

MARKETBEAT COLUMBUS

Industrial Q2 2020



4.8%

Vacancy Rate*

972K

YTD Net Absorption, SF*

\$3.93

Asking Rent, PSF*

(*Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2020

971K

Columbus
Employment

12.9%

Columbus
Unemployment Rate

13.0%

U.S.
Unemployment Rate

Source: BLS, Moody's Analytics
Q2 2020 data are based on
latest available data

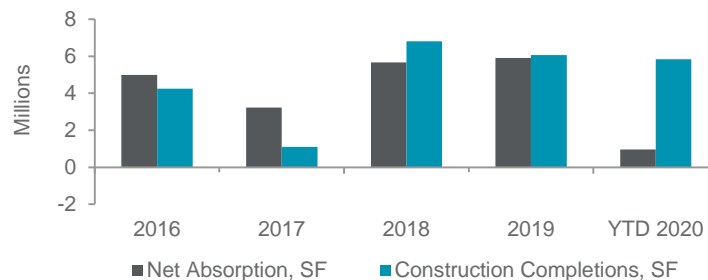
The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

ECONOMY

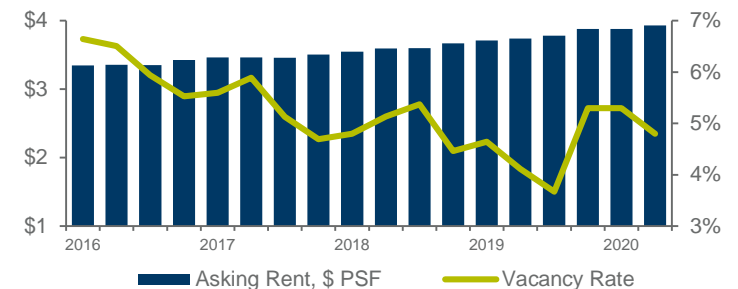
When economists look back on the first half of 2020, they will no doubt see graphs and charts that show one of the greatest shocks ever to an industrialized economy. Even the major indicators that have so far been released are predicted to be restated as we gain a clearer understanding of the data, with the Bureau of Labor Statistics openly acknowledging that recent unemployment numbers most likely *understate* the actual situation due to classification errors in recent surveys. The Bureau of Economic Analysis took the unusual step of declaring the country is already in a recession, despite the official data so far showing the first quarter of 2020 as the only period of negative GDP growth since the economic expansion began a decade ago. Many unknowns in the U.S. and across the globe are still to be resolved.

Unlike the national and global economy, the fundamentals of the commercial real estate market in Greater Columbus did not shift dramatically in the second quarter of 2020. On the industrial side, vacancy was near 5.0%. Year-to-date net absorption was 1.0 million square feet (msf) and nearly 9.0 msf was under construction at the end of Q2 2020. Office vacancy ranged between 13.0% and 15.0% from 2017 - 2019 and increased to nearly 18.0% in 2020. This increase was attributed to tenant movement as well as a change in Cushman & Wakefield research methodology, where the firm tracks the status of more office buildings than in prior years. Net absorption was positive in Q2, which neutralized some of the negative office absorption registered in Q1 2020. There is no doubt that the local and global economy face challenges and unknowns ahead but making specific predictions on the future of the Greater Columbus commercial real estate market at this point would be speculative at best.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT COLUMBUS

Industrial Q2 2020



MARKET OVERVIEW

Following sub-4.0% levels in mid-2019, industrial vacancy in Greater Columbus increased to 4.8% in Q2 2020. Year-over-year (YOY), vacancy increased by 70-basis points (bps), which can be attributed speculative construction deliveries and new warehouse vacancies. Prior to 2019, industrial vacancy was consistently at or above 5.0%.

2018 and 2019 were notable years for construction deliveries of 6.8 million square feet (msf) and 6.1 msf respectively. Only halfway through the year, 2020 nearly equaled these prior totals at 5.8 msf. The largest delivered building of the quarter was the 1.2 msf Cubes at Etna Park 70 – Kohl's, a fully pre-leased distribution center along I-70 in Licking County. Park West - Building 1, an 845,000-square-foot (sf) speculative distribution center in West Jefferson was delivered Q2. Three buildings totaling 531,000 sf were also completed at the Groveport Logistics Hub, and like Park West – Building 1 were vacant at the end of the quarter. Over and above the delivered buildings, more than 8.7 msf was under construction as of Q2.

While lower than levels seen in 2018 and 2019, Q2 2020 net absorption was nearly 1.5 msf, due in large part to new construction. In addition to Kohl's 1.2 msf least at Etna Park 70, Magna Seating of America moved into a new 153,000-sf manufacturing facility in Lancaster. Dick Cold Storage also absorbed 115,000 sf at a new facility on Phillipi Road in Southwest Columbus.

