

3rd Quarter 2015

Market Report

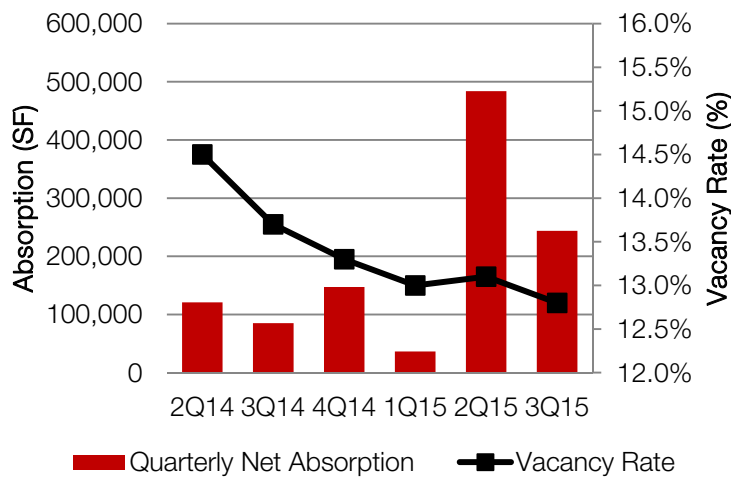




Office.

Market Statistics

Quarterly Absorption and Vacancy



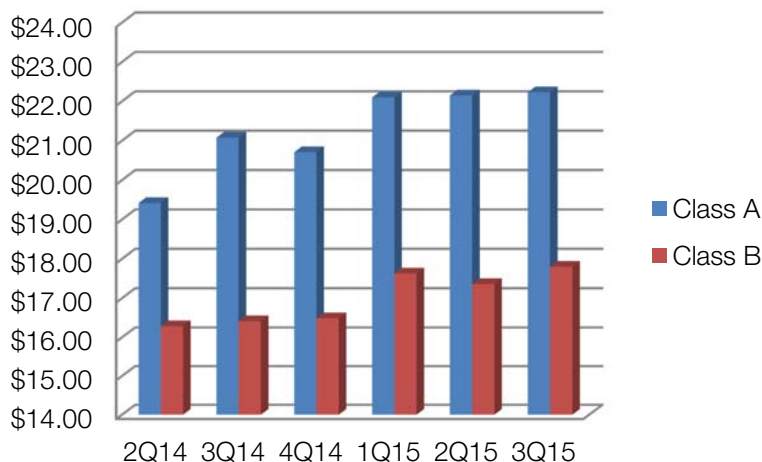
3rd Quarter 2015 Office Market Update

During the third quarter of 2015 the Columbus office market absorbed 287,000 square feet reducing city's vacancy rate to 12.8% and spurring 14 consecutive quarters of positive absorption that we foresee continuing. Of the 31 million square feet tracked within the market, 13 million is Class A product with only 10% vacancy while 18 million is Class B at a slightly higher 15% vacancy.

Columbus is divided into six submarkets and here's a snap shot of where each stack up against each other from a vacancy and size perspective as of third quarter 2015: the Central Business District (13.1% vacancy, 11MM SF), East Market (13.5% vacancy, 3MM SF), North Market (14.3% vacancy, 4MM SF), North Central Market (9.3% vacancy, 223K SF), Northeast Market (13.1% vacancy, 4MM SF) and Northwest Market (11.7% vacancy, 9MM SF). Over the next 3-5 years we foresee the North Market; primarily Worthington/North Columbus will likely experience a reduction in vacancy in part due to completion of planned road improvements at I-270 & Route 23 (The North Side Fix) and the continual maturing of the Polaris market, which is stabilized at an 11.8% vacancy rate and improving every quarter.

The third quarter saw some well known tenants occupy new space: NBBJ occupied Daimler/Kaufman's 250 S High Street, Columbia Pipeline took 43,000 sf at Waters Edge III, also a Daimler project, and Vision Service Plans took new space at Easton Way Three.

