

Economic Overview

According to the Bureau of Labor Statistics, the unemployment rate for the state of Ohio was stagnant at 5.0% in April 2016 to 5.0% in April 2017. The Columbus metropolitan statistical area job creation, nonfarm, totaled 21,900 over the past year. The Columbus unemployment rate dropped 0.5 percentage points from 3.9% in April 2016 to 3.4% in April 2017.

Market Overview

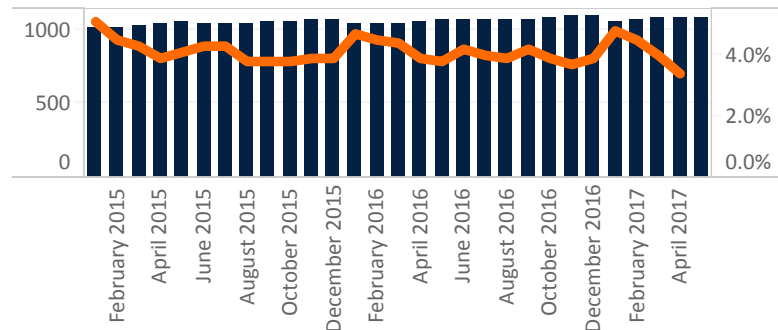
The Columbus office market recorded 5,727 square feet (sf) of positive net absorption during 2Q 2017 which was down from the positive 12,621 sf recorded during 2Q 2016. The total vacancy rate has increased from 12.0% at the close of 2Q 2017 compared to 11.5% at the close of 2Q 2016. Direct vacancy rates decreased 0.4 percentage points from 11.6% during 2Q 2017 compared to 11.2% at the end of 2Q 2016. Weighted average rent growth continued to improve during 2Q 2017 especially in Class A properties in the CBD market at \$24.74 per square foot (psf) 2Q 2017 compared to \$22.26 psf 2Q 2016. The weighted average asking rents in all classes increased from \$20.13 psf at the close of 2Q 2017 compared to \$18.70 psf 2Q 2016.

Market Highlights

Currently, the Columbus market has almost 1 msf under construction. Over 65% of the under construction space has been pre-leased. The 240,000 sf Alliance Data Building 3, delivered 2Q 2017 in the Easton market. 69,784 sf Bridge Park-Office C2 building delivered 2Q 2017 in the Dublin market. The Northwest market performed the best with a total vacancy rate of 12.0% and positive net absorption of 170,669 sf. The majority of this positive net absorption was contributed by United Health Care leasing 164,900 sf at 5900 Parkwood Pl, Dublin City Schools purchasing the 118,500 sf building located at 5175 Emerald Pkwy that has been vacant since 4Q 2014.

Columbus Employment

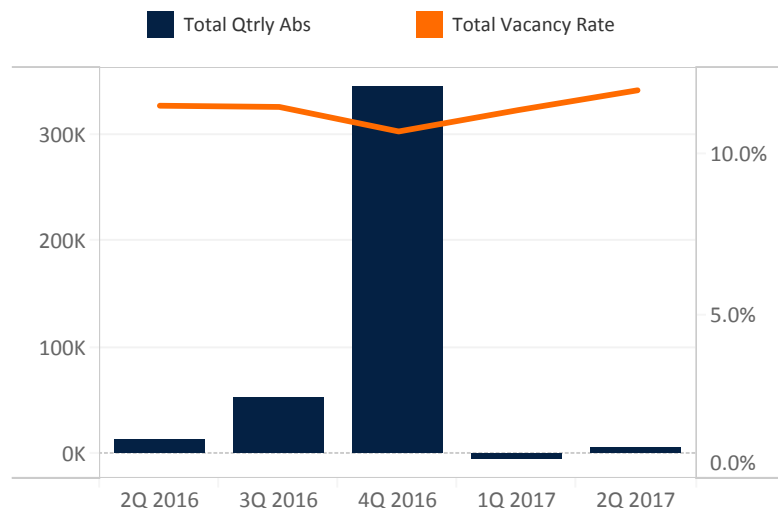
Source: BLS



Market Recap

Inventory (sf)	42,023,480
# of Bldgs	558
Qrtly Abs (sf)	5,727
Total Avail Rate	18.1%
Total Vacancy Rate	12.0%
U/C Inventory (sf)	995,618
Delivered (sf)	265,712
Weighted Average Asking Rate (FSG)	\$20.13

Absorption and Vacancy Rate



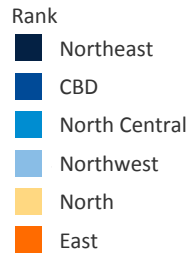
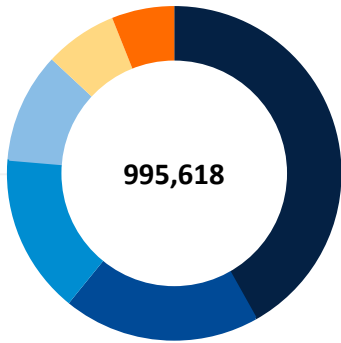
Overview by Class (Total)

