

1Q'16

Columbus Market Report



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Thank you for opening up NAI Ohio Equities' first quarter market report.

Within it, you will see that the real estate market is performing well in our region and is in fact, growing. Vacancy is down in all sectors, rates are increasing, and there is an incredible amount of new construction taking place – all good signs for the Columbus region.

To Whom Do We Owe This Growth?

With only four Fortune 500 companies headquartered here, I think it is safe to say that small business is the engine that keeps our economy purring along so well.

As a small business ourselves (170 employees), NAI Ohio Equities understands the challenges small business face in the pursuit of profitability.

We also understand the advantages, primarily among the ability to respond quickly to market changes.

As the internet developed into the primary research tool tenants and buyers use to find new locations, we developed our E-Offering, a unique web site for each property that delivers all of the information occupants need to recognize the value of our clients buildings.

As utility providers began rebate programs for buildings that install energy efficient systems such as high efficiency lights and HVAC motors, our property managers responded with utility audits that not only put rebates dollars in our client's pockets, but also lowered overall building operating costs.

We look forward to these changes to spur more development and growth in Central Ohio.

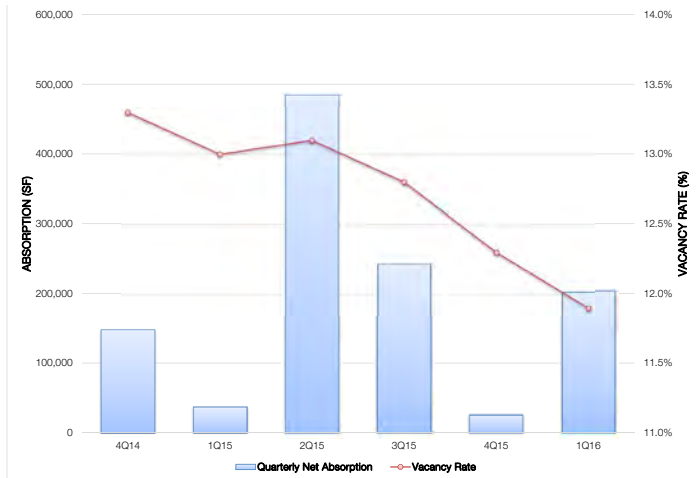
As always, if you would like to chat about the market, or your specific real estate needs, please reach out to me.

Sincerely,

Michael Simpson, President
NAI Ohio Equities
simpson@ohioequities.com
614.224.2400

MARKET REPORT Office

Quarterly Absorption and Vacancy



4Q15 vs. 1Q16

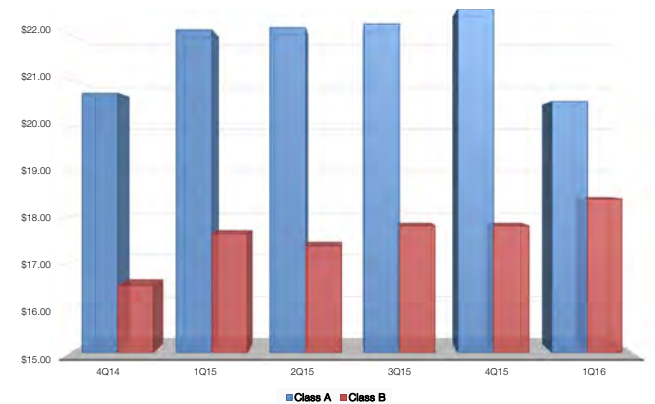


NET ABSORPTION



VACANCY RATE

Historic Rental Rates



4Q15 vs. 1Q16



CLASS A RENTAL RATES



CLASS B RENTAL RATES

"Cap rates are at pre-recession levels, inventory is incredibly low and it is definitely a seller's market. Occupancy and lease rates are on the rise and speculative construction is vibrant once again."

- The first quarter of 2016 showed the Columbus office market had absorbed 203,284 square feet, resulting in a slight improvement in the overall vacancy rate.
- The regional vacancy rate has continued to decline, showing improvements over the first quarter of 2015.
- The Easton sub-market had the highest level of positive net demand during the first quarter with the fully occupied Alliance Data Building II at 86,000 square feet.
- There are a total of eight building under construction with a total square footage of 1.3M.



