



NEWMARK

Cincinnati:
Office Market Overview

4Q25

Market Observations



Economy

- Mild unemployment cooling in September 2025 with U.S. unemployment at 4.4% (highest since Oct. 2021) and Cincinnati improving to 4.5% in September from 4.80% in August.
- Office using sectors were split in employment growth. Information was up 1.5% and financial activities was up 0.2%. Whereas government was down 0.2% and professional & business services was down 1.6%.
- Cincinnati office-using employment is easing even as overall unemployment fell 30 basis points to 4.5%.



Leasing Market Fundamentals

- Demand remained soft with negative net absorption, pushing vacancy to 24.2% for the year, well above the 20-year market average of 13.7%.
- Leasing activity slowed with the fourth quarter posting 235,000 SF, bringing 2025 to 1.3 million SF, about 40% below the seven-year annual average.
- Availability stayed elevated with sublease availability at 1.9%, the lowest it has been since the third quarter of 2023, and direct availability saw no major swings.
- Supply was muted with one new delivery in 2025, after none in 2024. There were four consecutive quarters with no construction amid financing headwinds and high vacancy.
- Full-service asking rents averaged \$20.42/SF.



Major Transactions

- Matthews International Corp. signed a new lease for 26,687 SF at 10200 Alliance Rd. in the Blue Ash submarket.
- Hamilton County Commissioners signed a renewal for 21,279 SF at 125 E. Court St. in the CBD submarket.
- Barnes, Dennig & Co. signed a new lease for 14,402 SF at 312 Elm St. in the CBD submarket.
- Woodbranch Management sold 255 E. 5th St., a 551,000 SF building in the CBD submarket, to Real Capital Solutions for \$59.0 million, or \$106.92/SF.
- Uptown Arts sold 123 E. Liberty St., a 12,776 SF building in the Clifton/Midtown submarket, to Center for Respite Care for \$2.1 million, or \$164.37/SF.



Outlook

- Vacancy will likely be elevated as demand stays modest and groundbreaking remain muted. Owners will emphasize amenity upgrades, spec suites, and targeted capital projects. Tenants retain a favorable negotiating backdrop.
- Leasing volume is expected to sit below trend in the first half of 2026, with potential for a gradual pickup later in the year. Activity will be anchored by small-to-midsized requirements.
- With sublease supply tight and direct availability steady, total available space could level off if absorption turns positive.
- Concessions and generous tenant improvement packages are likely to persist.
- Any new starts will be limited to small build-to-suits or heavily preleased projects.

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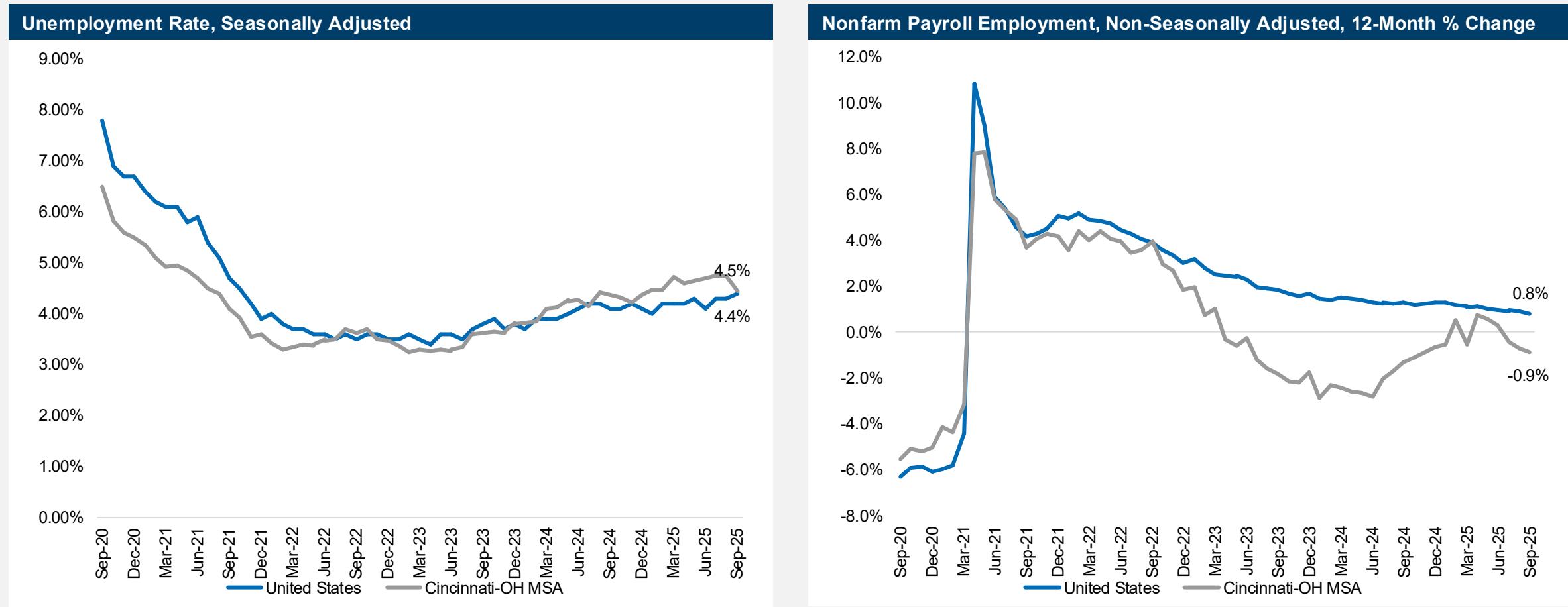
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Economy



