

2Q25

Cincinnati Office Market Overview

NEWMARK

Market Observations

Economy

- The unemployment rate has remained steady in both the U.S. and Cincinnati this past quarter, with Cincinnati showing slightly more variability due to local industry shifts.
- Since late 2024, Cincinnati has faced rising employment across most industries, but office-using sector have seen modest job growth thanks to continued business adaptation, demand for specialized skills, and hybrid work trends.
- In Q2 2025, financial activities and professional & business services posted gains, while government and information sectors declined, influenced by federal workforce cuts and digital changes.

Major Transactions

- Bon Secours Mercy Health signed a new lease for 50,671 square feet at 4600 McAuley Pl. in the Blue Ash submarket.
- Oakmont Education signed a new lease for 30,881 square feet at 6871 Steger Dr. in the Midtown submarket.
- Waites Sensor Technologies signed a new lease for 16,000 square feet at 1045 W. 8th St. in the CBD Peripheral submarket.
- Path Forward IT sold 6871 Steger Dr., a 31,500 square-foot building in the Midtown submarket, to RDW Development for \$2.99 million, or \$94.80/SF.
- Crossroad Health Center sold 1506-1508 Vine St., a 27,750 square-foot building in the Midtown submarket, to 3CDC for \$1.6 million, or \$57/SF.

Leasing Market Fundamentals

- This quarter, Cincinnati's office market saw positive net absorption (up to 134,000 SF YTD), but overall activity remains slow with no new construction starts or completions reported.
- Leasing activity continues to lag due to persistent remote/hybrid work, economic uncertainty, and aging office inventory, with most tenants favoring flexible terms and high-quality, modernized spaces.
- Sublease activity is rising slightly as tenants adjust space needs, while direct availability remains stable; major changes are unlikely unless economic conditions shift, or new supply enters the market.
- Asking rents are rising overall, particularly for renovated or well-located spaces, with Class A rates holding historically high despite minor dips, and Class B rents gradually increasing as tenants pursue value-driven options.

Outlook

- Leasing activity is expected to remain modest, with most demand focused on modern, well-located spaces offering flexible terms as remote and hybrid work trends persist.
- Cincinnati's commercial real estate market is expected to remain stable but measured, with modest growth in finance and professional services offset by headwinds in government employment.
- With no major new construction in the pipeline, landlords will emphasize renovations and upgrades to attract tenants, further supporting rental growth for updated properties.
- Overall asking rents are projected to rise gradually, especially for high-quality Class A and modernized Class B spaces, while properties without upgrades may see flat or slower rent growth.

1. Economy
2. Leasing Market Fundamentals

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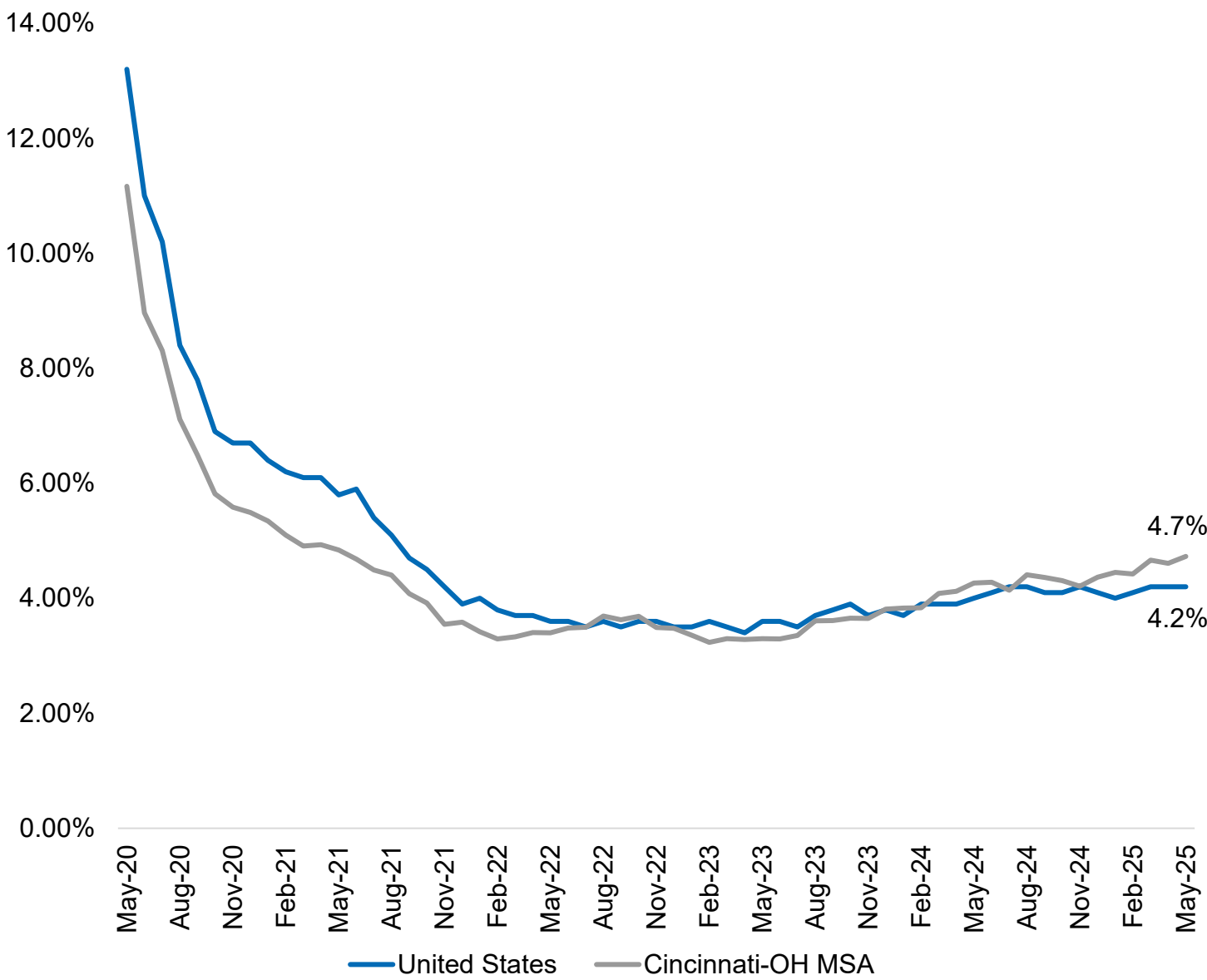
Economy



