

	YoY Chg	12-Mo. Forecast
<b>5.0%</b> Vacancy Rate	▲	▲
<b>798K</b> Net Absorption, SF	▼	▲
<b>\$4.46</b> Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

### ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
<b>1.1M</b> Cincinnati Employment	▼	▲
<b>5.5%</b> Cincinnati Unemployment Rate	▲	▼
<b>6.7%</b> U.S. Unemployment Rate	▲	▼

Source: BLS, Moody's Analytics

### ECONOMY

After reaching 13.0% in mid-2020, the unemployment rate in Greater Cincinnati fell to 5.5% by the end of Q4 2020. Local unemployment also remained well below the national rate of 6.7%.

Between the worldwide effects of COVID-19, a resulting economic recession followed by an uneven recovery and considerable election controversy in the United States, 2020 was a year of great uncertainty. However, with promising COVID-19 vaccines in production and a resolution to the U.S. national election, the economy is better-positioned for continued recovery throughout the new year. Cushman & Wakefield updates its research on CRE and the evolving state of economy [here](#).

### SUPPLY AND DEMAND: Full-year absorption passes 3.0 msf in 2020

Direct vacancy (excluding vacant subleases) in Greater Cincinnati was 4.7% in Q4 2020. A vacancy increase of more than 80-basis point (bps) over the prior year is in large part the result of significant construction deliveries. Totalling 1.7 million square feet (msf) delivered in Q4, full-year deliveries reached 5.9msf and roughly 90% of this development was speculative in nature.

Despite significant building deliveries throughout the year, the modern bulk sector exhibited healthy absorption and as a result vacancy (11.2%) ticked upwards just 90 bps relative to year-end 2019. On the other hand, traditional bulk vacancy grew by 330 bps year-over-year to 6.3%.

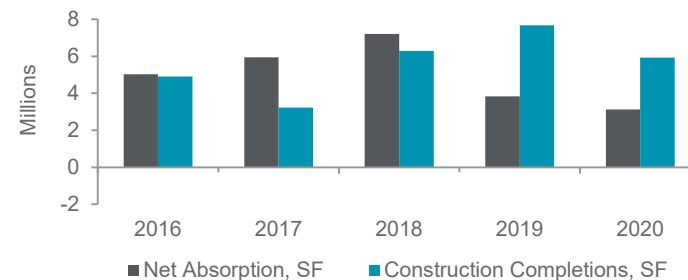
Greater Cincinnati registered its 38<sup>th</sup> consecutive quarter of positive direct net absorption (excluding subleases) in Q4 2020 at more than 1.0 msf. After a slow start to the year, a strong Q3 and Q4 pushed 2020 total absorption to 3.2 msf. Major drivers of net absorption in Q4 included Verst Group Logistics in Northern Kentucky, which expanded by 174,000 square feet (sf) at Prologis Park 275 #2. In the Northwest submarket, Republic Wire leased 123,000 sf at 4225-4331 Dues Drive. At Capital Center Distribution Center #3, Storopack leased 63,000 sf. Nearby, Innomark Communications leased 213,000 sf at West Chester Trade Center #3.

Q4 marked the third consecutive quarter of gross leasing activity greater than 2.2 msf. For all of 2020, gross leasing activity was 8.4 msf, which was a higher total than all but one of the past seven years. Leasing activity is comprised of new lease signings over a given period, which are an indicator of future positive net absorption.

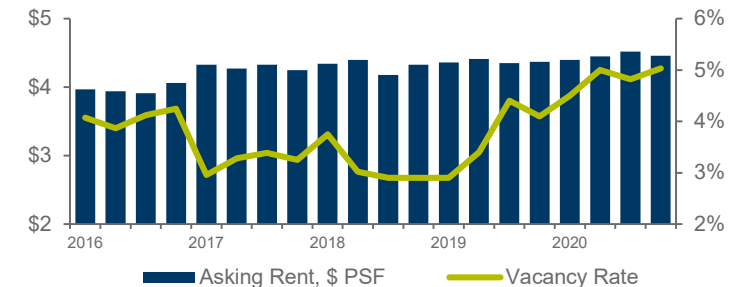
### PRICING: Asking rents grew by 2.0% in multiple categories

