

Q1 2024 COLUMBUS
MARKET REPORT



NAI Ohio Equities

NAI Ohio Equities 605 S. Front St. Suite 200 Columbus OH 43215 614-224-2400 ohioequities.com

OFFICE MARKET REPORT

COLUMBUS Q1 2024



\$22.31

Market Rent/SF/Year



10.5%

Vacancy Rate



(304)K

12 Mo Net Absorption in SF

In the first quarter of 2024, Columbus's office market continued to grapple with challenges against a backdrop of evolving tenant needs and broader economic uncertainties. Despite concerted efforts to steady rents and alleviate vacancies, the market encountered obstacles as vacancy rates rose to 10.5%, although still notably below the national average of 13.8%. With more than 300,000 square feet of negative net absorption and an average asking rent of \$22.31 per square foot, landlords and tenants alike maneuvered through a landscape characterized by consolidations, relocations, and a preference for smaller, adaptable spaces.

- Vacancy rates reach 10.5%, slightly up from last quarter.
- Absorption stands at negative 304,393 square feet, signaling challenges in filling available spaces.
- Asking rent averages at \$22.31/SF, reflecting stability amidst market fluctuations.
- Tenant preferences continue to shift towards smaller, more adaptable office footprints.



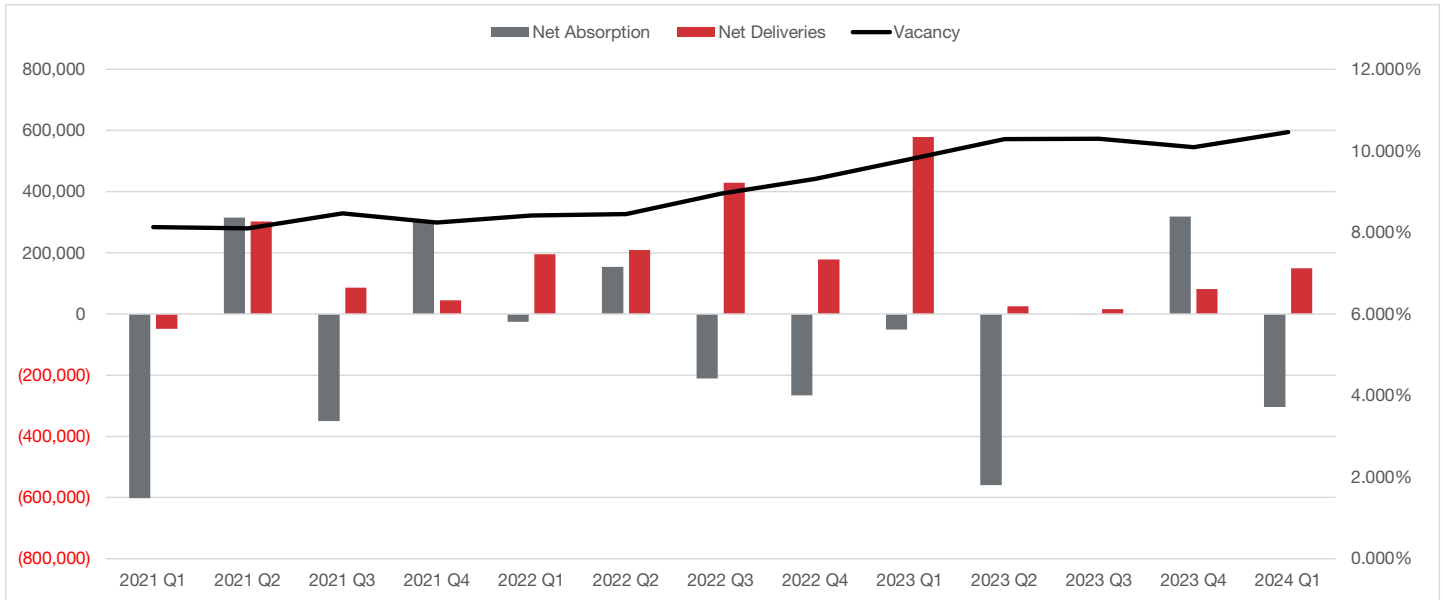
MATT GREGORY, SIOR, CCIM

Executive Managing Director
mgregory@ohioequities.com

"In the evolving landscape of Columbus's office market, the question remains not just about filling space, but about redefining it. The trend towards smaller footprints underscores a need for flexibility and efficiency. Landlords and tenants alike are adapting, recognizing that success lies not only in square footage but in the ability to meet evolving demands and navigate uncertainties together, with high tenant improvement costs continuing to be the biggest challenge."

