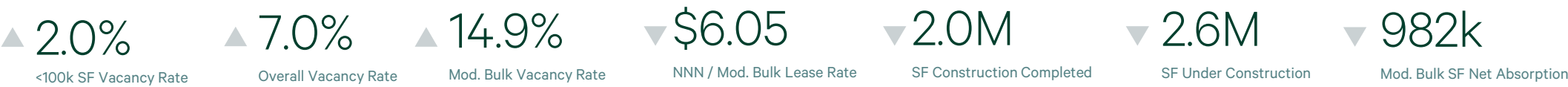


FIGURES | COLUMBUS INDUSTRIAL | Q3 2024

# Speculative completions increase vacancy rate by 60 basis points



Note: Arrows indicate change from previous quarter.

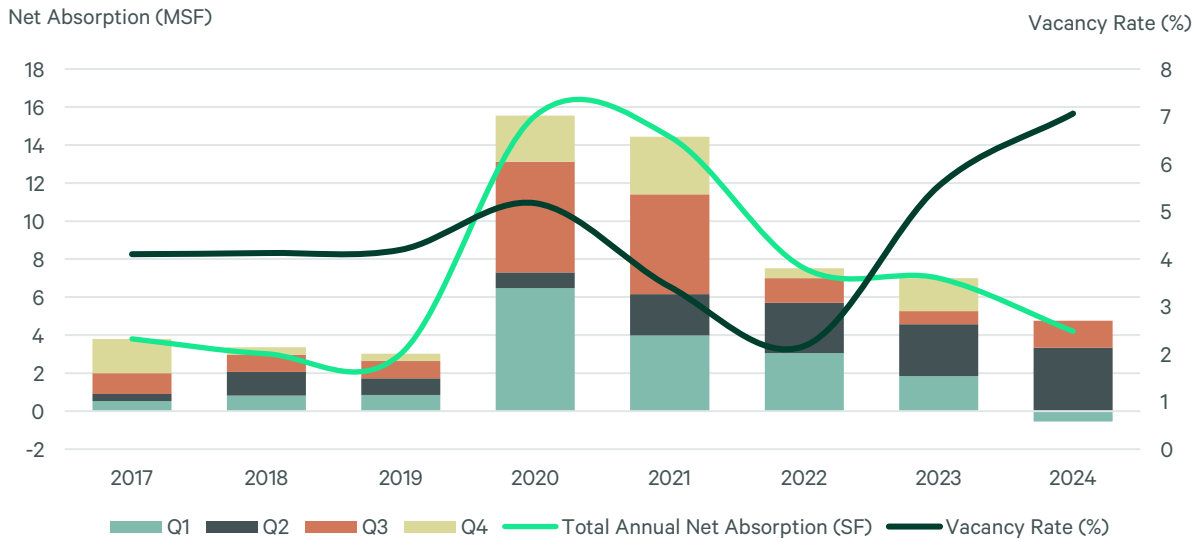
## SUMMARY

- The vacancy rate for properties under 100K sq. ft. increased 50 basis points to 2.0%.
- The overall market vacancy rate increased 10 basis points to 7.0%.
- The vacancy rate for modern bulk spaces increased by 40 basis points, now standing at 14.9%.
- Speculative completions increased the total market vacancy rate by 60 basis points and the modern bulk vacancy rate by 160 basis points.
- New leases accounted for 71% of lease transaction volume, with 1.9 million sq. ft. of future absorption.

Construction activity decreased this quarter with four developments finalizing, adding 2.0 million sq. ft. to the market. Construction completions decreased 22.0% quarter-over-quarter and 50.4% year-over-year.

Nine projects throughout the Columbus market are in the pipeline with 45% concentrated in the Licking County submarket and 15% concentrated in the Southeast. Two projects broke ground this quarter. Construction starts are down 63.5% quarter-over-quarter.

