

# Cincinnati Industrial Market Overview

# Market Observations

## Economy

- Cincinnati ended the fourth quarter of 2024 with a stable 4.0% unemployment rate, reflecting a robust economy poised for continued growth, leveraging its strategic location and diverse economic base.
- Over the past year, the manufacturing sector experienced a slight employment increase. The mining/logging/construction and trade/transportation/utilities sectors faced job declines.

## Major Transactions

- The two largest lease transactions this quarter were new leases by WinIt at 7050 New Buffington Rd. in the Florence/Richwood submarket for 583,858 SF and Dawson Logistics at 4350 Port Union Rd. in the Tri County submarket for 117,348 SF.
- Thermo Fischer purchased 10409 Robert Spegal Rd., a 306,000 SF facility, for \$35.8 million, or \$117.00/SF.
- Two industrial properties traded hands this past quarter as part of a portfolio acquisition by EQT Exeter from Raith Capital Partners. The two properties, 9180 LeSaint Dr. and 7401 Union Centre Blvd., totaled 259,243 SF and were sold for a combined \$20.9 million.

## Leasing Market Fundamentals

- Absorption was 578,362 SF this past quarter, bringing 2024 total net absorption to 1.3 million SF.
- Class A Warehouse leases rose to 40.0% of Cincinnati's leasing activity from 33.8% in 2023.
- In the fourth quarter, Cincinnati saw a decrease in industrial sublease space availability, reflecting stabilization in lease renewals and heightened demand for existing spaces.
- Construction activity in Cincinnati was low in 2024, with only two spec buildings under construction as the year concluded.

## Outlook

- The Cincinnati industrial market points toward moderate growth, driven by sustained demand in manufacturing and trade/transportation/utilities.
- The construction pipeline in Cincinnati is currently 1.8 million SF. We can anticipate a ramp-up in development activity as market demands increase and economic conditions become more favorable for expanding industrial capabilities.
- Companies are expected to focus on efficiency and sustainability, factoring in technological advancements to optimize operations and space utilization within this increasingly competitive market landscape.

