

	YoY Chg	12-Mo. Forecast
<b>23.7%</b> Vacancy Rate	▲	▼
<b>-193K</b> Net Absorption, SF	▼	▲
<b>\$20.21</b> Asking Rent, PSF	▬	▲

*(Overall, All Property Classes)*

## ECONOMIC INDICATORS Q2 2023

	YoY Chg	12-Mo. Forecast
<b>1.2M</b> Cincinnati Employment	▲	▲
<b>3.3%</b> Cincinnati Unemployment Rate	▬	▲
<b>3.6%</b> U.S. Unemployment Rate	▬	▲

Source: BLS, Moody's Analytics

## ECONOMY

The unemployment rate in Greater Cincinnati was unchanged from the prior year at 3.3% as of Q2 2023. Local unemployment was slightly lower than the national rate of 3.6%. An *Axios.com* analysis of recent U.S. Census Bureau population estimates showed a slight increase in the Greater Cincinnati region. During the period between July 2020 and July 2022, the population in Greater Cincinnati grew by 0.5%. While this may not seem like a large figure when compared to metro Columbus (+1.0%), other nearby metro areas like Cleveland, Pittsburgh and St. Louis lost population during this period. Within Greater Cincinnati, both Hamilton County and Butler County saw a 0.6% population decline. However, Warren County was the third fastest growing county in Ohio at +2.7%, while Clermont County was the state's tenth fastest growing at +1.0%.

## SUPPLY AND DEMAND: Vacancy rate record set combined with negative absorption

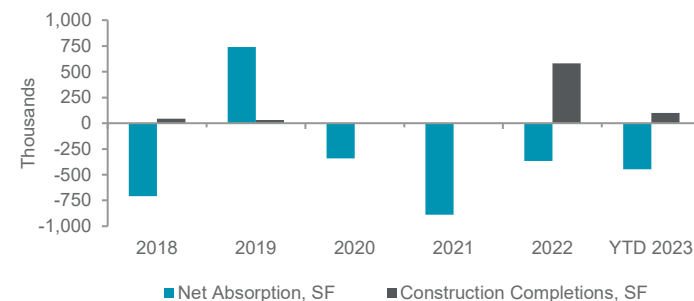
For the fourth consecutive quarter, the overall office vacancy rate in the Greater Cincinnati market exceeded the 22.0% threshold. Following revisions to recent historical data, the Q2 2023 vacancy rate set a record high for the market at 23.7%. On a year-over-year (YOY) basis, Q2 2023 vacancy increased by more than 250 basis points (bps). Both the Central Business District (CBD) and suburban submarkets saw yearly vacancy rate increases of at least 200 bps. Of the 8.2 million square feet (msf) vacant across the market, more than 1.0 msf was available for sublease, which represented a 12.0% YOY increase.

Overall net absorption has been negative in eight of the past ten quarters, including Q2 2023. Net absorption in Q2 was -193,000 square feet (sf) and 2023 year-to-date (YTD) net absorption was -448,000 sf. The largest contributor to negative quarterly absorption was KAO Brands, which vacated 55,000 sf in the CBD at 312 Plum Street. Alternatively, two of the largest move-ins of the second quarter took place at the Class-A Landings of Blue Ash office park. Stack Construction Technologies moved into 18,500 sf at Building III, while Allworth Financial moved into more than 10,000 sf at Building II. Apart from absorption, Q2 2023 new leasing activity was 268,000 sf, which was less than half of the figure from the prior year. Among the Q2 lease signings were two full floors (65,000 sf) at the downtown GE Operations Center on Rosa Parks Street. YTD 2023 leasing activity was 706,000 sf and is an indicator of future quarterly net absorption.

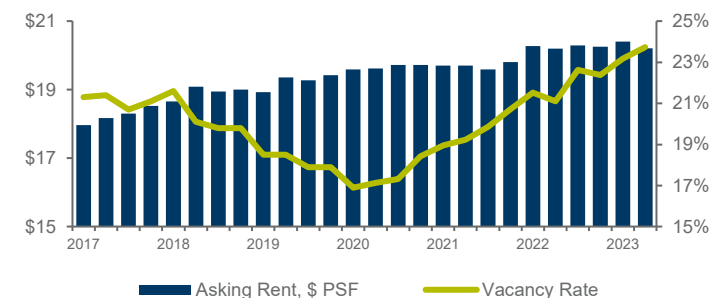
## PRICING: Overall asking rents unchanged year-over-year

Across all categories, overall average asking rental rates were \$20.21 per square foot (psf) gross in Q2 2023, which was virtually unchanged from the prior year. Class A asking rates were \$22.73 gross in Q2 2023, which was a 2.4% annual increase.

