2Q25

Cincinnati Industrial Market Overview

NEWMARK

Market Observations

Economy

- The U.S. and Cincinnati both saw steady unemployment rates in the second quarter of 2025, with local nonfarm payrolls maintaining overall growth since mid-2024, despite recent volatility.
- Cincinnati's natural resources, mining, and construction sector grew employment by 9.2% year-over-year, but pace may slow as projects conclude.
- The trade, transportation, and utilities sector continued to post job losses over the past 12 months due to shifting demand and supply chain challenges, a trend expected to persist through year-end.
- Manufacturing jobs saw moderate gains for three quarters but declined in Q2 2025, with prospects hinging on broader economic improvements and new sources of demand.

Major Transactions

- Impact Beverage signed a new lease for 338,000 SF at 4330 Winton Rd. in the Midtown submarket.
- StandardAero signed a new lease for 121,981 SF at 11540-11630 Mosteller Rd. in the Tri-County submarket.
- Gibraltar Industries purchased 7108 Shona Dr., a 105,000 SF facility, for $11 million, or $104.76/SF.
- NorthPoint Development purchased 1765 Worldwide Blvd., a 387,200 SF property, for $20.04 million, or $75/SF, from IDI Logistics.

Leasing Market Fundamentals

- Cincinnati's industrial market saw negative net absorption of 292,000 SF this quarter but remains positive year-to-date (1.3 million SF), with leasing activity (new leases and renewals) surging to 2.9 million SF as tenants acted on delayed decisions.
- Despite vacancy rates improving from last year, they remain above historic averages amid elevated sublease availability.
- Cincinnati industrial rents posted a slight year-over-year decline for the first time since 2019, with flat and decreased rents expected for the remainder of the year.
- Class A industrial space accounted for 49.3% of Cincinnati's leasing volume – the highest share since 2021 – as tenants continue to favor modern, high-quality facilities over older properties.
- Expect continued stability in leasing, minimal new construction deliveries and starts, and flat to slightly lower rents for the remainder of the year unless demand strengthens considerably.

Outlook

- Leasing activity is expected to remain stable, returning to a more typical pace following the release of pent-up demand earlier in the year.
- Vacancy rates are likely to hold above historic lows due to elevated sublease availability and limited new construction.
- Construction activity will stay modest, with few new deliveries anticipated and the pipeline at its lowest point in recent years.
- Rental rates are projected to remain flat or decrease slightly, with significant increases unlikely unless demand rises sharply.

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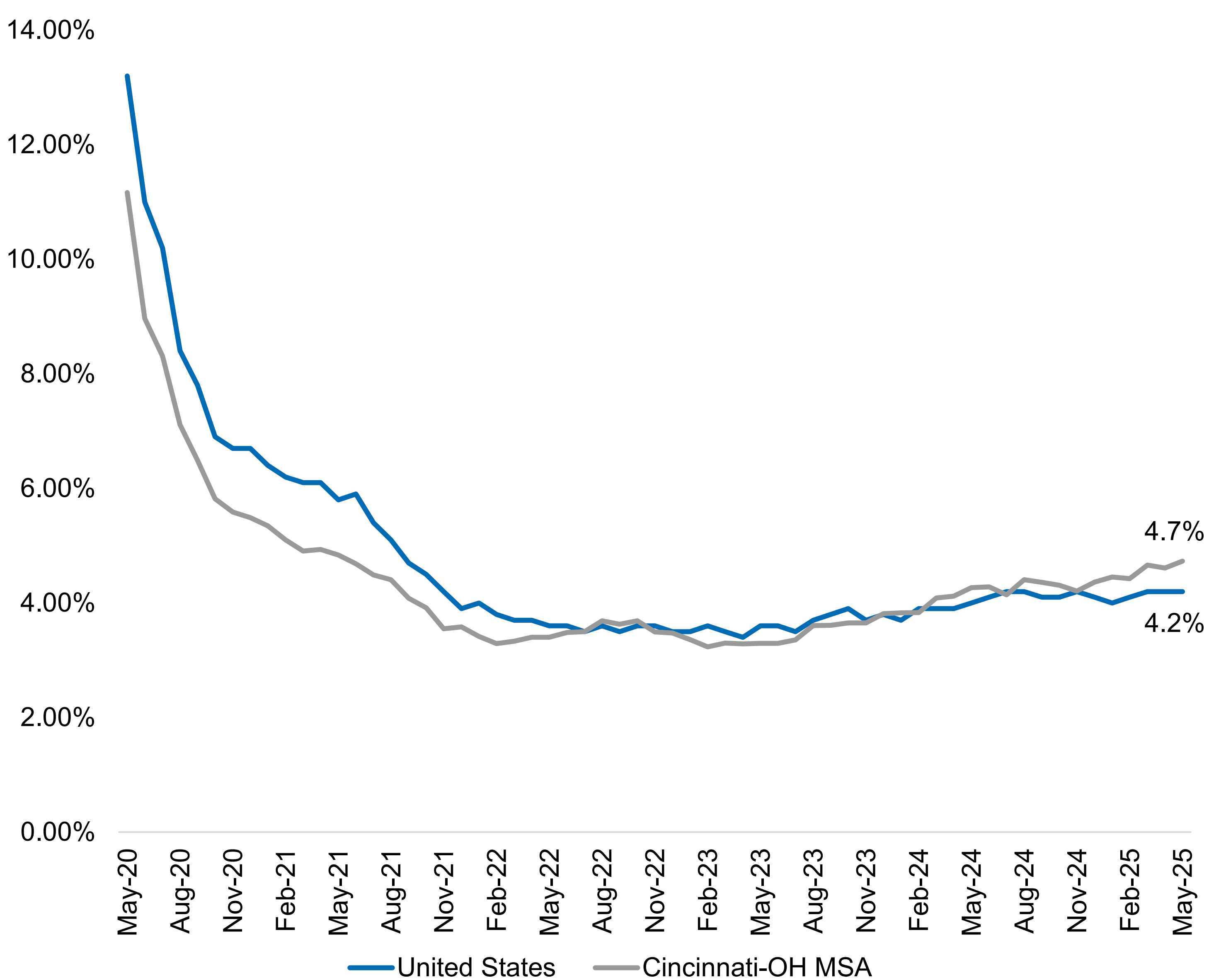
Economy

