

REGIONAL SUMMARY

The Columbus industrial market continued a strong year in the third quarter, posting 1,315,526 square feet of positive net absorption. This marks the seventh consecutive quarter of positive absorption and the fifth quarter in a row of absorption above 1 million square feet- a true indication of the market's overall strength. The vacancy rate decreased significantly from last quarter, dropping to 4.27 percent from 4.65 percent. Vacancy is expected to decline further in coming quarters as leasing activity remains high. Overall asking rates experienced a \$0.06 increase this quarter to \$3.54 per square foot. Rates for warehouse and distribution properties saw the largest increase, rising from \$3.17 to \$3.28 this quarter. The most notable influence on the industrial market is logistics and e-commerce firms, as they continue to invest in build-to-suit distribution centers and sign large deals for warehouse space. Construction also remains steady, with over 4.3 million square feet of industrial space under construction in Central Ohio. With a slight shortage of jobs available, the Columbus unemployment rate increased to 4.1 percent, up from 3.5 percent mid-year. On a positive note, economists predict that moving forward, the region will see steady growth and more job opportunities as Columbus solidifies its reputation as an international industrial epicenter.

VACANCY »

The vacancy rate decreased to 4.27 percent this quarter, with high leasing activity and minimal large move-outs. Vacancy is over 50 basis points lower than it was in the third quarter of 2017, demonstrating continued growth in the industrial sector. The Licking and Southeast submarkets saw the largest decrease in vacancy from last quarter to 5.52 percent and 5.48 percent respectively. The East submarket posted the largest increase to 2.96 percent, due to Veritiv vacating 525 Nelson Road.

NET ABSORPTION »

For the seventh consecutive quarter, the Columbus industrial market recorded positive net absorption, with 1,315,526 square feet positively absorbed. Due to high leasing activity, total year-to-date net absorption stands at 4.34 million square feet. The largest occupancy gains took place in the Southeast, as 968,495 square feet was positively absorbed this quarter. Medline subleased all of the space at 6500 Adelaide Court, while National Beverage signed a large deal at 3219 Rohr Road.

CONSTRUCTION ACTIVITY »

High construction numbers signal rising demand for industrial warehouse space in the Columbus market. There is 4.3 million square feet of space underway, with 1.8 million square feet of that being speculative projects. The Southeast submarket continues to maintain the largest developments, as three projects totaling over 2 million square feet are currently under construction there.

Five projects were completed this quarter for a total of nearly 1.6 million square feet. Pizzuti's 802,390-square-foot warehouse at 1901 Beggrow St. and Becknell's 324,000-square-foot property at 3280 Southpark Pl. were both finalized, making them the largest of the quarter. With 25 development projects either proposed, planned or under construction, the Columbus region can anticipate more large completions over the next few years.

SALES ACTIVITY »

In the third quarter, ten industrial properties sold in Columbus for a total of 1.5 million square feet. The total sales volume reached \$88,127,173, with an average price per square foot of \$52. Although sales volume was lower this quarter than last, the market can expect increased activity as investors and corporations becoming increasingly interested in Central Ohio.

The largest deal of the quarter occurred when Dream Industrial REIT purchased 9000 Smiths Mill Road and 8860 Smiths Mill Road as a portfolio for \$61 million, or \$86 per square foot. Agracel Inc. sold 759 Pittsburgh Drive to Gladstone Commercial for \$8.3 million, or \$53 per square foot.

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
6500 Adelaide Court	9/10/2018	354,676	Medline	\$2.50	MG	Southeast
3219 Rohr Road	8/2/2018	351,228	National Beverage	\$3.75	NNN	Southeast
167-183 Heritage Drive	8/2/2018	343,745	Newel Brands	\$3.75	NNN	Licking
3800 Lockbourne Industrial Pkwy.	8/6/2018	114,000	Confidential	\$2.75	NNN	Southeast
6969 Alum Creek Drive	-	95,000	Allrite Logistics	\$3.85	NNN	Southeast
6500 Port Road	8/13/2018	86,337	Pilot Freight Services	\$3.25	NNN	Southeast
2373 Global Drive	-	84,916	EFL Expo Freight	\$4.50	NNN	Southeast
4740 Poth Road	9/12/2018	52,000	McNichols Company	\$4.50	NNN	East
4850 Poth Road	7/20/2018	50,250	Avani Marble and Granite	\$2.75	NNN	East
3001-3013 International St.	7/17/2018	46,122	Mills James	\$4.95	NNN	West
3515 Urbancrest Industrial Drive	8/10/2018	40,197	Health Care Logistics	\$5.25	FSG	Southwest

