

2Q24

Cincinnati Industrial Market Overview

NEWMARK

Market Observations

Economy

- The region’s labor market remained strong amid shifting macroeconomic conditions. Cincinnati’s 4.1% unemployment rate was just greater than the 4.0% United States average.
- Year- over- year, seven sectors saw positive employment growth while four saw negative growth. Education & health led all sectors in job gains at 4.6% during the past 12 months.
- Locally, employment growth for the trade/transportation/utilities sector decreased year- over- year from 0.58% to 0.29%. Employment growth for the manufacturing sector also decreased year- over- year from 2.61% to 0.59%.

Major Transactions

- Cincinnati Museum Center purchased 1518 Dalton Ave., a 165,097 SF building located in the Central/Midtown submarket, from Redwood Capital Investments.
- Ammann America leased 160,620 SF at 6800 Industrial Rd. from Green Door Capital, located in the Florence/Richwood submarket.
- Vinlymax expanded into 150,000 SF at 2921 McBride Ct., located in the Tri County submarket.
- Urbandi leased 131,150 SF at 2800 Henkle Dr. from TradeLane, located in the I-71 Corridor submarket.
- USPS vacated 169,522 SF at 8615 Jacquemin Dr., located in the Tri County submarket.

Leasing Market Fundamentals

- Absorption in the second quarter of 2024 totaled 663,043 SF. This brings year to date absorption in 2024 to 727,130 SF.
- The construction pipeline is now at 2.8 million SF, after 892,447 SF of space was delivered during the second quarter of 2024. After the second quarter, there are only build-to-suits under construction.
- Vacancy increased quarter over quarter, growing slightly from 6.3% to 6.4%, due to deliveries outpacing absorption in the second quarter of 2024.
- Rent growth slightly increased by 1.1% quarter- over- quarter.

Outlook

- Given the pricing of recent industrial investment sales, we believe activity for the second half of 2024 will be more active in terms of sales. This will be due to higher pricing than expected, encouraging other sellers to sell.
- In the bulk industrial market with the current vacancy, the outlook is for rental rates to decline. We also believe that landlord concessions such as free rent are expected to increase. For office warehouse and general industrial buildings, we believe rents will continue to stabilize with moderate increases, and landlords' concessions will remain limited.
- Due to the lack of new speculative inventory under construction, we expect the vacancy rate to hold.

1. Economy
2. Leasing Market Fundamentals

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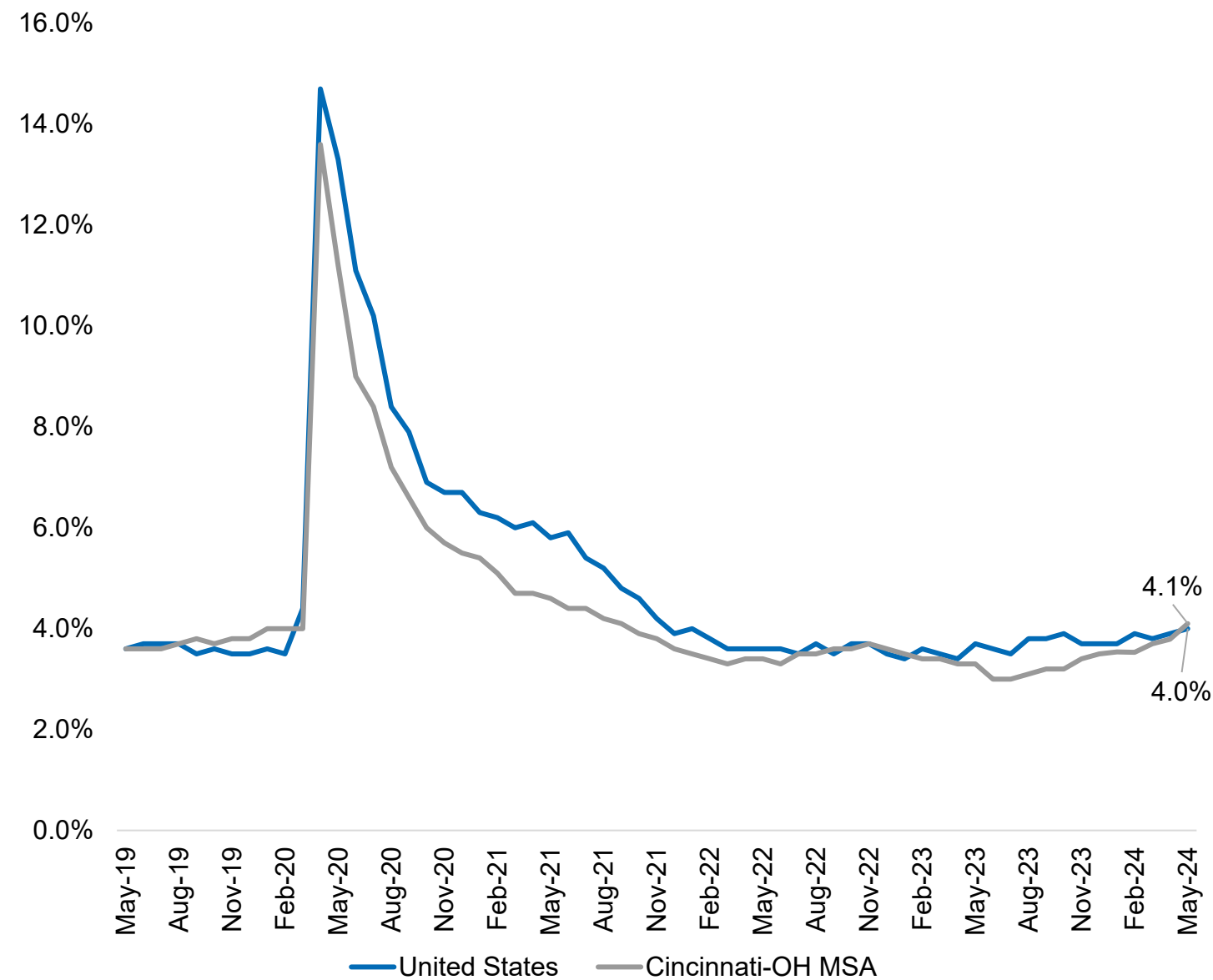
Economy



