

Q2 2024

COLUMBUS

MARKET REPORT



NAI Ohio Equities

NAI Ohio Equities 605 S. Front St. Suite 200 Columbus OH 43215 614-224-2400 ohioequities.com

OFFICE MARKET REPORT

COLUMBUS Q2 2024



\$22.50

Market Rent/SF/Year



9.5%

Vacancy Rate



910K

12 Mo Net Absorption in SF

In the second quarter of 2024 the Columbus office market continues its recovery, and the winners are the Class A office properties that are well located to amenities or have created their own amenity offerings within their building. Class B or C distressed office properties are essentially feeding these Class A winners with tenants who signed leases pre-covid between 2015 and 2019. Many of these Tenant's leased too much space and settled for a good economic deal on paper, but a bad one when it comes to the actual business environment they are in, which is critical for culture and growth. Efficient and high-quality space in Columbus is no longer a want, it's a need and the most prepared Landlords are the ones who understand this and can work a deal that satisfies both parties.

- Columbus office vacancies are at 9.5% compared to the national average of 13.9%.
- The average size of a typical office lease has risen slightly to 3,800 square feet.
- The average asking rent is \$22.50 gross.
- Rent growth is at 2.3% compared to the national average of 0.7%.



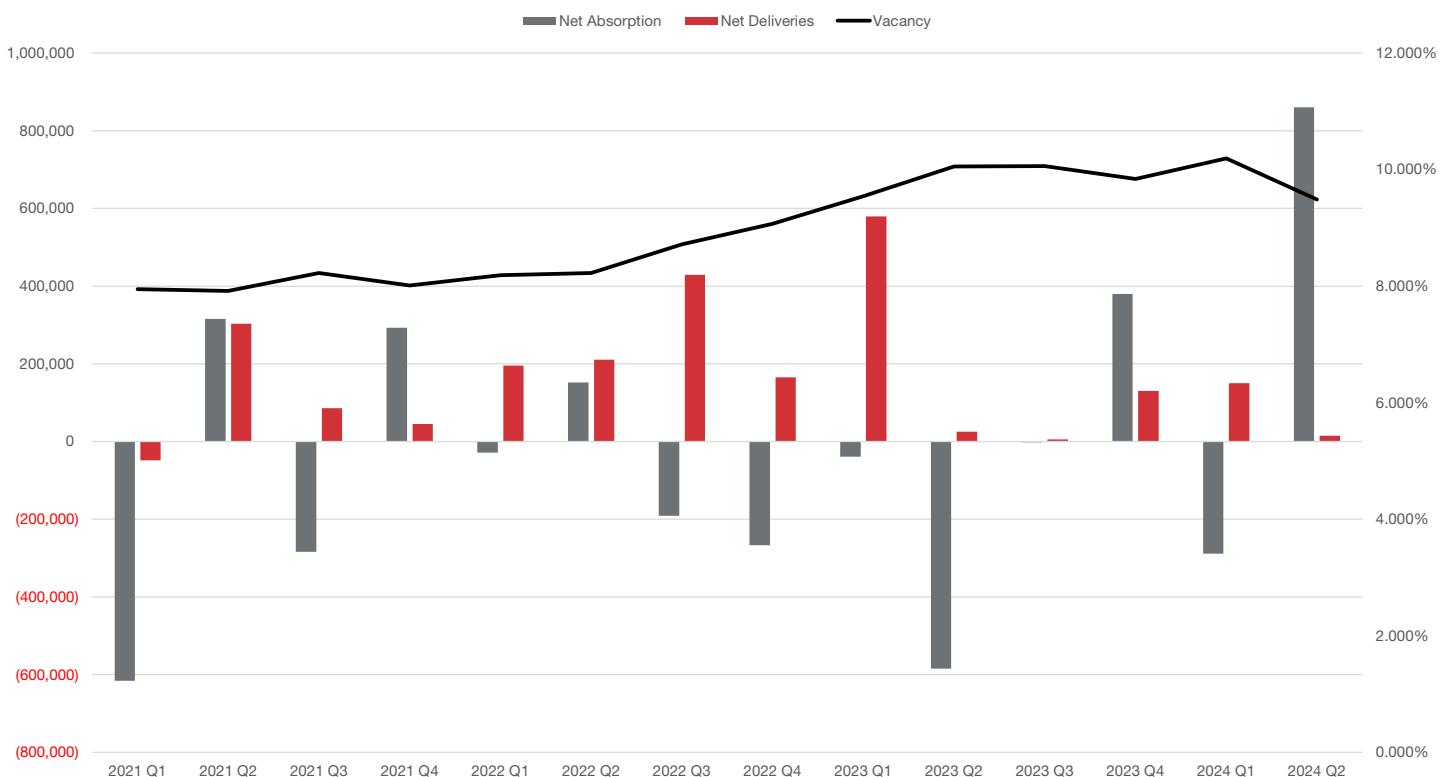
ANDY DUTCHER, SIOR

Executive Vice President
adutcher@ohioequities.com

"Excessive abated rent and below market lease rates are less prevalent today to acquire significant Tenant Improvement allowances that provide companies with the showpiece offices that are in demand to retain and recruit the best of the best in Columbus and provide a place of business that people want to come to. Many high growth-potential tenants are focused on the years ahead and Landlord's with larger block space that cannot be demised are working with them through "step-up" schedules in the square footage they pay on in the earlier years of the term. Overall, sophisticated Tenant's and Landlord's are finding ways to make deals work for both parties which is reflected in the resiliency of the Columbus office market."

