

# Columbus Industrial Market Overview

# Market Observations

## Economy

- Columbus has seen slight upticks in unemployment levels through every quarter of 2024, reaching 4.2% in August, which matched the national figure. 4.2% unemployment is the highest (tied with July 2024) for the Columbus MSA since the 4.3% mark it reached in August 2021 in emerging from the heart of the pandemic.
- Year-over-year nonfarm payroll employment posted a 0.2% gain for the Columbus metro, while national employment levels grew by 1.6%.
- The Mining, Logging, and Construction sector led all industries in annual job growth at 8.3% in August for the Columbus MSA. The two other industrial-using employment sectors or adjacent industries saw annual job losses – the Manufacturing sector tallied a negative 2.5% loss and Trade, Transportation, and Utilities had a decrease of 2.9%.

## Major Transactions

- The largest lease of the past quarter was a confidential tenant signing for 611,750 SF at 1050 Gateway Park Dr. in the Madison County submarket.
- The DHL build to suit in the Southeast submarket measuring 755,000 SF, located at 8695 Basil Western Rd NW, delivered along with the 900,000 SF ODW Logistics build to suit at 6920 Schieser Farms in the Rickenbacker submarket. The combined 1.7 million SF of these two projects helped pace third quarter absorption. ODW Logistics also signed a 500,000-square-foot renewal at 1450 Commodity Blvd., while a 225,504-square-foot direct lease was inked at 5820 Opus Dr. by Restaurant Equippers, both in the Rickenbacker submarket.
- The Columbus industrial market was part of a 128-property, 14.6-million-square-foot, \$1.3 billion portfolio transfer from DRA Advisors to Brookfield Asset Management. Columbus led the way with 2.3 million square feet of space traded in the 20-market transaction. The eight properties in the Columbus market that sold in this transaction range from 92,500 SF to 632,152 SF and are located in multiple submarkets.

## Leasing Market Fundamentals

- After recording negative absorption for the first half of the year, the market saw a more robust 2.7 million SF of positive absorption in the third quarter, helping to offset the prior two quarters' negative return and propel the year-to-date absorption to positive 1.7 million SF. However, the third quarter vacancy rate did increase by 40 basis points from the prior quarter to 8.2% after 4.4 million SF of new inventory delivered, a good portion of which was build-to-suit product, but the addition of that much space to the inventory, some of which was empty, had an impact.
- The third quarter's average asking rental rate was \$5.93/SF, down by \$0.02/SF from the previous quarter.
- Following a significant dip in leasing activity in the first quarter, second and third quarter activity picked back up reaching over 3.8 million SF in the third quarter. Overall tenant demand is still muted, though with the market rightsizing over the next several quarters, a moderated sense of optimism for 2025 has emerged.

## Outlook

- Most of the speculative construction starts for proposed projects continued to be delayed. As a result of economic and political uncertainty over the past year, market equilibrium is still at least another year away after periods of inflated inventory expansion and surging demand in the years prior to and post-pandemic. This resulted in a recent trend of supply outweighing demand in the market. Build-to-suit construction has emerged in recent quarters as the dominant type that is underway.
- Overall tenant demand was muted compared to the industrial market's recent high points in the second quarters of 2021, 2022, and 2023. However, with the market rightsizing over the next several quarters, a moderated sense of optimism for 2025 has emerged, especially since onshoring continued to make a comeback.
- Sublease availability was cut in half this past quarter, with only 1.8 million SF available, the lowest since the second quarter of 2023. Freight movement likely contributed to tenant decisions and the absorption of underutilized space.

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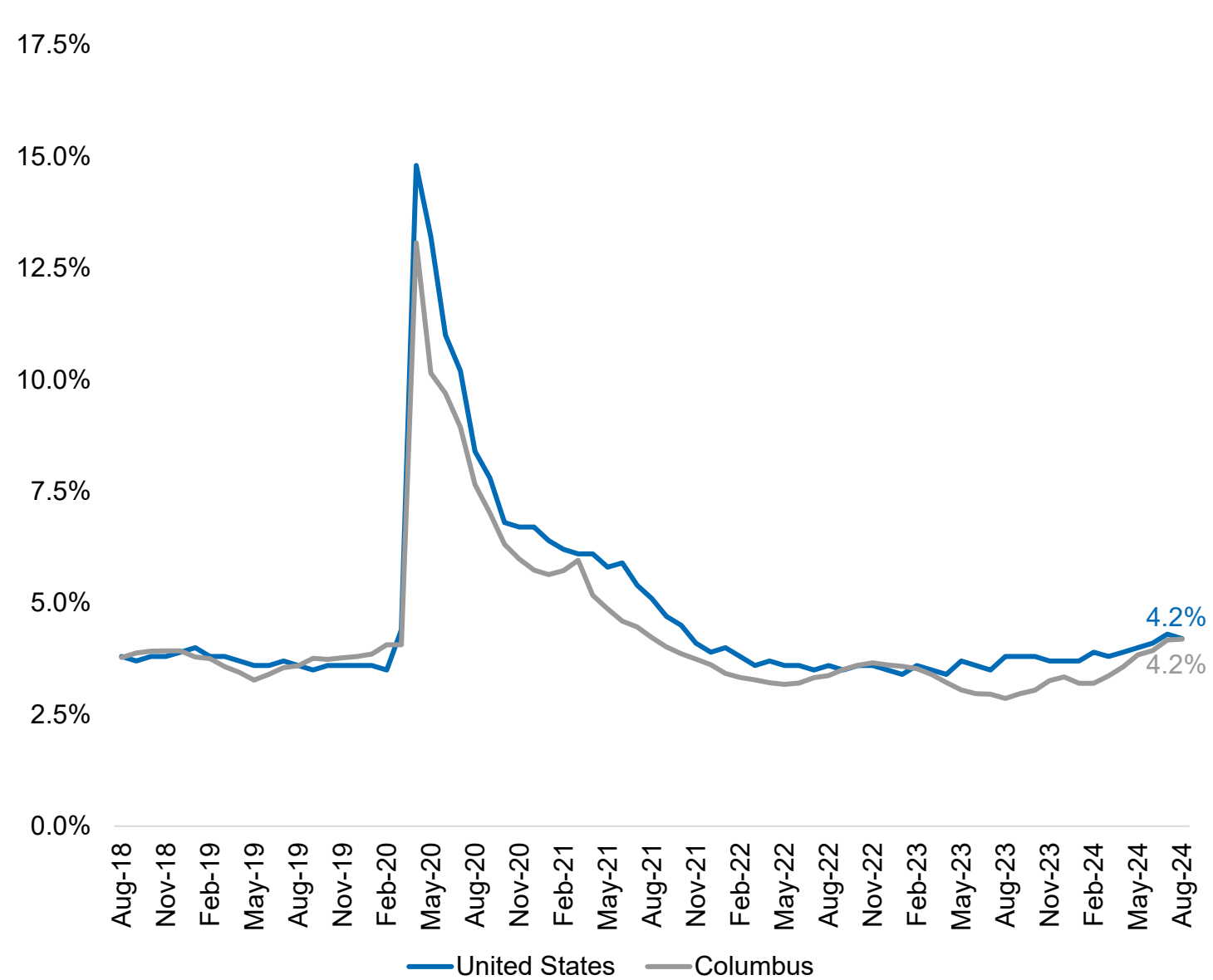
# Economy



