



Cincinnati Office Market

Positive Numbers Slowly Returning

The Cincinnati office market's statistics in the first quarter of 2022 continued to reflect the lack of space needed, but numbers started to improve from recent previous quarters. Class A absorption was -98,838 square feet for the first quarter of 2022, compared to -24,348 square feet for Class B buildings.

The Central Business District Class A submarket posted the biggest gains in absorption at 38,325 square feet. This is up 92,354 square feet from the fourth quarter of 2021. The biggest loss in absorption for Class A buildings was posted by the Blue Ash/Montgomery submarket at -149,567 square feet. This is nearly the same as the -177,011 square feet absorbed in the fourth of 2021.

The overall availability rate was 22.2%, down from 22.5% at the end of the fourth quarter of 2021. The vacancy rate decreased slightly from 20.0% to 19.5% this past quarter; however, the average asking rent remained relatively flat, going from \$19.37/SF to \$19.36/SF.

The Blue Ash/Montgomery submarket's availability rate for Class A space dropped from 28.4% to 17.7%. Its vacancy rate went from 24.3% down to 17.0%. This is a good indication for the submarket, as well as overall growth returning.

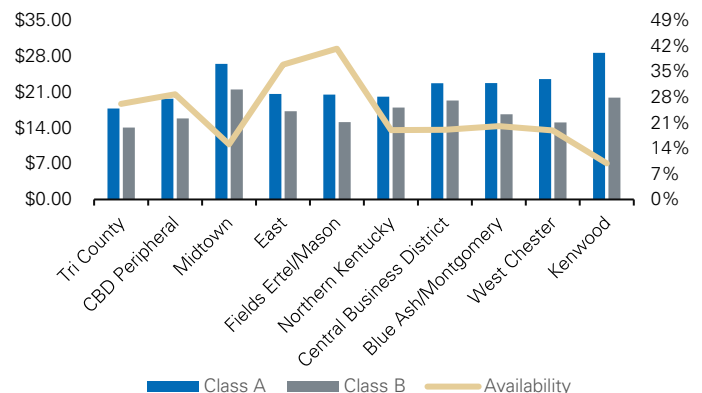
Despite ongoing economic uncertainty, the Cincinnati office market continued to show positive signs for growth as lease rates, absorption, and vacancy looked up. Absorption was up year-over-year with many large leases still being completed. New projects like the Foundry are going to help grow demand for Class A space. Companies continue to evaluate their footprints as companies figure out what the future of the workspace will look like.

Current Conditions

- Overall absorption is up to -123,186 square feet.
- Blue Ash/Montgomery Class A buildings had the most negative absorption out of any submarket, with -149,567 square feet for the quarter.
- Average asking rents nearly stayed the same, decreasing from \$19.37/SF to \$19.36/SF.
- The overall vacancy rate decreased from 20.0% to 19.5%.

Market Analysis

ASKING RENT AND AVAILABILITY



Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	36.6M	36.6M	36.5M	↑
Availability Rate	22.2%	22.5%	18.6%	↓
Vacancy Rate	19.5%	20.0%	17.3%	↑
Average Asking Rent/SF	\$19.36	\$19.37	\$19.35	↑
Quarterly Net Absorption	(123,186)	(249,182)	52,312	↑

RESEARCH Q1 2022

Lease Activity

There were a couple of noteworthy leases that stood out this past quarter. Wood Herron & Evans, a property law firm founded in 1868, moved its headquarters out of the Carew Tower in Cincinnati's Central Business District. The company downsized from 35,000 square feet to 24,400 square feet in the Center at 600 Vine, also located in the CBD. This lease was signed for 12.5 years. The other notable lease was at 1280 Kemper Meadow Dr., located in the Tri-County submarket. Hillman Group leased this entire building which measures 42,836 square feet.

Sale Activity

There were only a couple notable sales that took place during the first quarter of 2022. IMC Real Estate purchased Executive Plaza III as an investment sale from Parkstone Capital Partners. The 89,327-square-foot building located at 135 Merchant St. in the Tri-County submarket sold for \$7.4- million, or \$82.84/SF. The other transaction was also an investment sale located on 3960 Red Bank Rd. This 39,434-square-foot building sold for \$4.8- million, or \$121.72/SF, to OrbVest Ltd.

Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Hillman Group	1280 Kemper Meadow Dr	Tri-County	Direct Lease	42,836
Wood Herron & Evans	600 Vine St.	CBD	Direct Lease	24,400

Sale Transactions

Buyer	Building	Submarket	Price	Square Feet
IMC Real Estate	135 Merchant St	Tri-County	\$7,400,000	89,327
OrbVest Ltd.	3960 Red Bank Rd.	East	\$4,800,000	39,434

RESEARCH Q1 2022

Class A Submarket Statistics							
Submarket	Total Inventory (SF)	Availability Rate / Vacancy Rate	Total Available (SF)	Sublease Available (SF)	Asking Rent (SF)	Net Absorption	YTD Absorption
Blue Ash/Montgomery	2,913,092	17.7% / 17.0%	516,120	37,638	\$22.77	(149,567)	(149,567)
CBD	6,970,746	16.8% / 15.6%	1,174,448	81,217	\$22.75	38,325	38,325
CBD Peripheral	849,963	36.2% / 36.6%	307,328	0	\$19.71	0	0
East	332,087	11.2% / 5.2%	37,255	3,087	\$20.64	19,760	19,760
Fields Ertel/ Mason	1,743,593	48.8% / 33.1%	850,685	398,188	\$20.51	(11,654)	(11,654)
Kenwood	996,623	6.4% / 3.6%	63,420	11,549	\$28.67	0	0
Midtown	1,943,198	17.2% / 16.6%	334,059	200,086	\$26.51	(26,313)	(26,313)
Northern Kentucky	3,007,065	21.8% / 20.2%	654,795	106,423	\$20.11	5,985	5,985
Tri County	1,001,572	21.7% / 14.2%	217,729	11,911	\$17.80	0	0
West Chester	1,409,498	18.6% / 18.9%	262,075	9,188	\$23.55	24,626	24,626
Class A Total	21,167,437	20.9% / 18.2%	4,417,914	859,287	\$21.85	(98,838)	(98,838)

Class B Submarket Statistics							
Submarket	Total Inventory (SF)	Availability Rate / Vacancy Rate	Total Available (SF)	Sublease Available (SF)	Asking Rent (SF)	Net Absorption	YTD Absorption
Blue Ash/Montgomery	2,588,749	22.8% / 21.1%	553,989	4,307	\$16.67	(1,356)	(1,356)
CBD	4,474,701	22.6% / 21.5%	991,167	29,058	\$19.36	(20,064)	(20,064)
CBD Peripheral	1,091,806	23.1% / 24.2%	252,081	0	\$15.87	(923)	(923)
East	1,036,020	45.1% / 37.6%	467,046	0	\$17.26	(12,434)	(12,434)
Fields Ertel/ Mason	952,080	27.5% / 21.6%	261,544	2,768	\$15.14	(100)	(100)
Kenwood	383,803	19.0% / 16.3%	72,999	3,856	\$19.94	2,366	2,366
Midtown	538,259	7.6% / 7.6%	40,706	0	\$21.51	(8,895)	(8,895)
Northern Kentucky	1,438,310	13.2% / 13.2%	190,226	0	\$17.99	5,526	5,526
Tri County	2,706,741	27.8% / 21.0%	685,330	24,028	\$14.06	11,532	11,532
West Chester	197,409	20.8% / 20.8%	41,092	0	\$15.06	0	0
Class B Total	15,437,914	23.9% / 21.2%	3,568,668	64,017	\$16.98	(24,348)	(24,348)
Grand Total	36,605,351	22.2% / 19.5%	7,986,582	923,304	\$19.36	(123,186)	(123,186)

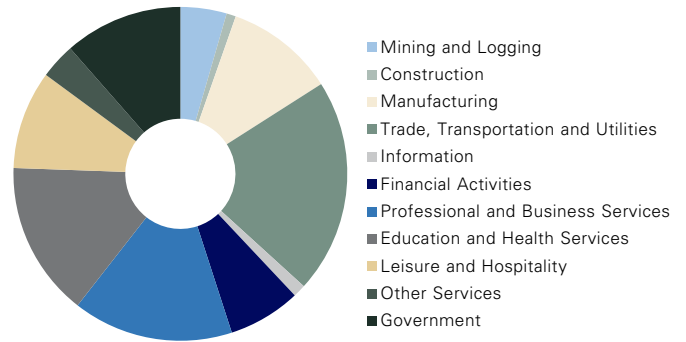
Economic Conditions

The Cincinnati Metro’s economic conditions have continued to recover, along with the rest of the country. The rate of change in employment continues to be positive after being negative since March 2020. The largest gains were made in leisure and hospitality, as well as the other service industry classifications, as businesses rush to reopen and provide food, lodging and entertainment-related services to the travel industry.

