

Columbus Industrial Market Overview

Market Observations

Economy

- Columbus saw a slight uptick in unemployment levels. Latest figures show the unemployment rate climbed 10 basis points from the beginning of the year to 3.4%. National levels climbed 20 basis points to 3.9% during the same period.
- Year-over-year payroll employment figures showed Columbus posted a 1.0% gain, while national employment levels grew by 1.8%.
- The mining, logging and construction sector led all industries in regional annual job loss at negative 5.7%. The two other industrial-using employment sectors or adjacent industries also saw annual job losses: manufacturing at negative 1.1% and trade, transportation, and utilities at negative 0.6%.

Major Transactions

- Three large Rickenbacker submarket properties changed hands. A 640,640-square-foot distribution facility located at 3755 Hayes Road in Groveport was acquired by Green Jobs Properties LLC for \$56.0 million, or \$87.41/SF. New River Columbus LLC purchased a two-property investment portfolio for a combined \$76.6 million. The two buildings are located in Obetz – 5465 Centerpoint Pkwy., a 478,544 SF warehouse sold for \$33.3 million, or \$69.53/SF; and 2450 Creekside Pkwy., a 652,195 SF warehouse transferred for \$43.3 million, or \$66.36/SF.
- Douglas Capital Partners acquired three properties from Brookfield and American National Insurance Company. One of the properties is a Grove City Class A warehouse measuring 223,750 SF, and fetched a sale price of \$15.1 million, or \$67.40/SF. The other two purchases in the portfolio are office properties.

Leasing Market Fundamentals

- The Columbus industrial market tallied 1.5 million SF in negative net absorption in the first quarter. As a result, the vacancy rate increased by 110 basis points from the previous quarter to 7.7%.
- The average asking rent for the first quarter of 2024 grew by 6.3% over the past year, a modest increase compared to the previous four years. The average asking rent for the first quarter stood at \$5.89/SF; the second highest in recent history behind the third quarter of 2023's \$5.90/SF.
- In the first quarter of 2024 demand for industrial and flex space was the second lowest since the first quarter of 2023. Total leasing activity for the quarter measured 1.8 million SF, down from 2.3 million SF in the fourth quarter of 2023.

Outlook

- Class A warehouse leasing represented 63.6% of overall industrial leasing in the first quarter of 2024, up from 42.7% for the year 2023. Class A leasing volume is expected to rise substantially, though it remains to be seen if it will approach 2021 and 2022's record numbers.
- Economic slowdowns often result in decreased demand for goods and services, directly impacting industrial sectors like manufacturing and trade, transportation, and utilities. These industries are particularly sensitive to economic cycles, where a downturn can lead to reduced production, sales, and consequently, workforce reductions.
- Rent growth should continue through 2024, but at a slower rate based on the first quarter number and as the industry continues to normalize.

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2. Leasing Market Fundamentals
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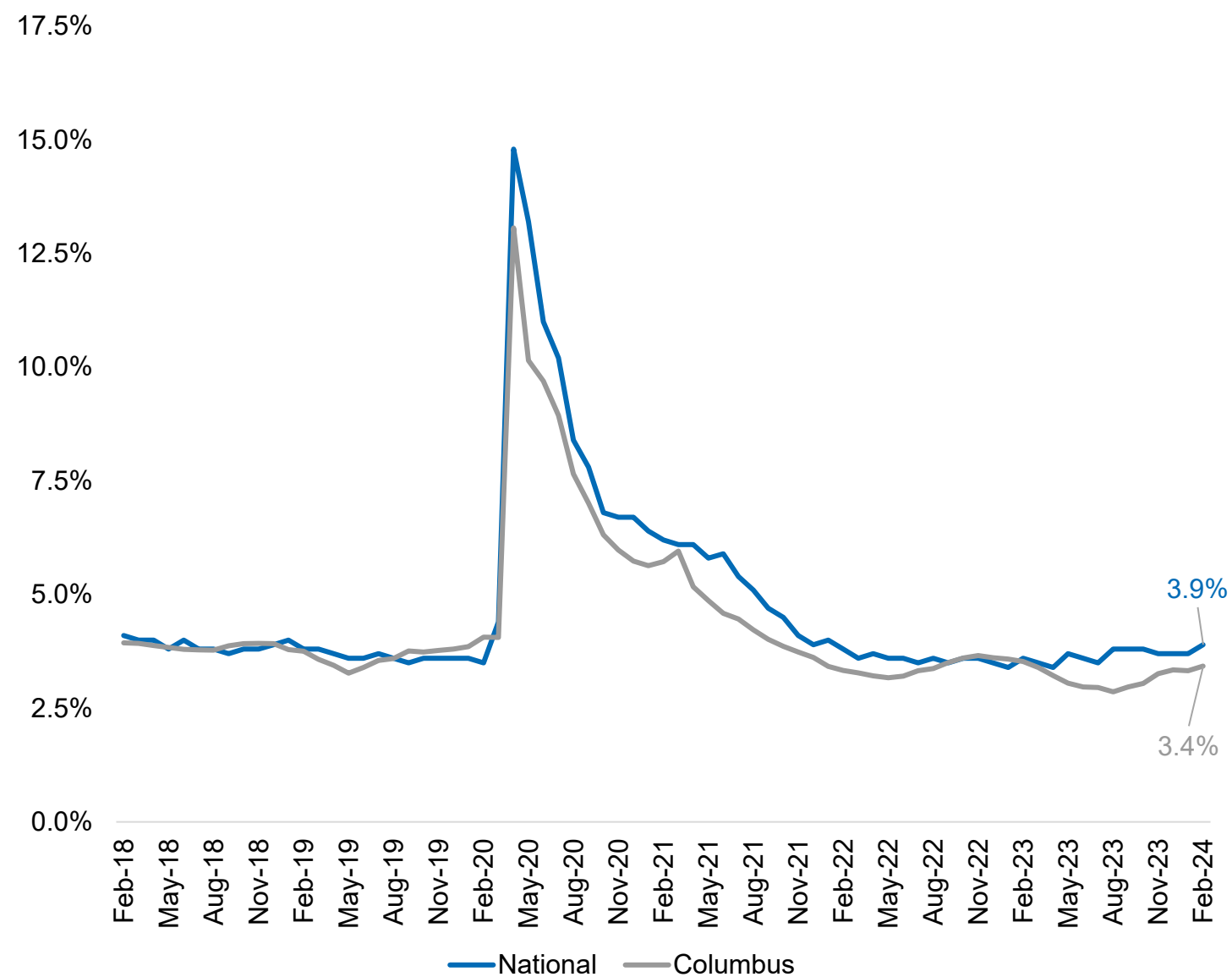
Economy



