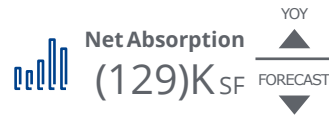




Office Columbus 24Q1

Key Takeaways

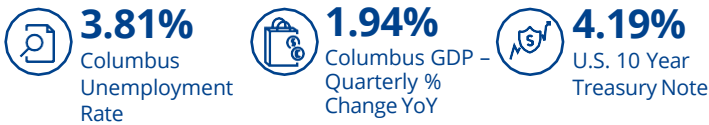
- Absorption rolled back to negative territory just one quarter after being in positive territory for the first time since Q3 2022
- Construction completions saw an uptick due to 121K square feet coming on-line at Bridge Park
- Corresponding with the rise in vacancy, the weighted average asking rents decreased to \$21.27/SF



Regional Summary

The Columbus office market fell back into negative absorption to start 2024, aligning with a vacancy rate that rose three basis points to 17.44%. Suburban submarkets saw the heaviest negative absorption this quarter, with Worthington having the lowest (at 126,134 square feet) followed by Westerville (with 66,787 square feet). Most of the negative absorption is coming from multiple smaller tenants vacating spaces or downsizing their spaces within their buildings. Asking rates started the year decreasing by \$0.51 to \$21.27 psf. We expect that rents will likely rise toward year's end with more speculative office space being delivered in Columbus. One of the biggest deliveries this quarter was in the Dublin submarket, 6620 Mooney Street. This 121,721 square foot building was delivered and partially leased by Central Insurance, who will occupy 45,000 square feet. The trend of sublease space becoming more desirable is starting to be more prevalent in Columbus. In the past 2 quarters, over 100,000 square feet of sublease space was leased. Tenants are starting to display a preference for shorter-term leases amid economic insecurity. Throughout 2024, several buildings may transition into receivership as many loans come due this year, particularly affecting class B and some lower-class A buildings with poor occupancy rates. The national trend of office building conversions continues to rise, aiming to repurpose underutilized buildings and address housing shortages, although Columbus hasn't seen a great wave of this hitting its office towers.

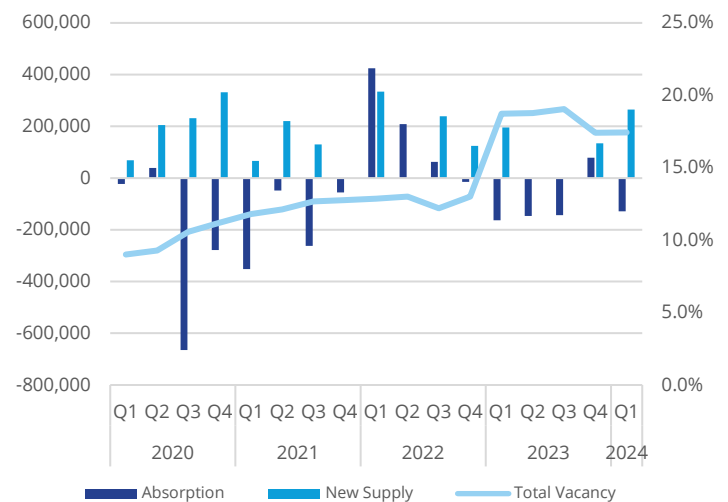
Market Indicators



Historic Comparison

	23 Q1 YoY	23 Q4 QoQ	24 Q1 Current
Total Inventory (in Thousands of SF)	52,166	52,301	53,634
New Supply (in Thousands of SF)	195	134	266
Net Absorption (in Thousands of SF)	(163)	78	(129)
Overall Vacancy	18.73%	17.41%	17.44%
Overall Asking Lease Rates (FSG)	\$22.02	\$21.78	\$21.27

