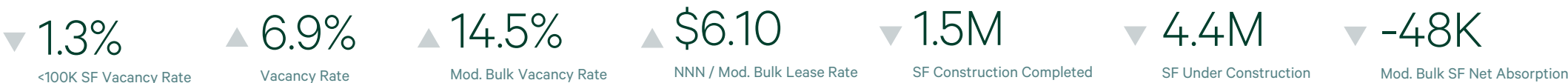


FIGURES | COLUMBUS INDUSTRIAL | Q1 2024

# Renewal transaction volume outpaces new lease activity for second quarter



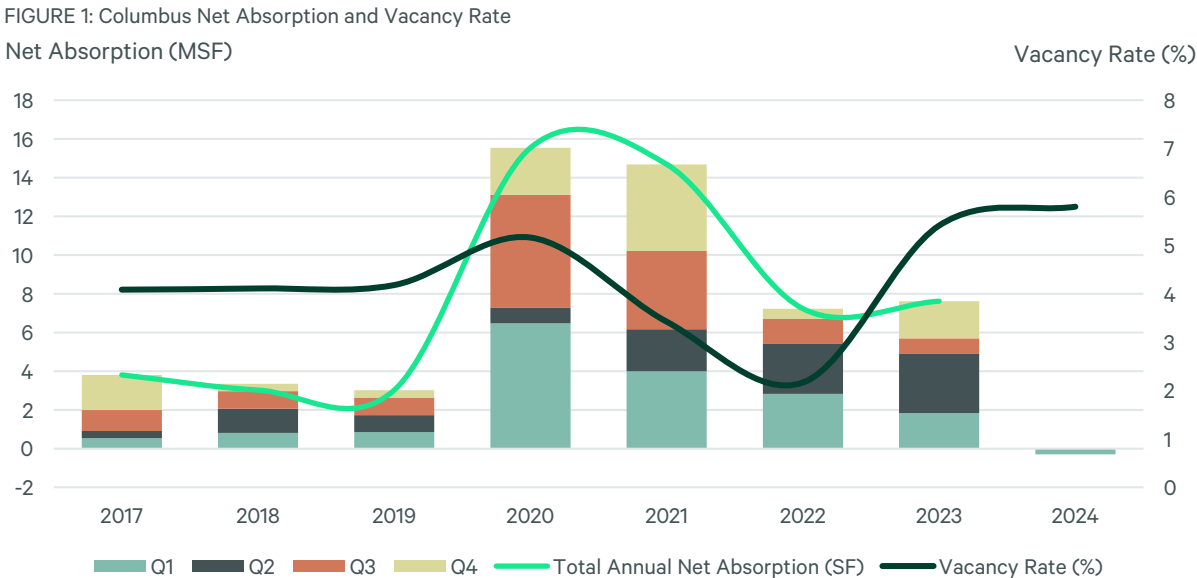
Note: Arrows indicate change from previous quarter.

SUMMARY

- The vacancy rate in properties under 100K sq. ft. is 1.3%.
- Renewals account for 44% of lease transaction volume.
- Lease transaction activity in the less than 200K sq. ft. size range accounts for 47% of total square footage leased in Q1, or 1.5 million sq. ft.
- The modern bulk vacancy rate increased from 13% in Q4 to 14.5% this quarter.
- Modern bulk net absorption decreased to -48K sq. ft. as two users, HomeGoods and Quaker, vacated spaces over 300K sq. ft.
- The average modern bulk asking rate increased to \$6.10.

Six projects delivered this quarter, adding 1.5 million sq. ft. of industrial product to the market. Out of these, five projects were speculative and none of them were fully leased. The only built-to-suit project that finished in Q1 was the Amgen facility in New Albany.

Majority of construction activity is taking place in the Southeast submarket, with 1.7 million sq. ft. of product underway. The Licking County submarket closely follows with 1.2 million sq. ft. of industrial space under construction.



