



OHIO ECONOMIC AND MULTIFAMILY MARKET FORECAST

**2010 OHIO HOUSING
CONFERENCE PLENARY
SESSION: OHIO ECONOMIC
FORECAST**

DECEMBER 2, 2010

Daniel J. Hogan Director, Research





DISCLAIMER

The information contained in this report was prepared for general information purposes only and is not intended as legal, tax, accounting or financial advice, or recommendations to buy or sell currencies or securities or to engage in any specific transactions. Information has been gathered from third party sources and has not been independently verified or accepted by RED CAPITAL GROUP. RED makes no representations or warranties as to the accuracy or completeness of the information, assumptions, analyses or conclusions presented in the report. RED cannot be held responsible for any errors or misrepresentations contained in the report or in the information gathered from third party sources. Under no circumstances should any information contained herein be used or considered as an offer or a solicitation of an offer to participate in any particular transaction or strategy. Any reliance upon this information is solely and exclusively at your own risk. Please consult your own counsel, accountant or other advisor regarding your specific situation. Any views expressed herein are subject to change without notice due to market conditions and other factors.



Agenda

▶ **U.S. Economic Update and Outlook**

- Gross Domestic Product Forecast
- Payroll Forecast

▶ **Ohio Economic Update**

- Payroll Forecast
- Gross State Product Forecast

▶ **Ohio Metropolitan Payroll Trends and Forecast**

- Cincinnati
- Cleveland
- Columbus

▶ **Metropolitan Apartment Market Outlook**

- Fundamentals
- Investment Returns
- LIHTC Opportunity Summary



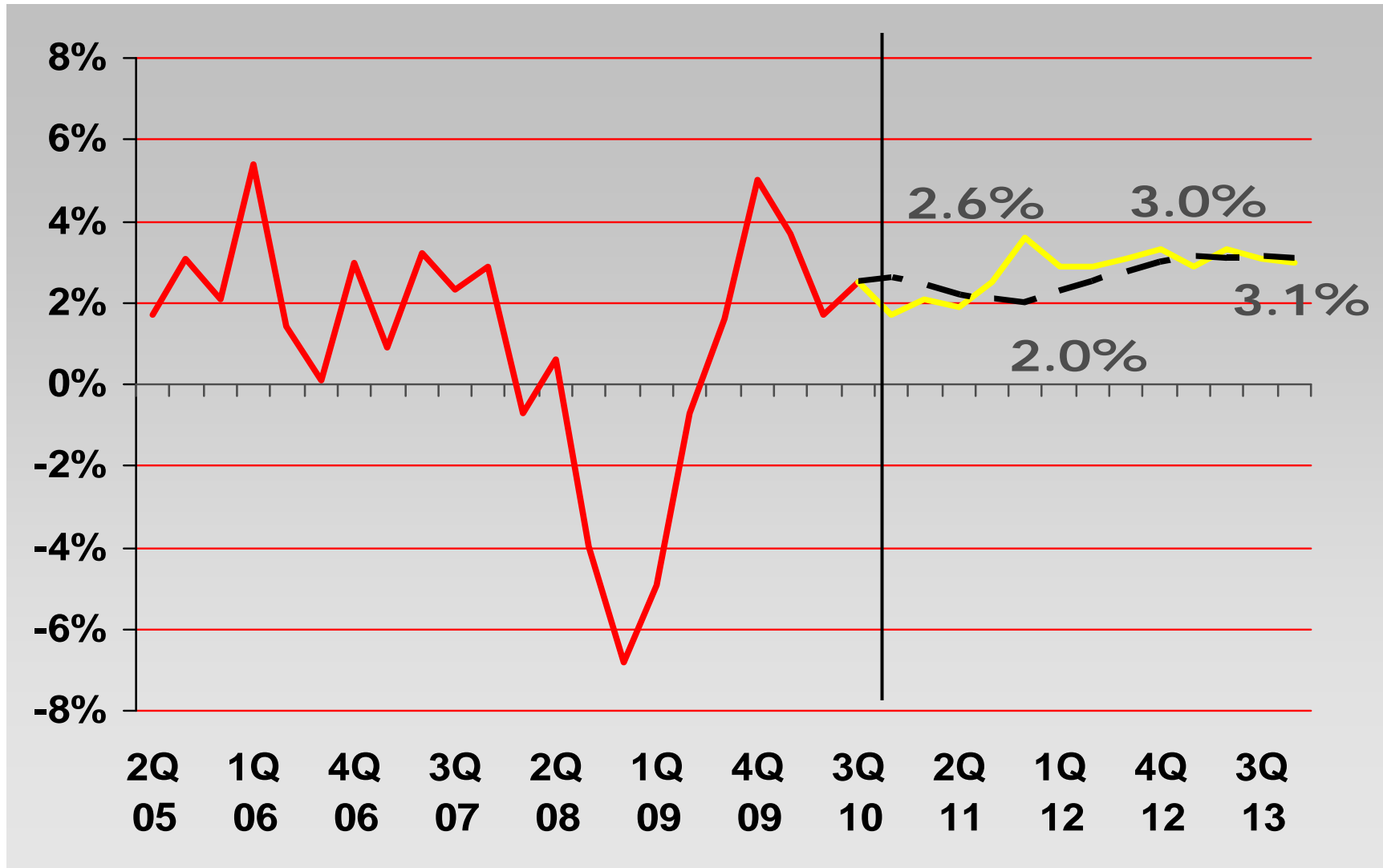
U.S. ECONOMIC OUTLOOK

- ▶ **Strength of the economic recovery and the 3-year outlook**
- ▶ **Outlook compared to 8 Post WWII business cycle average**
- ▶ **Condition of the labor market and 3-year payroll job forecast**
- ▶ **Payroll job outlook compared to the 8 Post WWII business cycle average**
- ▶ **Corresponding unemployment rate forecast**



U.S. GDP TREND AND FORECAST

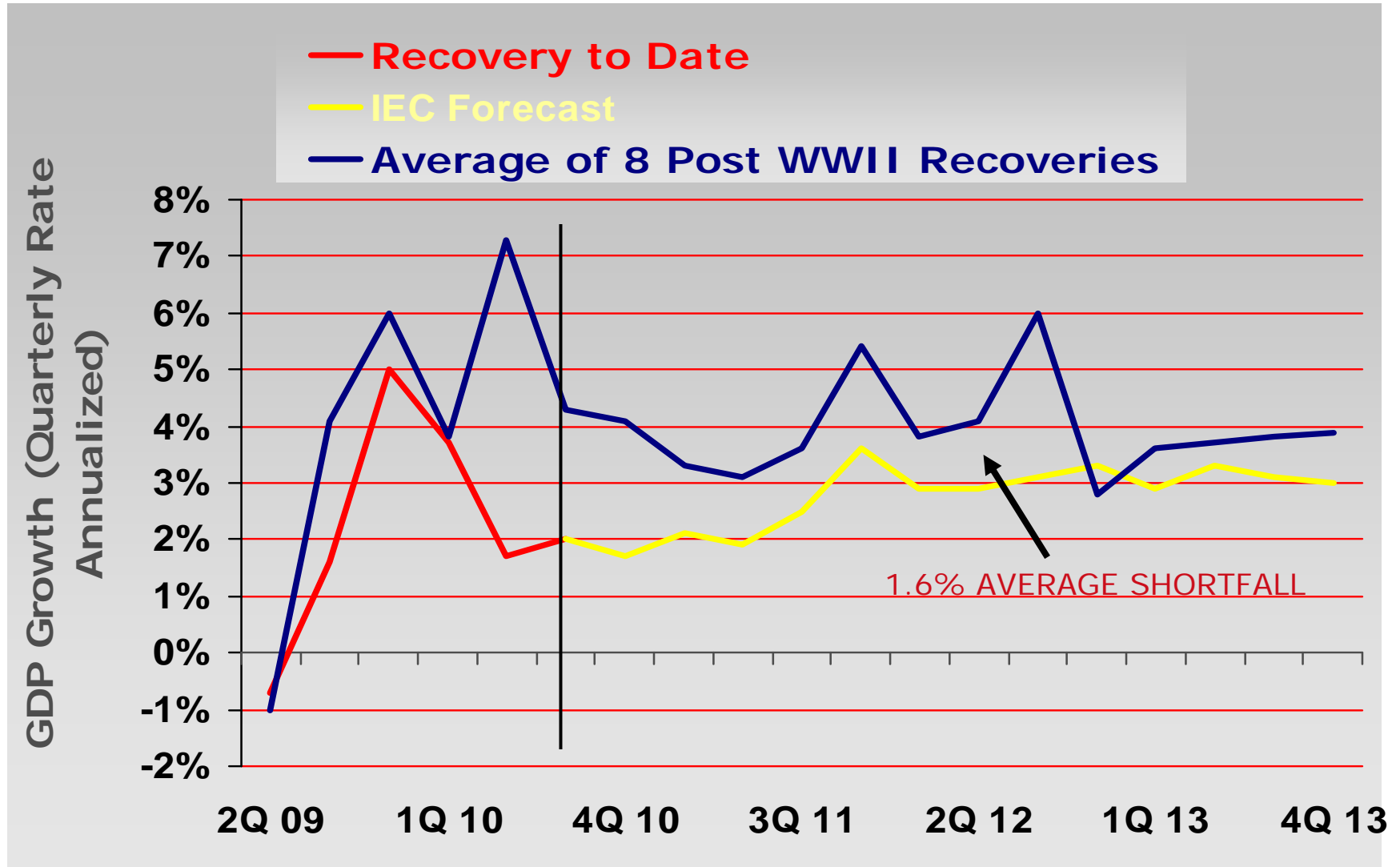
Sources: Bureau of Economic Analysis and the Institute for Economic Competitiveness, University of Central Florida





CURRENT RECOVERY vs. HISTORIC AVG.

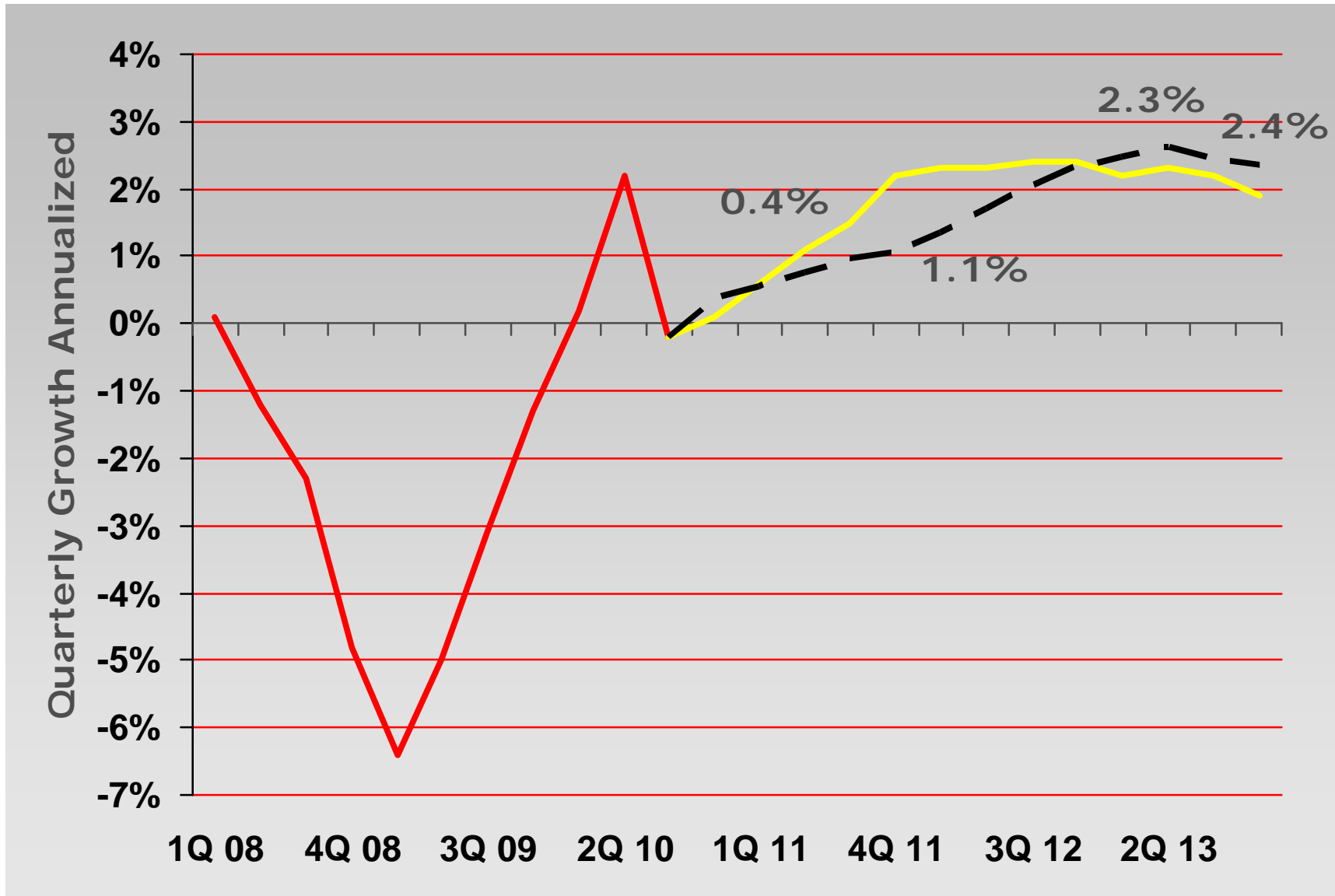
Sources: National Bureau of Economic Research and the Institute for Economic Competitiveness, University of Central Florida





U.S. PAYROLL TRENDS & FORECAST

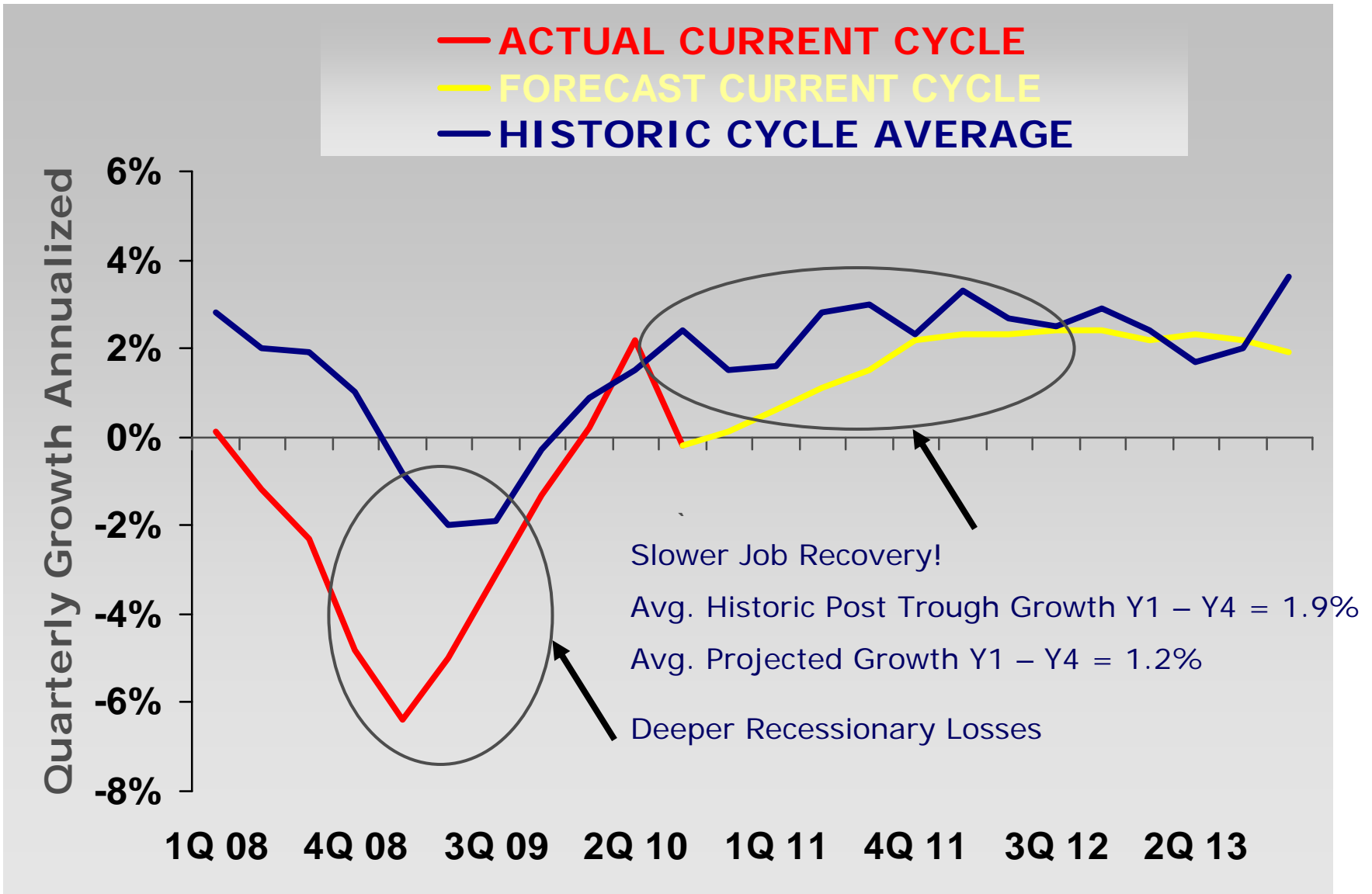
Sources: Bureau of Labor Statistics and the Institute for Economic Competitiveness, University of Central Florida