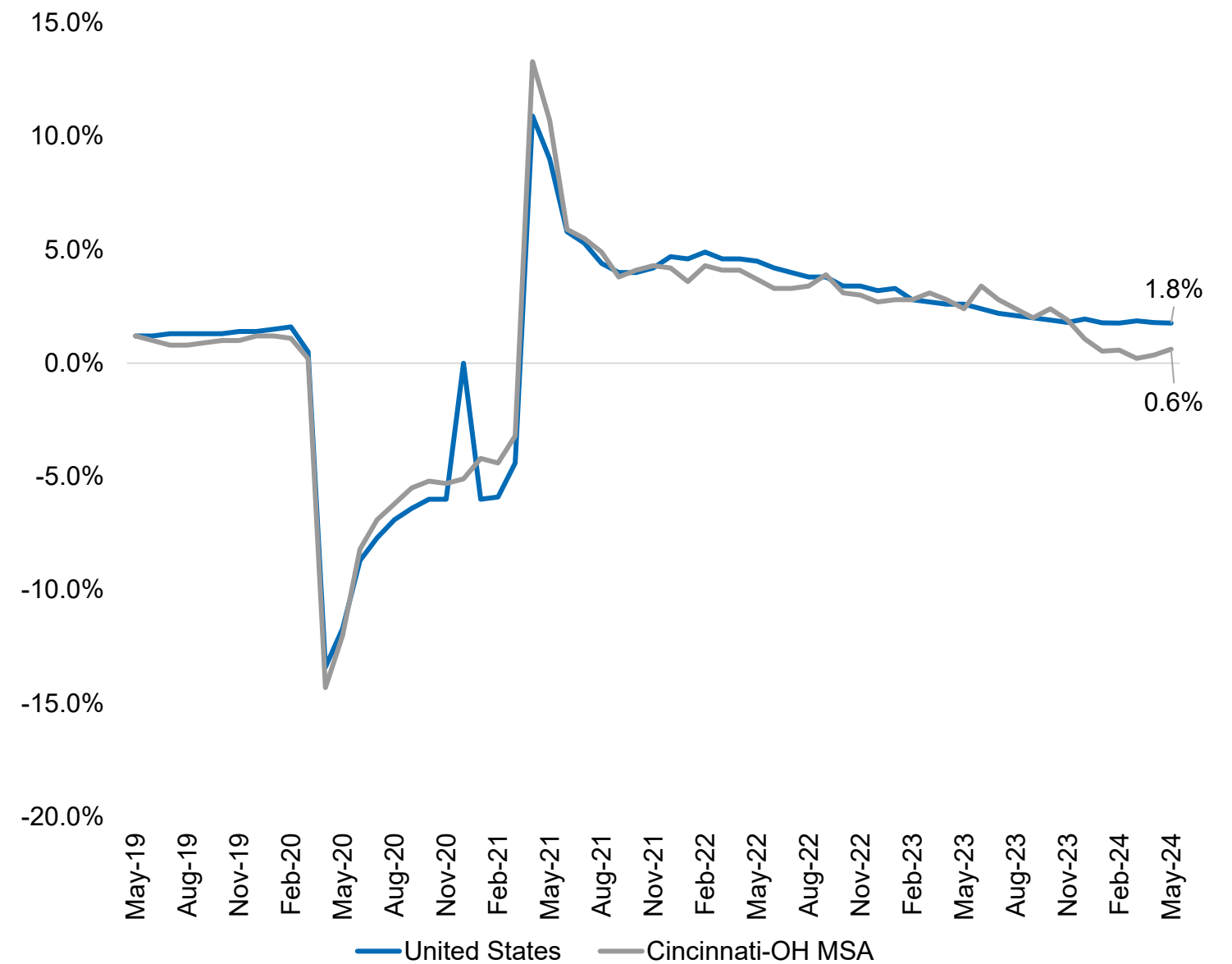
Unemployment Rate in Cincinnati Consistent with the U.S. Average

As of May 2024, the unemployment rate in Cincinnati is 4.1%, compared to 4.0% nationally. Since May of 2023, the unemployment rate increased by 80 basis points in Cincinnati and by 30 basis points nationally. The pace of Nonfarm payroll employment has slowed, decreasing year-over-year from 2.4% to 0.6% in Cincinnati, while the United States average decreased from 2.6% to 1.8%.

