

	YoY Chg	12-Mo. Forecast
<b>23.3%</b> Vacancy Rate	▲	▲
<b>19K</b> Net Absorption, SF	▲	▲
<b>\$20.02</b> Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

## ECONOMIC INDICATORS Q4 2022

	YoY Chg	12-Mo. Forecast
<b>1.1M</b> Cincinnati Employment	▲	▲
<b>3.6%</b> Cincinnati Unemployment Rate	▼	▲
<b>3.7%</b> U.S. Unemployment Rate	▼	▲

Source: BLS, Moody's Analytics

## ECONOMY

The unemployment rate in Greater Cincinnati fell slightly from 3.9% in Q4 2021 to 3.6% as of Q4 2022. Local unemployment was also close to the national rate of 3.7%. The Brent Spence Bridge connects Downtown Cincinnati and Northern Kentucky across the Ohio River. Built in the early 1960's as a key part of Interstate 75, the aging bridge is a daily source of traffic bottlenecks for downtown commuters and truck traffic alike. After more than two decades of studies, political debate and growing obsolescence, the future of the bridge is about to improve. The US Department of Transportation recently awarded Ohio and Kentucky more than \$1.6 billion, which will help to build a toll-free companion bridge alongside the existing structure. Groundbreaking may take place by the end of 2023.

## SUPPLY AND DEMAND: Vacancy decrease plus positive net absorption end 2022

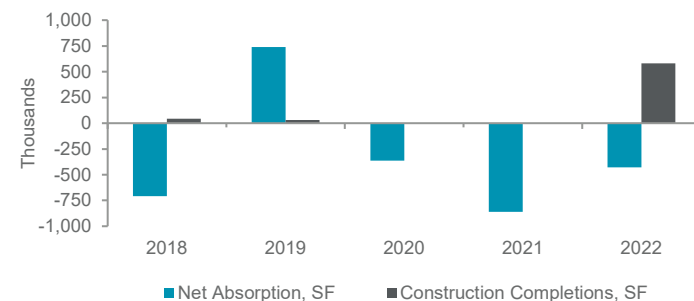
After reaching its highest point in eight years in Q3 2022 (23.4%), the overall vacancy rate in the Greater Cincinnati office market decreased in the fourth quarter of 2022 to 23.3%. Despite a slight quarterly decline, Q4 vacancy was still 190 basis points (bps) higher on a year-over-year (YOY) basis. Of the 8.0 million square feet (msf) vacant across the market, 943,000 square feet (sf) was available for sublease. Sublease vacancy, especially in the suburban submarkets, grew significantly in mid-2021 and has been greater than 900,000 sf for all of 2022.

Overall net absorption was positive in only three of the past 12 quarters, including Q4 2022. Net absorption in Q4 was 19,000 sf, and full-year 2022 absorption was -429,000 sf. The Central Business District (CBD) was a major source of quarterly positive absorption as Divisions Maintenance moved into its 96,000-sf headquarters at The Foundry on Vine Street. Mass Mutual also moved into two floors (65,000 sf) at the GE Operations Center near the Ohio River. The largest single source of positive absorption was the result of a building sale in Northern Kentucky. Answers in Genesis, a locally-based parachurch organization, purchased the vacant 193,000-sf Atlantic Corporate Center for \$31.3 million (\$162/sf) to house its growing operations. Apart from absorption, Q4 2022 leasing activity was 309,000 sf, which helped to push full-year 2022 leasing to nearly 1.6 msf. Leasing activity is an indicator of future quarterly net absorption.

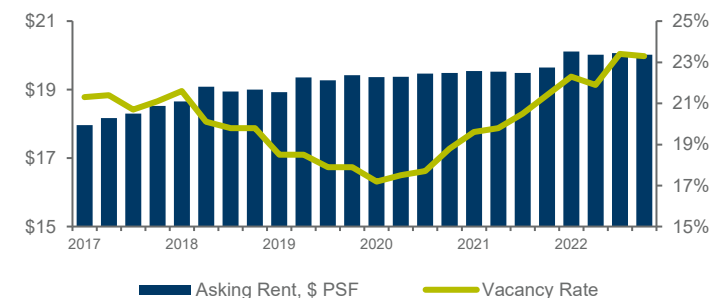
## PRICING: Asking rents increased year-over-year

Across all categories, overall average asking rental rates were \$20.02 per square foot (psf) gross in Q4 2022, which was a 2.0% YOY increase, and on-par with quarterly asking rates throughout 2022.

