Absorption Turns Negative, However Class A Activity Remains Stable

▲ 21.4%
Vacancy Rate

▼ (290,134)
SF Net Absorption

▲ 65,000
SF Construction Delivered

▼ 0
SF Under Construction

▲ $20.54
FSG/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

MARKET OVERVIEW

Net absorption in the Cincinnati office market declined this quarter to negative 290,134 square feet (sq. ft.) after sizeable availabilities at The US Bank Tower.

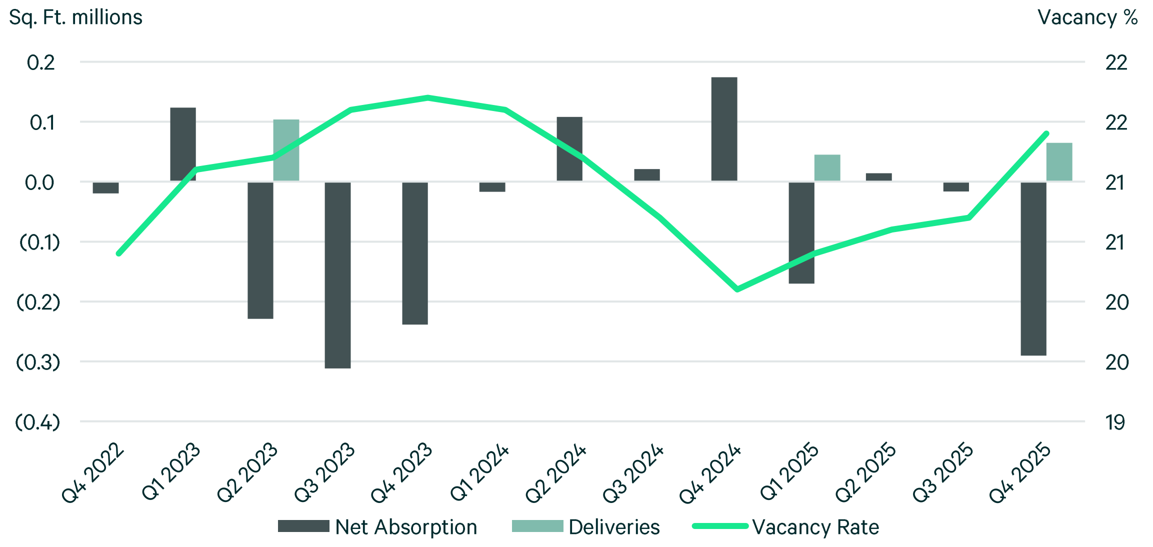
3CDC completed office renovations on the former Saks department store downtown, adding an additional 65,000 sq. ft. to inventory.

The Cincinnati office market leasing activity totaled 296,077 sq. ft. in the fourth quarter, down 45.1% quarter-over-quarter.

Average asking rent was $20.54 per sq. ft. at the close of Q4 2025, up $0.05 per sq. ft. quarter-over-quarter and $0.25 per sq. ft. year-over-year.

In Q4 2025 the overall office vacancy rate recorded a slight increase of 80 basis points (bps) quarter-over-quarter to 21.4%.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy

