



University Heights

Mixed Use Survey Report

October 2014



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Executive Summary

Executive Summary

CRE Demographics has investigated the potential market for the University Heights development project of Highland Heights, Kentucky consisting of the following general parameters:

Location:	South west corner of Nunn Drive and Alexandria Pike, Highland Heights, Kentucky
Approximate Area:	12.17 acres (530,000 SF)
Existing Conditions:	Vacant land
Proposed Retail Area:	40,000 SF - Class "A" retail
Proposed Residential Area:	273,240 SF - 235 Class "A" multifamily apartments 60 1 bed/2 bath units, 175 2 bed/2 bath units
Proposed Hotel Area:	48,535 SF
Proposed Restaurant Area:	10,063 SF
Future Residential Building Pad:	52,000 SF
Open Areas:	175,000 SF
Parking Areas:	429,250 SF / 368 total parking spaces (all uses)
Total Project Cost:	\$82,185,116
Total Revenues (stabilized):	\$6,781,936
Total Expenses (stabilized):	\$3,425,478
NOI (stabilized):	\$4,939,534

Projections are based on developments with similar characteristics as the product proposed at the subject site. Three important factors were considered in evaluating the potential for absorption of units at the subject site: 1) Demographic growth in the area, including prevalent income levels of households in the greater Highland Heights, Kentucky area; 2) The market for new construction apartment housing and class "A" retail spaces; 3) Current construction trends, including absorption rates, prevalent pricing, and location of new construction housing and retail units in the trade area (defined as the custom area outlined herein).

Summary of Findings

CRE Demographics believes this overview of the residential and retail market in the Highland Heights, KY TMA provides an accurate representation of current conditions. However, the profile of the proposed University Heights project is significantly different than its contiguous neighbors as a project that is both supported by the adjacent university as an extension to the university campus, and as a point-of-destination development located at the primary gateway entrance of the fastest growing university in the state of Kentucky. Note the following observations:

Executive Summary

- The target property is among the top 5 Zip Codes gaining population from 2000 to 2012 for the target area.
- The median income for households in the University Heights area exceeds the median income for households within a 10-mile radius by 5.5%.
- The gross income in the target area was \$12.9 Billion in 2012.
- The vacancy rates for residential rental units 3.4%.
- There only 1,800 rental units within a 1-mile radius of University Heights, and a low vacancy rate compared to the national average rate of 7.5%. This coupled with the Northern Kentucky University's rapid growth trend make a strong case for the need for building new rental residences in the area.
- In 2012 the median apartment rental rate for existing (older apartments) was \$848 per month for a 1 bedroom/ 1 bathroom apartment. University Heights residential apartments are scheduled for completion in 2017 assuming start of construction in the Spring, 2015. Based on market trends, apartment rental rates for Class "A" new residential buildings in 2017 at the subject site adjacent to the university can be estimated as follows:
 - 1 bedroom/1 bathroom rent: \$1,050 - \$1,200 per month
 - 2 bedroom/2 bathroom rent: \$1,350 - \$1,450 per month
- In 2012 the median retail rental rate for existing (older) retail spaces was \$25 per square foot. University Heights new retail plaza is scheduled for completion in 2017 assuming start of construction in the Spring, 2015. Based on market trends, retail rates for Class "A" new retail buildings in 2017 at the subject site adjacent to the university can be estimated as follows:
 - \$36 - \$37 per square foot (average interior and corner spaces) plus CAM
- Vacancies for retail and residential units can be estimated conservatively between 3% and 5% based on the current market and current trends within the market.
- The housing structures in the immediate University Heights area tend to be much newer than the general area, yet there were few new construction projects between 2010 and 2012 due to the economic crisis during that time. Current post-crisis population and economic growth trends in the area can justify demand trends for new residential structures in 2015 to 2017.
- With the exception of NKU and the Bank of Kentucky Center and Arena, there is little or no public parking in the immediate vicinity of University Heights. Student parking rates range from \$131/ Semester to \$220/Year. Faculty/Staff parking rates are approximately \$345/Year. The Bank of Kentucky Center parking rates range from \$4 to \$10 per event. Based on the added density and new retail and vehicular activity that will be promulgated by University Heights, student/ faculty parking and special event parking can be offered at rates

Executive Summary

consistent with the above rates, and retail parking rates can be priced for retail guests after a period of time without significantly affecting unit leasing and retail sales. (To determine specific retail parking rates that would not negatively impact retail unit leasing and retail sales would require a separate and specific market analysis for this purpose).

- The site of UH has a desirable traffic count with 38,869 vehicles per day traveling along the eastern border of the property on US 27–Alexandria Pike.
- The area is well supported by bus routes from the Transit Authority of Northern Kentucky (TANK). Currently, four bus lines, including two express lines, travel immediately adjacent to the UH site.
- The Cap Rate for the University Heights project is estimated at 5.0% based on independent sources projected out to 2017.
- Utilizing the projected Cap Rate (5.0%) and the projected stabilized NOI (\$4,939,534), the projected "as-complete" and stabilized value of the proposed University Heights project can be estimated at \$98,790,671 (using the income capitalization approach*).

*Note: The Income Capitalization Approach is based on the relationship between the rate of return and the net income that a property produces. It estimates the value of income-producing properties such as apartment complexes and shopping centers. Other factors that should be taken into consideration when estimating the projected value of a property, include: Demand, utility, scarcity, age, physical features, physical environment, social environment, political environment, and transferability of the property among other features. The valuation calculation provided above is based solely on projected income and projected capitalization rate.

The Target Property and Target Market Area

Fairfield Inn and Suites @ University Heights

This is an 84 room hotel establishment primarily positioned to meet the short-term lodging needs of visitors, students, faculty and staff of the university. The hotel will also, offer an option for business travelers visiting the Cincinnati metropolitan area and commuters traveling along Interstate 275. The adjacent Bank of Kentucky Center arena and stadium seats over 9,400 people and offers numerous events year-round, yet there are few hospitality venues nearby to accommodate visitors and guests.

The Shoppes @ University Heights

A contemporary designed retail community with residential apartments above (floors 2 and 3) prominently positioned to maximize exposure offering a convenient mix of venues tailored to meet the needs of students, faculty, visitors and guests of the university. Prospective venues may include a convenience store, clothing and apparel store, shoe store, fast food restaurant(s), café, gaming store and others.

Dining @ University Heights

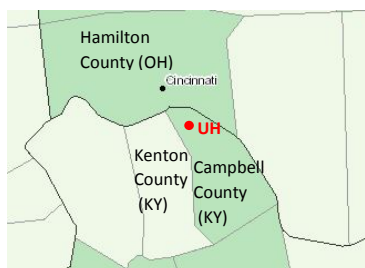
A restaurant out-lot will be situated adjacent to the Shoppes @ University Heights an anchor dining venue for the project. The restaurant will share the parking area of Shoppes @ University Heights to add convenience and enhance traffic and pedestrian flow.

Residences @ University Heights

A 4-story apartment complex offering up to 265 residential apartments at the southwest end of UH facing an open green park area and the Bank of Kentucky Center arena and stadium. Residents living at the Residences @ University Heights will enjoy modern campus living and the convenience of retail, restaurant and commercial venues within walking distance in a common setting.

Target Market Area

In order to capture a comprehensive set of demographics for the surrounding area, a 10-mile radius from UH will be used. In setting a target market are of this size, two neighboring counties adjacent to Campbell County will be involved in this study – Kenton County, Kentucky and Hamilton County, Ohio. A map of the counties is displayed below.



As data is available, the target market will be examined using data from the US Census Bureau and other sources for the 29 populated Zip Codes within the target market area. The target market will also be further segmented using 1, 3, 5 and 10 mile radius figures. The 1-mile radius of UH is encapsulated in the Zip Code 41076 (Newport, Kentucky). Therefore, the statistics for the immediate area of UH will



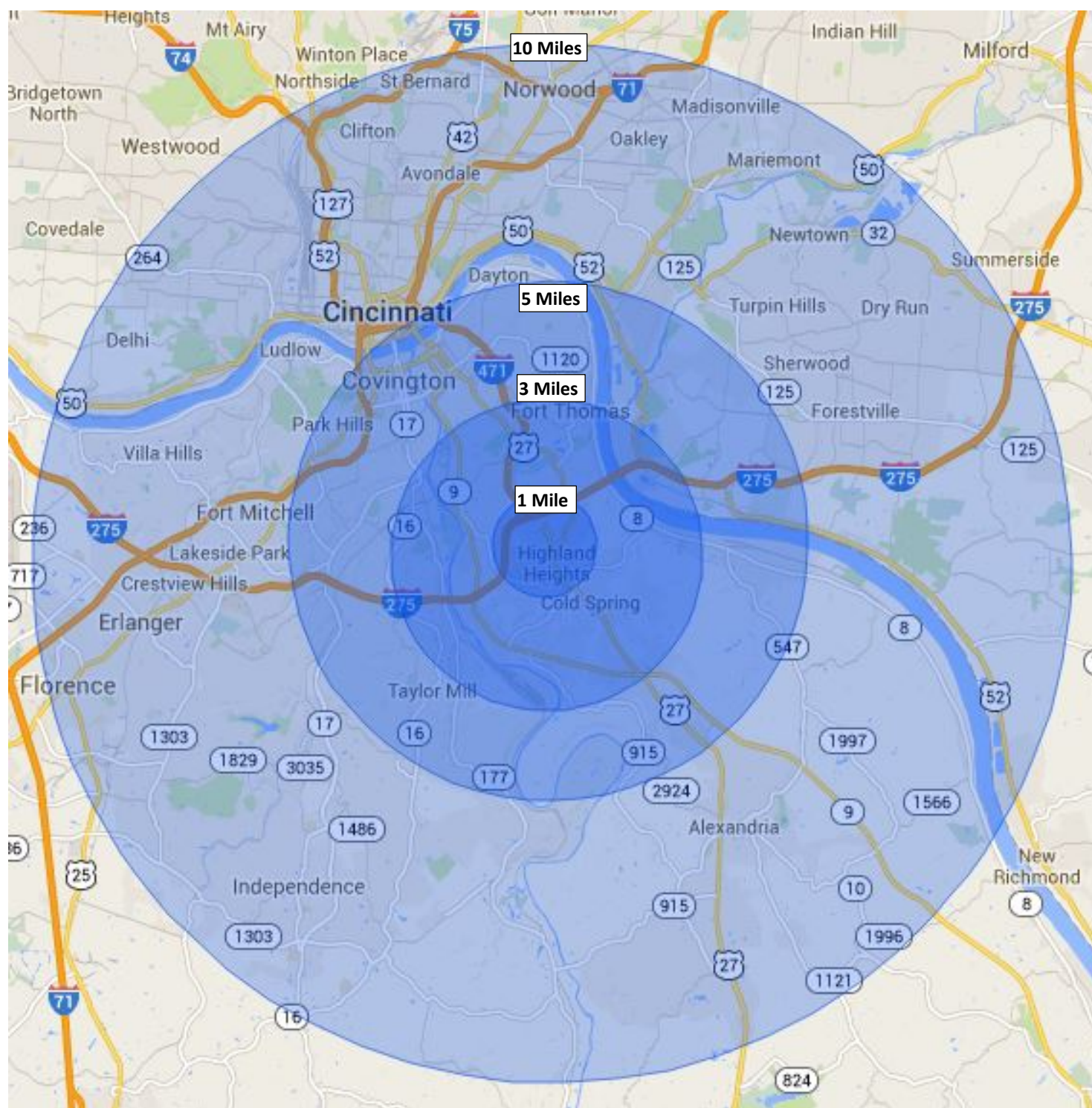
The Target Property and Target Market Area

