

From the Columbus Business First:

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Columbus Class B office stands to benefit from flight-to-quality, CRE brokers say

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As the flight-to-quality trend continues in the Columbus office market, Class B buildings stand to benefit, experts say.

"It's the trickle down effect," said Matt Gregory, senior vice president at NAI Ohio Equities.

Class A stands to benefit the most from flight-to-quality, but as tenants are moving from Class B to Class A space or new construction, new tenants also are looking to move up.

Tenants moving from Class B to Class A or new construction often seek a "wow factor," Gregory said. Those moving from Class C to Class B often are looking to try to maximize their value. If budget isn't a concern, Class A continues to win the day.

But that's not bad news for Class B office owners.

"We've seen a lot of companies trading up space," said Ryan McHugh, an office broker at Colliers.

Many office tenants are moving to new construction, including Deloitte, Insight Global, Burgess & Niple and Telhio, all of which are moving from their downtown offices to the Daimler office building at The Peninsula.



RICK BUCHANAN

The Columbus skyline.

An example of a Class B building winning tenants is the three Corporate Exchange buildings near Westerville, which McHugh was the leasing agent for.

Hudson-based Moss Commercial Property Group acquired 284,600 square feet of office space across the three-building office complex at Corporate Exchange Office Park in 2021 and renovated the interiors, securing a few new tenants such as the Ohio Housing Finance Agency and Pike Engineering, McHugh said.

After Moss Commercial bought the three buildings, the firm renovated them.

"This is a great example of a landlord seeing results from improving Class B buildings," McHugh said. "Even in Class B buildings, if you add amenities you can close deals."

McHugh said as more office tenants make decisions on their real estate, it is important for building owners to continue to upgrade and renovate their Class B buildings so that they can capture tenants looking to make a move.

"Class B still has a place in the Columbus market," McHugh said.

Gregory said his top advice to Class B building owners is:

Modernize lobbies and common areas such as hallways with LED lights, modern color schemes and modern flooring. "First impressions matter," he said.

Create a speculative suite. With long construction lead times, many office tenants can't afford to wait the six to eight months it might take to build out an office suite, Gregory said.

Add amenities, such as a workout center, an outdoor terrace, a common conference center or other amenities that fits the building.

Tour other buildings in the same class, then renovate to be a little better than the competition.

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