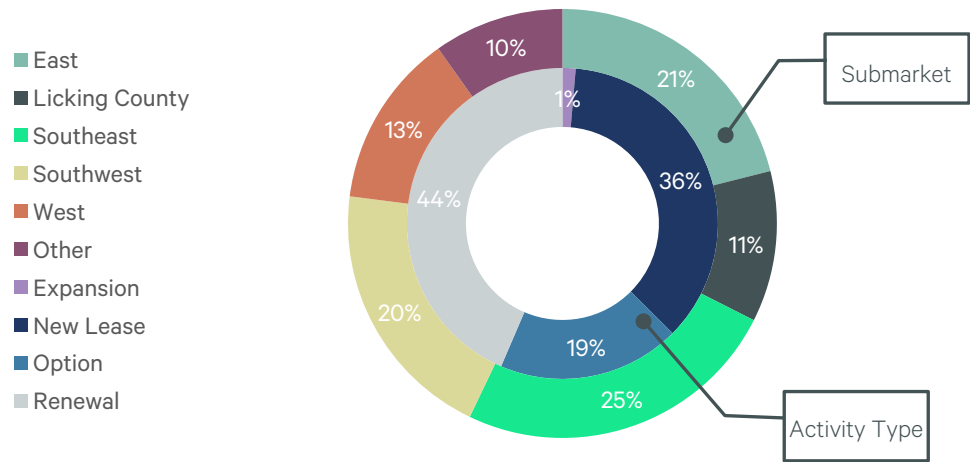
Source: CBRE Research, Q1 2024

## Leasing Velocity and Absorption

3.2 million sq. ft. of industrial product was leased this quarter, compared to 4.6 million sq. ft. in Q4. For the second consecutive quarter, renewal transaction volume outpaces new leasing activity. Renewals account for 44%, or 1.5 million sq. ft. leased in Q1 (Figure 2). Around 45% of the quarter's leasing activity occurred in the Southeast and Southwest submarkets (Figure 2). New construction is being leased out, with Lockbourne West - C/D and Silicon Heartland Building 10 fully leased, and 8200 Smiths Mill Rd 67% leased.

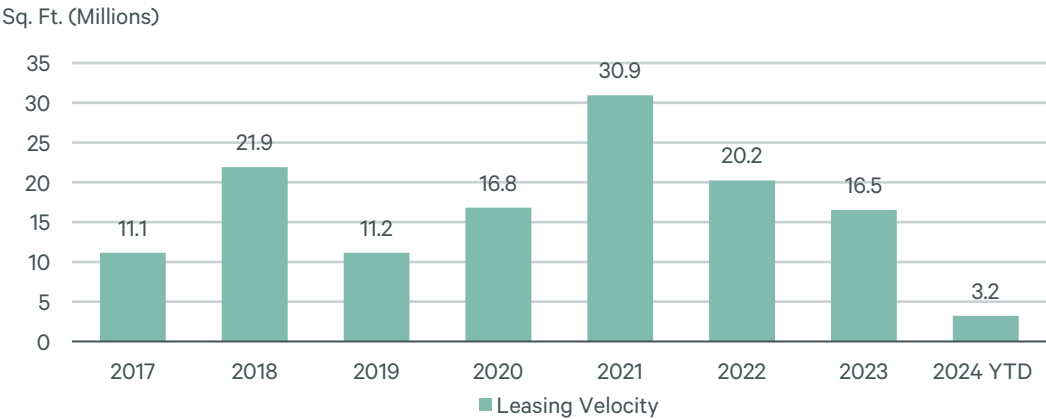
This quarter, Columbus experienced a decrease in net absorption because of significant move-outs and a decrease in large new transactions. The most significant move-in of the quarter was by a confidential tenant who occupied 640K sq. ft. at 3755 Hayes Rd. On the other hand, the largest vacancy added to the market was caused by HomeGoods vacating 1.1M sq. ft. at 5235-5251 Westpoint Dr.

FIGURE 2: Deal Activity Snapshot



Source: CBRE Research Q1 2024

FIGURE 3: Leasing Velocity (Renewals and New Leases)



Source: CBRE Research Q1 2024

FIGURE 4: Key Transactions

Transaction Type	Size (Sq. Ft)	Tenant	Address	Market Area
Option	416,091	Confidential Tenant	1489 Rohr Rd	Southeast
Renewal	278,734	Lennox Industries	3750 Brookham Dr	Southwest
Renewal	248,145	UPS Supply Chain	3440 Centerpoint Dr	Southwest
New Lease	145,634	Confidential Tenant	8200 Smiths Mill Rd	Licking County
New Lease	129,205	NUVIK USA	1800 Deffenbaugh Ct	East
New Lease	105,919	Confidential Tenant	6660 Broughton Ave	East
Renewal	100,668	CAP & Associates	454-456 McCormick Blvd	East
New Lease	100,335	PinnPack Capital Holdings	845 Kaderly Dr	West
Renewal	81,678	Confidential Tenant	3750 Brookham Dr	Southwest
Renewal	75,600	Palmer-Donavin Manufacturing Co.	1120 Oneill Dr	Licking County

