



**AVISON
YOUNG**

Columbus office market report

Q3 2021

AVANT
by AVISON YOUNG

Key takeaways



Economic conditions

- Columbus MSA unemployment rate as of July 2021 was recorded **at 5.4 percent**, rebounding from the pandemic lows in 2020.
- Office-using job losses have totaled **1.7 percent** since the start of the pandemic which is slightly higher than the overall total number of job losses at 1.2 percent.



Recovery rate

- Large companies such as **Nationwide, American Electric, JP Morgan and PNC** have all recently pushed back the return to the office as the unknown with Variant strands emerges.



Office demand

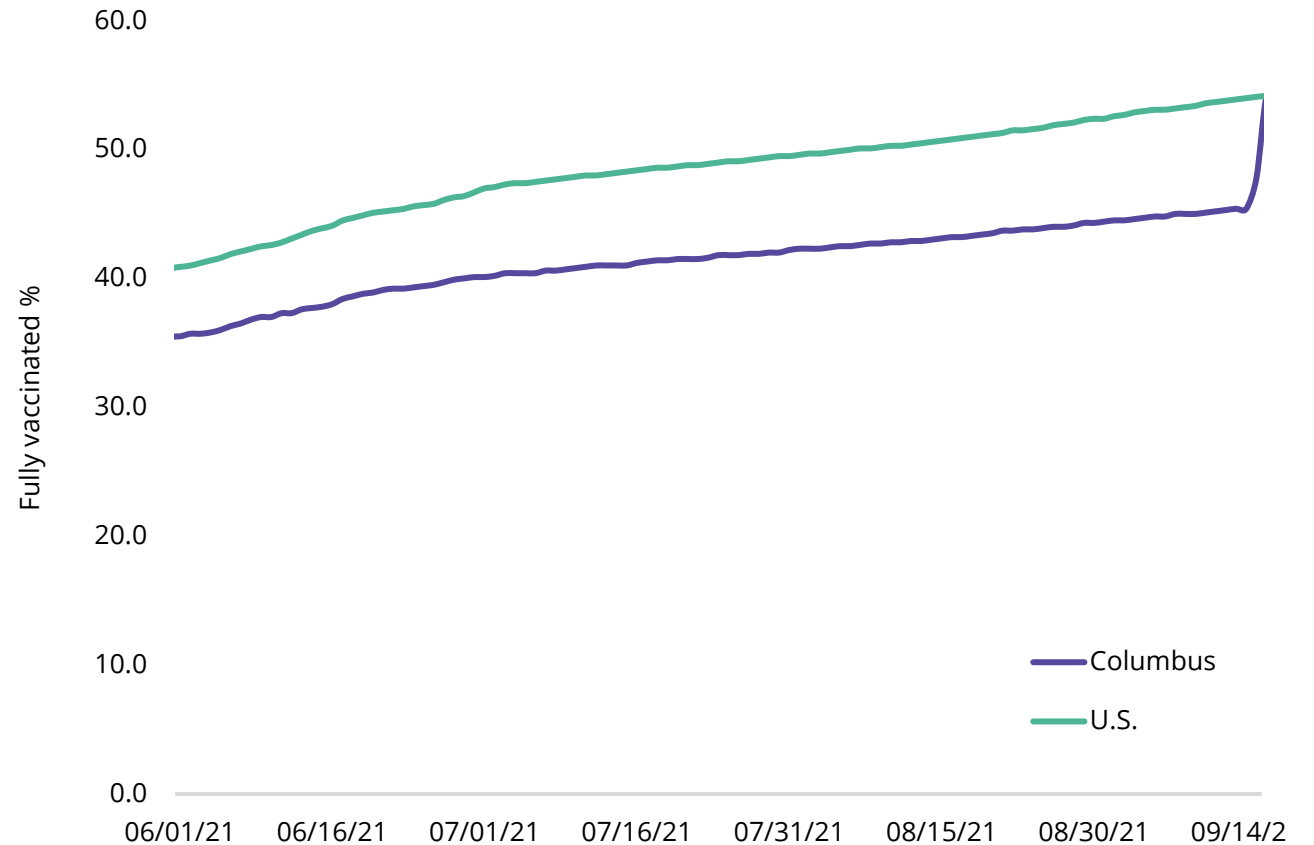
- The **“flight to quality”** trend persists within the Columbus office sector as companies demand for amenity rich, class A office space.
- Co-Working companies have exploded over the last **8 months** specifically within the suburbs as employers are seeing the benefit of flexibility and employees are more comfortable with shorter commute times and decreased covid concerns/restrictions.
- Leasing activity plummeted **54 percent** in 2020 and have drastically slowed throughout 2021 as companies are navigating the market cautiously as the Delta variant has proved to be a concern.

Vaccination rates

54.2%

Share of total Columbus population that is fully vaccinated

The proportionate vaccination rate in Columbus increased drastically in September 2021 to 54.2% according to the CDC. An important metric as the Delta variant of COVID continues to spread.



