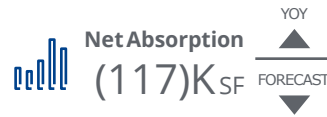




Office
Columbus
24Q3

Key Takeaways

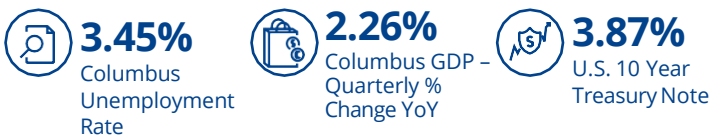
- Continued negative absorption contributed to growing vacancy.
- Construction completions stalled as most projects will be completed during Q4 and into 2025.
- Corresponding with the rise in vacancy, the weighted average asking rents increased to \$21.87/SF.



Regional Summary

As of mid-2024, the office market in Columbus, Ohio, is navigating a complex landscape shaped by high vacancy rates and shifting tenant demands. The Columbus office market experienced negative absorption for the third consecutive quarter, resulting in a 45-basis-point jump in overall vacancy to 19.29%. Suburban submarkets were the primary contributors to the negative absorption, with Dublin accounting for 47,161 square feet of negative absorption, followed by the Westerville submarket with 31,649 square feet. These figures continue to be impacted by smaller tenants in the market, where most of the movement is occurring. Average asking rates increased \$1.86 during the third quarter to \$21.87 PSF. We expect rents to rise moderately in the next few quarters, with more speculative office space to be delivered in Columbus by mid-year 2025. Demand for premium, modern office space remains relatively strong, particularly in suburban areas and surrounding neighborhoods like Dublin and Polaris. Additionally, concessions and generous tenant improvement allowances have remained critical to finalizing deals in the competitive market. One trend seen nationally, as well as in Columbus, is shrinking average lease sizes on new deals as tenants relocate and consolidate. This trend continues to weigh on absorption trends. The impact of relocations and consolidations will persist over the near term as leases signed before 2020 approach expiration, and tenants begin signing smaller 1–2-year renewals. Although the office sector continues to face occupancy challenges, Columbus is expected to see a gradual increase in vacancy rates, slower than the national trend. With construction activity at its lowest point in over a decade and no new projects starting due to high interest rates and uncertain office demand, the supply of new properties will remain limited, helping to maintain relatively stable market conditions in the foreseeable future.

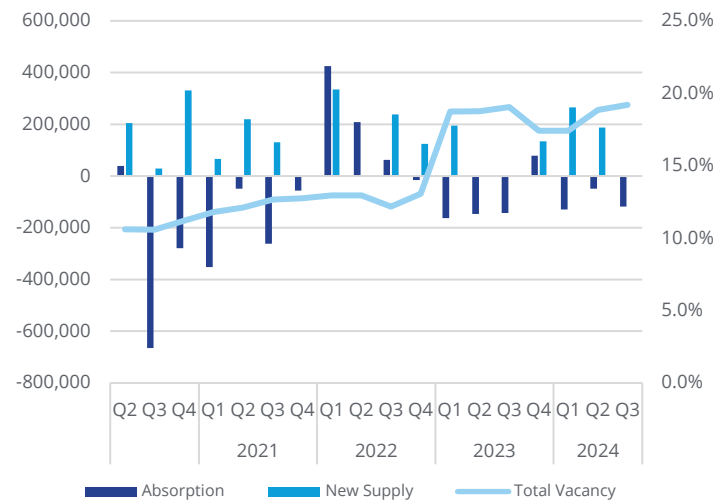
Market Indicators



Historic Comparison

	23 Q3 YoY	24 Q2 QoQ	24 Q3 Current
Total Inventory (in Thousands of SF)	52,166	53,468	52,848
New Supply (in Thousands of SF)	0	0	0
Net Absorption (in Thousands of SF)	(143)	(67)	(117)
Overall Vacancy	19.05%	18.84%	19.29%
Overall Asking Lease Rates (FSG)	\$22.07	\$20.81	\$21.87

