NEWMARK

*Cincinnati:*

# Industrial Market Overview

1Q26

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# Market Observations

## Economy

- The U.S. labor market is cooling but steady, with the seasonally adjusted unemployment rate holding between 4.3% and 4.4% over the past four quarters and 12-month nonfarm payroll growth easing to 0.7% in 1Q26.
- Cincinnati's labor market has softened, as unemployment has risen to 4.6% since October 2025 and payrolls are down 0.9% year over year, reflecting right-sizing in manufacturing and logistics and delays in rate-sensitive projects.
- By industry in Cincinnati, manufacturing employment grew 1.6% over the past 12 months, trade/transportation/utilities declined 1.4% as freight volumes normalized and inventories tightened, and natural resources/mining/construction fell 2.2% amid higher borrowing costs, stricter underwriting, and slower speculative starts.

## Leasing Market Fundamentals

- The first quarter posted 2.6 million SF of positive net absorption, exceeding the combined totals of all quarters in 2024 and 2025.
- Total vacancy fell from 5.7% at year-end 2025 to 4.8% in the first quarter, moving below the long-term average of 5.3%.
- Cincinnati recorded 3.3 million SF of industrial leasing in the first quarter—the highest quarterly total since the second quarter of 2024—driven led by selective manufacturing expansions, and a flight to modern Class A facilities, accelerating move-ins and backfilling

## Major Transactions

- BarBox signed a renewal for 316,800 SF at 2350-2360 Progress Dr. in the Airport submarket.
- BWAY Packaging signed a renewal for 303,000 SF at 8200 Broadwell Dr. in the East submarket.
- Core5 sold 760 Encore Dr., a 1.2 million SF building in the Monroe/Middletown submarket, to Walmart for $111.4 million, or $94.12/SF.
- Utility Trailer Manufacturing sold 4225 Curliss Ln., a 253,566 SF building in the East submarket, to Dainty Foods for $12.6 million, or $49.69/SF.

## Outlook

- U.S. unemployment should hold in the mid-4.0% range with modest job gains, while Cincinnati stabilizes to flat or slightly positive by late 2026, keeping leasing selective.
- Class A leasing should firm as large requirements convert and flight-to-quality persists, though quarterly volumes may stay choppy.
- Sublease availability will remain above norms near term but begin to stabilize as momentum improves, with modern, well-located space backfilling faster.
- Industrial construction will stay conservative and below 1.0% of inventory, centered on pre-leased build-to-suits and phased Class A along core corridors.
- Asking rents should edge higher on tight vacancy and muted starts, with a baseline near $6.45–$6.55/SF by year-end.

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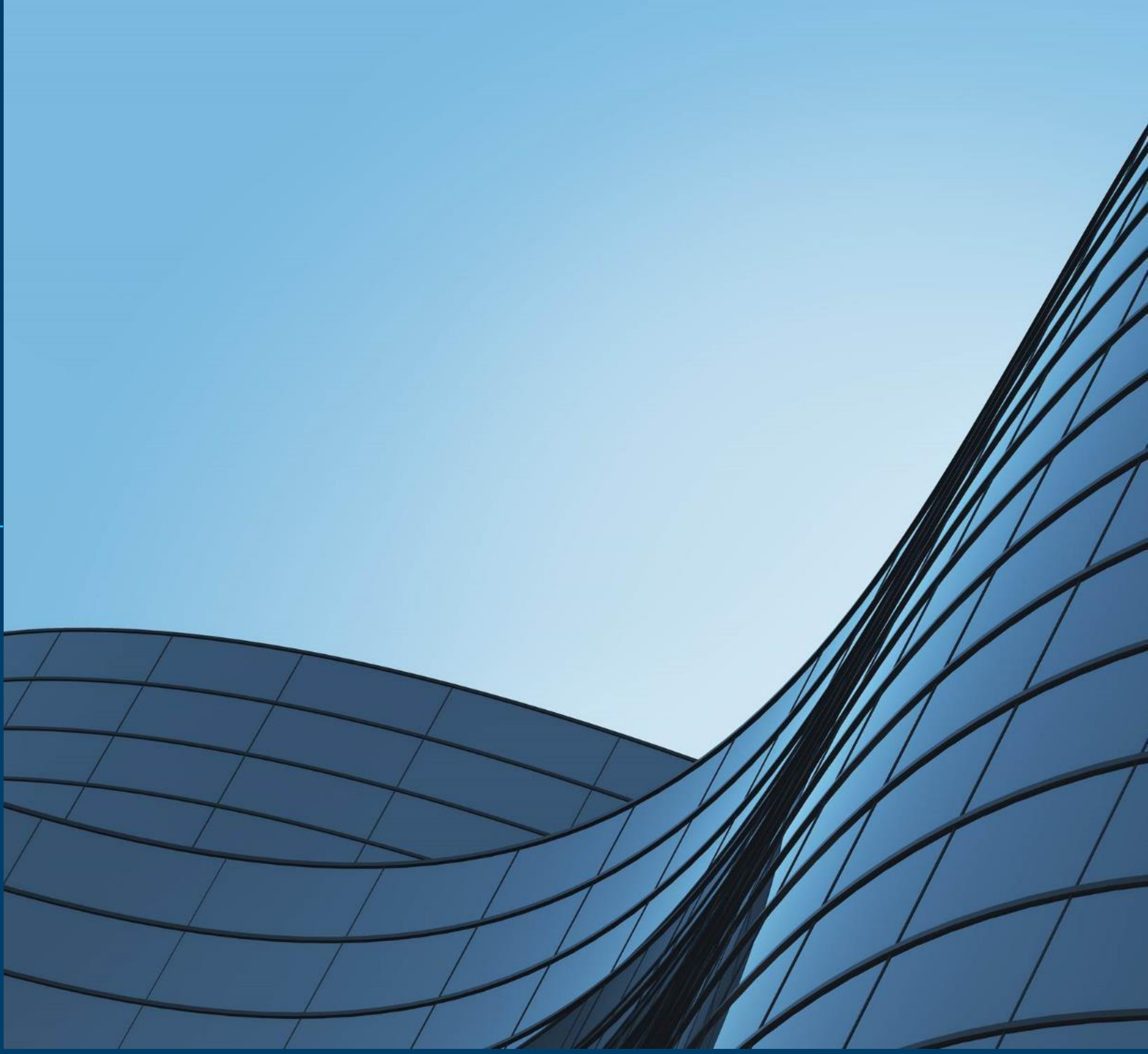
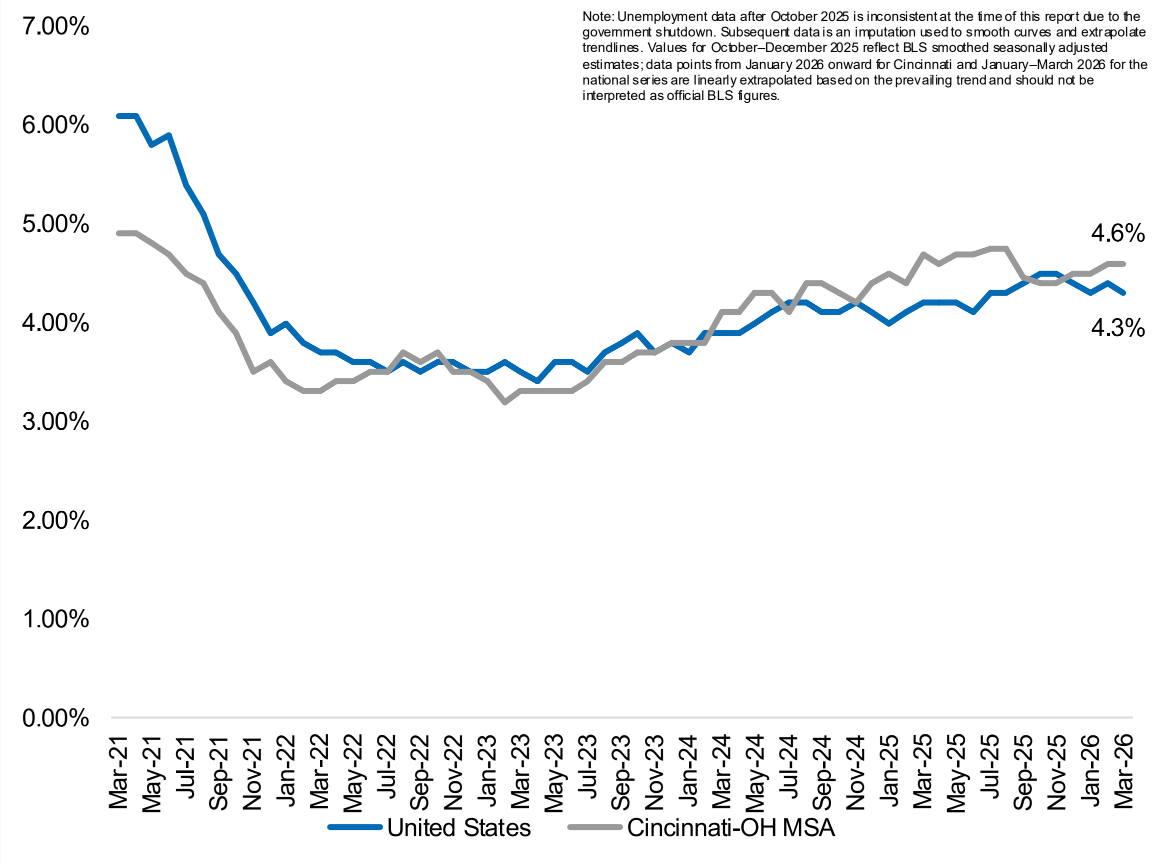
## Economy



