MARKETBEAT
CINCINNATI
OFFICE Q3 2024

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
26.0% Vacancy Rate	▲	▲
-206K Q3 Net Absorption, SF	▲	▲
$20.73 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
1.2M Cincinnati Employment	▲	▲
4.2% Cincinnati Unemployment Rate	▲	▲
4.1% U.S. Unemployment Rate	▲	▼

Source:BLS

ECONOMIC OVERVIEW

The unemployment rate in Greater Cincinnati increased on a year-over-year (YOY) basis to 4.2% as of Q2 2024. Local unemployment was on-par with the national rate of 4.1%. Among the highlights from the *CincinnatiUSA Regional Chamber's* 2024 State of the Region Report, was a regional population analysis. When compared to peer regions, 21.1% of Greater Cincinnati's population is part of the key Generation Z demographic (born between 1997-2012). This figure is proportionately higher than areas like Charlotte, Denver and Cleveland.

SUPPLY AND DEMAND

Following a year of little to no change, the overall office vacancy rate in Greater Cincinnati increased to 26.0% in Q3 2024. On a YOY basis, overall vacancy increased by 70 basis points (bps), due mainly to vacancy growth in a select number of Class A buildings in the Central Business District (CBD). Of the 8.7 million square feet (msf) vacant across the market, 876,000 square feet (sf) was available for sublease.

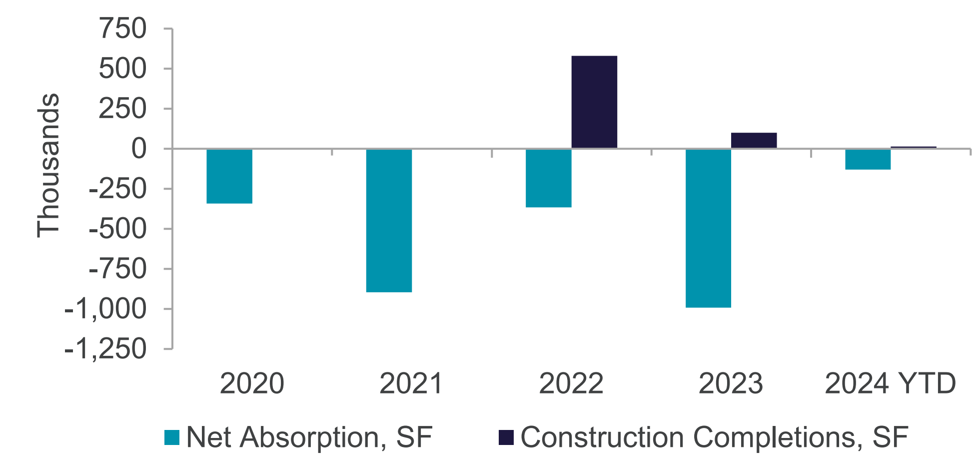
Overall net absorption has been negative in sixteen of the past nineteen quarters, including Q3 2024 (-206,000 sf). However, the level of negative absorption was less on a YOY basis (-206,000 sf versus -237,000 sf). In Q3 2024, a minimal number of new Midtown and CBD move-ins were offset by larger move-outs in the Blue Ash, Kenwood and Mason/Montgomery submarkets. One example was Kenwood Collection, a Class A complex along I-71, which had a new 32,000-sf vacancy created in Q3.

Apart from absorption, Q3 2024 leasing activity was 275,000 sf, which was among the lowest levels in the past three years. Leasing activity is an indicator of future quarterly net absorption.

