

FIGURES | CINCINNATI INDUSTRIAL | Q4 2024

Strong transaction activity continues to end the year



Note: Arrows indicate change from previous quarter.

MARKET OVERVIEW

- 1.6 million sq. ft. of positive net absorption was recorded in Q4 2024 led by WinIt America's 583K sq. ft. new lease in Core5's 7050 New Buffington Road, Thermo Fisher Scientific's 306K sq. ft. purchase of 10409 Robert Spegal Road from VanTrust, and Darana Hybrid's 304K sq. ft. new lease at 8415 Firebird Drive with NorthPoint.
- There were 434K sq. ft of construction completions in Q4 2024. Niagara Bottling broke ground on their 438K sq. ft. build-to-suit in Elsmere. There is now over 1.5 million sq. ft. of projects currently under construction.
- The bulk market saw several large leases in the over 100K sq. ft. range indicating a strong rebound from the negative net absorption seen last quarter. Bulk vacancy dropped from 13.1% to 11.2% in the last quarter.

FIGURE 1: Net Absorption vs. Construction Deliveries vs. Overall Vacancy Rate

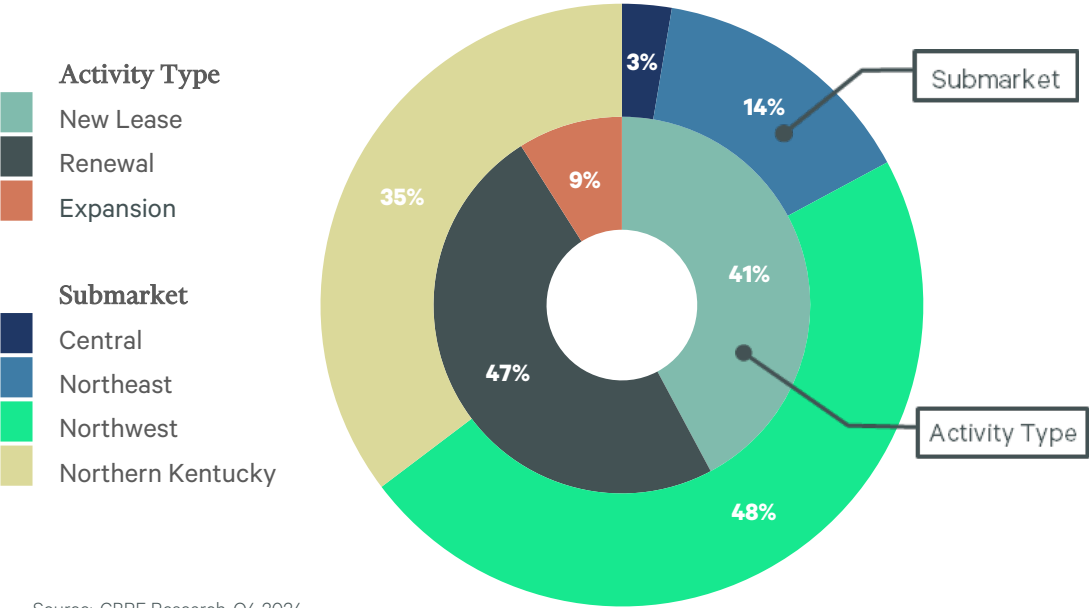


Source: CBRE Research, Q4 2024

Leasing Activity Overview

Although market fundamentals continue to correct from their pandemic peak, a strong 5.5 million sq. ft. of transaction volume was recorded this quarter. The information technology company, Winlt America, signed the largest new lease this quarter with a 583K sq. ft. space at 7050 New Buffington Road with Core5 in the Northern Kentucky submarket. On a submarket level, almost half of leasing activity was recorded in the Northwest submarket. Other sizeable new leases signed this quarter include Darana Hybrid with a 304K sq. ft. space at 8415 Firebird Drive with NorthPoint in the Northwest submarket and TREW Automation with a 304K sq. ft. space at 5389 Provident Drive with Prologis in the Northwest submarket. The largest renewal signed this quarter was Proximo in their 589K sq. ft. space at 2365 Litton Lane with Mapletree in the Northern Kentucky submarket. Other notable activity includes the 306K sq. ft. user sale of 10409 Robert Spegal Road from VanTrust to Thermo Fisher Scientific and the 301K sq. ft. user sale of 3550 Symmes Road from Prologis to Wolco.

