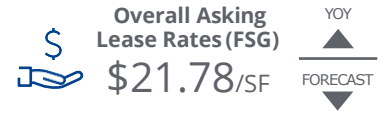




Columbus
Office
23Q4

Key Takeaways

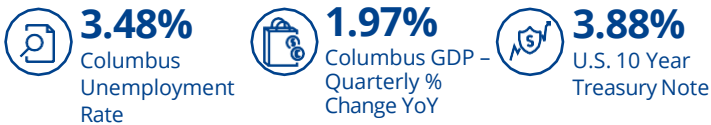
- Absorption reached a net positive for the first time since Q3 2022
- Construction activity decreased to 963K square feet due to the completion of Arlington Gateway, a 134K square feet project, completion
- Coinciding with vacancy, weighted average asking rents decreased as well to \$21.78/SF



Regional Summary

The Columbus office market saw positive absorption for the first time since the third quarter of 2022 coinciding with a vacancy rate decrease. This was largely due to Continental Real Estate Companies Arlington Gateway being delivered with 70,000 square feet pre-leased by Assured Partners, Kemglor and Gardiner Allen. Asking rates have remained consistent over the year landing at \$21.78 for the fourth quarter. Following the trends in other markets, Columbus saw over 90,000 square feet of sublease space signed this quarter. Indicating tenants are showing more interest in shorter-term leases during this economic insecurity and decreased demand due to companies continuing to downsize. Several buildings may be going into receivership with many loans coming due over the next few months due to poor occupancy in many of the class B buildings and some lower-class A buildings. Many landlords are exploring different amenities to help companies bring back their employees to the office which coincides with the trend of companies starting to require employees to come back to the office full-time or on a hybrid basis. Office building conversions are still on the upswing to update uses of buildings with low occupancy and to fill the housing gaps that many markets such as Columbus face. The most recent conversion is Continental Centre, which is being altered to multifamily.

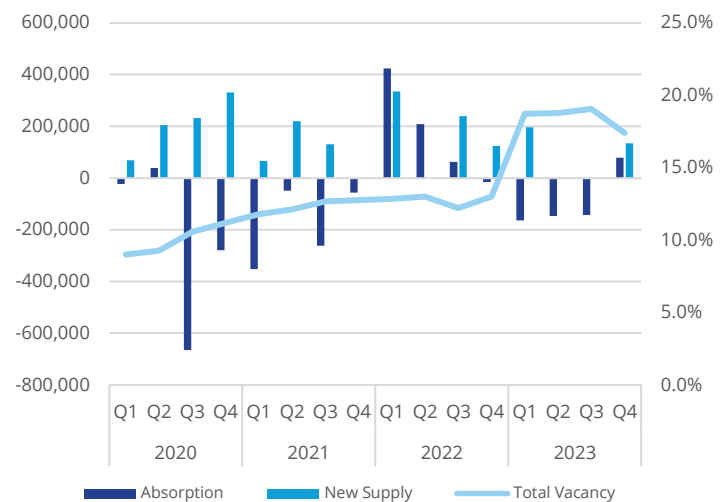
Market Indicators



Historic Comparison

	23 Q3 Previous	23 Q4 Current	23 YTD
Total Inventory (in Thousands of SF)	52,166	52,301	52,301
New Supply (in Thousands of SF)	-	134	329
Net Absorption (in Thousands of SF)	(143)	78	(374)
Overall Vacancy	19.05%	17.41%	17.41%
Overall Asking Lease Rates (FSG)	\$22.07	\$21.78	\$21.78

Market Graph

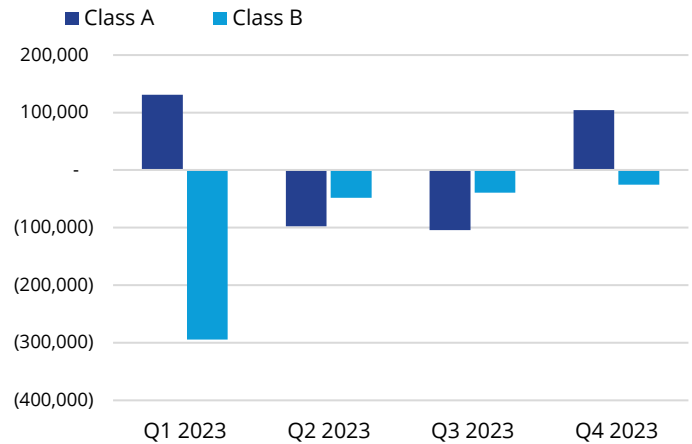


The office market has experienced numerous changes in the past three years. The market recorded positive absorption for the first time in 2023. The last time positive absorption was recorded was Q3 2022.

