

FIGURES | COLUMBUS OFFICE | Q4 2022

# Large move-outs negatively impact vacancy and absorption



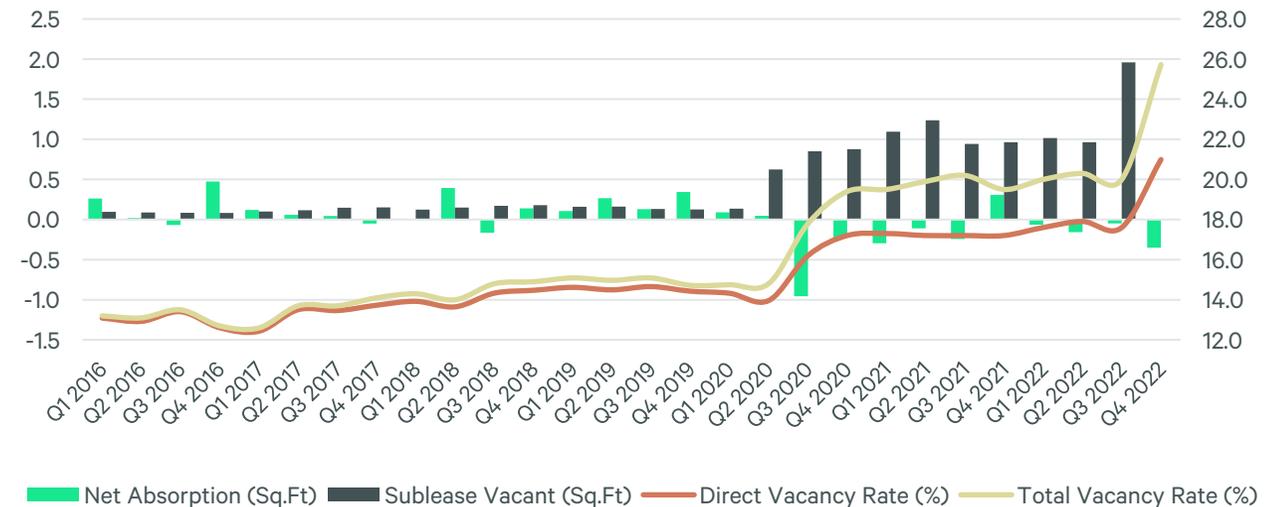
Note: Arrows indicate change from previous quarter.

## SUMMARY

- Asking rates remained at an average of \$21.30.
- Although leasing activity decreased this quarter, 86% of leases signed were new deals demonstrating tenants are active in the market.
- The highest negative absorption was experienced by the Dublin and Easton submarkets with -259k sq. ft. and -83k sq. ft. absorption, respectively.
- Construction wrapped up at Grandview Crossing and BMW Financial Services fully occupied the 124,500 sq. ft. building.

Large blocks of space were added to the market, including BMW Financial Services vacating 220,964 sq. ft. in Dublin, which decreased net absorption this quarter. This is the lowest recorded net absorption since Q3 2020. BMW Financial Services relocated and downsized to prime Class A space at the Grandview Crossing development. Large move-outs also increased the overall vacancy rate by 29%. Vacant sublease space is another factor impacting the overall vacancy rate. The direct vacancy rate is 21.0%, compared to the total vacancy rate of 25.7%.