The Consumer Price Index has begun to reflect the influx of cash into the economy, as prices start to increase rapidly, due to overwhelming demand and continued issues with the supply chain.

Employment by Industry

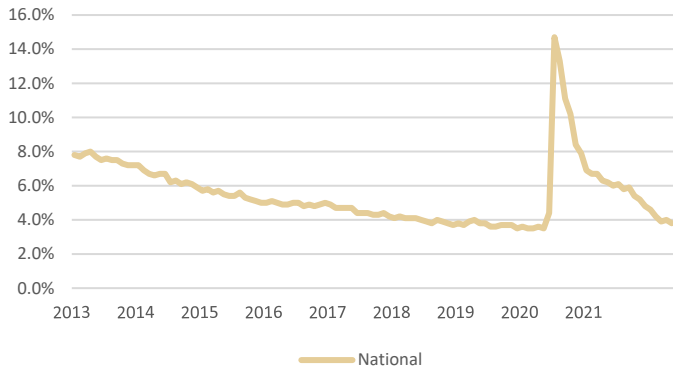
CINCINNATI – JANUARY 2022



U.S. Bureau of Labor Statistics

Unemployment Rate

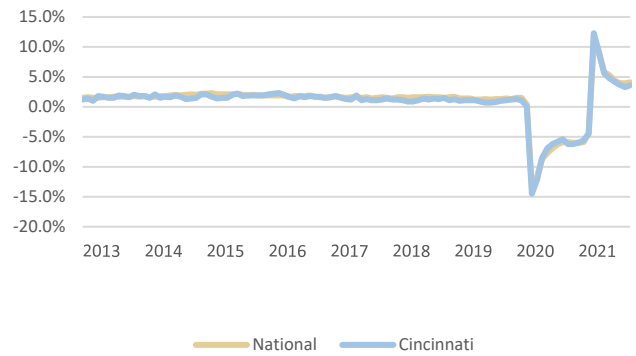
NOT SEASONALLY ADJUSTED



*U.S. Bureau of Labor Statistics

Payroll Employment

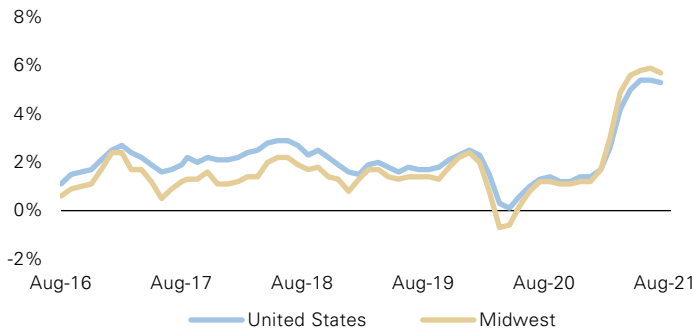
TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



U.S. Bureau of Labor Statistics

Consumer Price Index (CPI)

