

REGIONAL SUMMARY

As we publish this report, the U.S. and the world at large are facing a tremendous challenge, the scale of which is unprecedented in recent history. The spread of the novel coronavirus (COVID-19) is significantly altering day-to-day life, impacting society, the economy and, by extension, commercial real estate. The extent, length and severity of this pandemic is unknown and continues to evolve at a rapid pace. The scale of the impact and its timing varies between locations. To better understand trends and emerging adjustments, please subscribe to [Colliers' COVID-19 Knowledge Leader page](#) for resources and recent updates.

The Columbus industrial market continued a strong year with a record third quarter, posting 3,660,680 square feet of positive net absorption*. The ongoing COVID-19 pandemic has caused the already rising e-commerce industry to skyrocket in recent months, indicated by an influx of demand from these types of users. Due to this sustained demand, Columbus has seen absorption greater than 1 million square feet in 12 of the past 13 quarters. Additionally, this quarter marks the highest absorption in a single quarter since 2016. Despite recording positive absorption, vacancy slightly increased to 4.9 percent, as nearly 1 million square feet of new available speculative development was added to the market. This first-class space also caused overall and warehouse/distribution rates to rise, to \$3.88 per square foot and \$3.67 per square foot, respectively. In the past quarter, more than 4 million square feet of product broke ground and the number of users looking for industrial space increased from 102 to 120 tenants, demonstrating the strength of the industrial market. Central Ohio can expect continued activity in coming months as COVID-19 fuels growth in the industrial sector.

*net absorption is calculated based on commencement date

VACANCY »

Due to the addition of new availability from completed speculative development, the vacancy rate rose slightly from 4.56 percent to 4.9 percent in the third quarter. The largest vacancy of the quarter occurred in the Southeast submarket, as Pier 1 Imports vacated over 1.1 million square feet of space at 5235 Westpoint Drive. The West submarket saw the most significant decrease in vacancy to 3.74 percent, as Rogue Fitness, Stanley Electric and Vista Packaging occupied space there.

MARKET ACTIVITY »

Market activity is often correlated to positive or negative absorption. However, in cases when a tenant leaves one space for another, the positive and negative absorption cancels out. The Market Activity Volume (MAV), which is the absolute sum of absorption change in the market, gives a better idea of overall activity. This quarter, the MAV was 7.4 million square feet – 3 million square feet higher than last quarter and an indication that tenants are continuing to stay active in the market.

CONSTRUCTION ACTIVITY »

Construction activity rose in the third quarter, as eight projects totaling 4 million square feet broke ground. This brings total product under construction to 9.2 million square feet, which is the most there has been in the entire year. The Southeast, Fairfield and Licking submarkets lead construction activity, each with over 1.2 million square feet of speculative or build-to-suit development underway.

Fourteen properties totaling 4.4 million square feet reached completion this quarter – a record high for the Columbus market. The 1,232,149-square-foot warehouse at 8591 Mink St. and 1,059,000-square-foot warehouse at 1260 London Groveport Road were both finalized and pre-leased by the same large user. With 40+ projects comprising of nearly 20 million square feet either planned or underway, Central Ohio can expect more large completions throughout the next year.

SALES ACTIVITY »

This quarter, 21 industrial properties totaling 2 million square feet sold in Central Ohio for a total sales volume of \$100 million. The average price per square foot reached \$66, which is higher than the average in the third quarter of last year.

DHL purchased 2829-2869 Rohr Road from Ares Real Estate Management for \$62 million, or \$52 per square foot – the largest sale of the quarter. Exeter Property Group sold 4531 Industrial Center Drive for \$9.43 million in an investment sale. IKO Industries Ltd. bought 1695 Watkins Road for \$5.46 million and Advent Construction purchased 5354 N. Hamilton Road for \$3.6 million, or \$232 per square foot.

