

22 Year-End Report

Key Takeaways

- Quarterly net absorption was 821,882 SF. This was a 67.1% decrease from Q3 and an 85.6% decrease YOY.
- The overall market vacancy rate increased by 60 basis points to 2.3%
- The overall asking lease rate was \$5.21 which was a 0.6% decrease from Q3 and a 10.4% increase YOY.
- There was 2.64 million SF of new supply delivered to market in Q4, this is a 177.5% increase from last quarter and a 51.1% increase YOY. Currently there is 10.5 million SF under construction, 8.4 million SF of which is spec.

Vacancy Rate



2.3%

YOY | Forecast



Net Absorption



0.8M SF

YOY | Forecast



Under Construction



10.5M SF

YOY | Forecast



Market Asking Lease Rates (NNN)



\$5.21/SF

YOY | Forecast



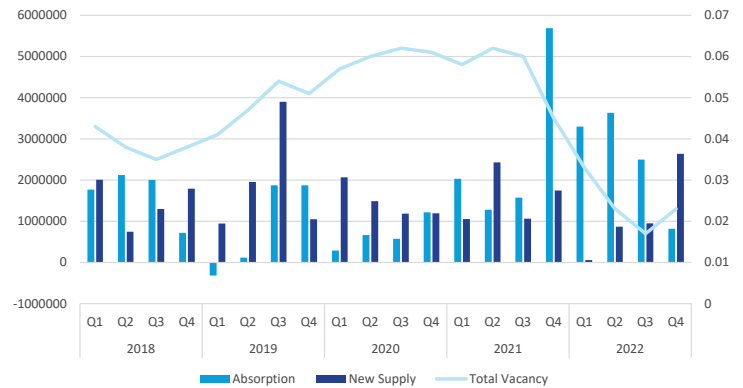
Market Indicators


3.62%
Unemployment
Rate

0.52%
GDP - Quarterly
% change yr/yr

3.880%
U.S. 10 Year
Treasury Note

Market Graph



Net absorption decreased in Q4 but remained positive at 821,882 SF. New supply coming to market this quarter totaled 2,636,824 SF, which helped to raise the vacancy rate for the first time since Q2 of 2021. Notable completions included Elijah Creek Industrial Building A and C5 Airport East Logistics 2. Rental rates decreased by 0.6% from Q3 to \$5.21. Of the approximately 10.5 million SF under construction, 80.15% is speculative space. Additionally, 3.2 million SF is estimated to be completed in Q1 of 2023. Overall, the Cincinnati industrial market remains strong with new space becoming available to meet demand.

Historic Comparison

	21Q4	22Q3	22Q4
Total Inventory (in Millions of SF)	278.0	279.0	281.4
New Supply (in Millions of SF)	1.7	0.95	2.64
Net Absorption (in Millions of SF)	5.7	2.5	0.8
Overall Vacancy	4.5%	1.7%	2.3%
Under Construction (in Millions of SF)	6.5	12.8	10.5
Overall Asking Lease Rates (NNN)	\$4.72	\$5.24	\$5.21

Recent Transactions



Lease

Park South @ Richwood
Building B
1.09M SF



Lease

Prologis Park
Fairfield
400K SF



Lease

Fairfield Commerce
Park - Building III
399K SF



Sale

Logistics Park 75
Portfolio
\$92.74/SF



Sale

5177 Spring Grove
\$56.15/SF



Sale

Erlanger Commerce
Center
\$38.21/SF



Cincinnati Industrial's Supply Shortage Relief in Sight

The Cincinnati industrial market continued to boast its strength and desirability in Q4, as it nearly matched its record-high yearly absorption to wrap up 2022. Demand in the Cincinnati market remains strong with Q4 posting more positive absorption and 10.5M SF of new supply under construction as we enter the new year. Vacancy rates remain low at 2.3% to close out the year, though the addition of 2.6M SF in new supply contributed to a 60-basis point increase from the previous quarter. Additionally, average rental rates remain high at \$5.21/SF, a 10.4% increase year-over-year.

