

FIGURES | CINCINNATI INDUSTRIAL | Q1 2025

Sizeable new leases drive more positive net absorption

CBRE has updated the criteria for industrial tracked building sets to reflect buildings with a Net Rentable Area (NRA) of 30,000 square feet or higher. In addition to creating regional consistency, this change will enhance the reporting and depth of data on each market's most competitive buildings. Historical stats have been revised to reflect current industrial thresholds. Building inventories will be evaluated quarterly to ensure they remain the most comprehensive and accurate representation of each market.

▼6.3%

Vacancy Rate

▼836,457

SF Net Absorption

▼110,000

SF Construction Delivered

▲2.0M

SF Under Construction

▲\$6.18

NNN/YR Lease Rate

Note: Arrows indicate change from previous quarter.

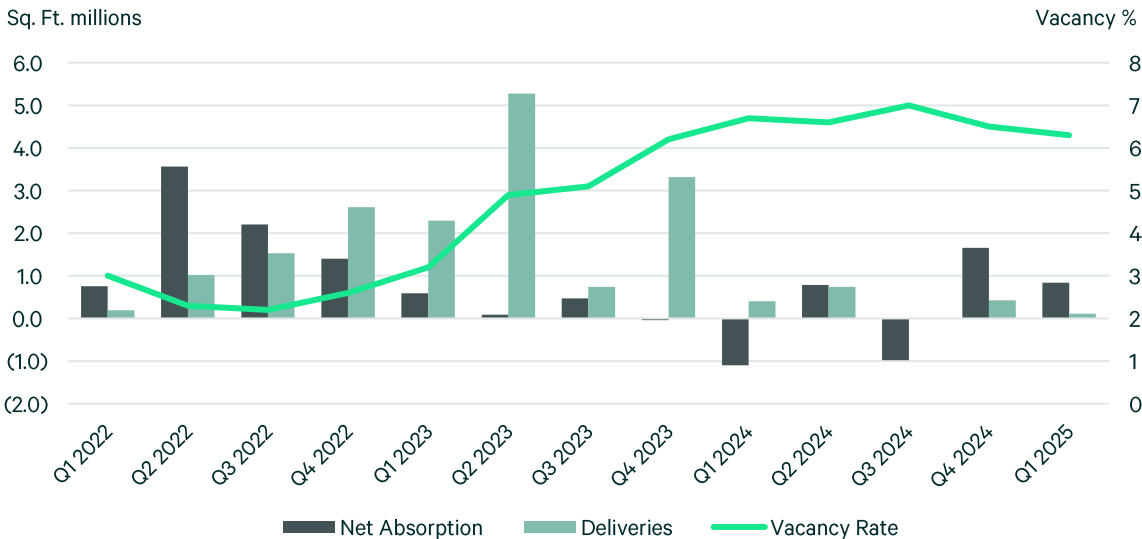
SUMMARY

The Cincinnati industrial market recorded its second consecutive positive quarter of net absorption with 836,457 sq. ft. to start the year.

There were 110,000 sq. ft. of construction completions in the first quarter of the year. Two new construction projects broke ground totaling 550,560 sq. ft. of build-to-suit space, Schneider Electric's 446,560 sq. ft. and Coolants Plus's 104,000 sq. ft., both in the Northwest submarket. There is now 2.0 million sq. ft. of projects currently under construction, with no new bulk speculative construction starts this quarter. Net absorption is expected to continue to rise as many pre-leased or build-to-suit developments are scheduled to deliver throughout the year.

