

# Columbus Real Estate Market Review

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The right answer  
To the right problem  
In the right way

We are not order takers

We ask why and provide the quickest and most cost  
effective solution to your problem

# *Roadmap*

## Overarching Themes

### Property Types Reviewed:

Office

Medical

Multi Unit Residential

Single Unit Residential

Retail

Industrial

Other Points of Interest

Ongoing Development

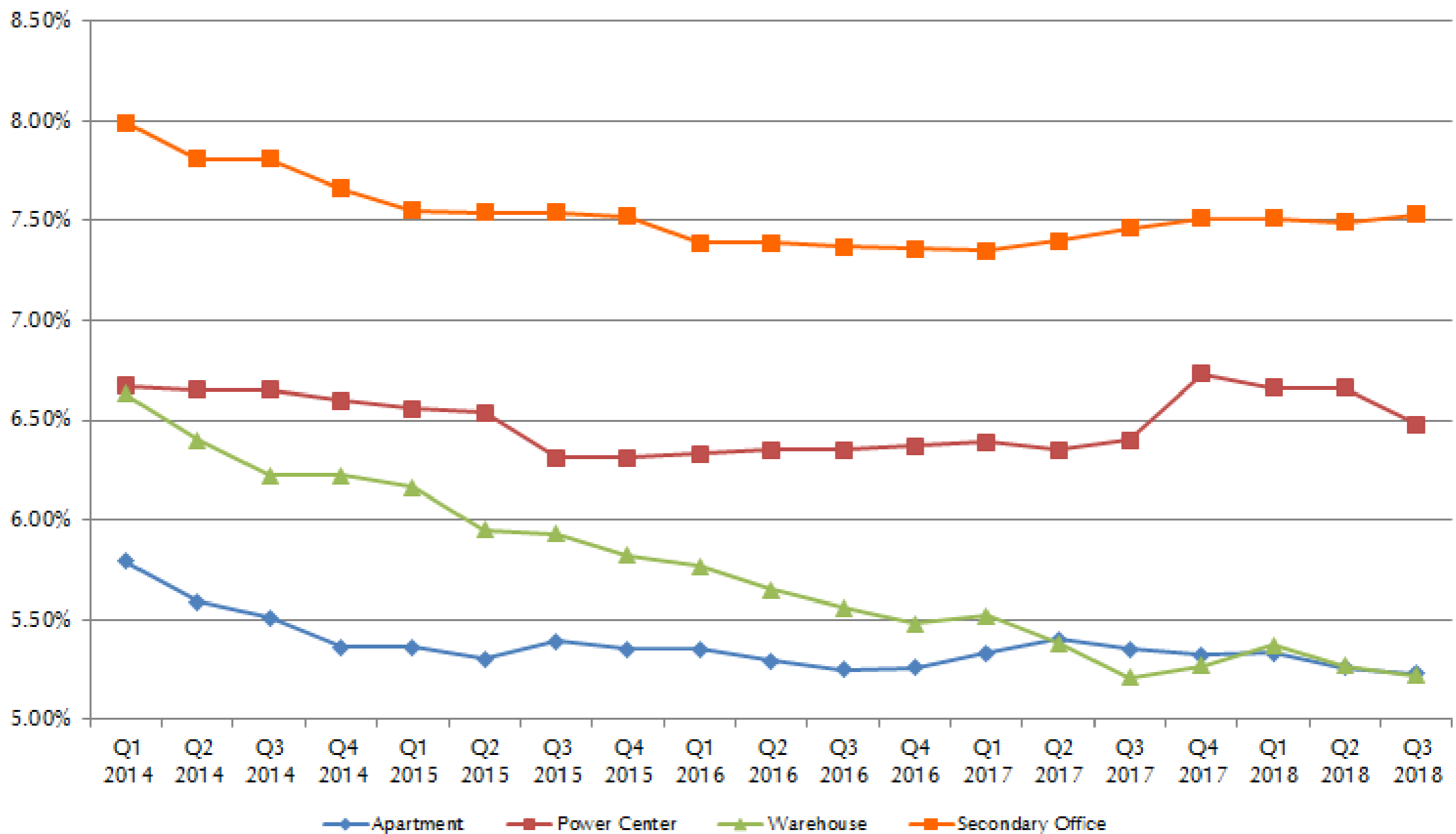
Questions – Anytime!

# Overarching Themes

- Rising interest rates
- Inverted yield curve
- Labor shortage / increased costs
  - Slowing GDP
  - Technology
- Boomers / Millennials
  - Live Work Play

# The Big Picture on Capitalization Rates

*Korpacz Average Overall Rates*



# Ten-Year Treasury Yield



# Federal Funds Rate



# Gas Prices

NATIONAL GAS PRICE COMPARISON | 2015-2018

11/26/18



Note: Prices are per gallon for regular unleaded gasoline.

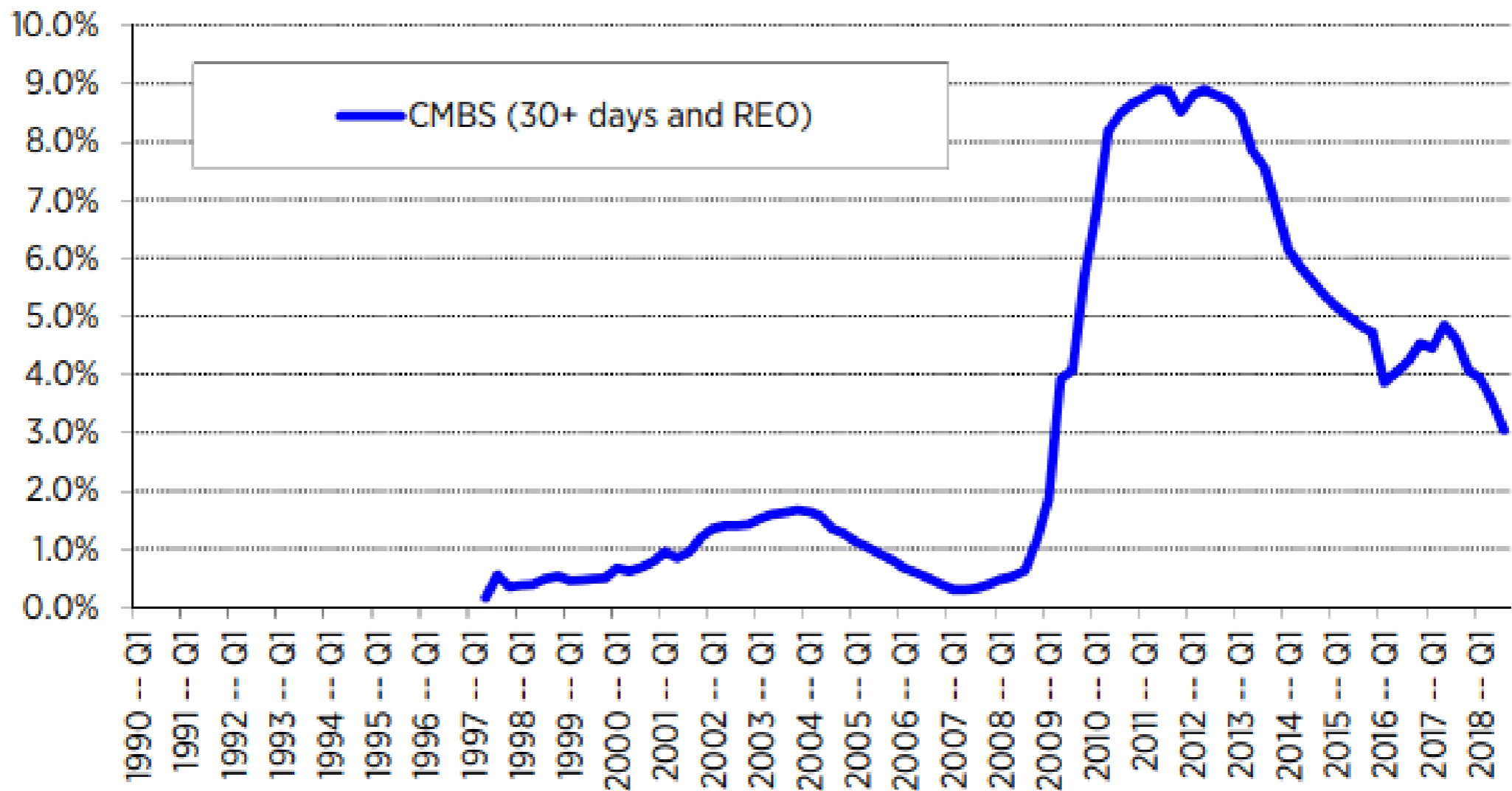
Source: AAA (GasPrices.AAA.com)