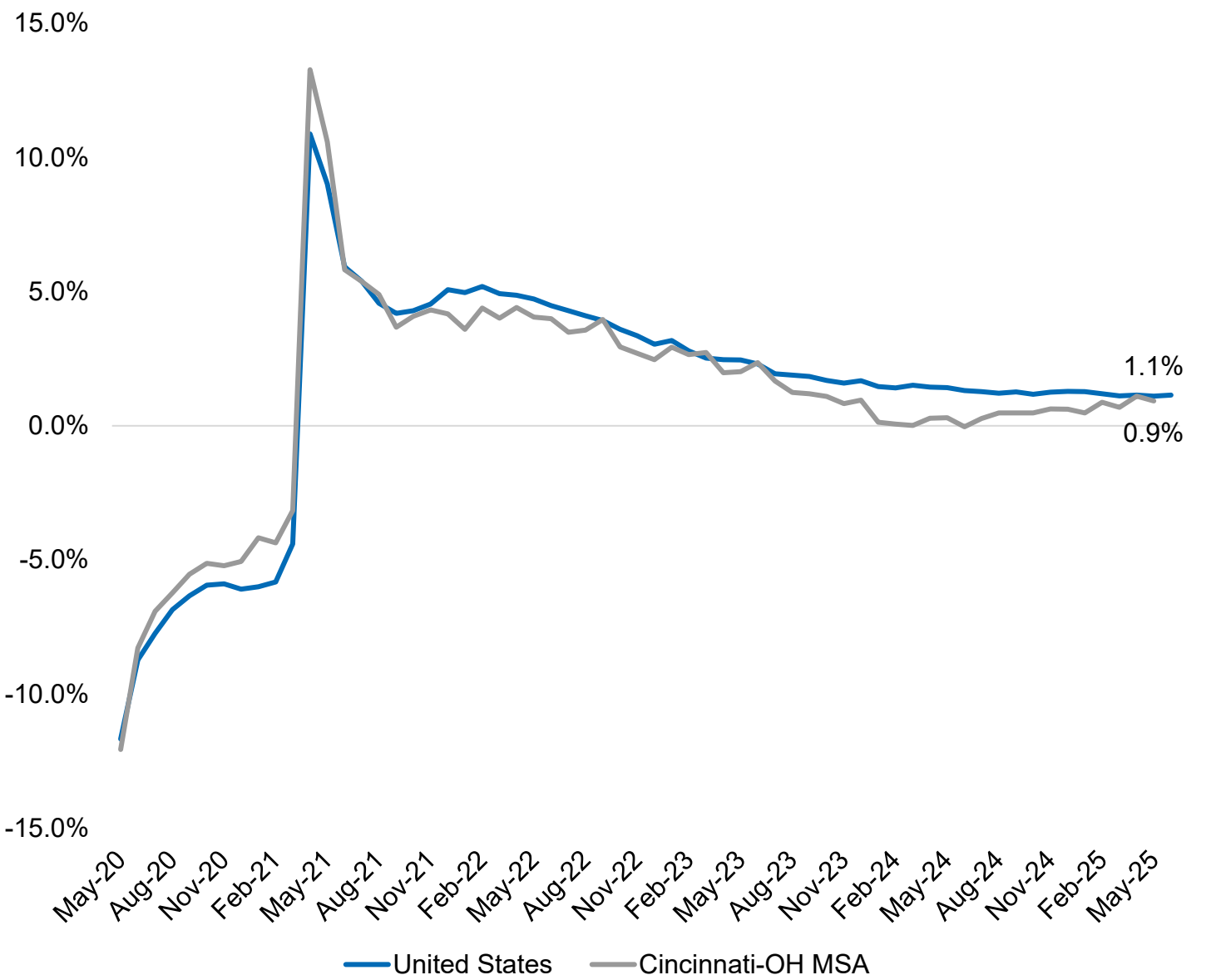
Cincinnati Labor Market Signals Measured CRE Growth

The unemployment rate in both the United States and Cincinnati has remained largely unchanged over the past quarter. While national nonfarm payroll employment has seen no significant movement, Cincinnati has experienced a bit more variability due to local industry shifts. For the rest of the year, the expectation is that the national job market will remain steady, with employers being cautious about new hiring decisions. Cincinnati is likely to mirror this national trend, though some continued volatility at the local level is possible. These labor market conditions are expected to support stable, but measured activity across Cincinnati’s commercial real estate market for the remainder of the year.

