

Retail

Columbus

Midwestern Region

United States

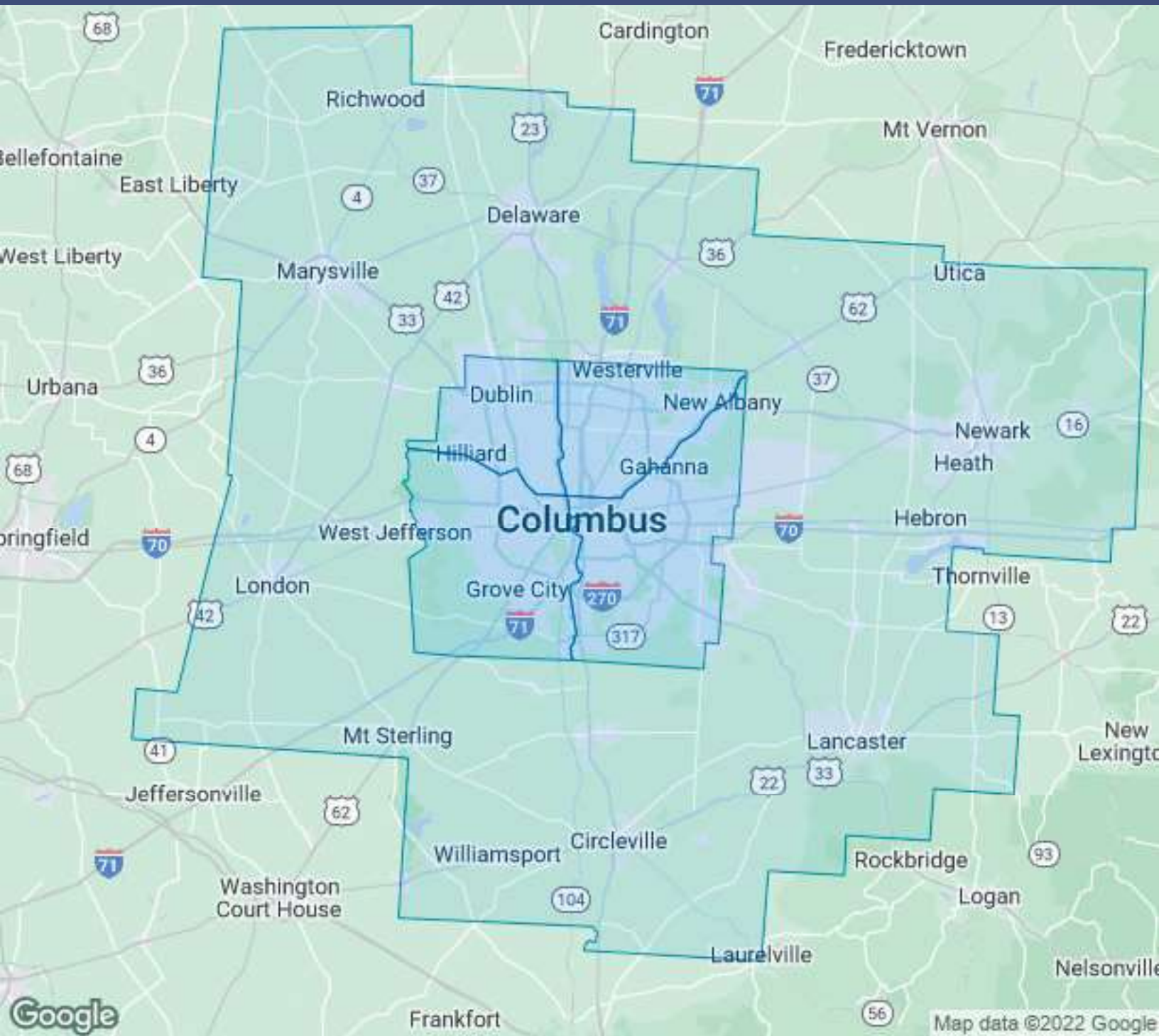
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REPORT GENERATED

July 13, 2022

DATA AS OF Q1 2022



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I. EXECUTIVE BRIEFING

AVERAGE ASKING RENT **\$13.77/sqft**

AVERAGE VACANCY **11.4%**

(Published May 2022)

- The Columbus metro had the For May, fastest rent growth in the Midwest region, seventh most rapid in the nation.
- Rent is expected to finish 2022 at \$13.96 in the Columbus metro.
- No vacancy change since April in the Columbus metro.
- Vacancy is expected to finish 2022 at 10.8% in the Columbus metro.

Market Overview

A comprehensive examination of the Columbus retail market reveals that the major concentrations of speculative retail space are located in the Outside Counties submarket, amounting to 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

During May, asking rents growth drifted upward 0.1%, bringing the average up to \$13.94. Since the same reporting period last year, asking rents have advanced by 0.7%, up from \$13.84. 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, also advanced by 0.1% during May. The identical rates of change suggest that landlords have been able to eke out increases while maintaining a stable relationship between asking and effective rent values. Although all of the Columbus metropolitan area's five retail submarkets contributed to the metro's recent rent growth, it is instructive to observe that the 0.7% 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 154,000 square feet, 25.4% lower than the average annual absorption rate of 206,400 square feet recorded since the beginning of Q2 2012. From an historical perspective, May vacancy rate is 2.5 percentage points lower than the 13.0% average recorded since the beginning of Q2 2012.



Executive Briefing (cont.)

Outlook

Reis is tracking retail construction activity that will deliver 40,000 square feet to the metro by the end of the year, and net total absorption will be negative 43,000 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 anticipated to average an increase of 1.2% per year. Because this amount does not exceed the forecasted new construction, the market vacancy rate will rise by 20 basis points to finish 2024 at 11.0%. Between now and year-end 2022 asking rents are expected to increase 0.1% to a level of \$13.96. On an annualized basis through 2023 and 2024, asking and effective rents are expected to climb by 1.2% and 1.5%, respectively, to finish 2024 at \$14.31 and \$12.21.