U.S. PAYROLL FORECAST vs. HISTORY

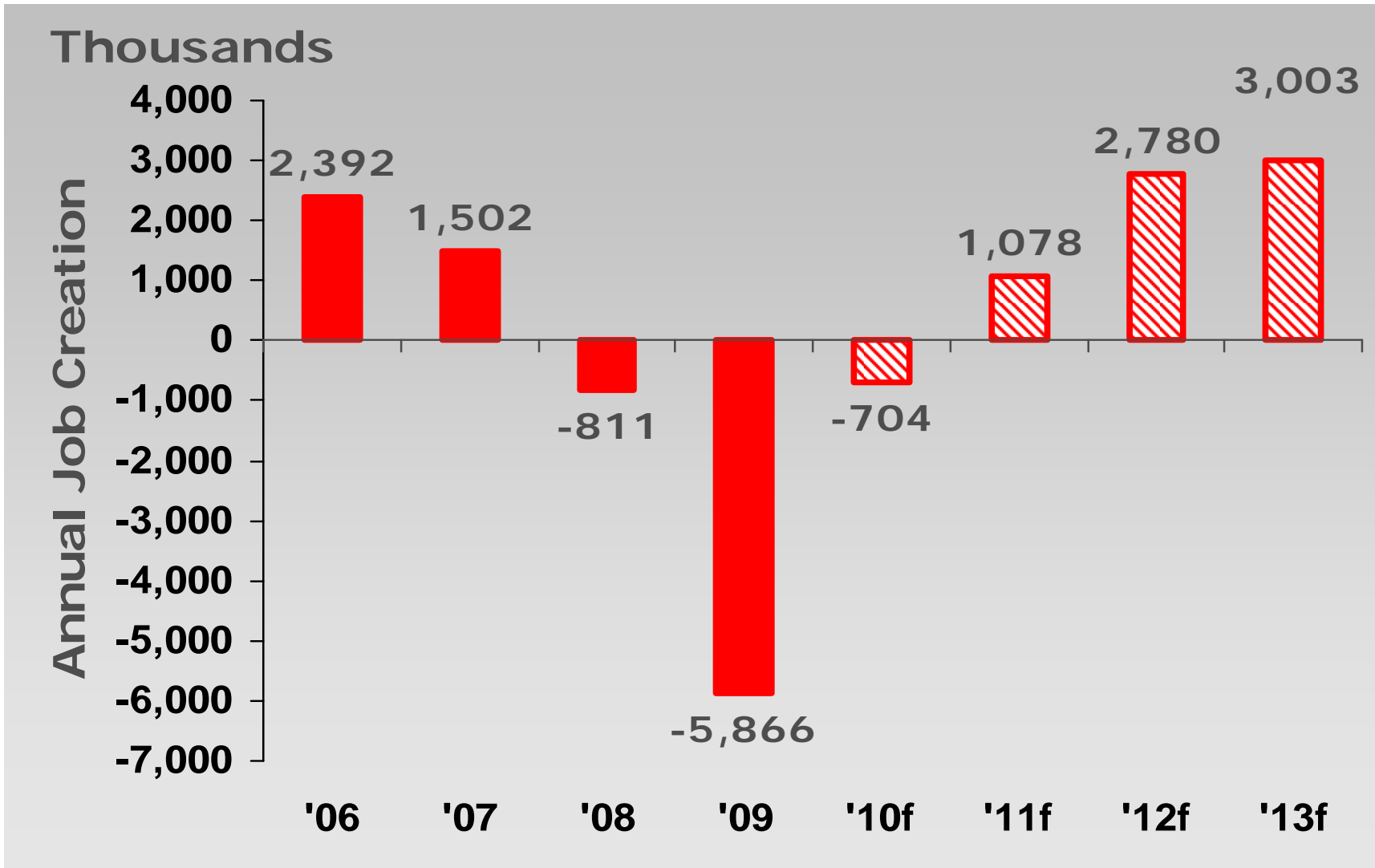
Sources: Bureau of Labor Statistics and the Institute for Economic Competitiveness, University of Central Florida, RED Research





U.S. PAYROLL TRENDS & FORECAST

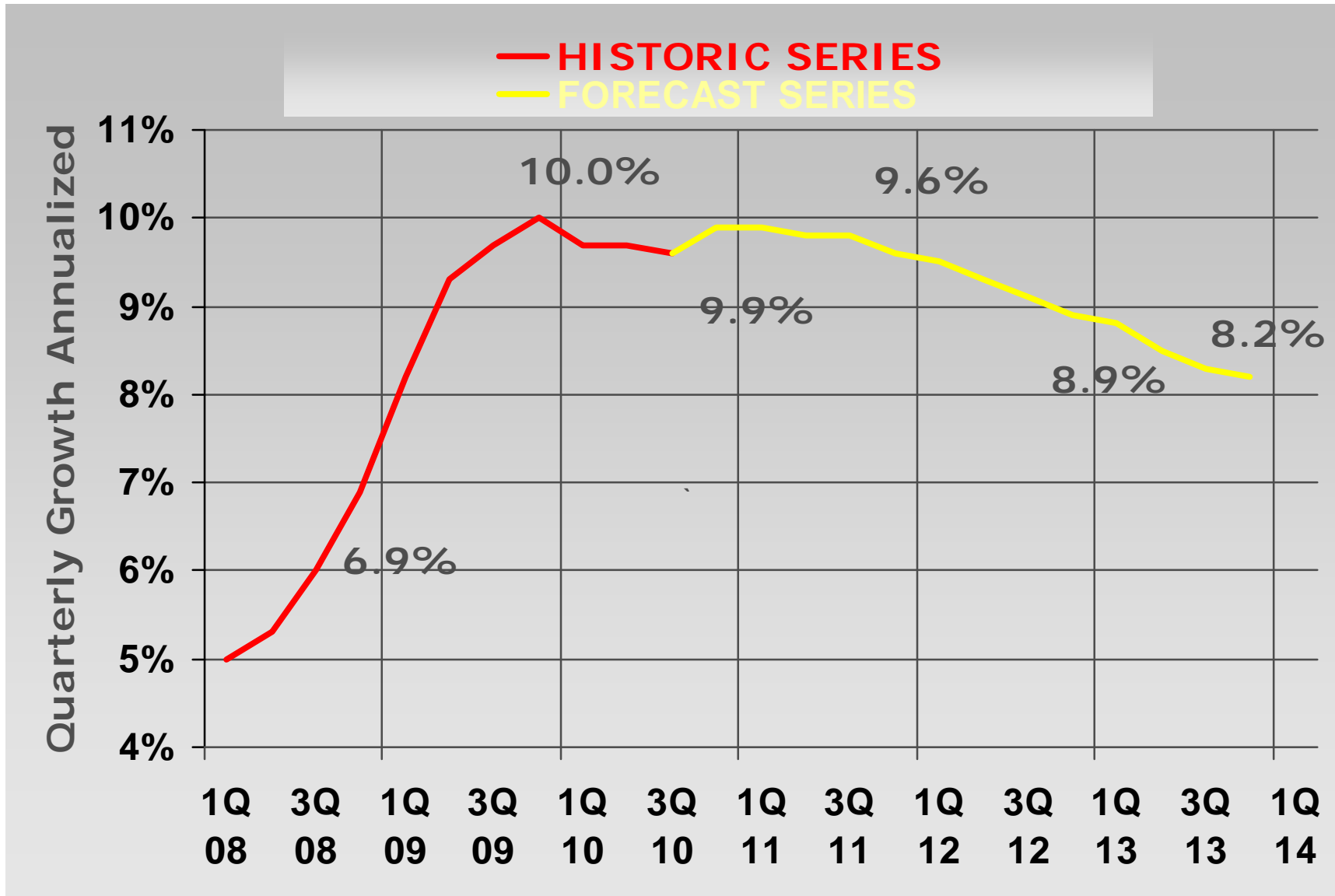
Sources: Bureau of Labor Statistics and the Institute for Economic Competitiveness, University of Central Florida





U.S. UNEMPLOYMENT RATE FORECAST

Sources: Bureau of Labor Statistics and the Institute for Economic Competitiveness, University of Central Florida, RED Research





OHIO ECONOMIC FORECAST

▶ **Gross State Product**

- GSP per capita trends
- GSP Forecast

▶ **Key economic trends**

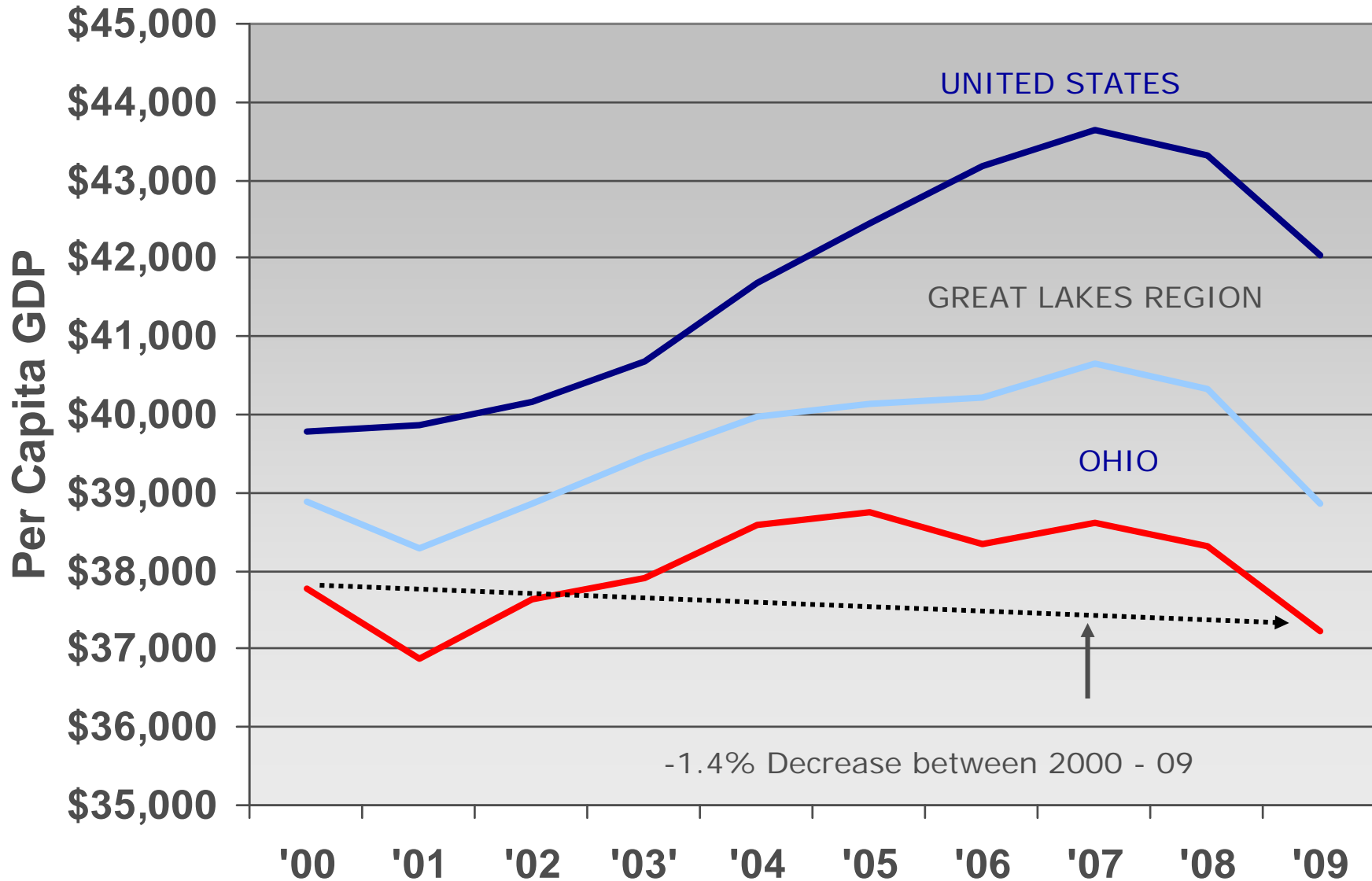
▶ **Aggregate state payroll job creation trends and forecast**

