

REGIONAL SUMMARY

The Columbus office market saw a third consecutive quarter of negative absorption at the start of 2018, recording 50,658 square feet negatively absorbed. Although negative, this quarter's absorption is higher than last quarter's of negative 320,644 square feet absorbed. This signals that the office market is recovering from a low point and abiding by the natural ups and downs of the real estate cycle. There was some positive growth in the market, as overall asking rates increased to \$18.76 per square foot compared to last quarter at \$18.66. Class C properties experienced the largest growth in rates, increasing by over a dollar to \$14.78 per square foot. According to Kiplinger Forecast, GDP is projected to rise to 3 percent this year, up from 2017's pace of 2.3 percent. Business spending also remains healthy, as numbers are expected to increase by 7 percent in 2018. The Columbus unemployment rate of 4 percent remains lower than the national rate which shows the strength of the market. Central Ohio continues to thrive because of its proximity to other metros, skilled workforce, low cost of living, and emphasis on development.

VACANCY >>

This quarter the vacancy rate for the office market saw a slight increase to 9.26 percent due to negative net absorption. Large changes in vacancy occurred in the Arlington/Grandview and Gahanna/Airport submarkets, to 6.48 percent and 3.6 percent, respectively. These jumps are a result of Nisource vacating their building at 1600 Dublin Road and AEP leasing 28,341 square feet at 825 Tech Center Drive.

NET ABSORPTION >>

Columbus recorded 50,658 square feet of negative absorption this quarter. Dublin and Arlington/Grandview experienced the largest decrease from last quarter when both submarkets showed positive numbers. Dublin posted negative 51,175 square feet and Arlington/Grandview saw negative 65,182 square feet of absorption, as tenants there moved out or downsized space.

CONSTRUCTION ACTIVITY >>

As demand for office space rises, Columbus continues to add construction projects to the pipeline. Currently there is 1,339,157 square feet of development in the works, and a majority is mixed-use. The CBD leads construction activity with 621,702 square feet underway, including 80 on the Commons at 80 E. Rich St. which will offer 134,000 square feet of office space.













Three completions were recorded this quarter. Heartland Bank's new headquarters completed at 402 N. Hamilton Road, Walton Parkway Phase 1 was finished in New Albany, and a Dublin medical office property completed at 5693-5697 Innovation Drive.

SALES ACTIVITY >>

Eleven office buildings comprising of 694,084 square feet sold this quarter for a total sales volume of \$67.7 million and an average of \$113 per square foot. There was a boom in sales activity compared to last year, where the final quarter's sales volume was only \$27.6 million. This can be attributed to an increase in business spending that will continue throughout the rest of 2018.

HM Investment Partners LLC purchased 5500 New Albany Road from Lexington Realty for \$20 million, making it the largest sale of the quarter. 274 E. 1st Ave. was purchased by Wood Stone Columbus First Ave LLC for \$12.2 million, or \$91 per square foot. Priam Ventures invested in the 101,894-square-foot office building at 425 Metro Place N for \$7.9 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
630 Morrison Road	B	2/15/2018	56,000	EASI	New Albany
6005 Nacot Place	B	-	53,000	Aetna	New Albany
41 S. High St.	A	2/15/2018	47,000	Confidential	CBD
825 Tech Center Drive	A	-	28,341	AEP	Gahanna/Airport
6640 Riverside Drive	B	2/7/2018	22,000	Kappa Kappa Gamma	Dublin
8101 High St.	A	2/14/2018	14,556	IBI Group	Worthington
2600 Corporate Exchange Drive	A	3/14/2018	12,377	Confidential	Westerville
771 Brookside Plaza Drive	B	-	10,722	Confidential	Westerville
41 S. High St.	A	2/15/2018	8,500	AVER	CBD
4449 Easton Way	A	-	8,000	Black and Veatch	Easton
545 Metro Place S	A	1/1/2018	7,969	EMC	Dublin

