3Q25

Cincinnati Industrial Market Overview

NEWMARK

Market Observations

Economy

- Cincinnati unemployment is 4.8% (highest since May 2021) with the U.S. rate similarly elevated, implying a larger candidate pool, slower wage growth, and longer searches.
- Natural Resources, Mining, and Construction is up 7.8% on infrastructure / energy backlogs but likely to moderate as higher financing costs and longer permit approval timelines slow project starts; manufacturing is up 1.2%, reflecting productivity and automation-led expansion with selective hiring tied to onshoring and capital projects.
- Trade, Transportation, and Utilities is down 0.5% year over year and negative since mid-2023 amid goods-demand normalization and efficiency gains; expect flat to slightly negative employment through 2025, with stabilization contingent on consumer spending and freight flows.

Major Transactions

- DB Schenker signed a new lease for 580,590 SF at 710 Clymer Ct. in the Florence/Richwood submarket.
- Cencora signed a new lease for 533,676 SF at 9981 Harrison Ave. in the West submarket.
- CAS Aerospace purchased 5657 Wooster Pike, an 85,000 SF facility, for $4.8 million, or $56.54/SF.
- Merus purchased 7595 Innovation Way, a 38,500 SF property, for $6.3 million, or $162.34/SF, from AtriCure Inc.

Leasing Market Fundamentals

- Net absorption is running ahead of 2024 but remains below recent-cycle highs, while leasing velocity is muted as tenants rightsize, deals skew smaller, and approval timelines lengthen.
- Supply is tight: construction deliveries are below 2024, only 0.3% of inventory is under construction (sub-1% since the third quarter of 2023), no speculative projects are underway, and large power-ready blocks are limited.
- Price and mix: asking rents are up 1.3% year over year (lowest growth since 2020) and broadly stable with more concessions on older product. Sublease availability has dipped since the second quarter but remains elevated. Class A captures 38.7% of leasing, the lowest share since 2020.

Outlook

- Leasing is to stay subdued but steady, concentrated on smaller requirements and shorter terms, with modest positive absorption from net new move-ins, expansions, and pre-leased projects. Annual volume likely finishes below recent averages.
- Pipeline to remain lean and build-to-suit heavy; any speculative starts will require significant pre-commitments, supporting a continued flight to modern Class A assets and generally stable to slightly lower vacancy in those locations.
- Asking rents to hold flat to modestly positive overall; effective rents on second-generation space will be supported by concessions, sublease inventories should decline gradually, and Class A's leasing share may stabilize or edge higher on select late-year deals.
- 500k+ SF deals are increasing, with activity expected to strengthen over the next couple of quarters.

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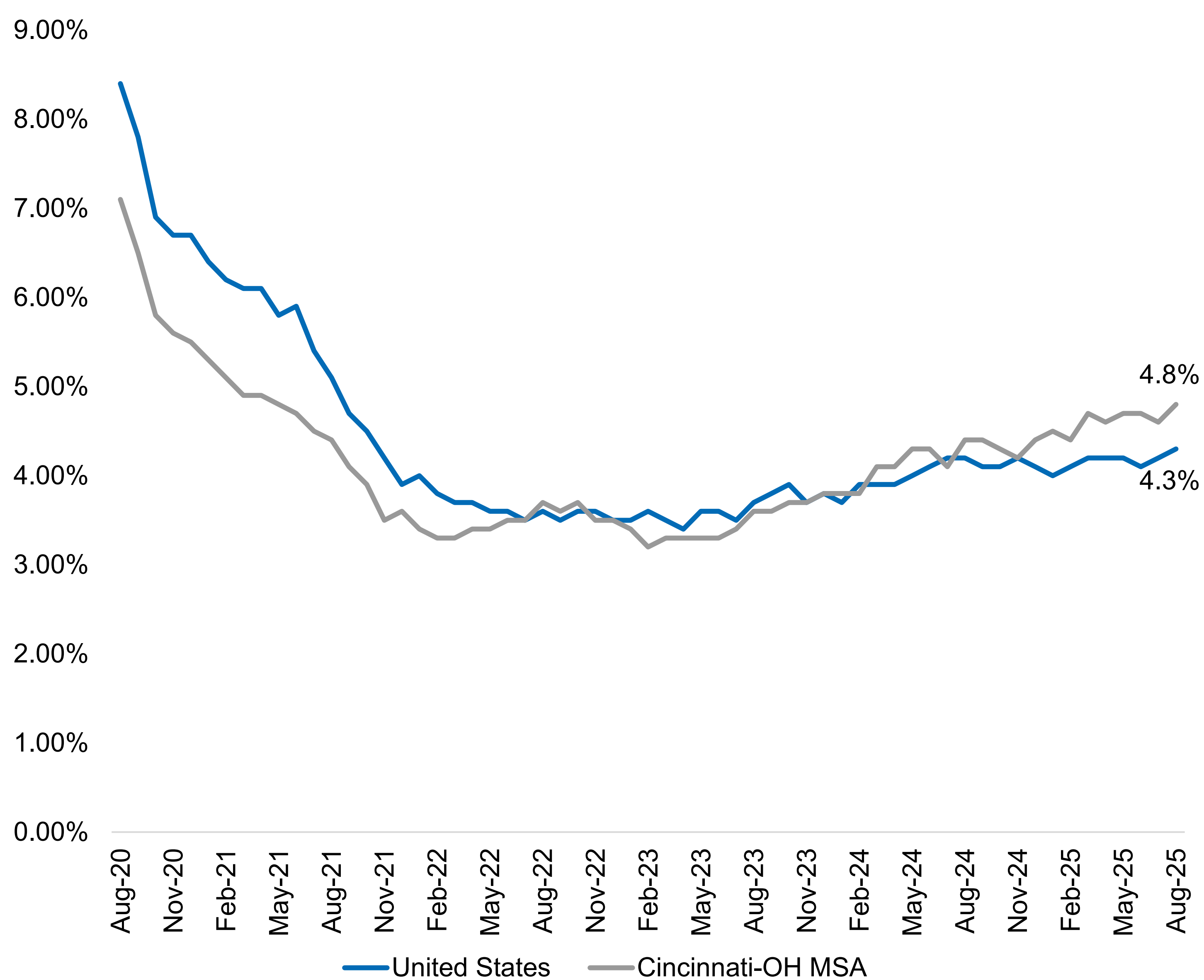
Economy

