



NEWMARK

Cincinnati:
Industrial Market Overview

4Q25

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Market Observations



Economy

- Labor is cooling. U.S. unemployment rose to 4.4%, the highest since October 2021. Cincinnati improved to 4.5% from 4.8%. Nonfarm payroll growth eased to 0.8% nationally and slipped to negative 0.9% in Cincinnati.
- Sectors are diverging. Construction employment rose 6.8%, raising building costs and timelines. Manufacturing increased 1.4%, supporting demand for advanced manufacturing and flex space. Trade/transportation/utilities declined 0.9% year over year despite a small August-to-September uptick amid tariff headwinds.
- In Cincinnati, trade/transportation/utilities and manufacturing trends are showing support for steady demand for manufacturing space and more measured leasing for bulk logistics.



Leasing Market Fundamentals

- Construction deliveries were at a recent low of 1.1 million SF in 2025 as higher borrowing costs, construction inflation, and fewer speculative starts thinned the pipeline.
- Net absorption reached 1.5 million SF, an improvement over 2024 but still below historical norms, with demand tilting toward smaller, higher-spec spaces amid softer goods flows and tariff frictions.
- Vacancy fell to 5.9% from 6.2% in 2024 as demand outpaced new inventory, moving closer to the 5.3% long-term trend.
- Leasing volume slowed to 1.7 million SF in the fourth quarter from 2.1 million SF in the third quarter, reflecting budgeting deferrals, slower approvals, fewer move-in ready options, and a greater mix of smaller renewals and short-term extensions.



Major Transactions

- Amazon signed a new lease for 538,525 SF at 414 Encore Rd. in the Monroe/Middletown submarket.
- Amerisource Bergen signed a new lease for 533,676 SF at 9981 Harrison Ave. in the West submarket.
- Cornerstone Brands signed a renewal for 479,512 SF at 8754 Trade Port Blvd. in the Tri-County submarket.
- Prologis sold 12110 Champion Way, a 216,039 SF building in the Tri-County submarket, to STAG Industrial for \$22.2 million, or \$102.53/SF.
- LBA Logistics sold 2775 Ted Bushelman Blvd., a 68,388 SF building in the Airport submarket, to MDH Partners for \$5.6 million, or \$82.31/SF. Allocated value as part of portfolio sale.



Outlook

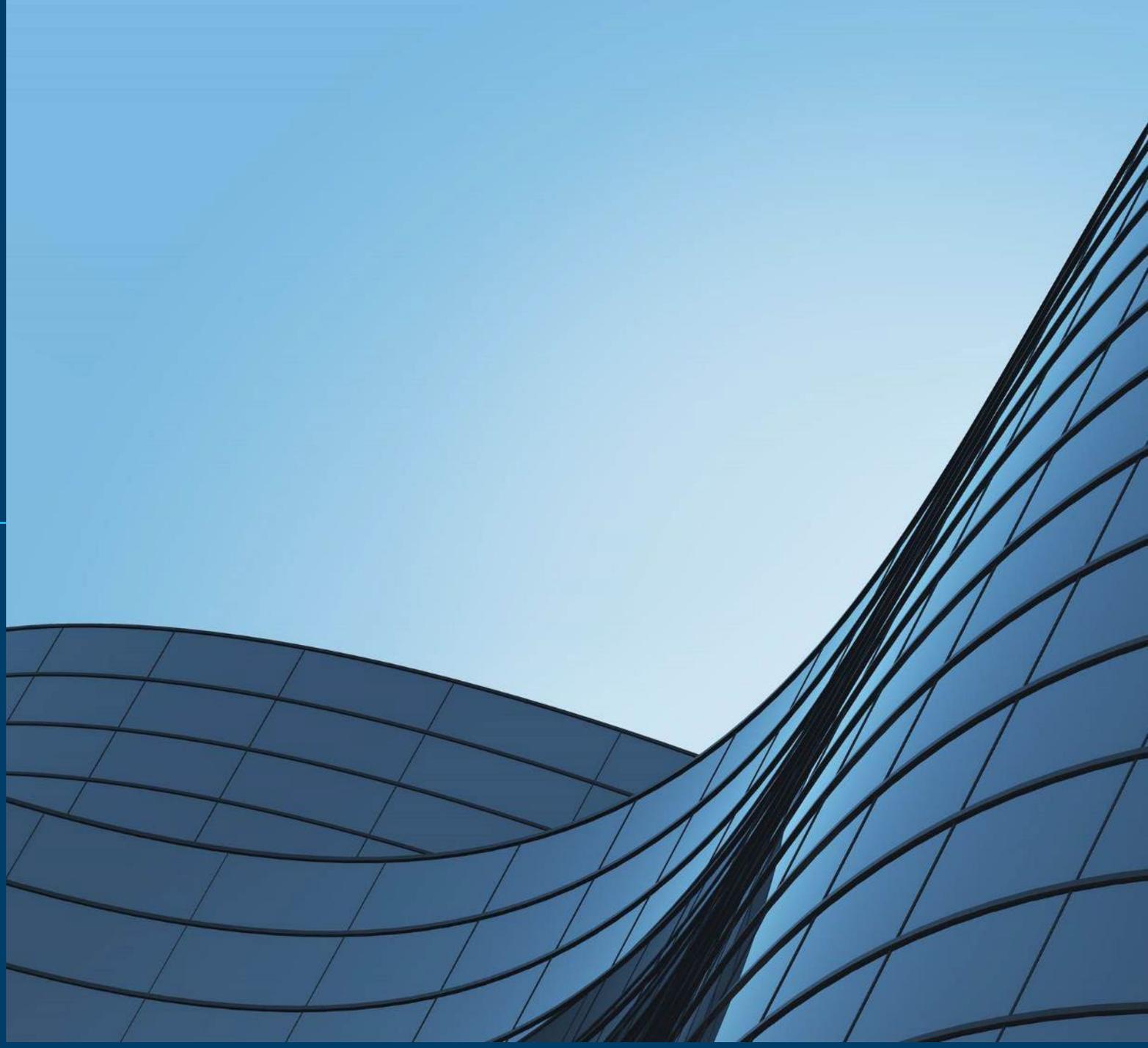
- Unemployment should see gradual stabilization and there should be modest job gains if inflation cools and borrowing costs ease. Risks include persistent inflation and weaker global growth.
- A modest pickup in starts in 2026 could lift late-year deliveries if rates ease, keeping vacancy near the long-term average and supporting steady to slightly stronger absorption.
- Big-box demand is likely to remain price and concessions sensitive, while manufacturing space should draw firmer interest and more pre-leasing of high-spec product.
- Class A volume is expected to rebound on pre-leasing of new high-spec deliveries and efficiency-led consolidations.
- Rent growth is likely to remain muted and market selective as the pipeline tapers, with oversupplied submarkets seeing flat to minimal appreciation.

