MARKETBEAT

CINCINNATI

Industrial Q1 2022

	YoY Chg	12-Mo. Forecast
3.1% Vacancy Rate	▼	▲
3.5M Net Absorption, SF	▲	▲
$4.83 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2022

	YoY Chg	12-Mo. Forecast
1.1M Cincinnati Employment	▲	▲
3.8% Cincinnati Unemployment Rate	▼	▼
3.6% U.S. Unemployment Rate	▼	▼

Source: BLS, Moody's Analytics

ECONOMY

The unemployment rate in Greater Cincinnati fell over the past year from 4.6% in Q1 2021 to just 3.8% as of Q1 2022. Local unemployment almost mirrored the national rate of 3.6%.

According to an economic forecast from PNC Financial Services Group, Greater Cincinnati will add between 20,000 and 25,000 new jobs over the course of 2022. The job growth figure would push total local employment to Q1 2020 pre-pandemic levels.

SUPPLY AND DEMAND: Quarterly net absorption at a five-year high

Direct vacancy (excluding vacant subleases) in Greater Cincinnati reached is lowest point in three years, with a 2.9% vacancy rate in Q1 2022. On a year-over-year (YOY) basis, vacancy fell by more than 130 basis points (bps) between 2021 and 2022. With 489,000 sf of sublease vacancies included, Q1 overall vacancy reached just 3.1%. Both modern bulk and traditional bulk direct vacancy were below 4.0% in Q1 2022; a significant YOY decrease.

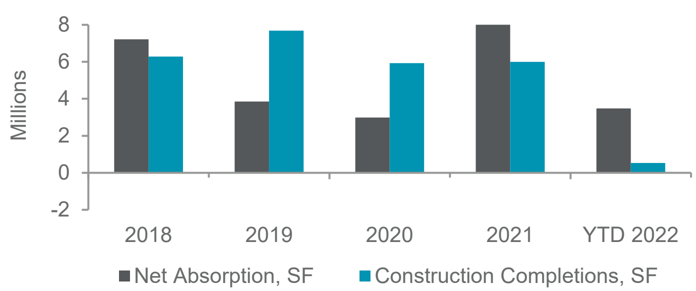
Greater Cincinnati experienced its 43rd consecutive quarter of positive direct net absorption Q1 2022 at 3.5 million square feet (msf); the largest amount of quarterly absorption since early 2017. Over 500,000 sf of new construction was delivered in Q1 2022, including a 230,000-sf manufacturing facility for Vega Americas in Mason, OH. Outside of deliveries, an additional 8.7 msf was under construction across the region. Major drivers of Q1 net absorption included four modern bulk lease transactions over 300,000 sf each. In Walton, KY, Honeywell/Intelligrated leased 897,000 sf at Logistics Park 75 - Building 1. Further north near CVG airport, Verst Logistics leased 392,000 sf at Runway Logistics Center – 2 on Wright Boulevard. Nearby, Sygma (Sysco) leased the entire 325,000-sf Lakeland Logistics Center – A in Burlington, KY.

After 15.0 msf of new leasing activity in 2021, the first quarter of 2022 started strongly with 3.3 msf of new leasing. On a YOY basis, leasing activity was up slightly in Q1 2022. Leasing activity is comprised of new lease executions, indicating future positive net absorption once tenants take occupancy. The largest of these new lease signings was at Runway Logistics Center – 2 in Burlington, KY, where eCommerce health products provider iHerb leased 425,000 sf.

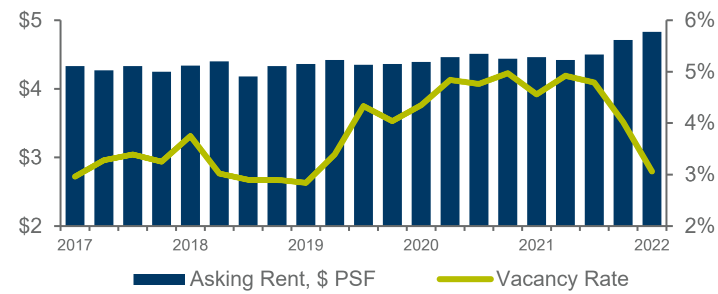
PRICING: Asking rents grew nearly 8.0% yearly

Across all categories, direct average asking rates were $4.84 per square foot (psf) net in Q1 2022; a 7.6% increase YOY. Average modern bulk asking rates also increased significantly to $4.64 psf net in Q1.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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CUSHMAN & WAKEFIELD

