

COLUMBUS

2020 Q4 MARKET TRENDS

Ohio Equities

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COLUMBUS OFFICE OVERVIEW

Vacancy Rate

↑ **8.0%**

In Q4

Negative Absorption

-700K

SF in Q4

Rental Rate Increased

↑ **1.6%**

vs Q4 2019

226 Buildings Sold

**9.1%
CAP**

Past 12 Mo.

Office vacancy increased to 8.6% with a negative absorption of 700,133 SF

- Quoted rental rates ended the fourth quarter at \$21.16/SF which is a 1.6% increase over this time last year.
- The office vacancy rate increased by 0.4% during the fourth quarter of 2020 up to 8.0% during the fourth quarter of 2020.
- There have been 226 sales the past 12 months averaging \$111/SF and an 9.1% CAP
- There was 583,000 SF of office space delivered in 2020 across nine buildings, highlighted by Bridge Park, Pointe at Polaris and Easton Town Center.

“For the first time in nearly a decade the central Ohio office market experienced negative net absorption for a twelve month period coming in at 1,340,000 SF together with over 1,100,000 SF in sublease space coming on the market in 2020.”



Matt Gregory, CCIM, SIOR

Office Specialist

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COLUMBUS INDUSTRIAL OVERVIEW



Industrial vacancy increased to 7.5% with a positive absorption of 3.3 million SF in 2020.

“The Columbus industrial market continues to exceed expectations through 2020 going into 2021. With 12-month net absorption at 3.3 million square feet and 10 MSF delivered this year, construction numbers are just trying to keep pace.”



Blake DeCrane
Industrial Specialist
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- Amazon accounts for 20% of all leasing activity in Columbus for 2020. The company signed a lease in August for 1.1 million SF a phase I of The Hub development at London Groveport which delivered in September. Amazon signed another lease in September, with plans to occupy a 1.2-million-SF speculative property delivered in the Licking County Submarket in June.
- Rates continue to rise, however, Columbus is an affordable industrial market, with rents averaging \$5.30/SF – around 40% below the national average.
- Sale price per SF continues to rise and cap rates continue to fall. After a slow start in the first quarter, sales volume made a strong showing in the first half of 2020 thanks to an active second quarter.
- Developers remain aggressive for land sites.

COLUMBUS RETAIL OVERVIEW

Vacancy Rate Held Steady

↔ **3.4%**

In Q4

Positive Absorption

+**106K**

SF In Q4

Rental Rate Held Steady



Vs. Q3 2020

12 Mo. Deliveries

475K

SF

Retail vacancy held steady at 3.4% with a positive absorption of 106,000 SF.

“As an accelerant, the COVID crisis pushed store closures nationwide to over 25,000 for 2020, well ahead of the 9,300 closings in 2019. E-commerce continues its upward trend while brick-and-mortar locations maintain value as a key component of retailers comprehensive strategy.”



Mike Simpson

Retail Specialist

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- Columbus' retail vacancy rate remained the same in the fourth quarter of 2020 at 3.4% from the third quarter of 2020.
- Demand weakened notably in 2020, with absorption falling negative in the first quarter and remaining in the red through the third. This is expected to continue through most of 2021, driving vacancy even higher, while rents adjust downward.
- Rents in Columbus are high relative to Ohio's other major metros, averaging \$16.50/SF as of the fourth quarter and staying steady throughout all of 2020.
- Development was limited in 2020, with 516,000 SF entering the market.

COLUMBUS MULTIFAMILY OVERVIEW

Vacancy Rate

↑ **6.9%**

In Q4

Positive Absorption

+ **918**

Units

Rental Rate Increased

↑ **3.0%**

Vs. Q4 2020

4,173 Delivered Units

**6.5%
CAP**

Past 12 Mo.

There are currently 4,878 units under construction in the Columbus multi-family market

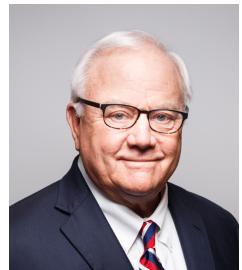
- Net absorption in Q3 2020 and Q4 2020 were one of the highest in recent years, with student demand a likely factor as in-person classes resumed at Ohio State University in Q3 2020.
- Like other affordable markets in Ohio and throughout the Midwest, rent growth has held up in Columbus, with growth remaining positive amid the pandemic. In fact, year-over-year growth in Q4 2020 was the highest it has been in two years, averaging 3%.
- With \$297 million trading hands, Q4 2020 represented more than one-third of annual transaction volume.
- While down from recent peaks, development activity in Columbus remains elevated. Around 4,900 units are underway, representing 2.6% of existing inventory, the highest share of construction activity among Ohio's major markets



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