ECONOMIC DRIVERS

MARKET INDICATORS	QoQ	YoY
VACANCY		
RENTAL RATES		
MARKET ACTIVITY VOLUME		
CONSTRUCTION		
SALES VOLUME		
SALE PRICE		

UPDATE - Lease & Sale Transactions | Construction

LEASE Activity

PROPERTY ADDRESS	LEASE DATE	LEASED SF	TENANT	ASKING PRICE	TYPE	SUBMARKET
1260 London Groveport Road	7/24/2020	1,059,000	Undisclosed	\$3.65	NNN	Southeast
2652 Fisher Road	7/24/2020	361,200	Rogue Fitness	\$2.50	NNN	West
510 Sunbury Road	9/10/2020	300,000	Undisclosed	\$4.95	NNN	North
6201 Green Pointe Drive S	7/1/2020	229,146	Watts Water Technologies	-	-	Southeast
6260 Canal Winchester Blvd.	7/1/2020	197,465	Undisclosed	\$4.95	NNN	Fairfield
2450 Spiegel Drive	8/10/2020	157,227	Hollingsworth Logistics	\$2.85	NNN	Southeast
3563 Southpark Pl.	7/1/2020	88,429	Home Depot	\$4.75	NNN	Southwest
6465 Busch Blvd.	8/10/2020	75,660	Undisclosed	\$3.75	NNN	North

SALE Activity

PROPERTY ADDRESS	SALES DATE	SALE PRICE	SIZE (SF)	BUYER	SELLER	PRICE PSF	TYPE	SUBMARKET
2829-2869 Rohr Road	7/15/2020	\$62,683,000	1,199,488	DHL	Ares Real Estate Management	\$52.26	Owner/User	Southeast
4531 Industrial Center Drive	9/16/2020	\$9,430,000	213,486	Zenni Buck LLC	Exeter Property Group	\$44.17	Owner/User	Southeast
1695 Watkins Road	7/8/2020	\$5,460,378	288,952	IKO Industries Ltd.	Maloufsleep.com	\$18.90	Owner/User	Southeast
5354 N. Hamilton Road	7/15/2020	\$3,599,631	15,500	Advent Construction	CROSS Development	\$232.23	Owner/User	North
1705 Atlas St.	7/8/2020	\$3,500,000	55,740	Rafi Hovagimian	Burke Machining	\$62.79	Owner/User	West
7500 Industrial Pkwy.	7/30/2020	\$2,800,000	26,000	Miller Bros. Const., Inc.	Builderscape	\$107.69	Owner/User	Union

