

MSD Green Program

Stage I: Market Analysis

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425 Walnut Street, Suite 2100 / Cincinnati, Ohio 45202
 Tel (513) 791-0407 / Fax (513) 792-4770 / propertyadvisors.com

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Background

The Metropolitan Sewer District of Greater Cincinnati (MSD) is under a federal Consent Order whereby the U.S. EPA has mandated that MSD capture and treat or remove 85% of the 14 billion gallons of combined sewer overflows throughout the Greater Cincinnati area. MSD has identified Combined Sewer Overflow #5 within the South Fairmount neighborhood as a part of this solution. Several options are being evaluated to treat the combined sewer overflow.

Property Advisors has been engaged to evaluate and identify the economic development opportunities arising from the Wet Weather Strategy for the Lick Run Watershed, a sustainable alternative to traditional tunnel solutions that could potentially lower MSD's capital investment and operation and maintenance costs, while creating a catalyst for urban redevelopment opportunities within South Fairmount.

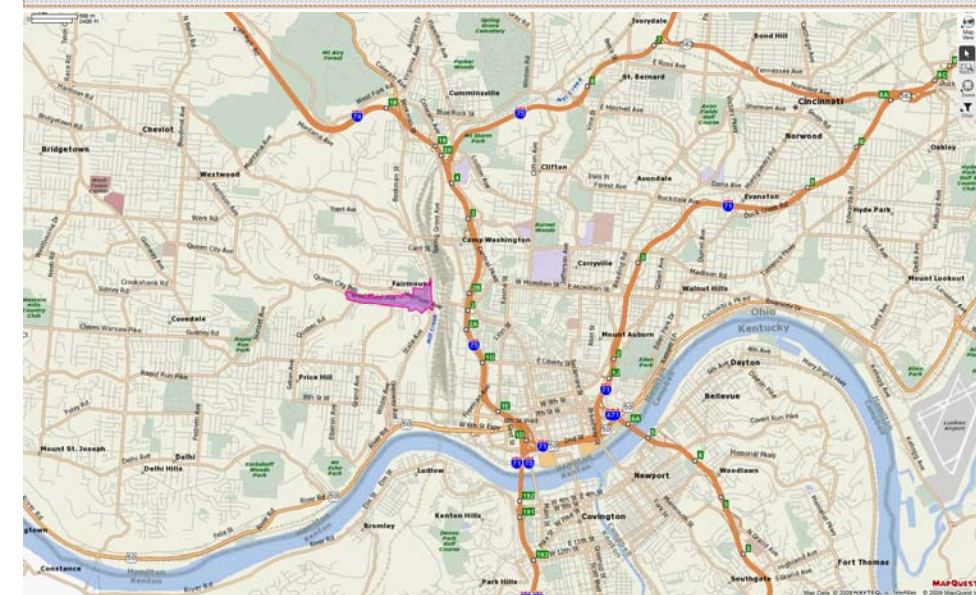
Using a Market Based Land Development Strategy, Property Advisors has outlined 4 Stages that will align market analysis with financial modeling to determine feasibility gaps, financing strategies, and development approaches under presumed redevelopment scenarios resulting from MSD's Wet Weather Strategy for the Lick Run Watershed.

Market Based Land Development Strategy Stages include:

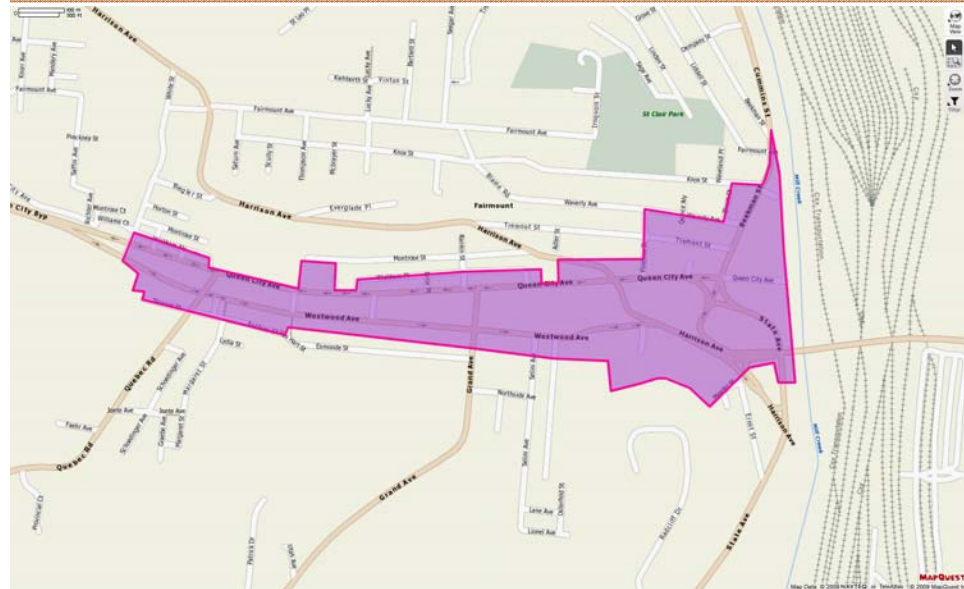
- Stage I: Market Analysis
- Stage II: Pro forma Development
- Stage III: Acquisition Strategy
- Stage IV: Development Advisory

The following report contains analysis for the **Stage I: Market Analysis**.

Focus Area Defined



Focus Area Defined (zoom)



Zoning Designations

“MG” – Manufacturing General

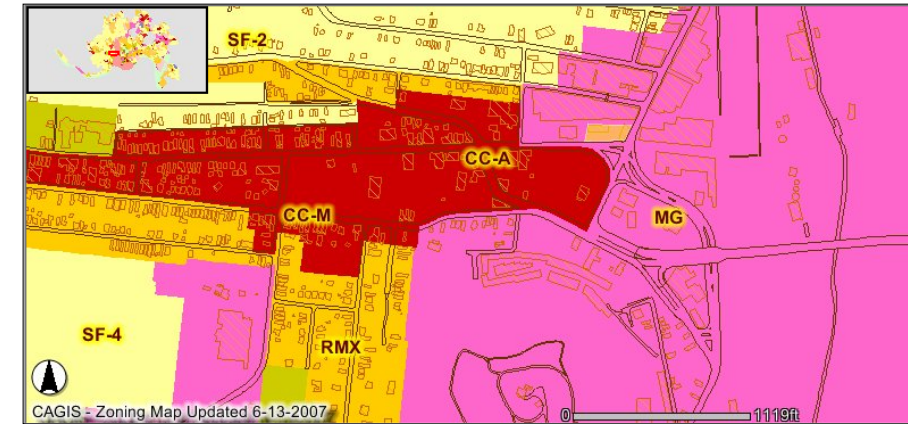
Intended to create, preserve and enhance areas that are appropriate for a wide variety of supporting and related commercial and manufacturing establishments that may have the potential to generate off-site impacts. Future development will accommodate heavy industrial and manufacturing uses, transportation facilities, warehousing and distribution and similar and related supporting uses. These uses typically require sites with good transportation access. Uses that may inhibit industrial development are prohibited.

“CC - A” – Commercial Community – Auto-Oriented

Intended to identify, create, maintain and enhance areas suitable for a wide variety of commercial and institutional uses along major transportation corridors and in shopping districts or centers.

This district designation is intended for areas that provide for easy automobile access. Large buildings are located on the site with parking in the front. Out lots associated with shopping centers often contain auto-oriented businesses. Performance standards are intended to mitigate the impact of the parking lots and buffer adjacent residential areas.

Zoning Map



Zoning Designations

“CC - M” – Community Commercial - Mixed

This district designation is intended to provide for a mix of the pedestrian and auto-oriented development. Older, pedestrian-oriented buildings may be intermixed with newer, auto-oriented uses.

“RMX” – Residential Mixed

This subdistrict is intended to create, maintain and enhance areas of the city that have a mix of lot sizes and house types at moderate intensities (one to three dwelling units). Existing multi-family buildings of four or more units are acknowledged but new construction is not permitted. The minimum land area for every dwelling unit is 2,000 SF.

Demographic Overview: Trade Areas



Demographic Overview: Trade Areas (zoom)



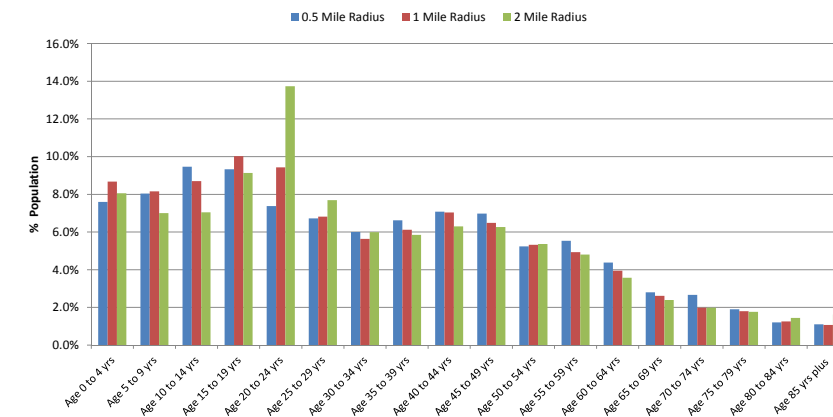
Demographic Overview

	.50 mi radius	1.00 mi radius	2.00 mi radius
Population			
Estimated Population (2008)	2,760	10,069	60,114
Projected Population (2013)	2,630	9,639	57,774
Projected Annual Change (2008-2013)	-130 -0.9%	-429 -0.9%	-2,340 -0.8%
Est. Population Density (2008)	3,516.27 <i>psm</i>	3,229.17 <i>psm</i>	4,876.18 <i>psm</i>
Trade Area Size	0.79 <i>sq mi</i>	3.12 <i>sq mi</i>	12.33 <i>sq mi</i>
Households			
Estimated Households (2008)	1,052	3,747	24,269
Projected Households (2013)	994	3,549	23,093
Projected Annual Change (2000-2013)	-298 -1.8%	-959 -1.6%	-5,637 -1.5%
Average Household Income			
Est. Average Household Income (2008)	\$30,216	\$28,747	\$32,345
Projected Annual Change (2000-2013)	\$1,809 0.5%	\$3,111 0.9%	\$4,153 1.0%
Median Household Income			
Est. Median Household Income (2008)	\$25,742	\$25,247	\$27,654
Proj. Median Household Income (2013)	\$28,204	\$27,831	\$30,527
Projected Annual Change (2000-2013)	\$6,505 2.3%	\$5,948 2.1%	\$7,519 2.5%

Source: Sites USA, Inc.

Demographic Overview

Area Age Distribution



Source: Sites USA, Inc.

