MARKETBEAT

CINCINNATI

Industrial Q4 2021

CUSHMAN & WAKEFIELD

	YoY Chg	12-Mo. Forecast
4.1% Vacancy Rate	▼	▼
2.8M Net Absorption, SF	▲	▲
$4.69 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2021

	YoY Chg	12-Mo. Forecast
1.1M Cincinnati Employment	▲	▲
4.3% Cincinnati Unemployment Rate	▼	▼
4.2% U.S. Unemployment Rate	▼	▼

Source: BLS, Moody's Analytics

ECONOMY

The unemployment rate in Greater Cincinnati fell over the past year from 4.9% in Q4 2020 to just 4.3% as of Q4 2021, which was also on-par with the national rate of 4.2%.

Based on a recent release regarding metropolitan Gross Domestic Products from the Bureau of Economic Analysis, Cincinnati is the 27th largest metro economy in the U.S. At $152.6 billion dollars, Cincinnati's GDP was the largest in the state of Ohio, ahead of Columbus ($137.3 billion), Cleveland ($133.6 billion) and Dayton ($45.2 billion).

SUPPLY AND DEMAND: Vacancy at a two-year low combined with significant net absorption

Direct vacancy (excluding vacant subleases) in Greater Cincinnati reached a two-year low of 4.0% in Q4 2021, which was a 70-basis point (bps) decrease on a year-over-year basis. Including 485,000 sf of sublease vacancies, overall vacancy was 4.1% in Q4 2021. The fourth quarter vacancy rate was 7.0% or less in every product category, including modern bulk direct vacancy of 5.5% and traditional bulk direct vacancy of 3.8%. Both figures were significantly lower than the prior year.

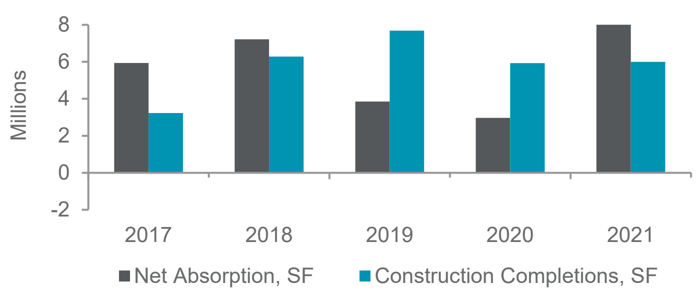
Greater Cincinnati experienced its 42nd consecutive quarter of positive direct net absorption Q4 2021 at 2.6 million square feet (msf). Full-year 2021 net absorption was 8.0 msf, which was more than twice the level of absorption reached in 2020. Near 6.0 msf of new construction was delivered in 2021, including 600,000 square feet (sf) in Q4 alone. At the end of 2021, 5.3 msf remained under construction, mostly in modern bulk buildings across the Northern Kentucky and Northwest submarkets. Over and above new construction deliveries, two major contributors to quarterly net absorption were leases in modern bulk buildings. Near the International Airport in Northern Kentucky, Summit Packaging Solutions leased 277,000 sf at Runway Logistics Center - 1 on Wright Boulevard. In the Northwest submarket, Sleep Number leased 237,000 sf at Springdale Commerce Park - Building 3.

Gross leasing activity in Q4 of 4.6 msf pushed full-year 2021 leasing to 14.9 msf. By comparison, 2020 gross leasing was 9.2 msf. Leasing activity is comprised of new lease executions, which indicate future positive net absorption once tenants take occupancy. The largest of these new lease signings was at Logistics Park - Building 1 in Walton, KY, where Honeywell/Intelligrated leased the entire 897,000-sf facility.

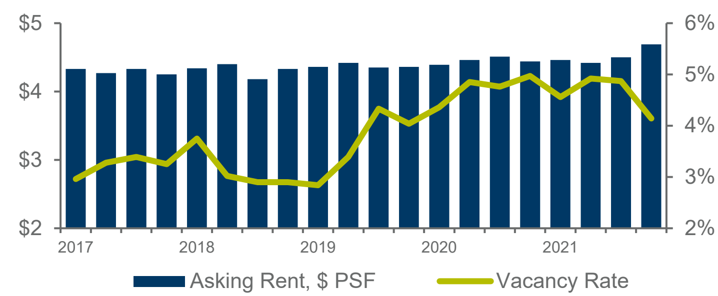
PRICING: Asking rents grew more than 5.0% yearly

