COLUMBUS

MARKET OUTLOOK 2014

CBRE

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CBRE Columbus Office
280 N. High Street, 17th Floor

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MESSAGE FROM THE **SENIOR MANAGING DIRECTOR**

2013 was a very good year for Columbus, CBRE and the commercial real estate industry. We are extremely proud to have represented clients in 32 of 57 (more than half) of the largest office lease transactions in 2013. In total, these transactions represented 11.9 million square feet of office space. And the good news doesn't stop there. CBRE Columbus was also involved in 48.5% of all industrial transactions over 10,000 square feet in our market. This was, again, more than any other Columbus brokerage. In total, these transactions represented approximately 5.6 million square feet of industrial space.

Last year, economists predicted that Columbus, due to its diverse economic base, would make the transition from economic recovery to expansion. I am happy to report that it has indeed recovered from the recession and that this year the Brookings Institution has named Columbus as one of America's new opportunity cities. Columbus has earned this distinction because it is well-positioned to attract new businesses to the city with lower costs, especially in the areas of technology and energy. Also, since Columbus continues to have the lowest unemployment rate of Ohio's major metropolitan areas and is the top-performing city in Ohio for job creation and retention, this in turn, draws workers who are looking for better jobs and a more easygoing lifestyle to the area, providing economic opportunity for employers and workers.

We are pleased to present this Market Outlook to you. It combines our best market data and analytics with insights from our experienced staff who are dedicated to sharing their expertise with you and assist you in developing and executing new strategies to manage your real estate needs.

To our clients, colleagues and business partners we thank you for a successful 2013, and offer our best wishes for you in your 2014 endeavors.

Robert O. Click
Senior Managing Director

"We are extremely proud to have represented clients in 32 of 57 (more than half) of the largest office lease transactions in 2013. In total, these transactions represented 11.9 million square feet of office space. CBRE Columbus was also involved in 48.5% of all industrial transactions over 10,000 square feet in our market. This was, again, more than any other Columbus brokerage. In total, these transactions represented approximately 5.6 million square feet of industrial space."

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LINES
OF SERVICE

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2013 IN REVIEW

- Year over year, suburban vacancy declined 1.7%. Downtown vacancy decreased 0.5%.
- Metro area average asking lease rates rose $0.01 per sq. ft. to $17.59 per sq. ft. Downtown rates rose $0.04 to $18.05 per sq. ft. and suburban rates fell $0.02 per sq. ft. to $17.37 per sq. ft.*
- 471,000 sq. ft. of construction was on-going Downtown with 340,000 sq. ft. being leased before completion.
- 2013 absorption had positive results but less overall absorption than 2012 with decreased suburban absorption and increased downtown absorption.

MAJOR DEALS IN 2013

- JPMorgan Chase completed a new lease for 164,900 sq. ft. at 5900 Parkwood Drive in Dublin.
- Cardinal Health expanded operations at 6000 Parkwood Drive in Dublin, leasing an additional 61,128 sq. ft.
- Century Insurance signed a new deal for 60,872 sq. ft. at 550 Polaris Parkway.
- Resource LLC committed to 60,000 sq. ft. at 250 S High Street, consolidating current operations in the Arena District and Grandview.

OUTLOOK FOR 2014

- The Columbus Office Market will be marked by modest but continued recovery in asset prices, gross leasing activity and rental rate growth. Commercial real estate fundamentals, rents and occupancy are considered stabilized since the economic downturn.
- Asset prices are close to 2007 peaks and transaction activity has improved as investors begin to enter the secondary markets after several years of robust activity in the major metropolitan markets.
- Tenants will continue to renew at a greater percentage than relocate, however many of those renewing will be absorbing more space and the level of new leasing activity will continue to grow relative to the last three years.
- Declining vacancy rates and the lack of large blocks of existing space have prompted the development market to announce new speculative construction. Additional supply combined with real estate tax abatement can have a negative impact on the ability of the existing market's demand to keep pace with new supply and place downward pressure on rental rate growth.
- Alternative workplace strategies will begin to shape the commercial landscape.

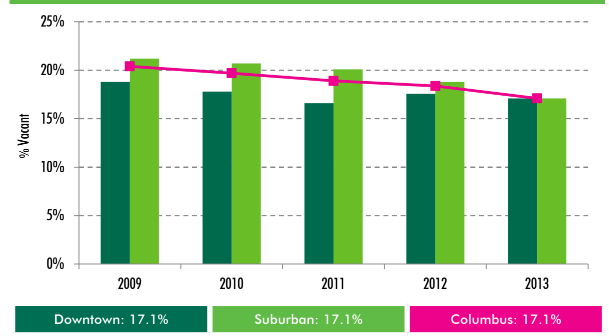
*Rates quoted as Full Service Gross

Quick Stats

	Current	Change YoY
Total Vacancy	17.1%	▼
Lease Rates (FSG)	$17.59	▲
2013 Net Absorption	323,982 SF	▼
Under Construction	688,840 SF	▲

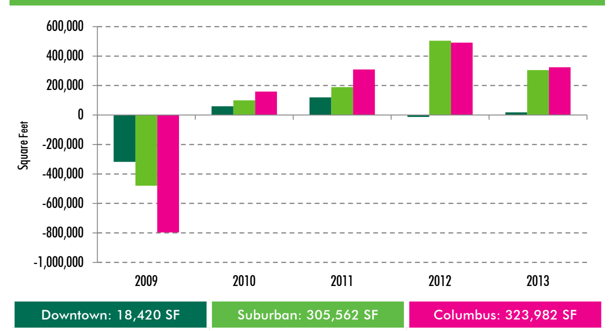
Source: CBRE Research, Q4 2013

Vacancy Rates



Source: CBRE Research, Q4 2013

Net Absorption



Source: CBRE Research, Q4 2013

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2013 IN REVIEW

- Columbus' industrial market boasted record low vacancies, high net absorption rates, and stable economic indicators such as employment rates & rental rates.
- Interest in speculative construction was renewed, one 478,000 sq. ft. speculative project was completed and another 250,000 sq. ft. project began construction for 2014 completion.
- Overall industrial vacancy declined a rapid 1.4% year-over-year. The drop in vacant space was felt most in modern bulk warehouse product, which declined 2.2% year-over-year.
- Total net absorption for 2013 was over 5.5 million sq. ft., an increase of 1.4 million sq. ft. over 2012.

OUTLOOK FOR 2014

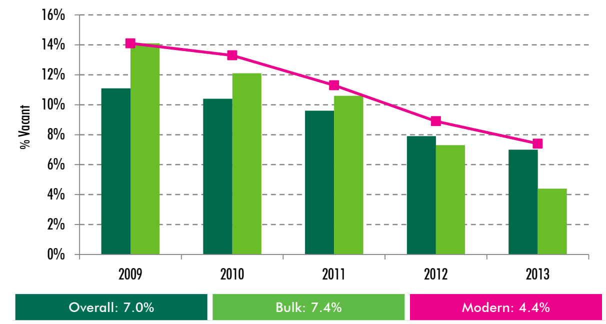
- Overall vacancy will bottom out in the second and third quarters of 2014 and begin to creep up in the fourth quarter moving into 2015 as additional new speculative construction, primarily bulk distribution warehouses, is completed.
- Vacancy for modern bulk warehouse product is expected to drop to as little as 1-2% in 2014.
- Speculative construction will continue as the availability of large industrial spaces declines. CBRE expects at least two additional speculative projects to be announced in 2014.
- The aggressive takedown of available space in 2013 will lead to higher base rental rates in 2014.
- Scarcity of available space will lead to longer lease terms, primarily for new build-to-suit projects.

