

# MARKETBEAT CINCINNATI



Office Q2 2024

	YoY Chg	12-Mo. Forecast
<b>25.3%</b> Vacancy Rate	▲	▼
<b>-32K</b> Net Absorption, SF	▲	▲
<b>\$20.57</b> Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

## ECONOMIC INDICATORS Q2 2024

	YoY Chg	12-Mo. Forecast
<b>1.2M</b> Cincinnati Employment	▲	▲
<b>3.9%</b> Cincinnati Unemployment Rate	▲	▲
<b>4.1%</b> U.S. Unemployment Rate	▲	▲

Source: BLS, Moody's Analytics

## ECONOMY

The unemployment rate in Greater Cincinnati was increased on a year-over-year (YOY) basis to 3.9% as of Q2 2024. Local unemployment was slightly lower than the national rate of 4.1%. According to a recent analysis featured on *Forbes.com*, the Cincinnati/Northern Kentucky International Airport (CVG) was the fastest-growing U.S. airport or seaport on a YOY basis. The total value of imports and exports shipped through CVG increased by nearly 75.0% or \$3.0 billion, when comparing the first three months of 2023 versus 2024.

## SUPPLY AND DEMAND: Overall vacancy stabilized in Q2, as sublease vacancy shrinks

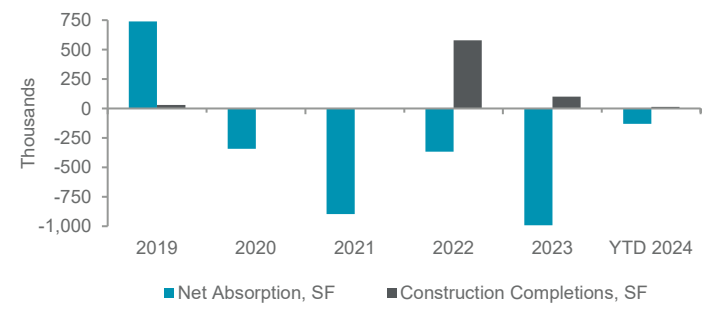
After significant increases between 2020 and mid-2023, the overall office vacancy rate in Greater Cincinnati has levelled off over the past year. In Q2 2024, the vacancy rate was 25.3%, which was virtually unchanged during the past four quarters. On a YOY basis, overall vacancy increased by 70 basis points (bps), due mainly to a slight increase in Central Business District (CBD) vacancy. Of the 8.5 million square feet (msf) vacant across the market, 864,000 square feet (sf) was available for sublease. Due to a combination of sublease expirations and leasing, Q2 sublease vacancy reached its lowest level since 2021.

While overall net absorption has been negative in fifteen of the past seventeen quarters, the level of negative absorption continued to shrink in recent quarters. In Q2 2024, overall absorption was negative 32,000 sf. By comparison, Q2 2023 net absorption was negative 155,000 sf. Most of the major absorption activity in Q2 was centered in large buildings the CBD. Kroger subleased multiple floors at Atrium Two previously occupied by AltaFiber, resulting in more than 80,000 sf of positive absorption in Q2. Nearby, multiple suites were leased at 525 Vine Street for an additional 14,000 sf of positive absorption. This movement offset major Q2 CBD move-outs at the Center at 600 Vine and Atrium One. Of 10 total submarkets, quarterly Class A net absorption was at its highest level in the Blue Ash submarket (23,000 sf). Dermatologists of Central States moved into 10,000 sf at the Landings of Blue Ash – Building 2 and MRA Management Association moved into 7,400 sf nearby at Summit Woods IV on E-Business Way. Apart from absorption, Q2 2024 leasing activity was 376,000 sf, which was in-line with the latest three-year market average. Leasing activity is an indicator of future quarterly net absorption.

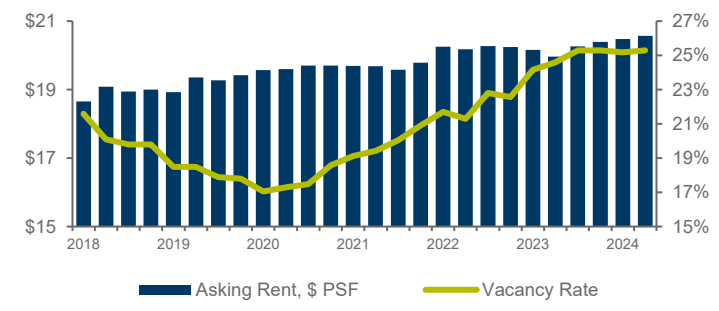
## PRICING: Overall asking rents increased by 3.0% year-over-year

Across all categories, overall gross average asking rental rates were \$20.57 per square foot (psf) in Q2 2024, which was a 3.0% increase over the prior year. Class A asking rates were \$22.98 in Q2 2024, which was 2.9% higher YOY.

