

	YoY Chg	12-Mo. Forecast
25.7% Vacancy Rate	▲	▼
-280K Net Absorption, SF	▼	▲
\$20.30 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2023

	YoY Chg	12-Mo. Forecast
1.2M Cincinnati Employment	▲	▲
3.1% Cincinnati Unemployment Rate	▼	▲
3.7% U.S. Unemployment Rate	▲	▲

Source: BLS, Moody's Analytics

ECONOMY

The unemployment rate in Greater Cincinnati decreased yearly from 3.5% to 3.1% as of Q3 2023. Local unemployment was noticeably lower than the national rate of 3.7%. Future population growth for the 16-county Cincinnati region varies greatly by different scenarios from an analysis featured in the recent Cincinnati Regional Chamber 2023 *State of the Region* report. As of Q3 2023, the Cincinnati regional population was 2.3 million people, which placed it slightly ahead of peer areas like Kansas City, Columbus and Indianapolis. If the region maintains its current growth trend, Greater Cincinnati will add 249,000 residents between now and 2050. The two other extreme population growth scenarios varied between a 15,000 and 615,000 net increase. Key factors in those estimates included federal immigration policy, zoning laws, sunbelt region migration and overall business climate.

SUPPLY AND DEMAND: Vacancy rate set a new record-high

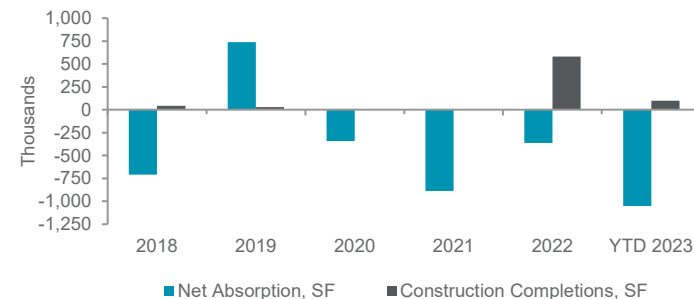
The overall office vacancy rate in the Greater Cincinnati market has increased steadily over the past four quarters, setting new record highs in the process. In Q3 2023, the vacancy rate reached a new record-high at 25.7%, which was a 290-basis point (bps) jump on a year-over-year (YOY) basis. While the vacancy increase was spread across both the Central Business District (CBD) and suburban submarkets, the majority of the change came from the suburbs, which grew by more than 330 bps YOY. Of the 8.8 million square feet (msf) vacant across the market, more than 1.0 msf was available for sublease. This level of sublease vacancy has remained consistent for more than a year.

Overall net absorption has been negative in ten of the past twelve quarters and that included Q3 2023. Net absorption in Q3 was -280,000 square feet (sf) and 2023 year-to-date (YTD) net absorption was nearly -1.1 msf. The largest contributors to negative quarterly absorption were located in buildings in suburban Blue Ash and Midtown. Conversely, multiple tenants moved into 41,000 sf at 4605 Duke Drive in Mason during the third quarter. Apart from absorption, Q3 2023 new leasing activity was 240,000 sf, which was on-par with leasing in the prior year. Major Q3 lease signings took place in Blue Ash as well as the newly-completed Ovation office complex in Northern Kentucky. YTD 2023 leasing activity was greater than 950,000 sf, which is an indicator of solid future quarterly net absorption, barring any new major tenant move-outs.

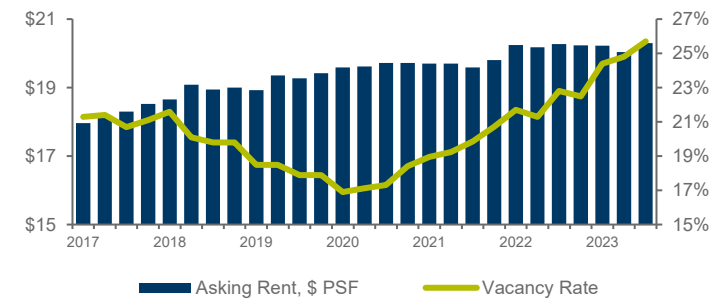
PRICING: Overall asking rents increased slightly year-over-year

