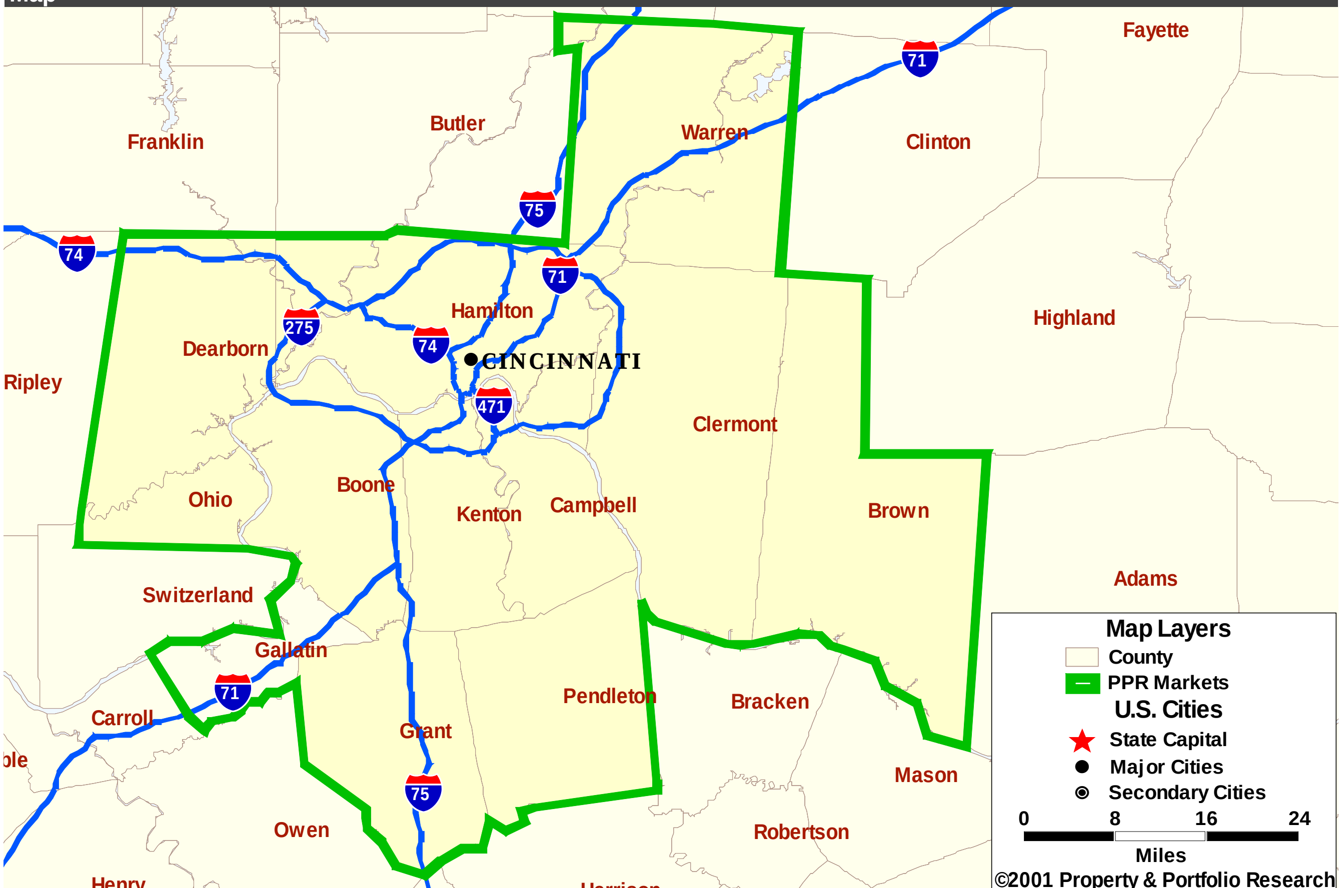
CINCINNATI

Overview

Map



Summary of Last Twelve Months vs. Historical Minimum, Maximum, and Average

	Current Vacancy*	Min	Min date	Max	Max date	Net New Supply (000SF)**	Min	Min date	Max	Max date	Net Absorption (000SF)**	Min	Min date	Max	Max date
Apartment	⇧ 7.4%	4.8%	91:4	7.6%	82:1	⇩ 1,978	705	83:1	3,131	88:4	⇩ 498	-511	93:2	3,946	91:1
Office	⇧ 14.2%	8.6%	98:4	19.9%	85:3	⇧ 2,330	492	94:1	2,838	90:1	⇩ -305	-702	85:2	3,216	87:3
Retail	⇧ 15.1%	9.9%	00:2	21.1%	82:2	⇧ 2,550	413	83:2	2,739	01:4	⇩ -356	-1,291	82:1	3,574	99:3
Warehouse	⇧ 9.5%	3.4%	88:4	9.5%	02:1	⇩ 3,457	88	84:3	4,822	01:2	⇩ 1,746	111	83:2	3,963	00:4
Hotel	⇩ 50.1%	63.2%	89:1	50.1%	01:4	⇩ 541	-76	94:3	2,265	00:1	⇩ -823	-1,076	01:3	1,133	91:1

