



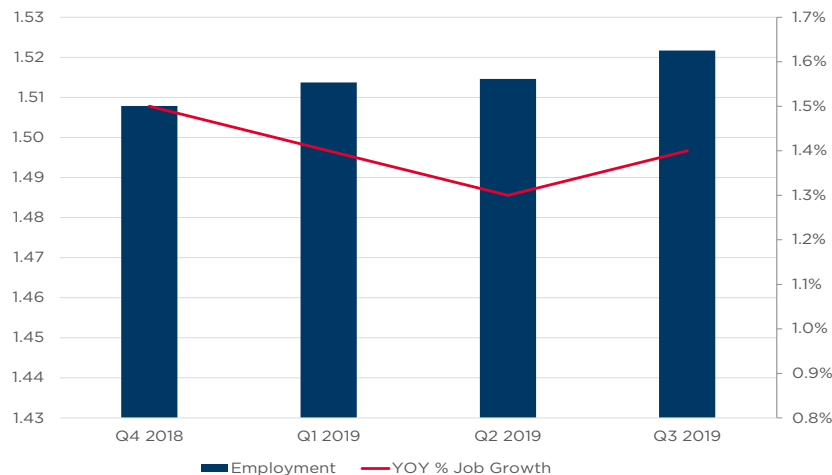
## CINCINNATI/DAYTON, OH

### EMPLOYMENT & UNEMPLOYMENT TRENDS

The combined Cincinnati/Dayton region added more than 21,000 net jobs year over year per recent statistics from Moody's Analytics. Those 21,000 new jobs represent a job growth rate of 1.4%, which is in line with the level of growth seen in the past year. Industries that led job growth in the third quarter were Education & Health Services (+7,400 net jobs), Professional & Business Services (+5,700 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

**+1.4**  
% YOY

Average Q3 employment increased by 21,000 jobs.

**-23**  
BPS YOY

Average Q3 unemployment decreased to 3.8%.

### ECONOMIC EXPANSION

The following are announcements from third quarter 2019:

- ✓ **Atlas Air Worldwide**, an air cargo contractor for Amazon Air, is expanding its Cincinnati-area presence at the Cincinnati/Northern Kentucky International Airport in Erlanger, KY. The company has received state tax incentives to add nearly 600 new employees by 2025.
- ✓ Near I-275 in Union Township, **Total Quality Logistics (TQL)** will more than double the size of headquarters campus. The freight brokerage firm expansion will result in the creation of 600 new jobs by 2025.
- ✓ Texas-based **Everest Rehabilitation Hospitals** will soon break ground on a 40,000-square-foot hospital near Interstate 75 in Liberty Township. The project is expected to create 120 new jobs.
- ✓ In the northern Dayton suburb of Brookville, **General Motors** is in the 'due diligence' phase of constructing a new 250,000-square-foot engine plant. Once complete, the plant would employ more than 100 people.
- ✓ **SAEC/Kinetic Vision**, a technical research and product development company located in Evendale, received state tax credits to create 60 full-time jobs by the end of 2023.

	2017	2018	2019	FORECAST
<b>U.S. EMPLOYMENT (% Change)</b>	1.5%	1.7%	1.4%	⬇️
<b>MSA EMPLOYMENT (% Change)</b>	1.2%	1.0%	1.4%	⬆️
<b>MSA UNEMPLOYMENT RATE</b>	4.4%	4.1%	3.8%	⬇️

Forecast is 12-month outlook

### OUTLOOK

- "Creative Class," a term coined by economist Richard Florida, includes workers in creative occupations and knowledge-based fields (i.e. technology, healthcare). The Creative Class has typically been clustered in trendy coastal cities, but a recent citylab.com analysis showed significant Creative Class growth in markets like Cincinnati. Between 2005 and 2017, the Creative Class in Greater Cincinnati grew by 19.6%, which was the third-largest growth rate among large U.S. metro areas.
- The trend in 2019 has been increasing effective multifamily rents and sub-5.0% vacancy in the Cincinnati/Dayton market.



## MULTIFAMILY TRENDS

In the combined Cincinnati/Dayton market, the average effective rent exceeded \$900 per unit for all of 2019. Vacancy in the Cincinnati/Dayton market fell significantly on a yearly basis to a near-record low level of 4.5% in Q3 2019.