1. Economy
2. Leasing Market Fundamentals

4Q24

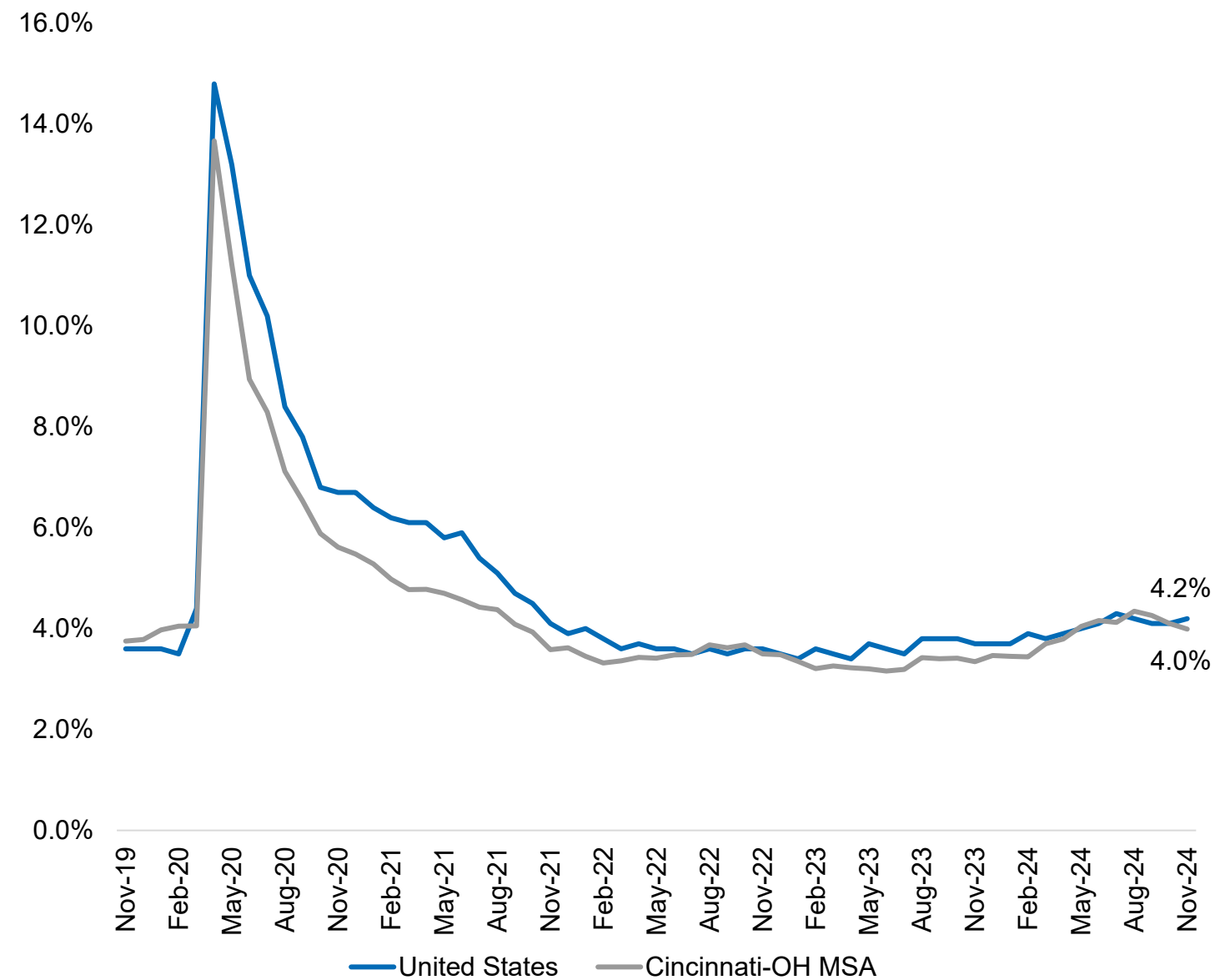
# Economy



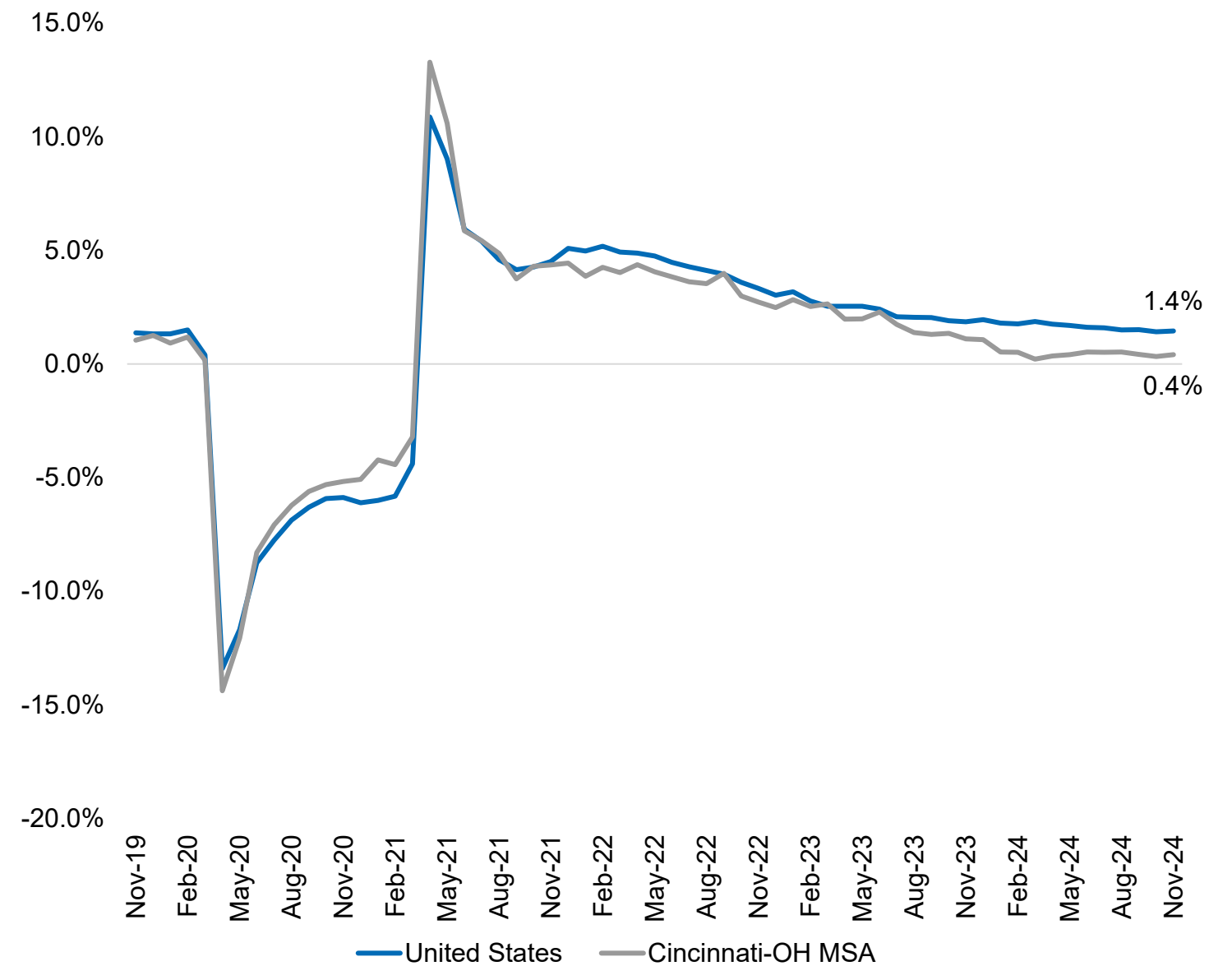
# Cincinnati's Unemployment Rate Remains Steady

As the fourth quarter of 2024 came to an end, Cincinnati maintained a stable unemployment rate of 4.0%, indicating a healthy economic landscape amid continuous growth and development in the area. Looking forward, Cincinnati's economic outlook remains positive, with the expectations for continued growth as the region capitalizes on its strategic geographic advantages and diverse economic base.