Across all categories, direct average asking rates were $4.69 per square foot (psf) net in Q4 2021, which was a 5.2% increase year-over-year. Average modern bulk asking rates increased at a similar rate to $4.55 psf net in Q4.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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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	37,105,585	3,253,963	8.8%	526,001	3,263,624	5,381,140	1,705,796	4,123,438	$4.51
Northwest	30,515,186	522,951	1.7%	1,010,372	3,108,792	5,248,135	1,316,261	1,025,040	$4.81
MODERN BULK TOTALS	**68,876,591**	**3,776,914**	**5.5%**	**1,536,373**	**6,372,416**	**10,629,275**	**3,022,057**	**5,148,478**	**$4.55**
TRADITIONAL (CLASS B)									
Central	1,790,402	0	0.0%	0	39,000	39,000	0	0	N/A
Northeast	2,762,230	354,794	12.8%	241,235	287,968	241,235	0	0	$4.02
Northern Kentucky	8,907,004	283,620	3.2%	0	399,412	796,279	0	0	$4.24
Northwest	13,357,049	386,236	2.9%	41,754	352,773	827,599	0	0	$4.18
TRADITIONAL BULK TOTALS	**26,816,685**	**1,024,650**	**3.8%**	**282,989**	**1,079,153**	**1,904,113**	**0**	**0**	**$4.14**
BULK DISTRIBUTION (M+T) TOTALS	**95,693,276**	**4,801,564**	**5.0%**	**1,819,362**	**7,451,569**	**12,533,388**	**3,022,057**	**5,148,478**	**$4.46**
LIGHT INDUSTRIAL (W/D)									
Central	25,968,725	457,304	1.8%	110,766	177,539	78,185	255,000	46,000	$5.31
Northeast	10,613,553	393,808	3.7%	-38,350	-120,840	50,328	0	0	$4.86
Northern Kentucky	16,464,154	1,636,095	9.9%	-71,214	-276,151	748,399	0	0	$5.08
Northwest	34,446,011	1,805,138	5.2%	263,788	378,990	353,501	59,753	180,800	$5.34
LIGHT INDUSTRIAL TOTALS	**87,492,443**	**4,292,345**	**4.9%**	**264,990**	**159,538**	**1,230,413**	**314,753**	**226,800**	**$5.15**
WAREHOUSE / DISTRIBUTION TOTALS	**183,192,004**	**9,093,909**	**5.0%**	**2,084,352**	**7,611,107**	**13,763,801**	**3,336,810**	**5,375,278**	**$4.59**

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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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	43,950,978	1,269,343	2.9%	70,278	379,264	60,463	1,282,000	180,000	$3.38
Northeast	15,054,321	11,363	0.1%	36,000	119,074	79,200	230,000	0	$8.77
Northern Kentucky	16,168,680	703,720	4.4%	0	-538,720	151,466	0	0	$4.25
Northwest	33,578,171	173,315	0.5%	401,942	490,969	40,533	414,106	350,000	$5.37
MANUFACTURING TOTALS	**108,752,150**	**2,157,741**	**2.0%**	**508,220**	**450,587**	**331,662**	**1,926,106**	**530,000**	**$3.86**
OFFICE SERVICE (OFFICE WAREHOUSE)									
Central	1,094,936	158,321	14.5%	-29,182	-50,071	35,481	0	0	$7.15
Northeast	2,260,074	171,742	7.6%	-4,039	-7,283	127,731	0	0	$7.83
Northern Kentucky	4,149,291	129,033	3.1%	34,075	86,425	279,732	0	87,626	$6.90
Northwest	6,811,468	478,417	7.0%	14,958	-41,293	375,371	0	0	$6.56
OFFICE SERVICE TOTALS	**14,315,769**	**937,513**	**6.5%**	**15,812**	**-12,222**	**818,315**	**0**	**87,626**	**$7.00**
SUBMARKET TOTALS									
Central	73,526,301	1,884,968	2.6%	151,862	545,732	233,129	1,537,000	226,000	$4.17
Northeast	31,224,738	931,707	3.0%	234,846	278,919	525,277	230,000	0	$5.17
Northern Kentucky	82,794,714	6,006,431	7.3%	488,862	2,934,590	7,236,247	1,705,796	4,211,064	$4.57
Northwest	118,714,170	3,366,057	2.8%	1,732,814	4,290,231	6,919,125	1,790,120	1,555,840	$5.18
CINCINNATI TOTALS	**306,259,923**	**12,189,163**	**4.0%**	**2,608,384**	**8,049,472**	**14,913,778**	**5,262,916**	**5,992,904**	**$4.69**

