

REGIONAL SUMMARY

The Columbus industrial market finished the second quarter strong, posting 2,469,762 square feet of net absorption*. This brings year-to-date net absorption to more than 3.7 million square feet and marks the eighth consecutive quarter that Columbus has experienced absorption greater than 1 million square feet. Steady leasing activity and build-to-suit completions drove vacancy down this quarter, declining from 4.87 percent to 4.62 percent. Overall asking rates slightly increased to \$3.51 per square foot, with the largest upticks occurring in the Licking and West submarkets. Rates for warehouse and distribution properties also rose to \$3.33 per square foot, due to increased demand for this type of space. Third-party logistics firms and manufacturers were major forces on the industrial market this quarter, with FedEx, Quaker and Optimus occupying warehouse space around Central Ohio. Growing demand has led to consistent construction activity in recent years. There is currently 3.3 million square feet under construction, 11 million square feet planned and 1.3 million square feet completed year-to-date. The Columbus unemployment rate decreased from 4.2 percent to 3.4 percent this quarter – the lowest it has been in 18 years. It isn't expected to decline any further, as the city is considered at the "full employment" level. Throughout the rest of the year, Central Ohio can anticipate continued positive absorption and increased investment as the area builds its reputation as the logistics core of the Midwest.

*net absorption is calculated based on commencement date

VACANCY >>

This quarter, the vacancy rate substantially decreased from 4.87 percent to 4.62 percent, as absorption climbed over 2.4 million square feet. The Licking submarket saw the largest decrease in vacancy to 4.34 percent, with a tenant leasing space at 167-183 Heritage Drive. The West submarket saw the most significant increase in vacancy this quarter up to 4.88 percent, as Hireko Golf vacated their space at 315 Phillipi Road.

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 5.3 million square feet – 1 million square feet higher than last quarter, and a strong indication that tenants are continuing to stay active in the market.

CONSTRUCTION ACTIVITY >>

Due to high demand for warehouse space, construction numbers remain stable across the region. There is currently 3.3 million square feet of industrial space under construction and over 11 million square feet in the pipeline. The Licking submarket leads development, with 1.2 million square feet underway.

Three projects totaling 1.3 million square feet reached completion this quarter. The 975,000-square-foot FedEx build-to-suit completed, making it the largest of the quarter. Hillwood's speculative warehouse at 3657 TradePort Ct. was finalized, adding 357,000 square feet of space to the Pickaway submarket. With more than 40 projects either underway or in the pipeline, Central Ohio can expect more large completions in coming years.

SALES ACTIVITY >>

This quarter, 15 industrial properties totaling 4.7 million square feet sold in Central Ohio for a total sales volume of \$199 million, or an average of \$67 per square foot. This sales volume is \$70 million higher than last quarter's total, demonstrating an increase in investor activity.

Granite REIT purchased 1901 Beggrow St. for \$53.2 million, or \$66 per square foot – the largest individual property sale of the year so far. Singerman Real Estate sold a three-property portfolio comprising 1.5 million square feet to Transwestern Investment Group for \$46.9 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
167-183 Heritage Drive	May 2019	343,745	Undisclosed	\$4.00	NNN	Licking
87-103 Heritage Drive	May 2019	155,990	Jeld-Wen	\$4.00	NNN	Licking
0 Magna Road	June 2019	153,000	Magna Seating of America	\$7.00	NNN	Fairfield
3100 Creekside Pkwy.	May 2019	141,000	Specialty Retailers Inc	\$2.95	NNN	Southeast
6380 Adelaide Ct.	May 2019	103,382	JS Products	\$4.50	NNN	Southeast
2353 Global Drive	April 2019	84,329	Forward Air	\$4.75	NNN	Southeast
1410 Blatt Blvd.	May 2019	65,338	Undisclosed	\$3.50	NNN	East
4545 Fisher Road	April 2019	59,376	Domi Logistics	\$2.75	NNN	West
670 Marion Road	April 2019	53,600	Limbach Company	\$3.45	MG	Southeast
619 Mill Park Drive	April 2019	50,400	Lancaster	\$4.50	MG	Fairfield

