

22 Year-End Report

Key Takeaways

- Net absorption in Q4 for the Dayton industrial market was 1,413,401 SF. The total year's net absorption for 2022 was 5,165,446 SF, a record high.
- Average asking rental rates decreased on a quarterly basis by 2.37% to \$4.54. This was a YOY increase of 0.89%.
- The total vacancy rate in Q4 increased by 10 basis points to 3.4%; however, the total vacancy rate fell by 140 basis points YOY.
- Construction in Dayton remains strong, with 3,524,663 SF currently under construction. Of that total under construction, 3.2 million SF is estimated to be complete in the first quarter of 2023. New supply in Q4 totaled 1,525,000 SF, all of which was build-to-suit space.

Vacancy Rate

 3.4%

YOY  Forecast 

Net Absorption

 1.4M SF

YOY  Forecast 

Under Construction

 3.5M SF

YOY  Forecast 

Market Asking Lease Rates (FSG)

 \$4.54/SF

YOY  Forecast 

Market Indicators



4.21%
Unemployment
Rate

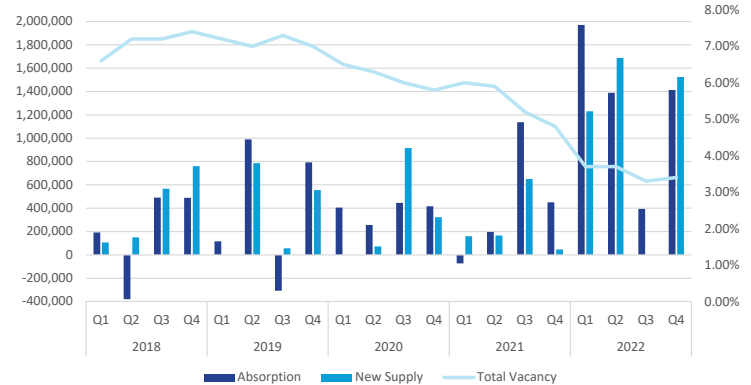


0.48%
GDP - Quarterly
% change yr/yr



3.880%
U.S. 10 Year
Treasury Note

Market Graph



Overall yearly net absorption for the Dayton industrial market totaled 5,165,446 SF, the highest yearly net absorption in recorded history. The total vacancy rate remained low in Q4 at 3.4%, which was a 10-basis point increase from Q3. The South submarket recorded the highest average asking rent at \$5.21 coupled with a vacancy rate of 3.6%. New supply totaled 1.53 million SF in Q4, but an estimated 3.2 million SF will be delivered in Q1 of 2023. Of the 3.2 million SF estimated to come to market in Q1 of 2023, 1.9 million SF is speculative space. All speculative space completing in the first quarter of 2023 is within the North submarket.

Historic Comparison

	21Q4	22Q3	22Q4
Total Inventory (in Millions of SF)	95.5	98.0	99.5
New Supply (in Thousands of SF)	47.0	0.0	1.5
Net Absorption (in Thousands of SF)	450.8	393.2	1,413.4
Overall Vacancy	4.8%	3.3%	3.4%
Under Construction (in Thousands of SF)	4,475.2	4,208.7	3,524.7
Overall Asking Lease Rates (NNN)	\$4.50	\$4.65	\$4.54

Notable Transactions



Lease

Park 70/75, Bldg 8
251 N Dixie Dr
210K SF



Lease

2500-2600 Campbell
440-464 S Stolle Ave
227K SF



Lease

6400 Sand Lake Rd
192K SF



Sale

GE Aviation
\$235.24/SF



Sale

Mid State Industrial
Portfolio
\$46.76/SF



Sale

Troy Industrial
Portfolio
\$56.70/SF

22 Year-End Report



Dayton Industrial Reaching New Heights, What's Next?

The typically under-the-radar Dayton industrial market has reached new heights as it ends 2022 with a record-high net absorption of more than 5.1 million SF. In Q4 alone, Dayton saw 1.4 million SF of net absorption, partly thanks to three major build-to-suit projects being completed and occupied. However, 3.2 million SF remains under construction as we enter the new year, maintaining a near-record low vacancy rate of 3.4%, a drop of 140 basis points year-over-year.

