

Industrial

Columbus

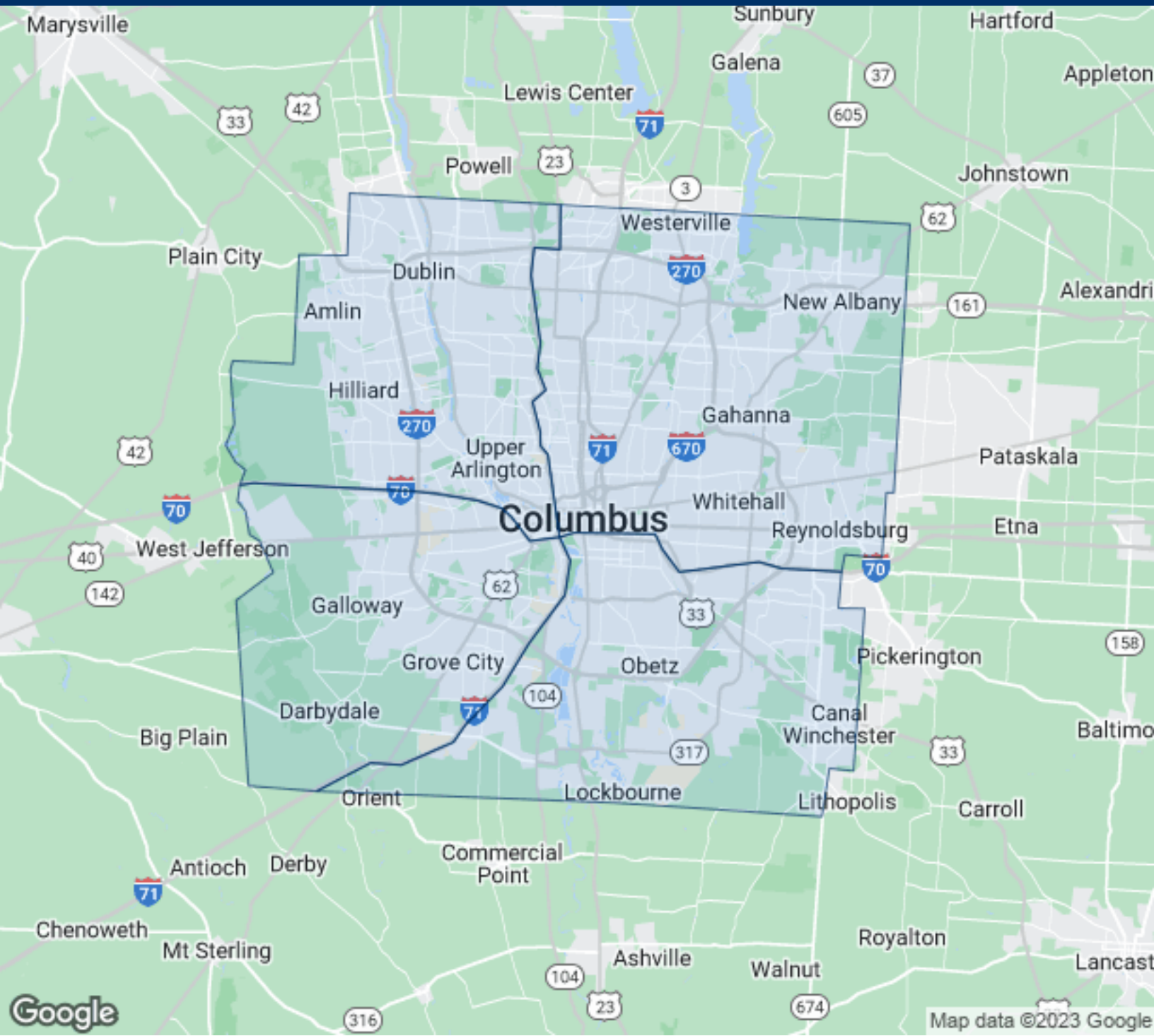
Midwestern Region

United States

MOODY'S
ANALYTICS

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REPORT GENERATED
February 10, 2023
DATA AS OF Q4 2022



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I. EXECUTIVE BRIEFING

AVERAGE ASKING RENT **\$4.71/sqft**

AVERAGE VACANCY **4.7%**

(Published December 2022)

- Rent in the Columbus metro was up 0.6% from November.
- Rent is expected to finish 2023 at \$4.71 in the Columbus metro.
- No vacancy change since November in the Columbus metro.
- Vacancy is expected to finish 2023 at 4.7% in the Columbus metro.