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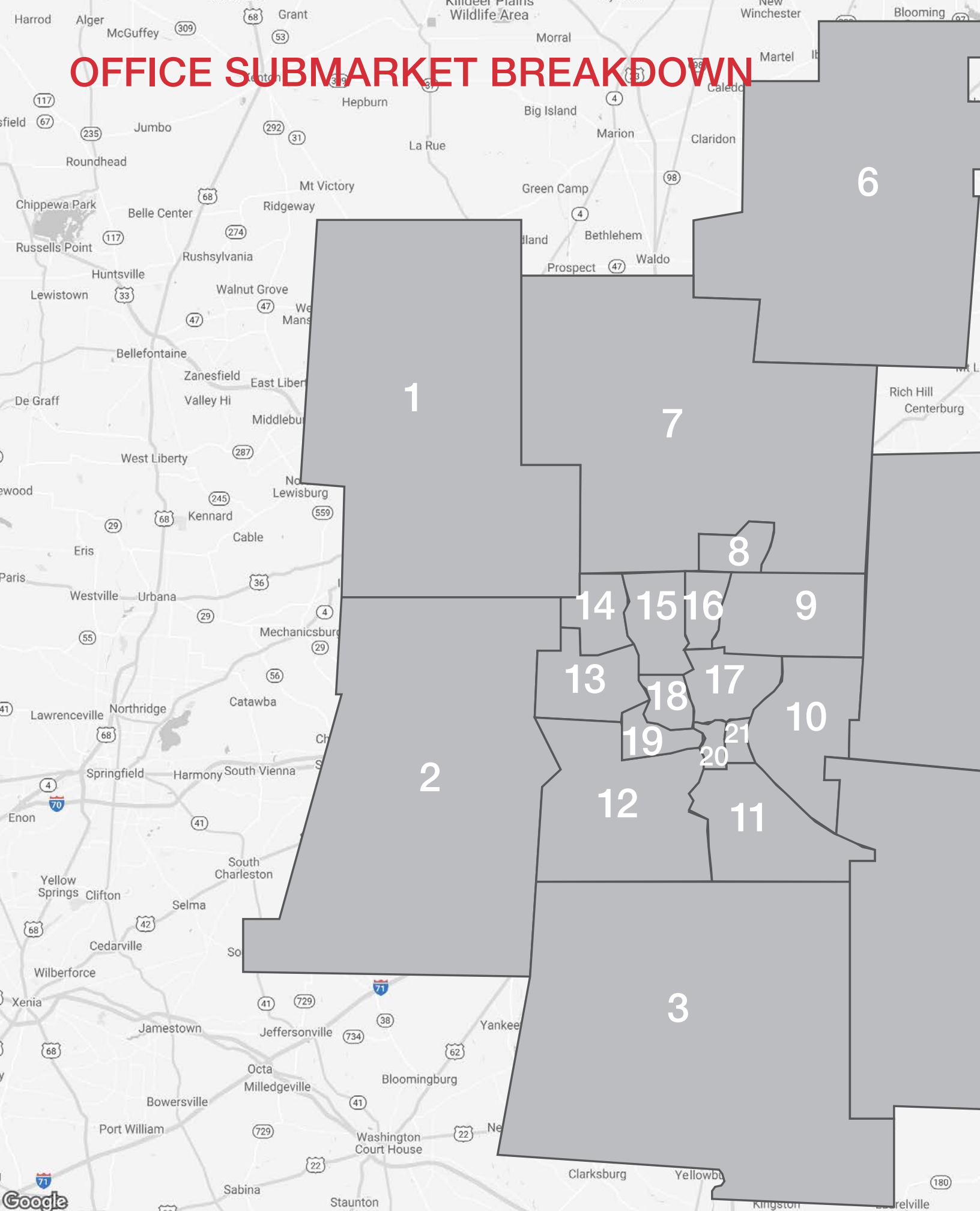
NOTABLE LEASE TRANSACTIONS Q1 2024

ADDRESS	TENANT	LEASED SF	MARKET SUBMARKET
Water's Edge Campus	Homeside Financial	26,613	Westerville
Water's Edge Campus	The City of New Albany	22,917	Westerville
TechSouth	Autistic Care	15,000	Southeast
Scioto Penninsula	Burgess & Niple	14,203	Downtown
Metro Center	Arenstein and Andersen Co., LPA	12,293	Dublin
The Offices at Stoneridge	Reach Educational Services	12,089	Bethel Rd.
Gahanna Officecenter 2	Undisclosed	10,831	East