**+5.8**  
% YOY

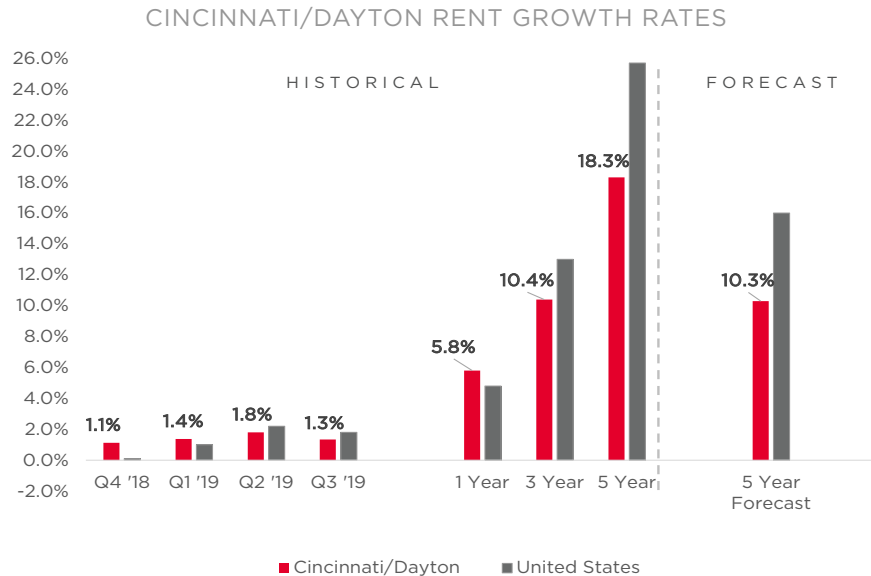
**Average effective rent**  
increased to \$928.

**-90**  
BPS YOY

**Vacancy** decreased to an  
average of 4.5%.

## HISTORICAL & FORECASTED METRO RENT GROWTH RATES

Cincinnati/Dayton's one-year historical rent growth (per third quarter 2019 year-over-year data) was ahead of the national average growth rate. Effective rent growth has been at least 1.0% in Cincinnati/Dayton for each of the past four quarters and is projected to increase by more than 10% over the next five years.



Source: AXIOMetrics

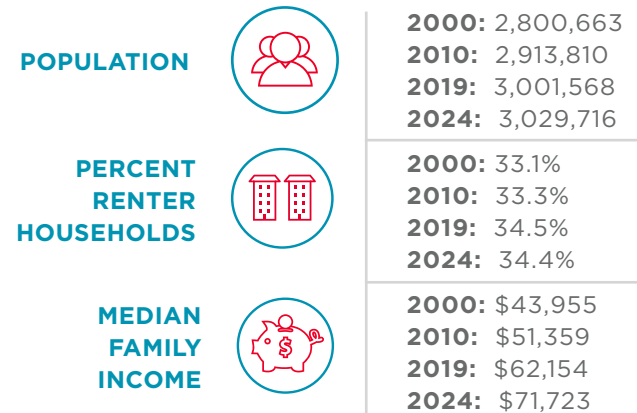
## DEVELOPMENT / INVENTORY

In the third quarter of 2019, two new projects (407 units) finished construction across the combined Cincinnati/Dayton market. Nearly 4,300 units are currently under construction across the region.

More than 70% of current construction is centered in Greater Cincinnati. More than 1,400 units are under construction in Northern Kentucky. Farther north, nearly 800 units are underway between the I-71 and Eastern I-275 corridors in suburban Cincinnati. Nearly 500 units also remain under construction in Downtown Cincinnati/Over-The-Rhine. Of the 1,200 units under construction in Greater Dayton, nearly 600 units are located in the suburbs of Centerville/Kettering along with 349 units in Downtown Dayton.

## DEMOGRAPHIC FUNDAMENTALS

The combined Cincinnati/Dayton MSA population is projected to increase by more than 28,000 people between 2019 and 2024. During that period, median family income is projected to increase by more than \$9,500.



