



NAI Ohio Equities

3Q'16

Columbus Market Report

MARKET REPORT Columbus

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Economically speaking, news reports touting the Columbus Region's healthy economy flow like your favorite craft brew - often and in large portions!

Most recently, I was impressed with the U.S. Bureau of Economic Analysis report stating that the Columbus Region's growth rate in 2015 outpaced both Cleveland and Cincinnati. Based on our activity level at NAI Ohio Equities this was not a surprise.

Locally, the economic recovery has evolved into a feeding frenzy, resulting in a real shortage of available properties.

As a result, commercial real estate brokers' roles are also evolving. With available properties being at an all-time low, buyers and tenants need brokers who are creative in finding properties available for moves and expansion. Relying on the local listing service for available properties is less likely than ever to fulfil our client's needs.

At NAI Ohio Equities, we have seen an increase in deals procured on unlisted properties. Our role for clients has evolved into identifying properties with owners who were unaware their property has increased in value, or that a different use for their property could increase value.

How do we find unlisted properties that can fulfil our client's needs? There is no one way, but here are some methods that have worked for us over the years:

- Our proprietary database of property owners allows access to prospects in all categories of ownership
- Community engagement, networking, and the best communication skills in the business
- 44 years of relationships, starting with our humble beginnings in 1972

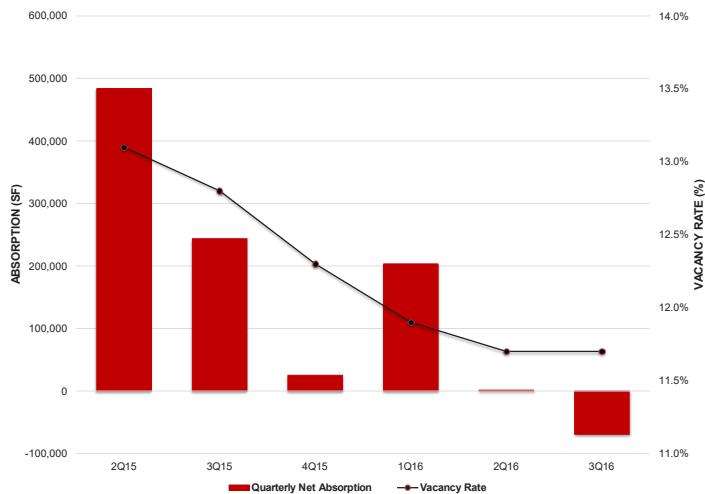
Whether you need help finding a new property in which to move, or you think your property might have unrealized value, please give us a call to start some dialogue now!

Sincerely,

Michael Simpson, President
NAI Ohio Equities
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MARKET REPORT Office

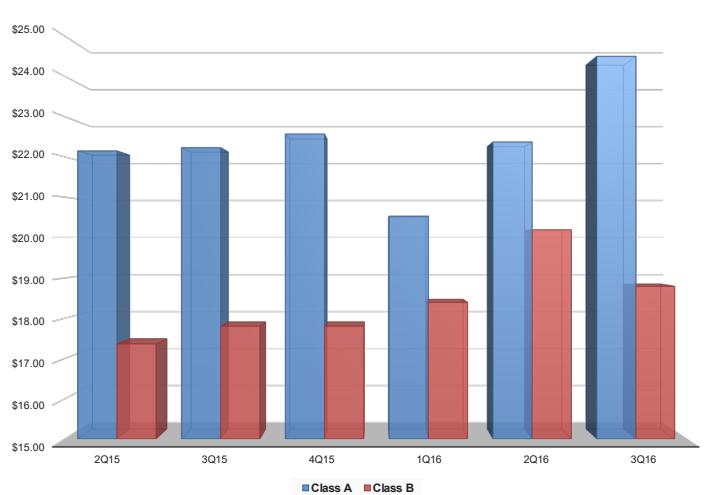
Quarterly Absorption and Vacancy



2Q16 vs. 3Q16



Historic Rental Rates



2Q16 vs. 3Q16



"The Columbus office market maintains its low vacancy rates, while landlords receive some power back in negotiations".

- During the third quarter of 2016, the Columbus office market reported negative absorption of 69,183 SF.
- At 11.7%, the relational vacancy rate has continued to decline from the reported rate of 12.2% during the third quarter of 2015.
- The East submarket observed the highest level of positive net absorption of 22,265 SF.
- Currently, there is over 300,000 SF in the development pipeline under construction during the third quarter of 2016.