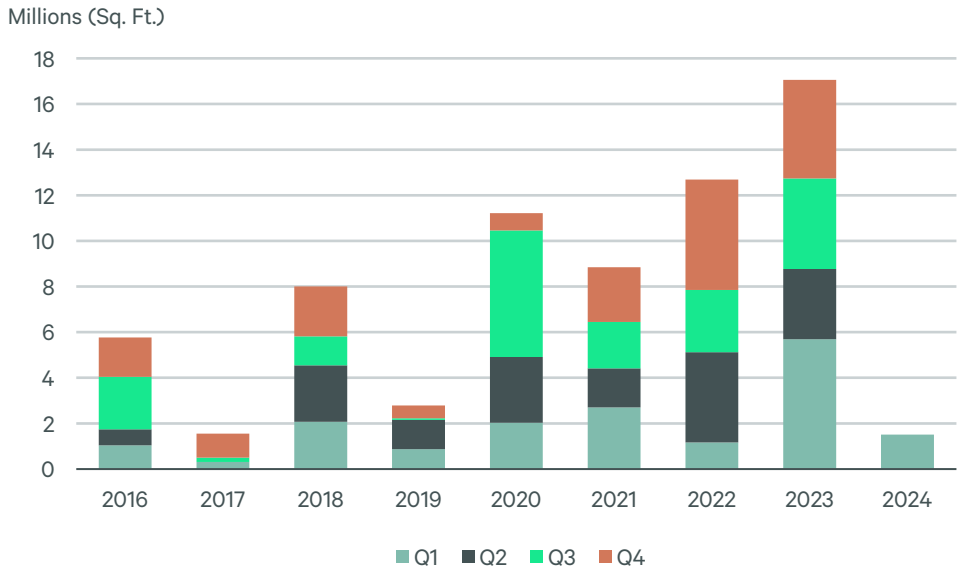
Source: CBRE Research Q1 2024

## Construction Activity

Construction activity decreased this quarter with six developments finalizing, adding 1.5 million sq. ft. to the market. The most significant completion would be Smith Lane located in the Madison County submarket. The Amgen facility in New Albany was the only built to suit property that delivered.

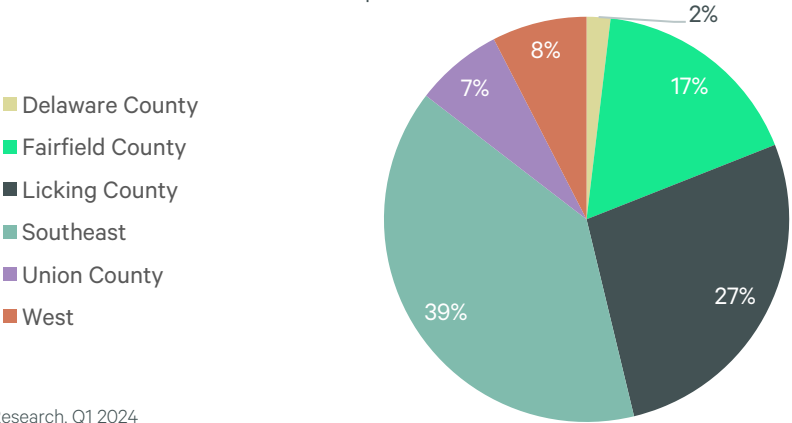
18 projects throughout the Columbus market are in the pipeline with 34% concentrated in Southeast submarket of Franklin County and 27% concentrated in Licking County. (Figure 6). Construction started at 4641 Squadron Ave Building 5 and Edwards Farms Innovation Center II adding 844K sq. ft. to the pipeline.

FIGURE 5: Completed Construction, Sq. Ft.



