



NEWMARK

Cincinnati:
Office Market Overview

1Q26

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Market Observations



Economy

- Labor conditions have softened since October 2025, with unemployment at 4.3%–4.4% nationally and 4.6% in Cincinnati and 12-month payroll growth slowing to 0.7% in the U.S. and negative 0.9% locally, as extended hiring timelines keep growth below trend and suggest unemployment will hold near current levels or edge higher through 2026.
- As of January 2026, office-using employment in Cincinnati was mixed—Professional & Business Services (+1.6%) and Information (+0.5%) rose while Financial Activities (negative 0.8%) and Government (negative 1.9%) fell—driven by policy and budget uncertainty boosting advisory and tech work even as tighter credit and fading pandemic aid pressured finance and government.
- From 4Q25 to 1Q26, office-using employment edged down as overall unemployment rose, and for the rest of 2026 headcounts should stabilize and then improve gradually while office demand lags the labor recovery, keeping sublease availability elevated and concessions competitive.



Leasing Market Fundamentals

- Cincinnati recorded no new deliveries, and first quarter net absorption of -94,000 SF pushed vacancy from 24.4% to 24.5%.
- Total leasing reaching 280,000 SF, the lowest first quarter level since 2021.
- The availability mix is shifting, with sublease supply at its lowest since the first quarter of 2021 while direct availability edged up to 23.3%.
- Development remains on pause, marking a fifth straight quarter with 0% of inventory under construction.
- Average asking rent stands at \$20.68, up 1.7% year over year, with Class A and B rates trending higher as sublease pricing firms to \$20.25 and the discount to direct space narrows to \$0.40.



Major Transactions

- Siemens signed a new lease for 57,026 SF at 4605 Duke Dr. in the Mason/Montgomery submarket.
- BSI Engineering signed a new lease for 32,597 SF at 5191 Natorp Blvd. in the Mason/Montgomery submarket.
- HONDROS College of Nursing signed a new lease for 30,140 SF at 9025 Centre Pointe Dr. in the Tri-County submarket.
- Clous Road Partners sold 8240 Northcreek Dr., a 114,000 SF building in the Kenwood submarket, to TriHealth for \$32.3 million, or \$283.11/SF.
- A private owner sold 8989 Winton Rd., an 84,506 SF building in the Forest Park/West submarket, to Christ Hospital for \$6million, or \$71.00/SF.



Outlook

- Leasing volume is likely to remain below trend through midyear, with any pickup in the back half concentrated in Class A, smaller suites, and shorter terms.
- Vacancy should hover in the mid-24% range and could edge higher without stronger absorption, as renewals and rightsizing dominate activity.
- The construction pipeline is expected to stay near zero, with new starts limited to build-to-suit or heavily preleased projects and more capital tilting to conversions.
- Asking rents should see modest, low-single-digit gains led by Class A, while concessions keep effective rents comparatively flat.
- Sublease availability is likely to remain relatively low, with pricing firm and the sublease-to-direct spread staying narrow where supply is constrained.

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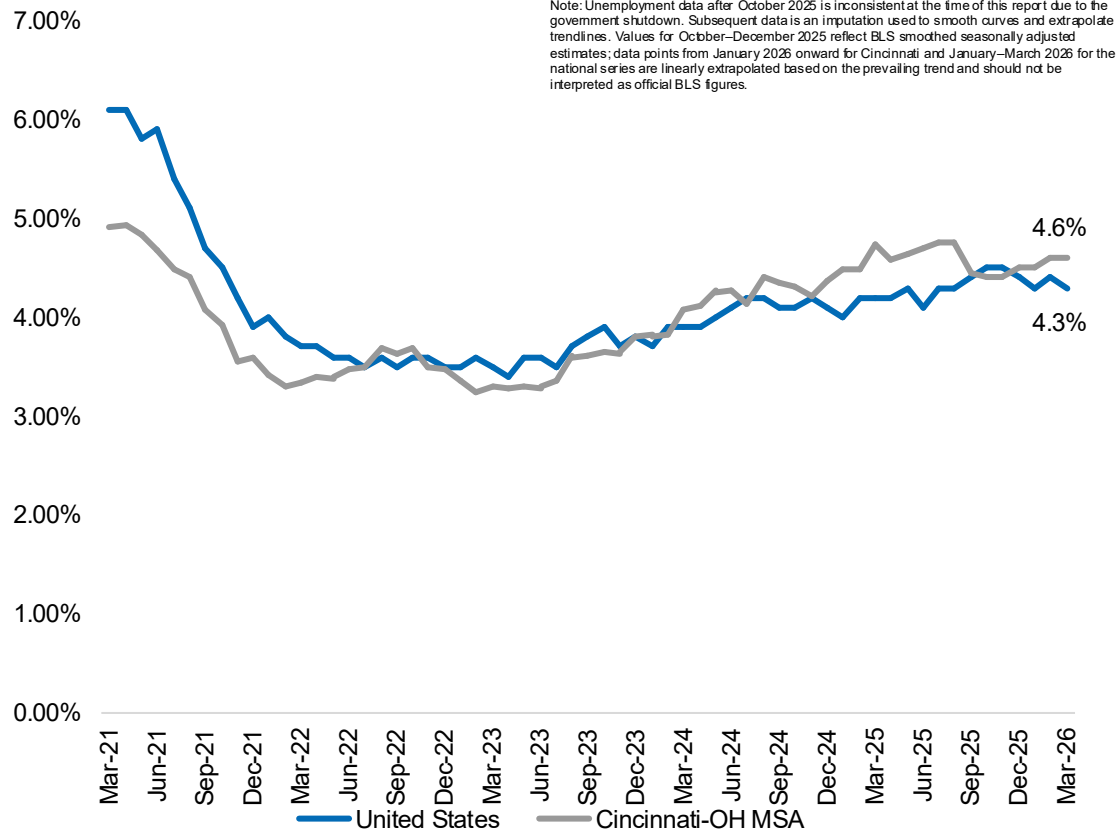
Economy