Though absorption remained positive in Q4, it did see a 67.1% drop from Q3. Alongside the typical holiday-season lull, the Cincinnati industrial market is still playing catch-up with the strong demand as new supply trickles in. Activity has been at somewhat of a standstill on the bulk side as users await the completion of 10.5M SF of new supply, with 3.2M SF slated to be complete in Q1 of 2023. Meanwhile, things appear to be business as usual for the rest of the industrial market. Owner-user sale activity remains strong as asking prices continue to rise and owners receive multiple offers on buildings. On the flex side, availability remains very low and rental rates continue to rise. Options are limited for flex users, and many are opting to renew at much higher rates due to lack of availability elsewhere. In sum—the sticker shock is over, and owners/sellers continue to reap the benefits.

The Cincinnati industrial market continues to remain a desirable destination for companies looking to establish roots in the Midwest. The region remains a popular landing site for distribution and manufacturing facilities, boasting an ideal geographical location relative to the U.S. population and access to utilities such as power and water. While the strength of the region has historically subsided in the Airport submarket, there simply isn't the land or space for companies to establish new services there. Instead, companies are being pushed to build further north. Nestle Purina Petcare Co., which is already constructing a \$550M facility in Clermont County, announced in December its plans to build an additional factory next door. For those looking to get their feet in the door, Ohio's Building Demolition and Revitalization Program is clearing the way by providing the means to clear out vacant, rundown buildings to make room for redevelopment. In Sycamore Township, the former Drake Motel and Carousel Inn are being torn down to make way for a possible manufacturing facility space. In total, Hamilton County has been granted \$17.7 million for the demolition of dozens of properties.

While the booming demand and anticipation of new supply has caused a slowdown, relief is expected to come in 2023, and the pathway for new opportunities has become clearer.

By:



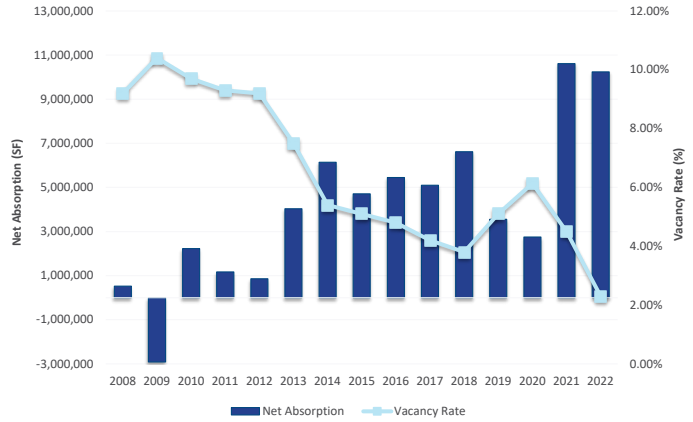
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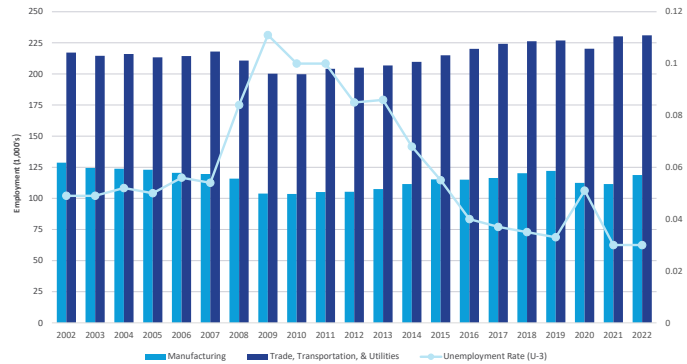
Vacancy/Absorption

In the final quarter of 2022 net absorption was 821,882 SF, which was a 67.1% decrease from Q3 and an 85.6% decrease YOY. The overall year's net absorption for 2022 was 10,234,433 SF, which was a 3.5% decrease from 2021's record high of 10,608,647 SF.



