Thompson Hine

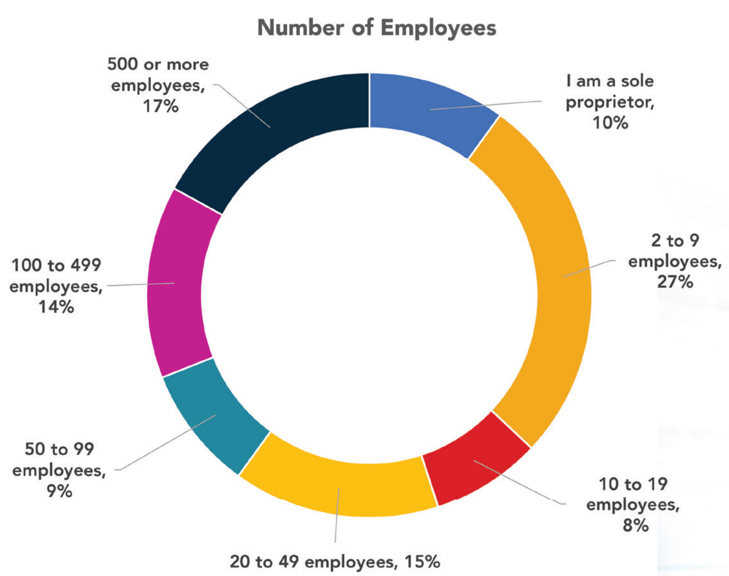
Always Innovating

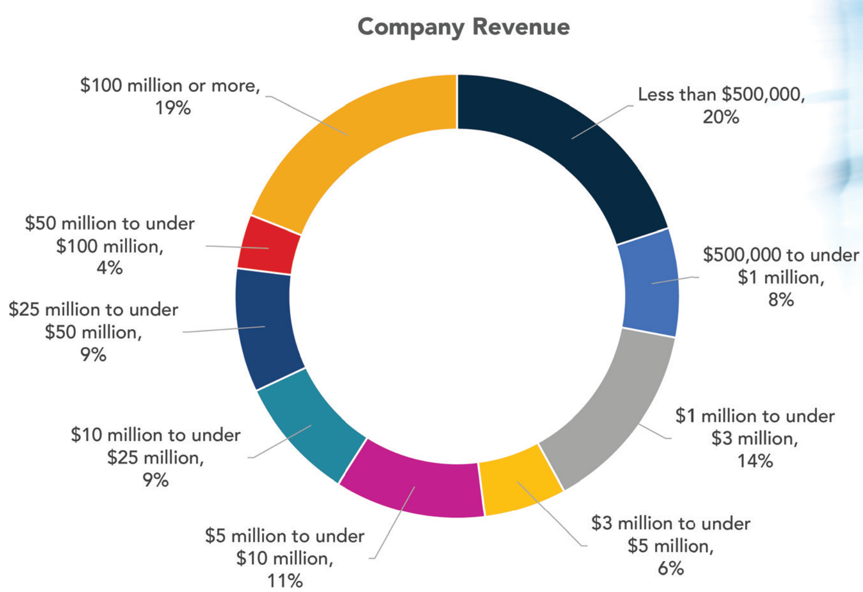
Columbus Is Going Places: How Do We Get There?

A Report on the State of the Economy, Business, and the Commercial Real Estate Market in Columbus

In an effort to measure perceptions of the state of the Columbus economy, business landscape and commercial real estate market, Thompson Hine partnered with *Columbus Business First* to survey local business owners and executives. A total of 219 *Columbus Business First* subscribers shared their views.

Industries represented included professional services, manufacturing, construction, technology, residential real estate, banking and other financial services, health care, commercial real estate and logistics. One in three respondents held the title of Owner/Partner, and company revenues ranged from less than $500,000 to $100 million or more.

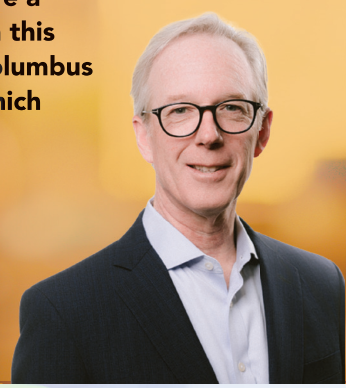




COLUMBUS BUSINESS FIRST

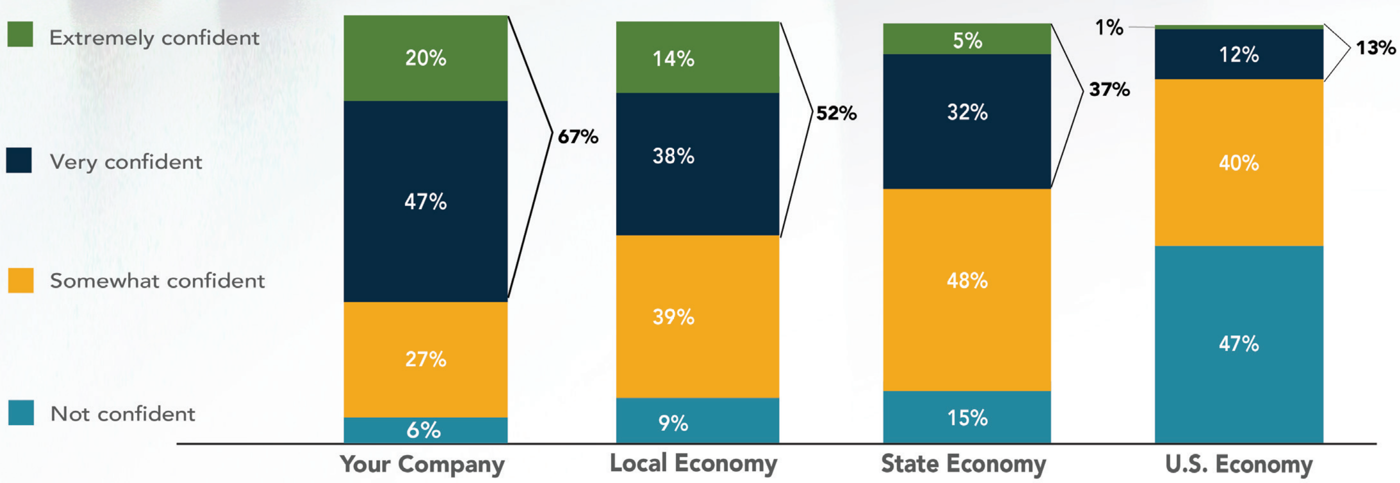
"Columbus is going places. Thompson Hine has been a part of downtown Columbus for 32 years and we wanted to know what it will take to sustain the city's growth and ensure a vibrant, thriving downtown for years to come. To gain this insight, we decided to survey our clients and other Columbus business leaders. This report reveals their wish list, which includes better public transportation, more mixed-use buildings, increased public safety, and pedestrian friendly streets. We're committed to working with other stakeholders to turn this wish list into reality. "

