



Columbus

Industrial

21Q1

## Key Takeaways

- Quarterly net absorption reached 5.1 million square feet this quarter - the highest ever recorded in a single quarter
- Vacancy declined nearly 70 basis points in the last quarter as newly completed product was leased up
- Overall asking rates increased to \$4.01 NNN per square foot



Vacancy Rate  
4.02%



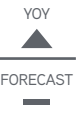
Net Absorption  
5.1M SF



Under Construction  
5.7M SF



Overall Asking Lease Rates (NNN)  
\$4.01/SF



## Regional Summary

The Columbus industrial market started the year strong, recording 5,072,626 square feet of net absorption. The ongoing COVID-19 health crisis has caused already-high demand for warehouse space to skyrocket, leading to booming activity in the industrial sector. This growth has yielded absorption greater than 1 million square feet in 14 of the past 15 quarters in Central Ohio and driven vacancy to 4.02 percent - the lowest it's been in three years. With consistent demand and expected construction completions, Columbus can anticipate more activity throughout 2021 as the pandemic fuels growth in industrial space.

## Market Indicators



6.2%  
Unemployment Rate



4.5%  
GDP - Quarterly % change yr/yr

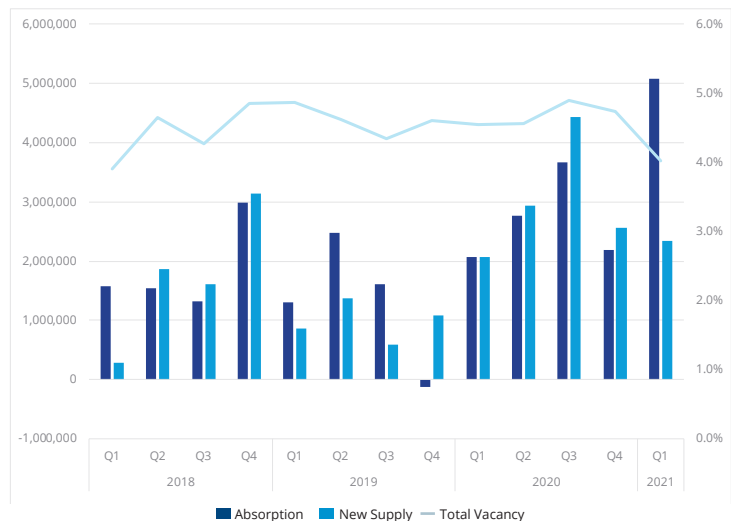


1.748%  
U.S. 10 Year Treasury Note

## Historic Comparison

	20Q1	20Q4	21Q1
Total Inventory (in Thousands of SF)	249,175	259,106	261,452
New Supply (in Thousands of SF)	2,076	2,560	2,346
Net Absorption (in Thousands of SF)	2,060	2,185	5,073
Overall Vacancy	4.55%	4.74%	4.02%
Under Construction (in Thousands of SF)	8,199	7,123	5,687
Overall Asking Lease Rates (NNN)	\$3.44	\$3.89	\$4.01

## Market Graph



The industrial market has seen consistent development and positive absorption in recent years. Activity has skyrocketed further since Q1 2020 due to growing demand for warehouse space from the COVID-19 pandemic.

## Recent Transactions



Lease

220 Park West Dr  
Madison | 845k SF



Lease

1020 Enterprise Pkwy  
Madison | 832k SF



Lease

3500 Southwest Blvd  
Southwest | 527k SF



Sale

6198 Green Pointe Dr  
Southeast | \$74/SF



Sale

8355 Highfield Dr  
Delaware | \$54/SF



Sale

9750 Innovation Campus  
Licking | \$81/SF



## Vacancy

The vacancy rate declined from 4.74 percent to 4.02 percent in the first quarter due to positive net absorption. The largest vacancy of the quarter occurred in the Southeast submarket, as Alliance Data vacated 110,000 square feet of space at 6939 and 7001 Americana Pkwy. The Madison submarket saw the most significant decrease in vacancy to 7.29 percent, as Honeywell and Joann Fabrics occupied a combined 1.7 million square feet 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 6.3 million square feet – a strong indication that tenants are continuing to stay active in the market.

## Construction

Development remains steady across the region, as three projects totaling 910,000 square feet broke ground this quarter. This brings total product under construction to 5,687,172 square feet - the seventh consecutive quarter with over 5 million square feet underway. The Licking, Pickaway and Fairfield submarkets lead activity, each with over 900,000

square feet of Class A product under construction.

Four properties totaling 2.3 million square feet reached completion this quarter. The 1.1 million-square-foot speculative warehouse at 70 Enterprise Pkwy. and the 742,140-square-foot building at 4077 Airbase Road were both finalized. The Cubes at Rickenbacker completed fully preleased and the Amerisource Bergen build-to-suit expansion also reached completion. With 55 projects comprising of over 24 million square feet either underway or in the pipeline, Central Ohio can expect more large completions throughout 2021.

## Sales

This quarter, 23 industrial properties totaling 2.6 million square feet sold in Central Ohio for a total sales volume of \$159 million. The average price per square foot reached \$64, which is \$20 higher than the average in the first quarter of last year.