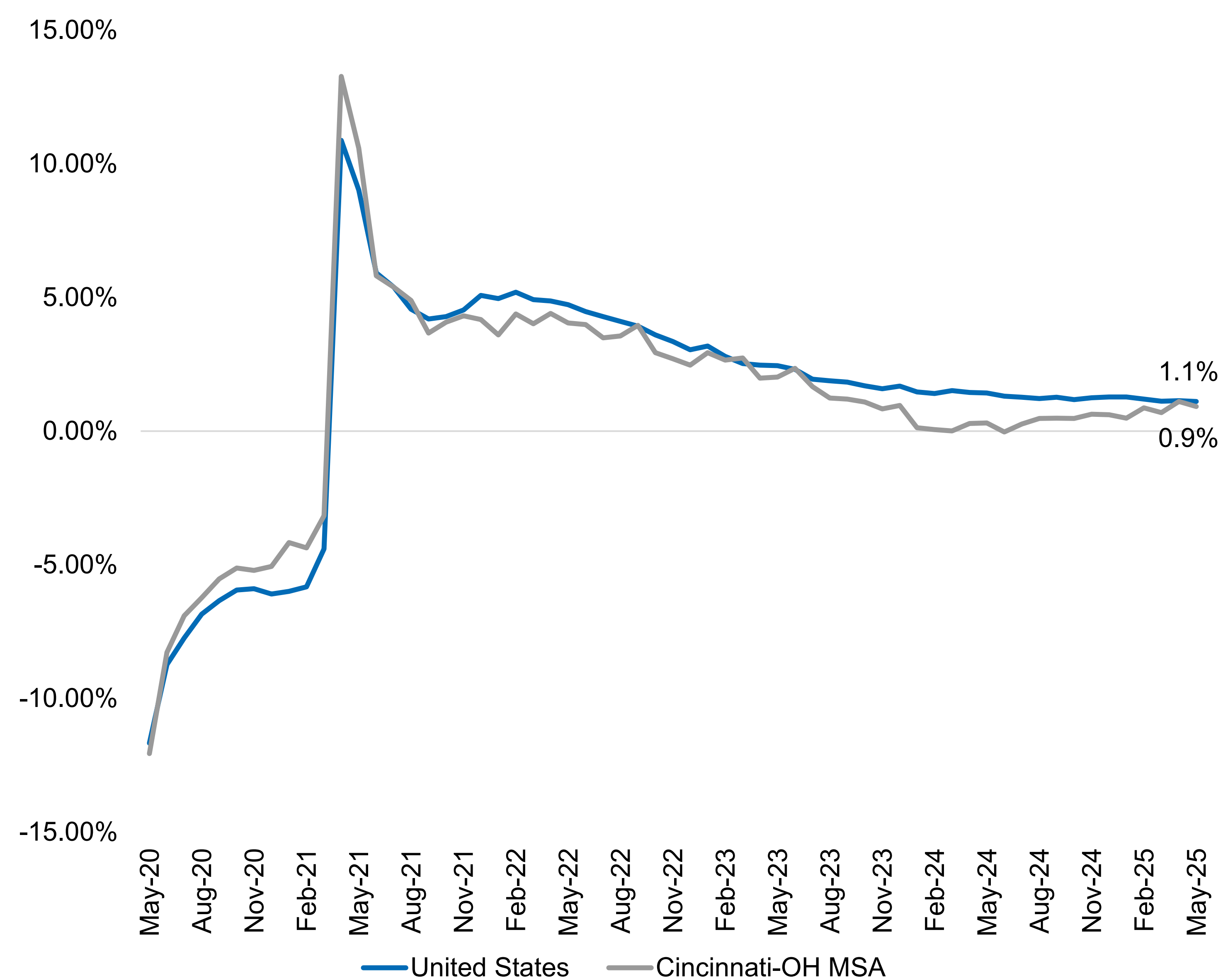
Stability with Signs of Caution for 2025

In the second quarter of 2025, the seasonally-adjusted unemployment rate in the U.S. remained steady, with Cincinnati also seeing minimal change in local joblessness. In Cincinnati, nonfarm payroll employment continued its steady growth that began in mid-2024, though the most recent quarter was marked by volatility. These trends point to a broadly stable labor market with some underlying uncertainty. In Cincinnati, ongoing job growth supports optimism, but recent hiring volatility may lead employers to proceed with increased caution in their expansion plans. For the remainder of the year, we should expect a continuation of modest growth at both the national and local levels, with possible fluctuations as employers respond to evolving economic conditions.

