
4Q24

Columbus Office Market Overview

With Supplemental Slides



NEWMARK

Market Observations

Economy

- The Columbus metro’s economy lost jobs in year-over-year percentages in September through November. The MSA’s total nonfarm employment decreased annually by 0.3% in November after falling 0.3% and 0.5% in September and October, respectively. National nonfarm employment increased by 1.4% in November.
- Columbus’s most recent unemployment rate in November of 2024 came in at 4.0%, which was flat from October after remaining steady at 4.2% from July to September.
- All office sectors experienced a loss of employment, with the Information sector leading the way with a decrease of 4.8% year-over-year. Financial Activities had a 0.9% loss and Professional and Business Services had a 0.7% decrease.
- The number of office-using jobs in the Columbus market as of November 2024 was lower than the prior 12 months.

Major Transactions

- The anticipated Huntington Bank-owned property sales of two of three prominent office buildings in the Columbus CBD submarket took place as the fourth quarter ended. The 38,016-square-foot 21 W. Broad St. sold for \$644,640, or \$16.96/SF; and the 146,000-square-foot 37 W. Broad St. sold for \$10.1 million, or \$68.89/SF. Both properties will be preserved and redeveloped by new owner, Downtown Columbus Inc. The third building at 17 S. High St. did not transfer by the end of 2024.
- Renewals and an extension dominated the top of the leasing transactions for the past quarter, including an 87,885 SF renewal by Det Norske Veritas at 5777 Frantz Rd. in the Dublin Submarket; a 61,678 SF renewal by Lancaster Colony Corporation at 380 Polaris Pkwy. in the Polaris submarket; and a 26,240 SF lease extension by Status Solutions, LLC at 999 County Line Rd. W., also in the Polaris submarket. 8800 Lyra Dr. in the Polaris submarket snagged a 16,642 SF new lease by NVR Settlement Services, with expected occupancy in the first quarter of 2025.

Leasing Market Fundamentals

- The Columbus office market absorbed 310,931 SF this past quarter, more than doubling the third quarter’s results. The market finished the year with absorption in the positive for the second straight year, as 2024 accrued 1.0 million SF in positive net absorption.
- The overall market’s positive absorption dipped the fourth quarter vacancy by 60 basis points to 21.8%, the lowest vacancy rate since the fourth quarter of 2022’s 21.1%. For the year 2024, the vacancy rate came in at 22.8%, 140 basis points lower than the 2023 year-end total.
- At 492,821 SF, the fourth quarter of 2024 saw the lowest amount of leasing activity in the Columbus office market for a fourth quarter total since 2020, and the lowest single quarter of leasing activity since the second quarter of 2021. For the year 2024, at 2.3 million SF the market failed to reach the 16-year historical annual average of 2.9 million SF for the fifth straight year.

Outlook

- The discrepancy between asking rates for Class A and B office properties contracted in the fourth quarter after rising in each of the first three quarters of 2024, as Class A rates dipped to \$23.17/SF. Class B rates increased for the third straight quarter to \$20.24/SF. There is now a \$2.93/SF discrepancy between the two. While the rent gap between the “haves” and “have nots” of office space shrunk this past quarter, the gap has still been \$2.00/SF or more for the past five years. The fourth quarter of 2024’s average sublease rate decreased by \$0.17/SF to \$20.43/SF, which widened the gap between sublease and direct rents to \$1.61/SF from \$1.43/SF.
- Office buildings were still low priorities for investors in 2024 due to continued risks and bleak refinancing prospects for that asset class both locally and nationally. However, some hope has emerged nationally for office assets going forward in 2025 as it is expected that investors and lenders will begin to reconsider office assets with some distress as the interest rate landscape becomes more favorable and accepted.

1. Economy
2. Leasing Market Fundamentals
3. Appendix

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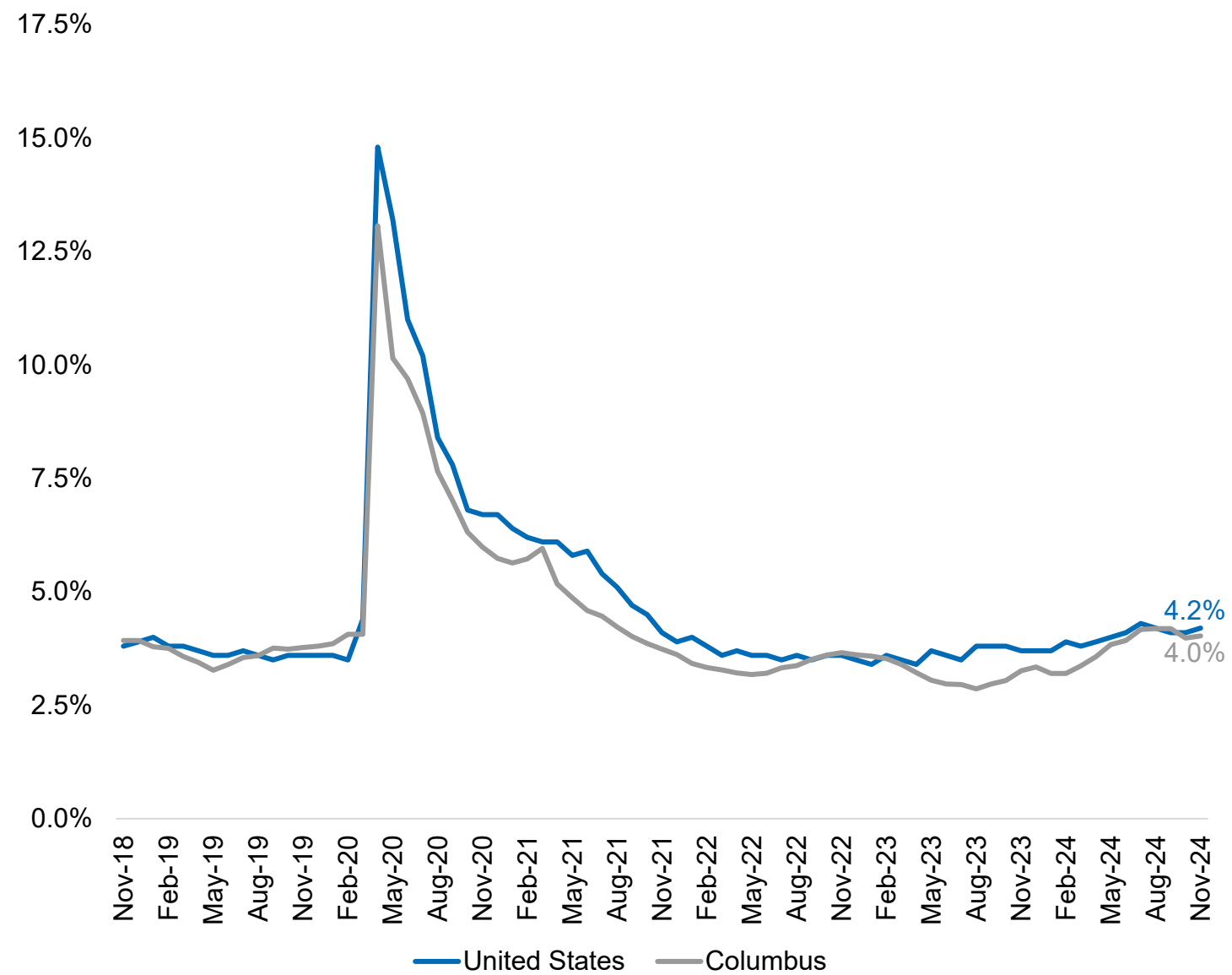
Economy