Unemployment Rate, Seasonally Adjusted



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

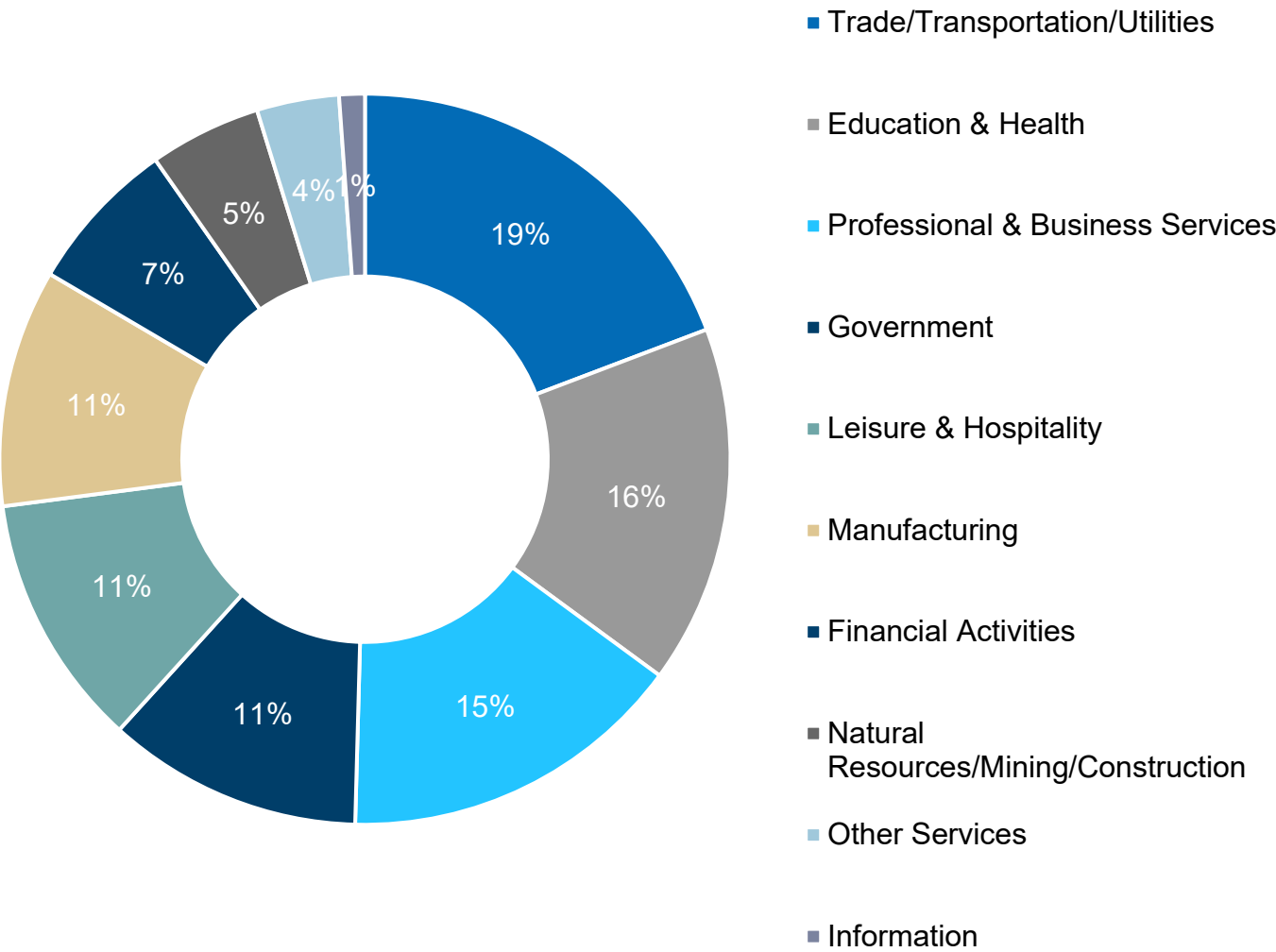


Source: U.S. Bureau of Labor Statistics, Cincinnati, OH-KY-IN

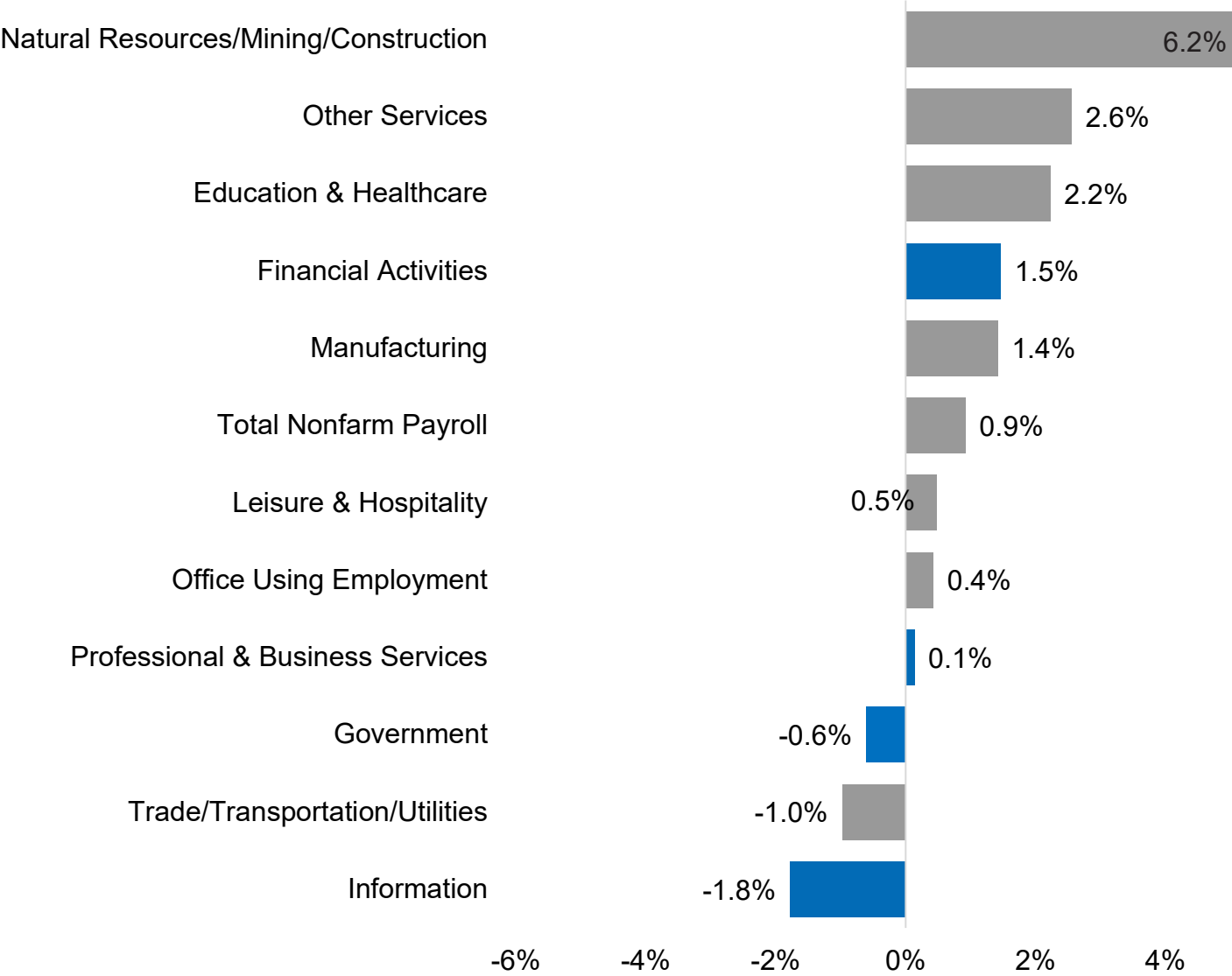
Office Sector Diverges as Financial Services Rise, Government Jobs Fall

In the second quarter of 2025, Cincinnati's office-using sectors experienced uneven performance. Financial activities and professional & business services posted modest gains, driven by continued corporate demand and growth in specialized service roles. In contrast, the government and information sectors saw declines, in part due to federal workforce reductions, alongside ongoing digital transformation pressures in information industries. Looking ahead, economic activity in office-using sectors is likely to reflect these divergent trends: growth is expected to remain modest in finance and professional services, while the effects of federal workforce cuts may further limit government job stability through the end of 2025.

Employment by Industry, June 2025



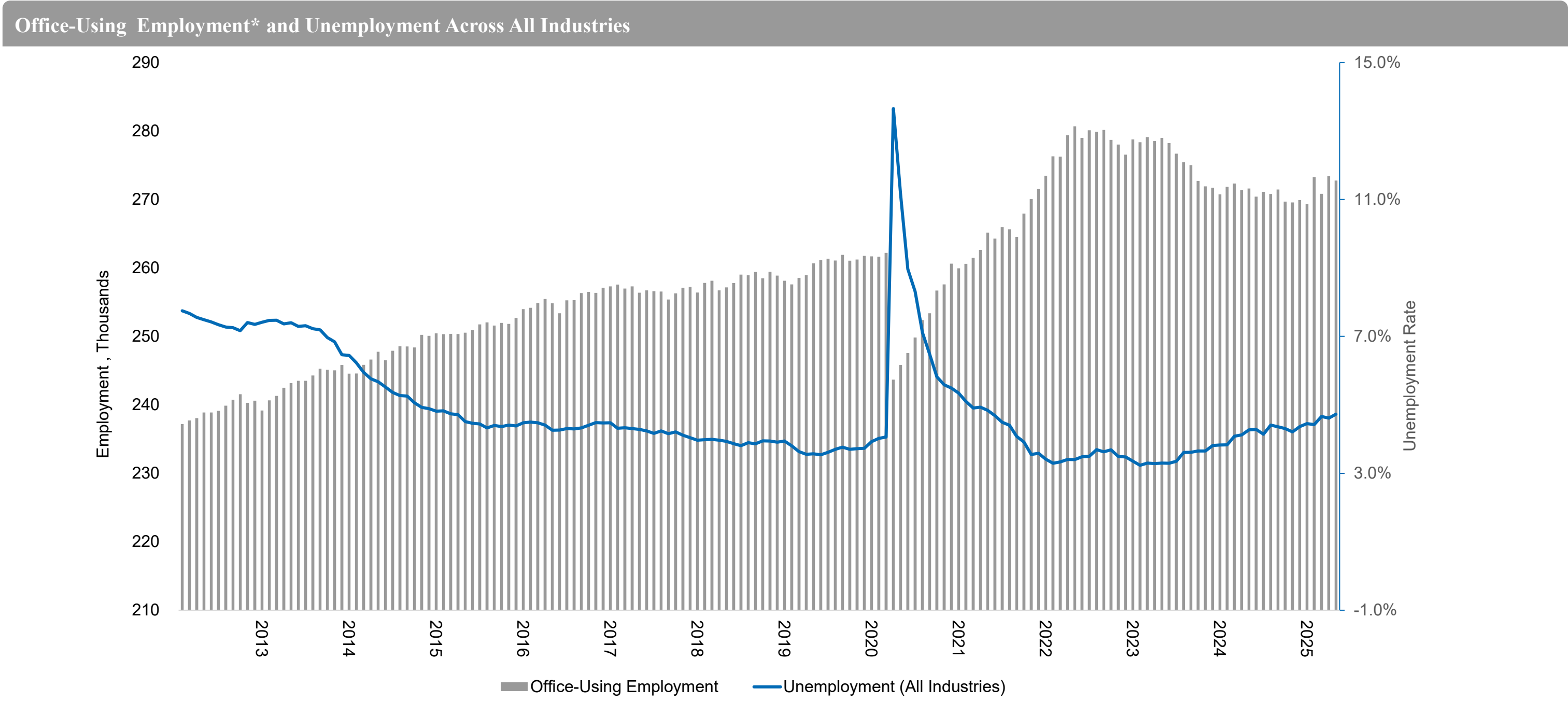
Employment Growth by Industry, 12-Month % Change, June 2025



