

Economic Overview

According to the Bureau of Labor Statistics, the unemployment rate dropped 0.2 percentage points from 4.9% in February 2016 to 4.7% in February 2017. The unemployment rate for the state of Ohio was reported at 5.0% January 2016 which was stagnant from 5.0% January 2017. The Columbus metropolitan statistical area job creation totaled 20,300 in the Columbus metropolitan statistical area over the past year. The Columbus unemployment rate increased from 4.7% January 2016 to 4.8% January 2017.

Market Overview

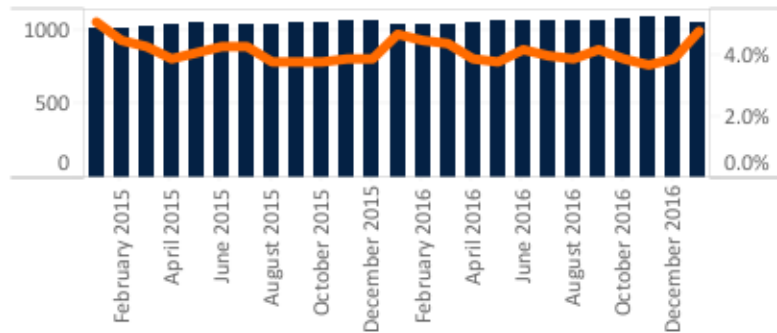
The Columbus office market recorded 16,292 square feet (sf) of negative net absorption during 1Q 2017. Net absorption was down from a positive 212,000 sf recorded during 1Q 2016. The total vacancy rate has decreased from 11.5% at the end of 1Q 2016 compared to 11.2% at the close of 1Q 2017. Direct vacancy rates decreased 0.3 percentage points from 11.3% at the end of 1Q 2016 compared to 11.0% during 1Q 2017. Weighted average rent growth continued to improve during 1Q 2017 especially in Class A properties in the CBD market recording at \$23.65 per square foot (psf). Direct weighted average asking rents in all classes increased from \$18.73 psf 1Q 2016 compared to \$20.02 psf at the close of 1Q 2017.

Market Highlights

Currently the Columbus office market with over 1M sf under construction. Big Lots new headquarters broke ground for 333,000 sf in the Northeast market. It was reported in the Columbus Business First newspaper that Big Lots signed a 15-year lease with an option to buy. Alliance Data has been constructing a campus consisting of three buildings in the Easton submarket. The first building for 86,000 sf delivered in 2016, the second building for 240,000 sf delivered 1Q 2017 and the third building for 240,000 sf will deliver later this year. Two25 a 340,000 sf mixed use project with 150,000 sf of office space, broke ground this quarter in the CBD market.

Columbus Employment

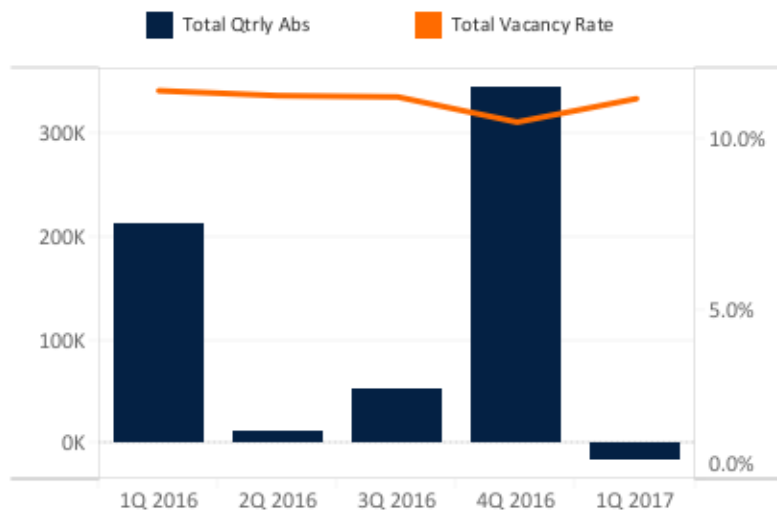
Source: BLS



Market Recap

Inventory (sf)	42,510,970
# of Bldgs	573
Qrtly Abs (sf)	-16,292
Total Avail Rate	17.6%
Total Vacancy Rate	11.2%
U/C Inventory (sf)	1,007,502
Delivered (sf)	309,784
Weighted Average Asking Rate (FSG)	\$20.02

