Market Report

MULTIFAMILY 2Q/26

Cincinnati Metro Area

IPA | INSTITUTIONAL PROPERTY ADVISORS

2026 FORECAST

EMPLOYMENT

2,000 — Jobs will be lost

0.2% — Decrease Y-O-Y

CONSTRUCTION

2,300 — Units will be added

1.3% — Inventory increase Y-O-Y

VACANCY

4.6% — Vacancy rate

40 — BPS increase Y-O-Y

RENT

$1,551 — Average effective rent by year-end

3.4% — Increase Y-O-Y

Urban Core Recovers as Tight Suburban Fundamentals Face New Supply Pressure

Income growth aids outlook as household formation moderates. Cincinnati welcomed over 10,000 net new residents during the year ended March 2026. This growth is partly driven by people seeking cost efficiency compared with eastern metros. Ongoing manufacturing and industrial expansion is reinforcing local employment growth, which could grow tenant demand for Class B and C assets. However, household formation continues to slide, at just 0.3 percent year-over-year as of March 2026. Despite this, median household income grew by 4.4 percent annually as of the first quarter of 2026.

Downtown recovers from supply wave as suburban rents accelerate. Cincinnati ranked as the fastest-growing metro for effective rents year-over-year as of March 2026, driven by a 6.5 percent increase in the mean suburban rent. Despite suburban vacancy remaining tight, the downtown shows significant improvement, with CBD vacancy down about 240 basis points year-over-year as of March 2026. This signals recovery from the supply shock in 2022, when Class A vacancy increased 600 basis points from the beginning of 2022 to 8.3 percent in early 2025. Since that peak, Class A vacancy in central Cincinnati has decreased by roughly 180 basis points.

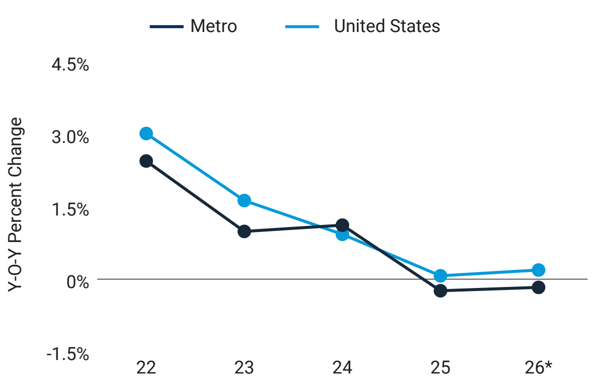
EMPLOYMENT

Hiring is beginning to recover as of March 2026, with health services accounting for a notable portion of job growth. This will likely continue as Cincinnati is becoming a Midwest hub for health care, with about $500 million going into new facilities, supporting Class B rental demand. Recovery in Class A property performance could slow amid softening growth in white-collar employment. Meanwhile, trade, transportation, and warehousing continue to account for nearly a fifth of the labor market, bolstering Class C demand.

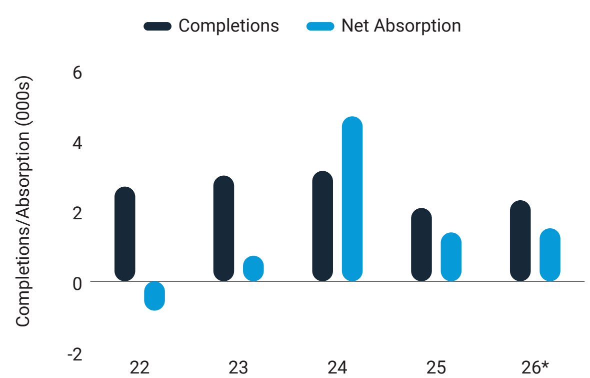
CONSTRUCTION

Deliveries in 2026 are heavily concentrated in a handful of submarkets, with northeast Cincinnati-Warren County and northwest and southeast Cincinnati accounting for roughly 70 percent of completions, limiting broad-based supply pressure. At the same time, the central Cincinnati pipeline has contracted by approximately 90 percent, providing near-term relief to the urban core, though development activity is expected to reaccelerate beyond 2026.

