

Office

# Columbus

Midwestern Region

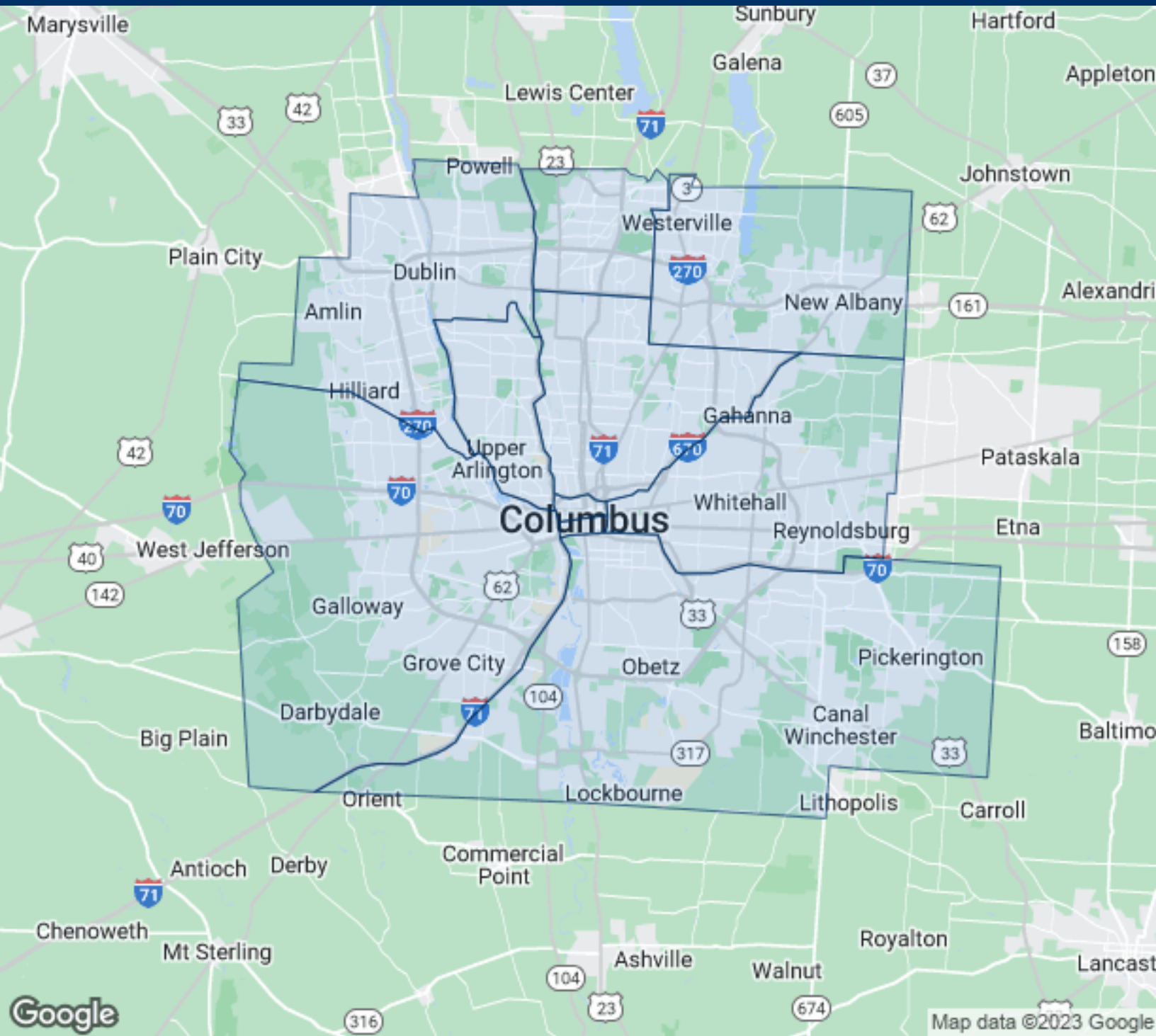
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**February 10, 2023**

DATA AS OF Q4 2022



Office

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# I. EXECUTIVE BRIEFING

AVERAGE ASKING RENT **\$20.03/sqft**

AVERAGE VACANCY **21.7%**

(Published December 2022)

- The Columbus metro remained flat rent since November.
- Rent is expected to finish 2023 at \$20.03 in the Columbus metro.
- Vacancy in the Columbus metro drifted upward by 20 basis points.
- The Columbus metro was among the 20 highest vacancies nationally.

## Market Overview

A comprehensive assessment of the Columbus office market shows that the dominant concentrations of competitive office space are located in the Dublin/Hilliard submarket, amounting to 7.0 million square feet and 20.3% of the metropolitan inventory, followed by Upper Downtown, with a 18.2% share, and Worthington (16.6%). Since the beginning of Q1 2013, the fastest growing area has been the Upper Downtown submarket, adding 735,000 square feet over that period, or 26.5% of total metropolitan office completions.

## Asking and Effective Rent

Monthly movement in asking rent during the fourth quarter was mixed, with rents remaining flat during December leaving the cumulative quarterly total gain at 0.2%. Since the same reporting period last year, asking rents have increased by 1.0%, up from \$19.83. Since the beginning of Q1 2013, the metro as a whole has recorded an annual average increase of 1.1%. Effective rents, which exclude the value of concessions offered to prospective tenants, also finished December flat at a level of \$15.66. Although all of the Columbus metropolitan area's ten office submarkets contributed to the metro's recent rent growth, it is instructive to observe that the 1.0% asking rent growth rate of the past 12 months is in line with the metro's long term performance.

## Competitive Inventory, Employment, Absorption

Total employment in the Columbus metropolitan area increased by 5,700 jobs during the fourth quarter, representing a growth rate of 0.5%, while in the dominant office-using industries, employment grew by 1,700. Although quarterly employment changes may not have an immediate impact on lease rolls, it is prudent to consider longer-term economic and demographic performance as a factor affecting current demand for office space. Since the beginning of Q1 2013, the average growth rate for office-using employment in Columbus has been 1.0% per year, representing the average annual addition of 3,700 jobs. The metro experienced negative absorption of 81,000 square feet during December. Over the last 12 months, market absorption totaled 105,000 square feet, 9.7% greater than the average annual absorption rate of 95,700 square feet recorded since the beginning of Q1 2013. The net increase in vacancy from one year ago is 50 basis points to a level of 21.7%. From an historical perspective, December vacancy rate is 2.1 percentage points higher than the 19.6% average recorded since the beginning of Q1 2013.

## Executive Briefing (cont.)

### Outlook

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Between now and year-end 2024, developers are expected to deliver a total of 2.0 million square feet. Nonagricultural job growth over the same period is expected to average 1.1% annually. This absorption rate exceeds the total volume of new office space anticipated to enter the market by enough to place downward pressure on the market vacancy rate, reducing it to 20.2% by year end 2024. On an annualized basis through 2023 and 2024, asking and effective rents are anticipated to climb by 1.7% and 1.8%, respectively, to finish 2024 at \$20.73 and \$16.22.