▶ **Industry sector payroll job creation forecast**



HISTORIC GDP PER CAPITA TRENDS

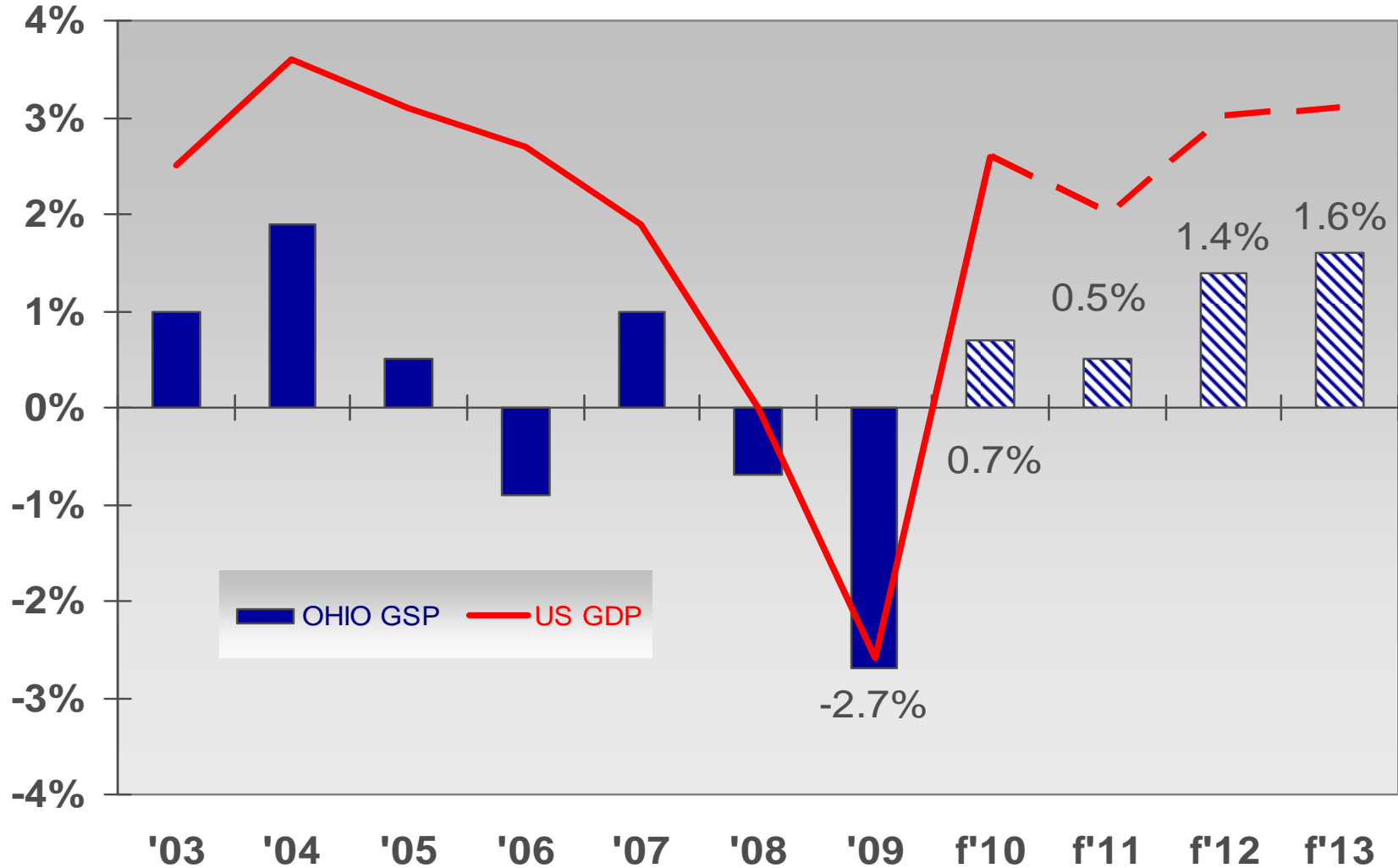
Sources: BEA, RED CAPITAL Research





REAL OHIO GROSS STATE PRODUCT GROWTH vs. U.S. GDP Growth

Sources: BEA, IEC / UCF, RED CAPITAL Research

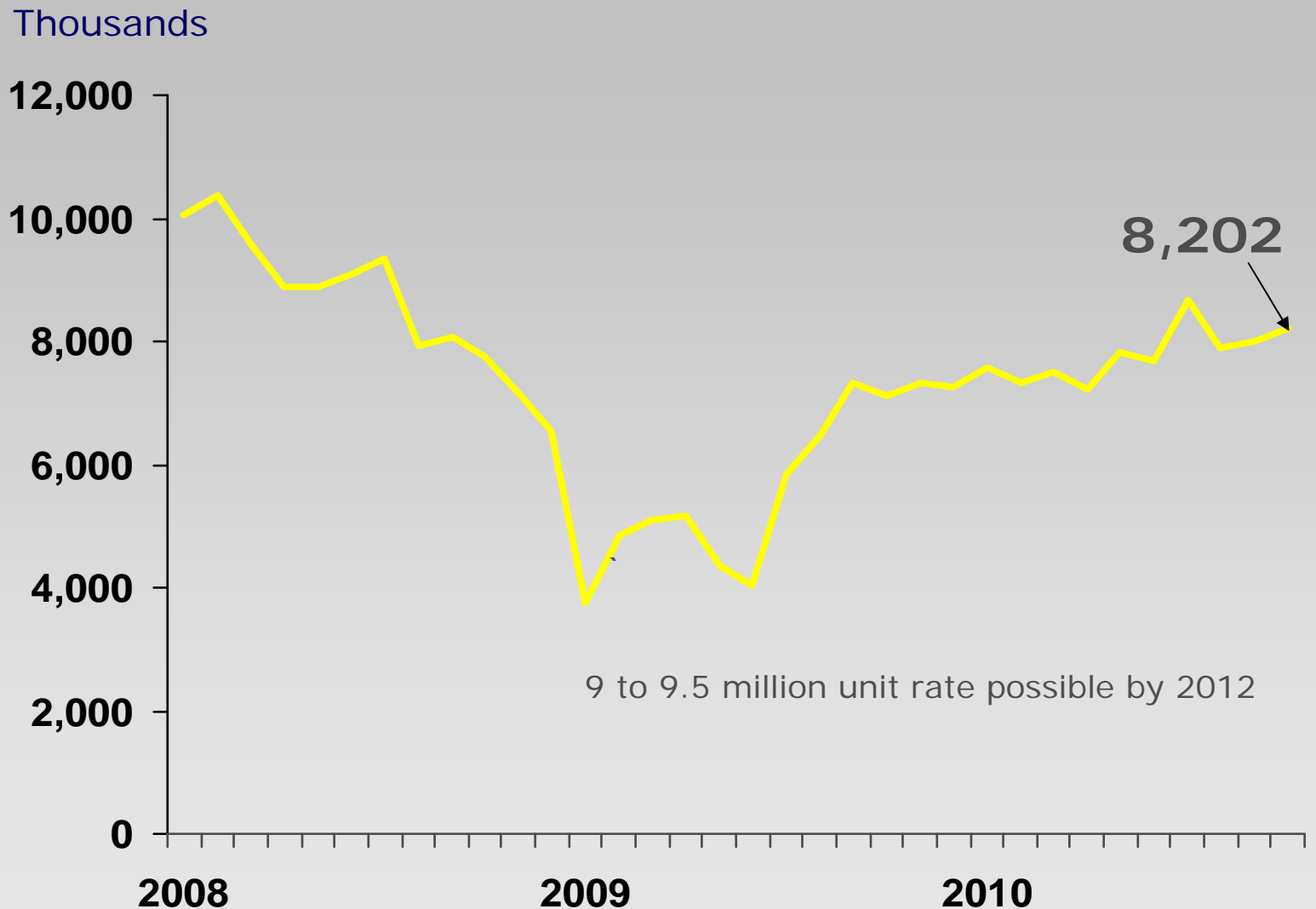




DOMESTIC VEHICLE ASSEMBLY

Sources: Federal Reserve Board

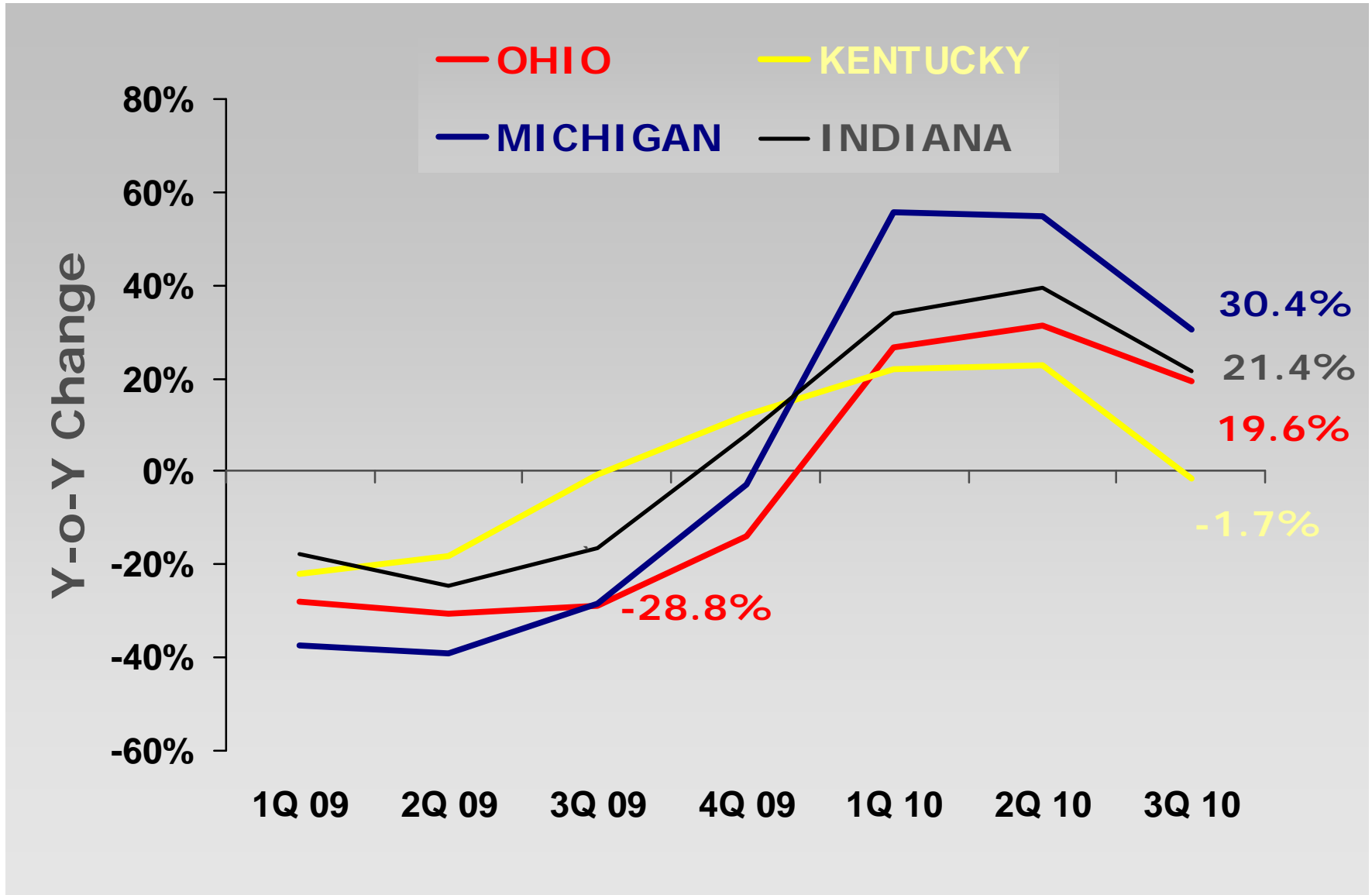
Units (Annualized / Seasonally Adjusted)





STATE EXPORT SALES GROWTH

Sources: WISERTrade.org, RED Research

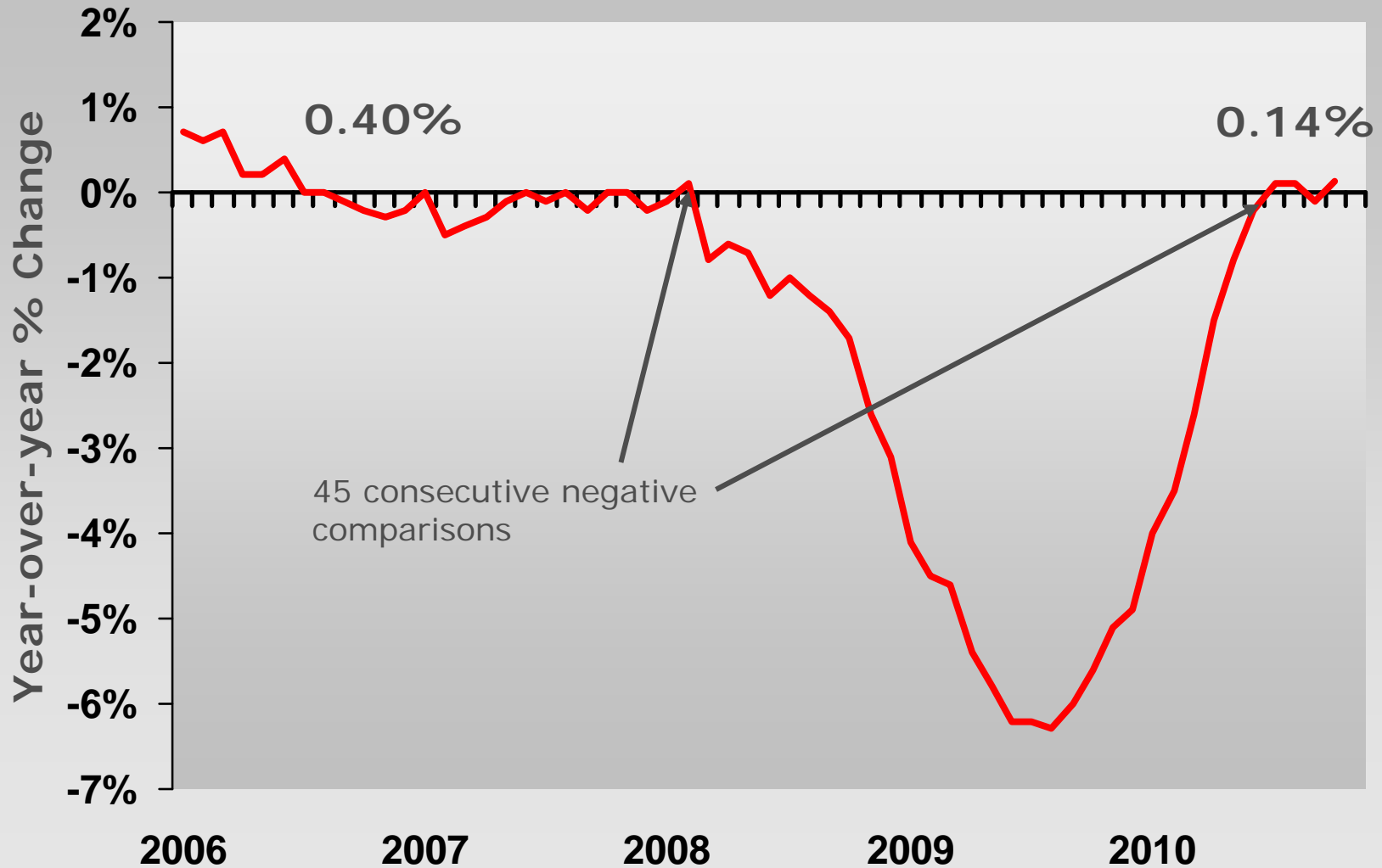




OHIO vs. PEER GROUP

Sources: Bureau of Labor Statistics and RED CAPITAL Research

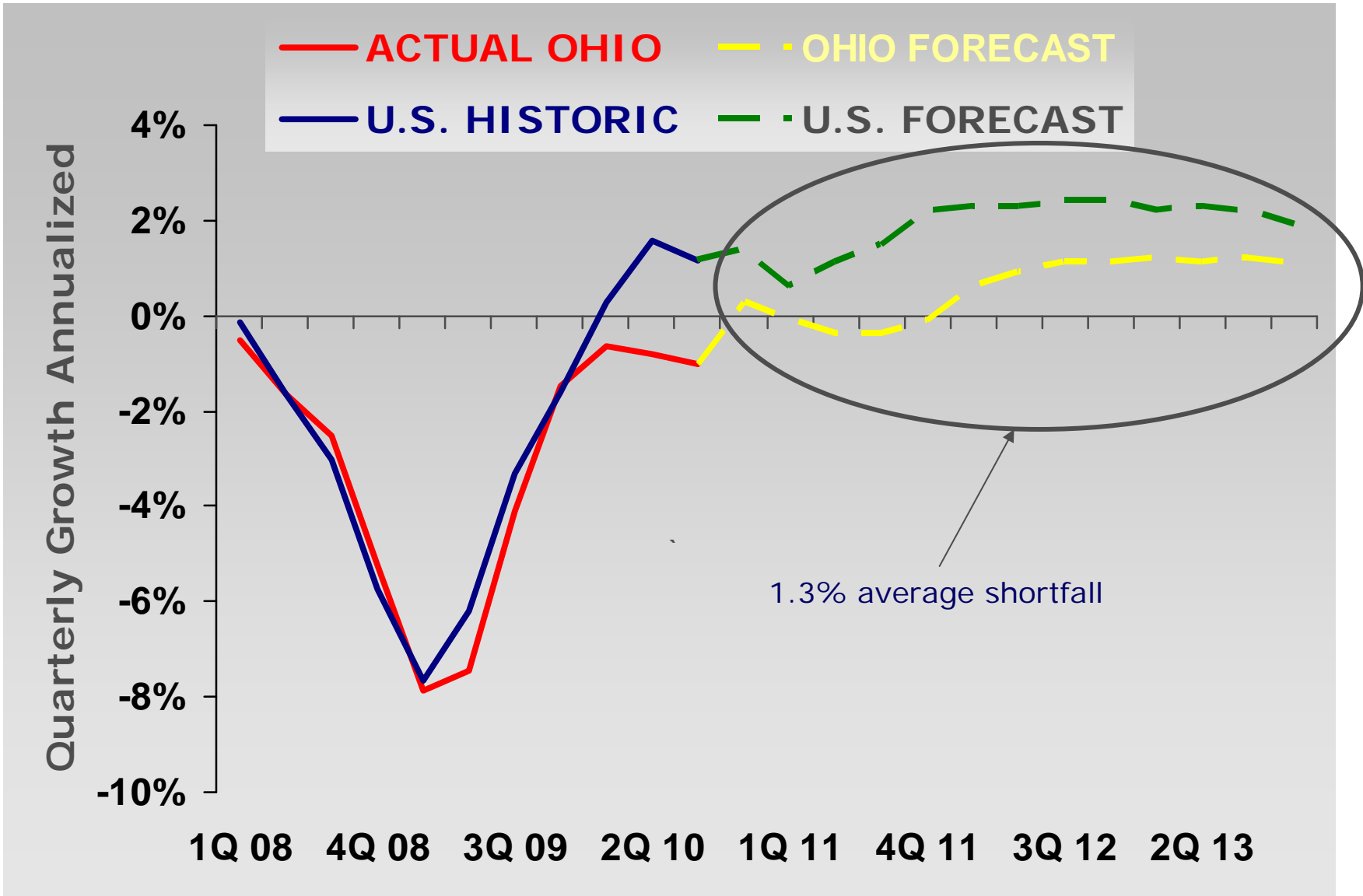
Ohio Y-o-y Payroll Trends





OHIO vs. U.S. AVERAGE

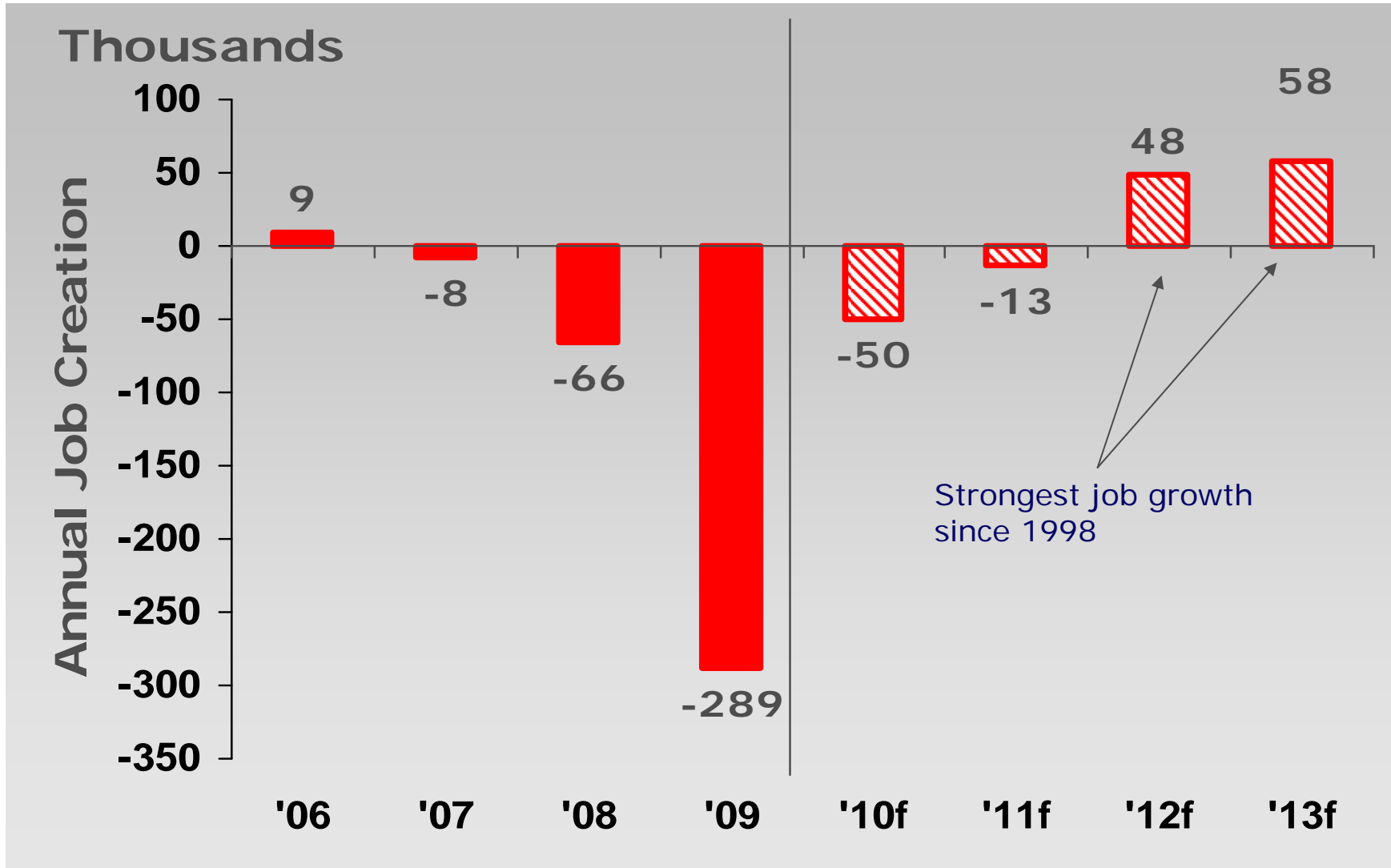
Sources: Bureau of Labor Statistics and RED CAPITAL Research





OHIO PAYROLL TREND & FORECAST

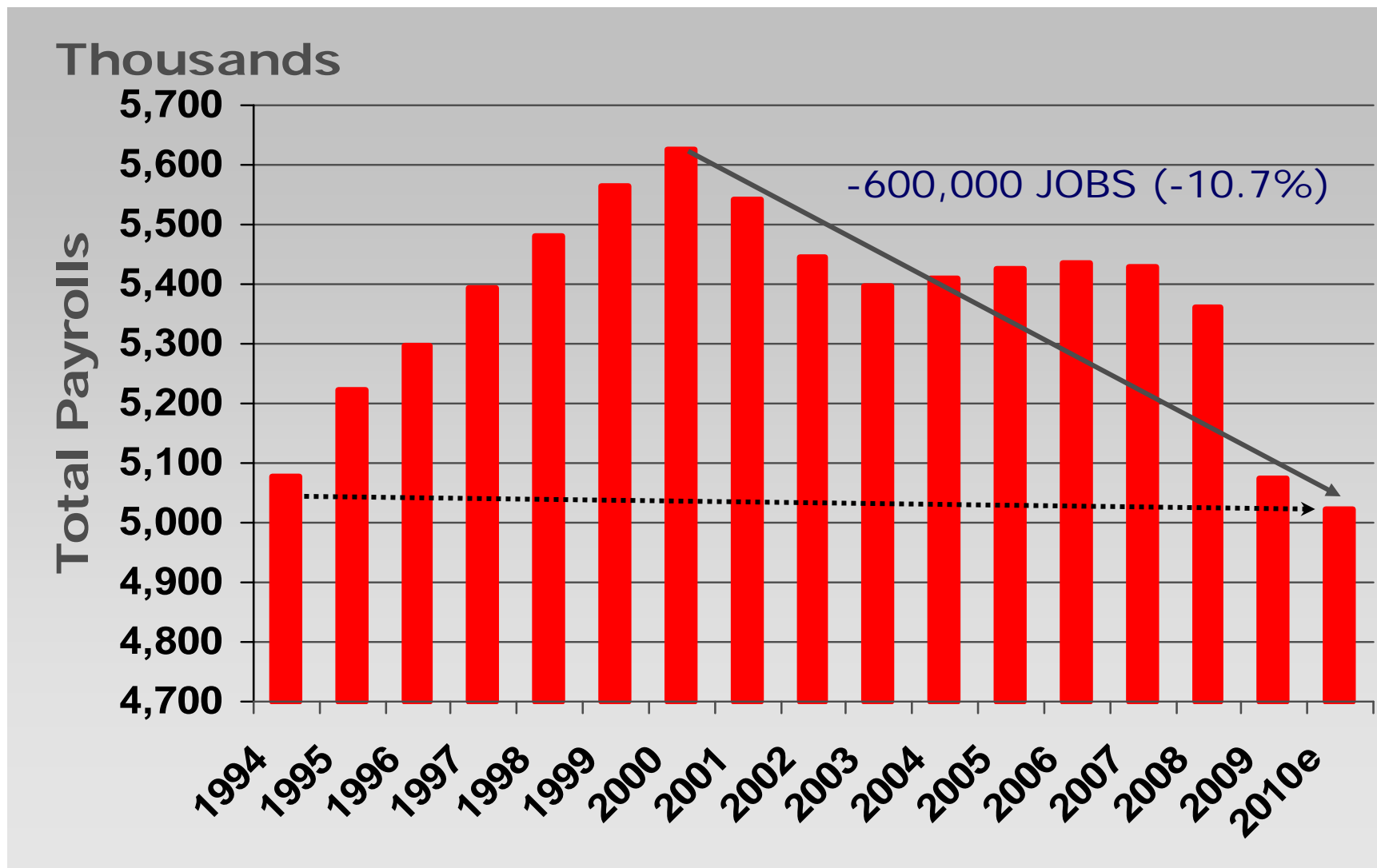
Sources: Bureau of Labor Statistics and the Institute for Economic Competitiveness, University of Central Florida, RED Research Forecast