Historic Rental Rates (FSG)



Vacancy Rate ↓ Net Absorption ↓ Asking Rents ↑

OVERALL MARKET

Building Class	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Sublease Available (SF)	Qtrly Net Absorption (SF)
A	90	13,305,956	2,386,531	1,340,162	10.10%	246,477	287,858
B	231	17,881,312	3,457,702	2,662,132	14.90%	162,063	-44,181
Grand Total	321	31,187,268	5,844,233	4,002,294	12.80%	408,540	243,677

CENTRAL BUSINESS DISTRICT MARKET

Building Class	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Sublease Available (SF)	Qtrly Net Absorption (SF)
A	20	4,203,448	486,806	411,848	9.80%	29,656	124,476
B	50	6,438,637	1,225,340	979,991	15.20%	111,024	6,243
Grand Total	70	10,642,085	1,712,146	1,391,839	13.10%	140,680	130,719

SUBURBAN MARKETS

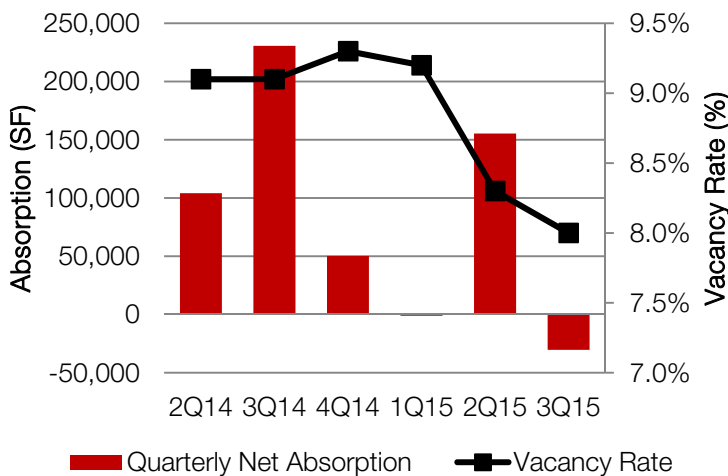
Building Class	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Sublease Available (SF)	Qtrly Net Absorption (SF)
A	70	9,102,508	1,899,725	928,314	10.20%	216,821	163,382
B	181	11,442,675	2,232,362	1,682,141	14.70%	51,039	50,424
Grand Total	251	20,545,183	4,132,087	2,610,455	12.71%	267,860	112,958

Andy Dutcher

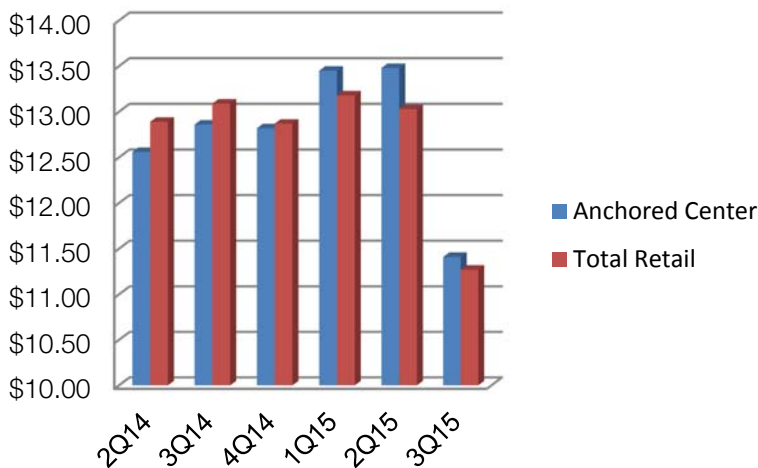
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Quarterly Absorption and Vacancy



Historic Rental Rates



Retail.

Market Statistics

Good Locations Are Hard To Find

As we enter the 4th quarter of 2015, we see a strong continuation of retail activity. Existing retailers are expanding and new retail concepts are coming to the market for the first time. Columbus continues to be a testing ground for a lot of new ideas, including Freshie, Cicinova, Nothing Bundt Cakes, European Wax Centers, and Hai Poke'. Almost fully recovered from a consumer confidence rating of 25% in 2009 to nearly 95% in 2015, there's healthy competition occurring for prime spaces. Our vacancy rates in the Columbus retail market went from 8.14% in the 3rd quarter to 7.99% this quarter. We've seen steady rates in the NW and downtown areas between \$20.00 and \$30.00psf NNN, while averages for the overall retail market are around \$11.27psf NNN.

