

REGIONAL SUMMARY

The Columbus industrial market posted a robust quarter of growth and activity bringing absorption for the quarter to over 1.8 million square feet. This positive growth pushed the vacancy rate down seven basis points to 4.86 percent. This quarter the metro city posted nearly 3 million square feet in leasing activity, further proving the market remains hot. Overall asking rates also saw the positive effect of a strong market, posting a 2 percent increase to \$3.43 per square foot. General industrial properties recorded a \$0.13 increase to \$3.85 per square foot. The e-commerce trend continues as the driving force of demand across the industrial market. The Balance reports that job growth will occur in the professional and technical occupations, as technology, design, and innovation are key drivers in e-commerce. The shift to online sales has implemented a high demand for warehouse space. The need to be in an accessible location with a strong economy makes Columbus a prime target. The increase in construction starts is a direct result from demand for specific types of space. Speculative projects soared this quarter with 2.9 million square feet in the pipeline. Looking forward, the Columbus industry can expect to see high demand for speculative space and growing activity due to technological innovation, the e-commerce drive, and upcoming marijuana industry.

VACANCY >>

The Columbus metro experienced a sharp decrease in vacancy to 4.86 percent – a 13 percent decrease from 5.5 percent last quarter. The Southeast submarket posted the largest decrease in vacancy from 9.21 percent to 6.72 percent. Strong leasing activity in warehouse properties and a landlord driven market pushed vacancy rates down.

NET ABSORPTION >>

The industrial market recorded the strongest quarter of 2017 with 1,869,600 square feet of positive net absorption. Absorption increased by almost 2 million square feet compared to the previous quarter, bringing the year-to-date absorption to 1.1 million square feet. The Southeast submarket experienced the largest occupancy gains with 1,947,741 square feet of positive net absorption – a complete turnaround from the negative 571,000 square feet the previous quarter.

CONSTRUCTION ACTIVITY >>

The Columbus construction scene is booming. There is currently over 4.5 million square feet of projects in the construction pipeline – with 2.2 million square footage of build-to-suit projects and 2,921,710 square footage of speculative projects. Pickaway County leads the way with 2.4 million square feet under construction to be completed by-year-end, including Sofidel's 1.4 million-square-foot property.



Columbus recorded two completions this quarter totaling 514,031 square feet. The two projects included Becknell's 322,000 square-foot warehouse at 3265 SouthPark Place in the Southwest submarket, and Duke's RGLP Gateway 192,031 square-foot warehouse in the Southeast submarket. High construction numbers point to the continued demand for industrial space in the Columbus metro.

SALES ACTIVITY >>

During the third quarter, 13 properties totaling over 3.6 million square feet were sold with a total sales volume of \$112,293,346, or an average price of \$42.00 per square foot according to Real Capital Analytics.

The largest sale this quarter was completed by SE Columbus SM-1, who purchased 5303-5305 Fisher Rd for \$27,062,700, or \$58.32 per square foot. IC Industrial Sideco acquired a five-property portfolio from Lightning Propco for \$25.9 million, and G&I IX Anchor Hock purchased a 1.2 million-square-foot warehouse at 2893 W Fair Ave. for \$23 million.

ECONOMIC DRIVERS

MARKET INDICATORS	QoQ	YoY
VACANCY		
RENTAL RATES		
NET ABSORPTION		
CONSTRUCTION		
SALES VOLUME		
SALE PRICE		

UPDATE - Lease & Sale Transactions | Construction

LEASE Activity

PROPERTY ADDRESS	LEASE DATE	LEASED SF	TENANT	ASKING PRICE	TYPE	SUBMARKET
2120 Creekside Pkwy	9/8/2017	369,271	Geodis	\$3.50	NNN	Southeast
6450 Lasalle Dr	7/1/2017	350,000	Amerisource Bergen	\$2.75	NNN	Southeast
2130-2160 Refugee Rd	8/14/2017	330,000	Nelson Pallett, Kamps Pallett & Big Sandy	\$1.80	MG	Southeast
4000 Creekside Pkwy	7/7/2017	216,000	Art.com	\$2.95	NNN	Southeast
3655 Brookham Dr	8/10/2017	75,416	ATS Ohio Inc	\$3.75	NNN	Southwest
4251 Leap Rd	7/6/2017	62,500	Armstrong World Industries	\$3.00	NNN	West