FIGURE 1: Columbus Net Absorption and Vacancy Rate



Source: CBRE Research, Q3 2024

## Leasing Velocity and Absorption

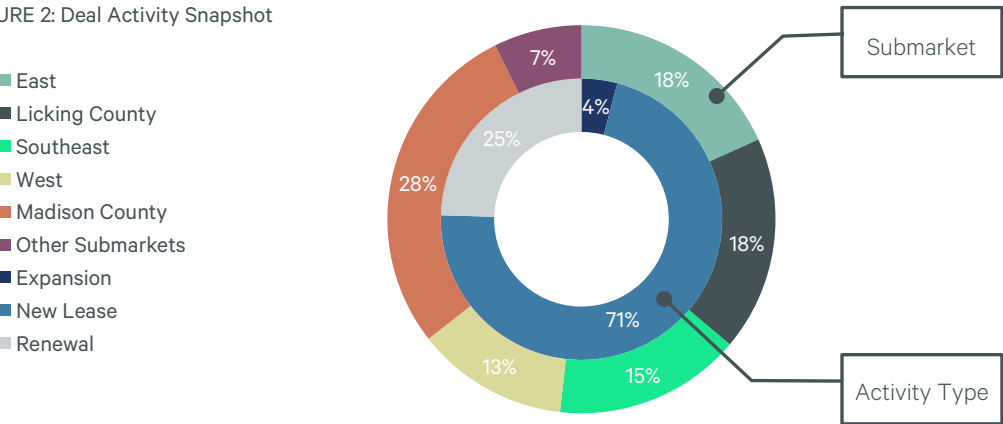
Lease transaction volume is down 11.7% from Q2, with 4.7 million sq. ft. of industrial product leased. In contrast, lease transaction volume is up 59.3% year-over-year.

New lease transaction volume accounted for 71%, or 3.5 million sq. ft., of total lease volume, signaling continued demand for new space. Renewals account for 25%, or 1.2 million sq. ft. leased (Figure 2). Around 28% of the quarter's leasing activity occurred in the Madison County submarket (Figure 2).

New construction is being leased, with Building A at Canal Pointe Industrial Park, Building 1 at Silicon Heartland Innovation Park, Building D at the Cubes at Etna 70, and 885 Stelzer Rd all fully leased. Additionally, 1050 Gateway Drive is 82% leased.

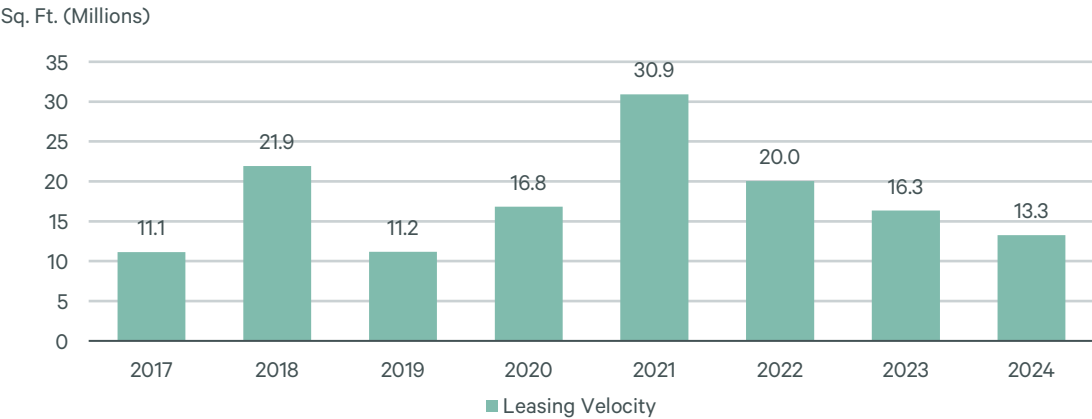
Columbus experienced a decrease in absorption this quarter, but there is nearly 1.9 million sq. ft. of absorption in the pipeline. The most significant move-in of the quarter was a confidential tenant occupying Building A at the Canal Pointe Industrial Park. There was only one move out over 100K sq. ft. this quarter. Amcor Rigid Plastics vacated 119K sq. ft. at 444 McCormick Blvd, which Dismas leased and is occupying next quarter.

