



Columbus

Office

21Q2

Key Takeaways

- The vacancy rate hit 12.1 percent this quarter - the highest it has been since 2015
- Construction activity remains steady, with more product currently underway than there was in Q2 2020
- The largest office investment sale in Columbus' history occurred this quarter, trading at \$120 million



Regional Summary

As the world continues to feel the effects of the ongoing COVID-19 pandemic, the Columbus office market recorded negative net absorption* of 48,300 square feet in the second quarter. The 1 million+ square feet of new sublease space that has been added to the market since Q2 2020 has driven the vacancy rate up to 12.12 percent. Central Ohio is showing signs of recovery, with development and leasing activity picking up significantly this year. With 1.2 million square feet of product underway and a 5.4 percent QoQ increase in leased square feet, the office sector is demonstrating its resilience and beginning to rebound.

*absorption calculated by occupancy date

Market Indicators



4.81%
Unemployment Rate



13.8%
GDP - Quarterly % change yr/yr

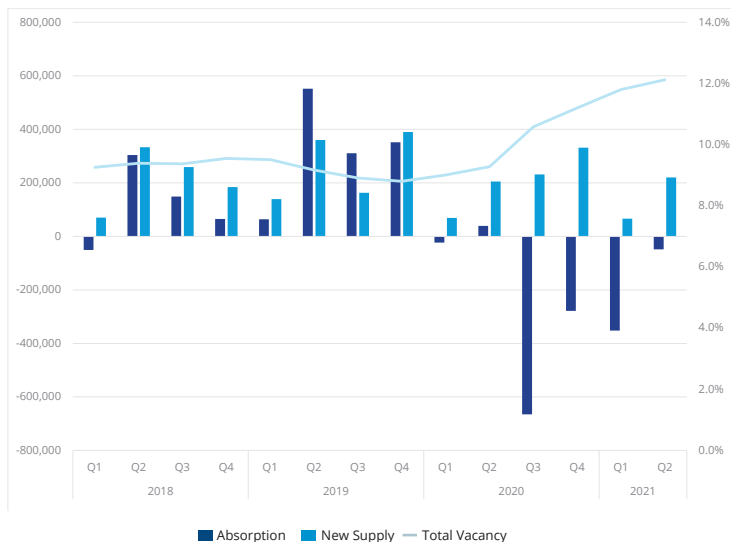


1.472%
U.S. 10 Year Treasury Note

Historic Comparison

	20Q2	21Q1	21Q2
Total Inventory (in Thousands of SF)	67,265	67,894	68,148
New Supply (in Thousands of SF)	204.9	66.0	220.0
Net Absorption (in Thousands of SF)	39.0	(351.7)	(48.3)
Overall Vacancy	9.28%	11.80%	12.12%
Under Construction (in Thousands of SF)	1,030	1,414	1,193
Overall Asking Lease Rates (FSG)	\$19.12	\$19.33	\$19.47

Market Graph



The previously-strong office market has been hard hit by the COVID-19 pandemic, posting negative net absorption and increased vacancy in the last four quarters. However, construction completions have stayed consistent QoQ and we anticipate these prime spaces to be in high demand throughout the rest of the year.

Recent Transactions



Lease
1400 City View Drive
Arlington/Grandview
| 120k SF



Lease
1325 W. Lane Ave.
Arlington/Grandview
| 34k SF



Lease
1325 W. Lane Ave.
Arlington/Grandview
| 20k SF



Sale
910 John St.
CBD | \$550/SF



Sale
5150 E. Dublin
Granville Road
New Albany | \$117/SF



Sale
6480 Busch Blvd.
Worthington | \$27/SF



Vacancy

The vacancy rate rose to 12.12 percent this quarter, as various companies consolidated offices and more sublease availability was added to the market. The New Albany submarket saw a substantial vacancy increase to 14.26 percent due to State Farm vacating their 148,000-square-foot building there. Vacancy decreased to 16.21 percent in the Easton submarket as Goosehead Insurance relocated to the area and Jet Edge expanded in their current building.

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 1.04 million square feet— a strong indication that tenants are staying active in the market.

Construction

With 1.19 million square feet currently under construction around the region, development remains steady. The highly anticipated Arlington Gateway project is underway and secured 73,000 square feet of preleasing this quarter. The

first phase of the Scioto Peninsula mixed-use development is expected to complete in 2022. The first building of Grandview Crossing will finalize next quarter and will be occupied entirely by BMW Financial Services.

There was one completion this quarter in Central Ohio. The first of two buildings in CoverMyMeds' new headquarters was finalized and sold in a record-setting \$120 million investment sale. Throughout the coming year, as many as six projects are expected to complete around the city.

Sales

This quarter, 17 office properties totaling 857,000 square feet sold around the Columbus region. The total sales volume reached \$146 million, with an average price per square foot of \$139. Activity is expected to rise, as 190 office properties totaling 4.2 million square feet are currently on the market.

Qatar First Bank purchased 910 John St. for \$120 million, making it the largest office sale in Columbus' history. 5150 E. Dublin Granville Road was sold to OhioHealth for \$9.75 million, or \$117 per square foot. Wupek Properties purchased 6480 Busch Blvd. from Grubb Properties for \$3 million in an investment sale.

