COLUMBUS

2023 Q4 MARKET TRENDS

NAI Ohio Equities

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COLUMBUS
OFFICE OVERVIEW

Direct Vacancy Rate*	Avg. Asking Rate	Average Sale Price	Under Construction
↓10.2%	↑$21.93	$129/SF	947,629
End of Q4	Per SF End of Q4	12 Month Average	SF Currently

Columbus office vacancy sits at 10.2% compared to the national average of 13.7% and rent growth remains solid, with Columbus seeing annual gains of 2.3% compared to the national benchmark of 0.7%. Office footprints have shrunk to 3,600 square feet, 10% less than pre-pandemic levels.

"'Can this suite be demised?' This is a common question when the average tenant in today's market only needs 3,600 square feet. Landlords are all competing to win the "small deals"; most are shorter term but still require hefty TI packages. Landlords are signing these deals, less for a large profit today, but rather banking on the traditionally much lower cost lease renewal. These smaller leases all add up and chip away at vacancy. They come with ancillary benefits such as rent roll diversification and greater expansion opportunities throughout the occupancy lifecycle."

ANDY DUTCHER, SIOR
Office Specialist
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- Rent growth is at 2.3%; a byproduct of large Tenant Improvement (TI) packages and abated rent concessions to keep rates from dropping.
- TI packages have become equally or more important than rental rate; suggesting rent growth will continue.
- Medical office leasing remains steady in Class A MOBs.
- Medical office continues to attract investment and maintaining stronger cap rates in the 6-7.5% range versus the 9-10.5% range in general office.

*NAI Ohio Equities direct vacancy rate reporting includes tracking all building classes within the Columbus MSA including general office, government and medical; owner-occupied, fully leased and for lease and may vary from other industry data.

Source: CoStar Group

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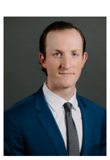
COLUMBUS
INDUSTRIAL OVERVIEW

Vacancy Rate	Positive Absorption	Rental Rate	Under Construction
↑ 6.4%	+ 181k	↑ $7.72	10.2MSF
End of Q4	SF End of Q4	Per SF End of Q4	Currently

Vacancy increased in Columbus as the year ends with a record 17.5 Million SF of new construction delivered. Look for vacancy rates to level off and potentially start to fall toward the second half of 2024 as fewer speculative buildings come online.

"The 4th Quarter of 2023 has left many with more questions than answers for the upcoming year. A slowdown in leasing activity coupled with a market that has seen record deliveries will lead to an interesting year ahead."



BLAKE DECRANE
Industrial Specialist
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- Only one new speculative building construction start in Q4.
- 3.4 Million SF Speculative development under construction.
- Leasing activity across all size ranges slowed in Q4.
- Investors are eager to buy properties because there's a significant amount of money available for investment. The timing and quantity of these purchases depend on interest rates and whether property owners are ready to sell.
- Increased demand for manufacturing facilities and data centers throughout the region.

Source: CoStar Group

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COLUMBUS RETAIL OVERVIEW

Vacancy Rate	Absorption	12 Mo Rent Growth	12 Mo. Deliveries
↓ 3.6%	+178,687	+2.5%	126,451
End of Q4	SF End of Q4		SF

Years of historically low development activity will continue to create tight market conditions putting some strain on tenants seeking high-quality space. However, the limited deliveries and low vacancy should balance Columbus' market conditions if faced with weakening demand caused by macroeconomic headwinds.

"Sales transactions continue to moderate in the face of higher interest rates, despite solid rent growth in our market."

MIKE SIMPSON
Retail Specialist
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- A shortage of good availability continues to drive rent growth.
- Year-to-date absorption of 71,000 SF is just 10% of the average over recent pre-pandemic years.
- Most of the largest transactions executed over the past several months have been renewals. Experiential retailers represent many of the larger new deals, with discount and dollar stores representing most of the smaller deals.
- Interest rate headwinds continue to moderate sales activity, with 2023 seeing about half of the number of transaction when compared to 2022.

Source: CoStar Group

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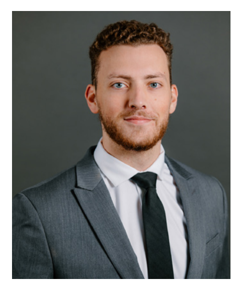

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