

## REGIONAL SUMMARY

During the fourth quarter of 2018, the Columbus office market saw a third consecutive quarter of growth, posting 65,134 square feet of positive net absorption. Despite Cardinal Health and United Healthcare vacating 6000 Parkwood Pl. and 9200 Worthington Road, respectively, large move-ins drove absorption positive. Nexeo Solutions backfilled a large portion of Cardinal Health's space, OhioHealth purchased 6805 Perimeter Drive in an owner/user sale and Root Insurance moved into 80 on the Commons. Vacancy increased 18 basis points to 9.55 percent, as construction completions added new vacancy to the market. Overall asking rates slightly decreased to \$18.73 per square foot but are \$0.07 higher than they were at the end of 2017, demonstrating the office sector's growth year-over-year. The Kiplinger Forecast reports GDP growth of 2.8 percent in the fourth quarter. In 2019, the U.S. can anticipate less consumer spending due to a lower stock market, but income growth will remain strong as the unemployment rate slightly decreases. Locally, unemployment in Central Ohio declined from 4.1 percent to 3.7 percent in the fourth quarter. Columbus can expect continued growth in the new year as investors and large companies take notice of the region's high concentration of millennials, emphasis on development and low cost of living.

### VACANCY >>

The Columbus vacancy rate increased from 9.37 percent to 9.55 percent in the fourth quarter. The completion of 80 on the Commons and the first Gravity building added vacancy to the market, and the purchase of 6805 Perimeter Drive did not affect vacancy, despite increasing net absorption. Polaris saw the largest vacancy increase to 8.06 percent, as United Healthcare vacated 9200 Worthington Road. The largest decrease occurred in New Albany with Thirty-One Gifts occupying space at 8111 Smith's Mill Road, lowering vacancy to 2.57 percent.

### NET ABSORPTION >>

This quarter the office market saw 65,134 square feet of positive net absorption. Dublin and Polaris experienced the largest changes in absorption from the third quarter. After negative absorption last quarter, Dublin finished the year strong with 79,477 square feet positively absorbed, due to Nexeo Solutions backfilling at 6000 Parkwood Pl. and OhioHealth purchasing 6805 Perimeter Drive. Polaris recorded 96,097 square feet of negative absorption due to United Healthcare moving out of 9200 Worthington Road.

### CONSTRUCTION ACTIVITY >>

Construction numbers remain steady as demand for new office space in Columbus rises. There is currently 949,110 square feet of construction underway, a majority being mixed-use space. The CBD leads activity with 552,000 square feet of development under construction, including 711 N. High St. and The Hayden.


In the fourth quarter, there were two completions totaling 184,000 square feet. The highly-anticipated mixed-use 80 on the Commons added 134,000 square feet of office space to downtown Columbus and is home to tenants such as Root Insurance and AEP. The first phase of the Gravity project at 500 W. Broad St. also completed this quarter, with 50,000 square feet of office and a signed lease from BarkBox. In 2019, as many as ten projects are expected to complete around the city.

### SALES ACTIVITY >>

Ten office buildings totaling 619,385 square feet sold in Central Ohio this quarter for a total sales volume of \$59.29 million, or \$99 per square foot. Sales volume is higher than it was in the fourth quarter of 2017, signaling increasing investment activity in the office sector.

Thirty-One Gifts purchased 8111 Smith's Mill Road from Golden Gate Capital for \$24 million, or \$137 per square foot, making it the largest sale of the quarter. 6805 Perimeter Drive sold to OhioHealth as their new owner/user building for \$9.25 million. RSM Development bought Orchard Knoll at 8351 N. High St. for \$6.55 million, or \$93 per square foot.