Market Graph

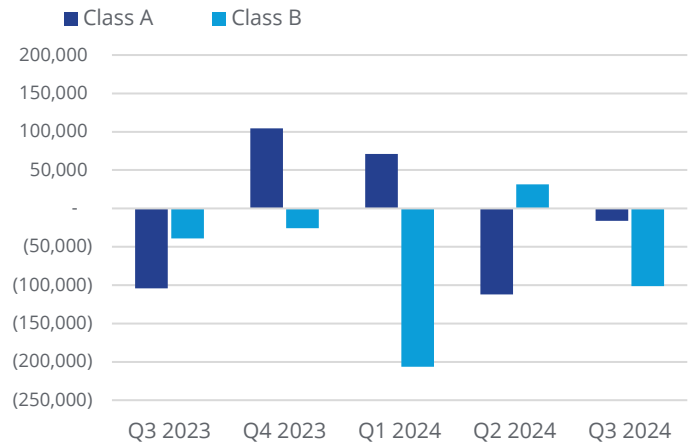


The office market continues to decline in absorption and stall in construction as macroeconomic factors continue to be negative or uncertain.

Absorption & Leasing

The largest lease signed this quarter was signed by Ohio Transmission for 26,336 square feet in the Easton submarket at 3948 Townsfair Way. Leasing activity is notably concentrated in high-quality and newly constructed buildings, which is a trend that provides some optimism for the future. Many of the new office buildings being developed are Class A buildings located in the CBD and Upper Arlington/Grandview submarkets. New buildings in areas such as Arlington/Grandview and Dublin are preleased, indicating sustained demand for premium office space. Over 200,000 square feet of office space was signed this quarter, many with Q4 2024 and Q1 2025 commencement dates. This demonstrates that there is still healthy leasing activity within the market.

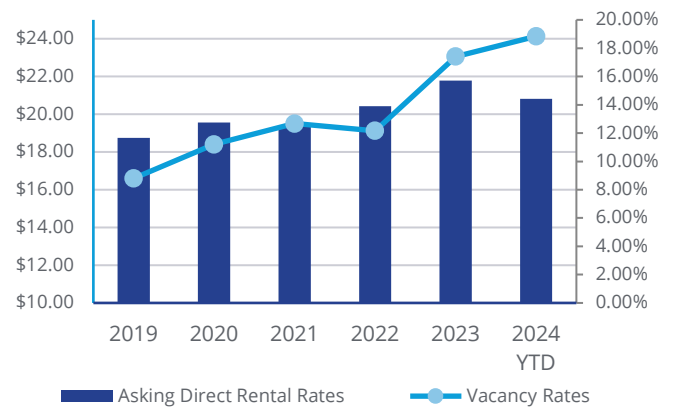
Absorption by Class



Vacancy & Market Rents

The office market in Columbus is experiencing several dynamic changes as of mid-2024. Despite ongoing occupancy challenges in the office sector, vacancies in Columbus will likely continue to rise gradually compared to the national market, due to the strength and diversity of the Columbus economy as well as its projected growth. The construction pipeline is at the lowest level in over a decade, and few new projects are breaking ground amid elevated interest rates and uncertainty in future office demand. The overall vacancy rate in Columbus is 19.29%, with significant variations across different submarkets. Notably, over 30 percent of anticipated deliveries in 2024 are already preleased. As construction is completed, the preleased space will create a small wave of positive absorption, with most tenants moving out of their spaces and expanding into larger suites. Current direct asking rates showed a weighted rent of \$21.87 PSF.

Vacancy Rate & Direct Asking Rate



Sales Activity

Sales volume totaled \$28.4 million in the third quarter, down \$40 million from the last quarter. This is the lowest sales volume in the past five years. The largest sale this quarter was 5000 Horizons Drive, comprised of 12,356 square feet, sold by Davis Commercial Realty. The property traded at \$2.6 million and was purchased by TCP Asset Management. This quarter, pricing remained steady at \$98 per square foot.

