Columbus

Eventful quarter primes Columbus market for biggest year yet

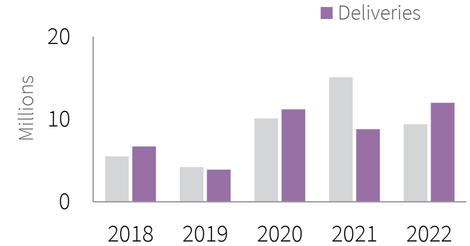
- Of the 12 million s.f. completed in 2022, 8.9 million s.f. is modern bulk product including two 1 million-s.f. completions in Q4
- Total vacancy increased marginally from 2.1% to 3.2% year-over-year despite a record level of new construction
- With a healthy amount of first-generation existing space available, and 17 million s.f. under construction, another record-setting year appears to be on the horizon

Fundamentals	Forecast
YTD net absorption	9,378,346 s.f. ▲
Under construction	17,109,958 s.f. ▶
Total vacancy	3.2% ▲
Sublease vacancy	431,553 s.f. ▶
Direct asking rent	$4.93 p.s.f. ▲
Sublease asking rent	$5.17 p.s.f. ▲
Concessions	Decreasing ▼

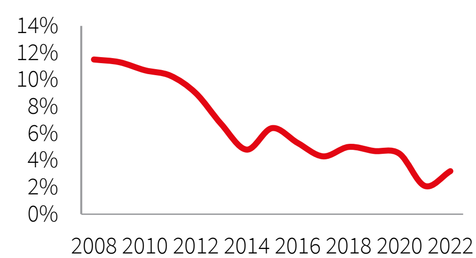
Following a record year of absorption in 2021 at over 15 million s.f., developers responded with 12 million s.f. of new construction in 2022. Just over 5 million s.f. was completed in Q4, including two 1 million-s.f. speculative warehouses. Given the level of demand among large users entering the year, the market was in dire need of new modern bulk product with vacancy at just 2.0% in Q1 2022. Developers are attempting to meet such demand as nearly 75% of warehouse deliveries in 2022 fall within the modern bulk category, which comprises speculative warehouses above 250,000 s.f.

Overall, new construction was 56% leased at delivery. Several major projects in the Southeast submarket delivered 100% pre-leased by occupiers in varying industries, including HanesBrands (1.2 million s.f.), ODW Logistics (582,000 s.f.), and Cardinal Health (575,000 s.f.). Bulk demand has driven developers to concentrate on large, cross-dock warehouses. With 8.9 million s.f. of modern bulk completions in 2022, total inventory is now 57.3 million s.f. and total vacancy is 8.1%. New, vacant inventory provides much needed options for the many bulk users scouring the market for warehouse space.

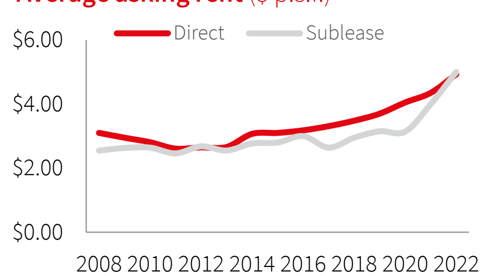
Supply and demand (s.f.)



Total vacancy (%)



Average asking rent ($ p.s.f.)



Outlook

At the start of 2021, modern bulk vacancy was just below 8% following a record year of new completions, only to fall to 2.5% by the end of the year. The same level of demand is expected in 2023, except construction is finally keeping pace. The modern bulk construction pipeline is 12.9 million s.f., all of which is scheduled to deliver in 2023. While the market is finally in a comfortable position with respect to modern bulk supply and demand, small to midsize demand continues to outweigh new supply. However, developers have taken note with nine speculative projects between 100,000 s.f. and 250,000 s.f. breaking ground in Q4. With 17 million s.f. expected to deliver in 2023, and a healthy amount of new product available to start the year, another record-setting year for supply and demand appears to be on the horizon.