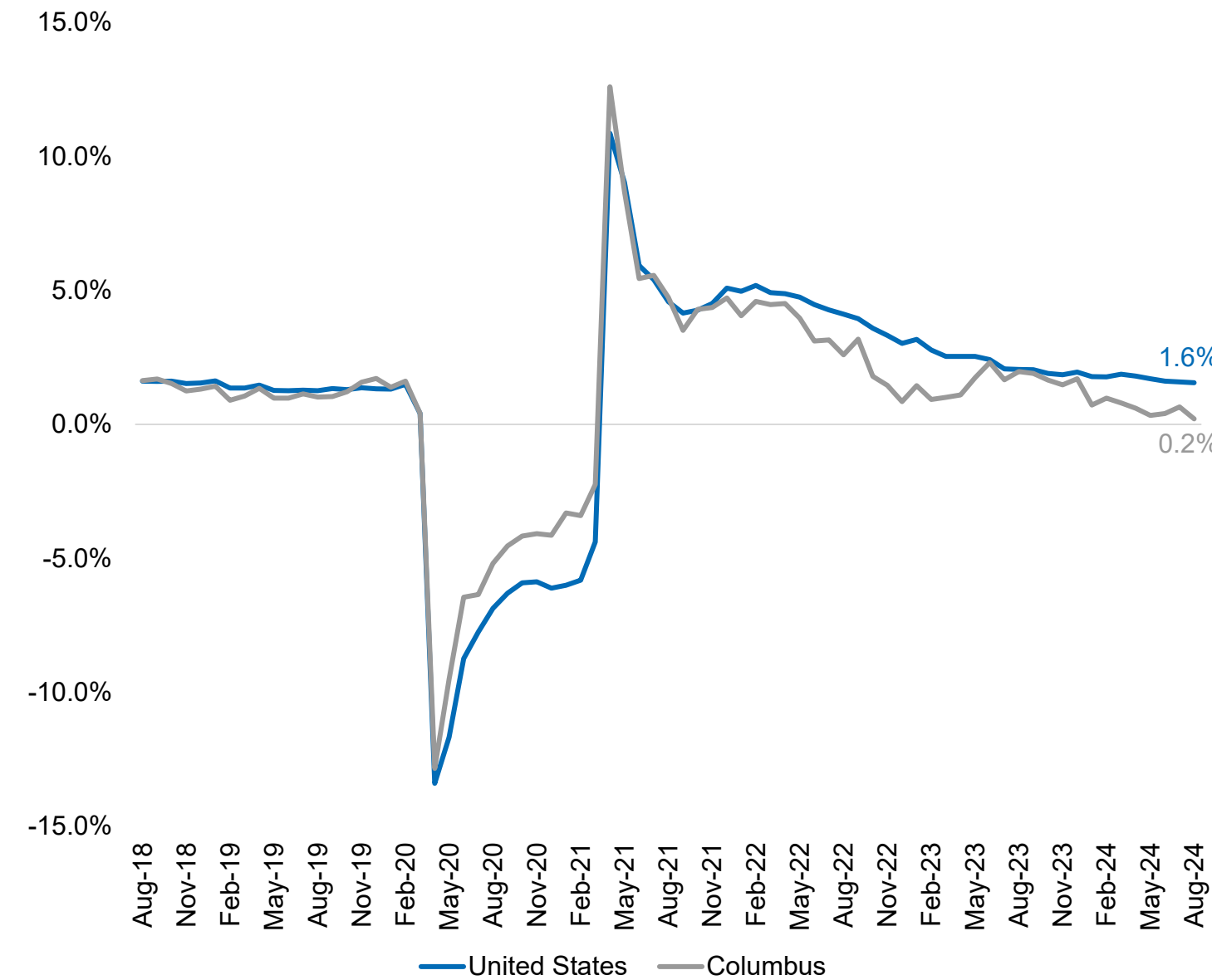
# Columbus Metro Unemployment Levels Up Again

Columbus has either remained the same or has seen slight upticks in unemployment levels through every quarter of 2024, reaching 4.2% in August, which matched the national figure. A 4.2% unemployment rate for August was the highest for the Columbus MSA (matching July 2024) since the 4.3% mark it reached in August 2021 in emerging from the heart of the pandemic. Year-over-year nonfarm payroll employment posted a 0.2% gain for the Columbus metro, while national employment levels grew by 1.6%.

Unemployment Rate, Seasonally Adjusted



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



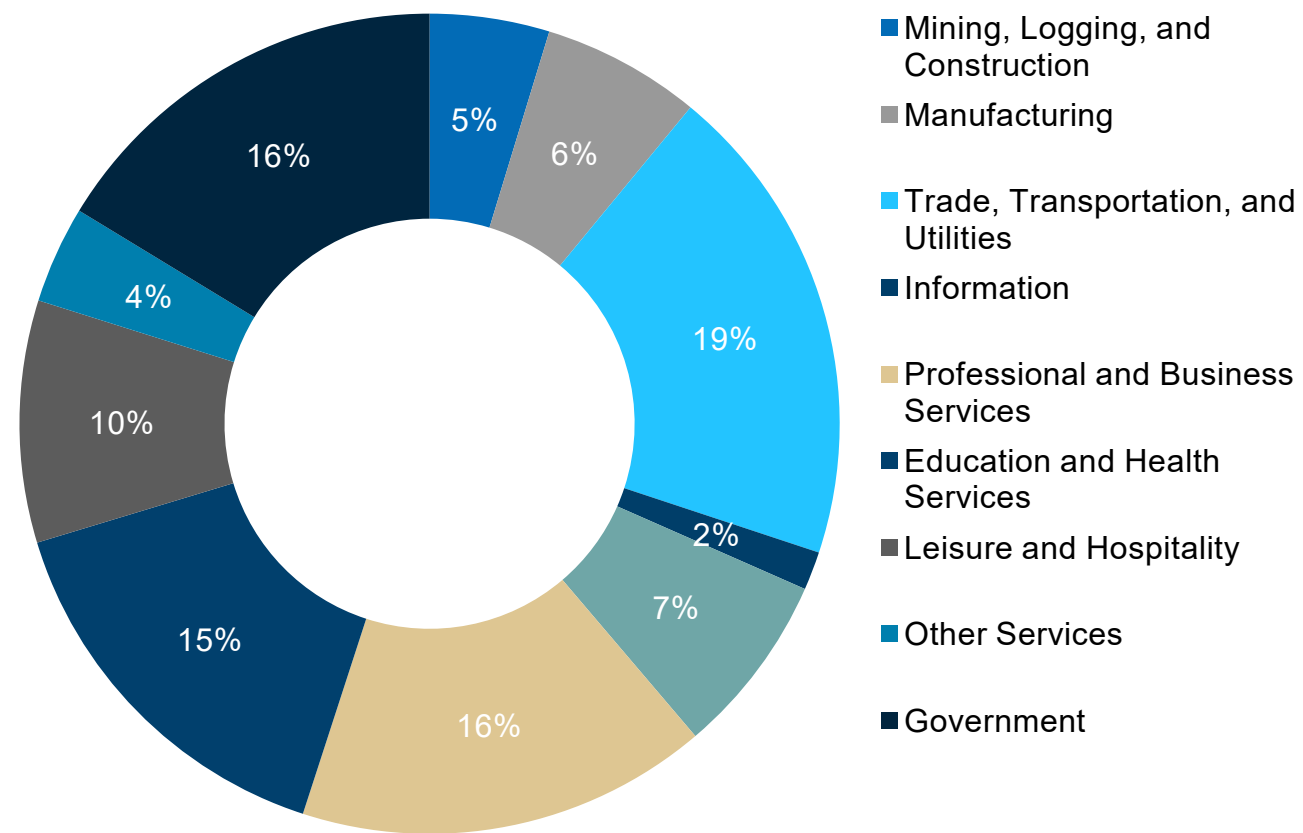
Source: U.S. Bureau of Labor Statistics, Columbus MSA



