

Greater Cincinnati

Office Report | Second Quarter 2009



CINCINNATI



TRENDS:

Vacancy Rate



Net Absorption



Construction



Asking Rents



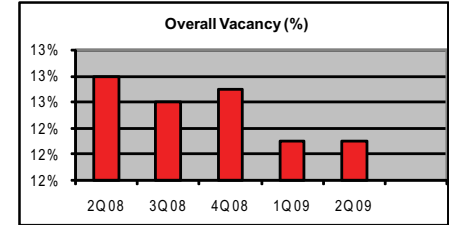
OVERVIEW:

In the second quarter of 2009, the Cincinnati Office market has shown few signs of impending recovery. While the prognosis is that the recession may be bottoming out, Landlords continue to get hammered by existing and new tenants. A large portion of the activity is being attributed to existing tenants renegotiating their current leases. In many cases, Landlords are opting to downsize or reduce rents to keep tenants in their buildings. There is a hunker-down mentality with Landlord's currently trying to keep buildings filled to ride out the economic storm.

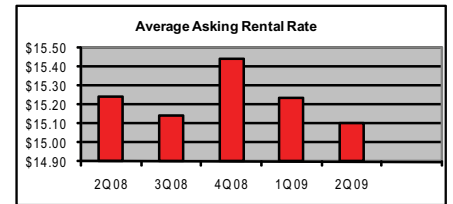
Minimal activity exists in new construction. Very little is being completed and or started. With access to capital nearly non-existent and low demand sidelining developers with projects on hold, some projects caught in the middle of the economic downturn are suffering from the bad timing. The most significant of these misfortunes appears to be the developers of Kenwood Towne Place. With well over \$130MM owed to contractors and lenders, the Kenwood project has been stalled for over six months. Although there have been rumors in the market that the developers are coming to an agreement with their lenders to allow them to complete the project, there have been no visible signs of such an agreement. Once an agreement of any type exists, it could take years to resolve the issues surrounding this project.

Both the suburbs and the CBD are in for a rough ride over the next few quarters. With the number of deals on the decline, and vacancy rates doing a double-digit climb, activity is going to be slow. Some forecasts are projecting an end to the recession by year's end, but with a very slow recovery. This translates to a very slow recovery in the office market. Without a release of capital by lenders, new development will be soft. New leases will favor the tenants and foreclosures are likely to increase significantly. With any luck, the market may start to show signs of leveling off and a recovery by late 2010. Until that time, life favors the tenant and the cash investor.

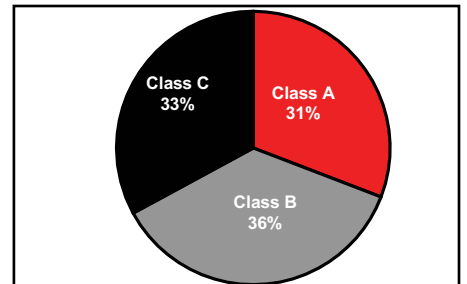
Overall Vacancy (%)



Average Asking Rental Rate



Net Absorption (SF)



NAI Bergman Office Team

View our listings at www.naibergman.com or www.bergmanlistings.com



Andrew Kahn
513 322 6310 office
513 703 6161 cell
andy@bergman-group.com



Jameson Muth
513 322 8322 office
513 309 5983 cell
jameson@bergman-group.com

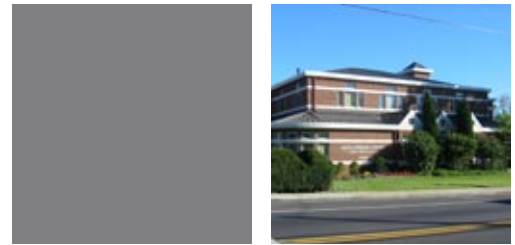


Kristin Dupps
513 322 8317 office
513 678 6987 cell
kristin@bergman-group.com

*All rents are per SF/per YR unless otherwise noted.