Everyone involved in a retail search is thinking outside of the box. Whether it's carving out Meijer outlots, renovating old buildings, or choosing a Mixed use more walkable retail center, versus freestanding. Chris Howard and Anthony Maronitis have seen these changes extend to national brands such as White Castle, Taco Bell, and Wendy's, all of whom will be taking an inline mixed use approach with new locations along high Street in 2016, as well as Arby's, whom they placed in an end cap with a drive thru in Rocky Fork Retail Center in Gahanna, only the second location like this in the country.

With national brands competing for space it can make it very hard for entrepreneurs and young companies to find that what they are looking for. Brewdog, who's building their US headquarters and a 100,000sf manufacturing facility in Canal Winchester is taking a creative approach to their retail search, by asking the community where they should build a new bar in town, receiving hundreds of submissions for multiple areas of town in need of an exciting anchor tenant.

When a client's criteria includes restaurant space, High Street, Short North, Clintonville, or Dublin locations, it can be an intense search process that requires an ability to conform to higher rates and a detailed NAI Ohio Equities Tenant Representation approach. We look forward to a continued growth in retail investment and maintaining a close relationship with new businesses and attractive new retail spaces under construction, ready for a bright 2016.

John Mally

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Vacancy Rate ↓ Net Absorption ↓ Asking Rents ↓

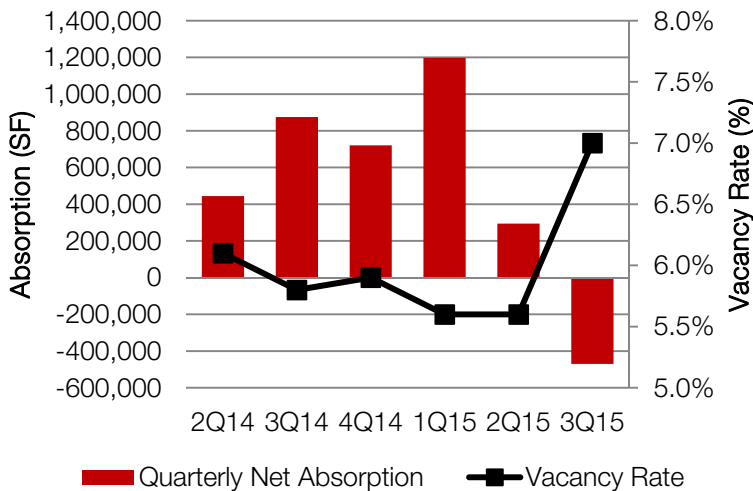
Submarket	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)
North-Northeast	98	9,685,729	933,310	890,362	9.2%
Anchored Strip Center	22	2,902,447	309,454	302,457	10.4%
Power Ctr	8	2,998,661	299,356	294,750	9.8%
Community/Convenience	68	3,784,621	324,500	293,155	7.7%
Northwest	85	9,246,741	536,839	467,384	5.1%
Anchored Strip Center	14	2,015,820	91,616	85,974	4.3%
Power Ctr	12	3,831,728	172,001	124,859	3.3%
Community/Convenience	59	3,399,193	273,222	256,551	7.5%
Southeast	61	6,473,372	854,774	810,406	12.5%
Anchored Strip Center	17	2,136,692	253,241	216,761	10.1%
Power Ctr	6	2,639,420	334,459	334,459	12.7%
Community/Convenience	38	1,697,260	267,074	259,186	15.3%
Southwest	42	5,173,536	556,923	399,882	7.7%
Anchored Strip Center	9	1,390,570	57,258	57,258	4.1%
Power Ctr	7	2,323,478	298,053	158,744	6.8%
Community/Convenience	26	1,459,488	201,612	183,880	12.6%
Central	23	2,643,043	101,995	72,018	2.7%
Anchored Strip Center	8	741,027	24,727	3,750	0.5%
Power Ctr	2	816,553	44,957	37,957	4.6%
Community/Convenience	13	1,085,463	32,311	30,311	2.8%
Grand Total	406	41,421,849	3,798,732	3,309,276	8.0%



