

NAI Ohio Equities

2Q'17

Columbus Market Report



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Thank you to Xceligent for the provided data throughout the report.

Thanks for taking a look at our second quarter market report, albeit a little late. To those of you who are receiving this because you are a client, thank you for your business! I won't bore you with the bragging about NAI Ohio Equities many successes and wins for 2017 except to say it has been a good year.

I want to take this opportunity to take a look back at the year 2009 and a controversial decision made by our city fathers to demolish the City Center Mall in favor of a 9-acre park.

At the time, the decision was anything but a slam dunk. Downtown Commission members questioned the wisdom of spending \$15 million to demolish 1.3 million square feet of retail that was only 20 years old. And for what; a park and the hope of future development?

Some saw the razing as an admission that downtown could never compete with the suburbs for retail. Others thought the mall should become the home of a casino.

At the time of the decision to demolish the city center, city leaders thought as much as \$165 million could be invested at the site. To date, that investment tops \$200 million, and Columbus Commons is anchoring development across the southern end of downtown.

In hindsight it is easy to see that \$15 million was a solid investment to trade for the mix of development, greenspace, outdoor entertainment and concerts in what is now named John F. Wolfe Columbus Commons. The razing of the City Center Mall was ultimately the right decision for the future of Downtown Columbus.

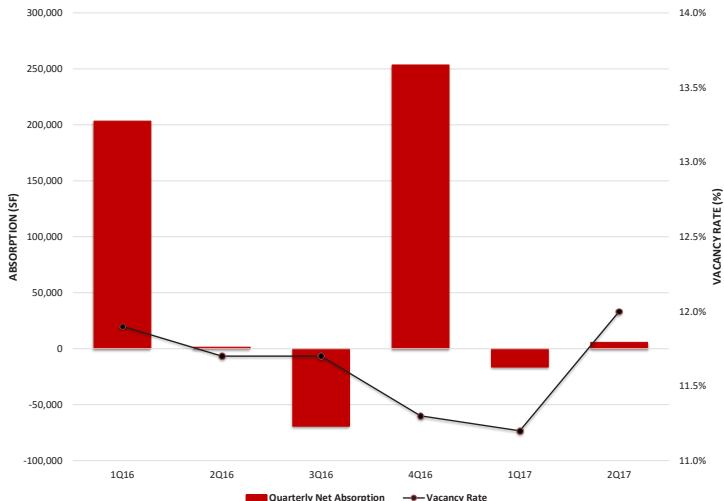
As I get to say each quarter, vacancy continues to fall and rents continue to rise. Please let us know if we can lend a hand to your real estate strategies as we head into fall.

Sincerely,

Michael Simpson, President
NAI Ohio Equities
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614.224.2400

MARKET REPORT Office

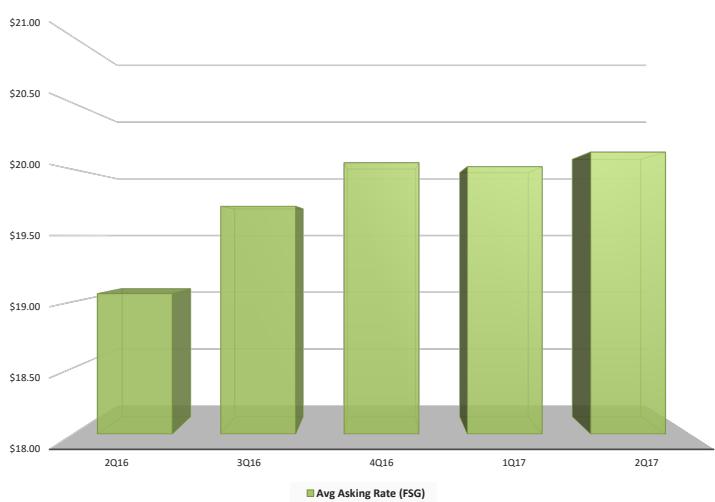
Quarterly Absorption and Vacancy



1Q17 vs. 2Q17



Historic Rental Rates



1Q17 vs. 2Q17



"Although direct vacancy held steady in the 2nd quarter, weighted average rates continued to grow, especially for Class A properties."

- During the second quarter of 2017, the Columbus market recorded 5,727 SF of positive net absorption
- At 12%, the regional vacancy rate increased 1 percentage point from the end of the first quarter of 2017
- Currently, the Columbus market has almost 1 million square feet under construction. Of that, 65% of the under construction space has been pre-leased.
- The northwest market performed the best with a total vacancy rate of 12% and positive net absorption of 170,669 SF.