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SUBMARKET/CLASS	# BLDGS	TOTAL RBA (SF)	TOTAL AVAIL. (SF)	TOTAL VACANT AVAIL. (%)	TOTAL NET Absorption (SF)	TOTAL AVERAGE RATE (\$/SF/YR)	UNDER CONSTRUCTION (SF)
CINCINNATI CBD							
Class A	19	9,046,326	976,047	10.8%	38,828	\$ 15.41	825,000
Class B	68	8,639,013	930,529	10.8%	28,783	\$ 14.57	-
Class C	135	5,372,312	212,925	4.0%	20,382	\$ 11.72	-
BLUE ASH							
Class A	22	2,389,536	394,727	16.5%	50,507	\$ 18.13	-
Class B	86	2,457,820	387,334	15.8%	28,789	\$ 14.94	-
Class C	75	872,545	55,673	6.4%	9,507	\$ 13.71	-
BUTLER COUNTY							
Class A	20	2,059,677	415,852	20.2%	(1,648)	\$ 14.93	-
Class B	139	2,571,514	639,590	24.9%	(2,998)	\$ 13.22	402,204
Class C	320	2,772,465	413,598	14.9%	(45,808)	\$ 12.14	-
CINCINNATI INTL AIRPORT							
Class A	28	1,630,348	469,436	28.8%	(1,528)	\$ 17.98	34,023
Class B	93	2,488,837	253,754	10.2%	(29,076)	\$ 16.40	-
Class C	341	2,123,875	230,683	10.9%	15,284	\$ 14.29	-
CLIFTON / MIDTOWN							
Class A	16	1,744,422	218,635	12.5%	7,400	\$ 19.60	-
Class B	70	2,957,507	335,695	11.4%	(71,750)	\$ 16.74	50,000
Class C	406	5,360,188	212,855	4.0%	(36,745)	\$ 12.18	-
COVINGTON / NEWPORT							
Class A	8	1,269,426	390,976	30.8%	(104,901)	\$ 21.02	-
Class B	31	1,405,483	122,006	8.7%	(8,164)	\$ 14.36	-
Class C	277	2,306,443	111,870	4.9%	(4,612)	\$ 12.16	-
EASTGATE / ANDERSON TWP							
Class A	4	427,500	56,063	13.1%	(3,859)	\$ 23.37	-
Class B	39	719,620	68,603	9.4%	2,721	\$ 15.39	-
Class C	142	973,603	64,348	6.6%	906	\$ 12.42	-
FAIRFAX MT. LOOKOUT							
Class A	5	323,750	64,913	20.1%	44,519	\$ 18.78	38,000
Class B	29	711,681	130,195	18.3%	2,744	\$ 16.20	-
Class C	105	714,710	55,349	7.7%	(24,021)	\$ 12.93	-
FOREST PARK / WEST							
Class A	1	43,576	-	0.0%	-	\$ -	-
Class B	66	1,627,836	77,184	4.7%	7,825	\$ 15.63	-
Class C	331	2,182,987	307,962	14.1%	(69,710)	\$ 13.51	-
KENWOOD							
Class A	4	837,147	206,057	24.6%	34,190	\$ 18.45	-
Class B	64	1,242,813	144,775	11.6%	3,382	\$ 16.65	-
Class C	87	768,169	74,187	9.7%	(3,050)	\$ 16.72	-
MASON / MONTGOMERY							
Class A	28	3,478,162	506,962	14.6%	(18,431)	\$ 16.92	22,000
Class B	83	1,941,497	367,766	18.9%	(11,568)	\$ 15.51	-
Class C	57	406,417	34,327	8.4%	(7,691)	\$ 14.04	-
MILFORD / WARDS CORNER							
Class A	4	400,756	98,937	24.7%	(90)	\$ 13.73	-
Class B	25	801,026	91,187	11.4%	15,272	\$ 13.62	12,000
Class C	79	483,697	50,530	10.4%	(15,096)	\$ 13.07	-
READING / ROSELAWN							
Class A	2	149,621	23,854	15.9%	16,321	\$ 16.81	-
Class B	15	743,666	20,559	2.8%	(2,105)	\$ 12.05	-
Class C	66	712,646	173,234	24.3%	(2,790)	\$ 10.25	-
TRI COUNTY / I-275							
Class A	13	1,434,776	197,486	13.8%	478	\$ 12.58	-
Class B	40	1,674,136	452,924	27.1%	12,572	\$ 12.44	-
Class C	105	1,257,336	110,405	8.8%	15,795	\$ 12.41	-

The above information has been obtained from reliable sources, but is not guaranteed. It is subject to errors, omissions and withdrawals from the market without notice.