Unemployment Rate, Seasonally Adjusted



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

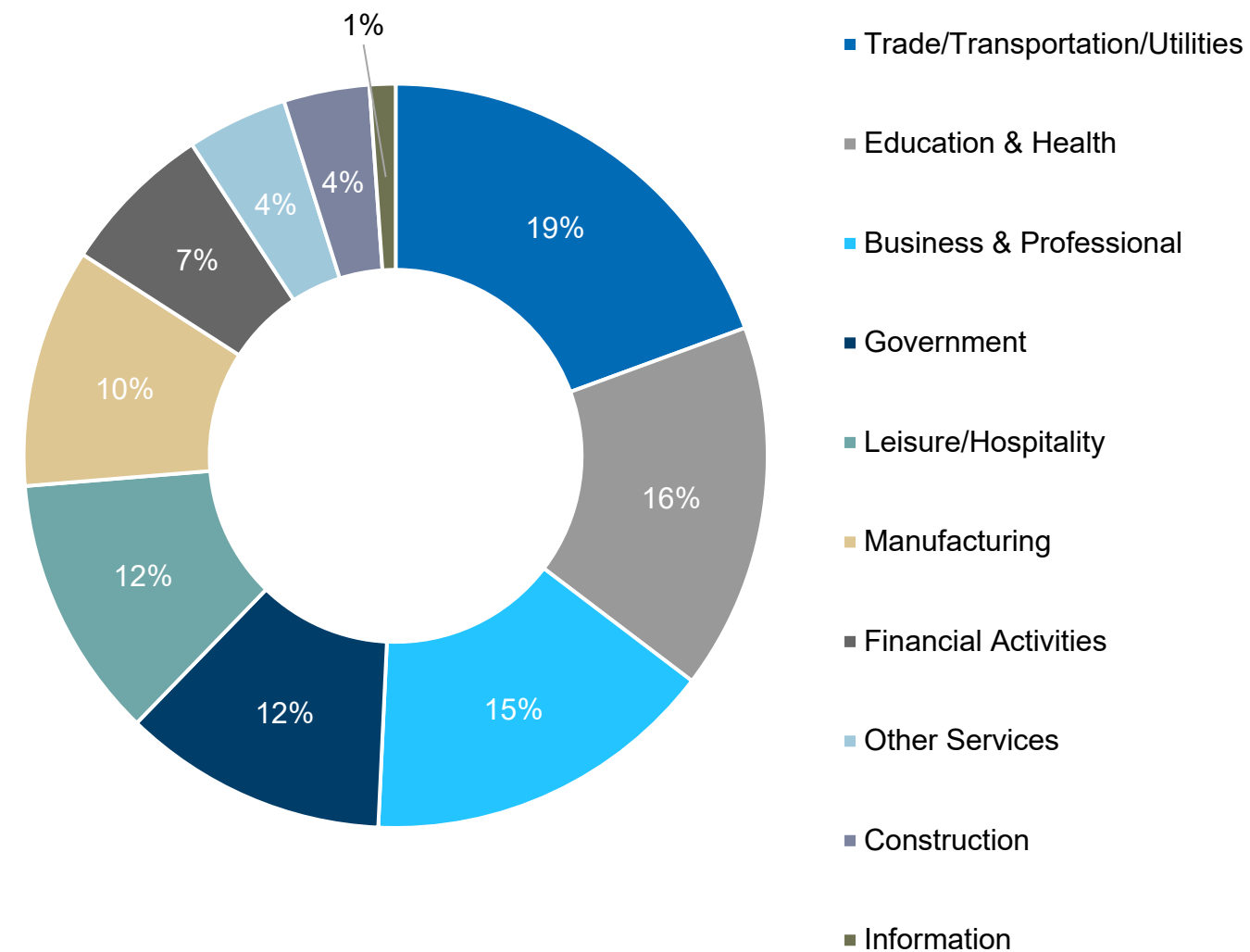


Source: U.S. Bureau of Labor Statistics, Cincinnati, OH-KY-IN

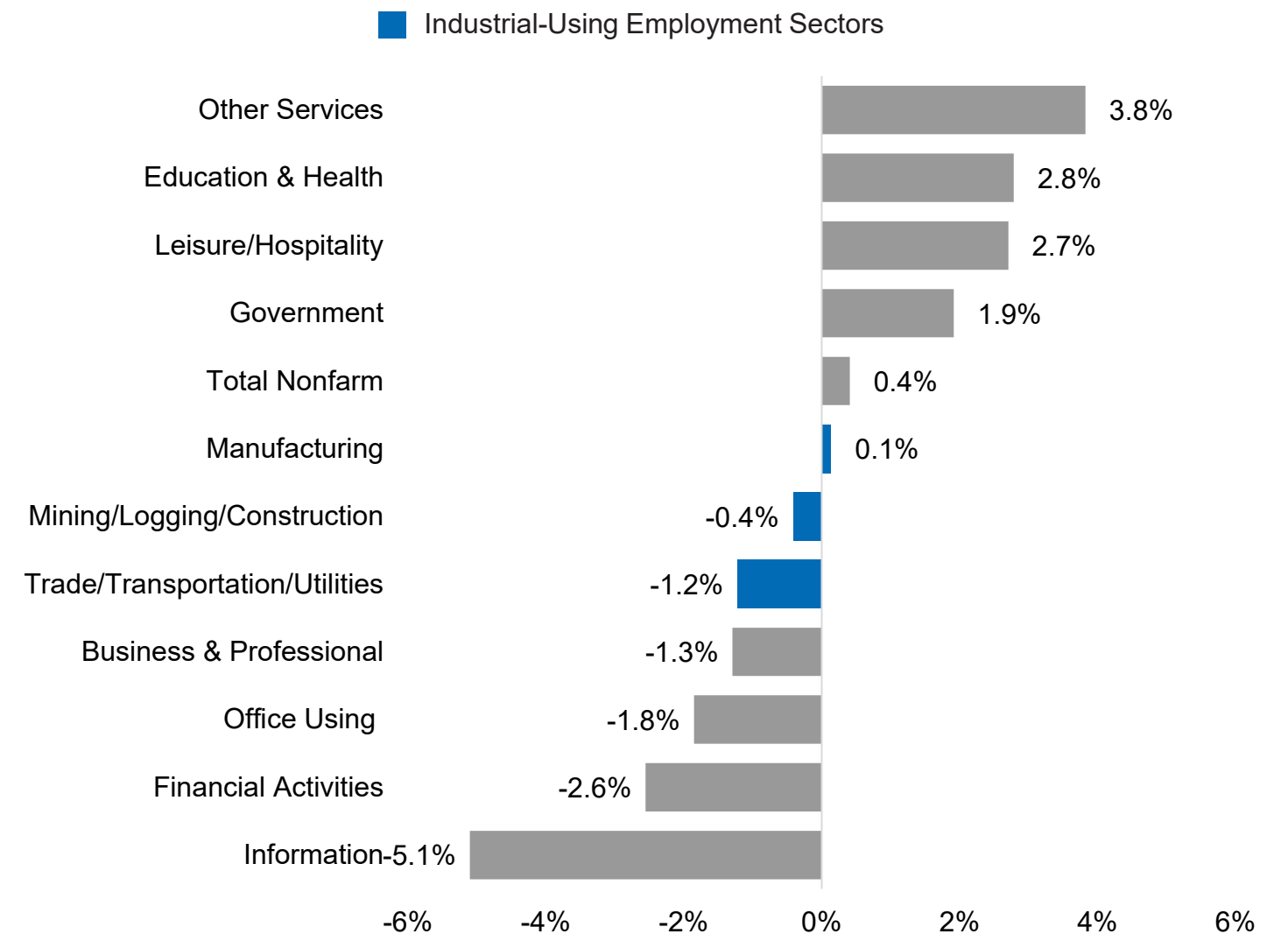
# Manufacturing and Construction Employment Rises in Late 2024

The manufacturing sector saw a modest rise in employment over the past year, suggesting a gradual, though slow, recovery in this area. In contrast, the mining, logging, and construction sectors, as well as the trade, transportation, and utilities sectors, experienced a decrease in employment year-over-year. These sectors are grappling with challenges such as varying demand, regulatory adjustments, and changes in market needs, potentially leading to reductions in jobs.