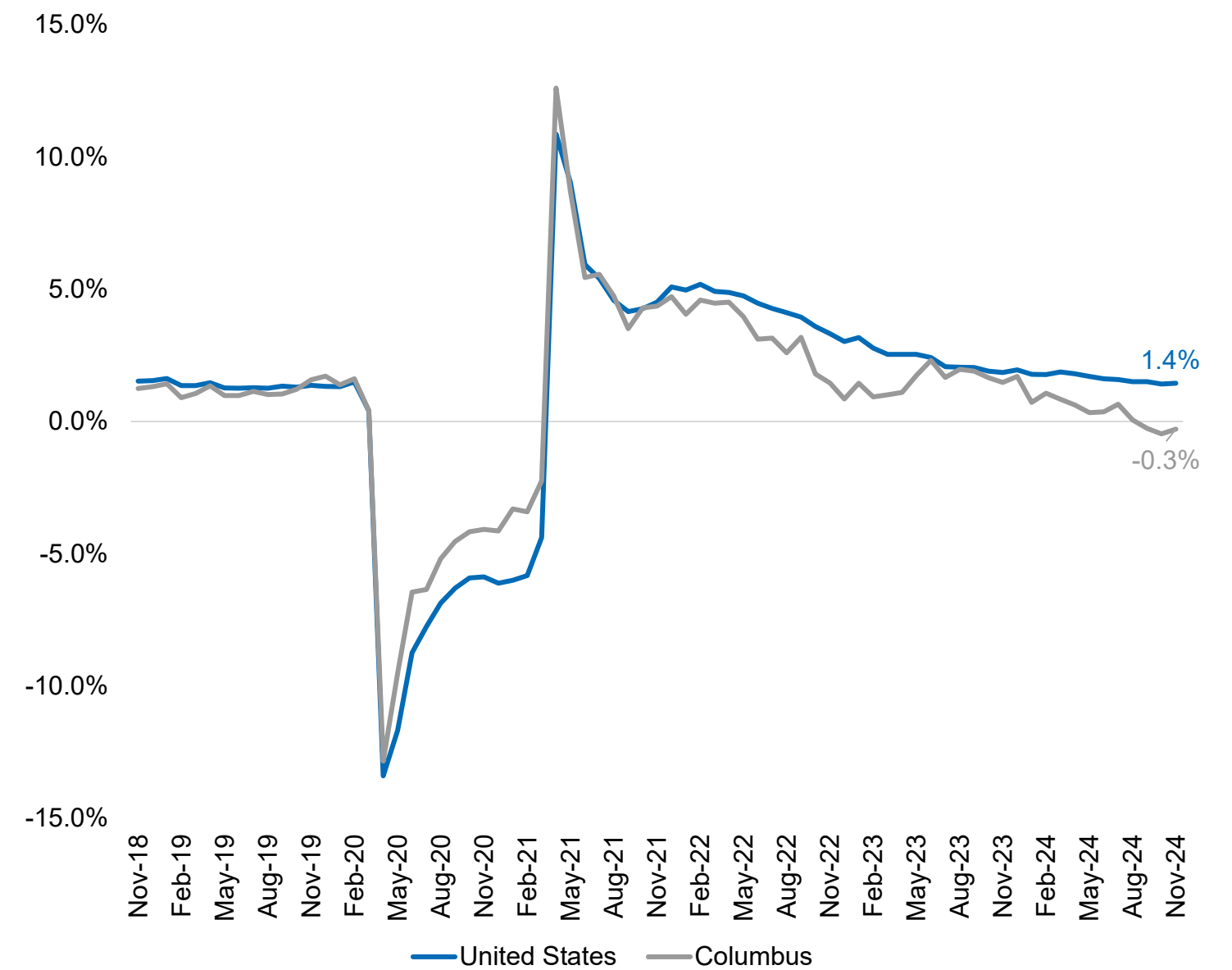
Columbus and United States Unemployment and Nonfarm Employment Trends

The Columbus metro's economy lost jobs in year-over-year percentages in September through November. The MSA's total nonfarm employment decreased annually by 0.3% in November after falling 0.3% and 0.5% in September and October, respectively. National nonfarm employment increased by 1.4% in November. Columbus's most recent unemployment rate in November of 2024 came in at 4.0%, which was flat from October after remaining steady at 4.2% from July to September. The national unemployment rate rose higher than Columbus in October, to 4.1% and then up to 4.2% in November.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Seasonally Adjusted, 12-Month % Change

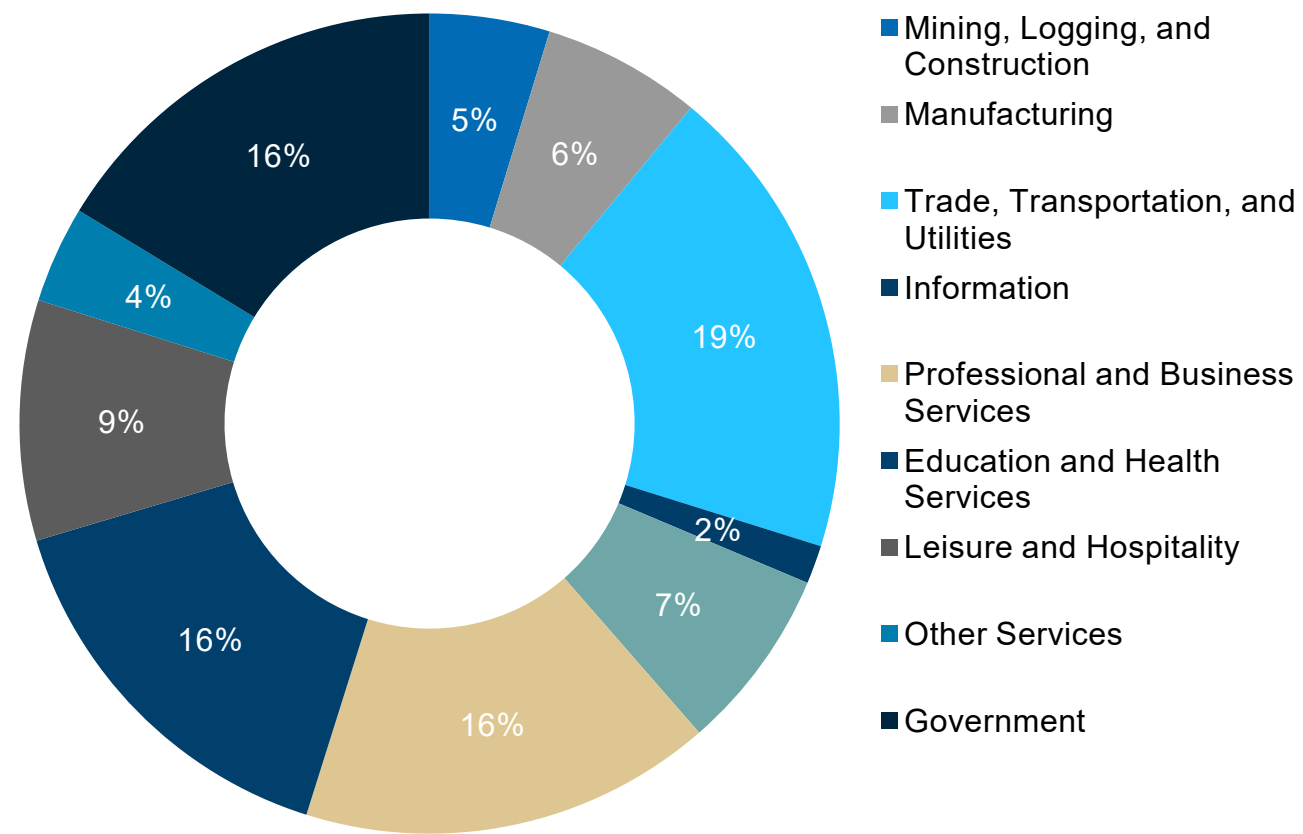


Source: U.S. Bureau of Labor Statistics, Columbus MSA

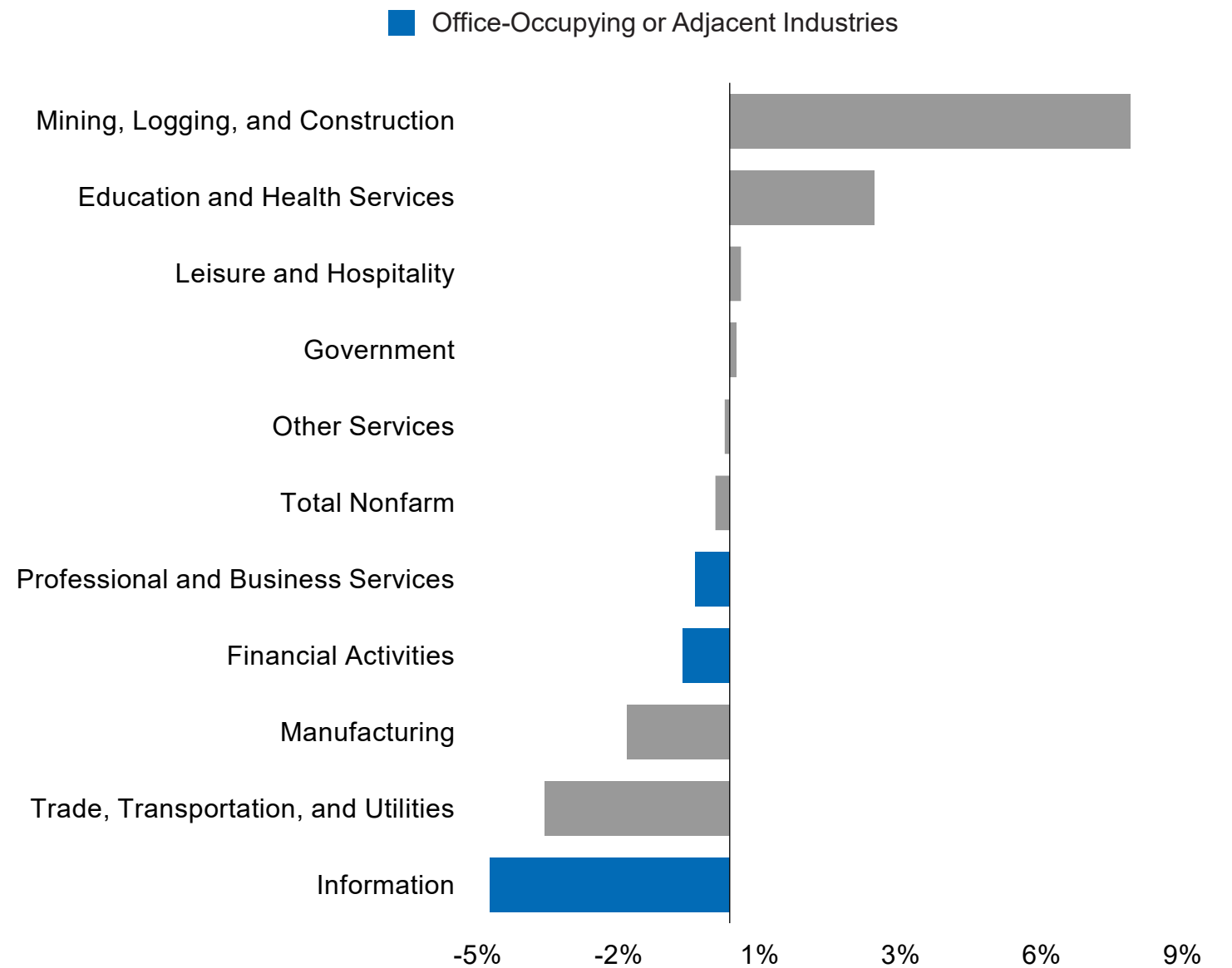
Office-Using Sectors All Record Negative Growth Year-Over-Year

The Mining, Logging, and Construction sector led all industries in annual job growth at 8.0% in November for the Columbus MSA. Education and Health Services grew by 2.9%, Leisure and Hospitality increased by 0.2%, and the Government sector had 0.1% growth. All office sectors experienced a loss of employment, with the Information sector leading the way with a decrease of 4.8% year-over-year. Financial Activities had a 0.9% loss and Professional and Business Services had a 0.7% decrease.