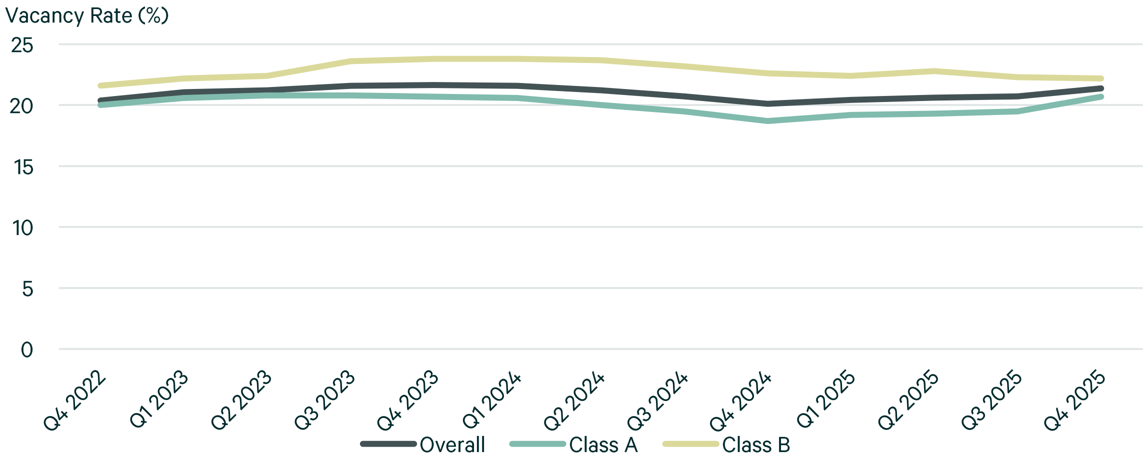


Source: CBRE Research, Q4 2025

Vacancy

In Q4 2025 the overall office vacancy rate recorded a slight increase of 80 bps quarter-over-quarter to 21.4%. Suburban submarkets maintained a lower vacancy than that of the downtown sector at 19.9%, up 10 bps quarter-over-quarter. The West Chester submarket recorded the lowest vacancy at 6.8%, followed by Central at 11.6% and Kenwood at 12.1%. Of the suburban submarket, Blue Ash reported the largest decrease going from 18.6% in the previous quarter to 17.3% in Q4. The CBD submarket reported the greatest change this quarter increasing 180 bps quarter-over-quarter, driven by large vacancies at US Bank Tower.

FIGURE 2: Vacancy Rates by Class



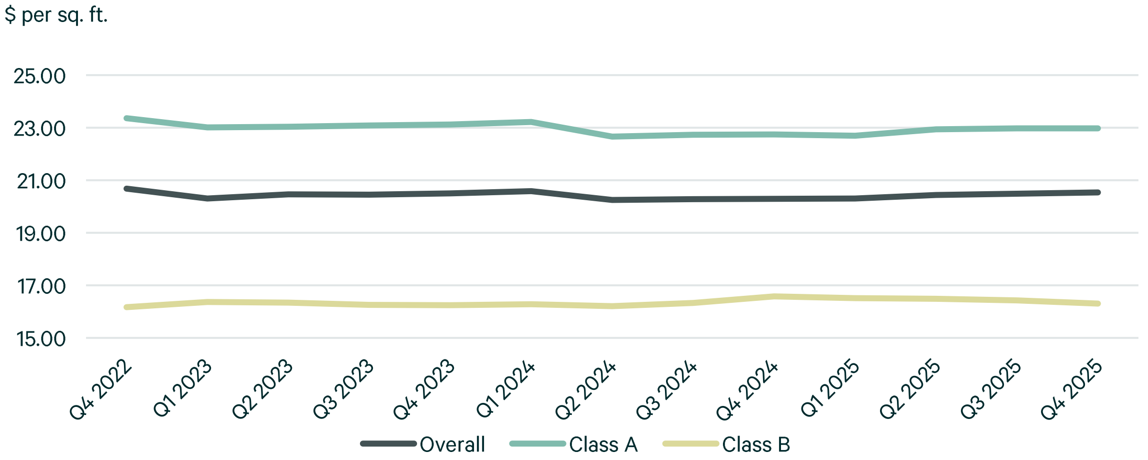
Source: CBRE Research, Q4 2025

Asking Rent

The Cincinnati Office average asking rent was $20.54 per sq. ft. at the close of Q4 2025, up $0.05 per sq. ft. quarter-over-quarter and $0.25 per sq. ft. year-over-year. Class A assets maintained higher rents across the market at $22.98 per sq. ft, with downtown Class A at $23.56 per sq. ft. and suburban Class A at $22.56 per sq. ft.

The Kenwood submarket continued to hold the highest asking rate at $28.91 per sq. ft. followed by West Chester and CBD at $24.01 per sq. ft. and $22.64 per sq. ft. respectively.

