

A nighttime photograph of a city skyline across a river, with a suspension bridge in the foreground. The bridge's lights and the city's lights are reflected in the water. The sky is dark blue.

# Welcome

Greater Cincinnati/Northern Kentucky Apartment Association

## 2010 Apartment Market Overview

## 2010 Apartment Market

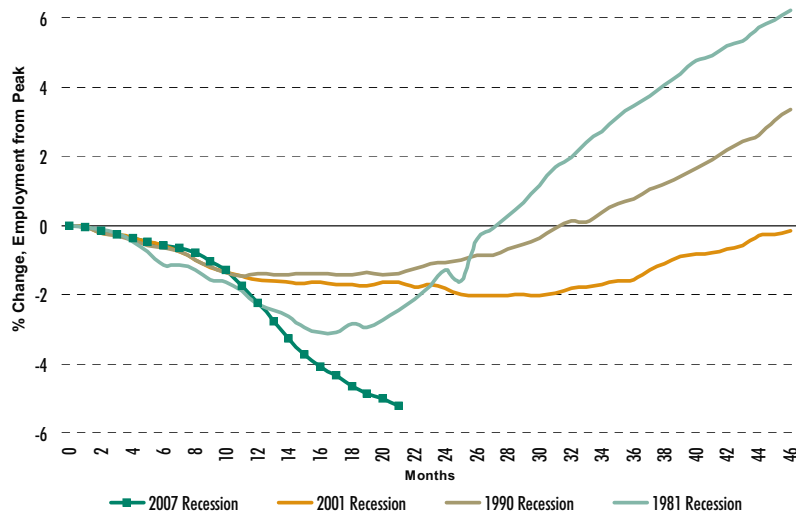
- The Economy
- Capital Markets/Distress
- Investment Market
- Development Pipeline
- Apartment Market
- Forecast for 2010

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## 2010 Apartment Market

This Recession is Deeper Already Except for One



Source: Bureau of Labor Statistics, September 2009

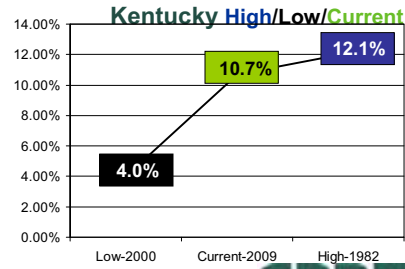
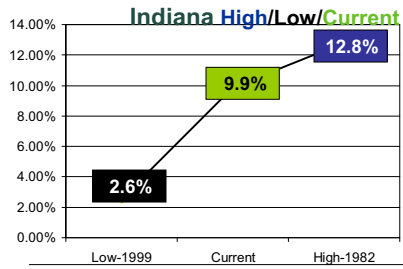
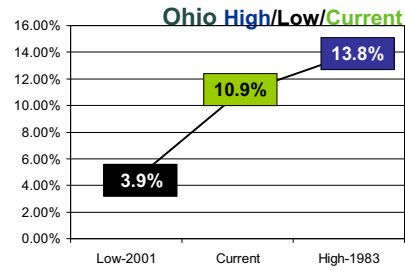