Employment by Industry, November 2024



Employment Growth by Industry, 12-Month % Change, November 2024

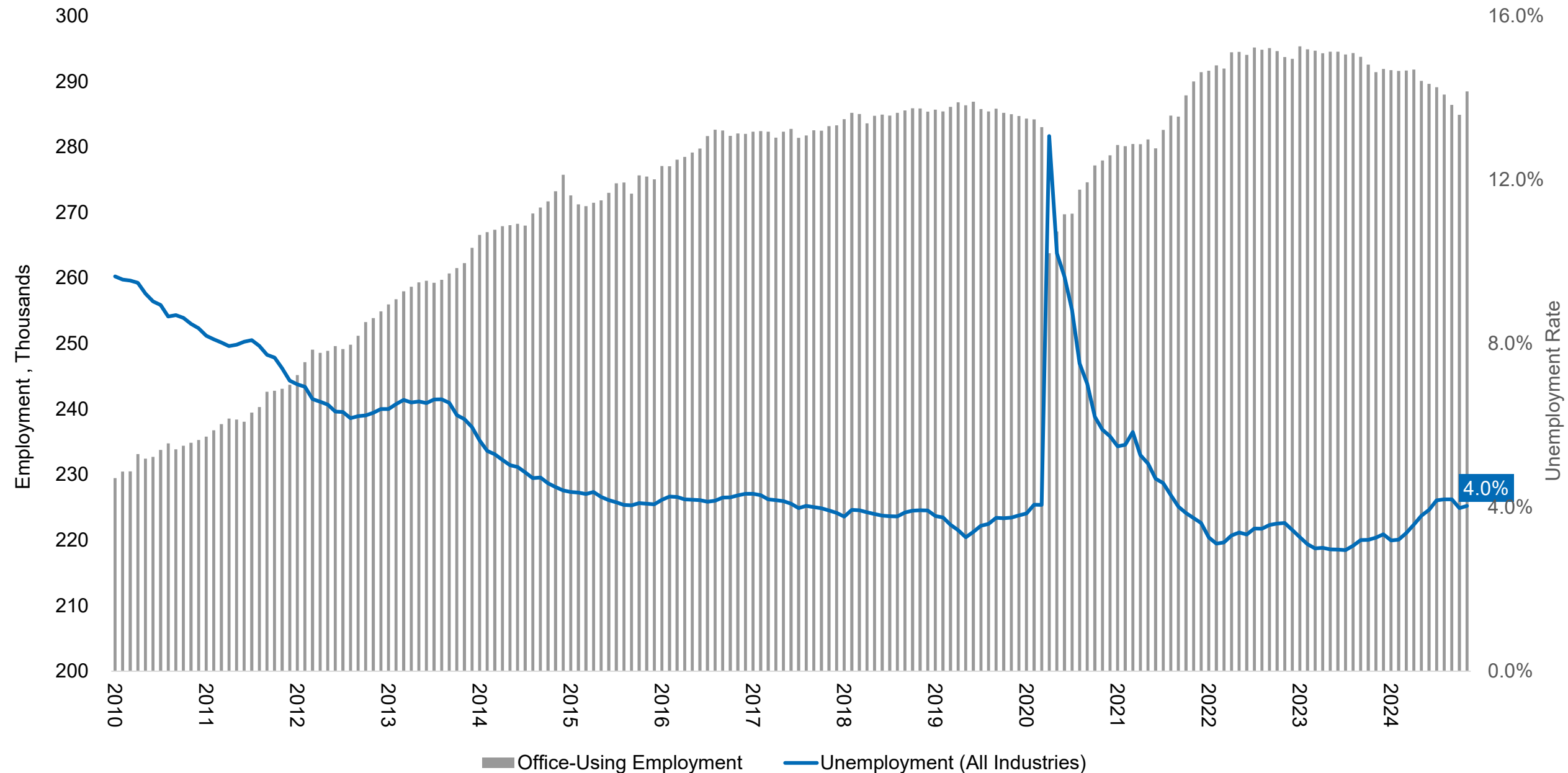


Source: U.S. Bureau of Labor Statistics, Columbus MSA

Office-Using Employment Lower Than This Time Last Year

The number of office-using jobs in the Columbus market as of November 2024 was once again lower than the prior 12 months at 288,475. However, the November office-using employment number was higher than the August through October figures. The MSA's unemployment percentage came in at 4.0%, which was flat from October after remaining steady at 4.2% from July to September.

Office-Using Employment* and Unemployment Across All Industries, Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics, Columbus MSA

*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

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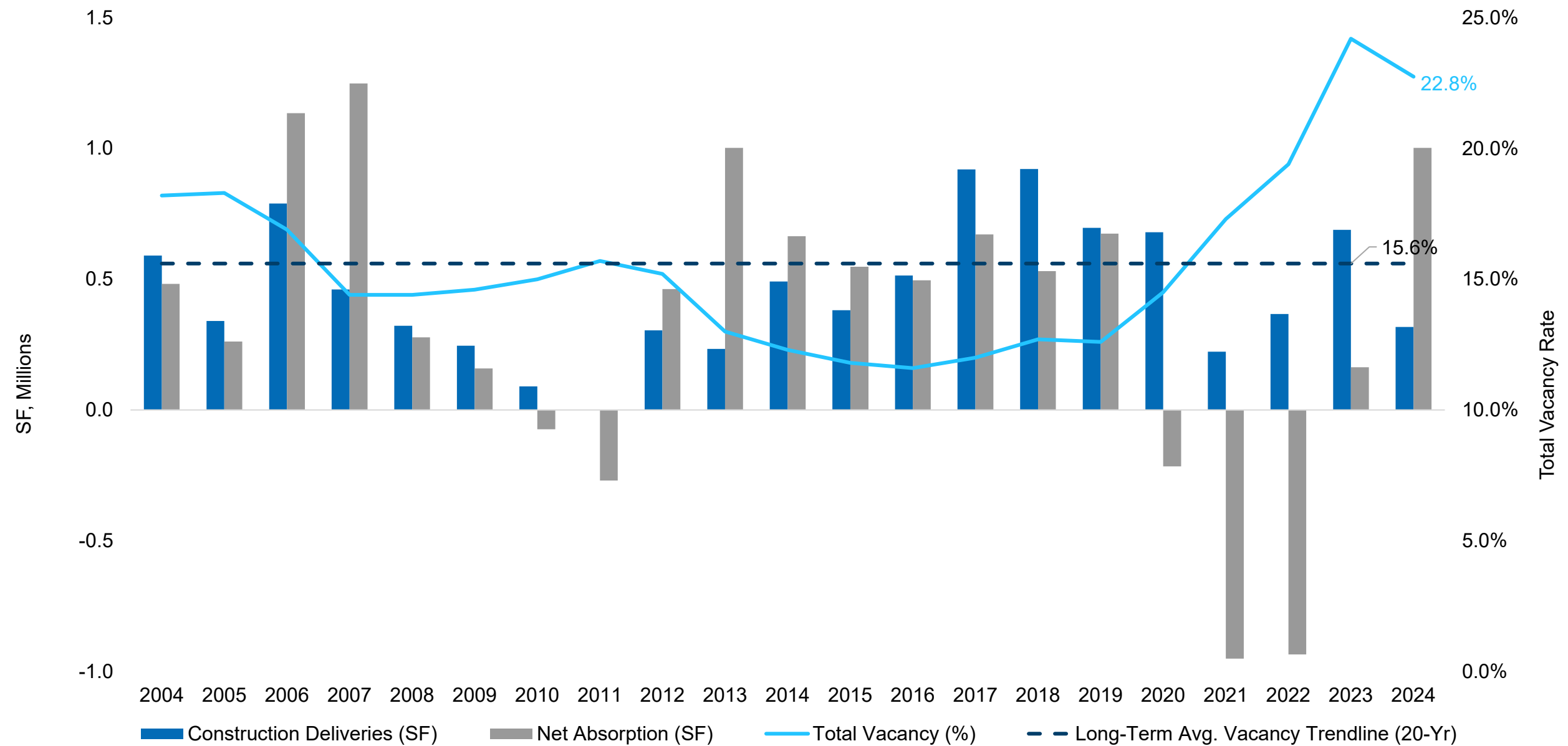
Leasing Market Fundamentals



Absorption in the Positive For Third Straight Quarter

The Columbus office market absorbed 310,931 SF this past quarter, more than doubling the third quarter's results. Once again, the Dublin submarket absorbed the largest amount of space for the past quarter, with tenants moving into a net positive 139,057 SF. The New Albany submarket posted 52,311 SF of positive absorption in the fourth quarter for the second highest quarterly result. The overall market's positive absorption dipped the fourth quarter vacancy by 60 basis points to 21.8%, the lowest vacancy rate since the fourth quarter of 2022's 21.1%. The market finished the year with absorption in the positive for the second straight year, as 2024 accrued 1.0 million SF in positive net absorption. For the year 2024, the vacancy rate came in at 22.8%, 140 basis points lower than the 2023 year-end total.