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COLUMBUS Q2 2024



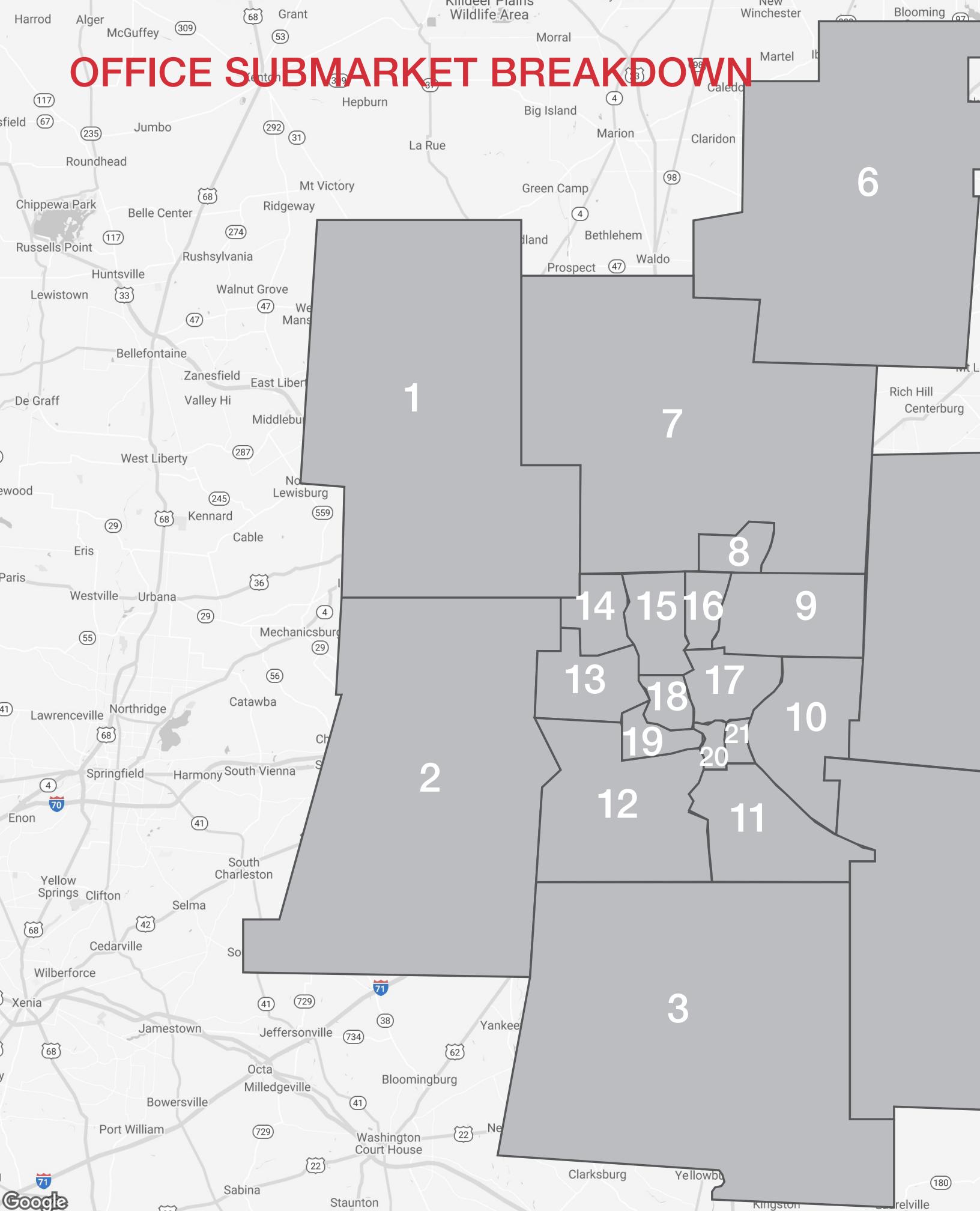
NOTABLE LEASE TRANSACTIONS Q2 2024

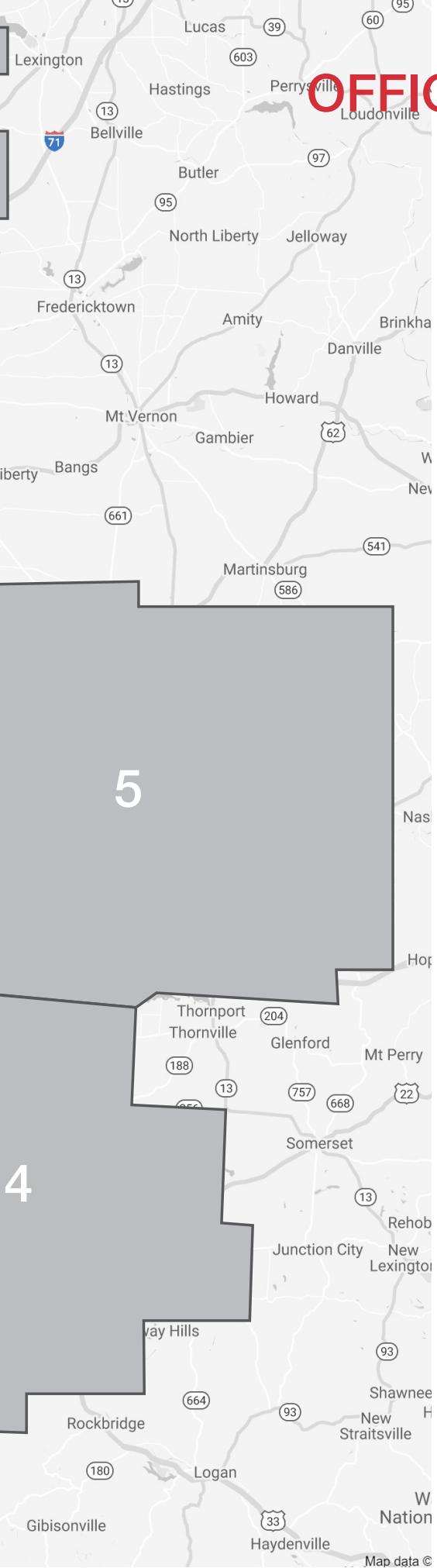
TENANT/ADDRESS	LEASED SF	MARKET SUBMARKET
7400 W. Campus Rd.	36,189	Westerville
Parkwood II	32,980	Dublin
Capitol Square	31,644	Downtown
The Pointe at Polaris II	19,565	Polaris
OCCH; Grange Insurance Headquarters	17,385	Downtown

NOTABLE SALE TRANSACTIONS Q2 2024

TENANT/ADDRESS	SALE DATE	SF	PRICE
8050 E. Main St.	5/9/2024	62,802	\$22,750,000
4650 Lakehurst Ct.	5/16/2024	164,639	\$7,500,000
OffiCenter II 775 Taylor Rd.	5/7/2024	56,966	\$7,300,000
5000 Bradenton Ave.	4/1/2024	26,946	\$2,900,000

OFFICE SUBMARKET BREAKDOWN





OFFICE SUBMARKET BREAKDOWN

SUBMARKETS

1. Union County
2. Madison County
3. Pickaway County
4. Fairfield County
5. Licking County
6. Morrow County
7. Outlying Delaware County
8. Polaris
9. Westerville
10. East
11. Southeast
12. Southwest
13. Hilliard
14. Dublin
15. Bethel Rd.
16. Worthington
17. North Central
18. Grandview/Upper Arlington
19. West
20. Downtown
21. Downtown East

INDUSTRIAL MARKET REPORT

COLUMBUS Q2 2024



\$8.25

Market Rent/SF/Year



7.5%

Vacancy Rate



3.7 M

12 Mo Net Absorption in SF

Q2 vacancy and availability rate saw little change from the previous quarter. Leasing volume remains slow, with most of the activity 200,000 SF and below however we did see +750,000 SF of net absorption this quarter. Construction pricing and interest rates still are hindering new construction along with the availability of utilities. Demand for data centers continues however they are now faced with utility constraints. Capital markets are slow to adjust to the new pricing coming off a historical run.

- One delivery of 179,000 SF, a speculative freezer cooler building at 2865 Charter St.
- Two new construction starts of 205,800 SF compared to 1.5MSF the previous year.
- Intel delays have caused suppliers to delay as well, resulting to a slower start to overall construction.
- Sluggish leasing environment has lead to more space on the market and with that are seeing landlords offering additional concessions.
- Lease rates are holding steady amidst low deal volume.