## 2010 Apartment Market

### Jobs :: Statewide Unemployment Rate

Statewide Unemployment a/o Dec 2009

Indiana	9.9%
Nationwide	10.0%
Kentucky	10.7%
Ohio	10.9%

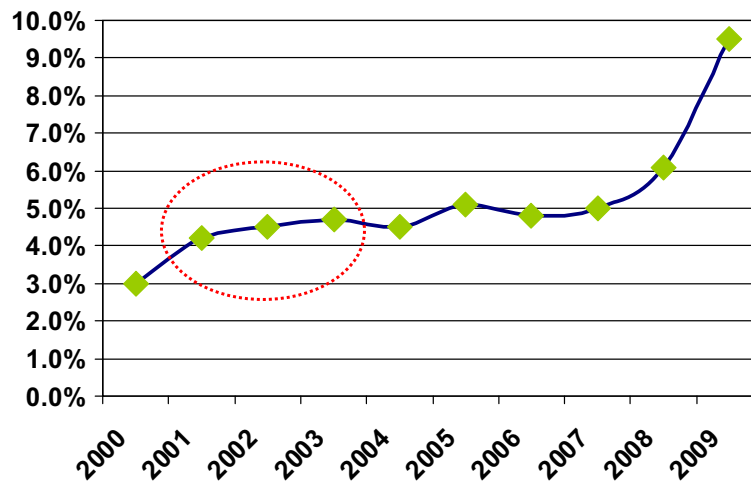


Source: Bureau of Labor Statistics

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## 2010 Apartment Market

### Greater Cincinnati MSA Unemployment Rate (Not Seasonally Adjusted)

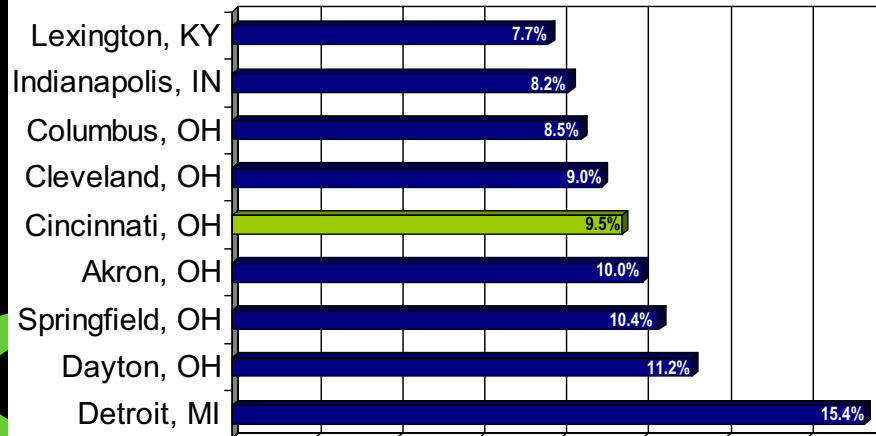


Source: Bureau of Labor Statistics

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## 2010 Apartment Market

### Local MSA Unemployment Rates a/o Nov 2009

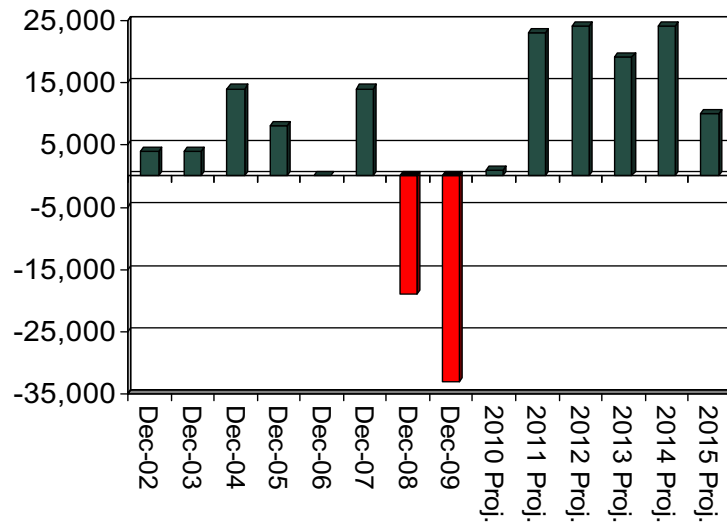


Source: Bureau of Labor Statistics



## 2010 Apartment Market

### Greater Cincinnati Net Job Growth



Source: CBRE Econometric Advisors



## 2010 Apartment Market

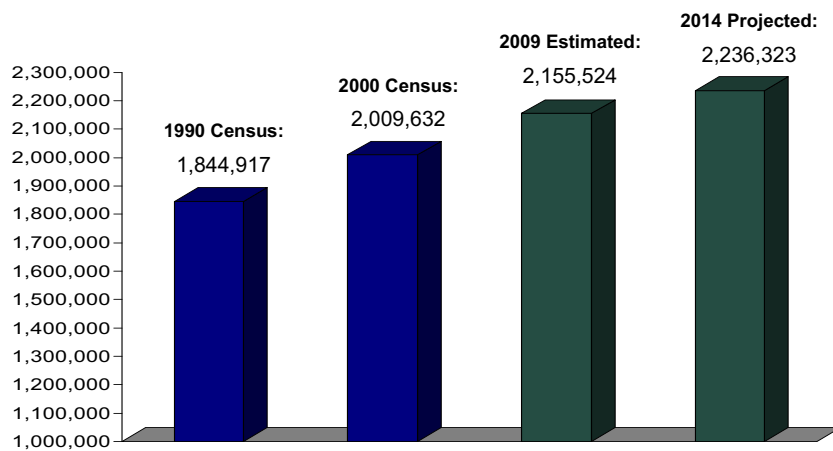
### Major Employer Update

- GE Aviation
- Procter & Gamble
- Delta/Northwest
- Toyota



## 2010 Apartment Market

### Cincinnati MSA Population :: Growth

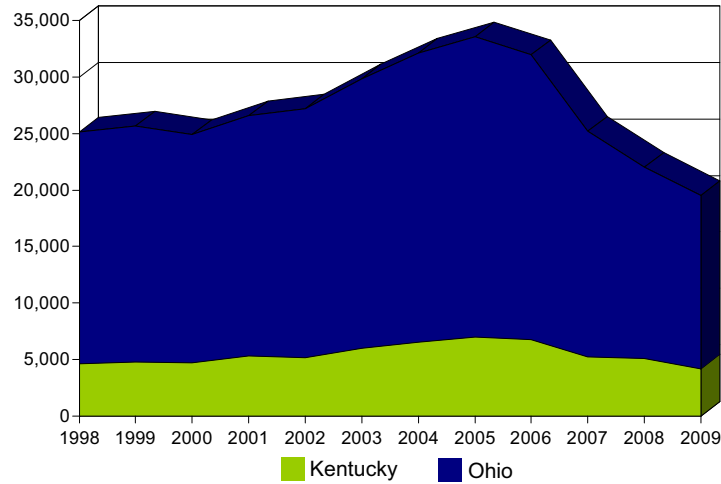


Source: CB Richard Ellis



## 2010 Apartment Market

### Housing Market: # of Single Family Sales



Source: Cincinnati Board of Realtors

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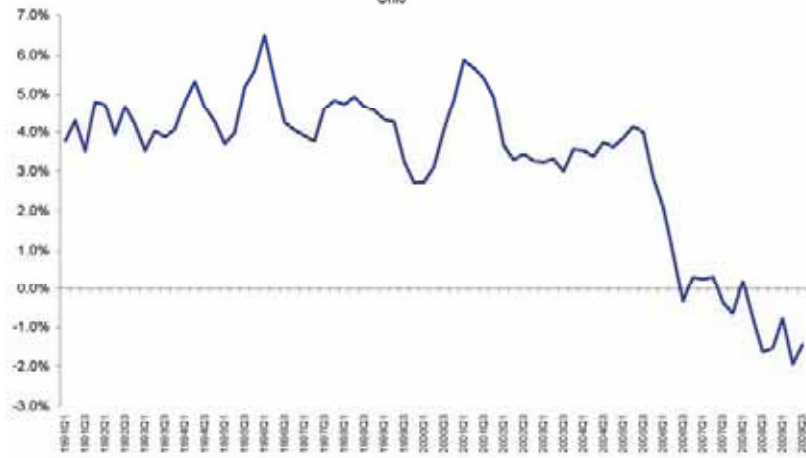
## 2010 Apartment Market

