

## REGIONAL SUMMARY

For the first time in four quarters, the Columbus office market saw positive net absorption, posting 304,180 square feet positively absorbed. This also translates to positive year-to-date net absorption of 253,522 square feet, signaling the market's recovery after experiencing a lowpoint in the real estate cycle. Overall asking rates held steady from last quarter, decreasing slightly by \$0.01 to \$18.75 per square foot. Class B and C properties saw the largest increase in asking rates, both rising more than \$0.10 to \$17.65 and \$15.05 per square foot, respectively. Kiplinger Forecast predicts that, due to increased spending and business investment, GDP will rise 2.9 percent throughout the rest of the year— up from 2.3 percent in 2017. Consumers are projected to up their spending by more than 3 percent in 2018, as the economy continues to boom. On a local scale, Columbus has shown significant strength, with the unemployment rate dropping from 4.0 percent to 3.5 percent this quarter. Central Ohio continues to attract investors, large firms and professionals to the area due to its job opportunities, ongoing development and strategic location.

### VACANCY »

The vacancy rate increased slightly to 9.39 percent this quarter, which can be attributed to added build-to-suit inventory and a few large move outs. This rate is expected to decline in coming months, as leasing activity picks up and the office market recovers from a lowpoint. The Arlington/Grandview submarket saw a notable vacancy decrease due to two tenants leasing space at Grandview Yard. The Polaris submarket posted the largest jump in vacancy due to Huntington vacating space at 550 Polaris Parkway.

### NET ABSORPTION »

This quarter Columbus saw 304,180 square feet positively absorbed after nearly a year of negative absorption. Large gains occurred in the Westerville and Worthington submarkets. Big Lots occupied their new 333,000-square-foot building at 4900 E. Dublin Granville Road, Farmers Insurance expanded their space at 2500 Farmers Drive and MarketLab Research moved in at 7634 Crosswoods Drive.

### CONSTRUCTION ACTIVITY »

Construction numbers remain strong as demand for new, innovative office space grows. There is 1,006,157 square feet of development under construction, with over half of that currently underway in the CBD. When completed, 80 on the Commons at 80 E. Rich St. will boast 134,000 square feet of office space and 711 N. High St. will offer 90,000 square feet.









The new Big Lots HQ recently completed for 333,000 square feet, and was the only completion in the Columbus market this quarter. Eight projects are projected to reach completion throughout the rest of 2018, including the mixed-use development at 900 N. High St.

### SALES ACTIVITY »

Nine office buildings totaling 679,368 square feet sold this quarter for a total sales volume of \$54 million, or an average of \$90 per square foot. This year's total sales volume of \$122 million has already overtaken last year's, due to a huge boom in investor spending that will continue to increase.

The largest sale of the quarter was ValStone Partners' purchase of 21 E. State St. for \$23 million. 2400 and 2500 Farmers Drive sold to IMC Real Estate for a total of \$22.2 million and 229,269 square feet. Robert Weiler Co. sold the Havens Corner Portfolio in Gahanna for \$3.1 million, or \$185 per square foot. Alterra Real Estate Advisors invested in the 46,566-square-foot building at 4051 W. Dublin Granville Road for \$2.3 million.

## 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
80 E. Rich St.	A	5/24/2018	65,000	Root Insurance	CBD
2500 Farmers Drive	B	-	36,500	Farmers Insurance	North Central
5555 Parkcenter Circle	A	4/13/2018	30,167	Veeva Systems, Inc	Dublin
7634-7646 Crosswoods Drive	A	4/2/2018	11,382	MarketLab Research, Inc	Worthington
6525 W. Campus Oval	A	-	10,966	MacMurray & Schuester LLP	New Albany
1341 Cherry Way Drive	B	4/10/2018	9,903	KA of Gahanna, Inc	Gahanna/Airport
2600 Corporate Exchange Drive	B	4/30/2018	8,487	Cass Information Systems	Westerville
1050 Kingsmill Road	B	5/1/2018	8,424	Polaris Wellness Recovery Center	Worthington
4960-5000 Blazer Parkway	B	5/3/2018	8,211	TZ Insurance Solutions, LLC	Dublin