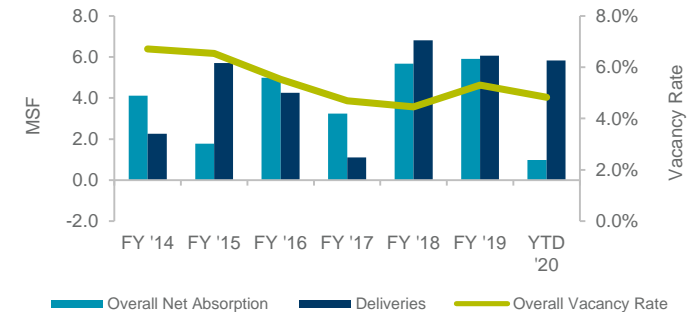
Outside of new construction, notable leases included ODW Logistics, which leased 500,000 sf near Rickenbacker Airport at 1450 Commodity Boulevard. In Grove City, Forge Biologics leased 176,000 sf at 3900 Gantz Road. Nearby, Retail Direct leased 113,000 sf at Prologis Capital Park South 3.

As more speculative construction reached completion, average asking lease rates rose toward record levels in Q2 2020, at \$3.93 per-square-foot (psf) net. On a YOY basis, asking rates grew by more than 5.0%.

OUTLOOK

- With 7.7 msf of speculative space in the construction pipeline, it is likely that vacancy in Greater Columbus will rise above 5.0% before the end of the year.
- With leasing activity of existing buildings and significant pre-leasing of speculative construction, full-year net absorption is likely to reach between 3.0 – 4.0 msf in 2020.
- Average lease asking rates reached \$3.93 psf net in Q2 2020. The continual growth trend indicates that rates will reach or exceed \$4.00 psf in the later part of 2020.

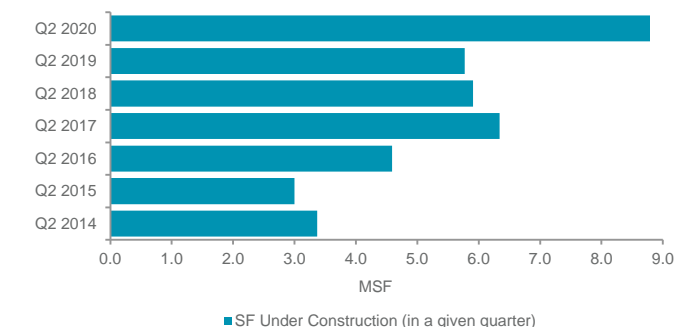
NET ABSORPTION / DELIVERY / VACANCY TREND



AVERAGE OVERALL ASKING RATE TREND



SQUARE FOOTAGE UNDER CONSTRUCTION TREND



MARKETBEAT COLUMBUS

Industrial Q2 2020



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)	OVERALL WEIGHTED AVG NET RENT (TOTAL)
Northwest	33,930,285	1,214,830	3.6%	-489,971	-726,232	0	0	\$10.50	\$8.14	\$4.27	\$4.43
Northeast	50,540,154	1,885,046	3.7%	-171,283	-552,145	297,136	32,000	\$2.77	\$9.19	\$3.96	\$4.12
Southwest	31,429,133	1,815,279	5.8%	383,854	56,667	3,056,029	266,200	N/A	N/A	\$3.32	\$3.32
Southeast	79,127,449	4,464,348	5.6%	723,000	-95,248	316,241	531,472	N/A	\$8.04	\$3.86	\$3.91
Outlying Counties	74,122,380	3,619,452	4.9%	1,033,264	2,289,122	5,119,843	5,010,473	\$2.79	\$6.00	\$4.71	\$4.31
COLUMBUS TOTALS	269,149,401	12,998,955	4.8%	1,478,864	972,164	8,789,249	5,840,145	\$3.02	\$8.80	\$3.86	\$3.93

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

TYPE	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (TOTAL)
Manufacturing	30,022,978	544,965	1.8%	121,443	29,788	0	153,000	\$3.02
Office Service / Flex	5,012,139	379,758	7.6%	-42,777	-141,315	66,715	0	\$8.80
Warehouse / Distribution	234,114,284	12,074,232	5.2%	1,400,198	1,083,691	8,722,534	5,687,145	\$3.86

Jarrett Hicks

Interim Director of Research

+1 614 241-4700

jarrett.hicks@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

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 53,000 employees in 400 offices and 60 countries. In 2019, the firm had revenue of \$8.8 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](https://twitter.com/CushWake) on Twitter.

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

cushmanwakefield.com