SALE Activity

PROPERTY ADDRESS	SALES DATE	SALE PRICE	SIZE (SF)	BUYER	SELLER	PRICE PSF	TYPE	SUBMARKET
1901 Beggrow St.	5/22/2019	\$53,200,000	802,390	Granite REIT	Pizzuti Companies	\$66.30	Investment	Southeast
Transwestern Investment Portfolio	4/2/2019	\$46,900,000	1,508,928	Transwestern Investment Group	Singerman Real Estate	\$31.08	Investment	Southeast
1580-1600 Williams Road	4/9/2019	\$35,000,000	759,950	Industrial Logistics Property Trust	Cole Office & Industrial REIT	\$46.06	Investment	Southeast
8820 Smiths Mill Road	6/1/2019	\$23,800,000	266,000	Dream Industrial REIT	Pizzuti Companies	\$89.47	Investment	Licking
2850 Rohr Road	6/13/2019	\$14,200,000	229,333	L'Ange Hair, Inc	VanTrust	\$61.92	Investment	Southeast
4200 Westward Ave.	5/17/2019	\$12,350,000	150,477	Exeter	Crown Enterprises	\$82.07	Investment	West
1932 Pittsburgh Drive	4/26/2019	\$3,100,000	54,169	Gladstone Commercial	IPG of Ohio	\$57.23	Investment	Delaware
1410 Blatt Blvd.	4/11/2019	\$2,350,000	65,338	E Paul Corp	SkyLink Travel	\$35.97	Owner/User	East
1000 Frank Road	5/22/2019	\$2,345,400	19,545	Dajun Fan	Undisclosed	\$120.00	Investment	Southwest
2100 McGaw Road	4/19/2019	\$1,750,000	100,000	Skyline International	Continental Concession Supplies	\$17.50	Owner/User	Southeast

CONSTRUCTION Activity

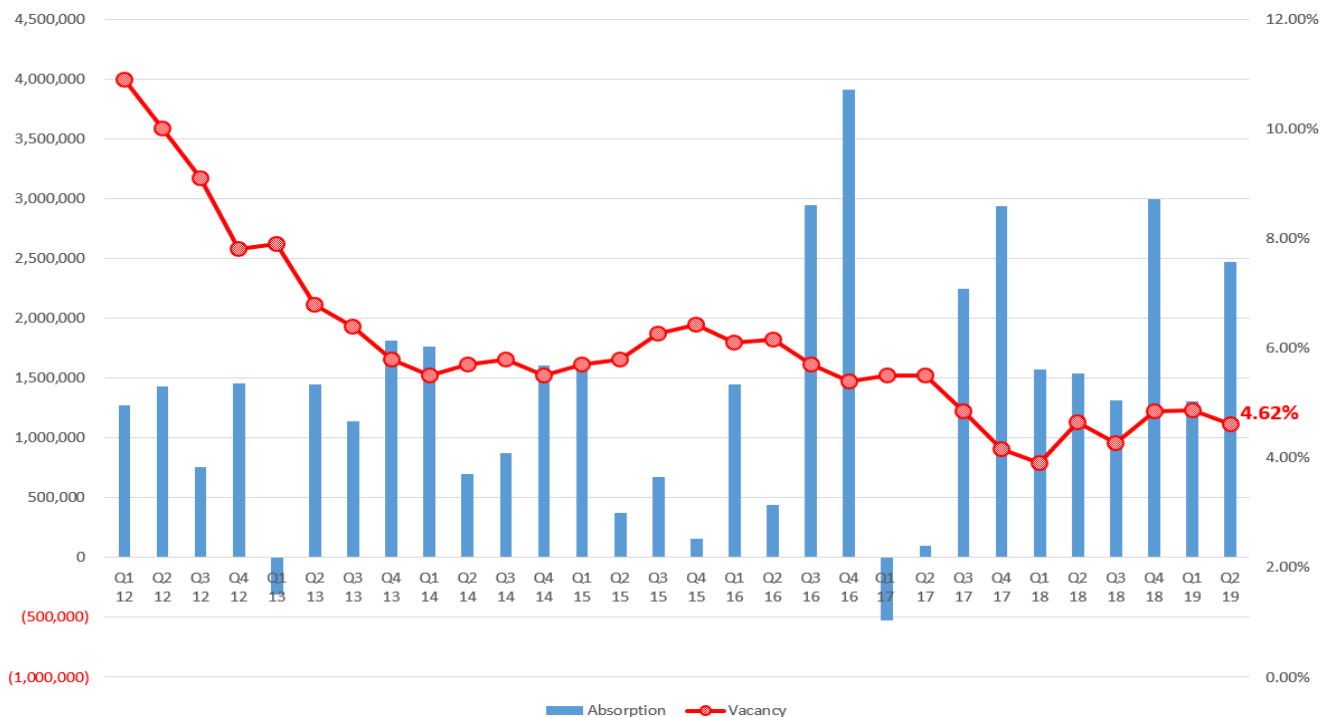
PROJECT NAME	SPEC/BTS	ADDRESS	SUBMARKET	TYPE	SIZE	OWNER	COMPLETION
Kohl's	BTS	SR-310 & I-70	Licking	Warehouse/Distribution	1,200,000	Clayco	Q4 2019
Medline	BTS	0 Broad St.	Madison	Warehouse/Distribution	855,000	Exeter	Q4 2019
Walcutt Road	Spec	1860 Walcutt Road	West	Warehouse/Distribution	291,600	Hackman	Q3 2019
Central Park Gahanna	Spec	870 Claycraft Road	East	Warehouse/Distribution	262,500	Fed One	Q3 2019
Nifco	BTS	Dove Pkwy.	Southeast	Warehouse/Distribution	175,000	Ferguson	Q3 2019
Magna	BTS	0 Magna Road	Fairfield	Warehouse/Distribution	153,000	-	Q4 2019
Cheryl's expansion	BTS	4465 Industrial Center Drive	Southeast	Warehouse/Distribution	135,000	-	Q3 2019
Nature's One	BTS	1455 James Pkwy.	Licking	Warehouse/Distribution	73,829	Nature's One	Q4 2019
4616 Bridgeway Ave.	Spec	4616 Bridgeway Ave.	East	Warehouse/Distribution	60,800	Daimler	Q3 2019
MillTech	Owner/User	0 Diley Road	Fairfield	Warehouse/Distribution	60,000	DBS	Q3 2019
Carr Supply	BTS	1415 Old Leonard Ave.	East	Warehouse/Distribution	36,000	DBS	Q3 2019
Granite Inliner	BTS	Weaver Ct. N	West	General Industrial	35,000	-	Q3 2019
Hoshizaki	BTS	0 Corduroy Road	North Delaware	Warehouse/Distribution	25,000	DBS	Q3 2019

