

Columbus Q4 2020 Industrial Market Report

Back-to-Back Record Construction and Delivery for Industrial Projects

The fourth quarter of 2020 saw the Columbus industrial market absorb 4.3 million square feet which brought the year-to-date net absorption to 10.4 million. In each quarter of 2020, the Columbus market recorded positive absorption, and despite the pandemic, the industrial market in Central Ohio has shown its continued stability throughout.

At 4.3%, overall vacancy in the fourth quarter stayed below 5.0% for four quarters in a row. The average asking rental rate shifted to \$3.89/SF during the fourth quarter, a decrease of \$0.02 from the prior quarter.

By the end of Columbus' fourth quarter, 7.4 million square feet of industrial product was under construction, with deliveries scheduled throughout 2021 and into early 2022. The pandemic has had little effect, if any, on the market's plans for new construction, or projects coming through the pipeline for 2021. In fact, demand has increased due to constraints on the supply chain throughout COVID-19. This year, 2.4 million square feet of new projects were delivered.

The Southeast industrial submarket of Columbus reported the most absorption with 1.46 million square feet. The vacancy for this submarket decreased by 0.7 percent, as the demand for space in Rickenbacker increased. This submarket delivered 1.2 million square feet in the fourth quarter, while 488,000 square feet remained under construction.

Current Conditions

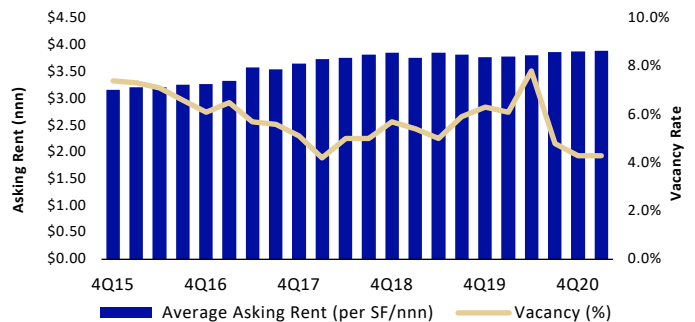
In 2020, Columbus saw vacancy rates steadily decline, and ended the year and the fourth quarter at 4.3%.

Absorption skyrocketed in the fourth quarter to 4.3 million square feet

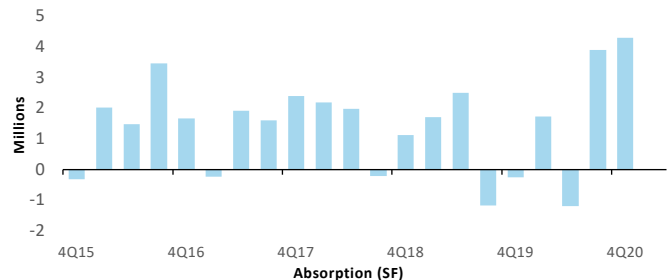
Buildings 500,000 to 1 million square feet are leasing quicker in Columbus, partly due to a shift from brick and mortar to e-commerce. This can also be attributed to a greater demand for bulk warehouses and larger distribution centers.

Market Analysis

ASKING RENT AND VACANCY RATE



NET ABSORPTION



Market Summary

	Current Quarter	Prior Quarter	Year Ago	12-Month Forecast
Total Inventory (SF)	252 million	248 million	233 million	↑
Vacancy Rate	4.3%	4.8%	6.3%	→
Quarterly Net Absorption (SF)	4.3 million	3.9 million	(171,000)	↑
Average Asking Rent/SF	\$3.89	\$3.87	\$3.77	↑
Under Construction (SF)	7.4 million	7.4 million	1.6 million	↑

Sales and Leasing Transactions

The pandemic did not slow the sales and lease transactions in Columbus' industrial market in 2020. In fact, big box retailers continued to seek out Central Ohio more than ever. With access to multiple means of transportation at Rickenbacker's Logistics Hub, Etna's superb location in proximity to I-70, and Downtown's latest developments, Columbus has much to offer e-commerce companies.

Etna, a submarket in Columbus that is located east of downtown, is set to be home to a \$70 million Ashley Furniture regional distribution hub. Etna's location in Central Ohio allows Ashley Furniture to reach 50% of the U.S. population within a day's drive. This will provide the furniture company with greater expansion opportunities. The new 1-million-square-foot development is likely to bring 300 jobs to the Columbus area. Downtown Columbus also has a promising future, given Amazon's new lease at 510 Sunbury Drive. Developed by Paul Profetta & Associates, this project is a 297,136 square-foot industrial warehouse that sits on 17.7 acres just off of I-670. This development is expected bringing hundreds of jobs to Columbus' downtown area and will serve as a much needed last-mile distribution hub for the e-commerce giant.

