



Columbus

Office

21Q3

## Key Takeaways

- The vacancy rate hit 12.7 percent this quarter - the highest it has been since 2011
- Construction activity remains steady, with more product currently underway than there was last quarter
- Overall asking rates held steady in the second quarter at \$19.45 FSG per square foot



Vacancy Rate  
12.7%



Net Absorption  
(262)k SF



Under Construction  
1.3M SF



Overall Asking Lease Rates (FSG)  
\$19.45/SF



## Regional Summary

The Columbus office market continues to be impacted by the ongoing COVID-19 pandemic, recording 262,017 square feet of negative net absorption and vacancy of 12.7 percent. A majority of this can be attributed to the 1.4 million+ square feet of new sublease space that has been added to the market since Q2 2020. On a positive note, development remains high with more than 1.3 million square feet of Class A space underway and tenant demand is picking up. With nearly 130 office users actively searching for space, Central Ohio can anticipate an increase in activity in coming months as the market begins to rebound.

\*absorption calculated by occupancy date

## Market Indicators



3.51%  
Unemployment Rate



9.17%  
GDP - Quarterly % change yr/yr

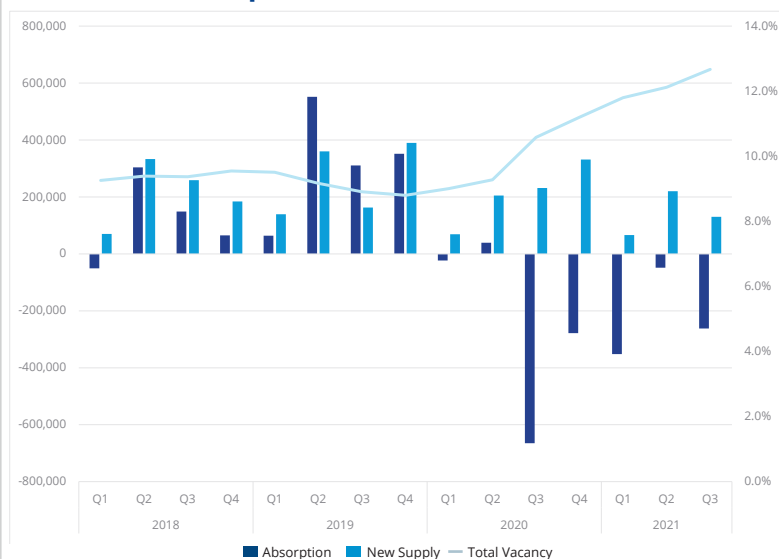


1.462%  
U.S. 10 Year Treasury Note

## Historic Comparison

	20Q3	21Q2	21Q2
Total Inventory (in Thousands of SF)	67,497	68,148	68,278
New Supply (in Thousands of SF)	29.6	220.0	130.0
Net Absorption (in Thousands of SF)	(664.9)	(48.3)	(262.0)
Overall Vacancy	10.58%	12.12%	12.67%
Under Construction (in Thousands of SF)	1,446	1,193	1,281
Overall Asking Lease Rates (FSG)	\$19.18	\$19.47	\$19.45

## 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 five 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

5185 Blazer Pkwy.  
Dublin | 42k SF



Lease

333 W. Nationwide  
CBD | 31k SF



Lease

500 S. Front St.  
CBD | 26k SF



Sale

2500-2600 Corporate  
Exchange Drive  
Westerville | \$17/SF



Sale

5000 Arlington Centre  
Arlington/Grandview  
| \$24/SF



Sale

1776-1780 E. Broad St.  
East | \$72/SF



## Vacancy

The vacancy rate rose to 12.67 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 18.16 percent due to Aetna downsizing at 7400 W. Campus Road. Vacancy decreased to 13.27 percent in the Westerville submarket as various tenants occupied space there this quarter.

## 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 970,565 square feet— a strong indication that tenants are staying active in the market.

## Construction

With 1.3 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 already. The first

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

There was one completion this quarter in Central Ohio. The 130,000-square-foot Arena District expansion was finalized and Chipotle moved their corporate offices to part of the space. Throughout the coming year, as many as four projects are expected to complete around the city.

## Sales

This quarter, 26 office properties totaling 782,000 square feet sold around the Columbus region. The total sales volume reached \$36 million, with an average price per square foot of \$112. Activity is expected to rise, as 183 office properties totaling 3.7 million square feet are currently on the market.

Gasoco Properties purchased 2500, 2550 and 2600 Corporate Exchange Drive for \$5.01 million, making it the largest office sale of the quarter. Marimeter, LLC bought 5000 Arlington Centre Blvd. for \$5 million. 1776-1780 E. Broad St. was sold to The Village Network for \$3.51 million, or \$73 per square foot. Bridge Credit Union purchased 10567 Sawmill Pkwy. for \$2.3 million.