FIGURE 2: Deal Activity Snapshot



Source: CBRE Research, Q4 2024

FIGURE 3: Leasing Activity

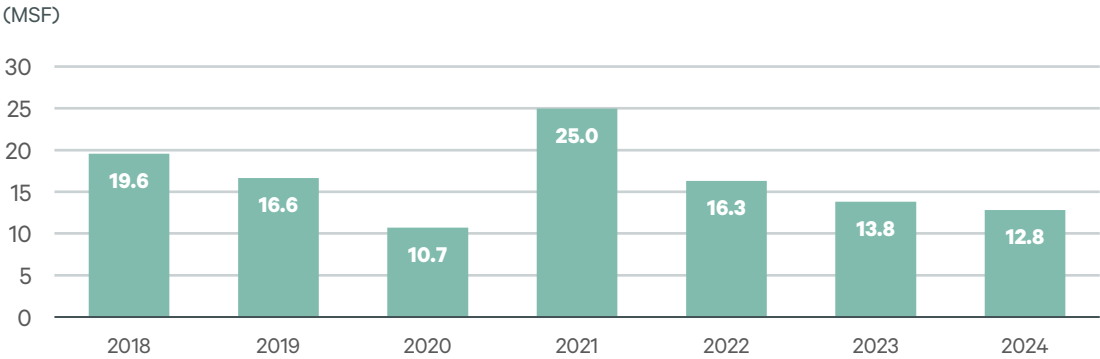


FIGURE 4: Key Transactions

Transaction Type	Tenant / Buyer	Sq. Ft.	Address	Submarket
Renewal	Proximo	589,200	2365 Litton Lane	Northern Kentucky
New Lease	Winlt America	583,858	7050 New Buffington Road	Northern Kentucky
User Sale	Thermo Fisher Scientific	306,560	10409 Robert Spegal Road	Northern Kentucky
New Lease	Darana Hybrid	304,364	8415 Firebird Drive	Northwest
New Lease	TREW Automation	304,000	5389 Provident Drive	Northwest
User Sale	Wulco	301,479	3550 Symmes Road	Northwest
Renewal	Office Depot	245,000	4700 Muhlhauser Road	Northwest
Expansion	Schneider Electric	235,056	5855 Union Centre Boulevard	Northwest
Renewal	General Electric	178,743	9701 Windisch Road	Northeast

Source: CBRE Research, Q4 2024

Construction

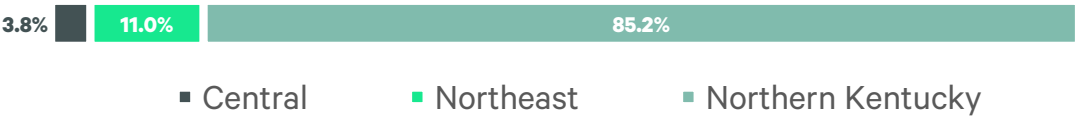
The market continues to grapple with high levels of completions from the past couple years. Consequently, there has been a slowdown in new deliveries, with this quarter only recording 434K sq. ft. of completions. Republic Wire completed their 320K sq. ft. build-to-suit in West Chester, Zotefoam's completed their 53K sq. ft. expansion in Walton, and Henkle Schueler completed their 50K sq. ft. speculative warehouse in Fairfield. Niagara Bottling broke ground on their 438K sq. ft. build-to-suit in Elsmere. Henkle Schueler broke ground on another 50K sq. ft. speculative warehouse in Northern Kentucky. Other notable projects under construction include Ambrose's speculative Airport West buildings totaling 506K sq. ft. of space that are slated to be delivered in Q2 2025.