Matt Gregory

Office Specialist

mgregory@ohioequities.com

OVERALL MARKET

Building Class	# of Bldgs	Inventory (SF)	Total Vacant (SF)	Sublease Available (SF)	Total Vacancy Rate	Qtrly Net Absorption (SF)
A	95	13,796,989	1,145,339	40,135	8.3%	229,165
B	232	18,246,069	2,672,360	22,741	14.6%	-25,881
Grand Total	327	32,043,058	3,817,699	62,876	11.9%	203,284

CENTRAL BUSINESS DISTRICT MARKET

Building Class	# of Bldgs	Inventory (SF)	Total Vacant (SF)	Sublease Available (SF)	Total Vacancy Rate	Qtrly Net Absorption (SF)
A	20	4,203,448	302,677	2,053	7.2%	40,317
B	51	6,700,868	949,638	6,605	14.2%	16,818
Grand Total	71	10,904,316	1,252,315	8,658	11.5%	57,135

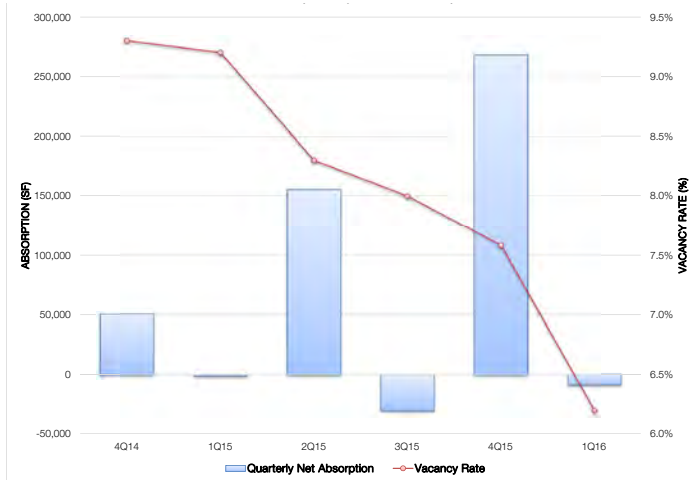
SUBURBAN MARKETS

Building Class	# of Bldgs	Inventory (SF)	Total Vacant (SF)	Sublease Available (SF)	Total Vacancy Rate	Qtrly Net Absorption (SF)
A	75	9,593,541	842,662	38,082	8.8%	188,848
B	181	11,545,201	1,722,722	16,136	14.9%	42,699
Grand Total	256	21,138,742	2,565,384	54,218	12.1%	146,149

MARKET REPORT

Retail

Quarterly Absorption and Vacancy



4Q15 vs. 1Q16

NET ABSORPTION

VACANCY RATE

"Great retail space is hard to find in this market; even more so for the many food uses looking to expand and or come into our market for the first time"

- First quarter 2016 showed a negative net absorption of square feet of inventory.
- The first quarter vacancy rate has remained unchanged from the fourth quarter of 2015.
- Notable transactions during the first quarter were the River Valley Plaza LP acquisition for \$15.8M.
- The North-Northeast sub-market absorbed the highest levels of net demand totaling 128,514 square feet during the first quarter of 2016.