EMPLOYMENT TRENDS



CONSTRUCTION TRENDS



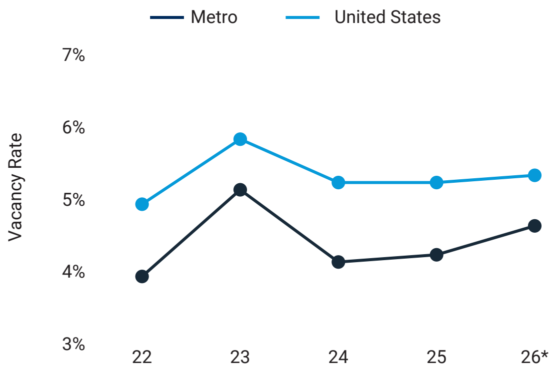
* Forecast

Sources: BLS; CoStar Group, Inc.; RealPage, Inc.

VACANCY

North and southeast Cincinnati recorded the tightest vacancy in the metro, with north Cincinnati posting a 60-basis-point year-over-year decline and all classes maintaining sub-4 percent vacancy as of March 2026, now sitting below pre-pandemic levels. While southeast Cincinnati also exhibits tight conditions, tighter vacancy skews toward Class C. Despite these fundamentals, both submarkets face relatively elevated construction pipelines, which may test near-term vacancy compression.

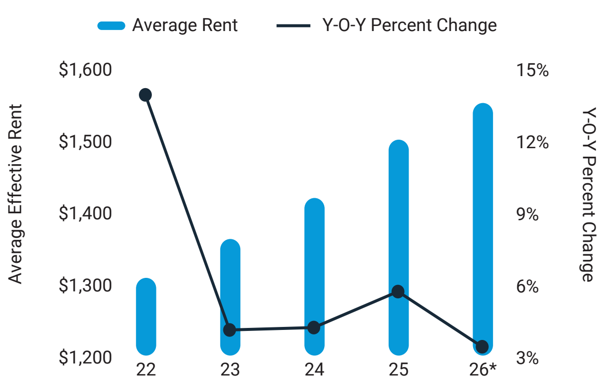
VACANCY TRENDS



RENT

The metrowide average effective rent continues to grow. North-central Cincinnati led gains, with the average effective rent rising nearly 10 percent year-over-year to roughly $1,600 per month as of March 2026. Despite remaining the second most vacant submarket, vacancy declined by 160 basis points from its 2024 peak. Even so, elevated supply levels will likely test near-term momentum. Similarly, higher-priced submarkets are still growing, with Warren County recording a 4.3 percent annual increase in mean rent.

RENT TRENDS



* Forecast ** Through 1Q

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

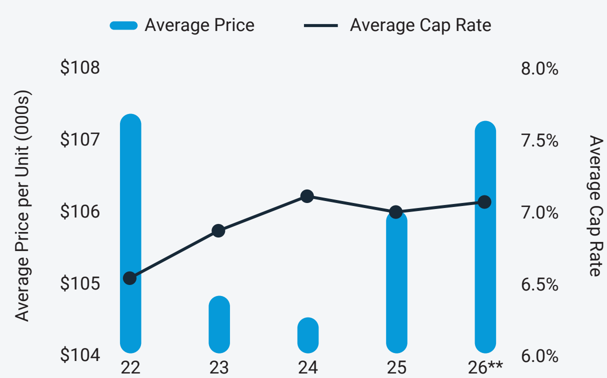
INVESTMENT HIGHLIGHTS

- The average price per unit increased by nearly 2.5 percent as of year-end March 2026, though Cincinnati ranks among the higher-cap-rate and lower-price-per-unit major metros. Transaction activity declined by 15 percent, driven largely by a 22 percent drop in deals between $1 million and $10 million, pointing to a more cautious private-capital environment. Even so, these trades accounted for about 80 percent of activity. Class C assets accounted for about 80 percent of trades, while sub-30-unit properties accounted for 64 percent.

- North-central Cincinnati recorded the most transaction activity, with most trades involving Class C properties with fewer than 30 units. Investor interest in the submarket was likely supported by improving fundamentals. West Cincinnati followed, with vacancy also declining steadily, though the area entered the first quarter of 2026 with negative absorption. Even so, annual rent growth of 8 percent as of March 2026 may sustain buyer interest. Both submarkets benefit from highway access and proximity to downtown.

- Despite posting the largest year-over-year decline in transaction activity as of March 2026, central Cincinnati remained the second-most-active area in early 2026. Concentrated in the urban core, roughly 90 percent of traded properties were Class C assets with fewer than 50 units. Improving fundamentals should sustain investor interest, particularly with revitalization efforts across downtown, Over-the-Rhine, and northern Kentucky, such as the convention district, Bent Spence Bridge Corridor, and the Banks riverfront expansion.

SALES TRENDS



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