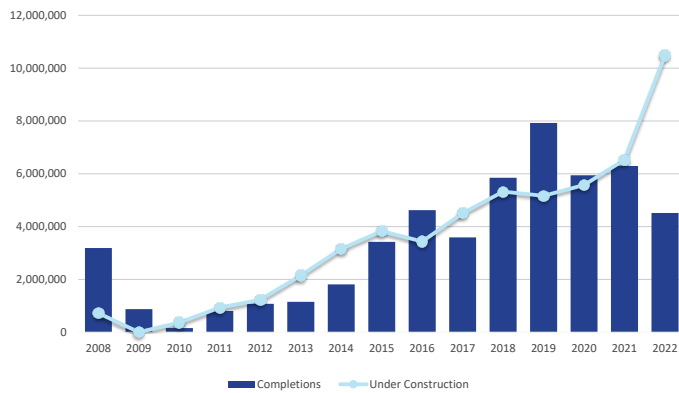
Employment

Manufacturing employment totaled 118,800 in the month of November, which was a year-over-year increase of 6.1%. The trade, transportation, and utilities sector employed 231,000 people in November, which was a 0.3% increase year-over-year.



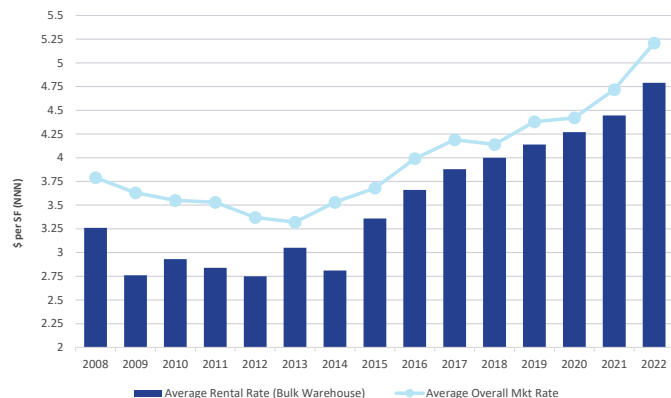
Construction History

Cincinnati construction remains strong with 10,480,805 SF of space under construction. In Q4, 2.64 million SF of new supply was delivered to market. Throughout the year, 4,511,556 SF of space was completed. An additional 3,178,657 SF of space is estimated to be complete in Q1 of 2023.



Rental Rates

The overall market average asking lease rate was \$5.21, which was a 0.6% decrease from Q3 and a 10.4% increase YOY. The average rental rate for bulk warehouse was \$4.79, which was a 2.6% decrease from Q3 and a 7.6% increase YOY.