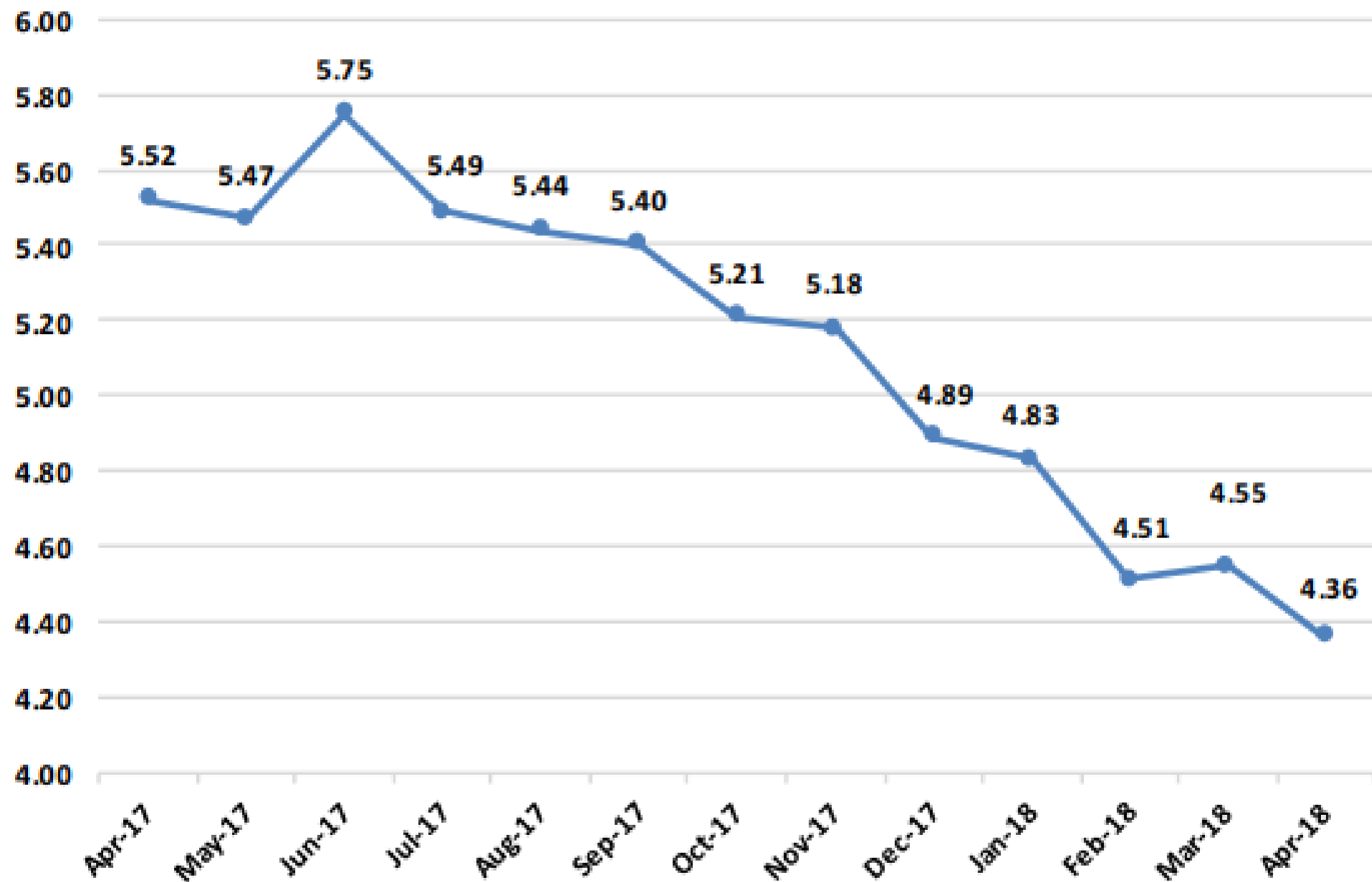


# Mortgage Delinquency Rates (CMBS)

1990-2018



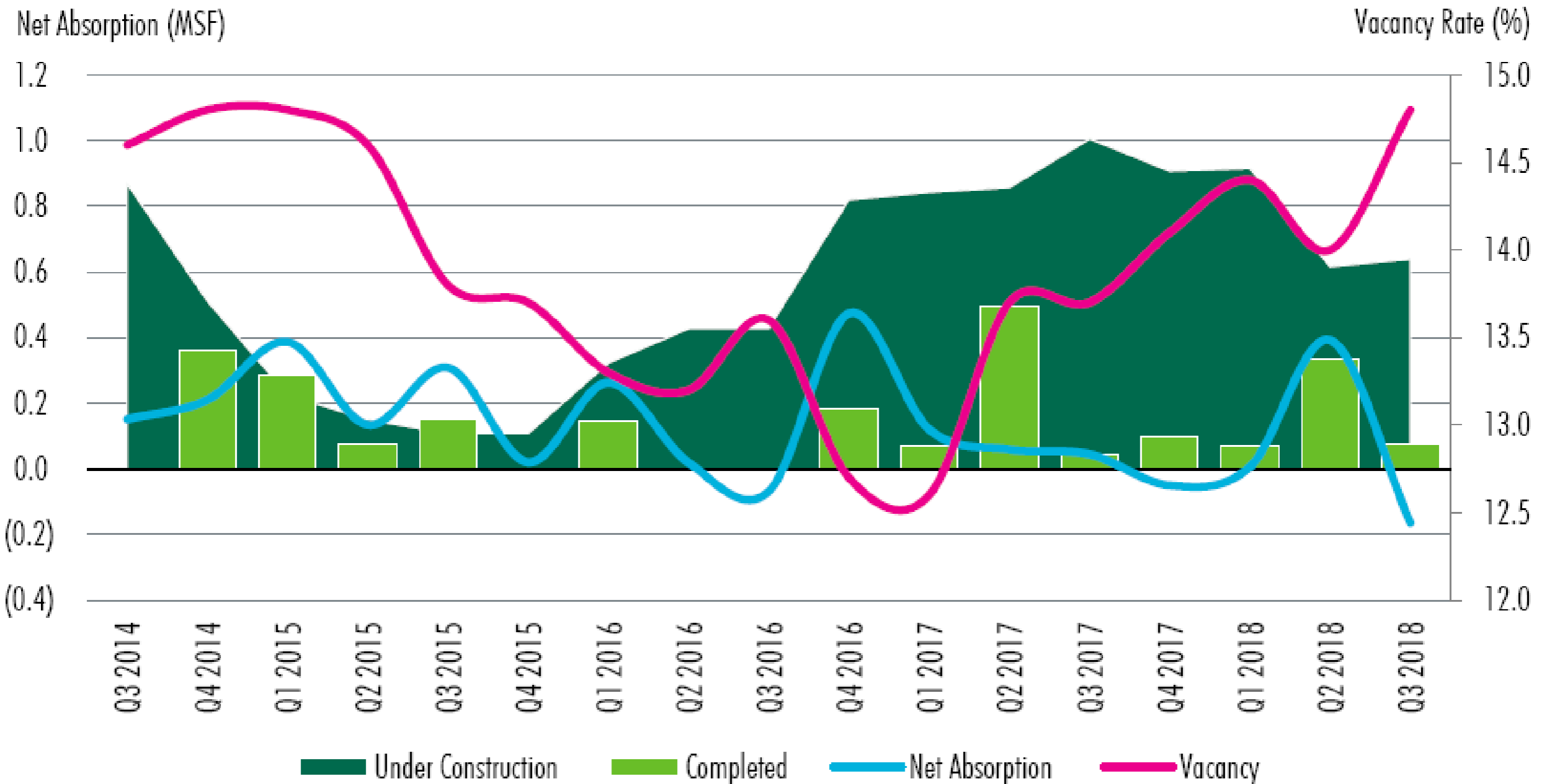
# CMBS Delinquency Rates Since 2017



Source: Trepp

# Office Markets

# Columbus Construction, Net Absorption, and Vacancy



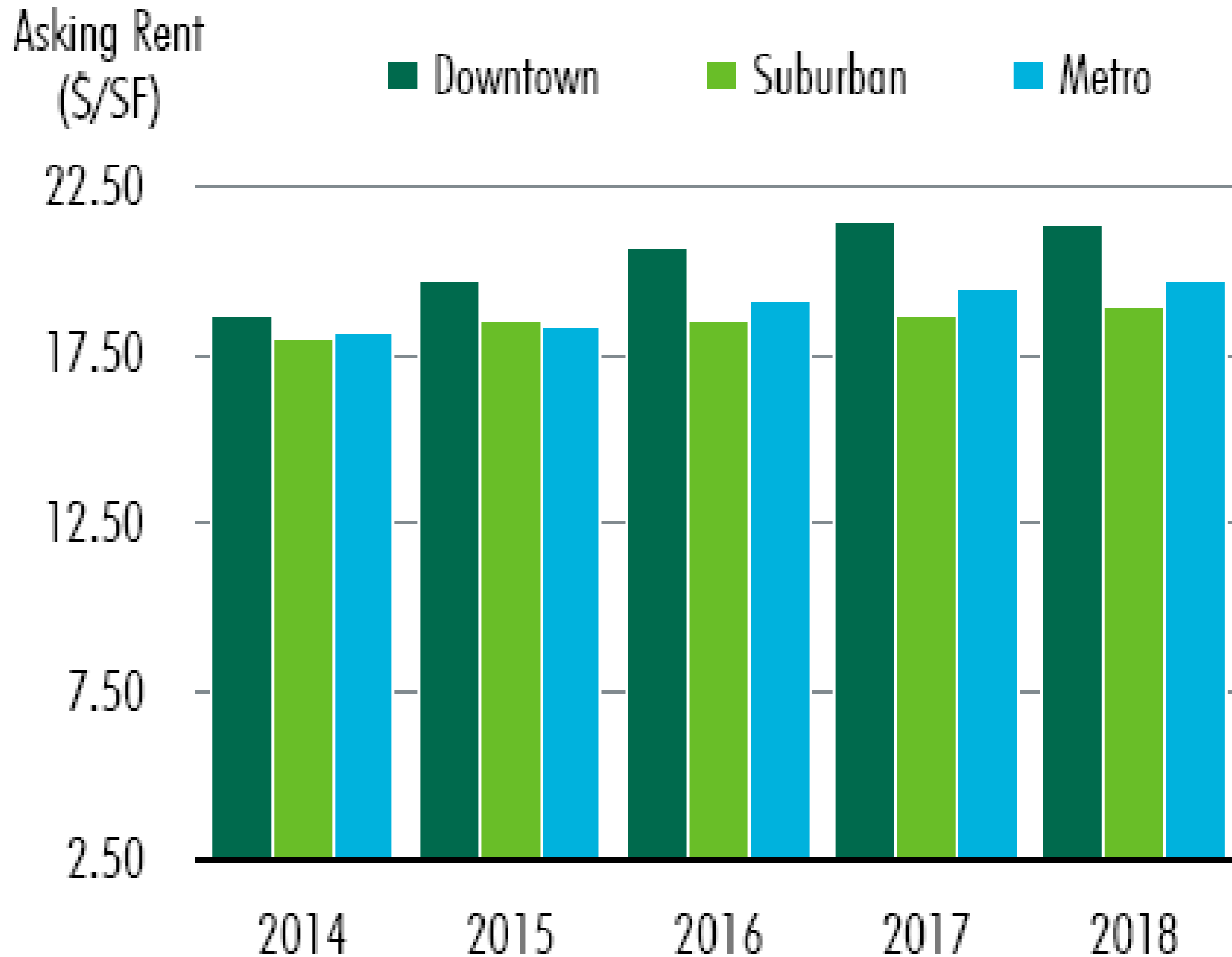
**Vacancy Rate**  
14.8%

**Asking Lease Rate**  
\$19.75 PSF

**Net Absorption**  
(164,648) SF

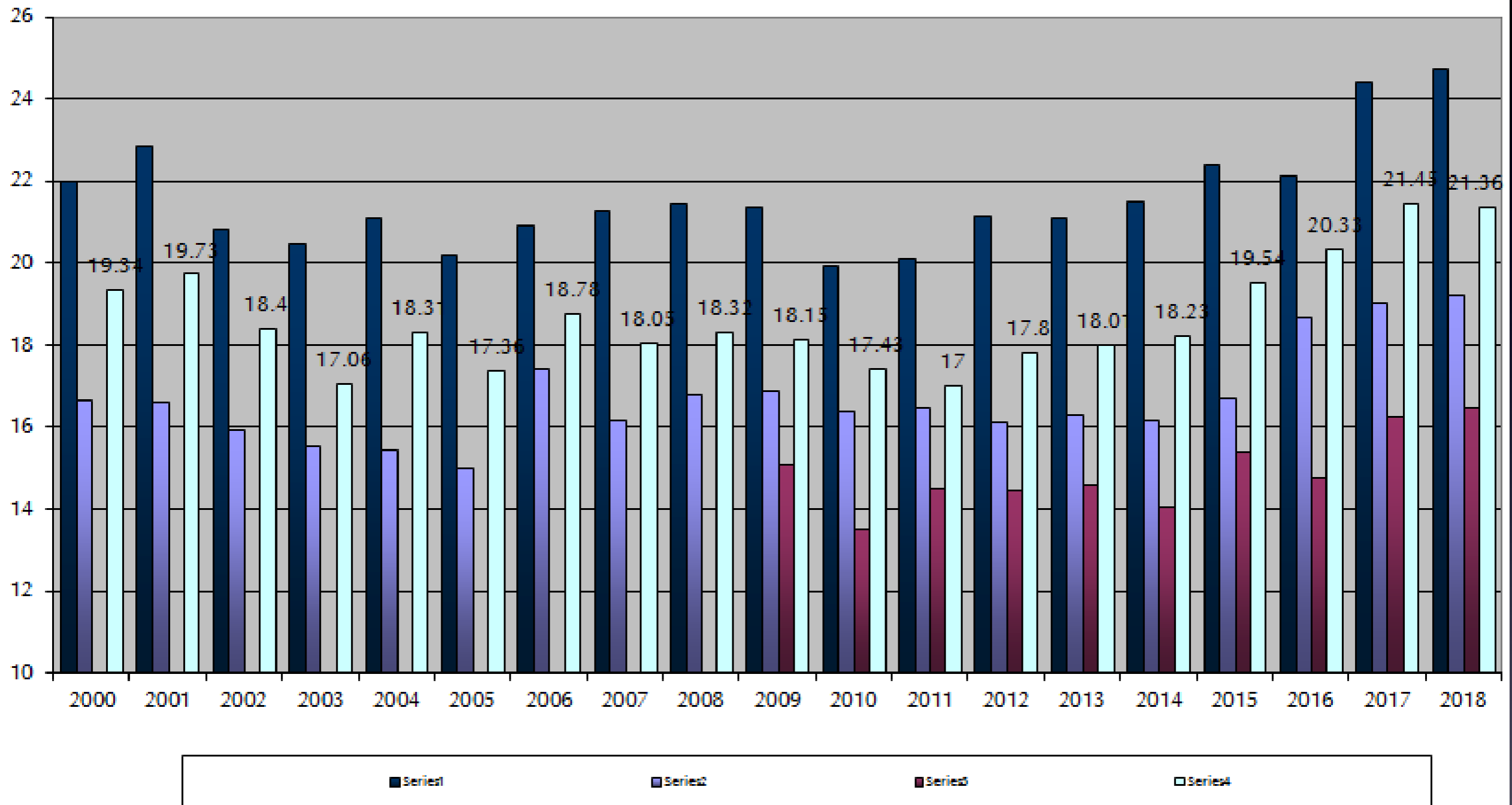
**Under Construction**  
638,256 SF

# Direct Average Asking Rates (Gross)



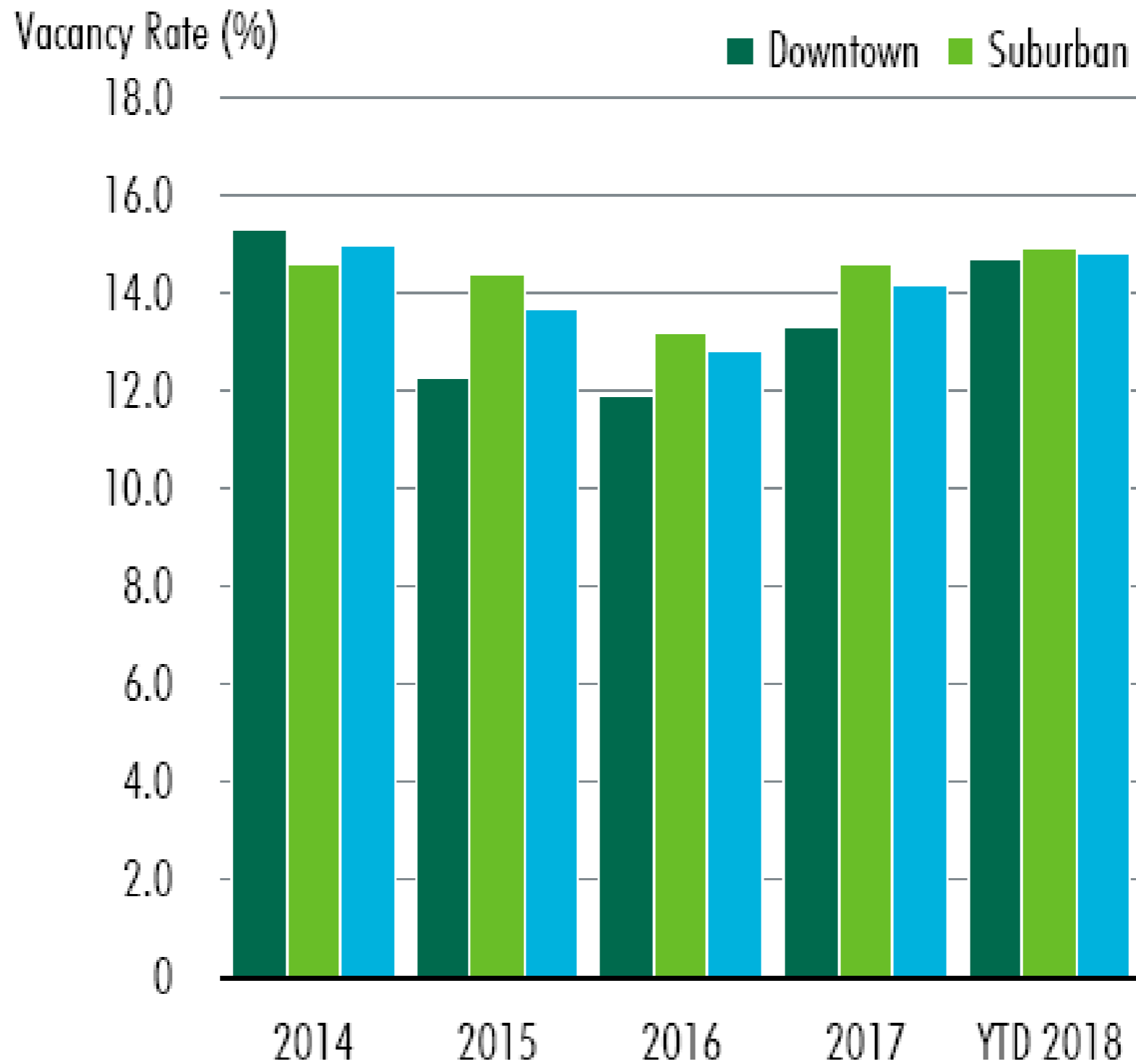
# Columbus CBD Office Rental Rates

Full Service Cross Basis



Source: CBRE Marketview Columbus Office

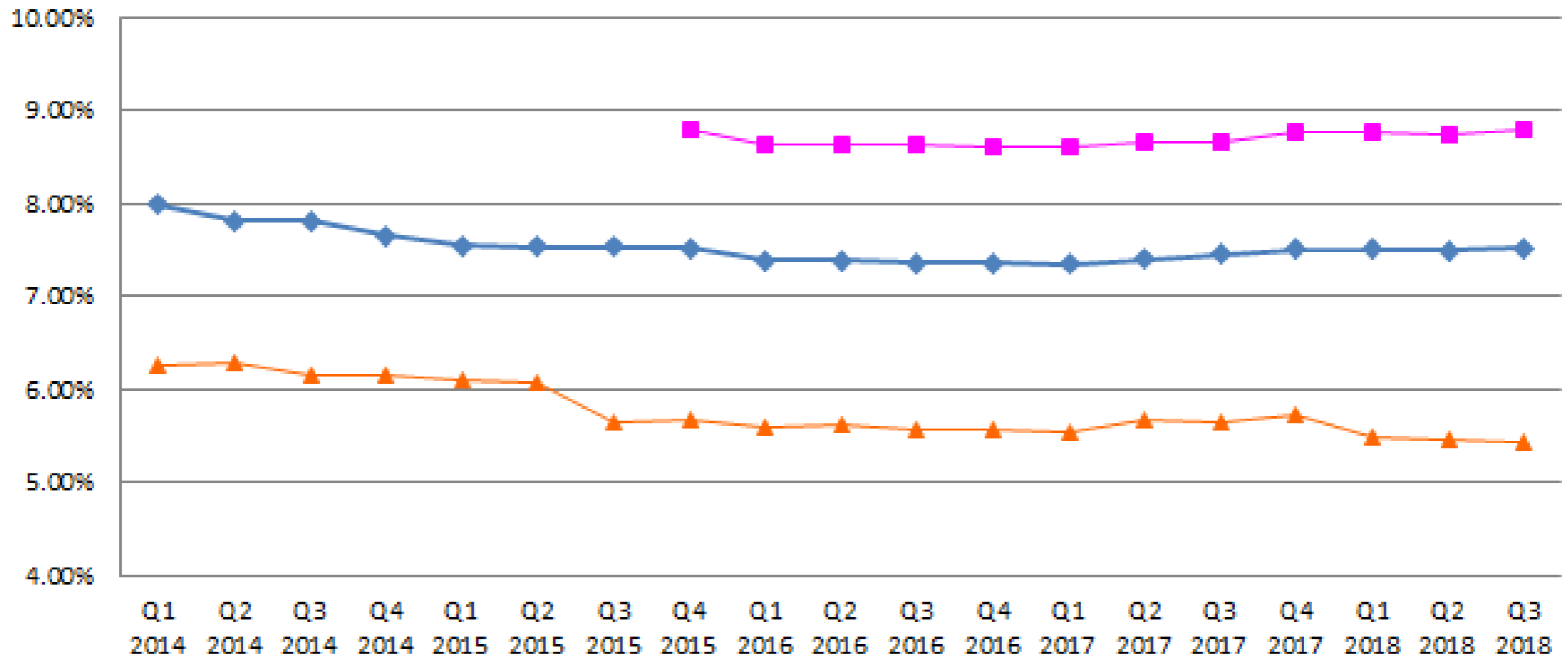
# Office Vacancy Rates



Source: CBRE Research, Q3 2018.

# Capitalization Rates

**PwC National Secondary Office Market: Average OAR**



source: Karpacz Investor Survey





# Millennial Tower

- Arshot Investment Corp
- SWC of S Front and W Rich Street
- \$150 million
- 28-stories: 179 residential units, 130 room hotel, and 674 parking spaces
- 195,000 SF of office and retail
- Residential component will be a market-driven combination of condominiums and apartments
- Estimated completion: End of 2020



# North Market Tower

- 35 story mixed used tower with 200 residential units above office/retail space
- Adding 160 parking spots to the tower



# Grandview Yard: Planned/Completed



## Nearing Completion

- 1.2 million square feet (Class A Commercial including office, restaurants, grocery, and hospitality)
- 1,300 residential units
- 680,000 square feet of commercial space
- 274 residential units
- 126 room hotel
- The Grand Event Center

# Pins Mechanical

- Renovation of the historic 4-story building at 134 E. Long St. to become new headquarters of Rise Brands
- First floor will feature an open staircase and café-style welcome area
- Second floor will be for operations
- Third floor will be for creative staff
- Fourth floor will be for the leadership team



# Big Lots Headquarters



- 320,000 SF flagship headquarters
- Approximately 800 employees

# DHL Headquarters

New Daimler DHL headquarters in Westerville

- \$20 million, 145,000 sq. ft. building at 260 Westar Place
- Conference rooms, work rooms, huddle spaces, café and space to host food vendors, 6 electric vehicle charging stations outside
- Employees will move into the new headquarters in December 2019



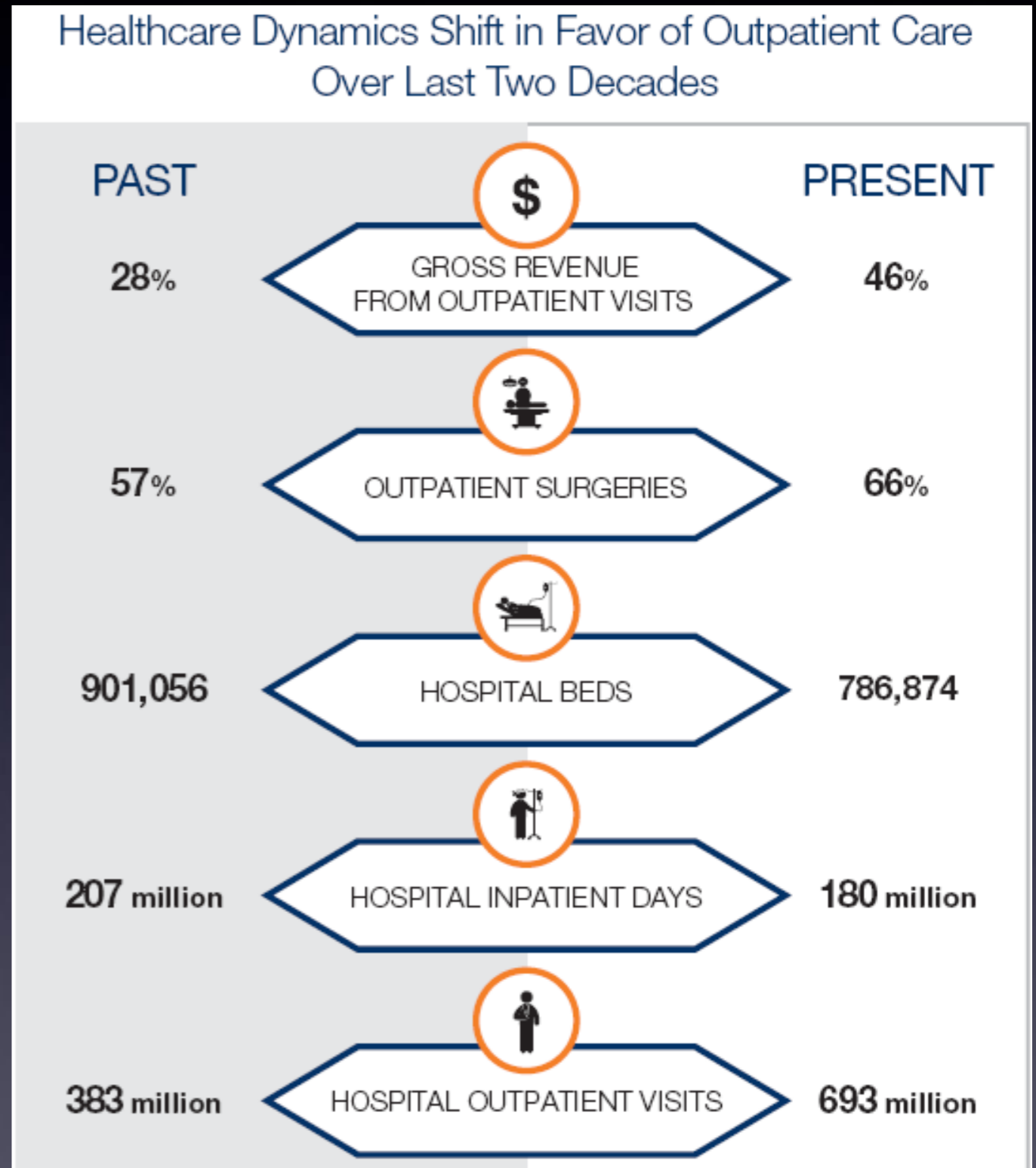
# CoverMyMeds

- \$240 Million campus located NWC of McKinley and Souder avenues
- 1,000 new jobs
- Partnering with COSI and Columbus Metropolitan Library to train local talent



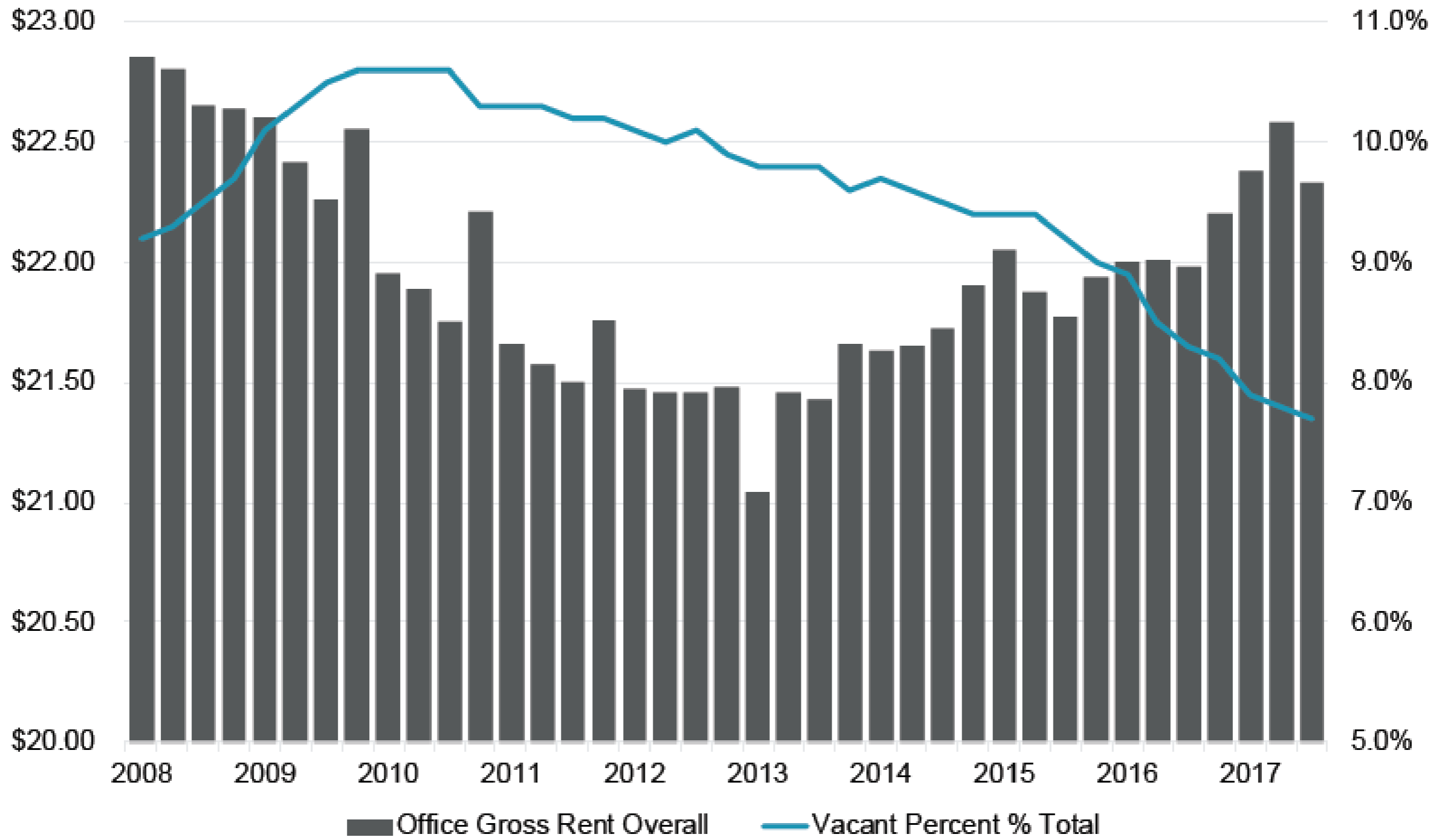
# Medical and Health Care Trends

- Columbus' health care scene is healthy, anchored by increasing rent and low vacancies
- Average rent for Columbus medical office buildings has reached \$16 per SF in 2018, up from approximately \$14.80 at the start of 2017
- Columbus health care construction is in a boom, as of the end of 2017, 4.5 million SF of hospital/medical office space was being constructed





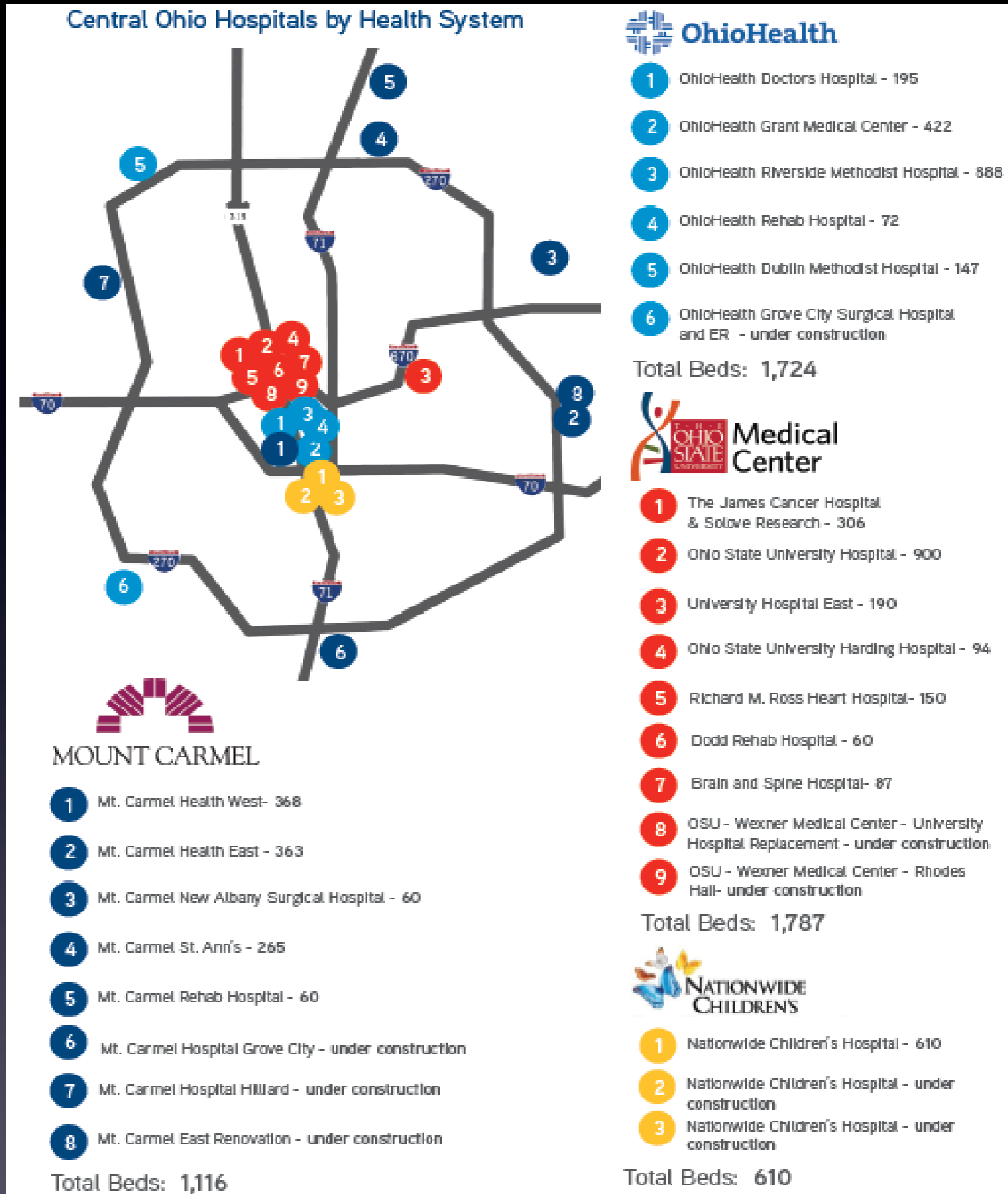
### Medical Office: All U.S. Markets



Source: CoStar Group, Inc.; Cushman & Wakefield Research

# Hospital Systems/Growth

- Four major Columbus Health Systems
- Total beds as of the end of 2017 = 5,237
- Represents a 6% increase since 2015



# CBD: Nationwide Children's Phase II: Hospital Expansion

- \$730 million, 11 project campus expansion
- \$158 million Behavioral Health Pavilion
- \$130 million toward Research Space
- All projects are to be completed by the end of 2021



- Additional new office (north of I-70), data, infrastructure

# Nationwide Children's Hospital: Behavioral Health Pavilion

- Western half of enlarged Children's campus
- \$158 million
- Nine stories, 385,000 sf
- Expected to open in 2020
- \$28 million parking garage to be added



[Additional Images](#)

# Ohio State University New Hospital/West Campus Project

- Hospital plans to have 840 beds, replacing 440 beds in Doan/Rhodes Halls
- Outpatient/Urgent care will be approximately 340,000 SF
- ~\$2 billion in construction
- Plan is to open hospital in 2025, outpatient center in 2022



