3Q25

Columbus Office Market Overview

Market Observations

Economy

- The Columbus metro's economy gained jobs in year-over-year percentages in August of 2025, as the MSA's total nonfarm employment increased annually by 1.1%.This came after attaining a 1.3% gain in July. National nonfarm employment increased year-over-year by 0.9% in August, after three straight months of 1.0% gains.
- Columbus's most recent unemployment rate in August 2025 came in at 4.6%, after reaching 4.7% in May and then coming down to 4.6% in June and July.
- All three office-occupying industries experienced annual job gains, with the Financial Activities sector leading the way at 2.8%. The Professional and Business Services sector accrued year-over-year job gains of 2.4%, while the Information sector came in at 0.2% year-over-year. Eight of 10 industry sectors in the market saw employment gains from August 2024 to August 2025.

Major Transactions

- Transaction volume remained muted, with only one sale over 100,000 SF: EOG Resources, Inc. acquired the former Bob Evans Restaurants, Inc. headquarters at 8111 Smith's Mill Rd. (175,000 SF) in the New Albany submarket for $28.7 million ($164.23/SF) in an owner/user transaction to serve as a regional hub for its new Central Ohio division. Nationwide Children's Hospital, Pathways Financial Credit Union, and Horizon Science Academy Elementary School all acquired office properties as owner/user purchases in the third quarter. Significant office investment sales have largely disappeared.
- Despite downsizing, one of the top leases in the market was Centene Management Company LLC signing for 38,980 SF at 4349 Easton Way in the Easton submarket.
- Other lease deals in the third quarter include a combination of two CBD submarket deals by AndHealth LLC, a leader in community-based specialty health care, with a 28,010 SF renewal and 14,419 SF expansion at 2 Miranova Pl. Renewals topped leasing activity, including signings of: 13,104 SF by Matic Insurance Services in the CBD; and 12,544 SF by Cigna Health and Life Insurance.

Leasing Market Fundamentals

- The Columbus office market recorded its second straight quarter of positive absorption, with 379,512 SF. Sublease availability fell from 3.7% to 3.5%, direct availability declined 40 basis points to 18.3%, and overall vacancy dropped 90 basis points to 20.5% for a second consecutive quarterly decrease. Year-to-date, the average vacancy rate for 2025 stands at 21.4%, improving over its 21.9% vacancy for the first half of 2025. These shifts suggest a recovering market.
- The CBD led all submarkets with 127,708 SF of positive absorption, driven by the occupancy of Rev1 Ventures' 44,391 SF lease at 330 Rush Alley signed in the first quarter of 2025. Easton recorded the second-highest absorption at 122,972 SF. Polaris ranked third with 85,683 SF, boosted by Vertiv occupying 59,000 SF at 460 Polaris Pkwy. and Prime AE Group, Inc. taking occupancy of its 20,136 SF first quarter lease at 8415 Pulsar Pl. Overall, the third quarter mirrored recent quarters: outside the CBD's solid activity, market activity was subdued. Tenant interest began to pick up in early September, led by professional services firms, a staple of the office market.
- The overall average asking rental rate for the third quarter increased to $22.35/SF, a $0.76/SF rise from the second quarter. This helped pace the year-to-date average asking rent to go up by $0.19/SF to $21.77/SF.

Outlook

- A construction pullback reflects higher interest rates, rising construction and material costs, and uncertainty about future office demand, which together have increased financing costs and reduced project feasibility. In addition, overall office vacancy in Columbus has lingered above historical averages, contributing to hesitation among developers to initiate new projects.
- On the office sale side, for opportunistic investors and owner-users, conditions remain favorable in Columbus and largely across the United States—a clear buyer's market—though some uncertainty persists as the economic outlook shows early signs of improvement, but with many caveats. However, owner/user transfers made up the majority of office building transactions in the third quarter, and uncertainty persists for office investment sales as recent legislative changes continue to shape investor strategies.

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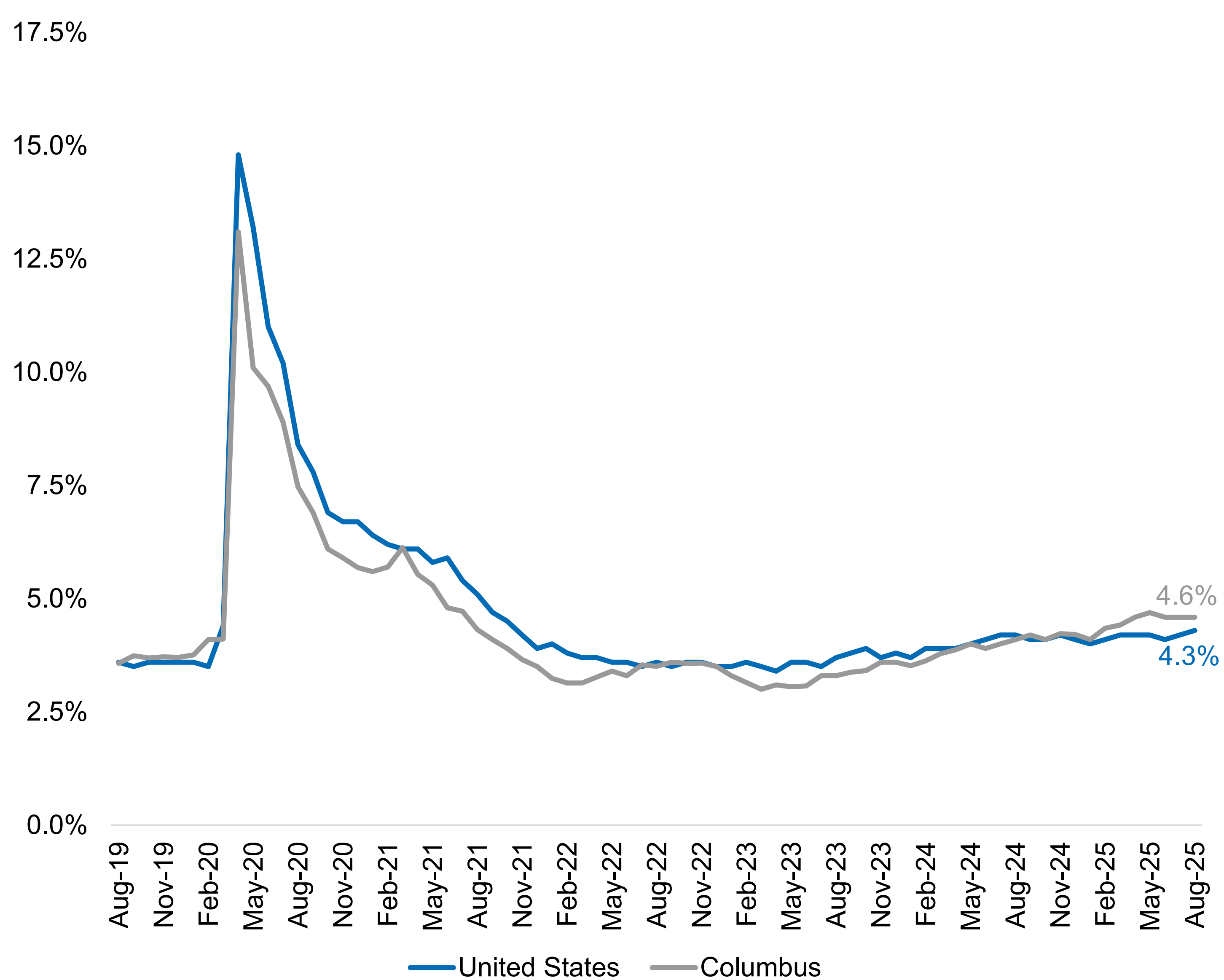
Economy

