

Key Takeaways

- Quarterly net absorption for Dayton industrial was a positive 393.2k SF, which was a 71.7% decrease from Q2. Year-over-year, Dayton industrial experienced a 65.4% decrease in net absorption.
- The total vacancy rate for Dayton industrial in Q3 was 3.3%. This was a 40 basis point decline from the previous quarter.
- The market average asking rate increased by 1.3% from last quarter to \$4.65 per square foot.
- Dayton had no new supply come to market in Q3, but there is approximately 4.2 million square feet of industrial space under construction. Of the total space under construction, 2.9 million square feet is for spec space.

Vacancy Rate



3.3%

YOY



Forecast



Net Absorption



393.2K SF

YOY



Forecast



Under Construction



4.2M SF

YOY



Forecast



Market Asking Lease Rates (FSG)



\$4.65/SF

YOY



Forecast



Market Indicators



3.97%

Unemployment
Rate

2.33%

GDP - Quarterly
% change yr/yr

3.884%

U.S. 10 Year
Treasury Note

Market Graph



Dayton industrial continues to have positive net absorption despite seeing a slowdown this quarter. Quarterly net absorption was down 71.7% from Q2, and 65.4% from Q3 of 2021. A major reason for this decrease in absorption was due to a lack of new supply coming to the market. Last quarter, 1.7 million SF of new supply was delivered, 1.6 million of which was build-to-suit space. This quarter saw no new supply come to market, which limited absorption. Demand remains strong and an estimated 3.9 million SF of space will be completed by year's end to help meet it. Additionally, a large amount of industrial space is under construction in the Dayton market. Of the 4.2 million square feet under construction, 3.9 million is expected to be completed in Q4 of 2022.

Historic Comparison

	21Q3	22Q2	22Q3
Total Inventory (in Millions of SF)	95.5	97.9	98.0
New Supply (in Thousands of SF)	650.0	1687.9	0.0
Net Absorption (in Thousands of SF)	1136.7	1388.2	393.2
Overall Vacancy	5.2%	3.7%	3.3%
Under Construction (in Thousands of SF)	2,513.7	4,208.7	4,208.7
Overall Asking Lease Rates (NNN)	\$3.98	\$4.59	\$4.65

Recent Transactions



Lease

Park 70/75, Bldg8
251 N Dixie Dr
288K SF



Lease

Park 70/75, Bldg8
251 N Dixie Dr
210K SF



Lease

Austin Business Park
Bldg V | 1983 Byers Rd
26K SF



Sale

Mid States Industrial
Portfolio
\$46.75/SF



Sale

Prime Ohio Corporate
Park | 4981 Gateway
\$60.83/SF



Sale

3171 S Dixie Dr
\$52.86/SF



Activity Remains Steady as New Construction Approaches Completion

After many years of being a forgotten market regarding the speculative building space, Dayton has come into its own. At the close of Q3, Dayton's industrial market appears to remain on track for a near-record year, adding more positive absorption. While no new supply became available in Q3—leading to a misleading drop in absorption between Q2 and Q3—4.2 million SF remains under construction. This short-term lack of supply also played a role in the market's vacancy rate dropping to a historic 3.3%, down 40 basis points from Q2. Meanwhile, the average rental rate increased to \$4.65/SF, which is a 1.3% bump from Q2 and a 16.8% increase year-over-year.

While absorption saw a 71.7% decrease from Q2 to Q3 and a 65.4% decrease year-over-year, these numbers are not at all indicative of the current Dayton industrial market—quite the opposite, in fact. To date in 2022, only one speculative building has been completed in Dayton: OPUS's 213,000 SF Crossroads I-70/I-75 Logistics Center. A noteworthy 4.2 million is still under construction, with 3.9 million slated to be completed by year's end, though impending winter weather is sure to cause some delays in completion time. Absorption is currently at approximately 3.8 million SF, and with the completion of these speculative buildings, the market will most likely surpass 4 million SF in positive net absorption—the highest we have seen in the last five years.