Absorption & Leasing

The largest lease signed this quarter was a sublease signed by Wells Fargo for 67,816 square feet in the Easton submarket, at 3075 Loyalty Circle. The sublease further supports the need for move-in ready spaces as well as the increase in leasing activity as more companies have their employees come back to the office. Two trends we're seeing in the Columbus market. The Arlington/Grandview submarket totaled over 79,000 square feet of positive absorption largely in part to half of the Arlington Gateway delivery leased by Assured Partners, Kemglor, and Gardiner Allen. Over 210,000 square feet were leased with many early 2024 commencement dates. As expected, preleased deliveries continue through the new year, it is anticipated this shift will start to see a positive effect on absorption.

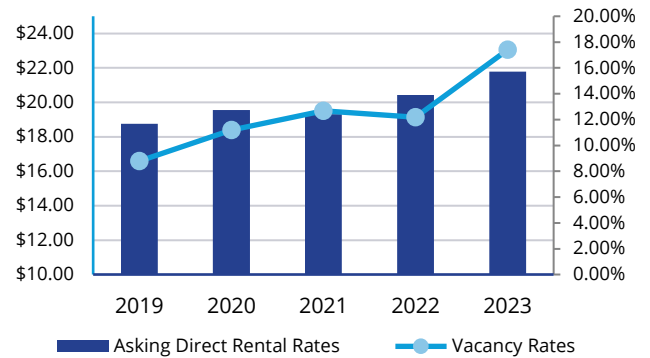
Absorption by Class



Vacancy & Market Rents

Vacancy decreased to 17.41 percent in the fourth quarter due to the partial preleased delivery of Arlington Gateway and strong leasing activity. This was the lowest vacancy rate recorded this year. Nearly 60 percent of expected deliveries in 2024 are preleased. As construction is completed, the preleased space will create positive absorption. Direct asking rates showed a weighted rent of \$21.78. With an expected decrease in vacancy rates, we anticipate a slight decrease in market rents.

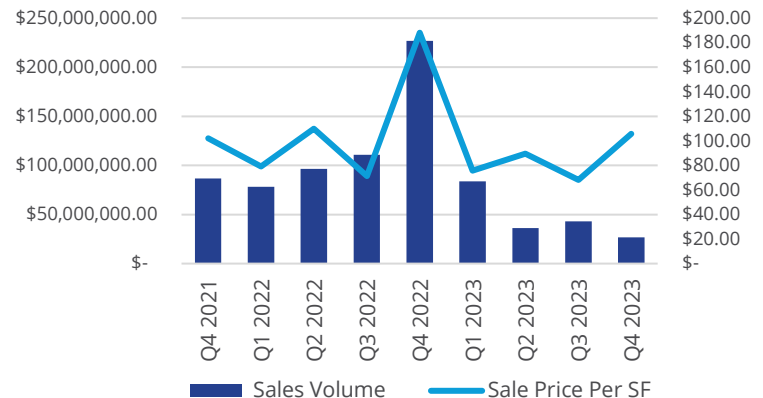
Vacancy Rate & Direct Asking Rate



Sales Activity

Sales volume totaled \$26 million in the fourth quarter with \$12 million of the reported volume as investment sales. One of the largest properties, 5775 Perimeter Drive, sold by Rea & Associates traded at \$51.38 per square foot and was purchased by 2-Under Real Estate Group, LLC. Despite the successful sale, it is important to note that the past quarter saw the lowest sales volume since 2021. Consistency was shown in 2023 for market price with a steady price per square foot of close to \$80.00 until the end of 2023 with a slight increase due to increased sales prices on smaller properties.