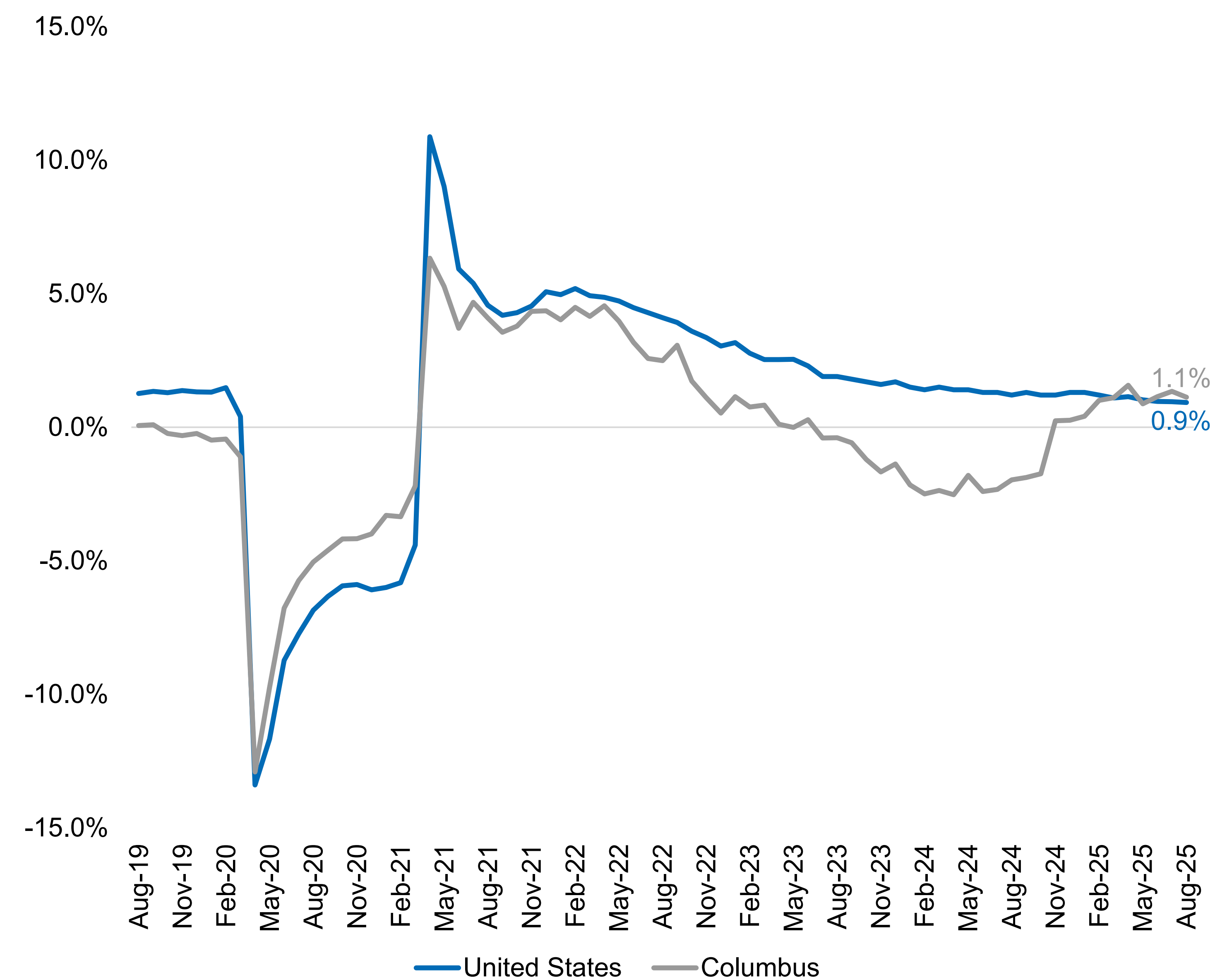
Columbus and United States Unemployment and Nonfarm Employment Trends

The Columbus metro's economy gained jobs in year-over-year percentages in August of 2025, as the MSA's total nonfarm employment increased annually by 1.1%.This came after attaining a 1.3% gain in July. National nonfarm employment increased year-over-year by 0.9% in August, after three straight months of 1.0% gains. Columbus's most recent unemployment rate in August 2025 came in at 4.6%, after reaching 4.7% in May and then coming down to 4.6% in June and July.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Seasonally Adjusted, 12-Month % Change