SALE Activity

PROPERTY ADDRESS	SALES DATE	SALE PRICE	SIZE (SF)	BUYER	SELLER	PRICE PSF	TYPE	SUBMARKET
5500 New Albany Road	3/15/2018	\$20,000,000	105,000	HM Investment Partners LLC	Lexington Realty	\$190	Owner User	Westerville
274 E. 1st Ave.	1/18/2018	\$12,150,000	133,053	Wood Stone Columbus First Ave LLC	ParkstoneCPIIIHOLDCO LLC	\$91	Investment	North Central
425 Metro Place N	3/15/2018	\$7,986,785	101,894	Priam Ventures	Equity Office	\$78	Investment	Dublin
6805 Perimeter Drive	1/19/2018	\$6,530,000	112,877	DPC3 LP	Wells Fargo Bank NA, Trustee	\$58	Investment	Dublin
750 Mount Carmel Mall	1/15/2018	\$4,500,000	102,619	Uprising Capital	Welltower	\$44	Investment	CBD
5555 Perimeter Drive	1/15/2018	\$4,000,000	19,648	City of Dublin	Delta Energy	\$204	Owner User	Dublin
1313 Olentangy River Road	2/15/2018	\$3,200,000	22,466	Ehab Eskander	Orthopedic & Neurological Associates	\$142	Investment	Arlington/Grandview
250 W. Bridge St.	1/15/2018	\$2,900,000	15,243	OhioHealth	David R Monfort	\$190	Owner User	Dublin

CONSTRUCTION Activity

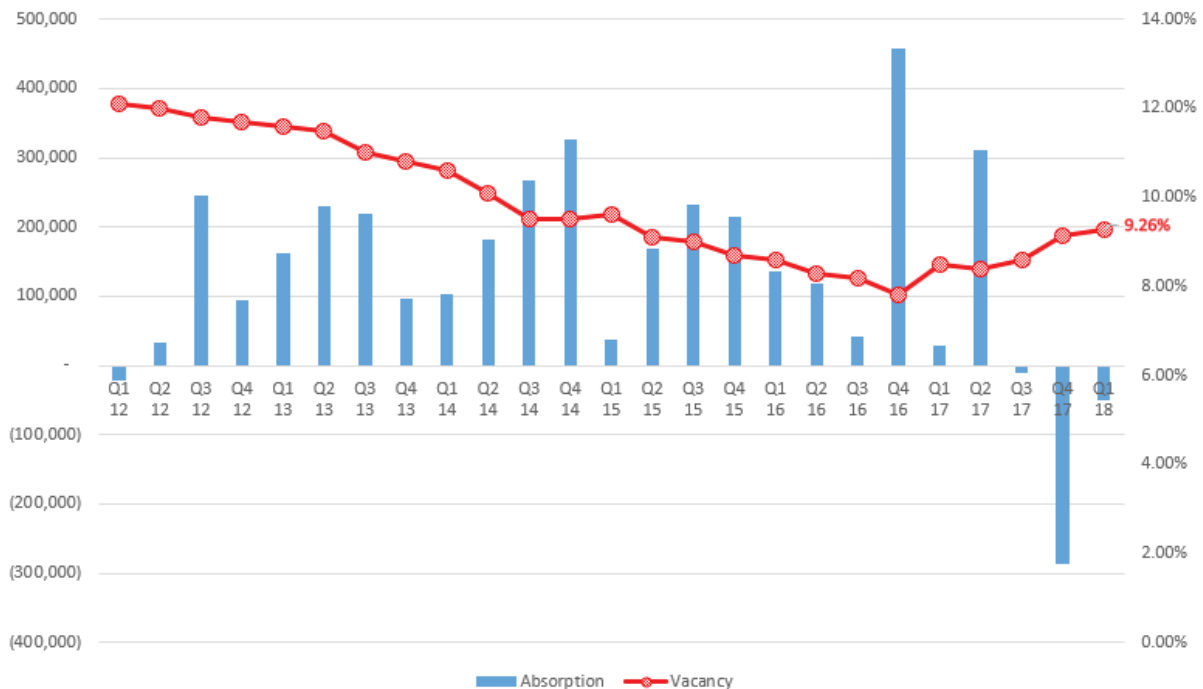
PROJECT NAME	ADDRESS	SUBMARKET	CLASS	SF	COMPLETION
Big Lots HQ	4900 E Dublin Granville Road	Westerville	B	333,000	Q4-2018
109 N. Front St.	109 N. Front St.	CBD	B	190,000	2018
Grandview Yard Building 1	1010 Yard St.	Arlington/Grandview	A	152,455	2019
80 on the Commons	80 E. Rich St.	CBD	A	134,000	Q1-2019
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	Q2-2018
Former City Power Plant renovation	589 W. Nationwide Blvd.	CBD	A	55,000	Q2-2018
500 W. Broad St.	500 W. Broad St.	CBD	A	50,000	Q2-2018
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	2018
Brunner Building	930 N. High St.	North Central	A	10,000	2018