Source: CBRE Research, Q1 2024

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



Source: CBRE Research, Q1 2024

FIGURE 7: Completed Construction

Property Name	NRA	Class	Tenancy Type	BTS/Spec	Submarket
Smith Lane	292,500	Class A	Multi Occupancy	Spec	Madison County
LG Logistics Park	288,172	Class A	Multi Occupancy	Spec	Southeast
Amgen Facility	270,000	Class A	Single Occupancy	Built To Suit	Licking County
The Cubes at Etna 70 Building D	250,020	Class A	Multi Occupancy	Spec	Licking County
885 Stelzer Rd	207,740	Class A	Multi Occupancy	Spec	East
392-488 Outerbelt St	205,000	Class A	Multi Occupancy	Spec	East

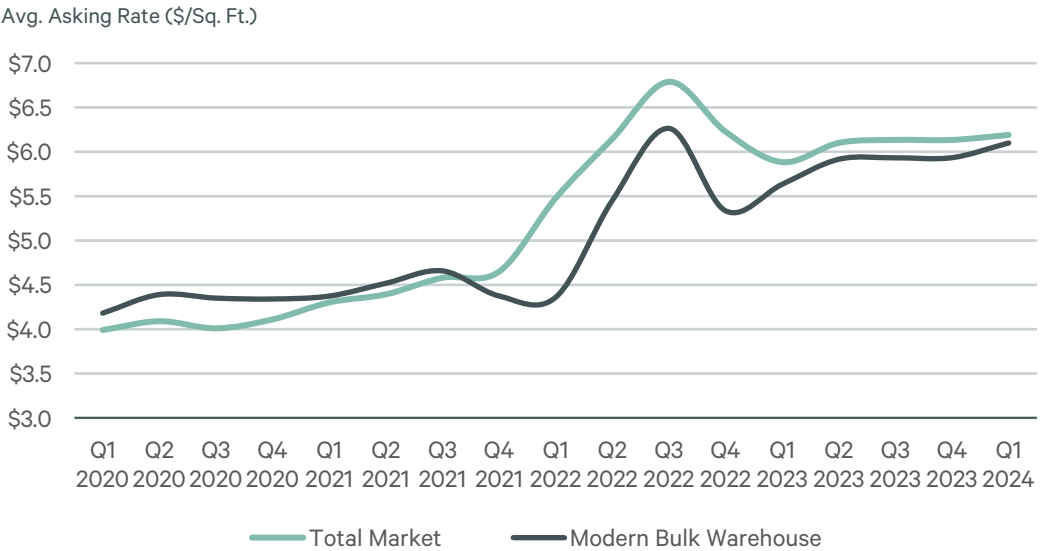
Source: CBRE Research, Q1 2024

## Asking Rate and Vacancy Rate

The overall average asking rates rose by \$0.07 to reach \$6.19. The average asking rate for modern bulk product increased to \$6.10, which is about a \$2.00 increase from Q1 2020. The Northwest submarket showed the biggest jump in modern bulk asking rents, going from \$9.13 to \$9.90. On the other hand, the Union County submarket experienced a decrease in modern bulk rents by \$1.00 to reach \$9.50.