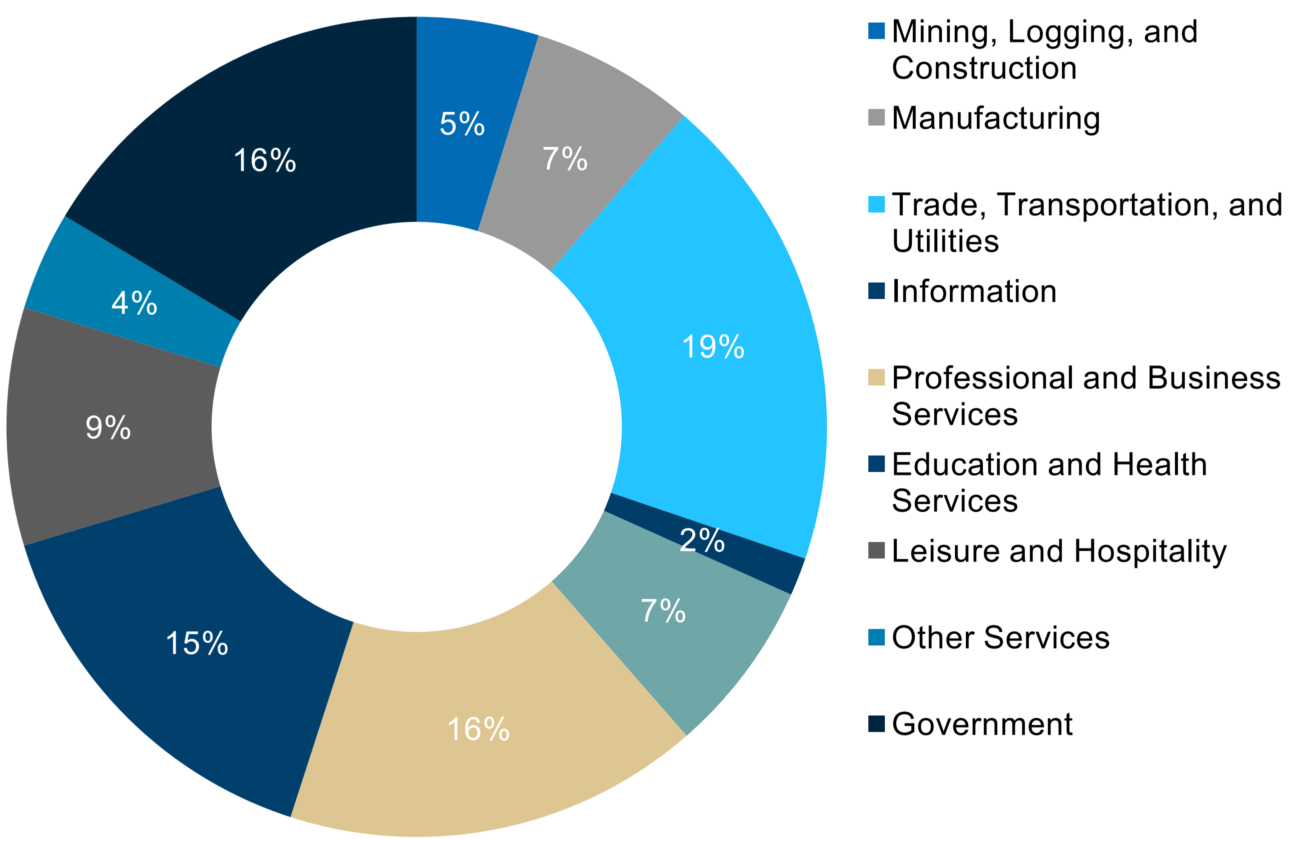


Source: U.S. Bureau of Labor Statistics, Columbus MSA

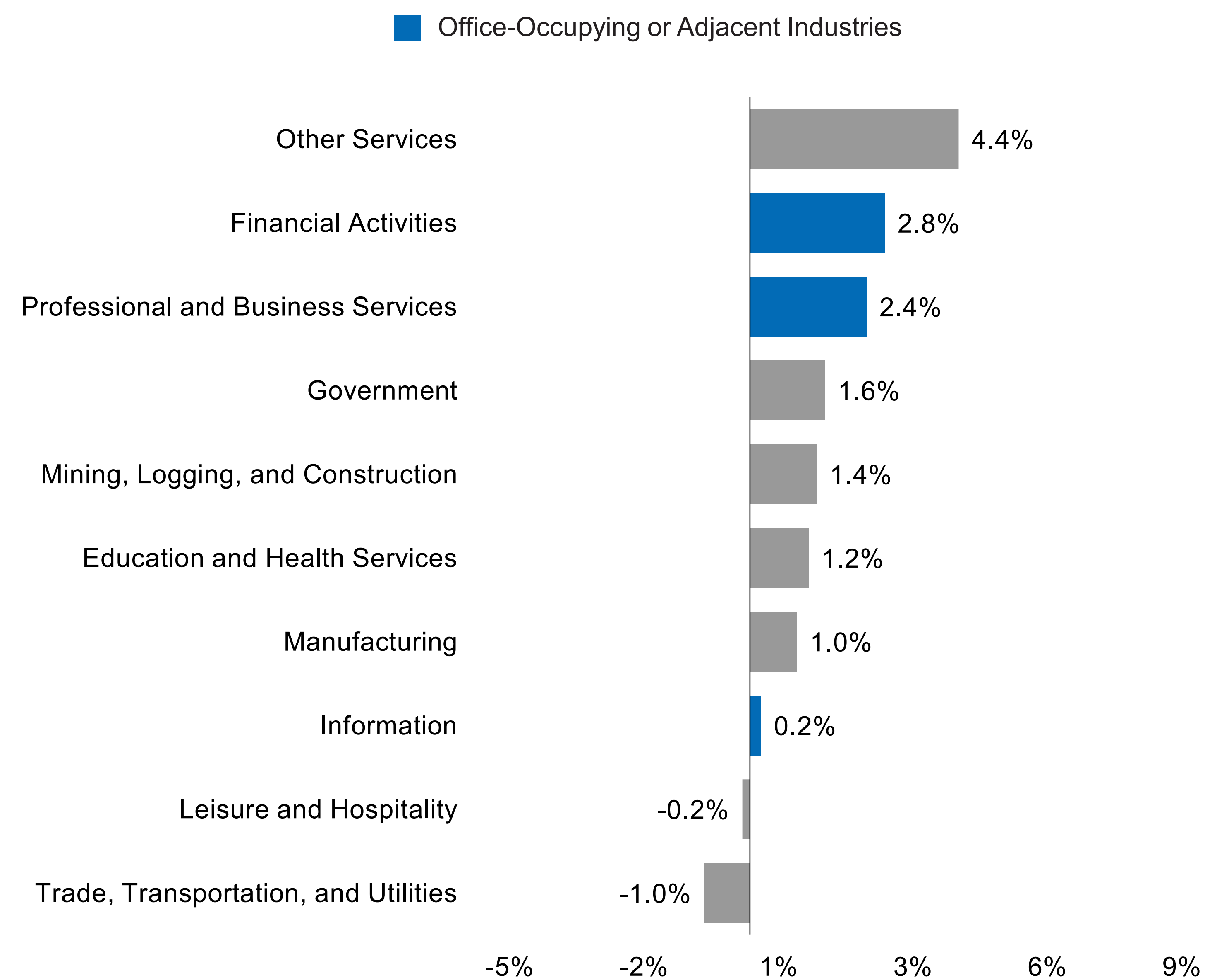
Job Gains in All Three Office-Occupying or Adjacent Industries

The Other Services sector led all industries in annual job growth at 4.4% in August for the Columbus MSA. Eight of 10 industry sectors in the market saw employment gains from August 2024 to August 2025. All three office-occupying industries experienced annual job gains, with the Financial Activities sector leading the way at 2.8%. The Professional and Business Services sector accrued year-over-year job gains of 2.4%, while the Information sector came in at 0.2% year-over-year.

Employment by Industry, August 2025



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

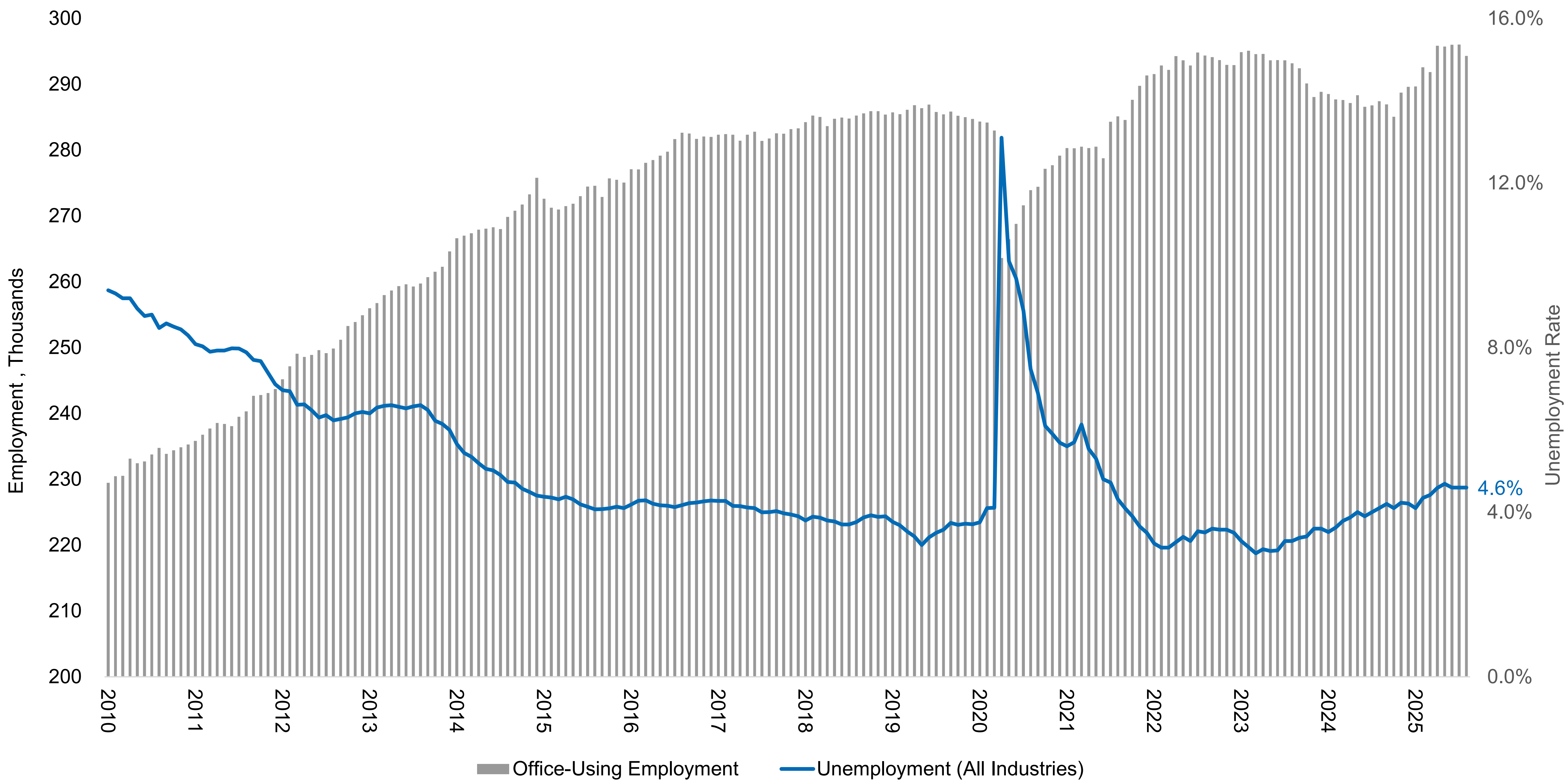


Source: U.S. Bureau of Labor Statistics, Columbus MSA

Recent Office-Using Employment Numbers Reach 15-Year Highs

The number of office-using jobs in the Columbus market as of August 2025 was approximately 297,308 and was above 290,000 for the seventh straight quarter. July's number of approximately 296,028 was the highest in this statistical set that dates to January 2010. The MSA's unemployment percentage came in at 4.6%. Columbus benefits from steady population growth and a diverse talent pool; nearly 40% of residents hold at least a bachelor's degree. Its central location among major Midwest cities and cost competitiveness attract businesses seeking access to key markets and skilled labor.