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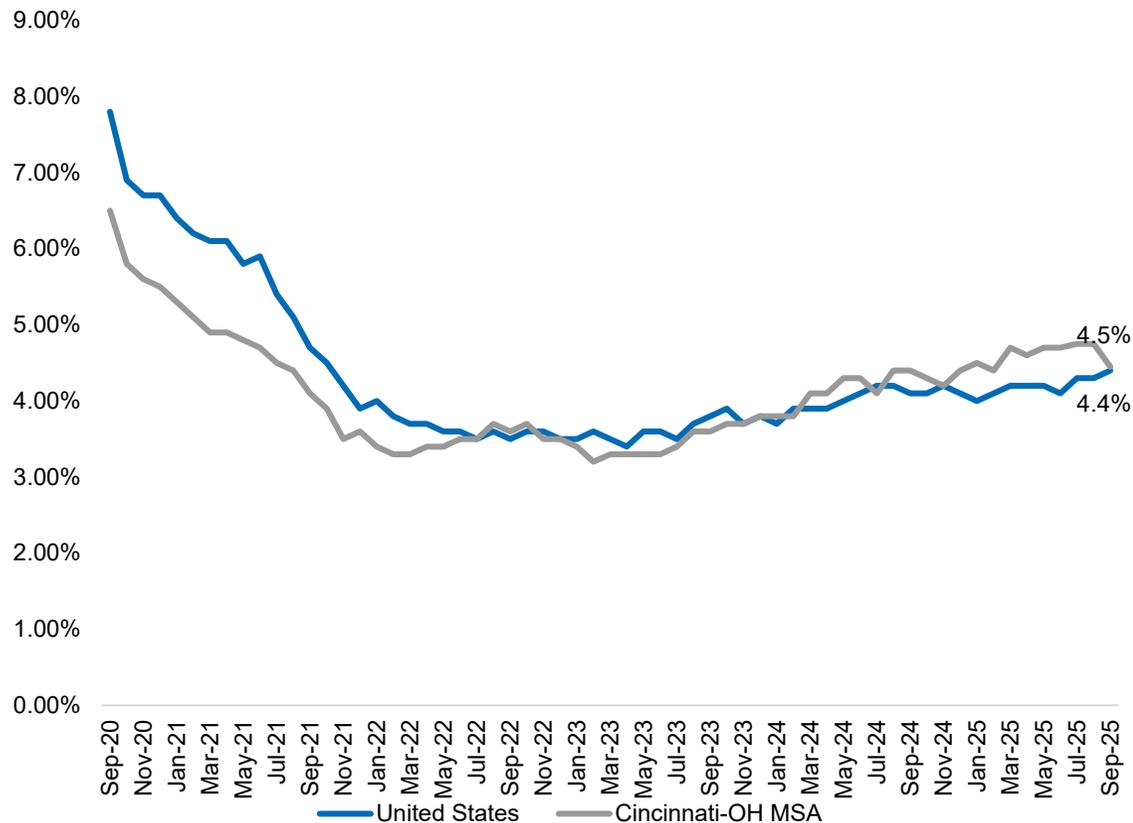
Economy



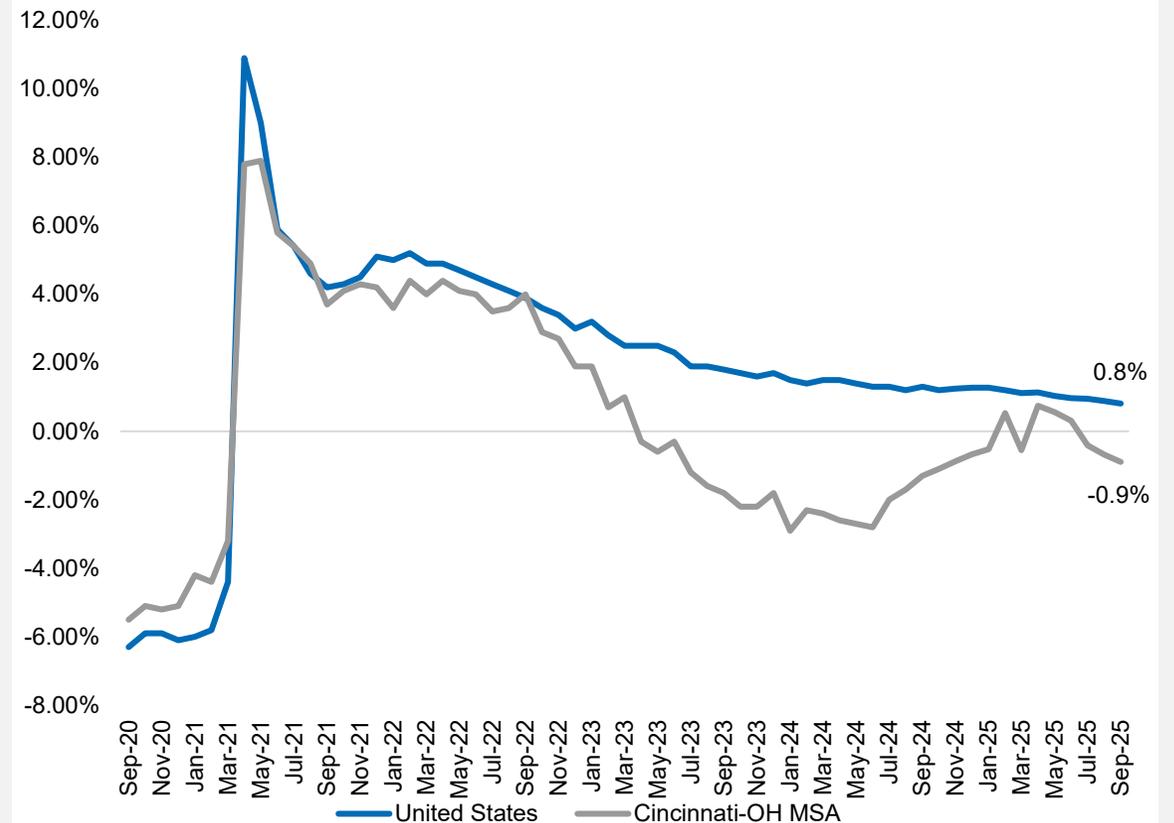
Jobless Rate Down, Payrolls Still Negative for Cincinnati

Labor conditions show a gentle downshift. The U.S. unemployment rate edged up to 4.4%, the highest since October 2021, while Cincinnati's rate improved to 4.5% in September from 4.8% in August. Nonfarm payroll growth eased nationally by 10 basis points to 0.8%, and Cincinnati's slipped further to negative 0.9%. These patterns likely reflect tighter financial conditions, normalized post-pandemic hiring, softer goods demand, and more cautious corporate staffing. Looking to 2026, the base case calls for gradual stabilization and modest job gains if inflation continues to cool and borrowing costs ease, though risks from persistent inflation or slower global growth remain.

