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Office Workers Trickle Back Downtown, But When Will It Be More Normal?

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Workers are slowly clocking back into their Downtown and Over-The-Rhine offices as Cincinnati gropes for normalcy and vitality even as the COVID-19 pandemic shows little signs of subsiding in the region.

Last week, Fifth Third Bancorp more than doubled the number of workers Downtown to 1,100 as it ended work-from-home exile for 600 office employees. The returning workers joined 500 colleagues that the bank brought back in May. But the march back to the office for most desk workers is a long game that appears will play out for several more months.

Other major employers in Cincinnati's urban core are taking their time to recall workers back to the home office: Procter & Gamble, Kroger, Western & Southern, American Financial Group and First Financial – that together have nearly 15,000 workers Downtown - continue to operate with a fraction of their normal on-site employees, permitting most to work from home.

While companies are trying to keep their workers safe at home and minimize potential exposure to the new coronavirus, permitting workers to phone it in has dire implications for the future of Cincinnati's Downtown and OTR. Bars, restaurants and other shops that previously were a testament to the region's urban vitality are now struggling from a lack of patrons since there are too few workers doing lunch, running errands, shopping or grabbing a drink after work.

"A year ago during Reds Opening Day, OTR was packed – you notice when those things don't happen," said Eric Weissmann, a vice president at nonprofit start-up catalyst Cintrifuse in Over-The-Rhine.

As an organization funding, housing and coaching local tech and other young ventures, Weissman said Cintrifuse is also seeing smaller outfits adjusting and recalibrating.

Some young companies have exited their local office space and instead opted to lease smaller space at the nonprofit to cut costs and reduce health risks. He added Cintrifuse itself is operating with only a third of its staff on-site and the rest working remotely.

Weissman notes that poses a risk to the region's momentum. Part of its attraction for new businesses and entrepreneurs was its bustling bars and restaurants and quirky boutiques, he said.

"While too early to predict, we anticipate some hybrid of work from office and work from home for the foreseeable future," said P&G, which normally has almost 4,000 workers Downtown, but currently has about 15% on-site. The company said it will reassess its working arrangements in December, but didn't predict major changes.

"We will allow our Downtown employees to work from home through January 2021, understanding our scheduled plans may be influenced by COVID-19 trends," said Kroger, which has about 5% of its 4,000 workers back in the office.

Those small shares contrast with Fifth Third, which will have nearly half its previous Downtown workforce on-site with its latest recall.

"This week has gone very well with our first group of employees back in the office. There has been a sense of enthusiasm for seeing colleagues after many months," said Fifth Third spokesman Ed Loyd, adding the bank is still delicately handling the transition.

The bank, which normally has 2,500 workers Downtown, is rotating two teams of 600 workers to alternate working in the Central Business District. The company will also "continue to be vigilant in the health and safety protocols."

The move comes even as Ohio continues to break records for new COVID-19 cases.

No large companies told The Enquirer they had - or contemplated having - their normal complement of workers on-site.

"No more than 50% of our associates are working on-site at any one time, and some departments are rotating between working on-site and at home," said Western & Southern Financial Group, which normally houses 2,000 workers Downtown. "We are regularly reviewing our plans and will adjust them as conditions permit."

The Enquirer, meanwhile, is officially closed with its roughly 100 Downtown employees working out of their homes throughout the region. Editor Beryl Love said "there is no firm timetable" for returning Downtown.

"I don't expect we will return to our offices officially until there is a vaccine or the number of new infections drops significantly," Love said.

Cincinnati office market still attractive

Despite the pandemic-induced malaise, commercial real estate experts say the region's office market is still one of the more attractive markets in the country.

David Damus, CEO of System Property Development Co., has already invested more than \$30 million over the past four years to acquire the Delta Air Lines call center building downtown at Seventh and Plum streets, and a handful of smaller office buildings and parking lots in and around the central business district.



David Damus, CEO of System Property Development Co.

Damus visited Cincinnati last week shopping for office buildings to add to his Thousand Oaks, Calif.-based company's portfolio of office, retail and parking properties in six states.

"We want to invest a lot more in Cincinnati," he said. "I can't say that about every city that we're in."

Damus admitted the COVID-19 crisis has taken its toll on commercial real estate, leading his firm to pull out of several markets where vacancy rates and lease defaults are on the rise in the wake of the pandemic.

And Cincinnati is not immune.

Delta, for example, requested a three-month rent abatement for the call center at the height of the pandemic when airline traffic virtually came to a halt, Damus said: "They asked for three months. We gave them six months. They're an important employer to the City of Cincinnati. We wanted them to stay."

Still, the local office market has remained relatively stable and vacancy rates have actually improved slightly, according to the latest market survey from Cushman & Wakefield, a commercial real estate services firm.

The overall office vacancy rate in the Cincinnati area fell to 17.2% in the third quarter this year, down from 18.1% in the three-month period that ended in September last year, according to the report.

The vacancy rate downtown also declined to 13.1% from 13.7% over the same period.

'The millennial generation really wants to get back to work'

While it's hard to say how much of the more than 12 million square feet of leasable office space downtown is occupied, the fact that most big companies haven't downsized their office space is a good sign, according to Digger Daley, an office broker for Cushman & Wakefield in Cincinnati.

"We're already starting to see a slow migration back to the office space," Daley said. "But logic would tell you it's going to stay kind of wait-and-see when things will get back to normal."

Damus thinks Cincinnati is in a better position than most cities to bounce back from the pandemic because of its business and demographic profile.

"You can't have eight Fortune 500 companies headquartered in your city and not have a need for good office space," he said, noting that many of Cincinnati's trademark firms, such as Procter & Gamble and Kroger, attract young, highly educated workers who want to work downtown.

"The millennial generation really wants to go back to work." Damus said. "If you're just starting out in your career, it's hard to network, get mentored or get a promotion working from home. Offices are still needed for innovation, collaboration, learning and networking."

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