

	YoY Chg	12-Mo. Forecast
<b>1.8%</b> Vacancy Rate	▼	▲
<b>2.6M</b> Net Absorption, SF	▼	▲
<b>\$5.97</b> Asking Rent, PSF	▲	▲

(Overall, All Property Classes)  
(NOTE: Remainder of this report cites *Direct* statistics and not Overall statistics, which includes sublease vacancy.)

### ECONOMIC INDICATORS Q4 2022

	YoY Chg	12-Mo. Forecast
<b>1.1M</b> Cincinnati Employment	▲	▲
<b>3.6%</b> Cincinnati Unemployment Rate	▼	▲
<b>3.7%</b> U.S. Unemployment Rate	▼	▲

Source: BLS, Moody's Analytics

### ECONOMY

The unemployment rate in Greater Cincinnati fell slightly from 3.9% in Q4 2021 to 3.6% as of Q4 2022. Local unemployment was also close to the national rate of 3.7%. The Brent Spence Bridge connects Downtown Cincinnati and Northern Kentucky across the Ohio River. Built in the early 1960's as a key part of Interstate 75, the aging bridge is a daily source of traffic bottlenecks for downtown commuters and truck traffic alike. After more than two decades of studies, political debate and growing obsolescence, the future of the bridge is about to improve. The US Department of Transportation recently awarded Ohio and Kentucky more than \$1.6 billion, which will help to build a toll-free companion bridge alongside the existing structure. Groundbreaking may take place by the end of 2023.

### SUPPLY AND DEMAND: Vacancy unchanged at a record low level

In Q4 2022, direct vacancy (excluding vacant subleases) in Greater Cincinnati remained at record-low levels. Direct vacancy was unchanged quarter-to-quarter at 1.7%, which was also a difference of 220 basis points (bps) on a year-over-year (YOY) basis. With 183,000 square feet (sf) of sublease vacancies included, Q4 overall vacancy was 1.8%. Modern bulk distribution vacancy also followed a similar quarterly and yearly trend as total vacancy and stood at just 2.8% in Q4 2022.

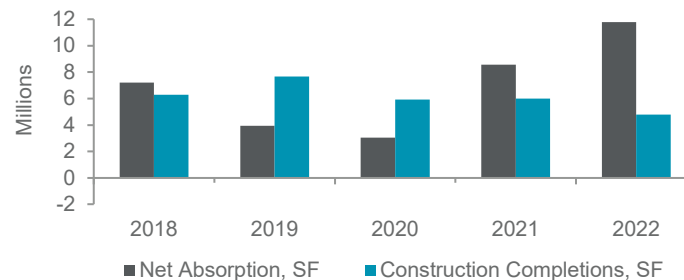
Greater Cincinnati experienced its 46<sup>th</sup> consecutive quarter of positive direct net absorption during Q4 2022 at 2.6 million square feet (msf). Year-to-date (YTD) net absorption measured 11.5 msf, which was greater than 2020 and 2021 net absorption *combined* (11.3 msf). Nearly 2.7 msf of new construction was delivered to the market in Q4. Full-year 2022 deliveries were 4.8 msf, which was the lowest level of deliveries in the past five years. However, 9.8 msf was still under construction across the region at year-end.

Delivered bulk distribution construction drove a significant amount of Q4 net absorption. In Northern Kentucky, Airport North Logistics Buildings A and B were both completed in the fourth quarter and sold to owner-users, resulting in 900,000 sf of positive absorption. Hit Promotional Products moved into 400,000 sf at the new Fairfield Commerce Park: Building III in the Northwest submarket. Leasing activity for all of 2022 was 11.6 msf, which was lower than the record-level of 15.7 msf set in 2021, but ahead of the 2020 annual total (9.2 msf). Leasing activity is comprised of new lease executions, indicating future positive net absorption.

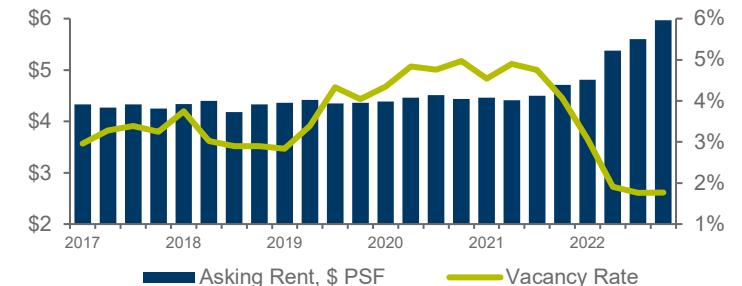
### PRICING: Asking rents grew more than 25.0% yearly

Across all categories, direct average asking rates reached a record \$5.95 per square foot (psf) net in Q4 2022, which was a 26.3% YOY increase. As in prior quarters, the extreme rate increase reflected the continued low amount of vacant space in the market.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



