

Cincinnati Industrial Market Overview

Market Observations

Economy

- The region’s labor market remained strong amid shifting macroeconomic conditions. Cincinnati’s 3.4% unemployment rate was slightly lower than the 3.7% United States average.
- Year- over- year, 7 sectors saw positive employment growth while 3 saw negative growth. Leisure/hospitality led all sectors in job gains at 8.2% during the past 12 months.
- Locally, employment growth for the trade/transportation/utilities sector decreased year- over- year from 6.6% to 1.9%. Employment growth for the manufacturing sector also decreased year- over- year from 2.9% to 0.5%.

Major Transactions

- Maersk, Inc. leased 225,668 SF at 7950 Seward Rd. from Al. Neyer, located in the Tri County submarket.
- Valvoline leased 216,039 SF from Prologis at 12110 Champion Way, located in the Tri County submarket.
- UPS expanded in to 165,240 SF at 41 Logistics Blvd. from IDI Logistics, which is located in the Florence/Richwood submarket.
- Heidelberg Distributing moved out of a combined 389,700 SF. They vacated 194,000 SF at 1518 Dalton Ave located in the Central/Midtown submarket, and 195,700 SF at 10975 Medallion Dr. located in the Woodlawn/Evendale submarket.

Leasing Market Fundamentals

- Absorption in the fourth quarter of 2023 totaled 125,395 SF. This was a large increase of 125% from the negative 510,125 SF of absorption in the third quarter.
- The construction pipeline is now at 3.7 million SF, after 3.2 million SF of buildings were delivered during the fourth quarter of 2023. There were seven speculative buildings that completed.
- Vacancy increased year over year, growing slightly from 2.7% to 6.2%, while deliveries outpaced absorption in the fourth quarter of 2023.
- Rent growth slightly increased by 4.9% 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

