



Columbus Office Market

Market Shows Early Signs of Recovery with Positive Net Absorption

Market vacancy in the Columbus office market decreased to 15.35% in the first quarter of 2022, down 48 basis points from the prior quarter, precipitated by 204,145 square feet of positive net absorption. Office activity in the construction phase was stable with nearly 1.3 million square feet, the majority of which is expected to be delivered by the end of 2022. The most significant under-construction projects were recorded in the Central Business District submarket.

After recording positive absorption in the last quarter of 2021, Columbus's office market continued its recovery from the pandemic with positive absorption in the first quarter of 2022. The positive net absorption was due to new lease occupations, with Chipotle occupying the largest space this past quarter at 500 Neil Ave. in the Arena District with 130,000 square feet. In addition, Andelyn Biosciences occupied 42,373 square feet at 5185 Blazer Pkwy. in the Dublin submarket. Andelyn expects to surpass 400 employees in the next three years. Meanwhile, spurred by the new lease activity, the average overall rental rate increased by \$0.40/SF from the previous quarter to \$20.98/SF.

Overall, the Columbus office market has stabilized and may show early signs of recovery. The market is still fragile; if large users were to shed excess space, then market dynamics could worsen. Tenant movement over the next few quarters will determine the true trajectory of a recovery.

Around 650,000 square feet of sublease space was added to the Columbus office market over the past year, making up 1.5% of the overall market. The influx of sublet space can be primarily attributed to an increase in downsizing by companies that are offering hybrid work alternatives such as work-from-home scenarios and flexible work hours.

Current Conditions

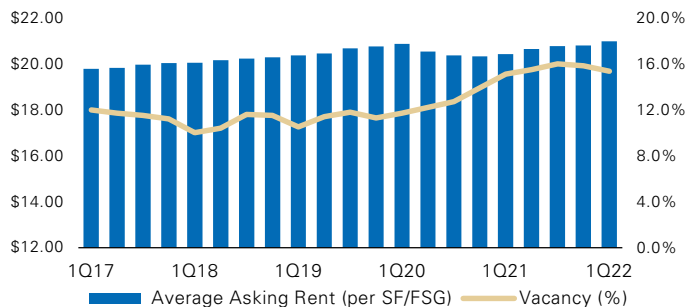
- Overall net absorption in the first quarter of 2022 was 204,145 square feet. Due to positive absorption, the vacancy rate decreased by 48 basis points, reaching 15.35%.
- The positive absorption trend continued from the previous quarter after being in a downward trend for the previous three years.
- The average asking rental rate for the Columbus office market was \$0.40/SF higher than last quarter at \$20.98/SF.
- Nearly 1.3 million square feet of under-construction projects are expected to deliver by the end of 2022.

Market Summary

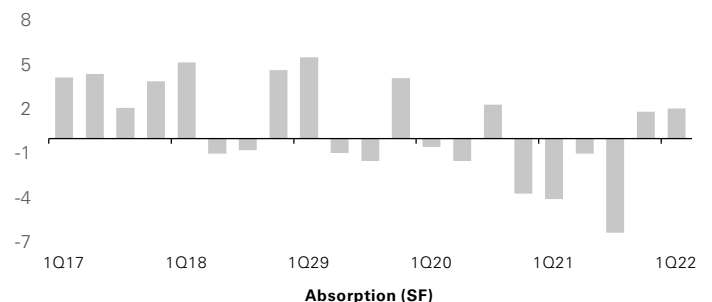
	Current Quarter	Prior Quarter	One Year Ago	12-Month Forecast
Total Inventory (SF)	43.5M	43.5M	43.5M	↑
Vacancy Rate	15.35%	15.83%	15.10%	→
Quarterly Net Absorption (SF)	204,145	182,094	(475,076)	→
Average Asking Rent/SF (FSG)	\$20.98	\$20.58	\$20.27	→
Under Construction (SF)	1.31M	1.31M	1.20M	→

Market Analysis

ASKING RENT AND VACANCY RATE



NET ABSORPTION (SF, Millions)



RESEARCH Q1 2022

Sales Activity

In the first quarter of 2022, the total office space sold was near 750,000 square feet, with a total sales volume of \$49.4 million. The average price per square foot was \$82/SF. The largest office sale of the quarter was recorded by Ravinia Capital Group with the \$12.85-million, or \$112.29/SF, purchase of the 114,440-square-foot 250 Civic Center Dr. Zamir Equities purchased the 253,119-square-foot property located at 88 E. Broad St. for \$12.03 million, or \$47.51/SF, making it the largest office sale in the first quarter of 2022 in terms of building size.