Absorption and Vacancy Rate



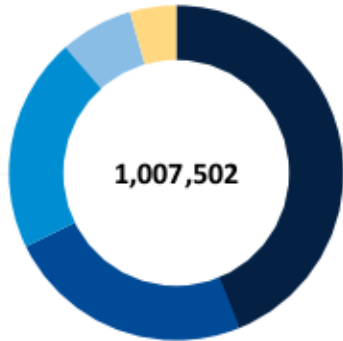
Overview by Class (Total)

Class	Inventory (sf)	Available (sf)	Vacant (sf)	Total	Qrtly Abs (sf)	YTD Net Abs (sf)
A	14,293,261	3,138,151	1,659,006	11.6%	-2,637	-2,637
B	18,003,146	3,356,877	2,231,689	12.4%	-16,289	-16,289
C	10,214,563	974,142	884,381	8.7%	2,634	2,634
Overall	42,510,970	7,469,170	4,775,076	11.2%	-16,292	-16,292

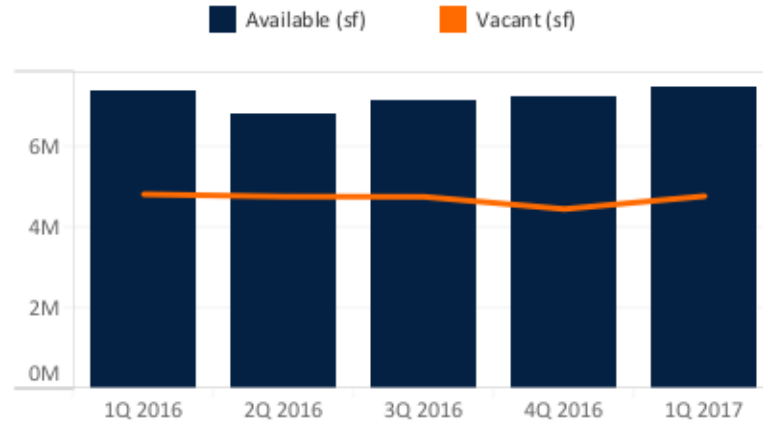
Overview by Market (Total)

Market Name	Class	Inventory (sf)	Available (sf)	Vacant (sf)	Total	Qrtly Abs (sf)	YTD Net Abs (sf)
CBD	A	4,299,148	722,880	482,501	11.2%	-19,099	-19,099
	B	6,687,504	1,048,603	747,372	11.2%	52,556	52,556
	C	3,290,342	317,820	311,540	9.5%	-3,305	-3,305
Delaware Cty	C	21,526	0	0	0.0%	0	0
East	A	1,953,644	542,697	95,276	4.9%	247,500	247,500
	B	1,139,568	175,996	129,795	11.4%	13,610	13,610
	C	1,757,715	193,427	193,427	11.0%	-7,950	-7,950
Fairfield Cty	C	153,499	0	0	0.0%	0	0
Licking Cty	C	325,440	20,000	20,000	6.1%	5,120	5,120
North	A	1,465,183	166,859	69,095	4.7%	-10,201	-10,201
	B	3,691,778	795,837	437,879	11.9%	-32,584	-32,584
	C	1,490,417	154,934	129,110	8.7%	-2,487	-2,487
North Central	A	60,000	0	0	0.0%	0	0
	B	276,466	1,854	0	0.0%	0	0
	C	466,265	2,328	2,328	0.5%	0	0
Northeast	A	1,465,770	262,457	170,152	11.6%	-46,366	-46,366
	B	1,833,388	479,517	346,684	18.9%	-22,284	-22,284
	C	431,763	50,191	40,513	9.4%	1,200	1,200
Northwest	A	5,049,516	1,443,258	841,982	16.7%	-174,471	-174,471
	B	4,374,442	855,070	569,959	13.0%	-27,587	-27,587
	C	1,773,567	135,071	87,092	4.9%	-1,565	-1,565
South	C	478,199	100,371	100,371	21.0%	11,621	11,621
Union Cty	C	25,830	0	0	0.0%	0	0
Overall		42,510,970	7,469,170	4,775,076	11.2%	-16,292	-16,292

