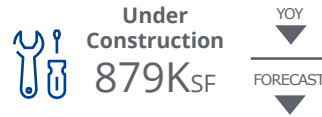




# Columbus Office 24Q2

## Key Takeaways

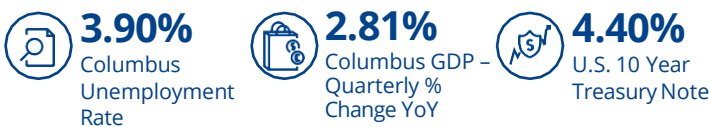
- Absorption continued to be negative coinciding with more vacancy.
- Construction completions stalled as most projects will be completed at the end of this year and into next.
- Corresponding with the rise in vacancy, the weighted average asking rents increased to \$20.81/SF.



## Regional Summary

The Columbus office market experienced negative absorption for the second consecutive quarter, resulting in a 140-basis point jump in overall vacancy to 18.84%. Urban submarkets were the primary contributors to the negative absorption, as the CBD accounted for 172,689 square feet of negative absorption, followed by the Arlington/Grandview submarket at 18,120 square feet. These figures continue to be impacted by smaller tenants in the market where the majority of movement is. Average asking rates decreased \$0.46 during the second quarter to \$20.81 PSF. We expect rents will rise moderately toward year's end, with more speculative office space being delivered in Columbus. Additionally, concessions and generous tenant improvement allowances have remained critical to finalizing deals due to the competitive market. The increasing desirability of sublease spaces is becoming prevalent, as they offer tenants shorter-term leases with greater flexibility and lower rents. Elevated vacancy and competition from discounted sublease space will continue to pressure rents and landlords' ability to offer incentives. Over the past three quarters, over 100,000 square feet of sublease space was leased. The trend of sublease space being more desirable is becoming prevalent in Columbus as tenants are beginning to prefer shorter-term leases due to economic uncertainty as they reassess their office space needs and await clearer economic outcomes. As many loans come due this year, there is potential for some assets to transition into receivership, particularly affecting Class B and less desirable Class A buildings with low occupancy rates. While the national trend of office building conversions continues as investors look to repurpose under-utilized assets to address and capitalize upon housing shortages, Columbus' conversion activity has been limited to a few specific properties.

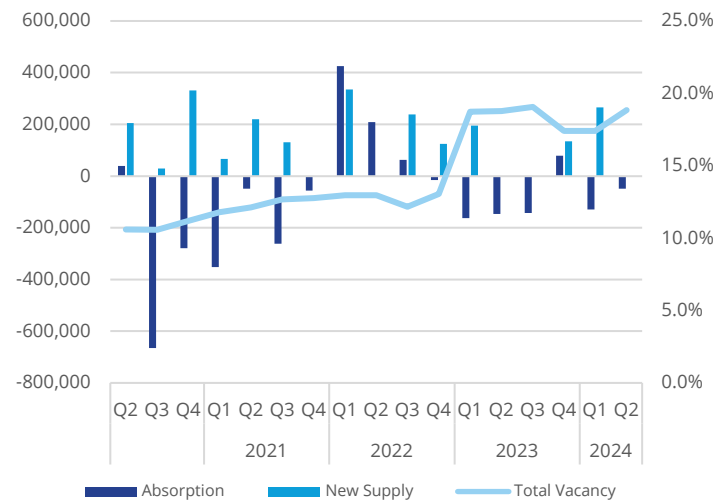
## Market Indicators



## Historic Comparison

	23 Q2 YoY	24 Q1 QoQ	24 Q2 Current
<b>Total Inventory (in Thousands of SF)</b>	52,166	53,634	53,468
<b>New Supply (in Thousands of SF)</b>	-	266	0
<b>Net Absorption (in Thousands of SF)</b>	(146)	(129)	(67)
<b>Overall Vacancy</b>	18.77%	17.44%	18.84%
<b>Overall Asking Lease Rates (FSG)</b>	\$22.14	\$21.27	\$20.81

