



Columbus
Industrial
24Q2

Columbus

Vacancy in Columbus continues to outpace the national vacancy with new supply outpacing demand over the past four consecutive quarters. Vacancy in Columbus jumped 334 basis points year over year, compared to a 180 basis-point increase at the national level.

Quarter in Review

The Columbus industrial market returned to positive absorption after having negative absorption in Q1 2024. Columbus continues to see socioeconomic uncertainty, leading to the slowing of the industrial boom that prevailed during and just after the pandemic, now reverting to numbers that more closely align with pre-pandemic trends. Build-to-suits now take hold as the leading supplier of positive absorption as debt and capital markets continue negatively impacting speculative construction. Speculative construction activity continues to decelerate, with completions at almost half of what was produced in Q2 2023. Under-construction activity has continued to hover around 10 million square feet the past few quarters, with over 75% of this being built-to-suits. Another factor contributing to the slow speculative construction starts is the softening tenant demand. Although rent growth is slowing as vacancies rise, annual gains remain above the long-term average. Columbus' more affordable rents have made it easier for property owners to continue increasing rates in recent months, even as market conditions soften. There has also been an increase in sublease space, giving tenants the opportunity for shorter-term leases with more flexibility and lower rents.

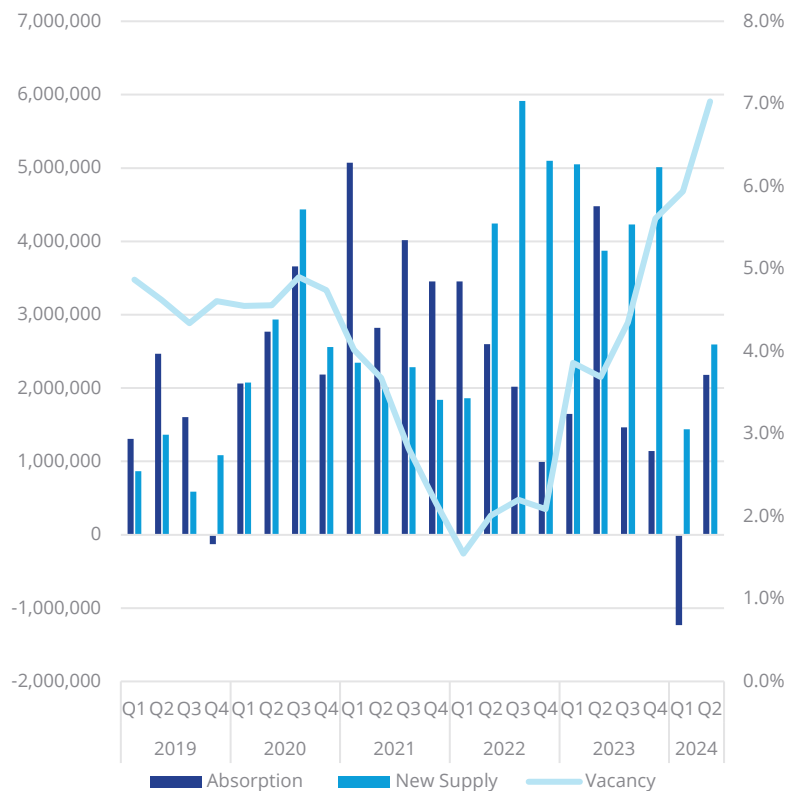
Forecast

We expect to continue to see the Columbus industrial market revert towards pre-pandemic numbers as vacancy rises and absorption numbers continue to slow. Construction activity has decreased as many speculative projects have not been pre-leased. This, along with capital market uncertainty, has developers halting breaking ground on planned speculative projects. At the same time, we continue to see build-to-suits as the driving force in construction. This trend reflects a decreased demand environment, as tenants exhibit greater caution amid economic uncertainties compared to the previous two years. As a result, we will continue to see these trends throughout the year until there's more financial certainty and the industrial market falls back into balance.

