

# CINCINNATI OFFICE MONITOR

3RD QUARTER 2008

INFORMATION COMPILED BY CCR

## SUBURBS

### GE Signs 400,000 Square Foot Build-to-Suit in West Chester

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

As the nation focused on the financial meltdown and the Presidential election, corporations became more tentative about expansions and other real estate decisions. Despite this backdrop of uncertainty, two mega projects are moving forward – GE's 400,000 sq. ft. build-to-suit in West Chester and construction of the 825,000 sq. ft. Great American Tower at Queen City Square.

Suburban absorption was positive, mostly occurring in West Chester and by tenants displaced from the Tata Consulting building. There is little new demand in the marketplace.

Downtown, several large prospects are currently in the market for "replacement" space, involving little or no growth. Several companies recently made space available for sublease.

2009 will be a challenging year. Landlords will pull out all the stops to retain and attract tenants. Those tenants that have real estate needs – even renewals – in the upcoming year will see bargains to be had.

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### MAJOR TRANSACTIONS

- Advanced Center for Spine Technology, Martin Marietta, Office Suites Plus, and Frost Brown Todd all signed leases totaling 56,025 sq. ft. at Centre Pointe Office Park in West Chester.
- Epsilon Marketing and American Nursing Care will relocate from the Tata Consulting building to 28,000 sq. ft. at Lake Forest Place in Blue Ash and 30,000 sq. ft. at 1700 Edison Drive in Milford, respectively.

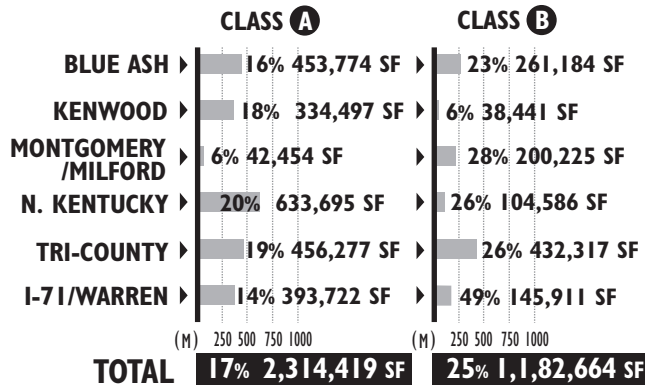
### NEW MARKET DEVELOPMENTS

- Towne Centre Square was completed and adds 50,000 sq. ft. of Class A space in West Chester to the Tri-County submarket.
- Neyer Properties and Vandercar Holdings will re-develop the former Kmart site at Ridge and I-71 into 92,000 sq. ft. of Class A office space.

### IN THE WORKS

- The remaining holdout on the Rookwood Exchange site sold for \$1.25MM, clearing the way for the development to finally move forward when the economy recovers.
- General Electric signed a lease for a 400,000 square foot build to suit at Duke's new North Pointe development at Union Centre Boulevard in West Chester. GE will relocate from Executive Centre I and III in Springdale beginning in late 2009 and create significant vacancy in the Merchant Street corridor.

### SUBURBAN VACANCY



### SUBLEASE VACANCY

SUBURBAN A | 101,781 SF

**Vacancy/Demand:** Absorption was mildly positive in most submarkets. The statistics do not yet reflect the stagnant market conditions.

### RENTAL RATES & TERMS

Rental rates and incentives will be very attractive, particularly for 'credit' tenants with strong balance sheets.

### SUBURBAN DEMAND

(NET ABSORPTION)

	3RD QTR	YEAR-TO-DATE
CLASS A	196,048 SF	255,273 SF
CLASS B	63,730 SF	(2,234) SF
<b>TOTAL</b>	<b>259,778 SF</b>	<b>253,039 SF</b>

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## NEW MARKET DEVELOPMENTS

- 3CDC was selected by the City of Cincinnati to develop the long vacant Fifth & Race site. One concept under consideration is a theater complex to include a performing arts center.
- Humana is considering retaining some of its space in Grand Baldwin just as it begins the relocation to its new 250,000 build-to-suit across the street.

## IN THE WORKS

- Demolition is complete and Great American Tower at Queen City Square will soon rise on Sycamore between Third and Fourth Streets.
- Work on the parking structure and platform for the Banks is slowly proceeding.
- 444 W. Third Street is under contract to be sold, purportedly to become the new home of dunnhumby USA.

## MAJOR TRANSACTIONS

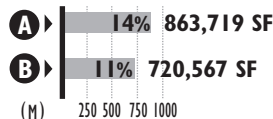
- The Department of Energy leased an additional floor in Chiquita Center.
- Cole + Russell Architects leased 29,577 square feet in The Center at 600 Vine and will relocate in April 2009.

## DOWNTOWN

### 3CDC Hired to Develop Fifth & Race

#### DOWNTOWN VACANCY

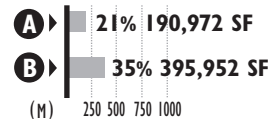
##### CENTRAL BUSINESS DISTRICT



**TOTAL 12% 1,584,286 SF**

#### DOWNTOWN VACANCY

##### PERIPHERAL



**TOTAL 27% 586,924 SF**

#### RENTAL RATES & TERMS

Although quoted rental rates remain stable, desirable tenants are able to negotiate significant discounts in some properties.

#### SUBLEASE VACANCY



#### DOWNTOWN DEMAND

(NET ABSORPTION)

##### CENTRAL BUSINESS DISTRICT

	3RD QTR	YEAR-TO-DATE
A	63,401 SF	34,369 SF
B	27,482 SF	(61,709) SF

**TOTAL 90,883 SF (27,340) SF**

##### PERIPHERAL

	3RD QTR	YEAR-TO-DATE
A	(1,593) SF	(18,588) SF
B	(21,068) SF	(6,747) SF

**TOTAL (22,661) SF (25,335) SF**

#### Vacancy/Demand:

Downtown sees somewhat deceiving positive absorption from active projects concluded this quarter. Demand is minimal.

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Please call for advice regarding the office real estate market.

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