Significant Sales Activity

Address	Size	Buyer	Sales Price
910 John St.	218,000	Qatar First Bank	\$120,000,000
5150 E. Dublin Granville Road	83,000	OhioHealth	\$9,750,000
6480 Busch Blvd.	111,778	Wupek Properties	\$3,000,000
1440 Granville Road	325,779	Newark City Schools	\$2,300,000
4660 Roberts Road	6,787	Savlan Capital	\$1,460,000
6865 Oak Creek Drive	7,197	Chillaxin, LLC	\$1,100,000
394 E. Town St.	7,346	Jason Parks	\$983,000
1085 E. Johnstown Road	8,410	Ohio Plastic Surgery Specialists	\$950,000

Significant Lease Activity

Address	Size	Tenant	Type
1400 City View Drive	120,000	BMW Financial	New
1325 W. Lane Ave.	33,874	Northwestern Mutual	New
1325 W. Lane Ave.	19,889	First Merchants Bank	New
1325 W. Lane Ave.	19,818	Assured Partners	New
4131 Worth Ave.	16,027	Goosehead Insurance	New
875 N. High St.	15,937	Circulo Health	New
5200 Upper Metro Pl.	13,021	Smiths Medical ASD	Expansion
175 S. 3rd St.	11,806	IAP Design Build	New

Bold Denotes Colliers Represented Transaction

Submarket	Total Inventory SF	Direct Vacancy Rate	Sublease Vacancy Rate	Availability Rate	Vacancy Rate	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg Direct Asking Rate (FSG)
Arlington/Grandview	5,796,531	4.87%	0.12%	7.84%	4.99%	5.04%	3,034	(2,123)	254,250	-	\$19.25
CBD	20,626,307	10.56%	0.67%	16.23%	11.23%	11.26%	182,532	201,812	804,938	220,000	\$19.74
Dublin	10,071,815	14.00%	0.77%	20.18%	14.77%	14.31%	(46,346)	(150,852)	-	-	\$20.60
East	3,661,971	11.61%	2.82%	14.50%	14.43%	14.49%	2,302	6,430	-	-	\$15.19
Easton	3,310,565	10.61%	5.60%	17.70%	16.21%	16.78%	18,930	(59,874)	-	-	\$26.04
Gahanna/Airport	1,502,752	12.51%	9.07%	22.68%	21.58%	22.28%	10,544	(131,764)	-	-	\$18.90
Hilliard	2,441,594	3.81%	0.13%	3.92%	3.95%	4.13%	4,602	972	-	-	\$18.51
New Albany	2,460,139	8.22%	6.05%	29.18%	14.26%	7.66%	(164,972)	(219,027)	134,211	-	\$20.81
North Central	1,417,668	12.70%	0.17%	0.78%	12.86%	12.70%	(2,360)	2,640	-	-	\$14.95
Polaris	4,727,625	7.09%	0.26%	12.07%	7.35%	7.32%	(1,449)	59,712	-	-	\$20.64
Powell	273,589	12.06%	0.00%	14.33%	12.06%	13.44%	3,761	(6,096)	-	-	\$14.95
Southeast	510,564	0.32%	0.00%	0.32%	0.32%	0.57%	1,250	6,725	-	-	\$15.00
Southwest	237,119	12.25%	0.00%	11.05%	12.25%	12.25%	-	(1,889)	-	-	\$11.95
Westerville	4,887,987	10.86%	3.13%	16.99%	13.99%	13.06%	(45,483)	(47,909)	-	-	\$17.86
Worthington	6,221,601	13.49%	3.44%	19.80%	16.94%	16.70%	(14,645)	(58,743)	-	-	\$17.86
TOTAL	68,147,827	10.39%	1.73%	15.87%	12.12%	11.80%	(48,300)	(399,986)	1,193,399	220,000	\$19.47

Class	Total Inventory SF	Direct Vacancy Rate	Sublease Vacancy Rate	Availability Rate	Vacancy Rate	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg Direct Asking Rate (FSG)
A	30,971,656	11.05%	2.30%	19.70%	13.34%	12.86%	17,339	(192,291)	1,193,399	220,000	\$21.28
B	23,660,035	10.77%	1.49%	15.46%	12.25%	11.96%	(69,739)	(228,070)	-	-	\$17.60
C	13,516,136	8.23%	0.87%	7.81%	9.10%	9.13%	4,100	20,375	-	-	\$15.35
TOTAL	68,147,827	10.39%	1.73%	15.87%	12.12%	11.80%	(48,300)	(399,986)	1,193,399	220,000	\$19.47



Same Space, More Flexibility

There is a growing number of companies that are deciding to maintain their current offices rather than downsize, but change is still coming. Although more companies are keeping the space they have, many users are shifting to a different work environment with additional flexibility. Organizations are allowing for more hybrid and work-from-home options after the COVID-19 pandemic forced many people out of their space. Within the office, companies are looking to redesign their spaces in order to include more area between workstations and more dedicated room for group work and collaboration.

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