Quick Stats

	Current	Change YoY
Total Vacancy	6.1%	▼
Lease Rates (NNN)	$3.17	◀▶
Net Absorption	5,594,040 SF	▲
Under Construction	1,943,128 SF	▲

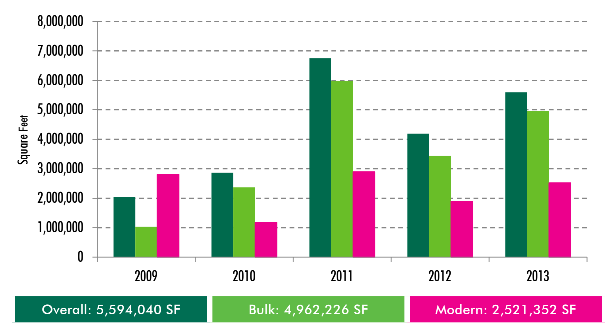
Source: CBRE Research, Q4 2013

Vacancy Rates



Source: CBRE Research, Q4 2013

Net Absorption



Source: CBRE Research, Q4 2013

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2013 IN REVIEW

- Overall vacancy declined approximately 1% over year-end 2012, thanks to steady occupancy growth, particularly in the southwest submarket.
- Asking lease rates remained steady at approximately $12.00 NNN
- A proposed new outlet mall development north of Polaris on I-71 progressed forward.
- Expansion continued at Easton with the acquisition of the Aladdin Shrine on Stelzer Road. The property was the final parcel not controlled by the developers of Easton and will allow flexibility for new development in the future.

OUTLOOK FOR 2014

- Several grocery store anchor strip centers will be under construction in the Columbus metro area.
- New apartment building construction is happening close to or on retail outparcels. Several have taken sites that have been sitting unused for years in older shopping centers, creating a new feel to the remaining stores surrounding the sites.
- REI, a national upscale sporting goods chain, is adding two new stores to Columbus. One at Easton Gateway and one on Sawmill Road. This concept will compete with Northface and Dicks new Field and Stream concept.

2013 IN REVIEW

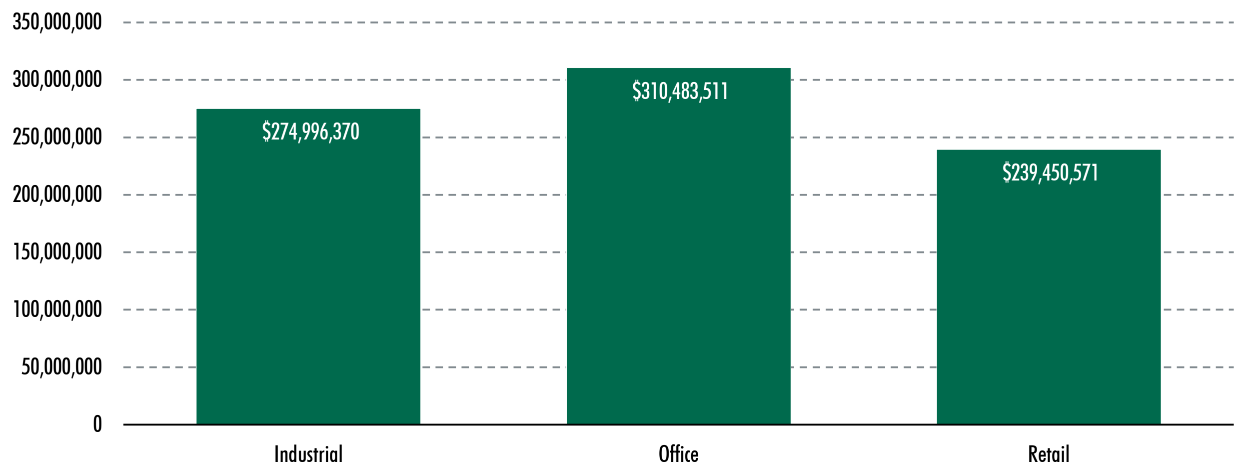
- Stability and the lack of any significant new construction was the theme in 2013 as competitive inventories are being absorbed in all classes. Primary market investors were still hesitant to enter secondary markets in the Midwest, however cap rate compression in the primary locations reached pre-recession levels which should bode well in 2014. 2013 Suburban Office and CBD sales in Columbus exceeded $310 million down slightly from 2012 which featured a large Duke Realty suburban portfolio anchoring the volume. Canadian investors continued to seek and bid on off-market properties seeking to boost their interests in Columbus as well as other secondary Midwest markets. Location, tenant credit, stable cash flows were the primary drivers as private investors seek to leverage their acquisitions in a active lending environment. Lenders were cautious to pursue opportunities that had any combination of tenant risk components.

- Class A office in good locations attracted new investors to Columbus as unemployment continues to decline at a greater pace than other secondary markets. Office cap rates ranged from the mid 7% range for single tenant long term leased properties to the high 8% low 9% range on properties exceeding 70% leased. The cap rates were applied to in-place rents only as investors continued caution in valuing vacancy.

- Columbus' strategic location motivated private and institutional investors to seek Industrial Class A properties in A locations with cap rates dipping into the mid 7% range. 2013 sales volume exceeded $274 million which was down from the 2012 volume of $402 million. Limited new construction continued to tighten vacancies and motivate sellers to test the market. Developers have been cautious to start speculative projects further tightening competitive inventories. Only one speculative property was constructed in 2013 totaling 400,000 square feet. Investors continue to take note of the lack of speculative construction.

- Retail investment grew considerably in 2013 as it relates to prior years. Over $239M of sales booked in 2013 with anchored shopping centers topping the hit list. Lenders continue to be cautious on locations that do not meet demographic qualifications and specific centers lacking in location status and tenant credit.

2013 Investment Sale Volume



Source: Real Capital Analytics

OUTLOOK FOR 2014

- Suburban Office sales will continue to surge in spite of recent tax burdens placed on long term gains. Private investors that have weathered the downturn as owners, and stabilized their properties, are testing the market in increased numbers. Primary market investors should begin to migrate to secondary markets seeking higher yields. These investors may be more accepting of shorter term leases in A locations if there is a renewal story. Columbus has proven its stability as it cycles out of the recessionary downdraft. The lack of any significant new construction has tightened up vacancies in competitive properties, pushing occupancy into the low 90% target range for owners. CBRE anticipates office sales will remain consistent year over year and rental rates will see consistent growth further attracting primary market investors.

- Logistics will continue to drive Industrial interest in Columbus' Southeast and Southwest submarkets. Similar to office, the lack of any significant new construction will further tighten vacancies and stabilize rental rates. Rental rates will see some growth as there are few sizeable competitive spaces in A locations. Cap rates in 2014 will level off in the class A properties, while Class B opportunities will provide greater yield to investors.

- Anchored strip centers will continue to lead the interest of retail investors in Central Ohio. Grocery anchored centers present an ever increasing stability and safe haven for retail focused investors with cap rates likely to average closer to lower 7% ranges. Power Centers in prime locations will go as their big box anchors sales performance dictates.