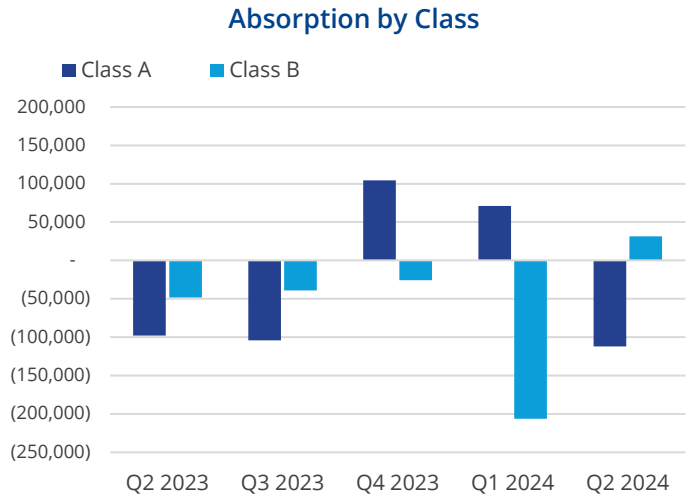
## Market Graph



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

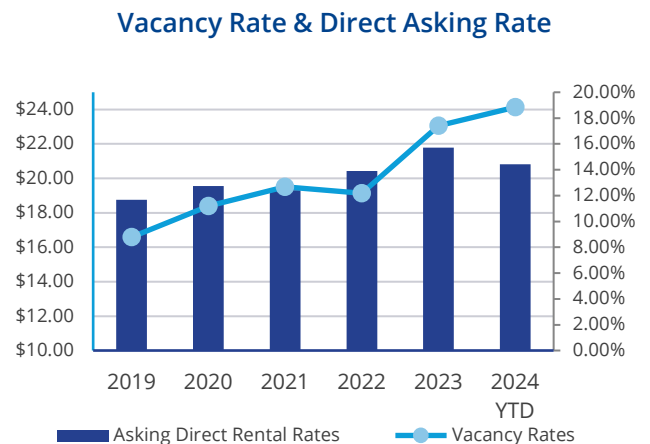
## Absorption & Leasing

The largest lease signed this quarter was signed by Bostik for 68,981 square feet in the Dublin submarket at 5200 Blazer Parkway. 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 that are being developed are in the downtown and suburban areas with more class A buildings. New buildings in areas like Arlington/Grandview and Dublin are preleased, indicating sustained demand for premium office space. Over 250,000 square feet of office space was signed this quarter, many with Q3 2024 and Q1 2025 commencement dates. This shows that there is still significant leasing activity within the market.



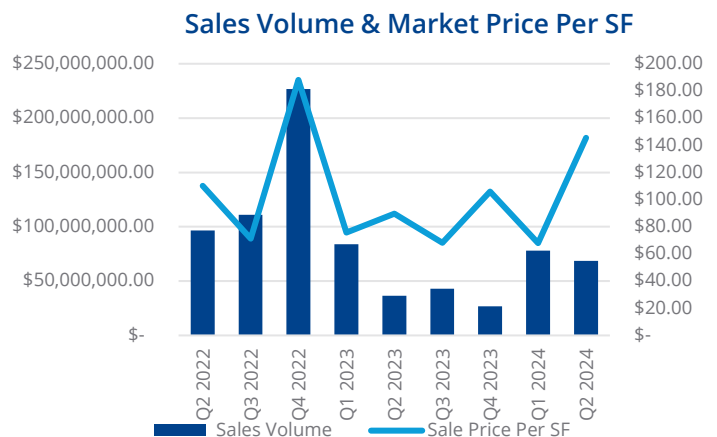
## Vacancy & Market Rents

The office market in Columbus, Ohio, 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. 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 the future of office demand. The overall vacancy rate in Columbus is 18.84%, 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 than their previous spaces. Current direct asking rates showed a weighted rent of \$20.81 PSF.



## Sales Activity

Sales volume totaled \$68 million in the second quarter, down \$2 million from last quarter, with \$35 million of the reported total coming from investment sales. The largest property sold this quarter was 8050 E Main St, comprised of 62,802 square feet, sold by The Daimler Group Inc. The property traded at \$22.75 million and was purchased by Hammes Partners. This quarter, we saw pricing similar to that of the second half of 2023, where pricing spiked in Q4 2023 to \$105.80 per square foot and has now spiked to \$145.36 per square foot in Q2 2024.