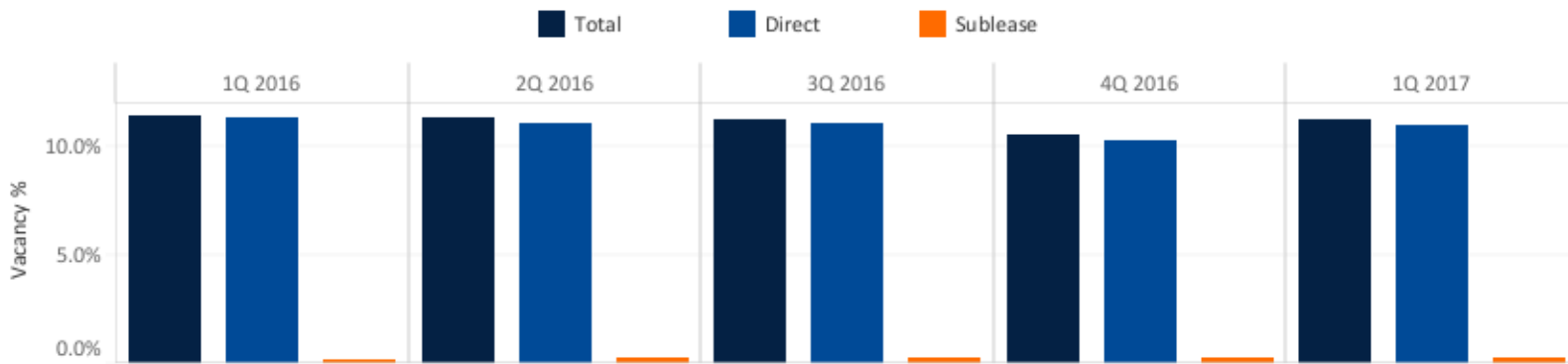
Construction by Market



Total Available and Vacant



Vacancy Rate



Overview by Class (Direct)

Class	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
A	14,293,261	2,930,232	1,568,694	11.0%	3,236	3,236
B	18,003,146	3,217,378	2,216,699	12.3%	-16,612	-16,612
C	10,214,563	974,142	884,381	8.7%	2,634	2,634
Overall	42,510,970	7,121,752	4,669,774	11.0%	-10,742	-10,742

Overview by Class (Sublease)

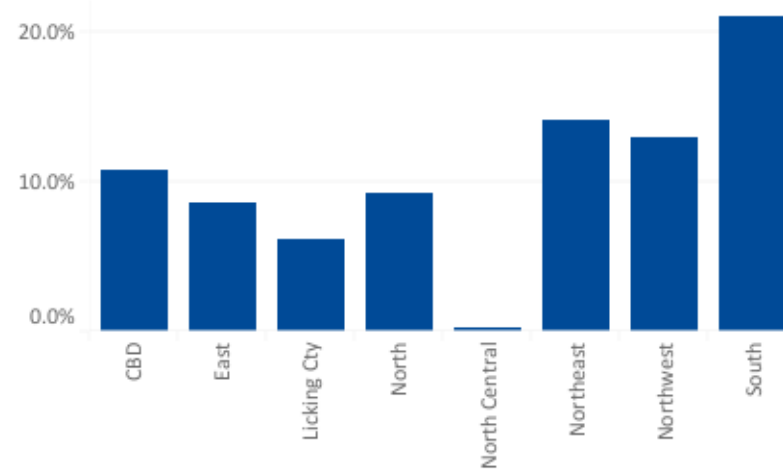
Class	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
A	14,293,261	207,919	90,312	0.6%	-5,873	-5,873
B	18,003,146	139,499	14,990	0.1%	323	323
C	10,214,563	0	0	0.0%	0	0
Overall	42,510,970	347,418	105,302	0.2%	-5,550	-5,550