## 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>11,636,202</b>	<b>240,655</b>	<b>1,938,334</b>	<b>2,178,989</b>	<b>18.7%</b>	<b>197,273</b>	<b>-50,097</b>	<b>344,606</b>	<b>0</b>	<b>\$21.02</b>	<b>\$22.53</b>
<b>CBD - CLASS A TOTAL</b>	<b>7,620,992</b>	<b>218,910</b>	<b>1,253,798</b>	<b>1,472,708</b>	<b>19.3%</b>	<b>165,954</b>	<b>98,826</b>	<b>278,100</b>	<b>0</b>	<b>\$22.53</b>	<b>\$22.53</b>
<b>CBD - CLASS B TOTAL</b>	<b>4,015,210</b>	<b>21,745</b>	<b>684,536</b>	<b>706,281</b>	<b>17.6%</b>	<b>31,319</b>	<b>-148,923</b>	<b>66,506</b>	<b>0</b>	<b>\$17.91</b>	<b>N/A</b>
Blue Ash	4,415,359	46,223	1,066,006	1,112,229	25.2%	-24,018	-78,119	331,475	0	\$21.15	\$24.27
Kenwood	1,355,616	3,856	147,600	151,456	11.2%	-32,659	-41,124	33,504	0	\$25.30	\$29.91
Mason/Montgomery	3,196,954	433,793	1,034,177	1,467,970	45.9%	-273,679	-544,144	160,264	0	\$19.94	\$20.45
Midtown	4,023,724	177,676	811,500	989,176	24.6%	-21,245	257,550	247,930	0	\$20.91	\$27.85
Northern Kentucky	3,820,025	16,032	749,883	765,915	20.0%	193,716	6,402	184,282	100,000	\$20.41	\$22.60
Tri-County/Sharonville	2,614,896	15,861	624,858	640,719	24.5%	-9,351	-6,105	60,168	0	\$16.22	\$21.55
West Chester	1,506,083	9,114	189,487	198,601	13.2%	5,289	22,923	147,645	0	\$22.17	\$23.74
East	1,121,651	0	322,869	322,869	28.8%	-6,388	22,519	54,111	0	\$13.01	\$20.25
West	884,558	0	226,216	226,216	25.6%	-9,620	-18,719	11,897	0	\$14.27	\$17.25
<b>SUBURBAN TOTAL</b>	<b>22,938,866</b>	<b>702,555</b>	<b>5,172,596</b>	<b>5,875,151</b>	<b>25.6%</b>	<b>-177,955</b>	<b>-378,817</b>	<b>1,231,276</b>	<b>100,000</b>	<b>\$19.57</b>	<b>\$22.53</b>
<b>SUBURBAN - CLASS A TOTAL</b>	<b>14,098,944</b>	<b>588,136</b>	<b>2,957,715</b>	<b>3,545,851</b>	<b>25.1%</b>	<b>-152,118</b>	<b>-272,629</b>	<b>693,377</b>	<b>100,000</b>	<b>\$22.53</b>	<b>\$22.53</b>
<b>SUBURBAN - CLASS B TOTAL</b>	<b>8,839,922</b>	<b>114,419</b>	<b>2,214,881</b>	<b>2,329,300</b>	<b>26.3%</b>	<b>-25,837</b>	<b>-106,188</b>	<b>537,899</b>	<b>0</b>	<b>\$15.70</b>	<b>N/A</b>
<b>CINCINNATI - CLASS A TOTAL</b>	<b>21,719,936</b>	<b>807,046</b>	<b>4,211,513</b>	<b>5,018,559</b>	<b>23.1%</b>	<b>13,836</b>	<b>-173,803</b>	<b>971,477</b>	<b>100,000</b>	<b>\$22.53</b>	<b>\$22.53</b>
<b>CINCINNATI - CLASS B TOTAL</b>	<b>12,855,132</b>	<b>136,164</b>	<b>2,899,417</b>	<b>3,035,581</b>	<b>23.6%</b>	<b>5,482</b>	<b>-255,111</b>	<b>604,405</b>	<b>0</b>	<b>\$16.26</b>	<b>N/A</b>
<b>CINCINNATI TOTAL</b>	<b>34,575,068</b>	<b>943,210</b>	<b>7,110,930</b>	<b>8,054,140</b>	<b>23.3%</b>	<b>19,318</b>	<b>-428,914</b>	<b>1,575,882</b>	<b>100,000</b>	<b>\$20.02</b>	<b>\$22.53</b>

\*Denotes new lease signed in a given year

\*\*Rental rates reflect full service gross asking

## KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
8044 Montgomery Road	Kenwood	UBS Financial Services	46,662	Renewal
7300 Turfway Road	Northern Kentucky	St. Elizabeth Physicians	38,130	New Lease
9987 Carver Road	Blue Ash	CEI Vision Partners	37,227	New Lease

