

REGIONAL SUMMARY

In the third quarter, the Columbus office market experienced a second consecutive quarter of positive net absorption, recording 148,800 square feet. Nationwide vacated 315,000 square feet of space at 5525 Parkcenter Circle for their new 152,455-square-foot property at Grandview Yard, but other large move-ins drove absorption positive. Due to high leasing activity, the vacancy rate declined two basis points to 9.37 percent, down from 9.39 percent last quarter. Overall asking rates also saw positive change in the third quarter, as they slightly increased from \$18.75 per square foot to \$18.77 per square foot. These rates are \$0.17 higher than they were in the third quarter of 2017, demonstrating the growing strength of the office sector. According to Kiplinger Forecast, Columbus can anticipate GDP growth over the next 12 months and 2.0 percent job growth in 2019– up from 1.4 percent in 2018. As the economy experiences a boom, consumer spending increased by 3 percent this year and will hold steady into the new year. On a local scale, the unemployment rate in Columbus rose to 4.1 percent, up from 3.5 percent mid-year due to a slight shortage in job opportunity. However, this rate is expected to decline in coming months as Central Ohio continues to attract investors and large firms with its emphasis on development, high quality of life and educated population.

VACANCY »

Due to positive net absorption this quarter, the Columbus vacancy rate declined from 9.39 percent to 9.37 percent. The largest increase occurred in the Dublin submarket, as Nationwide vacated their 315,000-square-foot office space at 5525 Parkcenter Circle, driving the vacancy rate to 12.47 percent. The New Albany submarket saw the largest decrease in vacancy to 5.28 percent, with Homeside Financial occupying 41,018 square feet at 7775 Walton Pkwy.

NET ABSORPTION »

Columbus posted 148,800 square feet of positive absorption this quarter. Compared to last quarter, the Dublin and Polaris submarkets experienced the most significant changes in absorption. After negative absorption last quarter, Polaris finished the third quarter strong with 51,965 square feet positively absorbed, due to Anthem Inc. moving into the Pointe at Polaris and Veeam Software expanding at 8800 Lyra Drive. Dublin recorded 267,194 square feet of negative absorption due to Nationwide moving out to consolidate into their offices in Grandview.

CONSTRUCTION ACTIVITY »

As demand for new, high-tech office space continues to rise, construction numbers in Columbus remain strong. There is currently nearly 1.1 million square feet of development underway throughout the city, with nearly three quarters of that occurring in the CBD. The highly anticipated mixed-use project at 711 N. High St. will complete in the fourth quarter and offer 90,000 square feet of Class A office space.

There were three completions this quarter, totaling 258,711 square feet. Nationwide's 152,455-square foot building at Grandview Yard completed, and their employees have moved in. 900 N. High St. added 45,000 square feet of office space in the Short North, while the Dispatch building boasts 61,256 square feet of newly renovated space on Capitol Square. Six projects are expected to reach completion throughout the rest of 2018.

SALES ACTIVITY »

In the third quarter, nine office buildings totaling 734,688 square feet sold in Central Ohio for a total sales volume of \$100 million, or \$121 per square foot. This sales volume nearly doubles last quarter's of \$54 million, demonstrating the increasing strength of the market.

Cantor Fitzgerald Investors purchased 3075 Loyalty Circle from Georgetown Company for \$47 million, making it the largest sale of the quarter. 8415 and 8425 Pulsar Pl. at Polaris sold for \$17.7 million to Tempus Management. Davidson Kempner bought 500 Olde Worthington Road from Lexington Realty for \$15.4 million, or \$159 per square foot.

ECONOMIC DRIVERS

MARKET INDICATORS	QoQ	YoY
VACANCY		
RENTAL RATES		
NET ABSORPTION		
CONSTRUCTION		
SALES VOLUME		
SALE PRICE		

UPDATE - Lease & Sale Transactions | Construction

LEASE Activity					
PROPERTY ADDRESS	CLASS	LEASE DATE	LEASED SF	TENANT	SUBMARKET
333 Nationwide Blvd.	B	8/21/2018	30,770	Chipotle	CBD
6515 Longshore St.	A	7/24/2018	16,500	Wells Fargo	Dublin
8800 Lyra Drive	A	9/4/2018	13,495	Veeam Software	Polaris
7634-7670 Crosswoods Drive	B	8/9/2018	12,848	University Option Care	Worthington
3651-3731 Ridge Mill Drive	B	7/31/2018	12,015	United Care	Hilliard
80 E Rich St.	A	7/29/2018	11,000	AEP	CBD
600 N Cleveland Ave.	A	-	10,161	Mediware	Westerville
6640 Riverside Drive	A	7/3/2018	8,600	Touch Bionics	Dublin
355 E Campus View Blvd.	B	7/16/2018	8,239	Community Shelter Board	Worthington

