



Cincinnati Office Market

Lack of Need for Space

Cincinnati’s statistics in the fourth quarter of 2021 reflect the lack of space needed, due to the pandemic. Class A absorption was negative 466,795 square feet for the fourth quarter of 2021, compared to 41,918 square feet in the Class B buildings. Year to date, Class A is negative 335,341 square feet of absorption, while Class B buildings posted negative 149,990 square-feet.

The Blue Ash/Montgomery Class B submarket posted the biggest gains in absorption at 60,042 square feet. The biggest loss in absorption in the Class A buildings was posted by the CBD submarket at negative 130,679 square feet. This is due to the GE sublease space in Downtown Cincinnati at The Banks Entertainment District.

The overall availability rate is 22.5%, down from 22.7% at the end of the third quarter of 2021. The vacancy rate increased from 19.8% to 20.0% this quarter. Average asking rent has increased from \$19.30/SF to \$19.37/SF.

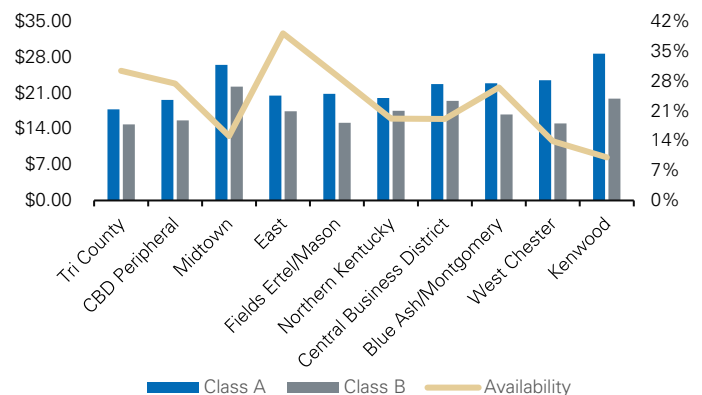
There were a few interesting leases that stood out this quarter. The Foundry redevelopment just got its newest tenant, Divisions Maintenance Group will be leasing 83,000 at the former Macy’s on Fountain Square. They are one of the region’s largest and fastest-growing companies formerly located in Newport, Kentucky. Cohatch has also signed a long-term lease for the entire 20,000-square-foot Leader Building at 130 W. Elder St., located in Over-the-Rhine. The Columbus-based coworking company will open its location in Cincinnati with 31 private offices and more than 100 co-working seats. Protiviti, a global consulting firm, has leased 47,000-square-feet on Alliance Rd. in the Northmark I building in the Blue Ash/Montgomery submarket. The firm expects to create 450 jobs in this location over the next four to five years.

Current Conditions

- Overall absorption is negative 466,795 square feet
- Blue Ash/Montgomery Class A buildings had the greatest negative absorption out of any submarket with 177,011 square feet for the quarter
- Average asking rents increased \$0.07/SF, from \$19.30/SF to \$19.37/SF
- The overall vacancy rate climbed from 19.8% to 20.5%

Market Analysis

ASKING RENT AND AVAILABILITY



Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	36.6M	36.9M	36.5M	↑
Availability Rate	22.5%	22.7%	18.6%	↓
Vacancy Rate	20.0%	19.8%	17.3%	↑
Average Asking Rent/SF	\$19.37	\$19.30	\$19.35	↑
Quarterly Net Absorption	(249,182)	(22,010)	52,312	↓

RESEARCH Q4 2021

Lease Activity

Leasing activity was relatively light in the fourth quarter of 2021. Three leases stood out. Divisions Maintenance Group leased 83,000-square-feet at the new Foundry building that is under construction in the CBD submarket. Protiviti leased 47,000-square-feet on Alliance Rd. in the Northmark I building in the Blue Ash/Montgomery submarket. Cohatch leased 20,000-square-feet at 130 W. Elder St. in the CBD Peripheral submarket.

Sale Activity

There were several notable sales that took place during the fourth quarter of 2021. BDP Holdings LLC purchased the Hawthorne Center building, at 135,413-square-feet in the Blue/Ash Montgomery submarket for \$26.5 million. IMC Kenwood bought the 72,431-square-feet One Kenwood Place building in the Blue Ash/Montgomery submarket for \$6.25 million. Las Capital bought the 23,064-square-foot building at 6951 Cintas Blvd. in the Fields Ertel/Mason Submarket for \$2.3 million. Basis Norwood Office purchased the 64,322-square-foot office building at 4411 Montgomery Rd. in the Midtown submarket for \$2.0 million.

Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Divisions Maintenance Group	Foundry	CBD	New	83,000
Protiviti	Northmark I	Blue Ash/Montgomery	New	47,000
Cohatch	130 W. Elder St.	CBD Peripheral	New	20,000

Sale Transactions

Buyer	Building	Submarket	Price	Square Feet
BDP Holdings	Hawthorne Center	Blue Ash/Montgomery	\$26,500,000	135,413
IMC Kenwood	One Kenwood Place	Blue Ash/Montgomery	\$6,250,000	72,431
Las Capital	6951 Cintas Blvd.	Fields Ertel/Mason	\$2,300,000	23,064
Basis Norwood Office	4411 Montgomery Rd.	Midtown	\$2,000,000	64,322

RESEARCH Q4 2021

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	2,870,256	28.4% / 24.3%	814,098	45,694	\$22.90	(177,011)	(214,289)
CBD	6,970,746	16.5% / 17.2%	1,148,116	81,217	\$22.75	(130,679)	(142,266)
CBD Peripheral	849,963	32.5% / 32.5%	275,885	0	\$19.64	0	139,462
East	332,087	21.8% / 11.1%	72,392	11,063	\$20.50	1,480	(21,166)
Fields Ertel/ Mason	1,743,593	28.5% / 26.5%	496,797	171,830	\$20.85	8,550	62,548
Kenwood	996,623	6.6% / 3.6%	65,886	11,549	\$28.68	0	2,525
Midtown	1,943,198	17.6% / 14.9%	341,170	201,810	\$26.49	(76,144)	(131,056)
Northern Kentucky	3,007,065	23.3% / 23.0%	700,983	101,961	\$20.03	(78,820)	(39,075)
Tri County	1,001,572	21.7% / 14.2%	217,729	11,911	\$17.80	0	(11,911)
West Chester	1,404,626	12.9% / 16.9%	181,116	9,188	\$23.50	(14,171)	19,887
Class A Total	21,119,729	20.5% / 18.4%	4,319,057	646,223	\$21.94	(466,795)	(335,341)

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	24.2% / 20.9%	626,190	4,307	\$16.81	60,042	19,567
CBD	4,474,701	23.2% / 21.0%	1,037,373	29,558	\$19.47	(15,805)	(116,899)
CBD Peripheral	1,091,806	23.4% / 23.0%	255,465	0	\$15.65	12,739	1,558
East	1,036,020	44.8% / 36.6%	464,023	0	\$17.42	(850)	13,904
Fields Ertel/ Mason	952,080	30.8% / 20.1%	293,564	25,877	\$15.19	5,592	(16,173)
Kenwood	383,803	19.2% / 16.9%	73,769	3,856	\$19.91	(5,117)	(25,971)
Midtown	538,259	6.3% / 5.9%	33,985	2,164	\$22.25	15,880	3,664
Northern Kentucky	1,438,310	10.7% / 10.9%	154,079	0	\$17.52	13,918	(32,460)
Tri County	2,797,497	33.5% / 29.8%	938,465	24,028	\$14.87	(44,481)	(16,406)
West Chester	197,409	20.8% / 20.8%	41,092	0	\$15.06	0	19,226
Class B Total	15,528,670	25.3% / 22.1%	3,930,493	89,790	\$17.06	41,918	(149,990)
Grand Total	36,648,399	22.5% / 20.5%	8,244,655	736,013	\$19.37	(424,877)	(485,331)

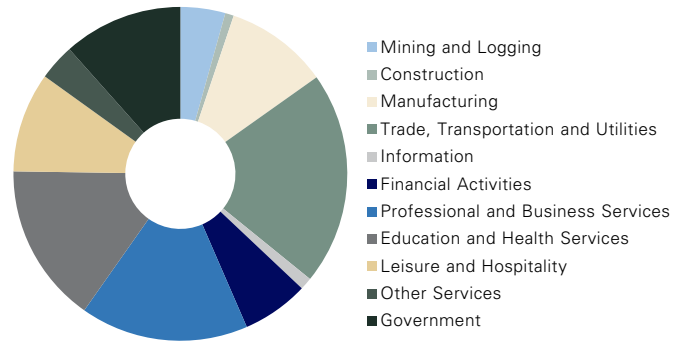
Economic Conditions

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 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, with overwhelming demand and continued issues with the supply chain continuing.