## 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>11,075,266</b>	<b>326,424</b>	<b>2,266,178</b>	<b>2,592,602</b>	<b>23.4%</b>	<b>11,378</b>	<b>-188,787</b>	<b>238,674</b>	<b>44,161</b>	<b>\$21.80</b>	<b>\$23.44</b>
<b>CBD - CLASS A TOTAL</b>	<b>6,840,381</b>	<b>326,424</b>	<b>1,428,988</b>	<b>1,755,412</b>	<b>25.7%</b>	<b>-12,637</b>	<b>-199,595</b>	<b>189,235</b>	<b>44,161</b>	<b>\$23.44</b>	<b>\$23.44</b>
<b>CBD - CLASS B TOTAL</b>	<b>4,234,885</b>	<b>0</b>	<b>837,190</b>	<b>837,190</b>	<b>19.8%</b>	<b>24,015</b>	<b>10,808</b>	<b>49,439</b>	<b>0</b>	<b>\$18.38</b>	<b>N/A</b>
Blue Ash	4,432,215	61,555	1,077,495	1,139,050	25.7%	21,972	71,938	109,387	0	\$21.45	\$24.31
Kenwood	1,425,516	32,406	166,645	199,051	14.0%	7,191	36,866	8,533	0	\$28.06	\$31.78
Mason/Montgomery	2,939,948	286,864	989,747	1,276,611	43.4%	983	-4,348	57,655	0	\$19.70	\$20.17
Midtown	4,023,724	98,656	912,868	1,011,524	25.1%	7,766	-36,148	54,816	0	\$20.46	\$28.31
Northern Kentucky	4,004,690	50,537	717,382	767,919	19.2%	-52,915	19,475	72,913	0	\$21.42	\$22.97
Tri-County/Sharonville	2,595,966	0	1,029,999	1,029,999	39.7%	-42,987	-62,600	5,085	0	\$16.54	\$20.03
West Chester	1,506,083	4,534	152,210	156,744	10.4%	-4,534	5,544	4,552	0	\$22.25	\$23.19
East	1,121,651	3,000	275,982	278,982	24.9%	17,800	15,336	23,910	0	\$13.79	\$19.85
West	436,929	0	42,713	42,713	9.8%	1,140	13,140	0	0	\$11.02	N/A
<b>SUBURBAN TOTAL</b>	<b>22,486,722</b>	<b>537,552</b>	<b>5,365,041</b>	<b>5,902,593</b>	<b>26.2%</b>	<b>-43,584</b>	<b>59,203</b>	<b>336,851</b>	<b>0</b>	<b>\$19.87</b>	<b>\$22.66</b>
<b>SUBURBAN - CLASS A TOTAL</b>	<b>13,804,545</b>	<b>419,498</b>	<b>3,297,406</b>	<b>3,716,904</b>	<b>26.9%</b>	<b>-42,087</b>	<b>80,599</b>	<b>232,775</b>	<b>0</b>	<b>\$22.66</b>	<b>\$22.66</b>
<b>SUBURBAN - CLASS B TOTAL</b>	<b>8,682,177</b>	<b>118,054</b>	<b>2,067,635</b>	<b>2,185,689</b>	<b>25.2%</b>	<b>-1,497</b>	<b>-21,396</b>	<b>104,076</b>	<b>0</b>	<b>\$16.32</b>	<b>N/A</b>
<b>CINCINNATI - CLASS A TOTAL</b>	<b>20,644,926</b>	<b>745,922</b>	<b>4,726,394</b>	<b>5,472,316</b>	<b>26.5%</b>	<b>-54,724</b>	<b>-118,996</b>	<b>422,010</b>	<b>44,161</b>	<b>\$22.98</b>	<b>\$22.98</b>
<b>CINCINNATI - CLASS B TOTAL</b>	<b>12,917,062</b>	<b>118,054</b>	<b>2,904,825</b>	<b>3,022,879</b>	<b>23.4%</b>	<b>22,518</b>	<b>-10,588</b>	<b>153,515</b>	<b>0</b>	<b>\$16.93</b>	<b>N/A</b>
<b>CINCINNATI TOTAL</b>	<b>33,561,988</b>	<b>863,976</b>	<b>7,631,219</b>	<b>8,495,195</b>	<b>25.3%</b>	<b>-32,206</b>	<b>-129,584</b>	<b>575,525</b>	<b>44,161</b>	<b>\$20.57</b>	<b>\$22.98</b>

