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TABLE OF EXPERTS

COMMERCIAL REAL ESTATE

The Dayton Business Journal recently held a conversation focused on Commercial Real Estate. Panelists included Patrick Hewitt, Vice President at CBRE Dayton and Susan C. Cornett, Partner, at Thompson Hine LLP - Real Estate. Cory Earl, Market President & Publisher of the Dayton Business Journal, moderated the discussion.

CORY EARL: Thank you both for joining me today. As we head into the fall season, how would you describe the current state of the commercial real estate market in the Dayton region, and what trends are having the biggest impact on business decisions today? Patrick, let's start with you.

PATRICK HEWITT: Thanks Cory, honored to join you today. Dayton is in a genuinely strong position right now. The region continues to benefit from national recognition, with Ohio recently named CNBC's top state for business and Dayton being ranked among the top metros in the country for career opportunities and affordability. That momentum is translating into real activity on the ground. The biggest trend I'm watching is the flight to quality, with tenants and buyers gravitating towards well-located, well-maintained space. Defense-driven growth around Wright-Patterson continues to anchor demand across multiple sectors and we're seeing meaningful institutional and out-of-market capital discovering what Dayton offers, which includes affordability, logistics access at the I-70/I-75 crossroads and an experienced workforce. The through-line in most business decisions today is certainty. Given continued uncertainty around rates and costs, both occupiers and investors are focusing on deals that offer a greater degree of confidence.

SUSAN C. CORNETT: Thanks for having me, Cory. The Dayton commercial real estate market is healthy, but increasingly selective. Well-located, high-quality assets continue to attract interest, while older or functionally obsolete properties face greater challenges. Across the market, businesses and investors are placing greater emphasis on flexibility, operating costs, capital requirements, and long-term value. Higher financing and construction costs, along with the increasing shift to hybrid work, remain important considerations when selecting locations. Dayton benefits from its central location, interstate access, affordability, and major institutional anchors, including Wright-Patterson Air Force Base. Successful transactions increasingly depend on realistic pricing, disciplined analysis, and creative deal structures.

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> **SUSAN C. CORNETT**
> Thompson Hine

EARL: What are you seeing in terms of demand across the major sectors of commercial real estate, including office, industrial, retail, and multifamily, and where are the strongest opportunities emerging?

CORNETT: Demand varies considerably by sector. Industrial remains one of the strongest segments. Dayton's infrastructure and manufacturing, aerospace, defense, and logistics industries provide a strong foundation for industrial use. The office market is more divided. Employers continue to reduce or reconfigure space, but quality, well-located offices with strong amenities can still attract demand. Retail is relatively stable, particularly grocery-anchored, neighborhood-serving, convenience, and service-oriented properties. Multifamily remains strong, although higher development

MEET THE EXPERTS

SUSAN C. CORNETT
Partner
Thompson Hine

Susan C. Cornett is a partner in Thompson Hine's Real Estate practice group. She concentrates her practice on real estate financing, commercial real estate purchases and sales, solar energy facility leasing and purchases, and commercial leasing. Susan is active in the American College of Mortgage Attorneys, serving as Vice Chair of the Opinion Committee, and is a member of the International Council of Shopping Centers (ICSC). She has been elected a Fellow of the American College of Mortgage Attorneys, recognized in The Best Lawyers in America® for Real Estate Law every year since 2017, including "Lawyer of the Year" in Dayton in 2022 and 2024, and listed in Legal 500 for Real Estate in 2026.

PATRICK HEWITT
Vice President
CBRE

Patrick Hewitt is a Vice President at CBRE in Dayton. Since joining CBRE in 2022, he has played a key role in expanding the firm's Dayton market presence alongside Matt Arnovitz, advising clients on leasing, site selection, market expansion and portfolio optimization. Leveraging more than 15 years of commercial real estate experience, Patrick helps clients develop and execute best-in-class solutions that support their business objectives.

MODERATOR

CORY EARL
President & Publisher
Dayton Business Journal

Cory Earl is President and Publisher of the Dayton Business Journal. In this role, he oversees all aspects of the operation including editorial, event, and advertising strategy as well as audience growth and community engagement. Cory is a current board member of the Downtown Dayton Partnership and Destination Dayton and is a graduate of Leadership Dayton class of 2020.

and financing costs have made new projects more difficult to execute. From my viewpoint, the strongest opportunities are in quality industrial, well-located retail, and value-add opportunities where investors can improve an existing asset.

HEWITT: Industrial remains the standout, driven by the region's logistics position and the defense and advanced-manufacturing base, though the strongest demand is for modern, higher-clear-height product. Multifamily continues to perform well, supported by affordability and steady population growth in submarkets like Huber Heights. Retail is divided: daily-needs, grocery-anchored and service-oriented centers backed by strong rooftops are resilient, while older unanchored strip centers face headwinds. Office is the most nuanced; there's genuine demand, but it's concentrated in quality space with the amenities and efficiency tenants now expect, while continuing to be rightsized. The strongest opportunities I see are in well-located industrial, value-add office repositioning at the right basis, and necessity-based retail near dense residential. Across every sector, the winners are assets that match how businesses and residents want to operate today.

