MARKETBEAT

CINCINNATI

Industrial Q1 2021

	YoY Chg	12-Mo. Forecast
4.6% Vacancy Rate	▲	▼
2.3M Net Absorption, SF	▲	▼
$4.44 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2021

	YoY Chg	12-Mo. Forecast
1.1M Cincinnati Employment	▼	▲
4.7% Cincinnati Unemployment Rate	▲	▼
6.0% U.S. Unemployment Rate	▲	▼

Source: BLS, Moody's Analytics

ECONOMY

After reaching double-digits in early 2020, the unemployment rate in Greater Cincinnati approached pre-COVID-19 levels in Q1 2021 at 4.7%. Local unemployment also remained significantly below the national rate of 6.0%.

Site Selection Magazine recently released its annual "Governor's Cup" rankings for economic development and new corporate facility projects. In 2020, Ohio ranked second overall in total development project count (419) for the second year in a row, behind Texas (781). However, Ohio was awarded the top ranking for projects on a per capita (population) basis. In addition to Ohio, the Tri-State region was well represented on the per capita list, with Kentucky ranking third and Indiana fifth. Among metropolitan areas greater than 1 million residents, Greater Cincinnati placed seventh overall for projects on a per capita basis.

SUPPLY AND DEMAND: Strong quarterly absorption to start 2021

Direct vacancy (excluding vacant subleases) in Greater Cincinnati was 4.2% in Q1 2021. Vacancy was virtually unchanged from the prior year, despite the delivery of nearly 6.0 million square feet (msf) of new space over the course of 2020. Construction was also robust in Q1 2021 with more than 1.0 msf delivered and 5.2 msf additional space underway. In the growing modern bulk distribution category, vacancy fell by more 300-basis points (bps) on a year-over-year basis, with the aid of healthy net absorption.

Greater Cincinnati registered its 39th consecutive quarter of positive direct net absorption (excluding subleases) in Q1 2021. At nearly 2.3 msf, Q1 2021 marked the highest amount of quarterly absorption in over a year. The largest single source of absorption in Q1 was the sale of the recently-built Aero Commerce Center located just south of the Cincinnati / Northern Kentucky International Airport. Owner-user Crane Logistics purchased the 1.1 msf facility from Dallas-based Hillwood Development.

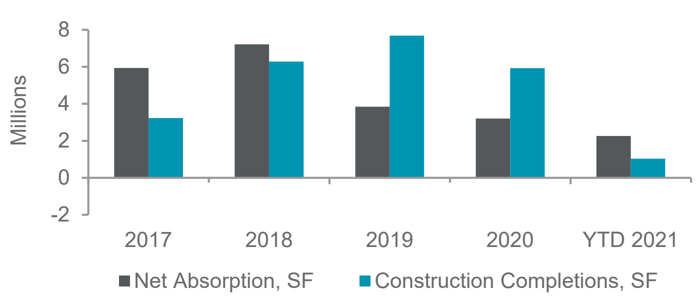
In addition to the Aero Commerce Center sale and construction completions, another major driver of net absorption in Q1 was leasing in the Northwest submarket. Cintas moved into 254,000 sf at the 75 Logistics Center on Yankee Road. In nearby Fairfield, Protective Industrial Products (PIP) moved into the entire 177,000-sf Fairfield Commerce Center.

In Q1 2021, quarterly gross leasing activity reached its highest level in more than two years, at 2.8 msf. Leasing activity is comprised of new lease signings over a given period, which are an indicator of future positive net absorption.

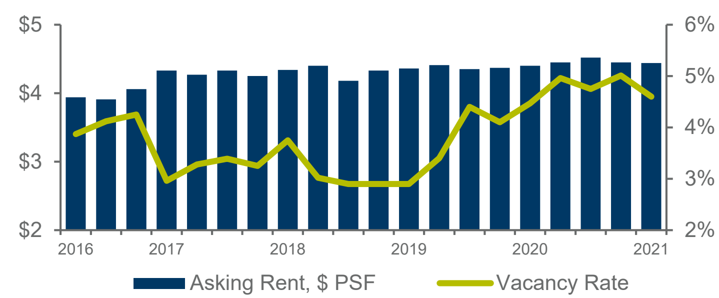
PRICING: Asking rents stable or increasing

