

# INVESTMENT FORECAST

Industrial  
Columbus Metro Area

IPA  
INSTITUTIONAL  
PROPERTY  
ADVISORS

2024

## Decreasing Vacancy Distinguishes Columbus On a National Scale, Enticing Investors

**Slowing construction allows supply and demand to realign.** More than 35 million square feet of space came online from 2020-2023 in Columbus. While vacancy reached a record low in 2021, deliveries have elevated the metric over the last two years. This trend will reverse in 2024, however, as the metro expects its slowest pace of stock growth since 2012, making Columbus one of two major U.S. markets that will log decreasing vacancy. Over the next half-decade, the metro expects several major industrial projects to deliver, including Intel's semiconductor factories in New Albany and data centers for Google, Microsoft and Amazon. Corporate investments like these have highlighted Columbus' central location and led suppliers to take up nearby space. Distribution-oriented firms will also expand into Central Ohio buildings this year, illustrated by ODW Logistics moving into a 540,000-square-foot facility in Lockbourne.

**Investors find opportunities in growing rural areas.** As Central Ohio gears up to welcome numerous corporate investments, buyers could be motivated to establish a footprint in the metro. By the end of 2024, Honda and LG Energy Solution's electric vehicle battery plant will be fully operational in Jeffersonville. Situated along Interstate 71, investors could target warehouse and distribution space in southwest areas like Grove City that are ideal for suppliers. Shell-condition assets in Licking County could also draw investment as the submarket sees dropping vacancy, and buyers find upside opportunities near the underway Intel development in New Albany. Close-in warehouses near roadways like Interstates 70, 670 and 71 are likely to stay sought after in 2024 as corporate investments and a growing population necessitate well-connected storage space for both construction and retail-related firms.

## 2024 MARKET FORECAST

+1.2%



**EMPLOYMENT:** Columbus welcomes 14,000 jobs in 2024, a positive sign after hiring slowed in 2023. The trade, transportation and utilities sector could note a rebound after a 6,000 role loss last year.

2.3 million



sq. ft.

**CONSTRUCTION:** Completions reach an 11-year low, expanding inventory by just 0.8 percent in 2024. The warehouse and distribution space coming online is well dispersed among outer counties.

-20 bps



**VACANCY:** Moderating construction allows demand to catch up, pushing vacancy down to 4.1 percent. Licking County will lead this compression, building off the area's 500-basis-point drop last year.

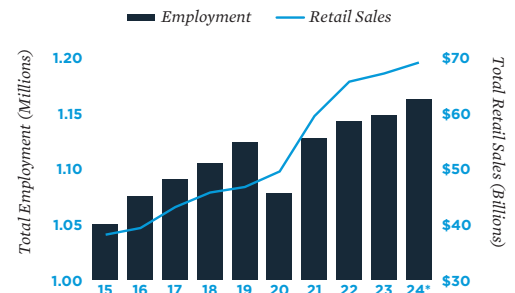
+5.2%



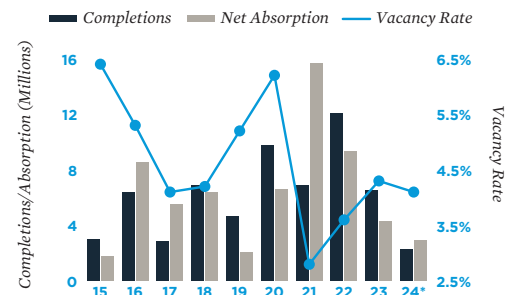
**RENT:** The pace of rent growth will slow in 2024 after three years of rapid gains. Columbus' average asking rent will be \$7.36 per square foot by year-end, more than \$3 higher than the 2019 level.

**INVESTMENT:** Investors looking for new space may target assets in Southeast Columbus or Licking County. The submarkets have each seen their total inventories increase by over 15 million square feet in the last 10 years.

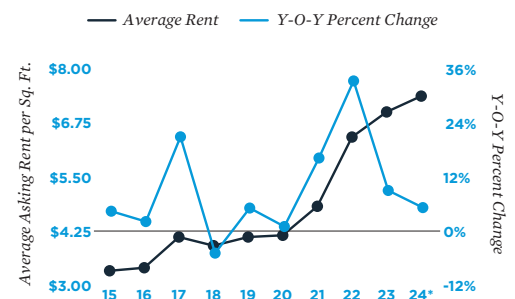
### Economic Trends



### Supply and Demand



### Rent Trends



\* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

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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 December 2023. Effective rent is equal to asking rent less concessions. 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. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and apartment data are made during the fourth 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.