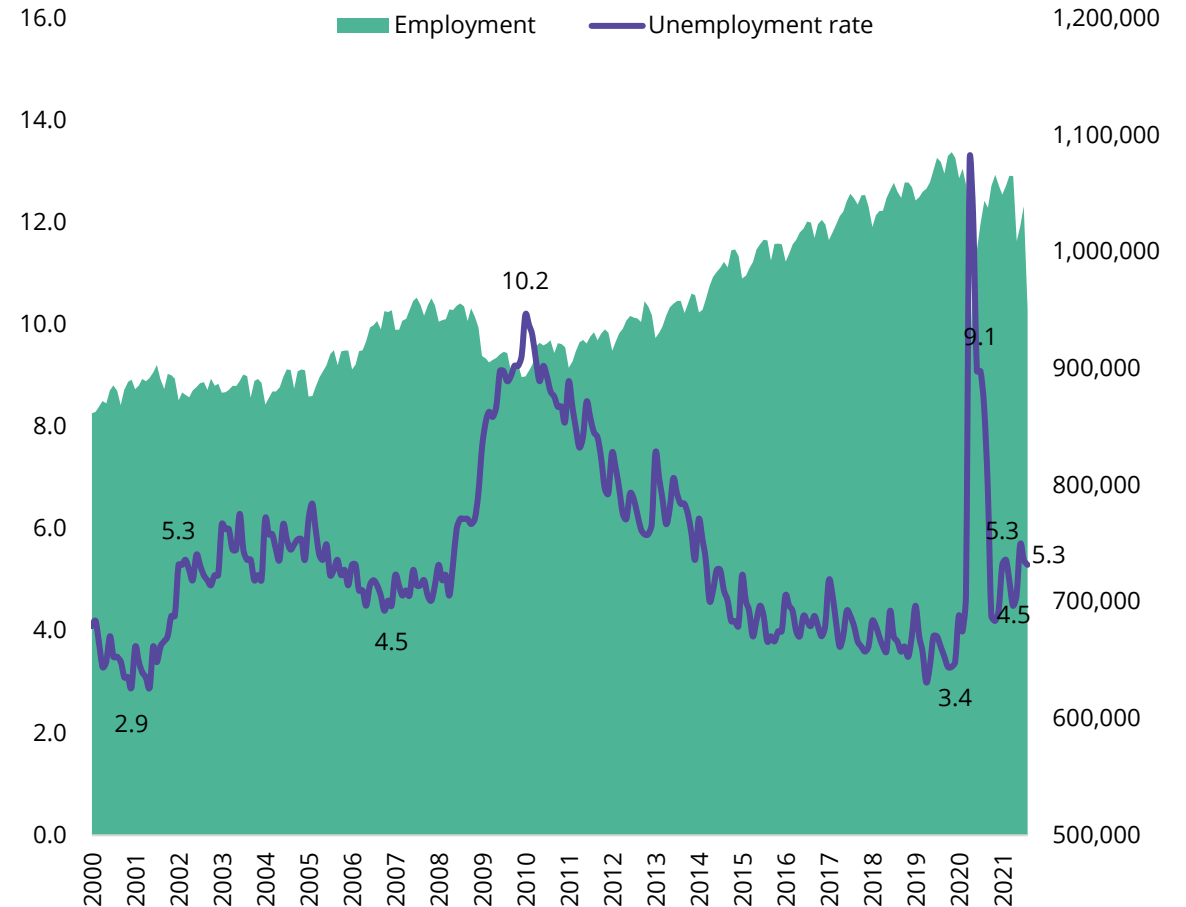
Source: CDC

Employment and unemployment rate

5.4%

Columbus MSA unemployment rate as of July 2021

Columbus’s regional economy has rebounded sharply from pandemic lows with preliminary August unemployment of 4.7% . Historically tightened labor market conditions were halted by the pandemic with nearly 166,443 job losses between February and April 2020. However, reopening efforts enabled the economy to add 17.7% jobs since April 2020.