Across all categories, direct average asking rates grew by 1.5% yearly to $4.49 per square foot (psf) net in Q1 2021. At $4.37 psf net in Q1, modern bulk asking rates were flat on a year-over-year basis.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	DIRECT VACANCY RATE	CURRENT QTR DIRECT NET ABSORPTION (SF)	YTD DIRECT NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	DIRECT AVERAGE ASKING RENT*
BULK DISTRIBUTION (W/D)									
MODERN (CLASS A)									
Central	721,260	0	0.0%	0	0	0	0	0	N/A
Northeast	534,560	0	0.0%	0	0	0	0	0	N/A
Northern Kentucky	33,567,939	2,369,982	7.1%	1,363,583	1,363,583	997,762	3,860,202	585,792	$4.27
Northwest	29,825,146	3,081,937	10.3%	914,277	914,277	592,718	547,040	335,000	$4.44
MODERN BULK TOTALS	**64,648,905**	**5,451,919**	**8.4%**	**2,277,860**	2,277,860	1,590,480	4,407,242	**920,792**	**$4.37**
TRADITIONAL (CLASS B)									
Central	1,787,902	0	0.0%	0	0	39,000	0	0	N/A
Northeast	2,762,230	562,972	20.4%	-51,360	-51,360	0	0	0	$3.95
Northern Kentucky	8,907,004	887,899	10.0%	-204,867	-204,867	0	0	0	$4.12
Northwest	13,357,049	378,707	2.8%	-10,898	-10,898	638,968	0	0	$3.45
TRADITIONAL BULK TOTALS	**26,814,185**	**1,829,578**	**6.8%**	**-267,125**	**-267,125**	**677,968**	**0**	**0**	**$3.93**
BULK DISTRIBUTION (M+T) TOTALS	**91,463,090**	**7,281,497**	**8.0%**	**2,010,735**	**2,010,735**	**2,268,448**	**4,407,242**	**920,792**	**$4.26**
LIGHT INDUSTRIAL (W/D)									
Central	25,839,444	398,504	1.5%	207,052	207,052	58,103	0	46,000	$5.84
Northeast	10,555,460	297,845	2.8%	-8,377	-8,377	8,040	0	0	$5.17
Northern Kentucky	16,285,501	602,620	3.7%	29,700	29,700	240,392	0	0	$7.67
Northwest	33,415,500	1,231,324	3.7%	-29,027	-29,027	36,805	45,000	0	$7.01
LIGHT INDUSTRIAL TOTALS	**86,095,905**	**2,530,293**	**2.9%**	**199,348**	**199,348**	**343,340**	**45,000**	**46,000**	**$6.23**
WAREHOUSE / DISTRIBUTION TOTALS	**177,565,280**	**9,811,790**	**5.5%**	**2,210,083**	**2,210,083**	**2,611,788**	**4,452,242**	**966,792**	**$4.44**

*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.

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CUSHMAN & WAKEFIELD

MARKET STATISTICS - CONTINUED

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	DIRECT VACANCY RATE	CURRENT QTR DIRECT NET ABSORPTION (SF)	YTD DIRECT NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	DIRECT AVERAGE ASKING RENT*
MANUFACTURING									
Central	43,543,718	1,493,508	3.4%	-21,748	-21,748	0	180,000	0	$3.27
Northeast	14,995,590	16,437	0.1%	78,000	78,000	78,000	230,000	0	$5.79
Northern Kentucky	16,270,831	165,000	1.0%	0	0	0	0	0	N/A
Northwest	33,161,664	304,411	0.9%	49,593	49,593	0	350,000	0	$4.83
MANUFACTURING TOTALS	107,971,803	1,979,356	**1.8%**	**105,845**	**105,845**	**78,000**	**760,000**	**0**	**$3.52**
OFFICE SERVICE (OFFICE WAREHOUSE)									
Central	1,091,730	150,672	13.8%	-20,274	-20,274	0	0	0	$6.99
Northeast	2,259,839	150,743	6.7%	14,616	14,616	14,956	0	0	$7.49
Northern Kentucky	4,125,641	179,215	4.3%	12,593	12,593	62,790	20,000	63,976	$6.58
Northwest	7,031,568	472,633	6.7%	-35,499	-35,499	25,300	0	0	$6.37
OFFICE SERVICE TOTALS	14,508,778	953,263	**6.6%**	**-28,564**	**-28,564**	**103,046**	**20,000**	**63,976**	**$6.72**
SUBMARKET TOTALS									
Central	72,984,054	2,042,684	2.8%	165,030	165,030	97,103	180,000	46,000	$3.90
Northeast	31,107,679	1,027,997	3.3%	32,879	32,879	100,996	230,000	0	$4.82
Northern Kentucky	79,156,916	4,204,716	5.3%	1,201,009	1,201,009	1,300,944	3,880,202	649,768	$4.36
Northwest	116,797,212	5,469,012	4.7%	888,446	888,446	1,293,791	942,040	335,000	$4.72
CINCINNATI TOTALS	**300,045,861**	**12,744,409**	**4.2%**	**2,287,364**	**2,287,364**	**2,792,834**	**5,232,242**	**1,030,768**	**$4.49**