Unemployment Rate, Seasonally Adjusted



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



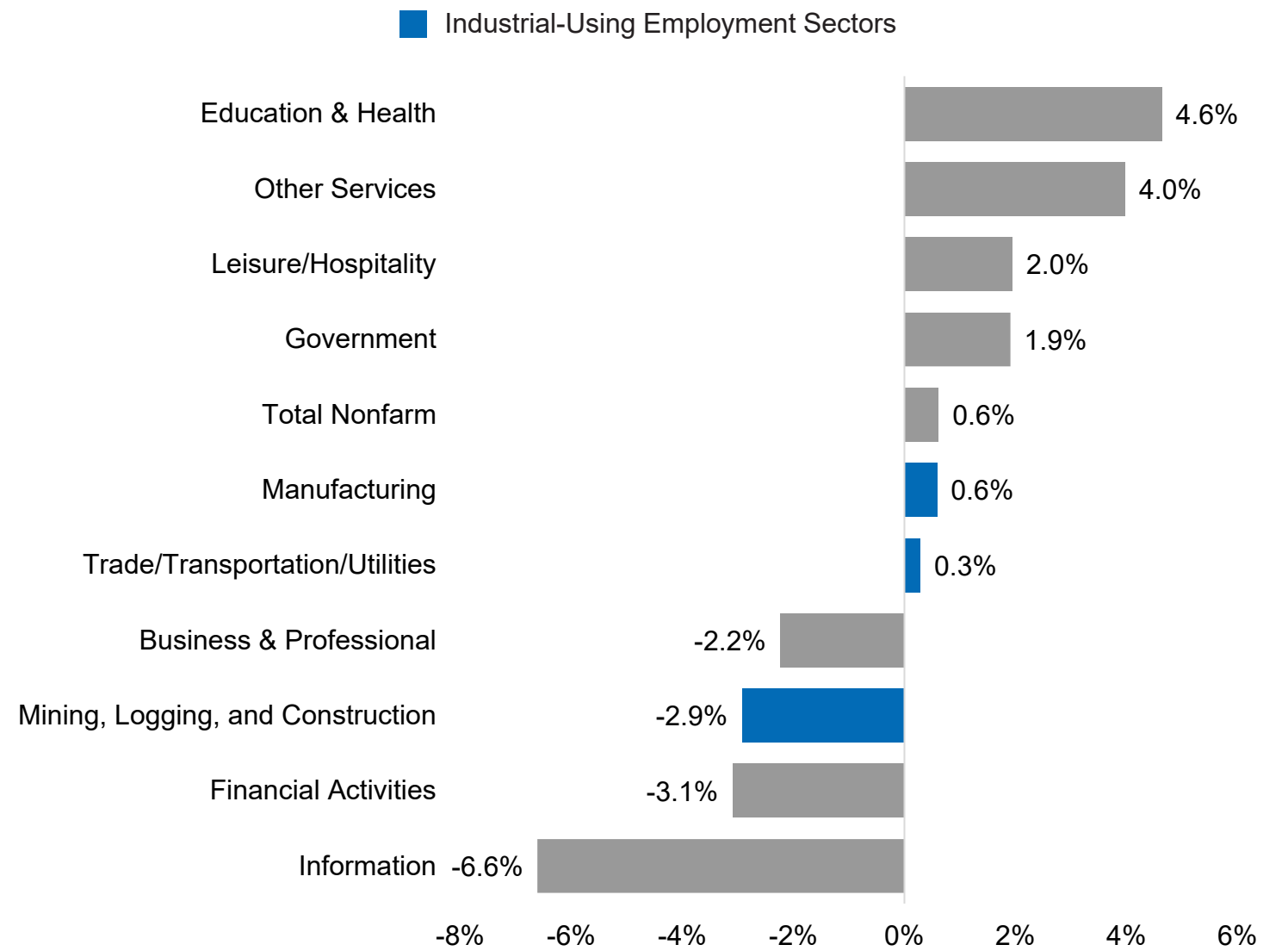
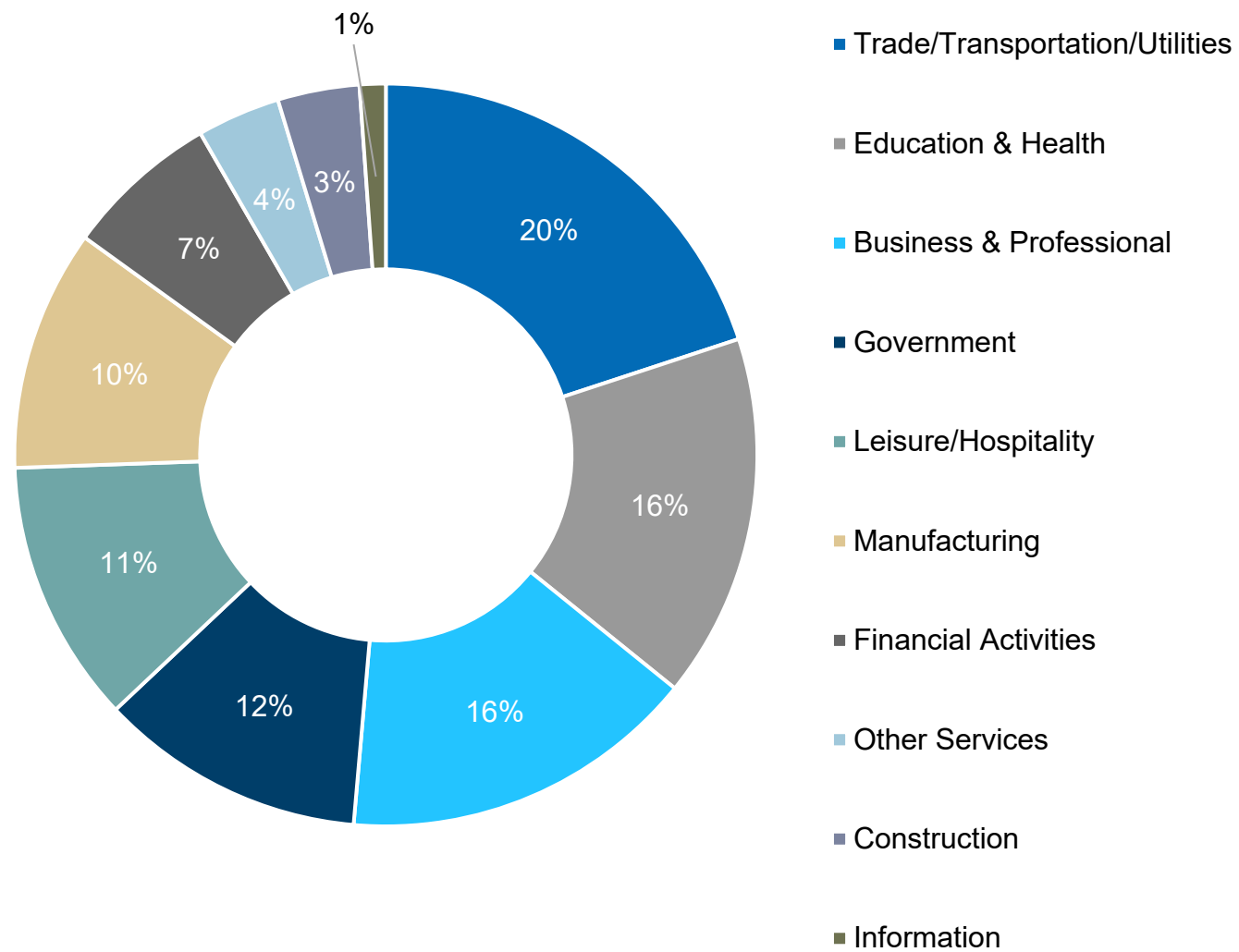
Source: U.S. Bureau of Labor Statistics, Cincinnati, OH-KY-IN

Two Industrial Using Sectors See an Increase in Employment Growth

The education & health sector led all industries in regional annual job growth at 4.6%, while the other services sector followed next behind at 4.0%. Two industrial-using employment sectors saw slight increases, which were Manufacturing and Trade/Transportation/Utilities. The information sector saw the greatest loss at -6.6%