Class	Inventory (sf)	Available (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
A	15,065,317	3,190,945	1,898,730	12.6%	97,178	94,182
B	17,452,861	3,200,313	2,211,488	12.7%	-62,159	-67,278
C	9,505,302	1,233,094	913,673	9.6%	-29,292	-26,658
Overall	42,023,480	7,624,352	5,023,891	12.0%	5,727	246

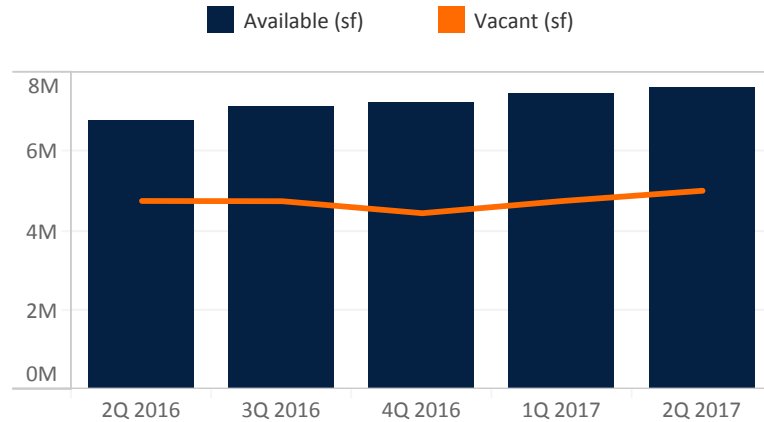
Overview by Market (Total)

Market Name	Class	Inventory (sf)	Available (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
CBD	A	4,805,851	884,953	628,242	13.1%	-74,551	-93,650
	B	6,200,601	1,004,596	644,119	10.4%	20,893	84,619
	C	2,831,828	354,632	310,918	11.0%	622	-2,683
	<i>Subtotal</i>	13,838,280	2,244,181	1,583,279	11.4%	-53,036	-11,714
Delaware Cty	C	21,526	0	0	0.0%	0	0
	<i>Subtotal</i>	21,526	0	0	0.0%	0	0
East	A	2,193,644	591,795	333,957	15.2%	1,319	248,819
	B	1,139,568	138,441	88,641	7.8%	41,154	54,764
	C	1,618,102	193,427	193,427	12.0%	0	-7,950
	<i>Subtotal</i>	4,951,314	923,663	616,025	12.4%	42,473	295,633
Fairfield Cty	C	123,499	651	261	0.2%	-261	-261
	<i>Subtotal</i>	123,499	651	261	0.2%	-261	-261
Licking Cty	C	325,440	20,000	20,000	6.1%	0	5,120
	<i>Subtotal</i>	325,440	20,000	20,000	6.1%	0	5,120
North	A	1,465,183	172,753	90,996	6.2%	-21,901	-32,102
	B	3,693,698	752,696	557,848	15.1%	-119,969	-152,553
	C	1,490,417	195,794	171,122	11.5%	-42,012	-44,499
	<i>Subtotal</i>	6,649,298	1,121,243	819,966	12.3%	-183,882	-229,154
North Central	A	60,000	0	0	0.0%	0	0
	B	276,466	1,854	0	0.0%	0	0
	C	509,080	173,805	1,100	0.2%	1,228	1,228
	<i>Subtotal</i>	845,546	175,659	1,100	0.1%	1,228	1,228
Northeast	A	1,491,482	286,111	192,859	12.9%	3,005	-43,361
	B	1,813,388	457,357	326,568	18.0%	20,116	-2,168
	C	431,763	50,191	40,513	9.4%	0	1,200
	<i>Subtotal</i>	3,736,633	793,659	559,940	15.0%	23,121	-44,329
Northwest	A	5,049,157	1,255,333	652,676	12.9%	189,306	14,476
	B	4,329,140	845,369	594,312	13.7%	-24,353	-51,940
	C	1,720,618	149,638	81,376	4.7%	5,716	4,151
	<i>Subtotal</i>	11,098,915	2,250,340	1,328,364	12.0%	170,669	-33,313
South	C	407,199	94,956	94,956	23.3%	5,415	17,036
	<i>Subtotal</i>	407,199	94,956	94,956	23.3%	5,415	17,036
Union Cty	C	25,830	0	0	0.0%	0	0
	<i>Subtotal</i>	25,830	0	0	0.0%	0	0
Overall		42,023,480	7,624,352	5,023,891	12.0%	5,727	246