Notable Sale Activity

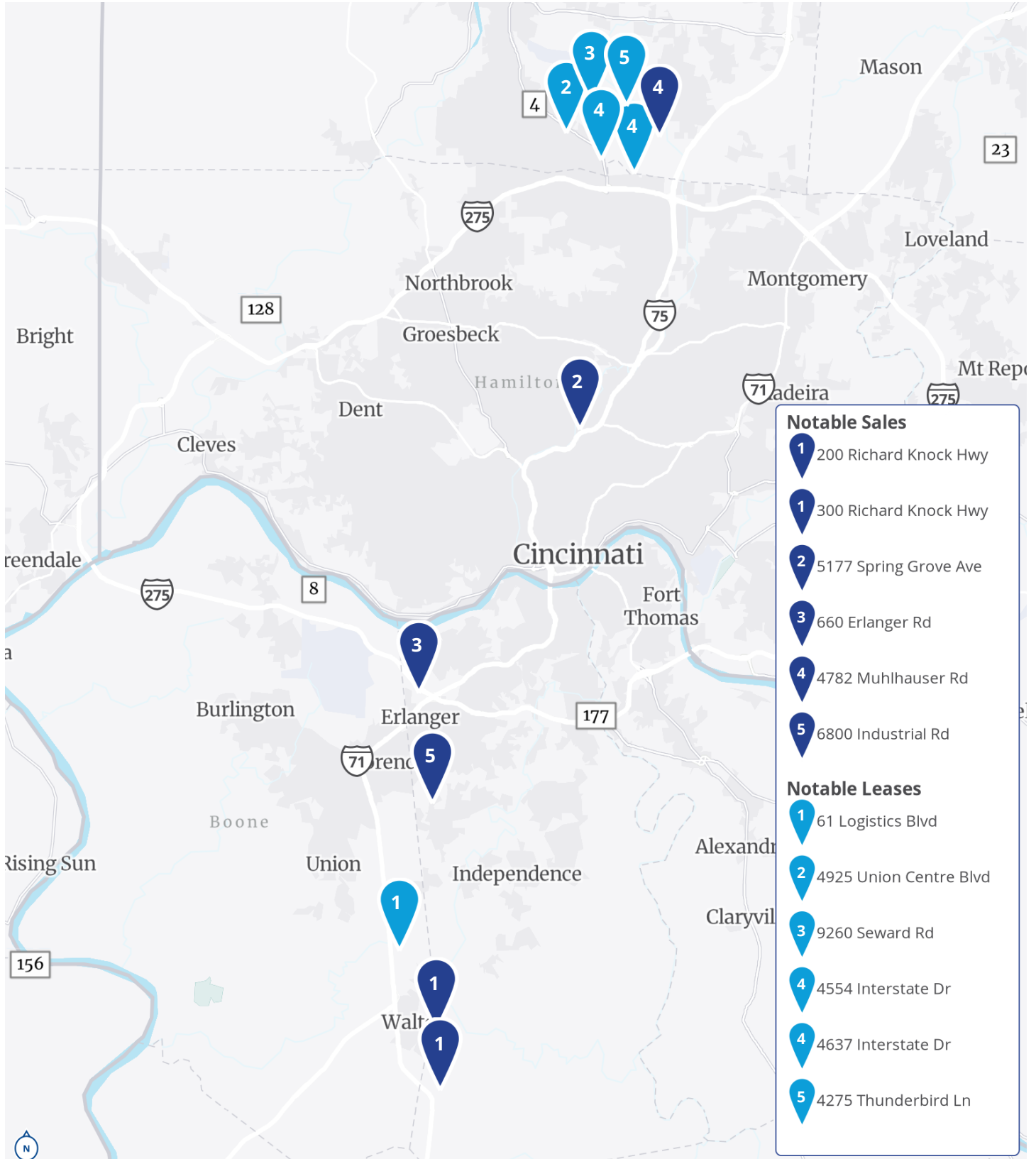
#	Address	Size	Buyer	Price	Submarket
1	Logistics Park 75 Portfolio 200 Richard Knock Hwy 300 Richard Knock Hwy	776,820	LXP Industrial Trust	\$72,042,000	Florence/ Richwood
2	5177 Spring Grove Ave	638,595	CAI Investments	\$35,860,000	Central/ Midtown
3	Erlanger Commerce Center 660 Erlanger Rd	575,700	LBA Logistics	\$22,000,000	Airport
4	Viking 1 & 2 4782 Muhlhauser Rd	124,500	TradeLane Properties	\$8,469,000	Tri-County
5	6800 Industrial Rd	168,000	Green Door Capital Inv.	\$7,950,000	Florence/ Richwood

Notable Lease Activity

#	Address	Size	Tenant	Type	Submarket
1	Park South at Richwood-Bldg B 61 Logistics Blvd	1,097,458	Commonwealth Inc	New	Florence/ Richwood
2	Prologis Park Fairfield 4925 Union Centre Blvd	400,200	Crescent Park	New	Tri-County
3	Fairfield Commerce Park Bldg III 9260 Seward Rd	399,964	ProFill	New	Tri-County
4	Capital Center Industrial Park 4554-4600 Interstate Dr 4637 Interstate Dr	220,900	Commonwealth Warehouse	Renewal	Tri-County
5	4275 Thunderbird Ln	206,448	Kable Product Services	New	Tri-County