The bulk market recorded only two large leases in the over 100,000 sq. ft. range, Seko Logistics' 308,000 sq. ft. in the Northern Kentucky submarket and Systecon's 108,850 sq. ft. in the Northwest submarket. Total leasing activity, including renewals, recorded 4.7 million sq. ft. of transaction volume led by Verst Group's massive 737,000 sq. ft. renewal at 3680 Langley Drive. The largest vacancy this quarter occurred at Mosteller Road with Plymouth vacating their space, this accounted for 121,931 sq. ft. of negative absorption in the Northeast submarket.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2025

Availability Rate

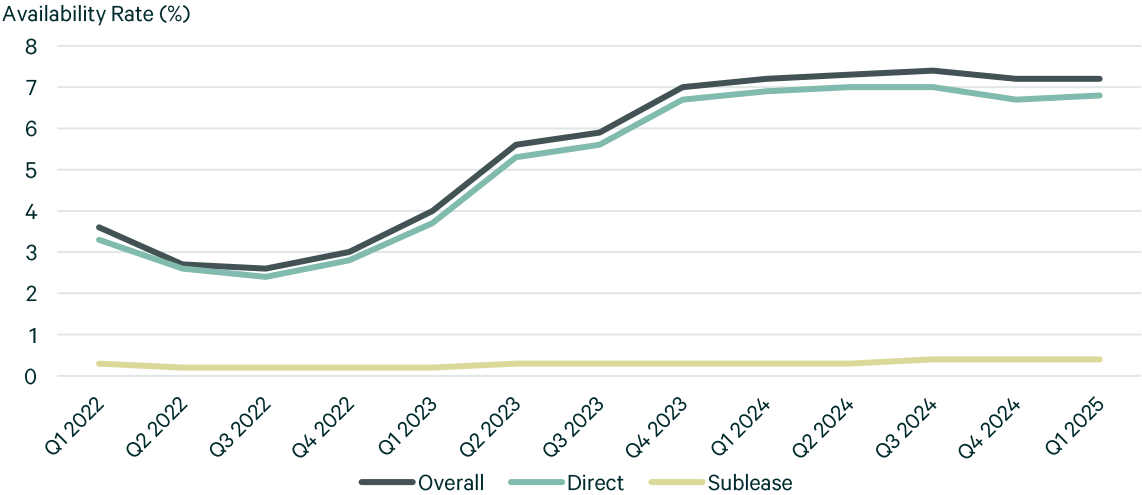
The Cincinnati industrial market recorded an overall availability rate of 7.2% with a 90 bps increase in total available space quarter-over-quarter. The amount of direct space available increased incrementally to 20.5 million sq. ft. and the amount of sublease space available increased to 1.3 million sq. ft. Bulk warehouse recorded a 13.6% availability rate, followed by office warehouse at 9.7% and freestanding at 3.8%. With limited new speculative construction deliveries imminent, we expect vacancy to reduce over the next quarter as tenants occupy the newly developed space.

Asking Rent

Asking rents increased by \$0.02 per sq. ft. this quarter reaching an average of \$6.18 per sq. ft. Office warehouse continues to lead other building types in asking rates at \$7.34 per sq. ft. This is followed by bulk warehouse at \$6.30 per sq. ft. and freestanding at \$5.80 per sq. ft.