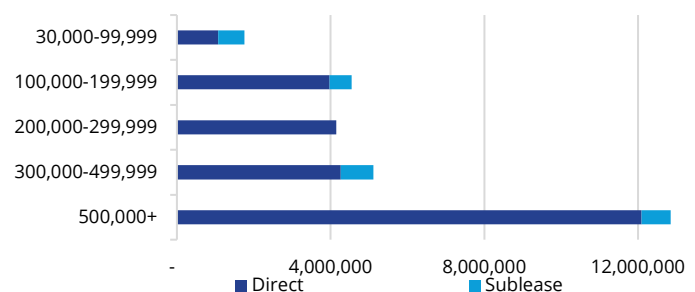
Market Indicators

	23Q2 YoY	24Q1 QoQ	24Q2 Current
Vacancy Rate	5.61%	5.96%	7.03%
Net Absorption (SF)	1,143,315	(1,112,436)	2,181,425
YTD Net Absorption (SF)	8,780,309	(1,112,436)	1,051,231
Completions (SF)	5,012,555	1,437,192	2,593,782
Avg Asking Rental Rate (NNN)	\$6.43	\$7.00	\$7.34

Absorption, Supply & Vacancy



Available Space for Lease by Size



Absorption & Leasing

The Columbus industrial market had 2.1 million square feet of positive absorption after a quarter of 1.2 million square feet of negative absorption, the first negative absorption recorded since the end of 2019. Most of the positive absorption this quarter can be attributed to Maersk backfilling the TJ Maxx sublease (1.1 million square feet) as well as the DHL build-to-suit (755,160 square feet) and the ODW build-to-suit (929,142 square feet). Besides those significant build-to-suits and sublease backfillings, only three tenants signed new leases of over 200,000 square feet, totaling 1.1 million square feet of occupied space this quarter. In comparison, three tenants over 200,000 square feet vacated space this quarter, totaling a negative 1.8 million square feet. This has been a significant shift from past quarters, where new leases in brand-new speculative construction buildings led to positive absorption. Some significant move-outs this quarter were Honeywell, which moved out of 845,280 square feet, and Zulily, which vacated 737,471 square feet.

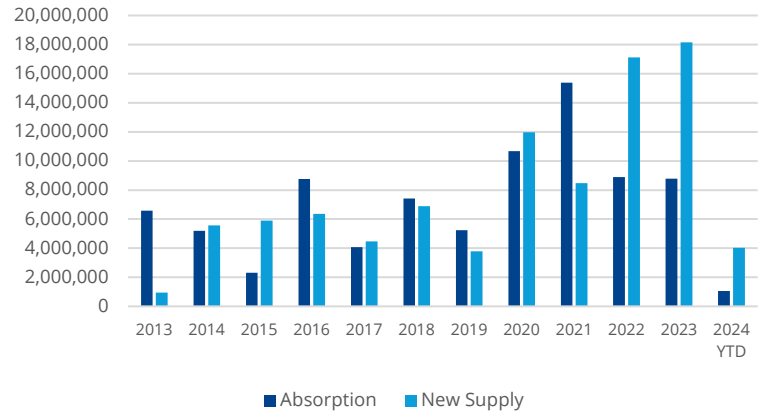
Vacancy & Market Rents

Vacancy in Columbus continues to rise faster than the national vacancy in early 2024. Supply outpaced demand over the past four consecutive quarters, and vacancy jumped 334 basis points year over year in Columbus to 7.03%, compared to a 180-basis-point increase at the national level. This marks the highest vacancy rate recorded since 2015, at 6.4%. One of the most significant contributors to the rise in vacancy is the completed speculative projects delivered without a tenant, with over 50 percent of speculative deliveries being vacant for over a year. The remaining leased deliveries comprise build-to-suit buildings. Given the challenging conditions in the debt and capital markets sectors for speculative construction, this trend is anticipated to continue, with a heightened focus on build-to-suit projects. Direct asking rates showed a weighted rent of \$7.34, reflecting a increase compared to the previous quarter.

