Cincinnati, Ohio

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2009

Overview

In 2009, there was a steady increase in office availability rates, rising from 20.9% in the first quarter to 25% this quarter. The class A CBD fared better than the suburbs, with 22.9% availability versus 26.8% availability in the suburbs. The amount of space to be backfilled from corporate relocations such as Great American, GE Aviation, and P&G is significant. Overall, there was 208,000 SF of negative absorption for the quarter. The restart of construction at the 270,000 SF Kenwood Town Place continues to be mired in legal maneuvering. Positive news from the quarter included new casino legislation, paving the way for the new $500M complex at Broadway Commons, the conversion of the Walnut St. Metropole into an upscale boutique hotel, and First Financial Bancorp's announcement that they will be expanding by 45,000 SF and moving their corporate headquarters to Atrium One in the CBD. These projects will bring both new jobs and economic development to our community.

Market Trends

- When a rebound in the market does occur, tenants must first backfill their "shadow space", defined as currently unused cubes and offices.
- It is unlikely there will be any significant new speculative construction in 2010.
- Construction and renovation projects should receive very competitive proposals, with the construction industry losing over 6% of its jobs.
- The trend to build new in order to satisfy the needs of our local corporations continued this year, with GE's new campus in West Chester and Great American's new tower downtown.
- Government and medical projects continued this quarter. Examples include Children's Hospital with the announced acquisition of the Vernon Manor Hotel, Christ Hospitals purchase of the Redbank Surgery Center, and HealthSource of Ohio receiving a $9.7M grant from the Federal Government to construct two new medical office buildings.

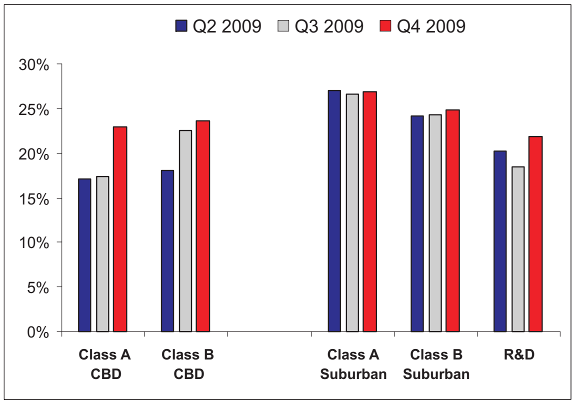
Tenant's Perspective

Unless there are quantifiable benefits to relocation, many of our clients are taking advantage of very competitive lease renewal offers. By way of extending lease term, companies may be able to obtain immediate savings in the form of lower rent, rental abatement, refurbishment allowances, and other incentives. We urge tenants to explore the market but analyze their alternatives prior to making any decisions, as it is important to muster as much leverage as possible.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Intellligranted	282,000	Industrial	Own
Kutol Products	150,000	Industrial	Lease
Children's Hospital	156,000	Office	Lease
Children's Hospital	60,000	Office	Renewal
First Financial	45,500	Office	Lease
KZF	38,000	Office	Own
GyroHSR	23,000	Office	Lease
Viox Services	22,185	Office	Own
Woolpert	20,000	Office	Lease
Division Inc	16000	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2009	Q3 2009	Q4 2009
Class A Office	$23.54	$22.98	$22.98
Class B Office	$15.55	$15.44	$15.45

Suburban	Q2 2009	Q3 2009	Q4 2009
Class A Office	$20.75	$20.60	$20.78
Class B Office	$16.09	$16.03	$16.03
R&D	$6.90-12.60	$6.70-11.90	$6.85-12.20

Prepared By CresaPartners
625 Eden Park Drive, Suite 150, Cincinnati, Ohio 45202
513.241.7373 ▪ www.cresapartners.com