SALE Activity								
PROPERTY ADDRESS	SALES DATE	SALE PRICE	SIZE (SF)	BUYER	SELLER	PRICE PSF	TYPE	SUBMARKET
3075 Loyalty Circle	8/31/2018	\$46,950,000.00	241,493	Cantor Fitzgerald Investors	Georgetown Company	\$194	Investment	Easton
8415-8425 Pulsar Pl.	9/7/2018	\$17,700,000.00	192,000	Tempus Management	HPI Real Estate Services	\$92	Investment	Polaris
500 Olde Worthington Road	9/4/2018	\$15,400,000.00	97,000	Davidson Kempner	Lexington Realty	\$159	Investment	Polaris
200 E Campus View Blvd.	8/21/2018	\$11,000,000.00	118,030	HJH Investments	Matthew Cowan Real Estate	\$93	Investment	Worthington
2221 Schrock Road	9/4/2018	\$5,300,000.00	42,290	Davidson Kempner	Lexington Realty	\$125	Investment	Worthington
229 Huber Village Blvd.	8/15/2018	\$1,882,750.00	28,571	City of Westerville	The Woda Group, Inc	\$66	Owner/User	Westerville
3617 Heritage Club Drive	8/17/2018	\$1,140,000.00	7,416	Capitol Equities Realty	Heritage Family Health	\$154	Owner/User	Hilliard
1165 W 3rd Ave.	7/20/2018	\$500,000.00	6,140	YCS Group LLC	Blare Corp Family LP	\$81	Investment	Arlington/Grandview
2955 Donnylane Blvd.	7/11/2018	\$212,000.00	1,748	Snell Properties	Fritz Property Management	\$121	Investment	North Central

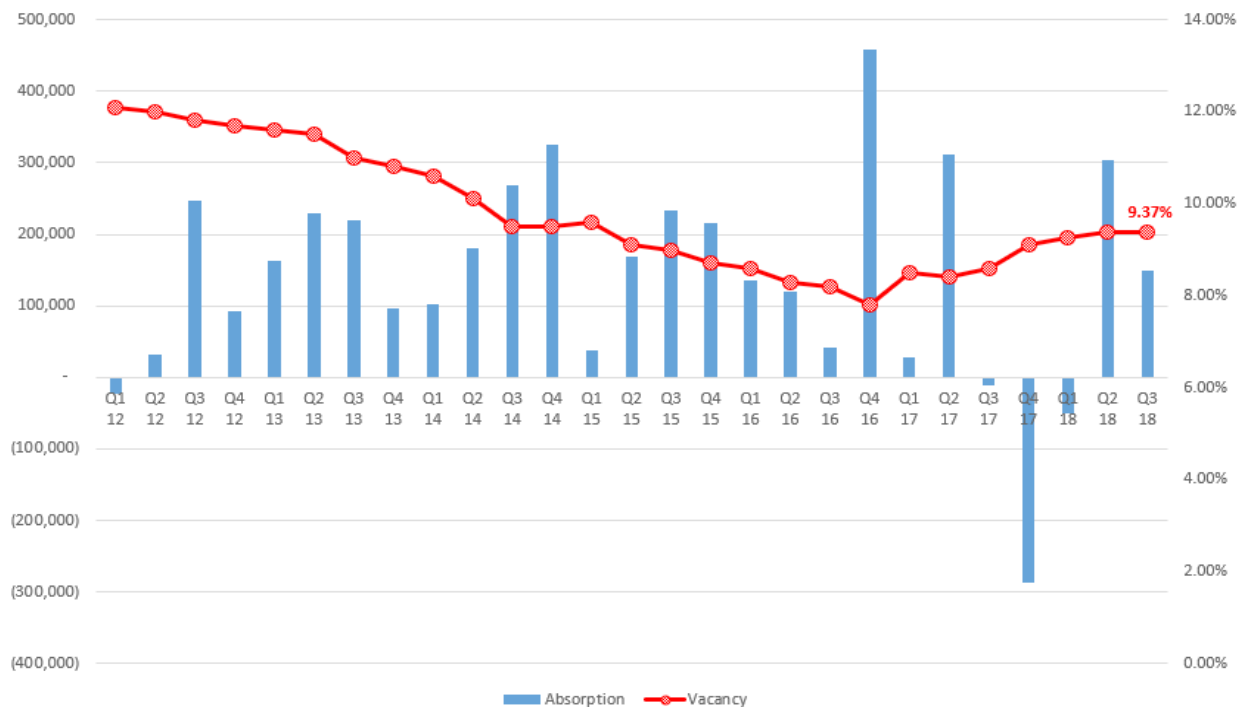
CONSTRUCTION Activity					
PROJECT NAME	ADDRESS	SUBMARKET	CLASS	SF	COMPLETION
109 N. Front St.	109 N. Front St.	CBD	B	190,000	2018
DHL Headquarters	360 Westar Pl.	Westerville	A	145,000	Q4-2019
80 on the Commons	80 E. Rich St.	CBD	A	134,000	Q1-2019
711 N. High St.	711 N. High St.	CBD	A	90,000	Q4-2018
The Hayden	16-20 E. Broad St.	CBD	B	81,000	2019
Arlington Gateway	1325-1359 W. Lane Ave.	Arlington/Grandview	A	80,000	2021
Bridge Park A1 Building	94-100 N. High St.	Dublin	A	80,000	2020
Former City Power Plant renovation	589 W. Nationwide Blvd.	CBD	A	55,000	Q4-2018
500 W. Broad St.	500 W. Broad St.	CBD	A	50,000	Q4-2018
Hubbard and High	800 N. High St.	CBD	A	45,000	2019
Grandview Mercantile	875 N. High St.	CBD	A	45,000	2019
Walton Parkway Phase II	8200 Walton Pkwy.	New Albany	A	42,110	2019
The Castle	965-985 N. High St.	CBD	A	12,000	Q4-2018
Brunner Building	930 N. High St.	CBD	A	10,000	2018