FIGURE 2: Deal Activity Snapshot



Source: CBRE Research Q3 2024

FIGURE 3: Leasing Velocity (Renewals and New Leases)



Source: CBRE Research Q3 2024

FIGURE 4: Key Transactions

Transaction Type	Size (Sq. Ft)	Tenant	Address / Property Name	Market Area
Renewal	743,600	TORRID	150 Enterprise Pkwy	Madison County
New Lease	611,750	Confidential Tenant	1050 Gateway Drive	Madison County
New Lease	448,091	Vantage Data Centers	Silicon Heartland Innovation Park Building 1	Licking County
New Lease	383,000	Vista Packaging	1120-1122 Morrison Rd	East
Renewal	253,237	Kamps	4300 Janitrol Rd	West
New Lease	250,020	Confidential Tenant	The Cubes at Etna 70 Building D	Licking County
New Lease	225,504	Restaurant Equipppers	5820 Opus Dr	Southeast
New Lease	215,016	RPM Developments	2300-2340 Mcgaw Rd	Southeast
New Lease	207,740	Confidential Tenant	885 Stelzer Rd	East
Expansion	198,946	Confidential Tenant	4545 Fisher Rd	West

Source: CBRE Research Q3 2024

## Construction Activity

Construction activity decreased this quarter with four developments finalizing, adding 2.0 million sq. ft. to the market. Construction completions decreased 22.0% quarter-over-quarter and 50.4% year-over-year. The most significant completion was Red Chip Farms Building B which is in the Licking County submarket. All completions this quarter were speculative, adding 2.0 million sq. ft. to the market. These completions increased the market vacancy rate by 60 basis points.

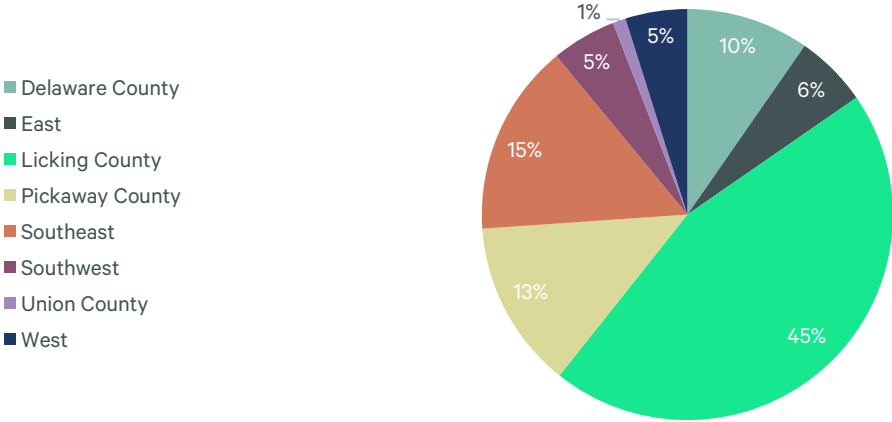
Nine projects throughout the Columbus market are in the pipeline with 45% concentrated in the Licking County submarket and 15% concentrated in the Southeast (Figure 6). Construction starts are down 63.5% quarter-over-quarter. Construction started at 3741 Grove City Rd and Edwards Farms Innovation Center Building 1- collectively adding approximately 216K sq. ft. to the pipeline.

FIGURE 5: Completed Construction

Property Name	NRA	Class	Tenancy Type	BTS/Spec	Submarket
Red Chip Farms Building B	946,400	Class A	Multi Occupancy	Spec	Licking County
4641 Squadron Ave- Bldg 5	773,114	Class A	Multi Occupancy	Spec	Pickaway County
2865 Charter St	179,170	Class A	Multi Occupancy	Spec	West
Edwards Farms Innovation Center- Bldg II	70,800	Class B	Multi Occupancy	Spec	West

