

# Cincinnati

Despite a slowdown in leasing velocity, Cincinnati Industrial market ends the year on a positive note

- Occupancy gains ended the year on another positive note with 1.2 m.s.f. of positive absorption in Q4
- Vacancy increased slightly to 3.4% as 1.9 m.s.f. of new speculative product was completed
- As supply continues to dwindle, rental rates are rising with a year-over-year rent growing of 21.4%.

Fundamentals	Forecast
YTD net absorption	9,890,592 s.f. ▲
Under construction	8,821,462 s.f. ►
Total vacancy	3.4% ▲
Sublease vacancy	600,747 s.f. ▼
Direct asking rent	\$5.77 p.s.f. ▲
Sublease asking rent	\$5.03 p.s.f. ▼
Concessions	Rising ▲

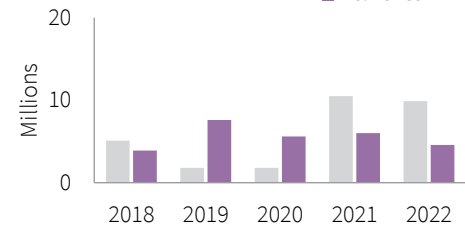
The Cincinnati industrial market ended the year with 9.8 m.s.f of absorption, falling just short of historic year of 2021. With that said, deal velocity has slowed in the second half of 2022 due to inflation and economic uncertainty. The market posted 1.2 m.s.f of positive absorption in the fourth quarter, driven by a large leases done in the Tri County and Florence Richwood submarkets. Occupancy gains were anchored by move-ins at World Park Bldg 17 and 2939 E Crescentville Rd in the Tri County submarket, where DWR is taking 304,000 s.f. and Sanmar is taking 234,888 s.f. In the Florence/Richwood submarket Saddle Creek Logistics is occupying Logistics Park 75 Bldg 3A, a 232,500 s.f. building. Vacancy Increased 30 basis points quarter-over-quarter to 3.4% with several large speculative coming online as a slowing demand for space starts to appear.

As tenants continue to enter the market looking for space, construction continues its surge. Currently, around 8.8 m.s.f. is under construction, highlighted by Nestle Purina's 1.2 m.s.f manufacturing facility being built in the East submarket and Core5's 1.1 m.s.f building being built in Monroe/Middletown. 2.2 m.s.f. of new construction delivered in Q4 and an additional 1.5 m.s.f of construction broke ground in Q4 as developers continue to expand their operations in the Cincinnati market.

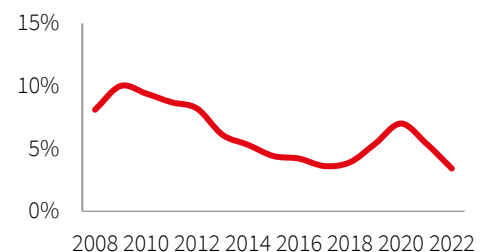
## Outlook

The long-term outlook for the Cincinnati industrial market remains positive for 2023. Deal velocity has started to slow, and the rising cost of capital mixed with economic uncertainty has started to challenge investors and developers in the market. As vacancy remains at historic lows, construction costs continue to rise as more logistics companies continue to expand. Asking rents continue to surge above \$5.70 p.s.f. Looking to 2023, tenants continue to commit to spaces on buildings yet to be built as demand continues to slow. Although several developers have announced plans for future developments in the first half of 2023 others are putting a hold on breaking ground to wait and see where rates and the economy goes.

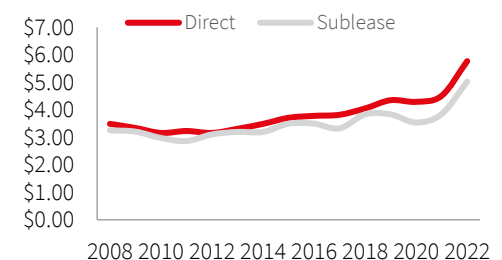
Supply and demand (s.f.)



Total vacancy (%)



Average asking rent (\$ p.s.f.)