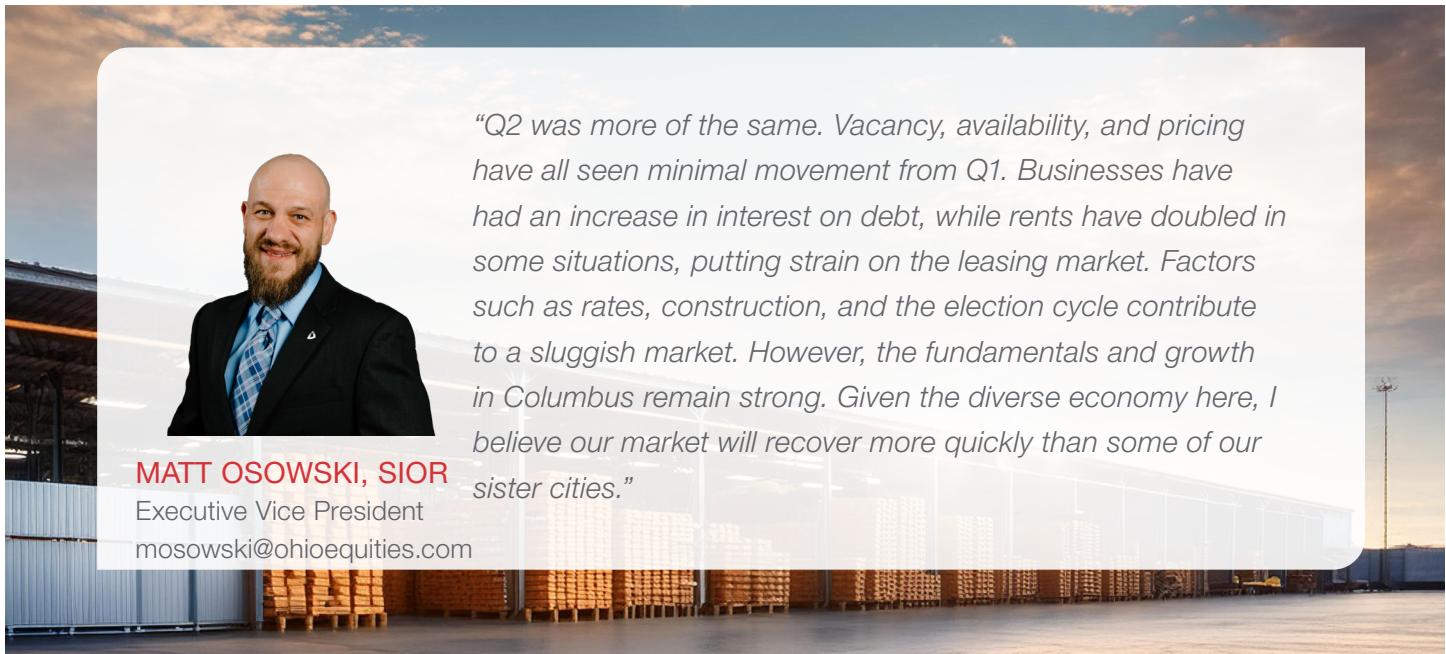


"Q2 was more of the same. Vacancy, availability, and pricing have all seen minimal movement from Q1. Businesses have had an increase in interest on debt, while rents have doubled in some situations, putting strain on the leasing market. Factors such as rates, construction, and the election cycle contribute to a sluggish market. However, the fundamentals and growth in Columbus remain strong. Given the diverse economy here, I believe our market will recover more quickly than some of our sister cities."