be generated from this Zip Code. The 29 Zip Codes and their associated cities and a map of the zones within the 10-mile radius are displayed below.

Zip Code	City	County	Estimated Proximity ⁽¹⁾ (Miles) to University Heights
41076	Newport, KY	Campbell	0.00
41015	Latonia, KY	Kenton	2.85
41085	Silver Grove, KY	Campbell	3.05
41075	Fort Thomas, KY	Campbell	4.58
41071	Newport, KY	Campbell	4.90
41014	Covington, KY	Kenton	5.18
41059	Melbourne, KY	Campbell	5.38
45230	Cincinnati, OH	Hamilton	5.47
41011	Covington, KY	Kenton	6.05
45255	Cincinnati, OH	Hamilton	6.09
41073	Bellevue, KY	Campbell	6.60
41017	Fort Mitchell, KY	Kenton	6.61
45226	Cincinnati, OH	Hamilton	6.67
41074	Dayton, KY	Campbell	7.07
41001	Alexandria, KY	Campbell	7.22
45202	Cincinnati, OH	Hamilton	7.25
41016	Covington, KY	Kenton	7.75
45203	Cincinnati, OH	Hamilton	7.94
45206	Cincinnati, OH	Hamilton	8.31
41051	Independence, KY	Kenton	8.38
45208	Cincinnati, OH	Hamilton	8.68
45219	Cincinnati, OH	Hamilton	8.95
41018	Erlanger, KY	Kenton	9.03
45207	Cincinnati, OH	Hamilton	9.39
45245	Cincinnati, OH	Hamilton	9.45
45214	Cincinnati, OH	Hamilton	9.51
45244	Cincinnati, OH	Hamilton	9.78
45209	Cincinnati, OH	Hamilton	9.94
45204	Cincinnati, OH	Hamilton	9.96

(1) All distances are measured from the geographical center of each Zip Code using longitude and latitude coordinates.

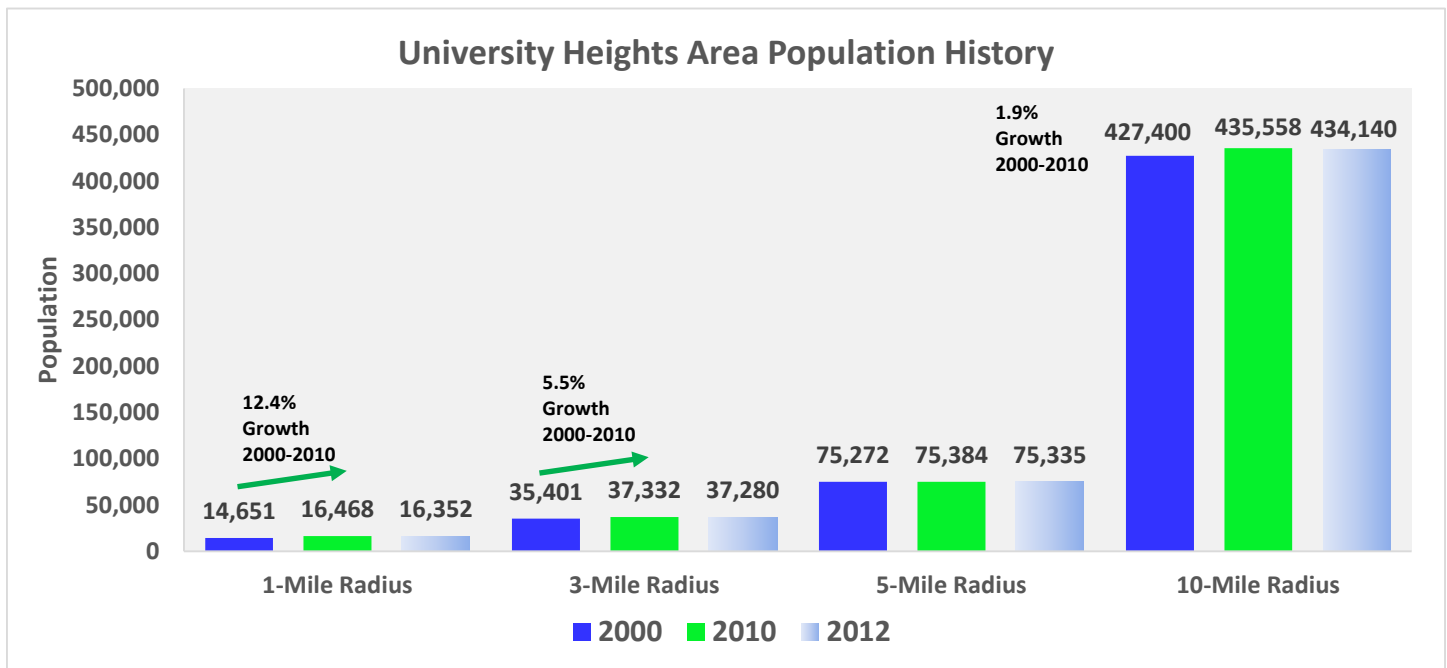
The Target Property and Target Market Area



Population Dynamics

Population Statistics Since 2000

The most recent population estimate currently stands at 16,352 for the 41076 Zip Code. Within one mile of UH there was 15.4% population growth between 2000 and 2010. This growth flattened out in the period from 2010 to 2012, but the overall population was preserved despite the economic headwinds experienced after 2008. In the three mile radius, about 5.5% population growth was experienced and currently amounts to 37,280. The five mile radius population remained constant at about 75,300 for the period running from 2000 through 2012. For the entire 10-mile target market area, the population grew by about 1.9% from 2000 to 2010 and lost approximately 0.3% in the period spanning 2010 to 2012. These statistics are summarized in the following graph.



Areas Experiencing Significant Population Change

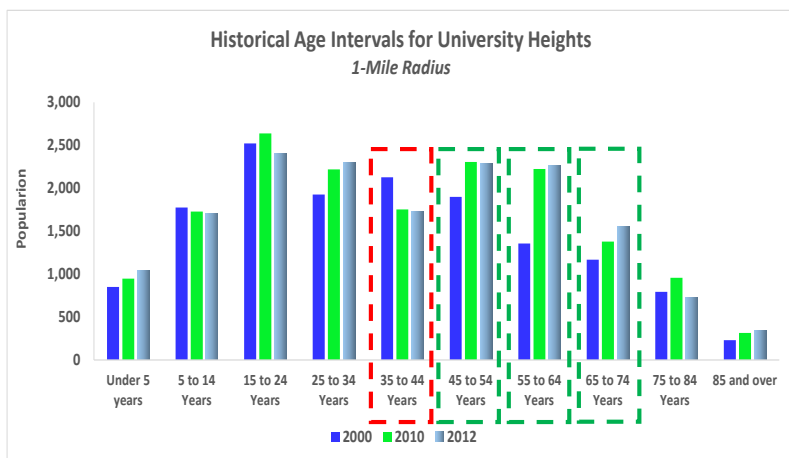
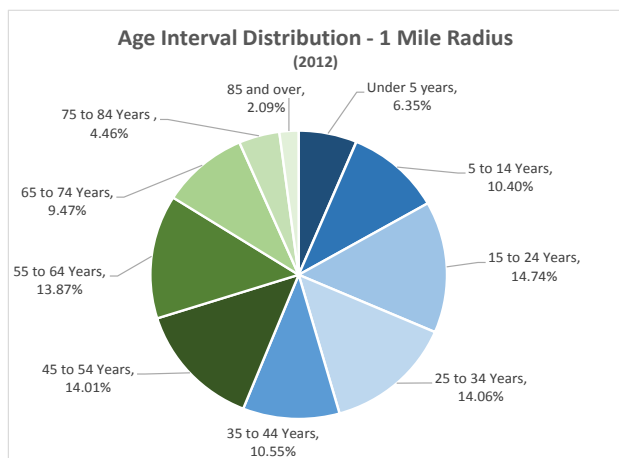
The target property is among the Top 5 Zip Codes gaining population from 2000 to 2012 for the 10-mile radius (29 Zip Codes).

