

The Colliers logo is a blue rounded rectangle with the word "Colliers" in white serif font. Below the text are three horizontal stripes: yellow, red, and blue.

Colliers

Ohio Office Market

# Capital Markets Year-End Report

2022

Accelerating success.

# Overview

The purpose of this report is to focus on key market information that is relevant to investors interested in office property located in the state of Ohio. The primary information provided in this report are as follows: **significant office properties sold, current properties on the market, significant leases recently signed, as well as current developments underway.**

Leasing dipped slightly 7.21% YoY from 1,658 new leases signed in 2021 to 1,652 new leases in 2022. However, total SF leased made a sizable jump of 35.53% over the same time frame. This was a surprising outcome considering the apparent “flight to quality” that is taking place as companies look to have smaller footprints in nicer buildings. Moving forward, we would expect an increasing number of new leases signed as tenants move to nicer buildings and less total SF leased as those same tenants look to manage occupancy costs. While the Ohio office leasing market hasn’t fully recaptured pre-pandemic fundamentals, things are certainly headed in that direction. As more sublease space comes off the market and excess supply is re-purposed into residential, expect this positive leasing momentum to continue.

## YOY Leasing Comparison

Metric	Year	Total	% Change 2021 vs. 2022
Total New Leases Signed	2022	1,652	0.36% ↓
	2021	1,658	
	2020	1,654	
Total SF Leased	2022	7,795,482 SF	35.53% ↑
	2021	5,751,800 SF	
	2020	5,342,875 SF	
Average Lease Term	2022	39 months	7.41% ↑
	2021	36 months	
	2020	34 months	

## Investment Market and Sales Activity

Throughout Ohio, total office sales volume in 2022 was just over \$800M, coming short of 2021 levels that exceeded \$900M. While Cincinnati and Cleveland lagged, the state’s capitol city, Columbus, posted record sales volume numbers, outpacing pre-pandemic levels. While much of the state struggled in the wake of unprecedented monetary policy and worsening economic conditions, all things considered, Ohio proved its resilience in the face of adverse market conditions. As expected, Average Price/SF and Cap Rates experienced negative pressure due to the rising cost of capital. Average Price/SF dipped by nearly 16% statewide while cap rates pushed closer to 9%. We’re looking for these negative pressures on pricing to stabilize some time in 2023 as many are calling for U.S. monetary policy to loosen.



There have been 120 total sale transactions completed in 2022 above \$1M. Below is a more concise breakdown of transaction size ranges:

- \$1M - \$2M 49
- \$2M - \$5M 39
- \$5M - \$10M 12
- \$10M - \$20M 14
- \$20M + 7



# Cleveland

Real Estate Developer, Bedrock Detroit, recently unveiled a master plan for the Cuyahoga Riverfront & Downtown Cleveland. This plan calls for better connection of the riverfront and Central Business District. This plan will bring office, retail, residential, recreational and will provide additional opportunities to build a strong core connecting and reviving an important Cleveland area.



Cleveland

Ohio

Columbus

Cincinnati

## Cincinnati

Cincinnati has shown it is not immune to the national headwinds facing the office market. Downtown conversion projects continue to move forward while suburban locations remain the preferred option for tenants. As for retail, fundamentals remain strong despite diminishing consumer confidence. New Industrial product is slow to develop due to interest rates and the cost of construction. If demand persists through this year, supply levels will be tested as we move into 2024.

## Columbus

Of the 292,000 SF of leasing completed in Q4 2022 in Columbus, 86% was new leasing. Historically, approximately 75% of tenants choose to renew their existing lease rather than move to new building. This dramatic shift is more evidence of the “flight to quality” running its course in markets across the country.

# Cincinnati



## Investment Market and Sales Activity

Total volume was nearly \$230m, down from \$280m in 2021. Cap rates were up to 8.58% from 8%.

Key office sales in the CBD were Centennial III, Macy's HQ (conversion) and Carew Tower (conversion). There's a continued trend of office to residential in the central business district.

Other CBD office sales taken to market were unable to meet seller pricing expectations. Limited suburban office sales. Griffin's portfolio sale to Workspace was one of the larger office investment deals of the year.