MATT OSOWSKI, SIOR

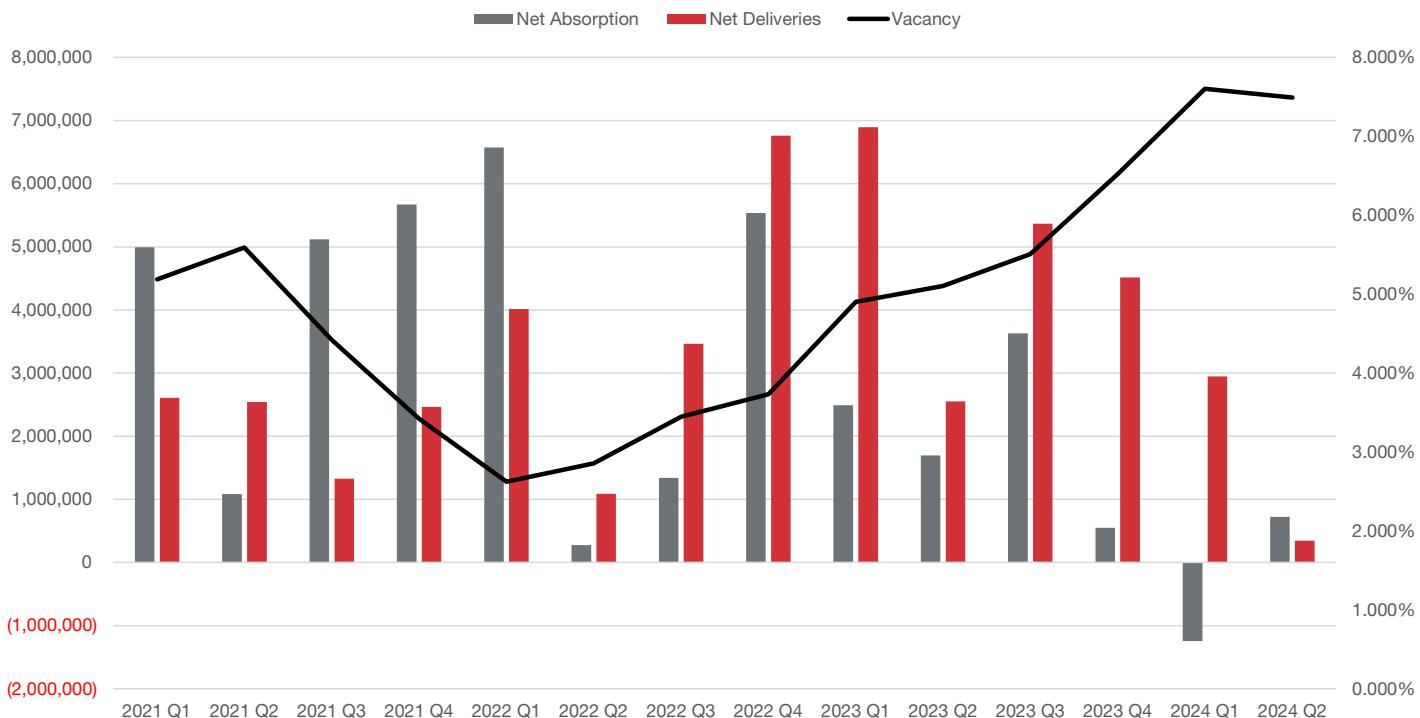
Executive Vice President

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INDUSTRIAL MARKET REPORT

COLUMBUS Q2 2024



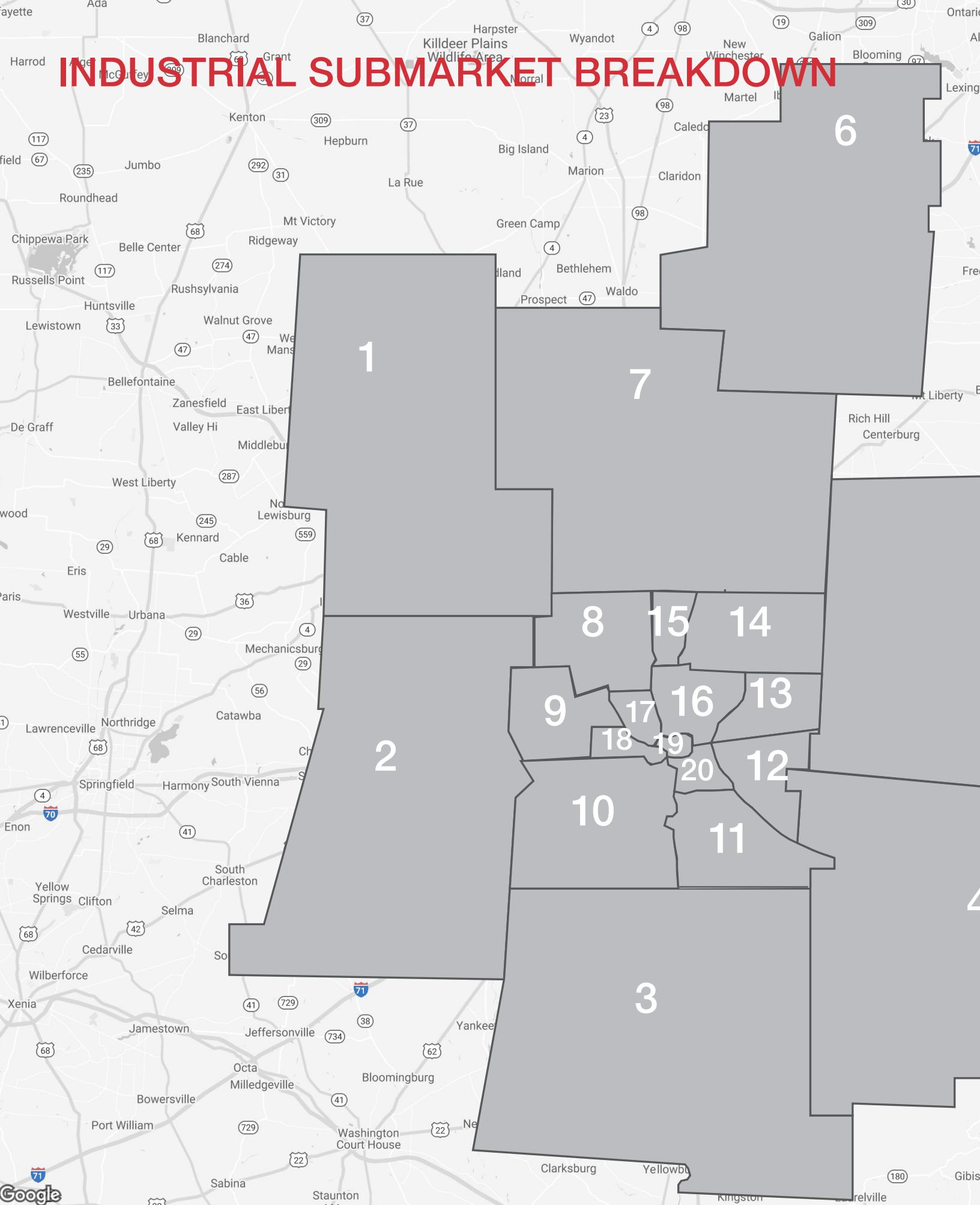
NOTABLE LEASE TRANSACTIONS Q2 2024

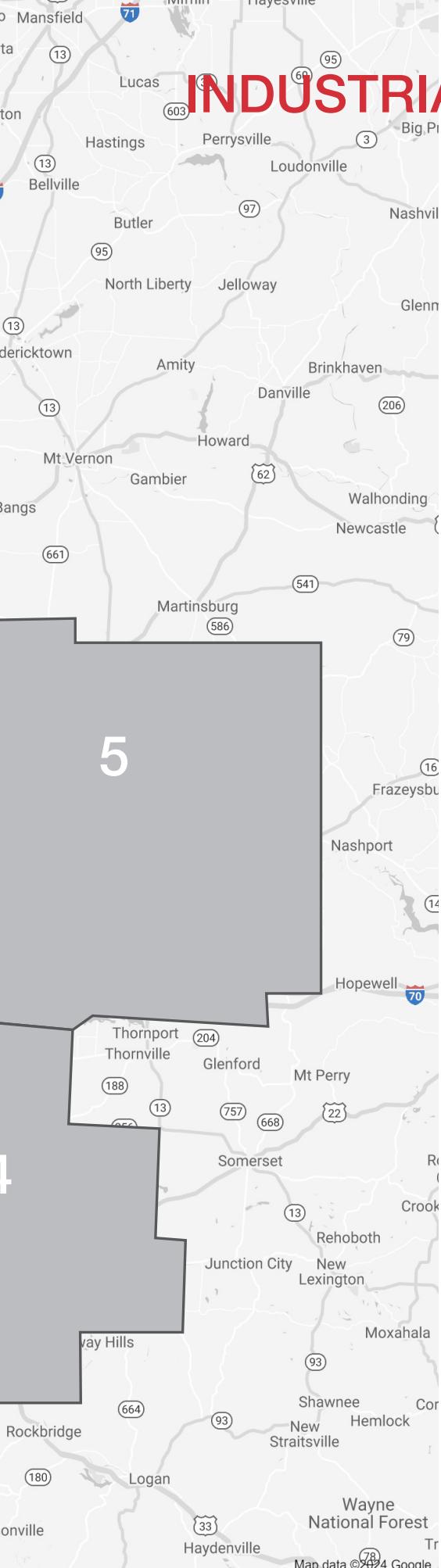
TENANT/ADDRESS	LEASED SF	MARKET SUBMARKET
5235-5251 West Pointe Dr.	1,116,015	Southeast
7585 Robinett Way	450,696	Fairfield County
522 Milliken Dr.	260,070	Licking County
8200 Smith's Mill Rd.	145,612	Westerville
Outerbelt St.	97,000	Airport
555 Marion Rd.	75,906	Downtown South
2045 James Pkwy	72,800	Licking County
2241 Citygate Dr.	64,568	N. Central Columbus

NOTABLE SALE TRANSACTIONS Q2 2024

TENANT/ADDRESS	SALE DATE	SF	PRICE
521 Exchange Way	4/5/2024	1,194,865	\$94,100,000
5999-6005 Westerville Rd.	6/6/2024	35,000	\$9,000,000