Market Graph

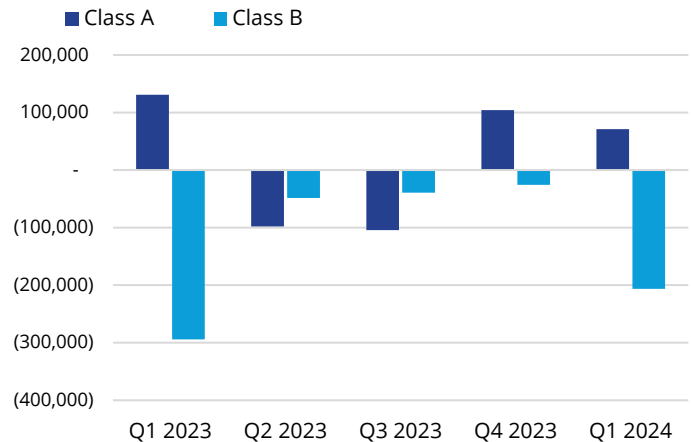


The office market has experienced numerous changes in the past three years. The market recorded negative absorption after the previous positive quarter.

Absorption & Leasing

The largest lease signed this quarter was a temporary lease signed by Pharmavite for 25,000 square feet in the New Albany submarket, at 8111 Smiths Mill Road. Another notable transaction in the same submarket was secured by VCA Animal Hospitals, Inc., acquiring 23,168 square feet at 6455 W Campus Oval. The Dublin submarket totaled over 35,000 square feet of positive absorption, primarily attributed to Central Insurance leasing a portion of the 6620 Mooney Street delivery. Over 650,000 square feet of office space was signed this quarter, many with Q2 and Q3 2024 commencement dates. The continued trend of preleased deliveries is anticipated to gradually impact absorption, with more tenants going to newer builds in the coming year.

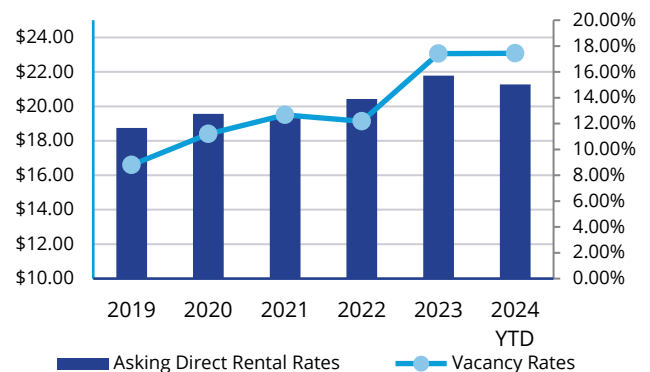
Absorption by Class



Vacancy & Market Rents

Vacancy remained stable, experiencing an uptick of three basis points to reach 17.44 percent in the first quarter. Notably, over 30 percent of anticipated deliveries in 2024 are already preleased. As construction is completed, the preleased space will most likely create a small wave of positive absorption with most tenants moving out of their spaces and expanding into much larger their previous space. Direct asking rates showed a weighted rent of \$21.27. As this is a slide backwards from the previous quarter, we expect the asking rate to remain steady throughout 2024.

Vacancy Rate & Direct Asking Rate



Sales Activity

Sales volume totaled \$70 million in the first quarter, up \$44 million from last quarter with \$35 million of the reported total coming from investment sales. The largest property sold this quarter was 3435 Stelzer Rd, comprised of 238,641 square feet, sold by Scherber Dale P & Marlene H. The property traded at \$21.5 million and was purchased by IRA Capital, LLC. It is important to note that this quarter produced the highest sales volume since the beginning of 2023. This quarter also fell back to pricing similar to the first half of 2023 price per square foot following a spike in pricing during Q4 2023.

Sales Volume & Market Price Per SF



Top Performing Office Buildings

Net Absorption

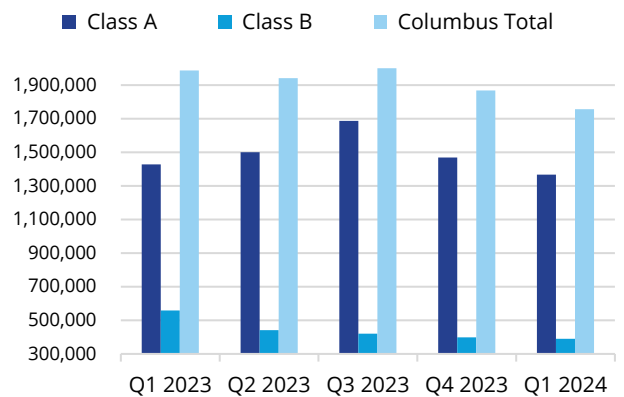
Building	Submarket	RBA	Year Built/ Renovated	Net Absorption YTD (SF)	% Leased	Available (SF)
6620 Mooney St	Dublin	121,721	2024	45,000	36.97%	76,721
8111-8131 Smiths Mill Rd	New Albany	175,000	2013	25,000	14.29%	150,000
6455 W Campus Oval	New Albany	46,316	2022	23,331	50.37%	22,985

