

An aerial, black and white photograph of the Cincinnati skyline. The Ohio River flows through the city, with several bridges crossing it. The downtown area is densely packed with skyscrapers and office buildings. A large stadium is visible on the right side of the image. A green circular graphic element is partially visible on the right edge. A semi-transparent white box with a green border is overlaid on the bottom left, containing text.

GREATER CINCINNATI / NORTHERN KENTUCKY APARTMENT ASSOCIATION

2015 Multifamily Market Overview

Presented by Dave Lockard, CBRE Central Midwest Multifamily

CBRE

2015 MULTIFAMILY MARKET

Agenda

- Big Data - the numbers don't lie
- The Survey says...
- Sell! Sell! Sell!
- If you build it, they will come
- A peek into the future (including winning lottery numbers)

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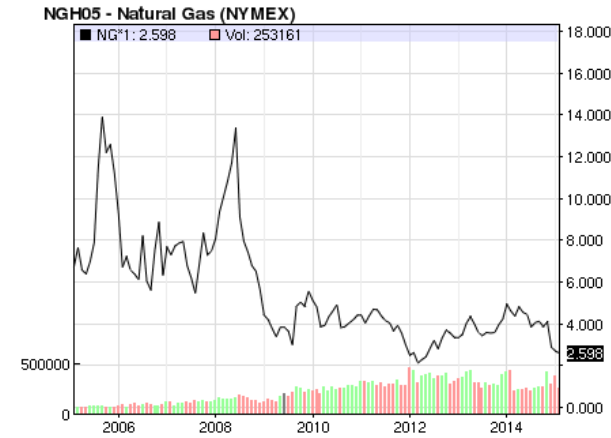
NATIONAL & LOCAL ECONOMIC CONDITIONS

Big Data, the numbers don't lie



2015 MULTIFAMILY MARKET

The Price of Natural Gas



Source: NASDAQ

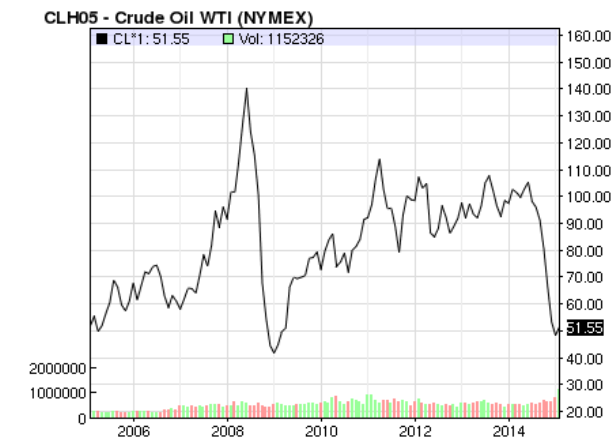


4

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2015 MULTIFAMILY MARKET

The Price of Natural Crude Oil



Source: NASDAQ

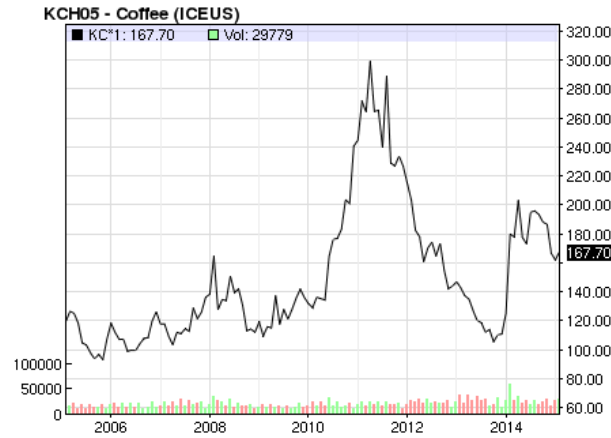


5

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2015 MULTIFAMILY MARKET

The Price of Coffee



Source: NASDAQ

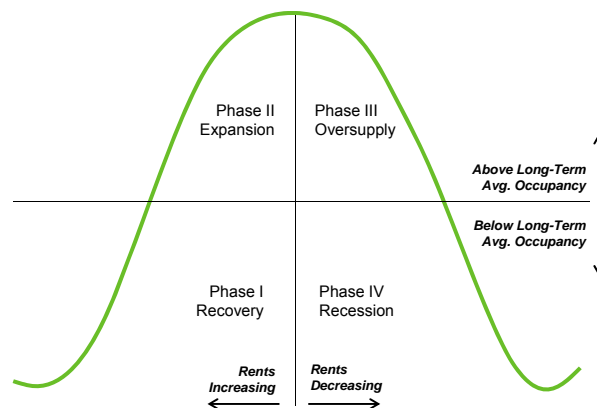


6

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2015 MULTIFAMILY MARKET

Commercial Real Estate Cycle



Source: CBRE

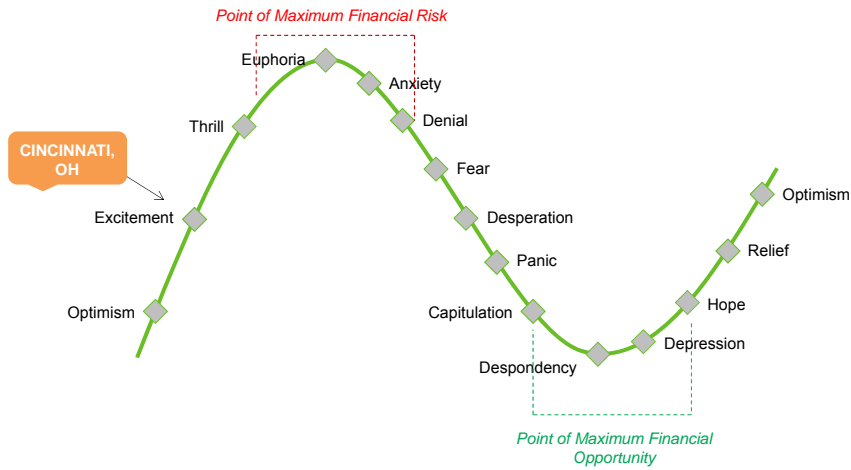


7

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2015 MULTIFAMILY MARKET

Where is Cincinnati in RE Investment Cycle?