Direct Vacancy Rates

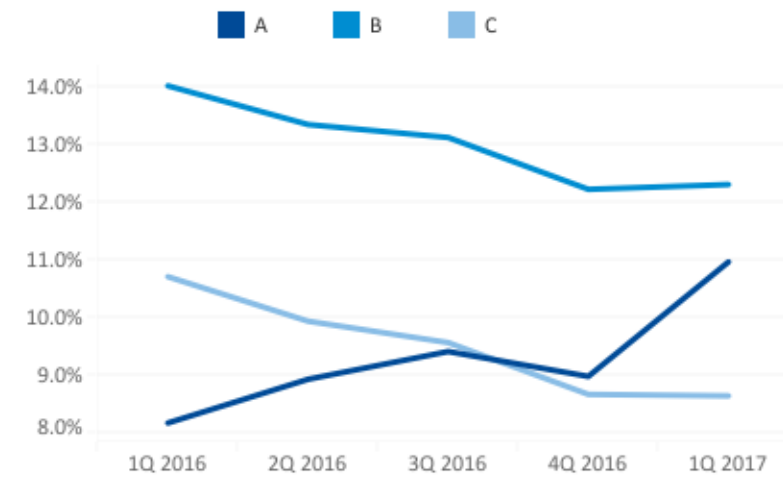
By Market and Class

Market Name	Class	Quarter Year				
		1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017
CBD	A	7.7%	9.1%	10.6%	10.6%	11.1%
	B	13.1%	12.3%	12.3%	11.9%	11.2%
	C	9.5%	9.4%	9.2%	9.4%	9.5%
Delaware Cty	C	0.0%	0.0%	0.0%	0.0%	0.0%
East	A	5.9%	8.9%	7.5%	6.0%	4.9%
	B	20.5%	20.7%	17.6%	12.2%	11.4%
	C	16.7%	16.7%	15.6%	10.6%	11.0%
Fairfield Cty	C	4.1%	0.0%	0.0%	0.0%	0.0%
Licking Cty	C	8.6%	8.1%	8.1%	7.7%	6.1%
North	A	5.6%	6.2%	5.9%	3.8%	4.1%
	B	12.9%	11.5%	11.8%	10.7%	11.6%
	C	10.7%	10.6%	9.3%	8.5%	8.7%
North Central	A	0.0%	0.0%	0.0%	0.0%	0.0%
	B	2.7%	0.0%	0.0%	0.0%	0.0%
	C	8.8%	7.8%	0.5%	0.5%	0.5%
Northeast	A	11.3%	6.0%	6.6%	6.4%	9.6%
	B	17.7%	18.1%	18.1%	17.7%	18.9%
	C	9.3%	7.5%	7.7%	9.7%	9.4%
Northwest	A	9.3%	10.6%	11.1%	11.0%	15.8%
	B	13.8%	13.5%	13.1%	12.5%	13.0%
	C	4.6%	3.4%	5.1%	4.8%	4.9%
South	C	26.7%	19.6%	23.4%	23.4%	21.0%
Union Cty	C	0.0%	0.0%	0.0%	0.0%	0.0%
Overall		11.3%	11.1%	11.1%	10.3%	11.0%

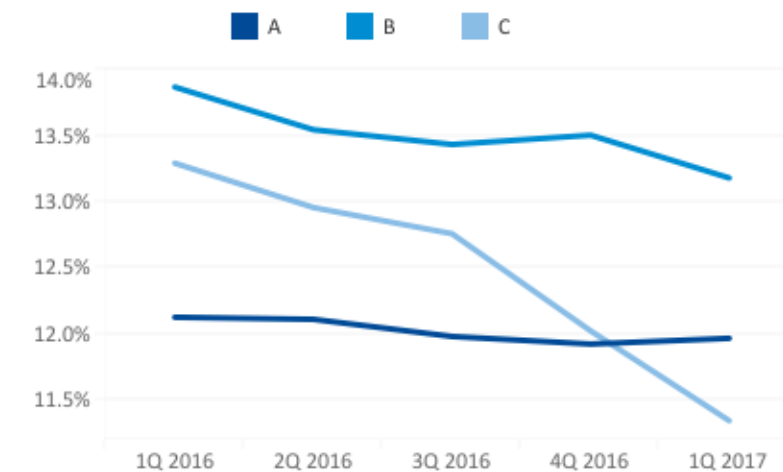
By Market



Columbus by Class



National by Class

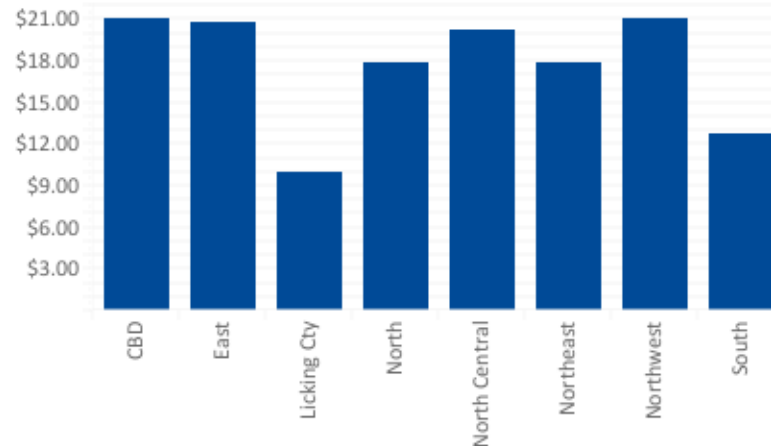


Direct Weighted Average Asking Rates (FSG)