FIGURE 1: Columbus Construction Activity, Net Absorption, and Vacancy Rates



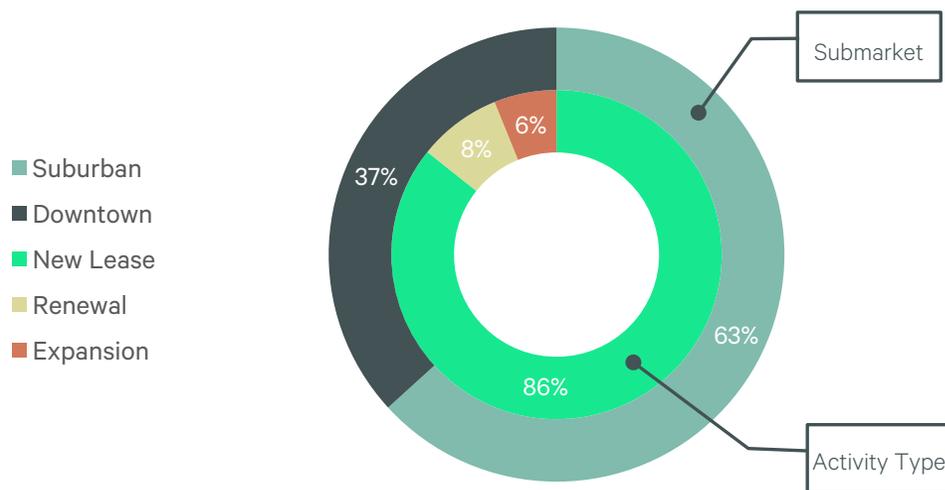
Source: CBRE Research, Q4 2022

## Leasing Velocity

In the Columbus market, leasing activity decreased this quarter to 292,193 sq. ft., compared to 649,950 sq. ft. in the third quarter of 2022. 86% of leases signed this quarter were new leases, demonstrating that tenants are continuing to stay active in the market. 37% of total sq. ft. leased was concentrated in the Downtown submarket, while 63% of total leases signed were in suburban markets. Suburban activity was focused primarily in Dublin, Upper Arlington, and Westerville, which posted a combined 106,619 sq. ft. of leases signed.

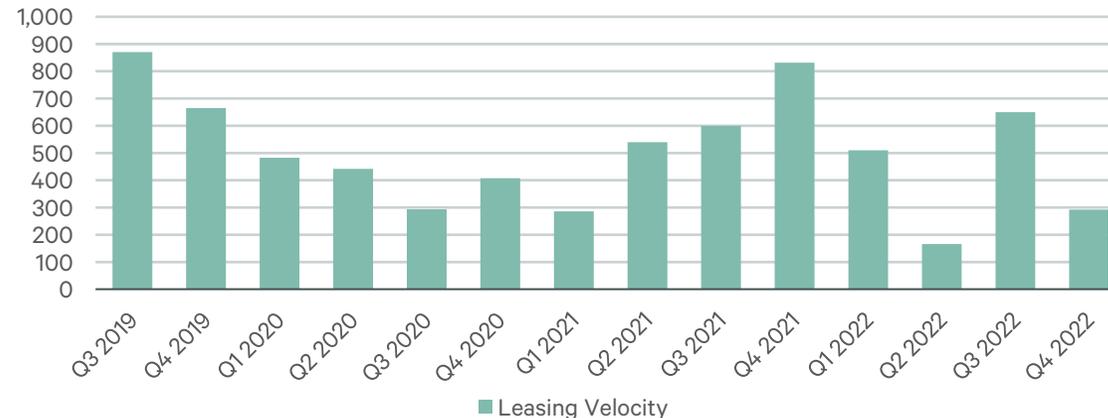
The largest new lease was signed in the Downtown submarket. Foxen leased 30,770 sq. ft. at 333 W Nationwide Blvd. The largest renewal was signed by First Merchants Bank for 16,246 sq. ft. in Upper Arlington. On average, tenants are leasing smaller spaces. For example, the average lease size this quarter decreased by 30.8% from Q3 to 5,963 sq. ft.

FIGURE 2: Deal Activity Snapshot



Source: CBRE Research Q4 2022

FIGURE 3: Historical Leasing Velocity  
Sq. Ft. Leased (Thousands)



Source: CBRE Research Q4 2022

FIGURE 4: Key Transactions

Transaction Type	Size (SF)	Tenant	Address	Brokerage(s) (Landlord/Tenant)	Market Area
New Lease	30,770	Foxen	333 W Nationwide Blvd	Capitol Equities Inc. / NA	Downtown
New Lease	28,863	Telhio Credit Union	20 S Belle St	Daimler Group Inc. / NA	Downtown
New Lease	17,735	Ashland Chemical Inc	5455 5475 Rings Rd	Colliers International / NA	Dublin
Renewal	16,246	First Merchants Bank	3650 Olentangy River Rd	Colliers International / JLL	Upper Arlington
New Lease	11,416	Arrive Logistics	500 W Broad St	CBRE / CBRE	Downtown

