

Cincinnati Industrial Market Overview

Market Observations

Economy

- The region’s labor market remained strong amid shifting macroeconomic conditions. Cincinnati’s 3.5% unemployment rate was lower than the 3.9% United States average.
- Year- over- year, five sectors saw positive employment growth while six saw negative growth. Education & health led all sectors in job gains at 5.5% during the past 12 months.
- Locally, employment growth for the trade/transportation/utilities sector decreased year- over- year from 0.48% to -0.30%. Employment growth for the manufacturing sector also decreased year- over- year from 1.9% to 1.6%.

Major Transactions

- Allen Distributing. leased 282,595 SF at 8200 Seward Rd. from Clarion/AI. Neyer, located in the Tri County submarket.
- Trew Automation leased a 263,000 SF manufacturing facility from Brennan at 10045 International Blvd., located in the Tri County submarket.
- Shawcor leased 204,000 SF at 9381 Seward Rd. from Ambrose, which is located in the Tri County submarket.
- St Bernard Soap Company vacated a 638,595 SF older manufacturing facility at 5177 Spring Grove Ave located in the Central/Midtown submarket.
- Wayfair vacated 525,000 SF at 1405 Worldwide Blvd., located in the Airport submarket.

Leasing Market Fundamentals

- Absorption in the first quarter of 2024 totaled 96,174 SF. This was a 30% decrease from the 125,395 SF of absorption in the fourth quarter.
- The construction pipeline is now at 3.4 million SF, after a 374,475 SF speculative building was delivered during the first quarter of 2024. The pipeline includes 618,197 SF of speculative space currently under construction.
- Vacancy increased year over year, growing from 3.1% to 6.3%, while deliveries outpaced absorption in the first quarter of 2024.
- Rent growth slightly decreased by -0.8% quarter- over- quarter.

Outlook

- Uncertainty reigns in the macroeconomic outlook. Occupiers and investors alike will approach deals with greater caution as a result, which will impact leasing and investment activity.
- Market vacancy will increase further as record volumes of new construction deliver this year and leasing activity has slowed considerably.
- Rent growth, aggressive through all of 2022, has decelerated and will continue to stabilize throughout the year.