Michael V. Wible
Partner in Charge, Columbus



OPTIMISM ABOUNDS – AT LEAST *LOCALLY*

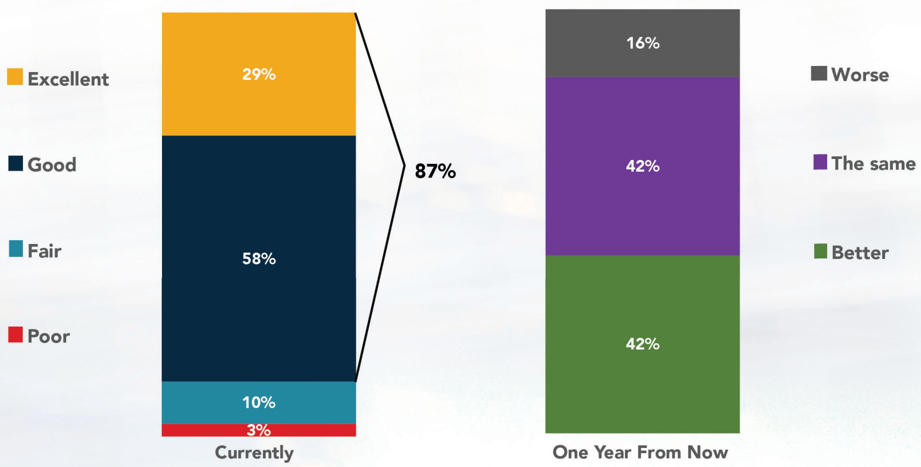
While confidence in the national economy is low, respondents are optimistic and confident, both about Columbus and their own companies. More than half of respondents are very/extremely confident in the local economy and two-thirds are very/extremely confident in their own revenue, profitability, and growth over the next 12 months.



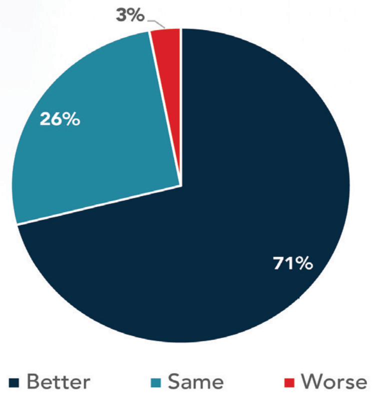
GOOD EXPECTATIONS ARE A GREAT START

The vast majority of respondents believe the current business climate in Columbus is "good" or "excellent," 42% expect it to be even better one year from now, and seven of 10 expect employment conditions in Columbus to be better one year from now, as compared to other parts of the country.

Columbus Business Climate Assessment



Expectations for Employment Conditions in Columbus

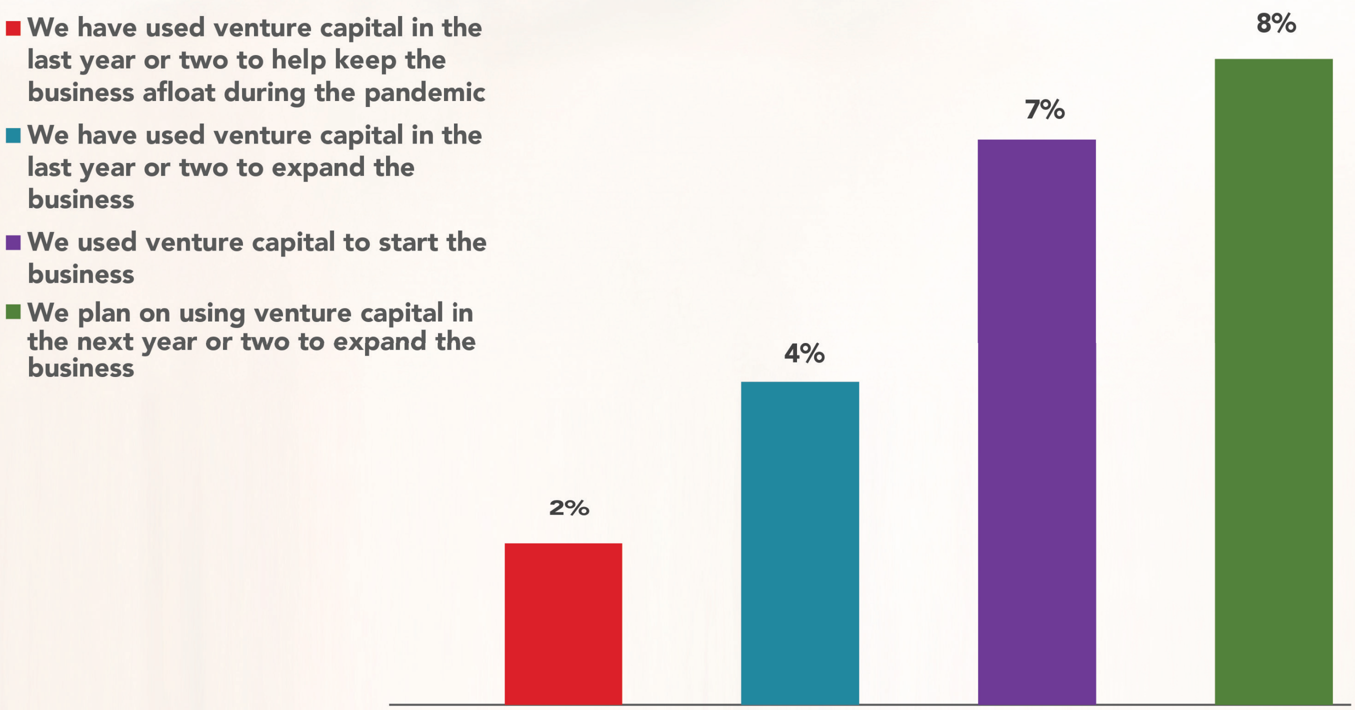


"Entrepreneurs, investors and fund managers alike don't have to hop on a plane—to New York City, Boston or the West Coast—to find professional services partners who understand venture investing and funding. The Midwest is a vibrant and growing VC ecosystem that can support entrepreneurism and economic development, assisting businesses with their fundraising and operational needs!"