## Top Performing Office Buildings

### Net Absorption

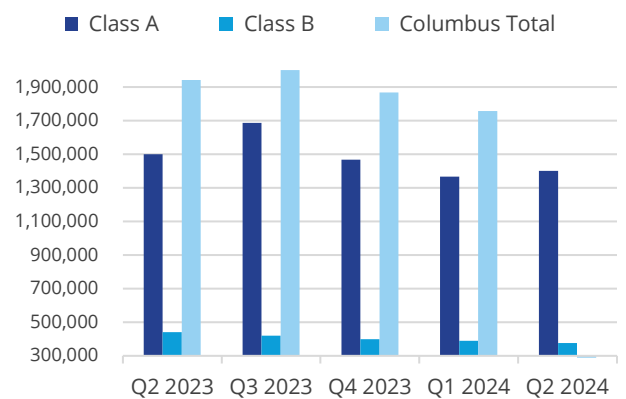
Building	Submarket	RBA	Year Built/ Renovated	Net Absorption YTD (SF)	% Leased	Available (SF)
6620 Mooney St	Dublin	121,721	2024	59,621	85.95%	17,100
671 S High St	CBD	506,330	2022	18,210	89.37%	53,805
1 Easton Oval	Easton	125,031	1998	10,818	75.86%	30,182

## 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



ETD- Estimated Time of Delivery

## 10 Year Snapshot

Year	Net Absorption YTD (SF)	Construction Deliveries (SF)	Lease Rate (FSG)	Vacancy Rate
2024 YTD	(192K)	121K	\$20.81	18.84%
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%

