

Cincinnati Industrial Market Overview

Market Observations

Economy

- In August, the Cincinnati unemployment rate fell after a brief increase to 4.2%, matching the U.S. average. The nonfarm payroll employment remained steady, up 0.8% year-over-year in Cincinnati.
- Industrial using sectors saw slight employment losses year-over-year in Cincinnati which were not too surprising considering recent layoffs from large industrial employers such as FurHaven’s layoff of 148 employees and Mauser Packaging Solutions layoff of 107 employees.
- The trade, transportation, utilities and manufacturing sectors saw month over month losses this summer while the mining, logging and construction sector did see month over month increases as the sector typically increases over the summer when construction season is in full swing.

Major Transactions

- The two largest lease transactions this quarter were renewals by E Recycling Goods for 176,000 SF and Graham Packaging for 111,000 SF.
- Armour Global Logistics signed a new lease at 7090 Industrial Rd for 106,847 SF, the logistics firm will be moving in the first quarter of 2025.
- Three industrial properties traded hands this quarter as part of a portfolio acquisition by EQT Exeter from a joint venture between ADIA & PSP Investments, the three properties totaled 1.3 MSF and were sold for an undisclosed amount.

Leasing Market Fundamentals

- Absorption was negative 22,000 SF this quarter, bringing YTD absorption to just over 700,000 SF.
- Leasing volume has decelerated with only 1.47MSF of transactions completed this quarter, over 55% of those leases were completed in Class A warehouses.
- After four quarters of increasing vacancy coming into 2024 the market saw a third consecutive quarter of no movement in the vacancy rate.
- Rent growth slightly increased by 1.1% quarter-over-quarter.

Outlook

- The construction pipeline is now at 3.3 million SF as two new spec projects broke ground, the pipeline is still at one of the lowest points it has been in the last eight years.
- Caution among buyers and tenants due to economic uncertainty has caused hesitation and slower transaction activity, we expect this hesitation to clear in 2025 and for the capital markets to see major activity.
- As a share of total industrial leasing, Class A volume is the highest it has been since Newmark started tracking the statistic, thanks to the low total leasing volume that occurred throughout the rest of the market. As new construction deliveries taper and availability in new construction remains high this trend will linger.