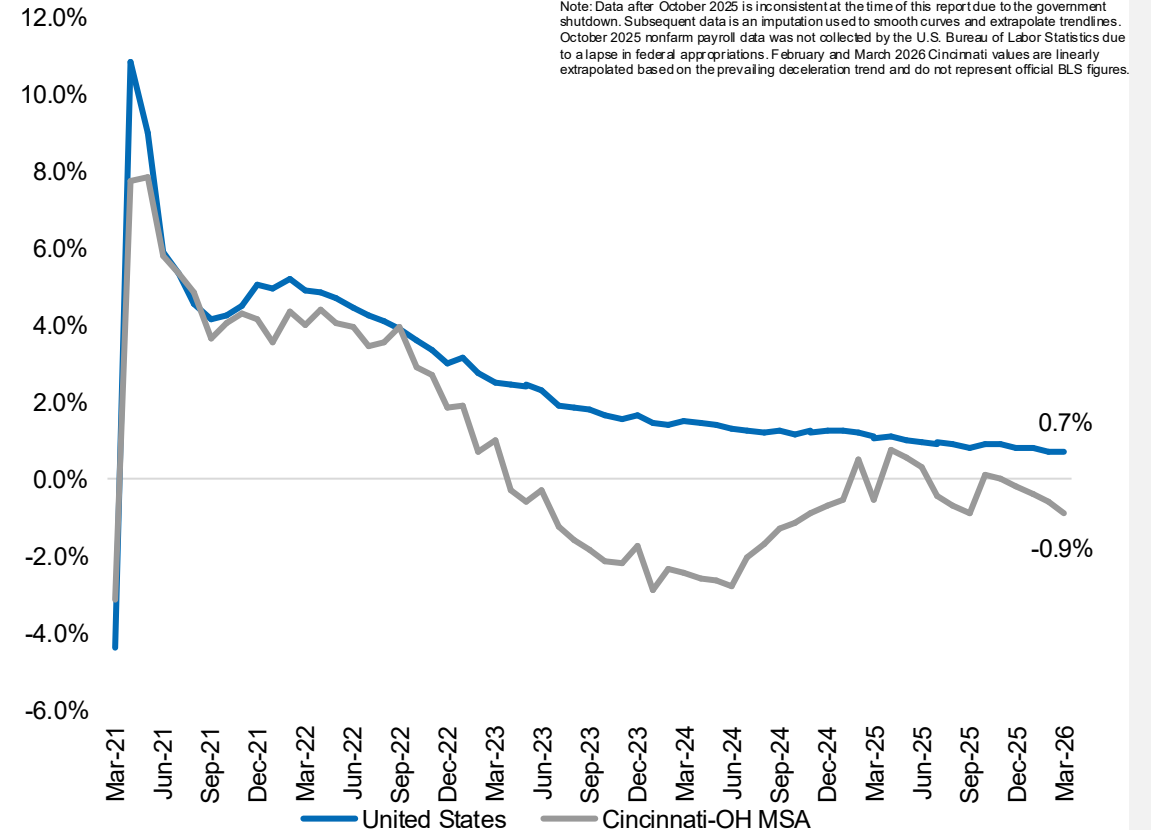
Cincinnati Trails Nation on Payrolls

The labor backdrop has softened since October 2025, with seasonally-adjusted unemployment drifting between 4.3% to 4.4% nationally and 4.6% in Cincinnati. Nonfarm payroll momentum cooled in 1Q26 versus the previous quarter, with the 12-month pace at 0.7% for the U.S. and negative 0.9% for Cincinnati, reflecting tighter financial conditions, cost controls, and a pullback in goods-producing and logistics activity that weighs more heavily on the region. Employers are extending hiring timelines and prioritizing productivity and selective backfills, which keeps job growth below trend. Into the remainder of 2026, unemployment is likely to remain near current levels or edge slightly higher as services hiring should only partially offset manufacturing-related softness.

Unemployment Rate, Seasonally Adjusted

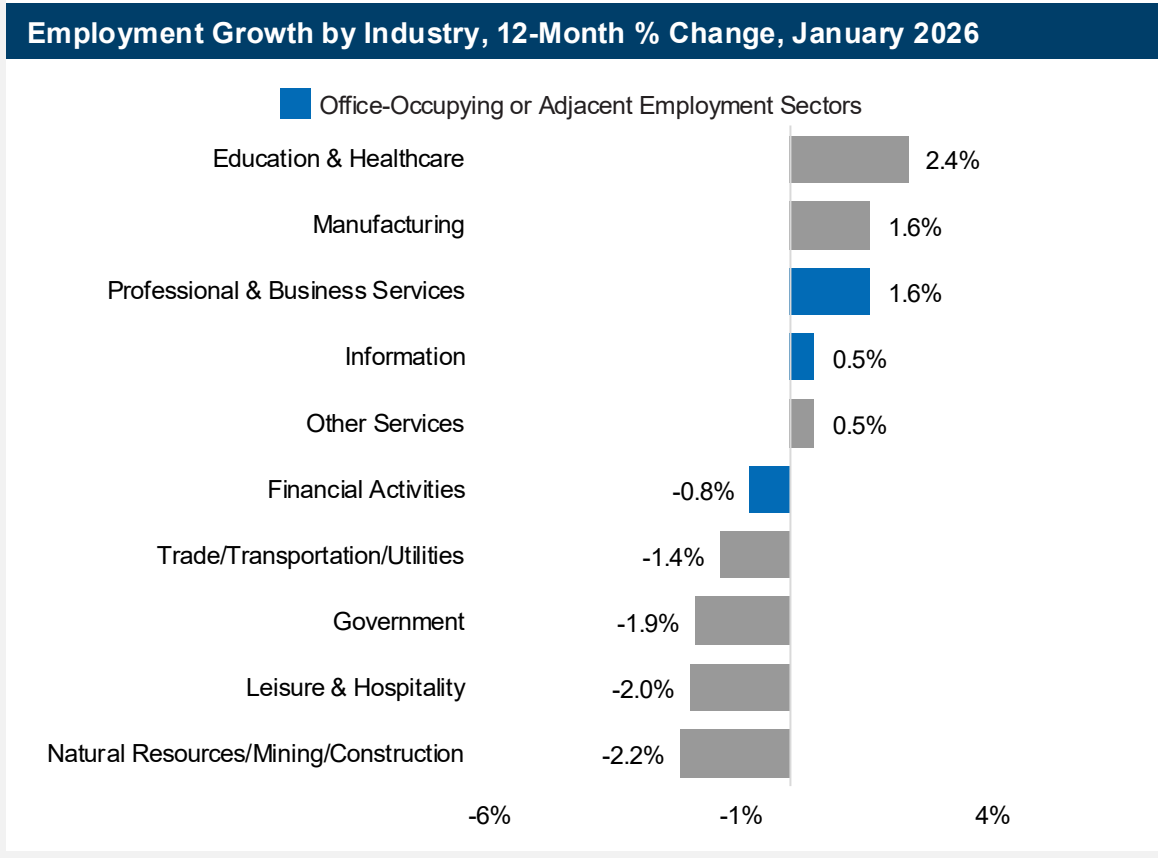
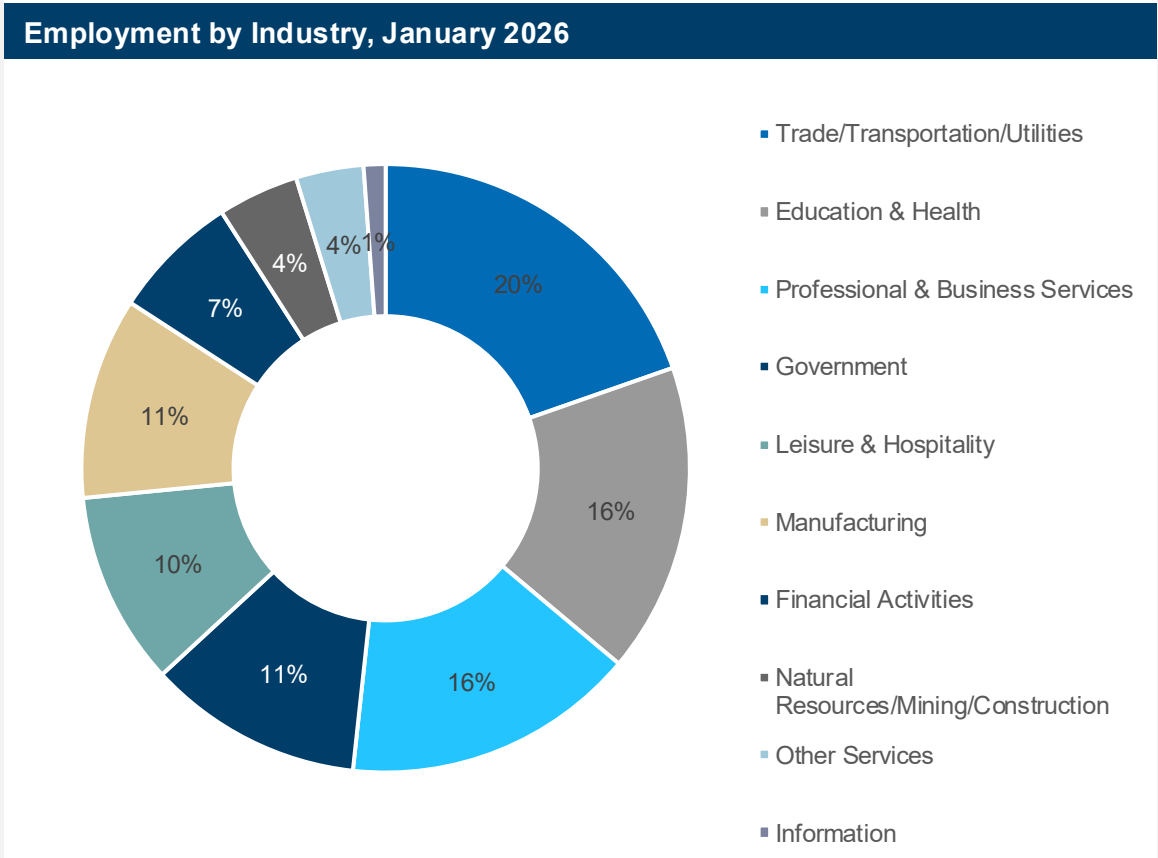