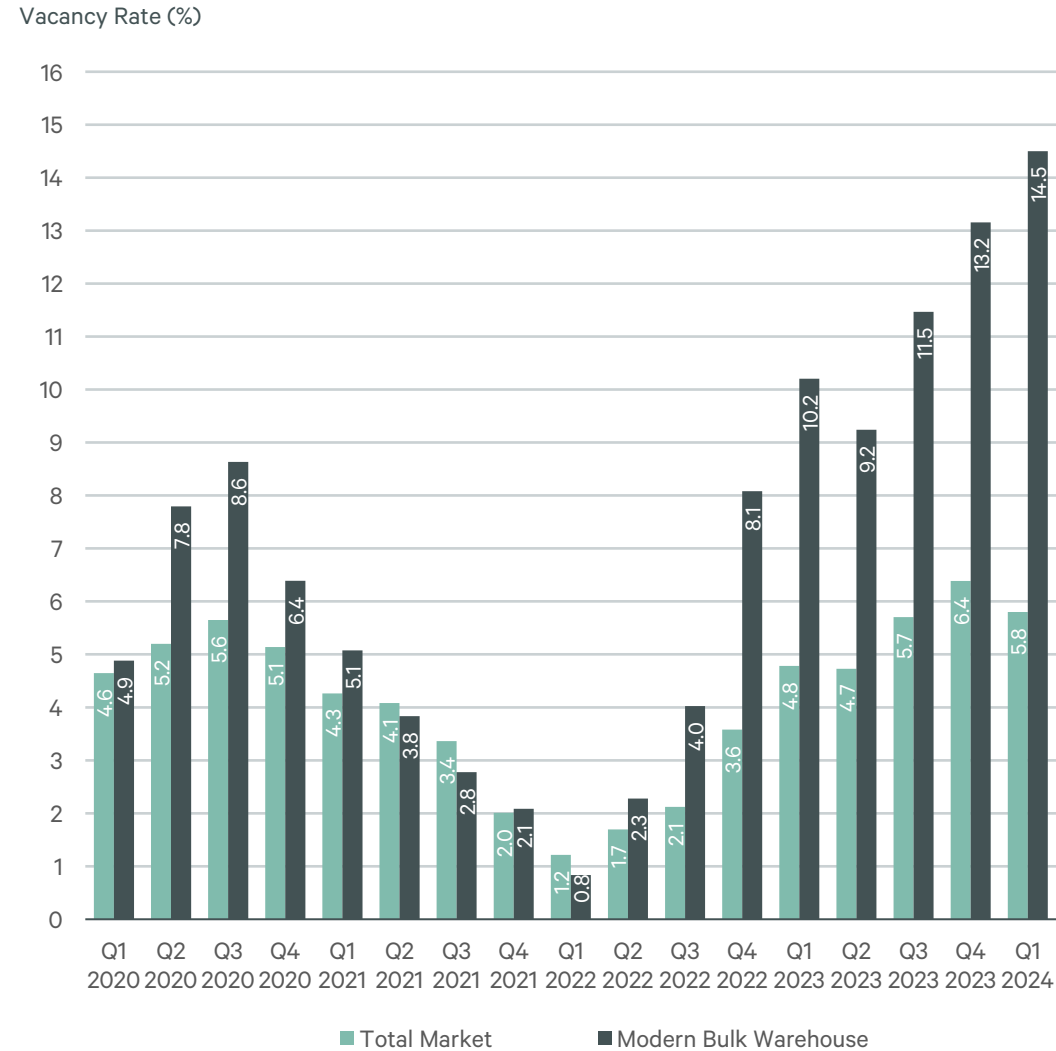
The overall vacancy rate rose by 30 basis points to reach 6.9%. Similarly, the modern bulk vacancy rate increased by 150 basis points this quarter, reaching 14.5%. The increase in vacancy rates can be attributed to several factors, including the absence of pre-leasing in newly constructed properties and HomeGoods vacating 1.1 million square feet. Additionally, Shasta and Brooks downsized their operations by approximately 100K square feet, further contributing to the available vacancies in the market.

FIGURE 8: Overall Market and Modern Bulk Asking Rates



Source: CBRE Research, Q1 2024

FIGURE 9: Overall Market and Modern Bulk Vacancy Rates



Source: CBRE Research, Q1 2024

## Sales Activity and Market Outlook

Investment activity increased this quarter, with 25 properties totaling about 5 million sq. ft. selling for a sum of roughly \$361 million (Figure 12). The largest sale of the quarter in terms of size and price was the sale of 4229 Raymond Ave for \$84 million.

Continued economic growth paired with the Fed signaling more accommodative policy all suggests the U.S. economy is heading toward a ‘soft landing’. GDP growth should be less than half 2023’s pace when growth topped 3%. Reasons for the slowdown include a more prudent consumer and much weaker hiring. This latter issue is most acute within interest rate sensitive sectors, such as tech start-ups and goods manufacturing. Notable exceptions include investment in EV and microchip production capacity.

