

A photograph of the Columbus skyline at dusk. The sky is a deep blue, and the city lights are beginning to glow. The Ohio Statehouse is visible in the lower right. A large, semi-transparent red diagonal shape cuts across the image from the bottom left towards the top right. The text 'NA Ohio Equities' is in the top right, and '4Q'16 Columbus Market Report' is in the center left.

NA Ohio Equities

4Q'16

Columbus Market Report

MARKET REPORT Columbus

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With the exception of retail, all sectors of the Columbus Region commercial real estate market continue to favor landlords.

The industrial sector absorbed almost 4 million square feet the last 3 months of 2016, allowing landlords to continue to push up rental rates. Bullish developers are reacting with 2.7 million square feet of space under construction, much of which is speculative.

The office sector is performing in a similar fashion with 250,000 square feet of net absorption, and landlords benefiting with slightly higher rates and fewer concessions. Class B occupancy continues to lag class A, translating into attractive deals for tenants who don't mind occupying older buildings.

The retail sector continues to confound landlords as change seems to be the only constant. Among the brands recently announcing both national and local store closings were Giant Eagle, Macy's, The Andersons and The Limited. Even so called "category killer" Target Corporation is expected to open less than a handful of stores nationwide in 2017.

Whether you are a landlord or a tenant, NAI Ohio Equities has the market intelligence to help you navigate whatever 2017 has in store.

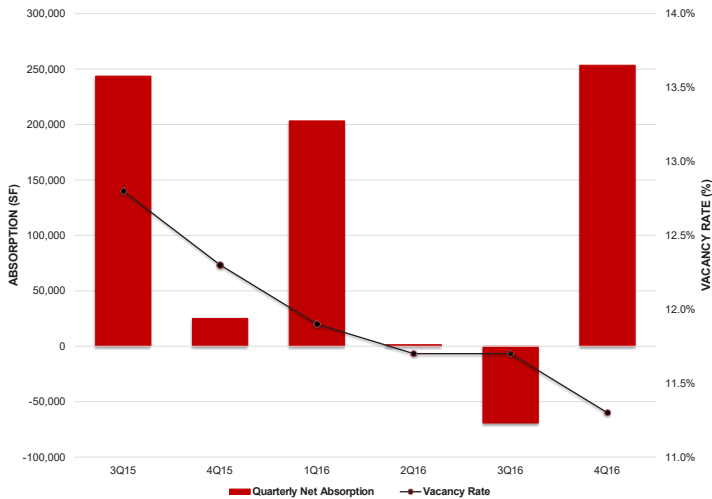
Sincerely,

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Thank you to Xceligent for the provided data throughout the report.

MARKET REPORT Office

Quarterly Absorption and Vacancy



3Q16 vs. 4Q16

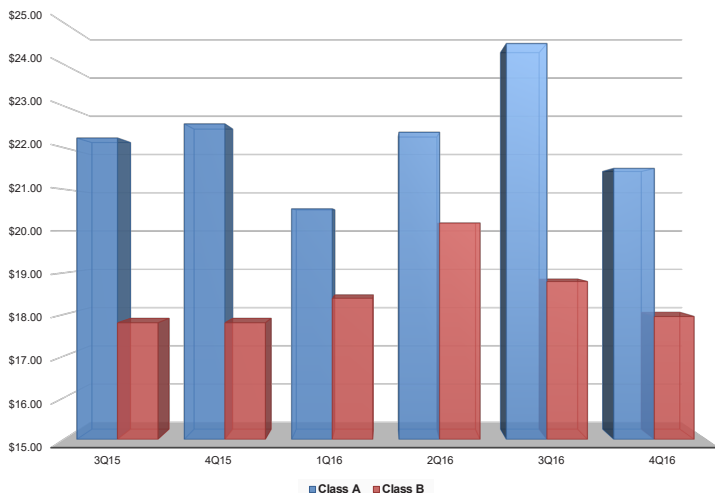


NET ABSORPTION



VACANCY RATE

Historic Rental Rates



3Q16 vs. 4Q16



CLASS A RENTAL RATES



CLASS B RENTAL RATES

"Demand remains strong as significant absorption pushes vacancy rates down further."