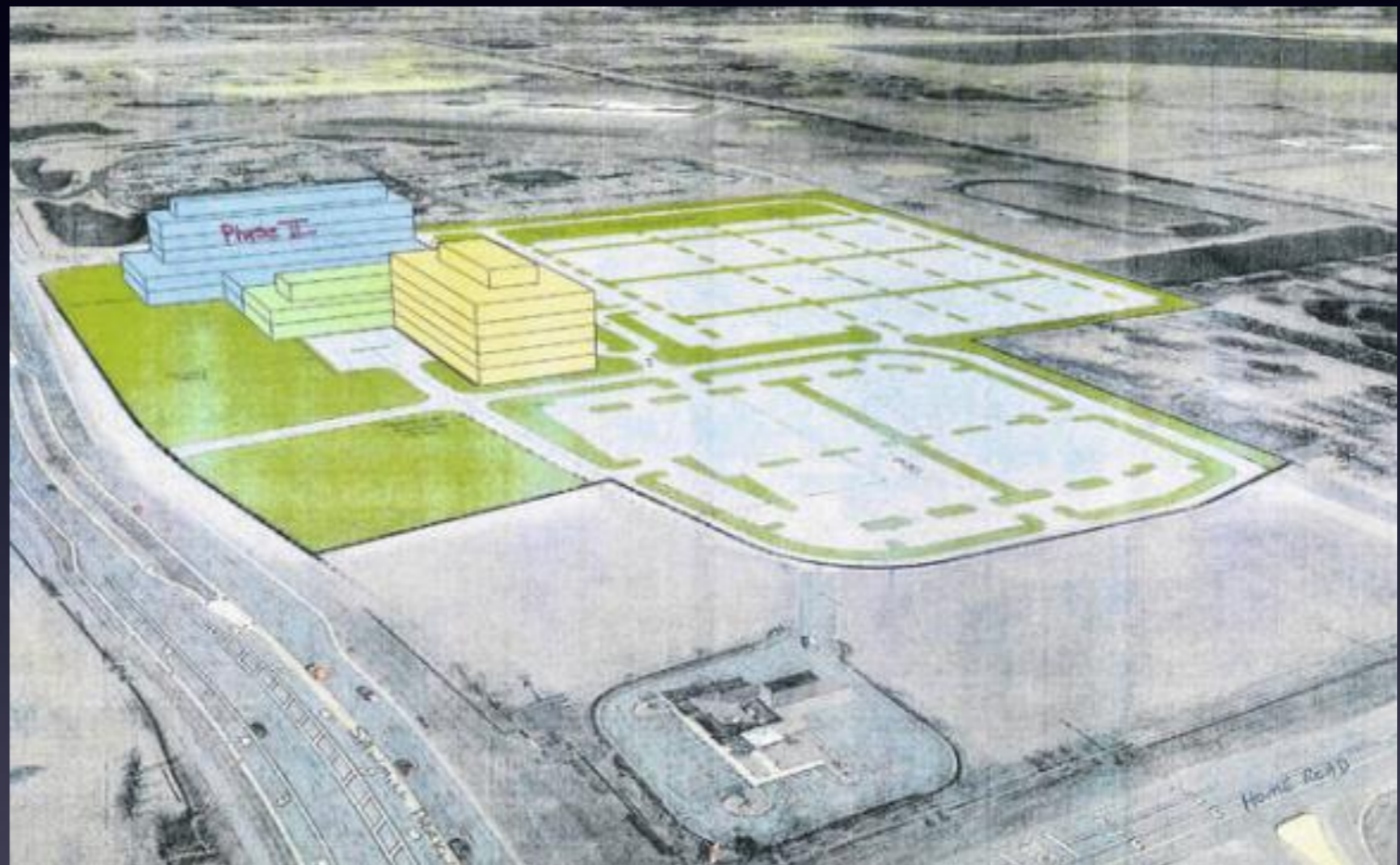
# OSU/Nationwide Children's Proton Therapy Center

- \$100 Million Project
- Located at OSU's West Campus
- Expected to open in 2021
- Will occupy 55,000 SF of the 340,000 Outpatient Center



# Ohio State - Sawmill Parkway

- New two-phase project:
  - Phase 1: 150,000 SF ambulatory-care center, and 56,000 SF MOB
    - Will house specialty care, MRI/X-Ray services, offices for primary care/mental health
  - Phase 2: 216,000 SF, will include a “micro-hospital”
- Project will employ ~500 people, payroll to exceed \$50 million



# Ohio State-Hamilton Quarter

- Similar to Sawmill Parkway project
- 200,000 SF first phase, second phase could double the project's size (400,000 total)
- Expected cost of \$95 Million
- Second phase potentially a low-acuity hospital





# New OhioHealth Corporate Headquarters

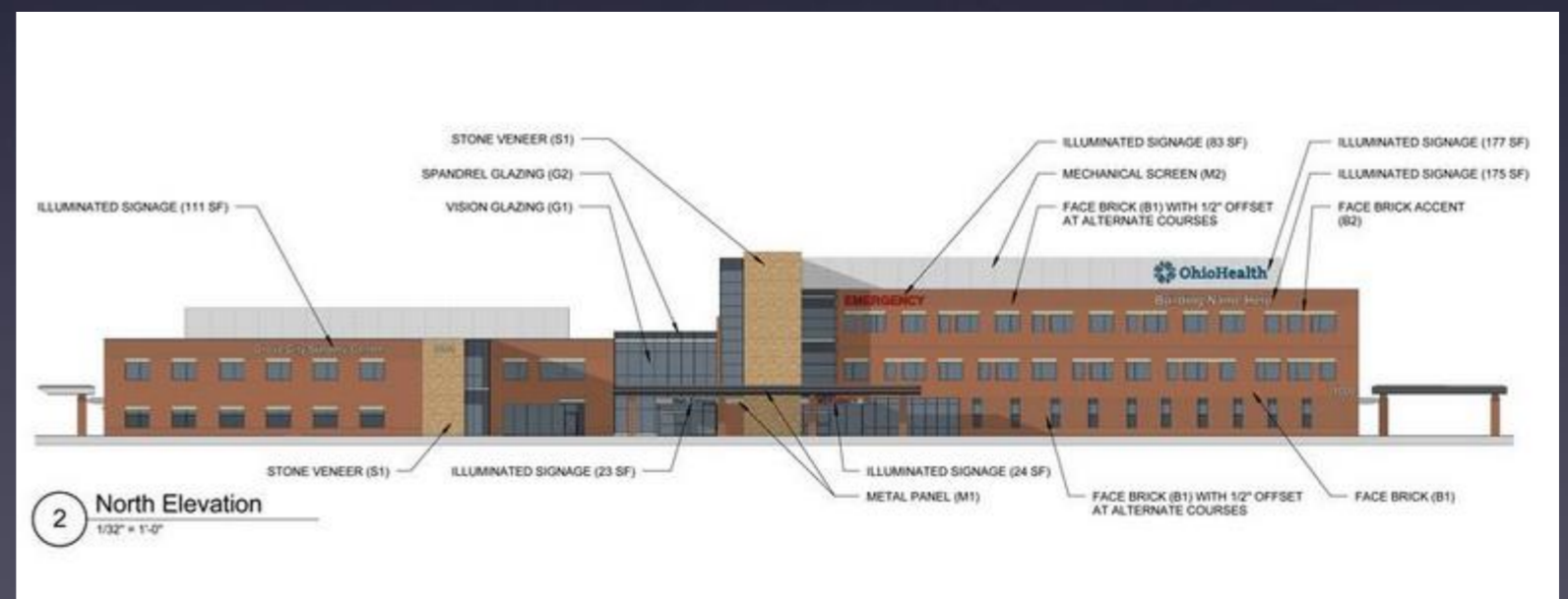
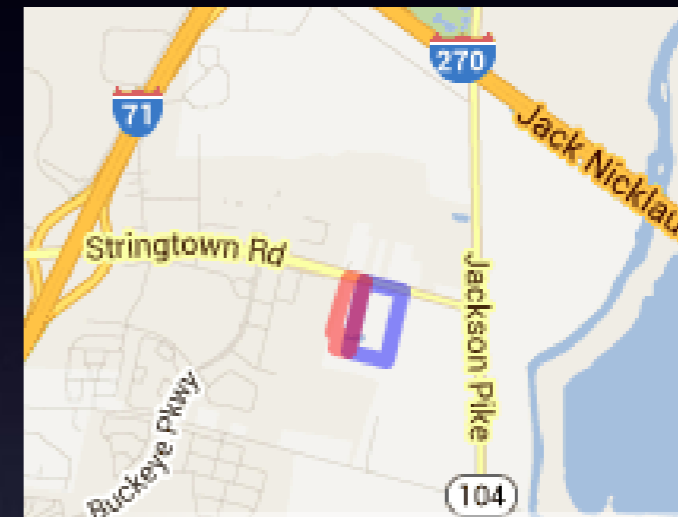


- OhioHealth
- SEQ of SR 315 and North Broad
- 315 interchange update could cost \$40+ million



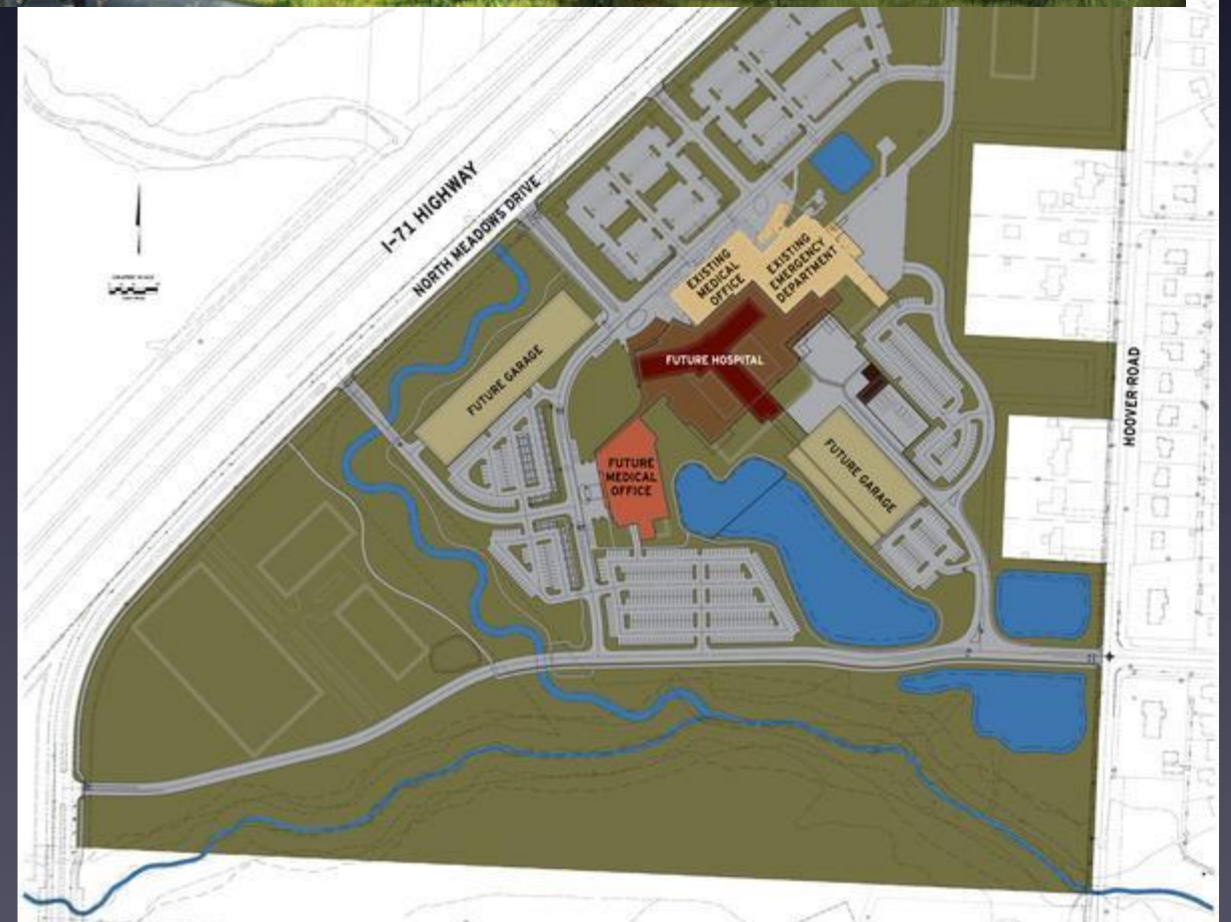
# Southwest: OhioHealth Stringtown Road Surgery Center

- 22 acres acquired in SW quadrant of Stringtown Road and Jackson Pike
- Opened in 2017 to correspond to Westerville Medical Campus
- 79,000 square foot hospital plus 40,000 square foot office building
- 20 inpatient rooms
- 3 operating rooms
- \$46.5 million



# Southwest: Mount Carmel Grove City Medical Center Expansion

- Mount Carmel West Will go to emergency outpatient only
- \$355 million expansion
- 500,000 square feet
- 210 new rooms
- Two free-standing MOB's opening in 2019
- Opening early 2019



# East: Mount Carmel East Expansion

- Nearing Completion late 2018
- New 284,000 sf, five-story patient tower
- 381 beds after conversion and expansion
- New 439-space, two-story parking garage
- \$310 million



# Mount Carmel - Psychiatric Hospital

- Mount Carmel joint venture with Acadia
- \$26 million development
- 80 bed hospital, located next to Fort Rapids
- Projected to be 64,300 square feet

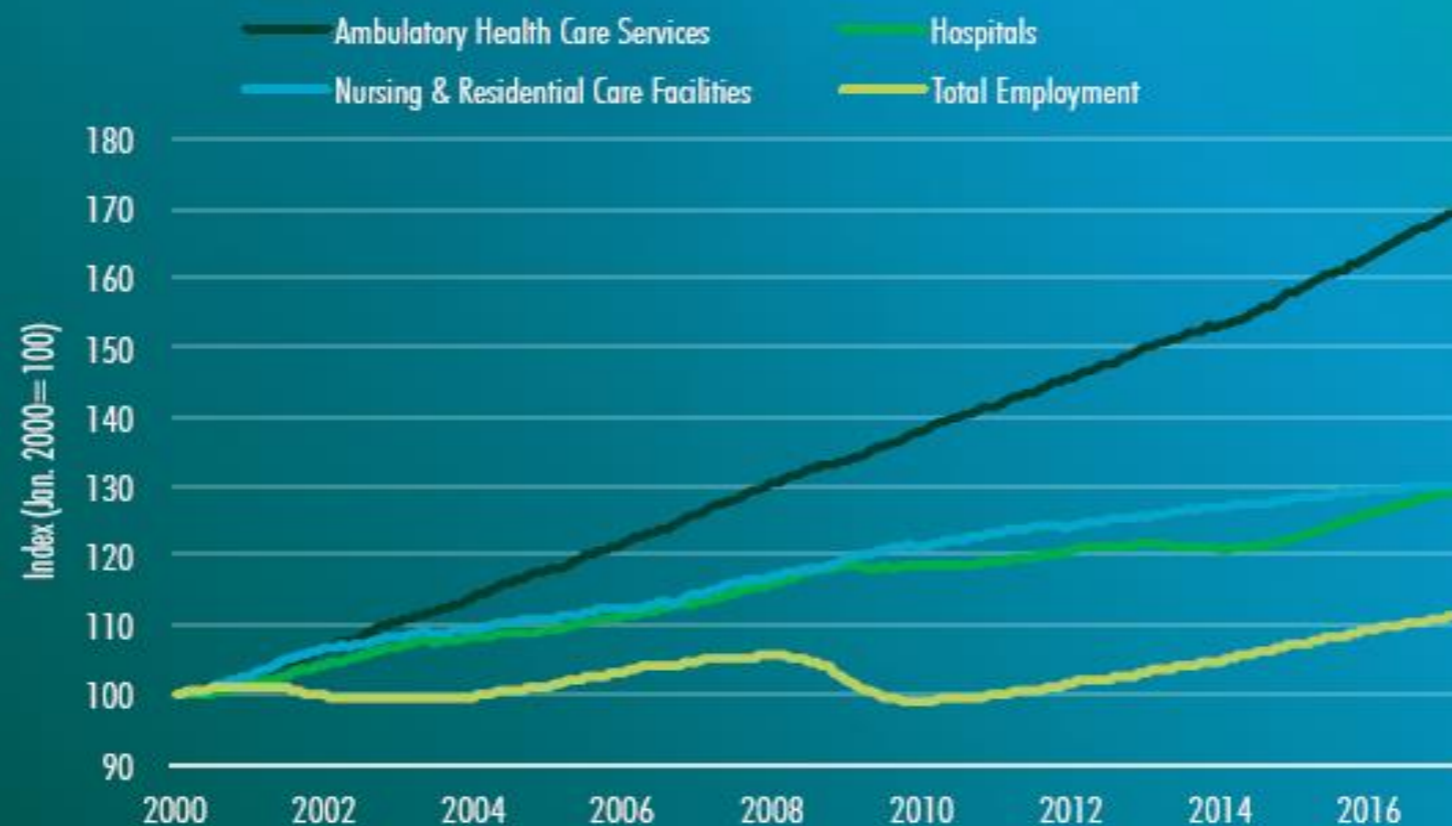


# Where is Health Care going?

- The 65+ population expected to nearly double between 2015 and 2055 – U.S. Census Bureau
- Job increases follow

*Health care jobs, particularly for physicians, have been added at a much faster pace than jobs overall*

Figure 4: Employment Growth Index, Health Care Sectors vs. Total U.S. Employment



Note: Latest data as of May 2017.

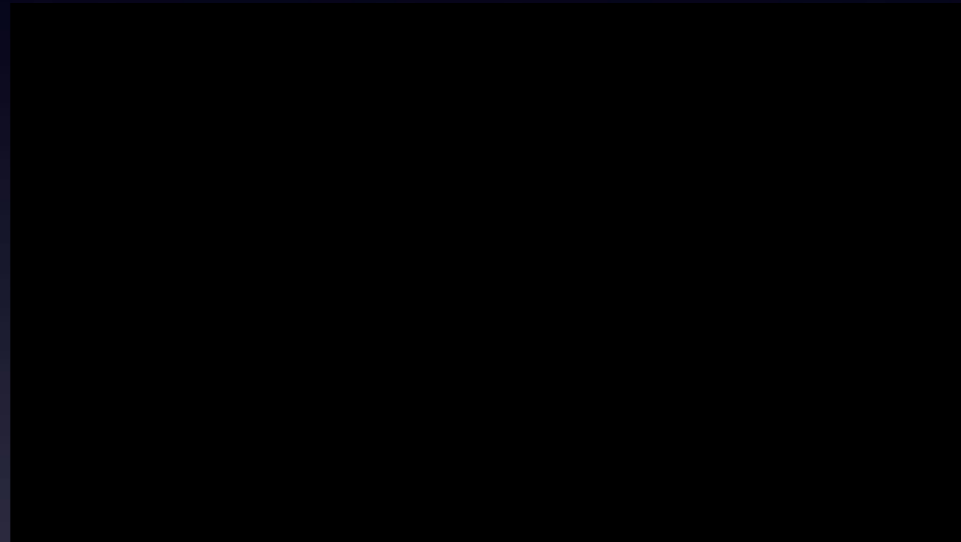
Source: U.S. Bureau of Labor Statistics, July 2017.

# Developers Responding

- Just announced: opening three primary care medical centers in underserved areas
- OhioHealth partnering with ChenMed
- Geared towards seniors
- Investment could reach \$200 million over five years, and each site creates more than 30 jobs.



# The Future of Health Care - Digital Twin





# Multi Unit Housing Markets

## 2015

“The number of new units delivered in 2014 totaled 238,000, marking a 14-year high... Supply totaling 210,000 units in 2015 will likely surpass demand for 186,000 rentals, increasing vacancy to 4.8%, nationwide”

-Marcus & Millichap National Apartment Report Q1 2015

## 2016

“New rentals were absorbed in substantial numbers last year, contributing to a decline in national vacancy to 4.2%... Developers will complete 285,000 units in 2016, surpassing last year’s total of 250,000 rentals.”

-Marcus & Millichap National Apartment Report Q1 2016

## 2017

“Developers will bring 371,000 units to market in 2017... National Apartment vacancy will end 2017 at 4.0%, as robust net absorption supports a 3.8% rise in average effective rent. Class A vacancy rates will climb in many markets where substantial supply influxes are on tap.”

-Marcus & Millichap National Apartment Report Q1 2017

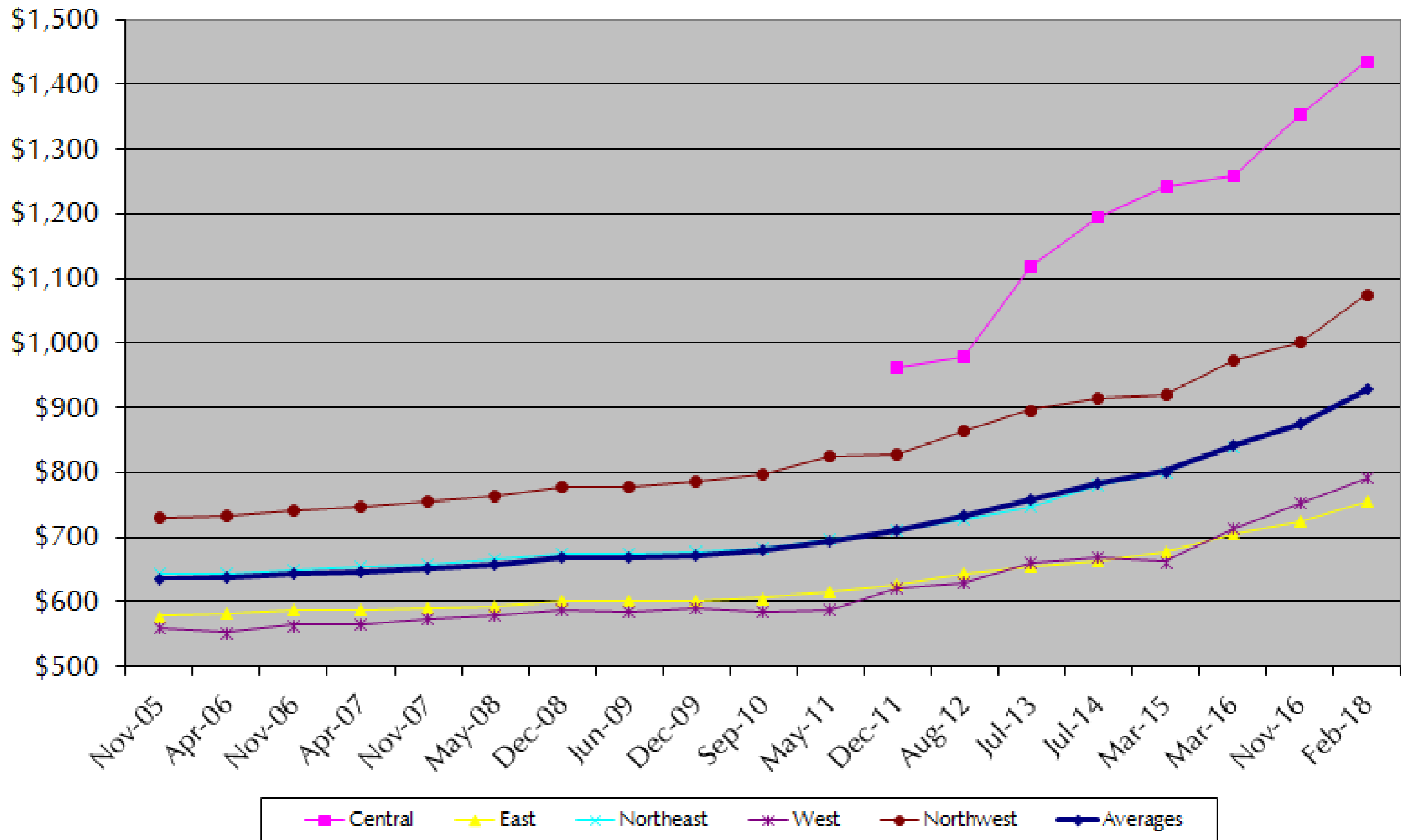
## 2018

“In the coming year, rising development costs, tighter construction financing and mounting caution levels will curb the pace of new additions from the 380,000 units delivered in 2017 to approximately 335,000 apartments. Although the pace of completions will moderate in 2018, additions will still likely outpace absorption.”