4Q23

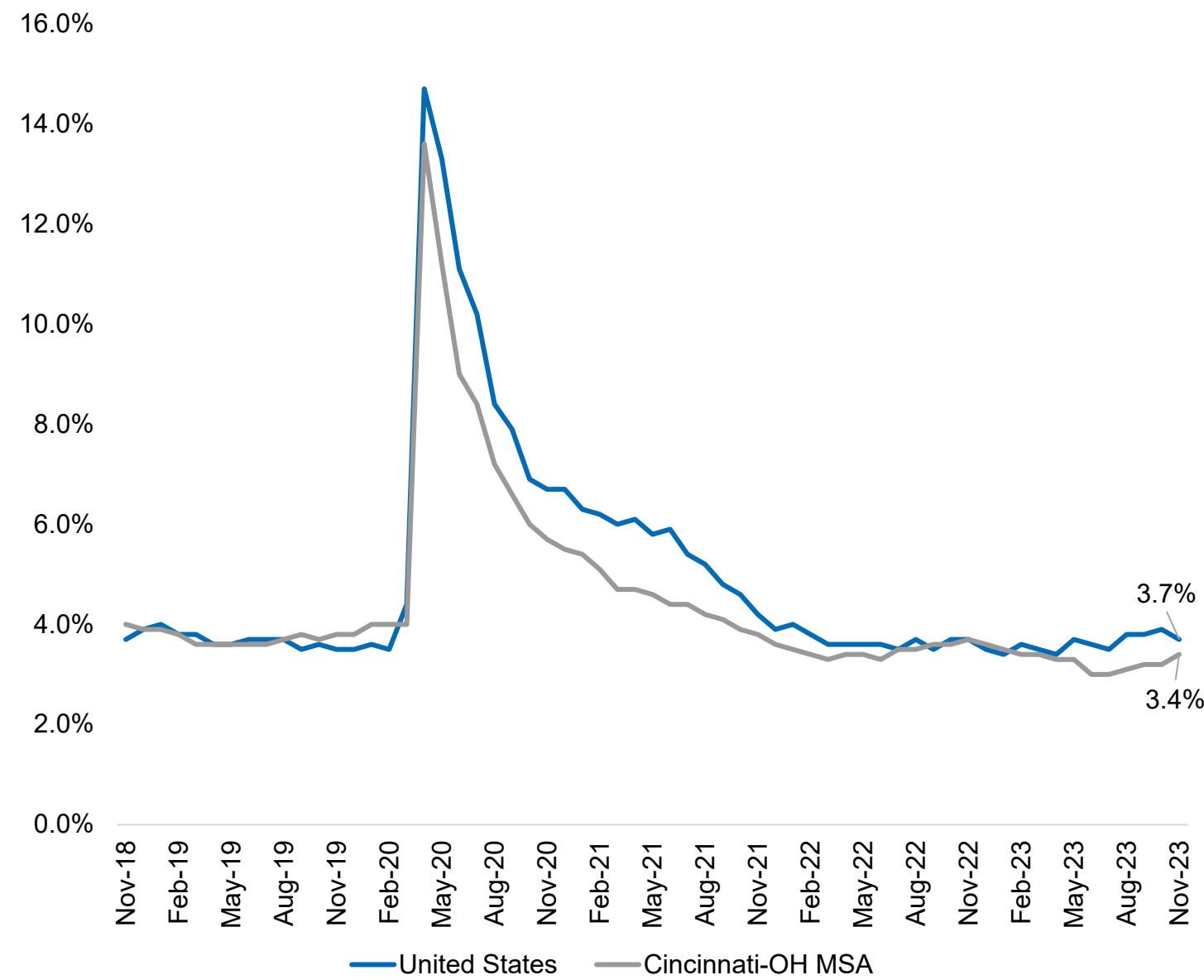
Economy



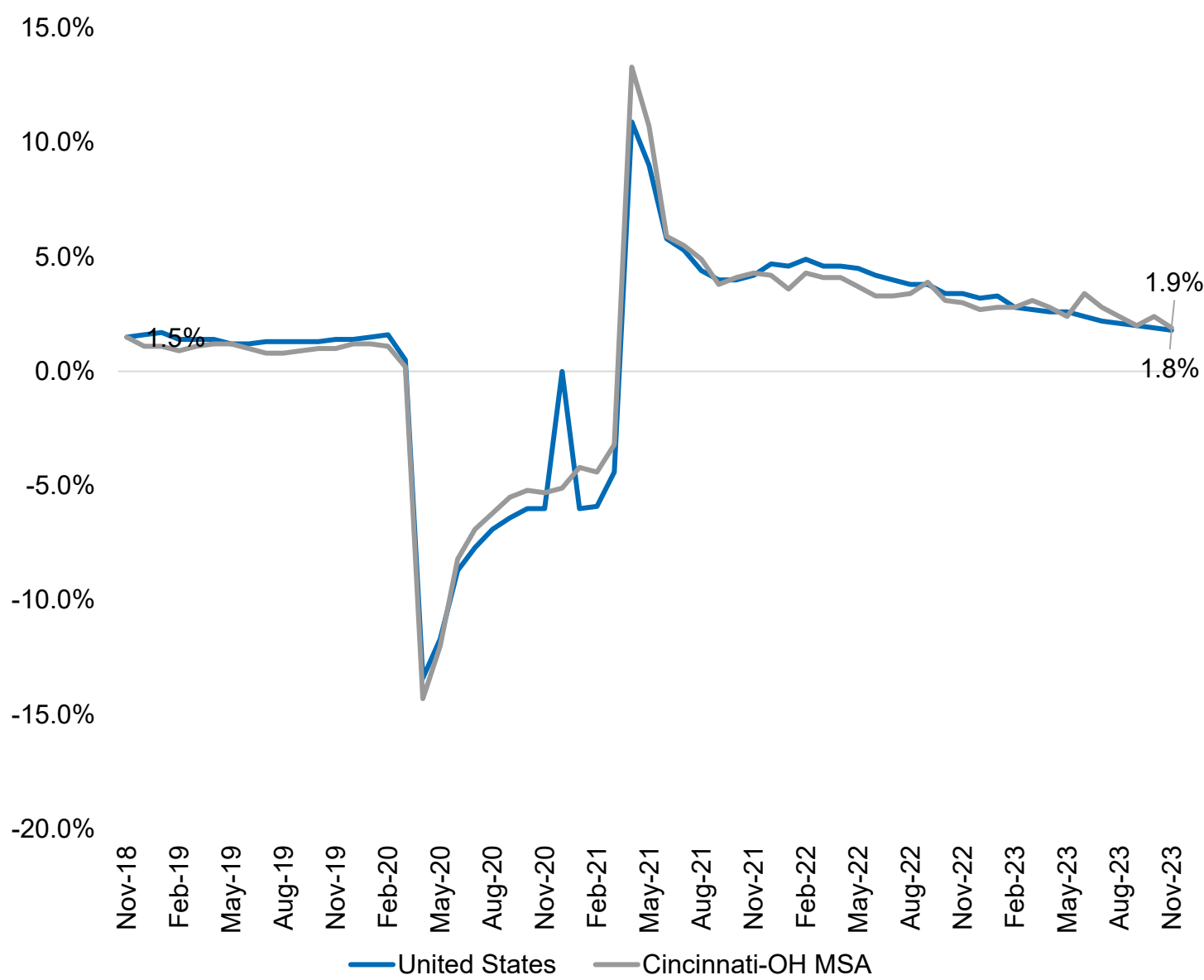
Unemployment Rate in Cincinnati Continues to Stay Consistent with the U.S. Average

The unemployment rate in Cincinnati is 3.4%, and the U.S. average is 3.7%, for the fourth quarter of 2023. Year-over-year, there was a 0.3% decrease for Cincinnati, and the United States remained the same. Nonfarm payroll employment decreased year-over-year from 3.0% to 1.9% in Cincinnati, while the United States average decreased from 3.4% to 1.8%.