Leasing Activity

Leasing activity in the first quarter of 2022 measured nearly 400,000 square feet. Vertiv leased 72,534 square feet at 505 N. Cleveland Ave. in the Polaris submarket and is expected to occupy the space by August 2022. Ryder Logistics leased 26,613 square feet at 7775 Walton Pkwy. in the New Albany submarket.

Construction Delivery in Columbus

Construction development throughout the Columbus office market increased, as nearly 1.3 million square feet was underway during the first quarter of 2022. Most of the activity was in the CBD submarket with 765,875 square feet. The office projects underway included: 429 W. Broad St. (Gravity II), 330 Rush Alley (Scioto Peninsula) and 910 John St. (CoverMyMeds Building Two).

The largest of the under-construction developments was the Arlington Gateway project, located on Lane Ave. in the Upper Arlington submarket. This development is 356,465 square feet and includes 134,396 square feet of office space; 100,000 square feet has already been preleased. This project, which is being developed by Continental Real Estate Company, is set to be delivered during the third quarter of 2023.

Select Sales Transactions

Building/Address	Submarket	Sale Price	Price/SF	Square Feet
5500 Frantz Road	Dublin	\$8,860,000	\$147.62	60,018
1480 W. Lane Avenue	Upper Arlington	\$7,600,000	\$137.93	55,100
250 Civic Center Drive	CBD	\$12,850,000	\$112.29	114,440
421 W. State Street	CBD	\$5,000,000	\$91.69	54,531
15 N 3rd Street	CBD	\$2,749,890	\$83.33	33,000
9 E. Long Street	CBD	\$1,899,971	\$69.38	27,385
88 E. Broad Street	CBD	\$12,025,000	\$47.51	253,119
510 E. North Broadway Street	North Central	\$2,500,000	\$43.44	57,546

Select Lease/User Transactions

Building/Address	Tenant	Submarket	Type	Square Feet
505 N. Cleveland Avenue	Vertiv	Polaris	Direct	72,534
7775 Walton Parkway	Ryder Logistics	New Albany	Direct	26,613
1325 W. Lane Avenue	Mixed Talent	Upper Arlington	Direct	12,921
1325 W. Lane Avenue	Keller Williams	Upper Arlington	Direct	8,830
4169 Worth Avenue	Corcoran Global Living	Easton	Direct	5,272

Submarket Statistics						
Submarket	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr. Absorption (SF)	YTD Absorption (SF)	Average Asking Rent (FSG) (Price/SF)
Airport	610,394	-	7.06%	(14,332)	(14,332)	\$17.17
CBD	15,234,420	765,875	12.40%	57,864	57,864	\$21.56
Dublin	7,883,404	30,000	23.05%	74,828	74,828	\$21.05
East	78,000	-	6.41%	-	-	\$12.50
Easton	3,201,322	-	19.51%	76,316	76,316	\$22.08
Gahanna	679,883	-	24.68%	778	778	\$19.93
Grandview	1,440,129	122,000	7.41%	-	-	\$22.54
Hilliard	1,058,018	-	2.85%	(1,250)	(1,250)	\$21.00
New Albany	1,825,911	150,000	22.41%	95,547	95,547	\$21.03
North Central	459,333	111,830	-	-	-	-
Polaris	4,943,907	-	11.70%	(13,361)	(13,361)	\$22.84
Upper Arlington	648,928	134,396	4.94%	525	525	\$17.05
Westerville	1,860,884	-	17.97%	(76,423)	(76,423)	\$17.46
Worthington	3,639,224	-	17.92%	3,653	3,653	\$18.92
Market	43,563,757	1,314,101	15.35%	204,145	204,145	\$20.98

Class Statistics						
Class	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr. Absorption (SF)	YTD Absorption (SF)	Average Asking Rent (FSG) (Price/SF)
Class A	24,249,803	1,202,271	16.90%	58,512	58,512	\$21.81
Class B	19,313,954	111,830	13.43%	145,633	145,633	\$19.60
Market	43,563,757	1,314,101	15.35%	204,145	204,145	\$20.98