*Occupancy for Hotels

**Apartment and Hotel data are in units.

CINCINNATI

Analysis/Economy

Notable Economic and Real Estate Market Events

- **ECON – Job growth in Cincinnati declined by 1.1% year-over-year as of March.** Impacted by a weaker national economy, declines in manufacturing, transportation, and wholesale trade are significant. Ford, Proctor & Gamble, GE Aircraft, Delta, Comair, and Kroger are among the major firms cutting jobs locally. On the upside, the FIRE sector is providing some positive news, with Fidelity, the IRS, and Citibank adding a combined 4,000 jobs this year. Continued growth in the FIRE sector should help mitigate job losses in weaker sectors over the long-term.
- **APT – Vacancies in the Cincinnati apartment market have been inching up since early 2000 due to a moderation in demand and continued construction.** Vacancies now sit near 7%. In Newport, Vasso Chronis is developing the 118-unit Southshore Place Apartments on the riverfront, slated for completion in mid-2002. Also, the CBD is experiencing a wave of new residential development as a result of recent revitalization efforts. Among projects currently underway, Capital Investments and Alec Bastos are converting the former Power Building on 8th Street into 115 apartments. Construction should remain ahead of demand over the short-term, pushing vacancy rates even higher in 2002.
- **OFF – Very heavy construction activity and minimal demand have pushed vacancies higher.** More than 2.6 million SF completed in 2001, and vacancies are now near 14%. **However, construction is slowing in Blue Ash,** which has been the focus of new supply growth. Currently, there are only 200,000 SF underway here. **There is little underway downtown as well,** where downsizing and consolidation pushed vacancies (including sublease space) to 13% in 2001. As supply continues to shut down, vacancies will begin inching downward for the duration of 2002.
- **RET – Economic vacancies have risen rapidly as retail sales growth has stalled.** A whopping 2.7 million SF of retail space came on line in 2001, while net absorption turned negative, boosting economic vacancies to near 15% today. **With weak economic conditions, planned retail projects have been put on hold, as retailers delay expansion and leasing plans.** Deferred projects include the 270,000 SF open-air Anderson Towne Center and the Rouse Company's 785,000 SF Cincinnati Center in Deerfield Township. Slower construction and a recovery in demand will drive more balanced fundamentals going forward.
- **WHS – An average of 3.7 million SF came on line annually over the last three years, boosting vacancies to near 10% today.** However, vacancies are near their peak, and are expected to improve going forward. **Northern Kentucky has been a hotspot of construction,** where as much as eight million SF have been completed over the past five years. IDI's Park West International project has been a significant contributor of new distribution space here, with more than 1.7 million SF completed over the past two years**. However, activity in Northern Kentucky is beginning to slow, with only 140,000 SF currently underway here.** As the rush of new development shuts down in the coming years, the market will begin to recover.
- **HOT – The sharp slowdown in tourism and convention traffic in the wake of September 11th has exacerbated Cincinnati's troubled hotel market. Occupancy rates** in the metro have been on a steady decline since 1996 **and are expected to remain at just barely over 50% through 2002**. As a result, **new construction has dropped off significantly** since 1999 with just over 100 rooms expected to complete this year. Still, occupancy rates will likely remain below 55% through 2006.

Demographic Trends

Category	2002* Market	2002* U.S.	1982-1991 Market	1982-1991 U.S.	1992-2001 Market	1992-2001 U.S.	2002-2006 Market	2002-2006 U.S.
			Annual Growth Rates					
Population	1,680	288,644	0.5%	1.0%	0.7%	1.2%	0.8%	0.9%
Households	657	107,714	1.1%	1.3%	1.0%	1.3%	0.9%	1.0%
Median Household Income	$53,261	$44,333	4.4%	4.4%	5.0%	3.7%	3.3%	3.1%
Apartment-Renting Households	228	35,788	3.7%	1.7%	0.5%	0.5%	1.1%	1.0%
Real Retail Sales Per Capita	$5,083	$4,518	2.1%	1.4%	2.0%	1.7%	1.8%	1.7%

Employment Trends

SIC Category	2002* Employment	2002* Location Quotient	1982-1991 Market	1982-1991 U.S.	1992-2001 Market	1992-2001 U.S.	2002-2006 Market	2002-2006 U.S.
			Annual Growth Rates					
Total Services	279	1.0	4.8%	4.3%	3.5%	3.7%	2.3%	2.5%
Business Services	68	1.1	9.5%	6.6%	5.8%	6.2%	2.9%	3.0%
Other Services	211	1.0	3.9%	3.8%	2.8%	3.0%	2.2%	2.4%
Retail Trade	163	1.0	3.3%	2.5%	1.4%	2.0%	1.1%	1.6%
Government	104	0.7	1.5%	1.6%	0.5%	1.3%	0.6%	0.7%
Manufacturing	134	1.2	-0.2%	-0.6%	-0.9%	-0.6%	0.1%	0.1%
F.I.R.E.	57	1.1	3.3%	2.2%	2.4%	1.5%	1.5%	0.9%
Wholesale Trade	54	1.2	2.6%	1.3%	0.8%	1.4%	1.3%	1.2%
Trans., Comm., Util.	47	1.0	2.5%	1.1%	1.5%	2.0%	1.0%	1.1%
Construction	41	0.9	4.4%	1.4%	2.5%	4.2%	-0.3%	0.3%
Mining	1	0.2	-5.3%	-6.0%	3.2%	-1.6%	-1.5%	-1.1%
Total Employment	880	1.0	2.6%	1.9%	1.6%	2.0%	1.3%	1.4%
Office-Using Employment	205	1.0	3.9%	3.0%	3.3%	2.9%	2.4%	1.9%
Trucking/Warehouse Employment	63	1.1	2.3%	1.5%	1.0%	1.7%	1.2%	1.2%

*All units (except for dollar denominated figures) in thousands.

