

## REGIONAL SUMMARY

As we publish this report, the U.S. and the world at large are facing a tremendous challenge, the scale of which is unprecedented in recent history. The spread of the novel coronavirus (COVID-19) is significantly altering day-to-day life, impacting society, the economy and, by extension, commercial real estate. The extent, length and severity of this pandemic is unknown and continues to evolve at a rapid pace. The scale of the impact and its timing varies between locations. To better understand trends and emerging adjustments, please subscribe to [Colliers' COVID-19 Knowledge Leader page](#) for resources and recent updates.

The Columbus industrial market started the year on a positive note, recording 2,060,165 square feet of net absorption\*. In 10 of the past 11 quarters, the region has experienced absorption greater than 1 million square feet - a true testament to strong leasing activity, investment and development. This positive absorption drove vacancy down to 4.55 percent, which is over 30 basis points lower than a year ago. Overall asking rates remained stable at \$3.44 per square foot, with rates for warehouses at \$3.23 per square foot. General industrial properties saw the largest incline to \$3.67 per square foot. The first quarter demonstrated growing demand from e-commerce companies and logistics providers, as Hormel Foods Corporation, Hims Inc., Hyperlogistics Group and FNS Inc. collectively leased over 1 million square feet around Central Ohio. These industries will continue to drive activity in Columbus, due to the area's large influx of first-class industrial development. Construction activity remains solid with more than 8 million square feet of product currently underway - a majority of which is expected to reach completion throughout 2020.

\*net absorption is calculated based on commencement date

### VACANCY »

The vacancy rate decreased slightly from 4.61 percent to 4.55 percent this quarter, as the market posted positive net absorption. The Licking submarket saw the largest vacancy decrease to 3.7 percent, as Hims leased space at the new Northeast 302 warehouse. The Madison submarket saw the most significant increase in vacancy to 6.17 percent, as a large speculative project completed, adding vacancy to the area.

### 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 4.8 million square feet - a strong indication that tenants are continuing to stay active in the market.

### CONSTRUCTION ACTIVITY »

Construction activity remains high in the first quarter, as 25 projects are underway around the region. There is currently more than 8 million square feet under construction, which is nearly 5 million square feet more than in the first quarter of last year. The Licking, Madison and Southeast submarkets lead construction activity, each with over 800,000 square feet of speculative or build-to-suit product underway.

Two properties totaling 2,032,010 square feet reached completion this quarter in the Madison submarket. Medline's 1,200,000-square foot build-to-suit warehouse was finalized. The speculative property at 1020 Enterprise Pkwy. was also completed in West Jefferson, adding 832,010 square feet of available space to the market. With 50+ projects comprising of over 20 million square feet either planned or underway, Central Ohio can expect more large completions throughout the year.

### SALES ACTIVITY »

In the first quarter of the year, 15 industrial properties totaling 2.7 million square feet sold around Central Ohio for a total sales volume of \$95 million. The average price per square foot reached \$46.

Exeter Property Group purchased a portfolio of two warehouses on Heritage Drive from Prologis for a total of \$51.7 million, or \$50 per square foot - the largest sale of the quarter. Southern Glazer's Wine-Spirits bought 4800-4850 Poth Road for \$16 million. 427 and 457 N. Cleveland Ave. sold to Kelley Companies for a total of \$8.15 million.

## ECONOMIC DRIVERS

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

## UPDATE - Lease & Sale Transactions | Construction

### LEASE Activity

PROPERTY ADDRESS	LEASE DATE	LEASED SF	TENANT	ASKING PRICE	TYPE	SUBMARKET
2829 Rohr Road	1/15/2020	313,792	Hormel Foods	\$3.65	NNN	Southeast
9750 Innovation Campus Way	1/29/2020	302,880	Hims	\$5.45	NNN	Licking
2190 Creekside Pkwy.	2/15/2020	240,075	FNS Inc	\$3.30	NNN	Southeast
4370 Alum Creek Drive	3/6/2020	230,265	Hyperlogistics Group	\$3.75	NNN	Southeast
6450 Lasalle Drive	2/1/2020	157,092	ICS	-	-	Southeast
4545 Fisher Road	2/15/2020	110,995	Lexington Logistics	\$2.75	NNN	West
315 Phillipi Road	1/23/2020	86,800	Worthington Cylinder Corp	\$2.50	NNN	West