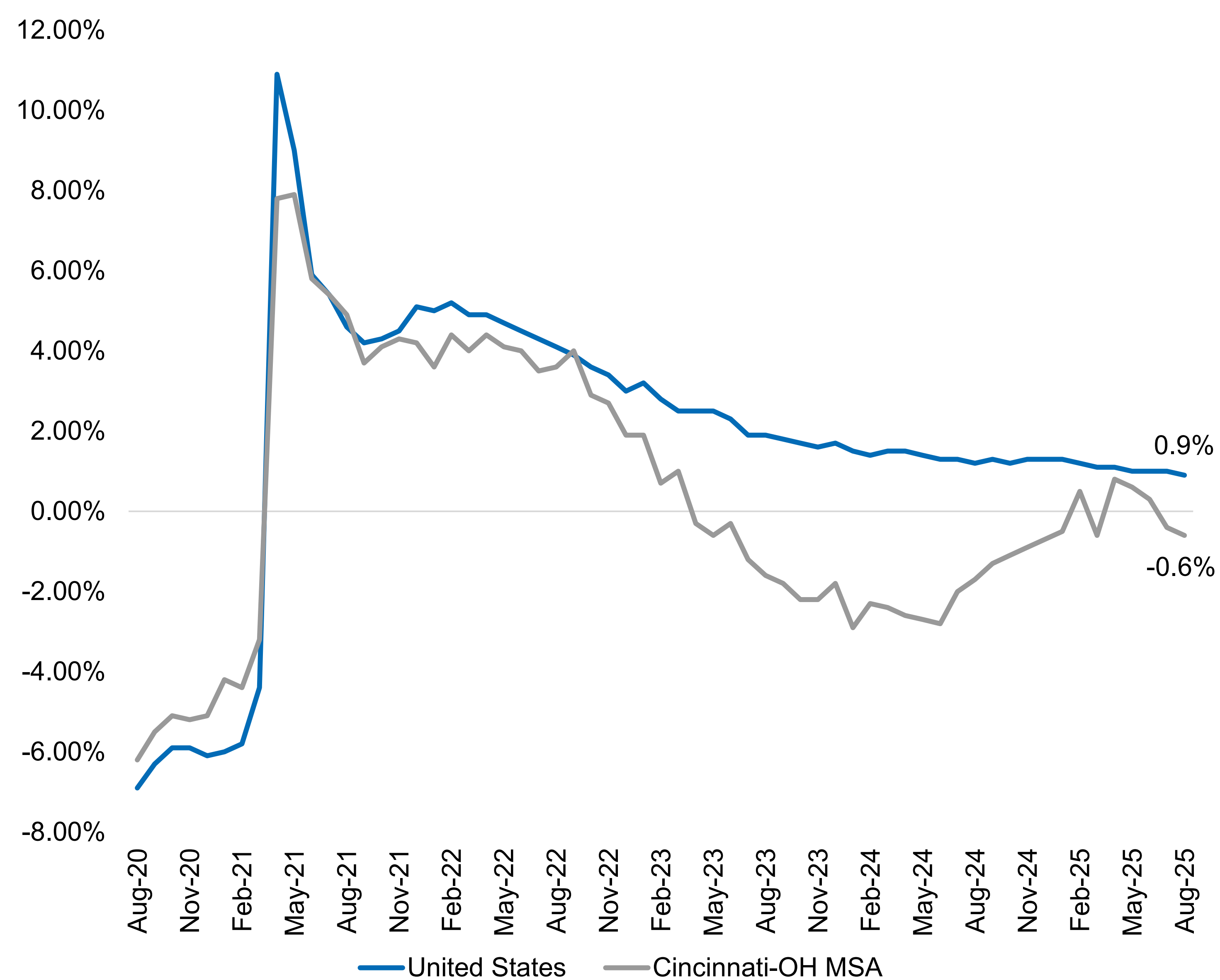
Cincinnati Payroll Swings and a Higher Jobless Rate

With Cincinnati's unemployment rate at 4.8% - it's highest since May 2021 – and the U.S. rate at its highest since October 2021, the data signals a cooling labor market. Nationally, nonfarm payroll employment has eased steadily from its April 2021 peak, while Cincinnati's payrolls have been more volatile since their April-May 2021 highs, reflecting uneven hiring across key sectors. For Cincinnati, this implies a larger pool of job seekers, slower wage growth, and longer job searches. Absent a sharp shift in growth or policy, unemployment is likely to remain somewhat elevated through the remainder of 2025 with gradual stabilization as hiring normalizes.