1. Economy
2. Leasing Market Fundamentals

3Q24

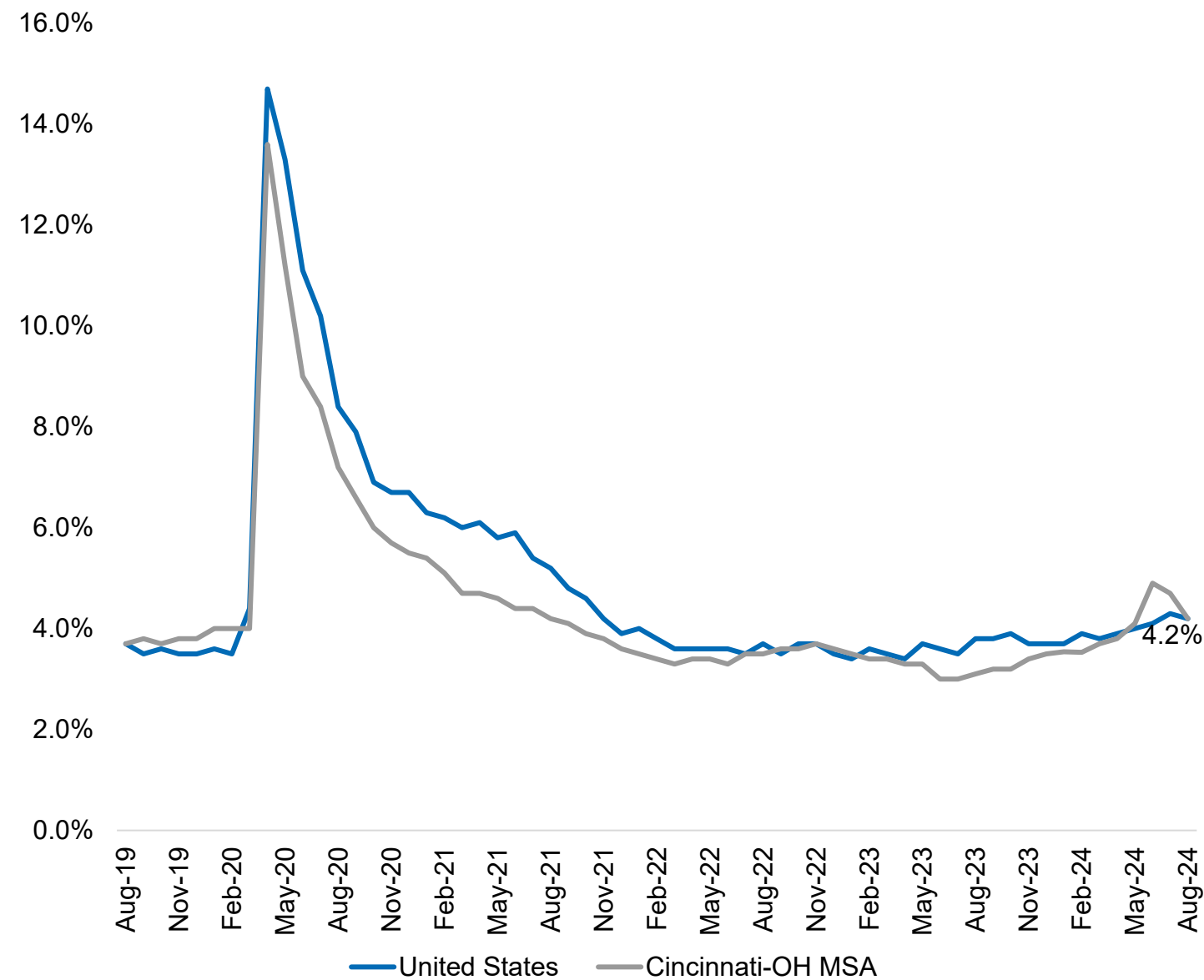
Economy



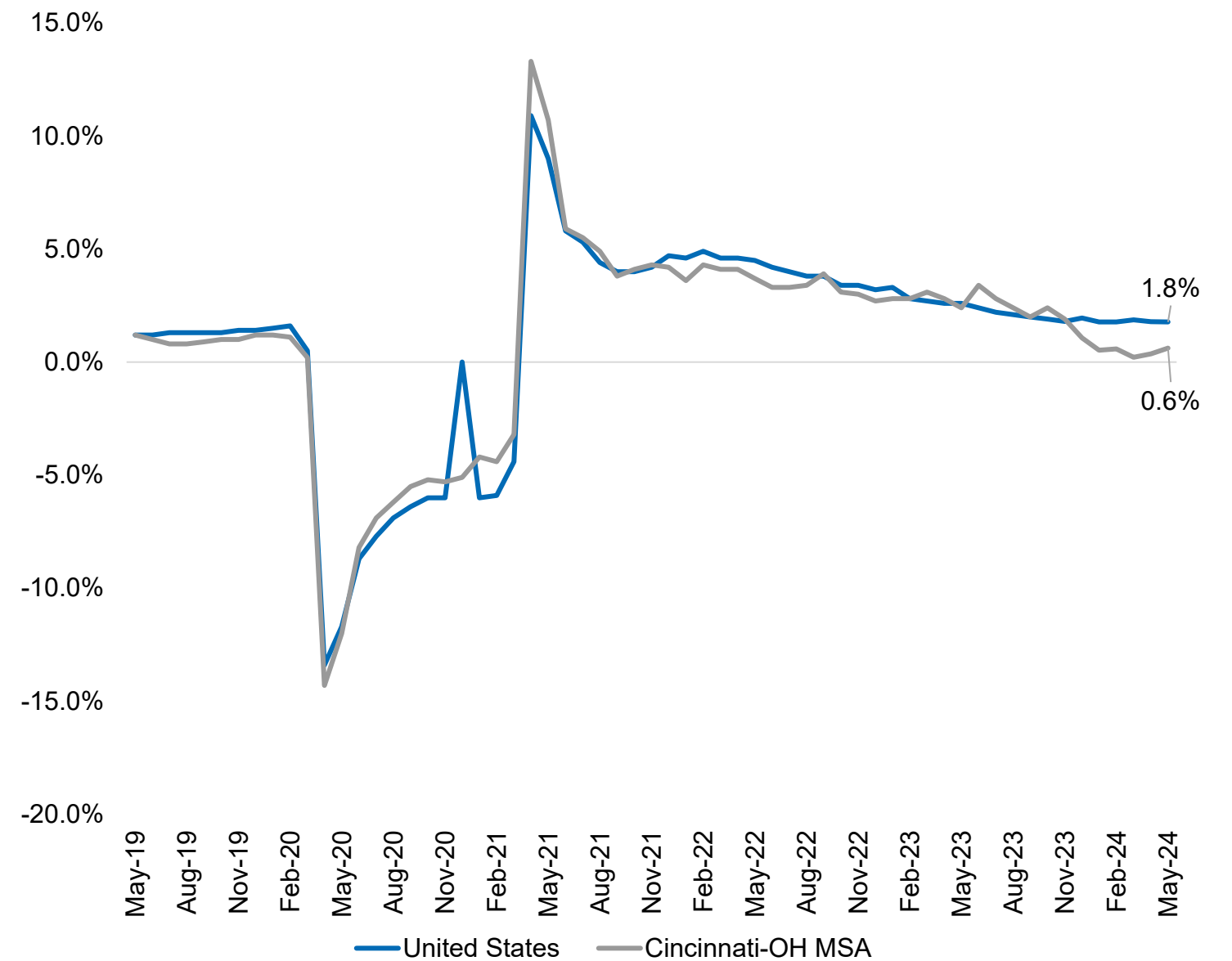
Unemployment Rate in Cincinnati Consistent with the U.S. Average

In August, the Cincinnati unemployment rate fell following a brief increase to 4.2%, matching the U.S. average. The