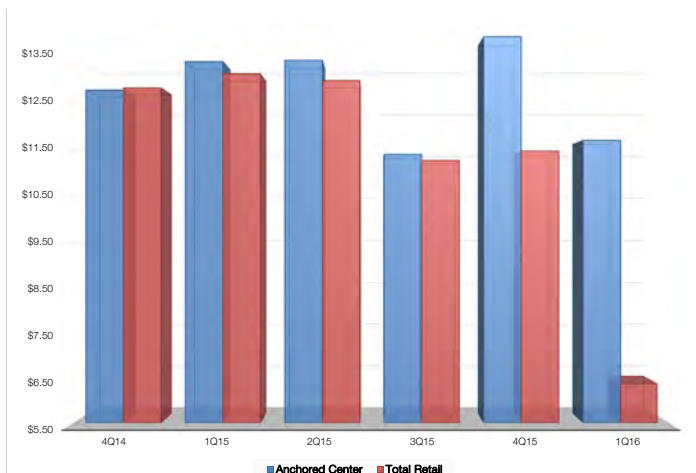


Anthony Maronitis

Retail Specialist

amaronitis@ohioequities.com

Historic Rental Rates



4Q15 vs. 1Q16

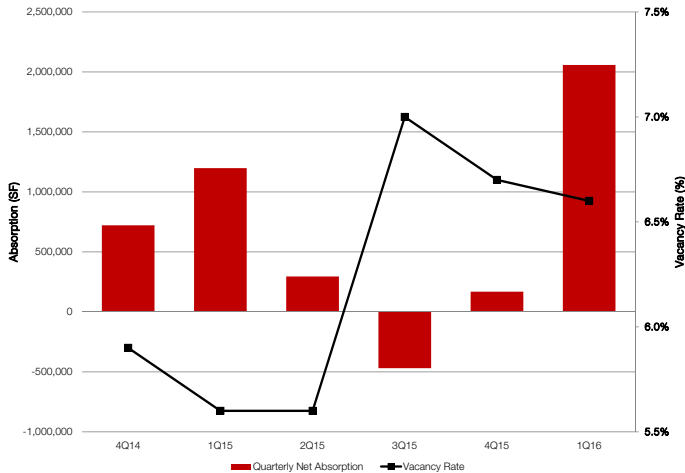
ANCHORED CENTER RENTAL RATES

TOTAL RETAIL RENTAL RATES

Submarket	# of Bldgs	Inventory (SF)	Total Vacant (SF)	Sublease Vacant (SF)	Vacancy Rate (%)	Qtrly Net Absorption (SF)
North-Northeast	417	22,142,023	1,132,202	22,792	5.11%	128,514
Freestanding	113	4,951,650	92,900	14,992	1.90%	29,500
Neighborhood Center	61	4,147,592	307,524	0	7.40%	9,476
Conv/Strip Center	130	5,782,708	387,391	7,800	6.70%	74,491
Community Center	108	4,535,117	196,808	0	4.30%	9,773
Regional Center	5	2,724,956	147,579	0	5.40%	5,274
Northwest	292	16,164,880	596,584	3,500	3.69%	3,853
Freestanding	79	3,968,339	98,148	0	2.50%	-22,000
Neighborhood Center	51	3,100,973	171,700	3,500	5.50%	280
Conv/Strip Center	90	3,660,656	140,295	0	3.80%	1,149
Community Center	70	4,514,619	168,593	0	3.70%	22,924
Regional Center	2	920,293	17,848	0	1.90%	1,500
Southeast	264	13,014,209	1,233,125	0	9.48%	-69,000
Freestanding	92	3,567,956	193,769	0	5.40%	2,497
Neighborhood Center	40	2,905,687	275,436	0	9.50%	-11,573
Conv/Strip Center	79	3,644,426	459,637	0	12.60%	-63,473
Community Center	51	1,822,907	272,715	0	15.00%	3,549
Regional Center	2	1,073,233	31,568	0	2.90%	0
Southwest	132	9,013,772	852,255	0	9.46%	-142,574
Freestanding	51	2,155,911	56,976	0	2.60%	10,000
Neighborhood Center	21	1,335,565	185,690	0	13.90%	-3,600
Conv/Strip Center	31	1,801,354	94,861	0	5.30%	-8,490
Community Center	25	1,411,096	275,995	0	19.60%	-140,484
Regional Center	4	2,309,846	238,733	0	10.30%	0
Central	60	2,043,250	154,604	0	7.57%	0
Freestanding	23	657,231	105,296	0	16.00%	0
Neighborhood Center	6	814,591	25,179	0	3.10%	0
Conv/Strip Center	4	78,418	24,129	0	30.80%	0
Community Center	27	493,010	0	0	0.00%	0
Outlying Areas	304	13,559,161	773,997	5,376	5.71%	70,845
Grand Total	1469	75,937,295	4,742,767	31,668	6.20%	-8,362

MARKET REPORT Industrial

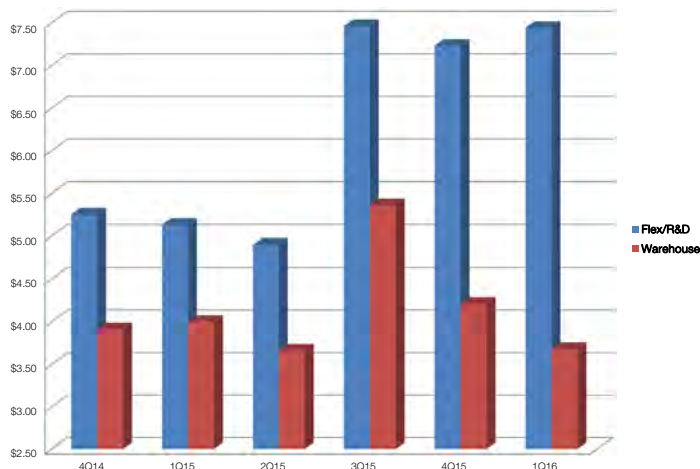
Quarterly Absorption and Vacancy



4Q15 vs. 1Q16



Historic Rental Rates



4Q15 vs. 1Q16



"A compressed market such as we are in now breeds a very competitive market place and landlords are aware of that."

