



Market Report

INDUSTRIAL | THIRD QUARTER | 2008



In the third quarter of 2008 the Greater Cincinnati industrial market saw an increase in its vacancy rate to 7.48%. At the end of the second quarter the vacancy rate stood at 6.79%. The closure of the 1.8 million SF Ford plant in Batavia was a major contributor to this and the negative net absorption of 594,320 SF this quarter.

Gross absorption for the third quarter was 2,763,245 SF, almost twice the 1,483,070 SF absorbed at the end of the second quarter.

Construction completed in Q3 2008 amounted to 1,041,800 SF. The 657,600 SF bulk building for Home Depot is the first project finished in the 6.2 million SF Corridor 75 Premier Logistics Park in Monroe. The new build-to-suit 120,000 SF Brown-Campbell building in the Fairfield Business Park was also completed. The Amylin Pharmaceuticals Inc. expansion added 182,000 SF to its facility. An additional 2.47 million SF of speculative, build-to-suit and additions to buildings should be completed by the end of 2008.

Bulk Warehouse

Bulk warehouse vacancy was 11.93% at the end of the quarter, down from the 12.44% at the end of the second quarter. A positive net absorption of 884,287 SF was registered in the third quarter with a gross absorption of 1,742,913 SF. The Northwest quadrant was a hub of leasing activity contributing a positive net absorption of 1,318,107 SF.

Notable activity for the quarter includes:

- The completion of the 657,600 SF Home Depot building in the Corridor 75 Premier Logistics Park in Monroe.
- xpedx renewing its lease for 187,500 SF in the 303,451 SF Dues Drive Distribution building at 4225-4331 Dues Drive in West Chester.
- W.A. Wilde Co. leasing half of the 282,466 SF Park 75@Union Centre II facility located at 9841 Windisch Road in West Chester. The building was constructed a year ago and is now fully occupied.
- Harris Distribution expansions to 184,433 SF at 4330 Winton Road making it 70% occupied.

MARKET INDICATORS

Q3 TRENDS FUTURE Q4 TRENDS

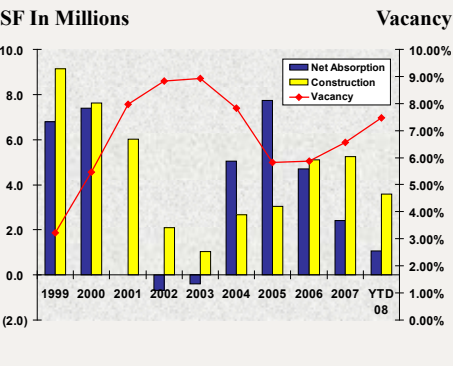
VACANCY..... ↑ ↔

NET ABSORPTION..... ↓ ↔

NEW CONSTRUCTION..... ↓ ↓

RENTAL RATE..... ↔ ↔

UPDATE GREATER CINCINNATI INDUSTRIAL MARKET



UPDATE

THIRD QUARTER 2008 GREATER CINCINNATI INDUSTRIAL MARKET STATISTICS

TYPE	INVENTORY SF	VACANCY	NET ABSORPTION YTD	NEW DELIVERIES YTD	UNDER CONSTRUCTION
CENTRAL	7,812,000	8.82%	(1,128,000)	74,000	20,000
NORTHEAST	28,640,000	6.44%	(384,000)	119,000	238,000
NORTHWEST	101,000,000	6.70%	2,615,000	2,970,000	1,944,000
NORTHERN KY	60,510,000	7.54%	(35,000)	414,000	264,000
TOTAL	268,270,000	7.48%	1,068,000	3,577,000	2,466,000



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Market Report

INDUSTRIAL MARKET



Corridor 75 - Building I

The 657,600 SF Home Depot building is the first completed construction in the Corridor 75 Premier Logistics Park in Monroe.



Park 75 @ Union Centre II

The 282,466 SF bulk building built in 2007 is now completely occupied with W. A. Wilde Co. taking the remaining half of the building.

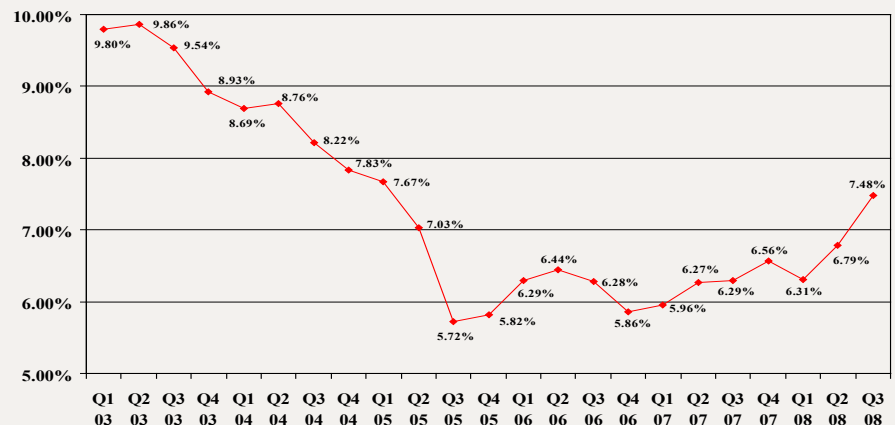


First Park West Chester - III

The 56,000 SF office warehouse building in West Chester is fully occupied after Wyeth leased the remaining 12,000 SF.