FIGURE 3: Avg. Direct Asking Rate (FSG/YR) by Class



Source: CBRE Research, Q4 2025

Net Absorption

Net absorption in the Cincinnati office market declined this quarter to negative 290,134 sq. ft. after sizeable availabilities at US Bank Tower in the CBD. In Q4, 289,283 sq. ft. were listed as available at 425 Walnut Street due to US Bank downsizing by 178,769 sq. ft. and Taft moving out of their 110,514 sq. ft. space for 79,200 sq. ft. at Great American Tower. Despite this activity, the market experienced significant positive movement including Matthews International Corporation's 26,687 sq. ft. new lease at 10200 Alliance Road in the Blue Ash submarket, Barnes Dennig's 14,402 sq. ft. new lease at 312 Elm Street in the CBD submarket, and Marsh & McLennan Agency's new lease of 11,118 sq. ft. at 11500 Northlake Drive in the Fields Ertel/Mason submarket.

When isolated to exclude absorption from US Bank Tower, Class A assets recorded 96.5% increase in absorption quarter-over-quarter. Downtown Class A buildings benefit the most from this isolation, reporting 54,492 sq. ft. positive absorption.

FIGURE 4: Net Absorption Trend

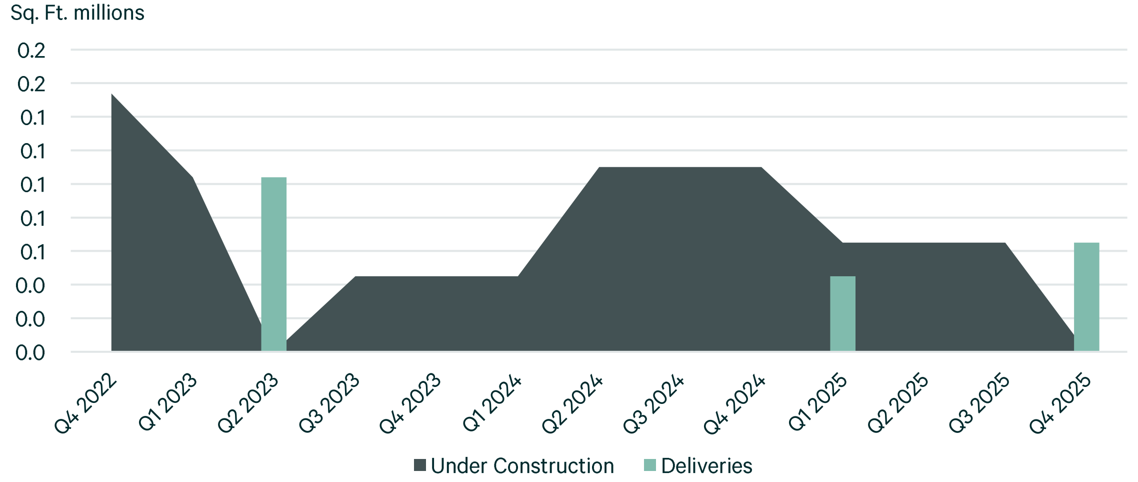
Source: CBRE Research, Q4 2025

Construction Activity

3CDC completed the remaining office project in the pipeline adding an additional 65,000 sq. ft. to inventory. The former Saks department store began its $30 million office renovations in Q4 2024. Paycor will occupy 40,000 sq. ft. on the second floor in Q1 2026 as they relocate their headquarters from Norwood to CBD.

With the completion of this major project, office construction came to a halt signaling that supply likely reached its peak while construction and financing costs remain elevated. As occupiers continue to seek high-quality spaces, it is expected that any future projects keep capital focused on repositioning existing assets rather than new ground-up construction.