SALE Activity

PROPERTY ADDRESS	SALES DATE	SALE PRICE	SIZE (SF)	BUYER	SELLER	PRICE PSF	TYPE	SUBMARKET
9000 Smiths Mill Road	9/6/2018	\$33,992,300	417,049	Dream Industrial REIT	Pizzuti Companies	\$82	Warehouse/ Distribution	North
8860 Smiths Mill Road	9/6/2018	\$27,007,800	304,318	Dream Industrial REIT	Pizzuti Companies	\$89	Warehouse/ Distribution	North
759 Pittsburgh Drive	9/20/2018	\$8,300,000	157,810	Gladstone Commercial	Agracel Inc	\$53	Warehouse/ Distribution	North
7001 Discovery Blvd	8/13/2018	\$6,000,000	148,598	Mister David's Flooring	Discovery Mcinvestments LLC	\$40	Warehouse/ Distribution	North
2001 Courtright Road	8/31/2018	\$3,850,000	225,873	Prime Property Group II	All A Cart Manufacturing Inc	\$17	Warehouse/ Distribution	East
2400-2410 McGaw Road	9/7/2018	\$3,600,000	134,282	Pandora Rentals LLC	Richards-McGaw Associates	\$27	Warehouse/ Distribution	Southeast
977 Frank Road	8/21/2018	\$2,250,000	35,932	Strawser Paving	RLR Investments	\$63	Truck Terminal	Southwest
2040 S Hamilton Road	7/13/2018	\$1,687,073	105,072	TP Mechanical Contractors	NAI Ohio Equities	\$16	Warehouse/ Distribution	East
1110-1114 Chambers Road	7/18/2018	\$1,180,000	16,200	Vision Acquisitions	Ballantyne Family LP	\$73	Warehouse/ Distribution	West
499 Derrer Road	7/2/2018	\$260,000	4,000	Robert Leo Properties	Johnson & Fischer, Inc	\$65	Warehouse/ Distribution	Southwest

CONSTRUCTION Activity

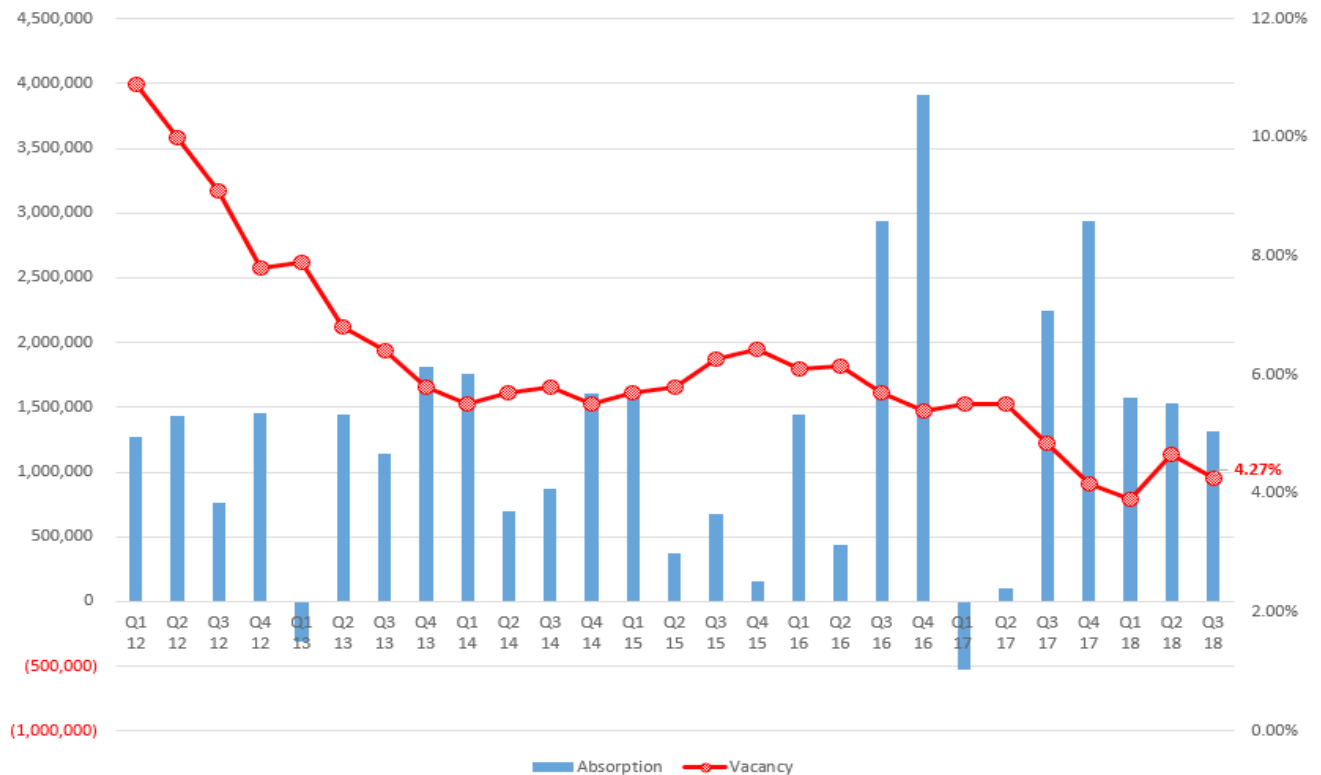
PROJECT NAME	SPEC/BTS	ADDRESS	SUBMARKET	TYPE	SIZE	OWNER	COMPLETION
Goodyear	BTS	-	Southeast	Warehouse/Distribution	1,200,000	Duke	Q4 2018
Confidential	BTS	1550 W. Main St.	Madison	Warehouse/Distribution	855,000	Duke	Q4 2018
Rick Central 759	Spec	6198 Green Pointe Drive S	Southeast	Warehouse/Distribution	758,465	VanTrust	Q4 2018
TradePort 2	Spec	0 TradePort Court	Pickaway	Warehouse/Distribution	500,000	Hillwood	Q4 2018
TradePort 3	Spec	3657 TradePort Court	Pickaway	Warehouse/Distribution	357,000	Hillwood	Q4 2018
Ace Hardware	BTS	10 Commerce Pkwy.	Madison	Warehouse/Distribution	300,000	Granite REIT	Q1 2020
Rick Central 228	Spec	2850 Rohr Road	Southeast	Warehouse/Distribution	229,333	VanTrust	Q4 2018
Midwest Retail Services	Owner/User	-	Union	Warehouse/Distribution	75,000	Midwest Retail Services	Q4 2018
Cheerpack	BTS	231 Commerce Blvd.	Licking	Warehouse/Distribution	31,600	-	Q2 2019
Greenscapes Rd	Spec	0 Greenscapes Road	Licking	Warehouse/Distribution	30,000	-	Q4 2018

