Greater Cincinnati

Industrial Report | Second Quarter 2009

NAI Bergman

Commercial Real Estate Services, Worldwide.

Greater Cincinnati

TRENDS:

Vacancy Rate

Net Absorption

Construction

Asking Rents

OVERVIEW:

Although the effects of the economy still weighed heavily during second quarter 2009, the greater Cincinnati/northern Kentucky industrial market continues to evolve. Some of the companies that continue to grow in this market include Intelligrated, LeSaint Logistics and Cavalier Distributing.

Intelligrated, Inc. acquired FKI Logistex's North and South American operations, including their 280,000 square foot operation in Butler county, and is now ranked number two in the United States in the material-handling automation industry. LeSaint Logistics, a locally based third party logistics provider, is taking 79,000 square feet in the 770,000 square foot San Mar building in West Chester Township. Cavalier Distributing is leasing 42,000 square feet in the 177,000 square foot distribution center on Lake Forest Drive in Blue Ash.

A number of projects are underway aimed at improving the traffic flow along the I-75 corridor. In Monroe, the new Single Point Urban Interchange, or SPUI at SR 63 will improve ingress/egress to the industrial hub. The Mill Creek project (widening of I-75 from the Western Hills Viaduct to Paddock Road exit) will begin in 2010 and the Thru-the-Valley Project (widening I-75 from I-275 to Seymour Avenue in Bond Hill) is slated to begin 2013.

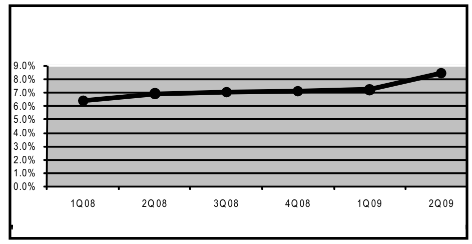
LOCAL ECONOMIC OVERVIEW:

- Vacancy Rate: 8.4%
- Net Absorption: 280,000 sf
- Asking Rents: $2.50 - $3.25/SF NNN
- New Deliveries (YTD): 1,062,000 sf
- Future Construction 2009: 300,000 sf

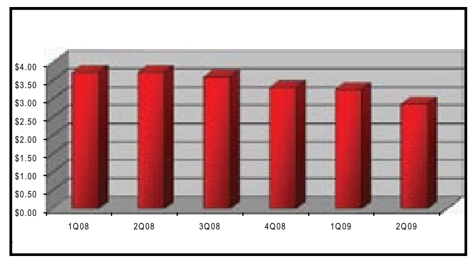
SIGNIFICANT TRANSACTIONS:

- Towne Air Freight renewed 66,000 square feet at 1810 Airport Exchange Blvd. in Erlanger.
- Ameridian Specialty Services purchasing the 32,000 square foot building at 11520 Rockfield Court in Sharonville.
- Foti Contracting leasing 45,000 square feet at 30 Kenton Lands Road in Erlanger.

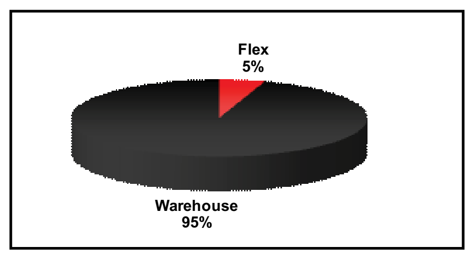
Overall Vacancy (%)



Average Asking Rental Rate



Net Absorption (SF)



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

Bove | Buckley Industrial Team

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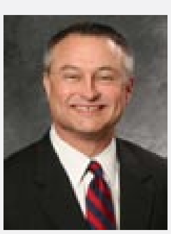

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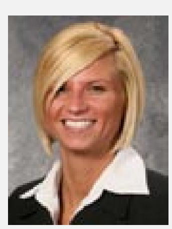