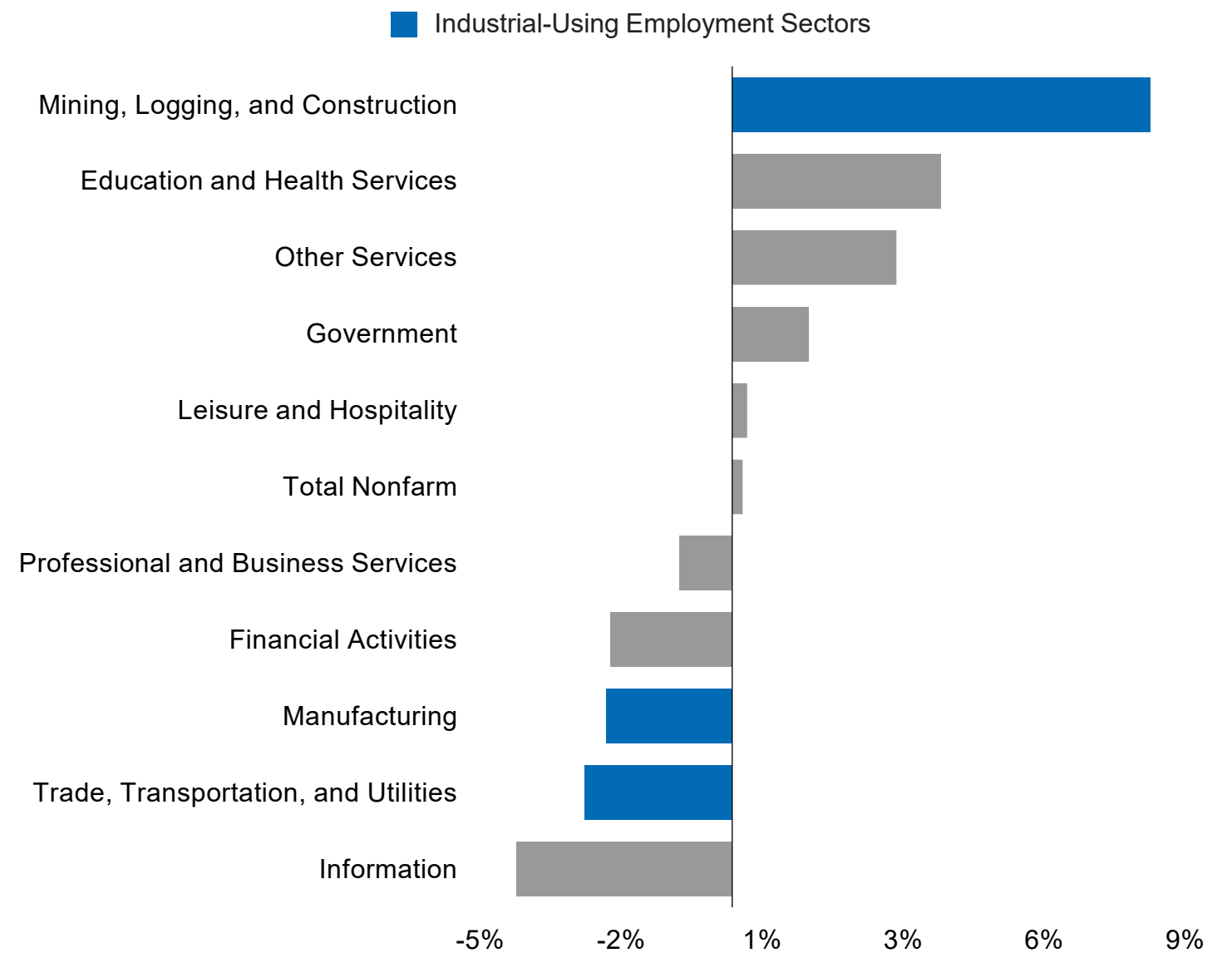
# Job Growth Driven by Mining Sector, Other Industrial Sectors See Losses

The Mining, Logging, and Construction sector led all industries in annual job growth at 8.3% in August for the Columbus MSA. Education and Health Services grew by 4.1%, and Other Services had 3.3% growth. The two other industrial-using employment sectors or adjacent industries saw annual job losses. The Manufacturing sector tallied a negative 2.5% loss and Trade, Transportation, and Utilities had a decrease of 2.9%.

