



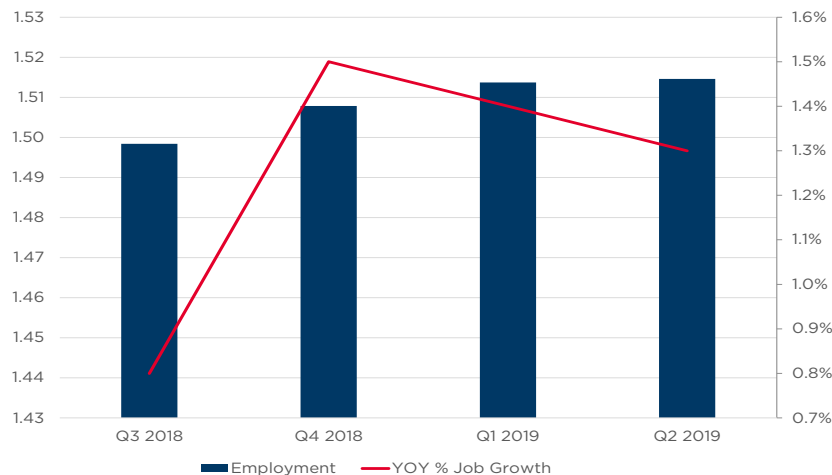
CINCINNATI/DAYTON, OH

EMPLOYMENT & UNEMPLOYMENT TRENDS

The combined Cincinnati/Dayton region added more than 19,000 net jobs year over year per recent statistics from Moody's Analytics. Those 19,000 new jobs represent a job growth rate of 1.3%, which is in-line with the level of growth seen in the past year. Industries that led job growth in the second quarter were Professional & Business Services (+6,800 net jobs), Education & Health Services (+6,200 net jobs) and Manufacturing (+4,100 net jobs).

CINCINNATI/DAYTON JOB GROWTH TRENDS

EMPLOYMENT IN MILLIONS & JOB GROWTH (%)



Source: Moody's Analytics

JOB GROWTH & UNEMPLOYMENT RATE

+1.3
% YOY

Average Q2 employment increased by 19,000 jobs.

-30
BPS YOY

Average Q2 unemployment decreased to 3.7%.

ECONOMIC EXPANSION

The following are announcements from second quarter 2019:

- ✓ As part of its recent merger with an East Coast health system, **Bon Secours Mercy Health** plans to add **500 employees** at its Bond Hill headquarters, located near the Norwood Lateral.
- ✓ Engineering and technical consulting firm **Belcan LLC** is exploring options to expand its headquarters in Blue Ash. The company has already received state tax incentives to **hire 200 new full-time employees** by the end of 2023.
- ✓ **AssureCare** (formerly known as C.H. Mack), a healthcare management technology firm based in Downtown Cincinnati, received state tax incentives to **hire 100 new employees** by 2021.
- ✓ Vandalia-based **Manufactured Assemblies Corp.** (MAC) received state tax incentives to **hire 79 new full-time employees** by the end of 2022.
- ✓ **LSI Industries**, a graphics and signage manufacturer with operations in Blue Ash, recently received state tax incentives to **add 50 full-time jobs**.

	2017	2018	2019	FORECAST
U.S. EMPLOYMENT (% Change)	1.6%	1.6%	1.6%	⬇️
MSA EMPLOYMENT (% Change)	1.4%	1.0%	1.3%	⬆️
MSA UNEMPLOYMENT RATE	4.5%	4.0%	3.7%	⬇️

Forecast is 12-month outlook

OUTLOOK

- A recent Bureau of Labor Statistics (BLS) analysis revealed that Greater Cincinnati has the lowest cost of living among *all* major metro areas in the U.S. The BLS regional price parity (RPP) index compares average costs of goods, housing and other items to set a national barometer for cost of living. San Francisco and New York have RPP indices of more than 120, while Cincinnati's RPP index is just 90.
- Low multifamily vacancy and record-level rents per unit indicate the Cincinnati/Dayton market is consistent and active in 2019.



MULTIFAMILY TRENDS

In the combined Cincinnati/Dayton market, the average effective rent exceeded \$900 per unit. Vacancy in the Cincinnati/Dayton market fell significantly on a yearly basis, reaching a near-record low level of 4.6% in Q2 2019.