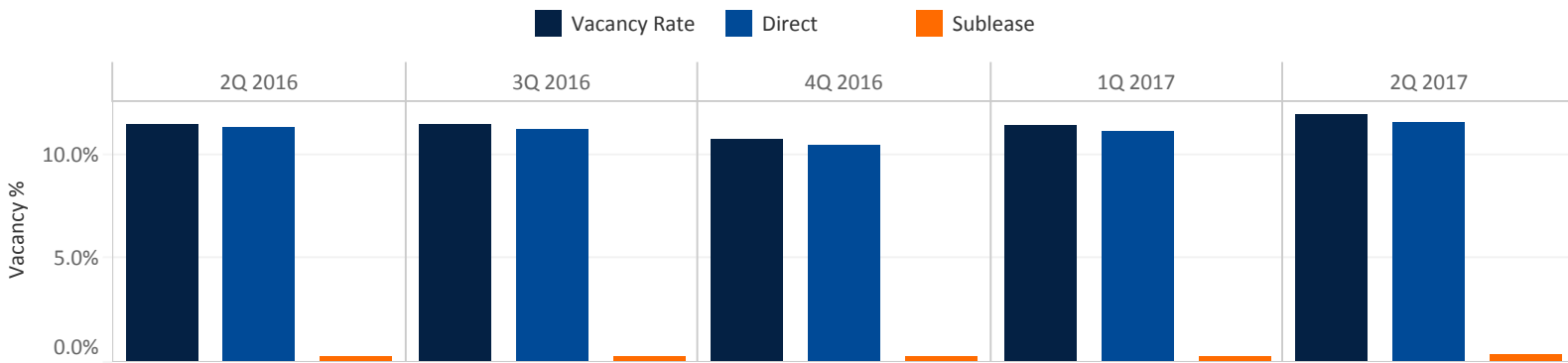
Construction by Market



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	15,065,317	2,985,998	1,784,018	11.8%	121,578	124,455
B	17,452,861	3,042,832	2,198,422	12.6%	-64,083	-69,525
C	9,505,302	1,205,706	886,285	9.3%	-1,904	730
Overall	42,023,480	7,234,536	4,868,725	11.6%	55,591	55,660

Overview by Class (Sublease)

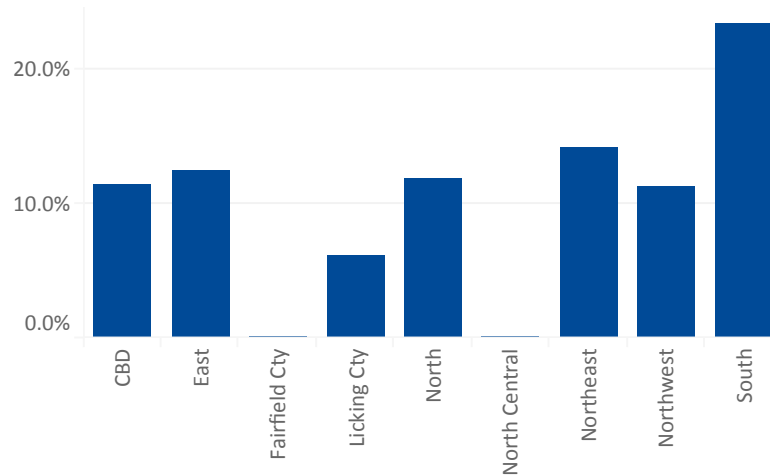
Class	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
A	15,065,317	204,947	114,712	0.8%	-24,400	-30,273
B	17,452,861	157,481	13,066	0.1%	1,924	2,247
C	9,505,302	27,388	27,388	0.3%	-27,388	-27,388
Overall	42,023,480	389,816	155,166	0.4%	-49,864	-55,414