Employment by Industry, August 2024



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

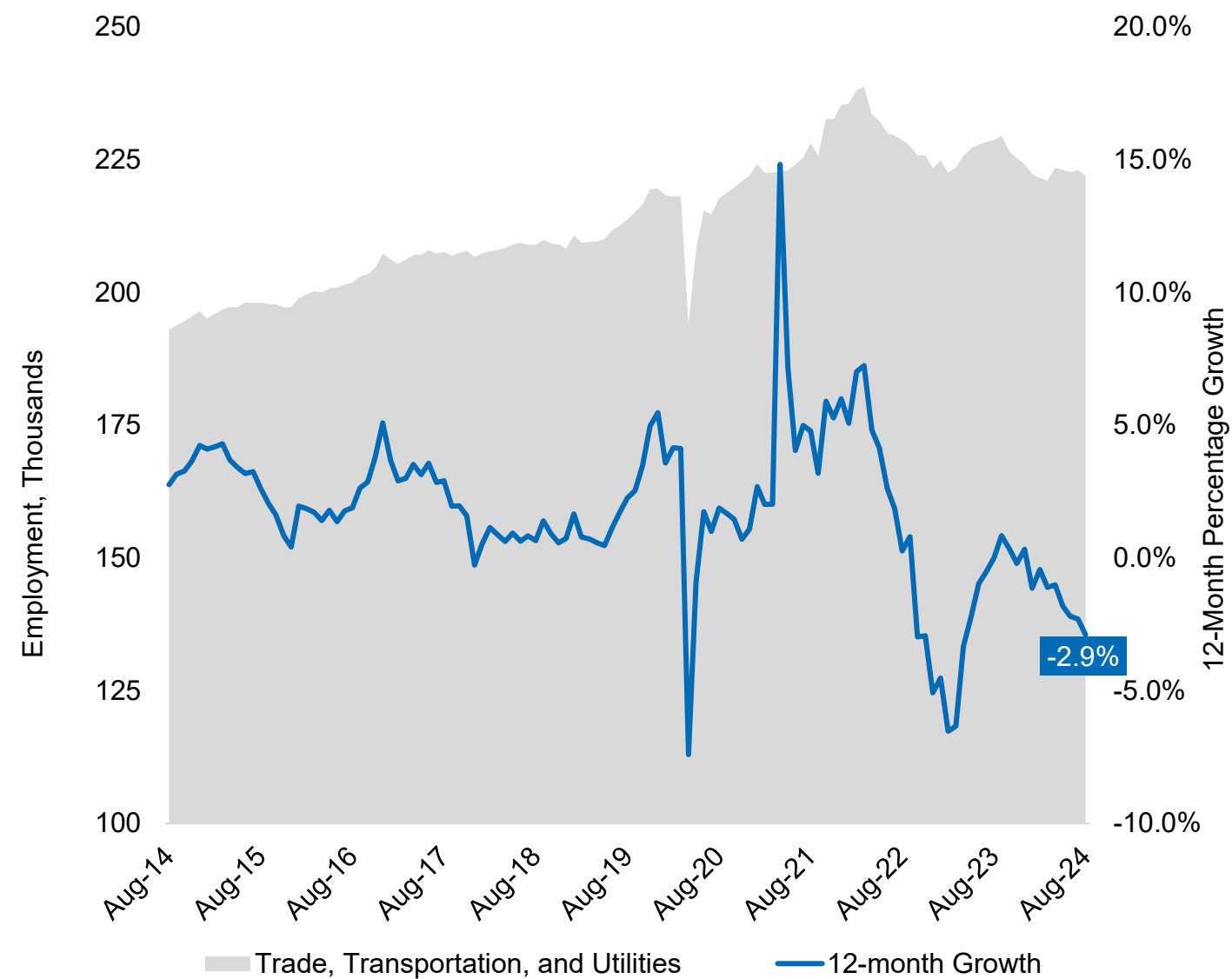


Source: U.S. Bureau of Labor Statistics, Columbus MSA

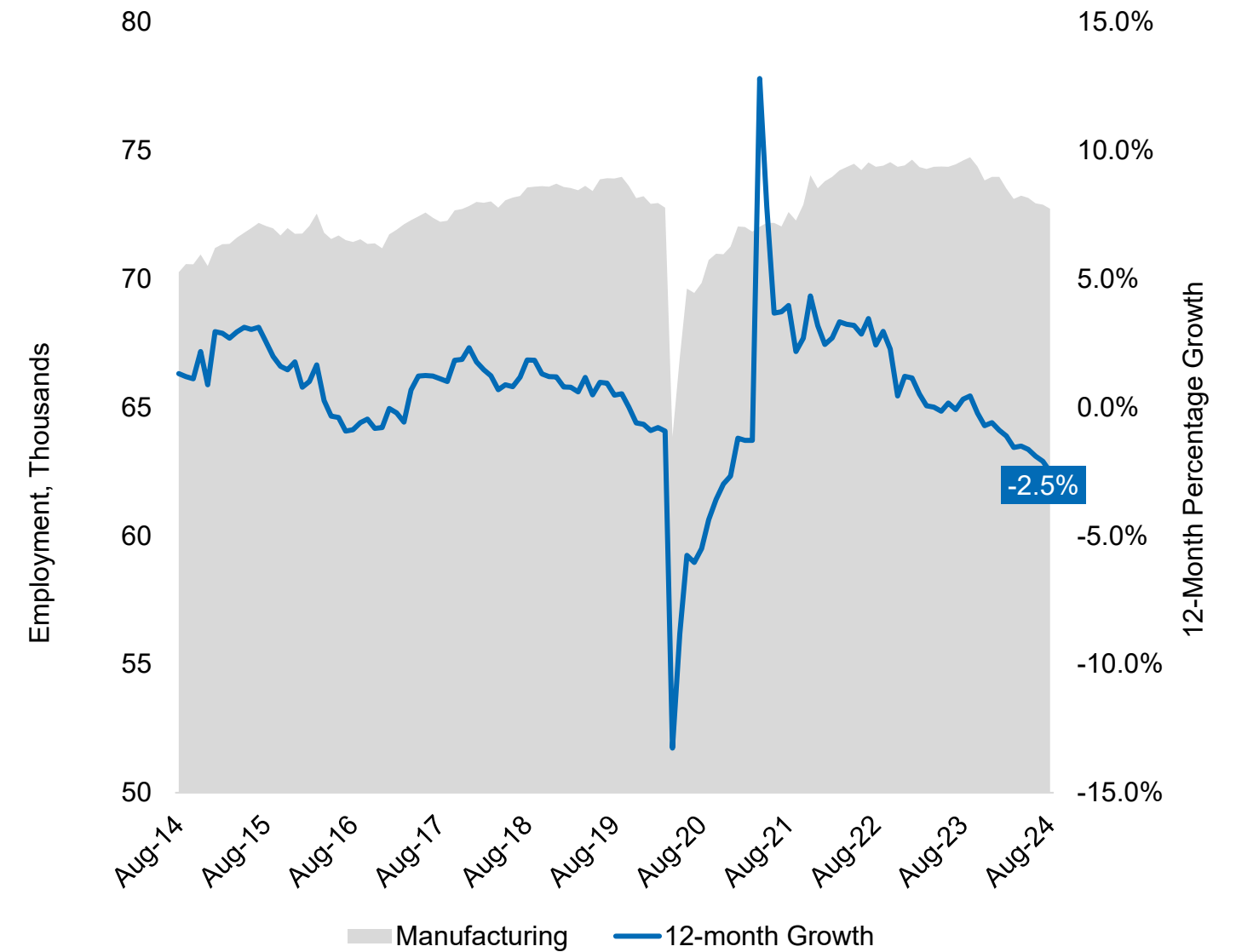
# Industrial Using Employment Sectors See Job Losses

Industrial using sectors saw losses year-over-year as decreased demand for goods and services directly impacted sectors like manufacturing and trade, transportation, and utilities. These industries are principally susceptible to ongoing supply chain disruptions and economic slowdowns. However, the Federal Reserve's recent cut in interest rates will hopefully spur a rebound. The Manufacturing sector tallied a negative 2.5% loss and Trade, Transportation, and Utilities had a decrease of 2.9%.