+5.3
% YOY

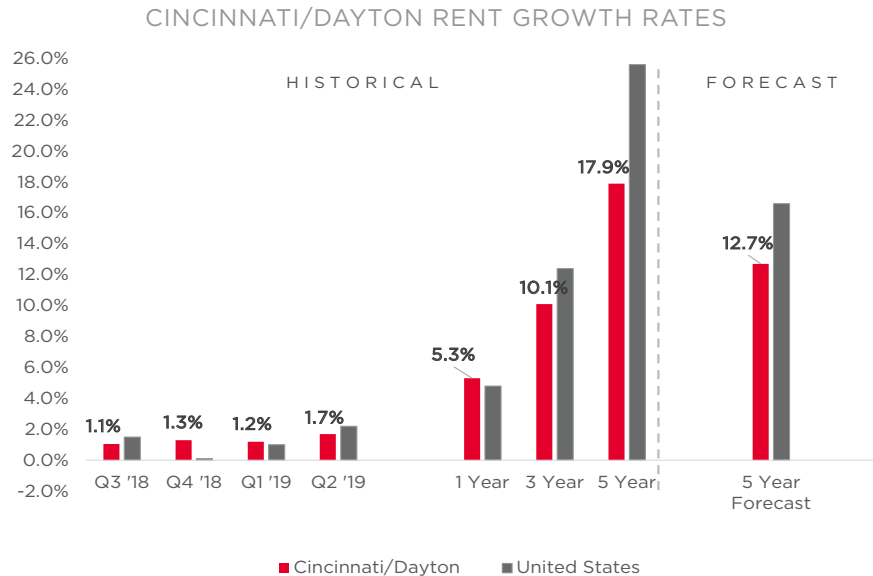
Average effective rent increased to \$917.

-90
BPS YOY

Vacancy decreased to an average of 4.6%.

HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Cincinnati/Dayton's one-year historical rent growth (per second quarter 2019 year-over-year data) was ahead of the national average growth rate. Effective rent growth has been positive in Cincinnati/Dayton for each of the past four quarters and is projected to increase by nearly 13% over the next five years.



Source: AXIOMetrics

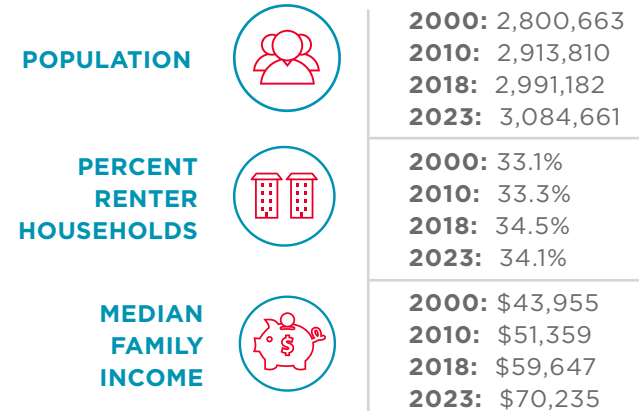
DEVELOPMENT / INVENTORY

In the second quarter of 2019, two new projects (329 units) finished construction across combined Cincinnati/Dayton market. More than 4,600 units are currently under construction across the region.

More than 70% of current construction is centered in Greater Cincinnati. Over 1,100 units are underway in Downtown Cincinnati/Over-The-Rhine, while an additional 280 units are under construction along the eastern I-275 Corridor. More than 1,500 additional units are also under construction in Northern Kentucky. Of the 1,300 units underway in Greater Dayton, over 600 units are in the suburbs of Centerville/Kettering and 350 units are under construction in Downtown Dayton.

DEMOGRAPHIC FUNDAMENTALS

The combined Cincinnati/Dayton MSA population is projected to increase by more than 93,000 people between 2018 and 2023. During that period, median family income is projected to increase by nearly \$11,000.

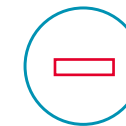


MULTIFAMILY FORECAST

The following are Cushman & Wakefield's projections over the near term.