Lindsay Karas Stencel
Partner, New Ventures

VENTURE CAPITAL

This year, companies' use or planned use of venture capital to start or expand their businesses in Central Ohio doubled, with one in 10 companies now taking advantage of this powerful funding tool.

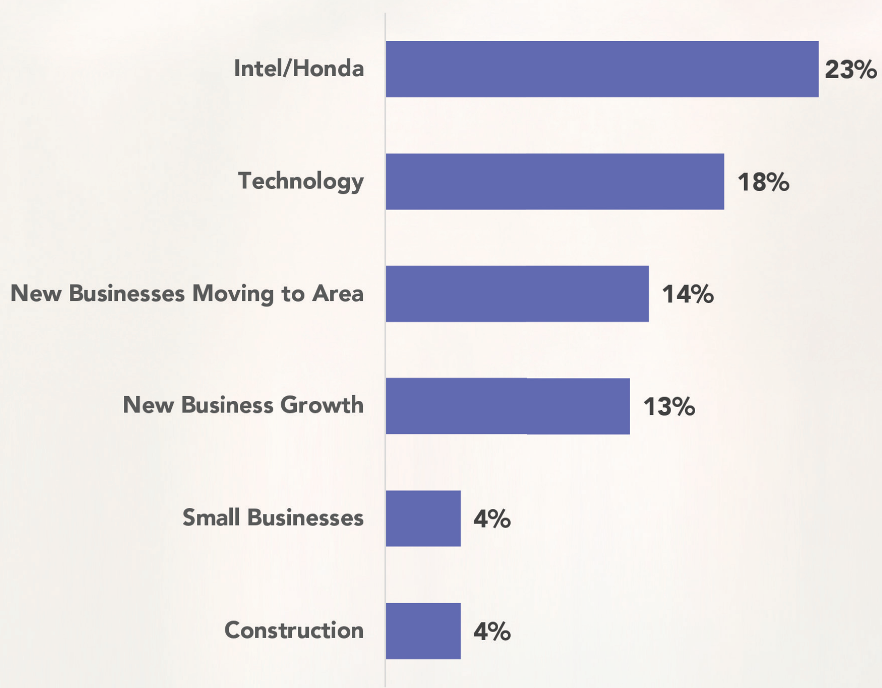


SOURCES OF EXPECTED GROWTH

When asked an open-ended question about the source of their growth expectations, 23% of respondents mentioned Intel's and Honda's plans to move to the area and 18% attributed the growth to technology. Other reasons given included new businesses moving to the area and new business growth. Small businesses and construction rounded out the top responses.

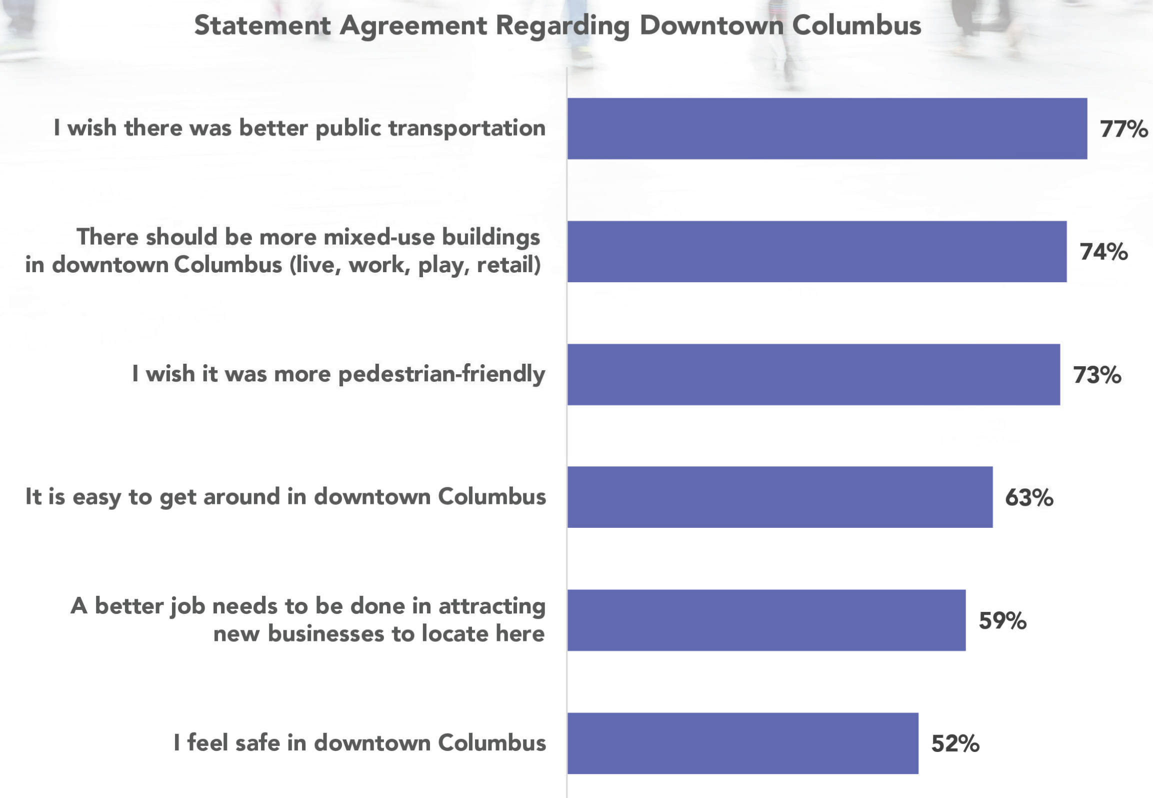
Sources of Growth for the Business Community

(Open-Ended Question)



