



Economics Research Associates

Final Report

Eastgate Area Market Analysis

Prepared for

**Economic Development Corporation of
Clermont County**

Submitted by

Economics Research Associates

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ERA Project No. 16853

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Introduction

ERA has been retained by the Economic Development Corporation of Clermont County (ED3C) to study the current and future economic conditions and market perceptions of the Eastgate area and the portion of Ohio State Route 32 (Ohio-32) that runs approximately from its interchange with I-275 in the west to Bach-Buxton Road/Elick Lane in the east. The purpose of this study is to evaluate the economic effect on the Eastgate area and the county economy of the planned upgrade to the I-275/Ohio-32 interchange by the Ohio Department of Transportation (ODOT) and the local roadway network improvements in the Eastgate area. (The interchange project is Segment IV of the Eastern Corridor Plan.)

ERA approached this assignment in several steps:

1. Take account of the projects, understanding why these projects are proposed and what will happen as a result of the projects being completed.
2. Examine the ways in which key stakeholders will be affected by the projects. Key stakeholders include large and small business owners, associations like the Chamber of Commerce, township and county governmental entities, and residents of the area as well as the county as a whole.
3. Evaluate the current business landscape in Clermont County, so as to determine what effect an upgraded interchange at I-275 and Ohio-32 (and local roadway improvements) would have on the broader economy. This includes a general analysis of the region's retail marketplace.
4. Identify the opportunities presented by the planned upgrade to the I-275 and Ohio-32 interchange and the local roadway network improvements in the Eastgate area and identify the threats posed to the region.

The report also identifies the concerns of both public agencies and private businesses in the Eastgate area. ERA then makes several recommendations for maximizing the opportunities presented by the roadway improvement projects and mitigating the potential disruptions.

Project Overview

The Ohio Department of Transportation (ODOT), with support from Clermont County and Union Township, have planned a \$250 million investment to upgrade the I-275 and Ohio-32 interchange and to make improvements to the Eastgate area local roadway network in order to alleviate traffic congestion and improve traffic safety on the Ohio-32 segment from I-275 to Olive Branch-Stonelick Road. The construction of the new interchange will be managed by ODOT. The Eastgate area local roadway improvements will be managed by Clermont County and Union Township through the Clermont County Transportation Improvement District (CCTID). The timeline for the process is somewhat fluid at this stage; however, the interchange re-alignment will start in 2010 and is scheduled to last two full years, with the potential that some minor activities might extend into a third year. Union Township officials indicate they expect the widening of the Old State Route 74 and improvements to Aicholtz Road to be nearly complete by the time construction begins at the interchange as part of the maintenance of traffic during construction of the interchange. The construction of the Bach-Buxton interchange on Ohio-32 and elimination of the existing intersection at GlenEste-Withamsville Road with Ohio-32 will begin after the main I-275 interchange work is complete, approximately in 2012.

ODOT has decided to proceed with the interchange improvement plan because traffic congestion and safety at the interchange does not meet current state and federal standards. Throughout the last two decades, retail development and continued growth eastward along Ohio-32 has caused traffic demand to increase as a result of Ohio-32 serving both regional through-traffic and local access functions.

ODOT, County officials, and Union Township officials recognize that an unacceptable level of service along the Ohio-32 corridor detracts from the quality of life for residents that use the interchange for their commutes, and it also deters shoppers from spending time in the area. Therefore, officials from all agencies involved are concerned that without corrective action designed for the long term, the Eastgate area will languish as consumers and potential residents opt to go elsewhere and increasing traffic congestion in the Eastgate area increases travel times and decreases inefficiencies for the entire Ohio-32 corridor.

Project Components

Interchange of I-275 and Ohio-32

This project is the anchor project for the corridor and will be completed by ODOT. It involves building new, wider exit and entrance ramps to facilitate traffic movement along the two highways. This will be a mix of widening existing ramps and constructing new ones, and involves acquisition of several parcels of land. This project will also expand the capacity and facilitate traffic movement through the interchange of Ohio-32 and Eastgate Boulevard. This work will streamline traffic movement along the grade-separated interchange, eliminating the need for drivers to circle around a cloverleaf as they do today. There will be roadway improvements on Ohio-32 west of the interchange near Bell's Lane. Improvements to the surface of Ohio-32 will extend as far west as Glen Este-Withamsville Road.

Eastgate Area Local Roadway Network Improvements

The second project component is the upgrade to the local roadway network. The purpose is to provide adequate alternative routes to Ohio-32 and to allow local residents access to the Eastgate area without driving on Ohio-32. This component will be managed by Union Township and Clermont County.

Aicholtz Road Improvements. Three separate projects will allow for Aicholtz Road to be an auxiliary route that runs roughly parallel to Ohio-32 from Mt. Carmel-Tabasco Road to Bach-Buxton Road. Aicholtz Road will be extended from Glen Este-Withamsville Road to the proposed new Bach-Buxton Interchange (see below). It will also be connected between Mt. Carmel-Tabasco Road and Eastgate Boulevard via a new connector underpass beneath I-275. Third, the existing Aicholtz Road structure will be widened to three lanes and lights will control the intersections at Glen Este-Withamsville Road and at Eastgate Square Drive. The quality of the roadway (storm drainage, curbs, shoulders) will be upgraded throughout.

Old Route 74 Improvements. Approximately one mile of Old Route 74 will be widened to at least three lanes (potentially more at intersections), with roadway upgrades where necessary (including street lights and landscaping).

Glen-Este Withamsville Road. The traffic light at Ohio-32 and Glen Este-Withamsville road will be removed due to construction of the Bach-Buxton Interchange. In its place, there will be an overpass, allowing drivers on the local roadway network to connect between the north and south development patterns and access retail shopping centers via frontage roads, Aicholtz Road, or Old Route 74.

Improvements to Eastgate North Frontage Road and Eastgate South Drive. These two roadways serve development to the north and south of Ohio-32 respectively. Both will experience upgrades.

Other Improvements. Tina Drive will provide residential neighborhoods with greater access to Old 74. Heitman Lane will be extended so as to connect the current Old 74 with Olive Branch-Stonelick interchange on the north side of Ohio-32.

Interchange at Ohio-32 and Bach-Buxton Road

The final project will take place after ODOT has completed the interchange of Ohio-32 and I-275. Several modifications will be made to Ohio-32 near Bach-Buxton Road/Elick Lane. First, the county will build on- and off-ramps, making what is now an intersection into a full interchange. This allows traffic to move more smoothly and to facilitate more cars exiting and entering the road at this point. Second, the traffic light on Ohio-32 at Glen Este-Withamsville Road will be removed to accommodate the interchange physically and also to allow for smoother traffic flow through the corridor.

This project is complementary of the interchange of I-275 and Ohio-32 because it will remove barriers to traffic flow that contribute to the congestion along this corridor. Specifically, the traffic lights at Glen Este-Withamsville Road and Elick Lane have been cited by traffic engineers and residents alike as a large contributor to the backups that extend along the corridor. ODOT expects that the level of service for the corridor would remain somewhat depressed if this third project did not happen. Therefore, in order for the level of service to increase as a result of the I-275 and Ohio-32 interchange, there must be adjustments made to the traffic flow near Bach-Buxton.

Traffic Service Levels

The Interchange Justification Study (IJS) produced by Woolpert Inc. for the Eastern Corridor project details forecast traffic congestion in year 2030 under two scenarios. The first is the no-build scenario and the second is the preferred alternative, which is a combination of the state and local infrastructure improvements similar to those considered in this report.

Traffic planners and engineers use a metric called Levels of Service (LOS) to measure the delays motorists encounter when they travel on highways, on/off ramps, and when they make turns from turn

lanes. Levels of service run from Level A (most favorable) to Level F (unacceptable delay). LOS E is considered to be the limit of acceptable delay; however, as a general rule, Woolpert refers to LOS A through D as being “acceptable.” The IJS considers three roadway types in its traffic analysis: freeway segments, ramp junctions, and weaving sections. (A weaving section is a section of a highway where traffic weaves in and out via on and off ramps.)

No-Build Alternative

The no-build alternative shows the following possibilities for the LOS:

- Of thirteen freeway sections of Ohio-32, two would have failing levels of service for both the morning and afternoon hours. There would be four at LOS D; six at LOS C and one at LOS B.
- Of 25 ramp sections, five would have a failing LOS in the morning and four would have a failing LOS in the evening. Another seven and eight would have LOS D in the morning and evening respectively.
- Of four weaving sections, three would have a failing LOS in both morning and evening.

Preferred-Build Alternative

The preferred-build alternative shows the following possibilities for the LOS:

- Most freeway segments operate at LOS A or B; some operate at C; none fail.
- A majority of ramp junctions score either A or B; six of 23 operate at LOS C (seven in the afternoon); two operate at LOS D.

Potential Delays at Glen Este-Withamsville

Traffic models show that highway sections near the at-grade Glen Este-Withamsville Road and Ohio-32 intersection will operate at LOS F (excessive delays) in 2030 even if Ohio-32 were expanded from four lanes to six (three in each direction).

With no action—that is, an at-grade intersection and four lanes on Ohio-32—the models show a potential delay of 267 seconds per vehicle in the morning and 302 seconds in the evening, clearly a LOS F. If Ohio-32 is expanded to six lanes but the signalized intersection remains, the LOS would remain at F, with an average delay of 131 seconds per vehicle in the morning and 134 seconds in the evening.

The IJS considers a continuous flow interchange at Glen Este-Withamsville Road, which would increase service levels to LOS C and would cut delays to approximately 23 seconds in the morning and 21 seconds in the evening. However, at this time County and Township officials are planning an overpass or underpass at Glen Este-Withamsville Road and a full intersection at Bach-Buxton Road. Service levels under these scenarios are not included in the Woolpert IJS.

However, the scenario of taking no action shows extensive delays at Glen Este-Withamsville Road. A delay of 300 seconds per vehicle is five minutes (in one direction, the models show a delay of 379 seconds, or over six minutes).

Project Rationale

The purpose of the project is to protect and enhance a major asset. ERA has found that the Eastgate area—by which we mean Eastgate Mall and retail and similar development along Ohio-32 at least to Elick Lane—is an essential asset to the residents of Clermont County. There are several reasons.

- **First**, it provides an essential service to residents. The abundance of shopping, including several discount stores and grocery stores, improves retail competition and consumer choice. Residents of Union Township and Batavia Township do not have to drive far to find much of what they need, and the mall provides an important destination retail location. The restaurants along the corridor serve consumers with a wide variety of food—from fast-food restaurants like Skyline, White Castle, KFC, and many others to the family dining restaurants like Max & Erma’s and Longhorn. The small office space concentrated around the Eastgate area also provides residents with access to basic services like medical office space, as well as professional services firms. This is also an employment base for residents.
- **Second**, it represents an important component of the county’s tax base. Clermont County has successfully based its revenue sources on multiple streams of revenue. Still, ERA estimates that retail trade in the Eastgate area represents about 25 percent of the county’s total general fund revenues. (Sales tax is approximately 45 percent of the total, and the Eastgate area is the county’s largest and most important retail concentration.)
- **Third**, it is an attraction to visitors. Eastgate serves as the largest regional mall for the eastern part of the metro area. In fact, there are no regional malls within easy driving distance east of the Eastgate area either. Although it is not the only retail option for residents in the southeastern part of the Cincinnati metro area, it is by far the largest. ERA would venture to say that most shoppers with cars within an hour’s drive would recognize the term “Eastgate” if they heard it. The abundance of limited service hotels provides an added convenience to visitors.
- **Fourth**, ERA’s national experience and trends in the greater Cincinnati area indicate that traditional suburban retail areas are evolving as more diverse urban centers. These established retail districts are gaining additional entertainment, food and beverage centers, as well as several new businesses and higher density residential activity.

For these reasons, county and state officials realize that the Eastgate area is an important economic asset. However, ERA’s interviews revealed several factors that may chip away at the value and competitiveness of this asset over the next decade:

Traffic

Without the successful completion of the proposed road improvements, traffic may gradually become more congested, as the increased population and employment centers add to an already taxed highway infrastructure. ERA has found that the potential for the traffic situation to deteriorate further represents the greatest threat to the area’s competitiveness because travel times will increase and safety for motorists will decrease. It is important to see these factors through the eyes of several different stakeholders:

- **Shoppers.** Consumers are willing to put up with a limited amount of traffic in popular areas. They recognize that this is part of the suburban landscape and that to some extent there is a tradeoff between an attraction and the traffic that results from it. However, shopping is both a necessity and a leisure activity, and those who go to Eastgate for leisure can easily be deterred if they must spend too much time in their cars, or if the traffic patterns become difficult to decipher.

In addition, stakeholders must recognize that shoppers constantly make value judgments with their time. They calculate—consciously and subconsciously—the benefit they get of shopping in the Eastgate area and the cost in terms of time and money of getting there. They also consider the benefits and costs of shopping elsewhere. If the costs of getting to Eastgate rise because of increased traffic congestion, it puts retailers, residents, and businesses at a disadvantage, as more and more consumers will trade off shopping value (i.e. they will shop in other areas) in exchange for better access.

- **Potential employers.** Commuting time is an important factor in the minds of employers—for example if traffic consistently adds 15 to 20 minutes of commuting time to Ivy Pointe, then Ivy Pointe becomes much less attractive to businesses that are considering locating there.
- **Destination-style businesses.** The Eastgate region is seeking upscale, destination-type retail—this is a theme ERA consistently heard in its interviews. However, it is ERA’s experience that retail tenants or developers considering a major investment would find the area’s transportation system at this moment to be ineffective and therefore a deterrent to locating there. (Examples of destination style businesses include an upscale lifestyle shopping mall, a large cinema complex, a Bass Pro Shops or similar retailer, a full-service hotel, potentially with a waterpark attached.)

Shoppers, present and prospective employers (especially in or near Ivy Pointe), and investors in destination-style businesses are all affected by traffic patterns. For a large retailer or large employer, a congested corridor and uncertain travel times can become an unacceptable compromise. (In the Eastgate scenario, the Ohio-32 intersections with Glen Este-Withamsville Road and with I-275 create corridor-wide congestion.) ERA finds that the attractiveness of the Eastgate region will depend on the infrastructure’s ability to move traffic in and around the intersection of Ohio-32 and I-275.

Changing Retail Environment

A softer threat is that the Eastgate area will stay unchanged as consumer tastes and preferences change, thus gradually edging out of favor with shoppers. Although this is a less tangible threat, it is something County and Township officials and business owners in the Eastgate area must keep in mind. As with most products in a changing, dynamic sector like retail, public and private sector decision makers must continually look for ways to adapt to consumer tastes and preferences. Occasionally this requires new investment or flexibility in ways of delivering services.

Consumer preferences are changing and many retail destinations in the Cincinnati region are adapting to those changes. ERA details in a subsequent section the ways in which the retail landscape is changing. It is important to note here, however, that Tri-County, Northgate, Kenwood, and Florence Malls have all undergone expansion or renovation in recent years; further, these expansions are changes in the way that those retail destinations serve customers. They were not simply upgrades to their existing systems.