Unemployment Rate, Seasonally Adjusted



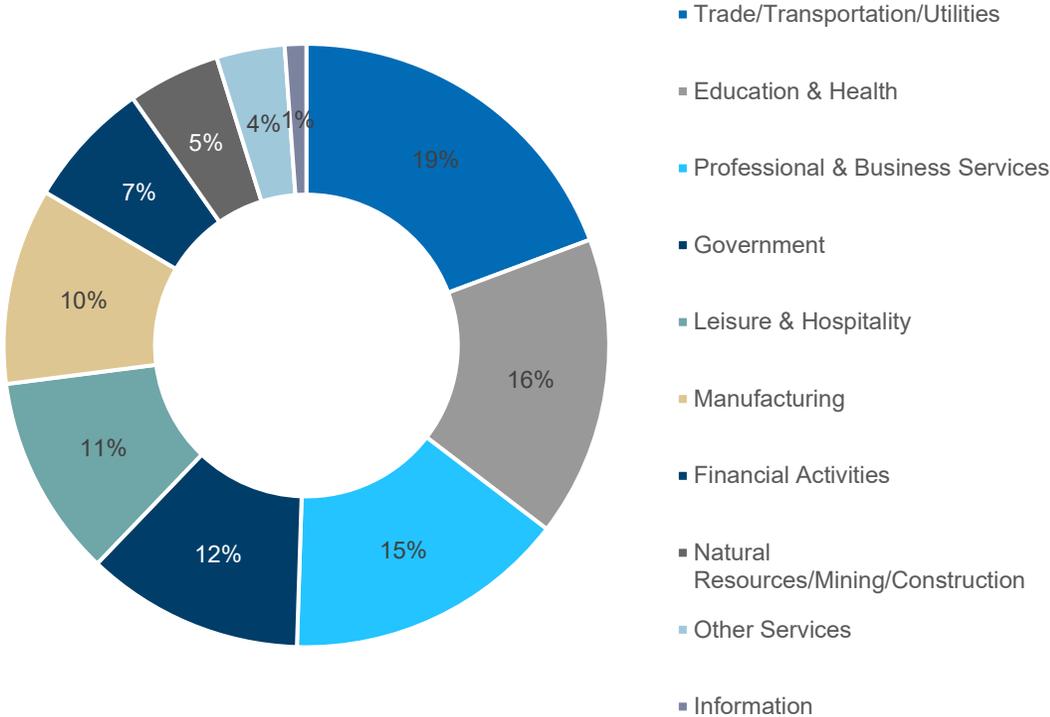
Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change



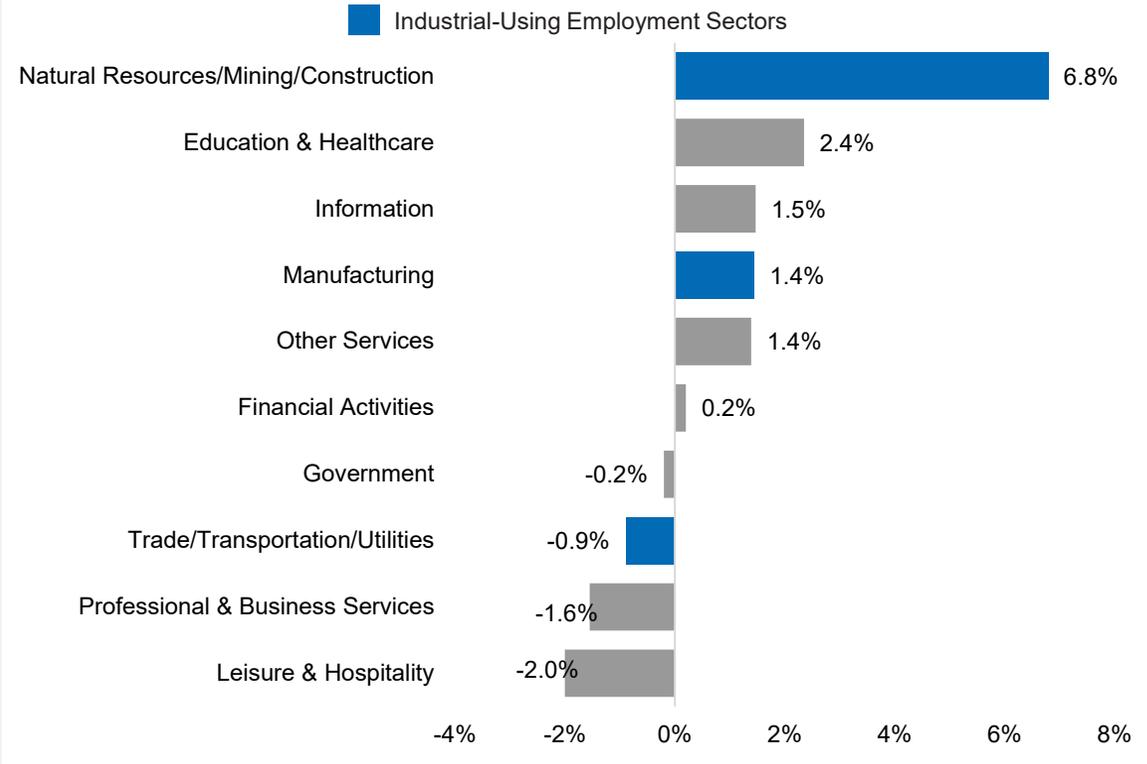
Construction Leads, Logistics Slips on Tariff Headwinds

Natural resources/mining/construction employment rose 6.8%, reflecting steady public infrastructure work and private project starts that continue to draw craft labor, tightening construction crews and putting upward pressure on build costs and timelines for new industrial product. Manufacturing is up 1.4%, a modest gain consistent with selective reshoring and capex in core Cincinnati suppliers, supporting demand for advanced manufacturing and flex space with power, loading, and office build-out potential. By contrast, trade/transportation/utilities fell 0.9% amid recent tariff actions and trade-policy uncertainty that have cooled goods flows, shifted routing, and raised import costs, prompting operators to trim headcount. Net takeaway for Cincinnati’s industrial market is that construction-driven labor tightness and incremental manufacturing hiring underpin build-to-suit and specialized space, while tariff-related friction is a headwind for big-box logistics absorption and rent growth until trade conditions stabilize.

