



NAI Ohio Equities

4Q'16

Columbus Market Report

Table of Contents

- 01 Office Market Report**
- 02 Retail Market Report**
- 03 Industrial Market Report**
- 05 About Us**
- 06 Our Team**

With the exception of retail, all sectors of the Columbus Region commercial real estate market continue to favor landlords.

The industrial sector absorbed almost 4 million square feet the last 3 months of 2016, allowing landlords to continue to push up rental rates. Bullish developers are reacting with 2.7 million square feet of space under construction, much of which is speculative.

The office sector is performing in a similar fashion with 250,000 square feet of net absorption, and landlords benefiting with slightly higher rates and fewer concessions. Class B occupancy continues to lag class A, translating into attractive deals for tenants who don't mind occupying older buildings.

The retail sector continues to confound landlords as change seems to be the only constant. Among the brands recently announcing both national and local store closings were Giant Eagle, Macy's, The Andersons and The Limited. Even so called "category killer" Target Corporation is expected to open less than a handful of stores nationwide in 2017.

Whether you are a landlord or a tenant, NAI Ohio Equities has the market intelligence to help you navigate whatever 2017 has in store.

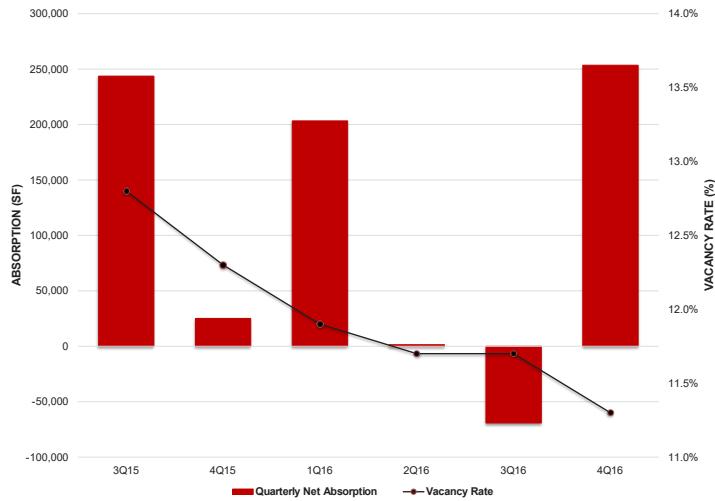
Sincerely,

Michael Simpson, President
NAI Ohio Equities
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Thank you to Xceligent for the provided data throughout the report.

MARKET REPORT Office

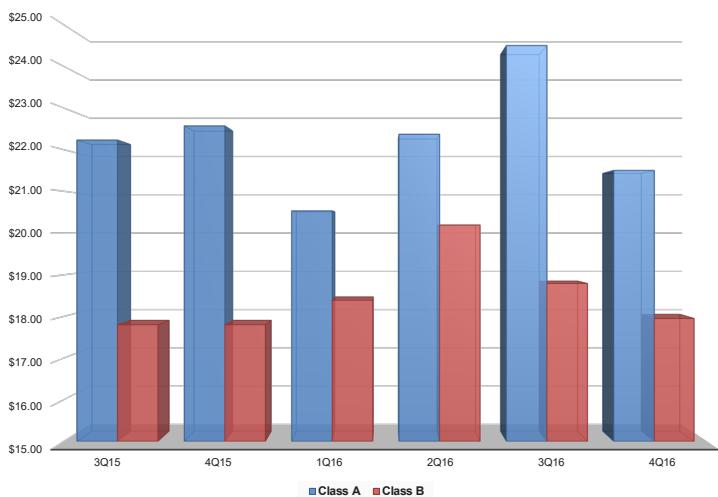
Quarterly Absorption and Vacancy



3Q16 vs. 4Q16



Historic Rental Rates



3Q16 vs. 4Q16



"Demand remains strong as significant absorption pushes vacancy rates down further."