Top 5 Zip Codes Gaining Population (2000-2012)				Bottom 5 Zip Codes Losing Population (2000-2012)			
Zip Code	City	Proximity	Population Change	Zip Code	City	Proximity	Population Change
41051	Independence	8.38 miles	+10,012	41011	Covington	6.05 miles	-3,682
45202	Cincinnati	7.25 miles	+5,961	45214	Cincinnati	9.51 miles	-2,731
45245	Cincinnati	9.45 miles	+2,549	45206	Cincinnati	8.31 miles	-2,286
45244	Cincinnati	9.78 Miles	+2,134	45226	Cincinnati	6.67 miles	-1,043
41076	Newport	Target	+1,701	45255	Cincinnati	6.09 miles	-1,270

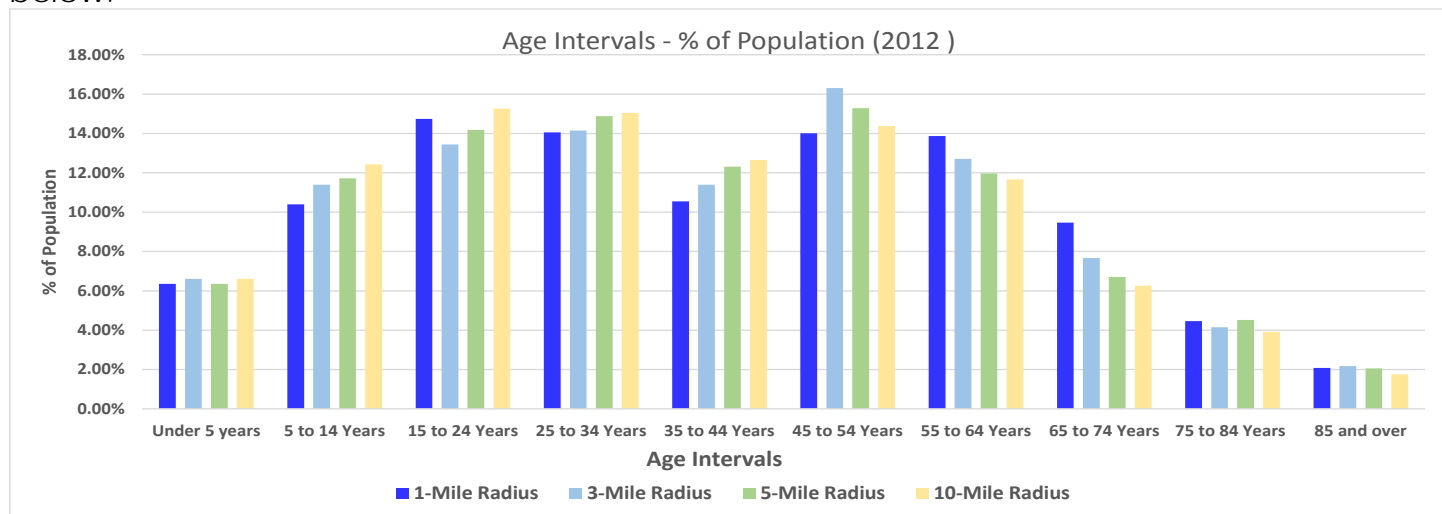
Population Dynamics

Age Distribution

The analysis of the distribution can play an important role in developing business strategies for a location. For example, if the population of children under five is growing rapidly, then the area might be best served with more daycare centers. Conversely, if the population is aging, then an emphasis on eldercare businesses may be in order. In the case of the immediate vicinity of the target market area, the population has been aging since 2000. This is indicated by the median age for the one mile radius changing from 36.2 years to 38.1 years as of 2012. A very close analysis of the age group intervals will determine the forces at work behind this trend. The graphs below display the current age intervals along with the changes that have occurred over the last 12 years of available estimates.

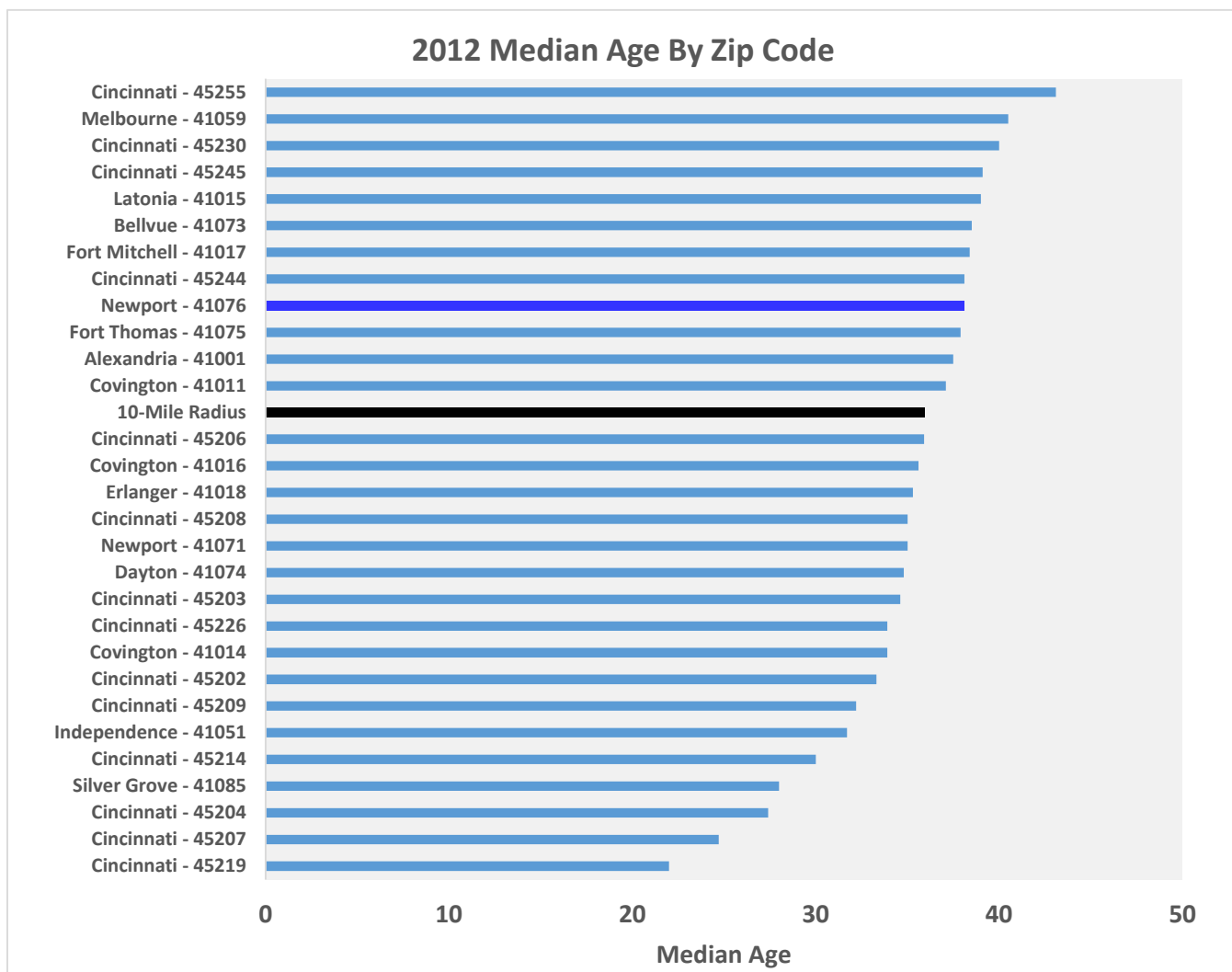
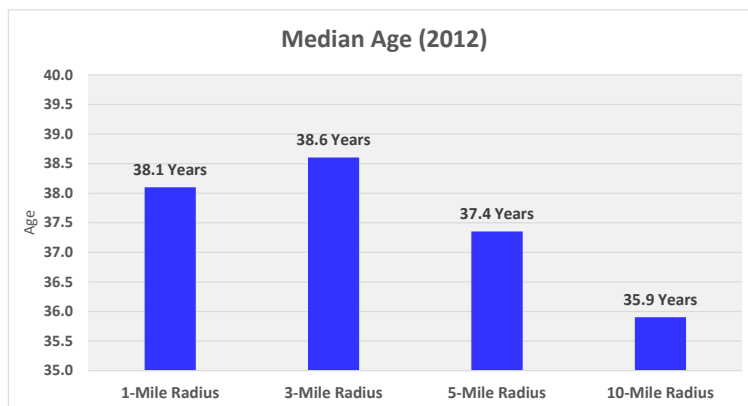


In the age interval graph, on the right above, it is apparent that the population in the 1-mile radius became older over the last several years due to a loss in population in the 35 to 44 year old interval (red dotted line) combined with gains for the 45 to 74 year old population intervals contained in the green dotted lines. When looking at the entire 10-mile radius the population of the older age groups are not as dominant when looking at locations further away from the target site. At the same time, there are increases in all of the age intervals between 5 year and 44 year olds as the radius increases. This becomes evident when looking at the graph below.