Thriving Construction Delivery in Columbus

Columbus' industrial market in the fourth quarter showcased its resiliency, despite the pandemic, with new construction at an all-time high. 7.4 million square feet of industrial construction was underway. As the quarter concluded, the market had nine different projects that had commenced, made up of 11 buildings and seven different developers. The largest among these was the Rickenbacker Exchange project at 1.2 million square feet, located in the Village at Commercial Point. Situated on 176 acres, the Rickenbacker Exchange is being developed by VanTrust. Project delivery is expected in the fourth quarter of 2021. Rickenbacker is also getting another large development with two separate buildings sized at 742,000 square feet and 404,000 square feet. This new hub, named "Rickenbacker Logistics Park" is being developed by CT Realty and is expected to be delivered in the first quarter of 2021. Another notable project under construction in the Columbus market is the I-70 Logistics Center in West Jefferson. This development by Core5 Logistics out of Atlanta, Georgia, is 1.1 million square feet on 62 acres and is set for delivery in the second quarter of 2021. Duke Realty remained one of the most active industrial developers in Central Ohio, and specifically Rickenbacker Logistics Hub.

[Click to access our Interactive Bulk Industrial Delivery Report.](#)

SELECT SALES TRANSACTIONS

Address	Submarket	Sale Price	Price/SF	Square Feet
2190-220 Westbelt Dr.	Hilliard	124.78 million	\$1,306.37	95,516
6380-6480 Adelaide Court	Groveport	15 million	\$57.76	259,685
4015 Fondorf Drive	Downtown West	1.75 million	\$54.96	32,000
999 Kinnear Road	Grandview	1.7 million	\$74.66	22,767
2000 E. Fulton Street	Downtown South	1.62 million	\$59.67	27,145
3805 E. Livingston Ave.	1-70 E. Corridor Ind	1.45 million	\$20.21	71,650

SELECT LEASE TRANSACTIONS

Tenant	Submarket	Building	Type	Square Feet
Amazon	Etna	8591 SW Mink Street	New	1.2 million
Amazon	Southeast	1260 Groveport Road	New	1 million
Amazon	N. Central	510 Sunbury	New	297,136
Rogue Fitness	Columbus	2652 Fisher Road	New	391,000
Voyant Beauty	New Albany	8860 Smith's Mill Road	New	304,318
Kenco Logistics	Canal Winchester	Winchester Logistics Park I	New	197,465
TP Mechanical	Columbus	3900 Groves Road	New	70,182

Submarket Statistics (Overall)

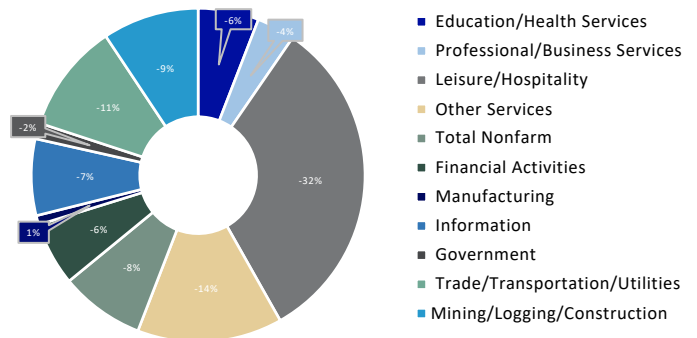
	Total Inventory (SF)	Under Construction (SF)	Total Availability Rate	Qtr. Absorption (SF)	YTD Absorption (SF)	Available Asking Rent (Price/SF)
Airport	15,200,000	-	6.3%	179,975	(56,100)	\$3.62
Delaware	10,600,000	101,000	4.6%	(275)	(199,000)	\$3.85
Downtown	566,000	-	-	-	-	-
Downtown South	10,200,000	-	7.2%	45,000	(231,000)	\$4.06
Downtown West	10,300,000	-	7.1%	-	252,000	\$3.43
Dublin	1,800,000	-	12.5%	(4,622)	60,800	\$4.90
Fairfield	7,700,000	-	1.6%	-	3,200	\$2.95
Grandview	2,000,000	-	5.2%	(18,312)	(30,500)	\$3.92
Hilliard	21,600,000	134,000	6.6%	257,932	(54,000)	\$3.84
I-70 E. Corridor	7,200,000	872,000	14.2%	(440)	12,100	\$4.00
Licking	25,500,000	1,640,000	4.7%	1,946,011	3,100,000	\$4.08
Madison	14,600,000	1,100,000	23.8%	(46,000)	910,000	\$3.92
Morrow	1,600,000	-	18.6%	-	13,100	\$2.00
N. Central	10,800,000	357,000	2.5%	(16,070)	385,000	\$4.76
Pickaway (Rickenbacker)	10,700,000	2,300,000	17.9%	210,205	137,000	\$3.98
Southeast (Rickenbacker)	63,800,000	488,000	10.2%	1,451,231	795,000	\$3.86
Southwest	18,700,000	316,000	10.5%	241,584	(752,000)	\$4.12
Union County	9,900,000	84,000	1.9%	37,600	500,000	\$4.22
Westerville	3,300,000	-	4.6%	167,247	141,000	\$3.46
Worthington	6,300,000	-	1.6%	26,750	(83,900)	\$4.96
Market	252,366,000	7,400,000	8.5%	4,310,569	4,341,800	\$3.89

