Suburban Space Drives Positive Net Absorption In The First Quarter

▼ 21.0%
Vacancy Rate

▲ 119,607
SF Net Absorption

▼ 0
SF Construction Delivered

▶ 0
SF Under Construction

▲ $20.63
FSG/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

Market Overview

Net absorption shifted to positive 119,607 sq. ft., up 428,127 sq. ft. quarter-over-quarter, with both Class A and Class B assets recorded positive absorption at 32,953 sq. ft. and 37,055 sq. ft. respectively.

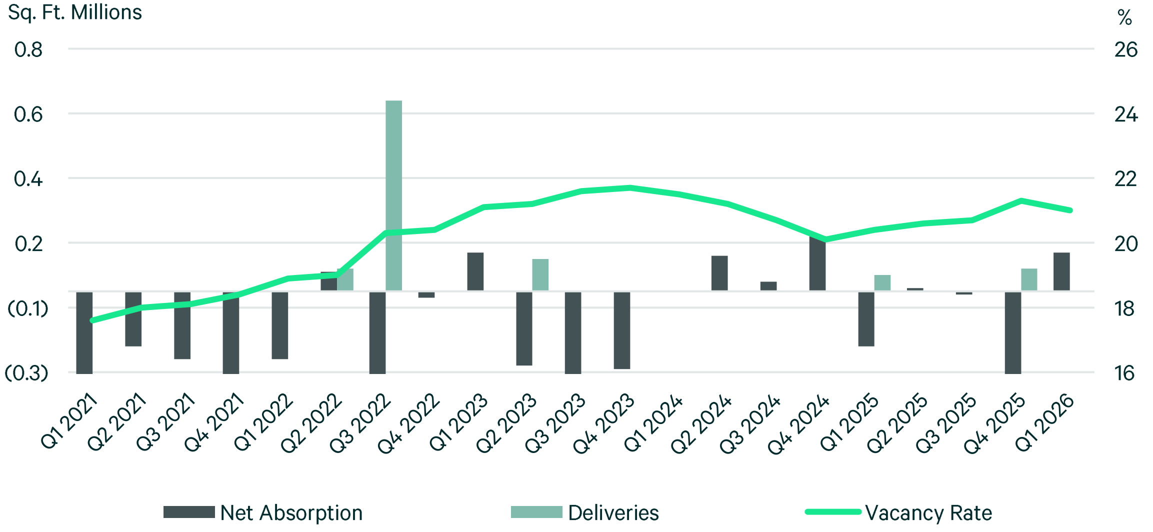
Overall vacancy across all classes averaged 21.0%, down 160 bps quarter-over-quarter and 90 bps year-over-year.

Availability moved in a similar but less pronounced range, easing 20 bps from Q4 2025 to 26.2% and remaining 40 bps above Q1 2025.

Asking rents held stable, rising 0.3% quarter-over-quarter and 1.6% year-over-year to $20.63 per sq. ft.

With no new projects entering the pipeline, office construction remains at a halt, following the 65,000 sq. ft. of completion in Q4 2025.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

Vacancy

In Q1 2026, total vacancy in Class A buildings was unchanged quarter-over-quarter at 20.8%, while total Class B vacancy declined 40 bps to 21.6%. Overall vacancy across all classes averaged 21.0%, down 160 bps quarter-over-quarter and 90 bps year-over-year, with direct vacancy mirroring this trend at 20.8%. Class C vacancy fell sharply to 20.5%, a 440 bps quarterly decline and 370 bps annual decline, narrowing the spread between the highest- and lowest-vacancy classes from 500 bps in Q1 2025 to 110 bps in Q1 2026.

The CBD and Tri-County submarkets carry some of the highest vacancy in the metro. In the CBD core, vacancy measures 26.2% in Class A and 19.1% in Class B, with about 1.9 million sq. ft. of direct Class A space available, while in Tri-County Class A vacancy reaches 56.3% and Class B 29.3%. By contrast, the metro's most in-demand locations post notably tighter conditions: West Chester records just 6.8% Class A and 6.0% Class B vacancy and Kenwood Submarket's Class A is 8.7%.