6161 Shamrock Ct.	4/8/2024	65,000	\$7,850,000

INDUSTRIAL SUBMARKET BREAKDOWN





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5. Licking County
6. Morrow County
7. Delaware County
8. Dublin
9. Hilliard
10. SW Columbus
11. Southeast
12. I-70 East Corridor
13. Airport
14. Westerville
15. Worthington
16. N. Central Columbus
17. Grandview
18. Downtown West
19. Downtown
20. Downtown South

RETAIL MARKET REPORT

COLUMBUS Q2 2024

\$19.25

Market Rent/SF/Year

3.68%

Vacancy Rate

171K

12 Mo Net Absorption in SF

Retail vacancy rates in Columbus have reached an all-time low of 3.7%. Low supply and high demand are driving a 5% growth in rent. This upward trend is expected to continue as availability remains tight. New retail developments in major sub-markets such as Hilliard, Lewis Center, and New Albany also contribute to the overall increase in rent growth across the city.

- Historically low vacancy rates are here to stay. Retail developers are in no rush to keep up with demand as interest rates remain high; creating a challenging environment for new developments to commence; even with a robust local economy.
- Leasing activity remains steady with 2.2M SF being leased over the past 12 months
- Retail sales fell for the 2nd consecutive quarter. This could be driven by investors who are not finding the “value-add” opportunities due to the historically low vacancy rates they once were able to identify.



CHAD BOGGS

Associate

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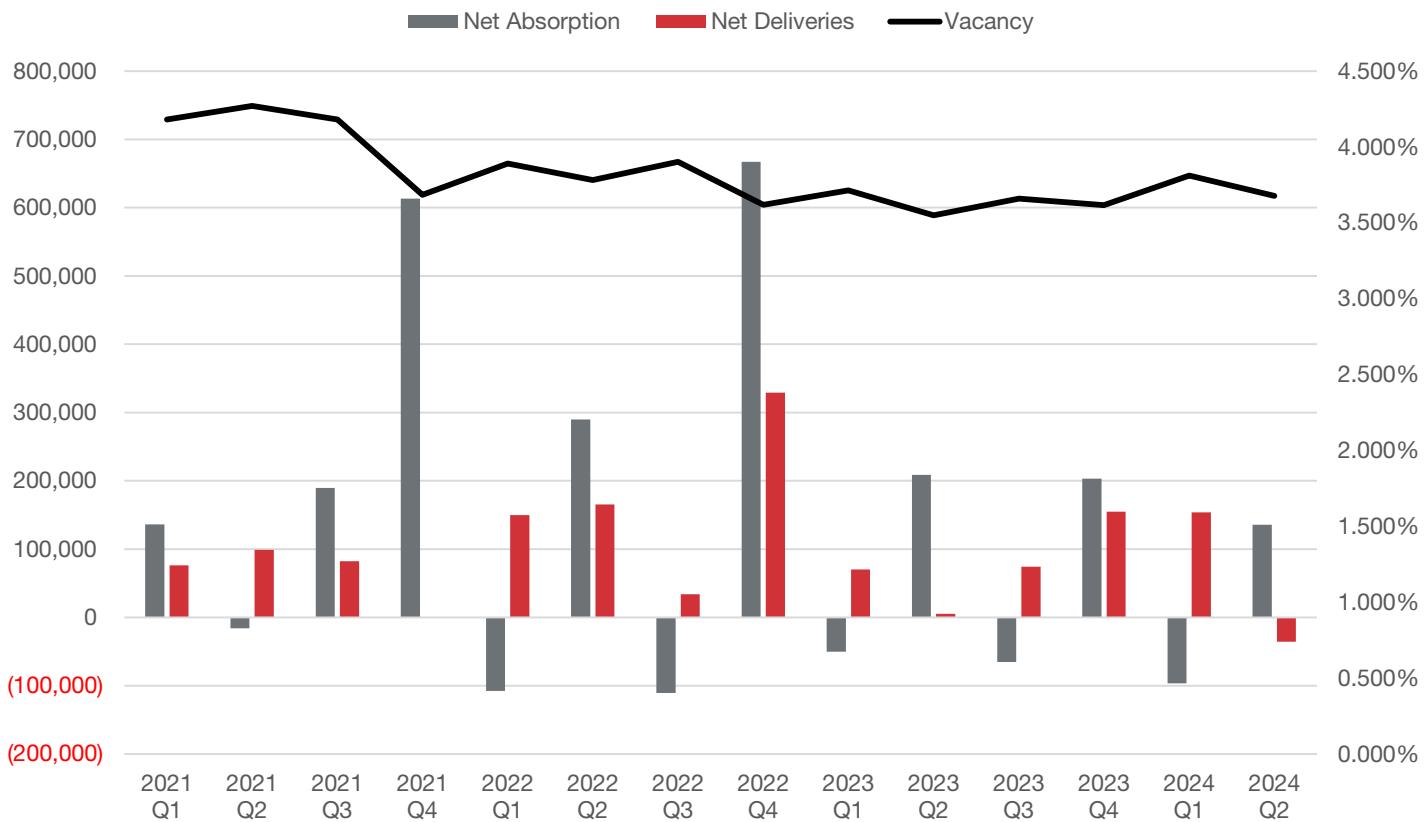
“The introduction of recreational cannabis in Ohio has further heightened demand for retail space, with potential tenants willing to pay above-market rents to secure prime locations.”