MARKET OVERVIEW

SUBMARKET	ABSORPTION					CONSTRUCTION		ASKING PRICE (FSG)			
	TOTAL SF	VACANT SF	VACANCY %	CURRENT	YTD	CURRENT	COMPLETED	CLASS A	CLASS B	CLASS C	AVERAGE ASKING RATE
Arlington/Grandview	5,475,167	354,897	6.48%	(65,182)	(65,182)	232,455	-	\$21.68	\$20.01	\$17.35	\$18.99
CBD	19,707,067	1,734,735	8.80%	(30,266)	(30,266)	621,702	-	\$19.62	\$18.28	\$15.12	\$18.68
Dublin	9,625,057	980,341	10.19%	(51,175)	(51,175)	80,000	10,000	\$22.21	\$17.86	\$14.12	\$20.90
East	3,929,477	419,351	10.67%	34,439	34,439		60,000	-	\$16.29	\$12.36	\$15.93
Easton	3,351,095	480,370	14.33%	11,261	11,261		-	\$24.46	\$22.40	-	\$23.81
Gahanna/Airport	1,235,246	44,471	3.60%	34,141	34,141		-	\$20.11	\$19.89	-	\$20.02
Hilliard	2,460,083	123,412	5.02%	(6,225)	(6,225)	50,000	-	\$21.14	\$19.31	\$13.35	\$19.50
New Albany	2,384,269	186,685	7.83%	57,762	57,762		56,000	\$21.44	\$17.95	-	\$20.91
North Central	1,147,668	194,620	16.96%	(2,350)	(2,350)	22,000	-	-	\$19.00	\$14.41	\$17.87
Polaris	4,582,267	246,144	5.37%	(18,718)	(18,718)		-	\$20.99	\$19.81	-	\$20.97
Powell	273,589	19,994	7.31%	(5,319)	(5,319)		-	-	\$16.66	-	\$16.66
Southeast	434,658	36,170	8.32%	1,700	1,700		-	-	\$15.85	-	\$15.85
Southwest	237,119	25,013	10.55%	(2,500)	(2,500)		-	-	\$12.00	\$11.70	\$11.85
Westerville	4,409,987	418,441	9.49%	(16,478)	(16,478)	333,000	-	\$21.37	\$16.09	\$14.52	\$16.89
Worthington	6,221,601	799,647	12.85%	8,252	8,252		-	\$19.81	\$17.37	\$13.23	\$16.72
Suburban Total	45,767,283	4,329,556	9.21%	(20,392)	(20,392)	717,455	126,000	\$21.47	\$17.89	\$13.88	\$18.35
Grand Total	65,474,350	6,064,291	9.26%	(50,658)	(50,658)	1,339,157	126,000	\$20.87	\$17.55	\$14.78	\$18.76

PROPERTY TYPE	TOTAL SF	VACANT SF	VACANCY %	CURRENT	YTD	CURRENT	COMPLETED	BY PRODUCT TYPE
A	28,820,701	2,818,021	9.78%	(34,366)	(34,366)	591,455	10,000	\$20.87
B	23,168,513	2,169,276	9.36%	22,942	22,942	691,602	116,000	\$17.55
C	13,485,136	1,076,994	7.99%	(39,234)	(39,234)	56,100	-	\$14.78
Grand Total	65,474,350	6,064,291	9.26%	(50,658)	(50,658)	1,339,157	126,000	\$18.76

ABSORPTION & VACANCY RATES



COLLABORATION IN COWORKING

Coworking is a recent but fast-growing trend in the commercial real estate world. The term refers to shared workspace, where professionals of any kind can work together or individually for an affordable price. Cost is a big appeal of coworking because occupants only pay for the space they use, as opposed to an entire office suite. As more people realize the advantages, coworking spaces are attracting different types of customers than before. The impression of shared space is that it is used by freelancers, the self-employed and start-ups, but larger organizations and corporations are starting to adopt the trend, too. It is more cost-effective, encourages collaboration and attracts young talent. Columbus is no stranger to the craze, as it's home to nearly twenty coworking spaces and expects more in coming years.



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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