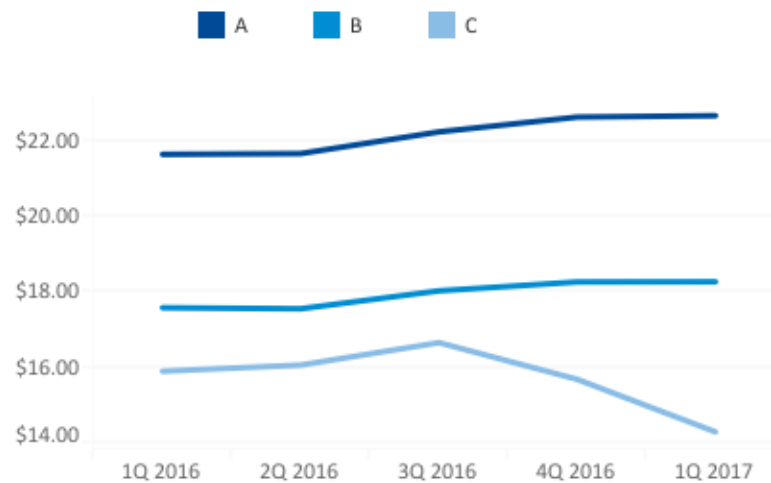
By Market and Class

Market Name	Class	Quarter Year				
		1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017
CBD	A	\$21.44	\$21.94	\$23.50	\$23.45	\$23.70
	B	\$17.89	\$17.77	\$18.10	\$19.13	\$19.39
	C	\$20.22	\$20.24	\$20.47	\$20.48	\$18.15
Delaware Cty	C	-	-	-	-	-
East	A	\$22.73	\$22.39	\$22.47	\$23.00	\$23.01
	B	\$17.56	\$17.79	\$17.14	\$16.09	\$15.65
	C	\$20.03	\$20.03	\$23.97	\$9.82	\$9.82
Fairfield Cty	C	\$12.43	-	-	-	-
Licking Cty	C	\$15.10	\$21.47	\$21.47	-	\$10.00
North	A	\$21.13	\$21.12	\$21.49	\$21.41	\$21.67
	B	\$17.39	\$16.99	\$17.64	\$17.65	\$17.95
	C	\$11.79	\$11.65	\$11.73	\$11.81	\$11.64
North Central	A	-	-	-	-	-
	B	\$19.45	-	-	\$20.17	\$20.17
	C	\$20.00	\$20.00	-	-	-
Northeast	A	\$20.04	\$19.55	\$20.40	\$20.56	\$21.12
	B	\$15.97	\$16.15	\$17.28	\$17.57	\$16.98
	C	\$11.88	\$12.13	\$12.22	\$13.68	\$13.23
Northwest	A	\$21.61	\$21.54	\$21.80	\$22.40	\$22.35
	B	\$18.16	\$18.31	\$18.99	\$18.83	\$18.84
	C	\$14.81	\$15.39	\$15.45	\$15.85	\$15.27
South	C	\$13.03	\$12.18	\$13.70	\$13.70	\$12.69
Union Cty	C	-	-	-	-	-
Overall		\$19.13	\$19.06	\$19.72	\$20.05	\$20.02