Direct Vacancy Rates

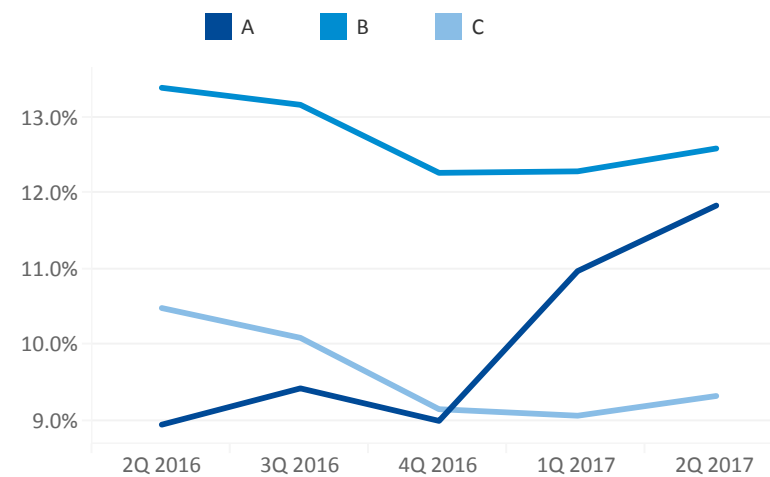
By Market and Class

Market Name	Class	Quarter Year				
		2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
CBD	A	9.1%	10.6%	10.6%	11.1%	12.9%
	B	12.3%	12.3%	11.9%	11.0%	10.4%
	C	10.3%	10.0%	10.2%	10.3%	11.0%
Delaware Cty	C	0.0%	0.0%	0.0%	0.0%	0.0%
East	A	8.9%	7.5%	6.0%	4.9%	15.2%
	B	20.7%	17.6%	12.2%	11.4%	7.8%
	C	17.9%	16.7%	11.3%	12.0%	12.0%
Fairfield Cty	C	0.0%	0.0%	0.0%	0.0%	0.2%
Licking Cty	C	8.1%	8.1%	7.7%	6.1%	6.1%
North	A	6.2%	5.9%	3.8%	4.1%	5.6%
	B	11.5%	11.8%	10.7%	11.6%	15.0%
	C	10.6%	9.3%	8.5%	8.7%	9.8%
North Central	A	0.0%	0.0%	0.0%	0.0%	0.0%
	B	0.0%	0.0%	0.0%	0.0%	0.0%
	C	7.8%	0.5%	0.5%	0.4%	0.2%
Northeast	A	6.0%	6.6%	6.4%	9.6%	11.0%
	B	18.3%	18.3%	17.9%	19.1%	17.8%
	C	7.5%	7.7%	9.7%	9.4%	9.4%
Northwest	A	10.6%	11.1%	11.0%	15.8%	11.5%
	B	13.6%	13.2%	12.6%	13.1%	13.7%
	C	3.5%	5.2%	4.9%	5.0%	4.6%
South	C	23.1%	27.5%	27.5%	24.6%	23.3%
Union Cty	C	0.0%	0.0%	0.0%	0.0%	0.0%
Overall		11.2%	11.2%	10.4%	11.1%	11.6%

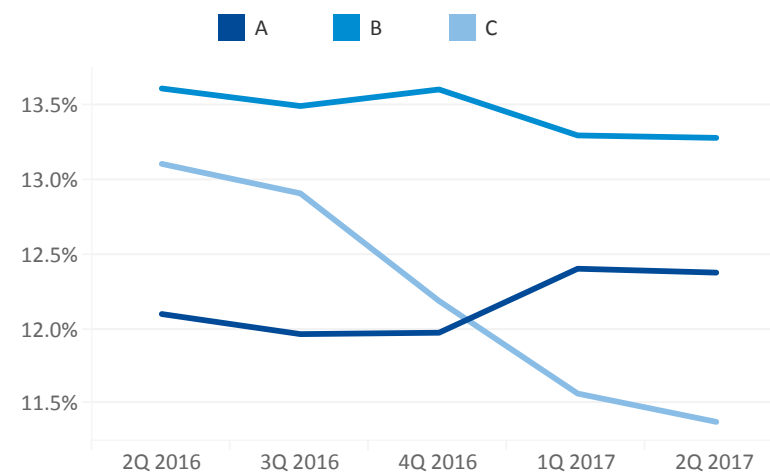
By Market



Columbus by Class



National by Class

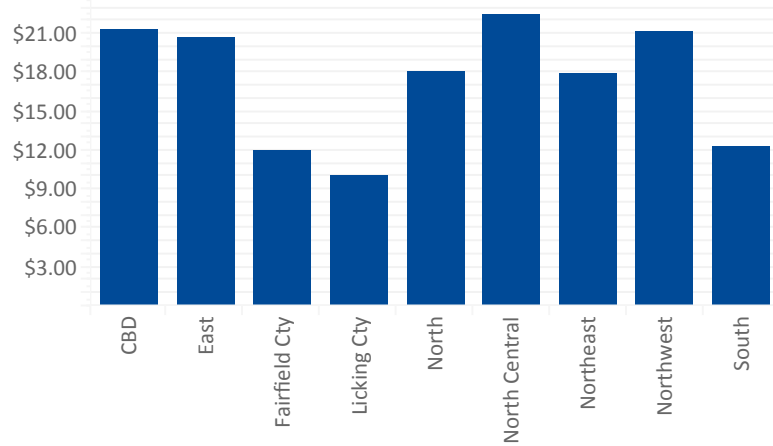


Direct Weighted Average Asking Rates (FSG)