Across all categories, direct average asking rates grew by more than 2.0% yearly to \$4.49 per square foot (psf) net at year-end. Both Q4 modern bulk (\$4.34) and traditional bulk (\$3.98) asking rates increased by more than 2.0% over the prior year.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



# MARKETBEAT CINCINNATI



## Industrial Q4 2020

### MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	DIRECT VACANCY RATE	CURRENT QTR DIRECT NET ABSORPTION (SF)	YTD DIRECT NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	DIRECT AVERAGE ASKING RENT*
<b>BULK DISTRIBUTION (W/D)</b>								
<b>MODERN (CLASS A)</b>								
Central	721,260	0	0.0%	0	103,500	0	0	N/A
Northeast	534,560	0	0.0%	0	140,746	0	0	N/A
Northern Kentucky	32,982,147	3,692,093	11.2%	1,278,588	2,654,481	3,930,040	2,920,122	\$4.33
Northwest	29,489,858	3,475,439	11.8%	-358,962	441,657	882,040	2,153,141	\$4.35
<b>MODERN BULK TOTALS</b>	<b>63,727,825</b>	<b>7,167,532</b>	<b>11.2%</b>	<b>919,626</b>	<b>3,340,384</b>	<b>4,812,080</b>	<b>5,073,263</b>	<b>\$4.34</b>
<b>TRADITIONAL (CLASS B)</b>								
Central	2,487,902	39,000	1.6%	-39,000	-39,000	0	0	\$4.50
Northeast	3,012,230	511,612	17.0%	0	-277,413	0	0	\$3.95
Northern Kentucky	10,025,949	576,185	5.7%	-255,331	-476,346	0	0	\$4.22
Northwest	13,969,689	739,009	5.3%	22,880	-222,260	0	0	\$3.74
<b>TRADITIONAL BULK TOTALS</b>	<b>29,495,770</b>	<b>1,865,806</b>	<b>6.3%</b>	<b>-267,451</b>	<b>-1,015,019</b>	<b>0</b>	<b>0</b>	<b>\$3.98</b>
<b>BULK DISTRIBUTION (M + T) TOTALS</b>	<b>93,223,595</b>	<b>9,033,338</b>	<b>9.7%</b>	<b>652,175</b>	<b>2,325,365</b>	<b>4,812,080</b>	<b>5,073,263</b>	<b>\$4.27</b>
<b>LIGHT INDUSTRIAL (W/D)</b>								
Central	25,706,405	689,676	2.7%	138,666	466,209	46,000	353,213	\$5.64
Northeast	10,307,141	289,468	2.8%	-22,873	-71,353	0	0	\$5.11
Northern Kentucky	15,220,821	91,000	0.6%	36,960	314,200	0	243,000	\$6.17
Northwest	32,868,619	473,164	1.4%	114,828	-96,301	45,000	0	\$7.70
<b>LIGHT INDUSTRIAL TOTALS</b>	<b>84,102,986</b>	<b>1,543,308</b>	<b>1.8%</b>	<b>267,581</b>	<b>612,755</b>	<b>91,000</b>	<b>596,213</b>	<b>\$6.24</b>
<b>WAREHOUSE / DISTRIBUTION TOTALS</b>	<b>177,332,866</b>	<b>11,082,614</b>	<b>6.2%</b>	<b>919,756</b>	<b>2,938,120</b>	<b>5,063,080</b>	<b>5,669,476</b>	<b>\$4.44</b>

\*Rental rates reflect weighted net asking \$psf/year

STATISTICS CONTINUED ON THE NEXT PAGE

#### Explanation of Building Category Characteristics

- MODERN BULK DISTRIBUTION – Also known as “Class A.” Buildings generally constructed since 1994 which were designed for large-scale distributors, with ceiling clear heights of at least 28 feet.
- TRADITIONAL BULK DISTRIBUTION – Also known as “Class B.” Buildings generally constructed before 2000 which were designed for large-scale distributors, typically with ceiling clear heights of less than 28 feet.
- LIGHT INDUSTRIAL – Buildings constructed for warehousing, distribution or non-manufacturing uses, but cannot be classified as large-scale bulk distribution centers. Buildings vary greatly in size and age.
- WAREHOUSE / DISTRIBUTION (W/D) – Combined total of all Bulk Distribution and Light Industrial buildings.
- MANUFACTURING (MF) – Buildings constructed specifically for the production, research and development of goods. Buildings are typically single-tenant and vary greatly in size and age.
- OFFICE SERVICE (OS) – Also known as “flex” or “office warehouse.” Industrial buildings which are typically multi-tenant, with a heavy percentage of office space and ceiling clear heights of less than 22 feet.