-Marcus & Millichap National Apartment Report Q1 2018

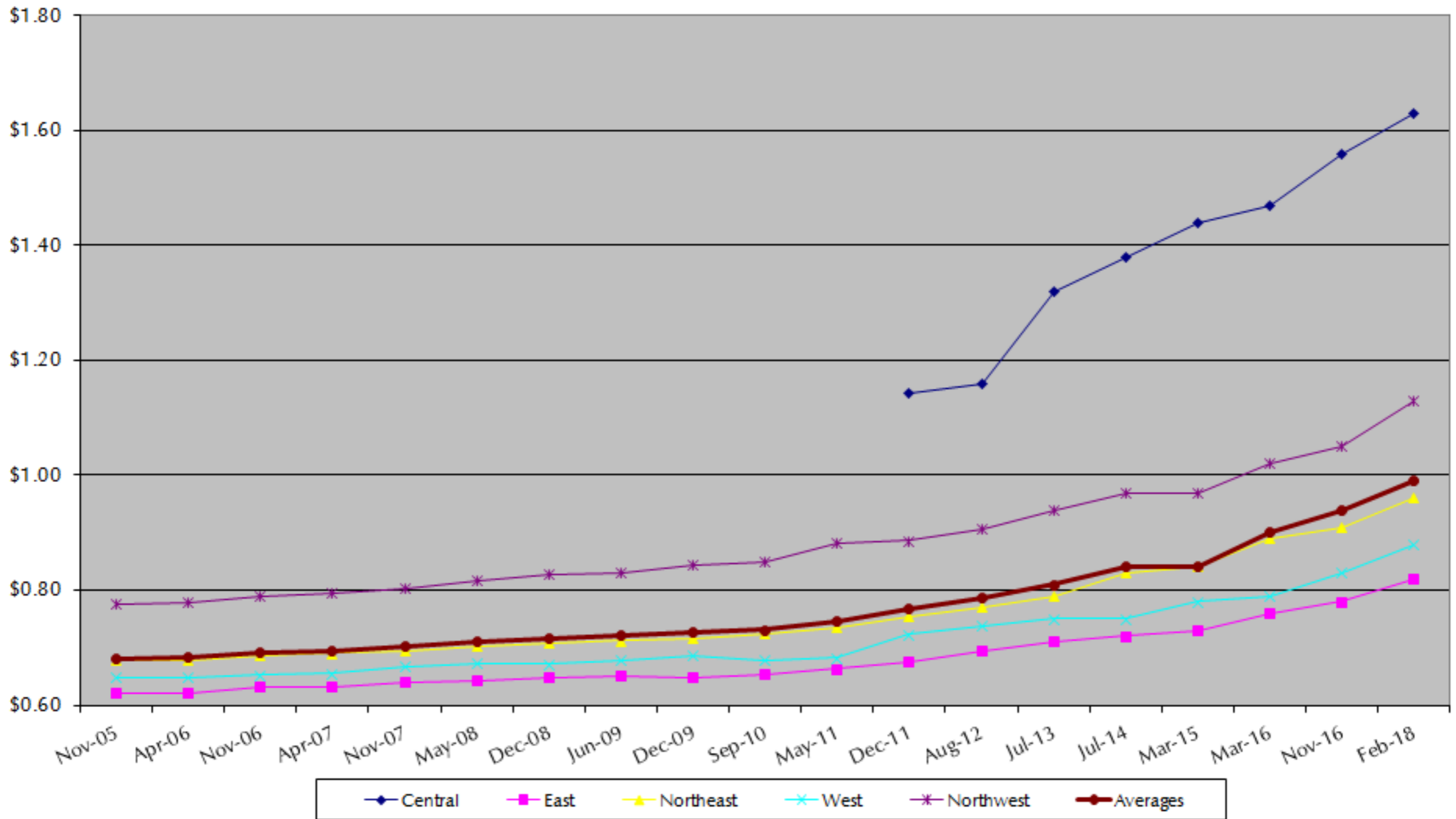
# Columbus Apartment Monthly Rental Rates

Source: ARA Columbus Survey



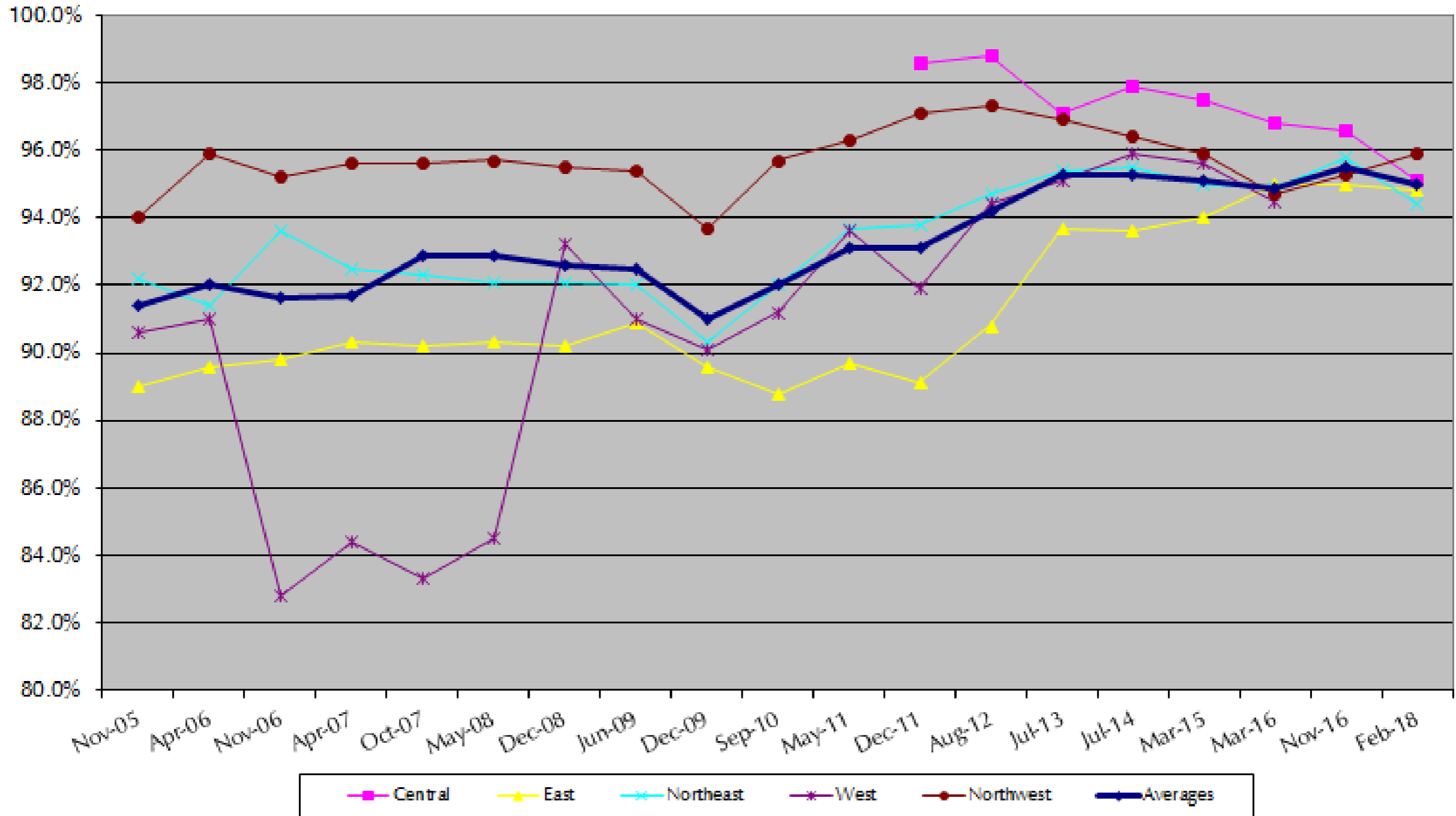
# Columbus Apartment Rents per Square Foot

Source: ARA Columbus Survey



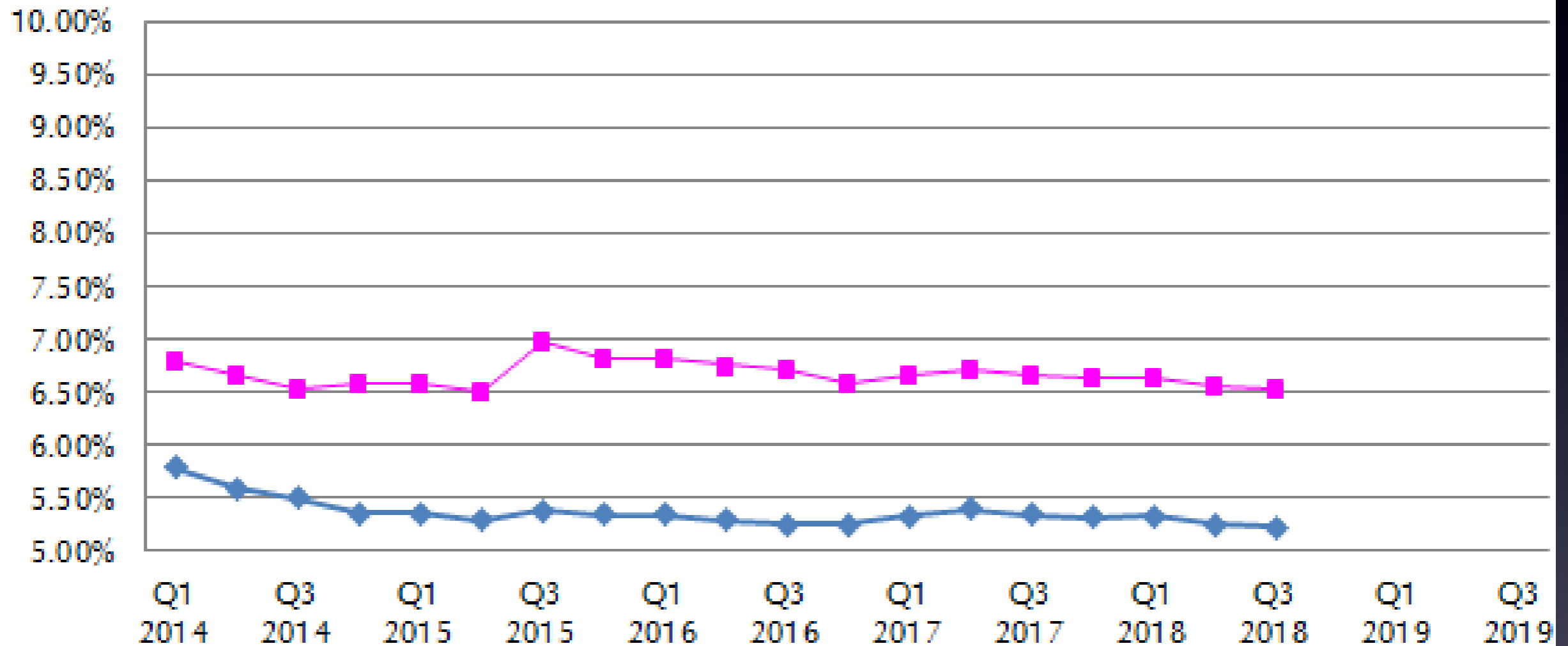
# Columbus Apartment Occupancy

Source: ARA Columbus Survey



# Multifamily Capitalization Rates

*Korpacz National Apartment Market: Average OAR*

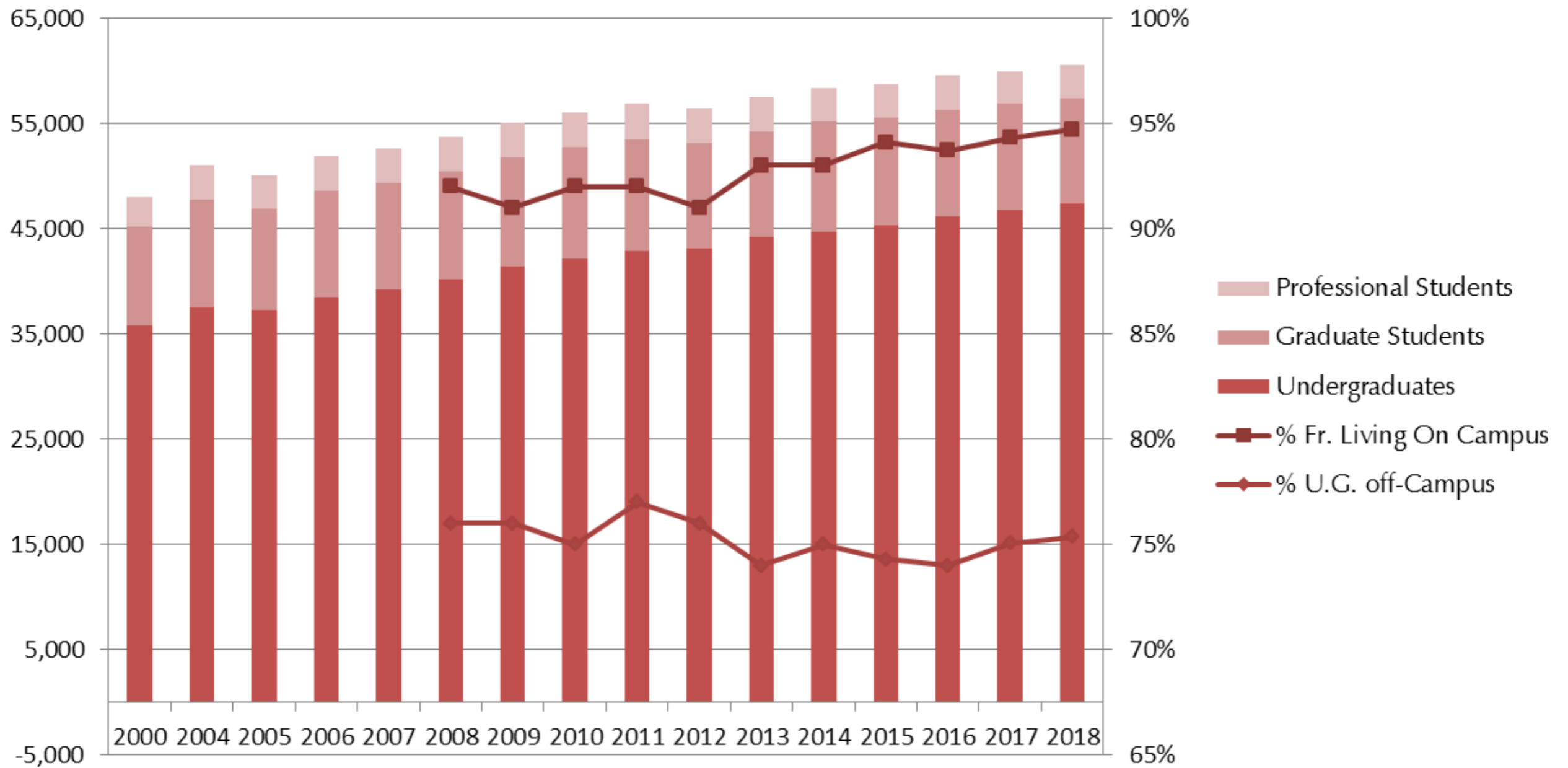


source: Korpacz Investor

OAR Avg N/I OAR Avg

# OSU STUDENT HOUSING

## The Ohio State University Enrollment



# OSU 15<sup>th</sup> and High

- Anchored by a new 30,000 SF Urban Target store
- New hotel
- Most buildings will have new first floor retail
- Expanded Mershon Auditorium and Wexner Center for the Arts



# OSU 15<sup>th</sup> and High

- A walkable, pedestrian-focused environment.
- Mixed used buildings with active ground floor retail uses.
- New headed quarters for WOSU Public Media
- Approximately 50,000 square feet of retail space, and 250,000 square feet of office space construction to begin 2019





# OSU: South Campus Gateway Expansion

- Luxe Belle a 93 unit apartment complex developed by Preferred Living
- Uncommon Columbus a 154 unit apartment complex developed by CA Student Living
- Highline at Nine a 144 unit apartment complex developed by Edward Companies



# Arlington Gateway

- 11-story Arlington Gateway at 1325-97 W. Lane Ave., southeast of the intersection with North Star Road
- Mixed-use development
  - 24,514 sq. ft. of bank & retail
  - 3,585 sq. ft. restaurant
  - 218 apartments in 2 6-story buildings
  - 130,000 sq. ft. of office space on top floors of tower
  - All wraps around a 843-space garage



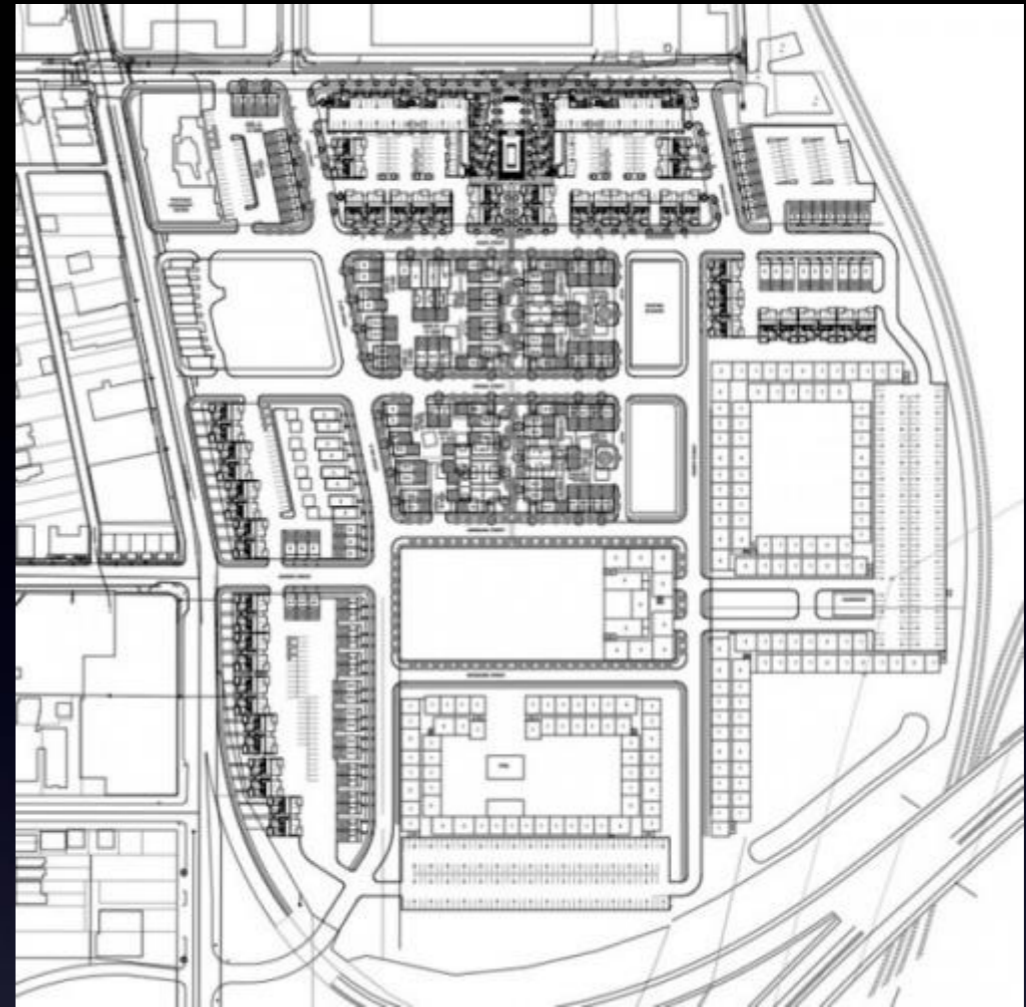
# Harrison West: Founders Park

- Wagenbrenner, Daimler, M/I Homes, Continental, and Fortress to develop 21 acres from Battelle to cost as much as \$160 million
- Purchase should be complete by year end with construction beginning early next year
- 336 apartments & 38 single-family residences
- Retail/office space
- 160 room hotel

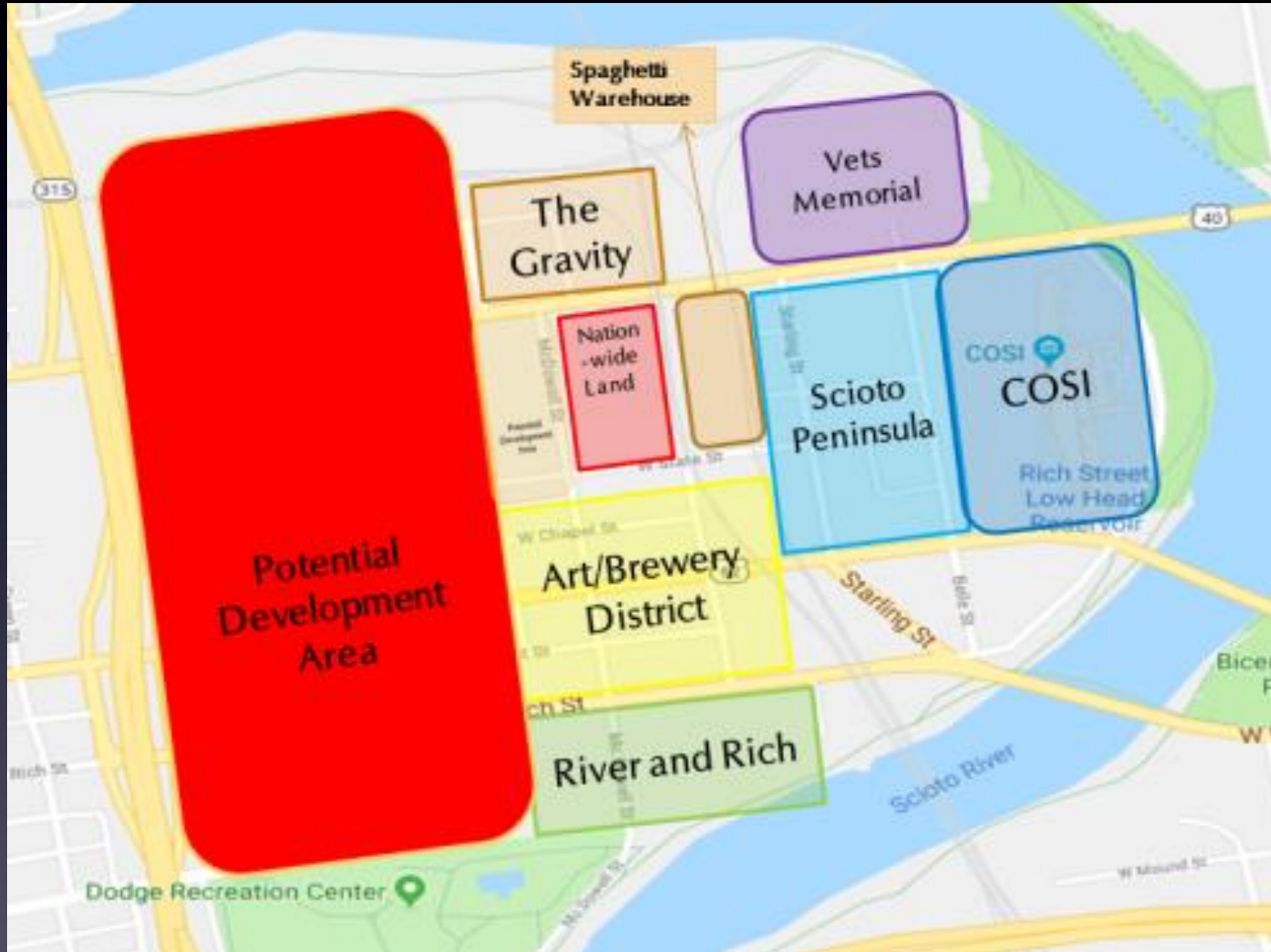


# Jeffrey Park

- Wagenbrenner Dev. Inc. & Mulberry
- Approximately 40 acre site
- Currently:
  - 258 new apartments and 107 condos under construction
  - New 2,872 sf clubhouse
  - New 4-level parking (452 spaces)