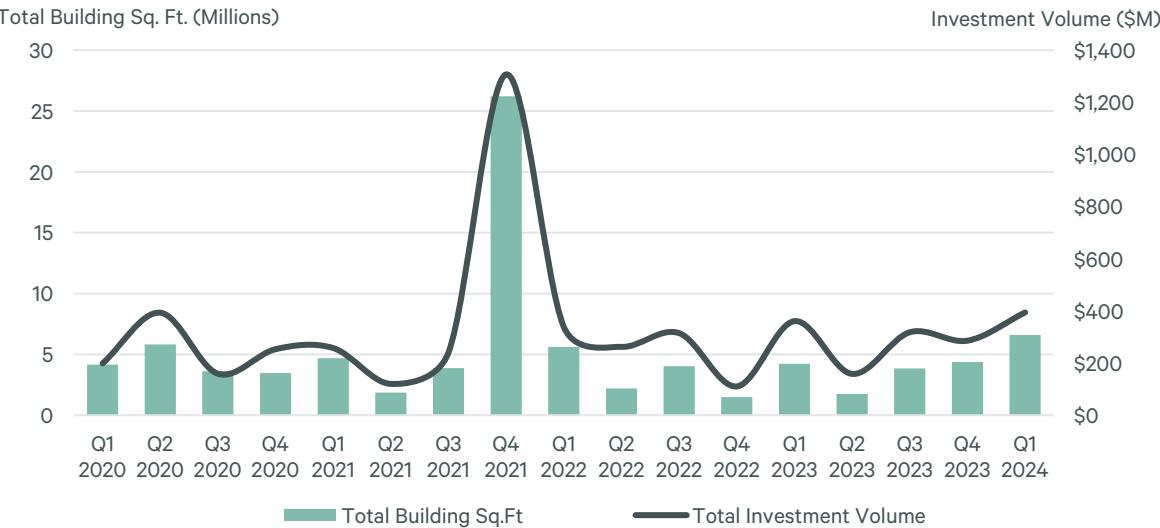
More caution from businesses means a good chunk of recent hiring came from publicly funded sectors (e.g., education, healthcare, state & local governments). A key exception is leisure & hospitality, driven by continued demand for discretionary services. With many private firms on the sidelines the job openings rate declining to 5.5% from its peak of 7.8% in 2022. This has also meant the pace of wage growth has cooled, but not enough to see inflation fall quickly to 2%. With unemployment remaining below 4% and high-capacity utilization, CPI is unlikely to return to target until 2025.

The Fed will likely make three, 25 basis point cuts this year. This outlook is putting downward pressure on longer-term rate expectations, providing some optimism for real estate capital markets, but the recovery will only begin after the first cut is delivered. Better than expected growth over the last 18 months has been helpful in holding real estate vacancy down, notably in the industrial, retail and multifamily sectors.

FIGURE 11: Top Transactions

Address	Buyer / Seller	Price (\$)	\$/SF	Size (Sq. Ft.)
4229 Raymond Ave	W-CTR Rickenbacker Phase 2 Owner VIII / Columbus Transport Street Ind	\$84,000,000	\$81.74	1,027,649
3755 Hayes Rd	Groveport Venture / Confidential	Confid.	Confid.	640,640
10302 Transport St	W-CTR Rickenbacker Phase 2 Owner VIII / Columbus Transport Street Ind	\$51,000,000	\$85.18	598,754
2450 Creekside Pkwy	G&I X Industrial OH Ky / Jefferson River Capital	Confid.	Confid.	652,195
4023 Raymond Ave	W-CTR Rickenbacker Phase 2 Owner VIII / Columbus Transport Street Ind	\$40,000,000	\$97.00	412,364
5465 Centerpoint Pkwy	G&I X Industrial OH Ky / Jefferson River Capital	Confid.	Confid.	478,190

FIGURE 12: Sales Activity



Source: CBRE Research Q1 2024

Market Statistics

FIGURE 13: Total Market Statistics

Market	Market Rentable Area	Under Construction	Construction Completions	Vacant SF Total	Direct Vacancy Rate	Vacancy Rate	Current Q Net Absorption	YTD Net Absorption	Direct Avg. Asking Rate
Overall Industrial Market									
Central	33,409,602	-	-	1,212,821	3.6%	3.6%	52,370	52,370	\$7.38
Delaware County	12,075,377	84,000	-	683,350	5.4%	5.7%	(13,030)	(13,030)	\$8.97
East	28,342,976	-	412,740	2,390,402	6.6%	8.4%	(370,058)	(370,058)	\$6.55
Fairfield County	8,965,279	755,000	-	1,402,786	15.6%	15.6%	(17,151)	(17,151)	\$5.36
Licking County	39,154,143	1,201,400	520,020	4,002,435	8.1%	10.2%	445,586	445,586	\$5.45
Madison County	20,855,640	-	292,500	2,843,291	13.6%	13.6%	-	-	\$5.56
Northeast	13,079,898	-	-	697,714	4.8%	5.3%	62,524	62,524	\$6.40
Northwest	1,701,677	-	-	120,912	7.1%	7.1%	-	-	\$9.90
Pickaway County	8,844,035	-	-	2,129,829	8.6%	11.6%	(125,000)	(125,000)	\$5.72
Southeast	81,885,143	1,730,714	288,172	3,813,152	3.2%	5.3%	(140,531)	(140,531)	\$6.87
Southwest	18,244,876	-	-	1,009,546	5.4%	5.5%	(268,905)	(268,905)	\$7.68
Union County	10,721,589	308,358	-	201,850	1.9%	1.9%	6,000	6,000	\$9.50
West	37,326,700	333,950	-	1,303,955	3.1%	3.5%	72,099	72,099	\$6.39
Total	314,606,935	4,413,422	1,513,432	21,812,043	5.8%	6.9%	(296,096)	(296,096)	\$6.19

