



Columbus Office Market

Market Continues Positive Net Absorption

The Columbus office market continued to demonstrate that it remained in a recovery stage, as a result of three straight quarters with positive absorption. The vacancy rate increased slightly, by nine basis points this past quarter from the previous quarter, to 15.79%. This change was driven by a lower net absorption of 85,044 square feet compared to the prior quarter. Meanwhile, spurred by new lease activity, the average overall asking rental rate increased by \$0.38/SF from the previous quarter to \$21.36/SF. Office activity in the construction phase remained stable, with nearly 1.25 million square feet being built, the majority of which is expected to be delivered by the end of 2022.

The Central Business District submarket recorded the highest quarterly absorption with a total of nearly 50,000 square feet; this indicated that this sector of the market was on the upswing, as tenants continued to return to and consider Downtown as an office option. On a year-to-date basis, the Dublin submarket had the highest amount of absorption, with a total of around 150,000 square feet. Meanwhile, Class A properties recorded positive absorption of 89,055 square feet, with a total year-to-date absorption of about 175,000 square feet.

The market has stabilized this past quarter by maintaining positive absorption for three quarters; however, the lower net absorption compared to the last quarter shows that the market is fragile. If large users shed excess space, market dynamics could worsen.

Total sublease space in the second quarter of 2022 was 801,000 square feet, making up 1.8% of the overall market. Sublease space this past quarter increased by 23.0% from the prior quarter. Tenants such as Bob Evans Farms and BDO Accounting and Consulting Firm recorded substantial subleases during the second quarter of 2022. The influx of sublet space can be primarily attributed to an increase in downsizing by companies offering hybrid work alternatives such as work-from-home scenarios and flexible work hours.

Current Conditions

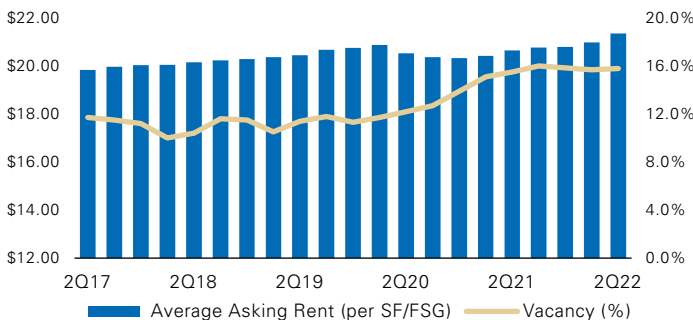
- Overall net absorption in the second quarter of 2022 was 85,044 square feet. Even though the absorption was lower than last quarter, this was the third straight quarter with positive absorption. The vacancy rate in the second quarter rose slightly, by 0.09%, from the first quarter to 15.79%.
- The average asking rental rate for the Columbus office market was \$0.38/SF higher than last quarter at \$21.36/SF.
- Nearly 1.25 million square feet of under-construction projects are expected to deliver by the end of 2022.
- Total sublease space in the second quarter of 2022 was 801,000 square feet, making up 1.8% of the overall market.

Market Summary

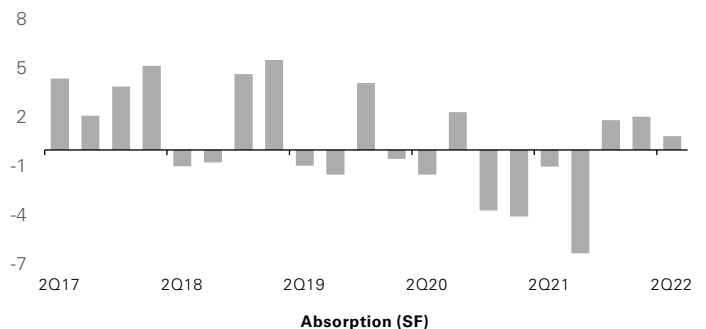
	Current Quarter	Prior Quarter	One Year Ago	12-Month Forecast
Total Inventory (SF)	43.7M	43.5M	43.5M	↑
Vacancy Rate	15.79%	15.70%	15.24%	→
Quarterly Net Absorption (SF)	85,044	220,853	(274,045)	→
Average Asking Rent/SF (FSG)	\$21.36	\$20.98	\$20.50	↑
Under Construction (SF)	1.25M	1.31M	1.20M	→

Market Analysis

ASKING RENT AND VACANCY RATE



NET ABSORPTION (SF, Millions)



Sales Activity

In the second quarter of 2022, the total office space sold was nearly 700,000 square feet, with a total sales volume of approximately \$55.5 million. The average price was \$125/SF. The largest office sale of the quarter was sold by Safe Auto Insurance Co. with the \$13.35 million, or \$106.24/SF, purchase of the 125,654-square-foot 4 Easton Oval. Olive AI purchased the largest office space at 6700 N. High St., a 235,452-square-foot property.