FIGURE 5: Under Construction vs. Construction Deliveries



Source: CBRE Research, Q4 2024

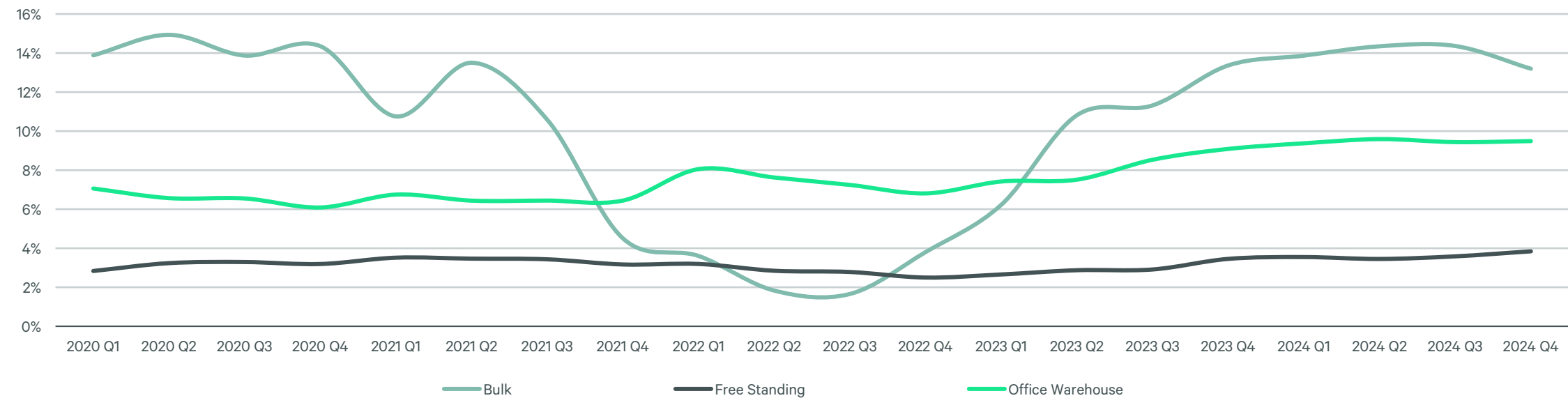
FIGURE 6: Under Construction by Submarket



Lease Rates and Availability

The Cincinnati industrial market’s noteworthy increase in bulk availability seems to have plateaued after registering a 190 bps decrease from the previous quarter. Bulk warehouse recorded a 12.0% availability rate, office warehouse at 9.5% and freestanding at 3.8%. Overall availability is 6.8% with a 10 bps decrease this quarter. With limited new speculative construction deliveries imminent, we expect vacancy to reduce over the next quarter as tenants occupy the newly developed space. There was a \$0.02 decline in asking rates from the previous quarter. Almost all newly completed construction will likely be priced in the over \$7.00 per sq. ft. range moving forward. Office warehouse continues to lead other building types in asking rates at \$7.36 per sq. ft. This is followed by bulk warehouse at \$6.31 per sq. ft. and freestanding at \$5.90 per sq. ft.