## 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>11,386,171</b>	<b>353,798</b>	<b>2,160,755</b>	<b>2,514,553</b>	<b>22.1%</b>	<b>-89,288</b>	<b>-319,150</b>	<b>208,942</b>	<b>0</b>	<b>\$21.31</b>	<b>\$22.59</b>
<b>CBD - CLASS A TOTAL</b>	<b>7,620,992</b>	<b>341,785</b>	<b>1,444,710</b>	<b>1,786,495</b>	<b>23.4%</b>	<b>-229,862</b>	<b>-289,304</b>	<b>174,962</b>	<b>0</b>	<b>\$22.59</b>	<b>\$22.59</b>
<b>CBD - CLASS B TOTAL</b>	<b>3,765,179</b>	<b>12,013</b>	<b>716,045</b>	<b>728,058</b>	<b>19.3%</b>	<b>15,780</b>	<b>-29,846</b>	<b>33,980</b>	<b>0</b>	<b>\$18.28</b>	<b>N/A</b>
Blue Ash	4,485,215	40,127	1,119,758	1,159,885	25.9%	-11,968	-94,214	140,434	0	\$22.04	\$24.53
Kenwood	1,410,516	36,262	173,979	210,241	14.9%	-14,071	234	59,435	15,000	\$26.40	\$29.34
Mason/Montgomery	2,939,948	414,138	776,223	1,190,361	40.5%	-24,019	30,980	81,091	0	\$18.90	\$19.18
Midtown	4,023,724	136,212	820,718	956,930	23.8%	1,373	5,353	88,612	0	\$20.13	\$27.39
Northern Kentucky	4,064,435	33,920	796,871	830,791	20.4%	-22,547	26,382	44,018	0	\$21.28	\$23.79
Tri-County/Sharonville	2,595,966	15,861	693,945	709,806	27.3%	-25,195	-95,298	27,763	0	\$14.58	\$24.04
West Chester	1,506,083	3,250	159,032	162,282	10.8%	7,539	36,055	49,569	0	\$17.23	\$23.18
East	1,121,651	0	237,445	237,445	21.2%	-14,752	-24,943	5,492	0	\$14.27	\$20.25
West	816,558	0	179,652	179,652	22.0%	0	-13,436	535	0	\$14.49	\$17.25
<b>SUBURBAN TOTAL</b>	<b>22,964,096</b>	<b>679,770</b>	<b>4,957,623</b>	<b>5,637,393</b>	<b>24.5%</b>	<b>-103,640</b>	<b>-128,887</b>	<b>496,949</b>	<b>15,000</b>	<b>\$19.56</b>	<b>\$22.83</b>
<b>SUBURBAN - CLASS A TOTAL</b>	<b>14,169,174</b>	<b>579,151</b>	<b>2,923,203</b>	<b>3,502,354</b>	<b>24.7%</b>	<b>-14,435</b>	<b>-60,936</b>	<b>325,543</b>	<b>15,000</b>	<b>\$22.83</b>	<b>\$22.83</b>
<b>SUBURBAN - CLASS B TOTAL</b>	<b>8,794,922</b>	<b>100,619</b>	<b>2,034,420</b>	<b>2,135,039</b>	<b>24.3%</b>	<b>-89,205</b>	<b>-67,951</b>	<b>171,406</b>	<b>0</b>	<b>\$15.62</b>	<b>N/A</b>
<b>CINCINNATI - CLASS A TOTAL</b>	<b>21,790,166</b>	<b>920,936</b>	<b>4,367,913</b>	<b>5,288,849</b>	<b>24.3%</b>	<b>-119,503</b>	<b>-350,240</b>	<b>500,505</b>	<b>15,000</b>	<b>\$22.73</b>	<b>\$22.73</b>
<b>CINCINNATI - CLASS B TOTAL</b>	<b>12,560,101</b>	<b>112,632</b>	<b>2,750,465</b>	<b>2,863,097</b>	<b>22.8%</b>	<b>-73,425</b>	<b>-97,797</b>	<b>205,386</b>	<b>0</b>	<b>\$16.36</b>	<b>N/A</b>
<b>CINCINNATI TOTAL</b>	<b>34,350,267</b>	<b>1,033,568</b>	<b>7,118,378</b>	<b>8,151,946</b>	<b>23.7%</b>	<b>-192,928</b>	<b>-448,037</b>	<b>705,891</b>	<b>15,000</b>	<b>\$20.21</b>	<b>\$22.73</b>