## ECONOMIC DRIVERS

MARKET INDICATORS	QoQ	YoY
VACANCY		
RENTAL RATES		
NET ABSORPTION		
CONSTRUCTION		
SALES VOLUME		
SALE PRICE		

## UPDATE - Lease & Sale Transactions | Construction

### LEASE Activity

PROPERTY ADDRESS	CLASS	LEASE DATE	LEASED SF	TENANT	SUBMARKET
6000 Parkwood Pl.	A	10/19/2018	91,609	Nexeo Solutions	Dublin
500 W. Broad St.	A	-	22,832	BarkBox	CBD
855 Grandview Ave.	A	11/8/2018	21,950	ScriptDrop, Inc.	Arlington/Grandview
1105 Schrock Road	A	10/1/2018	18,004	Transworlds Systems, Inc.	Worthington
10 W. Broad St.	A	-	14,032	USMC	CBD
1123 Goodale Blvd.	A	11/28/2018	10,980	Horizon Telecom, Inc.	Arlington/Grandview
921-929 Eastwind Drive	B	10/12/2018	10,532	The Carrington Group	Westerville
445 Hutchinson Ave.	A	11/21/2018	8,624	RNR Financial Partners	Worthington
2216 Citygate Drive	A	10/15/2018	8,431	Major League Gaming	East

### SALE Activity

PROPERTY ADDRESS	SALES DATE	SALE PRICE	SIZE (SF)	BUYER	SELLER	PRICE PSF	TYPE	SUBMARKET
8111 Smith's Mill Road	11/1/2018	\$24,000,000	175,000	Thirty-One Gifts	Golden Gate Capital	\$137	Owner/ User	New Albany
6805 Perimeter Drive	11/28/2018	\$9,250,000	107,328	OhioHealth Corporation	Group RMC	\$86	Owner/ User	Dublin
8351 N. High St.	12/12/2018	\$6,550,000	70,139	RSM Development	Orchard Knoll Operating Associates	\$93	Investment	Worthington
Airport Drive Portfolio	11/20/2018	\$6,400,000	124,922	McSen Realty Corp.	Bergman Real Estate	\$51	Investment	Gahanna/ Airport
413 N. State St.	10/12/2018	\$3,750,000	15,976	Gabriel Yandam	HER Investments	\$235	Investment	Westerville
4771 Cemetary Road	10/30/2018	\$2,190,000	19,219	Veritas Community Church	Columbus Metropolitan Library	\$114	Owner/ User	Hilliard
1380 Dublin Road	10/29/2018	\$2,000,000	29,516	Premier Care of Ohio	PR Equities	\$68	Owner/ User	Arlington/ Grandview
1667-1679 Gateway Circle	11/30/2018	\$1,850,000	20,000	Grand Aerie of Fraternal Order of Eagles	Maverick Builders	\$93	Investment	Southeast
7716-7720 Rivers Edge Drive	10/22/2018	\$1,700,000	29,465	Riviera Capital	Comprehensive Management Solutions	\$58	Investment	Worthington
37 N. High St.	12/12/2018	\$1,600,000	27,820	Haynes Holdings	Connectivity Systems	\$58	Owner/ User	CBD