MARKET OVERVIEW

SUBMARKET	ABSORPTION					CONSTRUCTION		ASKING PRICE (FSG)			AVERAGE ASKING RATE
	TOTAL SF	VACANT SF	VACANCY %	CURRENT	YTD	CURRENT	COMPLETED	CLASS A	CLASS B	CLASS C	
Arlington/Grandview	5,627,622	294,206	5.23%	160,872	167,817	80,000	152,455	\$21.58	\$20.54	\$17.49	\$19.51
CBD	19,783,067	1,774,008	8.97%	58,927	(31,008)	736,000	106,256	\$19.66	\$18.09	\$15.65	\$18.76
Dublin	9,625,057	1,200,485	12.47%	(267,194)	(356,849)	80,000	-	\$22.10	\$18.02	\$14.40	\$20.92
East	3,929,477	446,137	11.35%	(3,810)	7,653	-	-	-	\$15.87	\$12.71	\$15.56
Easton	3,111,095	474,382	15.25%	6,282	22,191	-	-	\$24.13	-	-	\$24.13
Gahanna/Airport	1,235,246	45,954	3.72%	9,435	33,651	-	-	\$20.25	\$20.34	-	\$20.30
Hilliard	2,460,083	78,541	3.19%	17,259	38,646	-	-	\$21.00	\$19.12	\$13.64	\$19.31
New Albany	2,384,269	125,773	5.28%	44,029	118,674	42,110	-	\$21.07	-	-	\$21.07
North Central	1,147,668	175,705	15.31%	4,890	16,565	-	-	-	\$18.00	\$14.74	\$15.25
Polaris	4,582,267	273,352	5.97%	51,965	(45,570)	-	-	\$21.04	\$17.15	-	\$20.80
Powell	273,589	15,198	5.56%	2,396	(523)	-	-	-	\$16.33	-	\$16.33
Southeast	434,658	44,773	10.30%	993	(6,903)	-	-	-	\$15.00	-	\$15.00
Southwest	237,119	25,013	10.55%	-	(2,500)	-	-	-	\$12.00	\$11.70	\$11.85
Westerville	4,742,987	386,623	8.15%	32,101	346,417	145,000	-	\$21.30	\$16.40	\$14.91	\$16.98
Worthington	6,221,601	806,935	12.97%	30,655	94,061	-	-	\$19.58	\$17.71	\$13.36	\$17.00
Suburban Total	46,012,738	4,393,077	9.55%	89,873	433,330	347,110	152,455	\$21.60	\$17.47	\$14.68	\$18.78
Grand Total	65,795,805	6,167,085	9.37%	148,800	402,322	1,083,110	258,711	\$20.82	\$17.60	\$14.95	\$18.77

PROPERTY TYPE	ABSORPTION					CONSTRUCTION		ASKING PRICE (FSG)	
	TOTAL SF	VACANT SF	VACANCY %	CURRENT	YTD	CURRENT	COMPLETED	BY PRODUCT TYPE	
A	28,793,540	2,949,403	10.24%	34,563	(113,078)	738,110	152,455	\$20.82	
B	23,486,129	2,076,388	8.84%	71,578	542,700	345,000	45,000	\$17.60	
C	13,516,136	1,141,294	8.44%	42,659	(27,300)	-	61,256	\$14.95	
Grand Total	65,795,805	6,167,085	9.37%	148,800	402,322	1,083,110	258,711	\$18.77	

ABSORPTION & VACANCY RATES



HISTORIC ARLINGTON GATEWAY

After months of discussion and planning, the Arlington Gateway project was finally approved by the City of Upper Arlington this quarter. The development has been a contentious subject, due to its large scale and height of 11 stories—the tallest building in the city’s history. Ultimately it was approved, as Upper Arlington councilwoman Michele Hoyle told Business First that as far as economic development, this project “is too big to jeopardize.” The finalized plan consists of over 130,000 square feet of Class A office, 218 multifamily units, 28,000 square feet of retail and a parking garage with 843 spaces. When completed in 2021, a large financial firm is rumored to occupy half of the office space with 250 employees. This development will be significant, creating 570 new jobs and bringing in \$1.2 million of tax income.

Source: Columbus Business First, CoStar



Colliers | Columbus Statistics

Leased and Sold More than
\$388+ Million in Volume

Managed over
21 Million Square Feet

Completed More than
370 Transactions

115+ Professionals
working toward Accelerating Your
Success

Leased and Sold More than
22 Million Square Feet

All statistics are for 2017.

FOR MORE INFORMATION

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