



Columbus Industrial 23Q3

Key Takeaways

- Net absorption for Q3 landed at 1.5 million square feet
- Vacancy increased to 4.38 percent
- 37 projects are currently under construction comprising of 14.1 million square feet



Vacancy Rate
4.4%



Net Absorption
1.5M SF



Under Construction
14.1M SF



Overall Asking Lease Rates (NNN)
\$7.07/SF



Regional Summary

The Columbus industrial market has continued its positive absorption trend, recording 1.5 million square feet of absorption this quarter. Vacancy rates increased to 4.38 percent and overall asking rates remained steady at \$7.07 NNN. Construction activity has remained steady this quarter with seven projects coming out of the ground totaling 4.4 million square feet. There were 10 completions equating to 4.2 million square feet with 14.1 million square feet currently under construction. Some developments have not been leased due to a shift in demand as tenants are becoming more hesitant due to macroeconomic uncertainty. As a result, we anticipate less new construction in coming quarters, but the Columbus market remains healthy overall.

Market Indicators



3.60%
Columbus Unemployment Rate



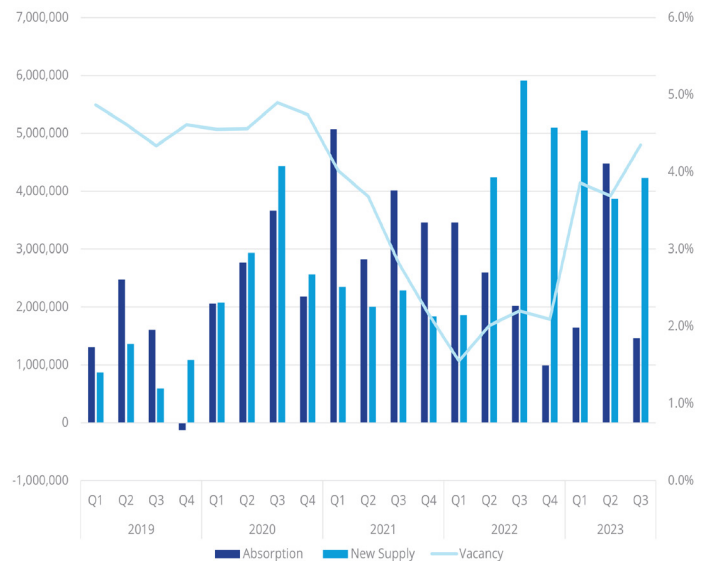
0.98%
Columbus GDP-Quarterly % change yr/yr



4.62%
U.S. 10 Year Treasury Note

	23Q2 Previous	23Q3 Current	23 YTD
Total Inventory	329,545,046	333,774,655	333,774,655
New Supply	3,871,498	4,229,609	13,152,174
Net Absorption	4,478,276	1,511,843	7,636,994
Overall Vacancy	3.69%	4.38%	4.38%
Overall Asking Lease Rates (NNN)	\$7.05	\$7.07	\$7.07

Market Graph



The industrial market has seen consistent development and positive absorption in recent years.

Recent Transactions



Multi-Property Sale
8255 Innovation Campus
Licking | 1M SF



Investment Sale
9157 Mink St
Licking | 697K SF



Lease
200 Park West Dr
Madison | 371K SF



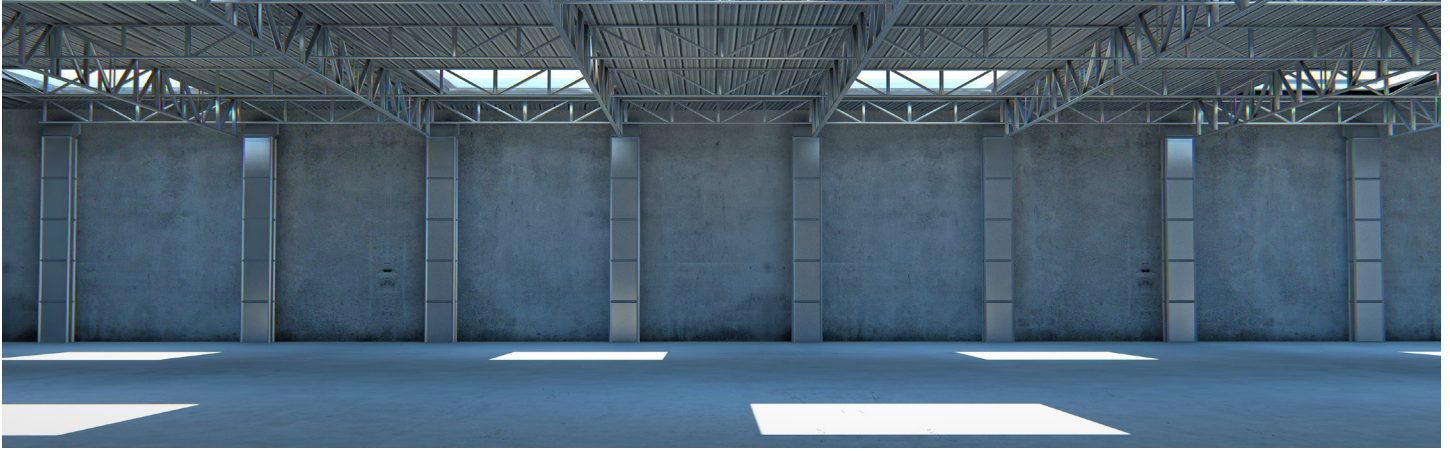
Sublease
3495 Gantz Rd
Southwest | 183K SF