1. Economy
2. Leasing Market Fundamentals

1Q24

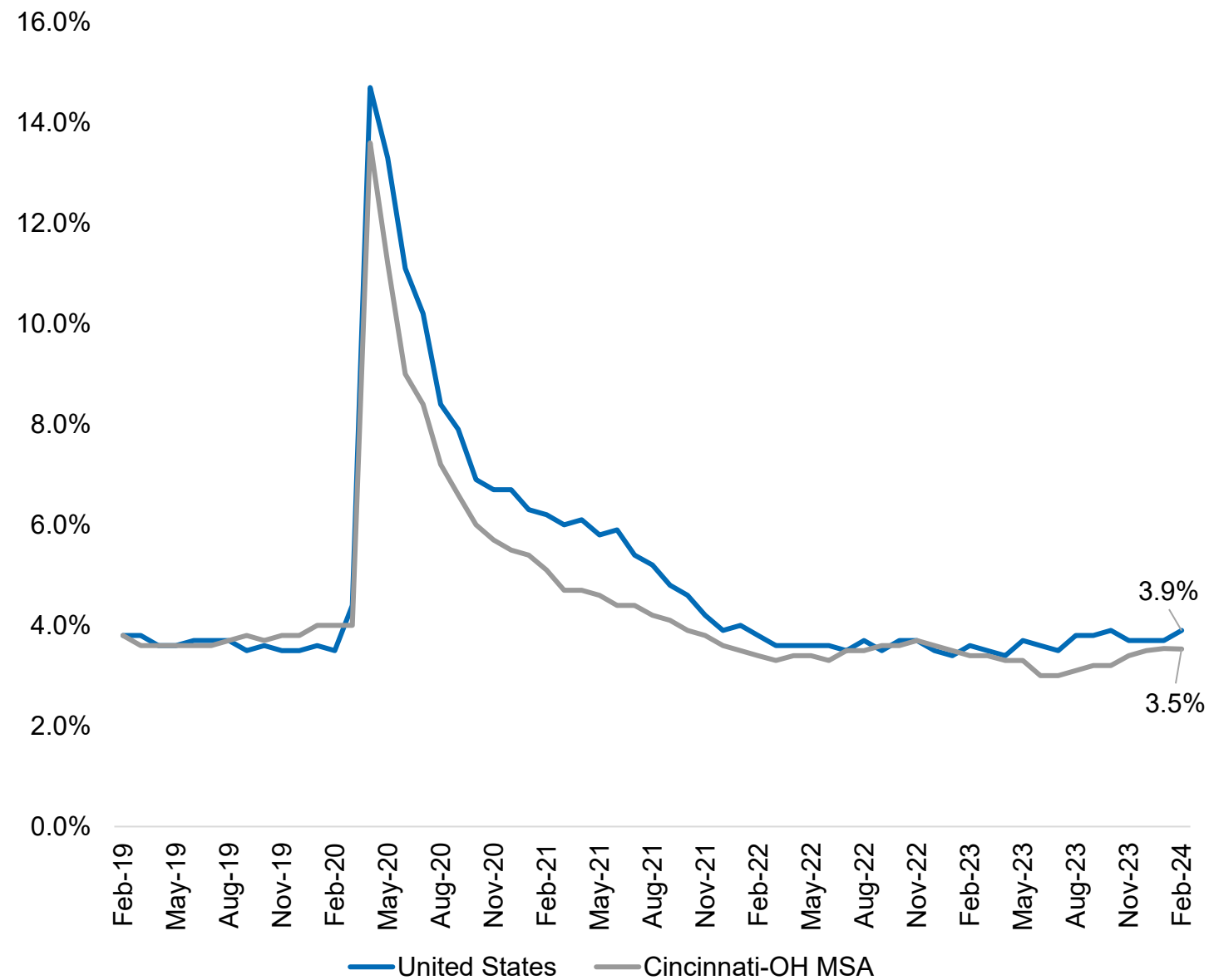
Economy



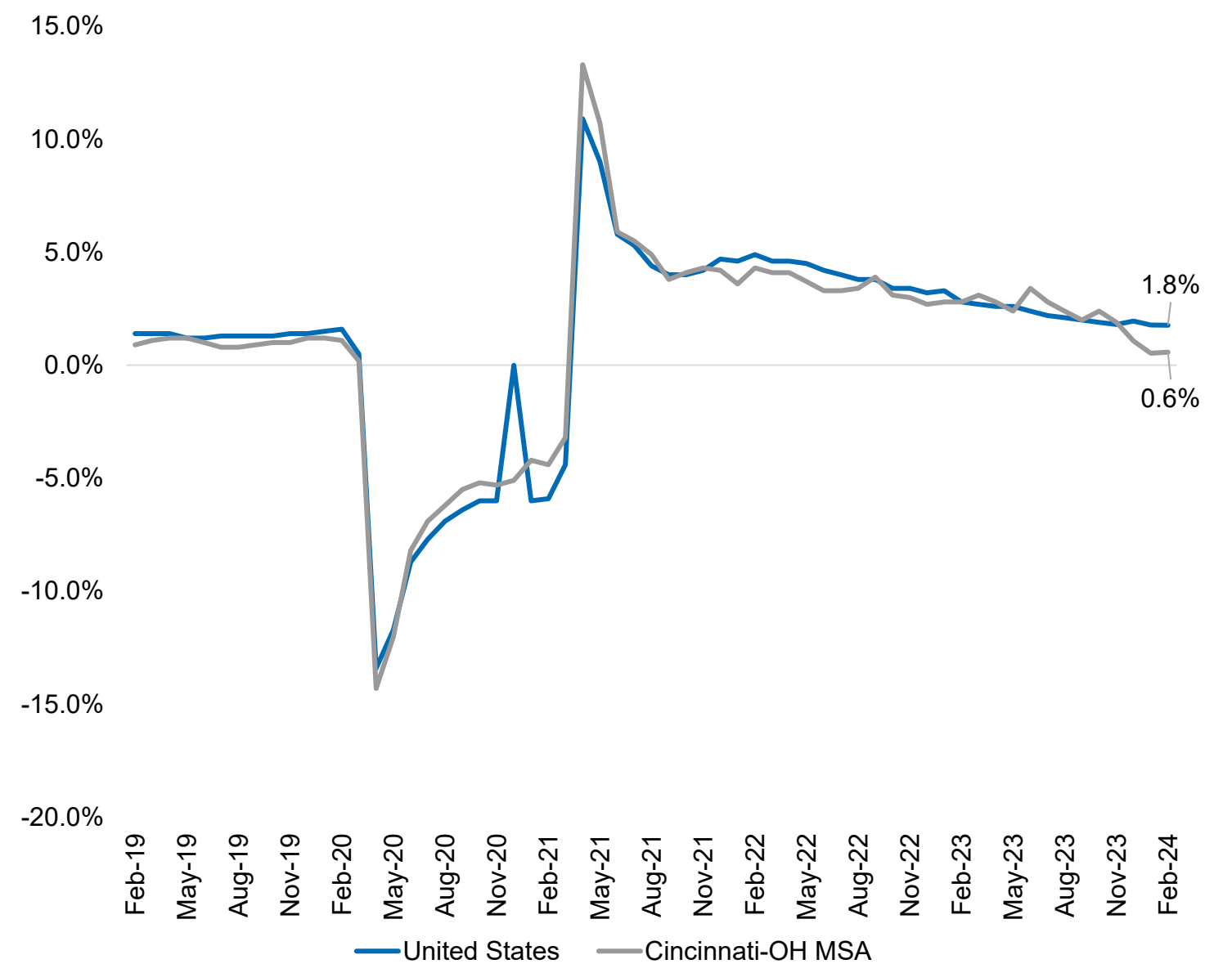
Unemployment Rate in Cincinnati Consistent with the U.S. Average

As of February 2024, the unemployment rate in Cincinnati is 3.5%, compared to 3.9% nationally. Since February of 2023, the unemployment rate increased by 10 basis points in Cincinnati and by 30 basis points nationally. The pace of nonfarm payroll employment growth has slowed. From February through October of 2023 the annual growth rate was at or above 2% until dropping to 0.6% in February of 2024. The national growth rate has slowed, though not as significantly; it was above 2% in 2023 through October and has since stabilized at approximately 1.8%.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

