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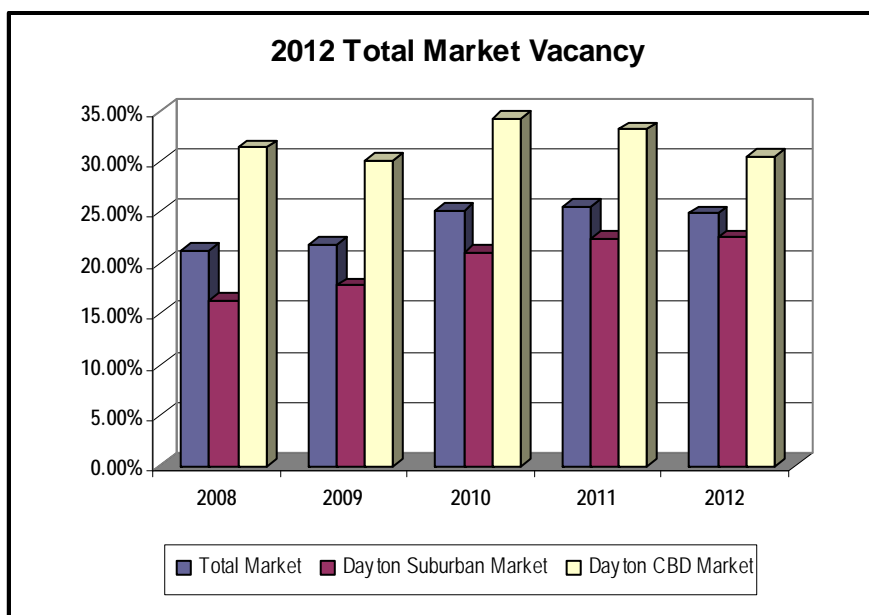
## DAYTON REGIONAL 2012 OFFICE MARKET STUDY

**Miller-Valentine GEM Real Estate Group's** 2012 Office Market Study is a comprehensive survey intended to capture the current conditions and developing trends regarding Office space within the greater Dayton area. The facilities included in this study represent those, which are most reflective of the area's Office market.

In this survey, we have sampled (346) Office Buildings which have been segmented into four (4) distinct markets identified as Dayton: East, Dayton: North/West, Dayton: South, and Dayton: Central Business District (CBD). A total of 15,753,495 square feet of office space was surveyed within these four (4) markets, of which 3,916,174 square feet, or 24.86%, was reported to be vacant. A summary of the 2012 figures is illustrated below.

	#	2012 GFA	2012 Vac. s.f.	2012 Vac. %	2011-2012 Absorb.	Rental Rate Range
Dayton East Market	77	3,880,559	886,647	22.85%	(128,110)	\$6.00 - \$25.00
Dayton North/West Market	68	1,496,865	390,463	26.09%	20,965	\$5.95 - \$19.00
Dayton South Market	158	5,738,160	1,226,585	21.38%	94,940	\$5.00 - \$21.95
Dayton CBD Market	43	4,637,911	1,412,479	30.46%	119,834	\$4.00 - \$21.95
Total Market	346	15,753,495	3,916,174	24.86%	107,629	\$4.00 - \$25.00
Dayton Suburban Market	303	11,115,584	2,503,695	22.52%	(12,205)	\$5.00 - \$25.00
Dayton CBD Market	43	4,637,911	1,412,479	30.46%	119,834	\$4.00 - \$21.95
Class A CBD Market	12	2,591,246	603,359	23.28%	320,841	\$4.00 - \$21.95
Class B/C CBD Market	31	2,046,665	809,120	39.53%	(201,007)	\$4.95 - \$16.00

The 2012 overall market vacancy rate of 24.86% is down from the 2011-reported figure of 25.56%. This decrease in vacancy results in a positive absorption in space for 2012. Illustrated on the graph below are the 2008-2012 vacancy levels (square feet) for the overall market, as well as the Central Business District (CBD) and suburban markets.