Investment Sale
1275 S Houk Rd
Delaware | 119K SF



Lease
8950 Smith's Mill Rd
Licking | 119K SF



Vacancy

Vacancy has increased this quarter by 20 basis points due to many buildings being delivered vacant which is contrary to past quarters. The Fairfield submarket had the highest vacancy rate at 12.47 percent due in part to 0 Robinett Way Canal Pointe Building A and B delivering 825,000 square feet of vacant space. The Madison submarket saw a large drop in vacancy as a result of 200 Park West Dr (371K square feet) leased to GXO Logistics Supply Chain, Inc.

Market Activity

Net absorption was over 1.5 million square feet this quarter. Demand weakened after significantly high leasing volume in the previous quarter. Despite the decreased activity, there were still large leases signed in the Greater Columbus area. The positive absorption was steered by GXO Logistics Supply Chain, Inc. taking 371,500 square feet in the Madison submarket at 200 Park West Drive. A 183,528 square-foot sublease was signed in by FST Logistics, Inc. in the Southwest submarket at 3495 Gantz Road. We anticipate the trend of weakening demand in the fourth quarter but overall still see the year ending with positive market activity.

Construction and Completions

With over 4.2 million square feet of construction completed and 4.4 million square feet breaking ground, the delta of overall construction QoQ remains even but has decreased nine percent YoY. We are seeing the decrease in construction due to developers and lenders being cautious about the economy and rising interest rates. The majority of submarkets are tracking well over 500,000 square feet under construction. The Licking County submarket continues to lead construction with six projects underway, all modern bulk buildings. VanTrust is developing the 1.2 million square feet DSV build-to-suit

project that just broke ground this quarter near Intel. Red Rock Developments also broke ground this quarter on their 946,400 square foot speculative development at 7409 Mink Street in Pataskala, OH. As the market stands, 68 percent of the construction remains speculative. However, we anticipate this trend to continue to slow and shift to more build-to-suit projects as the debt and capital markets continue to remain difficult for speculative construction.

The Pickaway submarket experienced the most growth adding two buildings including 714 Bosses Way developed by Heitman - totaling over 1.1 million square feet. The Union submarket had the largest delivery this quarter, which was Scotts Miracle-Gro BTS developed by Crawford Hoying which was 1.2 million square feet. These submarkets are on the outskirts of Columbus and therefore have more land readily available. Of the 33 buildings delivered this year, eight were in the Pickaway and Union submarkets. Of the total number of buildings delivered YTD 60 percent were modern bulk buildings.

Sales

Square feet sold doubled this quarter with 2.5 million square feet traded in the greater Columbus area. The Southwest and West submarkets had the highest volume of sales with seven sales each. The largest sale in price and square feet was in the Licking submarket when Exeter bought three properties totaling over one million square feet for \$113 million (\$107.00/sf) at 8950 Smith's Mill Road, 8255 Innovation Campus Way and 13289 Worthington Road from VanTrust. The second largest sale in price and square feet was also in the Licking submarket. Hines Global Income Trust, Inc. bought the 697,860 square foot property for \$67 million (\$96.15/sf) at 9157 Mink Street from Core5.