- First quarter 2016 showed a slight decline in inventory down from 6.8% in Q4 15' to 6.6% in Q1 16'.
- Landlords are pushing back and are not as willing to provide free rent, tenant improvement dollars or major discounts of their rate.
- Sellers are also now in great position, values are up do to the lack of inventory.
- The NAI Ohio Equities Industrial Services Team represented Continental Auto Parts in pre-leasing 50,000 SF at Mark Taggart's Air South 1. The building should be available for June 1 occupancy. Overall there is 3.4M square feet under construction in Central Ohio.
- Activity and demand should continue through 2016, it is just a matter of finding the right product for your needs.



Matthew Osowski

Industrial Specialist

mosowski@ohioequities.com

Property Type	# of Bldgs	Inventory (SF)	Direct Available (SF)	Direct Vacancy Rate (%)	Qtrly Net Absorption (SF)
Flex/R&D	708	27,236,282	2,433,317	5.60%	137,725
Light Industrial	1,255	48,211,377	2,998,663	3.70%	151,797
Manufacturing	292	35,886,851	2,635,092	5.10%	159,331
Bulk Warehouse	261	74,435,312	7,562,337	8.20%	1,185,671
Warehouse	572	27,211,031	2,511,951	5.30%	93,089
Investment Grade	115	53,760,422	4,939,276	8.00%	286,914
Truck Terminal	68	2,561,213	15,150	0.60%	19,590
Grand Total	3,271	269,302,488	23,095,786	6.3%	2,034,117
Submarket	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacancy Rate (%)	Qtrly Net Absorption (SF)
East	515	29,269,386	795,851	2.70%	199,387
West	607	41,033,153	1,983,630	4.80%	203,432
Southwest	267	21,775,688	1,525,845	7.00%	-29,656
Southeast	595	81,422,442	8,732,629	10.70%	1,363,614
North	450	22,157,337	1,063,155	4.80%	-76,186
CBD	106	3,608,566	200,000	5.50%	0
Outlying	731	70,035,916	3,523,679	5.40%	397,170
Grand Total	3,271	269,302,488	17,824,789	6.60%	2,057,761

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.

Serving Central Ohio's Real Estate
Needs **Since 1971.** Around the
Corner...Around the World.

Operating as Central Ohio's largest locally owned commercial real estate company, NAI Ohio Equities, has been serving the Columbus real estate market for 45 years. Our mission is to provide the highest quality by adding value to our client's assets and real estate needs through expert analysis, market knowledge and personalized service.

By the Numbers

20+ Professionals

45+ Years Experience

\$50 million+ in sales this past year

12.5 million+ sf of managed properties

1 team focused on your real estate needs

MARKET REPORT Our Team



George "Sandy" Simpson
Chairman



Michael Simpson
President



Kim Benincasa
Investment



Curt Berlin
Industrial



Philip Bird
Office & Investment



Blake DeCrane
Industrial



Andy Dutcher
Office & Investment



Mark Francescon
Office & Industrial



Matt Gregory
Office & Investment



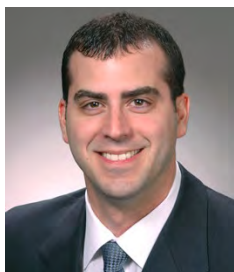
Chris Howard
Retail



Patrick Larrimer
Office



John Mally
Retail, Office, Investment



Anthony Maronitis
Retail, Investment



Ryan McGreevy
Industrial & Office



Joe Menninger
Office, Retail & Investment

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1971



Jim Merkel
Office & Industrial



Peter Merkle
Office, Retail & Investment



Bob Monahan
Office & Retail



Matthew Osowski
Industrial & Investment



Mike Semon
Investment & Office



Dan Sheeran
Industrial & Investment