



COLUMBUS

2023 Q1 MARKET TRENDS

NA Ohio Equities

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COLUMBUS OFFICE OVERVIEW

Vacancy Rate

↑ **10.6%**

End of Q1

12 Mo Rent Growth

+1.8%

Avg. Asking Rate

\$21.61

Per SF End of Q1

Under Construction

1.10 MSF

Currently

Columbus-based companies continue to show their commitment to leasing and purchasing office buildings. Despite a few positive quarters, on net, more than 500,000 SF of space has returned to the market over the past year. This has helped to drive vacancy higher, now sitting at 10.6%.

“Leasing activity has continued to move in the right direction, while purchases and sales have slowed significantly due to rising interest rates. Office Landlords are using this uptick in leasing to invest into the common areas of their buildings to attract and retain tenants, and to compete against the very successful Class A mixed use projects throughout Columbus.”

- Available sublease space is approximately 2.2 million SF providing numerous cost effective opportunities for office tenants in the market to lease space significantly below market value.
- Investment in the Columbus office market remained solid in 2022, totaling more than \$530 million, 25% above the market's five-year annual average.
- Demand for well leased, trophy assets supported pricing, although investors also dipped their toes into the value-add pool, reflected in a handful of high-vacancy properties trading at a steep discount.



Andy Dutcher, SIOR

Office Specialist
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COLUMBUS INDUSTRIAL OVERVIEW

Vacancy Rate

↑ **5.0%**

End of Q1

Positive Absorption

+ **1.9M**

SF End of Q1

Rental Rate

↑ **\$7.67**

Per SF End of Q1

Under Construction

15.7MSF

Currently

Vacancy moved sharply higher in Columbus over the past three quarters, sitting at 5.0% today compared to just 2.5% one year ago. This upward trajectory will continue heading into 2023 as record-level deliveries easily outpace demand.



“Even with a slower start to 2023 than the previous four quarters, there are many reasons to keep a positive outlook on the Columbus industrial market. Key infrastructure, access to talent, and historic investments from companies like Intel and Honda will help support job growth and industrial demand in the coming quarters.”



Blake DeCrane

Industrial Specialist

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- Vacancy Rate continues to climb as record-level deliveries outpace current demand.
- Market leasing activity has slowed down in comparison to the record level post pandemic highs.
- Rental rates continue to climb but at a slower pace than the previous few quarters.
- Development pipeline sits near all-time highs, but construction starts have been declining amid current economic conditions and rising interest rates.
- With the cost of debt on the rise, disconnect between buyer and seller expectation on property valuation will likely impact transaction volume in 2023.

Source: CoStar Group

COLUMBUS RETAIL OVERVIEW

Vacancy Rate

↔ **3.6%**

End of Q1

Positive Absorption

+ **68k**

SF End of Q1

12 Mo Rent Growth

+ **7.5%**

12 Mo. Deliveries

733k

SF

In Columbus, the number of bankruptcies and store closures usually follows what's happening across the country. In 2022, demand improved from the prior year pace. Net absorption has moderated a bit year to date, but still totals 940,000 on a 12-month basis. Vacancy has returned to 2019 levels, now sitting at 3.6%.

“Buoyed by central Ohio employment levels that now exceed pre-pandemic levels, local consumers continue to support retailers, resulting in low vacancy and healthy rent growth of 7.5%, year over year.”

- Central Ohio retail rents continue to lead the state, averaging about 20% higher than peer markets Cleveland and Cincinnati, but are still relatively affordable with rates at about 75% of the national average.
- Leasing activity slowed with 230,000 square feet leased in the first quarter of 2023.
- New mixed use developments are delivering the bulk of new retail space to the local market



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