LONG-TERM STATE PAYROLL TREND

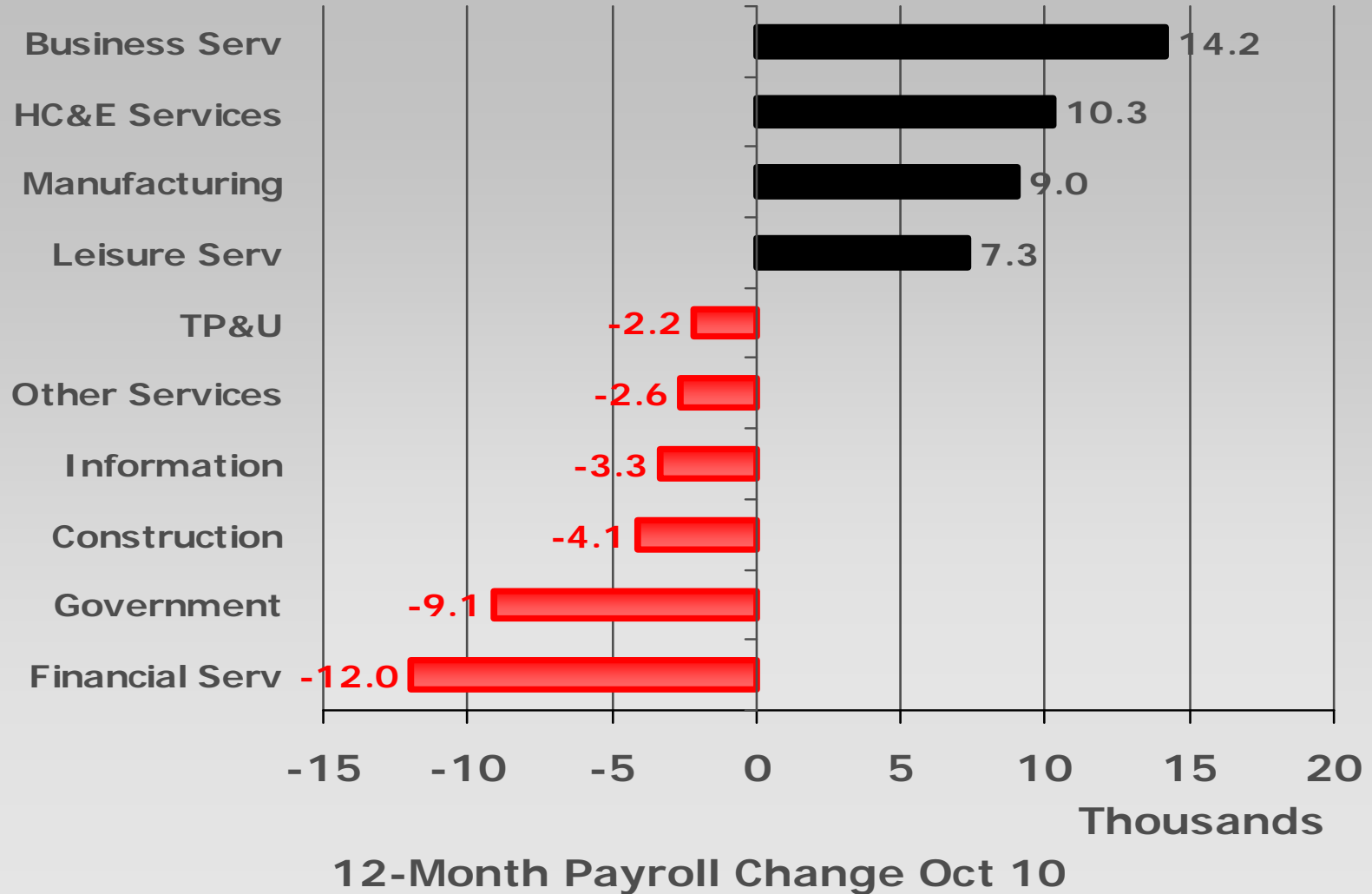
Sources: Bureau of Labor Statistics





OHIO PAYROLLS CHG BY SECTOR

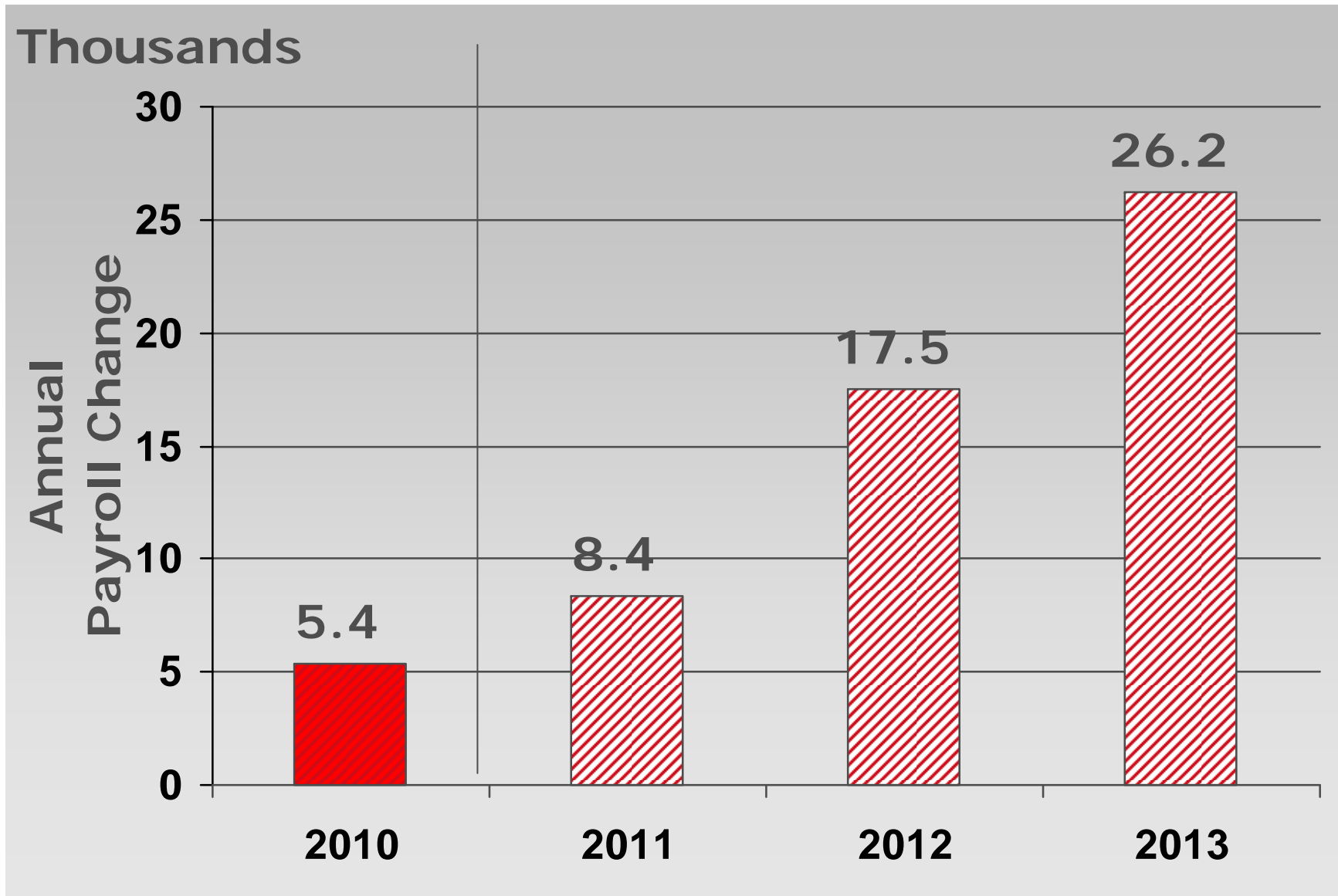
RED Research, BLS





SECTOR FORECAST: BUSINESS SERVICES

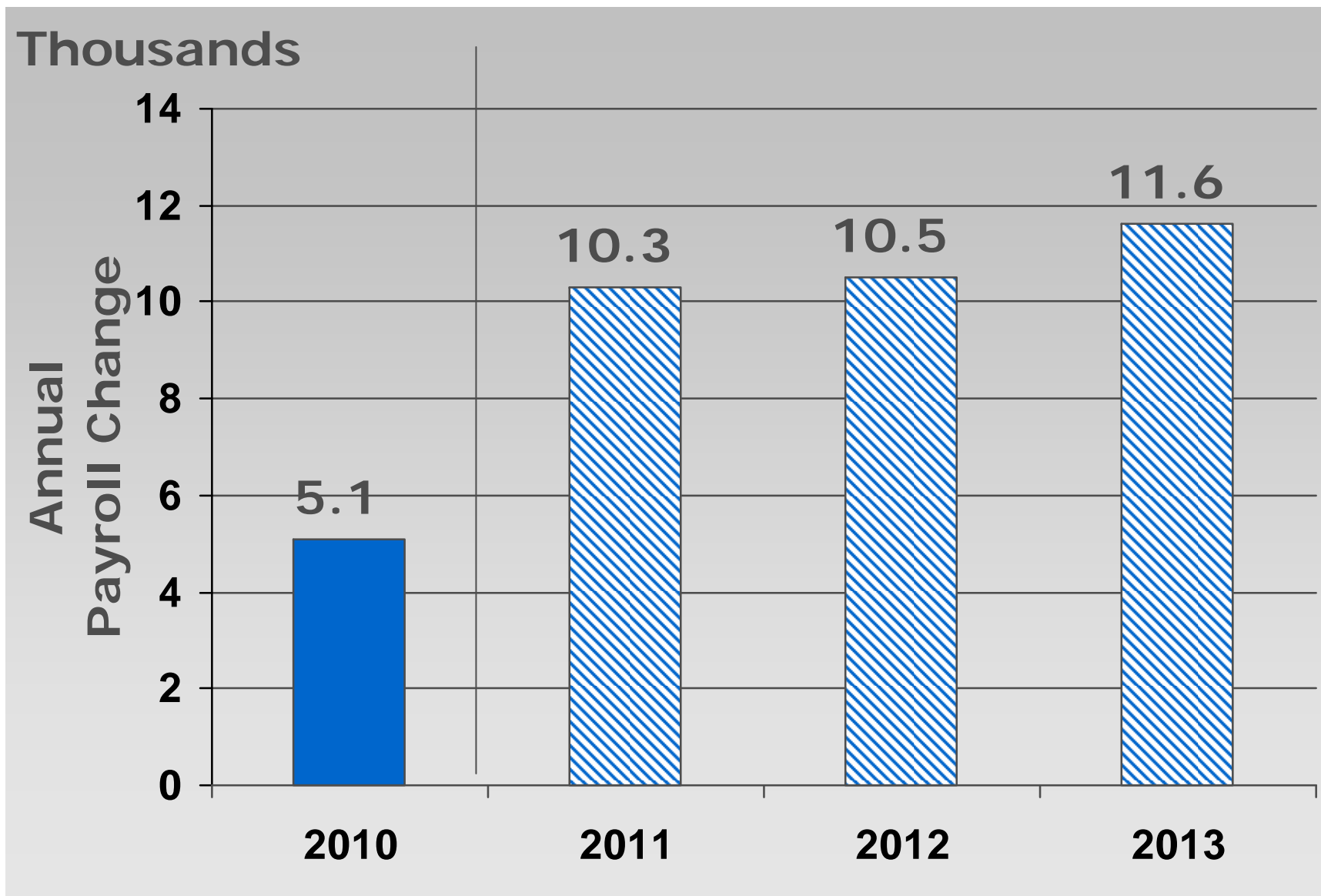
RED Research, BLS





SECTOR FORECAST: HEALTH CARE AND EDUCATION SERVICES

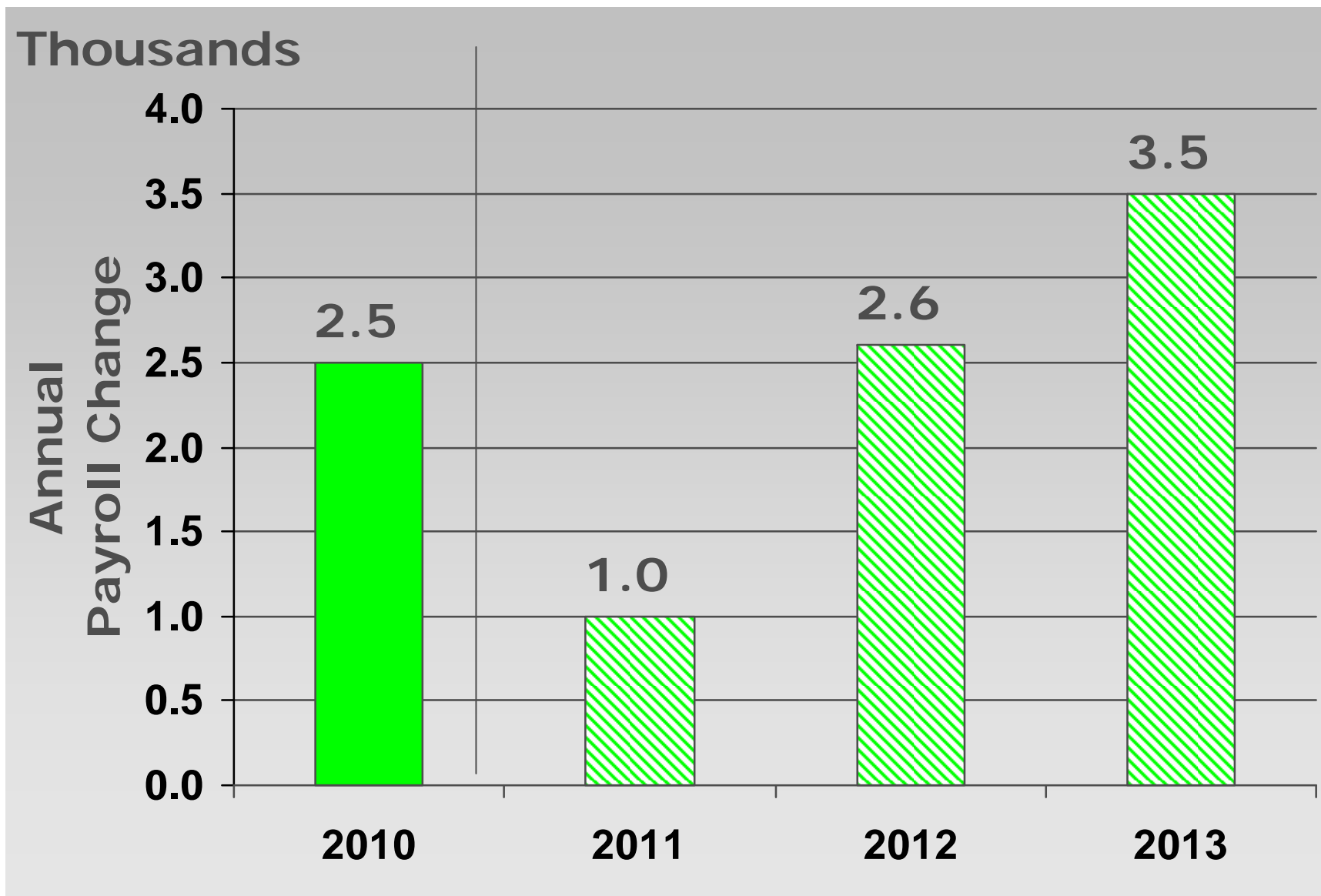
RED Research, BLS





SECTOR FORECAST: LEISURE & HOSPITALITY SERVICES

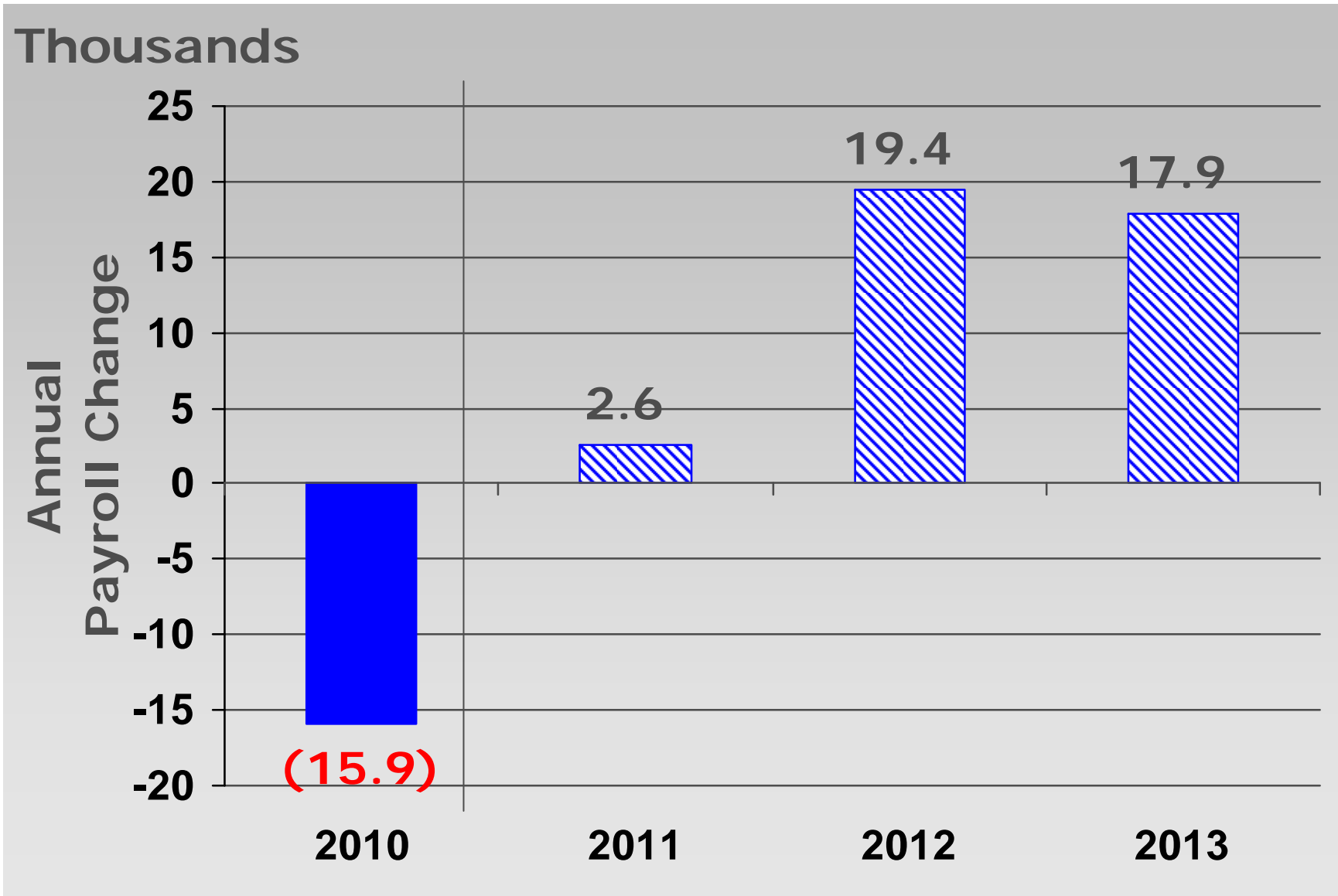
RED Research, BLS





SECTOR FORECAST: TRADE TRANSPORTATION & UTILITIES

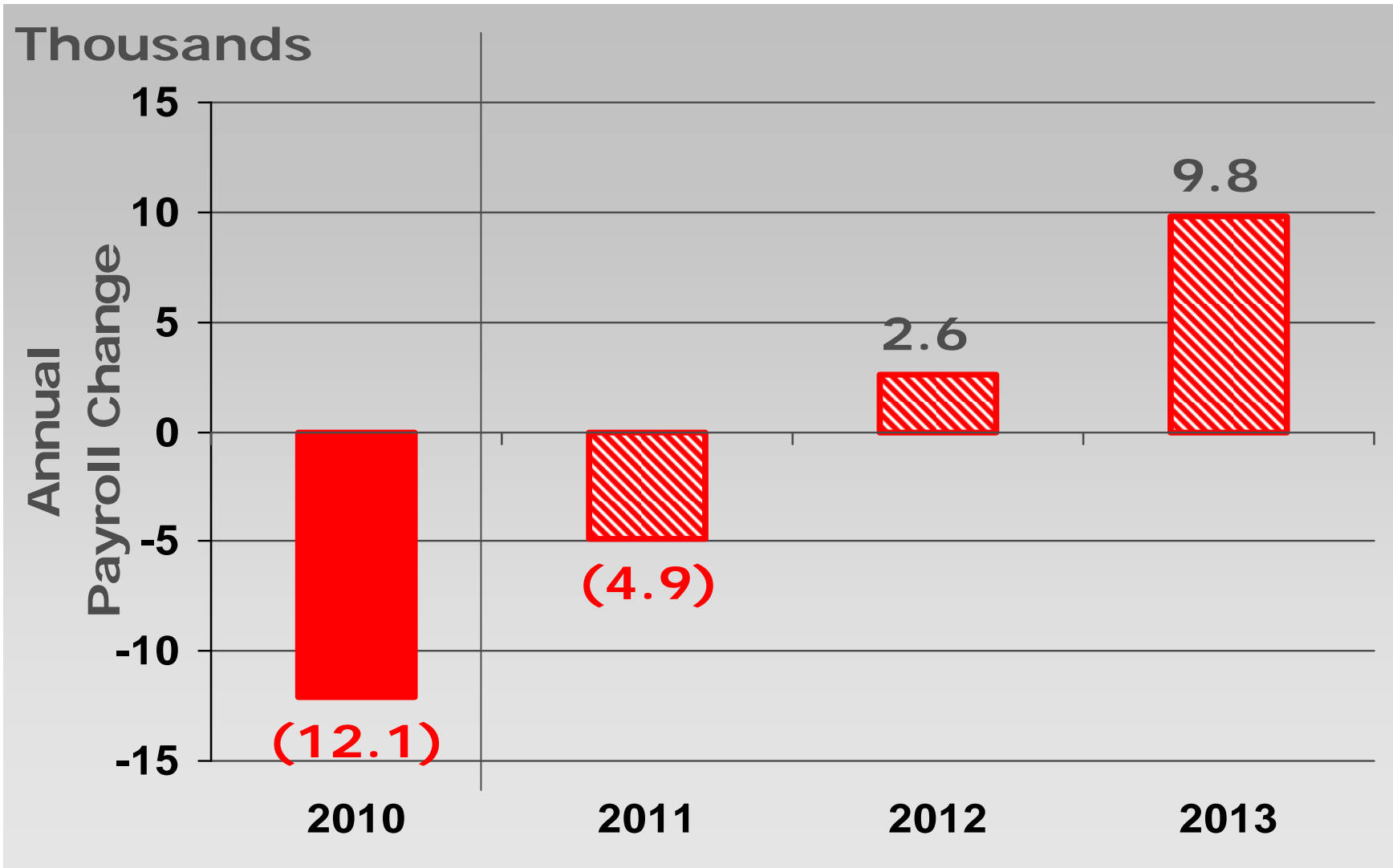