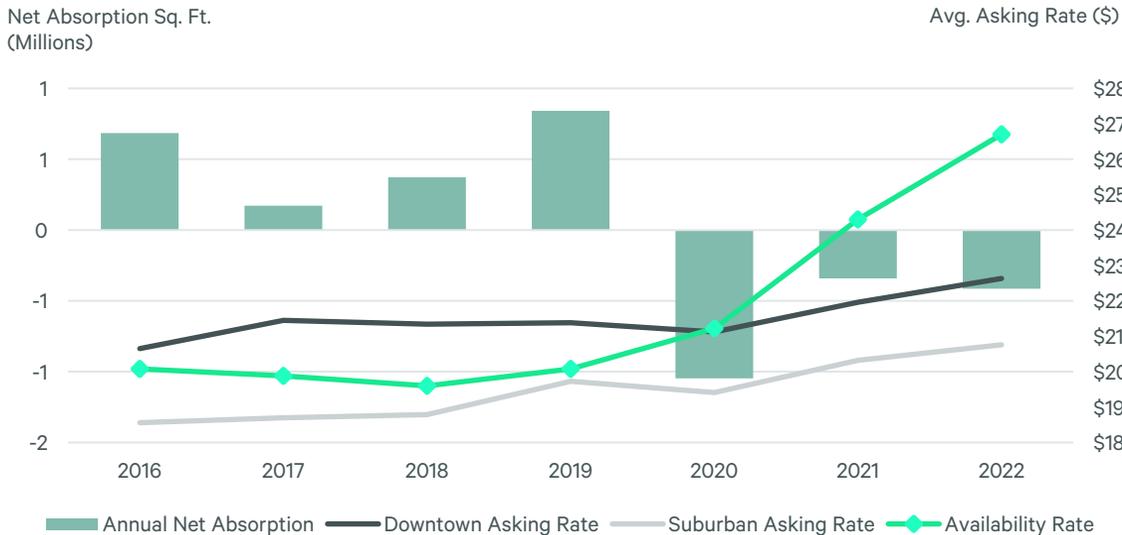
Source: CBRE Research Q4 2022

## Absorption and Lease Rates

Although Columbus saw an increase in absorption and vacancy rates this quarter, four submarkets posted positive absorption recording a total of 178,750 sq. ft. That is higher than the total positive absorption in Q3 of 64,632 sq. ft. Higher positive absorption can be attributed to the fully-leased Grandview Crossing development completing this quarter. Every other submarket showed negative absorption, the largest of those being the Dublin and Easton submarkets with -259 sq. ft. and -83k sq. ft. respectively. Both submarkets saw large move outs, including BMW Financial Services and JP Morgan Chase.

