



# Columbus industrial market report

Q2 2023

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**AVISON  
YOUNG**

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# Columbus industrial market trends

## 5.2%

### Vacancy on the rise

Vacancy increased 120 basis points year-to-date, recorded at 5.2% at the end of the second quarter of 2023. A total of 8.8 msf delivered to the market this year and of that 50% remains available and pushing vacancy up. Sublet vacancy has also increased with a total of 2 msf now vacant compared to only 588,707 available in Q4 2022.

## 8.7 msf

### Strong tenant demand

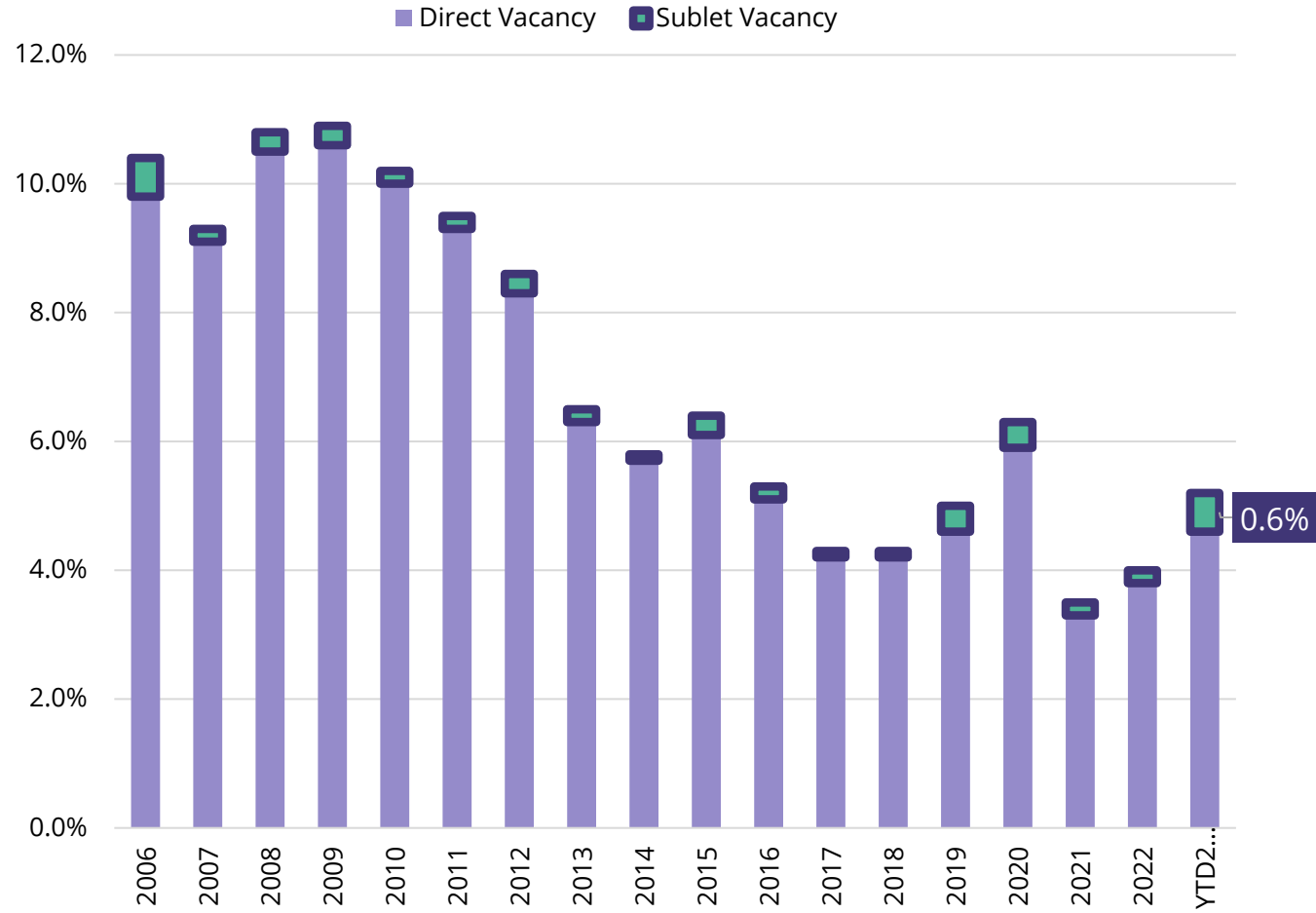
Year-to-date a total of 8.7 msf has been leased, a slight cool down from the highs of the pandemic. However, when comparing current leasing activity to the pre-pandemic 5-year averages the market is seeing strong demand, yearly leasing averages from 2015-2019 was 13.4 msf.