Corporations are noticing the strength of the region, as well, kickstarting with Intel's \$20 billion investment in a semiconductor manufacturing plant in Licking County, just a short drive from Dayton. Just a few months later, SEMCORP announced Sidney as its destination to establish a manufacturing facility to produce separator film, a key component in batteries for electric vehicles. Likewise, Honda announced a \$4.4 billion electric vehicle battery plant will be constructed in Fayette County. During the announcement, Honda executives further emphasized the corporation's commitment to building up its presence in Ohio. It appears that each announcement is another step towards the Dayton region becoming an established and desirable manufacturing hub.

Overall, the Dayton industrial market remains strong, with no indications of slowing. While the availability of pending construction has temporarily stalled absorption, all signs point towards continued growth.

By:



Emily Thomas

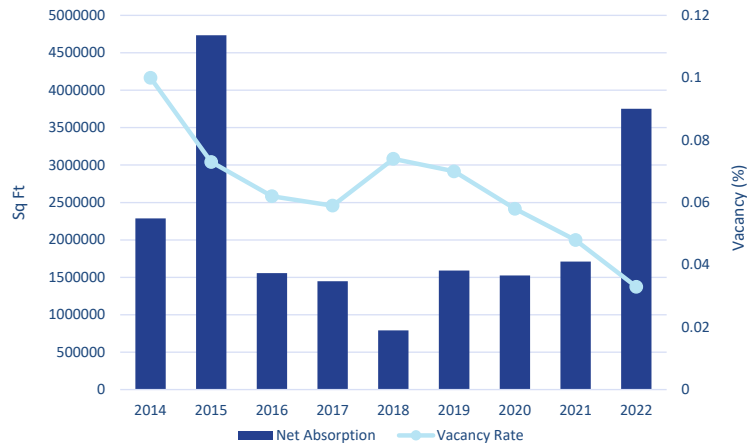
Marketing Coordinator

513 562 2200

emily.thomas@colliers.com

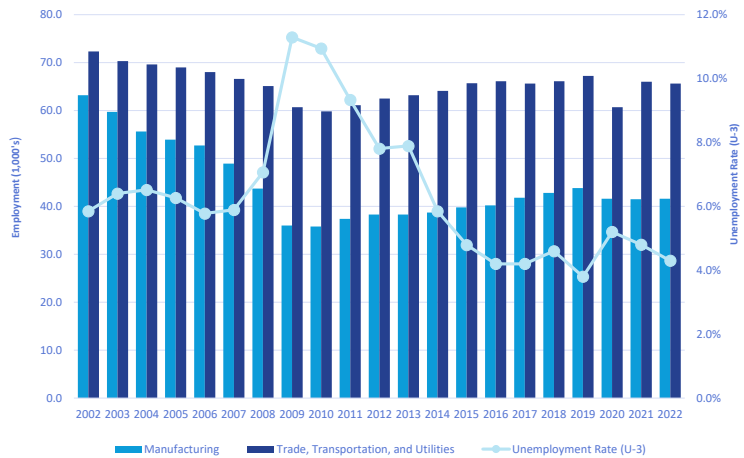
Vacancy/Absorption

Dayton industrial saw a lower vacancy rate of 3.3%, which was down 40 basis points or 0.4% from Q2. Additionally, total vacancy was down 1.8% from Q3 of 2021. Quarterly net absorption was a positive 393,161 square feet but was down 71.7%. Year-over-year net absorption decreased by 65.4%. YTD Q3 net absorption is at a near record high of 3.8 million SF. For reference, our average Q3 absorption from 2017-2021 was 1,011,988 SF.



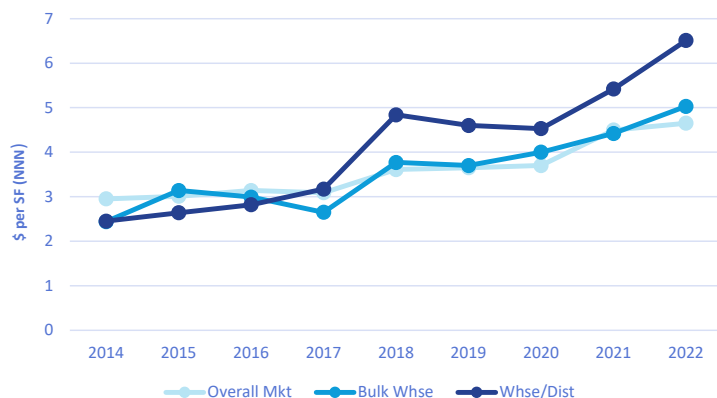
Employment

Dayton's unemployment in Q3 was 3.97%. Manufacturing experienced a 0.4% decline in employment year-over-year. Trade, transportation, and utilities experienced a 2.4% decline in employment year-over-year.