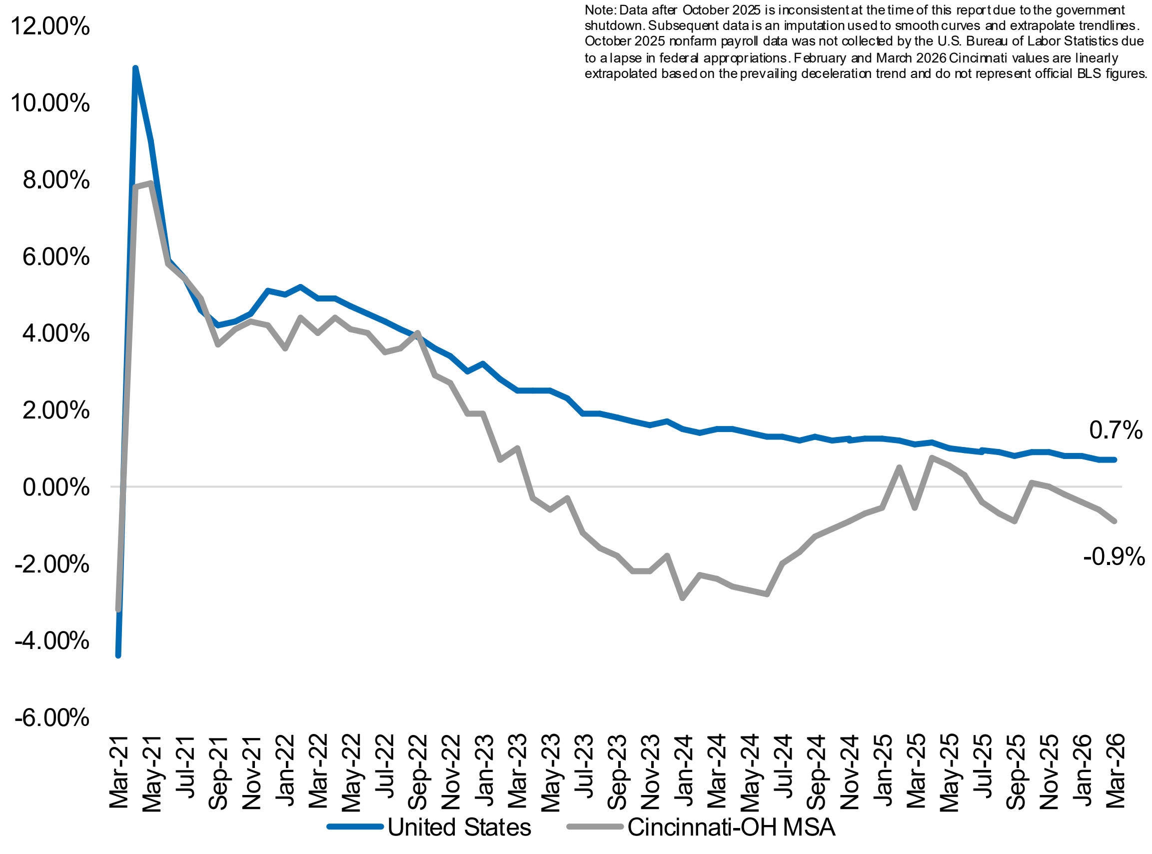
# U.S. Unemployment Holds Near 4.3–4.4%; Cincinnati Rises to 4.6%

The U.S. labor market is cooling but steady. The seasonally adjusted unemployment rate has held between 4.3% and 4.4% over the past four quarters, while 12-month nonfarm payroll growth eased to 0.7% in 1Q26. Cincinnati shows a softer trend, with unemployment rising since October 2025 to 4.6% and payrolls down negative 0.9% year over year; consistent with manufacturing/logistics right-sizing and rate-sensitive project delays. Looking ahead, absent a shock, U.S. unemployment should hover in the mid-4.0% range with job growth near 0.5%–1.0% through year-end. Cincinnati will likely lag early but stabilize toward flat-to-slightly positive by late 2026, implying a more selective leasing environment and modest rent growth.