Sales Volume & Market Price Per SF



Top Performing Office Buildings

Net Absorption

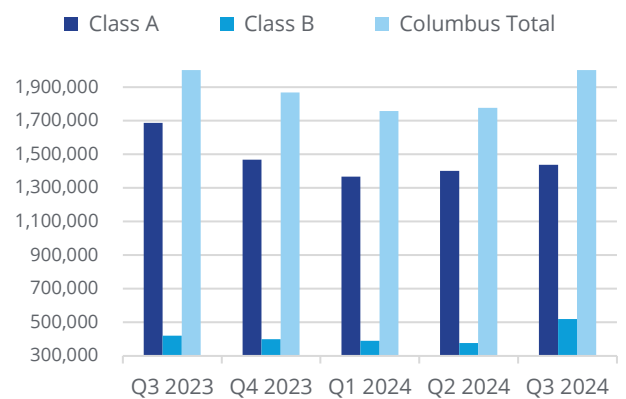
Building	Submarket	RBA	Year Built/ Renovated	Net Absorption YTD (SF)	% Leased	Available (SF)
8800 Lyra Dr	Polaris	162,000	2000	15,994	78.62%	34,627
6620 Mooney St	Dublin	121,721	2024	65,999	91.19%	10,722
8890 Lyra Dr	Polaris	126,814	2020	25,327	90.52%	5,488

Large Sublease Availabilities

100,000 SF or Greater

Building	Term	Submarket	SF
5100 Rings Rd	Q4 2029	Dublin	406,000
3075 Loyalty Cir	Q3 2029	Easton	164,870
5400 New Albany Rd	Q4 2028	New Albany	148,780
3000 Corporate Exchange Dr	Q2 2038	Westerville	132,868

Historical Available Sublease Space



Construction Activity Delivery Timeline

Class A 100,000 SF or Greater

Source: Costar



ETD- Estimated Time of Delivery

10 Year Snapshot

Year	Net Absorption YTD (SF)	Construction Deliveries (SF)	Lease Rate (FSG)	Vacancy Rate
2024 YTD	(173K)	121K	\$21.87	19.29%
2023	(374K)	329K	\$21.78	17.41%
2022	(228K)	697K	\$20.43	12.17%
2021	(717K)	416K	\$19.32	12.67%
2020	(927K)	610K	\$19.56	11.20%
2019	1.27M	860K	\$18.75	8.80%
2018	467K	901K	\$18.73	9.55%
2017	38K	980K	\$18.66	9.10%
2016	809K	830K	\$18.31	7.80%
2015	645K	875K	\$18.79	8.70%
2014	897K	419K	\$17.32	10.10%

