



Columbus

Industrial  
22Q4

## Key Takeaways

- Net absorption just under 8.9 million square feet this year
- Vacancy decreased to 2.09 percent
- Nine construction projects comprising of 2.4 million square feet broke ground



Vacancy Rate  
**2.09%**

YOY  
▲  
FORECAST  
▲



Net Absorption  
**993K SF**

YOY  
▲  
FORECAST  
▲



Under Construction  
**12.6M SF**

YOY  
▲  
FORECAST  
▲



Overall Asking Lease Rates (NNN)  
**\$6.26/SF**

YOY  
▲  
FORECAST  
▲

## Regional Summary

The Columbus industrial market had a strong quarter regarding new development and velocity. The market had nearly one million square feet of net absorption for the quarter, bringing the year-to-date net absorption just under 8.9 million square feet. The vacancy rate decreased from 2.20 percent to 2.09 percent with asking rates steady at \$6.26. Construction remains strong, only slowing slightly with nine new projects breaking ground this quarter alone totaling over 2,457,688 square feet. Moving into the beginning of 2023, new construction is expected to slow significantly when compared to 2022. However, with more companies interested in reshoring and relocating to the US, this could decrease vacancy and pressure developers to consider new projects.

\*absorption calculated by occupancy date

## Market Indicators



**3.59%**  
Columbus  
Unemployment  
Rate



**3.80%**  
Columbus GDP-  
Quarterly %  
change yr/yr

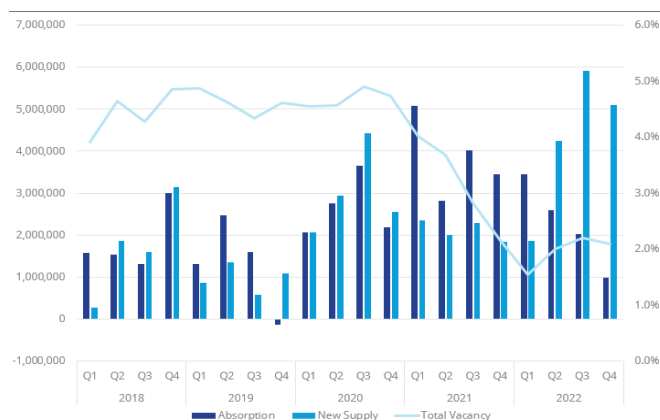


**3.198%**  
U.S. 10 Year  
Treasury Note

## Historic Comparison

	21Q4 YoY	22Q3 QoQ	22Q4 Current
Total Inventory (in Thousands of SF)	267,472	279,640	281,670
New Supply (in Thousands of SF)	1,841	5,914	5,097
Net Absorption (in Thousands of SF)	3,456	2,017	993
Overall Vacancy	2.16%	2.20%	2.09%
Under Construction (in Thousands of SF)	15,353	18,982	12,671
Overall Asking Lease Rates (NNN)	\$4.30	\$6.14	\$6.26

## Market Graph



The industrial market has seen consistent development and positive absorption in recent years. Once again activity has increased due to the growing demand for warehouse space from the COVID-19 pandemic.

## Recent Transactions



Lease

10302 Transport St  
Pickaway | 598K SF



Lease

8640 Global Way  
Licking | 303K SF



Sale

1675 Watkins Road  
Southeast | 290K SF



Lease

711 Southwood Ave  
Southeast | 100K SF



Sale

2201 Advance Ave  
Southeast | 56K SF



Sale

2101 S High St  
Southeast | 45K SF



## Vacancy

The vacancy decreased from 2.20 percent to 2.09 percent in the last quarter of the year. The largest vacancy of the quarter occurred in the CBD submarket at over four percent, which rose slightly from last quarter. The Pickaway submarket had the lowest vacancy rate of zero percent, remaining the same as last quarter.

## 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 over 993 thousand square feet.

## Construction

Columbus continues to develop by breaking ground on nine projects this quarter. In the West submarket, buildings two and three broke ground at East Hillard Rome Road and I-70, bringing in 809,260 square feet together. For the second time this year, the CBD submarket broke ground on three buildings, all at 2211 Parsons Ave, culminating a total of 859,240 square feet under construction.

## Completions

Completions have increased the total inventory by five million square feet. Both Licking and Southeast submarkets finished three projects each, accounting for nearly all of the completions. Next quarter looks to follow the same trajectory with 12 project completions, many in the Licking, Pickaway and Southeast submarkets.

## Sales

This quarter, 47 industrial properties totaling two million square feet sold in Central Ohio. That brings the total sales volume to \$367 million. The majority of sales were conducted in the CBD and Southwest submarkets. Most sales were warehouse buildings with only 4.4 percent as flex buildings.

Clear Height Properties purchased 1675 Watkins Road at 290,573 square feet for \$9.6 million (\$33 PSF), making it the largest sale of the quarter. Chucks Septic Tank Sewer also purchased four properties at Hendrix Drive for \$1.5 million (\$51.50 PSF). Preferred Living purchased three properties at 4654 Kenny Road, 1140 Chambers Circle and 1170 Chesapeake Ave for over \$2.6 million (\$156.01 PSF) and over 20,600 square feet.