*Rental rates reflect weighted net asking $psf/year

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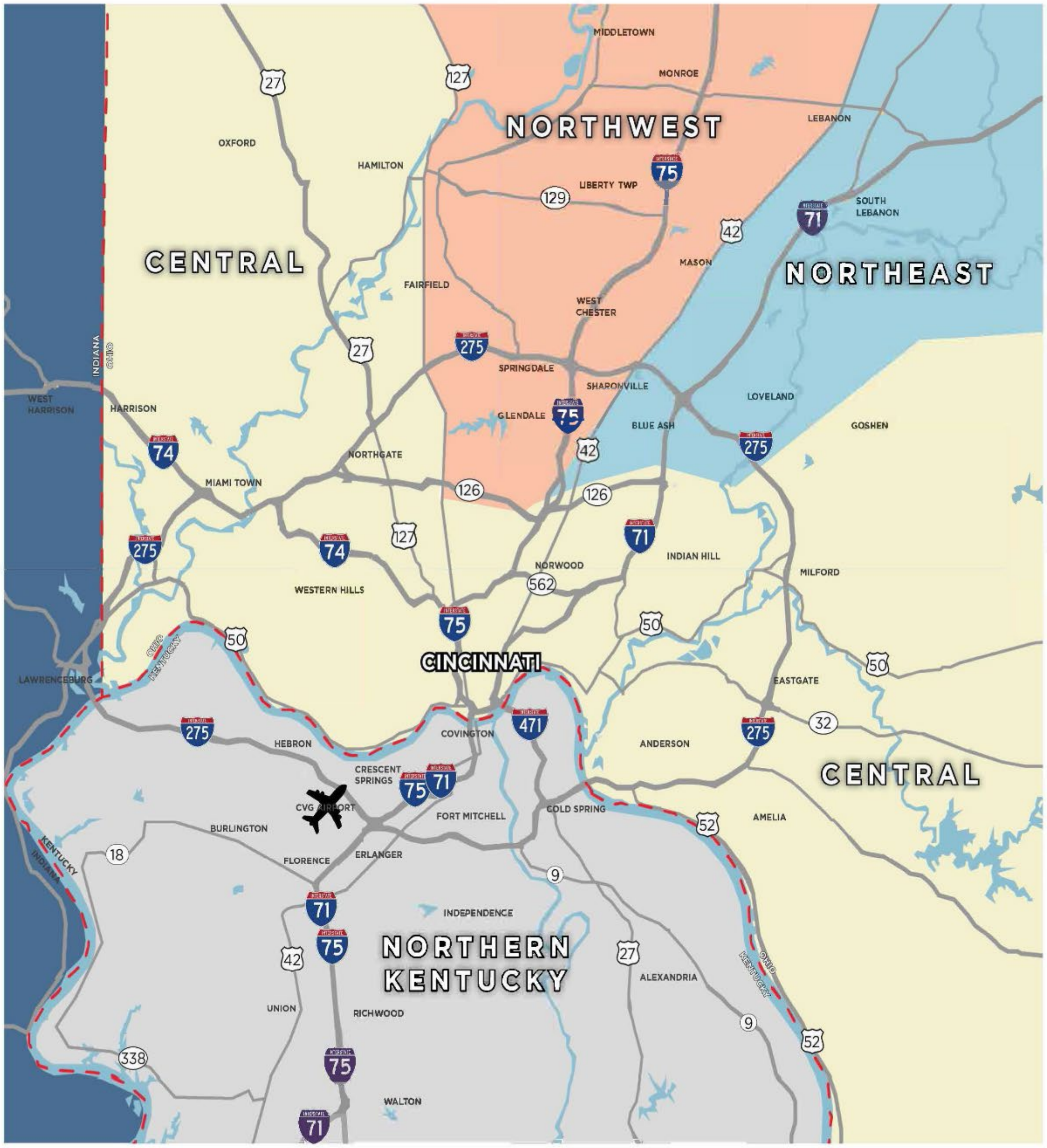
INDUSTRIAL SUBMARKETS



NORTHEAST SUBMARKET	
Total Size:	31.1 MSF
Vacancy Rate	3.3%
Under Construction (SF)	230,000
YTD Absorption (SF)	32,879
Direct Avg. Asking Rent	$4.82

NORTHWEST SUBMARKET	
Total Size:	116.8 MSF
Vacancy Rate	4.7%
Under Construction (SF)	942,040
YTD Absorption (SF)	888,446
Direct Avg. Asking Rent	$4.72

CENTRAL SUBMARKET	
Total Size:	73.0 MSF
Vacancy Rate	2.8%
Under Construction (SF)	180,000
YTD Absorption (SF)	165,030
Direct Avg. Asking Rent	$3.90

N. KENTUCKY SUBMARKET	
Total Size:	79.2 MSF
Vacancy Rate	5.3%
Under Construction (SF)	3,880,202
YTD Absorption (SF)	1,201,009
Direct Avg. Asking Rent	$4.36

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