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
220 W Schrock Rd	Q3 2024	Westerville	100,800

Historical Available Sublease Space



Construction Activity Delivery Timeline

Class A 100,000 SF or Greater

Source: Costar



10 Year Snapshot

Year	Net Absorption YTD (SF)	Construction Deliveries (SF)	Lease Rate (\$)	Vacancy Rate
2024 YTD	(129K)	121K	\$21.27	17.44%
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

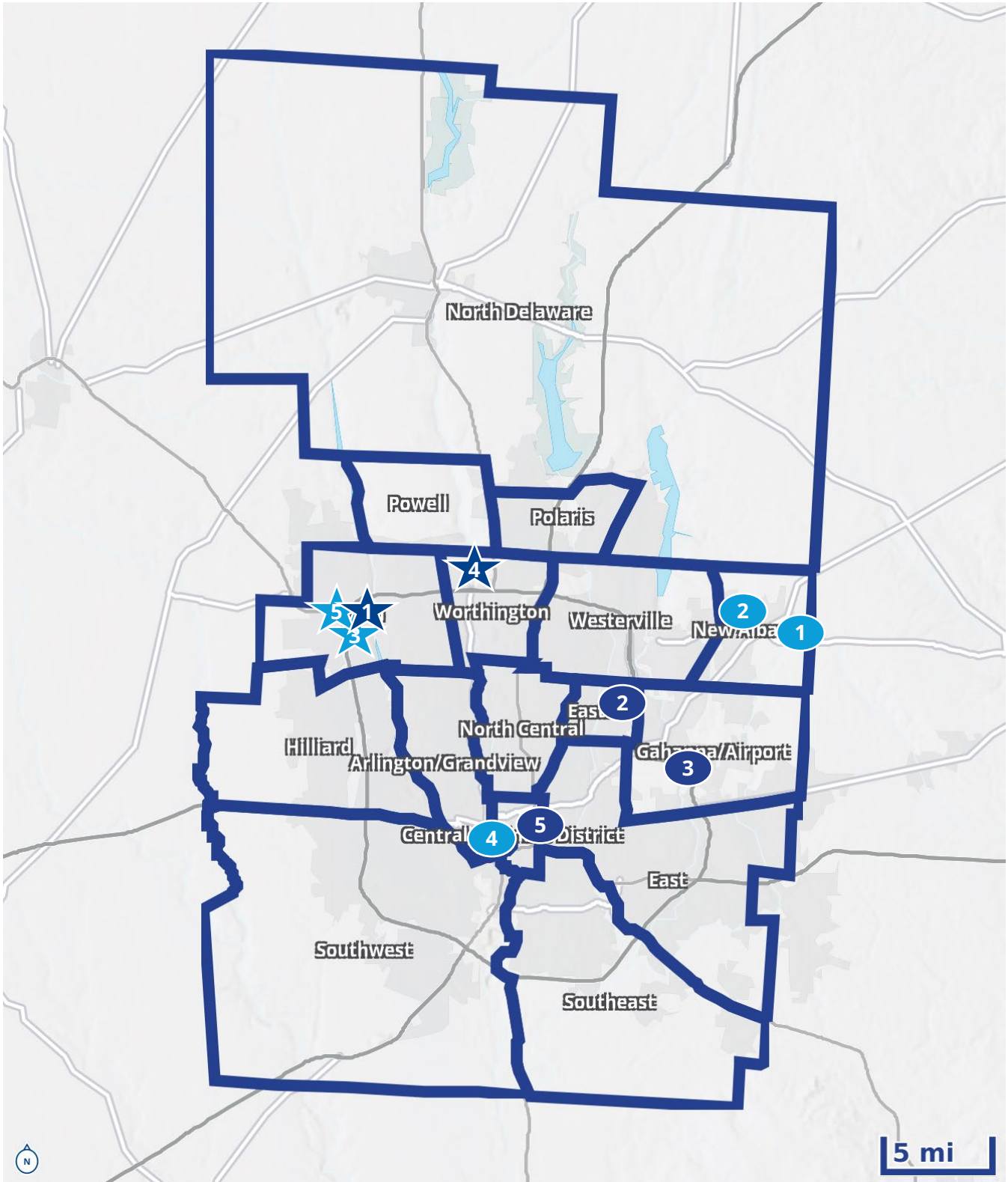
#	Address	Size	Buyer	Price	Price/SF	Submarket
1	Douglas Capital Partners Portfolio	389,646	Douglas Capital Partners	\$25,000,000	\$64.16/SF	Dublin
2	3435 Stelzer Rd	238,641	IRA Capital, LLC	\$21,500,000	\$90.09/SF	Easton
3	100 & 150 E Campus View Blvd	264,621	Liberty National Enterprises, LP	\$10,000,000	\$37.79/SF	Worthington
4	540 Officenter Pl	40,323	FI Real Estate Capital Management, LLC	\$6,125,000	\$151.90/SF	Gahanna/Airport
5	112 Jefferson Ave	22,464	Bassam M Haffar	\$5,500,000	\$221.82/SF	CBD