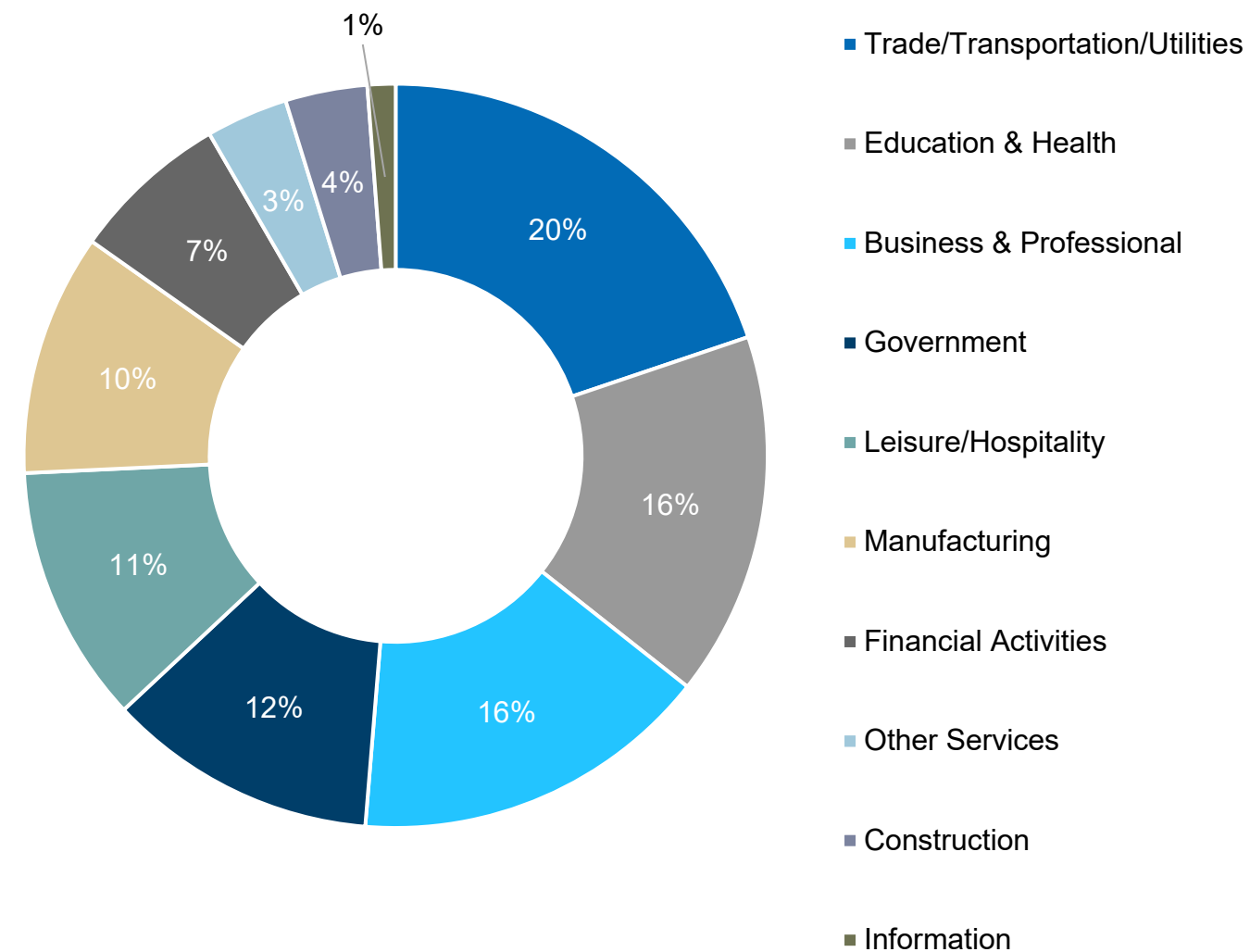


Source: U.S. Bureau of Labor Statistics, Cincinnati, OH-KY-IN

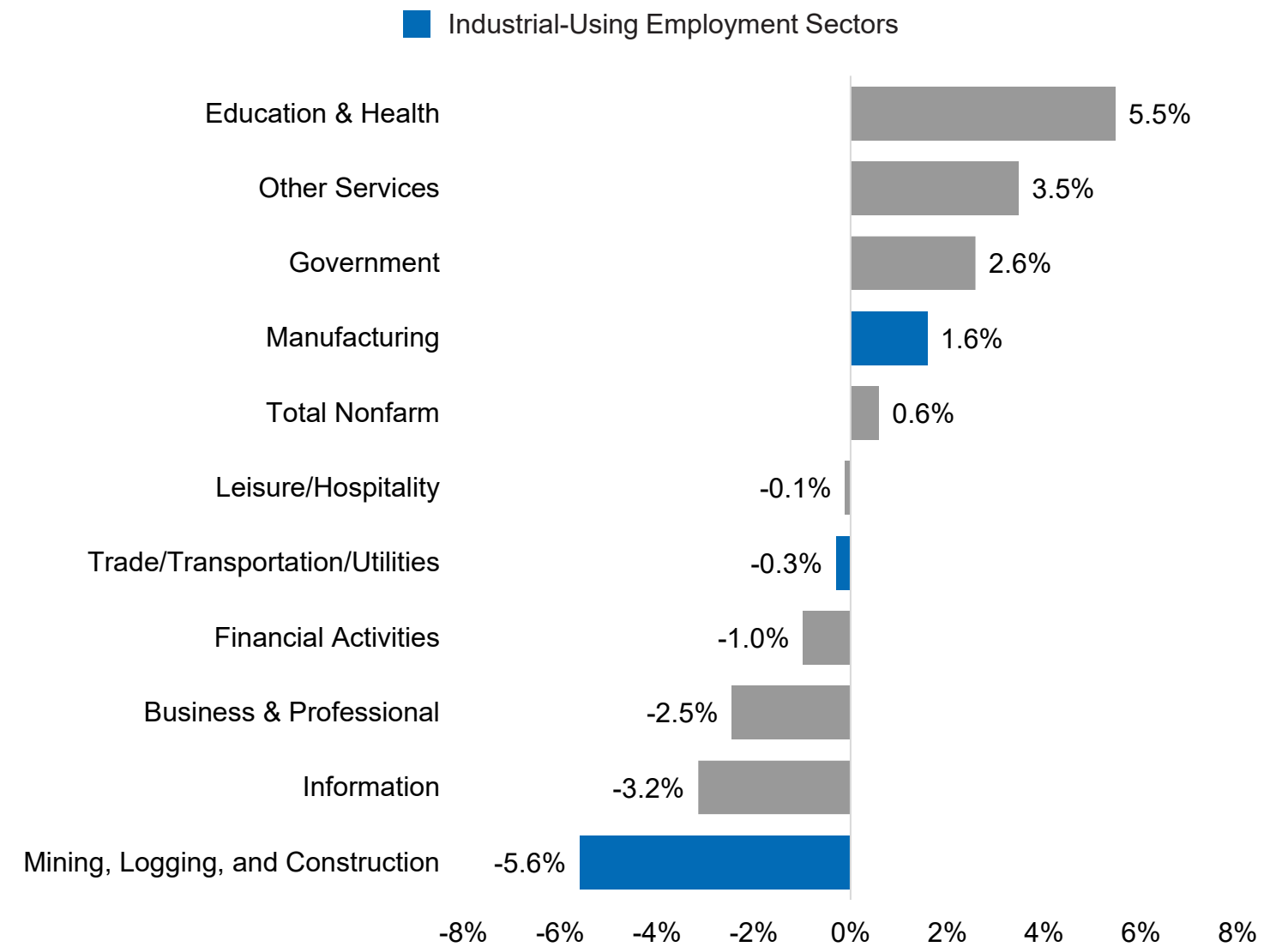
Only One Industrial Using Sector Sees an Increase in Employment Growth

The education & health sector led all industries in regional annual job growth at 5.5%, while the other services sector followed next behind at 3.5%. One industrial-using employment sector, Manufacturing saw an increase, while Manufacturing employment decreased. The Mining, Logging, and Construction sector saw the greatest loss at -5.6%