Figure 2: Vacancy Rates by Class

Source: CBRE Research, Q1 2026

Asking Rent

The overall average direct asking lease rate in Q1 2026 is $20.63 per sq. ft., up 0.3% from Q4 2025 and 1.6% year-over-year. Class A office asking rents held at $23.00 per sq. ft. quarter-over-quarter and are up 1.4% annually, slightly trailing the overall market. Class B rates edged down to $16.21 per sq. ft., negative 0.3% QoQ and negative 1.5% YoY, while Class C climbed to $15.87 per sq. ft., increasing 6.8% quarter-over-quarter and 9.2% year-over-year. Over the last three years, overall rents have risen 1.6%, driven primarily by a 4.8% gain in Class C, compared with roughly flat Class A and a 1.0% decline in Class B.

At the submarket level, the Kenwood Submarket posts the highest combined Class A–C average direct asking rate at $26.26 per sq. ft., with Class A space there achieving $31.42 per sq. ft. Central, Northern Kentucky, and West Chester each register blended averages just above $20.00 per sq. ft., reflecting premium pricing across key suburban nodes. On the value side, East records the lowest combined average at $14.63 per sq. ft. despite Class A space at $16.08 per sq. ft., followed by Tri-County at $17.18 per sq. ft., both offering more affordable alternatives to CBD and Blue Ash, where blended averages are $19.15 and $18.06 per sq. ft., respectively.

Figure 3: Average Direct Asking Rate by Class

Source: CBRE Research, Q1 2026

Net Absorption

In Q1 2026, the market posted positive 119,607 sq. ft. of net absorption, up 428,127 sq. ft. quarter-over-quarter. Both Class A and Class B assets recorded positive absorption at 32,953 sq. ft. and 37,055 sq. ft. respectively, with Class A assets reporting the largest quarter-over-quarter increase of 348,213 sq. ft., indicating a clear shift back to positive net demand. This shift was largely due to sizeable deals including Chamberlain University's 32,000 sq. ft. new lease and Flooid's 12,225 sq. ft. new lease at 5905 E Galbraith Road in the Kenwood submarket, and Verst Logisti cs' 20,658 sq. ft. new lease at 3900 Olympic Boulevard in the Northern Kentucky submarket.

Positive net absorption for Q1 2026 was concentrated primarily in the suburban submarkets with the Kenwood submarket at positive 52,635 sq. ft. for the quarter, followed by the Blue Ash submarket at positive 44,214 sq. ft., Fields Ertel / Mason at positive 28,654 sq. ft., and Northern Kentucky at positive 26,737 sq. ft.

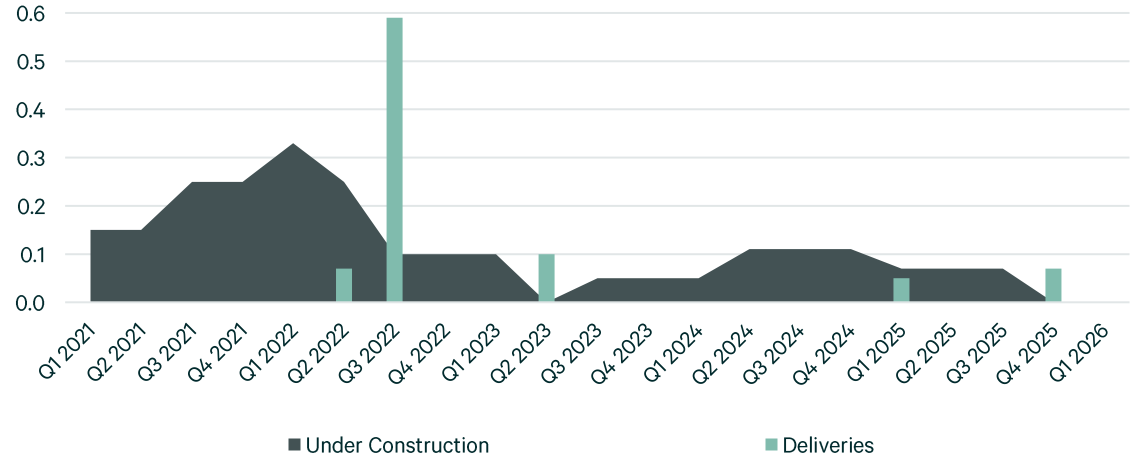
Figure 4: Net Absorption Trend

Source: CBRE Research, Q1 2026

Construction Activity

With no new projects entering the pipeline, office construction remains at 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, Q1 2026