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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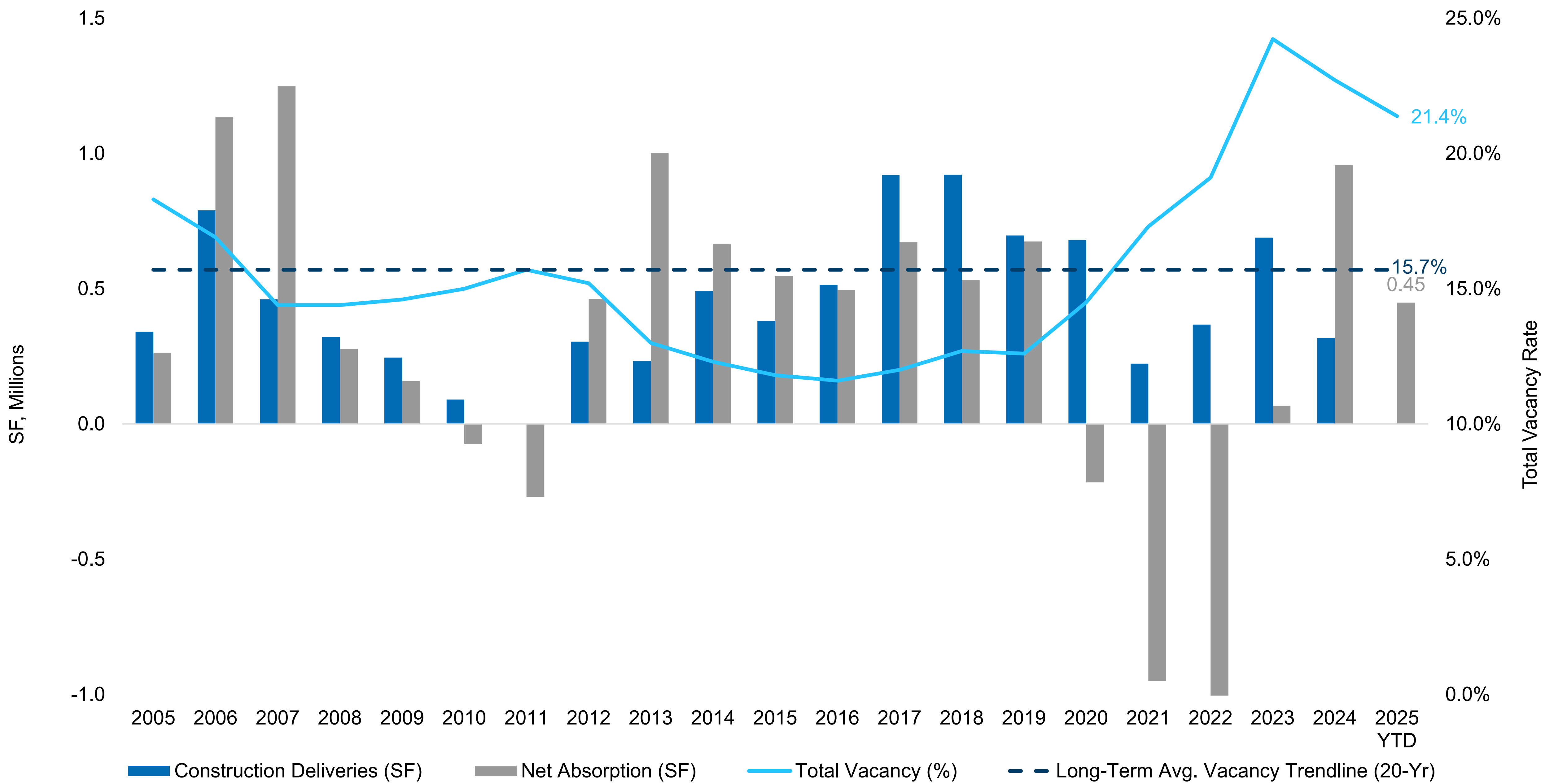
Leasing Market Fundamentals

Absorption Positive For Second Quarter in a Row

Columbus recorded its second consecutive quarter of positive office absorption, totaling 379,512 SF. The CBD led with 127,708 SF, driven by Rev1 Ventures' 44,391 SF lease at 330 Rush Alley. Easton absorbed 122,972 SF, while Polaris had 85,683 SF, with Vertiv and Prime AE Group, Inc. contributing major leases. Positive absorption reduced third-quarter vacancy by 90 basis points to 20.5%. The 2025 year-to-date vacancy rate is 21.4%, down from 21.9% in the first half, but remains above the 20-year average of 15.7%.

Historical Construction Deliveries, Net Absorption, and Vacancy

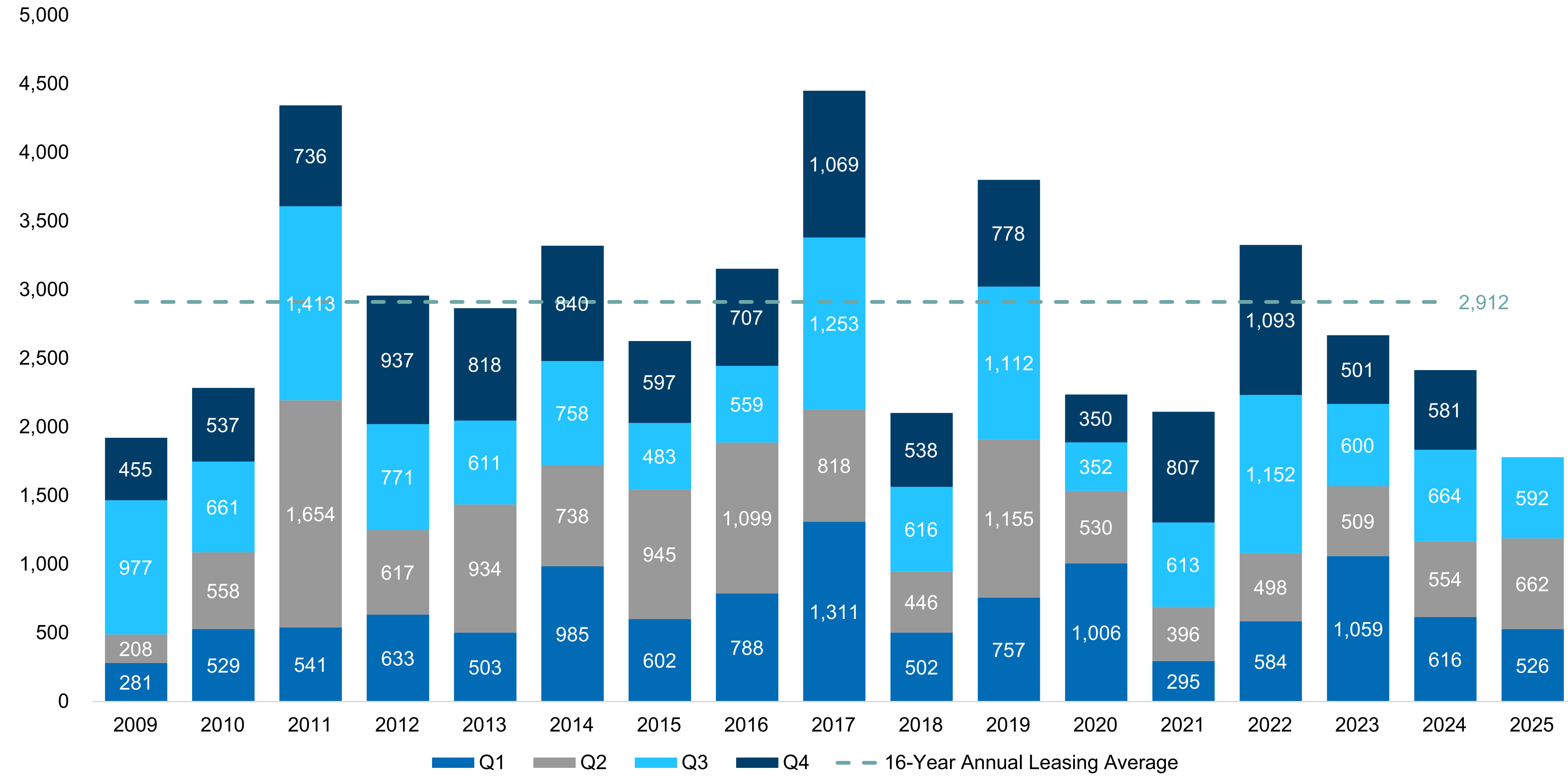


Source: Newmark Research, CoStar

Third Quarter Leasing Activity

At 591,954 SF, the third quarter of 2025 saw an average amount of leasing activity in the Columbus office market, which three quarters through 2025 puts the market behind the progress of the last three years, but nearly in step with 2024. Tenants favored small deals with no leases over 50,000 SF occurring. Tenant interest started to pick up at the beginning of September, with the most active category being professional services firms, a staple of the Columbus office market. Despite eight of the last 13 quarters posting positive absorption, changes in the market toward the positive in terms of activity and interest have been very slow.