## 12.7 msf

### Under construction

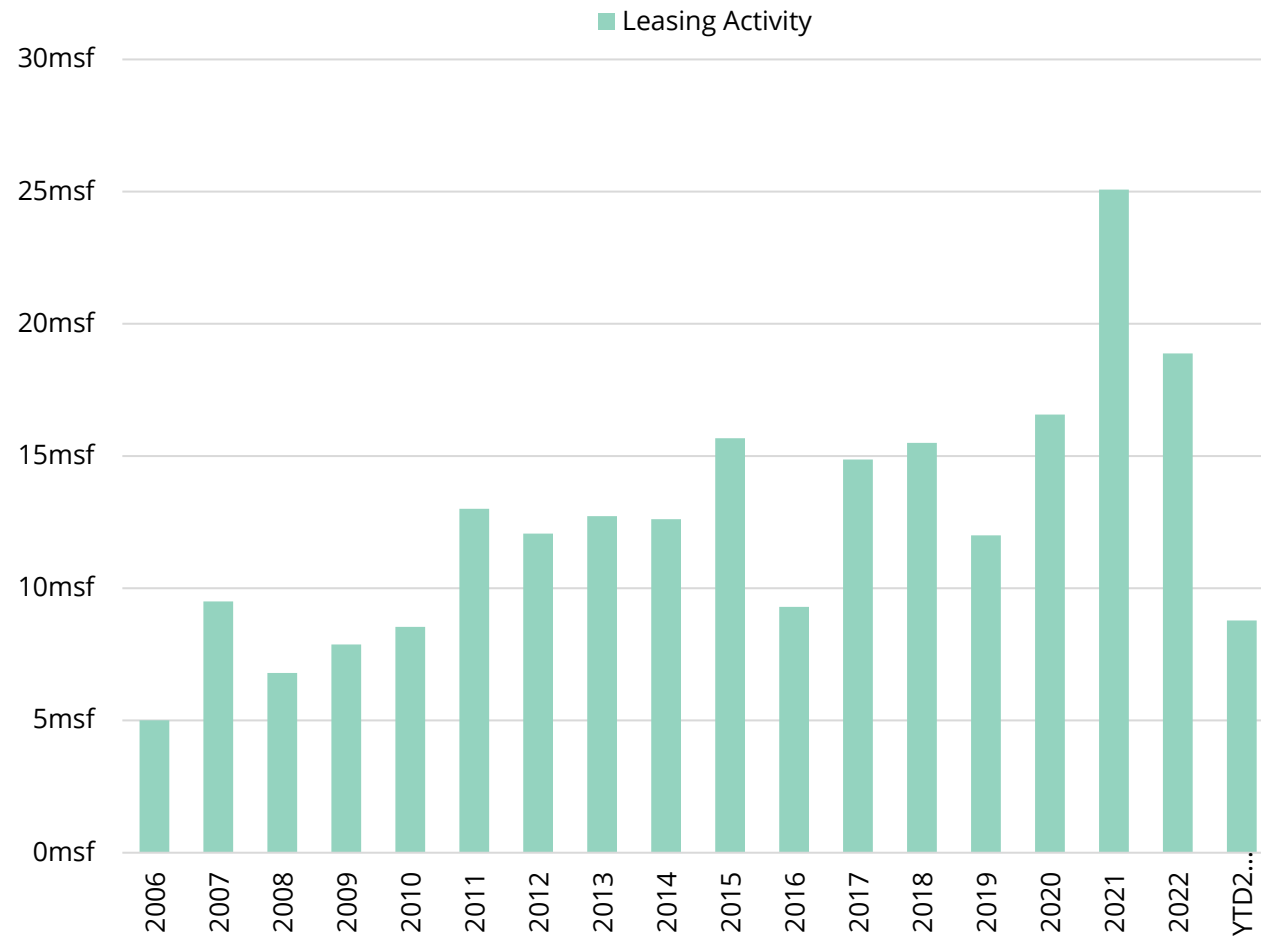
Construction activity surged in 2022 with record breaking deliveries which added 14.7 msf of new inventory to the Columbus industrial market. There is currently 12.7 msf under construction after already delivering 8.8 msf year-to-date.