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	533,676	0	N/A
Northeast	534,560	0	0.0%	0	0	0	0	0	N/A
Northern Kentucky	37,478,153	1,703,863	4.5%	1,810,998	1,810,998	1,290,840	3,673,086	195,954	$4.65
Northwest	30,515,186	1,018,972	3.3%	107,689	107,689	638,980	2,230,098	0	$4.62
MODERN BULK TOTALS	**69,249,159**	**2,722,835**	**3.9%**	**1,918,687**	**1,918,687**	**1,929,820**	**6,436,860**	**195,954**	**$4.64**
TRADITIONAL (CLASS B)									
Central	1,790,402	0	0.0%	0	0	0	0	0	N/A
Northeast	2,762,230	223,644	8.1%	131,150	131,150	131,150	0	0	$3.95
Northern Kentucky	8,907,004	116,758	1.3%	166,862	166,862	166,862	0	0	$5.45
Northwest	13,357,049	260,681	2.0%	125,555	125,555	319,027	0	0	$4.58
TRADITIONAL BULK TOTALS	**26,816,685**	**601,083**	**2.2%**	**423,567**	**423,567**	**617,039**	**0**	**0**	**$4.51**
BULK DISTRIBUTION (M+T) TOTALS	**96,065,844**	**3,323,918**	**3.5%**	**2,342,254**	**2,342,254**	**2,546,859**	**6,436,860**	**195,954**	**$4.61**
LIGHT INDUSTRIAL (W/D)									
Central	26,043,057	437,422	1.7%	150,069	150,069	72,782	195,000	60,000	$6.62
Northeast	10,609,553	152,214	1.4%	203,244	203,244	146,244	0	0	$6.17
Northern Kentucky	16,361,451	97,964	0.6%	230,171	230,171	5,250	0	0	$6.43
Northwest	34,505,081	235,538	0.7%	61,608	61,608	56,644	42,638	17,115	$5.79
LIGHT INDUSTRIAL TOTALS	**87,519,142**	**923,138**	**1.1%**	**645,092**	**645,092**	**280,920**	**237,638**	**77,115**	**$6.20**
WAREHOUSE / DISTRIBUTION TOTALS	**183,591,271**	**6,198,784**	**3.4%**	**2,987,346**	**2,987,346**	**2,827,779**	**6,674,498**	**273,069**	**$4.84**

*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	44,016,899	1,283,521	2.9%	-14,178	-14,178	0	1,282,000	0	$3.37
Northeast	15,284,321	11,363	0.1%	230,000	230,000	0	0	230,000	$8.77
Northern Kentucky	15,988,680	564,780	3.5%	-6,060	-6,060	0	0	0	$4.26
Northwest	33,608,497	97,780	0.3%	76,740	76,740	54,240	786,246	30,000	$5.43
MANUFACTURING TOTALS	**108,898,397**	**1,957,444**	**1.8%**	**286,502**	**286,502**	**54,240**	**2,068,246**	**260,000**	**$3.78**
OFFICE SERVICE (OFFICE WAREHOUSE)									
Central	1,094,936	146,051	13.3%	12,270	12,270	22,065	0	0	$8.07
Northeast	2,260,074	92,068	4.1%	67,311	67,311	74,818	0	0	$8.29
Northern Kentucky	4,149,291	137,446	3.3%	-8,413	-8,413	37,443	0	0	$6.80
Northwest	6,811,468	359,861	5.3%	137,793	137,793	282,126	0	0	$6.77
OFFICE SERVICE TOTALS	**14,315,769**	**735,426**	**5.1%**	**208,961**	**208,961**	**416,452**	**0**	**0**	**$7.31**
SUBMARKET TOTALS									
Central	73,666,554	1,719,291	2.3%	148,161	148,161	94,847	2,010,676	60,000	$4.30
Northeast	31,450,738	479,289	1.5%	631,705	631,705	352,212	0	230,000	$5.51
Northern Kentucky	82,884,579	3,853,811	4.6%	2,193,558	2,193,558	1,500,395	3,673,086	195,954	$4.82
Northwest	118,803,566	2,839,263	2.4%	509,385	509,385	1,351,017	3,058,982	47,115	$5.09
CINCINNATI TOTALS	**306,805,437**	**8,891,654**	**2.9%**	**3,482,809**	**3,482,809**	**3,298,471**	**8,742,744**	**533,069**	**$4.84**