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	4,882,947	-	0.00%	-	-	-	-	-	-	-	-
East	20,915,858	619,109	2.96%	(165,505)	249,523	-	-	\$3.02	\$6.39	\$3.75	\$4.05
Fairfield	6,242,364	331,734	5.31%	-	(93,834)	-	-	\$3.50	-	-	\$3.50
Licking	23,823,407	1,315,591	5.52%	347,085	366,449	61,600	-	\$3.09	-	\$5.00	\$3.44
Madison	10,304,748	-	0.00%	-	-	1,155,000	-	-	-	-	-
North	18,383,909	285,249	1.55%	49,520	186,922	-	-	-	\$7.69	\$8.77	\$8.10
North Delaware	9,046,109	243,000	2.69%	48,992	142,098	-	-	-	\$7.09	\$3.80	\$4.56
Pickaway	6,704,701	167,600	2.50%	-	1,610,000	857,000	-	-	-	\$2.25	\$2.25
Southeast	75,522,212	4,140,378	5.48%	968,495	1,190,716	2,187,798	1,053,075	\$3.39	\$4.60	\$3.41	\$3.40
Southwest	21,146,111	1,513,542	7.16%	126	262,732	-	424,000	\$3.52	\$4.70	-	\$3.53
Union	6,966,420	243,975	3.50%	(97,185)	(164,245)	75,000	-	\$3.50	\$4.98	\$3.25	\$3.76
West	36,108,158	1,392,040	3.86%	163,998	669,102	-	115,000	\$3.00	\$5.58	-	\$3.14
Grand Total	240,046,944	10,252,218	4.27%	1,315,526	4,419,463	4,336,398	1,592,075	\$3.28	\$6.33	\$3.83	\$3.54

PROPERTY TYPE	ABSORPTION					CONSTRUCTION		ASKING PRICE	
	TOTAL SF	VACANT SF	VACANCY %	CURRENT	YTD	CURRENT	COMPLETED	BY PRODUCT TYPE	
Flex/R&D	20,296,996	535,747	2.64%	82,957	255,379	-	-	\$6.33	
General Industrial	74,035,142	2,408,007	3.25%	(299,175)	1,934,828	-	115,000	\$3.83	
Warehouse - Distribution	145,714,806	7,308,464	5.02%	1,531,744	2,229,256	4,336,398	1,477,075	\$3.28	
Grand Total	240,046,944	10,252,218	4.27%	1,315,526	4,419,463	4,336,398	1,592,075	\$3.54	

ABSORPTION & VACANCY RATES



THE RISE OF INDUSTRIAL AMENITIES

With the industrial market's steady growth and recent low unemployment rates, the labor market is growing increasingly tight. In order to attract and retain talent, landlords and logistics companies are investing more in features that will differentiate themselves from their competitors. Office-like amenities such as fitness centers, game rooms and large common areas have begun popping up in distribution centers around the country. According to Pete Quinn, Colliers' National Director of Industrial Services, many of Colliers' current clients "are putting in some sort of amenity that wouldn't have happened five years ago." Although Columbus facilities haven't seen these additions yet, the region can anticipate amenities in industrial product in coming years as it becomes a larger and stronger logistics hub.

Source: Colliers, GlobeSt.com



Colliers | Columbus Statistics

Leased and Sold More than
\$388+ Million in Volume

Managed over
21 Million Square Feet

Completed More than
370 Transactions

115+ Professionals
working toward Accelerating Your
Success

Leased and Sold More than
22 Million Square Feet

All statistics are for 2017.

FOR MORE INFORMATION

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