

1Q25

# Columbus Office Market Overview

NEWMARK

# Market Observations



- The Columbus metro’s economy gained a modest number of jobs in year-over-year percentages in the first two months of 2025. The MSA’s total nonfarm employment increased annually by 0.9% in February after rising just 0.4% and 0.5% in January.
- Columbus’s most recent unemployment rate in February 2025 came in at 4.3%, which was the highest it has been since August of 2021, where it was also 4.3%. The national unemployment rate rose to 4.1%, up 10 basis points from January.
- Two of the three office-occupying industries experienced annual job gains, with the Professional and Business Services sector leading the way at 2.3%. The Financial Activities sector accrued year-over-year job gains at 0.9%, while the Information sector came in at negative 0.8% year-over-year.



- Five of the top seven most noteworthy office building sales in the first quarter took place in the Central Business District (CBD). Leading the way was the transfer of the 66,373 SF 101 E. Town St. to an Ohio-based investor called 150 Commerce Holdings LLC, for \$8.3 million, or \$125.05/SF. 2 Miranova Place was another significant transfer, as it was purchased by two investment firms, Douglas Capital Partners and Allied Capital and Development. The joint venture paid \$13.2 million, or \$54.02, for the 12-story, 243,527 SF office building.
- A 44,391 SF new lease by Rev1 Ventures at 330 Rush Alley in the CBD, along with Prime AE Group Inc.’s 20,136 SF lease at 8415 Pulsar Pl. in the Polaris submarket were the top leasing highlights. Other relevant deals included a 19,603 SF renewal by Pulte Home Company at 475 Metro Pl. S. in the Dublin submarket, as well as a 12,465 SF renewal by Columbus Neighborhood Health Center, Inc. at 2780 Airport Dr. in the Airport submarket, and Total Quality Logistics (TQL) renewing 11,987 SF at 585 Front St. in the CBD.



- The Columbus office market began 2025 with 118,460 SF of negative absorption. The overall market’s negative absorption increased the first quarter vacancy by 50 basis points to 21.9%, though that first quarter number is down from 2024’s cumulative total average vacancy of 22.8%.
- At 532,203 SF, the first quarter of 2025 saw the lowest amount of leasing activity in the Columbus office market for a first quarter total since 2021. After the leasing activity for 2024 came to 2.4 million SF, well short of the 16-year historical annual average of 2.9 million SF, the slow start in 2025 began right where the previous year ended... tepid.
- The overall average asking rental rate for the first quarter of 2025 grew to \$21.75/SF, a \$0.15/SF increase from where the yearly rate stood at the end of 2024. The yearly average of \$21.60/SF for 2024 was the highest in the market’s history up until this first quarter tally.



- Economic uncertainty could prove to be a stumbling block along the way, though tenant decisions have begun to trend toward immediacy in finding space, despite Columbus lagging behind the national return-to-office average.
- It remains to be seen if the average asking rental rate for the Columbus market continues a slow growth or if it will accelerate as more tenants implement revised in-person office strategies. The year-over-year asking rent growth rate increased by 0.7% in the first quarter, to set a slower pace for the year 2025 after a rate of 1.25 growth was achieved in 2024.
- The discrepancy between asking rates for Class A and B office properties contracted for the second quarter in a row, as Class A rates dipped to \$22.50/SF. Class B rates increased for the fourth straight quarter to \$20.36/SF. As of the first quarter of 2025 a \$2.14/SF discrepancy now exists between the two, the tightest margin since the fourth quarter of 2022. This could signal a tenant shift to affordability, rather than the flight to quality strategy that has dominated recent quarters.