Employment by Industry

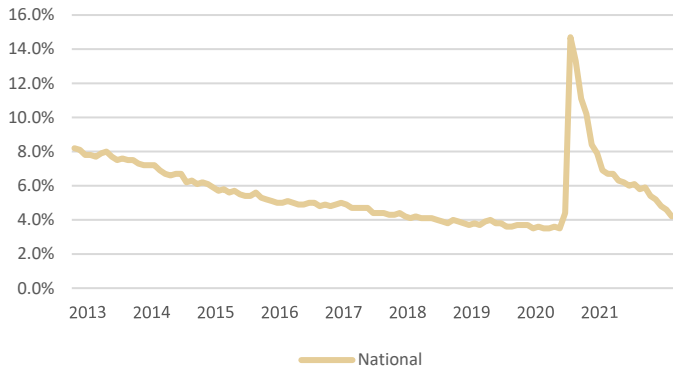
CINCINNATI – NOVEMBER 2021



U.S. Bureau of Labor Statistics

Unemployment Rate

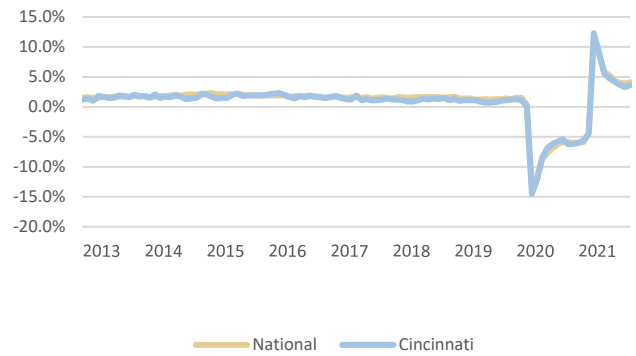
NOT SEASONALLY ADJUSTED



*U.S. Bureau of Labor Statistics

Payroll Employment

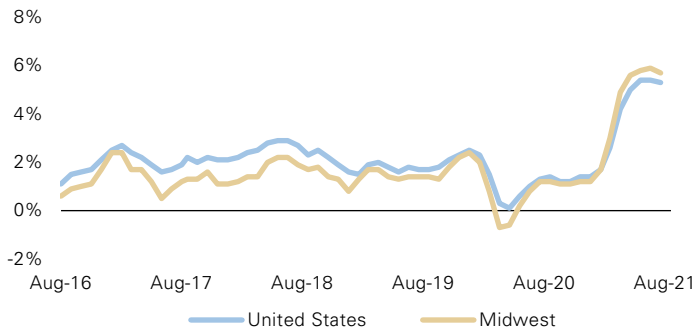
TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



U.S. Bureau of Labor Statistics

Consumer Price Index (CPI)