# MARKETBEAT CINCINNATI



## Industrial Q4 2022

### 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*
<b>BULK DISTRIBUTION (W/D)</b>									
<b>MODERN (CLASS A)</b>									
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	39,393,034	1,034,541	2.7%	1,249,040	5,613,201	3,676,769	4,102,908	2,095,835	\$6.28
Northwest	32,300,270	938,196	2.9%	926,749	2,839,909	2,779,191	2,723,799	1,785,013	\$6.33
<b>MODERN BULK TOTALS</b>	<b>72,949,124</b>	<b>1,972,737</b>	<b>2.8%</b>	<b>2,175,789</b>	<b>8,453,110</b>	<b>6,455,960</b>	<b>7,360,383</b>	<b>3,880,848</b>	<b>\$6.30</b>
<b>TRADITIONAL (CLASS B)</b>									
Central	1,790,402	0	0.0%	0	0	106,829	0	0	N/A
Northeast	2,762,230	103,415	3.7%	-103,415	251,379	374,856	0	0	\$4.50
Northern Kentucky	8,907,004	0	0.0%	38,619	283,620	623,905	0	0	N/A
Northwest	13,343,049	6,000	0.8%	128,799	326,236	908,062	0	0	\$5.50
<b>TRADITIONAL BULK TOTALS</b>	<b>26,802,685</b>	<b>163,415</b>	<b>0.8%</b>	<b>64,003</b>	<b>861,235</b>	<b>2,013,652</b>	<b>0</b>	<b>0</b>	<b>\$4.87</b>
<b>BULK DISTRIBUTION (M+T) TOTALS</b>	<b>99,751,809</b>	<b>2,136,152</b>	<b>2.1%</b>	<b>2,239,792</b>	<b>2,239,792</b>	<b>8,469,612</b>	<b>7,360,383</b>	<b>3,880,848</b>	<b>\$6.18</b>
<b>LIGHT INDUSTRIAL (W/D)</b>									
Central	26,130,677	370,438	1.4%	-103,740	69,350	260,692	195,000	60,000	\$5.83
Northeast	10,663,449	128,672	1.2%	-73,284	226,786	267,686	314,000	0	\$7.89
Northern Kentucky	16,436,416	247,837	1.6%	46,287	107,098	270,393	0	26,800	\$6.73
Northwest	34,614,758	361,025	1.1%	115,694	278,765	475,858	173,160	89,253	\$6.77
<b>LIGHT INDUSTRIAL TOTALS</b>	<b>87,845,300</b>	<b>1,107,972</b>	<b>1.3%</b>	<b>-15,043</b>	<b>681,999</b>	<b>1,274,629</b>	<b>682,160</b>	<b>176,053</b>	<b>\$6.51</b>
<b>WAREHOUSE / DISTRIBUTION TOTALS</b>	<b>187,597,109</b>	<b>3,244,124</b>	<b>1.7%</b>	<b>2,224,749</b>	<b>9,996,344</b>	<b>9,744,241</b>	<b>8,042,543</b>	<b>4,056,901</b>	<b>\$6.28</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.

## 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*
<b>MANUFACTURING</b>									
Central	43,917,201	931,829	2.1%	23,258	357,014	252,746	1,296,000	82,000	\$3.75
Northeast	15,224,093	107,907	0.7%	-1,200	133,456	74,780	0	230,000	\$4.51
Northern Kentucky	16,334,003	362,357	2.2%	-27,577	196,363	118,617	0	0	\$4.29
Northwest	34,057,679	89,020	0.3%	286,821	469,606	347,120	484,240	414,106	\$6.14
<b>MANUFACTURING TOTALS</b>	<b>109,532,976</b>	<b>1,491,113</b>	<b>1.4%</b>	<b>281,302</b>	<b>1,156,439</b>	<b>793,263</b>	<b>1,780,240</b>	<b>726,106</b>	<b>\$4.21</b>
<b>OFFICE SERVICE (OFFICE WAREHOUSE)</b>									
Central	1,094,936	126,884	11.6%	-13,995	31,596	53,912	0	0	\$8.42
Northeast	2,260,074	53,850	2.4%	9,814	100,928	189,138	0	0	\$8.88
Northern Kentucky	4,149,291	72,672	1.8%	20,748	56,361	268,917	0	0	\$6.98
Northwest	6,814,616	328,446	4.8%	42,266	169,758	540,579	0	0	\$7.84
<b>OFFICE SERVICE TOTALS</b>	<b>14,318,917</b>	<b>581,852</b>	<b>4.1%</b>	<b>58,833</b>	<b>358,643</b>	<b>1,052,546</b>	<b>0</b>	<b>0</b>	<b>\$8.01</b>
<b>SUBMARKET TOTALS</b>									
Central	73,654,476	1,429,151	1.9%	-94,477	457,960	661,824	2,024,676	142,000	\$5.01
Northeast	31,444,406	393,844	1.3%	-168,085	712,549	906,460	314,000	230,000	\$5.85
Northern Kentucky	85,219,748	1,717,407	2.0%	1,327,117	6,256,643	4,958,601	4,102,908	2,122,635	\$5.91
Northwest	121,130,372	1,776,687	1.5%	1,500,329	4,084,274	5,063,165	3,381,199	2,288,372	\$6.59
<b>CINCINNATI TOTALS</b>	<b>311,449,002</b>	<b>5,317,089</b>	<b>1.7%</b>	<b>2,564,884</b>	<b>11,511,426</b>	<b>11,590,050</b>	<b>9,822,783</b>	<b>4,783,007</b>	<b>\$5.95</b>