### Ohio Housing Appreciation

Four-Quarter Appreciation: 1991Q1 - Present

Calculated using Purchase-Only Index

Ohio



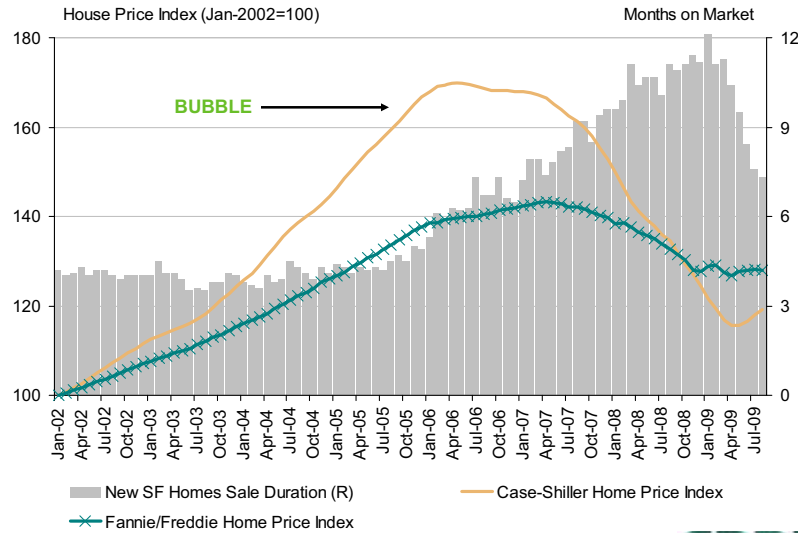
Source: OFHEO

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## 2010 Apartment Market

### Sales Duration Points to a Stabilizing Housing Market

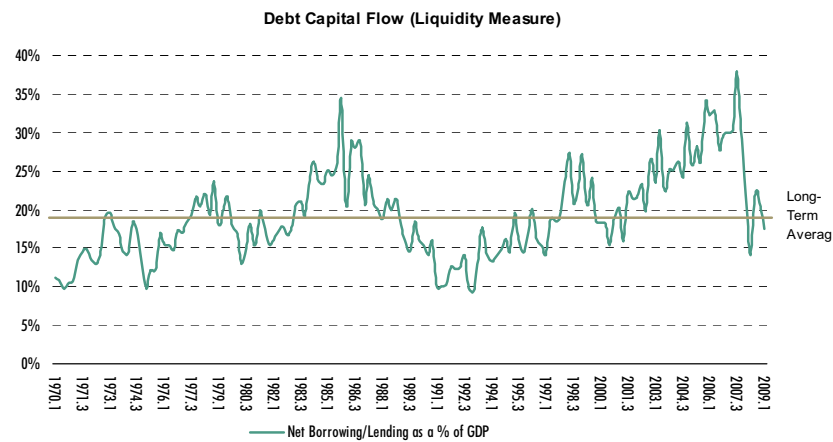


Source: BOC, S&P Case Shiller, FHFA - Q2 2009



## 2010 Apartment Market

### Lending has shut down very quickly



Source: Federal Reserve, Q1 2009



## 2010 Apartment Market

### Interest Rates

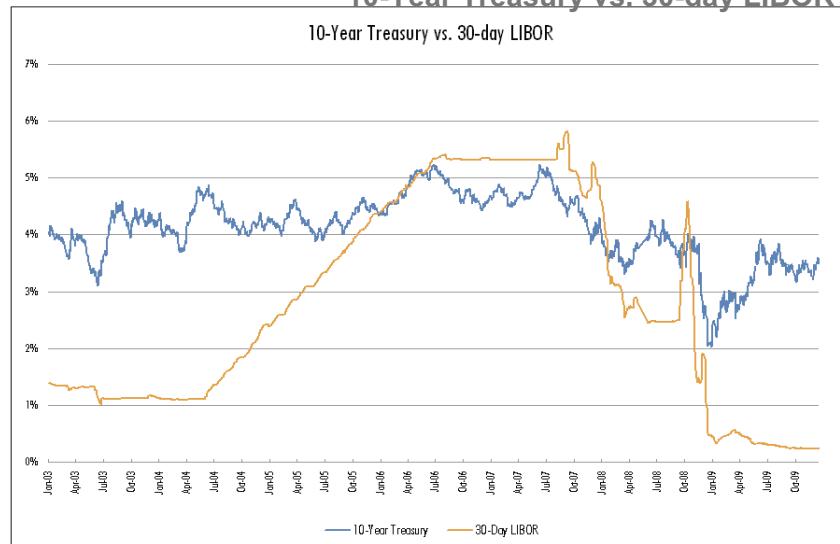
	February					
	2005	2006	2007	2008	2009	2010
<b>Prime Rate</b>	5.50%	7.50%	8.25%	6.00%	3.25%	3.25%
<b>LIBOR (3-mo)</b>	2.81%	4.77%	5.36%	3.09%	1.24%	0.25%
<b>5-Year Treasuries</b>	3.50%	4.59%	4.68%	2.74%	1.87%	2.25%
<b>10-Year Treasuries</b>	4.27%	4.60%	4.69%	3.68%	2.89%	3.63%

Source: Bloomberg.com



## 2010 Apartment Market

### 10-Year Treasury vs. 30-day LIBOR

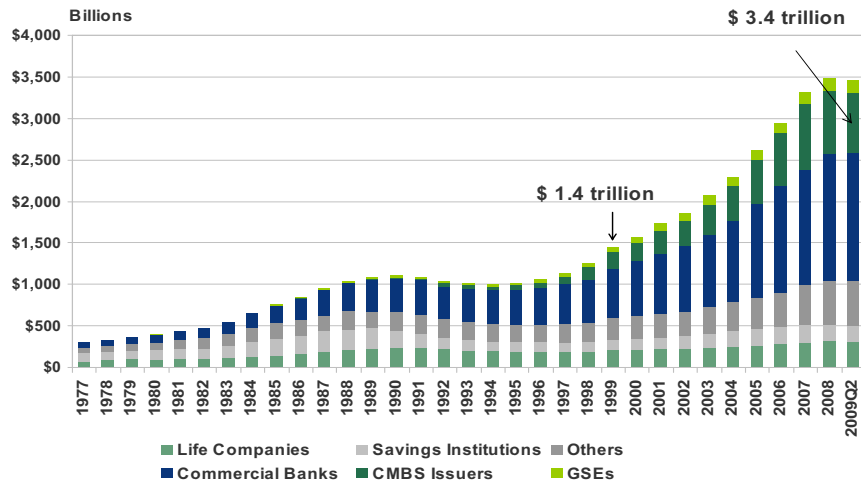


Source: Federal Reserve, December 2009



## 2010 Apartment Market

### The Great De-leveraging Begins...



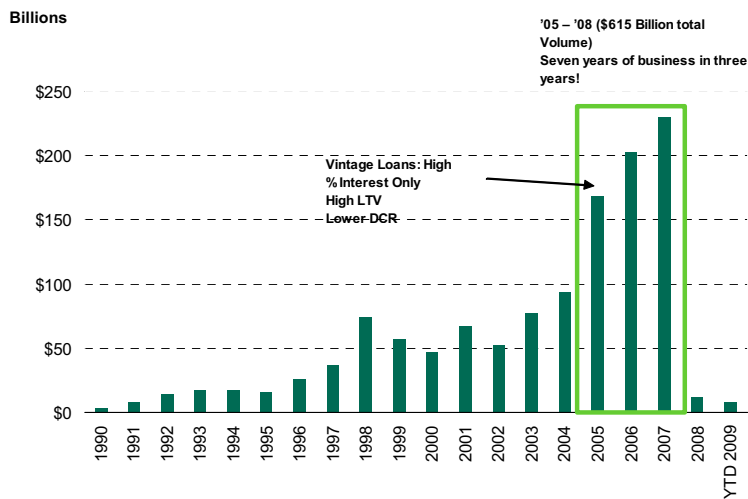
Source: Federal Reserve, Q2 2009

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## 2010 Apartment Market

### The Boom n'Bust Led by CMBS Issuance



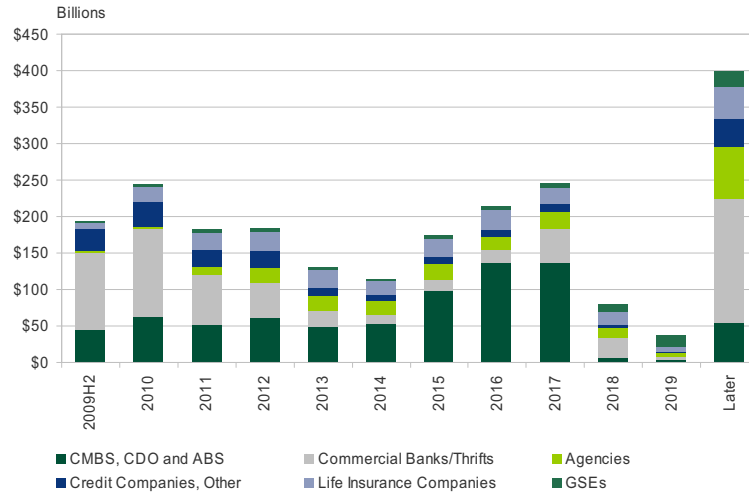
Source: Commercial Mortgage Alert August 2009

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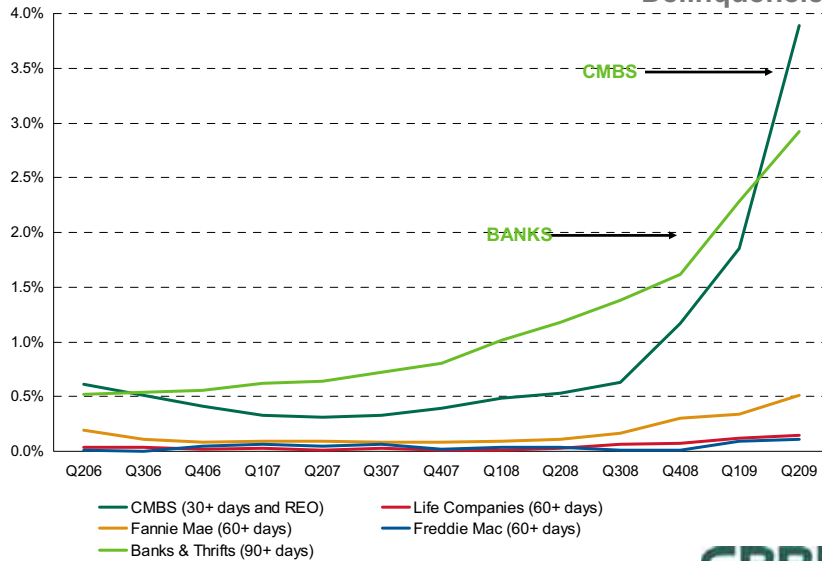
## 2010 Apartment Market