Historical Construction Deliveries, Net Absorption, and Vacancy

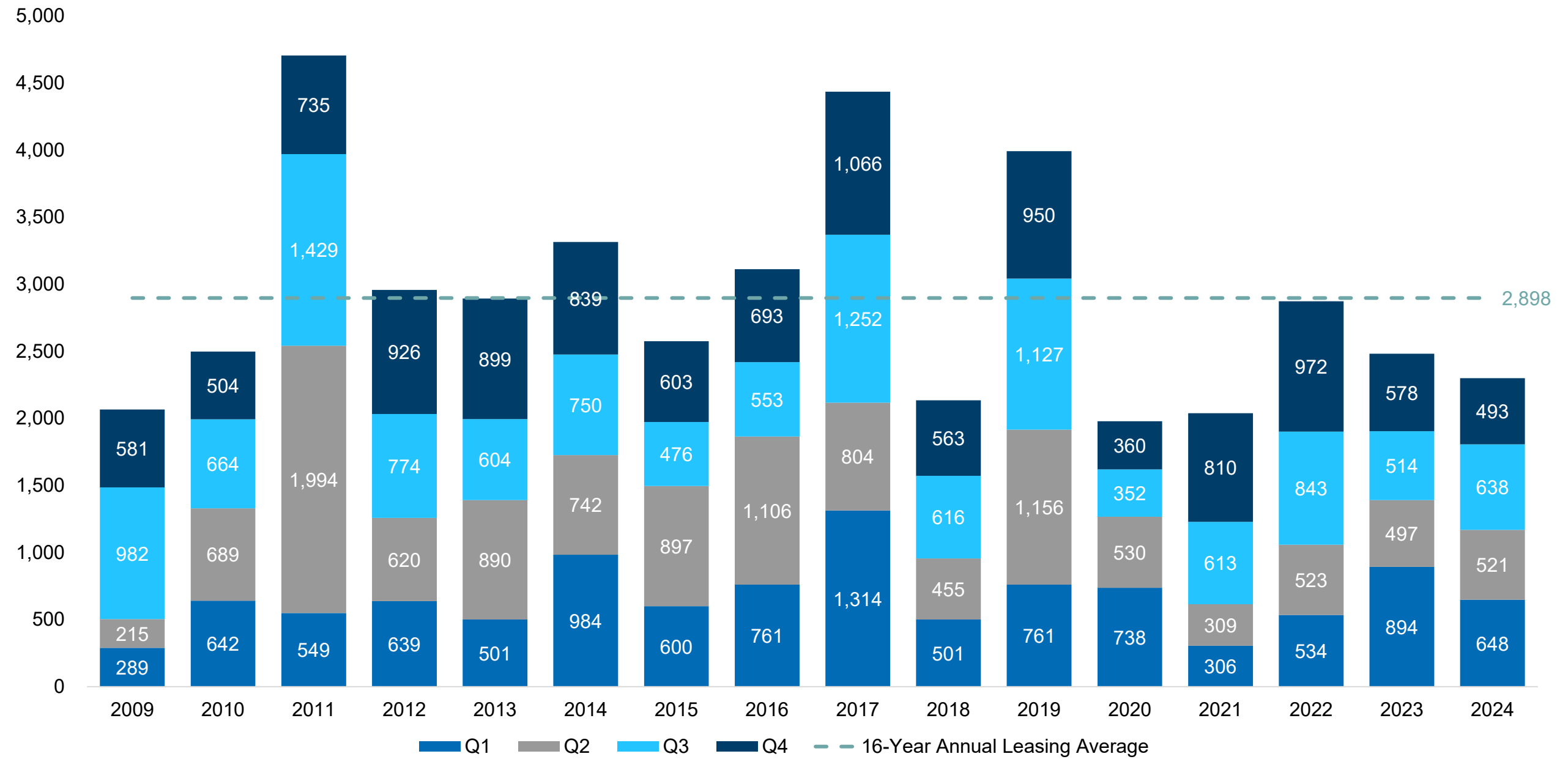


Source: Newmark Research, CoStar

2024 Leasing Activity Well Short of 16-Year Annual Leasing Average

At 492,821 SF, the fourth quarter of 2024 saw the lowest amount of leasing activity in the Columbus office market for a fourth quarter total since 2020, and the lowest single quarter of leasing activity since the second quarter of 2021. For the year 2024, at 2.3 million SF the market failed to reach the 16-year historical annual average of 2.9 million SF for the fifth straight year. In fact, 2024's leasing activity total came in at the fifth lowest since 2009.

Total Leasing Activity (thousands SF)

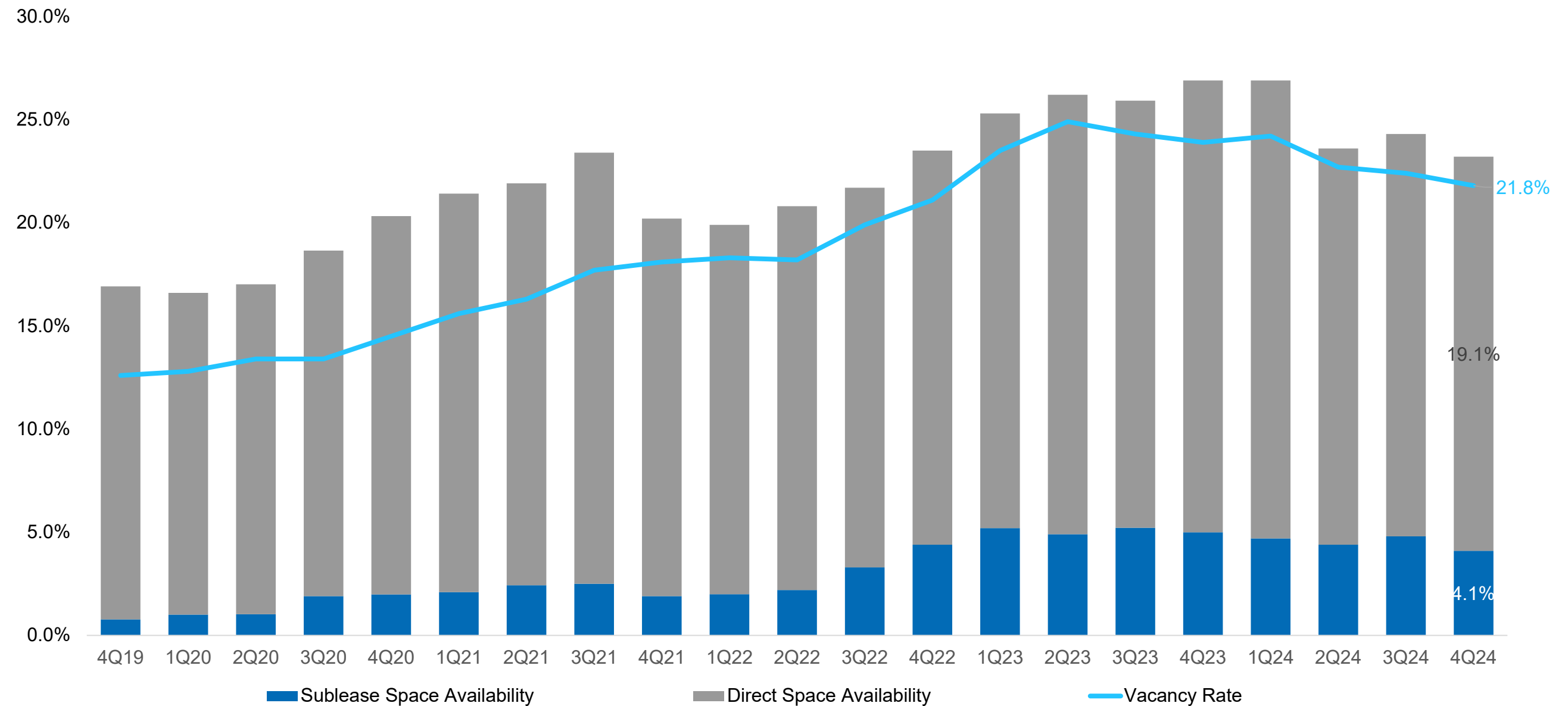


Source: Newmark Research, CoStar

Vacancy Decreases; Direct and Sublease Availability Both Down

Sublease availability fell by 70 basis points this past quarter to 4.1% after increasing last quarter. Direct availability also ticked down, by 40 basis points to 19.1%, matching the market's lowest availability since the fourth quarter of 2022. Overall vacancy also dropped to 21.8%, the lowest vacancy rate since the fourth quarter of 2022's 21.1%.