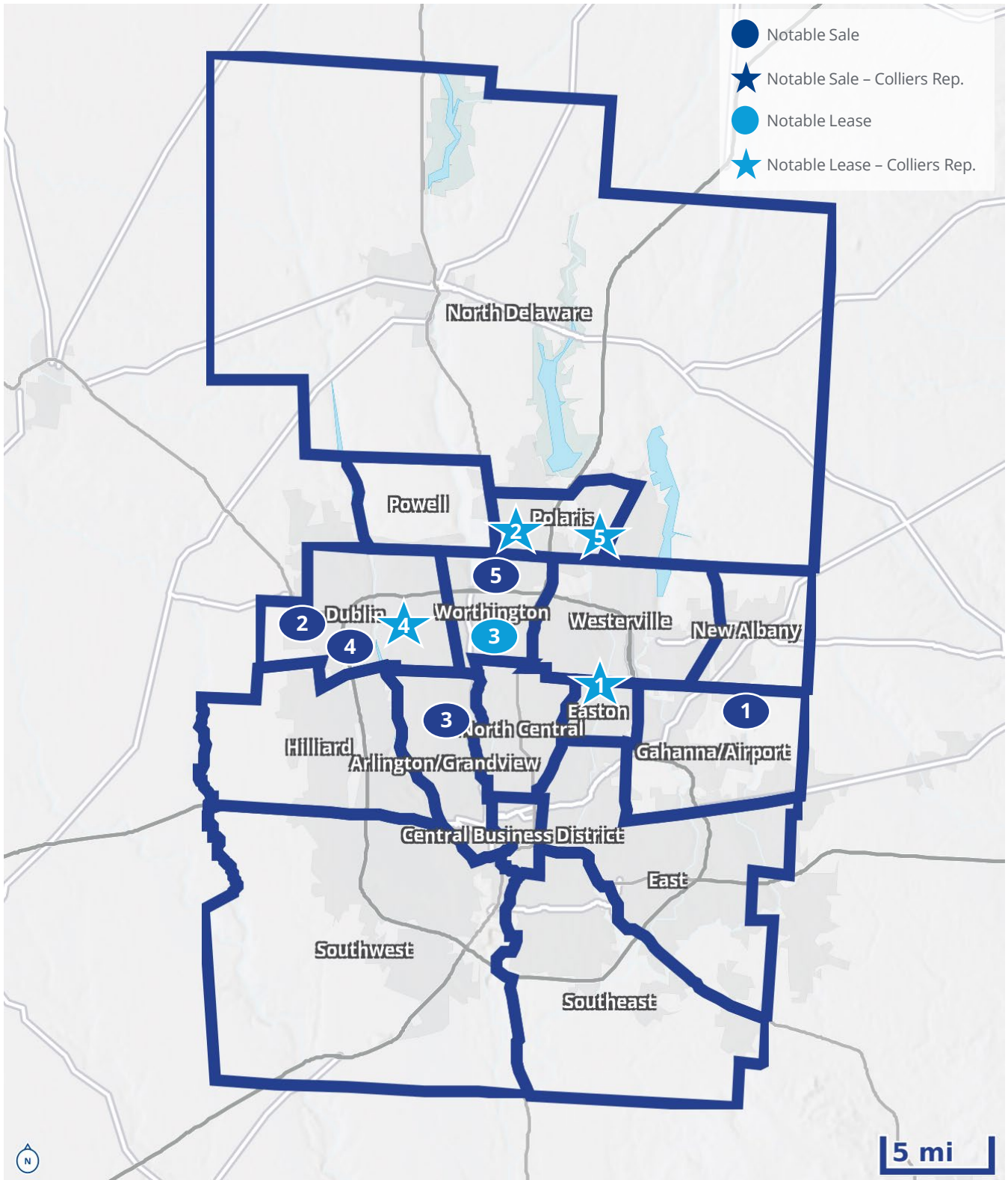
Notable Sales Activity

#	Address	Size	Buyer	Price	Price/SF	Submarket
1	5000 Horizons Dr	12,356	TCP Asset Management	\$2,600,000	\$210.42/SF	Dublin
2	262-266 S Third St	8,494	Canvaas Consulting LLC	\$1,800,000	\$211.91/SF	CBD
3	423 E town St	9,400	Corey Jensen	\$1,700,000	\$180.85/SF	CBD
4	1144 Dublin Rd	18,088	Fulks Family Dental	\$1,650,000	\$91.22/SF	Upper Arlington/ Grandview
5	330 E Wilson Bridge Rd	11,565	Papachinos's Grill & Green's	\$1,525,000	\$131.86/SF	Worthington

Notable Lease Activity

#	Address	Size	Tenant	Type	Submarket
1	3948 Townsfair Way	26,336	Ohio Transmission	New Lease	Easton
2	8800 Lyra Dr	22,866	Civil & Environmental Consultants	New Lease	Polaris
3	*200 E Campus View Blvd	15,523	Franklin County Board of Elections	New Lease	Worthington
4	6500 Emerald Pky	15,104	Performance Contracting Inc	New Lease	Dublin
5	8800 Lyra Dr	14,510	NVR, Inc.	New Lease	Polaris

