



Columbus Industrial Market

Positive Net Absorption Leads to New Record-Low Vacancy Rate

The Columbus industrial market continued to show strong demand by recording 1.7 million square feet of positive net absorption in the second quarter of 2022. The total vacancy rate fell by 11 basis points from the previous quarter to 2.31%, bringing the vacancy rate in Columbus to its lowest point in five years. In the second quarter of 2022, warehouses and distribution centers still dominated the industrial net absorption tally with nearly 1.5 million square feet. The asking rental rate for industrial space in the second quarter of 2022 was \$0.42/SF higher than the previous quarter at \$4.83/SF.

Unlike the previous quarter, tenants requiring smaller sizes dominated occupying space. Total Distribution, Inc. occupied 253,700 square feet at 4000 Lockbourne Industrial Pkwy. in the Southeast submarket. Eagle Warehouse occupied 179,000 square feet of warehouse space at 4001 Gantz Rd. in the Southwest submarket. Ferguson occupied 98,000 square feet at 426 McCormick Blvd. in the East submarket. With positive absorption, the Greater Columbus industrial market continued to show no sign of slowing down. Vacancy is expected to stable, while lease rates should continue to rise.

Developers have been encouraged to build new projects as the Columbus industrial market has continued to maintain positive net absorption numbers. In the second quarter of 2022, 20.1 million square feet of industrial space was under construction across 37 properties, with deliveries scheduled by the end of this year and the first quarter of 2023. However, due to supply chain, labor constraints, high inflation and interest rates, new industrial projects are taking longer for delivery.

Current Conditions

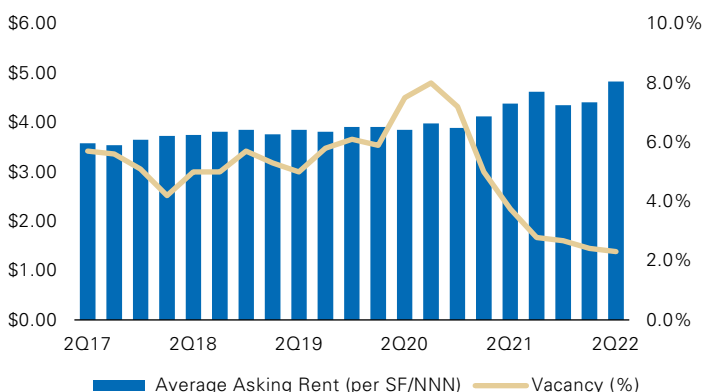
- Greater Columbus' industrial market continued to see strong demand as the vacancy rate declined by 11 basis points from the previous quarter and recorded its lowest tally in the past five years at 2.31%.
- The average asking rental rate increased by \$0.42/SF to \$4.83/SF, the highest rate in the last five years.
- Warehouse/distribution properties recorded the most net absorption with nearly 1.5 million square feet.
- Columbus is attractive for new industrial developments, many speculative, with 20.1 million square feet of industrial space under construction, an increase of 32% from last quarter.

Market Summary

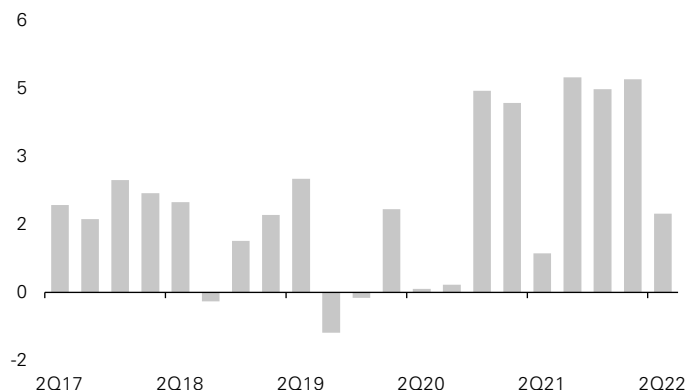
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	264M	263M	255M	↑
Vacancy Rate	2.31%	2.42%	3.75%	→
Quarterly Net Absorption (SF)	1.7M	4.7M	861K	↑
Average Asking Rent/SF	\$4.83	\$4.41	\$4.38	↑
Under Construction (SF)	20.1M	15.2M	10.1M	↑