### The Wave of Refinancings :: Short-term Problems Loom



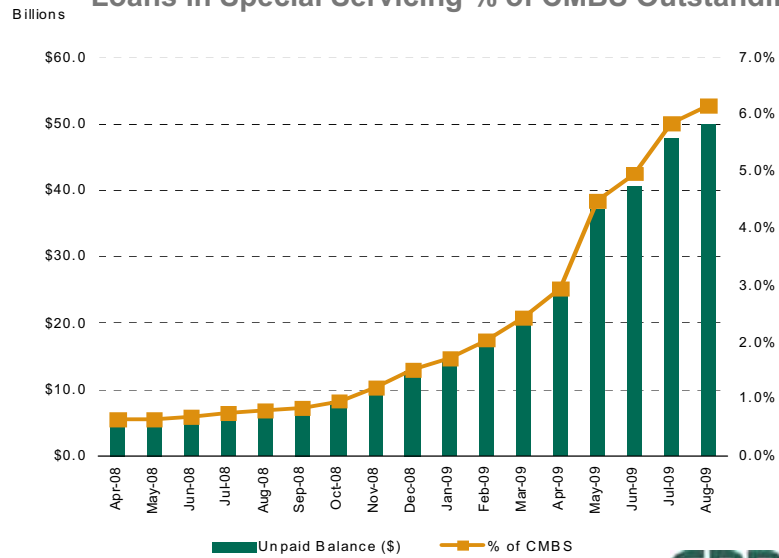
## 2010 Apartment Market

### Delinquencies



## 2010 Apartment Market

### Loans in Special Servicing % of CMBS Outstanding

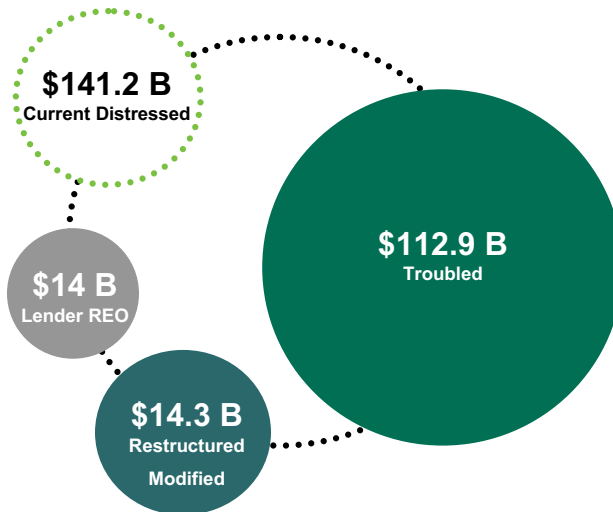


Source: Real Capital Analytics, Q3 2009



## 2010 Apartment Market

### Distressed Market



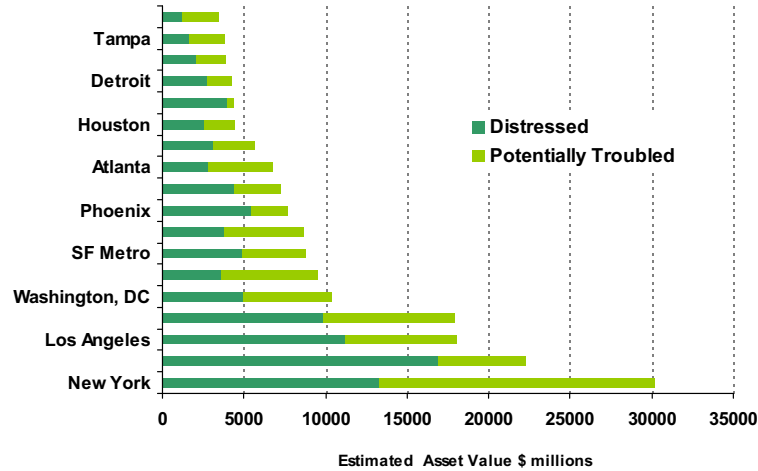
Source: RCA Troubled Assets Radar – US, as of October 1, 2009