Note: Not seasonally adjusted data.
Source: Bureau of Labor Statistics

Office-using job gains and losses

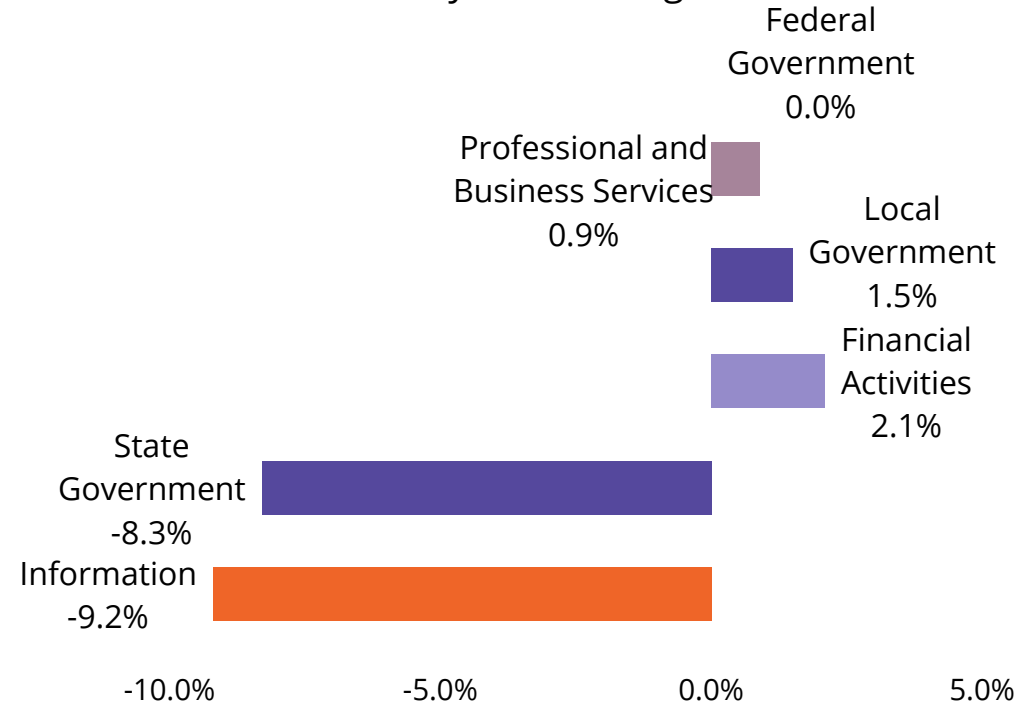
-1.7%

Change in office-using employment during the pandemic

Columbus MSA job losses have declined by 1.2% since the start of the pandemic, though office-using jobs contracted by 1.7%. Job growth has increased 17.7% since the height of Columbus job losses in April 2020 adding nearly 46,161 jobs.

Total change in Columbus MSA* job gains/(losses)

February 2020 to August 2021



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

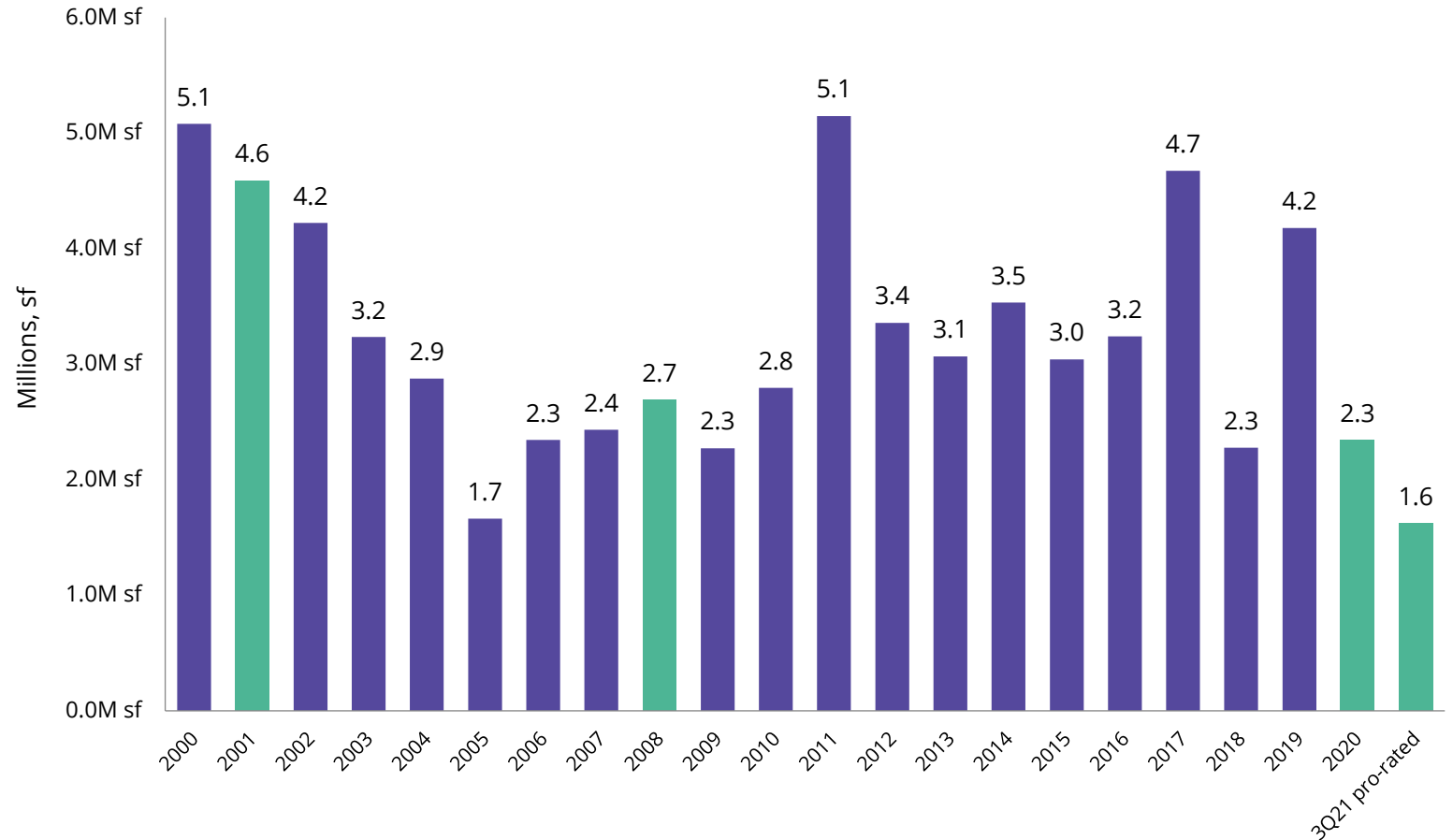
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Office leasing activity