Cincinnati Hiring Improves Amid National Softening

As of September 2025, labor conditions show a mild cooling. The U.S. unemployment rate rose to 4.4% (the highest since October 2021), while Cincinnati's rate improved to 4.5% from 4.8% in August. Nonfarm payroll employment eased nationally by 10 basis points to 0.8%, and Cincinnati slipped further to negative 0.9%. These trends likely reflect tighter financial conditions, normalized post-pandemic hiring, slower goods demand, and cautious corporate hiring. Looking to 2026, a base case is for gradual stabilization and modest job growth if inflation continues to cool and borrowing costs ease, though risks from persistent inflation or slower global growth remain.



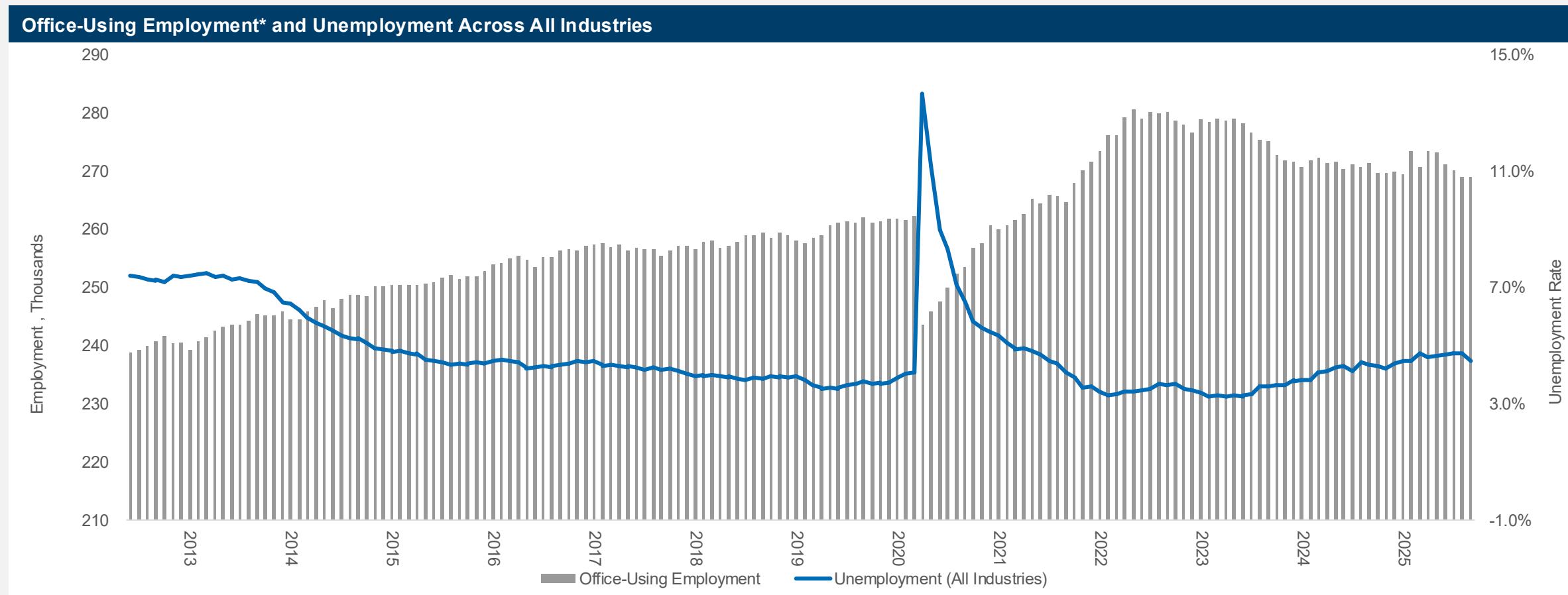
Employment Growth Mixed Across Office Sectors