## 2010 Apartment Market

### Top Metros Leading Distress Space

The Metros below account for 63% of Distressed and Potentially Troubled Assets

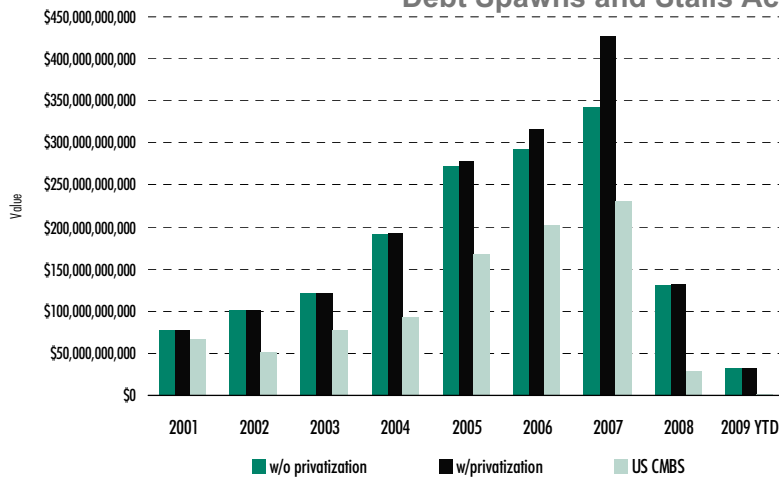


Source: CBRE-EA, RCA Troubled Assets Radar, October 2009



## 2010 Apartment Market

### Commercial Real Estate Transaction Volume, Debt Spawns and Stalls Activity

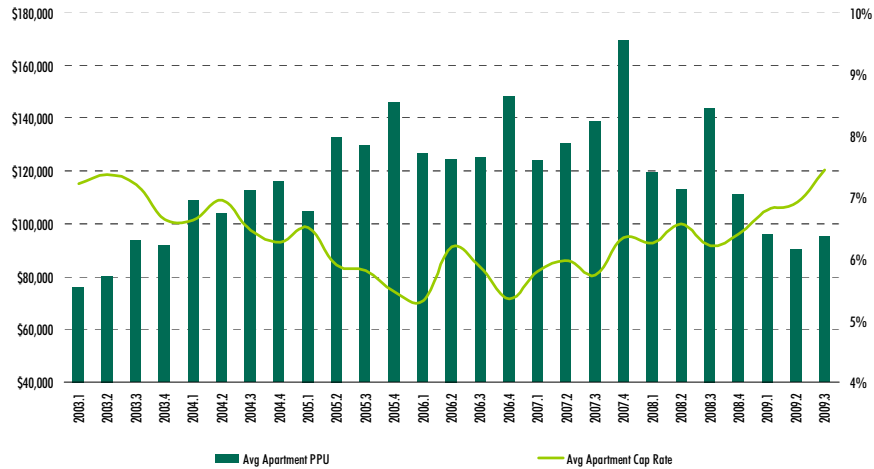


Source: Real Capital Analytics, Commercial Mortgage Alert - Thru September 2009



## 2010 Apartment Market

### National Value Trends :: Multi-Housing

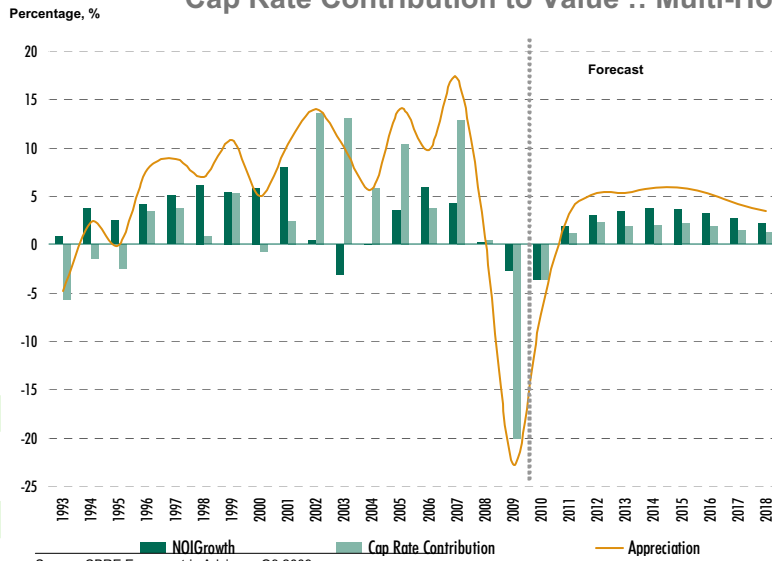


Source: Real Capital Analytics, Q3 2009



## 2010 Apartment Market

### Cap Rate Contribution to Value :: Multi-Housing

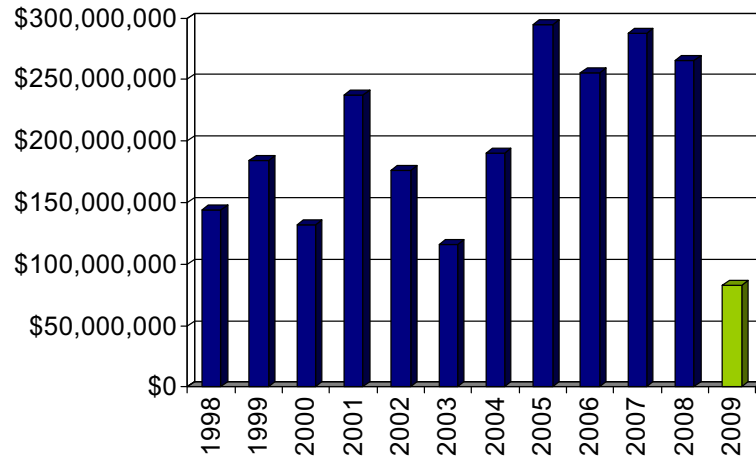


Source: CBRE Econometric Advisors, Q3 2009



## 2010 Apartment Market

### Greater Cincinnati Multi-Housing Sales Volume



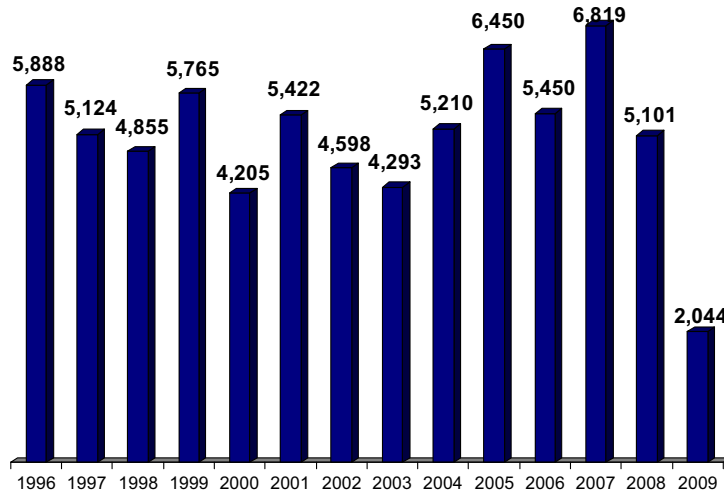
Source: CB Richard Ellis



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## 2010 Apartment Market

### Apartment Units Sold in Cincinnati



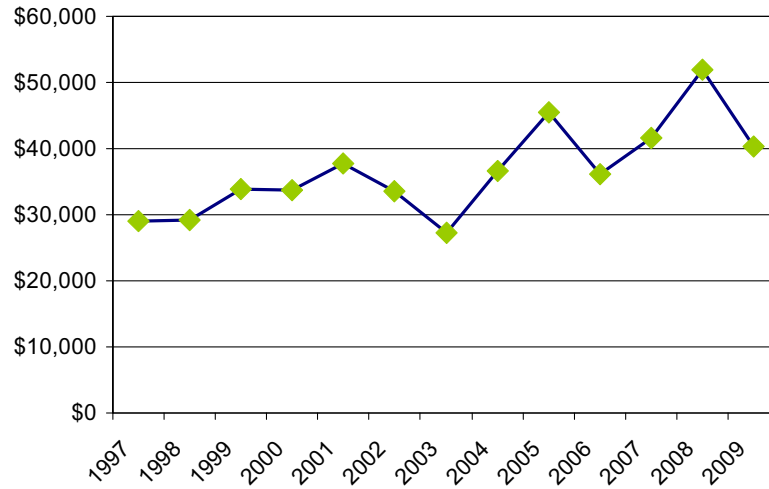
Source: CB Richard Ellis



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## 2010 Apartment Market

### Average Price Per Unit



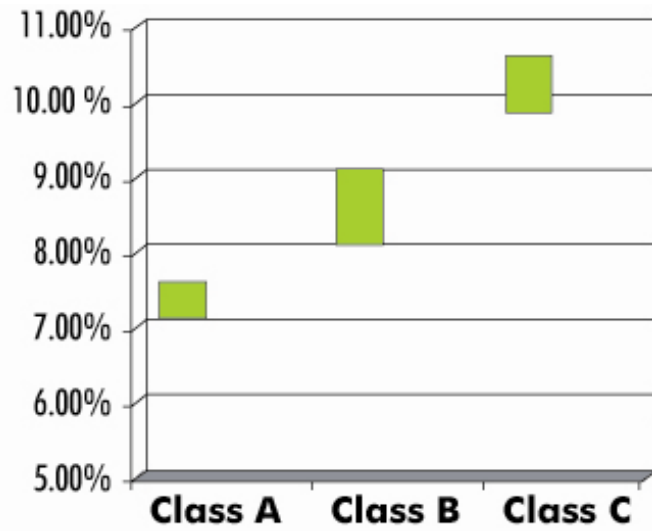
Source: CB Richard Ellis



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## 2010 Apartment Market

### 2008 Cap Rates



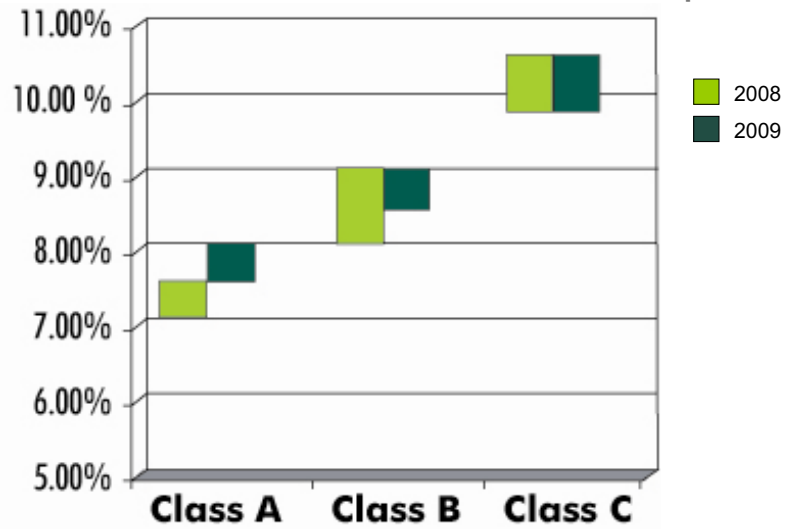
Source: CB Richard Ellis



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## 2010 Apartment Market

### 2009 Cap Rates



Source: CB Richard Ellis

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## 2010 Apartment Market

### Investment Market :: 2009 Sales



- **Trellises Apartments**
  - \$64,784/Unit
  - 301 Units

Source: CB Richard Ellis

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## 2010 Apartment Market

Investment Market :: 2009 Sales