RENTS



VACANCY



PIPELINE % GROWTH

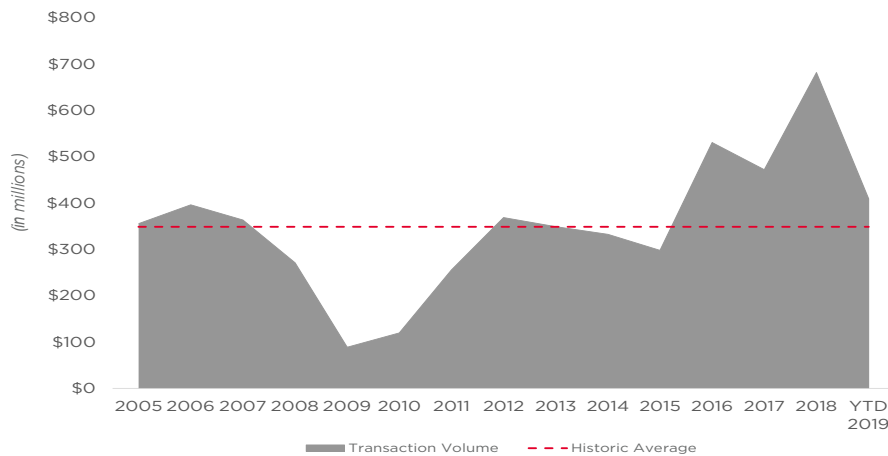
Forecast is 12-month outlook



INVESTMENT ACTIVITY

Multifamily investment sales volume for the combined Cincinnati/Dayton market has been record-setting in recent years, and 2019 is on pace to continue that trend. Total sales volume in 2018 hit an all-time market high of \$670 million, breaking the previous record level (2016) by nearly \$150 million. Year-to-date 2019 sales volume was \$400 million, which already exceeded the *full-year* historical sales average.

HISTORICAL SALES VOLUME



Source: Real Capital Analytics

NOTABLE SALES - SECOND QUARTER

PROPERTY	YEAR	UNITS	SELLER	BUYER	PPU
CLASS B					
Steeplechase	1986	358	ROCO Real Estate	Chetrit Group	\$108k
Woodspring Apts.	1998	409	North Street Prop.	Bayshore Prop.	\$79k
CLASS C					
Fairway Park	1989	120	Goldcrest Prop.	Rookwood Prop.	\$59k
Kensington Square	1972	224	ROCO Real Estate	Chetrit Group	\$42k

MOST ACTIVE MARKET PLAYERS

TOP FIVE CINCINNATI/DAYTON BUYERS - PAST 12 MONTHS

RANK	BUYER	TOTAL VOLUME	NO. PROPERTIES
1	Dasmen Residential	\$70.0 million	1
2	Solomon Organization	\$68.9 million	2
3	GoldOller RE Investments	\$54.5 million	1
4	Monarch	\$51.8 million	2
5	Ardizzone Enterprises	\$40.0 million	2

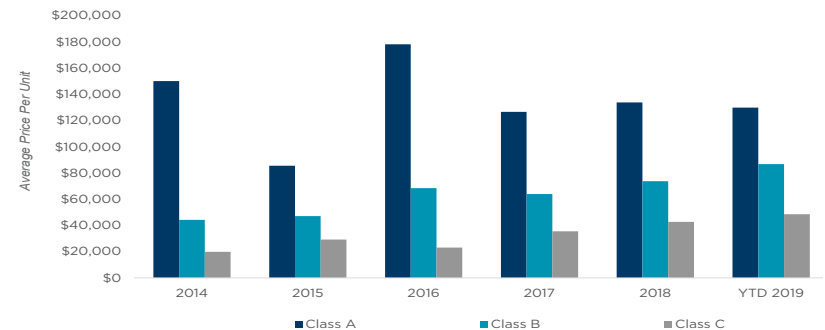
TOP FIVE CINCINNATI/DAYTON SELLERS - PAST 12 MONTHS

RANK	SELLER	TOTAL VOLUME	NO. PROPERTIES
1	Resource America	\$70.0 million	1
2	JRK Asset Management	\$54.5 million	1
3	The Connor Group	\$50.6 million	1
4	Miller-Valentine Group	\$43.8 million	2
5	Apollo Property Management	\$41.6 million	2

Source: Real Capital Analytics

PRICING & CAP RATES

The market's mid-quartile spread is 6.3% to 6.6%, which was similar to the prior quarter. Year-to-date 2019 sales volume was extremely strong and average price per unit was similar to levels seen in 2017 and 2018.