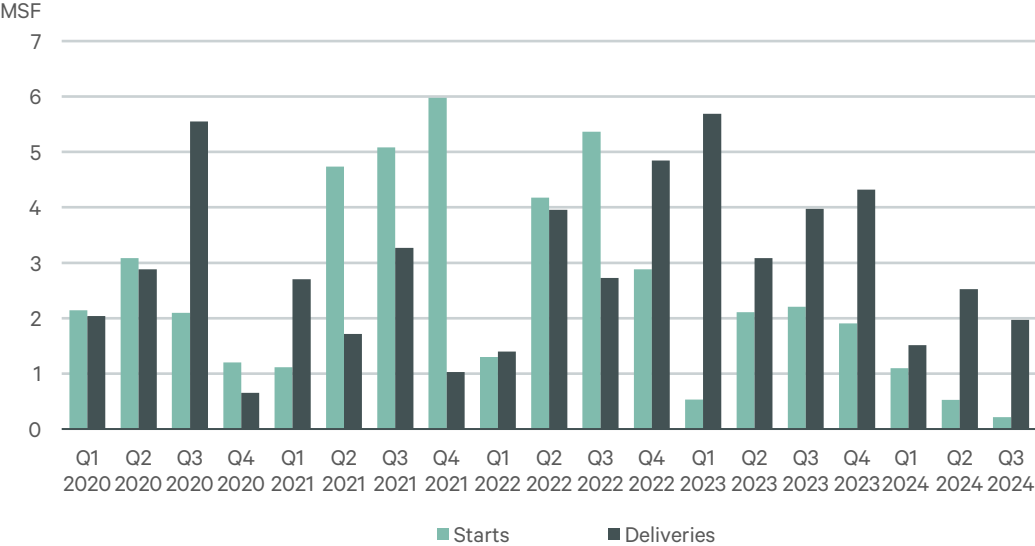
Source: CBRE Research, Q3 2024

FIGURE 6: Current Construction Breakdown (Total Sq. Ft %)



Source: CBRE Research, Q3 2024

FIGURE 7: Construction Starts and Completions (Sq. Ft.)



Source: CBRE Research, Q3 2024

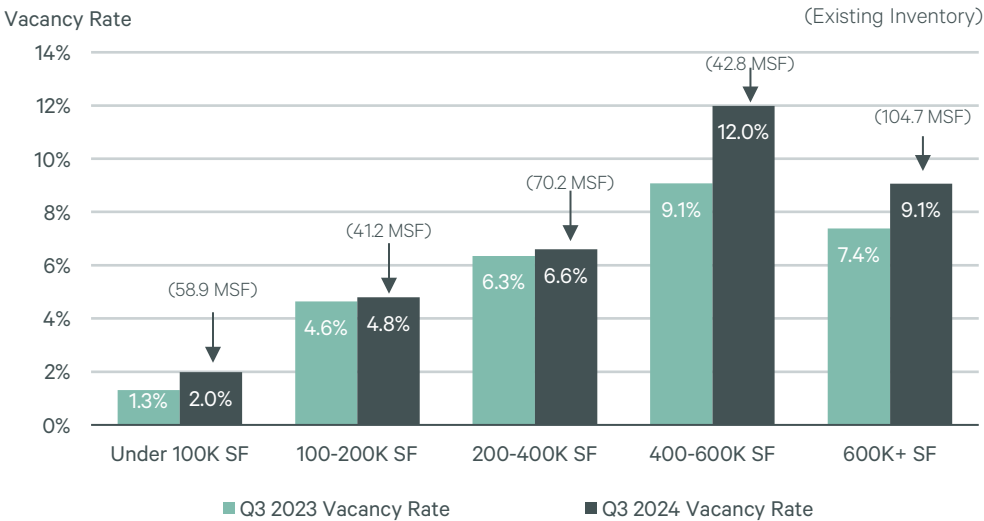
## Vacancy Rate

The overall vacancy rate increased by 10 basis points to reach 7.0%. Similarly, the modern bulk vacancy rate increased by 40 basis points this quarter, reaching 14.9%. The increases in vacancy rates can be attributed to speculative product delivering without pre-leasing.

All size categories experienced year-over-year increases in vacancy rates. An increase in vacant new construction drove up vacancy rates for products between 400K and 600K sq. ft. Industrial product between 100-200K sq. ft. and 200-400K sq. ft. saw the smallest increases, with 20 and 30 basis points, respectively.

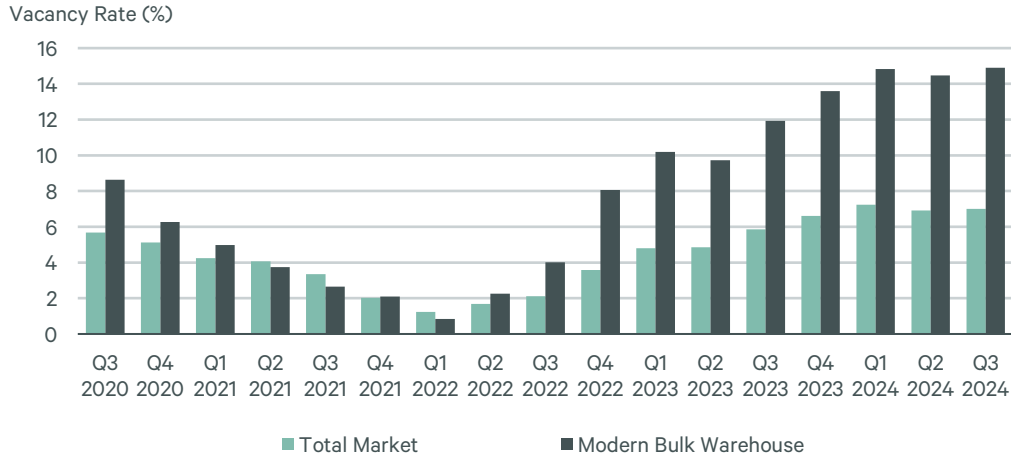
Buildings constructed between 2020 and 2022 experienced the largest year-over-year decrease in vacancy rates. Buildings built since 2023 saw a 30-basis point decrease in vacancy. With decreasing construction starts, vacancy rates in newer construction could continue to decrease over time.