Over the past twelve months, employment growth in office-using sectors was split in half. Information was up 1.5% and financial activities was up 0.2%, while government was down 0.2% and professional & business services was down 1.6%. Information's growth reflects sustained investment in cloud, data, and AI platforms that continue to drive headcount in high-skill roles. Financial activities showed modest gains as firms add compliance, risk, and wealth advisory talent despite softer deal flow amid higher rates. Government's slight decline likely stems from budget normalization, attrition, and selective hiring freezes. The sharper contraction in professional & business services points to corporate cost controls, delayed projects, and automation trimming administrative and temp staffing. For office demand, this mix implies selective expansion in tech- and finance-oriented space alongside continued consolidation among consulting and back-office users.



Cincinnati Office Jobs Ease as Unemployment Falls to 4.45%

Office-using employment in Cincinnati has been easing from its early-year highs even as unemployment across all industries fell 30 basis points from August to September to 4.5%. These can move in opposite directions because the unemployment rate reflects the entire market. Workers leaving office roles are being absorbed by still-growing, non-office sectors, shifting to part-time or self-employment, or temporarily exiting the job search, all of which lower measured unemployment without boosting office headcount. Meanwhile, white-collar employers are trimming and slowing hires amid higher borrowing costs, softer deal flow, and productivity/automation gains that reduce back-office needs. The net effect is sectoral rotation rather than a broad downturn.



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

Note: September 2025 data is preliminary

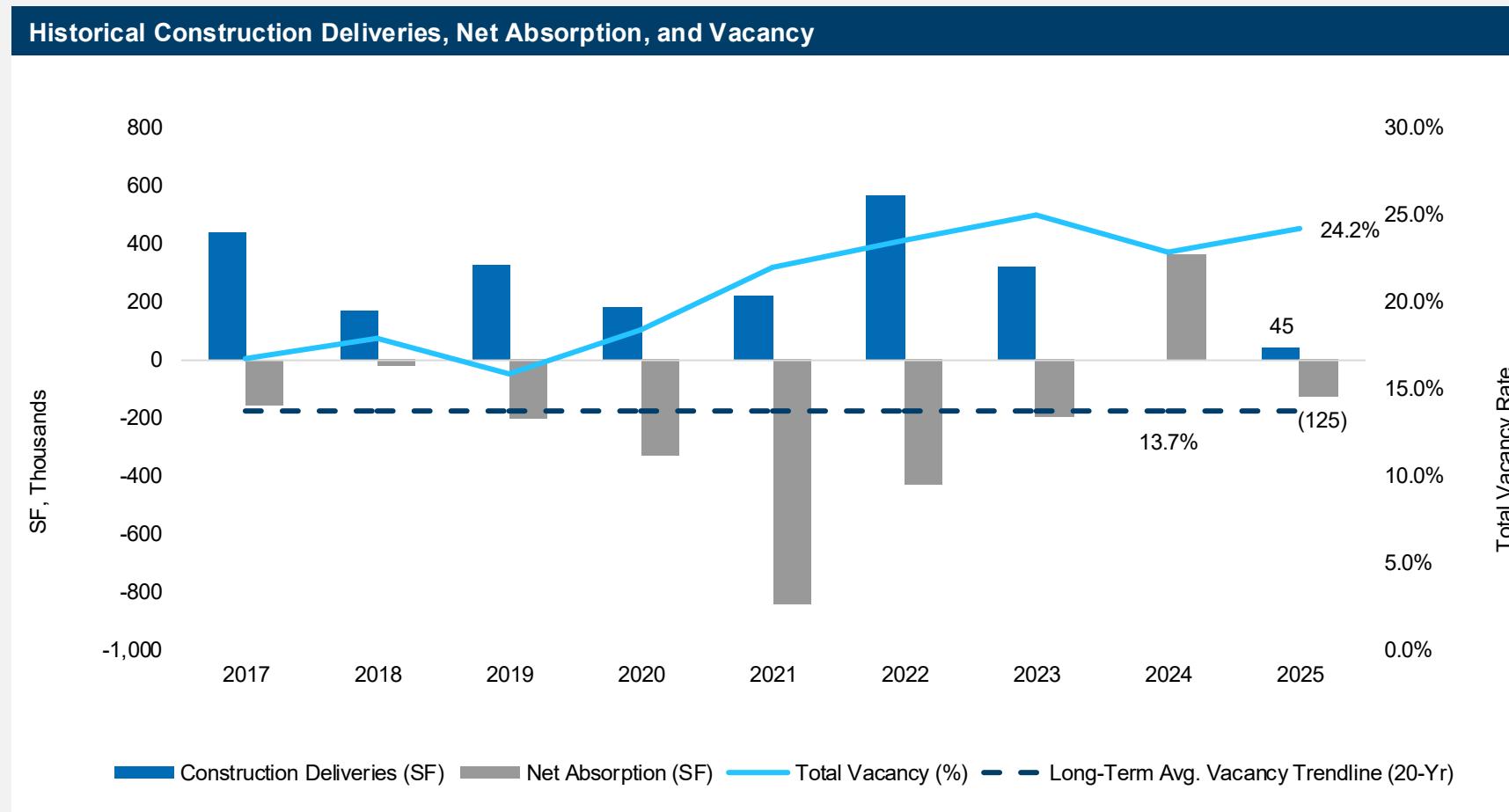
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information