1. Economy
2. Leasing Market Fundamentals
3. Appendix



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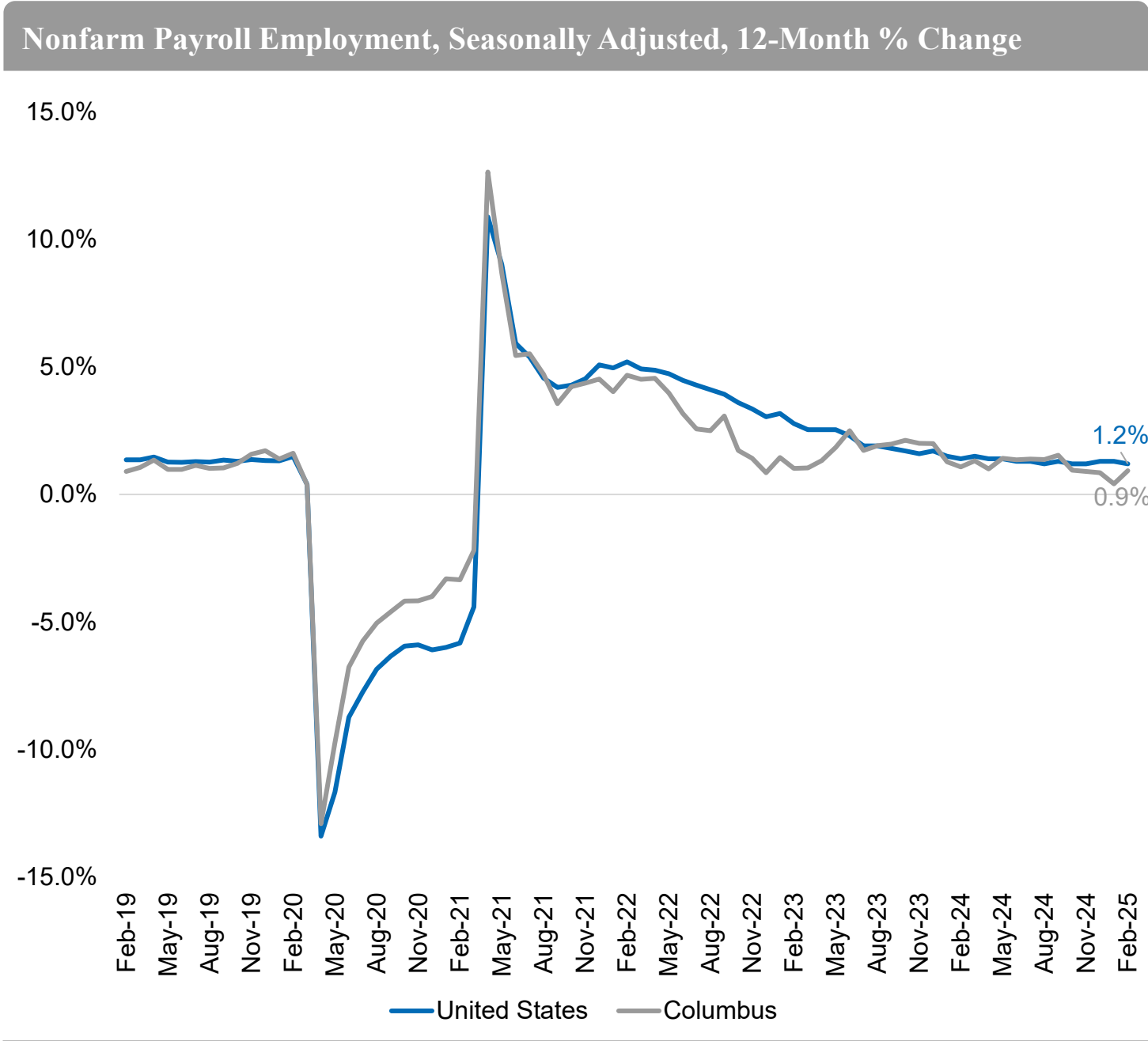
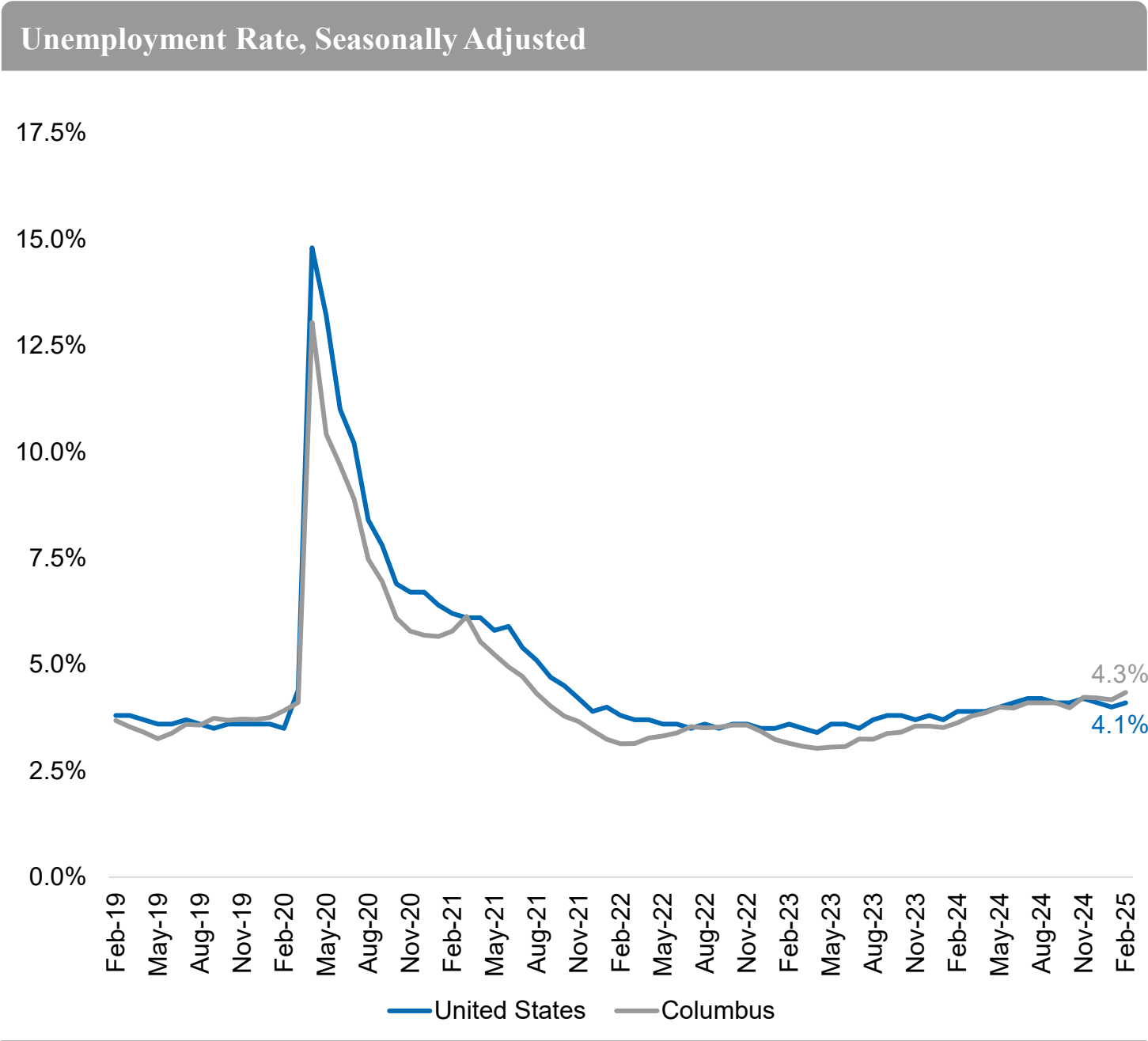
# Economy





# Columbus and United States Unemployment and Nonfarm Employment Trends

The Columbus metro’s economy gained a modest number of jobs in year-over-year percentages in the first two months of 2025. The MSA’s total nonfarm employment increased annually by 0.9% in February after rising just 0.4% and 0.5% in January. National nonfarm employment increased by 1.2% in February, down from 1.3% in January. Columbus’s most recent unemployment rate in February 2025 came in at 4.3%, which was the highest it has been since August of 2021, where it was also 4.3%. The national unemployment rate rose to 4.1%, up 10 basis points from January.