Leasing Activity

Leasing activity in the second quarter of 2022 decreased slightly from the first quarter of 2022 to nearly 300,000 square feet. This past quarter, most of the rented space took place in the CBD submarket. Some notable transactions included: Aware subleased 23,400 square feet at 451-455 S. Ludlow St.; Epstein, Backer & Green, P.C. signed a new 13,351-square-foot lease at 250 West St.; and AECOM extended 15,431 square feet at 277 W. Nationwide Blvd.

Construction Delivery in Columbus

Construction development throughout the Columbus office market stabilized, as nearly 1.25 million square feet was underway during the second quarter of 2022. Most of the activity was in the CBD submarket with 765,875 square feet. A new delivery for this past quarter was Hamilton Quarter, located in the New Albany submarket, with a total space of 150,000 square feet. Direct Oak occupied 42,527 square feet at this property.

One new project that is anticipated to commence construction in late 2022 is The Merchant Building, a long-planned redevelopment of the North Market parking lot. The total building area will be 700,000 square feet, with 65,000 square feet office space.

The largest of the under-construction developments is the Arlington Gateway project, located on Lane Avenue in the Upper Arlington submarket. This development is 356,465 square feet and includes 134,396 square feet of office space, 115,000 square feet, or 85.0%, of which has already been pre-leased. This project is set to be delivered during the third quarter of 2023.

Select Sales Transactions

Building/Address	Submarket	Sale Price	Price/SF	Square Feet
6700 N High St.	Worthington	Undisclosed	Undisclosed	235,452
4 Easton Oval	Easton	\$13,350,000	\$106.24	125,654
6161 Busch Blvd.	Worthington	\$4,250,000	\$51.56	82,428
2700 E Dublin Granville Rd.	Westerville	\$3,400,000	\$57.50	59,128
195 N Grant Ave.	CBD	\$3,850,000	\$98.51	39,082

Select Lease/User Transactions

Building/Address	Tenant	Submarket	Type	Square Feet
451-455 S Ludlow St.	Aware	CBD	Sublease	23,400
175 S. 3rd St.	Undisclosed	CBD	Direct	18,137
277 W Nationwide Blvd.	AECOM	CBD	Extension	15,431
250 West St.	Epstein, Backer & Green, P.C.	CBD	Direct	13,351
10 W Broad St.	Teleport Communication America	CBD	Extension	9,457
6252 W Campus Oval	Exclusive Lifestyle Ohio, LLC	New Albany	Direct	6,607

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	-	8.65%	(9,715)	(24,047)	\$17.09
CBD	15,234,420	765,875	12.84%	49,585	118,009	\$22.49
Dublin	7,883,404	158,144	22.10%	42,900	149,728	\$21.25
East	78,000	-	6.41%	-	-	\$13.00
Easton	3,201,322	-	19.50%	289	76,605	\$22.59
Gahanna	679,883	-	29.04%	9,889	10,667	\$19.89
Grandview	1,440,129	-	7.58%	8,339	(2,549)	\$22.73
Hilliard	1,058,018	-	0.97%	19,935	18,685	\$20.82
New Albany	1,975,911	75,281	30.46%	3,101	98,648	\$22.83
North Central	459,333	111,830	0.00%	-	-	-
Polaris	4,943,907	-	11.33%	18,309	4,948	\$22.57
Upper Arlington	648,928	134,396	2.96%	12,811	13,336	\$17.37
Westerville	1,860,884	-	17.77%	3,635	(72,788)	\$17.65
Worthington	3,639,224	-	20.36%	(72,788)	(85,345)	\$18.41
Market	43,713,757	1,245,526	15.79%	85,044	305,897	\$21.36

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	24,399,803	1,133,696	17.11%	89,055	175,163	\$22.33
Class B	19,313,954	111,830	14.11%	(4,011)	130,734	\$19.67
Market	43,713,757	1,245,526	15.79%	85,044	305,897	\$21.36