Unemployment Rate, Seasonally Adjusted



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

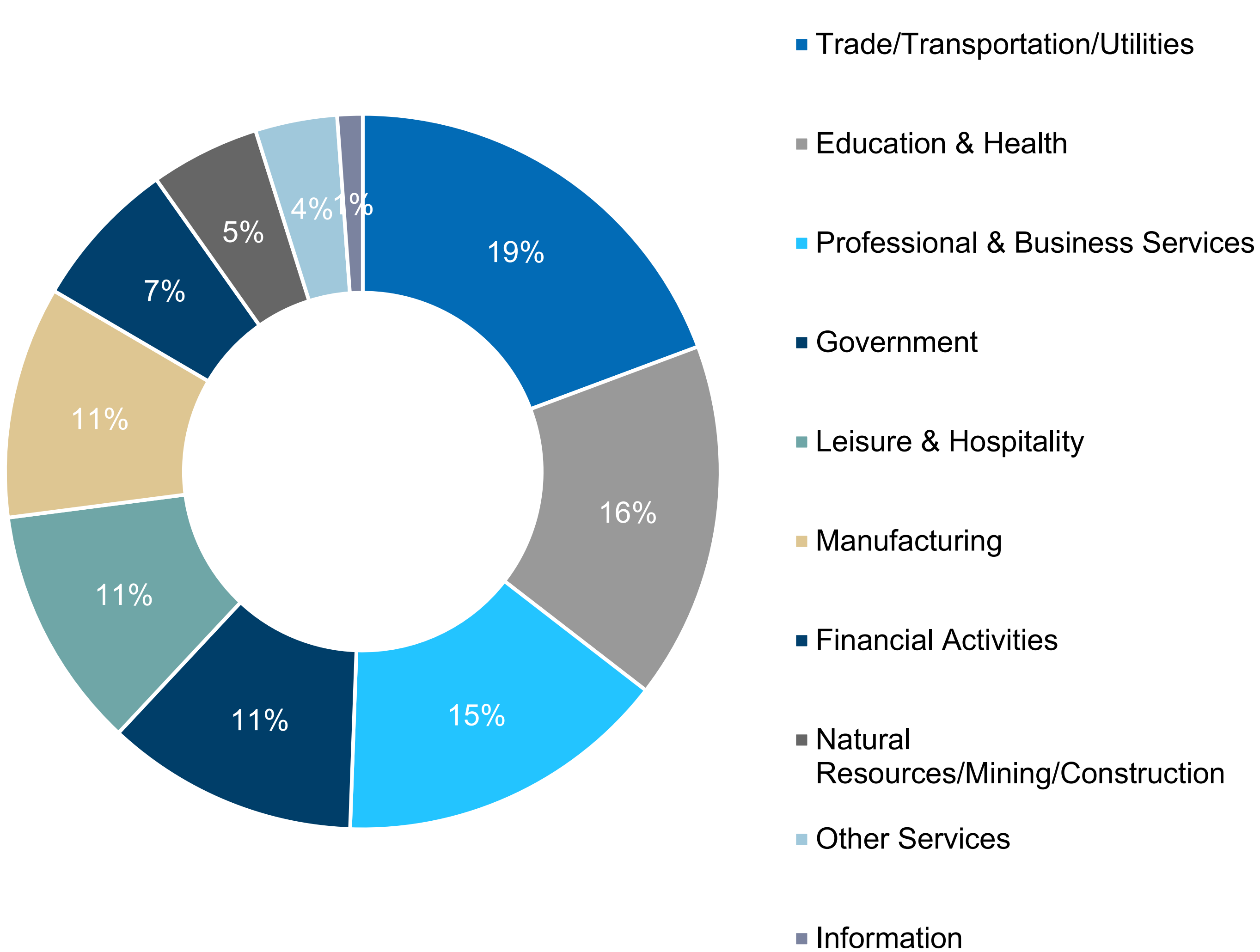


Source: U.S. Bureau of Labor Statistics, Cincinnati, OH-KY-IN

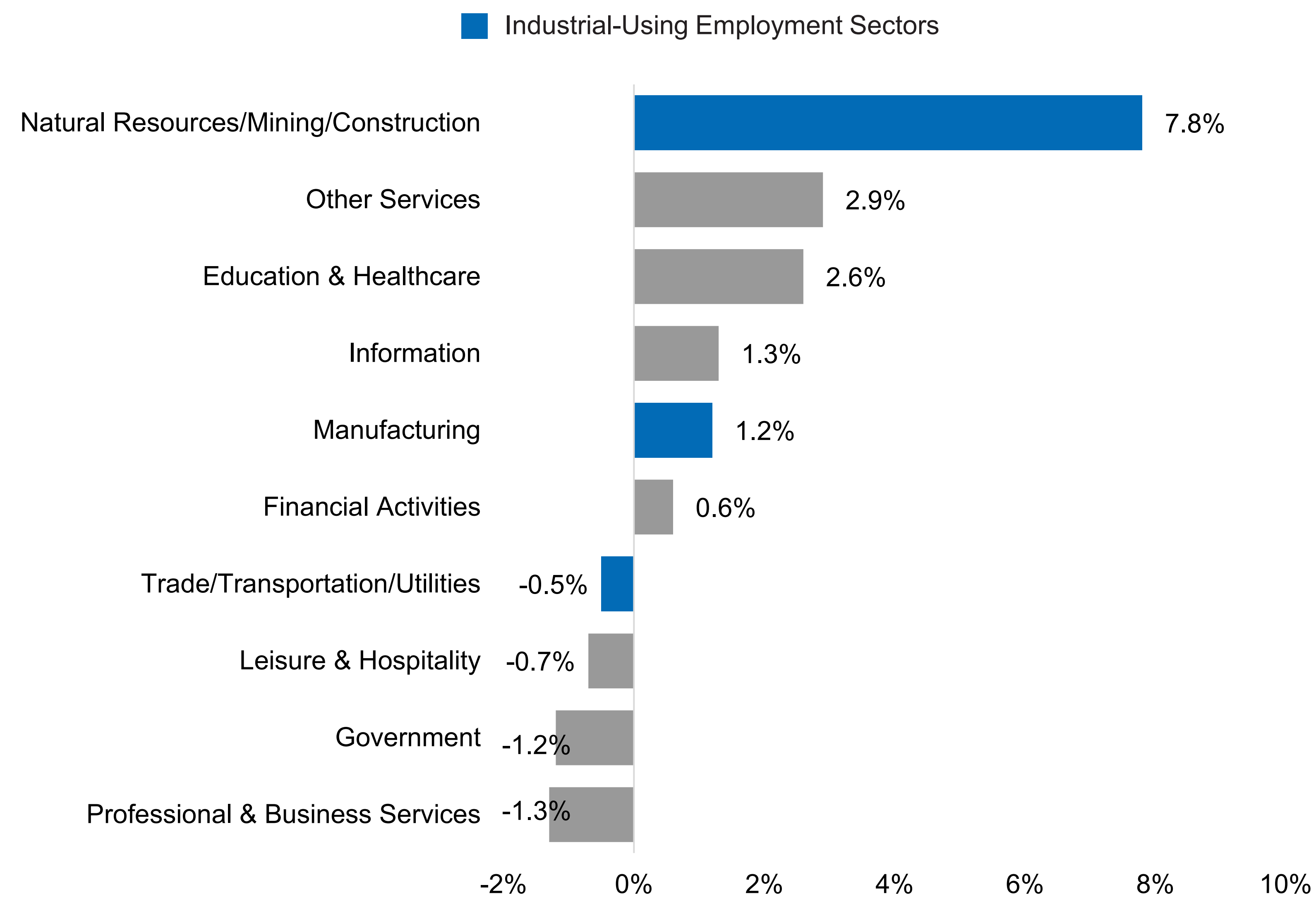
Construction Leads Cincinnati Hiring; Trade/Transport/Utilities Dip

In the Cincinnati area, the 7.8% 12-month employment gain in Natural Resources, Mining, and Construction signals strong project backlogs in infrastructure and energy and persistent demand for skilled trades; expect continued, though moderating, hiring through late 2025 as financing costs and permitting timelines temper the pace while wage pressures remain firm. Cincinnati manufacturing's 1.2% growth suggests cautious expansion centered on productivity and automation rather than broad-based headcount increases. Without a clear pickup in final demand, local job gains are likely to remain modest, with selective hiring tied to onshoring and capital projects. By contrast, the Cincinnati Trade, Transportation, and Utilities sector's negative 0.5% change points to softer freight volumes and inventory normalization. For the remainder of 2025, anticipate ongoing network optimization, slower hiring or targeted reductions in trucking and warehousing, and gradual stabilization if consumer spending and goods flows improve.