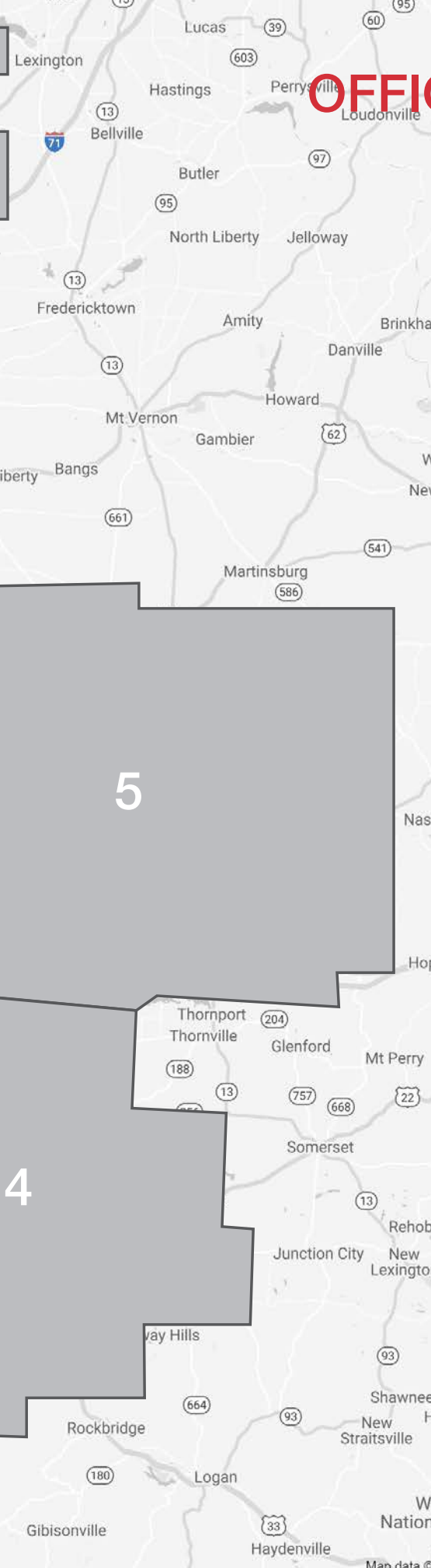
NOTABLE SALE TRANSACTIONS Q1 2024

TENANT/ADDRESS	SALE DATE	SF	PRICE
3435 Stelzer Rd.	3/21/2024	238,641	\$21,500,000
540 Officenter Pl	1/31/2024	40,323	\$6,125,000
Gateway Health and Wellness 112 Jefferson Ave.	2/23/2024	24,795	\$5,500,000
Two Crosswoods 150 E. Campus View Blvd.	1/12/2024	134,709	\$5,247,866

OFFICE SUBMARKET BREAKDOWN



OFFICE SUBMARKET BREAKDOWN



SUBMARKETS

1. Union County
2. Madison County
3. Pickaway County
4. Fairfield County
5. Licking County
6. Morrow County
7. Outlying Delaware County
8. Polaris
9. Westerville
10. East
11. Southeast
12. Southwest
13. Hilliard
14. Dublin
15. Bethel Rd.
16. Worthington
17. North Central
18. Grandview/Upper Arlington
19. West
20. Downtown
21. Downtown East

INDUSTRIAL MARKET REPORT

COLUMBUS Q1 2024



\$8.03

Market Rent/SF/Year



7.6%

Vacancy Rate



(1,700)K

12 Mo Net Absorption in SF

As of early 2024, industrial vacancy in Columbus is continuing to rise faster than the national benchmark after having delivered 14.8 million square feet over the past 12 months. However, there are two different realities within the market depending on the property. Vacancy in buildings larger than 500,000 square feet is approaching 11% in the Columbus market. Meanwhile, in buildings under 250,000 square feet, the vacancy rate is just 4.3%. Despite the overall vacancy increase, Columbus' more affordable rents have allowed property owners to maintain rent rates, even as market conditions soften.