Bold/Blue Denotes Colliers Represented Transaction

Notable Lease Activity

#	Address	Size	Tenant	Type	Submarket
1	8111 Smiths Mill Rd	25,000	Pharmavite	New Lease	New Albany
2	6455 W Campus Oval	23,168	VCA Animal Hospitals, Inc.	New Lease	New Albany
3	5475 Rings Rd	17,875	Weltman, Weinberg, & Reis Co	New Lease	Dublin
4	429 W Broad St	14,598	Gilbane	New Lease	Arlington/Grandview
5	655 Metro Pl	12,068	Arenstein & Anderson Co	New Lease	Dublin

Bold/Blue Denotes Colliers Represented Transaction



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)
CBD											
A	9,845,407	20.92%	2.23%	23.15%	15.59%	16.94%	74,757	74,757	298,937	-	\$24.70
B	12,433,675	9.75%	0.67%	10.42%	9.34%	9.67%	(3,632)	(3,632)	-	-	\$21.16
TOTAL	22,279,082	14.69%	1.36%	16.05%	12.10%	12.89%	71,125	71,125	298,937	-	\$23.60
Suburban											
A	14,891,293	24.66%	7.71%	32.37%	27.82%	27.47%	2,856	2,856	542,552	121,721	\$21.31
B	16,464,242	16.08%	1.86%	17.95%	15.28%	14.30%	(202,860)	(202,860)	-	-	\$19.11
TOTAL	31,355,535	20.16%	4.64%	24.80%	21.24%	20.56%	(200,004)	(200,004)	542,552	121,721	\$20.46
Columbus Total											
A	24,147,552	23.17%	5.53%	28.70%	22.95%	23.33%	71,125	71,125	841,489	121,721	\$22.48
B	28,153,644	13.36%	1.35%	14.71%	12.73%	12.33%	(206,492)	(206,492)	-	-	\$19.16
TOTAL	53,634,617	17.89%	3.28%	21.16%	17.44%	17.41%	(128,879)	(128,879)	841,489	121,721	\$21.27