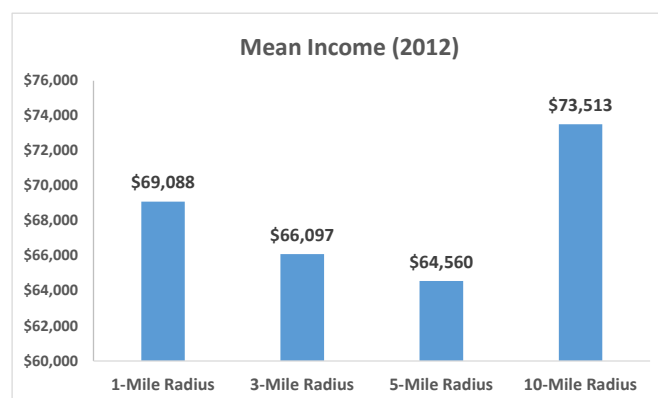
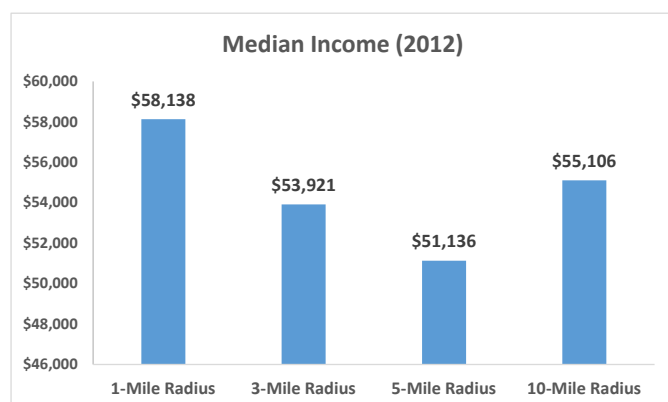
Population Dynamics

The trend towards a younger median age as the distance from the target property increases is also demonstrated when looking at the median age for each radius as shown below. Further down the page, the bar graph demonstrates the target site's median age demographic in relation to the area.



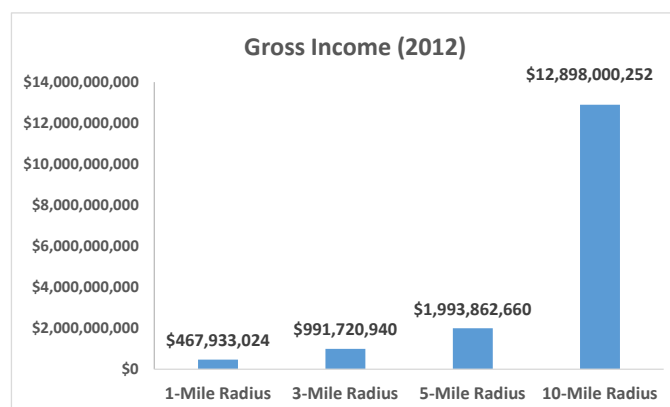
Target Market Income Statistics

The households in the UH area had a median income of \$58,138 in 2012. That figure exceeds the medians of the 3, 5 and 10-mile zones. Approximately 23.3% of households in the 1-mile radius had incomes exceeding \$100,000 per year. According the Department of Health and Human Services, the poverty line for a family of four was set at \$23, 050. Based upon this figure, approximately 20.6% of the households in the area were living near or below the poverty line. This statistic may have been skewed slightly higher due to the student population presumably living near NKU. The mean income for UH was \$69,088 for 2012. This is approximately \$4,400 per year lower than the mean income of \$73, 513 for the same period for the 10-mile radius.



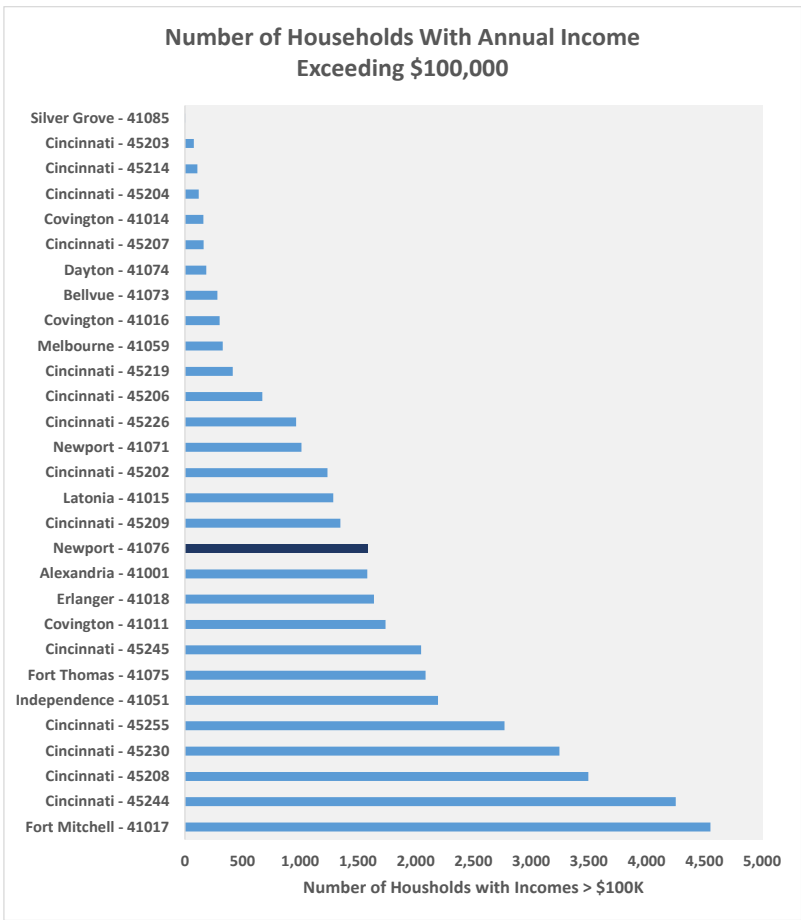
Determining the Size of the Target Market Area

One of the key components in locating any business is the determination of the size of the local market. A great starting point to this process is the determination of the Gross Income for a particular market segment. Since an estimate of the number of households and the estimated mean income for those households are provided by the US Census Bureau on an annual basis, the estimated Gross Income of a particular area can be determined by multiplying the number of households by the mean income. The following graphs and table illustrate an estimate of the total size of the economy for the various geographical segments.

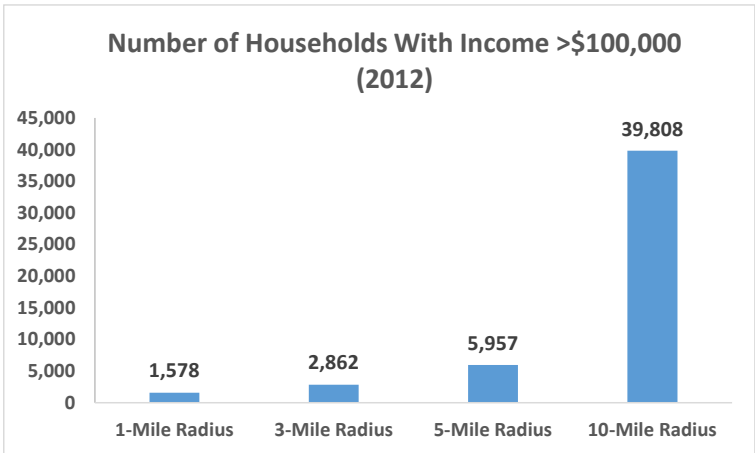


Income Statistics

In the graph on the previous page, the estimated gross income of the 1-mile radius is about \$468 million and the total size of the 10-mile radius amounts to nearly \$12.9 billion. In the graph and table below, the relative size of the more affluent household segments are displayed along with the market size ranking of each of the 29 Zip Codes in this study.

