

## REGIONAL SUMMARY

The Columbus office market started the year strong, recording 64,036 square feet of positive net absorption\*. This marks the fourth consecutive quarter of positive absorption numbers, demonstrating the increasing growth of the office sector. The vacancy rate decreased four basis points to 9.51 percent, as many tenants occupied space throughout the city. Overall asking rates held steady from last quarter, down only \$0.03 to \$18.70 per square foot. However, rates for Class A properties rose to \$20.89 per square foot, with the largest upticks occurring in the Easton and Worthington submarkets. According to The Kiplinger Forecast, first quarter GDP growth in the U.S. was weak due to January's government shutdown, but is expected to pick up to 2.5 percent in the second quarter. Consumer spending is also expected to grow in the new year, at a rate of 2.8 percent. On a local scale, the unemployment rate in Columbus rose from 3.7 percent to 4.2 percent this quarter, due to a tight labor market. This rate is expected to remain around 4 percent, as the city is considered at "full employment" in relation to the rest of the U.S. With an abundance of young talent, a strategic location for international business and a strong emphasis on new development, Columbus can anticipate continued interest from large firms and investors throughout 2019.

\*net absorption is calculated based on commencement date

### VACANCY »

In the first quarter, the Columbus vacancy rate slightly decreased from 9.55 percent to 9.51 percent due to consistent leasing activity. The Dublin submarket saw the largest increase in vacancy to 12.36 percent, as PCCW vacated space at 5200 Rings Road. The largest decrease occurred in the Arlington/Grandview submarket with Horizon Telecom and Tyler Technologies leasing new space there and Dynamix expanding their offices at 855 Grandview Ave.

### 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 528,026 square feet— a strong indication that tenants are continuing to stay active in the market place.

### CONSTRUCTION ACTIVITY »

Construction numbers in Columbus remain steady as demand for new office space rises. There is currently 1,008,879 square feet of office development underway, with a majority being mixed-use. The CBD continues to lead activity with 513,000 square feet under construction, including the new White Castle HQ and 711 N. High St.

There were two completions during the first quarter, totaling 24,000 square feet. The Castle mixed-use project added 12,000 square feet of Class A office space to the market and is now home to SWS Partners. The Brunner Building at 930 N. High St. also completed this quarter, providing 12,000 square feet of office space in the Short North. Throughout the rest of the year, as many as nine projects are expected to complete around the city.

### SALES ACTIVITY »

This quarter, 11 office buildings totaling 386,371 square feet sold in Central Ohio for a total sales volume of \$17.6 million, or an average of \$125 per square foot. Despite a lower sales volume than last quarter, the office sector can anticipate increased investment in the area in coming months.

Sperry Commercial purchased 485 Metro Pl. S for \$7 million, or \$72 per square foot, as part of a portfolio— the largest sale of the quarter. Shanghai Enterprises sold 1640 W. Lane Ave. to Crawford Hoying for \$3.8 million. 5797 Beechcroft Road was purchased by Beechcroft Medical, LLC in an investment deal for \$1.98 million, or \$146 per square foot.

## ECONOMIC DRIVERS

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

## UPDATE - Lease & Sale Transactions | Construction

### LEASE Activity

PROPERTY ADDRESS	CLASS	LEASE DATE	LEASED SF	TENANT	SUBMARKET
3100 Easton Square Pl.	B	2/22/2019	103,971	Trinity Healthcare	Easton
3435 Stelzer Road	A	2/1/2019	77,679	Sarepta Therapeutics	Easton
226 N. 5th St.	A	3/15/2019	26,158	Beam Technologies	CBD
80 E. Rich St.	A	-	18,815	BBI Logistics	CBD
950 Goodale Blvd.	A	1/15/2019	16,841	Carlile, Patchen & Murphy	Arlington/Grandview
8425 Pulsar Pl.	A	2/12/2019	15,412	Orbis Education	Polaris
2400 Corporate Exchange Drive	B	2/27/2019	10,650	ACR Consulting Services	Westerville
5200 Upper Metro Pl.	A	1/18/2019	9,947	The Computer Workshop	Dublin
1 Easton Oval	A	-	8,700	Libbey Glass Inc.	Easton
1 Easton Oval	A	-	8,650	Northwest Bank	Easton
485 Metro Pl. S	A	2/25/2019	7,547	Virginia Homes	Dublin
1105 Schrock Road	A	3/5/2019	7,372	Conversion Path	Worthington