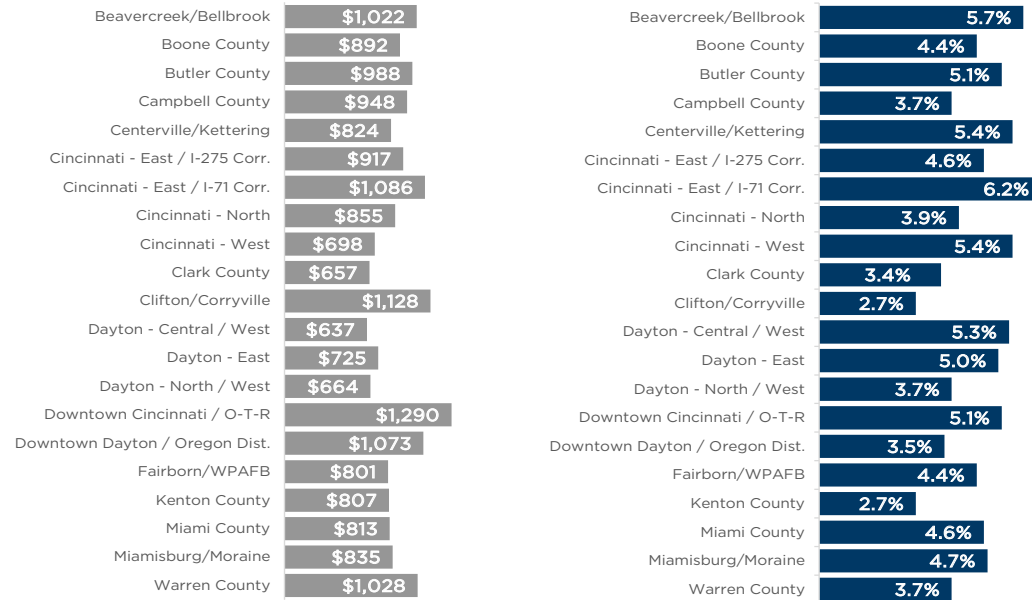


Source: Real Capital Analytics

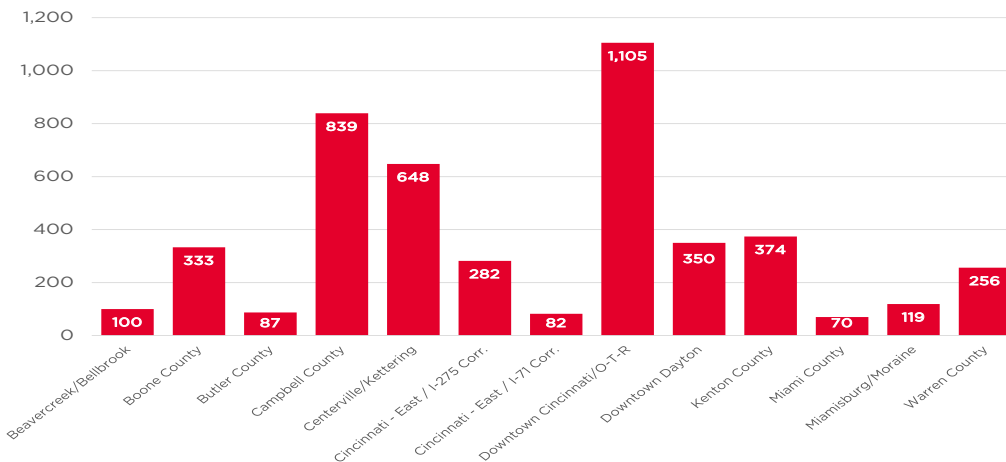


SUBMARKET OVERVIEW

RENTS & VACANCY BY SUBMARKET



UNDER CONSTRUCTION BY SUBMARKET



Source: CoStar, Cushman & Wakefield Research
Note: Submarkets are defined by Cushman & Wakefield Research

SELECT SUBMARKET NEWS

Downtown Cincinnati

- Adjacent to the Ohio River, Indianapolis-based developer **Milhaus** is planning to build a 344-unit apartment building called **Artistry Cincinnati**. The \$77 million downtown complex located on Pete Rose Way will be seven stories high and could open as early as the Spring of 2021.

Over-The-Rhine

- “**Willkommen**” is a \$50 million mixed-use project in Over-The-Rhine being developed by the **Cincinnati Center City Development Corp. (3CDC) and The Model Group**. Nearly 20 historic buildings will be redeveloped or demolished to 30,000 square feet of commercial space and 190 apartment units.

College Hill

- In College Hill, Philadelphia-based developer **Pennrose** is planning a \$30 million mixed-use project near the corner of Hamilton Avenue and North Bend Road. **College Hill Station** will have 170 apartment units, which may be complete by the summer of 2021.

Mount Lookout

- **R2 Partners** is making plans to redevelop four single-family homes on Delta Avenue into a 36-unit apartment building. The **unnamed \$9 million project** would be located near Mount Lookout Square and construction could commence in early 2020.