-40.5%

2020-pro-rated 2021 vs. prior 20-year annual average leasing activity

There is no modern precedent for the post-COVID slowdown in leasing activity—not 2001 nor 2008—due to the sudden change in office occupiers’ future workplace strategies and the 2020 recession.



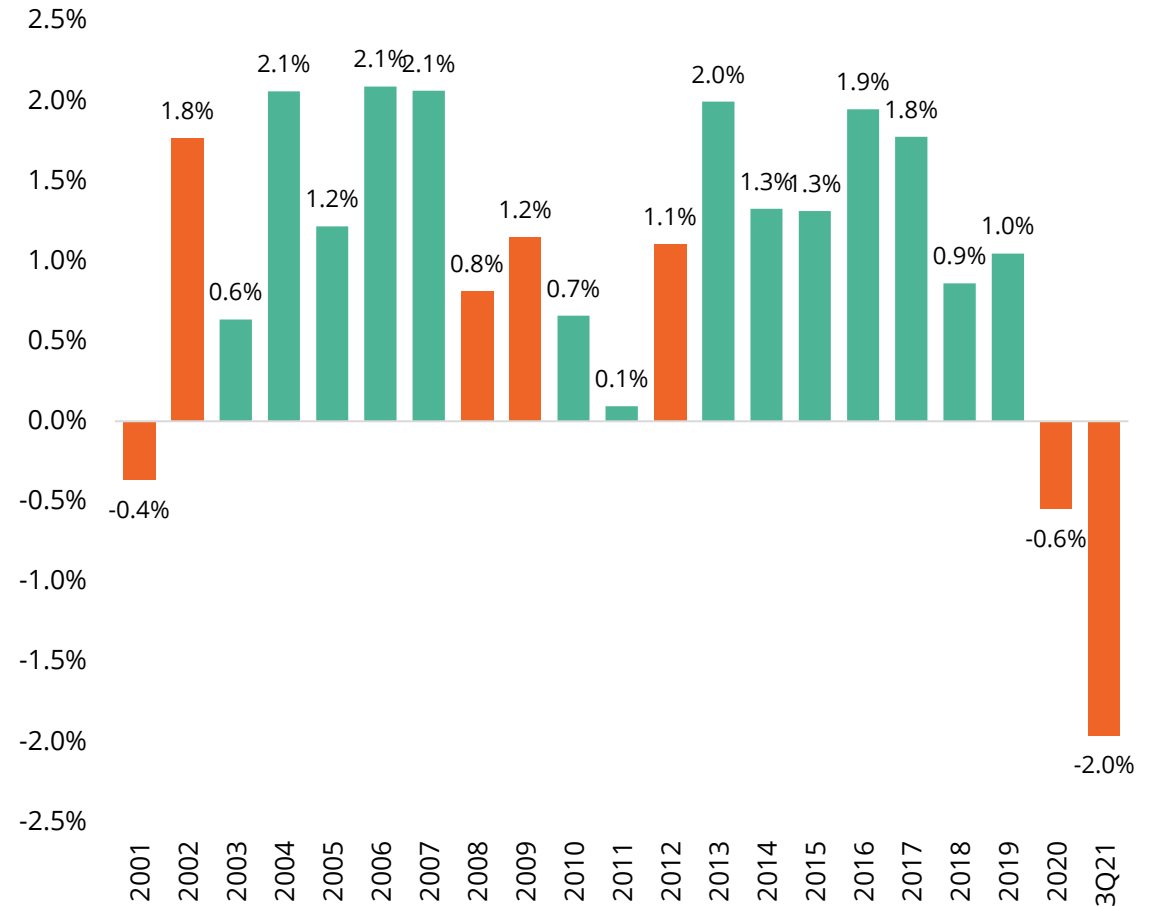
Source: AVANT by Avison Young

Absorption

-2.6%

Net absorption as a percentage of inventory, 2020 through Q1 2021

Negative absorption from 2020 to 3Q21 has totaled 2.1 million sf, totaling -2.6% of the existing stock. This negative absorption significantly surpasses the lows of the early 2000's recession (-0.4%) and global financial crisis (0.8%).



