

REGIONAL SUMMARY

The Columbus office market experienced a boom in activity during the second quarter, posting 551,716 square feet of positive net absorption*. This marks the fifth consecutive quarter of positive absorption, demonstrating the growing strength of the office sector. The vacancy rate dropped from last quarter, declining from 9.51 percent to 9.17 percent as many large tenants occupied space around the area. Overall asking rates held steady at \$18.71 per square foot. However, asking rates for Class A properties increased to \$20.92 per square foot, with the CBD and New Albany submarkets seeing the largest upticks. The Kiplinger Forecast reports that the U.S. GDP grew 3.2 percent during the first half of the year but is expected to cool off throughout the coming months. Consumer spending grew by 2.5 percent in the second quarter, reversing the effects of the first quarter's government shutdown. The unemployment rate in Columbus decreased from 4.2 percent to 3.4 percent this quarter– the lowest it has been since 2001. This rate isn't expected to decline any further, as the city is considered around the "full employment" level in relation to the rest of the country. Throughout the rest of 2019, Central Ohio can anticipate continued interest from tenants and investors as the city experiences a period of unprecedented growth and development.

*net absorption is calculated based on commencement date

VACANCY >>

The Columbus vacancy rate dropped in the second quarter from 9.51 percent to 9.17 percent. The Easton submarket saw the largest decrease in vacancy to 6.4 percent, as Sarepta Therapeutics, Root Insurance and Trinity Healthcare collectively took 259,000 square feet. The largest increase in vacancy occurred in Dublin with Nokia downsizing 64,000 square feet at 5475 Rings Road.

MARKET ACTIVITY >>

Market activity is often correlated to positive or negative absorption. However, in cases when a tenant leaves one space for another, the positive and negative absorption cancels out. The Market Activity Volume (MAV), which is the absolute sum of absorption change in the market, gives a better idea of overall activity. This quarter, the MAV was 1,435,122 square feet– almost a million square feet more than last quarter, and a strong indication that tenants are staying active in the market.

CONSTRUCTION ACTIVITY >>

Due to high demand for Class A office space, construction numbers remain stable across the city. There is currently 918,879 square feet of office development under construction, with a good combination of mixed-use projects and company headquarters. The CBD leads activity with 423,000 square feet underway, including The Reach on Goodale and The Hayden renovation on Capitol Square.

There were two completions this quarter, totaling 360,000 square feet. The new 270,000-square-foot OhioHealth corporate headquarters completed in the North Central submarket, and employees have begun moving in. 711 N High also completed this quarter, adding 90,000 square feet of Class A office space to the Short North. Throughout the rest of the year, as many as eight projects are expected to complete around Central Ohio.

SALES ACTIVITY >>

This quarter, 11 office buildings totaling 598,893 square feet sold in Columbus for a total sales volume of \$32.5 million, or an average of \$89 per square foot. This sales volume nearly doubles last quarter's total, demonstrating an increase in investor activity.

Link Industrial Properties sold 5525 Parkcenter Circle to Group RMC for \$14.7 million, making it the largest sale of the quarter. John C. Hanks bought 366 E. Broad St. from CPM Investments for \$4.3 million, or \$138 per square foot. 735 Taylor Road was purchased by Landmark Property Solutions in an investment deal for \$2.54 million, or \$79 per square foot.

ECONOMIC DRIVERS

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

UPDATE - Lease & Sale Transactions | Construction

LEASE Activity

PROPERTY ADDRESS	CLASS	LEASE DATE	LEASED SF	TENANT	SUBMARKET
3435 Stelzer Road	A	5/1/2019	77,679	Root Insurance	Easton
10 W. Broad St.	A	5/1/2019	35,000	ORIX	CBD
34 S. 3rd St.	B	6/5/2019	34,433	Candid Care Co.	CBD
711 N. High St.	A	4/1/2019	15,446	Upstart	CBD
445 N. High St.	B	4/18/2019	12,978	Chipotle	CBD
5475 Rings Road	A	5/30/2019	12,602	Perspecta	Dublin
585 S. Front St.	A	5/1/2019	11,987	Total Quality Logistics	CBD
555 W. Goodale St.	A	4/1/2019	11,000	Adept Marketing	CBD
1600 Dublin Road	B	6/6/2019	9,959	TeamDynamix Solutions	Arlington/Grandview
1105 Schrock Road	A	5/31/2019	9,366	Kisling Nestico & Redick	Worthington
6500 Emerald Pkwy.	A	4/24/2019	8,611	ClearChoice	Dublin
570 Polaris Pkwy.	A	4/1/2019	7,500	Smart Trac	Polaris

