains. The outcome of your answers should lead you to determine the best approach for your company.

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# Understanding - and Capitalizing on - Opportunity Zones

## The U.S. Treasury recently released regulations that will guide governance and implementation of Opportunity Zones, which have the potential to attract more than $50 billion of capital to low-income communities.

Michael Fitzpatrick, Partner, Baker Tilly Virchow Krause, LLP (Q4 2018)
Opportunity Zones (OZs), a product of the Tax Cuts and Jobs Act of 2017, are designed to stimulate new investment in low-income communities nationwide. The program enables investors to harvest capital gains and defer payment of federal gains tax by investing those gains as equity into a "new activity" within an OZ within 180 days. A new activity will generally take the form of a real estate development, but it could include an operating company as long as the funds can be traced to funding the new activity.

{{RELATEDLINKS}}Under the new tax law, each state selected 25 percent of its low-income census tracts, as defined under the New Markets Tax Credit program, to be OZs. States were also able to designate up to 5 percent of tracts contiguous to low-income tracts as qualifying areas. The OZs will remain fixed from the date of designation through the close of the tenth calendar year and can be quickly identified on mapping websites.

**Investor Incentive**
Investors initially benefit from deferral of capital gains tax, which effectively becomes an interest-free loan from the federal government to fund approximately 20 percent of the OZ investment. The capital gains tax on the original investment is due at the earlier of the disposition of the OZ investment or with the federal tax return covering Dec. 31, 2026. The capital gains tax on the original investment is reduced 10 percent if the OZ investment is held for five years and another 5 percent (15 percent in total) if held seven years or longer. The greatest incentive though is to hold the OZ investment for 10 years, which results in no capital gains tax on the new OZ investment, including the potential for no recapture of depreciation taken during the 10-year holding period.

{{SIDEIMAGE1}} **Expanding the Pie**
Though the tax benefit accrues to the investor, developers planning projects within OZs can share in the benefit through careful attention to the investment structure. Developers seeking OZ capital can target cash returns and tax attributes (e.g., depreciation losses) between classes of investors that consist of OZ investors, non-OZ investors, those that can (or cannot) use passive losses, and the general partner (developer) through special allocations in the operating agreement. A carefully structured operating agreement will "expand the pie" by allowing the developer to retain a greater share of cash and/or tax losses, while OZ investors experience greater after-tax returns — the classic win-win.

The OZ tax benefit accommodates a shift of cash returns and tax losses toward the developer, while still enhancing the yield for OZ investors. Savvy developers will need to offer a reasonable combination of cash returns and appreciation to attract OZ investors. Given the current capital gains tax rate, investors will not take excessive risk or substantially inferior cash returns and participation in appreciation to simply capture the deferral and reduction benefit on the original gain. They will need to see potential to take depreciation (to the extent allowed) and participate in the appreciation of the investment to benefit from the elimination of gains on the new OZ investment.

In the following example, investors eligible for OZ treatment achieve an internal rate of return (IRR) 45 percent higher than investors not qualifying for OZ benefits, and this is before value-engineering the structure to specially allocate depreciation.On October 19, 2018, the U.S. Treasury released regulations that will guide governance and implementation of OZs. The regulations answered many questions but left several important open questions.