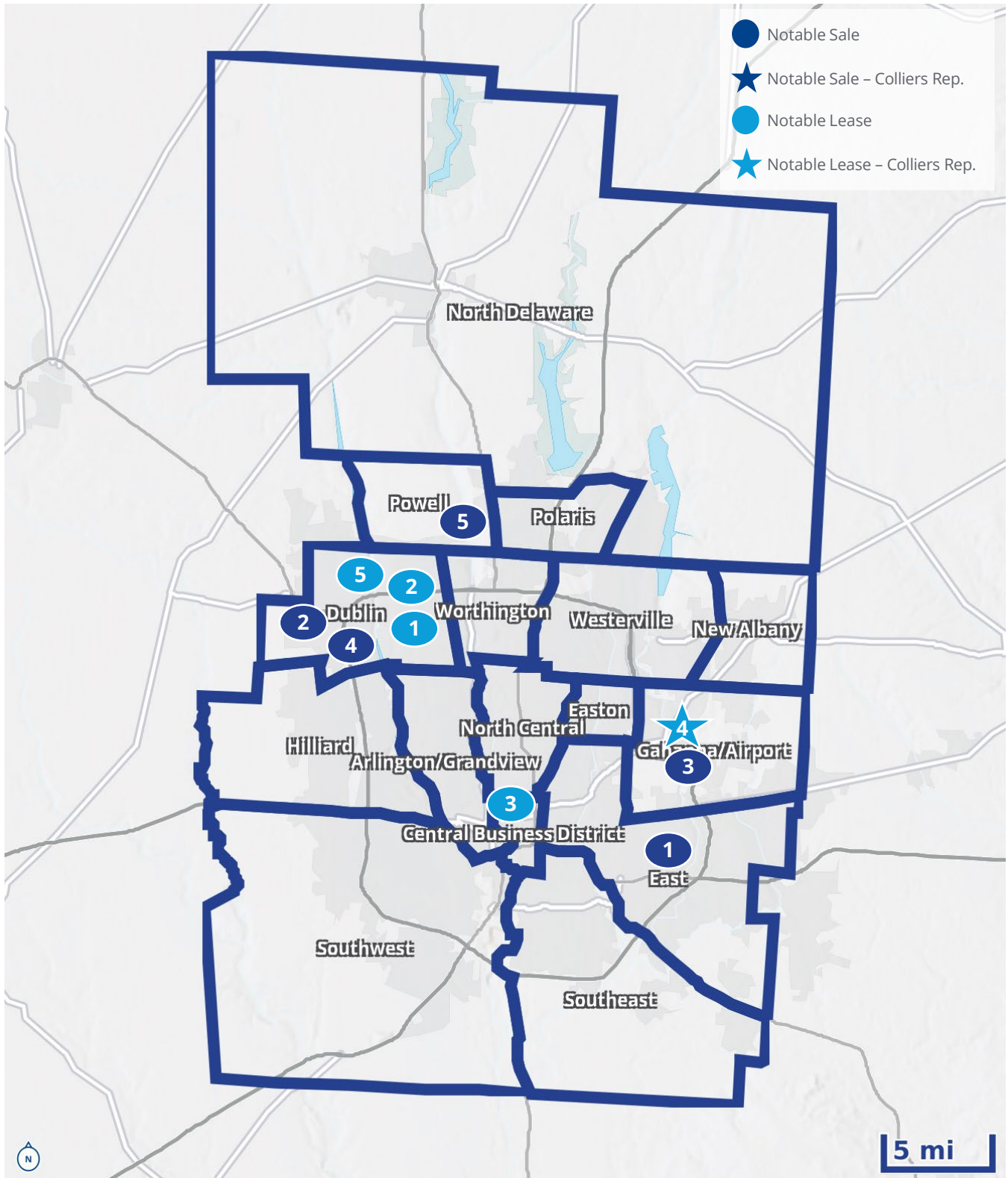
## Notable Sales Activity

#	Address	Size	Buyer	Price	Price/SF	Submarket
1	8050 E Main St	62,802	Hammes Partners	\$22,750,000	\$362.25/SF	East
2	4650 Lakehurst Ct	175,686	Heart of Ohio Classical	\$7,500,000	\$42.68/SF	Dublin
3	775 Taylor Rd	56,338	American Sound & Electronics	\$7,300,000	\$129.57/SF	Gahanna/Airport
4	5000 Bradenton Ave	66,212	Sarnova	\$3,310,600	\$50.00/SF	Dublin
5	4661 Sawmill Rd	18,868	William Mckinney	\$2,500,000	\$132.50/SF	Powell

## Notable Lease Activity

#	Address	Size	Tenant	Type	Submarket
1	5200 Blazer Pkwy	68,981	Bostik	New Lease	Dublin
2	5550 Blazer Pkwy	43,548	Lima Refining Company	New Lease	Dublin
3	671 S High St	15,394	Ohio Capital Coportation for	New Lease	CBD
<b>4</b>	<b>690 Taylor Road</b>	<b>7,935</b>	<b>Bierman ABA Inc</b>	<b>New Lease</b>	<b>Gahanna/Airport</b>
5	400 Metro Place N	7,482	Division 1 Roofing LLC	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)
<b>Urban</b>											
A	9,845,407	21.19%	2.59%	23.78%	19.78%	17.70%	(217,271)	(142,514)	358,937	-	\$23.61
B	12,433,675	11.70%	0.89%	12.59%	9.40%	11.02%	25,938	59,605	-	-	\$21.64
<b>TOTAL</b>	<b>22,279,082</b>	<b>15.89%</b>	<b>1.64%</b>	<b>17.54%</b>	<b>13.99%</b>	<b>13.98%</b>	<b>(191,333)</b>	<b>(82,909)</b>	<b>358,937</b>	<b>-</b>	<b>\$22.79</b>
<b>Suburban</b>											
A	14,891,293	21.64%	7.70%	29.34%	27.47%	27.82%	118,000	95,856	542,552	121,721	\$21.47
B	16,464,242	17.45%	1.63%	19.07%	15.51%	14.30%	5,652	(205,816)	-	-	\$17.76
<b>TOTAL</b>	<b>31,355,535</b>	<b>19.44%</b>	<b>4.52%</b>	<b>23.97%</b>	<b>20.22%</b>	<b>20.56%</b>	<b>123,562</b>	<b>(109,960)</b>	<b>542,552</b>	<b>121,721</b>	<b>\$19.65</b>
<b>Columbus Total</b>											
A	24,147,552	21.45%	5.66%	27.12%	24.77%	22.95%	(80,627)	(28,014)	871,489	121,721	\$22.34
B	28,153,644	14.95%	1.30%	16.26%	13.73%	12.73%	(31,500)	(146,211)	-	-	\$20.46
<b>TOTAL</b>	<b>53,634,617</b>	<b>17.96%</b>	<b>3.32%</b>	<b>21.29%</b>	<b>18.84%</b>	<b>17.44%</b>	<b>(49,127)</b>	<b>(128,879)</b>	<b>871,489</b>	<b>121,721</b>	<b>\$20.81</b>