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

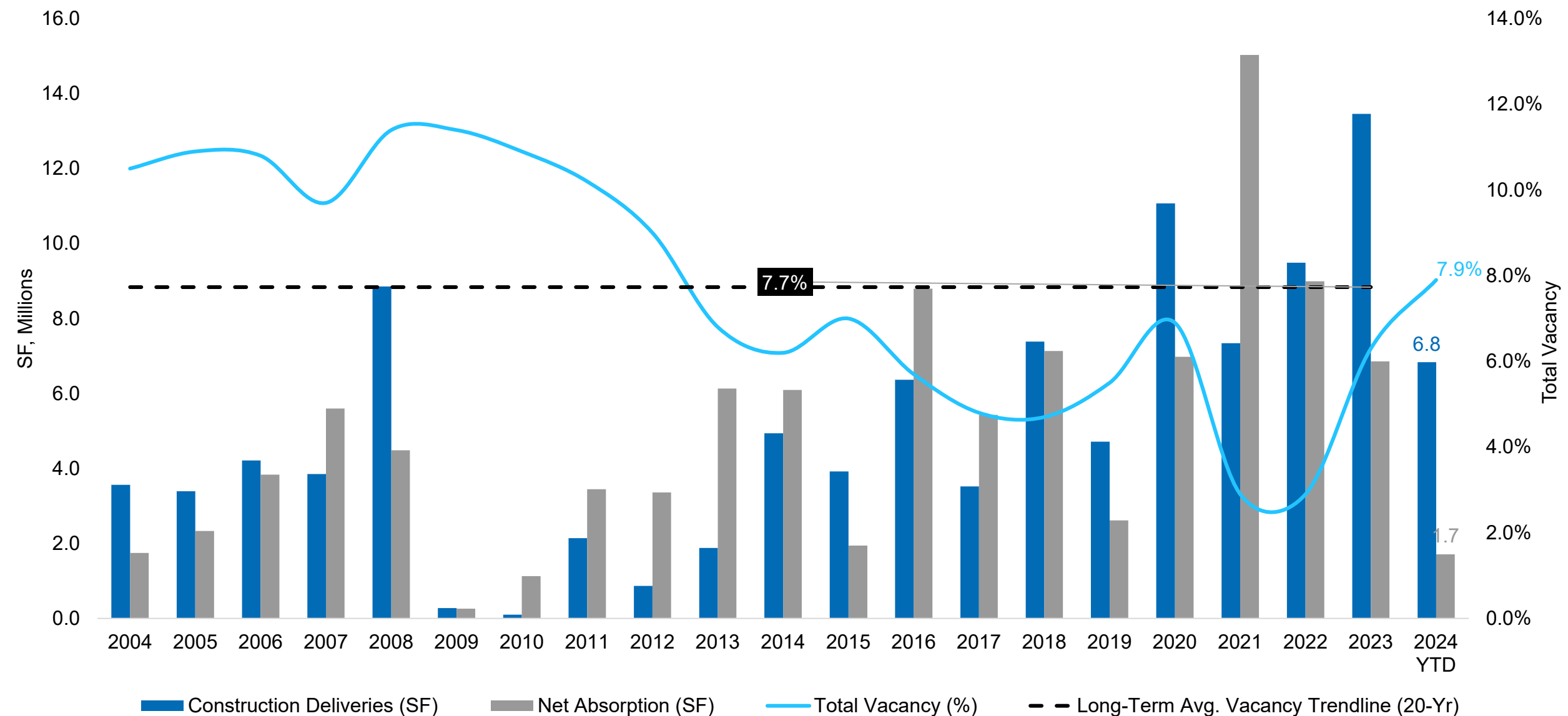




# Year-to-Date Vacancy Up After 3Q, Construction Deliveries Climb

After recording negative absorption for the first half of the year, the market saw a more robust 2.7 million SF of positive absorption in the third quarter, helping to offset the prior two quarters' negative return and propel the year-to-date absorption to positive 1.7 million SF. However, the third quarter vacancy rate did increase by 40 basis points from the prior quarter to 8.2% after 4.4 million SF of new inventory delivered, a good portion of which was build-to-suit product; but the addition of that much space to the inventory, some of which was empty, had an impact. The DHL build to suit in the Southeast submarket measuring 755,000 SF, located at 8695 Basil Western Rd NW, delivered along with the 900,000 SF ODW Logistics build to suit at 6920 Schieser Farms in the Rickenbacker submarket. The combined 1.7 million SF of these two projects helped pace third quarter absorption. At 7.9%, the year-to-date vacancy rate was an increase by 20 basis points from the first half's total, and propelled it higher than the 20-year long-term average vacancy trendline of 7.7%.

Historical Construction Deliveries, Net Absorption, and Vacancy

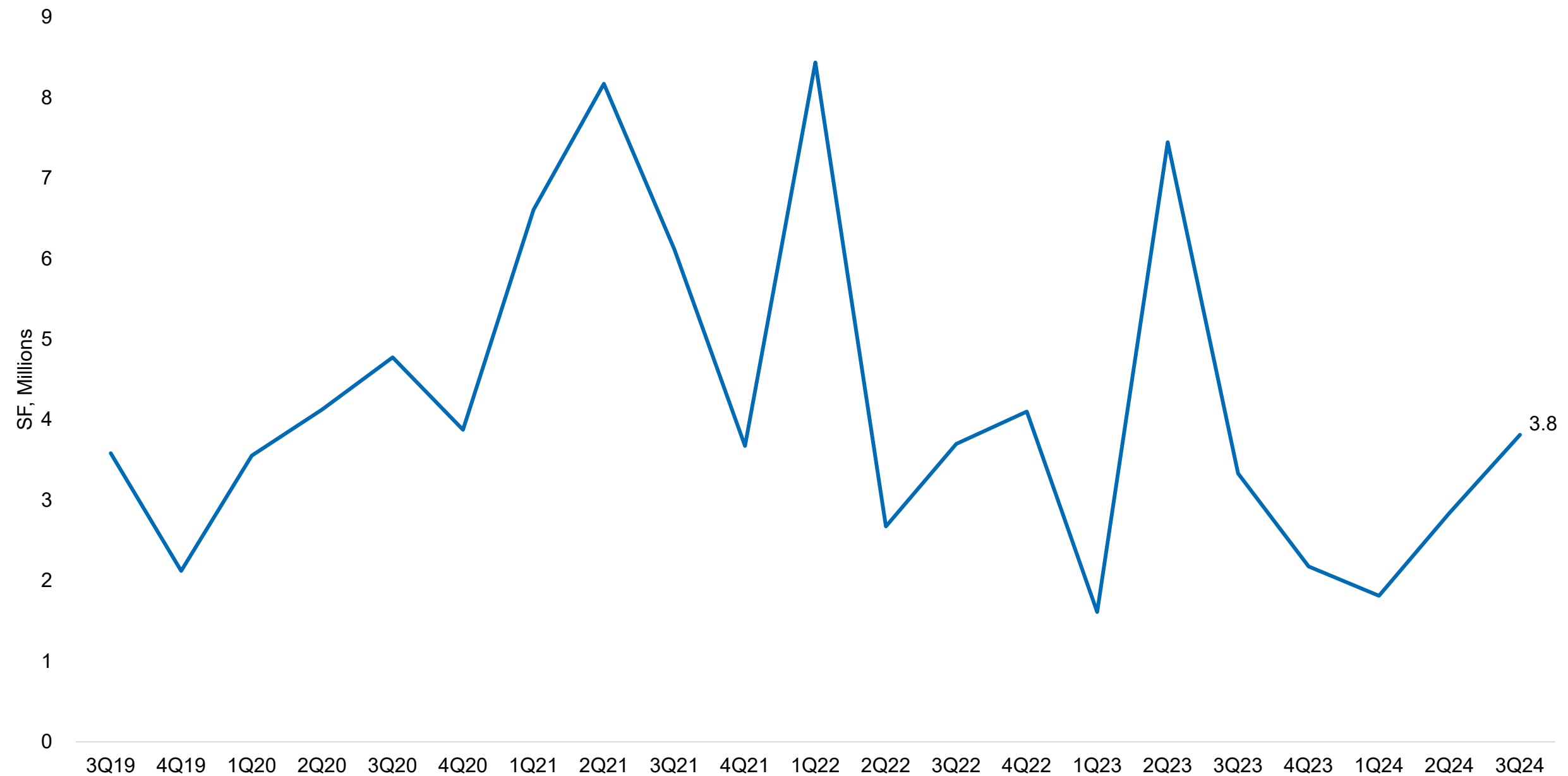


Source: Newmark Research, CoStar

# Industrial Leasing Up For Two Straight Quarters

Following a dip in leasing activity in the first quarter, second and third quarter activity picked back up – reaching over 3.8 million SF in the third quarter. Overall tenant demand is still muted compared to the Columbus industrial market’s recent high points in the second quarters of 2021, 2022, and 2023. However, with the market rightsizing over the next several quarters, a moderated sense of optimism for 2025 has emerged, especially since onshoring continued to make a comeback.