Historically, Dayton has been popular in the build-to-suit market with users seeking warehouse space along the I-75 and I-70 corridors. In recent years, however, the speculative market has been on the come up. Of the 3.2 million SF still under construction, 2.1 million SF is speculative space. Prior to 2022, Northpointe was virtually the only major developer to build a Class-A industrial building in Dayton. Since then, Pure Development, Pinchal, Panattoni, Exeter and OPUS have all started to construct speculative buildings in Dayton, especially in its airport submarket. Investors and developers are betting on Dayton thanks to the region's many incentives: highway proximity, the labor market, low cost of living, and its status as one of few places with 100% tax-abated land.

The influx of speculative development in Dayton has left the industrial market in uncharted waters. Nearly all the speculative space in the market is set to become available in Q1 '23—something Dayton has never seen—making it hard to predict what will happen next. Despite this uncertainty, signs point to continued growth. Meijer finished its \$160 million expansion in Tipp City, part of its commitment to continued growth in the region. Earlier in 2022, Honda announced its \$4.4 billion electric vehicle battery plant in Fayette County. Honda choosing Dayton as the landing site for its plant wasn't just an investment for the company—it was a statement in its investment in the state of Ohio. Soon after, it was announced that at least three other Honda plants in the Dayton region would be joining forces to spearhead electric vehicle assembly in Ohio.

Overall, moves from institutional developers and notable corporations put the Dayton industrial market on the map in 2022, contributing to its strongest year in recorded history. What's next is uncertain—in the best of ways.

By:



Emily Thomas

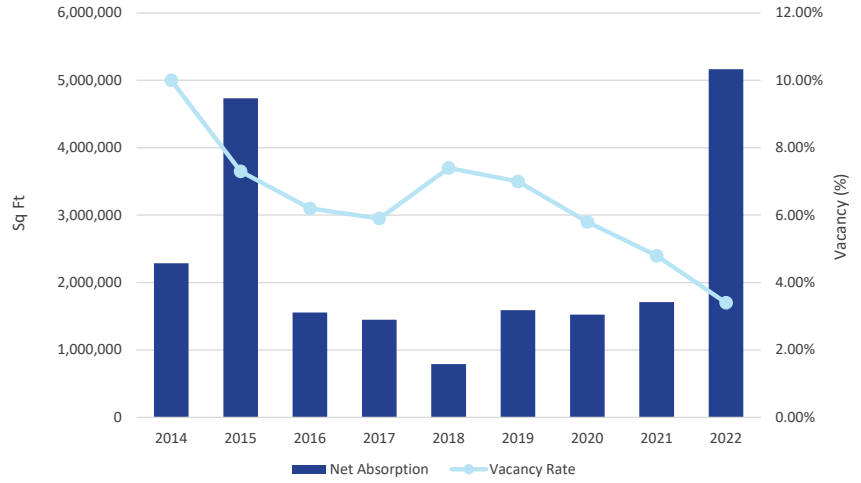
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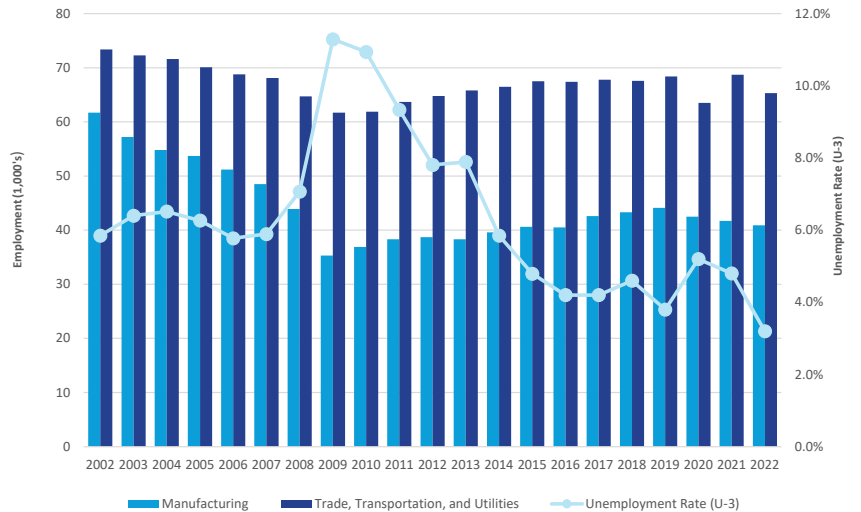
Vacancy/Absorption

Vacancy in Q4 was 3.4%, only 10 basis points higher than Dayton's lowest quarterly industrial vacancy rate in 2022. The fourth quarter recorded a net absorption of 1,413,401 SF, which brought the yearly net absorption to 5,165,446 SF. For comparison, the highest prior annual net absorption the Dayton market has seen was 4,734,128 SF in 2015.