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Methodology / Definitions / Sub Market Map



Absorption (Net)

The change in occupied space in a given time period.

Available Square Footage

Net rentable area considered available for lease; excludes sublease space.

Average Asking Rental Rate

Rental rate as quoted from each building's owner/management company, For office space, a full service rate was requested; for retail, a triple net rate requested; for industrial, a NN basis.

Building Class

Class A Product is office Space of steel and concrete construction, built after 1980, quality tenants, excellent amenities & premium rates. Class B product is office Space built after 1980, fair to good finishes & wide range of tenants.

Direct Vacancy

Space currently available for lease directly with the landlord or building owner.

Market Size

Includes all existing and under construction office buildings (office, office condo, office loft, office medical, all classes and all sizes, both multi-tenant and single-tenant, including owner-occupied buildings) within each market.

Overall Vacancy

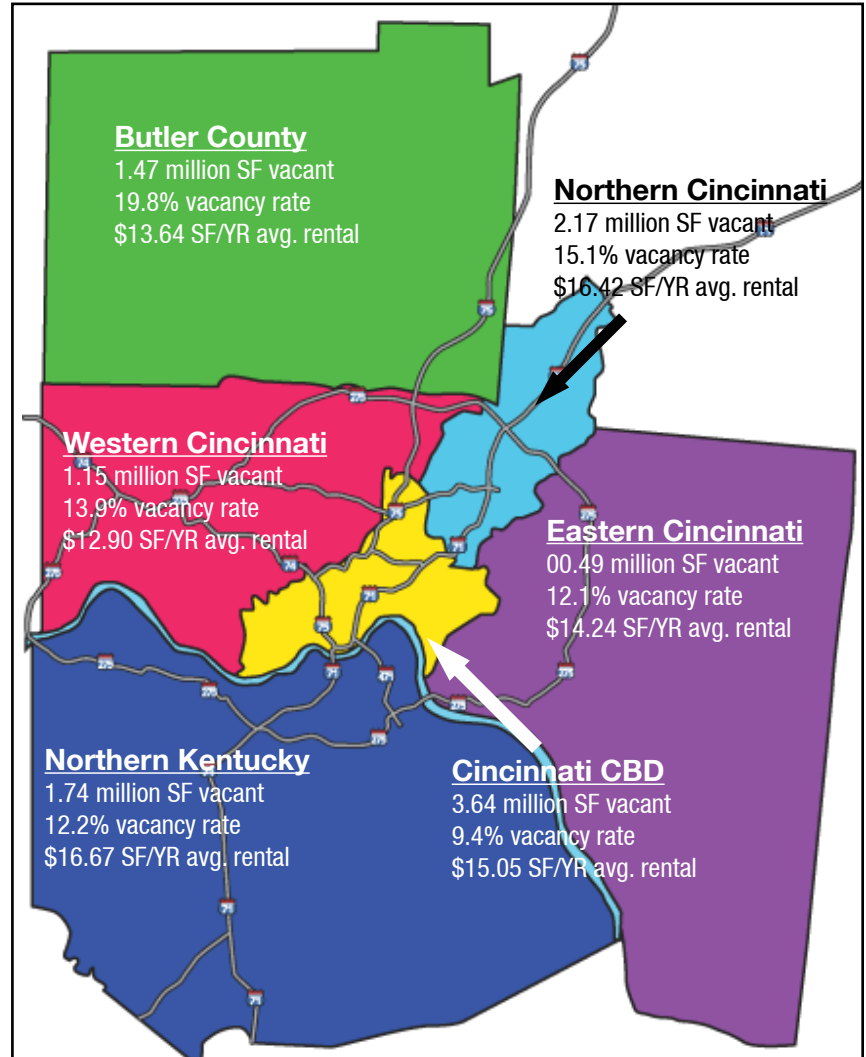
All unoccupied lease space, either direct or sublease.

SF/PSF

Square foot/per square foot, used as a unit of measurement.

Sublease

Arrangement in which a tenant leases rental property to another, and the tenant becomes the landlord to the subtenant.



Sublease Space

Total square footage being marketed for lease by the tenant. Sublease space is not considered in the overall occupancy or absorption numbers - only direct leases are included.

Sublease Vacancy

Space currently available in the market for sublease with an existing tenant within a building acting as the landlord.