Employment by Industry, September 2025



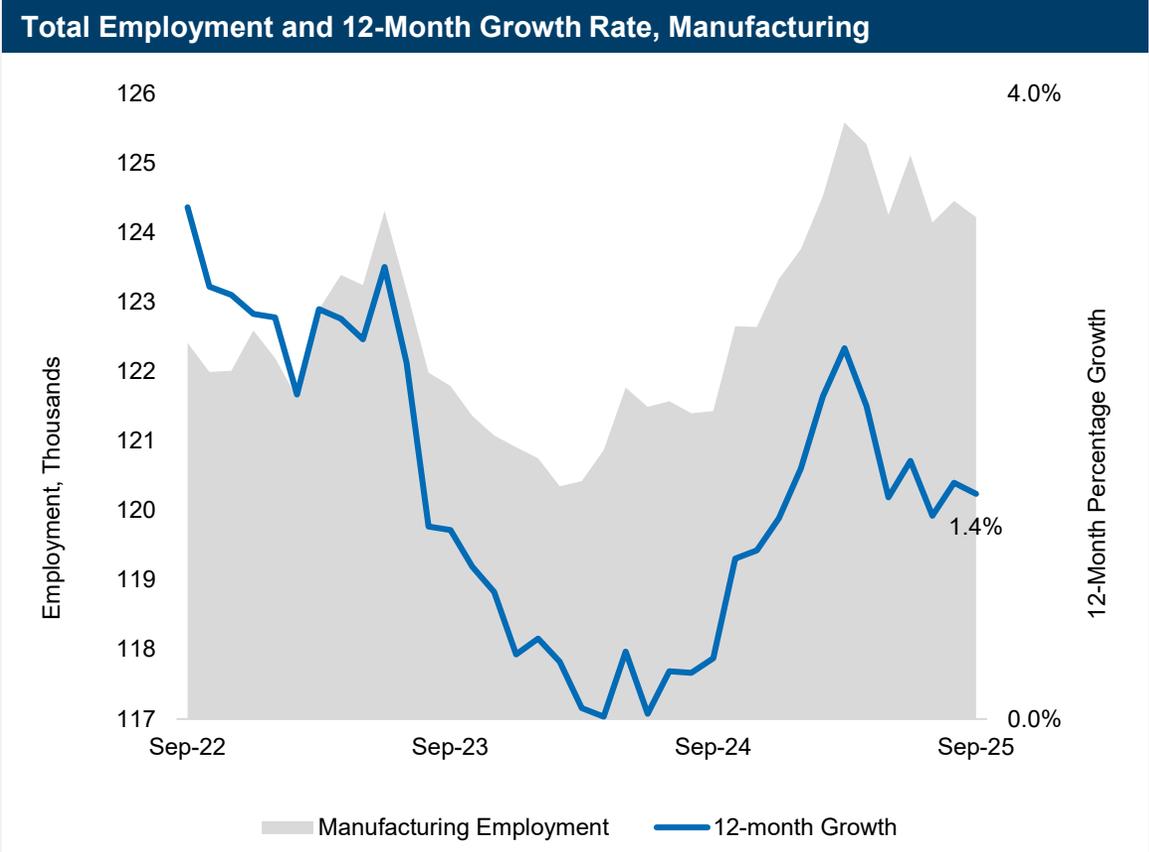
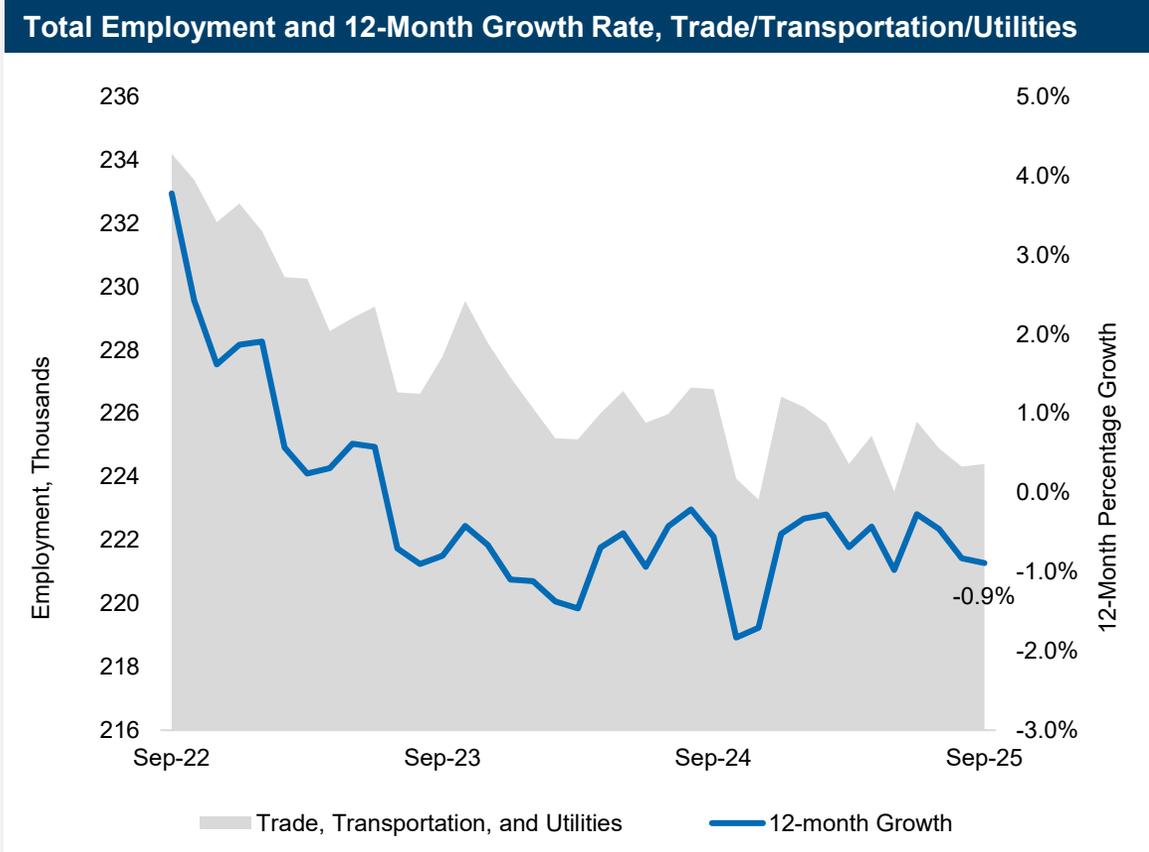
Employment Growth by Industry, 12-Month % Change, September 2025



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

Employment Growth Mixed Across Industrial Sectors

From August to September, trade/transportation/utilities posted a marginal headcount increase, yet employment remained 0.9% below year-ago levels. The month-to-month lift likely reflects pre-holiday staffing and routing shifts amid recent tariff changes, while the twelve-month decline stems from softer freight volumes, inventory normalization, higher import costs, and efficiency gains that limit hiring. Manufacturing saw a small month-to-month dip but was still up 1.4% over twelve months, consistent with selective reshoring, automation-enabled capacity additions, and capex among core suppliers, even as higher borrowing costs and uneven goods demand temper near-term hiring. For Cincinnati, this mix points to steadier demand for manufacturing space and more measured leasing for bulk logistics until goods flows firm.