- **Columns on Wetherington**
  - \$69,271/Unit
  - 192 Units

Source: CB Richard Ellis

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## 2010 Apartment Market

Investment Market :: 2009 Sales



- **Vista Pointe**
  - \$28,571/Unit
  - 98 Units

Source: CB Richard Ellis

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## 2010 Apartment Market

Investment Market :: 2009 Sales



### ■ The Metropole

- \$27,174/Unit
- 230 Units

Source: CB Richard Ellis

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## 2010 Apartment Market

Investment Market  
:: 2009 Sales

### ■ Washington Bluffs



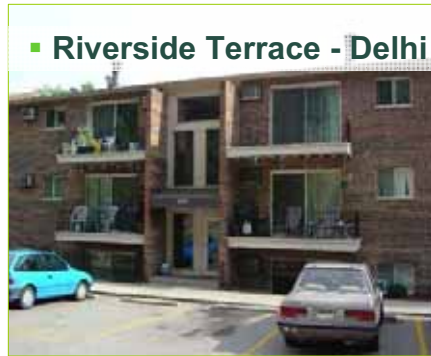
- \$26,733/Unit

- 247 Units

### ■ Whispering Pines



### ■ Riverside Terrace - Delhi



Source: CB Richard Ellis

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## 2010 Apartment Market

Investment Market :: 2009 Sales



- Falls at Settler's Walk – Phase I
- \$74,627/Unit
- 67 Units

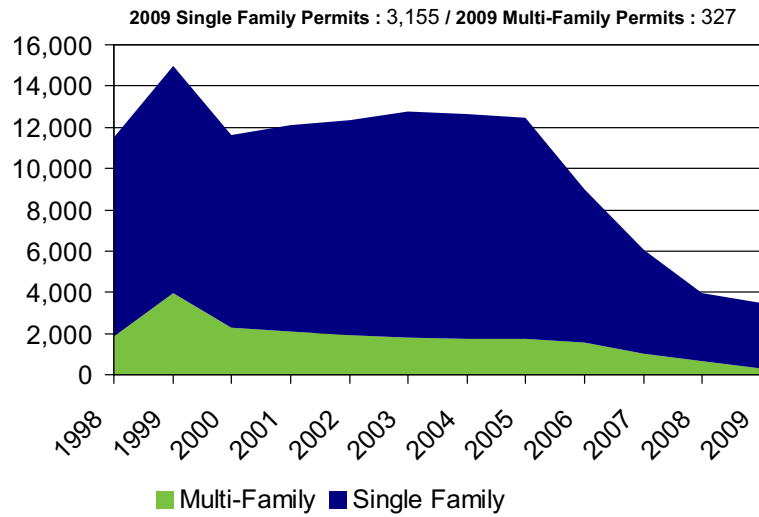
Source: CB Richard Ellis

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## 2010 Apartment Market

Building Permits Issued



Source: US Census

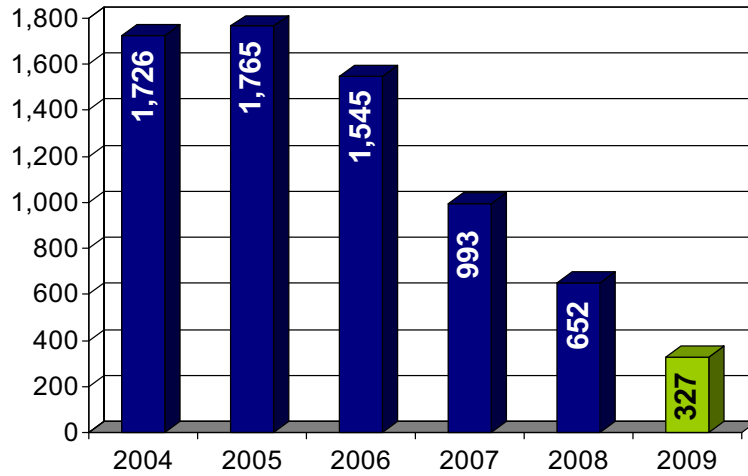
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## 2010 Apartment Market

### Multi-Family\* New Residential Permits

\*Multi-Family Defined as 5+ Units



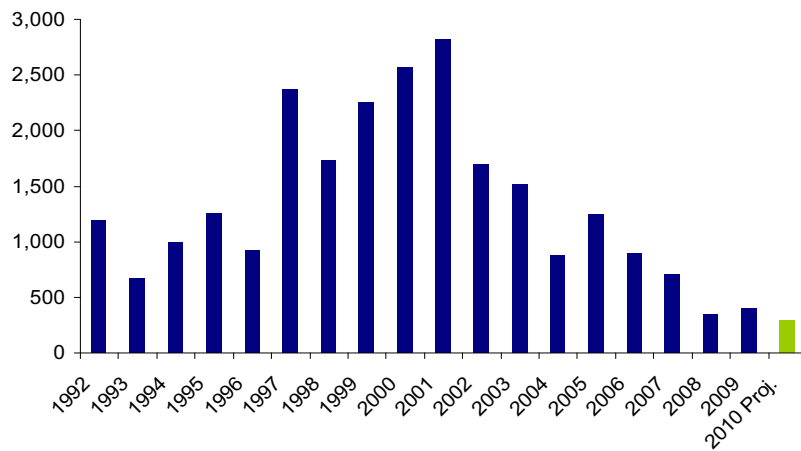
Source: US Census

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## 2010 Apartment Market

### Units Built and Projected



Source: CB Richard Ellis

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## 2010 Apartment Market

Development

### The Banks



## 2010 Apartment Market

Development

### Xavier Student Housing



## 2010 Apartment Market

Development

### North American Properties: Water's Bend



## 2010 Apartment Market

Transit & Transportation

- Interstate 75
- The Commute will become more difficult
- Extensive work to begin in the next 24 months