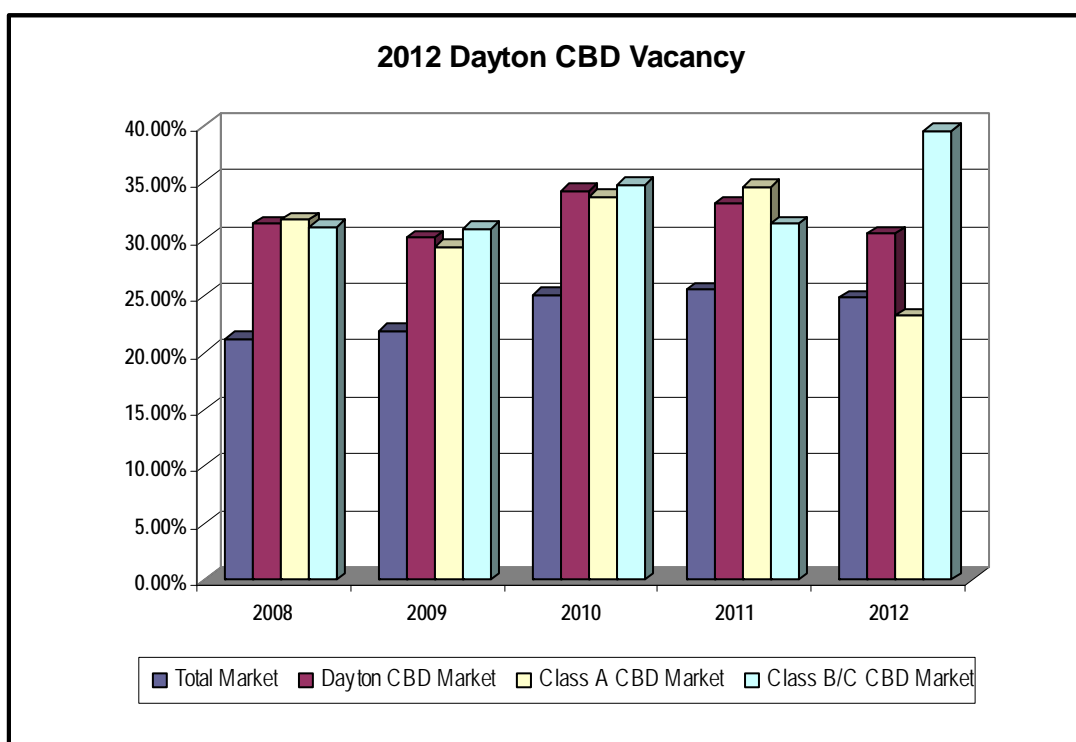


The table below illustrates the annual vacancy rates and absorption figures from 2008 to 2012.

	2012	2011-12	2011	2010-11	2010	2009-10	2009	2008-09	2008	2007-08
	Vac. %	Absorb.	Vac. %	Absorb.	Vac. %	Absorb.	Vac. %	Absorb.	Vac. %	Absorb.
Dayton CBD Market	30.46%	119,834	33.15%	(62,990)	34.24%	(194,230)	29.87%	(39,189)	31.34%	(185,340)
Total Market	24.86%	107,629	25.56%	(144,450)	25.11%	(216,529)	21.76%	(201,314)	21.27%	(463,257)
Dayton Suburban Market	22.52%	(12,205)	22.43%	(81,460)	21.05%	(22,299)	17.83%	(162,125)	16.27%	(277,917)

### **Dayton CBD**

Specifically, in the Dayton CBD Market, we have surveyed (43) Office Buildings, which have been segmented into Class A and Class B/C. Contained in this market sample is a grand total of 4,637,911 square feet of Office space, of which 1,412,479 square feet, or 30.46%, was reported to be vacant. The 2012 vacancy rate is down from 33.15% reported in 2011. This indicates a net positive absorption of 119,834 square feet in 2012 for the CBD. Illustrated on the graph below are the 2008-2012 vacancy levels (% vacant) for the overall market, total Central Business Districts (CBD) and the CBD's Class A and Class B/C submarkets.



