

	YoY Chg	12-Mo. Forecast
19.9% Vacancy Rate	▲	▲
-260K Net Absorption, SF	▼	▲
\$19.43 Asking Rent, PSF	▲	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2021

	YoY Chg	12-Mo. Forecast
1.1M Cincinnati Employment	▼	▲
4.7% Cincinnati Unemployment Rate	▲	▼
6.0% U.S. Unemployment Rate	▲	▼

Source: BLS, Moody's Analytics

ECONOMY

After reaching double-digits early in 2020, the unemployment rate in Greater Cincinnati approached pre-COVID-19 levels in Q1 2021 at 4.7%. Local unemployment also remained significantly below the national rate of 6.0%.

Site Selection Magazine recently released its annual "Governor's Cup" rankings for economic development and new corporate facility projects. In 2020, Ohio ranked second overall in total development project count (419) for the second year in a row, behind Texas (781). However, Ohio was awarded the top ranking for projects on a per capita (population) basis. In addition to Ohio, the Tri-State region was well represented on the per capita list, with Kentucky ranking third and Indiana ranking fifth. Among metropolitan areas greater than 1 million residents, Greater Cincinnati placed seventh overall for projects on a per capita basis.

SUPPLY AND DEMAND: Negative absorption and growing vacancy trend continued

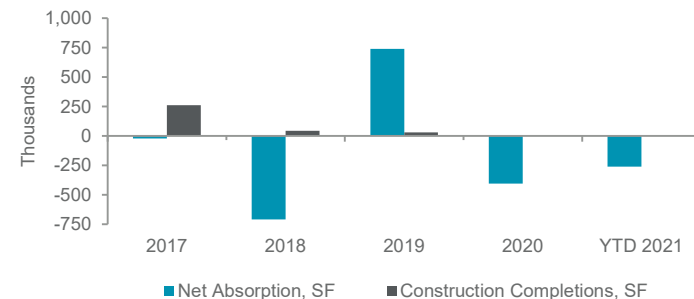
Direct vacancy (excluding sublease vacancy) in the Greater Cincinnati office market was 18.5% in Q1 2021, which was the highest level in more than two years. Vacancy increased by nearly 150 basis points (bps) on a year-over-year (YOY) basis, as the effects of COVID-19 were barely known in Q1 2020. In both the Central Business District (CBD) and Suburban submarkets, vacancy rates were higher in the Class B categories than in Class A. However, the amount of actual vacant square footage is significantly higher for Class A properties (3.5 million square feet) than Class B (2.7 million square feet). Direct vacancy grew significantly on a yearly basis and sublease vacancy followed suit with a 90 bps increase on a YOY basis. After a significant number of subleases were added across the market in Q4 2020, only three new subleases were listed in Greater Cincinnati in Q1 2021. When combined, overall vacancy (direct plus sublease vacancy) grew from 17.5% in Q1 2020 to 19.9% in Q1 2021.

As of Q1 2021, direct net absorption in Greater Cincinnati was negative for four consecutive quarters. With a grand total of -237,000 square feet (sf), eight out of ten submarkets experienced negative quarterly absorption in Q1 2021, including Blue Ash (-116,000 sf), where new vacancies were spread across nearly 15 buildings. By comparison, Q1 positive net absorption in 2019 and 2020 was between 150,000 and 200,000 sf. Along with high vacancy and negative absorption, Q1 leasing activity was only 158,000 sf, which was less than half the level of the prior year. Leasing activity is an indicator of future quarterly net absorption.

