

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 Q4 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

↓ **9.3%**

End of Q4

Positive Absorption

+270k

End of Q4

Availability Rate

Includes Vacancy Rate
& Sublease Vacancy

12.6%

End of Q4

301 Buildings Sold

**7.7%
CAP**

Past 12 Mo.

For the second consecutive quarter the Columbus office market experienced positive net absorption, which totaled 270,000 SF in Q4 21. Average lease rates held at just over \$21/SF, and new development remains steady with nearly 1.5 million SF under construction.

“Despite the lingering pandemic, leasing activity continues to strengthen with more tenants in the market and larger transactions occurring in both the suburbs and downtown. We anticipate this trend will continue in 2022, especially with the demand for high quality and new construction opportunities that are well amenitized.”

- Several large leases were signed in Q4 21 including Upstart subleasing 240,000 SF from Alliance Data at Easton, a Taft Stenttinus and Hollister LLP leasing 45,000 SF at 41 S. High St.
- Sublease space fell to 1.2 million SF after peaking the prior quarter.
- Notable sales include Tempus Real Estate’s acquisition of 7575 Huntington Park Drive for \$7 million and PJP Holdings purchase of 8900 Smiths Mill Rd. for \$5.95 million.
- As of Q4 21, sale prices averaged \$103/SF over the past 12 months.



Philip Bird

Office Specialist

pbird@ohioequities.com

COLUMBUS INDUSTRIAL OVERVIEW

Vacancy Rate

↓ **3.5%**

End of Q4

Positive Absorption

5.6M

SF End of Q4

Rental Rate

↑ **\$6.02**

Per SF End of Q4

Under Construction

16MSF

Currently

Central Ohio finished the year the way it started. Leasing activity remained very strong for the quarter with 5.6 MSF of absorption and the vacancy rate at an all-time low.

“We expect the market to remain extremely strong with high demand for new space continuing through 2022. The market has been on a tear and I do not see that changing in the near future.”

- There is currently over 16 MSF of space under construction with over 80% of that being speculative.
- Availability of existing product remains extremely tight, particularly in spaces under 300,000 SF.
- Potentially developable land remains in high demand.
- There is a real risk for oversupply given the amount of spec space in the pipeline.



Curt Berlin, SIOR

Industrial Specialist

cberlin@ohioequities.com

COLUMBUS RETAIL OVERVIEW

Vacancy Rate

↑ **3.8%**

End of Q4

Positive Absorption

+ **657k**

SF End of Q4

12 Mo Rent Growth

+ **1.8%**

12 Mo. Deliveries

267k

SF

The retail sector entered the recovery phase in 2021 with retailer bankruptcies and store closure announcements declining. Columbus in particular, has vacancies significantly below the national average. Households are flush with cash as savings are estimated to exceed \$3 trillion which will support continued gains in spending.

“The Central Ohio retail market continues to move in the right direction thanks to increasing household income resulting from both the government stimulus in 2021, and more recently, strong wage growth. Central Ohio retail fundamentals are strong: a healthy vacancy rate well below the national average, positive absorption and positive rent growth.”

- Leasing activity has returned to pre-crisis levels nearing 1.8 MSF as of late December.
- Investors were more active in 2021, driving sales above \$500 million as of late December with a strong demand for secure, income-generating properties fueling price growth.
- The demand for multitenant assets is improving with the year's largest transaction being a two-property portfolio trading in Q4 21 for \$64.3 million.
- More than 800,000 SF of space is under construction as of Q4 21 spread across 11 submarkets.



Mike Simpson

Retail Specialist

msimpson@ohioequities.com

COLUMBUS MULTIFAMILY OVERVIEW

Vacancy Rate

↑ **5.1%**

End of Q4

Positive Absorption

+8,500

Units in Past 12. Mo.

Rental Rate Increased

↑ **7.8%**

Year Over Year

Cap Rate of Sales

6.1%

End of Q4

Around \$670 million traded hands in the Columbus Market in 2021, nearly half of which was recorded in the 4th quarter alone. Investors' confidence improved from 2020 as the economy recovered and a greater number of high-end properties traded in 2021 relative to the prior year.

“Apartment demand in Columbus surged last year, with net absorption setting a record. Even as deliveries remained elevated, demand outpaced supply and vacancy fell to an all-time low of 5.1% as of Q1 22. Strong demand for apartments has been supported by the Columbus economy's swift recovery and affordability to many major apartment markets.”

- Cap Rates are still compressing across the board with the average closing at 6.1% within the Columbus MSA in 2021. This is around 100 Basis Points higher than the National Average, making Columbus a very attractive market for coastal buyers.
- Rent growth has held firm in the Columbus market. It has accelerated notably in recent quarters and currently sits at record highs. As of 22Q1, rents are up 7.8% year over year.
- Rent growth has held firm in the Columbus market. It has accelerated notably in recent quarters and currently sits at record highs. As of Q1 22, rents are up 7.8% year over year.



Carter Stephens

Multi-Family Specialist
cstephens@ohioequities.com



George "Sandy" Simpson
Chairman



Michael Simpson
President



Kim Benincasa
Investment



Curt Berlin, SIOR
Industrial



Philip Bird
Office & Investment



Conor David
Retail, 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
Office & Industrial



Peter Merkle
Office, Retail & Investment



Bob Monahan
Church, Office & Retail



Matthew Osowski, SIOR
Industrial & Investment



Mike Semon
Industrial & Investment



Dan Sheeran
Industrial & Investment



Dan Sheeran, Jr.
Industrial & Investment



Doug Shull
Industrial & Investment



Carter Stephens
Multi-Family & Investment



Tyler Watkins
Multi-Family & Investment