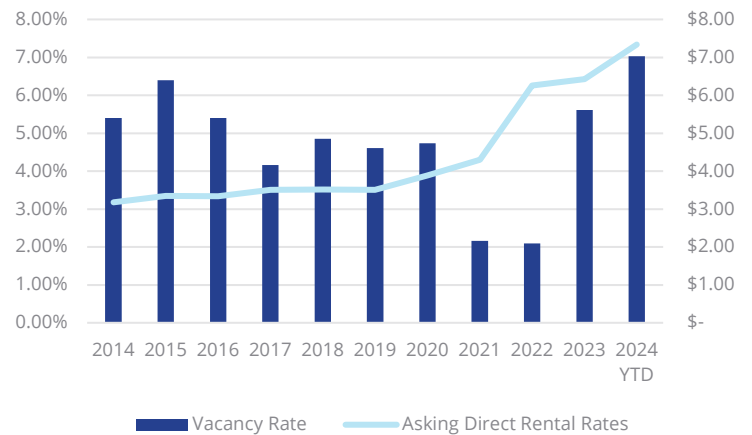
Sales Activity

Sales volume totaled \$190 million in the second quarter, however, \$94 million (\$78.75 PSF) of the reported volume was due to the sale of 521 Exchange Way, a 1.1-million-square-foot building that was purchased by W.P. Carey Inc. and sold by VanTrust. Another notable sale was 6200 Winchester Blvd, a 150,000-square-foot building purchased by STAG Industrial from Tenby Partners for \$20,250,000 (\$135 PSF). Sales volume and market price increased in the second quarter. The price per square foot also increased to \$96.46 making it the highest price per square foot since Q2 2022.

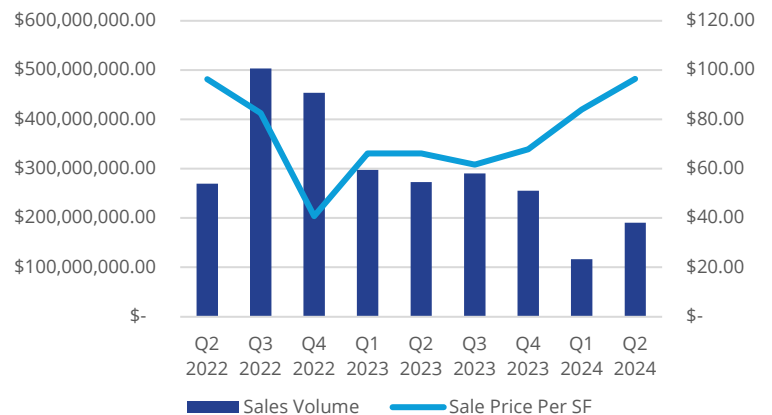
Supply and Demand



Vacancy Rate & Direct Asking Rate



Sales Volume & Market Price Per SF



Under Construction

Institutional Inventory - 400,000 SF or Greater

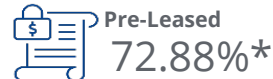
The buildings in the table below represent a sampling of the developments currently underway in Columbus' industrial market.

Business Park/Address	Submarket	RBA	% Leased/ Owned	Est. Delivery Date	Developer/ Owner/Tenant
Intel	Licking	3,000,000*	100%	Q4 2025+	Intel
DSV Build-to-Suit	Licking	1,200,000	100%	Q4 2024	VanTrust
Red Chip Farms Bldg B	Licking	946,400	0%	Q3 2024	Red Rock Developments
Rickenbacker Logistics Park Bldg 5	Pickaway	773,114	0%	Q4 2024	CT Realty
McKesson Build-to-Suit	Southeast	429,000	100%	Q4 2024	Prologis
Coca Cola Build-to-Suit	Licking	400,000	100%	Q4 2024	Coca Cola