Unemployment Rate, Seasonally Adjusted



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

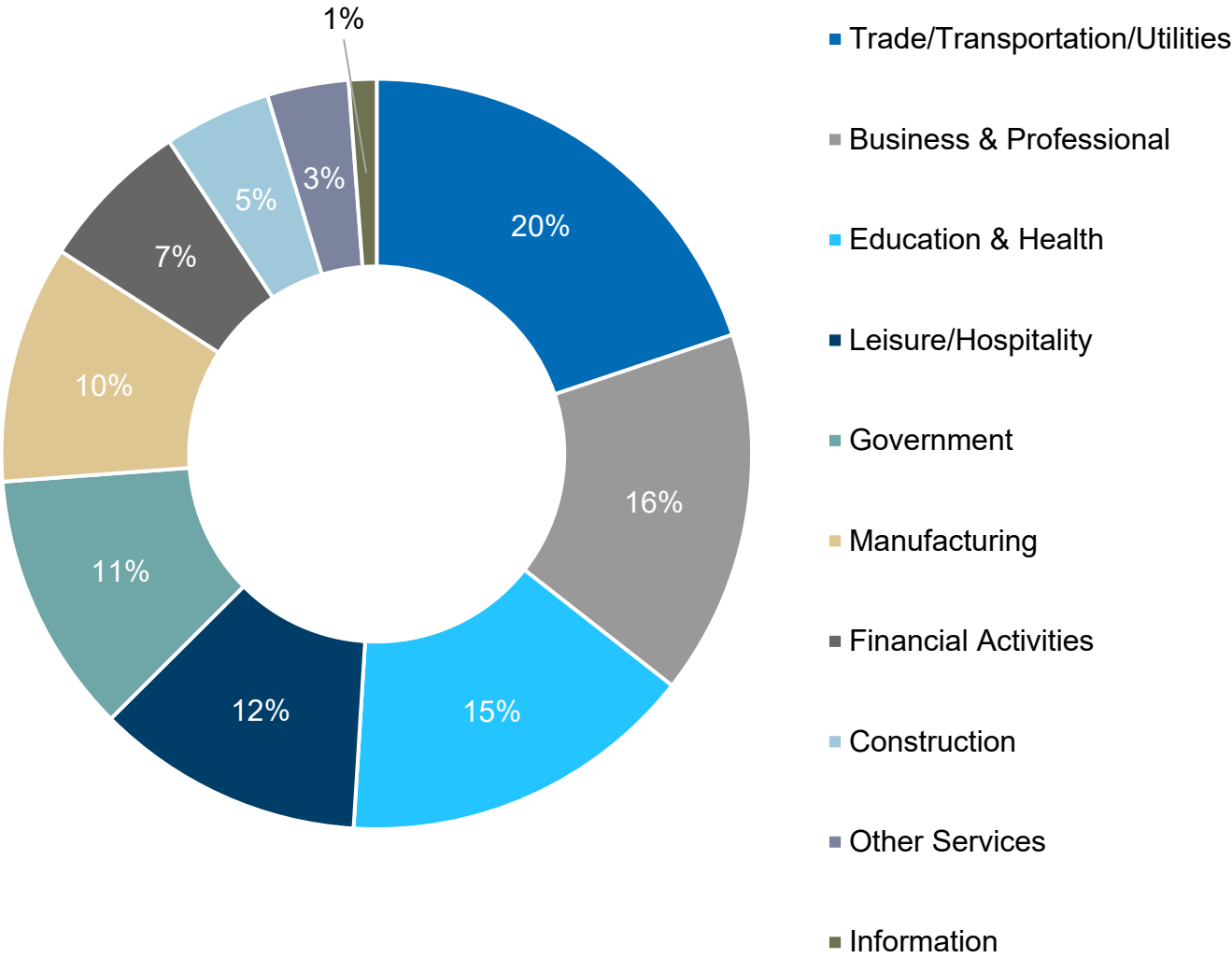


Source: U.S. Bureau of Labor Statistics, Cincinnati, OH-KY-IN

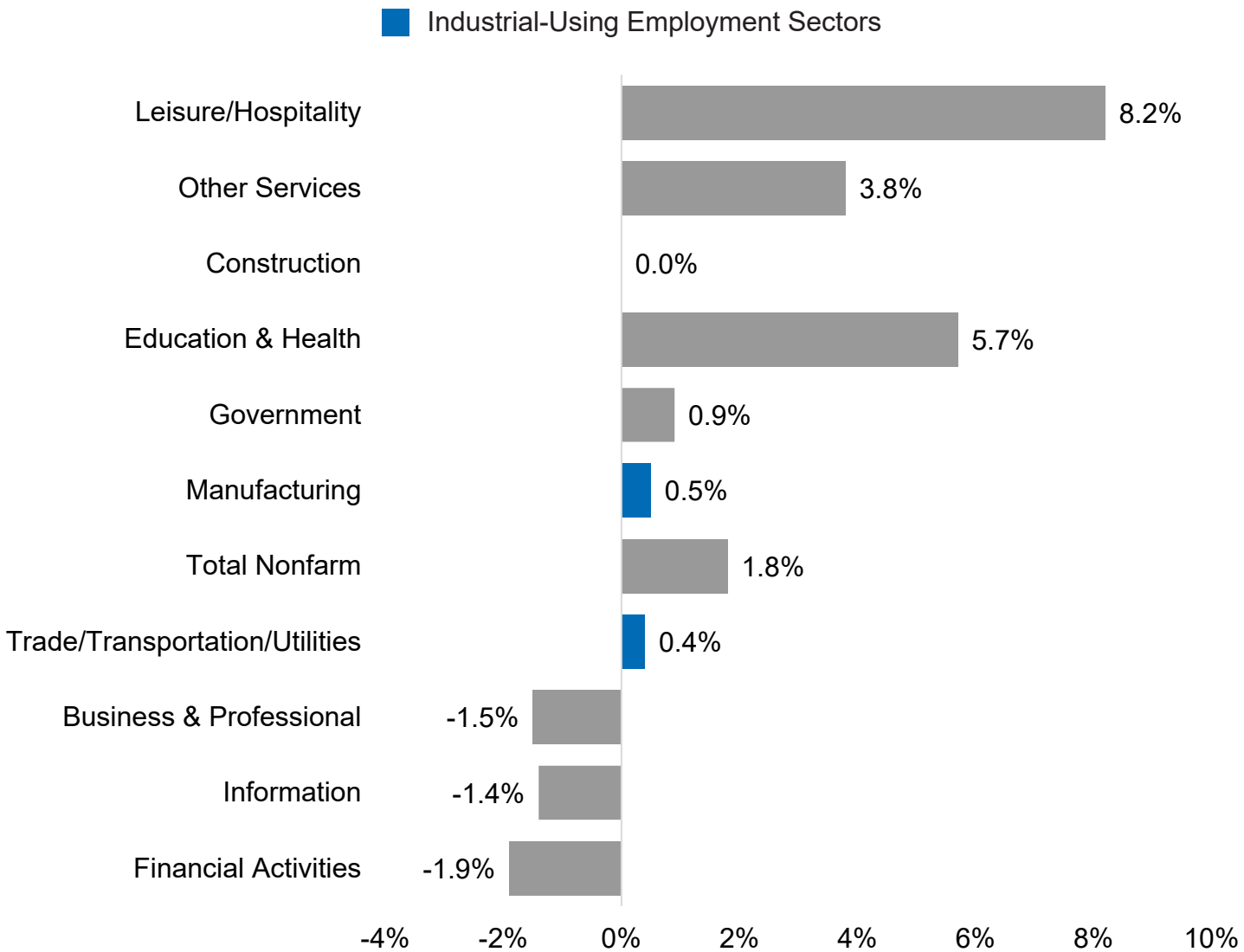
Both Industrial Using Sectors See a Slight Increase in Employment Growth

The leisure/hospitality sector led all industries in regional annual job growth at 8.2%, while the education & health sector followed next behind at 5.7%. For employment growth, both industrial using sectors increased slightly. The financial activities sector saw the greatest loss at -1.9%.