Total Leasing Activity (SF)



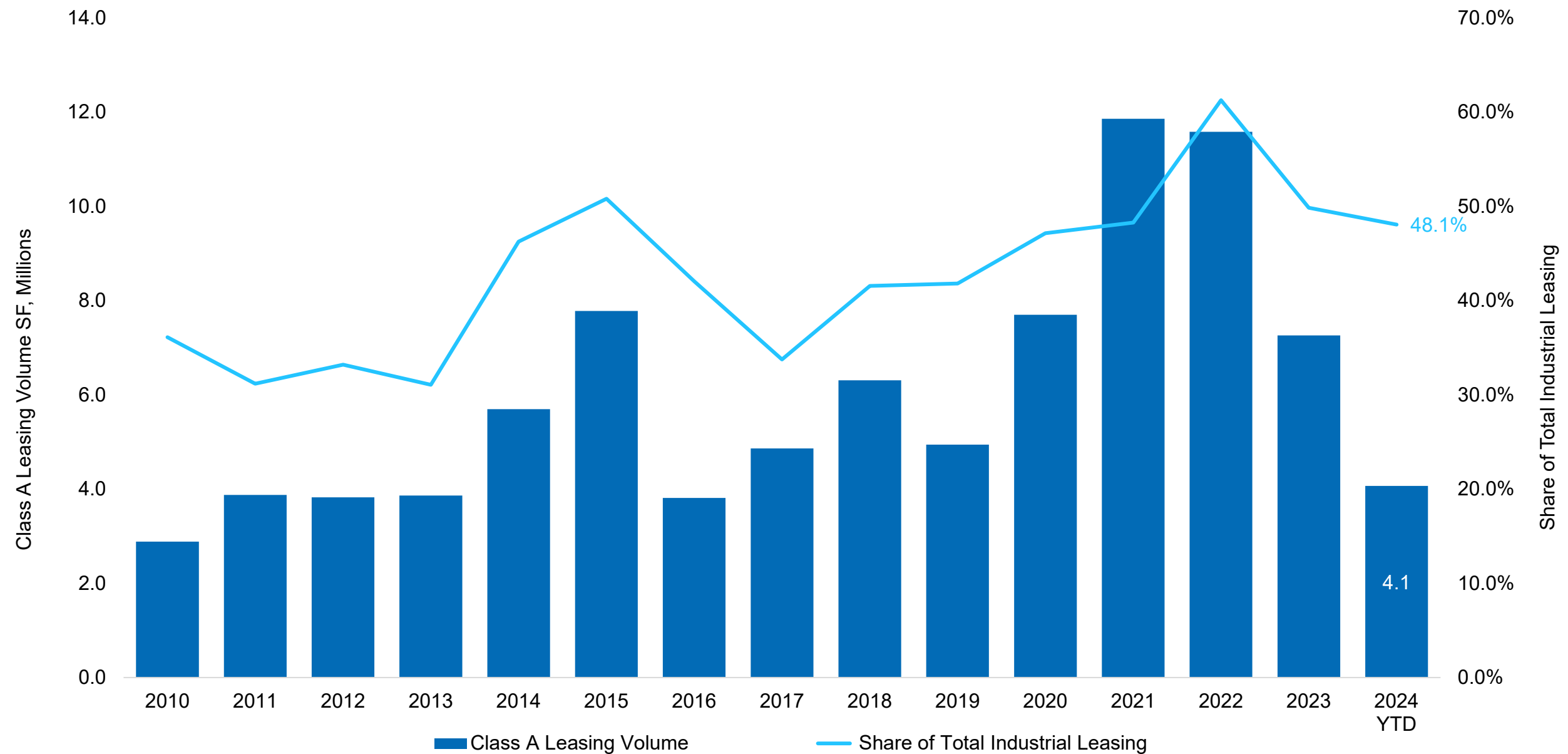
Source: Newmark Research, CoStar



# Class A Warehouse Leasing Volume Down From Recent Years

Class A warehouse leasing was down this past quarter at 1.1 million SF, the lowest quarter total in a year. Year-to-date, Class A leasing volume measured 4.1 million SF, a total that will make it difficult to reach 2023's total of 7.3 million SF, though a robust fourth quarter could help propel 2024 past 2019 and possibly 2018. Manufacturing deals continue to be increasingly more prevalent as onshoring continues in Ohio and across the country.

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

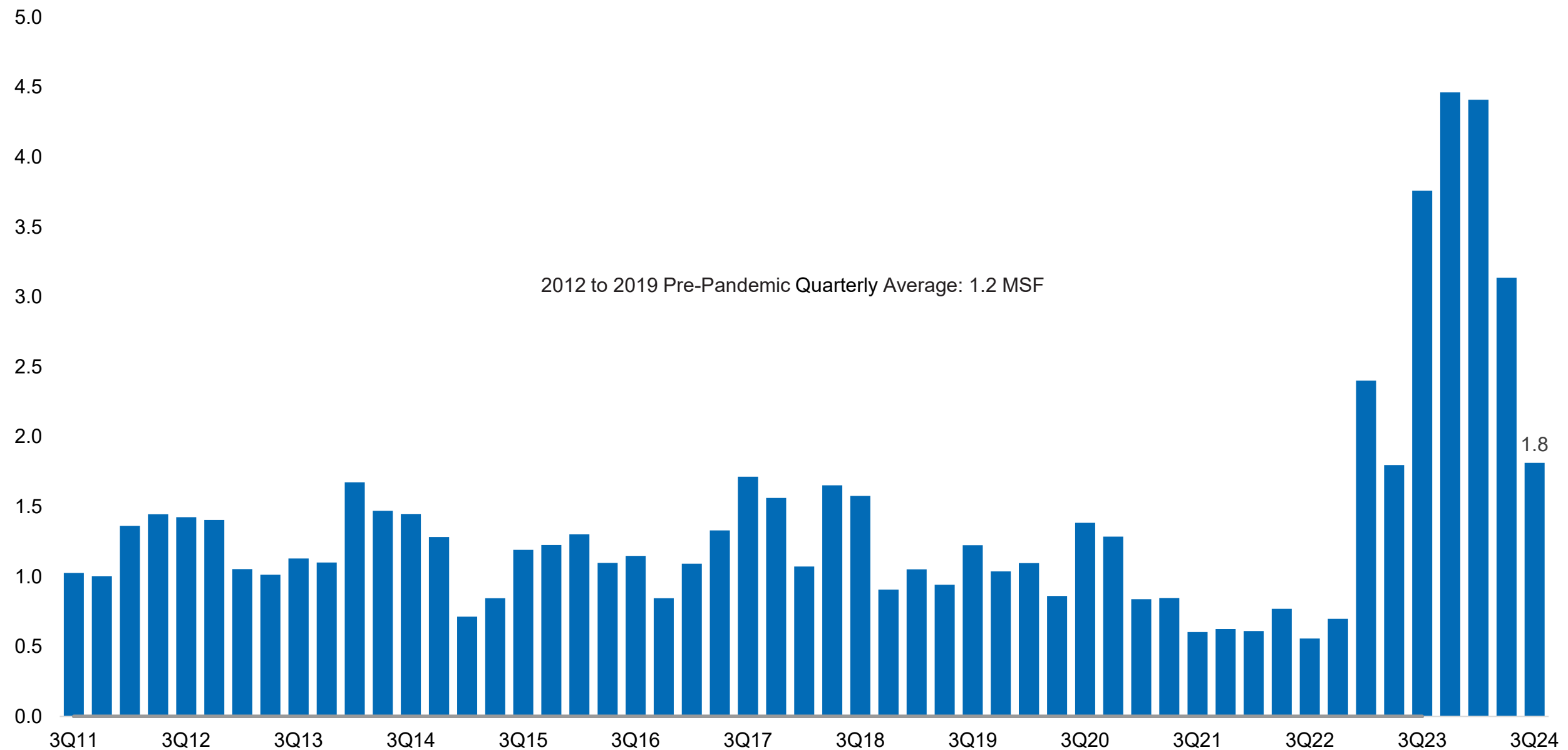


Source: Newmark Research, CoStar

# Industrial Sublease Availability Down Significantly

Sublease availability was cut in half this past quarter, with only 1.8 million SF available, the lowest since the second quarter of 2023. Freight movement likely contributed to tenant decisions and the absorption of underutilized space. While there wasn't a giant sublease that paced this change, there were several mid-size sublet transactions between 35,000 SF and 125,000 SF that contributed to the reduction in inventory. Examples of those mid-size subleases include: Warehouse Anywhere LLC taking 70,333 SF at 2781 Westbelt Dr. in the West submarket; Premier Office Movers subleasing 51,840 SF at 2250 International St., also in the West submarket; and West Tenn Expediting signing for 39,980 SF at 1860-1862 Williams Rd. in the Southeast Submarket.

