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DEVELOPMENT IN COLUMBUS CONTINUES TO PERCOLATE

By Andy Dutcher

With more than 30 million square feet of Class A and B office space, lease rates in Columbus, Ohio have stabilized and development continues throughout the metropolitan area.

Office vacancy rates for metro Columbus average 17% with positive absorption during the past year as select downtown and suburban submarkets continue to grow and attract high-quality tenants. Downtown, the Arena District, Grandview and Short North submarkets continue to thrive.

In the Arena District, developer Nationwide Realty Investors (NRI) plans to build a \$26 million, 200,000-square-foot office building for Nationwide Insurance as it relocates 1,000 suburban employees.

NRI also plans to develop a \$10 million 51,300-square-foot office building to be anchored by the FBI, which is consolidating downtown operations. In addition, NRI plans to develop a \$51 million, 280,000-square-foot building to serve as the new headquarters for Columbia Gas when it relocates in 2014.

In Grandview, NRI in conjunction with Capitol Square is quickly progressing with the construction of Grandview Yard, a \$600 million, 80-acre mixed-use development that, when complete, will bring an additional 2 million square feet of office and retail space as well as 600 new condos and apartments to the area.

In 2011, Grandview Yard landed core tenants such as Willis Group Holdings and M&A Architects, which have committed to leasing 23,000 square feet and 19,500 square feet, respectively.

In the trend-setting Short North area, Pizzuti is in the process of piecing together a \$50 million project that will include a high-profile 10-story, 135-room hotel dubbed "The Joseph", along with additional office space and a much-needed parking garage to better serve the high concentration of entrepreneurial retailers and fine dining establishments for which the area is known.

Suburban markets are staying active, too. On the development side in New Albany, the Daimler Group is in the middle of constructing Waters Edge II, a \$14 million, 103,500 square foot speculative office building that is a direct result of successful tenant recruitment at its sister building, Waters Edge I.

In Polaris, Daimler along with co-developer Casto is exploring the possibility of two 117,152-square-foot office buildings on their remaining 20 acres. Daimler has found much success in Polaris with its Westar complex, where it has developed four 145,000-square-foot office buildings since 2002. Significant lease transactions have continued in the suburbs throughout 2011.

Acatel-Lucent leased 120,000 square feet at Duke Realty's Atrium II building, JP Morgan Chase & Co. leased 72,000 square feet at 1000 Polaris Parkway, and Estate Information Systems leased 27,000 square feet at 3435 Stelzer Road.

As 2012 approaches, the Columbus office market should continue to sustain its momentum as development continues in core submarkets and tenants such as Wilks Broadcasting will be looking for new offices. Over the years, Columbus has progressed to formulate a diverse real estate inventory for almost every type of tenant, developer and investor.

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