

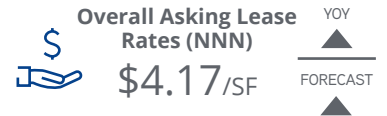
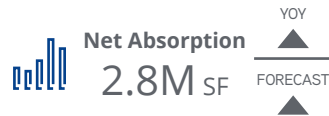


Columbus

# Industrial 21Q2

## Key Takeaways

- Quarterly net absorption reached 2.8 million square feet and YTD net absorption hit 7.9 million square feet
- Vacancy declined to 3.68 percent - the lowest it has ever been in the Columbus industrial market
- Over 6.4 million square feet of industrial space broke ground this quarter, bringing total construction to 10.1 million square feet



## Regional Summary

As the COVID-19 pandemic continues to fuel demand for prime warehouse space, the Columbus industrial market posted 2.8 million square feet of net absorption\* in the second quarter. The region has seen absorption greater than 2 million square feet consecutively in the past six quarters, which has driven vacancy down to 3.68 percent - the lowest it has ever been. Construction also remains steady, as over 10 million square feet of product is currently underway and 2 million square feet of space completed this quarter. Consistent demand in industrial space will further impact the Columbus market through the rest of 2021.

\*absorption calculated by occupancy date

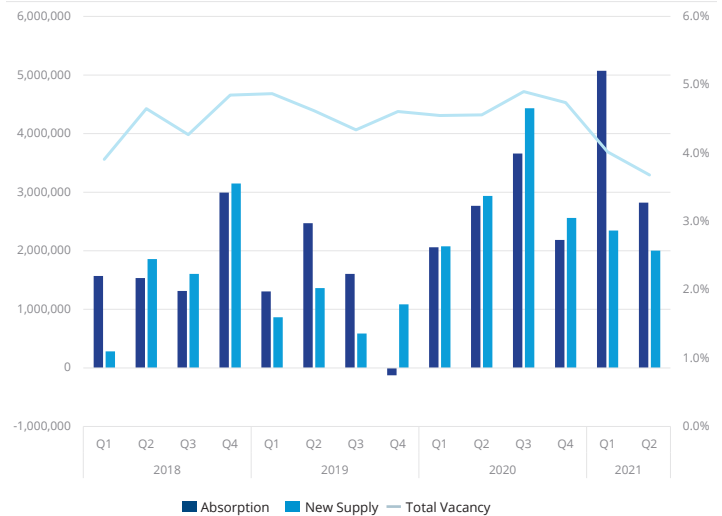
## Market Indicators



## Historic Comparison

|   | 20Q2    | 21Q1    | 21Q2    |
|---|---------|---------|---------|
| <b>Total Inventory</b><br>(in Thousands of SF)    | 252,112 | 261,452 | 263,508 |
| <b>New Supply</b><br>(in Thousands of SF)         | 2,937   | 2,346   | 2,004   |
| <b>Net Absorption</b><br>(in Thousands of SF)     | 2,769   | 5,073   | 2,823   |
| <b>Overall Vacancy</b>                            | 4.56%   | 4.02%   | 3.68%   |
| <b>Under Construction</b><br>(in Thousands of SF) | 8,597   | 5,687   | 10,145  |
| <b>Overall Asking Lease Rates (NNN)</b>           | \$3.67  | \$4.01  | \$4.17  |

## 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**  
0 Exchange Way  
Pickaway | 1m SF



**Lease**  
4077 Airbase Road  
Southeast | 742k SF



**Lease**  
0 Tollgate Road  
Licking | 587k SF



**Sale**  
510 Sunbury Road  
East | \$200/SF



**Sale**  
7303 Rickenbacker Pkwy.  
Southeast | \$88/SF



**Sale**  
4400 S. Hamilton Road  
Southeast | \$47/SF



## Vacancy

Another quarter of positive net absorption drove the vacancy rate down from 4.02 percent to 3.68 percent. The largest vacancy of the quarter occurred in the Southeast submarket, as Novotec vacated 188,000 square feet at 3960 Groves Road. The Fairfield submarket saw the most significant decrease in vacancy to 2.34 percent, as four tenants occupied a combined 1.4 million square feet there this 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 7.5 million square feet – a strong indication that tenants are continuing to stay active in the market.