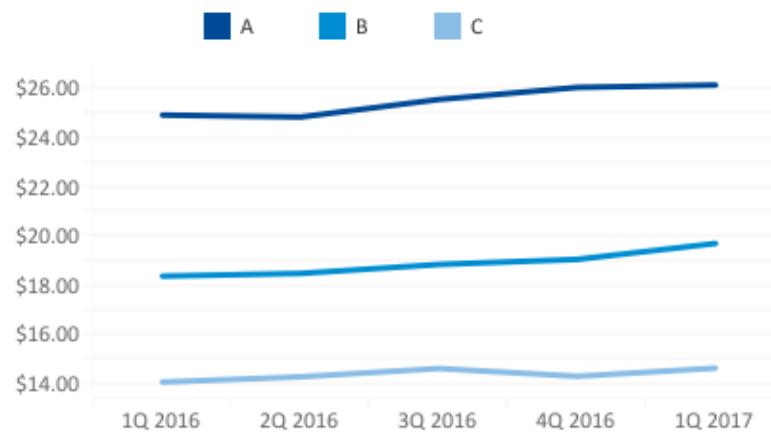
By Market



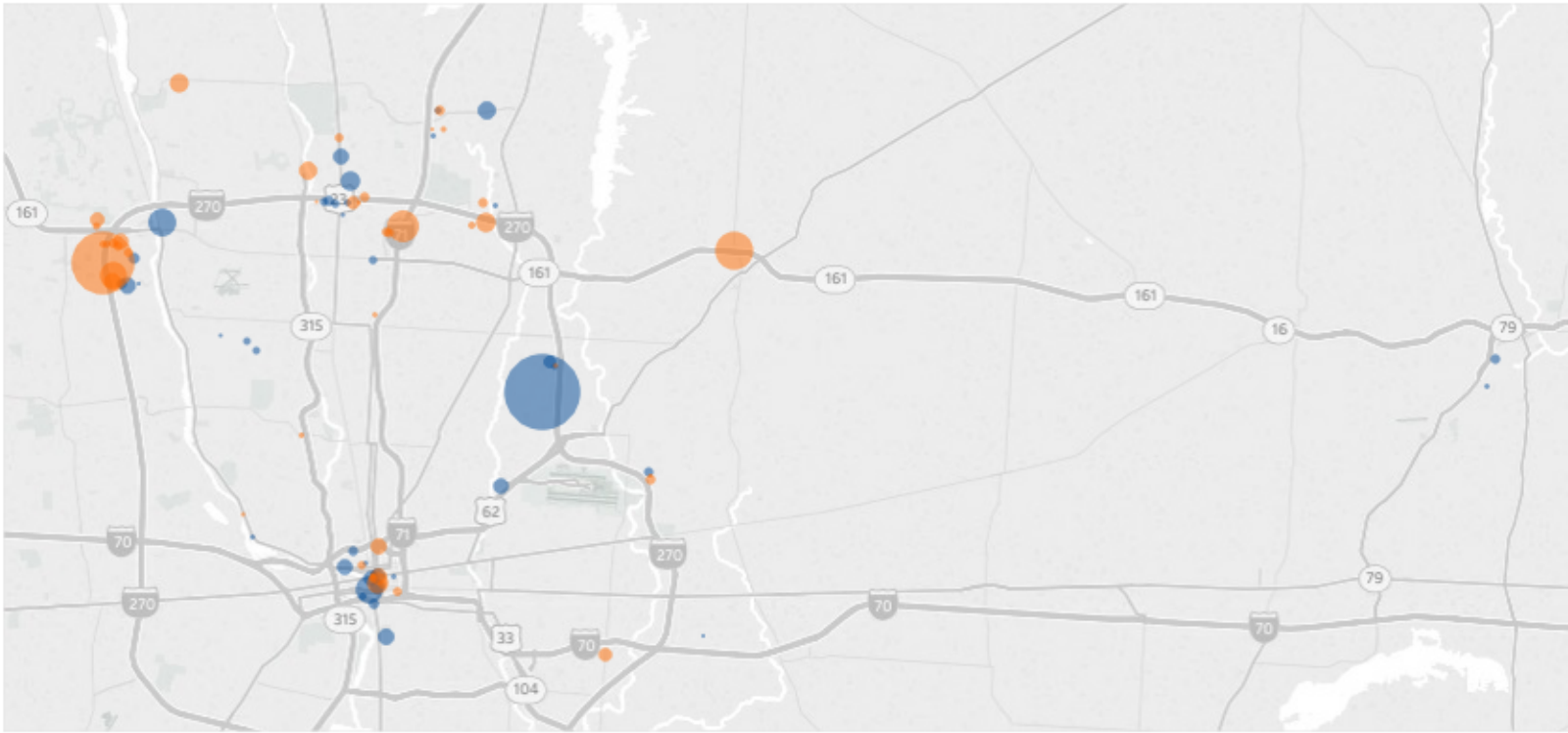
Columbus by Class



National by Class



Absorption Map



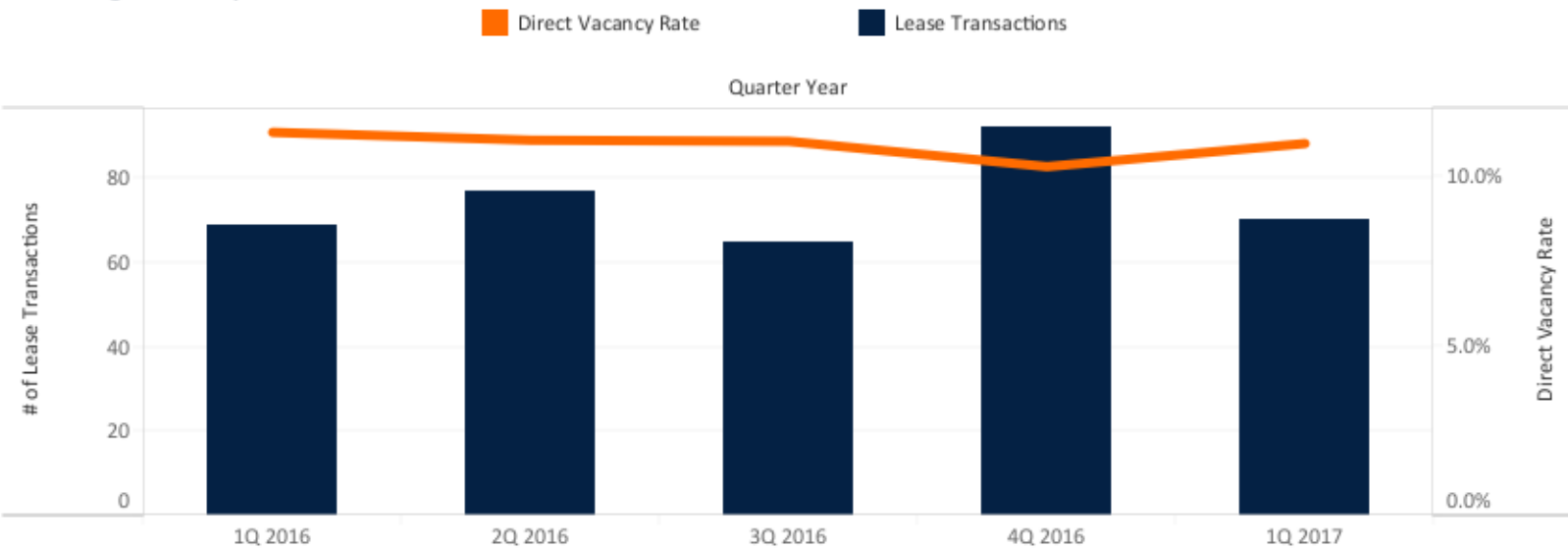
Largest Positive (Total)

Property Name	Significant Transactions	Market Name	Class	
Alliance Data Bldg 1	Bldg delivered 1Q17	East	A	240,000
Bridge Park-Office C2	Bldg delivered 1Q17	Northwest	A	32,402
200 Civic Center Dr	Oneida leased 26,591sf; Reminger leased 4,411sf	CBD	B	31,002