Total Leasing Activity (thousands SF)

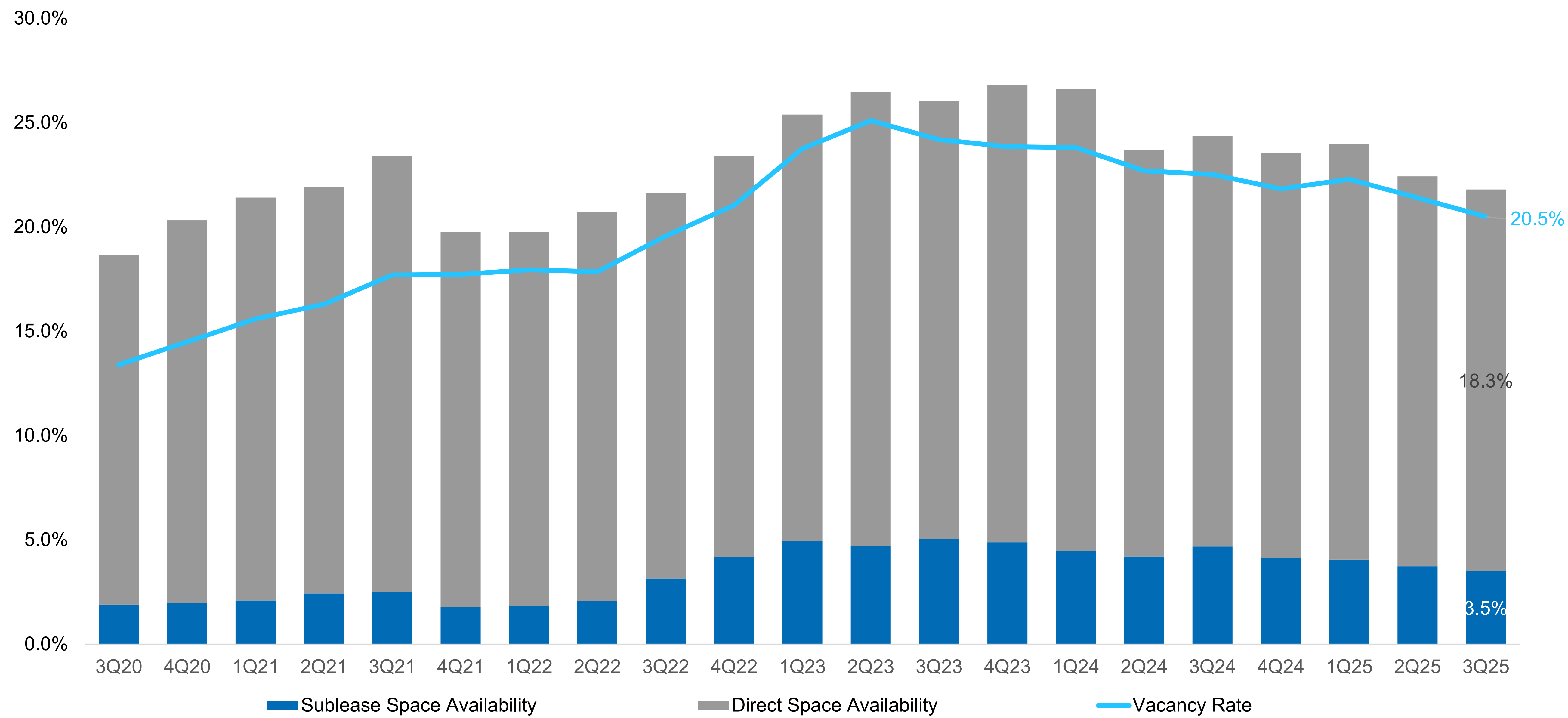


Source: Newmark Research, CoStar

Vacancy Percent, Direct and Sublet Availability All Down

Columbus office vacancy rose steadily from the third quarter of 2020, climbing from about 13% to a peak near 25% between the second and fourth quarter of 2023, and remained elevated through 2024—indicating weaker demand or increased supply. In the latest quarter, conditions improved: sublease availability fell from 3.7% to 3.5%, direct availability declined 40 basis points to 18.3%, and overall vacancy dropped 90 basis points to 20.5% for a second consecutive quarterly decrease. These shifts suggest a recovering market with improving occupancy and less sublease space.

Available Space as Percent of Overall Market

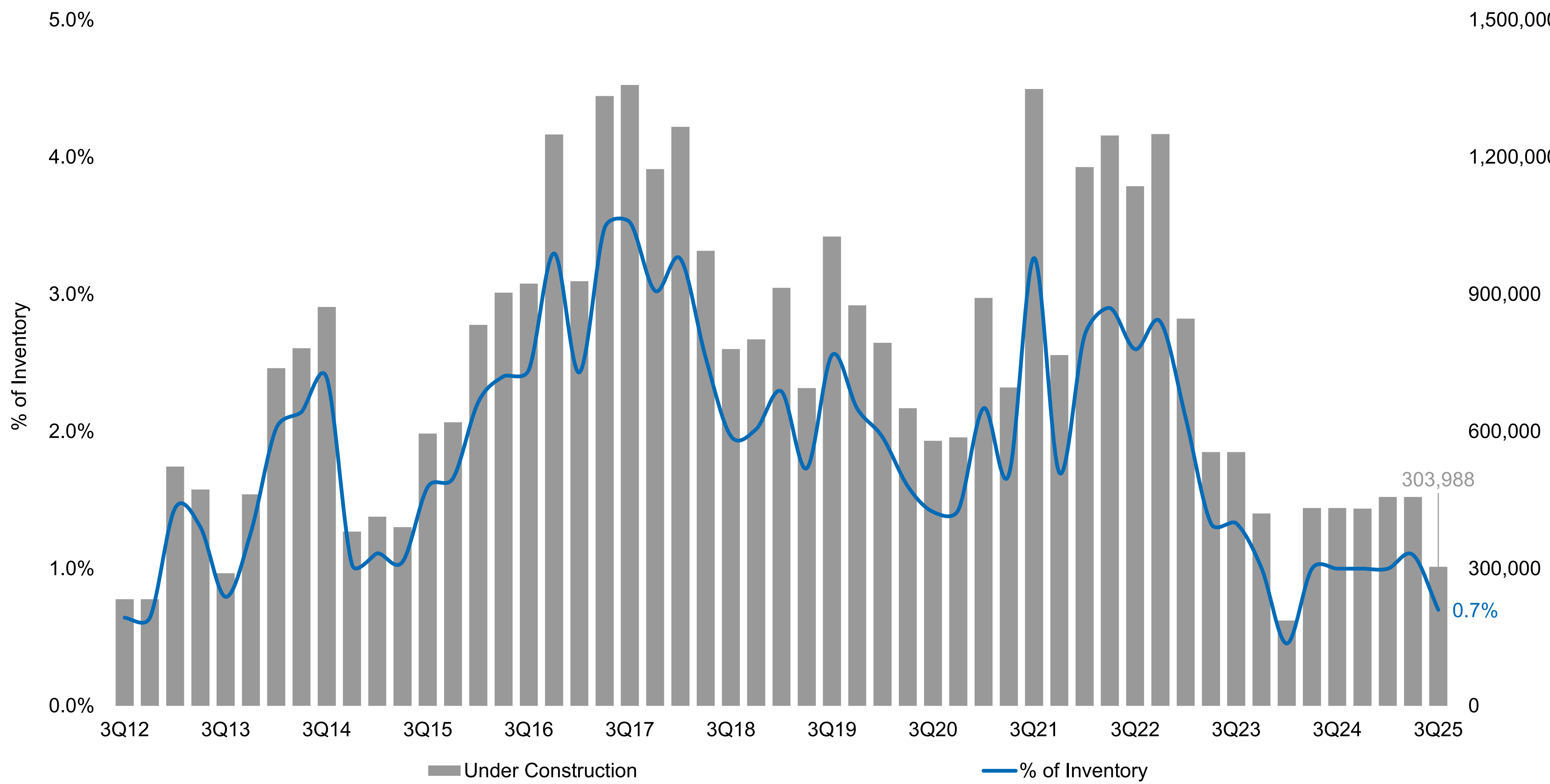


Source: Newmark Research

Office Construction Levels Dip

In Columbus, office construction declined in the third quarter of 2025 to 303,988 SF from the prior quarter, with projects underway equal to 0.7% of total inventory. The pullback reflects higher interest rates, rising construction and material costs, and uncertainty about future office demand, which together have increased financing costs and reduced project feasibility. In addition, overall office vacancy in Columbus has lingered above historical averages, contributing to hesitation among developers to initiate new projects.