**\$229M**  
Total Sales  
Volume

**8.58%**  
Average Cap Rate

**3M**  
Total SF  
Sold

**\$79.29**  
Avg PPSF

**31**  
Sales Above  
\$1m

**509**  
New Leases  
Signed

There have been 31 total sale transactions completed in 2022 above \$1M. Below is a more concise breakdown of transaction size ranges:

● \$1M - \$2M	12
● \$2M - \$5M	11
● \$5M - \$10M	2
● \$10M - \$20M	3
● \$20M +	3



## Notable Sale Transactions

Below is a summary of the top office investment sale transactions that occurred in the Cincinnati market in 2022:

### Notable Sale Transactions

Address	Sold Price	Price PSF	Occupancy	Sold Date	Buyer	Seller	Cap Rate
2 Crowne Point	\$7,500,000	\$101.00	100%	Dec-22	Lakeland West Capital, LLC		8.75% (Est.)
Griffin Realty Trust Portfolio: 4241 Irwin Simpson Rd 4361 Irwin Simpson Rd 8990 Duke Blvd	\$65,762,000	\$120.70	100%	Aug-22	Workspace Property Trust	Griffin Realty Trust	8.35%
Fred Skurow Multi-Property: 400 E-Business Way 50 E-Business Way	\$22,000,000	\$98.64	70%	June-22	Shelbourne Global Solutions LLC	Fred Skurow	8.74%

## Featured Property on the Market

### Centre Pointe Portfolio

Centre Pointe Office Park is able to accommodate up to 633,703 square feet of office development. The area provides a corporate headquarters environment with fully landscaped boulevards and state-of-the-art infrastructure improvements. Has superior accessibility, strong local labor force and plentiful amenities.



## Notable Lease Transactions

Below is a summary of the top office lease transactions that took place in the Cincinnati market in 2022:

### Notable Lease Transactions

Address	Submarket	Asking Rental Rate	Lease Date	Square Feet	Tenant
3600-3700 Park 42 Drive	Tri-County	\$10.00	Nov-2022	39,171	Workhorse
9997 Carver Rd	Blue Ash	\$17.75	Nov-2022	36,173	CEI Vision Partners
655 Plum Street	Cincinnati CBD	\$20.87	Aug-2022	15,000	Divisions Inc

## Featured Lease Transaction

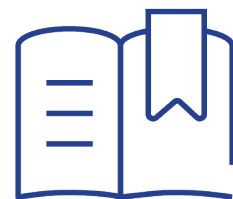
### 6281 Tri-Ridge Blvd., Suite #200, Loveland, OH 45140

Nestle renewed their space for 17,271 SF at the Woodside Center. Nestle was represented by Thomas Drought and Rick Klingery from Colliers.



### Lease Comparisons for YoY

Metric	Year	Total	% Change 2021 vs. 2022
Total New Leases Signed	2022	509	4% ↓
	2021	530	
	2020	614	
Total SF Leased	2022	2,135,477	26% ↑
	2021	1,699,148	
	2020	1,722,177	
Average Lease Term	2022	40 Months	8% ↑
	2021	37 Months	
	2020	32 Months	



[Click here to view the most recent Cincinnati Office Trends Report.](#)

# Cleveland



## Investment Market and Sales Activity

Cleveland's office sales volume totaled slightly over \$200 million for the year end. Volume was down roughly 42% compared to 2021. While that percentage seems high, the shift in economic factors including inflation and interest rates are a cause as to why investor activity slowed down in the market in 2022. Financing deals in these economic conditions tied in with an overall struggling office market are also contributors to the decrease in sales volume. Total square footage that has been transacted is 3.4M SF. The average price per square foot is \$94.05, down from \$115 in 2021. As the market enters the new year, investors will remain cautious, though investors have been involved with buying vacant office buildings for the purpose of redeveloping as mixed use.

