NAI Ohio Equities

2Q'16

Columbus Market Report

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MARKET REPORT
Columbus

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NAI Ohio Equities

Overall, the Columbus Region continues to be vibrant and healthy. Rental rates continue to inch up in favor of landlords, resulting in new construction – 500,000 square feet in the office sector; 4,000,000 square feet in industrial; and 1,400,000 square feet in retail.

Though is it good news that our market is healthy, shrinking vacancy and rising rental rates is resulting in greater leverage for landlords when negotiating new leases.

For tenants seeking new space for lease, never has it been more important to partner with an experienced commercial real estate agent to assist with not just finding available space, but negotiating terms that are fair and clearly understood by the tenant. Although most tenants focus on the asking rate, equally important can be the tenant improvement allowance, option terms, and control of operating expenses that are passed through to the tenant.

For 45 years, NAI Ohio Equities agents have negotiated leases for tenants that are fair and are free of "surprises".

We look forward to being your trusted advisor, today and years to come. If you would like to chat about the market or your specific real estate needs, please reach out to me directly.

Sincerely,

Michael Simpson, President
NAI Ohio Equities
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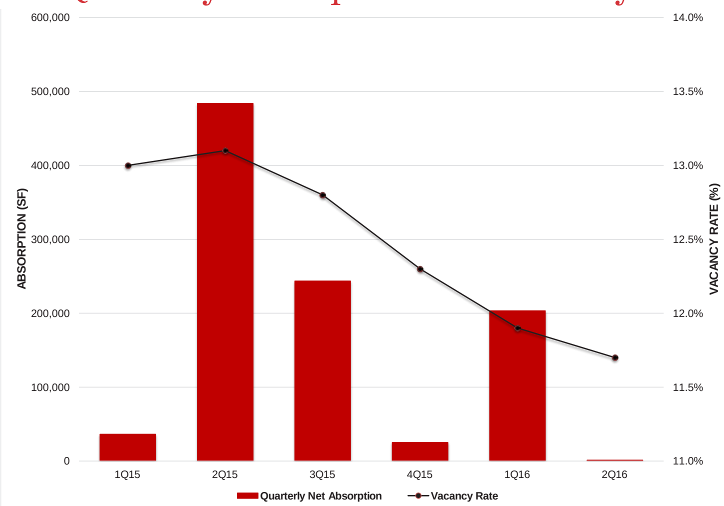
614.224.2400

MARKET REPORT
Office

Quarterly Absorption and Vacancy

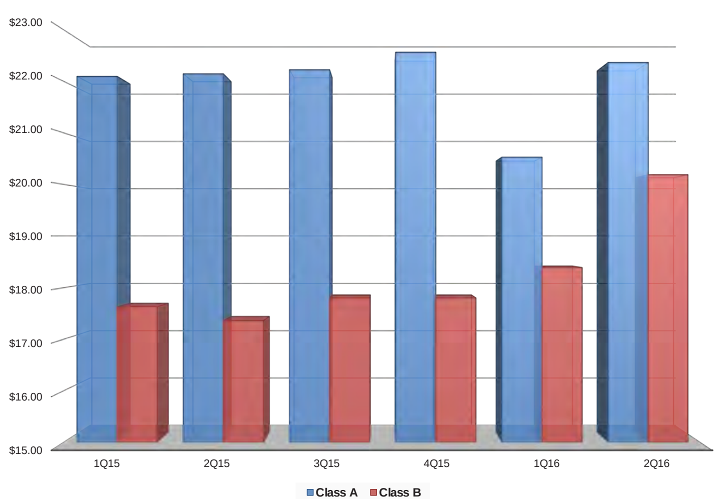


1Q16 vs. 2Q16

NET ABSORPTION

VACANCY RATE

Historic Rental Rates



1Q16 vs. 2Q16

CLASS A RENTAL RATES

CLASS B RENTAL RATES

"The demand for class A office space has remained strong in and around the Central Business District, which in return has driven continued office development."

- During the second quarter of 2016, the Columbus office market reported positive net absorption of 1,377 square feet.
- At 11.7%, the regional vacancy rate has continued to decline, showing significant improvements from the reported rate of 12.4% during the second quarter of 2015.
- The Downtown South submarket observed the highest level of positive net absorption of 71,412 square feet.
- Currently, there is over 500,000 square feet in the development pipeline under construction during the second quarter of 2016.

