

COLUMBUS, OHIO – INDUSTRIAL MARKET - 3RD QUARTER 2019

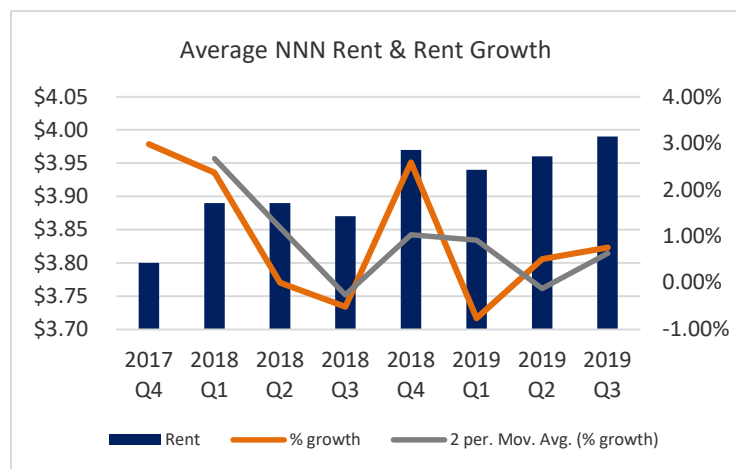
Market Overview

Columbus has the fastest growing population of any major Midwest metro area with at least 1 million in population. Columbus has one of the top performing economies in the Midwest. It benefits from the city’s designation as the state capital and from being home to The Ohio State University as well as nearly 50 other institutions of higher learning. This has created a highly skilled and well-educated work force and graduates in the area continue to choose to remain in Columbus at a high rate thanks to a strong local job market and low cost of living.

Demographic Category	Current Level		2010		% Change	
	MSA	State	MSA	State	MSA	State
Population	2,119,314	12,024,493	1,901,974	11,874,628	11.4%	1.3%
Households	834,351	4,852,809	748,517	4,744,231	11.5%	2.3%
Labor Force	1,090,390	5,813,989	1,004,296	5,846,886	8.6%	-0.6%
Unemployment	3.5%	4.2%	9.0%	10.3%	-5.5%	-6.1%
Median Household Income	\$64,611	\$54,880	n/a	n/a	n/a	n/a
% with Bach Degree or Higher	24.2%	19.0%	n/a	n/a	n/a	n/a

Demand for industrial space in Columbus continues to boom at an astonishing pace as year over year absorption currently sits near 3.2 million sf. The city has a pro-business tax structure and highly educated workforce, along with lower costs of business than both Cincinnati and Cleveland. Its central location within both the state and nation makes it easily accessible by major rails and highways. In fact, the city is within a day’s drive of over 60% of the nation’s population. While rent growth has been strong, rents are still relatively cheap when compared to other major Midwestern metros. These factors have long made Columbus a major distribution hub with companies such as L Brands, Cardinal Health, Big Lots and Eddie Bauer using the city as their distribution headquarters. Hims, a direct-to-consumer, digital men’s wellness company recently announced they would be building a new distribution center in the Columbus area bringing with it 500 new jobs. As E-commerce continues to grow, we expect more companies will base their operations in the MSA. Despite record levels of new supply, vacancy rates and cap rates remain below historic averages. Columbus has also established a growing reputation as a technology hub.

Rent growth

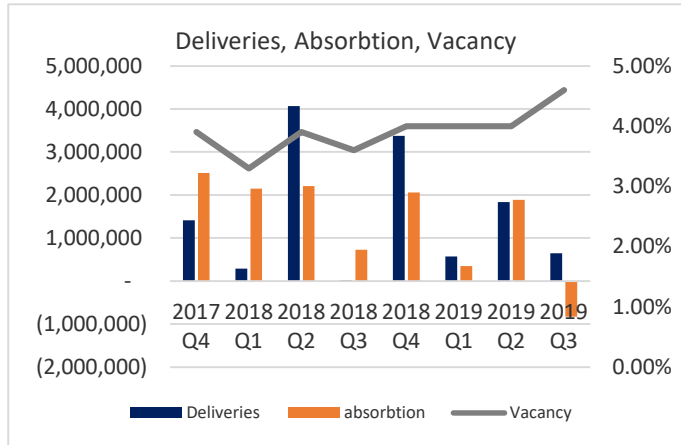


- Rent growth was positive 0.76% in the 3rd quarter 2019 following growth of 0.51% in the 2nd quarter of 2019.
- Annual growth over the last 4 quarters came in at 3.1%. Rents have grown 7.4% over the last 8 quarters and are up over 30% since 2010.
- Average net rent for the 3rd quarter of 2019 came in at \$3.99/sf (net). Rent growth is expected to remain positive over the short to medium term.

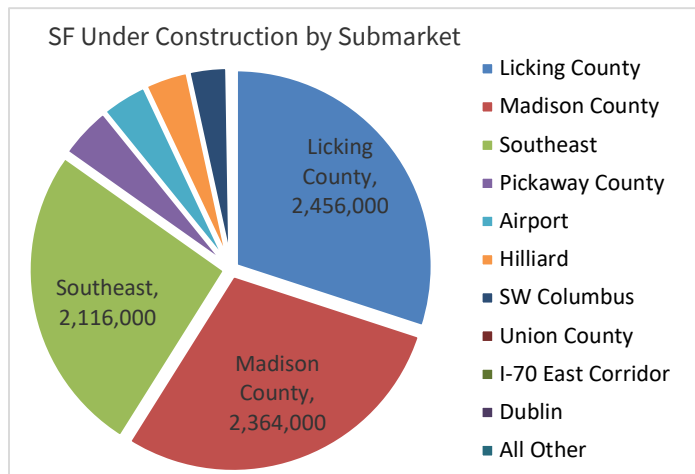
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Deliveries, Absorption & Occupancy

- Net absorption was ±3.5 million sf over the last 4 quarters. There has been ±6.4 million sf of space delivered into the market over the last 4 quarters.
- The Columbus industrial and flex market saw the vacancy rate tick up from 4.0% in the previous quarter up to 4.6% in the 3rd quarter of 2019. This is the first increase in the rate this year. Despite this the rate remains near historic lows.