FIGURE 7: Availability Rate by Building Type



Source: CBRE Research, Q4 2024

FIGURE 8: Lease Rate by Building Type

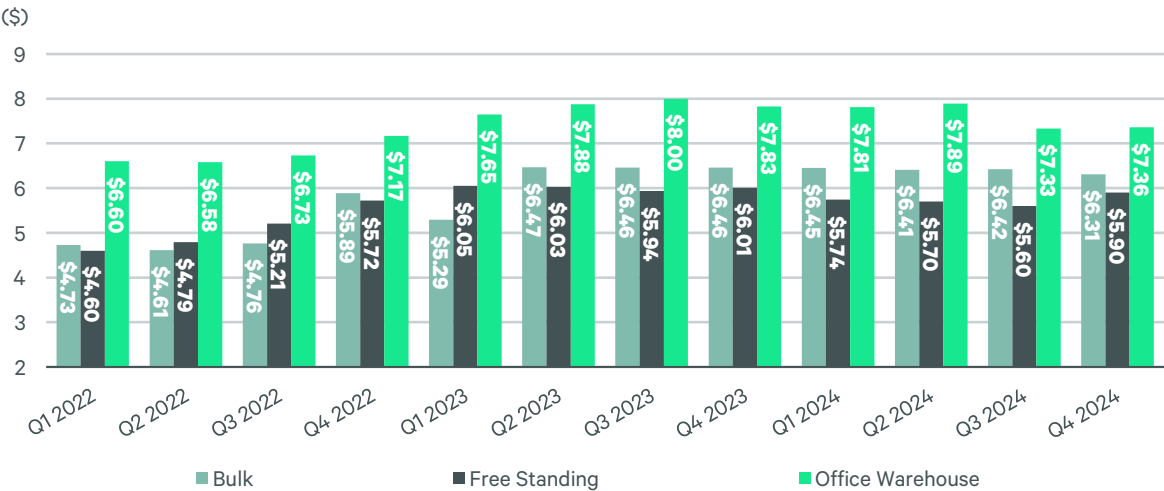


FIGURE 9: Market Statistics by Building Type

Subtype	Market Size (SF)	Vacancy Rate	Availability Rate	Net Absorption	Asking Lease Rate (NNN)
Bulk	98,700,292	11.2%	12.0%	1,600,461	\$6.31
Free Standing	221,875,800	3.4%	3.8%	27,406	\$5.90
Office Warehouse	12,333,480	7.9%	9.5%	(22,715)	\$7.36
Metro Total	332,909,572	6.2%	6.8%	1,605,152	\$6.21

FIGURE 10: Market Statistics by Submarket

Submarket	Market Size (SF)	Vacancy Rate	Availability Rate	Net Absorption	Asking Lease Rate (NNN)
Central	83,944,591	4.6%	5.0%	(349,542)	\$5.74
Northeast	68,718,271	5.4%	5.7%	(4,225)	\$6.54
Northern Kentucky	87,198,412	10.2%	10.7%	982,466	\$6.04
Northwest	93,048,298	4.4%	5.6%	976,453	\$6.75
Metro Total	332,909,572	6.2%	6.8%	1,605,152	\$6.21

Source: CBRE Research, Q4 2024

FIGURE 11: Construction Statistics

Submarket	Spec Under Construction	BTS Under Construction	Spec Completed	BTS Completed	Total Completed
Central	60,000	-	-	-	-
Northeast	-	172,450	-	-	-
Northern Kentucky	505,000	830,800	-	64,180	64,180
Northwest	-	-	50,000	320,000	370,000
Metro Total	565,000	1,003,250	50,000	384,180	434,180

Source: CBRE Research, Q4 2024

National Economic Outlook

The U.S. economy continues to exceed expectations. Much of this is due to a sturdy consumer who is enjoying increased household wealth, real income growth, and a resilient labor market. Consequently, CBRE is revising its outlook upward for 2025 annual average GDP growth by 60 basis points to 2.3%.

Typically, sturdy economic growth alongside Fed rate cuts would be rocket fuel for commercial real estate (CRE) performance. The catch is capital markets have grown skeptical of just how low rates will go in 2025. The mix of sticky core inflation and future policy concerns are putting upward pressure on long-term rates. Nevertheless, real estate capital markets have made good progress in recent quarters. Lending spreads are tightening, and credit issuance is up. Lending conditions are easing a bit as multifamily LTVs are trending slightly upward. Stronger debt markets and balanced and/or recovering space market fundamentals should translate into a noticeable uptick in investment during the next several quarters

Source: CBRE Research

Cincinnati, OH Employment Update

▼

3.9%

Unemployment Rate

▼

1.2M

Labor Force

▼

271.1K

Office Using Jobs

▲

352.1K

Industrial Using Jobs

▲

163.1K

Retail Using Jobs

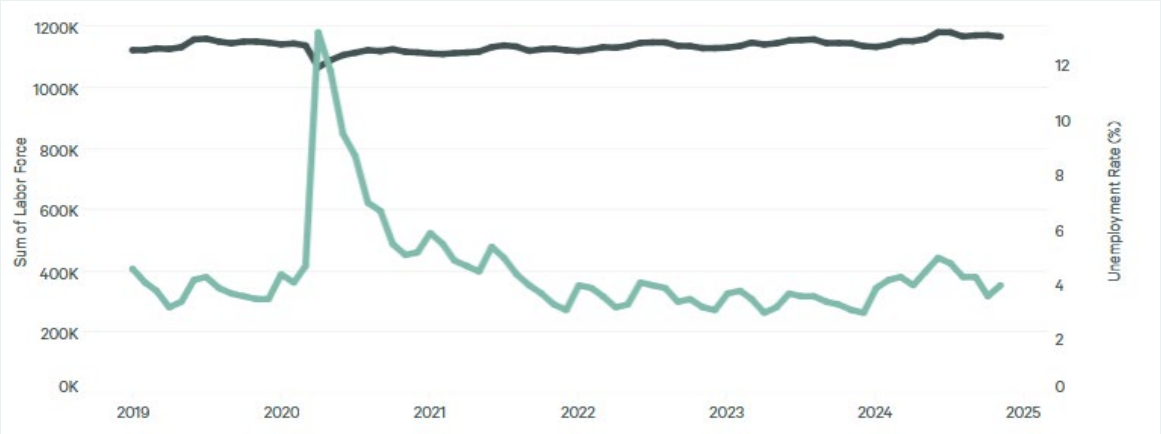
Employment Change by Sector – Yearly + Monthly
Bars indicate yearly trend, arrows indicate monthly trend



Note: Arrows indicate month-over-month change.

