

Retail

Columbus

Midwestern Region

United States

I. EXECUTIVE BRIEFING

AVERAGE
ASKING RENT **\$13.91/
sqft**

AVERAGE
VACANCY **10.5%**

(Published September 2021)

- Rent in the Columbus metro was up 0.2% from August.
- Rent is expected to finish 2021 at \$13.66 in the Columbus metro.
- No vacancy change since August in the Columbus metro.
- Vacancy is expected to finish 2021 at 11.1% in the Columbus metro.

Market Overview

The Columbus retail market is comprised of 27.8 million square feet in five geographic concentrations ranging in size from the 6.4 million square foot Outside Counties submarket to the Southwest submarket, which amounts to 3.6 million square feet. In the ten-year period beginning with Q4 2011, the Outside Counties submarket has experienced the greatest introduction of new inventory, 258,000 square feet, amounting to 24.9% of all new competitive stock added to the market.

Asking and Effective Rent

Monthly movement in asking rent during the third quarter was varied, with September's gain of 0.2% bringing the cumulative quarterly total up to 0.2%. This asking rent level represents a 0.2% tick upward from the same reporting period one year ago. Since the beginning of Q4 2011, the metro as a whole has recorded an annual average increase of 1.0%. Effective rents, which exclude the value of concessions offered to prospective tenants, advanced by 0.3% during September to an average of \$11.79. The asking rent growth rate of the metro's five underlying submarkets over the past 12 months has been mixed, with cumulative change rates ranging from 0.8% (Outside Counties) to -0.2% (Northwest).

Competitive Inventory, Absorption

Over the last 12 months, market absorption totaled 118,000 square feet, more than half the average annual absorption rate of 215,200 square feet recorded since the beginning of Q4 2011. From an historical perspective, September vacancy rate is 2.8 percentage points lower than the 13.3% average recorded since the beginning of Q4 2011.

Executive Briefing (cont.)

Outlook

Reis's new construction observation team reports that no more competitive retail stock will be introduced to the metro this year, and net total absorption will be negative 163,000 square feet. Consequently, the vacancy rate will drift upward by 0.6 percentage points to 11.1%. During 2022 and 2023, construction activity under surveillance is expected to deliver a total of 134,000 square feet. Total employment growth during 2022 and 2023 is projected to average 2.1% annually, while household formations are anticipated to average an increase of 1.3% per year. Over the same period the metro absorption rate is expected to average negative 56,000 square feet per year. The market vacancy rate will finish 2022 at 11.6% and will increase 0.3 percentage points to 11.9% by year end 2023. Between now and year-end 2021 asking rents are expected to decline -1.8% to a level of \$13.66, while effective rents will fall by -3.1% to \$11.42. Thereafter, Reis projects that asking rent growth will accelerate to an annualized average of 0.3% during 2022 and 2023 to reach a level of \$13.74 per square foot. Effective rents will rise by a more rapid annualized average rate of 1.2%, as landlords begin to reduce the relative value of concessions packages.