FIGURE 14: Market Statistics by Size Range

Market	Market Rentable Area	Under Construction	Construction Completions	Vacant SF Total	Direct Vacancy Rate	Vacancy Rate	Current Q Net Absorption	YTD Net Absorption	Direct Avg. Asking Rate
Overall Industrial Market by Size Range									
<100,000 SF	60,569,971	238,780		790,182	1.0%	1.3%	84,650	84,650	\$8.36
100-200,000 SF	40,834,096	179,170	-	1,791,521	3.6%	4.4%	353,942	353,942	\$8.50
200-400,000 SF	68,879,970	563,358	1,513,432	5,353,097	7.6%	7.8%	(157,317)	(157,317)	\$6.66
400-600,000 SF	43,741,347	-	-	6,109,683	12.1%	14.0%	(518,087)	(518,087)	\$5.85
>600,000 SF	100,581,551	3,432,114	-	7,767,560	5.4%	7.7%	(59,284)	(59,284)	\$5.17
Total	314,606,935	4,413,422	1,513,432	21,812,043	5.8%	6.9%	(296,096)	(296,096)	\$6.19

Source: CBRE Research, Q1 2024

Market Statistics

FIGURE 15: Modern Bulk Market Statistics

Market	Market Rentable Area	Under Construction	Construction Completions	Vacant SF Total	Direct Vacancy Rate	Vacancy Rate	Current Q Net Absorption	YTD Net Absorption	Direct Avg. Asking Rate
Modern Warehouse *(100,000 Warehouses constructed in 1998 or later, and 28' clear or taller)									
Central	1,318,694	-	-	809,952	51.3%	51.3%	52,370	52,370	\$6.74
Delaware County	2,323,848	-	-	178,000	6.4%	7.7%	(30,000)	(30,000)	\$8.03
East	3,664,327	-	412,740	1,308,728	34.1%	34.1%	-	-	\$6.27
Fairfield County	1,349,954	755,000	-	885,172	65.6%	65.6%	-	-	\$6.24
Licking County	20,353,965	1,201,400	520,020	3,654,673	13.6%	17.7%	445,586	445,586	\$5.62
Madison County	17,566,147	-	292,500	2,843,291	16.2%	16.2%	-	-	\$5.56
Northeast	2,968,310	-	-	542,737	18.3%	18.3%	-	-	\$5.75
Northwest	148,598	-	-	76,067	26.3%	26.3%	-	-	\$7.88
Pickaway County	12,438,283	-	-	2,129,829	12.4%	16.9%	(125,000)	(125,000)	\$5.72
Southeast	45,906,682	1,730,714	288,172	3,319,371	3.9%	7.2%	(390,561)	(390,561)	\$6.83
Southwest	5,602,051	-	-	602,362	9.9%	9.9%	-	-	\$6.89
Union County	1,422,850	308,358	-	122,850	6.9%	6.9%	-	-	\$9.25
West	1,582,136	179,170	-	799,406	50.5%	50.5%	-	-	\$6.26
Total	116,645,845	4,174,642	1,513,432	17,272,438	12.1%	14.5%	(47,605)	(47,605)	\$6.10