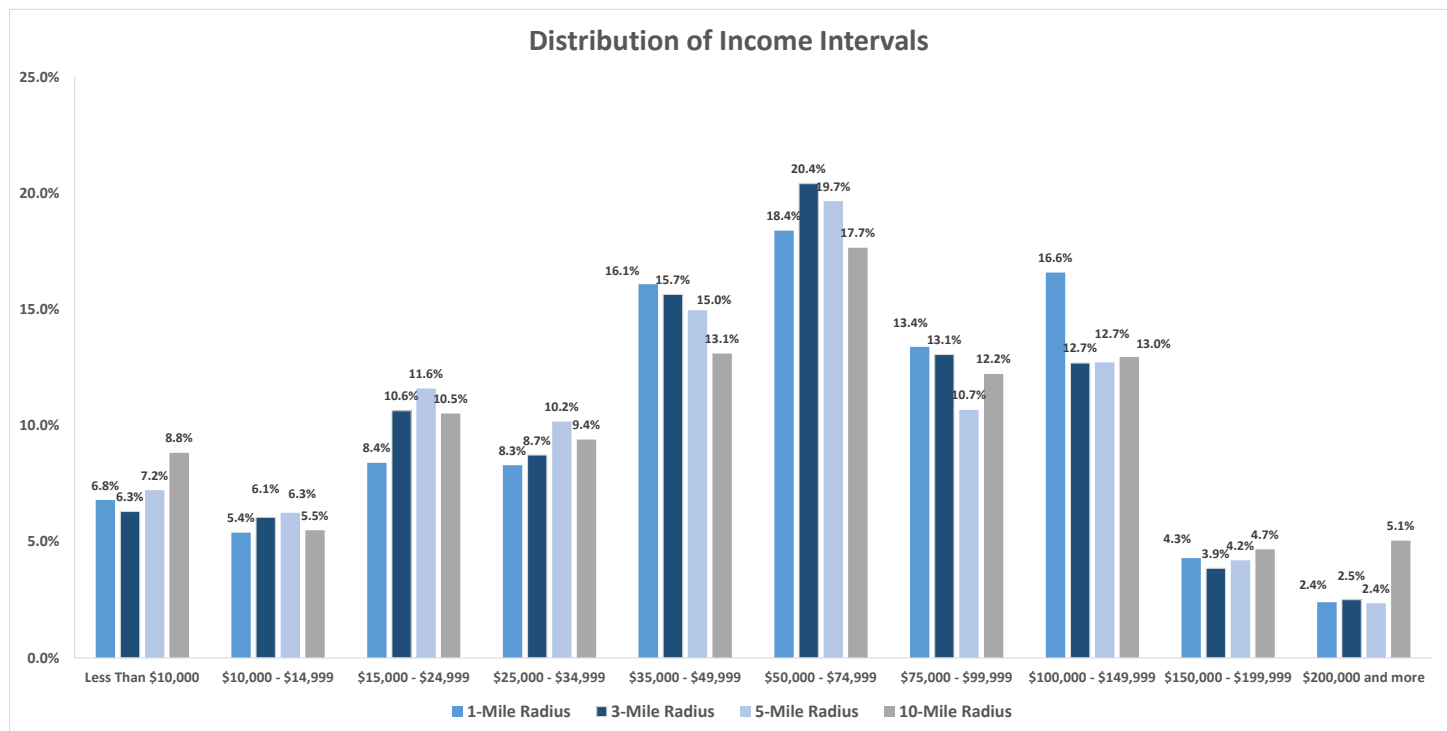


Gross Income Rankings by Zip code					
Zip code	City	Proximity to UH	Mean Income 2012	Households	Gross Income
41017	Fort Mitchell	6.61 Miles	\$88,877	15,074	\$1,339,731,898
45244	Cincinnati	9.78 Miles	\$108,916	10,124	\$1,102,665,584
45230	Cincinnati	5.47 Miles	\$89,352	11,880	\$1,061,501,760
45208	Cincinnati	8.68 Miles	\$119,284	8,605	\$1,026,438,820
45255	Cincinnati	6.09 Miles	\$89,901	8,571	\$770,541,471
41051	Independence	8.38 Miles	\$74,765	9,056	\$677,071,840
41011	Covington	6.05 Miles	\$60,549	11,072	\$670,398,528
41018	Erlanger	9.03 Miles	\$62,999	10,635	\$669,994,365
45245	Cincinnati	9.45 Miles	\$79,523	7,630	\$606,760,490
41075	Fort Thomas	4.68 Miles	\$80,357	6,572	\$528,106,204
41015	Latonia	2.85 Miles	\$63,636	8,231	\$523,787,916
41076	Newport	0 Miles	\$69,088	6,773	\$467,933,024
41071	Newport	4.9 Miles	\$51,223	9,092	\$465,719,516
41001	Alexandria	7.22 Miles	\$80,545	5,581	\$449,521,645
45209	Cincinnati	9.94 Miles	\$76,263	5,518	\$420,819,234
45202	Cincinnati	7.25 Miles	\$69,660	5,965	\$415,521,900
45206	Cincinnati	8.31 Miles	\$52,671	5,368	\$282,737,928
45226	Cincinnati	6.67 Miles	\$105,519	2,493	\$263,058,867
45219	Cincinnati	8.95 Miles	\$35,416	5,683	\$201,269,128
41073	Bellvue	6.6 Miles	\$57,995	2,531	\$146,785,345
41016	Covington	7.75 Miles	\$56,449	2,593	\$146,372,257
41014	Covington	5.18 Miles	\$42,461	3,197	\$135,747,817
45207	Cincinnati	9.39 Miles	\$44,360	2,543	\$112,807,480
45214	Cincinnati	9.51 Miles	\$28,049	3,606	\$101,144,694
41074	Dayton	7.07 Miles	\$46,247	2,029	\$93,835,163
45204	Cincinnati	9.96 Miles	\$34,813	2,601	\$90,548,613
41059	Melbourne	5.38 Miles	\$79,471	1,107	\$87,974,397
45203	Cincinnati	7.94 Miles	\$27,928	1,106	\$30,888,368
41085	Silver Grove	3.05 Miles	\$38,500	216	\$8,316,000



Income Distribution

The analysis of the distribution of income across the household population was conducted using 10 intervals. The result of this analysis is displayed below.



Housing Statistics

Housing Units in the Target Market Area

According to US Census figures, there were 6,773 occupied housing units in the 1-mile radius of UH in 2012. Of the occupied housing, 73.5% were owner occupied and 26.5% were renter occupied. The vacancy rates for owner occupied properties was 2.6% and 3.4% for rental units. The homeowner vacancy rate was slightly higher than the US national figure of 2.3% and the vacancy rate for rentals was less than half of the national rate of 7.5%. With just about 1,800 rental units in the 1-mile radius of UH and the relatively low vacancy rate, the case can be made for building more rental residences in the area.

Occupancy Rates

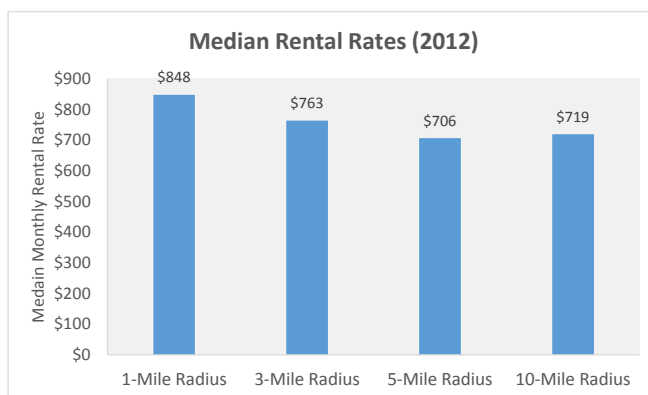
In the remainder of the target market area, there are several zip codes that have much higher vacancy rates than that of the 1-mile radius of UH. The table below illustrates this point.

Zip Code	City	Proximity to UH (Miles)	Rental Vacancy Rate
41059	Melbourne	5.38	1.7%
41075	Fort Thomas	4.68	3.3%
41076	Newport	0	3.4%
41051	Independence	8.38	3.9%
41085	Silver Grove	3.05	4.4%
41071	Newport	4.9	5.3%
41073	Bellvue	6.6	5.5%
41018	Erlanger	9.03	6.2%
41016	Covington	7.75	6.8%
45203	Cincinnati	7.94	6.9%
41017	Fort Mitchell	6.61	7.2%
US	National	Rate	7.5%
45230	Cincinnati	5.47	8.4%
41015	Latonia	2.85	9.2%
45209	Cincinnati	9.94	9.2%
41074	Dayton	7.07	9.4%
45244	Cincinnati	9.78	9.6%
41011	Covington	6.05	10.4%
45255	Cincinnati	6.09	11.7%
45208	Cincinnati	8.68	13.4%
41014	Covington	5.18	15.0%
45214	Cincinnati	9.51	15.5%
45219	Cincinnati	8.95	17.0%
45226	Cincinnati	6.67	17.7%
41001	Alexandria	7.22	19.1%
45207	Cincinnati	9.39	19.4%
45204	Cincinnati	9.96	19.5%
45206	Cincinnati	8.31	20.1%
45245	Cincinnati	9.45	20.6%
45202	Cincinnati	7.25	21.7%

Housing Statistics

The Rental Market

The median rate for the UH 1-mile radius is higher than all of the other geographic segments in the area. As of 2012, the median rent was \$848 per month.



With NKU in the near vicinity of the target property, the room rates for student housing should also be considered in analyzing the local rental market. The range of options for students are listed below. These were extracted from the Housing/Dining Agreement for the 2014-2015 School Year on the NKU website.

Student Housing Type	Cost/Semester	Effective Monthly Rate*
Single Room	\$3,150	\$787.50
Efficiency	\$3,450	\$862.50
Double	\$1,950 - \$2,865	\$487.50 - \$716.25
Double Half Bathroom	\$2,250 - \$2,520	\$562.50 - \$630.00
Double Full Bathroom	\$2,520	\$630.00
Triple	\$3,025	\$756.25
Quad	\$2,980	\$745.00
Quad Full Bath	\$2,520	\$630.00
Quad/Kitchen	\$3,190	\$797.50

*Based upon an assumption of 4 months per semester. Rates are per person.

Gross Rent as a Percentage of Income (GRPI)

The US Census Bureau releases statistics that show the amount of a household budget is spent on rent. This is a useful statistic for determining if the renter population is “stretching” their budget to pay their monthly rent. The data is segmented into percentage intervals of gross income, but the most significant statistic is the percentage of renters that are paying more than 35% of their monthly gross income for rent. If this percentage is higher, then it may indicate that a particular rental market may be particularly susceptible to a downturn in the economy. Conversely, a lower percentage would indicate more stability in the renter base. On a national level, according to US Census figures for 2012, 43% of renters pay 35% or more of their gross income in monthly rent. In the table below, the GRPI statistics for the area are

Housing Statistics

analyzed. The statistics have been sorted by the "GRAPI >35%" figure in the furthest column on the right and the US rates for these statistics have been included for benchmarking purposes.

Zip Code	City	Proximity from UH (Miles)	GRAPI <15%	GRAPI 15-19.9%	GRAPI 20-24.9%	GRAPI 25-29.9%	GRAPI 30-34.9%	GRAPI >35%
45208	Cincinnati	8.68	26.4%	19.8%	12.9%	9.1%	10.6%	21.1%
45245	Cincinnati	9.45	12.5%	22.3%	19.8%	13.2%	7.9%	24.3%
45226	Cincinnati	6.67	26.9%	20.2%	20.5%	5.9%	2.1%	24.4%
45209	Cincinnati	9.94	19.0%	17.9%	21.9%	9.2%	5.8%	26.2%
41017	Fort Mitchell	6.61	12.4%	21.9%	12.3%	12.7%	10.7%	30.0%
41073	Bellvue	6.6	21.5%	24.1%	17.6%	1.5%	3.3%	32.0%
41085	Silver Grove	3.05	0.0%	13.8%	16.9%	15.4%	21.5%	32.3%
41075	Fort Thomas	4.68	11.4%	15.6%	16.9%	13.7%	9.6%	32.8%
45244	Cincinnati	9.78	10.3%	22.8%	15.2%	13.7%	4.3%	33.7%
41001	Alexandria	7.22	12.4%	26.2%	9.3%	7.5%	10.6%	34.0%
41015	Latonia	2.85	15.0%	18.2%	11.9%	11.8%	8.1%	35.0%
45202	Cincinnati	7.25	22.9%	13.8%	12.5%	8.7%	6.3%	35.7%
41051	Independence	8.38	9.6%	26.9%	7.5%	12.7%	7.4%	35.9%
45255	Cincinnati	6.09	13.4%	14.3%	14.0%	16.4%	5.4%	36.4%
41018	Erlanger	9.03	17.3%	12.4%	12.8%	14.1%	6.8%	36.5%
41016	Covington	7.75	23.6%	10.3%	13.0%	12.4%	4.1%	36.6%
45206	Cincinnati	8.31	13.4%	8.5%	11.7%	13.9%	14.5%	37.8%
41074	Dayton	7.07	23.3%	9.4%	8.6%	8.8%	10.9%	38.9%
41071	Newport	4.9	13.5%	10.3%	14.9%	12.5%	9.2%	39.6%
45230	Cincinnati	5.47	9.6%	15.5%	15.7%	13.0%	6.3%	39.8%
45203	Cincinnati	7.94	11.9%	7.4%	3.0%	22.5%	12.9%	42.3%
US	National	Rates	11.7%	12.1%	12.5%	11.6%	9.1%	43.0%
41011	Covington	6.05	14.9%	15.4%	10.2%	8.4%	6.9%	44.2%
41076	Newport	0	11.4%	22.0%	7.5%	6.8%	7.5%	44.7%
45214	Cincinnati	9.51	11.0%	5.9%	6.8%	16.3%	12.0%	48.0%
45204	Cincinnati	9.96	15.6%	12.0%	7.1%	2.7%	8.8%	53.8%
41059	Melbourne	5.38	11.1%	11.1%	1.3%	12.0%	7.6%	56.9%
41014	Covington	5.18	10.0%	5.9%	11.7%	5.7%	8.6%	58.0%
45207	Cincinnati	9.39	11.3%	6.4%	8.5%	3.5%	7.5%	62.8%
45219	Cincinnati	8.95	8.5%	8.3%	6.7%	4.8%	6.8%	64.9%