RED Research, BLS





SECTOR FORECAST: CONSTRUCTION

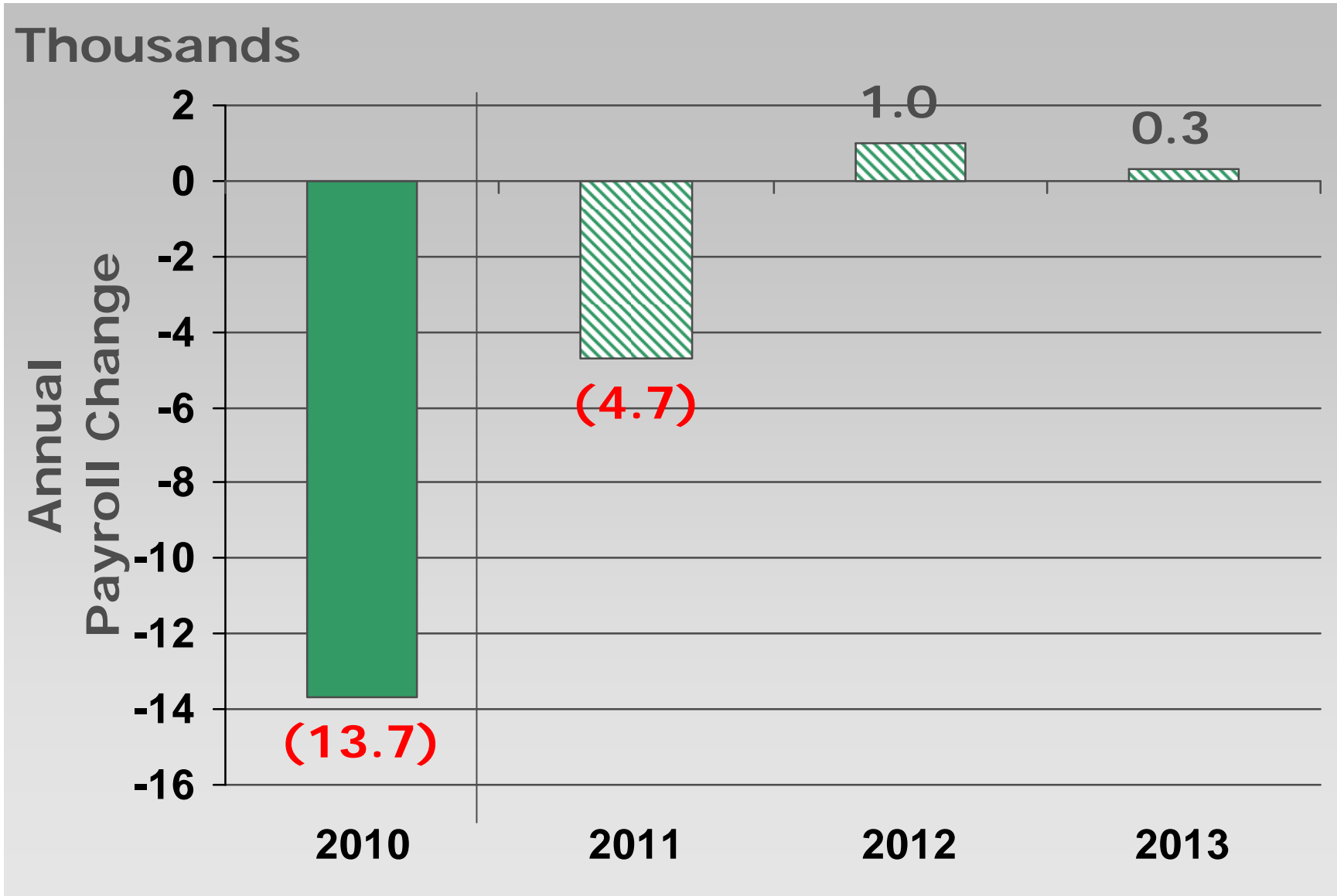
RED Research, BLS





SECTOR FORECAST: FINANCIAL SERVICES

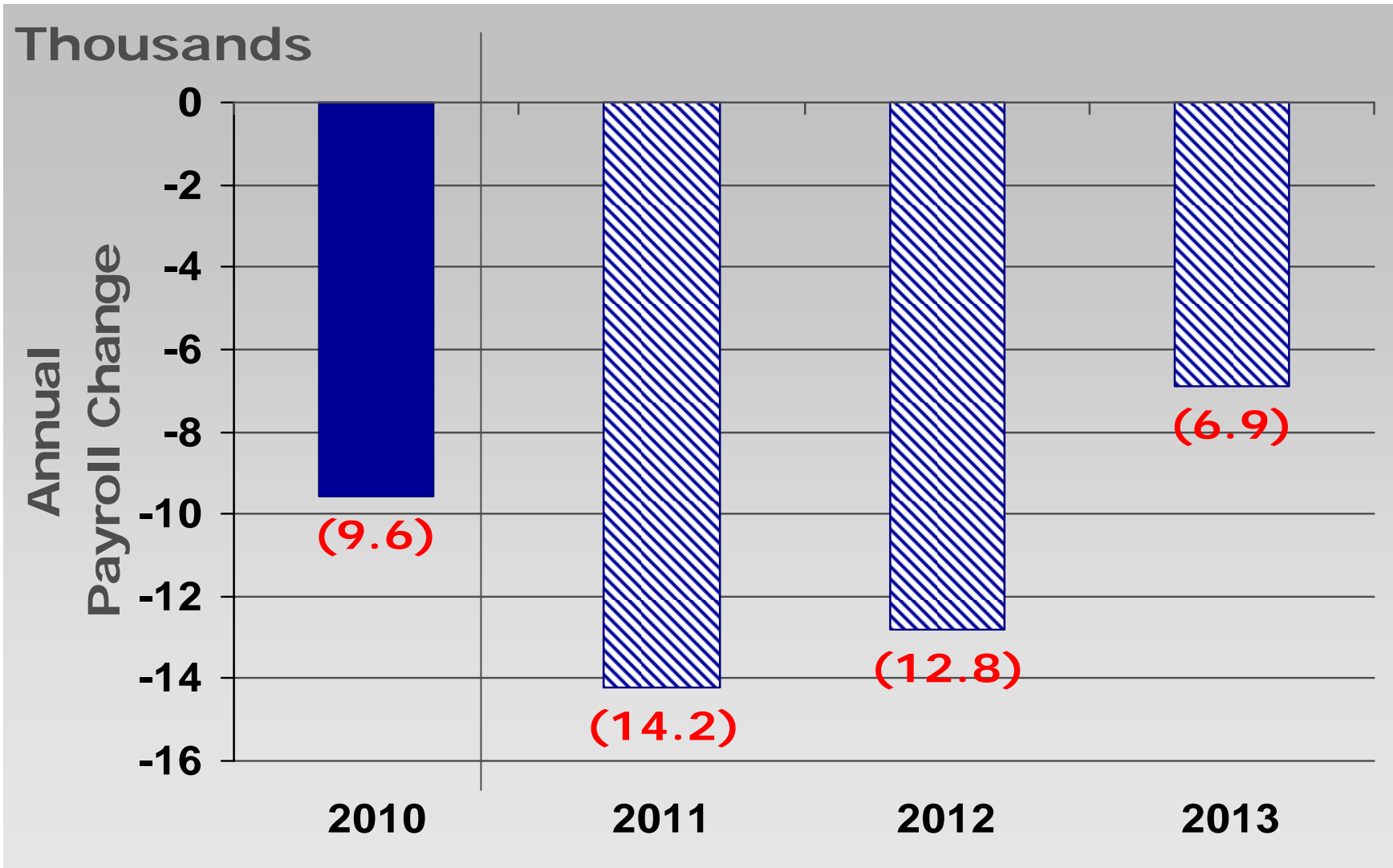
RED Research, BLS





SECTOR FORECAST: MANUFACTURING

RED Research, BLS





OHIO METRO JOB & APARTMENT MARKET FORECASTS

▶ **Cincinnati / Cleveland / Columbus**

- Payroll Forecasts
- Occupancy and Rent Trend Outlooks
- RED Research estimates of un-levered total investment returns

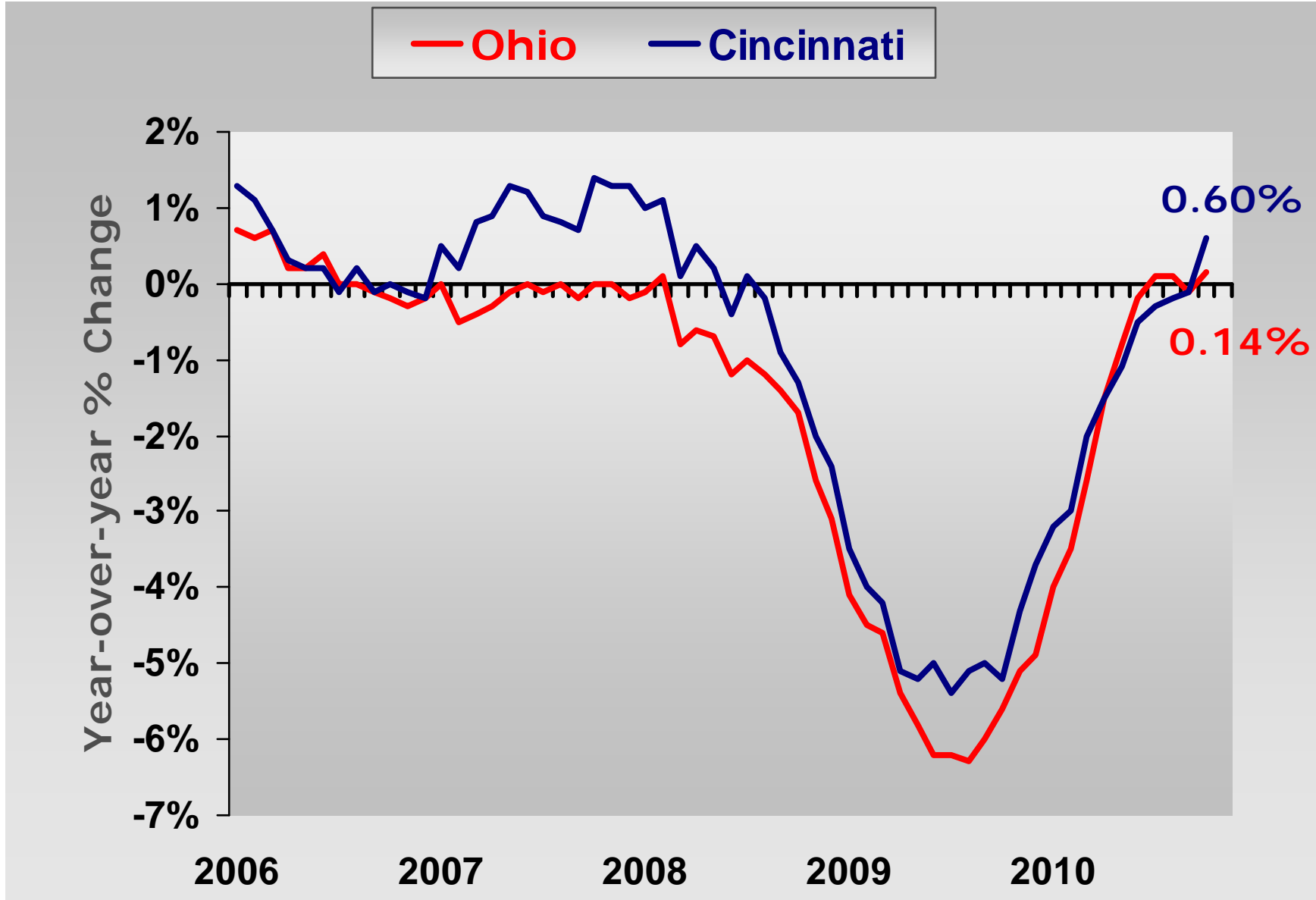
▶ **Top Six Ohio Metropolitan Areas**

- Short evaluation of LIHTC opportunities in Ohio Metropolitan Areas.