Market Analysis

ASKING RENT AND VACANCY RATE



NET ABSORPTION (SF, Millions)



Sales Activity

The second quarter of 2022 recorded nearly 2.0 million square feet of industrial sales for a total sales volume of \$256 million. The average price per square foot was \$120/SF. Heitman bought two properties, with the highest price of the two notching \$137.14/SF from Pizzuti Companies. They are located at 1675 and 1815 Beggrow St. and were purchased as a part of a portfolio. Regarding the largest building size that transferred, Sealy & Company purchased a 437,589-square-foot building from Core5 Industrial Partners at 1225 Southgate Pkwy. Eight buildings sold in the second quarter of 2022, measuring more than 100,000 square feet.

Leasing Activity

The total industrial space leased in the second quarter of 2022 was approximately 2.3 million square feet, which was less than the space leased last quarter. ODW Logistics leased the most significant space in the Rickenbacker submarket at 1594 London Groveport Rd. AmplifyBio, a biotechnology company, leased a 354,640-square-foot space at 988 Innovation Campus Way, creating 132 new local jobs that should commence in the last quarter of 2022. Cardinal Health leased 208,144 square feet at 6275 Seeds Rd., in a move expected to bring 100 jobs to the city with an estimated operational date of the last quarter of this year.

Construction Delivery in Columbus

As the second quarter of 2022 concluded, there were 37 projects under construction, with a total supply of 20.1 million square feet spread across 12 submarkets in the Columbus industrial market. The Rickenbacker submarket will dominate future supply for industrial space, with 6.9 million square feet of under-construction projects.

There are five under-construction projects with a building size of more than 1 million square feet. These five projects are located in the Pickaway County, Rickenbacker, Madison County and Licking County submarkets and are expected to deliver by the end of this year. The largest development was in Commercial Point at 521 Exchange Way. This VanTrust project is located at Commercial Point and had 1.2 million square feet of industrial space under construction on a 90-acre lot. 521 Exchange Way is set for completion in the third quarter of 2022.

With the increasing demand for industrial space, developers continued to propose future industrial projects, many speculative. By the second quarter of 2022, there have been 64 proposed projects totaling 31.6 million square feet. This proposed industrial space will likely attract potential tenants with continued regional warehouse and logistics demand.

Select Sales Transactions

Building/Address	Submarket	Sale Price	Price/SF	Square Feet
1225 Southgate Pkwy.	Licking County	\$56,250,000	\$128.55	437,589
1675 Beggrow St.	Rickenbacker	\$35,848,143	\$137.14	261,402
8300 Innovation Campus Way	Northeast	\$33,221,174	\$131.31	253,000
1815 Beggrow St.	Rickenbacker	\$34,251,857	\$137.14	249,762
8200 Innovation Campus Way	Northeast	\$30,778,900	\$136.08	226,188
6660 Broughton Ave.	East	\$8,500,000	\$80.95	105,000
650 International Dr.	Licking County	\$5,200,000	\$77.94	66,715

Select Lease Transactions

Tenant	Submarket	Building/Address	Type	Square Feet
ODW Logistics	Rickenbacker	1594 London Groveport Rd.	Direct	582,720
AmplifyBio	Licking County	9885 Innovation Campus Way	Direct	354,640
Cardinal Health	Southwest	6275 Seeds Rd.	Direct	208,144
Workline Solutions	Rickenbacker	6600 Don Eisele Rd.	Direct	99,910
Lasership	Rickenbacker	5770 Saltzgaber Rd.	Direct	87,084
Elevate Northland	Northeast	4848-4870 Evanswood Dr.	Direct	46,248
Excel Logistics	Union County	8400 Industrial Pkwy.	Sublease	44,000