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)anding the Pie

### Important Takeaways

- The regulations broadly define "gain" to allow short- and long-term capital gains. Gains from real estate, securities, the sale of a business, among others are eligible. In contrast to a section 1031 exchange, where all of the proceeds from the sale of real estate must be reinvested into real estate to achieve a deferral, only the gain portion needs to be reinvested within a Qualified Opportunity Zone (QOZ). Additionally, there is no "like kind" requirement, so an investor harvesting gains from the stock market could receive OZ benefits by investing gains into real estate in a QOZ.
- Deferred gains retain their original nature, which means that gains invested in an OZ will retain their original tax attributes. For example, a short-term capital gain will retain its character when reported on a future tax return when the original deferred gain is due (the earlier of Dec. 31, 2026 or upon disposition of the new OZ investment).
- Qualified Opportunity Funds (QOFs) can be invested as common or preferred equity in a partnership or corporation or can be invested directly in QOZ business assets. Since 90 percent of a QOF's assets must be invested in QOZ property (defined as tangible property), deploying more than 10 percent of the QOF's capital as a loan to a QOZ business is prohibited.
- Generally, a QOF must invest funds into QOZ property within six months. However, when investing in a QOZ business, financial property held for construction or rehabilitation may be held for a period of up to 31 months, if there is a written plan that identifies the financial property as property held for the acquisition, construction or substantial improvement of tangible property in the Opportunity Zone. Note that there is no guidance on how specific the "plan" must be to satisfy this requirement.
- While 90 percent of a QOF's assets must be invested in QOZ property or business within six months from the date received, the QOZ business only needs to hold 70 percent of its owned and leased tangible property within an OZ, which allows some flexibility for the business to have more than one location and/or maintain a portion of its assets outside of the OZ.
- Further, 50 percent of the gross income of a QOZ business must be derived from the active conduct of a trade or business in the QOZ. These requirements may be problematic for businesses where their assets and/or personnel conduct business outside of the OZ (e.g., a landscaping company or other contracting businesses that generate revenue offsite).

- To satisfy the "substantial improvement" requirement of acquired property, the basis attributable to land on which an acquired building sits is not taken into account in determining whether the building has been substantially improved. For example, a QOF acquires land and building for $10 million, where $3 million is allocated to land. Another $7 million must be invested to satisfy the substantial improvement requirement.
- An investor may liquidate its entire interest in a QOF before Dec. 31, 2028 (expiration date of QOZ census tracts) and reinvest into another QOZ project within 180 days (subject to substantial improvement and all other requirements) to maintain all original deferral benefits. What is not clear is if the underlying QOZ business can be sold with the proceeds reinvested by the QOF into another QOZ business.
- The following trades or businesses cannot qualify as a QOZ business: (i) any private or commercial golf course, (ii) country club, (iii) massage parlor, (iv) hot tub facility, (v) suntan facility, (vi) racetrack or other facility used for gambling, or (vii) any store the principal business of which is the sale of alcoholic beverages for consumption off-premises.
- The step-up in basis after 10 years appears to be inclusive of accelerated depreciation. For example, a property acquired for $10 million that appreciates at 4 percent per year is sold for $14.8 million after 10 years, and has a tax basis of $6 million after taking $4 million of accelerated depreciation (assuming cash distributions equal taxable income for simplicity). The step-up election to $14.8 million would eliminate the gain of $8.8 million.
- The proposed regulations permit taxpayers to make the basis step-up election after a QOZ designation expires. The ability to make this election is preserved under these proposed regulations until Dec. 31, 2047, but as currently drafted requires an actual disposition to a third party to receive the step-up in basis. The IRS recognizes this may create an unintended consequence to incentivize sub-optimal dispositions of QOZ investments and is seeking other options to address this issue.



er-Tax IRR

## Open Issues

- Can an Opportunity Fund have debt-financed distributions? Or does that constitute an exchange that ends the investment's tax benefits?
- What actions of a QOF lead to decertification? The guidance indicates the Treasury and the IRS intend to publish additional proposed regulations to address conduct that leads to decertification of a QOF.
- While the "substantially all" test for QOZ business property held by an OZ business was set at 70 percent, the definition of substantially all for other rules was left undefined.
- What does "additions to basis with respect to such property" mean? Can a second building or improvement qualify?

- Can an Opportunity Fund lend capital? Or is lending limited since the Opportunity Fund must have 90 percent of its assets invested in qualified OZ property, which is defined as tangible property?

Opportunity Zones have the potential to attract more than $50 billion of capital to low-income communities to stimulate job creation and revitalization. Like all other forms of tax-driven incentives, the devil will be in the details, which will influence the actual efficacy of the program's intent

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# Incentive Considerations in M&A Transactions

A company that is acquiring or selling a business needs to evaluate the potential advantages and liabilities of incentives already in place, as well as opportunities for future incentives.

Chad Sweeney, Senior Principal, Ginovus (Q4 2018)

The use of economic development incentives by state and local governments to attract new investment and employment opportunities has increased significantly over the past 10 to 15 years. During this time, the types of businesses and transactions eligible to receive economic development incentives have been liberally expanded. As a result, the evaluation of the risks and potential benefits from economic development incentives are important items to be considered as part of any due diligence review in the purchase or sale of a business.