Nonfarm Payroll Employment, Seasonally Adjusted, 12-Month % Change



Employment Growth Mixed Across Office Sectors

Cincinnati’s office-using employment mix showed a split 12-month trend in January 2026: Professional & Business Services was up 1.6% and Information up 0.5%, while Financial Activities was down 0.8% and Government down 1.9%. Ongoing policy and budget uncertainty are fueling advisory, tech, and compliance work, supporting Professional & Business Services and Information. Tighter financial conditions and heightened oversight of banks and commercial real estate continue to weigh on Financial Activities hiring. Government softness reflects the sunset of pandemic-era aid, delayed appropriations, and cautious local budgeting that slows backfilling. Near term, expect modest gains in advisory/tech, with finance and public-sector headcounts stabilizing as credit conditions and budget visibility improve.

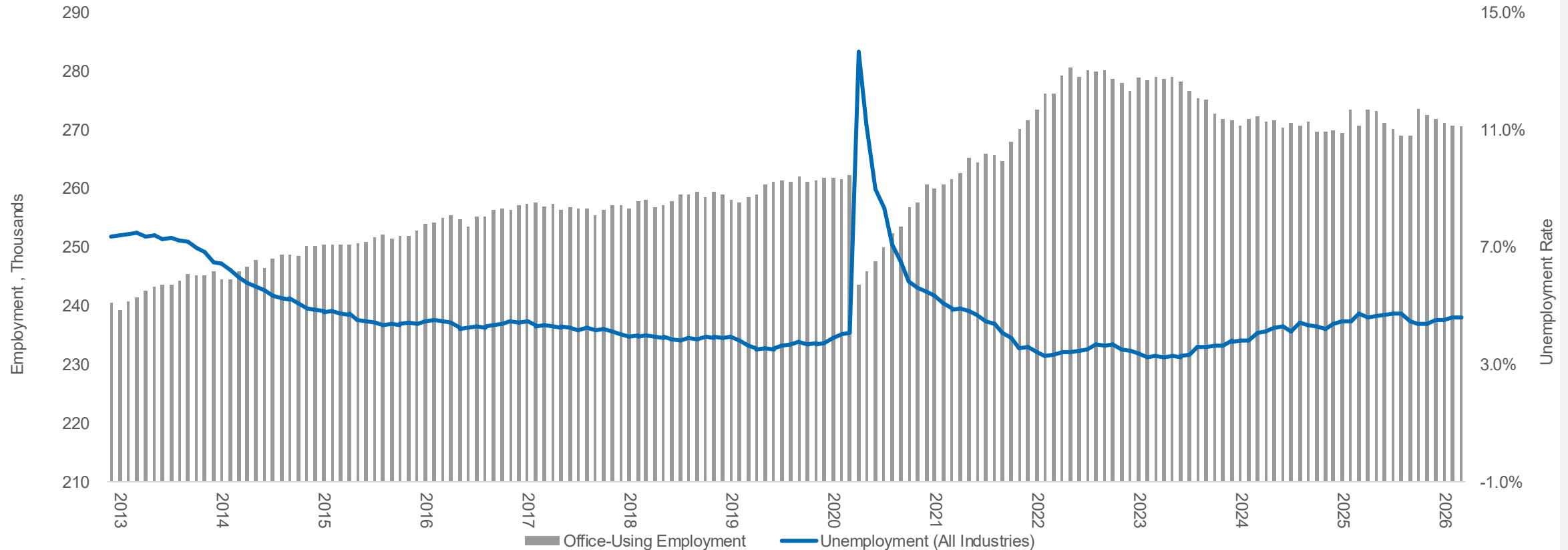


Source: U.S. Bureau of Labor Statistics, Cincinnati, OH-KY-IN

Soft Start to 2026: Office-Using Jobs Eased as Unemployment Rose

From the fourth quarter of 2025 to the first quarter of 2026, Cincinnati's office-using employment edged down while unemployment across all industries rose steadily. These moves were consistent with year-end cost controls, delayed backfilling, and softer professional and business services demand amid broader macro uncertainty. For the remainder of 2026, office-using headcounts are expected to stabilize and then improve only gradually as selected hiring returns, while overall unemployment is expected to peak in the first half and ease modestly later in the year. However, office demand is expected to lag broader labor healing, keeping sublease availability elevated and concessions competitive.

