

MARKETBEAT CINCINNATI



Office Q4 2021

	YoY Chg	12-Mo. Forecast
21.6% Vacancy Rate	▲	▼
-356K Net Absorption, SF	▲	▲
\$19.60 Asking Rent, PSF	▲	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2021

	YoY Chg	12-Mo. Forecast
1.1M Cincinnati Employment	▲	▲
4.3% Cincinnati Unemployment Rate	▼	▼
4.2% U.S. Unemployment Rate	▼	▼

Source: BLS, Moody's Analytics

ECONOMY

The unemployment rate in Greater Cincinnati fell over the past year from 4.9% in Q4 2020 to just 4.3% as of Q4 2021. Local unemployment was on-par with the national rate of 4.2%.

Based on a recent release regarding metropolitan Gross Domestic Products from the Bureau of Economic Analysis, Cincinnati is the 27th largest metro economy in the U.S. At \$152.6 billion dollars, Cincinnati's GDP was the largest in the state of Ohio, ahead of Columbus (\$137.3 billion), Cleveland (133.6 billion) and Dayton (\$45.2 billion).

SUPPLY AND DEMAND: Vacancy at a multi-year high

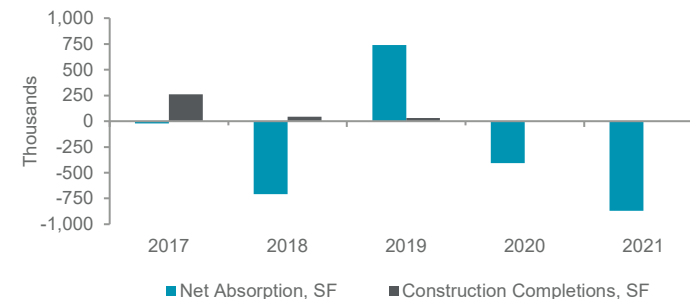
The fourth quarter of 2021 marked the eighth consecutive quarter of increased overall vacancy in the Greater Cincinnati office market. Vacancy reached 21.6% in Q4 2021, a level last seen in the market in early 2018. On a year-over-year (YOY) basis, vacancy increased by more than 250 basis points (bps). Vacant square footage available for sublease nearly doubled on a YOY basis from 450,000 square feet (sf) to 818,000 sf. The largest of these subleases became available in Q4 2021; 130,000 sf of Class A space at in GE Operations Center overlooking the Ohio River in the Central Business District (CBD). An additional 75,000 sf worth of suburban subleases were added to the market in Q4 2021 as well.

Along with increased vacancy, Q4 2021 was also the seventh consecutive quarter of negative overall net absorption and the largest amount of quarterly net absorption in 2021. Of ten total office submarkets, only three experienced positive net absorption in Q4 and total quarterly absorption was -356,000 sf. Among notable lease signings in the quarter, Divisions Maintenance leased 86,000 sf on the third and fourth floors of The Foundry, a soon-to-be-complete downtown department store conversion on Vine Street. In Mason, Cengage renewed and downsized its office to 56,000 sf at Deerfield Crossing II on Natorp Boulevard. Business consultant Protiviti will move into a 47,000-sf subleased office at Northmark Business Center 1 on Alliance Road in Blue Ash. Nearby, Galen College of Nursing renewed and expanded its Summit Woods I office adjacent to Interstate 275 to 37,000 sf. Aside from absorption, Q4 2021 leasing activity was 366,000 sf, which was the high-water mark of 2021. Leasing activity is an indicator of future quarterly net absorption, which typically occurs one to three quarters after a lease is signed.