Source: CBRE

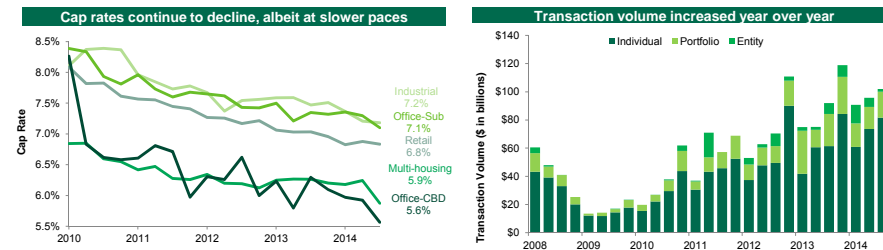


8

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2015 MULTIFAMILY MARKET

Fundamentals and Activity are Strong in All Asset Types



Source: Real Capital Analytics as of 3Q 2014



9

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2015 MULTIFAMILY MARKET

Key Rates – Current & Historical

	1/2008	1/2009	1/2010	1/2011	1/2012	1/2013	1/2014	TODAY
Prime Rate	7.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
5-Year Treasuries	2.84%	1.86%	2.63%	2.13%	0.88%	0.89%	1.55%	1.52%
10-Year Treasuries	3.63%	2.83%	3.38%	3.41%	2.00%	2.00%	2.73%	2.00%
LIBOR (3-mo)	3.89%	2.83%	0.25%	0.30%	0.56%	0.30%	0.24%	0.25%

Source: *Bloomberg.com as of 02/09/2015 @ 8:01 AM and Bankrate.com

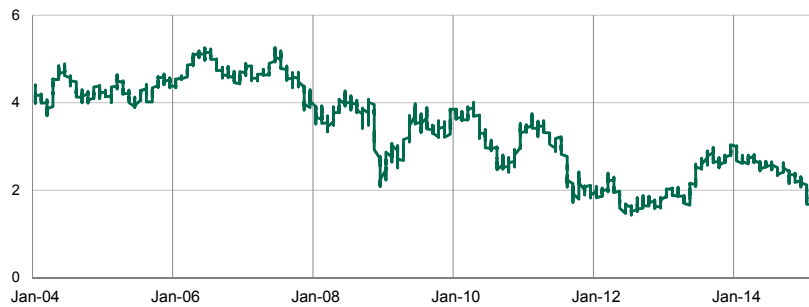


10

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10-Year Treasuries



Source: Federal Reserve Bank, data through 02.02.15

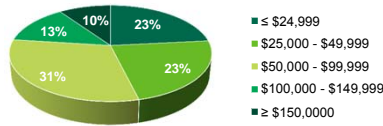


11

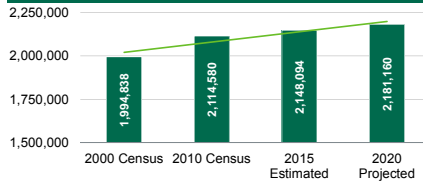
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2015 MULTIFAMILY MARKET Demographic Snapshot - Greater Cincinnati MSA

2015 ESTIMATED INCOME (Based on 841,338 Households)



POPULATION GROWTH

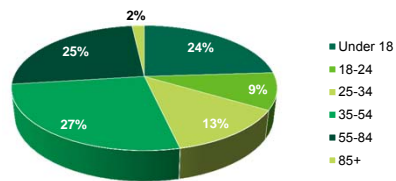


2015 ESTIMATED AVERAGE HOUSEHOLD SIZE

2.50 Persons



2015 EST POPULATION BY AGE (Based on 2,148,094 Pop.)



Source: Nielsen, 02/2015

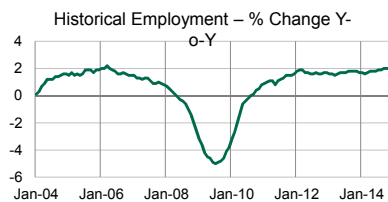
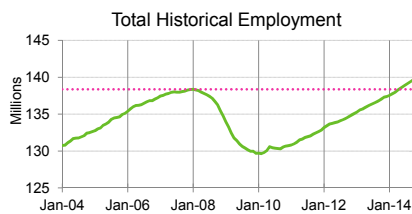


12

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2015 MULTIFAMILY MARKET

Jobs – U. S. Unemployment Rate



Seasonally Adjusted Unemployment Rate as of 12/2014

Ohio	4.8%
Nationwide	5.6%
Kentucky	5.7%
Indiana	5.8%

*"Gallup defines a good job as 30+ hours per week for an organization that provides a regular paycheck. Right now, the U.S. is delivering at a staggeringly low rate of 44%, which is the number of full-time jobs as a percent of the adult population, 18 years and older. We need that to be 50% and a bare minimum of 10 million new, good jobs to replenish America's middle class." ***

Source: Bureau of Labor Statistics, seasonally adjusted data through Dec 2014; ** GALLUP, "The Big Lie: 5.6% Unemployment by Jim Clifton, 2/3/15"

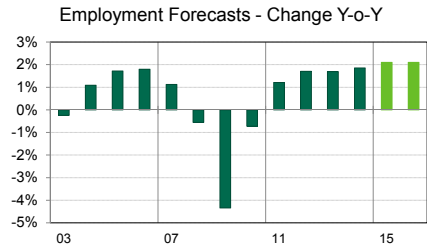


13

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2015 MULTIFAMILY MARKET

U.S. Economic Outlook



2014 = 1.8%
 2015 = 2.1%
 About 245,000 jobs/month



GDP Outlook

- 2014 = 2.4%
- 2015 = 3.3%
- 2016 = 2.9%
- 2017 = 2.7%
- 2018 = 2.7%

Source: CBRE Research (employment forecasts); Oxford Economics (GDP forecasts as of 01.13.15)

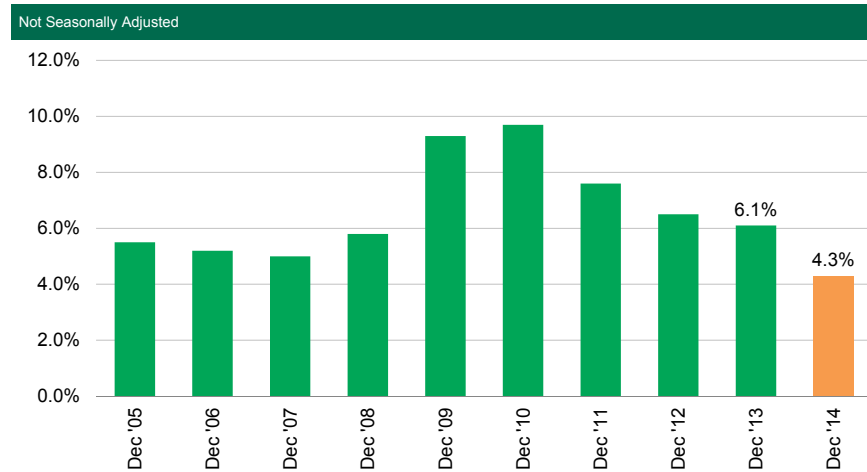


14

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2015 MULTIFAMILY MARKET

Jobs – Cincinnati MSA Unemployment Rate



Source: Bureau of Labor Statistics, "Civilian labor force and unemployment by state and metropolitan area"