Sales Volume & Market Price Per SF



Top Performing Office Buildings

Net Absorption

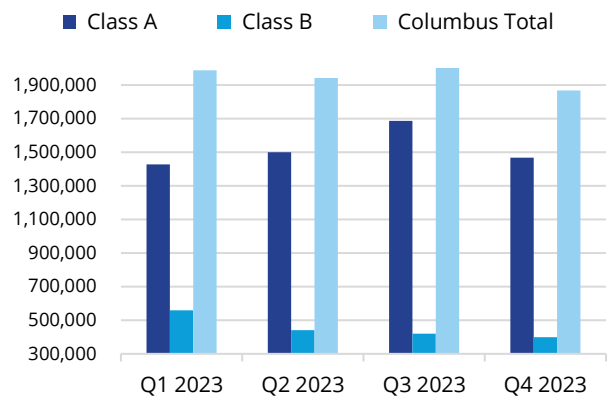
Building	Submarket	RBA	Year Built/Renovated	Net Absorption YTD (SF)	% Leased	Available (SF)
6500 New Albany Rd	New Albany	333,168	1998	333,168	100.00%	-
Arlington Gateway	Arlington/Grandview	134,375	2023	73,581	54.75%	60,794
1105 Schrock Rd	Worthington	212,879	1983	53,150	91.70%	17,670
7525 W Campus Rd	New Albany	50,000	2013	50,000	100.00%	-

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

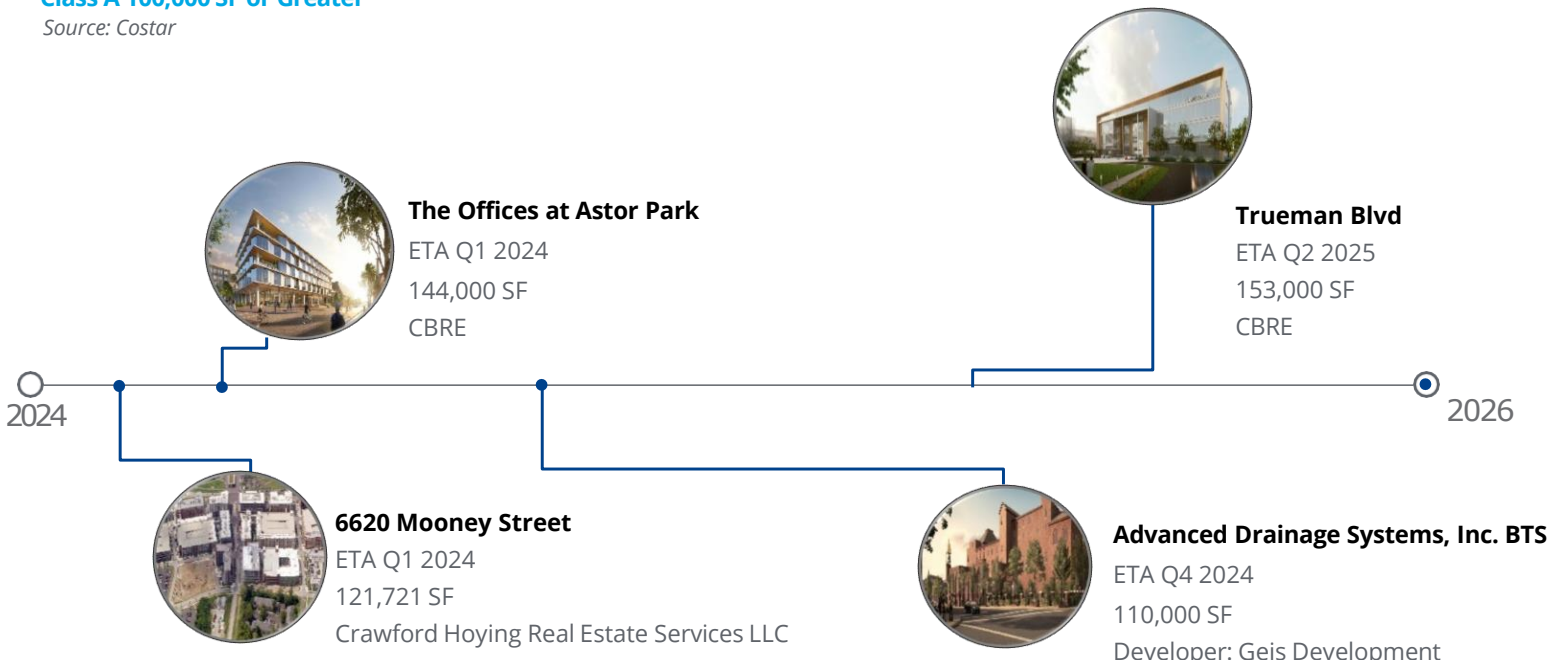
Historical Available Sublease Space



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
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%
2013	234K	694K	\$17.41	10.80%