## Unemployment Rate, Seasonally Adjusted




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

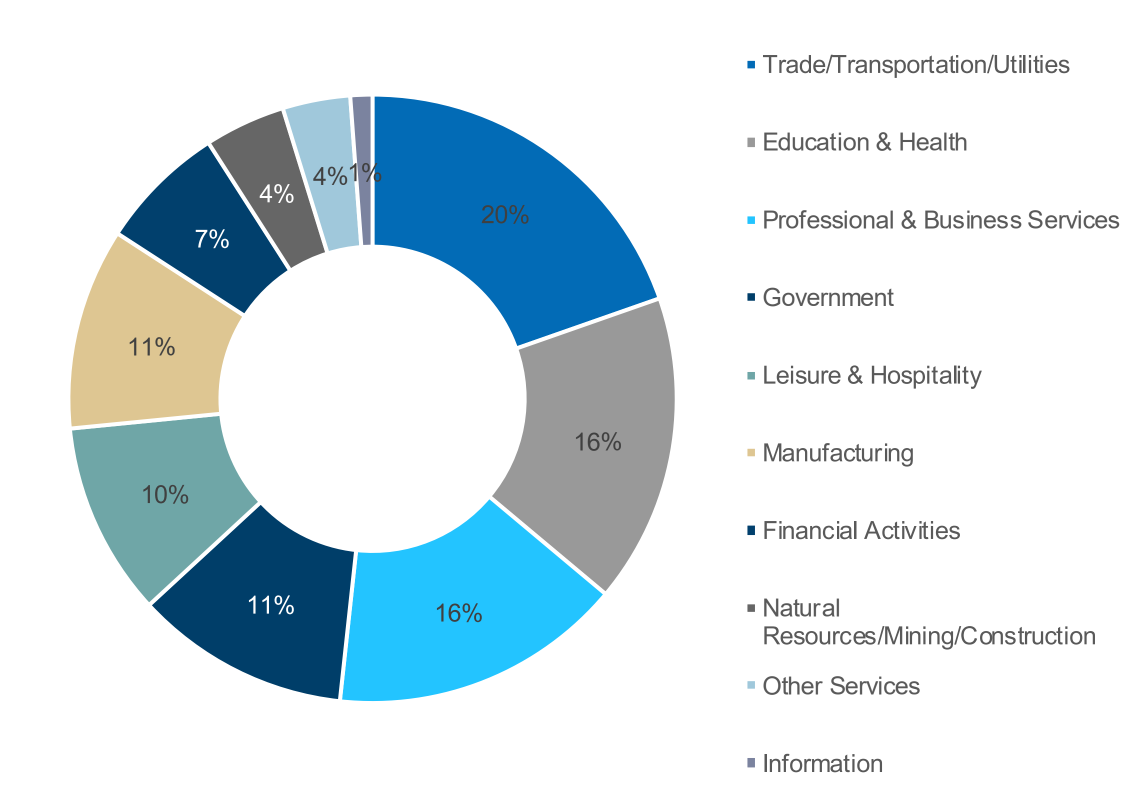



Source: U.S. Bureau of Labor Statistics, Cincinnati, OH-KY-IN

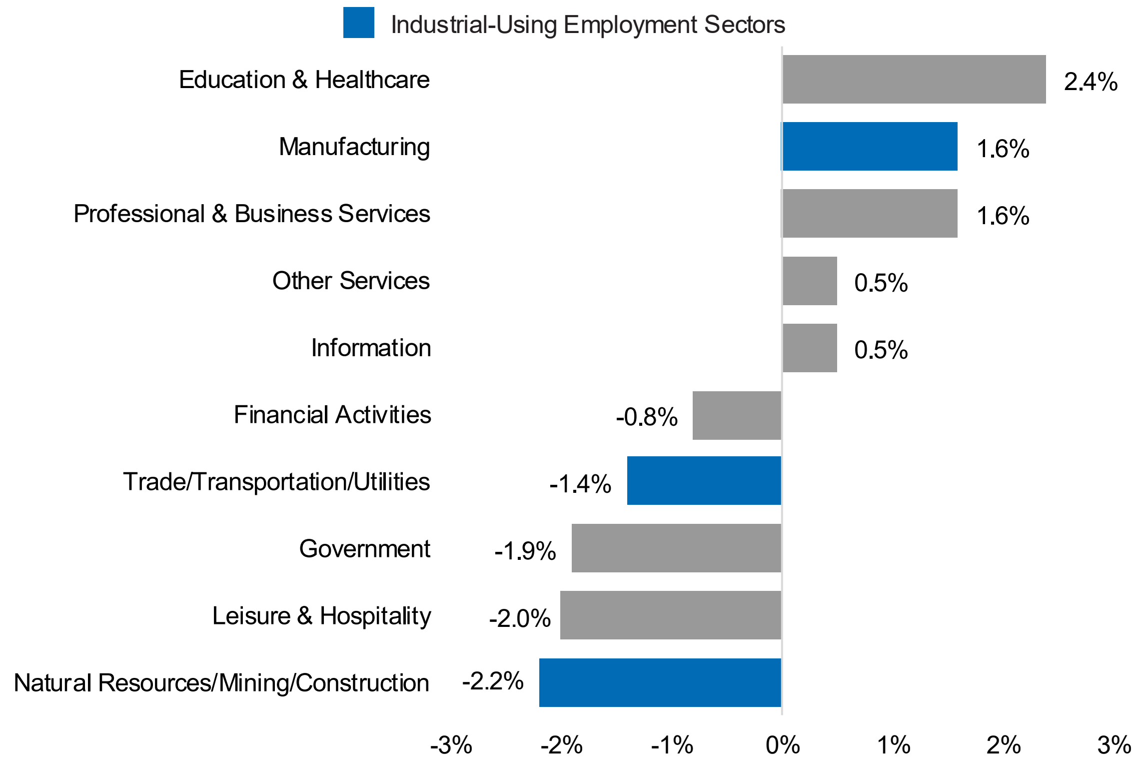
# Manufacturing Up, Logistics and Construction Down

Cincinnati's industrial employment mix reflects shifting demand. Manufacturing grew 1.6% over the past 12 months on steady orders in autos and advanced manufacturing, ongoing reshoring/supplier diversification, and productivity investments that support selective hiring. Trade/Transportation/Utilities fell 1.4% as freight and parcel volumes normalized from pandemic-era highs, retailers/wholesalers tightened inventories, and 3PLs and carriers consolidated networks around the Cincinnati/North Kentucky airport corridor while automation and routing efficiencies reduced headcount. Natural Resources/Mining/Construction declined 2.2% amid elevated borrowing costs, stricter underwriting, and softer speculative industrial and residential starts—only partially offset by public infrastructure work, leading to fewer active projects and trimmed staffing.