*Includes the first 2 phases of Intel

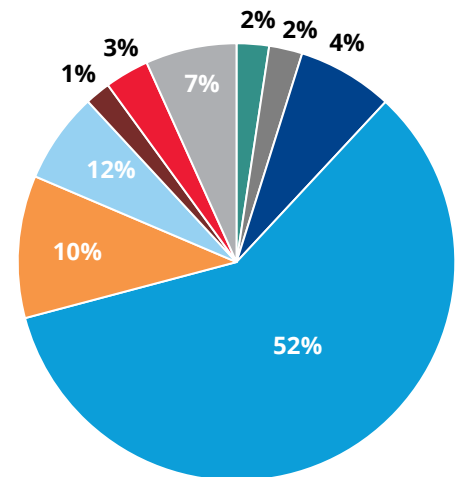
Construction Activity

Columbus Industrial Construction

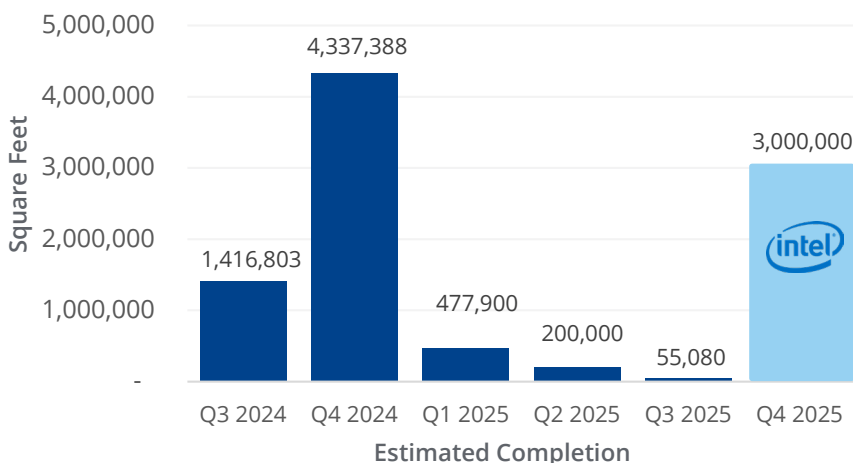


*Includes BTS projects

Construction by Submarket



Future Deliveries



10 Year Snapshot

Year	Net Absorption (Q4 YTD #'s - SF)	Construction Deliveries (SF)	Lease Rate (\$)	Vacancy Rate
2024 YTD	1.05M	4.03M	\$7.34	7.03%
2023	8.78M	18.16M	\$6.43	5.61%
2022	8.89M	17.11M	\$6.26	2.09%
2021	15.37M	8.47M	\$4.30	2.16%
2020	10.67M	11.96M	\$3.89	4.74%
2019	5.25M	3.78M	\$3.51	4.61%
2018	7.41M	6.88M	\$3.52	4.85%
2017	4.08M	4.47M	\$3.51	4.16%
2016	8.76M	6.37M	\$3.34	5.40%
2015	2.31M	5.90M	\$3.35	6.40%
2014	5.19M	5.58M	\$3.18	5.40%

Notable Sales Activity

#	Address	Size	Buyer	Price	Price/SF	Submarket
★1	521 Exchange Way	1,194,865	W.P. Carey Inc.	\$94,100,000	\$78.75/SF	Pickaway
★2	6200 Winchester Blvd	150,000	STAG Industrial Holdings, LLC	\$20,250,000	\$135.00/SF	Southeast
★3	6465 Busch Blvd	94,250	Worthington City Schools	\$9,350,000	\$99.20/SF	North
★4	6161 Shamrock Ct	65,000	Ngawa Cheng	\$7,850,000	\$120.77/SF	North
5	630 Kaiser Dr	42,500	Strategic Properties Concepts 10	\$7,618,800	\$179.27/SF	Licking

