



Columbus

Office

21Q1

Key Takeaways

- The vacancy rate hit 11.8 percent this quarter - the highest it has been since 2015
- Construction activity remains steady, with more product underway currently than there was in Q1 2020
- Overall asking rates have increased YoY, up to \$19.33 FSG per square foot this quarter



Vacancy Rate

11.8%

YOY

FORECAST



Net Absorption

(351)k SF

YOY

FORECAST



Under Construction

1.4M SF

YOY

FORECAST



Overall Asking Lease Rates (FSG)

\$19.33/SF

YOY

FORECAST

Regional Summary

The Columbus office market continues to be impacted by the ongoing COVID-19 pandemic, posting negative net absorption of 351,686 square feet and vacancy of 11.8 percent this quarter. A majority of this can be attributed to the 700,000+ square feet of sublease space that has been added to the market over the past year. On a positive note, development remains high with 1.4 million square feet underway and tenant demand is picking up. There was 355,000 square feet of new leasing activity this quarter, compared to 214,000 square feet last quarter, signifying that the office market is beginning to rebound.

Market Indicators



6.2%

Unemployment Rate



4.5%

GDP - Quarterly % change yr/yr



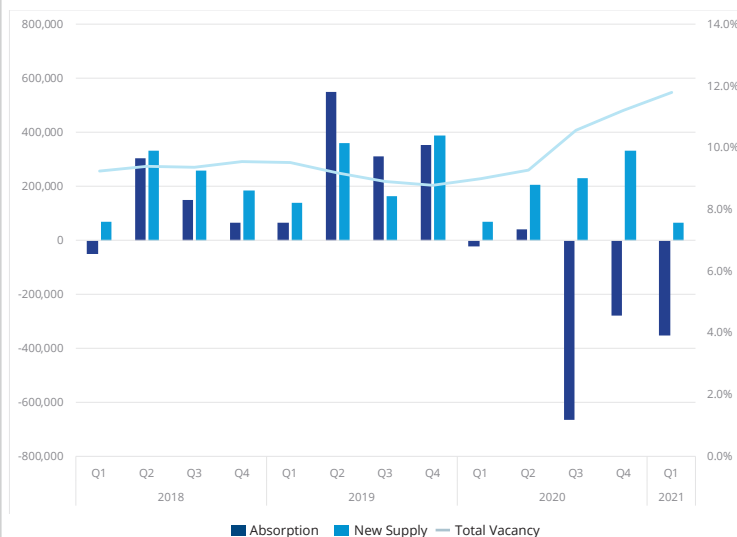
1.748%

U.S. 10 Year Treasury Note

Historic Comparison

	20Q1	20Q4	21Q1
Total Inventory (in Thousands of SF)	67,060	67,828	67,894
New Supply (in Thousands of SF)	69.0	331.4	66.0
Net Absorption (in Thousands of SF)	(23.1)	(278.5)	(351.7)
Overall Vacancy	9.07%	11.20%	11.80%
Under Construction (in Thousands of SF)	1,235	1,604	1,414
Overall Asking Lease Rates (FSG)	\$18.84	\$19.56	\$19.33

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 three 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

3948 Townsfair Way
Easton | 26k SF

Lease

3 Easton Oval
Easton | 18k SF

Lease

5000 Bradenton Ave.
Dublin | 17k SF

Sale

3100 Easton Square
Easton | \$93/SF

Sale

6670 Perimeter Drive
Dublin | \$288/SF

Sale

6465 E. Broad St.
East | \$140/SF



Vacancy

Office vacancy increased to 11.8 percent this quarter, as more sublease availability and new speculative vacancy were added to the market. The Gahanna/Airport submarket saw a substantial vacancy increase to 22.28 percent due to AEP, Intermedix and EASi vacating a combined 127,000 square feet there. Vacancy decreased to 7.32 percent in the Polaris submarket as Quest Business Centers, Matrix Engineering and Fusion Alliance occupied space in the area.

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 943,082 square feet— a strong indication that tenants are staying active in the market.

Construction

New development remains steady in the office sector. There is currently 1,413,399 square feet under construction - 200,000 square feet more than at this time last year. The highly anticipated Arlington Gateway project broke ground

this quarter, projected to complete in 2023. Both phases of the CoverMyMeds HQ are underway, with the 220,000-square-foot first phase expected to finalize this summer. Phase II of Gravity is also slated for a 2021 completion and will offer 167,000 square feet of office space.

There was one completion this quarter in Central Ohio. The speculative portion of the Reach on Goodale project was finalized, with preleasing from two tenants. Throughout the coming year, as many as six projects are expected to complete around the city.

Sales

This quarter, 13 office properties totaling 334,000 square feet sold around the Columbus region. The total sales volume reached \$30 million, with an average price per square foot of \$105. Activity is expected to rise, as 178 office properties totaling 3.5 million square feet are currently for sale.