FIGURE 8: Vacancy Rate by Size Segment



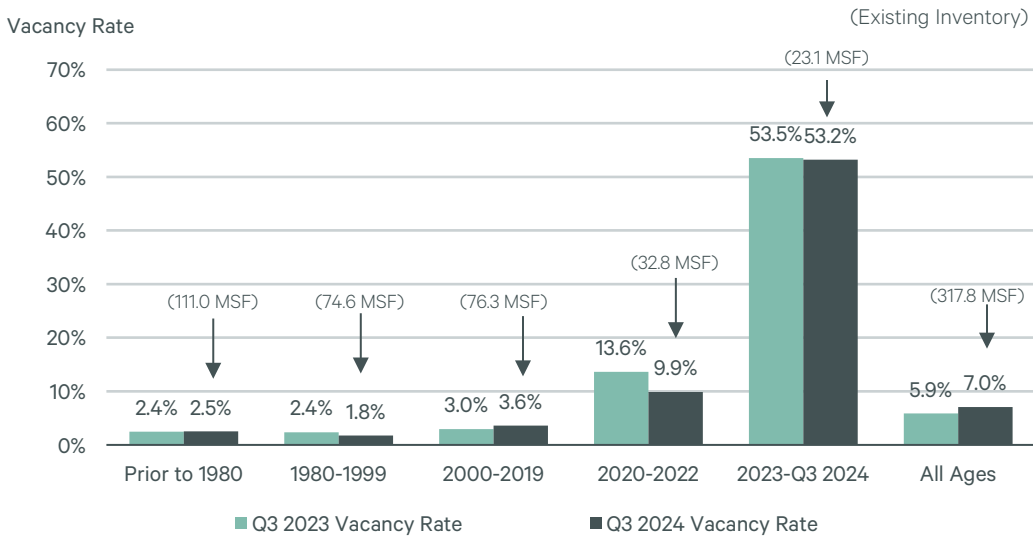
Source: CBRE Research, Q3 2024

FIGURE 9: Overall Market and Modern Bulk Vacancy Rates



Source: CBRE Research, Q3 2024

FIGURE 10: Vacancy Rate by Building Age



Source: CBRE Research, Q3 2024

## National Economic Outlook

Soft landings are rare, but recent data suggest that this outcome for the economy is increasingly likely. Business investment is steady, and consumer distress is confined to a few vulnerable segments. Discretionary spending, such as travel, is generally on a par with last year although many signs indicate the post-pandemic spending boom is over. The key threat to consumption is a downturn in the labor market, although the recent bump in unemployment appears mainly driven by an increase in participation.

One reason for concern is the decline in the share of private industries that are creating jobs. The labor market has slowed but it is not slumping, and companies are not letting workers go at a particularly high rate.

While many are focused on November’s election, the most consequential policy lever has already been pulled via the FOMC’s 50 bps September cut and signaling another 50 by year-end. This easing of financial conditions combined with continued economic growth should support modest hiring and consumption that precedes tighter commercial space market fundamentals. This backdrop will breathe fresh wind into real estate transactions markets and coincides with other signals that cap rates have peaked and may be starting to fall in some sectors.