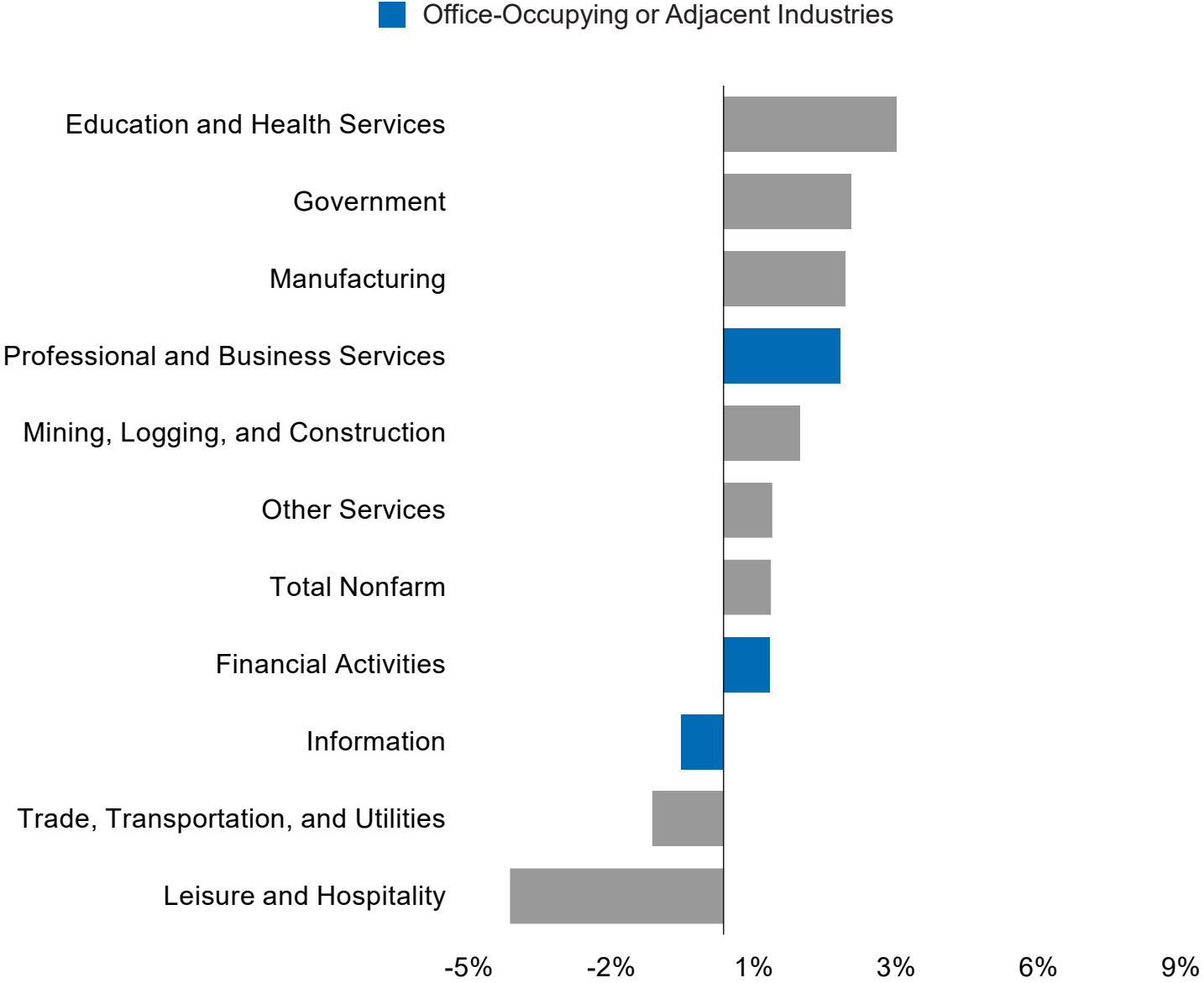
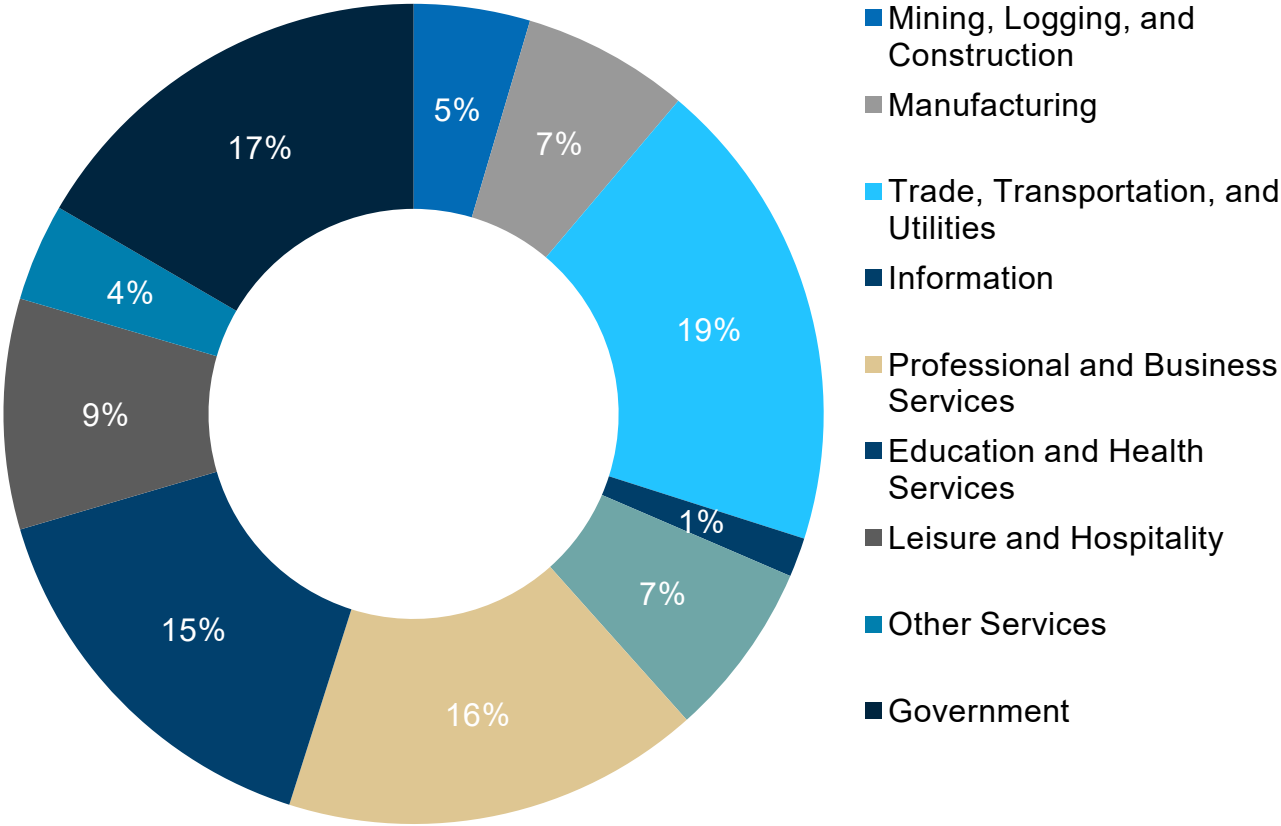
Source: U.S. Bureau of Labor Statistics, Columbus MSA

# Job Gains in Two of Three Office-Occupying or Adjacent Industries

The Education and Health Services sector led all industries in annual job growth at 3.4% in February for the Columbus MSA. Eight of 11 industry sectors in the market saw employment gains from February 2024 to February 2025. Two of the three office-occupying industries experienced annual job gains, with the Professional and Business Services sector leading the way at 2.3%. The Financial Activities sector accrued year-over-year job gains at 0.9%, while the Information sector came in at negative 0.8% year-over-year. The combined office-occupying employment figure was a 1.7% gain.