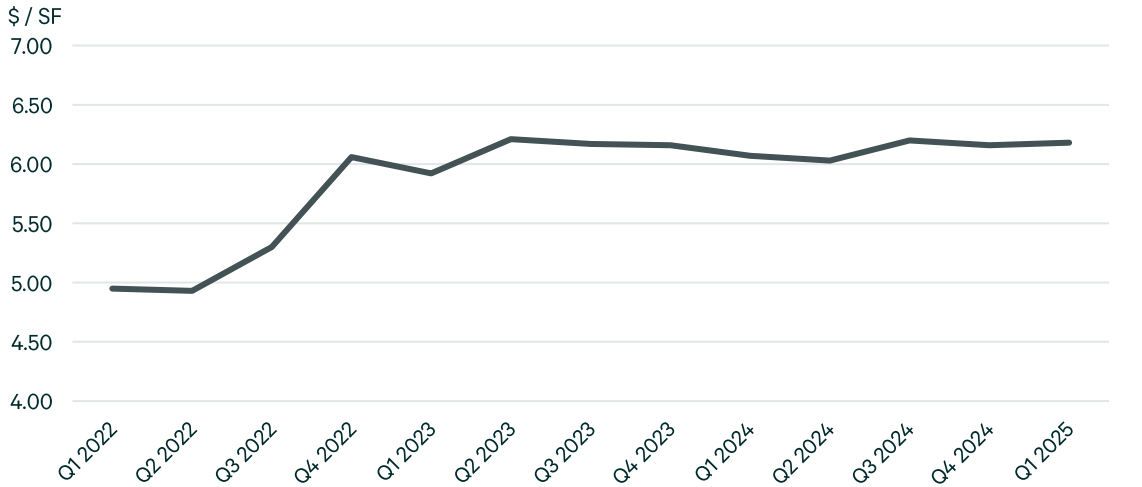
Almost all newly completed construction will likely be priced in the over \$7.00 per sq. ft. range moving forward. This will depend on the size of the buildings, we are starting to see some sub-30,000 sq. ft speculative buildings that will be priced over \$10.00 per sq. ft. We have also seen Henkle Schueler build several 50,000 sq. ft. speculative buildings that will be priced in the \$9.75 per sq. ft. range. The rear load speculative buildings are now typically priced at over \$7.00 per sq. ft. and the large cross dock bulk buildings are done being delivered for the time being.

FIGURE 2: Availability Rates



Source: CBRE Research, Q1 2025

FIGURE 3: Avg. Direct Asking Rate (NNN/YR)



Source: CBRE Research, Q1 2025

Net Absorption

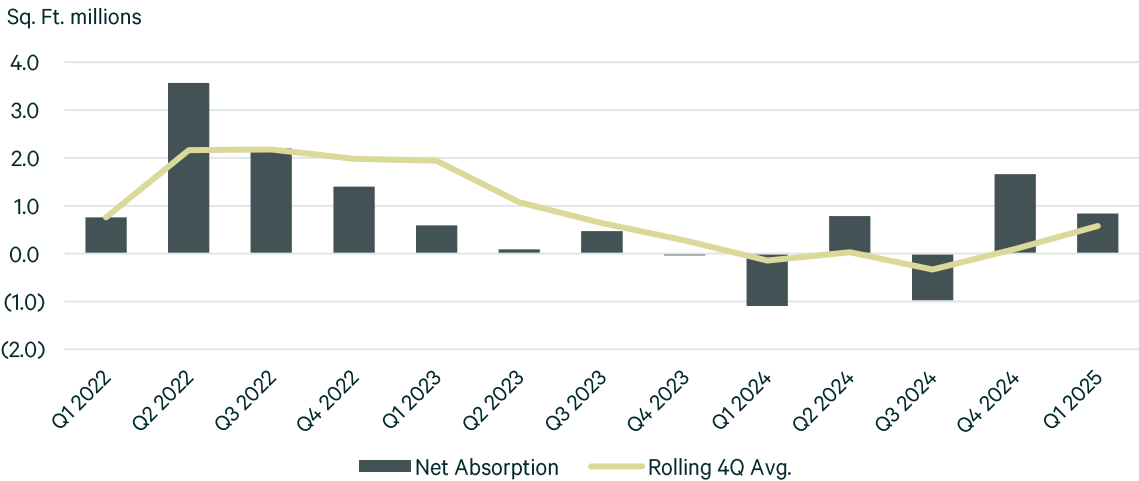
After several years of volatility, the Cincinnati industrial market recorded its second consecutive positive quarter in Q1 2025 with 836,457 sq. ft of positive net absorption. Supply chain solution company Seko Logistics led net absorption with a 308,000 sq. ft. new lease at 1155 Worldwide Boulevard with Prologis. Other sizable net absorption this quarter included Impact Brewing with a 338,792 -sq. -ft. space at 4330 Winton Road in the Central submarket and Sysstecon with a 108,850 -sq. -ft. space at Firebird Drive in the Northwest submarket with NorthPoint. User sales contributed 471,701 sq. ft. positive absorption this quarter, including Estes Express Line's purchase of the 170,640 sq. ft. truck terminal on 42 acres at 10074 Princeton Glendale Road and LPS Fulfillment's purchase of the 131,150 -sq. -ft. building at 2800 Henkle Drive from TradeLane in a building they were previously leasing.

