



NA Ohio Equities

3Q'17

Columbus Market Report

MARKET REPORT Columbus

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The central Ohio commercial real estate market continues to heat up, with both office and industrial vacancy rates remaining relatively flat. Although counterintuitive, we don't expect to see significant reductions in vacancy even as demand increases. The reason: much of the current available space is the same space that has been undesired by tenants for years due to lack of amenities and functional obsolescence.

So if vacancy is not falling, what indicators do we have to show the market is truly "hot"? Looking at sale prices per square foot for office properties this year gives a good reflection of the market:

1st Quarter

\$92/SF

2nd Quarter

\$99/SF

3rd Quarter

\$116/SF

Sellers of office buildings are seeing record high prices for their properties.

If you have been curious as to the value of your CRE asset, please let me know, we are happy to provide an Opinion of Value.

We hope you enjoy the rest that the autumn of 2017 has to offer and look forward to connecting soon.

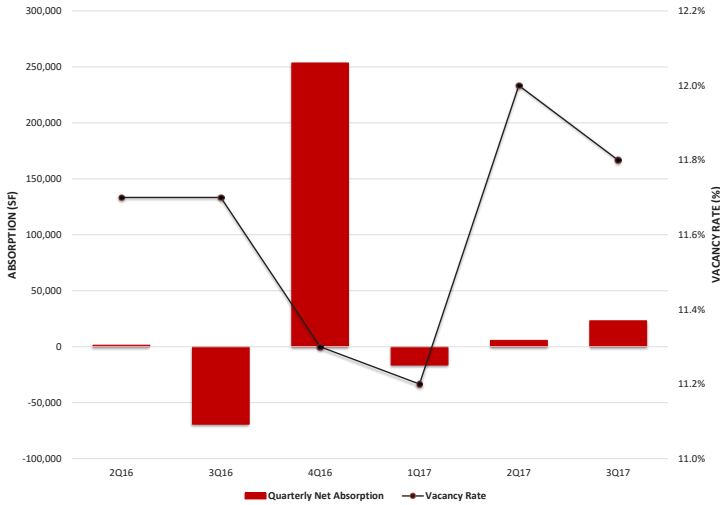
Sincerely,

Michael Simpson, President
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Thank you to Xceligent for the provided data throughout the report.

MARKET REPORT Office

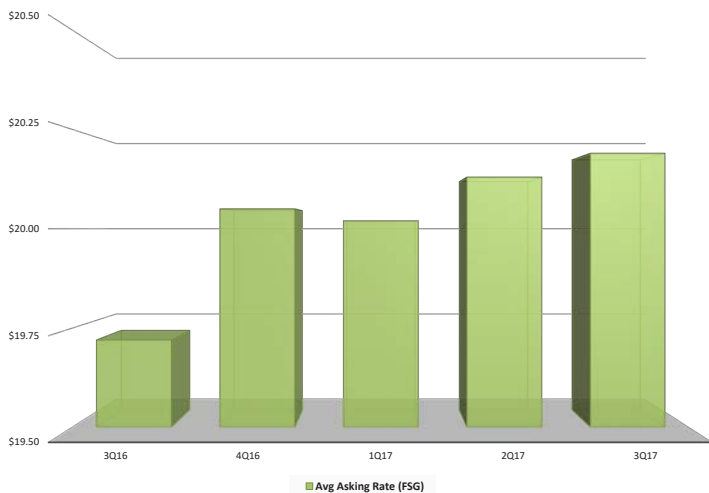
Quarterly Absorption and Vacancy



2Q17 vs. 3Q17



Historic Rental Rates



2Q17 vs. 3Q17



"Vacancy rates continue to decrease as value add investors see their once vacant assets begin to reach stabilization"

- During the third quarter of 2017, the Columbus office market recorded 21,158 SF of positive net absorption.
- At 11.8%, the regional vacancy rate decreased 0.2 percentage point from the end of the second quarter of 2017
- Currently, the Columbus market has almost 1 million square feet under construction. Deliveries totaling 48,373 SF during third quarter of 2017 were located at Bridge Park in the Dublin market and 670 Cross Pointe Road in the East market
- The northwest market performed the best with a total vacancy rate of 11.1% and positive net absorption of 73,457 SF.