- The increasing vacancy rate has not had a significant impact on lease rates; however, landlords are becoming more creative and aggressive with concessions.
- There were only 1.1 MSF of new spec buildings started in the quarter and a total square footage of 2.5 MSF spec space under construction.
- As we approach the end of the recent building spree, the overall market inventory is 369 MSF, an increase of 17.5% from 314 MSF in Q1 2020.
- There is an abundance of buyers with dry powder looking to purchase. Yet the disconnect on pricing between buyers and sellers remains. Sales volume continues to fall from \$1.17B in Q4 2023 to \$1B in Q1 2024. It peaked at \$2.32B in Q3 2022.



CURT BERLIN, SIOR

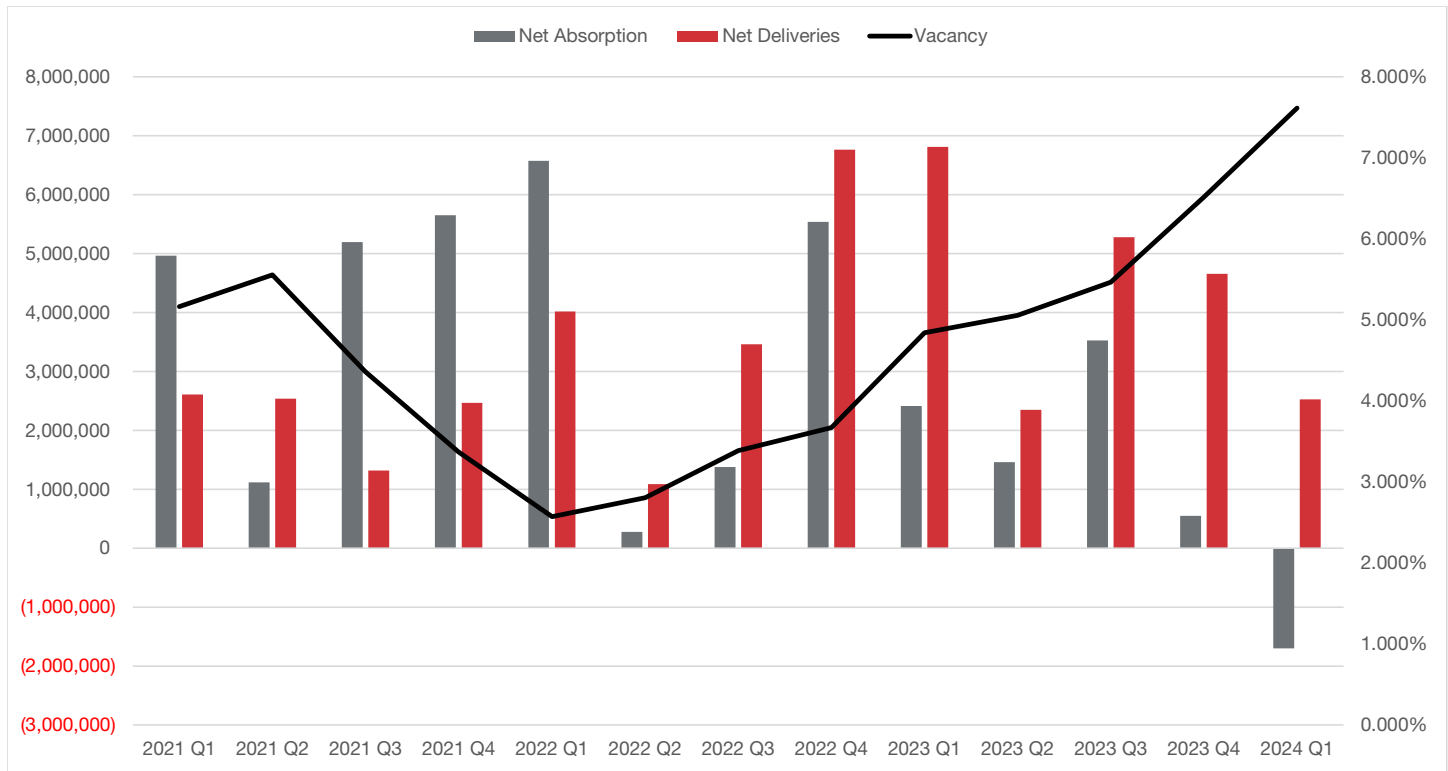
Executive Vice Chairman

cberlin@ohioequities.com

"As the last wave of a record amount of new speculative construction is delivered, the vacancy rate has risen to a level not seen since Q2 2013. This may be the peak as space is absorbed and new deliveries slow throughout the year. Q1 2024 may be a reflection point from a tenant's perspective. I believe this will be a time when they will look back and wish they had leased space in this high vacancy period with many spaces from which to choose."