Employment by Industry, February 2024



Employment Growth by Industry, 12-Month % Change, February 2024

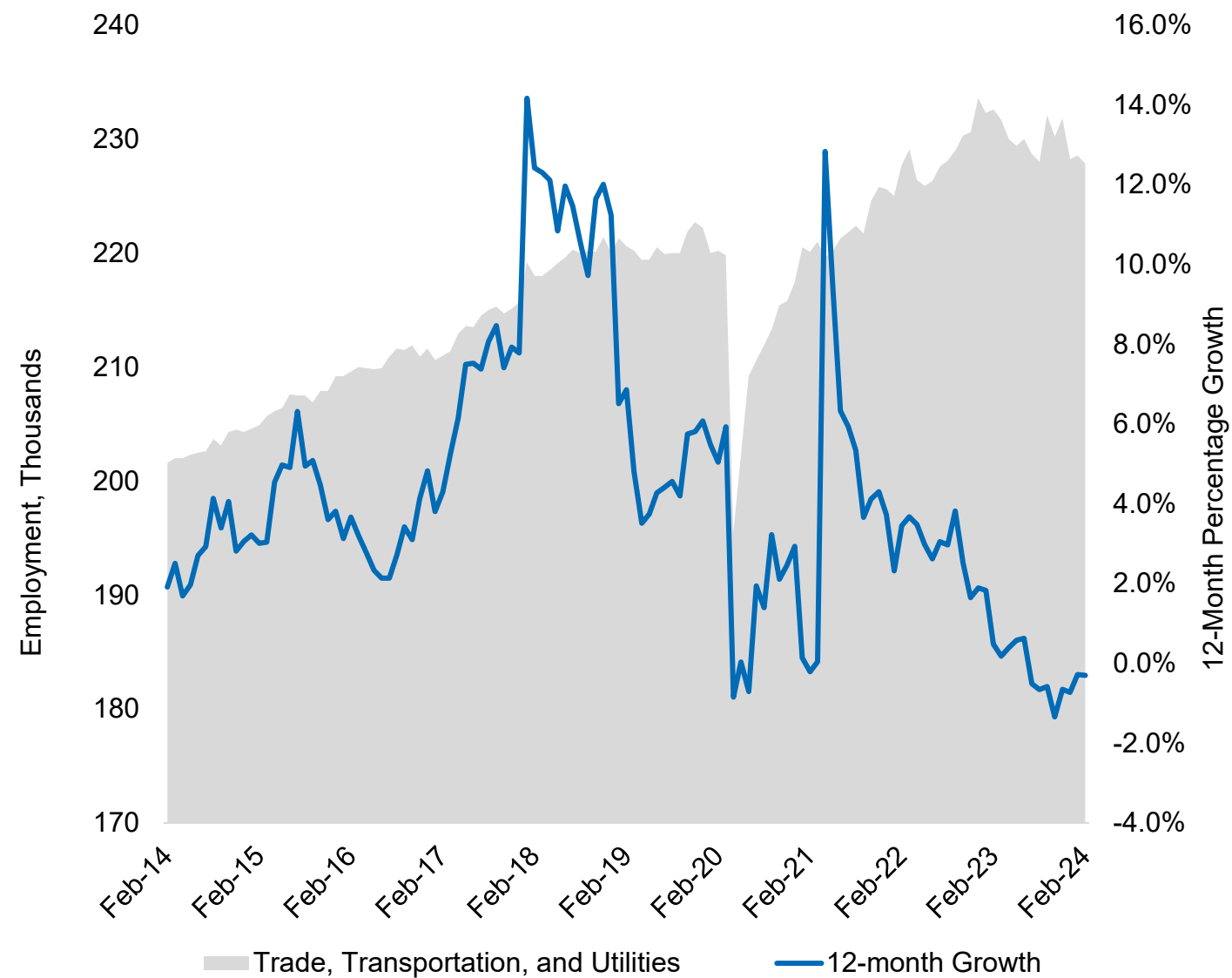


Source: U.S. Bureau of Labor Statistics, Cincinnati, OH-KY-IN

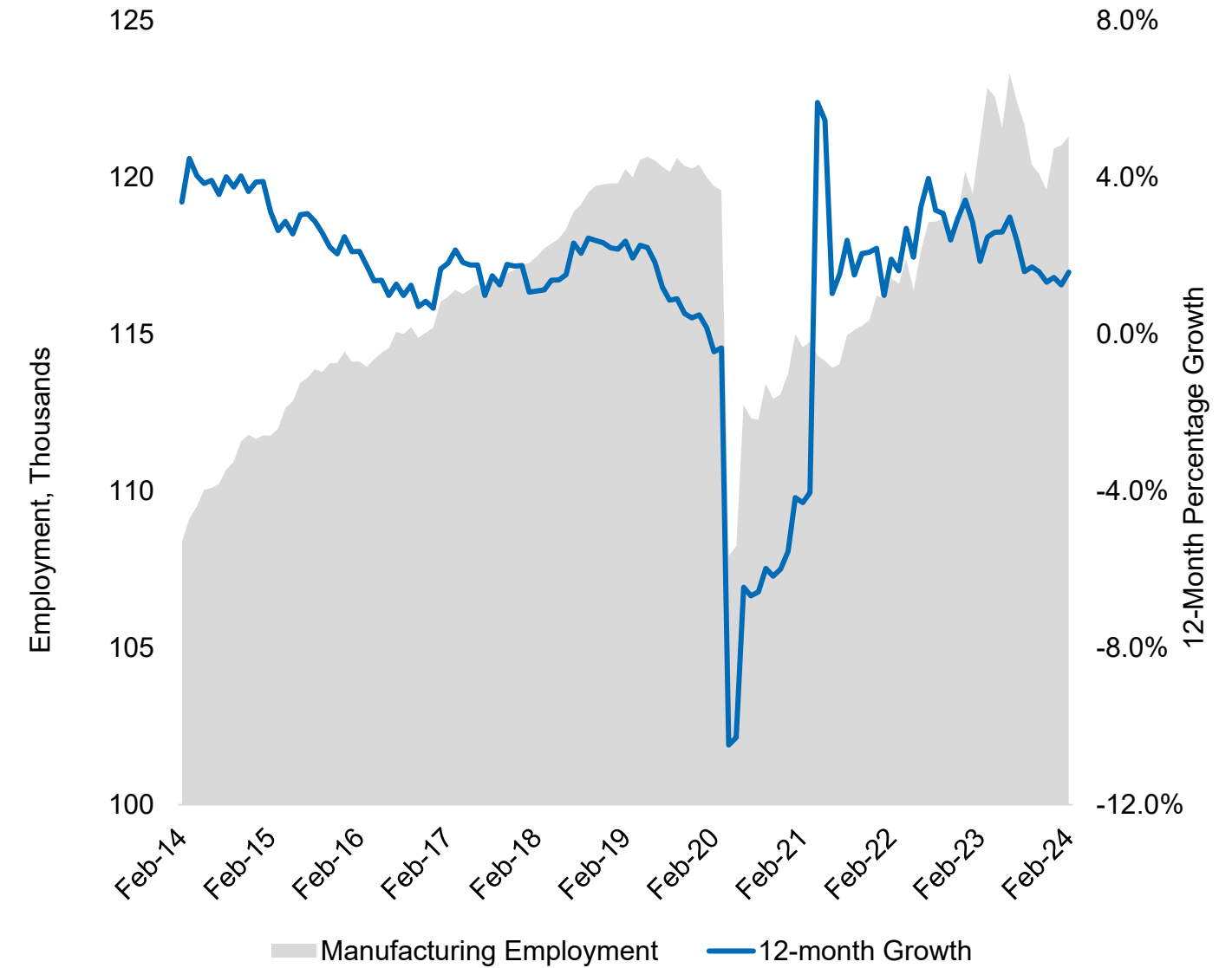
Industrial Employment Fluctuating Year-After-Year

Both the trade/transportation/utilities and manufacturing sectors saw a decrease in the rate of annual employment growth since 2023. February trade/transportation/utilities growth actually decreased by 0.3% and manufacturing employment growth slowed to 1.6%.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities