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JLL Research Report

Industrial Statistics

	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total availability (%)	Average total asking rent ($ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
Columbus total										
Warehouse & Distribution	235,777,734	2,130,630	8,448,829	3.6%	3.4%	9.5%	$4.93	5,106,062	12,088,638	17,109,958
Manufacturing	35,371,433	-26,697	929,517	2.6%	1.7%	1.1%	$4.87	0	0	0
Overall Total	**271,149,167**	**2,103,933**	**9,378,346**	**3.5%**	**3.2%**	**8.5%**	**$4.93**	**5,106,062**	**12,088,638**	**17,109,958**
Central										
Warehouse & Distribution	1,716,938	0	0	0.0%	0.0%	0.0%	$0.00	0	0	0
Manufacturing	573,948	0	0	0.0%	0.0%	0.0%	$0.00	0	0	0
Overall Total	**2,290,886**	**0**	**0**	**0.0%**	**0.0%**	**0.0%**	**$0.00**	**0**	**0**	**0**
East										
Warehouse & Distribution	19,469,742	38,500	226,070	1.2%	3.3%	7.5%	$4.74	144,000	144,000	690,150
Manufacturing	3,566,879	0	-431	0.0%	3.0%	3.0%	$0.00	0	0	0
Overall Total	**23,036,621**	**38,500**	**225,639**	**1.0%**	**3.3%**	**6.8%**	**$4.74**	**144,000**	**144,000**	**690,150**
Licking County										
Warehouse & Distribution	280,496	0	30,000	10.7%	0.0%	0.0%	$0.00	0	30,000	0
Overall Total	**280,496**	**0**	**30,000**	**10.7%**	**0.0%**	**0.0%**	**$0.00**	**0**	**30,000**	**0**
North										
Warehouse & Distribution	12,637,330	3,450	245,539	1.9%	1.3%	1.5%	$6.02	0	0	0
Manufacturing	1,075,041	0	0	0.0%	0.0%	0.0%	$0.00	0	0	0
Overall Total	**13,712,371**	**3,450**	**245,539**	**1.8%**	**1.2%**	**1.4%**	**$6.02**	**0**	**0**	**0**
Southeast										
Warehouse & Distribution	93,996,706	1,279,020	3,461,391	3.7%	3.5%	9.9%	$4.88	3,114,296	5,984,310	6,797,254
Manufacturing	7,772,572	-2,513	95,087	1.2%	5.0%	2.1%	$3.75	0	0	0
Overall Total	**101,769,278**	**1,276,507**	**3,556,478**	**3.5%**	**3.6%**	**9.3%**	**$4.87**	**3,114,296**	**5,984,310**	**6,797,254**
Southwest										
Warehouse & Distribution	19,274,751	298,612	56,193	0.3%	2.7%	4.5%	$4.56	208,241	208,241	332,515
Manufacturing	1,137,523	-13,784	414,003	36.4%	1.2%	1.2%	$0.00	0	0	0
Overall Total	**20,412,274**	**284,828**	**470,196**	**2.3%**	**2.6%**	**4.3%**	**$4.56**	**208,241**	**208,241**	**332,515**
West										
Warehouse & Distribution	31,658,532	-15,840	150,042	0.5%	1.3%	2.4%	$5.75	0	0	938,329
Manufacturing	2,293,888	-10,400	229,143	10.0%	3.1%	3.3%	$6.34	0	0	0
Overall Total	**33,952,420**	**-26,240**	**379,185**	**1.1%**	**1.4%**	**2.4%**	**$5.86**	**0**	**0**	**938,329**
Outlying total										
Warehouse & Distribution	56,743,239	526,888	4,279,594	7.5%	5.4%	16.6%	$4.96	1,639,525	5,722,087	8,351,710
Manufacturing	18,951,582	0	191,715	1.0%	0.1%	0.1%	$4.50	0	0	0
Overall Total	**75,694,821**	**526,888**	**4,471,309**	**5.9%**	**4.1%**	**12.8%**	**$4.96**	**1,639,525**	**5,722,087**	**8,351,710**
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Overall Total	**75,694,821**	**526,888**	**4,471,309**	**5.9%**	**4.1%**	**12.8%**	**$4.96**	**1,639,525**	**5,722,087**	**8,351,710**