Industrial Statistics

	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total availability (%)	Average total asking rent (\$ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
Cincinnati total										
Warehouse & Distribution	199,574,993	1,002,649	8,413,845	4.2%	3.7%	6.8%	\$5.85	2,081,506	3,793,677	7,525,462
Manufacturing	70,377,224	238,781	1,476,747	2.1%	2.7%	3.6%	\$4.83	213,750	784,750	1,296,000
Overall Total	269,952,217	1,241,430	9,890,592	3.7%	3.4%	5.9%	\$5.74	2,295,256	4,578,427	8,821,462
Airport										
Warehouse & Distribution	36,429,670	-80,765	1,778,036	4.9%	5.0%	4.9%	\$5.85	600,000	795,954	603,398
Manufacturing	2,194,532	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	38,624,202	-80,765	1,778,036	4.6%	4.7%	4.7%	\$5.85	600,000	795,954	603,398
Blue Ash										
Warehouse & Distribution	8,162,292	-6,344	146,218	1.8%	1.5%	2.6%	\$5.76	0	0	0
Manufacturing	2,524,938	0	187,829	7.4%	4.3%	4.3%	\$2.75	0	0	0
Overall Total	10,687,230	-6,344	334,047	3.1%	2.2%	3.0%	\$4.73	0	0	0
Campbell County										
Warehouse & Distribution	2,133,491	14,007	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Manufacturing	1,045,402	17,367	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	3,178,893	31,374	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Central/Midtown										
Warehouse & Distribution	29,883,293	-106,423	-378,967	-1.3%	2.4%	2.2%	\$5.99	0	0	224,000
Manufacturing	14,812,225	21,200	28,843	0.2%	2.3%	4.6%	\$6.50	0	0	0
Overall Total	44,695,518	-85,223	-350,124	-0.8%	2.4%	3.0%	\$6.18	0	0	224,000
Covington										
Warehouse & Distribution	3,302,132	-112,000	-112,000	-3.4%	3.4%	3.4%	\$5.75	0	0	0
Manufacturing	779,862	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	4,081,994	-112,000	-112,000	-2.7%	2.8%	2.8%	\$5.75	0	0	0
Florence/Richwood										
Warehouse & Distribution	18,691,585	359,800	2,612,909	14.0%	5.7%	20.4%	\$5.82	1,013,026	1,013,026	2,353,464
Manufacturing	7,777,687	-75,000	135,000	1.7%	9.4%	9.4%	\$4.85	0	0	0
Overall Total	26,469,272	284,800	2,747,909	10.4%	6.8%	17.4%	\$5.68	1,013,026	1,013,026	2,353,464
Hamilton										
Warehouse & Distribution	6,451,928	89,600	19,833	0.3%	3.8%	4.1%	\$4.00	0	0	0
Manufacturing	1,566,976	0	76,800	4.9%	0.2%	0.4%	\$0.00	0	0	0
Overall Total	8,018,904	89,600	96,633	1.2%	3.1%	3.4%	\$4.00	0	0	0
I-71 Corridor										
Warehouse & Distribution	5,098,132	-7,800	121,013	2.4%	2.3%	2.2%	\$0.00	0	0	200,000
Manufacturing	5,130,416	0	55,000	1.1%	0.0%	1.8%	\$0.00	0	0	0
Overall Total	10,228,548	-7,800	176,013	1.7%	1.1%	2.0%	\$0.00	0	0	200,000
Monroe/Middletown										
Warehouse & Distribution	15,406,912	78,410	987,579	6.4%	0.4%	7.4%	\$6.47	0	0	1,722,000
Manufacturing	8,251,128	156,000	676,000	8.2%	0.0%	0.0%	\$0.00	156,000	676,000	0
Overall Total	23,658,040	234,410	1,663,579	7.0%	0.3%	5.0%	\$6.47	156,000	676,000	1,722,000
Tri County										
Warehouse & Distribution	54,501,006	813,275	2,951,858	5.4%	4.6%	6.7%	\$5.80	468,480	1,784,697	1,413,924
Manufacturing	9,359,409	160,750	267,326	2.9%	0.9%	0.9%	\$0.00	57,750	57,750	0
Overall Total	63,860,415	974,025	3,219,184	5.0%	4.1%	5.9%	\$5.80	526,230	1,842,447	1,413,924
Woodlawn/Evendale										
Warehouse & Distribution	7,957,000	-39,211	103,221	1.3%	1.3%	1.3%	\$6.84	0	0	0
Manufacturing	10,658,639	-32,394	-34,356	-0.3%	1.0%	1.0%	\$0.00	0	51,000	0
Overall Total	18,615,639	-71,605	68,865	0.4%	1.2%	1.2%	\$6.84	0	51,000	0
Suburbs total										
Warehouse & Distribution	11,557,552	100	184,145	1.6%	3.6%	11.1%	\$5.10	0	200,000	1,008,676
Manufacturing	6,276,010	-9,142	84,305	1.3%	8.4%	10.1%	\$4.98	0	0	1,296,000
Overall Total	17,833,562	-9,042	268,450	1.5%	5.3%	10.7%	\$5.05	0	200,000	2,304,676
East										
Warehouse & Distribution	7,127,712	100	61,489	0.9%	4.5%	4.8%	\$4.78	0	0	0
Manufacturing	5,567,768	-9,142	84,305	1.5%	9.4%	11.3%	\$4.98	0	0	1,200,000
Overall Total	12,695,480	-9,042	145,794	1.1%	6.7%	8.0%	\$4.93	0	0	1,200,000
West										
Warehouse & Distribution	4,429,840	0	122,656	2.8%	2.1%	19.3%	\$5.18	0	200,000	1,008,676
Manufacturing	708,242	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	96,000
Overall Total	5,138,082	0	122,656	2.4%	1.8%	16.8%	\$5.18	0	200,000	1,104,676