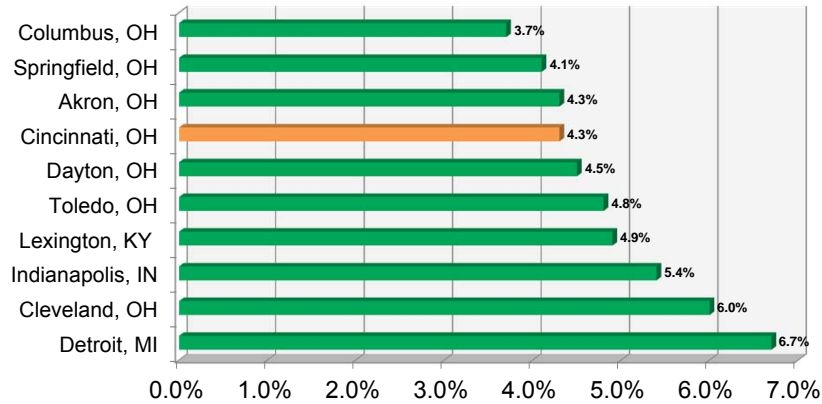
15

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Jobs – Comparative MSA Unemployment Rates

Not Seasonally Adjusted, as of December 2014p



Source: Bureau of Labor Statistics, "Civilian labor force and unemployment by state and metropolitan area"

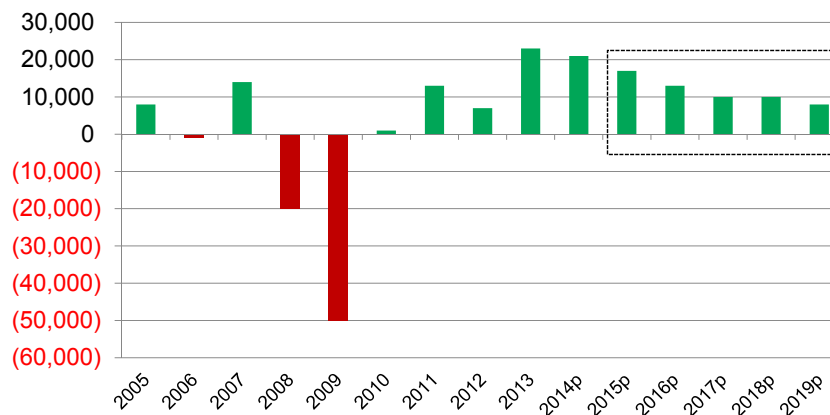


16

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2015 MULTIFAMILY MARKET

Greater Cincinnati Net Job Growth



Source: CBRE Econometric Advisors

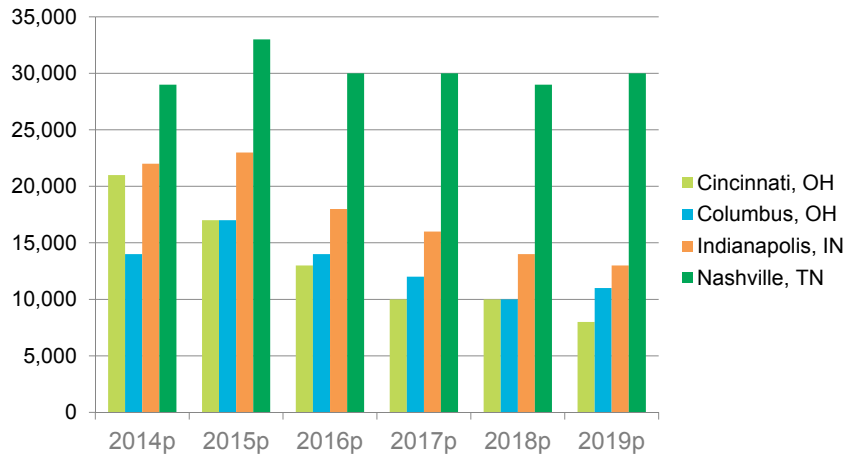


17

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Net Job Growth – Peer City Comparison



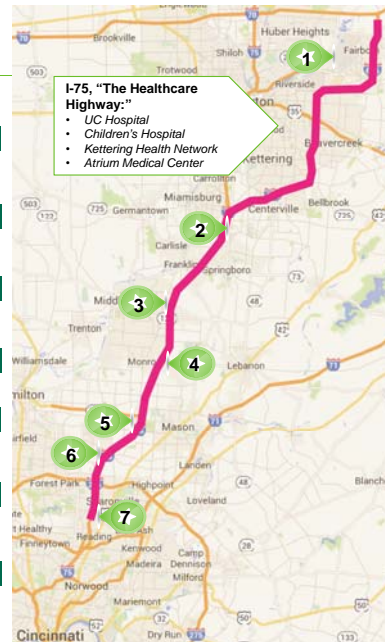
Source: CBRE Econometric Advisors



2015 MULTIFAMILY MARKET

Cincinnati Dayton Growth Corridor

- 1** **Wright-Patterson Air Force Base | Fairborn, Ohio**
 - Ohio's largest single-site employer
 - + 27,500 employees
- 2** **Austin Road**
 - Austin Landing Retail
 - Teradata, Motoman, Thompson Hine, Lexis Nexis, and Kettering Health
- 3** **Middletown**
 - Home to 10 Fortune 500 companies
 - Atrium Medical Center - 310 bed community hospital
- 4** **Monroe**
 - Outlet mall, Industrial parks, and Miami Valley Gaming
- 5** **Liberty Center**
 - \$350,000,000 mixed-use development
 - West Chester Hospital continued expansion
- 6** **West Chester – Union Centre Boulevard**
 - Distribution centerpiece
 - IKEA, Frontgate, GE Aviation, P&G, AK Steel, and more
- 7** **GE | Evendale**
 - \$600 Million local payroll
 - \$200 Million plant retrofit underway



2015 MULTIFAMILY MARKET
General Electric - coming to The Banks



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20

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2015 MULTIFAMILY MARKET
Cincinnati Red's Host 2015 All Star Games



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21

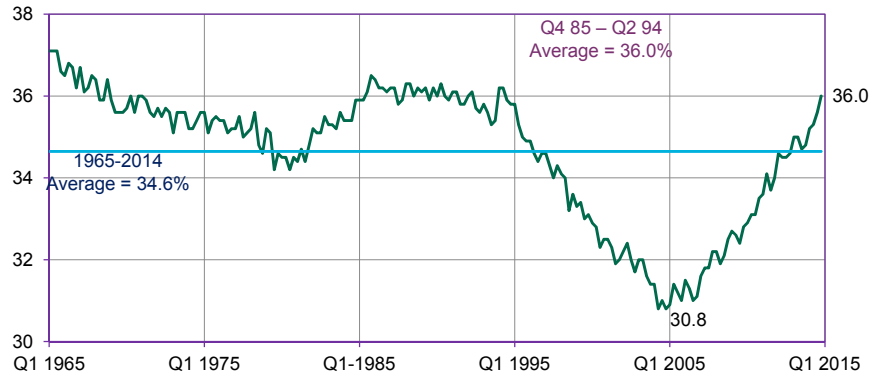
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2015 MULTIFAMILY MARKET

