

REGIONAL SUMMARY

The Columbus industrial market finished 2019 with year-to-date net absorption* of 5,254,378 square feet, despite recording 126,048 square feet of negative absorption in the fourth quarter. This marks the first quarter of negative net absorption of the year, due to a record number of projects under construction but only three completions. Strong leasing activity and completed build-to-suit warehouses are expected to drive absorption positive in the first half of 2020. Vacancy increased slightly to 4.61 percent but is 24 basis points lower than it was at the end of last year, demonstrating steady growth in the industrial sector. Overall asking rates held steady at \$3.51 per square foot, with rates for warehouse/distribution properties reaching \$3.32 per square foot. In the fourth quarter, international retailers and 3PL providers were driving forces on the Central Ohio market, as Gap, Hollingsworth Logistics, Walmart and FedEx collectively took 800,000 square feet of space throughout the area. Demand for state of the art warehouse space propelled construction activity to 9.7 million square feet - the most there has ever been underway at once. The Columbus unemployment rate remained at 3.7 percent this quarter due to the city being considered at "full employment" compared to the rest of the country. GDP grew at 2.1 percent this year but is expected to soften slightly to 1.7 percent due to an upcoming election year. The industrial market can anticipate sustained growth in the future, as tenants, investors and developers continue to recognize Columbus as an international logistics hub.

*net absorption is calculated based on commencement date

VACANCY »

The vacancy rate increased slightly from 4.24 percent to 4.61 percent this quarter, as the market posted negative net absorption. The Southeast submarket saw the largest vacancy decrease to 6.04 percent, as Gap, FedEx and Total Distribution all leased space in the area. The East submarket saw the most significant increase in vacancy to 6.54 percent, as a large tenant vacated 383,000 square feet of space at 1120 Morrison Road.

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 3.5 million square feet - a strong indication that tenants are continuing to stay active in the market.

CONSTRUCTION ACTIVITY »

With first-class warehouse space in high demand, construction numbers continue to skyrocket. Development is at an all-time high, with over 9.7 million square feet under construction in the fourth quarter. The Licking, Madison and Southeast submarkets each have more than 2.8 million square feet of speculative and build-to-suit space currently underway.

Three properties totaling 965,380 square feet reached completion this quarter. Gap's 400,000-square-foot expansion to their warehouse on Green Pointe Drive was finalized. The Northeast 302 project completed, adding 302,880 square feet of speculative space to the Licking submarket. Central Park Gahanna was completed for a total of 262,500 square feet and is close to being fully leased. Central Ohio can expect more than 10 million square feet of completions in the upcoming year.

SALES ACTIVITY »

This quarter, 23 industrial properties totaling 3.3 million square feet sold in Central Ohio for a total sales volume of \$213 million, or an average of \$73 per square foot. The total sales volume was \$150 million higher this quarter than last, demonstrating ongoing investor interest.

LBA Realty purchased the 717,717-square-foot warehouse at 3099 Rohr Road for \$45.6 million - the largest sale of the quarter. Starwood Real Estate bought a portfolio of Central Ohio properties for \$39.2 million. 2450 Creekside Pkwy. sold to DRA Advisors for \$38 million, or \$58 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
2450 Spiegel Drive	10/21/2019	146,522	Hollingsworth Logistics	\$3.25	NNN	Southeast
3180 Urbancrest Industrial Drive	11/26/2019	137,549	Walmart	\$3.60	NNN	Southwest
2221 John Glenn Ave.	10/15/2019	116,113	FedEx Supply Chain	\$2.75	NNN	Southeast
1695 Watkins Road	10/25/2019	87,000	Total Distribution	\$2.95	NNN	Southeast
600 N. Cassady Ave.	11/11/2019	75,000	Restoration Hardware	\$3.50	NNN	East
3515 Urbancrest Industrial Drive	10/30/2019	63,041	XPO Logistics	\$3.50	NNN	Southwest
870 Claycraft Road	10/25/2019	52,500	ADB Safegate	\$4.85	NNN	East
3555 Gantz Road	11/1/2019	41,160	Atosa Catering Equipment	\$4.85	NNN	Southwest

