



# Columbus Industrial Market

## New Speculative Supply to the Market Provides Additional Options for Future Leasing

The industrial market in Columbus experienced an active fourth quarter of 2022, with a positive absorption tally of 1.7 million square feet, four times higher than the previous quarter. This positive net absorption figure marked the 12<sup>th</sup> consecutive quarter in the affirmative. Despite the positive net absorption, the overall vacancy rate increased by 94 basis points, to 3.9%. The increase in the vacancy rate was due to new supply of nearly 5 million square feet delivering to the market, 3.3 million square feet of which was unoccupied. In total, the market recorded 8.5 million square feet of net absorption for the year. Despite the increased vacancy, the fourth quarter of 2022 logged an increase of \$0.32/SF for the asking average rental rate to \$5.25/SF, the highest in the market's history.

The vacancy rate increase notwithstanding, the fourth quarter of 2022 showed robust industrial activity through a number of completed projects that offer building size variations for potential leasing activity. Positive net absorption occurred from several tenants who occupied industrial space, including: ODW Logistics moving into 582,720 square feet at 1594 London Groveport Rd. in the Rickenbacker submarket; AmplifyBio occupying 354,640 square feet at 9885 Innovation Campus Way in the Northeast submarket; and Axium Packaging occupying 262,285 square feet at 10015 Innovation Campus Way in the Northeast submarket.

As the fourth quarter of 2022 ended, 18.5 million square feet of industrial space was under construction across 32 properties, with deliveries scheduled by next year; 60.0% of those under-construction projects are located in Rickenbacker and Licking County submarkets, categorized as prime areas for industrial development in Columbus.

### Current Conditions

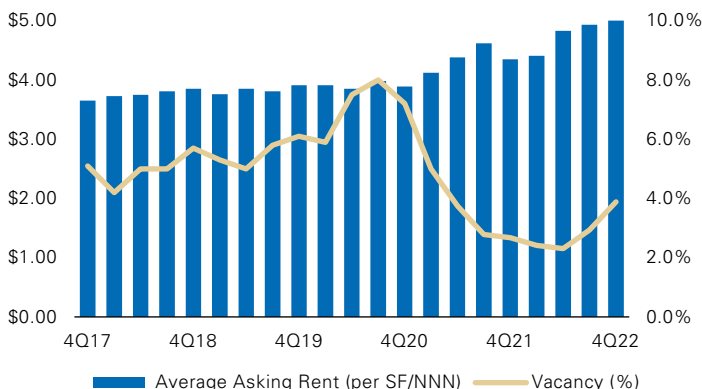
- After experiencing a low vacancy rate for the last six quarters, Greater Columbus' industrial market recorded a higher vacancy due to new speculative delivery. As a result, the vacancy rate increased by 0.94% from the previous quarter to 3.9%.
- The average asking rental rate increased by \$0.32/SF to \$5.25/SF.
- Warehouse/distribution properties posted the most net absorption, nearly 1.5 million square feet.
- Columbus is attractive for new industrial developments, many speculative, with 18.5 million square feet of industrial space under construction.

### Market Summary

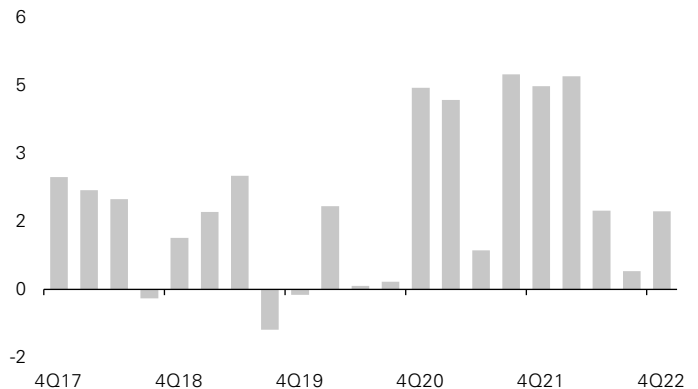
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	271M	266M	262M	↑
Vacancy Rate	3.90%	2.96%	2.69%	→
Quarterly Net Absorption (SF)	1.7M	401K	4.4M	↑
Average Asking Rent/SF	\$5.25	\$4.93	\$4.50	→
Under Construction (SF)	18.5M	20.1M	16.6M	→