Submarkets by Class

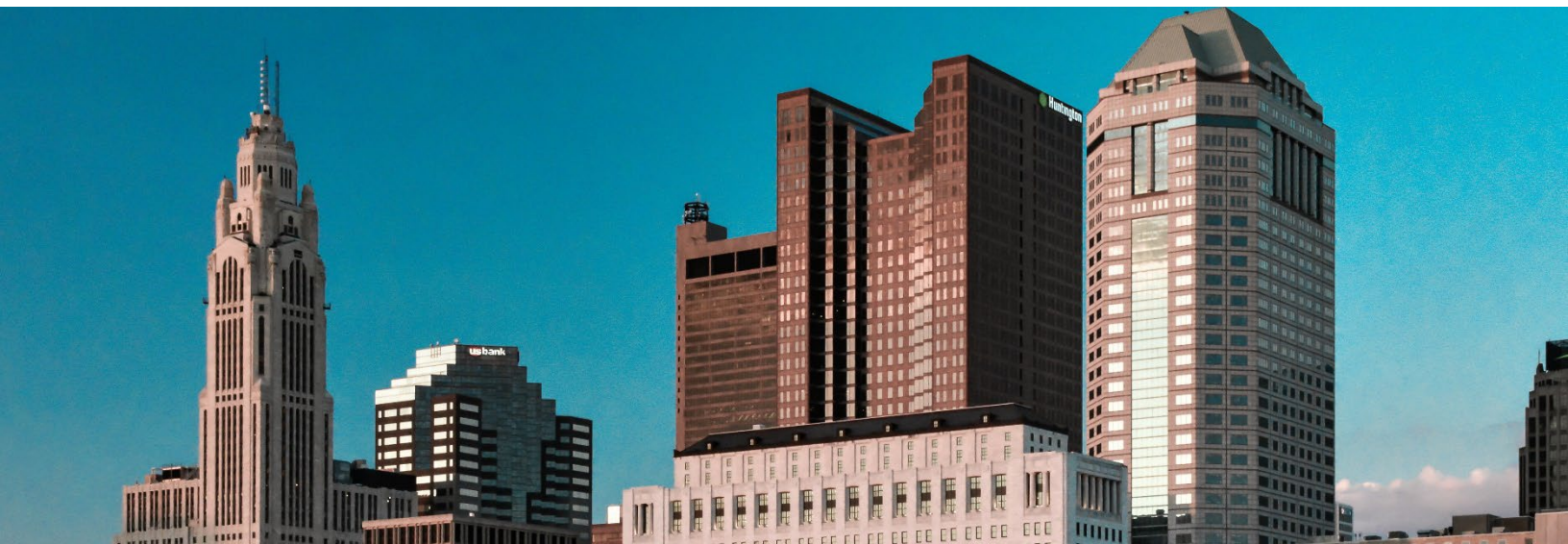
Submarket/Class	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Total Vacancy Rate	Previous Vacancy Rate	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg. Direct Asking Rate (FSG)
Arlington/Grandview											
A	1,942,395	10.19%	3.13%	13.33%	12.97%	13.86%	9,373	9,373	-	-	\$22.92
B	2,428,533	10.39%	1.20%	11.58%	4.80%	4.27%	(14,530)	(14,530)	-	-	\$22.57
TOTAL	4,370,928	10.30%	2.06%	12.36%	8.43%	8.49%	(5,157)	(5,157)	-	-	\$22.93
CBD											
A	7,903,012	23.56%	2.00%	25.56%	15.36%	17.70%	65,384	65,384	298,937	-	\$25.19
B	10,005,142	9.60%	0.54%	10.14%	9.89%	11.02%	10,898	10,898	-	-	\$20.79
TOTAL	17,908,154	15.76%	1.19%	16.95%	12.30%	13.98%	76,282	76,282	298,937	-	\$23.96
Dublin											
A	4,884,060	34.38%	10.02%	44.41%	34.27%	34.39%	61,101	61,101	-	121,721	\$22.02
B	4,187,265	16.58%	2.04%	18.62%	17.35%	17.10%	(25,492)	(25,492)	-	-	\$19.00
TOTAL	9,071,325	26.16%	6.34%	32.50%	26.46%	26.32%	35,609	35,609	-	121,721	\$21.18
East											
A	59,912	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-
B	882,357	6.61%	0.00%	6.61%	9.58%	6.23%	(28,874)	(28,874)	-	-	\$17.27
TOTAL	942,269	6.19%	0.00%	6.19%	9.58%	5.84%	(28,874)	(28,874)	-	-	\$17.27