Unemployment Rate, Seasonally Adjusted



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

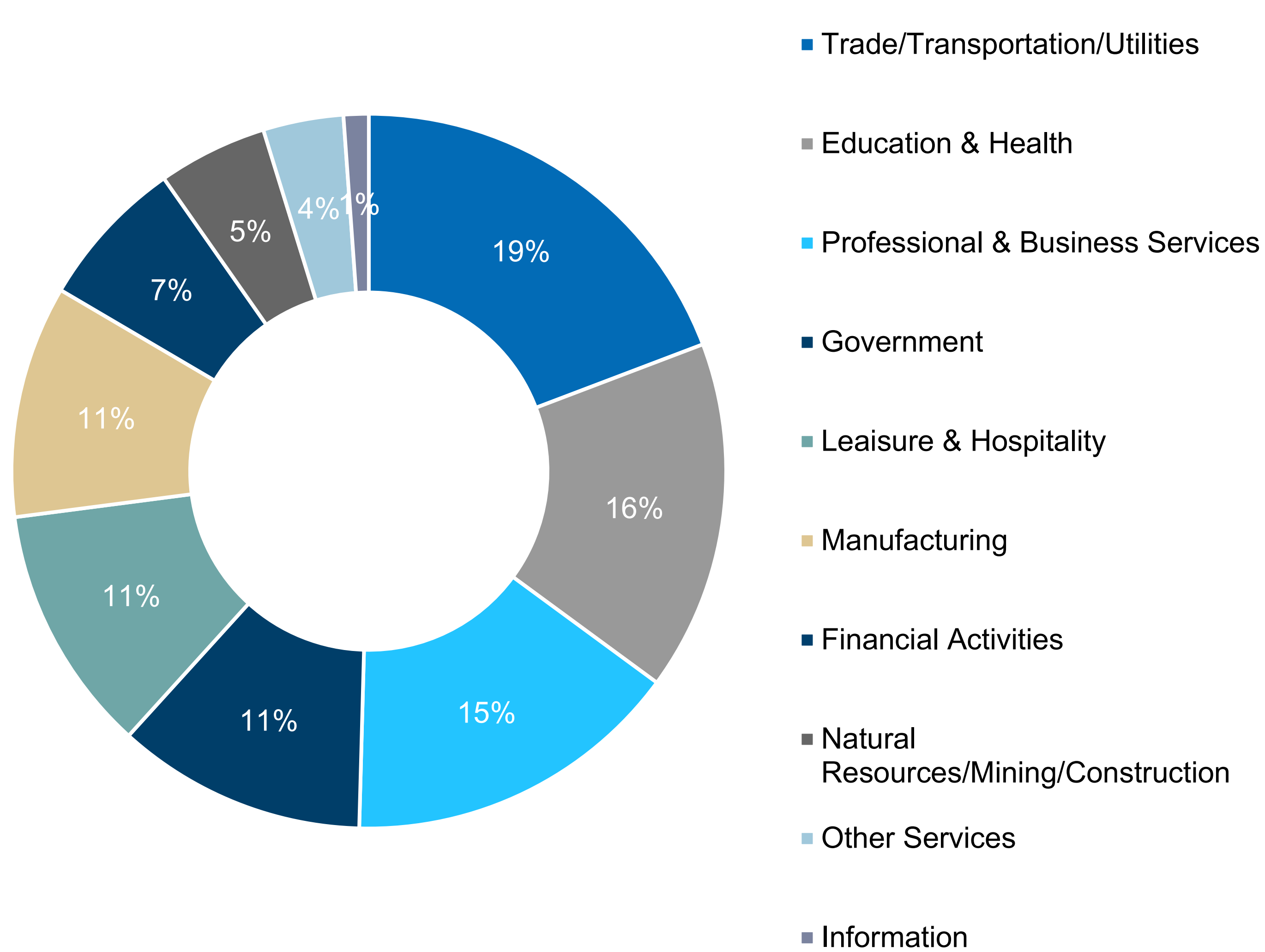


Source: U.S. Bureau of Labor Statistics, Cincinnati, OH-KY-IN

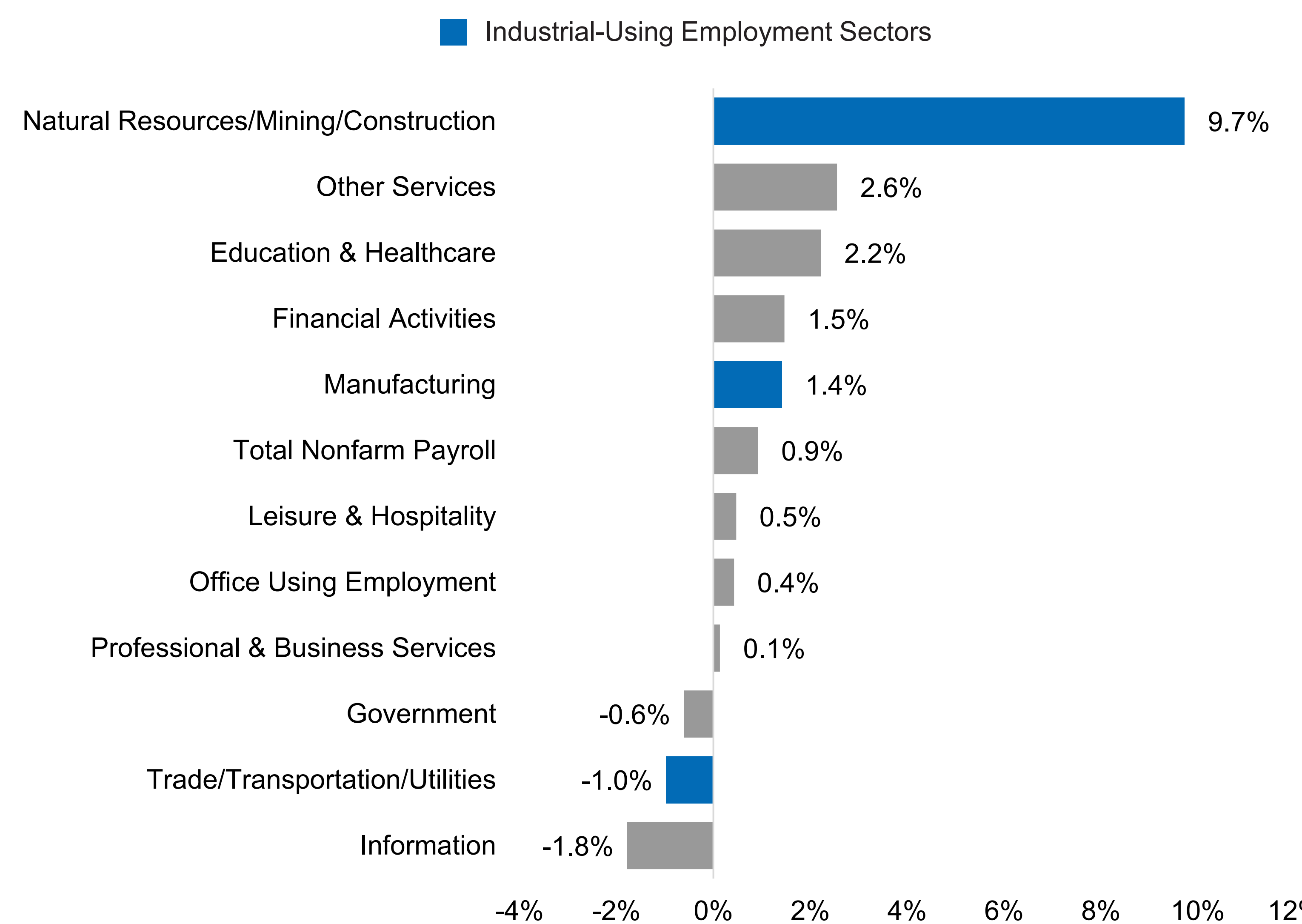
Robust Job Gains in Construction, Modest Manufacturing Increase

Driven by an uptick in large-scale infrastructure investments and energy development, the natural resources, mining and construction sector posted an impressive 9.7% increase in employment growth over the past 12 months through the second quarter of 2025. This momentum is expected to continue for the rest of the year, although growth could slow as key projects are completed and market conditions begin to stabilize. Meanwhile, the manufacturing sector experienced a small gain in employment, suggesting steady – if cautious- optimism in production activity. In contrast, the trade, transportation, and utilities sector saw a minimal decline in jobs, reflecting ongoing adjustments to consumer demand and logistical challenges.