## Submarkets by Class

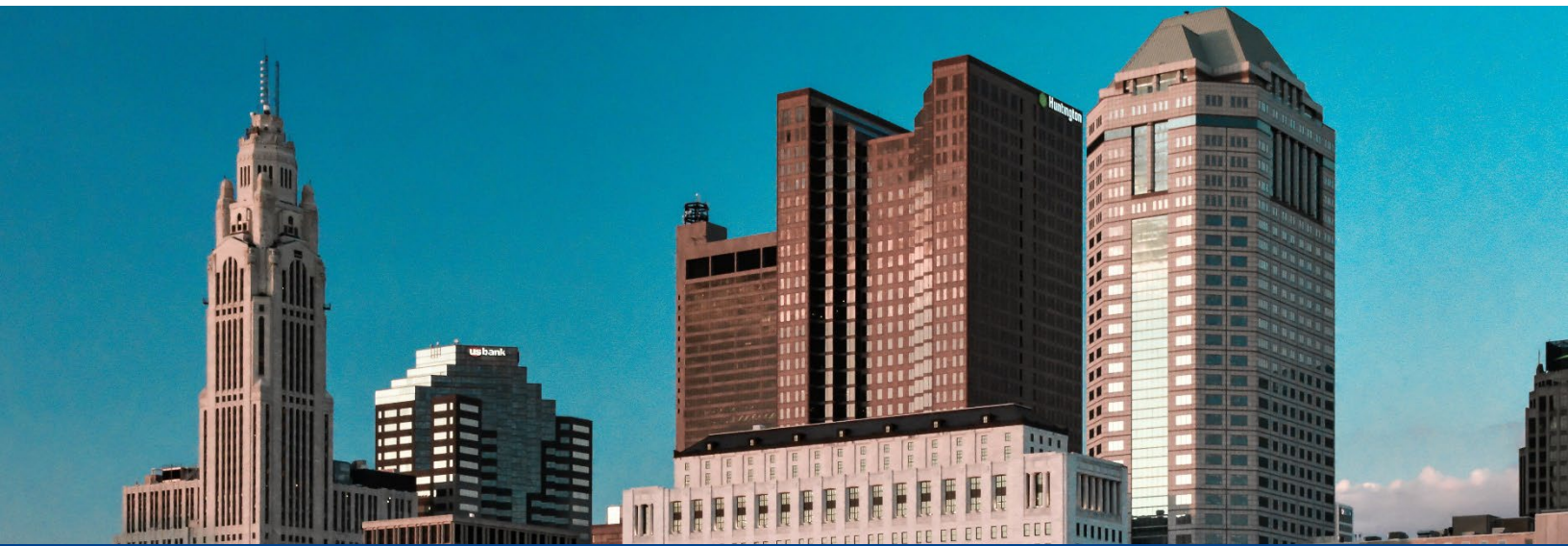
Submarket/Class	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Total Vacancy Rate	Previous Vacancy Rate	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg. Direct Asking Rate (FSG)
<b>Arlington/Grandview</b>											
A	1,942,395	10.66%	3.69%	14.35%	13.83%	12.97%	(16,831)	(7,458)	-	-	\$25.14
B	2,428,533	8.79%	1.19%	10.00%	4.44%	4.80%	(1,289)	21,480	-	-	\$22.19
<b>TOTAL</b>	<b>4,370,928</b>	<b>9.62%</b>	<b>2.30%</b>	<b>11.93%</b>	<b>8.61%</b>	<b>8.43%</b>	<b>(18,120)</b>	<b>14,022</b>	<b>-</b>	<b>-</b>	<b>\$22.28</b>
<b>CBD</b>											
A	7,903,012	23.77%	2.31%	26.09%	21.24%	17.70%	(200,440)	(135,056)	358,937	-	\$25.23
B	10,005,142	12.40%	0.81%	13.22%	10.60%	11.02%	27,227	38,125	-	-	\$22.40
<b>TOTAL</b>	<b>17,908,154</b>	<b>17.42%</b>	<b>1.47%</b>	<b>18.90%</b>	<b>15.29%</b>	<b>13.98%</b>	<b>(173,213)</b>	<b>(96,931)</b>	<b>358,937</b>	<b>-</b>	<b>\$23.76</b>
<b>Dublin</b>											
A	4,884,060	24.99%	9.91%	34.90%	33.32%	34.27%	46,196	107,297	-	121,721	\$21.72
B	4,187,265	21.20%	0.79%	21.99%	17.43%	17.35%	(3,462)	(28,954)	-	-	\$18.48
<b>TOTAL</b>	<b>9,071,325</b>	<b>23.24%</b>	<b>5.70%</b>	<b>28.94%</b>	<b>25.99%</b>	<b>26.46%</b>	<b>42,734</b>	<b>78,343</b>	<b>-</b>	<b>121,721</b>	<b>\$20.29</b>
<b>East</b>											
A	59,912	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	60,000	-	-
B	882,357	11.87%	0.00%	11.87%	10.82%	9.58%	(10,930)	(39,804)	-	-	\$12.21
<b>TOTAL</b>	<b>942,269</b>	<b>11.11%</b>	<b>0.00%</b>	<b>11.11%</b>	<b>10.13%</b>	<b>9.58%</b>	<b>(28,874)</b>	<b>(39,804)</b>	<b>60,000</b>	<b>-</b>	<b>\$12.21</b>