SALE Activity

PROPERTY ADDRESS	SALES DATE	SALE PRICE	SIZE (SF)	BUYER	SELLER	PRICE PSF	TYPE	SUBMARKET
5303-5305 Fisher Rd	8/22/2017	\$27,062,700	464,015	SE Columbus SM-1 LLC	5303 Fisher LLC	\$58.32	Bulk Warehouse	West
2893 W Fair Ave	9/7/2017	\$23,000,000	1,272,227	G&I IX Anchor Hock LLC	Canam Po LP	\$18.08	Bulk Warehouse	Fairfield
5830 Green Pointe Dr	9/29/2017	\$13,500,000	320,657	Stag Industrial	Big Box Property Owner F1 LLC	\$42.10	Bulk Warehouse	Southeast
2221-2303 John Glenn Ave	7/11/2017	\$10,860,000	289,491	IC Industrial Sideco LLC	Lightning Propco I LC	\$37.51	Bulk Warehouse	Southeast
1605 Westbelt Dr	9/29/2017	\$6,850,000	147,830	Stag Industrial	Big Box Property Owner F1 LLC	\$46.34	Bulk Warehouse	West
1658 Williams Rd	7/21/2017	\$6,012,646	410,000	CDSF Limited	A&R Management	\$14.66	Bulk Warehouse	Southeast
2120 Westbelt Dr	7/11/2017	\$4,370,000	112,026	IC Industrial Sideco LLC	Lightning Propco I LC	\$39.00	Flex/R&D	West
6959-6967 Alum Creek Dr	7/11/2017	\$4,280,000	145,000	IC Industrial Sideco LLC	Lightning Propco I LC	\$29.51	General	Southeast
6969 Alum Creek Dr	7/11/2017	\$4,150,000	158,000	IC Industrial Sideco LLC	Lightning Propco I LC	\$26.26	Bulk Warehouse	Southeast
2120-2138 New World Drive	8/8/2017	\$3,650,000	121,440	Plymouth New World LLC	Bridgeport Properties New World LLC	\$30.05	Bulk Warehouse	Southeast
655 Dearborn Park Ln	7/25/2017	\$3,350,000	42,655	655 Dearborn Park Lane LLC	Dearborn Park Lane Properties LLC	\$78.53	Flex/R&D	North