INDUSTRIAL MARKET REPORT

COLUMBUS Q1 2024



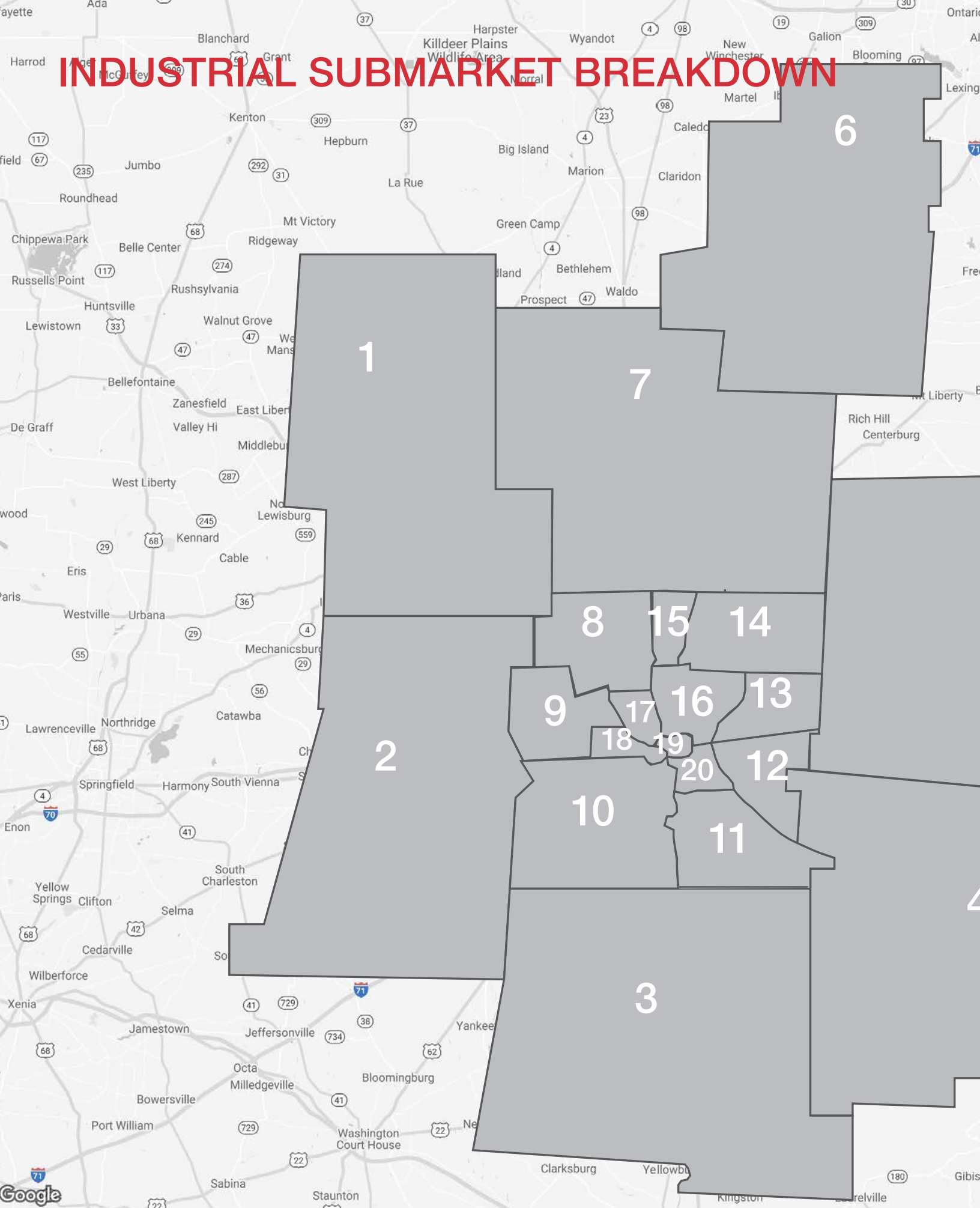
NOTABLE LEASE TRANSACTIONS Q1 2024

TENANT/ADDRESS	LEASED SF	MARKET SUBMARKET
1489 Rohr Rd.	544,252	Southeast
1800 Deffenbaugh Ct.	128,400	Airport
845 Kaderly Dr.	102,240	Downtown West
2525 Rohr Rd.	96,885	Southeast
7001 Discovery Blvd.	79,679	Dublin
77 Cypress St.	70,115	Licking County