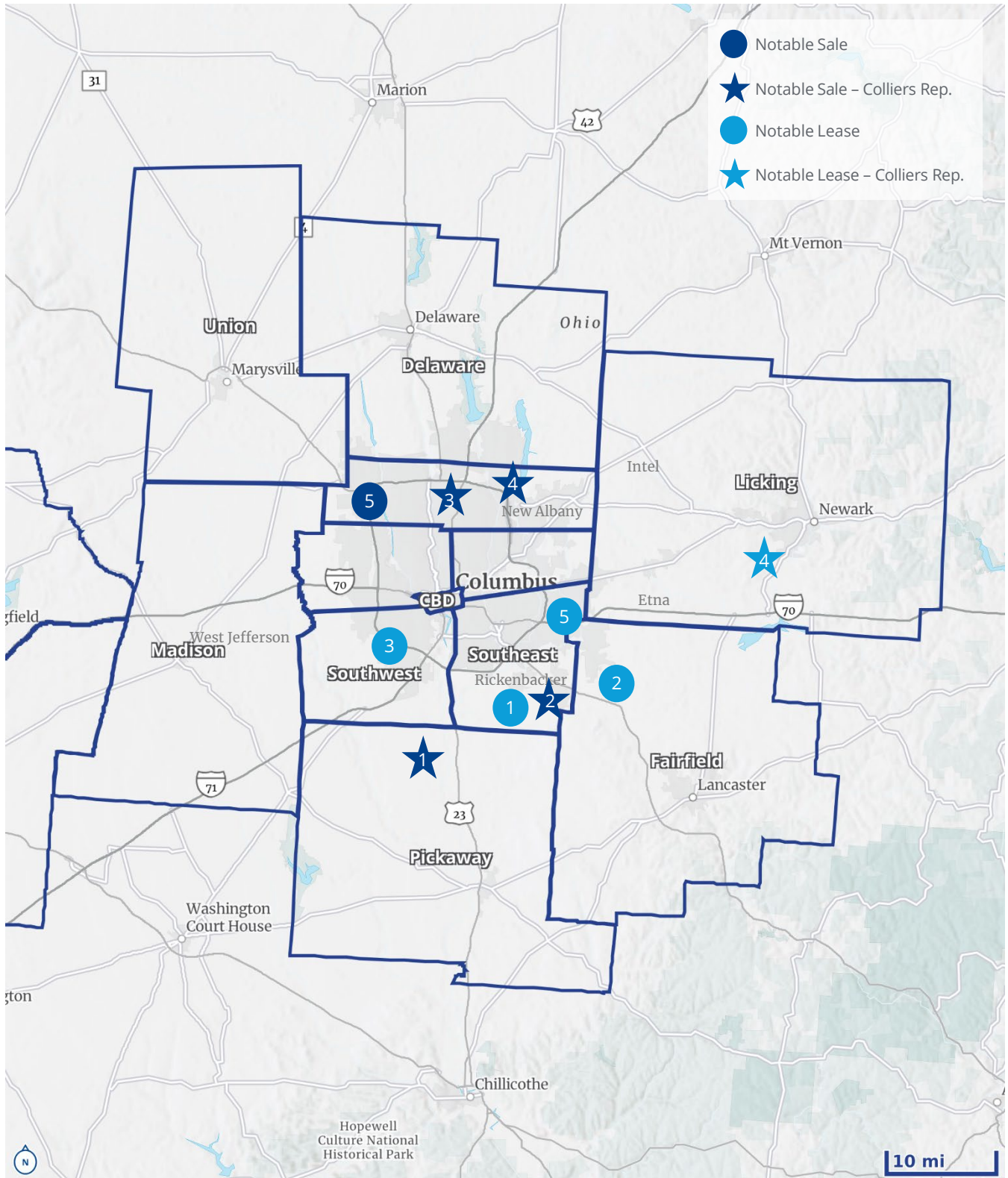
Bold/Blue Denotes Colliers Represented Transaction

Notable Lease Activity

#	Address	Size	Tenant	Type	Submarket
1	5235 Westpoint Dr	1,116,015	Maersk	Sublease	Southeast
2	0 Robinett Way	450,696	DB Schenker	New Lease	Fairfield
3	3495 Gantz Rd	263,219	FST Logistics	New Lease	Southwest
★4	522 Milliken Dr	260,070	Freepoint Eco-Systems	New Lease	Licking
5	6606 Tussing Rd.	215,186	Heritage Ohio	Sublease	Southeast