### CONSTRUCTION Activity

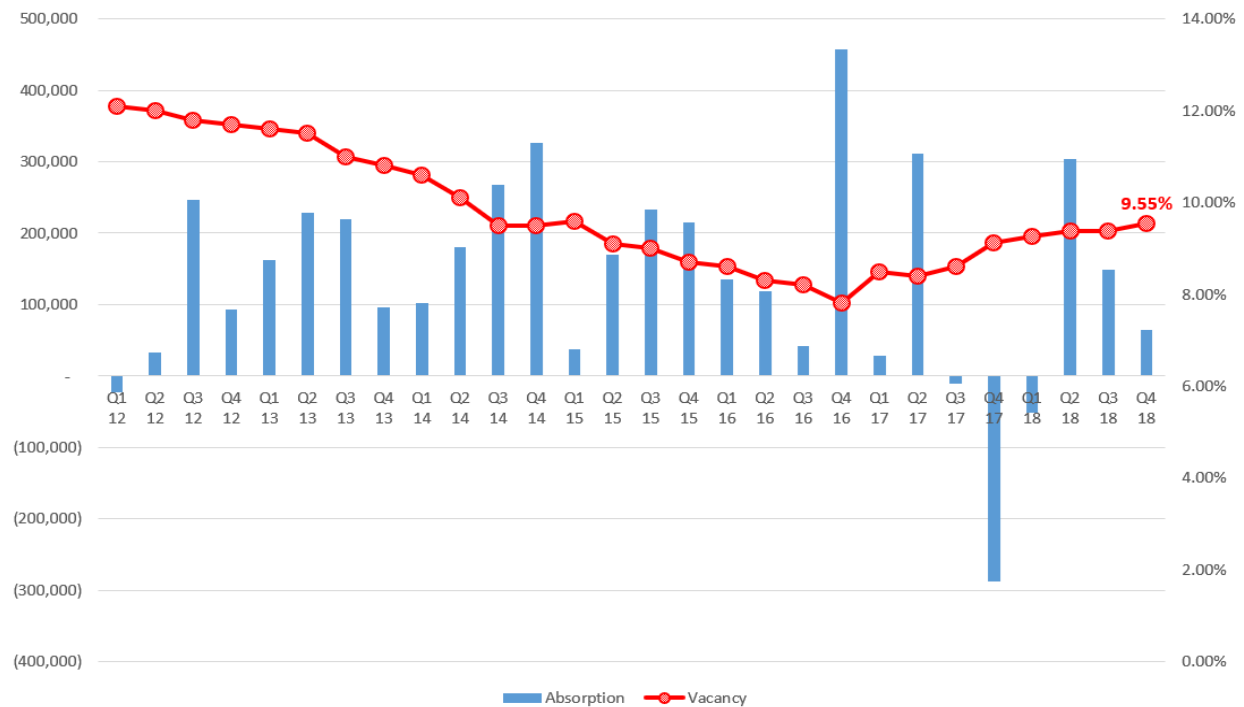
PROJECT NAME	ADDRESS	SUBMARKET	CLASS	SF	COMPLETION
109 N. Front St.	109 N. Front St.	CBD	B	190,000	2019
DHL HQ	360 Westar Pl.	Westerville	A	145,000	Q4-2019
Arlington Gateway	1325-1359 W. Lane Ave.	Arlington/Grandview	A	130,000	Q1-2019
711 N. High St.	711 N. High St.	CBD	A	90,000	2019
The Hayden	16-20 E. Broad St.	CBD	B	81,000	2021
Bridge Park A1 Building	94-100 N. High St.	Dublin	A	80,000	2020
Former City Power Plant Renovation	589 W. Nationwide Blvd.	CBD	A	55,000	Q1-2019
Hubbard and High	800 N. High St.	CBD	A	45,000	2019
Grandview Mercantile	875 N. High St.	CBD	A	45,000	2019
Walton Parkway Phase II	8200 Walton Pkwy.	New Albany	A	42,110	2019
The Castle	965-985 N. High St.	CBD	A	12,000	Q1-2019
Brunner Building	930 N. High St.	CBD	A	10,000	2019

# MARKET OVERVIEW

SUBMARKET	ABSORPTION					CONSTRUCTION		ASKING PRICE (FSG)			AVERAGE ASKING RATE
	TOTAL SF	VACANT SF	VACANCY %	CURRENT	YTD	CURRENT	COMPLETED	CLASS A	CLASS B	CLASS C	
Arlington/Grandview	5,627,622	282,411	5.02%	11,473	179,290	130,000	-	\$21.58	\$20.49	\$17.74	\$19.57
CBD	19,967,067	1,935,547	9.69%	22,461	(8,547)	552,000	184,000	\$19.96	\$18.15	\$15.66	\$18.95
Dublin	9,625,057	1,121,008	11.65%	79,477	(277,372)	80,000	-	\$22.09	\$17.97	\$14.50	\$20.60
East	3,929,477	477,393	12.15%	(22,825)	(15,172)	-	-	-	\$16.22	\$13.02	\$15.92
Easton	3,111,095	469,711	15.10%	4,671	26,862	-	-	\$24.16	-	-	\$24.16
Gahanna/Airport	1,235,246	43,376	3.51%	4,530	38,181	-	-	\$20.43	\$20.22	-	\$20.32
Hilliard	2,460,083	68,930	2.80%	9,611	48,257	-	-	\$21.33	\$19.25	\$13.97	\$18.64
New Albany	2,384,269	61,296	2.57%	64,477	183,151	42,110	-	\$21.09	-	-	\$21.09
North Central	1,147,668	177,852	15.50%	(2,147)	14,418	-	-	-	\$18.00	\$14.75	\$15.26
Polaris	4,582,267	369,449	8.06%	(96,097)	(141,667)	-	-	\$21.14	\$17.00	-	\$20.84
Powell	273,589	24,366	8.91%	(9,168)	(9,691)	-	-	-	\$16.13	-	\$16.13
Southeast	434,658	52,223	12.01%	(7,450)	(14,353)	-	-	-	\$15.00	-	\$15.00
Southwest	237,119	25,013	10.55%	-	(2,500)	-	-	-	\$12.00	\$11.70	\$11.83
Westerville	4,742,987	390,293	8.23%	1,015	347,432	145,000	-	\$21.30	\$16.44	\$15.09	\$17.02
Worthington	6,221,601	803,406	12.91%	5,106	99,167	-	-	\$19.75	\$17.69	\$13.26	\$16.93
<b>Suburban Total</b>	<b>46,012,738</b>	<b>4,366,727</b>	<b>9.49%</b>	<b>42,673</b>	<b>476,003</b>	<b>397,110</b>	<b>-</b>	<b>\$21.62</b>	<b>\$17.49</b>	<b>\$14.69</b>	<b>\$18.61</b>
<b>Grand Total</b>	<b>65,979,805</b>	<b>6,302,274</b>	<b>9.55%</b>	<b>65,134</b>	<b>467,456</b>	<b>949,110</b>	<b>184,000</b>	<b>\$20.87</b>	<b>\$17.66</b>	<b>\$14.95</b>	<b>\$18.73</b>