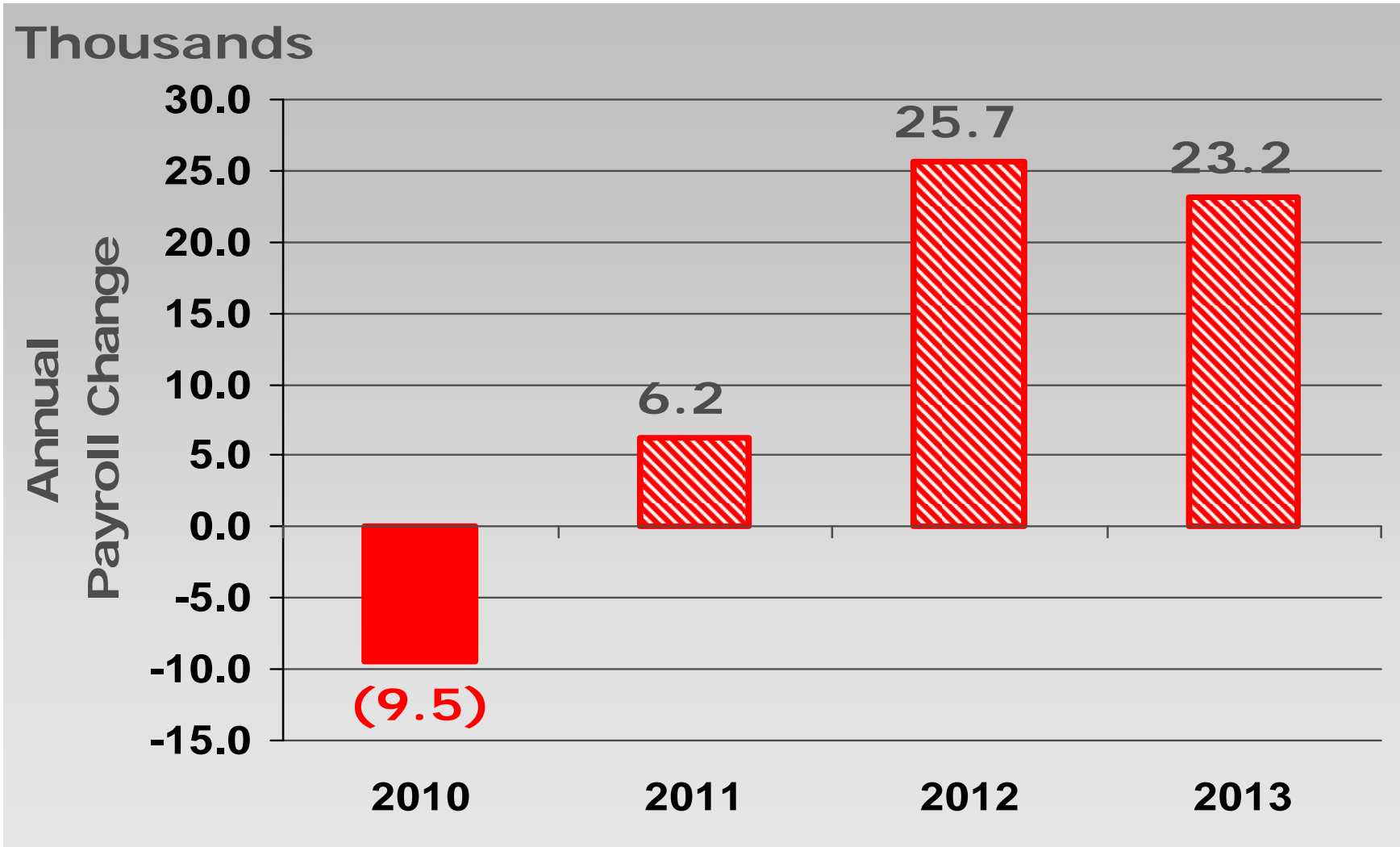
CINCINNATI vs. OHIO

Sources: Bureau of Labor Statistics and RED CAPITAL Research





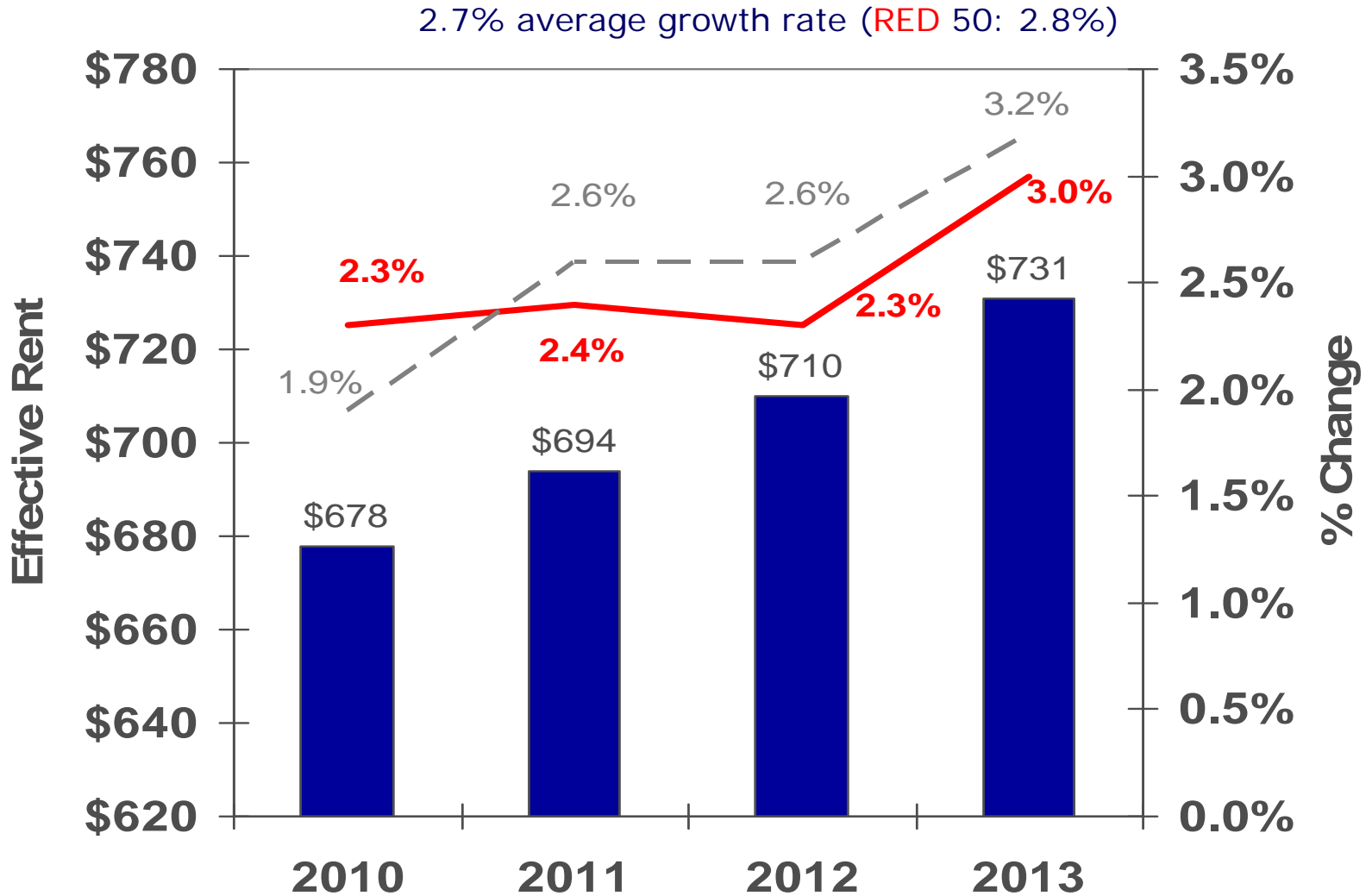
PAYROLL FORECAST: CINCINNATI





MARKET RATE APARTMENT MARKET FORECAST: CINCINNATI EFFECTIVE RENTS

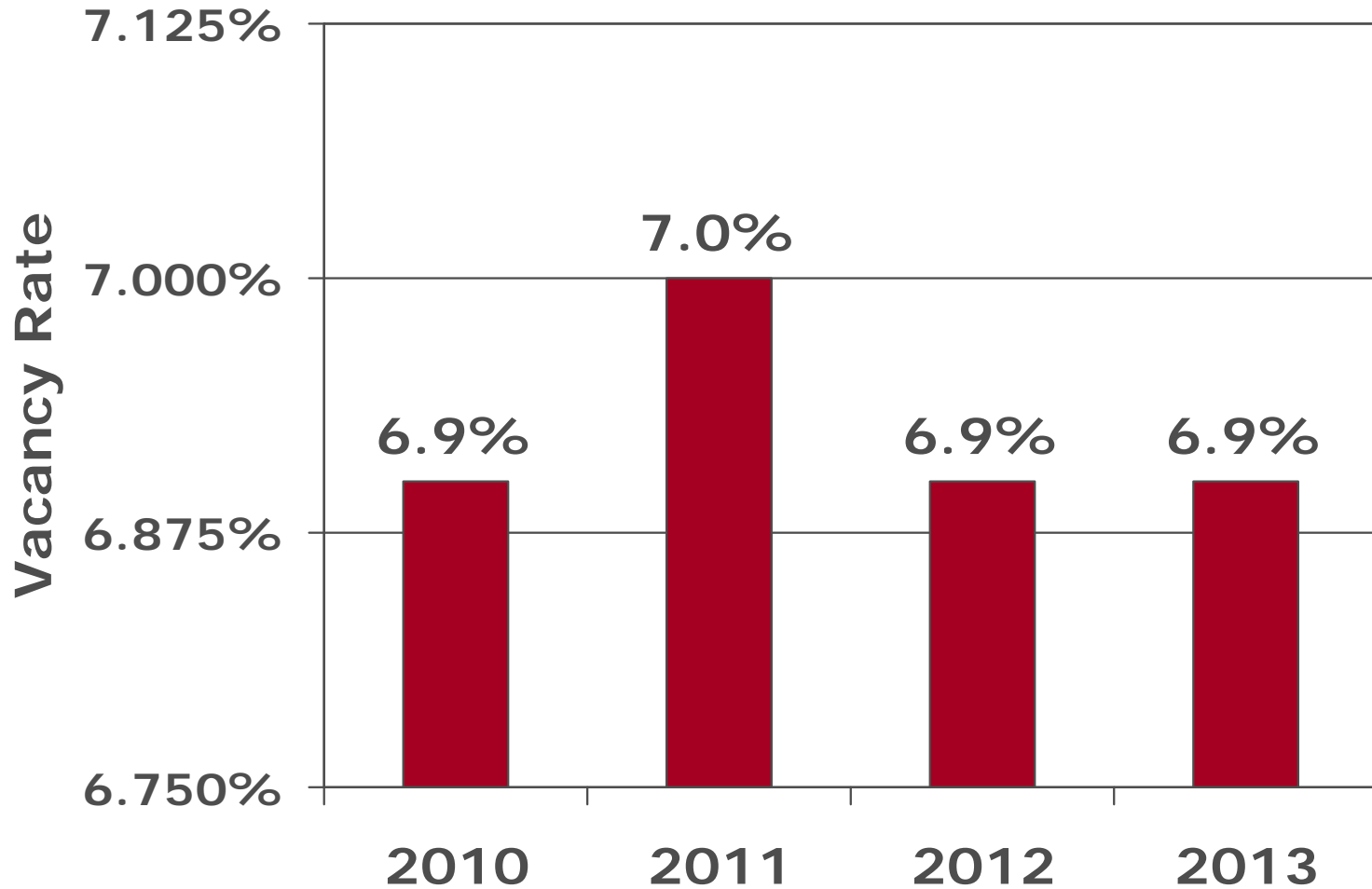
Source: REIS, Inc.





MARKET RATE APARTMENT FORECAST: CINCINNATI VACANCY RATES

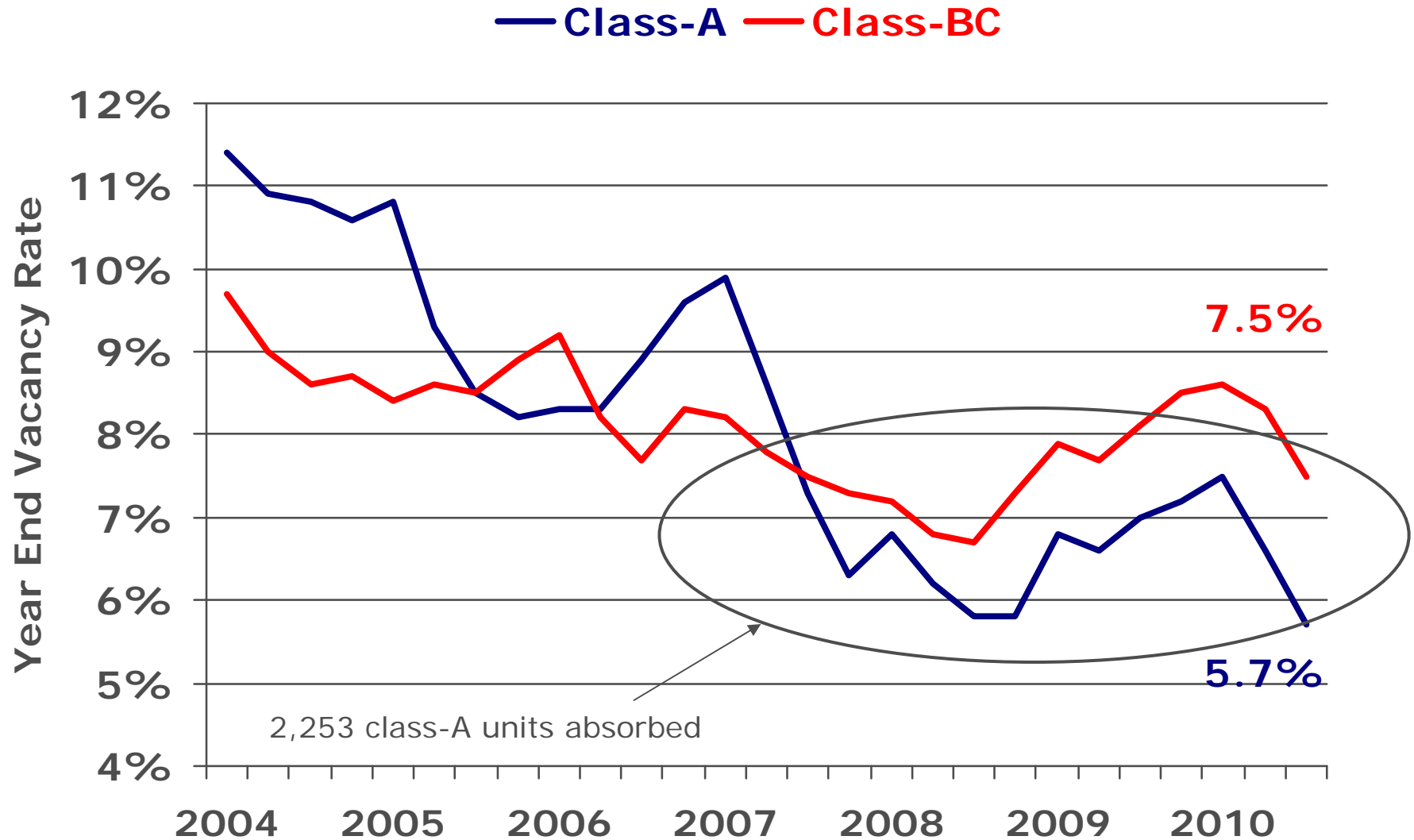
Source: REIS, Inc.





CINCINNATI VACANCY TREND: CLASS PERFORMANCE

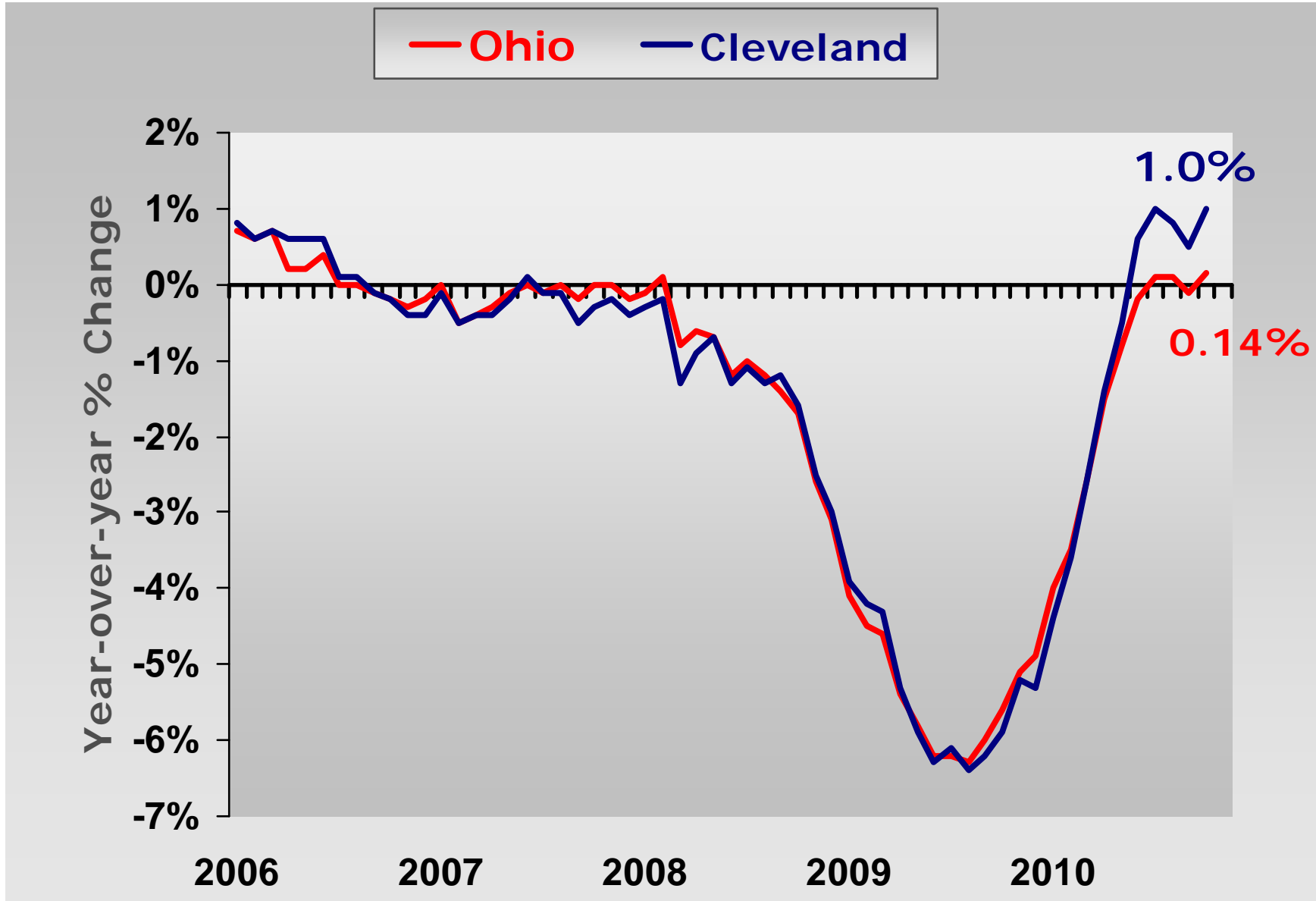
Source: REIS, Inc.