## Significant Sales Activity

Address	Size	Buyer	Sales Price
1675 Watkins Road	290,573	Clear Height Properties	\$9,600,000
2201 Advance Ave	56,784	Angelo, Gordon & Co.	\$4,136,250
<b>2101 S High Street</b>	<b>45,236</b>	<b>KDL Properties</b>	<b>\$3,900,000</b>
5075-5095 Westerville Road	90,000	Two Men & A Truck	\$1,825,000
<b>8285 Estates Pkwy</b>	<b>11,100</b>	<b>BHR Properties LLC</b>	<b>\$1,720,000</b>
4654 Kenny Road	10,364	Preferred Living	\$1,450,000

## Significant Lease Activity

Address	Size	Tenant	Type
10302 Transport St	589,754	Brooks	New
8640 Global Way	303,216	United Healthcare Services	New
4023 Raymond Ave	268,981	Victory Packaging	New
<b>711 Southwood Ave</b>	<b>100,000</b>	<b>TP Mechanical Contractors LLC</b>	<b>New</b>
<b>711 Southwood Ave</b>	<b>99,000</b>	<b>Xtreme Logistics</b>	<b>New</b>
1615-1621 Georgesville Road	56,325	Wild Pastures OC, Inc.	New
<b>711 Southwood Ave</b>	<b>47,000</b>	<b>Furniture Bank of Central Ohio Inc.</b>	<b>Renewal</b>
<b>6275 Winchester Blvd</b>	<b>44,820</b>	<b>J.J. Haines &amp; Company LLC</b>	<b>New</b>
<b>4480 Bridgeway Ave</b>	<b>40,000</b>	<b>B1 Properties LLC</b>	<b>Sublease</b>
<b>3787-3791 Interchange Road</b>	<b>38,472</b>	<b>Habegger Corporation</b>	<b>Extension</b>

**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	Avg Direct Asking Rate (NNN)
CBD	5,052,137	4.67%	0.00%	2.83%	4.67%	4.43%	-	(162,344)	859,240	-	\$6.82
East	22,198,277	1.47%	0.64%	4.32%	1.92%	4.27%	74,831	274,148	575,400		\$6.32
Fairfield	8,596,522	1.57%	0.00%	1.94%	1.57%	4.85%	(251,376)	(251,842)	824,840	-	\$5.06
Licking	34,346,695	0.72%	0.00%	2.60%	0.72%	2.25%	303,219	3,197,776	318,569	2,993,764	\$5.29
Madison	17,286,186	2.78%	0.00%	2.78%	2.78%	6.82%	-	2,556,246	1,459,520	215,000	\$6.29
North	18,581,679	1.89%	0.26%	3.05%	2.15%	3.59%	(3,865)	168,615	707,940	-	\$7.65
Delaware	9,606,979	1.60%	0.00%	0.34%	1.60%	0.11%	54,485	78,870	202,165	-	\$6.91
Pickaway	12,351,575	0.00%	0.00%	1.46%	0.00%	0.00%	598,754	1,961,219	1,676,314	572,400	\$4.93
Southeast	87,616,654	2.87%	0.41%	3.33%	3.28%	1.20%	235,560	1,200,509	2,107,626	1,316,376	\$5.23
Southwest	21,650,311	1.24%	0.22%	1.92%	1.46%	0.97%	8,487	(459,839)	1,529,000	-	\$6.53
Union	7,673,320	1.83%	0.00%	3.07%	1.83%	1.90%	(73,376)	149,628	112,500	-	\$7.81
West	36,710,245	1.58%	0.01%	1.70%	1.60%	1.46%	46,314	179,424	2,298,510	-	\$6.37
<b>TOTAL</b>	281,670,580	1.88%	0.23%	2.72%	2.09%	2.20%	993,033	8,892,580	12,671,624	5,097,540	\$6.26

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	Avg Direct Asking Rate (NNN)
R&D/Flex	20,558,866	1.90%	0.18%	2.67%	2.00%	2.35%	7,609	512,372	-	-	\$7.45
General Industrial	74,443,656	2.29%	0.09%	2.62%	2.37%	3.42%	(2,306)	385,463	9,024,803		\$6.14
Warehouse/Distribution	186,668,058	1.49%	0.40%	2.85%	1.88%	1.83%	987,730	7,994,575	3,646,821	5,097,540	\$5.57
<b>TOTAL</b>	281,670,580	1.88%	0.23%	2.72%	2.09%	2.20%	993,033	8,892,580	12,671,624	5,097,540	\$6.26



## Reshore and Relocate

The discussion of reshoring in the industrial market is present now more than ever. The COVID-19 pandemic altered ways of life for everyone in every industry. Since then, US manufacturers have raised interest in lowering the cost of operating expenses by reshoring their business back to the states. One of the largest benefits in returning work to the US would be the quicker and simpler management of supply chains. The challenge would be determining the new supply chain and the efficiency of it. With space seeming to be harder to acquire, the question of location for reshoring would be another challenge companies need to solve for.

Source: Globe St.

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