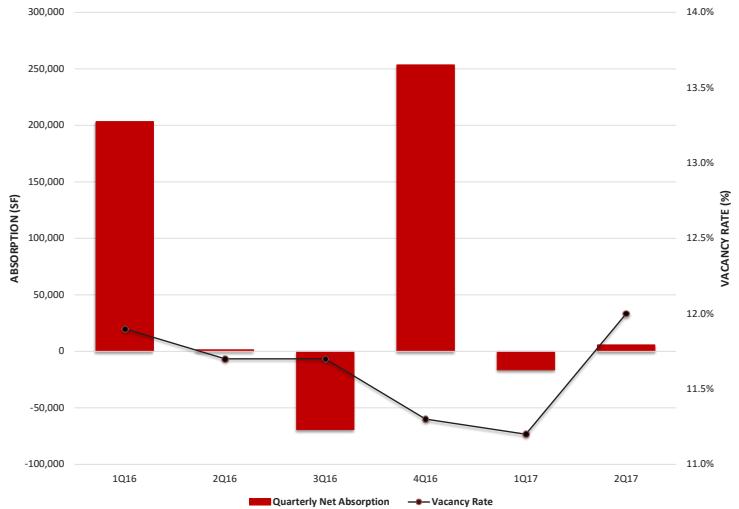
Phil Bird
Office Specialist
pbird@ohioequities.com

Property Type	Inventory (SF)	Available (SF)	Vacant (SF)	Vacancy Rate	Qtrly Net Absorption (SF)
A	15,065,317	3,190,945	1,898,730	12.6%	97,178
B	17,452,861	3,200,313	2,211,488	12.7%	-62,159
C	9,505,302	1,233,094	913,673	9.6%	-29,292
Grand Total	42,023,480	7,624,352	5,023,891	12.0%	5,727

MARKET REPORT

Retail

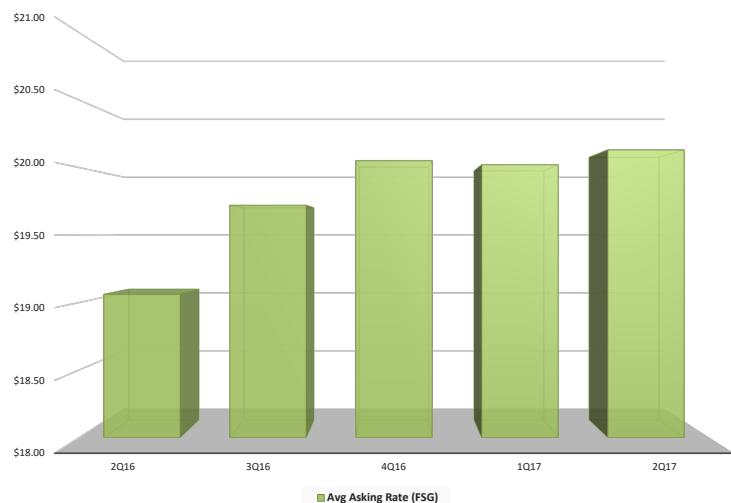
Quarterly Absorption and Vacancy



1Q17 vs. 2Q17



Historic Rental Rates



1Q17 vs. 2Q17



"The retail sector is continuing to adapt to changes in consumer spending resulting from the availability and reliance on personal technology."

- The Columbus regional retail market experienced 14,125 SF of positive net absorption during the second quarter of 2017.
- The total vacancy rate has increased slightly from 5.6% at the close of 1Q 2017 to 5.7% at the close of 2Q 2017
- Currently, the Columbus retail market during 2Q 2017 has 539,000 SF under construction and 550,000 SF delivered to the existing inventory.