NOTABLE SALE TRANSACTIONS Q1 2024

TENANT/ADDRESS	SALE DATE	SF	PRICE
Groveport South Logistics 3755 Hayes Rd.	2/22/2024	640,640	\$56,00,000
4800 Journal St.	1/12/2024	53,515	\$19,972,933
SouthPark 20 3555 Gantz Rd.	3/1/2024	223,750	\$18,800,000

INDUSTRIAL SUBMARKET BREAKDOWN



RETAIL MARKET REPORT

COLUMBUS Q1 2024



\$19.10

Market Rent/SF/Year



3.65%

Vacancy Rate



86,212

12 Mo Net Absorption in SF

Retail in Columbus has encountered fluctuations over recent years, with 2023 witnessing a downturn compared to the activity levels of 2021 and 2022. Sales volumes dwindled by half to \$340.6 million, casting a sense of caution reminiscent of the uncertain days of 2020 as 2024 commenced. Merely 72 deals were executed in the first quarter of 2024, amounting to a modest \$42.9 million, indicative of a prevailing atmosphere of caution.

- Sales volumes in 2023 halved to \$340.6 million compared to previous years.
- Only 72 deals were made in 2024 Q1, amassing a modest \$42.9 million.
- The cap rate surged to 9.1% in 2024 Q1, presenting an opportunity for savvy investors.
- Columbus is experiencing a 4.3% spike in retail leasing rates, surpassing the national average.
- Demand for retail space is high, with 75% of spaces under construction already leased or designated for owner-occupant developments.



CHAD BOGGS

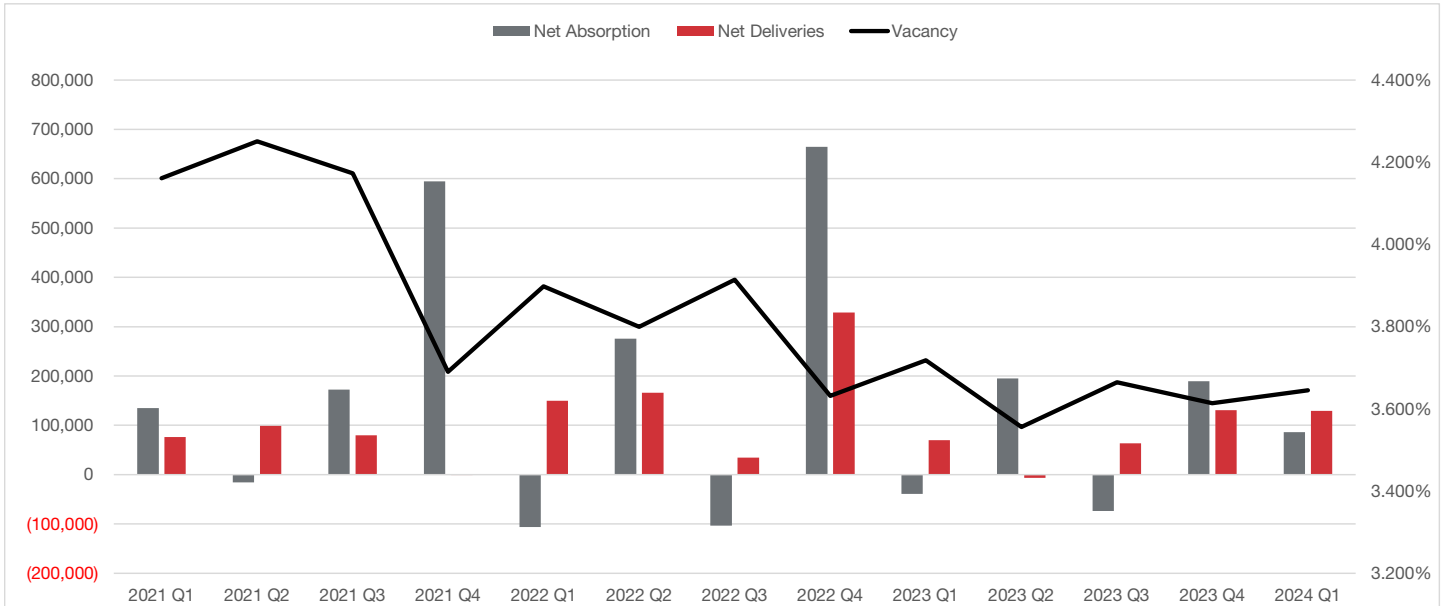
Associate

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“While the past year and the current trajectory have been challenging, Columbus is quietly humming with potential. For those with the vision and means, the current landscape is full of opportunity. As Columbus continues its rise, the retail market, with all its quirks and unpredictability, is trending towards a buyer’s market.”