Employment by Industry, February 2025

Employment Growth by Industry, 12-Month % Change, February 2025

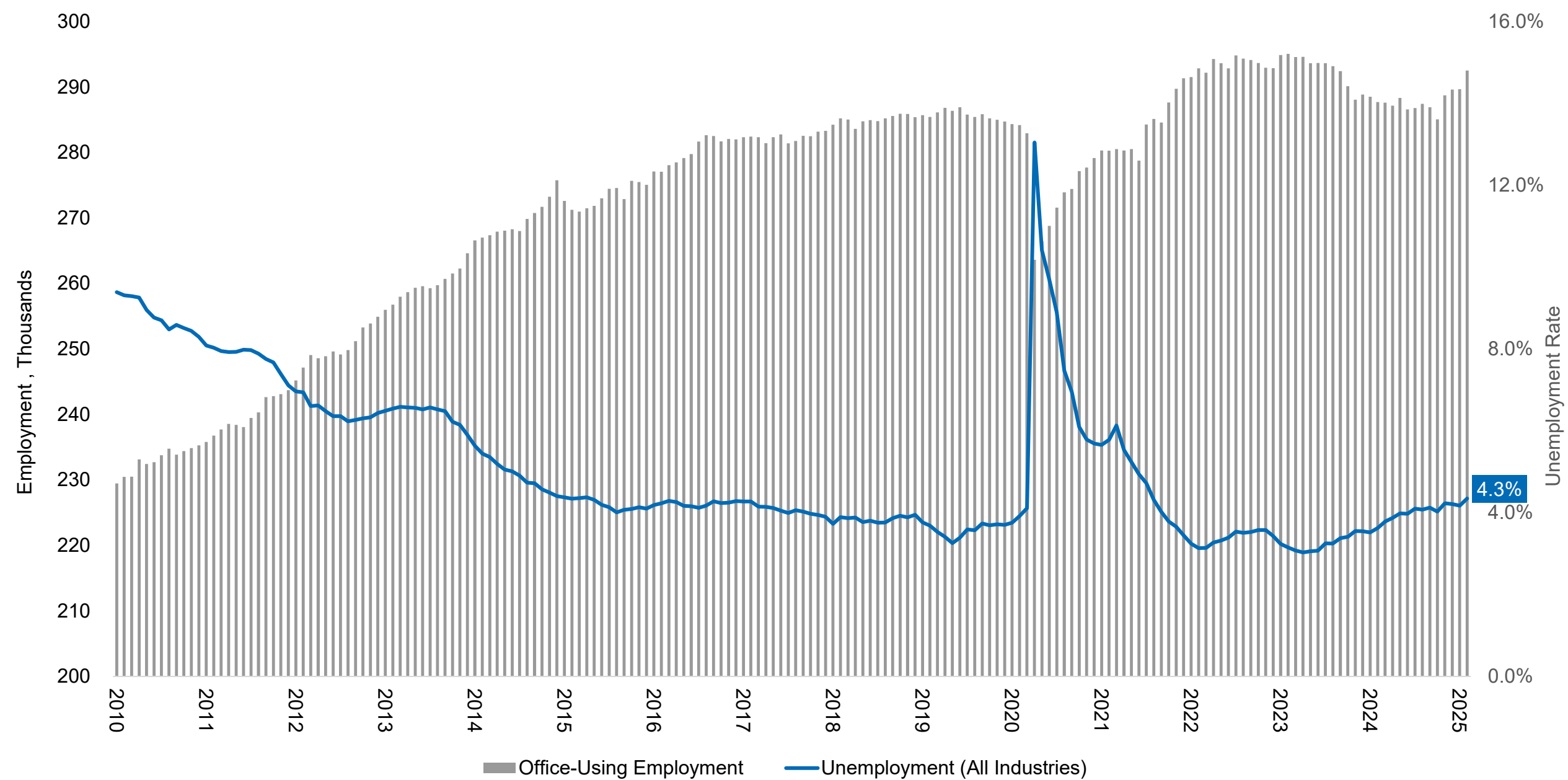


Source: U.S. Bureau of Labor Statistics, Columbus MSA

# Office-Using Employment

The number of office-using jobs in the Columbus market as of February 2025 was at its highest since August of 2023 at 292,527 and was above 290,000 for the first time since October of 2023. The MSA's unemployment percentage came in at 4.3%.

Office-Using Employment\* and Unemployment Across All Industries, Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics, Columbus MSA  
\*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.



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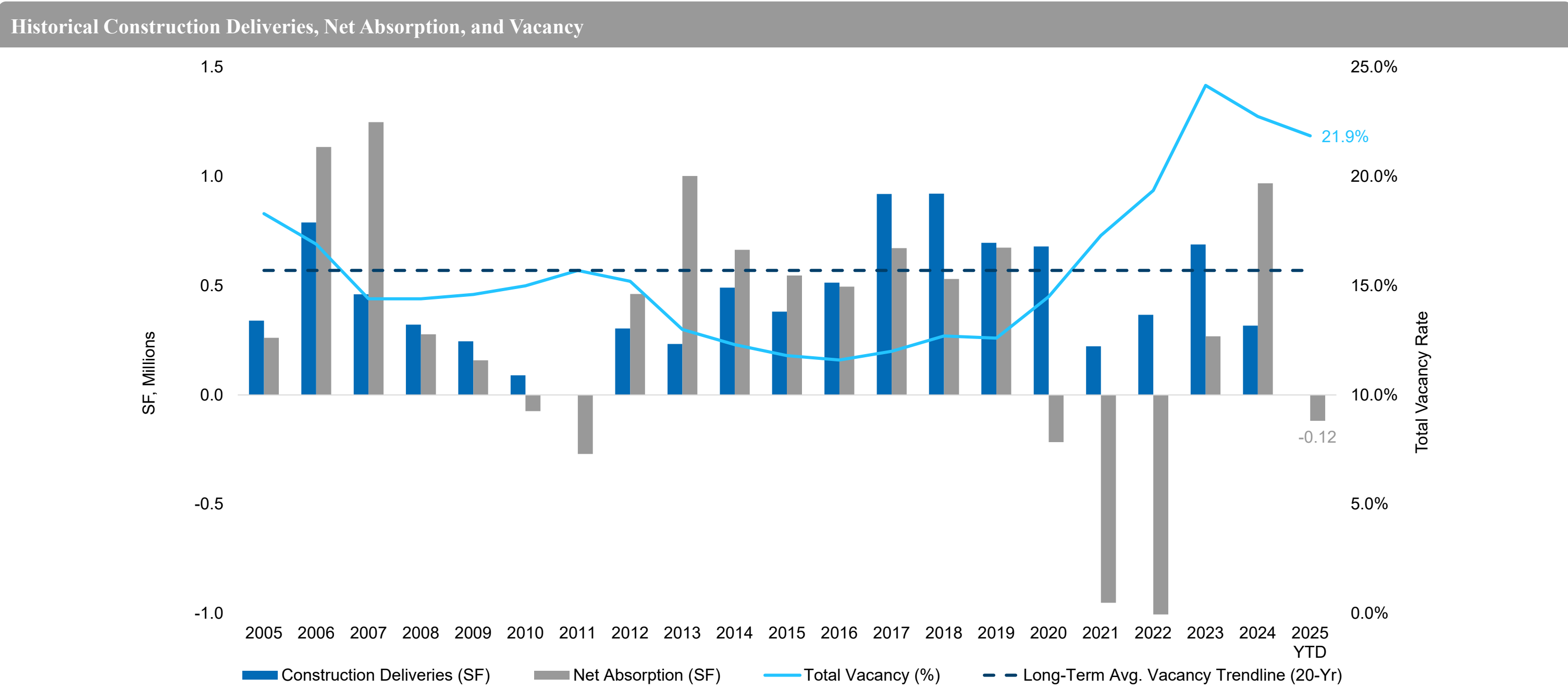
# Leasing Market Fundamentals