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

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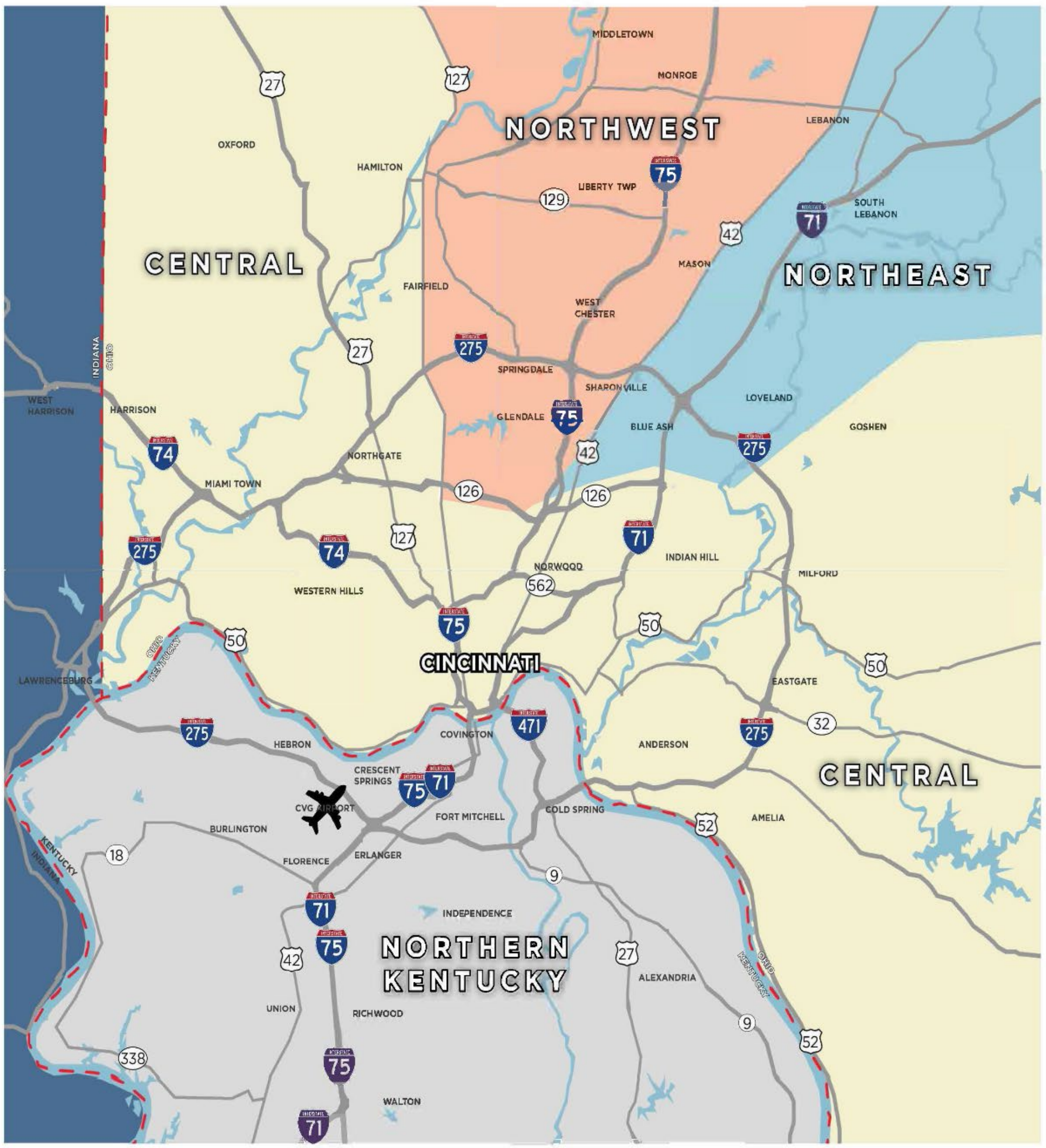
INDUSTRIAL SUBMARKETS



NORTHEAST SUBMARKET	
Total Size:	31.2 MSF
Vacancy Rate	3.0%
Under Construction (SF)	230,000
YTD Absorption (SF)	278,919
Direct Avg. Asking Rent	$5.17

NORTHWEST SUBMARKET	
Total Size:	118.7 MSF
Vacancy Rate	2.8%
Under Construction (SF)	1,581,011
YTD Absorption (SF)	4,290,231
Direct Avg. Asking Rent	$5.18

CENTRAL SUBMARKET	
Total Size:	73.5 MSF
Vacancy Rate	2.6%
Under Construction (SF)	1,445,000
YTD Absorption (SF)	545,732
Direct Avg. Asking Rent	$4.17

N. KENTUCKY SUBMARKET	
Total Size:	82.8 MSF
Vacancy Rate	7.3%
Under Construction (SF)	1,705,796
YTD Absorption (SF)	2,934,590
Direct Avg. Asking Rent	$4.57

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