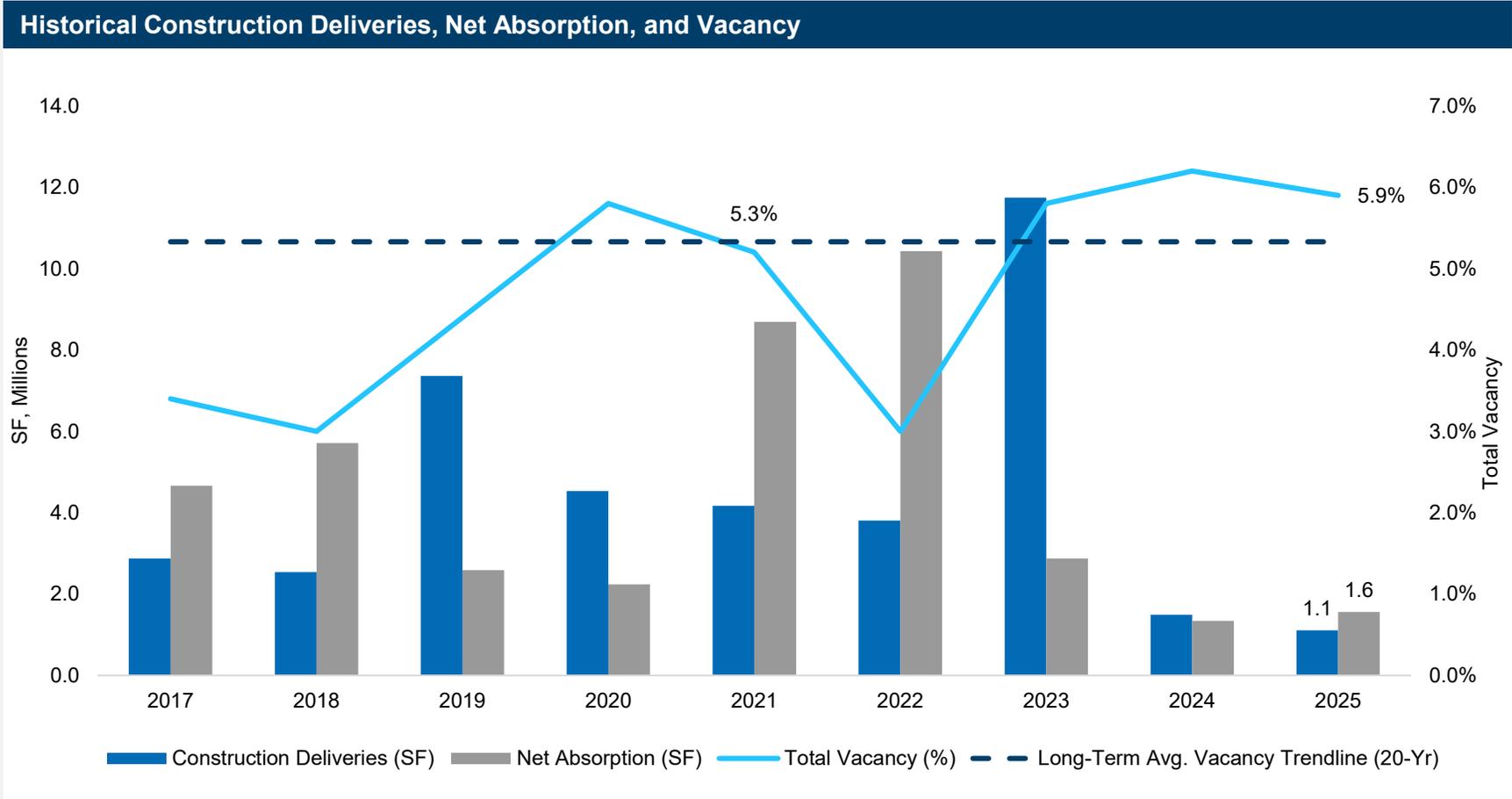
Source: U.S. Bureau of Labor Statistics, Cincinnati, OH-KY-IN

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Leasing Market Fundamentals



Vacancy Tracks Toward 5.3% Long-Term Average

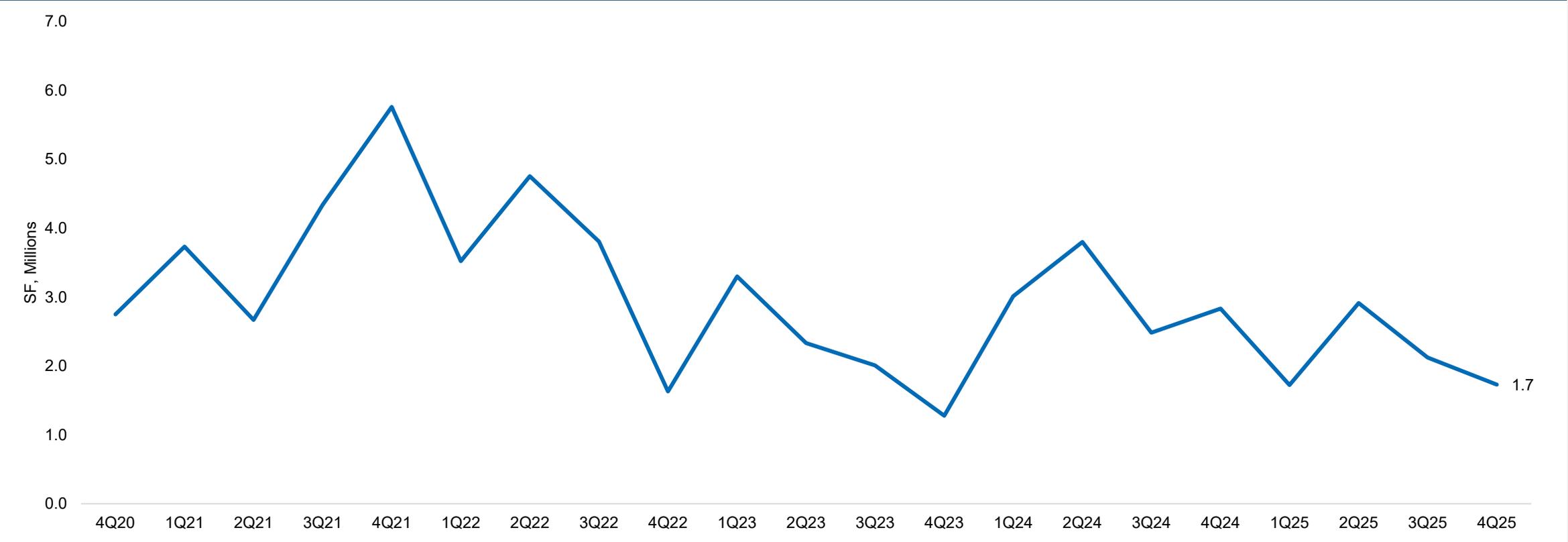


Construction deliveries were at a recent low, with 1.1 million SF in 2025 as higher borrowing costs, construction inflation, and a pullback in 2023-2025 speculative starts thinned the pipeline. Net absorption of 1.5 million SF is an improvement over 2024 but below historical norms, reflecting right-sized inventories, selective 3PL and manufacturing expansions, and a tilt toward smaller, higher-spec spaces amid softer goods flows and trade-policy/tariff frictions. With demand outpacing new inventory, vacancy fell to 5.9% from 6.2% in 2024, moving closer to the 5.3% long-term trend. In 2026 look for a modest pickup in starts that could lift late-year deliveries if rates ease, keeping vacancy near the long-term average and supporting steady-to-slightly stronger absorption. Big-box leasing should remain price- and concessions-sensitive while manufacturing space sees firmer interest.