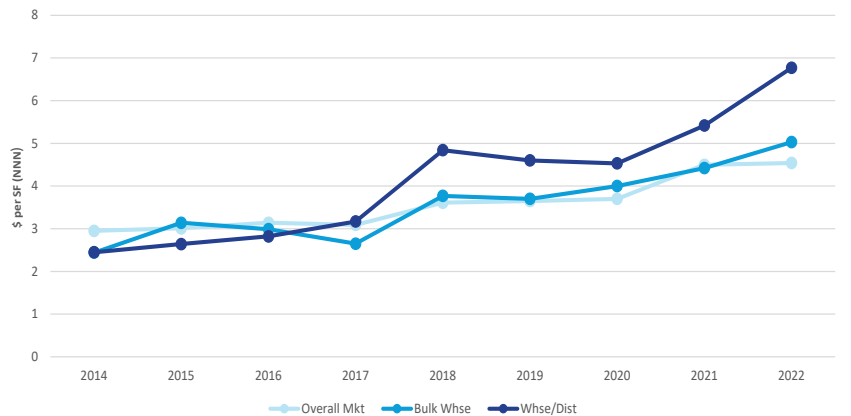
Employment

As of November, Dayton manufacturing employed 40,900 workers and the trade, transportation, and utilities sectors employed 65,300 workers. In 2021, Dayton's manufacturing sector employed 41,700 workers and the trade, transportation, and utilities sectors employed 68,700 workers.



Rental Rates

The overall market average asking rental rate for Dayton industrial was \$4.54. Average asking rates for warehouse/distribution remained higher than the overall market average at \$6.77. Bulk warehouse in Q4 had an average asking rate of \$5.03.