Total Employment and 12-Month Growth Rate, Manufacturing



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

1Q24

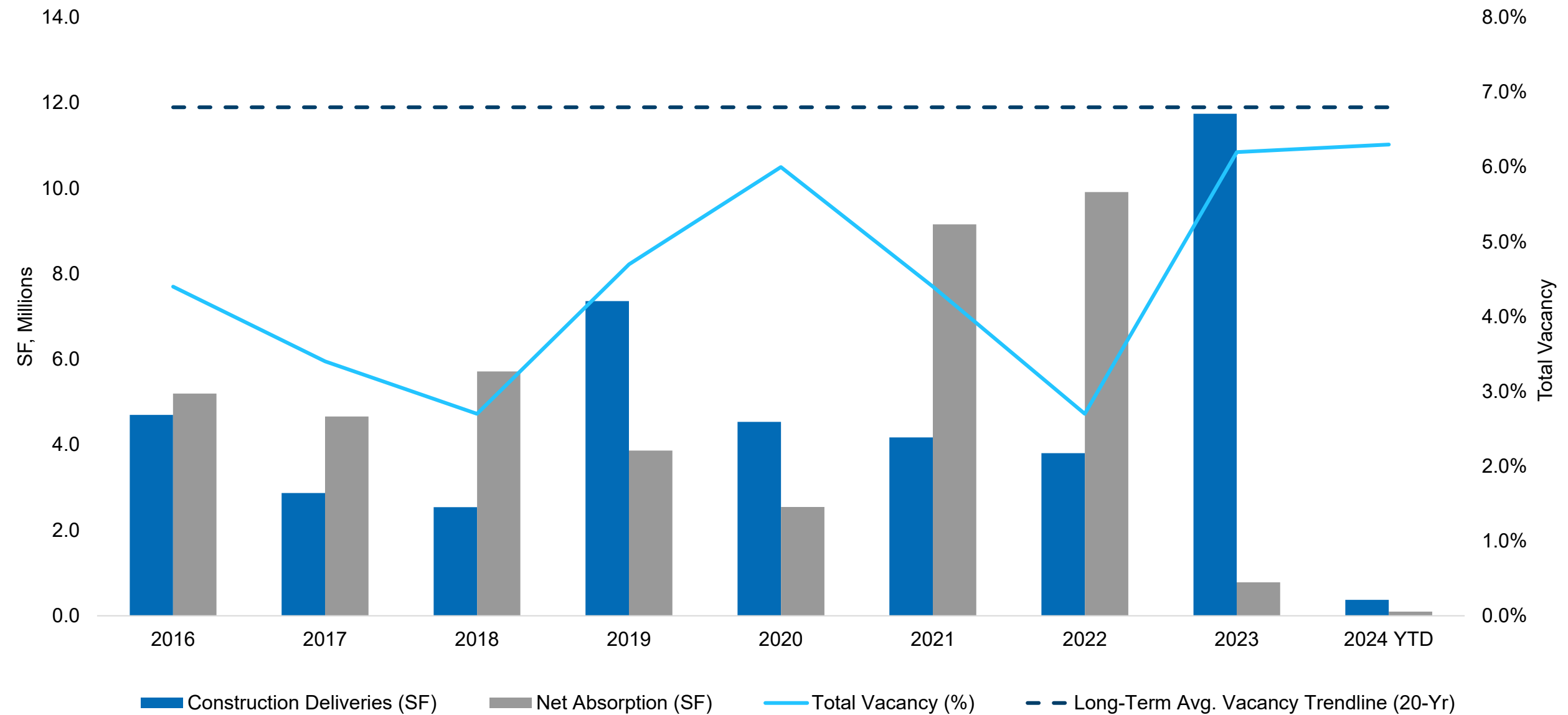
Leasing Market Fundamentals



Vacancy on the Rise as Construction Deliveries Outpace Net Absorption for 1Q24

The vacancy rate increased from 3.1% in the first quarter of 2023 to 6.3% in the first quarter of 2024. Vacancy has risen over the past 12 months due to construction outpacing net absorption. First quarter absorption was 96,174 SF.

Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research

Submarket Statistics Overview

Please reach out to your
Newmark business contact for this information

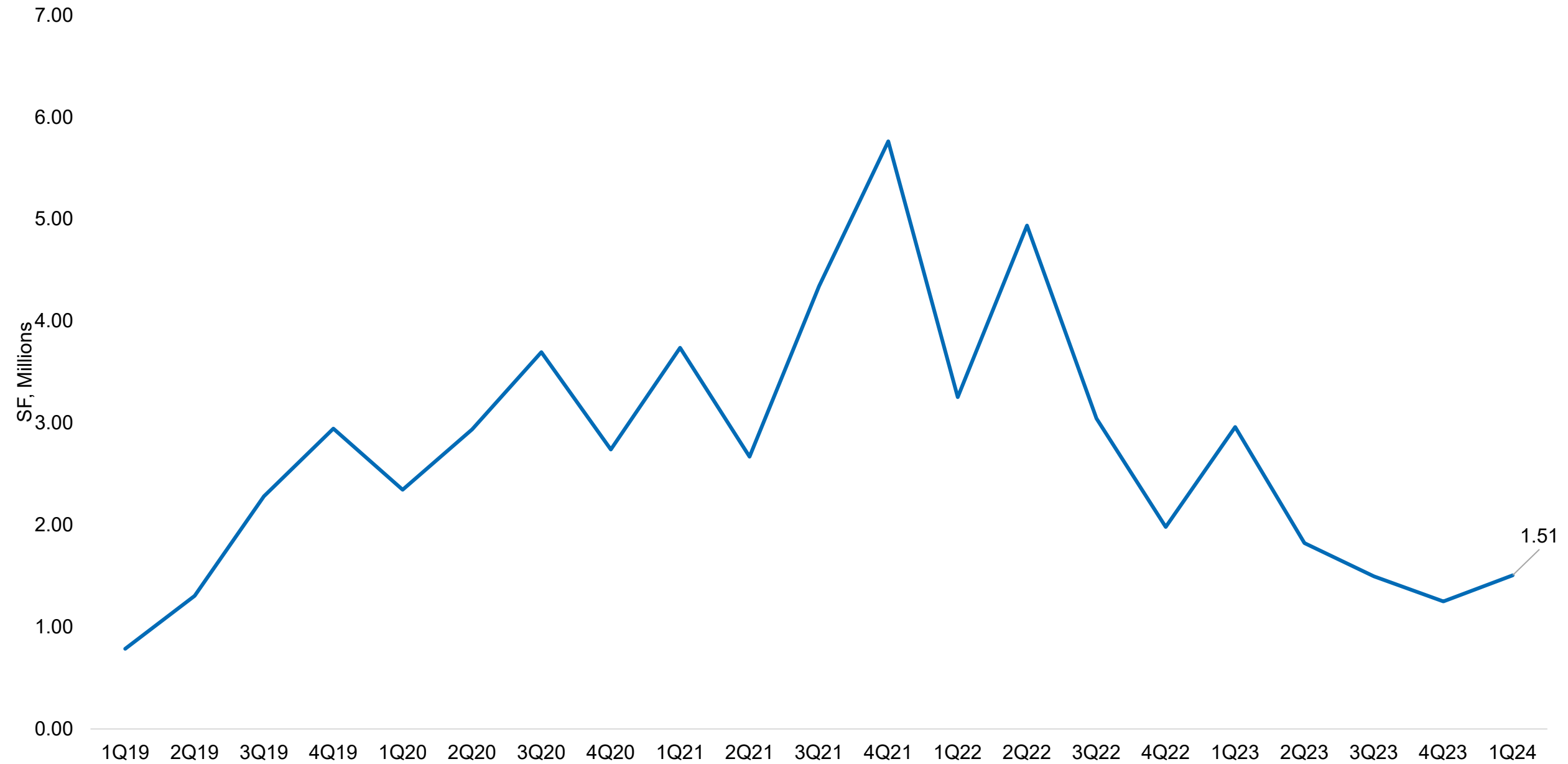
Submarket Statistics Overview (Warehouse/Distribution)

Please reach out to your
Newmark business contact for this information

Industrial Leasing Activity in 1Q24 Slightly Greater than 4Q23

In the first quarter of 2024, there was 1.51 million SF of leasing activity. This is slightly greater than in the fourth quarter of 2023, which had 1.25 million SF of leasing activity.

