

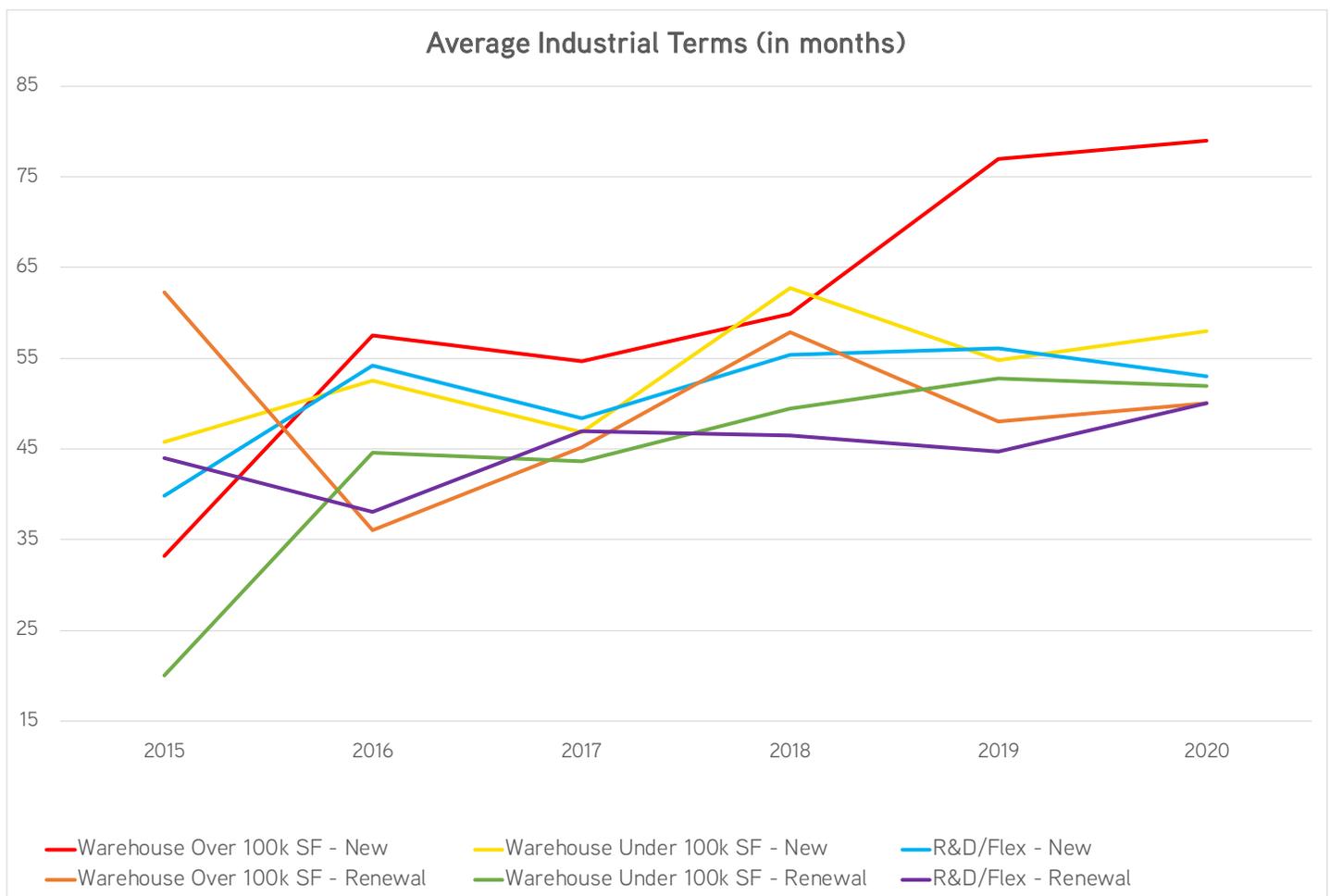
AVERAGE INDUSTRIAL TERM LENGTHS

OVERVIEW

As 2019 comes to a close, there is some uncertainty spreading for what the upcoming year will bring. With ongoing global trade wars and an upcoming presidential election, it's hard to escape talk of another 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 more 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.

