

From the Columbus Business First:

<https://www.bizjournals.com/columbus/news/2021/07/19/jll-office-leasing-report.html>

## Office leasing in Central Ohio: Employers clamor for amenities as they compete with home offices

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Nearly 18 months into the Covid-19 pandemic, office leasing activity is starting to pick up again in Central Ohio and employers continue to move to "quality" locations, according to data from JLL.

JLL's second-quarter Columbus office outlook report found that leasing activity is accelerating, especially in the suburbs. "Flight to quality," the idea that office tenants are seeking buildings with more amenities to entice their employees to return to the office, remains prevalent, according to the firm.

"You can't force people to come back to the office," said Brad McMahon, an executive vice president at JLL. "But you can entice employees with nicer amenities."

McMahon said businesses are now more willing to pay an additional cost for more amenities. An example of this is the success of Dublin's Bridge Park and Easton Town Center, with restaurants and bars within walking distance for employees to go to lunch or happy hour when at the office.

"Businesses were always competing with each other, but now they are competing with home offices," said Matt Gregory, a real estate broker with NAI Ohio Equities. "In order to recruit and retain employees, you have to have an attractive office space."



POD DESIGN

BMW Financial Services will be relocating to Grandview Crossing

Gregory said he has seen more leasing "velocity" in the suburbs of Columbus, with companies looking to expand or for new opportunities. Gregory said some of the hottest spots for office leasing are areas close to downtown but outside the central business district, like Grandview, Upper Arlington and German Village.

Class A office space continues to drive the market in Columbus and the suburbs. Employers are looking for quality now more than ever, whether that be brand-new construction, or a move-in ready space, Gregory said.

McMahon said most businesses are reworking how the office is configured post-pandemic and many are more often considering moving for an additional cost, if it means being closer to amenities.

"There is much more emphasis on amenities now," McMahon said. "Ninety-five percent of our clients want their employees back in the office."

With the cost of construction rising and labor shortages driving costs up further, move-in ready space is at a premium. The suburbs of Columbus have more room for new buildings, and there is not a lot of new construction happening in downtown Columbus. Forty percent of space leased in the second quarter is new construction.

"It's less about location and more about quality," Gregory said. "Move-in ready space has become more attractive."

Half of the product under construction in all of Central Ohio is now preleased, thanks in large part to [BMW Financial Service's](#) planned relocation to a new 124,000-square-foot building at Grandview Crossing, according to the JLL report.

Total vacancy in the Columbus-region rose nearly 8% to 23.4% in the second quarter, according to the report. McMahon said leasing activity is picking up, but the report does not show those vacancies being filled because researchers don't consider new deals active until a business is physically occupying a space.

McMahon said leasing activity is not as strong as it was pre-pandemic, but it is stronger than it has been in the past 18 months.

"I don't think working from home is a long-term solution," McMahon said. "I think leasing activity will continue to pick up in the third and fourth quarters of this year as companies figure out how best to move forward."

Beyond BMW's lease, here's a look at some of the notable deals from the second quarter:

Circulo Health leased the remaining 15,000-square-feet at 875 N. High St. in the Short North.

Goosehead Insurance and Jet Edge recently each signed on at the Easton Urban District.

The first building on the Cover My Meds campus in Franklinton delivered and sold for a record sale price at \$120 million and \$545 per square foot to Qatar First Investment Bank.

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