Available Industrial Sublease Volume (msf)



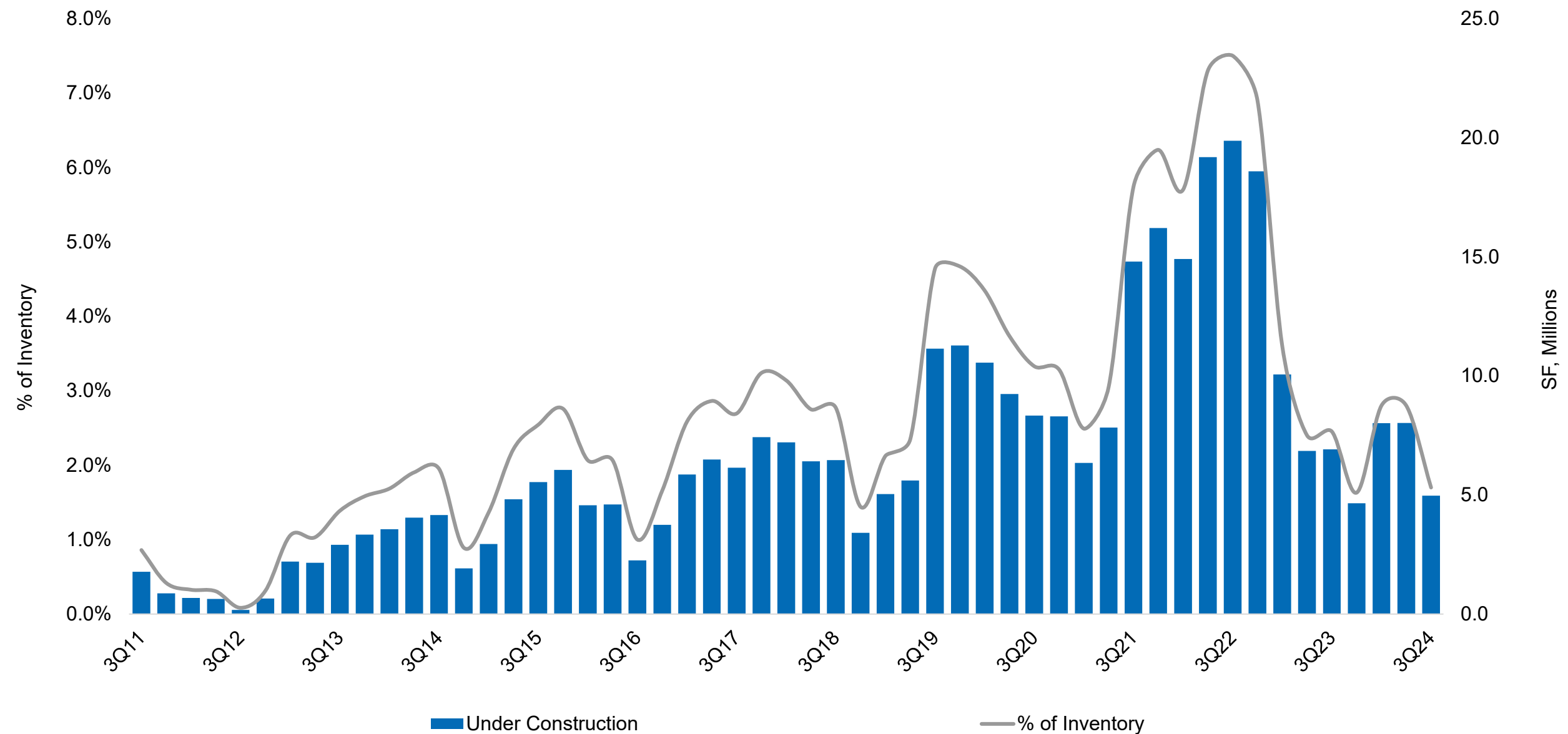
Source: Newmark Research, CoStar



# Industrial Construction Down Due to Several Deliveries, Starts Delayed

With several properties delivering this past quarter, the amount of new inventory under construction is much lower than the past two quarters. As of the close of the third quarter, construction was just under 5.0 million SF, and made up 1.7% of the total inventory, the second lowest percentage in the last 24 quarters. The majority of speculative construction starts for proposed projects continued to be delayed. As a result of economic and political uncertainty over the past year, market equilibrium is still at least another year away after periods of inflated inventory expansion and surging demand in the years prior to and post-pandemic. This resulted in a recent trend of supply outweighing demand in the market. Build-to-suit construction has emerged in recent quarters as the dominant type that is underway.