Eastgate Mall has expressed a desire to add a fifth department store to its current four-anchor format. Mall officials have not announced any plans to re-orient the mall toward the popular lifestyle concept. ERA notes that there would be several reasons for taking a conservative approach like this. First, if the mall is in discussions with a department store brand to build a fifth box to suit the tenant, then there is less investment risk to this approach than there would be to redevelop the whole mall and attempt to re-tenant it. Second, the demographics are not always right for a lifestyle center, and there are several lifestyle products within a short drive of Eastgate. Although the lifestyle product is attractive and has proven to be lucrative in some parts of the metro area, many shoppers still do demand access to traditional enclosed malls, if not in the same numbers as in previous years. Eastgate officials have described their attempt at

tenanting to resemble a spiral staircase. Instead of trying to radically re-define the product at any one time, mall officials instead attempt to make gradual improvements to the perceived quality of their retail tenants, so that the tenant mix makes slow and steady progress forward.

It is important to note as well that the market in ownership of regional malls has been frothy of late. Many regional malls that upgraded to lifestyle centers went through quite difficult times along the way. Others were sold and redeveloped. The most successful player in the lifestyle center market is Jeff Anderson, a local developer. Eastgate Mall is owned by CBL Properties, a national firm that controls dozens of enclosed malls nationwide and it has not changed hands of late. It has been carefully managed and has avoided some of the pitfalls that ironically made lifestyle-type redevelopments possible at other properties.

As discussed elsewhere, as the Eastgate area continues to evolve as the region's urban center, auto access will become an increasing consideration. Drawing customers from a greater distance, expanding and diversifying the visitor attractions, competing with other centers, are directly impacted by enhanced traffic flow. As important, Eastgate's role as an economic generator as well as a quality of life asset for Clermont County residents is also linked to the planned road program.

Eastern Corridor Plan

The process of improving the I-275 and Ohio-32 interchange is part of a larger plan for regional improvements known as the Eastern Corridor Plan. This is a multi-modal, region-wide plan to upgrade the transportation infrastructure on the eastern side of the Cincinnati region, from downtown and eastern Hamilton County through the western part of Clermont County. The purpose is to accommodate projected population and employment growth in the study area. The Eastgate area is part of Segment IV of the corridor plan.

Other improvements include potential bus and rail transit options from Clermont County to downtown. Plans also include construction of a limited-access highway connecting the existing Ohio-32 in the Eastgate area with Red Bank Road in Hamilton County. This east-west arterial would bridge the Little Miami River and provide a supplemental route for east-west commuting patterns.

This highway alternative is still being explored; there are environmental questions about crossing the Little Miami River. If completed, however, it would cut commuting times to Clermont County from other more densely populated areas in the region. Such an upgrade in access would improve Clermont County's position as a potential site for an employment center. It would make the Eastgate shopping area more accessible to new potential customers.

Regional planners recognize, however, that such plans work together as a system. The improvements on Ohio-32 near I-275 upgrade a key highway in a regional system. Without such upgrades, the Eastgate area of Ohio-32 would disrupt the system's ability to serve residents with an east-west arterial that connects Red Bank Road in Fairfax with Batavia and points east on Ohio-32.

Key Area Stakeholders

Eastgate Mall

Overview

Eastgate Mall is an enclosed regional mall with four department-store anchors: Kohl's, Sears, J.C. Penney, and Dillards. The department stores are two-story structures (most own their own buildings and parking lots), while the rest of the mall is one-story. In 2003, CBL properties invested \$18 million in renovating the entrance and adding a food court. (Prior to that time, the mall had no indoor food court.) In addition, the mall experienced some re-branding and style changes indoors, with lighter colors, more open space, and a refined entrance.

Tenancing is typical for enclosed malls, with apparel and specialty shops dominating the selection. Apparel tenants include Aeropostale, American Eagle, Steve & Barry's (discount athletic clothing), Lane Bryant, Fashion Bug, and B. Moss. Eastgate also includes many of the enclosed-mall regulars, such as Radio Shack, f.y.e. music, Bath & Body Works, GNC, jewelry stores, Hallmark and the like.

The mall has recently signed Hollister, which (like B. Moss) is considered a more upscale tenant than other clothing stores at Eastgate. Hollister's store is geared toward young, media-savvy consumers, who can choose the music playing in the store via an mp3 jukebox; the store also sells CDs of the music it plays, as well as magazines. It provides chairs and a lounge atmosphere, encouraging shoppers to stay a while. Hollister (a brand of Abercrombie & Fitch) is a somewhat new concept in clothing shopping, but other retailers (notably The Gap) are testing store models similar to this one.

There are two dining options: the food court offers fast-food/take-out restaurants arranged around a central cafeteria; adjacent to the food court is the mall's one sit-down restaurant, Mi Peguena Hacienda.

Location

The mall is located on the northeast corner of Ohio-32 and I-275, with access provided from Eastgate Boulevard. The interchange of Eastgate Boulevard and Ohio-32 is approximately 0.6 miles from I-275. Drivers coming from I-275 must exit at Ohio-32 eastbound, then exit 32 at Eastgate Boulevard, turn around 180 degrees and make a right turn on Eastgate Boulevard; then from there, they make a left turn into the mall property.

Drivers coming from Clermont County east of the site can exit on the right for easy access to Eastgate Boulevard, and a left turn into the mall property. Additionally, there is access to Eastgate Boulevard at the rear of the property from Old 74, and several access points to the mall from the local roadway network.

The journey from I-275 to the mall is currently difficult and sub-optimal from both a visibility and access standpoint. Drivers on I-275 northbound cannot see the mall when they must exit. The mall recently paid for highway signs that advertise Eastgate Mall as an "attraction" to drivers on I-275, so this helps inform drivers. However, if drivers wait to see the mall itself, they have already passed it.

From an access standpoint, drivers exiting I-275 onto Route 32 must make several choices. First, they must choose to take Route 32 east. Next, they must exit at Eastgate Boulevard; then they must turn right (not left) on Eastgate Boulevard; then they must turn left into the mall's property. That adds up to four separate places at which drivers must make a decision in order to get to the mall. For a consumer that wants to go to the mall, ERA finds the process involves more work than should be necessary.

Future Plans

The mall has reported that there are two opportunities for improvement. First, there is a lot on the southwest corner of the mall's property that can be developed into a fifth department store. Mall officials indicate that they are exploring this opportunity for development. If it were to happen, it would be a

build-to-suit scenario for an anchor tenant, in keeping with the mall's objective of progressively increasing the market quality of its tenants. The possibility exists that the tenant of a fifth department store would raise the overall attractiveness of the Eastgate area by offering a newer or more upscale product mix. It should be noted that some drawings of Phase III of the interchange show an on-ramp to I-275 cutting through this proposed site.

The second opportunity for improvement is the purchase and development of the current Showcase Cinemas plot. Showcase Cinemas closed its doors in part because it would be in the path of construction for the interchange re-alignment. Showcase moved to a sixteen-screen cinema complex at the emerging retail node in Milford. A significant portion of its former lot would not be necessary for the on-ramp, which presents an opportunity for CBL to expand Eastgate mall or develop it as an outparcel.

Both these opportunities, however, related directly to the construction work at the interchange. It is reportedly unclear at this time whether the county would need a portion of the potential department store lot to build an on-ramp to I-275. County officials indicate that this prospective phase may not be necessary. This reportedly leaves significant uncertainty with mall owners and prospective tenants, who will not want to develop a department store only to discover that the county needs to build an on-ramp through there.

Holiday Inn

The Holiday Inn at Ohio-32 is owned by Winegardner & Hammons Inc, a hotel development company based in Cincinnati. The firm owns Marriot hotels on Kemper Road in Sharonville and on Mason-Montgomery Road in Mason, as well as a location in West Chester. It operates a Holiday Inn in Erlanger and one in Covington, as well as the Eastgate location. The firm operates hotels in other parts of Ohio and other parts of the U.S. as well.

The Holiday Inn was one of the earliest investments in the Eastgate area. Built in the early 1980s, it anticipated that the Ohio-32 corridor would be a business-industrial corridor, providing room-night and meeting space demand for a full-service hotel. A Ford Motor facility operated a facility in Batavia, but it was one of a relatively few large employers that did business in the Eastgate area, as retailers instead dominated development in the corridor.

The retail landscape has turned mostly to the area's advantage, serving customers in the eastern Cincinnati region and providing a steady tax base to the county. Eastgate Mall anchors the retail here and most locations in the area have thrived. However, the indirect activity associated with retail trade is relatively low: retailers do not often need to hold meetings, fly people in and out of the region, or buy locally made products. While they provide an important service to the residents of the area, the retailers do not generate overnight visitors; and to the extent that they do, the overnight guests spend relatively little, staying in limited service hotels.

In general, the hotels stand to benefit as the range of uses along the Ohio-32 corridor expands. Full-service hotels like the Holiday Inn serve certain business sectors, conventions, and weddings. As ERA notes above, retail trade is not among the sectors that require a full-service hotel to be nearby. However, office-using businesses often do supply full-service hotels with room nights. Many manufacturers also have clients and prospective customers visit the facility on a regular basis. The planned roadway improvements would make the Eastgate area more attractive for office users (see below) and would also make sections of Ohio-32 in Clermont County more accessible to the interstate system. New office

development such as the Ivy Pointe office park would benefit the Holiday Inn and other businesses that serve office users. If other areas of the Ohio-32 corridor become attractive to manufacturing or industrial users, then those users are also likely to benefit a full-service hotel. Limited-service hotels like the Fairfield Inn and the Hampton Inn also benefit from the spillover effect at peak times.

Ivy Pointe Office Park

To date, one company has announced its move to the new Ivy Pointe office complex: Total Quality Logistics. TQL is a freight logistics company that will locate a sales and customer service facility into a new 100,000-square foot office building being constructed by Cincinnati United Contractors. TQL purchased 12 acres for the campus, which may include up to two more office buildings like the one currently under construction. This first phase will bring almost 600 jobs to Union Township.

Ivy Pointe is located southwest of the intersection of Eastgate Boulevard and Aicholtz Road, between Clough Pike and Ferguson Drive. Drivers on Ohio-32 can access Ivy Pointe via Eastgate Boulevard and Ferguson Drive and from Clough Pike at the new Ivy Pointe Boulevard intersection.

The planned improvements to Aicholtz Road will be an important asset to daytime users of Ivy Pointe. Users would be able to access retail shopping areas along the south side of Ohio-32 via Aicholtz Road; they would not need to contend with the traffic on Ohio-32 itself. Second, Ferguson Drive connects directly with Eastgate Boulevard, allowing Ivy Pointe users to access Eastgate Mall and other proximate shopping centers. This would also include direct access to the Holiday Inn.

It would also be convenient for commuters that live east of Bach-Buxton. Those commuters would travel west on Ohio-32, exit at Bach-Buxton (an interchange, not a traffic light), and proceed along Aicholtz Road to the connection with Eastgate Boulevard and Ivy Pointe Boulevard. In the same way, commuters north of Ohio-32 can use Old 74 to connect with Eastgate Boulevard, which provides access to Ivy Pointe, as well. The main benefit to commuters is the opportunity to use the extended Aicholtz Road and the widened Old 74 as alternative local routes to work. (Commuters from I-275 would exit at Ohio-32 and take Eastgate Boulevard to Ivy Pointe.)

Market Overview

This section reviews key demographic metrics for three Eastgate study areas. Demographic information presented here is estimated for 2006 and forecast for 2011, based on current migration and other demographic trends. The forecasts are generated by ESRI Business Solutions, which uses a variety of governmental and non-governmental data sources.

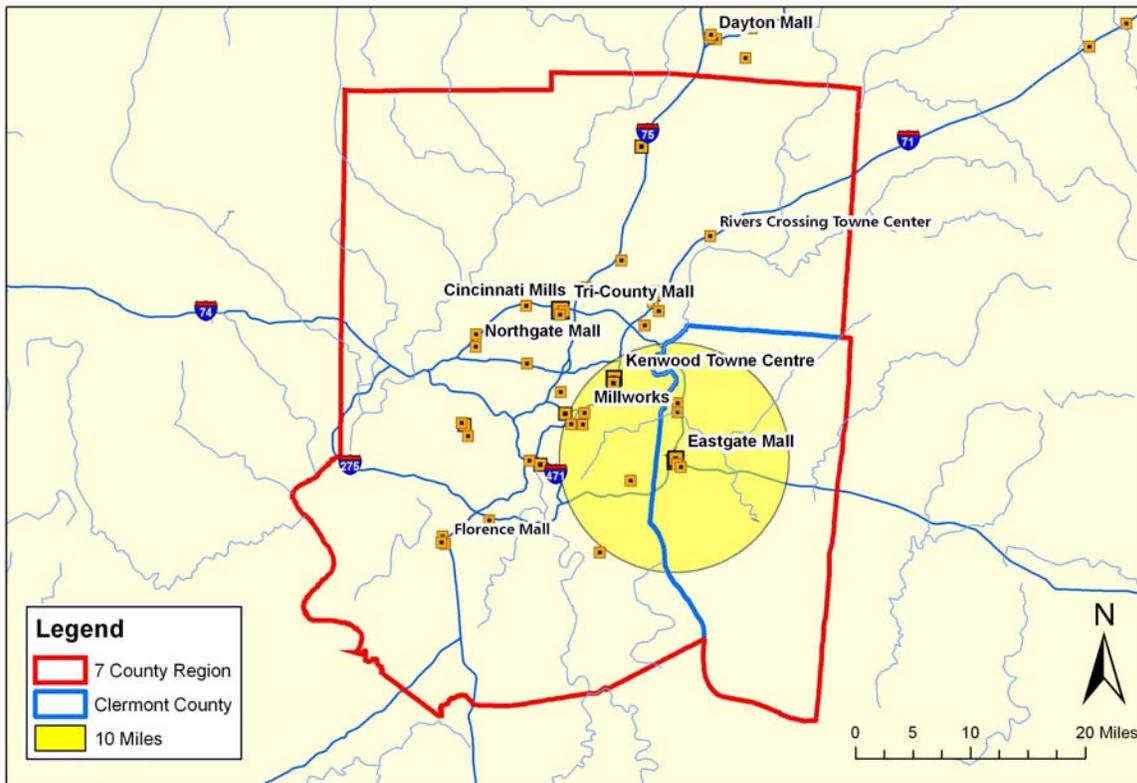
Relevant Study Areas

ERA chose three market areas to study for this report. Mall officials cite a ten-mile radius around the mall location as a primary study area. ERA believes this is a reasonable radius to examine; however, the character and demographic of the Village of Indian Hill indicates that those residents are unlikely to be Eastgate area shoppers. Therefore, ERA's ring analysis excludes all Indian Hill residents, as that village would introduce an upward bias to income and net worth figures. This study area is the "adjusted ring."

The second study area is Clermont County as a whole and the third study area is a seven-county region, including the counties of Butler, Hamilton, Clermont and Warren in Ohio, as well as Boone, Campbell and Kenton in Kentucky. The primary study area to examine is the adjusted ring. This represents the core of potential shoppers in the Eastgate area. ERA also includes Clermont County figures because the Eastgate area is the primary shopping destination for most Clermont County residents. ERA presents the regional picture not as a potential customer base, but to put the two other study areas into perspective.