Office Under Construction and % of Inventory

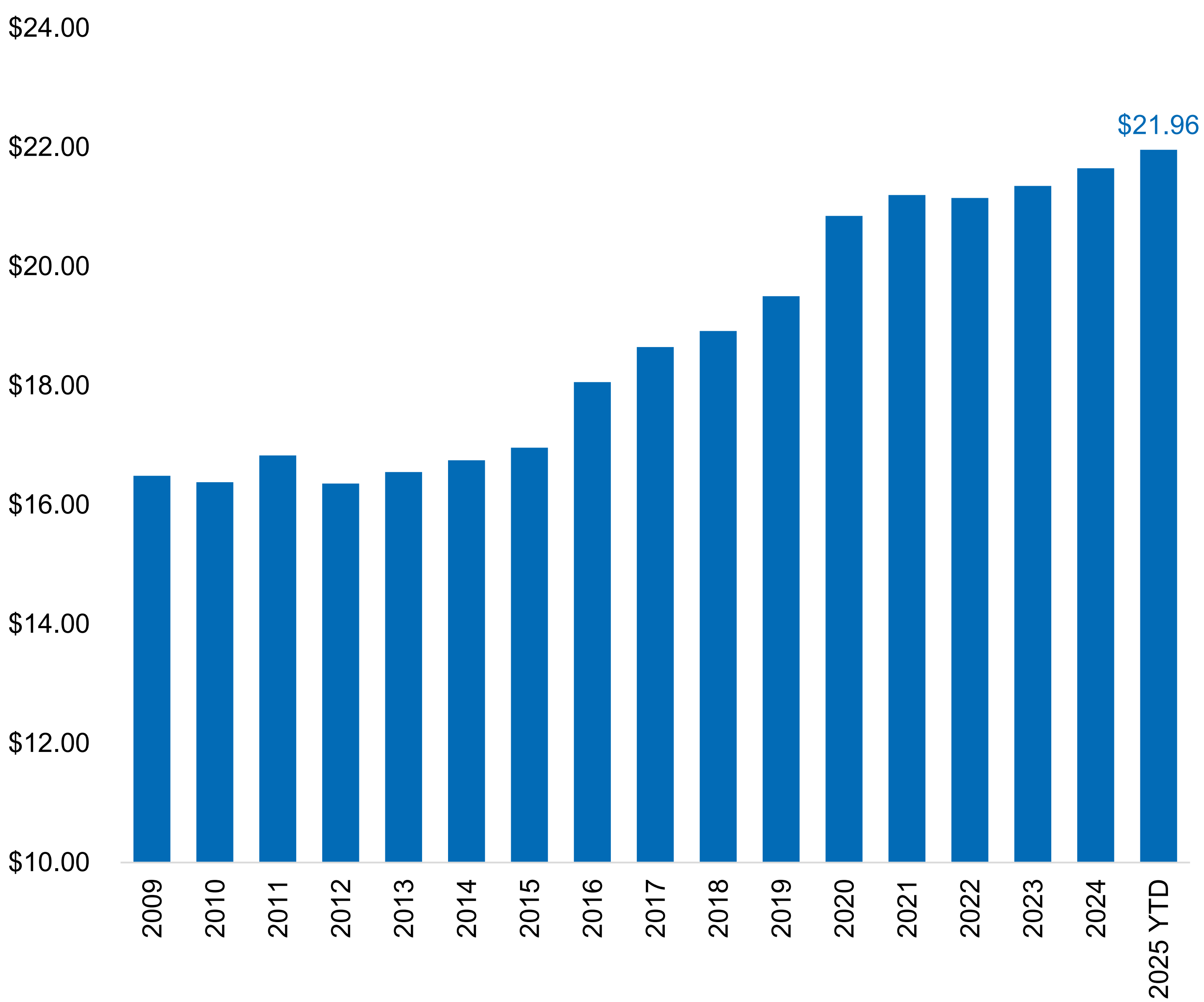


Source: Newmark Research, CoStar

Asking Rents Strengthen as Market Mix Skews Toward Class A

The overall average asking rental rate for the third quarter of 2025 increased to $22.35/SF, a $0.76/SF rise from the second quarter. This helped pace the year-to-date average asking rent to go up by $0.19/SF to $21.77/SF. The year-over-year asking rent growth rate improved to 1.4%, matching the 2024 percentage, after notching just 0.5% in the first half of the year. Rising average asking rents reflects how the mix of available space, landlord strategies, and operating-cost pressures influence “face” rents. Additionally, a larger share of marketed space is now Class A, which lifted the average asking rate. In fact, market wide Class A office availability in the third quarter totaled 5.7 million SF, while Class B space equaled 3.2 million square feet.