CONSTRUCTION Activity

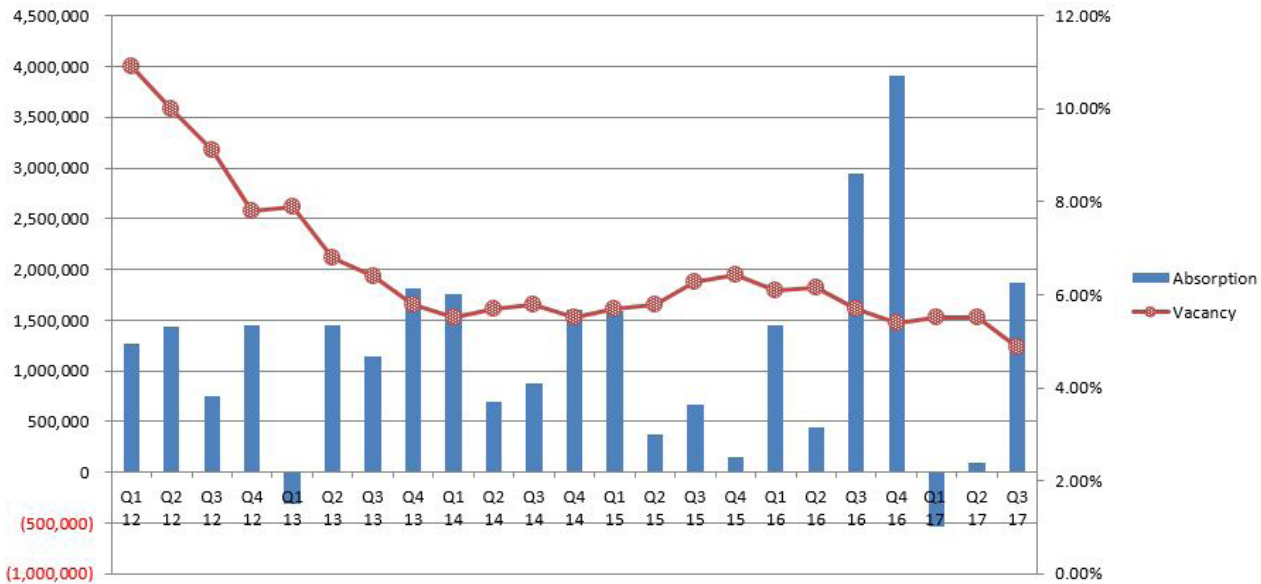
PROJECT NAME	SPEC/BTS	ADDRESS	SUBMARKET	TYPE	SIZE	START DATE	COMPLETION
Sofidel	BTS	0 Pittsburgh Road	Pickaway	General Industrial	1,400,000	Q3 2016	2018
TradePort 1	Spec	SW of County Highway 237 and Lockbourne Eastern Rd	Pickaway	Warehouse/Distribution	1,020,255	Q2 2017	Q4 2017
RGLP Rail 1661	Spec	1661 Rail Court North	Southeast	Warehouse/Distribution	673,920	Q2 2017	Q4 2017
UPS Exapansion	BTS	5101 Trabue Road	West	Warehouse/Distribution	375,000	Q1 2017	Q4 2017
Air South Commerce Center Phase 2	Spec	NW of Poth Road and N Hamilton Rd	East	Warehouse/Distribution	260,000	Q3 2017	-
Creekside XVI	Spec	2373 Global Drive	Southeast	Warehouse/Distribution	236,140	Q2 2017	Q4 2017
RGLP Gateway 231	Spec	2820 Global Drive	Southeast	Warehouse/Distribution	231,779	Q2 2017	Q4 2017
SouthPark XX	Spec	3555 Gantz Rd	Southwest	Warehouse/Distribution	223,750	Q3 2017	-
Creekside XVIII	Spec	2353 Global Drive	Southeast	Warehouse/Distribution	155,866	Q2 2017	Q4 2017
Air Side Three	Spec	Bridgeway Avenue	East	Warehouse/Distribution	100,000	Q1 2017	Q4 2017

MARKET OVERVIEW

SUBMARKET	ABSORPTION					CONSTRUCTION		ASKING PRICE			BY PRODUCT TYPE
	TOTAL SF	VACANT SF	VACANCY %	CURRENT	YTD	CURRENT	COMPLETED	WH/DIST	R&D/FLEX	GENERAL	
CBD	5,144,759	-	0.00%	-	-	-	-	-	-	-	-
East	20,516,058	685,029	3.34%	4,178	16,475	400,000	-	\$2.68	\$6.54	\$4.30	\$4.12
Fairfield	6,242,364	269,477	4.32%	-	(181,777)	-	-	-	-	-	-
Licking	23,803,407	1,703,632	7.16%	(176,710)	70,362	155,000	-	\$3.05	\$4.50	\$3.80	\$3.46
Madison	10,304,748	-	0.00%	-	-	-	-	-	-	-	-
North	18,235,311	427,022	2.34%	211,548	300,696	-	-	-	\$7.72	\$6.50	\$7.24
North Delaware	9,046,109	368,515	4.07%	(7,500)	21,494	-	-	\$3.25	\$6.96	\$4.65	\$4.70
Pickaway	4,084,446	177,600	4.35%	59,750	238,120	2,420,255	-	-	-	\$2.25	\$2.25
Southeast	73,674,327	4,952,018	6.72%	1,947,741	702,860	723,785	192,031	\$3.09	\$5.22	\$3.00	\$3.11
Southwest	19,824,441	1,226,930	6.19%	(177,765)	(159,050)	997,670	322,000	\$3.26	\$4.59	-	\$3.34
Union	6,956,170	132,047	1.90%	17,640	38,560	-	-	-	\$6.25	\$3.25	\$3.50
West	35,455,830	1,400,435	3.95%	(9,282)	90,286	490,000	-	\$2.90	\$6.30	-	\$3.14
Grand Total	233,287,970	11,342,705	4.86%	1,869,600	1,138,026	5,186,710	514,031	\$3.07	\$6.47	\$3.85	\$3.43