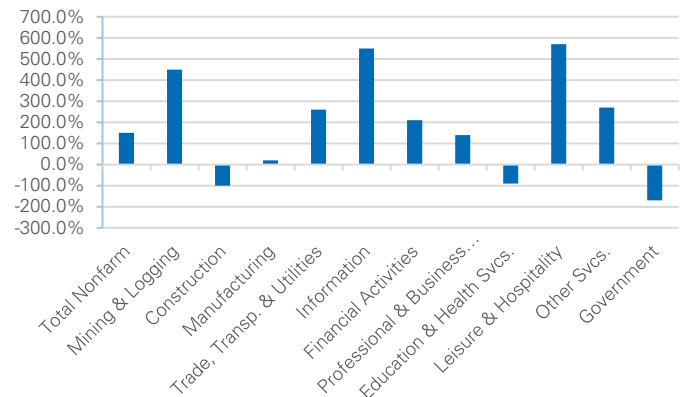
ALL ITEMS, 12-MONTH % CHANGE, NOT SEASONALLY ADJUSTED



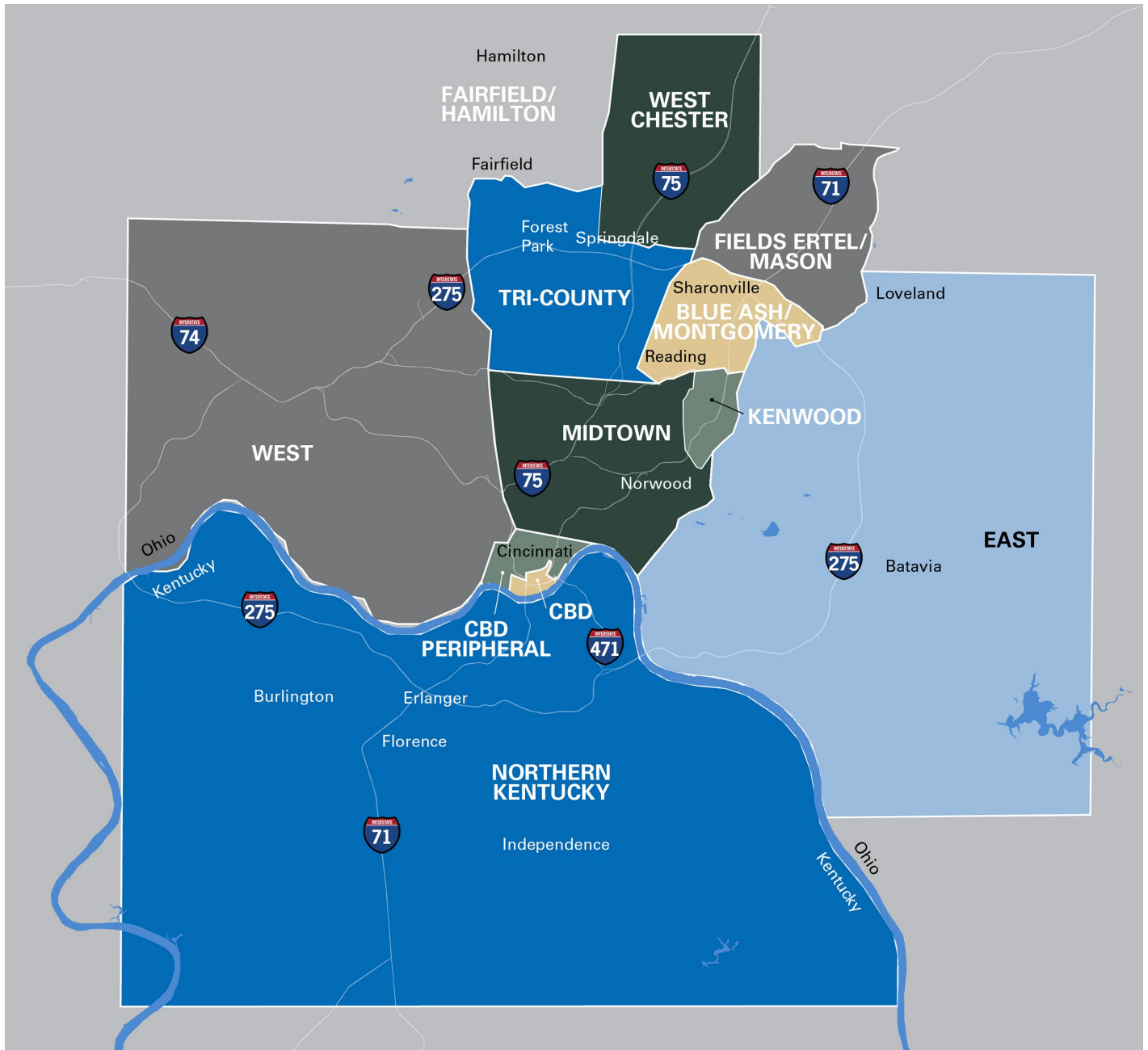
Source: Source: U.S. Bureau of Labor Statistics

Employment Growth By Industry

CINCINNATI, JANUARY 2022, 12-MONTH % CHANGE NOT SEASONALLY ADJUSTED



U.S. Bureau of Labor Statistics



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Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at ngkf.com/research.

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