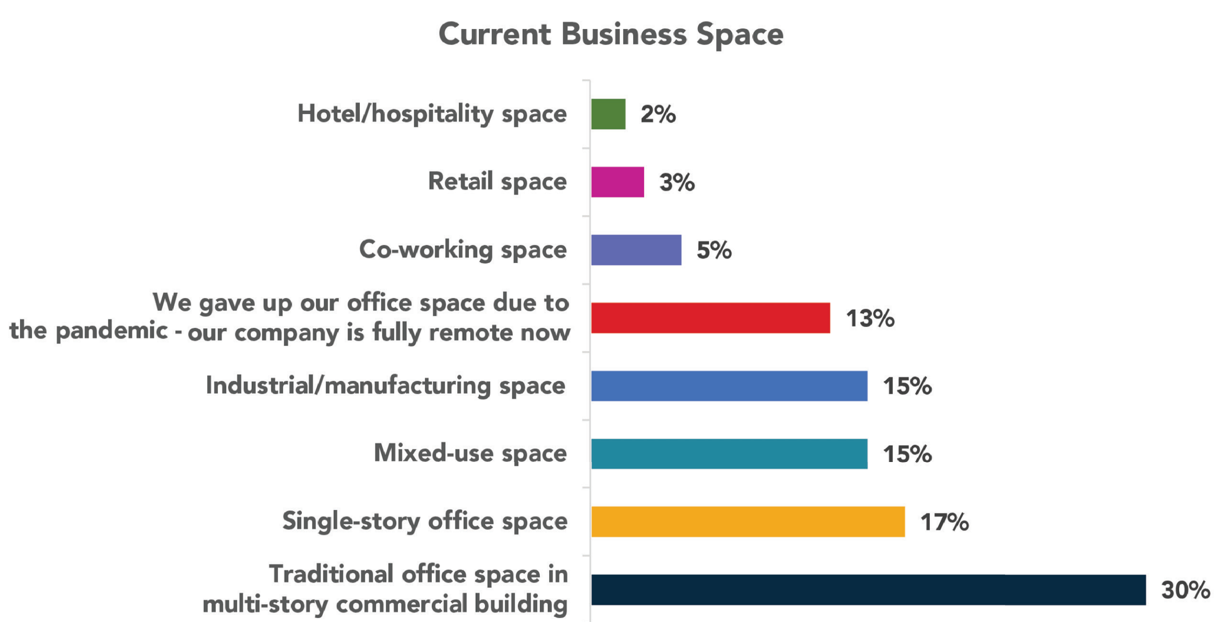
AND YET, SOME CONSTRUCTIVE CRITICISM

Optimism aside, respondents did have wish lists. They want better public transportation, more mixed-use (live/work/play/retail) buildings, and more pedestrian-friendly streets. 52% of respondents reported feeling safe in downtown Columbus.



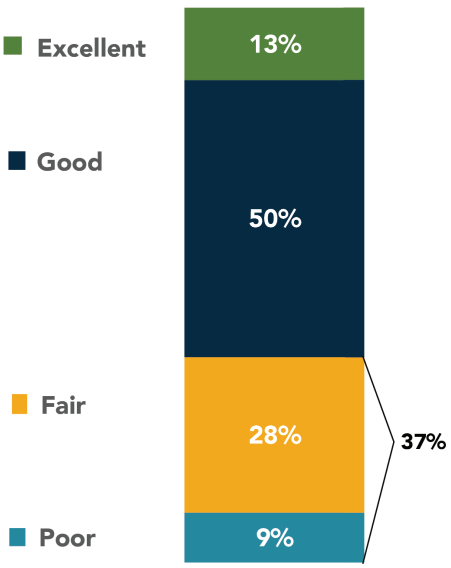
COMMERCIAL REAL ESTATE: A SNAPSHOT

Thirty percent of respondent companies currently occupy traditional office spaces in multi-story commercial buildings. Others are based in single-story office spaces, mixed-use spaces, and industrial/manufacturing spaces. Thirteen percent reported having given up their office spaces due to the pandemic.



Half would characterize the state of the CRE industry as good, while 13% consider it excellent. Those with a fair/poor assessment blame prices and vacancy as contributing factors.

Assessment of CRE Industry



Reasons for Fair/Poor Assessment

"Closure of small business that used that space as well as large businesses that have not fully brought employees back to the office. Not using brick and mortar space saves the bottom line for any business."

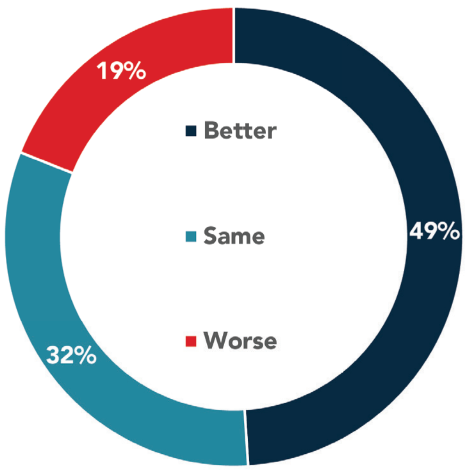
"Still overpriced for availability."

"Many vacant spaces with many businesses now working remotely."

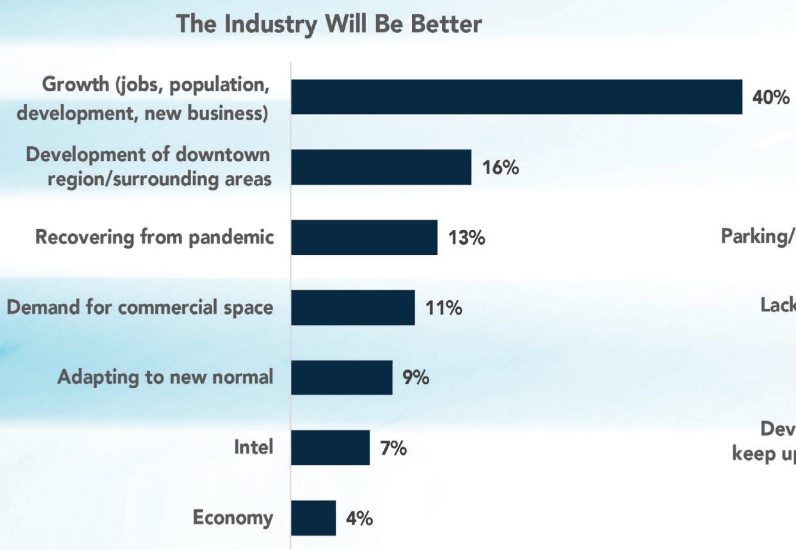
"There is a lot of traditional (old, and in need of massive upgrade to be viable in today's market) available office space. Remote work will continue to be a part of business (if not more so) in the future. That market needs a massive restructure."