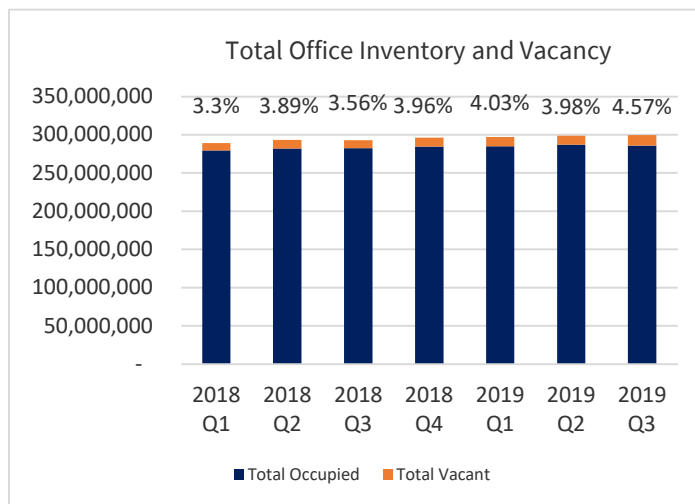
Inventory and Construction



- The chart to the left identifies the amount of space under construction in each submarket. Only submarkets with space currently under construction are shown.

- The largest submarkets for current construction are Licking County, Madison County and the Southeast submarket. The largest property set to deliver this year is the 1.5 million sf Exeter West Jefferson distribution center in Madison County.

- Total industrial inventory in the Columbus market area amounted to 29.9 million sf in 5,477 buildings as of the end of the 3rd quarter 2019.



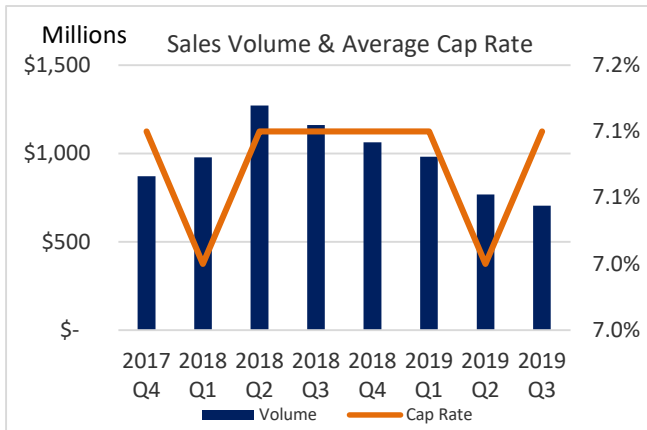
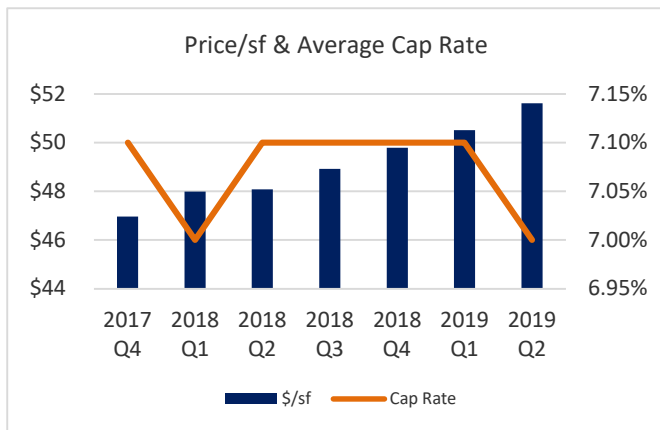
- There is currently about 8.2 million sf of space under construction which represents ±2.9% of current inventory. Of this about 5 million sf of space or 1.67% of current inventory is anticipated to be delivered over the next four quarters.

- Since 2010, the inventory pool has expanded by almost 20%. This cycle has seen multiple million-sf facilities deliver, including millions of square feet of spec space. This growth is the direct result of Columbus’s centralized location and is indicative of its growing importance as a distribution hub for logistics centers, and e-commerce.

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Sales Volume, Price and Cap Rates

- Sales volume in the 3rd quarter 2019 was about \$700 million, down from \$767 million in the previous quarter. Over the last four quarters total sales volume has been a healthy \$4.3 million sf.
- The average sale price in the third quarter was \$52/sf, with a ±7.1% cap rate. Overall capitalization rates have been relatively stable over the last 8 quarters.
- One of the largest sales of the year was the 850,000 sf Amazon distribution center in Madison County. It sold for \$95 million or \$110/sf at a 5.3% cap rate.



Financing

- MSF has a history of success financing commercial assets and prides itself on connecting its clients with capital on even the toughest 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:
 - Mill Creek Logistics Center - Cincinnati, Ohio. Construction financing for this ±350,000 sf distribution center was secured with one of our bank partners. A loan of \$14 mm was secured with a 3-year term, 25-year am and 3-years interest only payments.
 - Keg 1 - Temple, Texas. Financing for this 100,000-sf office/warehouse property was secured with one of MSF’s corresponding Life Insurance Companies. A total of \$9.5 mm in financing was secured. Loan terms included an interest rate at 4.875%, a 10-year term with 25-year am and fully non-recourse.

About MSF Real Estate Capital
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