## Construction

Development continues to grow in Columbus, as 15 projects totaling 6.5 million square feet broke ground this quarter alone. This brings total product under construction to 10.1 million square feet - the eighth consecutive quarter with over 5 million square feet underway. The Licking, Pickaway and Southeast submarkets lead activity, each with over 1.7 million square feet of Class A product under construction. Over two

thirds of buildings currently underway are speculative projects.

Nine properties totaling 2 million square feet reached completion this quarter. Canal Crossing 1 & 2 were both finalized and are now fully leased. Both phases of CT Realty's Rickenbacker Logistics Park are now complete and fully occupied by Geodis and TJX Companies. With 63 projects comprising of over 28 million square feet either under construction or in the development pipeline, Central Ohio can expect more large completions throughout 2021.

## Sales

This quarter, 37 industrial properties totaling 2.5 million square feet sold in Central Ohio for a total sales volume of \$192 million. The average price per square foot reached \$99, which is \$35 higher than the average of last quarter.

Miramar Acquisitions purchased 510 Sunbury Road for \$60 million, or \$200 per square foot, making it the largest sale of the year so far. RMR bought 7303 Rickenbacker Pkwy. for \$31.5 million and 4400 S. Hamilton Road sold to W.P. Carey for \$27 million. Exeter Property Group purchased 111 Enterprise Drive for \$19.5 million and 4630 Journal St. was sold to Knight Transportation in an owner/user sale for \$5.7 million, or \$150 per square foot.

## Significant Sales Activity

| Address                        | Size           | Buyer                          | Sales Price         |
|--------------------------------|----------------|--------------------------------|---------------------|
| <b>510 Sunbury Road</b>        | <b>300,000</b> | <b>Miramar Acquisitions</b>    | <b>\$60,000,000</b> |
| <b>7303 Rickenbacker Pkwy.</b> | <b>357,504</b> | <b>RMR</b>                     | <b>\$31,500,000</b> |
| 4400 S. Hamilton Road          | 569,584        | W.P. Carey                     | \$27,000,000        |
| 111 Enterprise Drive           | 401,786        | Exeter Property Group          | \$19,500,000        |
| <b>4630 Journal St.</b>        | <b>38,056</b>  | <b>Knight Transportation</b>   | <b>\$5,700,000</b>  |
| 2177 Williams Road             | 19,941         | SFG ISE Columbus Williams, LLC | \$5,675,000         |