# 2025's Absorption Starts From Behind

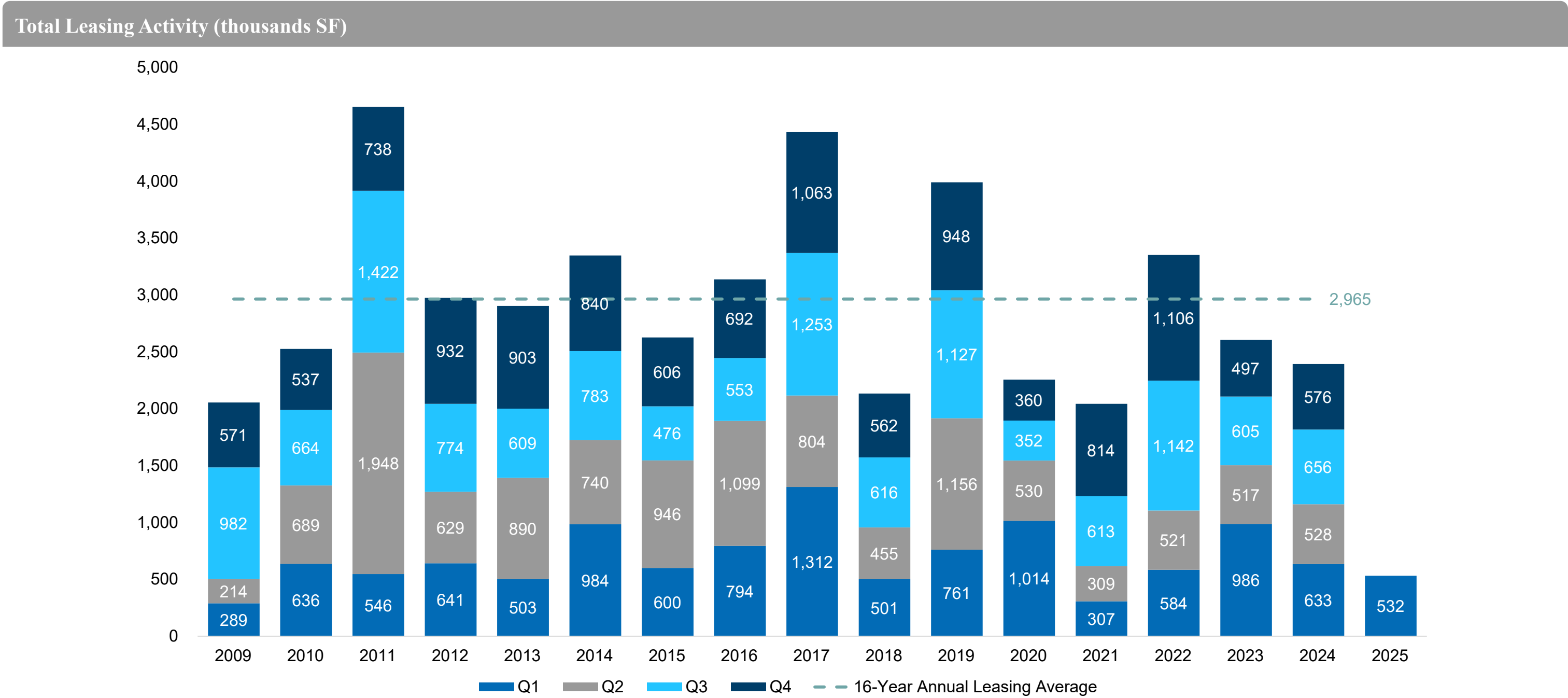
The Columbus office market began 2025 with 118,460 SF of negative absorption. In a reversal of last quarter, the Dublin submarket gave up the most amount of space in the first quarter, with tenants moving out of a net negative 186,455 SF. The Worthington submarket posted 95,072 SF of positive absorption for the highest quarterly result. The overall market's negative absorption increased the first quarter vacancy by 50 basis points to 21.9%, though that first quarter number is down from 2024's cumulative total average vacancy of 22.8%. There were no construction deliveries of tracked properties.



Source: Newmark Research, CoStar

# First Quarter Leasing Activity Lowest Since 2021

At 532,203 SF, the first quarter of 2025 saw the lowest amount of leasing activity in the Columbus office market for a first quarter total since 2021. After the leasing activity for 2024 came to 2.4 million SF, well short of the 16-year historical annual average of 2.9 million SF, the slow start in 2025 began right where the previous year ended... tepid. Economic uncertainty and continued difficulties with financing could prove to be stumbling blocks along the way, though tenant decisions have begun to trend toward immediacy in finding space.