# Franklinton



# Scioto Peninsula

- Anticipated \$500 million plan to completely develop the remaining acreage of peninsula
- 3.1 million square feet of commercial and residential development
- Anticipated start as early as 2018 and would continue for 10 to 15 years
- Buckingham was selected but later backed out of the project



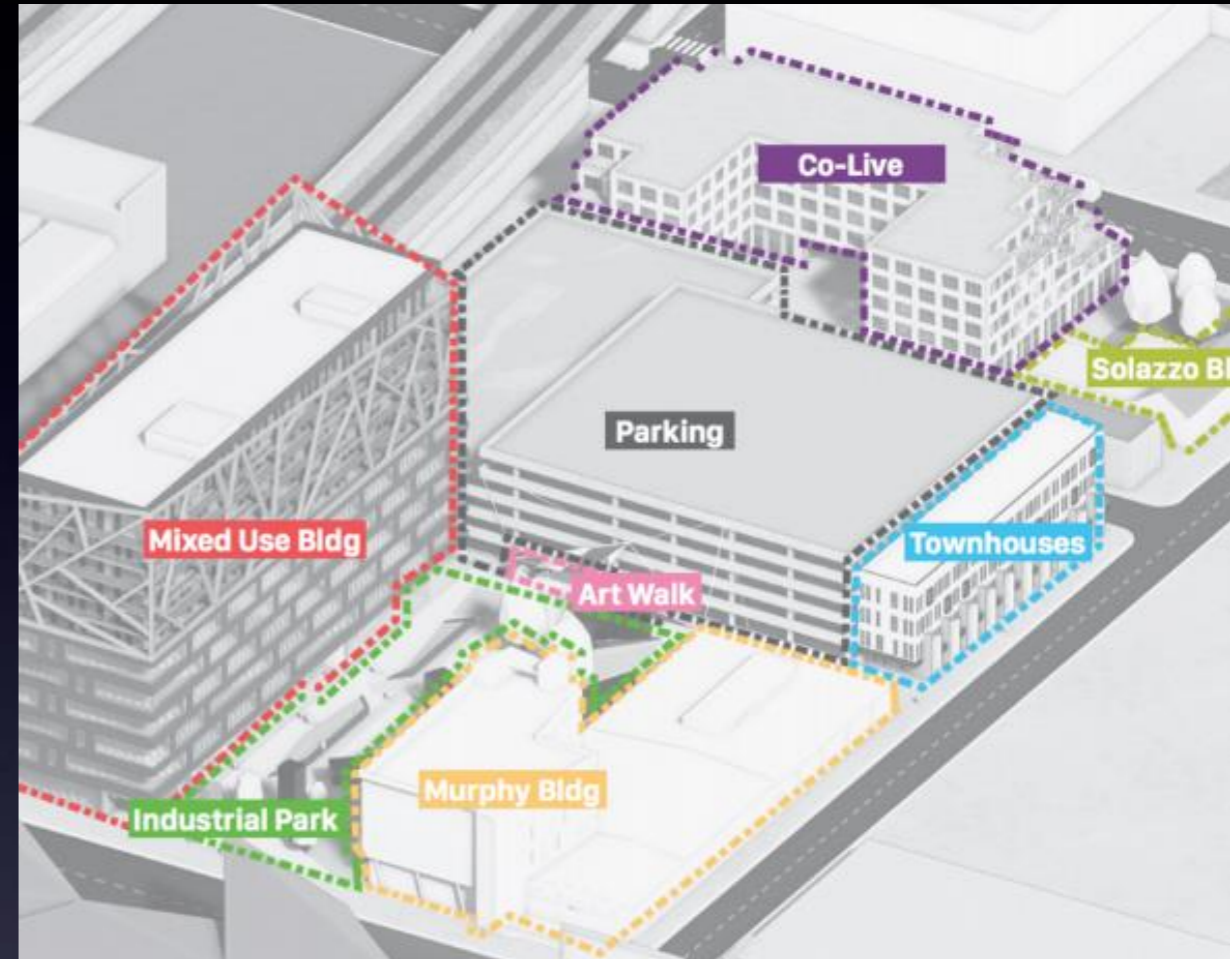
# Gravity

- Kaufman Development
- 241 apartments
- 50,000 sf of office
- 30,000 sf of retail and restaurants
- Located on the site of the former Phillips Coney Island and National Office Warehouse



# Gravity 2.0

- A 12-story mixed-use building with 150,000 SF of office/retail and 100,000 SF for residential living and/or a hotel.
- A six-story co-living apartment building
- The Murphy Building, also six stories, would be renovated with 35,000 SF of office space and 8,000 SF of retail.
- Townhouses and apartment buildings, 10,000 SF of townhouses and 10,000 SF of apartments.
- Parking garage





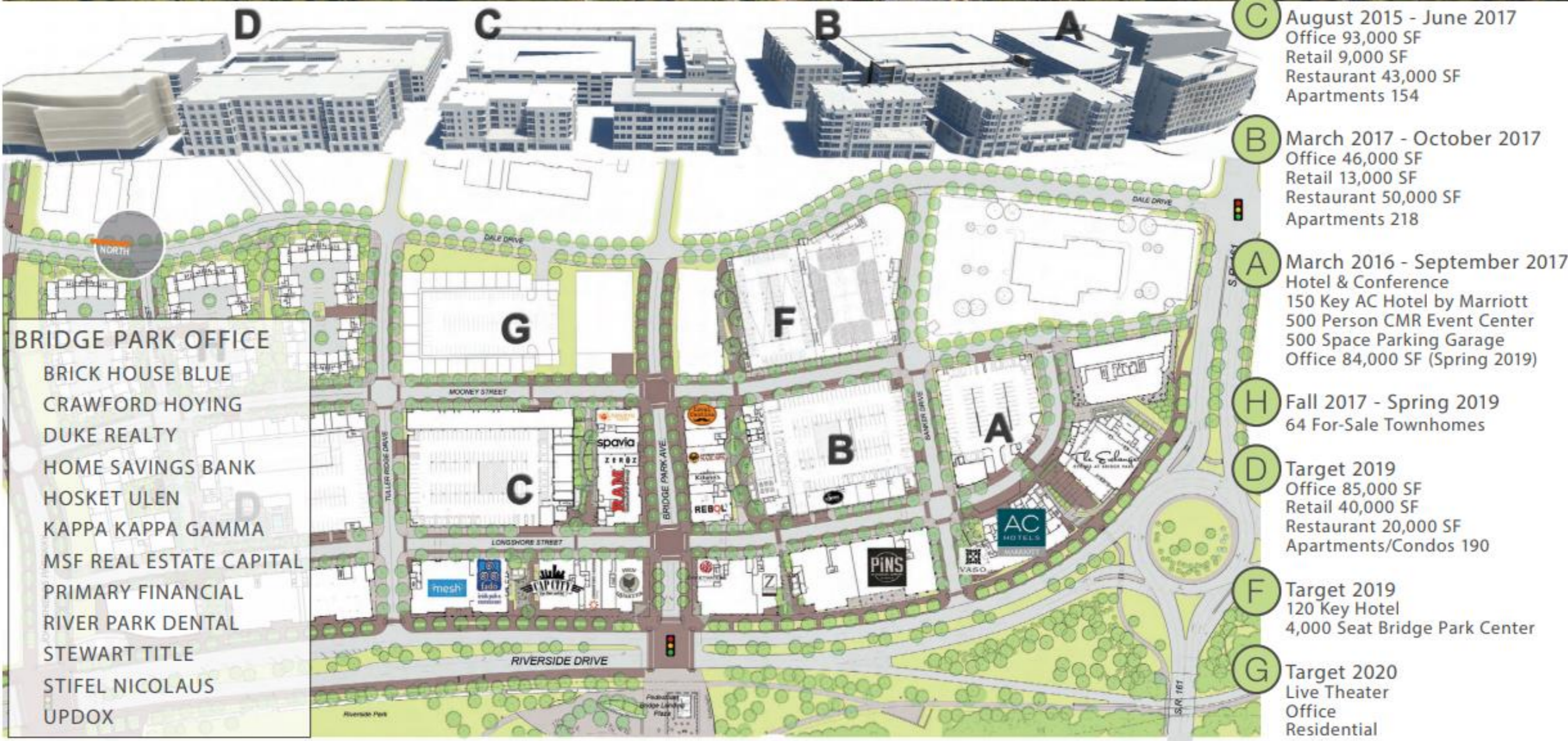
# Live Work Play

- A shift toward urban living in the suburbs
- Bridge Park, New Albany Market Apartments, downtown Powell townhomes, State Street apartments in downtown Westerville, and Grove City Broadway Station apartments

# Dublin: Bridge Street Mixed Use, Blocks F & G

- Potential for an additional Hotel
- 120,000 SF of office space
- 35,000 SF of restaurant space
- 186 residential units
- 671 parking space





- BRIDGE PARK OFFICE**
- BRICK HOUSE BLUE
  - CRAWFORD HOYING
  - DUKE REALTY
  - HOME SAVINGS BANK
  - HOSKET ULEN
  - KAPPA KAPPA GAMMA
  - MSF REAL ESTATE CAPITAL
  - PRIMARY FINANCIAL
  - RIVER PARK DENTAL
  - STEWART TITLE
  - STIFEL NICOLAUS
  - UPDOX

- C** August 2015 - June 2017  
Office 93,000 SF  
Retail 9,000 SF  
Restaurant 43,000 SF  
Apartments 154
- B** March 2017 - October 2017  
Office 46,000 SF  
Retail 13,000 SF  
Restaurant 50,000 SF  
Apartments 218
- A** March 2016 - September 2017  
Hotel & Conference  
150 Key AC Hotel by Marriott  
500 Person CMR Event Center  
500 Space Parking Garage  
Office 84,000 SF (Spring 2019)
- H** Fall 2017 - Spring 2019  
64 For-Sale Townhomes
- D** Target 2019  
Office 85,000 SF  
Retail 40,000 SF  
Restaurant 20,000 SF  
Apartments/Condos 190
- F** Target 2019  
120 Key Hotel  
4,000 Seat Bridge Park Center
- G** Target 2020  
Live Theater  
Office  
Residential

# White Castle Headquarters

- \$65 million, 21-acre redevelopment project of 555 W. Goodale Blvd.
- Converting aged office building into new corporate headquarters of White Castle
- Mixed-use development
  - 250 apartments, 175,000 sq. ft. of office space, community center, and an amphitheater



# Proposed housing in Westerville

Plan: 280-290 S. State St., trio of buildings with 18 2-story townhomes and 3,600 sq. ft. of ground-floor commercial space

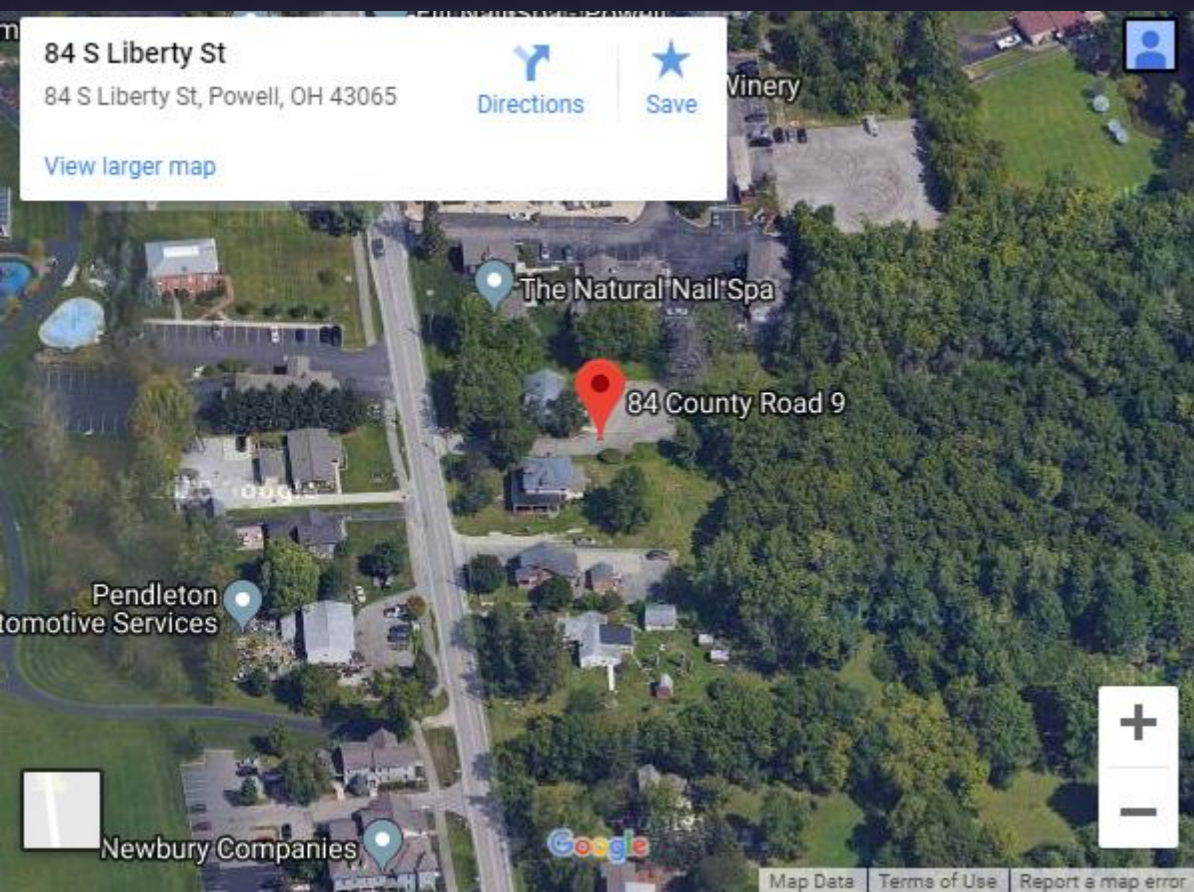
- Residential units are expected to be a mix of 1 and 2 bedroom apartments with rent of \$1,400 - \$1,650/month
- Fifth Avenue Design Center LLC is seeking final approval from Westerville City Council for the development on December 3
- Expected cost of about \$3.4 million



# Powell Green

84 S. Liberty Street St., 22 new townhomes and a two story 6,000 sq. ft. new commercial building

- Residential units are expected to be 3 bedroom apartments with starting at \$495,000
- Crawford Hoying development project



# New Construction: Hamilton Quarter

- Office Development Anchor: Big Lots HQ
- 320 Acre development
- Casto, Daimler, and The New Albany Company
- 700,000 sf of Office
- 1,000,000 sf of Retail
- 800 Multi-family units
- 130 Senior Living units
- Cost: More than \$250 million



PERMANENT GREENSPACE

**BIG LOTS CORPORATE HQ**  
800+ Jobs | 320,000 SF  
Opening Spring 2018

**HQ FLATS**  
800 MULTI-FAMILY Units  
Opening Fall 2018

70,000 ADT

OFFICE HOTEL  
200 Rooms  
Opening Fall 2019

MEDICAL CAMPUS

TARGET  
125,000 SF

PHASE 1 RETAIL

RETAIL DEVELOPMENT PHASE 2

FUTURE DEVELOPMENT

FUTURE DEVELOPMENT

COMMERCIAL

**Wesley Woods**  
at New Albany  
SENIOR HOUSING  
OPENED 2016

**OhioHealth**  
FREESTANDING COMMUNITY LOCATION UNDER CONSTRUCTION

**MEDICAL CAMPUS SNAPSHOT**

- ± 31-acre campus
- ± 500,000 square feet
- 2,500+ daily trips to the site
- Average employee salary \$100,000+

**PHASE 1 RETAIL**

- Sitework commencing August 2018
- Opening October 2019



3 MILES  
← I-270

161

161

New Albany

Gahanna

Site plan is conceptual and subject to change without notice.