Office-Using Employment* and Unemployment Across All Industries



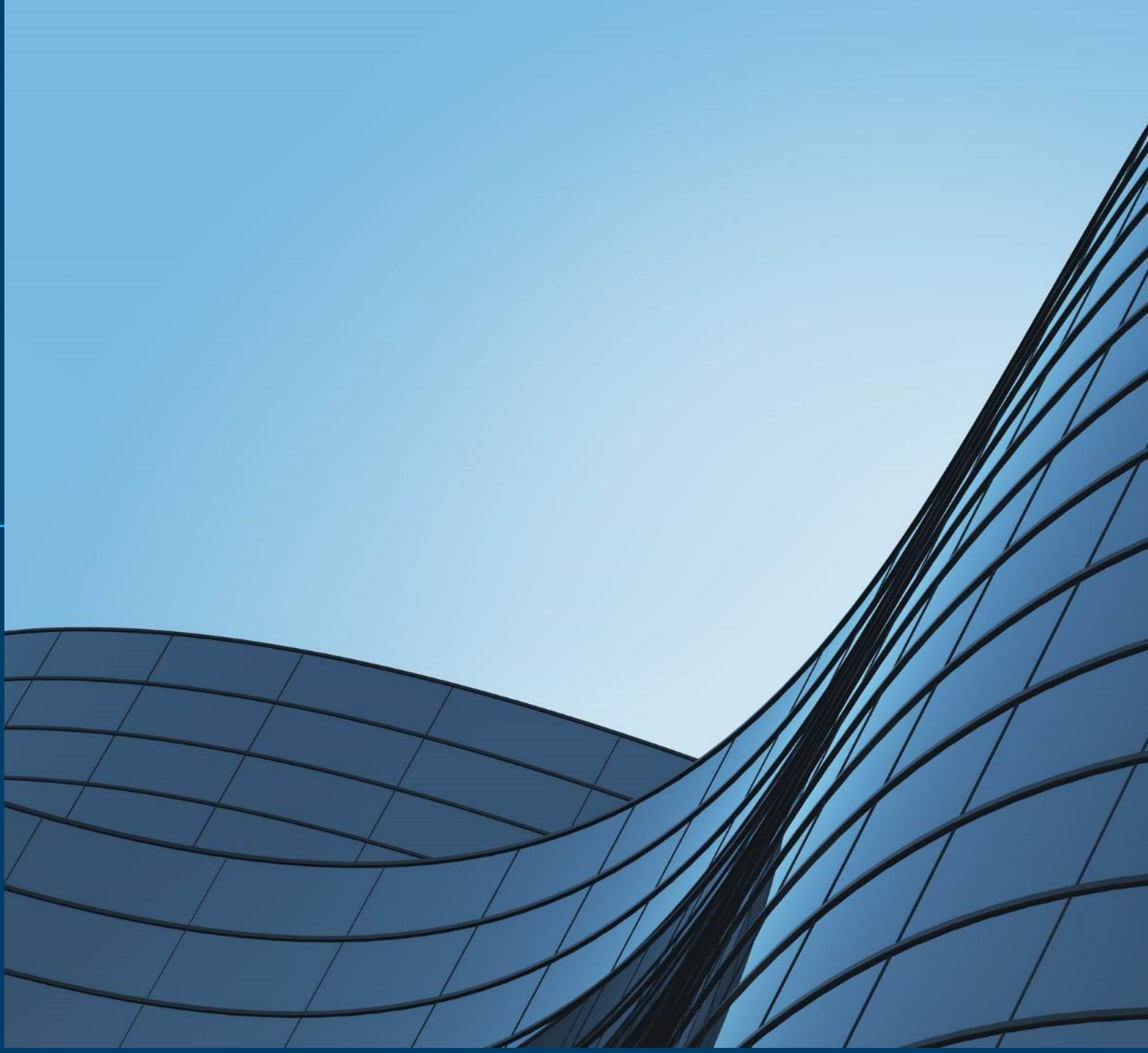
Source: U.S. Bureau of Labor Statistics, Cincinnati, OH-KY-IN

Note: March 2026 data is preliminary

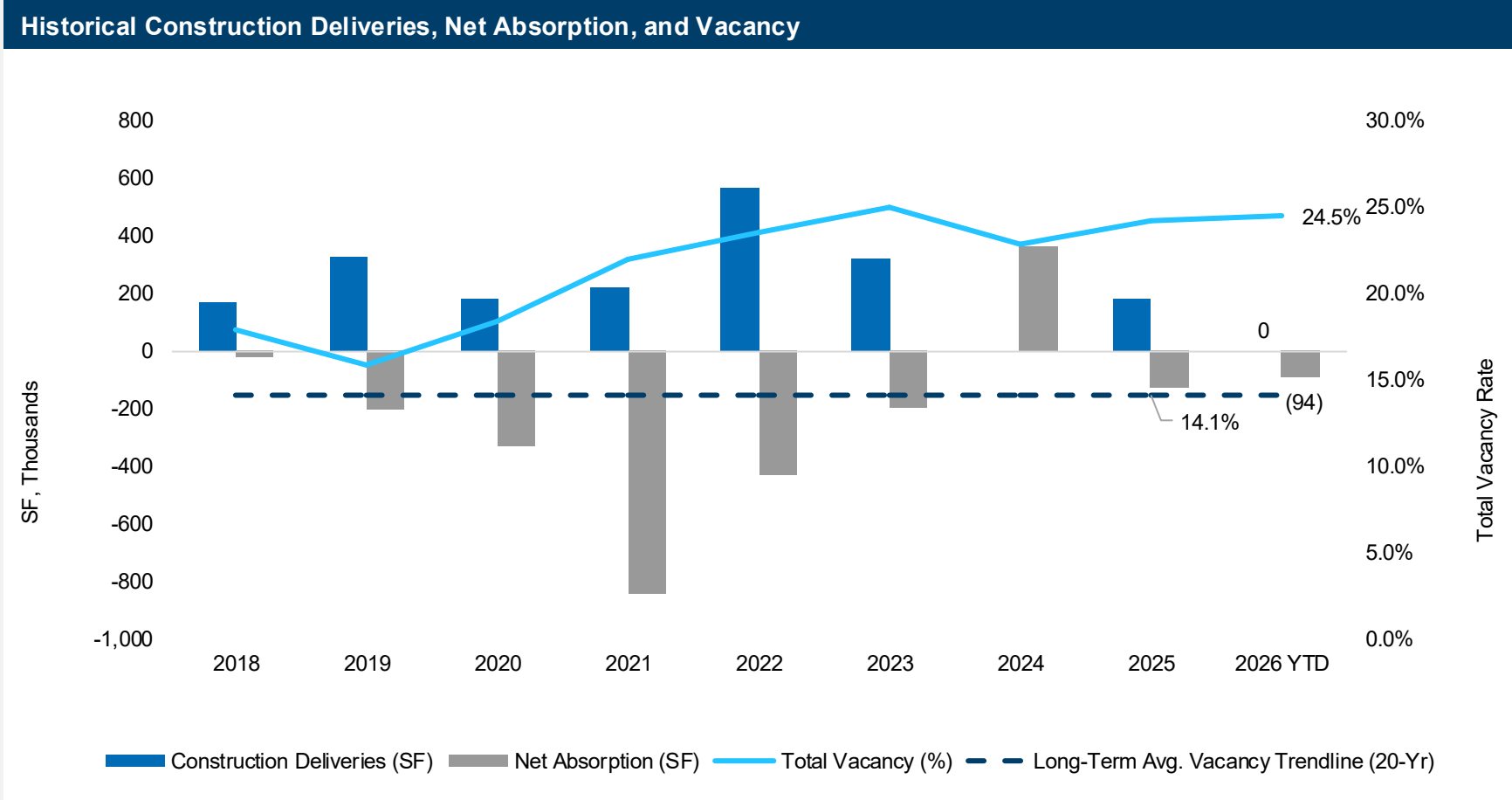
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information