No significant move to Homebuying yet

Tenure shift and demographics continue to support fundamentals

Rental Tenure - % of Renter Households to Total



Source: CBRE Research . U.S. Census Bureau data through Q4 2014

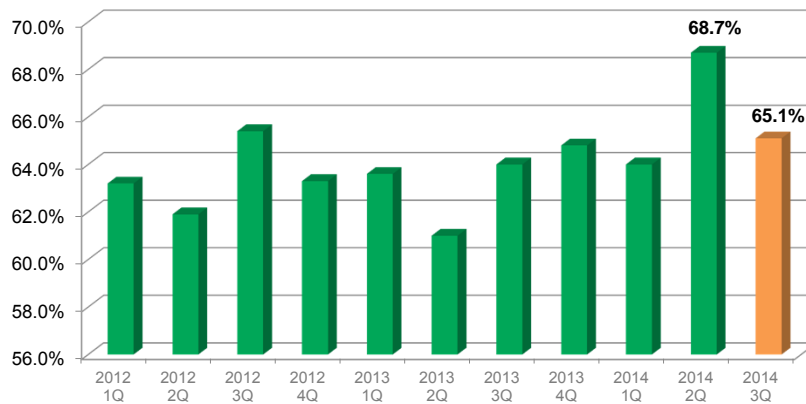


22

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Greater Cincinnati MSA Homeownership Rate



Source: Bureau of the Census, Homeownership Rates for 75 Largest Metropolitan Statistical Areas 2005-present (Q3 2014)

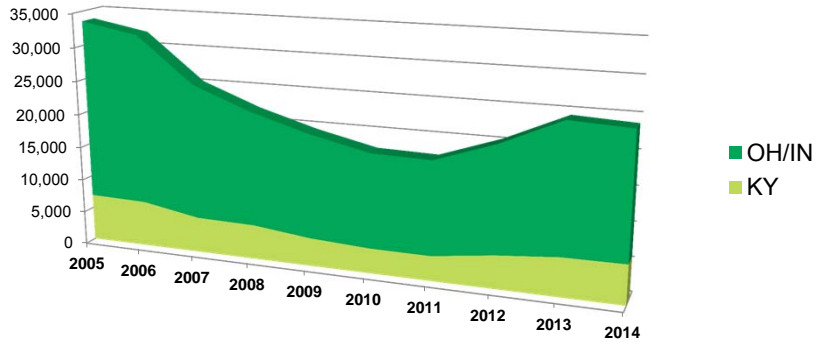


23

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2015 MULTIFAMILY MARKET Cincinnati MSA Single Family Sales

Number of Single Family Sales*



*OH/IN Counties include: IN (Dearborn, Franklin, and Ohio), OH (Clermont, Hamilton, Warren, and Brown)
KY Counties include: KY (Boone, Bracken, Campbell, Gallatin, Grant, Kenton, and Pendleton)

Source: Cincinnati Board of Realtors & Northern Kentucky Association of Realtors



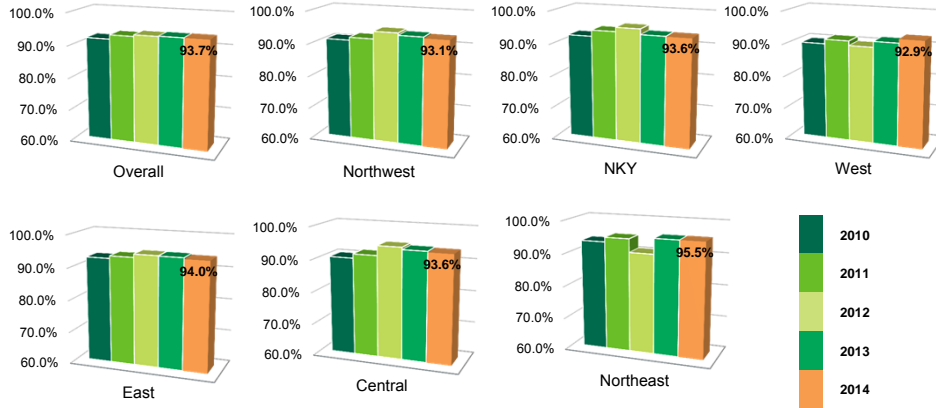
RENTS & OCCUPANCIES

The Survey says...



2015 MULTIFAMILY MARKET Rents & Occupancy

Occupancy by Submarket

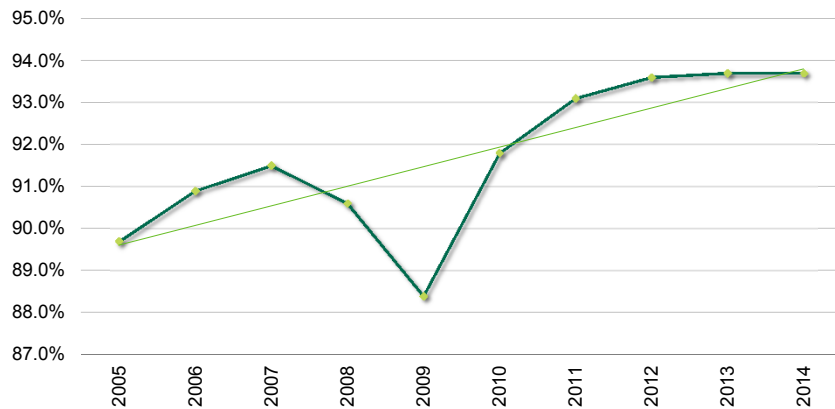


Source: CBRE Annual Rent and Occupancy Survey, YE2010-YE2014



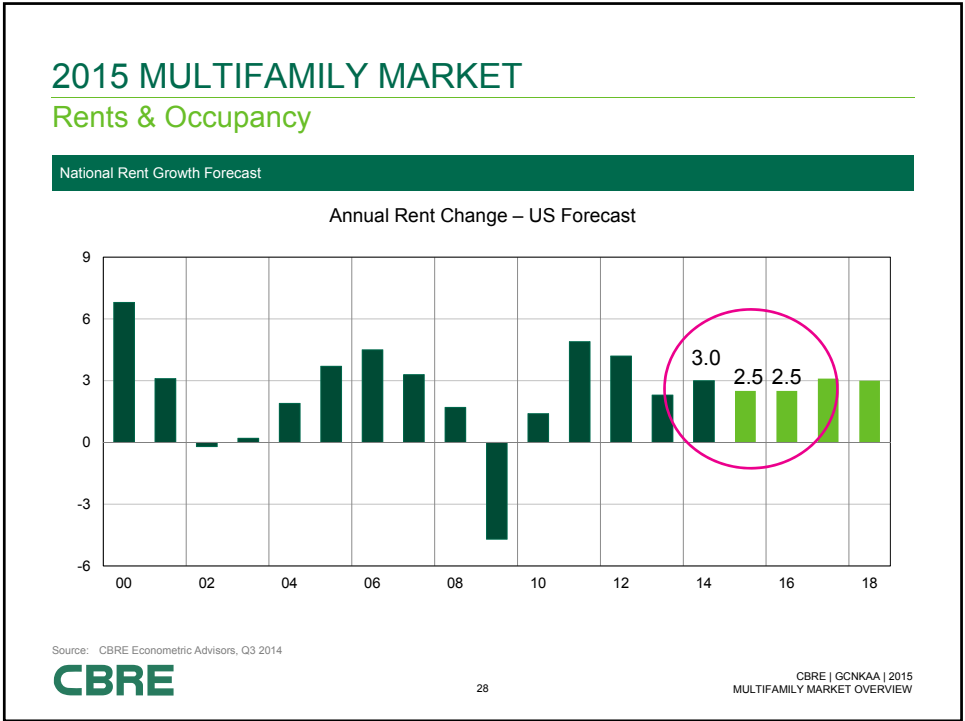
2015 MULTIFAMILY MARKET Rents & Occupancy