SALE Activity

PROPERTY ADDRESS	SALES DATE	SALE PRICE	SIZE (SF)	BUYER	SELLER	PRICE PSF	TYPE	SUBMARKET
3099 Rohr Road	12/3/2019	\$45,600,000	717,717	LBA Realty	Link Industrial Properties	\$63.53	Investment	Southeast
Starwood Portfolio	11/26/2019	\$39,200,000	662,705	Starwood Real Estate	Becknell Industrial	\$59.15	Investment	Southwest
2450 Creekside Pkwy.	12/12/2019	\$38,105,000	652,195	DRA Advisors	Sealy & Company	\$58.43	Investment	Southeast
10 Commerce Pkwy.	10/7/2019	\$30,300,000	160,410	Sealy & Company	Griffin Capital Essential Asset REIT	\$188.89	Investment	Madison
2701 Charter St.	11/11/2019	\$14,000,000	306,016	LBA Realty	The Blackstone Group	\$45.75	Investment	West
7300 Souder Road	10/11/2019	\$9,709,350	115,500	Stack Infrastructure	Nationwide Mutual Insurance	\$84.06	Investment	North

CONSTRUCTION Activity

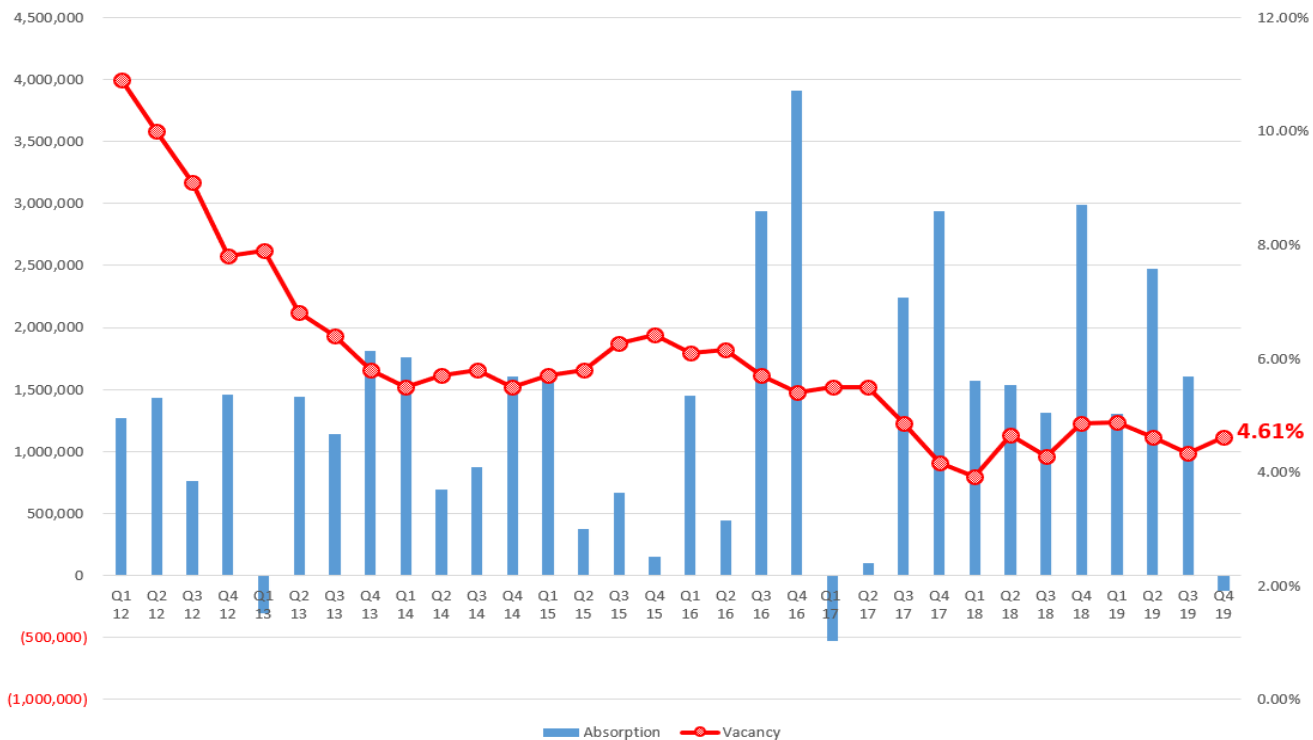
PROJECT NAME	SPEC/BTS	ADDRESS	SUBMARKET	TYPE	SIZE	OWNER	COMPLETION
I-70E Logistics Center	Spec	I-70E	Licking	Warehouse/Distribution	1,232,149	TPA	Q1 2020
Kohl's	BTS	SR-310 & I-70	Licking	Warehouse/Distribution	1,200,000	Clayco	Q1 2020
Medline	BTS	0 Broad St.	Madison	Warehouse/Distribution	1,200,000	Exeter	Q1 2020
The Hub 1	Spec	-	Southeast	Warehouse/Distribution	1,059,000	Xebec	Q1 2020
Park West Building 1	Spec	220 Park West	Madison	Warehouse/Distribution	845,280	Hillwood	Q2 2020
West Jeff	Spec	1020 Enterprise Pkwy.	Madison	Warehouse/Distribution	832,010	Exeter	Q2 2020
8341 Industrial Pkwy.	BTS	8341 Industrial Pkwy.	Union	Warehouse/Distribution	488,000	42 Real Estate	Q1 2020