Current Economic Indicators

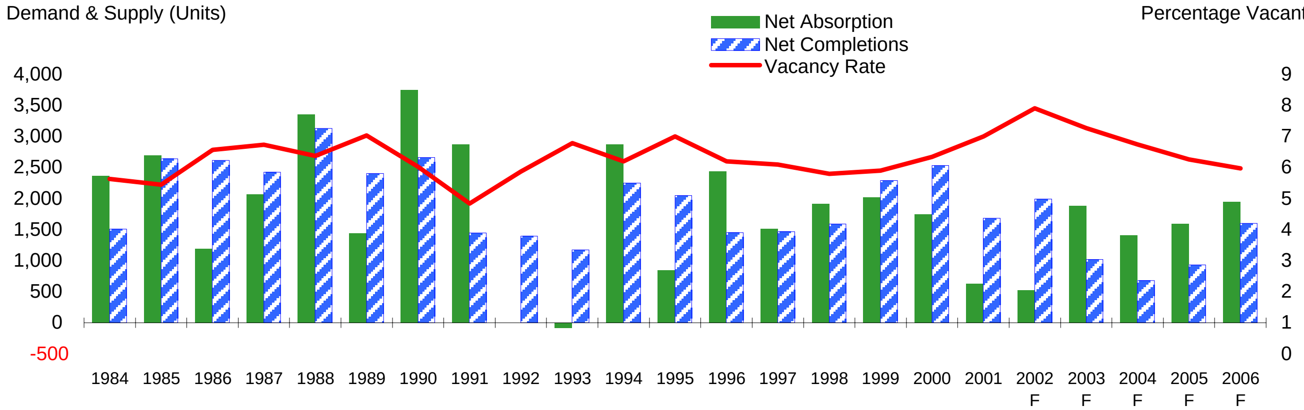
Employment Growth 3/02	Labor Force Growth 3/02	Unemployment Rate 3/02	Employment Volatility Ratio	Net Migration (000) 2001	Cost Indices (U.S. = 100) Business	Cost Indices (U.S. = 100) Living
-1.1%	1.2%	4.9%	0.9	5.6	98	96

Sources: PPR; Economy.com

CINCINNATI

Apartment

Supply, Demand, and Vacancy

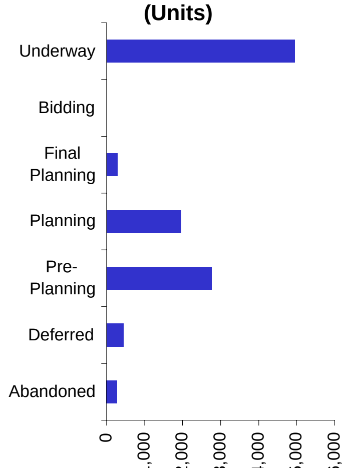


Apartment Market Statistics (Units)

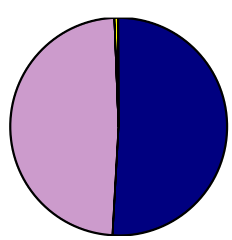
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Apt. Vacancy	6.1%	5.8%	5.9%	6.3%	7.0%	7.9%	7.3%	6.7%	6.3%	6.0%
Apt. Net Absorption	1,515	1,908	2,018	1,744	625	519	1,886	1,408	1,588	1,946
% Growth	1.2%	1.5%	1.5%	1.3%	0.5%	0.4%	1.4%	1.0%	1.1%	1.4%
Multifamily Starts	2,503	2,233	3,725	2,048	3,020	2,372	954	888	1,549	2,138
% Change	12.9%	-10.8%	66.8%	-45.0%	47.5%	-21.5%	-59.8%	-6.9%	74.4%	38.0%
Net Apt. Completions	1,469	1,589	2,292	2,531	1,685	1,992	1,019	679	933	1,603
Apt. Inventory	137,177	138,765	141,057	143,588	145,273	147,265	148,284	148,963	149,896	151,499
% Growth	1.1%	1.2%	1.7%	1.8%	1.2%	1.4%	0.7%	0.5%	0.6%	1.1%
Apt. Rent Index	110	110	112	118	117	114	112	112	114	117
% Change	9.7%	0.5%	1.7%	5.6%	-1.4%	-2.5%	-1.8%	0.2%	1.7%	3.0%

PPR/Dodge Pipeline Summary

Current Activity (Units)

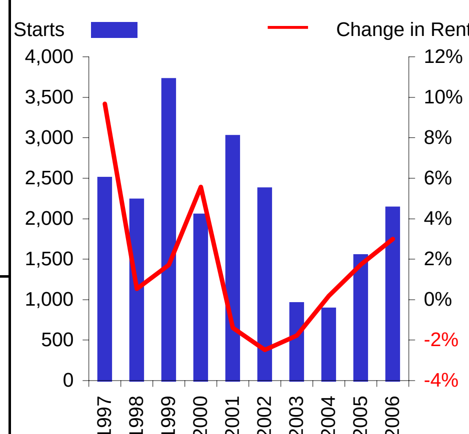


Multifamily Underway by Subclass



	Underway (Units)	%
Apartments	2,514	51%
Townhouse/Condo	2,397	49%
Low Income	-	0%
Unclassified	26	1%

