COLUMBUS

2022 Q4 MARKET TRENDS

NAI Ohio Equities

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COLUMBUS OFFICE OVERVIEW

Vacancy Rate	12 Mo Rent Growth	Avg. Asking Rate	Under Construction
↑ 10%	+1.2%	$21.49	1.43 MSF
End of Q4		Per SF End of Q4	Currently

The continued flight-to-quality in the office market has driven speculative development with nearly half of all new construction being on a spec basis. However, high construction costs have forced a give and take relationship between landlords and tenants during negotiations to make the transactions work.

"Rising interest rates and low supply of quality buildings for sale has had a ripple effect which favors the office leasing market. Quality, well-located Class A and B office buildings coupled with desirable vacancies and deal-making landlords have seen positive results on tenant renewals, expansions, and new leases over the last quarter."

Andy Dutcher, SIOR
Office Specialist
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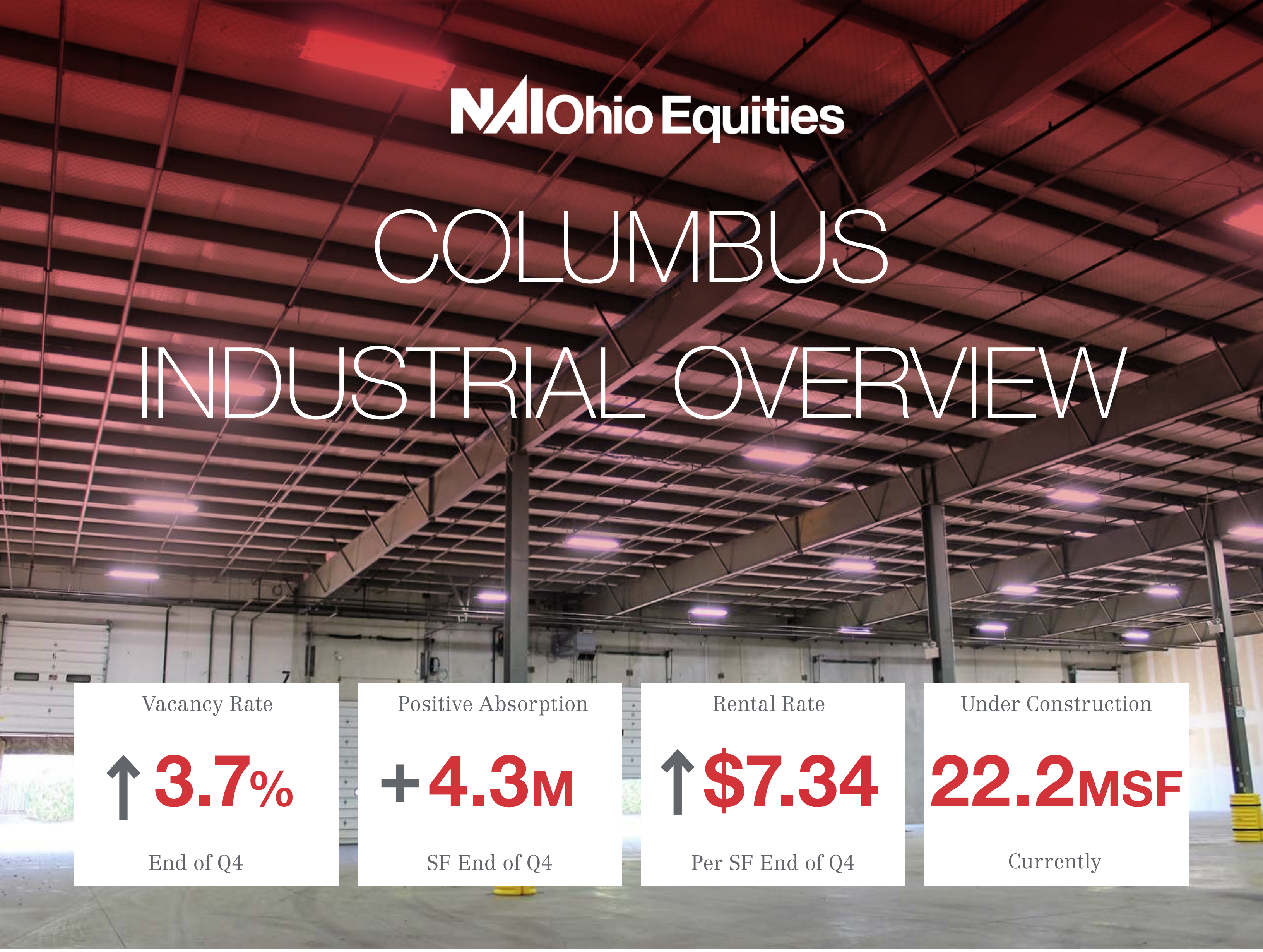
- Leasing in Columbus has returned to pre-pandemic levels with 3.3 million square feet of space leased in 2022.
- As of the end of Q4, 1.5 million square feet of office space is under construction across 13 submarkets.
- Despite a likelihood that activity will slow amid the sharp increase in interest rates, to date, investors have remained active.