### Market Analysis

#### ASKING RENT AND VACANCY RATE



#### NET ABSORPTION (SF, Millions)



### Sales Activity

Columbus industrial sales activity in the fourth quarter of 2022 decreased from the previous quarter, with 1.6 million square feet transferring and a total sales volume of \$102.0 million, or an average of \$66.00/SF. Spirit Realty Capital, Inc. recorded the highest sale by purchasing 470,000 square feet at 200 Heritage Dr. for \$57.32 million, or \$121.96/SF. In addition, SV Industrial Realty Group purchased 416,446 square feet at 1050 Dearborn Dr. for \$16.57 million, or \$39.81/SF, making it the second-largest sale of the quarter. Also in the fourth quarter of 2022, commercial real estate giant Prologis acquired fellow giant Duke Realty Corporation in an all-stock acquisition valued at approximately \$23 billion. The Columbus industrial landscape was impacted significantly, as approximately 7 million square feet, valued at \$350 million, of assets traded as part of the deal.

### Leasing Activity

Leasing activity in the fourth quarter of 2022 was stable, measuring 2.6 million square feet in deals. The average lease size was 119,870 square feet. Brooks Running, a Seattle-based shoe company, leased 598,758 square feet at 10302 Transport St. in the Rickenbacker submarket. Brooks will move from its current facility at 2829 Rohr Rd. in Groveport to the new facility and add 100 new employees by the second quarter of 2023. In addition, Premium Brands Services LLC renewed its lease of 470,000 square feet at 200 Heritage Dr. in the Licking County submarket.

### Construction Delivery in Columbus

As the quarter concluded, there were 32 projects under construction, with a total supply of 18.5 million square feet across 12 submarkets in the Columbus industrial market. The Rickenbacker and Licking County submarkets will dominate the future supply for industrial space, with 11.1 million square feet, or 60.0%, of total under-construction projects.

The most significant development underway was Rickenbacker Logistics Park Building Seven at 4229 Raymond Ave., with 1.02 million square feet, expandable to 2.3 million square feet. In addition, the technology sector showed significant activity in Columbus as three giant tech companies conducted groundbreaking ceremonies for their projects: Intel started its 750,000-square-foot chip plant construction, which is due for delivery by 2025 in the Licking County submarket; Google began its 500,000-square-foot data center construction in the Rickenbacker submarket; and Amazon started 250,000 square feet of construction in the Hilliard submarket.

With the increasing demand for industrial space, Columbus is attractive for new industrial developments, many speculative. Beyond what was already underway, the fourth quarter of 2022 saw 49 projects, totaling 25.5 million square feet, that were in the proposed stage. The under-construction and proposed projects in Columbus will provide a wide range of building sizes for future leasing.

#### Select Sales Transactions

Building/Address	Submarket	Sale Price	Price/SF	Square Feet
200 Heritage Dr.	Licking County	\$57,323,202	\$121.96	470,000
1050 Dearborn Dr.	Northeast	\$16,576,869	\$39.81	416,446
1675 Watkins Rd.	Southeast	\$9,600,000	\$33.04	290,573
1280-1310 Alum Creek Dr.	Central	\$6,600,000	\$56.85	116,088
2201 Advance Ave.	Central	\$4,136,250	\$72.84	56,784
1513-1519 Alum Creek Dr.	Central	\$2,727,000	\$52.52	51,920

#### Select Lease Transactions

Tenant	Submarket	Building/Address	Type	Square Feet
Brooks Running	Rickenbacker	10302 Transport St.	Direct	598,754
Premium Brands Services LLC	Licking County	200 Heritage Dr.	Renewal	470,000
United Healthcare Services, Inc.	Licking County	8640 Global Way	Direct	303,219
CTDI, Inc.	Southwest	5900 N. Meadows Rd.	Renewal	268,981
Victory Packaging	Rickenbacker	4023 Raymond Ave.	Direct	238,102
SK Food Group	Rickenbacker	2099 Wright Brother Ave.	Direct	163,649
Alpha Transit	Delaware County	3229 Sawmill Pkwy.	Sublease	60,000