Year-End Deferrals and Rates Cool 4Q25 Leasing Volume

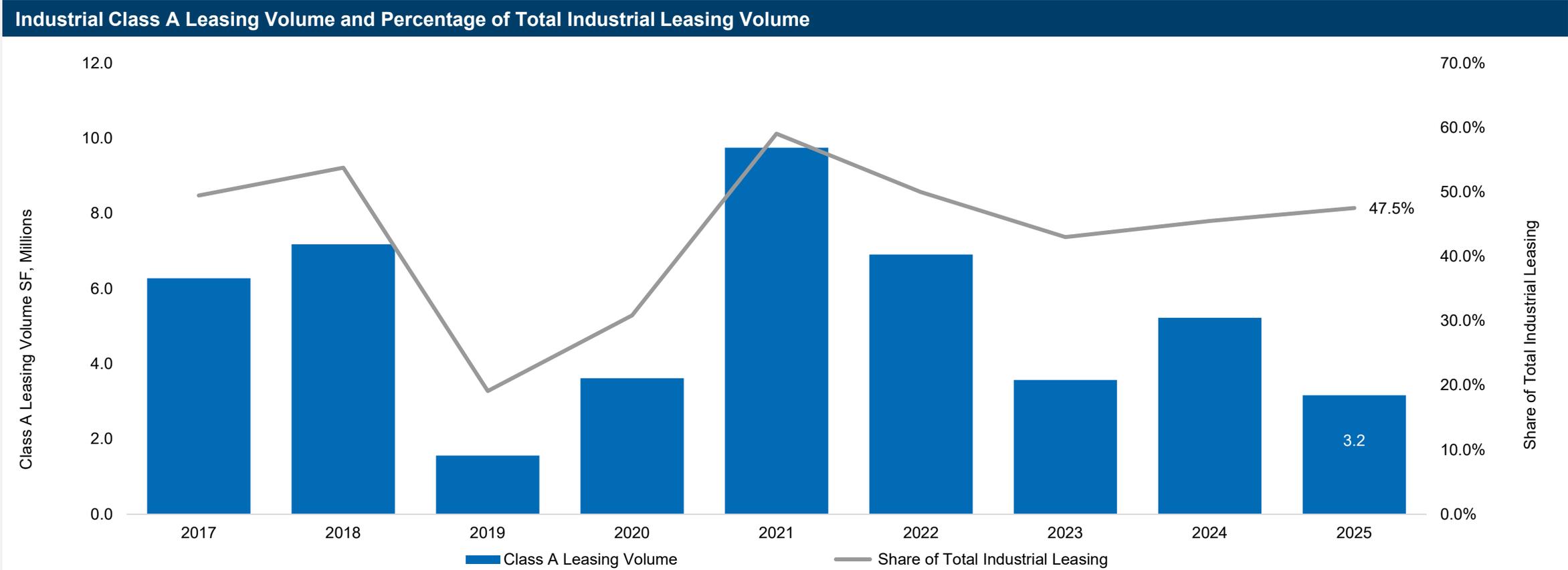
Leasing volume registered 1.7 million SF in the fourth quarter, down from 2.1 million SF in the third quarter, and below the pace of the prior few quarters. The slowdown reflects year-end budgeting deferrals, higher borrowing costs that extend approval timelines, trade-policy uncertainty that delays large commitments, and a thinner slate of move-in-ready options after slower speculative starts. A greater mix of smaller renewals and short-term extensions also kept aggregate square footage lower. Looking to 2026, expect a steady-to-modest rebound in gross deal volume as financing costs ease and supply chains stabilize, led by mid-size manufacturing and 3PL requirements, increased pre-leasing for specialized product, and faster decision cycles in the second half.

Total Leasing Activity (MSF)



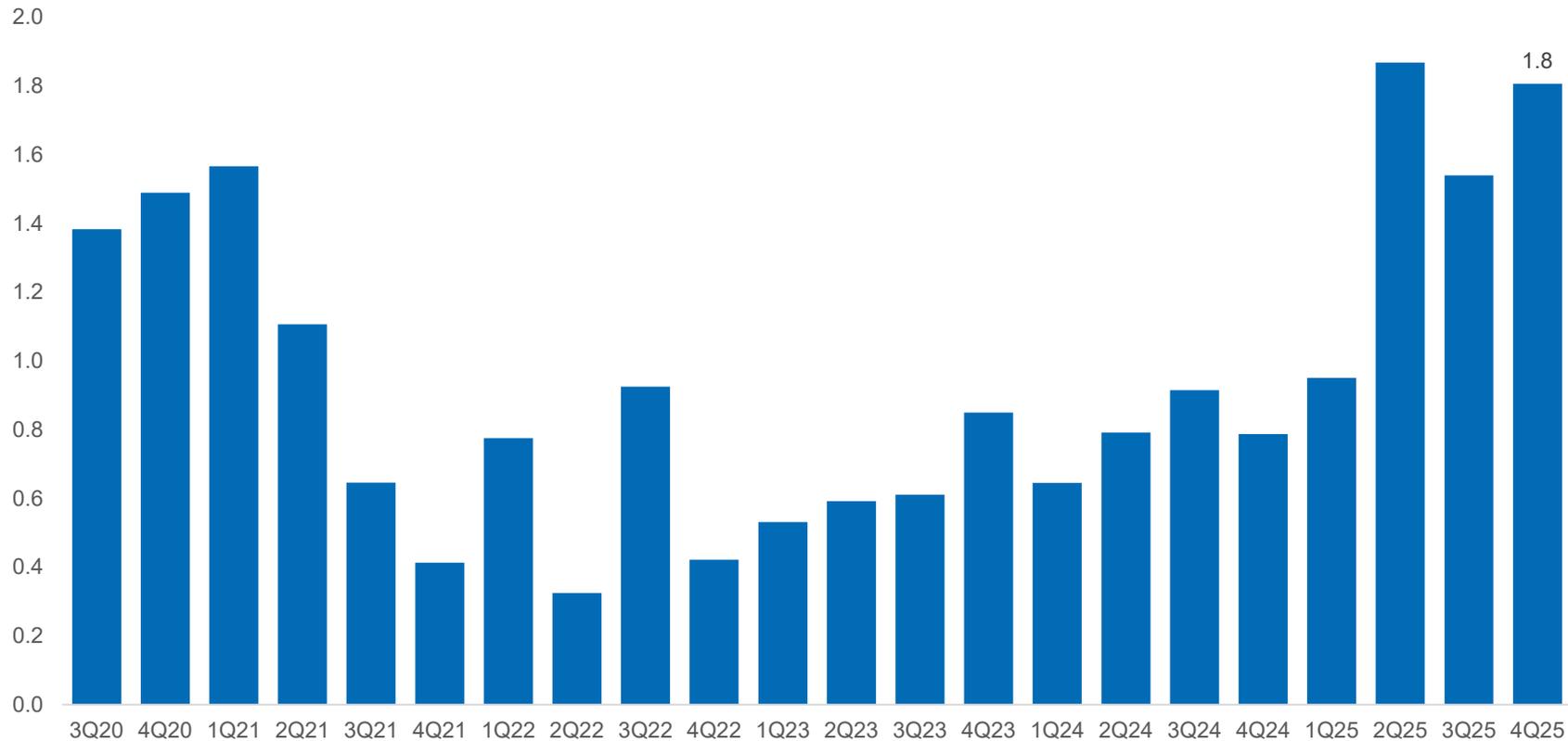
Class A Leasing Share Rises Despite Lower Volume

Class A leasing totaled 3.1 million SF in 2025, the lowest since 2019, yet Class A still captured a larger share of activity, accounting for 47.5% of all industrial leasing versus 45.5% in 2024. The volume dip reflects fewer mega-deals and a lean slate of fresh, large blocks, as many occupiers opted to renew, consolidate, or delay major footprints rather than relocate. The higher share points to a continued flight-to-functionality: tenants with automation, power, and ceiling height requirements prioritized modern buildings, while older product faced fit and efficiency gaps. Concessions and narrowing rent spreads also made top-tier space relatively more compelling. In 2026, expect a modest rebound in Class A volume driven by pre-leasing of new high-spec deliveries and efficiency-led consolidations. The Class A share is likely to remain elevated, though it will edge lower if repriced B/C options backfill demand and more second-generations space comes to market.