- During the fourth quarter of 2016, the Columbus office market reported positive absorption of 253,519 SF
- At 11.3%, the regional vacancy rate continues to improve from the reported rate of 12.2% during fourth quarter 2015
- The East submarket observed the highest level of positive net absorption totaling 91,893 SF
- Currently, there is over 400,000 SF in the development pipeline under construction during the fourth quarter of 2016



Philip Bird

Office Specialist

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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	98	13,963,428	1,340,396	181,429	9.6%	92,871
B	230	18,097,144	2,288,568	166,033	12.6%	160,648
Grand Total	328	32,060,572	3,628,964	347,462	11.3%	253,519

CENTRAL BUSINESS DISTRICT MARKET

Building Class	# of Bldgs	Inventory (SF)	Total Vacant (SF)	Sublease Available (SF)	Total Vacancy Rate	Qtrly Net Absorption (SF)
A	21	4,299,148	463,402	6,452	10.8%	30,945
B	52	6,723,368	859,928	1,190	12.8%	27,922
Grand Total	73	11,022,516	1,323,330	7,642	12.0%	58,867

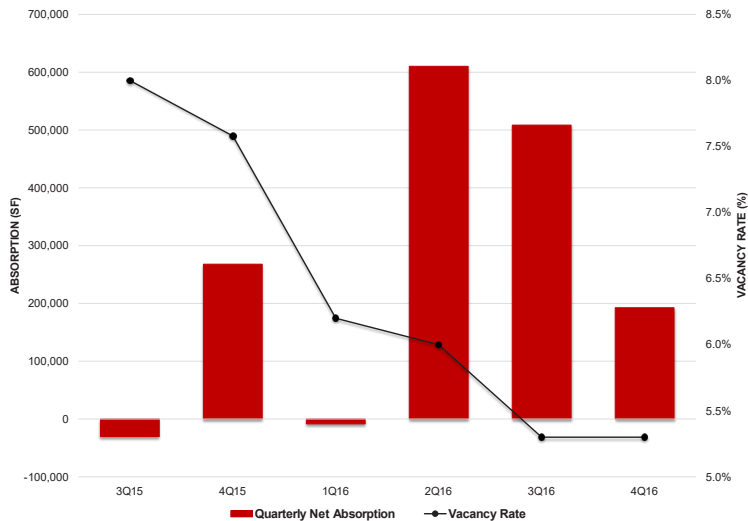
SUBURBAN MARKETS

Building Class	# of Bldgs	Inventory (SF)	Total Vacant (SF)	Sublease Available (SF)	Total Vacancy Rate	Qtrly Net Absorption (SF)
A	77	9,664,280	876,994	174,977	9.1%	61,926
B	178	11,373,776	1,428,640	164,843	12.6%	132,726
Grand Total	255	21,038,056	2,305,634	339,820	11.0%	194,652

MARKET REPORT

Retail

Quarterly Absorption and Vacancy



3Q16 vs. 4Q16



"Although retail vacancy rates have been on a steady decline over the last two years, the recent news of Giant Eagle, The Andersons, Macy's, Sears, Kmart and The Limited announcing the closing of some or all locations has the retail market a little rattled."

- The Columbus regional retail market experienced positive net absorption totaling 192,612 SF during the fourth quarter of 2016.
- At 5.3%, the fourth quarter vacancy rate has slightly declined from 5.6% during the fourth quarter of 2015
- The Columbus regional retail market has over 700,000 SF under construction during the fourth quarter of 2016.
- The North-Northeast submarket absorbed the highest levels of net demand totaling 101,442 SF during the fourth quarter of 2016.