Greater Cincinnati Overall Occupancy History



Source: CBRE Annual Rent & Occupancy Survey, YE2005-YE2014





2015 MULTIFAMILY MARKET

Rents & Occupancy

Average Effective Rent Per Square Foot

	December 2011	December 2012	December 2013	December 2014
Overall	\$0.79	\$0.82	\$0.86	\$0.89
Northwest	\$0.69	\$0.76	\$0.78	\$0.80
Northeast	\$0.88	\$0.91	\$0.96	\$0.99
West	\$0.68	\$0.73	\$0.74	\$0.77
East	\$0.78	\$0.85	\$0.89	\$0.89
NKY	\$0.75	\$0.75	\$0.78	\$0.79
Central	\$0.91	\$0.92	\$1.01	\$1.07

Overall Average Effective Rent with Year over Year % Change

Year:				
Average Effective Rent:	2011 \$718	2012 \$746	2013 \$777	2014 \$804
YoY % Change:	4.06%	3.90%	4.16%	3.47%

Source: CBRE Annual Rent and Occupancy Survey, YE2010-YE2013

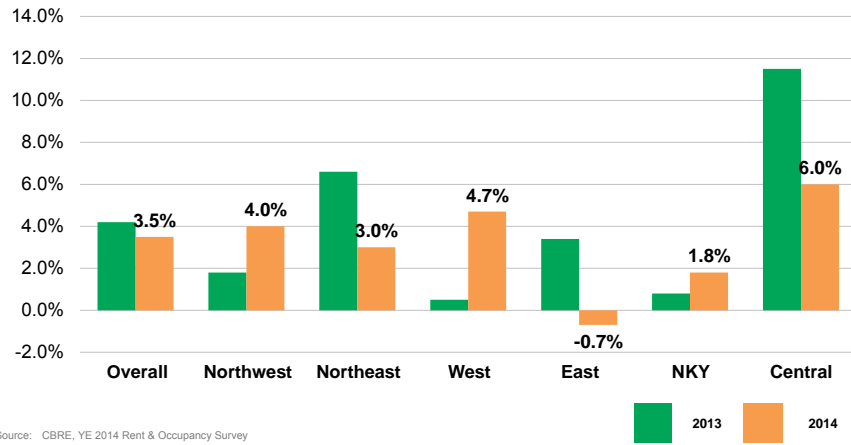
29

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 MULTIFAMILY MARKET OVERVIEW

2015 MULTIFAMILY MARKET

Rents & Occupancy

2013 & 2014 Rent Increases by Submarket



Source: CBRE, YE 2014 Rent & Occupancy Survey



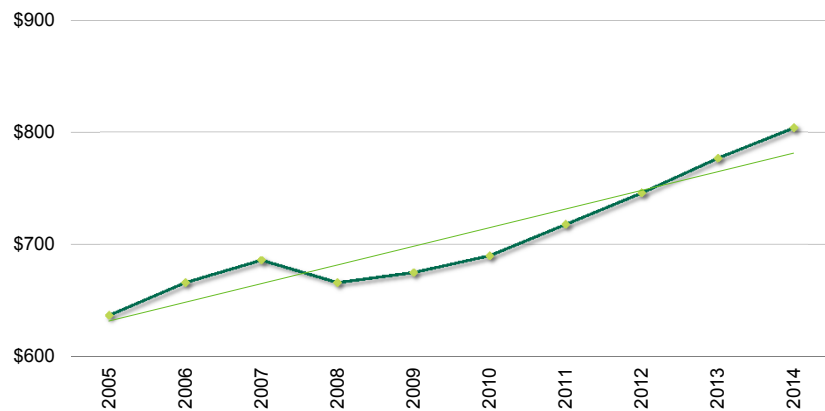
30

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2015 MULTIFAMILY MARKET

Rents & Occupancy

Greater Cincinnati Overall Effective Rent History



Source: CBRE Annual Rent & Occupancy Survey, YE2005-YE2014



31

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MULTIFAMILY MARKET OVERVIEW

2015 MULTIFAMILY MARKET

Rents & Occupancy

Effective Rent / Rent/SF / Occupancy by Class



Approximately 15% of Cincinnati MSA inventory is classified "A" grade. Strength of the recovery so far is fueled by Lifestyle Renter.

Source: CBRE Annual Rent & Occupancy Survey, YE2014

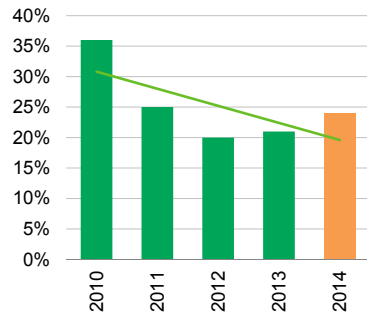


2015 MULTIFAMILY MARKET

Rents & Occupancy

Concession Summary

Percentage of Properties Offering Concessions



Source: CBRE Annual Rent & Occupancy Survey, YE2010-YE2014



Average Monthly Concessions by Style:

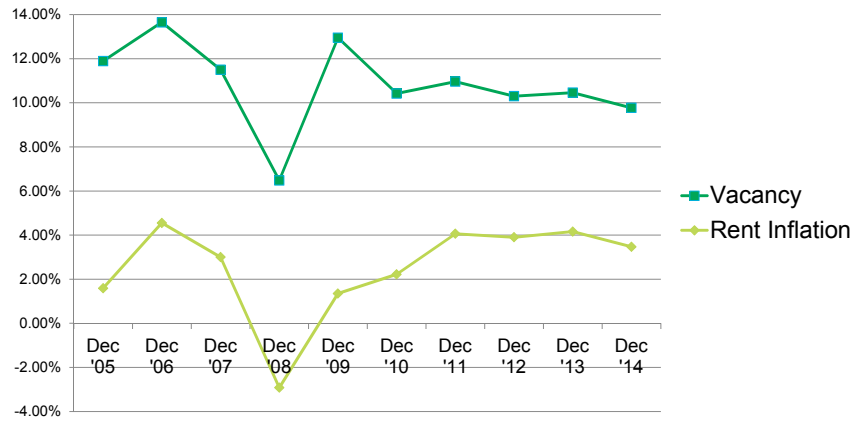


	2013	2014
Studio	\$29	\$36
1 Bedroom	\$32	\$43
2 Bedroom	\$39	\$46
3 Bedroom	\$56	\$47

