

An aerial night view of Columbus, Ohio, showing the city skyline with illuminated buildings and the Scioto River waterfront. The text 'COLUMBUS 2022 Q2 MARKET TRENDS' is overlaid in large white letters.

COLUMBUS

2022 Q2 MARKET TRENDS

NA Ohio Equities

605 S Front St | Suite 200 | Columbus OH 43215 | www.ohioequities.com | 614 224 2400

COLUMBUS OFFICE OVERVIEW

Direct Vacancy Rate

↑ **9.6%**

End of Q2

Negative Absorption

- **19k**

SF End of Q2

Sublease Rate

3.0%

End of Q2

12 Month Rent Growth

↑ **1.1%**

Year Over Year

Activity in the Columbus Office Market has just about stabilized thus far in 2022, after recovering from nearly 1,700,000 SF coming on the market during the pandemic. Pent-up demand is playing a large role as tenants re-enter the market after postponing decisions for the last 24 months. Rent growth remains strong throughout the suburbs, especially in Class A and new construction.

“Despite the national headlines, Columbus remains a strong office market, especially in the Class A and new construction sector. Home grown technology and bio-medical firms are leading the way, along with financial services and all suppliers supporting the Intel expansion in New Albany.”

- Direct vacancy rate is up slightly to 9.6% this quarter due in part to construction deliveries.
- Absorption was slightly negative at nearly 20,000 SF during the second quarter, but the outlook for Q3 22 is strong.
- The sublease rate continues to drop as space is leased or hits natural expiration.
- Rents continue to climb and are up 1.1% year over year, a trend which will only continue in upcoming quarters.



Matt Gregory

Office Specialist

mgregory@ohioequities.com

COLUMBUS INDUSTRIAL OVERVIEW

Vacancy Rate

↓ **3.2%**

End of Q2

Positive Absorption

364k

SF End of Q2

Rental Rate

↑ **\$6.90**

Per SF End of Q2

Under Construction

23.9MSF

Currently

New Albany remains one of the hottest markets in Central Ohio. Pharmavite announced its plans for a \$200 million investment creating 225 new jobs and a 200,000-250,000-square-foot facility. AmplifyBio, an offshoot of Batelle, recently leased 354,000 SF from Scannell. In anticipation of the Chips Act passing, Intel has broken ground on its new chip manufacturing plant.

“Construction costs will continue to rise, putting pressure on rent growth. Deliveries in the second half of 2022 will relieve some pressure on e-commerce and larger tenants.”



Matt Osowski

Industrial Specialist
mosowski@ohioequities.com

- Approximately 14 million SF of speculative space are currently under construction with another 15 million SF planned.
- Rising construction costs are starting to cause concerns for planned development.
- 97% of the total speculative space under construction are buildings over 200,000 SF. The market for users 100,000 SF or less will remain tight even with the upcoming deliveries.
- Due to the lack of inventory, overall activity has been down for the quarter.
- Sales remain stagnant, as interest rates rise and product has dwindled down to a minimum.

COLUMBUS RETAIL OVERVIEW

Vacancy Rate

↓ **3.8%**

End of Q2

Positive Absorption

+ **217k**

SF End of Q2

12 Mo Rent Growth

+ **4.0%**

12 Mo. Deliveries

552k

SF

In Columbus, retail staged a recovery in 2021 and that trend is continuing into 2022, with vacancy remaining below 4% and rent growth for the past 12 months climbing to 4%. Leasing demand totaled 1.8 million SF in 2021 and remains strong as of Q2 22 at 550,000 SF year to date.

“Locally, the retail sector is following national trends with almost 1 million SF absorbed last year. Retail vacancy and rental growth have returned to pre-pandemic levels, and on the sale side, the Columbus market continues to be attractive to investors with sales price per square foot well below the national average: \$150/SF compared to almost \$240/SF.”

- Leasing activity has returned to pre-pandemic levels with more than 550,000 SF year to date.
- The strip center segment has seen the most dramatic improvement in vacancy this past year and now sits at 3.1%.
- Nearly 1 million SF of new construction is underway as of Q2 22.
- The top leases signed continue to be dominated by discount-oriented retailers.



Mike Simpson

Retail Specialist

msimpson@ohioequities.com



George "Sandy" Simpson
Chairman



Michael Simpson
President



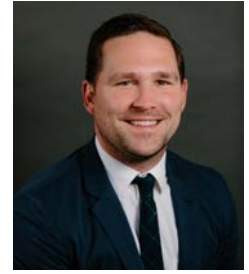
Kim Benincasa
Investment



Curt Berlin, SIOR
Industrial



Philip Bird, SIOR
Office & Investment



Conor David
Retail, Office & Investment



Blake DeCrane
Industrial



Andy Dutcher, SIOR
Office & Investment



Matt Gregory, SIOR, CCIM
Office & Investment



John Mally
Retail, Office, Investment



Ryan McGreevy
Industrial & Office



Joe Menninger
Industrial & Office



Jim Merkel, CCIM, SIOR
Office & Industrial



Peter Merkle
Office, Retail & Investment



Bob Monahan
Church, Office & Retail



Mitchell Moore



Matthew Osowski, SIOR
Industrial & Investment



Mike Semon
Industrial & Investment



Dan Sheeran
Industrial & Investment



Dan Sheeran, Jr.
Industrial & Investment



Doug Shull
Industrial & Investment