The map below shows the three study areas (note that Indian Hill is excluded from the ring):

Eastgate Study Areas



Demographics

Table 1. Population

	2006	2011	CAGR
Clermont County	191,045	201,427	1.1%
7-County Region	1,918,020	1,999,071	0.8%
Adjusted Ring	336,122	339,023	0.2%

The population in the Cincinnati area is not expected to rise at a fast pace—0.8 percent per year is less than the U.S. average increase per year. The adjusted ring area will grow hardly at all (much of that area is built out already) at 0.2 percent per year. Clermont County is projected to grow at a compound annual rate of 1.1 percent. This is not explosive growth, but it is strong relative to the region. This will to some extent depend on the willingness of home builders to target the available land in Clermont County. These decisions are impacted by the national housing market, interest rates, and the performance of major homebuilders.

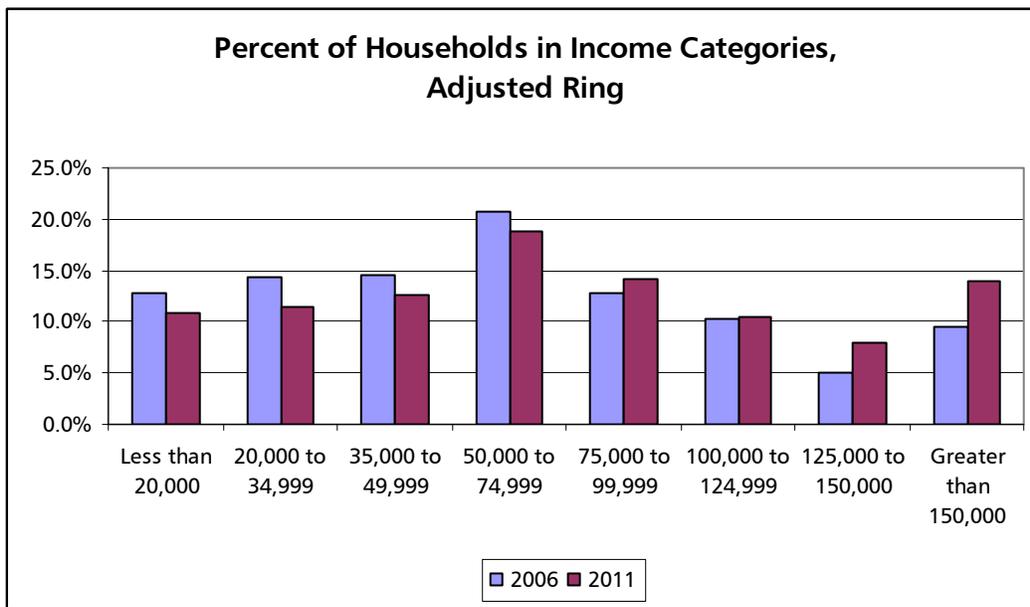
In terms of absolute levels, the ring analysis shows a much higher population than the county, even in a smaller land area. The population density near Eastgate mall is much higher than in much of Clermont County.

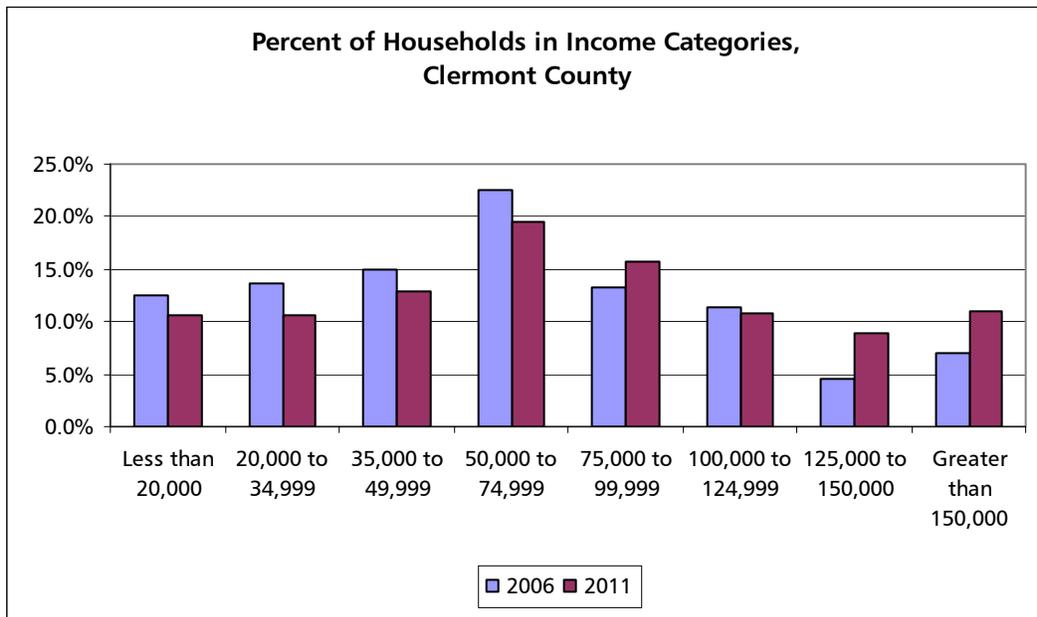
Table 2. Median Household Income

	2006	2011	CAGR
Clermont County	\$59,737	\$69,310	3.0%
7-County Region	\$55,494	\$65,805	3.5%
Adjusted Ring	\$59,341	\$69,388	3.2%

If the population is not expected to grow at a very fast pace, it is important then to look at income levels. The median household income is expected to grow over this period to around \$69,000 in Clermont County and in the adjusted ring area. However, this is a 3.0 and 3.2 percent per year growth rates, which exceeds inflation. Even so, it is important to note that the Clermont County and adjusted ring areas are at higher income levels than the regional average.

The charts below show the percentage of households in select income brackets:





These graphs show, in general, an increase in the share of households earning above \$75,000 per year, a key demographic indicator for higher-end retailers examining a study area. It is interesting to note that in the adjusted ring study area, the percentage of households with incomes greater than \$150,000 each year is forecast to increase from 9.5 percent in 2006 of the households to 13.9 percent by 2011, a significant increase. The same category in Clermont County is expected to go from 7.1 percent to 11.1 percent over the same period.

Table 3. Population by Race, Clermont County

	2006		2011	
	Count	Percentage	Count	Percentage
White	184,537	96.6%	193,520	96.1%
Black	1,907	1.0%	2,158	1.1%
American Indian, Eskimo, Aleut	379	0.2%	418	0.2%
Asian or Pacific Islander	1,816	1.0%	2,555	1.3%
Other	561	0.3%	646	0.3%
Two or More Races	1,845	1.0%	2,130	1.1%
Hispanic Origin	1,942	1.0%	2,313	1.1%

Table 4. Population by Race, Adjusted Ring

	2006		2011	
	Count	Percentage	Count	Percentage
White	301,441	89.7%	301,107	88.8%
Black	23,858	7.1%	24,847	7.3%
American Indian, Eskimo, Aleut	640	0.2%	681	0.2%
Asian or Pacific Islander	5,232	1.6%	6,972	2.1%
Other	1,388	0.4%	1,518	0.4%
Two or More Races	3,563	1.1%	3,898	1.1%
Hispanic Origin	4,005	1.2%	4,555	1.3%

ERA notes that the adjusted ring is slightly more diverse in terms of race than is Clermont County. Hispanics represent a very small percentage of the population in both the county and the ring—much smaller than their statewide or national share. The racial mix is not expected to change much between 2006 and 2011; the only sizeable increase would be the share of Asian/Pacific Islanders in the ring area.

Table 5. Average Household Size

	2006	2011
Clermont County	2.62	2.59
7-County Region	2.48	2.47
Adjusted Ring	2.40	2.38

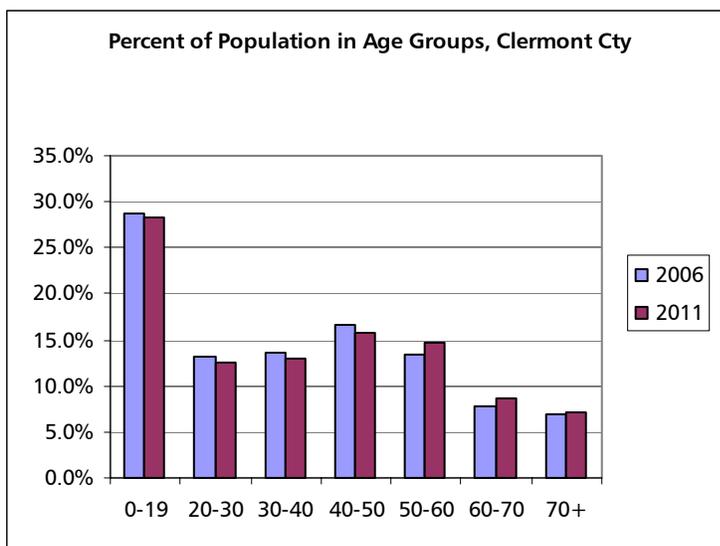
ERA also examines the average household size in retail analyses. Average household sizes do not make sizeable swings in one direction or another; changes happen incrementally. Fitting the nationwide pattern, all three study areas are forecast to see a decline in the average household size.

Table 6. Percent Housing Units Owner-Occupied

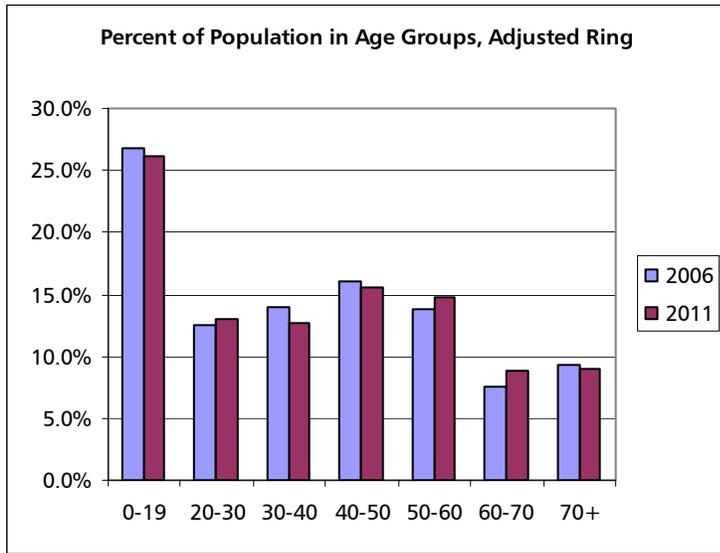
	2006	2011
Clermont County	76.8%	77.1%
7-County Region	69.1%	69.9%
Adjusted Ring	71.4%	71.6%

Homeownership is an important component to consider when targeting certain retail tenant mixes. Housing tenure (the distinction between renting and owning) is an important consideration in households' shopping preferences. A strong owner-occupancy generally represents a market that would be receptive to home improvement, furnishings, and other higher-end domestic retailers. Clermont County's owner-occupancy is approximately 77 percent in 2006 and is expected to rise slightly.

Consumer tastes and preferences also change with age, so ERA examines the average age (and the



breakdowns of population in several categories) for both Clermont County and the adjusted ring area.



Both graphs show that the population in each study area is ageing and will in general experience an increase in residents aged 50 and above, and a corresponding decrease (in relative terms) in the number of residents below that age. (The one exception is the 20-30 bracket in the ring study area.)

Table 7. Average Age

	2006	2011
Clermont County	36.3	36.8
7-County Region	36.1	36.6
Adjusted Ring	37.7	38.5

The average age bears this out, as well, with the adjusted ring study area experiencing the greatest boost to its average age.

Clermont County Business Landscape

This section reviews the strength of retail trade in Clermont County and in the Cincinnati metropolitan area. For this report, ERA examines all the counties in the Core Based Statistical Area (CBSA), which includes the counties of Hamilton, Butler, Warren, and Clermont (in Ohio), plus Boone, Campbell and Kenton in Kentucky.

ERA consulted three sources of information for its retail trade analysis: Costar, a national retail data source; C.B. Richard Ellis, also a national source that provides key insights into regional markets; and ERA's own fieldwork, including press items and interviews.

All three sources confirm high levels of activity in regional retail construction in the last several years. ERA finds that a large part of the recent activity can be explained by two market trends: the general merchandise and grocery segments of the market have been expanding; and many retail developers are investing in "lifestyle center" shopping malls. Wal-Mart's recent (and unfinished) competition with Kroger has figured prominently into the first trend, while developer Jeffrey Anderson's projects have led the second trend.

Retail Marketplace

The tables below show the retail inventory (expressed in square feet) and vacancy rates in the CBSA and in Clermont County. Both fluctuate over the course of a year, so all listed values are valid for the first quarter of the given year.

Table 8. Total Retail Inventory and Vacancy Rates

	2000	2001	2002	2003	2004	2005	2006
Cincinnati CBSA	53,053,743	54,682,465	55,674,527	56,574,623	57,329,640	58,550,788	59,958,947
	1.5%	2.3%	2.5%	4.8%	6.3%	11.4%	11.8%
Clermont County	5,020,031	5,136,154	5,157,754	5,327,754	5,360,754	5,373,370	5,391,370
	0.5%	3.7%	4.4%	5.4%	5.8%	7.3%	12.7%

Source: Costar

In percentage terms, the CBSA added significantly more retail than did Clermont County over this time period. The county added just under 400,000 square feet of retail space over the last seven years. Vacancy rates in 2006 were higher than in any other year studied; however, it should be noted that the vacancy rates had been exceptionally low between 2000 and 2002. The higher vacancies over the entire region are reflective of the retail building boom of late. (It should also be noted that a large component of this building boom has been renovation of existing space, so the entire picture of "new" retail options would not be reflected in these numbers.)

Table 9. Inventory and Vacancy Rates, Shopping Centers of 200,000 sf and higher

	2000	2001	2002	2003	2004	2005	2006
CBSA	19,082,133	20,032,133	20,371,893	20,678,493	21,086,389	21,716,389	22,531,319
	0.6%	1.7%	1.9%	2.3%	3.0%	7.5%	7.7%
Clermont County	2,053,708	2,053,708	2,053,708	2,053,708	2,053,708	2,053,708	2,053,708
	0.0%	0.0%	0.0%	1.2%	2.9%	1.4%	6.1%

Source: Costar

Of all the three categories ERA examines—large shopping centers, small shopping centers, and free-standing retail—the large shopping centers are the healthiest. ERA notes that no large shopping centers have been added to the Clermont County market in the last seven years. (Only a handful were added in

the CBSA; however, again, many large shopping centers have been renovated and provide a “new” experience even without adding much space.) ERA does note, however, that EastGate Mall did undergo a renovation and a small addition in 2003; the addition featured a new food court.

Table 10. Inventory and Vacancy Rates, Shopping Centers of less than 200,000 sf

	2000	2001	2002	2003	2004	2005	2006
CBSA	21,417,433	21,746,582	22,185,555	22,599,182	22,769,162	23,261,549	23,583,903
	0.5%	1.5%	2.1%	6.0%	7.0%	12.1%	13.1%
Clermont County	2,061,448	2,170,371	2,185,971	2,355,971	2,370,971	2,383,587	2,401,587
	0.0%	7.7%	9.7%	9.8%	7.2%	10.8%	18.2%

Source: Costar

Small shopping centers in Clermont County have generally experienced higher levels of vacancy than the other two categories (2004 and 2005 are the exceptions). Certainly anecdotal evidence around the Eastgate area bears this out. Several older, smaller strip malls are reportedly struggling to retain tenants and to remain competitive in the changing market environment. Consistent with business patterns in a wide range of industries, retailers find that a periodic level of re-investment is necessary to stay competitive, and those centers that do not make a re-investment risk being edged out of the market as they consumers shift to newer, more updated shopping centers.