Centerpoint III	Spec	0 Centerpoint Pkwy.	Southeast	Warehouse/Distribution	324,245	Exxxcel	Q2 2020
Alene Candles	BTS	-	Licking	Warehouse/Distribution	280,000	Daimler	Q2 2020
Rick West #2	Spec	1815 Beggrow St.	Southeast	Warehouse/Distribution	277,692	Pizzuti	Q2 2020
Rick West #3	Spec	1675 Beggrow St.	Southeast	Warehouse/Distribution	261,402	Pizzuti	Q2 2020
Startech	BTS	4450 S Hamilton Road	Southeast	Warehouse/Distribution	253,000	Pizzuti	Q3 2020
The Hub 2	Spec	-	Southeast	Warehouse/Distribution	231,664	Xebec	Q1 2020
6770 Shook Road	Spec	6770 Shook Road	Southeast	Warehouse/Distribution	201,600	Pinchal & Co	Q1 2020
The Hub 4	Spec	-	Southeast	Warehouse/Distribution	163,493	Xebec	Q1 2020
Magna	BTS	0 Magna Road	Fairfield	Warehouse/Distribution	153,000	-	Q1 2020
3563 Southpark Pl.	Spec	3563 Southpark Pl.	Southwest	Warehouse/Distribution	151,200	Becknell	Q1 2020
The Hub 3	Spec	-	Southeast	Warehouse/Distribution	136,315	Xebec	Q1 2020
Cheryl's expansion	BTS	4465 Industrial Center Drive	Southeast	Warehouse/Distribution	135,000	-	Q1 2020
3400 Southwest Blvd.	Spec	3400 Southwest Blvd.	Southwest	General Industrial	108,000	-	Q2 2020
Nature's One	BTS	1455 James Pkwy.	Licking	Warehouse/Distribution	90,000	Elford	Q1 2020
MillTech	Owner/User	0 Diley Road	Fairfield	Warehouse/Distribution	60,000	DBS	Q1 2020
Granite Inliner	BTS	Weaver Ct. N	West	General Industrial	35,000	-	Q1 2020
Banyan Foods	BTS	643 Corduroy Road	Delaware	Warehouse/Distribution	24,000	-	Q2 2020