nonfarm payroll employment remained steady, up 0.8% year-over-year in Cincinnati.

Unemployment Rate, Seasonally Adjusted



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



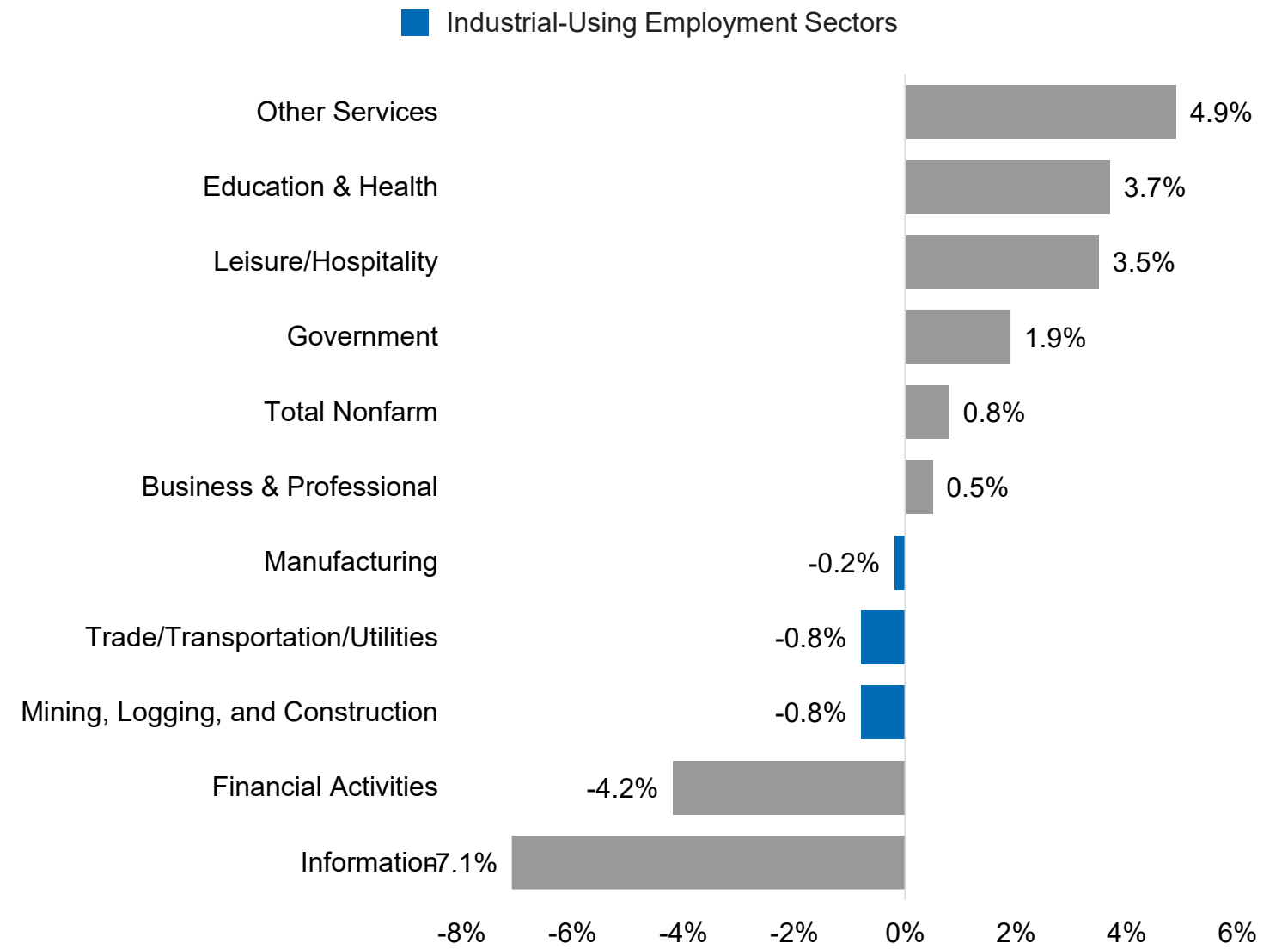
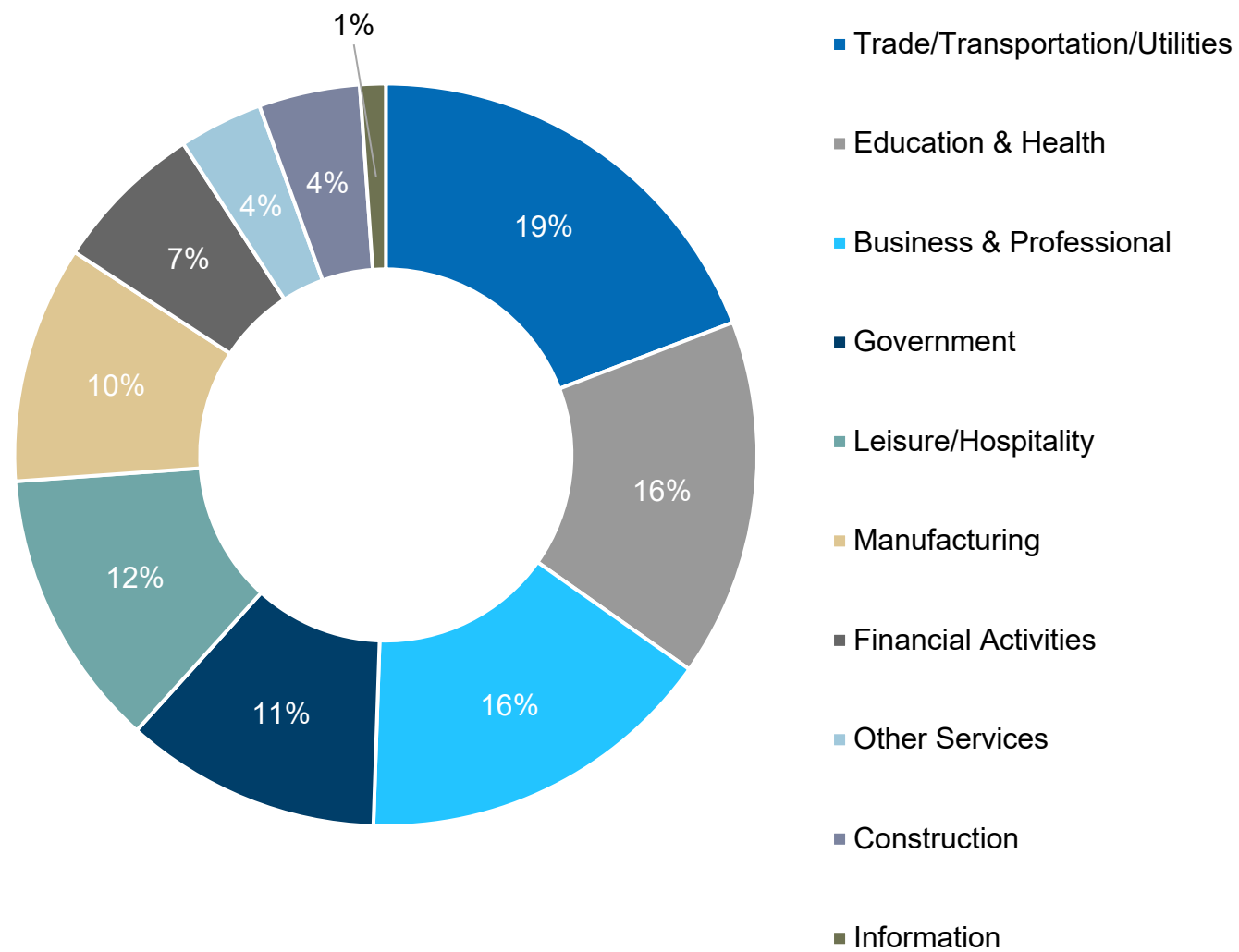
Source: U.S. Bureau of Labor Statistics, Cincinnati, OH-KY-IN