## RESEARCH Q4 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	22,483,938	387,030	1.63%	82,710	342,109	\$7.36
Delaware County	11,362,008	-	1.38%	(99,882)	(40,881)	\$6.92
East	16,140,692	291,400	3.90%	111,377	90,271	\$7.19
Fairfield County	7,748,130	209,632	5.38%	(341,016)	(295,830)	\$3.84
I-70 East	8,095,447	-	1.07%	49,886	146,051	\$8.53
Licking County	25,046,646	4,557,471	6.46%	-	1,819,237	\$4.30
Madison County	17,844,851	1,447,520	6.11%	-	1,647,212	\$5.00
Morrow County	1,609,847	707,940	0.00%	-	-	\$2.00
Northeast	17,139,350	1,065,122	5.26%	1,000,443	1,099,128	\$8.68
Northwest	1,968,124	140,244	1.73%	19,873	169,546	\$10.95
Pickaway County	5,366,669	1,194,865	0.00%	-	167,600	\$3.50
Rickenbacker	55,565,087	6,524,984	4.76%	1,259,856	1,390,076	\$6.25
Southeast	19,234,262	824,840	4.04%	(225,369)	844,932	\$5.75
Southwest	19,120,309	-	6.67%	(344,556)	450,943	\$5.30
Union County	11,210,009	-	0.54%	60,201	80,090	\$6.95
West	31,166,244	1,134,485	1.64%	147,230	636,307	\$6.27
<b>Market</b>	<b>271,101,613</b>	<b>18,485,533</b>	<b>3.90%</b>	<b>1,720,753</b>	<b>8,546,791</b>	<b>\$5.25</b>

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	37,525,381	3,298,832	4.66%	(89,734)	233,196	\$5.64
R&D/ Flex	8,675,028	1,751,461	4.70%	334,347	465,809	\$8.49
Warehouse/ Distribution	224,901,204	13,435,240	3.74%	1,476,140	7,847,786	\$5.02
<b>Market</b>	<b>271,101,613</b>	<b>18,485,533</b>	<b>3.90%</b>	<b>1,720,753</b>	<b>8,546,791</b>	<b>\$5.25</b>

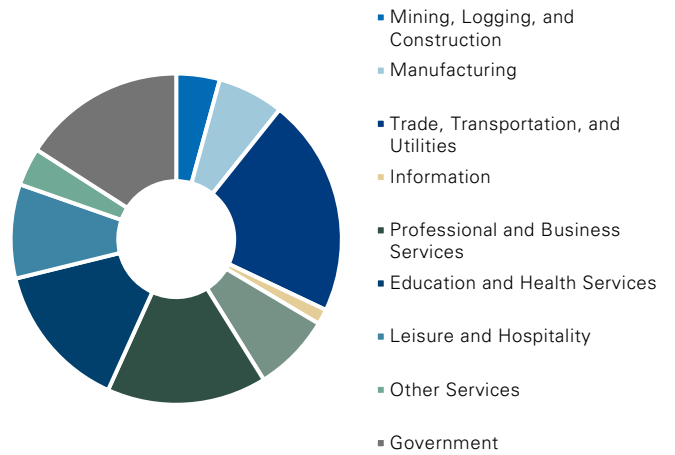
### Economic Conditions

Greater Columbus closed in 2022 with strong economic conditions, as the unemployment rate registered lower than national and state levels. The unemployment rate in Columbus was 3.5%, compared to 4.2% in Ohio and 3.7% at the national level. Comparing year-over-year payroll employment, Columbus showed a gain of 1.6% in November 2022, while national payroll employment showed a growth of 3.2%. In addition, the Consumer Price Index for the Midwest and the U.S. was up 6.8% and 7.1% year-over-year, respectively.