COLUMBUS MULTI-FAMILY
MARKET OUTLOOK 2014

2013 IN REVIEW

- Fundamentals in the Columbus multi-housing market are strong throughout all segments. Owners of stabilized, well run, and sufficiently capitalized properties are faring very well.

- Vacancy rates in the Class “A” and “B” sectors are under 4.5% with rent growth ranging from 3%-5%. Occupancies in the class “C” submarket have increased into the mid 90% range with minimal rent growth.

- As in 2012, the combination of strong fundamentals and a favorable debt environment resulted in a very active sales market. 7,679 units transferred with an average sale price per unit of $51,381. The cap rate environment for stabilized properties, following national trends, compressed with the most aggressive rates at 6.00%. Cap rate ranges for “A” assets are 6.00%-6.75%; “B” assets are 6.75%-7.50%, and “C” assets are 8.00%-10.00%. Unlike previous years, capital and debt was available for stabilized “C” properties, which resulted in numerous sales in that asset class.

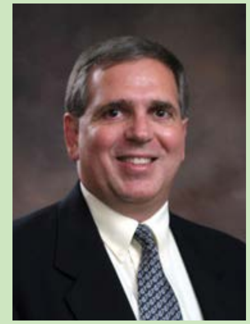
- Development activity is brisk with an estimated 5,600 units delivered in the past 24 months. Unlike previous development spurts, this surge includes numerous 50 to 150 unit buildings scattered throughout developed parts of the city.

OUTLOOK FOR 2014

- Vacancy projections for 2014 are that overall occupancy rates will decrease marginally to a level ranging from 93%-95% depending on asset class and location. Overall rent growth will range from 2.0%-2.5%.

- Continuing the trend from 2013, sales activity will remain brisk throughout 2014.

- An additional 4,600 multi-family units are projected in 2014. Absorption is expected to be roughly 3,500 units per year over next three years.



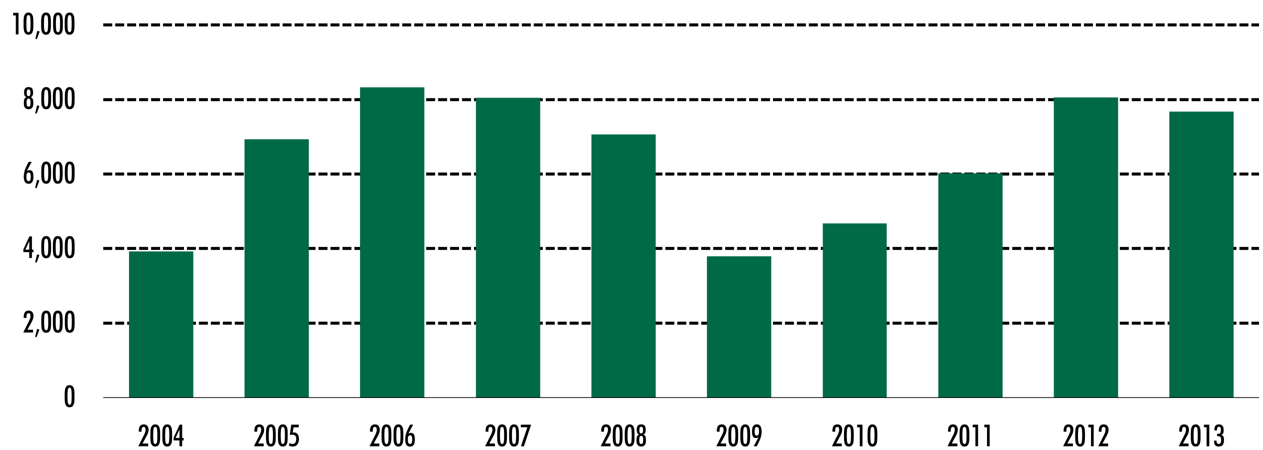
Ed Joseph
Vice President

Quick Stats

	Current	Change YoY
Total Vacancy	4.8%	▲
Average Sale Price	$51,381	▲
Units Sold	7,679	▼
Rentable Completions	3,635	▲

Source: CBRE Research

Number of Units Sold



Source: CBRE Research, Q4 2013

CBRE

Eric Belfrage
First Vice President

FORECAST LOOKS CLEAR THROUGH 2016!

- Ask any meteorologist and they will affirm that long range weather forecasting is challenging. But there are weather patterns and dynamics that assist these prognosticators. Lodging forecasts are similarly daunting; however, hopefully tied to less erratic variables. At least it is safe to say that the predictability of hotel metrics is not subject to the direction of the wind!

  We can know with relative certainty many needed factors in the equation. For instance, hotel supply can be predicted based on pipeline statistics. Demand trends can be bracketed based on historic demonstrated demand trends, employment and economic projections. Rate pricing can be anticipated based on supply and demand expectations, consumer prices, and economic health of the region and nation. Indeed barring a "Black Swan event" like September 11, or an unforeseen financial disaster, I would have to say that lodging prognosticators have good clarity to envision market trends to a horizon of about three years.

- Excellent primary research is conducted by industry leaders such as Smith Travel, Lodging Econometrics, PwC, and PKF Consulting. Unequivocal consensus relative to demand and rate projections exists. Of course, each consultancy grinds and blends the ingredients within their own models, but conclusions are directionally identical. As of this writing the STR "Preliminary December 2013" RevPAR indication is between 5% and 7%. Projections for 2014 RevPAR growth show a range of 6% to 7.7%.

- Supply growth is emerging; however, the depth of the recession stunted developer activity and lender interest. Loan costs are at an all-time low, but feasibility governs a conservative appetite for new deals. New supply nationally made up about 1% of total supply in 2013. Growth is nominally increasing, as shown in pipeline reports. The expected supply growth is 1.3% in 2014 and 1.6% in 2015.

- Relatively low supply growth and continued demand increases, amid slow but steady economic recovery, mean that rate growth is likely for the next few years. This will fuel the rate side of RevPAR growth supporting mid-single digit expectations. Whether national RevPAR grows in 2014 at 6% or 7.7% is a moving target, and each group would tell you these forecasts are inexact. The important indication is the direction and relative magnitude of the growth.

- Of course top line revenue is only part of the picture; true vitality of the industry is born out of profitability. PKF has measured double digit Net Operating Income (NOI) growth among hotels since 2011, and forecast that this will continue through 2015. With stable cap rates, hotel pricing has and will show increases commensurate with NOI in the near term.

- It appears the earliest that new supply could exceed demand would be 2016. But even that would require a significant increase in the pipeline of new product. With the anticipated clear forecast, most lodging groups are in an acquisition mode. The logic is simple: Buy existing assets today, add value through improvements and operations, and exit close to the top of the lodging market cycle. While it might seem self serving for a hotel broker to advocate this strategy, I can tell you that having studied four hotel cycles in my consulting capacity, and now in the brokerage business, that I believe strong acquisitions opportunities exist in this market. If you are interested in discussing your market or property, please contact me at your convenience, at eric.belfrage@cbrehotels.com.