# MARKETBEAT CINCINNATI



## Industrial Q4 2020

### MARKET STATISTICS - CONTINUED

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	DIRECT VACANCY RATE	CURRENT QTR DIRECT NET ABSORPTION (SF)	YTD DIRECT NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	DIRECT AVERAGE ASKING RENT*
<b>MANUFACTURING</b>								
Central	43,578,269	1,471,760	3.4%	10,573	113,226	180,000	122,000	\$3.44
Northeast	14,995,590	94,437	0.6%	8,125	-81,490	230,000	0	\$4.52
Northern Kentucky	16,256,391	165,000	1.0%	28,000	189,250	0	0	N/A
Northwest	33,113,889	356,799	1.1%	53,626	5,785	350,000	93,626	\$4.38
<b>MANUFACTURING TOTALS</b>	<b>107,944,139</b>	<b>2,087,996</b>	<b>1.9%</b>	<b>100,324</b>	<b>226,771</b>	<b>403,626</b>	<b>215,626</b>	<b>\$3.74</b>
<b>OFFICE SERVICE (OFFICE WAREHOUSE)</b>								
Central	1,074,410	130,398	12.1%	10,990	7,634	0	0	\$7.33
Northeast	2,259,839	165,359	7.3%	17,787	-19,985	0	0	\$7.37
Northern Kentucky	4,061,665	127,832	3.1%	12,599	46,466	84,600	45,500	\$6.95
Northwest	7,017,668	447,154	6.4%	-17,947	16,385	0	0	\$6.41
<b>OFFICE SERVICE TOTALS</b>	<b>14,413,582</b>	<b>870,743</b>	<b>6.0%</b>	<b>23,429</b>	<b>50,500</b>	<b>84,600</b>	<b>45,500</b>	<b>\$6.86</b>
<b>SUBMARKET TOTALS</b>								
Central	73,568,246	2,178,519	3.0%	121,229	651,569	226,000	475,213	\$4.21
Northeast	31,109,360	1,060,876	3.4%	3,039	-309,495	230,000	0	\$4.80
Northern Kentucky	78,546,973	4,758,957	6.1%	1,104,816	2,728,051	4,174,640	3,208,622	\$4.37
Northwest	116,466,008	6,043,001	5.2%	-185,575	145,266	1,277,040	2,24,6767	\$4.61
<b>CINCINNATI TOTALS</b>	<b>299,690,587</b>	<b>14,041,353</b>	<b>4.7%</b>	<b>1,043,509</b>	<b>3,215,391</b>	<b>5,907,680</b>	<b>5,930,602</b>	<b>\$4.49</b>