Across all categories, overall average asking rental rates were \$20.30 per square foot (psf) gross in Q3 2023, which was a slight increase from the prior year. Class A asking rates were \$22.62 gross in Q2 2023, which was a nearly a 1.0% 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)**
CENTRAL BUSINESS DISTRICT	11,386,171	313,091	2,247,769	2,560,860	22.5%	-61,658	-365,457	262,245	0	\$21.68	\$22.91
CBD - CLASS A TOTAL	7,620,992	313,091	1,505,420	1,818,511	23.9%	-47,367	-321,320	220,931	0	\$22.91	\$22.91
CBD - CLASS B TOTAL	3,765,179	0	742,349	742,349	19.7%	-14,291	-44,137	41,314	0	\$18.49	N/A
Blue Ash	4,485,215	67,121	1,179,972	1,247,093	27.8%	-103,273	-159,764	223,617	0	\$22.16	\$24.48
Kenwood	1,410,516	36,262	187,004	223,266	15.8%	-3,550	-3,316	76,868	15,000	\$27.37	\$30.02
Mason/Montgomery	2,939,948	390,922	885,714	1,276,636	43.4%	-10,631	-61,044	88,415	0	\$18.95	\$19.28
Midtown	4,023,724	174,868	879,668	1,054,536	26.2%	-90,168	-92,253	93,436	0	\$20.51	\$27.49
Northern Kentucky	4,064,435	41,793	789,055	830,848	20.4%	2,122	26,325	92,737	0	\$21.01	\$23.50
Tri-County/Sharonville	2,595,966	15,861	951,582	967,443	37.3%	11,294	-320,965	46,011	0	\$15.23	\$18.62
West Chester	1,506,083	0	185,487	185,487	12.3%	-26,455	12,850	53,913	0	\$18.56	\$21.66
East	1,121,651	3,000	285,546	288,546	25.7%	1,853	-76,044	13,207	0	\$13.75	\$20.25
West	816,558	0	179,117	179,117	21.9%	535	-12,901	535	0	\$14.49	\$17.25
SUBURBAN TOTAL	22,964,096	729,827	5,523,145	6,252,972	27.2%	-218,273	-687,112	688,739	15,000	\$19.52	\$22.42
SUBURBAN - CLASS A TOTAL	14,169,174	571,154	3,440,417	4,011,571	28.3%	-165,150	-528,708	444,429	15,000	\$22.42	\$22.42
SUBURBAN - CLASS B TOTAL	8,794,922	158,673	2,082,728	2,241,401	25.5%	-53,123	-158,404	244,310	0	\$15.71	N/A
CINCINNATI - CLASS A TOTAL	21,790,166	884,245	4,945,837	5,830,082	26.8%	-212,517	-850,028	665,360	15,000	\$22.62	\$22.62
CINCINNATI - CLASS B TOTAL	12,560,101	158,673	2,825,077	2,983,750	23.8%	-67,414	-202,541	285,624	0	\$16.46	N/A
CINCINNATI TOTAL	34,350,267	1,042,918	7,770,914	8,813,832	25.7%	-279,931	-1,052,569	950,984	15,000	\$20.30	\$22.62

*Denotes new lease signed in a given year

**Rental rates reflect full service gross asking

KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
9987 Carver Road	Blue Ash	Element Materials Technology	21,525	New Lease
200 Third Street W	Northern Kentucky	St. Elizabeth Healthcare	20,000	New Lease
400 E-Business Way	Blue Ash	Aerotek	12,079	New Lease