Construction Activity

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's figures showing one of the lowest levels in at least six years. Only 110,000 sq. ft. of completions were recorded, including a 60,000 sq. ft. speculative warehouse at 299 Gest Street in Queensgate and a 50,000 sq. ft. build-to-suit for Bakery Express on Dixon Drive in Florence, KY. There were two new build-to-suit construction starts this quarter including Fairfield Logistics Center Building 1B totaling 446,560 sq. ft. in the Northwest submarket with Clarion/Merus and Coolants Plus build-to-suit totaling 104,000 sq. ft. in the Northwest submarket.

Another large project that is still under construction is Niagara Bottling's 438,800 sq. ft. build-to-suit in the Northern Kentucky submarket, which is also adjacent to Chick-Fil-A's Elsmere, Kentucky 270,000 sq. ft. build-to-suit. This quarter there was 2.0 million sq. ft. of projects in the construction pipeline, with over 652,000 sq. ft. now entering the final stages toward completion.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q1 2025

FIGURE 5: Construction Activity

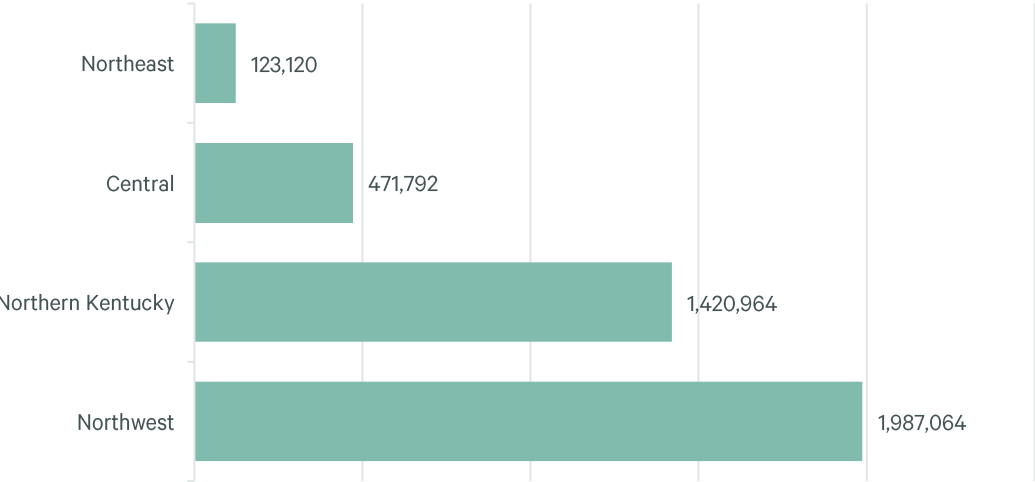


Source: CBRE Research, Q1 2025

Leasing Activity

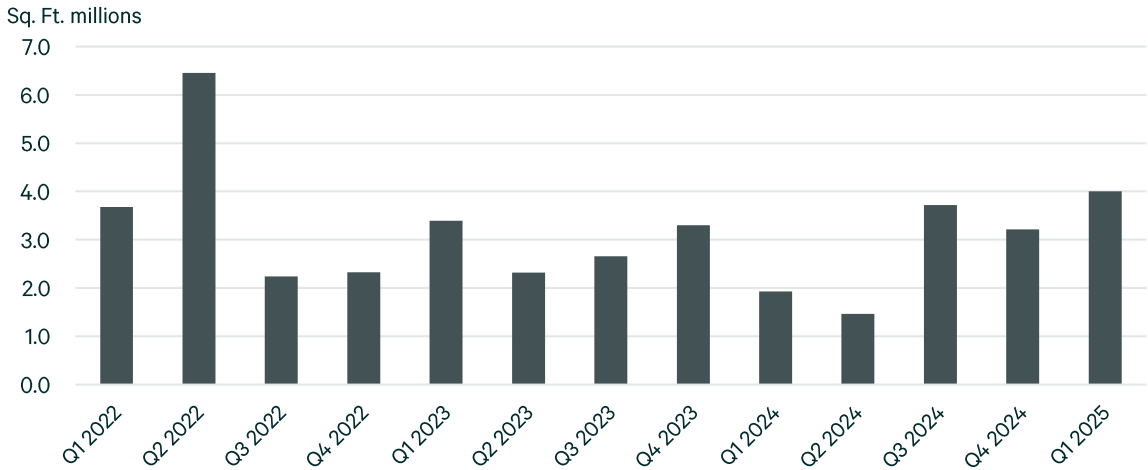
Leasing activity continued to remain steady with a strong 4.7 million sq. ft. of transaction volume recorded this quarter. The energy management company, Schneider Electric, signed the quarter’s largest new lease with a 446,560 -sq. -ft. space at Seward Road in the Northwest submarket, which will add positive absorption when it completes later in 2025. Other sizable new leases signed included Impact Brewing with a 338,792 -sq. -ft. space at 4330 Winton Road in the Central submarket and Seko Logistics with a 308,000 -sq. -ft. space at 1155 Worldwide Boulevard in the Northern Kentucky submarket. The largest renewal signed this quarter was the Verst Group in their 737,000 -sq. -ft. space at 3680 Langley Drive in the Northern Kentucky submarket. Other notable activity includes Cornerstone Brands’ renewal of 479,512 sq. ft. at 8754 Trade Port Drive and Westrock Paper and Packaging’s renewal of 322,941 sq. ft. at 375 Distribution Circle, both in the Northwest submarket. On a submarket level, almost half of leasing activity was recorded in the Northwest submarket at 1.9 million sq. ft. and the Northern Kentucky submarket closely following at 1.4 million sq. ft.

FIGURE 6: Leasing Activity by Submarket – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q1 2025

FIGURE 6: Leasing Activity Trend – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q1 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Verst Group	737,000	Renewal	3680 Langley Dr	Northern Kentucky
Cornerstone Brands	479,512	Renewal	8754 Trade Port Dr	Northwest
Impact Brewing	338,792	New Lease	4330 Winton Rd	Central
Westrock	322,941	Renewal	375 Distribution Cir	Northwest
Seko Logistics	308,000	New Lease	1155 Worldwide Blvd	Northern Kentucky
Fedex	183,508	Renewal	8655 Jacquemin Dr	Northwest
Estes Express Lines	170,640	User Sale	10074 Princeton Glendale Rd	Northwest
GE Aerospace	162,600	Renewal	199 Container Pl	Northwest
Simplethanks Tree Care	133,000	New Lease	8361 Broadwell Rd	Central

Source: CBRE Research, Q1 2025

Market Statistics by Size

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Under 100,000 sq. ft.	68,389,002	5.0	6.0	5.6	0.4	6.48	(46,002)	(46,002)	110,000	203,000
100,000-199,999 sq. ft.	60,778,803	4.5	5.6	4.8	0.8	6.51	441,812	441,812	0	224,000
200,000-299,999 sq. ft.	39,808,750	6.4	7.5	7.4	0.1	6.28	(19,082)	(19,082)	0	713,000
300,000-499,999 sq. ft.	45,179,420	5.4	6.0	5.2	0.7	5.93	459,729	459,729	0	885,360
500,000-749,999 sq. ft.	41,254,615	11.0	11.8	11.7	0.1	6.05	0	0	0	0
750,000 sq. ft.	47,359,589	7.2	8.0	7.6	0.4	5.98	0	0	0	0
Total	302,770,179	6.3	7.2	6.8	0.4	6.18	836,457	836,457	110,000	2,025,360