**Employment by Industry, January 2026**




**Employment Growth by Industry, 12-Month % Change, January 2026**

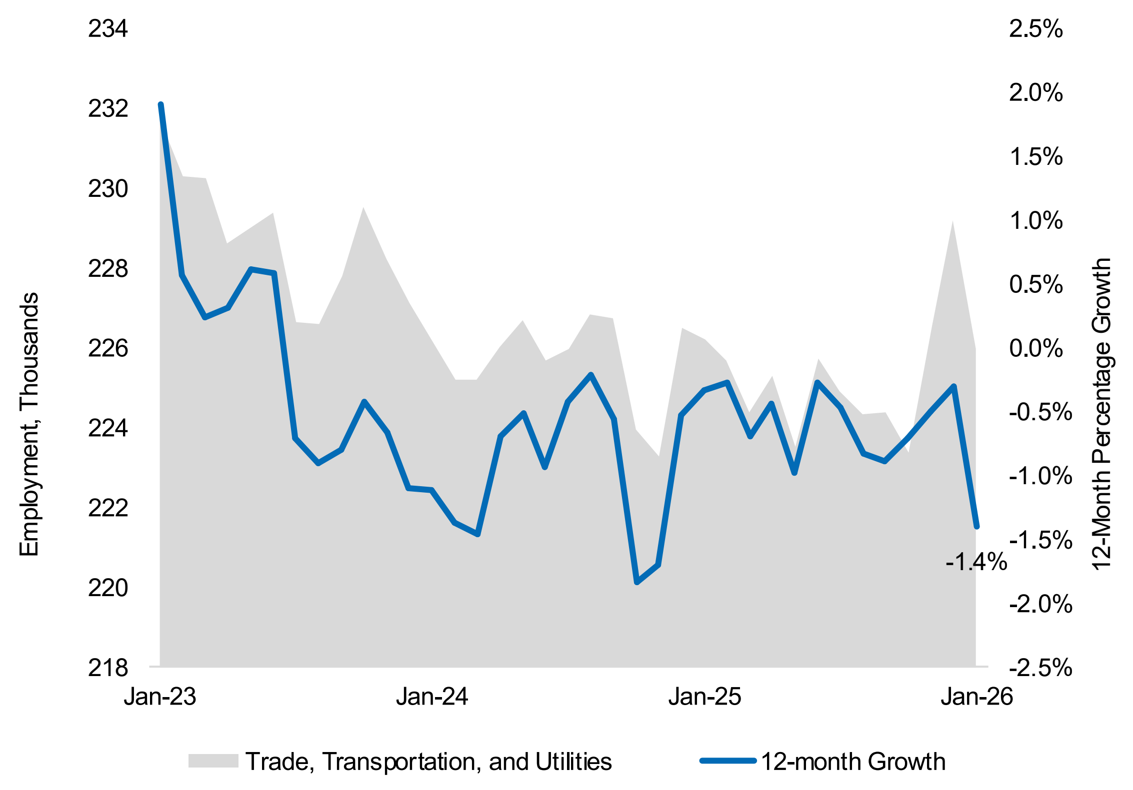



Source: U.S. Bureau of Labor Statistics, Cincinnati, OH-KY-IN

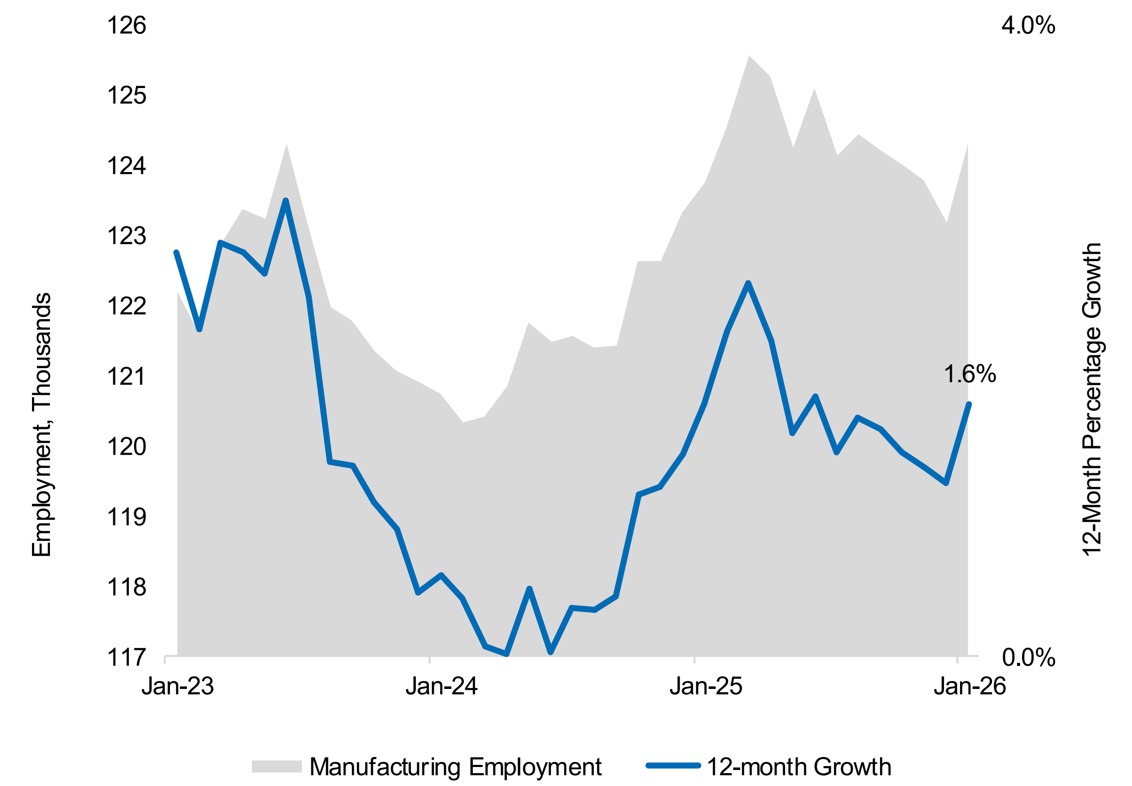
# Employment Growth Mixed Across Industrial Sectors

In Cincinnati, total employment trends diverged in early 2026. Manufacturing, which dipped in 4Q25, rebounded as supply chains normalized, backlogs were fulfilled, and orders in autos and advanced manufacturing stabilized, lifting 12-month growth to 1.6%. By contrast, Trade/Transportation/Utilities fell sharply (−1.4% YoY) as freight and parcel volumes normalized from prior peaks, retailers and wholesalers tightened inventories, and 3PLs and carriers consolidated networks and boosted efficiency, reducing headcount needs. Net result: manufacturing employment has turned higher, while TTU employment contracted. Expect modest manufacturing gains to persist if orders hold, with Trade/Transportation/Utilities likely stabilizing later in 2026 as inventories rebalance and capacity rationalizes.