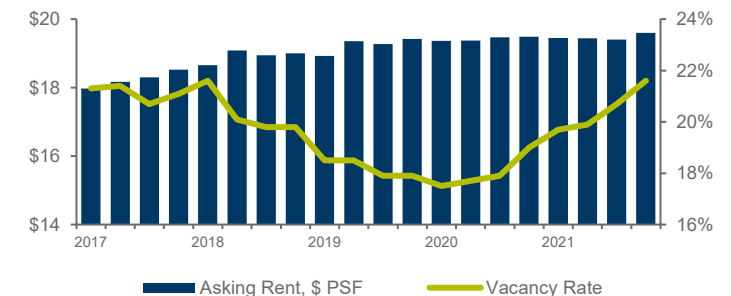
PRICING: Asking rents remained stable year-over-year

Across all categories, overall average asking rental rates were \$19.60 per square foot (psf) gross in Q4 2021, which was a slight increase over the prior year. Direct Class A asking rents were virtually unchanged YOY at \$22.08 psf gross in Q4 2021.

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	12,114,552	288,886	1,803,558	2,092,444	17.3%	-153,561	-415,099	348,263	173,576	\$20.83	\$22.42
CBD - CLASS A TOTAL	7,464,342	276,873	1,114,806	1,391,679	18.6%	-164,162	-334,338	310,876	173,576	\$22.42	\$22.42
CBD - CLASS B TOTAL	4,650,210	12,013	688,752	700,765	15.1%	10,601	-80,761	37,387	0	\$17.48	N/A
Blue Ash	4,415,359	53,487	982,271	1,035,758	23.5%	-32,359	-141,081	186,059	54,900	\$20.34	\$23.43
Kenwood	1,355,616	3,856	130,076	133,932	9.9%	-25,789	-11,973	68,797	0	\$24.85	\$27.89
Mason/Montgomery	2,505,521	180,218	688,708	868,926	34.7%	-40,842	-194,305	84,630	0	\$19.32	\$20.57
Midtown	3,633,124	218,238	659,488	877,726	24.2%	-89,759	-30,068	194,680	364,000	\$21.15	\$27.64
Northern Kentucky	3,473,507	23,697	675,803	699,500	20.1%	27,804	23,014	85,596	100,000	\$20.23	\$20.78
Tri-County/Sharonville	2,794,355	35,939	778,134	814,073	29.1%	-1,160	-104,327	51,968	0	\$15.62	\$18.29
West Chester	1,506,083	6,114	215,410	221,524	14.7%	15,489	35,110	76,229	0	\$22.92	\$23.50
East	1,121,651	7,976	341,254	349,230	31.1%	-57,237	-27,628	6,022	0	\$13.27	\$19.77
West	884,558	0	207,497	207,497	23.5%	1,065	-3,168	10,580	0	\$14.66	\$17.25
SUBURBAN TOTAL	21,689,774	529,525	4,678,641	5,208,166	24.0%	-202,788	-454,426	764,561	518,900	\$19.07	\$21.89
SUBURBAN - CLASS A TOTAL	12,815,640	284,966	2,516,787	2,801,753	21.9%	-131,040	-254,379	464,662	518,900	\$21.89	\$21.89
SUBURBAN - CLASS B TOTAL	8,874,134	244,559	2,161,854	2,406,413	27.1%	-71,748	-200,047	299,899	0	\$15.96	N/A
CINCINNATI - CLASS A TOTAL	20,279,982	561,839	3,631,593	4,193,432	20.7%	-295,202	-588,717	775,538	692,476	\$22.08	\$22.08
CINCINNATI - CLASS B TOTAL	13,524,344	256,572	2,850,606	3,107,178	23.0%	-61,147	-280,808	337,286	0	\$16.30	N/A
CINCINNATI TOTAL	33,804,326	818,411	6,482,199	7,300,610	21.6%	-356,349	-869,525	1,112,824	692,476	\$19.60	\$22.08