Industrial Under Construction and % of Inventory

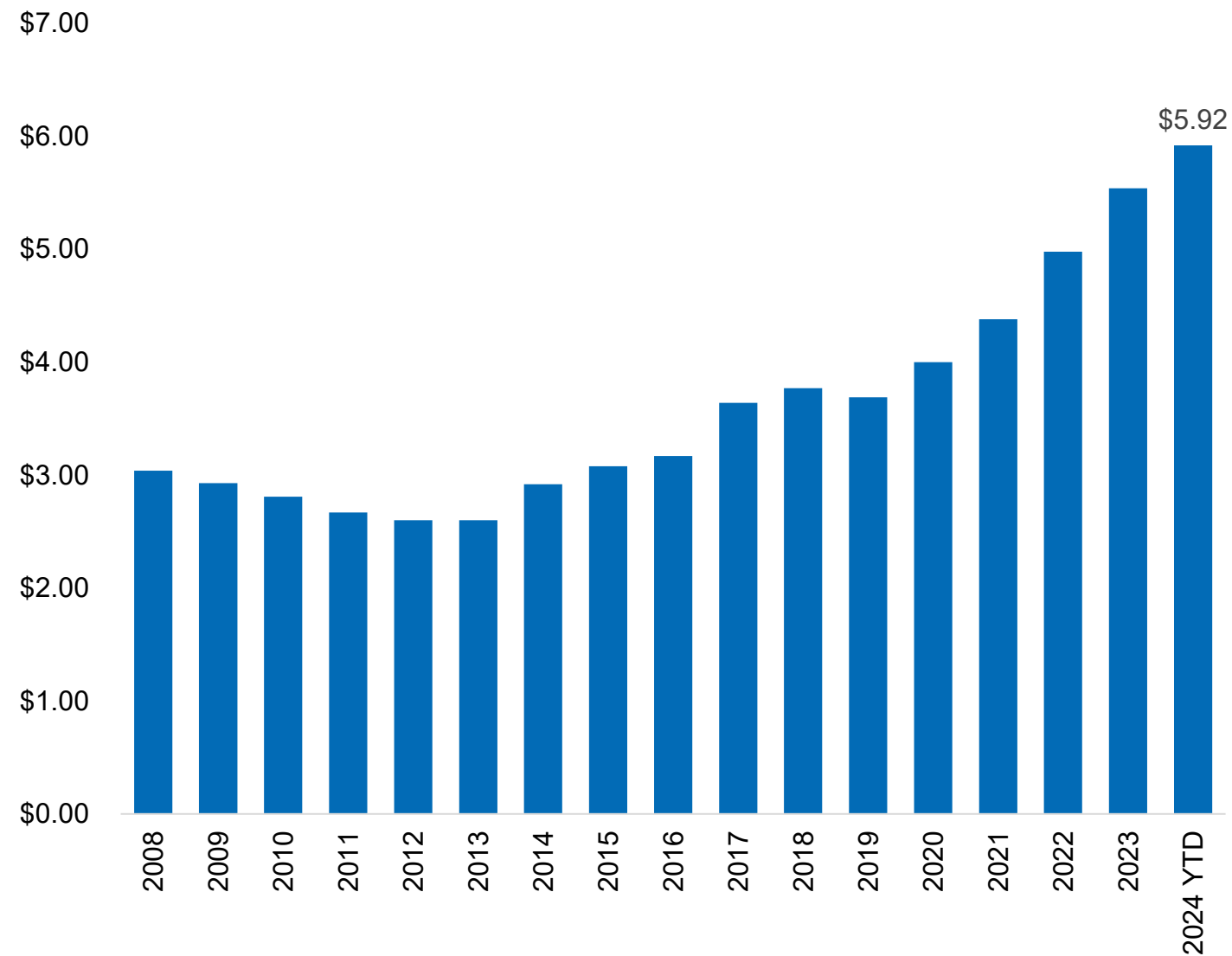


Source: Newmark Research, CoStar

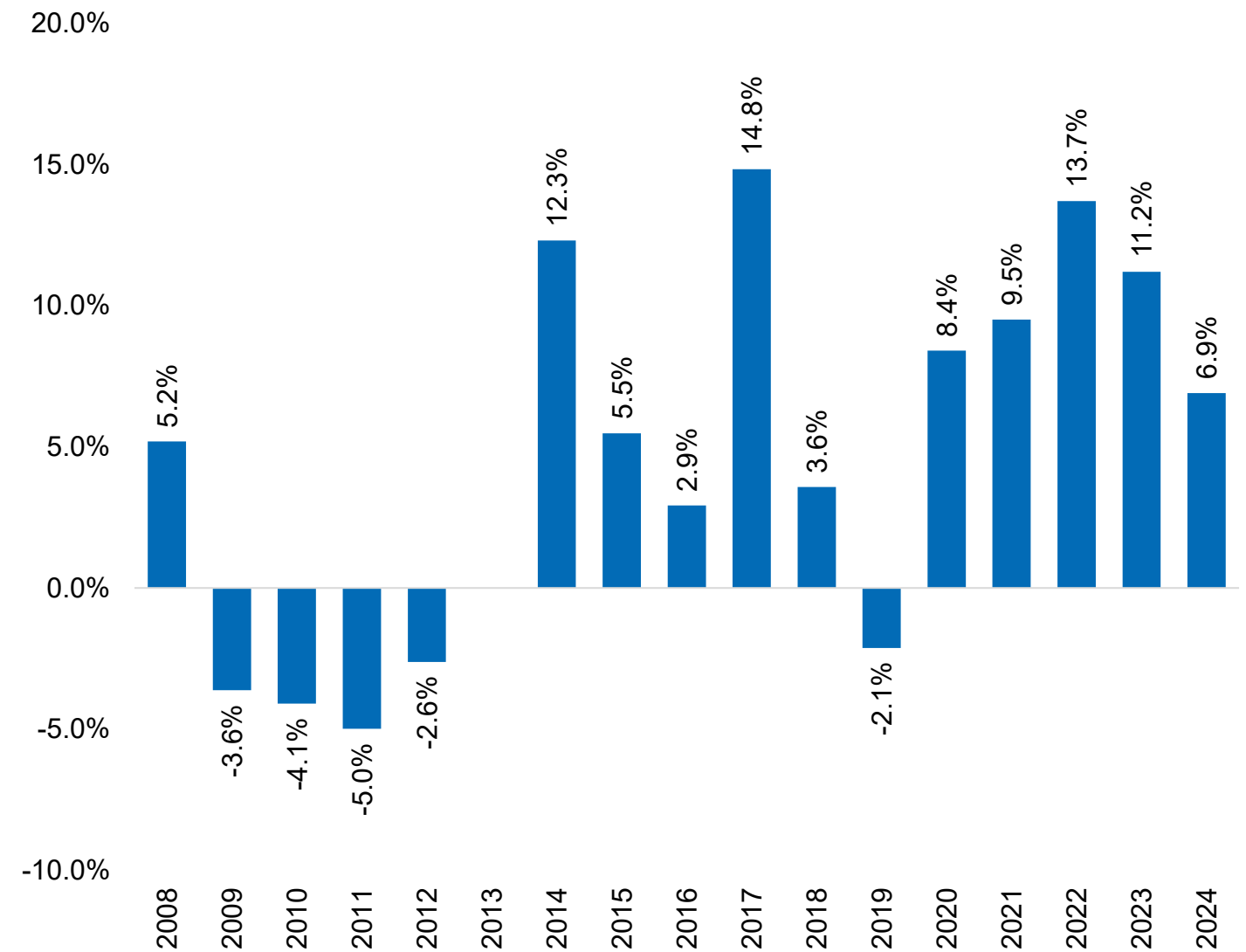
# Asking Rental Rates On a Slow Rise Year-to-Year

Rental rates continue to rise year after year since 2019, and have been steady of late, but growth has slowed. In fact, the third quarter's average asking rental rate was \$5.93/SF, down by \$0.02/SF from the previous quarter. Year-to-date, the rental rate stood at \$5.92/SF. Industrial average asking rents for the first three quarters of 2024 grew by a combined 6.2% year-over-year.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar



# Lease and Sale Transactions in 3Q24

## Select 3Q24 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Confidential	1050 Gateway Park Dr.	Madison County	Direct	611,750
ODW Logistics	1450 Commodity Blvd.	Rickenbacker	Renewal	500,000
Vista Packaging Logistics	1120 Morrison Rd.	East	Direct	385,919
Omega Morgan	10300 Schuster Way	Licking County	Direct	250,020
Restaurant Equippers	5820 Opus Dr.	Rickenbacker	Direct	225,504
RPM Developments LLC	2300 Mcgaw Rd.	Southeast	Direct	215,016
American Tire Distributors, Inc.	200 Orange Point Dr.	Delaware County	Extension	125,060

## Select 3Q24 Sale Transactions

Buyer	Building	Submarket	Sale Price	Square Feet	Price Per SF
Alterra Property Group	2222 New World Dr.	Southeast	\$8,500,000	50,239	\$169.19
GTV Columbus LLC	3003 Etna Pkwy.	Licking County	\$12,055,000	72,680	\$159.29
Macmarsh III, LLC	8337 N. Green Meadows Dr.	Delaware County	\$8,700,000	144,000	\$60.42
Brookfield Properties	4800 Hilton Corporate Dr.*	I-70 East	\$5,503,660	92,500	\$59.50
Brookfield Properties	2747 Westbelt Dr.*	West	\$8,104,124	136,206	\$59.50
Brookfield Properties	3950 Venture Ct.*	West	\$10,025,586	168,500	\$59.50
Brookfield Properties	6000 Green Pointe Dr.*	Rickenbacker	\$29,859,764	501,853	\$59.50
Brookfield Properties	7070 Pontius Rd.*	Rickenbacker	\$37,612,428	632,152	\$59.50
Brookfield Properties	2970 Charter St.*	West	\$22,484,265	377,893	\$59.50
Brookfield Properties	720 Dearborn Park*	Northeast	\$6,336,646	106,500	\$59.50
Brookfield Properties	5331 Fisher Rd.*	West	\$17,043,912	286,457	\$59.50

Source: Newmark Research, CoStar

\*Part of a 128-property portfolio purchase from DRA Advisors



3Q24

# Appendix





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# Submarket Overview

Submarket Statistics – All Classes



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## Columbus - Submarket Map

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## Additional Market Statistics

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