Employment by Industry, May 2025



Employment Growth by Industry, 12-Month % Change, May 2025

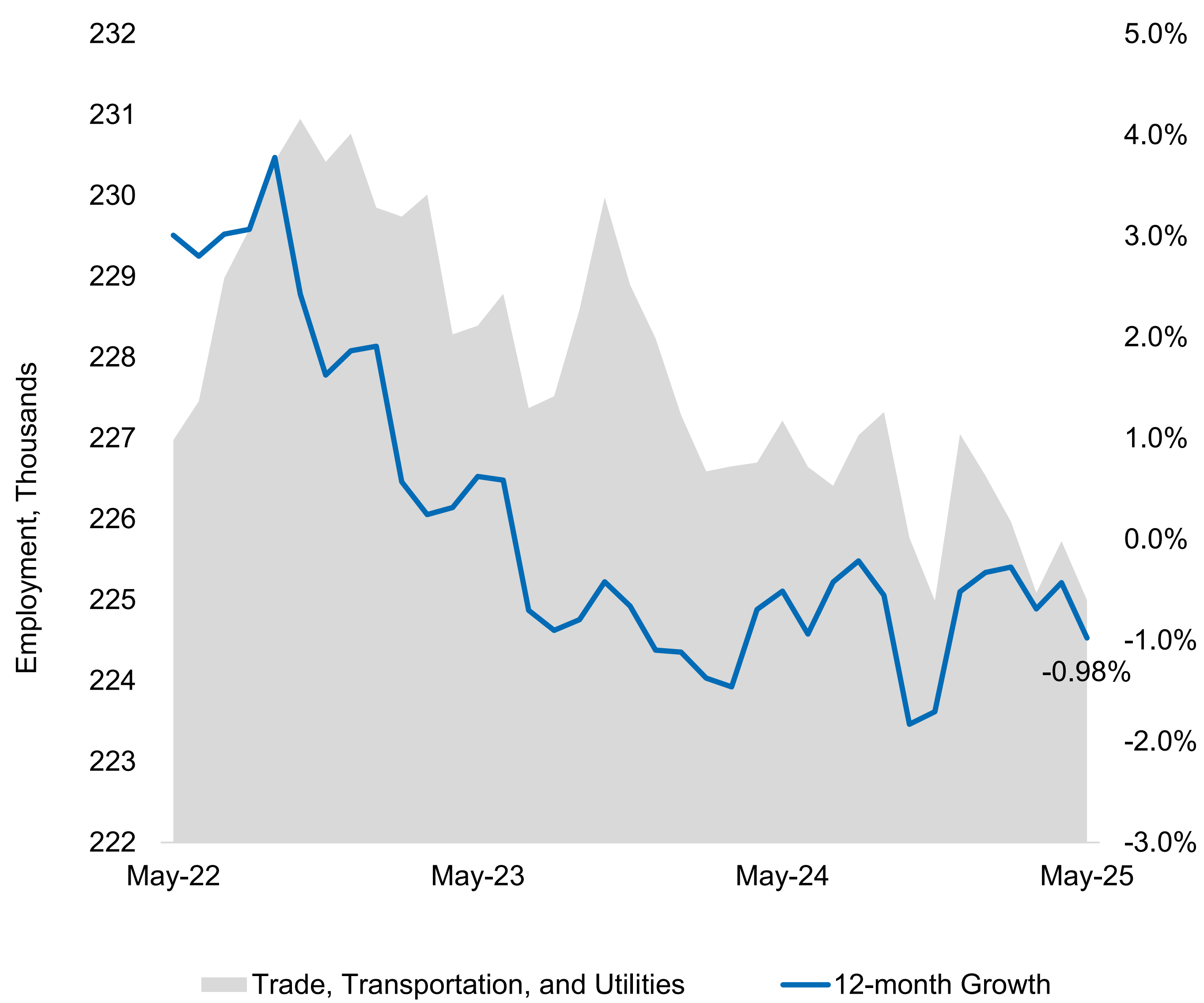


Source: U.S. Bureau of Labor Statistics, Cincinnati, OH-KY-IN

Persistent Challenges for Trade & Transportation, Manufacturing Cools

Since July 2023, Cincinnati's trade, transportation, and utilities sector has experienced a negative 12-month growth rate in employment, likely due to shifting consumer patterns, reduced retail activity, and continued supply chain challenges. This softness is expected to persist through the remainder of the year as companies adapt to changing demand and optimize operations. In contrast, the manufacturing sector posted positive job growth for three consecutive quarters but began to see a decline in the second quarter of 2025. This reversal may be attributed to slowing demand, rising input costs, and inventory adjustments. Looking ahead, the sector may continue to face moderate contraction unless broader economic conditions improve, and new demand drivers emerge.

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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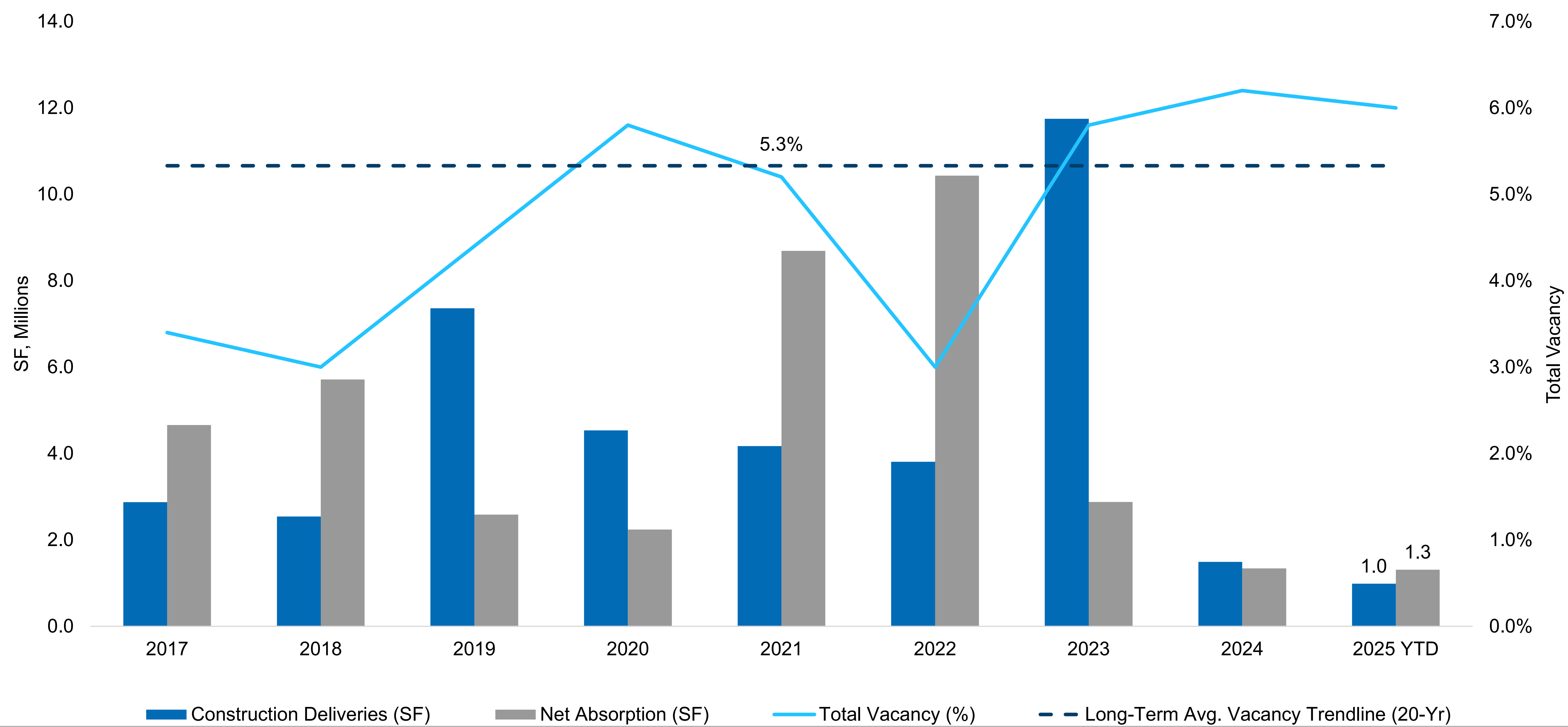
Leasing Market Fundamentals

Net Absorption Stays Positive Despite Softer Quarter

This quarter, Cincinnati saw negative net absorption of 292,000 SF, but the market remains in positive territory for the year with 1.3 million SF absorbed. Construction activity is still progressing slowly, with new deliveries expected to match 2024's levels. While the vacancy rate has improved compared to last year, it remains above the long-term average, reflecting some lingering softness in demand. For the remainder of 2025, the Cincinnati market can anticipate stable leasing activity, a cautious pace of new construction, and a vacancy rate that, while improved, are likely to stay slightly higher than historic norms unless demand accelerates.