HISTORICAL VACANCY RATES GREATER CINCINNATI OVERALL INDUSTRIAL MARKET

Vacancy Rate



- Perfetti Van Melle growing into the entire 151,200 SF Park West International L2 building at 1660 Worldwide Boulevard in Hebron.
- Dedicated Logistics expanding to a total of 107,000 SF in the 148,800 SF West Chester Commerce Park #3 building at 8900-8922 Global Way in West Chester.
- DHL Express USA Inc. taking 79,350 SF in the 160,947 SF Park West International O building at 2300-2340 Global Way in Hebron.
- RPP Recycling leasing 44,000 SF and Shorr Packaging taking an additional 30,000 SF in the 201,600 SF building at 12111-12151 Best Place in Sharonville.
- UPS leasing 28,800 SF in the 159,440 SF Park West International P site at 2305-2335 Global Way in Hebron.
- Mahr Federal leasing 12,000 SF in the 127,520 SF Olympic Boulevard Center C building in the CirclePort Business Park in Erlanger.

4590 Beech Street in Norwood and move into 522,000 SF in the 720,000 SF Airport Distribution Center at 300 Gap Way in Erlanger.

Almost 1.5 million SF of additional bulk supply will be added by the end of 2008. This includes the second building of 650,000 SF in the Corridor 75 Premier Logistics Park in Monroe constructed on spec. Port Union Commerce Park West and East buildings on Port Union Road in Fairfield will deliver a total of 840,000 SF.

Net effective lease rates in the bulk sector continue to be strong. Rates for this quarter are around \$3.19/SF/NNN. (Note: Rates are based on a small sample of comparable data for leases over 100,000 SF gathered by Colliers Turley Martin Tucker. Renewals are not included in the analysis.)

Office/Warehouse

The vacancy rate for the office/warehouse sector dipped in the third quarter to 14.87% from 15.40% in the second quarter. There was a positive net

In 2009 United States Playing Card Co. plans to vacate its 623,000 SF plant at

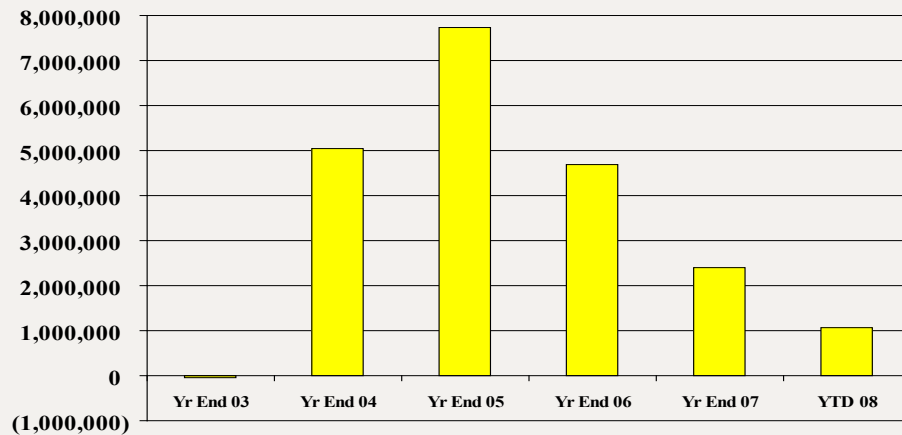


Market Report

THIRD QUARTER 2008

GREATER CINCINNATI INDUSTRIAL NET ABSORPTION HISTORY TOTAL MARKET

Square Feet



absorption of 142,117 SF and a gross absorption of 346,213 SF.

Decreases in the vacancy rate occurred in the Central market from 17.83% to 13.51% and in the Northeast market from 14.80% to 13.49%.

Notable activity for the quarter includes:

- Cornerstone Controls leasing 23,108 SF in the 61,840 SF Kemper Commerce Park - Bldg 1 at 7131-7149 East Kemper Road in Blue Ash.
- Wellington Orthopaedics and Sports Medicine renewing its lease on 18,087 SF in the 66,077 SF Technology Woods at 4701 Creek Road in Blue Ash.
- Wyeth taking 12,000 SF in the 56,000 SF First Park of West Chester III at 9842-9866 Windisch Road in West Chester.
- Amerimed leasing 12,000 SF in the 45,000 SF Schumacher Commerce Park #6 at 9959-9975 Cincinnati-Dayton Road in West Chester.
- Another World Enterprises leasing

- 11,200 SF in the 61,400 SF Kentucky Drive Business Park #2 building in Florence.
- Aviation Quality taking 11,200 SF in the 99,200 SF Airport Exchange Business Park B at 1845 Airport Exchange Boulevard in Erlanger.
- Aramark leasing 10,000 SF in the 25,018 SF Commerce Park Plaza D building at 4890 Duff Drive in West Chester.