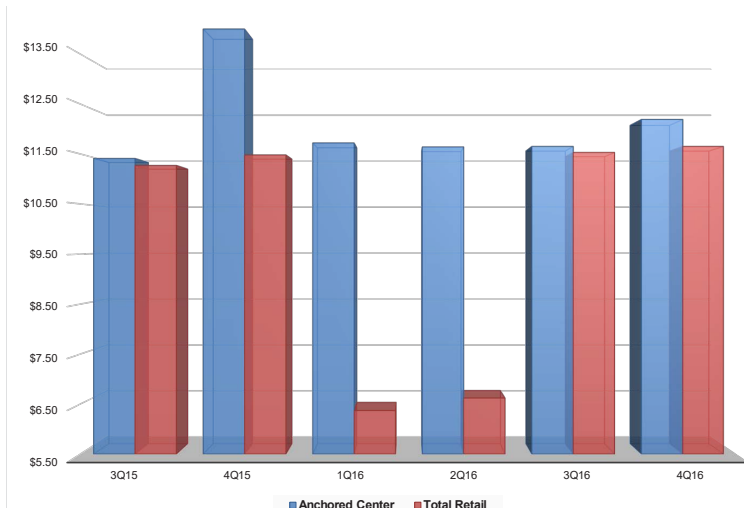


Anthony Maronitis

Retail Specialist

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Historic Rental Rates



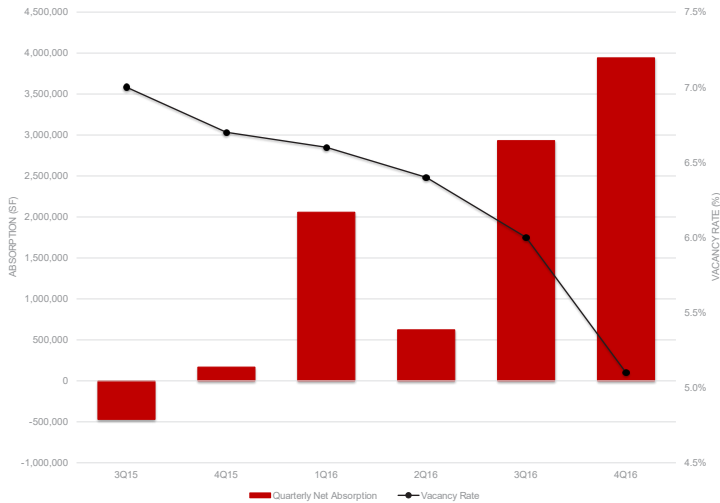
3Q16 vs. 4Q16



Submarket	# of Bldgs	Inventory (SF)	Total Vacant (SF)	Sublease Vacant (SF)	Vacancy Rate (%)	Qtrly Net Absorption (SF)
North-Northeast	438	26,386,073	998,498	24,592	3.80%	101,442
Freestanding	119	5,218,274	90,503	14,992	1.70%	96,828
Neighborhood Ctr	61	3,892,333	100,334	-	2.60%	30,725
Conv/Strip Ctr	217	7,405,454	491,323	9,600	6.60%	-56,041
Community Ctr	23	3,833,034	64,981	-	1.70%	6,000
Regional Ctr	1	1,487,556	-	-	0.00%	-
Northwest	306	18,704,443	807,231	5,185	4.30%	-34,905
Freestanding	96	4,960,181	164,934	-	3.30%	-45,138
Neighborhood Ctr	43	2,428,991	85,798	5,185	3.50%	-4,195
Conv/Strip Ctr	128	4,610,980	201,250	-	4.40%	15,705
Community Ctr	18	1,396,350	47,934	-	3.40%	263
Regional Ctr	1	974,000	-	-	0.00%	-
Southeast	268	14,010,622	1,224,686	-	8.70%	-27,807
Freestanding	93	3,678,468	225,235	-	6.10%	-13,501
Neighborhood Ctr	41	3,037,742	300,387	-	9.90%	-1,500
Conv/Strip Ctr	119	4,067,790	477,475	-	11.70%	-11,306
Community Ctr	7	601,765	62,690	-	10.40%	-1,500
Regional Ctr	1	800,000	-	-	0.00%	-
Southwest	105	6,700,495	383,912	-	5.70%	6,042
Freestanding	40	1,636,897	50,092	-	3.10%	-
Neighborhood Ctr	17	919,840	75,587	-	8.20%	3,605
Conv/Strip Ctr	39	1,346,487	37,275	-	2.80%	14
Community Ctr	4	722,138	29,788	-	4.10%	4,000
Power Ctr	5	2,075,133	191,170	-	9.20%	-1,577
Central	51	1,187,880	8,240	-	0.70%	9,300
Freestanding	27	673,713	1,640	-	0.20%	-
Neighborhood Ctr	2	134,369	6,600	-	4.90%	900
Conv/Strip Ctr	19	311,820	-	-	0.00%	-
Mixed Use	3	67,978	-	-	0.00%	8,400
Outlying Areas	312	15,045,339	927,179	5,376	6.16%	138,540
Grand Total	1480	82,034,852	4,349,746	35,153	5.30%	192,612

