

INVESTMENT OUTLOOK

Industrial
Columbus Metro Area

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

MIDYEAR 2025

Investor Interest Builds as Manufacturing Growth Fuels Demand for Large-Block Industrial Space

Bulk leasing holds firm even as retail-related tenants scale back. Despite softer leasing activity across the metro, demand for big-box space in Columbus' eastern submarkets remains resilient. All 2 million square feet delivered in the first quarter of 2025 was pre-leased, including a 1 million-square-foot commitment in Licking County that helped push local vacancy down by 100 basis points early in the year. Similar tightening was recorded near John Glenn Columbus International Airport. Further south, Pickaway County is emerging as a bulk leasing hub; new distribution facilities for Coca-Cola and Anduril underscore the area's appeal to logistics users. By contrast, leasing has softened among consumer goods firms. Big Lots' planned exit from 3.9 million square feet of industrial space in the northwest is likely to push vacancy higher. Still, nearly 6 million square feet of large-format leases are scheduled for move-in during the second half of 2025, supporting occupancy levels as deliveries slow.

Sales surge ahead of manufacturing expansion. Preliminary data indicates investment over the nine months ended in June 2025 rose sharply, nearing 2021 peak levels. Driven by a resurgence in trades of assets over 100,000 square feet, Southeast Columbus has seen a marked rise in activity, anchored by major investments like Anduril's planned manufacturing facility. Investors have favored recently built warehouses and distribution centers with tenants inked to long-term leases. Tighter vacancy in infill locations has also drawn buyers pursuing value-add opportunities. Meanwhile, small-bay vacancy near 3 percent — well below the 10 percent rate for large-bay properties — should sustain investor interest in smaller assets. Many tenants seeking skilled labor continue to cluster near Ohio State University, keeping buyers active in the area.

2025 MARKET FORECAST

+0.9%



EMPLOYMENT: Job growth will edge up this year, with the addition of 11,000 new roles. A growing industrial base is expected to support hiring in manufacturing and business support services.

2.9 million
sq. ft.



CONSTRUCTION: Completions will decline to their lowest annual total since 2017, marking a substantial slowdown from the 2020-2023 average of roughly 11 million square feet per year.

+30 bps



VACANCY: Big Lots' planned move-out will impact local vacancy; however, the metro's rate will rise only slightly in 2025. At 7.1 percent, the year-end metric holds below the national average.

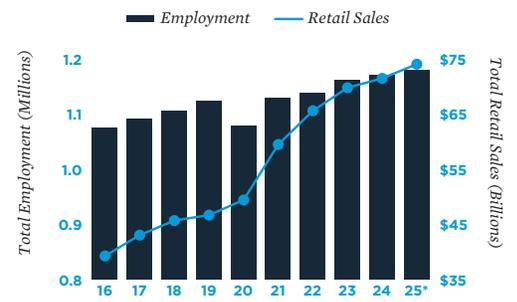
+2.7%



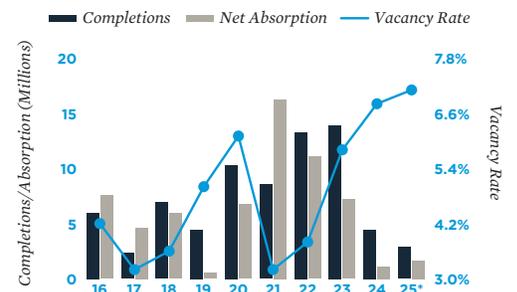
RENT: Easing vacancy pressure will allow asking rents to improve at a pace that mirrors last year. As such, the metro's average market rate reaches \$10.28 per square foot.

INVESTMENT: *The metro's northeast inner-ring is one of the 10-least vacant submarkets nationwide with at least 40 million square feet of inventory. Should conditions remain tight, competition for listings may increase.*

Economic Trends



Supply and Demand



Rent Trends



* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Al Pontius

Senior Vice President
National Director IPA Industrial
Tel: (415) 963-3000 | apontius@ipausa.com

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 guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.