### SALE Activity

PROPERTY ADDRESS	SALES DATE	SALE PRICE	SIZE (SF)	BUYER	SELLER	PRICE PSF	TYPE	SUBMARKET
107 Heritage Drive	1/24/2020	\$26,000,000	524,234	Exeter Property Group	Prologis, Inc.	\$49.60	Investment	Licking
87 Heritage Drive	1/24/2020	\$25,700,000	507,300	Exeter Property Group	Prologis, Inc.	\$50.66	Investment	Licking
4800-4850 Poth Road	2/24/2020	\$16,000,000	500,625	Southern Glazer's Wine-Spirits	Covington Group, Inc	\$31.96	Owner/User	East
427 & 457 N. Cleveland Ave.	2/28/2020	\$8,150,000	335,372	Kelley Companies	The Kroger Co	\$24.30	Investment	North
3251 Westerville Road	3/3/2020	\$4,500,000	485,000	Connect Realty	Ibnu Taymiyah Masjid and Islamic Center	\$9.28	Investment	North
1507-1509 Alum Creek Drive	1/7/2020	\$1,775,000	62,570	Green Investment Partners	Arshot Investment Corporation	\$28.37	Investment	Southeast

### CONSTRUCTION Activity

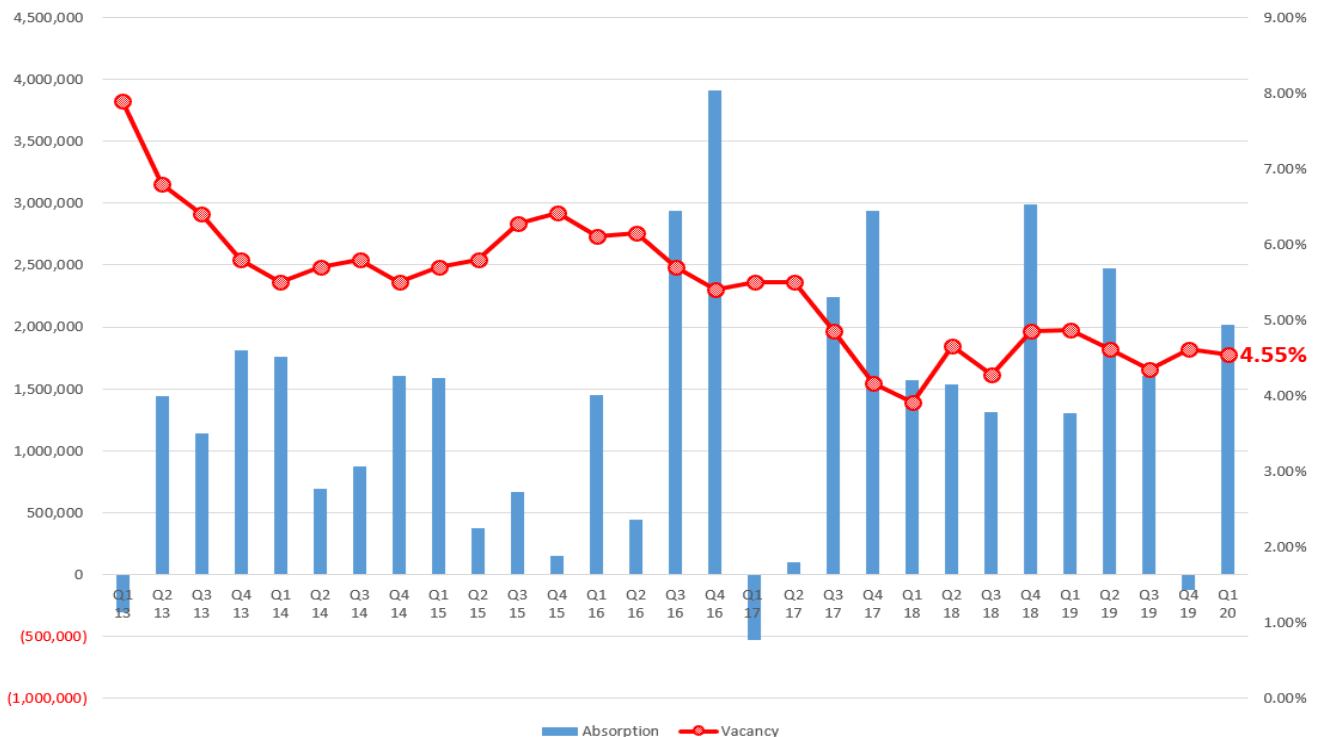
PROJECT NAME	SPEC/BTS	ADDRESS	SUBMARKET	TYPE	SIZE	OWNER	COMPLETION
I-70E Logistics Center	Spec	-	Licking	Warehouse/Distribution	1,232,149	TPA	Q2 2020
Kohl's	BTS	SR-310 & I-70	Licking	Warehouse/Distribution	1,200,000	Clayco	Q2 2020
The Hub 1	Spec	1260 London Groveport Road	Southeast	Warehouse/Distribution	1,059,000	Xebec	Q2 2020
Park West Building 1	Spec	220 Park West	Madison	Warehouse/Distribution	845,280	Hillwood	Q2 2020
8341 Industrial Pkwy.	BTS	8341 Industrial Pkwy.	Union	Warehouse/Distribution	488,000	42 Real Estate	Q2 2020
Centerpoint III	Spec	0 Centerpoint Pkwy.	Southeast	Warehouse/Distribution	324,245	Exxcel	Q2 2020
510 Sunbury Road	Spec	510 Sunbury Road	East	Warehouse/Distribution	300,000	Paul V Profeta	Q4 2020
