COLUMBUS

2023 Q1 MARKET TRENDS

NAI Ohio Equities

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

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COLUMBUS OFFICE OVERVIEW

Vacancy Rate	12 Mo Rent Growth	Avg. Asking Rate	Under Construction
↑ 10.6%	+1.8%	$21.61	1.10 MSF
End of Q1		Per SF End of Q1	Currently

Demand for office space is weakening once again in Columbus, and net absorption is back in negative territory. Despite a few positive quarters, on net, more than 500,000 SF of space has returned to the market over the past year. This has helped to drive vacancy higher, now sitting at 10.6%.

"Columbus-based companies continue to show their commitment to leasing and purchasing office buildings. Leasing activity has continued to move in the right direction, while purchases and sales have slowed significantly due to rising interest rates. Office Landlords are using this uptick in leasing to invest into the common areas of their buildings to attract and retain tenants, and to compete against the very successful Class A mixed use projects throughout Columbus."

Andy Dutcher, SIOR
Office Specialist
adutcher@ohioequities.com

- Leasing activity has continued to move in the right direction, this is clearly reflected in the market's expanding pool of available sublease space, now sitting above 2.2 million SF.
- Investment in the Columbus office market remained solid in 2022, totaling more than $530 million, 25% above the market's five-year annual average.
- Demand for well leased, trophy assets supported pricing, although investors also dipped their toes into the value-add pool, reflected in a handful of high-vacancy properties trading at a steep discount.

Source: CoStar Group

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COLUMBUS INDUSTRIAL OVERVIEW

Vacancy Rate	Positive Absorption	Rental Rate	Under Construction
↑ 5.0%	+ 1.9M	↑ $7.67	15.7MSF
End of Q1	SF End of Q1	Per SF End of Q1	Currently

Vacancy moved sharply higher in Columbus over the past three quarters, sitting at 5.0% today compared to just 2.5% one year ago. This upward trajectory will continue heading into 2023 as record-level deliveries easily outpace demand.

"Even with a slower start to 2023 than the previous four quarters, there are many reasons to keep a positive outlook on the Columbus industrial market. Key infrastructure, access to talent, and historic investments from companies like Intel and Honda will help support job growth and industrial demand in the coming quarters."

Blake DeCrane
Industrial Specialist
bdecrane@ohioequities.com

- Vacancy Rate continues to climb as record-level deliveries outpace current demand.
- Market leasing activity has slowed down in comparison to the record level post pandemic highs.
- Rental rates continue to climb but at a slower pace than the previous few quarters.
- Development pipeline sits near all-time highs, but construction starts have been declining amid current economic conditions and rising interest rates.
- With the cost of debt on the rise, disconnect between buyer and seller expectation on property valuation will likely impact transaction volume in 2023.

Source: CoStar Group

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COLUMBUS RETAIL OVERVIEW

Vacancy Rate	Positive Absorption	12 Mo Rent Growth	12 Mo. Deliveries
↔ 3.6%	+ 68K	+ 7.5%	733K
End of Q1	SF End of Q1		SF

In Columbus, the number of bankruptcies and store closures usually follows what's happening across the country. In 2022, demand improved from the prior year pace. Net absorption has moderated a bit year to date, but still totals 940,000 on a 12-month basis. Vacancy has returned to 2019 levels, now sitting at 3.6%.

"Buoyed by central Ohio employment levels that now exceed pre-pandemic levels, local consumers continue to support retailers, resulting in low vacancy and healthy rent growth of 7.5%, year over year."

Mike Simpson
Retail Specialist
msimpson@ohioequities.com

- Central Ohio retail rents continue to lead the state, averaging about 20% higher than peer markets Cleveland and Cincinnati, but are still relatively affordable with rates at about 75% of the national average.
- Leasing activity slowed with 230,000 square feet leased in the first quarter of 2023.
- New mixed use developments are delivering the bulk of new retail space to the local market

Source: CoStar Group

NAI Ohio Equities

Our Team

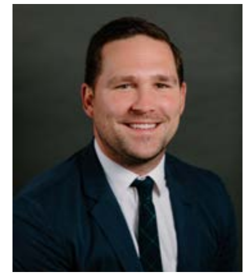
George “Sandy” Simpson
Chairman

Michael Simpson
President

Kim Benincasa
Investment

Curt Berlin, SIOR
Industrial

Philip Bird, SIOR
Office & Investment



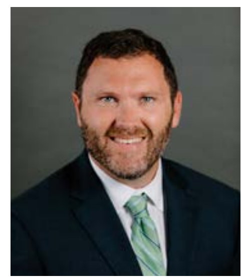
Conor David
Retail, Office & Investment

Blake DeCrane
Industrial

Andy Dutcher, SIOR
Office & Investment

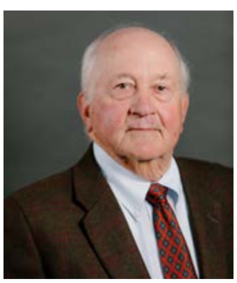
Matt Gregory, SIOR, CCIM
Office &Investment

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