Table 11. Inventory and Vacancy Rates, Free Standing Retail

	2000	2001	2002	2003	2004	2005	2006
CBSA	12,554,177	12,903,750	13,117,079	13,296,948	13,474,089	13,572,850	13,843,725
	4.6%	4.6%	4.0%	6.6%	10.4%	16.4%	16.2%
Clermont County	904,875	912,075	918,075	918,075	936,075	936,075	936,075
	2.6%	2.2%	2.0%	3.7%	8.2%	11.2%	13.1%

Source: Costar

Free-standing retail has continued the general trend upward in vacancy rates, though at 13 percent, they are not now as high as small shopping centers.

The table below shows select shopping centers and their occupancy rates, where available.

Table 12. Select Shopping Malls and Vacancy Rates, Clermont County

Mall Name	Total GLA	Occupancy	Sample Tenant List
Amelia Station	115,789	95%	Kroger (59K), UPS Store, Curves, Arby's, Club Tan, Family Dollar, etc.
Beechmont Station	24,000	94%	Alamo, Blockbuster, Liberty Mutual
Bigg's Place Mall*	402,634	89%	Bigg's, Gold's Gym, Hobby Lobby, SuperSaver Cinema, Gold Star, Payless
Brown Shopping Center			
Delco Plaza	139,704	93%	Big K-Mart (84K)
East Milford Shopping Center			
Eastgate Mall*	905,372	88%	Circuit City, Dillards, JC Penny, Kohl's Kroger, Sears
Eastgate Mall Crossing*	195,112	82%	Borders, Circuit City, Kroger, OfficeMax, Kids R Us
Eastgate Pavillion*	225,000		Bed & Bath, Best Buy, Dick's, PetSmart, DSW, Value City
Eastgate Square*	360,182	95%	Mazel's, Party City, Wal-Mart, Avis, Sofa Express

Mall Name	Total GLA	Occupancy	Sample Tenant List
Eastgate Station*	163,959	90%	Coomer's Crafts, Jo-Ann Fabric, Michaels, Shoe Carnival
Eastgate Village Shops I*	27,213	91%	Futon Factory, Curves, HR Block, Wells Fargo
Goshen Station	53,802	100%	Kroger, Cingular, Supercuts
Loveland Plaza	40,000	100%	Curts Barber Shop, HR Block, Little Caesars
McCabe Crossing	135,478	78%	Furniture Fair, Quiznos, Nextel
Milford Center	31,000	89%	Hader Hardware
Milford Shopping Center	108,902	98%	Kroger, CVS, Dollar Tree, Quiznos
Mulberry Square	165,000	94%	Kroger, Sears hardware, State Farm
Park 50 Plaza	18,000	43%	
River's Edge at Milford	400,000		Showcase Cinemas, Target, Cracker Barrel, Ruby Tues, Texas Roadhouse
Shoppers Haven Center	100,000	90%	Chase Bank, Harder, Cinti Public Library, Dollar Store,
Shoppes of Loveland	64,607	97%	Walgreen's, Moore's Fitness, Blockbuster, Starbucks
Total	3,675,754		

Those shopping centers marked with an asterisk represent shopping centers located in the Eastgate region. It should be noted that they represent approximately 2.2 million square feet of retail space, or about 42 percent of the 5.3 million square feet in Clermont County. At just over 900,000 square feet, Eastgate Mall has approximately 17 percent of the retail space in the county.

Table 13. Retail Representation

	2000	2006
Clermont County		
Shopping Centers 200K+	40.9%	38.1%
Shopping Centers < 200K	41.1%	44.5%
Free-Standing	18.0%	17.4%
CBSA		
Shopping Centers 200K+	36.0%	37.6%
Shopping Centers < 200K	40.4%	39.3%
Free-Standing	23.7%	23.1%

The table above shows that the trend in the CBSA has been toward an increased concentration of large shopping centers and smaller concentrations of free-standing and small shopping centers. Relative to the CBSA, Clermont County has a large share of small shopping centers, and while the CBSA trend has been slightly away from small shopping centers, the county experienced an increase in their relative concentration. Because Hamilton County represents over half the retail shopping in the metro region, its makeup will have a strong effect on all CBSA figures. The table below shows that Clermont County represents only 9 percent of the CBSA retail space; therefore, it is not surprising that it diverges in some ways.

It is useful, as well, to compare the amount of retail space in Clermont County performance to that of other counties in the CBSA. The next two tables compare all counties.

Table 14. Share of CBSA Retail in Each County

	2000	2006
Clermont	9.5%	9.0%
Boone	8.5%	8.1%
Butler	10.5%	13.0%
Campbell	3.6%	4.3%
Hamilton	55.4%	51.1%
Kenton	3.9%	5.3%
Warren	8.6%	9.1%
Total CBSA	100.0%	100.0%

Hamilton County (including Cincinnati) has lost ground in relative terms to the other counties in the CBSA. Butler County made a significant jump from 10.5 percent to 13.0 percent, reflecting the momentum of development in the Fairfield, West Chester, and Hamilton areas. Clermont County lost ground in relative terms over the seven years.

Table 15. Retail Vacancy Rates in CBSA Counties

	2000	2001	2002	2003	2004	2005	2006
Clermont	0.5%	3.7%	4.4%	5.4%	5.8%	7.3%	12.7%
Boone	0.2%	0.7%	0.3%	2.6%	2.8%	6.8%	6.4%
Butler	1.3%	0.9%	1.3%	8.1%	8.3%	22.2%	22.0%
Campbell	2.6%	4.4%	3.4%	3.8%	11.9%	16.0%	15.2%
Hamilton	2.1%	2.7%	2.9%	5.0%	6.5%	10.3%	10.0%
Kenton	0.8%	0.7%	1.9%	2.6%	7.4%	9.3%	10.5%
Warren	0.4%	1.3%	1.0%	2.2%	3.0%	9.2%	10.2%
Total CBSA	1.5%	2.3%	2.5%	4.8%	6.3%	11.4%	11.8%

Clermont County has the third-highest retail vacancy rate, almost a full point above the CBSA average. Butler County, however, sits at 22 percent vacancy, a curious development given that Butler County has been growing its retail inventory at approximately a 5.7 percent compound annual rate:

Table 16. Retail Inventory Growth in CBSA Counties

	2000	2006	CAGR
Clermont	5,020,031	5,391,370	1.2%
Boone	4,534,634	4,873,056	1.2%
Butler	5,586,582	7,786,857	5.7%
Campbell	1,893,158	2,580,118	5.3%
Hamilton	29,385,886	30,667,260	0.7%
Kenton	2,051,649	3,187,437	7.6%
Warren	4,581,803	5,472,849	3.0%
Total CBSA	53,053,743	59,958,947	2.1%

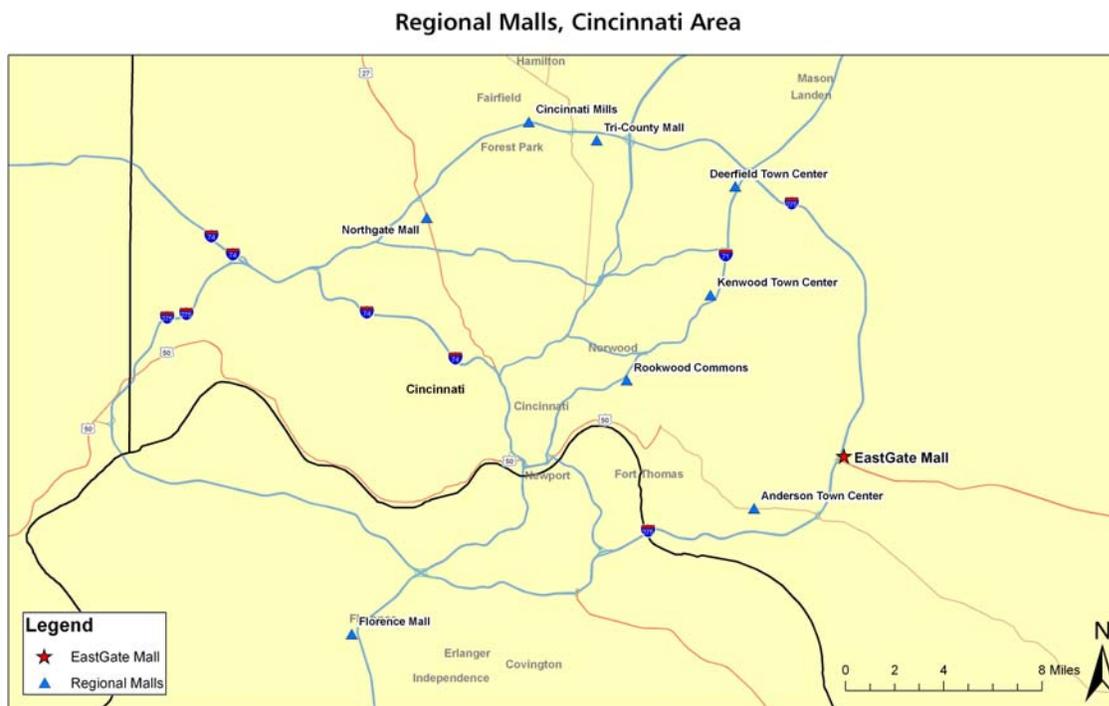
Clermont County's retail growth has been relatively moderate; yet, it still finds itself with a higher-than-average vacancy rate. This is not worrying in itself, since 12 percent is still within one point of the CBSA average; however, it is something to note moving forward.

Retail Trends & Competition

Regional Competition

ERA finds that the Eastgate region faces several other nodes of competition in the region. There are lessons to be learned about several of these competing malls, even if they are not in direct competition with the Eastgate area. Of all the retail destinations in the metro area, ERA chose several that most closely reflect the same challenges and opportunities as Eastgate faces. Community leaders—both governmental and non-governmental—should be aware of the regional trends.

The map below is an overview of the regional shopping malls of interest to the Eastgate area:



Florence Mall

This is the only regional mall in Northern Kentucky. The mall has recently experienced renovation and reinvestment, with an expanded food court and a two-story carousel. Mall managers are considering a lifestyle orientation, which would involve entertainment components like a 16-screen movie theater and restaurants. Nearby, there are some ageing strip malls and an existing 7-screen movie theater, which is also reportedly becoming out-dated. The Mall Road corridor is aesthetically tired and is a good target for new investment. The city has contracted with several market and architectural consultants to put together a plan for the corridor, which includes modern and urban amenities like sidewalks, landscaping, and updated design elements. The city does not yet have design standards in place, but it expects to implement

them in the next 12 months. The city's plan would encourage mixed-use buildings offering residential, office/workplace, and retail development along a network of sidewalks to encourage multi-modality.

Houston Road, where the new Wal-Mart SuperCenter is located, has drawn some tenants from Mall Road, particularly the south portion of Mall Road, increasing the pressure for redevelopment. Both Mall Road and Huston Road are in the City of Florence, although the City has taken a much more active role in redeveloping Mall Road than Houston Road. Florence Mall has over one million square feet of space.

Crestview Hills

Crestview Hills was formerly a two-story anchored enclosed mall with near-total vacancy. Crestview Hills is located on the I-275 ring road around Cincinnati and is the first life-style center in Northern Kentucky. Retail developer Jeffery R Anderson Real Estate bought the property, tore down the structure, built a new Dillard's building, and built a lifestyle center on the lot. The new product is about 30 percent restaurants, reflecting the strong emerging emphasis among lifestyle centers on a high-quality variety of dining options. It is the second of three Anderson lifestyle centers in the Cincinnati region (Rookwood Commons/Rookwood Pavilion, Deerfield Town Center) and has thrived, benefiting from successive design refinement and conversion of the once near-vacant site into a lifestyle center. Crestview Hills has over 500,000 square feet.

Kenwood Towne Centre

Kenwood Towne Centre is a four-anchor enclosed mall. Kenwood is the most upscale mall in the Cincinnati region and draw from the tri-state area. It is located in the most prosperous portion of the Cincinnati region and is well served by the freeway system. Mall owners have recently added a lifestyle-like expansion, which has successfully attracted desirable tenants like Cheesecake Factory, Williams Sonoma, and Restoration Hardware. It was recently announced that Parisian would be closed, after the chain had been acquired by Belk Inc. In November 2006, the mall announced that Nordstrom would replace Parisian. This would be the first Nordstrom in the Cincinnati market and it is expected to draw visitors from as far away as Dayton. (There is a Nordstrom in Columbus and another in Indianapolis.) Kenwood Town Center has free structured parking. Kenwood, which is owned by General Growth, followed the market in its expansion. To this day, it attracts many shoppers from the Eastgate area that look for upmarket shopping opportunities. Note that for upscale shopping, Kenwood draws from Northern Kentucky as well. Kenwood has over one million square feet.

Tri-County Mall

Tri-County Mall was acquired by Thor Equities in early 2005. The thirty-year old mall's most recent major renovation was in 1990 and previous owners, Blackstone Group, appear to be reluctant to make further investments. It is currently in the middle of a facelift renovation, updating materials and providing a fresh look and brand. Tri-County is in the middle of almost 2.5 million square feet of retail when the retail along Kemper Road is counted. Tri-County is facing major pressure since it is seeing its wealthy customer base pulled north along I-75 to The Streets of West Chester, Bridgewater, and the open air, strip development along the I-75 and I-71 corridors. In addition, Kenwood Towne Centre for more upscale shopping is fairly close (15 minutes). There have been several big box closures (due to bankruptcy, etc.) in close proximity of Tri-County that have impacted rental and enhance property valuation. The loss of JC Penney to Bridgewater has had a major impact and the backfilling has not been successful as yet. Tri-County has discussed a semi-lifestyle element to replace Penney. An enlarged Wal-Mart SuperCenter is scheduled to replace the older Wal-Mart and Sam's Club is set for an expansion as well to the east of Tri-County. Tri-County Mall has over one million square feet.

City officials in Springdale are in the process of setting a strategic direction for the corridor, which would include new infrastructure, a regional branding effort, and potential design guidelines for future development. Several struggling shopping centers are located in the area and include somewhat older space like a former Service Merchandise that still is vacant. Recognizing that consumer tastes and preferences are more oriented to a Kenwood- or Rookwood-style shopping experience, Springdale is looking to provide the necessary city resources and guidelines to ensure that Tri-County area does not decline slowly as shoppers discover other areas. Its access to the interstate is stronger than Eastgate's, as Tri-County is near both I-75 and I-275.

Northgate Mall

Northgate Mall is currently in the middle of a \$25 million renovation, which will feature an indoor play area and new interior themes. Work on outdoor streetscapes will begin next year. The mall recently received news that one of its four department store anchors, J.C. Penney, will be locating to a new mall that is scheduled to open in the next two years (see below). Mall officials say they have several prospective tenants lined up. Northgate has reportedly been largely ignored by ownership for many years and is only now, with new owners, trying to reassert itself in the marketplace. Northgate has over one million square feet.