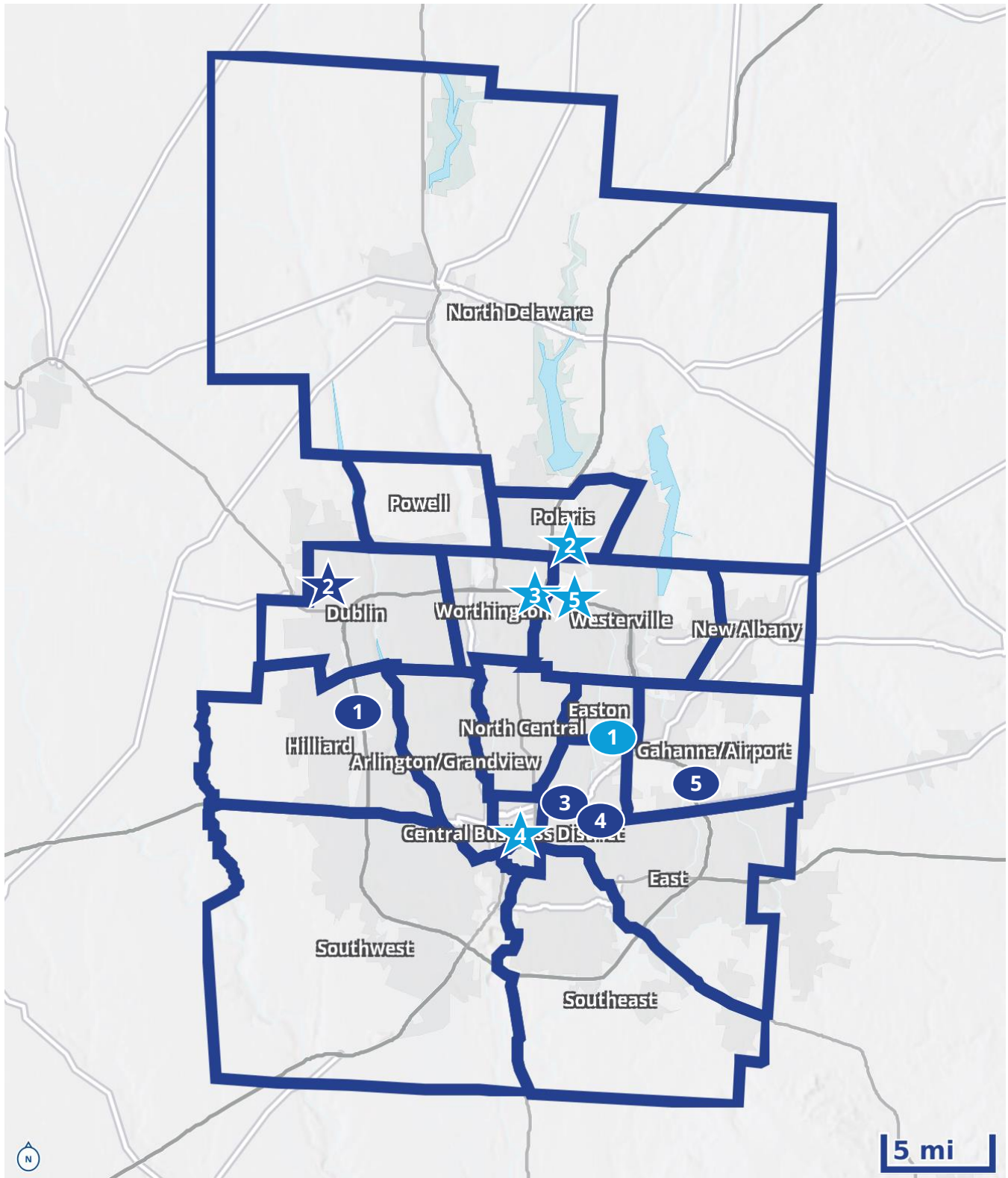
Notable Sales Activity

#	Address	Size	Buyer	Price	Price/SF	Submarket
1	4640 Trueman Blvd	36,000	Equity, LLC	\$2,900,000	\$107.62/SF	Hilliard
2	5775 Perimeter Dr	35,989	2-Under Real Estate Group, LLC	\$3,950,000	\$51.38/SF	Dublin
3	867 Mount Vernon Ave	26,946	Maroon Arts Group	\$2,000,000	\$78.09/SF	East
4	1000 E Broad St	22,464	Homerounds Realty	\$2,900,000	\$107.62/SF	East
5	535 Officenter Pl	11,429	Realty Income Corporation	\$4,525,000	\$395.92/SF	Gahanna/Airport

Notable Lease Activity

#	Address	Size	Tenant	Type	Submarket
1	3075 Loyalty Cir	67,816	Wells Fargo	Sublease	Easton
2	9200 Worthington Rd	20,837	RevLocal, LLC	New Lease	Polaris
3	1105 Schrock Rd	19,477	Sauer Group	New Lease	Worthington
4	10 W Broad	17,151	Babin Law, LLC	Sublease	CBD
5	1103 Schrock Rd	15,745	Monad Health	Sublease	Worthington