Market Overview

A summary of key real estate supply and demand metrics reveals that during the fourth quarter the Columbus warehouse/distribution market recorded positive net absorption, advancing effective rents, and no movement in the market's vacancy rate. It is meaningful to look at each of these critical measures of market health in more detail and from both a historical and forecast perspective.

Asking and Effective Rent

Monthly movement in asking rent during the fourth quarter was varied, with December's gain of 0.6% bringing the cumulative quarterly total up to 1.5%. Since the same reporting period last year, asking rents have advanced by 13.2%, up from \$4.16. Since the beginning of Q1 2013, the metro as a whole has recorded an annual average increase of 3.5%. Effective rents, which exclude the value of concessions offered to prospective tenants, climbed by 0.7% during December to an average of \$4.47. During the past 12 months, positive movement in asking rent was recorded in all four of the metro's submarkets.

Competitive Inventory, Employment, Absorption

Total employment in the Columbus metropolitan area increased by 5,700 jobs during the fourth quarter, representing a growth rate of 0.5%, while industrial employment grew by 2,100. Since the beginning of Q1 2013, the average growth rate for industrial-using employment in Columbus has been 1.0% per year, representing the average annual addition of 1,300 jobs. Leasing activity generated 60,000 square feet of absorption during December. Over the last 12 months, market absorption totaled 5.7 million square feet, more than double the average annual absorption rate of 2.8 million square feet recorded since the beginning of Q1 2013. In a long-term context, December vacancy rate is 6.9 percentage points lower than the 11.6% average recorded since the beginning of Q1 2013.

Outlook

During 2023 and 2024, construction activity under surveillance is expected to deliver a total of 5.7 million square feet. Industrial job growth over the same period is projected to average 0.6% annually. The market vacancy rate will finish 2023 at 4.7% and will fall 0.2 percentage points to 4.5% by year end 2024. On an annualized basis, asking and effective rents are projected to increase at a rate of 7.9% through year end 2024, reaching average rates of \$5.48 and \$5.20 per square foot, respectively.

I. EXECUTIVE BRIEFING

AVERAGE ASKING RENT **\$6.94/sqft**

AVERAGE VACANCY **7.1%**

(Published December 2022)

- Rent in the Columbus metro was up 0.6% from November.
- Columbus metro had its fastest rent rate of increase in four months.
- Vacancy in the Columbus metro drifted downward by 20 basis points.
- The Columbus metro was among the 20 highest vacancies nationally.

Market Overview

A summary of key real estate supply and demand market indicators shows that during the fourth quarter the Columbus Flex/R&D market recorded positive net absorption, climbing effective rents, and downward movement in the market's vacancy rate. It is meaningful to scrutinize each of these critical barometers in more detail and from both a historical and forecast perspective.

Asking and Effective Rent

Asking rents increased every month during the fourth quarter, with December's increase of 0.6% bringing the cumulative quarterly total up to 1.2%. The market has now experienced sixteen consecutive monthly gains in asking rent, for a cumulative total of 11.0%. Since the beginning of Q1 2013, the metro as a whole has recorded an annual average increase of 2.6%. Effective rents, which exclude the value of concessions offered to prospective tenants, also advanced by 0.6% during December. The identical rates of change indicate that landlords have succeeded in raising rents while maintaining a stable relationship between asking and effective rent values. During the past 12 months, positive movement in asking rent was recorded in all three of the metro's submarkets.

Competitive Inventory, Employment, Absorption

Total employment in the Columbus metropolitan area increased by 5,700 jobs during the fourth quarter, amounting to a growth rate of 0.5%, while industrial employment expanded by 2,100. Since the beginning of Q1 2013, the average growth rate for industrial-using employment in Columbus has been 1.0% per year, representing the average annual addition of 1,300 jobs. Over the last 12 months, market absorption totaled 850,000 square feet, far exceeding the average annual absorption rate of 160,400 square feet recorded since the beginning of Q1 2013. From an historical perspective, December vacancy rate is 7.3 percentage points lower than the 14.4% average recorded since the beginning of Q1 2013.

Outlook

Between now and year-end 2024, construction activity under surveillance is expected to deliver a total of 56,000 square feet. Industrial job growth over the same period is projected to average 0.6% annually. The market vacancy rate will finish 2023 at 6.8% and will decline 0.3 percentage points to 6.5% by year end 2024. On an annualized basis through 2023 and 2024, asking and effective rents are expected to rise by 4.9% and 5.0%, respectively, to finish 2024 at \$7.63 and \$6.97.