2015 MULTIFAMILY MARKET

Rents & Occupancy

Vacancy vs. Rent Inflation



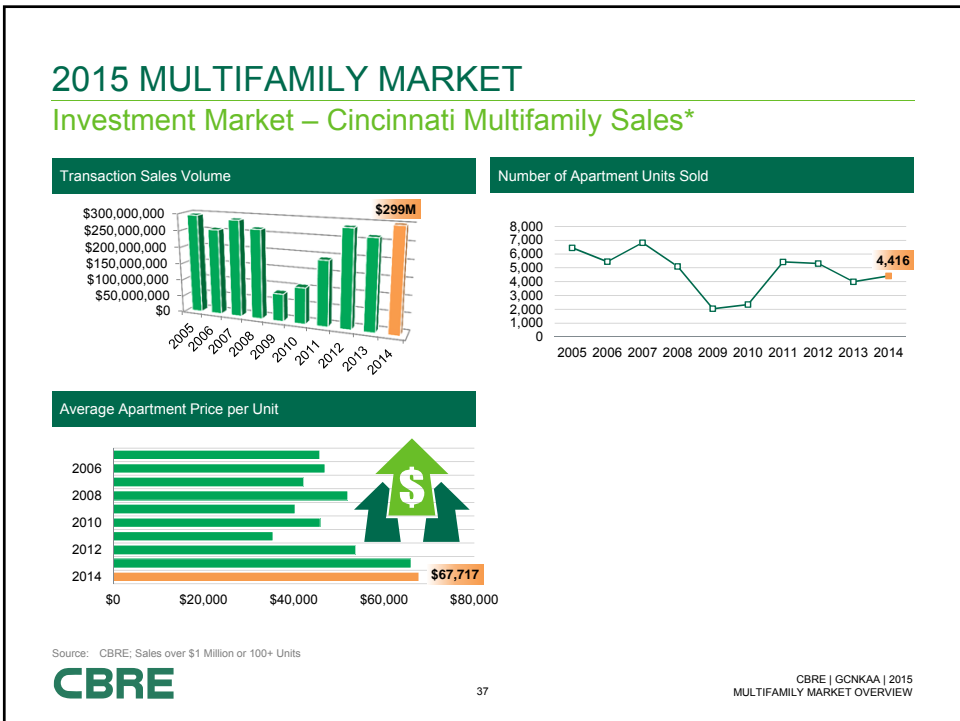
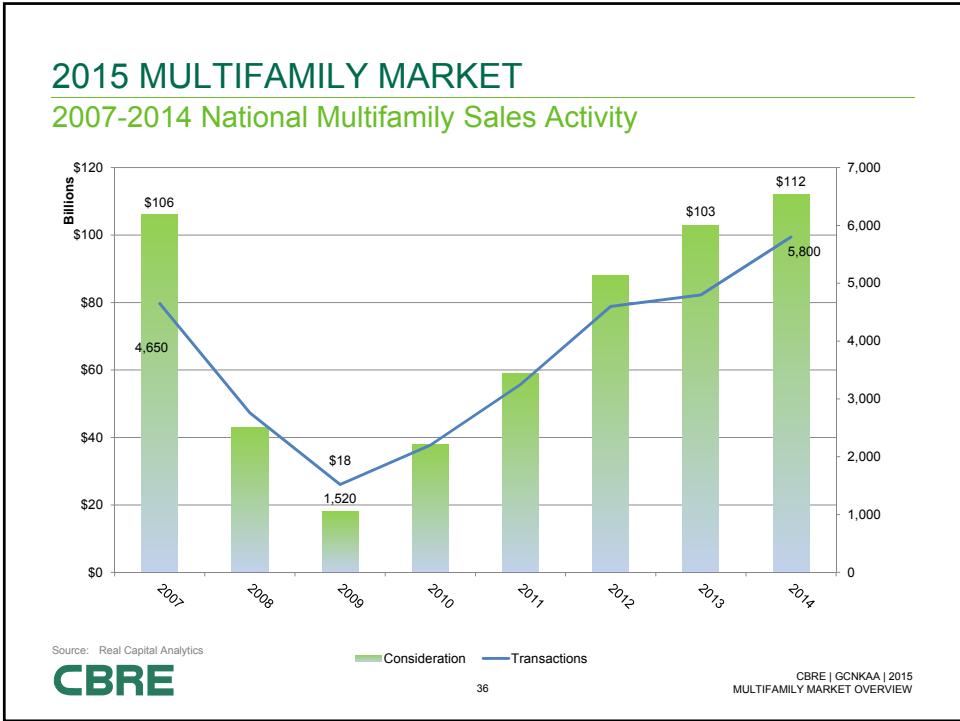
Source: CBRE Annual Rent & Occupancy Survey, YE2005-YE2014



INVESTMENT MARKET

Sell! Sell! Sell!





2015 MULTIFAMILY MARKET

Investment Market – 2014 Sales*



Mallard Crossing

Sale Date	01/2014
No. Units	350
Price per Unit	\$113,686
Year Built	1997
Submarket	Northeast
Detail	TIC sale to REIT



Meadow Ridge

Sale Date	03/2014
No. Units	356
Price per Unit	\$48,455
Year Built	1997
Submarket	Northwest
Detail	Expiring LIHTC sale



Pinnacle on Pleasant

Sale Date	11/2014
No. Units	228
Price per Unit	\$55,702
Year Built	1970
Submarket	Northwest
Detail	East Coast buyer from local Private Seller

Source: CBRE; *Sales over \$1 Million or 100+ Units



38

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2015 MULTIFAMILY MARKET

Investment Market – 2014 Sales*



Independence Oaks

Sale Date	11/2014
No. Units	144
Price per Unit	\$95,486
Year Built	2010
Submarket	NKY
Detail	Pittsburgh PA buyer



Westshore Apartments

Sale Date	11/2014
No. Units	37
Price per Unit	\$58,108
Year Built	1973
Submarket	NKY
Detail	Sold three times in last three years



Plantation Apartments

Sale Date	12/2014
No. Units	896
Price per Unit	\$29,167
Year Built	1971
Submarket	NKY
Detail	Private local buyer / Private local seller