**\$205M**  
Total Sales  
Volume

**9.6%**  
Average Cap Rate

**3.4M**  
Total SF  
Sold

**\$94.05**  
Avg PPSF

**29**  
Sales Above  
\$1m

**322**  
New Leases  
Signed

There have been 28 total sale transactions completed in 2022 above \$1M. Below is a more concise breakdown of transaction size ranges:

● \$1M - \$2M	12
● \$2M - \$5M	7
● \$5M - \$10M	3
● \$10M - \$20M	5
● \$20M +	2



## Notable Sale Transactions

Below is a summary of the top office investment sale transactions that occurred in the Cleveland market in 2022:

### Notable Sale Transactions

Address	Sold Price	Price PSF	Occupancy	Sold Date	Buyer	Seller	Cap Rate
2000 Auburn Rd Beachwood, OH 44122	\$19,038,281	\$172.65	100%	Apr-22	KAWA Capital Management	Shelbourne Global Solutions, LLC	8.25%
3000 Auburn Rd Beachwood, OH 44122	\$19,961,719	\$174.00	100%	Apr-22	KAWA Capital Management	Shelbourne Global Solutions, LLC	8.25%
4781 Richmond Rd Warrensville Hts., OH 44128	\$13,100,000	\$288.41	100%	Jul-22	Jose Chacalo Hilu	Geis Companies	6.95%
1975 Noble Rd Cleveland, OH 44112	\$5,000,000	\$4.66	Undisclosed	Mar-22	Phoenix Acquisition, LLC	1975 Noble Rd LLC	Undisclosed

## Featured Property on the Market

### 1801 E 9th St., Cleveland, Ohio 44114

1801 E 9th St is an 18-story Class B office building. The 333,592 SF building was built in 1969 and renovated in 1996 and is currently 49.5% occupied. The list price is undisclosed.



## Notable Lease Transactions

Below is a summary of the top office lease transactions that took place in the Cleveland market in 2022:

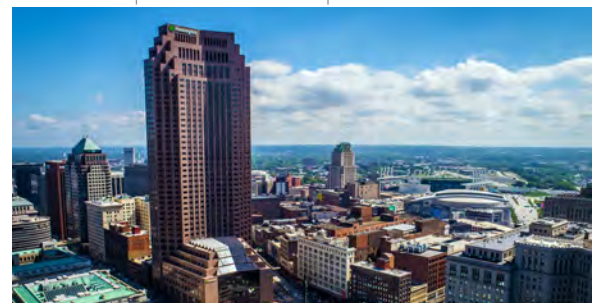
### Notable Lease Transactions

Address	Submarket	Asking Rental Rate	Lease Date	Square Feet	Tenant
127 Public Square Cleveland, OH 44114	CBD	\$33.00	Aug-22	164,828	Benesch
29000 Aurora Rd Solon, OH 44139	Southeast	\$15.00	Jul-22	111,423	HANA Technologies Inc
200 Public Square Cleveland, OH 44114	CBD	\$28.00	Jun-22	58,568	Reminger Law Firm
1111 Superior Ave Cleveland, OH 44114	CBD	\$19.50	Jul-22	34,204	Osborn Engineering

## Featured Lease Transaction

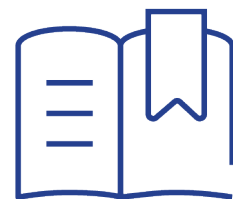
### 200 Public Square, Cleveland, Ohio 44114

Benesch law firm signed a new lease and will be relocating to 127 Public Square taking 8 floors totaling to 164,000 SF. Benesch has been at 200 Public Square for three decades and was originally supposed to be the anchor tenant for a failed development project by Stark Industries that was name NuCLEus, located in the CBD. Benesch is expected to move into Key Tower in the middle of 2023.



### Lease Comparisons for YoY

Metric	Year	Total	% Change 2021 vs. 2022
Total New Leases Signed	2022	322	8.8% ↓
	2021	353	
	2020	337	
Total SF Leased	2022	2,232,542	55.4% ↑
	2021	1,436,609	
	2020	1,151,837	
Average Lease Term	2022	38 Months	2.6% ↑
	2021	39 Months	
	2020	37 Months	



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# Columbus



## Investment Market and Sales Activity

Columbus' total office sales volume totaled over \$370M in 2022, surpassing the \$281M pace set in 2021 with comfort. The market experienced a huge influx of sales volume during the second half of the year totaling over \$200M. This surge in sales volume came in spite of unprecedented rate hikes at the hand of the Federal Reserve.