### SALE Activity

PROPERTY ADDRESS	SALES DATE	SALE PRICE	SIZE (SF)	BUYER	SELLER	PRICE PSF	TYPE	SUBMARKET
21 E. State St.	5/15/2018	\$23,000,000.00	326,000	ValStone Partners	TIER REIT	\$71	Investment	CBD
2400 Farmers Drive	4/15/2018	\$11,100,000.00	132,168	IMC Real Estate	Farmers Insurance Group	\$84	Investment	North Central
2500 Farmers Drive	4/15/2018	\$11,100,000.00	97,101	IMC Real Estate	Farmers Insurance Group	\$115	Investment	North Central
Havens Corner Portfolio	5/2/2018	\$3,100,000.00	16,732	Havens Corner Property LLC	Robert Weiler Co	\$185	Investment	Gahanna/Airport
4051 W. Dublin Granville Road	5/1/2018	\$2,275,000.00	46,566	Alterra Real Estate Advisors	LNR Partners LLC	\$49	Investment	Dublin
250 E. Town St.	5/24/2018	\$1,400,000.00	30,000	Connect Realty	Franklin University	\$47	-	CBD
6350 Frantz Road	5/31/2018	\$1,075,000.00	19,969	Manmohan Grewal	Kemp, Schaeffer & Rowe Co.	\$54	Investment	Dublin
5940 Venture Drive	4/17/2018	\$575,000.00	5,416	Waldron Investments LLC	Mana Capital LLC	\$106	Investment	Dublin
5860 Venture Drive	4/12/2018	\$525,000.00	5,416	5860 Venture Drive LLC	VPC One, LLC and VPC Two, LLC	\$97	Investment	Dublin

### CONSTRUCTION Activity

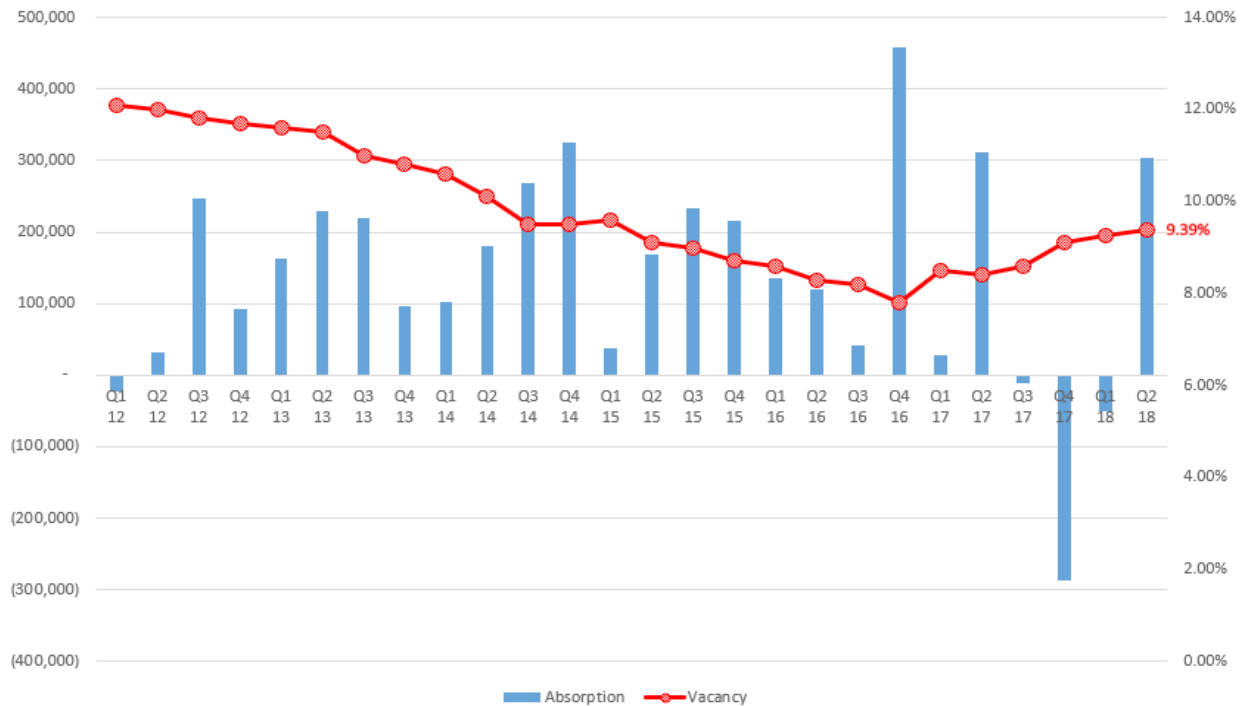
PROJECT NAME	ADDRESS	SUBMARKET	CLASS	SF	COMPLETION
109 N. Front St.	109 N. Front St.	CBD	B	190,000	2018
Grandview Yard Building 1	1010 Yard St.	Arlington/Grandview	A	152,455	2019
80 on the Commons	80 E. Rich St.	CBD	A	134,000	Q1-2019
711 N. High St.	711 N. High St.	CBD	A	90,000	Q4-2018
The Hayden	16-20 E. Broad St.	CBD	B	81,000	2019
Arlington Gateway	1325-1359 W. Lane Ave.	Arlington/Grandview	A	80,000	2019
Bridge Park A1 Building	94-100 N. High St.	Dublin	A	80,000	2020
Dispatch Building renovation	34 S. High St.	CBD	C	56,100	Q3-2018
Former City Power Plant renovation	589 W. Nationwide Blvd.	CBD	A	55,000	Q3-2018
500 W. Broad St.	500 W. Broad St.	CBD	A	50,000	Q3-2018
900 N. High St.	900 N. High St.	CBD	B	15,602	2018
The Castle	965-985 N. High St.	North Central	A	12,000	Q3-2018
Brunner Building	930 N. High St.	North Central	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	5,475,167	294,161	5.37%	72,127	6,945	232,455	-	\$21.60	\$20.14	\$17.36	\$19.14
CBD	19,707,067	1,823,604	9.25%	(59,669)	(89,935)	621,702	-	\$19.59	\$18.56	\$15.98	\$18.79
Dublin	9,625,057	932,389	9.69%	(38,480)	(89,655)	80,000	-	\$22.16	\$18.01	\$14.40	\$20.69
East	3,929,477	442,327	11.26%	(22,976)	11,463	-	-	-	\$15.87	\$12.46	\$15.58
Easton	3,111,095	480,664	15.45%	4,648	15,909	-	-	\$24.46	\$24.00	-	\$24.39
Gahanna/Airport	1,235,246	54,396	4.40%	(9,925)	24,216	-	-	\$20.19	\$20.24	-	\$20.21
Hilliard	2,460,083	95,800	3.89%	27,612	21,387	50,000	-	\$21.14	\$19.13	\$13.35	\$19.38
New Albany	2,384,269	169,802	7.12%	16,883	74,645	-	-	\$21.28	-	-	\$21.28
North Central	1,147,668	180,595	15.74%	14,025	11,675	22,000	-	-	\$19.00	\$14.84	\$17.65
Polaris	4,582,267	321,995	7.03%	(78,817)	(97,535)	-	-	\$21.04	\$17.40	-	\$20.94
Powell	273,589	17,594	6.43%	2,400	(2,919)	-	-	-	\$16.69	-	\$16.69
Southeast	434,658	45,766	10.53%	(9,596)	(7,896)	-	-	-	\$15.00	-	\$15.00
Southwest	237,119	25,013	10.55%	-	(2,500)	-	-	-	\$12.00	\$11.70	\$11.85
Westerville	4,742,987	427,437	9.01%	330,794	314,316	-	333,000	\$21.30	\$16.07	\$14.71	\$16.70
Worthington	6,221,601	847,169	13.62%	55,154	63,406	-	-	\$19.64	\$17.73	\$13.23	\$16.96
<b>Suburban Total</b>	<b>45,860,283</b>	<b>4,335,108</b>	<b>9.45%</b>	<b>363,849</b>	<b>343,457</b>	<b>384,455</b>	<b>333,000</b>	<b>\$21.59</b>	<b>\$17.38</b>	<b>\$14.60</b>	<b>\$18.73</b>
<b>Grand Total</b>	<b>65,567,350</b>	<b>6,158,712</b>	<b>9.39%</b>	<b>304,180</b>	<b>253,522</b>	<b>1,006,157</b>	<b>333,000</b>	<b>\$20.81</b>	<b>\$17.65</b>	<b>\$15.05</b>	<b>\$18.75</b>