Joe Menninger
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OVERALL MARKET

Building Class	# of Bldgs	Inventory (SF)	Total Vacant (SF)	Sublease Available (SF)	Total Vacancy Rate	Qtrly Net Absorption (SF)
A	95	13,800,042	1,272,191	71,941	9.2%	**-130,226**
B	230	18,143,356	2,471,921	27,459	13.6%	**131,603**
Grand Total	**325**	**31,943,398**	**3,744,112**	**99,400**	**11.7%**	**1,377**

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	357,349	4,359	8.5%	**3,829**
B	51	6,700,868	888,401	5,601	13.3%	**69,853**
Grand Total	**71**	**10,904,316**	**1,245,750**	**9,960**	**11.4%**	**73,682**

SUBURBAN MARKETS

Building Class	# of Bldgs	Inventory (SF)	Total Vacant (SF)	Sublease Available (SF)	Total Vacancy Rate	Qtrly Net Absorption (SF)
A	75	9,596,594	914,842	67,582	9.5%	**55,271**
B	179	11,442,488	1,583,520	21,858	13.8%	**108,043**
Grand Total	**254**	**21,039,082**	**2,498,362**	**89,440**	**11.9%**	**163,314**

NAI Ohio Equities

MARKET REPORT

Retail

"Interest in suburban markets, including New Albany, Worthington and Grandview remains very strong with new developments continuing to show the strength of the Columbus retail market."

- The Columbus regional retail market had a positive net absorption of 610,324 square feet of inventory during the second quarter of 2016.
- At 6%, the second quarter vacancy rate has declined from 6.6% during the second quarter of 2015.
- The Columbus regional retail market was 1.4M square feet under construction.
- The Delaware submarket absorbed the highest levels of net demand totalling 370,000 square feet during the second quarter of 2016.

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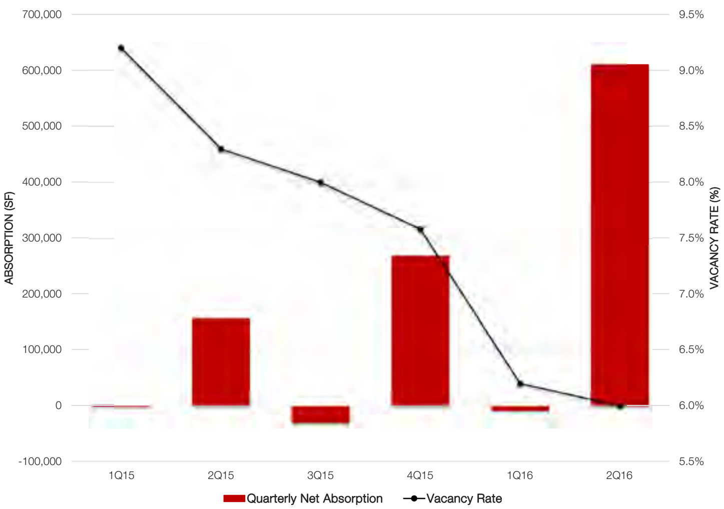
Quarterly Absorption and Vacancy