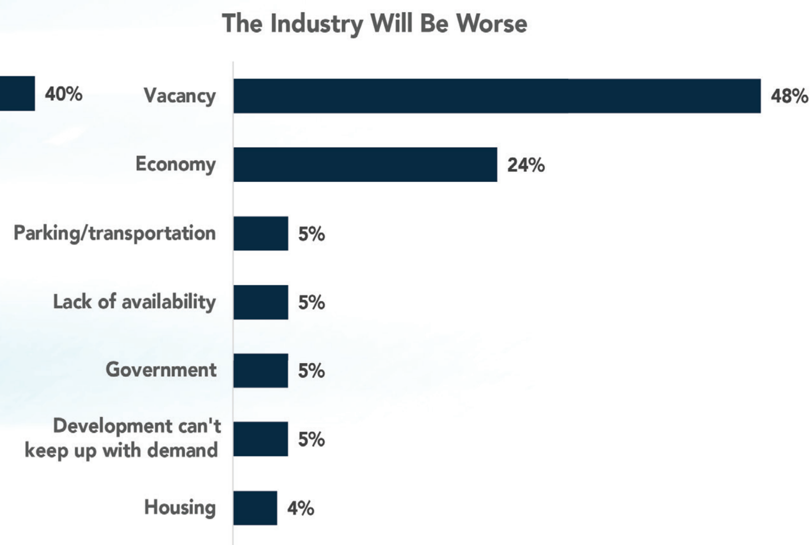
Looking ahead, 49% expect the CRE industry to be better in one year than it is now; 32% expect it to remain the same.

Expectations for CRE Industry One Year From Now



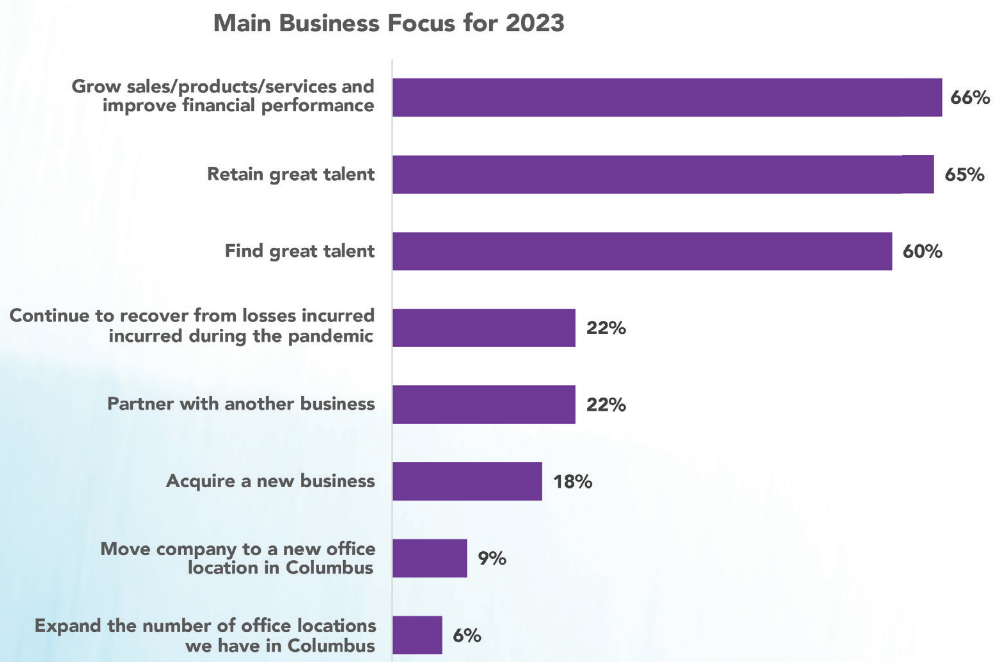
Growth in employment, population and new businesses, as well as development downtown and in the surrounding areas are the primary reasons for positive outlooks for the CRE industry. Those with a negative outlook cite vacancy and the economy as main factors.