In general, governmental entities offer economic development incentives that fall within four broad categories: (1) training assistance; (2) tax credits, abatements or exemptions based on employment growth or new capital investment; (3) financial assistance in constructing or improving public infrastructure; and (4) cash grants or loans based on discretionary incentives, tax increment financing or similar programs.

{{RELATEDLINKS}} Each of these incentives can provide potential advantages and pitfalls when acquiring or selling a business. When evaluating a potential acquisition, the acquirer should gain a full understanding of all prior incentive agreements entered into by the target. If there are none, the acquirer should evaluate the impacts of the acquisition on the combined company and its long-range prospects in order to determine if incentives may be available to support the acquirer's post-acquisition plans and long-term site location decisions for the business.

**Existing Incentives as an Asset**

If a company has existing incentive agreements in place from a prior site selection or expansion project, a thorough review of the programs approved and agreements entered into is critical to understanding if there may be an opportunity to continue to claim incentive benefits post-acquisition. Many states and communities are willing to assign and/or restructure incentive agreements in a sale transaction if the outcome of the sale will be positive or neutral as compared to the original project projections.

{{SIDEIMAGE1}} As a result, if the company is currently receiving benefits under existing incentive arrangements, it is possible for the acquirer to continue to benefit from the incentives post-acquisition, and to even increase the amount being earned if post-acquisition growth or investment is contemplated. However, timing can be a critical component to a successful transition of any incentive benefits. It is important to negotiate any assignment of the incentive benefits prior to closing and to understand how post-acquisition plans may impact (positively or negatively) the underlying incentive value.

In the case of an acquisition transaction structured as an asset sale, most governmental entities allow for incentive agreements and their related benefits to be assigned to the acquirer. However, care should be taken to ensure the assignment is done timely and in the appropriate manner, as many incentive agreements have specific notice and approval processes that must be followed. In addition, the assignment may result in an obligation for the acquirer to assume potential repayment obligations resulting from incentives claimed by the target pre-acquisition. These potential liabilities should be weighed against the anticipated future value of the incentives in determining whether an assignment of the incentive agreements should be pursued.

**Existing Incentives as a Liability**

Therefore, in addition to assessing existing incentives for future benefits, incentive agreements should be reviewed for potential future liabilities. Incentive agreements often have relatively long terms. It is not uncommon for the benefits under incentive programs to be claimed over a period of 10 years or more. In addition, many incentive agreements (or the underlying enabling legislation) often have requirements for a company to maintain operations and headcount at a particular location for a period of time extending beyond the period during which incentives can be claimed. These provisions can often be overlooked, since the company may no longer be eligible to claim incentive benefits.

Due to the length of the incentive terms and the post-incentive commitments, repayment obligations can often extend for more than 10 years, and in some cases up to 20 years, from the date the incentive was originally awarded. This creates the potential for significant continuing liability associated with a transaction that may have been all but forgotten by the target company. Actions such as relocation of operations, closure of a facility or a significant reduction in headcount could result in a requirement to repay previously earned incentives, including in some cases with the addition of penalties and interest. A full understanding of these potential liabilities is critically important in order to negotiate an appropriate allocation of risk as part of the purchase transaction.

The evaluation of the risks and potential benefits from economic development incentives are important items to be considered as part of any due diligence review in the purchase or sale of a business. **Incentives as an Opportunity**

When approaching an acquisition, incentive opportunities should be evaluated even if the target company does not have any existing incentive arrangements. Acquisitions often involve a review of existing operations and a thorough analysis of the most advantageous location for continuing operations, including the combination of company headquarters or support operations and, in some cases, consolidation of operational capacity. As with other site selection decisions, incentive opportunities should be considered as part of this overall analysis. Questions to consider are whether the acquisition will result in new capital investment or employment growth, or the retention of a significant number of employment positions otherwise at risk. If so, there may be opportunities to pursue incentives in advance of closing to offset the initial costs of the acquisition and to reduce ongoing, post-acquisition operating costs.