Employment by Industry, August 2025



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

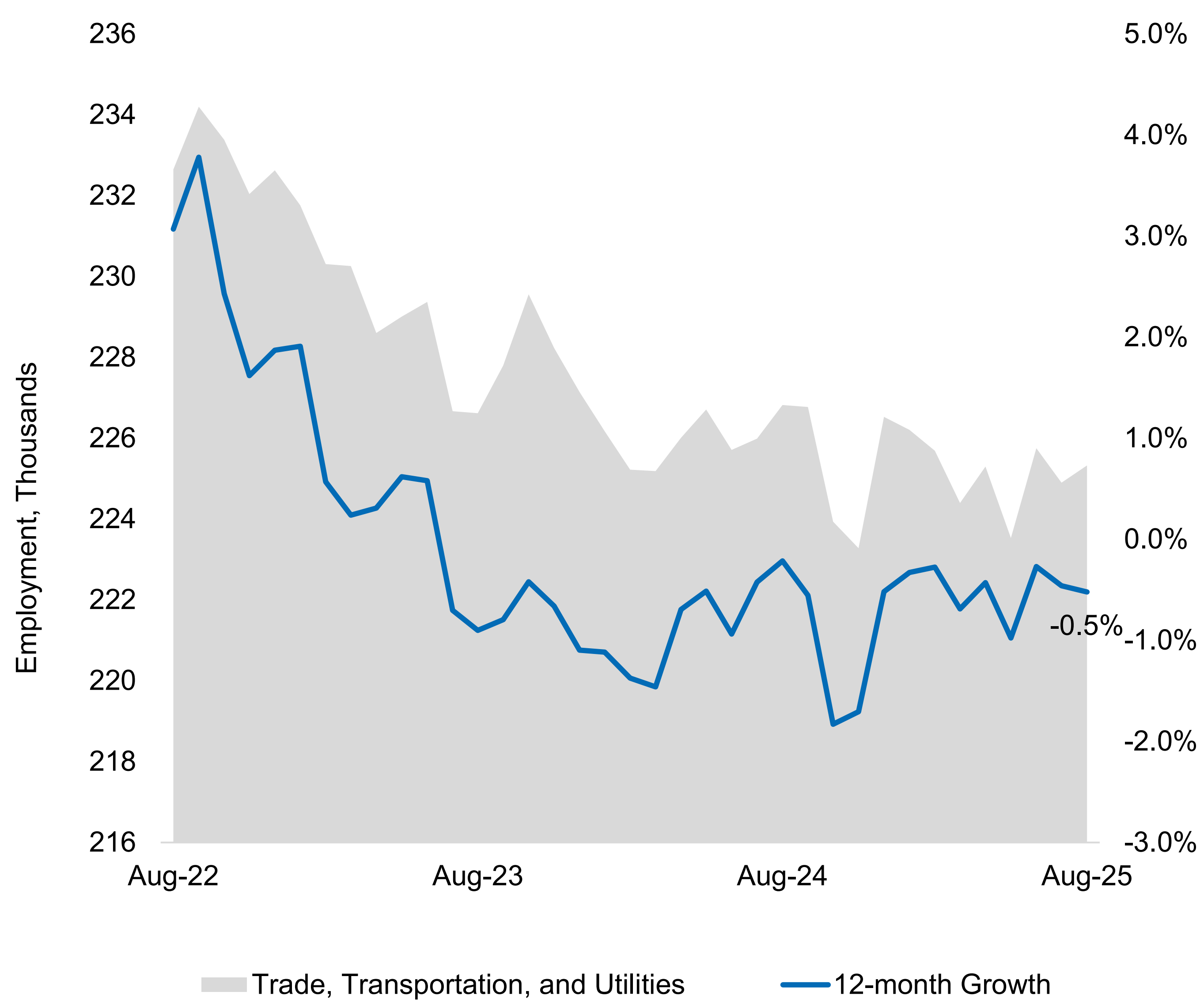


Source: U.S. Bureau of Labor Statistics, Cincinnati, OH-KY-IN

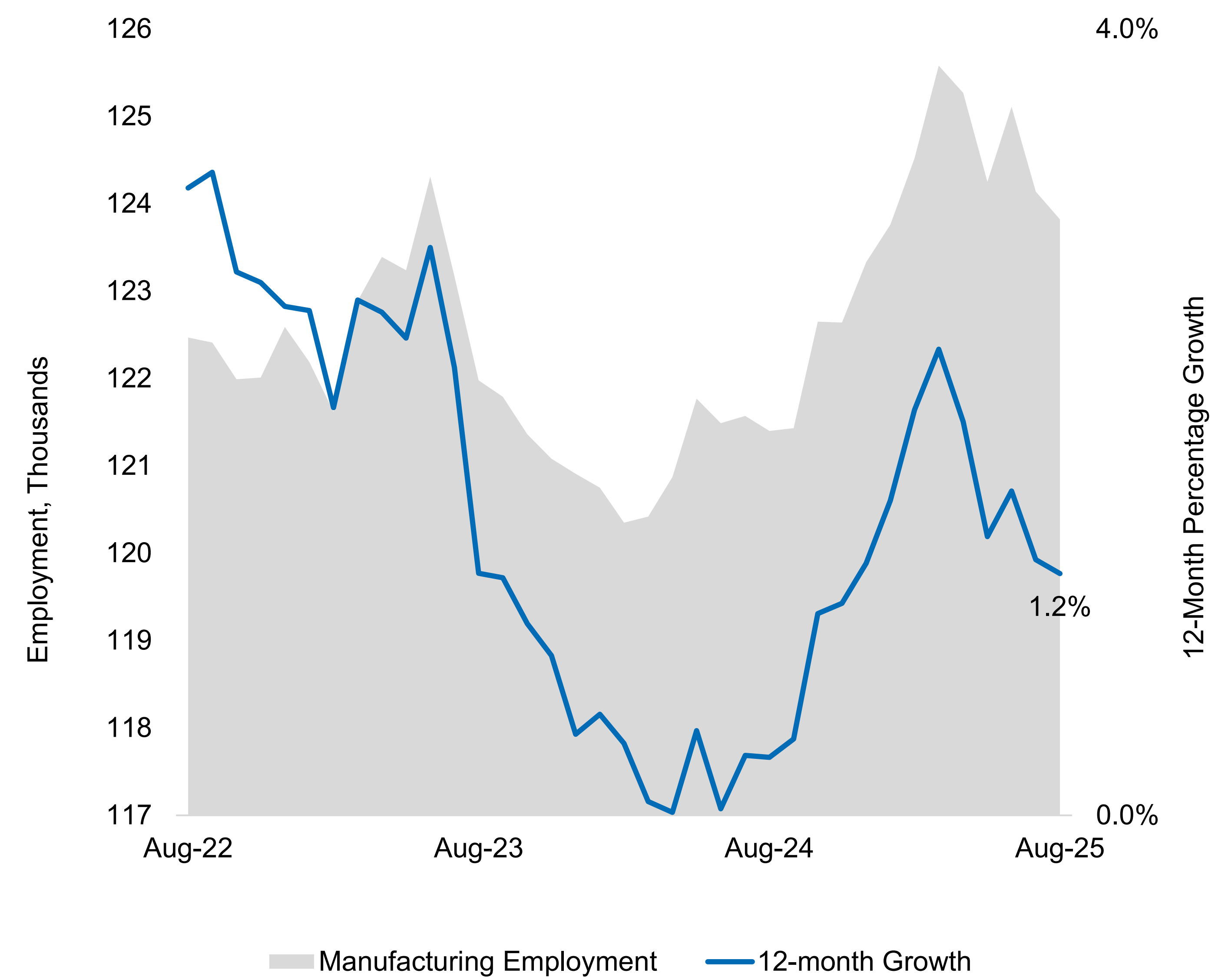
Trade & Transportation Headwinds and a Slower Manufacturing Pace

Since July 2023, Cincinnati's trade, transportation, and utilities sector has posted negative 12-month job growth, reflecting post-pandemic goods-demand normalization, inventory drawdowns, softer freight volumes, and network/automation-driven efficiency gains that reduce hiring needs. Since the start of this year, manufacturing's 12-month growth rate has also eased as higher borrowing costs, cautious capital spending, and a thinner pipeline of new orders are restraining expansion and pushing firms to prioritize productivity over headcount. Through the remainder of 2025, expect trade, transportation, and utilities employment to run flat to slightly negative as carriers and warehouses continue to optimize capacity. Manufacturing is likely to hover near zero to modest gains late in the year, contingent on lower financing costs and a clearer rebound in demand.

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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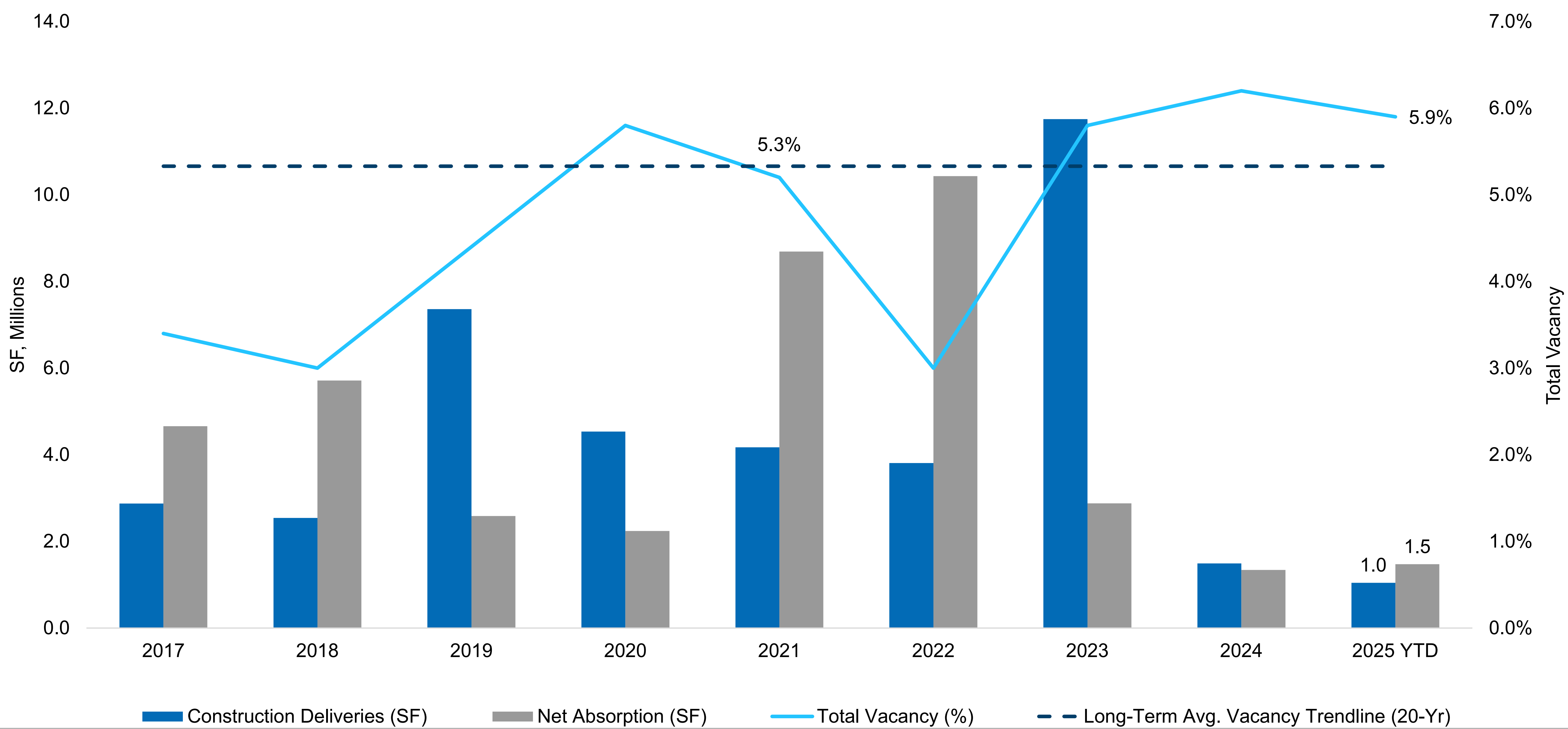
Leasing Market Fundamentals