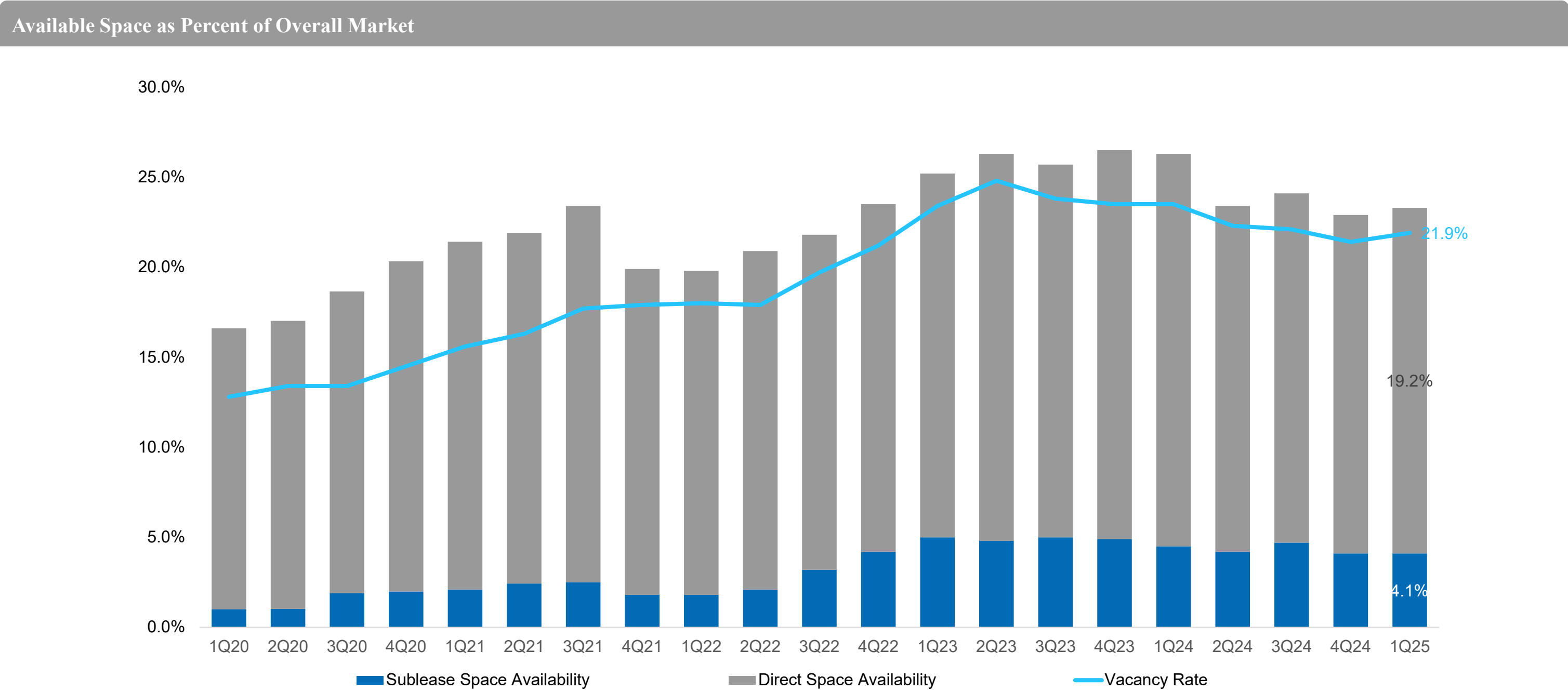


Source: Newmark Research, CoStar



# Vacancy and Direct Availability Up, While Sublet Availability Remains Flat

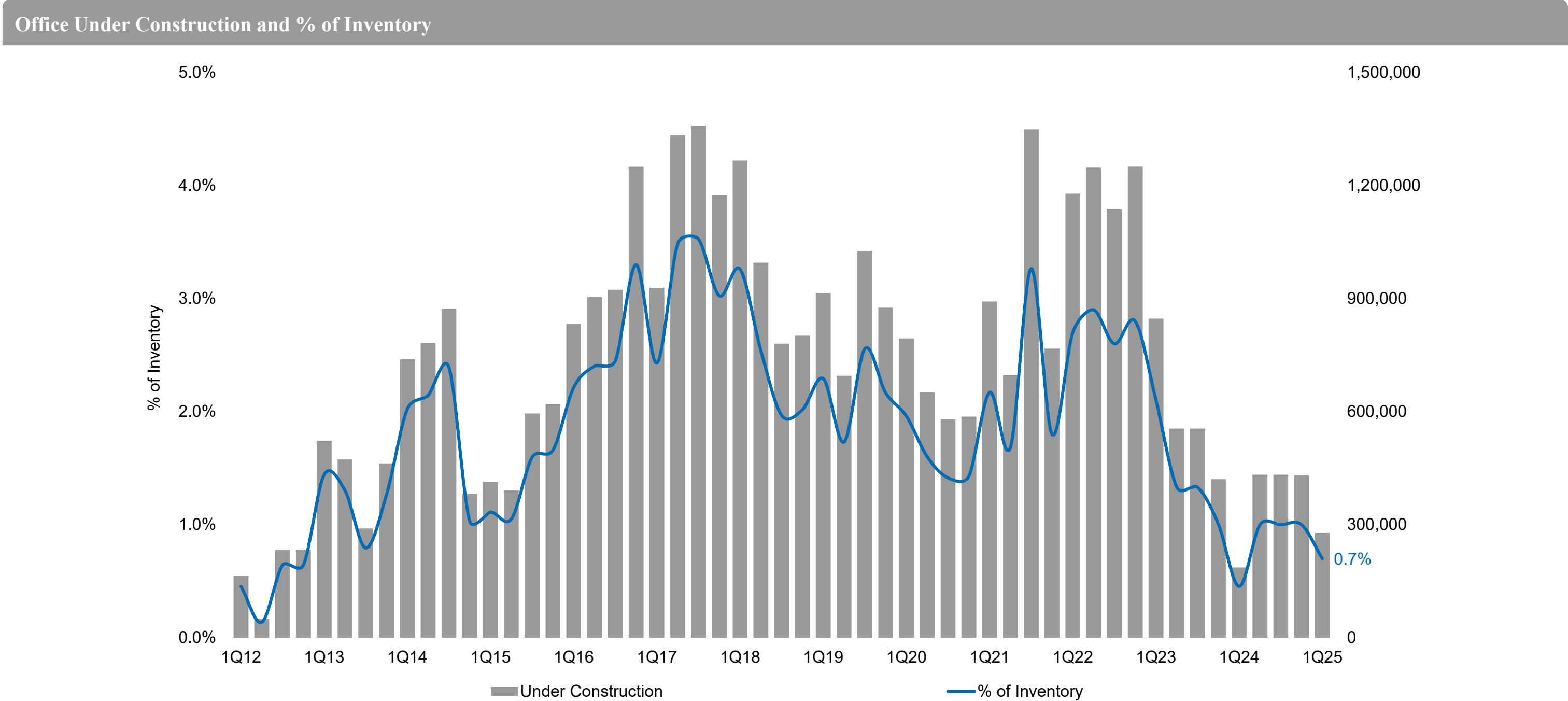
Sublease availability stayed flat this past quarter at 4.1%. However, direct availability increased by 40 basis points to 19.2% after hitting one of its lowest availability milestones in the fourth quarter of 2024 