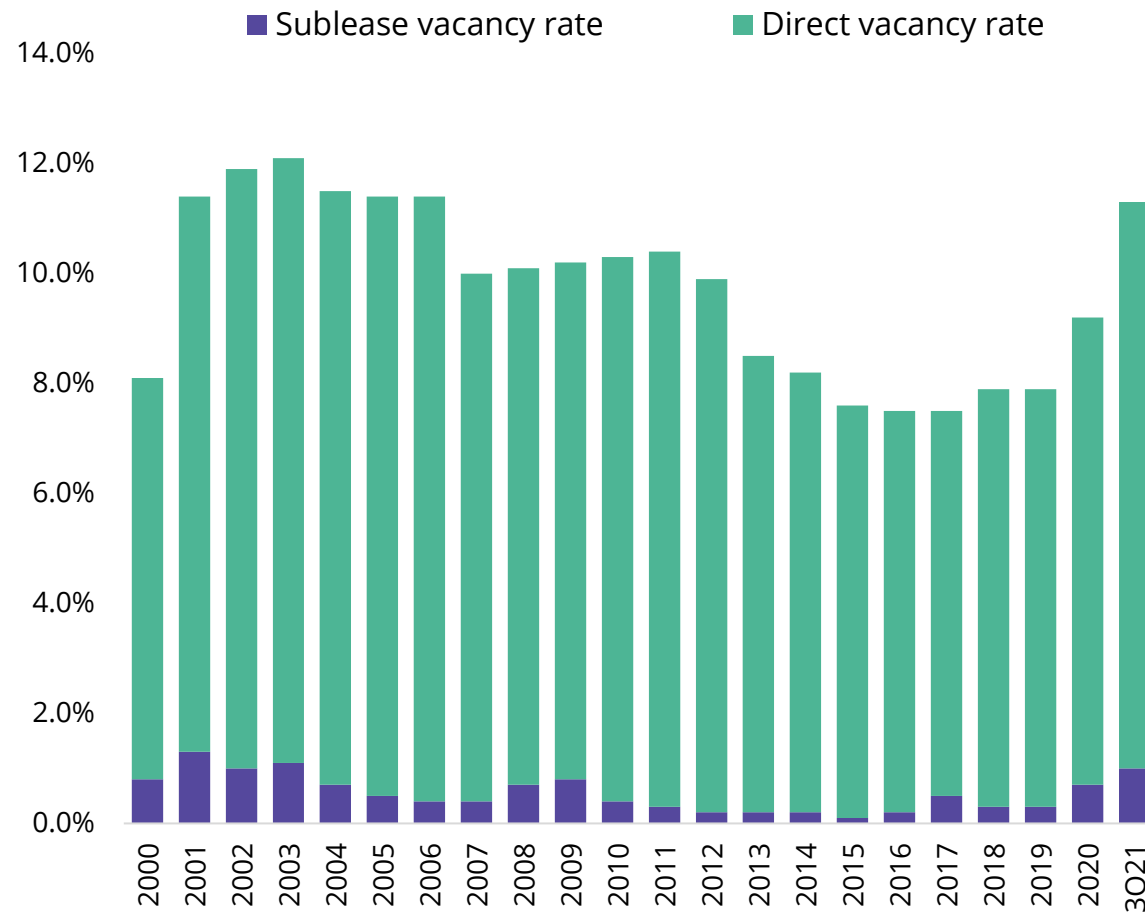
Source: AVANT by Avison Young

Vacancy rate

11.4%

Columbus vacancy as of Q3 2021

Columbus's vacancy is near the record high of 12.1% set in 2003, as several large companies are downsizing the amount of space needed.