Industrial Using Sectors See Employment Losses

Industrial using sectors saw slight employment losses in Cincinnati which were not surprising considering recent layoffs from large industrial employers such as FurHaven's layoff of 148 employees and Mauser Packaging Solutions layoff of 107 employees.

Employment by Industry, August 2024

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

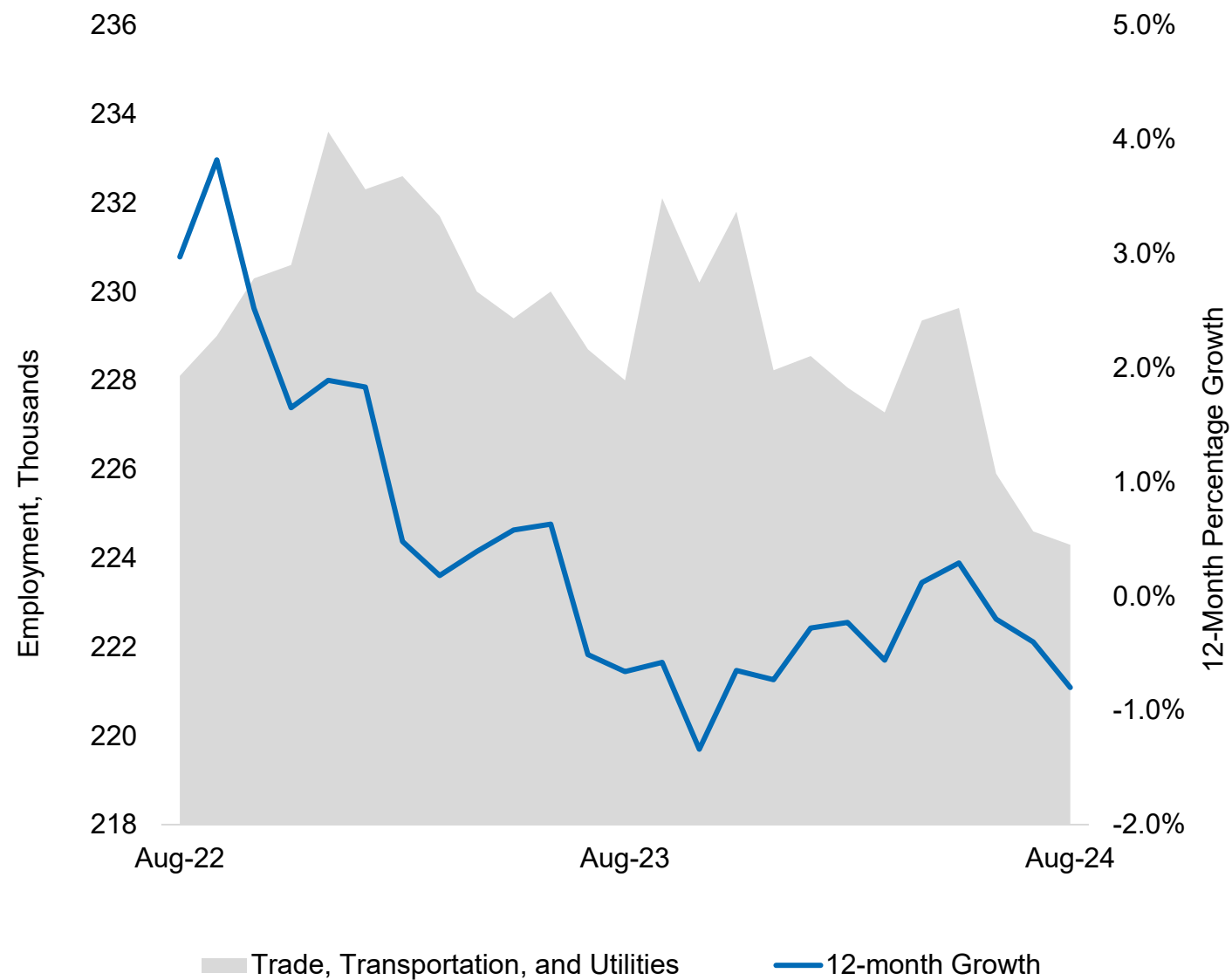


Source: U.S. Bureau of Labor Statistics, Cincinnati, OH-KY-IN

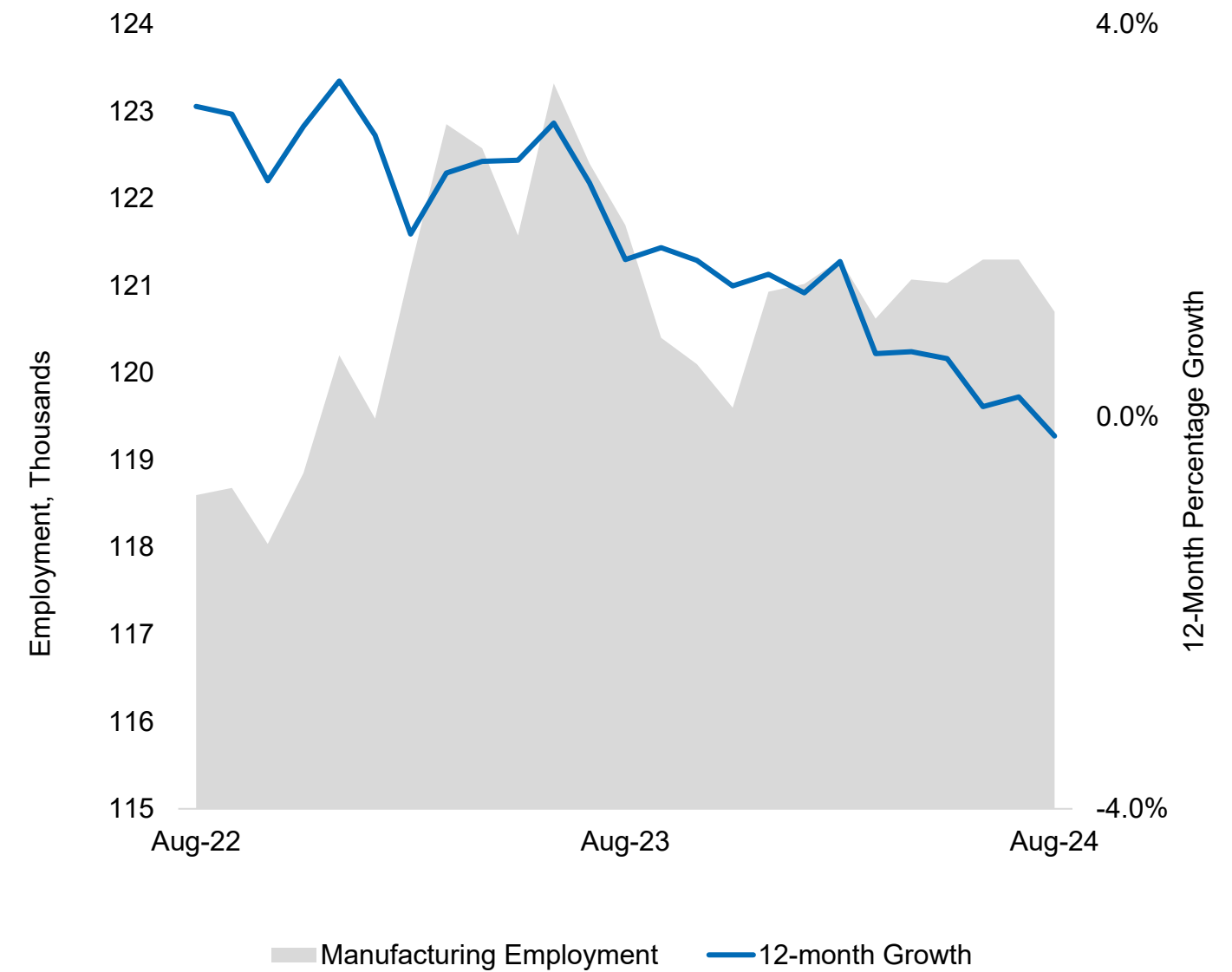
Industrial Employment Fluctuating Year-After-Year

All industrial using sectors saw employment losses year-over-year. The trade, transportation, utilities and manufacturing sectors also saw month over month losses this summer while the mining, logging and construction sector did see month over month increases as the sector typically increases over the summer when construction season is in full swing.