## Columbus, OH Employment Update

- ▼ 4.0%  
Unemployment Rate
- ▲ 1.0M  
Labor Force
- ▶ 290.6k  
Office Using Jobs
- ▼ 291.9k  
Industrial Using Jobs
- ▼ 142.6k  
Retail Using Jobs

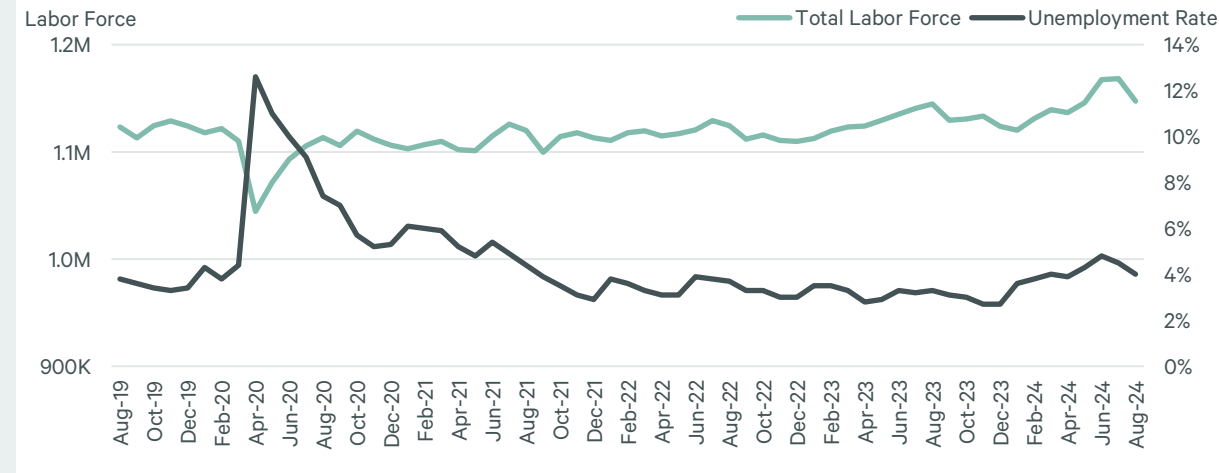
Employment Change by Sector – Yearly + Monthly  
Bars indicate yearly trend, arrows indicate monthly trend



Note: Arrows indicate month-over-month change.

Source: US BLS, August 2024

### Columbus, OH Unemployment Rate and Labor Force Trends



Source: US BLS, August 2024

Market Statistics

FIGURE 11: Total Market Statistics

Market	Market Rentable Area	Under Construction	Construction Completions	Vacant SF Total	Vacancy Rate	Avail Rate	Current Q Net Absorption	YTD Net Absorption	Direct Avg. Asking Rate
Overall Industrial Market by Submarket									
Central	33,392,322	-	-	1,229,734	3.7%	4.3%	(5,584)	(411)	\$7.31
Delaware County	12,580,477	255,947	-	733,895	5.8%	5.8%	21,000	460,415	\$7.26
East	27,835,812	151,000	-	1,072,947	3.9%	2.3%	213,236	458,852	\$6.49
Fairfield County	9,720,279	-	-	1,042,255	10.7%	10.3%	360,531	1,098,380	\$5.26
Licking County	39,965,543	1,200,000	946,400	4,384,007	11.0%	10.7%	328,758	1,034,414	\$5.68
Madison County	20,855,640	-	-	3,317,071	15.9%	13.0%	-	(473,780)	\$5.81
Northeast	13,079,898	-	-	755,914	5.8%	6.8%	(85,962)	(43,384)	\$6.53
Northwest	1,701,677	-	-	61,380	3.6%	3.0%	(29,150)	53,036	\$11.34
Pickaway County	19,060,802	350,000	773,114	2,902,943	15.2%	20.3%	-	(125,000)	\$5.62
Southeast	72,748,098	400,000	-	4,024,138	5.5%	7.7%	472,777	1,457,640	\$6.09
Southwest	18,245,694	135,000	-	1,102,942	6.0%	8.6%	(25,956)	(272,101)	\$6.20
Union County	11,029,947	27,000	-	186,850	1.7%	1.6%	-	329,358	\$9.10
West	37,576,670	129,000	249,970	1,579,547	4.2%	4.9%	157,345	223,871	\$6.93
Total	317,792,859	2,647,947	1,969,484	22,393,623	7.0%	7.8%	1,406,995	4,201,290	\$6.10