Available Space as Percent of Overall Market

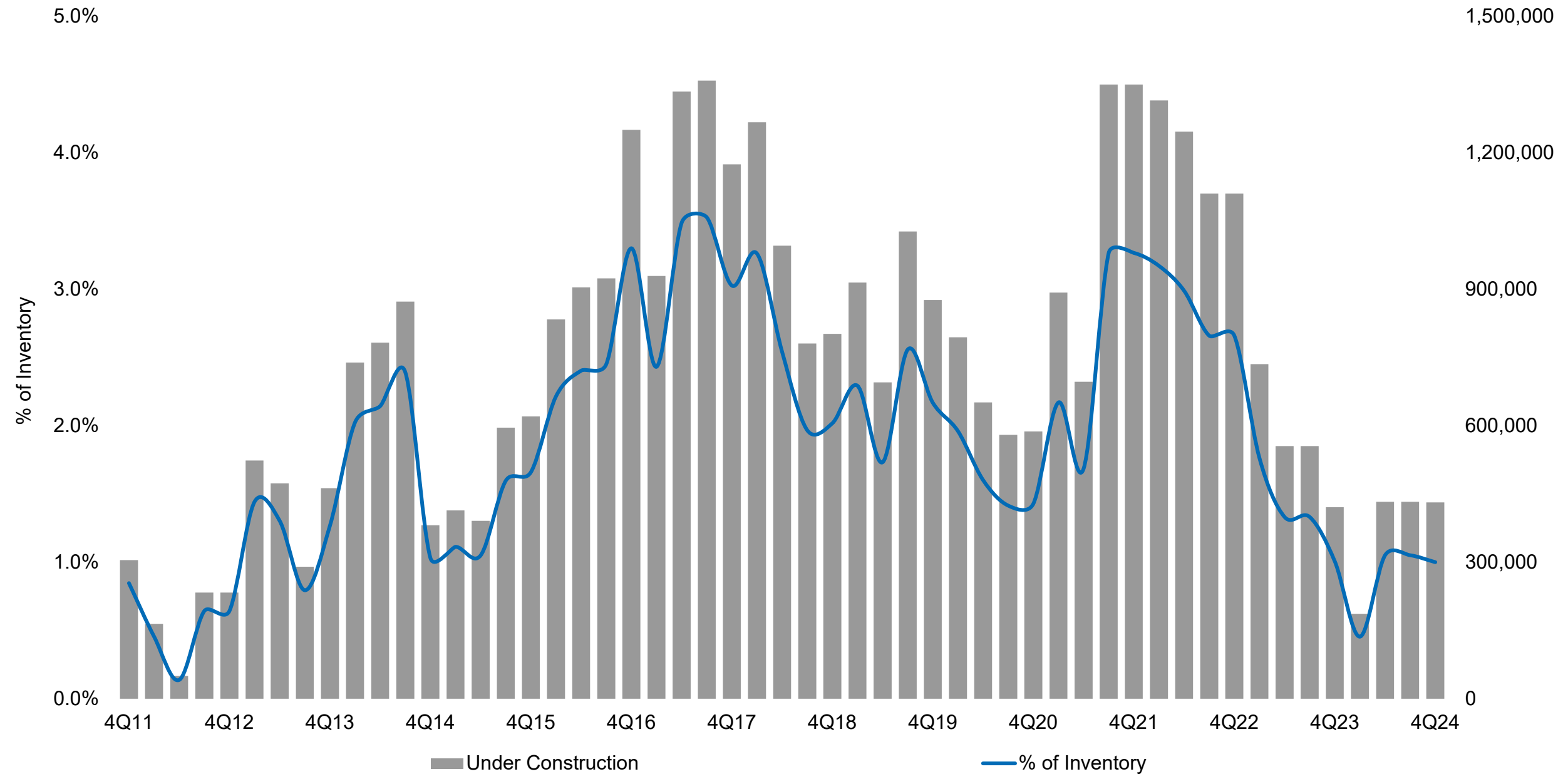


Source: Newmark Research

Construction Levels Steady

Office construction in the fourth quarter of 2024 dipped slightly from the previous quarter to 431,178 SF as one project in the Worthington submarket delivered about half full while another similar building is under construction in a mixed-use project in the Dublin submarket. Under construction projects represent 1.0% of the total office inventory.