Sublease Volume Holds Well Over 1M SF

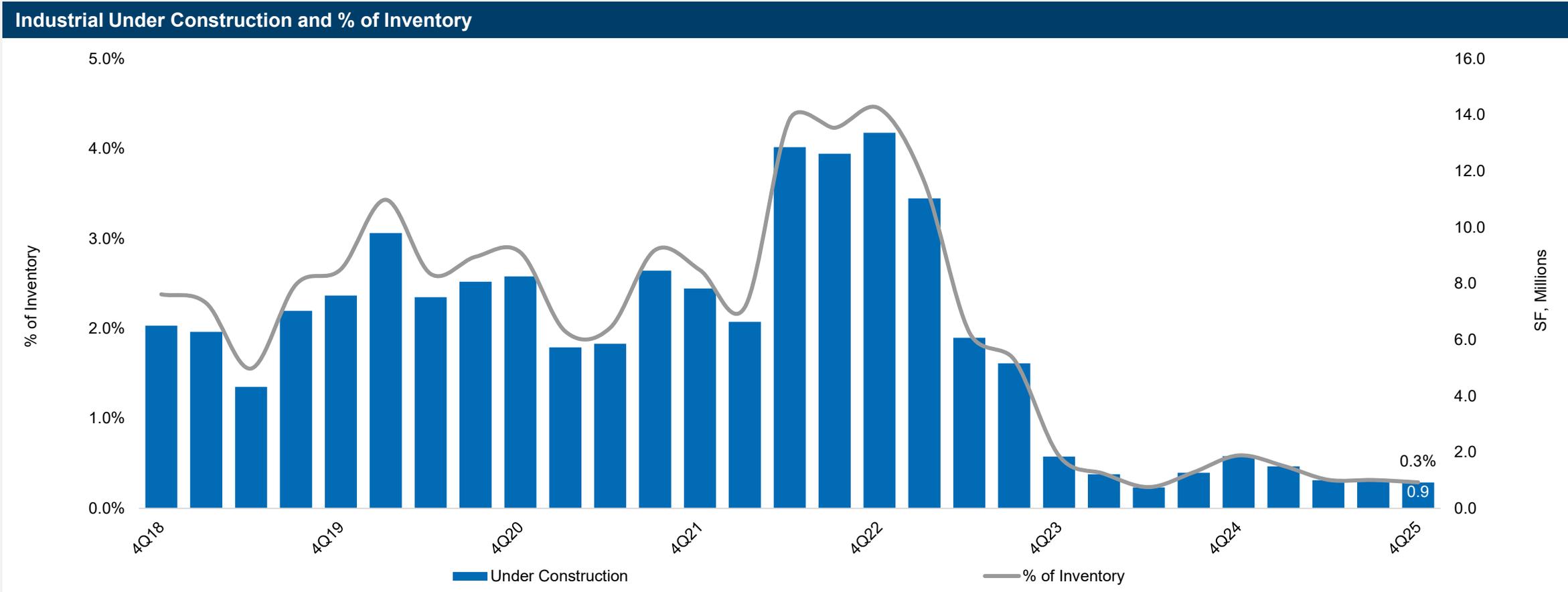
Available Industrial Sublease Volume (MSF)



Greater Cincinnati recorded 1.8 million SF of industrial sublease availability in the fourth quarter, up from 1.5 million in the third quarter and well above the sub-million levels seen prior to the second quarter. The increase reflects occupiers right-sizing after taking “swing” space during earlier supply-chain disruptions, 3PL contract churn that left operators with excess capacity, and cost-control initiatives that prompted some to combine locations or release surplus space. Many tenants are also upgrading into newer Class A buildings with higher power, clear heights, and dock packages, off loading older boxes to the sublease market as remaining lease terms run off. In addition, throughput gains from automation and racking upgrades have reduced square-foot needs per unit handled, while inventory rationalization lowered buffer space requirements, collectively pushing more second-generation blocks to sublease.

