

CINCINNATI OFFICE MONITOR

2ND QUARTER 2008

INFORMATION COMPILED BY CCR

SUBURBS

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

Demand for office space is limited to the few companies that are experiencing growth in countercyclical industries. The majority of tenants that are in the market with large requirements (>50,000 SF) desire replacement space without growth.

The last wave of suburban development is finishing up but new projects are not being started on a speculative basis. Expect this trend to continue into 2009. GE is in the market for a significant block of space.

Downtown landlords are considering the effect AFG's relocation – and the resulting vacancies in 525 Vine and 580 Walnut – will have on the competitive landscape. A significant pricing gap will develop between the upper and lower tiers of the Class A properties.

On the bright side, Cincinnati has seen little overbuilding and its strong corporate population will help minimize the economic pain in this downturn.

New Building Completions Triple Vacancy in Kenwood

IN THE WORKS

- GE Aviation is in the market for a build-to-suit facility containing 350,000 sq.ft. of Class A office space. GE is currently located on Merchant Street in Springdale, Ohio.
- Fidelity Investments is completing its relocation to its Covington, KY, campus from Blue Ash, OH, creating a 100,000 sq. ft. block of vacant space.

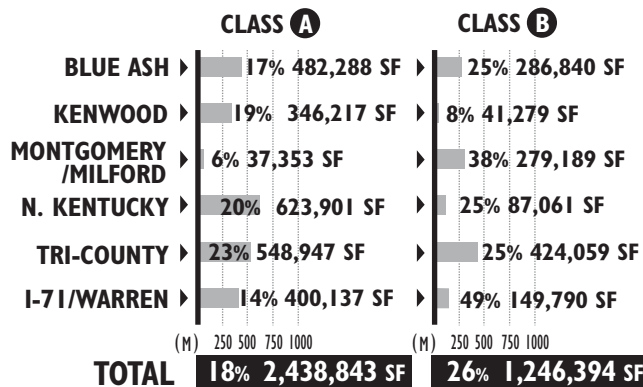
MAJOR TRANSACTIONS

- ADP leased 41,783 sq. ft. in Turfway Ridge Office Park in Florence, KY, and will relocate from Downtown Cincinnati, OH.
- Sencorp will consolidate its current operations in Newport, KY, and Anderson Township, OH, into a new 100,000 sq. ft. building under construction at Ivy Pointe in Clermont County, Ohio.

NEW MARKET DEVELOPMENTS

- Paychex will consolidate its Blue Ash and Dayton, OH, offices into a portion of a new building under construction at East Pointe, a new development in Middletown, OH, near the Middletown Regional Hospital.
- The first 66,000 sq. ft. building at Keystone Parke in Midtown was completed by Neyer Properties, who is relocating its headquarters there from Evendale, OH.

SUBURBAN VACANCY



RENTAL RATES & TERMS

Landlords are being more aggressive to attract and retain tenants.

SUBURBAN DEMAND

(NET ABSORPTION)

	2 ND QTR	YEAR-TO-DATE
CLASS A	77,788 SF	59,225 SF
CLASS B	17,101 SF	(65,964) SF
TOTAL	94,889 SF	(6,739) SF

SUBLEASE VACANCY

SUBURBAN A | 136,928 SF

Vacancy/Demand: Five new buildings completed in Kenwood add 336,000 sq. ft. and boost overall suburban vacancy by 2%. Demand remains anemic despite positive absorption in Kenwood and Northern Kentucky.

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NEW MARKET DEVELOPMENTS

- Milacron, Inc. will vacate Baldwin Center on the periphery of Downtown Cincinnati, Ohio, and relocate its corporate headquarters staff to its manufacturing plant in Batavia in Clermont County, Ohio.
- dunnhumby USA is in the market for up to 100,000 square feet to accommodate the rapid growth of its business.

IN THE WORKS

- ADP is relocating to Florence, Kentucky, and will sell its building at 500 West Seventh Street in Downtown Cincinnati, Ohio.
- Eagle Realty Group and American Financial Group (AFG) hosted a ground breaking for Queen City Square, an 800,000 square foot office tower in Downtown Cincinnati, Ohio, that will house AFG's consolidated operations.

MAJOR TRANSACTIONS

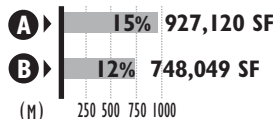
- Kendle, Inc. extended the lease commitment for its corporate headquarters at Carew Tower in Downtown, Cincinnati, Ohio.
- Bridge Worldwide has outgrown its 302 W Third offices and leased 13,000 square feet of short-term expansion space in Fourth & Elm.

DOWNTOWN

Marketing & Creative Sector Is Lone Area of Growth

DOWNTOWN VACANCY

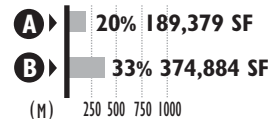
CENTRAL BUSINESS DISTRICT



TOTAL 13% 1,675,169 SF

DOWNTOWN VACANCY

PERIPHERAL



TOTAL 27% 564,263 SF

RENTAL RATES & TERMS

Rental rates remain aggressive and the tenant will have the clear advantage for the next several quarters.

SUBLEASE VACANCY

CENTRAL BUSINESS DISTRICT A ▶ 136,928 SF
B ▶ 53,024 SF

DOWNTOWN DEMAND

(NET ABSORPTION)

CENTRAL BUSINESS DISTRICT

	2ND QTR	YEAR-TO-DATE
A ▶	(8,731) SF	(29,032) SF
B ▶	4,737 SF	(89,191) SF

TOTAL (3,994) SF (118,223) SF

PERIPHERAL

	2ND QTR	YEAR-TO-DATE
A ▶	(29,633) SF	(16,995) SF
B ▶	22,490 SF	14,321 SF

TOTAL (7,143) SF (2,674) SF

Vacancy/Demand:

Vacancy was effectively unchanged in the second quarter. Renewals and no-growth relocations are the order of the day.

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