Overall, the GRAPI figures for the UH area are not too far away from national norms for this statistic.

Housing Statistics

Areas with Significant Numbers of Renters

The data in the tables below has been extracted from US Census data. The UH area does not have a significant rental population, on a percentage basis or on a numeric basis, compared to other locations in the area. These statistics further support the case for new residential units in the UH area.

Zip Code	City	Proximity	% of Rental Units
45203	Cincinnati	7.94	66.9%
45219	Cincinnati	8.95	56.5%
45209	Cincinnati	9.94	54.2%
45214	Cincinnati	9.51	52.5%
45206	Cincinnati	8.31	49.4%
41011	Covington	6.05	44.8%
41014	Covington	5.18	43.7%
45204	Cincinnati	9.96	43.6%
45202	Cincinnati	7.25	42.8%
41085	Silver Grove	3.05	41.4%
45207	Cincinnati	9.39	40.3%
41071	Newport	4.9	37.4%
45208	Cincinnati	8.68	34.1%
45226	Cincinnati	6.67	33.4%
41074	Dayton	7.07	31.5%
41016	Covington	7.75	27.7%
41075	Fort Thomas	4.68	27.5%
45245	Cincinnati	9.45	27.3%
41018	Erlanger	9.03	27.0%
45255	Cincinnati	6.09	25.8%
41017	Fort Mitchell	6.61	25.3%
41076	Newport	0	25.2%
41015	Latonia	2.85	24.9%
45230	Cincinnati	5.47	23.7%
41073	Bellvue	6.6	20.7%
41059	Melbourne	5.38	18.5%
41051	Independence	8.38	16.6%
45244	Cincinnati	9.78	15.5%
41001	Alexandria	7.22	11.6%

Zip Code	City	Proximity	Renter Occupied Units
41011	Covington	6.05	5,971
45202	Cincinnati	7.25	4,483
45219	Cincinnati	8.95	4,451
41017	Fort Mitchell	6.61	4,083
41071	Newport	4.9	4,024
45206	Cincinnati	8.31	3,713
45209	Cincinnati	9.94	3,331
45208	Cincinnati	8.68	3,282
41018	Erlanger	9.03	3,066
45230	Cincinnati	5.47	3,015
45214	Cincinnati	9.51	2,963
45245	Cincinnati	9.45	2,350
45255	Cincinnati	6.09	2,339
41015	Latonia	2.85	2,271
41075	Fort Thomas	4.68	1,973
41076	Newport	0	1,798
45204	Cincinnati	9.96	1,699
41014	Covington	5.18	1,659
45244	Cincinnati	9.78	1,654
41051	Independence	8.38	1,590
45207	Cincinnati	9.39	1,343
45226	Cincinnati	6.67	950
45203	Cincinnati	7.94	904
41016	Covington	7.75	824
41074	Dayton	7.07	770
41001	Alexandria	7.22	707
41073	Bellvue	6.6	607
41059	Melbourne	5.38	231
41085	Silver Grove	3.05	108

Housing Characteristics

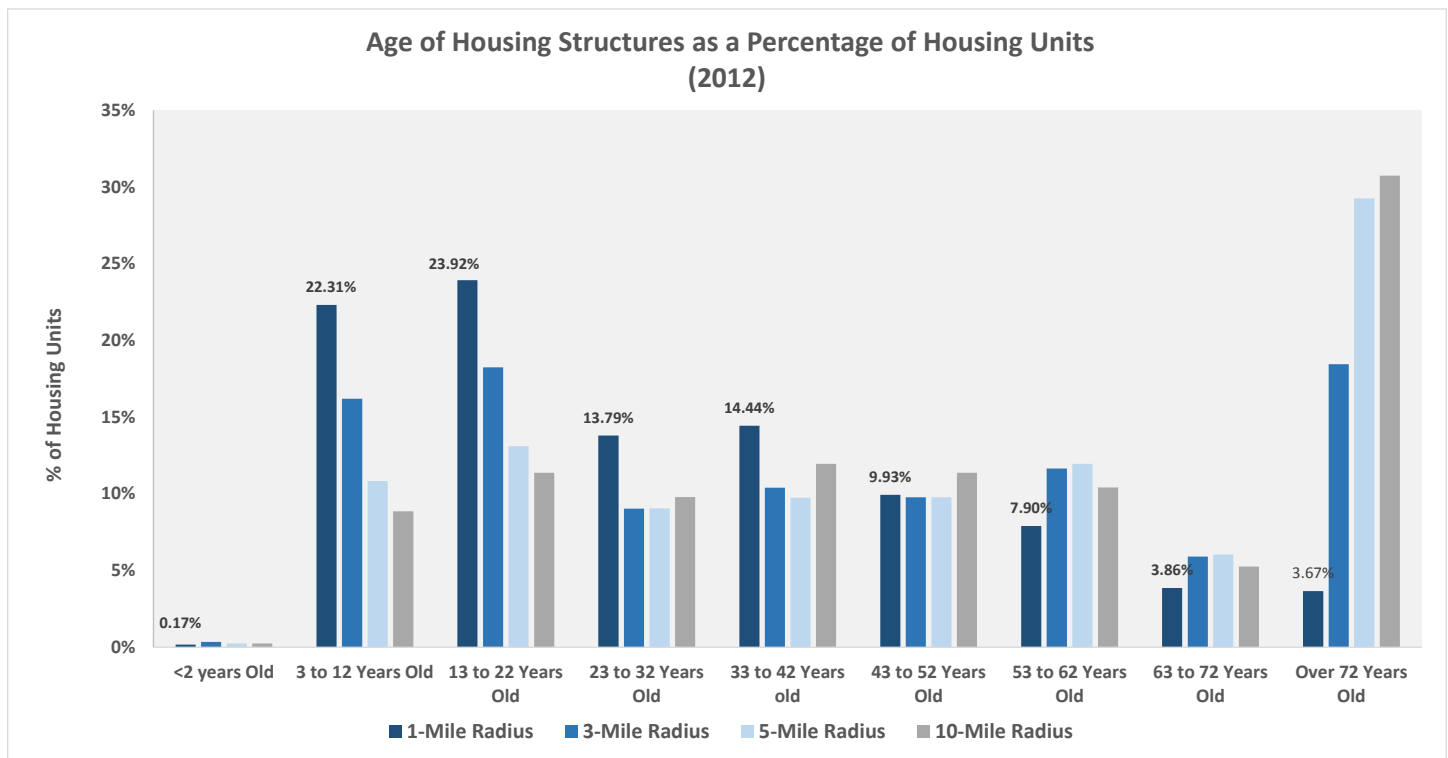
Average Household Size

The average household size was 2.4 people for owner occupied housing in the 1-mile radius of UH. Renters had a slightly smaller average household size of 2.25 people.