KEY SALE TRANSACTIONS Q3 2023

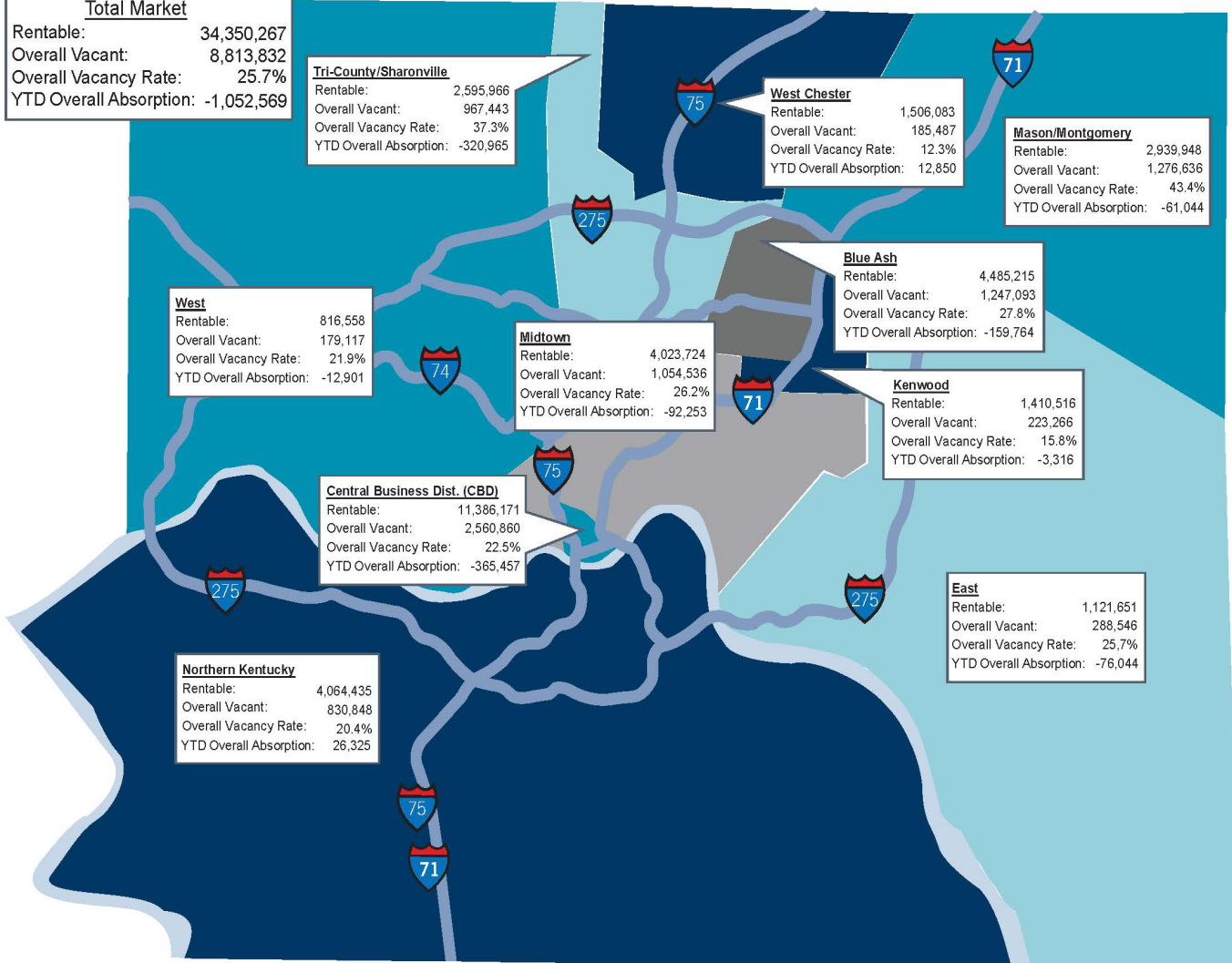
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
10475 Reading Road	Tri-County/Sharonville	American Healthcare REIT / Unity Medical Properties	65,730	\$11.9M / \$181
1280 Kemper Meadow Drive	West	Vandercar Holdings / Caliber Commercial Properties	42,836	\$8.2M / \$190

OFFICE SUBMARKETS

Third Quarter 2023

Total Market

Rentable:	34,350,267
Overall Vacant:	8,813,832
Overall Vacancy Rate:	25.7%
YTD Overall Absorption:	-1,052,569



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