Source: CBRE; *Sales over \$1 Million or 100+ Units



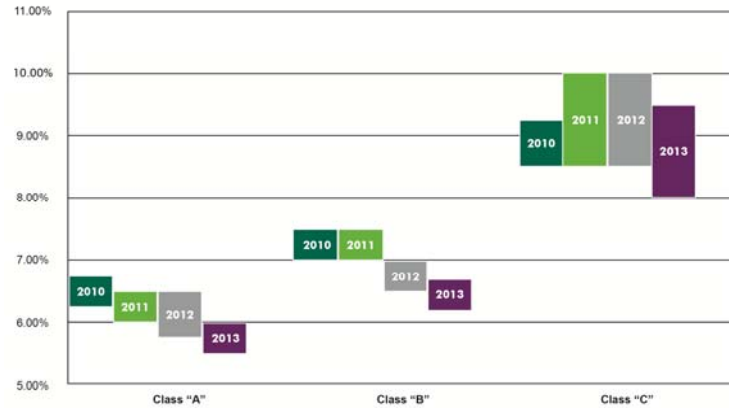
39

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2015 MULTIFAMILY MARKET

Investment Market

Greater Cincinnati MSA Cap Rate Trends



Source: CBRE



2015 MULTIFAMILY MARKET


Investment Market

Greater Cincinnati MSA Cap Rate Trends



Source: CBRE





DEVELOPMENT PIPELINE
If you build it, they will come

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2015 MULTIFAMILY MARKET

Current Inventory by Submarket

Submarket	Overall	Northwest	Northeast	West	East	NKY	Central
Average Year Built	1964	1973	1977	1965	1966	1969	1950
Total No. Units	100%	15.90%	10.23%	9.36%	11.74%	11.99%	16.39%

Total Number Units in Greater Cincinnati MSA =

± 160,000

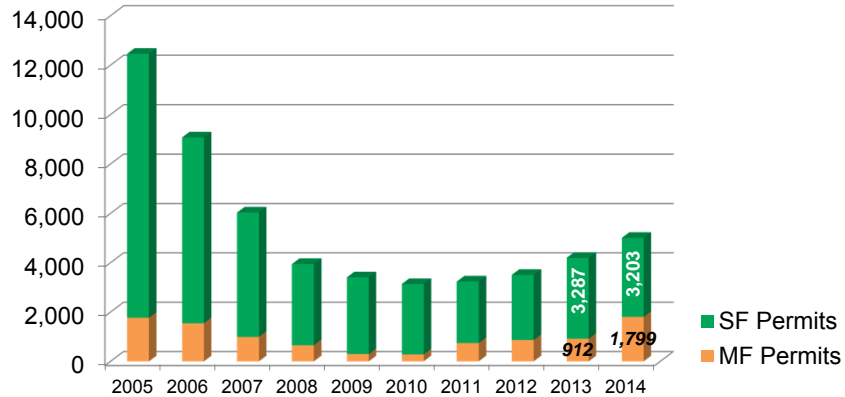
Source: CBRE; *Units > 20



2015 MULTIFAMILY MARKET

Development Pipeline

Cincinnati MSA Multifamily and Single Family Permits Issued (MF defined as 5+ units)



Source: US Census



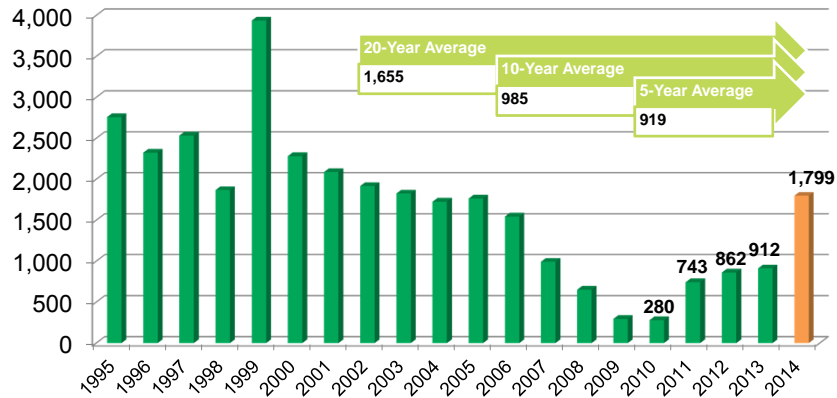
44

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2015 MULTIFAMILY MARKET

Development Pipeline

Cincinnati MSA Multifamily Permits Issued (MF defined as 5+ units)



Source: US Census



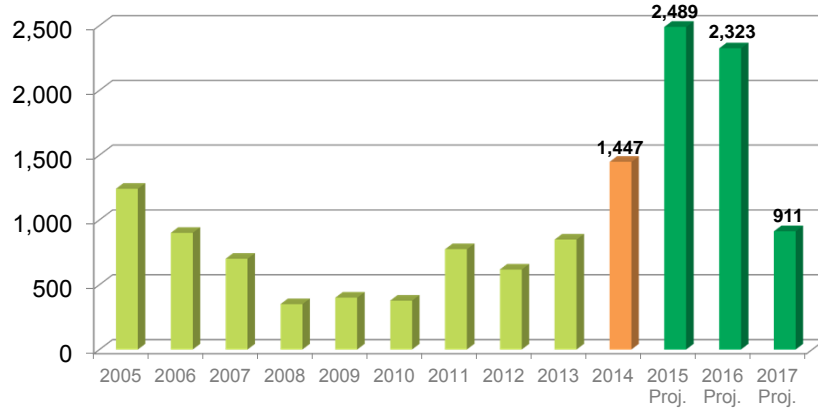
45

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Development Pipeline

Greater Cincinnati MF Units Built & Projected



Source: CBRE



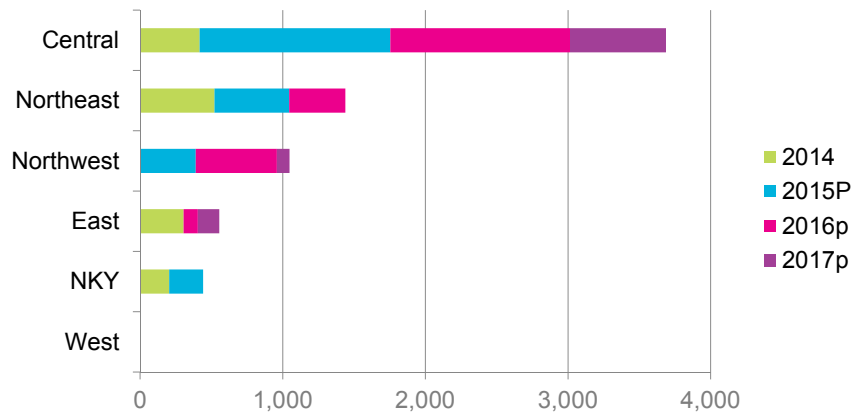
46

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2015 MULTIFAMILY MARKET

Development Pipeline

Greater Cincinnati MF Units Built and Projected by Submarket per Year



Source: CBRE



47

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2015 MULTIFAMILY MARKET

Development Pipeline

Hills Communities



49 Hundred

Location	Blue Ash
Submarket	Northeast
Developer	Hills Communities
Detail	Across from Towne Square in the heart of downtown Blue Ash; 266 units with luxury finishes and amenities
Delivery Date	Pre-leasing Summer 2015; Occupancy Late 2015