2025 Absorption Tops 2024 as Deliveries Decline

With 2025 net absorption for industrial space now outpacing 2024 yet still trailing the highs of the past few years, Cincinnati's trend reflects a market normalizing after the pandemic-era surge. Demand remains healthy but tenants are rightsizing footprints, deals are skewing smaller, and decision cycles are longer. On the supply side, construction deliveries are running below 2024 and prior years due to tighter construction financing, elevated borrowing and carry costs, and a pullback on speculative starts since late 2023. For the balance of 2025, expect modest but positive absorption led by net new move-ins, expansions, and pre-leased projects delivering, with vacancy stabilizing or edging down, rent growth flattening on second-generation space, and constrained new supply reinforcing a flight to modern, well-located Class A assets.

Historical Construction Deliveries, Net Absorption, and Vacancy

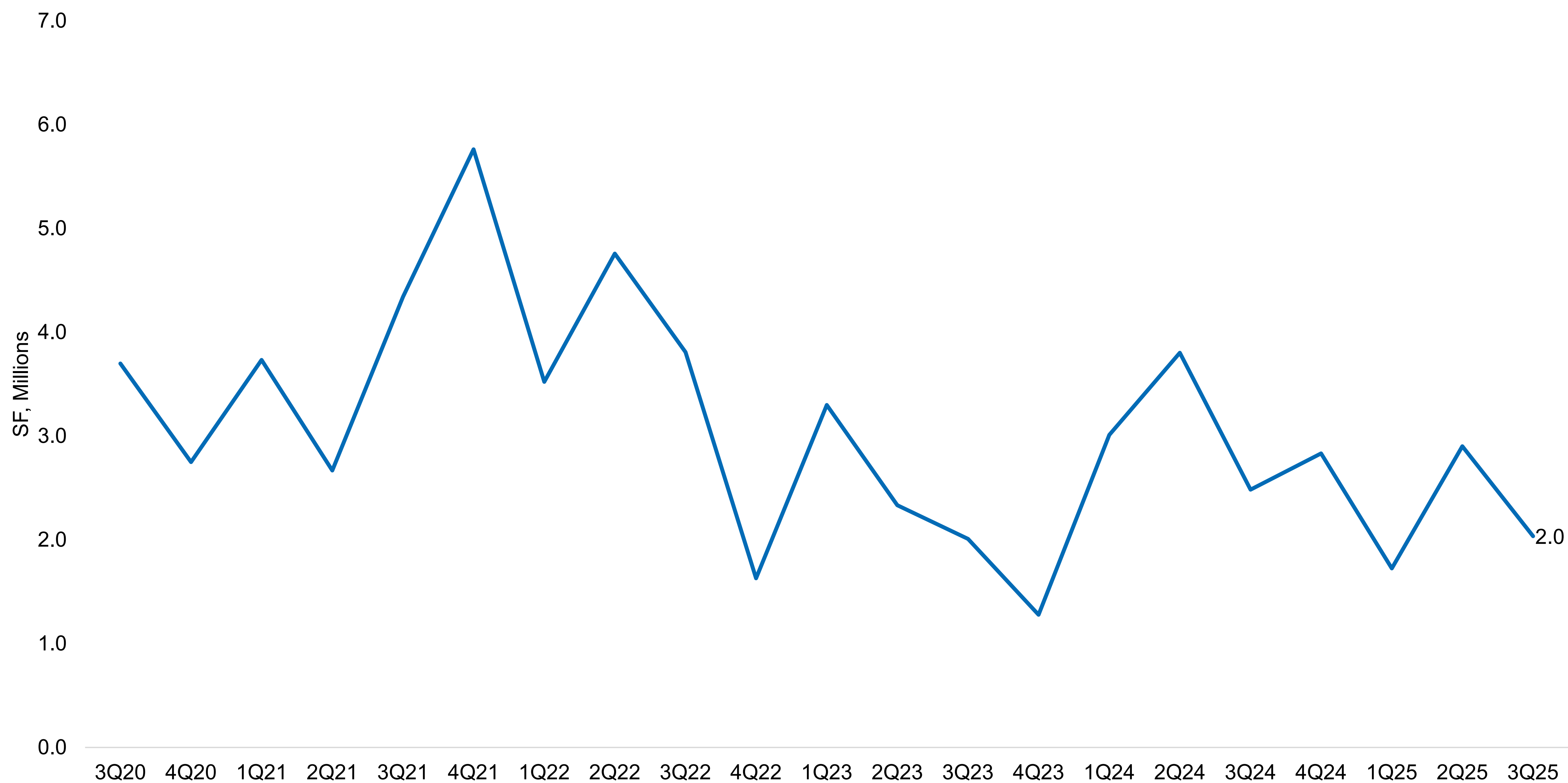


Source: Newmark Research

Leasing Volume on Track for Cycle Low

The Cincinnati industrial market's total leasing volume in 2025 is tracking well below recent years and is on pace for a cycle low. Activity has softened as occupiers consolidate footprints and defer expansions, e-commerce and inventory strategies normalize, and higher capital and TI costs push many firms toward renewals or short-term extensions rather than relocations. Limited availability of large, power-ready blocks – constrained by utility lead times, permitting delays, and a higher share of projects delivering pre-leased – plus elongated corporate approval cycles are further slowing velocity. For the remainder of 2025, expect leasing to remain subdued, skewing toward smaller and mid-box requirements, shorter terms, and late-year decisions. Pockets of activity should persist in manufacturing and assembly, but overall annual volume is likely to finish below the recent multi-year average.