Employment by Industry, May 2024

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

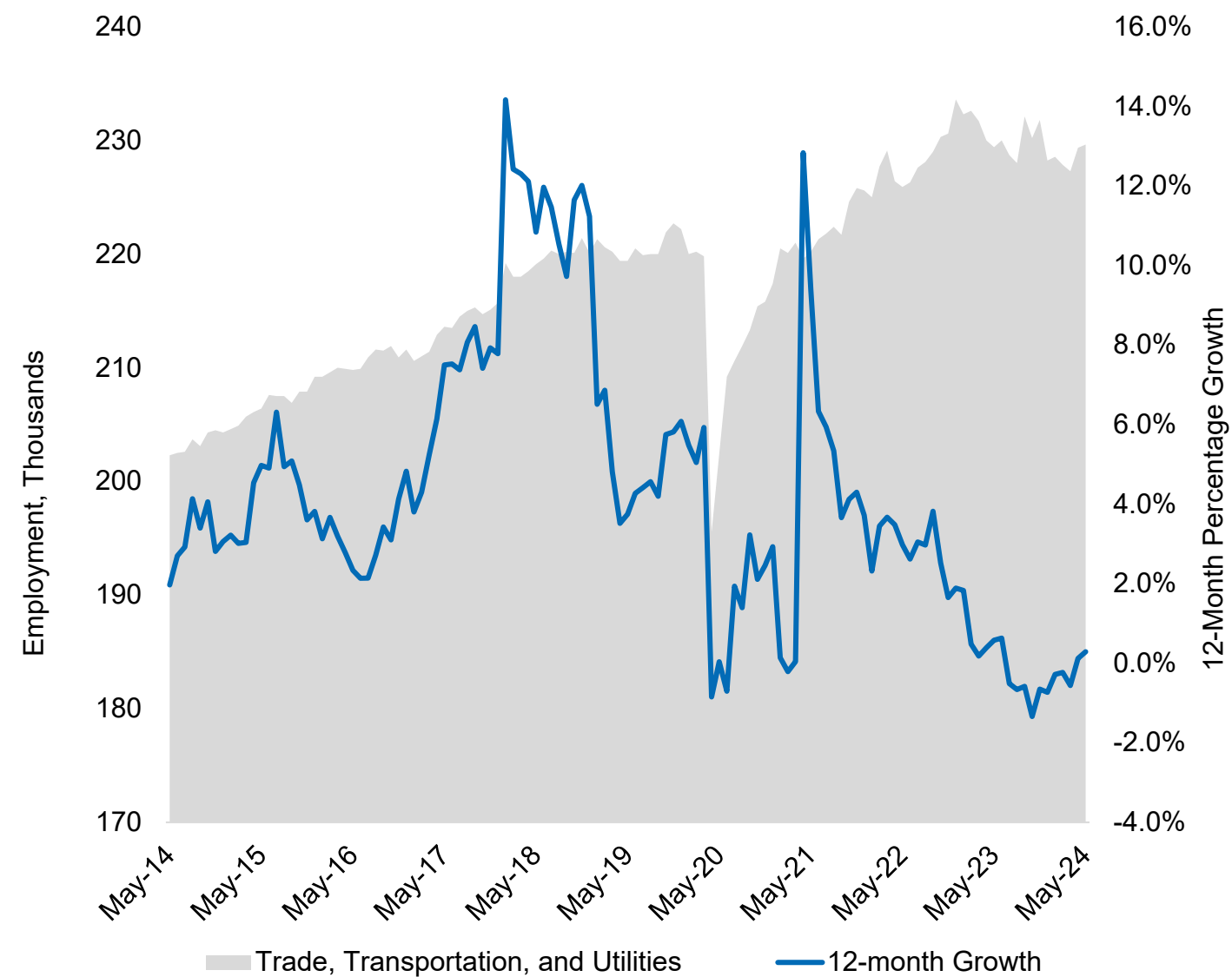


Source: U.S. Bureau of Labor Statistics, Cincinnati, OH-KY-IN

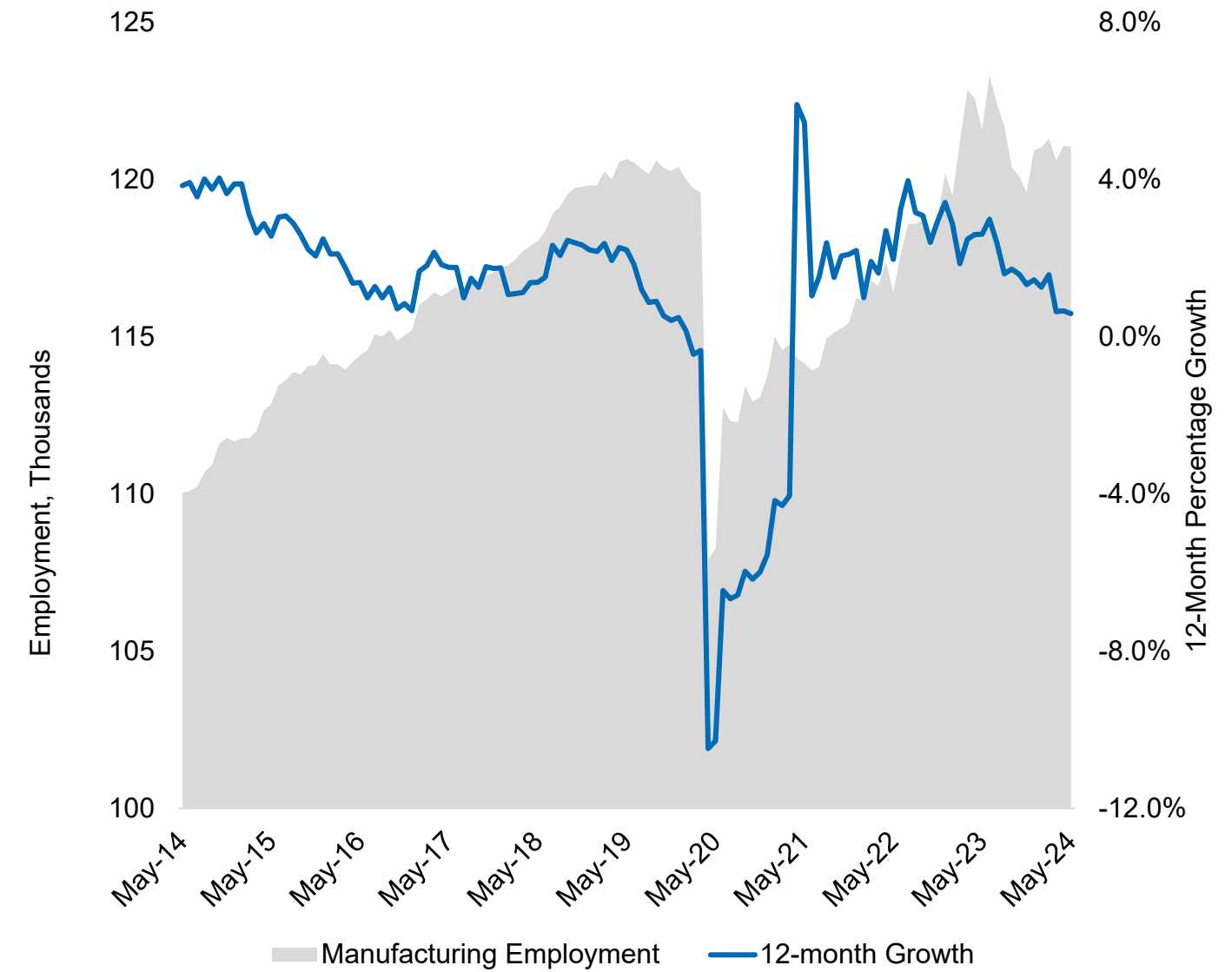
Industrial Employment Fluctuating Year-After-Year

Both the trade/transportation/utilities and manufacturing sectors saw a decrease in the rate of annual employment growth since 2023. May trade/transportation/utilities growth decreased to 0.29% and manufacturing employment growth slowed to 0.59%.