Source: CoStar Group



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COLUMBUS INDUSTRIAL OVERVIEW

Vacancy Rate	Positive Absorption	Rental Rate	Under Construction
↑ 3.7%	+4.3M	↑ $7.34	22.2MSF
End of Q4	SF End of Q4	Per SF End of Q4	Currently

Despite a dip in recent demand from record levels, it is still above the historical average for the market. The market will continue to see deliveries through the first half of 2023 before leveling off. Investment sales slowed during Q4 22 due to interest rate hikes with that trend continuing until interest rates stabilize.

"Q4 absorption is up significantly compared to the prior two quarters. Demand is down from its post-Covid peak, bringing it to a realistic/stable level of leasing activity, though it is still much higher than pre-Covid. Interest rates have been a major disruptor this quarter and will be through the first half of 2023. Uncertainty around interest rates, paired with the current cost of construction, has brought capital markets to a halt and has slowed speculative developments as well."

Matthew Osowski, SIOR
Industrial Specialist
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- Preleasing has begun to slow down. Where buildings were previously being leased 3 or 4 months prior to delivery, deals are now being completed much closer to the delivery date. Several projects are being delivered with no tenant in place.
- 5.4 MSF of specultive space has been put on the market in Q4.
- Uncertainty around interest rates has slowed the momentum of the market.
- Rising lease rates have started to stablize.
- Material shortages are still a problem, specifically for electrical equipment. Construction pricing remains high, but increases have slowed.

Source: CoStar Group

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COLUMBUS RETAIL OVERVIEW

Vacancy Rate	Positive Absorption	12 Mo Rent Growth	12 Mo. Deliveries
↓3.6%	+ 688K	+ 5.7%	301K
End of Q4	SF End of Q4		SF

Threats of a recession may cause retailers to postpone expansion plans in early 2023, but retail vacancy has continued to fall to the lowest point on record, which has been driven by steady demand fueled by wage growth and household savings. Rent growth has also accelerated with peaks expected early in the year.

"Retail fundamentals continue to be strong in the local retail market, with inflationary pressures dampening expansion in some categories like the restaurant sector. According to a recent National Restaurant Association survey, 40% of restaurant operators are now putting off previous expansion plans with rising costs being the primary cause for pause. This, even as the labor market is giving hints of a revival."

- Rent growth has hastened with rents currently 5.6% higher than this same time last year.
- As of Q4 22, 824,000 SF of retail space is under construction across 15 submarkets.
- Retailers, including discount chains which have fared well through the pandemic recovery, are facing challenges due to inflation, which could impact expansion plans.

Mike Simpson
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Source: CoStar Group

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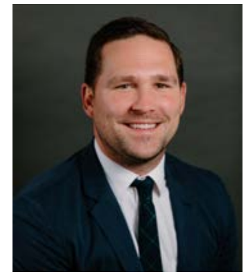
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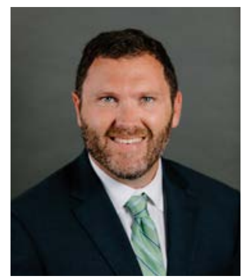
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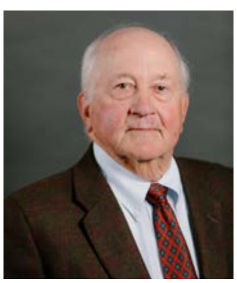
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