Total Leasing Activity (SF)

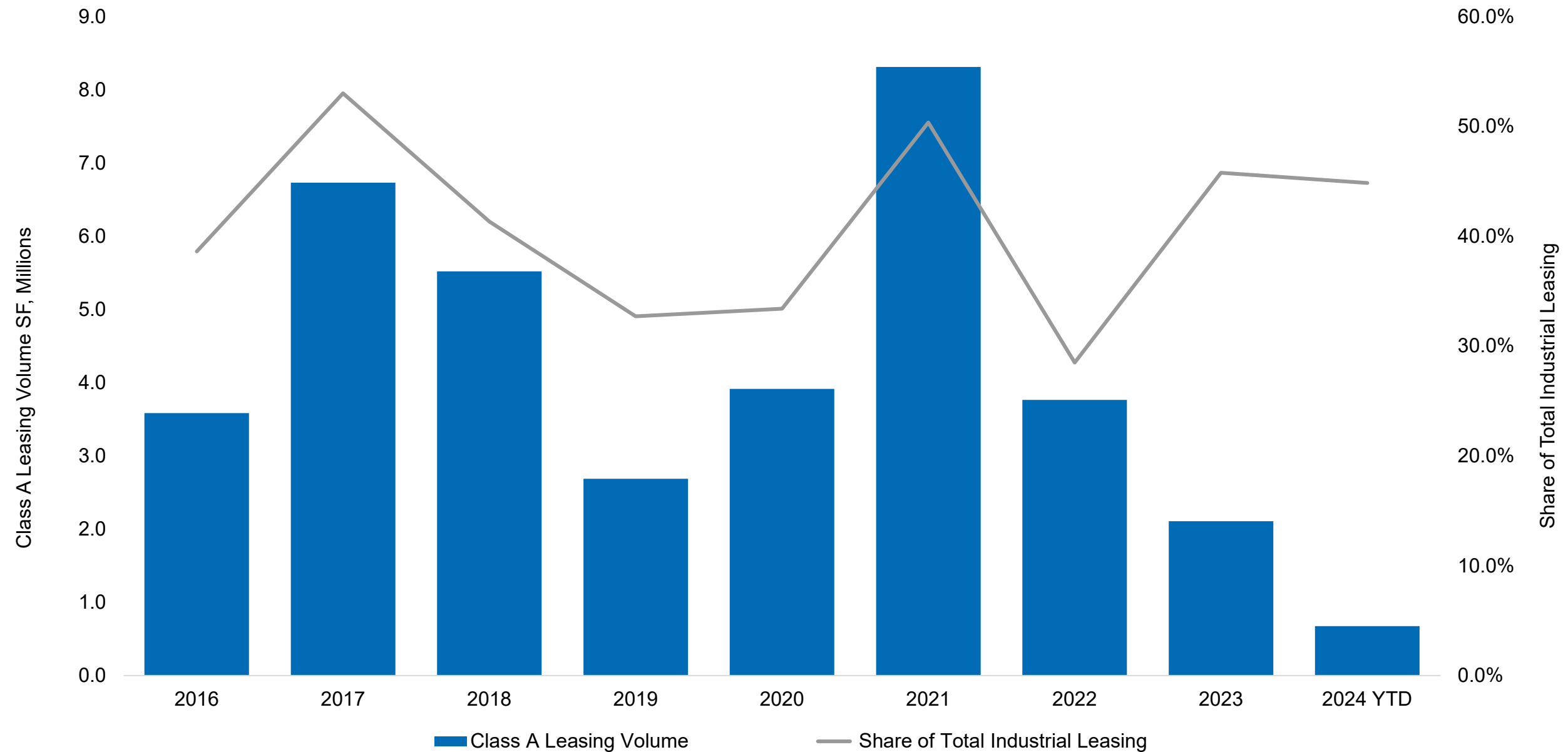


Source: Newmark Research, CoStar

Class A Warehouse Leasing Activity Almost Half of Overall Leasing

In the first quarter of 2024, there was 1.51 million SF of space leased including 675,564 SF of Class A warehouse space. Class A warehouse leasing represented 44.86% of overall activity for the first quarter, down slightly from 45.79% in the first quarter of 2023.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume

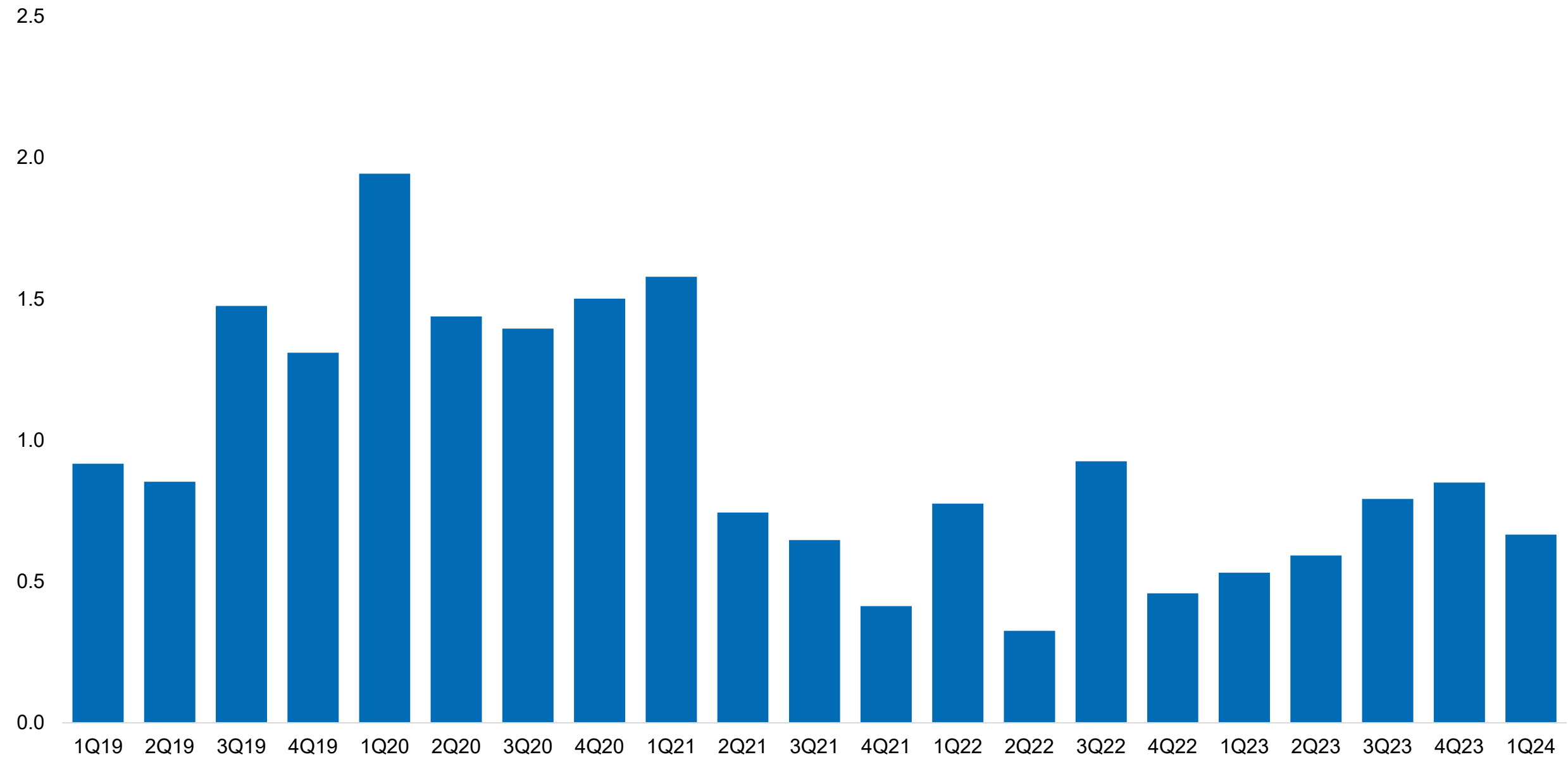


Source: Newmark Research, CoStar

Industrial Sublease Availability Sees a Decrease Quarter- over- Quarter

Sublease space availability decreased from 850,065 SF in the 4th quarter of 2023 to 665,413 SF in the 1st quarter of 2024. Although this is a significant decrease, sublease space has increased since the first quarter of 2023, when there was 531,020 SF available.