Office Under Construction and % of Inventory

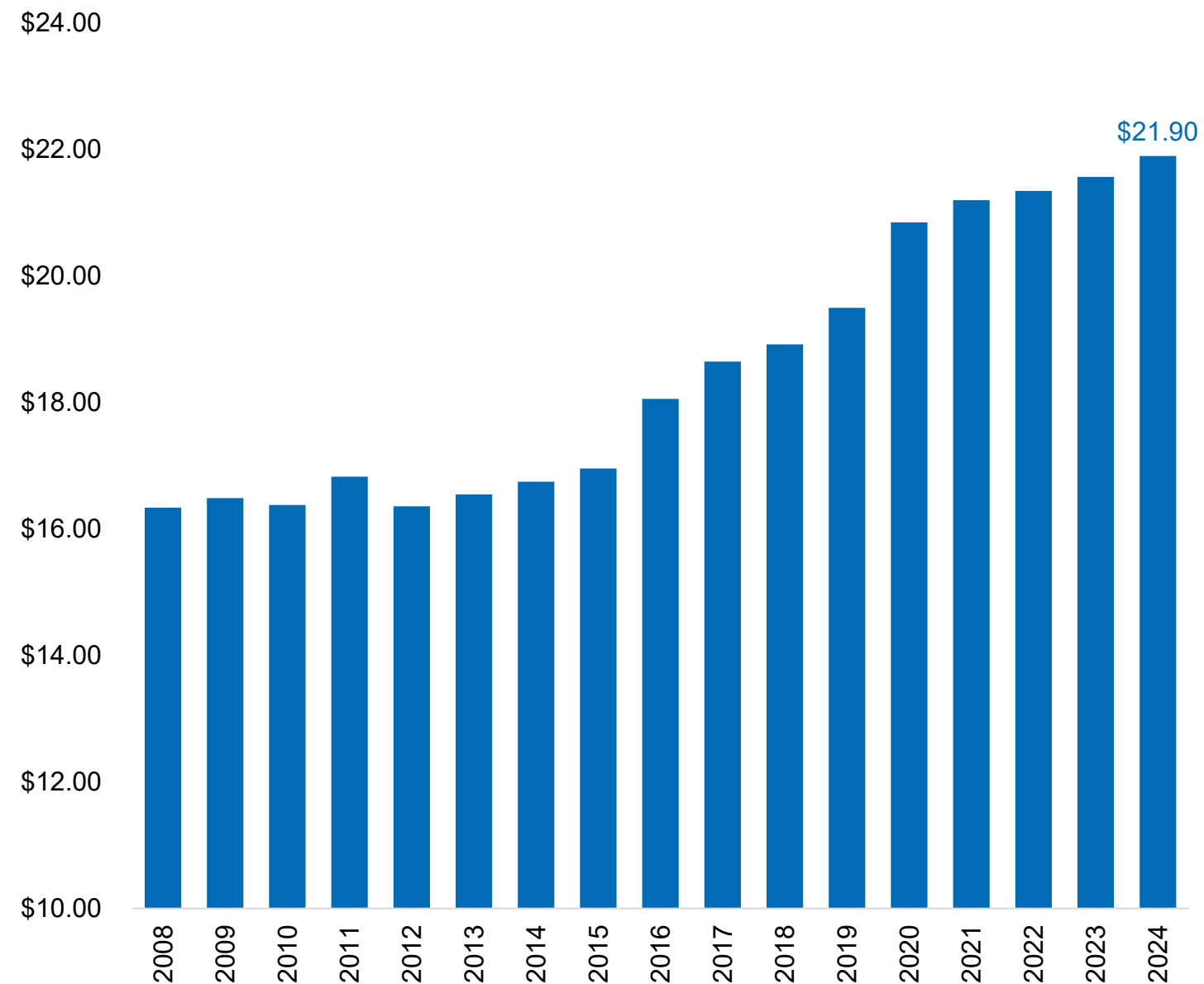


Source: Newmark Research, CoStar

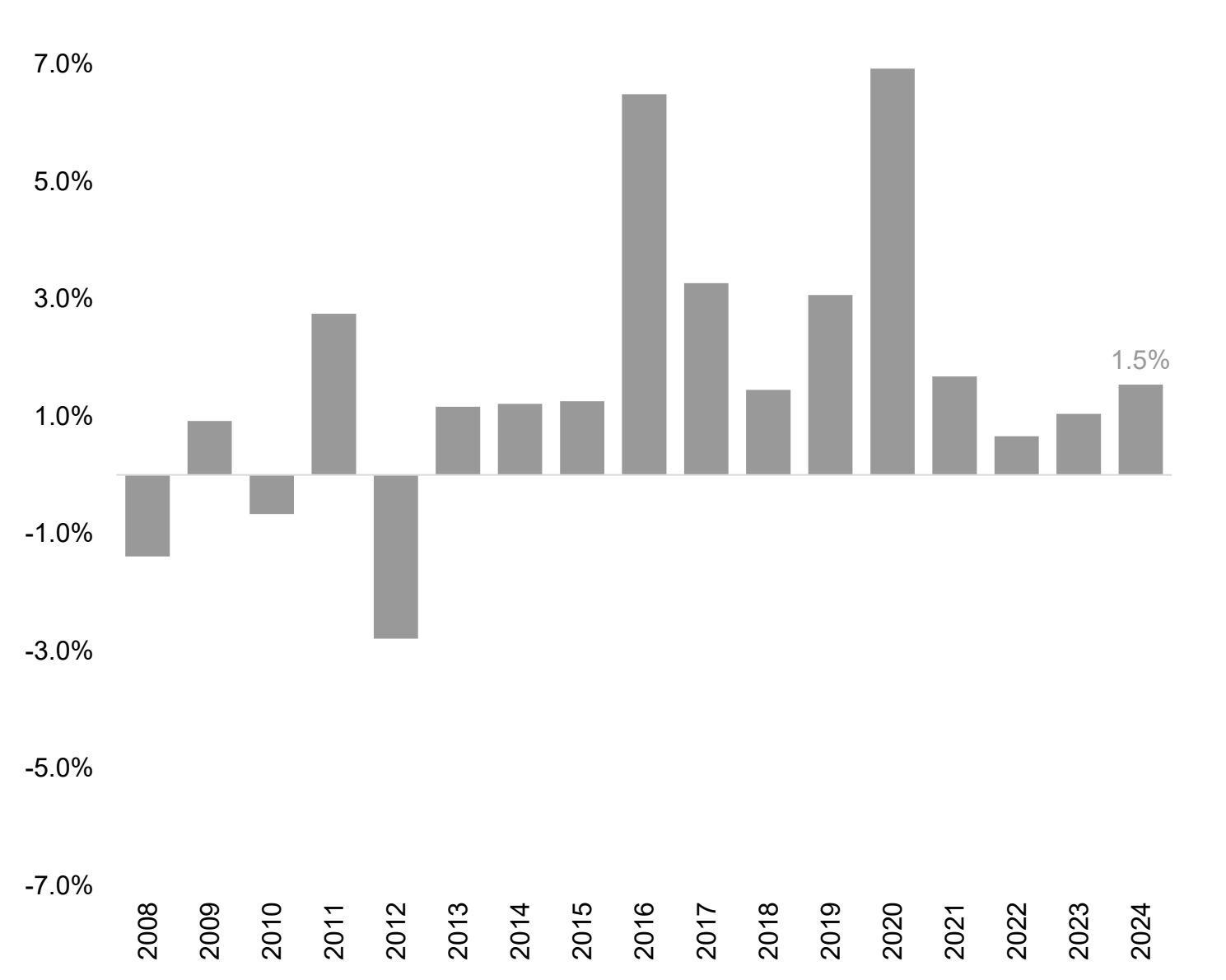
Rental Rates Hit High Levels, Though Growth Has Been Slow

As the overall market vacancy rate fell for the third straight quarter rental rates grew to \$21.90/SF for the overall year of 2024, a \$0.04/SF increase for the year-to-date average from where it stood at the end of the previous quarter, nudged by the fourth quarter's average asking rental rate increasing by \$0.01/SF to \$22.04/SF. The yearly average of \$21.90/SF for 2024 is the highest in the market's history, as is the fourth quarter's tally of \$22.04/SF, though the growth rate has been slow in recent years. The year-over-year asking rent growth rate increased by 0.21% from 1.33% to 1.54% to end 2024. 12 straight years have all seen year-over-year asking rental rate growth; however, growth in the last four years after the onset of the pandemic have been at lower percentages than those from 2016-2020.