- During the fourth quarter of 2016, the Columbus office market reported positive absorption of 253,519 SF
- At 11.3%, the regional vacancy rate continues to improve from the reported rate of 12.2% during fourth quarter 2015
- The East submarket observed the highest level of positive net absorption totaling 91,893 SF
- Currently, there is over 400,000 SF in the development pipeline under construction during the fourth quarter of 2016



Philip Bird
Office Specialist
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OVERALL MARKET

| Building Class | # of Blds | Inventory (SF) | Total Vacant (SF) | Sublease Available (SF) | Total Vacancy Rate | Qtrly Net Absorption (SF) |
|----------------|-----------|----------------|-------------------|-------------------------|--------------------|---------------------------|
| A | 98 | 13,963,428 | 1,340,396 | 181,429 | 9.6% | 92,871 |
| B | 230 | 18,097,144 | 2,288,568 | 166,033 | 12.6% | 160,648 |
| Grand Total | 328 | 32,060,572 | 3,628,964 | 347,462 | 11.3% | 253,519 |

CENTRAL BUSINESS DISTRICT MARKET

| Building Class | # of Blds | Inventory (SF) | Total Vacant (SF) | Sublease Available (SF) | Total Vacancy Rate | Qtrly Net Absorption (SF) |
|----------------|-----------|----------------|-------------------|-------------------------|--------------------|---------------------------|
| A | 21 | 4,299,148 | 463,402 | 6,452 | 10.8% | 30,945 |
| B | 52 | 6,723,368 | 859,928 | 1,190 | 12.8% | 27,922 |
| Grand Total | 73 | 11,022,516 | 1,323,330 | 7,642 | 12.0% | 58,867 |

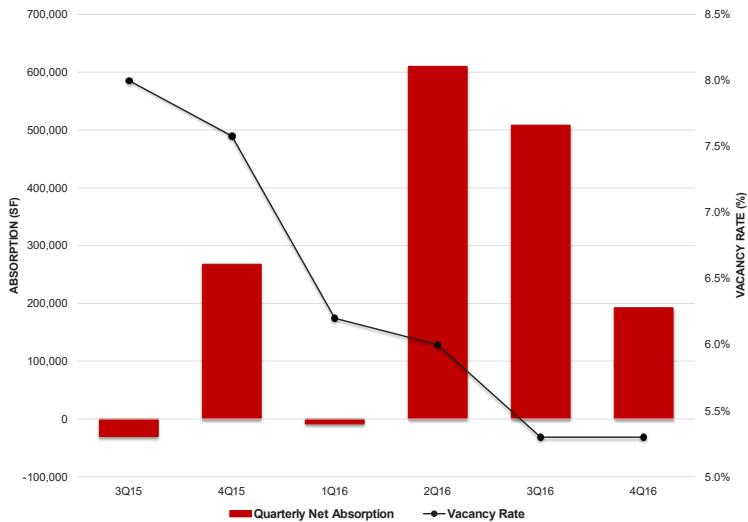
SUBURBAN MARKETS

| Building Class | # of Blds | Inventory (SF) | Total Vacant (SF) | Sublease Available (SF) | Total Vacancy Rate | Qtrly Net Absorption (SF) |
|----------------|-----------|----------------|-------------------|-------------------------|--------------------|---------------------------|
| A | 77 | 9,664,280 | 876,994 | 174,977 | 9.1% | 61,926 |
| B | 178 | 11,373,776 | 1,428,640 | 164,843 | 12.6% | 132,726 |
| Grand Total | 255 | 21,038,056 | 2,305,634 | 339,820 | 11.0% | 194,652 |

