



	YoY Chg	12-Mo. Forecast
<b>22.7%</b> Vacancy Rate	▲	▼
<b>-551K</b> Net Absorption, SF	▲	▲
<b>\$19.97</b> Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

## ECONOMIC INDICATORS Q1 2022

	YoY Chg	12-Mo. Forecast
<b>1.1M</b> Cincinnati Employment	▲	▲
<b>3.8%</b> Cincinnati Unemployment Rate	▼	▼
<b>3.6%</b> U.S. Unemployment Rate	▼	▼

Source: BLS, Moody's Analytics

## ECONOMY

The unemployment rate in Greater Cincinnati fell over the past year from 4.6% in Q1 2021 to just 3.8% as of Q1 2022. Local unemployment was extremely close to the national rate of 3.6%.

According to an economic forecast from the PNC Financial Services Group, the Greater Cincinnati area will add between 20,000 and 25,000 new jobs over the course of 2022. The job growth figure would push total local employment to Q1 2020 pre-pandemic levels.

## SUPPLY AND DEMAND: High vacancy and negative net absorption

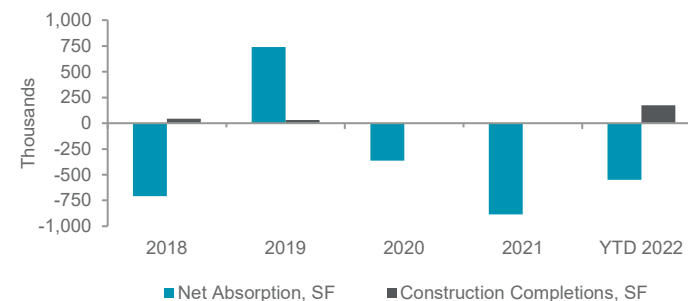
The first quarter of 2022 was the ninth consecutive quarter of increased overall vacancy in the Greater Cincinnati office market. Vacancy reached 22.7% in Q1 2022, the highest level seen in the market in nearly a decade. On a year-over-year (YOY) basis, vacancy increased by more than 300 basis points (bps). Vacant square footage available for sublease more than doubled on a yearly basis from 428,000 square feet (sf) to 964,000 sf. The majority of this sublease space was in suburban Class A buildings, including a 224,000-sf building in Mason, which became available in Q1 2022.

Along with increased vacancy, Q1 2022 marked the eighth consecutive quarter of negative overall net absorption and the largest amount of quarterly negative net absorption during this period. Of ten total office submarkets, only one experienced positive net absorption in Q1 and total quarterly absorption was -551,000 sf. Large new Class A vacancies led to significant negative absorption in the Mason/Montgomery, Blue Ash and West Chester submarkets. Deloitte moved into its new 29,000-sf downtown office at the newly-completed complex at 505 Vine Steet called The Foundry. At the same time, it relocated from 80,000 sf at the nearby Columbia Plaza. Aside from absorption, Q1 2022 leasing activity was 298,000 sf, which was on-par with the past six quarters. Leasing activity is an indicator of future quarterly net absorption, which typically occurs one to three quarters after a lease is signed. The largest new lease signing of the quarter was a full floor at the The Strietmann Center, which is located in the Central Business District submarket. Baxters North America, the parent company of Wornick Foods, leased 15,000 sf for its new U.S. headquarters. In Midtown, Health Carousel expanded its office by more than 14,000 sf at 4000 Smith Road in Midtown.

## PRICING: Asking rents increased year-over-year

Across all categories, overall average asking rental rates were \$19.97 per square foot (psf) gross in Q1 2022, which was a 3.0% YOY increase. Recent lease comps also reflect increased tenant improvement allowances, which neutralized rental rate growth.