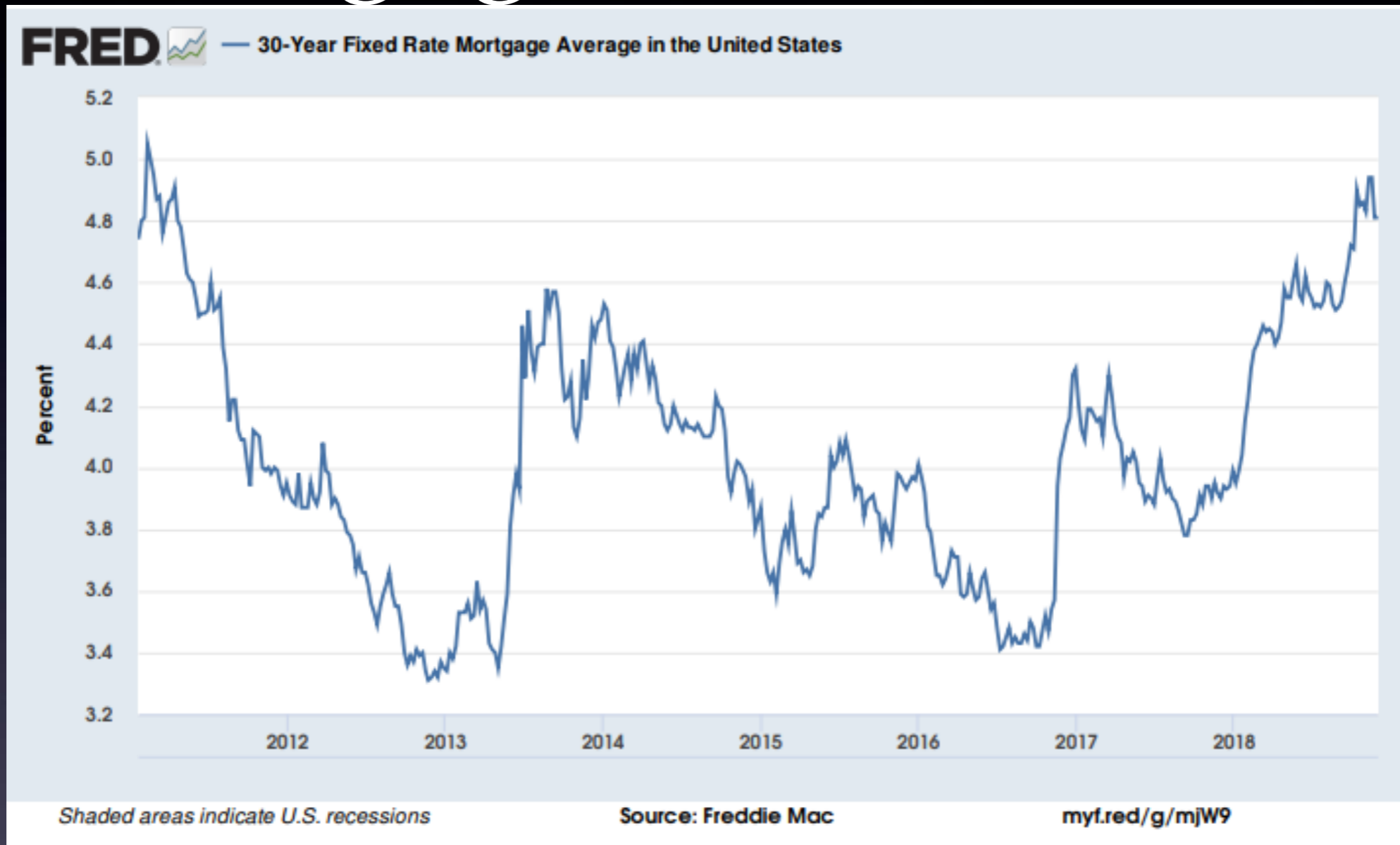
# Single Unit Housing Markets

*The Tell-Tale Chart*

2018

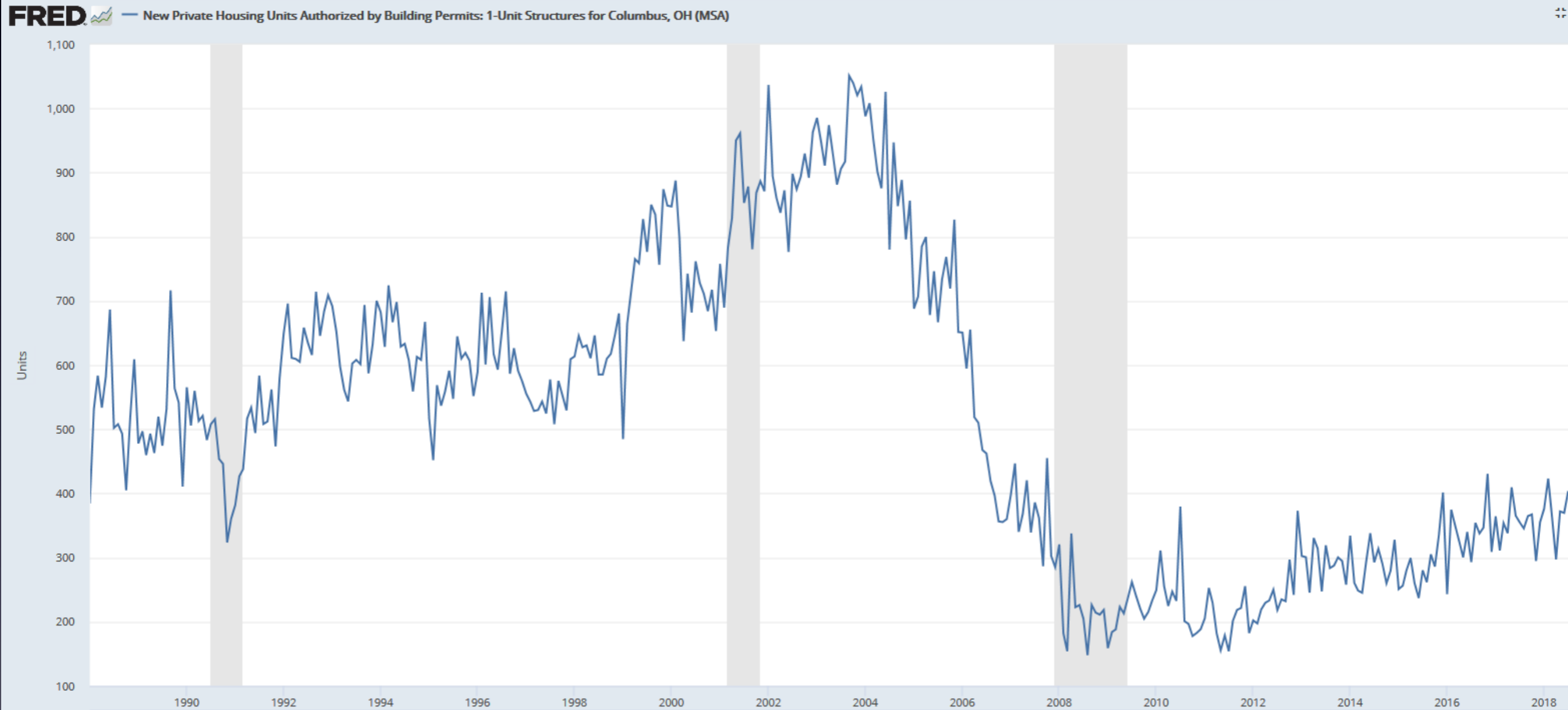


# Mortgage Rate Trends



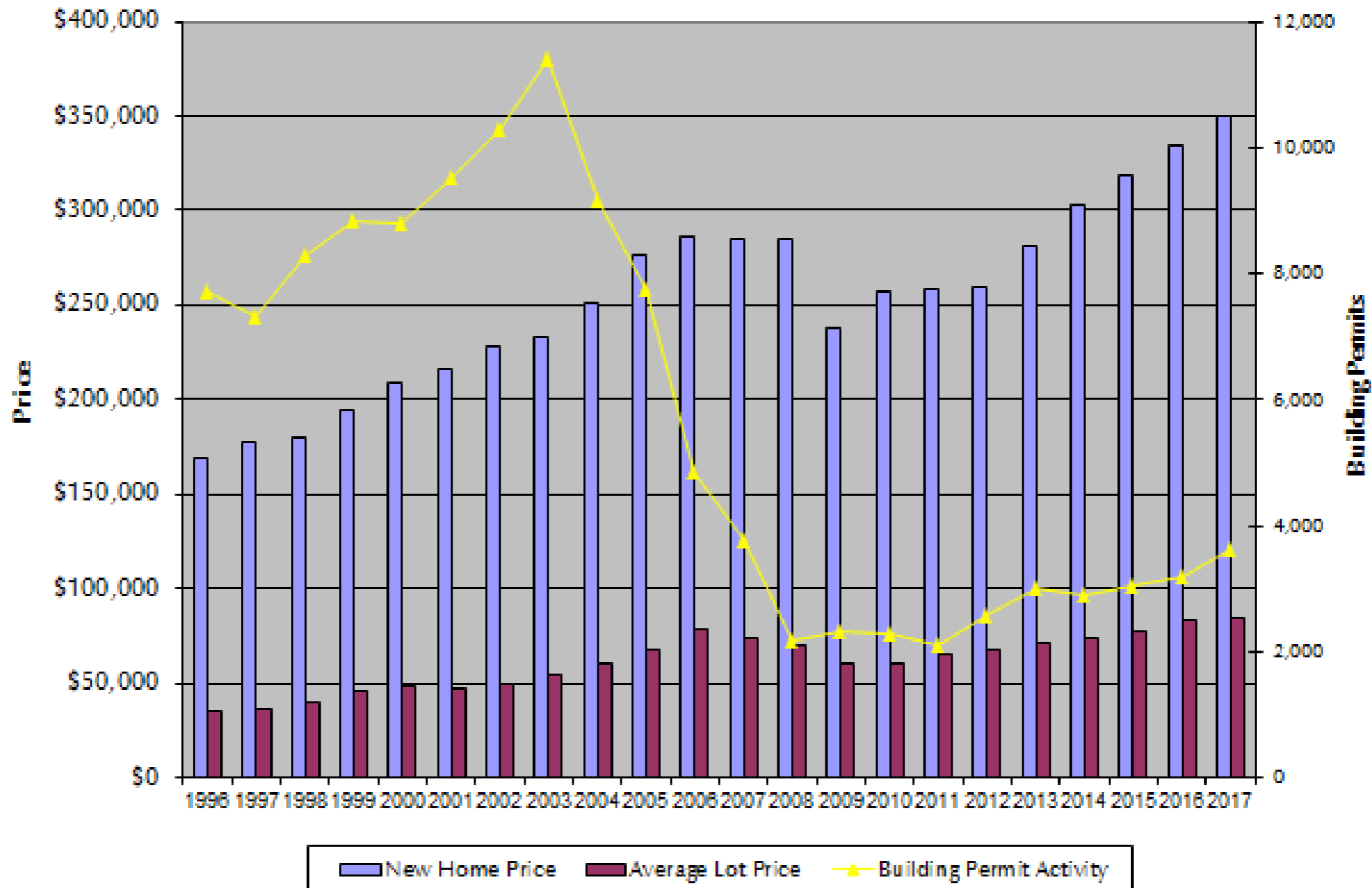
30 year fixed up 130 BPS since Q4 2016

# Single Family New Construction



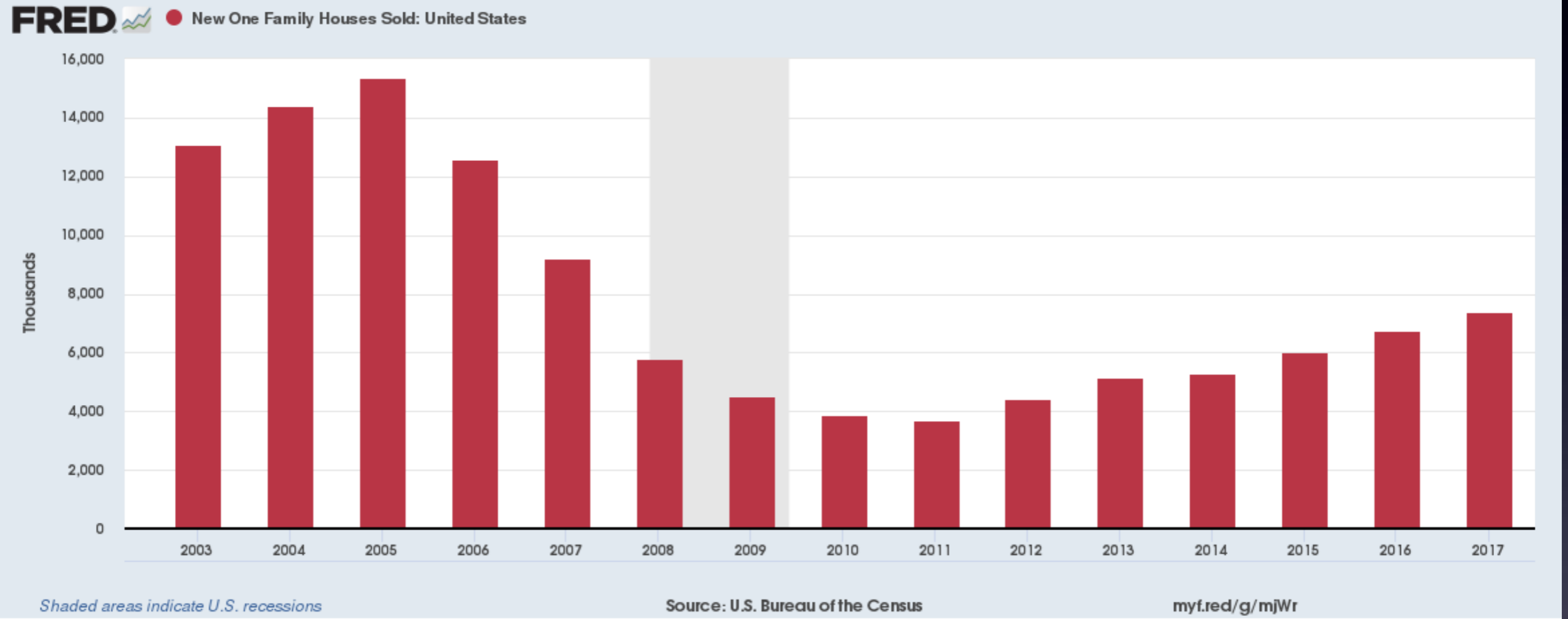
# Columbus New Single Family Construction

## Home and Lot Price vs. Building Permits



Source: Binns Real Estate Services Annual Reports

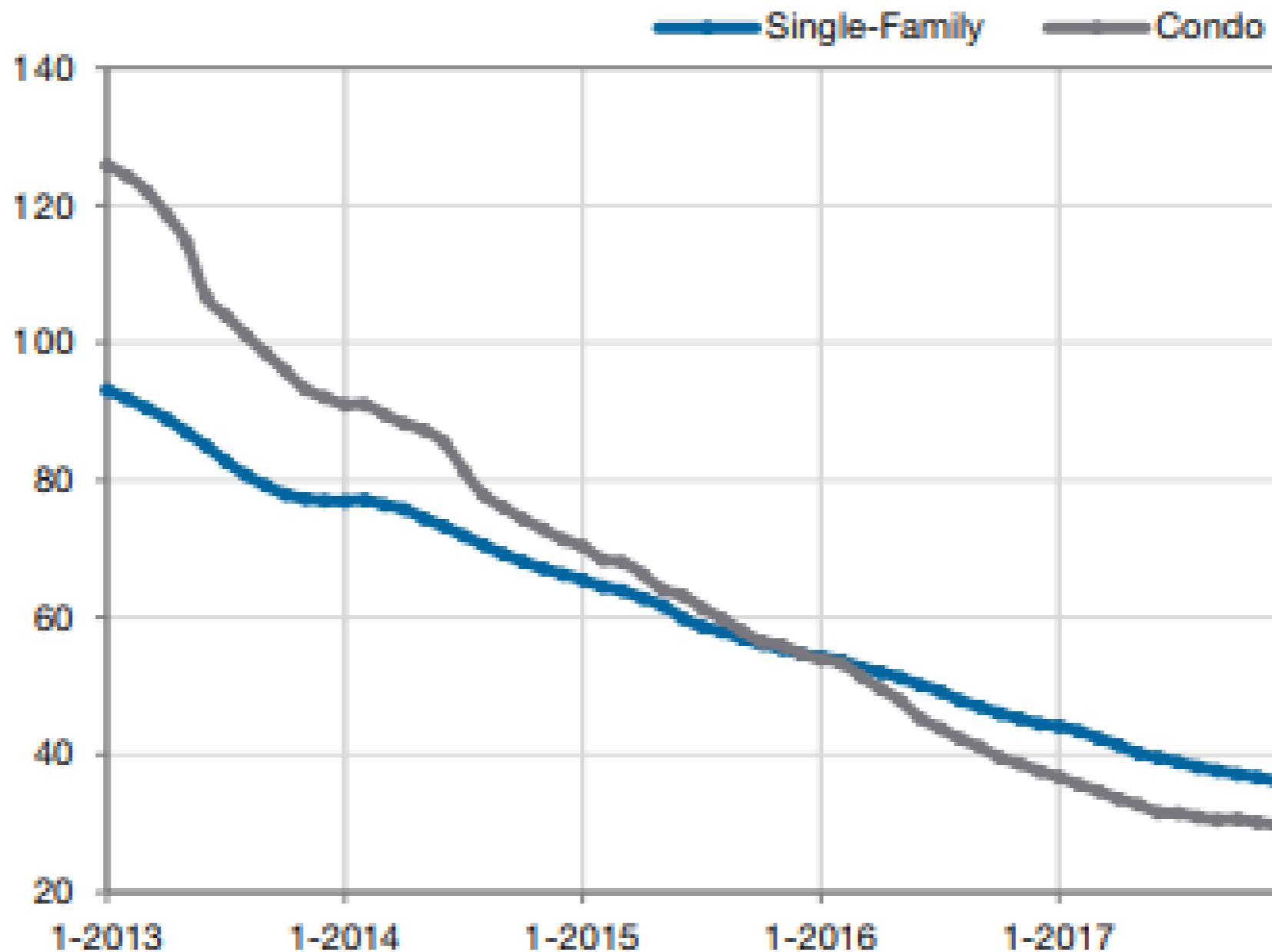
# Single Family Home Sales



# Residential Marketing Period

## Days on Market Until Sale

This chart uses a rolling 12-month average for each data point.



# Retail Markets



Image: *Columbus Underground*

# Columbus MSA

## Retail Overview

- Peak vacancy rate during recession: 13.2%
  - Q4, 2018 vacancy was 2.7% , down from 3% from Q3
- Absorption over the last three years:
  - 2016 total: +1,836,960 square feet
  - 2017 total: +1,826,283 square feet
  - 2018 total: +1,557,843 square feet
- Over 6.2 million SF of new retail construction since 2013 (CoStar)
  - Primarily consisting of large format retail/grocery and anchored shopping centers in NW and NE areas
  - 327,000 SF currently under construction
  - About 170,000 SF completed in Q2 & Q3, 2018



# Columbus - Retail Property Types

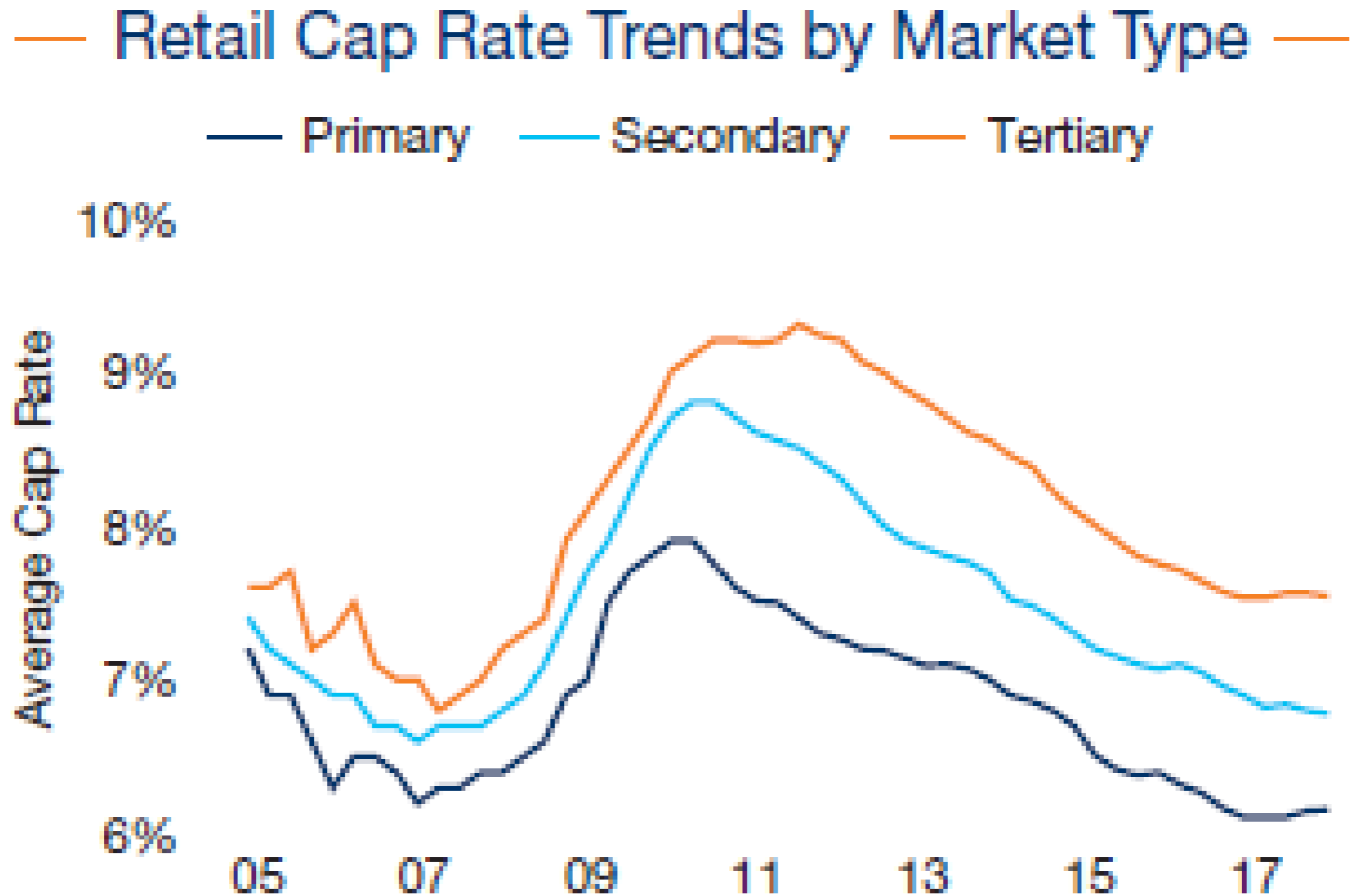
- Over 118 million SF of total retail in Columbus MSA
- Highest vacancies = Power centers, neighborhood centers, strip centers
- Lowest vacancies = Malls, general retail, other retail properties

## KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Malls	9,283,432	0.5%	\$18.25	0.9%	19,312	0	0
Power Center	11,264,003	4.6%	\$17.77	8.3%	(22,908)	0	0
Neighborhood Center	34,688,903	4.6%	\$14.79	6.3%	39,356	0	0
Strip Center	5,987,328	4.0%	\$16.11	5.6%	12,978	0	0
General Retail	56,312,456	1.8%	\$14.88	3.2%	65,394	13,711	327,167
Other	500,481	2.0%	\$14.09	3.6%	0	0	0
<b>Market</b>	<b>118,036,603</b>	<b>2.9%</b>	<b>\$15.45</b>	<b>4.5%</b>	<b>114,132</b>	<b>13,711</b>	<b>327,167</b>

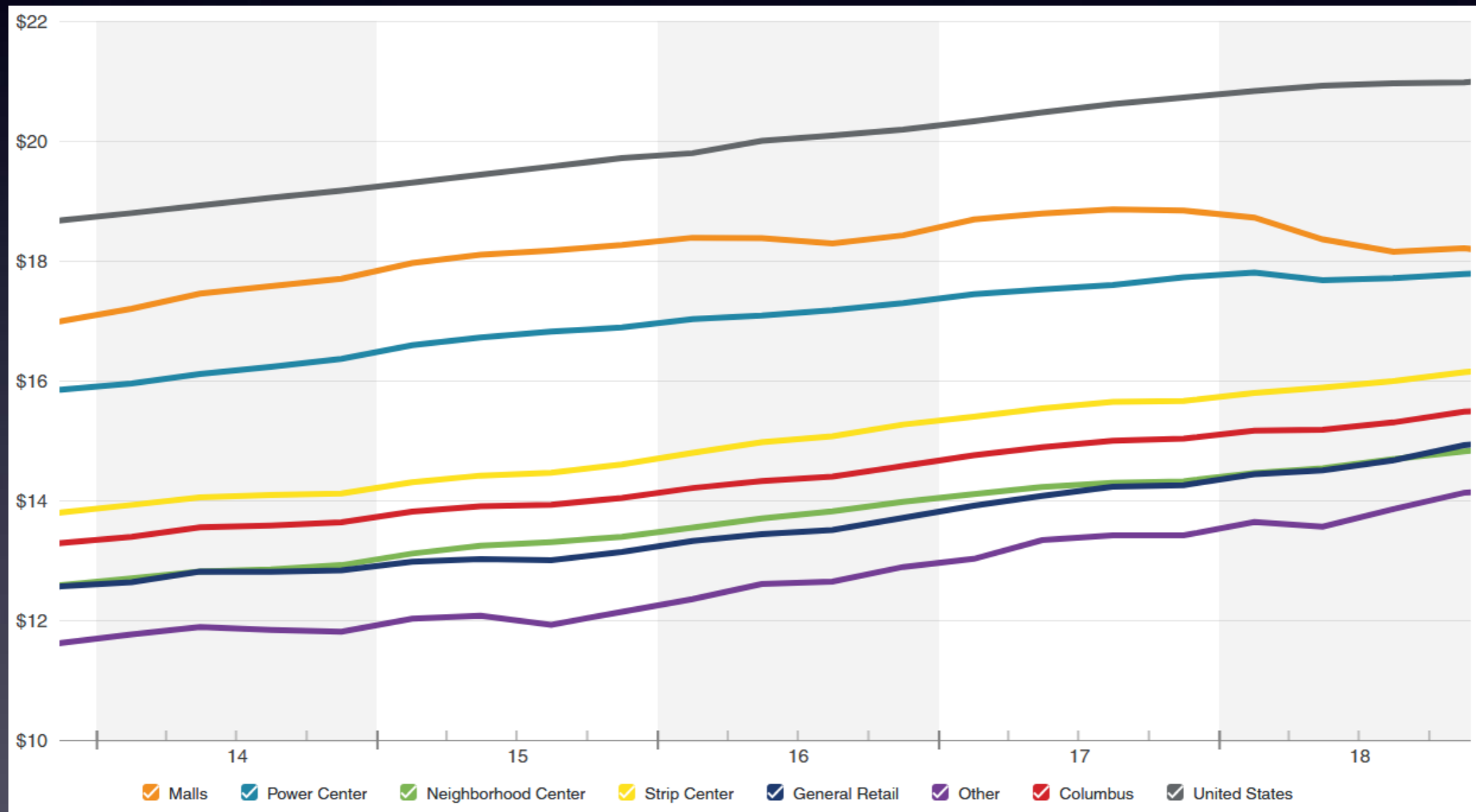
# NATIONAL RETAIL MARKETS

## Cap Rates by Property Type since 2005



# LOCAL LEASE RATE TRENDS

- Net rental rates were mostly stagnant between 2012 – 2015
- Slight increases for most property types with the exception of malls
- Rising occupancy costs (taxes, utilities, build out) have limited rent inflation



# Massive Store Closures



Macy's will close 15% of stores (~68 locations, 2 in Central Ohio: Tuttle & Eastland), citing poor performance and changing market dynamics