Even if capacity consolidation is being considered, such as in the case of a strategic acquisition, there may still be incentive opportunities to consider. While consolidation activities may result in an overall decrease in employment, they often result in an increase at the facility into which the consolidation occurs. In such a case, economic development incentives may be available to support the facility that is the beneficiary of the new capital investment and/or employment positions, helping to offset the costs of consolidation and relocation of assets and employment.

An understanding of the benefits and potential liabilities of incentives programs is an important component to understanding the overall risks and opportunities in an acquisition or sale transaction. This understanding and analysis can provide meaningful value to the overall acquisition transaction, while at the same time guarding against any unexpected post-closing surprises.

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# Due Diligence in Today's Site Selection World

## You've made your list — now check it twice for ownership issues and site suitability, as well as workforce and financial considerations.

Sarah White, Director, Quest Site Solutions (Q4 2018)
Companies are being pressured to make site selection decisions faster and faster in this day and age. Although speed to market is critical, it is important for these companies to carefully conduct their due diligence throughout the site selection process. Taking the time to work through details early in the process can help prevent hardships down the road.

The site selection decision can be overwhelming for a company that takes this process on themselves since there is a vast amount of data and information readily available today. If not hiring a consultant to sift through the information, it will be important for the team to focus on key areas during their decision. While this is not an all-inclusive list, below are some of the key areas for companies to concentrate on and conduct thorough due diligence when selecting a new location.

{{RELATEDLINKS}} **Ownership/Property Control**
Ensuring a property is truly available seems easy enough, but ownership hurdles often throw wrenches into the site selection process. Not surprisingly, if a property is not already owned or under option by an economic development organization, county, etc., the asking price tends to increase when a prospect comes to town. If a property is being marketed, hopefully the economic developers and/or brokers have already worked with the landowner to establish a price, but this is not always the case. From my experience, local property owners' real estate savviness and temperaments vary greatly, so understanding communication protocol and having the right team can make the transaction go more smoothly.

Even when a property is available, there is always a risk that there could be an old easement or lien on the property that causes title or development issues. Those properties that have already conducted title searches and/or have title insurance will be less risky compared to those which do not have as much information. Just because there is an "available" sign on a piece of dirt does not mean that the property transaction will be simple so understanding the ownership entity, approval process for a sale or lease, and price, and ensuring clear title are important factors in determining the true availability of a property.

{{SIDEIMAGE1}}**Property Developability/Building Suitability**
There is no perfect site or building. Apparently, this statement is news for some companies that are taking on a site selection search. Clients can be somewhat surprised at the lack of properties that meet their preferences in terms of location, size, buildable acreage, transportation access, topography, utility infrastructure, startup schedule, etc. Evaluating environmental factors such as floodplain, wetlands, soils, threatened and endangered species, and historical structures is critical in determining a property's developability. Understanding the developable acreage and any potential environmental hazards allows a company to determine if its layout works on a property or not. While some of the issues that show up in environmental studies, such as the presence of wetlands, can be overcome, the mitigation for these issues is often expensive and time-consuming, which can be detrimental to a company's budget and startup schedule. Properties that have studies — such as Phase I Environmental Site Assessments and

wetlands delineations — already on hand have an advantage compared to other properties that have not been studied and could present unknown issues.

In addition to a property's developability/up-fit potential, utilities should be properly vetted, particularly for complex manufacturing projects. Ideally, the company team consists of members that fully understand the project's process and corresponding utility needs. Meeting with the utility providers early in the site selection process allows the technical team members to understand if the project's needs can be met at a particular property or if the property should be eliminated. Those technical team members will also want to explore any permitting needs required for the facility's process. In some locations, permitting can be an extensive and timely process that could delay a project's schedule.

While a company may have identified a few properties that suit its project, it must also research the workforce thoroughly. Oftentimes when people think of due diligence in relation to properties, they only think of the environmental studies. While these studies are crucial steps in the due diligence process, these are only the tip of the iceberg. It's imperative to evaluate all the technical characteristics of a site or building to make sure it makes sense for the project — both financially and in terms of schedule.