Rental Rates

The average rental rate for Dayton industrial was \$4.65 per square foot, which was a 1.3% increase from last quarter. Additionally, the average rental rate year-over-year saw a 16.8% increase. For reference, our average Q3 rental rate from 2017-2021 was \$3.60.



Notable Sale Activity

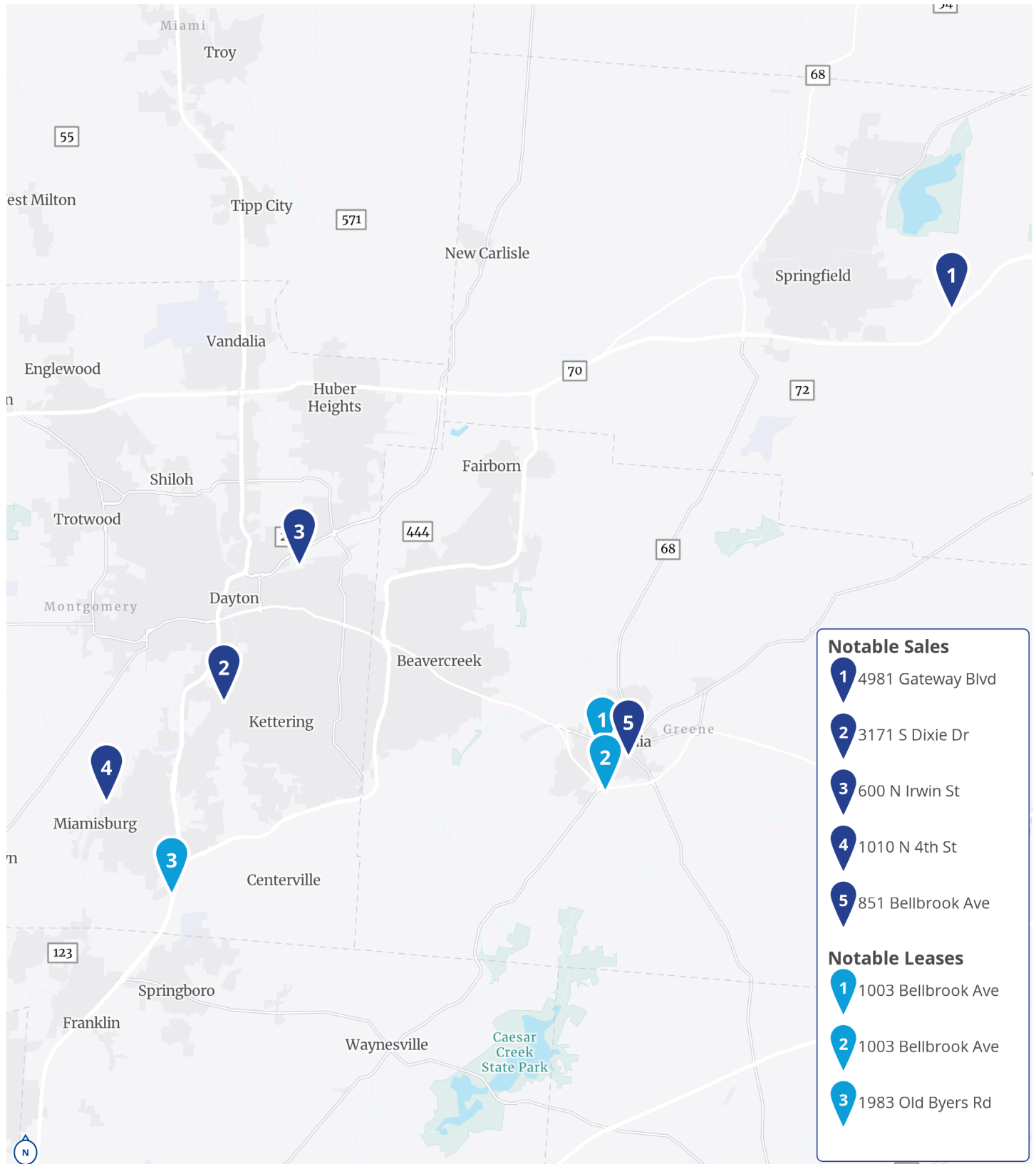
#	Address	Size	Buyer	Price	Submarket
	Mid States Industrial Portfolio	1,138,866	Sealy & Company	\$53,250,000	Central & South
1	Prime Ohio Corporate Park 4981 Gateway Blvd	113,569	Timmer Group	\$6,910,000	Upper East
2	3171 S Dixie Dr	22,702	Euro Classics	\$1,200,000	South
3	600 N Irwin St	59,000	Triyar Companies	\$1,150,000	Central
4	1010 N 4th St	57,687	Gillson Solutions Inc	\$900,000	South
5	851 Bellbrook Ave	50,755	Timothy Sheehy	\$650,000	East

