

From the Columbus Business First:

<https://www.bizjournals.com/columbus/news/2020/11/02/capitol-square-office-tower-fetches-368m.html>

Capitol Square office tower sold for \$36.8M to New York's Group RMC

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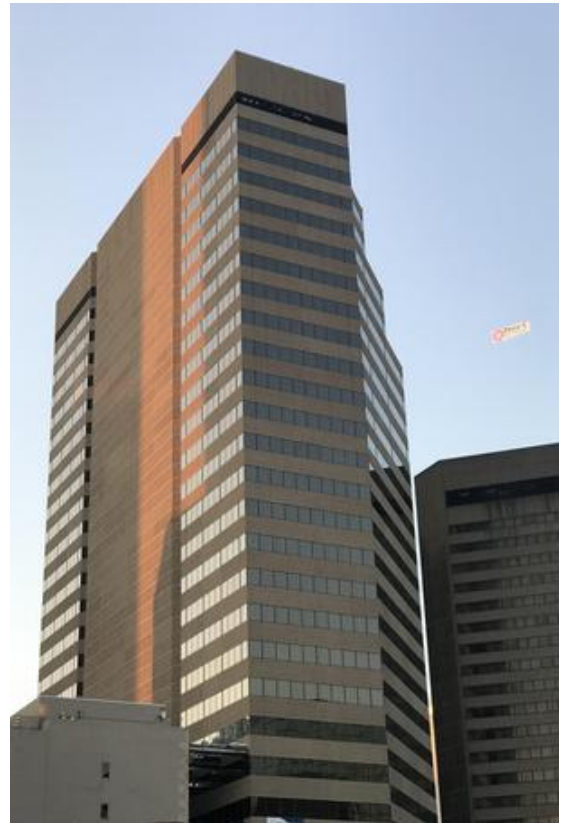
A prominent office tower on Capitol Square has sold to a New York City-based investor familiar to Central Ohio.

Manhattan-based [Group RMC](#) has acquired the 26-story, 495,000-square-foot 65 E. State St. property for \$36.8 million, according to property records. The seller was Woodland Hills, California-based Hertz Investment Group, which had acquired the property in 2007 for \$42.5 million.

The deal was signed Oct. 23 and registered to the Franklin County Auditor on Oct. 30. [Dan Dunsmoor](#) and [Andrew Jameson](#) of [Colliers International](#) brokered the sale, negotiations for which began in February and were slowed by the pandemic. Jameson and [Brett Cisler](#) of Colliers will manage leasing for the site going forward, while CBRE serves as property manager, according to Group RMC's website.

The Class A office building received a \$3 million makeover over the past few years but has languished especially as it competes with newer and other extensively upgraded towers in the central business district. Opened in 1985, it is 65.5% leased, one of the lower-occupancy buildings on Capitol Square, according to JLL data.

A potential lease gone south last year is part of what motivated Hertz to sell, Dunsmoor said. WeWork was [close to a deal](#) for 75,000 square feet in the tower and even spent \$5 million to



DOUG BUCHANAN
65 E. State St. on Capitol Square.

renovate the 21st through 24th floors to prepare to move in – but the company ran into financial trouble in the fall and halted its expansion plans.

"(The deal) changed their business plan on the asset as Hertz was doing a big roll-up of several properties," Dunsmoor said. "They were looking at all of their assets and were saying because (they) lost the WeWork deal, the occupancy just doesn't check that box. And they wanted to focus on other assets and other markets in a different position."

"If WeWork had signed the lease, this could have become a long-term hold for (Hertz)," Dunsmoor said.

Group RMC has become one of the largest commercial real estate landlords in Central Ohio with a combined 2.5 million square feet of office space. The company says it targets "under-appreciated office properties in non-gateway U.S. markets" especially in the Midwest, and it owns 18.5 million square feet of properties with a combined value of \$2 billion. This includes Cincinnati's PNC Center and Huntington Center office towers, which it bought this year and last, respectively.

Group RMC's holdings in Central Ohio are mostly concentrated along the northern Outerbelt – 11 office buildings in Dublin totaling 1.5 million square feet plus the 445 Hutchinson Ave. and 1105 Schrock Road office buildings in the Crosswoods area.

Hertz did a lot of the heavy lifting in re-positioning the property and investing in renovations, Dunsmoor said, and the new owners will market the property for large-block office leases, especially given the common area renovations and move-in ready WeWork space.

"They're an against-the-grain kind of thinker. When people flock to purchase in the CBD, they'll preach suburban assets. And vice versa," Dunsmoor said. "So that's the allure of their investment in towers recently."

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