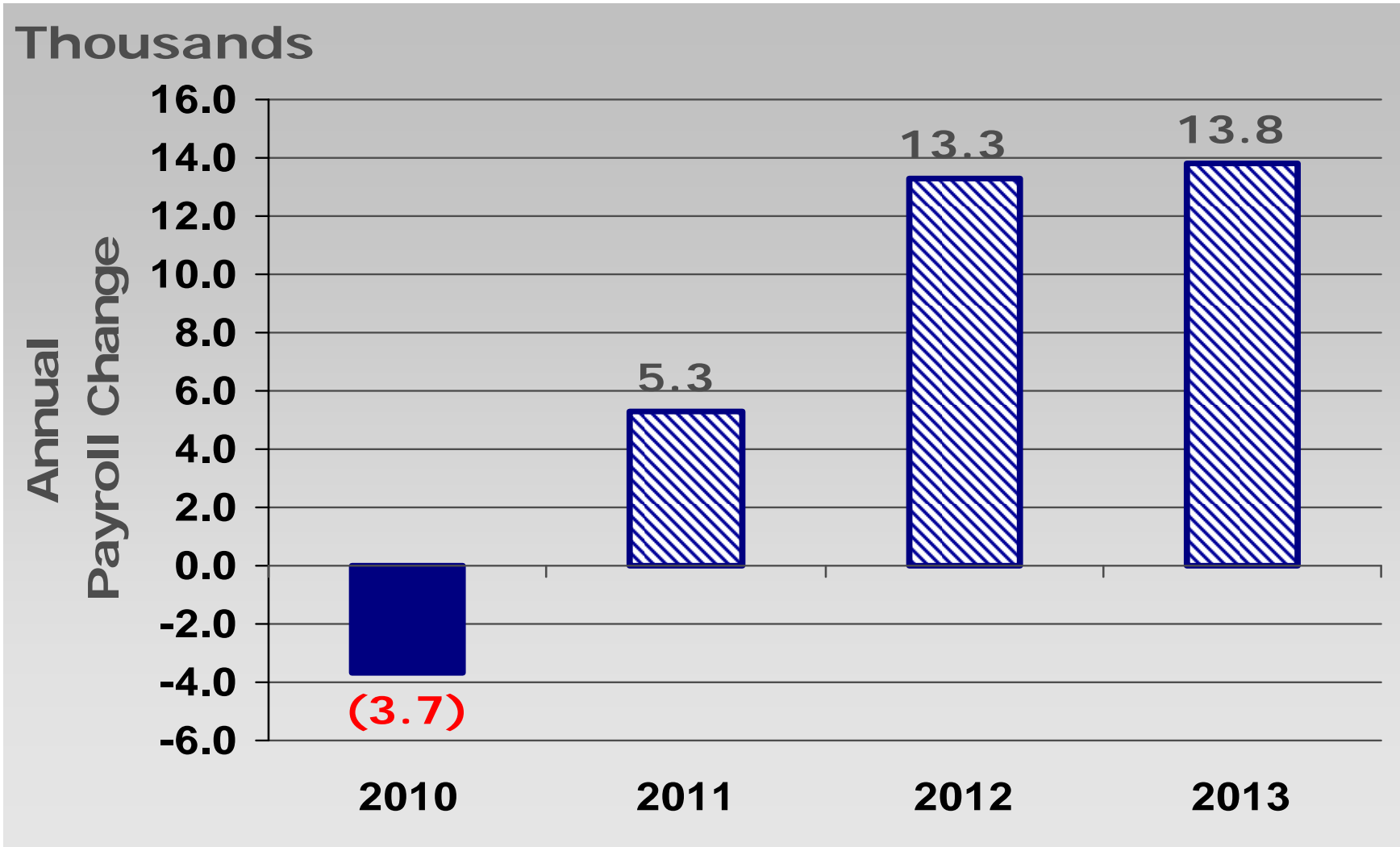
CLEVELAND vs. OHIO

Sources: Bureau of Labor Statistics and RED CAPITAL Research





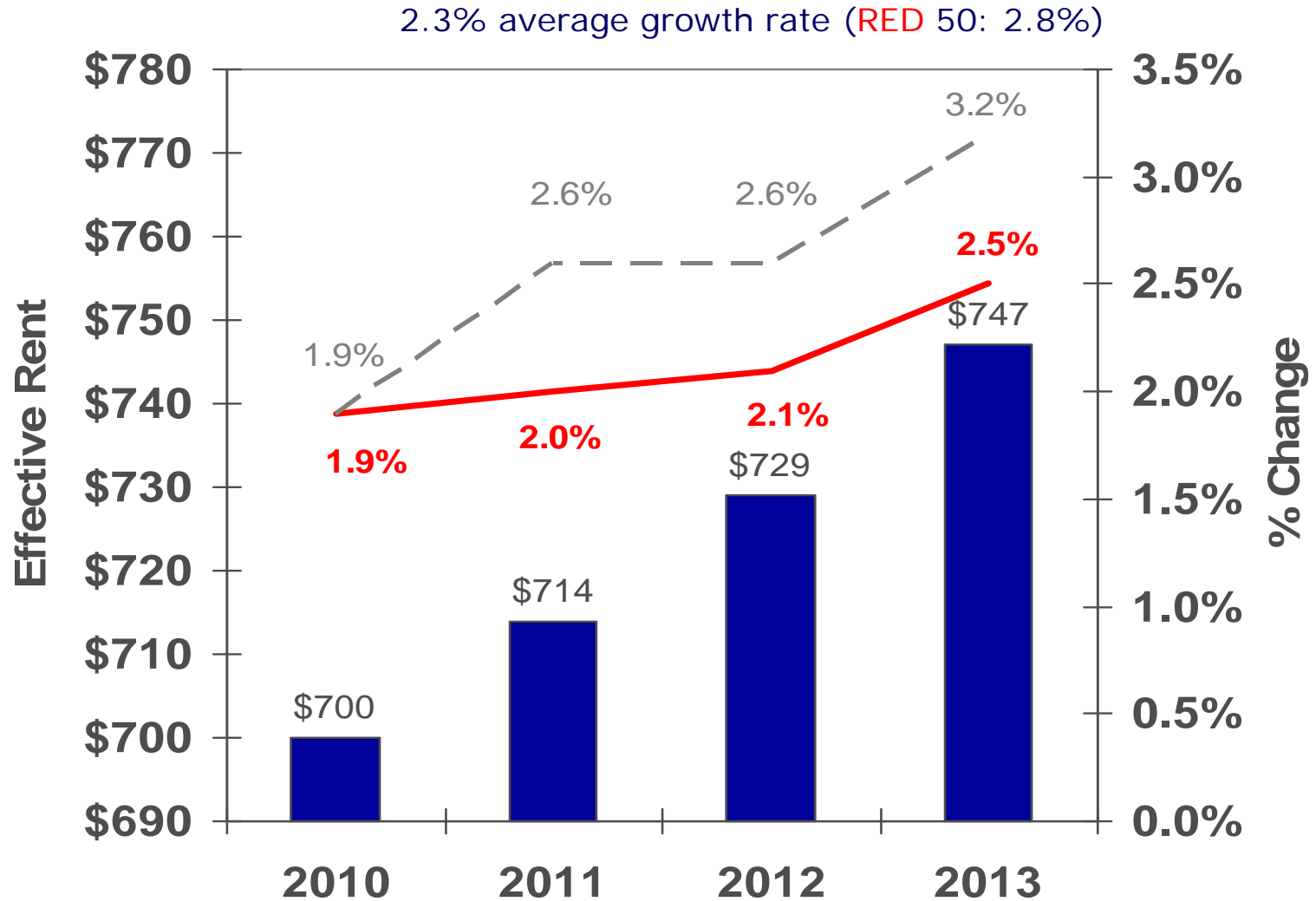
PAYROLL FORECAST: CLEVELAND





MARKET RATE APARTMENT MARKET FORECAST: CLEVELAND EFFECTIVE RENTS

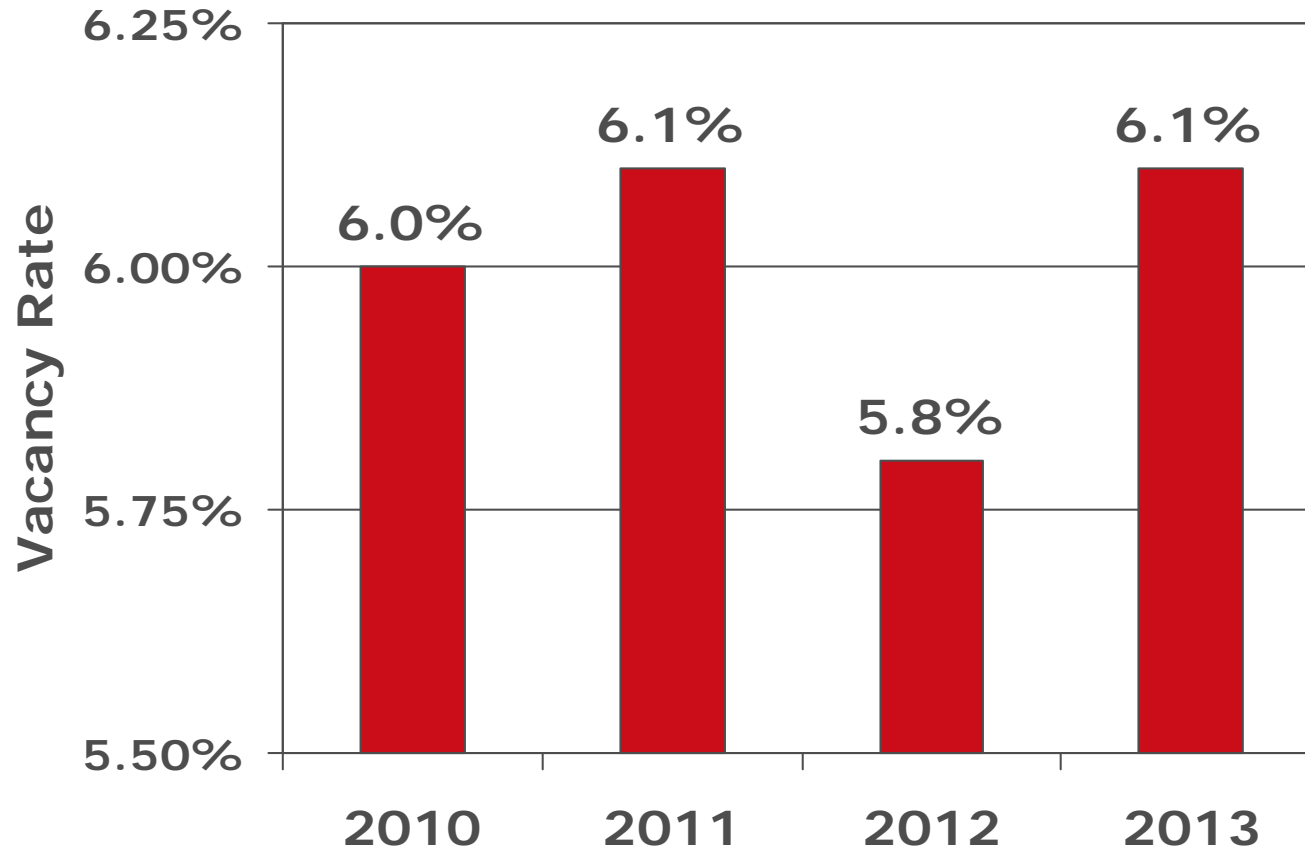
Source: REIS, Inc.





MARKET RATE APARTMENT MARKET OUTLOOK: CLEVELAND VACANCY RATES

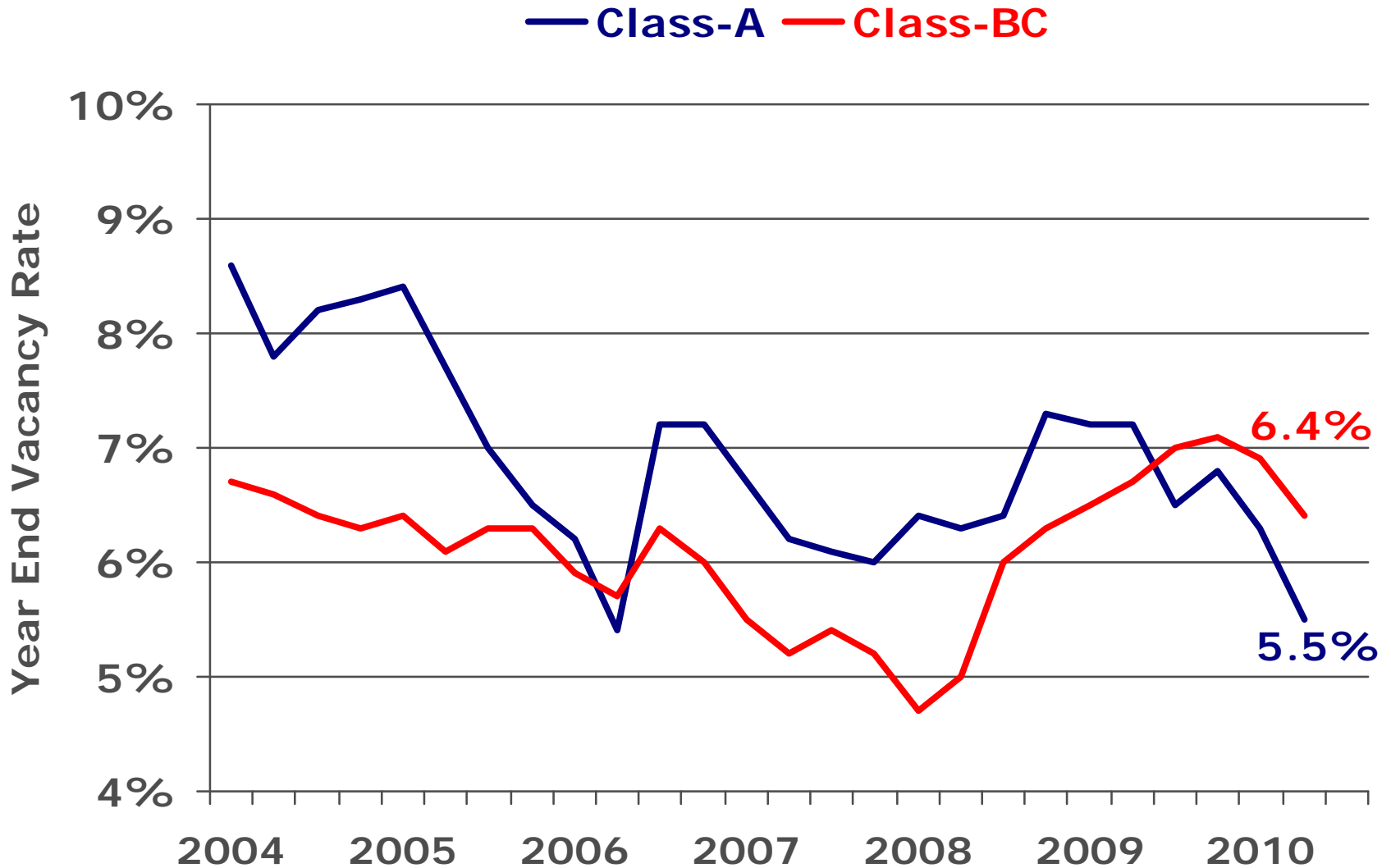
Source: REIS, Inc.





CLEVELAND VACANCY TREND: CLASS TRENDS

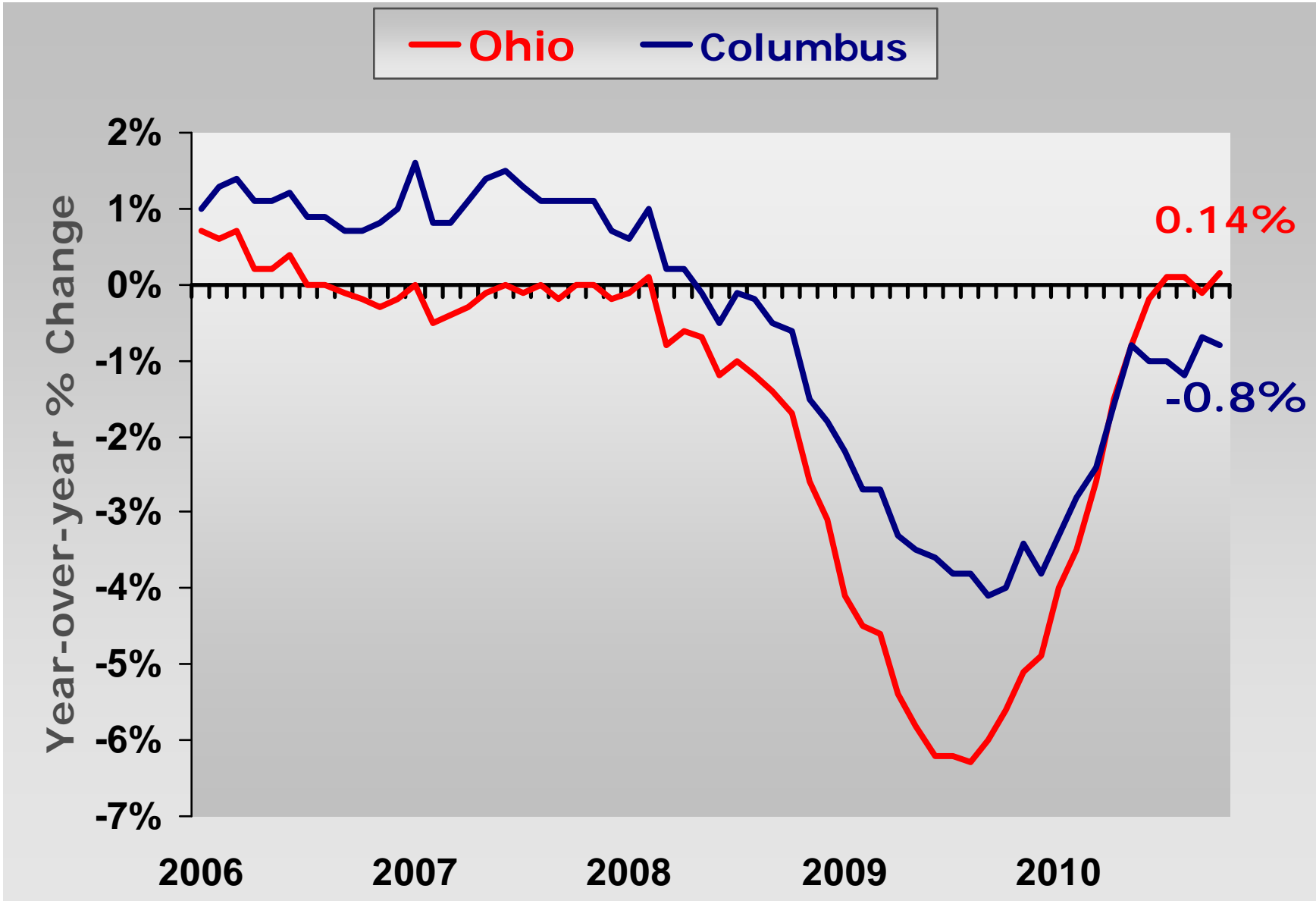
Source: REIS, Inc.