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	9,500,188	21.11%	2.54%	23.64%	16.94%	16.80%	87,506	(343,112)	298,937	329,375	\$26.53
B	11,970,713	12.58%	0.62%	13.20%	9.67%	11.92%	(2,115)	14,448	-	-	\$23.22
TOTAL	21,470,901	16.36%	1.47%	17.82%	12.89%	14.08%	85,391	(328,664)	298,937	329,375	\$25.16
Suburban											
A	14,647,364	24.95%	8.39%	33.33%	27.47%	27.58%	16,712	479,523	664,273	-	\$22.37
B	16,182,931	16.87%	2.01%	18.87%	14.30%	14.86%	(23,458)	(525,268)	-	-	\$18.67
TOTAL	30,830,295	20.70%	5.04%	25.74%	20.56%	20.91%	(6,746)	(45,745)	664,273	-	\$20.95
Columbus Total											
A	24,147,552	23.44%	6.08%	29.52%	23.33%	23.96%	(71,162)	33,056	963,210	329,375	\$23.68
B	28,153,644	15.04%	1.42%	16.46%	12.33%	14.86%	(381,892)	(407,465)	-	-	\$20.23
TOTAL	52,301,196	18.92%	3.57%	22.49%	17.41%	19.05%	78,645	(374,409)	963,210	329,375	\$21.78