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

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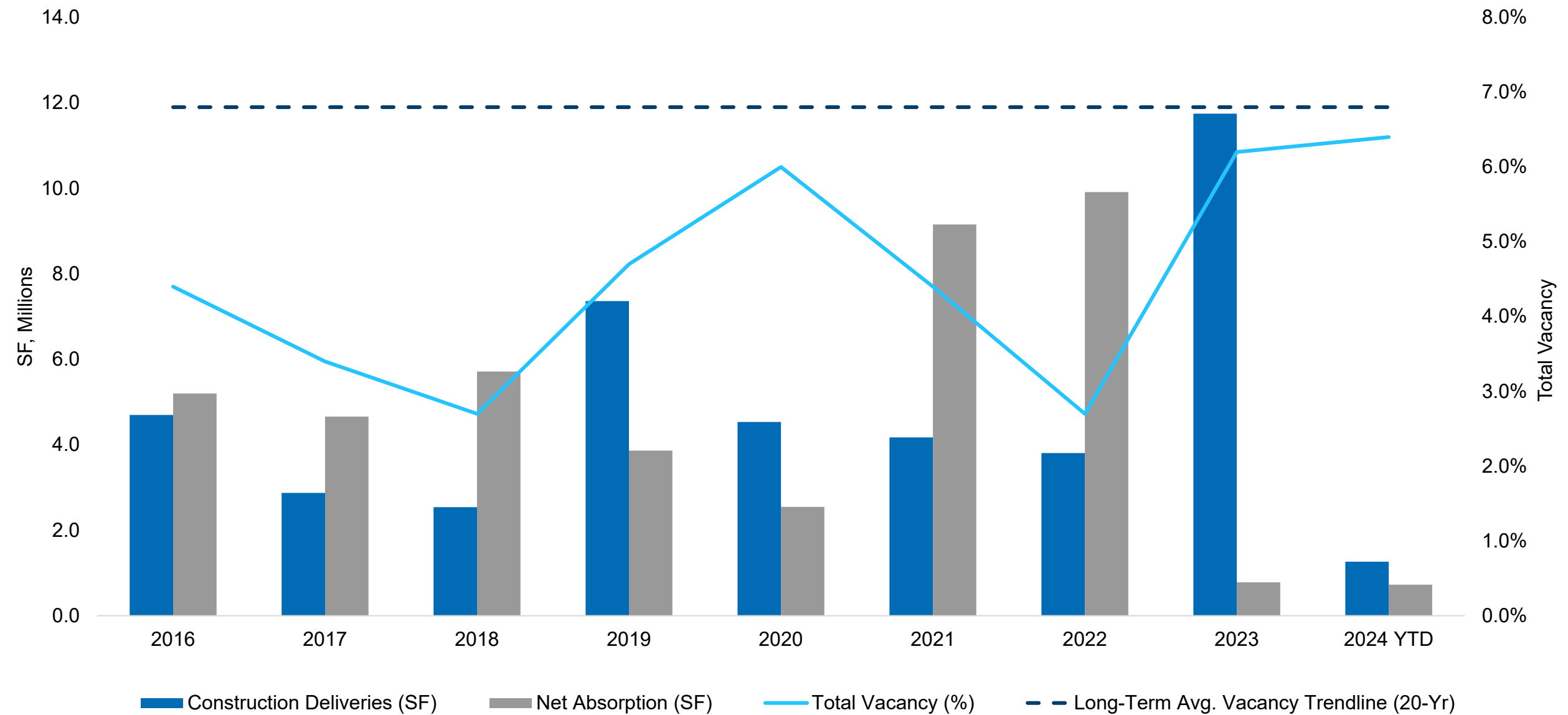
Leasing Market Fundamentals



Vacancy Nearly the Same as Construction Deliveries Outpace Net Absorption for 2Q24

The vacancy rate barely increased from 6.3% in the first quarter of 2024, to 6.4% in the second quarter of 2024. Vacancy has risen over the past 12 months due to construction outpacing net absorption. Second quarter absorption was 663,043 SF. Vacancy is expected to hang around the mid 6% range for the foreseeable future.

Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research

Submarket Statistics Overview

Please reach out to your
Newmark business contact for this information

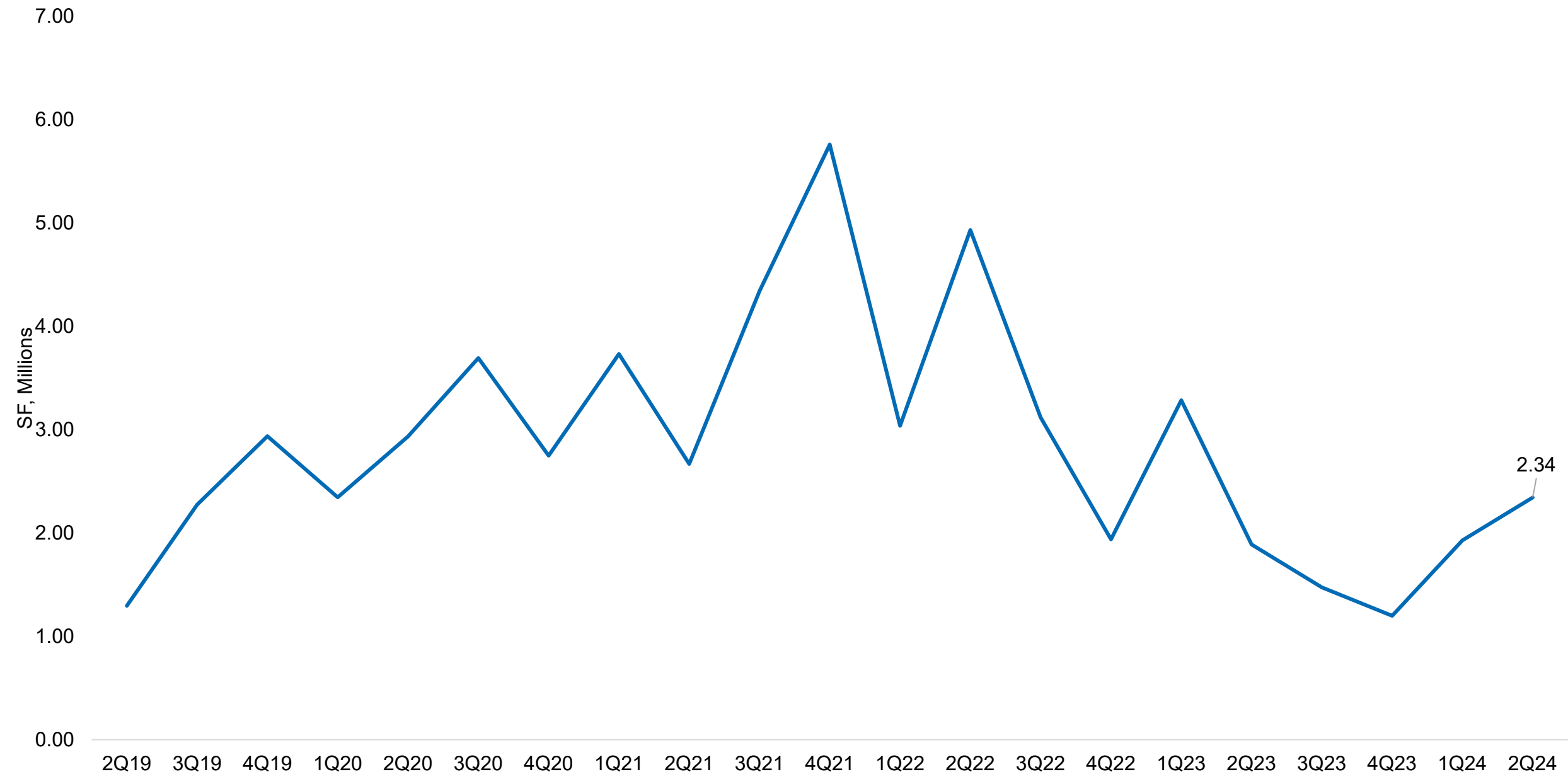
Submarket Statistics Overview (Warehouse/Distribution)

Please reach out to your
Newmark business contact for this information

Industrial Leasing Activity in 2Q24 Slightly Greater than 1Q24

In the second quarter of 2024, there was 2.34 million SF of leasing activity. This is slightly greater than in the first quarter of 2024, which had 1.93 million SF of leasing activity. We are expecting leasing activity to continue to improve quarter-over-quarter.