EARL: How are economic factors such as interest rates, construction costs, workforce dynamics, and capital availability influencing transactions, development, and growth plans?

HEWITT: These factors are the central story in nearly every transaction right now. Higher interest rates have pressured valuations and widened the bid-ask gap between buyers and sellers, slowing deal velocity. However, motivated, well-capitalized buyers are still transacting, particularly all-cash buyers who can move with certainty. Elevated construction costs have made new development harder to pencil, which paradoxically strengthens the value of existing, well-located buildings and makes the renovation of quality assets more attractive than ground-up development. Workforce dynamics remain a genuine Dayton advantage; our labor pool and cost of living are major selling points when companies evaluate the region. On capital availability, lending is more selective and underwriting is more conservative, so sponsors with strong balance sheets, clear business plans, and existing lender relationships have a meaningful edge. The common thread: discipline and certainty of execution are being rewarded.

CORNETT: Higher interest rates have changed transaction economics and caused buyers, developers, and lenders to underwrite more conservatively. Construction costs continue to increase, and uncertainty around labor, materials, and project timelines can materially affect development budgets. Workforce availability is also influencing location decisions, particularly for manufacturers, logistics operators, healthcare organizations, and other employers that require specialized or dependable labor. Capital remains available, but lenders and investors are increasingly focused on strong fundamentals, realistic assumptions, and exit opportunities. As a result, many developers are phasing projects, contributing more equity, and pursuing public incentives. Projects with strong sponsorship and clear demand are attracting lenders and investors, but the margin for error is narrower than it was when capital was less expensive.

EARL: What legal, regulatory, financing, or operational challenges are organizations facing in today's market, and what strategies are helping them navigate those challenges successfully?

CORNETT: Transactions have become more complicated because there is less room for error. Buyers are paying closer attention to due diligence, title and survey issues, zoning, environmental matters, property condition, construction risk, leases, and financing requirements. Financing constraints have also increased the importance of deal structure. Transactions may require additional equity, seller participation, creative financing, public incentives, or other mechanisms to bridge valuation gaps. The most effective strategy is to assemble the legal, financial, design, and operational teams early so that potential obstacles are identified before significant capital is committed or negotiating leverage is lost.

HEWITT: The most common challenges I see are financing related. Tighter underwriting and higher debt costs mean deals need to be structured carefully, and buyers who can offer certainty, all-cash terms, or minimal financing contingencies are winning in competitive situations. On the operational side, rising expenses, insurance, taxes and maintenance are pressuring net operating income, so lease structure matters more than ever. Understanding exactly who bears which costs is critical to accurate valuation. Zoning and entitlement timelines remain a real variable, particularly for development and change-of-use projects, where the political process can be unpredictable. The strategies that work include thorough due diligence up front; realistic pricing grounded in current market data rather than yesterday's comps and experienced representation that anticipates issues before they derail a deal. Aligning early with knowledgeable legal, tax and sales professionals consistently separates the transactions that close from those that stall.

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> CBRE

EARL: Looking ahead to the next 12 to 24 months, what are you most optimistic about, and what should business leaders, investors, and property owners be paying attention to now?

HEWITT: I'm genuinely optimistic about Dayton's trajectory. The fundamentals, affordability, workforce, logistics access and defense-sector strength are durable. At the same time, the national recognition the region is earning is translating into real interest from companies and investors who hadn't previously looked here. If interest rates stabilize or ease, I expect deal velocity to accelerate meaningfully as the bid-ask gap narrows and sidelined capital re-enters the market. What business leaders, investors and owners should be paying attention to now is positioning. This is the window to get ahead of that activity, whether that means securing quality space before competition intensifies, repositioning an asset to meet current demand, or building relationships in advance of a transaction. The organizations that prepare during this more measured period, rather than waiting for the market to fully turn, will be best positioned to capitalize.

CORNETT: I am optimistic about Dayton's ability to build on its strengths in defense, aerospace, advanced manufacturing, healthcare, logistics, and research. Those sectors can generate sustained demand for industrial, office, residential, and supporting retail space. The region's relative affordability and central location should also remain competitive advantages. Over the next 12 to 24 months, business leaders should monitor the cost and availability of capital, workforce dynamics, and the quality and adaptability of the real estate they occupy. Property owners should evaluate their assets now—particularly older properties—and consider capital needs ahead of any potential sale, lease, or financing. Investors should remain disciplined but prepared to act quickly when pricing and financing align.

EARL: That seems like a great place to end today's conversation. The future is certainly bright for the Dayton region! Thank you both once again for sharing your expertise with our readers.