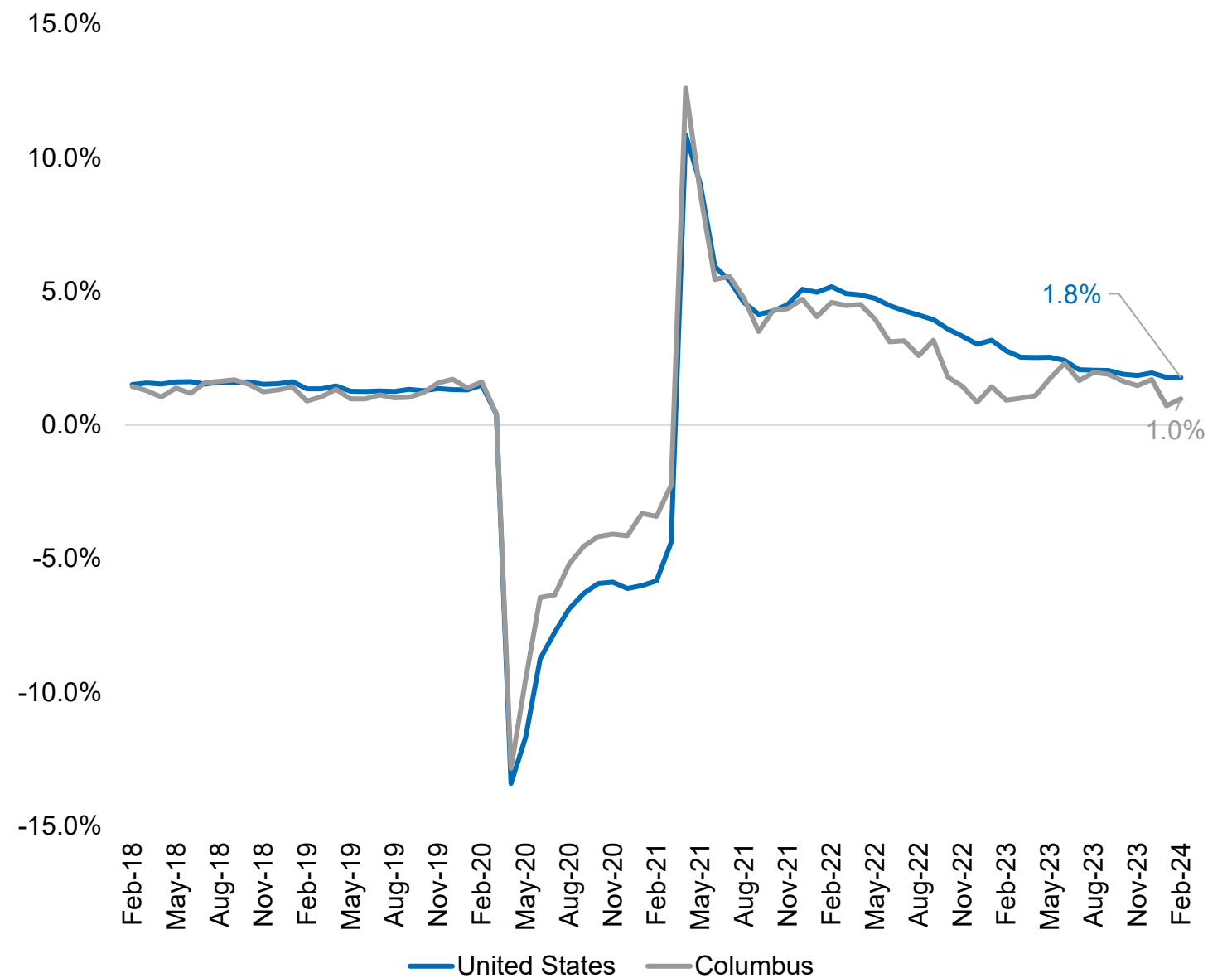
Columbus Metro Unemployment Levels Up Slightly

Columbus saw a slight uptick in unemployment levels as the unemployment rate climbed 10 basis points from the beginning of the year to 3.4%. National levels climbed 20 basis points to 3.9% during the same period. Year-over-year payroll employment posted a 1.0% gain, while national employment levels grew by 1.8%.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