Age of Buildings

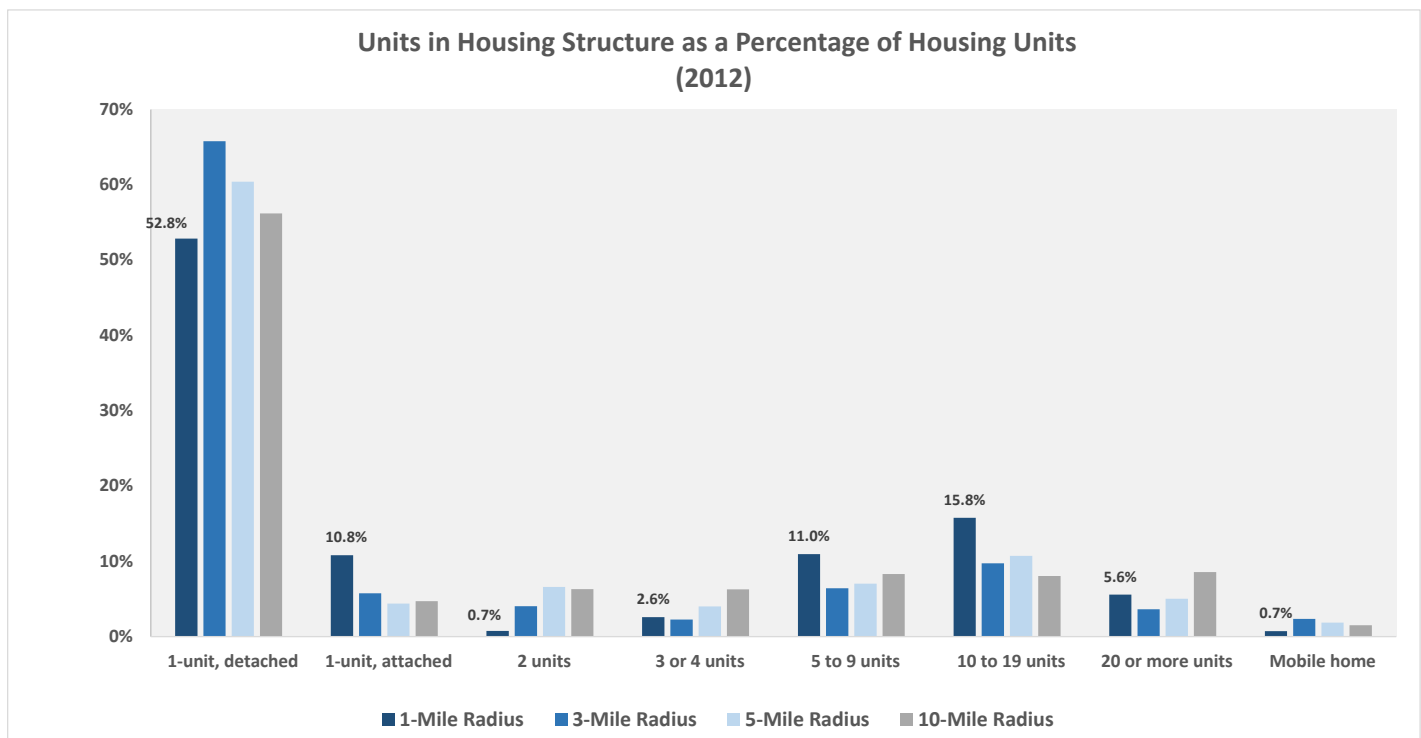
The housing structures in the immediate UH area tend to be much newer with over 45% of the housing structures built in the last 22 years (since 1990 in the data as of 2012). In all geographical segments of the target market area, there was very little new construction from the period spanning 2010 to 2012. This would be expected following the economic crisis that occurred in 2008. The graph on the next page illustrates these points.

Housing Statistics



Units in Structure

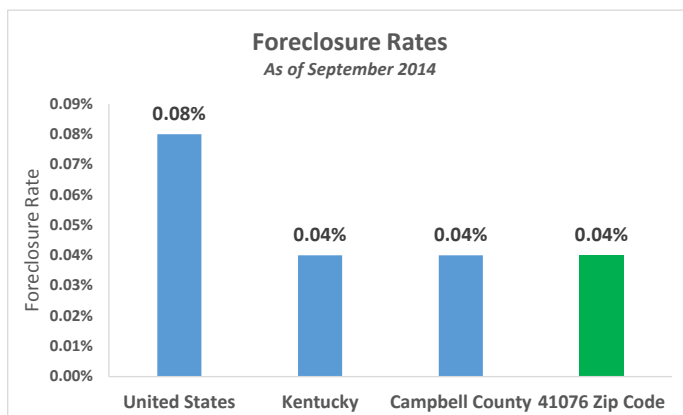
The most dominant form of housing structure throughout the target market area is the detached single family home. Also, larger structures having 20 or more units in them occupy less than 10% of the market throughout the geographic segments.



Housing Statistics

Foreclosure Statistics

According to *RealtyTrac* the Zip Code (41076) covering the 1-mile radius of UH has a foreclosure rate of 0.04% as of September 2014. This is on par with the state of Kentucky's rate and Campbell County's rate. It is also on half of the current national rate of 0.08%. The national, state and county benchmarks are contained in the graph below.



The foreclosure rates for the Zip Codes in the entire target market area along with local and national benchmarks are in the table below.

Zip Code	City	Proximity (Miles)	Foreclosure Rate
41085	Silver Grove	3.05	0.79%
41014	Covington	5.18	0.29%
41015	Latonia	2.85	0.23%
41016	Covington	7.75	0.20%
45226	Cincinnati	6.67	0.18%
41018	Erlanger	9.03	0.15%
41074	Dayton	7.07	0.12%
Kenton	County	Rate	0.12%
45230	Cincinnati	5.47	0.11%
41011	Covington	6.05	0.10%
45204	Cincinnati	9.96	0.10%
	Ohio	Rate	0.10%
Hamilton	County	Rate	0.10%
45206	Cincinnati	8.31	0.09%
45207	Cincinnati	9.39	0.09%
	US	Rate	0.08%
41001	Alexandria	7.22	0.07%
45203	Cincinnati	7.94	0.07%
45244	Cincinnati	9.78	0.07%
41051	Independence	8.38	0.05%
45219	Cincinnati	8.95	0.05%
45245	Cincinnati	9.45	0.05%
45209	Cincinnati	9.94	0.05%
41076	Newport	0	0.04%
45255	Cincinnati	6.09	0.04%
41017	Fort Mitchell	6.61	0.04%
45202	Cincinnati	7.25	0.04%
45214	Cincinnati	9.51	0.04%
	Kentucky	Rate	0.04%
Campbell	County	Rate	0.04%
41073	Bellvue	6.6	0.03%
41071	Newport	4.9	0.02%
45208	Cincinnati	8.68	0.02%
41075	Fort Thomas	4.68	0.01%
41059	Melbourne	5.38	0.00%

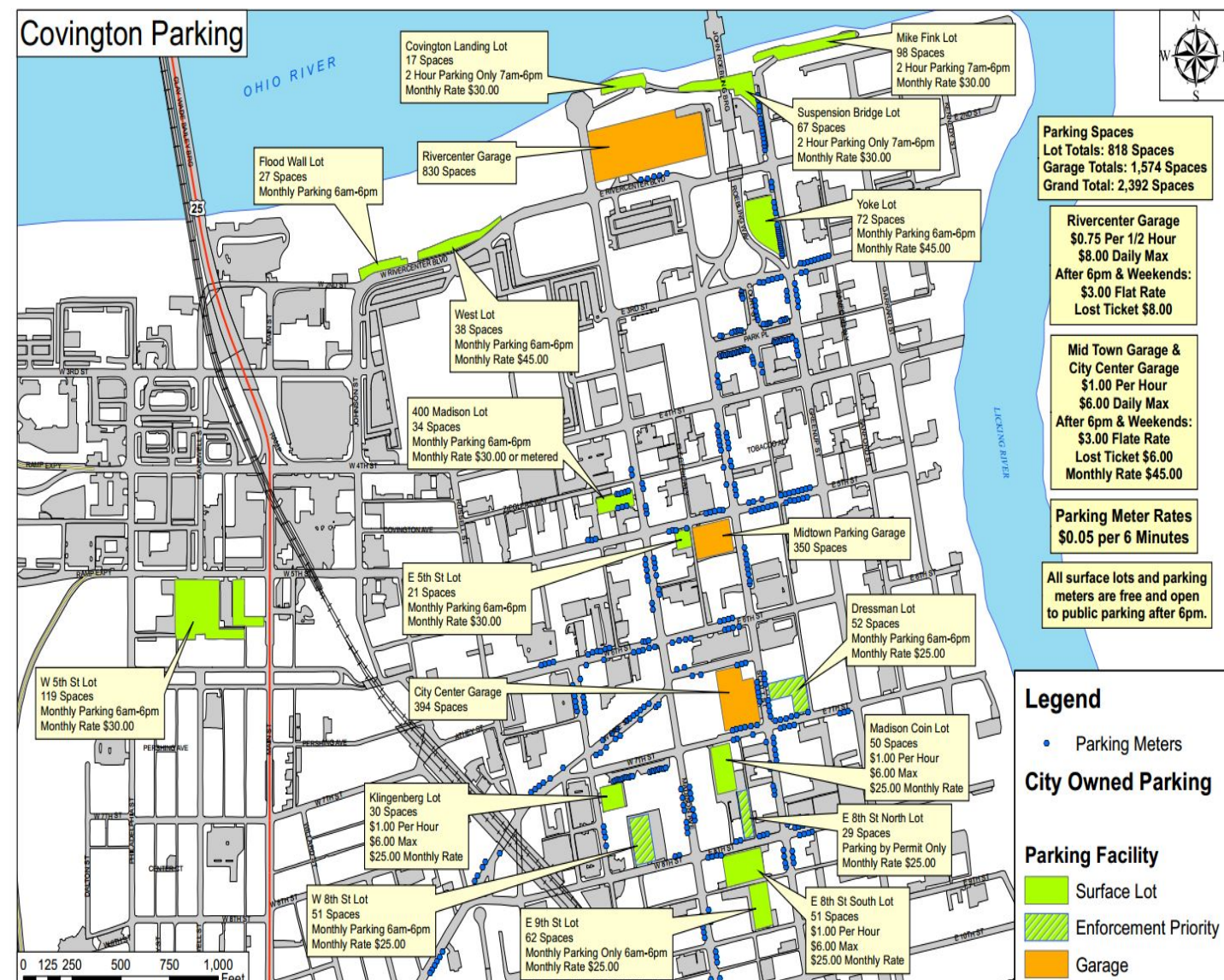


Commuting Statistics

Area Parking

With the exception of NKU and the Bank of Kentucky Center and Arena, there is little or no public parking in the immediate vicinity of UH. Parking rates for the nearby NKU and Bank of Kentucky Center along with a parking map of Covington, KY (about 5 miles away from UH) are listed below.