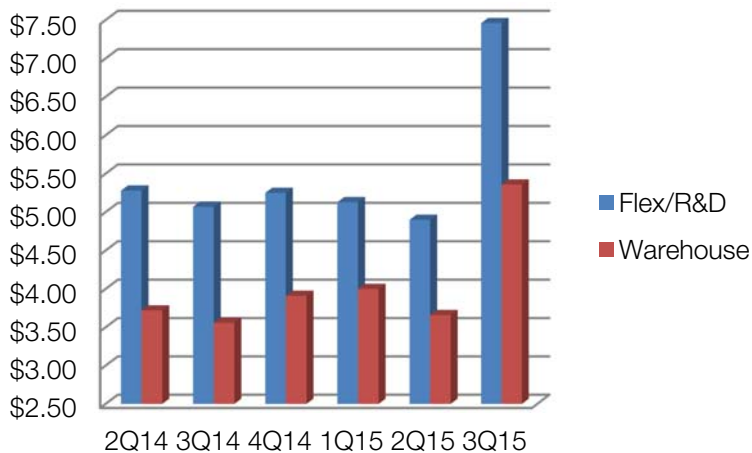
Industrial.

Market Statistics

Quarterly Absorption and Vacancy



Historic Rental Rates



3rd Quarter 2015 Industrial Market Update

The steady increase of industrial leasing activity came to a halt in the Central Ohio market for the third quarter of 2015. This quarter saw a net decrease of 469,000 square feet of leased space. The vacancy rate had a modest increase from 6.28% to 7.02% during this same time. The biggest increase in leasing activity came in the Southwest markets with 169,000 square feet absorbed.

We also saw a decrease in the availability of spaces that are 50,000 to 100,000+ in size, and an increase in availability of the 25,000 to 50,000 square foot spaces.

Sales were strong with investments leading the way with over 2,650,000 square feet purchased. Notable transactions were the sale of 10 Commerce Parkway for \$28,000,000 and the sale of Hyperlogistics for \$18,600,000.

Overall the Central Ohio market has continued to show strong activity and growth. Currently over 3,000,000 square feet of industrial space is under construction with Groveport, Air East III and the ProLogis Etna Park leading the charge. The manufacturing and logistics and warehousing are all in a growth mode. Signs are good for a strong commercial market to continue into the last quarter of 2015.

Vacancy Rate ↑ Net Absorption ↓ Asking Rents ↑

Property Type	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Direct Vacant (SF)	Direct Vacancy Rate (%)	Qtrly Net Absorption (SF)
Warehouse	528	23,812,462	1,614,773	1,732,791	1,732,791	7.30%	-96,344
Truck Terminal	63	2,405,821	56,888	56,888	56,888	2.40%	137,755
Manufacturing	261	31,741,101	1,851,944	1,147,153	1,147,153	3.60%	359,901
Light Industrial	886	39,453,821	2,297,063	1,483,014	1,453,014	3.70%	-126,874
Investment Grade	108	49,724,184	5,626,785	2,777,505	66,166	4.10%	159,589
Flex/R&D	567	20,781,499	1,811,629	1,103,230	1,075,841	5.20%	108,130
Bulk Warehouse	239	72,393,508	11,096,355	8,569,372	8,503,592	11.70%	-1,011,873
Grand Total	2,652	240,312,396	24,355,437	16,869,953	15,993,360	6.7%	-469,716
Submarket	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Direct Vacant (SF)	Direct Vacancy Rate (%)	Qtrly Net Absorption (SF)
East	397	22,468,020	1,690,708	773,086	765,886	3.40%	12,856
West	509	37,575,016	3,372,499	2,396,329	2,295,760	6.10%	-165,359
Southeast	509	76,531,762	9,995,384	8,961,434	8,364,000	10.90%	-349,555
Southwest	267	21,625,196	71,317	904,166	904,166	4.20%	169,875
North	346	19,126,400	1,362,370	970,771	955,371	5.00%	63,978
CBD	87	2,775,556	163,055	3,355	3,355	0.10%	-3,355
Outlying	526	56,111,882	7,804,596	700,295	270,927	0.48%	1,469,388
Grand Total	2,641	236,213,632	24,459,929	13,308,846	13,017,611	5.50%	1,197,828



Mark Francescon

Industrial Specialist | 614 629 5264



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 NNN 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 unoccupied lease space, either direct or sublease.

RBA

Rentable building area.

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 space is not considered in the overall occupancy or absorption numbers – only direct leases are included.

Sublease Vacancy

Space currently available in the market for sublease with an existing tenant within a building acting as the landlord.