2013 IN REVIEW

- Strategic land acquisition was heightened by the major health systems for future outpatient facilities and hospitals.
- Construction saw an unprecedented expansion by each of the major health systems at their current facilities.
- 2013 saw the opening of, or planned announcements for several new outpatient facilities.
- Acquisition of private practices and specialists continued but slowed compared to previous years.
- Consolidation continued among both private practices and health systems.
- Private practices and health system invested more into signage, location, and build out to heighten the patient experience.
- 2013 saw continued increase in health systems looking to partner with local communities.
- A lack of large blocks of medical space created more build to suit opportunities.
- There was fervent investor demand for high occupancy, long term leased Class A medical office buildings.
- Some health systems formed partnerships to reduce costs and focus on core competencies.

OUTLOOK FOR 2014

- As in 2013, a lack of large blocks of medical (or suitable) space will create more build to suit opportunities and limit the growth of some occupiers.
- 2014 will see heavy competition by developers for build to suit opportunities.
- There will be continued consolidation and new mergers among health systems and private practices.
- With continued development of more outpatient facilities, some occupiers will seek more retail type locations.
- Private equity/venture capital will look to bring services to underserviced but well insured markets.
- Health systems will look to partner with local communities for Extended Health Care.
- There will continue to be high investor demand through 2014 for occupied medical office buildings.
- Continued pressure to reduce costs while heightening the patient experience.

John Hall
Senior Vice President

David Hartsook
First Vice President

Michael Copella
Vice President

THE COLUMBUS REGION = DATA CENTERS + IT TALENT + BIG DATA ANALYTICS

- The Columbus Region has quickly become a national hub for data centers. Companies first sought Columbus as an alternative to the traditional higher cost data center markets without having to pioneer remote areas of the country. The Columbus Region is now viewed as the logical choice for enterprise data centers, colocation, and disaster recovery.

- The initial commitments by corporations were for enterprise data centers. Discover Card, CitiGroup, Nationwide Insurance, and TJX were just a few of the data centers developed in the Columbus Region.

- In 2013, Compass Datacenters led the next wave of data centers. Compass Datacenters purchased acreage in New Albany, OH, for the construction of five 1.2 megawatt data centers with 10,000 square foot data halls. The Compass Datacenter commitment represents the first wholesale data center opportunity in the Columbus Region. Compass Datacenters is a lower cost alternative to corporations who are considering developing their own data centers or leasing from retail colocation data centers.

- Looking to the future, the Columbus Region's all world public-private commitment to Big Data Analytics is changing the way corporations will view Columbus as a technology center for years to come.
  - Columbus is the home to IBM's Global Client Center for Advanced Analytics.
  - The Ohio State University established a Big Data research program and an undergraduate major. The program is backed by $100 million in commitments from The Ohio State University and the State of Ohio.
  - Leading Columbus-based corporations (L Brands, Nationwide Insurance, AEP, Cardinal Health, Huntington Bancshares, Battelle and OhioHealth) formed the Columbus Collaboratory backed by an initial commitment of $28 million. The Columbus Collaboratory focuses on Big Data Analytics and cybersecurity.

- Companies tend to land their programs where the talent is located. Even before these commitments to Big Data Analytics, the Columbus Region was already rich in IT talent. With OSU graduating hundreds of Big Data engineers every year and with OSU professors actively consulting on projects, the Columbus Region will continue to attract leading technology companies from around the world.

Doug Godard, MCR, LEED® AP
Senior Vice President

Doug Godard is one of over 500 professionals in the CBRE Data Center Solutions Group comprised of engineers, project managers, facility managers, and transaction specialists. CBRE DCSG assists clients with their data center facility needs throughout the United States and globally.

CBRE

A YEAR OF TREMENDOUS GROWTH

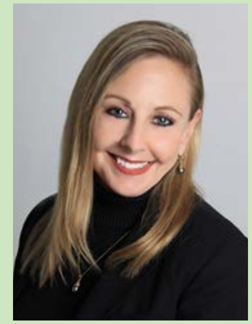
- The Columbus Asset Services team manages a portfolio comprised of 54 office, retail, industrial and corporate properties totaling approximately 11.9 million square feet. In addition, 1.1 million square feet was also managed through the Columbus office by our GCS team.

MANAGEMENT PHILOSOPHY

- CBRE provides comprehensive asset services with a clear focus on maximizing asset value. We partner with clients to facilitate an efficient transition, generate revenue opportunities, and lower operating and capital costs while maintaining high service levels and providing accurate, timely property accounting and financial reporting.

- The core components of effective asset management – property management and leasing – work in tandem to streamline operations, reduce costs, and maximize cash flow for an asset. Asset Services has restructuring experience with a wide range of asset types and classes. Our transition plan is carefully tailored to stabilize asset value while elevating service benefits and operational efficiencies. The expertise that CBRE brings to an asset will ultimately enhance its value.

- Focusing on long-term returns, we offer comprehensive solutions to maximize value. Our property management programs will continue streamlining operations and enhancing service levels. Our specialized project management approach will handle construction projects on time, on target, and under budget.



Lorraine Stelzer
Director Asset Services

Property & Client Portfolio

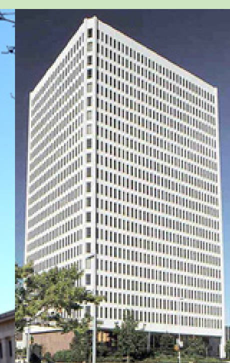
Notable clients include:

- Farmers Insurance Group
- Invesco Real Estate
- Nationwide Mutual Insurance Company
- NetJets
- Ohio State Bar Association
- Principal Global Investors
- Pacer International, Inc.

CBRE Columbus Awarded Contract to Manage Five High-Profile State Owned Buildings

Frank J. Lausche State Office Building Cleveland, Ohio

James A. Rhodes State Office Tower Columbus, Ohio



Michael V. DiSalle Government Center Toledo, Ohio

Vern Riffe Center for Government & The Arts Columbus, Ohio

Oscar Ocasek Government Office Building Akron, Ohio

CBRE

CBRE Columbus' Project Management team completed or is finishing 234 projects totaling $66.4M.

PROJECT MANAGEMENT CAPABILITIES

- Construction Management
- Project Budgeting and Planning
- Contract Compliance Auditing
- Renovations and Tenant Improvements
- Architectural Coordination
- Space Planning
- Interior Design
- ADA, CADD, CAFM
- Relocation Services
- Moves, Adds and Changes
- Telecommunications Systems
- Signage and Artwork
- Move and Cable Management
- Furniture Inventory and Management

MARKET DRIVERS

The development and construction industries were active and growing during 2013. Many factors work together to drive the market including:

- Improving economy and lending conditions.
- Second and third generation office and retail properties are being upgraded in order to compete with new product.
- Availability of tax-abated land for new office projects.
- Open office work environments with interior private offices seem to be the program of choice in today's office segment.
- Older high-rise structures downtown are currently being renovated. Fiber optics and high speed cable access and telecommunication systems are being updated to support today's business needs.
- The changing corporate needs, technology, and unique owner demands will continue to change the way in which Corporate America satisfies their real estate requirements.

MARKET FORECAST

- The pace of construction is growing across the Metro Columbus area, due to the need to centralize operations, the abundant availability of new land and the desire for customized space.
- The Columbus Project Management Division looks forward to providing project management services on current projects for clients such as:

  Nationwide Insurance, Cardinal Health, INVESCO, Farmers Insurance, IBM, State of Ohio, Wendy's and Nissin International Transport.