Alene Candles	BTS	-	Licking	Warehouse/Distribution	280,000	Daimler	Q2 2020
Rick West #2	Spec	1815 Beggrow St.	Southeast	Warehouse/Distribution	277,692	Pizzuti	Q2 2020
Rick West #3	Spec	1675 Beggrow St.	Southeast	Warehouse/Distribution	261,402	Pizzuti	Q2 2020
Startech	BTS	4450 S Hamilton Road	Southeast	Warehouse/Distribution	253,000	Pizzuti	Q3 2020
The Hub 2	Spec	1302 London Groveport Road	Southeast	Warehouse/Distribution	231,664	Xebec	Q2 2020
6770 Shook Road	Spec	6770 Shook Road	Southeast	Warehouse/Distribution	201,600	Pinchal & Co	Q2 2020
The Hub 4	Spec	1260 London Groveport Road	Southeast	Warehouse/Distribution	163,493	Xebec	Q2 2020
ICS expansion	BTS	6450 Lasalle Drive	Southeast	Warehouse/Distribution	157,092	-	Q1 2021
Magna	BTS	0 Magna Road	Fairfield	Warehouse/Distribution	153,000	-	Q2 2020
3563 Southpark Pl.	Spec	3563 Southpark Pl.	Southwest	Warehouse/Distribution	151,200	Becknell	Q2 2020
The Hub 3	Spec	1322 London Groveport Road	Southeast	Warehouse/Distribution	136,315	Xebec	Q2 2020
Cheryl's expansion	BTS	4465 Industrial Center Drive	Southeast	Warehouse/Distribution	135,000	-	Q2 2020
3400 Southwest Blvd.	Spec	3400 Southwest Blvd.	Southwest	General Industrial	108,000	-	Q2 2020
Nature's One	BTS	1455 James Pkwy.	Licking	Warehouse/Distribution	90,000	Elford	Q2 2020
MillTech	Owner/User	0 Diley Road	Fairfield	Warehouse/Distribution	60,000	DBS	Q2 2020
Granite Inliner	BTS	Weaver Ct. N	West	General Industrial	35,000	-	Q2 2020
2J Supply	BTS	0 Old Leonard Ave.	East	Warehouse/Distribution	32,000	-	Q3 2020
Banyan Foods	BTS	643 Corduroy Road	Delaware	Warehouse/Distribution	24,000	-	Q2 2020