Leasing Activity

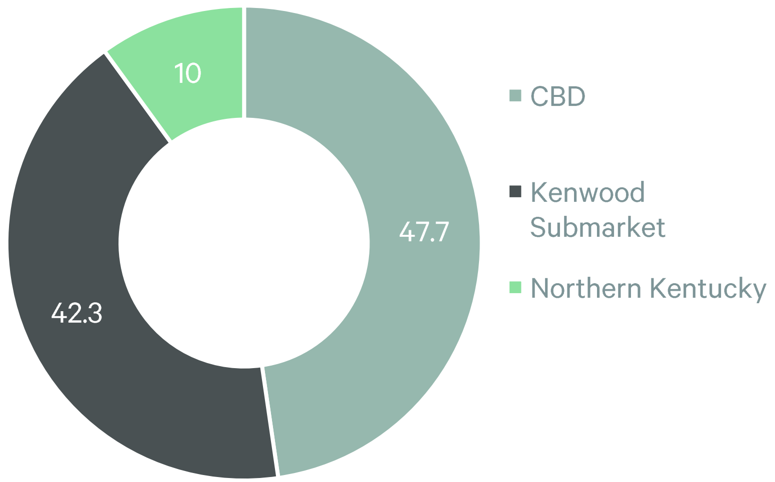
Leasing activity among leases 10,000 sq. ft. and up totaled 132,443 sq. ft. in Q1 2026 and 846,495 sq. ft. over the last four quarters. Over the last four quarters, Class A accounted for 683,000 sq. ft., or 84.5% of total leasing, with Class B comprising 125,000 sq. ft.

The CBD submarket continued to record the strongest demand across the market, accounting for 47.7% of all sq. ft. leased including two sizeable renewals with DartPoints Operating Company's renewal of 17,331 sq. ft. at 302 W 3rd street and KPMG's renewal of 13,754 sq. ft. at 312 Walnut Street. The Kenwood and Northern Kentucky submarkets followed with 54,695 sq. ft. and 10,512 sq. ft., respectively.

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

Source: CBRE Research, Q1 2026

Figure 7: Leasing by Submarket (% of Total Activity of Leases 10,000 sq. ft. and up))



Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Chamberlain University	32,006	New Lease	5905 E Galbraith Rd	Kenwood Submarket
Verst Logistics	20,658	New Lease	3900 Olympic Blvd	Northern Kentucky
DartPoints Operating Company	17,331	Renewal	302 W 3rd St	CBD
KPMG	13,754	Renewal	312 Walnut St	CBD
Immigrant and Refugee Law Center	13,052	New Lease	425 Walnut St	CBD
Jackson Lewis	12,664	Renewal	201 E 5th St	CBD
Flooid	12,225	New Lease	5905 E Galbraith Rd	Kenwood Submarket

Source: CBRE Research, Q1 2026

Market Statistics

Figure 9: Suburban Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	14.88	18.1	25.7	22.7	2.9	22.56	31,000	31,000	-	-
Class B	8.59	22.2	24.8	24.0	0.8	15.49	34,000	34,000	-	-
Class C	1.44	21.3	21.9	21.9	-	16.16	50,000	50,000	-	-
Total	**24.91**	**19.7**	**25.2**	**23.1**	**2.0**	**19.55**	**114,000**	**114,000**	**-**	**-**

Source: CBRE Research, Q1 2026

Figure 10: Urban Market Statistics by Class

Property Class	Net Rentabl e Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	7.47	26.2	31.8	28.3	3.5	23.57	2,000	2,000	-	-
Class B	2.18	19.1	20.1	19.9	0.3	19.36	3,000	3,000	-	-
Class C	0.27	15.7	19.3	19.3	-	14.51	-	-	-	-
Total	**9.92**	**24.4**	**28.9**	**26.2**	**2.7**	**22.69**	**5,000**	**5,000**	**-**	**-**

Source: CBRE Research, Q1 2026

Figure 11: Metro Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	22.36	20.8	27.7	24.6	3.1	23.00	33,000	33,000	-	-
Class B	10.77	21.6	23.9	23.2	0.7	16.21	37,000	37,000	-	-
Class C	1.70	20.5	21.5	21.5	-	15.87	50,000	50,000	-	-
Total	**34.83**	**21.0**	**26.2**	**24.0**	**2.2**	**20.63**	**120,000**	**120,000**	**-**	**-**