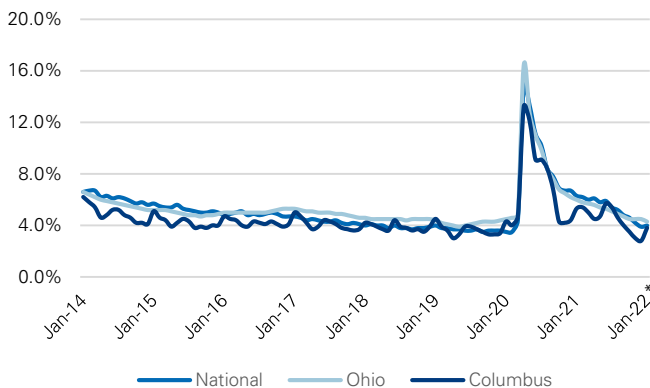
Economic Conditions

The Greater Columbus economy started strong in the first quarter of 2022, with the unemployment rate registering lower than the national and state level. The unemployment rate was 3.8%, down from 5.3% in January 2021. Columbus also showed an increase in the change of total payroll employment to 1.9% compared to the previous period, which fell by 4.2%. The Consumer Price Index for Columbus was up 7.9% year over year.

Another indicator that showed the occurrence of economic recovery in Columbus was employment growth based on the industrial sector. Only three sectors saw employment loss: financial activities at -0.6%; professional and business services at -1.0%; and government at -2.0%. The leisure and hospitality industry showed rebound to pre-pandemic levels with the highest employment growth of 13.0%, followed by the information sector at 8.6% and other services at 5.2%.

Unemployment Rate

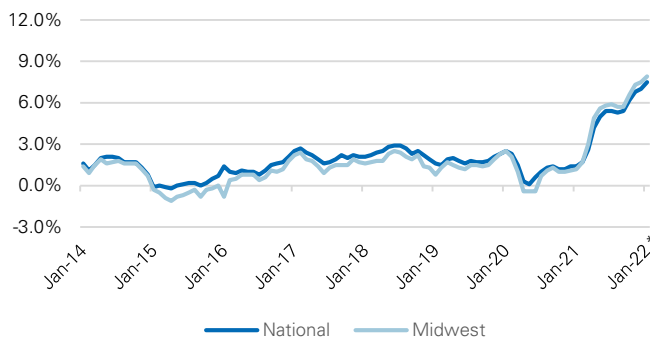
SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics (*preliminary)

Consumer Price Index (CPI)

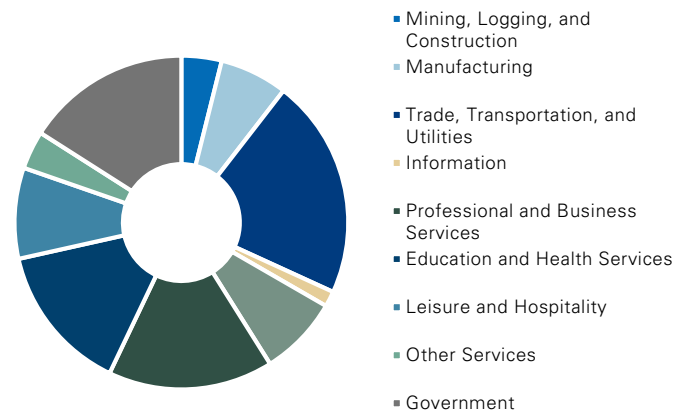
ALL ITEMS, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics (*preliminary)