Bold/Blue Denotes Colliers Represented Transaction

Columbus | Industrial
24Q2



Market Statistics

Submarket/ Class	Total Inventory SF	Availability Rate	Sublease Availability Rate	Direct Vacancy Rate	Previous Vacancy Rate	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg. Direct Asking Rate (NNN)
Columbus Total										
General Industrial	229,769,680	4.63%	0.39%	3.06%	2.29%	(545,921)	(1,331,882)	801,667	-	\$6.78
Flex	10,474,932	9.51%	0.49%	5.40%	2.61%	(59,917)	(229,600)	422,290	55,000	\$9.73
Modern Bulk	117,084,321	16.37%	2.62%	12.62%	3.01%	2,738,215	2,612,713	8,143,721	2,114,782	\$7.07
TOTAL	357,328,933	8.62%	0.86%	6.27%	5.61%	2,132,377	1,051,231	9,367,678	2,593,782	\$7.34

CBD										
General Industrial	3,294,856	13.97%	0.00%	14.39%	9.71%	52,370	41,957	-	-	\$6.00
Flex	157,318	7.76%	0.00%	7.76%	13.13%	-	-	-	-	\$11.50
Modern Bulk	822,040	72.28%	0.00%	72.28%	100.00%	223,000	223,000	-	223,000	-
TOTAL	4,274,214	25.07%	0.00%	25.40%	24.13%	275,370	264,957	-	223,000	\$8.59

East										
General Industrial	31,930,795	3.98%	0.00%	3.68%	2.50%	(225,679)	(197,140)	206,080	-	\$7.37
Flex	1,308,932	5.27%	1.52%	1.31%	1.66%	(9,909)	(16,369)	56,504	-	\$9.98
Modern Bulk	3,235,603	17.18%	0.00%	10.77%	27.07%	225,400	225,400	-	207,480	\$8.95
TOTAL	36,475,330	5.20%	0.05%	4.22%	3.91%	10,188	11,891	414,984	207,480	\$7.79

Fairfield										
General Industrial	10,133,422	5.59%	0.00%	5.13%	5.04%	(12,071)	24,249	-	-	\$3.98
Flex	176,568	4.60%	0.00%	4.60%	4.61%	-	4,000	-	-	-
Modern Bulk	1,790,114	20.92%	0.00%	20.92%	85.53%	1,265,706	1,265,706	-	755,160	-
TOTAL	12,100,104	7.85%	0.00%	12.47%	12.41%	1,253,635	1,293,955	-	755,160	\$3.98