Change in Rent vs. Starts

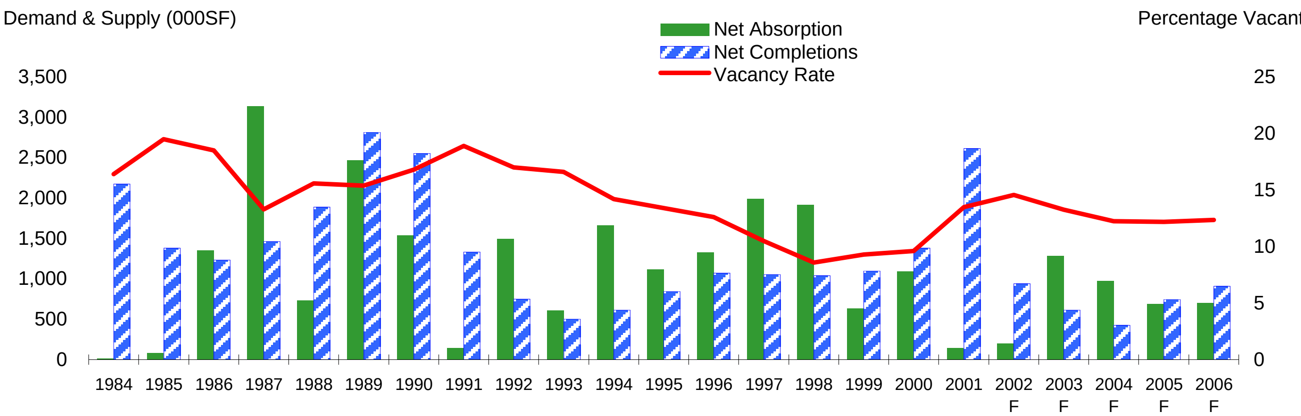


Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

CINCINNATI

Office

Supply, Demand, and Vacancy

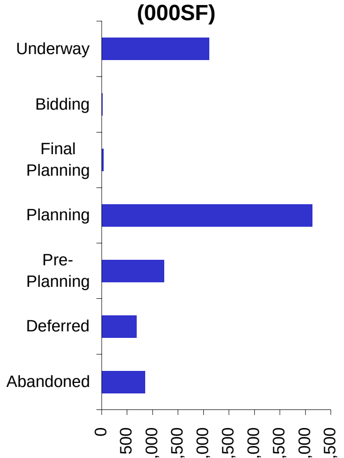


Office Market Statistics (000SF)

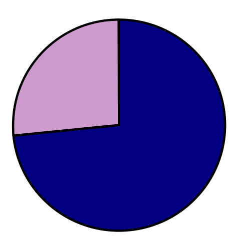
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Vacancy	10.5%	8.6%	9.3%	9.6%	13.5%	14.6%	13.3%	12.2%	12.2%	12.4%
Net Absorption	1,990	1,917	635	1,089	142	198	1,286	970	685	697
% Growth	4.6%	4.2%	1.3%	2.3%	0.3%	0.4%	2.6%	1.9%	1.3%	1.3%
Starts	1,062	1,740	2,102	2,359	1,486	722	665	869	987	963
% Change	-15.1%	63.9%	20.8%	12.2%	-37.0%	-51.4%	-7.8%	30.6%	13.6%	-2.5%
Net Completions	1,055	1,040	1,100	1,381	2,616	940	615	425	746	909
Inventory	50,845	51,885	52,986	54,367	56,982	57,922	58,537	58,962	59,708	60,618
% Growth	2.1%	2.0%	2.1%	2.6%	4.8%	1.6%	1.1%	0.7%	1.3%	1.5%
Rent Index	105	114	117	124	113	109	108	111	114	116
% Change	5.2%	8.5%	2.9%	5.6%	-9.0%	-3.6%	-0.5%	3.0%	2.4%	2.1%

PPR/Dodge Pipeline Summary

Current Activity (000SF)

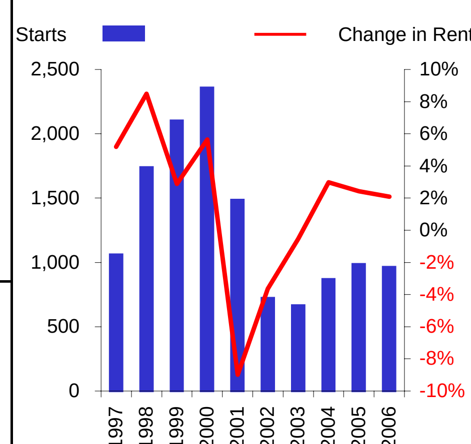


Office Underway by Subclass



	Underway (000SF)	%
Low Rise	1,540	73%
Mid Rise	560	27%
High Rise	-	0%
Office R&D	-	0%
Unclassified	-	0%

Change in Rent vs. Starts

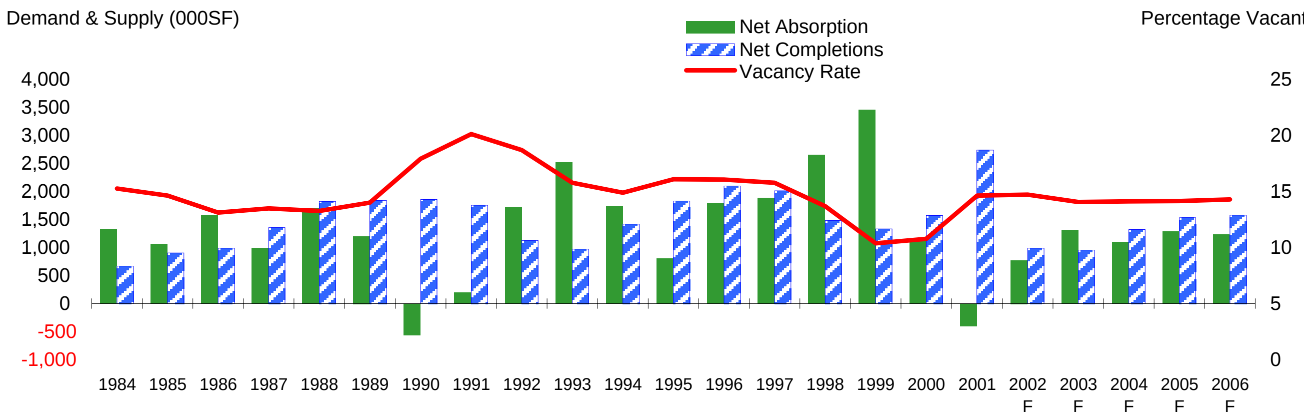


Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

CINCINNATI

Retail

Supply, Demand, and Vacancy

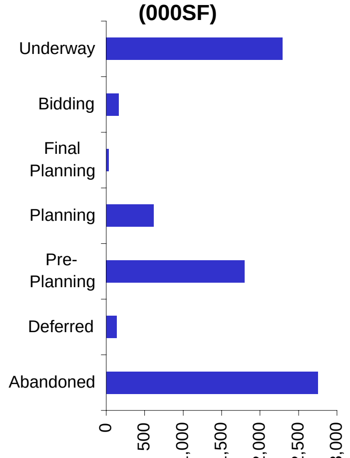


Retail Market Statistics (000SF)