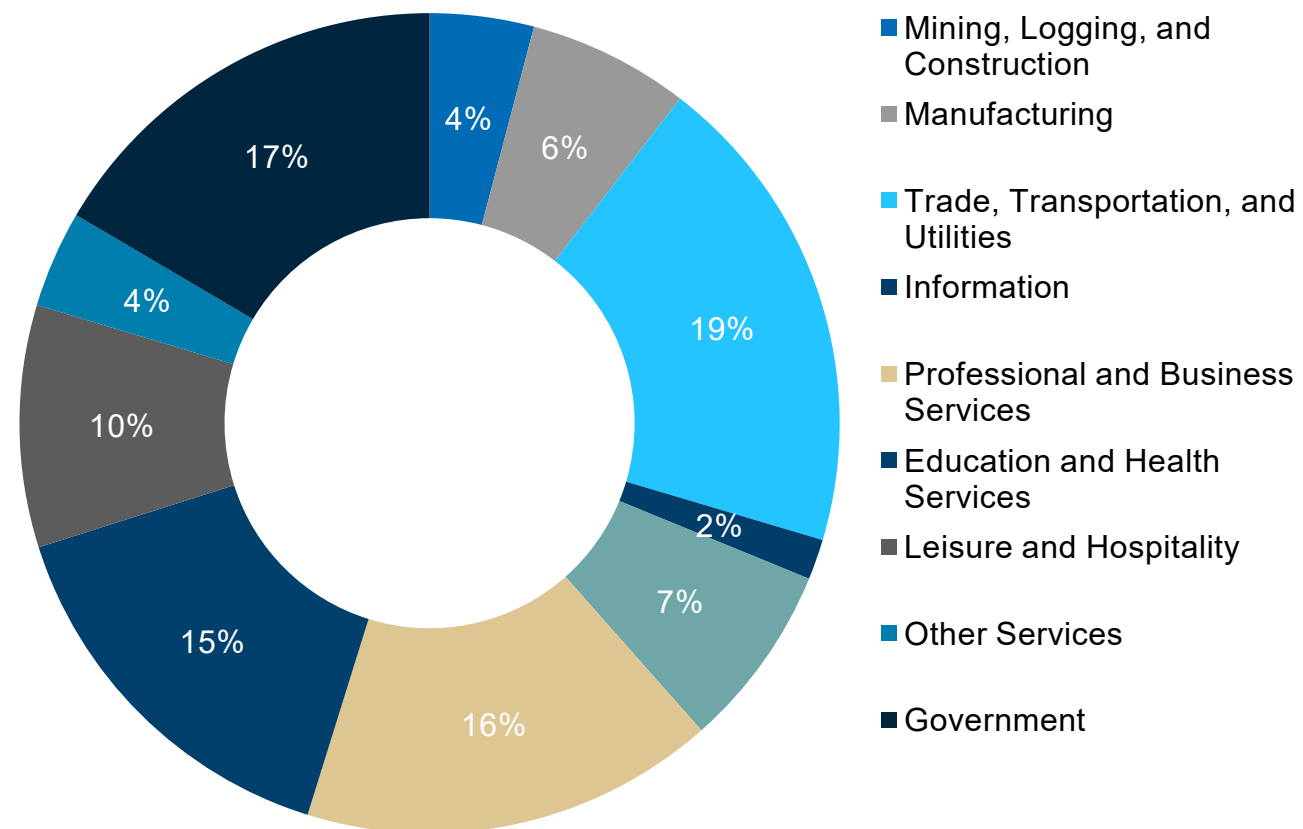


Source: U.S. Bureau of Labor Statistics, Columbus MSA

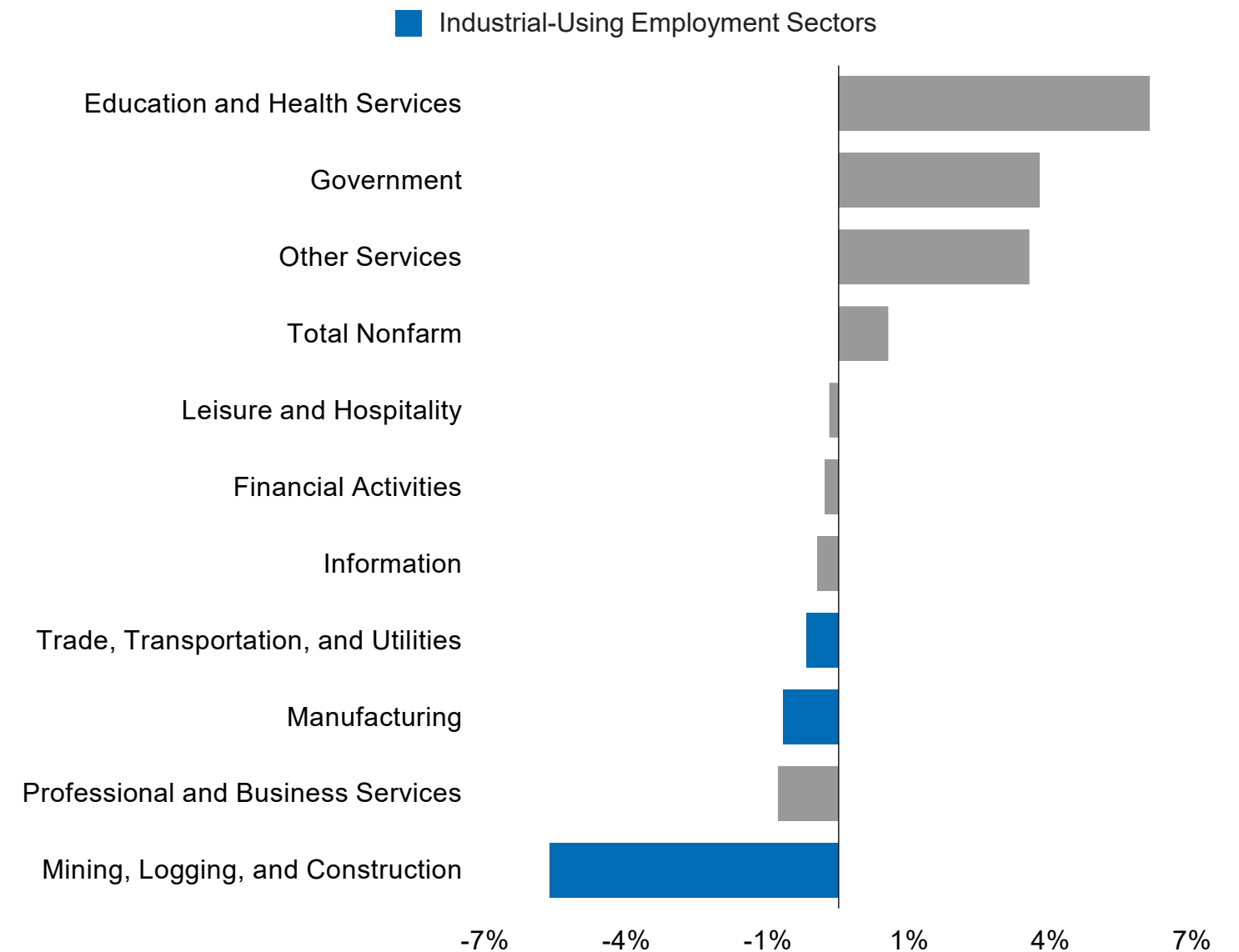
Job Growth Driven by Service Sectors, Industrial Sectors Show Losses

The mining, logging and construction sector led all industries in regional annual job loss at negative 5.7%. The two other industrial-using employment sectors or adjacent industries also saw annual job losses: manufacturing at negative 1.1% and trade, transportation, and utilities at negative 0.6%. The Education and Health services sector led all industries in regional annual job growth at 6.2%, followed by government (4.0%) and other services (3.8%).

