



NAI Ohio Equities

1Q'17
Columbus Market Report

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Thank you to Xceligent for the provided data throughout the report.

Quarter after quarter, we send our friends these “State of the Market” updates professing the vitality of the current commercial real estate market. We see an abundance of urban mixed-use projects, speculative warehouses, and more apartment buildings than even Don Kenny could have imagined. All of this with no whispers of glut, surplus or oversupply. Clearly, our consumer based economy, which relies on retail sales and consumer spending for a whopping 70% of GDP, is firing on all cylinders.

But what’s up with retail?

Already this year, we have seen more retail bankruptcies than all of 2016. Payless, J.C. Penney, RadioShack, Macy’s, and Sears have each announced more than 100 store closures. Category killer Target, who opened 58 new stores in 2009, plans just 4 new stores in 2017. Whole Foods, who not so long ago seemed to exemplify success in the age of consciences consumption, is now a takeover target with sales suffering from a lack of store traffic.

So why have headlines for the retail sector been worse than United Airlines passenger re-accommodation practices?

Here are some reasons I have observed (i.e. plagiarized) for the retail apocalypse:

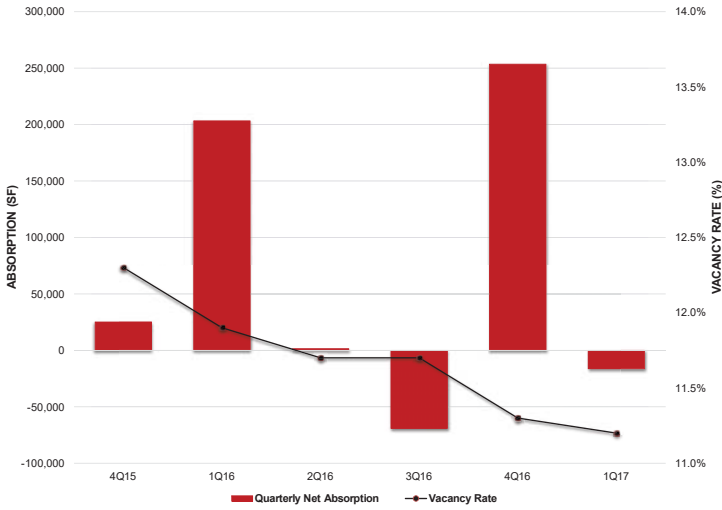
- Amazon has upped the online shopping game for all retailers. Consumer Intelligence Research Partners reports that almost one-half of all US households have an Amazon Prime membership.
- Multiple national economists report a shift in consumer spending from “things” to “food” (i.e., restaurants). Maybe there is a tech element to this change; which makes a better social media pic, browsing an empty mall, or checking out the latest brewpub with your crew?
- Did I mention online shopping? Not only does shopping on your phone keep you out of your local Wal Mart, but you are also not visiting the store next door to impulsively pick up custom-made cupcakes.

There is no doubt many other factors contribute to such a dynamic shift in the retail sector. The only thing we are sure of here at NAI Ohio Equities: change is the only constant. We hope to hear from you if we can help change your real estate strategy for the better...

Sincerely,

Michael Simpson, President
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Quarterly Absorption and Vacancy