Total Leasing Activity (SF)

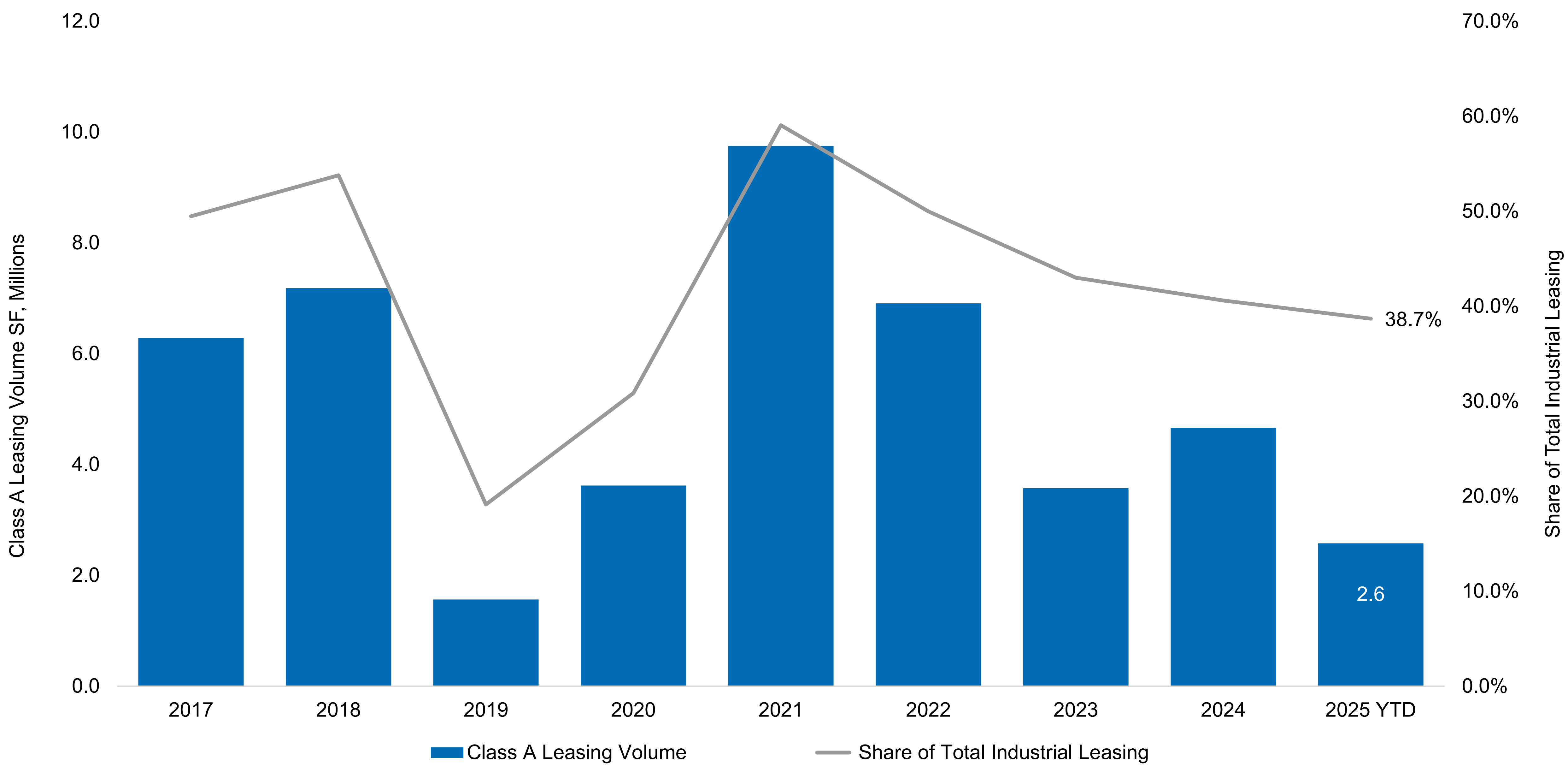


Source: Newmark Research, CoStar

Class A Captures 38.7% of Cincinnati Leasing

In Cincinnati, Class A industrial space accounts for 38.7% of 2025 leasing volume – the lowest share since 2020. This reflects occupiers prioritizing value in second-generation space amid tighter budgets, shorter lease terms, and efforts to reduce TI and occupancy costs, while limited availability of large, modern Class A block (and a higher share of pre-lease deliveries) has further capped activity. For the remainder of 2025, expect Class A leasing to remain measured but steady – driven by production and assembly operators and requirements needing modern specs (clear heights, trailer parking, power) – with the Class A share stabilizing or edging up modestly if a handful of late-year transactions land, though overall activity will likely stay below recent peaks.

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

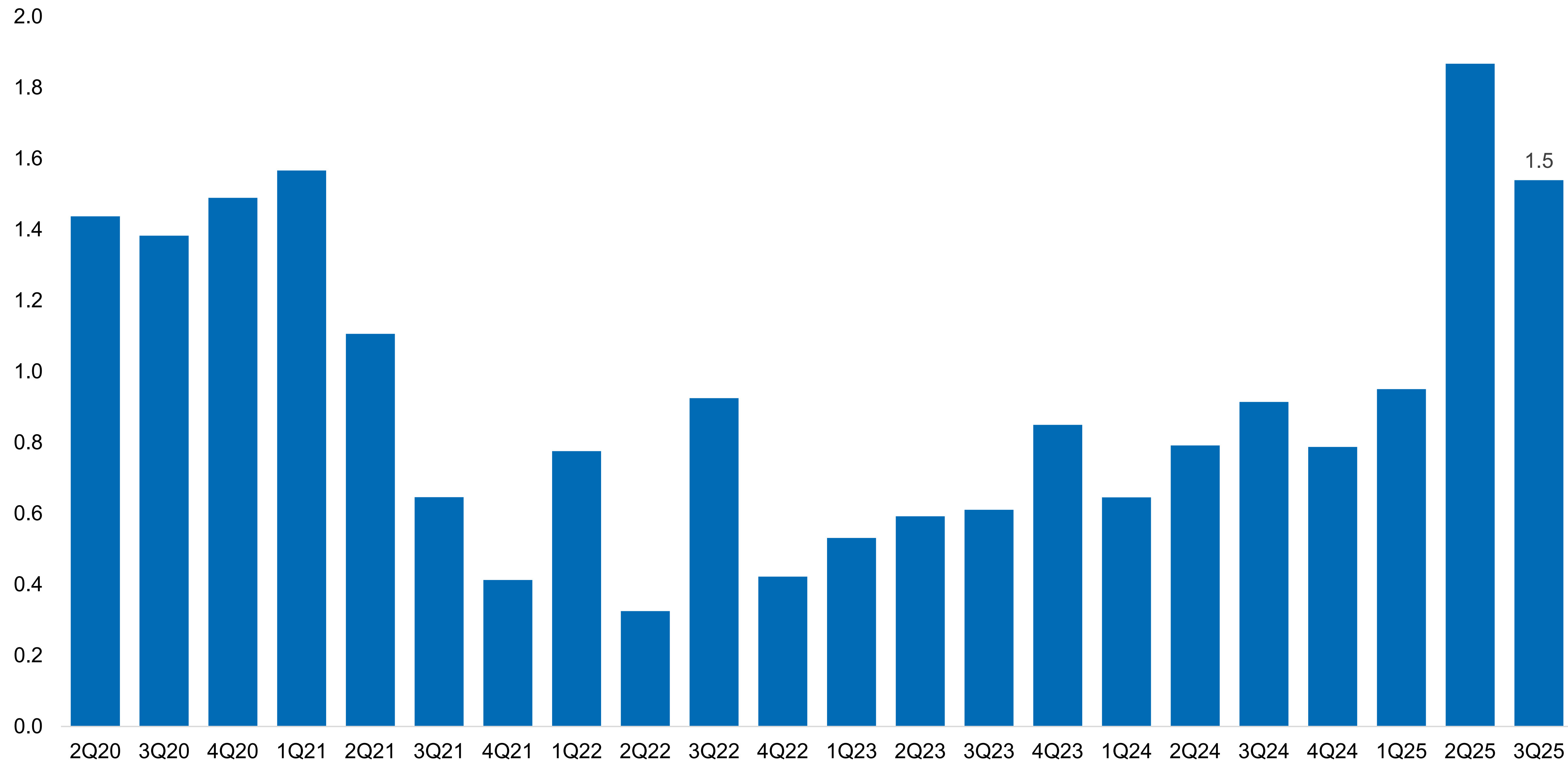


Source: Newmark Research, CoStar

Sublease Space Dips in 3Q25, Still Above Historical Norms

In Cincinnati's industrial market, sublease availability declined from the second quarter to the third quarter but remains well above long term norms. The pullback reflects successful backfilling of plug-and-play space, some withdrawals as occupiers reassess needs, and steady demand for well-located options. Elevated levels persist due to earlier space expansions, cost-control initiatives that left surplus footprints, and longer corporate decision cycles that slow re-tenanting. For the rest of 2025, expect a gradual, uneven reduction in sublease space: modern flexible blocks should transact first, while older or highly specialized space lingers, and a portion of listings may convert to direct availability as remaining sublease terms shorten – leaving year-end levels lower than midyear but still above historical averages.

