

The Midlands | Q2 2024

OFFICE MARKET REPORT



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Market Indicators	Current Q2 2024		Prior Q1 2024	Year Ago Q2 2023
Inventory	35,774,024 SF	▲	35,618,746 SF	35,643,508 SF
Vacancy	7.6%	▼	7.8%	9.5%
Net Absorption	202,864 SF	▲	159,424 SF	(98,392) SF
Market Rent/SF	\$18.81	▲	\$18.63	\$18.61
Availability	3.4 MSF 9.5%	▼	3.3 MSF 9.6%	3.6 MSF 10.2%
Under Construction Delivered	67,096 SF 155,278 SF	▼ ▲	222,374 SF 102,450 SF	266,750 SF 0 SF

OFFICE OVERVIEW

Despite a relatively muted first quarter of the year, demand for Columbia's office space has been steady, which has kept the market's vacancy rate well below national trends. At 7.6%, the market's vacancy rate is nearly half the national rate of 13.9%, and in line with its long-term average of 7.6%.

Over 150,000 SF of office space was absorbed in four of the past five quarters, a first in the market's history. Much of this office demand has been driven mainly by public-sector users. With much of the new supply on the horizon accounted for, the market is expected to have relatively stable fundamentals for the next 12 to 18 months.

The city's central business district, the St. Andrews Submarket, and the Northeast Columbia Submarket are the only regions experiencing double-digit vacancy going into the the second half of the year.

The market has historically produced slower returns than its regional counterparts due to the region's larger-than-average concentration of

state and local office users, along with the presence of Fort Jackson, which begets more stable growth trends. These trends remain the same going into the second half of the year. At \$22.00/SF, office rents in Columbia come at a significant discount, and at 1.3% growth over the past 12 months, rent gains in Columbia trail almost the entire state. However, the relatively slow pace has insulated the region's office market from more significant vacancy swings in many other markets nationwide.

Around \$69.9 million worth of office deals have closed over the past 12 months, well below the market's annual average of \$112 million, and deal flow remains the lowest for office sales in the region over the past decade. Private, out-of-state investors have been the area's most active group of investors. Many have focused on the city's central business district and northeast Columbia. Cap rates have trended upward over the past 12 months and currently sit in the high-9% range.

Source:  CoStar

"Columbia's office market stands out from the national trend. While many places see high vacancy rates due to remote work, Columbia boasts a healthy occupancy rate around 7.6%. This is driven by a combination of factors. First, there's limited new office space being built, keeping supply low. Second, there's continued demand, particularly for high-quality spaces in areas like Main Street, the Vista, and BullStreet. This means landlords can charge higher rents, currently averaging \$21.52 per square foot. Older buildings lacking modern amenities may face vacancy, but overall, the Columbia office market is in a strong position."

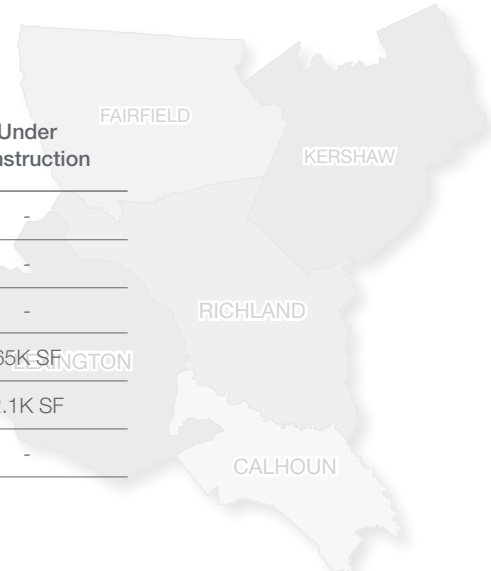


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	Inventory	Rental Rate	Vacancy	Availability	Net Absorption	Under Construction
Calhoun	91K SF	\$9.00	-	-	-	-
Fairfield	297K SF	\$14.40	-	-	-	-
Kershaw	866K SF	\$25.00	1.1%	1.1%	(2.3K) SALUDA	-
Lexington	8.9 MSF	\$17.27	2.8%	4.3%	176K SF	65K SF
Richland	25.5 MSF	\$19.11	9.7%	11.8%	29K SF	2.1K SF
Saluda	33K SF	\$10.00	-	-	-	-



COLUMBIA CBD | INVENTORY 9.8 MSF

VACANCY Q2: 9.8%
Q1: 9.9%

RENTAL RATE Q2: \$21.70
Q1: \$21.53

ABSORPTION Q2: 12K SF
Q1: (15K) SF

FOREST ACRES | INVENTORY 1.8 MSF

VACANCY Q2: 7.0%
Q1: 5.6%

RENTAL RATE Q2: \$18.10
Q1: \$17.10

ABSORPTION Q2: (22K) SF
Q1: 39K SF

CAYCE/WEST COLUMBIA & LEXINGTON | INVENTORY 5.9 MSF

VACANCY Q2: 2.1%
Q1: 2.1%

RENTAL RATE Q2: \$16.77
Q1: \$18.43

ABSORPTION Q2: 143K SF
Q1: 3.5K SF

Source: CoStar

NOTABLE TRANSACTIONS



115 Blarney Drive | Columbia, SC
22,803 SF
Bill Lamar | Will DuPree



720 Rabon Road | Columbia, SC
8,696 SF | \$2,550,000
Ben Kelly, Jr., CCIM | Patrick Chambers



2858 Sunset Boulevard | West Columbia, SC
3,528 SF
John Gregory, PE, CCIM | Bill Lamar
Tristan Lee

ABOUT NAI COLUMBIA

NAI Columbia is a full-service commercial real estate firm located in Columbia, South Carolina providing customized brokerage, property management, project management, development, research, and consulting services throughout South Carolina and beyond. NAI Columbia is broker-owned with over 200 years of combined local experience among its seven partners. Founded in 2019, the firm is a partnership with NAI Earle Furman in Greenville, S.C., along with eight local partners that served as senior brokers with NAI Avant, which derived from national real estate developer Edens and Avant, before its sunsetting and reformation as NAI Columbia under new leadership and a new company structure. NAIC is a member of the NAI Global commercial real estate network providing real estate solutions through 375+ offices worldwide. For more information visit www.naicolumbia.com.