# Vacancy on the rise



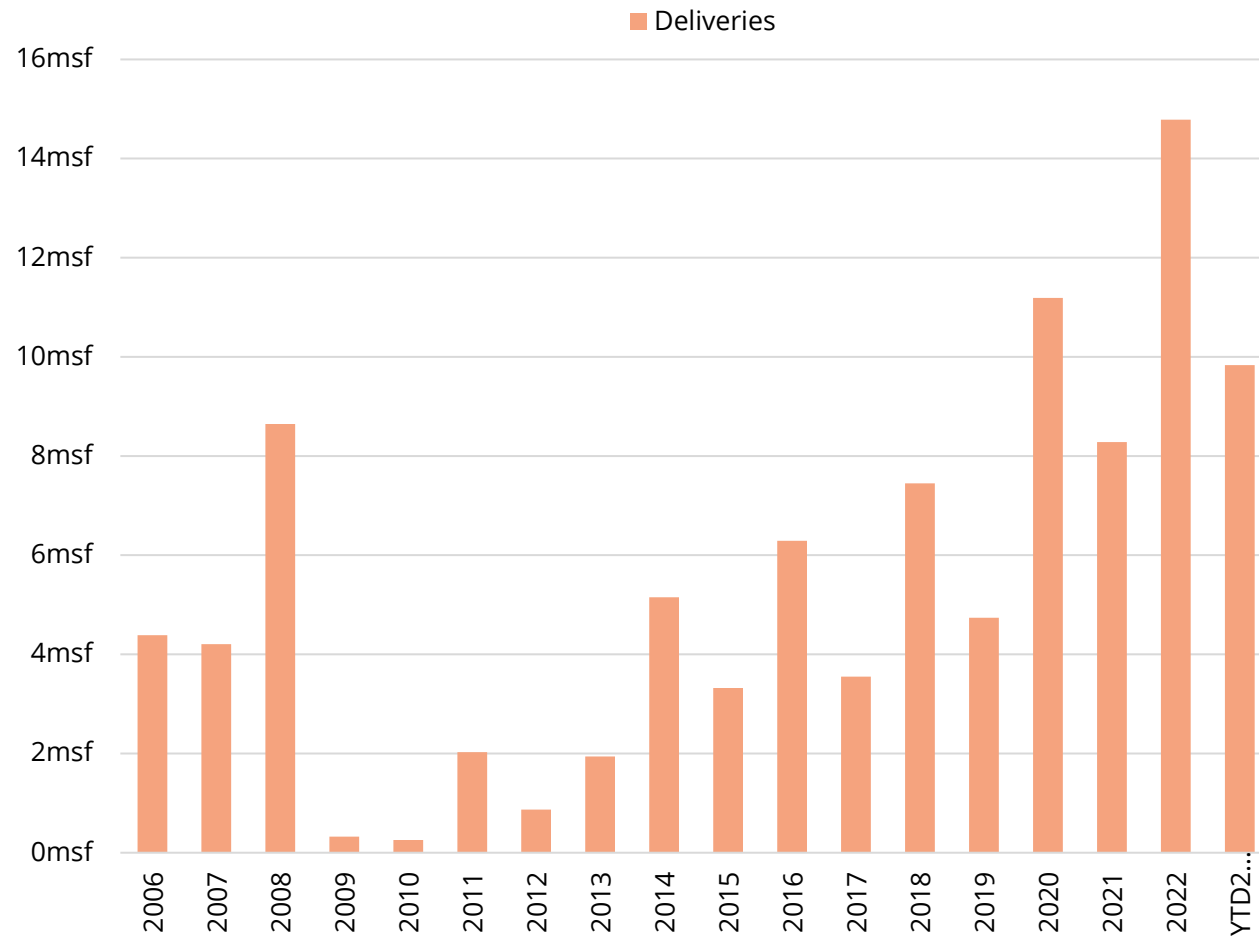
**Vacancy increased 120 basis points year-to-date, recorded at 5.2% at the end of Q2 2023. A total of 8.8 msf delivered to the market this year and of that 50% remains available.**

