COLUMBUS

2022 Q3 MARKET TRENDS

NAI Ohio Equities

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

NAI Ohio Equities

COLUMBUS OFFICE OVERVIEW

Direct Vacancy Rate	Negative Net Absorption	Avg. Asking Rate	Under Construction
↑ 9.9%	-190k	$21.38	1.6 MSF
End of Q3	SF End of Q3	Per SF End of Q3	Currently

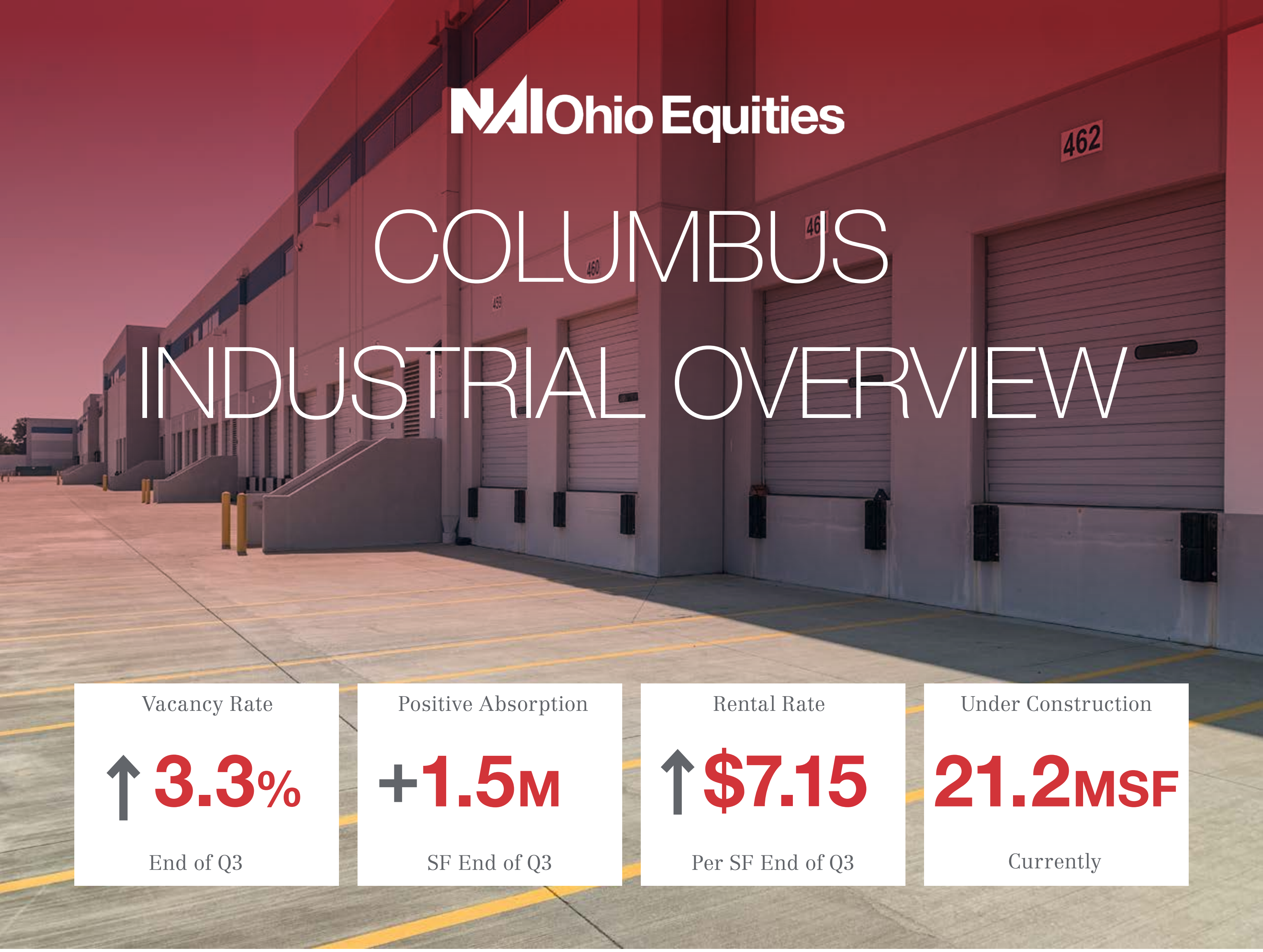
The Columbus office market experienced negative net absorption in Q3 2022 as new construction deliveries pushed direct vacancy up slightly to nearly 10%. Average lease rates held steady at $21.38 but year-over-year rent growth is up 1.6% due to demand for Class A and new construction opportunities.