Office Average Asking Rent, \$/SF, FS



Year-over-Year Asking Rent Growth Rate

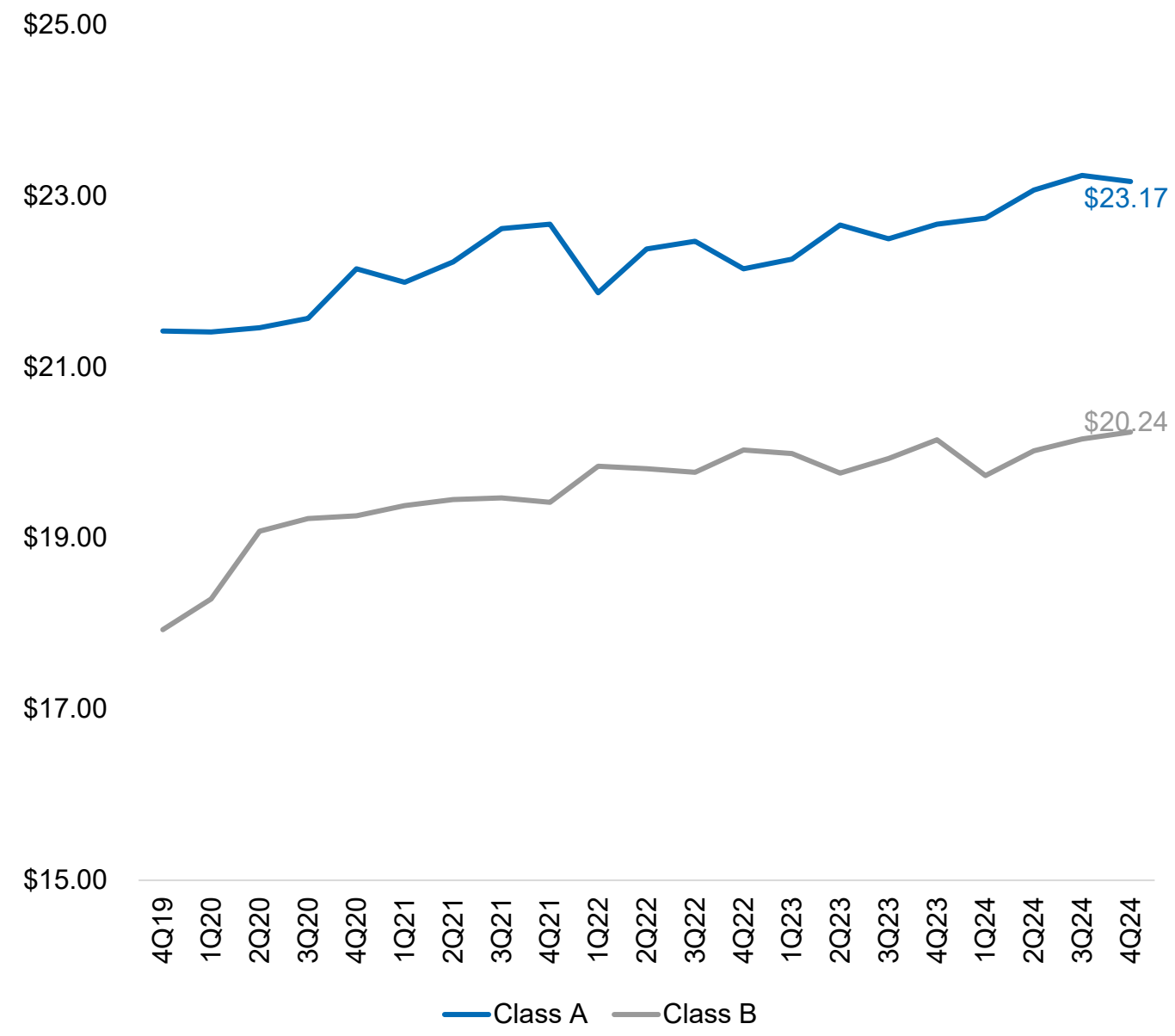


Source: Newmark Research, CoStar

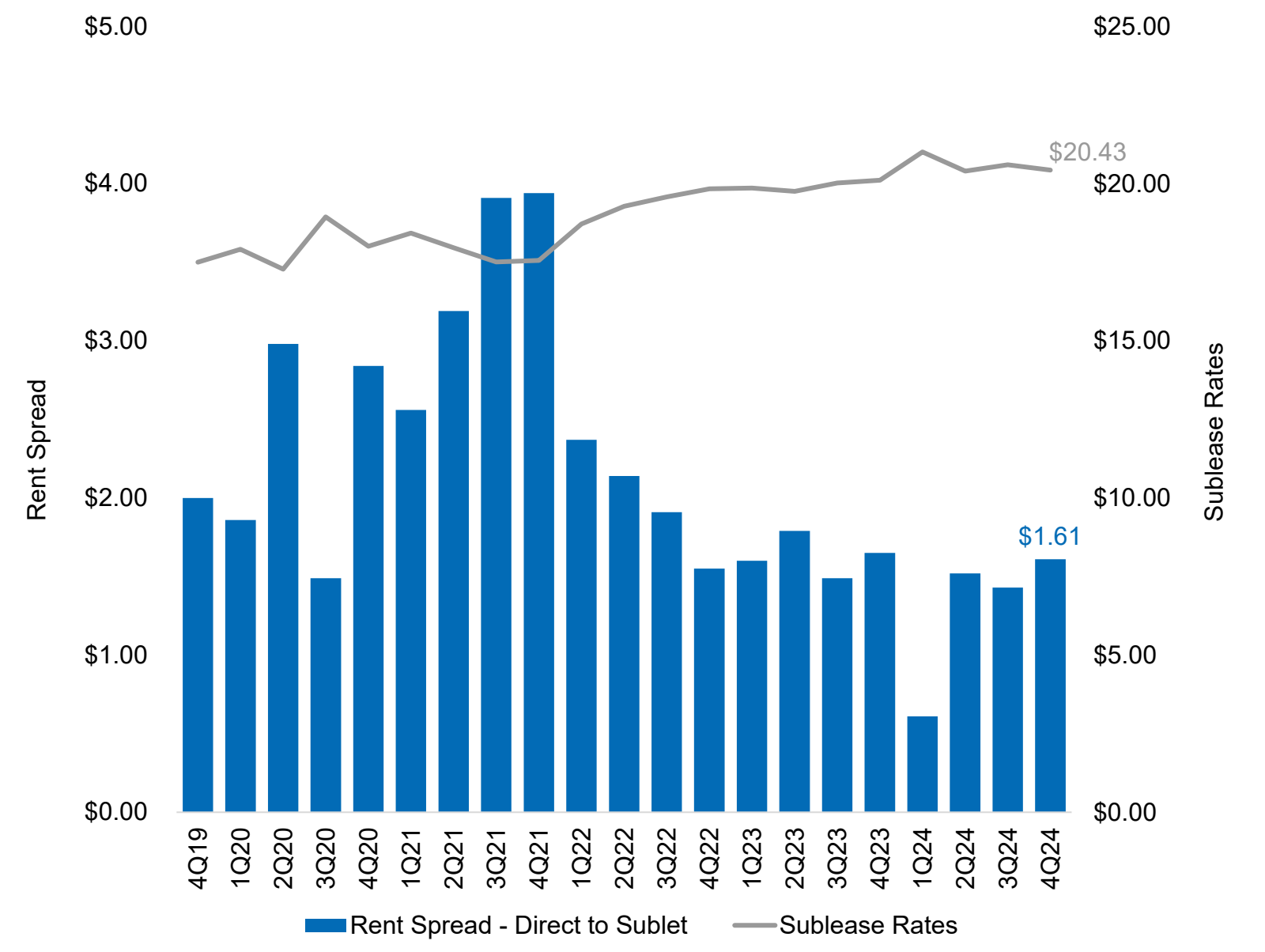
Sublease and Direct Space Rent Spread Increases; Class A and B Difference Shrinks

The discrepancy between asking rates for Class A and B office properties contracted in the fourth quarter after rising in each of the first three quarters of 2024, as Class A rates dipped to \$23.17/SF. Class B rates increased for the third straight quarter to \$20.24/SF. There is now a \$2.93/SF discrepancy between the two. While the rent gap between the “haves” and “have nots” of office space shrunk this past quarter, the gap has still been \$2.00/SF or more for the past five years. The fourth quarter of 2024’s average sublease rate decreased by \$0.17/SF to \$20.43/SF, which widened the gap between sublease and direct rents to \$1.61/SF from \$1.43/SF.

Class A and Class B Asking Rents



Sublease Rates



Source: Newmark Research, CoStar

Lease and Sale Transactions in 4Q24

Select 4Q24 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Det Norske Veritas	5777 Frantz Rd.	Dublin	Renewal	87,885
Lancaster Colony Corporation	380 Polaris Pkwy.	Polaris	Renewal	61,678
Status Solutions, LLC	999 County Line Rd. W.	Polaris	Extension	26,240
Stonehenge Financial Holdings	191 W. Nationwide Blvd.	CBD	Direct	17,546
NVR Settlement Services	8800 Lyra Dr.	Polaris	Direct	16,642
Drive Capital LLC	621 N. High St.	Worthington	Renewal	11,076

Select 4Q24 Sale Transactions

Buyer	Building	Submarket	Sale Price	Square Feet	Price Per SF
535 Metro Place South LLLC	5200 Rings Rd.	Dublin	\$8,000,000	49,950	\$160.16
Vision Daimler Tuttle Crossing LLC	4600 Lakehurst	Dublin	\$10,751,350	110,516	\$97.28
Downtown Columbus Inc.	37 W. Broad St.	CBD	\$10,057,625	146,000	\$68.89
4900 Reed LLC	4900 Reed Rd.	Airport	\$1,670,000	28,752	\$58.08
Better People Place	3401 Mill Run Dr.	Hilliard	\$2,000,000	36,108	\$55.39
HR Butler	5115 Parkcenter Ave.	Dublin	\$3,200,000	61,074	\$52.40
AEL Holdings/Lisinski Law	6377 Emerald Pkwy.	Dublin	\$3,160,200	68,700	\$46.00
Midwest Equipment Sales LLC	4000 Horizons Dr.	Upper Arlington	\$1,680,006	38,658	\$43.46
Downtown Columbus Inc.	21 W. Broad St.	CBD	\$644,640	38,016	\$16.96

Source: Newmark Research

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Appendix



Submarket Overview (Supplemental Slide)

Submarket Statistics – All Classes

Submarket	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr. Absorption (SF)	YTD Absorption (SF)	Class A Asking Rent (Price/SF)	Class B Asking Rent (Price/SF)	Average Asking Rent (Price/SF)
CBD Total	14,608,414	129,828	20.7%	21,034	179,509	\$25.08	\$20.67	\$23.75
Airport	610,394	-	8.6%	(5,297)	(15,836)	\$19.93	\$19.50	\$19.85
Dublin	7,666,322	50,000	23.7%	139,057	475,822	\$21.87	\$19.29	\$20.95
East	134,185	-	0.0%	-	-	-	-	-
Easton	3,201,322	-	20.8%	(11,468)	(71,762)	\$24.92	\$22.93	\$23.99
Gahanna	580,933	-	34.5%	13,602	50,076	-	\$19.57	\$19.57
Grandview	1,502,273	-	18.3%	20,665	(31,198)	\$22.45	\$25.39	\$25.25
Hilliard	1,058,018	251,350	8.0%	9,929	189,410	\$21.00	\$24.23	\$23.05
New Albany	2,319,720	-	26.1%	52,311	115,250	\$25.15	\$20.10	\$22.67
North Central	463,105	-	0.0%	-	7,158	-	-	-
Polaris	2,857,258	-	15.1%	21,812	102,542	\$23.34	\$15.54	\$22.91
Upper Arlington	789,053	-	12.8%	(531)	5,335	\$26.00	\$18.07	\$22.10
Westerville	1,860,884	-	34.0%	31,469	10,829	\$17.06	\$17.83	\$17.47
Worthington	3,597,648	-	30.1%	18,348	(14,977)	\$20.39	\$17.02	\$19.14
Suburban Total	26,641,115	301,350	22.3%	289,897	822,649	\$21.89	\$20.07	\$21.11
Market Totals	41,249,529	431,178	21.8%	310,931	1,002,158	\$23.17	\$20.24	\$22.04

Additional Market Statistics (Supplemental Slide)

Office Statistical Summary

	Current Quarter	Prior Quarter	Year-Ago Period
Total Inventory (SF)	41.2M	41.2M	41.3M
Vacancy Rate	21.8%	22.4%	23.9%
Quarterly Net Absorption (SF)	310,931	108,798	83,109
Average Asking Rent/SF FSG	\$22.04	\$22.03	\$21.76
Under Construction (SF)	431,178	432,832	420,658
Deliveries (SF)	51,654	-	134,396

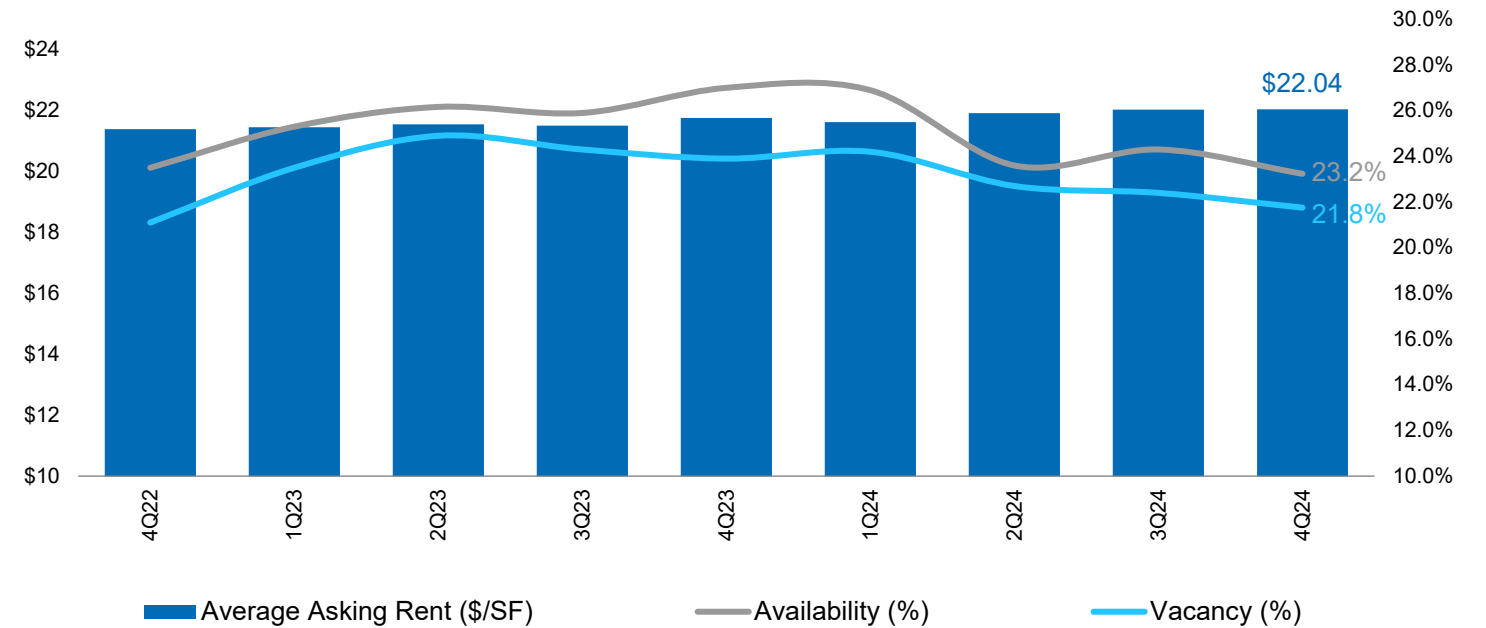
Select Columbus Area Office Buildings Listed For Sale During 4Q24