## Strong tenant demand



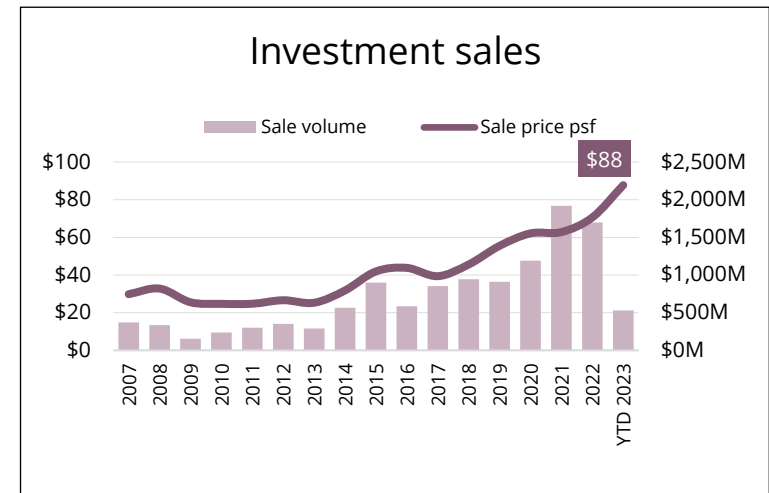
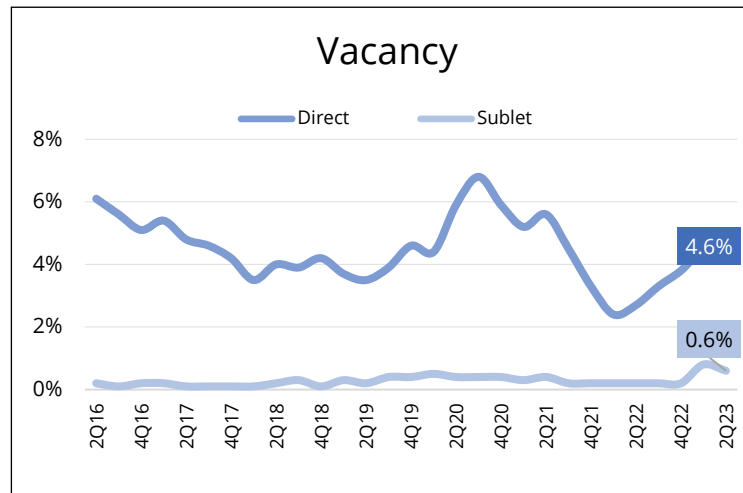
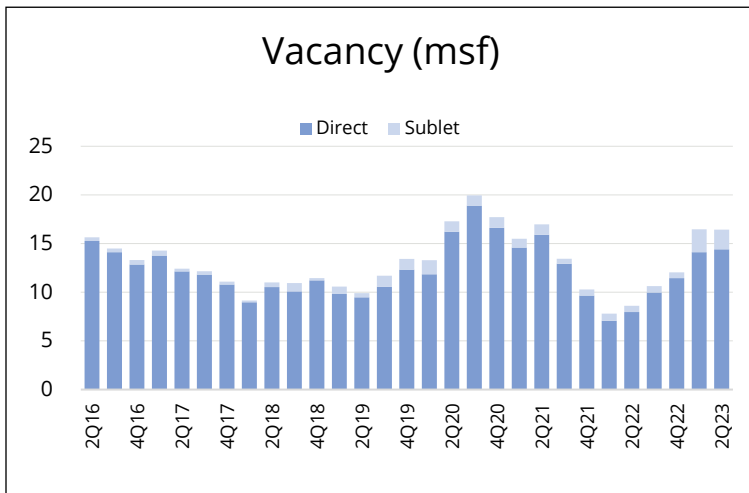
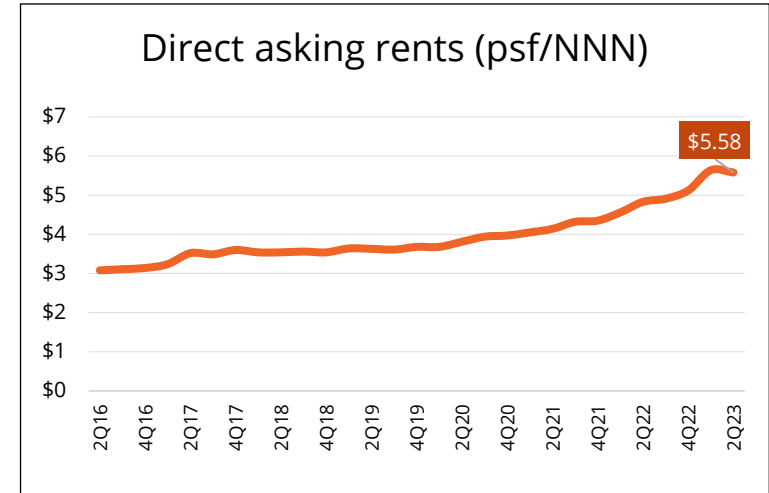
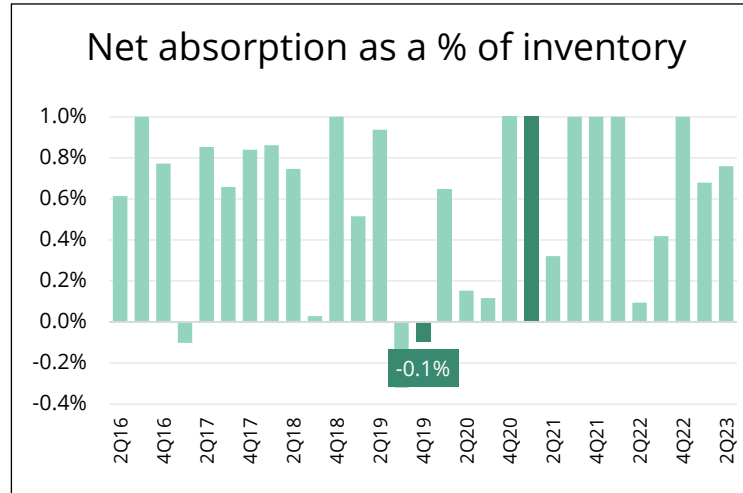
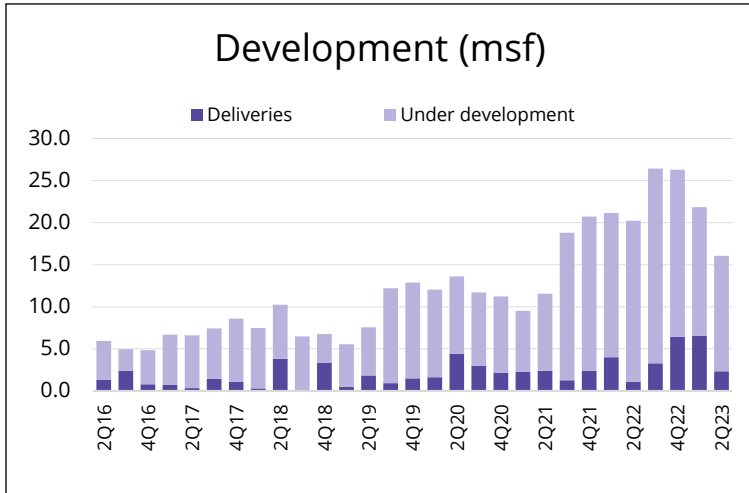
**Year-to-date a total of 8.7 msf has been leased, a slight cool down from the highs of the pandemic. Yearly average leasing volume pre-pandemic (2015-2019) was 13.4 msf.**

# Healthy construction pipeline



**Construction activity surged in 2022 with record breaking deliveries adding 14.7 msf of new inventory to the market with another 12.7 msf under construction.**

# Columbus industrial market indicators



# Industrial insights glossary of terms

## Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

## Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

## Industrial rents and concessions

- **Triple net rents:** tenant is responsible for paying rent, utilities, taxes, operating expenses and common area maintenance
- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as triple net (NNN)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as triple net (NNN)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an industrial suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

## Property subtypes

- **Distribution:** properties used primarily to ship good with higher proportions of dock doors and taller clear heights
- **General Warehouse:** properties used to store goods and materials
- **Manufacturing:** properties where goods are produced and assembled with heavier power and stronger floor loads for equipment

## Capital markets

- **Investment volume:** industrial sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales

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