4Q16 vs. 1Q17

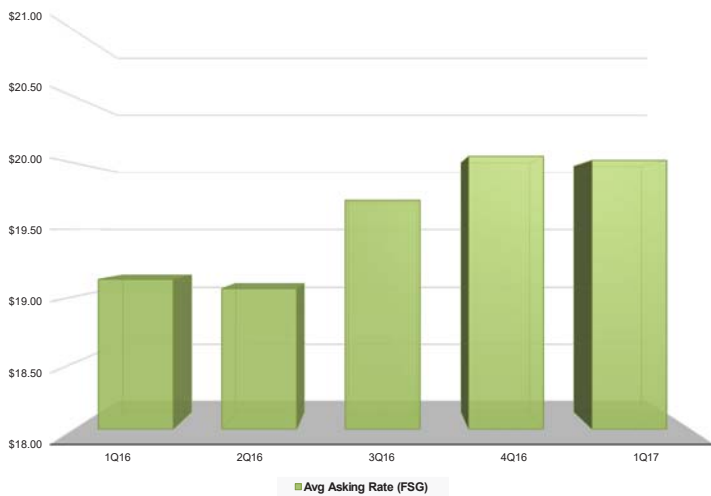


NET ABSORPTION



VACANCY RATE

Historic Rental Rates



4Q16 vs. 1Q17



AVERAGE ASKING RATES

“Overall first quarter absorption was relatively flat, but the perception is that vacancy rates are continuing to go down and lease rates are trending up, even with plenty of new construction on the horizon.”

- During the first quarter of 2017, the Columbus market recorded 16,292 SF of negative net absorption
- At 11%, the regional vacancy rate decreased 0.3 percentage points from the end of the first quarter of 2016.
- Net absorption was down from a positive 212,000 SF recorded during the first quarter of 2016
- Currently, the Columbus market has over 1 million SF under construction with Big Lots and Alliance Data both constructing new headquarters.



Matt Gregory

Office Specialist

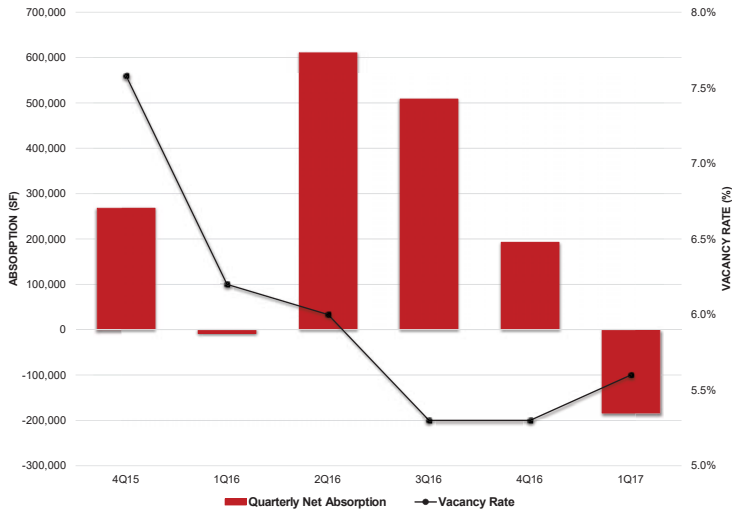
mgregory@ohioequities.com

Property Type	Inventory (SF)	Available (SF)	Vacant (SF)	Vacancy Rate	Qtrly Net Absorption (SF)
A	14,293,261	2,930,232	1,568,694	10.98%	3,236
B	18,003,146	3,217,378	2,216,699	12.31%	-16,612
C	10,214,563	974,142	884,381	8.66%	2,634
Grand Total	42,510,970	7,121,752	4,669,774	10.98%	-10,742

MARKET REPORT

Retail

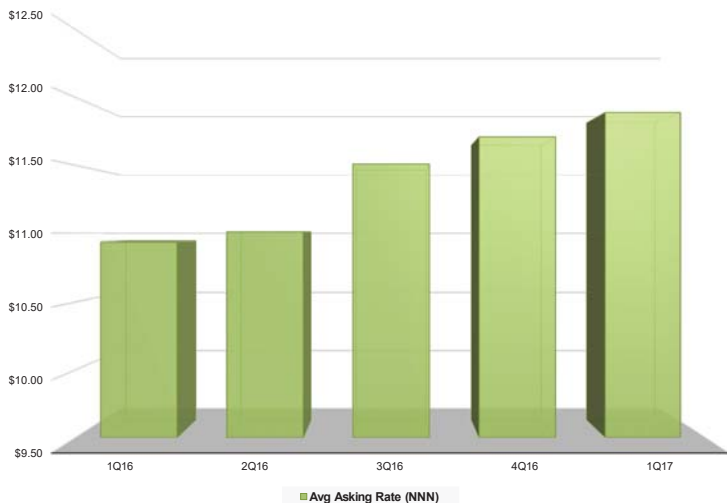
Quarterly Absorption and Vacancy



4Q16 vs. 1Q17



Historic Rental Rates



4Q16 vs. 1Q17



"As more big-box stores close, the strength of junior box/small-inline retail tenants might lead to larger spaces being demised into food, entertainment or alternate-use tenants. Retailers also see the millennials preference for open spaces and will cater towards the demand."