Employment by Industry

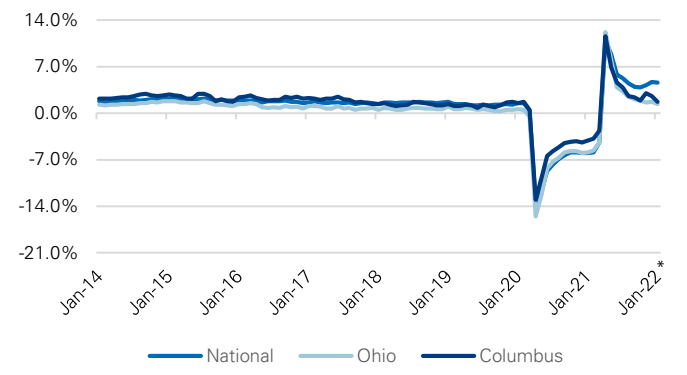
COLUMBUS



Source: U.S. Bureau of Labor Statistics

Payroll Employment

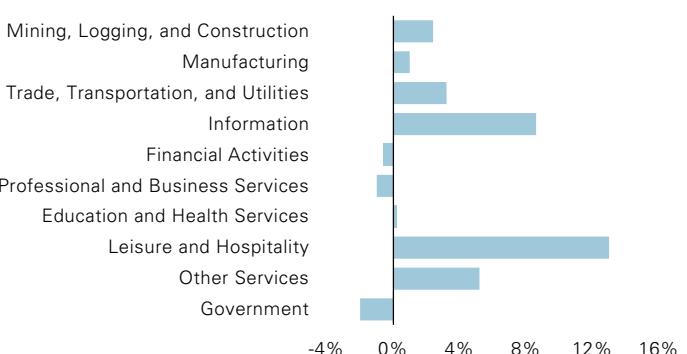
TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics (*preliminary)

Employment Growth by Industry

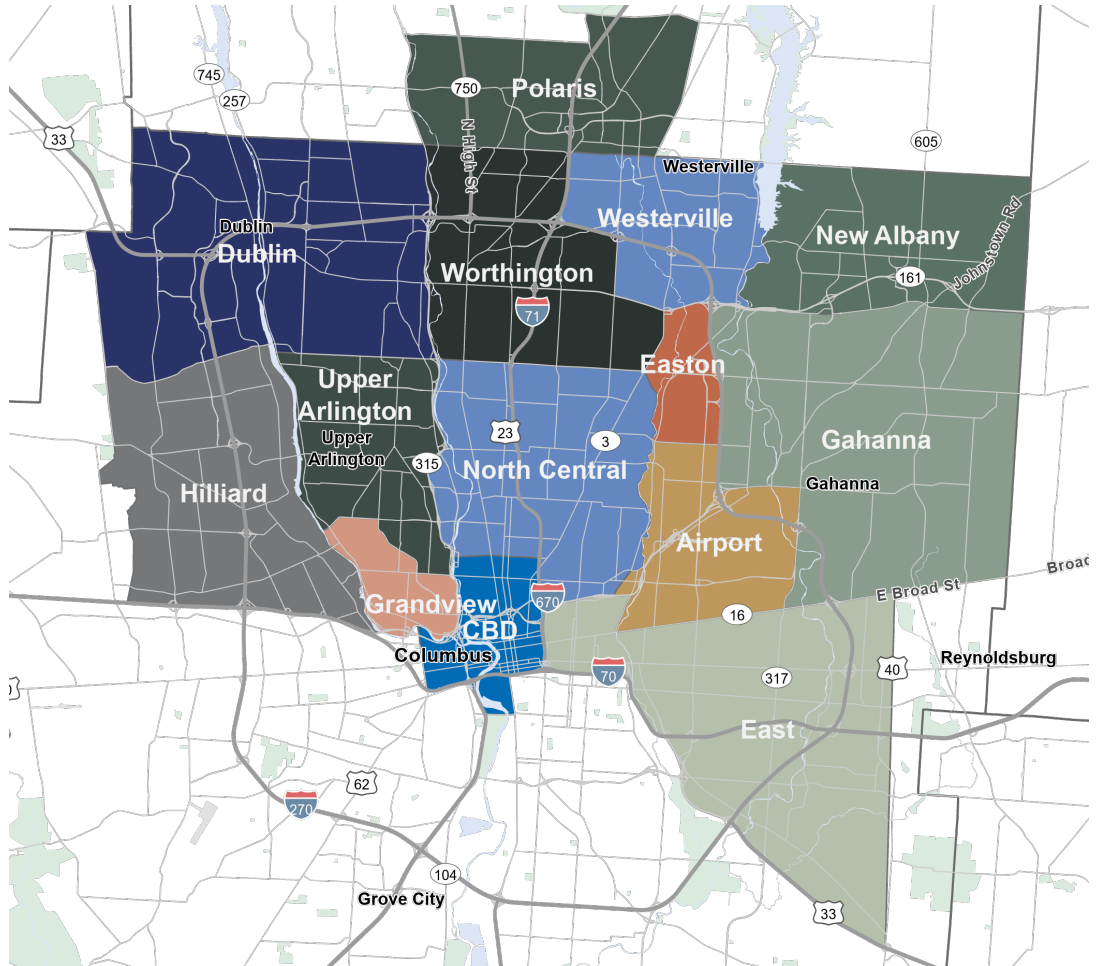
COLUMBUS, Jan. 2022 (preliminary) 12-MONTH % CHANGE, SEASONALLY ADJUSTED



Source: Source: U.S. Bureau of Labor Statistics

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