Available Industrial Sublease Volume (msf)

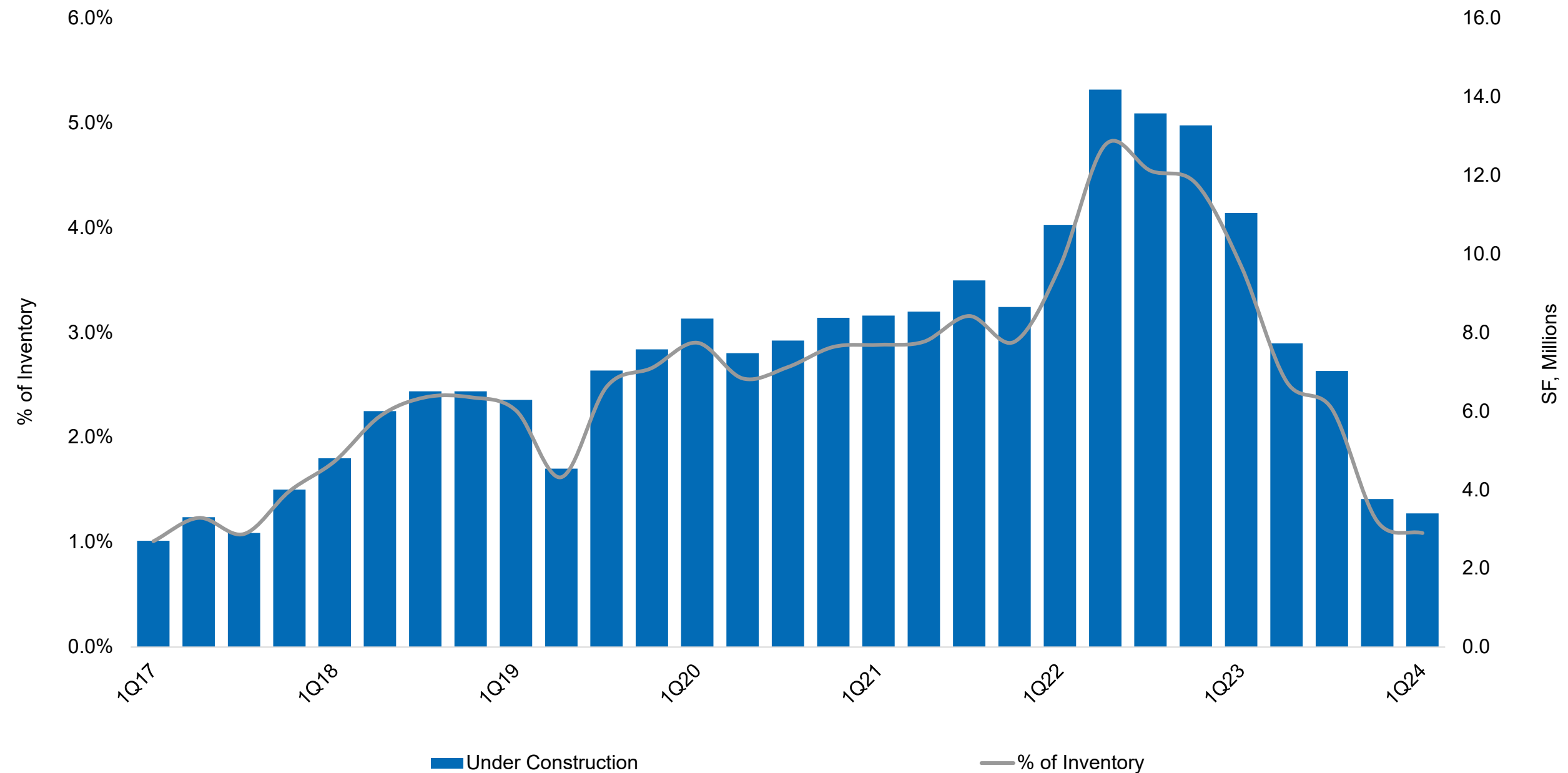


Source: Newmark Research, CoStar

Minimum Speculative Construction in Greater Cincinnati

The construction pipeline in Greater Cincinnati has slowed after 11.2 million SF was delivered in 2023. There is only 3.4 million SF currently under construction, 1.1% of total inventory. 32.4% of space under construction is Class A Warehouse space, 18.2% speculative and 14.2% build-to-suit.