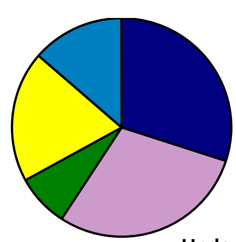
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Vacancy	15.8%	13.7%	10.4%	10.8%	14.6%	14.7%	14.1%	14.1%	14.1%	14.3%
Net Absorption	1,884	2,653	3,450	1,141	-399	771	1,311	1,097	1,286	1,230
% Growth	3.5%	4.7%	5.9%	1.8%	-0.6%	1.2%	2.1%	1.7%	1.9%	1.8%
Starts	1,774	1,877	2,117	2,312	1,847	1,062	1,430	1,731	1,662	1,655
% Change	-23.0%	5.8%	12.8%	9.2%	-20.1%	-42.5%	34.7%	21.1%	-4.0%	-0.4%
Net Completions	2,013	1,481	1,333	1,574	2,739	991	955	1,320	1,529	1,576
Inventory	66,602	68,084	69,417	70,990	73,729	74,720	75,675	76,995	78,524	80,100
% Growth	3.1%	2.2%	2.0%	2.3%	3.9%	1.3%	1.3%	1.7%	2.0%	2.0%
Rent Index	100	104	101	105	99	98	101	103	105	107
% Change	0.4%	3.2%	-2.2%	3.4%	-5.9%	-0.2%	2.8%	1.8%	2.1%	1.8%

PPR/Dodge Pipeline Summary

Current Activity (000SF)

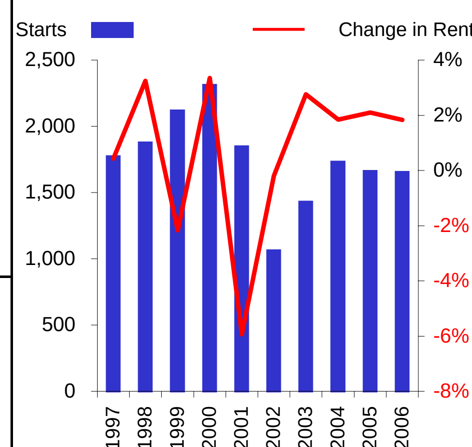


Retail Underway by Subclass



	Underway (000SF)	%
Freestanding Stores	689	30%
Neighborhood Center	667	29%
Community Center	180	8%
Regional	440	19%
Super Regional	-	0%
Outlet	-	0%
Unclassified	314	14%

Change in Rent vs. Starts

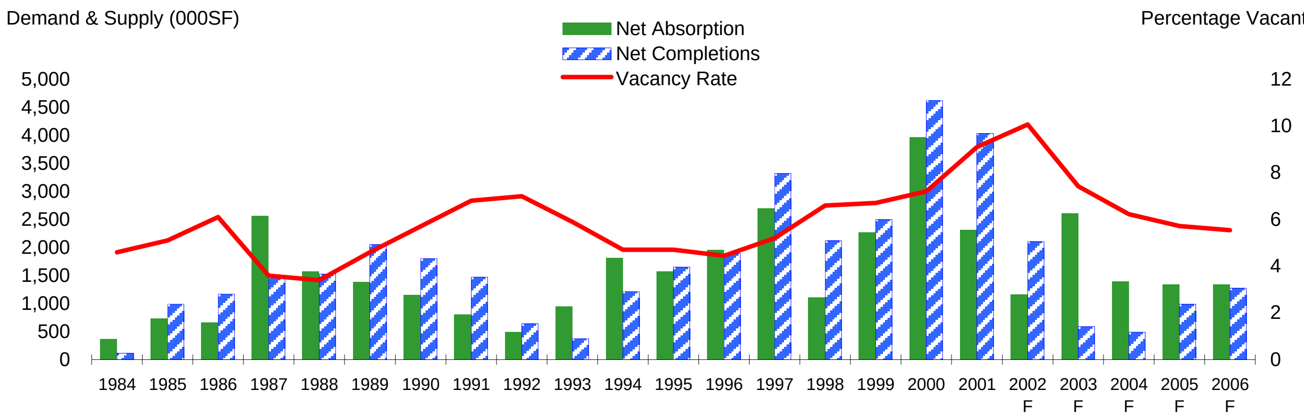


Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

CINCINNATI

Warehouse

Supply, Demand, and Vacancy

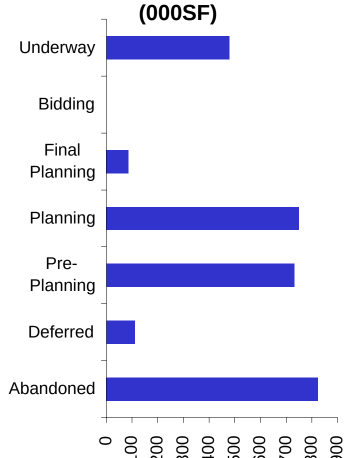


Warehouse Market Statistics (000SF)