Columbus Office  
**24Q2**

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)
<b>Easton</b>											
A	2,036,114	7.52%	14.24%	21.77%	20.47%	24.70%	86,015	57,259	-	-	\$27.79
B	852,119	22.73%	0.00%	22.73%	22.16%	18.49%	(1,717)	(5,151)	-	-	\$18.94
<b>TOTAL</b>	<b>2,888,233</b>	<b>22.05%</b>	<b>10.04%</b>	<b>22.05%</b>	<b>20.97%</b>	<b>22.87%</b>	<b>84,298</b>	<b>52,108</b>	<b>-</b>	<b>-</b>	<b>\$20.69</b>
<b>Gahanna/Airport</b>											
A	208,915	6.96%	1.18%	8.15%	8.15%	8.16%	-	(2,481)	48,000	-	-
B	1,399,485	27.74%	5.31%	33.06%	33.06%	29.29%	(27,869)	(70,210)	-	-	\$13.04
<b>TOTAL</b>	<b>1,608,400</b>	<b>25.04%</b>	<b>4.77%</b>	<b>29.82%</b>	<b>29.82%</b>	<b>26.55%</b>	<b>(27,869)</b>	<b>(72,691)</b>	<b>48,000</b>	<b>-</b>	<b>\$13.04</b>
<b>Hilliard</b>											
A	690,000	34.04%	3.01%	37.05%	35.54%	35.65%	731	731	110,000	-	\$19.96
B	551,103	7.01%	0.29%	7.01%	6.61%	6.61%	-	(1,600)	-	-	\$17.07
<b>TOTAL</b>	<b>1,241,103</b>	<b>21.91%</b>	<b>1.80%</b>	<b>23.37%</b>	<b>22.69%</b>	<b>22.76%</b>	<b>731</b>	<b>(869)</b>	<b>110,000</b>	<b>-</b>	<b>\$19.63</b>
<b>New Albany</b>											
A	1,261,144	26.63%	11.80%	38.40%	38.40%	37.17%	(173)	46,597	-	-	\$25.51
B	909,963	19.38%	0.64%	20.02%	20.02%	22.14%	8,961	37,611	-	-	\$24.40
<b>TOTAL</b>	<b>2,171,107</b>	<b>23.59%</b>	<b>7.12%</b>	<b>30.71%</b>	<b>30.71%</b>	<b>30.87%</b>	<b>8,788</b>	<b>84,208</b>	<b>-</b>	<b>-</b>	<b>\$24.93</b>
<b>North Central</b>											
A	756,109	12.47%	0.00%	12.47%	12.47%	14.45%	10,846	(31,581)	212,898	-	\$25.68
B	1,562,274	10.27%	0.24%	9.50%	6.20%	6.68%	3,613	(2,623)	-	-	\$16.05
<b>TOTAL</b>	<b>2,318,383</b>	<b>10.30%</b>	<b>0.16%</b>	<b>10.47%</b>	<b>8.42%</b>	<b>9.21%</b>	<b>14,459</b>	<b>(34,204)</b>	<b>212,898</b>	<b>-</b>	<b>\$20.31</b>
<b>North Delaware</b>											
A	189,250	0.00%	0.73%	0.73%	0.73%	0.74%	-	-	30,000	-	-
B	526,859	22.59%	2.01%	24.6%	0.43%	1.15%	-	(3,810)	-	-	\$12.96
<b>TOTAL</b>	<b>716,109</b>	<b>16.74%</b>	<b>0.20%</b>	<b>16.62%</b>	<b>0.51%</b>	<b>1.04%</b>	<b>-</b>	<b>(3,810)</b>	<b>30,000</b>	<b>-</b>	<b>\$12.96</b>
<b>Polaris</b>											
A	1,976,895	18.59%	1.51%	20.14%	19.05%	17.67%	(23,186)	(2,232)	-	-	\$21.43
B	784,968	15.97%	0.00%	15.24%	12.71%	12.85%	7,729	(21,203)	-	-	\$21.76
<b>TOTAL</b>	<b>2,761,863</b>	<b>17.63%</b>	<b>1.11%</b>	<b>18.74%</b>	<b>17.25%</b>	<b>16.39%</b>	<b>(10,549)</b>	<b>(15,569)</b>	<b>-</b>	<b>-</b>	<b>\$22.80</b>
<b>Powell</b>											
A	302,362	35.30%	0.00%	35.30%	28.97%	17.67%	4,726	4,726	-	-	\$21.40
B	320,017	12.90%	0.00%	12.90%	12.90%	12.85%	(3,761)	756	-	-	\$17.81
<b>TOTAL</b>	<b>622,379</b>	<b>23.78%</b>	<b>0.00%</b>	<b>23.78%</b>	<b>20.71%</b>	<b>16.39%</b>	<b>605</b>	<b>5,032</b>	<b>-</b>	<b>-</b>	<b>\$20.47</b>