Andy Dutcher
Office Specialist
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OVERALL MARKET

Building Class	# of Blnds	Inventory (SF)	Total Vacant (SF)	Sublease Available (SF)	Total Vacancy Rate	Qtrly Net Absorption (SF)
A	97	13,901,739	1,314,208	181,429	9.5%	-85,017
B	230	18,097,144	2,444,202	166,033	13.5%	15,834
Grand Total	327	31,998,883	3,758,410	347,462	11.7%	-69,183

CENTRAL BUSINESS DISTRICT MARKET

Building Class	# of Blnds	Inventory (SF)	Total Vacant (SF)	Sublease Available (SF)	Total Vacancy Rate	Qtrly Net Absorption (SF)
A	20	4,203,448	357,349	4,359	8.5%	3,829
B	51	6,700,868	888,401	5,601	13.3%	69,853
Grand Total	71	10,904,316	1,245,750	9,960	11.4%	73,682

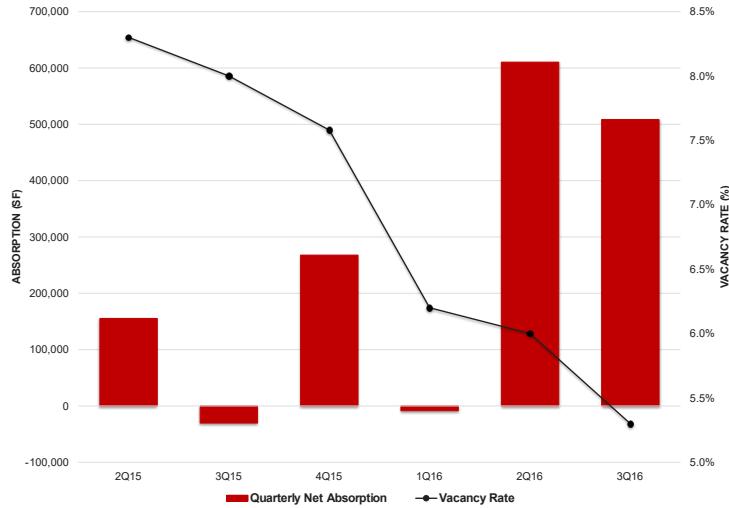
SUBURBAN MARKETS

Building Class	# of Blnds	Inventory (SF)	Total Vacant (SF)	Sublease Available (SF)	Total Vacancy Rate	Qtrly Net Absorption (SF)
A	77	9,698,291	956,859	177,070	9.9%	88,846
B	179	11,396,276	1,555,801	160,432	13.7%	54,019
Grand Total	256	21,094,567	2,512,660	337,502	11.9%	-142,865

MARKET REPORT

Retail

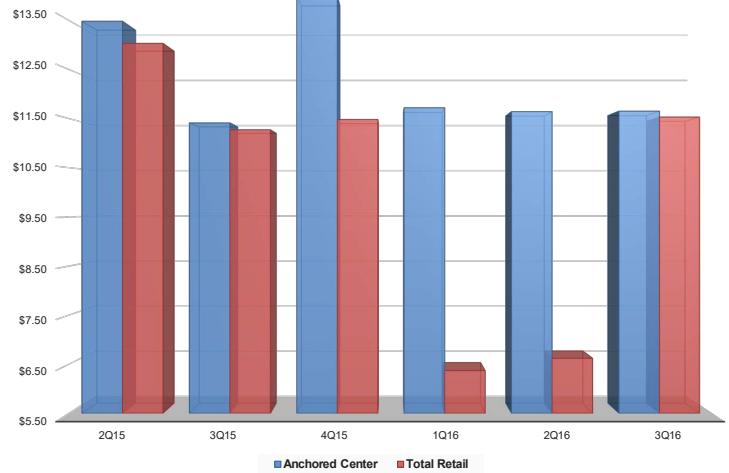
Quarterly Absorption and Vacancy



2Q16 vs. 3Q16



Historic Rental Rates



2Q16 vs. 3Q16



"Current demand for retail space is strong, and prospects for the future seems to indicate this trend will continue. The northern suburban markets in particular remain highly desirable as evidenced by low vacancy rates, and new retail projects under construction."