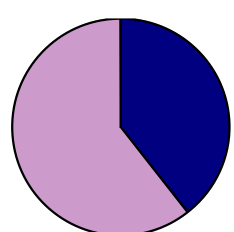
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Vacancy	5.2%	6.6%	6.7%	7.2%	9.1%	10.1%	7.4%	6.2%	5.7%	5.5%
Net Absorption	2,697	1,109	2,268	3,963	2,309	1,161	2,607	1,393	1,337	1,336
% Growth	4.8%	1.9%	3.8%	6.3%	3.5%	1.7%	3.7%	1.9%	1.8%	1.8%
Starts	2,925	1,947	2,578	1,478	1,366	1,275	462	605	1,138	1,407
% Change	8.6%	-33.5%	32.4%	-42.7%	-7.6%	-6.7%	-63.8%	31.0%	88.2%	23.7%
Net Completions	3,318	2,122	2,500	4,631	4,036	2,101	591	493	989	1,273
Inventory	62,341	64,464	66,964	71,595	75,631	77,732	78,323	78,816	79,805	81,079
% Growth	5.6%	3.4%	3.9%	6.9%	5.6%	2.8%	0.8%	0.6%	1.3%	1.6%
Rent Index	105	109	108	115	109	104	100	100	101	103
% Change	5.1%	3.6%	-0.7%	6.0%	-4.5%	-4.9%	-3.5%	-0.1%	0.9%	1.4%

PPR/Dodge Pipeline Summary

Current Activity (000SF)

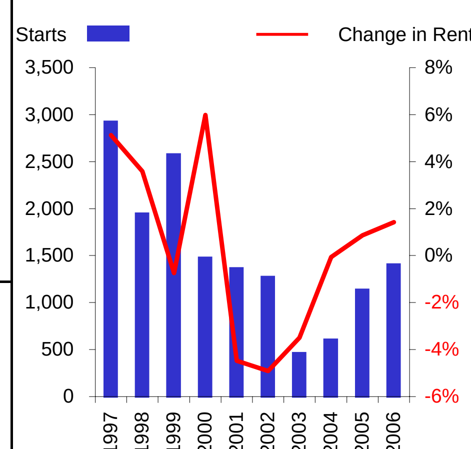


Warehouse Underway by Subclass



	Underway (000SF)	%
Distribution	188	39%
Warehouse/Flex	290	61%
Light Industrial	-	0%
Unclassified	-	0%