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

Amid Rising Unemployment, Cincinnati's Office Jobs Show Modest Growth

Cincinnati's unemployment rate has been rising across all industries since late 2024, signaling broad-based labor market challenges. However, jobs in office-using sectors, have posted a modest increase over the same period. This resilience in office employment is likely due to ongoing business adaptation, demand for specialized skills, and hybrid work trends supporting office-related jobs. Going forward, while the overall job market may remain under pressure, office-using employment is expected to retain some momentum, offering stability within an otherwise uncertain environment.



Source: U.S. Bureau of Labor Statistics, Cincinnati, OH-KY-IN
Note: June 2025 data is preliminary.
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

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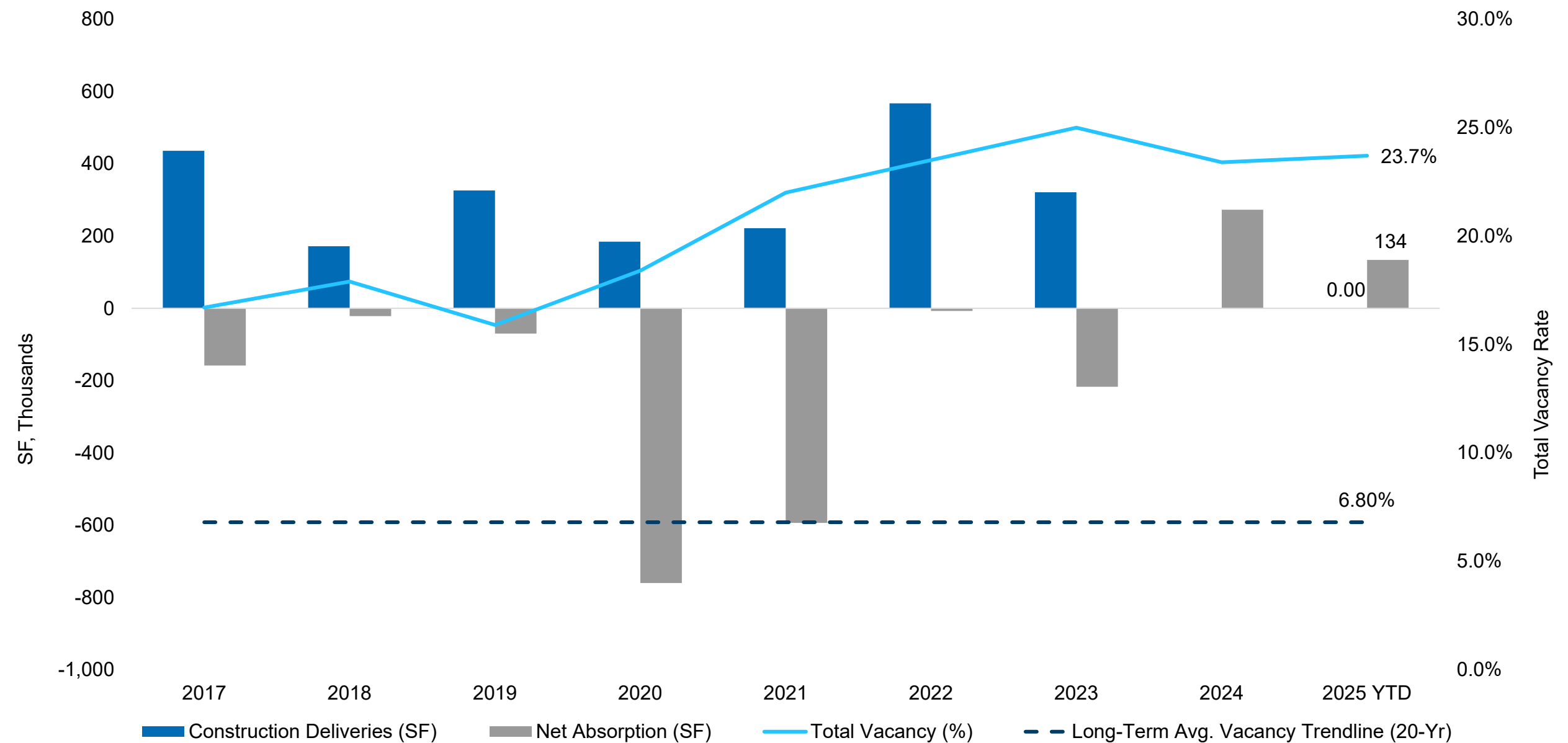
Leasing Market Fundamentals



Cincinnati Office Market Holds Steady with Year-to-Date Gains

This quarter, the Cincinnati office market posted positive net absorption, pushing the year-to-date figure to a positive 134,000 SF. Despite this progress, the market overall remains relatively stagnant and slow, with no new construction starts or property deliveries reported. However, steady absorption in a slow market demonstrated the resilience of Cincinnati’s office sector and lays a strong foundation for renewed activity when market conditions improve and businesses continue to encourage their employees to come back to the office.