## Significant Lease Activity

| Address                      | Size             | Tenant              | Type       |
|------------------------------|------------------|---------------------|------------|
| <b>0 Exchange Way</b>        | <b>1,022,380</b> | <b>Confidential</b> | <b>New</b> |
| 4077 Airbase Road            | 742,140          | TJX Companies       | New        |
| 0 Tollgate Road              | 587,500          | FedEx               | New        |
| <b>6200 Winchester Blvd.</b> | <b>555,925</b>   | <b>DHL</b>          | <b>New</b> |
| 2235 Spiegel Drive           | 516,174          | NFI                 | New        |
| 5999 Bixby Road              | 436,079          | Covetrus            | New        |
| 4337 Airbase Road            | 404,640          | Geodis              | New        |
| 1120 Morrison Road           | 383,000          | Amazon              | Sublease   |
| 6111 Bixby Road              | 261,259          | Pitney Bowes        | New        |
| 6111 Bixby Road              | 174,819          | Chadwell Supply     | 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          | 0.08%               | 0.00%                 | 0.08%             | 0.08%        | 0.08%                 | -                      | -                  | -                  | -                | -                            |
| East         | 22,324,412         | 5.70%               | 0.58%                 | 7.17%             | 6.40%        | 5.11%                 | 126,519                | 686,729            | 160,000            | 437,154          | \$4.15                       |
| Fairfield    | 8,140,522          | 2.34%               | 0.00%                 | 2.40%             | 2.34%        | 10.34%                | 1,487,158              | 1,487,158          | -                  | 932,158          | \$3.75                       |
| Licking      | 27,328,751         | 4.34%               | 0.00%                 | 3.20%             | 4.34%        | 4.12%                 | (60,990)               | (11,813)           | 4,457,385          | -                | \$4.00                       |
| Madison      | 15,463,966         | 7.29%               | 0.00%                 | 7.29%             | 7.29%        | 7.29%                 | -                      | 1,677,290          | 856,538            | -                | -                            |
| North        | 18,435,409         | 3.25%               | 0.10%                 | 3.57%             | 3.32%        | 2.00%                 | (243,827)              | (255,144)          | -                  | -                | \$5.90                       |
| Delaware     | 9,256,044          | 2.55%               | 0.00%                 | 3.64%             | 2.55%        | 3.06%                 | 46,916                 | 32,000             | 350,935            | -                | \$4.26                       |
| Pickaway     | 8,551,192          | 1.96%               | 0.00%                 | 15.93%            | 1.96%        | 1.96%                 | -                      | -                  | 2,216,865          | -                | \$3.25                       |
| Southeast    | 83,557,891         | 2.67%               | 0.52%                 | 5.25%             | 3.20%        | 4.64%                 | 1,721,514              | 3,398,173          | 1,769,545          | 539,640          | \$3.78                       |
| Southwest    | 21,405,311         | 3.50%               | 0.06%                 | 7.39%             | 3.56%        | 2.85%                 | (151,881)              | 349,863            | 100,000            | -                | \$3.59                       |
| Union        | 7,589,420          | 1.29%               | 0.00%                 | 1.50%             | 1.29%        | 0.50%                 | -                      | -                  | 84,000             | 60,000           | \$8.75                       |
| West         | 36,571,687         | 2.97%               | 0.36%                 | 5.36%             | 3.32%        | 2.95%                 | (102,822)              | 530,957            | 150,000            | 35,000           | \$4.56                       |
| <b>TOTAL</b> | <b>263,507,552</b> | <b>3.40%</b>        | <b>0.28%</b>          | <b>5.39%</b>      | <b>3.68%</b> | <b>4.02%</b>          | <b>2,822,587</b>       | <b>7,895,213</b>   | <b>10,145,268</b>  | <b>2,003,952</b> | <b>\$4.17</b>                |

| 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               | 20,457,931         | 3.02%               | 0.63%                 | 4.83%             | 3.74%        | 3.72%                 | 55,342                 | (50,913)           | 100,935            | 60,000           | \$7.20                       |
| General Industrial     | 74,359,904         | 3.82%               | 0.19%                 | 3.44%             | 4.01%        | 3.40%                 | (420,838)              | (431,319)          | 150,000            | 35,000           | \$3.72                       |
| Warehouse/Distribution | 168,689,717        | 3.26%               | 0.27%                 | 6.31%             | 3.53%        | 4.33%                 | 3,188,083              | 8,377,445          | 9,894,333          | 1,908,952        | \$3.75                       |
| <b>TOTAL</b>           | <b>263,507,552</b> | <b>3.40%</b>        | <b>0.28%</b>          | <b>5.39%</b>      | <b>3.68%</b> | <b>4.02%</b>          | <b>2,822,587</b>       | <b>7,895,213</b>   | <b>10,145,268</b>  | <b>2,003,952</b> | <b>\$4.17</b>                |



## The Rise of Automation

Technology continues to be at the forefront of how we do things, and companies are finding more ways to implement automation to improve efficiency. Warehousing and manufacturing companies are turning to robots to combat the labor shortage problem. Robots are making it easier for companies to get product out faster without the worry of finding suitable workers. According to an MIT study, one automated device can replace about six workers. This doesn't come without some changes, such as more equipment, power sources and initial expenses needed. As Columbus continues to see an uptick in industrial properties, the area can expect to see more automation within the industrial sector in the future.

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