RESEARCH Q2 2022

Submarket Statistics (Overall)						
Submarket	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr. Absorption (SF)	YTD Absorption (SF)	Total Average Asking Rent (Price/SF)
Central	23,438,174	387,030	2.27%	38,287	176,178	\$4.94
Delaware County	11,362,008	-	0.53%	50,935	54,779	\$7.07
East	15,996,692	144,000	3.81%	122,872	(32,994)	\$5.45
Fairfield County	7,748,130	-	0.98%	121,334	45,186	\$4.25
I-70 East	8,095,447	-	1.66%	45,487	98,551	\$7.11
Licking County	23,971,806	5,061,807	1.44%	560,664	2,017,037	\$4.04
Madison County	16,754,851	3,068,520	3.13%	-	1,122,212	\$3.75
Morrow County	1,609,847	707,940	0.00%	-	-	\$2.00
Northeast	15,426,493	1,155,933	2.12%	227,004	263,528	\$5.71
Northwest	1,826,015	142,109	3.65%	145,480	136,852	\$8.54
Pickaway County	5,366,669	1,194,865	3.12%	-	-	\$3.50
Rickenbacker	52,861,584	6,930,627	2.95%	(378,089)	488,691	\$4.97
Southeast	18,760,262	924,438	2.34%	13,435	860,036	\$3.65
Southwest	18,804,068	316,241	4.20%	550,322	619,039	\$4.50
Union County	11,210,009	-	1.08%	-	19,889	\$5.64
West	31,030,104	136,140	1.17%	239,919	649,438	\$5.53
Market	264,262,159	20,169,650	2.31%	1,737,650	6,518,422	\$4.83

Property Type Statistics						
Property Type	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr. Absorption (SF)	YTD Absorption (SF)	Total Average Asking Rent (Price/SF)
General Industrial	36,734,741	2,236,046	3.02%	268,296	268,296	\$4.88
R&D/ Flex	8,127,771	1,292,318	3.51%	38,563	183,348	\$8.11
Warehouse/ Distribution	219,399,647	16,641,286	2.15%	1,430,791	6,105,037	\$5.05
Market	264,262,159	20,169,650	2.31%	1,737,650	6,518,422	\$4.83

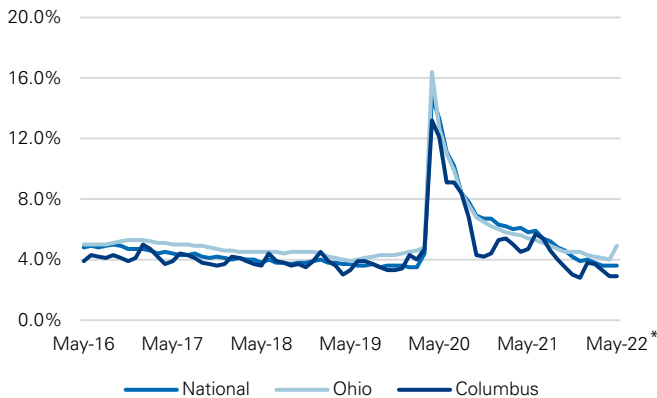
Economic Conditions

The Greater Columbus continued the strong economic conditions in the second quarter of 2022, with the unemployment rate registering lower than the national and state levels. The unemployment rate was 3.6%, down from 4.7% in May 2021. Comparing year-over-year payroll employment, Columbus showed a gain of 2.6% in May, while national payroll employment showed a gain of 4.5%. The Consumer Price Index for the Midwest and U.S. was up 8.6% and 8.8% year-over-year, respectively.

Another indicator that showed the occurrence of economic recovery in Columbus was employment growth, based on the industrial sector. Four sectors that saw employment loss recorded less than 1.0%: financial activities at negative 0.9%; professional and business services at negative 0.8%; education and health services at negative 0.6%; and government at negative 0.5%. The leisure and hospitality industry showed a rebound to pre-pandemic levels, with the highest employment growth of 10.7%, followed by trade, transportation, and utilities at 7.7% and information at 6.4%.