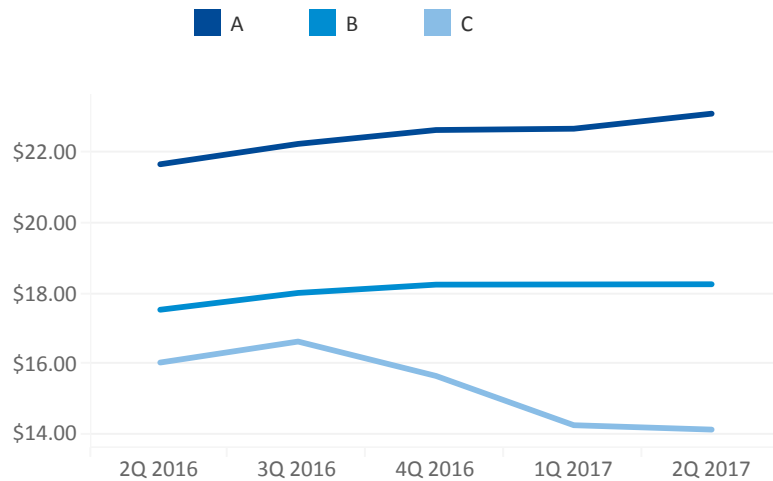
By Market and Class

Market Name	Class	Quarter Year				
		2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
CBD	A	\$21.94	\$23.50	\$23.45	\$23.70	\$24.61
	B	\$17.77	\$18.10	\$19.13	\$19.39	\$19.02
	C	\$20.24	\$20.47	\$20.48	\$18.15	\$17.68
Delaware Cty	C	-	-	-	-	-
East	A	\$22.39	\$22.47	\$23.00	\$23.01	\$22.70
	B	\$17.79	\$17.14	\$16.09	\$15.65	\$15.10
	C	\$20.03	\$23.97	\$9.82	\$9.82	\$9.82
Fairfield Cty	C	-	-	-	-	\$12.00
Licking Cty	C	\$21.47	\$21.47	-	\$10.00	\$10.00
North	A	\$21.12	\$21.49	\$21.41	\$21.67	\$21.72
	B	\$16.99	\$17.64	\$17.65	\$17.95	\$18.26
	C	\$11.65	\$11.73	\$11.81	\$11.64	\$11.72
North Central	A	-	-	-	-	-
	B	-	-	\$20.17	\$20.17	\$22.54
	C	\$20.00	-	-	-	-
Northeast	A	\$19.55	\$20.40	\$20.56	\$21.12	\$21.79
	B	\$16.15	\$17.28	\$17.57	\$16.98	\$16.77
	C	\$12.13	\$12.22	\$13.68	\$13.23	\$12.95
Northwest	A	\$21.54	\$21.80	\$22.40	\$22.35	\$22.66
	B	\$18.31	\$18.99	\$18.83	\$18.84	\$19.06
	C	\$15.39	\$15.45	\$15.85	\$15.27	\$14.58
South	C	\$12.18	\$13.70	\$13.70	\$12.69	\$12.27
Union Cty	C	-	-	-	-	-
Overall		\$19.06	\$19.72	\$20.05	\$20.02	\$20.13