Jason Halsey
Senior Project Manager

- Our goal as a division of CBRE is to support our real estate team members and obtain and retain clientele with the most comprehensive team approach to project management services in the Columbus area.

NOTABLE PROJECTS

- Wendy's Restaurants, 200+ locations
- State of Ohio Computer Center
- Cardinal Health
- Limited Brands
- Frankin University
- Ohio Farm Bureau
- Transystems
- Momentive
- Grange Insurance
- Worthington Industries
- Nationwide Insurance
- Nationwide Realty
- The Scott's Company

CBRE

2013 IN REVIEW

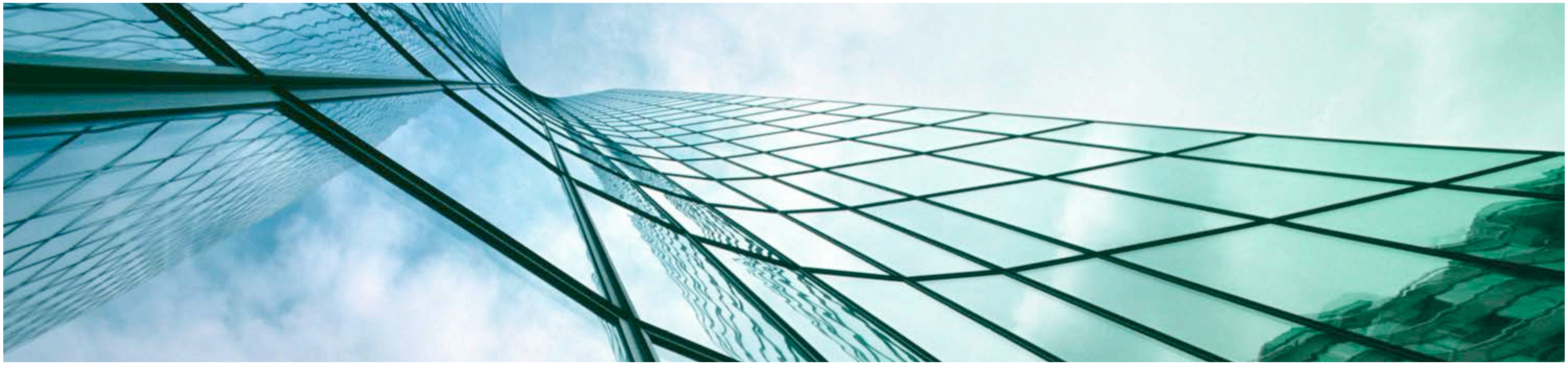
- Commercial appraisal activity in Ohio has increased due to the shift from primary markets to secondary markets.
- The increase in commercial appraisal activity is reflective of the steady ongoing recovery in Columbus.
- Growth continued due to the diversity of services offered - mortgage lending appraisals, land valuation, litigation valuation/forensic appraisals, real estate consulting (fee-based), right-of-way/easements, environmental site assessments, property condition assessments, and seismic studies.
- Distressed real estate became a smaller segment of valuation and advisory services.

OUTLOOK FOR 2014

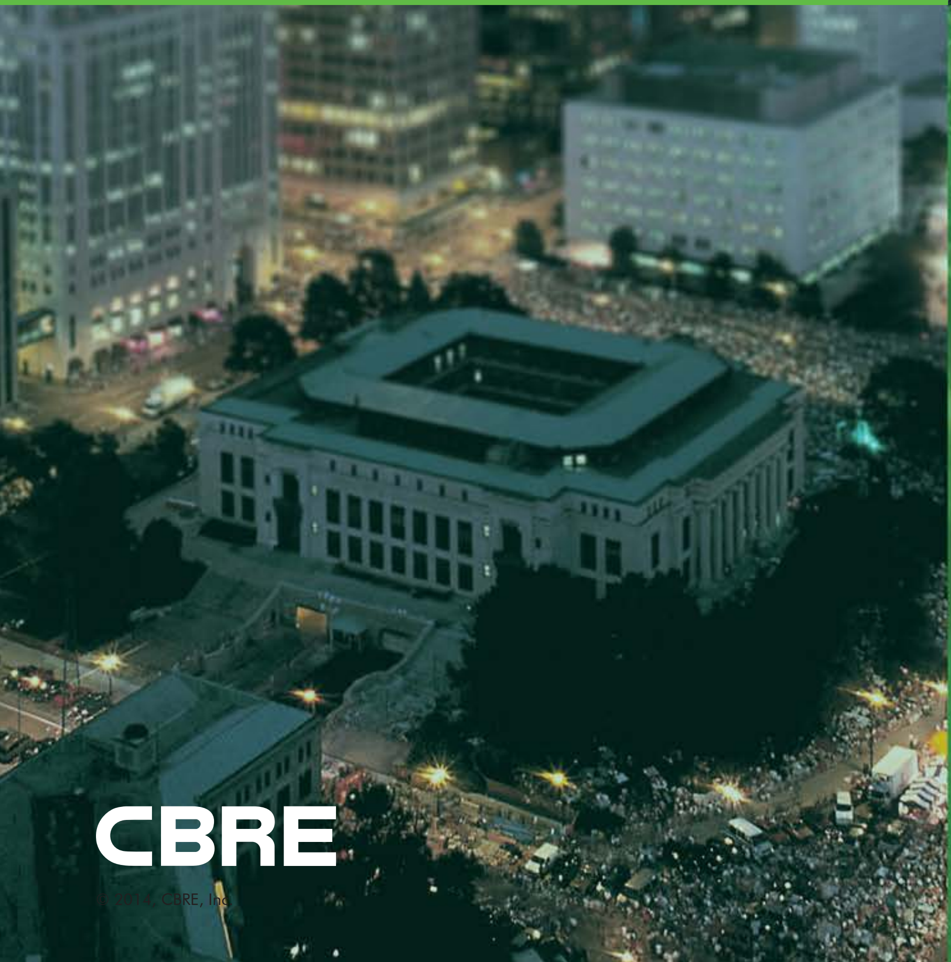
- National, regional and local investors continue to view Columbus as a solid performer driving demand for Valuation and Advisory Services (VAS).
- Services will be developed and structured to aid buyers, sellers and investors in navigating the commercial real estate market.
- Present a comprehensive vision of the market while defining the micro economic drivers of the local economy - education, insurance, banking, fashion, government defense, aviation, logistics, healthcare and technology.
- Transaction driven work is becoming a larger segment of valuation and advisory services.