Employment by Industry, November 2023



Employment Growth by Industry, 12-Month % Change, November 2023

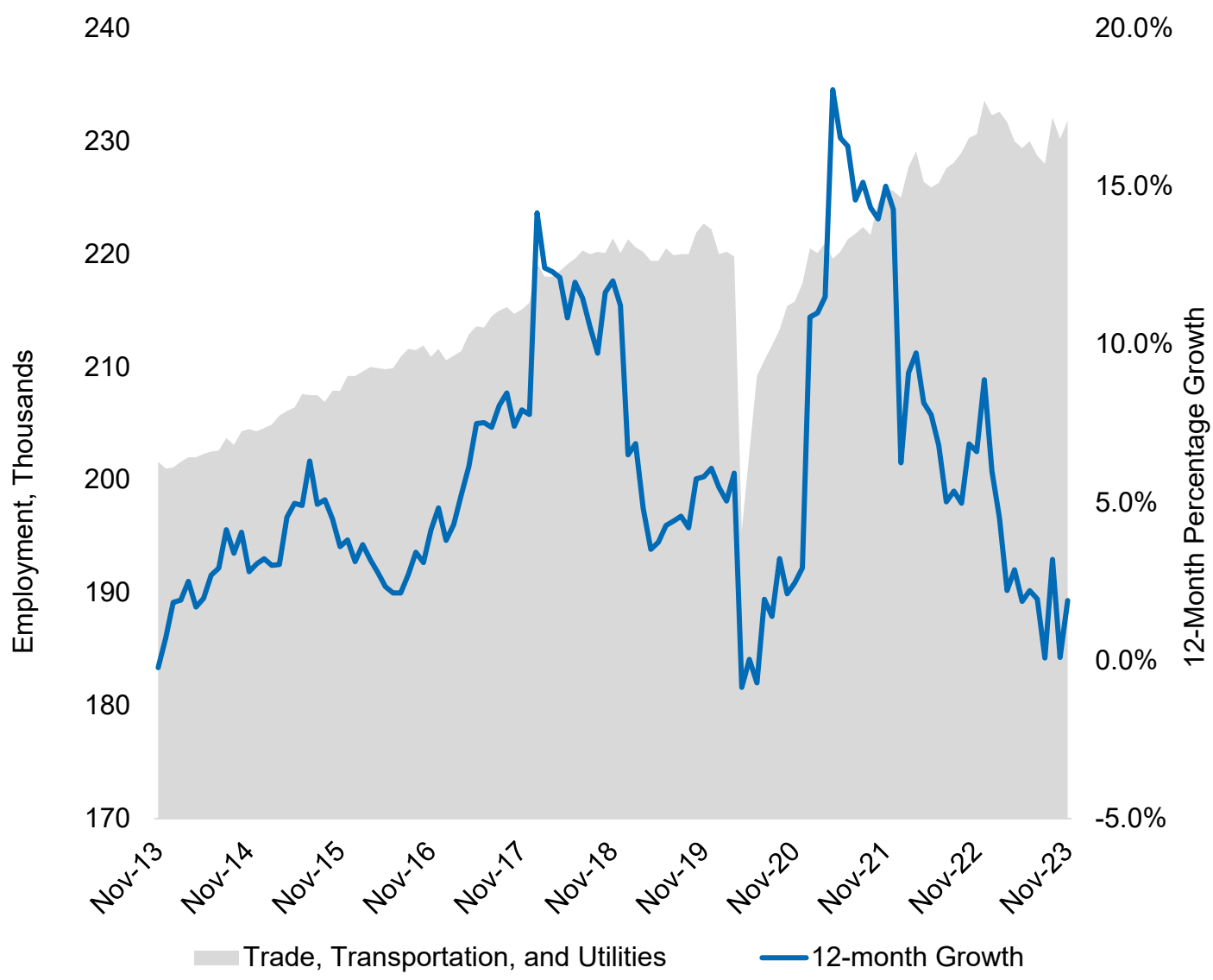


Source: U.S. Bureau of Labor Statistics, Cincinnati, OH-KY-IN

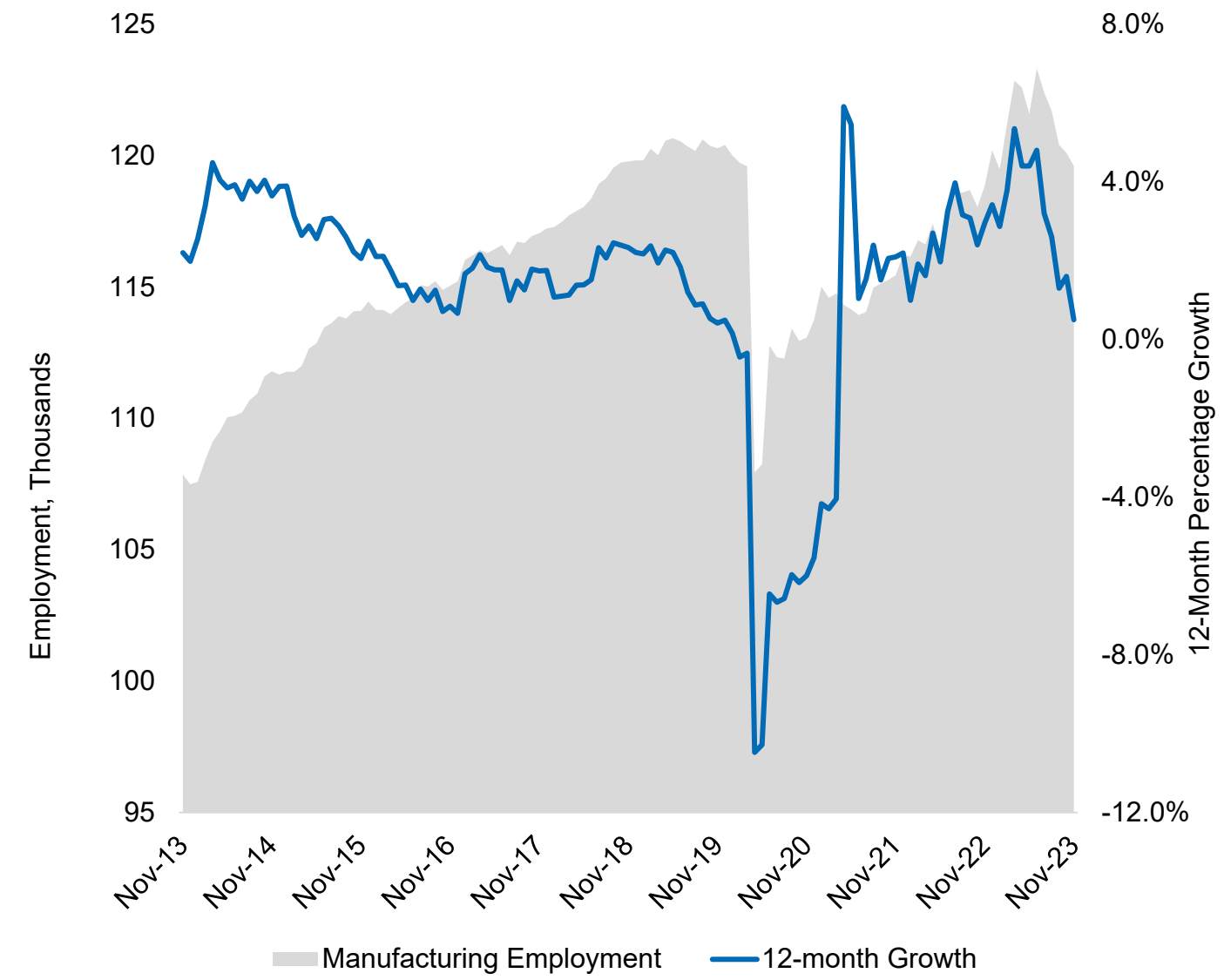
Industrial Employment Fluctuating Year-After-Year

Trade/transportation/utilities saw a decrease in employment growth in November year- over- year, going from 6.6% to 1.9%. Manufacturing employment also decreased year- over- year in November from 2.9% to 0.5% in Greater Cincinnati.