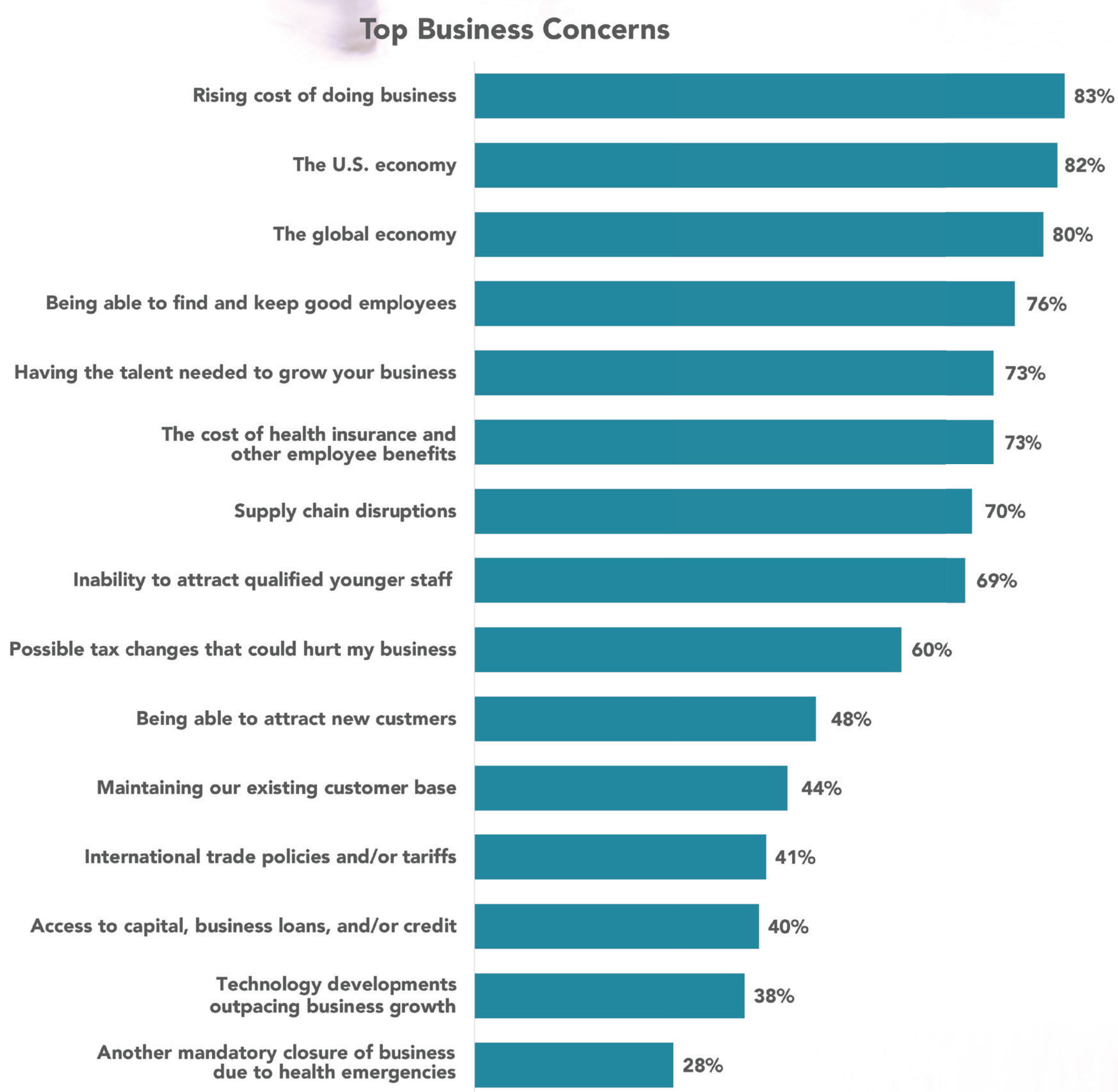
COMPANIES' 2023 "TO-DO" LISTS

When asked about their main business focuses in 2023, approximately two-thirds of respondents said they plan to focus on sales/products/services growth, as well as talent retention. Six in ten will also increase their efforts to *find* great talent. Roughly one in five companies plan to continue to recover from losses incurred during the pandemic or to partner with another business.



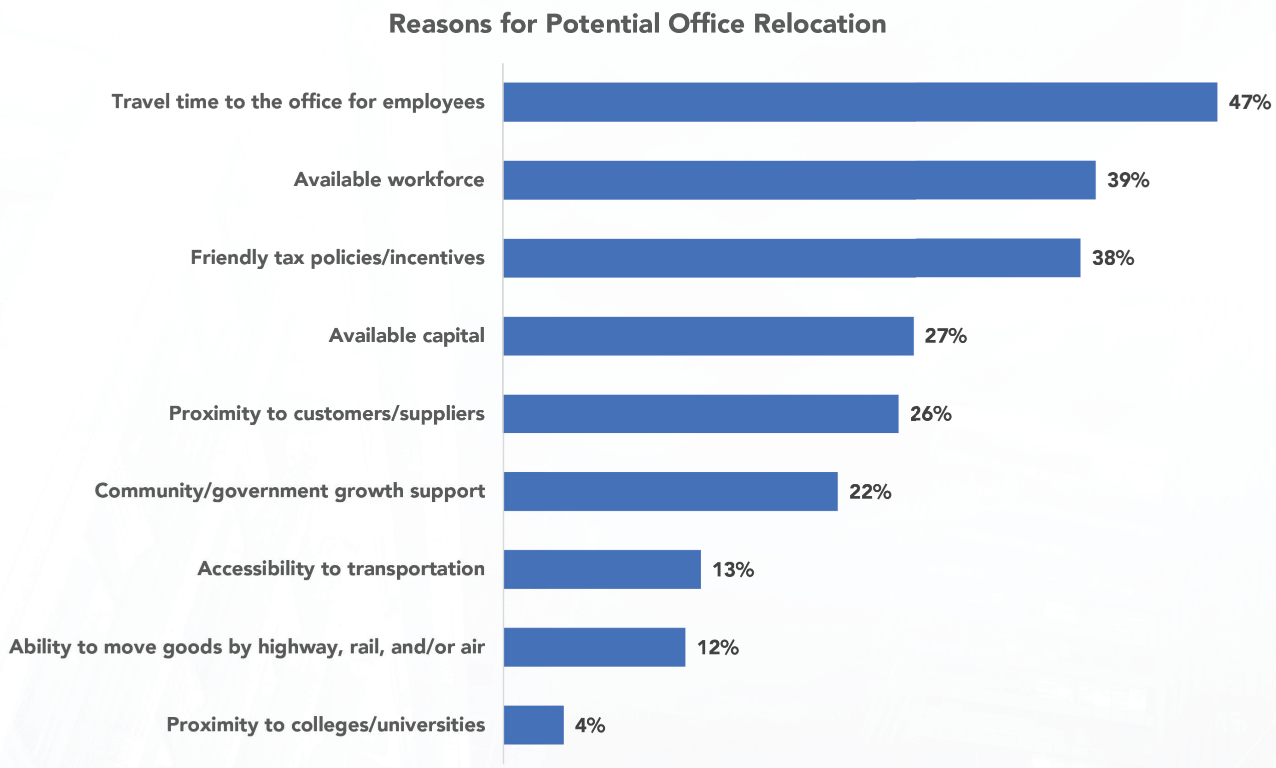
WHAT MIGHT HOLD THEM BACK?

Companies' stated business concerns include rising business costs, along with the state of the national and global economies. Also top of mind are challenges in finding and keeping good employees; having the talent to grow the business; the costs of health insurance and other employee benefits; supply chain disruptions; an inability to attract qualified younger staff; possible tax changes that could hurt the business; and the ability to attract new customers.



SITE SELECTION: Deciding Factors for Companies Considering Relocation or Expansion

Survey respondents reported that travel time for employees would be the primary deciding factor for their businesses to consider in relocating or expanding in the Columbus area. Other top factors included an available workforce; friendly tax policies/incentives; available capital; proximity to customers/suppliers; and community/government growth support.