\*Rental rates reflect weighted net asking \$psf/year

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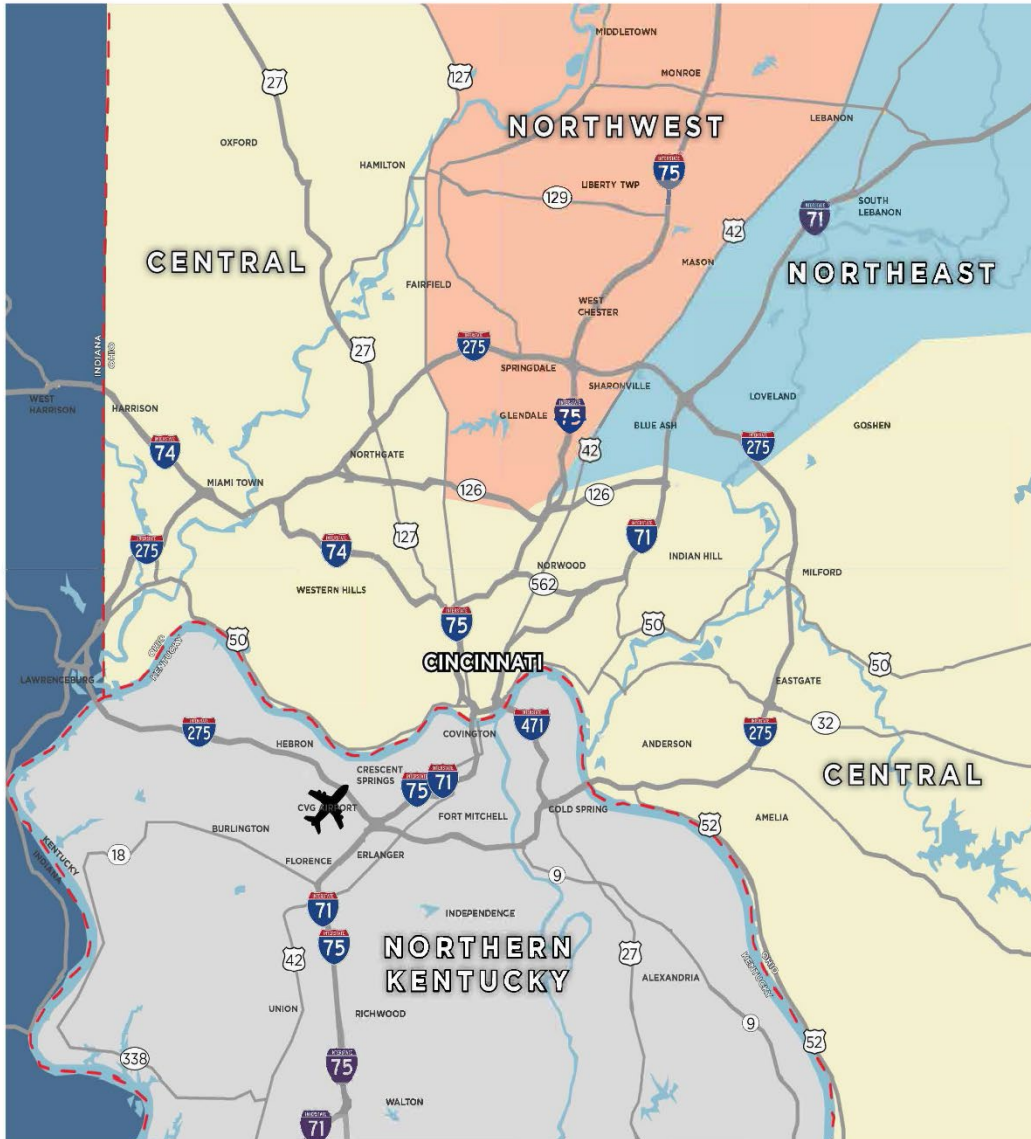
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INDUSTRIAL SUBMARKETS



**NORTHEAST SUBMARKET**

<b>Total Size:</b>	<b>31.1 MSF</b>
Vacancy Rate	3.3%
Under Construction (SF)	230,000
YTD Absorption (SF)	-309,495
Direct Avg. Asking Rent	\$4.80

**NORTHWEST SUBMARKET**

<b>Total Size:</b>	<b>116.5 MSF</b>
Vacancy Rate	4.7%
Under Construction (SF)	1,277,040
YTD Absorption (SF)	145,266
Direct Avg. Asking Rent	\$4.61

**CENTRAL SUBMARKET**

<b>Total Size:</b>	<b>73.6 MSF</b>
Vacancy Rate	3.2%
Under Construction (SF)	226,000
YTD Absorption (SF)	651,569
Direct Avg. Asking Rent	\$4.21

**N. KENTUCKY SUBMARKET**

<b>Total Size:</b>	<b>78.5 MSF</b>
Vacancy Rate	6.1%
Under Construction (SF)	4,174,640
YTD Absorption (SF)	2,728,051
Direct Avg. Asking Rent	\$4.37

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