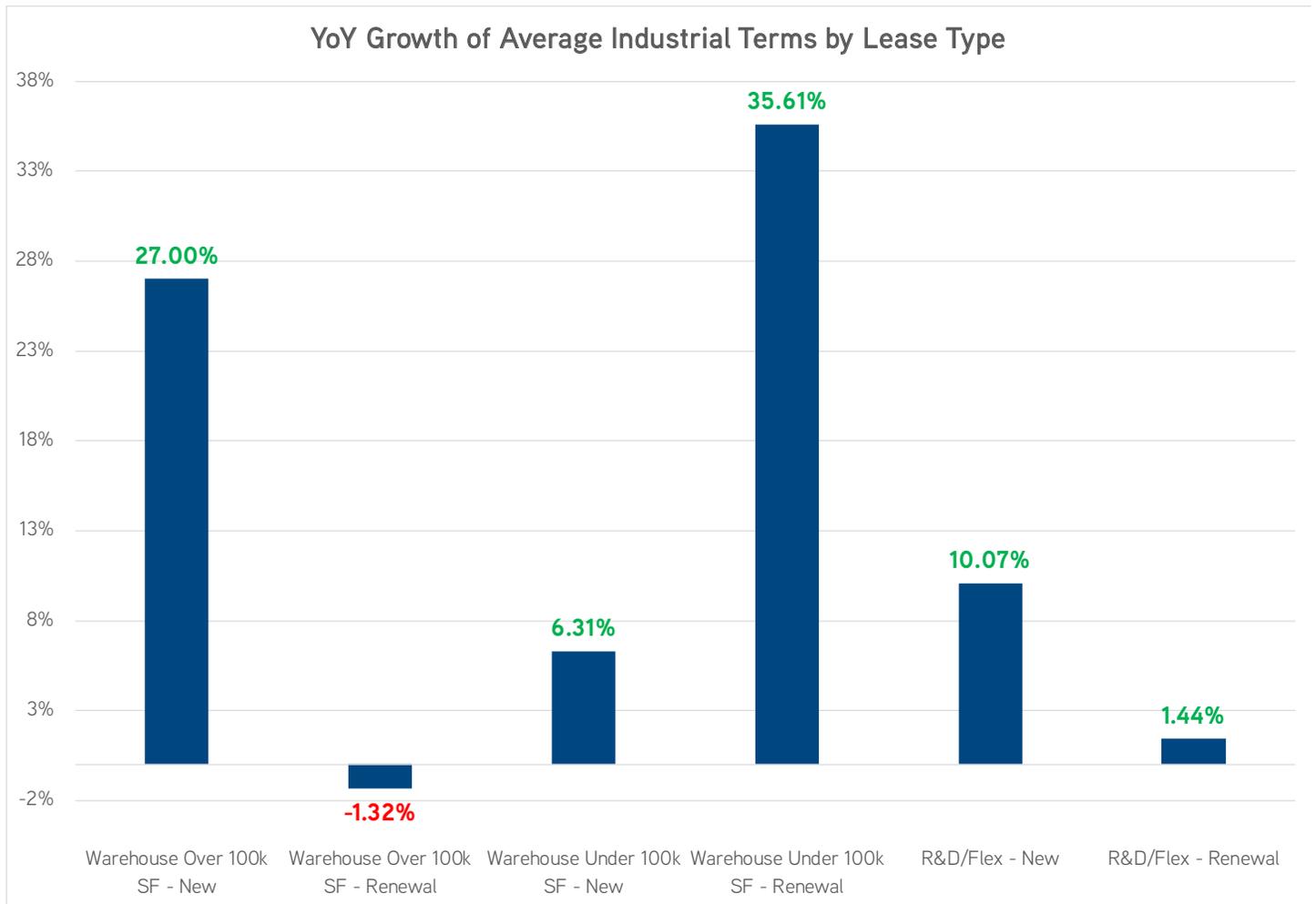
As shown in the graph, average industrial term lengths for different lease types and subtypes have displayed overall growth over the past 5 years. Despite slightly dipping in some years, average terms have steadily increased from 41 months in 2015 to 56 months in 2019. Term lengths for new warehouse leases over 100,000 SF have risen the most, up to a record high of 77 months this year. Due to new construction, average terms for large warehouse leases are expected to keep rising in the next 12 months. New speculative warehouse space is in very high demand, and with nearly 9 million square feet currently under construction in Central Ohio, prominent industrial tenants will continue to sign 6 to 10-year lease terms to lock down these spaces.

On the other hand, average lease terms for R&D/Flex properties are expected to remain consistent next year as there is no flex product currently underway. Demand for this type of space is strong, but with no new development in the pipeline, there is not as much driving average lease terms up. In the case of each subtype, new leases typically yield higher average term lengths than renewals of existing leases. This trend will continue into next year, with new leases expected to be 63 months on average and renewals expected to be 51 months on average. 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.