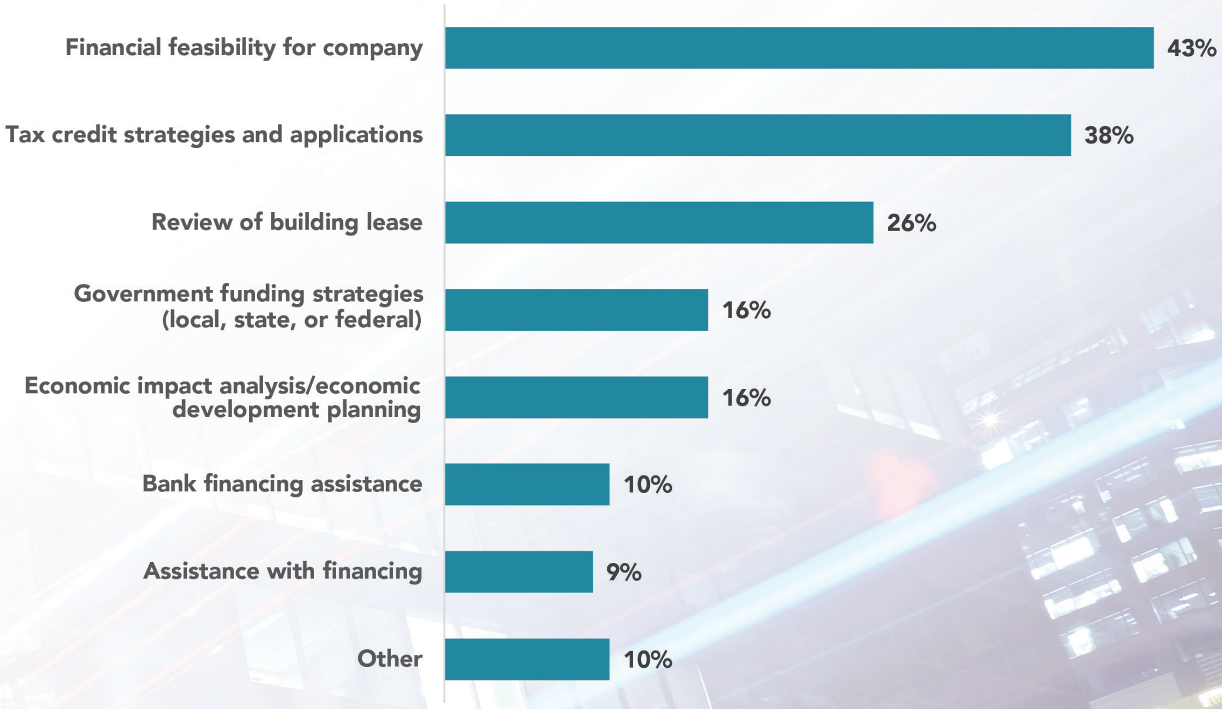


"Wherever they are based, companies need to balance a number of different factors when considering locations for projects. The analysis factors in such things as available federal, state and local incentives, ability to build key relationships with state and local agencies, zoning and real estate issues, labor and construction markets, and other classic public and private transactional issues."

Robyn Minter Smyers, Partner
Co-Chair, Site Selection

When asked about considerations for new site selection, financial feasibility and tax credit strategies were among the most important. Other factors included building lease terms; local, state or federal government funding strategies; and economic impact analysis or development planning.

Importance of Help From Commercial Real Estate Partner for Site Selection



"Financing is a top concern of businesses seeking to expand or fund real estate development. They need professional services partners who can guide them through the full range of their strategic options, including utilizing historic tax credits, tax increment bond financing, Opportunity Zone structuring, NMTCs, sale-leasebacks, tax-exempt financing, infrastructure grants, mezzanine debt, PACE and private equity placements, among other approaches."

Ryan P. Sommers, CPA
Managing Director of Financial Services, PMC and Co-Chair, Site Selection

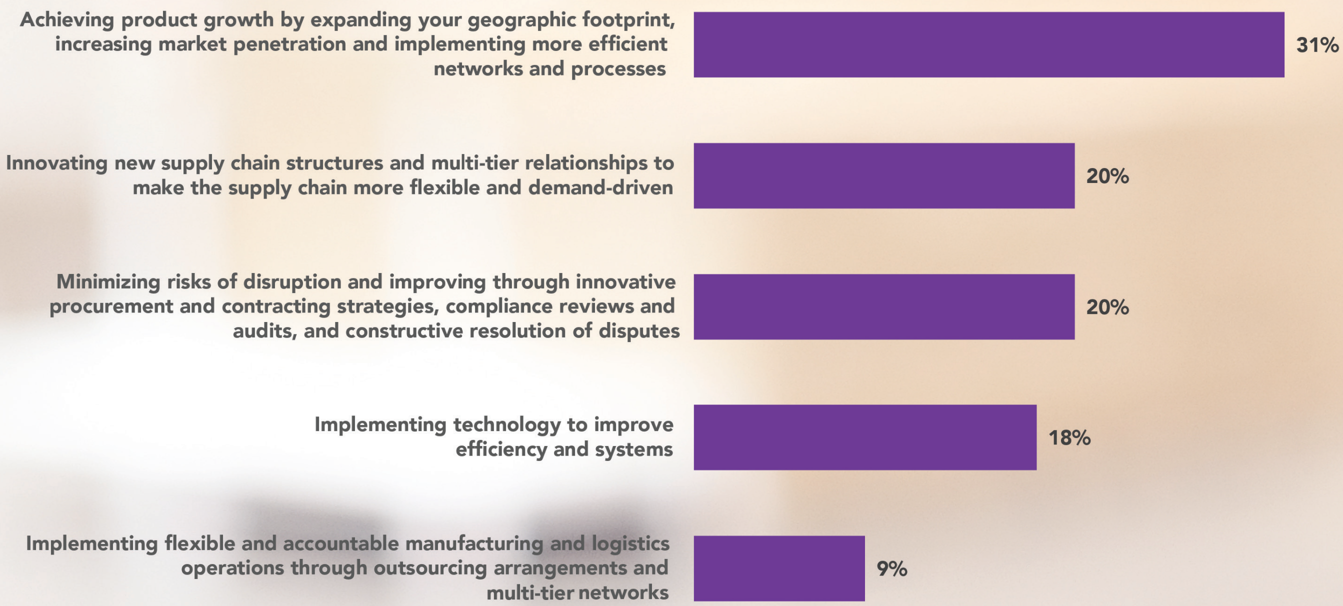
“The disruption to global production platforms and digital marketplaces over the past several years has demonstrated that businesses of all sizes are participants in a vast international supply chain network, whether they think of themselves as global or not. Companies must be vigilant of evolving policy and political changes and technological, trade and regulatory concerns to achieve operational resiliency while minimizing risks of disruption in this uncertain time of ‘friendshoring.’”