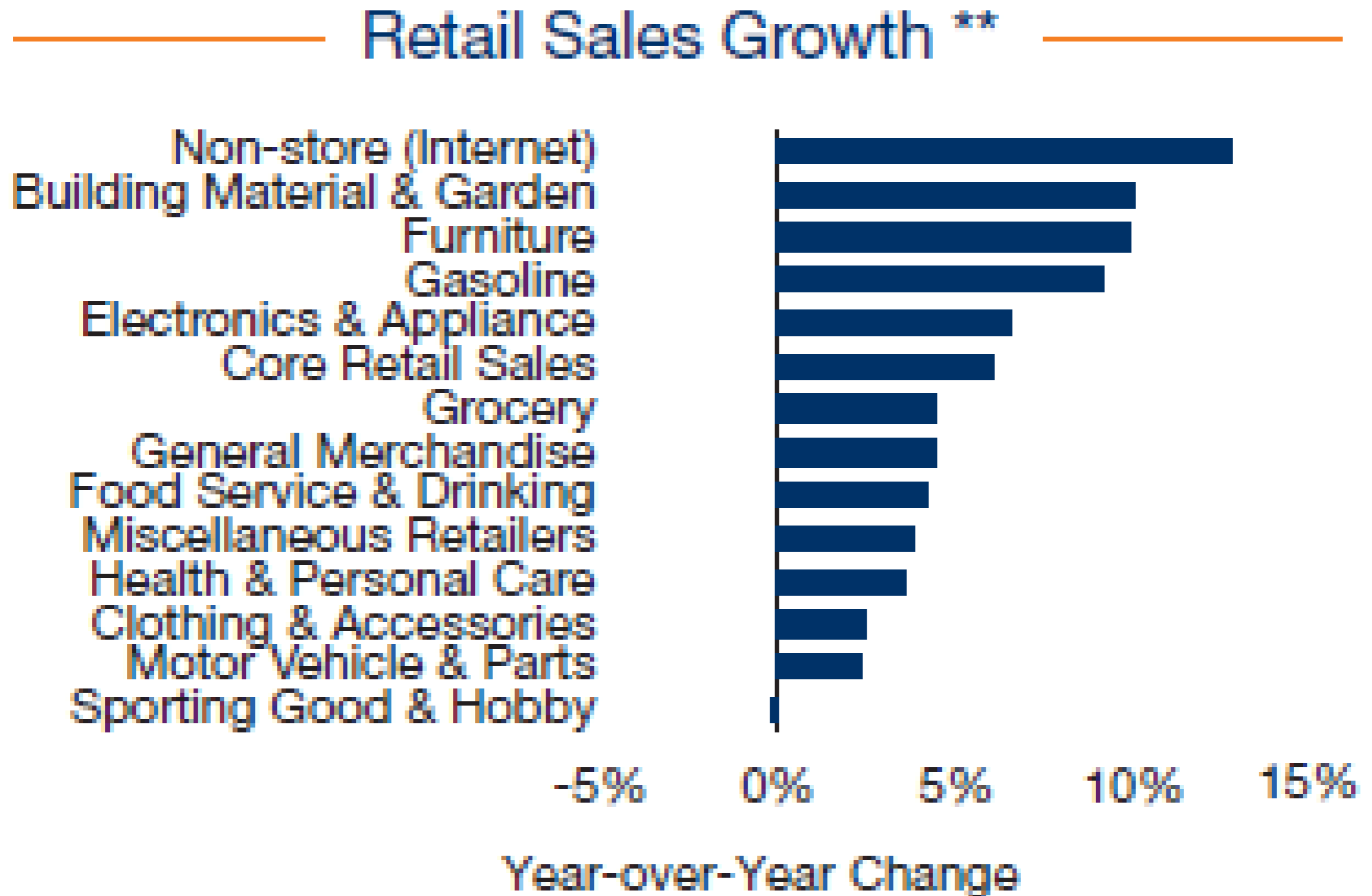
Toys R Us – Closing all 735 stores



# 2018 Massive Retail Extinctions

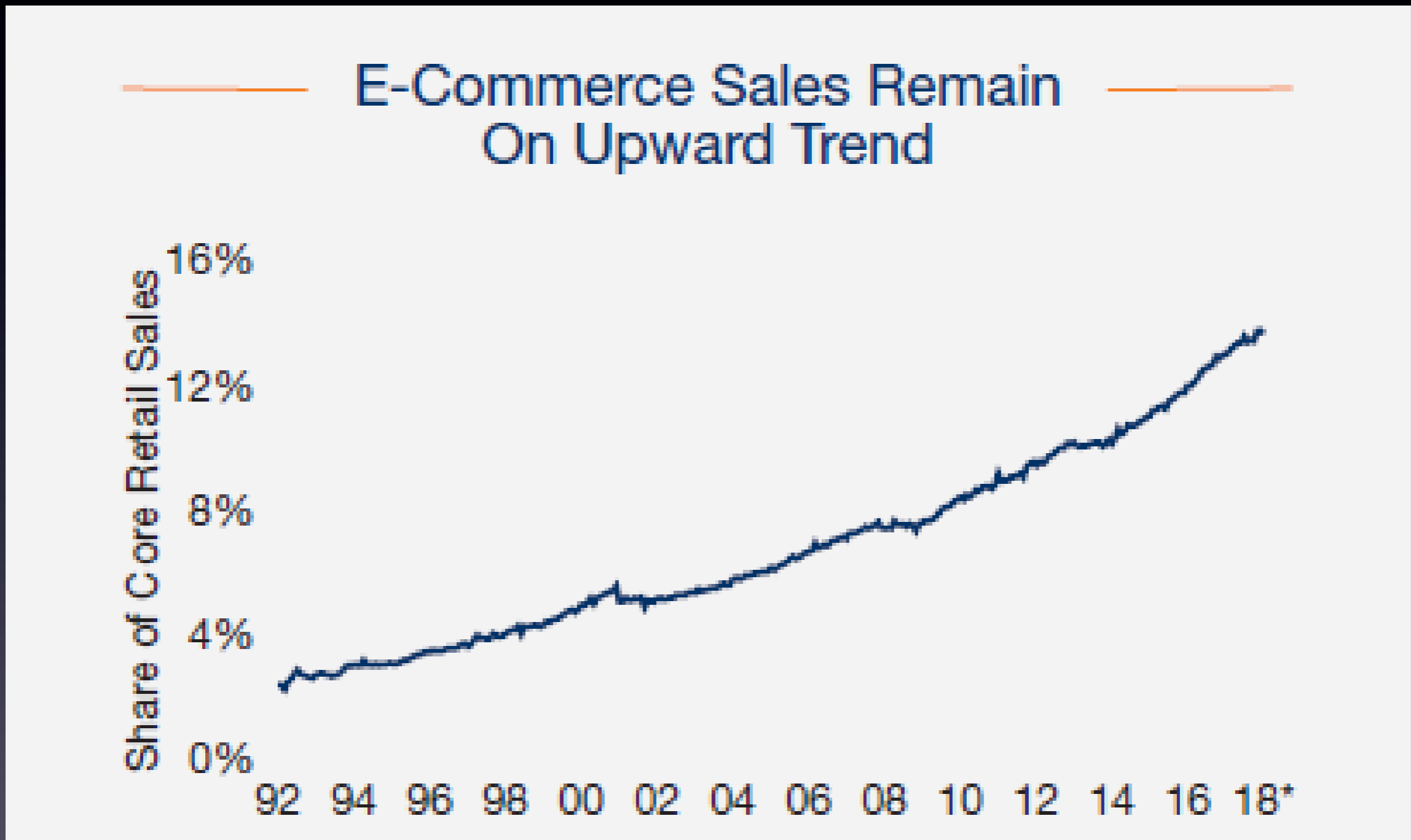
- Lowe's : 20 stores closing across the U.S.
- Mattress Firm: Closing 700 stores
- JCPenny: Closing eight more stores (one in central Ohio)
- Sears & Kmart: Filed for bankruptcy, Closing additional 40 stores
- Chipotle: Closing 65 stores
- Starbucks: 150 stores closing in 2019
- Mall store closings: Abercrombie & Fitch (60 stores nationwide), Crocs (160), Foot Locker (110), Wet Seal (171), American Apparel (110), Victoria's Secret (20)

# Retail Sales Growth Trends

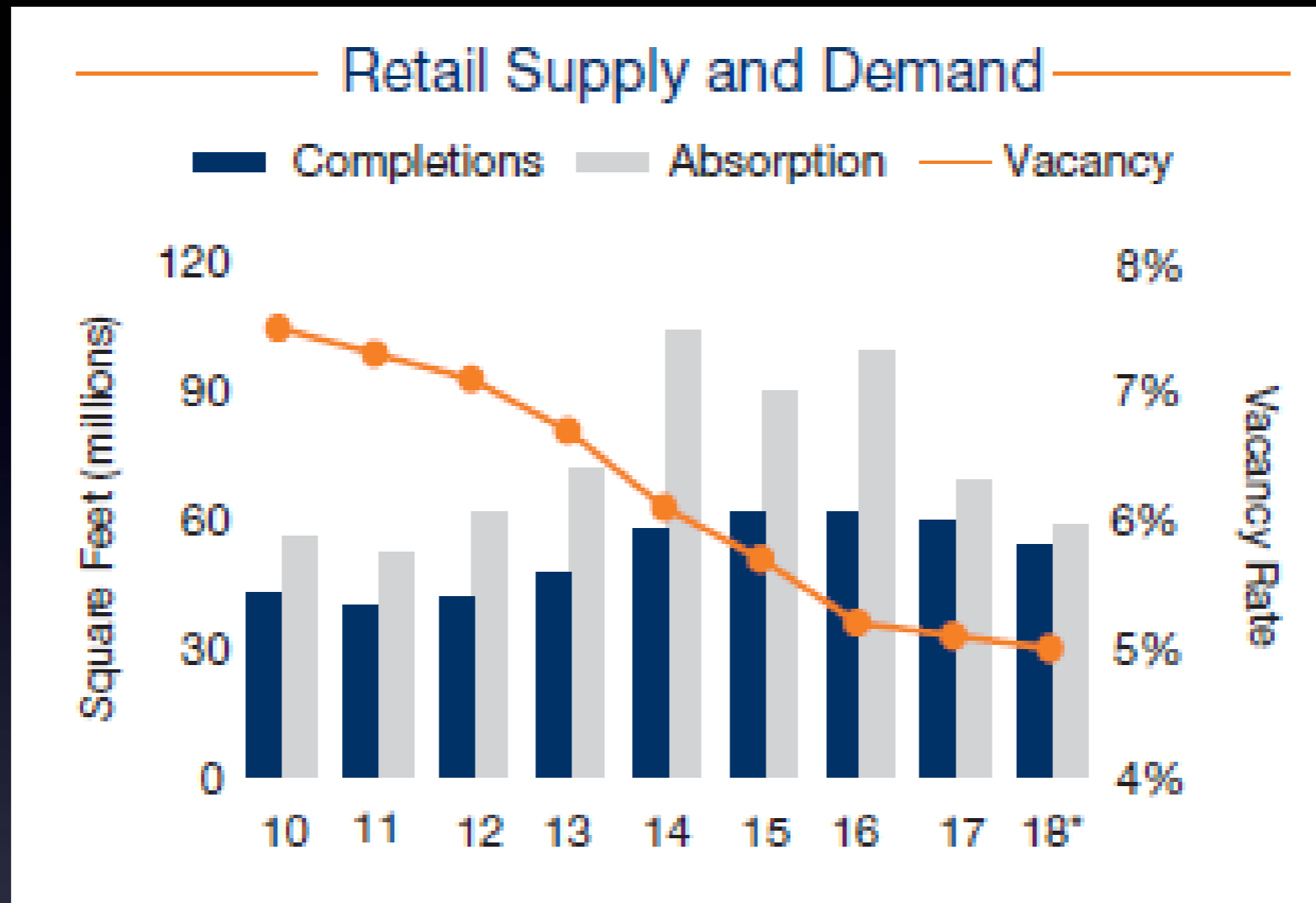


# E-Commerce Trends

E-commerce now accounts for nearly 14% of core retail sales



# National Retail Construction Trends

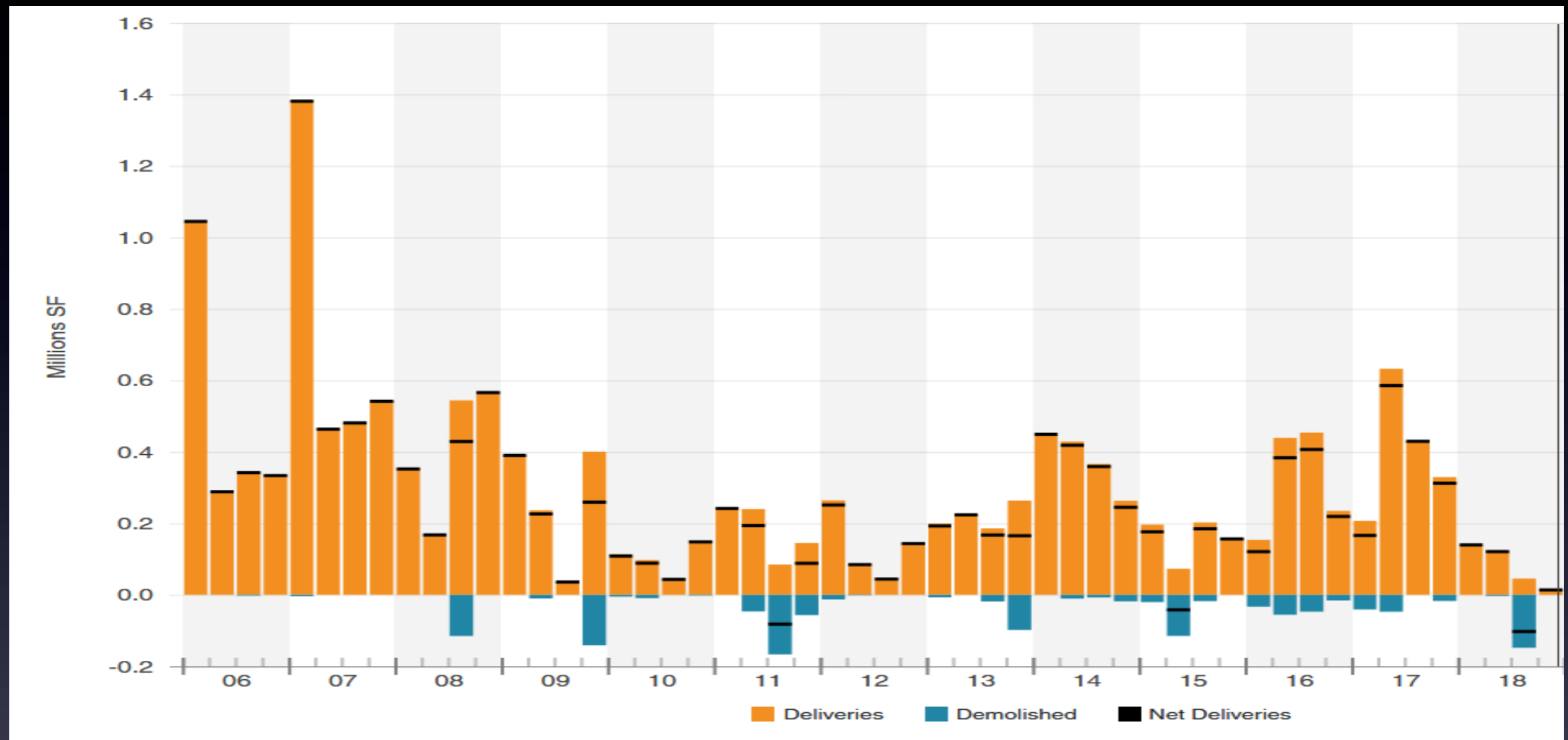


Rising consumer confidence levels and the potential for higher wages will carry retail momentum through 2018. Historically low completions and strong retail sales have buoyed space demand amid increased concerns about e-commerce and its impact on store closures. Range-bound construction falling short of demand will divert many tenants to existing spaces and benefit retail vacancy. Healthy demand and rising core retail sales have pushed nationwide vacancy to its lowest level in more than 18 years and pushed the average asking rent above the previous peak. These trends have been reinforced by consumer confidence levels that boosted last year's holiday sales above their long-term average.



# Local Retail Construction Trends

## Deliveries & Demolitions



- Most new construction is occurring in NE, NW, and East submarkets
- Recent deliveries have consisted of freestanding retail buildings, but multi-tenant retail projects are more strongly trending

# Strong Submarkets: Easton

- Easton Town Center: still thriving after almost 20 years
- 50+ new stores/tenants introduced since mid-2013
- \$500 Million Expansion
- City of Columbus: new abatements



“Easton is never done. They’re always evolving – because retail is constantly evolving. You can’t stand still. That’s why, for national chains, Easton is one of the first places they’ll look. Easton is also further differentiating itself by using a lot of local retailers.”

– Chris Boring,  
Boulevard Strategies, 2018

# Weak Retail Submarkets

- Brice Road corridor
- South Hamilton Road
- West Broad Street



# Kroger – Confusion



## REYNOLDSBURG SITE PURCHASE (DEC-2016)

- Kroger buys ~16 acre former trailer park on East Main Street in Reynoldsburg
- \$2,400,000 (\$150,000 per acre)
- 100,000 SF new store
- Closing its 40,000 SF store ½ mile to the east



## TOWN & COUNTRY PURCHASE (MAR-2017)

- Kroger buys at Town and Country Shopping Center in Whitehall
- \$4,240,000 site purchase (~10 acres) for new 100,000+ SF store
- \$424,000 per acre (plus demolition costs for existing 78,000 SF former Big Bear store)
- Kroger relocating its current 65,000 SF store across East Broad Street



# Kroger – Confusion



## KINGSDALE CENTER PURCHASE (JAN-2015)

- Kroger buys ~6.2 acre former Macy's site \$10,500,000 (\$1,693,550 per acre)
- No demolition plans have been submitted to the city
- No public plans for the future of the site

## SAWMILL PARKWAY/HOME ROAD PURCHASE (FEB-2016)

- Kroger buys at Sawmill Parkway and Home Road
- \$5,400,000 site purchase (~17 acres) for new store
- No plans for format or timeline of development
- Currently operate a store 3 miles south of this location



# Other Retail Trends

## Restaurants, Bars, and Breweries

WOLF'S RIDGE, Downtown



BREWDOG, Franklinton



# Planet Oasis - Arcadia

- \$2 Billion Entertainment & Sports Complex
- 350 Acres, adjacent to the Tanger Outlet Mall
- 15-20 Major Attractions
- 15 Hotels with 4,000-5,000 rooms
- 6 Parking garages with at least 10,000 spaces



# Easton Expansion

- \$500 Million Expansion
- 16 acres with multiple blocks of new retail and restaurant storefronts
- 136-room Aloft Hotel
- New office space, additional parking, outdoor plaza, and residential units
- 40,000 sf RH Gallery – likely to be anchor





# Easton Expansion

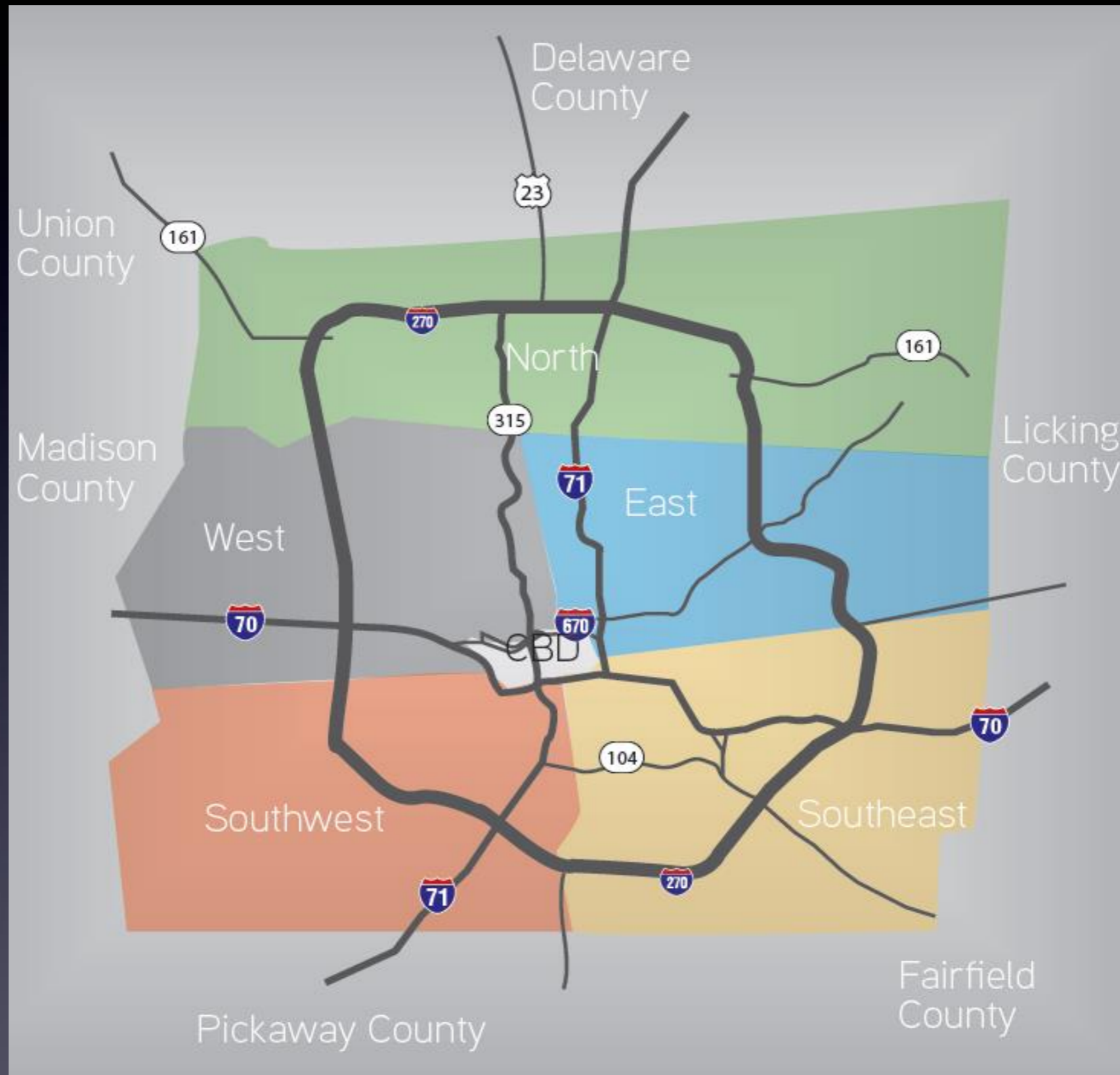
- Steiner + Associates has started initial site work
- 4-story, 60,000 sq. ft. office and retail building to be constructed next to the Macy's parking garage
- Additionally, the developers announced a Shake Shack will open at Easton in early 2019



# COLUMBUS INDUSTRIAL MARKETS



# GEOGRAPHICAL SUBMARKETS

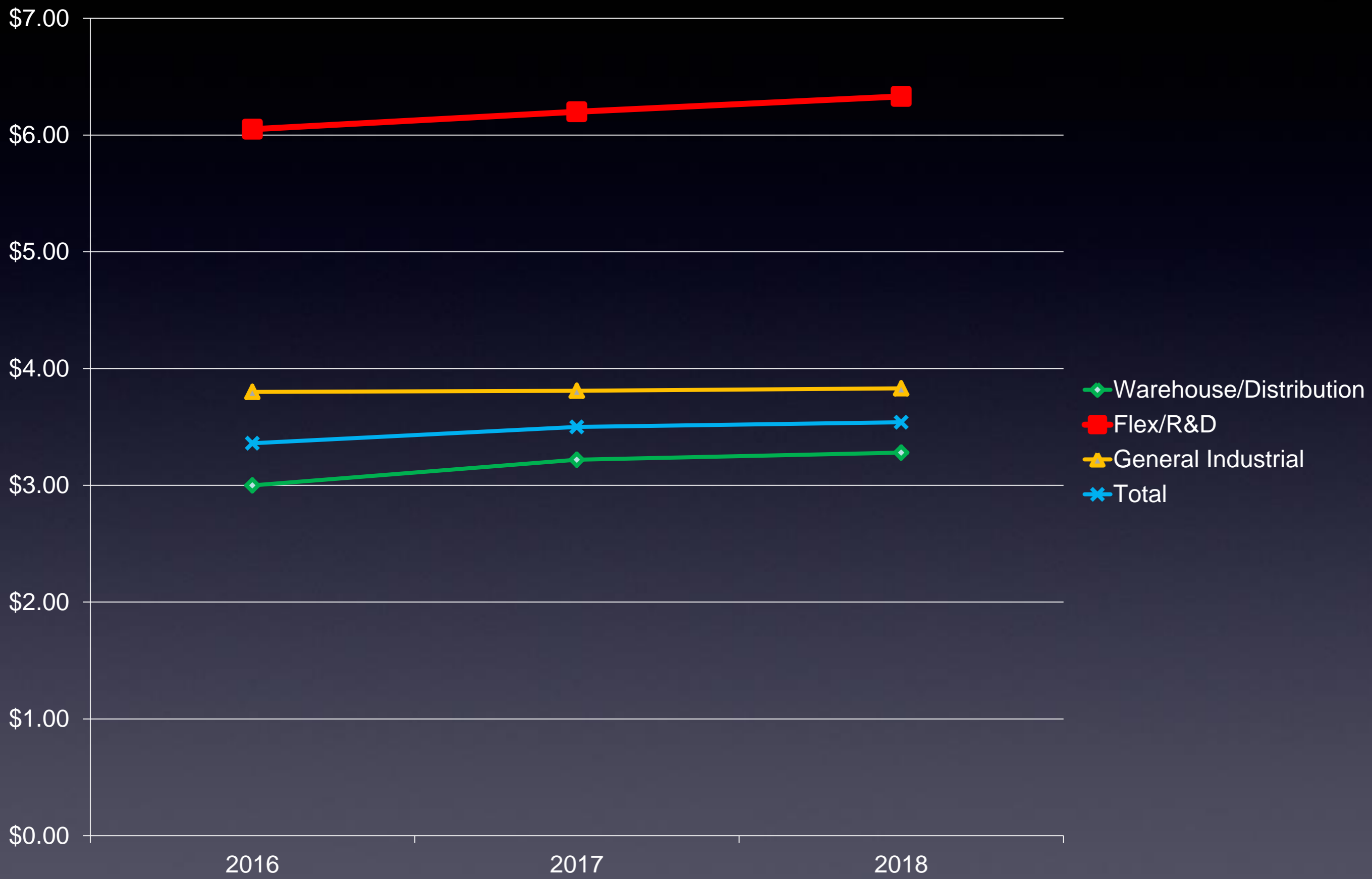


# INDUSTRIAL SUBMARKETS OVERVIEW

SUBMARKET	TOTAL SF	VACANT SF	VACANCY %	ABSORPTION		CONSTRUCTION		ASKING PRICE			BY PRODUCT TYPE
				CURRENT	YTD	CURRENT	COMPLETED	WH/DIST	R&D/FLEX	GENERAL	
CBD	4,882,947	-	0.00%	-	-	-	-	-	-	-	-
East	20,915,858	619,109	2.96%	(165,505)	249,523	-	-	\$3.02	\$6.39	\$3.75	\$4.05
Fairfield	6,242,364	331,734	5.31%	-	(93,834)	-	-	\$3.50	-	-	\$3.50
Licking	23,823,407	1,315,591	5.52%	347,085	366,449	61,600	-	\$3.09	-	\$5.00	\$3.44
Madison	10,304,748	-	0.00%	-	-	1,155,000	-	-	-	-	-
North	18,383,909	285,249	1.55%	49,520	186,922	-	-	-	\$7.69	\$8.77	\$8.10
North Delaware	9,046,109	243,000	2.69%	48,992	142,098	-	-	-	\$7.09	\$3.80	\$4.56
Pickaway	6,704,701	167,600	2.50%	-	1,610,000	857,000	-	-	-	\$2.25	\$2.25
Southeast	75,522,212	4,140,378	5.48%	968,495	1,190,716	2,187,798	1,053,075	\$3.39	\$4.60	\$3.41	\$3.40
Southwest	21,146,111	1,513,542	7.16%	126	262,732	-	424,000	\$3.52	\$4.70	-	\$3.53
Union	6,966,420	243,975	3.50%	(97,185)	(164,245)	75,000	-	\$3.50	\$4.98	\$3.25	\$3.76
West	36,108,158	1,392,040	3.86%	163,998	669,102	-	115,000	\$3.00	\$5.58	-	\$3.14
<b>Grand Total</b>	<b>240,046,944</b>	<b>10,252,218</b>	<b>4.27%</b>	<b>1,315,526</b>	<b>4,419,463</b>	<b>4,336,398</b>	<b>1,592,075</b>	<b>\$3.28</b>	<b>\$6.33</b>	<b>\$3.83</b>	<b>\$3.54</b>