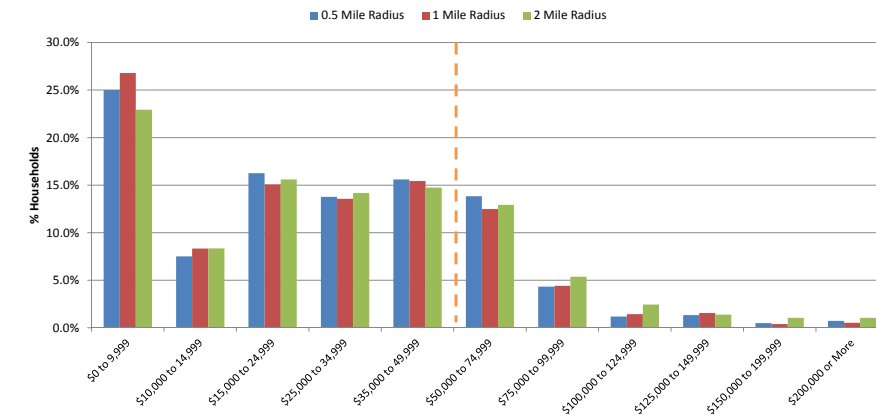
Demographic Overview

	.50 mi radius	1.00 mi radius	2.00 mi radius
Household Income Distribution (2008)			
HH Income \$200,000 or More	8 0.7%	20 0.5%	251 1.0%
HH Income \$150,000 to 199,999	5 0.5%	15 0.4%	254 1.0%
HH Income \$125,000 to 149,999	14 1.3%	58 1.6%	335 1.4%
HH Income \$100,000 to 124,999	12 1.2%	54 1.4%	593 2.4%
HH Income \$75,000 to 99,999	46 4.3%	165 4.4%	1,305 5.4%
HH Income \$50,000 to 74,999	145 13.8%	468 12.5%	3,135 12.9%
HH Income \$35,000 to 49,999	164 15.6%	579 15.4%	3,576 14.7%
HH Income \$25,000 to 34,999	145 13.8%	508 13.6%	3,439 14.2%
HH Income \$15,000 to 24,999	171 16.3%	565 15.1%	3,787 15.6%
HH Income \$10,000 to 14,999	79 7.5%	312 8.3%	2,028 8.4%
HH Income \$0 to 9,999	263 25.0%	1,004 26.8%	5,568 22.9%
HH Income \$35,000+	394 37.5%	1,358 36.2%	9,448 38.9%
HH Income \$50,000+	230 21.9%	779 20.8%	5,872 24.2%
HH Income \$75,000+	85 8.0%	312 8.3%	2,737 11.3%
Household Type (2008)			
Total Households	1,052	3,747	24,269
Households with Children	362 34.4%	1,399 37.3%	7,409 30.5%
Average Household Size	2.56	2.54	2.33
Est. Household Density	1,339.75 psm	1,201.73 psm	1,968.62 psm
Married Couple Hhlds			
Married Couple With Children	232 41.9%	788 38.7%	4,742 41.3%
Married Couple No Children	112 37.3%	362 26.7%	2,047 27.9%
Average Family Household Size	120 61.2%	427 62.6%	2,695 65.4%
Average Family Income	3.78	3.60	3.44
Median Family Income	\$37,963	\$36,361	\$41,924
Median Family Income	\$34,415	\$32,051	\$35,731

Source: Sites USA, Inc.

Demographic Overview

Area Household Income Distribution



Source: Sites USA, Inc.

Demographic Overview

	.50 mi radius	1.00 mi radius	2.00 mi radius
Marital Status (2008)			
(15 Years or Older)	2,064	7,494	46,882
Never Married	895 43.4%	3,444 46.0%	23,191 49.5%
Now Married	585 28.3%	1,908 25.5%	11,539 24.6%
Previously Married	585 28.3%	2,142 28.6%	12,153 25.9%
Separated	185 9.0%	745 10.0%	3,966 8.5%
Widowed	134 6.4%	470 6.3%	2,912 6.2%
Divorced	265 12.8%	928 12.5%	5,275 11.3%
Educational Attainment (2008)			
Adult Population (25 Years or Older)	1,606	5,539	33,079
Elementary (0 to 8)	155 9.6%	433 7.8%	1,845 5.6%
Some High School (9 to 11)	353 22.0%	1,227 22.2%	5,831 17.6%
High School Graduate (12)	484 30.2%	1,887 34.1%	10,772 32.6%
Some College (13 to 16)	237 14.8%	838 15.1%	5,492 16.6%
Associate Degree Only	128 7.9%	397 7.2%	2,431 7.3%
Bachelor Degree Only	154 9.6%	458 8.3%	3,911 11.8%
Graduate Degree	96 6.0%	298 5.4%	2,797 8.5%
Any College + (Some College or higher)	614 38.2%	1,991 36.0%	14,631 44.2%
College Degree + (Bachelor Degree or higher)	249 15.5%	756 13.6%	6,708 20.3%
Housing (2008)			
Total Housing Units	1,384	4,764	30,957
Housing Units, Occupied	1,052 76.0%	3,747 78.7%	24,269 78.4%
Housing Units, Owner-Occupied	396 37.7%	1,397 37.3%	7,833 32.3%
Housing Units, Renter-Occupied	655 62.3%	2,350 62.7%	16,436 67.7%
Housing Units, Vacant	332 24.0%	1,017 21.3%	6,688 21.6%

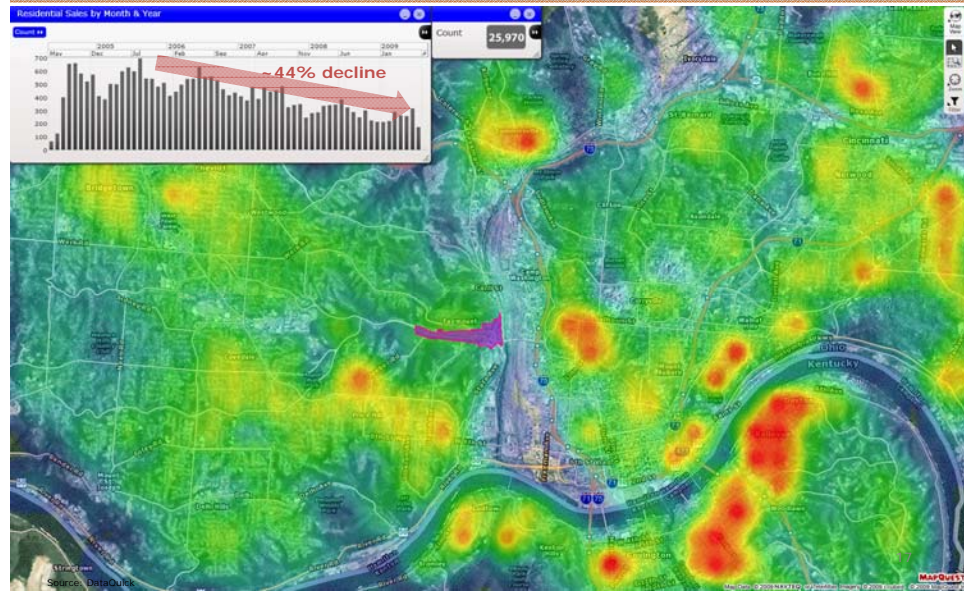
Source: Sites USA, Inc.

Demographic Overview

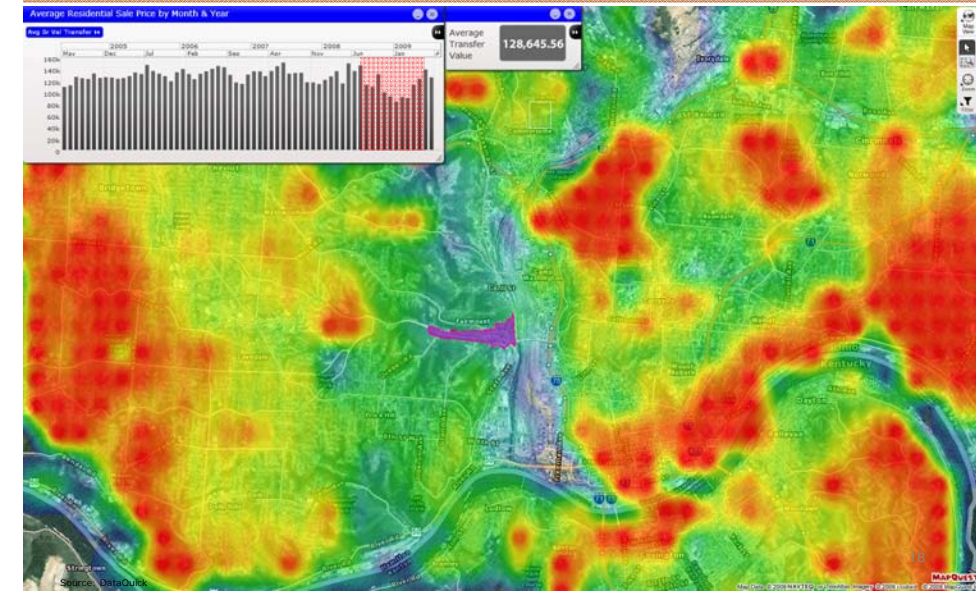
	.50 mi radius	1.00 mi radius	2.00 mi radius
Household Stability (2008)			
Total Households	1,052	3,747	24,269
In current residence < 1 year	208 19.8%	717 19.1%	5,074 20.9%
In current residence 1-2 years	387 36.8%	1,355 36.2%	8,515 35.1%
In current residence 3-5 years	181 17.3%	743 19.8%	5,030 20.7%
In current residence 6-10 years	120 11.4%	412 11.0%	2,338 9.6%
In current residence > 10 years	156 14.8%	520 13.9%	3,312 13.6%
Turnover (% Annual Residential Turnover)	19.8%	19.1%	20.9%
Stability (% In Current Residence 5+ Years)	26.2%	24.9%	23.3%
Median Years in Residence	2.7 yrs	2.8 yrs	2.7 yrs
Transportation To Work (2000)			
Work Base	1,095	3,970	27,822
Drive to Work Alone	659 60.2%	2,431 61.2%	17,178 61.7%
Drive to Work in Carpool	227 20.7%	784 19.8%	4,088 14.7%
Travel to Work - Public Transportation	133 12.1%	480 12.1%	3,654 13.1%
Drive to Work on Motorcycle	0 -	0 -	13 0.0%
Bicycle to Work	0 -	0 -	83 0.3%
Walk to Work	38 3.5%	174 4.4%	2,156 7.7%
Other Means	1 0.1%	21 0.5%	139 0.5%
Work at Home	36 3.3%	79 2.0%	512 1.8%
Daytime Demos (2008)			
Total Number of Businesses	109	371	1,929
Total Number of Employees	1,375	6,358	34,819
Company Headqtrs: Businesses	0	2 0.5%	8 0.4%
Company Headqtrs: Employees	0	141 2.2%	1,184 3.4%
Employee Population per Business	12.7 to 1	17.1 to 1	18.0 to 1
Residential Population per Business	25.4 to 1	27.1 to 1	31.2 to 1
Est. Adj. Daytime Demographics (Age16+)	2,467	10,293	56,798

Source: Sites USA, Inc.