Northgate is the furthest mall from Eastgate.

Stone Creek Town Center

Stone Creek Town Center is a lifestyle center under construction at the intersection of I-275 and Colerain Avenue—which will directly intercept Northgate's traffic coming from the interstate. Trinity will be the developer and the mall will open in August 2007. The new mall will have a one-story J.C. Penney, five restaurants, an office tower for Guardian Savings Bank's headquarters, 12 acres of open public green space with bike and walking trails, and large retailers like Meijer (over 200,000 square feet), Bed Bath and Beyond, and Old Navy. It will have a Starbucks. The total project is proposed to be over 400,000 square feet.

Note on Wal-Mart and Kroger

New construction in the general merchandise and grocery sectors has been white hot throughout the Cincinnati region. Wal-Mart is assaulting Kroger's regional grocery dominance by opening up seventeen Supercenters of its own throughout the region; some of these are in key markets served by Kroger, others are in new markets. Wal-Mart opened a Supercenter and a Sam's Club on Ohio-32, where Meijer and Bigg's have grocery stores and where Kroger has two within a short drive. It is also building a supercenter near Milford Parkway, one exit north of Eastgate on I-275. Kroger has responded by introducing a new 80,000 square-foot product that offers some general merchandise. However, this is still much smaller than Wal-Mart's behemoth 200,000-square-foot Supercenters. Target has so far not attempted to make inroads into the grocery market here, though it is building new stores at a more moderate pace.

Recent press items and public statements by Wal-Mart officials indicate that the firm has adopted a new site-selection model that will help guard against cannibalization of existing stores. Wal-Mart's CFO recently indicated this will mean fewer stores will be built in fiscal 2008; however, all things are relative: "fewer" for Wal-Mart means it will still add more than 300 stores. But for areas such as Eastgate that have experienced a high rate of growth in general merchandise retail inventory, this could mean the blistering pace will slow down. Officials say the new site selection method will help make the "most

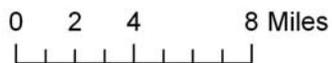
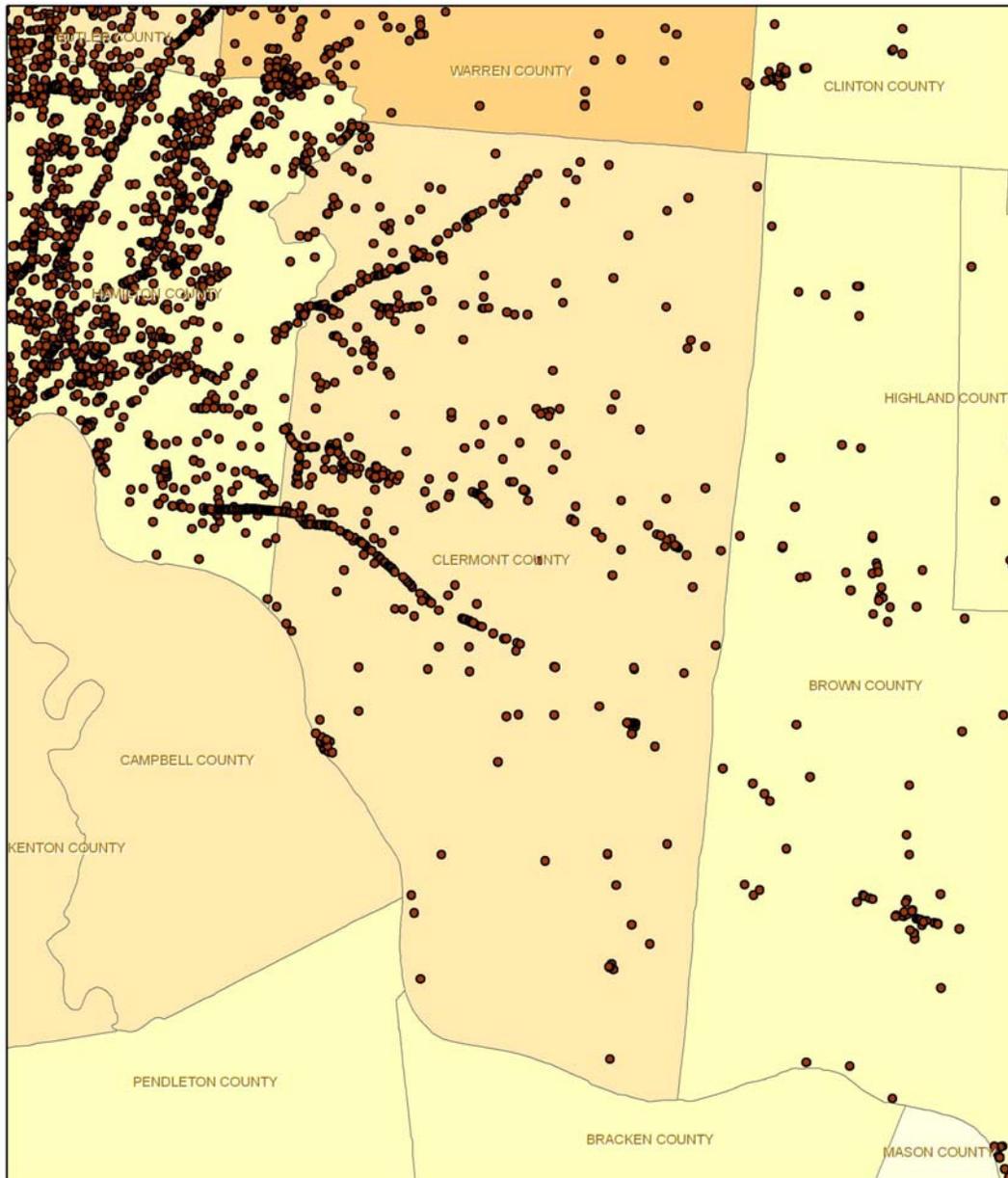
efficient” use of their capital expenditures, which probably indicates they will not be entering markets where competition is already fierce, or where they are unlikely to be the dominant discount store.

The Eastgate area has a new Wal-Mart Supercenter and a Wal-Mart Supercenter is under construction at the U.S.-50 exit of I-275 in Milford. Some stakeholders have indicated that the presence of Target, Wal-Mart, and Showcase Cinemas in Milford may be a convenient alternative to shopping at the Eastgate area. However, if Wal-Mart changes its site-selection criteria so as to respect existing stores’ market areas, it may be less likely that Wal-Mart would anchor yet another development on the outskirts of Eastgate’s trade area.

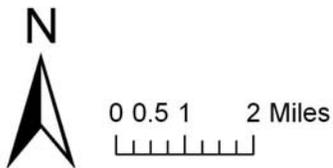
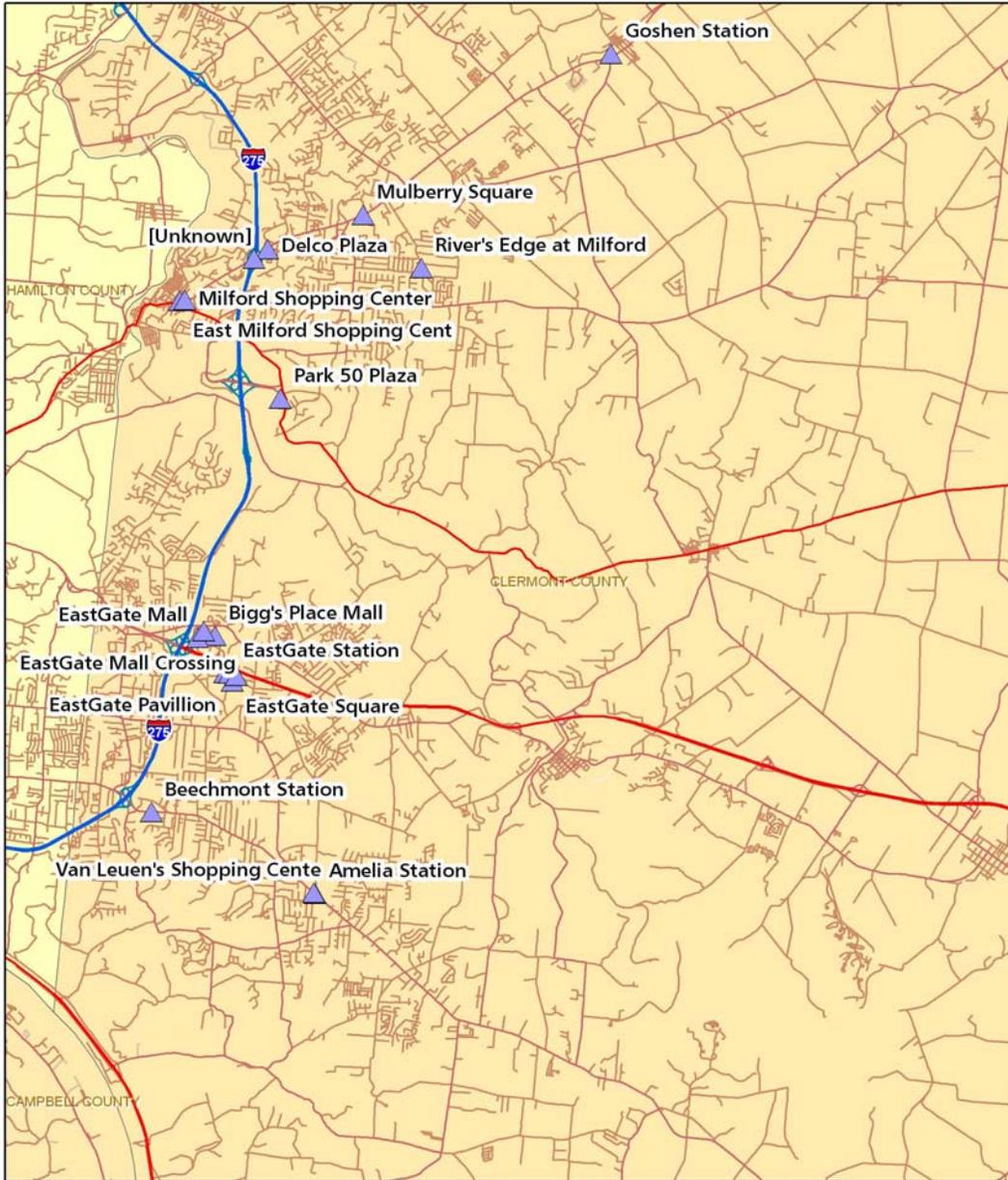
Other County Retail Concentrations

ERA has found that there are three concentrations of retail trade in Clermont County: Eastgate area, Ohio 125 (one exit south on I-275) and Ohio 28 (two exits north on I-275). The maps on the following pages show the retail establishments in Clermont County (source: InfoUSA) and the Shopping Centers in the county (source: Costar).

Retail Trade Establishments



Clermont County Shopping Centers



Both Routes 125 and 28 lack a major anchor tenant like Eastgate Mall. Route 125 especially experiences backups, with many curb cuts, right-in-right-outs, and traffic lights. Although it is a four-lane road, the congestion can be frustrating at any time of the day. It has several big box stores and has a number of smaller service-based retailers.

Milford is emerging as a fourth shopping node, with the River’s Edge development. This started with mostly car dealerships, but has expanded to more general retail. Showcase Cinemas built a large 16-screen cinema with a Starbucks, Sbarro, and arcade inside. A new Target is nearby, and outparcel restaurants such as Red Robin and other family dining areas serve both the shopping and the movie theater. A Wal-Mart is under construction.

The land available at Milford presents an opportunity for those developers to plan out a large section of land in a cohesive, accessible way. It is an opportunity not currently available to the existing retail corridors, and so the Milford area has a distinct advantage in that regard.

Regional Retail Concerns

Business owners, tenants, residents, and public officials should monitor the national and regional retail trends and be flexible to adapting to changing consumer tastes and preferences. Undoubtedly, the successful shopping regions in the Cincinnati metro area have added “lifestyle” components, including open-air shopping centers, sit-down restaurants alongside shopping, pedestrian friendly designs (including bike trails and the like), landscaping improvements, higher tenant quality, and entertainment components like cinemas.

Without a doubt, Eastgate’s primary competition in this realm is Kenwood Town Center. However, other more traditional shopping nodes like Florence and Springdale (Tri-County) are considering or are currently adding lifestyle components, not just from a private sector standpoint (new tenants and the like) but from a public planning perspective as well (design criteria, landscaping and the like).

ERA also recommends that all regional stakeholders eye national trends toward “new urbanism” that couples with the lifestyle retail concept. New urbanist projects include a mixture of office space, residential space, and retail/entertainment components in a walkable, urban-like environment. Although this may be a somewhat untested idea in the Cincinnati region at this time, ERA has found it is an attractive trend throughout metropolitan areas like Cincinnati, even in suburban counties.

Eastgate Mall has not expressed intentions of developing a lifestyle component, and ERA cautions that this retail format may not be appropriate in all places. Eastgate Mall is a functional, middle-class mall with four department stores as anchors. It has re-invested in a food court and new design elements; however, building a lifestyle center and attempting to re-tenant and re-define the mall’s character represents a substantial investment risk. Developers and shopping center owners throughout the region will weigh the risk and reward potential supported by demographics and regional trends.

Office Marketplace

This section reviews the marketplace for office space, broken down into Class A, Class B, and Class C designations.

Table 17. Office Space Inventory (all Classes)

2000	2001	2002	2003	2004	2005	2006
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CBSA	64,679,813	65,766,901	67,785,050	68,660,910	69,154,514	69,833,090	70,757,890
	6.6%	10.6%	12.4%	13.4%	13.8%	14.2%	14.7%
Clermont County	2,534,292	2,544,252	2,544,252	2,573,624	2,601,377	2,601,377	2,601,377
	5.6%	12.3%	12.6%	16.5%	18.0%	18.5%	21.0%

Total office inventories in Clermont County have risen by less than 100,000 square feet since 2000, but vacancies have climbed up. The regional vacancy rates have also crept up during this time period. Much of the new office development in 2006 is at or inside the I-275 beltway, notably The Landings and Summit Woods III in Blue Ash; Linden Pointe in Norwood and Kemper Pointe in the Fields-Ertel area are among the key new projects at or inside the beltway. Of all the sub-markets in the Cincinnati region, Blue Ash continues to be the leader in Class A suburban office development and it is currently seen as a desirable location, both for its transportation access and the positive clustering effects. (In general terms, office-using firms prefer to be near other complementary firms so as to take advantage of related services in a small geographic area.)