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Leasing Market Fundamentals



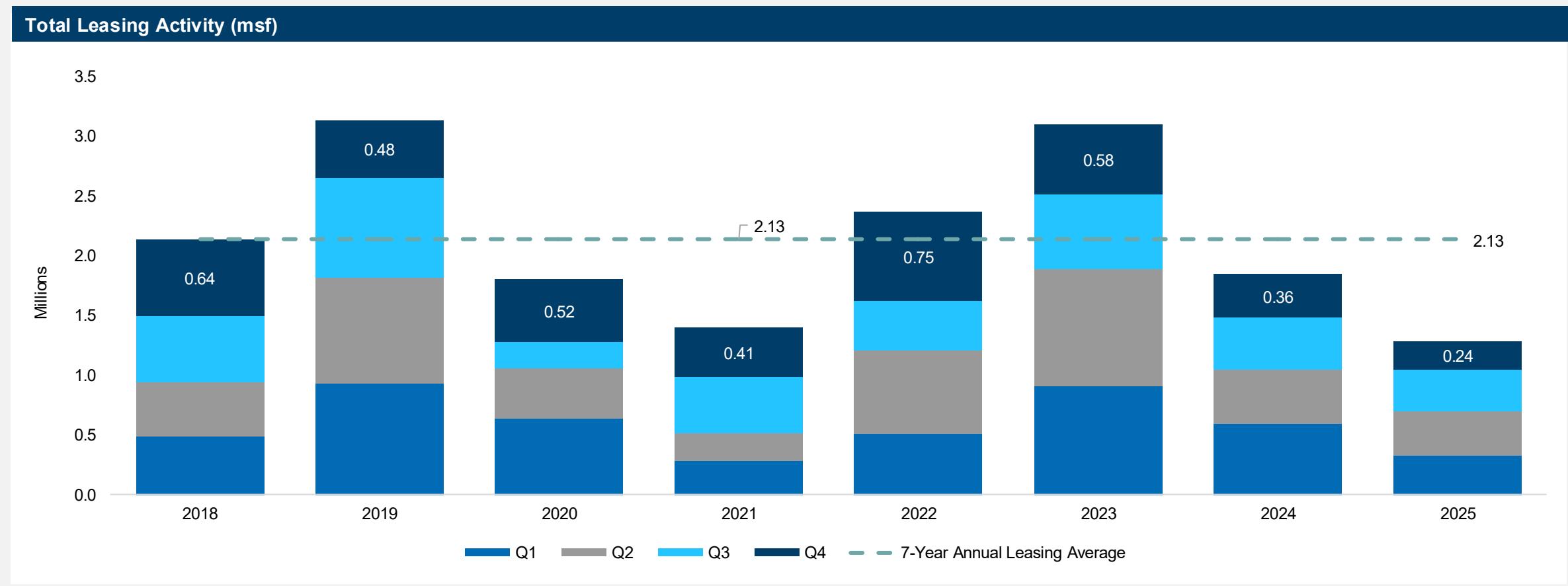
Vacancy Climbs to 24.2% with Negative Absorption for the Year



After zero construction deliveries in 2024, just one new office delivery occurred in 2025. This was an uptick but still well below historical norms. Demand remained soft, with negative net absorption as occupiers continued to rightsize, resulting in total vacancy rising to 24.2% from 23.4% year over year. Notably, 2025 vacancy sat well above the 20-year market average of 13.7%, underscoring the depth of the imbalance and the likelihood of a gradual, multi-year path to stabilization. Looking to the year ahead, vacancy is likely to remain elevated amid modest demand and limited new supply, with financing and high availabilities keeping groundbreakings muted. Owners will emphasize amenity upgrades, spec suites, and targeted capital projects. Tenants can expect a favorable negotiating backdrop and opportunities to upgrade quality and location at comparable occupancy costs.