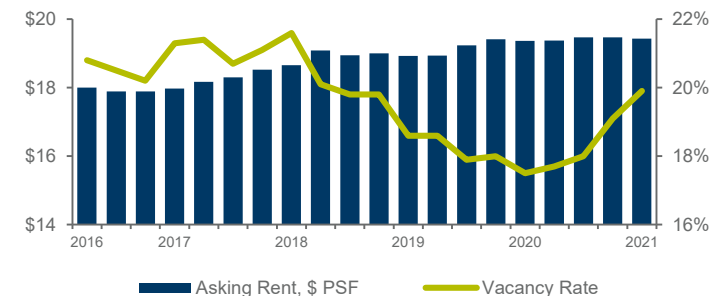
PRICING: As Class A vacancy increased, asking rents increased slightly over the prior year

Across all categories, direct average asking rental rates were \$19.44 per square foot (psf) gross in Q1 2021, which was a slight increase over the prior year. Direct Class A asking rents also grew by less than 1.0% yearly to \$22.19 psf gross in Q1 2021.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	DIRECT VACANCY RATE	CURRENT QTR DIRECT NET ABSORPTION (SF)	YTD DIRECT NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)*	UNDER CNSTR (SF)	DIRECT AVG ASKING RENT (ALL CLASSES)**	DIRECT AVG ASKING RENT (CLASS A)**
CENTRAL BUSINESS DISTRICT	12,071,552	41,336	1,683,663	13.9%	-57,984	-57,984	35,991	0	\$20.55	\$22.57
CBD - CLASS A TOTAL	7,464,342	28,823	1,028,753	13.8%	-10,466	-10,466	35,991	0	\$22.57	\$22.57
CBD - CLASS B TOTAL	4,607,210	12,513	654,910	14.2%	-47,518	-47,518	0	0	\$17.15	N/A
Blue Ash	4,410,228	68,081	939,301	21.3%	-116,397	-116,397	5,170	0	\$20.55	\$23.89
Kenwood	1,350,159	0	125,422	9.3%	-3,463	-3,463	23,487	0	\$25.14	\$28.80
Mason/Montgomery	2,505,521	143,221	579,084	23.1%	-32,908	-32,908	11,033	0	\$18.96	\$20.51
Midtown	3,633,124	151,161	681,205	18.7%	15,292	15,292	64,883	360,000	\$18.65	\$27.40
Northern Kentucky	3,473,507	43,674	730,092	21.0%	-34,507	-34,507	7,457	0	\$20.62	\$21.32
Tri-County/Sharonville	2,794,355	14,125	710,113	25.4%	-2,581	-2,581	9,874	0	\$15.89	\$18.86
West Chester	1,504,065	0	247,118	16.4%	10,016	10,016	0	0	\$23.11	\$23.58
East	1,124,218	13,058	317,569	28.2%	-1,049	-1,049	0	0	\$14.61	\$20.25
West	884,558	0	217,856	24.6%	-13,527	-13,527	0	0	\$14.56	\$17.25
SUBURBAN TOTAL	21,679,735	433,320	4,547,760	21.0%	-179,124	-179,124	121,904	360,000	\$19.00	\$22.01
SUBURBAN - CLASS A TOTAL	12,803,165	229,281	2,462,401	19.2%	-92,450	-92,450	66,868	360,000	\$22.01	\$22.01
SUBURBAN - CLASS B TOTAL	8,876,570	204,039	2,085,359	23.5%	-86,674	-86,674	55,036	0	\$15.65	N/A
CINCINNATI - CLASS A TOTAL	20,267,507	258,104	3,491,154	17.2%	-102,916	-102,916	102,859	360,000	\$22.19	\$22.19
CINCINNATI - CLASS B TOTAL	13,483,780	216,552	2,740,269	20.3%	-134,192	-134,192	55,036	0	\$16.01	N/A
CINCINNATI TOTAL	33,751,287	474,656	6,231,423	18.5%	-237,108	-237,108	157,895	360,000	\$19.44	\$22.19