Employment by Industry, November 2024



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

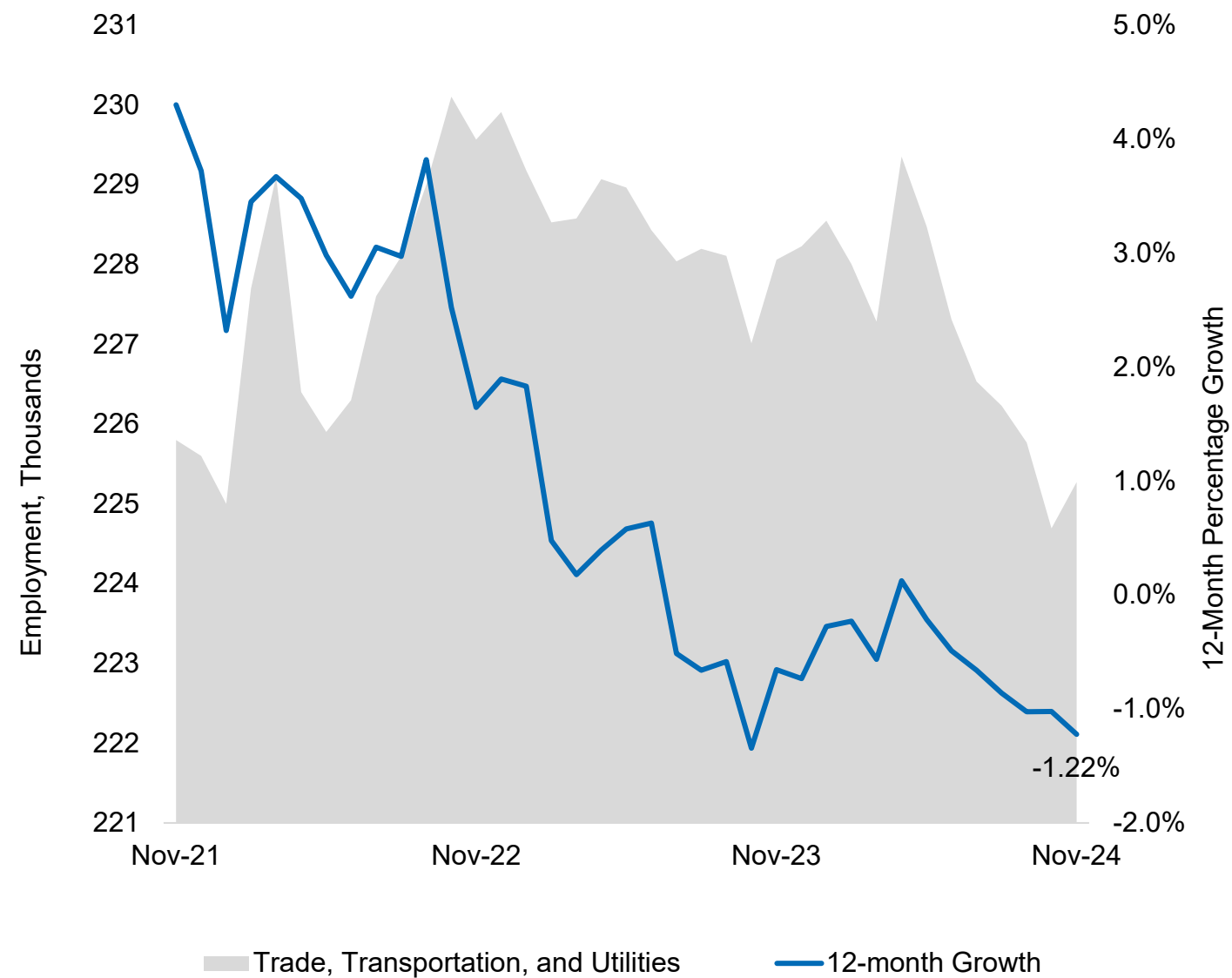


Source: U.S. Bureau of Labor Statistics, Cincinnati, OH-KY-IN

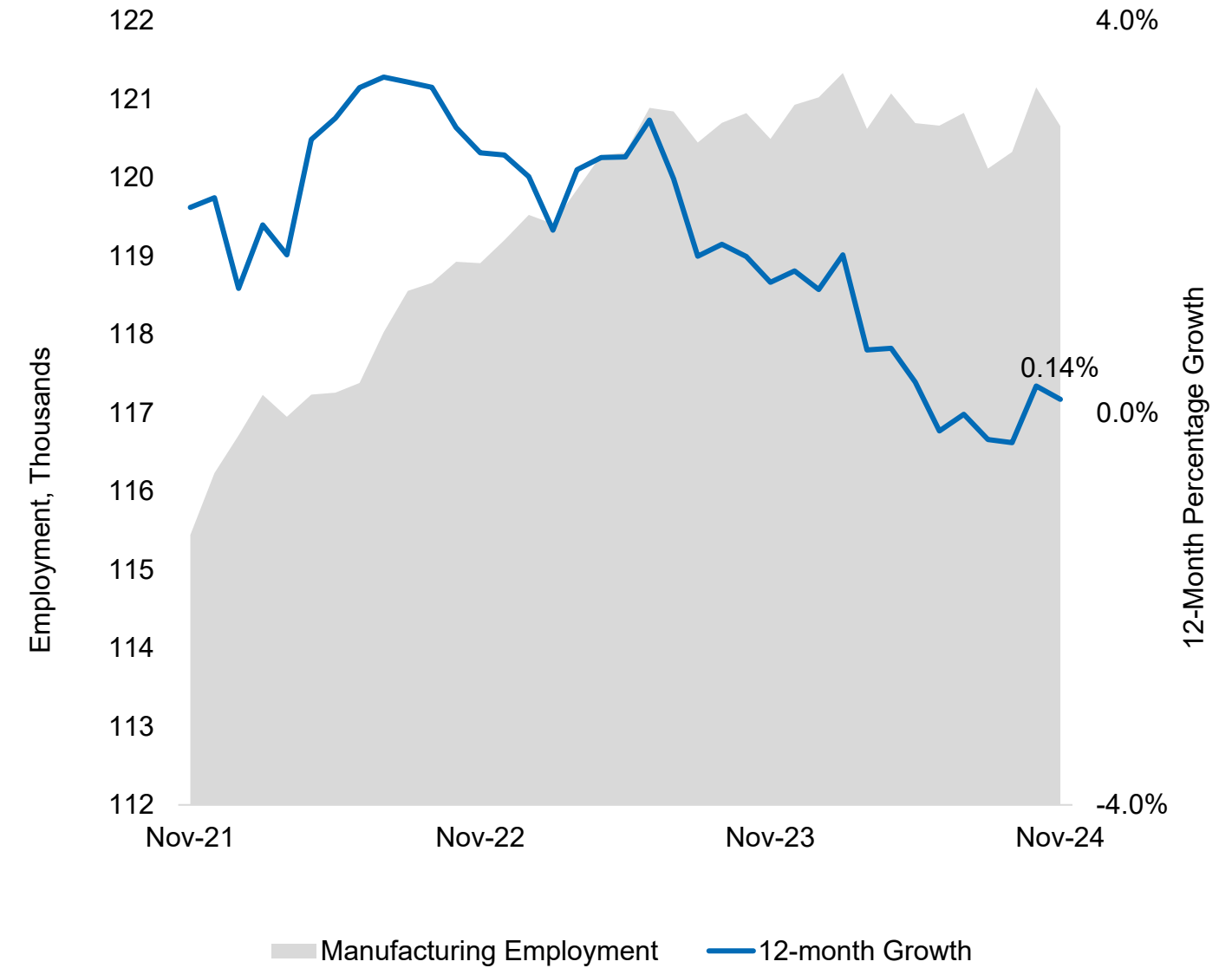
# Trade and Transportation Employment Drops, Manufacturing Holds Steady

From November 2023 to November 2024, employment in the trade, transportation, and utilities sectors experienced a year-over-year decline, primarily due to persistent supply chain disruptions, higher operational costs, and shifting consumer demand impacting jobs in these industries. The manufacturing sector recorded a slight year-over-year increase in employment, reflecting modest growth as manufacturers adapted to new technologies and automation while meeting increased production demands.