PROPERTY TYPE	ABSORPTION					CONSTRUCTION		ASKING PRICE (FSG)	
	TOTAL SF	VACANT SF	VACANCY %	CURRENT	YTD	CURRENT	COMPLETED	BY PRODUCT TYPE	
A	28,927,540	2,979,470	10.30%	103,315	(9,763)	604,110	134,000	\$20.87	
B	23,536,129	2,144,850	9.11%	(1,199)	541,501	295,000	50,000	\$17.66	
C	13,516,136	1,177,954	8.72%	(36,982)	(64,282)	-	-	\$14.95	
<b>Grand Total</b>	<b>65,979,805</b>	<b>6,302,274</b>	<b>9.55%</b>	<b>65,134</b>	<b>467,456</b>	<b>899,110</b>	<b>184,000</b>	<b>\$18.73</b>	

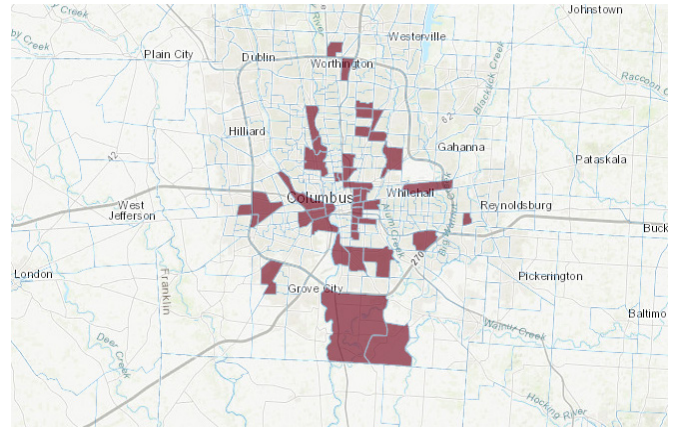
## ABSORPTION & VACANCY RATES



## OPPORTUNITY ZONES

The announcement of government-mandated opportunity zones this year aimed to change the course of development across the country. These zones are lower income areas that are eligible for “opportunity funds” to spearhead economic development there. The hope is that with the 10-year federal tax break these zones receive, investors will finance more development there, thus revitalizing the areas and improving the quality of life for residents. There are 320 opportunity zones throughout Ohio and 44 around Columbus. Most notable in Central Ohio is the neighborhood of Franklinton, just west of the CBD. New projects such as Gravity, River and Rich and the CoverMyMeds headquarters are already underway or proposed, but the area can expect continued investment in coming years with the incentives provided by the opportunity zones bill.

Source: Columbus Business First, Ohio Development Services Agency



## Colliers | Columbus Statistics

Leased and Sold More than  
**\$388+ Million in Volume**

Managed over  
**21 Million Square Feet**

Completed More than  
**370 Transactions**

**115+ Professionals**  
working toward Accelerating Your  
Success

Leased and Sold More than  
**22 Million Square Feet**

*All statistics are for 2017.*

### FOR MORE INFORMATION

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