LBA Realty purchased 6198 Green Pointe Drive and 9750 Innovation Campus Way from VanTrust for \$56.1 million and \$24.5 million, respectively. This was the largest portfolio sale of the quarter. Covington Group, Inc. sold 8355 Highfield Drive to Equity Industrial Partners for \$31.6 million in an investment sale. 6500 Adelaide Ct. was sold to Exeter Property Group for \$15.2 million.

## Significant Sales Activity

Address	Size	Buyer	Sales Price
6198 Green Pointe Drive	758,465	LBA Realty	\$56,100,000
8355 Highfield Drive	583,000	Equity Industrial Partners	\$31,600,000
9750 Innovation Campus Way	302,880	LBA Realty	\$24,491,667
6500 Adelaide Ct.	354,676	Exeter Property Group	\$15,200,000
3250 Southwest Blvd.	140,000	W.P. Carey Inc.	\$10,050,000
<b>5677 Alshire Road</b>	<b>112,331</b>	<b>Cardinal Industrial</b>	<b>\$3,037,500</b>

## Significant Lease Activity

Address	Size	Tenant	Type
<b>220 Park West Drive</b>	<b>845,280</b>	<b>Honeywell International, Inc.</b>	<b>New</b>
1020 Enterprise Pkwy.	832,600	JOANN Fabrics & Crafts	New
6405-6435 Commerce Ct.	667,672	McGraw Hill	Renewal
<b>3500 Southwest Blvd.</b>	<b>527,127</b>	<b>American Nitrile</b>	<b>New</b>
<b>4545 Fisher Road</b>	<b>332,229</b>	<b>Rogue Fitness</b>	<b>New</b>
4458 Alum Creek Drive	306,000	NFI	New
1675 Beggrow Road	261,402	Port Logistics Group	New
8300 Innovation Campus Way	234,400	Rieke	New
<b>4000 Creekside Pkwy.</b>	<b>217,007</b>	<b>Huckberry</b>	<b>New</b>
8200 Innovation Campus Way	94,273	Axiom Packaging	New

**Bold** Denotes Colliers Represented Transaction

Submarket	Total Inventory SF	Direct Vacancy Rate	Sublease Vacancy Rate	Availability Rate	Vacancy Rate	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg Direct Asking Rate (NNN)
CBD	4,882,947	0.18%	0.00%	0.08%	0.08%	0.08%	-	-	-	-	-
East	21,887,258	5.54%	0.32%	8.28%	5.11%	7.67%	560,210	560,210	597,154	-	\$4.18
Fairfield	7,208,364	10.40%	0.00%	22.51%	10.34%	2.64%	-	-	932,158	-	\$3.90
Licking	27,328,751	4.12%	0.00%	2.27%	4.12%	4.30%	49,177	49,177	1,500,000	-	\$4.24
Madison	15,463,966	7.29%	0.00%	7.29%	7.29%	11.70%	1,677,290	1,677,290	517,220	1,126,928	-
North	18,383,909	1.96%	0.10%	2.46%	2.00%	1.94%	(11,317)	(11,317)	-	-	\$5.96
Delaware	9,256,044	3.06%	0.00%	2.99%	3.06%	2.02%	(14,916)	(14,916)	250,000	-	\$4.48
Pickaway	8,551,192	1.96%	0.00%	13.91%	1.96%	1.96%	-	-	1,022,000	-	\$3.25
Southeast	83,018,251	4.74%	0.52%	5.38%	4.64%	5.27%	1,676,659	1,676,659	539,640	1,219,330	\$3.76
Southwest	21,405,311	1.99%	0.89%	3.92%	2.85%	5.19%	501,744	501,744	-	-	\$3.40
Union	7,529,420	0.61%	0.00%	2.65%	0.50%	0.50%	-	-	144,000	-	-
West	36,536,687	2.93%	0.09%	3.70%	2.95%	3.76%	633,779	633,779	185,000	-	\$4.67
<b>TOTAL</b>	261,452,100	4.02%	0.28%	5.34%	4.02%	4.74%	5,072,626	5,072,626	5,687,172	2,346,258	\$4.01

Property Type	Total Inventory SF	Direct Vacancy Rate	Sublease Vacancy Rate	Availability Rate	Vacancy Rate	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg Direct Asking Rate (NNN)
R&D/Flex	20,397,931	3.37%	0.61%	4.68%	3.72%	2.81%	(106,255)	(106,255)	60,000	-	\$6.86
General Industrial	74,273,404	3.34%	0.11%	2.90%	3.40%	3.39%	(10,481)	(10,481)	185,000	-	\$3.75
Warehouse/Distribution	166,780,765	4.41%	0.32%	6.51%	4.33%	5.58%	5,189,362	5,189,362	5,442,172	2,346,258	\$3.76
<b>TOTAL</b>	261,452,100	4.02%	0.28%	5.34%	4.02%	4.74%	5,072,626	5,072,626	5,687,172	2,346,258	\$4.01



## Cold Storage

The need for cold storage space has been a growing trend in recent years, but has intensified post-coronavirus with growing demand from pharmaceutical companies and grocery delivery services who rely on these facilities to house their products. Additionally, these types of assets are in high-demand from investors, as companies like ElmTree Funds, W.P. Carey, and Westcore have recently purchased cold storage properties across the U.S. Historically, Columbus has not had a huge presence of this type of space, but with companies looking to expand to emerging markets, the area can anticipate more cold storage construction, leasing activity and investment over the next five years.

Source: GlobeSt

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