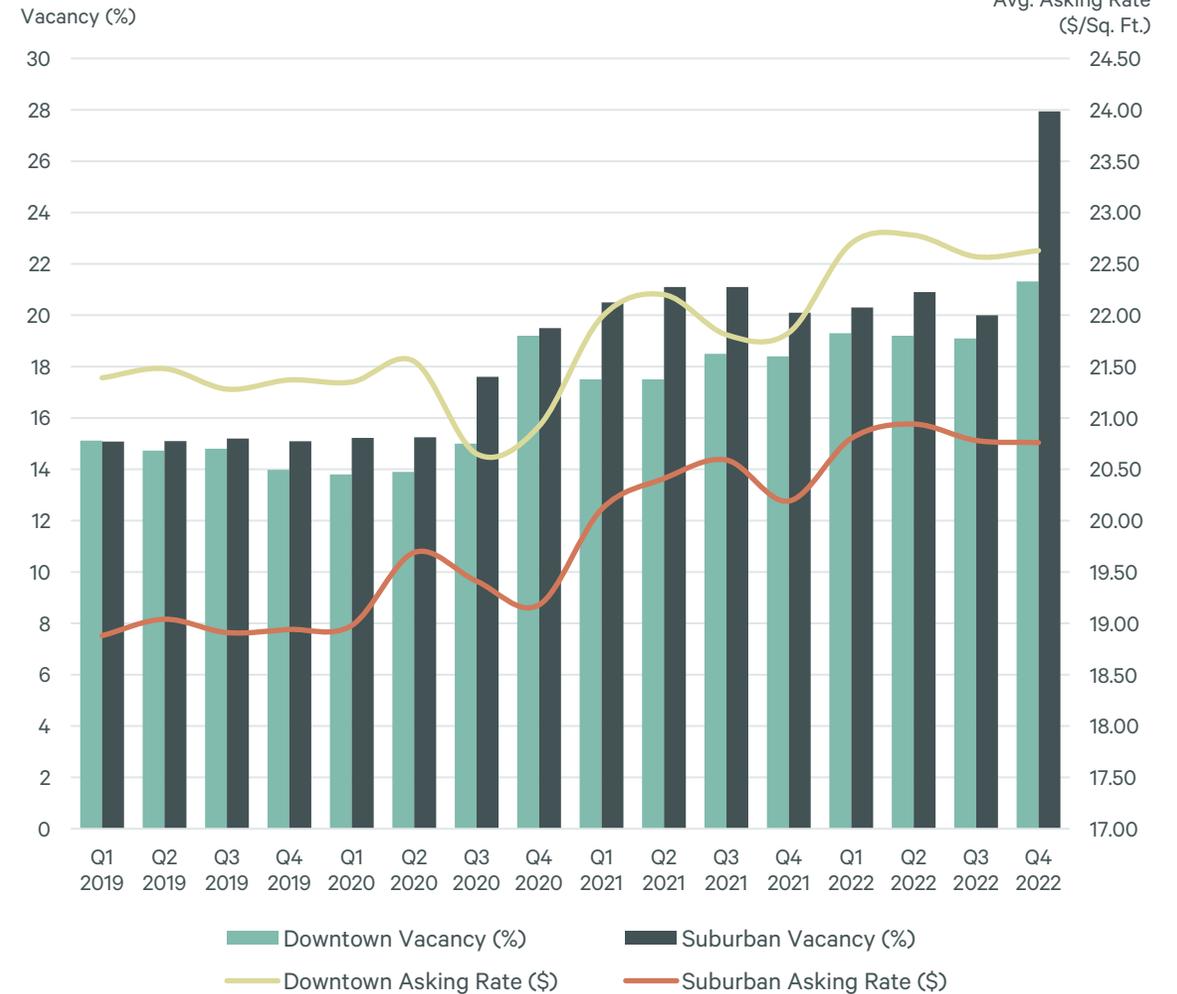
Asking rates remained at an average of \$21.30 per sq. ft. However, Class A asking rates increased again in Q4 reaching \$22.48 in the suburban markets. Easton continues to lead other submarkets in the highest asking rates, currently at \$25.75 . Class A asking rates are on average 19.4% higher than Class B asking rates.