Total Leasing Activity (SF)

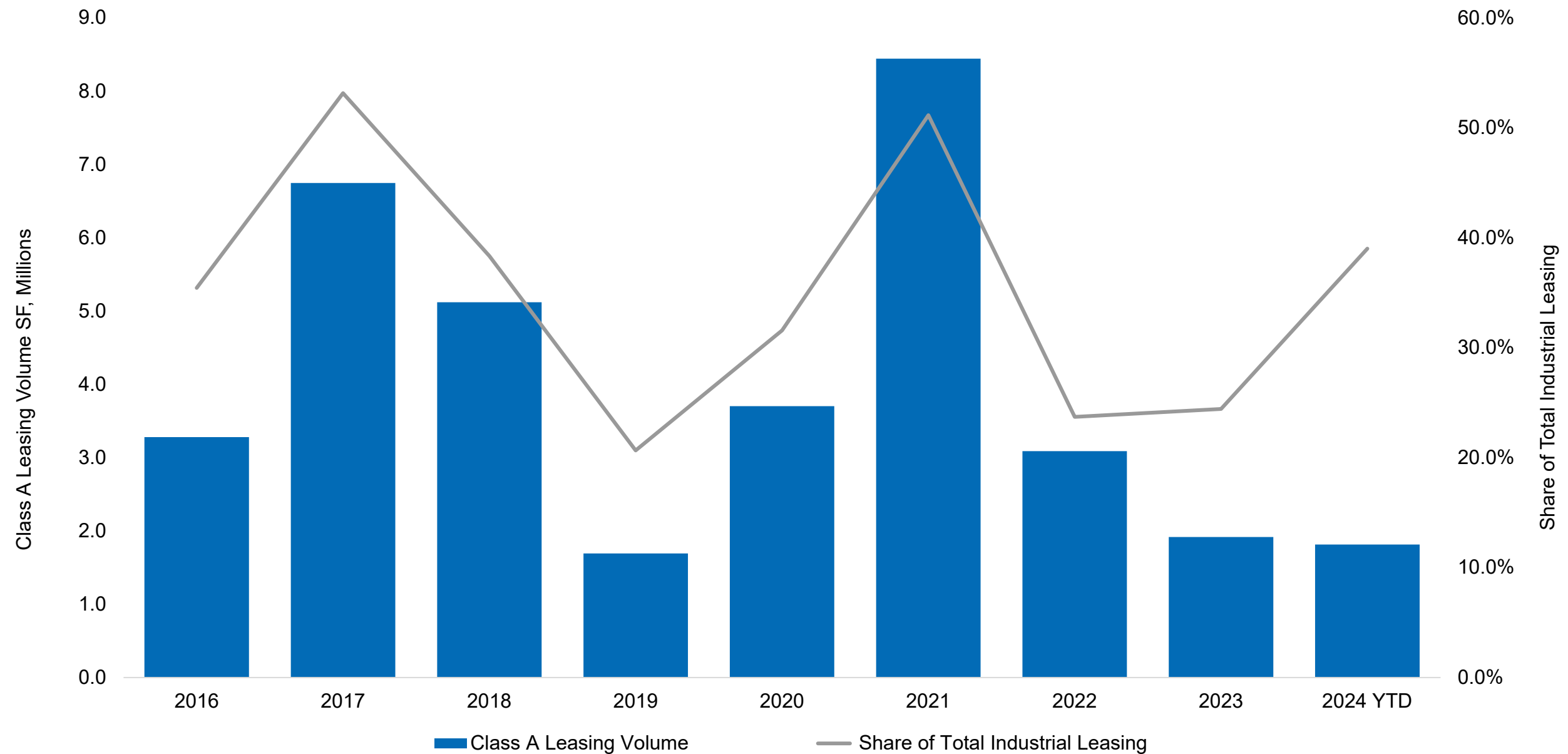


Source: Newmark Research, CoStar

Class A Warehouse Leasing Activity Represents Just Under Half of Overall Leasing

In the first two quarters of 2024, there was 4.27 million SF of space leased, including 1.8 million SF of Class A warehouse space. Class A warehouse leasing represented 39.01% of overall activity for the first two quarters, up from 24.43% in the year 2023. With the first half of 2024 completed, Class A leasing volume is nearly the same as all of 2023.