Andy Dutcher

Office Specialist

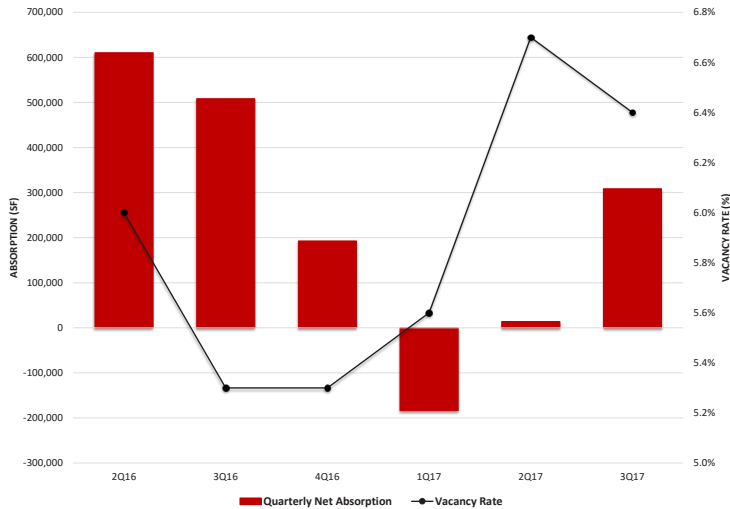
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Property Type	Inventory (SF)	Available (SF)	Vacant (SF)	Vacancy Rate	Qtrly Net Absorption (SF)
A	14,995,552	3,145,049	1,887,217	12.6%	34,541
B	17,581,056	3,297,113	2,186,366	12.4%	15,090
C	9,330,116	1,283,117	877,620	9.4%	-26,473
Grand Total	41,906,724	7,725,279	4,951,203	11.8%	23,158

MARKET REPORT

Retail

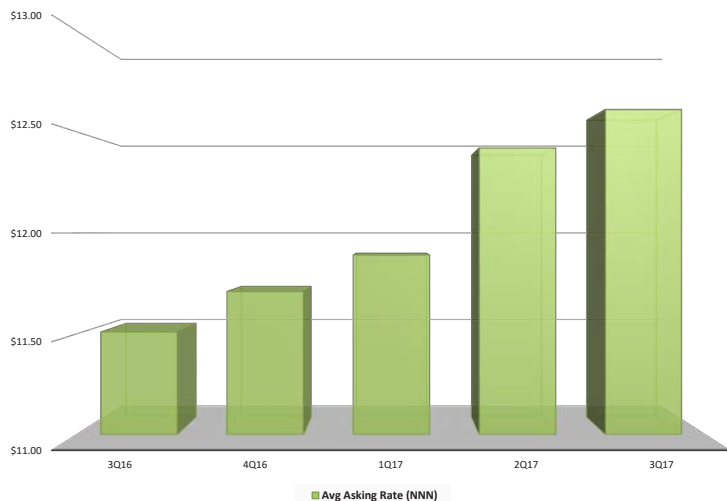
Quarterly Absorption and Vacancy



2Q17 vs. 3Q17



Historic Rental Rates



2Q17 vs. 3Q17



"Over the last 3 Quarters we have seen a number of big box retailers file bankruptcy or close their doors. Some have been backfilled or redeveloped, others have not. Will there be more to come?"

- The Columbus regional retail market experienced 308,588 SF of positive net absorption during the third quarter of 2017.
- The total vacancy rate has increased slightly from 5.7% at the close of the second quarter of 2017 to 6.4% at the close of third quarter of 2017
- Currently, 822,963 SF of retail space is under construction in the market during the third quarter of 2017.
- Notable net gains in occupancy include The Andersons General Store at 7000 Bent Tree Blvd and 5800 Alshire Road