RETAIL MARKET REPORT

COLUMBUS Q1 2024



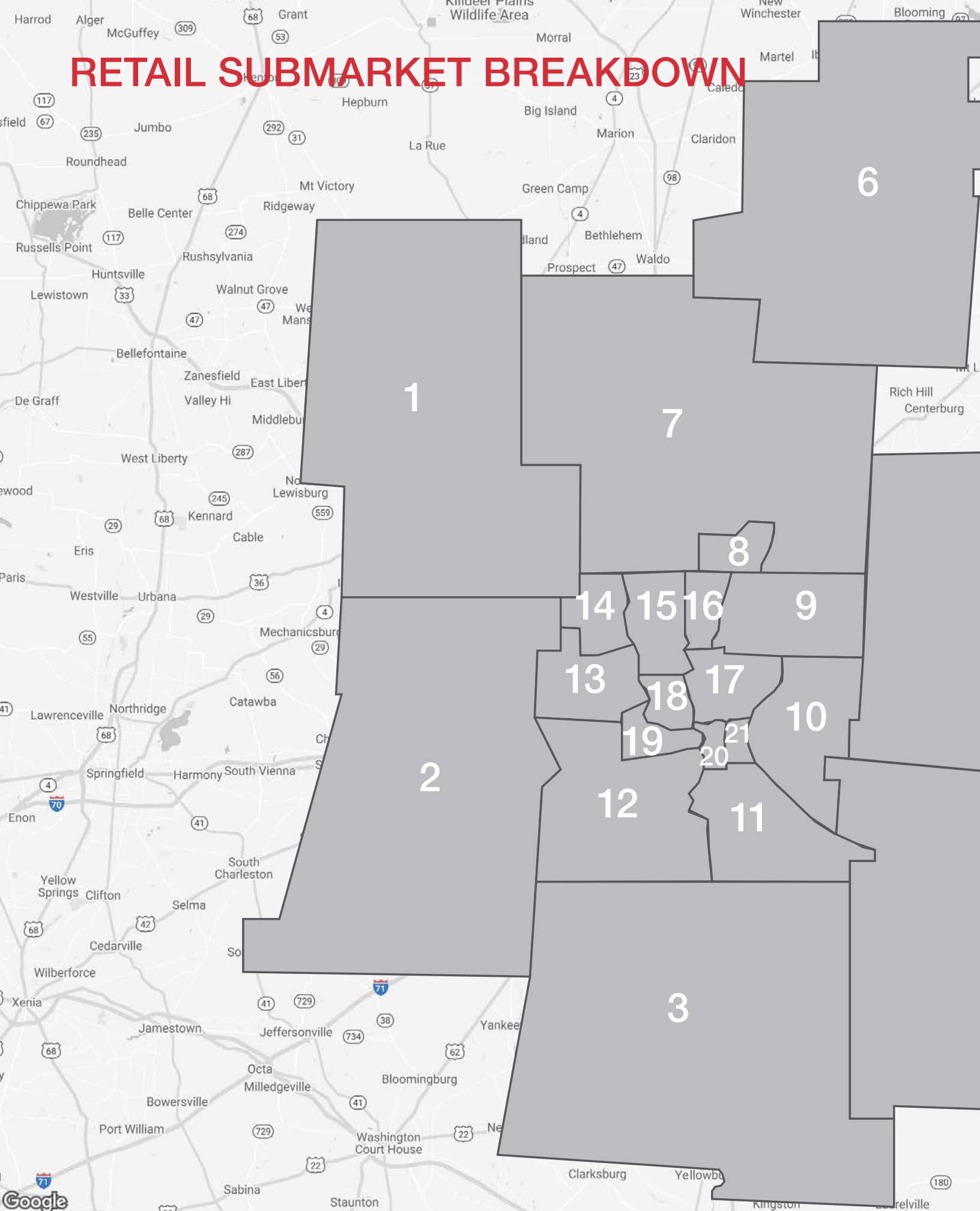
NOTABLE LEASE TRANSACTIONS Q1 2024

TENANT/ADDRESS	LEASED SF	MARKET SUBMARKET
The Mall at Tuttle Crossing Morris Furniture	56,075	Dublin
Brice Livingston Center Crystal Ballroom	26,407	East