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




**Total Employment and 12-Month Growth Rate, Manufacturing**



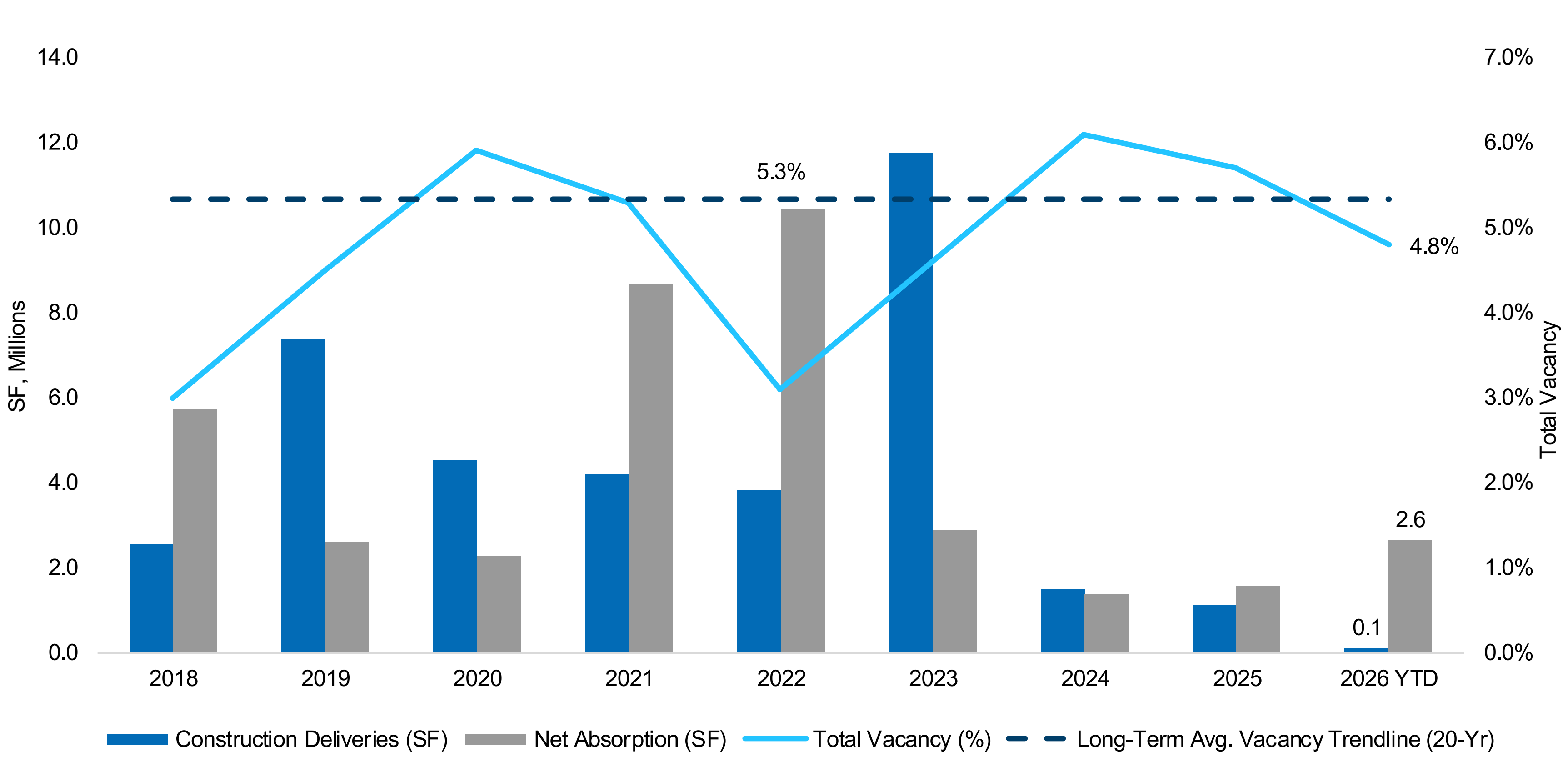

Source: U.S. Bureau of Labor Statistics, Cincinnati, OH-KY-IN

# 02

# Leasing Market Fundamentals

# Vacancy Dips Below Long-Term Trend as Demand Surges

**Historical Construction Deliveries, Net Absorption, and Vacancy**

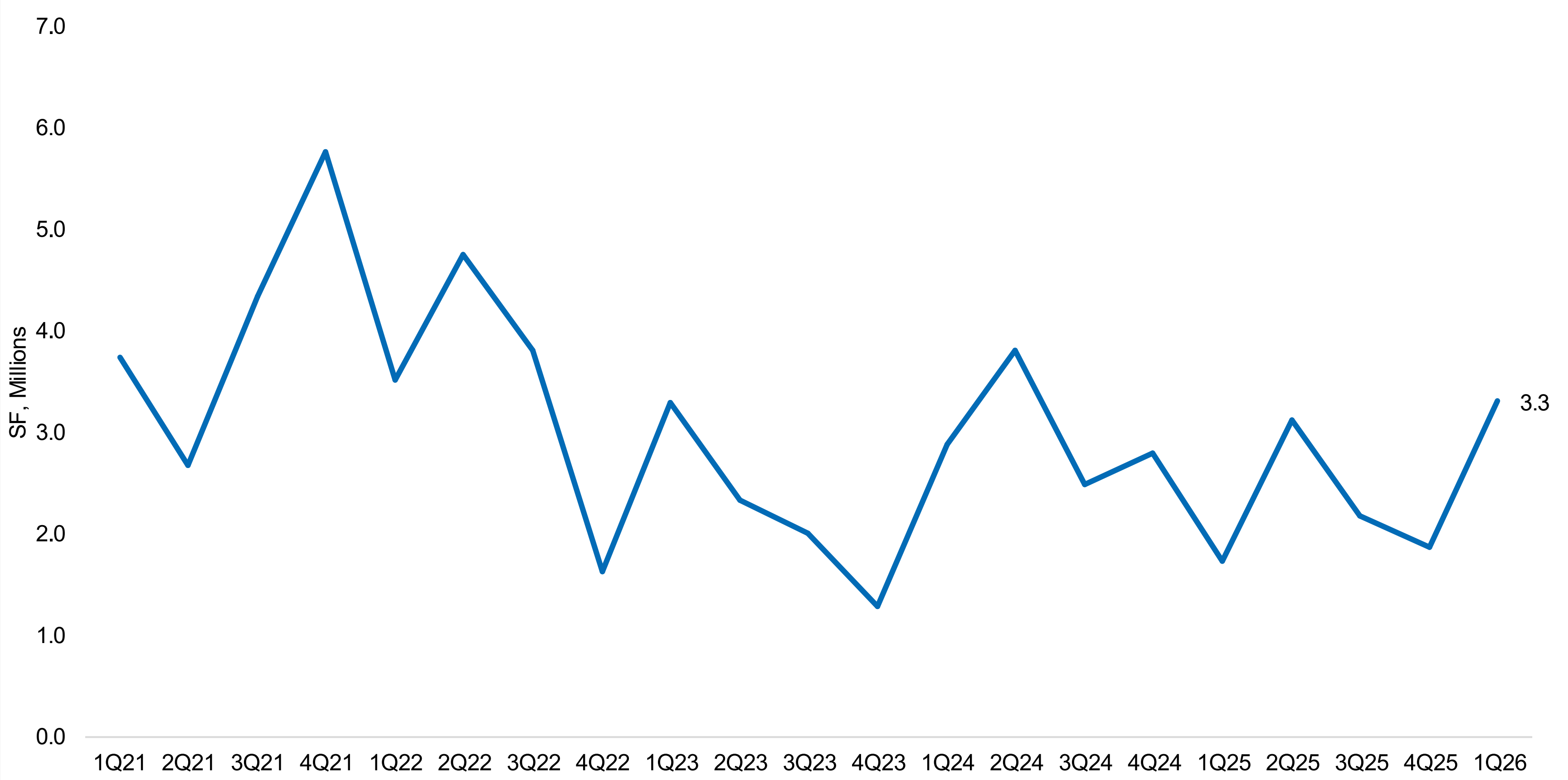



- The first quarter posted 2.6 million SF of positive net absorption, exceeding the combined totals of all quarters in 2024 and 2025.
- Total vacancy fell from 5.7% at the year-end of 2025 to 4.8% in the first quarter, moving below the long-term average of 5.3%.
- After a period of historically robust construction deliveries, the pipeline has become more disciplined with higher pre-leasing, allowing demand to outpace new supply.
- Occupier demand remains strong, led by selective manufacturing expansions, and a flight to modern Class A facilities, accelerating move-ins and backfilling.

Source: Newmark Research

# Leasing Hits 3.3 MSF, Highest Since 2Q24

**Total Leasing Activity (MSF)**

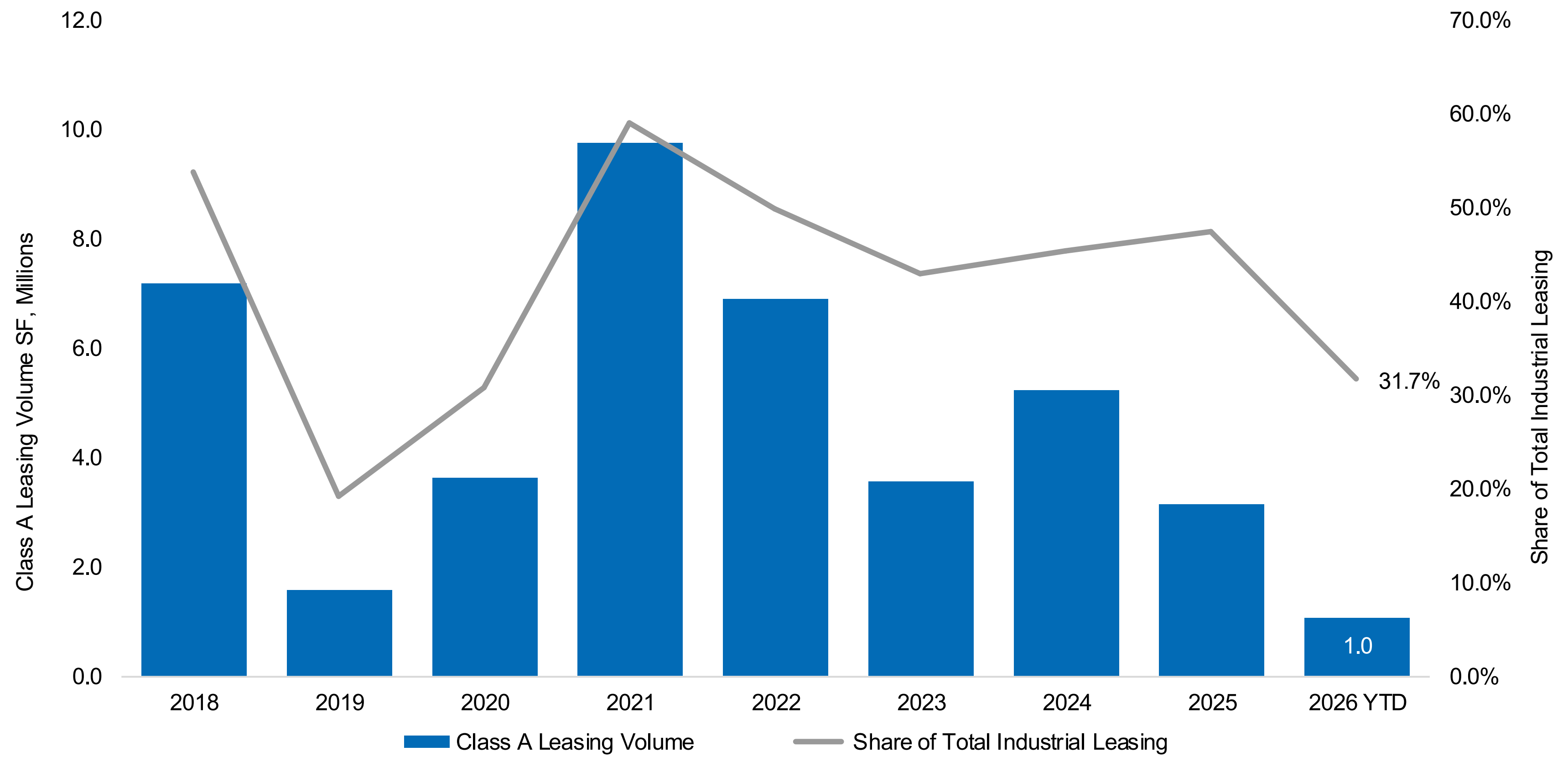



- Cincinnati recorded 3.3 million SF of industrial leasing in the first quarter, the highest quarterly total since the second quarter of 2024.
- Pent-up demand from 2025 converted to executed leases as tenants accelerated decisions to lock in quality space.
- Stabilizing interest rates, moderating rent growth, and improved pricing transparency narrowed bid-ask spreads, while enhanced concessions and flexible terms helped tenants finalize leases.
- Policy and macro tailwinds—including U.S. industrial and infrastructure spending, reshoring amid geopolitical risk, and Ohio/Northern Kentucky incentives—supported stronger leasing.