# MARKET OVERVIEW

SUBMARKET	ABSORPTION					CONSTRUCTION		ASKING PRICE			
	TOTAL SF	VACANT SF	VACANCY %	CURRENT	YTD	CURRENT	COMPLETED Q1	WH/DIST	R&D/FLEX	GENERAL	BY PRODUCT TYPE
CBD	4,882,947	-	0.00%	-	-	-	-	-	-	-	-
East	21,302,258	1,408,808	6.61%	(619)	(619)	332,000	-	\$3.39	\$6.97	\$2.98	\$3.36
Fairfield	6,242,364	121,334	1.94%	-	-	213,000	-	\$3.15	-	-	\$3.15
Licking	24,239,887	897,618	3.70%	302,880	302,880	2,802,149	-	-	-	\$3.71	\$3.71
Madison	13,491,758	832,010	6.17%	1,200,000	1,200,000	845,280	2,032,010	-	-	-	-
North	18,383,909	389,818	2.12%	(5,633)	(5,633)	-	-	\$3.50	\$7.77	\$4.43	\$5.47
Delaware	9,071,109	273,000	3.01%	-	-	24,000	-	\$3.25	-	\$3.80	\$3.47
Pickaway	8,551,192	301,637	3.53%	-	-	-	-	\$3.75	-	\$3.25	\$3.47
Southeast	78,285,010	4,431,828	5.66%	295,037	295,037	3,200,503	-	\$3.22	\$7.50	\$4.03	\$3.28
Southwest	21,146,111	525,260	2.48%	220,534	220,534	259,200	-	\$3.64	\$6.00	-	\$3.65
Union	7,041,420	120,000	1.70%	(12,000)	(12,000)	488,000	-	-	\$3.50	\$3.25	\$3.38
West	36,536,687	2,029,425	5.55%	59,966	59,966	35,000	-	\$3.02	\$5.30	\$4.63	\$3.39
<b>Grand Total</b>	<b>249,174,652</b>	<b>11,330,738</b>	<b>4.55%</b>	<b>2,060,165</b>	<b>2,060,165</b>	<b>8,199,132</b>	<b>2,032,010</b>	<b>\$3.23</b>	<b>\$5.82</b>	<b>\$3.67</b>	<b>\$3.44</b>

PROPERTY TYPE	ABSORPTION					CONSTRUCTION		ASKING PRICE	
	TOTAL SF	VACANT SF	VACANCY %	CURRENT	YTD	CURRENT	COMPLETED Q1	BY PRODUCT TYPE	
R&D/Flex	20,296,996	543,436	2.68%	101,823	101,823	-	-	\$5.82	
General Industrial	74,078,689	2,318,750	3.13%	(9,707)	(9,707)	143,000	-	\$3.67	
Warehouse/Distribution	154,798,967	8,468,552	5.47%	1,968,049	1,968,049	8,056,132	2,032,010	\$3.23	
<b>Grand Total</b>	<b>249,174,652</b>	<b>11,330,738</b>	<b>4.55%</b>	<b>2,060,165</b>	<b>2,060,165</b>	<b>8,199,132</b>	<b>2,032,010</b>	<b>\$3.44</b>	

## ABSORPTION & VACANCY RATES



## NEW OPPORTUNITIES WITH REVERSE LOGISTICS

Online retail sales have skyrocketed in recent years, and with that also comes a large increase in returns. Statista reports that online purchases lead to twice as many returns than in-store purchases. Reverse logistics is key in this process, because items depreciate in value the longer it takes to return them. Due to the growing demand for efficient reverse logistics, there is now a niche for older, second-generation warehouse space to process returns. These buildings have traditionally lower ceiling heights which work well for the high-touch nature of the returns process. Property owners are taking note and investing in older warehouses in secondary markets that have a lower labor cost. Reverse logistics has also positively impacted third-party logistics providers, as many retailers outsource reverse logistics practices to these companies. As online sales continue to grow, the industrial market will see ongoing investment and demand for reverse logistics space in the near future.

Source: National Real Estate Investor, Statista



### Colliers | Columbus Statistics

Leased and Sold More than  
**\$725+ Million in Volume**

Managed over  
**18.8 Million Square Feet**

Completed More than  
**490 Transactions**

**130+ Professionals**  
working toward Accelerating Your  
Success

Leased and Sold More than  
**32.8 Million Square Feet**

*All statistics are for 2019*

#### FOR MORE INFORMATION

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