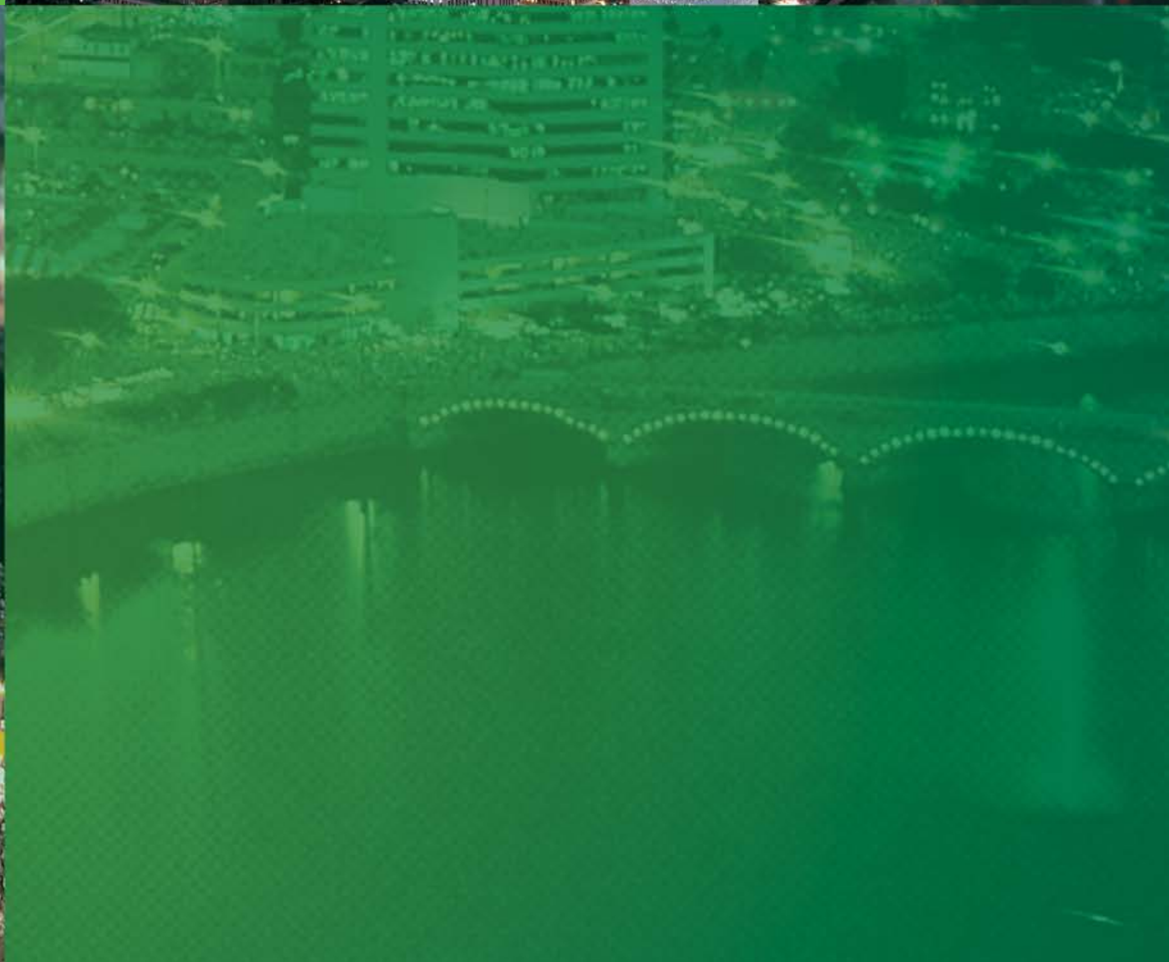
Mason Shelby
Vice President, Valuation

Christian Smith
Senior Appraiser



REGIONAL
OUTLOOK



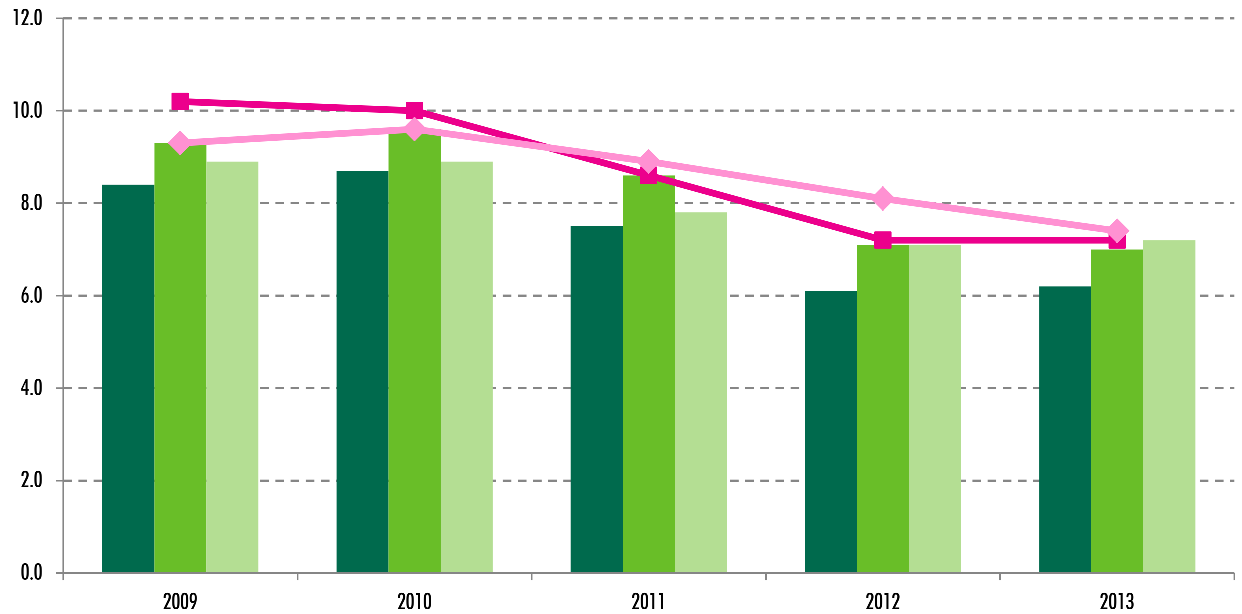


CBRE

COLUMBUS: ONE OF AMERICA'S NEW OPPORTUNITY CITIES

- Columbus continues to have the lowest unemployment rate of Ohio's major metropolitan areas.
- Demographer William Frey of the Brookings Institution analyzed Census Bureau data and has named Columbus as one of the 10 cities that is drawing workers who are looking for better jobs and a higher standard of living. Columbus is one of four cities who are luring businesses with lower costs and a more easy-going lifestyle than they would find in other cities.
- Columbus is the top-performing city in Ohio for job creation and retention, according to the Milken Institute's Best Performing Cities index, which finds the metropolitan areas with ties to energy or technology are doing the best in the country.
- Columbus is home to 15 Fortune 1000 companies and welcomes one of the highest populations of college students among more than 54 university and college campuses, making it the largest concentration of students in the Midwest.
- Columbus is also one of the country's leading research and technology cities, attracting the brightest minds from around the world.

Unemployment



Columbus: 6.2% | Cincinnati: 7.0% | Cleveland: 7.2% | Ohio: 7.2% | U.S.: 7.4%

Source: Ohio Department of Job and Family Services

- With more than a third of the metro are's international trade occurring with Mexico and Canada, Columbus is ranked No. 11 among the top North American-trading cities in the U.S. by the Brookings Institution.
- The Civic Federation ranked Columbus 13 of the largest U.S. cities as having the best financial condition. Columbus boasted the overall best rating in four categories: cash, budgetary, long-run and service-level.
- Nearly 100% of the Columbus metro population is able to access broadband internet with >3 mbps download speed.

