

MARKETBEAT

Columbus

Industrial Q1 2019



COLUMBUS INDUSTRIAL

Economic Indicators

	Q1 18	Q1 19	12-Month Forecast
Columbus Unemployment	3.7%	3.9%	■
Ohio Unemployment	4.6%	4.6%	■
U.S. Unemployment	4.1%	3.8%	▼

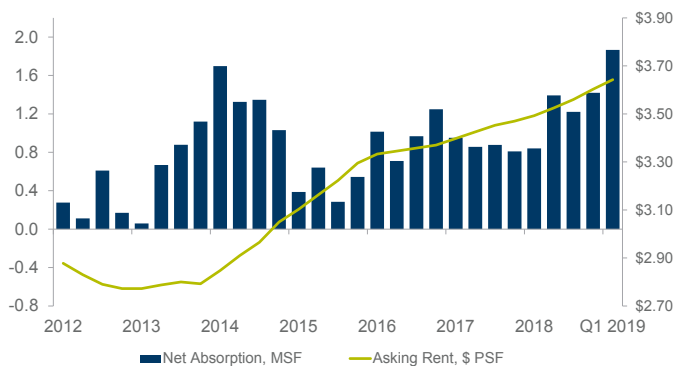
Q1 data based on February results, and January used to represent Q1 2019 for Columbus.

Market Indicators

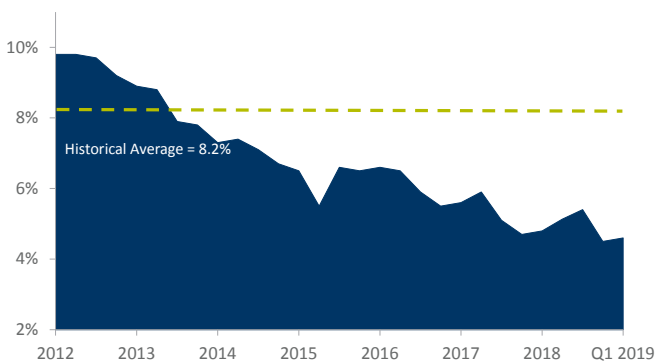
	Q1 18	Q1 19	12-Month Forecast
Overall Vacancy	4.8%	4.6%	■
Net Absorption (sf)	320k	2.1M	▲
Under Construction (sf)	7.0M	4.4M	▲
Average Asking Rent *	\$3.55	\$3.71	▲

* Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent 4-QTR TRAILING AVERAGE



Overall Vacancy



Market Overview

The overall Columbus industrial market posted a 2019 first quarter vacancy rate of 4.6% which is 20 basis points (bps) less than one year ago, and nearly identical to the previous quarter's 4.5%. Net absorption of 2.1 million-square-foot (msf) is almost seven times more than was recorded a year ago, and the asking rental rate continues to achieve new heights at \$3.71 per-square-foot (psf).

In addition to the overall market survey, Cushman & Wakefield surveys a specific subset that consists of modern bulk buildings, which are defined as properties 100,000 square foot (sf) or larger, have a minimum 28-foot clear height, and were built in the last 15 years. The modern bulk vacancy rate came in at 6.4%, which is above a year ago at 5.4%, but still represents one of the lowest since the recession. The increase in the vacancy rate was impacted by two large deliveries that have not yet announced tenants.

The first quarter in the industrial market was influenced by several deliveries totaling 3.5 msf, with 2.4 msf pre-leased. Amazon finished its build-to-suit and now is occupying 855,000 sf in West Jefferson. Within the Southeast submarket Quaker Distribution relocated its operation into Pizzuti's new 802,000-sf warehouse on Beggrow Street in Rickenbacker West. In Pickaway county Hillwood's 514,000-sf Tradeport II and the 357,000-sf Tradeport III came on line with two tenants in place, one unnamed tenant is fully occupying Tradeport II, and ODW Logistics is taking 224,000 sf in Tradeport III. Rickenbacker is home to two new warehouses developed by Van Trust that have yet to name tenants, a 229,000-sf warehouse on Rohr Road, and a 758,000-sf one on Green Pointe Drive. In addition to new builds leasing up space, several other leases were transacted in the quarter including Optimus backfilling 178,000 sf at 9224 Intermodal, Sun Nest taking 97,000 sf at 2525 Rohr Road, and Veepak leasing 96,000 sf at 8820 Smith's Mill Road. The largest portfolio deal in the first quarter was when Dream Industrial REIT bought a 21 property collection that includes 12 buildings totaling 1.2 msf in Columbus from Transwestern Investment Management for a total estimated price of \$60.3 million (\$51 psf). Covington increased its holdings with the purchase of a 583,000-sf warehouse on Highfield Drive in Delaware for \$15.1 million (\$26 psf). In conjunction with the sale, Volvo Parts of North America renewed its lease in the building for an undisclosed term. Online sales and third party logistics providers continue to drive activity in the market, and Columbus is poised to capture the momentum.