Savoy at the Streets of West Chester

Location	West Chester
Submarket	Northwest
Developer	Hills Communities
Detail	Walkable to The Streets of West Chester featuring 272 luxury one- and two-bedroom units with luxury finishes and amenities
Delivery Date	Pre-leasing Now



48

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2015 MULTIFAMILY MARKET

Development Pipeline

Steiner & Associates



Liberty Center

Location	Liberty Township at I-75 and SR 129
Submarket	Northwest
Developer	Steiner & Associates
Detail	240 units in a mixed-use town center with retail, dining, a hotel, and office; Managed by Towne Properties
Delivery Date	Fall 2015




49

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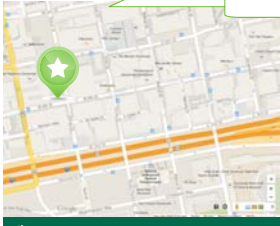
2015 MULTIFAMILY MARKET

Development Pipeline




The Boulevard at Oakley Station

Location	Oakley
Submarket	East
Developer	Flaherty & Collins
Detail	165 additional units in Phase II
Delivery Date	TBD




4th & Race

Location	Downtown Cincinnati
Submarket	Central CBD
Developer	Flaherty & Collins
Detail	208 units in residential tower above a 950-space parking garage and 25,000 SF street-level retail
Delivery Date	2017



Flaherty & Collins




50

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2015 MULTIFAMILY MARKET

Development Pipeline




MadMar Flats

Location	Oakley
Submarket	East
Developer	Buckingham Companies
Detail	272 modern 1-, 2-, & 3-bedroom units with high-end features and amenities; Pursuing LEED for Homes certification
Delivery Date	Phase 1: August 2015 Phase 2: October 2015



Buckingham Companies



51

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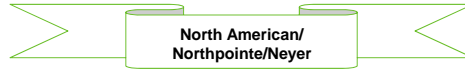
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Development Pipeline



Seven at Broadway

Location	Downtown Cincinnati
Submarket	Central CBD
Developer	North American/Northpointe
Detail	Luxury apartment tower above existing parking garage with 111 units and rooftop terrace
Delivery Date	April, 2015



52

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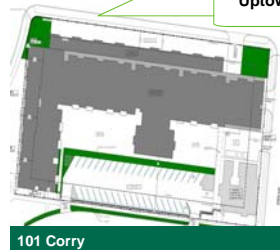
2015 MULTIFAMILY MARKET

Development Pipeline



VP3

Location	Uptown – Vine Street
Submarket	Central
Developer	Uptown/North American Properties
Detail	149 furnished garden and townhome units with garage and surface parking; High-end amenities and finishes
Delivery Date	August, 2015



101 Corry

Location	Mt. Auburn/Uptown
Submarket	Central
Developer	Uptown/North American Properties
Detail	108 Units (272 beds) with 2 level parking garage, amenity deck, fitness center, theater, and study rooms
Delivery Date	August, 2016



53

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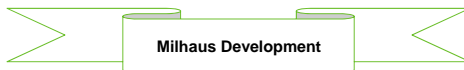
2015 MULTIFAMILY MARKET

Development Pipeline



Gantry

Location	Hamilton Avenue – Old Northside
Submarket	Central
Developer	Milhaus Development
Detail	Redevelopment of lumberyard and railroad depot into mixed-use with 131 apartments and 8,000 SF retail
Delivery Date	Late Summer 2015



2015 MULTIFAMILY MARKET

Development Pipeline



Loveland Station

Location	Downtown Loveland
Submarket	Northeast
Developer	CMC Properties
Detail	1-, 2-, and 3-bedroom units in the heart of walkable downtown Loveland
Delivery Date	October 2015



2015 MULTIFAMILY MARKET

Development Pipeline



Avalon at the Pointe

Location	Eastgate
Submarket	East
Developer	Capital Investment Group
Detail	Upscale, urban development on Eastgate Blvd featuring 133 luxury units and a full amenity package
Delivery Date	Delivered June 2014



One Rookwood

Location	Norwood at Rookwood Exchange
Submarket	Central
Developer	Jeffrey R. Anderson & Capital Investment Group
Detail	Upscale 5-story elevator building; 127 units with upscale finishes; unparalleled location adjacent Rookwood Exchange
Delivery Date	2015

56

Capital Investment Group



Aqua on the Levee

Location	Newport, KY
Submarket	Northern Kentucky
Developer	Capital Investment Group
Detail	\$80m development: 239 apartments, 800 parking spaces, 8,000 SF retail, and a 140 room Starwood Aloft Hotel
Delivery Date	2016

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2015 MULTIFAMILY MARKET

Development Pipeline



Gaslight Manor

Location	Clifton
Submarket	Central
Developer	Gaslight Properties
Detail	117 apartments with condo finishes targeting young and medical professionals and empty nesters
Delivery Date	Spring, 2016



Gaslight Properties

57

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2015 MULTIFAMILY MARKET

Cincinnati MSA | Bike Trails

The Ohio River Trail

- Once completed, the Ohio River Trail will span 23 miles along the north bank of the river from Coney Island through Downtown to Saylor Park
- It will complete the connection from Downtown to the Little Miami Scenic Trail that will eventually extend to Lake Erie

Queen City-South Mill Creek Greenway Trail

- When all phases are complete, the Mill Creek Trail will extend from the Hamilton County Fairgrounds in Carthage to the Ohio River.
- From the mouth of the Mill Creek, the trail will extend east to the Cincinnati Riverfront Park, with connections to the Ohio River Trail traveling east and west to other regional and statewide trails

Little Miami Scenic Trail

- Runs through five southwestern counties in Ohio and as of 2008, was the longest paved trail in the United States, stretching 76 miles from Springfield to Newtown, Ohio
- The Hamilton County Park District intends to extend the Little Miami Scenic Trail to Clear Creek. From there, it will follow the Little Miami River to Magrish Preserve, just past Lunken Field. At Kellogg Avenue, the trail will meet the Ohio River Trail.



Source: www.cincinnati-oh.gov/bikes/bike-infrastructure/trails



58

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FORECAST

A peek into the future (including winning lottery numbers)



2015 MULTIFAMILY MARKET

Forecasts

Recap, 2014 Forecast

- Suburban rent increases averaging 2.5% 
- In-fill rent increases averaging 4.0% 
- Occupancies averaging around 92.0% 
- Sale market picks up momentum in the 2nd half 
- Luxury apartment developments replacing condominiums as a housing preference 
- New developments will absorb rapidly 
- A big spring leasing season 

2015 Forecast

- Rent increases moderating to 3.0%
- Sale market over \$400 million
- Development pipeline will grow even larger
- More tear-downs and adaptive re-use
- More challenges on legislative and governmental front



60

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2015 MULTIFAMILY MARKET

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61

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