Retail

Columbus

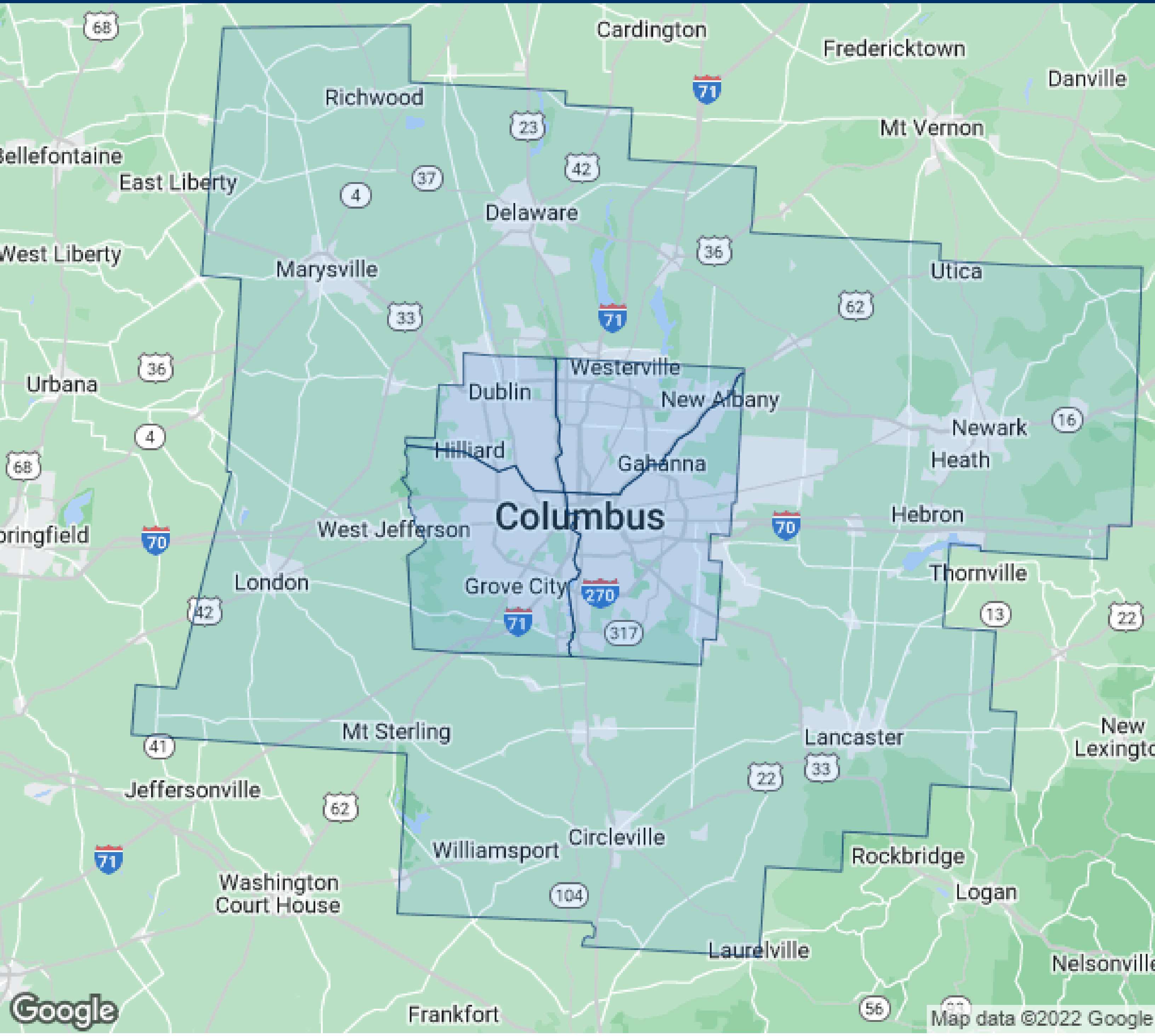
Midwestern Region

United States

REPORT GENERATED

May 12, 2022

DATA AS OF Q1 2022



Retail

Columbus

© Moody's Analytics, Inc. and/or its affiliates and licensors. All rights reserved.

I. EXECUTIVE BRIEFING

(Published March 2022)

AVERAGE ASKING RENT **$13.93/sqft**

AVERAGE VACANCY **10.4%**

- Rent in the Columbus metro was down 0.1% from February.
- Rent is expected to finish 2022 at $13.96 in the Columbus metro.
- No vacancy change since February in the Columbus metro.
- Vacancy is expected to finish 2022 at 10.8% in the Columbus metro.

Market Overview

A comprehensive assessment of the Columbus retail market shows that the major concentrations of speculative retail space are located in the Outside Counties submarket, representing 6.4 million square feet and 23.1% of the metropolitan inventory, followed by Northeast, with a 22.0% share, and Northwest (21.5%). Since the beginning of Q2 2012, the fastest growing area has been the Outside Counties submarket, adding 258,000 square feet over that period, or 24.9% of total metropolitan retail completions.

Asking and Effective Rent

Monthly movement in asking rent during the first quarter was mixed, with March's tick downward of 0.1% bringing the cumulative quarterly total down to 0.3%. Over the past twelve months, asking rents have drifted higher a total of 0.5%, up from $13.82. Since the beginning of Q2 2012, 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, fell by 0.2% during March to an average of $11.78. Although all of the Columbus metropolitan area's five retail submarkets contributed to the metro's recent rent growth, it is noteworthy that the 0.5% asking rent growth rate of the past 12 months compares unfavorably to the metro's long term performance.

Competitive Inventory, Absorption

Over the last 12 months, market absorption totaled 120,000 square feet, more than half the average annual absorption rate of 206,400 square feet recorded since the beginning of Q2 2012. From an historical perspective, March vacancy rate is 2.5 percentage points lower than the 13.0% average recorded since the beginning of Q2 2012.

© Moody's Analytics, Inc. and/or its affiliates and licensors. All rights reserved.

Executive Briefing (cont.)

Outlook

Reis's new construction analysts report that 40,000 square feet of new competitive retail inventory will be introduced to the metro by the end of the year, and net total absorption will be negative 37,000 square feet. Consequently, the vacancy rate will drift upward by 0.3 percentage points to 10.8%. During 2023 and 2024, developers are expected to deliver a total of 157,000 square feet. Total employment growth during 2023 and 2024 is expected to average 1.2% annually, while household formations are expected to average an increase of 1.2% per year. Over the same period the metro absorption rate is expected to average 43,000 square feet per year. Because this amount does not exceed the forecasted new construction, the market vacancy rate will increase by 20 basis points to finish 2024 at 11.0%. Between now and year-end 2022 asking rents are expected to advance 0.5% to a level of $13.96, while effective rents will climb by 0.6% to $11.85. On an annualized basis through 2023 and 2024, asking and effective rents are projected to increase by 1.2% and 1.5%, respectively, to finish 2024 at $14.31 and $12.21.

© Moody's Analytics, Inc. and/or its affiliates and licensors. All rights reserved.