

MARKETBEAT

Columbus

Industrial Q2 2019



COLUMBUS INDUSTRIAL

Economic Indicators

	Q2 18	Q2 19*	12-Month Forecast
Employment	1,098.0	1,108.7	▲
Unemployment rate	3.8%	3.7%	▼
U.S. unemployment rate	3.9%	3.6%	▼

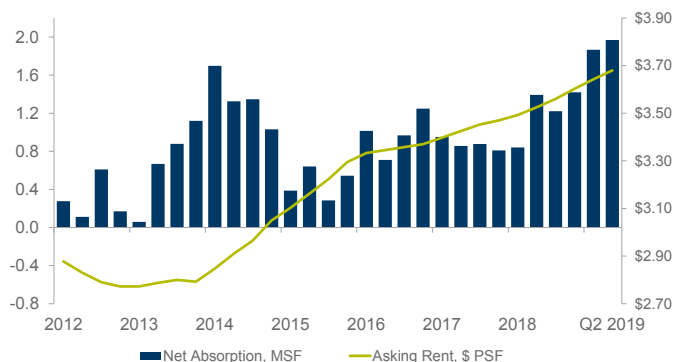
*Q2 19 data based on the latest available data.
Source: BLS, Moody's Analytics, Cushman & Wakefield Research

Market Indicators

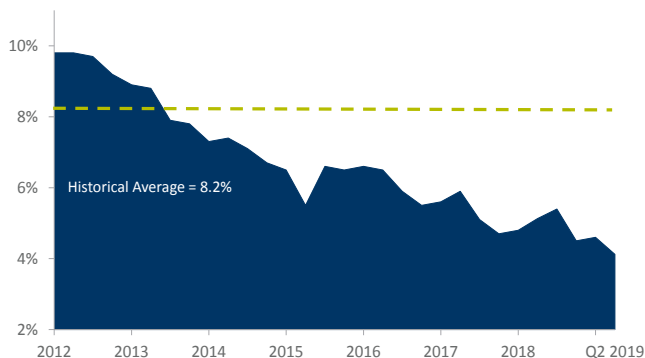
	Q2 18	Q2 19	12-Month Forecast
Overall Vacancy	5.1%	4.1%	■
Net Absorption (sf)	2.0M	2.4M	▲
Under Construction (sf)	5.9M	5.8M	▲
Average Asking Rent*	\$3.59	\$3.74	▲

*Rental rates reflect net asking \$psf/year

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



Overall Vacancy



Market Overview

The Columbus industrial market posted a record-setting second quarter to follow up unprecedented metrics in the first quarter. The second quarter of 2019 posted a 4.1% total vacancy rate, 100 basis-points less than one year ago, and lower than the previous quarter's 4.6%. Net absorption of 2.4 million square feet (msf) for the quarter ranks as the most ever recorded in a second quarter, and the asking rental rate finished at an all time high of \$3.74 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 with a minimum 28-foot clear height and were built in the last 15 years. The modern bulk total vacancy rate came in at 4.2%, which bests a year ago by almost 300 basis-points, and the previous quarter by 216 basis-points.

The large absorption levels and low vacancies are being driven by large, single tenant occupancies. Year-to-date in 2019, two build-to-suit warehouses landed in the market and were occupied by FedEx (972,000 sf) and Amazon (855,000 sf). Speculative deliveries in that timeframe attracted single tenants such as Quaker (802,000 sf), Walmart (758,000 sf), Plantation Products (511,000 sf), and ODW Logistics (223,000 sf). Leasing activity in second quarter included Jeld-Wen expanding by 156,000 sf at 87 Heritage Drive in Prologis Park Etna, while in the Southeast Terminal Warehouse expanded by 180,000 sf at 4150 Lockbourne and Specialty Retailers leased 141,000 sf at 3100 Creekside Parkway. American Furukawa pre-leased 195,000 sf in Hackman Capital Partner's 292,000-sf warehouse under construction at 1860 Walcutt Road. In the second quarter Transwestern Investment Group bought three properties on Lockbourne and Groveport Roads totaling 1.5 msf from Singerman for \$46.9 million (\$31 psf). Cole Office and Industrial sold a national portfolio of twenty properties to Industrial Logistics Property Trust for an estimated \$35 million (\$46 psf). The deal included three buildings totaling 760,000 sf on Williams Road in the Southeast submarket (the purchase also included 50 acres of land). Mapletree Investments added to their portfolio by purchasing the 1.0-msf Tradeport I from Hillwood for \$60.5 million (\$59 psf). Additionally, three new speculative projects started this quarter: Exeter is building an 828,000-sf warehouse on Enterprise Parkway in Madison County, VanTrust is working on a 302,000-sf warehouse in New Albany, and Xebec has started on a 1.0-msf warehouse in Rickenbacker, one of four buildings in the first phase in a 106-acre master plan.