"Leasing activity has slowly but steadily improved despite any concerns of a pending recession. As more tenants plan their return to the office, companies remain focused on high-quality buildings with amenities to improve the employee experience."

- More than 1.5M SF currently under construction.
- Twelve leases over 20,000 SF completed in Q3 2022.
- Office Sales averaged $93/SF over the past 12 months.
- Medical office sales continue to drive the investment market.

Philip Bird, SIOR
Office Specialist
pbird@ohioequities.com

Source: CoStar Group



NAI Ohio Equities

COLUMBUS INDUSTRIAL OVERVIEW

Vacancy Rate	Positive Absorption	Rental Rate	Under Construction
↑ 3.3%	+1.5M	↑ $7.15	21.2MSF
End of Q3	SF End of Q3	Per SF End of Q3	Currently

E-commerce, a growing consumer base, and strategic location have driven record-level demand in the Columbus industrial market where the development pipeline has reached an all-time high. At 6.3% of market inventory, Columbus is well above the national average of 4.0%, with approximately 70% of development being speculative.

"The market is sending mixed signals right now. Interest rates, cap rates and lease rates are increasing, construction costs have leveled off and tenant demand remains strong. Mix all those together and it gets difficult for developers, buyers and sellers to make decisions."

Curt Berlin, SIOR
Industrial Specialist
cberlin@ohioequities.com

- Construction costs have stabilized in the last several months.
- Seller/buyer pricing exploration continues due to the rise in interest rates causing a slow down in investment activity.
- Over 6M SF of speculative space will be delivered to the market by the end of the year.
- Tenant demand for space remains strong and quick decisions must be made to secure space.
- Lease rates continue to rise to all-time highs.
- Intel is expected to be a large driver of market demand for years to come.

Source: CoStar Group

NAI Ohio Equities

COLUMBUS RETAIL OVERVIEW

Vacancy Rate	Negative Absorption	12 Mo Rent Growth	12 Mo. Deliveries
↑ 3.9%	- 33K	+6.5%	558K
End of Q3	SF End of Q3		SF

Retail vacancy has returned to the 4% range partly in thanks to steady demand which has been driven by wage growth and increased consumer spending but headwinds such as inflation and rising costs may be on the horizon. Overall, top performers have mostly recovered since the pandemic, but struggling retailers in areas that have seen significant economic decline are likely to still face challenges.

"The retail sector's stimulus-fueled recovery continues with strong wage growth aiding consumer demand. The rate of growth is slowing however, reflecting the consumer's aversion to rising pricing and continued supply chain challenges. The central Ohio region has absorbed almost 700,000 square feet this year, pushing vacancy down to 4% and rent growth up to 6.5% for the year."

Mike Simpson
Retail Specialist
msimpson@ohioequities.com

- Smaller, neighborhood-oriented centers have made the biggest recovery in occupancy, with power centers going the opposite direction with vacancy rates increasing to 6.2%.
- Columbus region rents lead the three C's (Cincinnati and Cleveland) in retail rents at an average asking rate of $18.10 per square foot – a figure that is 20% higher then it's peers, but still 25% below the national average in asking rates.
- With average cap rates at 6.6%, sales of retail properties are seeing further cap rate compression and rising sales prices now averaging $176 per square foot.

Source: CoStar Group

Our Team

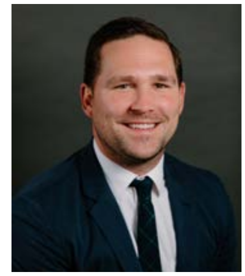
George "Sandy" Simpson
Chairman

Michael Simpson
President

Kim Benincasa
Investment

Curt Berlin, SIOR
Industrial

Philip Bird, SIOR
Office & Investment



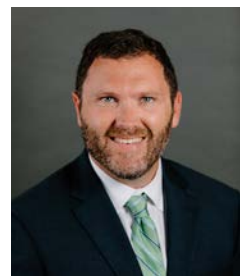
Conor David
Retail, Office & Investment

Blake DeCrane
Industrial

Andy Dutcher, SIOR
Office & Investment

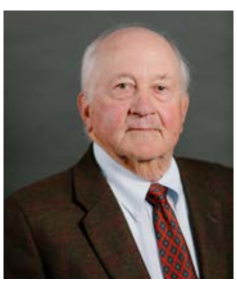
Matt Gregory, SIOR, CCIM
Office &Investment

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