MARKET REPORT

Retail

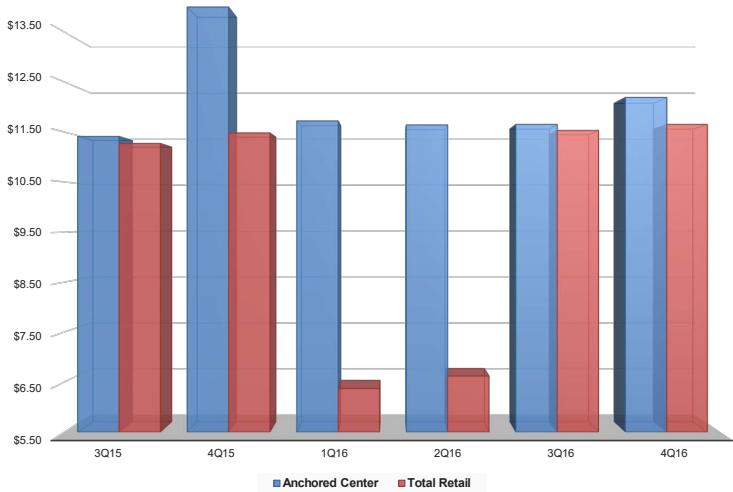
Quarterly Absorption and Vacancy



3Q16 vs. 4Q16



Historic Rental Rates



3Q16 vs. 4Q16



"Although retail vacancy rates have been on a steady decline over the last two years, the recent news of Giant Eagle, The Andersons, Macy's, Sears, Kmart and The Limited announcing the closing of some or all locations has the retail market a little rattled."

- The Columbus regional retail market experienced positive net absorption totaling 192,612 SF during the fourth quarter of 2016.
- At 5.3%, the fourth quarter vacancy rate has slightly declined from 5.6% during the fourth quarter of 2015.
- The Columbus regional retail market has over 700,000 SF under construction during the fourth quarter of 2016.
- The North-Northeast submarket absorbed the highest levels of net demand totaling 101,442 SF during the fourth quarter of 2016.



