

MARKETBEAT CINCINNATI



Office Q2 2022

	YoY Chg	12-Mo. Forecast
22.5% Vacancy Rate	▲	▼
41K Net Absorption, SF	▲	▲
\$19.82 Asking Rent, PSF	▲	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2022

	YoY Chg	12-Mo. Forecast
1.1M Cincinnati Employment	▲	▲
3.4% Cincinnati Unemployment Rate	▼	▼
3.6% U.S. Unemployment Rate	▼	▼

Source: BLS, Moody's Analytics

ECONOMY

The unemployment rate in Greater Cincinnati fell over the past year from 4.7% in Q2 2021 to just 3.4% as of Q2 2022. Local unemployment was even less than the national rate of 3.6%.

Site Selection Magazine recently released its annual "Governor's Cup" rankings for economic development and new corporate facility projects. Among metropolitan areas with more than 1 million residents, Greater Cincinnati placed seventh overall for major corporate capital investment / construction projects, which was up from its previous year's ranking of ninth overall.

SUPPLY AND DEMAND: Decreased vacancy, positive net absorption and significant leasing activity

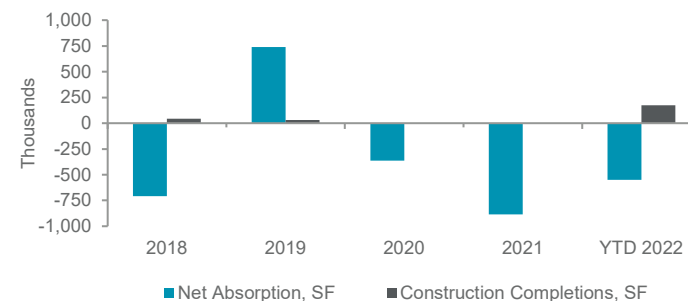
The long-term vacancy growth trend in the Greater Cincinnati office market ended in the second quarter of 2022. Even though vacancy was nearly 300 basis points (bps) higher on a year-over-year (YOY) basis, the overall vacancy rate fell slightly from the prior quarter to 22.5% in Q2 2022. Of the 7.6 million square feet (msf) vacant across the market, nearly 1.0 msf was available for sublease. Overall, a significant majority of vacant space was in Class A buildings (4.8 msf) versus Class B buildings (2.8 msf).

Q2 2022 marked the first quarter of positive overall net absorption in the office market in two years, with quarterly absorption of 41,000 sf. However, significant Q1 negative absorption left 2022 year-to-date (YTD) absorption at -500,000 sf. At the Centre Pointe office park in West Chester, financial services firm Synchrony moved into 51,000 sf in Building IV, while 3DB Labs moved into 21,000 sf in Building II. Health Carousel added to its presence in the Cornerstone at Norwood complex on Smith Road in the Midtown submarket, with a 14,000-sf expansion. As of Q2, the healthcare staffing firm occupied nearly 90,000 sf at Cornerstone. In the recently-completed Foundry Building at 505 Vine Street in the CBD, Turner Construction moved into its 32,000-sf office. Another major driver of positive absorption included Arizona College of Nursing, which moved into 32,000 sf at One Northlake Place in the Mason/Montgomery submarket. The Internal Revenue Service also leased the entire third floor (23,000 sf) of the Turfway Ridge I building in Northern Kentucky. Aside from absorption, Q2 2022 leasing activity was 423,000 sf; the highest figure for the market in three years. Leasing activity is an indicator of future quarterly net absorption. One such lease was at the GE Banks Operations Center in the CBD, where Mass Mutual subleased two floors, totaling 65,000 sf.

PRICING: Asking rents increased year-over-year

Across all categories, overall average asking rental rates were \$19.82 per square foot (psf) gross in Q2 2022, which was a 2.0% YOY increase, but a slight drop from Q1 2022 asking rates.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)*	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)**	OVERALL AVG ASKING RENT (CLASS A)**
CENTRAL BUSINESS DISTRICT	11,653,128	288,886	1,908,729	2,197,615	18.9%	31,797	-51,725	207,871	0	\$20.93	\$22.27
CBD - CLASS A TOTAL	7,637,918	276,873	1,342,791	1,619,664	21.2%	41,652	-31,132	194,042	0	\$22.27	\$22.27
CBD - CLASS B TOTAL	4,015,210	12,013	565,938	577,951	14.4%	-9,855	-20,593	13,829	0	\$17.57	N/A
Blue Ash	4,415,359	6,052	1,109,804	1,115,856	25.3%	-30,767	-80,098	190,065	0	\$21.14	\$23.79
Kenwood	1,355,616	3,856	106,931	110,787	8.2%	4,475	-455	6,043	0	\$25.70	\$30.58
Mason/Montgomery	3,184,730	383,467	723,719	1,107,186	34.8%	4,147	-238,260	45,988	54,900	\$19.40	\$20.17
Midtown	3,654,724	218,238	633,500	851,738	23.3%	28,679	25,988	60,283	364,000	\$21.00	\$27.65
Northern Kentucky	3,630,280	23,697	762,983	786,680	21.7%	-20,158	-87,127	80,262	100,000	\$20.64	\$21.34
Tri-County/Sharonville	2,614,896	33,634	683,654	717,288	27.4%	-25,162	-82,674	8,800	0	\$15.67	\$19.01
West Chester	1,506,083	9,114	212,892	222,006	14.7%	65,062	-482	128,926	0	\$22.59	\$23.65
East	1,121,651	0	323,319	323,319	28.8%	-9,839	22,069	39,583	0	\$12.65	\$20.25
West	884,558	0	214,883	214,883	24.3%	-7,386	-7,386	0	0	\$14.61	\$17.25
SUBURBAN TOTAL	22,367,897	678,058	4,771,685	5,449,743	24.4%	9,051	-448,425	559,950	518,900	\$19.37	\$21.88
SUBURBAN - CLASS A TOTAL	13,587,720	506,348	2,690,008	3,196,356	23.5%	89,713	-418,150	386,964	518,900	\$21.88	\$21.88
SUBURBAN - CLASS B TOTAL	8,780,177	171,710	2,081,677	2,253,387	25.7%	-80,662	-30,275	172,986	0	\$15.92	N/A
CINCINNATI - CLASS A TOTAL	21,225,638	783,221	4,032,799	4,816,020	22.7%	131,365	-449,282	581,006	518,900	\$22.01	\$22.01
CINCINNATI - CLASS B TOTAL	12,795,387	183,723	2,647,615	2,831,338	22.1%	-90,517	-50,868	186,815	0	\$16.27	N/A
CINCINNATI TOTAL	34,021,025	966,944	6,680,414	7,647,358	22.5%	40,848	-500,150	767,821	518,900	\$19.82	\$22.01