### Workforce

While a company may have identified a few properties that suit its project, it must also research the workforce thoroughly. This includes not only finding the number of people to fill the positions, but also the right skill sets in order for the operation to be successful. Data sources provide helpful numbers on the availability of workforce, but it is necessary to dig in deeper than just the number of people in an area. For our projects, we conduct confidential interviews with several existing employers in the area and then, in order to respect confidentiality, aggregate the information to provide feedback to our clients.

These employer interviews can be extremely helpful to understanding the qualitative side of workforce. The numbers may tell you one thing, but interviews can clue you in on commuting patterns, turnover, absenteeism, drug/alcohol abuse issues, wages, and much more. With today's competitive environment, a company must complete its homework to understand who the competitors for labor will be in a location and what wages and benefits will be required to stay competitive, minimize turnover, and operate the facility successfully.

States and communities may dangle large incentive numbers at a company, but the company must understand how these incentives work and make sure it can meet the obligations required to capture each of them.

### Incentives/Costs

Lastly, the team must conduct financial due diligence by evaluating the true operational costs and value of incentives at each of the finalist locations. States and communities may dangle large incentive numbers at a company, but the company must understand how these incentives work and make sure it can meet the obligations required to capture each of them. Not all incentives offered may be truly realizable for a particular project, so the company must work with its financial team to decipher which incentives actually make sense for it and impact the bottom line.

### In Sum

While the four areas above are key aspects of the site selection process, these are not the only items that should be evaluated; a myriad of other factors that need to be thoroughly vetted also come into play. Assembling the correct internal team (engineers, logistics, finance/tax, human resources, etc.) and external team (legal, consultants, etc.) can help ensure that the company has the right players in the decision-making process. A site selection decision covers all of these areas so having input from these experts during the process can ensure that the proper due diligence is being conducted. Communities and states are largely in sales mode, so it is imperative that companies conduct their own due diligence to examine the various factors in order to make an informed location decision best suited for their projects. Taking the time up front to clarify any potential issues will help the project's bottom line and startup schedule.

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# The Impact of Tariffs on Supply Chain Costs

The worsening tariff situation will affect prices throughout the international supply chain that supports companies' operations both in the U.S. and abroad — and ultimately affect their bottom line.

Dan Levine, Practice Leader, Location Strategies and Economic Development, Oxford Economics, Inc. (Q4 2018)

President Trump and Senator Bernie Sanders agree on almost nothing — except that they both like tariffs designed to "protect" American workers and especially those imposed on China. Given that rare bipartisan agreement, many businesses are reluctantly reaching the conclusion that protectionist tariffs are becoming the new normal and are now beginning to plan accordingly.

The stakes are high. Oxford Economics estimates that a full trade war with China, where essentially all trade between the two countries is subject to tariffs, would shave nearly 0.6 percent off U.S. GDP growth by 2020, potentially costing hundreds of thousands of jobs unless there are corresponding offsets to other U.S. policies, for example, less restrictive fed policies. The accompanying chart highlights the five states that Oxford Economics forecasts will lose the most under a full trade war scenario without policy offsets.

{{RELATEDLINKS}} And it is not just U.S.-China trade that is the worry. There remain U.S. tariffs on steel and aluminum products coming from Canada and Mexico, and this issue remains open under the United States-Mexico-Canada Agreement (USMCA) that is intended to replace NAFTA. In response, each of our neighbors has imposed a host of retaliatory tariffs on U.S. goods, especially targeting agriculture. If this is going to be our new normal, how will business respond?

Oxford Economics has had an opportunity to work with companies considering how the worsening tariff environment will impact their bottom line and, in this article, we share a few of the insights that we have learned. For overall context, recall that if "successful," tariffs will increase prices of all affected products in the United States. Theoretically, this will encourage more domestic producers to expand output. However, at the same time, prices remain lower everywhere else as foreign producers increase supply in foreign markets.

The key question that we are asked is, when all the dust settles, how will tariffs affect supply chain costs? Businesses can generally calculate the cost of tariffs on products that they directly import. What is more difficult to estimate is how tariffs will affect prices throughout the international supply chain that supports their operations both in the United States and abroad.