Historical Construction Deliveries, Net Absorption, and Vacancy

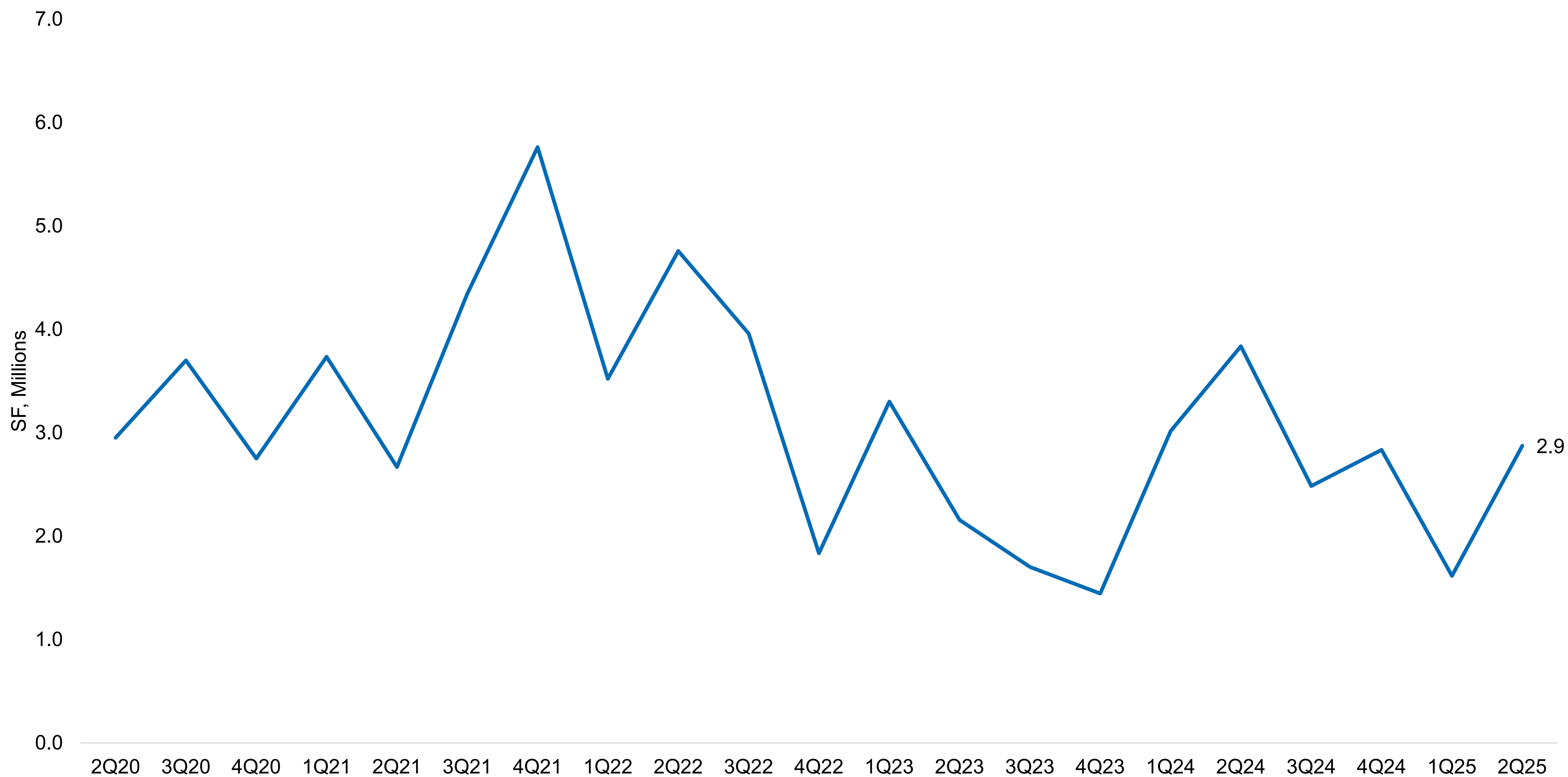


Source: Newmark Research

Cincinnati Industrial Leasing Picks Up in Q2 After Slow Start

Cincinnati's industrial market experienced a strong second quarter, with total leasing activity reaching 2.9 million SF. This significant increase follows a sluggish start to the year and may be attributed to tenants acting on decisions delayed in the first quarter, improved economic confidence, and a rise in requirements from distribution and manufacturing users. The release of pent-up demand contributed to multiple large new transactions and renewals, boosting overall volume. Heading into the second half of 2025, leasing is expected to return to a more typical pace, with steady – though likely less dramatic – demand, as market fundamentals remain solid but much of the delayed activity has already materialized.

Total Leasing Activity (SF)

