



Columbus Office 23Q2

Key Takeaways

- Vacancy rate for the first quarter increased slightly to 18.77 percent
- Construction activity remained consistent with active projects totaling 1.1 million square feet
- Sublease vacancy rate landed at 3.72 percent



Regional Summary

The Columbus office market has adapted to the changes in the workplace environment within the last three years. Negative absorption* was recorded for the second quarter of 2023, and the vacancy rate increased slightly from 18.73 to 18.77 percent. Sublease vacant space increased to 3.72 percent with the availability over four percent. Asking rates have remained steady while operating expenses continue to increase slightly for an overall full-service rate of \$22.14. The need for office space has stayed consistent as construction remains targeted on Class A space, which offers desirable building amenities for employees to enjoy.

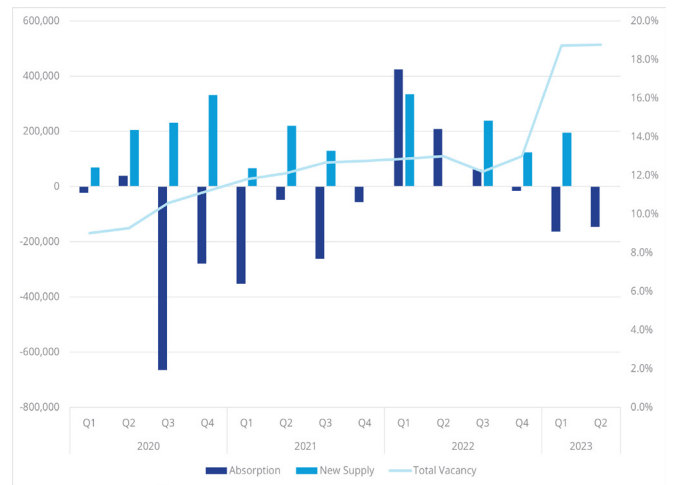
*absorption calculated by occupancy date

Market Indicators

3.62% Columbus Unemployment Rate
1.77% Columbus GDP-Quarterly % Change YoY
3.73% U.S. 10 Year Treasury Note

	23 Q1 Previous	23 Q2 Current	23 YTD
Total Inventory (in Thousands of SF)	52,166	52,166	52,166
New Supply (in Thousands of SF)	195	-	195
Net Absorption (in Thousands of SF)	(163)	(146)	(309)
Overall Vacancy	18.73%	18.77%	18.77%
Under Construction (in Thousands of SF)	1,097	1,097	1,097
Overall Asking Lease Rates (FSG)	\$22.02	\$22.14	\$22.14

Market Graph



The office market has experienced numerous changes in the past three years. The market recorded negative absorption in the first half of 2023. Absorption has been decreasing since the first quarter of 2022.

Recent Transactions



Lease
3100 Easton Square Pl
Easton | 94K SF



Lease
4900 E Dublin Rd
Westerville | 59K SF



Sale
1 E Campus View Blvd
Worthington | 57K SF



Sale
735 Ceramic Pl
Westerville | 33K SF



Lease
4124 Worth Ave
Easton | 29K SF



Sublease
6767 Longshore St
Dublin | 18K SF



Vacancy

The vacancy rate has increased over the past three quarters, now at 18.77 percent. The New Albany submarket remains the highest vacancy rate at 40 percent, which is due to the 8111 Smith's Mill Road vacancy of 175,000 square feet. Sublease vacancy at 5500 Frantz Road kept Dublin's rate over 26 percent.

Vacancy decreased to 20.70 percent in Easton after last quarter's record high vacancy. The decrease was mainly due to NetJets' lease at 3100 Easton Square Place for 94,000 square feet. Sublease vacancy in Easton is 12.32 percent, which accounts for over half of the total vacancy in the submarket.

Absorption

Net absorption is a reflective indicator of market activity because it represents tenants moving in and out of space. When a tenant moves into the space, the square feet in the area is positively absorbed, but when a tenant moves out of the space it is negatively absorbed. This quarter, the net absorption was negative 146,320 square feet.

Construction

Construction has remained the same as the first quarter with 11 projects consisting of 1,097,606 square feet. The majority of office construction, over 430,000 square feet, is in the CBD submarket and is expected to deliver late fourth quarter or early 2024. The Arlington/Grandview, CBD and Dublin submarkets all have buildings under construction that are larger than 120,000 square feet. The remaining construction is in the North Central, Delaware, Westerville and Worthington submarkets.

A decrease in office construction is anticipated throughout the remainder of 2023 while demand for furnished, renovated and quickly available spaces rises.

Sales

This quarter, office properties totaling over 300,000 square feet were sold in Central Ohio. The average price per square foot was \$134.41, and the average building size was just over 20,000 square feet.

Alterra Real Estate Advisors bought 1 East Campus View Boulevard with 57,855 square feet for \$3,104,047 (\$53.65 PSF).