Note: Bold/Blue indicates Colliers transactions

Notable Deal Activity



Cincinnati | 2022 Q4 | Industrial | Market Statistics



Submarket/ Subtype	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Vacancy Rate	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg Direct Asking Rate (NNN)
Airport											
Bulk Warehouse	27,720,167	0.0%	0.0%	0.0%	0.0%	0.0%	600,000	2,404,062	602,451	600,000	--
Warehouse - Distribution	5,767,781	0.9%	0.0%	0.9%	0.9%	0.4%	(27,950)	297,244	-	-	\$6.88
Manufacturing	2,489,086	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Flex/R&D	1,102,711	3.2%	0.0%	2.2%	2.2%	3.3%	11,649	65,463	-	-	\$6.64
Light Industrial	4,354,440	0.7%	0.0%	0.7%	0.7%	1.7%	44,224	24,043	-	-	\$7.04
Total	41,434,185	0.3%	0.0%	0.3%	0.3%	0.3%	627,923	2,790,812	602,451	600,000	\$6.85
Blue Ash											
Bulk Warehouse	1,340,075	2.5%	0.0%	2.5%	2.5%	4.0%	20,062	87,586	-	-	\$6.05
Warehouse - Distribution	1,061,046	9.7%	0.0%	9.7%	9.7%	0.0%	(103,415)	33,946	-	-	\$4.25
Manufacturing	2,494,888	0.4%	0.0%	0.4%	0.4%	0.4%	-	191,450	37,000	-	\$5.50
Flex/R&D	1,617,054	6.4%	0.0%	6.4%	6.4%	5.8%	(10,726)	(10,325)	-	-	\$8.80
Light Industrial	6,131,176	0.2%	0.0%	0.2%	0.4%	0.2%	(9,462)	22,758	-	-	\$5.00
Total	12,644,239	2.1%	0.0%	2.1%	2.2%	1.3%	(103,541)	325,415	37,000	-	\$6.09
Campbell County											
Warehouse - Distribution	173,940	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Manufacturing	1,045,402	0.0%	0.0%	0.0%	1.7%	1.7%	-	(17,367)	-	-	--
Light Industrial	1,835,241	0.0%	0.0%	0.0%	0.0%	0.8%	15,400	-	-	-	--
Total	3,054,583	0.0%	0.0%	0.0%	0.6%	1.1%	15,400	(17,367)	-	-	--
Central/Midtown											
Bulk Warehouse	1,017,840	0.0%	3.1%	3.1%	0.0%	0.0%	-	-	224,135	-	--
Warehouse - Distribution	1,197,502	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Manufacturing	14,154,404	0.9%	0.0%	0.9%	0.9%	0.1%	(101,297)	116,731	-	-	\$4.28
Flex/R&D	631,679	9.6%	0.0%	9.6%	8.5%	7.0%	(9,762)	21,000	-	-	\$9.91