Building(s)	Submarket	Asking Price	Asking Price/SF	SF
180 E. Broad St.	CBD	Not Disclosed	N/A	594,135
4485 Northland Ridge Blvd. (gov't)	North Central	\$30,888,000	\$96.53	320,000
6000 Perimeter Dr.	Dublin	Not Disclosed	N/A	143,918
440 Polaris Pkwy.	Polaris	Not Disclosed	N/A	139,500
460 Polaris Pkwy.	Polaris	Not Disclosed	N/A	139,000

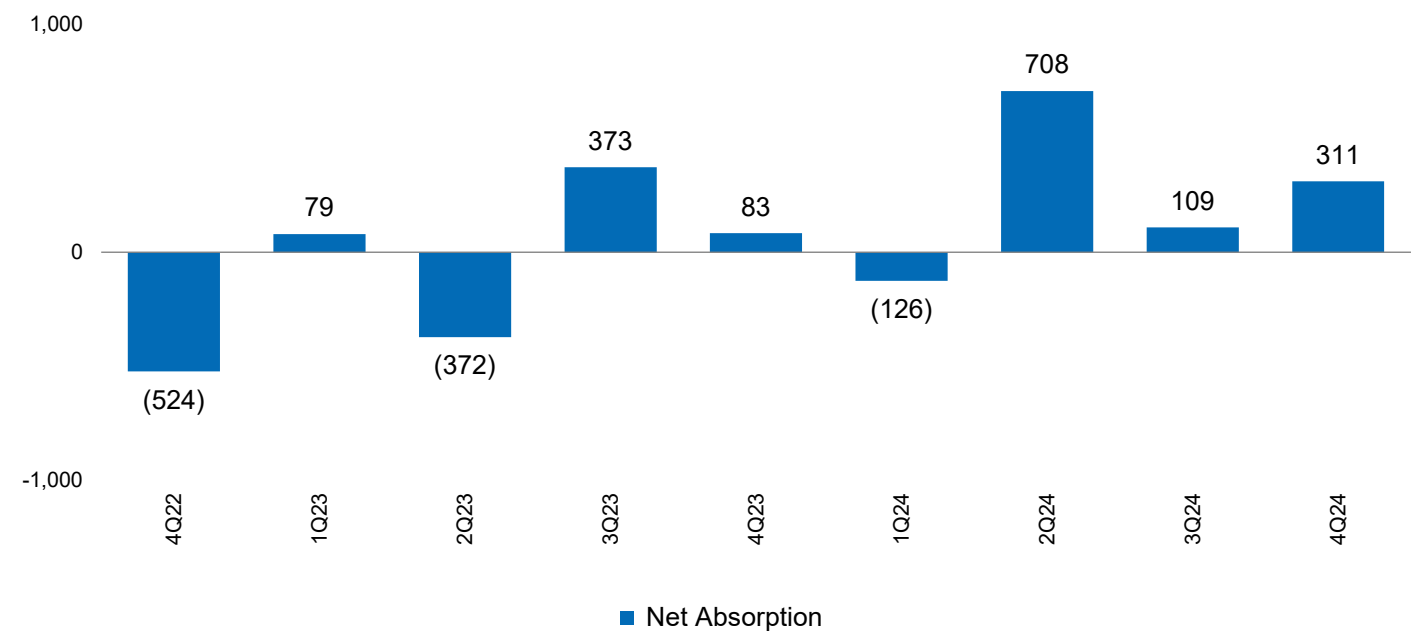
Largest Sublease Spaces Available as of 4Q24

Building	Submarket	Asking Rent/SF/Yr.	SF (Contiguous)
5100 Rings Rd.	Dublin	\$20.00/FSG	406,000
3075 Loyalty Cir.	Easton	Unlisted	164,870
5400 New Albany Rd.	New Albany	\$19.00/FSG	148,780
3000 Corporate Exchange Dr.	Westerville	Unlisted	123,016
4349 Easton Way	Easton	\$19.75/FSG	57,996
250 S. High St.	CBD	\$22.00/FSG	54,172

Average Asking Rent, Availability and Vacancy by Quarter – 4Q22 to 4Q24

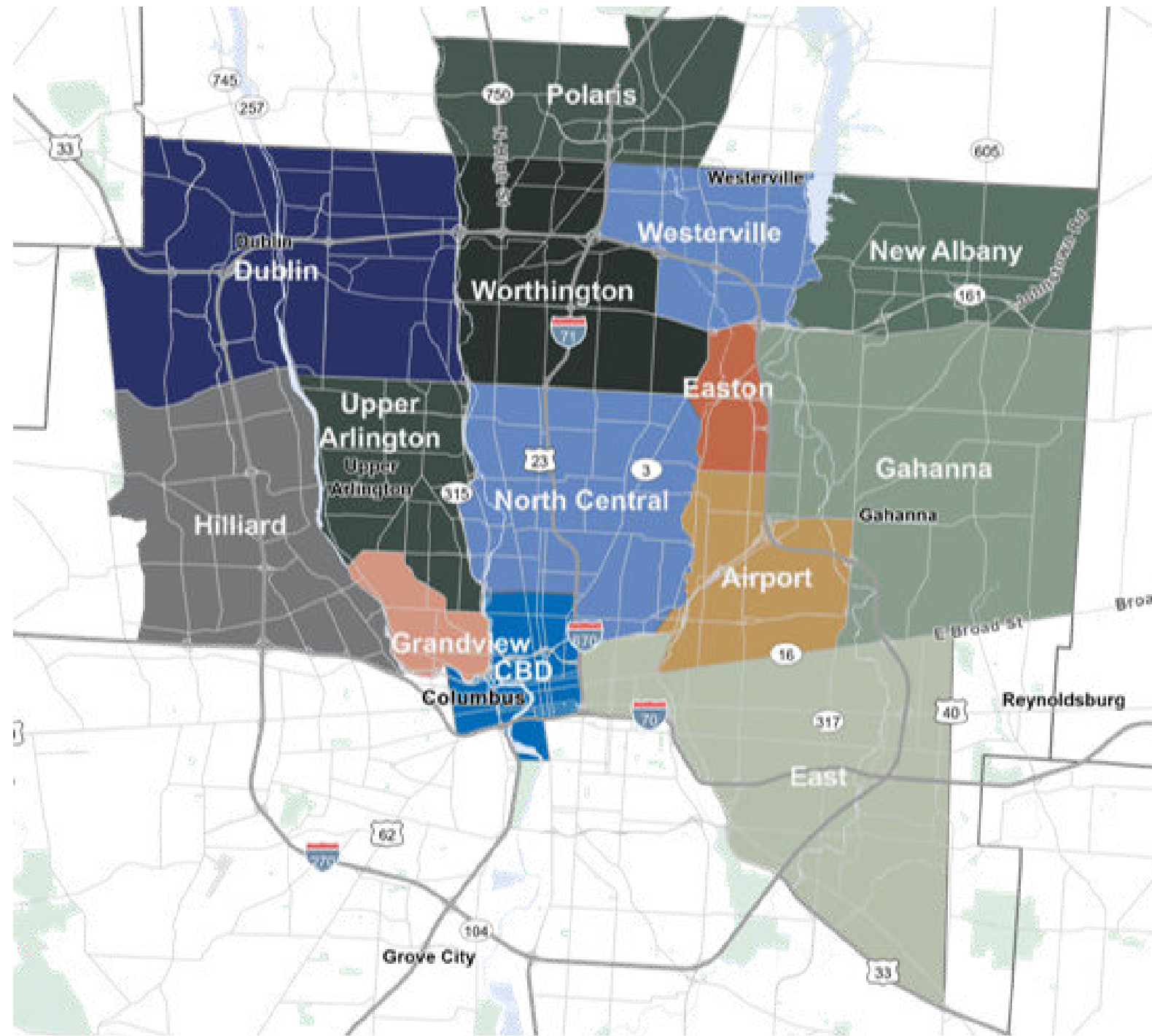


Net Absorption by Quarter (Square Feet, Thousands) – 4Q22 to 4Q24



Source: Newmark Research, CoStar

Submarket Map (Supplemental Slide)



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