FIGURE 5: Net Absorption vs Asking Rates



Source: CBRE Research, Q4 2022

FIGURE 6: Vacancy Rates vs Asking Rates



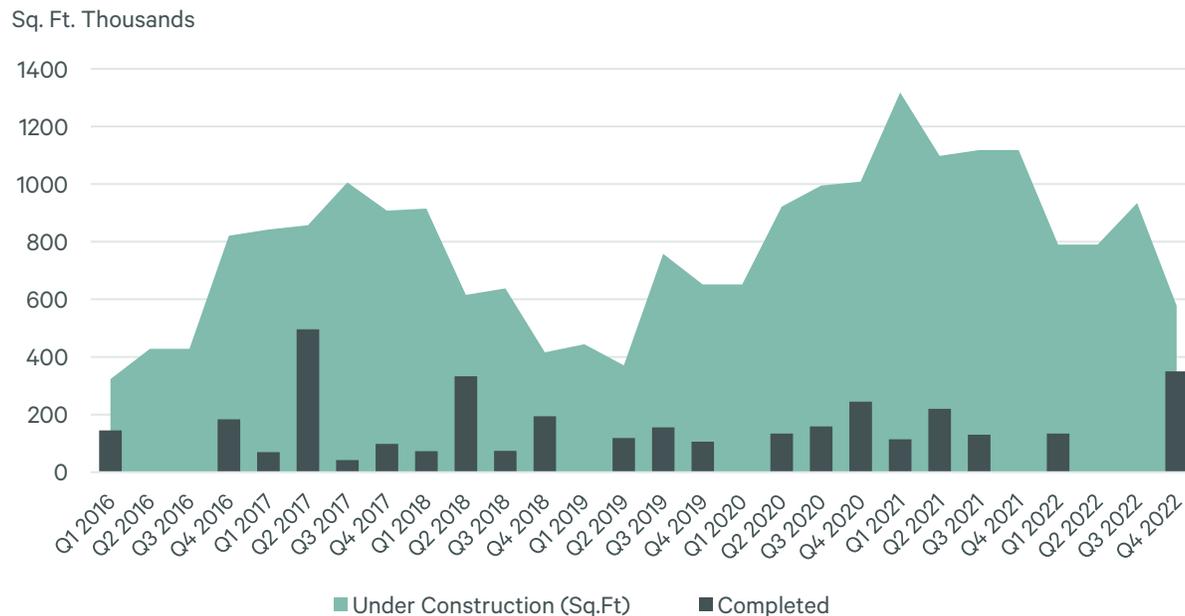
Source: CBRE Research, Q4 2022

## Construction Activity

Construction at Grandview Crossing finalized this quarter, adding 124,500 sq. ft. of prime Class A product to the Grandview market. The project was fully-leased demonstrating the demand for prime office space. Construction of the office space at Phase I of Scioto Peninsula completed in Q3 and saw move ins this quarter.

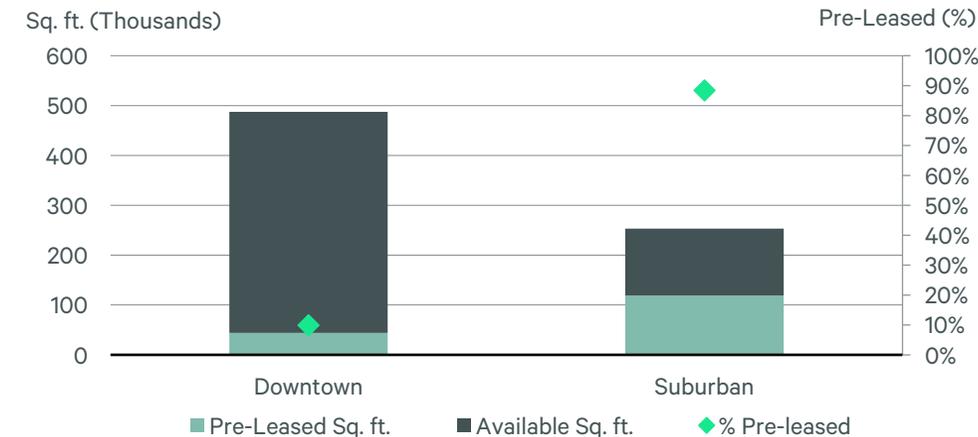
Construction at Front and Fulton was delayed at least a year after the total cost of the project increased \$43.7 million, which is an increase of 47.5%. Front and Fulton is the largest project under construction, which will add 218K sq. ft. of mixed-use space to the market when completed. Construction is still underway at Astor Park, with BBI Logistics leasing 144K sq. ft. Construction at Gravity II is expected to complete next quarter.

FIGURE 7: Construction Activity



Source: CBRE Research, Q4 2022

FIGURE 8: Current Construction Breakdown (Total Sq. Ft %)



Source: CBRE Research, Q4 2022

FIGURE 9: Current Developments

Address	Building name	Submarket	Type of project	RBA (s.f.)	% pre-leased	Est Delivery
429 W Broad	Gravity II	Downtown	Spec	167,000	8.0%	Q1 2023
477 S Front	Front and Fulton	Downtown	Spec	218,000	0.0%	Q1 2025
600 Nationwide Blvd	Astor Park	Downtown	Spec	144,000	100.0%	Q2 2024
1325 W Lane Ave	Arlington Gateway	Upper Arlington	Spec	134,375	88.43%	Q3 2023