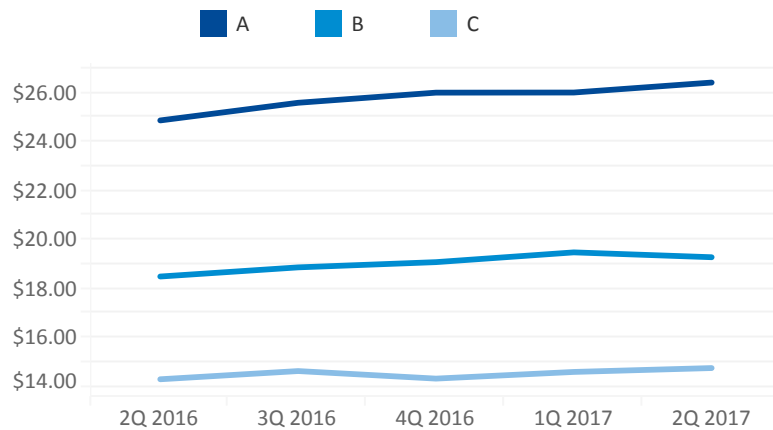
By Market



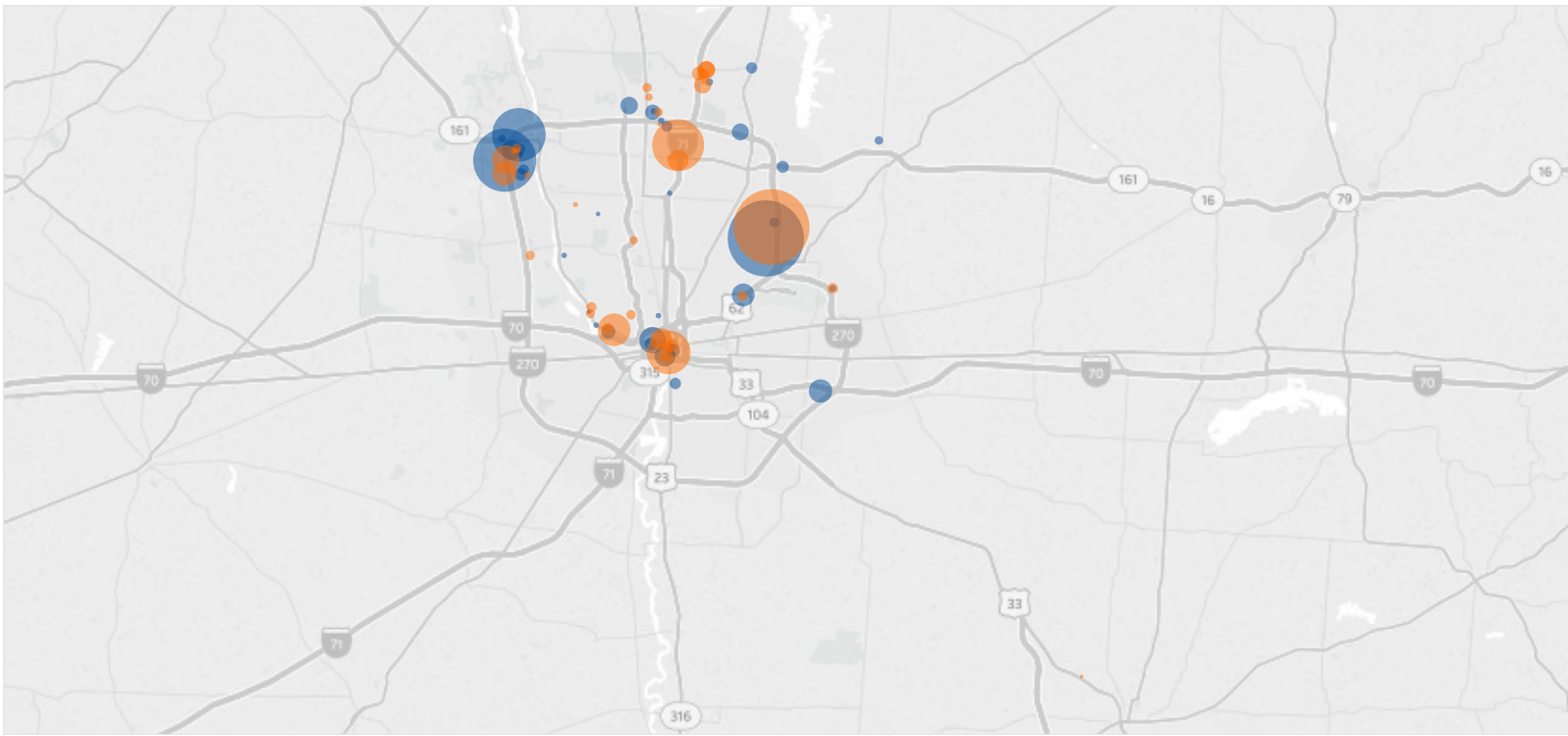
Columbus by Class



National by Class



Absorption Map



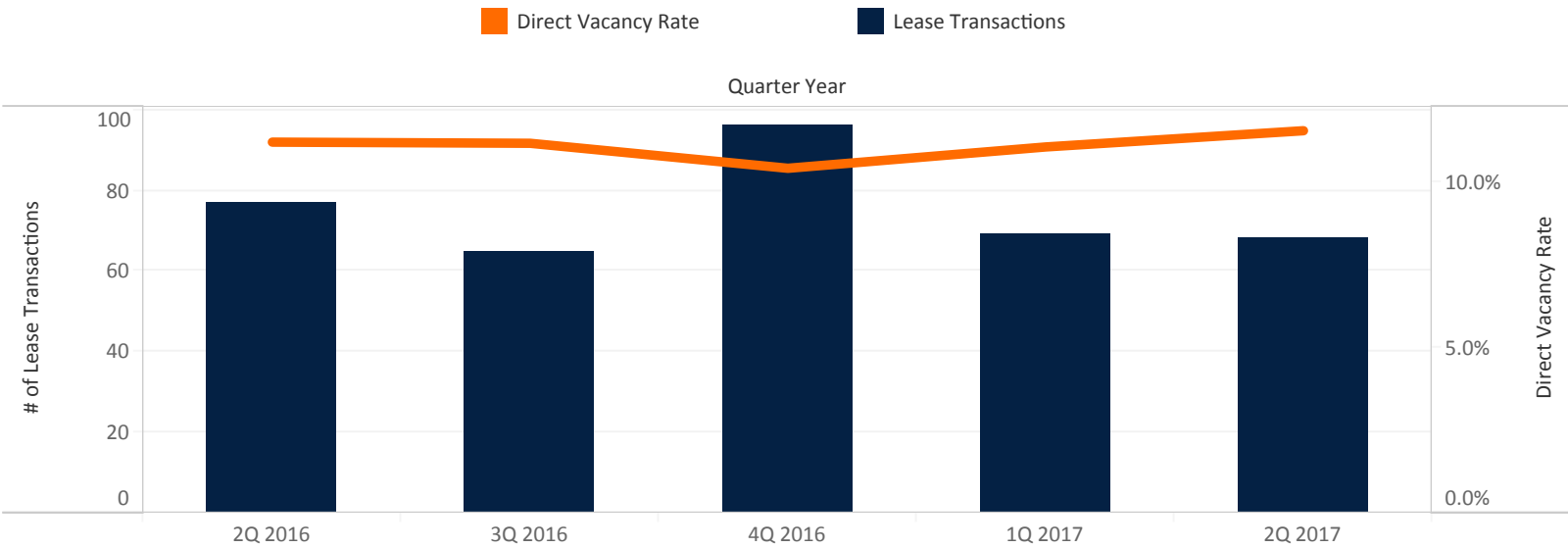
Largest Positive (Total)

Property Name	Significant Transactions	Market Name	Class	
Alliance Data Bldg 3	Alliance Data 240,000 sf	East	A	240,000
Parkwood II	United Health Care 164,900 sf	Northwest	A	164,900
5175 Emerald Pkwy	Dublin City School District Board of Education	Northwest	A	118,500
The Buggyworks	Medical Staffing Options leased 30,000 sf	CBD	A	29,000
Lionmark Corporate Center I	Undisclosed 22,600 sf	East	B	22,603
Airport IV	ARC Industries 21,539 sf	East	B	21,539
200 Civic Center Dr	NiSource 17,861 sf	CBD	B	17,861
Metro Center V	McGohan Brabender 6,908 sf; undisclosed 10,066 sf	Northwest	B	16,974