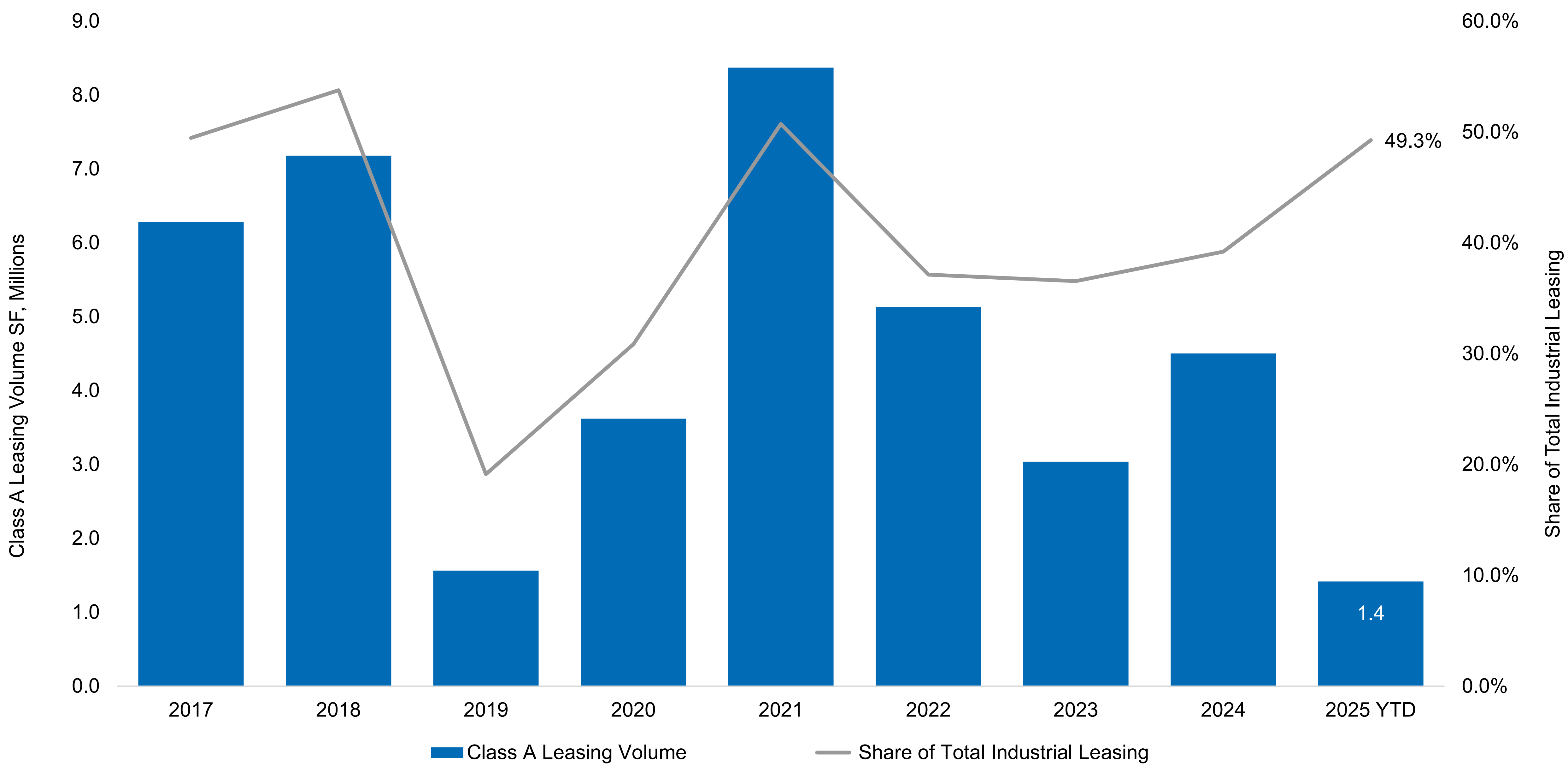


Source: Newmark Research, CoStar

Flight to Quality: Class A Industrial Demand Surges in Cincinnati

At the halfway point of 2025, Class A industrial space accounts for 49.3% of total leasing volume in Cincinnati, marking the highest share seen since 2021. This surge is a result of the ongoing “flight to quality,” as tenants prioritize modern, high-quality facilities that offer higher ceilings, wider column spacing and desirable locations for distribution and logistics users. Older industrial properties continue to face higher vacancy rates as they struggle to meet evolving tenant requirements. For the remainder of the year, Class A assets are expected to remain in high demand, though new inventory and possible economic headwinds may influence absorption rates. Nevertheless, the resilience and appeal of Class A space – driven by this strong preference for quality – should keep it at the forefront of the industrial leasing market in Cincinnati.

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

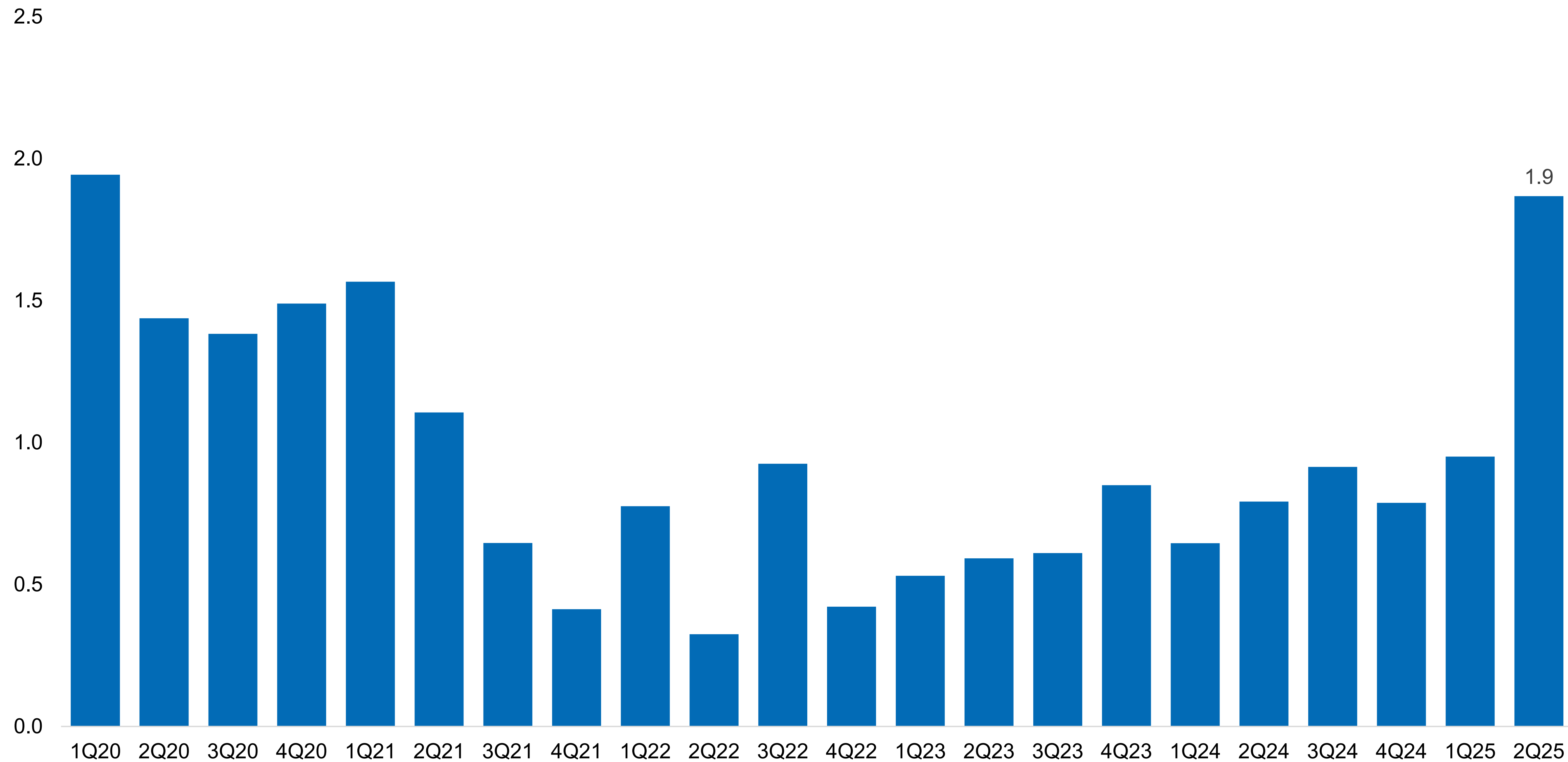


Source: Newmark Research, CoStar

Cincinnati Industrial Sublease Volume Hits Four-Year High

As of the second quarter of 2025, available industrial sublease volume in Cincinnati reached its highest level since the first quarter of 2020. This increase is driven by several factors, including shifting supply chain strategies, companies right-sizing their warehouse footprints post-pandemic, and some occupiers looking to mitigate excess capacity as e-commerce trends stabilize. Additionally, higher interest rates and macroeconomic uncertainty have prompted businesses to be more cautious, leading to delayed expansion plans and a rise in sublease space coming to market. Looking ahead, unless there is a significant uptick in demand or a strong rebound in industrial activity, the elevated sublease volume is likely to persist through the remainder of 2025. Companies may continue to reassess their real estate needs in response to ongoing market uncertainties, which could contribute to sustained higher sublease availability in the near term.