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

3Q24

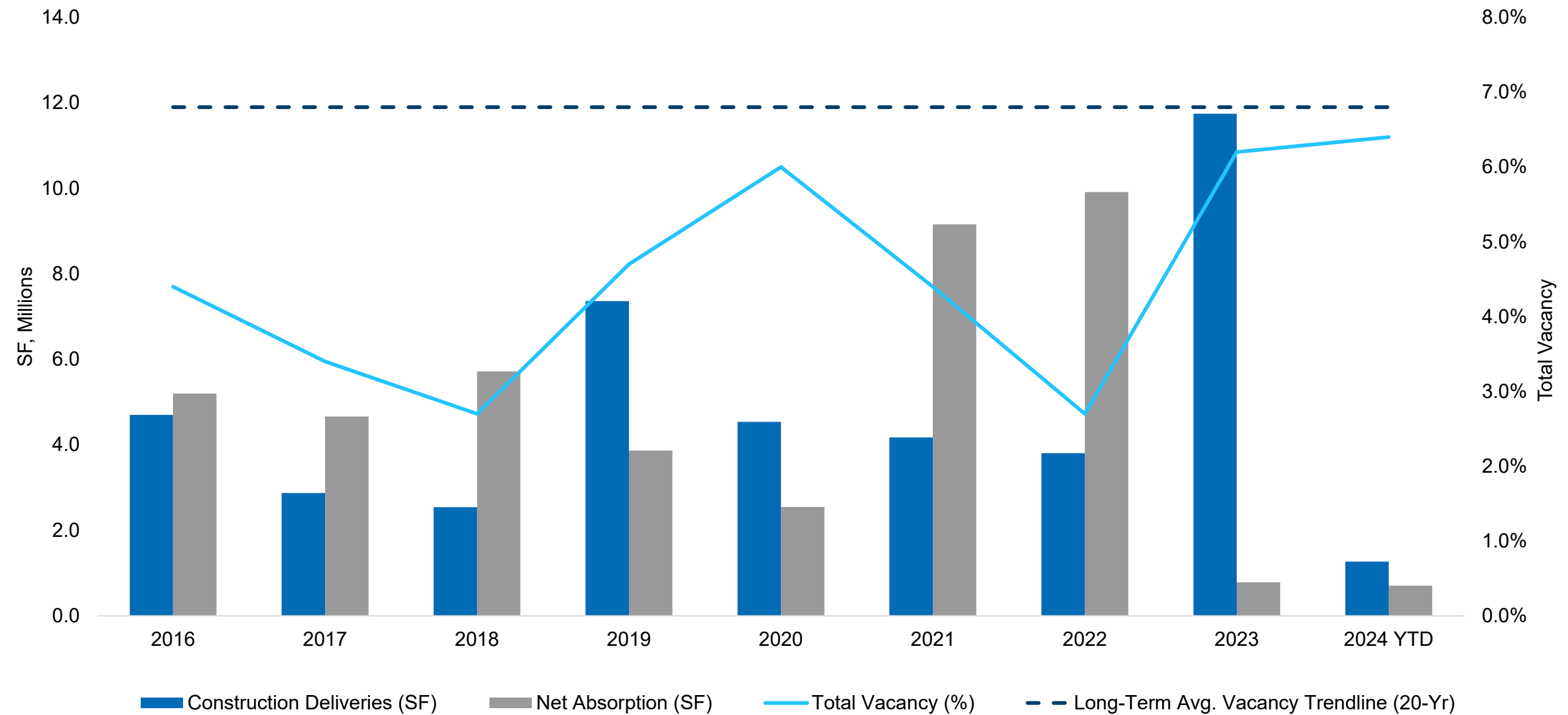
Leasing Market Fundamentals



Vacancy Holds For Third Consecutive Quarter as Construction Deliveries Halt

The vacancy rate remained at 6.4% this quarter for the third consecutive quarter as no new construction delivered and absorption was a nominal negative 22,292 SF. Year-to-date absorption is now at just over 700,000 SF, on par with last year's annual absorption, but a fraction of the seven years prior.

Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research

Submarket Statistics Overview

Please reach out to your
Newmark business contact for this information

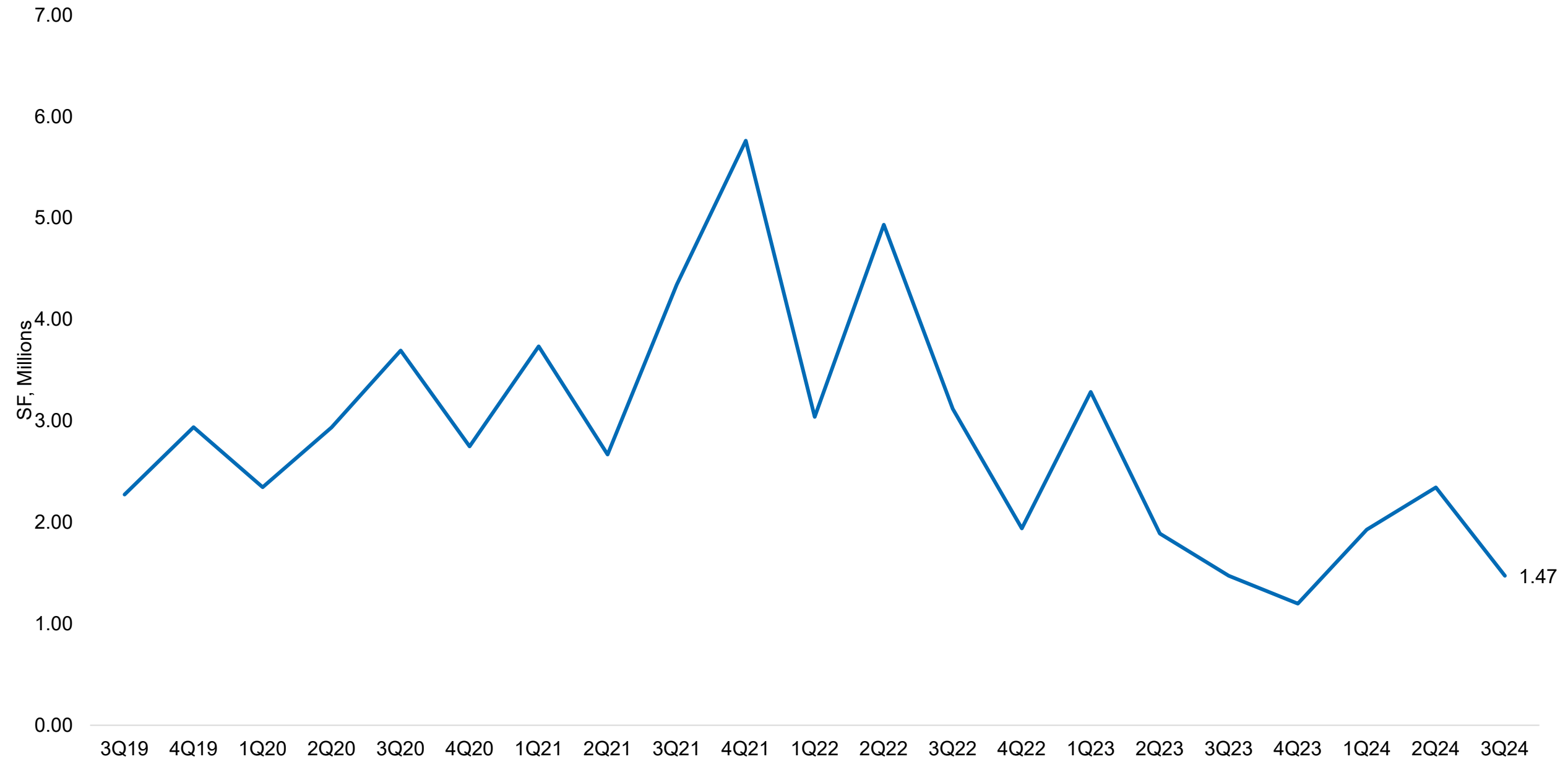
Submarket Statistics Overview (Warehouse/Distribution)

Please reach out to your
Newmark business contact for this information

Industrial Leasing Activity Decelerates

Leasing volume was back down after a slight increase in the second quarter, totaling just under 1.5 MSF. In addition to lower volume of transactions a substantial portion of the leases completed during the quarter were renewals, including the two largest leases of the quarter by E Recycling Solutions and Graham Packaging County. This lower volume of transactions will carry through the remainder of 2024 and means the market should expect absorption levels to remain soft.