*Denotes new lease signed in a given year

**Rental rates reflect full service gross asking

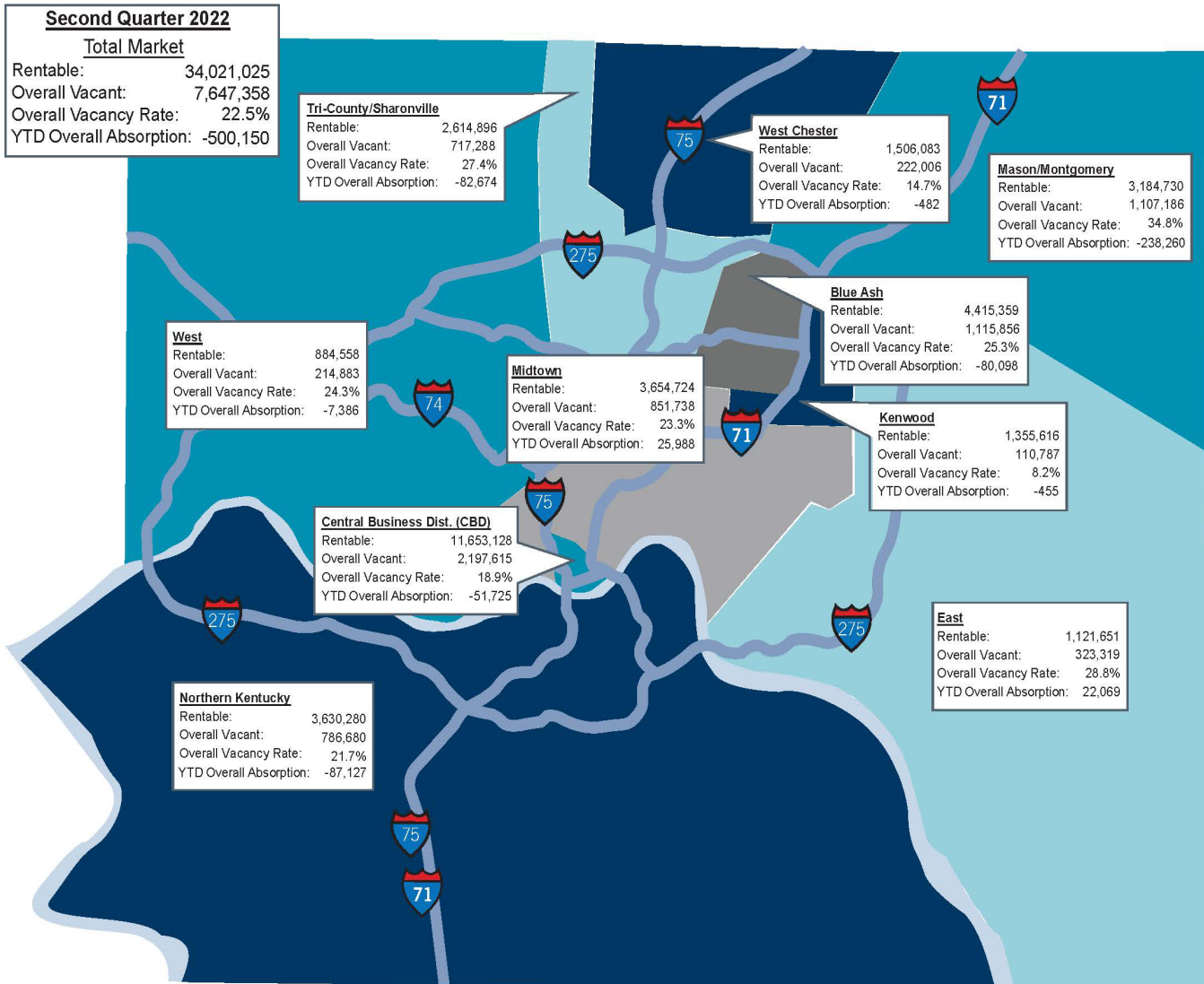
KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
191 Rosa Parks Street	Central Business District	Mass Mutual	65,000	New Lease (Sublease)
9025 Centre Pointe Drive	West Chester	Synchrony	51,381	New Lease
10 West Third Street	Northern Kentucky	MegaCorp Logistics	40,000	New Lease

KEY SALE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
895 Central Avenue	Central Business District	Neyer Properties / Lakeland West Capital	149,789	\$6.0M / \$40
4608 Galbraith Road	Kenwood	Quantum Investments & Mgmt. / Evergreen Medical Properties	45,900	\$9.9M / \$215

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