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 - Q2 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	1,460,408	3.0%	2.5%	0.3%	2.8%	238,828	229,334	291,600	\$3.99
Northeast	471	32,149,568	917,798	1.7%	2.4%	0.4%	2.8%	-160,265	-150,011	359,300	\$4.28
Southeast	535	78,260,273	5,136,220	7.7%	5.9%	0.6%	6.6%	2,747,165	972,000	1,000,000	\$3.59
Southwest	432	32,731,846	1,569,847	3.5%	4.4%	0.4%	4.8%	-294,818	-262,738	-	\$3.81
Downtown	15	604,484	0	0.0%	0.0%	0.0%	0.0%	-	-	-	\$4.02
Out of County	607	63,041,074	1,536,944	2.8%	2.3%	0.2%	2.4%	397,181	1,965,535	4,121,649	\$3.41
TOTAL	2,907	258,074,381	10,620,385	4.2%	3.7%	0.4%	4.1%	2,419,991	4,529,285	5,772,549	\$3.74

Columbus Bulk Industrial Market Statistics - Q2 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%	-	-	291,600	\$3.50
Northeast	15	5,620,621	-	2.6%	0.0%	0.0%	0.0%	147,952	147,952	359,300	\$4.63
Southeast	88	44,592,966	2,482,369	7.1%	4.8%	0.7%	5.6%	1,917,459	2,114,159	1,000,000	\$3.59
Southwest	48	14,162,996	704,570	3.5%	4.2%	0.7%	5.0%	-103,238	87,162	-	\$3.75
Out of County	24	17,268,356	254,889	5.3%	1.5%	0.0%	1.5%	667,952	2,260,306	4,121,649	\$3.64
TOTAL	177	82,237,939	3,441,828	5.7%	3.7%	0.5%	4.2%	2,630,125	4,609,579	5,772,549	\$3.67

Industrial asking rents converted to NNN

Key Lease Transactions Q2 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
6198 Green Pointe Drive	758,000	Walmart	Lease	SE
4150-4200 Lockbourne Indust. Drive	180,000	Terminal Warehouse (Expansion)	Lease	SE
87-103 Heritage Drive	156,000	Jeld-Wen (Expansion)	Lease	Outlying- Licking
3100 Creekside Parkway	141,000	Specialty Retailers	Lease	SE
6380 Adelaide Court	103,000	JS Products	Lease	SE

Key Sales Transactions Q2 2019

PROPERTY	SF	SELLER/BUYER	PRICE	PRICE/ SF	SUBMARKET
Transwestern Industrial Columbus Lockbourne Portfolio (3 buildings)	1,500,000	Singerman/ Transwestern Investment Mgmt.	\$46,900,000	\$31	SE
3780 Tradeport Court	1,000,000	Hillwood/ Mapletree Investments	\$60,500,000	\$59	SE
Industrial Logistics Properties Trust Williams Road Portfolio (3 Columbus buildings out of 20 nationwide)	760,000	Cole Office & Indust. REIT/ Industrial Logistics Properties	est. \$35,000,000	est. \$46	SE

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About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com, or follow @CushWake on Twitter.

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