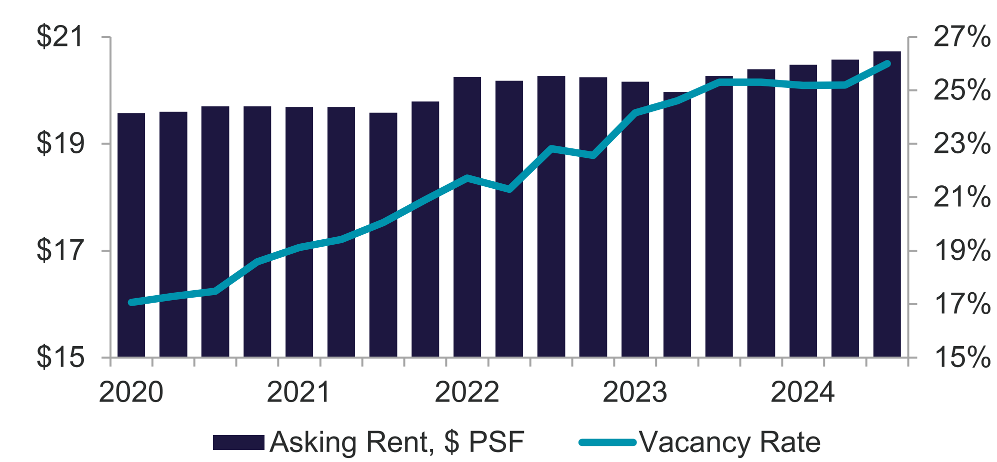
PRICING

Across all categories, overall gross average asking rental rates were $20.73 per square foot (psf) in Q3 2024, which was a 2.3% YOY increase. Class A asking rates increased similarly to $23.14 in Q3 2024.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT 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 BUS. DISTRICT TOTAL	10,923,943	311,093	2,328,467	24.2%	-2,836	-238,795	302,498	69,161	$21.95	$23.39
CBD – CLASS A	6,840,381	311,093	1,502,596	26.5%	-9,799	-257,872	226,417	69,161	$23.39	$23.39
CBD – CLASS B	4,083,562	0	825,871	20.2%	6,963	19,077	76,081	0	$18.61	N/A
Blue Ash	4,432,215	75,322	1,117,198	26.9%	-62,731	18,468	230,849	0	$21.57	$24.56
Kenwood	1,425,516	32,406	200,895	16.4%	-34,250	2,616	34,007	0	$29.43	$32.29
Mason/Montgomery	2,939,948	310,751	941,290	42.6%	-49,264	20,222	74,797	0	$19.59	$20.04
Midtown	4,023,724	98,656	944,361	25.9%	-25,198	-67,641	82,699	0	$20.06	$28.15
Northern Kentucky	4,004,690	38,675	739,312	19.4%	-10,068	9,407	113,068	0	$21.60	$23.21
Tri-County/Sharonville	2,595,966	0	1,026,293	39.5%	3,637	-58,894	7,666	0	$16.72	$20.13
West Chester	1,506,083	6,589	174,474	12.0%	-24,319	-18,775	10,078	0	$22.38	$23.23
East	1,121,651	3,000	271,221	24.4%	4,761	20,097	36,137	0	$13.38	$19.53
West	436,929	0	54,292	12.4%	-5,336	1,561	0	0	$11.11	N/A
SUBURBAN TOTAL	22,486,722	565,399	5,469,336	26.8%	-202,768	-72,939	589,301	0	$20.07	$22.97
SUBURBAN - CLASS A	13,804,545	441,152	3,289,809	27.0%	-87,749	66,542	397,249	0	$22.97	$22.97
SUBURBAN - CLASS B	8,682,177	124,247	2,179,527	26.5%	-115,019	-139,481	192,052	0	$16.38	N/A
CINCINNATI – CLASS A	20,644,926	752,245	4,792,405	26.9%	-97,548	-191,330	623,666	69,161	$23.14	$23.14
CINCINNATI – CLASS B	12,765,739	124,247	3,005,398	24.5%	-108,056	-120,404	268,133	0	$16.99	N/A
CINCINNATI TOTALS	**33,410,665**	**876,492**	**7,797,803**	**26.0%**	**-205,604**	**-311,734**	**891,799**	**69,161**	**$20.73**	**$23.14**