- The Columbus regional retail market experienced 183,623 SF of negative net absorption during the first quarter of 2017.
- The total vacancy rate has decreased from 5.8% at the close of 1Q 2016 to 5.6% at the close of 1Q 2017
- Currently, the Columbus retail market has over 942,000 SF under construction, including IKEA, Bridge Park and Value City Furniture



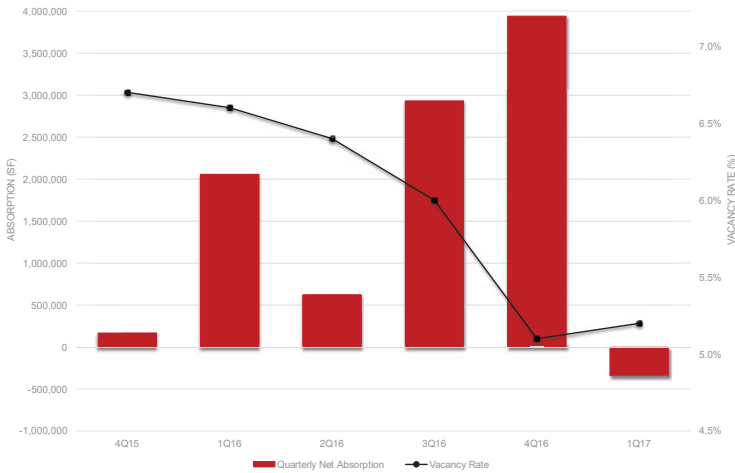
Chris Howard

Retail Specialist
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Specific Use	Inventory (SF)	Available (SF)	Vacant (SF)	Vacancy Rate (%)	Qtrly Net Absorption (SF)
Conv/Strip Center	6,823,851	568,186	433,664	6.36%	-27,835
Free/Gen	25,643,564	1,255,556	989,759	3.86%	27,496
Neighborhood/Comm Ctr	30,227,901	2,188,894	2,064,992	6.83%	-134,984
Reg/Power Center	18,670,251	1,279,882	1,040,209	5.57%	-48,300
Grand Total	81,365,567	5,292,518	4,528,624	5.57%	-183,623

MARKET REPORT Industrial

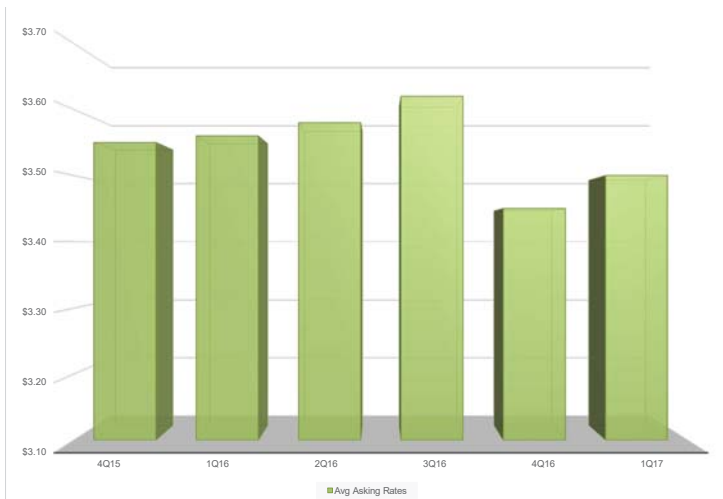
Quarterly Absorption and Vacancy



4Q16 vs. 1Q17



Historic Rental Rates



4Q16 vs. 1Q17



"The industrial market is exploding right now with very little vacancy."