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

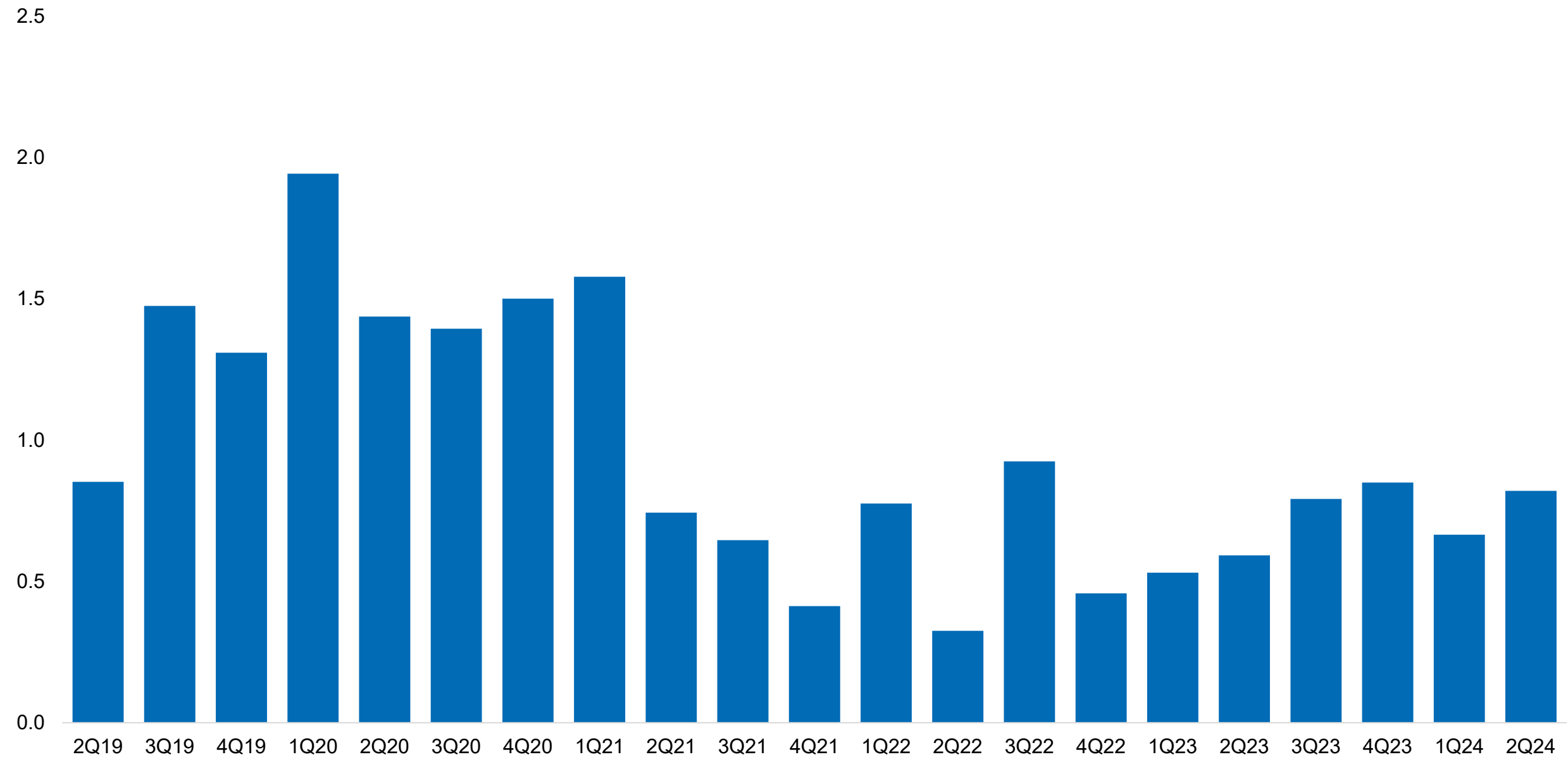


Source: Newmark Research, CoStar

Industrial Sublease Availability Sees an Increase Quarter- over- Quarter

Sublease space availability increased from 665,513 SF in the first quarter of 2024 to 820,832 SF in the second quarter of 2024. Year-over-year, sublease space is up even more; rising from 592,216 SF which took place in the second quarter of 2023.

Available Industrial Sublease Volume (msf)

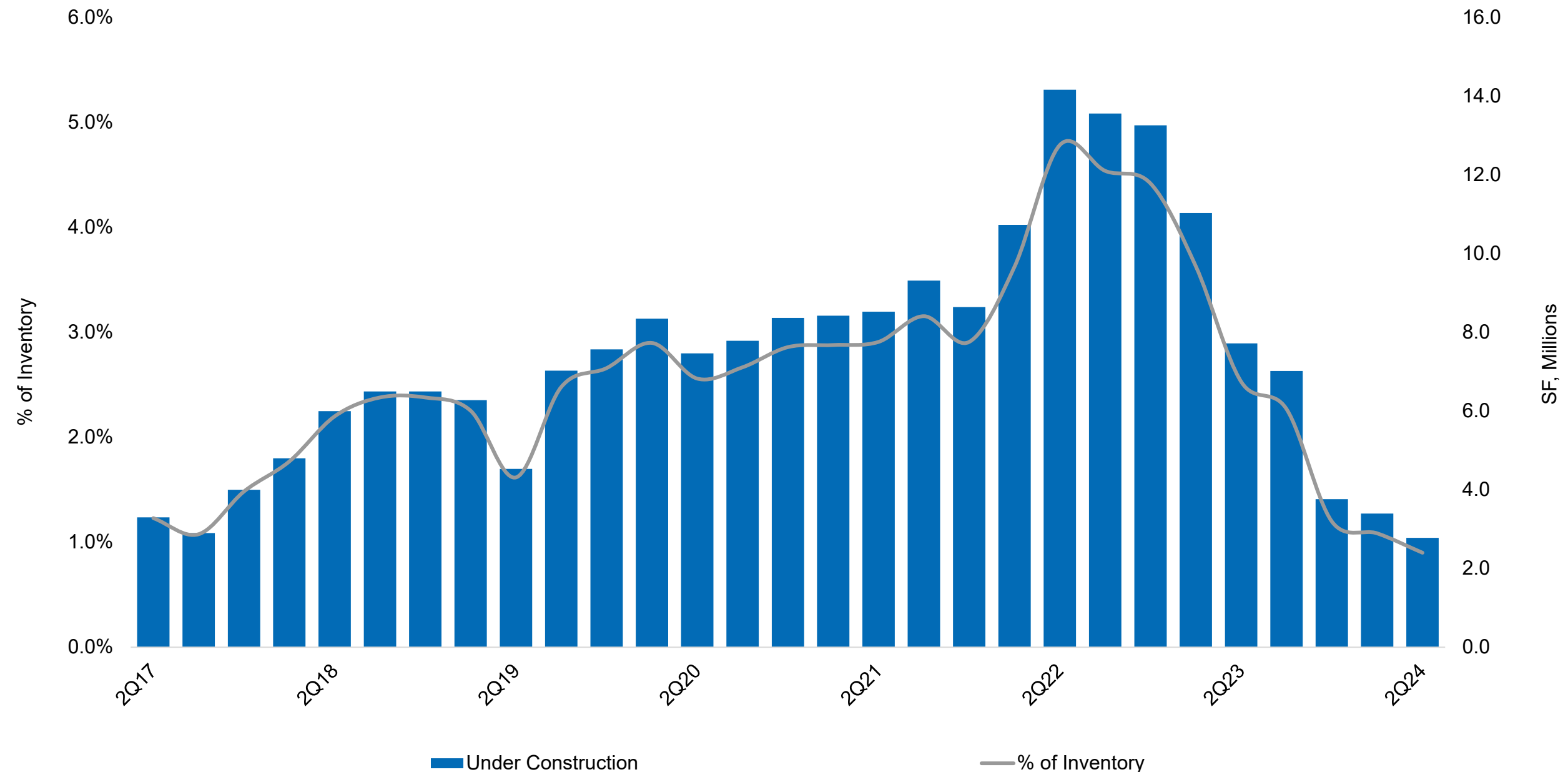


Source: Newmark Research, CoStar

No Current Speculative Construction in Greater Cincinnati

The construction pipeline in Greater Cincinnati has slowed after 11.2 million SF was delivered in 2023. The market is still trying to fill up some of this spec development causing vacancy to remain elevated. Today, there is only 2.8 million SF currently under construction, 0.9% of total inventory. 19.0% of space under construction is Class A Warehouse space. Out of all the space under construction, 100% is build-to-suit and none is speculative. The pipeline is expected to remain very limited as developers continue to be cautious about new speculative construction.