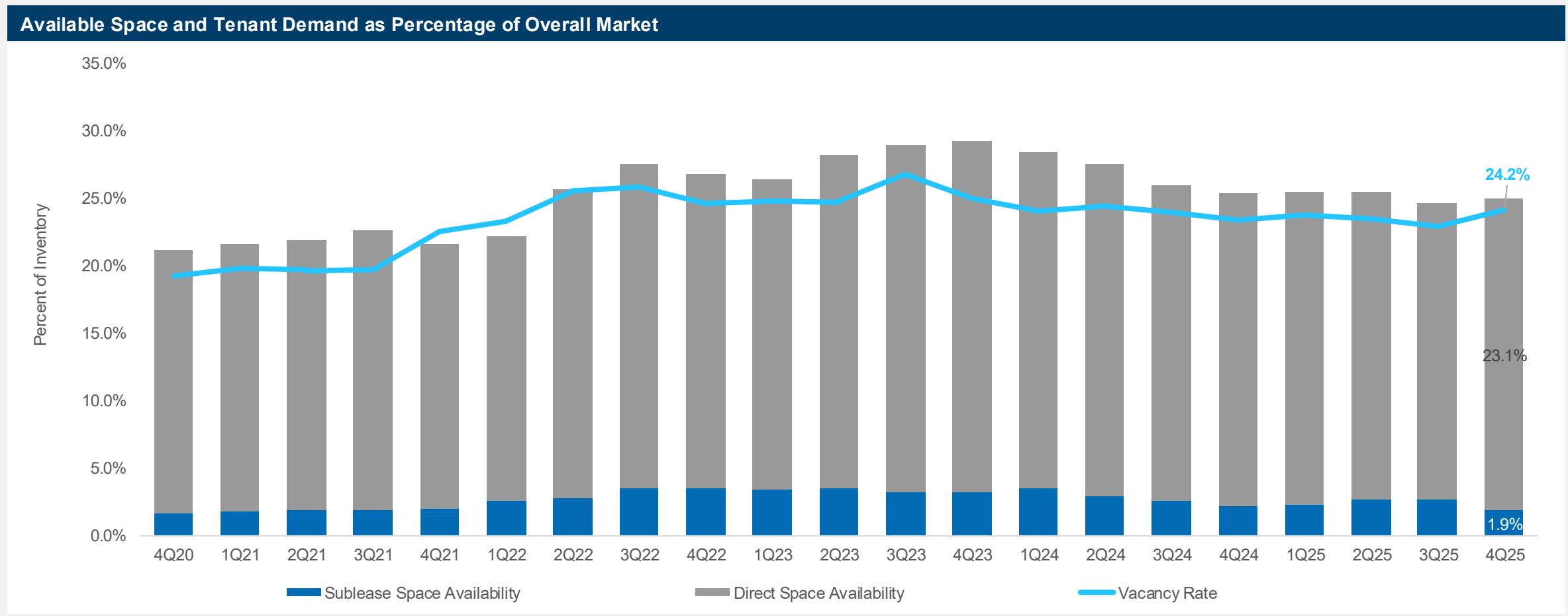
Leasing Below Seven-Year Trendline; Flexibility and Quality Drive Activity

Leasing activity in Cincinnati's office market slowed through 2025, with the fourth quarter posting the year's lowest volume at just 235,000 SF and bringing the annual total to 1.28 million SF, about 40.1% below the seven-year annual average of 2.13 million SF. Activity was dominated by renewals, consolidations, and smaller requirements as decision timelines lengthened and many occupiers continued to refine hybrid-space needs. In fact, limited new deal flow skewed toward well-located, amenitized buildings and build-out-ready spec suites. Looking ahead to 2026, leasing volume is expected to remain below the recent trendline in the first half, with potential for a gradual pickup later in the year as corporate planning visibility improves. Deal flow will likely be anchored by small to midsize requirements, selective flight-quality moves, and a continued emphasis on flexibility.