Source: CBRE Research, Q1 2026

Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Blue Ash	4.65	15.2	19.7	18.9	0.8	20.75	44,000	44,000	-	-
CBD	9.92	24.4	28.9	26.2	2.7	22.69	5,000	5,000	-	-
CBD Peripheral	1.80	31.7	34.0	34.0	-	20.44	(8,000)	(8,000)	-	-
Central	2.55	13.2	17.1	17.1	0.0	21.74	(2,000)	(2,000)	-	-
East	1.38	20.0	23.2	20.8	2.4	14.59	(1,000)	(1,000)	-	-
Fields Ertel / Mason	3.63	16.2	33.6	24.7	9.0	19.33	29,000	29,000	-	-
Kenwood Submarket	1.49	11.1	13.9	12.9	1.0	28.46	53,000	53,000	-	-
Northern Kentucky	4.35	19.5	23.1	22.0	1.1	20.92	27,000	27,000	-	-
Tri-County	3.55	36.9	39.9	38.6	1.2	16.45	(19,000)	(19,000)	-	-
West Chester	1.52	6.8	8.7	8.5	0.1	24.25	(8,000)	(8,000)	-	-
Total	**34.83**	**21.0**	**26.2**	**24.0**	**2.2**	**20.63**	**120,000**	**120,000**	**-**	**-**

Source: CBRE Research, Q1 2026

Economic Overview

The current business cycle may be five years old, but U.S. growth appears resilient, despite clear risks on the horizon. GDP growth should average 2.1%, matching 2025 and exceeding peer economies. America's aggressive build-out of AI infrastructure is a unique edge. Hyperscaler capex is nearing 3% of GDP—just below residential investment. Concerns about the sustainability of this growth and its broader impact are rattling both credit and equity markets. Operation Epic Fury and global energy prices are also a concern. Assuming the conflict is resolved quickly, and U.S. oil prices stay in the $80/bbl range, the impact on U.S. growth should be minimal. The impact on headline inflation, which is forecast to average 3.2% this year, up from the mid-2% range in February, will be material. Should the conflict escalate, this would elevate inflation and long-term yields and would likely impact the commercial real estate market.

Cincinnati, OH Employment Update

▼ 3.6%
Unemployment Rate

▼ 1.2M
Labor Force

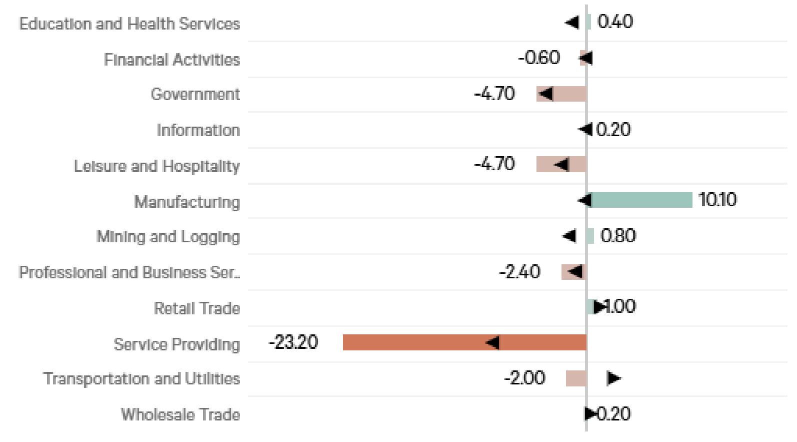
▼ 269.6K
Office Using Jobs

▲ 353.6K
Industrial Using Jobs

▲ 165.3K
Retail Using Jobs

Employment Change by Sector – Yearly + Monthly

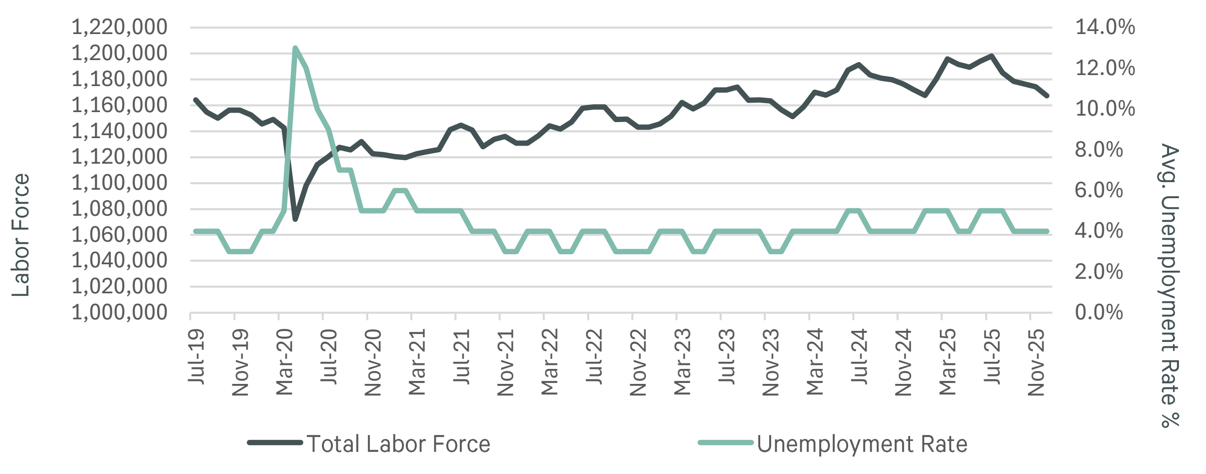
Bars indicate yearly trend, arrows indicate monthly trend