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

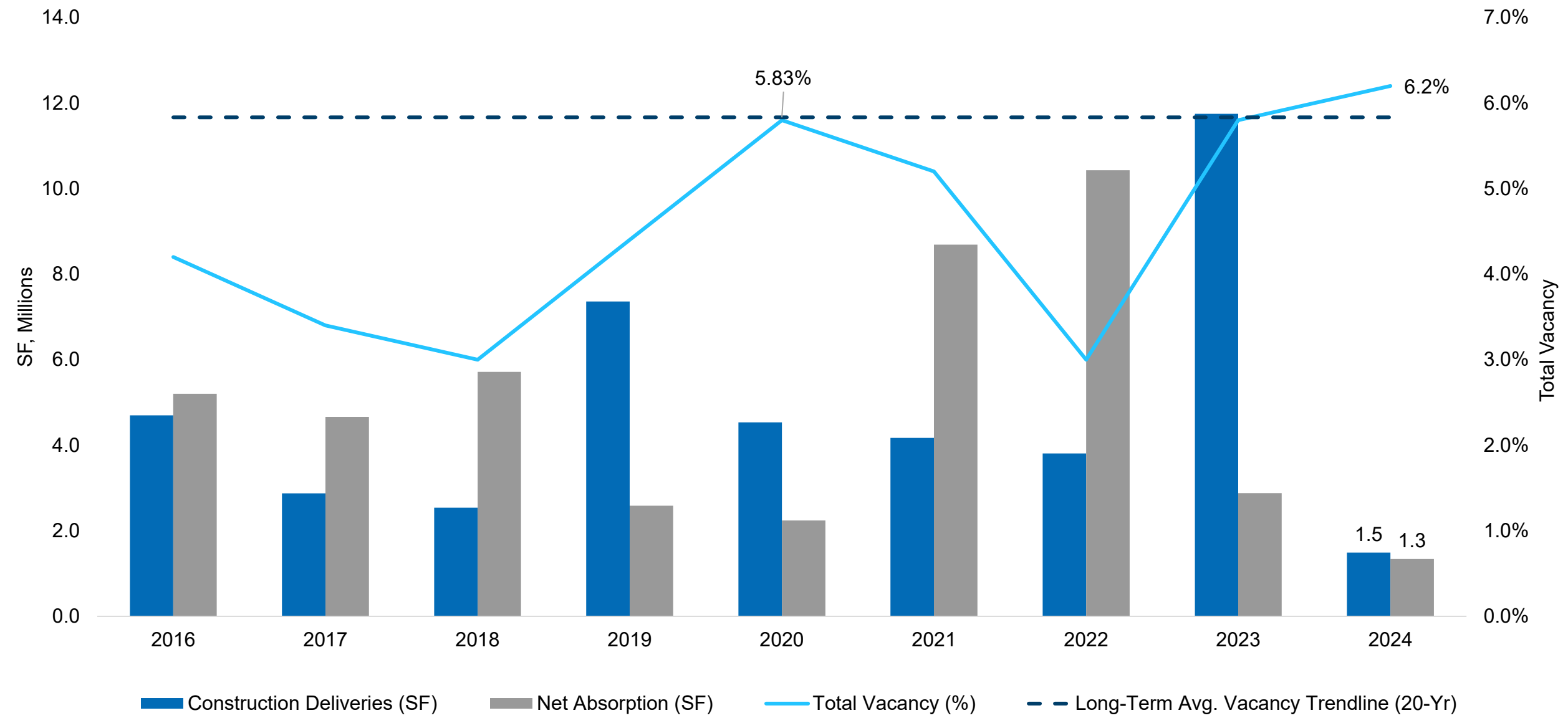




# Net Absorption Trends and Rising Vacancy Rates

Net absorption for the year has shown an increase compared to 2023, indicating a positive shift in market recovery. However, when compared to the benchmarks of the past eight years, the current levels are still significantly lower. This indicates that, despite some recovery signs, the market still hasn't returned to its past peaks. Influences such as ongoing economic uncertainties and shifts in consumer preferences might be affecting the real estate landscape. Furthermore, the vacancy rate has climbed from 5.8% in 2023 to 6.2% in 2024, surpassing the 20-year average. This rise suggests a softening market, likely driven by changes in supply, demand, and broader economic conditions affecting occupancy rates.

Historical Construction Deliveries, Net Absorption, and Vacancy

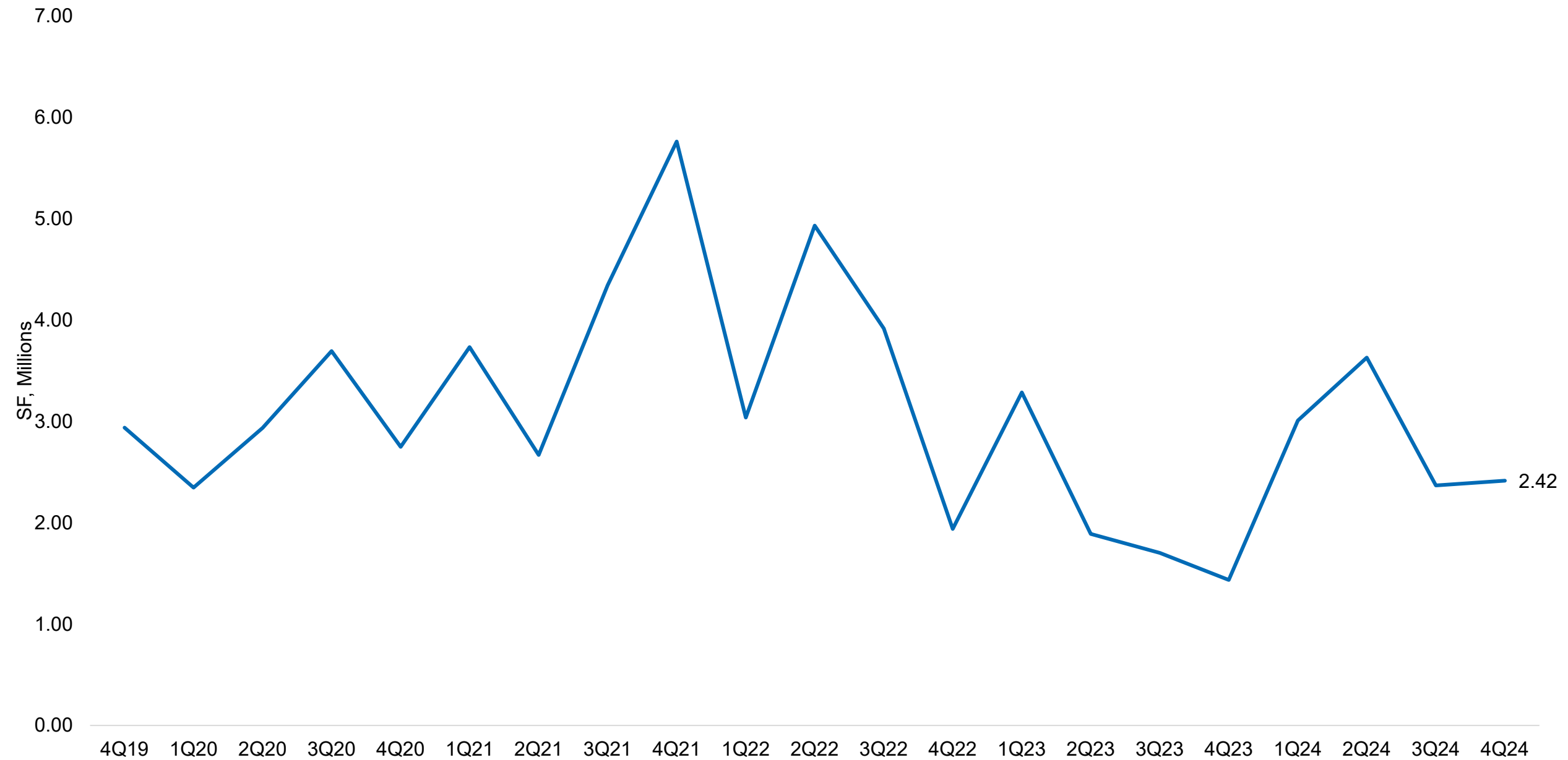


Source: Newmark Research

# Improved Leasing Activity in Cincinnati Signals Strong 2025

Cincinnati saw a slight increase in leasing activity, which enhanced absorption numbers, indicating improved occupancy levels and market health. Looking ahead to 2025, this positive trend is expected to continue, potentially leading to tighter vacancy rates and higher competition for available spaces if the demand persists.