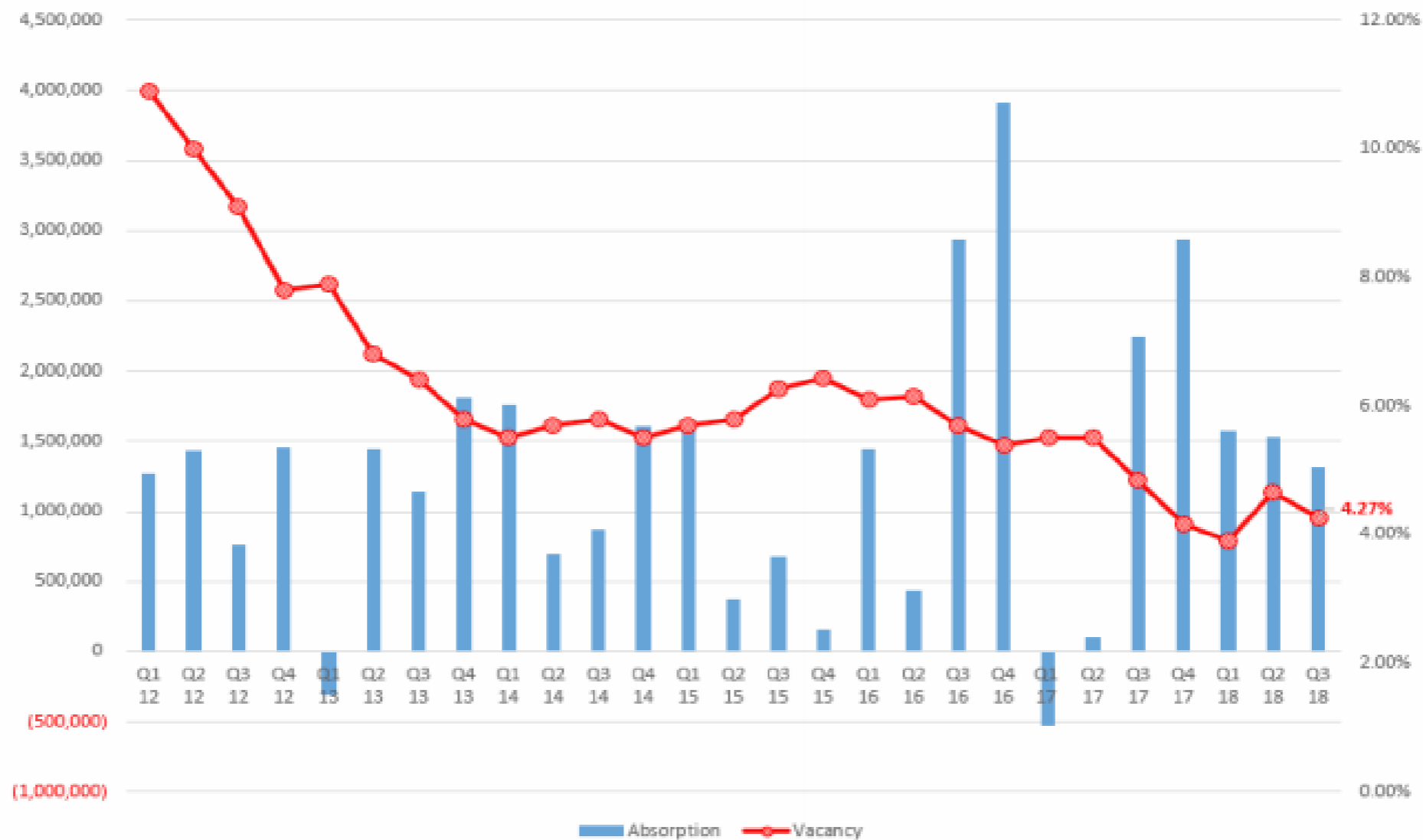
- Overall vacancy rate in Columbus market is 4.27% as of Q3 2018 (Colliers)
- National industrial vacancy rate dropped to 5.0%, with 246.1 million SF of new inventory
- Asking rents nationwide = \$5.81/SF for average warehouse/distribution centers, \$5.67/SF for manufacturing space

# Industrial Rental Rate Trends



# ABSORPTION & VACANCY

## ABSORPTION & VACANCY RATES



- ~1.25 million positive net absorption as of Q3 2018
- Columbus leased and sold over \$388 million in volume in 2017

# INDUSTRIAL DEVELOPMENT TRENDS

## New Construction

- Over 4.2 million additional SF under construction, as of Q3 of 2018
- Construction driven by high absorption, decreasing vacancy rates since 2014, and modest but sufficient rent growth since 2013
- E-commerce growth is a major factor in increased demand for inland distribution markets like Columbus, Indianapolis, Atlanta, etc.

# NOTABLE COMPLETIONS

- Amazon.com – 855,000 SF fulfillment center in Etna Township Park, completed by Prologis
- Amazon.com – 1 million SF fulfillment center at Rickenbacker Global Logistics Park in Obetz, completed by Duke Realty Corp.



Amazon.com's new 855,000 SF fulfillment center in Etna Township



Duke Realty's Intermodal North 9224 at Rickenbacker



# Notable New Developments

- Amazon is building 855,000 SF fulfillment center in West Jefferson starting in 2019.
- Will add 1,500 jobs by the end of 2019.
- Project similar to the Etna development



# Amazon's Footprint

- With addition of West Jefferson property, Amazon will have almost 3 million SF in Central Ohio
- More than 9,000 Employees by 2020
- Payroll of ~\$100 Million



# Facebook Data Center

Development of the \$750 million Facebook data center in New Albany

- Will employ 100 permanent workers when complete in 2019
- Development will be mainly designated for servers
- Facility will be powered entirely by renewable energy



# Google Data Center



- Google has purchased land for a \$600 Million data center, similar to the Facebook facility, in New Albany
- Early data projects \$2.5 million in payroll creation

# COLUMBUS INDUSTRIAL MARKET

## Looking Ahead

The strength of the modern distribution warehouse market in Central Ohio will continue to influence:

- 1. Developers to continue to add new product in response to low vacancy rates and high demand from new and existing users in the Central Ohio market
- 2. Below average unemployment rates in Central Ohio (warehousing jobs are one of the fastest growing employment sectors in the country)
- 3. Continued economic growth for the region

# Other Topics and Trends

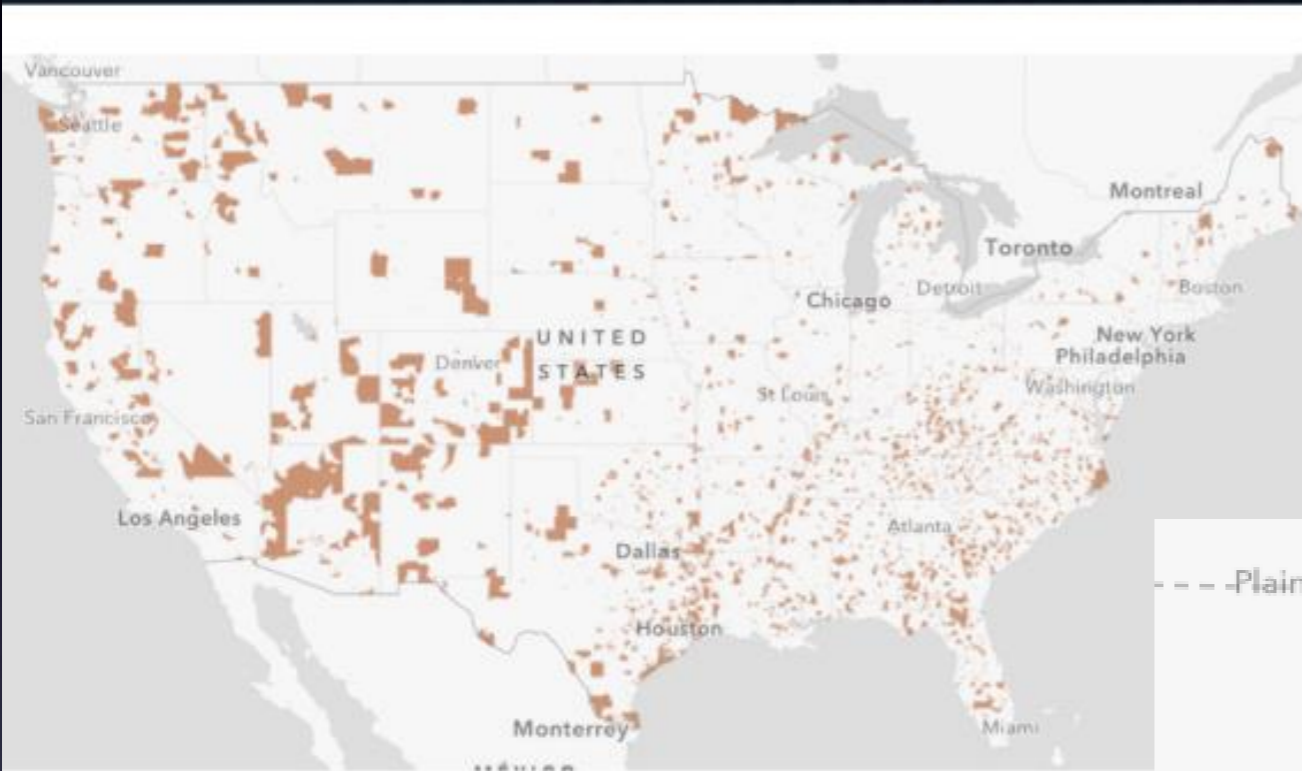
- Opportunity Zones
- New Downtown Hilton
- New Crew Stadium
- Dropdown LLC's
- Future of Individual Transit

## Opportunity Zone Definition

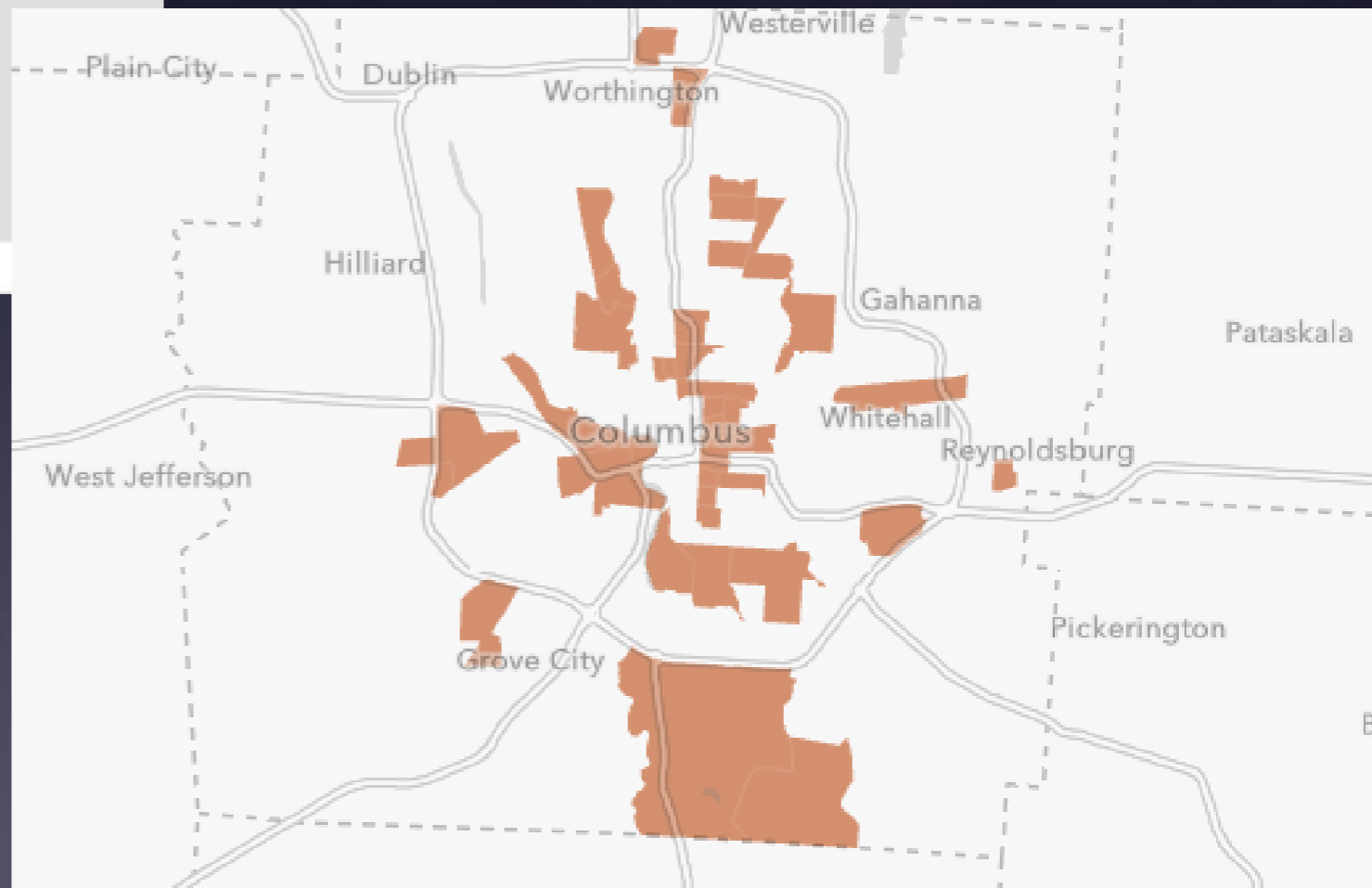
- 1031s for designated zip codes that are 20-40% of area median income
- Sites were approved/selected by state governors
- Qualified investments can defer capital gains on new development
- Intent is to spur investment in areas of high unemployment and/or lower income

# Opportunity Zones

## State-Selected Opportunity Zones Reflect Different Strategies



Sources: Marcus & Millichap Research Services





# Opportunity Zone Snapshot



# Opportunity Zones

- Established funds poised to deploy \$100 billion for real estate
- Former White House Director of Communications Anthony Scaramucci leads the charge in raising capital for Opportunity Zone Funds
- The most common investment focus reported by the funds is multifamily residential development, followed by commercial real estate and mixed-use development
- The majority of funds plan to focus investment in more than one area

# Downtown Hilton Expansion



- 26 stories, ~500 rooms
- 410,000 sq. ft. of construction over a 2-year period beginning the summer of 2019
- Rooftop bar and meeting space



# Crew SC New Stadium in Arena District

- A \$230 million stadium on Nationwide owned land
- 430,000 SF on 13 acres
- Seating 20,000



# Crew SC New Stadium in Arena District

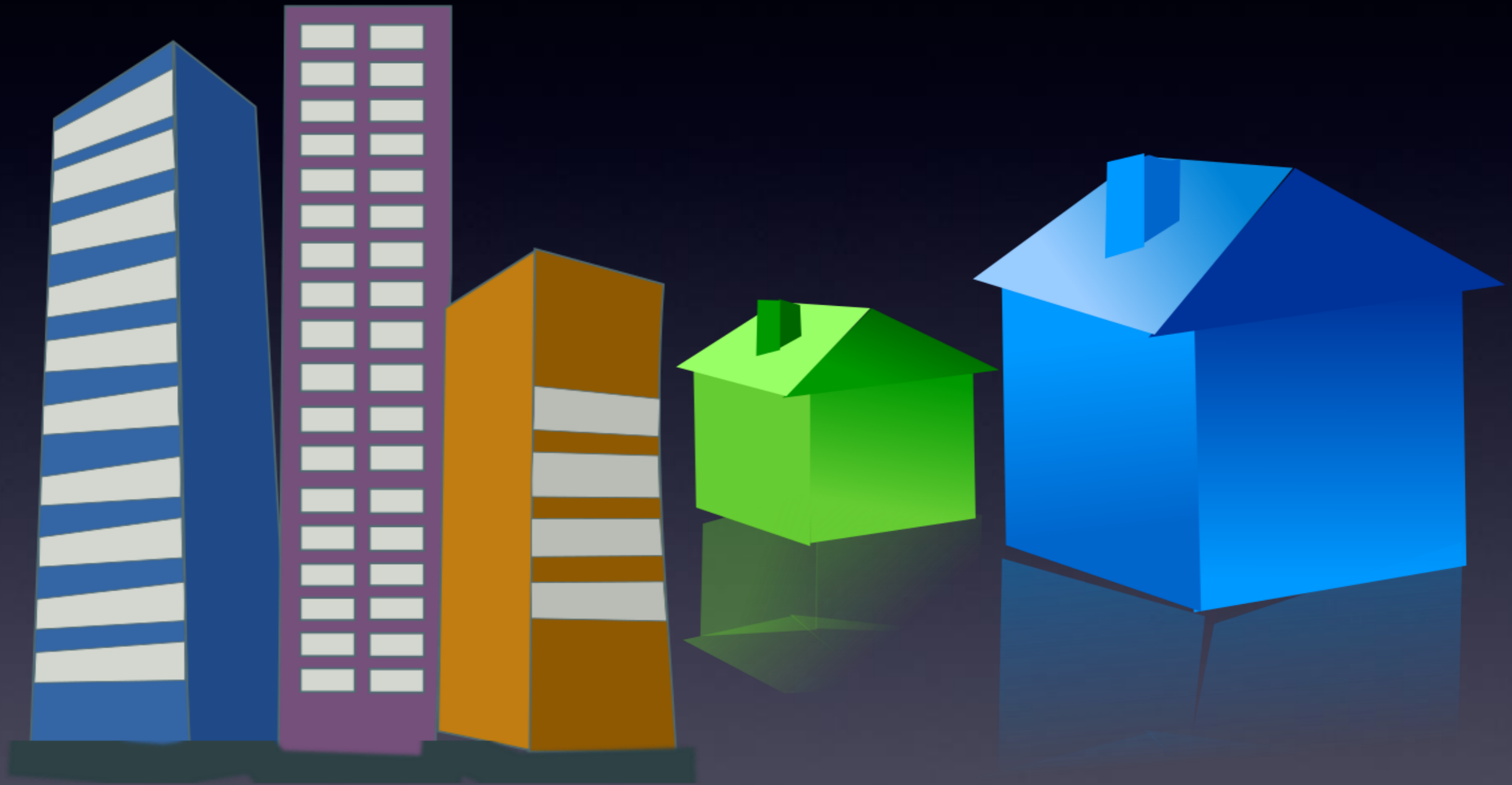
- The remaining 20 acres are targeted for mixed use private development
- Featuring 270,000 sq. ft. of commercial and office space and 885 residential units
- Projected to be completed by the 2021 season



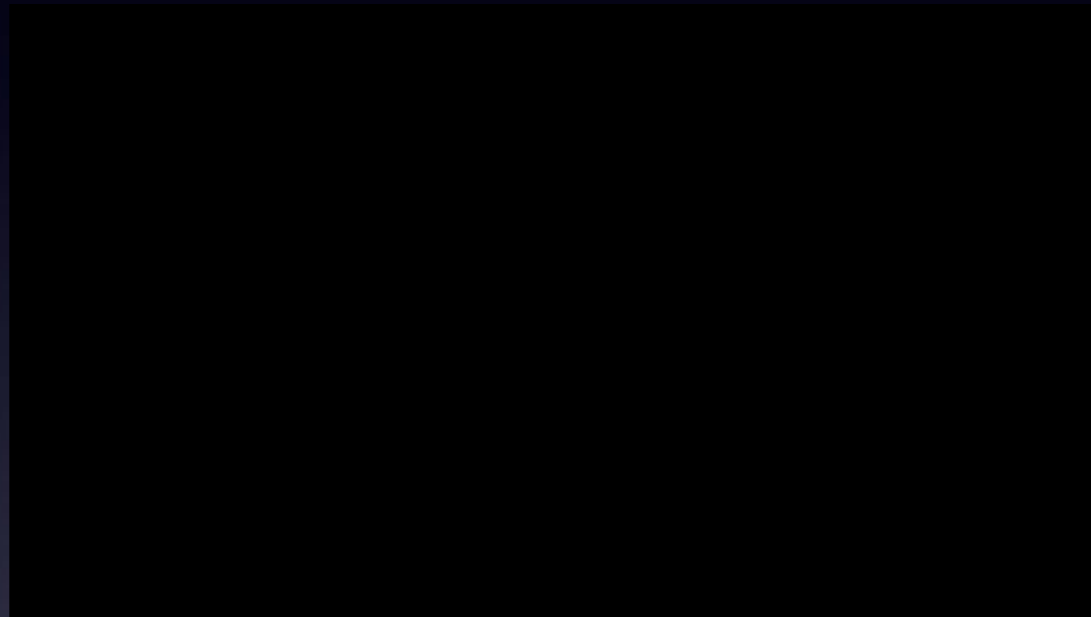
**#SaveTheCrew**



# Dropdown LLCs



# Amazon Go Store



# Future of Transit