Available Industrial Sublease Volume (MSF)

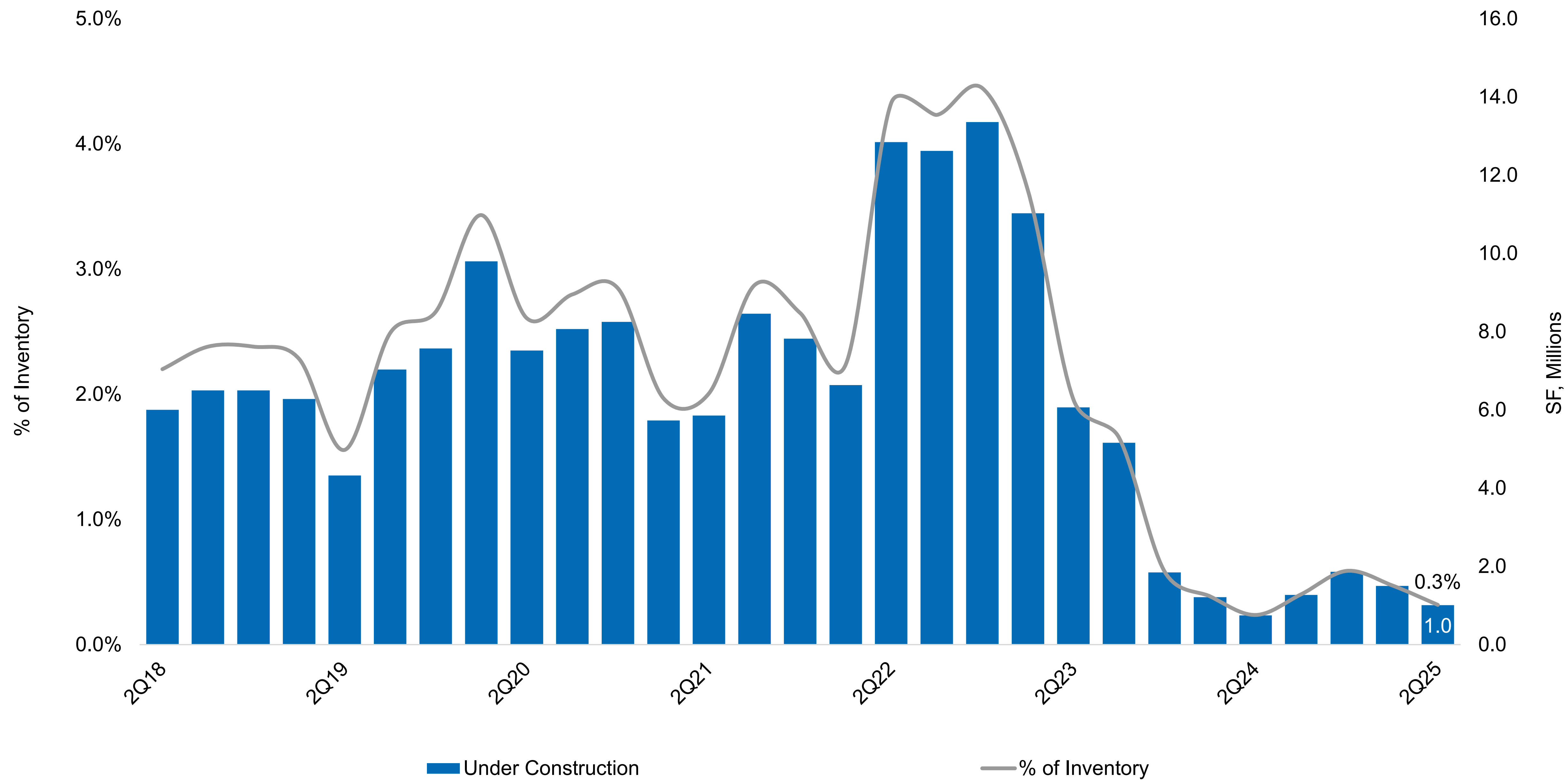


Source: Newmark Research

Tenant-Driven Projects Dominate Construction Activity

The number of industrial buildings under construction in Cincinnati has seen another decline since the fourth quarter of 2024, now representing just 0.3% of total inventory. This quarter, the two speculative buildings delivered in the Airport submarket added a combined 506,000 SF to the market, leaving only one 81,000 SF speculative building still under construction. With the construction pipeline at its lowest in recent years, limited new industrial supply is expected for the remainder of 2025. If leasing activity remains steady, vacancy rates may tighten and available quality space could become more competitive, potentially placing upward pressure on rental rates. Unless new projects are announced, Cincinnati's industrial construction activity is likely to remain very modest through year-end.