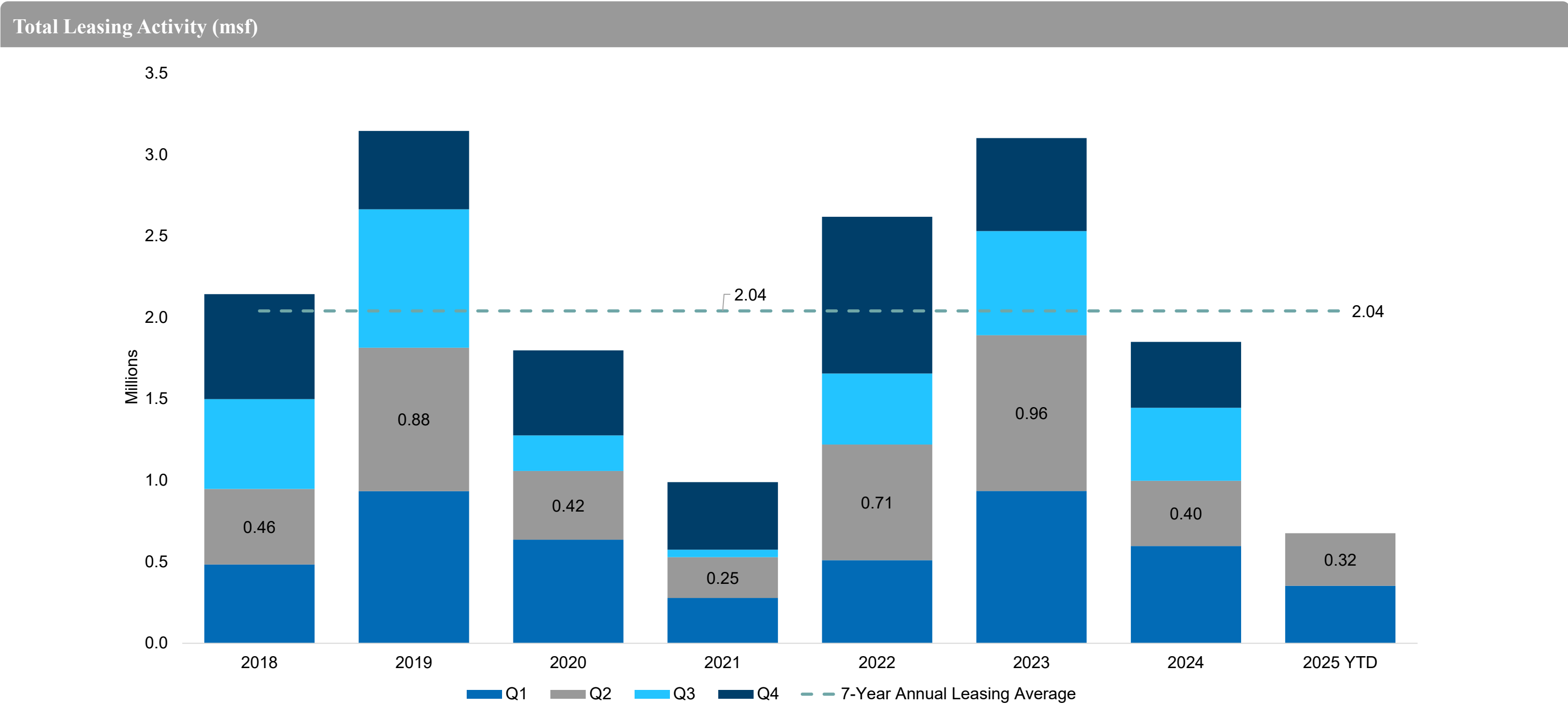
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research

Slow Start for Cincinnati Office Leasing Points to Continued Caution

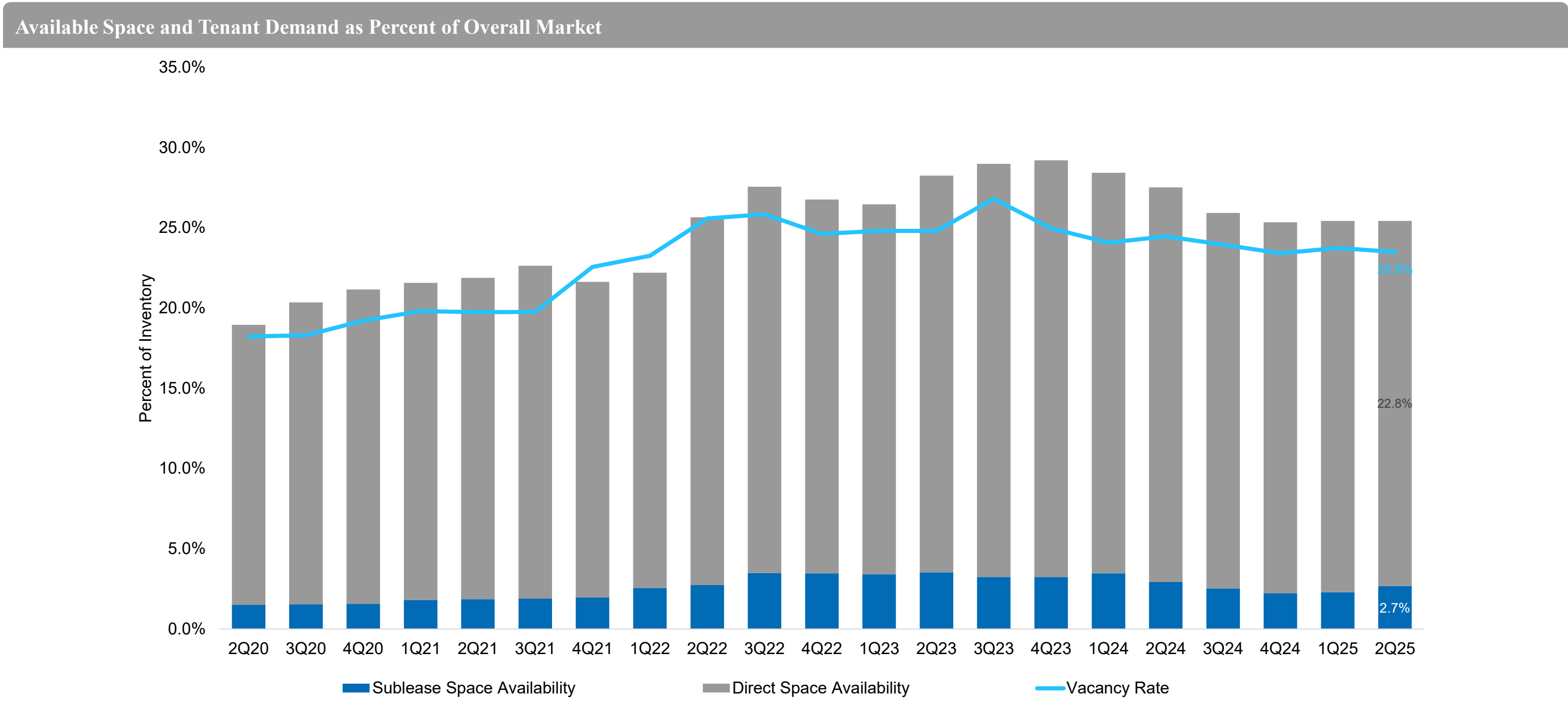
Office leasing activity in Cincinnati has stayed sluggish through the first two quarters of the year, with transaction levels closely resembling those of 2021. This slow pace is driven by continued adoption of remote and hybrid work, economic uncertainty, and high level of older, less competitive office inventory in the market. With these trends likely to persist, leasing activity is expected to remain muted for the rest of the year, with tenants favoring flexible terms and higher quality spaces. Unless there is a significant shift in economic conditions or a decisive move by companies back to in-office work, Cincinnati’s office market will likely experience only modest improvement through year-end.