FIGURE 5: Construction Activity



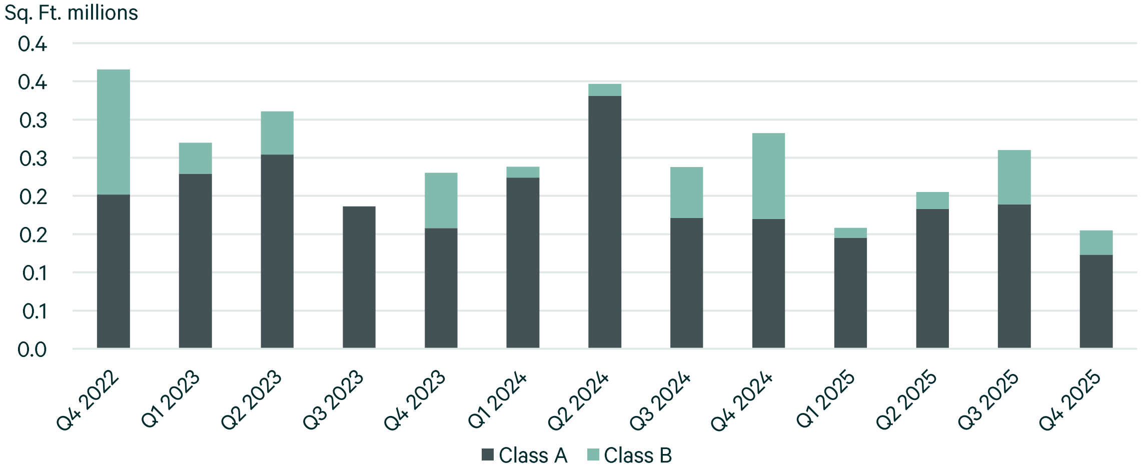
Source: CBRE Research, Q4 2025

Leasing Activity

The Cincinnati office market leasing activity totaled 296,077 sq. Ft. in the fourth quarter, down 45.1% quarter-over-quarter. The CBD submarket continued to record the strongest demand across the market, accounting for 40.8% of all sq. ft. leased including Hamilton County Commissioners' 21,279 sq. ft. renewal at 125 E Court Street and Bahl & Gaynor's 20,113 sq. ft. renewal at 255E 5th Street. BSI Engineering drove activity in the Fields Ertel/Mason submarket with the quarter's largest sublease for 32,597 sq. ft. at 5195 Natorp Boulevard.

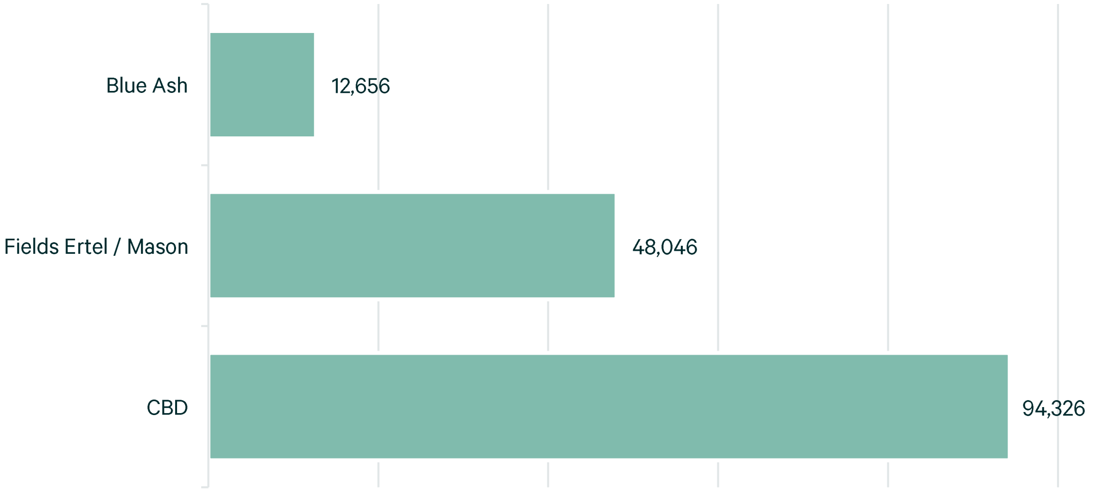
While new leases and renewals continued to drive market activity, making up 57.4% and 31.5% of leases respectively, expansions have maintained consistent activity throughout the year. In Q4, expansions made up 7.4% of leases, up 290 bps quarter-over-quarter and 260 bps year-over-year.

