



COLUMBUS

2023 Q2 MARKET TRENDS

NA Ohio Equities

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

COLUMBUS OFFICE OVERVIEW

Vacancy Rate

↑ **11%**

End of Q1

12 Mo Rent Growth

+2.8%

Avg. Asking Rate

\$21.65

Per SF End of Q2

Under Construction

1.10 MSF

Currently

Class A product continues to see the most activity, however cost of construction has driven rates to all time highs which has benefited Class B product. Meanwhile, many Class C buildings have come off-line due to office to residential conversions.

“Despite the vacancy rate continuing to increase slightly each quarter, it is doing so at a slower pace. As Landlord’s continue to reclaim space that was on the market for sublease, we are seeing them be proactive with demising into more reasonably sized and move-in ready suites.”

- Available sublease space is approximately 2.3 million square feet which is an all-time high for the Columbus Market, much of which is big block space that was built out immediately prior to the pandemic.
- Investment sales in the Columbus office market remain in demand as out of market buyers anticipate continued appreciation and rent growth with current cap rates sitting at 8.4%.
- There is currently 1.1 million square feet of office space under construction with roughly 50% of that scheduled to come online over the second half of 2023.



Matt Gregory, SIOR, CCIM

Office Specialist

mgregory@ohioequities.com

COLUMBUS INDUSTRIAL OVERVIEW

Vacancy Rate

↑ **5.3%**

End of Q2

Negative Absorption

- **568k**

SF End of Q2

Rental Rate

↑ **\$7.92**

Per SF End of Q2

Under Construction

13.7MSF

Currently

The industrial market seems to have normalized back to pre-pandemic days in recent months. The vacancy rate continues to increase and is expected to do so through Q4 2023. Central Ohio is emerging as a top tier market for data centers with Microsoft, Google and Amazon planning or building new facilities.

“Central Ohio is one of the few metro areas in the Midwest that is growing. It continues to be a place companies want to do business. Due to its proximity to a large percentage of the U.S and Canadian populations it will always be a strong logistics hub. Now with it being identified as a near perfect location for data centers the area’s growth will get stronger and continue into the foreseeable future”

- Lease rates have been increasing despite the rise in the vacancy rate. Expect rate increases to continue as the current spec projects under construction get absorbed.
- Development of future speculative warehouse space has slowed significantly with only 1.6 MSF of new construction starts in Q2 2023, which is down significantly from the same quarter last year.
- The amount of space available for sublease has increased significantly to 2.5 MSF, but at less than one percent of the overall market it is not having a big impact on lease rates.
- With the Intel and the Honda/LG EV battery facilities under construction, expect to start seeing a positive impact with their suppliers coming into the area.



Curt Berlin

Industrial Specialist

cberlin@ohioequities.com

COLUMBUS RETAIL OVERVIEW

Vacancy Rate

↔ **3.6%**

End of Q2

Positive Absorption

+ **160k**

SF End of Q2

12 Mo Rent Growth

+ **3.3%**

12 Mo. Deliveries

96,380

SF

Around 750,000 square feet of space has been taken up in the past year, and the availability of spaces is currently at a record low of 4.2%. The number of new leases being signed is also decreasing as the market becomes tighter, with only 290,000 square feet leased in the first quarter of 2023, which is 40% lower than the average of the previous year.

“Even with inflationary pressures, cost of living rates in central Ohio continue below the national average - by 14% in general, and 30% below the national average in the housing category. However, with household income actually close to the national average, central Ohio consumers continue to spend in all retail sectors.”



Mike Simpson

Retail Specialist

msimpson@ohioequities.com

- Rent growth continues in the Columbus retail market, with asking rents up 3.4% over the past 12 months.
- With 760,000 square feet absorbed over the past 12 months, vacancy is at a very low 3.4%.
- Leasing activity is led by home furnishings and sporting goods for the larger boxes, and discounters and cellular service providers in the small store segment.



George "Sandy" Simpson
Chairman



Michael Simpson
President



Kim Benincasa
Investment



Curt Berlin, SIOR
Industrial



Philip Bird, SIOR
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
Senior Vice President



Peter Merkle
Office, Retail & Investment



Bob Monahan
Church, Office & Retail



Mitchell Moore
Office & Investment



Matthew Osowski, SIOR
Industrial & Investment



Mike Semon
Industrial & Investment



Dan Sheeran
Industrial & Investment



Dan Sheeran, Jr.
Industrial & Investment



Doug Shull
Industrial & Investment