- The Columbus industrial market recorded 339,807 SF of negative absorption during 1Q 2017, down from the positive net absorption during 1Q 2016.
- At 5.1%, the 4Q 2016 regional total vacancy rate declined from 6.6% rate reported during the 4Q 2015. The highest levels of vacancy were reported in Southeast, Pickaway, and Licking submarkets.
- Some of the large contributors to the negative net absorption that recorded at the close for 1Q 2017 were Rexnord vacating 175,416 SF and leaving the Columbus market, Rockmill Industrial being sold and remaining vacant, Quad Graphics and T. Marzetti vacating their buildings.
- During the 1Q 2017, 311,000 SF was delivered. The 2.4 million SF that is currently under construction, 76% of the space has been pre-leased.



Matt Osowski

Industrial Specialist
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Property Type	Inventory (SF)	Total Available (SF)	Vacant (SF)	Total Vacancy Rate (%)	Qtrly Net Absorption (SF)
Flex/R&D	26,590,767	1,987,539	1,111,963	4.18%	156,864
Light Industrial	48,620,678	2,214,676	1,652,496	3.40%	-52,116
Manufacturing	37,284,521	2,692,943	1,625,742	4.36%	-96,232
Warehouse/Distribution	159,022,175	14,469,389	9,687,867	6.09%	-348,323
Grand Total	271,518,141	21,364,547	14,078,068	5.18%	-339,807

Absorption (Net)

The change in occupied space in a given time period.

Available Square Footage

Net rentable area considered available for lease; excludes sublease space.

Average Asking Rental Rate

Rental rate as quoted from each building's owner/management company. For office space, a full service rate was requested; for retail, a triple net rate requested; for industrial, a NN basis.

Building Class

Class A Product is office space of steel and concrete construction, built after 1980, quality tenants, excellent amenities & premium rates. Class B product is office space built after 1980, fair to good finishes & wide range of tenants.

Direct Vacancy

Space currently available for lease directly with the landlord or building owner.

Market Size

Includes all existing and under construction office buildings (office, office condo, office loft, office medical, all classes and all sizes, both multi-tenant and single-tenant, including owner-occupied buildings) within each market.

Overall Vacancy

All physically unoccupied lease space, either direct or sublease.

SF/PSF

Square foot/per square foot, used as a unit of measurement.

Sublease

Arrangement in which a tenant leases rental property to another, and the tenant becomes the landlord to the subtenant.

Sublease Space

Total square footage being marketed for lease by the tenant.

Sublease Vacancy

Space currently available in the market for sublease with an existing tenant within a building acting as the landlord.

Serving Central Ohio's Real Estate Needs

Since 1971. Around the Corner...
Around the World.

Operating as Central Ohio's largest locally owned commercial real estate company, NAI Ohio Equities, has been serving the Columbus real estate market for 46 years. Our mission is to provide the highest quality by adding value to our client's assets and real estate needs through expert analysis, market knowledge and personalized service.

By the Numbers

40+ Professionals

46+ Years Experience

500+ annual completed transactions

10.5 million+ sf of managed properties

1 team focused on your real estate needs



George "Sandy" Simpson
Chairman



Michael Simpson
President



Kim Benincasa
Investment



Curt Berlin
Industrial



Philip Bird
Office & Investment



Blake DeCrane
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Anthony Maronitis
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Ryan McGreevy
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Joe Menninger
Office, Retail & Investment



Jim Merkel
Office & Industrial



COMMERCIAL
REAL ESTATE
LEADERS
SINCE 1971



Peter Merkle
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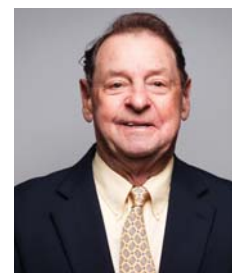
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Dan Sheeran
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Dan Sheeran, Jr.
Industrial & Investment