Two Crosswoods Center	NES leased 15,415sf; Undisclosed tenant leased 1,011sf	North	B	16,057
Westar V	TaTa Consulting Services leased 14,121 sf	Northeast	A	14,121
Tuttle Crossing Office Park	Saranova leased 11,207sf; expansion for current tenant 2,474sf	Northwest	B	12,031
1108 City Park Ave	I Know I Can leased 7,475sf; BGC of Central OH leased 4,025sf	South	C	11,621
Center at Northwoods II	Dawson Mid-Atlantic leased 5,193sf ;Kaman & Cusimano leased 7,484sf	North	B	10,956

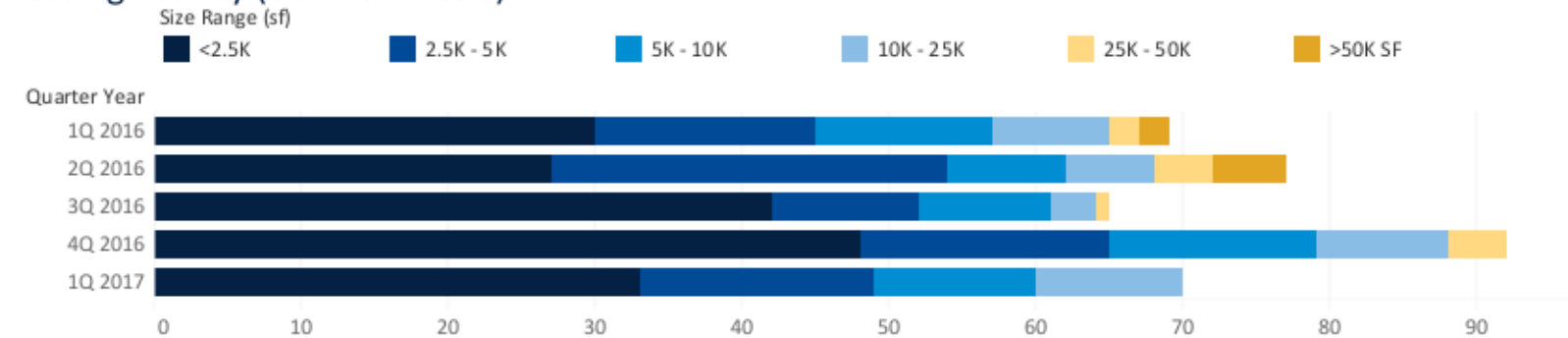
Largest Negative (Total)