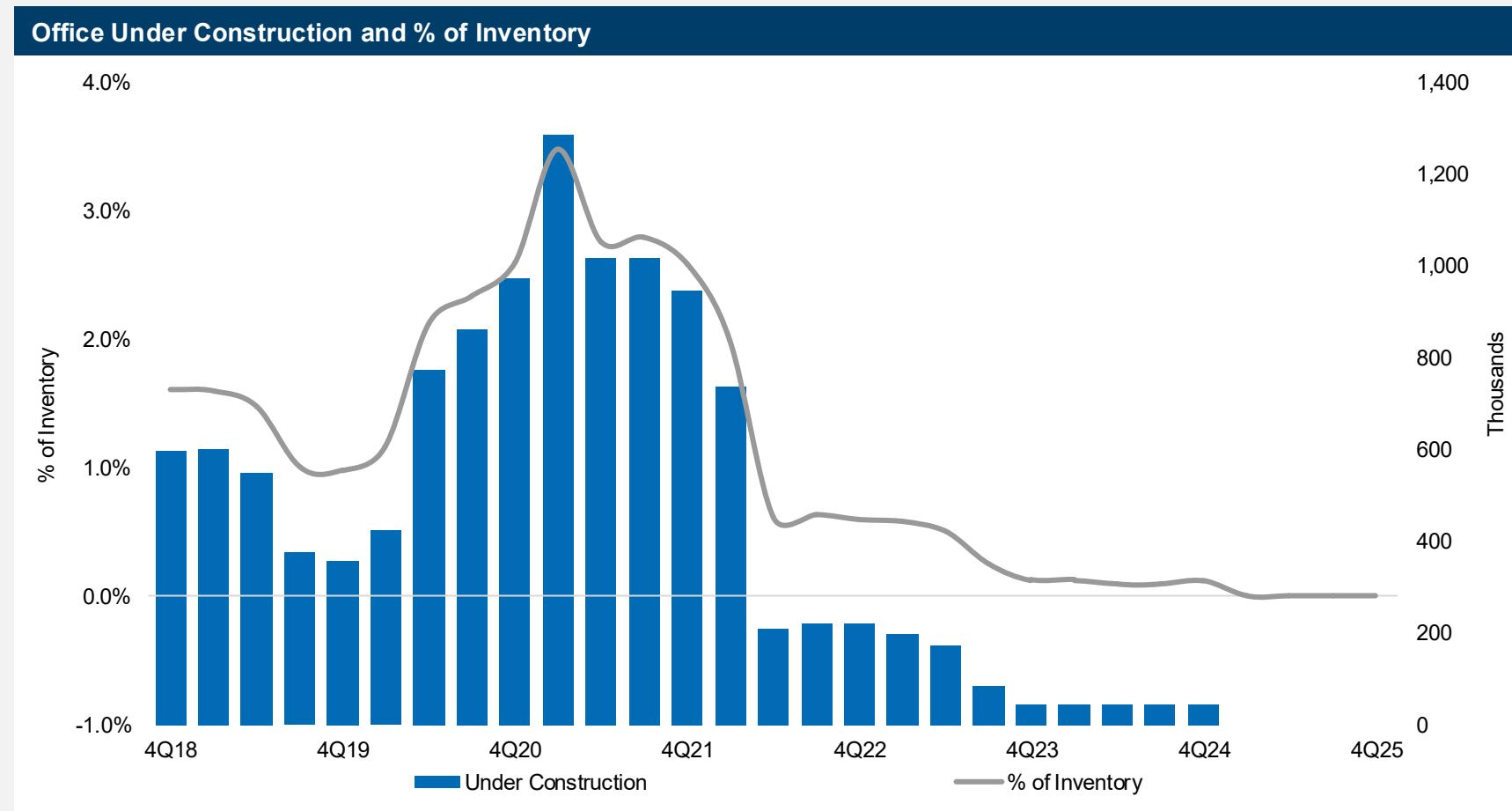


Sublease Availability at Lowest Since 3Q23; Direct Availability Steady

Available space as a share of the market remains elevated. Sublease availability finished 2025 at 1.9%, the lowest since the third quarter of 2025, signaling fewer disposition-driven listings. Direct space has shown no major swings in 2025. The rise of yearly vacancy to 24.2% from 22.9% in 2024 was driven mostly by the negative absorption accumulated for the year. Looking ahead to 2026, with sublease supply tight and direct availability steady, total available space has the opportunity to level off if absorption turns positive. Tenant demand should remain selective with concessions and generous tenant improvement packages likely to persist.