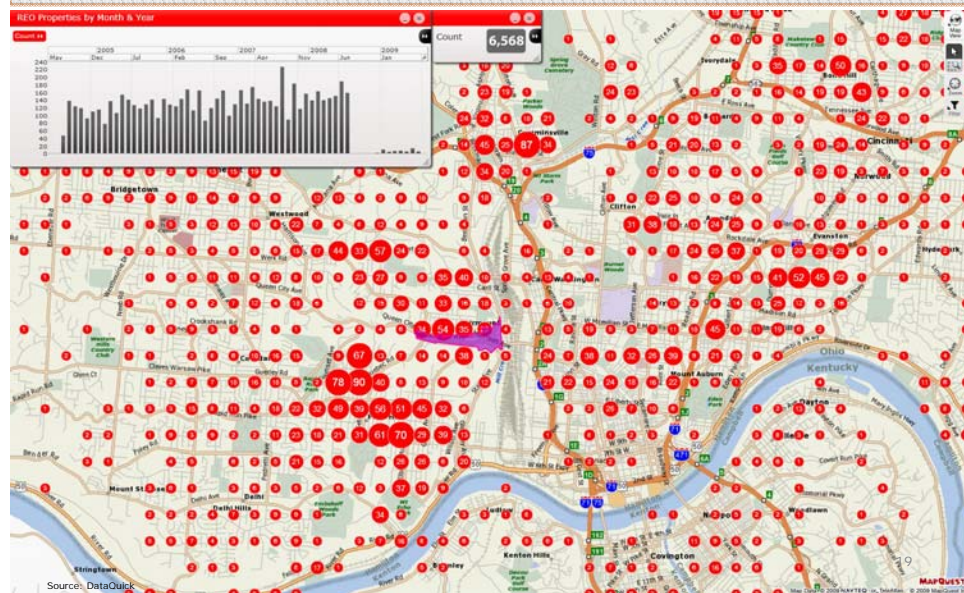
Residential Sale Density (since May 2004)



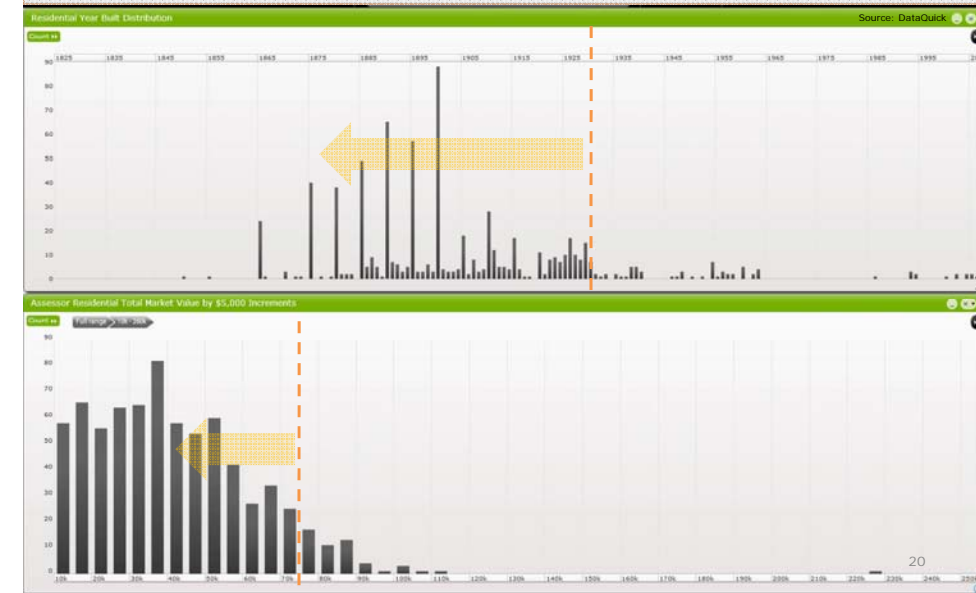
Residential Average Sale Prices (since May 2004)

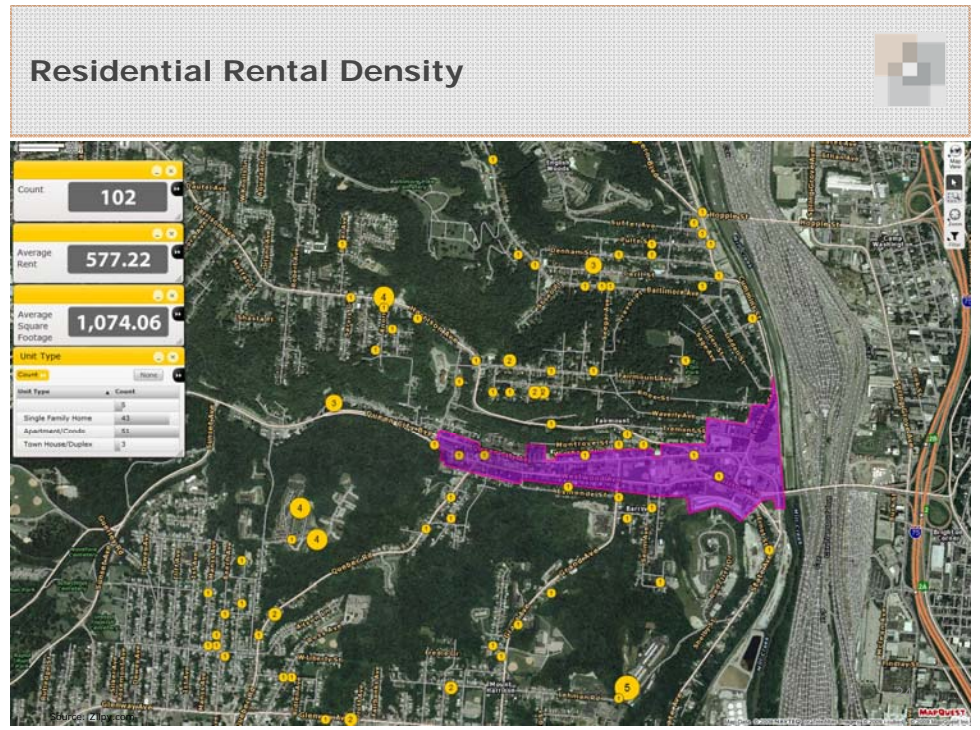
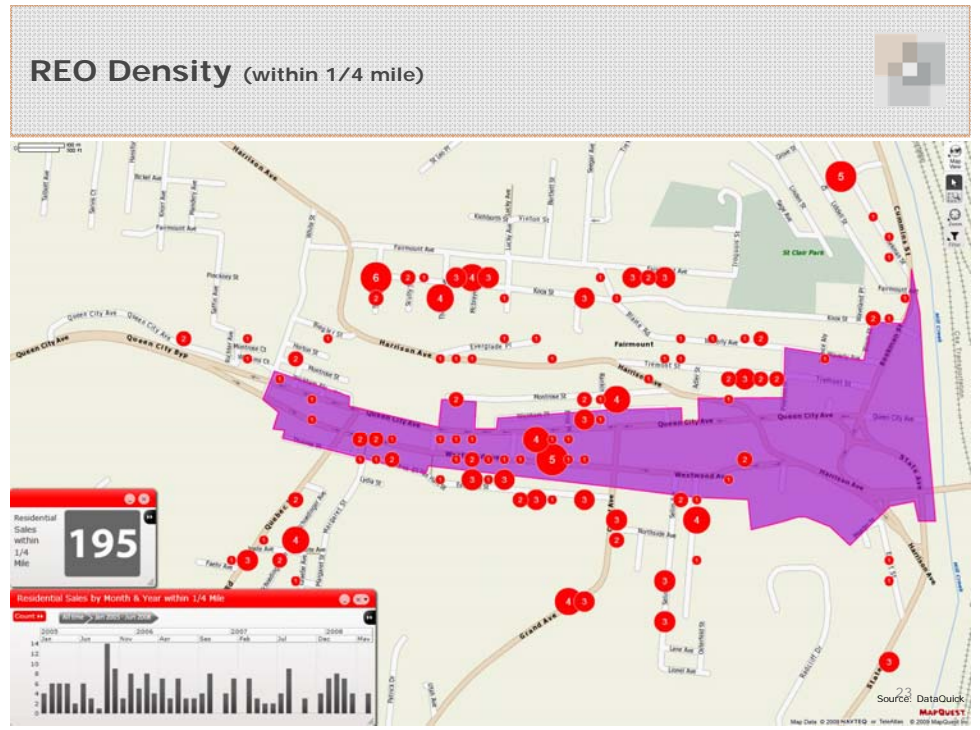
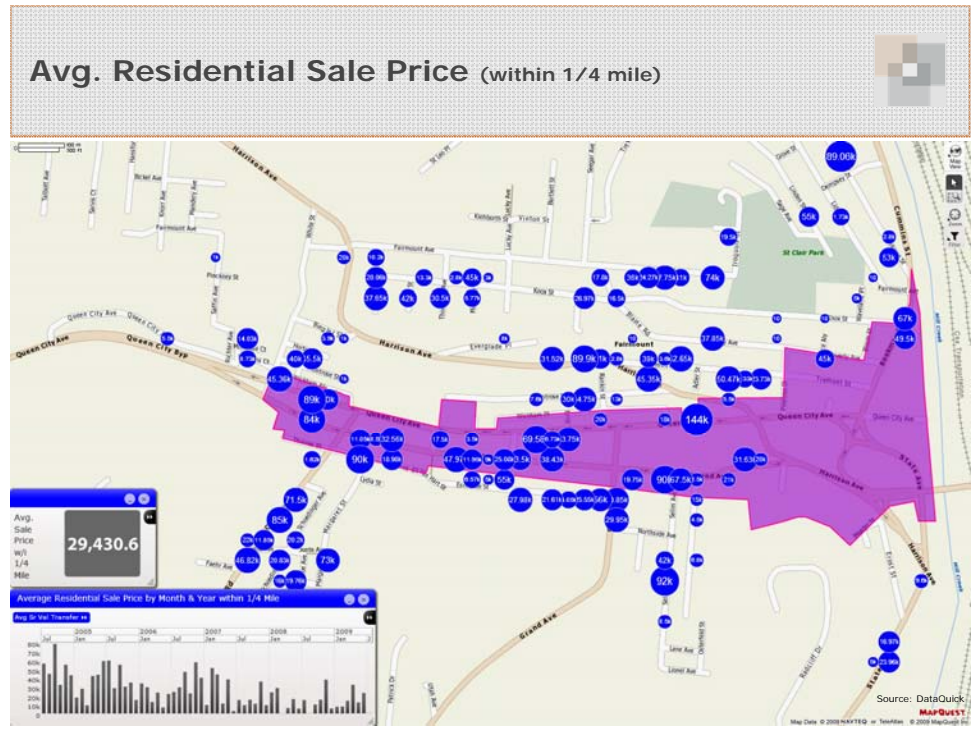
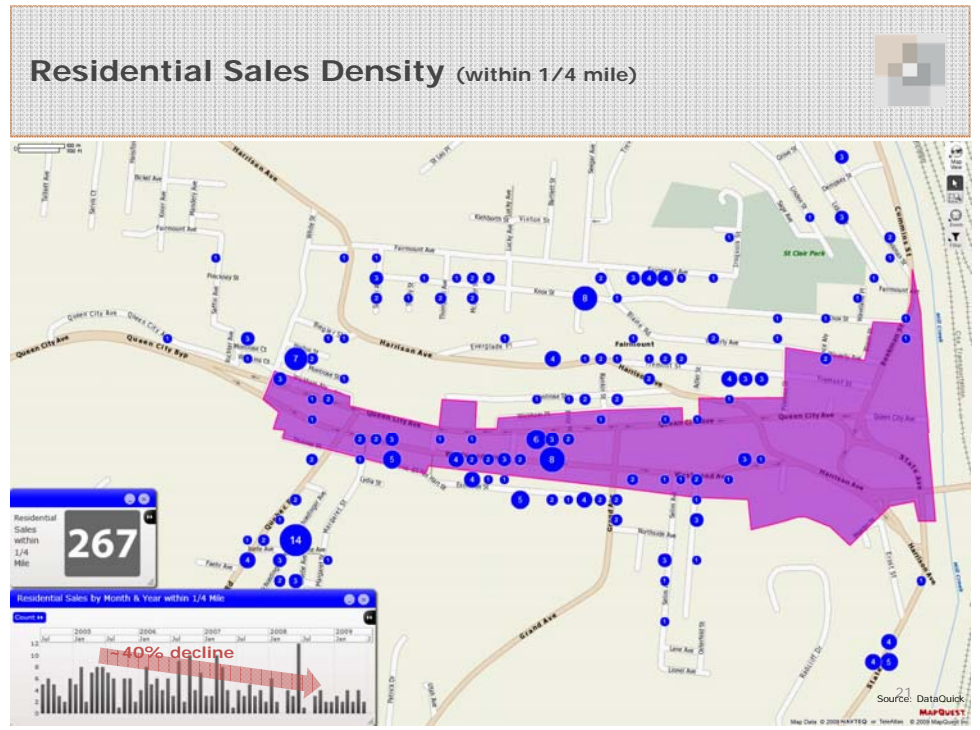