Notable Sale Activity for 2022

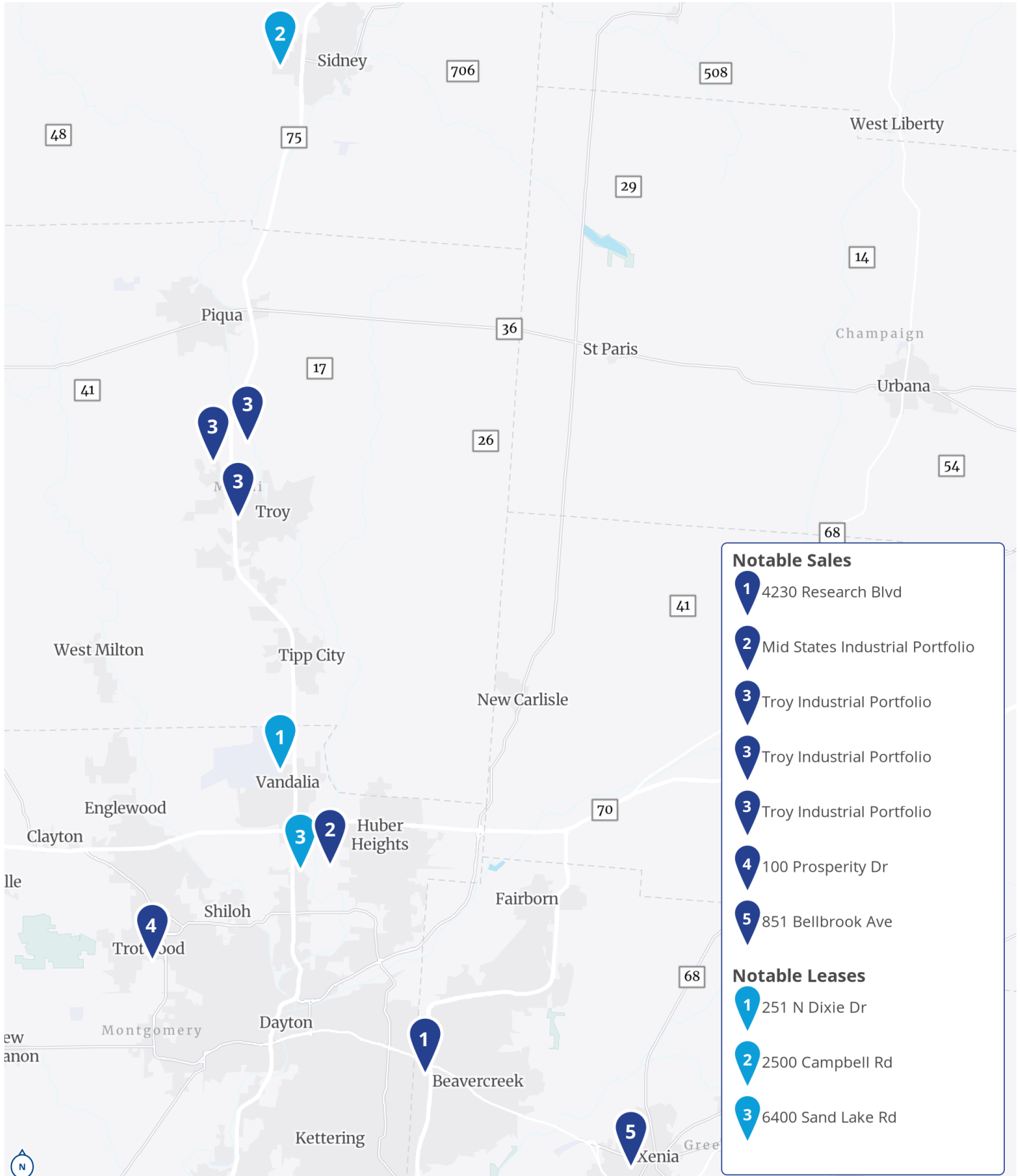
#	Address	Size	Buyer	Price	Submarket
1	GE Aviation 4230 Research Blvd	280,000	Pure Development	\$65,866,904	South
2	Mid States Industrial Portfolio	1,138,866	Sealy & Company	\$53,250,000	Central & South
3	Troy Industrial Portfolio 2180-2206 Corporate Dr 950-974 S Dorset Rd 1520-1530 Experiment Farm Rd	396,800	Plymouth Industrial REIT	\$22,500,000	North
4	100 Prosperity Dr	5,800	Zhamil Kibarov	\$670,000	North
5	851 Bellbrook Ave	50,755	Timothy Sheehy	\$650,000	East