Source: CBRE Research, Q4 2022

## Market Statistics

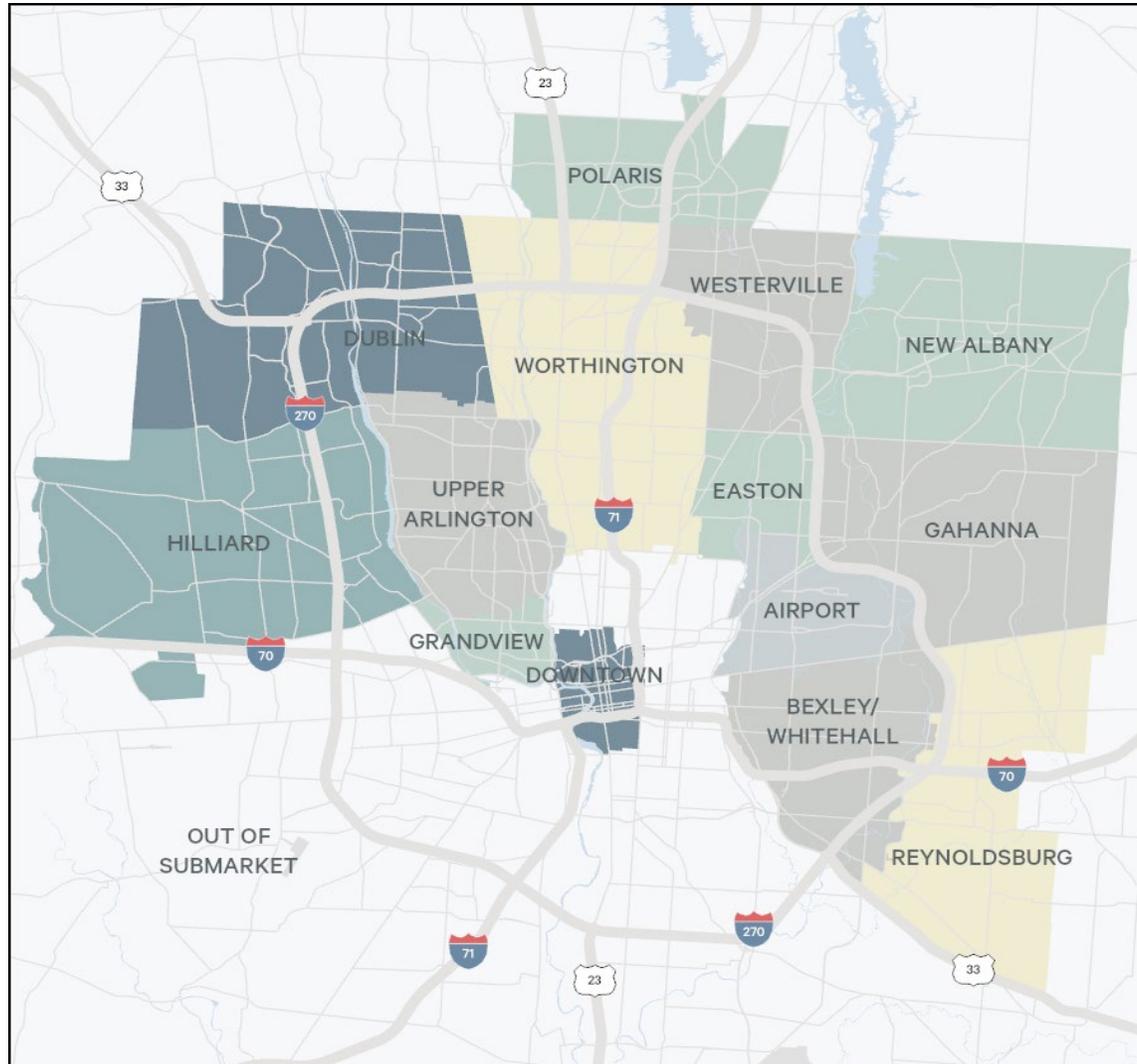
Market	Market Rentable	Direct Vacant	Direct Vacancy	Total Vacancy	Q4 2022 Net Absorption	2022 Net Absorption	Under Construction	Direct Avg. Asking
Suburban Market Statistics								
Airport	832,436	140,343	16.9%	29.3%	(12,767)	(14,119)	-	\$15.28
Bexley/Whitehall	547,670	184,750	33.7%	33.7%	-	-	-	\$12.93
Dublin	7,988,362	1,944,771	24.3%	31.6%	(259,986)	(346,366)	-	\$21.53
Easton	2,811,164	439,794	15.6%	29.1%	(83,667)	(87,210)	-	\$25.40
Gahanna	735,060	237,686	32.3%	45.1%	(44,378)	(41,368)	-	\$20.99
Grandview	1,848,985	114,198	6.2%	7.9%	110,690	111,628	-	\$21.91
Hilliard	695,748	328,733	47.2%	47.6%	(54,915)	(41,487)	-	\$22.02
New Albany	1,919,733	523,950	27.3%	38.7%	29,889	93,296	-	\$23.13
Polaris	2,668,069	719,314	27.0%	28.7%	(15,896)	(12,257)	-	\$21.91
Reynoldsburg	296,676	106,923	36.0%	36.0%	672	(15,191)	-	\$14.00
Upper Arlington	1,105,591	101,996	9.2%	9.5%	(18,974)	(34,826)	134,375	\$18.92
Westerville	2,055,393	350,624	17.1%	28.1%	(32,636)	(21,097)	-	\$16.84
Worthington	3,996,755	729,930	18.3%	20.1%	(5,882)	(58,885)	-	\$19.00