## Significant Sales Activity

Address	Size	Buyer	Sales Price
2500-2600 Corporate Exchange Drive	284,267	Gasoco Properties	\$5,010,000
<b>5000 Arlington Centre Blvd.</b>	<b>201,460</b>	<b>Marimeter, LLC</b>	<b>\$5,000,000</b>
1776-1780 E. Broad St.	48,311	The Village Network	\$3,510,000
10567 Sawmill Pkwy.	21,880	Bridge Credit Union	\$2,300,000
1550 Kenny Road	12,074	Preferred Living	\$2,000,000
707 Park Meadow Road	18,000	Shawn Matthew Carroll	\$1,990,000
340 E. Fulton St.	23,075	Fairfield Homes, Inc.	\$1,950,000
5975-6011 Cleveland Ave.	17,911	Ruben Paredes	\$1,950,000

## Significant Lease Activity

Address	Size	Tenant	Type
5185 Blazer Pkwy.	42,007	Andelyn Biosciences	New
<b>333 W. Nationwide Blvd.</b>	<b>30,770</b>	<b>Nations Lending</b>	<b>New</b>
<b>500 S. Front St.</b>	<b>25,626</b>	<b>DEA</b>	<b>Renewal/ Expansion</b>
886 N. High St.	20,001	Immuta Inc.	New
<b>80 E. Rich St.</b>	<b>13,694</b>	<b>River Financial</b>	<b>New</b>
<b>330 Rush Alley</b>	<b>10,585</b>	<b>Insight Global, Inc.</b>	<b>New</b>
6767 Longshore St.	8,820	CollisionRight LLC	New
<b>4960-5000 Blazer Pkwy.</b>	<b>8,289</b>	<b>Dublin City School District</b>	<b>New</b>

**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	Avg Direct Asking Rate (FSG)
Arlington/Grandview	5,796,531	4.93%	0.12%	7.87%	4.86%	4.99%	7,902	5,779	254,250	-	\$19.51
CBD	20,756,307	11.13%	0.55%	17.31%	11.62%	11.16%	34,695	236,507	892,938	130,000	\$19.61
Dublin	10,071,815	14.92%	1.32%	20.67%	15.99%	14.77%	(122,844)	(273,696)	-	-	\$20.57
East	3,661,971	11.07%	3.43%	14.69%	15.02%	14.43%	(21,481)	(15,051)	-	-	\$15.07
Easton	3,310,565	10.61%	5.38%	17.12%	15.99%	16.21%	7,200	(52,674)	-	-	\$26.04
Gahanna/Airport	1,502,752	13.91%	9.06%	25.37%	22.60%	21.58%	(15,350)	(147,114)	-	-	\$18.89
Hilliard	2,441,594	3.70%	0.77%	3.98%	4.46%	3.95%	(12,667)	(11,695)	-	-	\$19.43
New Albany	2,460,139	11.74%	6.42%	24.55%	18.16%	14.26%	(95,801)	(314,828)	134,211	-	\$20.76
North Central	1,417,668	15.95%	0.17%	0.63%	12.72%	12.86%	2,097	4,737	-	-	\$14.95
Polaris	4,727,625	7.36%	0.42%	11.00%	7.31%	7.35%	1,583	61,295	-	-	\$20.68
Powell	273,589	12.94%	0.00%	13.46%	12.06%	12.06%	-	(6,096)	-	-	\$14.95
Southeast	510,564	0.00%	0.00%	3.33%	0.00%	0.32%	1,650	8,375	-	-	\$20.10
Southwest	237,119	12.25%	0.00%	6.08%	12.25%	12.25%	-	(1,889)	-	-	\$11.95
Westerville	4,887,987	10.35%	3.13%	16.36%	13.27%	13.99%	35,112	(12,797)	-	-	\$17.65
Worthington	6,221,601	14.64%	4.04%	20.48%	18.29%	16.94%	(84,113)	(142,856)	-	-	\$18.42
<b>TOTAL</b>	68,277,827	10.98%	1.90%	16.10%	12.67%	12.10%	(262,017)	(662,003)	1,281,399	130,000	\$19.45

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	Avg Direct Asking Rate (FSG)
A	31,101,656	11.86%	2.56%	19.99%	14.38%	13.29%	(211,251)	(403,542)	1,281,399	130,000	\$21.21
B	23,660,035	11.21%	1.60%	15.67%	12.53%	12.25%	(66,652)	(294,722)	-	-	\$17.80
C	13,516,136	8.57%	0.91%	7.88%	8.98%	9.10%	15,886	36,261	-	-	\$15.35
<b>TOTAL</b>	68,277,827	10.98%	1.90%	16.10%	12.67%	12.10%	(262,017)	(662,003)	1,281,399	130,000	\$19.45



## The Impact of the Delta Variant

Colliers | Columbus' research team surveyed our property managers in the third quarter of 2021 to determine how the current Delta variant is impacting the local commercial real estate market. Some tenants (44%) are requiring masks for anyone to enter their space, while a smaller percentage (33%) are requiring vaccinations among employees and visitors. As for re-entry, most tenants (67%) are sticking with their original plans and choosing not to delay their re-entry date. We predict masks, vaccinations and increased cleanliness will become more common, but will not majorly impact overall re-entry back into the office.

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Source: YourResearchResource.com

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