



# COLUMBUS

## 2022 Q1 MARKET TRENDS

**NA** Ohio Equities

605 S Front St | Suite 200 | Columbus OH 43215 | [www.ohioequities.com](http://www.ohioequities.com) | 614 224 2400



# COLUMBUS OFFICE OVERVIEW

Direct Vacancy Rate

↓ **9.3%**

End of Q1

Positive Absorption

+ **238k**

End of Q1

Sublease Rate

**3.2%**

End of Q1

CAP Rate

**7.5%**

Average Past 12 Mo.

The flight to quality is driving strong growth in some of the most expensive submarkets. Growth now represents a fairly narrow range, although some of the more expensive submarkets, including Polaris and Dublin, remain near the top of the list. Rents are highest in the North Central and Polaris submarkets.

“The Columbus office market is experiencing surging velocity with Class A leasing and investment sales. Many companies are returning to the office in a hybrid or full-time capacity which has spurred a “flight to quality” and major competition amongst tenants who are leasing space to attract and retain the best talent. ”

- Rents are up 0.4% year over year as of March 2022, compared to the U.S. average of 0.6%.
- Sublease availability indicates better times are ahead as available sublease space continues to drop from its peak of 1.4 million SF in Q3 21.
- Around 1.9 million SF is under construction.
- The Columbus market is the priciest in the state with rents averaging more than \$21/SF as of Q1 22. Higher-rated space is averaging \$25/SF. These rates are on a gross basis.



**Andy Dutcher**

Office Specialist

[adutcher@ohioequities.com](mailto:adutcher@ohioequities.com)

# COLUMBUS INDUSTRIAL OVERVIEW

Vacancy Rate

↓ **2.5%**

End of Q1

Positive Absorption

**5.6M**

SF End of Q1

Rental Rate

↑ **\$6.32**

Per SF End of Q1

Under Construction

**17.4MSF**

Currently

Rent growth in Columbus remains near record levels, and at 5.3%, new construction exceeds the national average, which sits at 3.3% of market inventory. The abundance of well-leased and newly delivered product paired with CAP rates above the national average, have been a draw for out-of-state and national investors.

“The market in Columbus is off to a strong start in 2022 despite a lack of available product. As more deliveries occur in Q2, it will be interesting to see how quickly the market gobbles it up.”

- Six properties totaling 1.9 million SF were delivered in Q1.
- Intel’s announcement of their \$20 billion investment in the region for its semiconductor manufacturing facilities has drawn attention and speculation to New Albany and Licking County.
- Tenant demand remains high and a lack of available space is creating issues for growing tenants.
- Landlords are preleasing space 8-9 months in advance.
- Despite the increase in interest rates, CAP rates have not changed. Investors still remain bullish on Columbus.



**Blake DeCrane**

Industrial Specialist

bdecrane@ohioequities.com



# COLUMBUS RETAIL OVERVIEW

Vacancy Rate

↑ **3.9%**

End of Q1

Positive Absorption

+ **752k**

SF End of Q1

12 Mo Rent Growth

+ **2.3%**

12 Mo. Deliveries

**480k**

SF

With vacancy rates of 3.9% sitting well below the national average of almost 5% due to nearly 752,000 SF absorbed in the past 12 months, and rents being the highest in the state, Columbus' retail sector is showing strength.

“Retail leasing has rebounded nicely in the Columbus market. Velocity has returned to pre-pandemic levels, with 175,000 SF absorbed through mid-February. Overall, Columbus' retail fundamentals are strong with low vacancy and good rent growth. New construction starts are the only low point, with just 100,000 SF delivered in the first quarter.”

- Rents in Columbus lead the state at about \$17 per square foot - about 20% higher than Cleveland or Cincinnati.
- Columbus rents are 1.6% higher than this same time last year.
- Single tenant net leases dominated the first quarter of 2022.
- As of Q1 22, more than 940,000 square feet of space is under construction across 14 different submarkets.



**Mike Simpson**

Retail Specialist

[msimpson@ohioequities.com](mailto:msimpson@ohioequities.com)



# COLUMBUS MULTIFAMILY OVERVIEW

Vacancy Rate

↑ **5.1%**

End of Q1

Positive Absorption

**+ 7,103**

Units in Past 12. Mo.

Rental Rate Increased

↑ **8.8%**

Year Over Year

Cap Rate of Sales

**6.18%**

End of Q1

Despite rising interest rates, apartment sales are still surging in the Columbus MSA. Columbus' swift economic recovery has supported the demand. Because of this demand, sale pricing has yet to reflect the increase for cost of capital due to the competition in the marketplace. This demand is supported by record level "renting demand" and in turn, declining vacancy.

"Due to the strong economic bases within the MSA, Columbus has regained nearly all of the jobs initially lost during the pandemic and total unemployment is sitting at just 0.6%, below February 2020 levels. With the additional news of Intel, I expect the strong demand for jobs and overall population growth expectations to mitigate potential interest rate volatility."

- Rent growth hit an all-time high in Columbus and averages 8.5%, outpacing the three-year average of 4.4%.
- Columbus' rents top Ohio's other major markets at an average of \$1,140/month.
- Several factors are expected to keep demand for rental units high in Columbus. The amount of for sale inventory remains historically low driving home prices up which will likely keep many looking to purchase a home in the renter pool. Affordability and economic growth also continue to attract population.
- Demand last year drove vacancy down more than 800 basis points to 7%, the lowest point in four years.



**Carter Stephens**

Multi-Family Specialist  
cstephens@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



**Matthew Osowski, SIOR**  
Industrial & Investment



**Mike Semon**  
Industrial & Investment



**Dan Sheeran**  
Industrial & Investment



**Dan Sheeran, Jr.**  
Industrial & Investment



**Doug Shull**  
Industrial & Investment



**Carter Stephens**  
Multi-Family & Investment