FIGURE 6: Leasing Activity Trend – 10,000 sq. ft. and up



Source: CBRE Research, Q4 2025

FIGURE 6: Leasing by Submarket – 10,000 sq. ft. and up



Source: CBRE Research, Q4 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
BSI Engineering	32,597	Sublease	5191 Natorp Blvd	Fields Ertel / Mason
Hamilton County Commissioners	21,279	Renewal	125 E Court St	CBD
Bahl & Gaynor	20,113	Renewal	255 E 5th St	CBD
CBRE	16,933	Renewal	201 E 5th St	CBD
D.R. Horton Indiana	15,449	Expansion	4705 Duke Dr	Fields Ertel / Mason
Barnes, Dennig	14,402	New Lease	312 Elm St	CBD
Midmark	12,656	New Lease	9987 Carver Rd	Blue Ash
Coca-Cola North America	10,816	Renewal	600 Vine St	CBD
Better Business Bureau	10,783	Renewal	1 E 4th St	CBD
Reminger Co., LPA	8,400	Renewal	250 Grandview Dr	Northern Kentucky

Source: CBRE Research, Q4 2025

Market Statistics by Index

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
SUBURBAN										
Class A	15,257,367	17.7	25.3	22.2	3.0	22.56	(56,980)	(113,004)	0	0
Class B	8,590,301	22.8	25.2	24.5	0.7	15.55	(6,667)	85,791	0	0
Class C	1,503,120	26.5	26.8	26.8	0.0	14.96	6,740	13,708	0	0
Total	**25,350,788**	**19.9**	**25.3**	**23.3**	**2.1**	**19.45**	**(56,907)**	**(13,505)**	**0**	**0**

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
DOWNTOWN										
Class A	7,482,643	26.8	32.2	28.3	3.9	23.56	(234,896)	(479,549)	65,000	0
Class B	2,175,715	20.1	21.1	21.1	0.0	19.38	(1,651)	35,867	0	0
Class C	265,067	15.7	19.3	19.3	0.0	14.20	3,320	(5,570)	0	0
Total	**9,923,425**	**25.1**	**29.4**	**26.4**	**3.0**	**22.64**	**(233,227)**	**(449,252)**	**65,000**	**0**

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
METRO										
Class A	22,740,010	20.7	27.5	24.2	3.3	22.98	(291,876)	(592,553)	65,000	0
Class B	10,766,016	22.2	24.4	23.8	0.6	16.30	(8,318)	121,658	0	0
Class C	1,768,187	24.9	25.6	25.6	0.0	14.86	10,060	8,138	0	0
Total	**35,274,213**	**21.4**	**26.5**	**24.2**	**2.3**	**20.54**	**(290,134)**	**(462,757)**	**65,000**	**0**

Market Statistics by Submarket

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Blue Ash	4,714,867	17.3	21.2	20.5	0.7	20.07	16,132	54,595	0	0
CBD	9,923,425	25.1	29.4	26.4	3.0	22.64	(233,227)	(449,252)	65,000	0
CBD Peripheral	1,804,612	31.5	33.6	33.6	0.0	20.14	(12,830)	(8,083)	0	0
Central	2,924,147	11.6	14.8	14.8	0.0	21.53	7,396	2,930	0	0
East	1,375,344	20.0	23.1	20.7	2.4	14.58	(5,945)	11,383	0	0
Fields Ertel / Mason	3,632,331	17.7	33.9	25.2	8.7	19.2	25,480	(4,180)	0	0
Kenwood Submarket	1,486,064	12.1	17.2	16.0	1.2	28.91	(32,520)	(23,678)	0	0
Northern Kentucky	4,351,567	19.2	23.7	22.6	1.1	20.75	(554)	(23,033)	0	0
Tri-County	3,551,153	36.4	39.3	38.1	1.2	16.46	(58,540)	(15,052)	0	0
West Chester	1,510,703	6.8	10.2	8.0	2.2	24.01	4,474	(8,387)	0	0
Total	**35,274,213**	**21.4**	**26.5**	**24.2**	**2.3**	**20.54**	**(290,134)**	**(462,757)**	**65,000**	**0**

Economic Overview

The U.S. economy is sending some mixed signals. Financial markets are focused on the upside, particularly AI's sizable contribution to growth in recent quarters. Some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping to usher real estate into a new cycle.