Employment by Industry, February 2024



Employment Growth by Industry, 12-Month % Change, February 2024

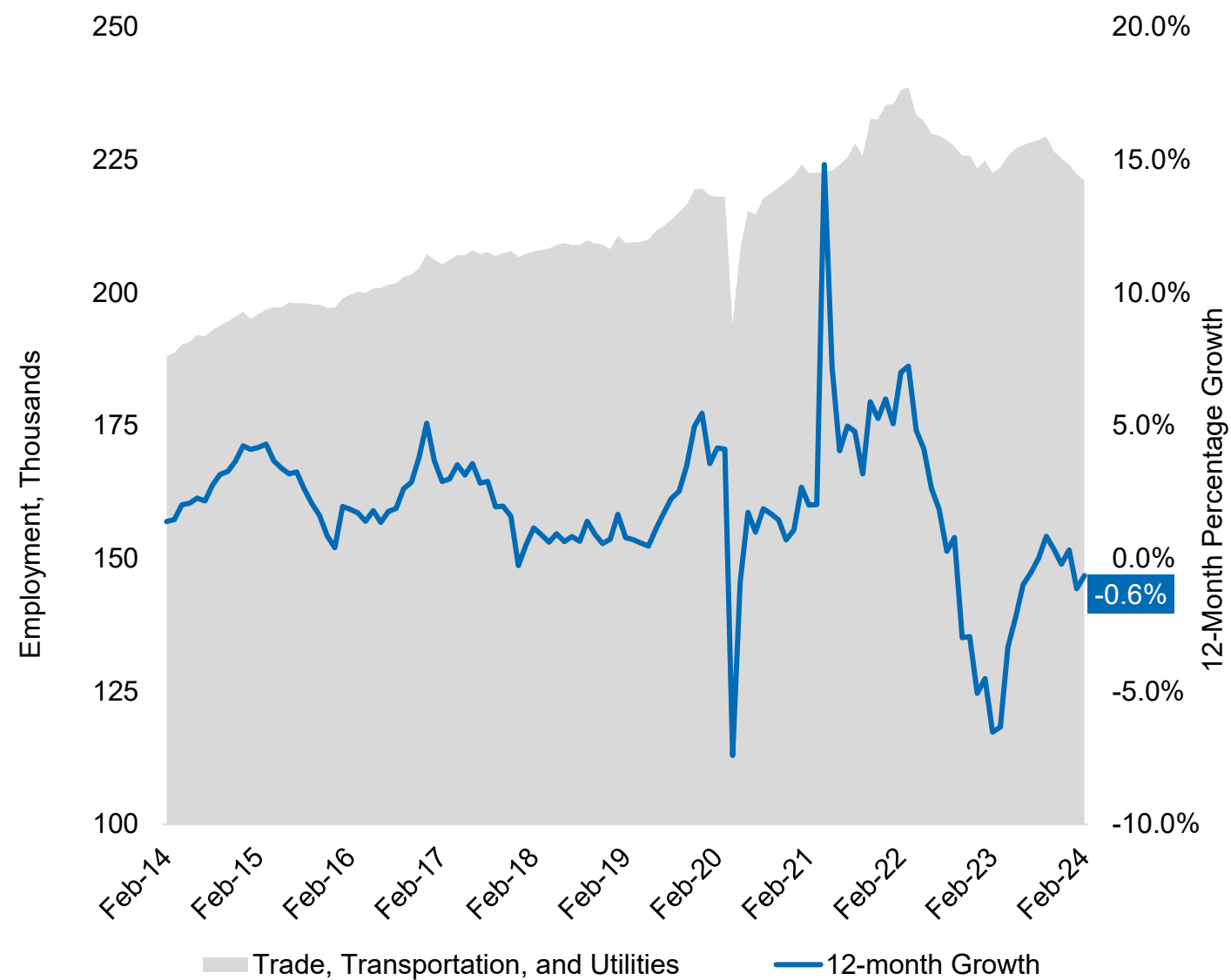


Source: U.S. Bureau of Labor Statistics, Columbus MSA

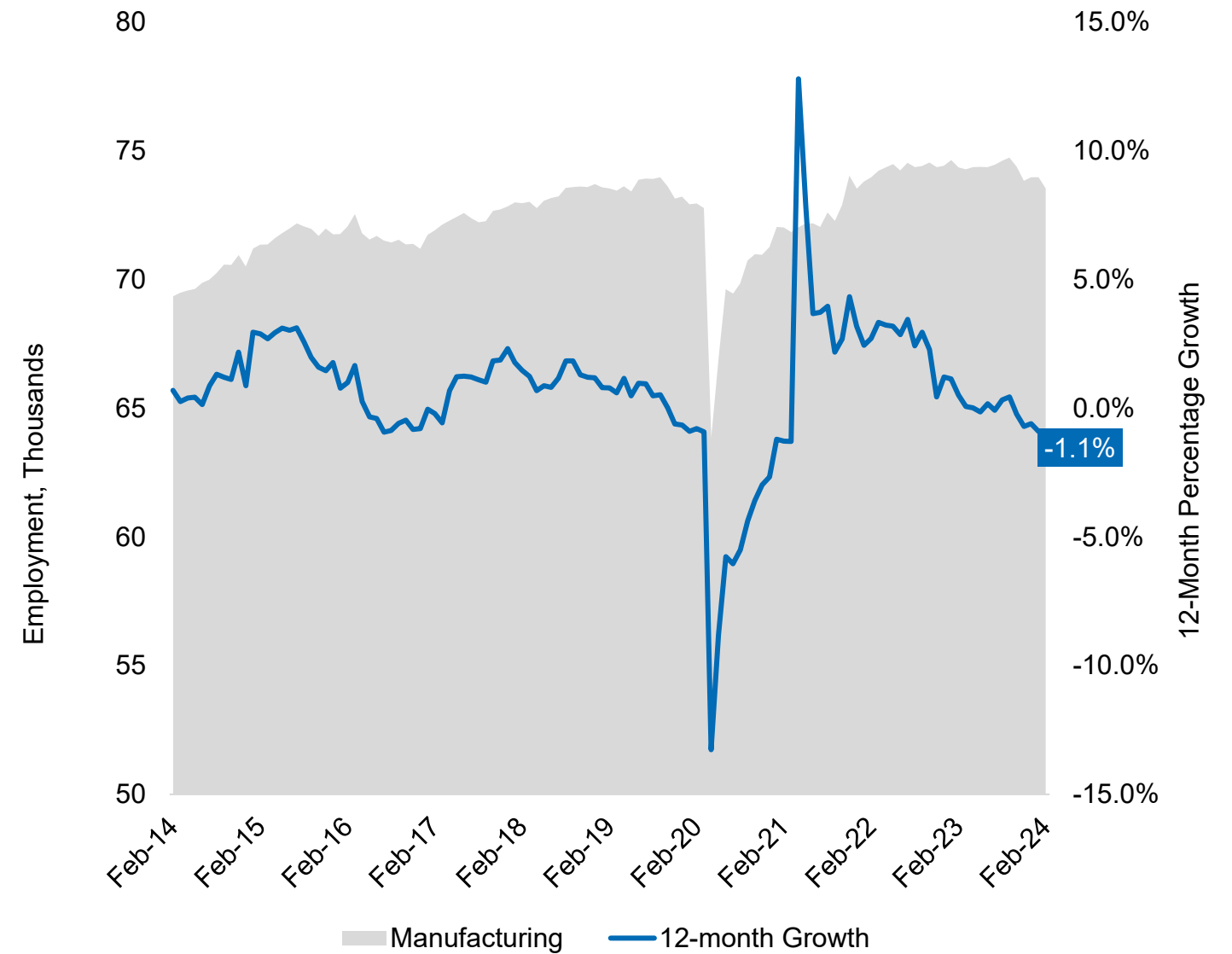
Industrial Using Employment Sectors See Job Losses

Trade, transportation, and utilities saw a decrease by 0.6% in employment in February 2024 year-over-year. Manufacturing also saw a decrease of 1.1%. Economic slowdowns often result in decreased demand for goods and services, directly impacting sectors like manufacturing and trade, transportation, and utilities. These industries are particularly sensitive to economic cycles, where a downturn can lead to reduced production, sales, and consequently, workforce reductions.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities



Total Employment and 12-Month Growth Rate, Manufacturing



Source: U.S. Bureau of Labor Statistics, Columbus MSA

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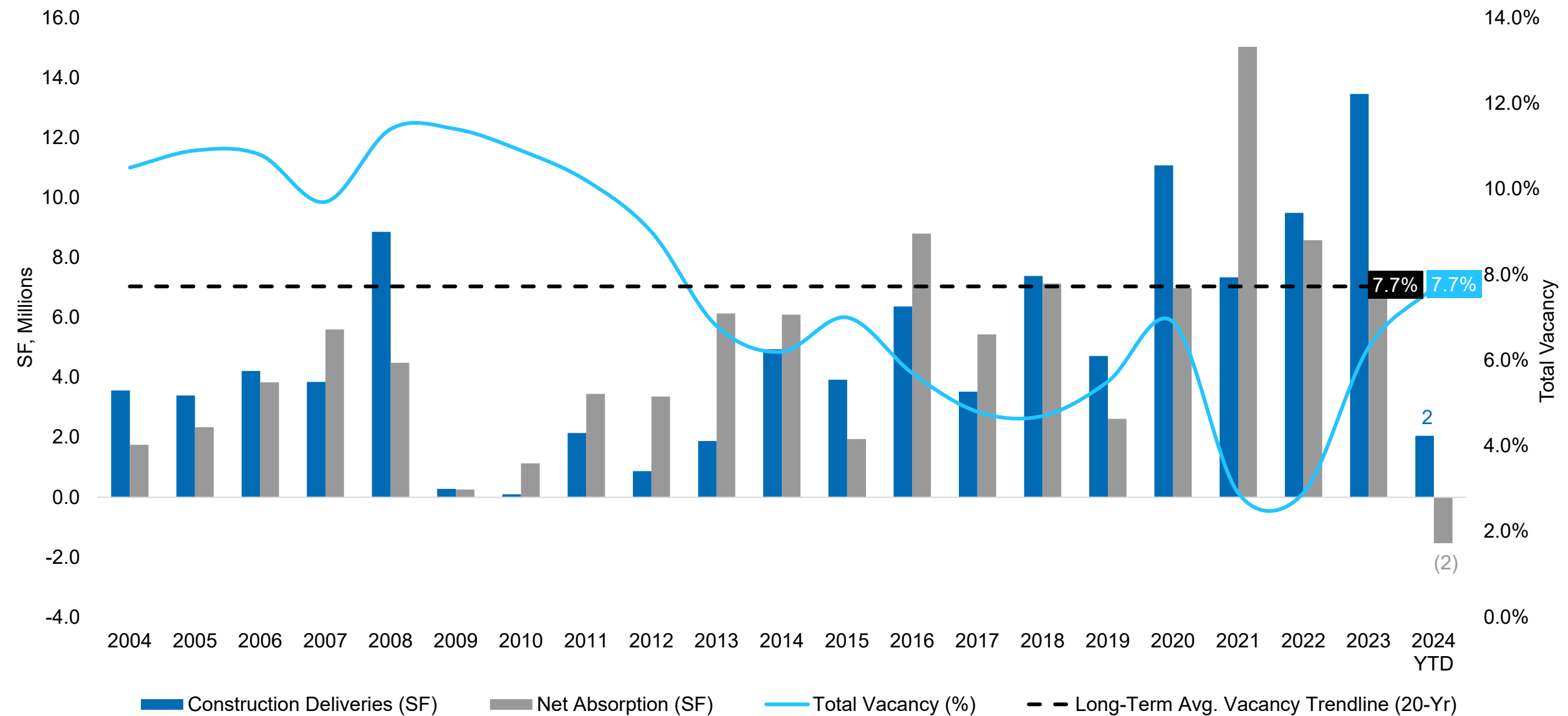
Leasing Market Fundamentals



Vacancy Increases, Market Impacted by Negative Net Absorption

The Columbus industrial market tallied 1.5 million SF in negative net absorption in the first quarter. As a result, industrial vacancy increased by 110 basis points from the previous quarter to 7.7%. The negative absorption was largely due to several significant sublet vacancies that came to market. Since 2013, vacancy has remained below the long-term average vacancy of 7.7%, though the first quarter of 2024 equaled it. Construction deliveries have outpaced absorption since 2022, leading to higher vacancy percentages.

Historical Construction Deliveries, Net Absorption, and Vacancy

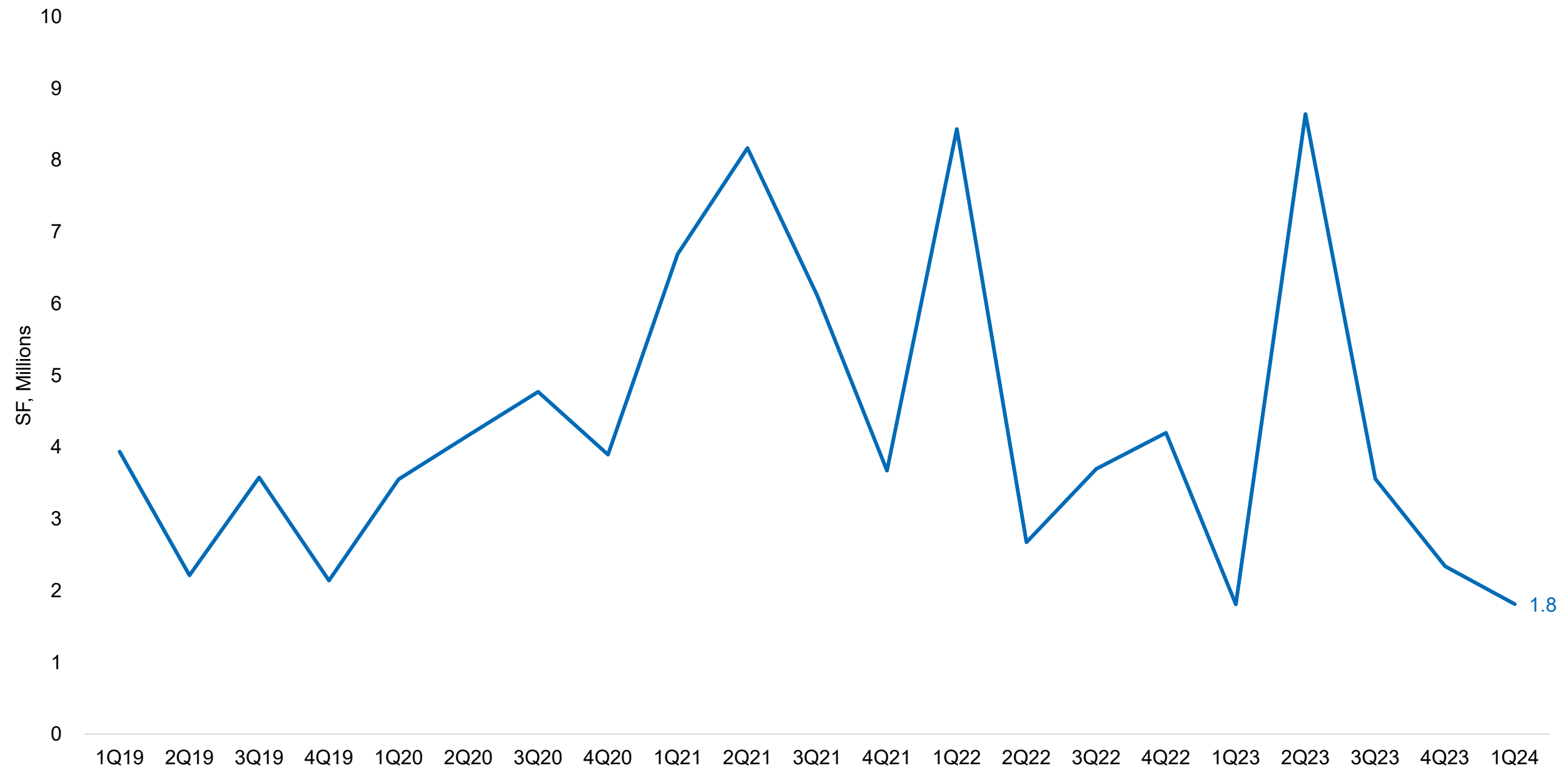


Source: Newmark Research, CoStar

Industrial Leasing Activity Down From Previous Quarter

In the first quarter of 2024, leasing activity was the second lowest since the first quarter of 2023, when the volume was 1.8 million SF. Leasing activity for the quarter was just over 1.8 million SF, down from 2.3 million SF in the fourth quarter of 2023. Over the last five years, annual industrial leasing activity was highest in 2021 at 24.6 million SF. In the same timeframe, the second quarter of 2023 had the most quarterly leasing volume at 8.6 million SF.