\*Denotes new lease signed in a given year

\*\*Rental rates reflect full service gross asking

## KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
221 East Fourth Street	Central Business District	Kroger	82,789	Sublease
101 West Fifth Street	Central Business District	Paycor	44,161	New Lease
9987 Carver Road	Blue Ash	Sheakley Group	24,448	New Lease

## KEY SALE TRANSACTIONS Q2 2024

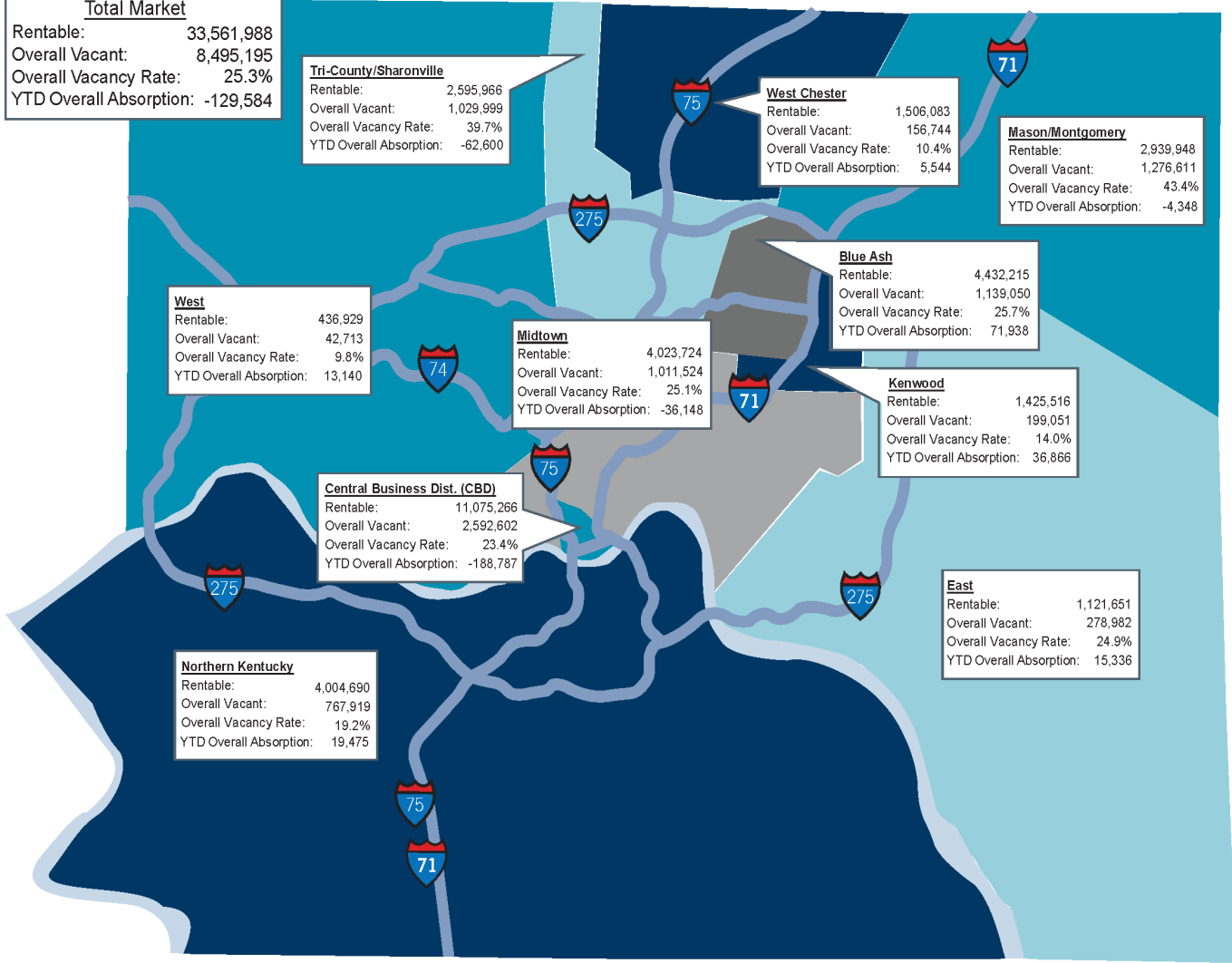
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
425 Walnut Street	Central Business District	US Bank NA / Crescent Investment Group	562,198	Undisclosed
101 Knightsbridge Drive	West	Vora Technology Park LLC / Miami University of Ohio	379,629	\$11.2M / \$29

OFFICE SUBMARKETS

**Second Quarter 2024**

**Total Market**

Rentable:	33,561,988
Overall Vacant:	8,495,195
Overall Vacancy Rate:	25.3%
YTD Overall Absorption:	-129,584



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