Significant Sales Activity

Address	Size	Buyer	Seller	Sales Price
8255 Innovation Campus Way (3 Property Sale)	1,062,785	Exeter	VanTrust	\$113,600,000
9157 Mink Street	697,860	Hines Global Income Trust, Inc.	Core5	\$67,100,000
1275 S Houk Road	119,960	Time Equities, Inc.	Cardinal Industrial	\$7,500,000
1360-1420 Boltonfield Street	82,120	WM Boltonfield LLC	Capitol Square, Ltd	Confidential

Significant Lease Activity

Address	Size	Tenant	Landlord	Type
200 Park West Drive	371,500	GXO Logistics Supply Chain, Inc.	Ambrose Property Group	New
3495 Gantz Road	183,528	FST Logistics, Inc.	Import Products Co., LLC	Sublease
8950 Smith's Mill Road	119,941	Aromair Fine Fragrance Company	VanTrust	New
6777 Crosby Court	64,177	Ineos Americas LLC	VanTrust	New
320 Outerbelt Street	60,000	Earthley	Mid-America Management Corporation	New
2101 S High Street	45,236	Intertape Polymer Corp	Steelton	New
1050 Dearborn Drive	43,200	Superior Air Ground Ambulance Svc.	SV Industrial Realty Group	New
1050 Dearborn Drive	39,483	Pella Windows	SV Industrial Realty Group	New
1160-1166 Steelwood Avenue	24,304	Sunladen Company, LLC	Schottenstein Property Group	New
2060-2078 N Integrity Drive	17,000	Ross Restoration Inc.	Faropoint	New

Bold Denotes Colliers Represented Transaction

Submarket	Total Inventory SF	Availability Rate	Sublease Availability Rate	Direct Vacancy Rate	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries	Avg Direct Asking Rate (NNN)
CBD	2,723,729	32.75%	0.00%	1.21%	0.45%	(20,618)	(20,618)	1,082,240	-	\$7.61
East	35,319,560	6.03%	0.18%	2.85%	2.61%	8,164	193,112	1,025,384	140,000	\$7.00
Fairfield	11,562,161	19.13%	0.00%	12.47%	2.62%	5,600	(10,539)	755,160	825,322	\$5.99
Licking	40,647,085	13.47%	0.87%	5.44%	5.23%	(144,479)	2,468,751	7,164,271	218,457	\$5.91
Madison	19,846,140	12.45%	0.00%	10.97%	12.85%	371,500	371,500	292,500	-	\$6.17
North	13,252,876	8.76%	0.64%	6.41%	9.18%	493,225	116,457	-	140,244	\$8.10
Delaware	15,437,129	6.51%	0.55%	0.99%	1.53%	145,057	204,892	551,778	202,165	\$7.70
Pickaway	18,727,911	8.96%	0.00%	8.96%	1.13%	(89,584)	1,536,819	-	1,393,421	\$5.95
Southeast	97,171,678	7.72%	1.07%	3.74%	3.59%	(460,137)	1,480,709	1,677,035	-	\$5.72
Southwest	23,161,699	6.24%	1.65%	3.35%	2.08%	(294,417)	(263,605)	66,233	-	\$7.01
Union	13,028,147	3.36%	0.49%	0.25%	0.27%	1,309,228	1,428,758	224,235	1,310,000	\$7.75
West	42,896,540	4.77%	0.55%	1.42%	1.50%	188,304	130,758	1,341,712	-	\$7.07
TOTAL	333,774,655	8.53%	0.69%	4.38%	3.69%	1,511,843	7,636,994	14,180,548	4,229,609	\$7.07

Property Type	Total Inventory SF	Availability Rate	Sublease Availability Rate	Direct Vacancy Rate	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries	Avg Direct Asking Rate (NNN)
R&D Flex	8,009,272	7.12%	0.14%	2.94%	4.33%	30,858	56,321	159,504	-	\$8.72
General Industrial	235,707,472	4.35%	0.66%	2.15%	1.81%	132,282	(212,017)	1,285,467	504,700	\$6.64
Modern Bulk	90,057,911	19.57%	0.83%	10.32%	8.74%	1,348,703	7,792,690	12,735,577	3,724,909	\$5.25
TOTAL	333,774,655	8.53%	0.69%	4.38%	3.69%	1,511,843	7,636,994	14,180,548	4,229,609	\$7.07



Industrial Construction Shift

Over the past few quarters, we have anticipated a shift in the industrial construction boom. With deliveries outpacing projects breaking ground there has been a shift in vacancy.

A majority of the projects that are underway have not been preleased due to a lack of demand as tenants are increasingly weary of economic downturn as opposed to the last two years. Globe St said, “with elevated replacement costs and lack of inexpensive money, a fall in deliveries will tighten demand and vacancy rates.”

Source: Globe St

FOR MORE INFORMATION

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