The following table illustrates the annual vacancy rates and absorption figures from 2008 to 2012 for the CBD market.

	2012	2011-12	2011	2010-11	2010	2009-10	2009	2008-09	2008	2007-08
	Vac. %	Absorb.	Vac. %	Absorb.	Vac. %	Absorb.	Vac. %	Absorb.	Vac. %	Absorb.
Total Market	24.86%	107,629	25.56%	(144,450)	25.11%	(216,529)	21.76%	(201,314)	21.27%	(463,257)
Dayton CBD Market	30.46%	119,834	33.15%	(62,990)	34.24%	(194,230)	29.87%	(39,189)	31.34%	(185,340)
Class A CBD Market	23.28%	320,841	34.59%	(20,978)	33.75%	(109,975)	29.33%	(29,134)	31.72%	(90,504)
Class B/C CBD Market	39.53%	(201,007)	31.36%	(42,012)	34.78%	(84,255)	30.43%	(10,055)	31.06%	(94,836)

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### **Dayton CBD Class A**

The CBD Class A Office Market is comprised of (12) office buildings totaling 2,591,246 square feet of space, of which 603,359 square feet, or 23.28%, was reported vacant. The Class A indicates a net positive absorption of 320,841 square feet in 2012.

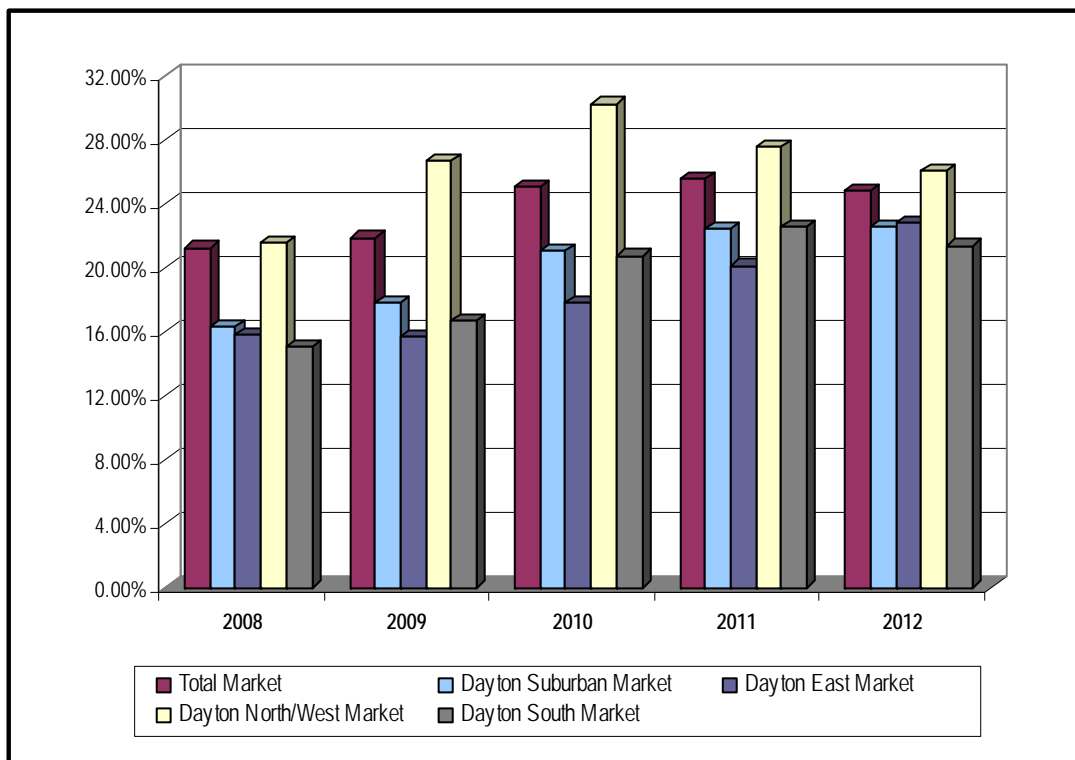
### **Dayton CBD Class B/C**

The CBD Class B/C Office Market is comprised of (31) office buildings totaling 2,046,665 square feet of space, of which 809,120 square feet, or 39.53%, was reported vacant. The Class B/C indicates a total net negative absorption of (201,007) square feet in 2012.