Residential REO Density (graduated circles)

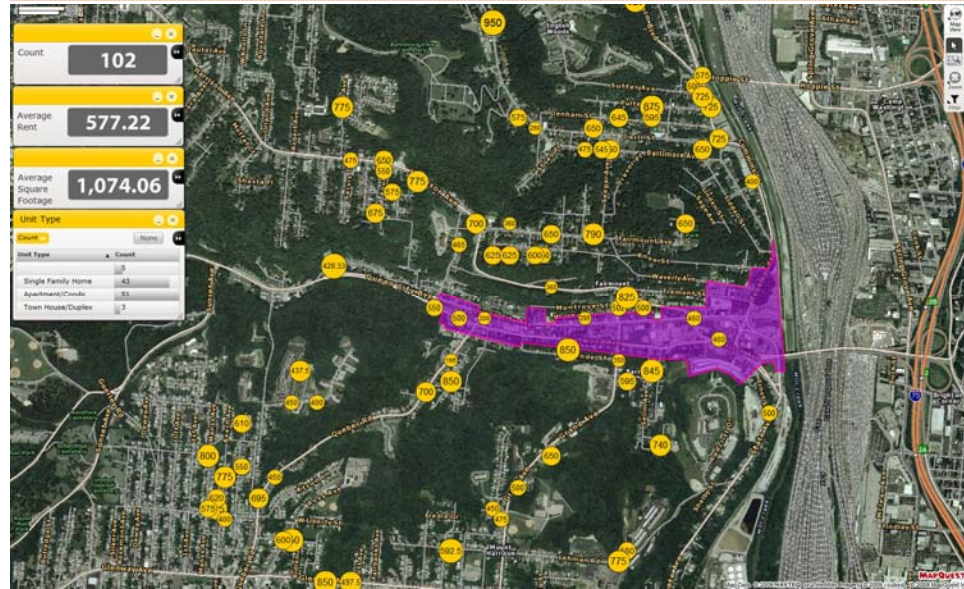


Existing Residential Detail (within 1/4 mile)





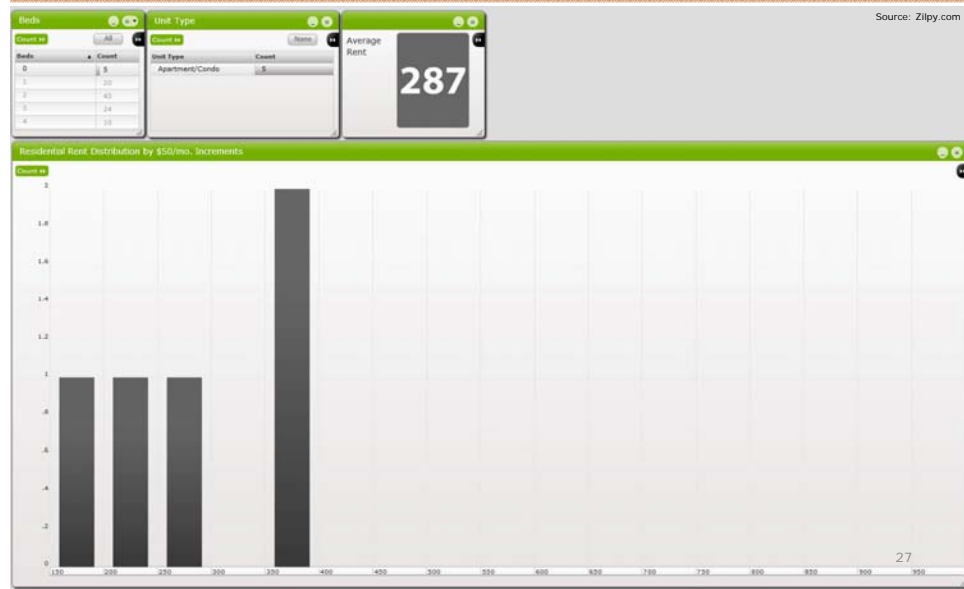
Average Residential Rents



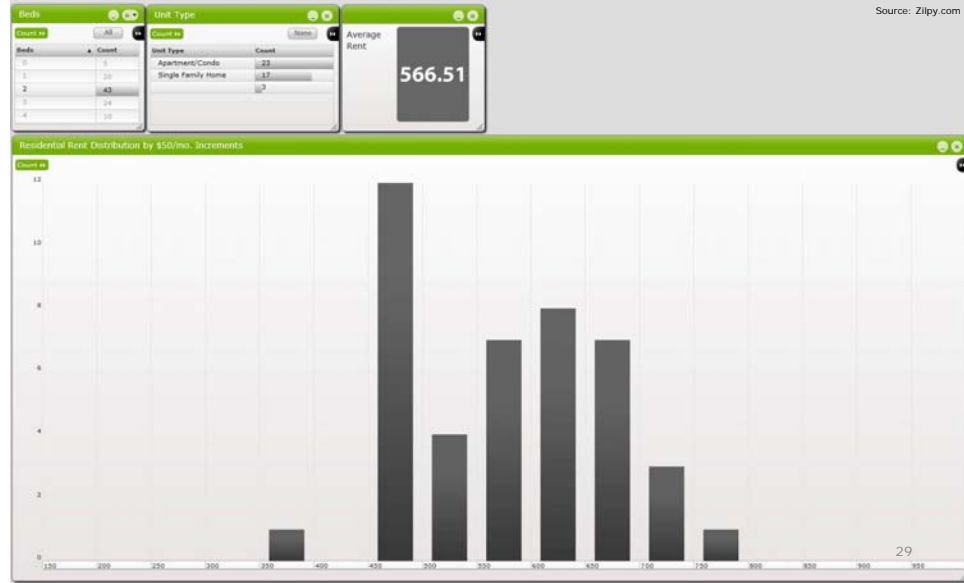
Residential Rents: All Bedrooms



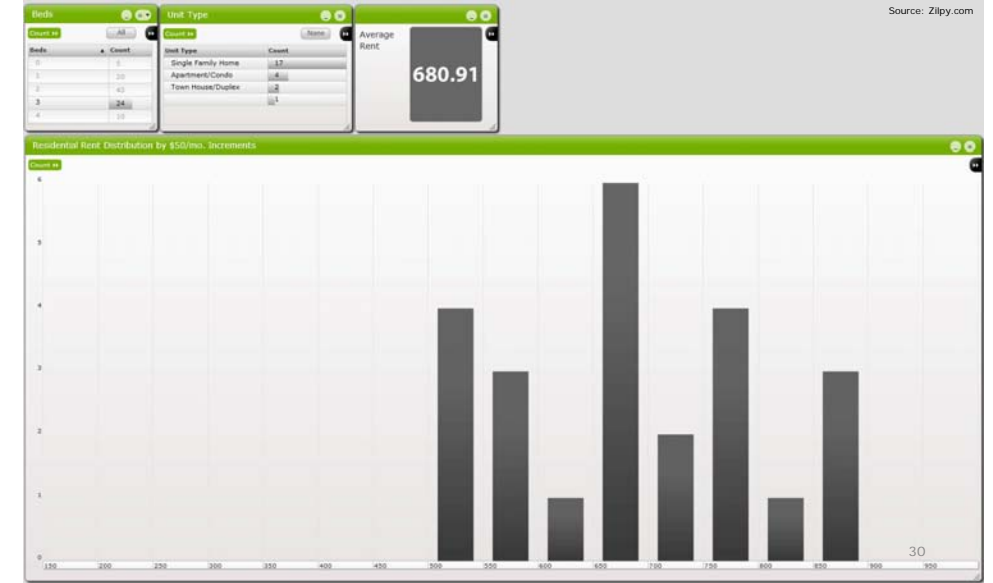
Residential Rents: Studio



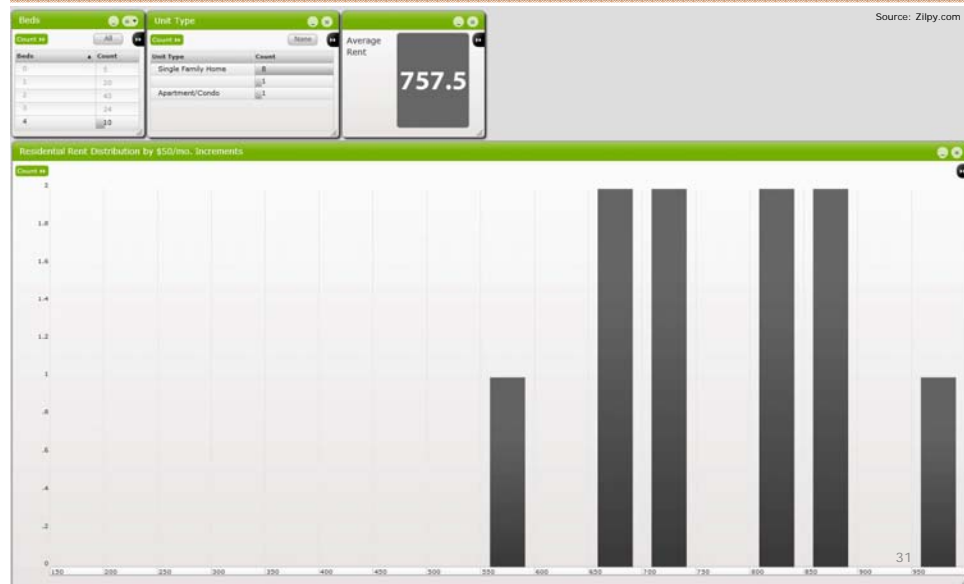
Residential Rents: 2 Bedroom



Residential Rents: 3 Bedroom



Residential Rents: 4 Bedroom



Apartment Lease Comparables



Four Towers Apartments



Aspen Village Apartments



Delshire Apartments

Apartment Lease Comparables							
Property	Address	1 BR Rent	1 BR SF	Rent / SF	2 BR Rent	2 BR SF	Rent / SF
Four Towers	2714 East Towers Drive	\$520 - \$550	747 - 1050	\$0.52 - \$0.70	\$615 - \$715	930 - 1290	\$0.55 - \$0.66
Aspen Village	2703 Erlene Drive	\$410 - \$450	560	\$0.73 - \$0.80	\$490 - \$565	722 - 823	\$0.68 - \$0.69
Delshire Apartments	4463 Glenhaven Road	\$525 - \$565	775	\$0.68 - \$0.73	\$615 - \$665	875	\$0.70 - \$0.76
LaFeuille Apartments	2682 LaFeuille Circle	\$525 - \$560	-	-	-	-	-
River Bend Apartments	167 Anderson Ferry Road	\$395 - \$560	537 - 770	\$0.73 - \$0.74	\$595 - \$615	834	\$0.71 - \$0.74