SALE Activity

PROPERTY ADDRESS	SALES DATE	SALE PRICE	SIZE (SF)	BUYER	SELLER	PRICE PSF	TYPE	SUBMARKET
5525 Parkcenter Circle	4/4/2019	\$14,700,000	315,000	Group RMC	Link Industrial Properties	\$46.67	Investment	Dublin
366 E. Broad St.	5/10/2019	\$4,300,000	31,237	John C. Hanks	CPM Investments	\$137.66	Investment	CBD
735 Taylor Road	4/5/2019	\$2,540,000	32,340	Landmark Property Solutions	735 Taylor Rd, LLC	\$78.54	Investment	Gahanna/Airport
4900 Tuttle Crossing Blvd.	6/12/2019	\$2,500,000	39,504	Dave Thomas Foundation	Matt Stavroff	\$62.00	Owner/User	Dublin
925 N. Hamilton Road	6/14/2019	\$1,405,000	30,000	Rahmar Enterprises	LCMM Stoneridge	\$46.83	Investment	Gahanna/Airport
77-83 Outerbelt St.	5/16/2019	\$1,320,000	12,210	Willis Law Firm	Sama Management Group	\$108.11	Investment	East
1395 E. Dublin Granville Road	6/11/2019	\$1,300,000	41,400	Cordoba 1395, LLC	American Veterans of World War II	\$31.40	Investment	North Central
4945 Bradenton Ave.	6/18/2019	\$1,200,000	12,623	Undisclosed	Orthopedic One	\$95.06	Investment	Dublin
631 Copeland Mill Drive	4/10/2019	\$1,100,000	8,762	Warden Properties	Undisclosed	\$125.54	Owner/User	Westerville
1010 Old Henderson Road	6/6/2019	\$1,068,624	9,562	Preferred Living	Sama Management Group	\$111.76	Owner/User	North Central

CONSTRUCTION Activity

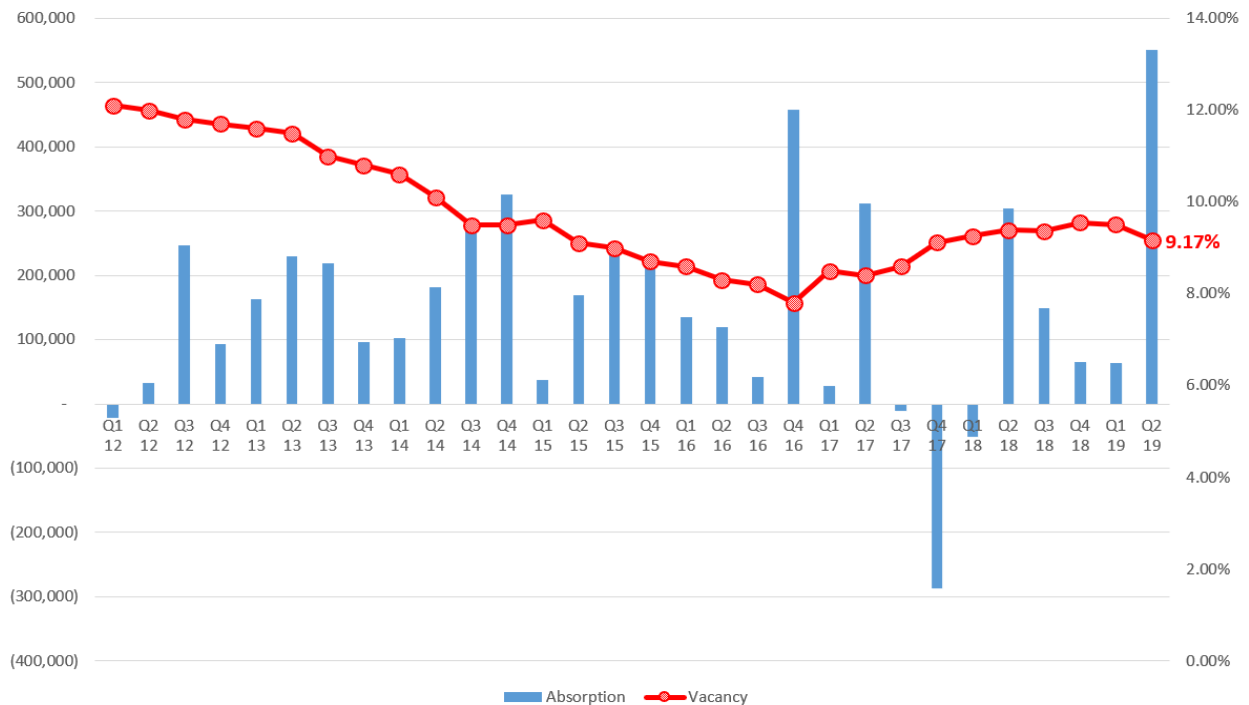
PROJECT NAME	ADDRESS	SUBMARKET	CLASS	OFFICE SF	COMPLETION
DHL HQ	360 Westar Pl.	Westerville	A	145,000	Q4-2019
Arlington Gateway	1325-1359 W. Lane Ave.	Arlington/Grandview	A	130,000	2020
White Castle HQ	555 Goodale Blvd.	CBD	A	105,000	Q4 2019
Easton expansion	4131 Worth Ave.	Easton	A	98,769	Q4 2019
The Hayden	16-20 E. Broad St.	CBD	A	81,000	Q3 2019
Bridge Park A1 Building	6515 Longshore Loop	Dublin	A	80,000	Q3 2019
Former City Power Plant renovation	589 W. Nationwide Blvd.	CBD	A	77,000	2020
The Reach on Goodale	555 Goodale Blvd.	CBD	A	70,000	2020
Hubbard and High	800 N. High St.	CBD	A	45,000	Q3 2019
Grandview Mercantile	875 N. High St.	CBD	A	45,000	Q4 2019
Walton Pkwy Phase II	8200 Walton Pkwy.	New Albany	A	42,110	Q3 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	5,743,042	251,227	4.37%	9,275	42,443	130,000	-	\$21.62	\$20.18	\$17.38	\$18.64
CBD	20,081,067	1,924,683	9.58%	55,867	97,813	423,000	90,000	\$20.01	\$18.22	\$15.52	\$18.98
Dublin	9,625,057	1,268,923	13.18%	(53,663)	(122,762)	80,000	-	\$22.19	\$18.21	\$14.41	\$20.54
East	3,929,477	451,261	11.48%	5,752	26,132	-	-	-	\$16.37	\$12.99	\$16.04
Easton	3,111,095	199,090	6.40%	276,621	276,621	98,769	-	\$24.65	-	-	\$24.65
Gahanna/Airport	1,235,246	42,610	3.45%	2,358	11,916	-	-	\$20.47	\$19.96	-	\$20.23
Hilliard	2,460,083	67,484	2.74%	1,446	1,446	-	-	\$21.33	\$19.26	\$13.98	\$18.03
New Albany	2,384,269	67,911	2.85%	1,380	(6,615)	42,110	-	\$21.29	-	-	\$21.29
North Central	1,417,668	179,647	12.67%	268,205	268,205	-	270,000	-	\$18.00	\$14.75	\$15.26
Polaris	4,582,267	318,311	6.95%	38,490	51,138	-	-	\$21.13	\$18.12	-	\$21.03
Powell	273,589	25,073	9.16%	6,330	(707)	-	-	-	\$15.60	-	\$15.60
Southeast	434,658	52,223	12.01%	-	-	-	-	-	\$15.00	-	\$15.00
Southwest	237,119	25,013	10.55%	-	-	-	-	-	\$12.00	\$11.70	\$11.83
Westerville	4,742,987	407,504	8.59%	5,240	(14,507)	145,000	-	\$21.30	\$16.66	\$14.86	\$17.31
Worthington	6,221,601	814,222	13.09%	(65,585)	(15,371)	-	-	\$19.66	\$17.31	\$13.21	\$16.81
Suburban Total	46,398,158	4,170,499	8.99%	495,849	517,939	495,879	270,000	\$21.68	\$17.38	\$14.64	\$18.56
Grand Total	66,479,225	6,095,182	9.17%	551,716	615,752	918,879	360,000	\$20.92	\$17.61	\$14.86	\$18.71