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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	2,036,114	8.44%	14.63%	23.07%	24.70%	23.54%	(28,756)	(28,756)	-	-	\$25.31
B	852,119	21.57%	0.00%	21.57%	18.49%	17.58%	(16,666)	(16,666)	-	-	\$23.39
TOTAL	2,888,233	12.31%	10.32%	22.63%	22.87%	21.84%	(45,422)	(45,422)	-	-	\$25.31
Gahanna/Airport											
A	208,915	0.00%	0.00%	0.00%	8.16%	7.16%	(2,481)	(2,481)	48,000	-	-
B	1,399,485	27.24%	5.32%	32.55%	29.29%	28.23%	(20,591)	(20,591)	-	-	\$21.28
TOTAL	1,608,400	23.70%	4.63%	28.32%	26.55%	25.52%	(23,072)	(23,072)	48,000	-	\$21.28
Hilliard											
A	690,000	33.40%	3.02%	36.41%	35.65%	35.81%	-	-	110,000	-	\$17.98
B	551,103	6.72%	0.29%	7.01%	6.61%	6.32%	(1,600)	(1,600)	-	-	\$16.67
TOTAL	1,241,103	21.56%	1.81%	23.36%	22.76%	22.68%	(1,600)	(1,600)	110,000	-	\$17.82
New Albany											
A	1,261,144	24.64%	11.80%	36.44%	37.17%	43.10%	71,770	71,770	-	-	\$27.44
B	909,963	24.35%	0.64%	24.99%	22.14%	29.26%	28,650	28,650	-	-	\$22.01
TOTAL	2,171,107	24.52%	7.12%	31.64%	30.87%	37.77%	100,420	100,420	-	-	\$25.03
North Central											
A	756,109	13.68%	0.00%	13.68%	14.45%	8.84%	(42,427)	(42,427)	212,898	-	\$31.15
B	1,562,274	10.27%	0.31%	10.58%	6.68%	6.34%	(6,236)	(6,236)	-	-	\$17.95
TOTAL	2,318,383	11.38%	0.21%	11.59%	9.21%	7.16%	(48,663)	(48,663)	212,898	-	\$23.08
North Delaware											
A	189,250	0.00%	0.74%	0.74%	0.74%	0.76%	-	-	30,000	-	-
B	526,859	22.59%	0.00%	22.59%	1.15%	0.43%	(3,810)	(3,810)	-	-	\$23.76
TOTAL	716,109	16.74%	0.20%	16.62%	1.04%	0.51%	(3,810)	(3,810)	30,000	-	\$23.76
Polaris											
A	2,313,237	20.66%	1.33%	21.99%	17.67%	18.79%	23,912	23,912	-	-	\$24.45
B	836,968	10.37%	0.00%	10.37%	12.85%	9.30%	(28,932)	(28,932)	-	-	\$21.23
TOTAL	3,150,205	17.93%	0.97%	18.90%	16.39%	16.24%	(5,020)	(5,020)	-	-	\$24.08
Powell											
A	302,362	34.62%	0.00%	34.62%	17.67%	19.87%	-	-	-	-	\$19.85
B	320,017	11.76%	0.00%	11.76%	12.85%	13.14%	4,427	4,427	-	-	\$17.36
TOTAL	622,379	22.86%	0.00%	22.86%	16.39%	16.41%	4,427	4,427	-	-	\$19.26

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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	0.49%	0.00%	0.49%	0.00%	3.57%	15,000	15,000	-	-	\$20.18
TOTAL	570,590	0.36%	0.00%	0.36%	0.00%	2.63%	15,000	15,000	-	-	\$20.18
Southwest											
A	-	-	-	-	-	-	-	-	-	-	-
B	824,165	0.00%	0.74%	0.74%	1.03%	0.29%	(6,078)	(6,078)	-	-	\$15.95
TOTAL	824,165	0.00%	0.74%	0.74%	1.03%	0.29%	(6,078)	(6,078)	-	-	\$15.95
Westerville											
A	657,198	21.77%	20.22%	41.99%	33.28%	33.20%	-	-	-	-	\$18.13
B	1,583,949	20.99%	7.79%	28.77%	18.39%	14.23%	(66,787)	(66,787)	-	-	\$15.48
TOTAL	2,241,147	21.22%	11.43%	32.65%	22.76%	19.82%	(66,787)	(66,787)	90,000	-	\$17.35
Worthington											
A	1,382,992	32.60%	1.85%	34.45%	31.51%	25.70%	(80,263)	(80,263)	51,654	-	\$19.75
B	1,607,128	20.77%	0.31%	21.08%	21.44%	18.62%	(45,871)	(45,871)	-	-	\$18.00
TOTAL	2,990,120	26.24%	1.02%	27.27%	26.10%	21.90%	(126,134)	(126,134)	51,654	-	\$18.96



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