PROPERTY TYPE	ABSORPTION					CONSTRUCTION		ASKING PRICE (FSG)	
	TOTAL SF	VACANT SF	VACANCY %	CURRENT	YTD	CURRENT	COMPLETED	BY PRODUCT TYPE	
A	28,580,701	2,857,320	10.00%	(113,275)	(147,641)	591,455	-	\$20.81	
B	23,501,513	2,132,410	9.07%	448,180	471,122	358,602	333,000	\$17.65	
C	13,485,136	1,168,982	8.67%	(30,725)	(69,959)	56,100	-	\$15.05	
<b>Grand Total</b>	<b>65,567,350</b>	<b>6,158,712</b>	<b>9.39%</b>	<b>304,180</b>	<b>253,522</b>	<b>1,006,157</b>	<b>333,000</b>	<b>\$18.75</b>	

## ABSORPTION & VACANCY RATES



## THE RISE OF MIXED-USE RENOVATION

In recent years, there has been a surge in the renovation of existing buildings to become mixed-use developments. The best example in Columbus is the recent renovation of the LeVeque Tower. Before it was purchased in 2011, the building was almost entirely office space. Now, it is comprised of office, retail, multifamily, and a boutique hotel. Once LeVeque converted, vacancy dropped from 43 percent to 24 percent and rates jumped from \$14 to \$26, proving the development's success. This trend can also be seen in other mid-size metros. The @580 Project in Cincinnati went from from all office space to a mix of office, retail and 180 apartment units. The Book Tower in Detroit converted from a vacant 1.2 million-square-foot building to a combination of a luxury hotel, apartments, office and retail. As demand for mixed-use space continues to rise, city centers will continue to renovate existing high-rises to stay relevant.



### 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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