Anthony Maronitis

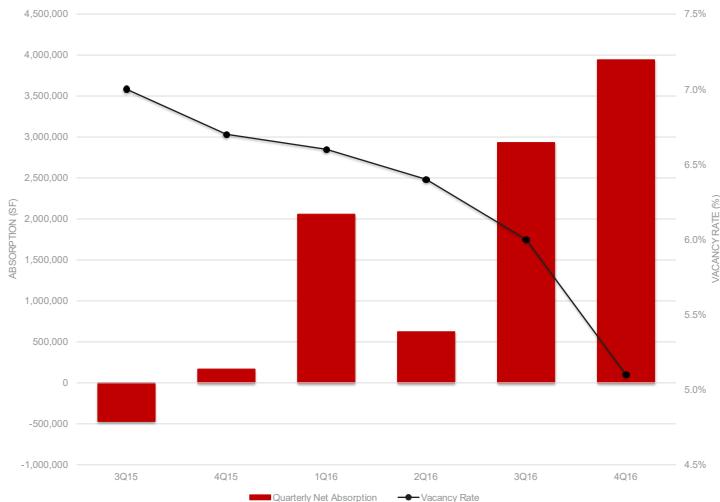
Retail Specialist

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| Submarket | # of Bldgs | Inventory (SF) | Total Vacant (SF) | Sublease Vacant (SF) | Vacancy Rate (%) | Qtrly Net Absorption (SF) |
|-----------------------|-------------|-------------------|-------------------|----------------------|------------------|---------------------------|
| North-Northeast | 436 | 26,386,073 | 998,498 | 24,592 | 3.80% | 101,442 |
| Freestanding | 119 | 5,218,274 | 90,503 | 14,992 | 1.70% | 96,828 |
| Neighborhood Ctr | 61 | 3,892,333 | 100,334 | - | 2.60% | 30,725 |
| Conv/Strip Ctr | 217 | 7,405,454 | 491,323 | 9,600 | 6.60% | -56,041 |
| Community Ctr | 23 | 3,833,034 | 64,981 | - | 1.70% | 6,000 |
| Regional Ctr | 1 | 1,487,556 | - | - | 0.00% | - |
| Northwest | 306 | 18,704,443 | 807,231 | 5,185 | 4.30% | -34,905 |
| Freestanding | 96 | 4,960,181 | 164,934 | - | 3.30% | -45,138 |
| Neighborhood Ctr | 43 | 2,428,991 | 85,798 | 5,185 | 3.50% | -4,195 |
| Conv/Strip Ctr | 128 | 4,610,980 | 201,250 | - | 4.40% | 15,705 |
| Community Ctr | 18 | 1,396,350 | 47,934 | - | 3.40% | 263 |
| Regional Ctr | 1 | 974,000 | - | - | 0.00% | - |
| Southeast | 268 | 14,010,622 | 1,224,686 | - | 8.70% | -27,807 |
| Freestanding | 93 | 3,678,468 | 225,235 | - | 6.10% | -13,501 |
| Neighborhood Ctr | 41 | 3,037,742 | 300,387 | - | 9.90% | -1,500 |
| Conv/Strip Ctr | 119 | 4,067,790 | 477,475 | - | 11.70% | -11,306 |
| Community Ctr | 7 | 601,765 | 62,690 | - | 10.40% | -1,500 |
| Regional Ctr | 1 | 800,000 | - | - | 0.00% | - |
| Southwest | 105 | 6,700,495 | 383,912 | - | 5.70% | 6,042 |
| Freestanding | 40 | 1,636,897 | 50,092 | - | 3.10% | - |
| Neighborhood Ctr | 17 | 919,840 | 75,587 | - | 8.20% | 3,605 |
| Conv/Strip Ctr | 39 | 1,346,487 | 37,275 | - | 2.80% | 14 |
| Community Ctr | 4 | 722,138 | 29,788 | - | 4.10% | 4,000 |
| Power Ctr | 5 | 2,075,133 | 191,170 | - | 9.20% | -1,577 |
| Central | 51 | 1,187,880 | 8,240 | - | 0.70% | 9,300 |
| Freestanding | 27 | 673,713 | 1,640 | - | 0.20% | - |
| Neighborhood Ctr | 2 | 134,369 | 6,600 | - | 4.90% | 900 |
| Conv/Strip Ctr | 19 | 311,820 | - | - | 0.00% | - |
| Mixed Use | 3 | 67,978 | - | - | 0.00% | 8,400 |
| Outlying Areas | 312 | 15,045,339 | 927,179 | 5,376 | 6.16% | 138,540 |
| Grand Total | 1480 | 82,034,852 | 4,349,746 | 35,153 | 5.30% | 192,612 |

MARKET REPORT Industrial

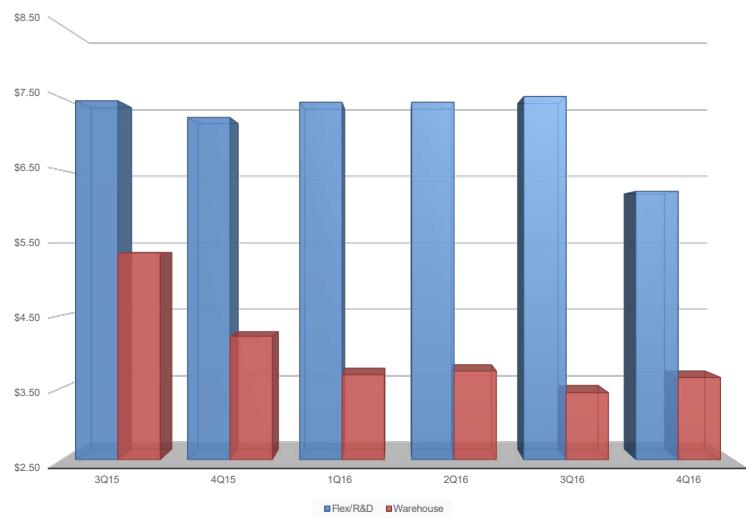
Quarterly Absorption and Vacancy



3Q16 vs. 4Q16



Historic Rental Rates



3Q16 vs. 4Q16



"At a vacancy rate of 5.1% the industrial market is as tight as I have seen. As a result, lease rates and absorption are at all time highs."