Total Leasing Activity (SF)

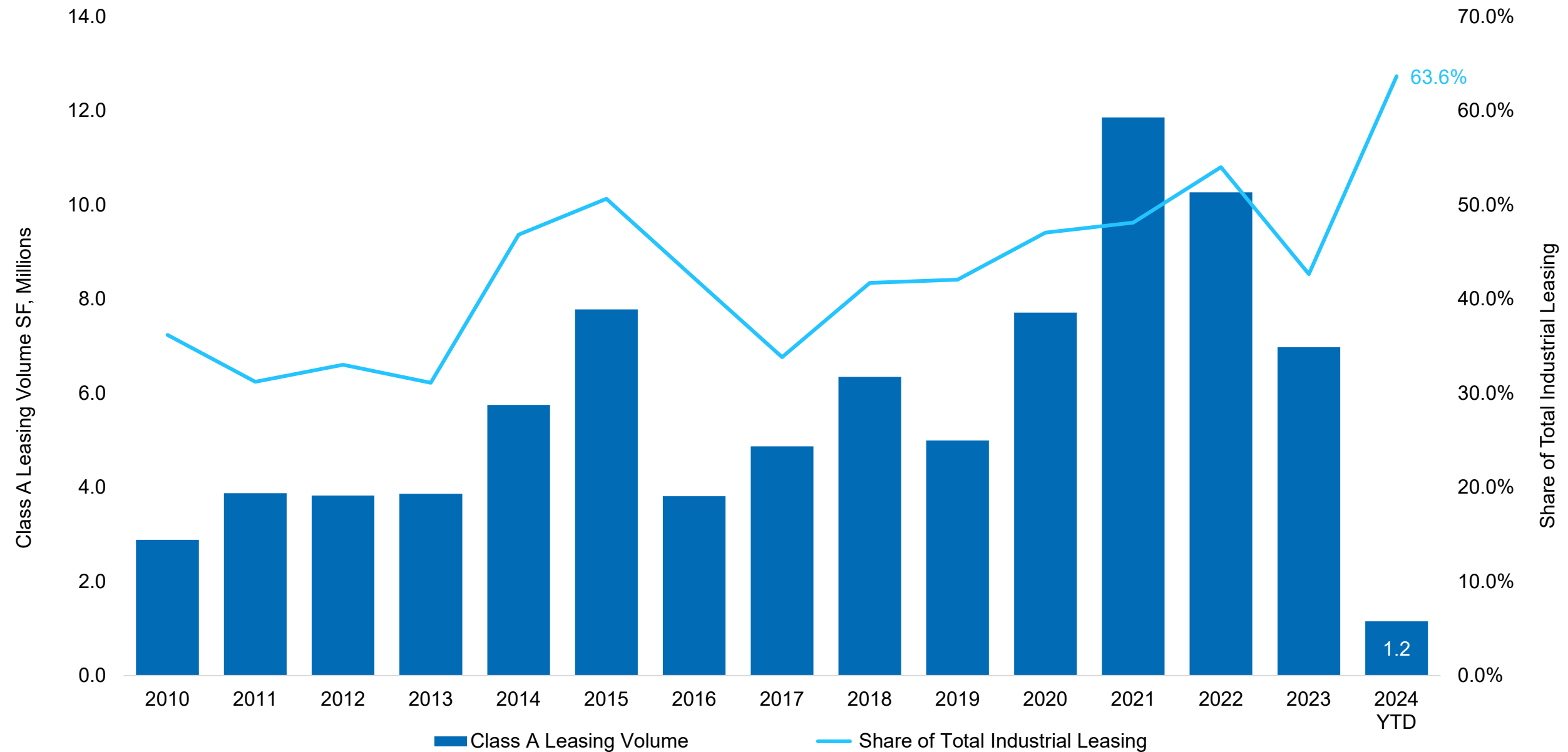


Source: Newmark Research, CoStar

Class A Warehouse Leasing Volume

Class A warehouse leasing represented 63.6% of overall activity in the first quarter of 2024, up from 42.7% in 2023. Class A leasing volume should outpace other product types in 2024, though it remains to be seen if it will approach 2021 and 2022's record numbers.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume

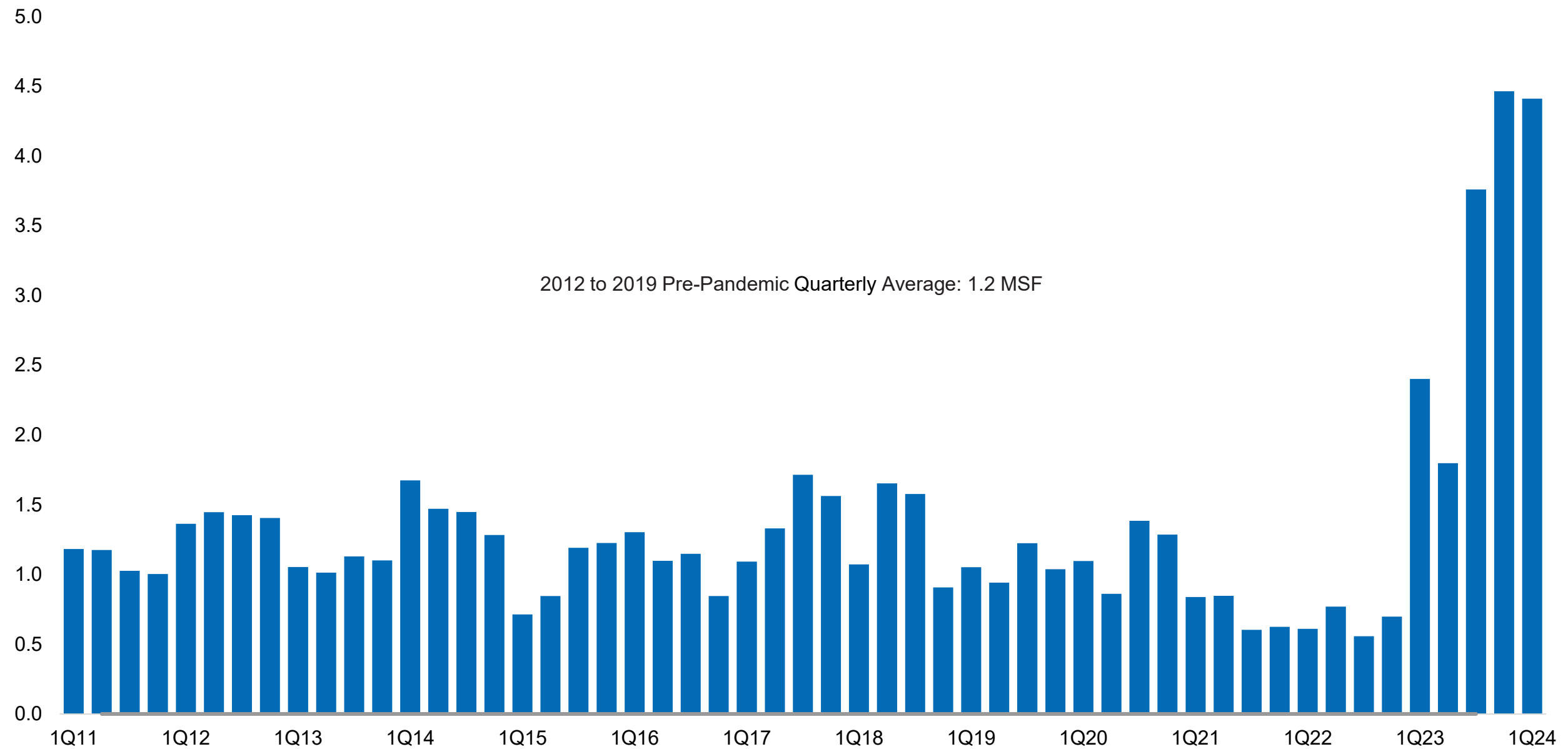


Source: Newmark Research, CoStar

Industrial Sublease Availability Remains Amongst Highest Ever

Sublease availability dipped to 4.4 million SF from an all time high of 4.5 million SF in the previous quarter but was still significantly above the long-term pre-pandemic (2012-2019) average. The softened industrial market that has emerged over the past year as a result of economic uncertainty helped lead to record levels of sublease availabilities.

Available Industrial Sublease Volume (msf)

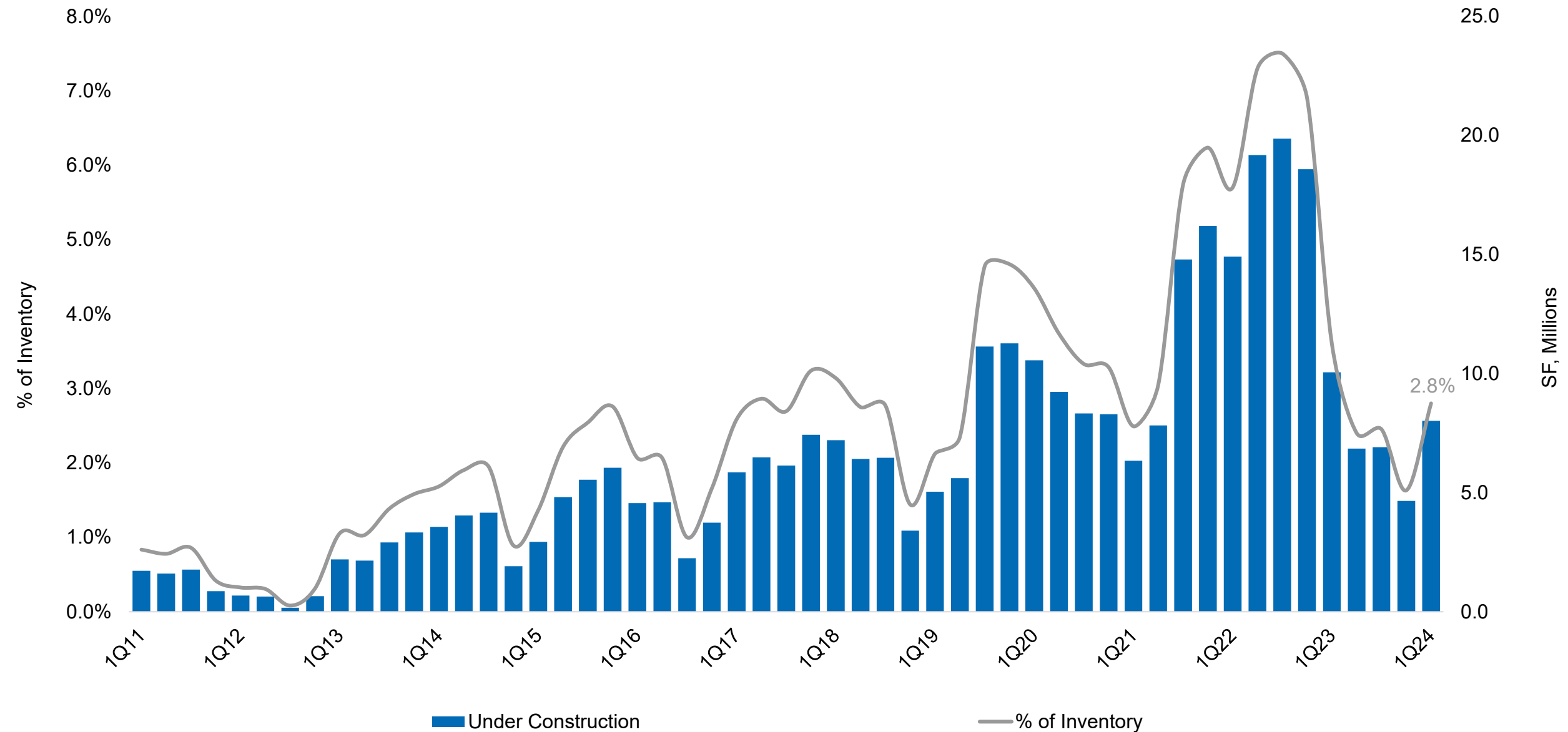


Source: Newmark Research, CoStar

Industrial Construction Up to Highest Level Since First Quarter of 2023

2.0 million SF of industrial space was completed in the first quarter of 2024. 8.0 million SF, 2.8% of inventory, is under construction, the highest level since the first quarter of 2023.