Bold/Blue Denotes Colliers Represented Transaction
*Short Term Lease



Market Statistics

Submarket/Class	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Total Vacancy Rate	Previous Vacancy Rate	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg. Direct Asking Rate (FSG)
Urban											
A	9,845,407	21.11%	3.18%	24.32%	19.80%	19.78%	16,156	(201,115)	358,937	-	\$23.78
B	11,956,198	12.66%	0.99%	13.65%	9.85%	9.40%	(21,317)	16,171	-	-	\$22.67
TOTAL	21,801,605	16.48%	1.98%	18.47%	14.34%	13.99%	(5,161)	(184,944)	358,937	-	\$23.31
Suburban											
A	14,495,839	22.7%	7.69%	30.39%	26.41%	27.47%	(32,432)	72,782	512,552	121,721	\$21.16
B	16,551,450	16.61%	2.42%	19.03%	18.46%	15.51%	(79,962)	(61,614)	-	-	\$17.98
TOTAL	31,047,289	19.46%	4.89%	24.35%	22.19%	20.22%	(112,394)	11,168	512,552	121,721	\$19.67
Columbus Total											
A	24,341,246	22.16%	5.91%	28.07%	24.50%	24.77%	(16,276)	(128,333)	871,489	121,721	\$22.79
B	28,507,648	14.95%	1.82%	16.77%	14.85%	13.73%	(101,279)	(45,443)	-	-	\$20.52
TOTAL	52,848,894	18.27%	3.70%	21.89%	19.30%	18.84%	(117,555)	(173,776)	871,489	121,721	\$21.87