MARKET REPORT Industrial

Quarterly Absorption and Vacancy



3Q16 vs. 4Q16

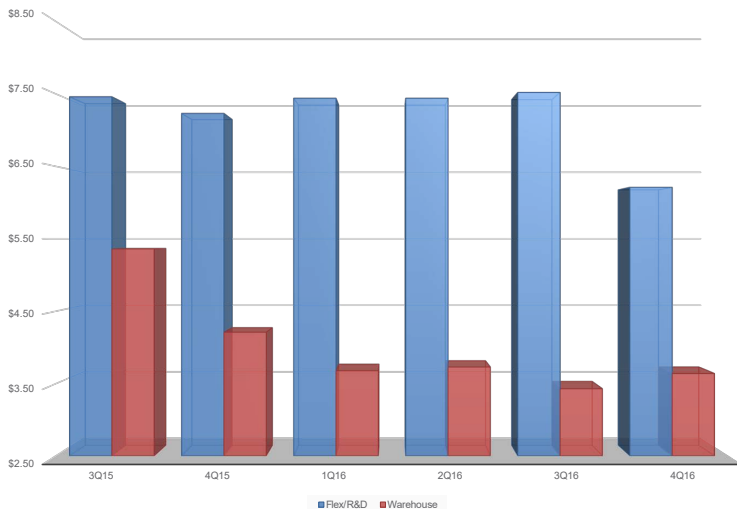


NET ABSORPTION



VACANCY RATE

Historic Rental Rates



3Q16 vs. 4Q16



WAREHOUSE
RENTAL RATES



FLEX/R&D
RENTAL RATES

"At a vacancy rate of 5.1% the industrial market is as tight as I have seen. As a result, lease rates and absorption are at all time highs."

- The Columbus industrial regional market absorbed 3,941,350 SF during the fourth quarter of 2016, resulting in a 0.7% improvement in the regional vacancy rate during the quarter
- At 5.1%, the 4Q 2016 regional total vacancy rate declined from 6.6% rate reported during the 4Q 2015. The highest levels of vacancy were reported in Southeast, Pickaway, and Licking submarkets.
- The Columbus industrial regional market has over 2.7M SF under construction during 4Q 2016. A majority of the construction can be found in Pickaway, West, and Southwest submarkets
- The Southeast submarket absorbed the highest levels of positive net absorption during the fourth quarter, totaling 2,272,866 SF. The deliver of the West-Ward Pharmaceuticals building contributed 275,869 SF and signed leases from DHL, Staples and 3PL for Hancock Tire, contributed over 1M to the positive net absorption



Curt Berlin

Industrial Specialist

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Property Type	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacancy Rate (%)	Qtrly Net Absorption (SF)
Flex/R&D	691	26,358,459	1,051,610	3.99%	-26,106
Light Industrial	1,243	47,468,869	652,530	1.37%	203,630
Manufacturing	294	36,669,360	598,033	1.63%	826,975
Bulk Warehouse	260	74,435,817	4,094,026	5.50%	978,848
Warehouse	568	26,876,034	1,379,668	5.13%	149,712
Investment Grade	120	56,546,921	2,789,954	4.93%	1,820,051
Truck Terminal	68	2,665,455	54,986	2.06%	-11,760
Grand Total	3,244	271,020,915	10,620,807	3.9%	623,025
Submarket	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacancy Rate (%)	Qtrly Net Absorption (SF)
East	525	30,246,202	891,938	2.90%	604,985
West	594	40,505,492	1,552,097	3.80%	342,918
Southwest	262	21,537,787	804,579	3.70%	484,497
Southeast	593	83,351,012	6,746,287	8.10%	2,272,866
CBD	98	3,161,628	0	0.00%	0
North	446	21,999,971	625,906	2.80%	55,197
Outlying	726	70,218,823	3,100,474	4.42%	-3,137,438
Grand Total	3,244	271,020,915	17,205,799	6.3%	623,025

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

39+ Professionals

45+ Years Experience

500+ annual completed transactions

10.5 million+ sf of managed properties

1 team focused on your real estate needs



George "Sandy" Simpson
Chairman



Michael Simpson
President



Kim Benincasa
Investment



Curt Berlin
Industrial



Philip Bird
Office & Investment



Blake DeCrane
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Mark Francescon
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Matt Gregory
Office & Investment



Chris Howard
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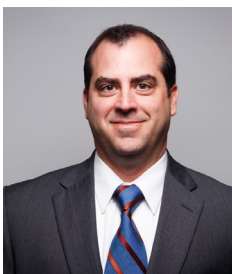
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