- The Columbus industrial regional market absorbed 3,941,350 SF during the fourth quarter of 2016, resulting in a 0.7% improvement in the regional vacancy rate during the quarter
- At 5.1%, the 4Q 2016 regional total vacancy rate declined from 6.6% rate reported during the 4Q 2015. The highest levels of vacancy were reported in Southeast, Pickaway, and Licking submarkets.
- The Columbus industrial regional market has over 2.7M SF under construction during 4Q 2016. A majority of the construction can be found in Pickaway, West, and Southwest submarkets
- The Southeast submarket absorbed the highest levels of positive net absorption during the fourth quarter, totaling 2,272,866 SF. The deliver of the West-Ward Pharmaceuticals building contributed 275,869 SF and signed leases from DHL, Staples and 3PL for Hancock Tire, contributed over 1M to the positive net absorption



Curt Berlin
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 | 691 | 26,358,459 | 1,051,610 | 3.99% | -26,106 |
| Light Industrial | 1,243 | 47,468,869 | 652,530 | 1.37% | 203,630 |
| Manufacturing | 294 | 36,669,360 | 598,033 | 1.63% | 826,975 |
| Bulk Warehouse | 260 | 74,435,817 | 4,094,026 | 5.50% | 978,848 |
| Warehouse | 568 | 26,876,034 | 1,379,668 | 5.13% | 149,712 |
| Investment Grade | 120 | 56,546,921 | 2,789,954 | 4.93% | 1,820,051 |
| Truck Terminal | 68 | 2,665,455 | 54,986 | 2.06% | -11,760 |
| Grand Total | 3,244 | 271,020,915 | 10,620,807 | 3.9% | 623,025 |
| Submarket | # of Bldgs | Inventory (SF) | Total Available (SF) | Total Vacancy Rate (%) | Qtrly Net Absorption (SF) |
| East | 525 | 30,246,202 | 891,938 | 2.90% | 604,985 |
| West | 594 | 40,505,492 | 1,552,097 | 3.80% | 342,918 |
| Southwest | 262 | 21,537,787 | 804,579 | 3.70% | 484,497 |
| Southeast | 593 | 83,351,012 | 6,746,287 | 8.10% | 2,272,866 |
| CBD | 98 | 3,161,628 | 0 | 0.00% | 0 |
| North | 446 | 21,999,971 | 625,906 | 2.80% | 55,197 |
| Outlying | 726 | 70,218,823 | 3,100,474 | 4.42% | -3,137,438 |
| Grand Total | 3,244 | 271,020,915 | 17,205,799 | 6.3% | 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

39+ Professionals

45+ Years Experience

500+ annual completed transactions

10.5 million+ sf of managed properties

1 team focused on your real estate needs



George "Sandy" Simpson
Chairman



Michael Simpson
President



Kim Benincasa
Investment



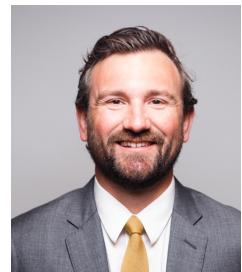
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Mark Francescon
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Matt Gregory
Office & Investment



Chris Howard
Retail



Patrick Larrimer
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Patrick Lyons
Industrial & Investment



John Mally
Retail, Office, Investment



Anthony Maronitis
Retail, Investment



Ryan McGreevy
Industrial & Office



Joe Menninger
Office, Retail & Investment

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Jim Merkel
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Bob Monahan
Church, Office & Retail



Matthew Osowski
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Mike Semon
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Dan Sheeran
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