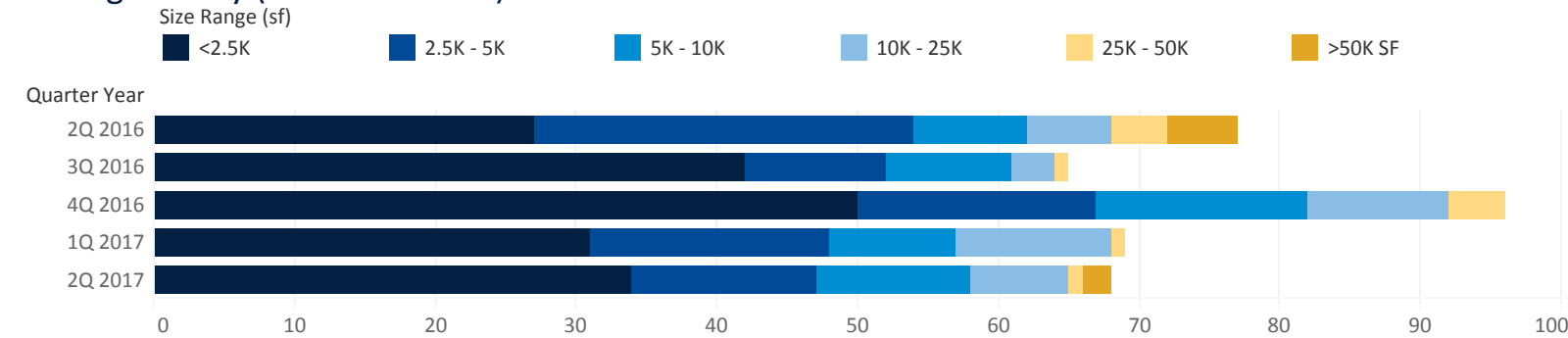
Largest Negative (Total)

Property Name	Significant Transactions	Market Name	Class	
3435 Stelzer Rd	Citi Fund Services Inc 238,000 sf	East	A	-238,000
6480 Busch Blvd	Abbott Nutrition 111,776 sf	North	B	-111,776
Fifth Third Center	Stifel Financial Corp. 5,908 sf; Undisclosed 73,111 sf	CBD	A	-79,019
855 Grandview Ave	Undisclosed 44,000 sf	Northwest	B	-44,000
Parkwood I	Undisclosed 32,222 sf	Northwest	A	-32,222
5165 Emerald Pkwy	Verizon 26,900 sf	Northwest	A	-26,900
4700 Lakehurst Ct	Undisclosed 25,345 sf	Northwest	A	-25,853
110 Riverbend Ave	Raymond James Financial Services, Inc. 25,000 sf	North	C	-25,000

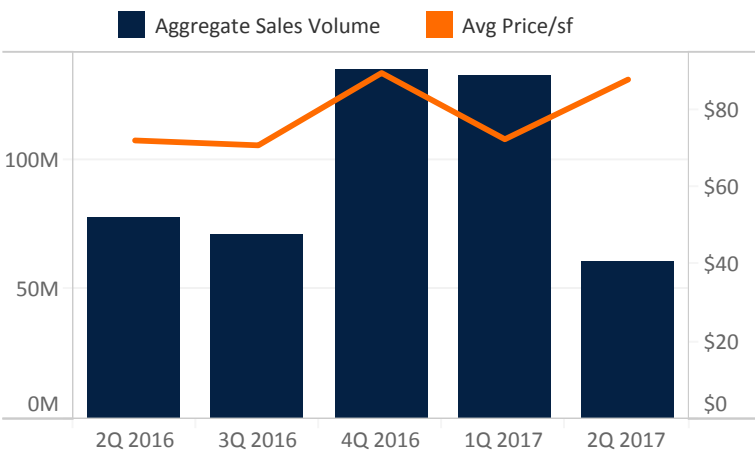
Leasing Activity Trends



Leasing Activity (# of New Deals)



Sales Volume vs. Price/SF



Top Sales

Property	Sale Date	Buyer	Sale Price
495 S High St	05/22/2017	Franklin B Mandel	\$10,000,000
5175 Emerald Pkwy	04/06/2017	Dublin City School District Board of Educat..	\$9,400,000
300-350 Cramer Creek Ct	05/04/2017	Avistone	\$9,135,000
Gahanna Offcenter II	04/12/2017	PNL Companies	\$6,250,000
16-18 E Broad St	05/11/2017	Hayden Columbus LLC	\$4,800,000

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.

