

An aerial night photograph of Columbus, Ohio. The SciArc park is visible in the foreground, with its winding paths and green spaces illuminated. The downtown skyline is in the background, with numerous skyscrapers and buildings lit up. The sky is a deep blue with some clouds.

# COLUMBUS

## 2021 Q2 MARKET TRENDS

**NA** Ohio Equities

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## COLUMBUS OFFICE OVERVIEW

Vacancy Rate

↑ **9.5%**

In Q2

Negative Absorption

- **1.4M**

Past 12 Mo.

Rental Rate Increased

↑ **0.9%**

Past 12 Mo.

268 Buildings Sold

**7.8%**  
**CAP**  
Past 12 Mo.

Office vacancy increased slightly to 9.5% (nearly 13% for Class A&B properties) with negative absorption of approximately 85K SF in the 2nd Quarter of 2021. However, leasing and construction activity continues to strengthen coming out of the COVID-19 pandemic.

“Despite lingering effects of the pandemic the office market is slowly recovering. Leasing activity is steadily increasing and demand for high quality space remains strong, especially for new construction in mixed-use developments. We expect this will continue through the remainder of the year.”



**Philip Bird**

Office Specialist  
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- Quoted rental rates averaged \$21.30/SF in the 2nd Quarter, which held steady from the previous quarter.
- The office vacancy rate increased slightly by 0.2% during the 2nd quarter of 2021 primarily due to new construction deliveries.
- There was 638,000 SF delivered over the past year with an additional seven properties totaling 1,200,000 currently under construction.
- Currently, nearly 1.2 million SF of new space is under construction. Significant transactions include BMW Financial leasing 120,000 SF at the new Grandview Crossing development and Qatar First Bank acquiring 910 St. John St. (218K SF CoverMyMeds headquarters) for \$120,000,000, which is the largest office investment sale in Columbus' history.



# COLUMBUS INDUSTRIAL OVERVIEW

Vacancy Rate

↓ **5.7%**

In Q2

Positive Absorption

+ **650k**

SF In Q2 2021

Rental Rate

↑ **5.68%**

Vs. Q4 2020

Under Construction

**6.7M SF**

Currently

In spite of a minor increase in vacancy and minimal absorption, rents continue to rise.

“As available properties become scarce, we see continued cap rate compression. For the first time ever our cap rates are .25-.50% lower than Chicago on average. Landlords continue to test the market with record high rents. We are seeing tenants competing for space and deals getting done above the asking rate.”

- Demand approached record levels, and supply reached new highs. That momentum continued into 2021, with both absorption and leasing activity hitting the highest levels in the market's history.
- While the development pipeline is down from recent record highs, over 5 million SF is estimated to enter the market by year-end, which will drive vacancies slightly higher as demand moderates in coming quarters.
- Leasing has accelerated further in 2021, already totaling more than 12 million SF as of mid-June.
- Amazon was behind the top two leases signed in the market, which totaled 2.6 million SF and represented 20% of last year's total volume.



**Matt Osowski, SIOR**

Industrial Specialist

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# COLUMBUS RETAIL OVERVIEW

Vacancy Rate

↑ **3.6%**

In Q2

Negative Absorption

- **210k**

SF In Q2

12 Mo Rent Growth

+ **2.3%**

Q2

12 Mo. Deliveries

**189k**

SF

Retail vacancy went up slightly to 3.6%, which continues to challenge retailers and landlords.

“While some brick and mortar retailers continue to close, other are finding their stride and expanding, led by the discounters Big Lots and Burkes Outlet. Our forecast predicts rising demand and the continued, albeit slow, retail sector recovery. As is always the case, no matter the reason for economic drag, the strongest sites are best at reflecting headwinds.”

- Acceleration to e-commerce is one of the reasons brick and mortar retailers continue to close.
- Absorption continues to be an issue for the retail market in Columbus, with over 210,000 SF remaining on the market.
- Rental rates in the Columbus market continues to be higher than Ohio's other major metros, averaging \$16.70/SF, nearly 20% above average rents in Cincinnati and 10% above Cleveland.
- New development has been limited since the beginning of 2020, with 573,000 SF entering the market. Currently, there is around 299,349 SF of retail space under construction.



**Mike Simpson**

Retail Specialist

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# COLUMBUS MULTIFAMILY OVERVIEW

Vacancy Rate

↓ **5.6%**

In Q1

Positive Absorption

+ **6,560**

Units

Rental Rate Increased

↑ **6.9%**

Vs. Q1 2021

Transaction Volume

**\$65.1M**

Past 12 Mo.

Columbus's multifamily market continues to have high demand due to the rental growth and strong economic base. Sales volume is still down due to investors decreased appetite in luxury apartments. C and B class assets are currently driving the investor activity; however, the sale inventory for that product is scarce.

“Rental and economic growth in Columbus continue to attract investors to the market. However, the lack of inventory is challenging as most deals are occurring off-market. I expect the desirability to invest in Columbus' apartment market will continue to grow for years to come.”

- Cap rates continue to compress, down to 6.49% market wide.
- Annual rent growth in Columbus is far exceeding the national average. Rent is almost double the rent growth in Cincinnati and Cleveland.
- Vacancy is at a decade low.
- Price per unit hit all-time highs at \$103,197/unit



**Tyler Watkins**

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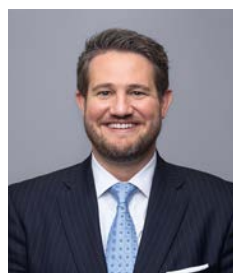
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