{{SIDEIMAGE1}} **Employing a CGE Model**

To help us predict how relative price levels will stabilize for key industrial and agricultural sectors once the shock of new tariffs has worked its way throughout the global economy, we rely on a computable general equilibrium (CGE) model. The use of a CGE model is standard in the economics profession whenever the goal is to gain insight into how variables such as price and output will likely change in response to a change in trade policy. The CGE model that we use calculates expected price and trade volume changes for key industrial sectors in multiple regions and countries globally. The model anticipates substitution effects over time. In other words, it considers how production will move from high-cost to low-cost locations (given current trading patterns).

In a typical engagement, a company provides us with a description of its current supply chain. For example, how much steel does it import from Mexico? What volume of motor vehicle component parts comes from Japan or electronics from China? Once armed with a profile of the company's supply chain, we run a scenario on the CGE model that reflects the tariff situation of most concern to that company. Usually, the scenario being considered is the worst-case one currently being discussed in Washington. Sadly, the worst-case scenario being discussed today has too often become the actual policy of tomorrow.

Oxford Economics estimates that a full trade war with China, where essentially all trade between the two countries is subject to tariffs, would shave nearly 0.6 percent off U.S. GDP growth by 2020. The model's results are then applied to the supply chain of that company. For example, the model might estimate that the price of motor vehicle components coming from Japan will rise by "x" percent because of changing tariffs; or that the price of electronics from China will increase by "y" percent. The price changes that we focus on are those associated with the key components of the supply chain of the company that we have been asked to evaluate. The expected price changes are applied to the current cost structure associated with the current supply chain. The projected increase in costs, after the new price structure is considered, allows for a relatively straightforward analysis of the likely impact on EBITDA (earnings before interest, taxes, depreciation, and amortization).

Companies are currently wrestling with how to incorporate these insights regarding rising costs into their future planning. Some have begun to explicitly balance political and economic risk. In one project, it was clear that the smart economic decision was to shift steel purchases from a U.S. to foreign supplier. However, high visibility moves to shift production offshore or source away from current U.S. suppliers because of U.S. trade policy carry significant political risks. A prominent company with a great degree of political visibility needs to think carefully about how such a move will play out in Washington. To date, it appears that concerns such as these, coupled with uncertainty regarding the duration of tariffs, have essentially frozen business decision-making surrounding this issue. But that situation might be starting to change.

While it remains entirely possible that USMCA will be modified to address the steel, aluminum, and retaliatory tariffs currently in place, the fact is, they have already been in place longer than many in the business community expected. Hopefully, China-U.S. trade tensions will be reduced because of talks reportedly under way. In the meantime, however, companies remain concerned and now seem to be more seriously considering how to operationally respond. State governments, too, might want to follow their cue and consider how the changing trade situation will create some opportunities, but also create many new risks, for their own economies.

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# Richmond, Virginia: A Top Destination for Middle-Office Relocation

## Companies are moving their mid-level professional jobs to less expensive locations that still provide a talented workforce pipeline and an attractive quality of life.

Mark Crawford, Staff Editor, Area Development (Q4 2018)

***Editor's Note:*** *This article was commissioned by the Greater Richmond Partnership, which approved and paid for this posting. The Richmond region has become a favorable location for "middle-office" jobs.*

To reduce operational costs and improve efficiencies, more companies are separating departments such as marketing, legal, and finance from their headquarters and re-establishing them in lower-cost cities. This trend is termed "middle office" relocation because these functions fall between C-suite responsibilities and the back office.

This rapidly emerging market is gaining traction as more companies in high-priced locations look to reduce operational and labor costs. In the financial services industry, for example, Deutsche Bank, Goldman Sachs, and Morgan Stanley have recently made middle-office relocations.

In most cases, a company will maintain a high-profile headquarters office for its executives and other key management leaders. Mid-level professional jobs, however, can easily be shifted to less expensive locations.

{{RELATEDLINKS}} **What Constitutes the "Middle-Office"?**
"Middle-office processes are decision-centric, flexibly structured, and usually involve extensive collaboration," says Dennis Donovan, a principal with Wadley Donovan Gutshaw Consulting (WDGC), a site-selection consulting firm in Bridgewater, New Jersey. Middle-office functions include asset management, sales, settlements, treasury, market research, business intelligence, security, and special projects.