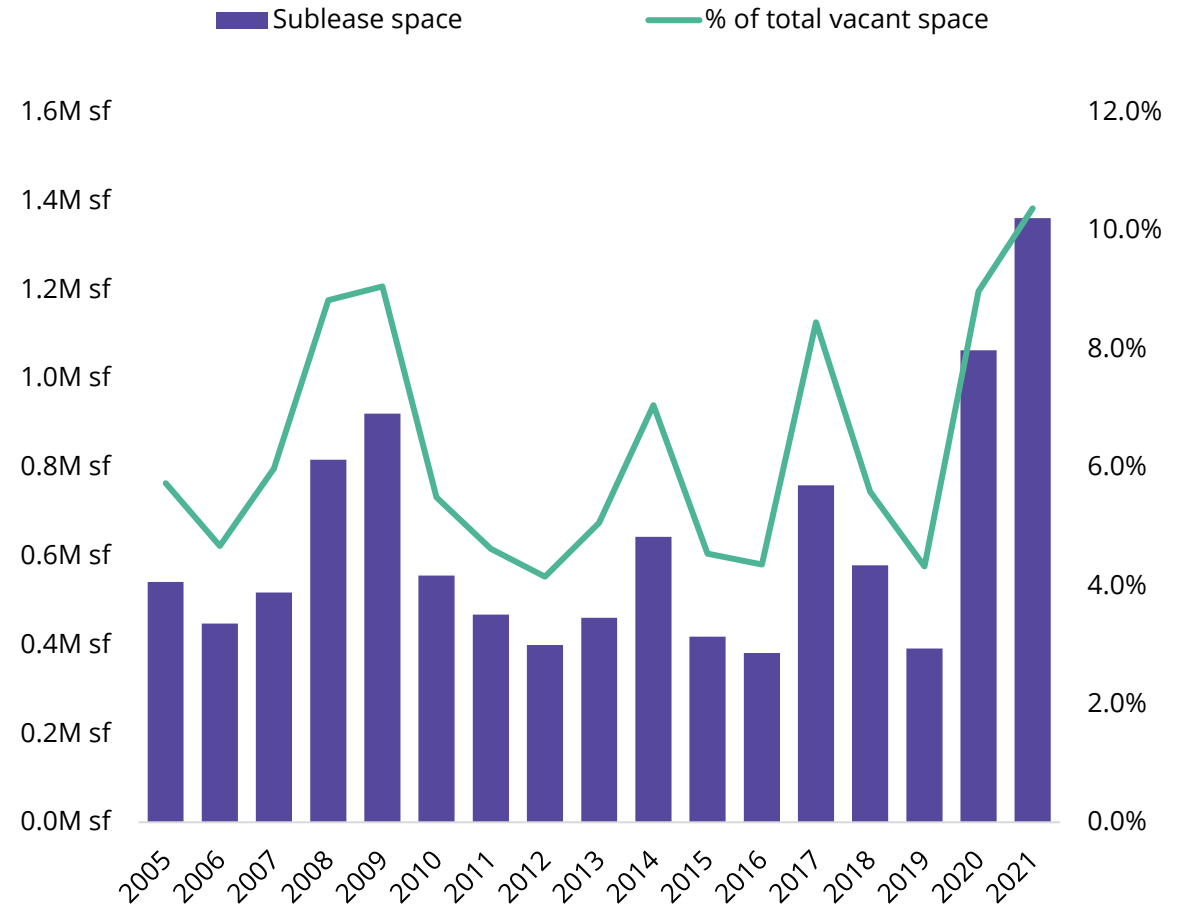


Source: AVANT by Avison Young

1.3 msf

Significant increase in sublease space since 2020

The share of sublease-to-total available space of 10.4% has reached levels that have not been reported before in the Columbus market. This ratio is expected to increase as companies continue to evaluate their long-term real estate needs.