Another indicator that showed the occurrence of economic recovery in Columbus was employment growth based on the industrial sector. Two sectors saw employment loss: professional and business services at negative 7.2%; and financial activities at negative 0.2%. Leisure and hospitality showed the highest growth to pre-pandemic levels of 7.0%, followed by government at 4.7% and trade, transportation, and utilities at 4.1%.

### Employment by Industry

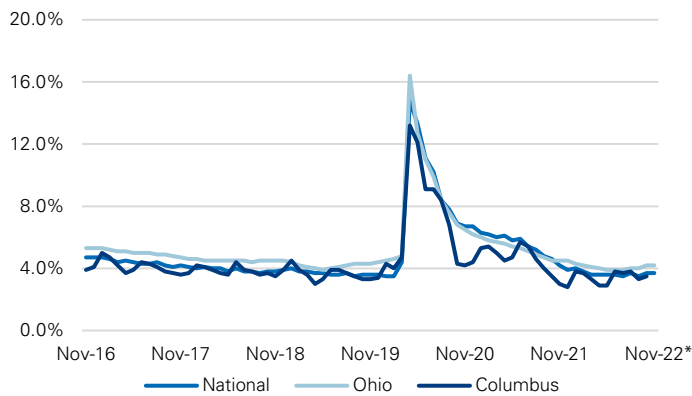
#### COLUMBUS



Source: U.S. Bureau of Labor Statistics

### Unemployment Rate

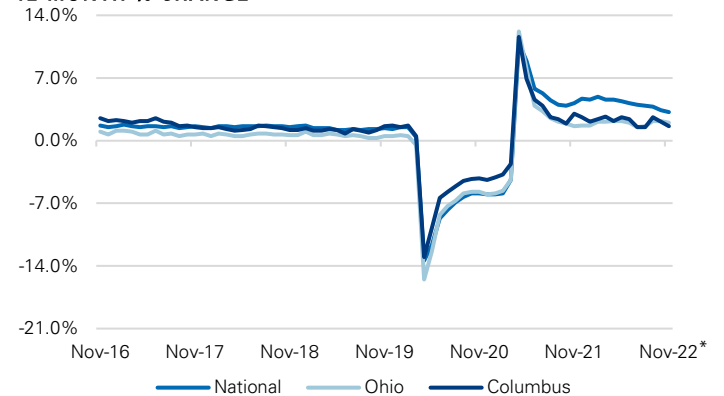
#### SEASONALLY ADJUSTED



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

### Payroll Employment

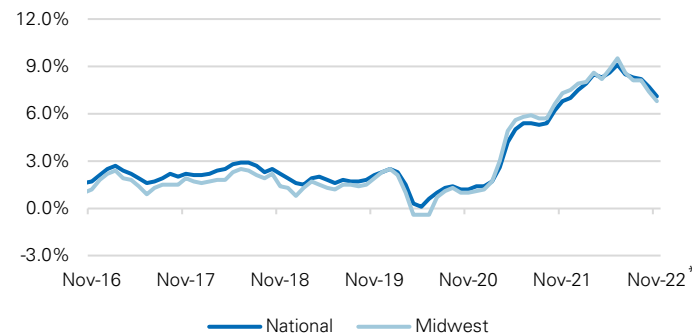
#### TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



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

### Consumer Price Index (CPI)

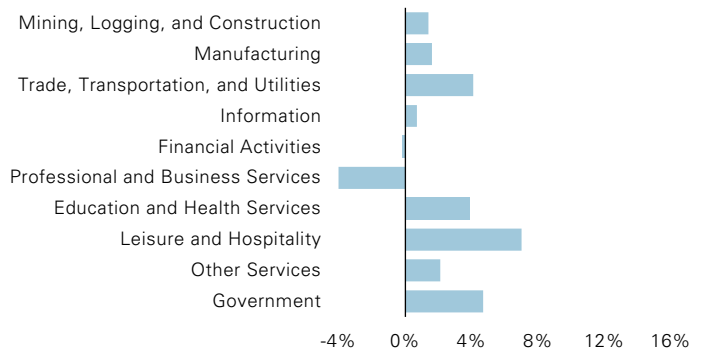
#### ALL ITEMS, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