A 28,200 SF spec office/warehouse building was completed on Port Union Rialto Road in West Chester. By early 2009 the 40,000 SF build-to-suit facility for JTF will be finished. Venture Corporate Center is a 55,000 SF office/warehouse condo project planned for 8 acres on Duke Boulevard in Deerfield Township.

Net effective lease rates in the office/warehouse sector have remained around \$4.94/SF/NNN. (Note: Rates are based on a sample of comparable data gathered by Colliers Turley Martin Tucker. Renewals are not included in the analysis.)



ZF Batavia - Ford Plant

The closure of the plant on Front Wheel Drive in Batavia added 1.8 million SF of vacant space to availability.



Former Quebecor World building in Fairfax

The Hamilton County Board of Elections has found a home in this 168,000 SF building.

Freestanding

The freestanding vacancy rate went from 4.40% in the second quarter to 5.55% in the third quarter. There was negative net absorption of 1,620,724 SF with a gross absorption of 674,119 SF. The addition of 1.8 million SF of vacant space at the recently closed Ford plant in Batavia had a major negative impact in the Central market.

Notable activity for the quarter includes:

- Jacobson Warehouse Co., Inc. leasing 131,307 SF in the 147,825 SF building

Market Report

INDUSTRIAL MARKET

at 3131 Spring Grove Avenue in Camp Washington.

- M.E. Heuck taking the entire 125,300 SF building at 3900 State Route 741 in Mason.
- Fujitec America Inc. leasing the entire 114,744 SF building at 7258 Innovation Way in Mason.
- PM Company leasing the entire 78,975 SF former GE Engines facility at 9220 Glades Drive in Hamilton.
- Fukutomo Company acquiring the 72,000 SF site at 4175 Muhlhauser Road in Fairfield for expansion purposes.
- Macomb Group opening a branch location in the 45,000 SF building at 1020 Laidlaw Avenue in Bond Hill that was purchased earlier in the year and renovated.
- Cincinnati Testing Laboratories officially opening its new \$4.5 million 43,000 SF facility at 1775 Carillon Boulevard in Forest Park.
- Cutting Edge Selections, Inc. taking 42,675 SF in the 225,000 SF site at 5801 Mariemont Avenue in Mariemont.
- Hamilton County Board of Elections leasing 30,000 SF in the 168,000 SF former Quebecor World facility at 3600 Red Bank Road in Fairfax.
- Altaquip renewing its lease on the 23,007 SF building at 11135 Ashburn Road in Forest Park

The 182,000 SF addition to the Amylin Pharmaceuticals, Inc. building at 8814 Tradeport Boulevard in West Chester was completed bringing the total square footage to 333,200 SF. Construction was finished on the 120,000 SF build-to-suit facility for Brown-Campbell at 555 Quality Boulevard in Fairfield.

Recycling Express Inc. will relocate and expand early next year to an 80,000 SF new facility under construction on Dixon Drive in Florence. It will vacate about 38,000 SF at 1050 Laidlaw Avenue in Bond Hill at that

time. Lingo Manufacturing Co. Inc. plans to expand its 103,000 SF building at 7400 Industrial Road in Florence. The addition is rumored to be around 50,000 SF.

Land

Possible changes in supply chain logistics make the land along the interstate routes most attractive for development.

To the north, Corridor 75 in Monroe is the largest tract of land undergoing development as a distribution hub. There are 429 acres that can support over 6.2 million SF. The guarantee of a 15-year 100% tax abatement for users is an attractive enticement to the area.

South of the Ohio River, Riverview Business Park which straddles I-275 in Hebron is poised for more development. With the recent acquisition of 35 acres, there are about 71 acres available for build-to-suit and spec projects.

Outlook

- The credit crunch will have a pronounced effect on where goods are manufactured and how they are transported. This will translate into looking at location, size and site economies of buildings more critically than ever.
- Fewer speculative projects will begin in the near future. Tenant-directed construction, such as additions or new buildings, will continue with state and local incentives driving site selection.
- A key indicator of future vacancy will be the unemployment rate in the manufacturing and transportation sectors.

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\$1.6 billion in total revenue

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CONTACT INFORMATION

221 E. Fourth Street, 26th Floor

Cincinnati, OH 45202

Tel: 513-421-4884

Fax: 513-421-1215

www.ctmt.com

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