Source: AVANT by Avison Young

Office development pipeline

7 properties

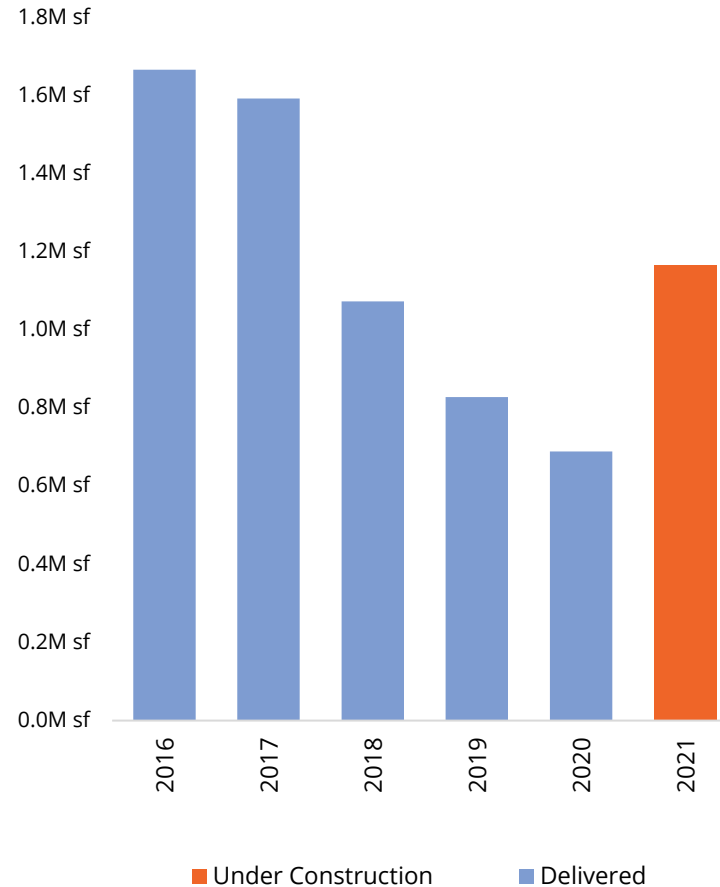
under construction

1.1 msf

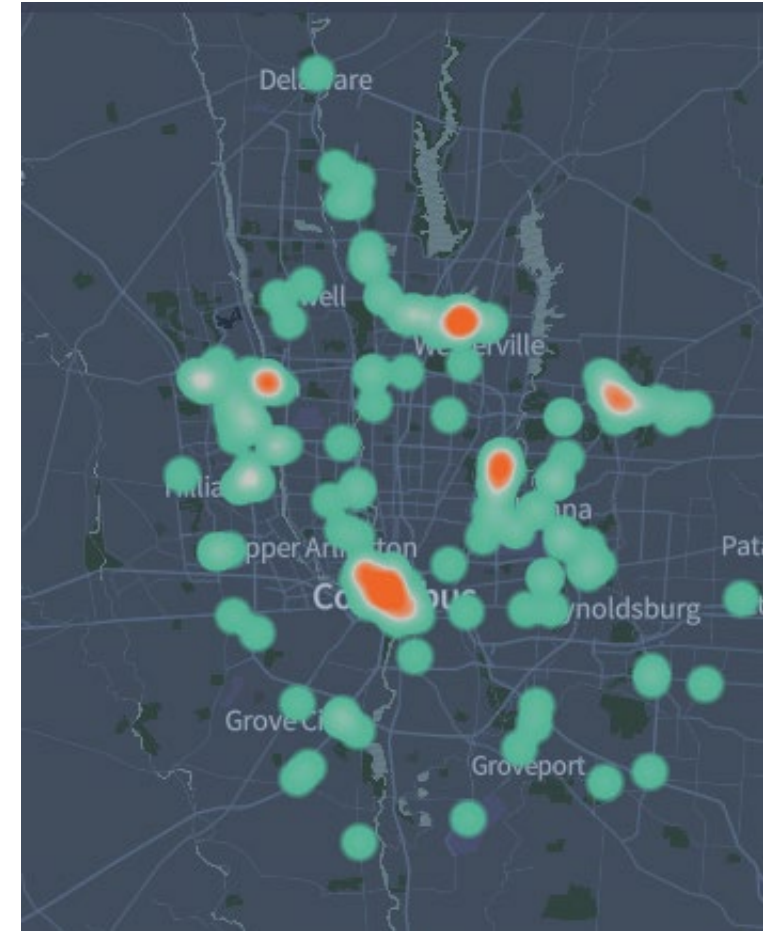
under construction

89,989 sf

10 year rolling average new construction building size



Source: AVANT by Avison Young



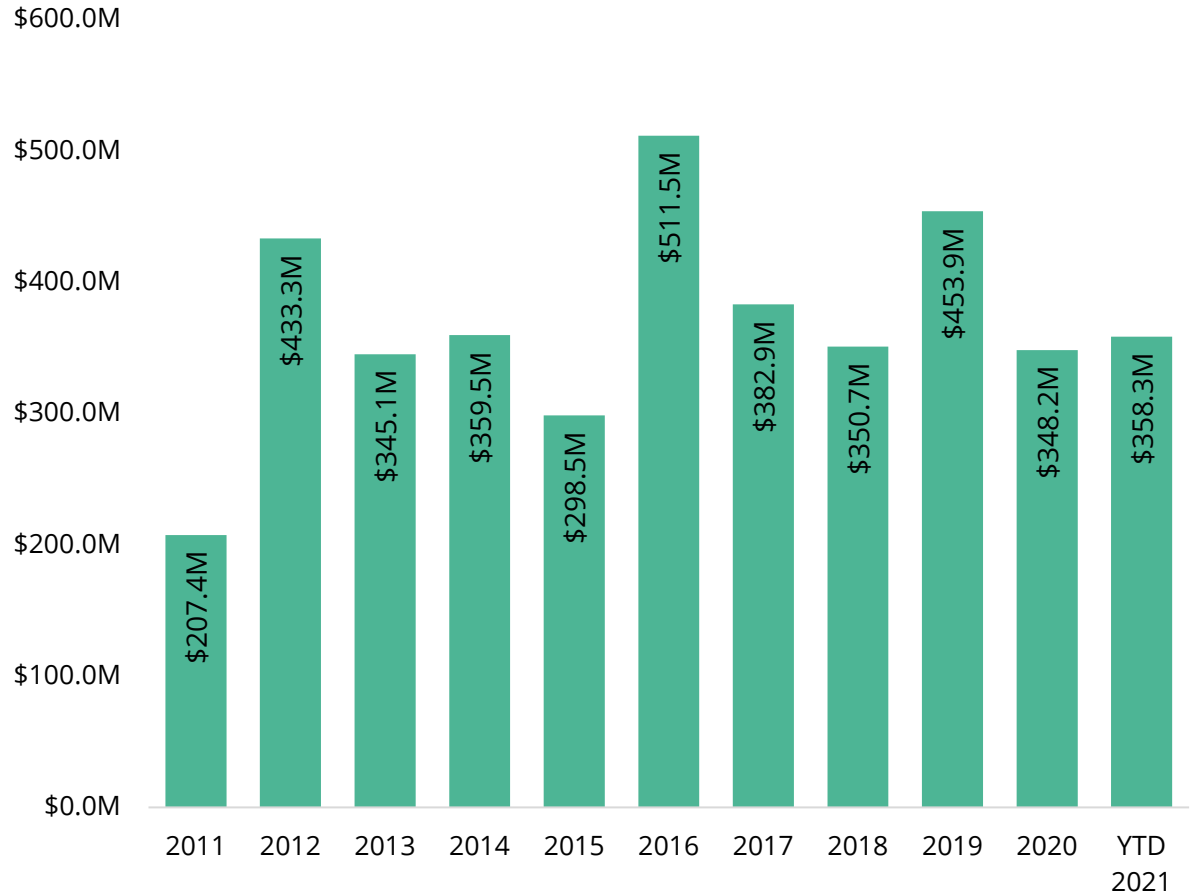
New construction from 2020 to current

Investment dollar volume

\$358 M

Office dollar volume,
year-to-date 2021

Office sales activity in Columbus remain generally muted however, recently surpassed 2020 Investment volume. Sales volumes 2020 through the third quarter of 2021 have only decreased by 11.5 percent when compared to the five-year average .