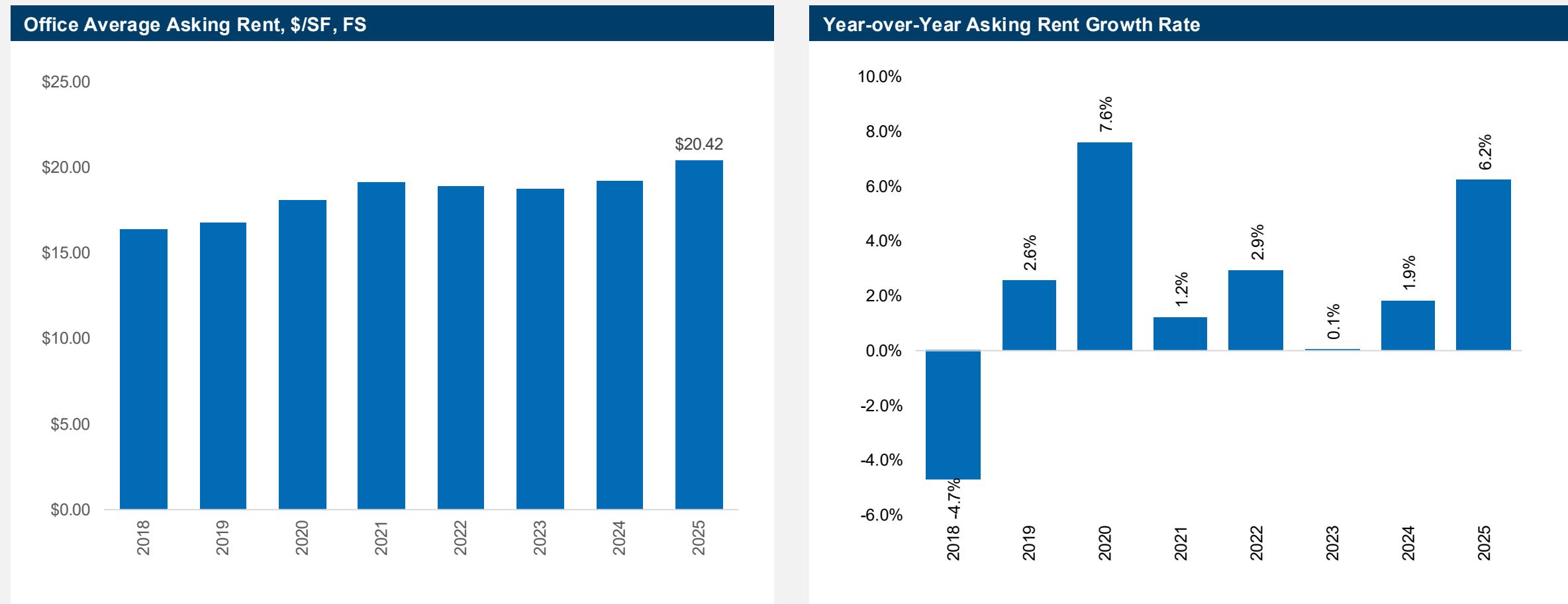
No Active Projects; Supply Additions Halted



The Cincinnati office pipeline has registered a fourth consecutive quarter with no projects under construction, keeping the under-construction share at 0% of inventory. This standstill reflects elevated vacancy and recent negative absorption that make speculative starts hard to pencil, coupled with tighter construction financing, higher borrowing costs, and stubborn materials and labor expenses that push required preleasing to very high levels. Tenants continue to rightsize and favor renewals or high-quality second-generation space over ground-up commitments. For 2026, expect the under-construction share to remain near 0% of inventory, with any new starts limited to small build-to-suits or heavily preleased projects.

