

# INVESTMENT FORECAST

Office  
Cincinnati Metro Area

IPA  
INSTITUTIONAL  
PROPERTY  
ADVISORS

2025

## Cincinnati Maintains Resilient Office Market; Private Investors Capitalize on Shifting Dynamics

**CBD vacancy of 10.7 percent is the nation's third lowest to start 2025.** Cincinnati's resilience will be further bolstered by corporate relocations. These include Paycor's move downtown, as well as Procter & Gamble's transfer of 1,500 employees from Winton Hills, with 300 heading to the CBD and 1,200 moving to Mason. Meanwhile, an uncertain interest rate outlook and elevated material costs are curtailing development, funneling demand into existing buildings. Class B and C properties capture an outsized share of these leaseings, boasting an overall vacancy rate under 9 percent – about half the Class A level – while just over 5 percent in Butler County. With sublease availability still below national averages, Cincinnati's vacancy is poised to dip another 90 basis points this year. A limited pipeline in recent years has helped preserve moderate rent growth, which remains on par with the market's historical average and continues to outpace the nation's rent trajectory for the second consecutive year.

**Private buyers and users still driving Cincinnati's deal flow heading into 2025.** Elevated borrowing costs and a need to rebalance portfolios are prompting many larger investors to stay on the sidelines. While larger transactions are rare, smaller deals under \$5 million remain common, supported by adjusted pricing and the redevelopment potential of some older properties. Medical office also stands out as a bright spot, benefiting from health care expansions and demand for specialized space. At the same time, tight vacancy in submarkets like Butler and Warren counties offers buyers a stable tenant base and minimal near-term supply additions. Less competition allows smaller investors to secure properties that might otherwise be out of reach. These conditions appear poised to continue, giving such investors a foothold in Cincinnati's office market.

### 2025 MARKET FORECAST

+0.3%



**EMPLOYMENT:** Job creation tempers to 3,500 positions, which is down by over 1,000 from last year. Office-using employment will see a slight shift, decreasing by 2,000 roles.

150,000  
sq. ft.



**CONSTRUCTION:** Deliveries fall below 200,000 square feet for just the second time since 2007 as inventory expands by 0.2 percent. Most project proposals are located in Clifton midtown.

-90 bps



**VACANCY:** Minimal new construction will trim overall vacancy to 11.2 percent – its lowest level since 2019 – while net absorption remains in positive for a fourth consecutive year.

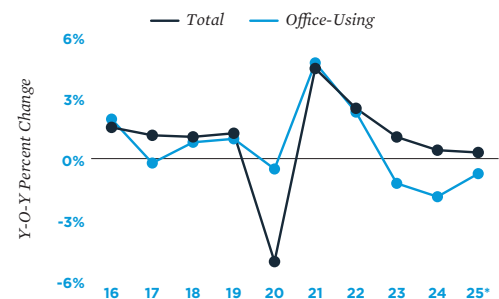
+0.7%



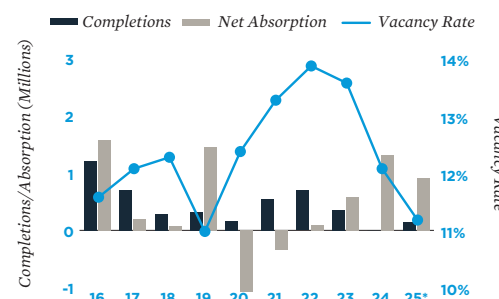
**RENT:** Rent growth will continue this year as vacancy declines again. The year-end average asking rate is projected to reach \$15.18 per square foot, roughly half the national average.

**INVESTMENT:** Cincinnati has maintained a medical office vacancy rate below 9 percent since 2016. With sales averaging an 8 percent cap rate in 2024, the market could attract increased investor interest this year.

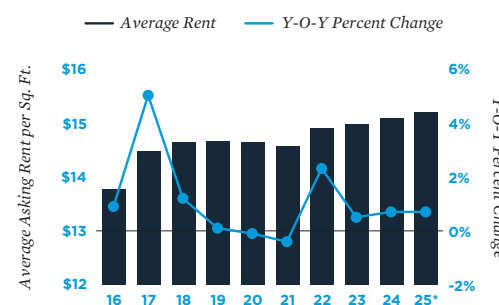
### Employment Trends



### Supply and Demand



### Rent Trends



\* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of December 2024. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and apartment data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.