Notable Lease Activity

#	Address	Size	Tenant	Type	Submarket
1	Park 70/75, Bldg8 251 N Dixie Dr	288,602	Infinity Global	New	East
2	Park 70/75, Bldg8 251 N Dixie Dr	210,544	Komyo	New	East
3	Austin Business Park Bldg 1983 Byers Rd	26,000	Kongsberg Precision Cutting Systems US	New	South

Note: Bold/Blue indicates Colliers transactions

Notable Deal Activity



Dayton | 2022 Q3 | Industrial | Market Statistics



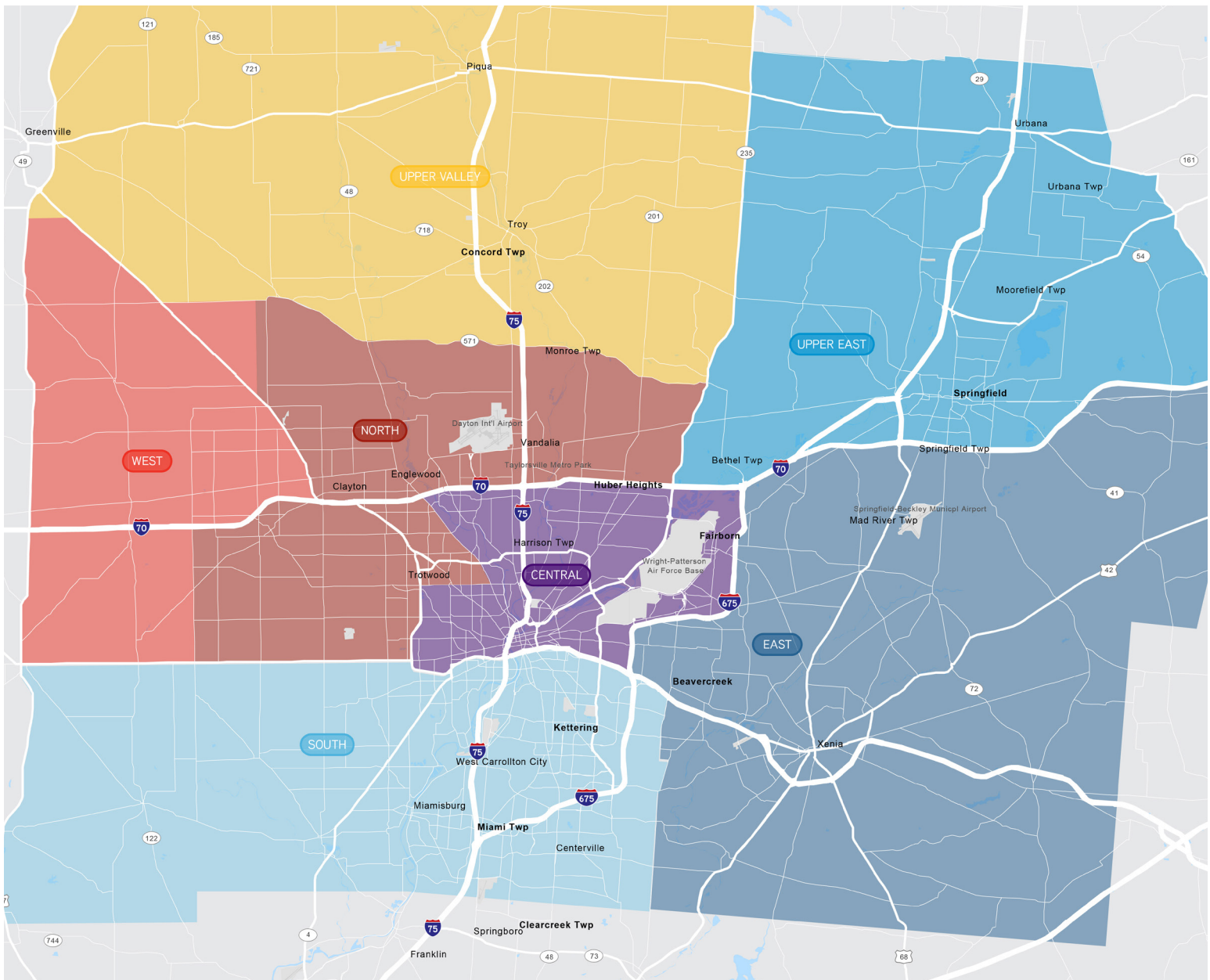
Submarket/ Subtype	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Vacancy Rate"	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg Direct Asking Rate (NNN)
Central											
Bulk Warehouse	1,566,308	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	--
Warehouse - Distribution	1,974,960	5.2%	0.0%	5.2%	5.2%	4.8%	(6,400)	29,000	-	-	\$5.12
Manufacturing	6,307,943	1.7%	0.0%	1.7%	1.7%	2.3%	31,860	31,860	-	-	\$4.02
Flex/R&D	1,238,656	4.4%	0.0%	4.4%	4.4%	4.5%	900	(5,708)	-	-	\$4.50
Light Industrial	15,839,000	1.8%	0.0%	1.8%	1.8%	1.9%	17,127	211,408	-	80,000	\$5.00
Total	26,926,867	2.1%	0.0%	2.1%	2.0%	2.2%	43,487	266,560	-	80,000	\$4.74
East											
Bulk Warehouse	811,466	26.1%	0.0%	26.1%	26.1%	22.7%	(28,016)	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	8.0%	0.0%	8.0%	8.0%	8.0%	-	-	-	-	\$5.00
Light Industrial	1,152,299	6.1%	0.0%	6.1%	6.1%	6.1%	-	(40,000)	-	-	\$5.00
Total	3,320,228	9.2%	0.0%	9.2%	9.2%	8.4%	(28,016)	343,760	-	280,000	\$4.73
North											
Bulk Warehouse	9,903,578	1.4%	0.0%	1.4%	1.4%	7.2%	575,515	1,946,400	3,281,708	1,613,974	\$6.25
Warehouse - Distribution	1,574,675	0.0%	0.0%	0.0%	0.0%	0.0%	-	30,000	-	117,600	--
Manufacturing	1,779,908	22.9%	0.0%	22.9%	22.9%	15.3%	(136,104)	(375,192)	-	33,120	\$2.98
Flex/R&D	828,599	2.7%	0.0%	2.7%	2.7%	2.7%	-	(12,150)	-	-	\$4.50
Light Industrial	5,185,414	0.9%	0.0%	0.9%	0.9%	0.9%	-	174,181	-	42,750	\$4.27