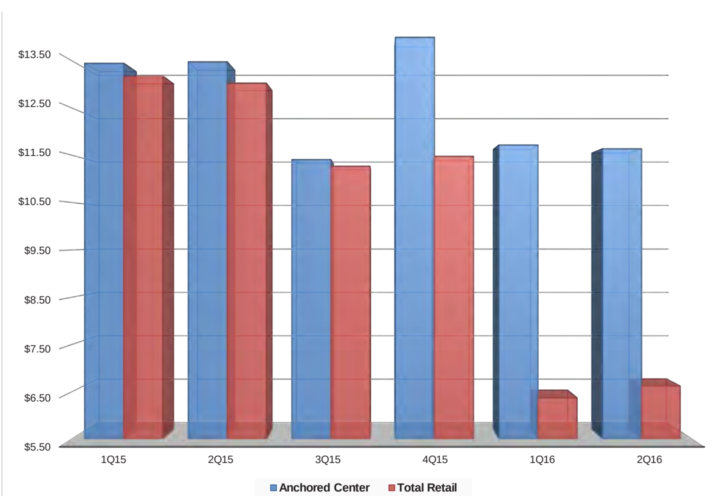


1Q16 vs. 2Q16

NET ABSORPTION

VACANCY RATE

Historic Rental Rates



1Q16 vs. 2Q16

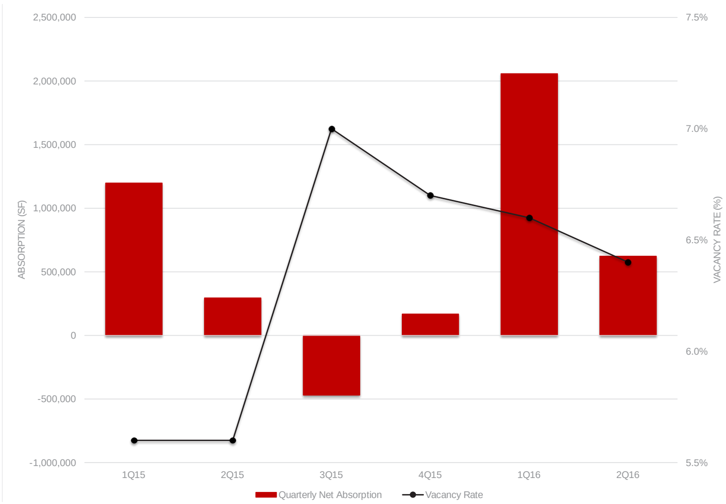
ANCHORED CENTER RENTAL RATES

TOTAL RETAIL RENTAL RATES

Submarket	# of Bldgs	Inventory (SF)	Total Vacant (SF)	Sublease Vacant (SF)	Vacancy Rate (%)	Qtrly Net Absorption (SF)
North-Northeast	**430**	**22,929,156**	**1,104,787**	**22,792**	**4.80%**	**46,957**
Freestanding	112	4,728,285	92,900	14,992	2.00%	-
Neighborhood Ctr	67	4,764,741	328,369	-	6.90%	3,226
Conv/Strip Ctr	135	5,931,414	371,118	7,800	6.30%	12,987
Community Ctr	111	4,779,760	181,379	-	3.80%	14,186
Regional Center	5	2,724,956	131,021	-	4.80%	16,558
Northwest	**306**	**18,024,610**	**863,505**	**3,500**	**4.80%**	**85,164**
Freestanding	87	4,599,539	119,796	-	2.60%	-
Neighborhood Ctr	47	2,882,469	154,979	3,500	5.40%	7,759
Conv/Strip Ctr	91	3,962,225	163,014	-	4.10%	29,246
Community Ctr	78	62,605	344,708	-	6.90%	48,159
Regional Center	3	1,553,306	81,008	-	5.20%	-
Southeast	**268**	**13,057,190**	**1,209,110**	**-**	**9.30%**	**39,832**
Freestanding	95	3,673,422	224396	-	6.10%	-
Neighborhood Ctr	41	2,951,163	271142	-	9.20%	10,800
Conv/Strip Ctr	78	3,525,265	426541	-	12.10%	29,032
Community Ctr	52	1,834,107	255,463	-	13.90%	-
Regional Center	2	1,073,233	31,568	-	2.90%	-
Southwest	**104**	**6,283,649**	**453,517**	**-**	**7.20%**	**13,044**
Freestanding	43	1,668,202	50,092	-	3.00%	-14,736
Neighborhood Ctr	19	1,158,960	130,552	-	11.30%	23,000
Conv/Strip Ctr	22	1,098,743	30,089	-	2.70%	4,365
Community Ctr	17	680,911	67,211	-	9.90%	415
Regional Center	3	1,676,833	175,573	-	10.50%	-
Central	**54**	**1,573,820**	**104,012**	**-**	**6.60%**	**15,831**
Freestanding	20	565,260	83,896	-	14.80%	-
Neighborhood Ctr	4	449,994	11,816	-	2.60%	2
Conv/Strip Ctr	4	78,418	8,300	-	10.60%	15,829
Community Ctr	26	480,148	-	-	0.00%	-
Outlying Areas	**313**	**14,182,107**	**792,118**	**5,376**	**5.59%**	**409,496**
Grand Total	1475	76,050,532	4,527,049	31,668	6.0%	610,324