Source: Newmark Research, CoStar

# Class A Leasing Share Dips to 31.7% in Cincinnati; Early-Year Mix Should Normalize

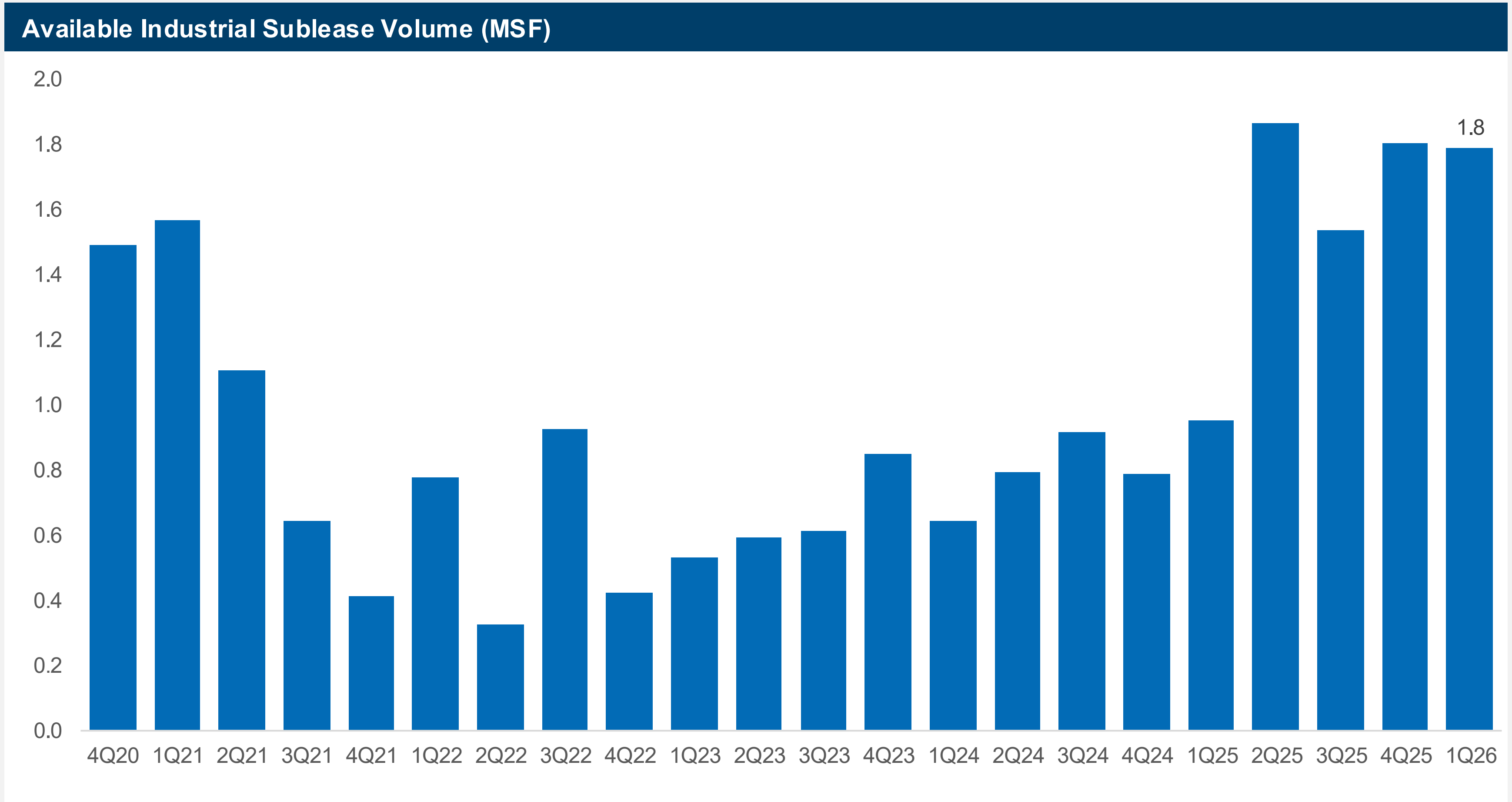
**Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume**




- In 1Q26, Cincinnati recorded 1.0 million square feet of Class A leasing, representing 31.7% of total leasing volume and marking the lowest share since 2019, though the year has just begun.
- The low Class A share reflects an outsized rebound in Class B/C leasing and renewals as deals deferred in 2025 moved forward.
- Limited availability of large Class A blocks, following strong prior absorption and fewer recent speculative deliveries, constrained Class A leasing capture.
- For the remainder of 2026, Class A's share is likely to firm as large active requirements convert, and flight-to-quality and automation needs favor modern facilities, although quarterly volatility may persist if supply remains tight.