Available Industrial Sublease Volume (MSF)

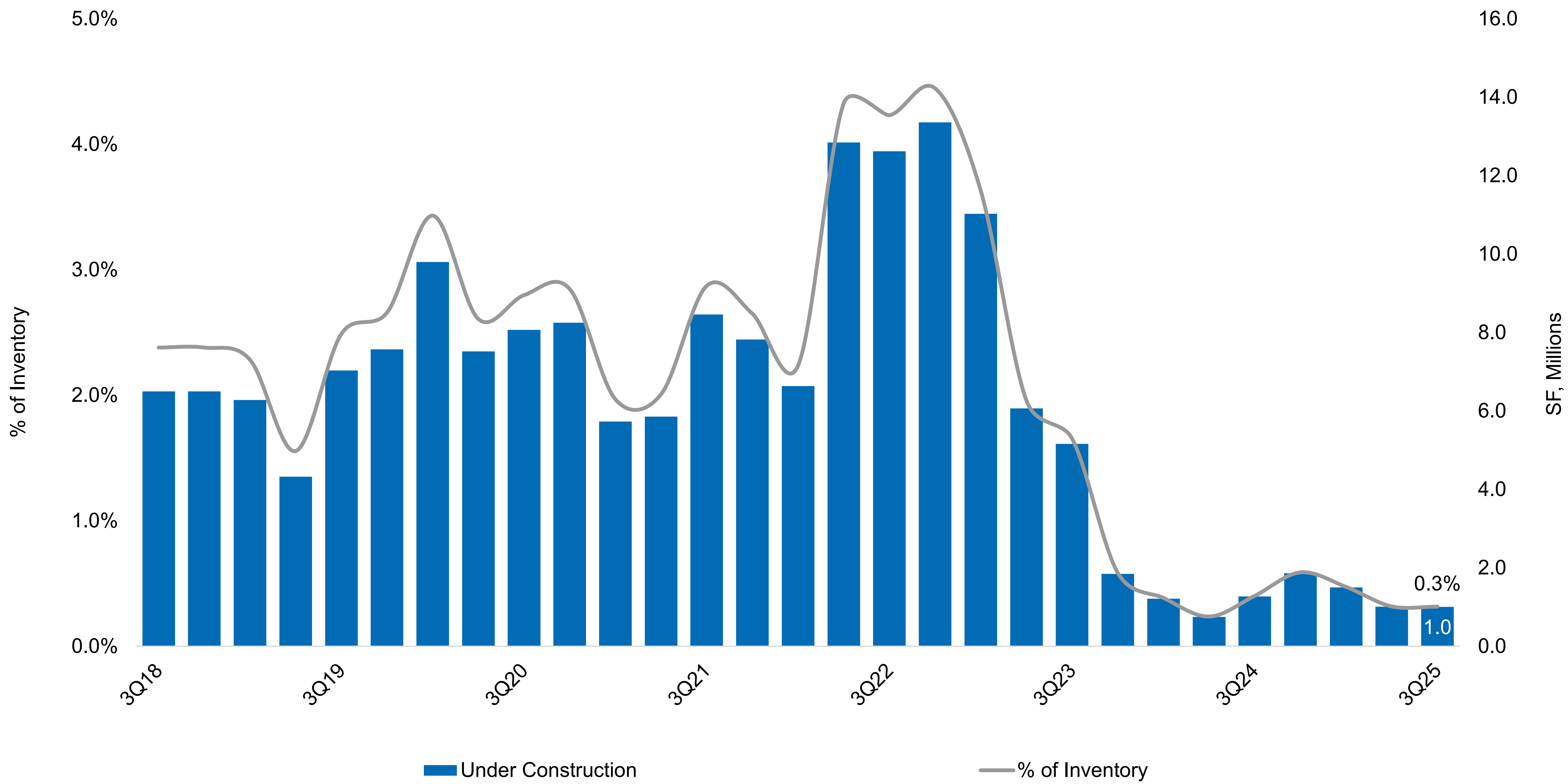


Source: Newmark Research

Cincinnati Industrial Pipeline Remains Tight

Industrial projects under construction in Cincinnati account for just 0.3% of total inventory, and the market has remained below 1.0% since the third quarter of 2023. With no speculative builds underway and development focused on build-to-suit for committed users, the lean pipeline reflects tighter construction financing, higher carry and TI costs, longer utility lead times, and stronger lender requirements for pre-leasing. For the remainder of 2025, expect starts to remain limited, deliveries to be modest and build-to-suit heavy, and any speculative moves to require significant pre-commitments in prime submarkets – supporting stable-to-slightly lower vacancy in modern product and measured leasing velocity concentrated in users with specific power, parking, clear-height needs.

