

An aerial night view of Columbus, Ohio, showing the SciArc park with its winding paths and green spaces along the Scioto River. The downtown skyline is visible in the background with illuminated buildings under a twilight sky.

COLUMBUS

2023 Q3 MARKET TRENDS

NA Ohio Equities

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COLUMBUS OFFICE OVERVIEW

Direct Vacancy Rate*

↔ **11%**

End of Q3

Average Sale Price

\$118 SF

12 Month Average

Avg. Asking Rate

\$21.84

Per SF End of Q3

Under Construction

1.2 MSF

Currently

Activity in the suburbs gained momentum in Q3 23 as several significant lease transactions led to positive net absorption. Approximately 150,000-square-feet of leases were signed last quarter, most of which were new deals.

“Many tenants coming back to the office are seeking move-in ready spaces to accommodate immediate timing and flexible lease terms. Well-located buildings with or near amenities continue to see the majority of activity.”

- Direct vacancy rate held around 10.5% as new leases were offset by new downtown vacancies.
- There is approximately 1.2-million-square-feet of space under construction including the TruePointe mixed-use development in Hilliard. Advanced Drainage Systems announced they'll be taking 110k square feet; a third of the total office square footage.
- The current interest rate environment and overall macroeconomic conditions have pushed the average cap rate to 9.9%.



Philip Bird SIOR

Office Specialist

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*Direct vacancy rate includes government, medical, owner-occupant etc. and may vary from other industry data

Source: CoStar Group

COLUMBUS INDUSTRIAL OVERVIEW

Vacancy Rate

↑ **5.9%**

End of Q3

Positive Absorption

+ **2.1M**

SF End of Q3

Rental Rate

↓ **\$7.62**

Per SF End of Q3

Under Construction

12.8MSF

Currently

Vacancy in Columbus remains low, however, deliveries in the first half of 2023 have caused a recent increase. The increase in product combined with a slight decrease in user demand is beginning to slow rent growth, but is expected to stabilize.

“Third quarter 2023 was much different than we have seen in a long time. Interest rates are affecting everything from capital markets to new construction and user demand. Columbus’ industrial market is one of the last to enter into this new economic environment, but historically, our diverse economy has always made us one of the first cities to come out on the other side.”



Matt Osowski

Industrial Specialist
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- Speculative construction is down roughly 50% from the previous 12 months.
- Five out of the 18 speculative buildings currently under construction are over 500,000 square feet demonstrating a shift in construction to smaller buildings to accommodate users.
- Increases in lease rates have begun to flatten out.
- The vacancy rate is up 60 basis points, but the availability rate is up 140 basis points. This indicates more sublease space and/or space that is soon to be vacant coming on the market.

COLUMBUS RETAIL OVERVIEW

Vacancy Rate

↑ **3.7%**

End of Q3

Absorption

- **54k**

SF End of Q3

12 Mo Rent Growth

+ **5.9%**

12 Mo. Deliveries

96,169

SF

Availability is close to the lowest point on record however, leasing activity is holding up given the limited amount of available space. Experiential tenants remain the most active in the 25,000-square-foot and up segment, while discounters, dollar stores, and cellular service providers lead smaller segments.

“Despite an improvement in demand over the past year, transactions have once again begun to moderate as a result of restricted consumer spending and a steep rise in interest rates. However, rent growth remains solid across the Columbus market at 5.9%.”



Mike Simpson

Retail Specialist

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- Rent growth continues in the Columbus retail market, with asking rents up 5.9% over the past 12 months.
- With 779,000 square feet absorbed over the past 12 months, vacancy sits at a very low 3.7%.
- Transaction activity is moderating in Columbus. Around \$150 million in assets traded in the first half of 2023, less than half the total in the first six months of 2022.
- Power centers have seen the most dramatic improvement in vacancy over the past year, but are still above the market overall at 4.2%.



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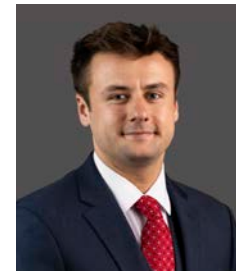
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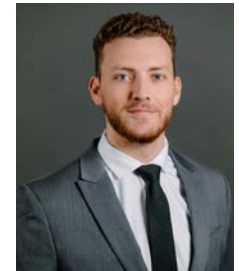
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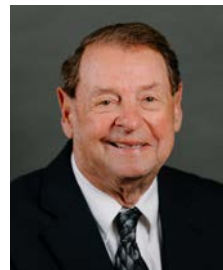
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