Source: Newmark Research, CoStar

# Sublease Pipeline Remains Elevated

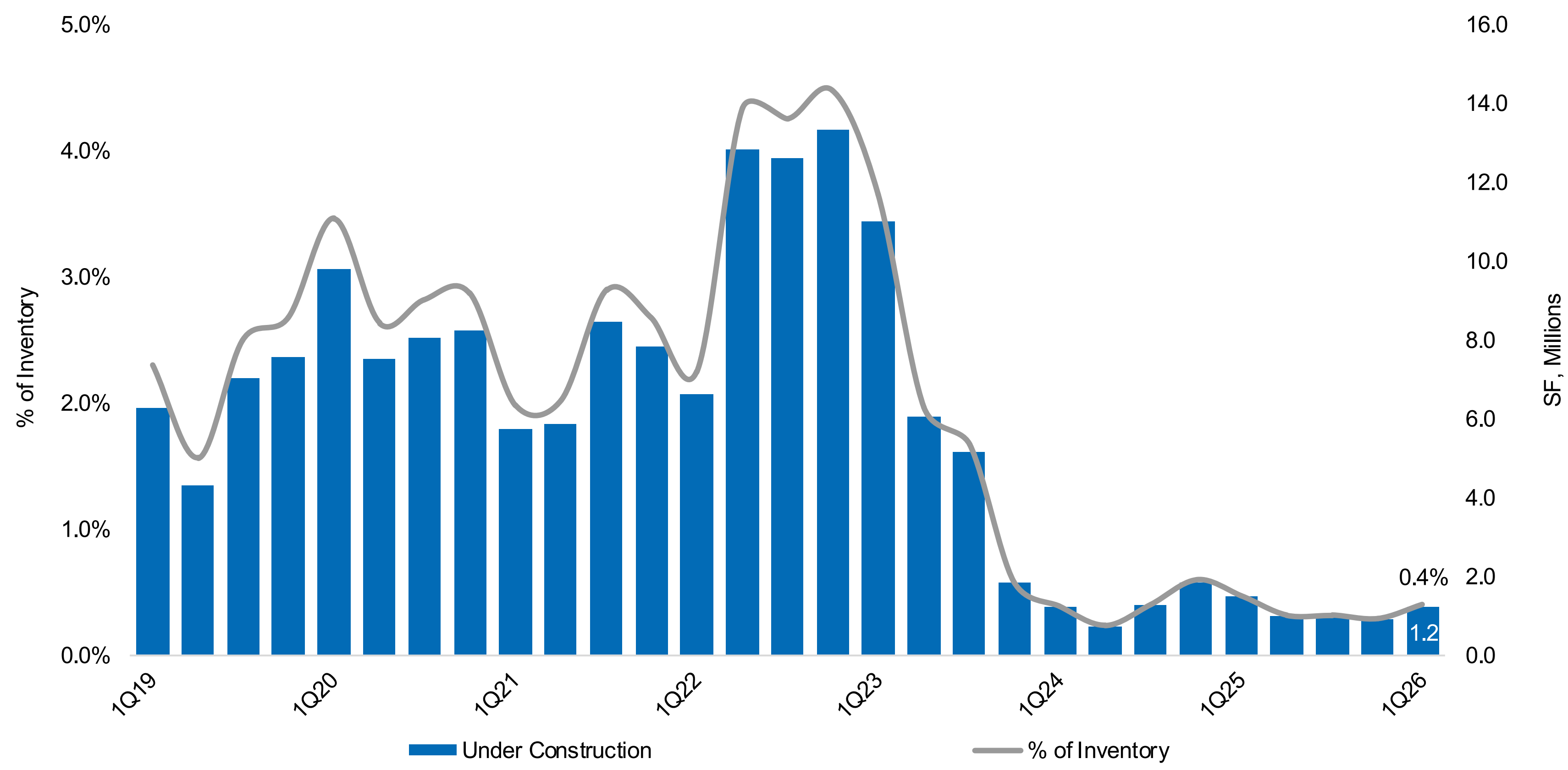



- Sublease availability stayed relatively the same at 1.8 million SF in the first quarter, extending a four-quarter streak of elevated space on the market.
- The increase was driven by tenants right-sizing footprints after 2021-2023 expansions, normalizing inventories, and heightened cost discipline in a higher interest-rate environment.
- For the remainder of 2026, sublease availability is likely to remain above long-term norms in the near term but begin to stabilize as leasing momentum improves and discounted, flexible sublease terms attract cost-conscious occupiers.
- Well-located, modern space should backfill faster than older or peripheral product, although softer consumer demand or prolonged cost cutting could keep sublease volumes elevated longer.

Source: Newmark Research, CoStar, City of Cincinnati

# Conservative Construction Pipeline Persists

**Industrial Under Construction and % of Inventory**



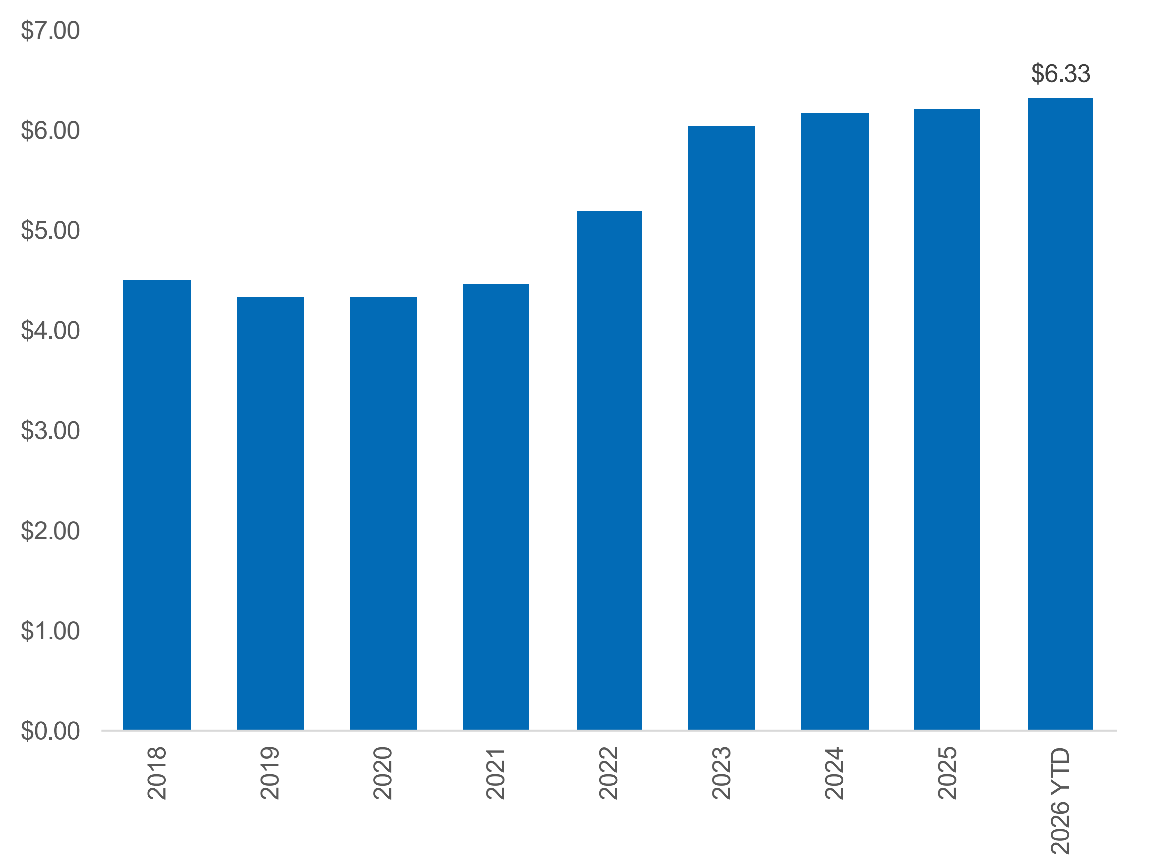

- In the first quarter, industrial space under construction rose by 10 basis points to 0.4% of total inventory, a level that has stayed below 1.0% since 4Q23.
- The subdued pipeline reflects elevated borrowing costs, tighter lender pre-leasing requirements, and persistent construction cost pressures.
- The modest uptick likely stems from a handful of build-to-suits and targeted infill projects responding to improving early-2026 demand and lower vacancy.
- For the remainder of 2026, construction is expected to remain conservative and sub-1.0%, with any growth contingent on pre-leasing, rent stability, and capital-market conditions, and concentrated in build-to-suit and phased Class A projects along core logistics corridors.

Source: Newmark Research

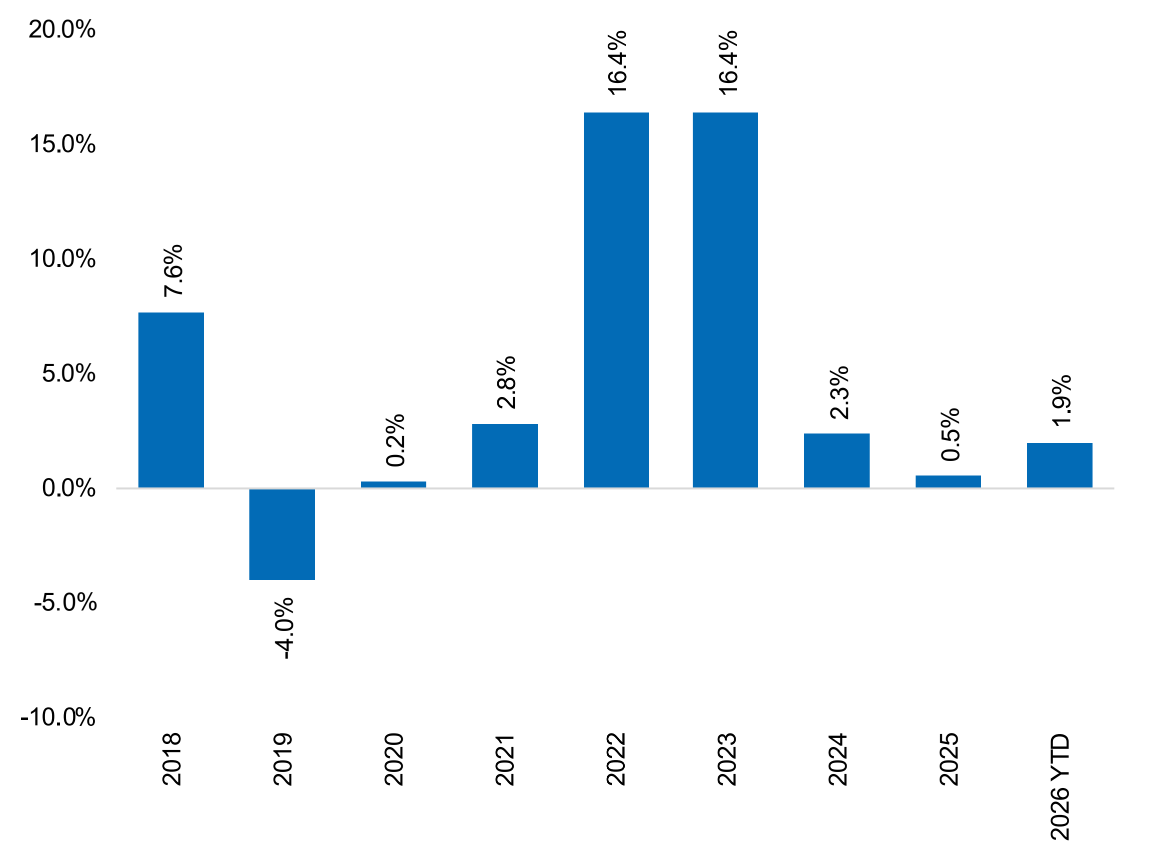
# Industrial Asking Rents Climb on Supply Constraints