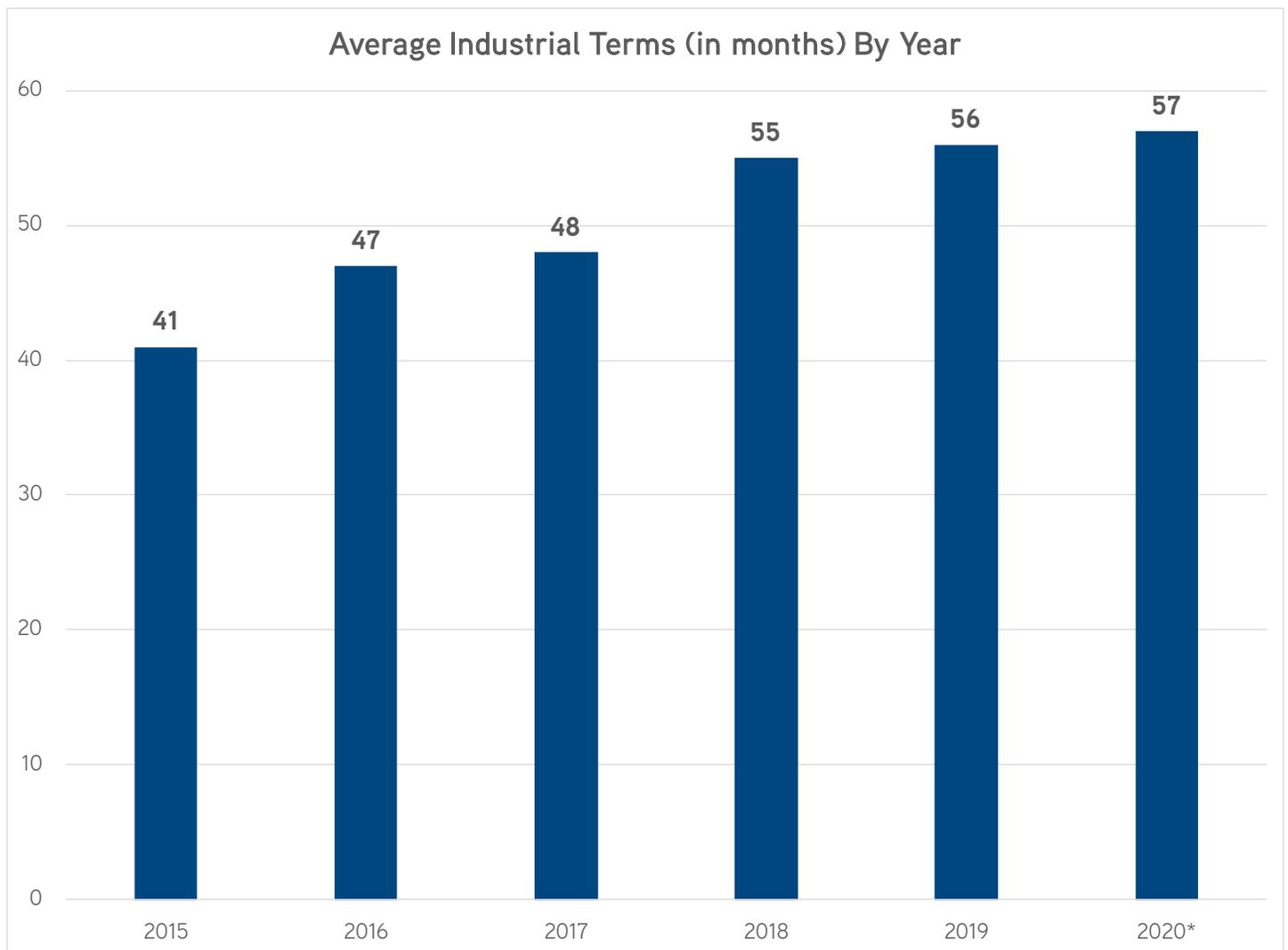
STATISTICS

LEASE TYPE	YOY GROWTH
New warehouse leases over 100,000 SF	27.00%
Renewal warehouse leases over 100,000 SF	-1.32%
New warehouse leases under 100,000 SF	6.31%
Renewal warehouse leases under 100,000 SF	35.61%
New R&D/Flex leases	10.07%
Renewal R&D/Flex leases	1.44%