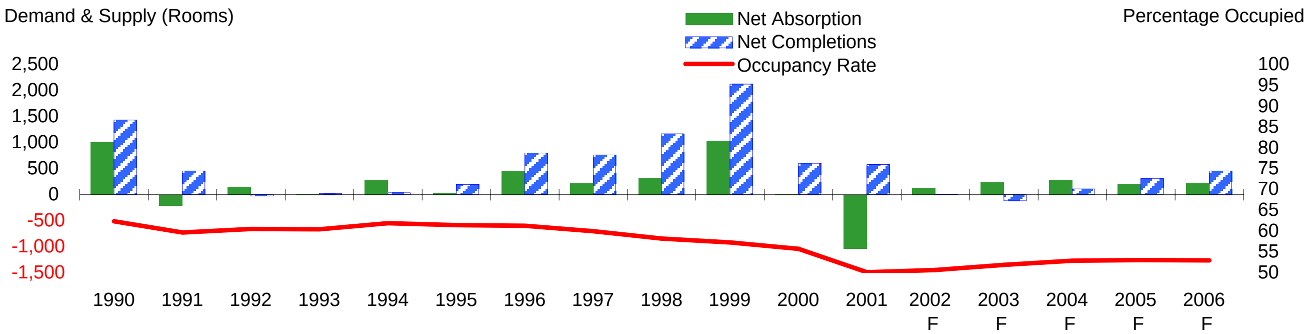
Change in Rent vs. Starts



Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

CINCINNATI Hotel

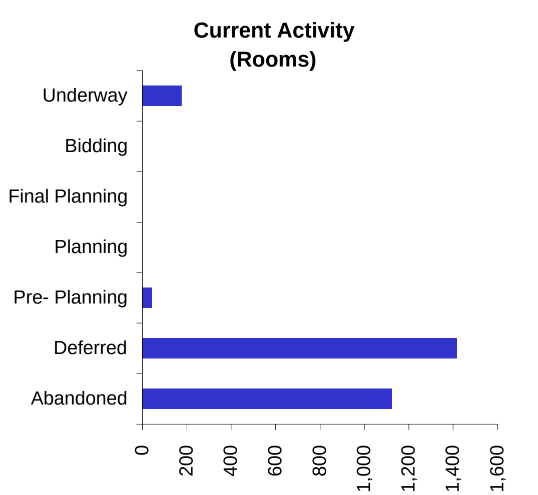
Supply, Demand, and Occupancy

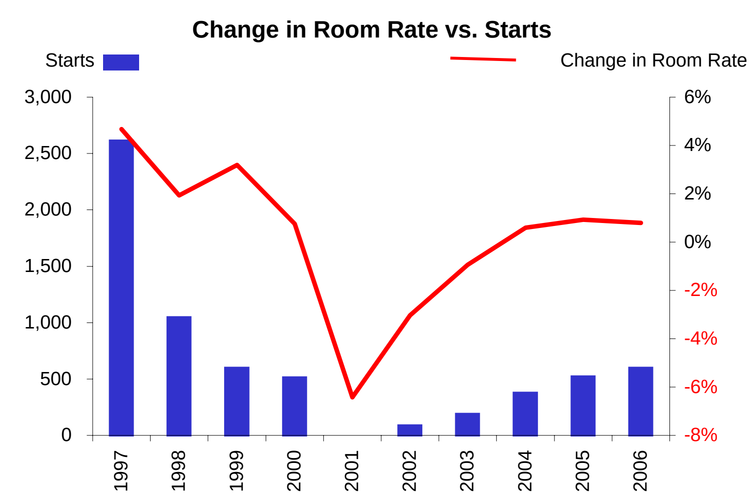


Hotel Market Statistics (Rooms)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Occupancy	60.0%	58.1%	57.2%	55.7%	50.1%	50.6%	51.9%	52.8%	53.0%	52.9%
Net Absorption	222	325	1,030	-8	-1,035	132	240	286	207	218
% Growth	1.9%	2.8%	8.6%	-0.1%	-7.9%	1.1%	2.0%	2.3%	1.6%	1.7%
Starts	2,615	1,048	598	515	0	87	190	378	522	598
% Change	482.4%	-59.9%	-42.9%	-13.9%	-100.0%	NA	118.4%	98.9%	38.1%	14.6%
Net Completions	765	1,168	2,126	602	576	6	-121	107	306	456
Inventory	19,480	20,648	22,774	23,376	23,952	23,958	23,837	23,944	24,249	24,705
% Growth	4.1%	6.0%	10.3%	2.6%	2.5%	0.0%	-0.5%	0.4%	1.3%	1.9%
Room Rate Index	105	107	110	111	104	101	100	100	101	102
% Change	4.7%	1.9%	3.2%	0.8%	-6.4%	-3.0%	-0.9%	0.6%	0.9%	0.8%
RevPar Index	103	101	101	97	86	85	87	88	89	90
% Change	2.5%	-1.0%	-0.1%	-4.7%	-11.0%	-1.2%	2.2%	1.8%	1.2%	0.6%

PPR/Dodge Pipeline Summary



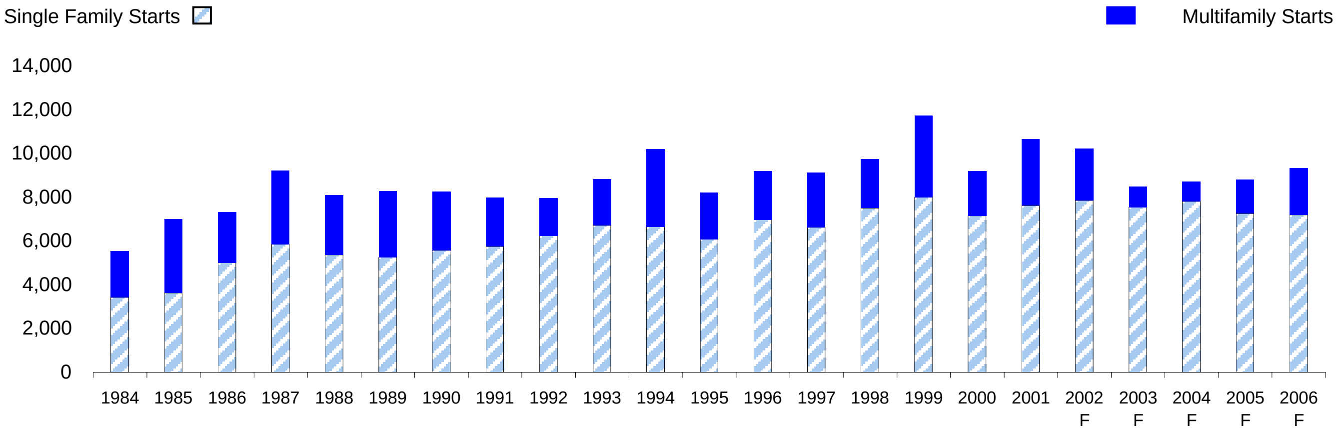


Sources: PPR; McGraw-Hill Construction - Dodge; Smith Travel Research

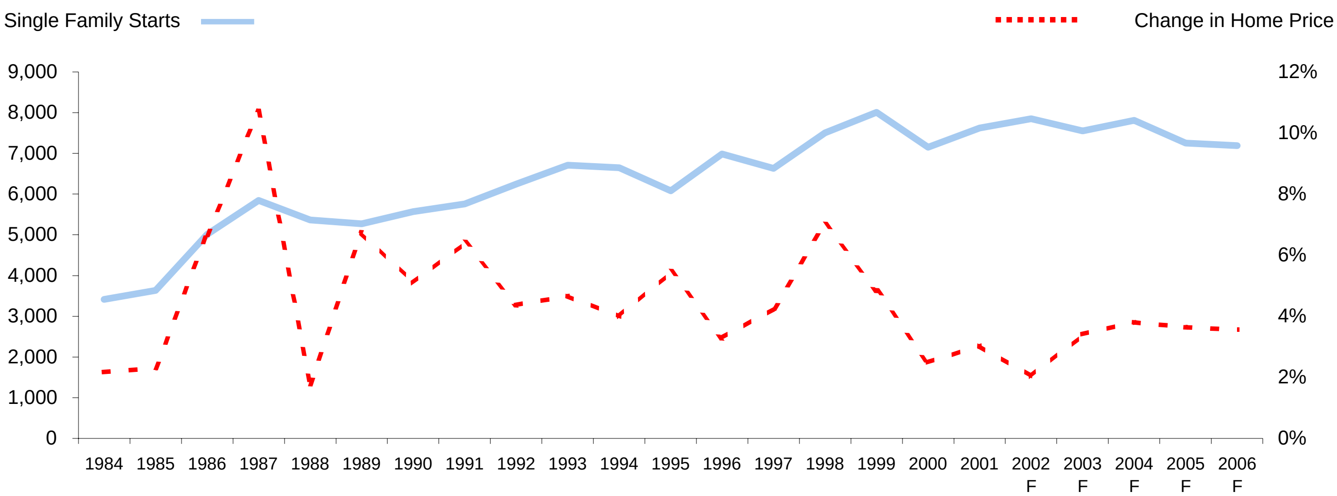
CINCINNATI

Single Family

Housing Starts



Single Family Market



Sources: PPR; Economy.com

Single Family Market Statistics

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Starts	6,629	7,505	8,005	7,153	7,623	7,853	7,551	7,812	7,257	7,193
% Change	-5.1%	13.2%	6.7%	-10.6%	6.6%	3.0%	-3.9%	3.5%	-7.1%	-0.9%
Completions	6,660	7,047	8,084	7,408	7,494	7,796	7,532	7,792	7,442	7,201