Source: US BLS, December 2025

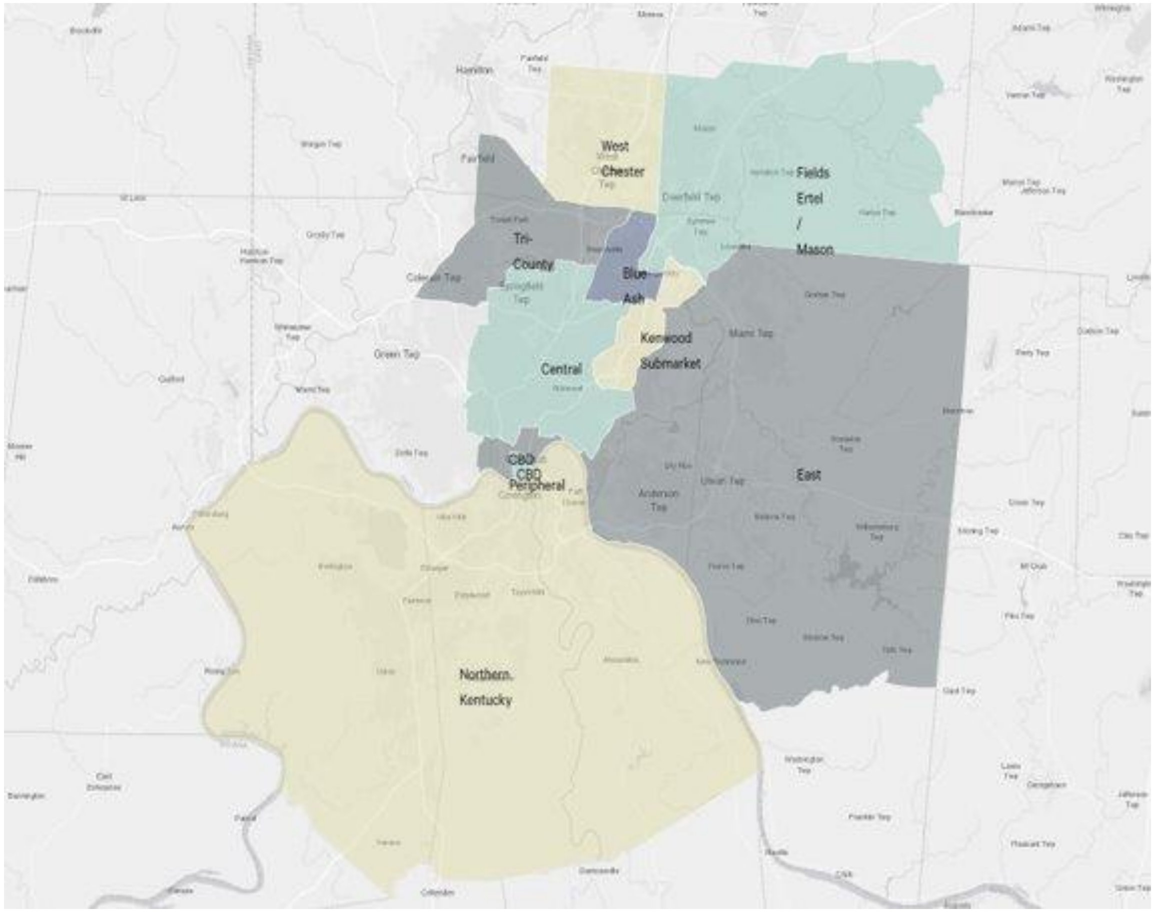
Note: Arrows indicate month-over-month change.

Cincinnati, OH Unemployment Rate and Labor Force Trends



Source: US BLS, December 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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