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MARKET	# BLDGS	TOTAL RBA	TOTAL SF	VAC %	YTD NET ABSORPTION	QUOTED RATES	UNDER CONST SF
FLEX SUBMARKET STATISTICS							
Central Cincinnati Ind	8	124,422	22,897	18.4%	-	$ 7.41	0
Cin Intl Airport Ind	13	697,511	25,410	3.6%	(4,400)	$ 7.26	0
Covington Ind	0	-	-	0.0%	-	$ -	0
Downtown Cin West Ind	5	187,261	16,837	9.0%	-	$ 7.50	0
Downtown Cincinnati Ind	0	-	-	0.0%	-	$ -	0
East Cincinnati Ind	8	148,882	57,910	38.9%	(8,750)	$ 4.64	0
Florence Ind	6	257,373	22,861	8.9%	(2,599)	$ 12.23	0
Hamilton/Fairfield Ind	38	664,542	74,692	11.2%	26,672	$ 6.72	0
I-71 Close-in Ind	18	428,046	76,922	18.0%	8,408	$ 6.71	0
I-71 North Ind	18	764,177	17,583	2.3%	12,800	$ 9.02	0
I-75 Close-in Ind	1	5,000	-	0.0%	-	$ -	0
I-75 North Ind	23	250,381	12,064	5.6%	4,536	$ 10.06	0
Kenton/Campbell S Ind	0	-	-	0.0%	-	$ -	0
Lockland/Evendale Ind	16	342,032	111,368	32.6%	(71,700)	$ 4.93	0
Newport Ind	0	-	-	0.0%	-	$ -	0
Norwood Ind	21	622,120	64,353	10.3%	(1,879)	$ 9.75	0
Red Bank Ind	5	489,740	-	0.0%	-	$ -	0
Rt 50/32 Corridor Ind	18	356,020	86,436	24.3%	7,362	$ 7.71	0
Tri-County Ind	52	1,680,242	128,905	7.7%	(15,043)	$ 6.86	0
Wards Corner Ind	12	273,096	59,060	21.6%	11,140	$ 8.04	0
Western Hills Ind	2	12,700	-	0.0%	-	$ -	0
Woodlawn/I-75 Ind	3	237,790	-	0.0%	-	$ -	0
WAREHOUSE SUBMARKET STATISTICS							
Central Cincinnati Ind	121	2,986,195	61,900	2.1%	-	$3.46	-
Cin Int Airport Ind	295	27,597,393	3,878,081	14.1%	(713,422)	$3.61	-
Covington Ind	101	2,377,230	110,725	4.7%	(4,425)	$3.84	-
Downtown Cin West Ind	138	5,611,783	330,169	5.9%	7,982	$3.86	-
Downtown Cincinnati Ind	69	1,417,800	108,300	7.7%	7,930	$3.71	-
East Cincinnati Ind	130	5,201,704	248,324	4.8%	(38,430)	$3.97	-
Florence Ind	348	23,516,718	1,033,087	4.4%	509,416	$3.19	-
Hamilton/Fairfield Ind	644	23,963,329	1,562,707	6.5%	(49,814)	$3.21	120,000
I-71 Close-in Ind	395	15,112,352	744,127	4.9%	(79,095)	$4.87	-
I-71 North Ind	209	9,331,202	1,195,986	12.9%	(141,108)	$3.86	
I-75 Close-in Ind	381	13,738,599	1,115,917	8.1%	64,587	$3.18	25,000
I-75 North Ind	353	21,779,664	1,798,707	8.3%	48,378	$4.01	721,005
Kenton/Campbell S Ind	109	3,397,777	158,649	4.7%	(6,350)	$5.37	-
Lockland/Evendale Ind	382	23,966,448	507,537	2.1%	(101,112)	$4.49	-
Newport Ind	107	2,870,463	46,050	1.6%	(643)	$4.23	-
Norwood Ind	279	12,054,356	870,160	7.2%	26,107	$2.80	28,000
Red Bank Ind	163	10,602,942	411,645	3.9%	(5,310)	$3.19	-
Rt 50/32 Corridor Ind	244	8,562,005	475,264	5.6%	(51,084)	$4.86	-
Tri-County Ind	853	53,152,232	4,339,769	8.2%	(158,128)	$3.60	20,000
Wards Corner Ind	43	949,647	29,510	3.1%	4,190	$5.52	-
Western Hills Ind	176	7,611,212	187,376	2.5%	27,090	$3.42	-
Woodlawn/I-75 Ind	270	13,538,281	549,798	4.1%	(42,878)	$3.65	-