02

Leasing Market Fundamentals



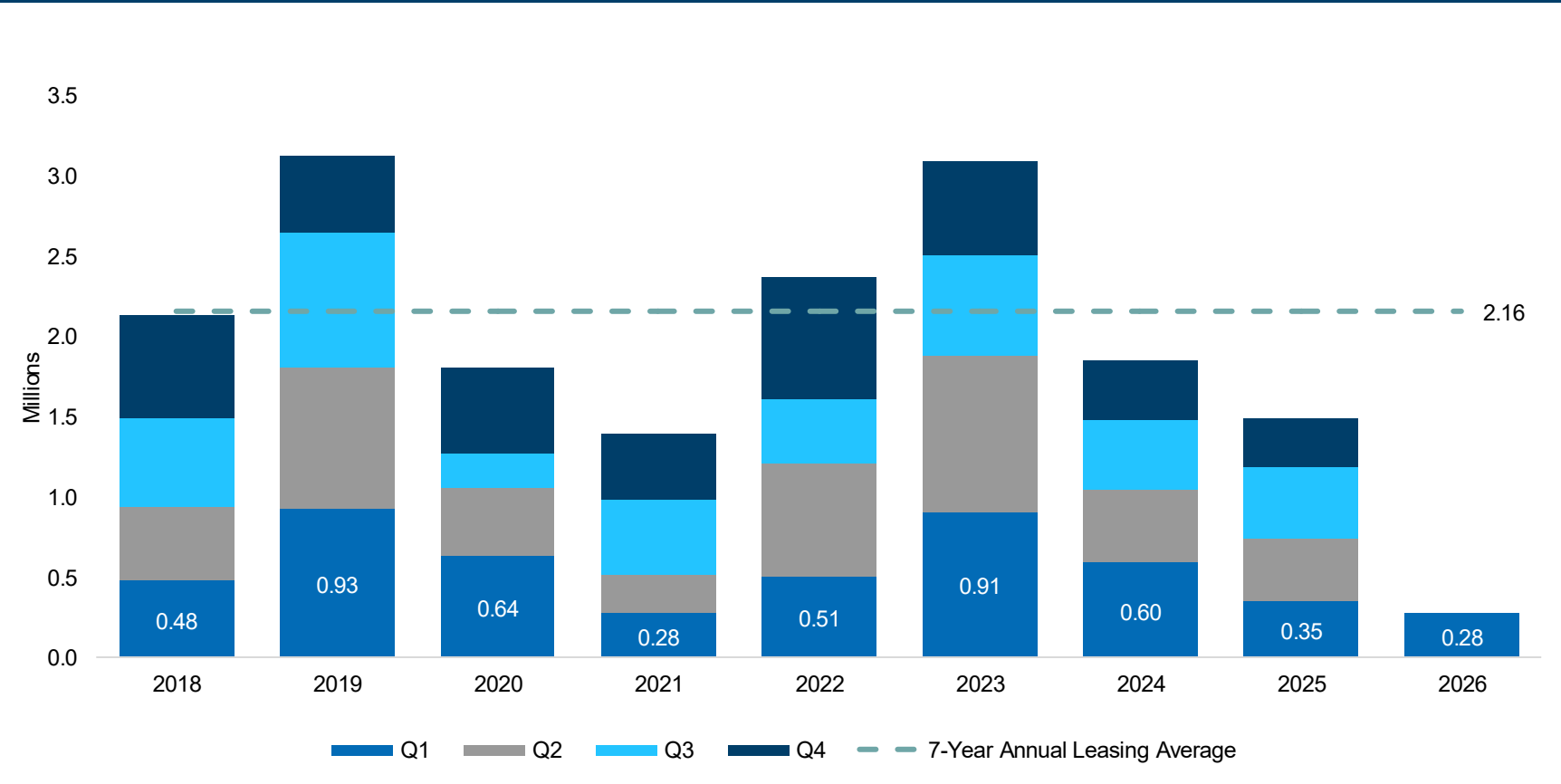
Muted Supply, Soft Demand



- Starting the year, the Cincinnati office market recorded no new deliveries, down from 2025 but consistent with 2024, signaling a continued lull in construction.
- Net absorption in the first quarter totaled negative 94,000 SF, mirroring recent years as tenants rightsize, consolidate footprints, and allow leases to expire, returning excess space to the market.
- Total vacancy rose from 24.2% in 2025 to 24.5% in the first quarter.
- Looking ahead, a thin construction pipeline should limit new supply, but with demand still uneven and a flight-to-quality underway, vacancy is likely to remain elevated and could edge higher before stabilizing if leasing momentum improves.
- Expect continued concessions and flexible deal structures to sustain activity.

Cincinnati Office Leasing Hits Multi-Year Low

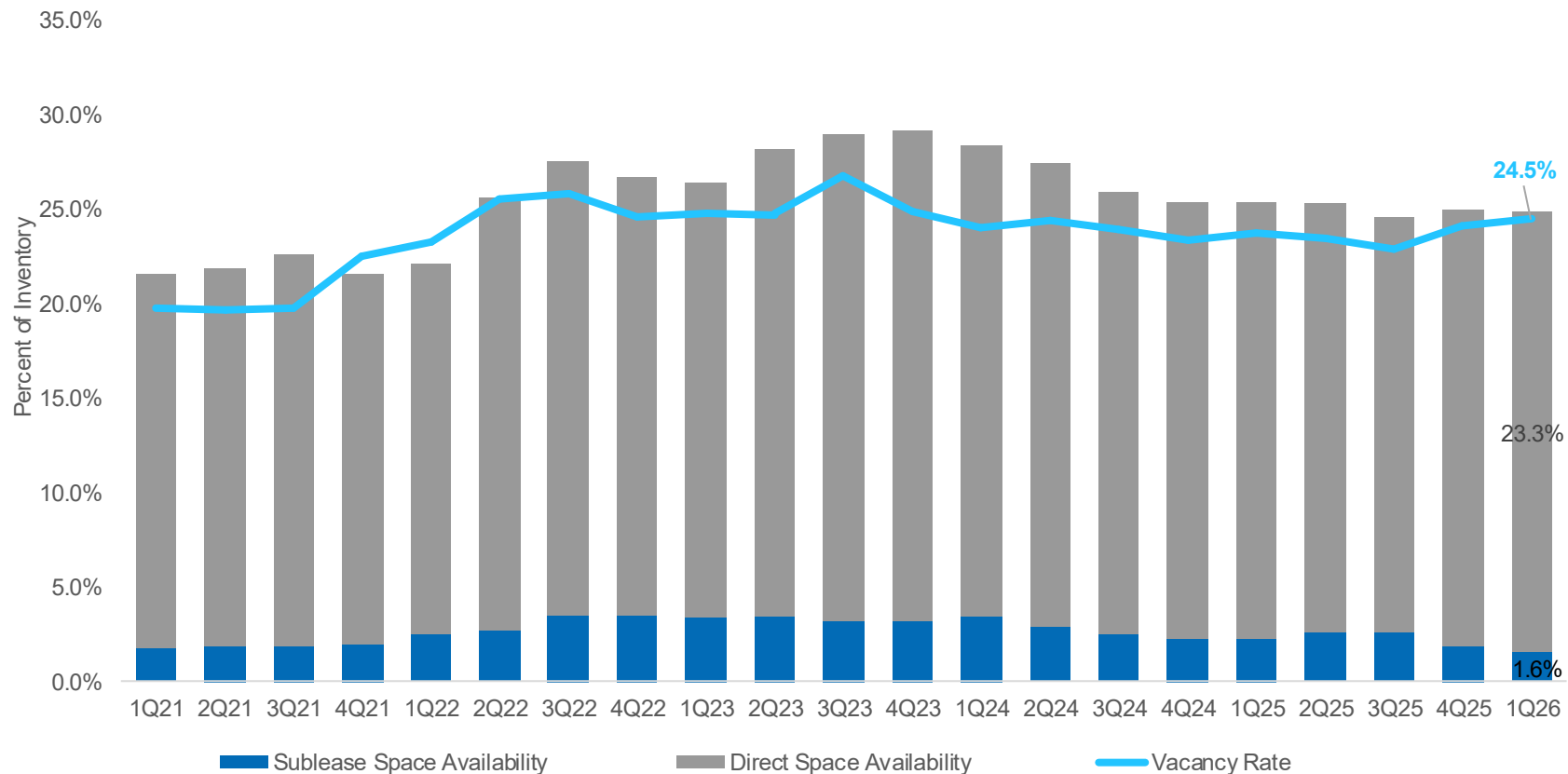
Historical Construction Deliveries, Net Absorption, and Vacancy



- In 1Q26, Cincinnati recorded 280,000 SF of total leasing volume, the lowest first quarter since 2021 and well below the seven-year annual average of 2.16 million SF, signaling a slow start to the year.
- Federal policy uncertainty, ongoing budget negotiations, and debates over tax and regulatory changes affect commercial real estate (including lending standards, depreciation treatment, and potential incentives for office-to-residential conversions) are creating headwinds.
- Many occupiers are extending decision timelines or pausing larger commitments.
- Tenants are favoring short renewals, small footprints, and delaying capital-intensive build-outs; deals that proceed are skewing toward high-quality assets with heavier concessions.