Industrial Under Construction and % of Inventory

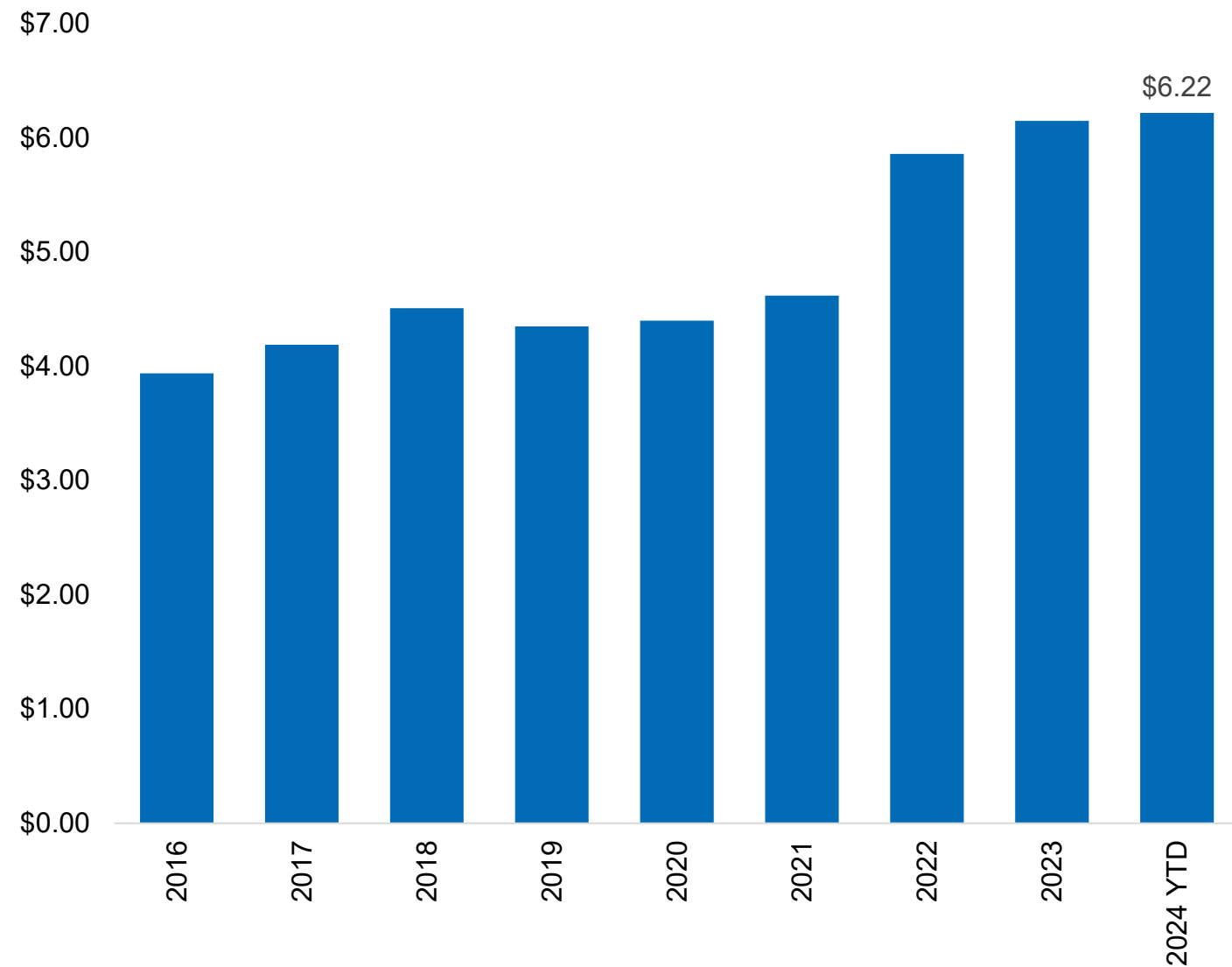


Source: Newmark Research, CoStar

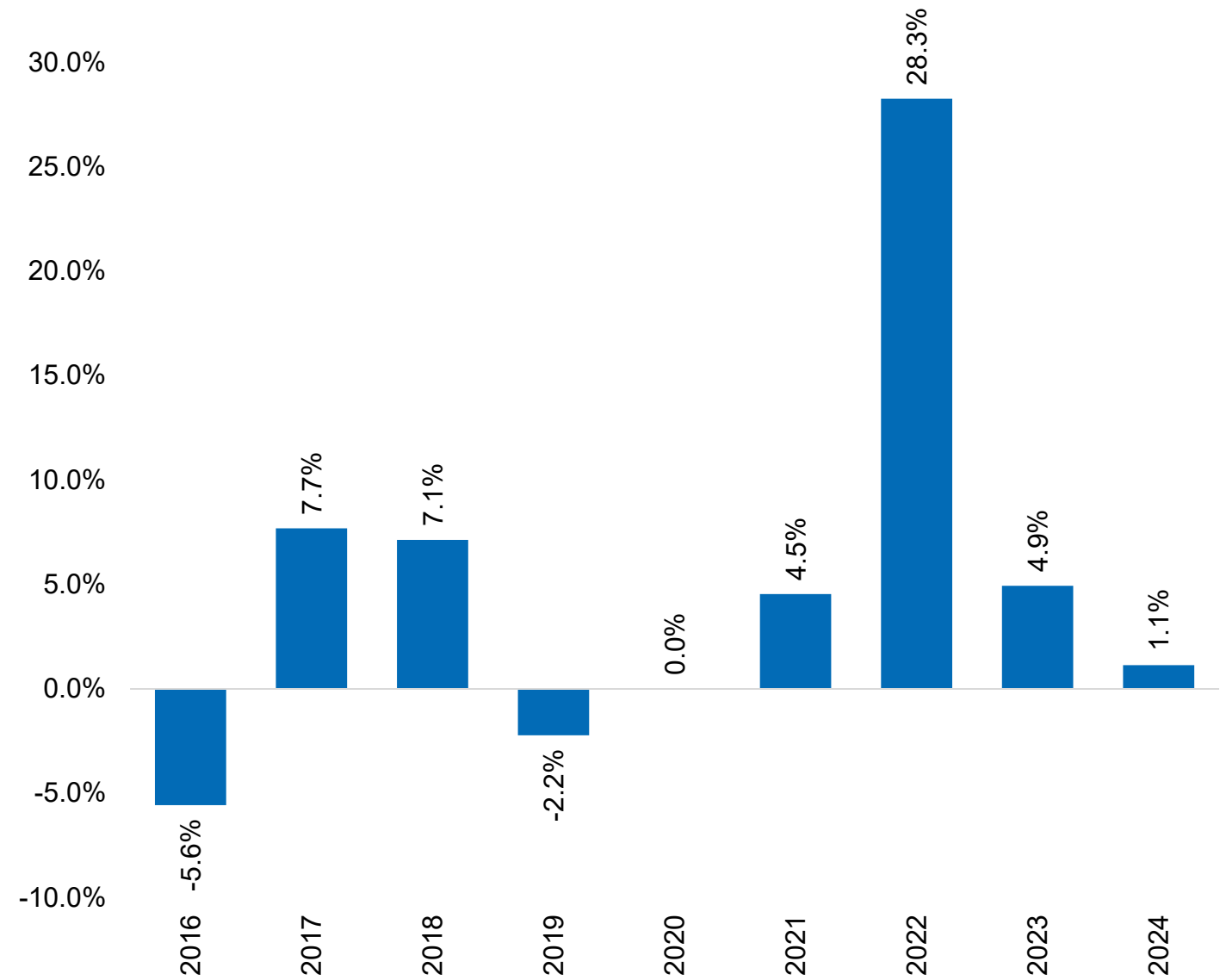
Asking Rent Shows a Slight Increase Year-Over-Year

Overall asking rates increased slightly from \$6.10/SF in the first quarter of 2024, to \$6.22/SF in the second quarter. Annual growth was positive 1.1%.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 2Q24 Lease Transactions

Notable 2Q24 Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Ammann America	6800 Industrial Rd	Florence/Richwood	Direct Lease	160,620
Vinlymax	2921 McBride Ct	Tri County	Expansion	150,000
Urbandi	2800 Henkle Dr	I-71 Corridor	Direct Lease	131,150
Maersk	7950 Seward Rd	Tri County	Expansion	86,787
Schneider Electric	5443-5459 West Chester Rd	Tri County	Expansion	73,500

Source: Newmark Research

Notable 2Q24 Sale Transactions

Please reach out to your
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