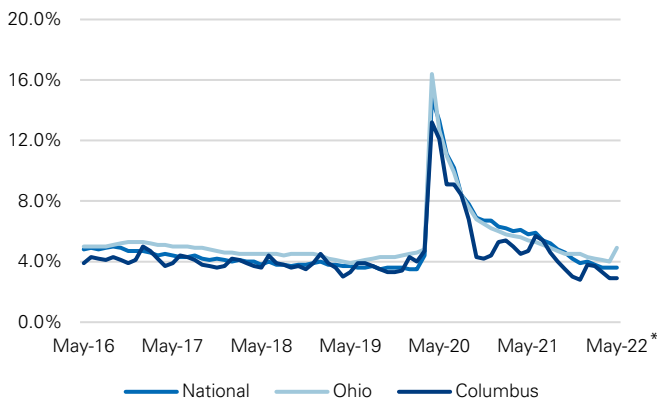
Economic Conditions

The Greater Columbus continued the strong economic conditions in the second quarter of 2022, with the unemployment rate registering lower than the national and state level. The unemployment rate was 3.6%, down from 4.7% in May 2021. Comparing year-over-year payroll employment, Columbus showed a gain of 2.6% in May, while national payroll employment showed a gain of 4.5%. The Consumer Price Index for Midwest and US was up 8.6% and 8.8% year-over-year, respectively.

Another indicator that showed the occurrence of economic recovery in Columbus was employment growth, based on the industrial sector. Four sectors that saw employment loss recorded less than 1.0%: financial activities at negative 0.9%; professional and business services at negative 0.8%; education and health services at negative 0.6%; and government at negative 0.5%. The leisure and hospitality industry showed a rebound to pre-pandemic levels, with the highest employment growth of 10.7%, followed by trade, transportation, and utilities at 7.7% and information at 6.4%.

Unemployment Rate

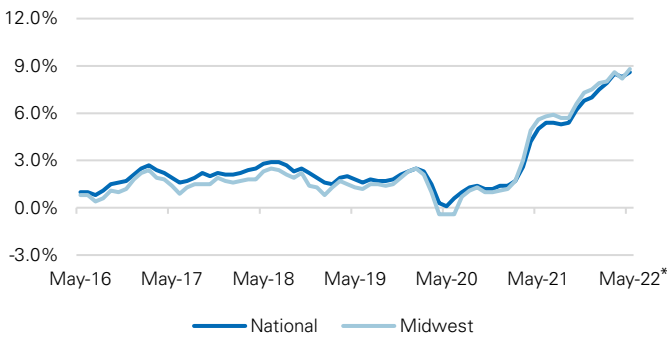
SEASONALLY ADJUSTED



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

Consumer Price Index (CPI)

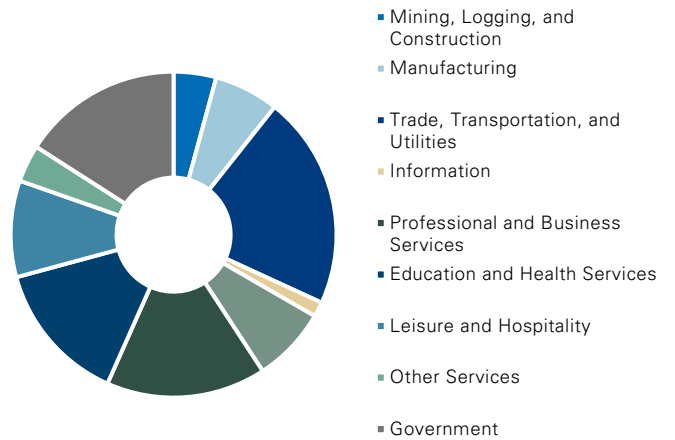
ALL ITEMS, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