MARKET REPORT
Industrial

Quarterly Absorption and Vacancy



1Q16 vs. 2Q16

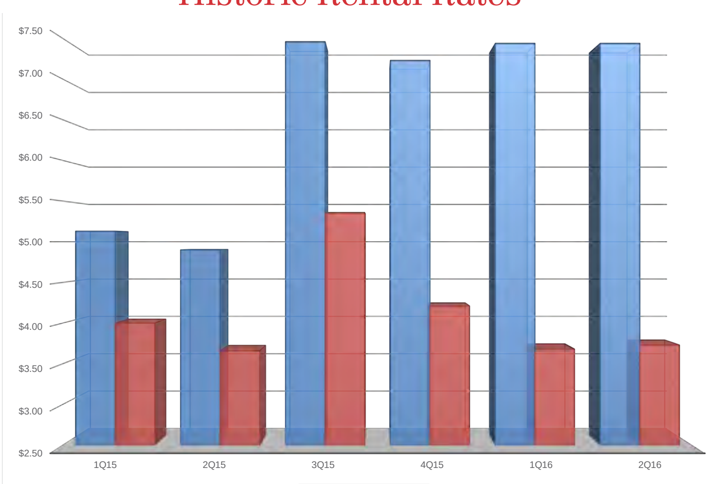
NET ABSORPTION

VACANCY RATE

"The industrial market in the Columbus region continues on a strong path. Vacancy remains stable while construction continues to add available space to the market."

- The Columbus industrial regional market absorbed 623,025 square feet during the second quarter of 2016.
- At 6.4%, the second quarter of 2016 vacancy rate increased slightly from the reported 6% rate during the second quarter of 2015.
- The Columbus industrial regional market has over 4M square feet under construction with over 70% of the space pre-leased
- The Southeast submarket absorbed the highest levels of positive net absorption during the second quarter totalling 382,245 square feet.

Historic Rental Rates



1Q16 vs. 2Q16

WAREHOUSE RENTAL RATES

FLEX/R&D RENTAL RATES

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Property Type	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacancy Rate (%)	Qtrly Net Absorption (SF)
Flex/R&D	699	26,970,375	1,667,307	6.18%	230,863
Light Industrial	1,249	47,920,071	1,895,838	3.96%	119,050
Manufacturing	294	35,978,604	1,703,583	4.73%	201,746
Bulk Warehouse	261	74,559,912	6,179,494	8.29%	267,102
Warehouse	569	26,379,879	541,299	2.05%	162,313
Investment Grade	116	54,238,475	5,203,128	9.59%	317,103
Truck Terminal	69	2,676,257	15,150	0.57%	0
Grand Total	3,257	268,723,573	17,205,799	6.4%	623,025

Submarket	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacancy Rate (%)	Qtrly Net Absorption (SF)
East	516	29,374,808	730,885	2.50%	184,966
West	605	41,108,392	54,844	4.90%	-70,326
Southwest	263	21,672,224	1,500,374	6.90%	146,884
Southeast	592	80,959,338	8,161,359	10.10%	382,245
North	443	22,030,516	1,063,051	4.80%	-57,228
CBD	104	3,569,481	200,000	5.60%	-
Outlying	734	70,008,814	3,525,080	5.04%	216,136
Grand Total	3,257	268,723,573	17,205,799	6.4%	623,025

NAI Ohio Equities

MARKET REPORT

Terminology

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.

MARKET REPORT

About Us

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

$270 million+ in sales this past year

12.5 million+ sf of managed properties

1 team focused on your real estate needs

NAI Ohio Equities

NAI Ohio Equities

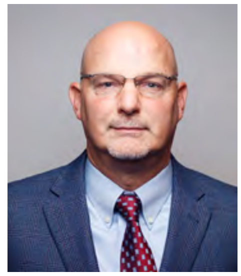
MARKET REPORT

Our Team

George “Sandy” Simpson
Chairman

Michael Simpson
President

Kim Benincasa
Investment



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Philip Bird
Office & Investment

Blake DeCrane
Industrial

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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

COMMERCIAL REAL ESTATE LEADERS SINCE 1971

Jim Merkel
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Peter Merkle
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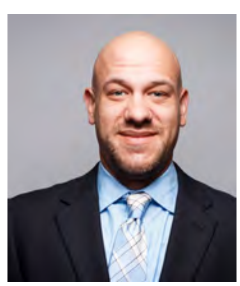
Bob Monahan
Office & Retail



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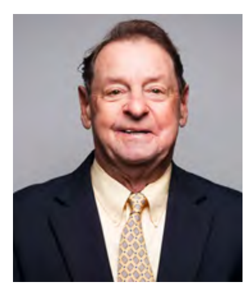

Dan Sheeran
Industrial & Investment