Light Industrial	26,699,674	1.1%	0.0%	1.1%	1.4%	1.4%	(9,991)	441,697	-	-	\$5.84
Total	43,701,099	1.1%	0.1%	1.2%	1.3%	1.0%	(121,050)	579,428	224,135	-	\$6.62
Covington											
Bulk Warehouse	379,600	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Warehouse - Distribution	112,000	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Manufacturing	756,462	2.2%	0.0%	2.2%	2.2%	0.0%	(16,270)	(16,270)	-	-	\$4.00
Flex/R&D	60,000	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Light Industrial	2,460,567	4.4%	0.0%	4.4%	4.4%	0.0%	(108,014)	(108,014)	-	-	--
Total	3,768,629	3.3%	0.0%	3.3%	3.3%	0.0%	(124,284)	(124,284)	-	-	\$4.00
East											
Bulk Warehouse	1,790,260	2.2%	0.0%	2.2%	2.2%	2.2%	-	(39,304)	-	-	\$3.50
Manufacturing	5,825,447	7.4%	0.0%	7.4%	7.4%	8.7%	77,858	48,702	1,232,000	-	\$3.20
Flex/R&D	1,215,361	6.5%	0.3%	9.1%	8.6%	7.0%	(20,301)	(42,633)	-	-	\$9.06
Light Industrial	3,629,961	1.6%	0.0%	1.6%	1.5%	0.7%	(29,370)	97,647	-	-	\$7.19
Total	12,461,029	4.9%	0.0%	5.1%	5.0%	5.3%	28,187	64,412	1,232,000	-	\$4.36
Florence/Richwood											
Bulk Warehouse	14,055,204	13.7%	0.0%	13.7%	7.4%	0.0%	(165,240)	2,227,854	3,625,504	993,061	\$4.45
Warehouse - Distribution	1,173,079	0.0%	0.0%	0.0%	0.0%	0.0%	123,760	214,125	-	-	--
Manufacturing	7,785,430	9.5%	0.0%	9.5%	9.5%	8.5%	(75,000)	84,880	-	-	\$4.50
Flex/R&D	795,699	0.0%	0.0%	0.0%	0.0%	1.8%	14,168	19,648	-	-	--
Light Industrial	4,847,877	5.0%	0.0%	5.0%	5.0%	0.1%	(234,000)	(91,820)	-	-	\$3.35
Total	28,657,289	10.2%	0.0%	10.2%	7.0%	2.5%	(336,312)	2,454,687	3,625,504	993,061	\$4.26
Hamilton											
Manufacturing	3,536,911	0.1%	0.0%	0.1%	0.0%	0.0%	-	-	-	-	\$4.00
Warehouse- Distribution	150,000	100.0%	0.0%	100.0%	100.0%	0.0%	-	-	-	150,000	\$0.00
Flex/R&D	249,734	10.2%	0.0%	10.2%	10.2%	10.2%	-	-	-	-	\$8.50
Light Industrial	3,750,967	1.5%	0.0%	1.5%	1.0%	9.8%	331,394	397,654	-	-	\$5.44
Total	7,687,612	3.0%	0.0%	3.0%	2.8%	5.2%	331,394	397,654	-	150,000	\$6.35