Notable Lease Activity for 2022

#	Address	Size	Tenant	Type	Submarket
1	Park 70/75 Bldg 8 251 N Dixie Dr	210,544	Komyo	New	East
2	2500-2600 Campbell Rd 440-464 South Stolle Ave	227,407	Ivex Protective Packaging	Renewal	Upper Valley
3	6400 Sand Lake Rd	192,910	Creative Foam	New	North

Note: Bold/Blue indicates Colliers transactions

Notable Deal Activity



Dayton | 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)
Central											
Bulk Warehouse	1,566,308	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Warehouse - Distribution	1,974,960	3.9%	0.0%	3.9%	5.2%	5.2%	(1,000)	28,000	-	-	\$5.18
Manufacturing	6,307,943	1.7%	0.0%	1.7%	1.7%	1.7%	-	31,860	-	-	\$4.42
Flex/R&D	1,238,656	5.3%	0.0%	5.3%	5.1%	4.4%	(8,333)	(14,041)	-	-	\$4.68
Light Industrial	15,839,000	1.9%	0.0%	1.9%	1.4%	1.8%	60,508	271,916	-	80,000	\$5.06
Total	26,926,867	2.0%	0.0%	2.0%	1.8%	2.0%	51,175	317,735	-	80,000	\$4.90
East											
Bulk Warehouse	811,466	26.1%	0.0%	26.1%	26.1%	26.1%	-	1,360	-	-	\$4.61
Warehouse - Distribution	347,000	0.0%	0.0%	0.0%	0.0%	0.0%	-	102,400	-	-	--
Manufacturing	712,400	0.0%	0.0%	0.0%	0.0%	0.0%	-	280,000	-	280,000	--
Flex/R&D	297,063	19.1%	0.0%	19.1%	19.1%	8.0%	(33,068)	(33,068)	-	-	\$4.53
Light Industrial	1,152,299	7.6%	0.0%	7.6%	7.6%	6.1%	(17,776)	(57,776)	-	-	\$5.15
Total	3,320,228	10.7%	0.0%	10.7%	10.7%	9.2%	(50,844)	292,916	-	280,000	\$4.73
North											
Bulk Warehouse	9,903,578	1.4%	0.0%	1.4%	1.4%	1.4%	-	1,946,400	3,379,663	2,238,974	\$6.25
Warehouse - Distribution	2,229,675	0.0%	0.0%	0.0%	0.0%	0.0%	655,000	685,000	-	147,600	--
Manufacturing	1,779,908	30.6%	0.0%	30.6%	30.6%	22.9%	(136,104)	(511,296)	-	33,120	\$2.98
Flex/R&D	828,599	9.9%	0.0%	9.9%	2.7%	2.7%	-	(12,150)	-	-	\$4.68
Light Industrial	5,185,414	1.0%	0.0%	1.0%	1.2%	0.9%	(15,000)	159,181	-	42,750	\$4.27
Total	19,927,174	4.1%	0.0%	4.1%	3.8%	3.2%	503,896	2,267,135	3,379,663	2,462,444	\$3.77
South											
Bulk Warehouse	1,645,783	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Warehouse - Distribution	2,327,992	6.7%	1.4%	8.1%	10.0%	12.5%	57,820	132,613	-	-	\$7.56
Manufacturing	7,127,056	1.7%	0.0%	1.7%	1.7%	1.7%	520	342,492	88,000	-	\$2.75
Flex/R&D	3,977,230	9.4%	0.4%	9.9%	9.9%	10.5%	22,935	8,501	-	28,000	\$5.29
Light Industrial	11,482,363	1.8%	0.4%	2.2%	1.7%	1.6%	(8,880)	112,911	-	-	\$4.70
Total	26,560,424	3.3%	0.3%	3.6%	3.6%	3.8%	72,395	596,517	88,000	28,000	\$5.21
Upper East											
Bulk Warehouse	972,573	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	870,000	--
Warehouse - Distribution	1,167,731	0.0%	0.0%	0.0%	0.0%	0.0%	870,000	870,000	-	-	--
Manufacturing	2,457,902	11.9%	0.0%	11.9%	11.9%	11.9%	-	-	57,000	-	--
Flex/R&D	98,788	12.1%	0.0%	12.1%	12.1%	12.1%	-	-	-	-	\$5.00
Light Industrial	5,302,637	1.4%	0.0%	1.4%	1.4%	0.7%	(37,525)	77,406	-	-	\$3.52
Total	9,999,631	3.8%	0.0%	3.8%	3.8%	3.8%	832,475	947,406	57,000	870,000	\$3.72
Upper Valley											
Bulk Warehouse	2,334,799	4.3%	0.0%	4.3%	4.3%	4.3%	-	373,000	-	373,000	\$4.25
Warehouse - Distribution	281,100	0.0%	0.0%	0.0%	0.0%	0.0%	-	57,500	-	-	--
Manufacturing	4,446,101	5.7%	0.0%	5.7%	5.7%	5.7%	-	104,705	-	349,305	--
Flex/R&D	169,337	23.0%	0.0%	23.0%	23.0%	42.0%	32,254	(34,702)	-	-	--
Light Industrial	3,182,566	2.4%	0.0%	2.4%	1.5%	0.6%	(27,950)	243,234	-	-	\$5.15
Total	10,413,903	4.5%	0.0%	4.5%	4.2%	4.3%	4,304	743,737	-	722,305	\$4.47
West											
Bulk Warehouse	822,362	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Warehouse - Distribution	56,217	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Manufacturing	1,237,000	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Light Industrial	257,497	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Total	2,373,076	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--