PROPERTY TYPE	ABSORPTION					CONSTRUCTION		ASKING PRICE (FSG)	
	TOTAL SF	VACANT SF	VACANCY %	CURRENT	YTD	CURRENT	COMPLETED	BY PRODUCT TYPE	
A	29,402,960	2,764,141	9.40%	483,609	543,769	918,879	360,000	\$20.92	
B	23,560,129	2,180,675	9.26%	99,955	48,133	-	-	\$17.61	
C	13,516,136	1,150,366	8.51%	(31,848)	23,850	-	-	\$14.86	
Grand Total	66,479,225	6,095,182	9.17%	551,716	615,752	918,879	360,000	\$18.71	

ABSORPTION & VACANCY RATES



COMPANY CONSOLIDATION

Merriam-Webster defines consolidation as “the action or process of combining a number of things into a single, more effective or coherent whole.” This is exactly what companies intend to do when moving their employees to one place. Many executives believe that merging their corporate offices boosts morale and enhances efficiency. For that reason, this has been a huge trend recently in the Columbus office market, as large businesses and headquarters are making the change to bring employees together in one place. Nationwide moved 3,600 employees from satellite offices to one 700,000-square-foot campus at Grandview Yard. DHL also plans to do this in 2019, as they are building a brand-new headquarters in Westerville and relocating 640 employees there. With the more and more businesses making the switch to consolidation, Columbus can expect the trend to stick around for the foreseeable future.

Source: Columbus Business First, CoStar, Merriam-Webster



Colliers | Columbus Statistics

Leased and Sold More than
\$564+ Million in Volume

Managed over
17.3 Million Square Feet

Completed More than
400 Transactions

110+ Professionals
working toward Accelerating Your
Success

Leased and Sold More than
23.8 Million Square Feet

All statistics are for 2018.

FOR MORE INFORMATION

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