Bob Monahan

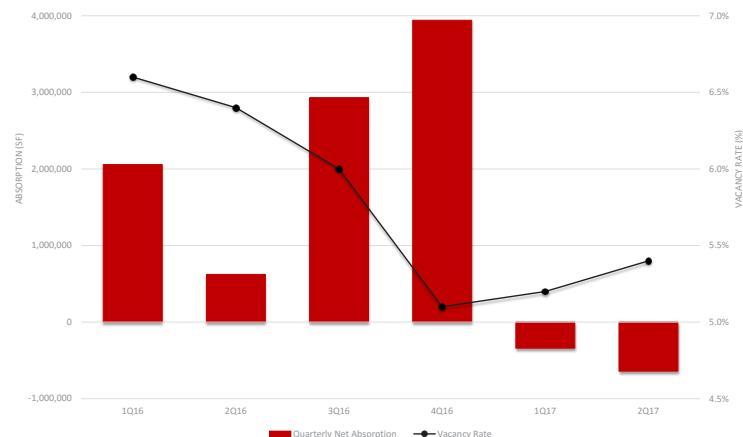
Retail Specialist

bmonahan@ohioequities.com

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MARKET REPORT Industrial

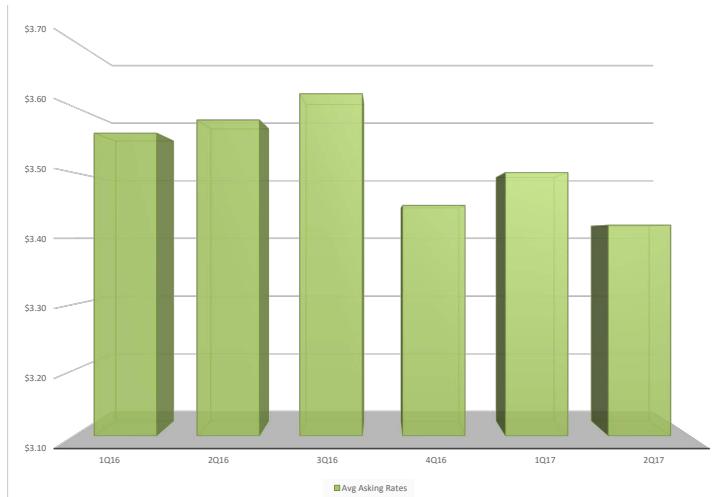
Quarterly Absorption and Vacancy



1Q17 vs. 2Q17



Historic Rental Rates



1Q17 vs. 2Q17



"Lease rates have stayed steady since the 4th quarter of 2016. The construction activity in the market is strong with a total of 4.3 msf currently under construction, most of that is speculative."

- The Columbus industrial market recorded 640,527 SF of negative absorption during 2Q 2017, down from the positive net absorption during 2Q 2016.
- At 6.4%, the total vacancy rate has increased in 2Q 2017 from 5.1% reported during the 1Q 2017.
- Notable net losses during the 2Q 2017 period were reported with Excel vacating 400,522 SF, Excel Inc vacating 369,271 SF.
- During the 2Q2017, 79,000 SF was delivered with 4.3 million square feet under construction with 47% pre-leased.



Mark Francescon

Industrial Specialist

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Property Type	Inventory (SF)	Total Available (SF)	Vacant (SF)	Total Vacancy Rate (%)	Qtrly Net Absorption (SF)
Flex/R&D	26,619,212	1,610,840	1,021,659	3.8%	90,304
Light Industrial	48,656,727	2,245,918	1,717,677	3.5%	-27,385
Manufacturing	37,284,521	2,559,908	1,518,394	4.1%	107,348
Warehouse/Distribution	159,175,236	14,655,955	10,498,661	6.6%	-810,794
Grand Total	271,735,696	21,072,621	14,756,391	5.4%	-640,527



MARKET REPORT

Terminology

Absorption (Net)

The change in occupied space in a given time period.

Available Square Footage

Net rentable area considered available for lease; excludes sublease space.

Average Asking Rental Rate

Rental rate as quoted from each building's owner/management company. For office space, a full service rate was requested; for retail, a triple net rate requested; for industrial, a NN basis.

Building Class

Class A Product is office space of steel and concrete construction, built after 1980, quality tenants, excellent amenities & premium rates. Class B product is office space built after 1980, fair to good finishes & wide range of tenants.

Direct Vacancy

Space currently available for lease directly with the landlord or building owner.

Market Size

Includes all existing and under construction office buildings (office, office condo, office loft, office medical, all classes and all sizes, both multi-tenant and single-tenant, including owner-occupied buildings) within each market.

Overall Vacancy

All physically unoccupied lease space, either direct or sublease.

SF/PSF

Square foot/per square foot, used as a unit of measurement.

Sublease

Arrangement in which a tenant leases rental property to another, and the tenant becomes the landlord to the subtenant.

Sublease Space

Total square footage being marketed for lease by the tenant.

Sublease Vacancy

Space currently available in the market for sublease with an existing tenant within a building acting as the landlord.

NAI Ohio Equities

COMMERCIAL REAL ESTATE
LEADERS SINCE 1971

MARKET REPORT Our Team



George "Sandy" Simpson
Chairman



Michael Simpson
President



Kim Benincasa
Investment



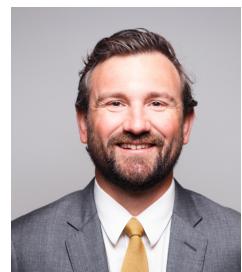
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Office &
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Mark Francescon
Office & Industrial



Matt Gregory
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Chris Howard
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Ryan McGreevy
Industrial & Office



Joe Menninger
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Jim Merkel
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Mike Semon
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Dan Sheeran
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Dan Sheeran, Jr.
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Investment



MARKET REPORT
About Us

The Power of Local Knowledge

We make it our primary focus to understand your business and the opportunities and challenges you face on a regular basis

NAI Ohio Equities is one of Central Ohio's largest, long-standing commercial real estate and property management company. The firm has been serving the Columbus real estate market for over 45 years. We strive to provide the highest quality real estate services by adding value to our client's assets and real estate needs through expert analysis, specific market knowledge and personalized service.

NAI Ohio Equities is the Central Ohio affiliate of NAI Global, the single largest, most powerful global network of owner-operated commercial real estate brokerage firms. NAI Global member firms spans worldwide, with more than 400 offices and more than 7,000 local market experts on the ground.