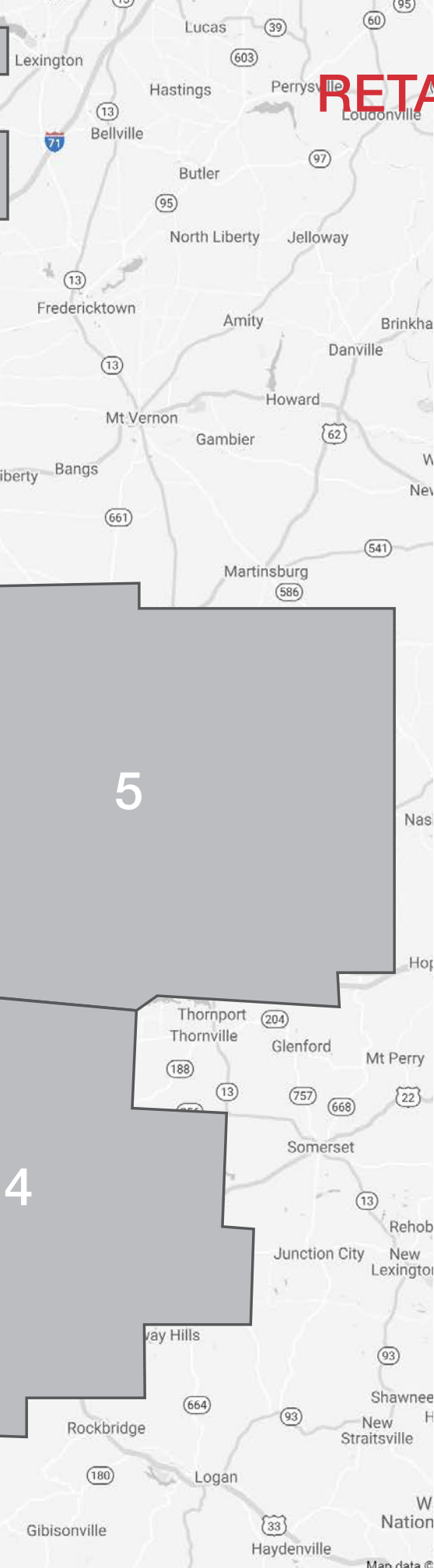
NOTABLE SALE TRANSACTIONS Q1 2024

TENANT/ADDRESS	SALE DATE	SF	PRICE
Logan Commons 12900-12910 St Rt 33	2/5/2024	44,480	\$6,200,000
Sheetz 1380 Bethel Rd.	1/2/2024	6,077	\$3,800,000
150 E. Long St.	2/21/2024	20,977	\$3,400,000
3700-3708 Fishinger Blvd.	1/8/2024	42,500	\$3,250,000

RETAIL SUBMARKET BREAKDOWN



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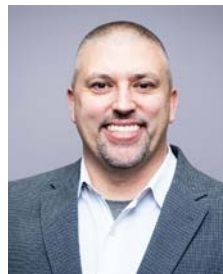
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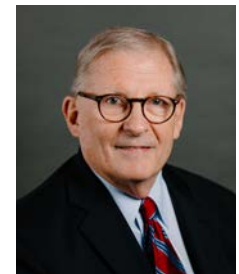
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Industrial & Investment



DAN SHEERAN, JR.
Industrial & Investment



DOUG SHULL
Industrial & Investment

ABOUT COLUMBUS

The Columbus Region economy boasts a highly-diversified base of companies, with no industry representing more than 18% of employment.

Home of the world's most recognizable brands—Scotts, Express, JPMorgan Chase, Nationwide, Abercrombie & Fitch— innovative small businesses and top-ranked educational and research institutions, the Columbus Region offers a stable environment for companies looking to grow in a variety of sectors.

The Columbus Region is home to a population of 2.2 million, and a potential workforce of 1.2 million. With one of the youngest and most-educated populations in the country – the median age is 35.9 and 42% of residents 25+ holds a bachelor's degree or higher. The Region offers a steady pipeline of young talent with one of the highest populations of millennials in the nation.

The Columbus metro ranks first among large Midwest metro areas for population and job growth since 2010 and is among the fastest growing metros in the country.



*“Columbus isn’t the next business destination; it’s **already happening**”*
- Inc. Magazine

10-Hour Drive

TO 46% OF THE US POPULATION



7th Largest

ECONOMY IN THE UNITED STATES



22,000

ANNUAL COLLEGE GRADUATES





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