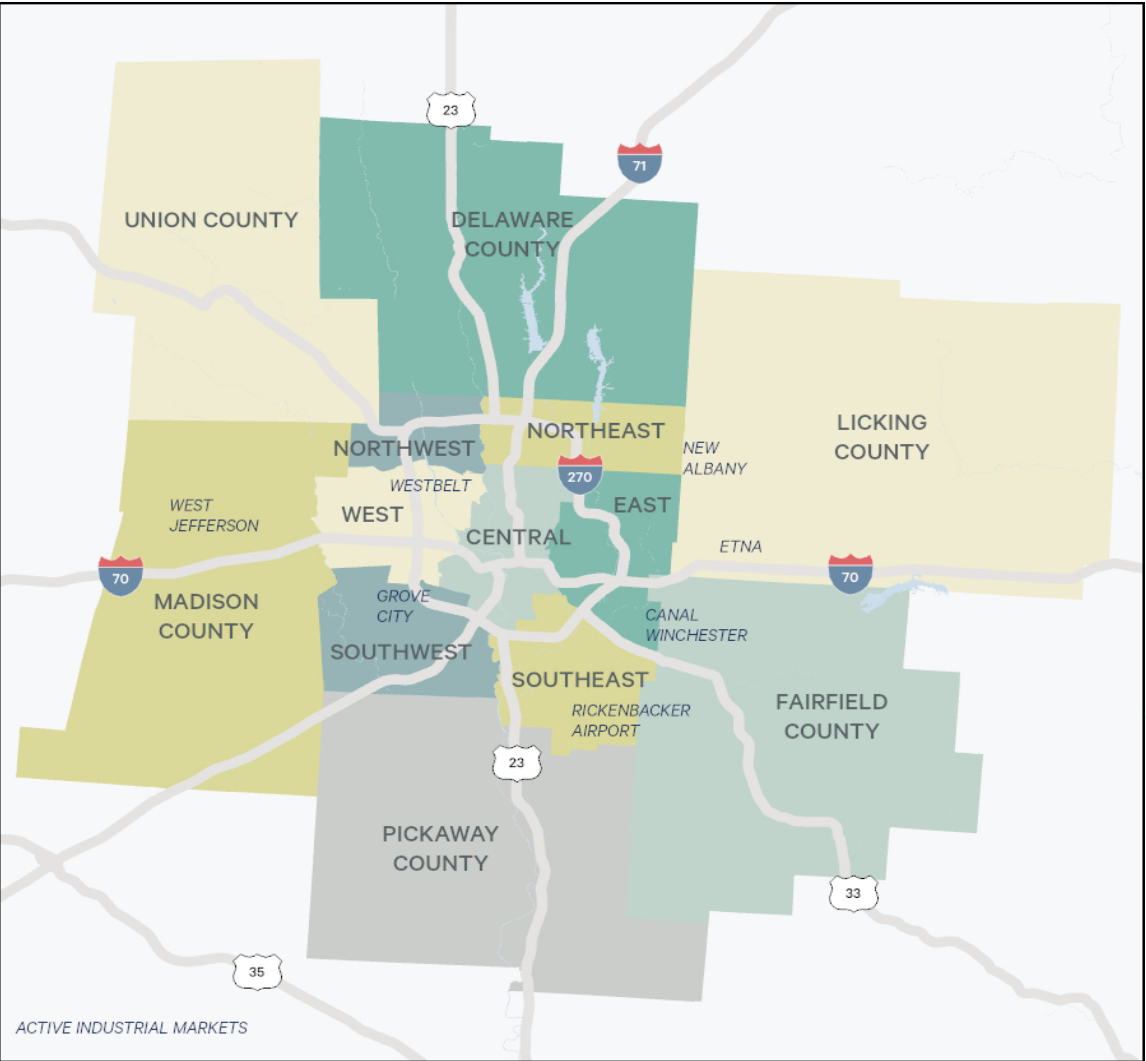
Source: CBRE Research, Q1 2024

FIGURE 16: Modern Bulk Market Statistics by Size Range

Market	Market Rentable Area	Under Construction	Construction Completions	Vacant SF Total	Direct Vacancy Rate	Vacancy Rate	Current Q Net Absorption	YTD Net Absorption	Direct Avg. Asking Rate
Modern Bulk Market Statistics by Size Range									
100-200,000 SF	5,525,152	179,170	-	1,030,991	14.3%	16.0%	148,418	148,418	\$8.45
200-400,000 SF	24,708,283	563,358	1,513,432	3,892,742	14.7%	15.0%	(652)	(652)	\$6.88
400-600,000 SF	27,355,674	-	-	5,016,905	16.7%	18.3%	(136,087)	(136,087)	\$5.91
>600,000 SF	59,056,736	3,432,114	-	7,331,800	8.5%	12.4%	(59,284)	(59,284)	\$5.26
Total	116,645,845	4,174,642	1,513,432	17,272,438	12.1%	14.5%	(47,605)	(47,605)	\$6.10

Source: CBRE Research, Q1 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.

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