

MARKETBEAT COLUMBUS

Industrial Q3 2020



YoY
Chg

12-Mo.
Forecast

5.5%
Vacancy Rate



2.2M
Net Absorption, SF



\$4.16
Asking Rent, PSF



(*Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2020

YoY
Chg

12-Mo.
Forecast

1.0M
Columbus
Employment



8.2%
Columbus
Unemployment Rate



8.8%
U.S.
Unemployment Rate



Source: BLS, Moody's Analytics

ECONOMY

After the unemployment rate in Greater Columbus reached a near-record high of 12.9% in Q2 2020, unemployment decreased significantly in Q3 to 8.2%, ending the quarter 60 basis points (bps) lower than the national average.

Upon the arrival of COVID-19 in the U.S., the economy entered a recession in March 2020, recording the worst decline in post-war history in Q2 2020. Mounting evidence indicates that the recovery began in May or June with Q3 2020 data likely reflecting that. But, until there is a public health resolution to the pandemic, the recovery is likely to remain uncertain and gradual. Only then can households and businesses become more confident. Access the most recent research on CRE and the state of economy [here](#).

SUPPLY AND DEMAND: New construction led to significant net absorption

Following high levels of delivered construction, industrial vacancy in Greater Columbus increased quarterly from 4.5% to 5.5% in Q3 2020. Year-over-year (YOY), vacancy increased by nearly 200 bps after vacancy reached a near-record low of 3.7%. Prior to 2019, industrial vacancy was consistently at or above 5.0%. At the same time, YOY vacancy in the modern bulk distribution category more than doubled to 8.7% in Q3.

In 2018 and 2019, a combined 13.0 million square feet (msf) of new construction was delivered across the market. Through just three quarters of 2020, 10.9 msf was delivered, mostly in the Out of County submarket (excluding Franklin County). An additional 7.5 msf remains under construction, most of which is projected for delivery in early to mid-2021.

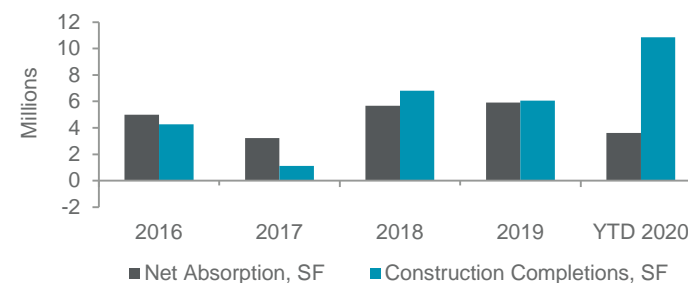
With significant new construction came the highest level of net absorption in over a year. Net absorption in the third quarter reached nearly 2.2 msf and was mostly located in...the Southeast and Out of County submarkets. Of note, an international e-commerce company moved into two newly-delivered buildings, the 70 East Logistics Center in Pataskala and the Groveport Logistics Hub – 6, accounting for a combined 2.3 msf of absorption. Nearby in Obetz, Intelligrated Systems absorbed 761,000 square feet (sf).

Over and above net absorption, Q3 2020 leasing activity of 3.7 msf was nearly double the level of the prior quarter (2.1 msf). Leasing activity is comprised of new lease signings in a given period, which are an indicator of future positive net absorption.

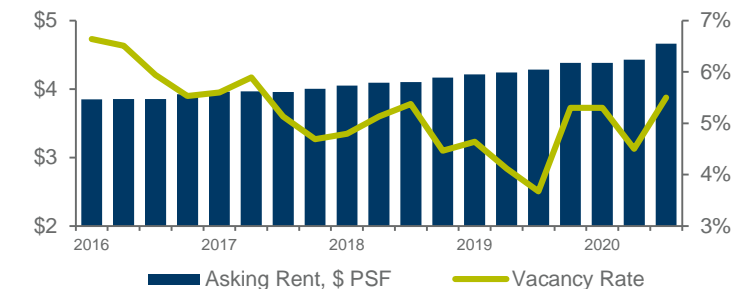
PRICING: Asking rents surpassed the \$4.00 psf threshold

Over the past five years, average asking lease rates have been steadily increasing along with new construction. Q3 2020 ended with a \$4.16 per-square-foot (psf) net asking rate, which was a 10.0% increase on a YOY basis.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT COLUMBUS

Industrial Q3 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	34,194,577	1,295,804	3.8%	-85,004	-811,236	0	0	\$10.50	\$8.24	\$4.21	\$4.35
Northeast	50,518,709	1,924,358	3.8%	-108,148	-640,293	297,136	32,000	\$3.22	\$7.99	\$4.11	\$4.38
Southwest	31,476,683	1,968,308	6.3%	-184,886	-96,219	316,241	266,343	N/A	N/A	\$3.85	\$3.85
Southeast	81,732,347	6,132,499	7.5%	513,491	385,933	1,082,782	2,909,311	\$4.95	\$8.99	\$4.10	\$4.13
Outlying Counties	76,327,195	3,630,464	4.8%	2,048,102	4,769,544	5,759,390	7,647,608	\$3.53	\$4.96	\$4.14	\$4.13
COLUMBUS TOTALS	274,249,511	14,951,433	5.5%	2,183,555	3,607,729	7,455,549	10,855,262	\$3.56	\$7.33	\$4.09	\$4.16

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

PRODUCT 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	30,046,703	551,218	1.8%	-18,000	11788	0	153,000	\$3.56
Office Service / Flex	5,217,344	431,966	8.3%	-64,612	-205,927	0	66,715	\$7.33
Warehouse / Distribution	238,985,464	13,968,249	5.8%	2,266,167	3,801,868	7,455,549	10,635,547	\$4.09
Modern Bulk Distribution	89,929,865	7,861,232	8.7%	1,505,638	3,773,711	7,298,457	10,444,547	\$4.06

NOTE: Modern Bulk Distribution is a sub-category within the Warehouse / Distribution product type

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