*Denotes new lease signed in a given year

**Rental rates reflect full service gross asking

KEY LEASE TRANSACTIONS Q1 2021

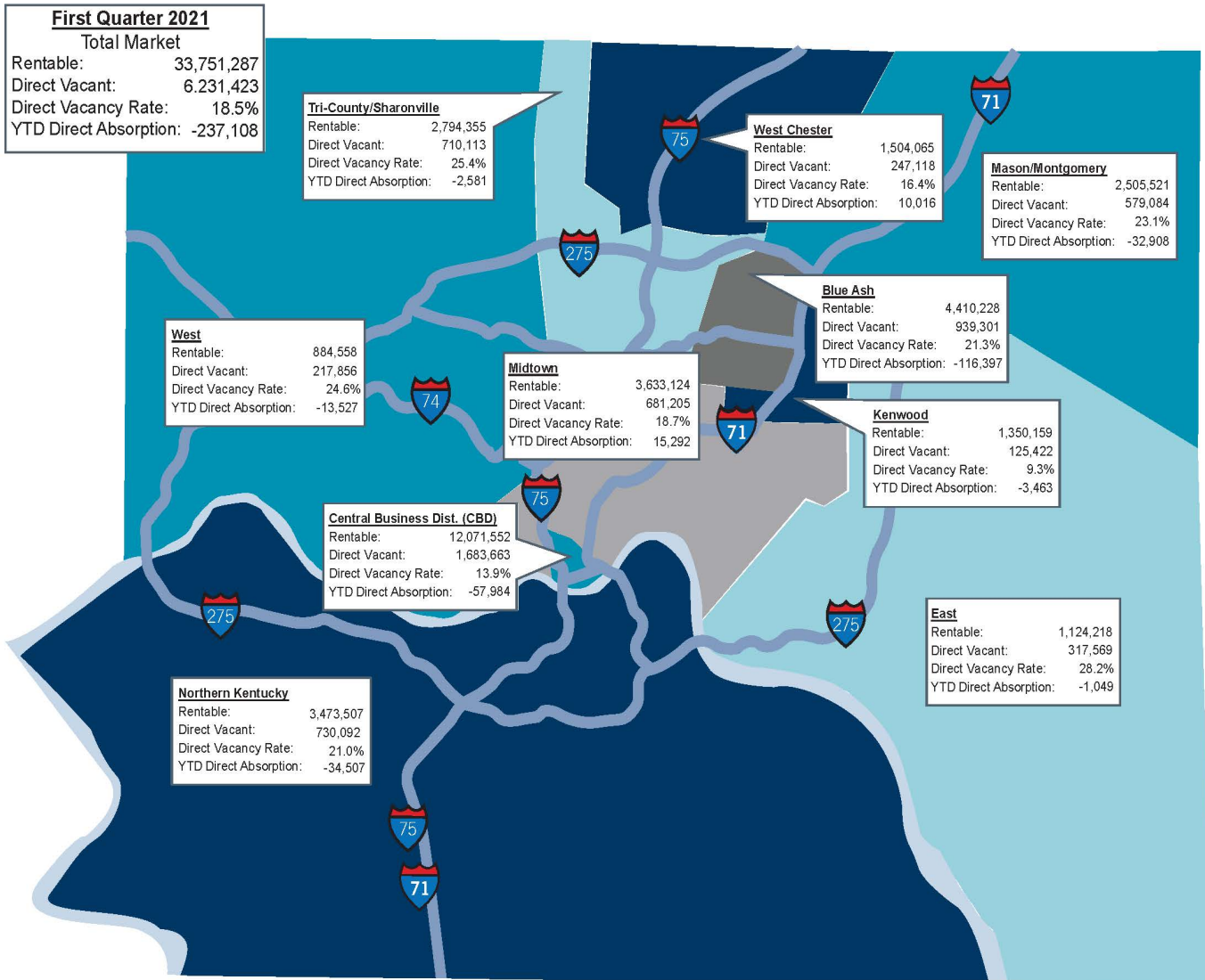
PROPERTY	SUBMARKET	TENANT	SF	TYPE
2090 Florence Avenue	Midtown	CTI (Clinical Trial Services, Inc.)	36,592	New Lease
4555 Lake Forest Drive	Blue Ash	OfficeKey	19,023	Renewal*
2300 Wall Street	Midtown	Hamilton County	15,125	New Lease
4623 Wesley Avenue	Midtown	Dress For Success Cincinnati	8,540	New Lease

*Renewals not included in leasing activity statistics

KEY SALE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
4243 Hunt Road	Blue Ash	Blue Hills Co. LLC / Hunt Road Holdings LLC	49,131	\$1.8M / \$37

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