Industrial Under Construction and % of Inventory

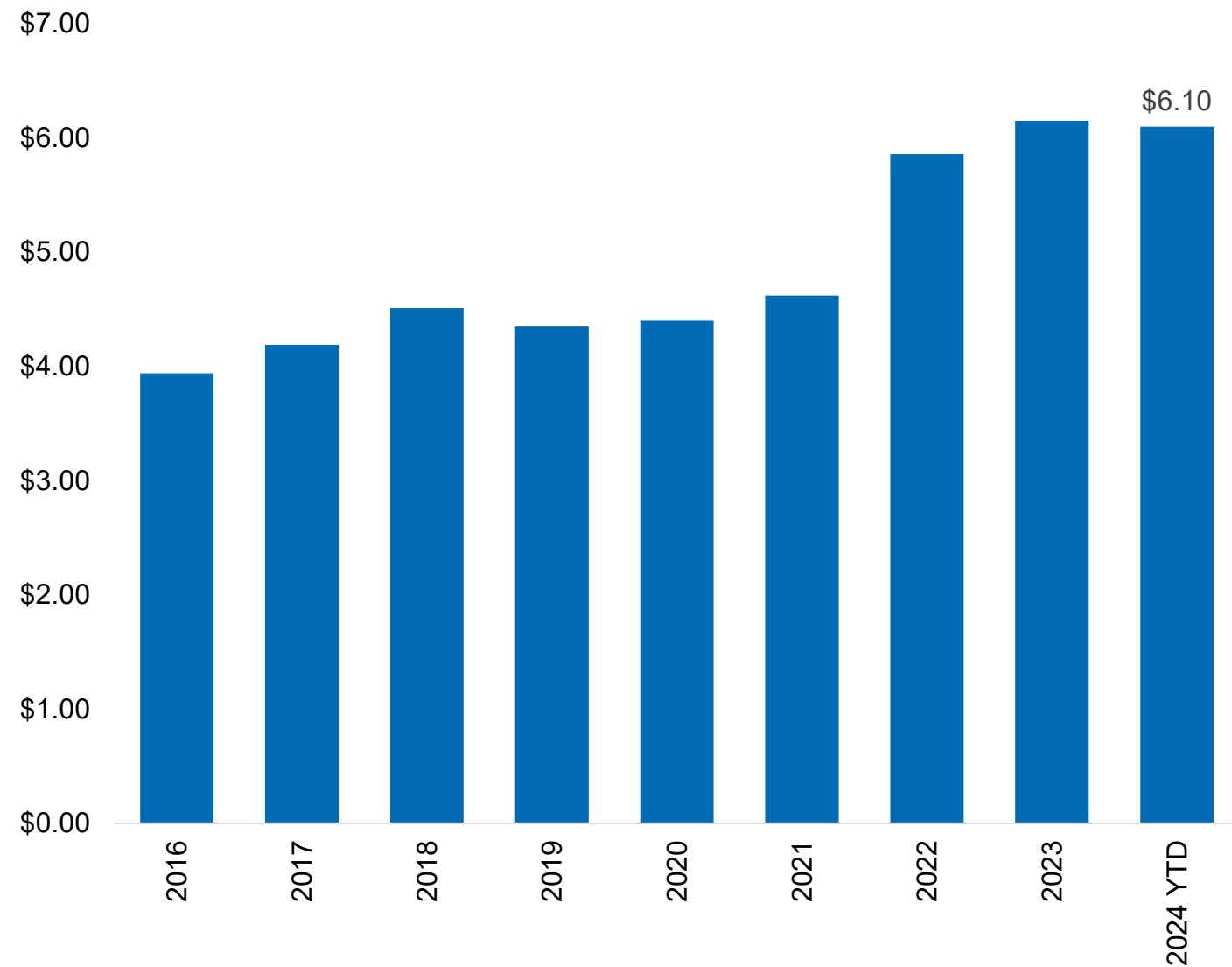


Source: Newmark Research, CoStar

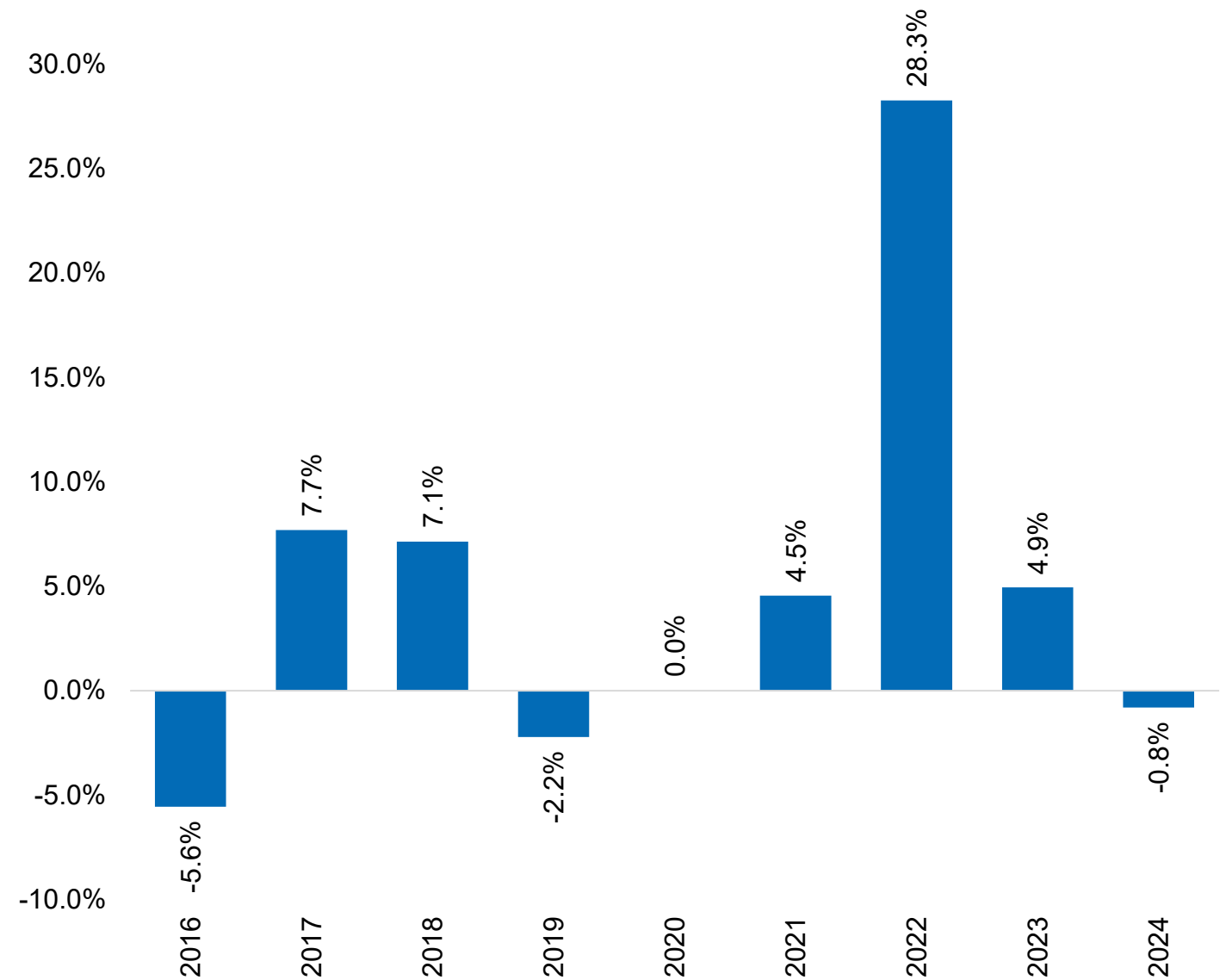
Asking Rent Shows a Slight Decrease Year-Over-Year

Overall asking rates decreased slightly from \$6.15/SF in the 4th quarter of 2023 to \$6.10/SF in the first quarter. Annual growth was negative 0.8%.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 1Q24 Lease Transactions

Notable 1Q24 Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Allen Distributing	8200 Seward Rd	Tri-County	Direct Lease	282,595
Trew Automation	10045 International Blvd	Tri-County	Direct Lease	263,000
Shawcor	9381 Seward Rd	Tri-County	Direct Lease	204,000
Ray Hamilton Movers	11700 Chesterdale Rd	Tri-County	Direct Lease	112,477
Verst Logistics	1981 James E Sauls Rd	East	Direct Lease	90,484

Source: Newmark Research

Notable 4Q23 Sale Transactions

Please reach out to your
Newmark business contact for this information

For more information:

Connor Dougherty

Research Analyst

Cincinnati Research

connor.dougherty@nmrk.com

Cincinnati

One East Fourth St., Suite 500

Cincinnati, OH 45202

t 513-241-2300

New York Headquarters

125 Park Ave.

New York, NY 10017

t 212-372-2000

nmrk.com

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