Unemployment Rate

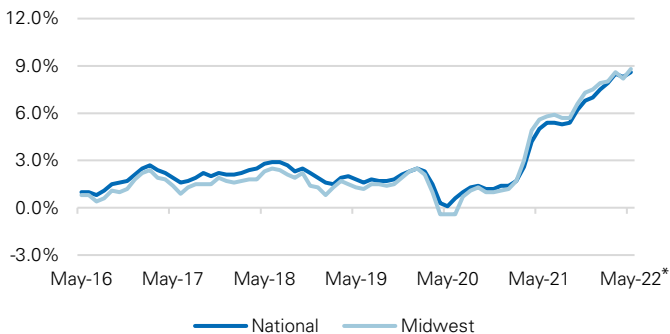
SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics (*preliminary)

Consumer Price Index (CPI)

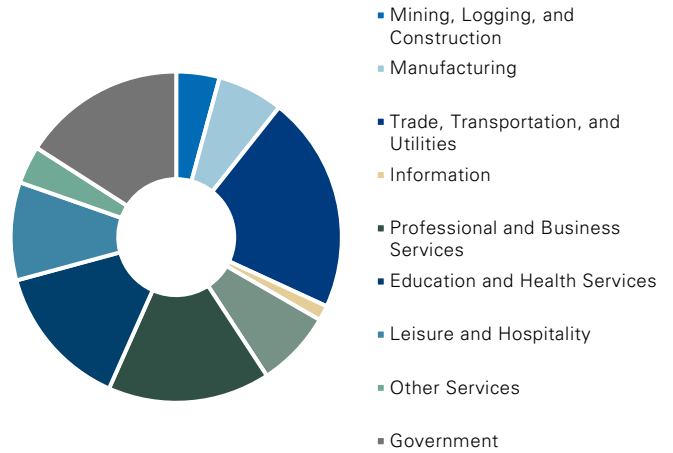
ALL ITEMS, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics (*preliminary)

Employment by Industry

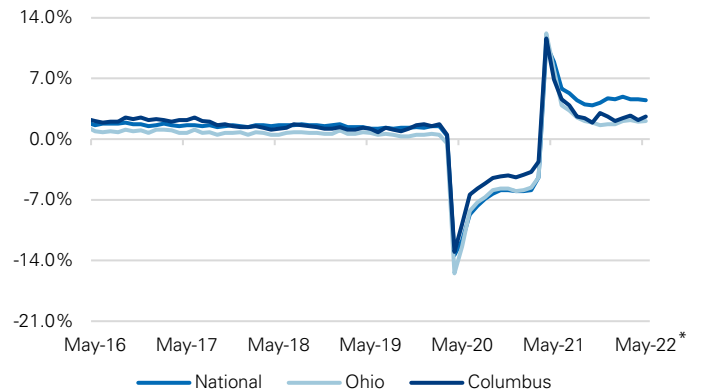
COLUMBUS



Source: U.S. Bureau of Labor Statistics

Payroll Employment

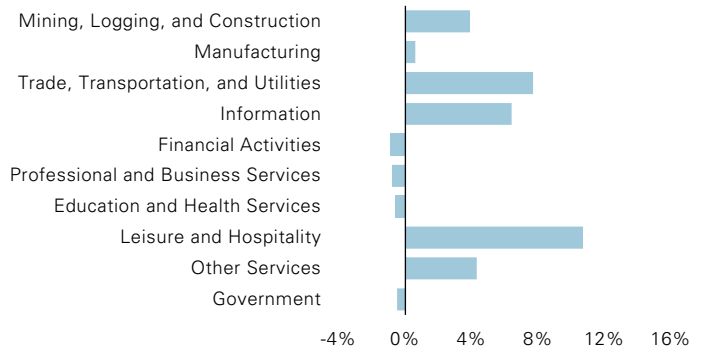
TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics (*preliminary)