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

4Q23

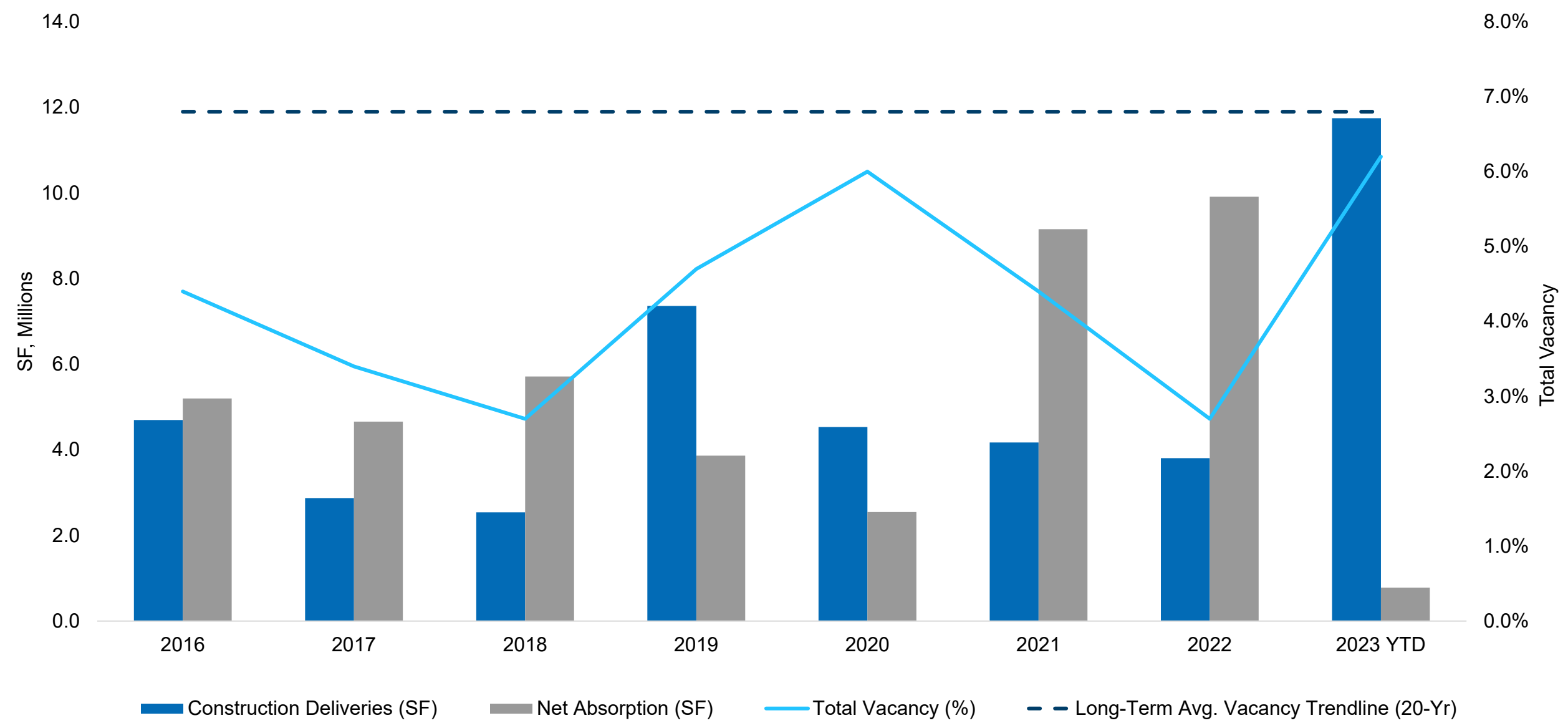
Leasing Market Fundamentals



Vacancy on the Rise as Construction Deliveries Outpace Net Absorption for 2023

The vacancy rate increased from 2.7% in the fourth quarter of 2022 to 6.2% in the fourth quarter of 2023. Vacancy is expected to continue to slowly rise over the next 12 months as the construction pipeline continues to deliver. Year-to-date absorption ended at 783,379 SF at the end of the year 2023.

Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research

Submarket Statistics Overview

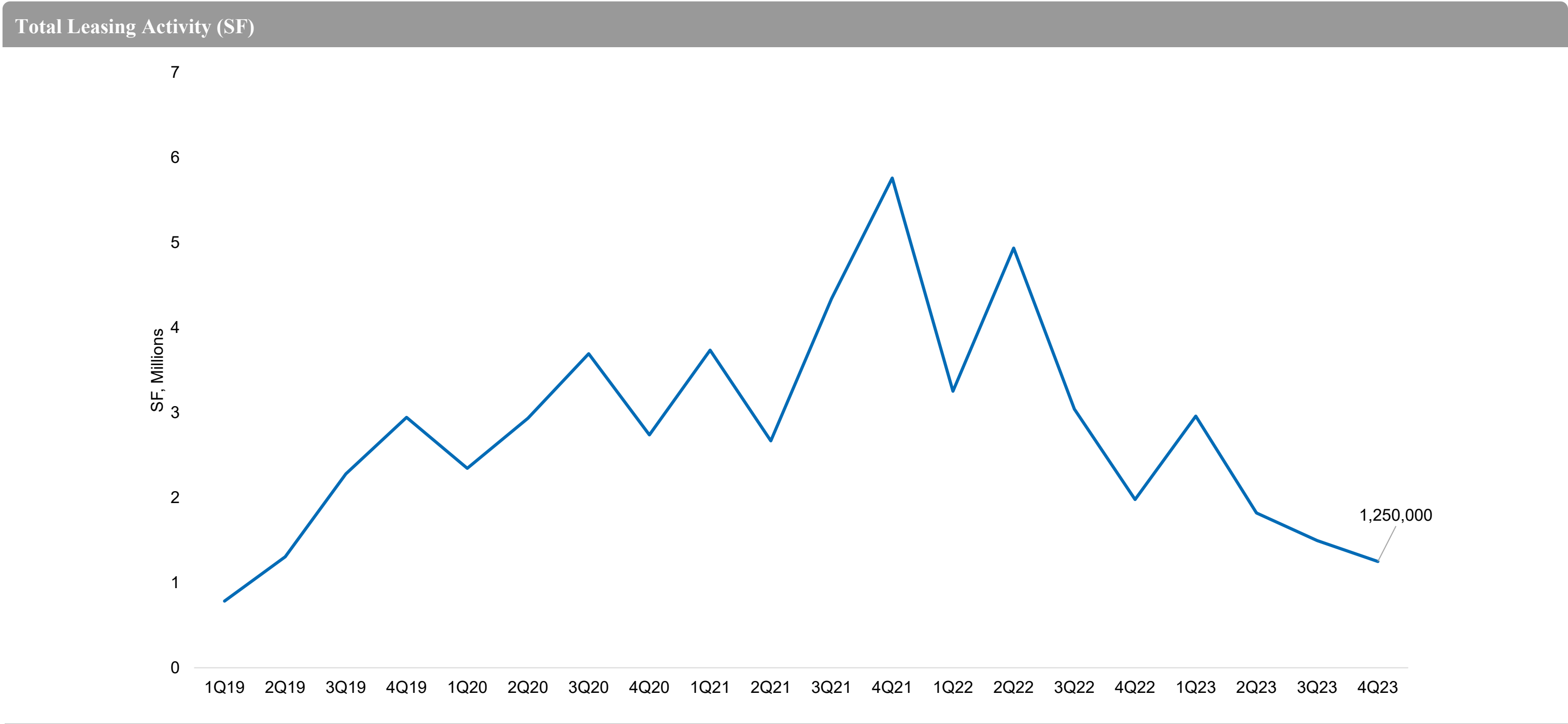
Please reach out to your
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Submarket Statistics Overview (Warehouse/Distribution)

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Industrial Leasing Activity in 4Q23 Slightly Lower than 3Q23

In the fourth quarter of 2023, there was 1.25 million SF of leasing activity. This is slightly lower than in the third quarter of 2023, which had 1.5 million SF of leasing activity.