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS Q3 2024

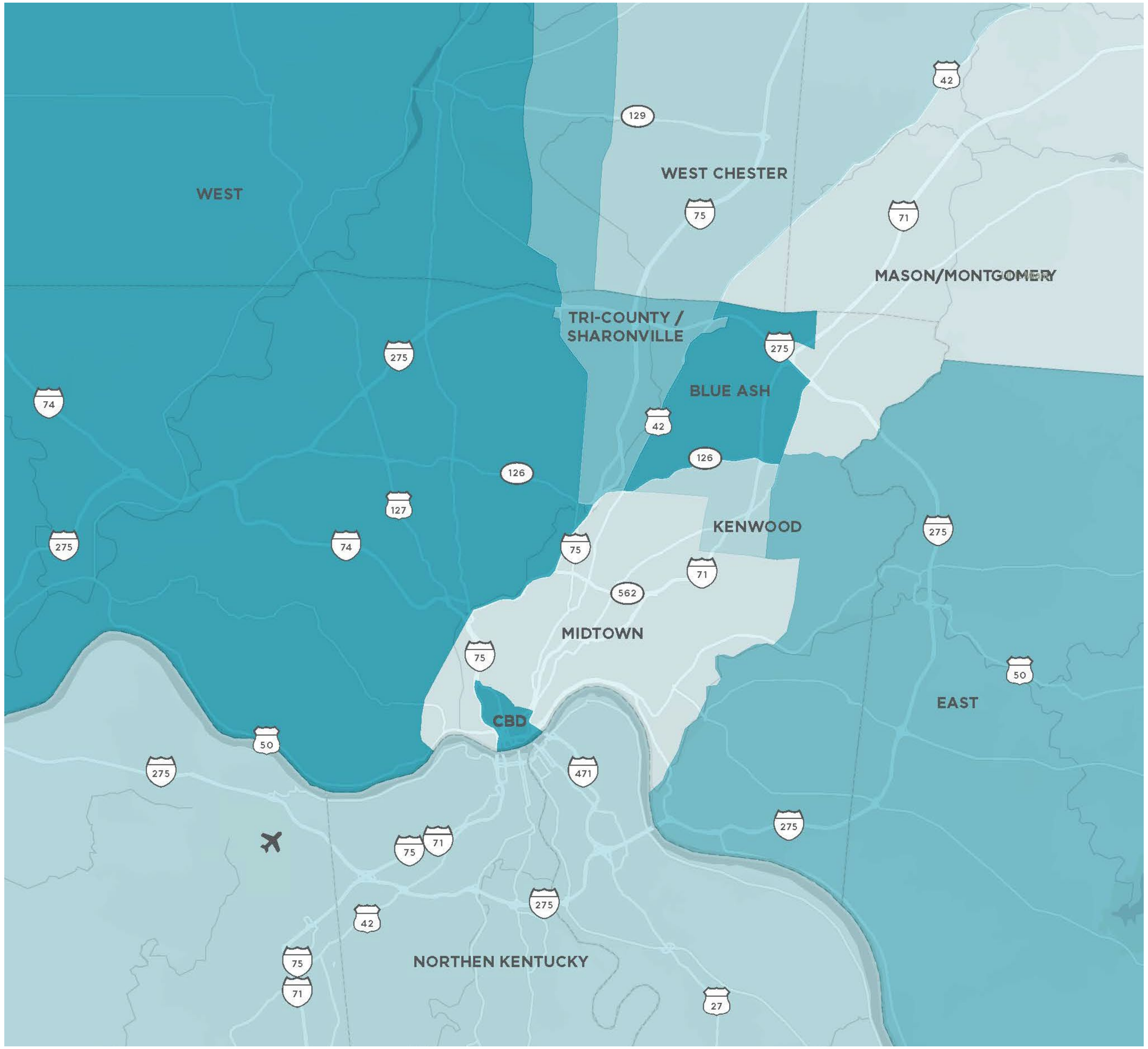
PROPERTY	SUBMARKET	TENANT	SF	TYPE
3600-3700 Park 42 Drive	Tri-County/Sharonville	LifeSafer	24,869	Renewal*
8610-8630 Jacquemin Drive	West Chester	NVR, Inc.	19,992	Renewal*
400 E-Business Way	Blue Ash	Campbell (Soup) Sales Company	16,598	New Lease
5303 Dupont Circle	East	Wipro Technologies	16,300	New Lease
5151 Pfeiffer Road	Blue Ash	Ahead	15,018	New Lease
5181 Natorp Boulevard	Mason/Montgomery	Dassault Systemes	11,949	Renewal*

**Renewals not included in leasing statistics*

KEY SALE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
3090 Exploration Avenue	Midtown	Terrex Development / Cincinnati Children's Hospital Medical Center	180,000	Undisclosed
9403 Kenwood Road	Blue Ash	Hills Properties / Lease Investment Group	54,000	$2.5M / $46
9395 Kenwood Road	Blue Ash	Hills Properties / Lease Investment Group	33,600	$2.5M / $74

OFFICE SUBMARKETS



SCOTT ABERNETHY, SIOR, CCIM
Senior Director
+1 513 763 3013
scott.abernethy@cushwake.com

JOE JANSZEN
Senior Director
+1 513 763 3011
joe.janszen@cushwake.com

DIGGER DALEY
Senior Director
+1 513 763 3028
digger.daley@cushwake.com

JARRETT HICKS
Research Manager
+1 513 322-3802
jarrett.hicks@cushwake.com

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