Source: Property Advisors

Apartment Sale Comparables



2000 Westwood Northern



Stone Meadows



Sarvis Court Apartments



960 Grand Avenue

Apartment Sale Comparables January 2006 - October 2009					
Property Type	Address	# Units	Sale Price	\$/Unit	Sale Date
Apartments	1005-1029 Ross Ave	23	\$515,000	\$22,391	3/29/2006
Harrison Hill Apartments	2280 Harrison Ave	36	\$930,000	\$25,833	4/13/2006
Apartments	2000 Westwood Northern	137	\$961,000	\$7,015	7/24/2006
Apartments	3762 Westmont Dr	72	\$1,575,000	\$21,875	11/14/2006
Apartments	1990 Westwood Northern	114	\$1,991,000	\$17,465	12/21/2006
Scenic View	1928 Fairmount Ave	28	\$530,000	\$18,929	1/29/2007
Apartments	1868 Sunset Ave	96	\$2,710,000	\$28,229	5/29/2007
Sarvis Court Apartments	2570-2572 Sarvis Ct	24	\$200,000	\$8,333	6/5/2007
Oak Tree Manor	3763-3767 Westmont Dr	24	\$205,000	\$8,542	10/12/2007
Rose Manor	3751-3653 Westmont Dr	24	\$280,000	\$11,667	11/16/2007
Apartments	1411 State Ave	9	\$34,932	\$3,881	2/15/2008
Apartments	1788 Grand Ave	47	\$896,109	\$19,066	2/29/2008
Stone Meadows	3721 Westmont Dr	144	\$1,445,000	\$10,035	4/22/2008
Apartments	930-932 Summit Ave	7	\$46,500	\$6,643	6/11/2009
Apartments	1956 Westwood Northern	57	\$525,000	\$9,211	7/2/2009
Apartments	2824-2828 Westknolls Lane	12	\$48,000	\$4,000	7/15/2009
Apartments	2238 Salm Ave	-	\$323,410	-	7/22/2009
Apartments	960 Grand Ave	36	\$432,000	\$12,000	7/24/2009
Apartments	2480-2486 White St	22	\$190,000	\$8,636	8/27/2009

Source: CoStar & Property Advisors

Mixed-Use Sale Comparables



3506 Warsaw Avenue



2311 West 8th



3644 Warsaw Avenue

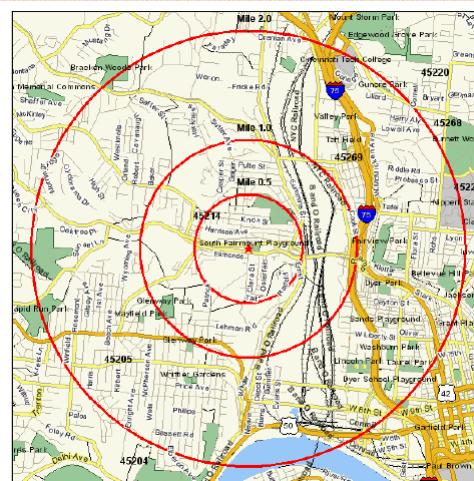


1500 Dempsey Street

Mixed Use Sale Comparables January 2006 - October 2009					
Property Type	Address	SF	Sale Price	\$/SF	Sale Date
Retail/Residential	3506 Warsaw Ave	5,600	\$120,000	\$21.43	1/1/2007
Retail/Residential	2311 W 8th St	9,845	\$24,000	\$2.44	2/16/2007
Retail/Residential	3644 Warsaw Ave	5,100	\$60,000	\$11.76	4/22/2008
Retail/Residential	1500 Dempsey St	1,500	\$4,000	\$2.67	2/9/2009
Retail/Residential	4205 Glenway Ave	2,740	\$32,000	\$11.68	6/2/2009

Source: CoStar & Property Advisors

Retail Gap Analysis: Trade Areas



Retail Gap Analysis: Half Mile Radius

Half Mile Radius			
Retail Stores	2009 Demand (Consumer Expenditures)	2009 Supply (Retail Sales)	Opportunity Gap/(Surplus)
Total Retail Sales Incl Eating and Drinking Places	26,613,763	11,202,218	15,411,545
Motor Vehicle and Parts Dealers-441	3,188,760	3,394,068	(205,308)
Furniture and Home Furnishings Stores-442	437,954	10,801	427,153
Electronics and Appliance Stores-443	626,317	31,879	594,438
Building Material, Garden Equip Stores -444	1,982,666	0	1,982,666
Food and Beverage Stores-445	4,407,461	1,804,398	2,603,063
Health and Personal Care Stores-446	1,675,944	739,098	936,846
Gasoline Stations-447	3,513,822	2,301,544	1,212,278
Clothing and Clothing Accessories Stores-448	1,304,503	79,548	1,224,955
Sporting Goods, Hobby, Book, Music Stores-451	493,247	47,529	445,718
General Merchandise Stores-452	3,869,986	892,407	2,977,579
Miscellaneous Store Retailers-453	600,101	82,177	517,924
Non-Store Retailers-454	1,718,790	0	1,718,790
Foodservice and Drinking Places-722	2,794,212	1,818,769	975,443
GAFO *	6,977,764	1,062,164	5,915,600

*GAFO (General merchandise, Apparel, Furniture and Other) represents sales at stores that sell merchandise normally sold in department stores. This category is not included in Total Retail Sales Including Eating and Drinking Places.

Source: Claritas

Retail Gap Analysis: One Mile Radius

One Mile Radius			
Retail Stores	2009 Demand (Consumer Expenditures)	2009 Supply (Retail Sales)	Opportunity Gap/(Surplus)
Total Retail Sales Incl Eating and Drinking Places	110,024,046	34,669,930	75,354,116
Motor Vehicle and Parts Dealers-441	14,557,416	4,844,634	9,712,782
Furniture and Home Furnishings Stores-442	1,836,433	1,072,438	763,995
Electronics and Appliance Stores-443	2,584,256	1,287,966	1,296,290
Building Material, Garden Equip Stores -444	8,821,571	447,767	8,373,804
Food and Beverage Stores-445	17,392,964	18,041,541	(648,577)
Health and Personal Care Stores-446	6,543,982	1,704,338	4,839,644
Gasoline Stations-447	14,497,199	2,639,269	11,857,930
Clothing and Clothing Accessories Stores-448	5,355,706	156,775	5,198,931
Sporting Goods, Hobby, Book, Music Stores-451	2,063,808	63,515	2,000,293
General Merchandise Stores-452	15,630,903	1,016,960	14,613,943
Miscellaneous Store Retailers-453	2,437,776	156,748	2,281,028
Non-Store Retailers-454	7,061,171	9,354	7,051,817
Foodservice and Drinking Places-722	11,240,862	3,228,623	8,012,239
GAFO *	28,465,435	3,609,976	24,855,459

*GAFO (General merchandise, Apparel, Furniture and Other) represents sales at stores that sell merchandise normally sold in department stores. This category is not included in Total Retail Sales Including Eating and Drinking Places.

Source: Claritas

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Retail Gap Analysis: Two Mile Radius

Two Mile Radius			
Retail Stores	2009 Demand (Consumer Expenditures)	2009 Supply (Retail Sales)	Opportunity Gap/(Surplus)
Total Retail Sales Incl Eating and Drinking Places	715,107,898	331,867,939	383,239,959
Motor Vehicle and Parts Dealers-441	100,519,878	16,194,758	84,325,120
Furniture and Home Furnishings Stores-442	11,977,583	4,568,121	7,409,462
Electronics and Appliance Stores-443	17,080,254	3,191,735	13,888,519
Building Material, Garden Equip Stores -444	53,537,993	15,538,658	37,999,335
Food and Beverage Stores-445	110,135,346	131,221,904	(21,086,558)
Health and Personal Care Stores-446	41,377,974	8,502,498	32,875,476
Gasoline Stations-447	94,861,340	43,487,424	51,373,916
Clothing and Clothing Accessories Stores-448	34,487,016	7,640,467	26,846,549
Sporting Goods, Hobby, Book, Music Stores-451	13,590,219	2,311,817	11,278,402
General Merchandise Stores-452	99,713,780	29,746,232	69,967,548
Miscellaneous Store Retailers-453	15,969,171	7,499,569	8,469,602
Non-Store Retailers-454	45,492,095	1,709,604	43,782,491
Foodservice and Drinking Places-722	76,365,249	60,255,152	16,110,097
GAFO *	183,501,594	49,747,061	133,754,533

*GAFO (General merchandise, Apparel, Furniture and Other) represents sales at stores that sell merchandise normally sold in department stores. This category is not included in Total Retail Sales Including Eating and Drinking Places.

Source: Claritas

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Retail Lease Comparables



Queen City Center



113 W Elder Street



2117 Central Avenue

Retail Lease Comparables						
Property	Address	Total Building SF	Available SF	Vacancy Rate	Rental Rate (\$/SF)	Expenses
Queen City Center	2182-2198 Queen City Ave	10,983	4,050	37%	\$12.00	Modified Gross
	1526 Linn Street	37,044	9,144	25%	\$10.00	Modified Gross
Former Auto Dealership	950 W 8th Street	22,420	22,420	100%	\$5.35	Net
	2117 Central Avenue	2,100	700	33%	\$10.29	Modified Gross
	113 W Elder Street	3,000	774	26%	\$12.00	Net

Source: Property Advisors

Property Advisors

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Retail Sale Comparables



3410 Warsaw Avenue



3916 Glenway Avenue

Retail Sale Comparables January 2006 - October 2009					
Property Type	Address	SF	Sale Price	\$/SF	Sale Date
Strip Center	3441 Warsaw Ave	6,500	\$430,000	\$66.92	5/15/2006
Strip Center	3410 Warsaw Ave	25,000	\$750,000	\$30.00	7/17/2006
Storefront	3916 Glenway Ave	26,720	\$996,000	\$37.28	3/13/2007
Fast Food	3736 Warsaw Ave	2,000	\$673,000	\$336.50	6/4/2007
Former Fast Food	3783 Warsaw Ave	3,055	\$250,000	\$81.83	7/27/2007
Strip Center	3601 W 8th St	2,775	\$154,000	\$55.50	7/27/2007
Fast Food	3736 Warsaw Ave	2,000	\$942,857	\$471.43	7/30/2007
Fast Food	1835 Queen City Ave	3,038	\$718,814	\$236.61	10/19/2007
Storefront	1028-1030 Ross Ave	5,235	\$40,500	\$7.74	1/2/2008
Storefront	712 State Ave	1,163	\$18,700	\$16.08	4/10/2008
Storefront	2568 Queen City Ave	2,000	\$77,070	\$38.54	4/29/2008
Former Bank	1201 Harrison Ave	8,247	\$116,000	\$14.07	3/24/2009
Storefront	1920 Queen City Ave	2,250	\$44,170	\$19.63	3/31/2009
Auto Repair	1563 Harrison Ave	1,600	\$72,000	\$45.00	7/2/2009
Storefront	4100 Glenway Ave	8,000	\$190,000	\$23.75	Under Contract