Anthony Maronitis

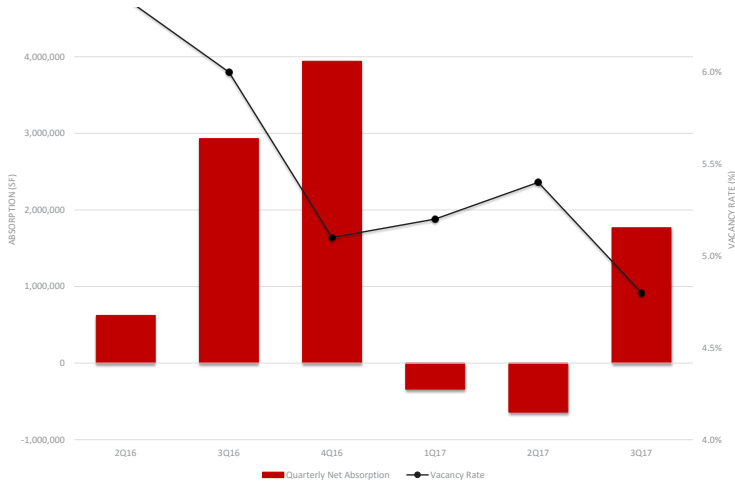
Retail Specialist

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Specific Use	Inventory (SF)	Available (SF)	Vacant (SF)	Vacancy Rate (%)	Qtrly Net Absorption (SF)
Conv/Strip Center	6,976,888	579,561	471,595	6.8%	17,610
Free/Gen	26,089,646	1,184,151	1,055,284	4.0%	308,421
Neighborhood/Comm Ctr	30,136,562	2,348,463	2,183,957	7.2%	-128,893
Reg/Power Center	18,538,861	1,926,145	1,518,901	8.2%	111,450
Grand Total	81,741,957	6,038,320	5,229,737	6.4%	308,588

MARKET REPORT Industrial

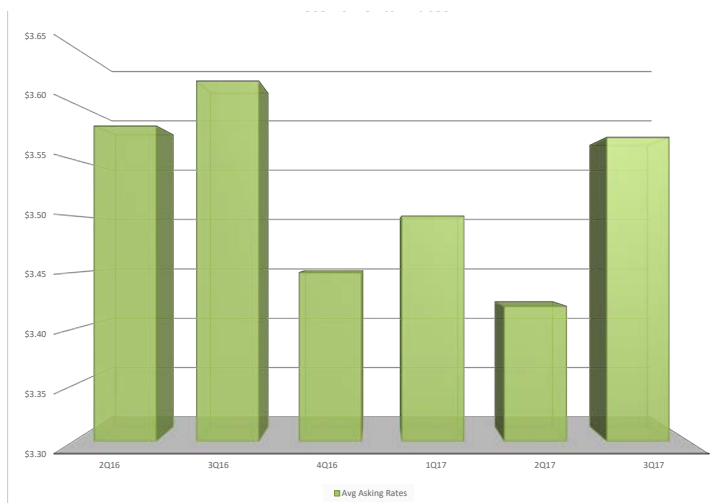
Quarterly Absorption and Vacancy



2Q17 vs. 3Q17



Historic Rental Rates



2Q17 vs. 3Q17



"With the vacancy rate at the lowest I have seen in my 30+ years in the business it continues to be a sellers/landlords market. There are very few options available for buyers and tenants."

- The Columbus industrial market recorded 1,767,222 SF of positive absorption during the third quarter, up from the negative absorption of 640,527 SF during the second quarter of 2017.
- The total vacancy rate has decreased from 6.4% in the second quarter to 4.8% in the third quarter.
- Notable net gains included GEODIS Logistic leasing 369,271 SF, Sears reoccupying 358,760 SF and Amerisource/ICS leasing 350,000 SF
- During the third quarter, 2.6 million square feet of the total 4.8 million square feet that is under construction is speculative construction.



Curt Berlin

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	26,726,690	1,331,324	806,457	3.0%	121,359
Light Industrial	48,892,672	2,495,097	1,914,722	3.9%	-192,025
Manufacturing	37,296,950	2,437,106	1,496,107	4.0%	22,287
Warehouse/Distribution	160,682,222	13,349,464	8,784,069	5.5%	1,816,101
Grand Total	273,598,534	19,612,991	13,001,355	4.8%	1,767,722

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.



George "Sandy" Simpson
Chairman



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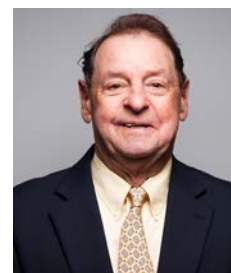
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Investment



Dan Sheeran, Jr.
Industrial &
Investment



MARKET REPORT
About Us

The Power of **Local Knowledge**

We make it our primary focus to understand your business and the opportunities and challenges you face on a regular basis

NAI Ohio Equities is one of Central Ohio's largest, long-standing commercial real estate and property management company. The firm has been serving the Columbus real estate market for over 45 years. We strive to provide the highest quality real estate services by adding value to our client's assets and real estate needs through expert analysis, specific market knowledge and personalized service.

NAI Ohio Equities is the Central Ohio affiliate of NAI Global, the single largest, most powerful global network of owner-operated commercial real estate brokerage firms. NAI Global member firms spans worldwide, with more than 400 offices and more than 7,000 local market experts on the ground.