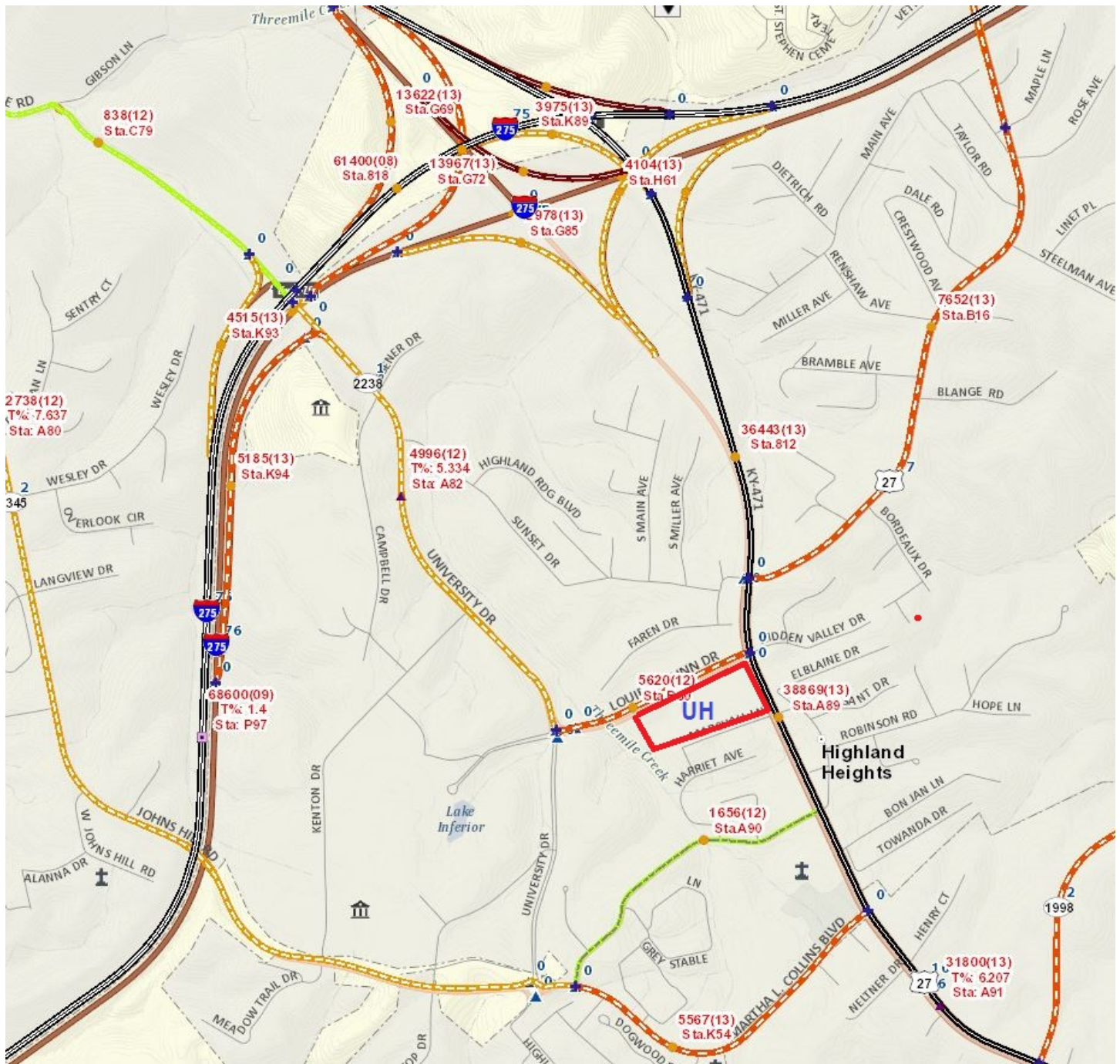
Location	Parking Type	Rate 1	Rate 2
NKU	Student Parking	\$131/Semester	\$220/Year
NKU	Faculty/Staff	\$345/Year	
Bank of KY Center	Event Attendance	\$4.00/Basketball Games	\$10.00/Other Events



Commuting Statistics

Traffic Counts

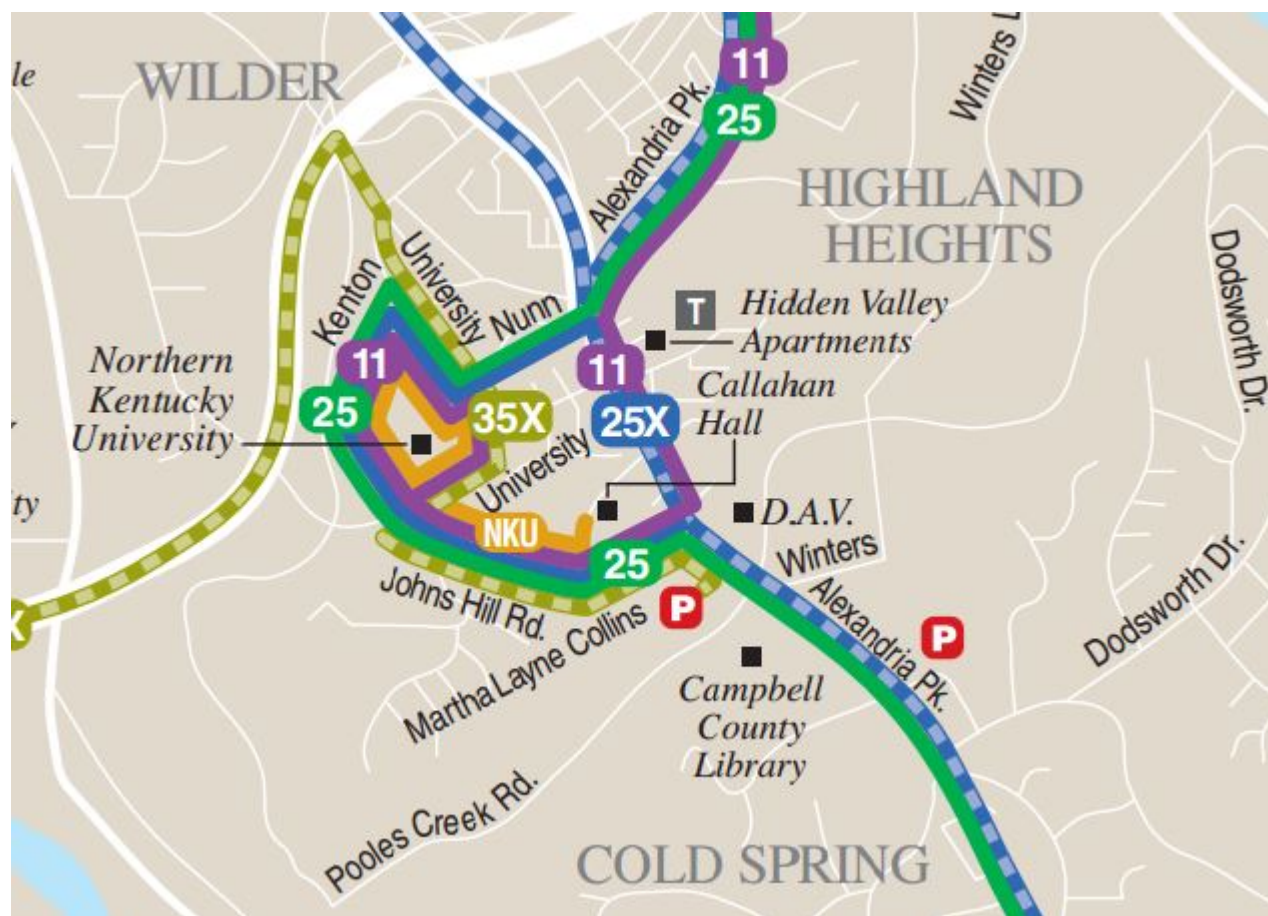
The site of UH has a desirable traffic count with 38,869 vehicles per day traveling along the eastern border of the property on US 27-Alexandria Pike. On the northern edge of the property, 5,620 vehicles per day travel next to UH. The area traffic counts are displayed on the traffic count map from the Kentucky Transportation Cabinet.



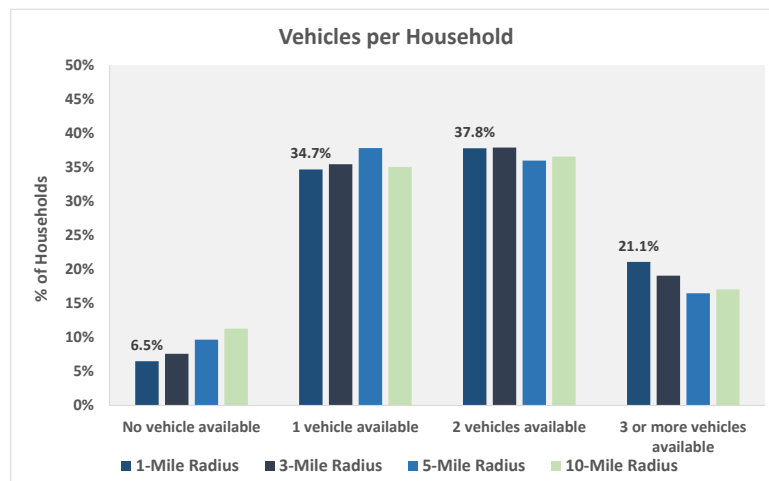
Commuting Statistics

Public Transportation

The area is well supported by bus routes from the Transit Authority of Northern Kentucky (TANK). Currently, four bus lines, including two express lines, travel immediately adjacent to the the UH site. The map below displays the bus routes in the vicinity of the property.



Household Vehicle Statistics



Employment Statistics

Unemployment Statistics

The unemployment statistics for the area come in two forms from the *Bureau of Labor Statistics*. First, there are Metropolitan Statistical Area (MSA) unemployment releases on a monthly basis. In this case the Cincinnati metropolitan area will be used. Second, unemployment statistics are available at the county level. This would include the three counties included in this study—Campbell County (KY), Kenton County (KY) and Hamilton County (OH). In the case of MSAs the data is available on a seasonally adjusted basis. This is not the case for the counties. This accounts for a “smoother” line due to seasonal adjustments for the MSA and more variation at the county level. Overall, the greater Cincinnati area and the three counties in this study appear to have unemployment levels that are fairly close to pre- 2008 levels as displayed below.

