

CINCINNATI OFFICE MONITOR

1ST QUARTER 2009

INFORMATION COMPILED BY CCR

SUBURBS

Speculative New Development Halts Until Demand Returns

IN THE WORKS

- There has been no progress at Kenwood Towne Place as investors, lenders and contractors have been unable to find common ground that will allow the project to be completed.
- Neyer Properties broke ground on the new 50,000 sq. ft. headquarters facility for the American Red Cross at Keystone Parke. The developer will pursue LEED certification.

NEW MARKET DEVELOPMENTS

- A California-based investment trust purchased the 3-building, 87,000 sq. ft. Kemper Pond office complex in Springdale for \$17 per sq. ft.
- Ethicon is the new owner of One Ashview Place, the building adjacent to Ethicon's Blue Ash headquarters. Ethicon previously leased One Ashview from Duke and purchased it for \$16,750,000 (\$139 per sq. ft.).

MAJOR TRANSACTIONS

- Miami-Jacobs Career College will open at Two Crowne Pointe in Sharonville, where it leased 32,000 sq. ft.
- Reisenfeld & Associates relocated from the edge of the CBD to its new offices at Red Bank Village, where it will occupy 36,000 sq. ft.
- Jacobs Engineering Group renewed its commitment for 100,000 sq. ft. at the 1880 Building, located on the Union Central Life Insurance Company campus in Forest Park.

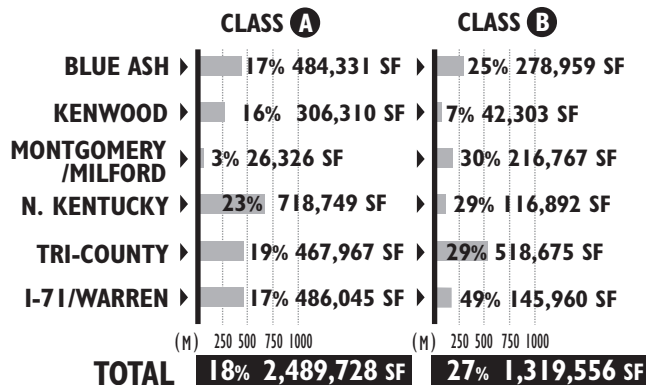
WAYNE MARC HACH SEBENS
CORPORATE REAL ESTATE ADVOCATES
Working in Your Best Interest

Kenwood Towne Place is at a standstill. The asset manager of Summit Woods I and II declared bankruptcy, and several CBD properties are in receivership. It is clear that the slowing economy is having a significant impact on those properties that sold at inflated prices and took on excessive debt.

The silver lining is visible, however. As locally headquartered corporations downsize at out-of-town locations, jobs are being added in several Downtown buildings. Neither the Downtown nor suburban sub-markets have significant oversupply; however, demand is flat. For tenants, this is a rare opportunity to restructure existing leases at reduced rates or relocate to higher quality buildings and lock in attractive rates.

Absorption was negligible, and the outlook is not exciting in terms of demand. Look for more subleases to hit the market in 2009. Many tenants will choose to restructure in place. The bottom is not falling out of the market, and the second half of the year should bring some stability.

SUBURBAN VACANCY



RENTAL RATES & TERMS

Landlords are hesitant to slash rental rates, but desirable tenants are enjoying eye-popping incentives such as a year or more of free rent.

SUBURBAN DEMAND

(NET ABSORPTION)

	1 ST QTR	YEAR-TO-DATE
CLASS A	25,690 SF	25,690 SF
CLASS B	(66,905) SF	(66,905) SF
TOTAL	(41,215) SF	(41,215) SF

SUBLEASE VACANCY

SUBURBAN A | 126,790 SF

Vacancy/Demand:
Net absorption was mildly negative. The only notable example of positive absorption was related to Sencorp's new headquarters in Ivy Pointe.

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NEW MARKET DEVELOPMENTS

- Macy's reorganization will result in numerous job cuts in several cities but will create additional employment in the Queen City, as certain corporate functions are consolidated here.
- The Bartlett Building, now in receivership, has asked all remaining tenants to vacate the building in short order.

IN THE WORKS

- The parking garage and building podium for the first phase of The Banks is underway. This first phase will include retail, apartments, and possibly an office building, if a major anchor tenant can be secured.
- Great American Tower at Queen City Square is emerging from the ground at Fourth and Sycamore. Eagle Realty Group is pursuing several major tenants for the balance of the property.

MAJOR TRANSACTIONS

- Jackson, Rolfes, Spurgeon & Co. signed a lease for 19,500 sq. ft. at the former Midland Building at 537 E. Pete Rose Way, even before the space was vacated by CR architecture + design.
- Barnes Dennig signed a lease for 28,000 sq. ft. in the Federal Reserve Building and will relocate from its long-time home in the Carew Tower.

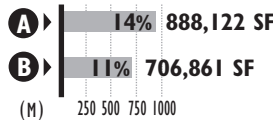
1ST QTR. 2009

DOWNTOWN

Major Tenants Add Stability to Downtown Occupancy During Slow Times

DOWNTOWN VACANCY

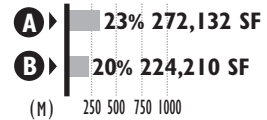
CENTRAL BUSINESS DISTRICT



TOTAL 13% 1,594,983 SF

DOWNTOWN VACANCY

PERIPHERAL

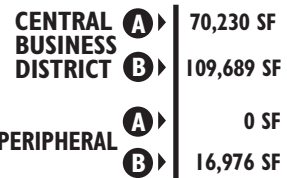


TOTAL 21% 496,342 SF

RENTAL RATES & TERMS

As in the suburbs, landlords will offer compelling incentives to tenants whose credit and balance sheets are strong.

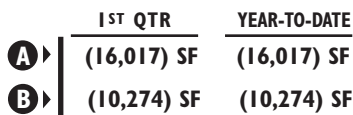
SUBLEASE VACANCY



DOWNTOWN DEMAND

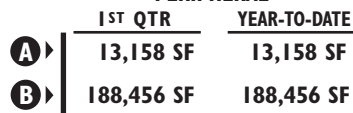
(NET ABSORPTION)

CENTRAL BUSINESS DISTRICT



TOTAL (26,291) SF (26,291) SF

PERIPHERAL



TOTAL 201,614 SF 201,614 SF

Vacancy/Demand:

Demand remained non-existent, with marginally negative net absorption in most areas. The positive net absorption in the CBD Peripheral B sub-market is associated with dunnhumby's decision to move to 444 West Third Street but does not reflect the 56,000 sq. ft. of sublease space that will be vacated as a result.

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