The picture gets more melancholy when looking at households. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households. This mosaic of data suggests that annual average GDP growth will be steady in 2026, at 2%, but a touch softer than in 2025. A key catalyst is a softer labor market, as companies are 'slow to hire, slow to fire'—a trend that is likely to last a few quarters. A consequence of this outlook is softer inflation and long-term bond yields trending just below 4% by H2 2026.

Cincinnati, OH Employment Update

▼ **4.1%** Unemployment Rate

▼ **1.2M** Labor Force

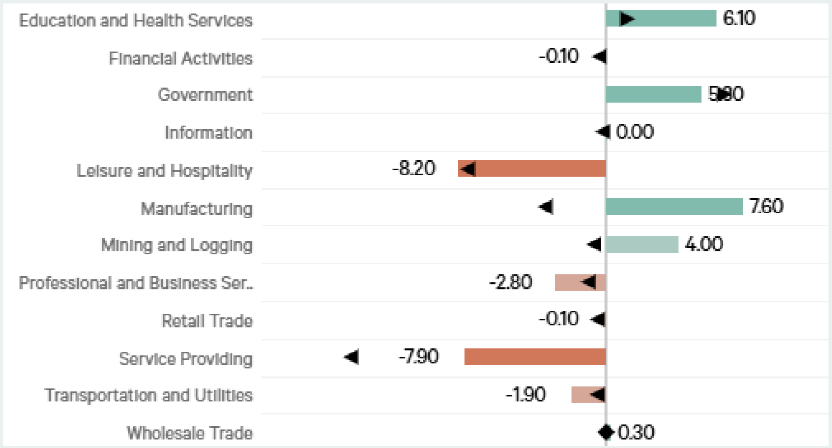
▼ **269.8K** Office Using Jobs

▼ **346.6K** Industrial Using Jobs

▼ **161.4K** Retail Using Jobs

Employment Change by Sector – Yearly + Monthly

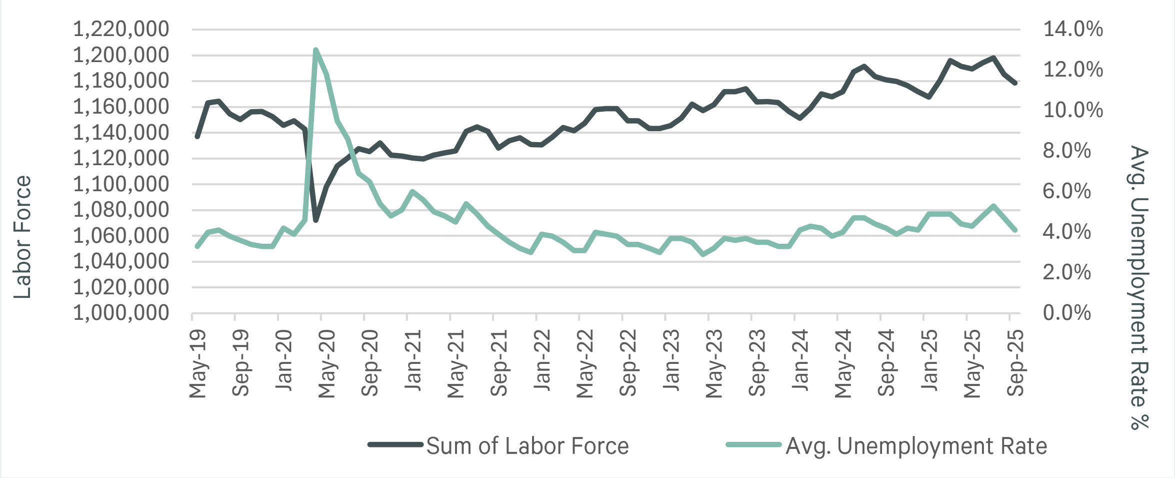
Bars indicate yearly trend, arrows indicate monthly trend