in nearly two years. Overall vacancy was 21.9%, a 50-basis point increase from the previous quarter.



Source: Newmark Research

# Construction Levels Dip

Office construction for the first quarter of 2025 dipped from the previous quarter to 278,178 SF. Under construction projects represent 0.7% of the total office inventory.

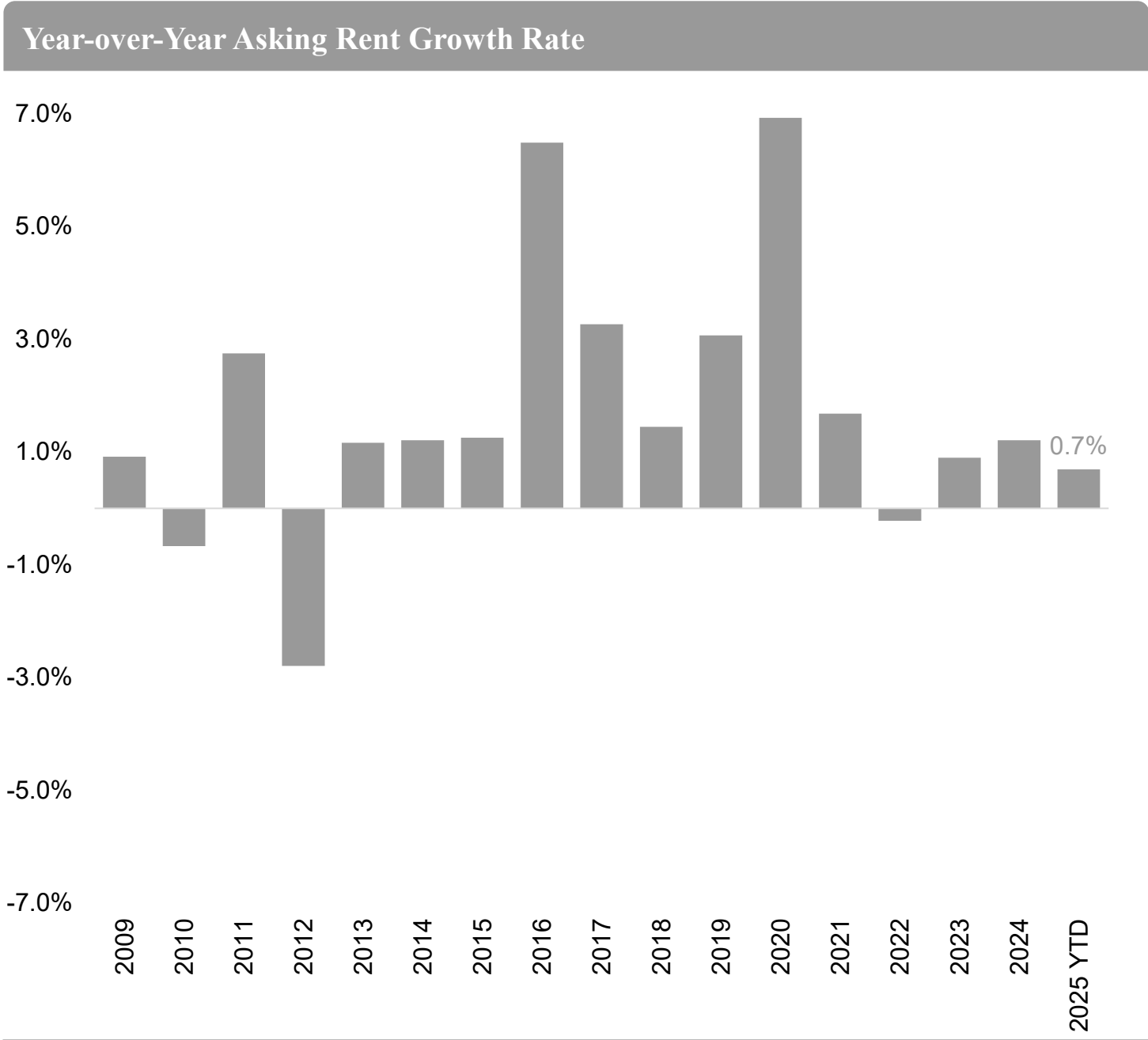
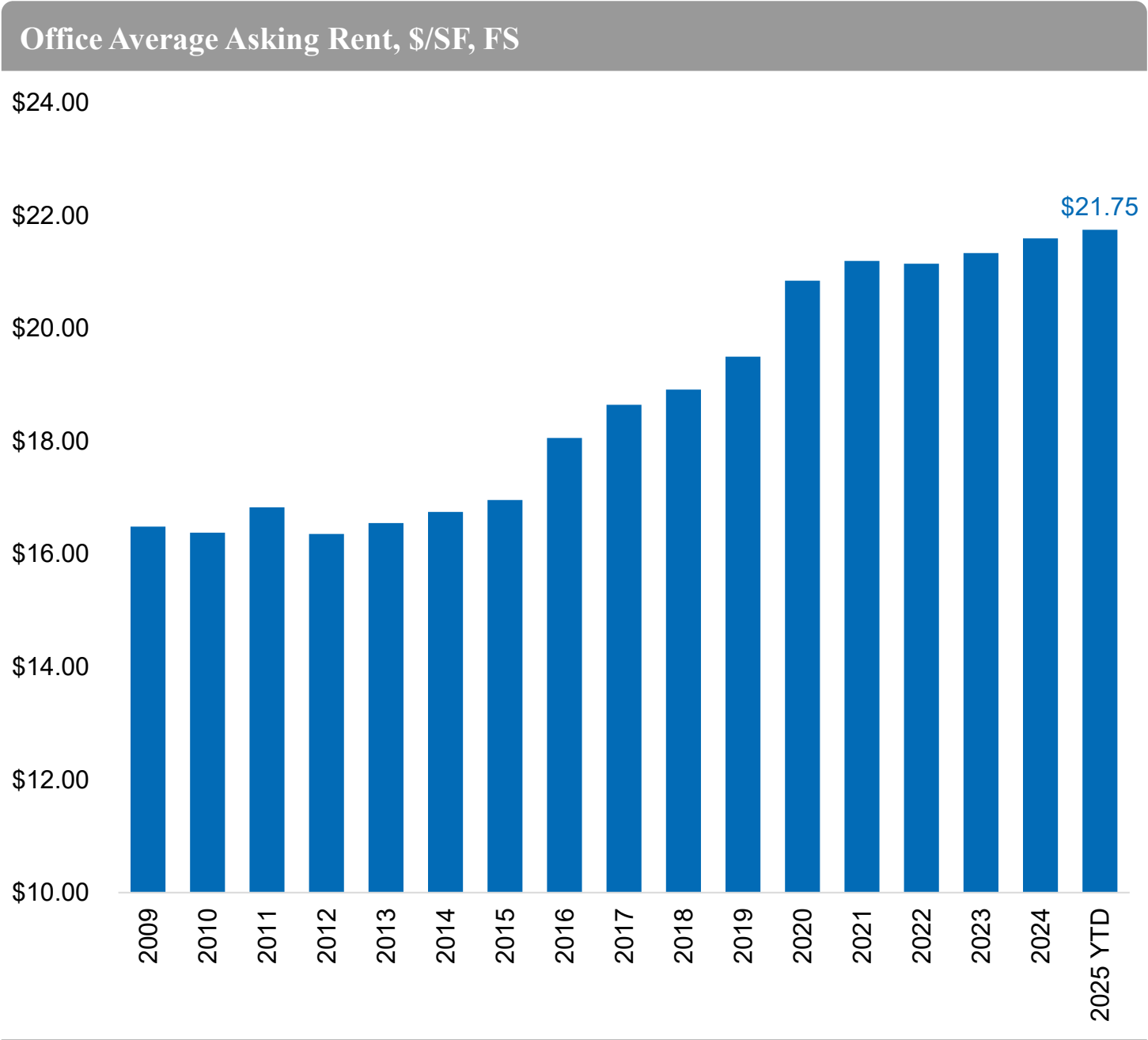