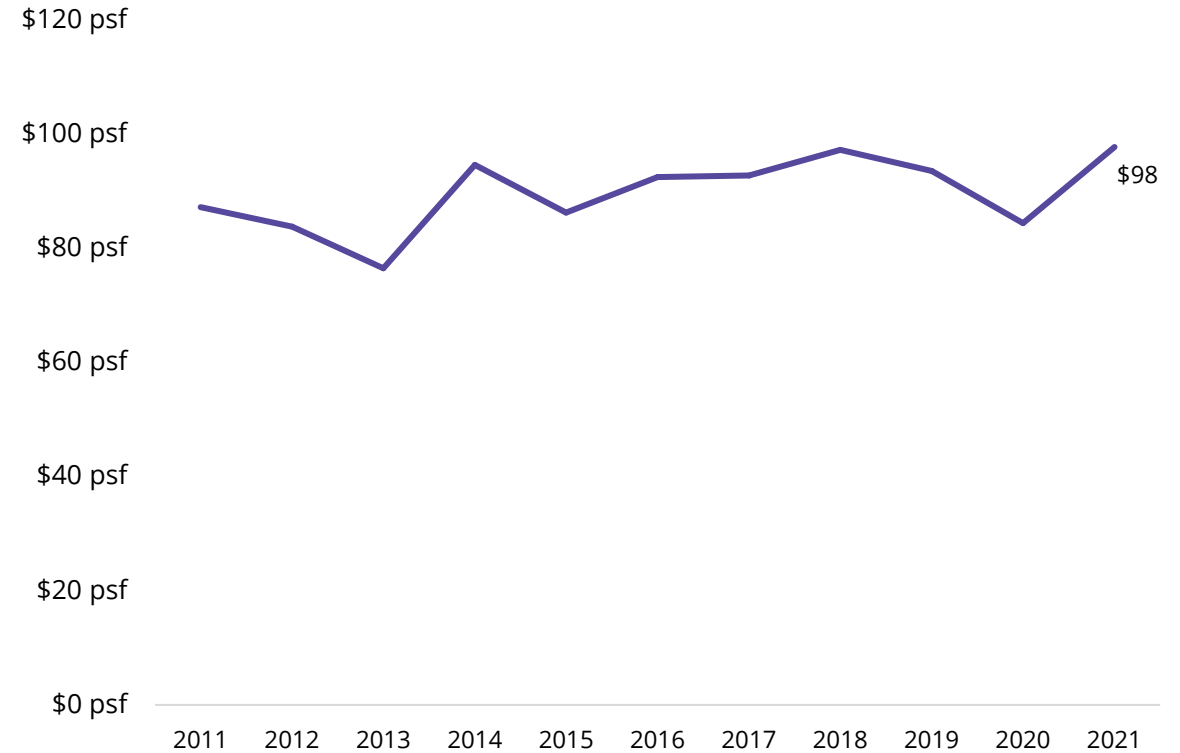
Source: AVANT by Avison Young
CoStar

Office asset pricing

15.8%

Columbus office pricing increased from 2020 to present

Pricing softened during the pandemic as investors have adopted more conservative underwriting approaches, decreasing from \$93 psf at the end of 2019 to \$84 psf in 2020. However, asset pricing has trended slightly upward in recent months to \$98 psf.



Source: AVANT by Avison Young

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Let's talk

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