



Cincinnati, Ohio

Tenant's Guide ▪ North American Markets ▪ First Quarter 2012

Overview

The Greater Cincinnati market had negative absorption of 385,000 SF for the last half of 2011, but reversed that trend by gaining 95,000 SF in the first quarter of this year. That move dropped availability from 24.1% to 23.9% during the quarter. The class A market fared somewhat better than the class B market by absorbing 112,000 SF, compared with 17,000 SF of negative absorption on the other side. This continues the trend of a flight to quality. Northern Kentucky, as expected, was hit quite hard with the loss of Nielsen and Omnicare, losing 328,000 SF of quality tenancy. Tri-County received a much needed boost by reducing availability by a whopping 223,000 SF thanks in part to Humana taking down 173,000 SF in Executive Center I. There were two significant announcements downtown with dunnhumby revealing they will relocate from Third Street to a new midrise build-to-suit at 5th and Race. At press time, KAO Brands revealed they will lease 55,000 SF at 312 Plum. Christ Hospital, continuing their unprecedented growth, will take down and rehab a 152,000 SF building in Walnut Hills.

Market Trends

- Activity has picked up as indicated by the number of significant deals in the chart below.
- Like the unemployment rate, office space availability is slowly shrinking. However, both have a long way to go to get near pre-recession levels. The market remains quite soft with a quarter of all space available to lease.
- Foreclosures continue, with Norwood's Central Parke complex being the newest casualty, while other owners continue to work with lenders, hoping for a market rebound.
- West Chester has virtually no class A space available (5,500 SF). Is a new building in its future?

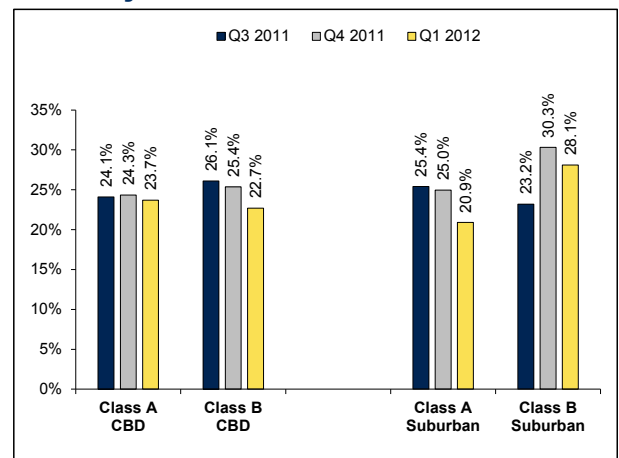
Tenant's Perspective

We believe that with local unemployment dropping 1.3% over the past year and a slow take down of vacant space occurring, the market is slowly rebounding. That said, we don't anticipate significant moves in the market for the remainder of the year and encourage tenants to leverage their positions to receive the best terms. Election results will play into many companies' plans as they determine to what extent the economy will rebound.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
dunnhumby	TBD	Office	BTS
Christ Hospital	152,000	Medical	Lease
Nielsen	77,712	Office	Lease
KAO Brands	55,000	Office	Lease
Seapine Software	50,000	Office	BTS
ACT, Inc	30,014	Office	Lease
ITT Technical Institute	20,000	Office	Lease
Christ Hospital	17,231	Medical	Lease
Tier1 Performance Solutions	12,575	Office	Lease
C.T.I.	11,318	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q3 2011	Q4 2011	Q1 2012
Class A Office	\$24.75	\$24.75	\$24.20
Class B Office	\$15.60	\$15.98	\$15.75
Suburban	Q3 2011	Q4 2011	Q1 2012
Class A Office	\$20.70	\$20.60	\$19.80
Class B Office	\$16.00	\$15.99	\$15.12

