

CINCINNATI OFFICE MONITOR

1ST QUARTER 2008

INFORMATION COMPILED BY CCR

SUBURBS

Speculative New Development Halts Until Demand Returns

IN THE WORKS

- 100 Tri-County Parkway has a new owner that is in the midst of major renovations, including new restrooms, common areas, elevator cabs and more.
- Corporex has tax increment financing in place at their Ovation project in Newport. Phase One is moving forward and will consist of a 3,500-car garage, up to 160,000 sq. ft. of retail and 550 residential units.

MAJOR TRANSACTIONS

- Prexus Health Partners, an operator of ambulatory surgery centers, leased 17,940 sq. ft. on the top floor of Pictoria Tower for its corporate offices.
- Kroger outgrew its buying center on Cornell Park Drive in Blue Ash and leased 20,000 sq. ft. in nearby Fountain Pointe II.

NEW MARKET DEVELOPMENTS

- Cincinnati Financial completed construction of the third office tower (500,000 sq. ft.) on its sprawling Fairfield complex. It will vacate the Fairfield Executive Center, adding 96,000 sq. ft. of vacancy to an already-soft Tri-County market.
- Duke completed construction on Centre Pointe Office Park VI, which will open 25% leased, to tenants Bricker & Eckler LLP, Kimberly-Clark, and AK Steel.

WAYNE MARC HACH SEBENS
CORPORATE REAL ESTATE ADVOCATES
Working in Your Best Interest

Demand is certainly down from last year, both downtown and in the suburbs, as evidenced by negative absorption in most sub-markets. However, layoffs substantial enough to result in a major pullback do not appear to be on the horizon.

Two new suburban buildings opened and several others are nearing completion with significantly less leasing than developers had anticipated. It is unlikely the trigger will be pulled on any additional speculative starts for the balance of 2008.

Mixed-use projects appear to be the wave of the future, with Kenwood Towne Place underway, The Banks breaking ground, and Ovation securing public financing for infrastructure development.

The decline, so far, is not deep. It remains to be seen what the balance of the year will bring.

SUBURBAN VACANCY

	CLASS A	CLASS B
BLUE ASH	14% 422,154 SF	26% 286,840 SF
KENWOOD	6% 88,688 SF	7% 41,279 SF
MONTGOMERY /MILFORD	7% 45,507 SF	39% 279,189 SF
N. KENTUCKY	23% 720,894 SF	22% 87,061 SF
TRI-COUNTY	21% 510,697 SF	26% 424,059 SF
I-71/WARREN	14% 399,867 SF	51% 149,790 SF
TOTAL	16% 2,187,807 SF	26% 1,268,218 SF

RENTAL RATES & TERMS

Rental rates in Kenwood reflect the cost of land and new construction but may not stand up to competition for a limited supply of prospective tenants.

SUBURBAN DEMAND

(NET ABSORPTION)

	1 ST QTR	YEAR-TO-DATE
CLASS A	(18,563) SF	(18,563) SF
CLASS B	(83,065) SF	(83,065) SF
TOTAL	(101,628) SF	(101,628) SF

SUBLEASE VACANCY

SUBURBAN A	186,923 SF
B	14,055 SF

Vacancy/Demand: Although there are several users in the market with major requirements, there is minimal activity of the "bread and butter" variety.

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NEW MARKET DEVELOPMENTS

- The Federal Reserve Bank will be downsizing in Cincinnati and putting a full floor of 39,000 square feet on the market.
- Al. Neyer, Inc. is working with the owner of 444 West Third Street to secure a pre-lease commitment for an anchor tenant that will allow redevelopment of the former Hennegan Building to move forward.

IN THE WORKS

- Carter-Dawson held a ceremonial ground-breaking for The Banks and announced financing for the first phase of the long-awaited project. The first phase includes 70,000 square feet of retail space, 300 apartment units, and up to 100 condominiums.
- Law firm Frost Brown Todd, LLC is in the market evaluating alternatives for its 100,000+ square foot requirement.

MAJOR TRANSACTIONS

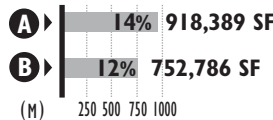
- Bartlett & Co., long-time tenant of its namesake building on Fourth Street, will relocate to the 21st floor of The Center at 600 Vine, as the new owner proceeds with converting the former Bartlett Building to a hotel.
- Accounting firm Mellott & Mellott PLL subleased 15,000 square feet from Mitsui Insurance in 312 Elm.

DOWNTOWN

The Banks Breaks Ground – Really!!

DOWNTOWN VACANCY

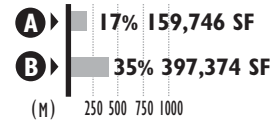
CENTRAL BUSINESS DISTRICT



TOTAL 13% 1,671,175 SF

DOWNTOWN VACANCY

PERIPHERAL

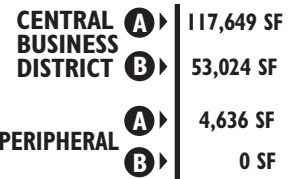


TOTAL 27% 557,120 SF

RENTAL RATES & TERMS

Rental rates for the older stock of Class A buildings remains significantly below what Queen City Square will need to charge for new space.

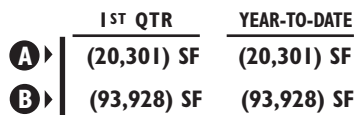
SUBLEASE VACANCY



DOWNTOWN DEMAND

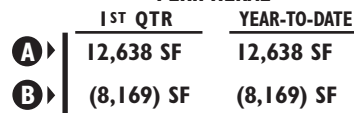
(NET ABSORPTION)

CENTRAL BUSINESS DISTRICT



TOTAL (114,229) SF (114,229) SF

PERIPHERAL



TOTAL 4,469 SF 4,469 SF

Vacancy/Demand:

Most tenants vacated or downsized rather than expanding. Vacancy was up but only marginally.

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Please call for advice regarding the office real estate market.

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