Outlook

Expect slightly rising vacancy rates as new product delivers throughout 2019, as well as modest increases in rental rates.

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Columbus Industrial Market Statistics - Q1 2019

Vacancy, Absorption, Construction, and Rent

Submarket	Total Buildings	Total Inventory SF	Total Vacancy SF	Direct Vacancy Rate Last Qtr	Direct Vacancy Rate Current Qtr	Sublease Vacancy Rate Current Qtr	Total Vacancy Rate Current Qtr	Net Absorption Current Qtr	Net Absorption YTD	Under Construction SF	Average Asking Rent \$psf/year
Northwest	847	51,287,136	1,624,102	3.4%	3.0%	0.2%	3.2%	-9,494	-9,494	327,600	\$3.98
Northeast	471	32,089,568	720,136	2.6%	1.7%	0.5%	2.2%	10,254	10,254	120,800	\$4.28
Southeast	534	77,287,635	6,436,279	5.1%	7.7%	0.7%	8.3%	508,100	508,100	1,147,000	\$3.56
Southwest	432	32,731,846	1,336,740	4.6%	3.5%	0.6%	4.1%	32,080	32,080	-	\$3.81
Downtown	15	604,484	0	0.0%	0.0%	0.0%	0.0%	-	-	-	\$4.02
Out of County	611	65,610,214	1,934,125	3.8%	2.8%	0.2%	3.0%	1,568,354	1,568,354	2,816,600	\$3.35
TOTAL	2,910	259,610,883	12,051,382	4.0%	4.2%	0.4%	4.6%	2,109,294	2,109,294	4,412,000	\$3.71

Columbus Bulk Industrial Market Statistics - Q1 2019

Vacancy, Absorption, Construction, and Rent

Submarket	Total Buildings	Total Inventory SF	Total Vacancy SF	Direct Vacancy Rate Last Qtr	Direct Vacancy Rate Current Qtr	Sublease Vacancy Rate Current Qtr	Total Vacancy Rate Current Qtr	Net Absorption Current Qtr	Net Absorption YTD	Under Construction SF	Average Asking Rent \$psf/year
Northwest	2	593,000	-	0.0%	0.0%	0.0%	0.0%	-	-	327,600	\$3.50
Northeast	15	5,620,621	147,952	2.6%	2.6%	0.0%	2.6%	-	-	60,800	\$4.63
Southeast	87	43,616,386	3,456,722	3.6%	7.1%	0.8%	7.9%	196,700	196,700	1,147,000	\$3.58
Southwest	48	14,162,996	634,834	4.9%	3.5%	1.0%	4.5%	190,400	190,400	-	\$3.75
Out of County	24	17,268,356	922,841	5.1%	5.3%	0.0%	5.3%	1,592,354	1,592,354	2,725,000	\$3.64
TOTAL	176	81,261,359	5,162,349	4.0%	5.7%	0.6%	6.3%	1,979,454	1,979,454	4,260,400	\$3.69

Industrial asking rents converted to NNN

Key Lease Transactions Q1 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
1550 W. Main Street	855,000	Amazon	Lease	Outlying- West Jefferson
3538 Tradeport Court	514,000	Confidential	Lease	Outlying- Pickaway
3657 Tradeport Court	224,000	ODW Logistics	Lease	Outlying- Pickaway
9224 Intermodal Court	178,000	Optimus	Lease	SE
2525 Rohr Road	97,000	Sun Nest	Lease	SE

Key Sales Transactions Q1 2019

PROPERTY	SF	SELLER/BUYER	PRICE	PRICE/ SF	SUBMARKET
Dream Industrial Columbus Logistics Portfolio (12 buildings)	1,200,000	Transwestern Investment Mgmt./ Dream Industrial REIT	est. \$60,300,000	est. \$51	NW
8355 Highfield Drive	583,000	Superior Realty Group/ Covington Group	\$15,120,000	\$26	Outlying
4051 Fondorf Drive	151,000	C-III Realty Services/ Reich Brothers	\$3,000,000	\$15	SW

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About Cushman & Wakefield

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