Source: Newmark Research, CoStar



# Slow Growth Propels Rental Rates Up Again

The overall average asking rental rate for the first quarter of 2025 grew to \$21.75/SF, a \$0.15/SF increase from where the yearly rate stood at the end of 2024. The yearly average of \$21.60/SF for 2024 was the highest in the market’s history up until this first quarter tally. It remains to be seen if the rate continues a slow growth or if it will accelerate as more tenants implement revised in-person office strategies. The year-over-year asking rent growth rate increased by 0.7% in the first quarter, to set a slower pace for the year 2025 after a rate of 1.25% growth was achieved in 2024.

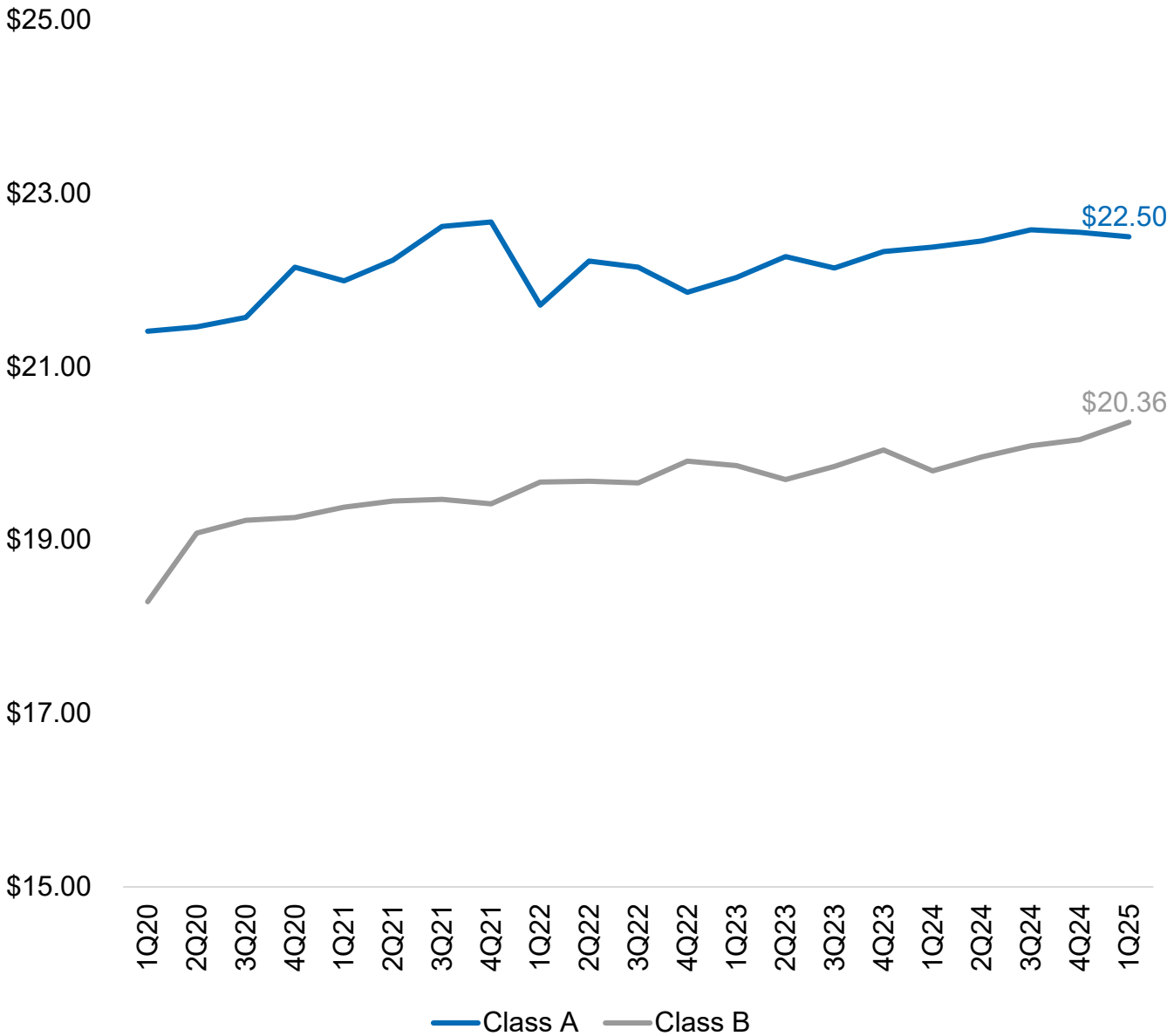


Source: Newmark Research, CoStar

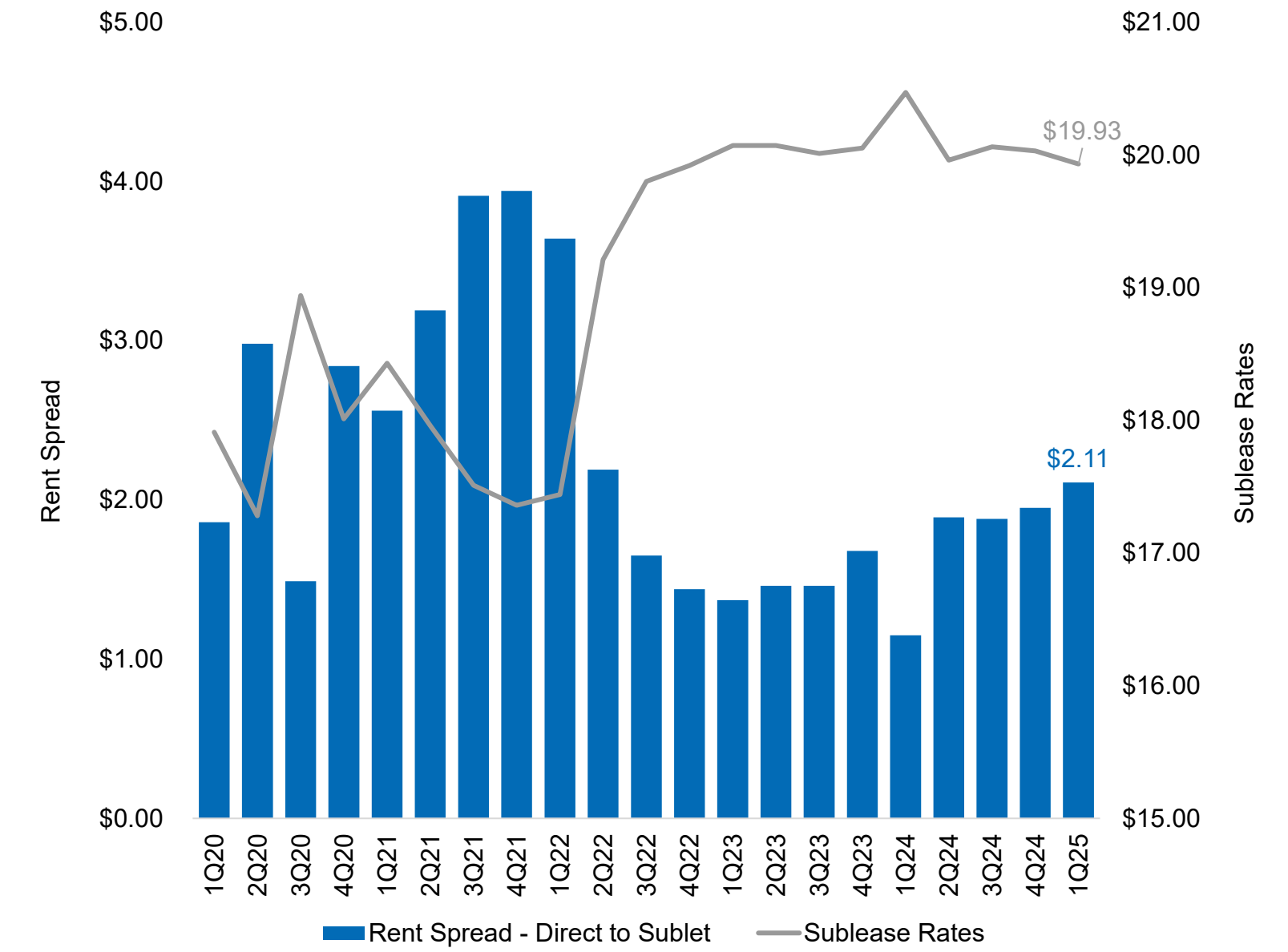
# Sublease and Direct Space Rent Spread Increases; Class A and B Difference Shrinks

The discrepancy between asking rates for Class A and B office properties contracted for the second quarter in a row, as Class A rates dipped to \$22.50/SF. Class B rates increased for the fourth straight quarter to \$20.36/SF. As of the first quarter of 2025 a \$2.14/SF discrepancy now exists between the two, the tightest margin since the fourth quarter of 2022. This could signal a tenant shift to affordability, rather than the flight to quality strategy that has dominated recent quarters. The average sublease rate decreased by \$0.10/SF to \$19.93/SF, which widened the gap between sublease and direct rents to \$2.11/SF in the first quarter from \$1.95/SF the previous quarter. The \$2.11 rent spread is the largest it has been between the two since the second quarter of 2022.

Class A and Class B Asking Rents



Sublease Rates



Source: Newmark Research, CoStar



# Lease and Sale Transactions in 1Q25

Select 1Q25 Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
Rev1 Ventures	330 Rush Alley	CBD	Direct	44,391
Prime AE Group, Inc.	8415 Pulsar Pl.	Polaris	Direct	20,136
Pulte Home Company	475 Metro Pl. S.	Dublin	Renewal	19,603
Columbus Neighborhood Health Center, Inc.	2780 Airport Dr.	Airport	Renewal	12,465
Total Quality Logistics (TQL)	585 Front St.	CBD	Renewal	11,987
Target ABA	2760 Airport Dr.	Airport	Direct	11,051

Select 1Q25 Sale Transactions					
Buyer	Building	Submarket	Sale Price	Square Feet	Price Per SF
150 Commerce Holdings LLC	101 E. Town St.	CBD	\$8,300,000	66,373	\$125.05
Columbus Metropolitan Housing Authority	195 N. Grant Ave.	CBD	\$4,000,000	39,082	\$102.35
JCM Real Estate LLC	325 Cramer Creek Ct.	Dublin	\$2,500,000	29,367	\$85.13
Academia Medical Institute	4079 Executive Pkwy.	Westerville	\$3,100,000	43,593	\$71.11
Douglas Capital Partners and Allied Capital and Development	2 Miranova Place	CBD	\$13,155,000	243,527	\$54.02
935 Cassady LLC	455 W. Broad St.	CBD	\$6,901,875	195,530	\$35.30
Downtown Columbus, Inc.	17 S. High St.	CBD	\$4,500,000	193,551	\$23.25

Source: Newmark Research



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# Appendix





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# Historical Statistical Overview



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## Submarket Overview



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## Additional Market Statistics



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## Submarket Map



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