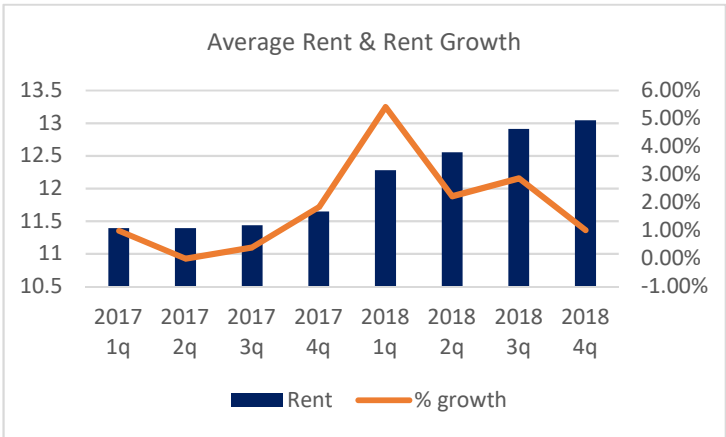


**COLUMBUS, OHIO - RETAIL MARKET - 4TH QUARTER 2018**

**Market Overview**

While on a national level, retail properties have struggled with increased online competition coupled with a number of large-scale bankruptcies of prominent tenants, the Columbus market has shown significant resilience. A strong local economy and continued population growth has offset the negative impact from these larger trends in the industry. As the expanding local economy continues to improve resident’s personal finances it will also fuel strong demand for retail space. As of 4<sup>th</sup> quarter 2018 vacancies remain near historic lows and are low enough to signal likely pent up demand. The area has benefited from relatively dormant levels of construction for the past five years. Demand has been more than ample to offset both the recent exodus of several major name brand tenants and the limited amount of new space added to the market. Absorption has been positive in the last 7 of 8 quarters with total absorption of 1.3 million sf over that period.

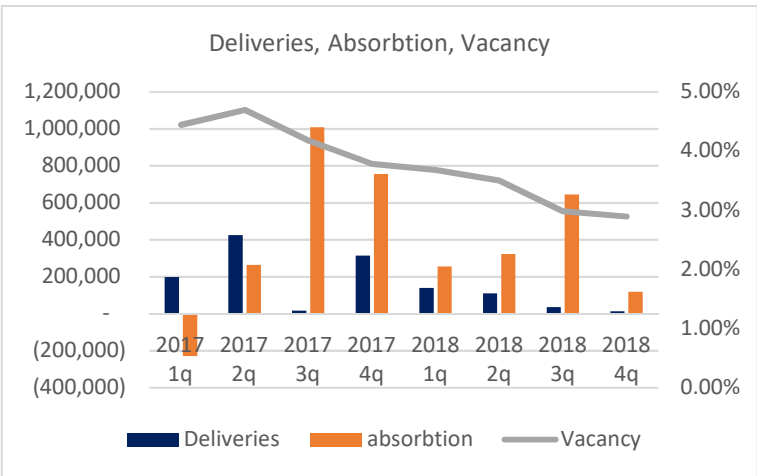
**Rent and Rent Growth**



- Rent growth has been positive each of the last 8 quarters and averaged 2.9% per quarter over the course of 2018. Rents have grown 14.5% since the first quarter of 2017.
- While rent growth is still positive it has slowed with growth rates decreasing each of the last four quarters. Rents in the fourth quarter increased 1% over the previous quarter.
- Despite some national economic and industry specific headwinds Columbus’s growing population and solid local economic conditions should keep rent growth in positive territory over the short term.