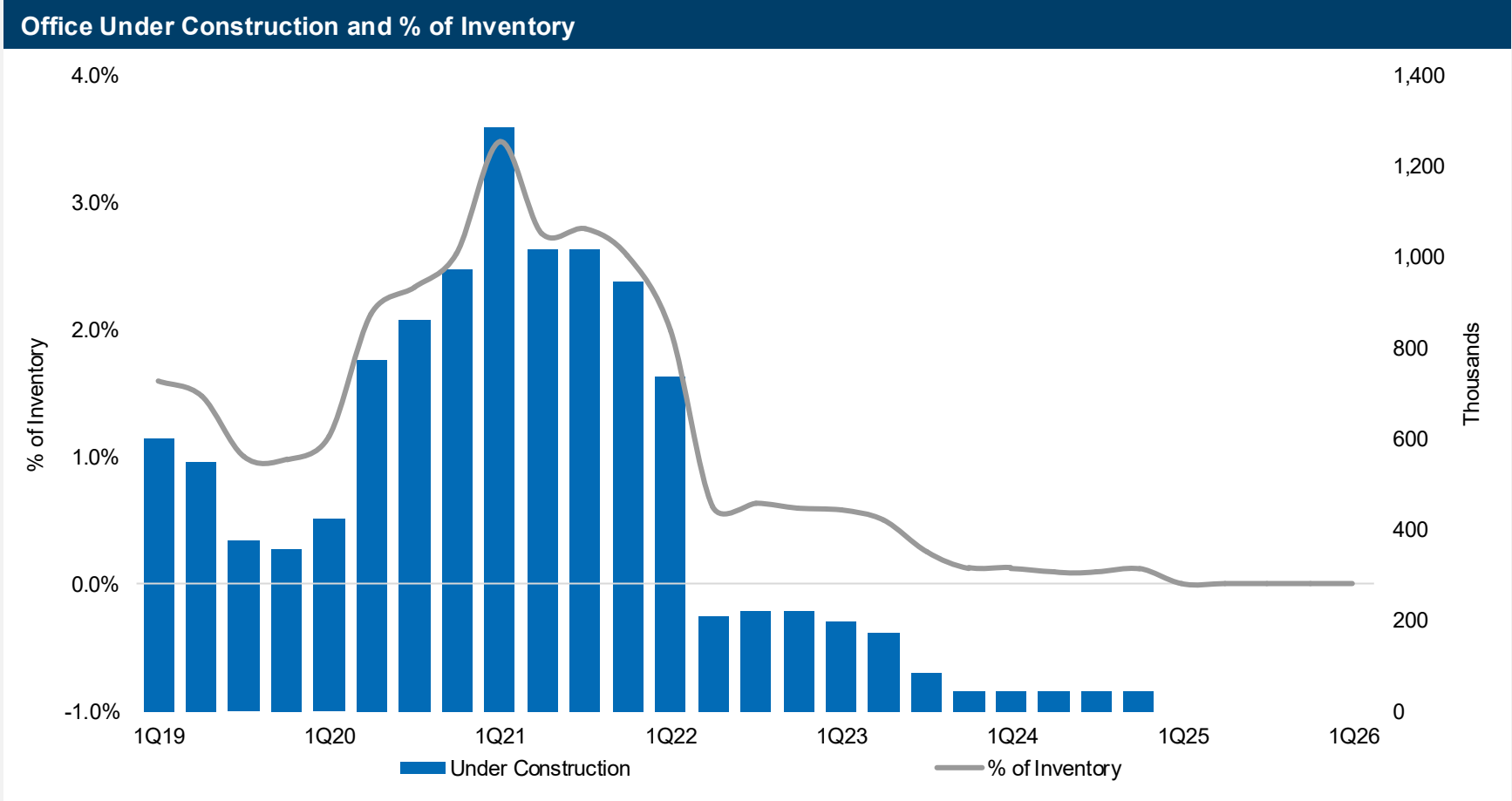
Sublease Availability at Lowest Since 2021

Historical Construction Deliveries, Net Absorption, and Vacancy



- Sublease availability hit its lowest level since 1Q21 as many sublease terms expired and rolled back to direct listings or were withdrawn.
- Direct availability edged up from 23.1% to 23.3%, while overall vacancy rose from 24.2% to 24.5%.
- Tenant demand remained subdued and selective, favoring smaller, high-quality suites with flexible terms, extended decision timelines, and heavier concession packages.
- Through the remainder of 2026, sublease availability is expected to stay relatively low, while direct availability remains elevated.
- Vacancy is likely to hover in the mid-24% range, with most leasing driven by renewals, rightsizing, and flight-to-quality relocations.