We estimate roughly \$400M of office product on the market for sale which gives us reason to believe sales volume will not significantly taper off in 2023. Additionally, there has been a noticeable increase in broker opinion of value requests. We believe this trend is due to the large amount of debt and leases that are coming due in the next few years.

There were 61 transactions that occurred trading for at least \$1M, a large majority of which fell within the \$1M - \$5M range. 15 of these sales eclipsed the \$5M benchmark with one sale trading north of \$100M. This level of activity in what many would consider a tough office market is a testament to Columbus' strength as a market and overall resilience.

**\$370M**  
Total Sales  
Volume

**8.4%**  
Average Cap Rate

**3.1M**  
Total SF  
Sold

**\$115.33**  
Avg PPSF

**61**  
Sales Above  
\$1m

**821**  
New Leases  
Signed

There have been 61 total sale transactions completed in 2022 above \$1M. Below is a more concise breakdown of transaction size ranges:

● \$1M - \$2M	25
● \$2M - \$5M	21
● \$5M - \$10M	7
● \$10M - \$20M	6
● \$20M +	2





## Notable Sale Transactions

Below is a summary of the top office investment sale transactions that occurred in the Columbus market in 2022:

### Notable Sale Transactions

Address	Sold Price	Price PSF	Occupancy	Sold Date	Buyer	Seller	Cap Rate
910 John Street	\$118,000,000	\$590.00	100.00%	Oct-22	Qatar First Bank	Cambridge Holdings Inc.	Unknown
8323 Walton Pky	\$42,000,000	\$177.91	100.00%	Nov-22	Tempus Real Estate Investments	Sycamore Partners	8.20%
9200 Worthington Rd	\$14,750,000	\$108.20	79.10%	Sept-22	IMC Real Estate	Alidade Capital	7.00%

## Featured Property on the Market

### Two Miranova Place, Columbus, Ohio 43215

Two Miranova is a 49% occupied, 243,117 RSF office tower attached to a 750-space parking garage located in the River South district of the Columbus CBD. The property is currently listed for sale by JLL's Chicago Capital Markets team and is unpriced.



## Notable Lease Transactions

Below is a summary of the top office lease transactions that took place in the Columbus market in 2022:

### Notable Lease Transactions

Address	Submarket	Asking Rental Rate	Lease Date	Square Feet	Tenant
3435 Stelzer Rd	North Central	\$14.25	Aug-22	77,679	Sarepta Therapeutics, Inc.
8600 Smith's Mill Rd	New Albany	\$21-26	Aug-22	67,000	Intel Corporation
80 E Rich St	CBD	\$22.00	Aug-22	32,917	Beam Technologies, Inc.

## Featured Lease Transaction

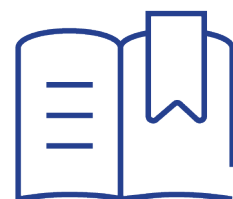
### Beam Technologies

Beam Technologies expanded into the Columbus CBD, signing a 5-year 32,917 SF direct deal at 80 E Rich Street. Colliers' Michelle Fude, Dan Dunsmoor, Andrew Jameson and Ryan McHugh represented the landlord in the transaction.



### Lease Comparisons for YoY

Metric	Year	Total	% Change 2021 vs. 2022
Total New Leases Signed	2022	821	6.0% ↑
	2021	775	
	2020	613	
Total SF Leased	2022	3,427,463	31.0% ↑
	2021	2,616,043	
	2020	2,468,861	
Average Lease Term	2022	38.4 months	19.0% ↑
	2021	32.4 months	
	2020	32.4 months	



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## 2023 Outlook

As a flurry of mortgage debt comes due over the next 12-24 months and lease expirations loom closer, we expect sales volume to continue its upward trajectory. With that said, as the Fed holds firm on tight monetary policy, it is likely we will see decreases in property values due to the increasing cost of obtaining capital. Potential sellers of office product will have to weigh the pros and cons of selling in a market where cap rates are rising vs choosing to secure new debt at a much higher rate. We believe a large majority of these owners will choose the path of least resistance which would be to dispose of the asset. This process of resetting property values is generally a positive thing for the market and will ultimately allow for rent growth among other ancillary benefits. Value-focused investors who believe in the future prospects of office product will be poised to take advantage of these decreasing property values and make significant additions to their portfolios at an attractive basis.

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