

INVESTMENT FORECAST

Retail
Cincinnati

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2026

Well-Occupied Core, Steady Pricing, High Yields Position the Metro for an Active Year

Selective new supply and downtown catalysts drive momentum. After a year of negative net absorption and declines in average asking rent, Cincinnati looks to post a moderate recovery. Downtown's multi-tenant segment still stands out as one of the metro's lowest-vacancy and highest-rent areas. Despite a slight increase in vacancies in 2025, its limited construction pipeline, accounting for less than 1 percent of new supply, could position the submarket for improvement. Momentum should build as the Duke Energy Convention Center renovation boosts visitor traffic. Similarly, a major mixed-use development near TQL Stadium, now under final zoning approval, adds longer-term exposure beyond 2026. Low availability in the metro's outlying submarkets also supports the outlook, with Butler County achieving one of the lowest single-tenant vacancy rates after a meaningful second-half 2025 drop, followed by Northern Kentucky despite a nearly 120 basis-point increase in vacancy.

Attractive pricing lifts deal flow, especially for single-tenant assets. Transaction terms on average remained stable in 2025. Cincinnati continues to rank among the lowest-priced major metros, with high cap rates, particularly given its comparatively low asking rents. These factors helped lift trading activity by 33 percent last year, largely driven by Butler County and Northern Kentucky, and signs point to additional capital being raised for single-tenant acquisitions this year. Upward rent momentum in Northern Kentucky could boost investor confidence here, with recent trades highlighting the appeal of airport- and highway-adjacent assets with quick access to downtown. For buyers targeting multi-tenant assets, Butler County showed growth in average asking rents, with restaurants being the most actively traded property type.

2026 MARKET FORECAST

-0.2%



Employment: Headwinds experienced late in 2025 will carry over. While second-half job gains could cut the losses, they will not offset them, resulting in the metro losing a net of 2,000 roles.

450,000
sq. ft.



Construction: Although lower than in 2024 and 2025, deliveries will remain above the five-year average. Butler County is set to receive most of the new supply.

+10 bps



Vacancy: Improving demand will not outpace new supply, pushing the metro's vacancy to 6.5 percent by year-end, its highest level since 2020.

+1.4%

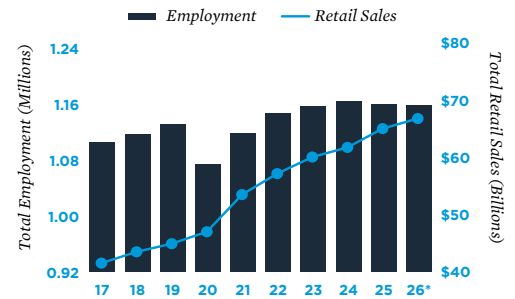


Rent: The metro's average asking rent growth accelerates modestly in 2026, reaching \$14.50 per square foot and continuing to rank among the lowest markets nationally.

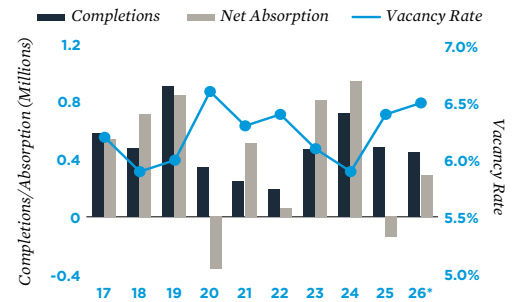
INVESTMENT:

The \$500 million Covington Central Riverfront project in Northern Kentucky will deliver mixed-use and premium residential development, supporting higher retail foot traffic.

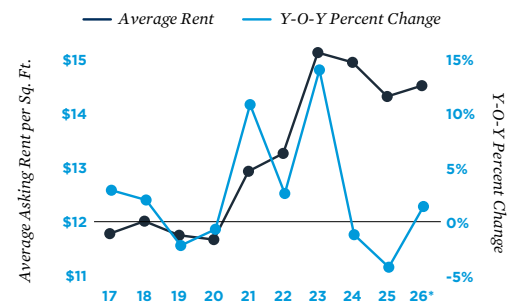
Economic Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

IPA Retail

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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 January 2026. 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 office 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.