CONSTRUCTION Activity

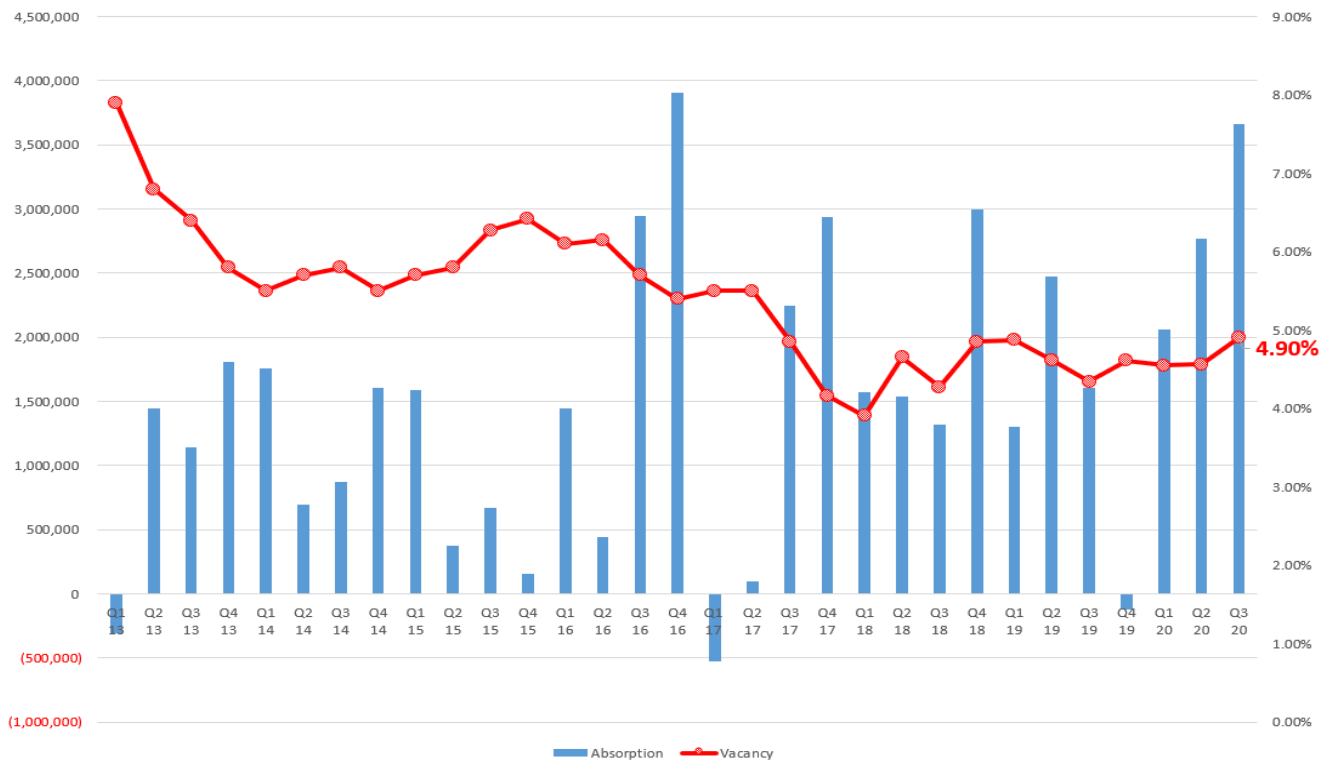
PROJECT NAME	SPEC/BTS	ADDRESS	SUBMARKET	TYPE	SIZE	OWNER	COMPLETION
I-70E Logistics Center 2	BTS	0 Mink St.	Licking	Warehouse/Distribution	1,200,000	TPA	Q1 2021
Enterprise Logistics Center	Spec	-	Madison	Warehouse/Distribution	1,126,928	Core5	Q2 2021
Rickenbacker Exchange	Spec	0 Route 104	Pickaway	Warehouse/Distribution	1,022,000	VanTrust	Q2 2021
Rickenbacker Logistics Park I	Spec	4077 Airbase Road	Southeast	Warehouse/Distribution	742,140	CT Realty	Q1 2021
Winchester Logistics Park I	Spec	6200 Canal Winchester Blvd.	Fairfield	Warehouse/Distribution	555,000	Opus	Q4 2020
8341 Industrial Pkwy.	BTS	8341 Industrial Pkwy.	Union	Warehouse/Distribution	488,000	42 Real Estate	Q4 2020
I-70 Logistics Center East	Spec	1225 Southgate Pkwy.	East	Warehouse/Distribution	437,154	Core5	Q1 2021
Canal Crossing 1	Spec	5999 Bixby Road	Fairfield	Warehouse/Distribution	436,079	Northpoint/Hillwood	Q1 2021
Canal Crossing 2	Spec	6111 Bixby Road	Fairfield	Warehouse/Distribution	436,079	Northpoint/Hillwood	Q1 2021
Rickenbacker Logistics Park II	Spec	-	Southeast	Warehouse/Distribution	404,640	CT Realty	Q1 2021
Synnex	BTS	1566 Rail Ct.	Southeast	Warehouse/Distribution	358,000	Duke	Q4 2020
The Cubes at Rickenbacker	Spec	0 Rohr Road	Southeast	Warehouse/Distribution	320,190	CRG	Q1 2021
510 Sunbury Road	Spec	510 Sunbury Road	East	Warehouse/Distribution	300,000	Paul V Profeta & Assoc.	Q4 2020
Winchester Logistics Park II	Spec	6260 Canal Winchester Blvd.	Fairfield	Warehouse/Distribution	258,000	Opus	Q4 2020
8200 Innovation Way	Spec	8200 Innovation Way	East	Warehouse/Distribution	253,000	VanTrust	Q1 2021
5770 Saltzgaber Rd	Spec	5770 Saltzgaber Road	Southeast	Warehouse/Distribution	247,500	Hemmer	Q1 2021
6275 Seeds Road	Spec	6275 Seeds Road	Southwest	Warehouse/Distribution	208,241	Becknell	Q1 2021
Amerisource Bergen expansion	BTS	6305 LaSalle Drive	Southeast	Warehouse/Distribution	157,000	Mapletree	Q1 2021
Cheryl's expansion	BTS	4465 Industrial Center Drive	Southeast	Warehouse/Distribution	135,000	-	Q4 2020
Corduoy Park 23	Spec	850 Corduroy Road	Delaware	Flex/R&D	100,935	Tenby Partners	Q1 2021
MillTech	Owner/User	0 Diley Road	Fairfield	Warehouse/Distribution	60,000	DBS	Q4 2020
Granite Inliner	BTS	Weaver Ct. N	West	General Industrial	35,000	-	Q4 2020