Submarkets by Class

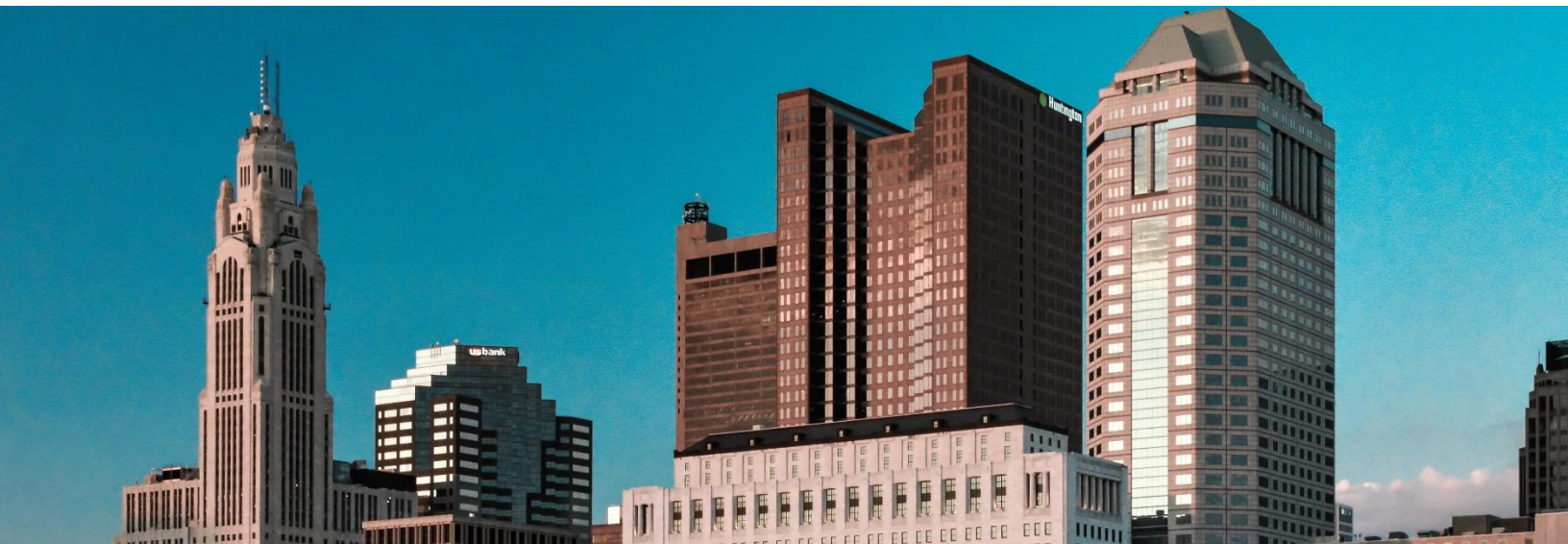
Submarket/Class	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Total Vacancy Rate	Previous Vacancy Rate	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg. Direct Asking Rate (FSG)
Arlington/Grandview											
A	1,885,297	11.69%	3.23%	14.92%	13.86%	13.02%	84,997	38,606	-	134,375	\$25.81
B	2,393,459	9.88%	1.14%	11.02%	4.27%	4.04%	(5,410)	73,506	-	-	\$22.26
TOTAL	4,278,756	10.68%	2.06%	12.74%	8.49%	9.02%	79,587	112,112	-	134,375	\$24.09
CBD											
A	7,614,891	23.44%	2.36%	25.81%	17.70%	17.74%	2,509	(381,718)	298,937	195,000	\$26.63
B	9,577,254	13.26%	0.49%	13.74%	11.02%	13.89%	3,295	(59,058)	-	-	\$23.41
TOTAL	17,192,145	17.77%	1.32%	19.09%	13.98%	15.84%	5,804	(440,776)	298,937	195,000	\$25.34
Dublin											
A	4,691,571	34.84%	10.24%	45.08%	34.39%	34.01%	(17,543)	(69,006)	121,721	-	\$20.03
B	4,103,794	17.87%	2.55%	20.42%	17.10%	16.40%	(28,630)	(71,846)	-	-	\$17.18
TOTAL	8,795,365	26.92%	6.65%	33.57%	26.32%	26.42%	(46,173)	(140,852)	121,721	-	\$19.22
East											
A	59,912	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-
B	894,117	6.16%	0.00%	6.16%	6.23%	7.86%	14,645	12,346	-	-	\$21.99
TOTAL	954,029	5.77%	0.00%	5.77%	5.84%	7.37%	14,645	12,346	-	-	\$21.99