## Total Leasing Activity (SF)

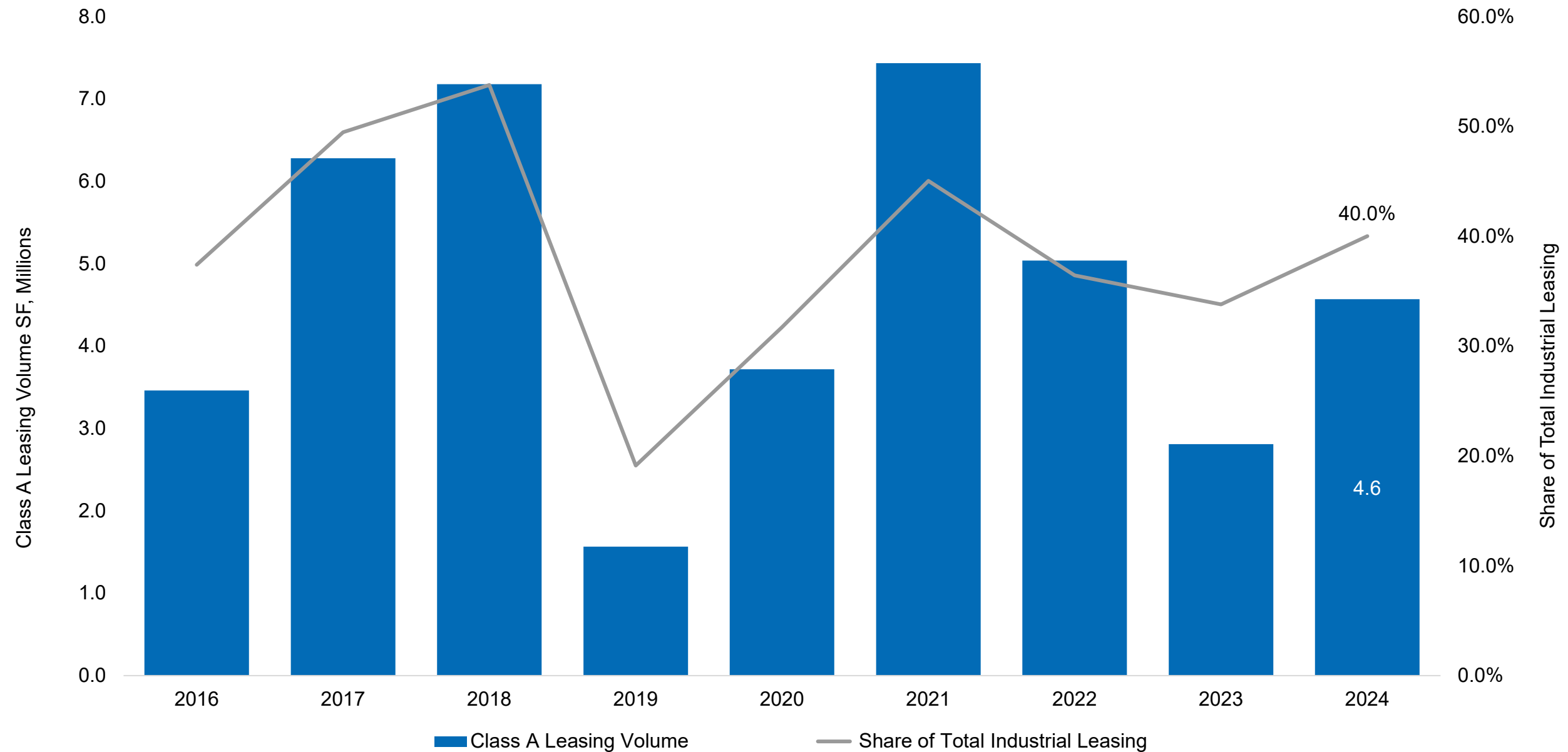


Source: Newmark Research, CoStar

# Class A Warehouse Demand Surges: What to Expect in 2025

In 2024, Class A Warehouse leases accounted for 40.0% of Cincinnati's leasing activity, up from 33.8% in 2023, driven by the rising demand for high-quality industrial facilities amid the e-commerce boom. Looking to 2025, this demand is expected to grow as companies continue to focus on logistics efficiency, leading to more leasing activity and potentially higher rental rates. Increased competition for premium spaces will likely drive innovation in property features and space utilization.