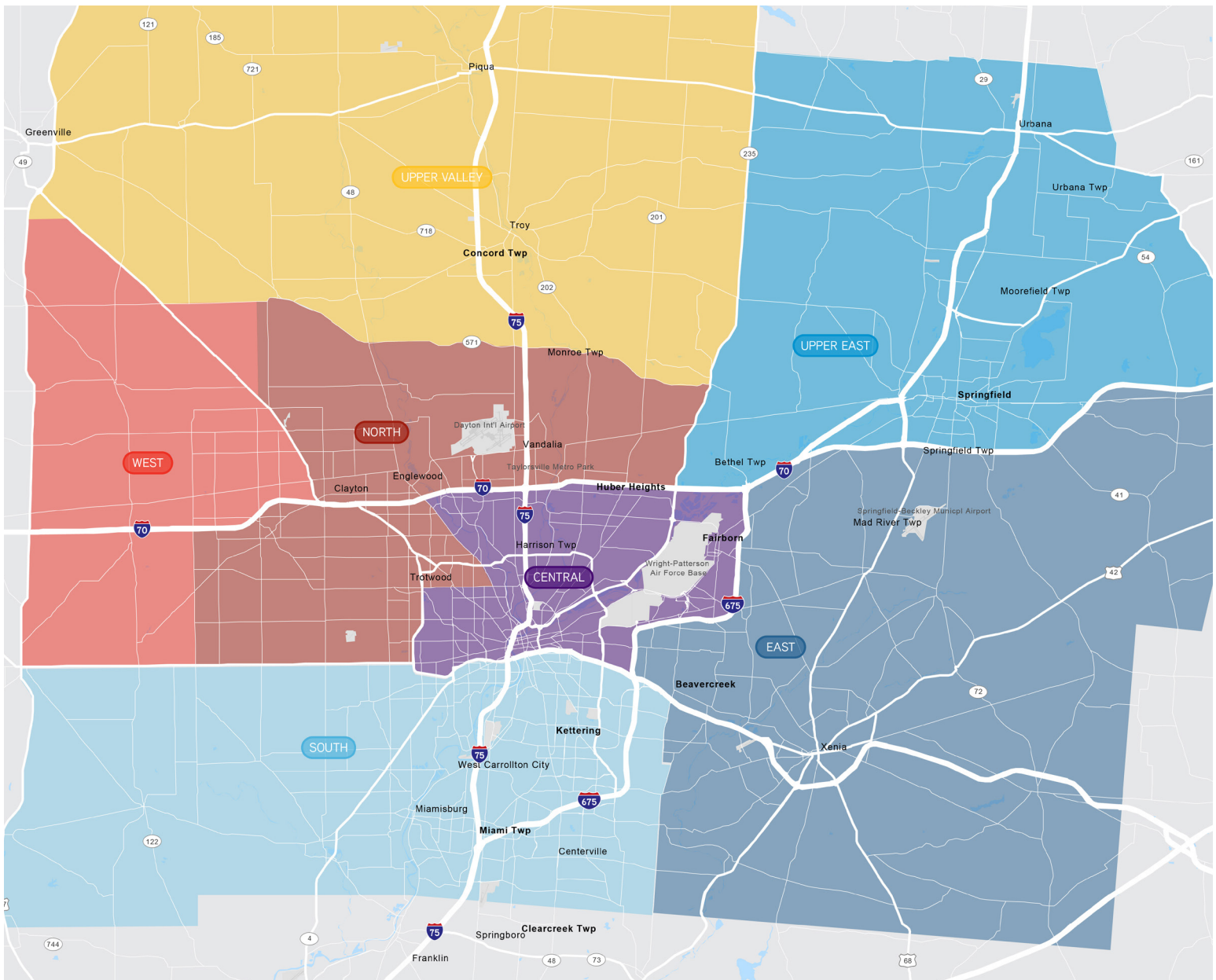
Submarkets by Type



Submarket/ Subtype	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Vacancy Rate ¹	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg Direct Asking Rate (NNN)
Grand Total											
Bulk Warehouse	18,056,869	2.5%	0.0%	2.5%	2.5%	2.5%	-	2,320,760	3,379,663	3,481,974	\$5.03
Warehouse - Distribution	8,384,675	2.8%	0.4%	3.2%	4.0%	5.7%	1,581,820	1,875,513	-	147,600	\$6.77
Manufacturing	24,068,310	5.5%	0.0%	5.5%	5.5%	4.9%	(135,584)	247,761	145,000	662,425	\$3.15
Flex/R&D	6,609,673	9.5%	0.3%	9.8%	8.9%	9.1%	13,788	(85,460)	-	28,000	\$4.93
Light Industrial	42,401,776	1.9%	0.1%	2.0%	1.6%	1.5%	(46,623)	806,872	-	122,750	\$4.77
Total	99,521,303	3.4%	0.1%	3.5%	3.4%	3.3%	1,413,401	5,165,446	3,524,663	4,442,749	\$4.54

Dayton Quarterly Comparisons and Totals											
Q4 2022	99,521,303	3.4%	0.1%	3.5%	3.4%	3.3%	1,413,401	5,165,446	3,524,663	4,442,749	\$4.54
Q3 2022	97,996,303	3.3%	0.1%	3.4%	3.3%	3.7%	393,161	3,752,045	4,208,708	2,917,749	\$4.65
Q2 2022	97,996,303	3.7%	0.1%	3.8%	3.7%	3.7%	1,388,197	3,358,884	4,208,708	2,917,749	\$4.59
Q1 2022	96,308,424	3.8%	0.2%	4.0%	3.7%	4.8%	1,970,687	1,970,687	3,221,574	1,229,870	\$4.58
Q4 2021	95,497,725	3.5%	0.3%	3.8%	4.8%	5.2%	450,766	1,709,953	4,475,204	1,022,910	\$4.50

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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