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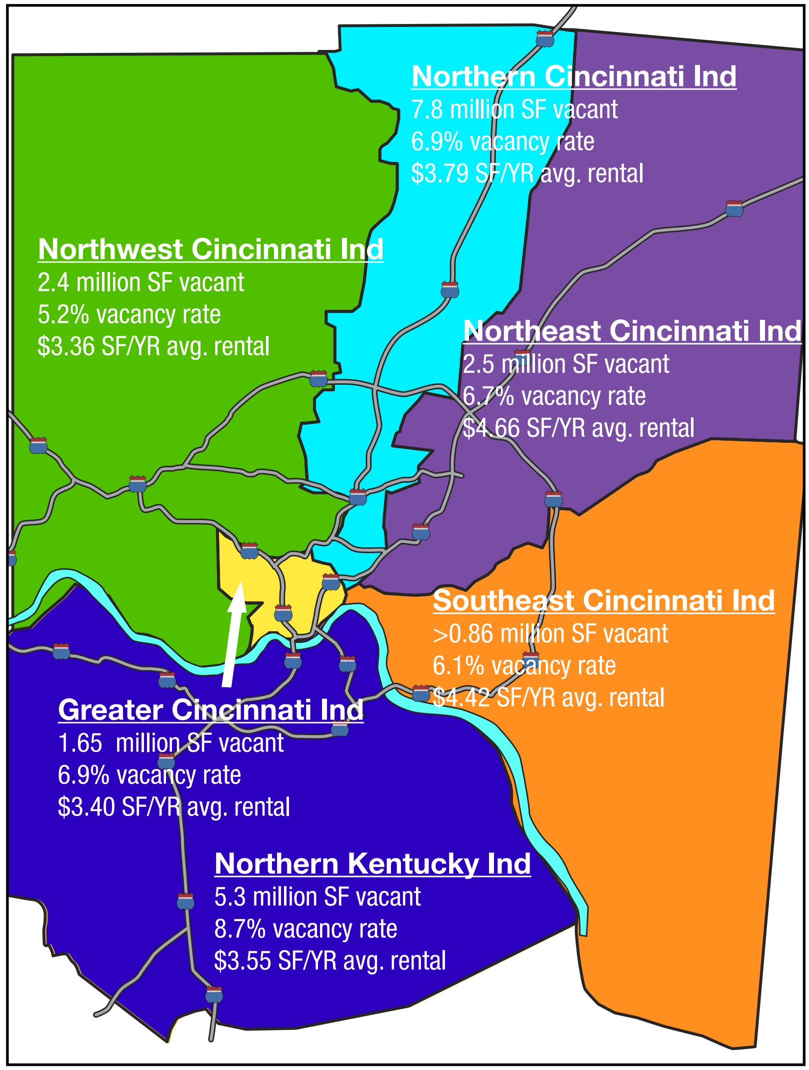
Methodology / Definitions / Sub Market Map



Absorption (Net)

The change in occupied space in a given time period.

Available Square Footage

Net rentable area considered available for lease.

Average Asking Rental Rate

Industrial rental rate as quoted from each building's owner/management company on a NNN basis.

Building Class

Class A industrial facilities are primarily of concrete or masonry construction, built after 2002 with 30' clear height located in an industrial park setting.

Class B industrial facilities are of either pre-engineered metal/masonry construction or are typically built before 2002 with clear heights under 28'.

Direct Vacancy

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

Market Size

Includes all existing and under construction industrial buildings (bulk, manufacturing, office/warehouse/flex, distribution) 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.