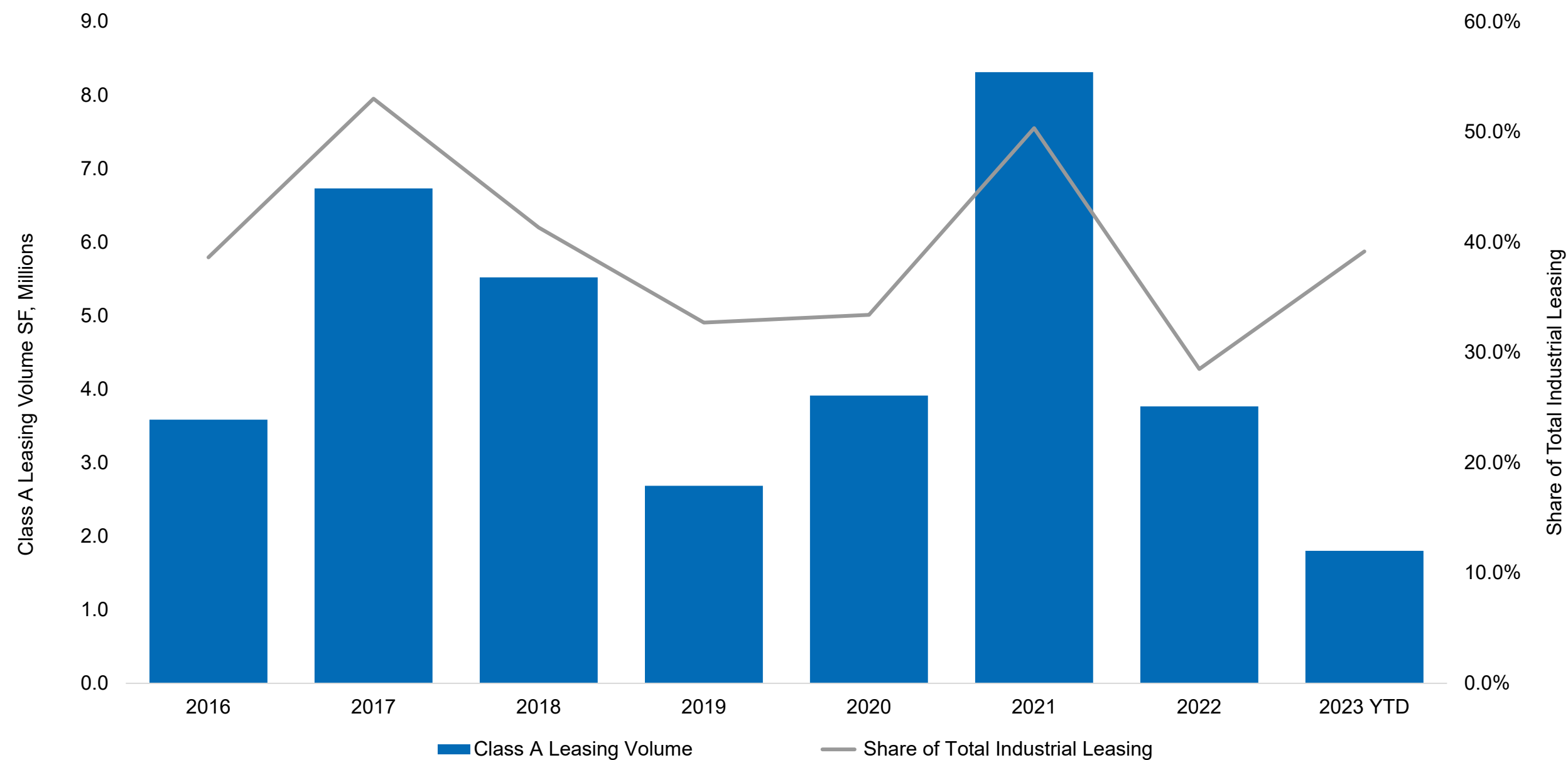


Source: Newmark Research, CoStar

Class A Warehouse Leasing Activity Lowest Since 2019

In all of 2023, there was 7.52 million SF of overall space leased which includes 1.8 million SF of Class A warehouse space. In 2022 there was only 3.7 million SF of Class A warehouse space leased. Class A warehouse leasing represented 39.17% of overall leasing activity for 2023 year- to- date, up from 28.5% in 2022.

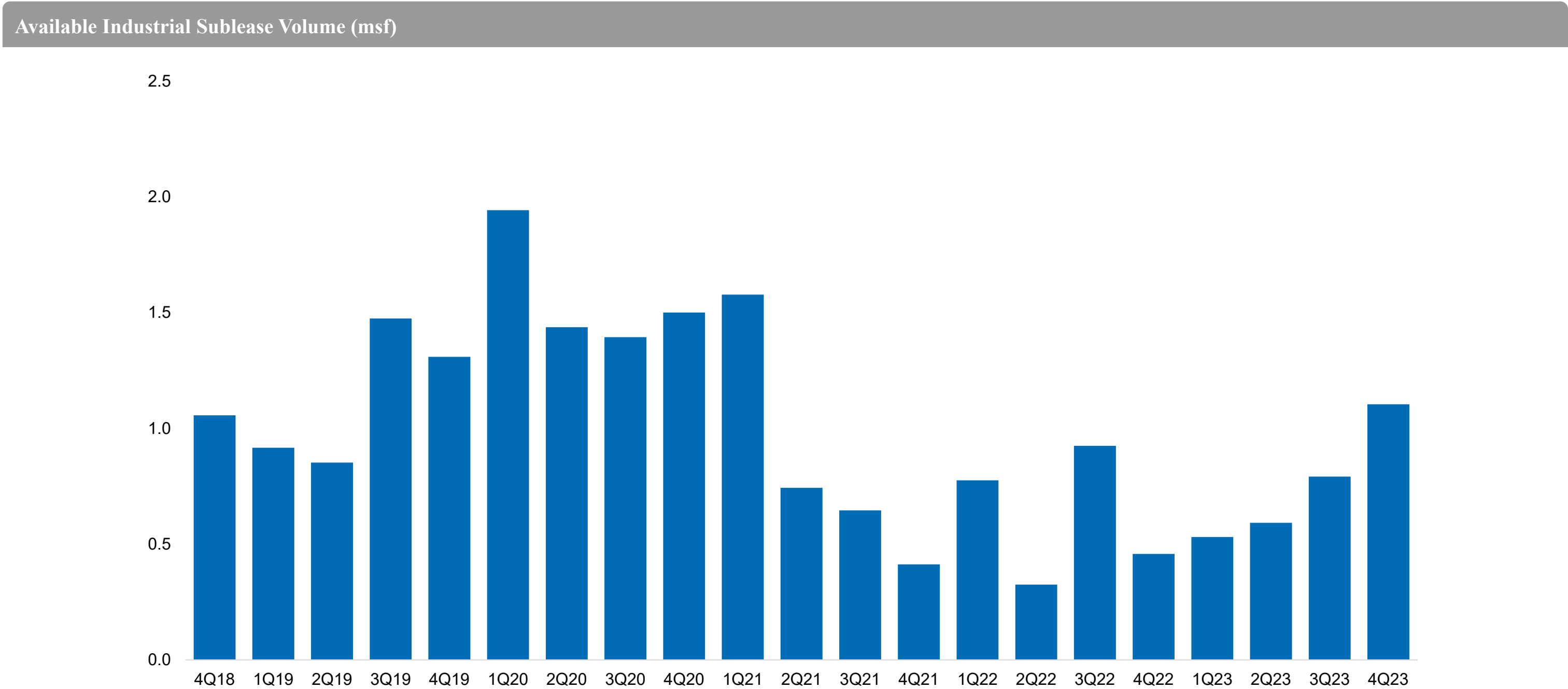
Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume



Source: Newmark Research, CoStar

Industrial Sublease Availability Continues to Increase Quarter- over- Quarter

Sublease space in Greater Cincinnati saw an increase quarter- over- quarter from 792,007 SF to 1,104,448 SF. Year- over- year this number has significantly increased, rising from 458,098 SF during the fourth quarter of 2022.