Columbus Office
23Q4

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	2,013,190	7.10%	17.74%	24.83%	23.54%	22.97%	(11,516)	117,236	-	-	\$28.66
B	801,780	22.92%	0.00%	22.92%	17.58%	18.01%	3,434	(275,916)	-	-	\$15.10
TOTAL	2,814,970	11.60%	12.68%	24.29%	21.84%	21.55%	(8,082)	(158,680)	-	-	\$25.02
Gahanna/Airport											
A	203,460	0.00%	0.00%	0.00%	7.16%	4.73%	(4,930)	(12,396)	48,000	-	-
B	1,379,251	29.94%	5.39%	35.34%	28.23%	28.52%	4,039	(137,727)	-	-	\$23.49
TOTAL	1,582,711	26.09%	4.70%	30.80%	25.52%	25.46%	(891)	(150,123)	48,000	-	\$23.49
Hilliard											
A	687,000	34.12%	3.02%	37.14%	35.81%	36.10%	2,012	(165,822)	110,000	-	\$15.78
B	551,103	6.03%	0.29%	6.32%	6.32%	6.10%	(1,250)	14,461	-	-	\$16.54
TOTAL	1,238,103	21.62%	1.81%	23.42%	22.68%	22.74%	762	(151,361)	110,000	-	\$15.87
New Albany											
A	1,254,267	31.86%	11.86%	43.72%	43.10%	46.20%	38,870	473,676	-	-	\$28.86
B	786,274	32.45%	0.00%	32.56%	29.26%	29.60%	2,673	60,409	-	-	\$22.47
TOTAL	2,040,541	32.13%	7.29%	39.42%	37.77%	39.80%	41,543	534,085	-	-	\$26.83
North Central											
A	756,109	12.17%	0.60%	12.77%	8.84%	9.90%	8,039	20,397	212,898	-	\$34.84
B	1,547,258	9.77%	0.31%	10.08%	6.34%	5.84%	(7,856)	13,701	-	-	\$16.80
TOTAL	2,303,367	10.55%	0.41%	10.96%	7.16%	8.04%	183	34,098	212,898	-	\$23.70
North Delaware											
A	184,250	0.00%	0.76%	0.76%	0.76%	0.76%	-	-	30,000	-	\$19.00
B	526,858	22.59%	0.00%	22.59%	0.43%	22.21%	-	3,320	-	-	\$23.56
TOTAL	711,108	16.74%	0.20%	16.93%	0.51%	17.19%	-	3,320	30,000	-	\$23.51
Polaris											
A	2,303,619	23.33%	2.46%	25.79%	18.79%	20.60%	41,674	24,874	-	-	\$25.52
B	845,514	8.41%	0.00%	8.41%	9.30%	7.88%	(11,969)	(7,908)	-	-	\$19.42
TOTAL	3,149,133	19.32%	1.80%	21.12%	16.24%	17.42%	29,705	16,966	-	-	\$24.86
Powell											
A	301,763	30.45%	0.00%	30.45%	19.87%	20.07%	600	3,299	-	-	\$19.51
B	320,017	13.14%	0.00%	13.14%	13.14%	10.64%	(7,990)	(17,194)	-	-	\$18.49
TOTAL	621,780	21.54%	0.00%	21.54%	16.41%	17.81%	(7,390)	(13,895)	-	-	\$19.19

Columbus Office
23Q4

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	4.06%	0.00%	4.06%	3.57%	3.57%	-	26,680	-	-	\$12.48
TOTAL	570,590	2.99%	0.00%	2.99%	2.63%	2.63%	-	26,680	-	-	\$12.48
Southwest											
A	-	-	-	-	-	-	-	-	-	-	-
B	824,165	0.00%	0.00%	0.00%	0.29%	0.00%	(2,406)	(2,406)	-	-	-
TOTAL	824,165	0.00%	0.00%	0.00%	0.29%	0.00%	(2,406)	(2,406)	-	-	-
Westerville											
A	658,861	21.17%	20.17%	41.33%	33.20%	30.42%	(18,296)	(11,019)	90,000	-	\$18.35
B	1,577,882	17.67%	7.82%	25.49%	14.23%	15.12%	13,983	(31,785)	-	-	\$14.53
TOTAL	2,236,743	18.70%	11.45%	30.16%	19.82%	25.00%	(4,313)	(42,804)	90,000	-	\$16.07
Worthington											
A	1,383,362	27.60%	1.85%	29.45%	25.70%	24.10%	(22,198)	98,284	51,654	-	\$17.93
B	1,604,328	23.41%	1.01%	24.42%	18.62%	18.48%	(2,131)	(111,403)	-	-	\$18.42
TOTAL	2,987,690	25.35%	1.40%	26.75%	21.90%	21.26%	(24,329)	(13,119)	51,654	-	\$18.16



FOR MORE INFORMATION
Collin Fitzgerald
Research Manager
Columbus
+1 614 410 5218
collin.fitzgerald@colliers.com

Brooke Ferman
Research Analyst
Columbus
+1 614 436 9800
brooke.ferman@colliers.com

Copyright © 2023 Colliers
The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.