1835 Queen City

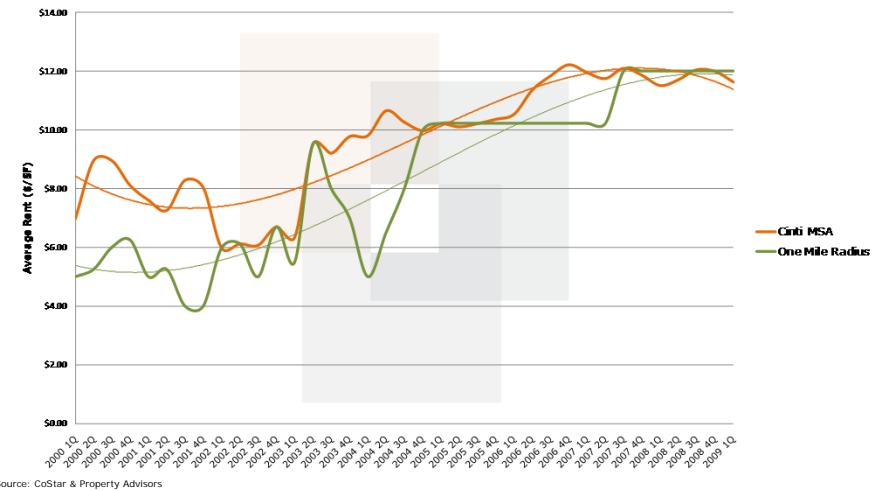


712 State Avenue

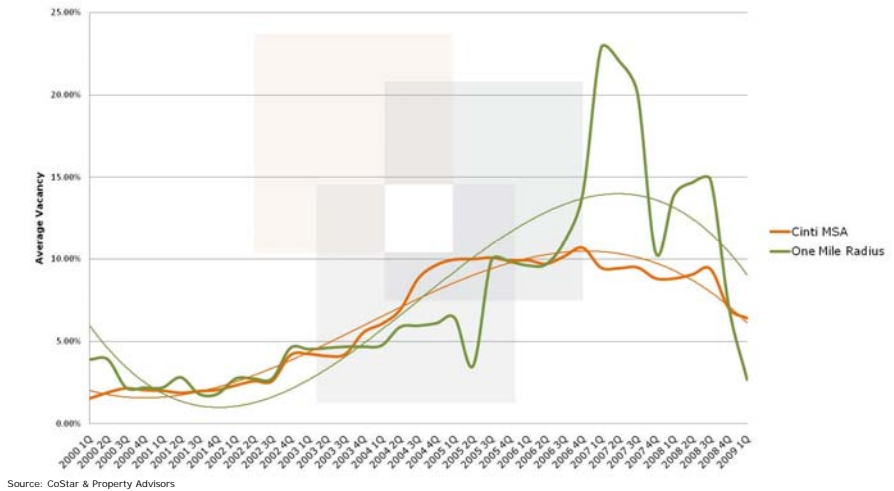
Property Advisors

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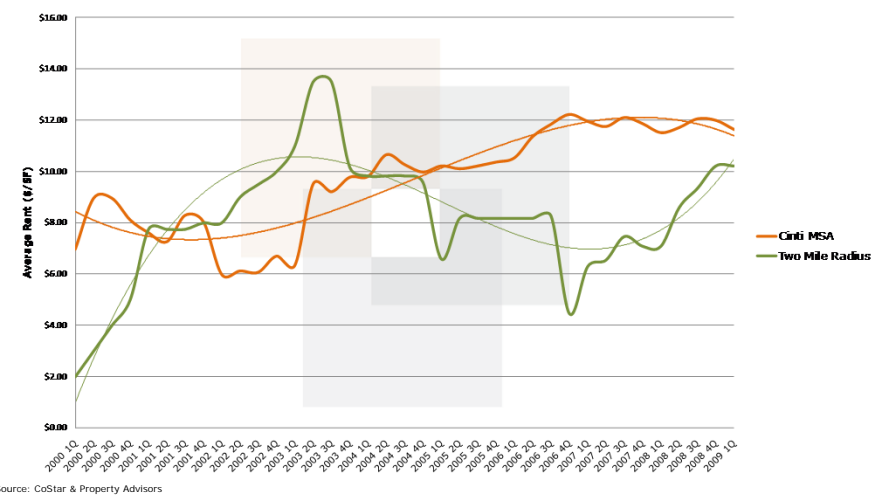
Retail Rental Rate Trends: One Mile Radius



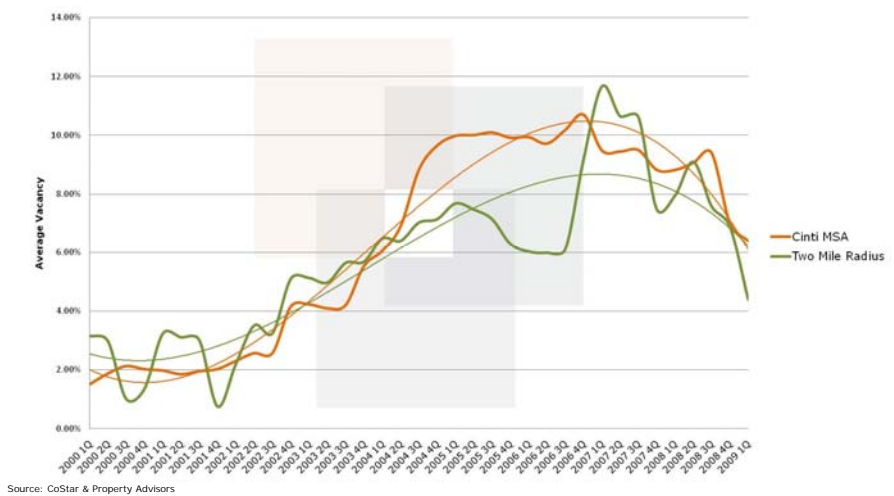
Retail Vacancy Rate Trends: One Mile Radius



Retail Rental Rate Trends: Two Mile Radius



Retail Vacancy Rate Trends: Two Mile Radius



Retail Demand Model

Half Mile Radius							
Retail Stores	2009 Demand (Consumer Expenditures)	2009 Supply (Retail Sales)	Opportunity Gap/(Surplus)	SF @ \$500	SF @ \$400	\$500 @ 80%	\$400 @ 80%
Total Retail Sales Incl Eating and Drinking Places	26,613,763	11,202,218	15,411,545	30,823	38,529	24,658	30,823

One Mile Radius							
Retail Stores	2009 Demand (Consumer Expenditures)	2009 Supply (Retail Sales)	Opportunity Gap/(Surplus)	Sales @ \$500	Sales @ \$400	\$500 @ 50%	\$400 @ 50%
Total Retail Sales Incl Eating and Drinking Places	110,024,046	34,669,930	75,354,116	150,708	188,385	75,354	94,193

Two Mile Radius							
Retail Stores	2009 Demand (Consumer Expenditures)	2009 Supply (Retail Sales)	Opportunity Gap/(Surplus)	Sales @ \$500	Sales @ \$400	\$500 @ 25%	\$400 @ 25%
Total Retail Sales Incl Eating and Drinking Places	715,107,898	331,867,939	383,239,959	766,480	958,100	191,620	239,525

Office Lease Comparables



1832 Westwood Avenue



1805-1811 Dalton Avenue



Provident Center

Office Lease Comparables						
Property	Address	Total Building SF	Available SF	Vacancy Rate	Rental Rate (\$/SF)	Expenses
	1832 Westwood Avenue	6,500	6,500	100%	\$4.24	Modified Gross
	1805-1811 Dalton Avenue	20,000	20,000	100%	\$6.00-\$10.00	Net
Provident Center	801 Linn Street	57,010	19,898	35%	\$14.50	Full Service
	652 State Avenue	9,620	720	7%	\$8.33	Net
	1824 Westwood Ave	12,534	6,500	52%	\$4.24	Net

Source: CoStar & Property Advisors

Office Sale Comparables



3724 St Lawrence Ave

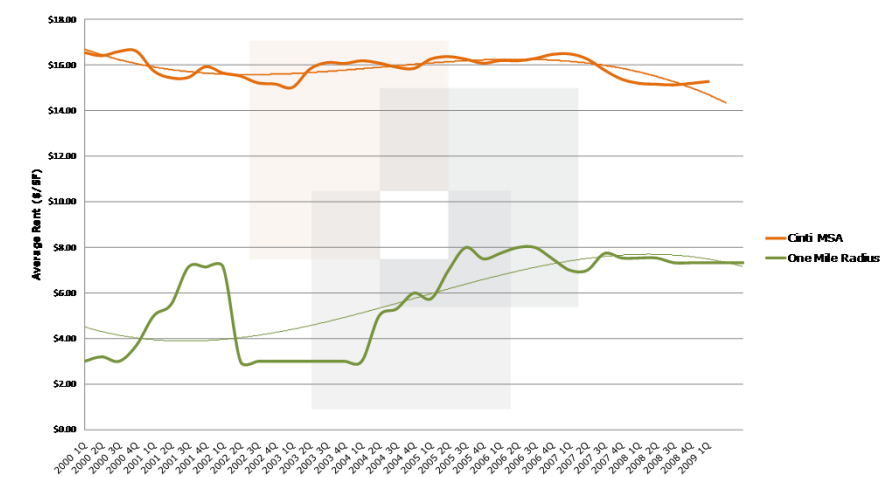


3609 W. 8th Street

Office Sale Comparables January 2006 - October 2009					
Property Type	Address	SF	Sale Price	\$/SF	Sale Date
Office	3724 St Lawrence Ave	1,408	\$50,000	\$35.51	12/23/2008
Office	3609 W 8th St	2,646	\$8,000	\$3.02	5/18/2009