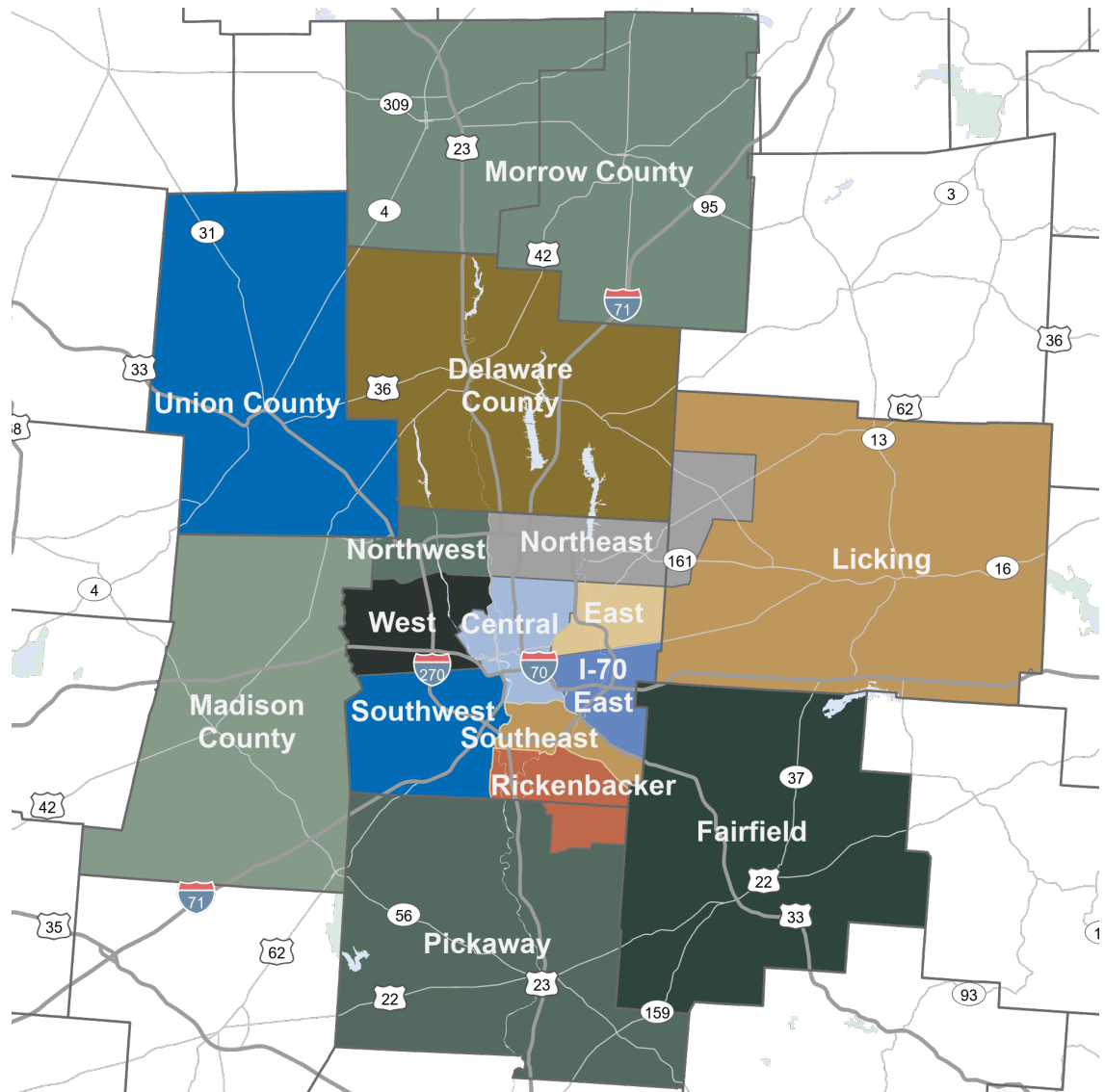
Employment Growth by Industry

COLUMBUS, May, 2022 (preliminary) 12-MONTH % CHANGE, SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

150 E. Broad St.
Suite 500
Columbus, OH 43215
t 614.883.1200



Pierre.Bagenda@nmrk.com

nmrk.com

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