Property Name	Significant Transactions	Market Name	Class	
Parkwood II	JP Morgan Chase vacated the building.	Northwest	A	-164,900
New Albany Water's Edge	Limited Stores LLC vacated 53,226sf, eCycle vacated 14,986sf	Northeast	A	-60,487
1105 Schrock Rd	T. Marzetti Company vacated 41,871sf	North	B	-41,871
Atrium II	Hewlett-Packard vacated 30,065 sf in suite 5475	Northwest	A	-29,956
Capitol Square	Plante Moran vacated 18,931sf	CBD	A	-18,931
2800 Corporate Exchange Dr	Infor Global Solutions, Inc. vacated 16,000sf	Northeast	B	-16,000
9482 Wedgewood Blvd	Smarter Mortgages vacated 10,000sf;Unknown tenant vacated 5,000sf	Northwest	B	-15,000
7720 Rivers Edge Dr	Meritage Technologies vacated 7,273sf; QUANCOMM vacated 6,722sf	North	B	-13,995

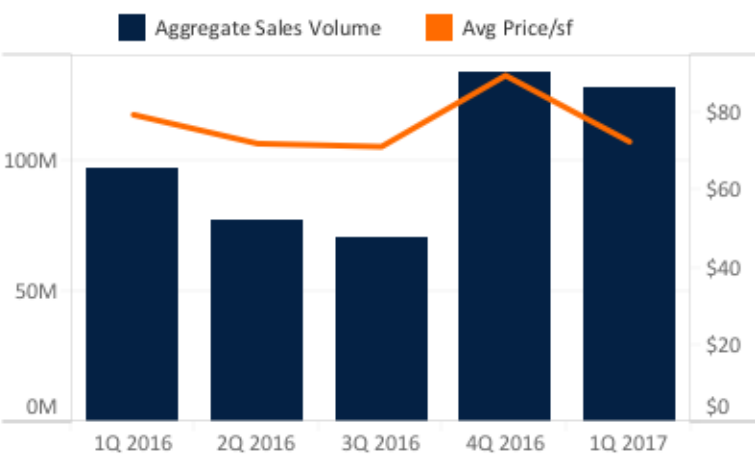
Leasing Activity Trends



Leasing Activity (# of New Deals)



Sales Volume vs. Price/SF



Top Sales

Property	Sale Date	Buyer	Sale Price
Atrium II	02/22/2017	Group RMC Corporation	\$54,000,000
One Columbus Center	03/06/2017	The Hearn Company	\$31,000,000
Parkwood II	02/22/2017	Group RMC Corporation	\$16,000,000
5515 Parkcenter Cir	02/22/2017	Group RMC Corporation	\$7,000,000
Triple T Transport	01/10/2017	Triple T Transport Inc	\$3,250,000

Terminology

Term	Definition
Class A	Most prestigious buildings competing for premier office users with rents above the market average. Buildings have high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence.
Class B	Buildings competing for a wide range of office users with average market rents. Building finishes are fair to good for the area and systems are adequate, but the property does not compete with Class A product.
Class C	Buildings competing for office users requiring functional office space at rents below the market average for the area.
Direct Vacant SF	The total of the vacant sf in a building that is being marketed by an agent representing the landlord.
Government	Buildings with 75% or more of the building leased or occupied by government tenants.
Inventory	The total square feet (sf) of all existing single and multi tenant office buildings greater than 20,000 (sf), excluding medical, government and owner occupied buildings.
Medical	Office buildings with 75% or more of the building leased for lab or medical tenants.
Net Absorption	The net change in occupancy from quarter to quarter, expressed in sf.
Owner Occupied	Building with 75% or more of the space in the building being occupied by the building owner.
Sublease SF	Space that is offered for lease by a current tenant, or his agent, within a property.
Total Available SF	All of the available leasable space within a building, whether it is occupied or vacant, for direct lease or sublease space. Space can be available but not vacant, for example, if the landlord, or his agent, is marketing space that will be coming available at a future date because a tenant is planning to move.
Total Vacant SF	The total of all of the vacant sf within a building, including both direct and sublease space. Whether the tenant is paying rent or not, the space is considered vacant only if it is unoccupied.
Weighted Average Direct Lease Rate	The weighted average of all direct asking lease rates expressed as a full service/gross rental rate and weighted on total direct available sf. Non-full service rates (such as NNN) have been grossed up to reflect a full service/gross rate.
Xceligent Partner	Central Ohio Commercial Information Exchange (COCIE)

This information has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy.

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