Total	19,272,174	3.2%	0.0%	3.2%	3.2%	5.5%	439,411	1,763,239	3,281,708	1,807,444	\$3.85
South											
Bulk Warehouse	1,645,783	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	
Warehouse - Distribution	2,327,992	9.3%	3.3%	12.5%	12.5%	12.1%	(8,628)	74,793	-	-	\$7.16
Manufacturing	7,127,056	1.7%	0.0%	1.7%	1.7%	1.7%	-	341,972	-	-	\$2.88
Flex/R&D	3,977,230	10.0%	0.7%	10.7%	10.5%	9.8%	(25,224)	(14,434)	-	28,000	\$5.36
Light Industrial	11,482,363	1.8%	0.4%	2.2%	1.6%	1.5%	(13,167)	121,791	-	-	\$4.62
Total	26,560,424	3.6%	0.5%	4.1%	3.8%	3.6%	(47,019)	524,122	-	28,000	\$5.27
Upper East											
Bulk Warehouse	972,573	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	870,000	-	
Warehouse - Distribution	297,731	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	
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	0.7%	0.0%	0.7%	0.7%	0.7%	-	114,931	-	-	\$2.75
Total	9,129,631	3.8%	0.0%	3.8%	3.8%	3.8%	-	114,931	927,000	-	\$3.29
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%	7.1%	20,000	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	42.0%	0.0%	42.0%	42.0%	21.5%	(34,702)	(66,956)	-	-	\$6.50
Light Industrial	3,182,566	1.5%	0.0%	1.5%	0.6%	0.6%	-	271,184	-	-	\$5.09
Total	10,413,903	4.5%	0.0%	4.5%	4.3%	4.1%	(14,702)	739,433	-	722,305	\$4.86
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"	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%	5.5%	547,499	2,320,760	4,151,708	1,986,974	\$5.03
Warehouse - Distribution	6,859,675	4.6%	1.1%	5.7%	5.7%	5.8%	4,972	293,693	-	117,600	\$6.51
Manufacturing	24,068,310	4.9%	0.0%	4.9%	4.9%	4.5%	(104,244)	383,345	57,000	662,425	\$3.14
Flex/R&D	6,609,673	8.8%	0.4%	9.2%	9.1%	8.2%	(59,026)	(99,248)	-	28,000	\$5.23
Light Industrial	42,401,776	1.7%	0.1%	1.7%	1.5%	1.5%	3,960	853,495	-	122,750	\$4.68
Total	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

