COLUMBUS

EXECUTIVE SUMMARY

- Columbus has a strong stable economy with unemployment down at 3.6%.

- Downtown class A office space vacancy is at an all-time low.

- Retail absorption remains strong despite national outlook.

- Industrial absorption exceeds 5 million square feet (msf) for second year in a row.

- Central Ohio has seen significant growth of data centers.

Central Ohio is poised for continued steady growth in 2020 and has outperformed the nation over the past 10 years with GDP growth of more than 28% and employment growth of 22%. Significant growth in the industrial sector, fuelled by its proximity to surrounding major markets, low cost of living, low taxes, and cost of land, has helped establish Central Ohio as a major hub for the Midwest.

Columbus is often regarded as an advanced city when it comes to smart technology and, in 2019, this was reflected in a drop in the unemployment rate, coming in below the national and state averages. Columbus incentives attracted over one billion dollars in office and industrial projects, resulting in almost 8,000 new and retained jobs. The single largest contributor is Root Insurance, leasing multiple floors at the downtown 80 on the Commons.

Office vacancy has remained around 14% for 2019 and is expected to experience upward pressure at the end of the year and early 2020. Approximately two-thirds of Columbus's office vacant square footage is in suburban submarkets, with about 34% accounted for in CBD classes A and B. In 2020, Columbus can expect a slow decline in absorption as well as an influx of new office product delivered. The office market remains on an upward trajectory, despite negative class B absorption, due to strong class A absorption in the third quarter of 2019. Total vacancy in the downtown Columbus class A market sits at 7.1%, a record low. Subsequently, CBD class A property asking rents are rising, although modestly, as supply increases in early 2020.

While national retail struggles, the retail market in Columbus remains robust. The national trend of placemaking is strongly apparent in

KEY MARKET METRICS – 2020 EXPECTATIONS
Annual growth rates, estimated for year-end 2020 vs year-end 2019.

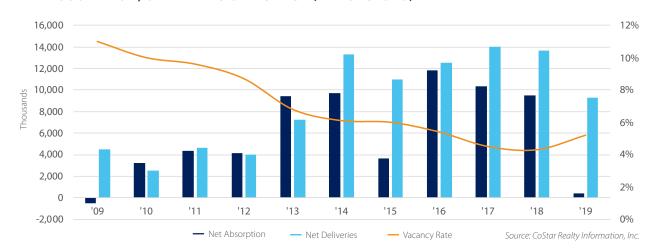|	OFFICE	RETAIL	INDUSTRIAL
Rental Growth	↑	↑	↑
Vacant Space	↓	→	↕
Construction Levels	↑	↑	↑↑
Leasing Volume	↑	↑	↑↑
Investment Volume	→	→	→

class A retail and office space in trendy neighbourhoods such as the Short North Arts District, as they cater to local ownership and shy away from chains. The retail market is also impacted by a surge in multifamily growth tied to the growing population. Since 2017, Columbus has absorbed over nine million square feet (msf) of retail space and, although local rates are trending well above the national average, Columbus has less than one msf of space currently under construction.

2019 was a record-setting year for the Columbus Industrial Market, witnessing nearly six msf of net absorption within the first three quarters of the year. Growth in construction activity, occupancy and consistent low vacancy was similar across the Midwest. The asking rental rate follows suit at an all-time high of $3.78 per square foot (psf). This growth, however, is expected to slow in early 2020, as more inventory is delivered ahead of demand, with more modest rental rate increases than previous years. In hand with logistics statistics trending nationally, most notable in Columbus is the sale of 855,000 square feet (sf) to massive online retailer Amazon in West Jefferson, and 705,600 sf leased to Walker Edison in the southeast submarket. Due to geographical advantages such

The outlook for Columbus is optimistic. The market is expected to continue to experience slow, steady growth throughout 2020. Possible interference could be due to trade deals with China or any upcoming major political party shifts. Currently, state taxes remain low and attractive to industrial and office sectors alike.

as U.S. population accessibility and a low likelihood of natural disaster occurrences, Columbus is highly attractive to data centers, including expansions of Google and Facebook in addition to Amazon.

NET ABSORPTION, DELIVERIES & VACANCY (ALL SECTORS)

Source: CoStar Realty Information, Inc.

— Net Absorption — Net Deliveries — Vacancy Rate