WDGC analyzed critical data from different parts of the country to determine suitability for middle-office operations. Key locational drivers in the survey included demographics and workforce, labor resources, level of postsecondary achievement, labor demands, market wage patterns, quality of life/transferee appeal, and nonstop flight connections.

The results showed that the "sweet spot" for middle-office operations is a mid-sized metropolitan area with an abundance of skilled labor, strong college and university systems, and an attractive and affordable quality of life. For the eastern U.S., the data indicated that the Greater Richmond area is one of the most promising locations for middle-office operations, especially considering its proximity to the Washington, D.C.-New York City-Boston corridor.

Jennifer Wakefield, senior vice president of marketing at the Greater Richmond Partnership, agrees. "The exodus of companies from high-priced markets such as New York City and Washington, D.C., is intensifying," he says. "Companies can save exponentially by relocating a portion of their headquarters jobs into many lower-cost, mid-sized markets without sacrificing the quality of talent."

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ancial services company ICMA-RC opened its second location in Richmond, Virginia, beating out 20 other locations for its workforce, lability, and quality of life for employees.

### Richmond: Top-Ranked for Middle-Office Location

The Richmond, Virginia, region is the headquarters of 10 Fortune 1000 companies and the major divisional headquarters or center of operations for many other leading businesses. Capital One, the area's largest employer with more than 11,000 employees, has maintain middle-office operations in the region for over a decade. Companies that recently moved a middle-office operation to Richmond include CoStar, AvePoint, and ICMA-RC.

Site selectors working with clients on middle-office moves usually focus on the scale and sustainability of the specialized talent pool. The cost of this talent is also carefully considered. Richmond's talent pool is replenished with well-educated graduates from the nearly 20 colleges and universities within the Greater Richmond area, making it highly capable of sustaining sizable middle-office operations — for example, up to 1,000 employees. When CoStar selected Richmond over Charlotte for its global research headquarters in 2016, it ramped up from 0 to 700 employees in just over one year, creating a direct talent pipeline of graduates from Virginia Commonwealth University.

"Richmond's talented labor force allowed CoStar to hire very strong teams for our research headquarters," comments Lisa Ruggles, senior vice president of Global Research for CoStar Group.

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dle Office Careers

Brian Michael Brown, Esq., corporate COO and general counsel for Avepoint, a Microsoft partner that relocated its middle-office functions from New Jersey to Richmond, agrees. “Richmond’s academic institutions provide a steady supply of graduates who are highly qualified for roles in accounting, finance, legal, marketing, human resources, and technology,” he says.

A high quality of life and an affordable cost of living are also key factors when shopping for middle-office locations. “Richmond’s relocation attractiveness is very strong,” notes Donovan. Base elements include a dynamic and historic central city that supports a work-live-play environment, attractive suburbs, regional amenities, and a generally uncongested transportation web — all at affordable costs compared to major metro areas. “These highly desirable assets are now generating considerable attention,” adds Donovan.

Ruggles points out that many CoStar Group employees were excited to relocate from Washington, D.C., to Richmond. “They discovered they were able to afford a larger, nicer apartment or purchase a house without compromising their quality of life,” she says. “Richmond has an amazing outdoor scene and many of our employees bike or walk to work.”

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› Richmond, Virginia, region is strategically located at the midpoint of the East Coast with easy transportation access to more than 45 cent of the U.S. population in one day.

**Affordable and Efficient Operations**

WDGC believes that Richmond's assets are market-ready for middle-office corporate functions. Marketable advantages include its growing middle-office ecosystem, talent capacity, workforce stability, and quality of life.

According to Donovan, when companies move selected business operations into middle-office locations, they typically achieve significant annual cost reductions, with the financial payback period being about three years. "This is also before any incentives are awarded, which only enhance the business case," Donovan notes.

"Companies from New York City or Washington, D.C., can save up to 21 percent on labor and 33 percent on Class-A office space by opening a middle-office operation in the Richmond area," Wakefield adds.

Another Richmond advantage is its proximity to higher-cost cities in the Northeast and the Sunbelt, which are attracted to its expanding middle-office cluster, workforce talent, and lower business and living costs.

"Based on our ?ndings, the Richmond region is a very favorable location for middle office," Donovan concludes.