Columbus | Industrial
24Q2

Submarket/ Class	Total Inventory SF	Availability Rate	Sublease Availability Rate	Direct Vacancy Rate	Previous Vacancy Rate	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg. Direct Asking Rate (NNN)
Licking										
General Industrial	21,673,692	2.90%	0.09%	2.25%	1.76%	164,522	210,533	-	-	\$6.28
Flex	755,837	1.74%	0.00%	3.18%	6.21%	(1,171)	(13,171)	-	-	\$7.00
Modern Bulk	23,234,721	23.46%	3.64%	14.44%	21.55%	145,612	452,912	6,296,400	520,020	\$6.79
TOTAL	45,664,250	13.34%	1.89%	8.47%	9.25%	308,963	623,274	6,296,400	520,020	\$6.25
Madison										
General Industrial	4,837,293	0.00%	0.00%	0.00%	-	-	-	-	-	-
Flex	37,474	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-
Modern Bulk	16,449,817	15.56%	0.00%	15.56%	23.21%	(845,280)	(848,280)	-	-	\$5.35
TOTAL	21,324,584	15.56%	0.00%	15.56%	11.63%	(845,280)	(848,280)	-	-	\$5.35
North										
General Industrial	12,093,355	3.91%	0.96%	1.58%	1.49%	(29,332)	(71,663)	-	-	\$10.18
Flex	3,468,913	5.78%	0.90%	3.28%	2.14%	(42,676)	(89,746)	-	-	\$8.61
Modern Bulk	2,911,457	24.31%	0.00%	24.31%	32.87%	-	-	-	-	\$3.79
TOTAL	18,473,715	7.48%	0.80%	5.48%	6.68%	(72,008)	(161,409)	-	-	\$5.67
Delaware										
General Industrial	12,767,336	7.54%	0.89%	6.70%	1.49%	29,126	(432,612)	-	-	\$8.19
Flex	1,333,194	4.25%	0.00%	4.25%	2.14%	20,000	20,000	-	-	\$12.17
Modern Bulk	2,749,543	4.65%	0.00%	0.00%	32.87%	-	424,000	255,947	424,000	-
TOTAL	16,850,073	6.81%	0.67%	5.41%	6.68%	49,126	11,388	255,947	424,000	\$8.85
Pickaway										
General Industrial	5,717,217	6.33%	0.00%	6.33%	5.15%	(73,016)	(78,016)	-	-	-
Flex	96,641	21.52%	0.00%	21.52%	0.00%	-	-	-	-	\$8.95
Modern Bulk	12,448,886	32.41%	4.52%	13.47%	11.03%	-	(125,000)	1,124,234	-	-
TOTAL	18,262,744	24.19%	3.07%	11.27%	9.15%	(109,200)	(109,200)	1,124,234	-	\$8.95

Columbus
Industrial
24Q2

Submarket/ Class	Total Inventory SF	Availability Rate	Sublease Availability Rate	Direct Vacancy Rate	Previous Vacancy Rate	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg. Direct Asking Rate (NNN)
Southeast										
General Industrial	54,948,752	4.46%	0.93%	1.90%	1.8%	(75,597)	(183,595)	-	-	\$5.64
Flex	990,740	9.56%	0.00%	9.56%	18.47%	(10,000)	(65,331)	-	-	\$8.30
Modern Bulk	44,852,176	8.44%	1.00%	7.26%	6.78%	1,723,777	991,975	717,172	929,142	\$4.25
TOTAL	100,791,668	6.28%	0.95%	4.36%	3.96%	1,638,180	743,049	717,172	929,142	\$5.69
Southwest										
General Industrial	18,215,214	6.06%	0.53%	4.78%	4.24%	(160,740)	(269,032)	66,233	-	\$11.78
Flex	173,208	80.85%	0.00%	0.00%	0.00%	-	5,000	135,000	-	-
Modern Bulk	4,945,417	6.72%	0.00%	6.72%	7.87%	-	-	-	-	\$7.00
TOTAL	23,333,839	6.54%	0.41%	5.16%	4.87%	(160,740)	(264,032)	201,233	-	\$8.33
Union										
General Industrial	11,370,619	2.09%	0.21%	2.09%	1.39%	(57,774)	(27,774)	16,385	-	\$11.04
Flex	461,241	20.99%	0.00%	20.99%	0.00%	(15,284)	(15,568)	24,000	55,000	\$12.50
Modern Bulk	2,115,900	0.00%	0.00%	0.00%	0.00%	-	-	308,140	-	-
TOTAL	13,947,760	2.40%	0.17%	2.40%	1.18%	(73,058)	(43,342)	348,525	55,000	\$11.62
West										
General Industrial	42,847,129	5.11%	0.64%	2.05%	1.85%	(157,730)	(318,789)	512,969	-	\$7.39
Flex	1,514,866	22.67%	0.00%	7.92%	8.27%	(877)	(58,415)	206,786	-	\$8.37
Modern Bulk	1,468,657	54.46%	0.00%	54.46%	73.14%	-	-	-	-	-
TOTAL	45,830,652	7.27%	0.48%	3.14%	3.79%	(158,607)	(377,204)	719,755	-	\$7.52

FOR MORE INFORMATION
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