Source: US BLS, September 2025

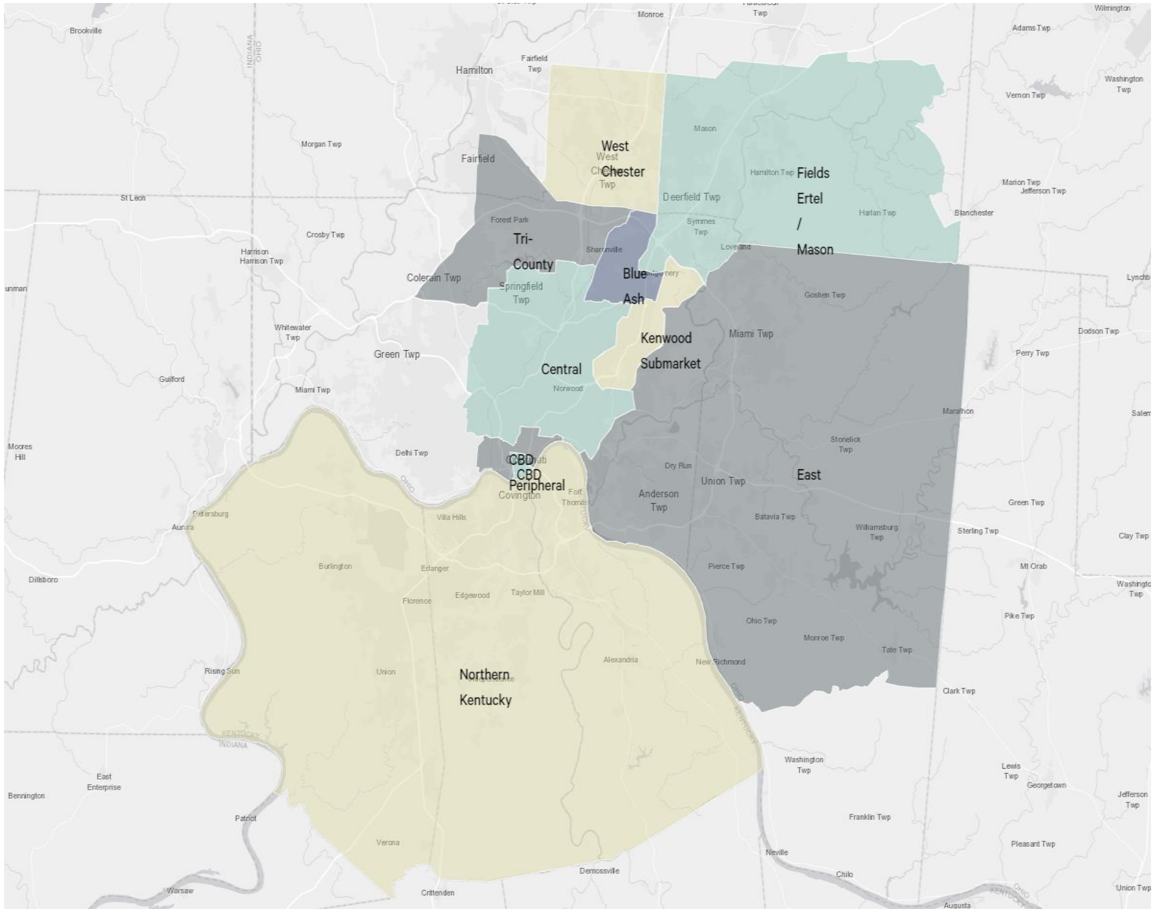
Note: Arrows indicate month-over-month change.

Cincinnati, OH Unemployment Rate and Labor Force Trends



Source: US BLS, September 2025

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Available Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the ”net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days.

Survey Criteria

Includes all office buildings 10,000 sq. ft. and greater in size in Greater Cincinnati. Buildings which have begun construction as evidenced by site excavation or foundation work.

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