MARKET OVERVIEW

SUBMARKET	ABSORPTION					CONSTRUCTION			ASKING PRICE		
	TOTAL SF	VACANT SF	VACANCY %	CURRENT	YTD	CURRENT	COMPLETED	WH/DIST	R&D/FLEX	GENERAL	BY PRODUCT TYPE
CBD	4,882,947	3,750	0.08%	-	-	-	-	-	-	-	-
East	20,915,858	846,247	4.05%	98,238	(265,278)	359,300	-	\$3.36	\$6.20	\$3.71	\$3.70
Fairfield	6,242,364	281,334	4.51%	-	50,400	213,000	-	\$3.50	-	-	\$3.50
Licking	23,937,007	1,038,618	4.34%	481,335	198,590	1,273,829	31,600	-	-	\$5.04	\$5.04
Madison	11,459,748	-	0.00%	-	300,000	855,000	-	-	-	-	-
North	18,383,909	364,347	1.98%	(18,494)	7,138	-	-	-	\$7.37	\$8.50	\$7.52
North Delaware	9,046,109	110,000	1.22%	10,100	16,100	25,000	-	-	-	\$3.80	\$3.80
Pickaway	8,551,192	301,637	3.53%	1,376,333	2,402,304	-	1,332,000	-	-	\$2.25	\$2.25
Southeast	77,710,010	5,788,294	7.45%	596,577	721,334	310,000	-	\$3.46	\$5.11	\$3.44	\$3.47
Southwest	21,146,111	735,181	3.48%	9,387	705,744	-	-	\$3.55	\$6.00	-	\$3.56
Union	7,041,420	117,740	1.67%	(8,000)	(4,000)	-	-	-	\$4.83	\$3.25	\$3.97
West	36,108,158	1,761,258	4.88%	(75,714)	(357,256)	326,600	-	\$2.90	\$6.08	\$4.00	\$3.32
Grand Total	245,424,833	11,348,406	4.62%	2,469,762	3,775,076	3,362,729	1,363,600	\$3.33	\$6.15	\$3.53	\$3.51

PROPERTY TYPE	ABSORPTION					CONSTRUCTION			ASKING PRICE
	TOTAL SF	VACANT SF	VACANCY %	CURRENT	YTD	CURRENT	COMPLETED	BY PRODUCT TYPE	
R&D/Flex	20,296,996	514,395	2.53%	32,184	(55,842)	-	-	\$6.15	
General Industrial	74,035,142	2,473,821	3.34%	41,779	82,988	35,000	-	\$3.53	
Warehouse/Distribution	151,092,695	8,360,190	5.53%	2,395,799	3,747,930	3,327,729	1,363,600	\$3.33	
Grand Total	245,424,833	11,348,406	4.62%	2,469,762	3,775,076	3,362,729	1,363,600	\$3.51	

ABSORPTION & VACANCY RATES



THE FUTURE OF MANUFACTURING

Automation is changing the world as we know it, and the manufacturing industry is no exception. According to last year's World Economic Forum report, robots could potentially eliminate 75 million jobs worldwide, but could create 133 million new ones in the next three years. There could also be a shortage of 8 million manufacturing workers in the next ten years. More than ever, it is imperative that manufacturers attract new employees to adapt to this huge change. Schools around the world are tackling this problem head-on, creating classes and programs specifically to teach robotics and industrial trade skills. These students will then have the foundational knowledge necessary to secure positions once they're done with school. Companies are not going to stop automating their processes, so encouraging students and workers to adapt to them will be vitally important to the future of the manufacturing industry.

Source: Columbus Business First, The New York Times, World Economic Forum



Colliers | Columbus Statistics

Leased and Sold More than
\$564+ Million in Volume

Managed over
17.3 Million Square Feet

Completed More than
400 Transactions

110+ Professionals
working toward Accelerating Your
Success

Leased and Sold More than
23.8 Million Square Feet

All statistics are for 2018.

FOR MORE INFORMATION

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