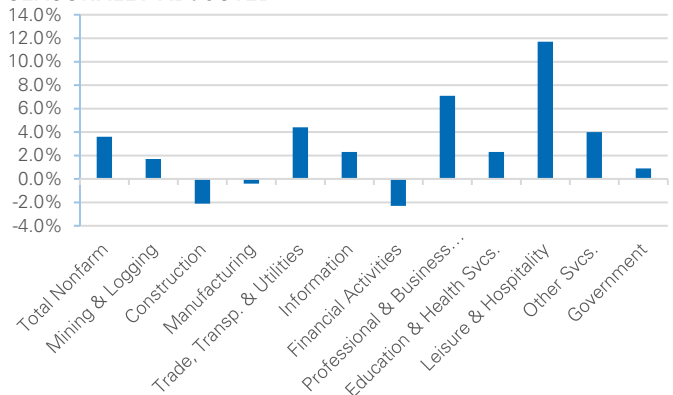
ALL ITEMS, 12-MONTH % CHANGE, NOT SEASONALLY ADJUSTED



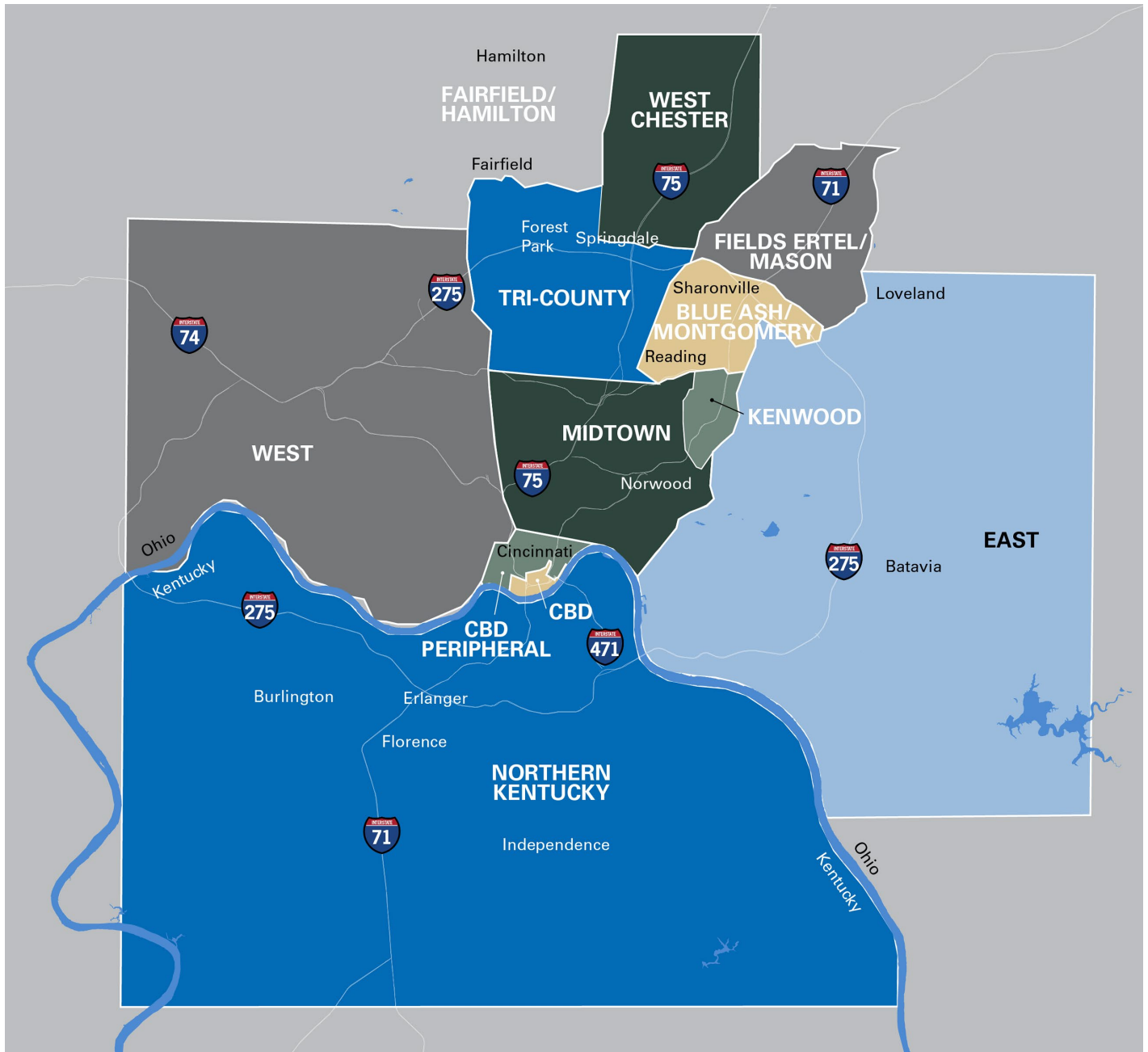
Source: Source: U.S. Bureau of Labor Statistics

Employment Growth By Industry

CINCINNATI, NOVEMBER 2021, 12-MONTH % CHANGE NOT SEASONALLY ADJUSTED



U.S. Bureau of Labor Statistics



For more information:

New York Headquarters

125 Park Ave.
New York, NY 10017
t 212-372-2000

Cincinnati

One East Fourth St., Suite 500
Cincinnati, OH 45202
t 513-241-2300

Connor Dougherty

Research Analyst
connor.dougherty@nrmk.com

nrmk.com

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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