Industrial Under Construction and % of Inventory

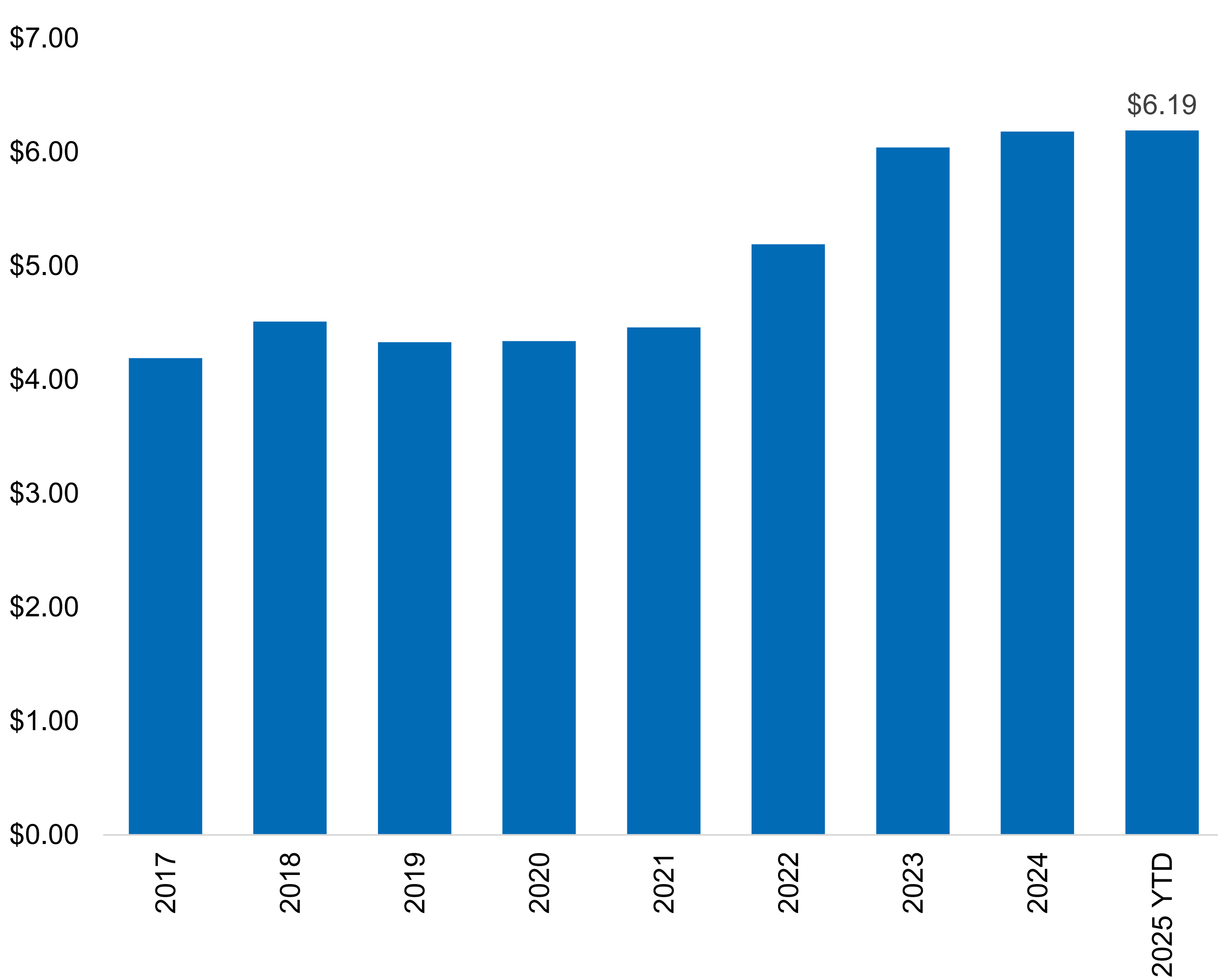


Source: Newmark Research, CoStar

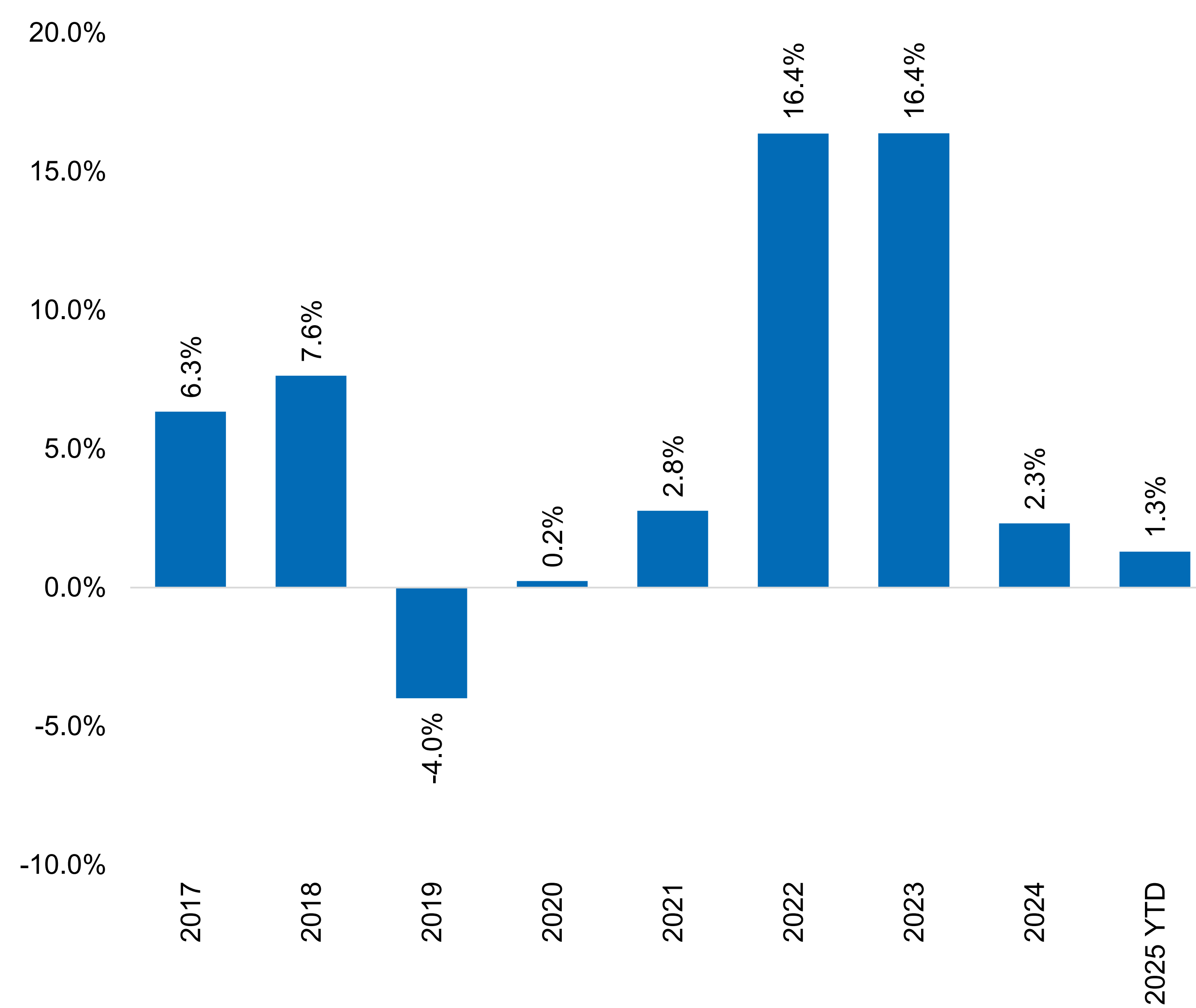
Rent Growth at 1.3% YTD, Lowest Since 2020

Year to date, Cincinnati's industrial asking rents are up 1.3% year over year – the slowest pace since 2020 – with average rates largely holding steady after the step-up in 2023. The deceleration reflects softer leasing velocity, greater price sensitivity, and landlords relying more on concessions (free rent and TI) rather than cutting face rates, while a lean construction pipeline helps prevent broad declines. For the remainder of 2025, expect asking rents to remain mostly flat to modestly positive: Class A should hold firm given limited new supply, older product will stay competitive with concessions, and effective rents will likely trail posted rates until demand reaccelerates.

Industrial Average Asking Rent, $/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 3Q25 Lease Transactions

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Tenant	Building	Submarket	Type	Square Feet
DB Schenker	710 Clymer Ct.	Florence/Richwood	New Lease	580,590
Cencora	9981 Harrison Ave.	West	New Lease	533,676
Procter & Gamble	175 Progress Pl.	Tri-County	Renewal	284,209
Shorr Packaging	12111-12151 Best Pl.	Tri-County	Renewal & Expansion	156,800
American Battery Solutions	11700 Chesterdale Rd.	Tri-County	New Lease	112,477

Source: Newmark Research

Notable 3Q25 Sale Transactions (Supplemental Slide)

Notable 3Q25 Sale Transactions

Buyer	Seller	Address	Submarket	Square Feet	Price	Price/SF
CAS Aerospace	The Cincinnati Steel Treating Company	5657 Wooster Pike	Central/Midtown	85,000	Undisclosed	Undisclosed
Tenet Equity Partners	Cincinnati Incorporated	7420 Kilby Rd.	West	501,774	$23,952,096	$47.72
*Merus	AtriCure Inc	7595 Innovation Way	I-71 Corridor	38,500	$6,250,000	$162.34
*T3 Development	Milford Self Storage	2881 E. Sharon Rd.	Woodlawn/Evendale	54,966	$3,020,000	$54.85

*Investment Sale

Source: Newmark Research

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