### SALE Activity

PROPERTY ADDRESS	SALES DATE	SALE PRICE	SIZE (SF)	BUYER	SELLER	PRICE PSF	TYPE	SUBMARKET
485 Metro Pl. S (part of portfolio)	3/18/2019	\$7,000,000	96,876	Sperry Commerical	SVN Equities, LLC	\$72	Investment	Dublin
1640 W. Lane Ave.	3/14/2019	\$3,800,000	10,200	Crawford Hoying	Shanghai Enterprises	\$373	Investment	Arlington/Grandview
5797 Beechcroft Road	3/21/2019	\$1,975,000	13,490	Beechcroft Medical, LLC	Liberty Property Trust	\$146	Investment	Westerville
5677 Scioto Darby Road	1/30/2019	\$1,050,000	13,733	Islamic Society of Columbus	Heritage Medical, LLC	\$76	Owner/User	Hilliard
635 Brooksedge Blvd.	2/8/2019	\$925,000	25,895	SMD Real Estate, LLC	M E Realty Ltd.	\$36	Owner/User	Westerville
6135 Memorial Drive	1/18/2019	\$873,000	10,900	Meeder Funds	Muirfield Partners Ltd.	\$80	Owner/User	Dublin
6772 New Albany Condit Road	1/9/2019	\$800,000	3,508	Matthew L. Karres	Kevin & Heather Sorenson	\$228	Owner/User	New Albany
1520 Old Henderson Road	1/14/2019	\$625,000	18,488	International Friendships Inc.	Breathing Association	\$34	Owner/User	North Central
171 Charring Cross Drive S	2/21/2019	\$550,000	7,275	SE Properties No. 1, LLC	CRW Investment Co. Ltd.	\$76	Investment	Westerville

### CONSTRUCTION Activity

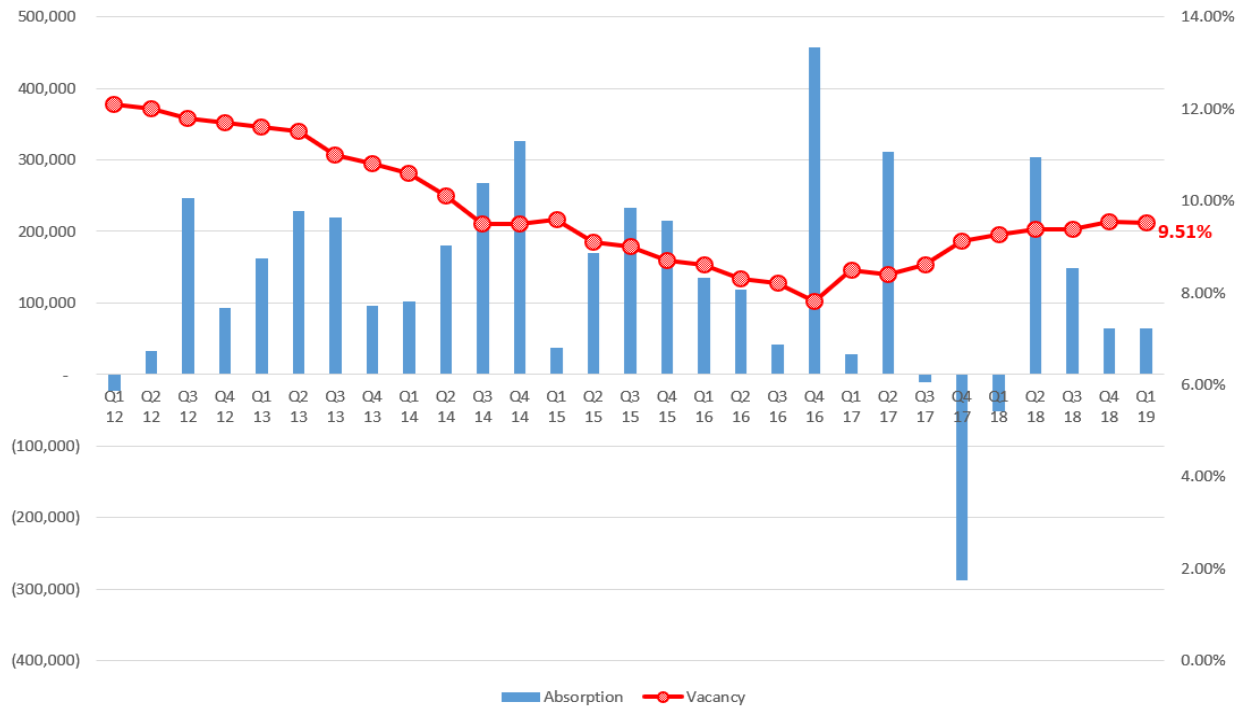
PROJECT NAME	ADDRESS	SUBMARKET	CLASS	OFFICE SF	COMPLETION
DHL HQ	360 Westar Pl.	Westerville	A	145,000	Q4-2019
Arlington Gateway	1325-1359 W. Lane Ave.	Arlington/Grandview	A	130,000	2020
White Castle HQ	555 Goodale Blvd.	CBD	A	105,000	2019
Easton expansion	4131 Worth Ave.	Easton	A	98,769	2019
711 N. High St.	711 N. High St.	CBD	A	90,000	Q2 2019
The Hayden	16-20 E. Broad St.	CBD	B	81,000	Q2 2019
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	77,000	2019
The Reach on Goodale	555 Goodale Blvd.	CBD	A	70,000	2020
Hubbard and High	800 N. High St.	CBD	A	45,000	2019
Grandview Mercantile	875 N. High St.	CBD	A	45,000	2019
Walton Pkwy Phase II	8200 Walton Pkwy.	New Albany	A	42,110	2019