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

### Employment Growth by Industry

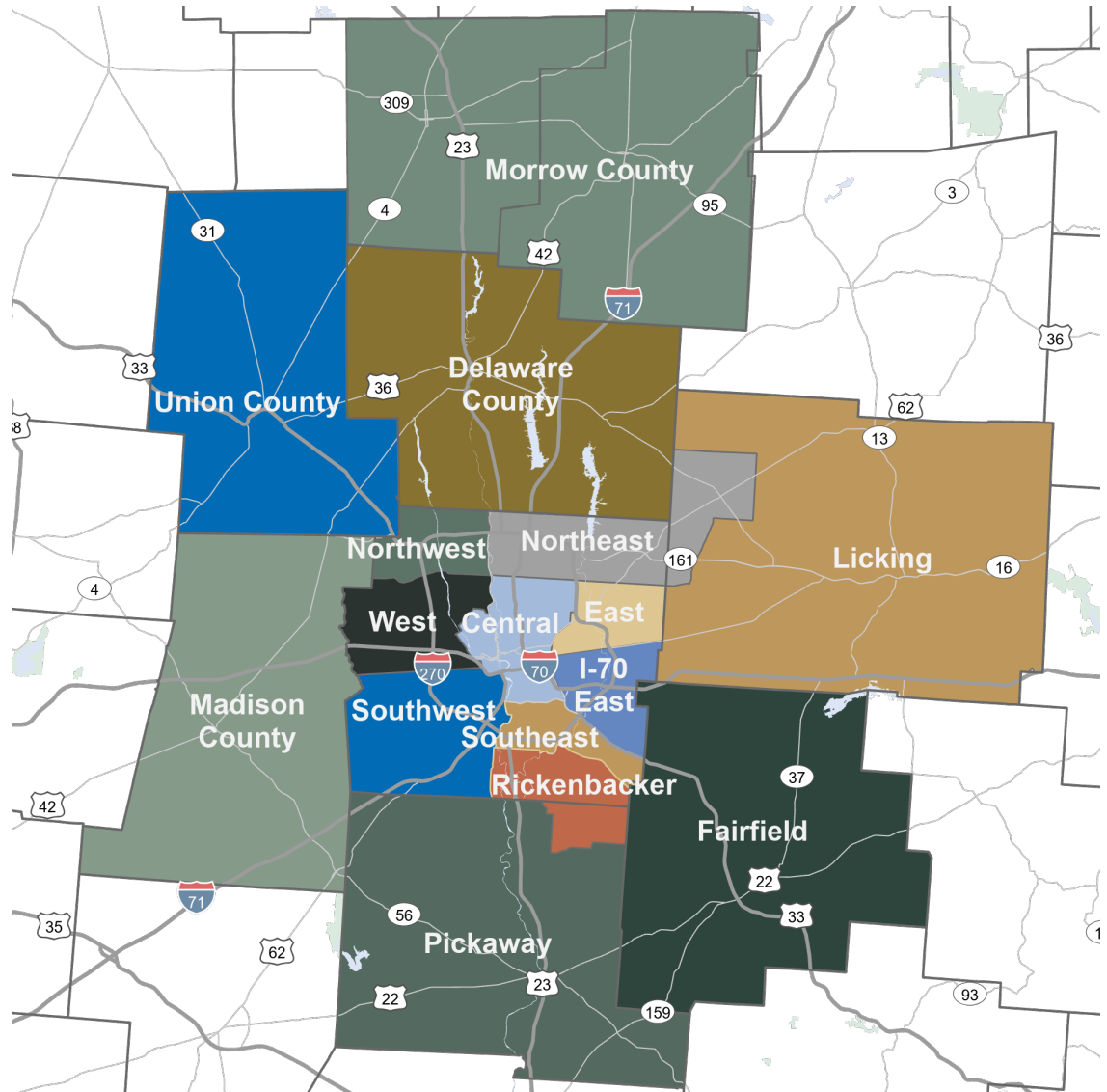
#### COLUMBUS, Nov. 2022 (preliminary) 12-MONTH % CHANGE, SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

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