CBRE

OHIO
MARKET OUTLOOK 2014

STRENGTHENING FOR JOB GROWTH

- Ohio had 5,200,600 seasonally adjusted nonfarm jobs in December 2013. When compared to December 2012, employment increased by 25,600 jobs.
- Ohio closed fiscal year 2013 with the state budget not only in balance, but with a significant surplus. Due to this success, small businesses in Ohio will receive tax deductions of 50 percent on the first $250,000 of earnings.
- On average, the Ohio economy is expected to have almost 178,000 job openings annually for the next decade.
- About 73 percent of all job growth is expected to come from three service-providing industries: health, business, and education.
- Of the 30 industry groups with the fastest job growth, one-third are health-care-related, which can be attributed to the demographics of an aging population. Home health care services are expected to grow the fastest, increasing 62 percent over the next decade.
- About 30 percent of annual job openings will come from creation of new jobs; the remaining 70 percent will result from the need to replace workers who switch occupations or who leave the labor force.
- Ohio's population has been increasing for the past decade and will continue to rise, but at a slower rate than the US population. Ohio income will decline as a share of national income because of the slower growth in population than is occurring in other parts of the country. Likewise, per capita income relative to the US is expected to decline.

ENERGY IMPACT

- Infrastructure projects are where the largest investments are talking place to allow unrestrained production to proceed from the Utica-Point Pleasant play in eastern Ohio.
- In 2013, permitting and drilling of the Utica-Point Pleasant continued with 451 permits issued and 235 horizontal completions filed. In all of 2012, only 221 Utica-Point Pleasant completions were filed.
- The top five operators by number of completions filed are: Chesapeake Exploration, Oxford Oil, Gulfport Energy, Know Energy, and Hess Ohio Development.
- Ohio's oil and gas industry is undergoing a major transition from drilling large numbers of conventional vertical wells with low expected initial production, to sevral hundred high-cost horizontal wells with very large initial production numbers.

Quick Stats - Columbus

	Office	Industrial
Total Vacancy	17.1%	6.1%
Lease Rates*	$17.59	$3.17
2013 Net Absorption	323,982 SF	5,594,040 SF
Under Construction	688,840 SF	1,943,128 SF

Source: CBRE Research, Q4 2013

Quick Stats - Cleveland

	Office	Industrial
Total Vacancy	19.1%	6.3%
Lease Rates*	$17.36	$4.51
2013 Net Absorption	259,779 SF	3,009,246 SF
Under Construction	-	178,000 SF

Source: CBRE Research, Q4 2013

Quick Stats - Cincinnati

	Office	Industrial
Total Vacancy	22.3%	6.7%
Lease Rates*	$19.73	$3.87
2013 Net Absorption	65,486 SF	4,422,671 SF
Under Construction	870,000 SF	1,486,566 SF

Source: CBRE Research, Q4 2013

*Office rates are FSG, Industrial rates are NNN

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U.S.
MARKET OUTLOOK 2014

STRONGER U.S. FUNDAMENTALS, KEY MEGA-TRENDS POWERING 2014

- With corporate profit margins twice their long-term average and business leaders' confidence growing amid more upbeat economic, political and policy news, expect increased spending, investment and, most important to CRE, job growth in the coming months.
- 2013 brought the biggest jump in home prices in eight years. Expect strong housing performance in 2014 to continue driving demand for industrial and retail space as well as growth in GDP and consumer confidence.
- 2013 saw the start of the taper and the beginning of interest rate increases. In 2014, look for the end of cap rate compression and a new era of NOI growth.
- All major property types posted improved fundamentals in 2013, a trend expected to continue in 2014.
- Foreign, pension fund and individual investors will continue to increase allocations to CRE, buoying investment sales activity in 2014.
- CMBS is alive and well, with originations almost doubling in 2013. With B-piece buyers back in the game, activity will remain strong in 2014.
- As investors broaden their search for yield, expect spreads between primary and secondary markets to narrow in 2014.
- More occupiers are realizing the benefits of new trends in space design, including 'free-address' workspaces and environments designed to foster collaboration. This trend will likely accelerate across industries, with a growing impact on CRE in 2014.
- The seeds are in place for a resurgence in manufacturing as domestic labor prices and energy costs are now more globally competitive, fueling demand for industrial space.
- Continued growth of e-commerce and the need for new, highly efficient logistics properties will drive demand for industrial space and continue to reshape the retail market in 2014.

Quick Stats - U.S. Office

	Current	Change YoY
Total Vacancy	14.9%	▼
Lease Rates (FSG)	$27.40	▲
2013 Net Absorption	36.1 MSF	▲

Source: CBRE Econometric Advisors, Q4 2013

Quick Stats - U.S. Industrial

	Current	Change YoY
Total Availability	11.3%	▼
Lease Rates (NNN)	$5.74	▲
2013 Net Absorption	233 MSF	▲

Source: CBRE Econometric Advisors, Q4 2013

CBRE
COMPANY INFORMATION

GLOBAL OFFICE LOCATIONS
300+ OFFICES IN 50 COUNTRIES

CBRE is the world's largest commercial real estate service provider. Our leadership comes from an enduring culture of client service. Every day we think about new ways to create value for our clients. We are the fastest to launch new services, develop market niches, and provide solutions to a swiftly evolving set of client requirements worldwide. Our clients harness the power of tens of thousands of local professionals, with intimate knowledge of every major market in the world, supported by the broadest spectrum of global intelligence, relationships and experience. Our fully integrated, global service platform assists clients in seizing the full gamut of real estate opportunities. Our values—respect, integrity, service and excellence—are the ballast that grounds and guides our efforts. We are expanding our longstanding endeavors in corporate citizenship, including one of the industry's largest global initiatives to curb greenhouse gases. CBRE offers clients thought leadership, flawless execution

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CBRE
COMPANY TIMELINE

1773 REI Limited is founded.
1906 Colbert Coldwell founds Tucker, Lynch & Coldwell in San Francisco.
1914 Benjamin Arthur Banker joins Coldwell's firm as a full partner.
1922 The opening of the Coldwell Banker office in downtown Los Angeles marks the beginning of the company's geographic expansion.
1936 The firm changes its name to Coldwell, Banker & Co.
1940s Southern California offices institute seven- to eight-week training program.
1952 Coldwell, Banker & Co. opens an office in Phoenix, marking its first move outside California.
1961 Coldwell Banker begins organizing by specialty, adding managers for retail and industrial to the conventional geographic-based leadership team.
1968 Coldwell Banker offers public stock for the first time.
1970 Coldwell Banker opens offices in Dallas ('70), Chicago ('75), and Washington, D.C. ('76).
1980 Coldwell Banker opens its first office in New York City.
1982 Sears, Roebuck & Co. acquires Coldwell Banker Commercial and Residential.
1986 Coldwell Banker Commercial acquires Torto Wheaton Research.
1989 Employees invest their own money and with others, acquire the commercial side of Coldwell Banker's business.
1991 The company changes its name to CB Commercial.
1995 CB Commercial acquires Westmark Realty Advisors. The company expands its investment management capabilities now known as CB Richard Ellis Investors.
1996 CB Commercial completes an initial public offering.
The company acquires LJ Melody & Co. and becomes a major originator and service of U.S. commercial mortgages. That business service is known as CBRE | Melody.
1997 CB Commercial acquires Koll Real Estate Services and becomes a leader in property and facilities management.
1998 CB Commercial acquires REI Ltd. and subsequently changes its name to CB Richard Ellis. The company also acquires Hillier Parker in the United Kingdom.
1999 CB Richard Ellis operates in more than 250 local markets. CBRE forms a partnership with Ikoma, establishing CBRE presence in Japan.
2001 Management Buy-Out takes the company private.
2003 CB Richard Ellis acquires Insignia. Becomes the industry's leading service provider. Reunites Richard Ellis global brand name.
2004 CB Richard Ellis launches initial public offering on the New York Stock Exchange under the ticker symbol "CBG."
Revenue surpasses $2.0 billion.
2005 CB Richard Ellis enters the Fortune 1000 list at number 676 and is added to Russell 1000 Index.
2006 Global sales and leasing volume exceeds $150 billion.
CB Richard Ellis celebrates its 100th anniversary.
CB Richard Ellis named to S&P 500 Index.
CB Richard Ellis acquires Trammell Crow Company.
Combined entity post revenue of $5.0 billion.
2008 CB Richard Ellis becomes the first commercial real estate company in the Fortune 500.
2011 CB Richard Ellis acquires real estate investment management business in Europe and Asia and global real estate securities business from ING Group N.V.
CB Richard Ellis changes corporate name to CBRE Group, Inc.
2012 CBRE is first real estate services firm ranked among top five outsourcing firms across all industries by the International Association of Outsourcing Professionals