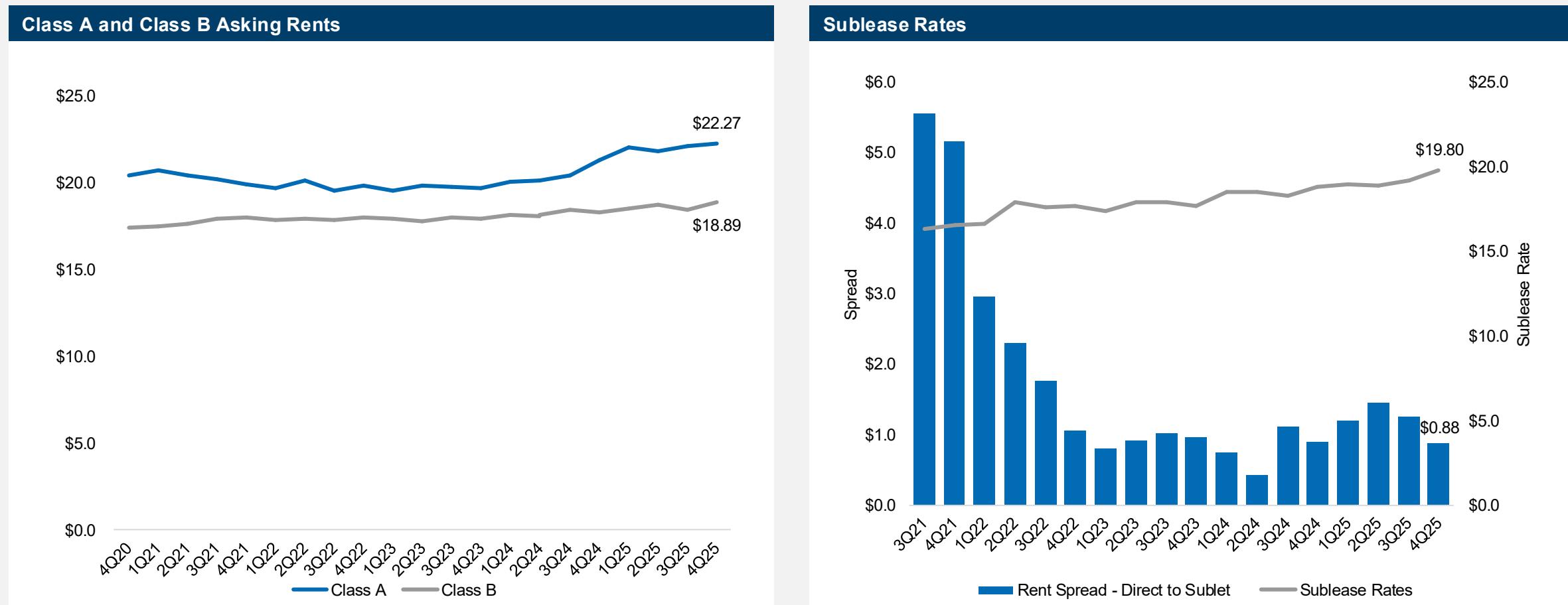
Rents Hold Firm Despite High Vacancy

Full-service office asking rents in Cincinnati increased to \$20.42/SF in 2025 from \$19.22/SF in 2024, a year-over-year gain of 6.2%. Rents rose because more high-quality spaces are being listed, many landlords are holding firm on posted rates to protect comparable values, and full-service rates have been adjusted to cover higher operating costs. However, with vacancy elevated, effective rents remain tempered by generous concessions. Looking to 2026, with no projects in the pipeline and with one lone 2025 delivery, supply pressure is limited while sublease availability remains low. Expect asking rents to be resilient, led by top-tier and renovated assets. Concessions are likely to remain elevated.



Direct vs. Sublease Spread Narrows

Class A asking rents held in the low \$22s throughout 2025, while Class B averaged in the mid-\$18s for the first three quarters and moved into the high-\$18s in the fourth quarter. The spread between direct and sublease asking rents narrowed for the third straight quarter, reaching about \$0.88/SF by year-end. Sublease asking rates minimally increased during 2025 and pricing firmed for well-located, move-in-ready blocks, shrinking the discount to direct space. For 2026, expect the direct-sublease spread to compress slightly further in the first half before leveling off. Sublease asking rents should remain stable to slightly higher, especially for quality, turnkey space.



Notable 4Q25 Lease Transactions

Notable 4Q25 Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
Matthews International Corp	10200 Alliance Rd.	Blue Ash	Direct	26,687
Hamilton County Commissioners	125 E. Court St.	CBD	Renewal	21,279
Barnes, Dennig & Co.	312 Elm St.	CBD	Direct	14,402
Bierman ABA	10625 Techwood Cir.	Blue Ash	New to Market	11,640

Notable 4Q25 Sale Transactions

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Buyer	Seller	Address	Submarket	Square Feet	Price	Price/SF
Real Capital Solutions	Woodbranch Management	255 E. 5 th St.	CBD	551,836	\$59,000,000	\$106.92
Matrix Holdings	Unum Group	720 E. Pete Rose Way	CBD	182,700	\$10,000,000	\$54.73
Eurofins	Brennan Investment Group	205-225 Corporate Ct.	Butler County	66,444	\$9,875,000	\$148.62
Center for Respite Care	Uptown Arts	123 E. Liberty St.	Clifton/Midtown	12,776	\$2,100,000	\$164.37

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