For the CBD market, quoted annual lease rates range from \$4.00/square foot to \$21.95/square foot.

### **Dayton Suburban**

Specifically, in the Dayton Suburban Market, we have surveyed (303) Office Buildings, which included the submarkets of East, North/West and South. Within these sampled markets, a grand total of 11,115,584 square feet of Office space was surveyed, of which 2,503,695 square feet, or 22.52%, was reported to be vacant. The 2012 vacancy rate of 22.52% is up from 22.43% reported in 2011. The following graph illustrates the 2008-2012 vacancy levels (% vacant) for the overall market, total Suburban market and the Suburban's East, North/West and South submarkets.



The table below illustrates the annual vacancy rates and absorption figures from 2008 to 2012 for the Suburban market.

	2012	2011-12	2011	2010-11	2010	2009-10	2009	2008-09	2008	2007-08
	Vac. %	Absorb.	Vac. %	Absorb.	Vac. %	Absorb.	Vac. %	Absorb.	Vac. %	Absorb.
Dayton East Market	22.85%	(128,110)	20.12%	(86,267)	17.80%	54,322	15.70%	(5,496)	15.78%	(47,373)
Dayton North/West Market	26.09%	20,965	27.58%	35,469	30.27%	(57,402)	26.71%	(74,280)	21.61%	(25,803)
Dayton South Market	21.38%	94,940	22.58%	(30,662)	20.75%	(19,219)	16.72%	(82,349)	15.10%	(204,741)
Dayton CBD Market	30.46%	119,834	33.15%	(62,990)	34.24%	(194,230)	29.87%	(39,189)	31.34%	(185,340)
Total Market	24.86%	107,629	25.56%	(144,450)	25.11%	(216,529)	21.76%	(201,314)	21.27%	(463,257)
Dayton Suburban Market	22.52%	(12,205)	22.43%	(81,460)	21.05%	(22,299)	17.83%	(162,125)	16.27%	(277,917)

### **Dayton East**

In the *East Office* market, a total of (77) facilities were surveyed. This market accounts for a total of 3,880,559 square feet of space, of which 886,647 square feet, or 22.85%, was reported to be vacant. This indicates a net negative absorption for the *East* market of (128,110) square feet. For the *East* market, quoted annual lease rates range from \$6.00/square foot to \$25.00/square foot.

### **Dayton North/West**

In the *North and West Office* market, a total of (68) facilities were surveyed. This market accounts for a total of 1,496,865 square feet of space, of which 390,463 square feet, or 26.09%, was reported to be vacant. This indicates a net positive absorption for the *North and West* market of 20,965 square feet. For the *North and West* market, quoted annual lease rates range from \$5.95/square foot to \$19.00/square foot.

### **Dayton South**

In the *South Office* market, a total of (158) facilities were surveyed. This market accounts for a total of 5,738,160 square feet of space, of which 1,226,585 square feet, or 21.38%, was reported to be vacant. This indicates a net positive absorption for the *South* market of 94,940 square feet. For the *South* market, quoted annual lease rates range from \$5.00/square foot to \$21.95/square foot.

The information published in **Miller-Valentine GEM Real Estate Group's 2012 Office Market Study** reflects market conditions during the fourth quarter of 2012. All data contained herein are believed to be accurate and have been compiled from one or more of the following sources: property owners, property managers, leasing agents, and/or public records. All information furnished by others is believed to be reliable. **Miller-Valentine GEM Real Estate Group** makes no warranties regarding the accuracy of this information, which is subject to change without notice.

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