Advisory Board Members

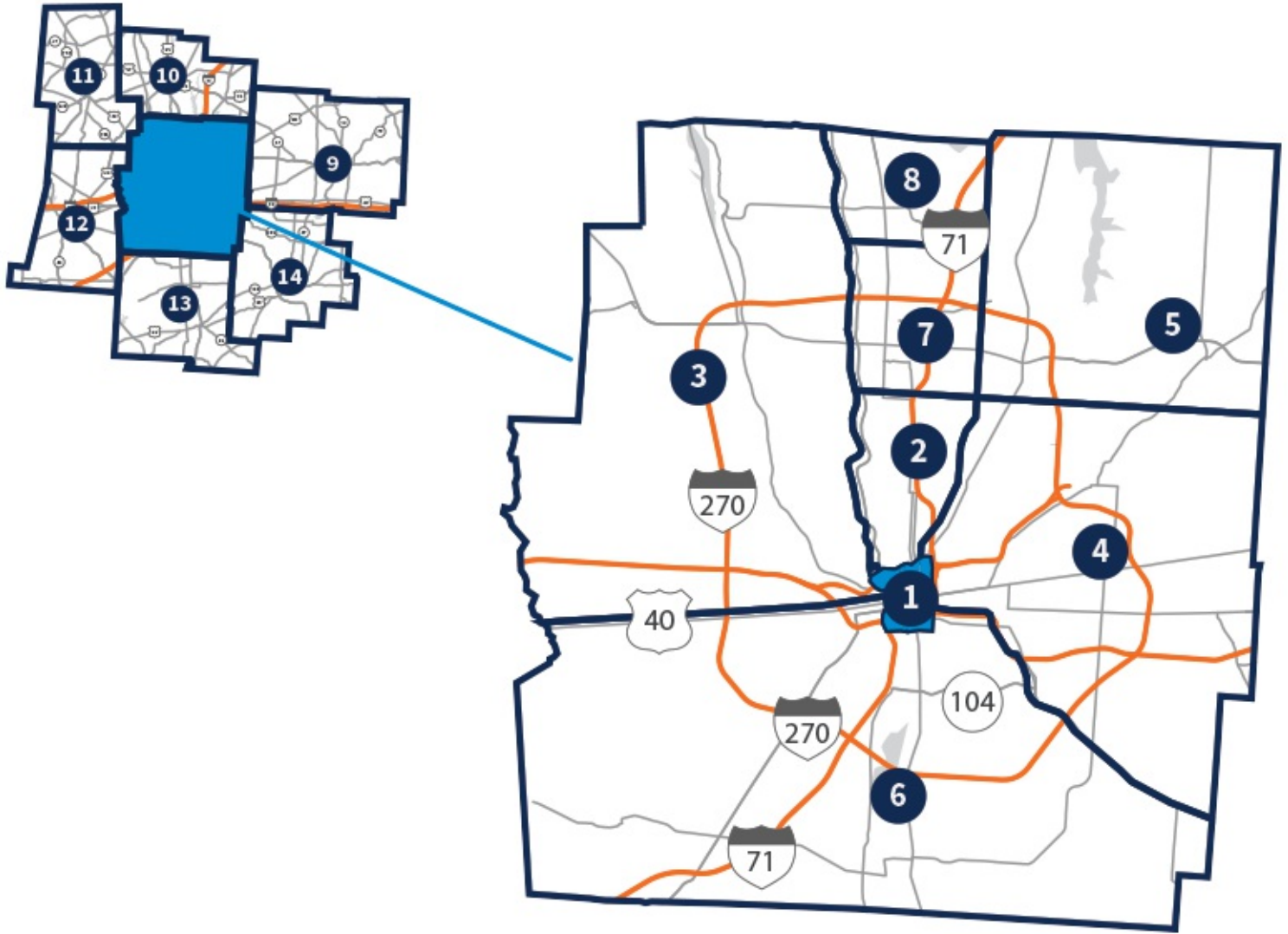
Alterra Real Estate Advisors	Brad Kitchen	Continental	Wayne Harer
CBRE	Don Matsanoff	Cushman & Wakefield	David Morgan
	Kirk Smith	DRK	Aimee D'Amore
Capitol Equities Realty	Todd Kemmerer	JLL	David Mckee
Colliers International	Cal Axe		Paul Tingley
	Chris Potts	Lee & Associates	Todd Spencer
Continental	Brent Stamm	NAI Ohio Equities	Andy Dutcher
		The Daimler Group	Greg Weber

Research Advisory Board Members

CBRE	Dan Askew	Colliers International	Tyler Craig
	Nicole Kostiuk	Cushman & Wakefield	Robin Mitchell
Colliers International	Loren DeFilippo	JLL	Sam Stouffer

Xceligent Team

Brian Irwin	Sales Executive	birwin@xceligent.com	(614) 203-0870
Brian Reece	Regional VP of Analytics	breece@xceligent.com	(919) 971-3461
Kimberly Begley	Director of Analytics	kbegley@xceligent.com	(614) 570-4722



- 1 CBD
- 2 North Central
- 3 Northwest
- 4 East
- 5 Northeast
- 6 South
- 7 Worthington
- 8 Polaris
- 9 Licking County
- 10 Delaware County
- 11 Union County
- 12 Madison County
- 13 Pickaway County
- 14 Fairfield County