Economic Conditions

Columbus' economy finished stronger than the United States and the state of Ohio during the fourth quarter. After seeing higher rates earlier this year the Columbus unemployment rate finished the fourth quarter at 4.9% compared to the national average of 6.7%. Payroll Employment in the United States finished the fourth quarter at negative 6.0% while Columbus concluded the quarter at negative 6.4%. Each industry's employment percentage faced a decline this quarter. The Consumer Price Index in Columbus has also been steadily lower than the national average, though the Columbus CPI finished at 1.1% in the fourth quarter, just shy of the 1.2% the United States posted as a whole. During the fourth quarter, Columbus saw a relatively sturdy economy despite unsteady national economic conditions.

Employment by Industry

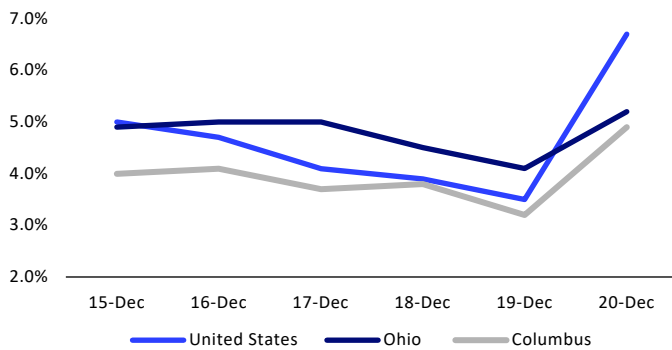
Columbus, Nov 2020*, 12-Month % Change, Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics (* preliminary)

Unemployment Rate

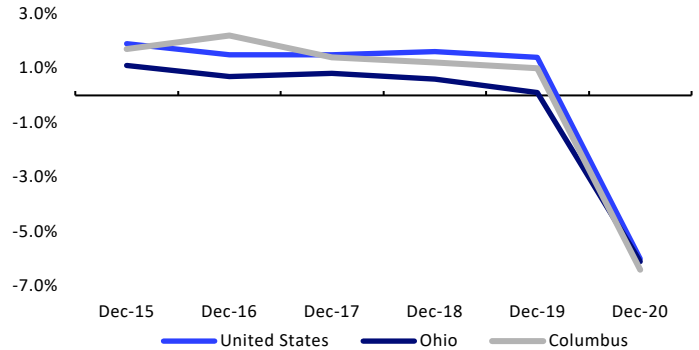
Not Seasonally Adjusted, Nov 2020*, 12-Month % Change



Source: U.S. Bureau of Labor Statistics (* preliminary)

Payroll Employment

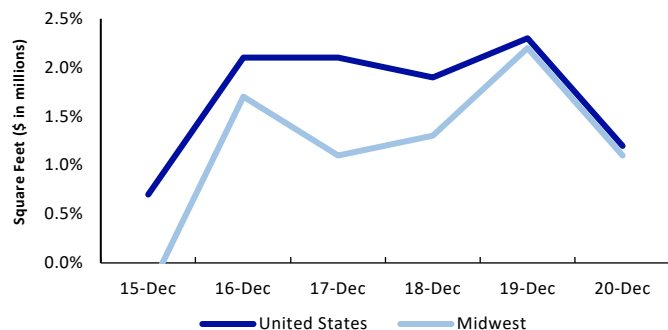
Not Seasonally Adjusted, Nov 2020*, 12-Month % Change



Source: U.S. Bureau of Labor Statistics (* preliminary)

Consumer Price Index

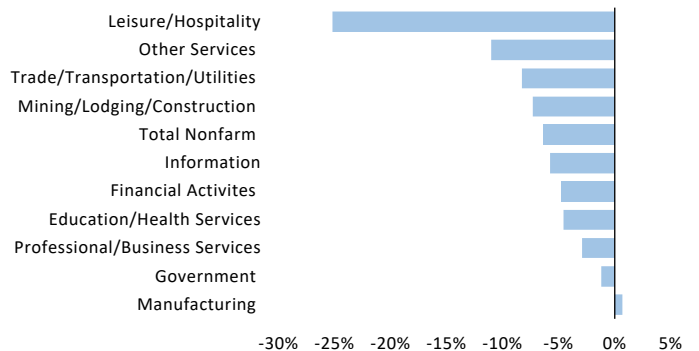
All Items, Nov 2020*, 12-Month % Change, Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics (* preliminary)

Employment Growth by Industry

Columbus, Nov 2020*, 12-Month % Change, Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics (* preliminary)

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