## MULTIFAMILY FORECAST

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



**RENTS**



**VACANCY**



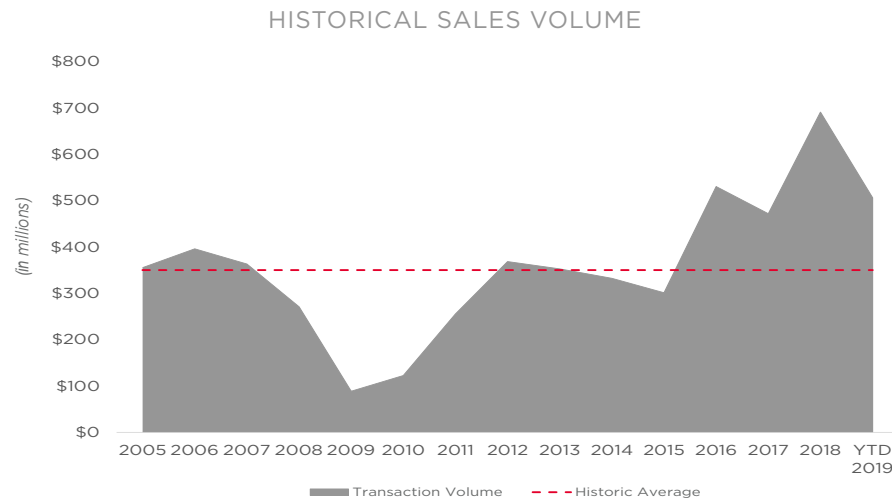
**PIPELINE % GROWTH**

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 that pace as well. 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 greater than \$500 million, which *already* exceeded every year except for 2016 and 2018.



Source: Real Capital Analytics

## NOTABLE SALES - THIRD QUARTER

PROPERTY	YEAR	UNITS	SELLER	BUYER	PPU
<b>CLASS B</b>					
City View Apts.	1986	77	Brisben Devel.	A-strategy3 LLC	\$110k
860 Gordon Smith	1965	12	Nextron Systems	860 GS LLC	\$91k
<b>CLASS C</b>					
Studio W Apts.	1972	78	Denver Realty Grp.	Harlamert Ent..	\$37k
Ferncrest Apts.	1966	144	Downtown PM	Mendy Steiner	\$31k

## 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	GoldOller RE Investments	\$54.5 million	1
3	Solomon Organization	\$40.2 million	1
4	Ardizzone Enterprises	\$40.0 million	2
5	Rookwood Properties	\$36.2 million	6

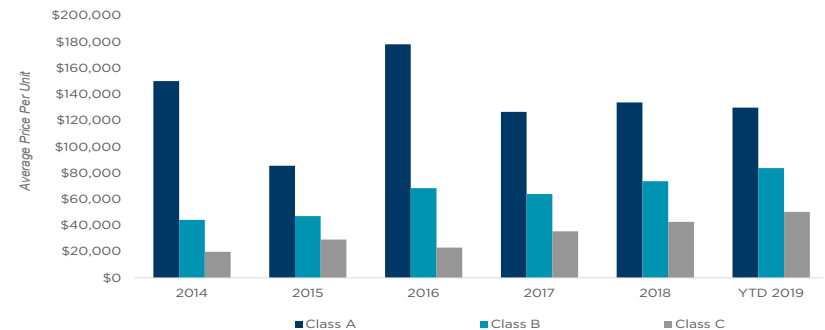
### TOP FIVE CINCINNATI/DAYTON SELLERS - PAST 12 MONTHS

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	Schottenstein Property Group	\$40.2 million	1
5	Ferndale Realty Group	\$40.0 million	2

Source: Real Capital Analytics

## PRICING & CAP RATES

The market's mid-quartile spread is 6.3% to 6.5%, which was slightly less than the prior quarter. Year-to-date 2019 sales volume was strong and average price per unit was ahead of levels seen in 2017 and 2018.

