

# INVESTMENT FORECAST

Industrial  
Columbus

IPA

INSTITUTIONAL  
PROPERTY  
ADVISORS

2022

## Intel Solidifies Major Commitment in Columbus, Signaling Future Growth and Generating Investment

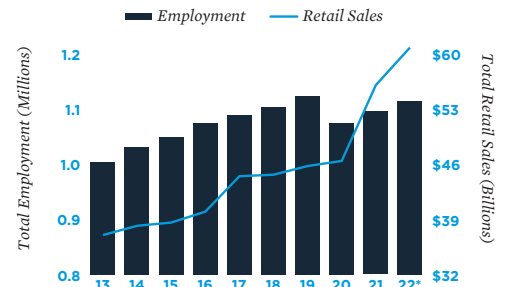
**Vacancy remains low, ahead of major manufacturing expansion.** Columbus saw a jump in online shopping during the pandemic, leading to robust tenant demand for industrial floorplans in the metro. This surge in space needs drove vacancy to a record-low of 2.8 percent and contributed to a 14 percent jump in the average asking rent last year. Aside from the influence of e-commerce, the tech company Intel is scheduled to begin construction on two semiconductor chip factories this year. The company has announced its intention to partner with Ohio State University and its students for this endeavor, ultimately bringing an estimated 3,000 high-skilled jobs to the region. Intel's move has also spurred additional entry into Columbus from other companies in the chip manufacturing sector like Air Products, as well as Applied Materials, to provide resources. While record levels of construction will increase vacancy in the near term, the budding semiconductor cluster in the metro is a positive for industrial assets in the long run.

**Columbus draws investors as tech firms migrate in.** The number of industrial trades reached the highest level on record last year, as buyers sought facilities with access to transit routes. The most commonly targeted submarkets were Hilliard and Southeast Columbus, but Licking County, Dublin and the Airport Area also saw high activity. Columbus' average cap rate has decreased in the past few years, but sits approximately 50 basis points above the national average. The comparatively higher yields have drawn in buyers from areas with especially low cap rates, such as from New York and California, and this trend is expected to continue. Intel's announcement and the auxiliary firms that will likely enter Columbus could support a continued rise in transaction velocity.

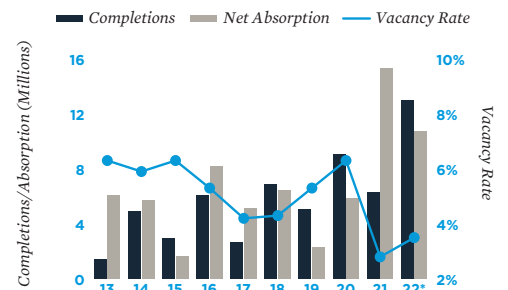
## 2022 Market Forecast

- Employment** up 1.7% This year, the metro will add 19,000 new positions as it makes headway toward a return to pre-pandemic employment levels.
- Construction** 13 million sq. ft. Completions hit their highest mark since at least 2000, doubling the 6.2 million square feet delivered last year. New companies moving into the metro should absorb some of this supply.
- Vacancy** up 70 bps This year will see the net absorption of 10.7 million square feet, falling just short of the ample volume of completions, lifting vacancy to 3.5 percent.
- Rent** up 5.1% The average asking rent rises to a new high of \$4.95 per square foot, facilitated by tenant demand.
- Investment** Central Ohio's efficient access to transit routes across the United States and Canada boosts demand for warehouse and distribution properties in the metro. The continued expansion of e-commerce spending underscores interest in these assets.

### Economic Trends



### Supply and Demand



### Rent Trends



\* Estimate; \*\* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of February 2022. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Forecasts for employment and retail data are made during the first quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guaranty regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.