Source: Newmark Research, CoStar

Minimal Shifts in Sublease and Direct Availability

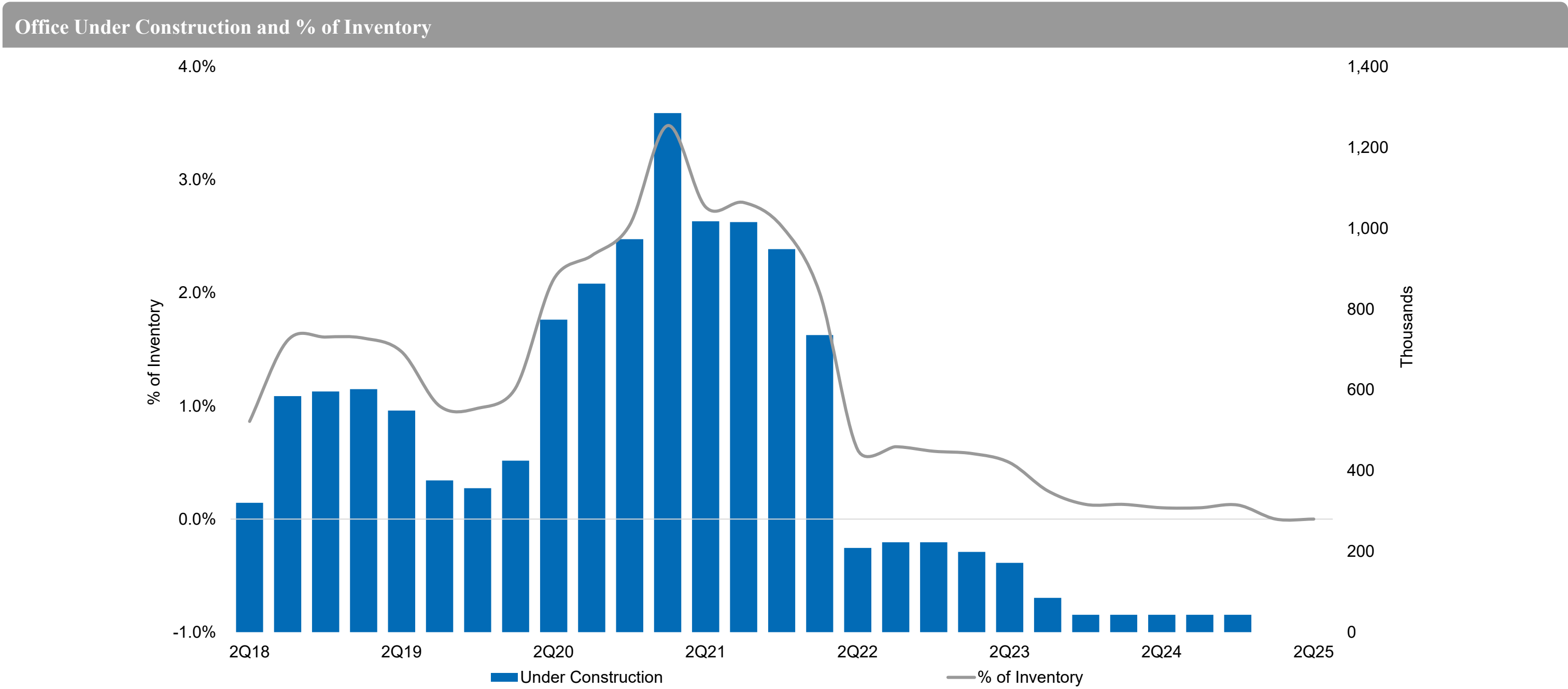
From Quarter 1 to Quarter 2, we observed a slight increase in sublease space availability, while direct space availability decreased marginally. These minimal shifts suggest the market is holding steady, with tenants increasingly offering excess space for sublease, likely in response to evolving workplace strategies, while direct vacancies remain limited as landlords keep occupancy levels stable. Looking ahead, we anticipate these subtle trends will continue through the remainder of the year. Sublease space may rise modestly if more tenants look for flexible solutions, while direct availability is expected to remain relatively unchanged unless there are significant economic shifts or new supply entering the market.