Total Leasing Activity (SF)

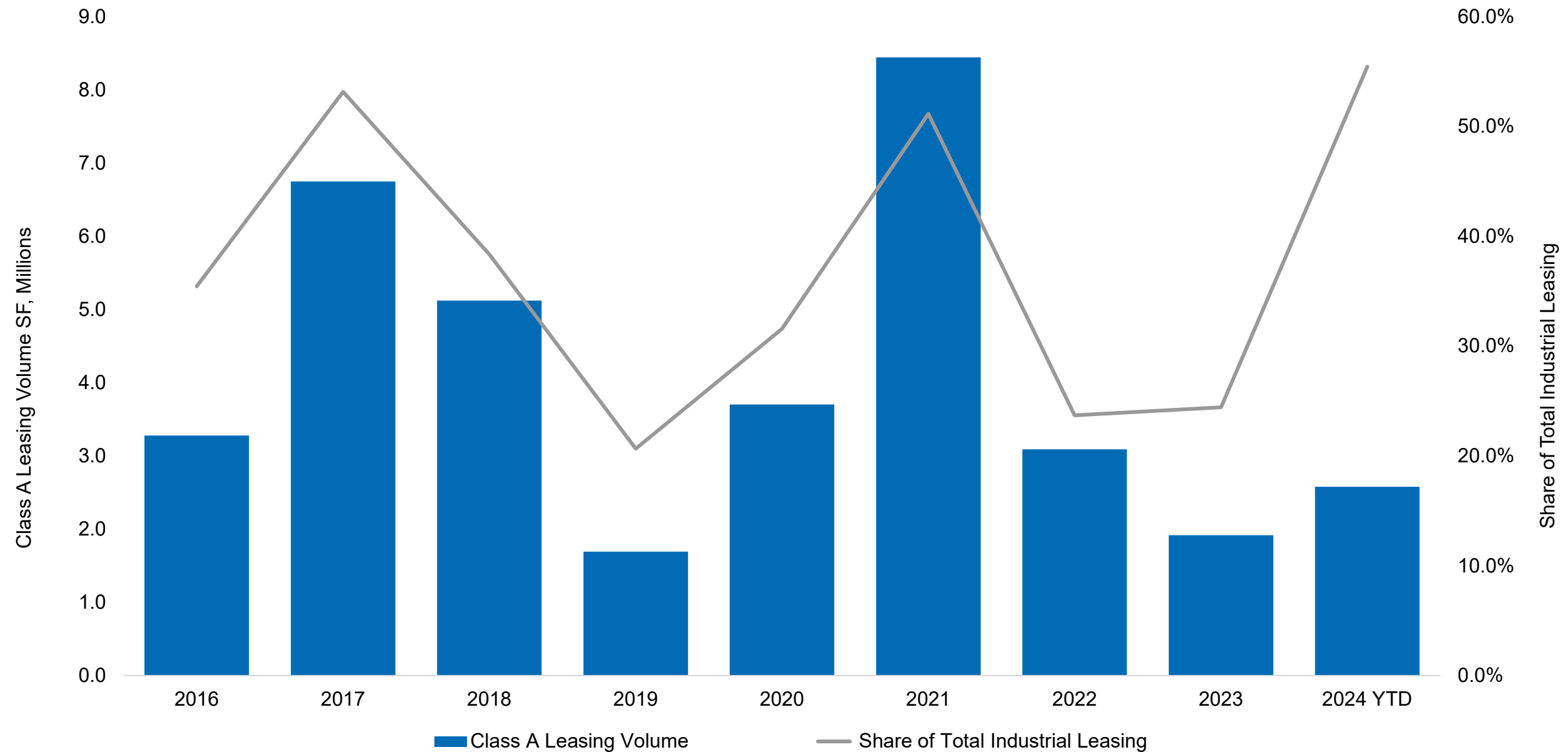


Source: Newmark Research, CoStar

Class A Warehouse Leasing Activity Represents Bulk of Quarter Lease Transactions

Class A warehouse leases continued to makeup a significant amount of total leasing volume YTD. As a share of total industrial leasing Class A volume is the highest it has been since Newmark started tracking it, thanks to the low total leasing volume that occurred throughout the rest of the market. As new construction deliveries taper and availability in new construction remains high this trend will linger.

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

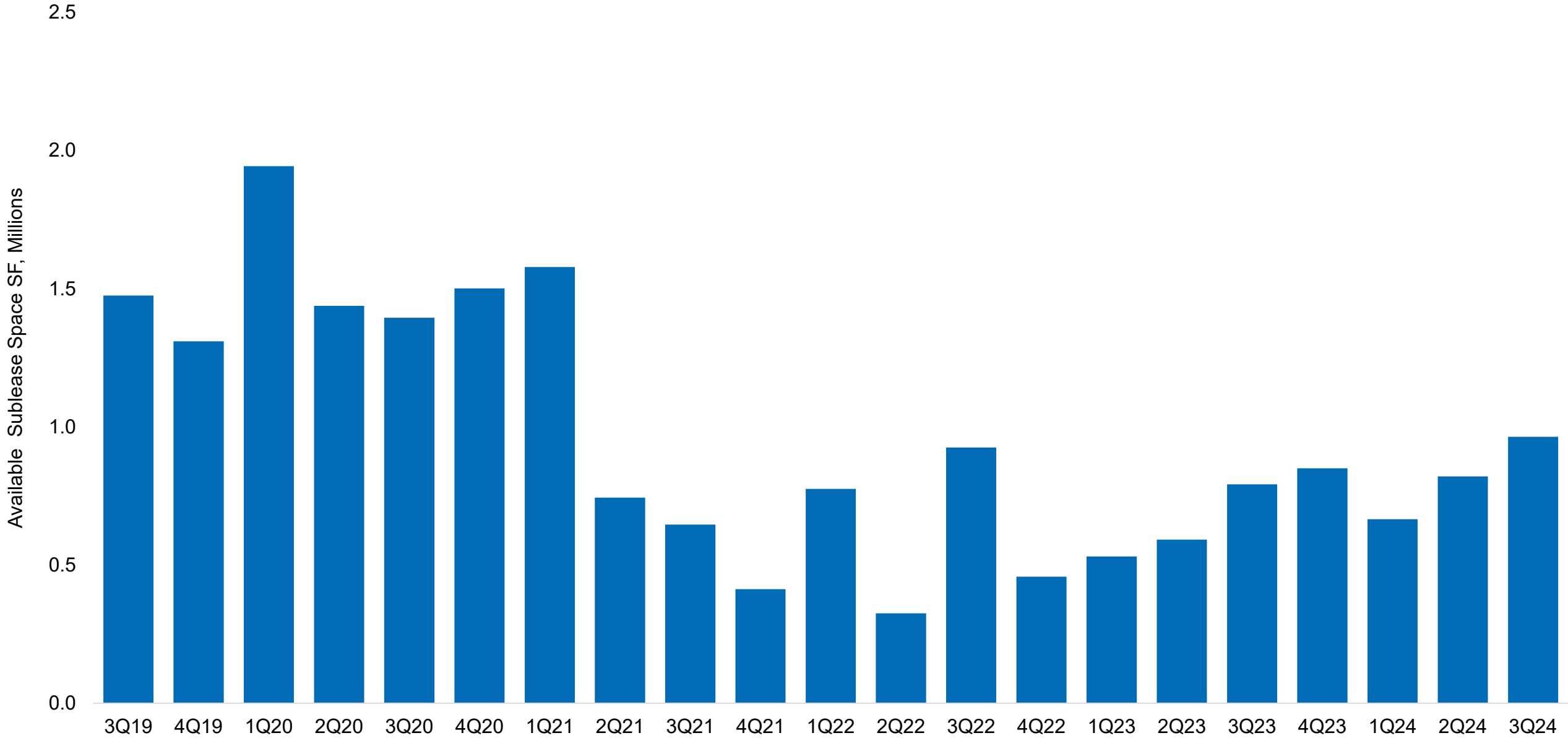


Source: Newmark Research, CoStar

Sublease Space Reaches Highest Point Since Start of 2021

Sublease availability increased again this time by 17.5% quarter-over-quarter, reaching the highest level the market has experienced since the start of 2021. This trend is reflective of large warehouse tenants correcting for over leasing during the early days of the pandemic to accommodate surplus inventory. With no new construction delivering, sublease spaces with decent term remaining could see activity.