MARKET OVERVIEW

SUBMARKET	ABSORPTION					CONSTRUCTION		ASKING PRICE (NNN)			
	TOTAL SF	VACANT SF	VACANCY %	CURRENT	YTD	CURRENT	COMPLETED Q3	WH/DIST	R&D/FLEX	GENERAL	BY PRODUCT TYPE
CBD	4,882,947	-	0.00%	-	-	-	-	-	-	-	-
East	21,334,258	1,549,454	7.26%	(34,338)	(103,515)	990,154	-	\$3.28	\$7.09	\$2.98	\$3.34
Fairfield	6,395,364	129,468	2.02%	(8,134)	144,866	1,745,158	-	\$3.15	-	-	\$3.15
Licking	27,328,751	1,095,310	4.01%	1,802,149	3,194,052	1,200,000	1,888,864	\$3.95	-	\$3.71	\$3.83
Madison	14,337,038	1,677,290	11.70%	-	1,200,000	1,126,928	-	\$4.50	-	-	\$4.50
North	18,383,909	512,802	2.79%	16,922	(68,792)	-	-	\$3.87	\$7.82	\$4.33	\$5.68
Delaware	9,155,109	371,889	4.06%	(19,473)	4,527	100,935	60,000	\$3.41	-	\$3.87	\$3.60
Pickaway	8,551,192	167,600	1.96%	-	134,037	1,022,000	-	-	-	\$3.25	\$3.25
Southeast	81,193,421	5,159,270	6.35%	1,326,951	2,689,492	2,364,470	2,376,939	\$3.46	\$7.50	\$3.91	\$3.51
Southwest	21,405,311	541,433	2.53%	(73,145)	463,561	208,241	108,000	\$3.74	\$5.99	-	\$4.70
Union	7,041,420	-	0.00%	120,000	108,000	488,000	-	-	-	-	-
West	36,536,687	1,366,234	3.74%	529,748	723,157	35,000	-	\$3.78	\$5.57	\$4.63	\$4.25
Grand Total	256,545,407	12,570,750	4.90%	3,660,680	8,489,385	9,280,886	4,433,803	\$3.67	\$6.43	\$3.67	\$3.88

PROPERTY TYPE	ABSORPTION					CONSTRUCTION		ASKING PRICE (NNN)	
	TOTAL SF	VACANT SF	VACANCY %	CURRENT	YTD	CURRENT	COMPLETED Q3	BY PRODUCT TYPE	
R&D/Flex	20,296,996	695,752	3.43%	59,939	9,332	100,935	-	\$6.43	
General Industrial	74,273,404	2,737,039	3.69%	(49,264)	(233,281)	35,000	194,715	\$3.67	
Warehouse/Distribution	161,975,007	9,137,959	5.64%	3,650,005	8,713,334	9,144,951	4,239,088	\$3.67	
Grand Total	256,545,407	12,570,750	4.90%	3,660,680	8,489,385	9,280,886	4,433,803	\$3.88	

ABSORPTION & VACANCY RATES



RETAIL-TO-INDUSTRIAL CONVERSION

An interesting trend that has come out of the COVID-19 pandemic is the conversion of retail space to industrial space. These projects are continuing to rise around the country due to the explosive growth of e-commerce and high industrial rents, as well as the reduced demand for malls which has left many big box spaces vacant. Not only are these retail spaces more economically practical, but they are also positioned within dense populated areas, making them well-suited for last mile users and reverse logistics locations. However, these conversions aren't always simple. Many big box properties weren't built with industrial uses in mind and, consequently, are expensive to renovate and can be difficult to rezone. The number of successful projects is growing, as retail owners and developers explore a new opportunity to adapt by transforming these spaces. Columbus has not experienced these conversions thus far, but can anticipate projects like this in the future as the e-commerce industry continues to expand.

Source: YourResearchResource.com, GlobeSt.com



Colliers | Columbus Statistics

Leased and Sold More than
\$725+ Million in Volume

Managed over
18.8 Million Square Feet

Completed More than
490 Transactions

130+ Professionals
working toward Accelerating Your
Success

Leased and Sold More than
32.8 Million Square Feet

All statistics are for 2019

FOR MORE INFORMATION

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