Source: Newmark Research

Existing Spaces Upgraded Amid Pause on New Construction

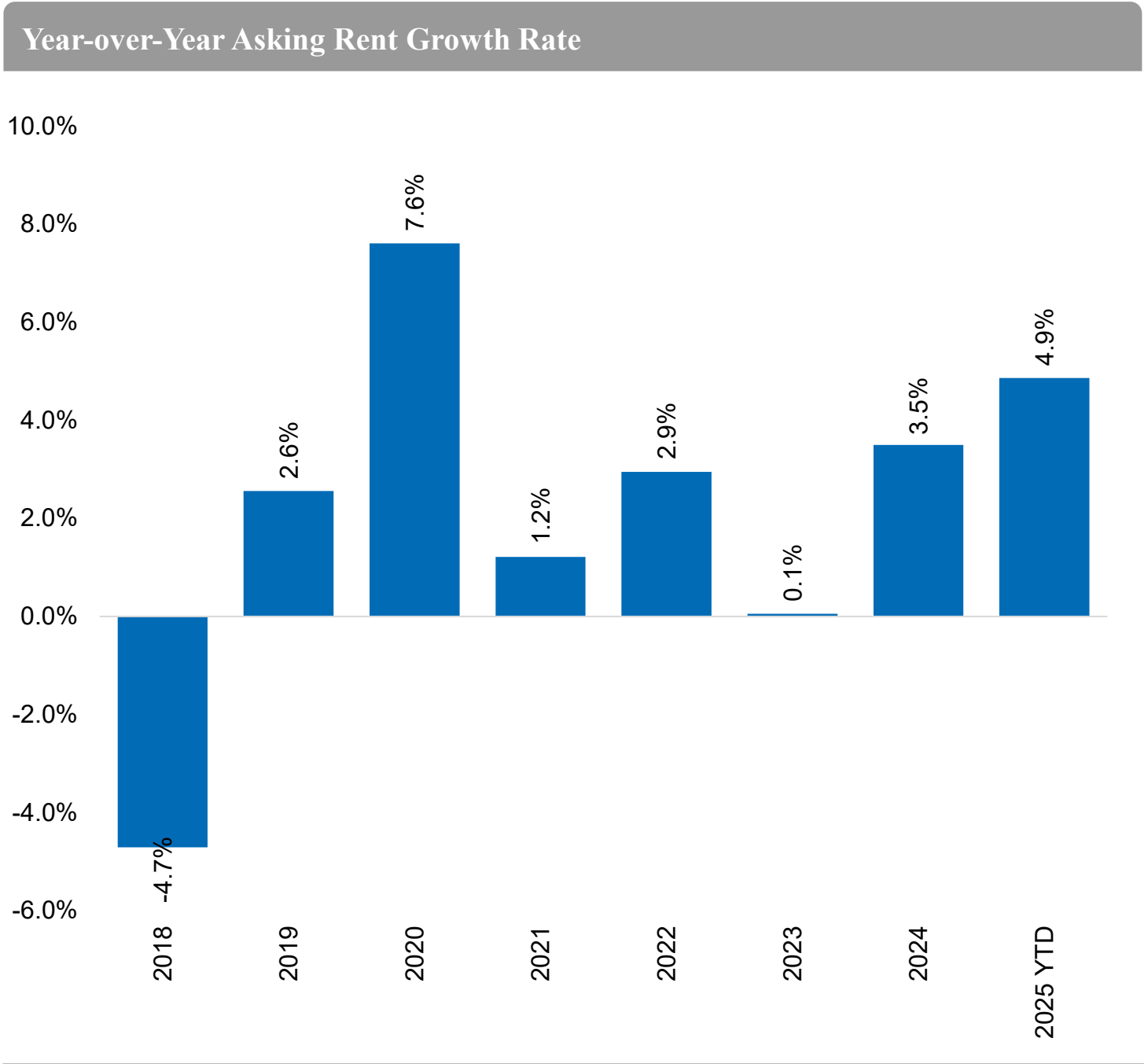
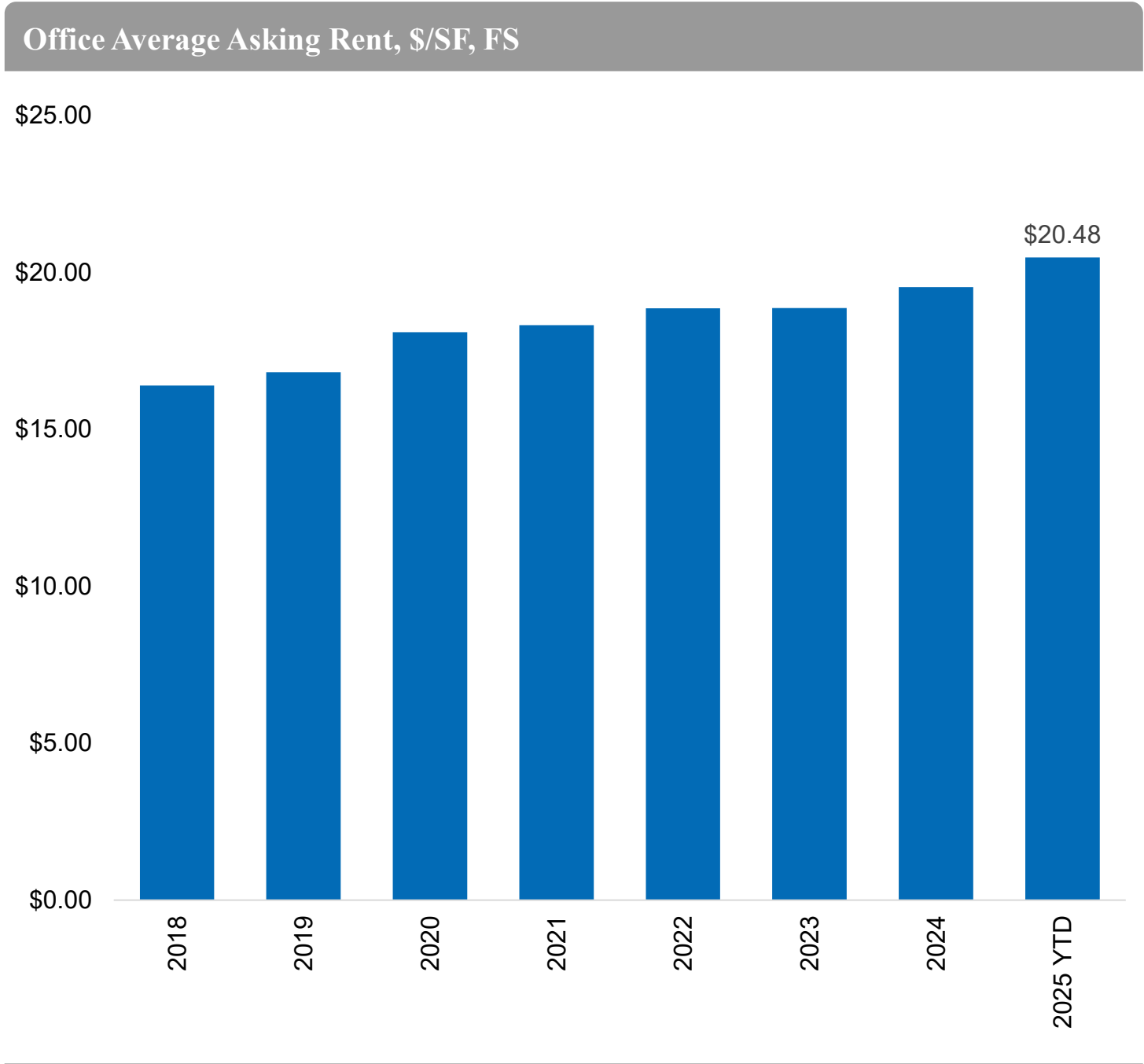
There has been no new construction deliveries or properties entering the pipeline this quarter. Instead, developers are prioritizing renovations and repositioning of existing buildings to better align with current tenant demands for modern amenities and adaptable layouts. This focus allows landlords to remain competitive without taking on the risks associated with speculative new development in an uncertain market. For the remainder of the year, we expect this trend to continue, with developers leveraging upgrades and improvements to attract and retain tenants.