The table below shows the vacancy rates and inventories for Clermont County and the CBSA:

Table 18. Clermont County Office Inventory and Vacancy Rates by Class

	2000	2001	2002	2003	2004	2005	2006
Class A Inventory	976,781	976,781	976,781	976,781	976,781	976,781	976,781
Class A Vacancy	6.0%	14.7%	18.1%	27.4%	27.6%	28.0%	34.7%
Class B Inventory	847,320	847,320	847,320	870,692	892,445	892,445	892,445
Class B Vacancy	7.7%	12.2%	8.3%	10.3%	14.2%	15.2%	11.9%
Class C Inventory	710,191	720,151	720,151	726,151	732,151	732,151	732,151
Class C Vacancy	5.4%	9.3%	10.1%	9.4%	9.6%	9.8%	13.8%

Table 19. CBSA Office Inventory and Vacancy Rates by Class

	2000	2001	2002	2003	2004	2005	2006
Class A Inventory	17,964,072	18,659,937	20,133,091	20,655,797	20,965,407	21,310,461	21,763,897
Class A Vacancy	8.3%	13.7%	19.6%	21.8%	20.9%	18.8%	19.8%
Class B Inventory	23,466,629	23,775,134	24,265,923	24,579,717	24,717,787	25,025,309	25,496,673
Class B Vacancy	7.7%	12.6%	12.7%	12.5%	14.0%	15.8%	16.1%
Class C Inventory	23,249,112	23,331,830	23,386,036	23,425,396	23,471,320	23,497,320	23,497,320
Class C Vacancy	4.3%	6.2%	5.8%	7.0%	7.3%	8.3%	8.5%

The tables show that Clermont County has experienced a higher vacancy rate in Class A office space than has the region; further, the vacancy rate in Clermont has crept upward every year since 2000; however, it has added no new Class A space in this time. The marginal increases in office space have been in Classes B and C.

Table 20. Total Inventory Growth in CBSA Counties

	2000	2006	CAGR
Clermont	2,534,292	2,601,377	0.4%
Boone	1,673,576	2,316,692	5.6%
Butler	4,485,817	5,161,261	2.4%
Campbell	874,460	953,838	1.5%
Hamilton	48,932,357	51,664,583	0.9%
Kenton	3,758,087	4,800,209	4.2%
Warren	2,421,224	3,259,930	5.1%
Total CBSA	64,679,813	70,757,890	1.5%

Of all the counties ERA examined, Clermont experienced the slowest pace of growth in inventory. Hamilton County experienced just a 0.9 percent annual growth rate; however, that small percentage still means a growth of just under 2 million square feet. Several counties have added space at a very strong pace. Warren County increased office space from 2.4 million to 3.3 million square feet, and Boone increased from 1.7 million to 2.3 million square feet.

Table 21. Vacancy Rates in Select Counties

	2000	2006
Clermont	5.6%	21.0%
Boone	9.1%	24.3%
Butler	2.4%	17.8%
Campbell	14.7%	19.2%
Hamilton	6.4%	13.4%
Kenton	6.0%	17.7%
Warren	16.2%	12.3%
Total CBSA	6.6%	14.7%

The vacancy rates for the respective counties indicate that all counties have seen increases in vacancy since 2000 except Warren. Clermont County has the second-highest office vacancy rate of the counties examined.

Office Opportunities & Threats

Examining office vacancy by county is a somewhat broad-stroke analysis, but proprietary information is often times unavailable on more specific basis. C.B. Richard Ellis publishes a market report each year, and it breaks down office markets into several sub-markets. Although it does not show the Eastgate area, it does show several office nodes of interest. First is Blue Ash: Class A and Class B vacancies fell from 2004 to 2005 (the most recent data available) and Class A vacancy stands at just over 5 percent. This is despite several new construction projects (in an environment where construction costs are rising unpredictably). Fields-Ertel and northern Kentucky both show vacancy rates over 30 percent. The market they call “East”, which would include the Eastgate/Clermont County area, also shows a high vacancy rate of 20 to 25 percent, in line with Costar data.

The market for high-quality, Class A office space is highly correlated to employment, and so ERA expects Class A office development in Clermont County to follow businesses that choose to locate a high number of employees to the county. In other words, it would be prudent for new office development to have an anchor tenant, or to be owned by the firm that occupies it. This is broadly the model for TQL, which is locating in Ivy Pointe.

In assessing the office market, it is important to consider the quality and character of the existing office space. Clermont County at this time does not have the kind of interstate-accessible office campuses that are in the best position to capture corporate headquarters (or regional headquarters). However, it does have a very attractive site in Ivy Pointe, and the project's success with its first development, TQL, may set the tone for similar development in the future.

Ivy Pointe is not at this moment the ideal location for a regional headquarters because of the transportation uncertainties. Roadway access is currently being expanded so that future users of Ivy Pointe have easy access to the shopping on Ohio-32 and to the interstate. When that access is complete, ERA expects that the site's attractiveness will improve.

However, some aspects of the interchange project at I-275 and Ohio-32 are a variable at this time. Perceptions in the marketplace are such that decision makers do not have a final plan and reliable timeline on which to base investment decisions. To some extent, this is not possible with large construction projects. Additionally, political changes at the state level have added to the uncertainty. ERA notes that interchange projects around the country are often delayed or re-designed at several stages. In the long run, ERA expects that the widening and extension of Aicholtz, the widening of Clough, the construction of Ivy Pointe Boulevard, and the construction at Ferguson/Eastgate Blvd will prove to be significant access corridors to the interstate, local residential developments, and shopping areas. However, the effects of the different stages of these projects will be difficult to predict, even after work on some phases has started.

If the development at Ivy Pointe continues, it will have an effect on the economy along the Ohio-32 corridor. Interviews suggest that the work force in Clermont County is very strong and businesses in the service industry do not have to look far to find hard-working, skilled employees. However, there are limited options in this sector. Further office development at Ivy Pointe would open up office-using jobs to local residents who today may seek to commute to Blue Ash or the Cincinnati CBD via I-471. The added value to having an employment center nearby is significant to residents in Clermont County. Further, if some residents are willing to tolerate a commute from western Clermont County to downtown today, they may be willing to tolerate a commute from eastern Clermont County to western Clermont County if Ivy Pointe and adjacent sites become an employment center.

The other effect will be a positive one for retailers along Ohio-32, especially those close to Eastgate Boulevard or on the south side of the highway. An infusion of daytime workers provides a population of people who will want to eat at restaurants, go shopping, and do errands during lunch and after work. If Ivy Pointe allows Eastgate-area residents to also work nearby, it reduces the chance that those residents will shop in Hamilton County or other employment centers—in other words, having employment in Clermont County reduces some of the shopping leaks that result from inter-county commuting patterns. Moreover, the in-commuters to the area would also fulfill their own personal shopping needs in the area. However, ERA notes that improvements in daytime population demographics may serve to make some changes, but it would not redefine the region in the short term.

Such an increase in employment would, however, provide an opportunity for struggling retail centers to re-orient themselves toward tenants that serve a professional, rather than strictly leisure, shopping market. This can range from retail tenants like office supply or shipping stores to small-footprint professional office users like doctors, dentists, and accountants to complementary users like temp agencies that do not require a large footprint.

ERA notes that the land currently involved in Ivy Pointe is only a portion of the undeveloped land south of Ohio-32 and north of Clough Pike. If, as ERA expects, office development continues at Ivy Pointe, the resulting daytime population increases could provide a further opportunity for retailers to orient themselves toward the daytime, business user.

Fiscal Implications

ERA notes above that there are three, potentially four, nodes of retail trade in Clermont County. Eastgate is overwhelmingly the largest of the three, generating the most sales tax revenue of any corridor in the county. ERA's research indicates that the sales tax has been a significant contributor to the county's general (unrestricted) fund, representing between 35 and 45 percent of revenues. The table below quantifies this:

Table 22. Clermont County General Fund Revenue Sources

	2001	2002	2003	2004	2005	CAGR
Property Tax	\$13,961,853	\$16,978,724	\$15,688,307	\$16,292,646	\$16,780,411	4.7%
Lodging Tax	\$305,398	\$323,423	\$443,691	\$377,743	\$430,014	8.9%
Sales Tax	\$20,285,277	\$19,513,566	\$20,068,147	\$23,082,898	\$22,783,754	2.9%
Other	\$21,263,134	\$14,101,586	\$9,557,858	\$11,943,901	\$11,310,471	-14.6%
Total	\$55,815,662	\$50,917,299	\$45,758,003	\$51,697,188	\$51,304,650	-2.1%
Sales Tax / Total	36.3%	38.3%	43.9%	44.7%	44.4%	

Sales tax revenues have grown since 2001, but at an annual rate of about 3 percent. It is fair to say this has probably kept pace with inflation, potentially beating inflation slightly. However, their relative importance to the county tax revenues has increased. Just five years ago, in 2001, the sales tax accounted for 36 percent of the total general fund; in 2005, that figure was 44 percent.

Property tax revenues have grown steadily as a result of new construction (primarily) and some appreciation in older units. There is still ample room to continue to develop in Clermont County; however, much of that land is considered inaccessible or too far from employment centers and transportation corridors. The figures below show the agricultural land in Clermont County (the total area of the county is 293,639 acres):

Table 23. Agricultural Land in Clermont County

	Acres	Percent
1995	143,584	48.9%
2000	140,423	47.8%
2001	140,461	47.8%
2002	139,896	47.6%
2003	139,347	47.5%
2004	138,742	47.2%
2005	137,206	46.7%
2006	134,816	45.9%

The table shows a decline from about 49 percent in 1995 to about 46 percent in 2006, with 2,390 acres of land re-classified between 2005 and 2006. (This is a proxy for development, but is not necessarily the number of acres built upon. Agricultural classification gives a general idea of development trends but they are not the same as land developed.)

Economic Effects of Access Management

The traffic improvements proposed for the Eastgate region are an example of access management—namely the restriction of movement by motorists along a roadway. The purpose of access management is to allow for adequate traffic flow capacity and at the same time access to surrounding land. In a general sense, the greater the road capacity, the more limited the access to the surrounding land. Several tools of access management are:

- Turn-lane restrictions
- Driveway restrictions (including spacing)
- Addition of medians
- Presence or absence of traffic lights
- Addition of lanes (turning or traveling lanes)
- Changes to the speed limit
- On/off ramps, grade separations, at-grade crossings
- Pedestrian crosswalks & bicycle lanes

Transportation planners must balance the needs and desires of motorists with the needs and desires of owners of surrounding land. These needs and desires are summarized in the following sections.

Effects of Access Management on Land Owners and Residents

Adjacent Residential Land Owners

Owners of land attempt to maximize the utility of their property. For residential customers, the utility is different from person to person as tastes and preferences vary. Residents derive benefit from easy access to roadways, as it provides them a quick and easy way to get to work, shopping, or school. However, many residents also prefer not to be on a major high-speed artery, as this endangers children and pets, increases noise and air pollution, and pulling in and out of the driveway is more dangerous. Residents tend to buy houses whose access closely approximates their needs. Therefore, any time a transportation planner proposes changes to roadway access, many of the households along the roadway will oppose it. They chose their houses for the access that existed; any changes make their houses less attractive to them. However, other residential users with different preferences would now find those houses attractive.

Adjacent Commercial Land Owners

Similarly, the owners of commercial land attempt to maximize profits. Especially in the retail sector, land use is a key component of profits. Retail businesses will choose sites that are most appropriate to their business type. Consider the following examples:

- Bass Pro Shops chooses large sites off major interstates, with ample parking and natural resources. These destination stores accommodate a large number of visitors, require good visibility, and have topographical features that complement its business model.

- Fast food restaurants locate in areas with high traffic counts, especially in commuting corridors, where customers have easy in-out access.
- Blockbuster Video leases the corner space in strip malls. This allows multiple customers to drive up, park along the curb, and return or rent videos.
- Gas stations prefer to location on the corner of an intersection that is on the right-hand side, after the traffic light, for commuters coming home. This allows commuters an easy right-in/right-out option in the evening when they have time to stop.
- In urban environments, bank branches prefer retail space on the corner of two busy streets, where their ATMs can take advantage of pedestrian traffic along two pedestrian corridors.

Motorist (or pedestrian) access is a key component of all four of the above options. A destination specialty retailer would never locate on a two-lane rural road with low speed limits because those roads do not provide the level of pass-by traffic that the retailer requires for its business model. Blockbuster Video and similar types of outlets would not locate in a power center mall because it is not convenient for the types of short trips its customers require. Bank branches would not locate off an interstate highway next to a Bass Pro Shops because many of those customers are not local. And so on.

In all these examples, retailers choose sites that maximize the value (profits) of their businesses and meet their specific access needs. Access management is a key—if not the most important—component of a site to a retail business. Therefore, any time a transportation planner proposes changing the access, retailers oppose the move. This is because their entire businesses are oriented toward maximizing profit on the site that exists; when the site changes, their businesses become suboptimal uses of the land.

Several factors affect the ways in which businesses may be affected by access management. They include:

- The length of time a business has been in operation
- The advertising methods of the business
- Whether the business serves customers who plan visits or those who decide on-the-fly
- Whether the revenues are concentrated in specific windows (for example, lunch or dinner hours for restaurants)

Motorists

The two primary concerns to motorists are traffic flow and safety. The principle of access management has been well researched, with clear safety and traffic flow benefits. On crowded roadways like Ohio-32, access management can provide several benefits, including:

- It can reduce the number of conflicting movements (in other words, it can the number of north-south intersections with the east-west artery). This achieves both traffic flow and safety, as traffic from any direction must come to a complete stop to allow the opposing traffic to flow. Conflicting movements also become a safety hazard, especially with left-turns.
- It can reduce stop-and-start traffic congestion. This improves motorist safety because drivers in congested traffic are distracted and the continual stop-and-start invites small accidents. It also would reduce motorists' energy use and air pollution. It increases their travel time, allowing them more leisure or productive time.

- It can provide safer access to adjacent residences and businesses, as frequent and closely-spaced curb cuts are also a safety hazard to motorists and customers.
- It can reduce the severity as well as the frequency of crashes. One federal study found that increasing the number of driveways from ten per mile to twenty per mile increases crashes 30 percent. Others show that adequately managed corridors reduce crashes by up to 50 percent.

Motorists derive several ancillary benefits of improved traffic flow and improved safety. Obviously, the risk of injury in a car crash is reduced. In addition, motorists save money on fuel if the traffic flows better. Fewer crashes mean lower repair bills, and consequently lower insurance premiums. The reduction in air pollution provides a small marginal benefit to the motorists, but is a regional good.

Perceived Business Impacts of Access Management Changes

The Washington State Transportation Commission and the Federal Highway Administration commissioned a report in 2002 to study the *perceived* negative impacts of access management on businesses along six major commercial corridors (state roads) in King County, Washington. Unsurprisingly, the study found that businesses in general perceive a negative impact when the accessibility to their site is reduced. Among the other findings:

Businesses reported that the ability of vehicles to enter the driveway and exit the driveway are the most important factors of access management. Significantly, these concerns were considered slightly more important than high traffic counts.

The majority of businesses believed that the existing access management restrictions negatively affected their business.

The survey proposed seven different access management changes and asked businesses whether they wanted them or not. Businesses said they did not want six of them (two types of medians, right-in/right-out, consolidated driveway, traffic signal, and others.) The only type they said they would want is a two-way turn lane, which is hardly an access restriction at all.

Retail services like banks and clinics did not perceive negative impacts because their customers make a specific trip to them. The authors surmise that access management would make that trip safer and faster, and so the benefits to the business would overall be positive.

Long-Term Commercial Benefits

It may seem at first that the interests of motorists and business owners are at odds. However, it is important to remember that motorists are businesses' customers. Therefore, if transportation planners control access in order to benefit motorists, they are not necessarily acting against the long-term interests of area businesses. In addition to making motorists (customers) happier and safer, there are some other ancillary benefits to businesses of access management:

- If a roadway is perceived as dangerous and congested, then motorists will avoid it. These are potential customers. Access is an important asset to retail businesses, but if the roadway is dangerous, difficult to maneuver, stressful, and time consuming, then that asset is much diminished.