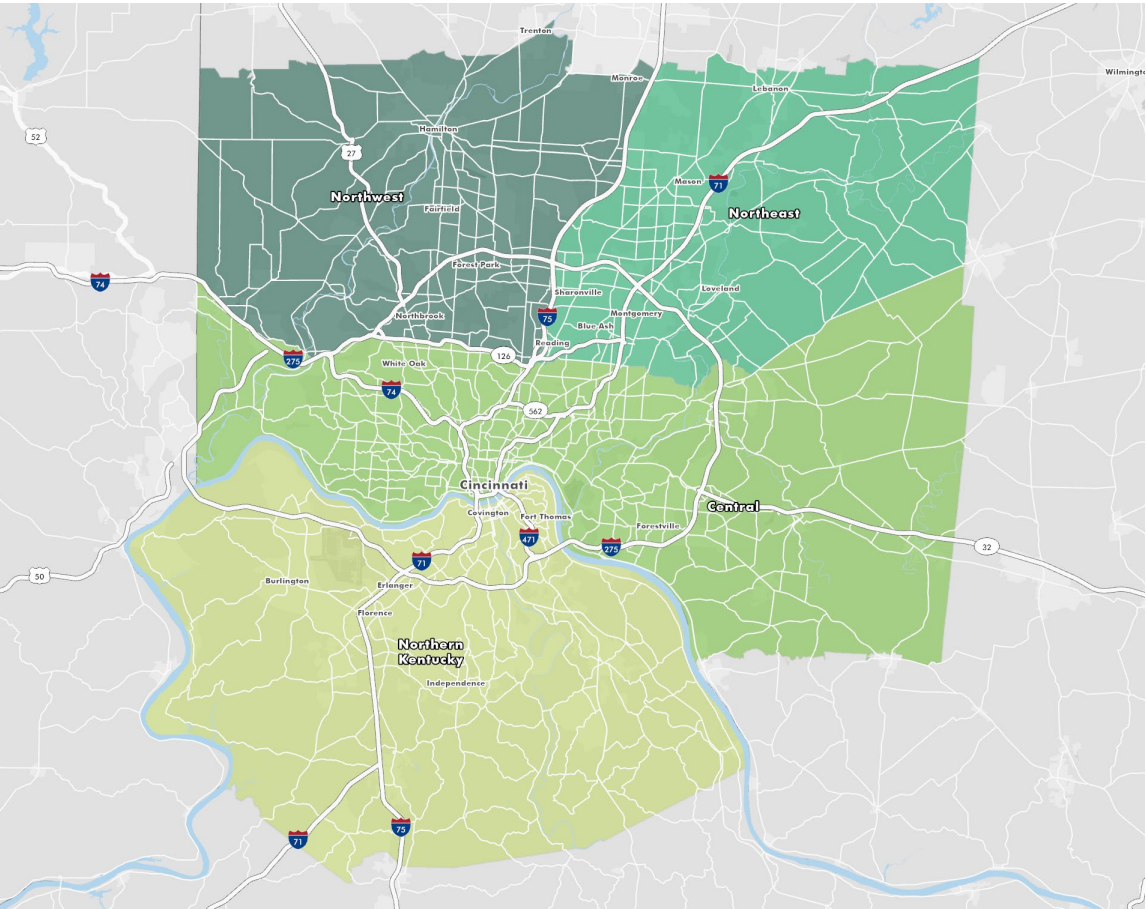
Source: US BLS, November 2024

Cincinnati, OH Unemployment Rate and Labor Force Trends



Source: US BLS, November 2024

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days.

Survey Criteria

Includes all industrial buildings 10,000 sq. ft. and greater in size in Greater Cincinnati.

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