Industrial Under Construction and % of Inventory

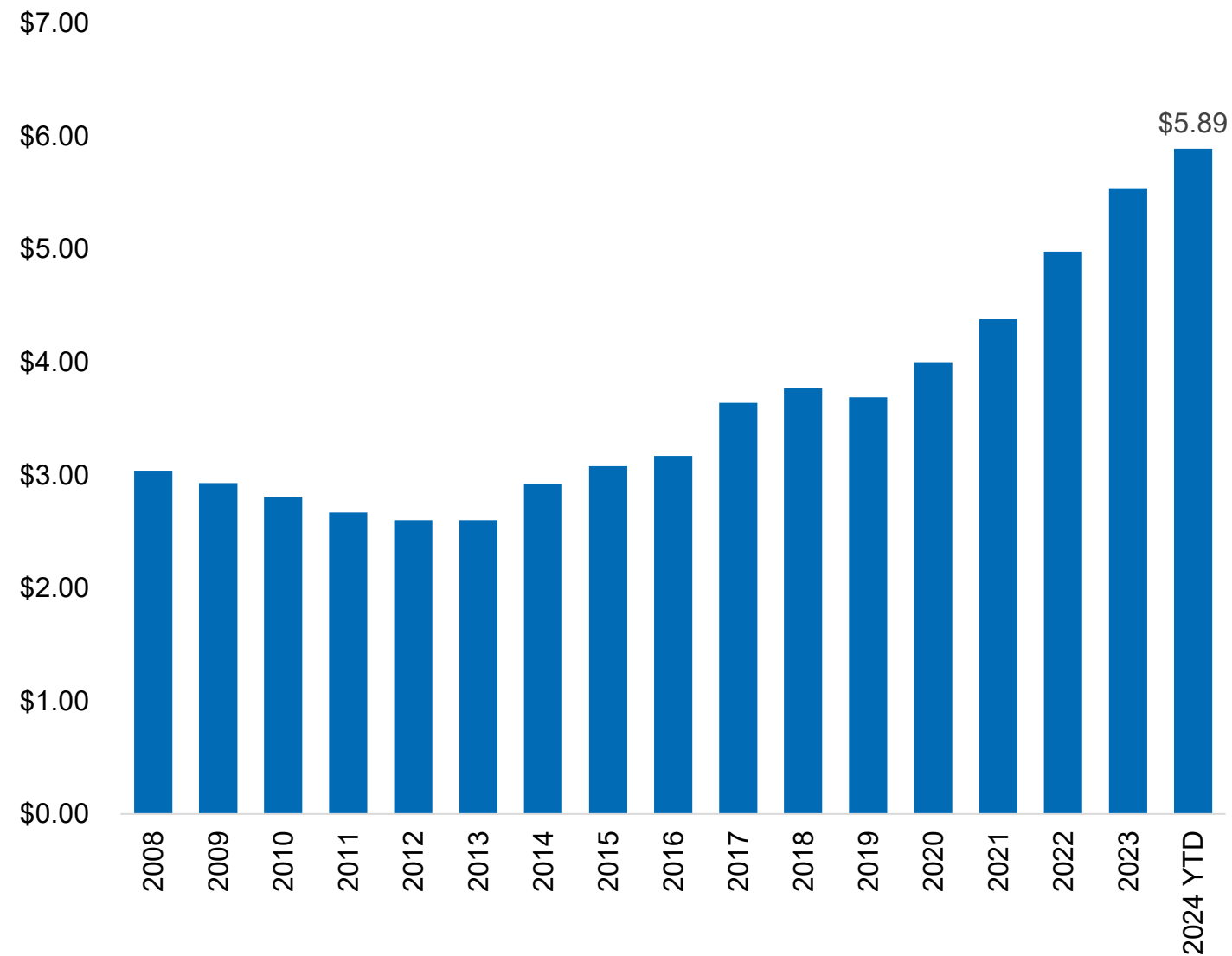


Source: Newmark Research, CoStar

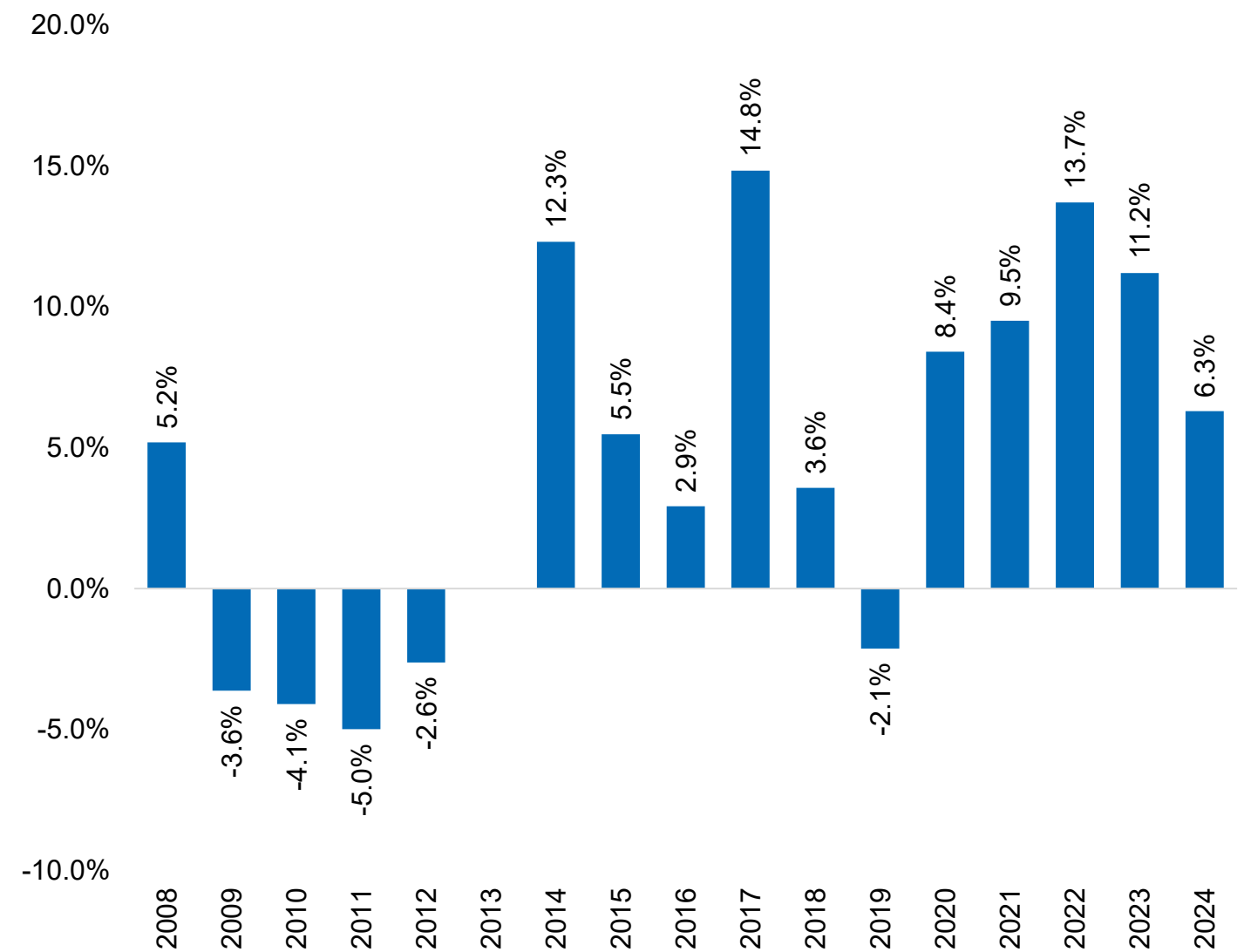
Asking Rental Rate Show Growth

In the first quarter of 2024, industrial average asking rents were 6.3% higher than the first quarter of 2023, a modest increase compared to the previous four years. Rent growth should continue through 2024, but at a slower rate as the industry continues to normalize. The average asking rent for the first quarter stood at \$5.89/SF; the second highest in recent history behind the third quarter of 2023's \$5.90/SF.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 1Q24 Lease Transactions

Total leasing activity for the quarter measured approximately 1.8 million SF, down from the previous quarter and the second lowest since the first quarter of 2023.

Select Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Crown Lifts	0 Horizon Ct., Building 10	Northeast	Direct	126,048
McLane Foodservice Distribution, Inc.	2240 Creekside Pkwy.	Rickenbacker	Extension	125,000
Nuvo Packaging	845 Kaderly Dr.	West	Direct	102,240
National Delivery Systems	Castings Commerce Park	Southeast	Direct	52,000
Ready Alliance Group	6777 Crosby Ct.	Northwest	Direct	50,245
Exclusive Brands America LLC	6215 Winchester Blvd.	Southeast	Direct	33,744

Source: Newmark Research, CoStar

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Appendix



Submarket Overview

Please reach out to your
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Columbus - Submarket Map

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Additional Market Statistics

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