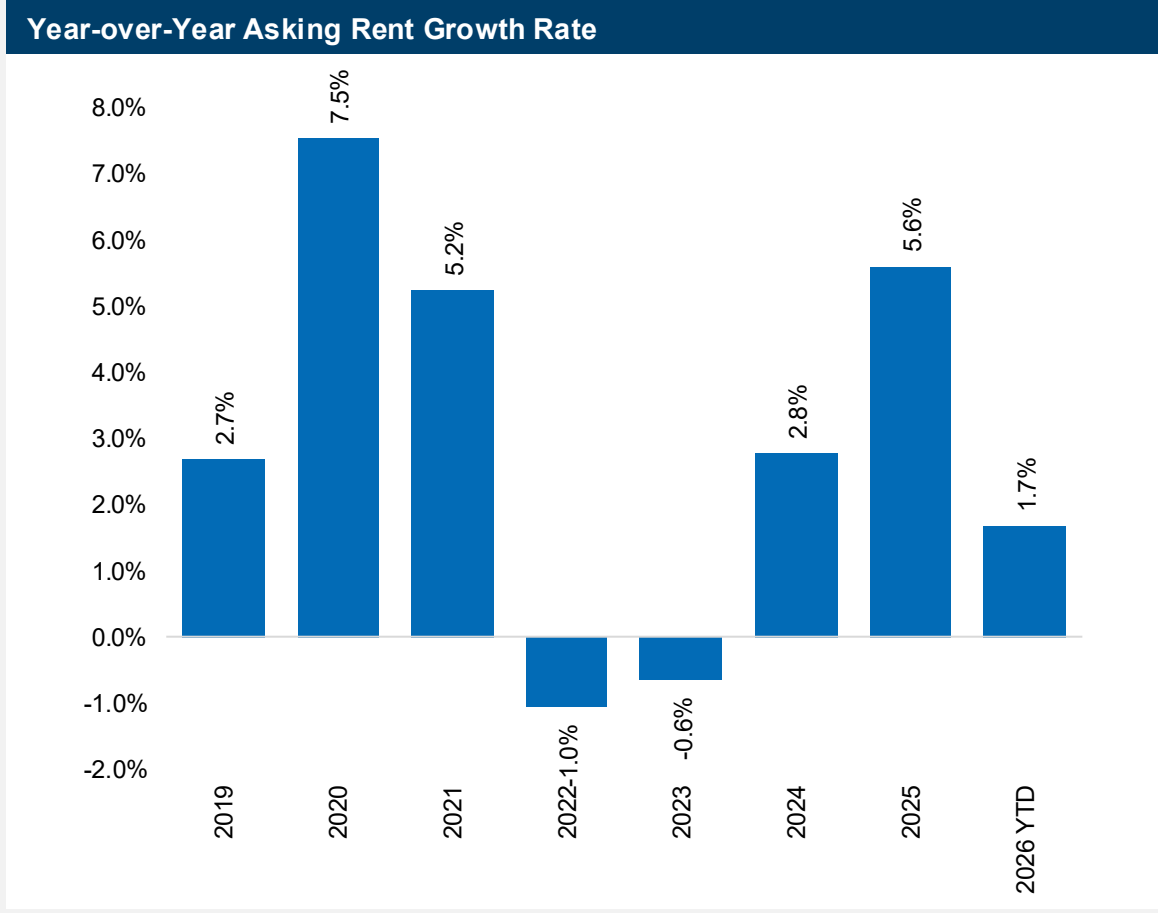
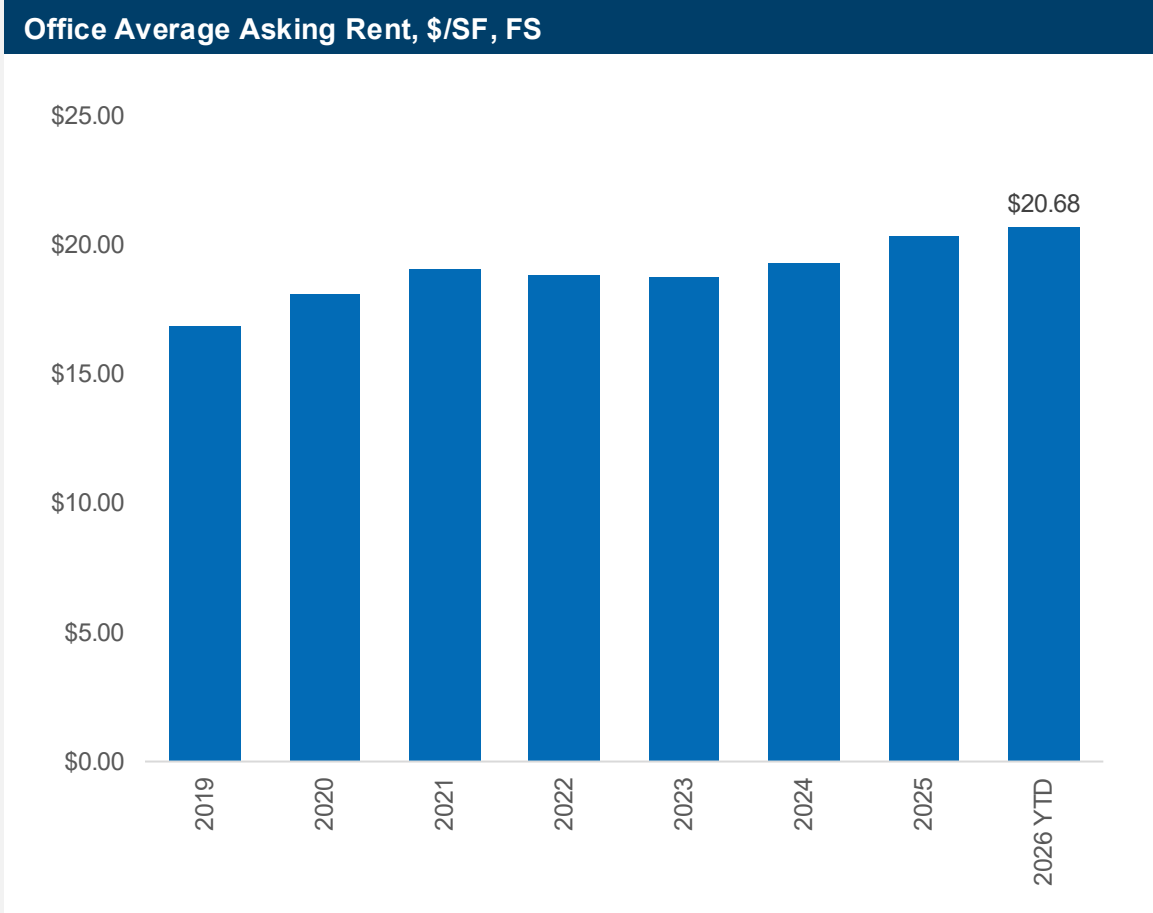
Finance and Risk Standards Sideline Speculative Office



- For the fifth straight quarter, Cincinnati has zero office projects under construction, reflecting a capital-markets-driven pause.
- Elevated interest rates, wider lending spreads, tighter bank credit following regulatory scrutiny of commercial real estate exposures, and higher construction and insurance costs prevent new development pro formas from penciling at current market rents.
- Tighter energy-performance standards and insurance requirements are adding costs and complexity, further delaying speculative office starts.
- With demand concentrated in top-tier assets and rent growth muted, 2026 starts are likely to be limited to build-to-suit or heavily preleased projects with public support, keeping prospective office projects on the sideline.