Office Average Asking Rent, $/SF, FSG



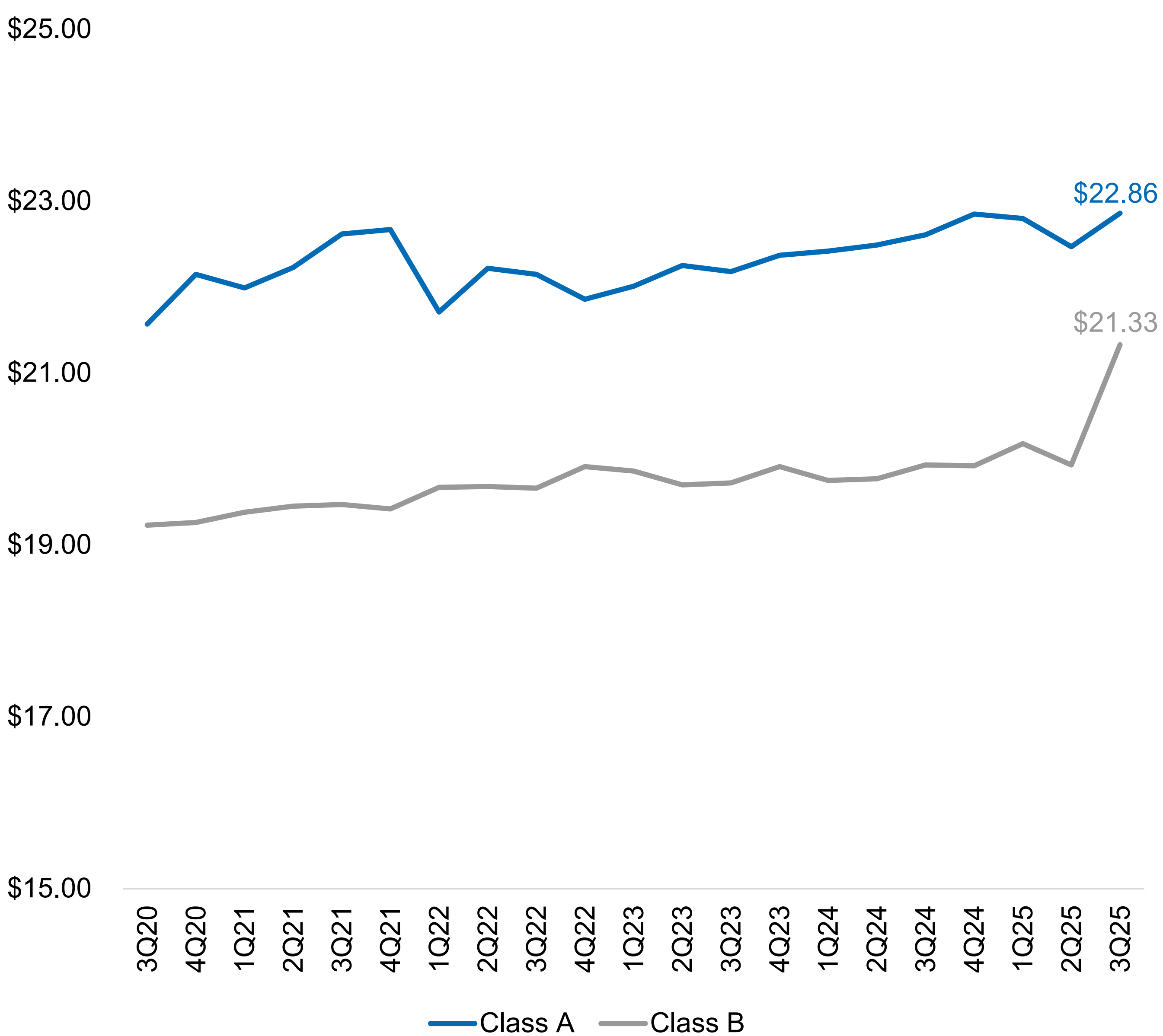
Year-over-Year Asking Rent Growth Rate

Source: Newmark Research, CoStar

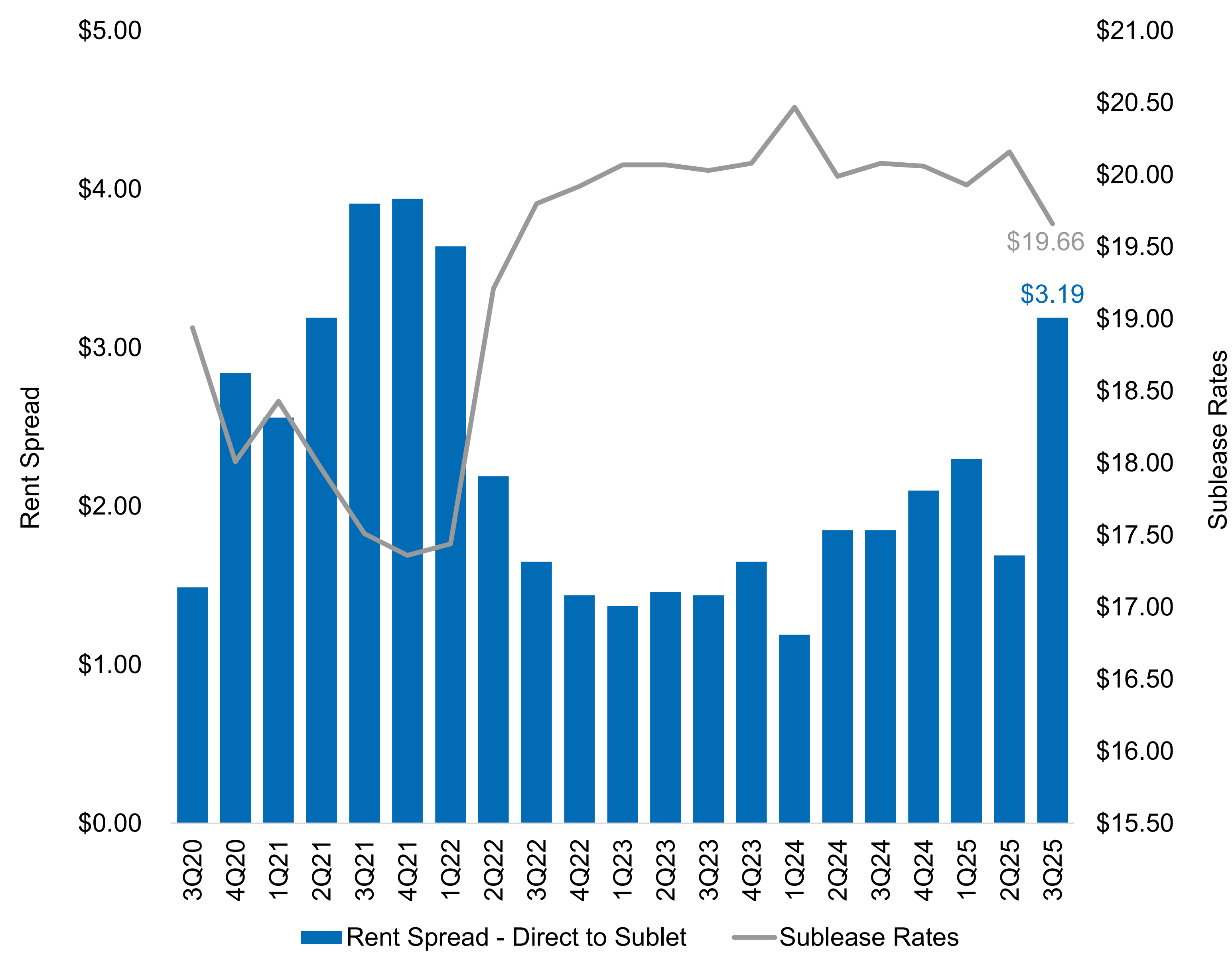
Class A and B Rent Gap Shrinks to Lowest Difference in at Least Five Years

The discrepancy between asking rates for Class A and B office properties tightened for the fourth quarter in a row, as Class A rates rose by $0.39/SF to $22.86/SF, while Class B rates increased significantly to $21.33/SF, a $1.40/SF uptick. The $1.53/SF gap between Class A and B rents represents the lowest difference between the two in at least five years. The average sublease rate decreased by $0.50/SF to $19.66/SF, which elevated the rent spread between sublease and direct rents to $3.19/SF, a stark contrast after the second quarter's $1.69 rent spread achieved the lowest it had been between the two since the first quarter of 2024. In fact, the third quarter's spread is the highest since the first quarter of 2022.

Class A and Class B Asking Rents



Sublease Rates



Source: Newmark Research, CoStar

Lease and Sale Transactions in 3Q25

Select 3Q25 Office Lease Transactions

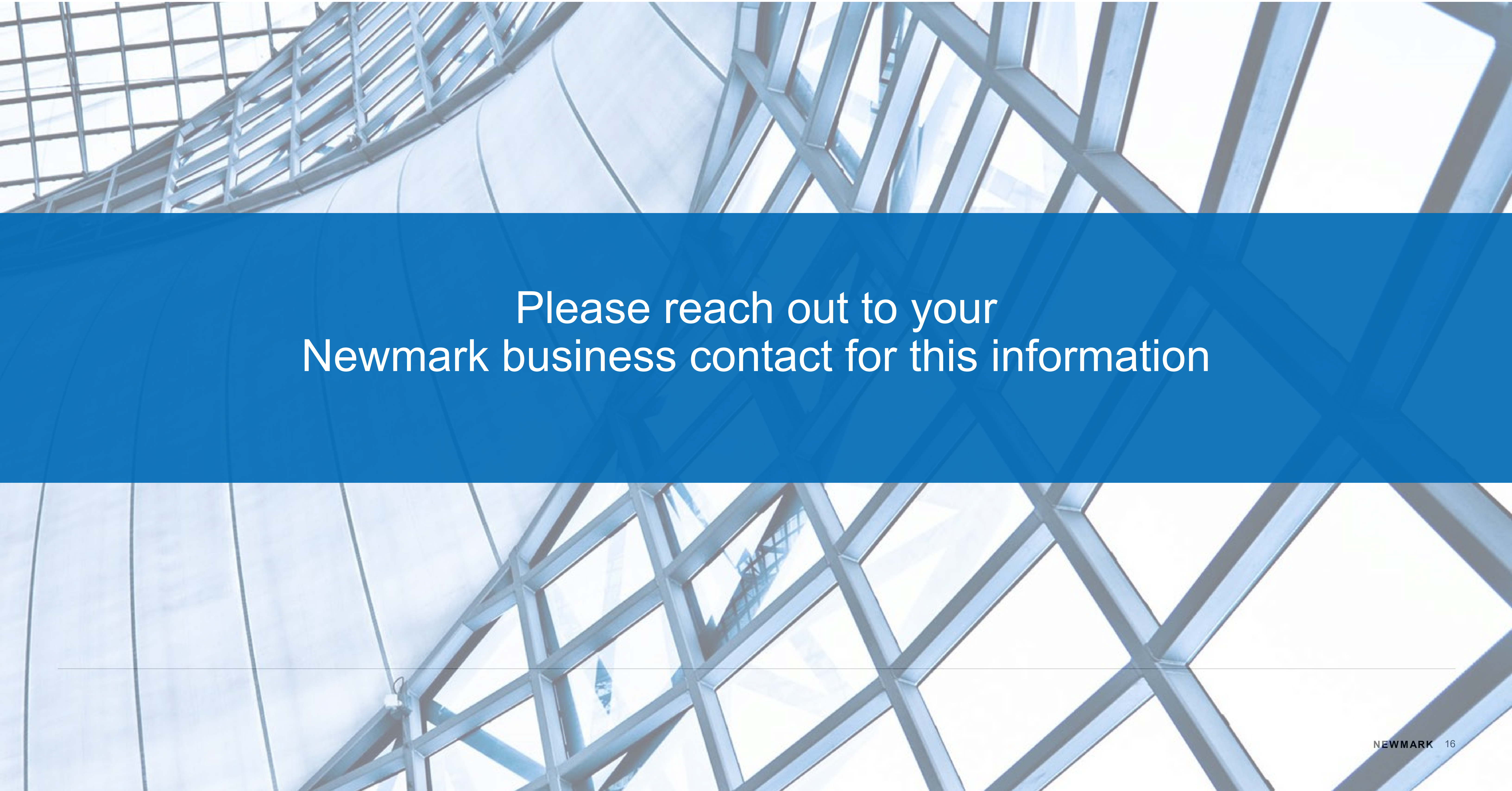
Tenant	Building(s)	Submarket	Type	Square Feet
Centene Management Company LLC	4349 Easton Way	Easton	Renewal	38,980
AndHealth LLC	2 Miranova Pl.	CBD	Renewal	28,010
AndHealth LLC	2 Miranova Pl.	CBD	Expansion	14,419
Matic Insurance Services INC	585 S. Front St.	CBD	Renewal	13,104
Cigna Health and Life Insurance	440 Polaris Pkwy.	Polaris	Renewal	12,544
Appfolio	500 W. Broad St.	CBD	Sublease	11,416
Experience Columbus	625 N. High St.	Worthington	Direct	11,000
Progressive	690 Taylor Rd.	Gahanna	Direct	10,764
Scott Scriven	250 E. Broad St.	CBD	Renewal	10,500