## 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)**
<b>CENTRAL BUSINESS DISTRICT</b>	<b>11,653,128</b>	<b>288,886</b>	<b>1,941,209</b>	<b>2,230,095</b>	<b>19.1%</b>	<b>-84,205</b>	<b>-84,205</b>	<b>61,884</b>	<b>0</b>	<b>\$21.20</b>	<b>\$22.55</b>
<b>CBD - CLASS A TOTAL</b>	<b>7,637,918</b>	<b>276,873</b>	<b>1,385,126</b>	<b>1,661,999</b>	<b>21.8%</b>	<b>-73,467</b>	<b>-73,467</b>	<b>59,484</b>	<b>0</b>	<b>\$22.55</b>	<b>\$22.55</b>
<b>CBD - CLASS B TOTAL</b>	<b>4,015,210</b>	<b>12,013</b>	<b>556,083</b>	<b>568,096</b>	<b>14.1%</b>	<b>-10,738</b>	<b>-10,738</b>	<b>2,400</b>	<b>0</b>	<b>\$17.46</b>	<b>N/A</b>
Blue Ash	4,415,359	6,052	1,113,170	1,119,222	25.3%	-83,464	-83,464	98,365	0	\$20.98	\$23.85
Kenwood	1,355,616	3,856	135,776	139,632	10.3%	-5,700	-5,700	1,568	0	\$25.67	\$28.97
Mason/Montgomery	3,184,730	383,467	727,866	1,111,333	34.9%	-242,407	-242,407	27,575	54,900	\$19.39	\$20.18
Midtown	3,654,724	218,238	662,179	880,417	24.1%	-2,691	-2,691	39,723	364,000	\$21.05	\$27.55
Northern Kentucky	3,630,280	23,697	703,059	726,756	20.0%	-27,256	-27,256	8,740	100,000	\$20.65	\$21.25
Tri-County/Sharonville	2,614,896	33,634	658,492	692,126	26.5%	-57,512	-57,512	3,614	0	\$15.29	\$18.29
West Chester	1,506,083	6,114	284,648	290,762	19.3%	-69,238	-69,238	30,570	0	\$23.17	\$23.64
East	1,121,651	0	323,498	323,498	28.8%	21,731	21,731	25,506	0	\$13.14	\$20.25
West	884,558	0	207,497	207,497	23.5%	0	0	0	0	\$14.66	\$17.25
<b>SUBURBAN TOTAL</b>	<b>22,367,897</b>	<b>675,058</b>	<b>4,816,185</b>	<b>5,491,243</b>	<b>24.5%</b>	<b>-466,537</b>	<b>-466,537</b>	<b>235,661</b>	<b>518,900</b>	<b>\$19.47</b>	<b>\$21.95</b>
<b>SUBURBAN - CLASS A TOTAL</b>	<b>13,587,720</b>	<b>503,348</b>	<b>2,813,472</b>	<b>3,316,820</b>	<b>24.4%</b>	<b>-515,067</b>	<b>-515,067</b>	<b>139,191</b>	<b>518,900</b>	<b>\$21.95</b>	<b>\$21.95</b>
<b>SUBURBAN - CLASS B TOTAL</b>	<b>8,780,177</b>	<b>171,710</b>	<b>2,002,713</b>	<b>2,174,423</b>	<b>24.8%</b>	<b>48,530</b>	<b>48,530</b>	<b>96,470</b>	<b>0</b>	<b>\$15.87</b>	<b>N/A</b>
<b>CINCINNATI - CLASS A TOTAL</b>	<b>21,225,638</b>	<b>780,221</b>	<b>4,198,598</b>	<b>4,978,819</b>	<b>23.5%</b>	<b>-588,534</b>	<b>-588,534</b>	<b>198,675</b>	<b>518,900</b>	<b>\$22.15</b>	<b>\$22.15</b>
<b>CINCINNATI - CLASS B TOTAL</b>	<b>12,795,387</b>	<b>183,723</b>	<b>2,558,796</b>	<b>2,742,519</b>	<b>21.4%</b>	<b>37,792</b>	<b>37,792</b>	<b>98,870</b>	<b>0</b>	<b>\$16.21</b>	<b>N/A</b>
<b>CINCINNATI TOTAL</b>	<b>34,021,025</b>	<b>963,944</b>	<b>6,757,394</b>	<b>7,721,338</b>	<b>22.7%</b>	<b>-550,742</b>	<b>-550,742</b>	<b>297,545</b>	<b>518,900</b>	<b>\$19.97</b>	<b>\$22.15</b>