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

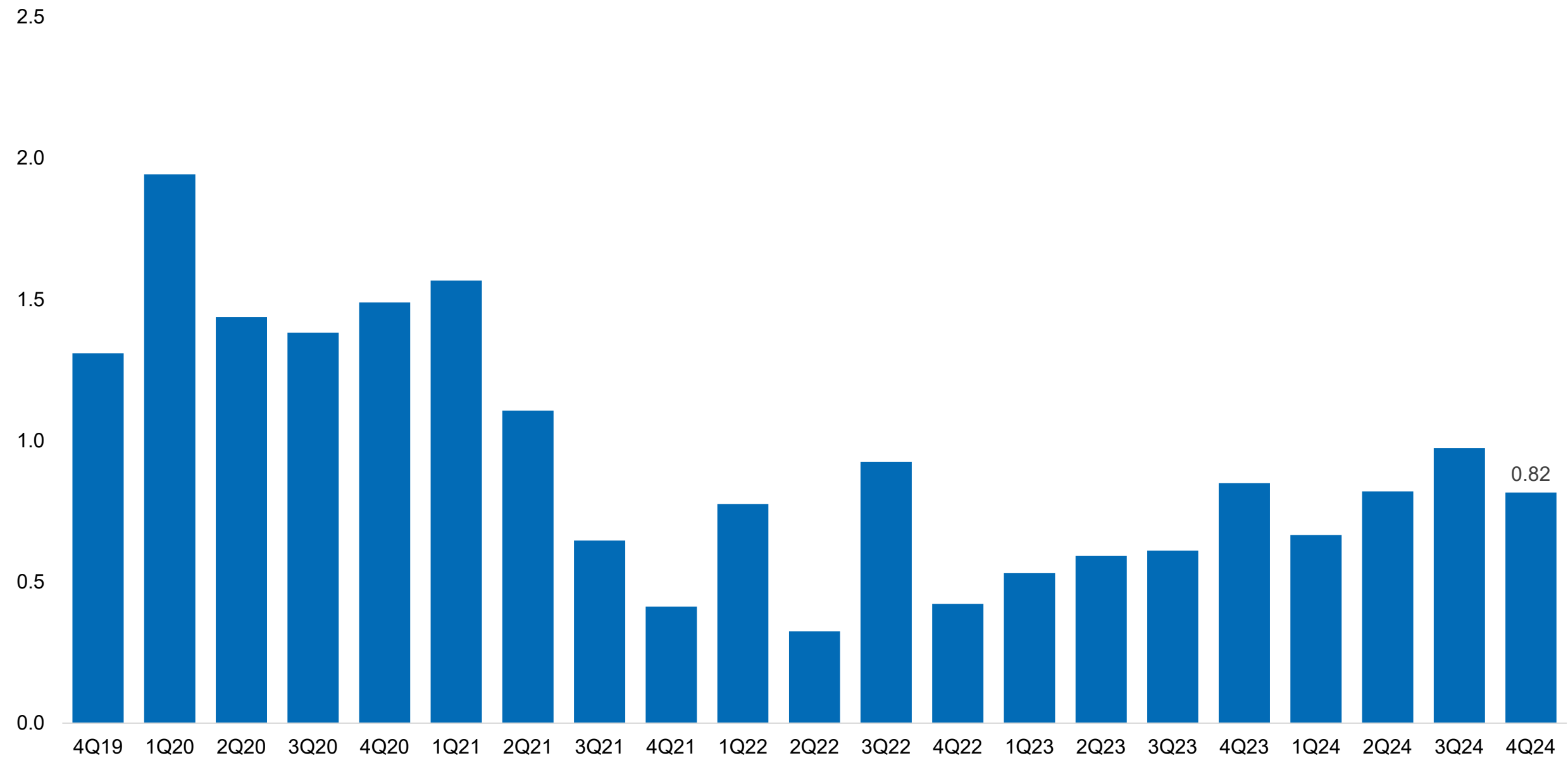


Source: Newmark Research, CoStar

# Decreased Sublease Space in 4Q

In 2024, Cincinnati's industrial sublease space increased from 665,513 SF in the first quarter to a peak of 974,268 SF in the third quarter. However, by the fourth quarter, the sublease space available reduced to 816,645 SF. This change suggests that the subleases were either occupied by new tenants or their lease agreements expired, allowing for new leasing opportunities. Additionally, businesses may have decided to reclaim space due to an upturn in economic conditions or increased seasonal demand necessitating additional operational capacity.

Available Industrial Sublease Volume (msf)

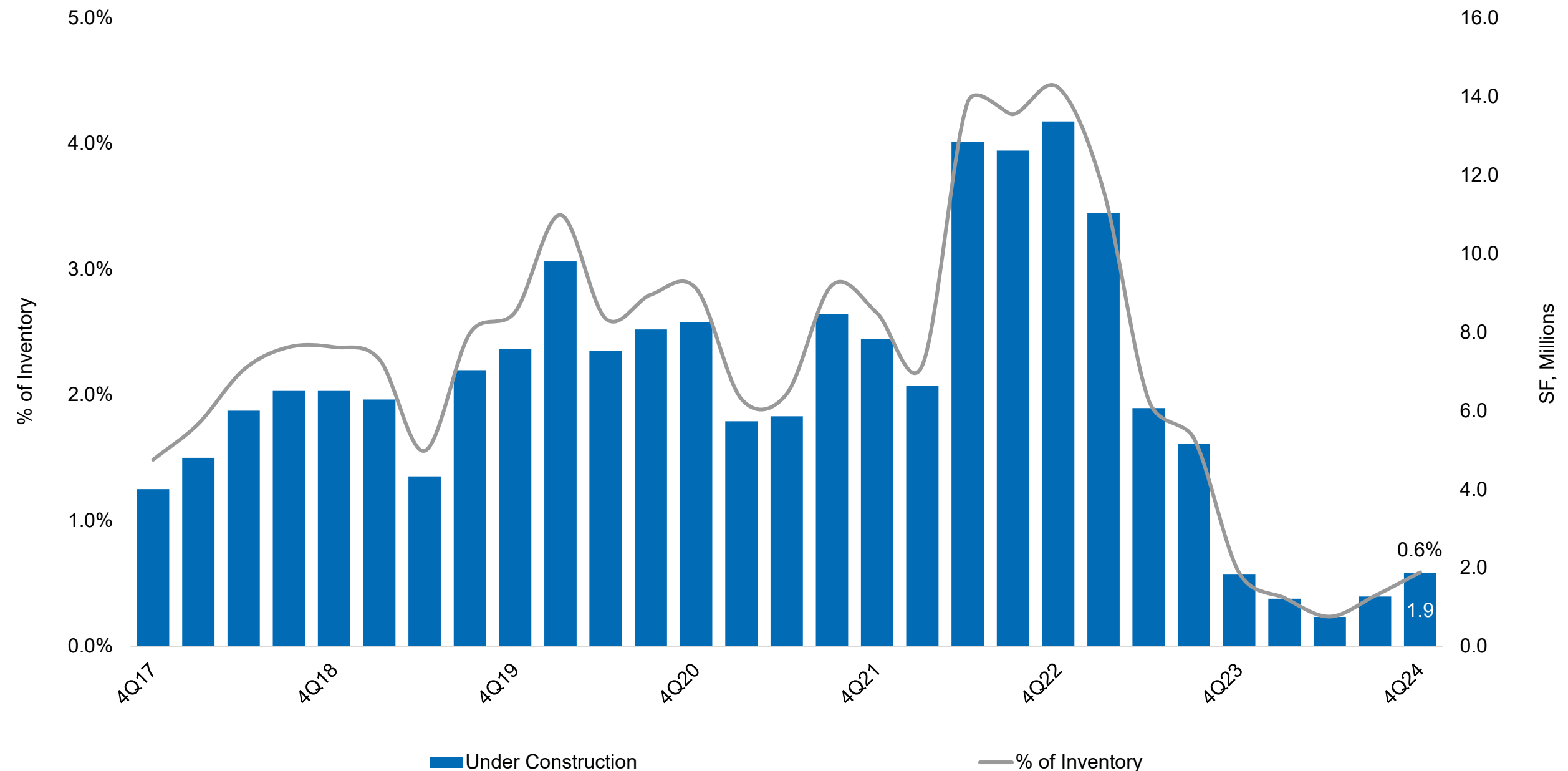


Source: Newmark Research

# Low Construction Activity in 2024

At present, Ambrose Property Group is constructing the only two speculative buildings within the entire market. These developments, situated in the Airport submarket, are scheduled for completion in the latter half of 2025. Noteworthy build-to-suit projects include Republic Wire at 8341 Princeton Glendale Rd. in Hamilton, totaling 320,000 SF, Schneider Electric at 8210 Seward Rd. in Tri County, covering 446,000 SF and Chick-fil-A Distribution Center located at 1731 Garvey Ave. in Florence/Richwood totaling 270,000 SF. The number of active construction projects is relatively low compared to recent years, reflecting developers' cautious approach in response to market conditions and owner occupant costs. Looking ahead to 2025, there is an anticipation of increased construction activity as demand stabilize and both developers and own occupants gain confidence in the market's ability to absorb new inventory, alongside an improvement in business conditions.