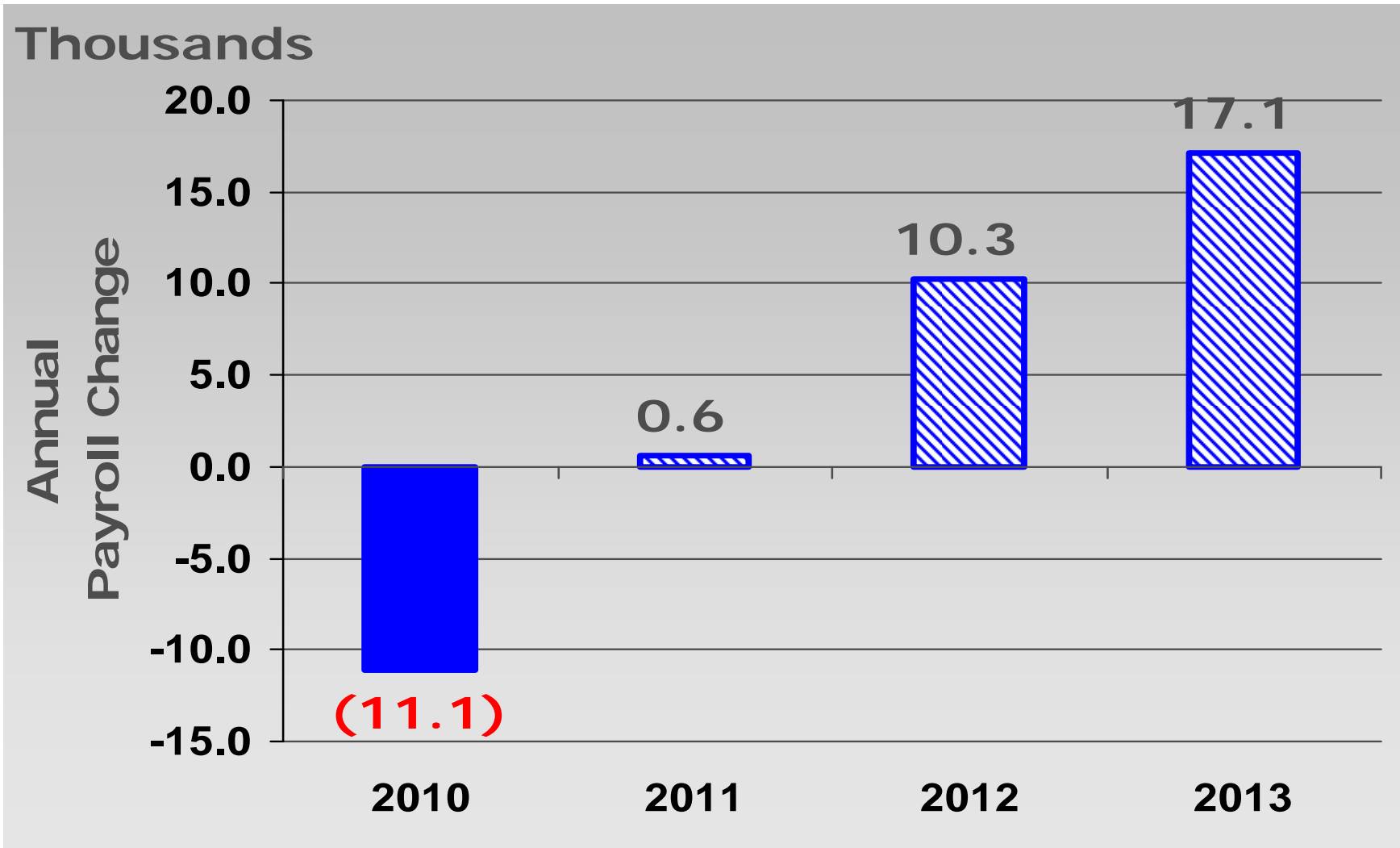
COLUMBUS vs. OHIO

Sources: Bureau of Labor Statistics and RED CAPITAL Research





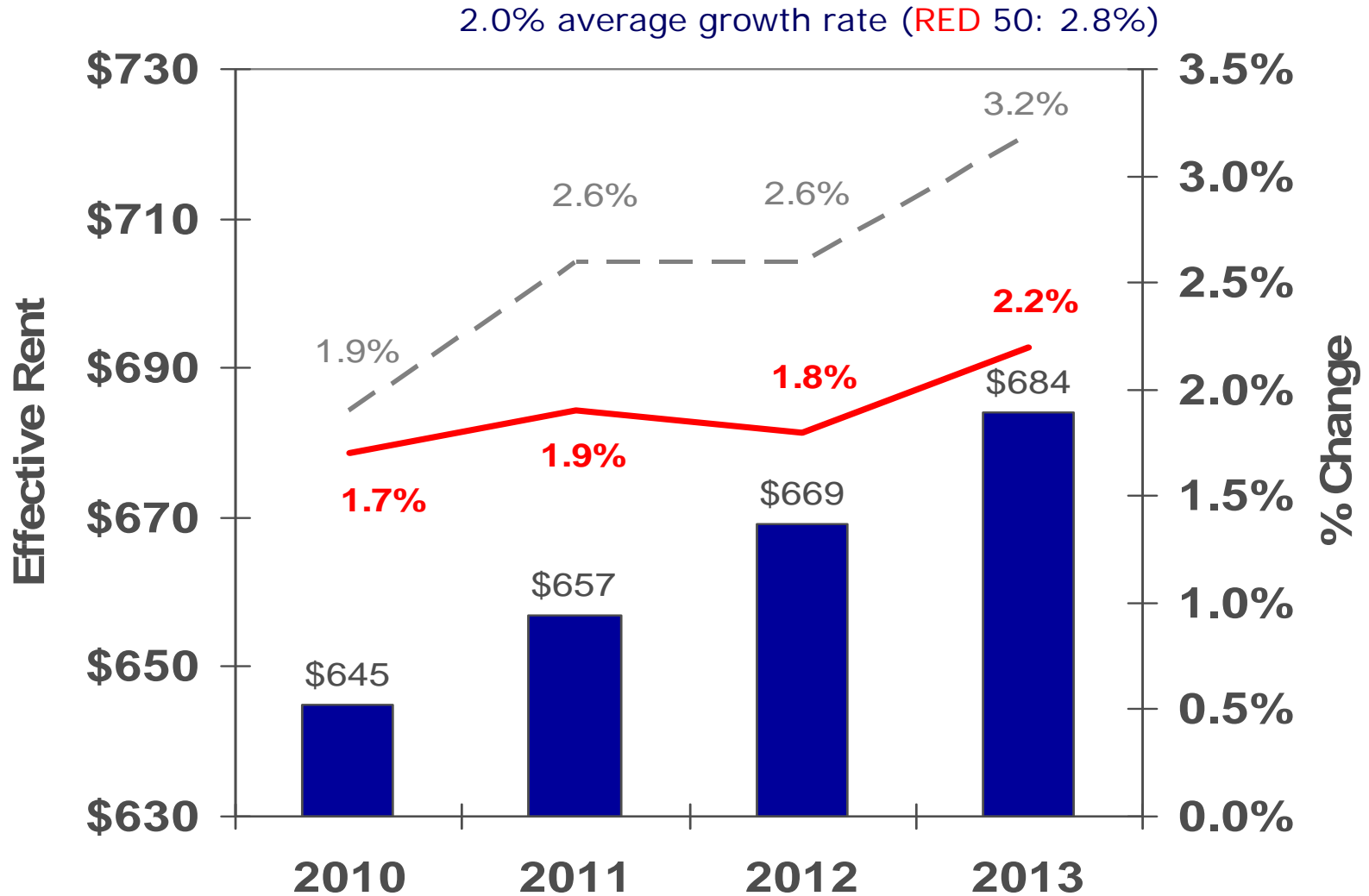
PAYROLL FORECAST: COLUMBUS





MARKET RATE APARTMENT MARKET FORECAST: COLUMBUS EFFECTIVE RENTS

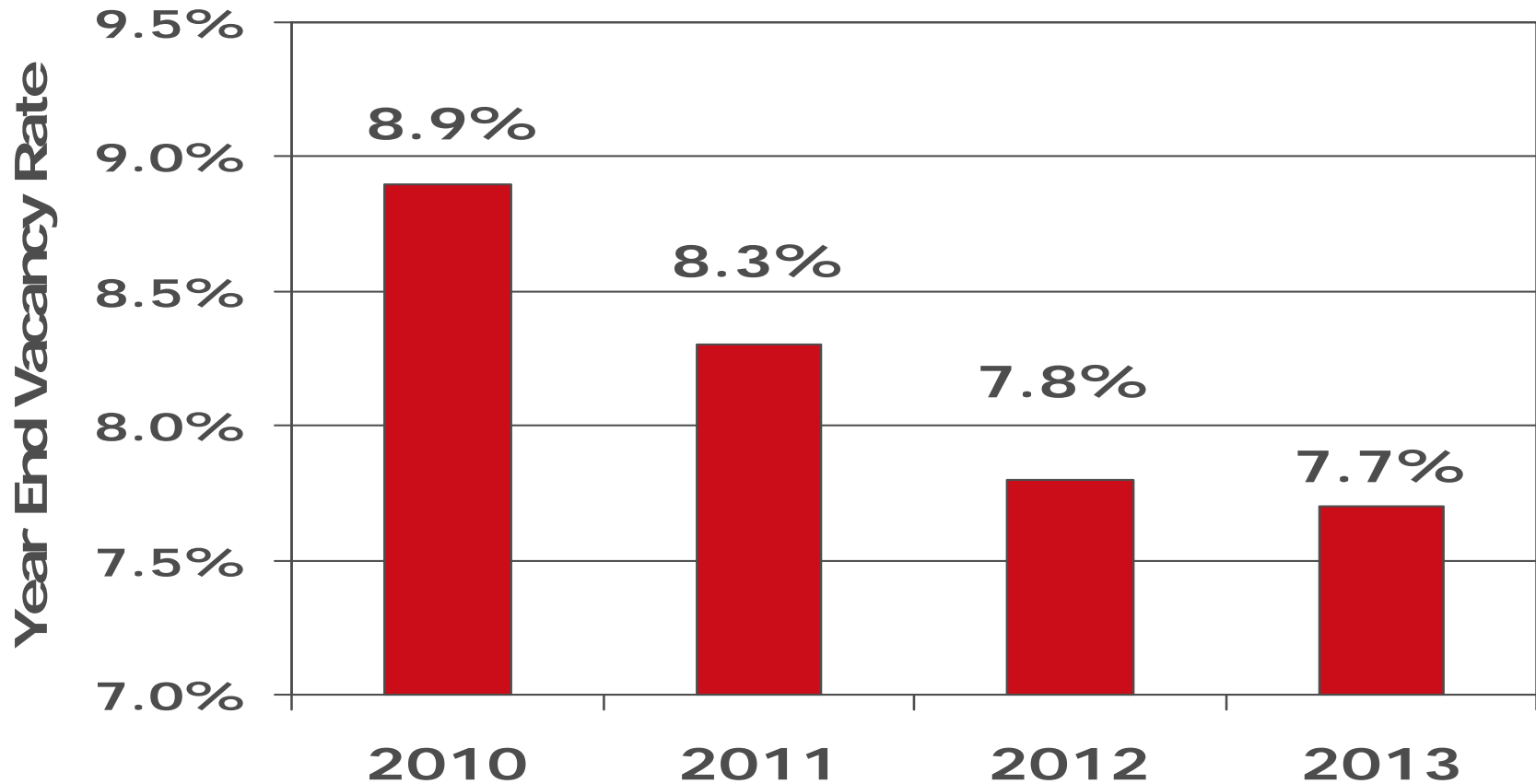
Source: REIS, Inc.





MARKET RATE APARTMENT MARKET OUTLOOK: COLUMBUS VACANCY RATES

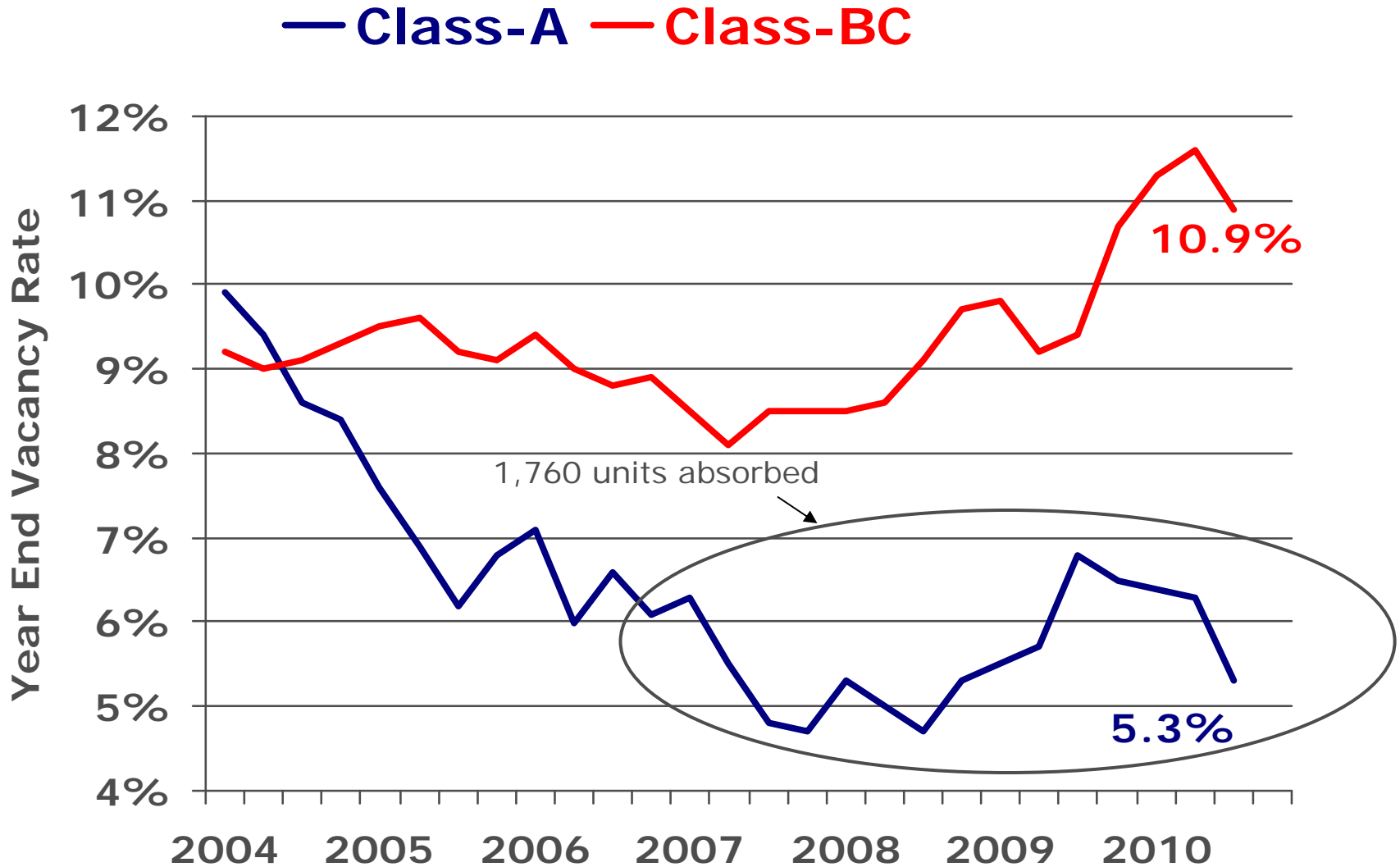
Source: REIS, Inc.





COLUMBUS VACANCY TREND: CLASS TRENDS

Source: REIS, Inc.





3C INVESTMENT RETURN SUMMARY


INVESTMENT RETURN METRICS			PROBABILITY OF ACHIEVING STATE RETURN OF GREATER					RISK-ADJUSTED INDEX	
Metro	Cap Rate	Exptd Total Return	90%	70%	50%	30%	10%	RAI	R50 RAI RANK
CINC	7.25%	8.3%	6.0%	7.4%	8.3%	9.2%	10.5%	4.79	5 th
CLEVE	8.00%	8.6%	5.7%	7.4%	8.3%	9.7%	11.3%	3.93	13 th
COL	8.00%	8.4%	5.4%	7.2%	8.4%	9.6%	11.1%	3.79	17 th
RED 50	6.25%	8.2%	4.0%	6.5%	8.1%	9.6%	11.8%	2.98	



TAX CREDIT OPPORTUNITIES

Sources: Novogradac LLC, Reis, Inc., RED CAPITAL Research

Metro	3-Person HH / 60% AMI	Max LIHTC Rent – \$125 U/A	Avg. B&C 2-bedroom Rent	Market Rent as % of Max LIHTC
Akron	\$35,040	\$751	\$610	81.2%
Cincinnati	\$37,560	\$814	\$648	79.6%
<i>Cleveland</i>	<i>\$35,040</i>	<i>\$751</i>	<i>\$725</i>	<i>96.5%</i>
Columbus	\$37,080	\$802	\$689	85.9%
Dayton	\$33,360	\$709	\$578	81.5%
Toledo	\$33,240	\$706	\$539	76.3%
Youngstown	\$29,040	\$601	\$476	79.2%



RED Research will post the slides
on its web page:
www.redcapitalgroup.com/research

Daniel J. Hogan, Director, Research
614-857-1416
djhogan@redcapitalgroup.com

William T. Hinga, Senior Managing Director
614-857-1499
wthinga@redcapitalgroup.com

Joseph M. Mandeville, Vice President, Research
614-857-1418
jmmandeville@redcapitalgroup.com

The information contained in this report was prepared for general information purposes only and is not intended as legal, tax, accounting or financial advice, or recommendations to buy or sell currencies or securities or to engage in any specific transactions. Information has been gathered from third party sources and has not been independently verified or accepted by RED CAPITAL GROUP. RED makes no representations or warranties as to the accuracy or completeness of the information, assumptions, analyses or conclusions presented in the report. RED cannot be held responsible for any errors or misrepresentations contained in the report or in the information gathered from third party sources. Under no circumstances should any information contained herein be used or considered as an offer or a solicitation of an offer to participate in any particular transaction or strategy. Any reliance upon this information is solely and exclusively at your own risk. Please consult your own counsel, accountant or other advisor regarding your specific situation. Any views expressed herein are subject to change without notice due to market conditions and other factors.