Submarkets by Class

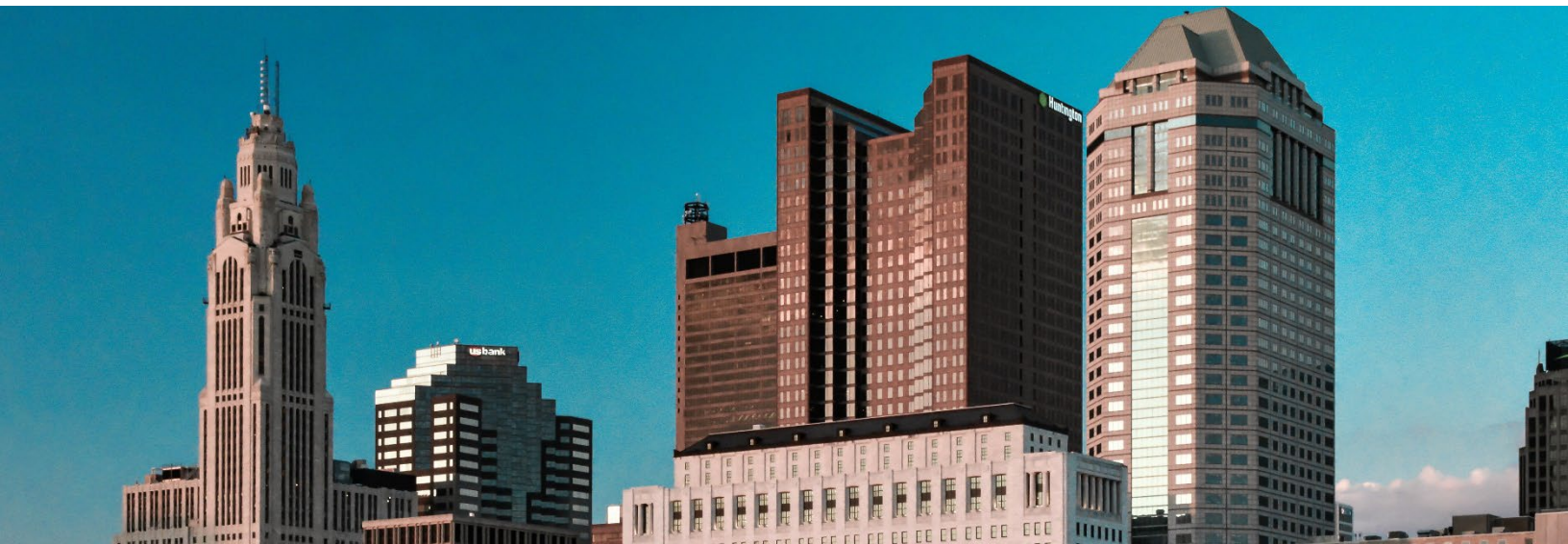
Submarket/Class	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Total Vacancy Rate	Previous Vacancy Rate	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg. Direct Asking Rate (FSG)
Arlington/Grandview											
A	1,942,395	9.75%	3.69%	14.03%	13.25%	13.83%	11,245	(5,586)	-	-	\$25.14
B	2,428,533	11.47%	1.83%	12.67%	5.75%	4.44%	(31,954)	(33,243)	-	-	\$21.78
TOTAL	4,370,928	10.70%	2.57%	13.27%	9.09%	8.61%	(20,709)	(38,829)	-	-	\$23.88
CBD											
A	7,903,012	23.93%	2.91%	26.84%	21.14%	21.24%	4,911	(195,529)	358,937	-	\$23.81
B	9,527,665	12.96%	0.94%	13.90%	10.90%	10.60%	10,637	49,414	-	-	\$22.35
TOTAL	17,430,677	17.93%	1.83%	19.77%	15.66%	15.29%	15,548	(146,115)	358,937	-	\$23.23
Dublin											
A	4,884,060	28.98%	10.31%	39.30%	33.75%	33.32%	(20,870)	25,326	-	121,721	\$22.66
B	4,187,265	17.66%	2.43%	20.09%	18.06%	17.43%	(26,291)	(29,753)	-	-	\$18.40
TOTAL	9,071,325	23.76%	6.68%	30.44%	26.51%	25.99%	(47,161)	(4,427)	-	121,721	\$21.01
East											
A	59,912	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	60,000	-	-
B	882,357	7.40%	0.00%	7.40%	11.91%	10.82%	(9,686)	(20,616)	-	-	\$12.21
TOTAL	942,269	6.93%	0.00%	6.93%	11.16%	10.13%	(9,686)	(20,616)	60,000	-	\$12.21