Available Industrial Sublease Volume (msf)

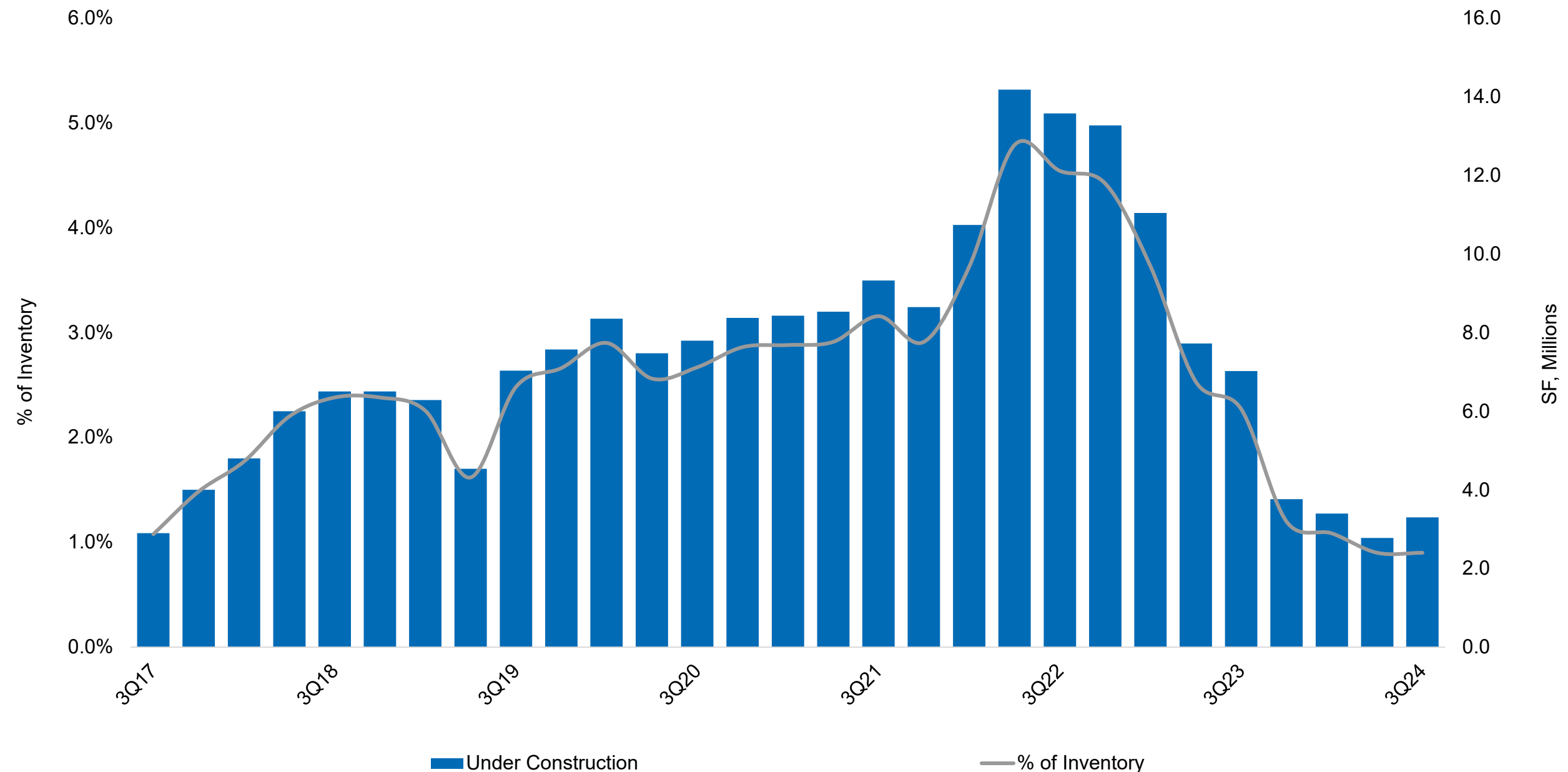


Source: Newmark Research, CoStar

New Spec Development Breaks Ground

After a few quarters with no new speculative development under way two spec properties broke ground in Burlington, Kentucky at the Cincinnati Logistics Park. These properties total just over 500,000 SF. The buildings are expected to be completed in the second half of 2025. Even with this new spec development the construction pipeline remains 76% lower than it was at its peak in early 2022.