- The Columbus retail market had positive net absorption of 508,518 SF of inventory during the third quarter of 2016.
- At 5.3%, the third quarter vacancy rate has declined from 5.9% during the third quarter of 2015.
- The Columbus regional retail market has over 900,000 SF under construction.
- The Southeast submarket absorbed the highest levels of net demand totaling 156,402 SF.



Bob Monahan

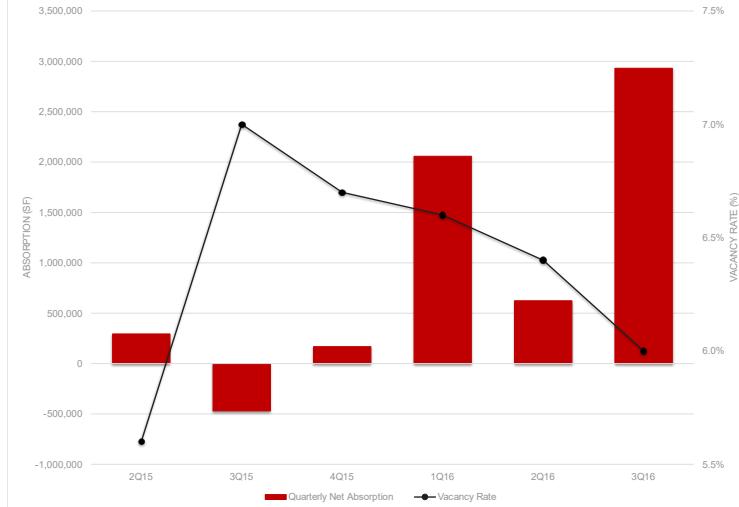
Retail Specialist

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Submarket	# of Bldgs	Inventory (SF)	Total Vacant (SF)	Sublease Vacant (SF)	Vacancy Rate (%)	Qtrly Net Absorption (SF)
North-Northeast	437	26,167,512	1,045,305	24,592	4.00%	59,493
Freestanding	119	5,124,692	80,966	14,992	1.60%	30,640
Neighborhood Ctr	61	3,896,650	141,733	-	3.60%	9,970
Conv/Strip Ctr	217	7,410,158	461,482	9,600	6.20%	15,963
Community Ctr	23	3,833,034	70,981	-	1.90%	2,920
Regional Center	1	1,487,556	-	-	0.00%	-
Northwest	309	19,212,868	838,507	5,185	4.40%	24,762
Freestanding	96	4,960,181	119,796	-	2.40%	1,277
Neighborhood Ctr	43	2,428,991	144,903	5,185	6.00%	12,429
Conv/Strip Ctr	130	4,652,646	217,236	-	4.70%	5,156
Community Ctr	18	1,396,350	48,197	-	3.50%	1,500
Regional Center	1	974,000	-	-	0.00%	-
Southeast	271	14,154,034	1,165,711	-	8.20%	156,402
Freestanding	94	3,710,708	211,734	-	5.70%	40,461
Neighborhood Ctr	42	3,086,598	245,971	-	8.00%	124,400
Conv/Strip Ctr	120	4,130,106	484,807	-	11.70%	-1,636
Community Ctr	7	601,765	61,190	-	10.20%	-
Regional Center	1	800,000	-	-	0.00%	-
Southwest	105	6,425,598	465,573	-	7.20%	-1,800
Freestanding	40	1,636,981	50,176	-	3.10%	-
Neighborhood Ctr	18	989,132	129,752	-	13.10%	-
Conv/Strip Ctr	39	1,346,487	40,538	-	3.00%	-1,600
Community Ctr	3	377,865	55,514	-	14.70%	-
Regional Center	5	2,075,133	189,593	-	9.10%	-
Central	53	1,331,395	21,571	-	1.60%	82,441
Freestanding	27	673,713	1,455	-	0.20%	82,441
Neighborhood Ctr	3	257,994	11,816	-	4.60%	-
Conv/Strip Ctr	20	331,710	-	-	0.00%	-
Mixed Use	3	67,978	8,300	-	12.20%	-
Outlying Areas	312	14,851,631	818,523	5,376	5.51%	187,020
Grand Total	1487	82,143,038	4,355,190	35,153	5.30%	508,518