Significant Sales Activity

Address	Size	Buyer	Sales Price
4500 S Hamilton Road	58,330	Groveport Madison Schools	\$3,000,000
1 E Campus View Boulevard	57,855	Alterra Real Estate Advisors	\$3,104,047
735 Ceramic Place	33,444	Gen II Properties LLC	\$2,700,000
162 Wetherby Lane	17,088	Bluestone Real Estate Holdings LLC	\$2,200,000
279-285 N State Street	15,248	Sanxin LLC	\$1,800,000
3600 Olentangy River Road	10,400	Quintessentials Custom Furniture	\$1,525,000
507 Executive Campus Drive	10,000	Nichols & Company, Cpas	\$1,415,000
5051 Forest Drive	8,650	Your Concierge MD	\$1,850,000
7000 N High Street	8,568	LRC Harmon Ave LLC	\$2,010,000

Significant Lease Activity

Address	Size	Tenant	Deal Type
3100 Easton Square Place	94,000	Netjets	New
4900 E Dublin Granville Road	59,390	Washington Prime	New
4124 Worth Avenue	29,616	Rockbridge Capital	New
6767 Longshore Street	18,145	Star Leasing Company, LLC	Sublease
500 Neil Avenue	13,368	Strand	New
65 E State Street	12,980	Ohio Hospital Association	New
445 Hutchinson Avenue	9,318	Eagon & Associates, Inc.	New
10 W Broad Street	5,879	Unispace	Sublease
8800 Lyra Drive	5,441	Edelman Financial Engines	New

Bold Denotes Colliers Represented Transaction

Submarket	Total Inventory SF	Direct Vacancy Rate	Sublease Vacancy Rate	Availability Rate	Vacancy Rate	Net Absorption Current	Net Absorption YTD	Under Construction SF	Deliveries SF	Avg Direct Asking Rate (FSG)
Arlington/Grandview	4,144,381	8.84%	0.51%	11.22%	9.35%	108,811	19,030	134,396	-	\$22.67
CBD	17,192,145	14.63%	0.58%	19.28%	15.21%	(310,530)	(338,331)	298,937	-	\$22.52
Dublin	8,795,365	19.81%	6.54%	31.94%	26.35%	(94,392)	(88,167)	121,721	-	\$22.46
East	954,029	20.27%	0.00%	21.90%	20.27%	1,736	(115)	-	-	\$20.59
Easton	2,814,970	8.38%	12.32%	26.10%	20.70%	197,792	(126,513)	-	-	\$26.54
Gahanna/Airport	1,582,711	24.25%	0.81%	33.81%	25.06%	(150,894)	(110,701)	48,000	-	\$23.68
Hilliard	1,238,103	22.52%	1.81%	27.76%	24.32%	2,777	(162,572)	110,000	-	\$21.31
New Albany	2,040,541	23.27%	16.73%	56.81%	40.00%	50,149	488,525	-	-	\$24.44
North Central	2,303,367	6.48%	1.81%	13.90%	8.30%	14,895	27,978	212,898	-	\$22.34
North Delaware	711,108	1.32%	16.33%	19.06%	17.65%	-	-	30,000	-	\$21.95
Polaris	3,149,133	16.74%	1.35%	22.04%	18.09%	22,980	(34,119)	-	-	\$23.71
Powell	621,780	17.75%	0.00%	22.88%	17.75%	(18,332)	(6,117)	-	-	\$19.64
Southeast	570,590	2.63%	0.00%	3.41%	2.63%	26,680	26,680	-	-	\$20.90
Southwest	824,165	0.00%	0.00%	0.00%	0.00%	-	-	-	-	\$21.33
Westerville	2,236,743	12.93%	11.97%	30.61%	24.90%	(89,369)	(36,302)	90,000	-	\$19.22
Worthington	2,987,690	18.78%	1.82%	28.12%	20.59%	91,377	31,099	51,654	-	\$19.20
TOTAL	52,166,821	15.05%	3.72%	23.78%	18.77%	(146,320)	(309,625)	1,097,606	-	\$22.14

Class	Total Inventory SF	Direct Vacancy Rate	Sublease Vacancy Rate	Availability Rate	Vacancy Rate	Net Absorption Current	Net Absorption YTD	Under Construction SF	Deliveries SF	Avg Direct Asking Rate (FSG)
A	24,013,177	17.27%	6.25%	28.86%	23.52%	(97,943)	33,070	1,097,606	-	\$24.02
B	28,153,644	13.16%	1.57%	18.71%	14.72%	(48,377)	(342,695)	-	-	\$21.39
TOTAL	52,166,821	15.05%	3.72%	23.78%	18.77%	(146,320)	(309,625)	1,097,606	-	\$22.14



Sublease Continues to Rise, But Columbus Remains Under the National Average

Sublease space increased over 100% since the beginning of 2020. Businesses started to sublease space when the pandemic influenced in-person office structure. Three years later, many employees are returning to office. However, sublease availability has not returned to pre-pandemic levels. The U.S. office market has a record 254 million square feet of available sublease space. Columbus' office market has over 2.2 million square feet of sublease space. Although Columbus has seen an increase in availability, the market remains under the average sublease availability.

Source: Colliers US

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