\*Denotes new lease signed in a given year

\*\*Rental rates reflect full service gross asking

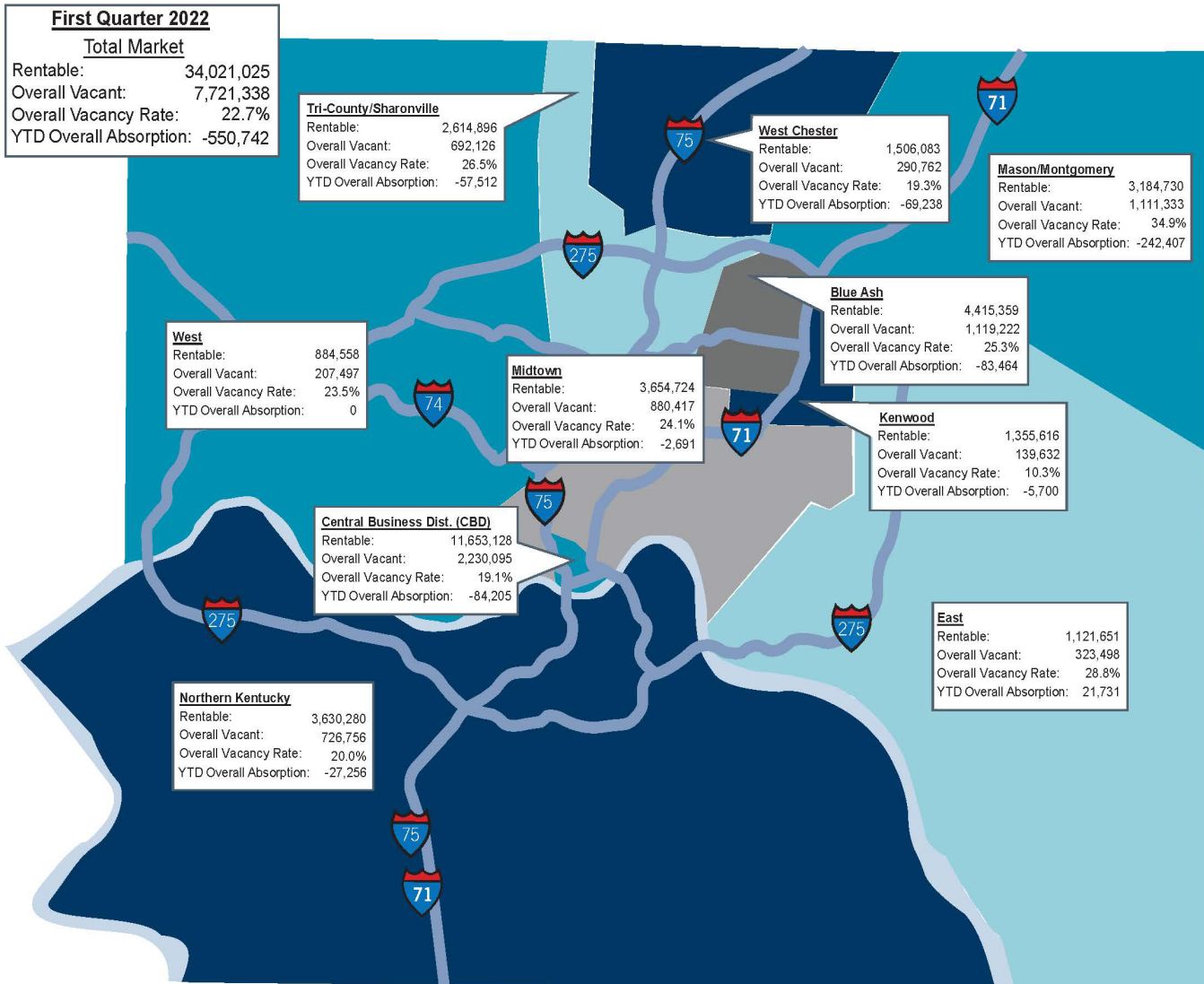
## KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
4660 Duke Drive	Mason/Montgomery	General Revenue Corp.	26,534	Renewal
231-235 West 12 <sup>th</sup> Street	Central Business District	Baxters North America (Wornick)	15,202	New Lease
4000 Smith Road	Midtown	Health Carousel	14,263	Expansion

## KEY SALE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
7 West Seventh Street	Central Business District	Macy's Inc. / Katonahs Wood LLC	321,000	\$10.0M / \$31
111 Tri-County Parkway	Tri-County/Sharonville	Five Mountain LLC / Hamilton County	41,930	\$1.8M / \$43

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