FIGURE 12: Market Statistics by Size Range

Market	Market Rentable Area	Under Construction	Construction Completions	Vacant SF Total	Vacancy Rate	Avail Rate	Current Q Net Absorption	YTD Net Absorption	Direct Avg. Asking Rate
Overall Industrial Market by Size Range									
<100,000 SF	60,709,631	156,000	70,800	1,226,040	2.0%	2.7%	(240,040)	(162,554)	\$9.24
100-200,000 SF	40,883,985	286,000	179,170	1,918,573	4.7%	5.9%	(15,425)	451,016	\$7.17
200-400,000 SF	69,189,146	605,947	-	4,633,832	6.7%	7.0%	807,094	1,065,113	\$6.18
400-600,000 SF	44,162,447	400,000	-	5,127,731	11.6%	13.6%	676,200	1,110,469	\$6.05
>600,000 SF	102,847,650	1,200,000	1,719,514	9,487,447	9.2%	9.6%	179,166	1,737,246	\$5.47
Total	317,792,859	2,647,947	1,969,484	22,393,623	7.0%	7.8%	1,406,995	4,201,290	\$6.10

Source: CBRE Research, Q3 2024

Market Statistics

FIGURE 13: Modern Bulk Market Statistics

Market	Market Rentable Area	Under Construction	Construction Completions	Vacant SF Total	Vacancy Rate	Avail Rate	Current Q Net Absorption	YTD Net Absorption	Direct Avg. Asking Rate
Modern Warehouse *(Bulk Warehouses constructed in 1998 or later, and 28' clear or taller)									
Central	1,318,694	-	-	778,515	59.0%	59.0%	31,437	83,807	\$6.63
Delaware County	2,744,948	-	-	146,375	5.3%	5.3%	422,725	422,725	\$7.88
East	3,137,304	151,000	-	542,912	17.3%	8.2%	13,130	238,793	\$6.98
Fairfield County	1,349,954	-	-	524,641	38.9%	34.4%	360,531	360,531	\$6.82
Licking County	21,570,365	1,200,000	946,400	4,261,075	19.8%	17.9%	339,998	785,584	\$5.74
Madison County	17,566,147	-	-	3,317,071	18.9%	15.4%	-	(473,780)	\$5.81
Northeast	2,968,310	-	-	542,737	18.3%	18.3%	-	-	\$5.75
Northwest	148,598	-	-	22,000	14.8%	14.8%	(22,000)	(22,000)	-
Pickaway County	13,211,397	350,000	773,114	2,708,487	20.5%	28.2%	-	(125,000)	\$5.52
Southeast	46,225,290	-	-	3,419,130	7.4%	8.9%	259,224	1,204,807	\$6.42
Southwest	5,934,566	135,000	-	602,362	10.2%	9.8%	-	-	\$6.87
Union County	1,731,208	-	-	122,850	7.1%	7.1%	-	308,358	\$9.25
West	1,582,136	-	-	799,406	50.5%	50.5%	-	-	\$6.26
Total	119,488,917	1,836,000	1,719,514	17,787,561	14.9%	15.2%	982,320	2,783,825	\$6.05