Dayton Quarterly Comparisons and Totals											
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
Q3 2021	95,450,725	5.4%	0.3%	5.7%	5.2%	5.9%	1,136,730	1,259,187	2,513,776	975,910	\$3.98

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

Colliers is a global, full service commercial real estate firm. Thank you for choosing us as your trusted source for real estate information and analysis. For additional information on the Greater Dayton market, as well as our Site Selection, Project Management, and Real Estate Management services, contact our experts today.



Chuck Ackerman SIOR
Senior Vice President
+1 513 562 2266
chuck.ackerman@colliers.com



Erin Casey GA-C, MICP
Senior Vice President
+1 513 562 2225
erin.casey@colliers.com



Todd Cochran
First Vice President
+1 937 723 2913
todd.cochran@colliers.com



John Gartner, III SIOR
Senior Vice President
+1 513 562 2207
john.gartner@colliers.com



Andrew Jacob
Brokerage Associate
+1 513 562 2254
andrew.jacob@colliers.com



Bill Keefer SIOR
Senior Vice President
+1 513 562 2235
bill.keefe@colliers.com



Norm Khoury SIOR CCIM
Senior Vice President
+1 513 562 2271
norm.khoury@colliers.com



Jeffrey Kroeger
Senior Brokerage Associate
+1 513 562 2215
jeffrey.kroeger@colliers.com



Market | Research Contacts



Kyle Corbett
Research Analyst
513 562 2222
kyle.corbett@colliers.com



Catherine Williams, CPMC
Director of Marketing & PR
513 562 2213
catherine.williams@colliers.com



Shenan Murphy, CCIM
Vice Chairman |
513 562 2205
shenan.murphy@colliers.com



Joe Wiles
Managing Director of Brokerage
513 562 2244
joe.wiles@colliers.com



Paul Plattner
Managing Director of REMS
513 562 2212
paul.plattner@colliers.com

15 Mc Donough St | 4th Floor
Dayton, Ohio 45402
+1 937 449 0997
colliers.com/dayton



Accelerating success.