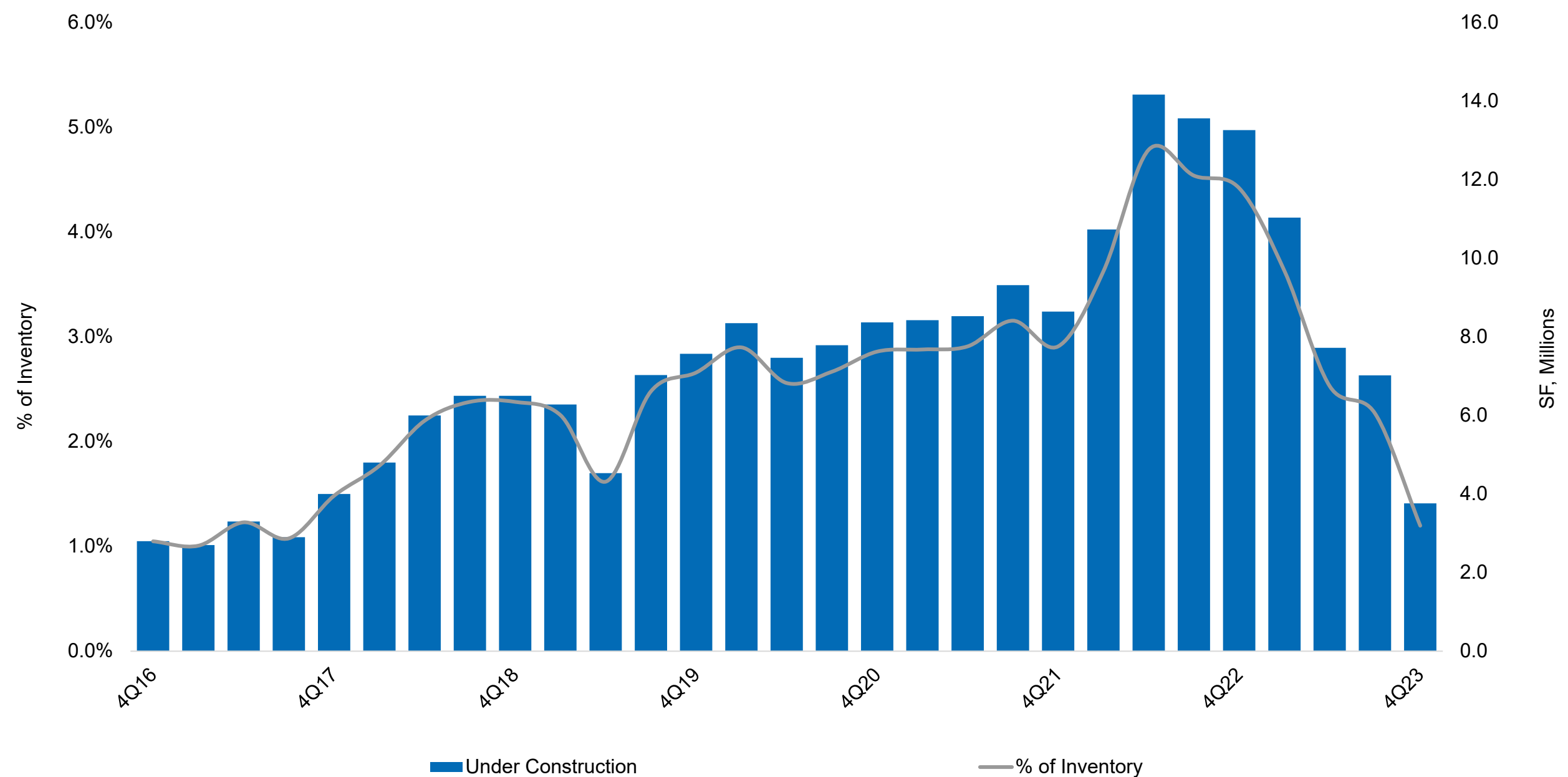


Source: Newmark Research, CoStar

Construction Numbers Decrease as Pipeline Continues to Deliver

The construction pipeline in Greater Cincinnati continues to deliver quarter- over- quarter. After 3.2 million SF of buildings delivered in the fourth quarter of 2023, there is now only 3.7 million SF still currently under construction. The 3.7-million SF make up 1.2% of the total inventory in the Greater Cincinnati industrial market. Of that total number still under construction, 90.0% consists of Class A warehouse space for both speculative and built-to-suit. 29.37% consists of just speculative Class A warehouse space. The remaining 10.0% represents all other subtypes that are not warehouse space.