# 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	5,743,042	260,223	4.53%	33,168	33,168	130,000	-	\$21.80	\$19.90	\$17.76	\$18.99
CBD	19,991,067	1,921,547	9.61%	41,946	41,946	513,000	24,000	\$19.87	\$18.37	\$15.14	\$18.93
Dublin	9,625,057	1,190,107	12.36%	(69,099)	(69,099)	80,000	-	\$22.20	\$17.98	\$14.47	\$20.54
East	3,929,477	457,013	11.63%	20,380	20,380	-	-	-	\$16.28	\$12.98	\$15.96
Easton	3,111,095	469,711	15.10%	-	-	98,769	-	\$24.65	-	-	\$24.65
Gahanna/Airport	1,235,246	44,968	3.64%	9,558	9,558	-	-	\$20.57	\$19.99	-	\$20.25
Hilliard	2,460,083	68,930	2.80%	-	-	-	-	\$21.33	\$19.25	\$13.98	\$18.04
New Albany	2,384,269	69,291	2.91%	(7,995)	(7,995)	42,110	-	\$21.16	-	-	\$21.16
North Central	1,147,668	177,852	15.50%	-	-	-	-	-	\$18.00	\$14.75	\$15.26
Polaris	4,582,267	356,801	7.79%	12,648	12,648	-	-	\$21.10	\$17.92	-	\$20.97
Powell	273,589	31,403	11.48%	(7,037)	(7,037)	-	-	-	\$16.09	-	\$16.09
Southeast	434,658	52,223	12.01%	-	-	-	-	-	\$15.00	-	\$15.00
Southwest	237,119	25,013	10.55%	-	-	-	-	-	\$12.00	\$11.70	\$11.83
Westerville	4,742,987	410,040	8.65%	(19,747)	(19,747)	145,000	-	\$21.30	\$16.50	\$14.86	\$17.18
Worthington	6,221,601	753,192	12.11%	50,214	50,214	-	-	\$20.13	\$17.57	\$13.26	\$16.93
<b>Suburban Total</b>	<b>46,128,158</b>	<b>4,366,767</b>	<b>9.47%</b>	<b>22,090</b>	<b>22,090</b>	<b>495,879</b>	<b>24,000</b>	<b>\$21.77</b>	<b>\$17.36</b>	<b>\$14.68</b>	<b>\$18.57</b>
<b>Grand Total</b>	<b>66,119,225</b>	<b>6,288,314</b>	<b>9.51%</b>	<b>64,036</b>	<b>64,036</b>	<b>1,008,879</b>	<b>24,000</b>	<b>\$20.89</b>	<b>\$17.65</b>	<b>\$14.80</b>	<b>\$18.70</b>

PROPERTY TYPE	ABSORPTION					CONSTRUCTION		ASKING PRICE (FSG)	
	TOTAL SF	VACANT SF	VACANCY %	CURRENT	YTD	CURRENT	COMPLETED	BY PRODUCT TYPE	
A	29,042,960	2,930,290	10.09%	60,160	60,160	927,879	-	\$20.89	
B	23,560,129	2,231,822	9.47%	(51,822)	(51,822)	81,000	24,000	\$17.65	
C	13,516,136	1,126,202	8.33%	55,698	55,698	-	-	\$14.80	
<b>Grand Total</b>	<b>66,119,225</b>	<b>6,288,314</b>	<b>9.51%</b>	<b>64,036</b>	<b>64,036</b>	<b>1,008,879</b>	<b>24,000</b>	<b>\$18.70</b>	

## ABSORPTION & VACANCY RATES



## HOSPITALITY AND COWORKING

Coworking remains a growing trend in the office sector, and Columbus is even ranked second in the Midwest in total amount of coworking space. With a saturated market and many options to choose from, hospitality is one way coworking spaces are differentiating themselves. Striving to make business as convenient and enjoyable as possible for guests, coworking spaces such as Serendipity Labs are adding elements of a hotel experience to their spaces. Many coworking offices offer cafe areas reflecting the feel of a hotel lobby and front desk receptionists providing information and assistance similar to a concierge. Serendipity Labs Director of Business Development, Jessica Somerville, describes the experience of members as “more about how you feel and less about what we can sell you.” This focus sets coworking spaces apart from the crowd, and will continue to influence the office market in the new year.

Source: Columbus Underground, Columbus Dispatch, Serendipity Labs



### Colliers | Columbus Statistics

Leased and Sold More than  
**\$564+ Million in Volume**

Managed over  
**17.3 Million Square Feet**

Completed More than  
**400 Transactions**

**110+ Professionals**  
working toward Accelerating Your  
Success

Leased and Sold More than  
**23.8 Million Square Feet**

*All statistics are for 2018.*

#### FOR MORE INFORMATION

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