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

Employment by Industry

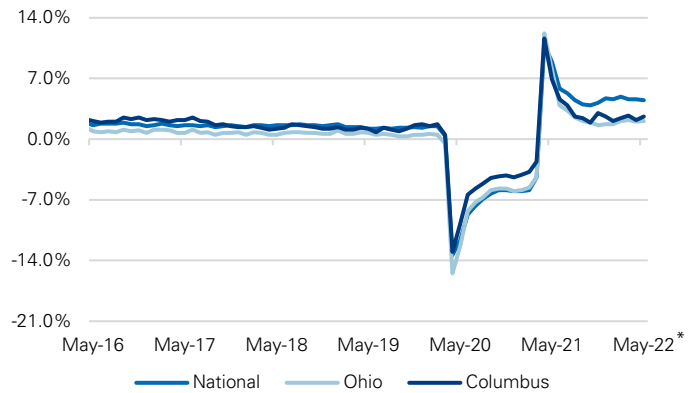
COLUMBUS



Source: U.S. Bureau of Labor Statistics

Payroll Employment

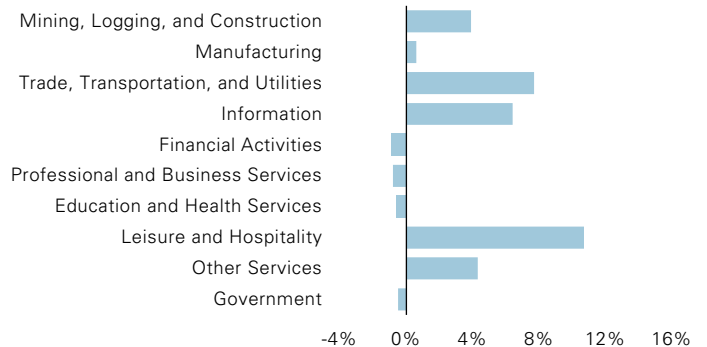
TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



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

Employment Growth by Industry

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

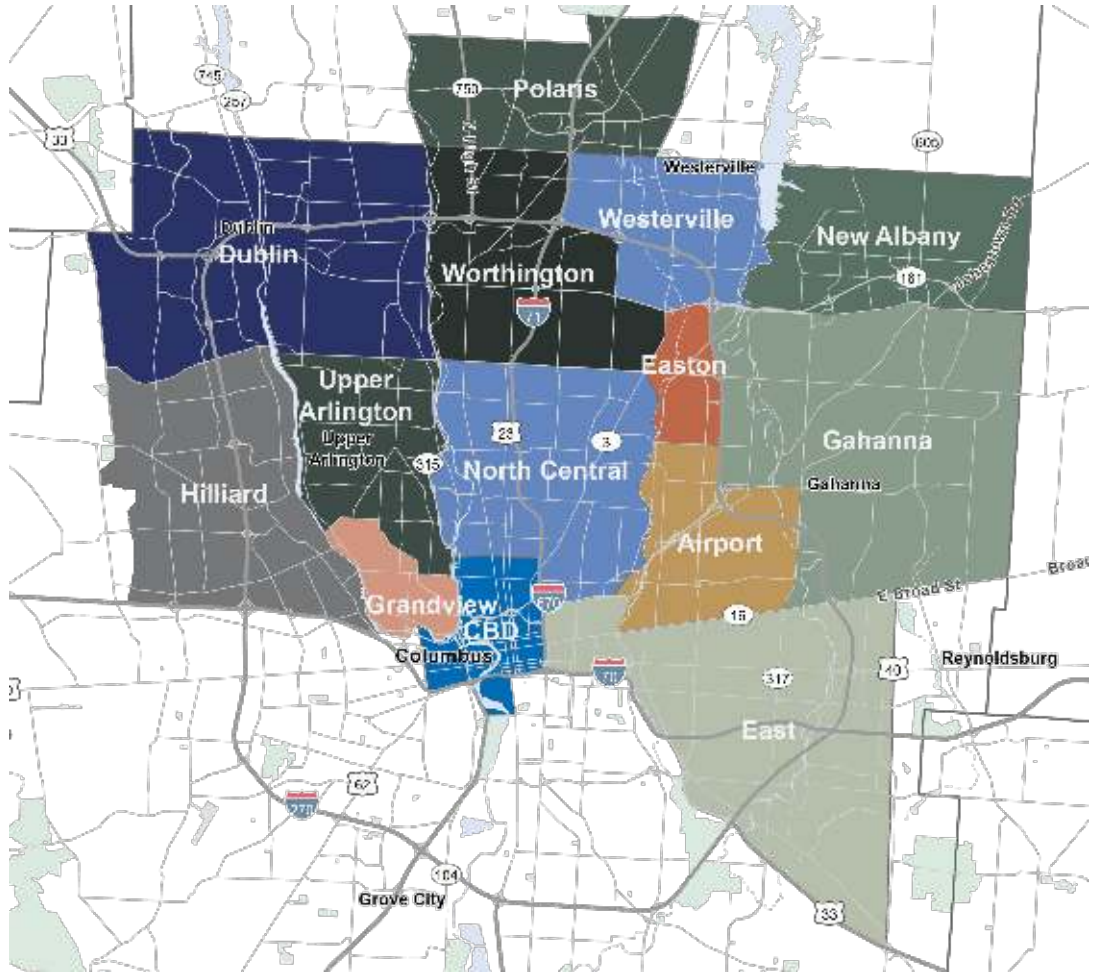


Source: U.S. Bureau of Labor Statistics

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