Industrial Under Construction and % of Inventory

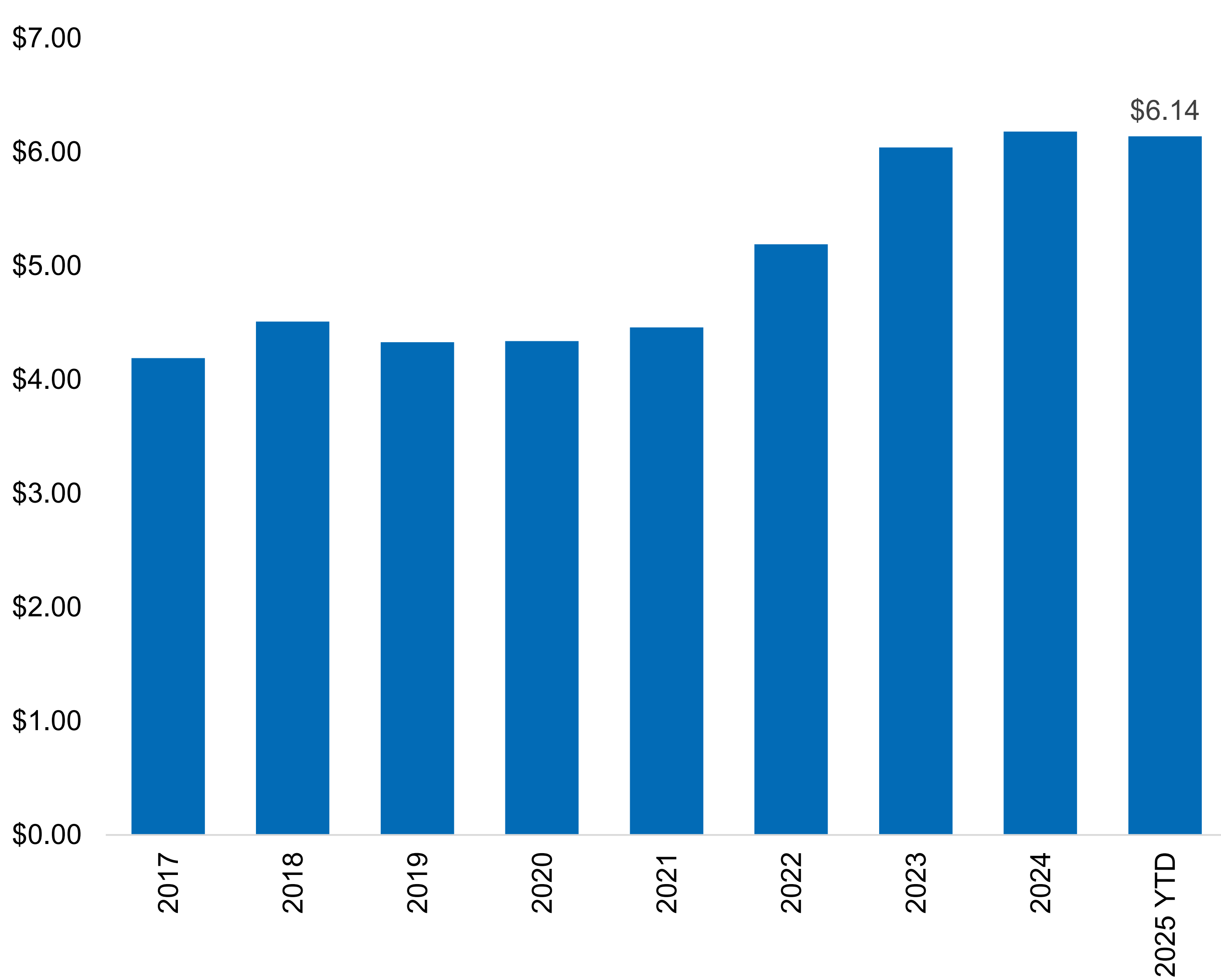


Source: Newmark Research, CoStar

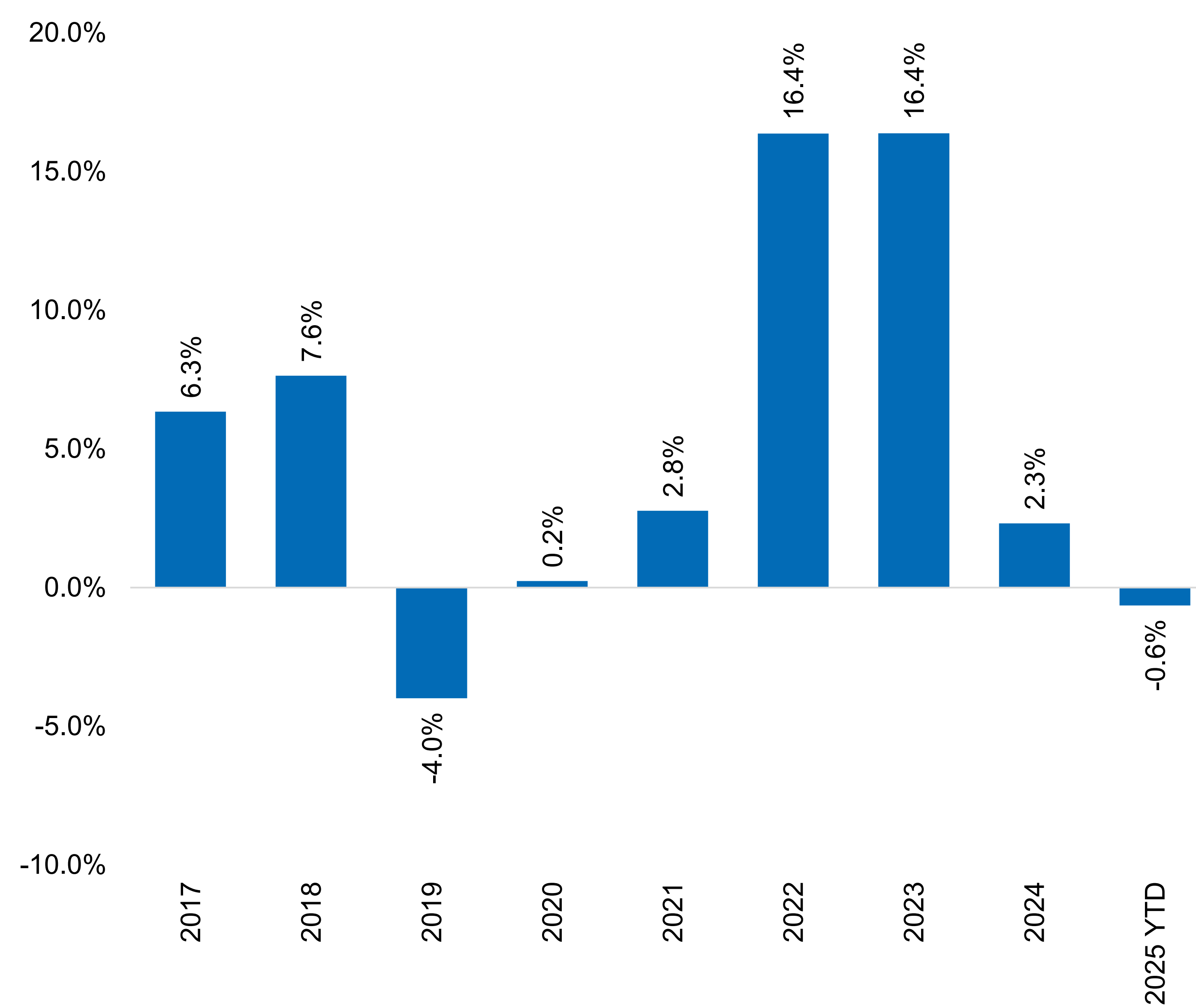
Cincinnati Industrial Rents Experience First Decrease in Over Five Years

This past quarter marks the first time since 2019 that Cincinnati's industrial market has reached a negative year-over-year asking rent growth rate, though the decline is very marginal. The slight drop-in rental rates can be attributed to a combination of increased sublease availability, rising vacancy in some submarkets, and tenants taking a more cautious approach in lease negotiations. Looking ahead, rent growth is likely to remain flat or decrease for the remainder of the year as the market absorbs space and the recent supply and demand dynamics stabilize. Unless demand picks up or new development slows further, significant rent increases are unlikely in the near term.

Industrial Average Asking Rent, $/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 2Q25 Lease Transactions

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Tenant	Building	Submarket	Type	Square Feet
Impact Beverage	4330 Winton Rd.	Midtown	New Lease	338,000
Airgas USA	1125 Strategic Pky.	Tri-County	New Lease	187,238
iDrive	3770 Symmes Rd.	Tri-County	New Lease	134,018
StandardAero	11540-11630 Mosteller Rd.	Tri-County	New Lease	121,981
LetsGetChecked	8407 Firebird Dr.	Tri-County	New Lease	109,166

Source: Newmark Research

Notable 2Q25 Sale Transactions (Supplemental Slide)

Notable 2Q25 Sale Transactions						
Buyer	**Seller**	**Address**	**Submarket**	**Square Feet**	**Price**	**Price/SF**
*NorthPoint Development	IDI Logistics	1765 Worldwide Blvd.	Airport	387,200	$20,040,000	$75.00
Gibraltar Industries	Private Investor	7108 Shona Dr.	Midtown	105,000	$11,000,000	$104.76
Eckhart Supply	Johnson Controls	8959 Blue Ash Rd.	Midtown	92,700	$3,700,000	$40.00
*Swift Creek	Link	9422 Meridian Way 9407 Meridian Way 9955 International Blvd. 1901 International Way	Tri-County Tri-County Tri-County Airport	64,800 85,060 135,900 218,400	$8,500,000 $9,200,000 $10,000,000 $16,400,000	$131.17 $108.16 $73.58 $75.09

*Investment Sale

Source: Newmark Research

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