Industrial Under Construction and % of Inventory

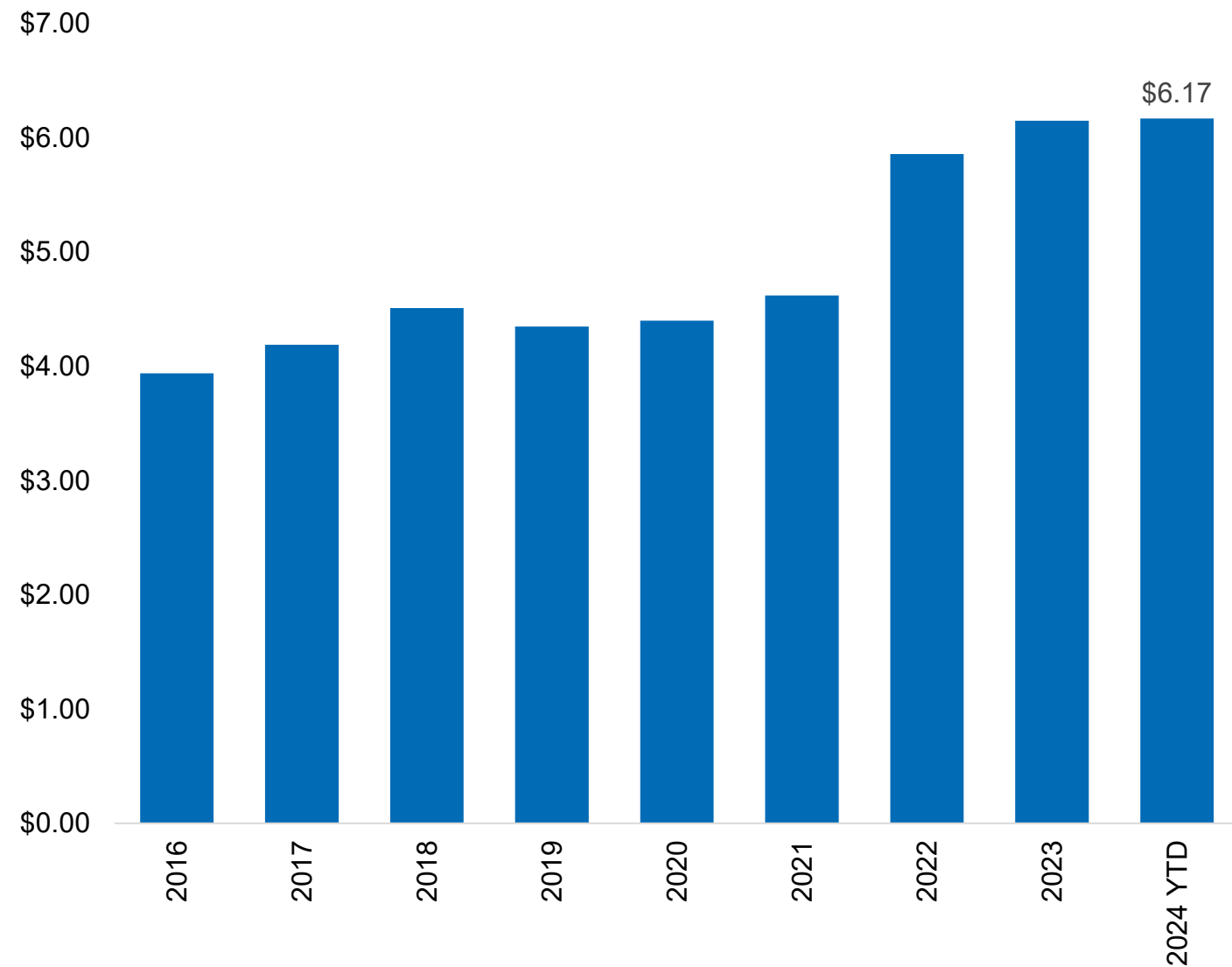


Source: Newmark Research, CoStar

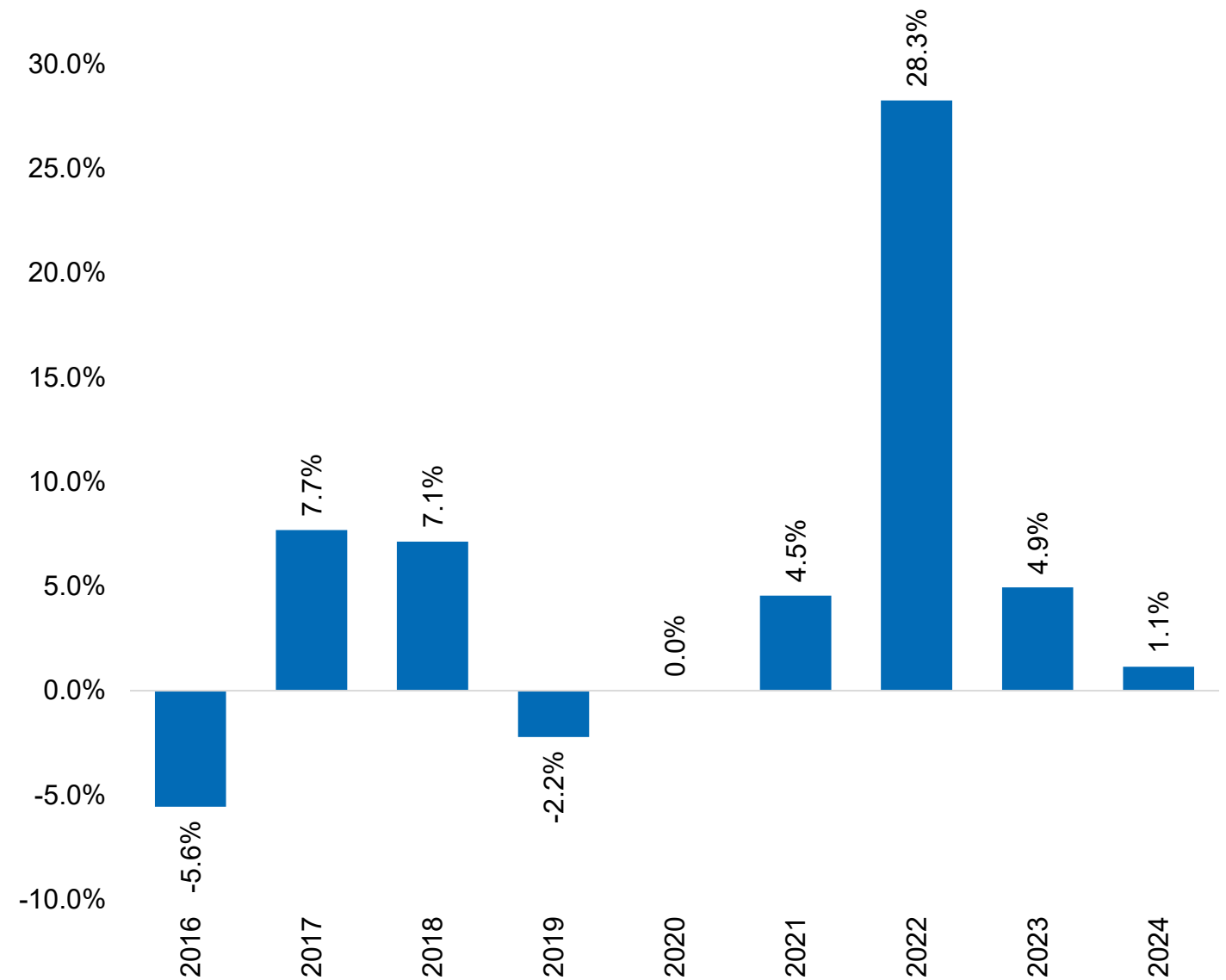
Asking Rent Shows a Slight Increase Year-Over-Year

Overall asking rates continued to fluctuate nominally showing little movement. With muted demand, political uncertainty and elevated inflation many landlords are holding asking rates, but we expect to see increased movement in 2025 as inflation declines and the wariness surrounding the election subsides.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 3Q24 Lease Transactions

Notable 2Q24 Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
E Recycling Solutions	630 Commerce Center Dr.	Tri County	Renewal	176,800
Graham Packaging	290 Circle Freeway	Tri County	Renewal	111,669
Armour Global Logistics	7090 Industrial Rd.	Florence/Richwood	Direct Lease	106,847
Carroll's Tire	4000 Dixie Hwy.	Tri County	Direct Lease	54,600
Pease Doors	5801 – 5803 Mariemont Ave.	Central/Midtown	Direct Lease	40,394

Source: Newmark Research

Notable 3Q24 Sale Transactions (Supplemental Slide)

Notable 2Q24 Sale Transactions

Buyer	Seller	Address	Submarket	Square Feet	Price	Price/SF
*EQT Exeter	ADIA & PSP Investments	10650 Toebben Rd. 124 Commerce Blvd. 9701 Windisch Rd	Florence/Richwood	1,297,520	NA	NA
*Brookfield AM	DRA Advisors	Airport Business Center II	Airport	373,396	\$20,291,880	\$54
<i>Part of the DRA US Industrial Portfolio purchase of 128 properties</i>						
*Brookfield AM	DRA Advisors	Springdale Commerce Center	Tri County	154,517	\$54,000,000	\$54
<i>Part of the DRA US Industrial Portfolio purchase of 128 properties</i>						
*Brookfield AM	DRA Advisors	2900 Earhart Ct	Airport	151,760	\$10,000,000	\$66
<i>Part of the DRA US Industrial Portfolio purchase of 128 properties</i>						

*Investment Sale

Source: Newmark Research

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