MARKET REPORT Industrial

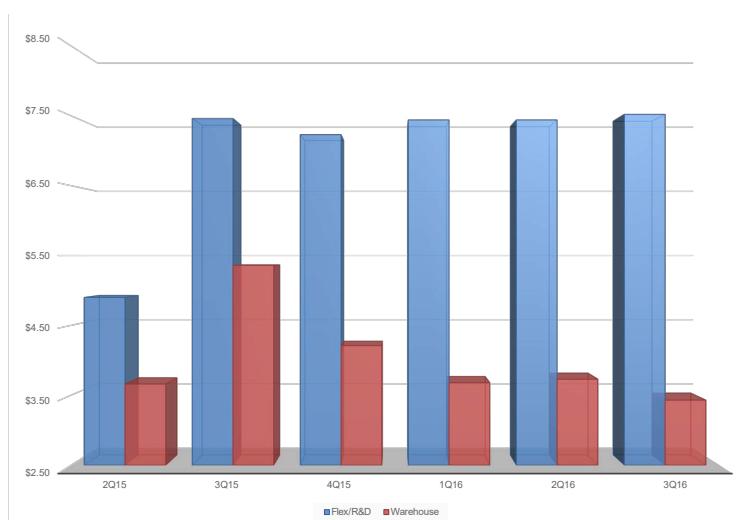
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Historic Rental Rates



2Q16 vs. 3Q16



"The region currently has over 3.8 million square feet under construction with the Southeast and Pickaway markets showing the most activity."

- The Columbus industrial regional market absorbed 2,391,340 SF during the third quarter of 2016.
- At 6%, the third quarter of 2016 vacancy rate is stagnant from the third quarter of 2015.
- The Columbus industrial market has over 3.8 million SF under construction.
- The Southeast submarket absorbed the highest level of positive net absorption during the third quarter totaling 1,464,265 SF. The delivery of the Amazon building contributed 1,016,116 SF to the positive net absorption in the Southeast submarket. Amazon also delivered a second building in the Licking County submarket for 855,000 SF.

Mark Francescon

Industrial Specialist

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Property Type	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacancy Rate (%)	Qtrly Net Absorption (SF)
Flex/R&D	699	26,970,375	1,667,307	6.18%	230,863
Light Industrial	1,249	47,920,071	1,895,838	3.96%	119,050
Manufacturing	294	35,978,604	1,703,583	4.73%	201,746
Bulk Warehouse	261	74,559,912	6,179,494	8.29%	267,102
Warehouse	569	26,379,879	541,299	2.05%	162,313
Investment Grade	116	54,238,475	5,203,128	9.59%	317,103
Truck Terminal	69	2,676,257	15,150	0.57%	0
Grand Total	3,257	268,723,573	17,205,799	6.4%	623,025
Submarket	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacancy Rate (%)	Qtrly Net Absorption (SF)
East	516	29,374,808	730,885	2.50%	184,966
West	605	41,108,392	54,844	4.90%	-70,326
Southwest	263	21,672,224	1,500,374	6.90%	146,884
Southeast	592	80,959,338	8,161,359	10.10%	382,245
North	443	22,030,516	1,063,051	4.80%	-57,228
CBD	104	3,569,481	200,000	5.60%	-
Outlying	734	70,008,814	3,525,080	5.04%	216,136
Grand Total	3,257	268,723,573	17,205,799	6.4%	623,025



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.

Serving Central Ohio's Real Estate Needs

Since 1971. Around the Corner...

Around the World.

Operating as Central Ohio's largest locally owned commercial real estate company, NAI Ohio Equities, has been serving the Columbus real estate market for 45 years. Our mission is to provide the highest quality by adding value to our client's assets and real estate needs through expert analysis, market knowledge and personalized service.

By the Numbers

45+ Professionals

45+ Years Experience

\$270 million+ in sales this past year

12.5 million+ sf of managed properties

1 team focused on your real estate needs



George "Sandy" Simpson
Chairman



Michael Simpson
President



Kim Benincasa
Investment



Curt Berlin
Industrial



Philip Bird
Office & Investment



Blake DeCrane
Industrial



Andy Dutcher
Office & Investment



Mark Francescon
Office & Industrial



Matt Gregory
Office & Investment



Chris Howard
Retail



Patrick Larrimer
Office



Patrick Lyons
Industrial & Investment



John Mally
Retail, Office, Investment



Anthony Maronitis
Retail, Investment



Ryan McGreevy
Industrial & Office

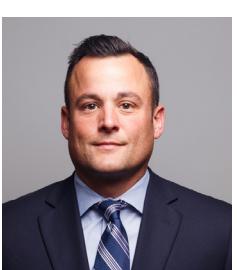


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Office, Retail & Investment

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