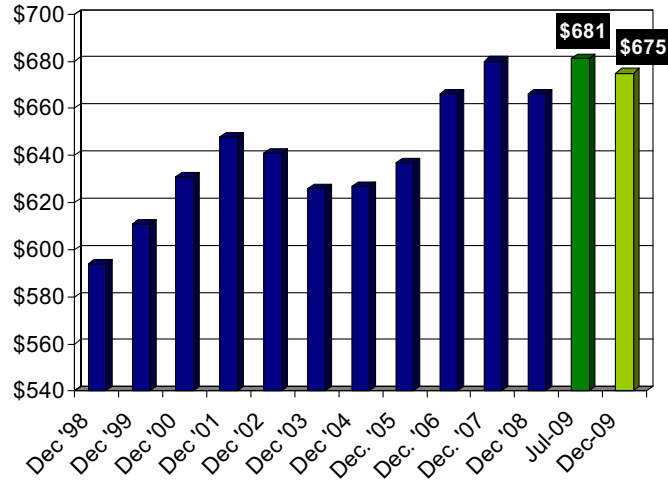


Source: OKI

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## 2010 Apartment Market

### Effective Rents

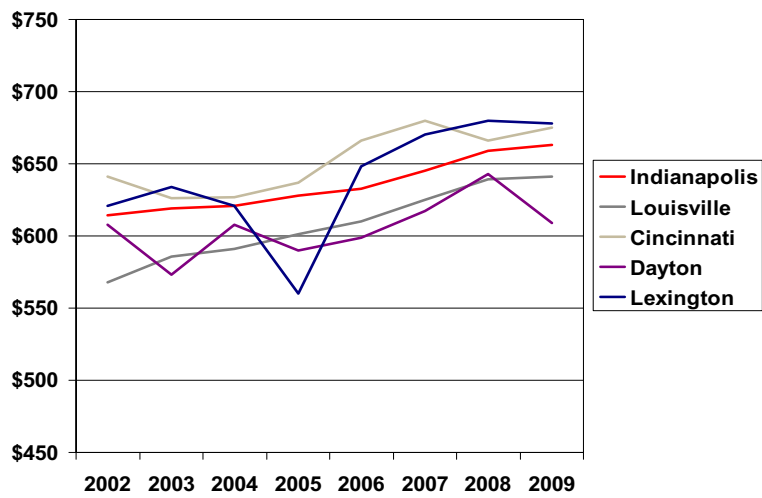


Source: CB Richard Ellis



## 2010 Apartment Market

### Central Midwest Historical Effective Rents

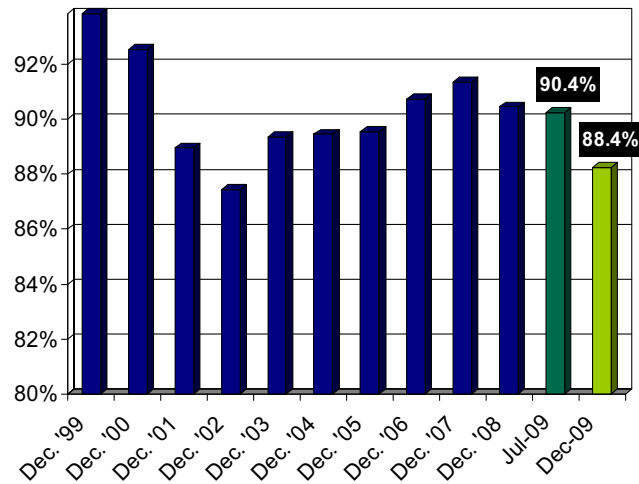


Source: CB Richard Ellis



## 2010 Apartment Market

### Historical Occupancy

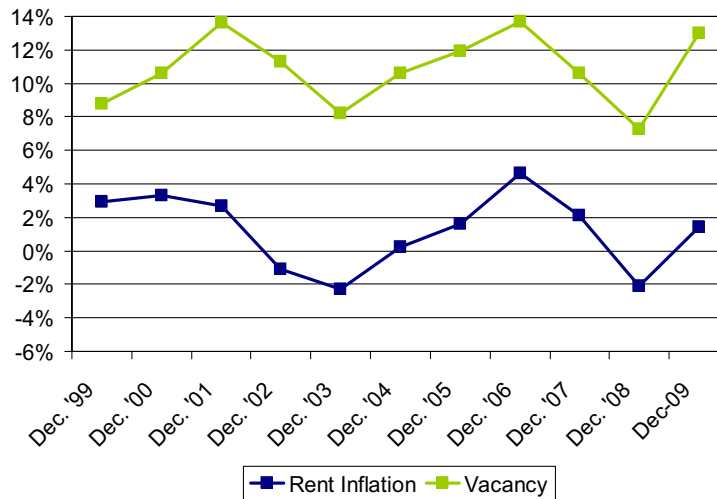


Source: CB Richard Ellis



## 2010 Apartment Market

### Vacancy Rate vs. Rent Inflation

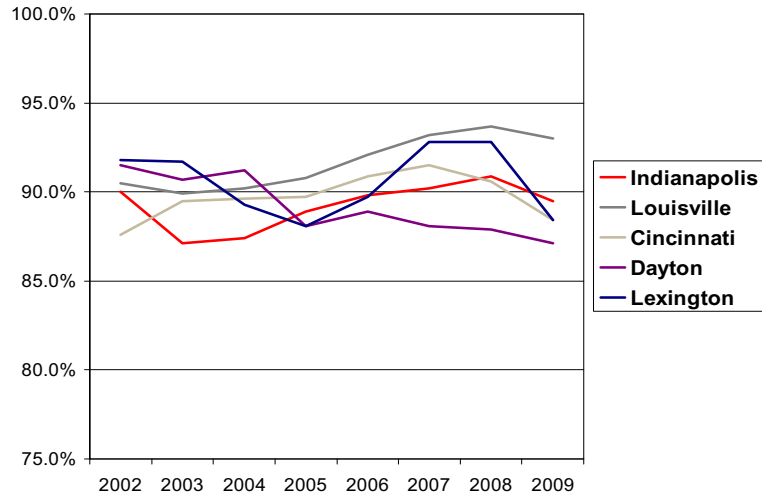


Source: CB Richard Ellis



## 2010 Apartment Market

### Central Midwest Historical Occupancy Rates



Source: CB Richard Ellis



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## 2010 Apartment Market

### Rents & Occupancy – Overall Market

	December					July	Dec.
	2004	2005	2006	2007	2008	2009	2009
<b>Occupancy</b>	89.6%	89.7%	90.9%	91.5%	90.6%	<b>90.4%</b>	<b>88.4%</b>
<b>Effective Rent</b>	\$627	\$637	\$666	\$680	\$666	<b>\$681</b>	<b>\$675</b>
<b>Effective Rent Per SF</b>	\$0.71	\$0.71	\$0.74	\$0.75	\$0.75	<b>\$0.76</b>	<b>\$0.74</b>

Source: CB Richard Ellis



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## 2010 Apartment Market

### Occupancy by Submarket

	December					July	Dec.
	2004	2005	2006	2007	2008	2009	2009
<b>Overall</b>	89.6%	89.7%	90.9%	91.5%	90.6%	<b>90.4%</b>	<b>88.4%</b>
<b>Northwest</b>	90.4%	90.8%	90.4%	90.1%	89.0%	<b>89.3%</b>	<b>87.8%</b>
<b>Northern Kentucky</b>	89.6%	91.3%	92.8%	93.9%	91.1%	<b>90.2%</b>	<b>88.0%</b>
<b>West</b>	84.8%	82.3%	89.2%	89.0%	87.1%	<b>88.4%</b>	<b>84.8%</b>
<b>East</b>	90.4%	91.0%	91.2%	91.7%	92.8%	<b>93.9%</b>	<b>90.8%</b>
<b>Central</b>	90.9%	89.5%	89.4%	90.1%	90.5%	<b>88.2%</b>	<b>88.4%</b>
<b>Northeast</b>	91.7%	90.3%	91.6%	93.2%	92.9%	<b>92.4%</b>	<b>89.8%</b>

Source: CB Richard Ellis



## 2010 Apartment Market

### Rent per SF by Submarket

	December					July	Dec.
	2004	2005	2006	2007	2008	2009	2009
<b>Overall</b>	\$0.71	\$0.71	\$0.74	\$0.75	\$0.75	<b>\$0.76</b>	<b>\$0.74</b>
<b>Northwest</b>	\$0.69	\$0.68	\$0.70	\$0.72	\$0.69	<b>\$0.73</b>	<b>\$0.67</b>
<b>Northern Kentucky</b>	\$0.66	\$0.66	\$0.69	\$0.70	\$0.71	<b>\$0.71</b>	<b>\$0.69</b>
<b>West</b>	\$0.62	\$0.64	\$0.64	\$0.69	\$0.67	<b>\$0.64</b>	<b>\$0.64</b>
<b>East</b>	\$0.71	\$0.72	\$0.75	\$0.74	\$0.74	<b>\$0.72</b>	<b>\$0.77</b>
<b>Central</b>	\$0.74	\$0.76	\$0.80	\$0.79	\$0.84	<b>\$0.81</b>	<b>\$0.83</b>
<b>Northeast</b>	\$0.77	\$0.78	\$0.81	\$0.83	\$0.85	<b>\$0.85</b>	<b>\$0.81</b>