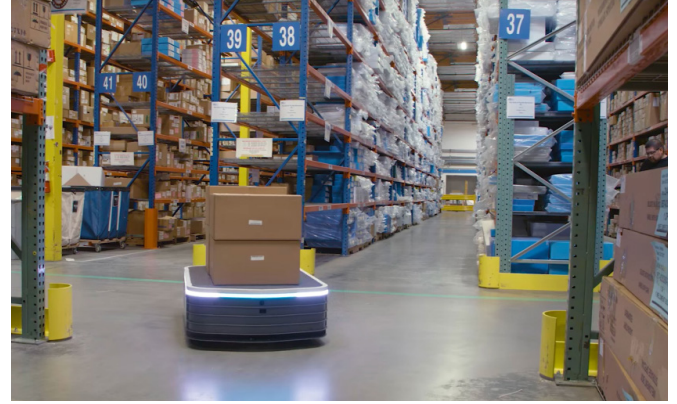
PROPERTY TYPE	ABSORPTION					CONSTRUCTION		ASKING PRICE	
	TOTAL SF	VACANT SF	VACANCY %	CURRENT	YTD	CURRENT	COMPLETED	BY PRODUCT TYPE	
Flex/R&D	20,436,064	659,895	3.23%	130,261	395,336	-	-	\$6.47	
General Industrial	72,272,478	2,855,188	3.95%	(272,163)	(233,404)	1,710,000	-	\$3.85	
Warehouse - Distribution	140,579,428	7,827,622	5.57%	2,011,502	976,094	3,476,710	514,031	\$3.07	
Grand Total	233,287,970	11,342,705	4.86%	1,869,600	1,138,026	5,186,710	514,031	\$3.43	

ABSORPTION & VACANCY RATES



HOT TOPIC

America is transforming and advancing in technology everyday. This new phenomenon of technology-driven output is shifting the country into a digital transformation. In order to secure future success, manufacturing and production must keep up with the pace of consumers. This new digital age means more advanced machinery with faster output, an educated workforce to create and maintain the new technology, and new workers themselves; known as robots. Artificial intelligence is critical to the future of American production. In order to compete, companies are focusing on redirecting workers efforts from automation to innovation, and replacing the automotive workforce with robots. Amazon has already begun implementing these 'new workers' at their facilities in Ohio and as everyone can see, Amazon has been skyrocketing with success. However, many people worry robots will soon take over blue-collar jobs and those who aren't able to pursue more education will suffer with unemployment. Are robots vital for future success or will this hinder America's growth?



Colliers | Columbus Statistics

Leased and Sold More than
\$10 Million+ in Volume

Completed more than
300 Transactions

Leased and Sold More than
10 Million Square Feet

All statistics are for 2016.

Managed over **20 Million**
Square Feet

108+ Professionals
working toward Accelerating Your
Success

FOR MORE INFORMATION

Tyler Craig, CPRC
Research Analyst | Columbus
+1 614 436 9800
tyler.craig@colliers.com

James R. Garrett, MCR
Executive Vice President | Managing
Director | Columbus
+1 614 436 9800
james.garrett@colliers.com

Colliers International | Columbus
2 Miranova Place, Suite 900
Columbus, OH 43215
+1 614 436 9800
colliers.com/Ohio

Copyright © 2017 Colliers International.
The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.



Accelerating success.