Apartment Market Statistics

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Multifamily Starts	2,503	2,233	3,725	2,048	3,020	2,372	954	888	1,549	2,138
% Change	12.9%	-10.8%	66.8%	-45.0%	47.5%	-21.5%	-59.8%	-6.9%	74.4%	38.0%
Apartment Completions	1,469	1,589	2,292	2,531	1,685	1,992	1,019	679	933	1,603

Sources: PPR; McGraw-Hill Construction - Dodge

CINCINNATI

Projects

Title	Address	Units	Stage	Target Start	Target Completion
Lakemont Community Development	Erlanger Airport/NoKY	466	Underway		3/03
The Commons at Crosspointe	Amelia Highland Heights	356	Underway		10/05
Lincoln Court Apts 20 Bldg 346 Units - Negotiated	Cincinnati CBD	346	Completed		4/02
The Trellises	north of the Mount Zion Rd exit off I-75 in Florence on Weaver Rd., Florence Airport/NoKY	301	Underway	2/02	5/03
Village Brook Apartment Buildings (Phase 1 and 2)	Symmes Twp	290	Underway	1/02	1/03
The Columns of Wetherington	in Florence. Off Weatherington Blvd. in the Plantaition Pointe subdivision., Airport/NoKY	192	Underway	12/01	4/03
Southshore Place Hi-Rise Apts/Garage (Negotiated)	Newport Airport/NoKY	118	Underway		6/02
East 7 Lofts (Krippendorf Building Renovation)	CBD	105	Underway	7/01	7/02
Apartment Buildings	Burlington Airport/NoKY	96	Underway	2/02	6/03
Brookside Apartment Buildings and Clubhouse	Florence Airport/NoKY	88	Underway		11/02

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Office Projects

Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Gateway Center West Tenants: IRS	300 Madison Ave., Covington Airport/NoKY	264	Completed	12/00	2/02
Research Call Ctr (Renov existing Stewart Decatur Ind Bldg)	Erlanger Airport/NoKY	230	Underway	9/01	12/03
Citibank Northern KY Call Center (Office Bldg) Phase II Tenants: Citibank	Florence Airport/NoKY	186	Underway	6/01	6/03
444 West Third (Hennigan Building)	CBD	150	Underway	9/01	9/03
Summit Woods II Tenants: HSR Advertising, Nextel, Amica	Blue Ash	142	Underway	3/01	3/03
International Paper Expansion Tenants: International Paper	Loveland Tri County/Sharonville	90	Underway	6/01	11/02
Ledgestone Professional Office Complex	Springboro Tri County/Sharonville	88	Completed	9/01	5/02
Ledgestone Professional Office Complex	Springboro Tri County/Sharonville	88	Underway	9/01	6/02
Chamber Office Park (12 Buildings)	Ft Mitchell Airport/NoKY	54	Completed	5/01	1/02
Kenwood Professional Office Building	Blue Ash	53	Underway	12/01	9/02

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Retail Projects

Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Shopping Center	Harrison Ave and I-74 West Side (Western Hills)	450	Completed		12/01
Lowe's Home Center	Cincinnati	140	Underway	10/01	9/03
Norwood, OH Lowe's Home Center (NEGOTIATED)	I-275 and Ohio 28, Norwood	140	Planned	6/02	3/04
Home Depot Store #3863 (Harrison, OH)	Harrison Tri County/Sharonville	136	Underway	6/01	12/02
Target Store (Center of Cincinnati / T-1447) NEGOTIATED	Cincinnati	135	Underway	12/01	9/03
Wal-Mart Sams Club Stoe #8131- JNT	Cincinnati	131	Underway	12/01	9/03
Target Store #1393	Milford East	126	Underway	3/01	12/02
Big KMart - Watson Crossing II	Lebanon Tri County/Sharonville	103	Underway	12/00	9/02
Kohl's Department Store (Western Hills, OH) - NEGOTIATED	Western Hills	94	Underway	3/02	9/02
Kroger (at GM/Globe-Wernicke site) Tenants: Kroger	Norwood	74	Completed	8/01	4/02

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Warehouse Projects

Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Thompson Learning Tenants: Thompson Learning	Boone County, KY Airport/NoKY	835	Underway	7/01	6/02
DHL Cargo Hub Facility Tenants: DHL	Erlanger Airport/NoKY	753	Underway	9/00	6/02
Office/Showroom/Light Distribution Building	Sharonville Tri County/Sharonville	222	Planned		
Cement Distribution Facility	Cincinnati	222	Planned		
Office/Warehouse Building (Governor's Pointe North)	Deerfield Twp	190	Planned		
Bldgs 3- 4- 5 Office & Warehouse	Sharonville Tri County/Sharonville	119	Planned		
Borden Office/warehouse/Production Facility Tenants: Borden	Deerfield Twsp- Mason Tri County/Sharonville	115	Underway	9/01	6/02
Warehouse (Packaging Unlimited) Tenants: Packaging Unlimited	Covington Airport/NoKY	96	Underway		
Realistic Enterprises Office / Warehouse Park	Mason	49	Planned	6/02	3/03
Warehouse Bldgs	Mason	36	Planned		

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Hotel Projects

Projects

Title	Address	Rooms	Stage	Target Start	Target Completion
Microtel Hotel	7490 Woodspoint Dr, Florence	100	Underway	1/01	1/02
Hampton Inn & Suites/Indoor Swimming Pool	25 Greenwood Ln, Springboro	75	Underway	1/02	7/02
Newport On The Levee Complex (Master Report)	Newport		Planned		
Phase 2 - Mix Use Retail /Restaurant/Hotel/ Parking	Columbia.Tusculum Business, Cincinnati		Planned		
Summit Woods Development (Master Plan)	I 275 & Reed Hartman, Sharonville		Planned		