Market Statistics by Product Type

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Distribution / Logistics	209,687,331	6.9	8.0	7.4	0.5	6.35	783,291	783,291	60,000	1,832,360
Manufacturing	83,401,335	3.3	3.6	3.6	0.0	4.93	(23,371)	(23,371)	0	0
R&D / Flex	2,544,241	7.9	8.4	7.9	0.5	8.33	0	0	0	43,000
Other Industrial	7,137,272	24.3	27.0	24.7	2.3	6.58	76,537	76,537	50,000	150,000
Total	302,770,179	6.3	7.2	6.8	0.4	6.18	836,457	836,457	110,000	2,025,360

Market Statistics by Submarket

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Central	72,930,954	4.9	5.3	5.3	0.0	5.92	132,298	132,298	60,000	0
Northeast	62,047,227	5.8	6.2	6.0	0.2	6.33	(100,523)	(100,523)	0	120,000
Northern Kentucky	82,377,227	10.2	11.1	10.5	0.5	6.05	451,896	451,896	50,000	1,354,800
Northwest	85,414,771	4.0	5.9	5.0	0.9	6.62	352,786	352,786	0	550,560
Total	302,770,179	6.3	7.2	6.8	0.4	6.18	836,457	836,457	110,000	2,025,360

Economic Overview

Policy speculation and announcements are now the key drivers of macro expectations and financial markets. The reality of material trade conflicts this year is now paired with realized softer economic data. Some of this could be due to firms taking a ‘wait-and-see’ approach as they digest changing trade policy. Consumer sentiment has declined noticeably, albeit much more than actual spending. Consequently, CBRE has revised its GDP growth outlook for this year down to just below 2%.

Despite policy uncertainty, credit markets are more accommodative, with tighter spreads and more issuance compared to a few quarters ago. More fluid credit markets have yet to translate into stronger sales volume, as many institutional owners and reams of dry powder capital remain on the sidelines. The continuation of accretive credit trends and eventual deployment of dry powder will depend on the impact of new policies. Should they prove more inflationary, this would erode recent capital markets progress. If not, and macro impacts are limited, this could give the Fed a green light for further cuts and help unlock monies waiting on the sidelines.

Cincinnati, OH Employment Update

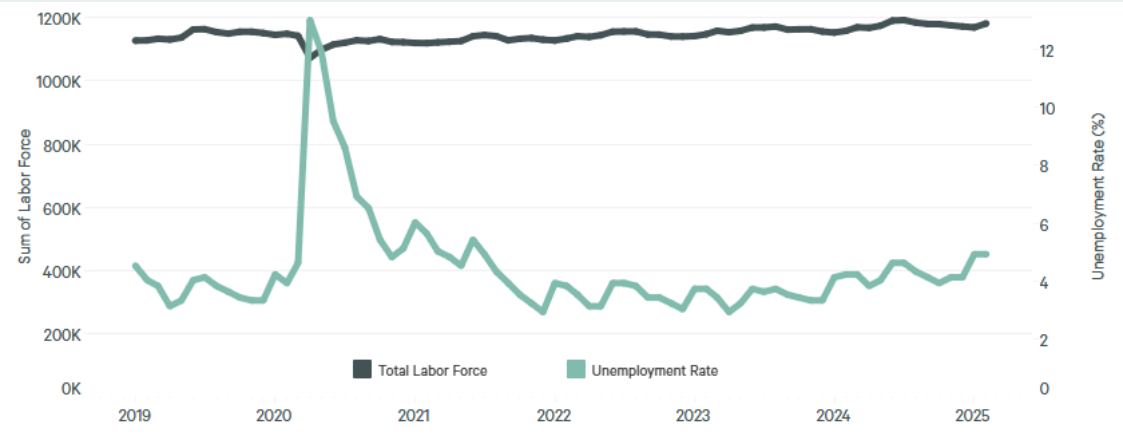
- ▶ 4.9%
Unemployment Rate
- ▲ 1.2M
Labor Force
- ▲ 269.1K
Office Using Jobs
- ▼ 345.2K
Industrial Using Jobs
- ▼ 160.1K
Retail Using Jobs