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

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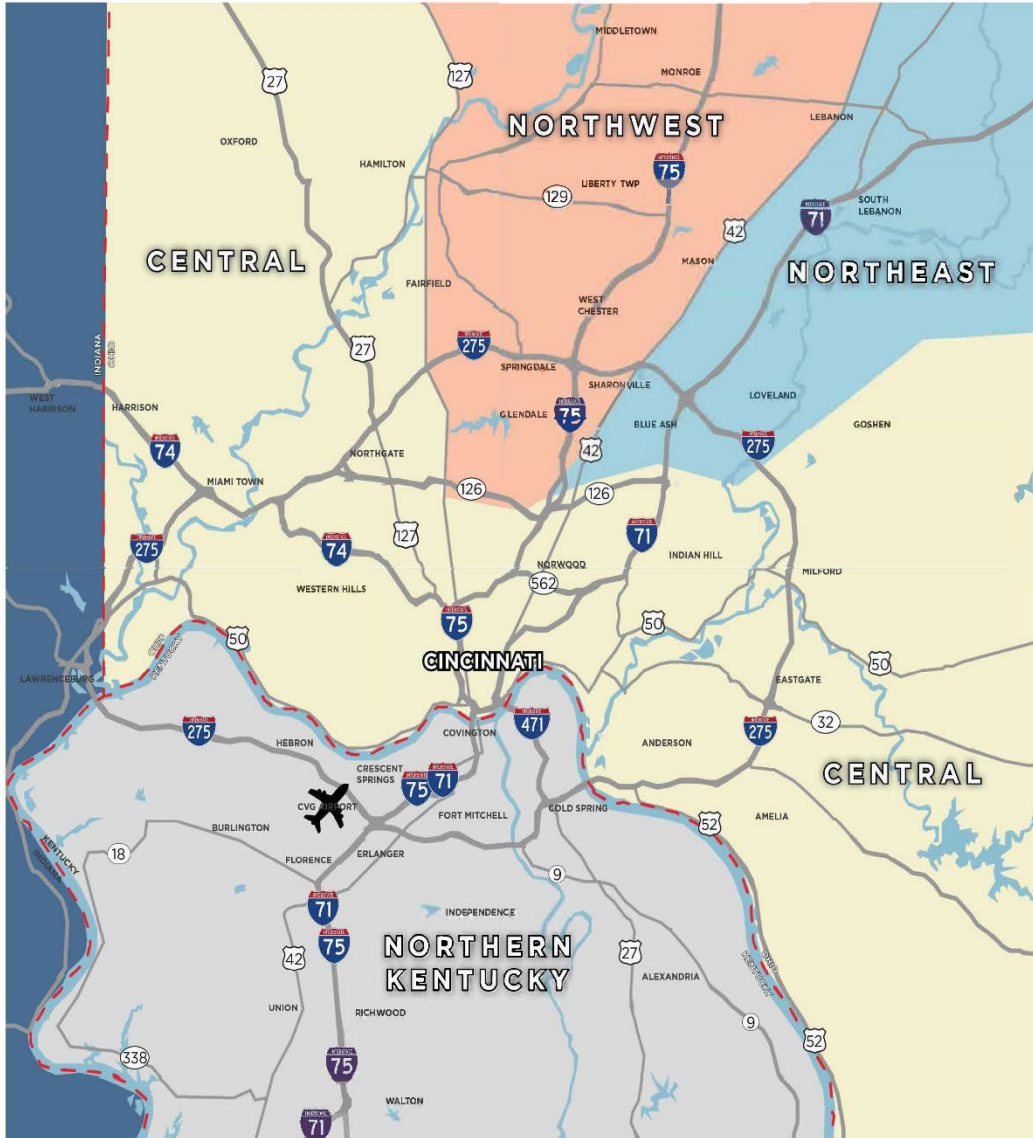
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INDUSTRIAL SUBMARKETS



NORTHEAST SUBMARKET	
<b>Total Size:</b>	<b>31.4 MSF</b>
Vacancy Rate	1.3%
Under Construction (SF)	314,000
YTD Absorption (SF)	712,549
Direct Avg. Asking Rent	\$5.85

NORTHWEST SUBMARKET	
<b>Total Size:</b>	<b>121.1 MSF</b>
Vacancy Rate	1.5%
Under Construction (SF)	3,381,199
YTD Absorption (SF)	4,084,274
Direct Avg. Asking Rent	\$6.59

CENTRAL SUBMARKET	
<b>Total Size:</b>	<b>73.7 MSF</b>
Vacancy Rate	1.9%
Under Construction (SF)	2,024,676
YTD Absorption (SF)	457,960
Direct Avg. Asking Rent	\$5.01

N. KENTUCKY SUBMARKET	
<b>Total Size:</b>	<b>85.2 MSF</b>
Vacancy Rate	2.0%
Under Construction (SF)	4,102,908
YTD Absorption (SF)	6,256,643
Direct Avg. Asking Rent	\$5.91

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