Source: CBRE Research, Q4 2022

Market	Market Rentable	Direct Vacant	Direct Vacancy	Total Vacancy	Q4 Net Absorption	2022 Net Absorption	Under Construction	Direct Avg. Asking
Suburban vs. Downtown Market Statistics								
Suburban Class A	12,932,025	3,465,726	26.8%	36.9%	(412,648)	(440,930)	134,375	\$22.48
Suburban Class B	10,066,939	1,982,555	19.7%	23.1%	27,014	7,171	-	\$19.10
Suburban Class C	4,502,678	474,731	10.5%	13.1%	(2,216)	(34,123)	-	\$14.57
<b>Suburban Total</b>	<b>27,501,642</b>	<b>5,923,012</b>	<b>21.5%</b>	<b>27.9%</b>	<b>(350,351)</b>	<b>(430,383)</b>	<b>134,375</b>	<b>\$20.76</b>
Downtown Class A	7,046,620	1,658,820	23.5%	25.6%	56,568	6,080	443,500	\$24.94
Downtown Class B	5,797,652	899,058	15.5%	16.4%	(23,787)	(6,545)	-	\$19.08
Downtown Class C	1,039,502	204,777	19.7%	19.7%	4,718	5,056	-	\$21.36
<b>Downtown Total</b>	<b>13,883,774</b>	<b>2,762,655</b>	<b>19.9%</b>	<b>21.3%</b>	<b>37,499</b>	<b>4,591</b>	<b>443,500</b>	<b>\$22.63</b>
Columbus Class A	19,978,645	5,125,650	25.7%	32.9%	(356,080)	(382,434)	577,875	\$23.18
Columbus Class B	15,864,591	2,885,450	18.2%	20.7%	3,227	(2,040)	-	\$19.09
Columbus Class C	5,542,180	683,326	12.3%	14.4%	2,502	(29,811)	-	\$16.09
<b>Market Total</b>	<b>41,385,416</b>	<b>8,685,667</b>	<b>21.0%</b>	<b>25.7%</b>	<b>(350,351)</b>	<b>(414,285)</b>	<b>577,875</b>	<b>\$21.30</b>

Source: CBRE Research, Q4 2022

**Market Area Overview**



**Definitions**

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Bulk Warehouses are defined as warehouse or distribution facilities that are at least 100,000 sq. ft. Modern Warehouses in addition to Bulk are constructed in 1998 or later, and 28’ clear or taller.

**Survey Criteria**

Includes office buildings 10,000 sq. ft. and greater in size. Excludes single-tenant owner-occupied buildings, government-owned-and-occupied buildings, and medical buildings. Buildings which have begun construction as evidenced by site excavation or foundation work.

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