\*Denotes new lease signed in a given year

\*\*Rental rates reflect full service gross asking

## KEY LEASE TRANSACTIONS Q2 2023

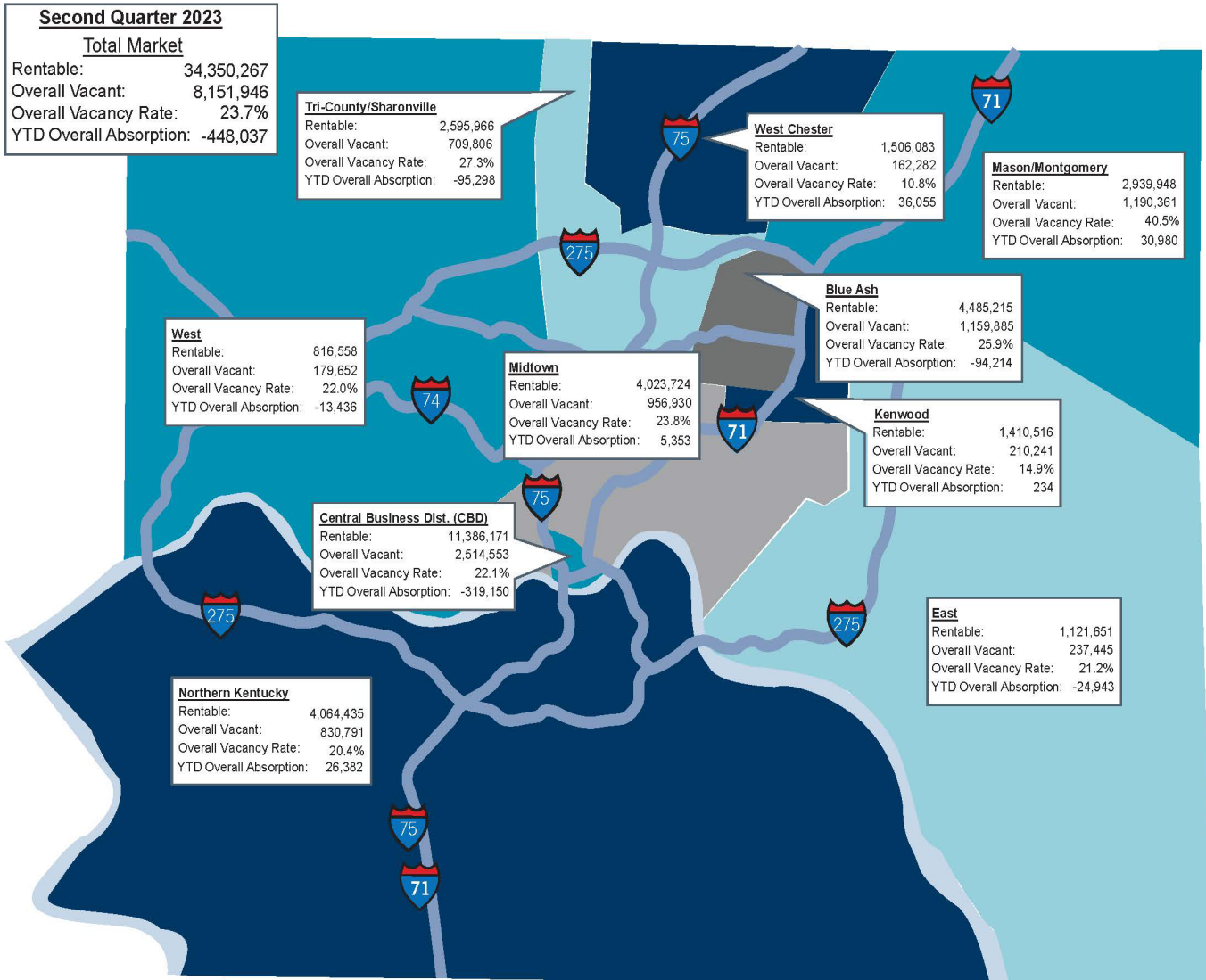
PROPERTY	SUBMARKET	TENANT	SF	TYPE
300 E-Business Way	Blue Ash	Devicor Medical (Mammotome)	45,515	Renewal
191 Rosa Parks St.	Central Business District	Staffmark	32,464	New Lease (Sublease)
191 Rosa Parks St.	Central Business District	First Group	32,464	New Lease (Sublease)

## KEY SALE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
Centre Pointe Office Park - Portfolio	West Chester	Hines / Realife Real Estate Group	637,000	\$64.5M / \$101
7550-7576 Bales Street	West Chester	Daimler Group / Realife Real Estate Group	75,000	\$16.2M / \$216



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