Source: Newmark Research, CoStar, City of Cincinnati

Rental Rates Climb as Quality Spaces Lead the Market

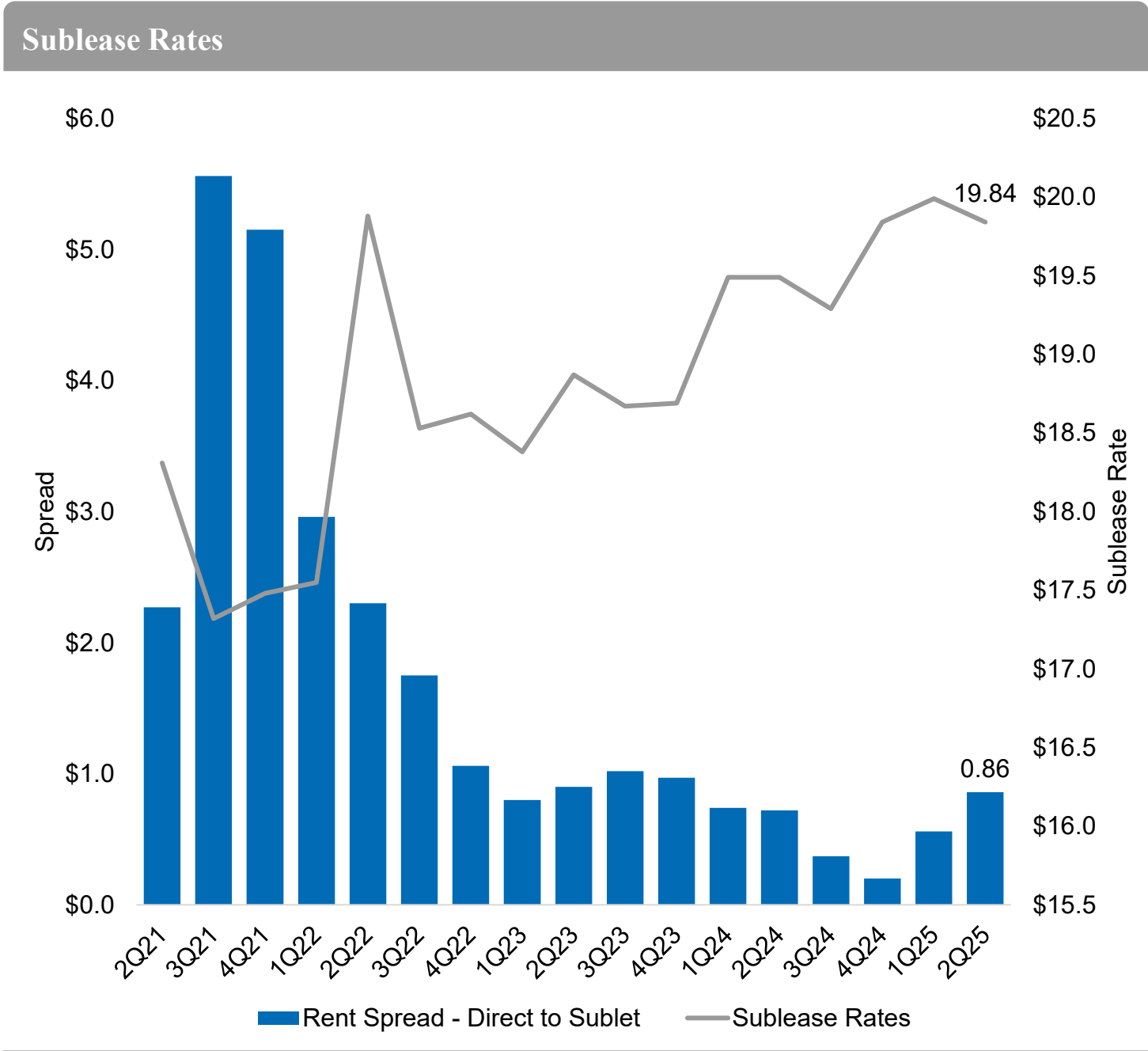
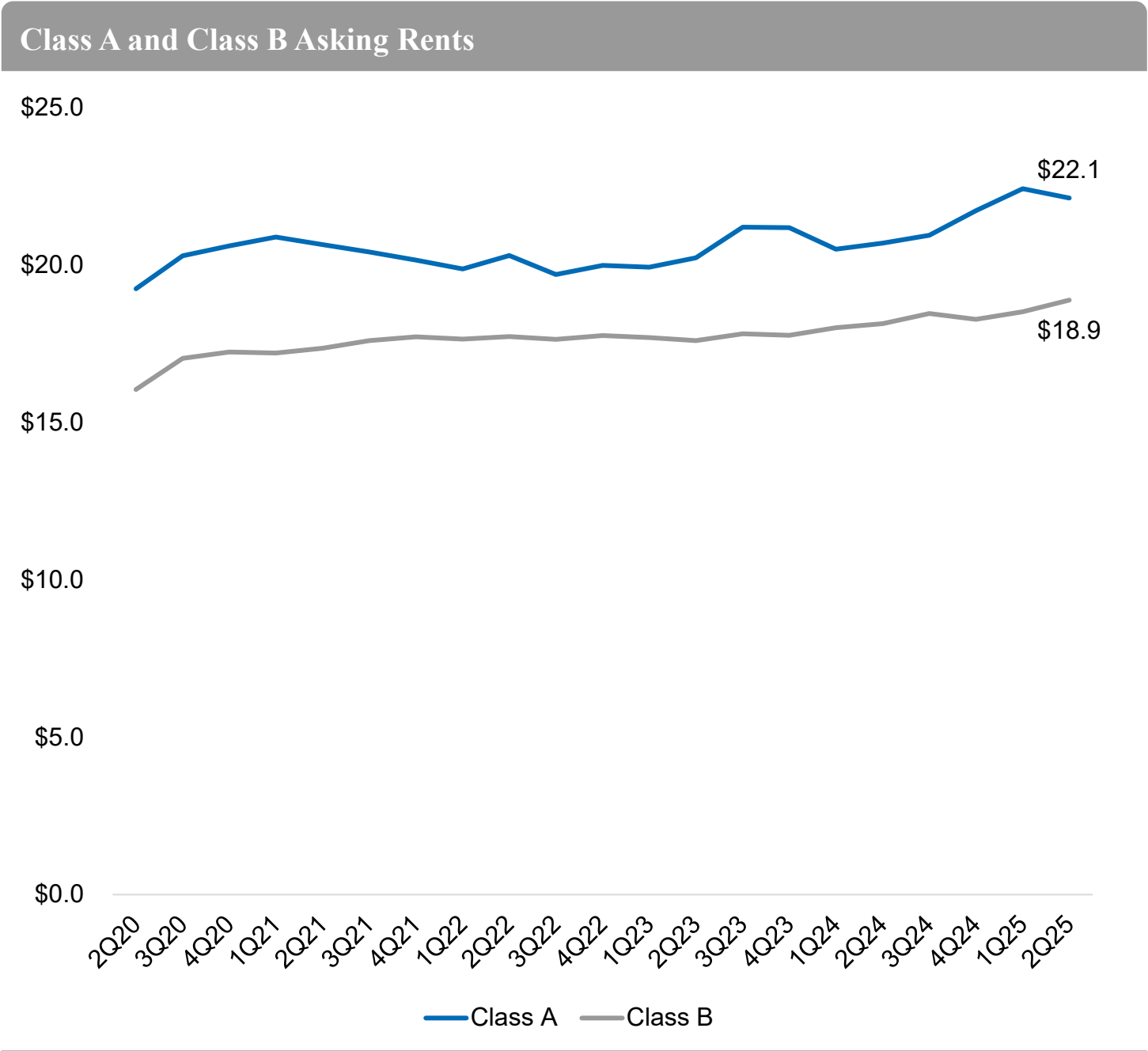
In 2025, asking rents are increasing slightly, with year-over-year growth rate of 4.9% from 2024 to present. This steady rise reflects growing landlord confidence and sustained tenant demand, especially for well-located and modernized spaces. With no new construction in the pipeline, landlords are able to push rents higher, especially for spaces offering modern amenities. As overall supply remains tight, renters can expect continued upward pressure on rents for quality locations. Properties without upgrades, however, may see lower rent growth or stable pricing though the year.



Source: Newmark Research, CoStar

Stable Demand for Premium Spaces Keep Class A Rents Elevated

This quarter, there was a slight decrease in asking rents for Class A space, though rates remain historically high due to persistent demand for new renovated properties offering premium amenities. The minor dip may reflect a particularly competitive environment among top-tier landlords seeking to attract or retain quality as supply remains limited. In contrast, Class B asking rents saw a marginal increase and continue their steady climb, supported by tenants seeking value-driven options and stable, functional spaces. As tenants increasingly prioritize high-quality and modernized environments, the Class A segment is likely to remain robust in terms of occupancy and rent levels. Looking ahead, expect Class A rents to hold firm at elevated levels, while Class B rents continue to rise gradually as more tenants evaluate cost-effective alternatives.



Source: Newmark Research, CoStar

Notable 2Q25 Lease Transactions

| Notable 2Q25 Lease Transactions | | | | |
|---------------------------------|----------------------------|----------------|--------------|-------------|
| Tenant | Building(s) | Submarket | Type | Square Feet |
| Bon Secours Mercy Health | 4600 McAuley Pl. | Blue Ash | Direct Lease | 50,671 |
| Oakmont Education | 6871 Steger Dr. | Midtown | Direct Lease | 30,881 |
| Champlin Architecture | 201 E 4 th St. | CBD | Direct Lease | 24,013 |
| Waites Sensor Technologies | 1045 W 8 th St. | CBD Peripheral | Direct Lease | 16,000 |

Source: Newmark Research

Notable 2Q25 Sale Transactions

| Notable 2Q25 Sale Transactions | | | | | | |
|--------------------------------|-------------------------|---------------------|-----------|-------------|-------------|----------|
| Buyer | Seller | Address | Submarket | Square Feet | Price | Price/SF |
| RDW Development | Path Forward I T | 6871 Steger Dr. | Midtown | 31,500 | \$2,990,000 | \$94.80 |
| 3CDC | Crossroad Health Center | 1506-1508 Vine St. | Midtown | 27,750 | \$1,600,065 | \$57.66 |
| YM Realty LLC | Geotechnology Inc. | 1780 Carillon Blvd. | West | 13,200 | \$900,000 | \$68.18 |

Source: Newmark Research

For more information:

Bridget Logan

Research Analyst

bridget.logan@nmrk.com

Cincinnati

312 Walnut St., Suite 1510

Cincinnati, OH 45202

t 513-241-2300

New York Headquarters

125 Park Ave.

New York, NY 10017

t 212-372-2000

nmrk.com

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