This has pushed rent growth to new levels in the Columbus market. As new recreational licenses are awarded, there may be a slight influx of available retail space if hopeful dispensaries do not receive licenses.”



RETAIL MARKET REPORT

COLUMBUS Q2 2024



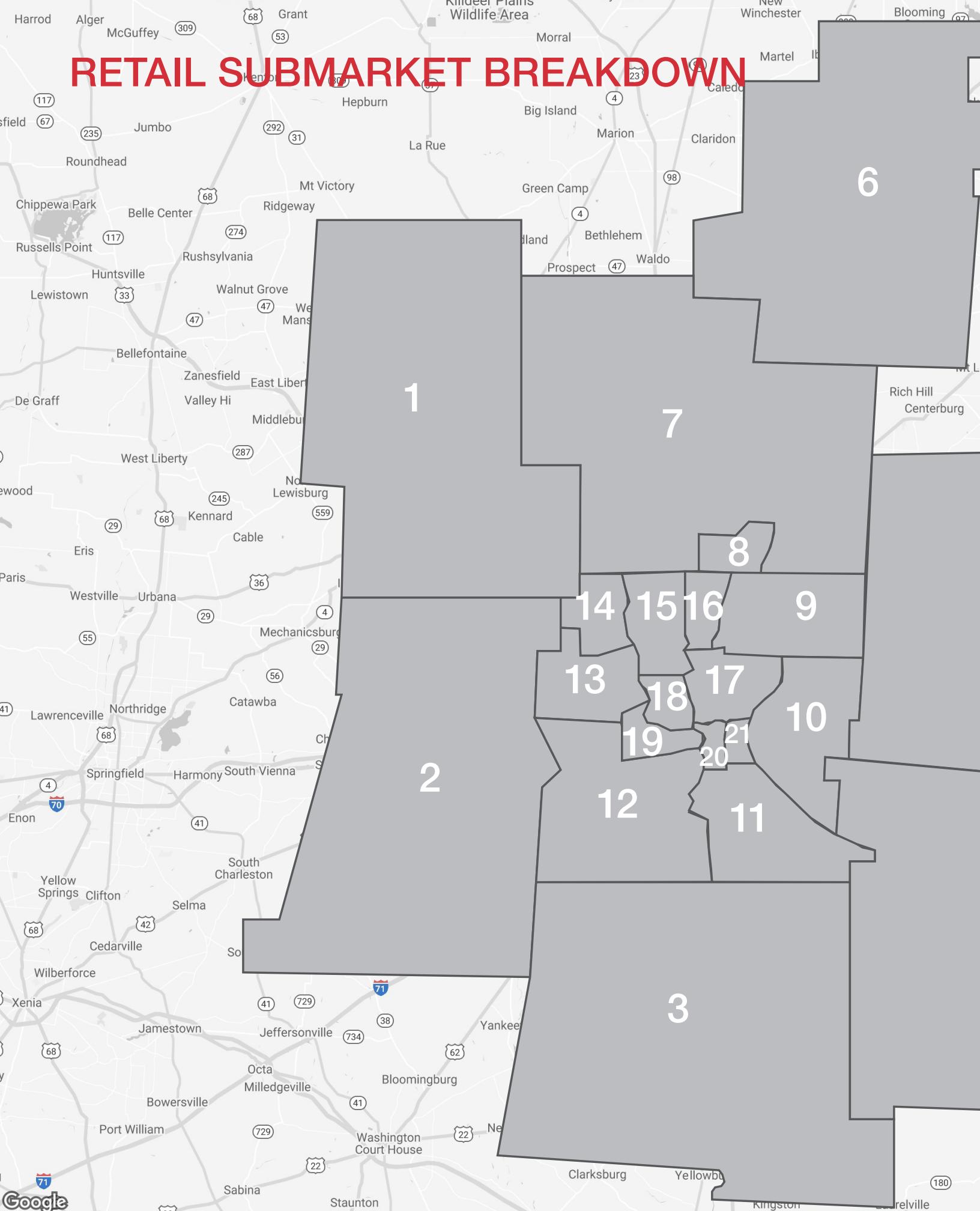
NOTABLE LEASE TRANSACTIONS Q2 2024

TENANT/ADDRESS	LEASED SF	MARKET SUBMARKET
James Road Shopping Center	7,684	East

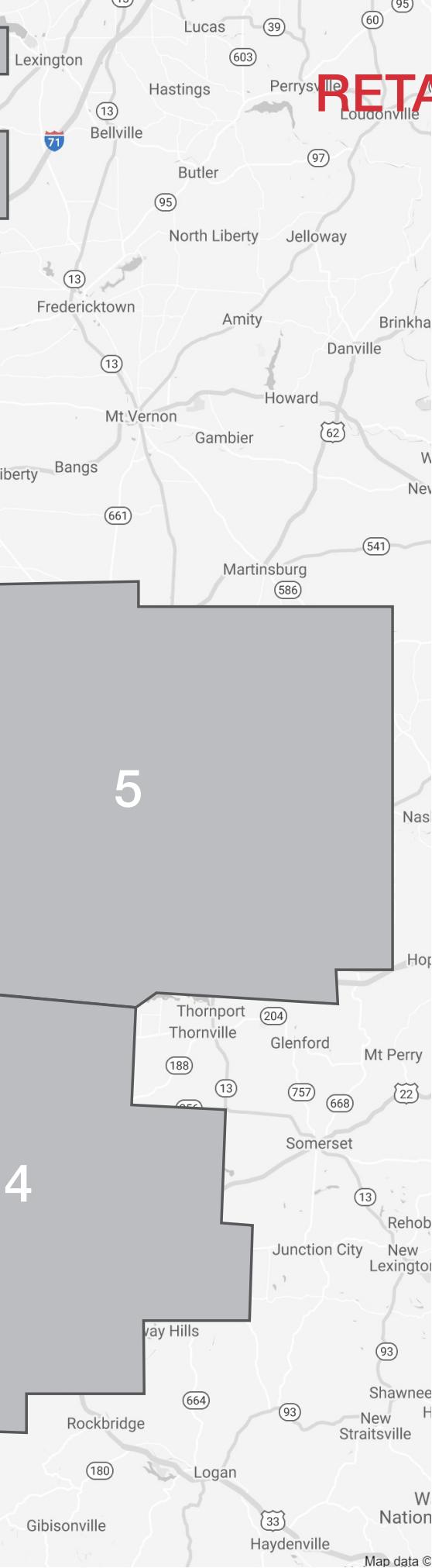
NOTABLE SALE TRANSACTIONS Q2 2024

TENANT/ADDRESS	SALE DATE	SF	PRICE
Livingston Ave. Center 6300 E. Livingston Ave.	4/8/2024	101,621	\$5,400,000
1700 E. Dublin Granville Rd.	6/20/2024	17,596	\$5,000,000
4085 Hamilton Square Blvd.	4/11/2024	12,150	\$4,741,650
Franklin Square 1469-1537 W. Broad St.	4/30/2024	34,369	\$3,724,000

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**GEORGE "SANDY"
SIMPSON**
Chairman



MICHAEL SIMPSON
President



KIM BENINCASA
Investment



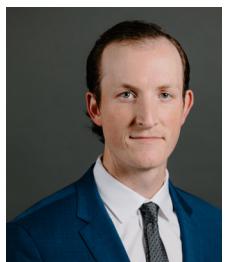
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Office & Retail



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ABOUT COLUMBUS

The Columbus Region economy boasts a highly-diversified base of companies, with no industry representing more than 18% of employment.

Home of the world's most recognizable brands—Scotts, Express, JPMorgan Chase, Nationwide, Abercrombie & Fitch—innovative small businesses and top-ranked educational and research institutions, the Columbus Region offers a stable environment for companies looking to grow in a variety of sectors.

The Columbus Region is home to a population of 2.2 million, and a potential workforce of 1.2 million. With one of the youngest and most-educated populations in the country—the median age is 35.9 and 42% of residents 25+ holds a bachelor's degree or higher. The Region offers a steady pipeline of young talent with one of the highest populations of millennials in the nation.

The Columbus metro ranks first among large Midwest metro areas for population and job growth since 2010 and is among the fastest growing metros in the country.



*"Columbus isn't the next business destination; it's **already happening**"*
- Inc. Magazine

10-Hour Drive

TO 46% OF THE US POPULATION



7th Largest

ECONOMY IN THE UNITED STATES



22,000

ANNUAL COLLEGE GRADUATES





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