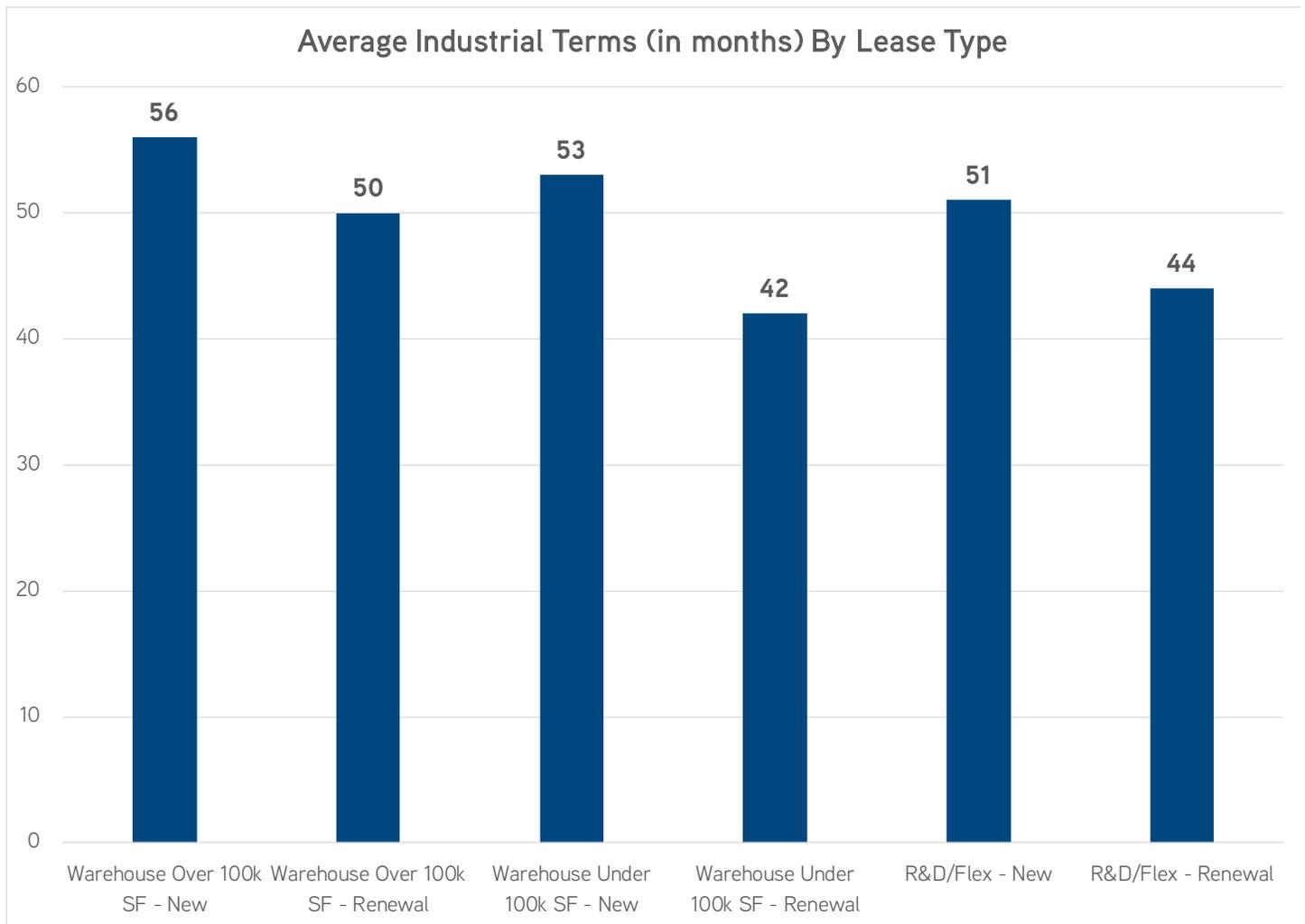
Average industrial term lengths by year

- 2015 – 41 months
- 2016 – 47 months
- 2017 – 48 months
- 2018 – 55 months
- 2019 – 56 months
- 2020 (prediction) – 57 months



Average industrial term lengths by lease type

- New warehouse leases over 100,000 SF – **56 months**
- Renewal warehouse leases over 100,000 SF – **50 months**
- New warehouse leases under 100,000 SF – **53 months**
- Renewal warehouse leases under 100,000 SF – **42 months**
- New R&D/Flex leases – **51 months**
- Renewal R&D/Flex leases – **44 months**



For more information, please reach out to our research team +1 614 410 5179