*Denotes new lease signed in a given year

**Rental rates reflect full service gross asking

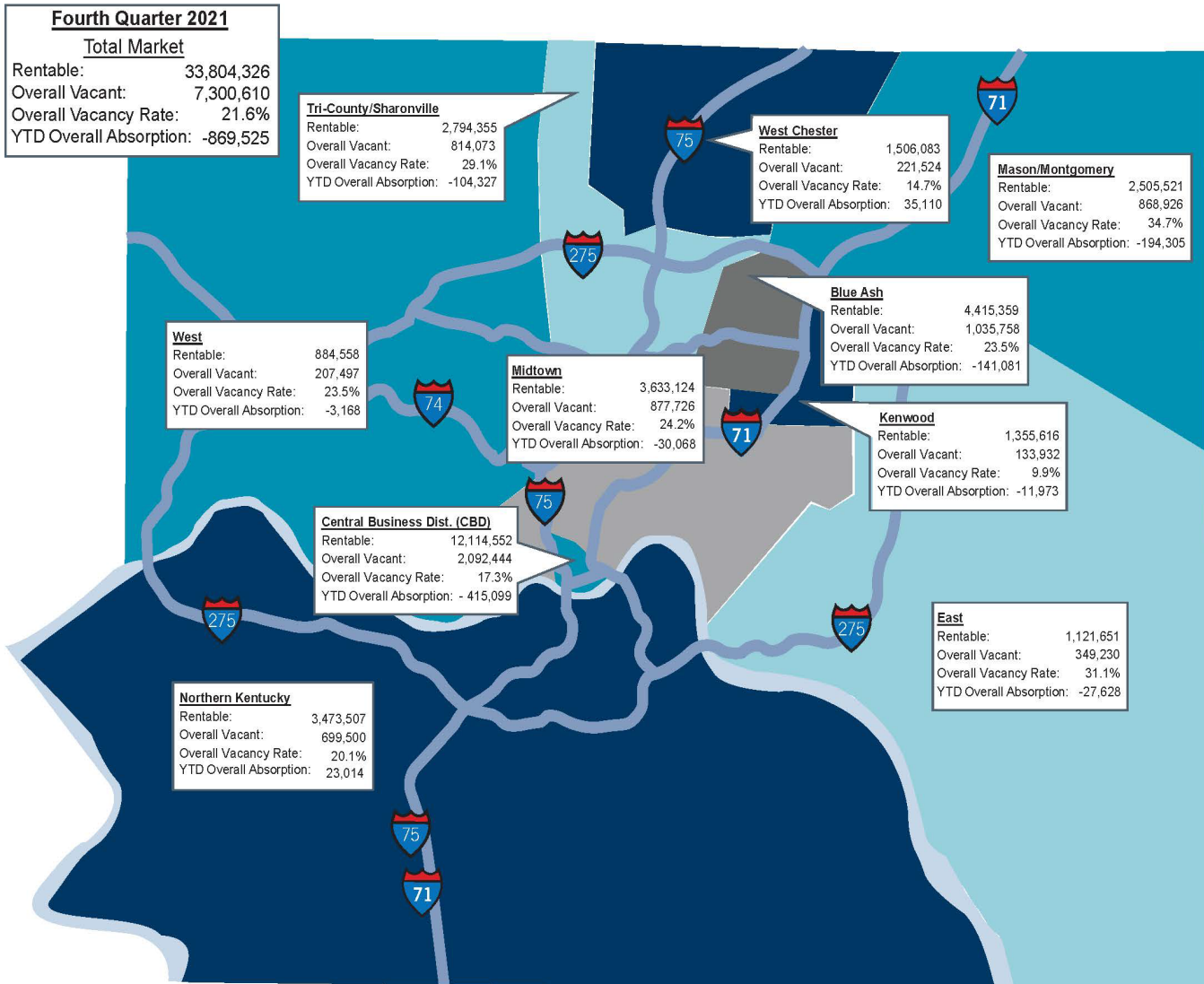
KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
505 Vine Street	Central Business District	Divisions Maintenance	85,990	New Lease
5191 Natorp Boulevard	Mason/Montgomery	Cengage	56,011	Renewal
10101 Alliance Road	Blue Ash	Protiviti	47,435	New Lease

KEY SALE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
10151 Carver Road	Blue Ash	OA Development / BDP Holdings	135,000	\$26.5M / \$196
10123 Alliance Road	Blue Ash	Lakeland West Capital / 10123 Alliance Road LLC	101,809	\$7.6M / \$75

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