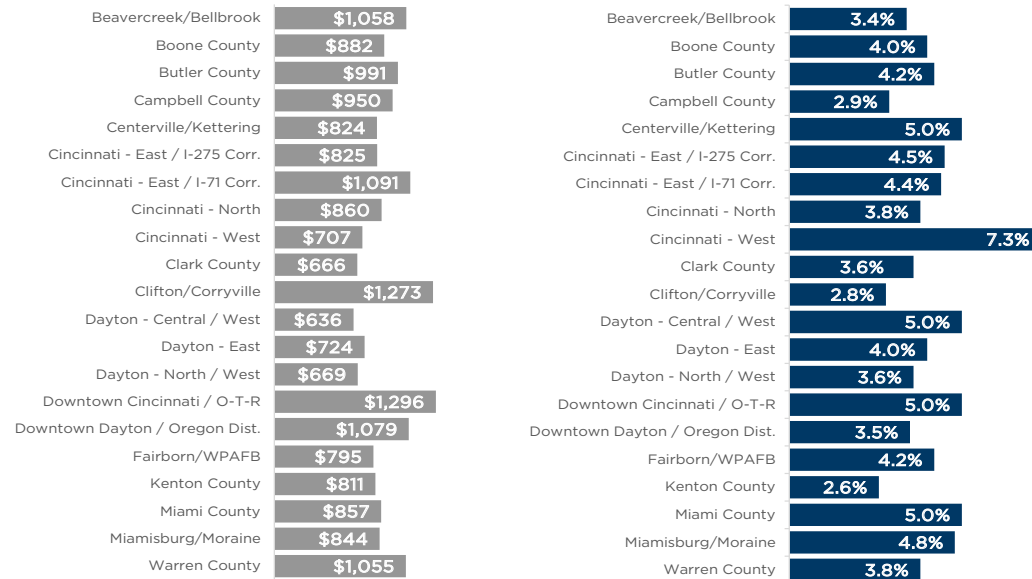


Source: Real Capital Analytics

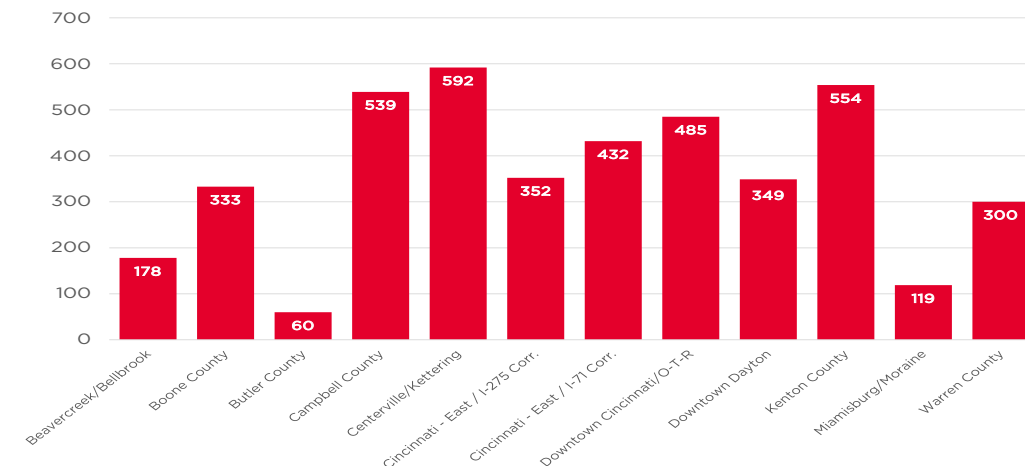


**SUBMARKET OVERVIEW**

RENTS & VACANCY BY SUBMARKET



UNDER CONSTRUCTION BY SUBMARKET



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

**SELECT SUBMARKET NEWS**

**Oakley**

- Cincinnati-based **Neyer Properties** is awaiting zoning approval for **Oakley Yard**, a mixed-residential project that would be built on a 30-acre industrial site on Robertson Avenue. In addition to single-family homes and assisted living units, the project would include 300 new apartment units, which may be built by late 2021.

**Dayton (South Park)**

- A Dublin, OH-based developer is proposing to build two five-story apartment towers near Miami Valley Hospital and the University of Dayton campus. **New Village Communities** would build the unnamed complex in two phases, resulting in 232 new apartment units and a multi-story parking garage. The project is awaiting zoning changes and Dayton Plan Board approval.

**Downtown Dayton**

- After being acquired by a Columbus-based developer, the 225,000-square-foot **Grant Deneau Tower** on Fourth Street may be converted from office use to mixed-use. Plans from **The Windsor Companies** call for six of the building's 22 floors to be dedicated to multifamily use.

**Middletown**

- Built in 1929, the 30,000-square-foot **Goetz Tower** in Downtown Middletown is being renovated to mixed-use. **Historic Developers** of Canton, OH is converting six of the seven floors to multifamily use. The 16 apartment units are expected to be ready by mid-2020.