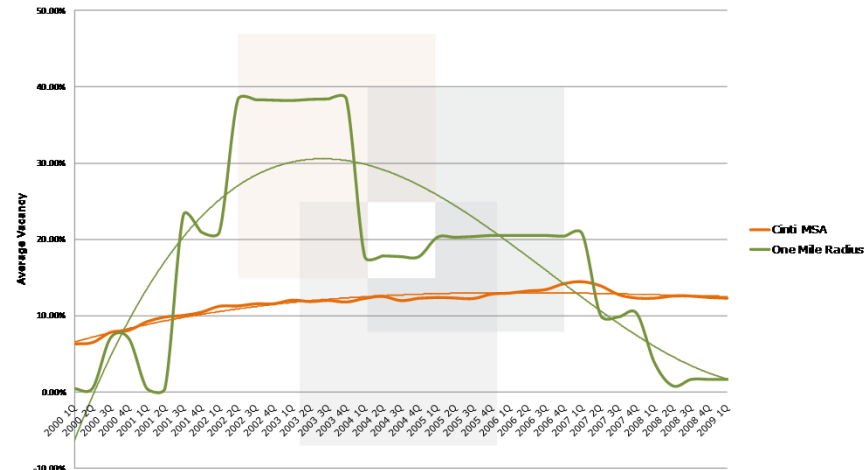
Source: CoStar & Property Advisors

Office Rental Rate Trends: One Mile Radius



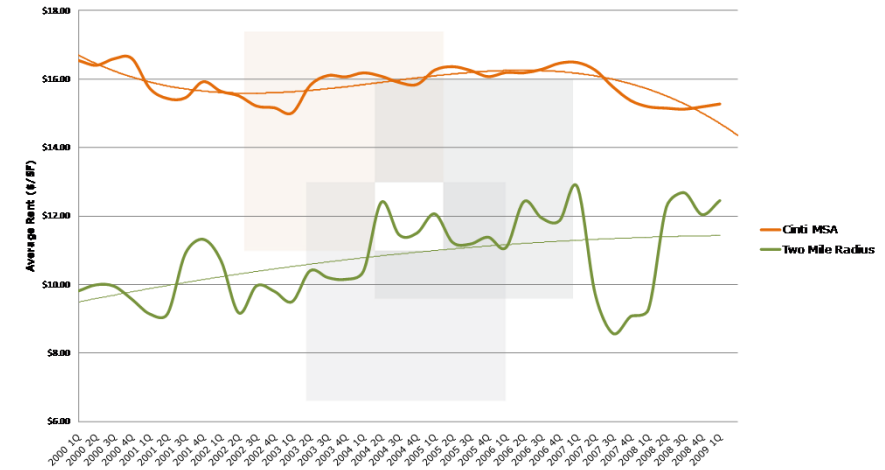
Source: CoStar & Property Advisors

Office Vacancy Rate Trends: One Mile Radius



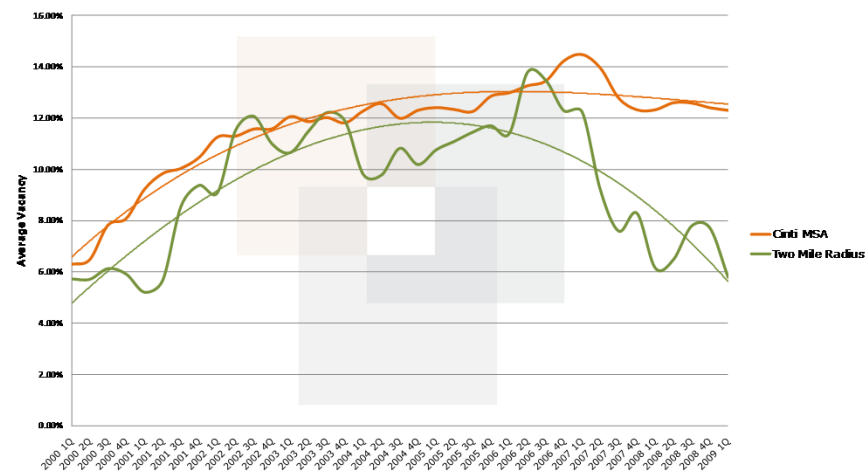
Source: CoStar & Property Advisors

Office Rental Rate Trends: Two Mile Radius



Source: CoStar & Property Advisors

Office Vacancy Rate Trends: Two Mile Radius



Source: CoStar & Property Advisors

Office Demand Model

Cincinnati MSA Projected Office Employment Growth 2010-2014*								
Occupation (SOC code)	Employment 2009	Projected Annual Growth Rate	2010	2011	2012	2013	2014	5 Year Projected Growth 2010-2014
Management Occupations (110000)	42,330	0.80%	42,669	43,010	43,354	43,701	44,051	1,382
Business and Financial Operations Occupations (130000)	50,820	1.60%	51,704	52,532	53,372	54,226	55,094	3,389
Computer and Mathematical Occupations (150000)	21,454	1.90%	21,972	22,503	23,046	23,596	24,159	2,187
Architecture and Engineering Occupations (170000)	19,560	0.90%	19,736	19,914	20,093	20,274	20,456	720
Life, Physical, and Social Science Occupations (190000)	8,804	1.30%	8,914	9,030	9,148	9,267	9,387	473
Community and Social Services Occupations (210000)	11,210	1.30%	11,356	11,503	11,653	11,804	11,958	602
Legal Occupations (230000)	6,310	1.60%	6,431	6,534	6,639	6,745	6,853	422
Arts, Design, Entertainment, Sports, and Media Occupations (270000)	11,250	1.10%	11,394	11,539	11,685	11,834	11,984	690
Healthcare Practitioner and Technical Occupations (290000)	57,774	2.10%	58,983	60,222	61,488	62,778	64,096	5,113
Healthcare Support Occupations (310000)	30,444	2.50%	31,201	31,961	32,781	33,600	34,440	3,239
First-Line Supervisors/Managers of Non-Retail Sales Workers (411012)	2,750	0.80%	2,772	2,794	2,817	2,839	2,862	90
Advertising Sales Agents (413011)	1,700	0.60%	1,710	1,720	1,731	1,741	1,752	41
Insurance Sales Agents (413021)	2,600	1.40%	2,637	2,694	2,752	2,770	2,809	152
Securities, Commodities, and Financial Services Sales Agents (413031)	2,710	1.00%	2,757	2,785	2,813	2,841	2,869	112
Travel Agents (413041)	420	-1.00%	416	412	408	403	399	(16)
Sales Representatives, Services, All Other (413099)	4,260	1.00%	5,010	5,060	5,110	5,161	5,213	203
Sales Representatives, Wholesale and Manufacture, Technical and Scientific Products	1,420	1.30%	1,440	1,451	1,463	1,475	1,489	249
Sales Representatives, Wholesale and Manufacture, Except Technical and Scientific Products	16,110	1.00%	16,271	16,434	16,598	16,764	16,932	661
Dealers and Product Promoters (419011)	950	1.00%	960	969	979	989	998	39
Real Estate Brokers (419021)	280	1.60%	284	289	294	298	303	19
Sales Engineers (419031)	300	0.60%	292	295	297	299	302	10
Technicians (419041)	3,440	-1.00%	3,394	3,358	3,322	3,287	3,252	(142)
Sales and Related Workers, All Other (419099)	1,350	1.50%	1,370	1,391	1,412	1,433	1,454	84
Office and Administrative Support Occupations (430000)	178,770	0.30%	179,356	179,844	180,384	180,925	181,468	2,161
TOTALS	489,120							21,779

*Bureau of Labor Statistics Projections May, 2009

Trade Area Historical Capture				
	One Mile Capture	Two Mile Capture		
SF @ 200	1%	43,559	2%	87,118
SF @ 250	1%	54,449	2%	108,897
SF @ 300	1%	65,338	2%	130,677

Land Sale Comparables

Land Sale Comparables January 2006 - October 2009						
Property Type	Address	AC	Sale Price	\$/AC	Sale Date	Assessed Value
Vacant Land	2486 White St	0.61	\$545,000	\$893,443	6/6/2007	\$9,700
Vacant Land	3408-3415 W Eighth St	0.34	\$160,000	\$470,588	6/2/2009	\$81,280
Vacant Land	Ernst Street	7.70	\$390,000	\$50,649	6/4/2009	\$41,810
Vacant Land	3828 Glenway Ave	1.11	\$295,000	\$265,766	Under Contract	\$173,950



Ernst Street



3828 Glenway Avenue

Source: CoStar & Property Advisors

Industrial Lease Comparables



3265 Colerain Avenue



3219-3245 Colerain Avenue



1531 Tremont Street

Industrial Lease Comparables							
Property	Address	Total Building SF	Available SF	Vacancy Rate	Rental Rate (\$/SF)	Expenses	
WM Powell Building	3265 Colerain Avenue	130,000	24,000	18%	\$2.25	Net	
Johnstone Supply	3219-3245 Colerain Ave	200,000	100,000	50%	\$2.50 - \$5.50	Full Service	
Whiteaway Spaulding	1531 Tremont Street	108,230	108,230	100%	\$2.75	Full Service	

Source: CoStar & Property Advisors

Industrial Sale Comparables

Industrial Sale Comparables January 2006 - October 2009					
Property Type	Address	SF	Sale Price	\$/SF	Sale Date
Reichert Paper	1233 Findlay St	32,000	\$459,000	\$14.34	8/1/2006
Warehouse	917 State Ave	3,800	\$120,600	\$31.74	10/12/2006
Warehouse	3262-3274 Beekman St	90,000	\$515,000	\$5.72	10/31/2006
Warehouse	2929 Spring Grove	43,000	\$410,000	\$9.53	4/2/2007
Warehouse	3111 Spring Grove	30,000	\$1,060,000	\$35.33	4/25/2007
Kanet Productions	3200 Beekman St	22,200	\$250,000	\$11.26	5/15/2007
Manufacturing	1262 State Ave	210,000	\$1,410,000	\$6.71	10/5/2007
Warehouse	1101-1109 Alfred St	60,805	\$1,415,000	\$23.27	1/18/2008
Hill Floral Products	1130 Findlay St	37,706	\$1,460,000	\$38.72	2/1/2008
Warehouse	1520-1540 Tremont St	160,000	\$600,000	\$3.75	1/8/2009
Manufacturing	2091 Radcliff Dr	24,560	\$1,300,000	\$52.93	5/5/2009
Superior Door	2885 Spring Grove	30,400	\$137,500	\$4.52	7/16/2009



