

CINCINNATI OFFICE MONITOR

3RD QUARTER 2009

INFORMATION COMPILED BY CCR

SUBURBS

Tenant Defaults and Sublease Openings Boost Supply of Available Space

IN THE WORKS

- The Bank of Kentucky (BOK) will purchase Florence BusinessPlex from Corporex. The building will be renovated for BOK's use.
- A receiver was appointed for Kenwood Towne Place. Existing retailers continue to operate in the far-from-completed project, while lawsuits fly between developers, lenders, investors and contractors.

NEW MARKET DEVELOPMENTS

- Sencorp rejected its lease at Ivy Pointe during bankruptcy and agreed to a new lease for 1/3 less space before being acquired by a private equity firm.
- Hemmer completed a new medical building for St. Elizabeth Hospital in Covington, which added 50,000 sq. ft. of vacant medical office space to the market.

MAJOR TRANSACTIONS

- Cincom Systems, Inc. extended its lease for 135,000 sq. ft. at Executive Centre II in Springdale.
- HSR Business to Business has merged with Gyro International Ltd. and will relocate from Sharonville to 22,833 sq. ft. at Redstone @ Kenwood.
- Education providers continue to thrive, with Daymar College, Indiana Wesleyan University and Antonelli Institute each leasing between 15,000 and 30,000 sq. ft.

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

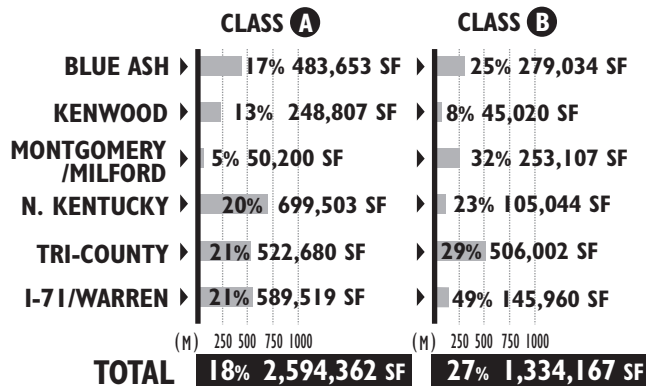
Tenants fortunate enough to be in the market right now are enjoying unprecedented leverage leading to attractive lease terms. Both tenants and landlords need to be cautious about each others' financial strength. Any disruption to a tenant's business arising from the landlord's financial difficulty can cost much more than any savings on the lease terms.

In the suburbs, demand from medical and educational providers is the only factor preventing significant negative absorption in most submarkets.

Downtown, Kroger is expanding and its vendors, suppliers and service providers are coming along for the ride, taking up some of the vacancy in properties near the Kroger HQ.

Expect medical users to continue to buoy the office market. Children's Hospital continues to grow and plans to occupy the recently closed Vernon Manor Hotel after a top-down renovation. Beyond this bright spot, it will take the return of hiring in the corporate sector to support a broad recovery in the office market. We do not expect this to take hold until late 2010 or even 2011.

SUBURBAN VACANCY



RENTAL RATES & TERMS

Landlords are incredibly motivated to attract tenants, resulting in unmatched lease economics for companies with solid credit.

SUBURBAN DEMAND

(NET ABSORPTION)

	3RD QTR	YEAR-TO-DATE
CLASS A	60,592 SF	77,132 SF
CLASS B	75,126 SF	45,922 SF
TOTAL	135,718 SF	123,054 SF

SUBLEASE VACANCY

SUBURBAN CLASS A	123,639 SF
CLASS B	21,542 SF

Vacancy/Demand: Both direct and sublease vacancy increase in most submarkets while demand remains flat.

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DOWNTOWN

Kroger is Catalyst for Downtown Activity

NEW MARKET DEVELOPMENTS

- After signing a lease to occupy the entire 150,000 square foot building, Dunnhumby USA purchased 444 West Third Street for \$17 million.
- 300,000 square feet of former National City Bank space at 309 Vine is officially on the market for sublease.

IN THE WORKS

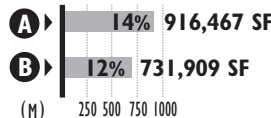
- After the expiration of the Milacron lease for 74,005 square feet, 500 Baldwin Center is now completely vacant.
- Al. Neyer, Inc. will begin construction on the addition of three levels to the City parking garage on Broadway.

MAJOR TRANSACTIONS

- Frost Brown Todd LLC committed to lease 103,000 square feet in Great American Tower at Queen City Square. They will relocate from their longstanding home in PNC Center during 2011.
- Bridge Worldwide continues to expand and subleased 23,786 square feet of Dunnhumby USA's former space at 302 West Third Street.
- Life Center leased 21,500 square feet at One Gateway Place.

DOWNTOWN VACANCY

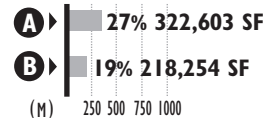
CENTRAL BUSINESS DISTRICT



TOTAL 13% 1,648,376 SF

DOWNTOWN VACANCY

PERIPHERAL

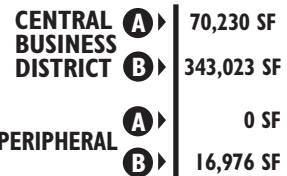


TOTAL 23% 540,857 SF

RENTAL RATES & TERMS

Rental rates are being discounted somewhat, but incentives such as free rent and future flexibility can be achieved at a level rarely seen in the past.

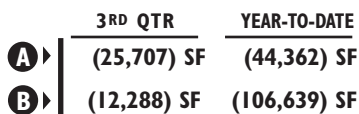
SUBLEASE VACANCY



DOWNTOWN DEMAND

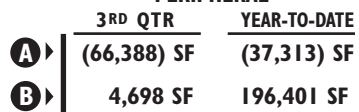
(NET ABSORPTION)

CENTRAL BUSINESS DISTRICT



TOTAL (37,995) SF (151,001) SF

PERIPHERAL



TOTAL (61,690) SF 159,088 SF

Vacancy/Demand:
Most of the limited demand Downtown can be traced to Kroger through joint ventures, suppliers or vendors.

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Please call for advice regarding the office real estate market.

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