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



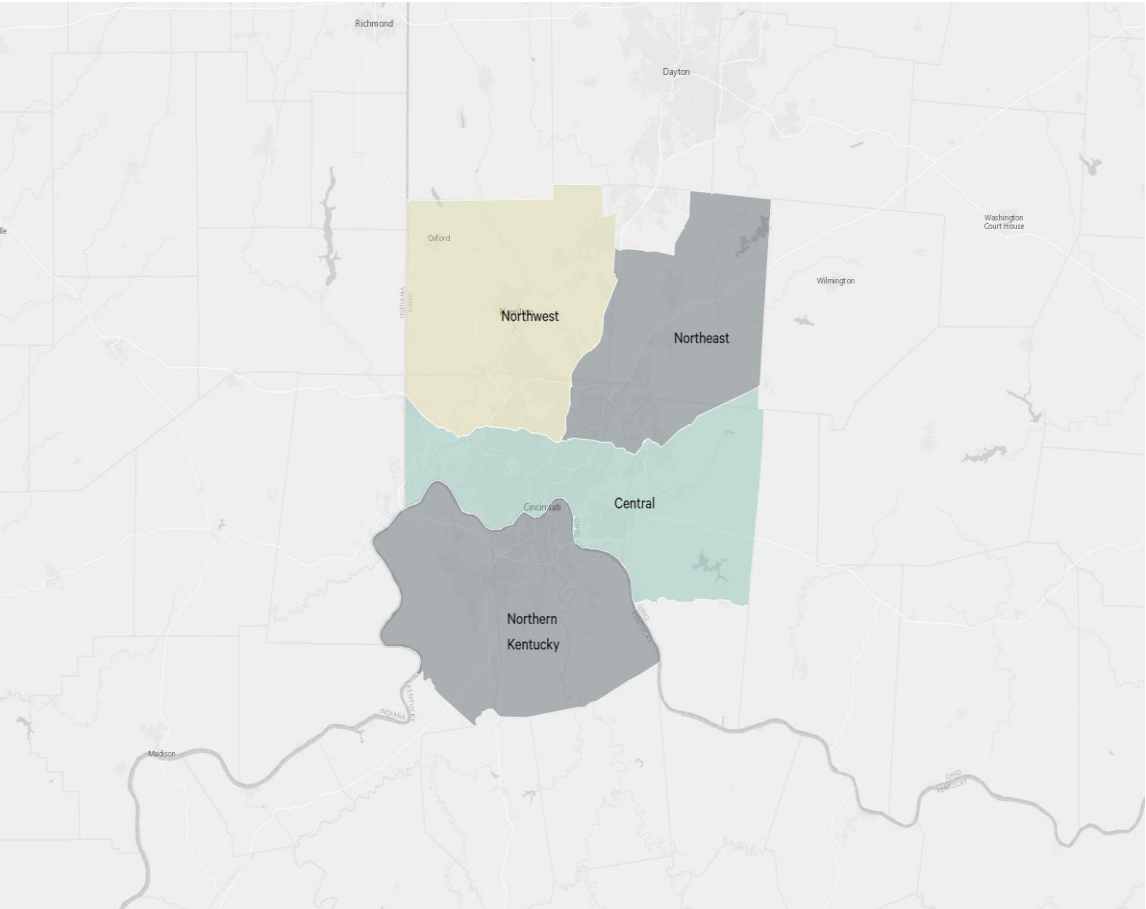
Source: US BLS, February 2025

Note: Arrows indicate month-over-month change.
Cincinnati, OH Unemployment Rate and Labor Force Trends



Source: US BLS, February 2025

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. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

Includes all Industrial buildings 30,000 sq. ft. and greater in size in Greater Cincinnati. Buildings which have begun construction as evidenced by site excavation or foundation work

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