

Retail

Columbus

Midwestern Region

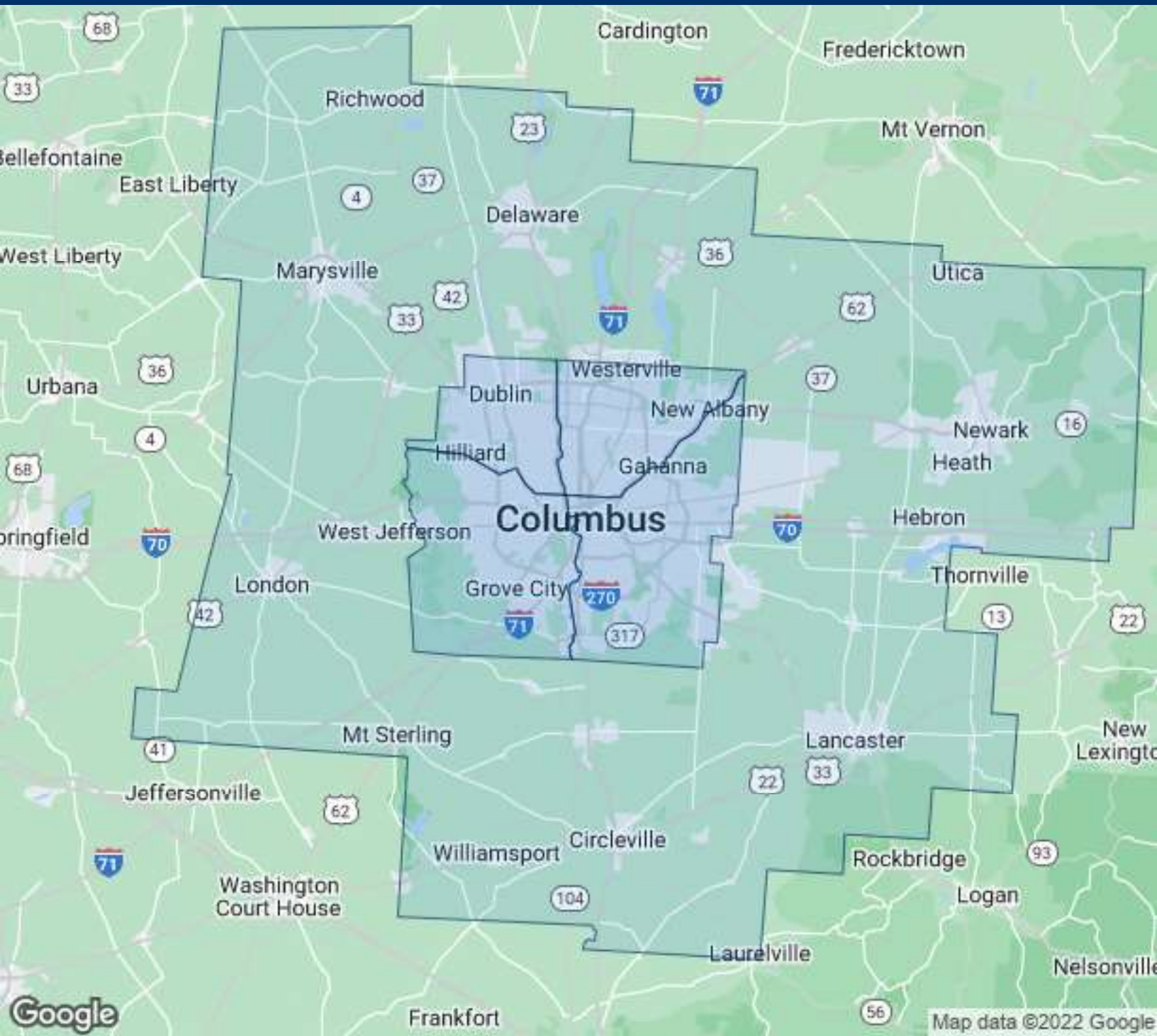
United States

MOODY'S
ANALYTICS

CRE

REPORT GENERATED
August 12, 2022

DATA AS OF Q2 2022



Columbus

I. EXECUTIVE BRIEFING

AVERAGE ASKING RENT **\$13.79/sqft**

AVERAGE VACANCY **11.3%**

(Published June 2022)

- The Columbus metro had the For June, ninth fastest rent growth in the nation, and the second in the Midwest region, behind only Columbus.
- Rent is expected to finish 2022 at \$13.96 in the Columbus metro.
- Vacancy in the Columbus metro drifted downward by 10 basis points.
- Vacancy is expected to finish 2022 at 10.5% in the Columbus metro.

Market Overview

A comprehensive examination of the Columbus retail market indicates that the largest 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 Q3 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

Asking rents climbed every month during the second quarter, with June's uptick of 0.1% bringing the cumulative quarterly total up to 0.5%. The market has now experienced three consecutive monthly gains in asking rent, for a cumulative total of 0.5%. Since the beginning of Q3 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, climbed by 0.2% during June to an average of \$11.85. Although all of the Columbus metropolitan area's five retail submarkets contributed to the metro's recent rent growth, it is useful to point out that the 0.6% 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 145,000 square feet, 33.1% lower than the average annual absorption rate of 216,900 square feet recorded since the beginning of Q3 2012. In a long-term context, June vacancy rate is 2.5 percentage points lower than the 12.9% average recorded since the beginning of Q3 2012.

Outlook

Between now and year's end, no more competitive retail stock will be introduced to the metro, and Reis estimates that net total absorption will be negative 26,000 square feet. As a result, the vacancy rate will drift upward by 0.1 percentage points to 10.5%. During 2023 and 2024, construction activity under surveillance is expected to deliver a total of 81,000 square feet. Total employment growth during 2023 and 2024 is projected to average 1.3% annually, while household formations are expected to average an increase of 1.1% per year. The market vacancy rate will finish 2023 at 10.6% and will increase 0.2 percentage points to 10.8% by year end 2024. Between now and year-end 2022 asking rents are expected to remain at a level of \$13.96. On an annualized basis through 2023 and 2024, asking and effective rents are anticipated to increase by 1.3% and 1.6%, respectively, to finish 2024 at \$14.32 and \$12.23.