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

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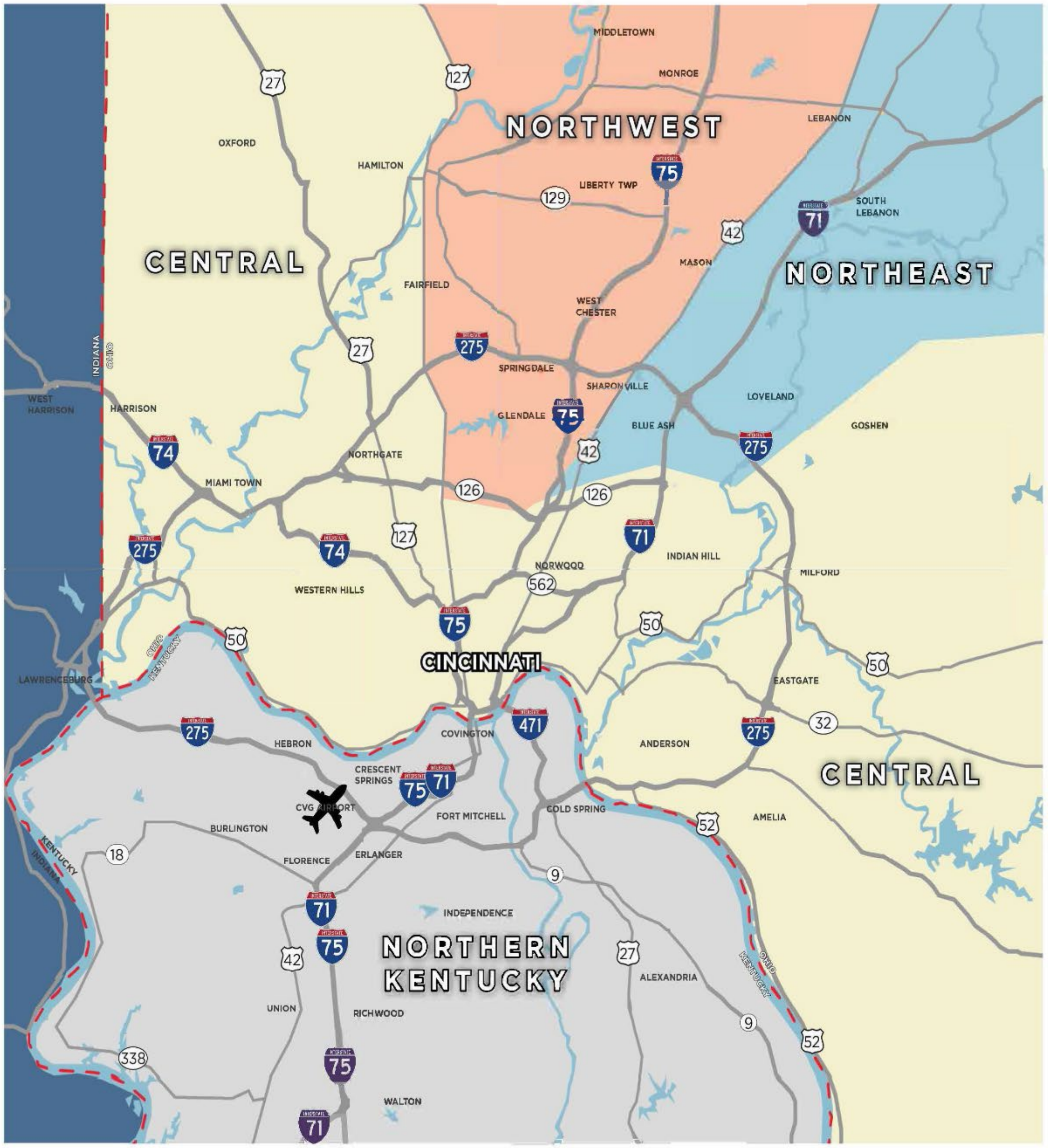
INDUSTRIAL SUBMARKETS



NORTHEAST SUBMARKET	
Total Size:	31.5 MSF
Vacancy Rate	1.5%
Under Construction (SF)	0
YTD Absorption (SF)	631,705
Direct Avg. Asking Rent	$5.51

NORTHWEST SUBMARKET	
Total Size:	118.8 MSF
Vacancy Rate	2.4%
Under Construction (SF)	3,058,982
YTD Absorption (SF)	509,385
Direct Avg. Asking Rent	$5.09

CENTRAL SUBMARKET	
Total Size:	73.7 MSF
Vacancy Rate	2.3%
Under Construction (SF)	2,010,676
YTD Absorption (SF)	148,161
Direct Avg. Asking Rent	$4.30

N. KENTUCKY SUBMARKET	
Total Size:	82.9 MSF
Vacancy Rate	4.6%
Under Construction (SF)	3,673,086
YTD Absorption (SF)	2,193,558
Direct Avg. Asking Rent	$4.82