- Customers measure distance in terms of time, not miles. Ask consumers how far the nearest grocery store is to their homes, and most will reply in terms of minutes. Therefore, many retailers now analyze their market areas in terms of drive times, not miles. Reducing congestion and raising speeds on a roadway reduces the travel time on that roadway. If a retailer's market area is all houses within a fifteen minute drive, then faster travel times increase that retailer's market area.
- For businesses that rely on drive-by traffic, access management can increase the number of cars that drive by the front door. Higher speeds and fewer turns reduce access, but they allow greater visibility and better exposure for all area businesses. Although the number of driveways may be reduced, it is possible to design projects so that motorists understand how to access certain businesses. Therefore, these businesses trade off individual driveways for greater visibility and higher traffic volumes.

Long-Term Regional Vitality

Where residents and business owners often think of their own interests in the context of regional vitality, planners and government agencies act as trustees of an entire region's long-term interests. These long-term interests are occasionally at odds with retailer's aims, as retail businesses by necessity think in shorter time frames. Governments often have larger investments in roadways and infrastructure than any individual business has in a particular plot of land. Therefore, governments' time frames are longer and the way they approach problems is different.

A small number of business owners perceive a large negative impact of access management. Conversely, a very large number of motorists will all experience small benefits. The nature of this issue means that business owners will be more organized and vocal in their opposition than motorists will be in their support. Studies have shown that businesses perceive a large negative impact of access management and they act in their own interests to oppose access restrictions.

The challenge to governments is to craft a transportation plan that provides safeguards to local business, while at the same time preserving a corridor's vitality and ensuring that it satisfies the safety and traffic flow concerns of motorists.

The next section details the specific access management issues that the Eastgate region faces.

I-394 Case Study

ERA's research found that most published studies on access management (like the Washington study) focus on turn lanes, medians, *addition* of traffic lights, driveway spacing, and similar tools. Studies in Iowa, Texas, Kansas, and Florida all suggest minimal adverse effects (and often positive effects) on businesses of access management techniques like these, but the research has been limited for more large-scale projects like the one proposed for Ohio-32.

ERA found just one study that closely paralleled the plans for Ohio-32. The study was authored by the Center for Transportation Research and Education (CTRE) at Iowa State University. (ERA contacted the author, who was unable to suggest any other similar case studies.) In the Twin Cities metro area between Minneapolis and Wayzata, Minnesota, the state department of transportation converted a regional arterial route, U.S. 12, into Interstate 394. The corridor in question is longer than the Ohio-32 corridor, but it involves turning what was essentially a road with lights and driveways into one with on/off ramps and limited access. In general, this is similar to the plans for Ohio-32 between I-275 and Bach-Buxton. The I-394 study is a long-term evaluation of the effects on transportation, business revenues, and property values before and after Minnesota changed its arterial U.S. 12 into an interstate. (This entire section is a summary of the CTRE study.)

Project Description

U.S. 12, also known as Wayzata Boulevard, served as an arterial road with at-grade intersections, multiple driveways, and traffic signals prior to 1985. However, there were occasional stretches of the road that were freeway-style with interchanges. Between 1985 and 1993, the state of Minnesota reconstructed U.S. 12 into Interstate 394, which satisfied freeway standards. Like all interstates, it has no at-grade crossings, traffic signals, or driveways. The CTRE analyzed the changes in traffic flow, demographics, commercial land values, business revenues, business turnover, and other metrics.

Effect on Traffic

As in Clermont County, the purpose of the I-394 construction project was to improve traffic flow and safety. The concerns emerged from demographic studies that showed population and roadway demand increasing steadily in the future. In the years since the construction project, traffic volumes have doubled along the roadway and average speeds have increased by between 2 and 25 miles per hour. Even though traffic volumes have doubled and speeds have risen, the *rate* of fatal and injury crashes has declined and the *number* of total crashes has declined.

Demographics & Land Use

The study shows that the land use overall is used more intensively after the construction project. The most heavily used areas are near the two major interchanges. The population in census tracts along the corridor declined as land uses transitioned to commercial/industrial. At the same time, employment grew by over 30 percent between 1990 and 2000. Employment in retailing sectors declined overall, but employment in service and office sectors grew.

Land Values

The commercial land values along I-394 appreciated over three decades from \$2.00 per square foot in 1970 (15 years before the project started) to \$15.00 per square foot in 2003 (10 years after the project

ended.) In a similar time period, the land values along I-494, near the Mall of America, appreciated in much the same pattern. The authors conclude that, far from suffering, the value of commercial land along U.S. 12/I-394 appreciated similarly to commercial land along the region's most commercialized corridor.

Effects on Businesses

The authors studied office buildings, auto dealers, sit-down restaurants, fast-food restaurants, small shopping centers, general retailers, big-box retailers, hospitality, and convenience stores/gas stations. In some cases, just a few parcels were available for study. The results of the study for each property type are below:

Office Buildings

Although office users experienced difficulty during the construction phase, the CTRE found these users fared very well. The increased travel times and reliability made their properties ideal for office-using businesses. The I-394 connection to the Twin Cities metro area opened up the market area for potential commuters. The authors note that fast-food restaurants have fared well in response to the increase in office-using employment.

Auto Dealerships

Before the project, the two auto dealerships were extremely concerned that the lack of visibility would damage their business; one stated that an auto dealership would no longer be viable if access were restricted. In 2003, both auto dealerships were still in business and one of the owners has a positive opinion of the construction project. Travel times to the dealerships have been reduced even though access is restricted.

Sit-Down Restaurants

The study considers five sit-down restaurants (similar to Applebee's, Max & Ermas, etc.) Four are currently open: two precede the construction project; two have opened since then. One restaurant present before the construction project closed, but the authors believe this is unrelated to the construction project. The two older restaurants opposed the construction project, but managers at both are now positive about it, as their restaurants are profitable and operate under the same chain as they did prior to the construction. One restaurant changed the type of customer it targets. The access is now more restricted and one manager objects to the confusing traffic pattern; however, overall travel times are about the same as they were before the project. One restaurant went out of business after the construction; however, two new ones opened on the same site.

Fast Food Restaurants

The study considers two fast-food restaurants, both of which were open before construction. Along with office buildings, fast food restaurants experienced the greatest economic benefit of all business types along the corridor. The increase in daytime employment and the doubling of traffic along the corridor combined to provide the fast food restaurants with a larger customer base. Travel times improved to the locations and visibility remained strong. The authors argue that a strong and growing customer base is perhaps more important than immediate access from the corridor.

General Retailers

The study considered two general retailers present before the project. Both are in business today, though one changed its marketing to become more of a destination store. The study's authors suggest that the growing customer base is important to both businesses.

Big-Box Retail

Two large big box stores were considered and both are destination stores. One store experienced an increase in travel time due to the project. One store manager said that the traffic congestion on I-394 was of greater concern to his customers than the access to the store from the highway. For big box stores, the visibility of the freeway (and its increased traffic counts) was an important asset.

Other

Two hotels were studied. One went out of business because a competing convention center opened; several restaurants opened in its place. The other is still in business but did not participate in the survey. One gas station was present before the project; travel times to the location stayed the same and the gas station is still open. Because of their nature (with multiple tenants), the health of small shopping centers was difficult to estimate. However, several new small shopping centers have opened since the construction, suggesting that the business environment is attractive for such development.

Conclusions

The study's authors conclude that by most standards, the construction project had a positive effect. In some standards, the effect was neutral or un-measurable. Population declined and retail sector employment declined, reflecting the only two negative effects. However:

- Traffic volume, speed, and especially safety experienced very positive effects.
- Every measurable business type experienced positive or neutral results from the project; office employers, fast food restaurants, and big box stores gained the most.
- Business turnover was below the state average. Commercial land values appreciated similarly to values along a major commercial corridor near the Mall of America.
- No business has been shown to fail as a result of the construction project.

In a brief interview with ERA, the study author presented the issue this way: it is a tradeoff between the incremental time and safety gains to thousands of motorists each day versus the potential for adverse effects on businesses. The purpose of the CTRE study was to gauge those adverse effects. At least in this instance, business flourished as a result.

The study's authors note, however, that many businesses did have to adapt to changes in the retail environment, as all businesses must do when their markets change. However, the study finds that the increase in potential customers, the ease of use for motorists, and the increased visibility to retailers outweighed the potential adverse effects of controlled access.

Access Management in the Eastgate Area

This section reviews the specific identified access management concerns facing the private and public sectors in the Eastgate region.

Private Sector Concerns

ERA recognizes that several key stakeholders in the Ohio-32 corridor have expressed concerns over the way in which the project will proceed. Based on preliminary interviews and work on-site, ERA has identified the following primary concerns of retail stakeholders operating along Ohio-32:

- 1. The removal of traffic lights reduces the opportunities given to shoppers to patronize restaurants, small shopping establishments, and other convenience retail.** At this moment, a heavy traffic flow through the area has multiple opportunities to exit and re-enter Ohio-32, either on a right-in-right-out basis or through intersections controlled by lights. It gives shoppers the opportunity to make unplanned stops off Ohio-32 and also gives them flexibility to choose among many accessible options. (This primarily benefits the retailers near the lights and curb cuts, and benefits drivers by giving them several in/out options. As traffic flows increase, the scenario will become untenable. However, ERA recognizes that the chief concern of retailers is access to their stores.) The removal of the curb cuts and the traffic light at GlenEste-Withamsville Road will restrict the ability of drivers to make unplanned stops at these retail locations. It favors those shopping centers with favorable access and may have a negative impact on those whose access is being restricted.
- 2. Eastgate Mall's most favorable empty plot of land may be used for an on-ramp.** Mall officials indicate that they have a plot of land adjacent to the mall that is a potential prime candidate for expansion and renovation, possibly into a fifth department store. One phase of drawings for the interchange plan shows an on-ramp from Ohio-32 onto I-275 north going through this plot. If this land were taken for an on-ramp it would deprive the mall of a potential opportunity to expand and improve the tenant mix with a higher-end department store or series of stores. There are few other opportunities for the mall to expand. The tone of the retail corridor is set by Eastgate Mall, and therefore the entire region would be adversely affected if a solution to the mall's expansion plan is not found.
- 3. The transition costs will be high.** During the construction period, the traffic along this corridor—already an inconvenience for commuters and shoppers—may increase such that access to important roads, ramps, and driveways will be further limited. If this happens, retailers in the area may experience negative effects, as commuters and potential shoppers opt for secondary routes. Aicholtz Road and Old 74 will be expanded as relief valves; however, this would have a negative effect on the retailers along Ohio-32, who may experience a negative stigma due to the potential restricted traffic movement and construction activity. Many businesses operate on models that do not allow for ups-and-downs on the scale of this project.
- 4. New developments and lease renewals typically carry long-term time horizons, but the future of the corridor appears uncertain to several market players.** Several side effects of the interchange plan, notably the transition costs and the access restrictions, will make it more difficult for retailers to attract customers, especially those who make unplanned trips. In addition, the future makeup of the corridor is in question; this uncertainty complicates lease renewal negotiations and gives property owners pause when they consider re-development. (Regarding the transition, ERA's interviews show that the Ohio Department of Transportation plans to accommodate the same volume of traffic during construction as the corridor serves today. This

may be at slower speeds or with different lane alignments, but their traffic models indicate that the traffic capacity will remain constant through the project.)

5. **Some retailers are concerned that shoppers will be asked to enter their stores and parking lots from the back.** The primary asset to having frontage on Ohio-32 is the visibility and ease of access to the heavy traffic volumes on that roadway. Diverting traffic—whether through-traffic or potential shoppers—to Aicholtz and Old 74 solves the problem of congestion along Ohio-32, but also takes away the ease of access for some retailers. Regular shoppers will learn new traffic patterns; however, retailers expressed very serious concerns that asking shoppers to enter their shopping centers from the rear is unreasonable. Several design and safety elements require a “front” and a “back” to most shopping centers. Retailers have said that attempting to reverse this, or attempting to use the front and back to invite customers, would seriously impact a shopping center.
6. **There will be continued development east of Bach-Buxton on Ohio-32 which will probably lead to a poorly-planned, leapfrog development scenario.** If the access in the Eastgate area (west of the proposed Bach-Buxton interchange) is restricted, then retailers may seek out parts of Ohio-32 that are not as tightly controlled. This would lead to a very widely-spaced retail corridor and undermine the value of the investments in the Eastgate area. Moreover, it would simply move the congestion problem down the road instead of solving it.

Public Sector Concerns

The traffic congestion and safety issues today are not the government agencies’ primary concern. Their primary concern is the projected congestion and safety issues in the future, which show an alarming scenario. If future demand for roadway space were expected to decline or stay flat, then taking no action would be a much more feasible option. However, that is not the projection. The regional growth in population and businesses that has brought great benefits to Clermont County (including businesses along Ohio-32) will tax the roadways in ways in which the infrastructure cannot accommodate it.

The primary public sector concern is that roadways at many intersections and ramps will decline to an unacceptable level of service sometime between now and 2030. An unacceptable level of service is not just a statistical technicality. The current level of service is acceptable at almost all intersections and ramps—but many residents and stakeholders would say that it is very close to “unacceptable” in their own opinions. The specter that the service levels would decline significantly from their already worrying levels could mean the following:

1. **More crashes and longer delays may cause motorists to seek alternate routes.** The minor roadways around Ohio-32 are not built to support higher traffic volumes, so forcing more cars onto them would tax those roadways beyond what they were designed to accommodate. Moreover, officials worry that shoppers will choose other retail corridors instead of Eastgate because of the congestion. The resulting struggles along Ohio-32 would be bad for the entire county economy, as well as for individual businesses.
2. **Industrial and manufacturing firms that need frequent deliveries could be dissuaded from locating anywhere near Ohio-32.** Many firms along the Bach-Buxton corridor rely on many shipments from large trucks that must travel from I-275 to Bach-Buxton. Excessive passenger car traffic could make this untenable and unattractive for prospective businesses.

- 3. Potential investors in many different industries could be dissuaded from the Ohio-32 corridor.** To some degree, ERA believes that even today the congestion near the Ohio-32 and I-275 intersection may make the Eastgate area an unattractive place for a new business such as an office park, full-service hotel, or new shopping center. This has worrying implications for the Ivy Pointe office park, which has the potential to develop into a larger campus as the county sells off plots for further development.
- 4. Eastern Clermont County could be cut off from the Cincinnati region due to traffic issues on Ohio-32.** The Eastgate area of Ohio-32 is the region's shopping hub, but it is also the main artery that opens up most of Clermont County to the I-275 beltway and the Cincinnati metro area. As this becomes more congested and less safe, the central and eastern parts of Clermont County become less attractive to potential residents.
- 5. Clermont County now lacks a developed regional access roadway network to serve industrial users and commuters.** As the county grows, it is also mindful that business requires improved regional access to customers, markets, suppliers and workforce. ERA interviews show that trucks complicate the traffic situation in the Eastgate area today; surely, the truck operators find the shoppers complicate their jobs. For Clermont County to grow as an employment center, it must provide improved regional access roads for trucks and commuters to access business hubs like the one on Bach-Buxton. From a planning perspective, Ohio-32 is best equipped because it is part of the region-wide Eastern Corridor plan.
- 6. If access along Ohio-32 must be controlled and other roadways must be widened, then it is better to do the projects before the roadway is in crisis.** Highway construction projects are very long-term projects that require extensive planning, engineering, and disruption, not to mention extensive budgets. The planning process gets more difficult as the existing situation gets more serious. Disruptions during construction would become more acute as time goes on and as demand for the roadway continues to increase.
- 7. The County has a strong interest in protecting the retail corridor since sales tax accounts for 44 percent of its annual budget.** In 2001, the sales tax represented 36 percent of the county's budget; by 2005, that figure was 44 percent. A decline in the Eastgate area's retail sales would impact public revenues and put upward pressure on other revenue sources. While the public sector would share the burden of any short-term sales slumps caused by construction projects, it would also share in the long-term benefit of a healthy and vital corridor.