Submarkets by Type



Submarket/ Subtype	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Vacancy Rate	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg Direct Asking Rate (NNN)
I-71 Corridor											
Bulk Warehouse	622,000	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	1,722,000	-	--
Warehouse - Distribution	672,241	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	97,000	--
Manufacturing	6,363,629	1.4%	0.0%	1.4%	0.0%	0.0%	-	58,254	-	-	\$4.50
Flex/R&D	584,271	1.4%	0.0%	1.4%	3.9%	5.2%	7,225	6,513	-	-	\$9.50
Light Industrial	4,079,874	0.3%	0.0%	0.3%	0.3%	0.1%	(7,800)	146,642	-	-	\$7.60
Total	12,322,015	0.9%	0.0%	0.9%	0.3%	0.3%	(575)	211,409	1,722,000	97,000	\$4.96
Monroe/Middletown											
Bulk Warehouse	10,158,755	0.0%	0.0%	0.0%	0.0%	0.0%	-	419,000	-	200,000	--
Warehouse - Distribution	1,331,009	0.0%	0.0%	0.0%	0.0%	0.0%	-	74,000	-	-	--
Manufacturing	6,927,977	0.0%	0.0%	0.0%	0.0%	0.0%	-	366,000	-	478,000	--
Flex/R&D	46,900	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Light Industrial	4,086,060	2.0%	0.0%	2.0%	1.5%	1.5%	-	19,000	-	65,000	\$6.17
Total	22,550,701	0.4%	0.0%	0.4%	0.3%	0.3%	-	878,000	-	743,000	\$6.17
Tri-County											
Bulk Warehouse	25,771,654	4.0%	0.0%	4.0%	4.2%	5.0%	510,431	2,387,454	1,940,261	1,627,969	\$5.13
Warehouse - Distribution	7,429,672	7.3%	1.1%	8.3%	5.5%	3.6%	52,609	10,505	-	-	\$5.77
Manufacturing	10,013,620	0.0%	0.0%	0.0%	0.0%	0.0%	122,366	168,942	437,778	122,366	--
Flex/R&D	4,087,159	6.0%	0.0%	6.0%	4.8%	4.2%	(22,882)	81,361	-	-	\$7.03
Light Industrial	20,844,183	2.7%	0.0%	2.1%	2.2%	2.1%	(26,214)	(154,005)	-	78,160	\$5.31
Total	68,146,288	3.5%	0.1%	3.4%	3.1%	3.2%	636,310	2,494,257	2,378,039	1,828,495	\$5.47
West											
Bulk Warehouse	887,684	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	533,676	-	--
Warehouse - Distribution	149,760	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Manufacturing	758,242	0.0%	0.0%	0.0%	0.0%	0.0%	-	50,000	106,000	50,000	--
Flex/R&D	313,780	2.5%	0.0%	2.5%	2.5%	1.6%	(2,750)	(2,750)	-	-	\$8.85
Light Industrial	2,501,876	0.7%	0.0%	0.7%	0.7%	0.9%	5,050	32,656	-	50,000	\$8.59
Total	4,611,342	0.5%	0.0%	0.5%	0.5%	0.6%	2,300	79,906	639,676	100,000	\$8.67
Woodlawn/Evendale											
Bulk Warehouse	716,400	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Warehouse - Distribution	232,951	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Manufacturing	11,858,767	0.9%	0.0%	0.9%	1.4%	0.6%	(102,000)	(17,606)	20,000	-	--
Flex/R&D	563,868	1.4%	0.0%	1.4%	1.4%	2.7%	7,341	59,233	-	-	\$6.00
Light Industrial	6,966,374	1.3%	0.0%	1.3%	0.7%	0.1%	(39,211)	32,439	-	-	\$6.98
Total	17,288,300	0.4%	0.0%	0.6%	0.8%	0.3%	(134,669)	71,657	20,000	50,000	\$6.17
Grand Total											
Bulk Warehouse	84,459,639	3.6%	0.0%	3.6%	2.6%	1.7%	965,253	7,486,652	8,648,027	3,421,030	\$4.79
Warehouse - Distribution	19,450,981	4.3%	0.4%	4.8%	3.7%	1.5%	45,004	629,820	-	247,000	\$5.73
Manufacturing	74,010,265	2.1%	0.0%	2.1%	2.0%	1.7%	(94,343)	1,033,716	1,832,778	650,366	\$3.75
Flex/R&D	11,268,216	5.1%	0.0%	5.3%	4.9%	4.6%	(26,038)	223,548	-	-	\$8.09
Light Industrial	92,188,270	1.7%	0.0%	1.5%	1.6%	1.5%	(67,994)	860,697	-	193,160	\$5.34
Total	281,377,371	2.7%	0.0%	2.7%	2.3%	1.7%	821,882	10,234,433	10,480,805	4,511,556	\$5.21
Cincinnati Quarterly Comparisons and Totals											
Q4 2022	281,377,371	2.7%	0.0%	2.7%	2.3%	1.7%	821,882	10,234,433	10,480,805	4,511,556	\$5.21
Q3 2022	278,999,547	1.8%	0.2%	2.0%	1.7%	2.3%	2,499,811	9,433,206	12,840,673	1,880,732	\$5.24
Q2 2022	278,049,415	2.5%	0.1%	2.6%	2.3%	3.3%	3,635,179	6,933,395	11,485,257	930,600	\$5.14
Q1 2022	277,178,815	3.0%	0.2%	3.3%	3.3%	4.5%	3,298,216	3,298,216	10,366,286	60,000	\$4.91
Q4 2021	278,081,585	3.5%	0.2%	3.7%	4.5%	6.0%	5,688,348	10,608,647	6,529,316	6,296,234	\$4.72

The statistics reported herein are calculated based on a standardized set of properties including industrial properties 10,000 square feet and greater; single, multi-tenant and owner-occupied buildings.

Industrial Market Experts

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