Columbus Office
24Q3

Submarket/ Class	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Total Vacancy Rate	Previous Vacancy Rate	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg. Direct Asking Rate (FSG)
Easton											
A	1,640,660	3.57%	12.96%	16.53%	13.87%	20.47%	(8,780)	64,449	-	-	\$27.96
B	1,247,573	24.39%	8.75%	33.14%	32.44%	22.16%	(17,739)	(6,670)	-	-	\$25.32
TOTAL	2,888,233	12.57%	11.14%	23.71%	21.89%	20.97%	(26,519)	57,779	-	-	\$25.88
Gahanna/Airport											
A	208,915	0.00%	0.00%	0.00%	8.15%	8.15%	-	-	48,000	-	-
B	1,399,485	27.13%	5.31%	32.44%	33.54%	33.06%	(9,958)	(37,827)	-	-	\$18.71
TOTAL	1,608,400	23.60%	4.62%	28.23%	30.25%	29.82%	(9,958)	(37,827)	48,000	-	\$18.71
Hilliard											
A	690,000	33.29%	3.01%	37.05%	35.54%	35.54%	-	731	110,000	-	\$19.96
B	551,103	6.71%	0.00%	7.01%	6.26%	6.61%	1,950	1,950	-	-	\$17.07
TOTAL	1,241,103	21.49%	1.67%	23.37%	22.54%	22.69%	1,950	2,681	110,000	-	\$19.63
New Albany											
A	1,261,144	27.87%	11.80%	39.67%	38.58%	38.40%	7,403	7,230	-	-	\$24.66
B	909,963	19.09%	0.64%	19.73%	21.15%	20.02%	-	8,961	-	-	\$24.44
TOTAL	2,171,107	24.19%	7.12%	31.31%	31.27%	30.71%	7,403	16,191	-	-	\$24.55
North Central											
A	756,109	14.12%	0.00%	14.12%	13.08%	12.47%	(510)	10,336	212,898	-	\$25.13
B	1,562,274	9.18%	0.24%	9.42%	5.59%	6.20%	13,350	16,963	-	-	\$16.08
TOTAL	2,318,383	10.79%	0.16%	10.95%	8.03%	8.42%	12,840	27,299	212,898	-	\$20.50
North Delaware											
A	189,250	0.00%	0.73%	0.73%	0.73%	0.73%	-	-	30,000	-	-
B	526,859	22.59%	2.01%	2.09%	25.03%	0.43%	(11,062)	(11,062)	-	-	\$13.00
TOTAL	716,109	16.62%	1.73%	16.62%	18.61%	0.51%	(11,062)	(11,062)	30,000	-	\$13.00
Polaris											
A	1,976,895	17.63%	1.98%	19.75%	18.25%	19.05%	15,826	(7,360)	-	-	\$23.05
B	784,968	11.42%	0.00%	11.42%	14.67%	12.71%	(15,372)	(7,643)	-	-	\$21.50
TOTAL	2,761,863	15.96%	1.42%	17.38%	17.24%	17.25%	454	(15,003)	-	-	\$22.81
Powell											
A	302,362	33.63%	0.00%	33.63%	29.66%	28.97%	(2,087)	2,189	-	-	\$21.40
B	320,017	11.65%	0.00%	11.65%	13.68%	12.90%	(2,485)	(6,156)	-	-	\$18.39
TOTAL	622,379	22.33%	0.00%	22.33%	21.44%	20.71%	(4,572)	(3,967)	-	-	\$20.62

Columbus Office
24Q3

Submarket/ Class	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Total Vacancy Rate	Previous Vacancy Rate	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg. Direct Asking Rate (FSG)
Southeast											
A	150,000	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-
B	420,590	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	-	-	\$20.18
TOTAL	570,590	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	-	-	\$20.18
Southwest											
A	-	-	-	-	-	-	-	-	-	-	-
B	824,165	0.00%	0.00%	0.00%	0.00%	0.74%	6,078	8,484	-	-	\$15.95
TOTAL	824,165	0.00%	0.00%	0.00%	0.00%	0.74%	6,078	8,484	-	-	\$15.95
Westerville											
A	993,540	25.84%	13.37%	39.22%	37.56%	38.78%	(1,564)	(560)	-	-	\$21.29
B	1,583,949	25.14%	5.03%	30.17%	26.36%	24.46%	(30,085)	(25,491)	-	-	\$18.58
TOTAL	2,577,489	25.41%	8.24%	33.66%	30.68%	29.66%	(31,649)	(26,051)	-	-	\$19.84
Worthington											
A	1,382,992	32.01%	4.62%	36.63%	33.65%	28.36%	(21,850)	(29,559)	51,654	-	\$20.12
B	1,350,882	19.33%	19.33%	20.37%	22.00%	21.33%	21,338	47,245	-	-	\$18.05
TOTAL	2,733,874	25.74%	2.85%	28.60%	27.89%	26.49%	(512)	17,686	51,654	-	\$19.35



FOR MORE INFORMATION
Collin Fitzgerald
Research Manager
Columbus
+1 614 436 9800
collin.fitzgerald@colliers.com

Copyright © 2024 Colliers
The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.