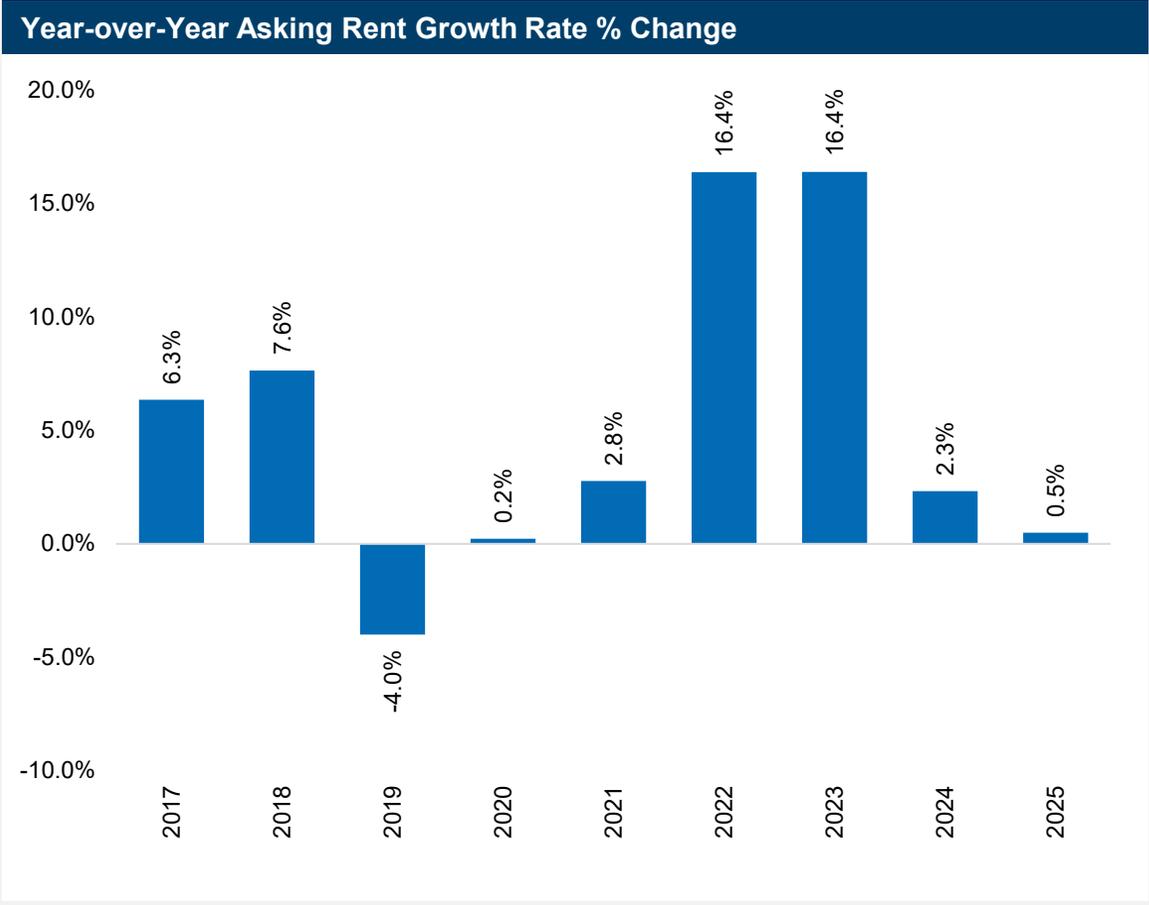
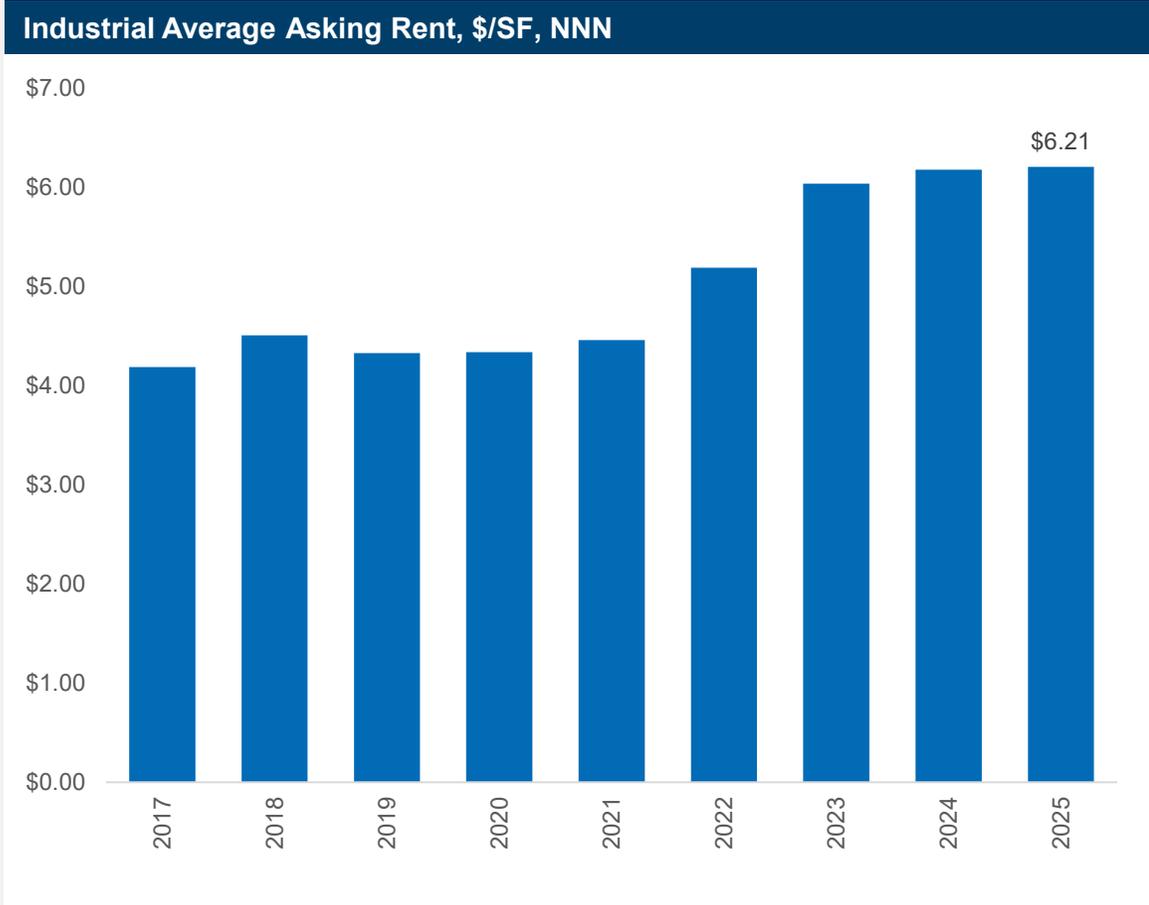
Build-to-Suit Focus, Fewer Spec Starts Leave Pipeline at 0.3%

In the fourth quarter, the under-construction pipeline fell below 1 million SF, its first dip under that mark since the second quarter of 2024. For the third straight quarter, the pipeline represented just 0.3% of Greater Cincinnati’s industrial inventory. This slim pipeline reflects a combination of elevated borrowing costs and tighter lender underwriting that raised pre-leasing thresholds, construction inflation and long lead times. As leasing velocity moderated and sublease options expanded, the urgency for new speculative starts diminished. Developers have prioritized build-to-suit and phased, small projects, while site readiness and power availability have also constrained starts. In short, the market is digesting recent deliveries, and cautious capital plus cost pressures have kept new groundbreakings to a minimum, holding the active pipeline at a historically low share of inventory.



Industrial Rent Momentum Cools

Industrial asking rents were essentially flat in 2025, edging up to \$6.21/SF from \$6.18/SF in 2024, a 0.5% year-over-year increase. This continued the deceleration from 2024's 2.3% pace and contrasts sharply with the 16.4% gains recorded in both 2022 and 2023. The slowdown reflects normalization after the pandemic surge, a wave of new deliveries that pushes vacancies higher, slowing leasing amid elevated borrowing costs, and improved supply chains that reduced urgency. Looking ahead to 2026, expect muted, submarket-selective growth as the construction pipeline tapers and demand remains steady in core logistics hubs, while oversupplied submarkets may see little to no rent appreciation.



Notable 4Q25 Lease Transactions

| Notable 4Q25 Lease Transactions | | | | |
|---------------------------------|-----------------------|-------------------|---------|-------------|
| Tenant | Building(s) | Submarket | Type | Square Feet |
| Amazon | 414 Encore Rd. | Monroe/Middletown | Direct | 538,525 |
| Amerisource Bergen | 9981 Harrison Ave. | West | Direct | 533,676 |
| Cornerstone Brands | 8754 Trade Port Blvd. | Tri-County | Renewal | 479,512 |
| Scheider Electric | 8200 Seward Rd. | Tri-County | Direct | 218,755 |

Notable 4Q25 Sale Transactions

| Notable 4Q25 Sale Transactions | | | | | | |
|--------------------------------|-----------------------|----------------------------|--------------|-------------|--------------|----------|
| Buyer | Seller | Address | Submarket | Square Feet | Price | Price/SF |
| *STAG Industrial | Prologis | 12110 Champion Way | Tri-County | 216,039 | \$22,150,000 | \$102.53 |
| *MDH Partners | LBA Logistics | 2775 Ted Bushelman Blvd. | Airport | 68,388 | \$5,630,000 | \$82.31 |
| *Vigran Investments | Private Owner | 2711 Circleport Dr. | Airport | 70,652 | \$4,250,000 | \$60.15 |
| NCT Technologies | Mil-Mar Century Corp. | 8641 Washington Church Rd. | South Dayton | 54,124 | \$1,750,000 | \$32.33 |

*Investment Sale

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Appendix



Access the Extended 4Q25 Cincinnati Industrial Market Conditions & Trends Report



Cincinnati: Industrial Market Overview

4Q25



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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