



# COLUMBUS

## 2022 Q2 MARKET TRENDS

**NA** Ohio Equities

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# COLUMBUS OFFICE OVERVIEW

Direct Vacancy Rate

↑ **9.6%**

End of Q2

Negative Absorption

– **19k**

SF End of Q2

Sublease Rate

**3.0%**

End of Q2

12 Month Rent Growth

↑ **1.1%**

Year Over Year

Activity in the Columbus Office Market has just about stabilized thus far in 2022, after recovering from nearly 1,700,000 SF coming on the market during the pandemic. Pent-up demand is playing a large role as tenants re-enter the market after postponing decisions for the last 24 months. Rent growth remains strong throughout the suburbs, especially in Class A and new construction.

“Despite the national headlines, Columbus remains a strong office market, especially in the Class A and new construction sector. Home grown technology and bio-medical firms are leading the way, along with financial services and all suppliers supporting the Intel expansion in New Albany.”

- Direct vacancy rate is up slightly to 9.6% this quarter due in part to construction deliveries.
- Absorption was slightly negative at nearly 20,000 SF during the second quarter, but the outlook for Q3 22 is strong.
- The sublease rate continues to drop as space is leased or hits natural expiration.
- Rents continue to climb and are up 1.1% year over year, a trend which will only continue in upcoming quarters.



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Office Specialist

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# COLUMBUS INDUSTRIAL OVERVIEW

Vacancy Rate

↓ **3.2%**

End of Q2

Positive Absorption

**364k**

SF End of Q2

Rental Rate

↑ **\$6.90**

Per SF End of Q2

Under Construction

**23.9MSF**

Currently

New Albany remains one of the hottest markets in Central Ohio. Pharmavite announced its plans for a \$200 million investment creating 225 new jobs and a 200,000-250,000-square-foot facility. AmplifyBio, an offshoot of Batelle, recently leased 354,000 SF from Scannell. In anticipation of the Chips Act passing, Intel has broken ground on its new chip manufacturing plant.

“Construction costs will continue to rise, putting pressure on rent growth. Deliveries in the second half of 2022 will relieve some pressure on e-commerce and larger tenants.”

- Approximately 14 million SF of speculative space are currently under construction with another 15 million SF planned.
- Rising construction costs are starting to cause concerns for planned development.
- 97% of the total speculative space under construction are buildings over 200,000 SF. The market for users 100,000 SF or less will remain tight even with the upcoming deliveries.
- Due to the lack of inventory, overall activity has been down for the quarter.
- Sales remain stagnant, as interest rates rise and product has dwindled down to a minimum.



**Matt Osowski**

Industrial Specialist

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# COLUMBUS RETAIL OVERVIEW

Vacancy Rate

↓ **3.8%**

End of Q2

Positive Absorption

+ **217k**

SF End of Q2

12 Mo Rent Growth

+ **4.0%**

12 Mo. Deliveries

**552k**

SF

In Columbus, retail staged a recovery in 2021 and that trend is continuing into 2022, with vacancy remaining below 4% and rent growth for the past 12 months climbing to 4%. Leasing demand totaled 1.8 million SF in 2021 and remains strong as of Q2 22 at 550,000 SF year to date.

“Locally, the retail sector is following national trends with almost 1 million SF absorbed last year. Retail vacancy and rental growth have returned to pre-pandemic levels, and on the sale side, the Columbus market continues to be attractive to investors with sales price per square foot well below the national average: \$150/SF compared to almost \$240/SF.”

- Leasing activity has returned to pre-pandemic levels with more than 550,000 SF year to date.
- The strip center segment has seen the most dramatic improvement in vacancy this past year and now sits at 3.1%.
- Nearly 1 million SF of new construction is underway as of Q2 22.
- The top leases signed continue to be dominated by discount-oriented retailers.



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