Columbus Office  
**24Q2**

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)
<b>Southeast</b>											
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%	-	15,000	-	-	\$20.18
<b>TOTAL</b>	<b>570,590</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>-</b>	<b>15,000</b>	<b>-</b>	<b>-</b>	<b>\$20.18</b>
<b>Southwest</b>											
A	-	-	-	-	-	-	-	-	-	-	-
B	824,165	0.00%	0.74%	0.74%	0.74%	1.03%	2,406	(3,672)	-	-	\$15.95
<b>TOTAL</b>	<b>824,165</b>	<b>0.00%</b>	<b>0.74%</b>	<b>0.74%</b>	<b>0.74%</b>	<b>1.03%</b>	<b>2,406</b>	<b>(3,672)</b>	<b>-</b>	<b>-</b>	<b>\$15.95</b>
<b>Westerville</b>											
A	902,198	28.08%	14.72%	42.81%	38.78%	33.28%	(3,904)	(3,904)	-	-	\$22.08
B	1,583,949	20.66%	7.60%	28.26%	24.46%	18.39%	4,594	(62,193)	-	-	\$16.96
<b>TOTAL</b>	<b>2,486,147</b>	<b>23.35%</b>	<b>10.18%</b>	<b>33.15%</b>	<b>29.66%</b>	<b>22.76%</b>	<b>690</b>	<b>(66,097)</b>	<b>-</b>	<b>-</b>	<b>\$19.68</b>
<b>Worthington</b>											
A	1,382,992	30.27%	2.57%	32.84%	28.36%	31.51%	(7,709)	(87,972)	51,654	-	\$18.49
B	1,493,128	20.32%	0.57%	20.90%	21.33%	21.44%	25,907	(19,964)	-	-	\$17.45
<b>TOTAL</b>	<b>2,876,120</b>	<b>26.64%</b>	<b>1.53%</b>	<b>26.64%</b>	<b>26.49%</b>	<b>26.10%</b>	<b>18,198</b>	<b>(107,936)</b>	<b>51,654</b>	<b>-</b>	<b>\$18.10</b>



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