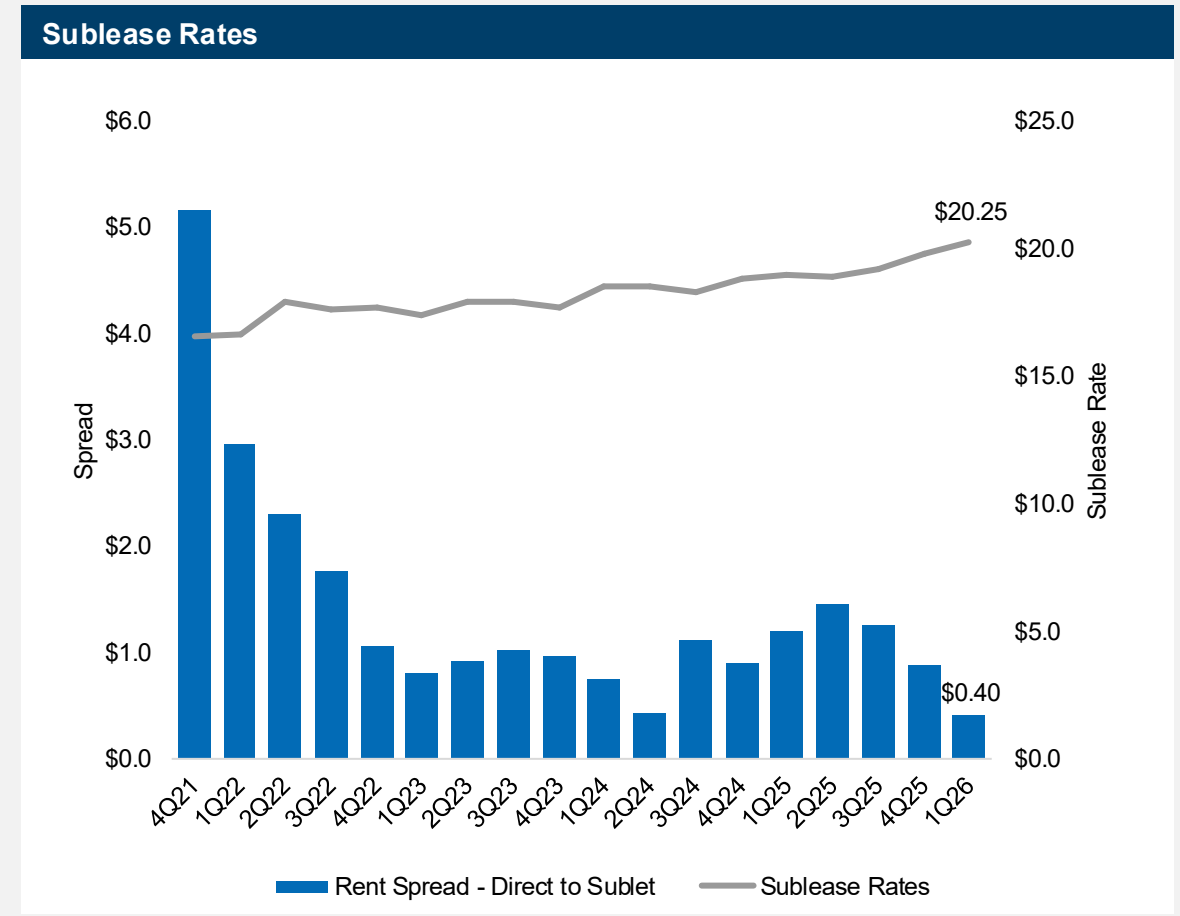
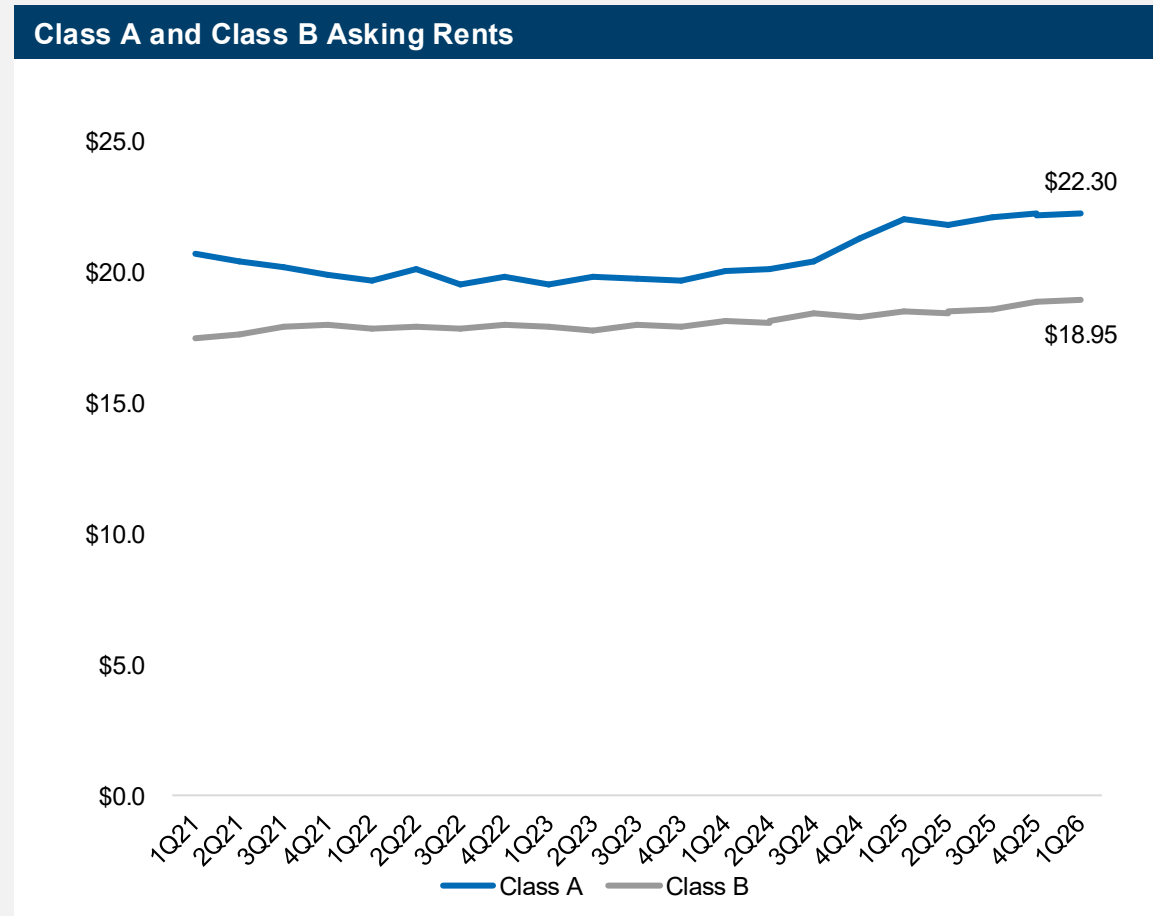
Cincinnati Asking Rates Continue to Climb

The Cincinnati office market's average asking rent sits at \$20.68/SF year-to-date in 2026, up from \$20.34/SF in 2025, a 1.7% year-over-year gain. Steady increases since 2024 reflect landlords nudging face rates to offset higher operating and capital costs (taxes, insurance, utilities, tenant improvements), limited new construction that curbs competitive pressure, and a flight-to-quality that lifts averages as more demand concentrates in better buildings. Through the rest of 2026, expect modest, low-single-digit growth led by Class A assets, while elevated vacancy and generous concessions temper effective rents. Older product is likely to see flat-to-marginal gains as owners prioritize occupancy.



Sublease Discount Tightens: Spread Falls from \$0.90/SF to \$0.40/SF

Class A and B asking rents in Cincinnati have increased steadily for four consecutive months, while the sublease-direct spread has compressed to \$0.40/SF from \$0.90/SF as sublease averages rose to \$20.25. This tightening reflects fewer discounted, pandemic-era subleases rolling off, reduced sublease availability, and stronger demand for plug-and-play, shorter-term options that provide cost certainty, allowing sublandlords to lift asking prices. At the same time, landlords are nudging face rates higher to cover rising operating and build-out costs amid limited new supply and a flight-to-quality that lifts averages. Expect Class A and B asking rents to continue a modest upward trajectory through 2026, with the sublease discounts staying relatively narrow where supply is constrained, even as concessions keep effective rents more competitive than headline rates suggest.



Notable 1Q26 Lease Transactions

Notable 1Q26 Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
Siemens	4605 Duke Dr.	Mason/Montgomery	Direct	57,026
BSI Engineering	5191 Natorp Blvd.	Mason/Montgomery	Direct	32,597
HONDROS College of Nursing	9025 Centre Point Dr.	Tri-County	Direct	30,140
Cincinnati Eye Institute	9997 Carver Rd.	Blue Ash	Direct	16,845

Notable 1Q26 Sale Transactions

Notable 1Q26 Sale Transactions						
Buyer	Seller	Address	Submarket	Square Feet	Price	Price/SF
TriHealth	Clous Road Partners	8240 Northcreek Dr.	Kenwood	114,000	\$32,275,000	\$283.11
Christ Hospital	Private Owner	8989 Winton Rd.	Forest Park/West	84,506	\$6,000,000	\$71.00
Cintas	Private Owner	6867 Cintas Blvd.	Mason/Montgomery	53,000	\$5,875,000	\$110.85

Access the Extended 4Q25 Cincinnati Industrial Market Conditions & Trends Report



Cincinnati: Industrial Market Overview

4Q25



The extended version of this report includes:

- Class A & B Submarket Overview and Statistics

To access, please reach out to Bridget.Logan@nmrk.com or your Newmark contact.

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