In the first quarter, Cincinnati's industrial average asking rent increased to $6.33/SF from $6.21/SF in 2025 (a 1.9% year-over-year gain). Supported by resilient logistics demand tied to the CVG air cargo hub and the I-75/I-71 corridor, steady absorption from 3PLs, e-commerce and manufacturing suppliers, and a slower construction pipeline that has kept vacancy tight and reduced concessions. With new starts still muted and replacement costs elevated, rents should continue to edge up through the remainder of 2026. A reasonable baseline calls for year-end asking rents of approximately $6.45-$6.55/ SF, implying full-year growth of roughly 2.0-3.0% assuming steady demand and no unexpected wave of speculative deliveries.

**Industrial Average Asking Rent, $/SF, NNN**




**Year-over-Year Asking Rent Growth Rate % Change**




Source: Newmark Research, CoStar

# Notable 1Q26 Lease Transactions

| Notable 1Q26 Lease Transactions | | | | |
|---|---|---|---|---|
| **Tenant** | **Building(s)** | **Submarket** | **Type** | **Square Feet** |
| BarBox | 2350-2360 Progress Dr. | Airport | Renewal | 316,800 |
| BWAY Packaging | 8200 Broadwell Rd. | East | Renewal | 303,000 |
| Crane Worldwide Logistics | 5101 Renegade Way | Airport | Direct | 264,000 |
| Crescent | 5226 E Provident Dr. | Tri-County | Renewal | 252,000 |

Source: Newmark Research

# Notable 1Q26 Sale Transactions

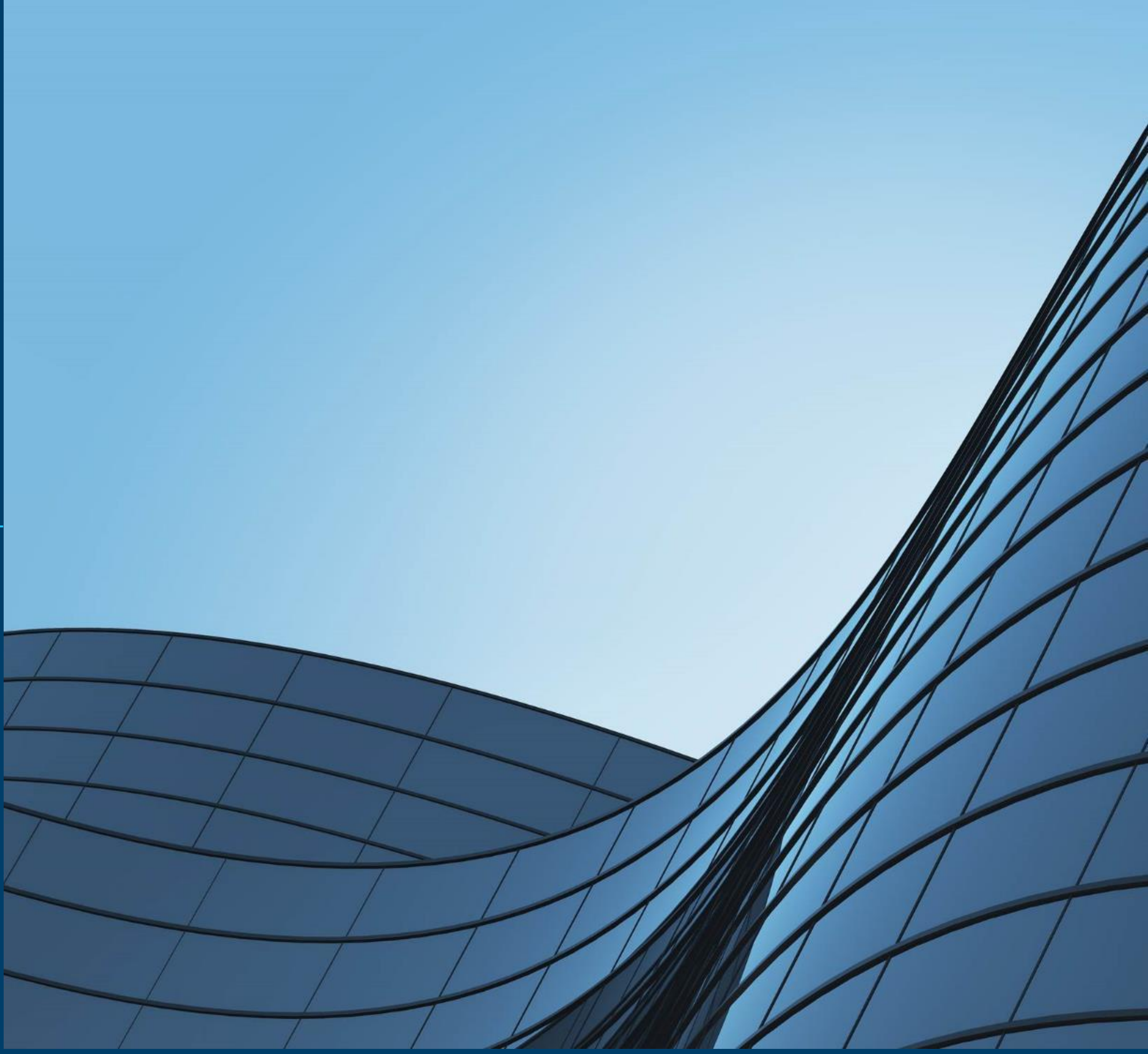
| Notable 1Q26 Sale Transactions | | | | | | |
|---|---|---|---|---|---|---|
| **Buyer** | **Seller** | **Address** | **Submarket** | **Square Feet** | **Price** | **Price/SF** |
| Walmart | Core5 | 760 Encore Dr. | Monroe/Middletown | 1,183,475 | $111,388,667 | $94.12 |
| Dainty Foods | Utility Trailer Manufacturing | 4225 Curliss Ln. | East | 253,566 | $12,600,000 | $49.69 |
| Manucurist | White Castle Distribution | 2009 Rolling Hills Rd. | Covington | 34,460 | $5,300,000 | $153.80 |
| Alterra Property Group* | United Rentals | 898 E. Crescentville Rd. | Tri-County | 29,376 | $3,800,000 | $129.36 |

*Investment Sale

Source: Newmark Research

# 03

## Appendix



# Access the Extended 1Q26 Cincinnati Industrial Market Conditions & Trends Report


To access, please reach out to Bridget.Logan@nmrk.com or your Newmark contact.

The extended version of this report includes:

- Entire Cincinnati Industrial Market Historical Statistical Overview, Recent Quarters
- Submarket Overview and Statistics
- Warehouse/Distribution Submarket Overview and Statistics
- Cincinnati Submarket Map

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