Viking Partners purchased 3100 Easton Square Pl. for \$18.6 million, making it the largest sale of the quarter. Hammes Partners sold 6670 Perimeter Drive to an undisclosed LLC for \$14.5 million, or \$288 per square foot. 6465 E Broad St. was sold by Equity to Demag Property Group for \$2.13 million in an investment sale.

Significant Sales Activity

Address	Size	Buyer	Sales Price
3100 Easton Square Pl.	199,264	Viking Partners	\$18,600,000
6670 Perimeter Drive	50,238	Dublin 6670 APL RKC, LLC	\$14,500,000
6465 E. Broad St.	15,209	Demag Property Group	\$2,130,000
6660 Doubletree Ave.	32,931	The Learning Spectrum	\$1,500,000
6055 Glick Road	4,838	The Oxford School	\$1,250,000
330 E. Wilson Bridge Road	11,565	The Nittala Group	\$1,199,000
106 Stover Drive	12,000	Mediu, Inc.	\$1,090,000
6465 Reflections Drive	13,650	Capital Venture Funding	\$921,500

Significant Lease Activity

Address	Size	Tenant	Type
3948 Townsfair Way	26,336	Thirty One Gifts	New
3 Easton Oval	18,731	Northwest Bank	New
3675 Corporate Drive	18,172	Wide Open West	Renewal
5000 Bradenton Ave.	17,125	Weltman, Weinberg & Reis	New
191 W. Nationwide Blvd.	16,630	KPMG	Renewal
515 E. Main St.	14,205	Anelyn Biosciences	New
445 Hutchinson Ave.	11,075	Maxim Healthcare Services	New
3386 Snouffer Road	10,814	Haugland Group	New

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 YTD	Avg Direct Asking Rate (FSG)
Arlington/Grandview	5,796,531	4.76%	0.31%	6.44%	5.04%	4.95%	(5,157)	(5,157)	254,250	-	\$18.14
CBD	20,406,307	10.39%	0.87%	14.07%	11.26%	11.07%	19,280	19,280	1,024,938	66,000	\$19.44
Dublin	10,071,815	14.00%	0.45%	20.37%	14.31%	13.27%	(104,506)	(104,506)	-	-	\$20.54
East	3,661,971	11.68%	2.82%	16.38%	14.49%	14.61%	4,128	4,128	-	-	\$15.17
Easton	3,310,565	11.18%	5.60%	13.85%	16.78%	14.40%	(78,804)	(78,804)	-	-	\$26.97
Gahanna/Airport	1,502,752	13.11%	9.17%	24.02%	22.28%	12.81%	(142,308)	(142,308)	-	-	\$18.86
Hilliard	2,441,594	4.00%	0.13%	13.37%	4.13%	3.99%	(3,630)	(3,630)	-	-	\$18.18
New Albany	2,426,379	7.66%	0.00%	35.72%	7.66%	5.44%	(54,055)	(54,055)	134,211	-	\$20.81
North Central	1,417,668	12.70%	0.00%	0.62%	12.70%	13.05%	5,000	5,000	-	-	\$14.95
Polaris	4,727,625	7.27%	0.05%	11.72%	7.32%	8.61%	61,161	61,161	-	-	\$20.63
Powell	273,589	13.44%	0.00%	12.82%	13.44%	9.83%	(9,857)	(9,857)	-	-	\$14.95
Southeast	510,564	0.57%	0.00%	0.57%	0.57%	1.64%	5,475	5,475	-	-	\$17.20
Southwest	237,119	12.25%	0.00%	11.05%	12.25%	11.46%	(1,889)	(1,889)	-	-	\$11.95
Westerville	4,887,987	10.44%	2.99%	19.31%	13.06%	13.01%	(2,426)	(2,426)	-	-	\$17.87
Worthington	6,221,601	13.23%	3.47%	18.49%	16.70%	15.99%	(44,098)	(44,098)	-	-	\$17.89
TOTAL	67,894,067	10.32%	1.52%	15.66%	11.80%	11.20%	(351,686)	(351,686)	1,413,399	66,000	\$19.33

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 YTD	Avg Direct Asking Rate (FSG)
A	30,717,896	11.07%	1.79%	18.57%	12.86%	11.98%	(209,630)	(209,630)	1,413,399	66,000	\$21.27
B	23,660,035	10.52%	1.52%	16.09%	11.96%	11.29%	(158,331)	(158,331)	-	-	\$17.54
C	13,516,136	8.30%	0.94%	8.28%	9.13%	9.25%	16,275	16,275	-	-	\$15.38
TOTAL	67,894,067	10.32%	1.52%	15.66%	11.80%	11.20%	(351,686)	(351,686)	1,413,399	66,000	\$19.33



Workplace Trends

Regardless of where you work or who you work for, this past year has brought on many challenges due to COVID-19. Companies have been forced to acclimate to the circumstances that come with living through a pandemic and adjust their wants and needs when looking for office space. Workplace trends to look out for in 2021 include flexible work schedules, technology training, prioritizing health and safety, open concept with moveable furniture and a homelike atmosphere and leisure areas. For more information on the current office market, check out our Office Tenant Report on yourresearchresource.com.

FOR MORE INFORMATION
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