Reichert Paper

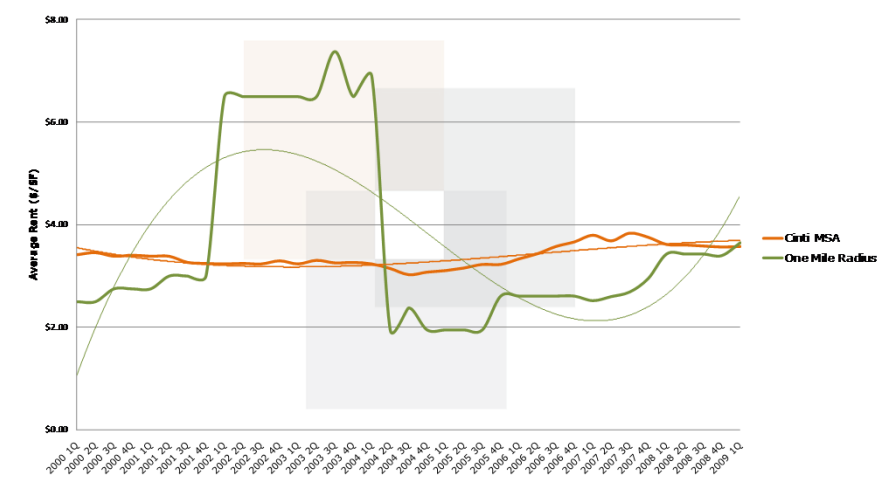


Kanet Productions



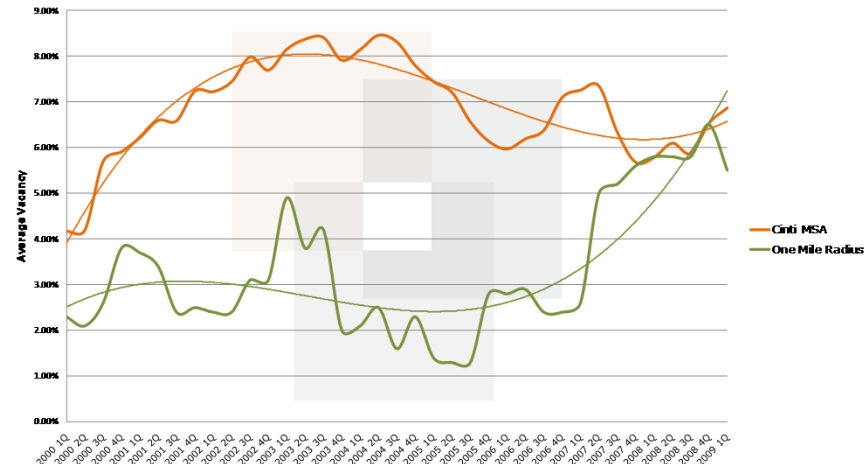
2091 Radcliff Drive

Industrial Rental Rate Trends: One Mile Radius



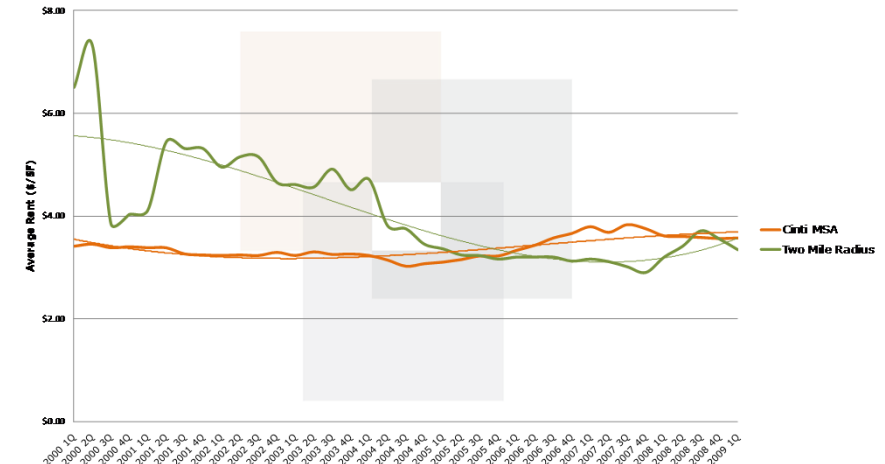
Source: CoStar & Property Advisors

Industrial Vacancy Rate Trends: One Mile Radius



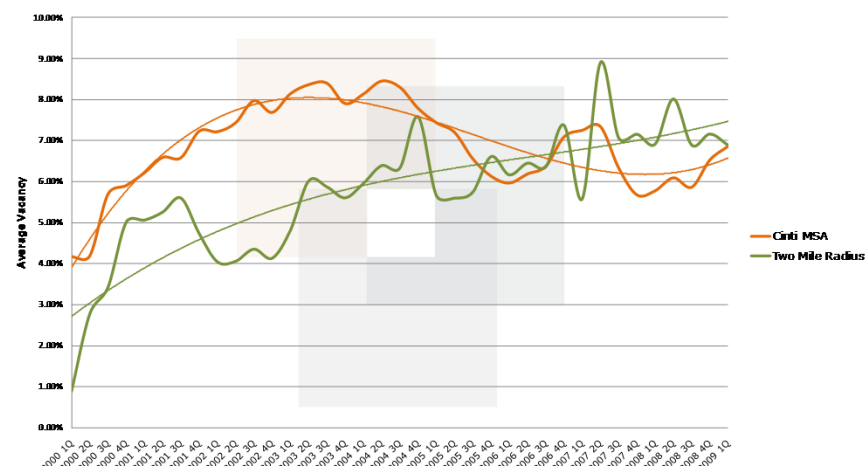
Source: CoStar & Property Advisors

Industrial Rental Rate Trends: Two Mile Radius



Source: CoStar & Property Advisors

Industrial Vacancy Rate Trends: Two Mile Radius



Source: CoStar & Property Advisors

Industrial Demand Model

Cincinnati MSA Projected Industrial Employment Growth 2010-2014*								
Occupation (SOC code)	Employment 2009	Projected Annual Growth Rate	2010	2011	2012	2013	2014	
Construction and Extraction Occupations (470000)	38,950	1.10%	39,378	39,812	40,250	40,692	41,140	
Installation, Maintenance, and Repair Occupations (490000)	40,040	0.60%	40,280	40,522	40,765	41,010	41,256	
Production Operations (510000)	84,440	-0.40%	84,102	83,766	83,431	83,097	82,765	
TOTALS	163,430							
							SF @ 800	1,119,463
							SF @ 1000	1,399,328
							SF @ 1200	1,679,194

*Bureau of Labor Statistics Projections May, 2009

Trade Area Historical Capture				
	One Mile Capture	Two Mile Capture	New Product	
SF @ 800	1%	11,195	4%	44,779
SF @ 1000	1%	13,993	4%	55,973
SF @ 1200	1%	16,792	4%	67,168
			10%	111,946
			10%	139,933
			10%	167,919

Commercial Absorption Conclusions

Focus Area Demand Conclusions Five Year Potential Demand Conclusions						
Product Type	Worst Case SF		Best Case SF		Most Likely SF	
Retail	25,000	30,000	190,000	240,000	75,000	95,000
Office	45,000	90,000	65,000	130,000	55,000	110,000
Industrial	11,000	45,000	110,000	170,000	100,000	125,000
Totals	81,000	165,000	365,000	540,000	230,000	330,000

Summary Observations

- ❑ Demographics
 - ❑ Projected decline in number of households greater than surrounding market
 - ❑ Low average household incomes compared to Hamilton County
 - ❑ Low educational attainment (60% High School or less)
 - ❑ Concentrated urban youth population (40%+ younger than 25 years)
 - ❑ Mixed income with a gap in households earning greater than \$50,000 (key to retailers and credit tenants)
- ❑ Residential
 - ❑ Declining sales clip (comparable to surrounding region) with declining average sale prices
 - ❑ Outdated, low value housing stock needs renovated or replaced
 - Average market values less than \$50,000
 - ❑ Average rents of less than \$600/month
 - \$0.50 - \$0.75 per square foot

Summary Observations (cont'd.)

- ❑ Commercial
 - ❑ Abundance of large apartment complexes
 - ❑ Mixed-use sales below auditor values
 - ❑ Retail Gap indicates \$ leakage in all three trade areas
 - ❑ Very little to no new retail product west of I-75 within 2 miles
 - ❑ Retail building sale comparables \$10 - \$40 per square foot
 - ❑ Office rental rates \$6 - \$8 per square foot lower than MSA
 - ❑ Office vacancy lower than MSA (result of lack of supply)
 - ❑ Land sale comparables typically transfer higher than auditor values
 - ❑ Industrial rents \$3.50 - \$6.00 per square foot
 - ❑ Trade area industrial trends reflect MSA trends

Summary Observations (cont'd.)

- ❑ General
 - ❑ Queen City Ave. & Westwood Ave. heavily traveled (positive for commercial prospects)
 - ❑ Opportunity to capture westward traffic
 - ❑ Urban "spray park" represents public asset to neighborhood
 - ❑ Neighborhood presents significant safety perception challenges for development
 - Blighted properties reflect lack of investment
 - ❑ East of Grand Ave. most likely to attract development first
 - ❑ Advantageous location characteristics
 - Close to I-75, downtown Cincinnati
 - Located on bus line
 - GO Cincinnati focus area
 - ❑ Qualifies for distressed community incentives & programs

Recommendations

- ❑ Floor Area Ratio of 1.0
 - ❑ Optimize acquisition cost as percentage of total project value
 - ❑ Helps create sense of place
- ❑ Generally, multifamily rents will need to be \$1.00/SF to make development feasible
 - ❑ Subsidy may be necessary to maintain mixed-income component
 - ❑ Units should be less than 1,000 SF on average
- ❑ Residential for sale product priced \$150,000 or less
- ❑ Investigate partnerships
 - ❑ Cincinnati Water Works
 - ❑ Orion Academy
 - ❑ Central Fairmount Public School
 - ❑ U.S. Public Service Academy
- ❑ Commercial rent targets (initial)
 - ❑ Retail: \$8 - \$12 NNN/SF
 - ❑ Office: \$8 - \$14 NNN/SF
 - ❑ Industrial: \$3.50 - \$4.50 NNN/SF
- ❑ Identify & court target employment centers ahead of development

Recommendations (cont'd.)

- ❑ Creative financial modeling will be key to feasibility
 - ❑ Credit tenants will require incentives
 - Tenant improvement allowance
 - Variable lease structures (rent as % of revenue)
 - Free rent
 - ❑ Patient capital/assets (cash, land, improvements)
 - ❑ Leveraged NMTC model
 - ❑ TIF
 - ❑ Tax Abatements
 - ❑ Special Assessments
 - ❑ Small business loans for local retailers/office users
 - ❑ Neighborhood Stabilization Program
 - Acquisition, demolition, redevelopment, buyer financing
 - ❑ Property owner investment opportunities
 - ❑ Federal, State, & Local sources (Clean Ohio, ODOT)

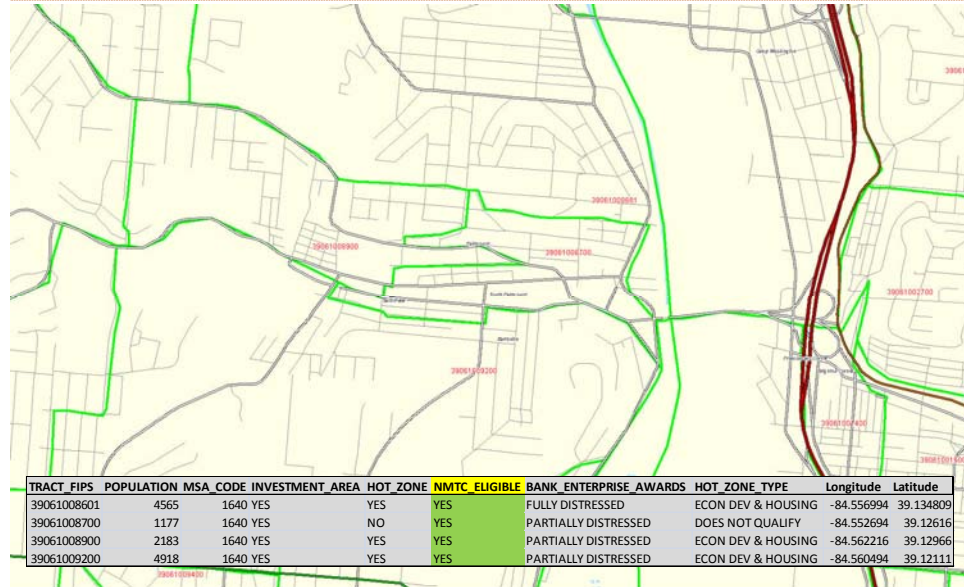
Stage II Expectations & Deliverables

- ❑ Outline 2-3 mixed-use development scenarios of commercial/housing mix, sales/rents, and development intensity/form based upon MSD's conceptual designs and inputs from Stage I Market Analysis
- ❑ Develop case studies of similar wet weather solutions and subsequent redevelopment to obtain benchmarks for potential property value impacts
- ❑ Collaborate with MSD to apply market analysis and case studies to estimate the potential tax base increase and MSD revenues resulting from the redevelopment scenarios
- ❑ Provide financing structures to model initial and future stabilized cash flows necessary to control the core land needed for the MSD Green Program as well as redevelop the surrounding neighborhood in a viable mixed-use development
- ❑ Evaluate and define gap financing and capital sourcing options available to promote a sustainable mixed-use redevelopment along the MSD Green Program Focus Area

Neighborhood Market Analysis

Appendix

CDFI Fund Eligibility



Residential Detail (within 1/4 mile Focus Area Buffer)

General Residential Land Use	Count	% of Total	Average Market Value
Single Family	528	71%	\$ 40,830
Duplex	147	20%	\$ 44,545
Triplex	32	4%	\$ 56,000
Miscellaneous	11	1%	\$ 58,050
Vacant	25	3%	\$ 16,900
Total	743		\$ 41,700

Velocity & Average Sale Price Tables

Cincinnati (West/Central)							
	2005	2006	2007	2008	Q1Q2 - 08	Q1Q2 - 09	
Residential Property Transfers	6,374	6,002	4,749	3,554	1,963	1,549	
Average Transfer Price	\$ 131,000	\$ 132,400	\$ 132,700	\$ 125,400	\$ 131,500	\$ 108,500	

1/4 Mile Focus Area Buffer							
	2005	2006	2007	2008	Q1Q2 - 08	Q1Q2 - 09	
Residential Property Transfers	66	68	50	39	27	17	
Average Transfer Price	\$ 38,200	\$ 28,100	\$ 24,600	\$ 13,700	\$ 12,600	\$ 15,000	

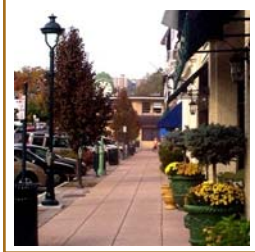
Floor Area Ratio - Examples

Montgomery Triangle

Building Size - 42,000 SF
 Site Size - 0.87 Acres
 FAR - 1.09



Floor Area Ratio - Examples



Hyde Park Square

Building Size – 191,312 SF
Site Size - 4.5 Acres
FAR - 0.96