Dan Ujczo
Senior Counsel, International Trade & Transportation

SUPPLY CHAIN & INTERNATIONAL TRADE: In Today’s Market, “Local” Is International

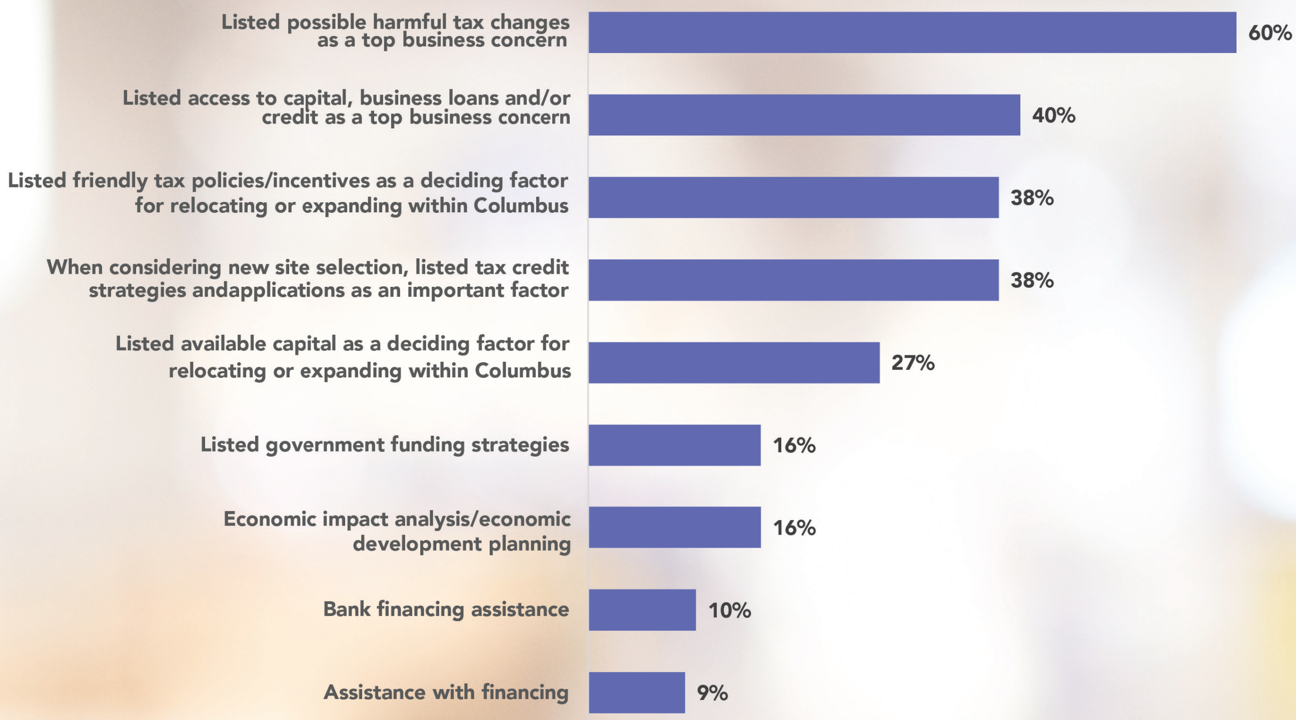
Achieving product growth, expansion and efficiencies were among the most important areas in which businesses felt partners could help them with supply chain issues.

Ranked #1 in Level of Importance
(Base = Those Dependent on the Supply Chain)



FINANCE

Whatever their size and wherever they are in their life cycle, financial issues are top of mind for Columbus-area companies.

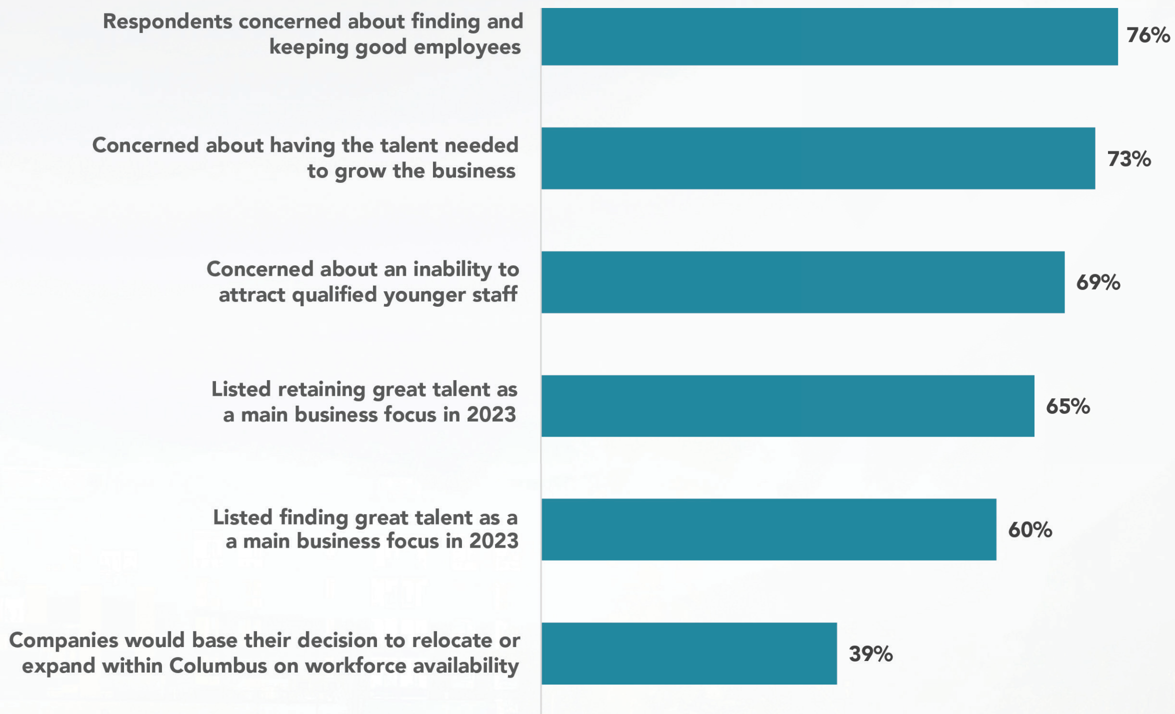


"It is clear that Central Ohio is on a path of incredible growth in the upcoming years, and both private lending and public finance are powerful tools that developers, businesses, banks and professional service providers can use to partner together and invest in the future of our region."

Richard E. Helm
Partner, Commercial & Public Finance

TALENT

Across various survey questions, talent repeatedly rose to the top as a primary business concern of Columbus-area business leaders:



"These figures are not surprising. A company's people, and its ability both to find and retain them, are its lifeblood—and why a strong labor market is one of the main criteria in the business site selection process. Of course, once they find their great people, employers also need to ensure that they are complying with all applicable laws and regulations, as well as understanding and mitigating risks."

Megan S. Glowacki
Partner, Labor & Employment

COLUMBUS BUSINESS FIRST

Thompson Hine LLP, a full-service business law firm with approximately 400 lawyers in 8 offices, was ranked number 1 in the category "Most innovative North American law firms: New working models" by the *Financial Times* and was 1 of 7 firms shortlisted for *The American Lawyer's* inaugural Legal Services Innovation Award. The firm has been recognized by the *National Law Journal* as a Legal Technology Trailblazer and featured by *Bloomberg* for its innovative service delivery models, which drive accuracy and predictability. The firm's commitment to innovation is embodied in Thompson Hine SmartPaTH™ – a smarter way to work – predictable, efficient and aligned with client goals. For more information, please visit ThompsonHine.com and ThompsonHine.com/Innovation/SmartPaTH.

SmartPaTH