Select 3Q25 Office Sale Transactions

Buyer	Building	Submarket	Sale Price	Square Feet	Price Per SF
EOG Resources, Inc.	8111 Smith's Mill Rd.	New Albany	$28,740,000	175,000	$164.23
Nationwide Children's Hospital	525 E. Mound St. & 390-398 S. Washington Ave.	CBD	$5,100,000	54,765	$93.13
Pathways Financial Credit Union	5000 Tuttle Crossing Blvd.	Dublin	$2,750,000	34,985	$78.61
Horizon Science Academy Elementary School Inc.	4140 Executive Pkwy.	Westerville	$3,000,000	47,699	$62.89
The Village Network	2500 Corporate Exchange Dr.	Westerville	$4,300,000	91,138	$47.18

Source: Newmark Research

Office Transfer Prices Up, Lean Heavily Toward Owner/User Purchases



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Appendix

Historical Statistical Overview

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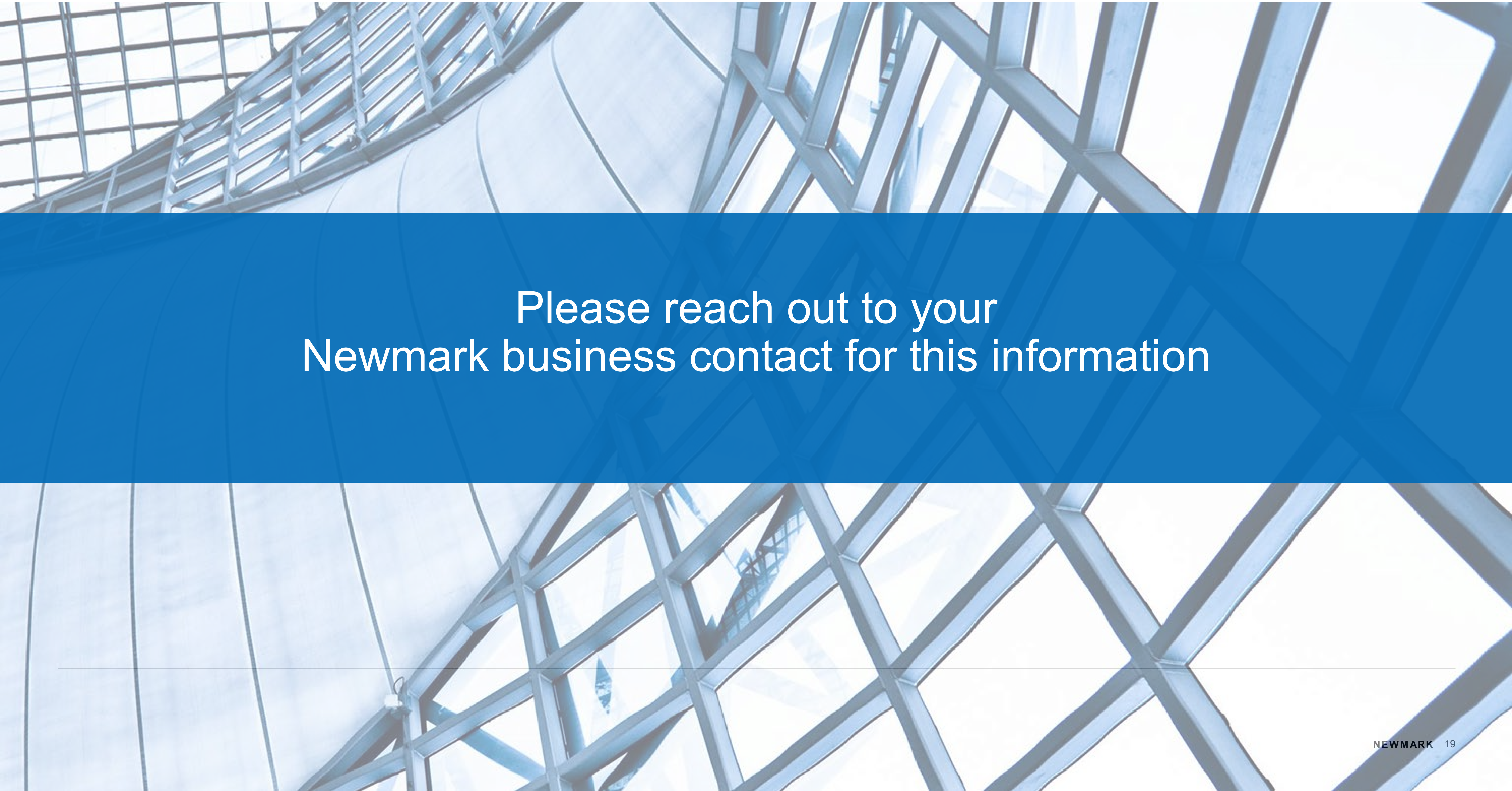
Submarket Overview



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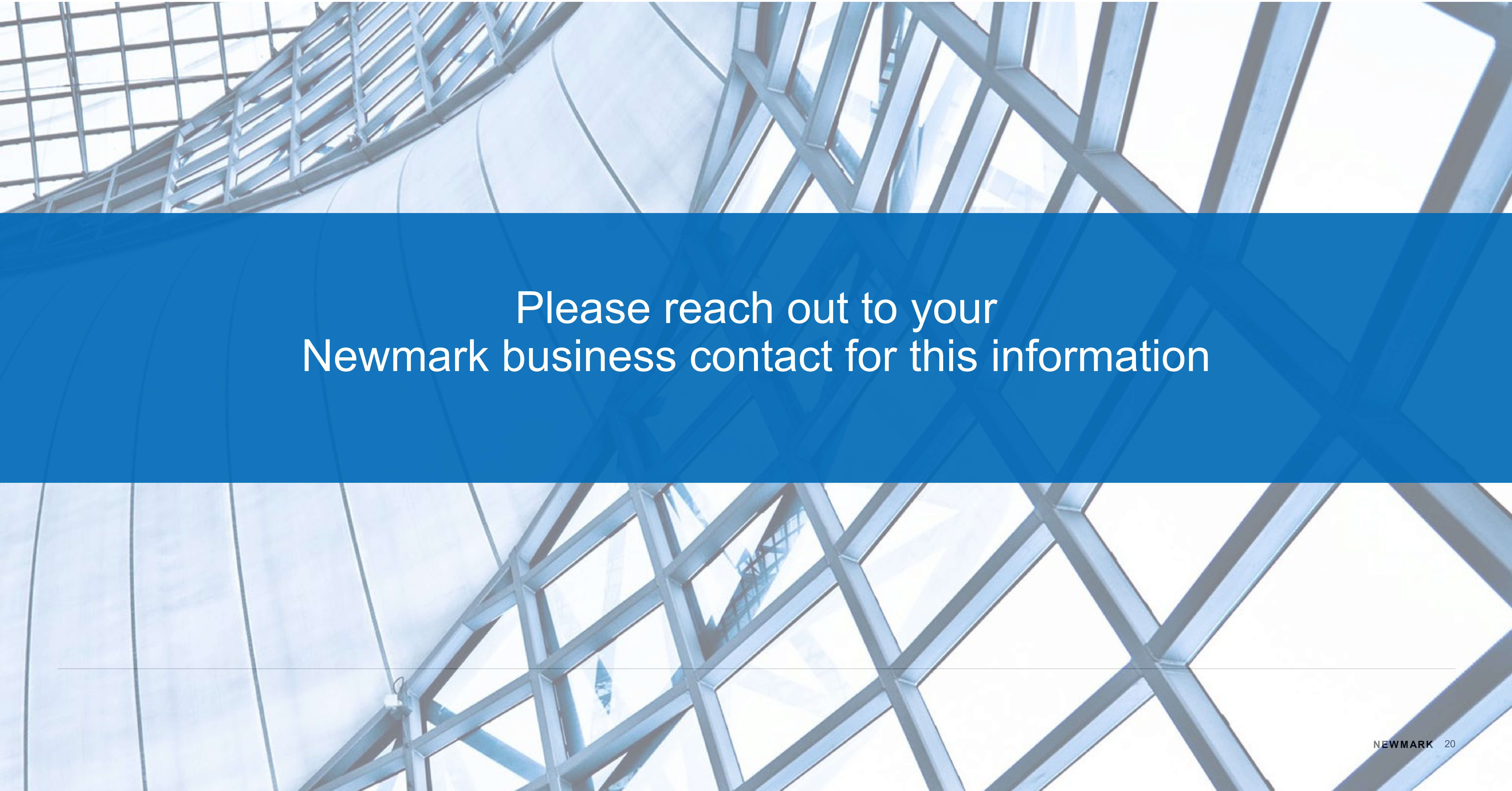
Additional Market Statistics



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Submarket Map

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