Industrial Under Construction and % of Inventory

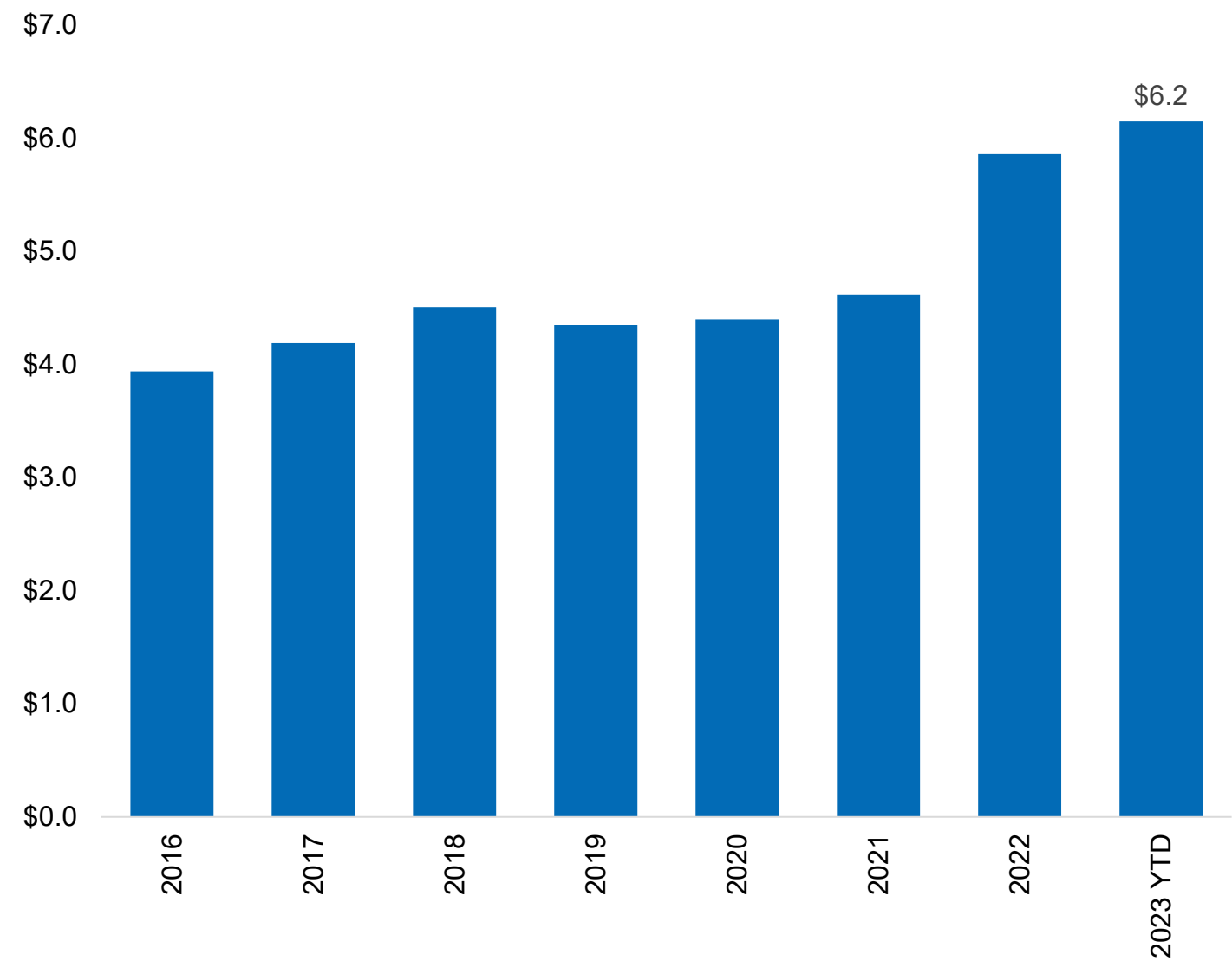


Source: Newmark Research, CoStar

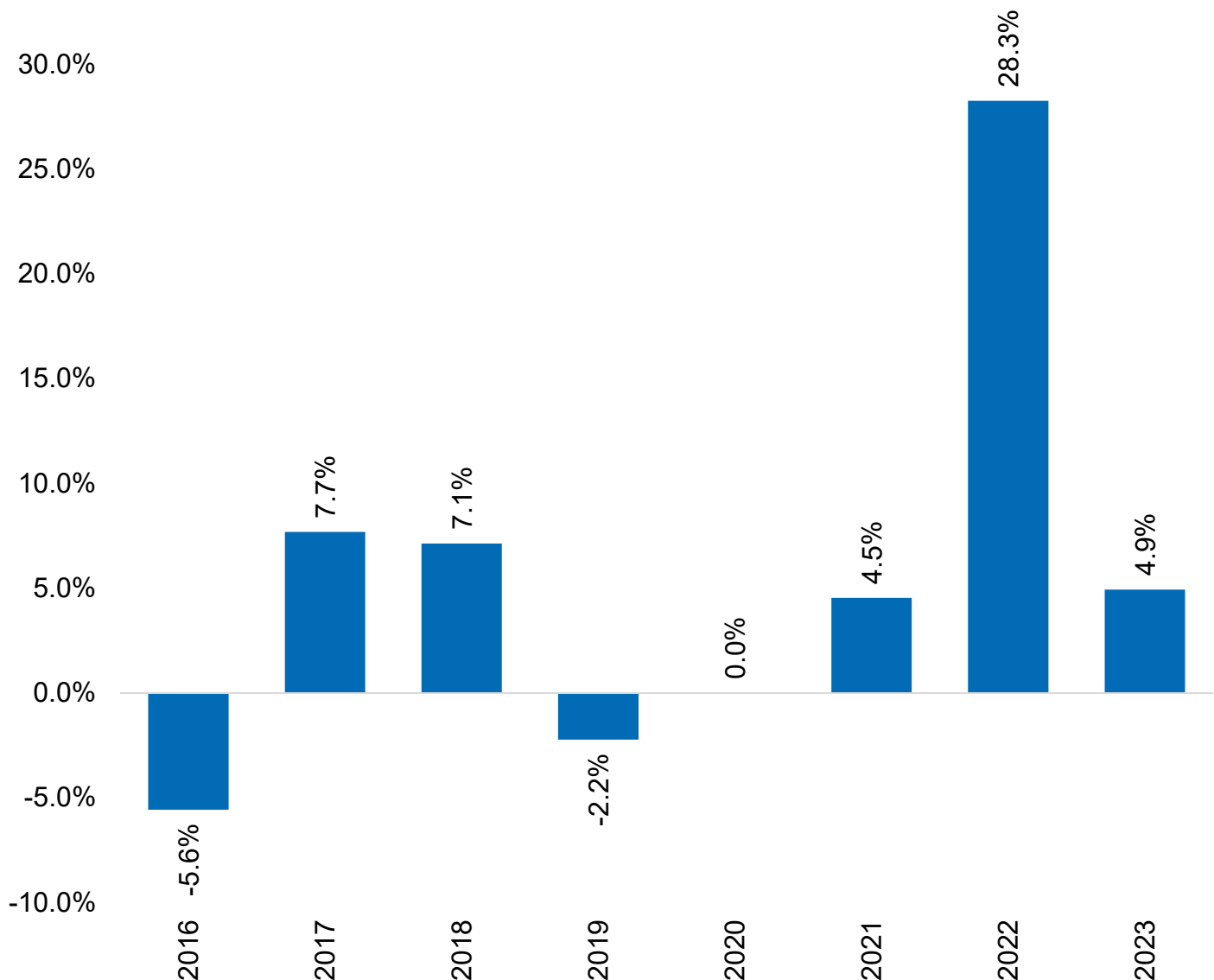
Asking Rent During 4Q23 Shows a Slight Increase

Overall asking rates increased from \$6.03/SF to \$6.15/SF, which is the highest ever recorded. This puts the year-over-year rent growth rate at 4.9%.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 4Q23 Lease Transactions

Notable 4Q23 Lease Transactions				
Tenant	Building	Submarket	Type	Square Feet
Maersk, Inc.	Fairfield Logistics North Bldg. 2	Tri-County	Direct Lease	225,668
Valvoline	12110 Champion Way	Tri-County	Direct Lease	216,039
UPS	41 Logistics Blvd.	Florence/Richwood	Direct Lease	165,240
Upside Innovations	8800 Global Way	Tri-County	Direct Lease	112,320
Ohio Intermodel	9991 Commerce Park Dr.	Tri-County	Direct Lease	44,320

Source: Newmark Research

Notable 4Q23 Sale Transactions

Please reach out to your
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