Conclusions & Recommendations

This report has examined the real estate markets in southwestern Ohio, the traffic patterns, the perspectives of stakeholders, and the state of Ohio's plans for reconstructing the Ohio-32 and I-275 interchange to determine the economic effects of the local roadway improvements to be executed by Clermont County and Union Township.

Every indication in ERA's research suggests that the state's portion of the construction process (the interchange) will definitely proceed. Therefore, ERA assumes that the reconstruction of Ohio-32 and I-275 will proceed regardless of the local policymakers' decisions or preferences and regardless of ERA's own conclusions.

In arriving at its conclusions, ERA considered three questions, posed by the client:

1. Should the county and township proceed with their plans to expand local roadways and restrict access on Ohio-32?
2. If yes, what positive and negative effects will there be on businesses and consumers? If no, what will scenario will result, and what positive and negative effects are attendant with that scenario?
3. In either scenario, what can be done to minimize the negative effects or disruptions, and what can be done to amplify the positive effects?

Should the local roadway plan proceed?

Like any project of this magnitude, there will be short term costs and benefits; and there will be long-term costs and benefits. A central part of ERA's assignment is to weigh the short- and long-term costs against the short- and long-term benefits.

However, in most cases these are impossible to accurately quantify. The table below is a summary of the short term costs and benefits to the local roadway improvements, as proposed by the county and township officials:

Short Term Benefits of the Project	Long Term Benefits of the Project
<ul style="list-style-type: none"> • Reduced uncertainty and confusion regarding the long-term project plans 	<ul style="list-style-type: none"> • Greater safety and better travel times for commuters • Provides better interstate access to interior of Clermont County • Possible impetus for redevelopment of older shopping centers into new uses • Better access for employees and prospective businesses at office park • Larger customer base for businesses
Short Term Costs of the Project	Long Term Costs of the Project
<ul style="list-style-type: none"> • Disruption of business as construction takes place • Customers must re-learn access patterns to shopping centers • Negative traffic implications 	<ul style="list-style-type: none"> • Local expectation of easy access is restricted • Business models must change to adapt to new traffic & customer patterns; some may relocate • Customers need to plan some shopping decisions in advance
Costs—No Project	Benefits—No Project
<ul style="list-style-type: none"> • Traffic gradually worsens; some shoppers may be turned off Eastgate activity • Difficult to attract reinvestment in non-retail sectors 	<ul style="list-style-type: none"> • Continued local access

It is important not to underestimate the potential negative aspects that businesses and consumers will experience as the project moves forward. For many business owners, a storefront that requires high through-put is their livelihood. Government action that fundamentally changes the nature of an intersection or corridor may cause some businesses to close entirely, which would, if that happened, be a very large negative effect on a given business owner, his suppliers, his landlord, and his customers.

For other business owners, the lengthy construction period could be very disruptive, depending how the engineering details work out. Sight lines and access could be blocked for months at a time. Many small businesses would struggle to operate during a big disruption.

The long term benefits are incremental. Drivers will realistically save some time on this drive. Some shoppers may be turned off by traffic, but it is difficult to predict large numbers of shoppers suddenly deciding the traffic is too bad in Eastgate, and shopping elsewhere.

The Project Should Proceed

By their nature, long-term benefits accrue gradually over long periods of time. Thousands of drivers pass through the Eastgate area every day, and for those thousands of commuters and shoppers, the route will be faster and safer, and that is a benefit they will experience every day, starting when the project is complete, into the foreseeable future. Moreover, the increased capacity will attract more drivers, as interior parts of Clermont County are developed and as Ohio-32 becomes a regional corridor rather than a local road. Therefore, more future residents will benefit from this corridor and the access it provides to the regional interstate system.

Although some drivers may find shopping off the new Ohio-32 corridor inconvenient due to restricted access, the larger number of drivers along the corridor will provide a greater customer base for the local retailers to target. In addition, the faster driving times will make the Eastgate region accessible to more customers for their habitual or recreational shopping. Many consumers measure distance in terms of time. In deciding where to shop, a key factor is the length of time necessary to travel there—not necessarily the number of miles. If the Ohio-32 corridor becomes faster and more reliable, then residents farther afield will find that it is accessible and convenient. This, in effect, opens up more potential resident shoppers. This is especially true as more parts of the Eastern Corridor plan (west of the study area) fall into place.

Delaying this project in ERA's opinion would be dangerous to the region's long-term vitality. Although most consumers would grumble, but still shop in the Eastgate region, its competitiveness in the regional retail marketplace would erode bit by bit. ERA concludes that investors seeking to redevelop land in the Eastgate area would give pause to the region at this point. Uncertainty with regard to this project is certainly one element in that. However, if consumers gradually see alternative shopping nodes are more attractive, the investment dollars will follow the momentum. This may in fact have started happening near the U.S. 50 interchange in Milford. A project that relieves traffic congestion, attracts office development (see the next section), and opens up more areas of the county for residential development is crucial for creating momentum of change and improvement.

Attracting New Types of Investment

Office using businesses and employees are sensitive to commuting patterns and travel times. It is in Clermont County's interest to attract office investment in the Ivy Pointe development; yet, many investors will be hesitant to locate there if traffic congestion makes it difficult for their employees to get home at night. ERA finds in its national experience that diversified corridors are in high demand, as people want to be able to find shopping and entertainment convenient to their homes, workplaces and travel routes. The Eastgate area provides a very strong amenity for businesses that want to re-locate into office or flex space in Clermont County.

It is legitimate to ask whether the interchange and access restriction process would diminish the retail amenity. ERA concludes the opposite: If the improved access and interchanges make the Eastgate region attractive to office users, then there will be a greater daytime population for local retailers to target. This conclusion is entirely consistent with the experience of I-394 in Minnesota—and that project was, if anything, an even more ambitious access restriction than the one proposed for Ohio-32.

Transition Costs

There is no doubt that the transition will be difficult. However, the transition is largely a one-time occurrence. Perhaps some businesses will close, as some business managers predict, but that is far from an assured eventuality. It will be a challenge for businesses to re-work their business models to serve customers on a regional route. That is true. However, just as demographic and economic changes opened up the Eastgate area for retail development in the 1980s, demographic and economic changes require land owners to adapt in the 2010's. (ERA notes that much of the project will not be completed until 2010.) Land owners and business owners will have a minimum of three years to plan for this eventuality. The next section addresses some of these challenges.

Recommendations

This section addresses the third question posed above, namely: what can be done to minimize the negative effects of the construction process and what can be done to amplify the positive effects?

Frontage Roads

A portion of the retail community is especially concerned that their customers will be channeled to their parking lots from the back (via Old 74 and Aicholtz Road). This is a very legitimate concern for two reasons. First, the visibility of the shopping centers along these secondary roads is currently very limited. More important, large shopping centers are oriented toward welcoming customers from the front. The rear of a shopping center has little parking; it generally has HVAC units, truck bays, and dumpsters. The front has parking, good lighting, signage, and the storefronts have security and checkout lanes. It is unreasonable to assume that a shopping center can easily re-orient itself toward the back without a major redevelopment. That re-investment would not be feasible, however, given the limited visibility and lower traffic counts of Old 74 and Aicholtz.

ERA finds that frontage roads are a potential opportunity to work with business owners, who are dismayed with the quality of the roads at this point. If the project proceeds, then frontage roads will take a more important role in providing access to the shopping centers along Ohio-32. ERA finds that it is difficult to distinguish what is a frontage road and what is a parking lot. ERA notes that many successful retail frontage roads along busy regional corridors are generally straight and many have well-positioned directional signage pointing consumers to shopping centers and entrances to the regional road.

While the frontage roads currently serve a limited purpose, their importance will escalate as consumers attempt to find new ways to access shopping centers. ERA finds that improved and straightened frontage roads with clear directional signage will help minimize the disruptive effects of the construction project, and it will also help consumers access shopping centers in the future.

ERA recommends that the county and business community re-visit the issue of frontage roads with the traffic planners to further explore design and related improvements. This is an area in which the negative effects can be minimized. This will require cooperation on the part of land owners, perhaps in ceding property or helping to cover the costs of the improvements. This is an opportunity to correct what is seen in the community as an inadequate system of frontage roads. It would mitigate the negative effects of access restrictions and also take advantage of the increased traffic capacity on Ohio-32.

Corridor Management

The business community is also concerned that new retail shopping centers may move east on Ohio-32 to areas that have no access restrictions. In this case, it would possibly move the congestion down the road rather than solve it. It would create problems for Eastgate area land owners because tenants may choose to locate a few miles away if they can have their own driveways. This type of leapfrog scenario would be harmful not only to the existing Eastgate area investors, but also to the health of the corridor. It risks taking the existing traffic difficulties and simply shifting them a few miles east.

ERA finds these concerns are justified. The Ohio-32 corridor should not be an express route out of town for retail shoppers. However, an Ohio-32 with restricted access need not lead to leapfrog development. Effective planning can restrict new retail development on parts of Ohio-32 east of the study area and it can focus development on other areas. Specifically, if Aicholz Road and Old 74 become alternate local routes, these (rather than Ohio-32 east of the study area) would be more attractive locations for neighborhood retail development. Therefore, it is reasonable to conclude that the businesses with frontage on Ohio-32 will orient themselves toward destinations (that is, planned visits) while the Aicholtz Road and Old 74 can accommodate neighborhood retail. This logical separation of neighborhood versus destination retail makes more sense than developing eastern stretches of Ohio-32.

Public Communities

The county and township governments should together fund and manage a public communication campaign that informs existing land owners and businesses, potential businesses, prospective investors, and prospective tenants that the Eastgate corridor is open for business and will remain so throughout the project. Most individual businesses will be primarily concerned with the restriction on access to their own properties, so the public relations campaign should highlight the additional benefits (more cars, greater visibility, increased consumer safety) that will follow from the project. Through the stages of planning and construction, the campaign should be very clear and forthcoming about the changes that will take place and the improvements that will be associated with them.

Existing businesses need to be knowledgeable about the changes that will affect their businesses so they can plan effectively for the disruptions. The I-394 study showed that there were disruptions in sales during the construction period and it showed that businesses had to adapt to a new environment. Company managers need full information in order to do so. Government can help minimize this risk by keeping every land owner informed about the detailed plans that will affect access, safety, visibility, or customer base.

Prospective businesses and prospective investors should know exactly what is coming. Any uncertainty about the project will make potential investors nervous. The benefits to this corridor—improved traffic flow, lower travel times, better connections with I-275—should be available in a very public place. It would be in the region's interest to provide property owners with very clear materials that they can give to prospective tenants. Many leases are long-term leases and prospective tenants will consider making commitments that will last through the construction period and beyond. The benefits—but also a realistic discussion on the potential disruptions—should be clear to them. If this information is not clear, the uncertainty will be a deterrent to new tenants and new investors. Interviews with property owners show that several tenants have been hesitant to sign leases along the Eastgate corridor because of the uncertainty regarding the construction plans. This uncertainty is a potential drag on the corridor's economic vitality.

Potential investors have an even longer-term time horizon than do tenants. While tenants might sign ten- to fifteen-year leases, investors build for an even longer term. Whereas tenants and business managers are more concerned about traffic counts and visibility, investors think about regional vitality. Therefore, this construction project should be placed in a regional context as other fronts of the Eastern Corridor plan develop. The Eastgate region will be accessible to more consumers as that regional high-speed link develops.

Innovative Concepts

Public sector officials have demonstrated innovative development ability with the Ivy Point project concept. ERA's initial assessment revealed a priority near-term problem will be the perceived project impact on several existing food and beverage operators. If the interchange project and related public actions could create a well-located development site it would be possible to incorporate these businesses in a "food court" concept. Several food outlets would offer more options to patrons including family members to make their individual selections and get together in an outdoor area. Opportunities for entertainment would also be an option as well as shared parking and marketing programs for the operators.

ERA recommends that the county and township explore potential sites for a food court / dining area concept. Action by the county to secure a site for several restaurant operators to locate around an outdoor food court, with a playground or other common amenity, could mitigate the effect of the construction project. This would allow casual dining and fast food restaurants to form a cluster and share the costs of amenities (parking, recreational area) that would make the cluster a destination. ERA suggests the county and/or township pursue purchasing land and leasing it back to restaurant operators at attractive rates, or partner with a developer to build on that site in a way similar to the Ivy Pointe development. Such a concept can provide some assurance to local fast food and casual dining firms that are worried about traffic disruptions. Such a concept at one attractive, accessible location would not only ease the transition for these businesses but could also assuage their concerns about limited access.

Joint Marketing/Branding Efforts

Businesses are primarily oriented toward maximizing their profits with the access their property has currently. That access will change for many project area businesses between now and 2012, when the construction project is complete. ERA suggests that retailers jointly work with a marketing consultant to identify opportunities and ways to take the best advantage of the changes in access. As the somewhat compatible I-394 study suggested, this could mean targeting a new type of consumer, shifting advertising techniques, or making adjustments to the product offering or service. Retailers are right to assume that their businesses, *as they are currently constituted*, will be disrupted. However, it is in their interest to seek the best ways to adapt to an expanded customer base with enhanced points of access. Businesses can also work with public agencies in revising signage regulations or other regulations as necessary to accommodate this change.

Redevelopment

Through interviews and site visits, ERA found that some retail concentrations in the Eastgate area appear sub-optimal at this time. Regional development always leads to some older buildings becoming outdated and less competitive. In a typical environment, owners will seek to sell or to redevelop these properties in ways that take better advantage of the surroundings. Interviews show that in the Eastgate area, the uncertainty in the future may give land owners pause before redeveloping. As the transportation plans

become more public and final, including the system of frontage roads, the owners can think more seriously about redevelopment. They can then begin to think about the types of tenants that would be attracted to different types of retail or mixed use environments.

I-394 Interviews & Further Study

For citizens or policymakers concerned with the way access will change the business patterns develop along Ohio-32 after the access restrictions are complete, ERA recommends further examination of the I-394 corridor in the Minneapolis-Wayzata, Minnesota, area. This could involve interviews with planning officials in the area, interviews with the identified Iowa State researchers that studied the corridor, or possibly a site visit. ERA notes that research on the effects of access management on businesses is very sparse, but the I-394 corridor offers a comparable case study.

Appendix

General & Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible. These data are believed to be reliable. This study is based on estimates, assumptions and other information developed by Economics Research Associates from its independent research effort, general knowledge of the market and the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent and representatives or any other data source used in preparing or presenting this study.

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