MARKET OVERVIEW

ABSORPTION						CONSTRUCTION		ASKING PRICE			
SUBMARKET	TOTAL SF	VACANT SF	VACANCY %	CURRENT	YTD	CURRENT	COMPLETED Q4	WH/DIST	R&D/FLEX	GENERAL	BY PRODUCT TYPE
CBD	4,882,947	-	0.00%	6,950	3,750	-	-	-	-	-	-
East	21,302,258	1,392,796	6.54%	(208,247)	(476,527)	-	262,500	\$3.39	\$7.35	\$3.53	\$3.66
Fairfield	6,242,364	121,334	1.94%	-	210,400	213,000	-	\$3.50	-	-	\$3.50
Licking	24,239,887	1,359,150	5.61%	(108,652)	180,938	2,802,149	302,880	-	-	\$5.04	\$5.04
Madison	11,459,748	-	0.00%	-	300,000	2,877,290	-	-	-	-	-
North	18,383,909	374,691	2.04%	22,333	21,687	-	-	\$3.50	\$8.32	\$7.10	\$7.53
Delaware	9,071,109	273,000	3.01%	-	(121,900)	24,000	-	\$3.25	-	\$3.80	\$3.47
Pickaway	8,551,192	301,637	3.53%	(134,037)	2,402,304	-	-	-	-	\$2.25	\$2.25
Southeast	78,285,010	4,726,865	6.04%	362,405	2,624,015	3,043,411	400,000	\$3.41	\$6.11	\$3.25	\$3.41
Southwest	21,146,111	745,794	3.53%	101,985	839,932	259,200	-	\$3.45	\$6.00	-	\$3.46
Union	7,041,420	108,000	1.53%	1,740	5,740	488,000	-	-	\$4.70	\$3.25	\$3.89
West	36,493,140	1,989,843	5.45%	(170,525)	(735,961)	35,000	-	\$3.04	\$5.64	-	\$3.40
Grand Total	247,099,095	11,393,110	4.61%	(126,048)	5,254,378	9,742,050	965,380	\$3.32	\$6.24	\$3.45	\$3.51

ABSORPTION						CONSTRUCTION		ASKING PRICE	
PROPERTY TYPE	TOTAL SF	VACANT SF	VACANCY %	CURRENT	YTD	CURRENT	COMPLETED Q4	BY PRODUCT TYPE	
R&D/Flex	20,296,996	579,764	2.86%	48,202	(63,773)	-	-	\$6.24	
General Industrial	74,035,142	2,265,496	3.06%	45,261	299,603	143,000	-	\$3.45	
Warehouse/Distribution	152,766,957	8,547,850	5.60%	(219,511)	5,018,548	9,599,050	965,380	\$3.32	
Grand Total	247,099,095	11,393,110	4.61%	(126,048)	5,254,378	9,742,050	965,380	\$3.51	

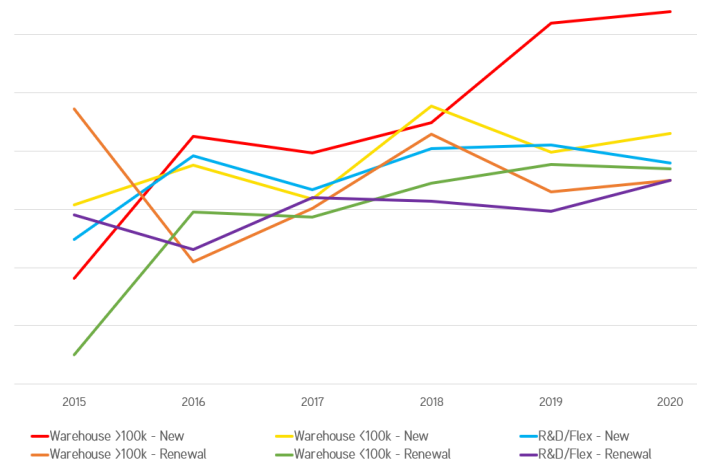
ABSORPTION & VACANCY RATES



THE CASE AGAINST A 2020 RECESSION

As 2019 comes to a close, there is uncertainty spreading for what next year will bring. With ongoing trade wars and an upcoming election, it's hard to escape talk of a potential recession. Specific tenant behavior is often indicative of a lagging economy, as slowed investment, less leasing activity and shorter lease terms often signal uncertainty. Typically, tenants are hesitant to sign longer leases if the economy looks questionable. By tracking average term length for historical industrial leases, we are able to detect trends that refute the argument for a possible recession in the coming year. As shown in the graph, average term lengths for different lease types and subtypes have displayed overall growth over the past 5 years and are expected to continue to rise. Despite conversation of a possible recession in 2020, industrial tenants don't appear too concerned. Rising average lease terms demonstrate tenant commitment to the Columbus area, and we don't anticipate this growth slowing anytime soon.

Source: Colliers Research



Colliers | Columbus Statistics

Leased and Sold More than
\$564+ Million in Volume

Managed over
17.3 Million Square Feet

Completed More than
400 Transactions

110+ Professionals
working toward Accelerating Your
Success

Leased and Sold More than
23.8 Million Square Feet

All statistics are for 2018.

FOR MORE INFORMATION

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