**Deliveries, Absorption & Occupancy**

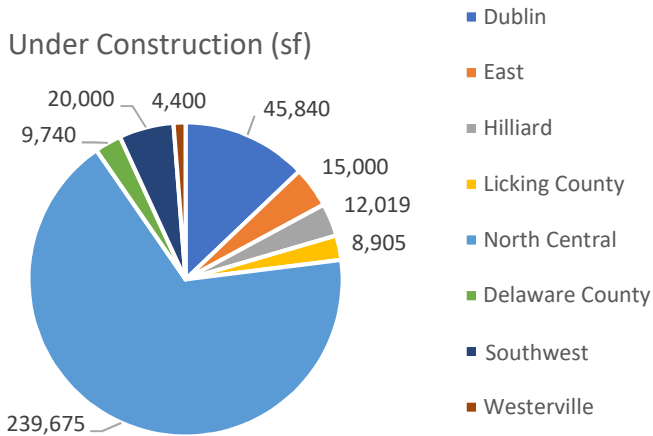
- The Columbus retail market saw its vacancy rate go from 3.0% in the previous quarter to 2.9% in the current quarter. Vacancy has decreased in each of the last four quarters.
- Net absorption was positive ±1,300,000 square feet over the last 4 quarters.
- There has been ±298,000 sf of space delivered into the market over the last 4 quarters.
- New supply has been minimal. New supply has decreased each of the last 5 quarters. This has helped boost rent growth and keep vacancies below long-term averages.



**COLUMBUS, OHIO - RETAIL MARKET - 4TH QUARTER 2018**

**Inventory and Construction**

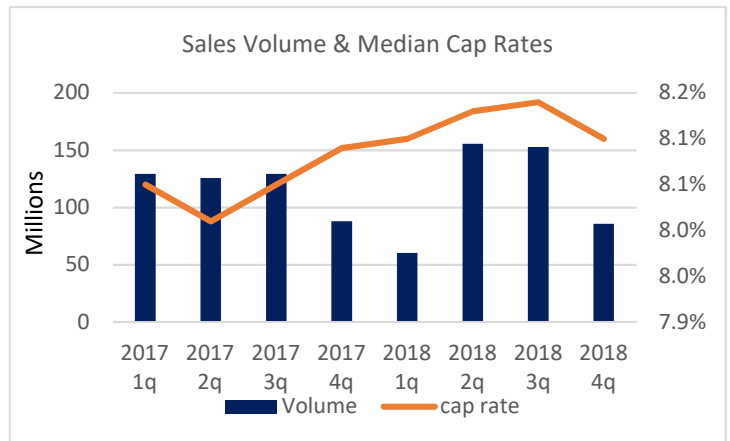
Under Construction (sf)



- The chart to the left identifies the amount of retail in sf under construction in each submarket. Only submarkets with space under construction are shown.
- Total retail inventory in the Columbus market area amounted to 116 million square feet in 9,365 buildings as of the end of the fourth quarter 2018.
- There is currently about 355,579 sf of space under construction which represents 0.3% of current inventory.

**Sales Volume, Price and Cap Rates**

- Sales volume on the year is just over \$450 million. Roughly 4% of inventory has turned over, with the average property selling for \$138/SF, with an 8.1% cap rate over the last 12 months.
- Cap rates have remained relatively stable in the last eight quarters varying by less than a quarter percent over the period. Rates are likely to remain relatively flat heading into 2019.



**Financing**

- MSF has a history of success financing commercial assets and prides itself on connecting its clients with capital on even the toughest of deals. We partner with a diversified group of strong financial institutions which cover the spectrum of debt options. Recent deals of note closed this year include:
- Clintonville Retail: Financing for this ±7,500 sf strip retail property in historic Clintonville was secured via First Federal Bank of the Midwest. Loan terms were based on 80% of cost at a 5.25% rate, 10-year term, 25-year am with 2 years of I/O.
- Bridge Park B-Block: \$59,000,000 financed. Financing for this ±200,000 sf mixed use project was secured via one of our many life insurance company partners. Loan terms were based on 75% of cost at 4.76% rate, 5-year term, 25-year am.

**About MSF:**  
Our goals are to identify and execute the debt and equity solutions you need to capitalize on opportunities. As owners and investors in commercial real estate we understand the interest of borrowers and lenders. For over 30 years our full-service mortgage banking firm has worked with the very best commercial real estate developers and owners and has closed virtually every committed loan we have arranged for clients.

The information contained within this report is gathered from multiple sources considered to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy. The information was compiled by MSF Real Estate Capital on January 17, 2019. Primary Data Source: CoStar and MSF Real Estate Capital. For additional insight please direct inquiries to [gproegler@msfcap.com](mailto:gproegler@msfcap.com)