## Industrial Under Construction and % of Inventory

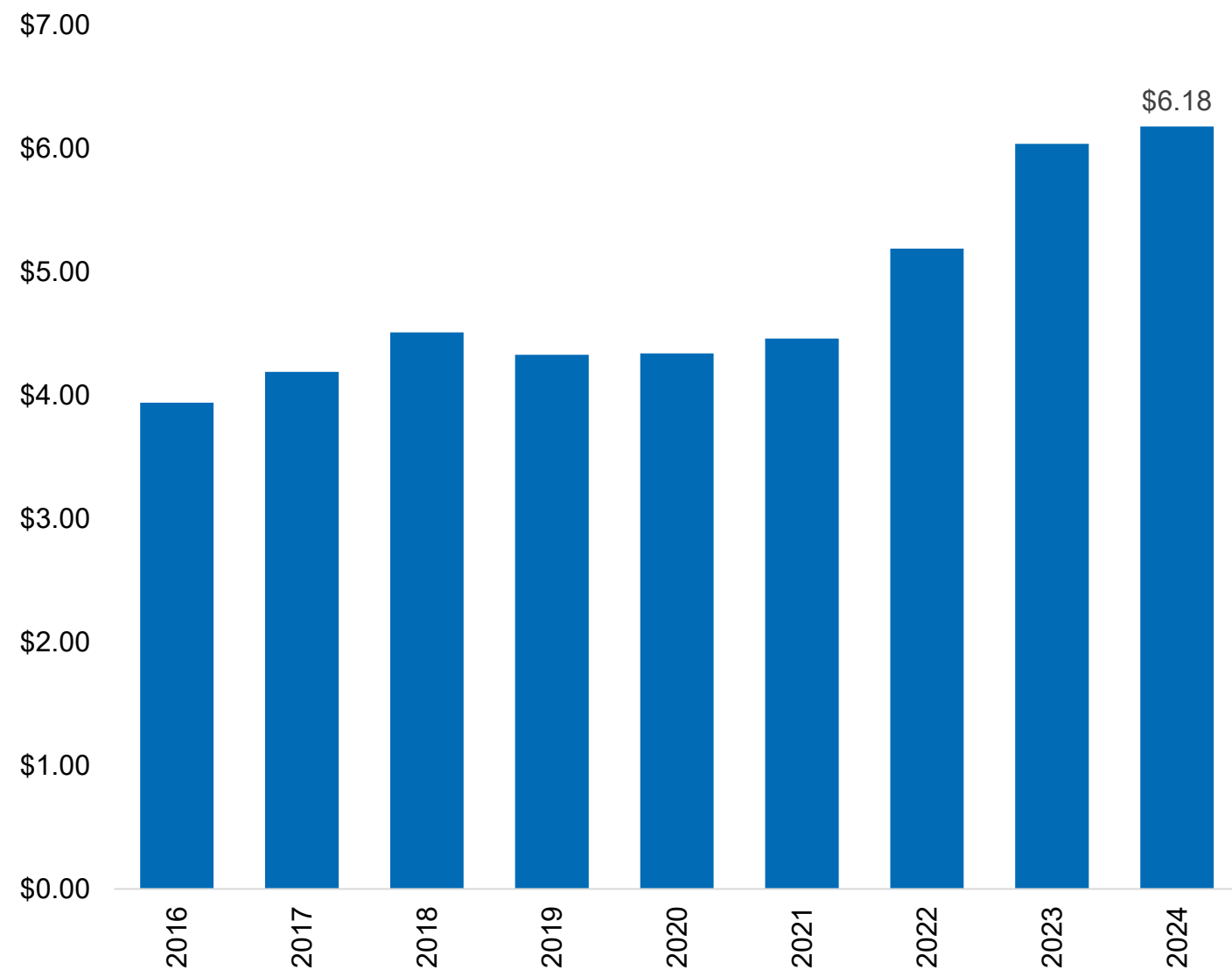


Source: Newmark Research, CoStar

# Asking Rent Shows a Slight Increase Year-Over-Year

Between 2023 and 2024, the Cincinnati industrial market saw normalized change in asking rates, with only a modest increase of 2.6%. This stability indicated that market conditions largely remained balanced throughout the year. For 2025, it is anticipated that asking rates may continue to rise gradually, supported by ongoing demand in sectors such as trade/transportation/utilities and manufacturing. The rate of increase will likely remain moderate as the market aims to maintain stability amid shifting economic factors.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

# Notable 4Q24 Lease Transactions

## Notable 4Q24 Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
WinIt	7050 New Buffington Rd.	Florence/Richwood	New Lease	583,858
Dawson Logistics	4350 Port Union Rd.	Tri County	New Lease	117,348
N&M Warehousing	246-256 Circle Freeway Dr.	Tri County	New Lease	111,477
Vanderlande	2100 Ellis Tech Dr.	Airport	New Lease	101,375
Clarity Retail Solutions	4225-4331 Dues Dr.	Tri County	New Lease	64,860

# Notable 4Q24 Sale Transactions (Supplemental Slide)

## Notable 4Q24 Sale Transactions

Buyer	Seller	Address	Submarket	Square Feet	Price	Price/SF
*EQT Exeter	Raith Capital Partners	9180 LeSaint Dr. 7401 Union Centre Blvd.	Tri County	120,493 138,750	\$7,700,000 \$13,200,000	\$63.90 \$95.14
<i>Part of the Raith Capital Portfolio purchase of 33 properties</i>						
Thermo Fischer	VanTrust	10409 Robert Spegal Rd.	Florence/Richwood	306,000	\$35,802,000	\$117.00
Wulco	Prologis	3550 Symmes Rd.	Tri County	323,799	Price undisclosed	
Alterra Property Group	Ohio Mulch Supply	4710 Dues Dr.	Tri County	80,957	\$4,750,000	\$58.67
Camco Chemical	GPT Properties	7125 Industrial Rd.	Florench/Richwood	167,939	\$3,250,000	\$19.35
*Investment Sale						

Source: Newmark Research



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## Submarket Statistics Overview – Overall Market

Please reach out to your  
Newmark business contact for this information

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## Submarket Statistics Overview – Warehouse/Distribution

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