## KEY SALE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
6380 / 6440 Aviation Way (portfolio)	West Chester	Griffin Realty Trust / Workplace Property Trust	413,616	\$37.5M / \$91
25 Atlantic Avenue	Northern Kentucky	Corporex / Answers In Genesis	192,590	\$31.3M / \$162

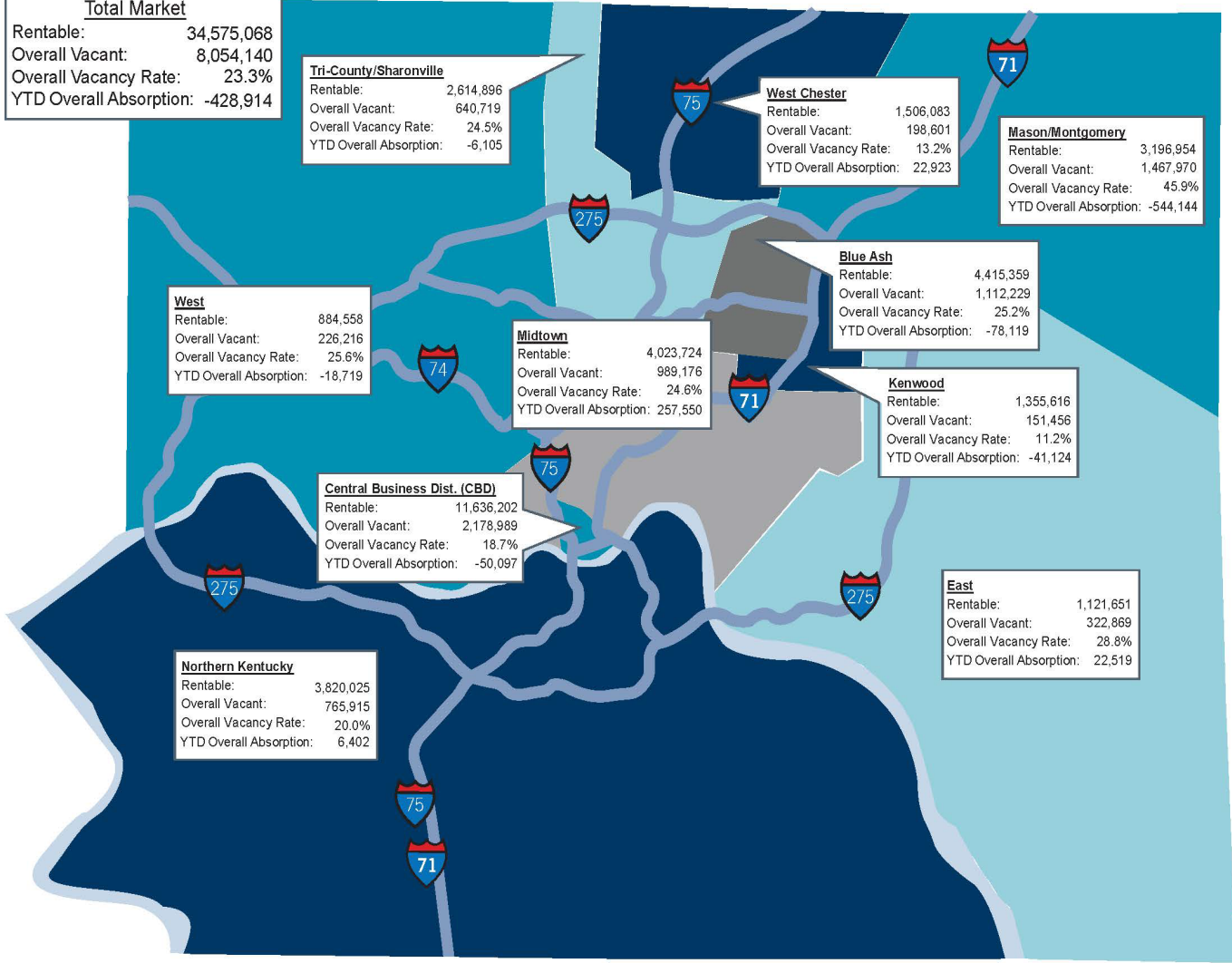


OFFICE SUBMARKETS

**Fourth Quarter 2022**

**Total Market**

Rentable:	34,575,068
Overall Vacant:	8,054,140
Overall Vacancy Rate:	23.3%
YTD Overall Absorption:	-428,914



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