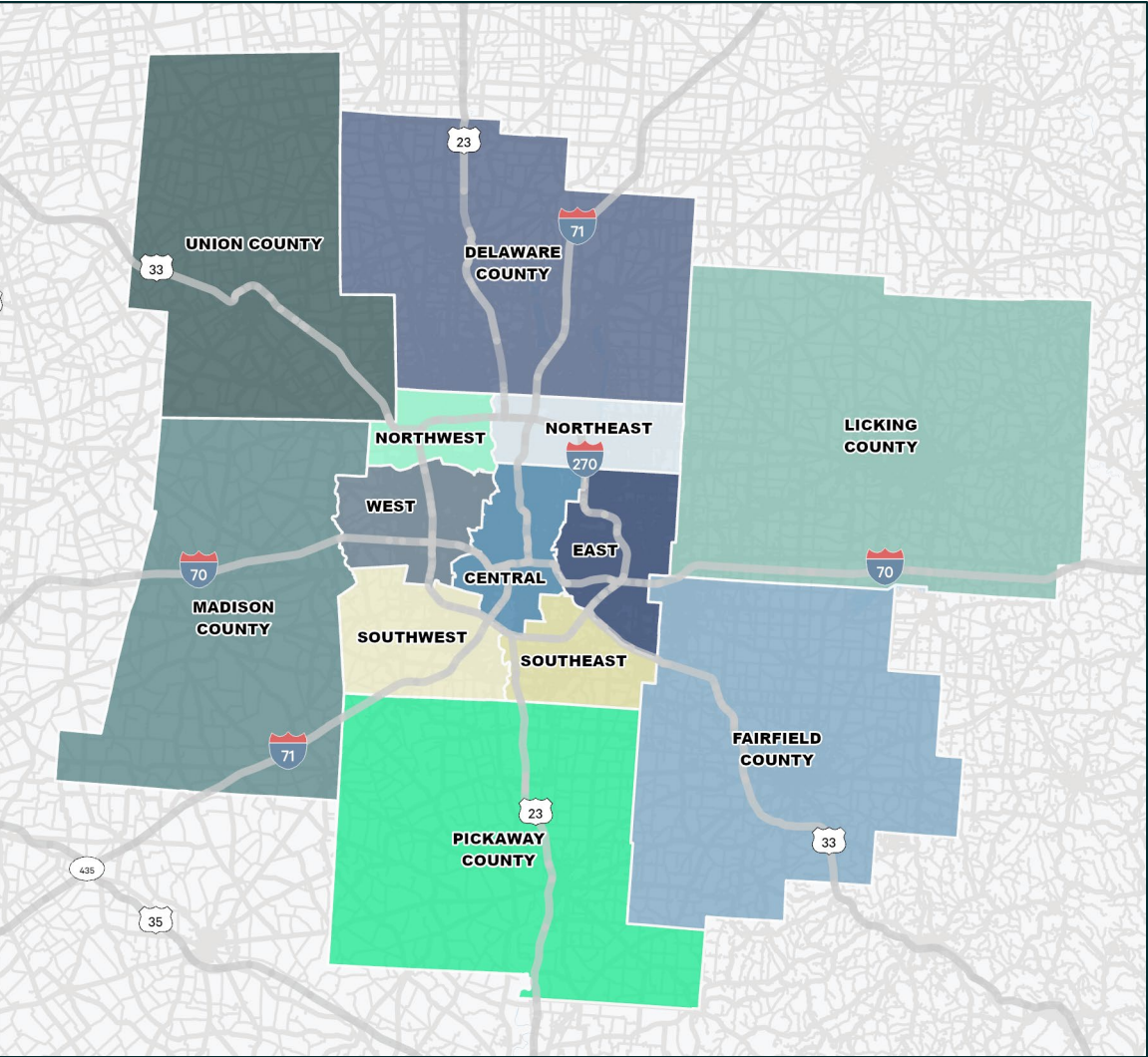
FIGURE 14: Modern Bulk Market Statistics by Size Range

Market	Market Rentable Area	Under Construction	Construction Completions	Vacant SF Total	Vacancy Rate	Availability Rate	Current Q Net Absorption	YTD Net Absorption	Direct Avg. Asking Rate
Modern Bulk Market Statistics by Size Range									
100-200,000 SF	5,325,152	286,000	0	670,805	12.6%	12.6%	43,038	223,081	\$8.63
200-400,000 SF	25,819,156	350,000	-	3,404,116	13.2%	11.7%	262,963	796,332	\$6.92
400-600,000 SF	27,776,774	-	-	4,566,209	16.4%	18.4%	676,200	961,213	\$6.11
>600,000 SF	60,567,835	1,200,000	1,719,514	9,146,431	15.1%	14.9%	119	803,199	\$5.54
Total	119,488,917	1,836,000	1,719,514	17,787,561	14.9%	15.2%	982,320	2,783,825	\$6.05

Source: CBRE Research, Q3 2024



Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant.

Availability Rate: Total Available Sq. Ft. divided by the total building Area.

Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage.

Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building.

Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions.

Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance.

Net Absorption: The change in Occupied Sq. Ft. from one period to the next.

Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate.

Occupied Sq. Ft.: Building Area not considered vacant.

Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area.

Vacant Sq. Ft.: Space that can be occupied within 30 days. Bulk Warehouses are defined as warehouse or distribution facilities that are at least 100,000 sq. ft. Modern Warehouses in addition to Bulk are constructed in 1998 or later, and 28’ clear or taller.

Survey Criteria

Includes all industrial buildings 10,000 sq. ft. and greater in size in Franklin, Pickaway, Licking, and Madison counties. Buildings which have begun construction as evidenced by site excavation or foundation work.

Contacts

Stephanie Morris  
Field Research Analyst  
stephanie.morris@cbre.com

Michael Copella  
Sr. Managing Director  
michael.copella@cbre.com