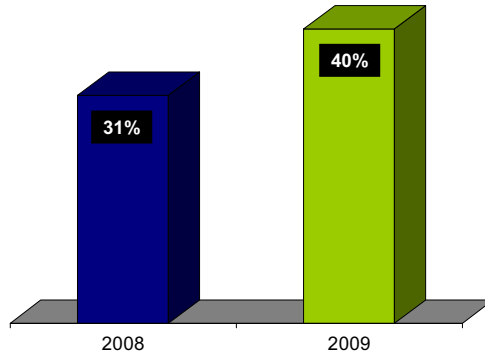
Source: CB Richard Ellis



## 2010 Apartment Market

### Rents & Occupancy :: Greater Cincinnati Concession Summary

Percentage of Properties Offering Concessions:



Avg. Monthly Concessions by Style as of December 2009:

Efficiency	\$35
1 Bedroom	\$57
2 Bedroom	\$64
3 Bedroom	\$75
4 Bedroom	\$106

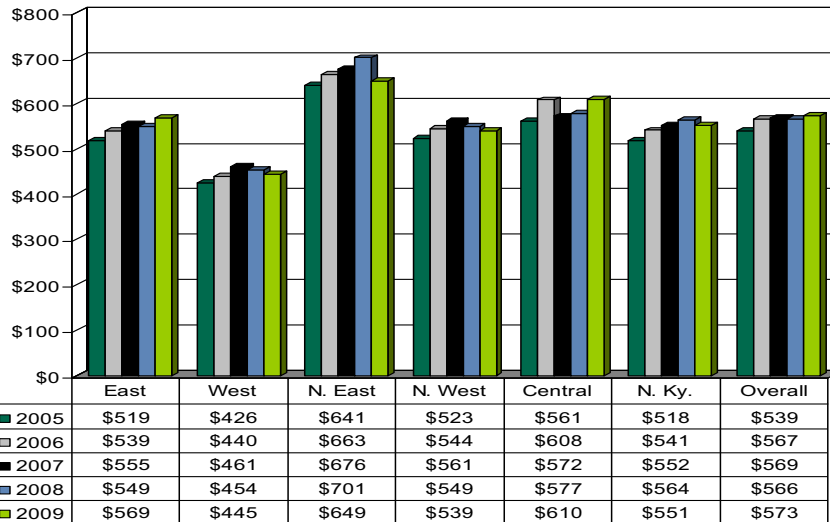
Source: CB Richard Ellis



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## 2010 Apartment Market

### 1 Bedroom / 1 Bath Effective Rents



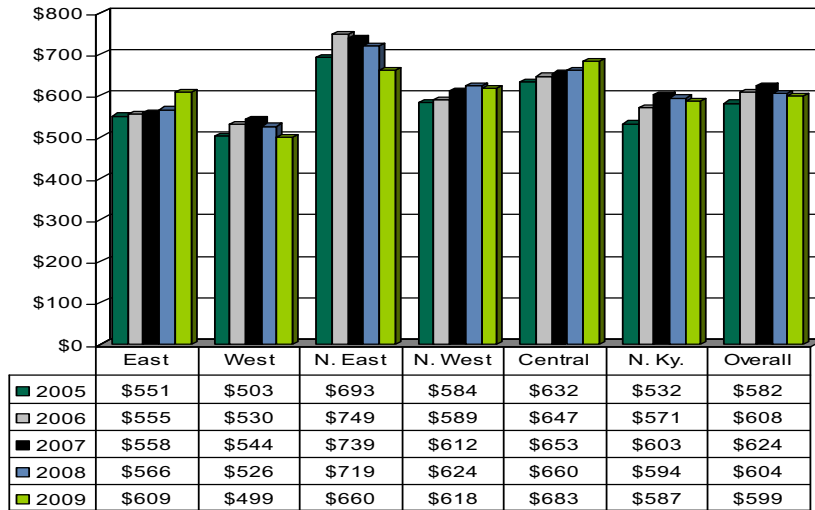
Source: CB Richard Ellis



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## 2010 Apartment Market

### 2 Bedroom / 1 Bath Effective Rents



Source: CB Richard Ellis



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## 2010 Apartment Market

### 2 Bedroom / 2 Bath Effective Rents



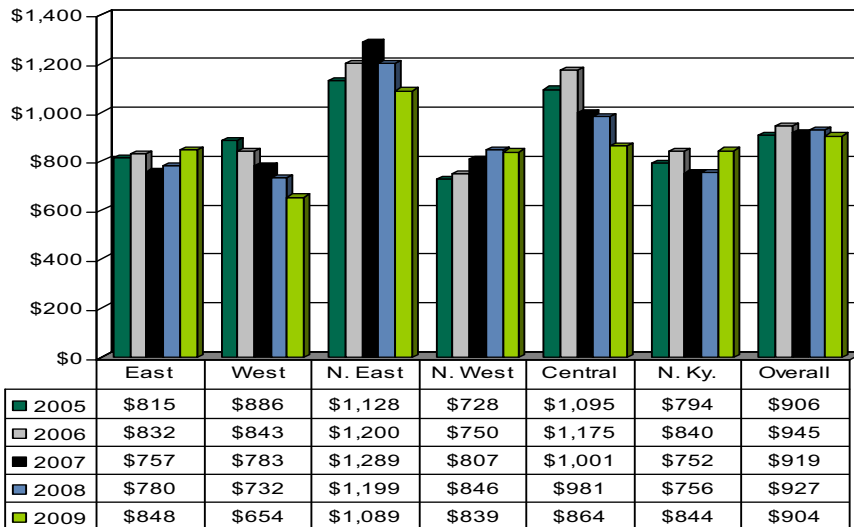
Source: CB Richard Ellis



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## 2010 Apartment Market

### 3 Bedroom Effective Rents



Source: CB Richard Ellis



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## 2010 Apartment Market

### Recap of Dave's 2009 Forecast

- Effective rents will increase 1.0%
- Most new units will be "purpose-built"
- Occupancy will be 91.0% at mid-year and drop to 90.0% at year end
- Cap rates will climb another 25 to 50 basis points
- 2009 will be the "Year of the Operator"

Source: CB Richard Ellis



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## 2010 Apartment Market

Dave's 2010 Forecast

- Effective Rents will increase by 1.0%
- Occupancy will increase to 91.5% by mid-year and remain constant.
- New development will be minimal.
- Better quality assets facing maturity will come to the market
- Cap Rates will not move any higher on Class A or Class B assets. Cap Rates could creep higher on Class C assets.

Source: CB Richard Ellis



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## 2010 Apartment Market

For more information

- To **download a copy** of tonight's presentation, please visit our team website at:
  - [www.cbre.com/mhgic](http://www.cbre.com/mhgic)
- If you would like to receive a hardcopy of the presentation **please email**:
  - [emily.cantley@cbre.com](mailto:emily.cantley@cbre.com)

toward  a greener  
tomorrow



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**Thank you for attending our**  
Greater Cincinnati/Northern Kentucky Apartment Association  
**2010 Apartment Market Overview**