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CBRE
SERVICE LINES

ASSET SERVICES
Our Asset Services group transforms assets into opportunities through customized, value-added solutions that deliver measurable results in property management, leasing, tenant relations, project and construction management, technical services, sustainable business practices, risk management, business continuity planning, purchasing and financial reporting.

BROKERAGE SERVICES
CBRE provides a complete spectrum of commercial real estate brokerage services for tenants/occupiers, property owners and narrowly focused vertical industries in the office, industrial and retail sectors. Our clients make informed real estate decisions underwritten by industry-leading proprietary market research, and analytical and consulting services. The Brokerage division draws frequently and seamlessly from other CBRE services to address clients' needs anywhere in the world.

CAPITAL MARKETS
Our Capital Markets group integrates the company's investment sales and debt and equity finance businesses into a single, complementary global service offering. CBRE is the worldwide leader in the acquisition and disposition of income-producing properties for third-party owners, and our mortgage banking group is a leader in debt and equity finance for all property types.

DATA CENTER SOLUTIONS
CBRE's Data Center Solutions Group is the industry's largest integrated team of data center brokerage, project management and facility management professionals providing clients with unparalleled, one-stop access to industry subject matter experts to support clients in achieving the total cost of occupancy objectives and data center optimization. This collaboration yields broad, forward-looking solutions that combine business acumen and cost optimization strategies with real-world operating experience.

CBRE's Data Center Solutions Group has over 150 Brokerage specialists in over 75 global markets. Combined with our day-to-day working experience and proprietary Data Center Dashboard, our experienced professionals have the global, national and local data center knowledge to successfully meet your Enterprise and Colocation Data Center acquisition, leasing and investment needs.

DEVELOPMENT & INVESTMENT SERVICES
Our wholly owned, independently operated subsidiary, Trammell Crow Company, serves users of and investors in, office, industrial, retail, healthcare, student housing, on-airport distribution, multi-family residential and mixed-use projects. For users of real estate, the firm offers build-to-suit, buy-to-suit and redevelopment opportunities. For investor clients it offers the opportunity to participate in strategic joint ventures, co-mingled opportunity funds, and targeted individual capital programs. Having developed or acquired over $50 billion of projects, Trammell Crow Company has considerable experience building value for its clients.

FACILITIES MANAGEMENT
Managing more than one billion square feet for corporate, institutional, not-for-profit and government space users around the world, the Facilities Management group delivers the highest level of customer service and value, enabling clients to focus on their core business. By partnering with our clients, our approach to facilities management goes well beyond traditional service models. Our people apply our knowledge, technology, procurement leverage and processes to customize service delivery to any client's culture, and create a competitive advantage for the client.

GLOBAL CLIENT STRATEGIES
Our Global Client Strategies organization drives superior business performance for our clients by maximizing value from their real estate assets and management practices. The group delivers consulting solutions that combine business intelligence with organizational strategies, portfolio optimization, expense management strategies, and labor analysis. We also serve our clients by driving innovation, researching emerging trends, and sharing leading practices.

GLOBAL CORPORATE SERVICES
Our Global Corporate Services group delivers customized, innovative workplace solutions in multiple markets worldwide. Strategically positioned to answer the real estate needs of our corporate, healthcare, government and institutional clients, this group combines expertise in portfolio management, transaction services, facilities and project management. We offer consulting with industry-specific expertise, and global service delivery to provide clients with long-term, quality account management that drives measurable results.

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CBRE
SERVICE LINES

HEALTHCARE SERVICES

Our Healthcare group professionals provide a comprehensive range of real estate and facilities management services to healthcare providers. Our specialized staff focuses on hospital and medical office development, clinical facilities management (inclusive of energy management), medical office building leasing and management, brokerage services and monetization of non-core real estate assets.

INVESTMENT MANAGEMENT

CBRE Investors is a wholly owned, but independently operated, real estate investment management firm with more than $35 billion of assets under management. Its mission is to provide real estate investors with exceptional performance globally. Investment funds and programs are diversified by strategy, region, and/or relative risk/return, and are executed by dedicated investment management teams focused on a specific g eography and style of investing.

INDUSTRIAL SERVICES

The Industrial Services group addresses the needs of owners and occupiers at every stage of the supply chain, with a special emphasis on ports, intermodals and air cargo. These professionals also work closely with research and development,
manufacturing, assembly and warehouse and distribution, as well as land acquisition and disposition. These services are founded on a deep understanding of the assignment and/or project, and our strong belief in specialization, including
professionals focused specifically on logistics, life sciences, food solutions and special properties, as well as our global occupier practice.

PROJECT MANAGEMENT

As one of the world's largest providers of professional real estate project management services, we offer a full menu of solutions to address the challenges that real estate occupiers and investors face across the globe. Our solutions include
project management, outsourcing strategies, program management services, interior build-outs, project management for critical environments, moves/adds/changes, capital improvements and building renovations, and tenant improvements.

OFFICE SERVICES

Office Services represents the largest segment of CBRE' transaction activity. We have more professionals specializing in the office sector than any other firm. Our professionals specialize in either occupier/tenant or owner/investors needs. CBRE professionals, unsurpassed in their local market knowledge, are supported by leading econometric forecasting and proprietary market research tools, to ensure our clients make strategic and informed decisions.

RESEARCH AND INVESTMENT STRATEGY

We provide commercial real estate forecasting and investment strategy services. These services cover markets around the globe in all quadrants of the real estate market, including public, private, debt and equity. We provide unrivaled, insightful analysis and opinions, based on a highly academic approach and access to the largest database of deal specific information. Our highly rigorous and reliable forecasting models, proven record of accomplishment and sophisticated analytical expertise have earned us international recognition.

RETAIL SERVICES

The Retail Services group offers solutions to the unique needs of a diverse group of retailers and retail property owners, buyers and sellers. Our expertise includes both urban and suburban real estate, and all types of retail centers. Our integrated retail real estate services include strategic planning, retailer site acquisition, disposition, investment sales, leasing, finance, asset services, mall and urban expertise.

VALUATION & ADVISORY SERVICES

The Valuation & Advisory Services group provides independent, accurate, reliable and timely valuations critical to the success of every real estate transaction or financing. This is accomplished through the accumulation and dissemination of comprehensive data on commercial real estate throughout the world.

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