

The Midlands | Q3 2024

OFFICE MARKET REPORT



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Market Indicators	Current Q3 2024		Prior Q2 2024	Year Ago Q3 2023
Inventory	35,676,097 SF	▼	35,677,988 SF	35,662,760 SF
Vacancy	5.9%	▼	7.7%	8.8%
Net Absorption	644,761 SF	▲	196,148 SF	251,704 SF
Market Rent/SF	\$18.87	▲	\$18.81	\$18.74
Availability	2.8 MSF 8.1%	▼	3.4 MSF 9.5%	3.2 MSF 9.1%
Under Construction Delivered	96,430 SF 1,926 SF	▲ ▼	66,926 SF 155,278 SF	161,404 SF 14,000 SF

OFFICE OVERVIEW

Market fundamentals in the Columbia office sector have stabilized heading into the final months of 2024. A handful of move-ins in the first half of the year have helped stabilize absorption after a negative 2023. Combined with limited new supply, the recovering absorption kept office vacancies here below the national average. However, some of the largest move-ins came from leases signed in 2023 or earlier, and leasing activity slowed in the first half of 2024 compared to the year prior.

Columbia's base of public-sector employers, including the State of South Carolina, University of North Carolina, and the U.S. Army's Fort Jackson, keep office-using employment relatively stable in the market. The bulk of positive absorption so far in 2024 has come from government agencies or health care and educational institutions. While that has led to slower growth, that same base of employers has limited major speculative supply expansions.

Columbia office space still comes at a discount to regional competitors, such as Charleston, and larger markets such as Charlotte. However, the tighter market has kept rent growth here above the national average.

As capital markets remain frozen, investment in Columbia has slowed considerably, and the market is likely to remain among South Carolina's least active through 2025.

Source:  CoStar

"Columbia's office market stands out from national and regional trends, where many larger markets are shifting toward suburban office spaces. In contrast, nearly 75% of recent office leases in Columbia are still concentrated downtown. As major companies like Amazon move away from remote and hybrid models, we expect more back-to-office mandates from smaller and midsized businesses, likely strengthening lease activity across all submarkets."

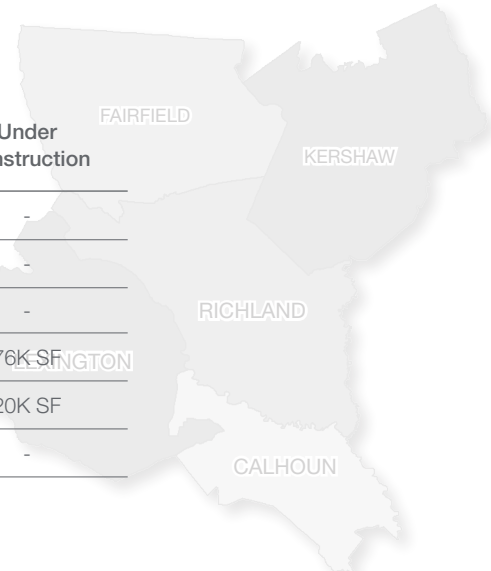


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	Inventory	Rental Rate	Vacancy	Availability	Net Absorption	Under Construction
Calhoun	91K SF	\$9.00	-	-	-	-
Fairfield	298K SF	\$14.40	-	-	-	-
Kershaw	866K SF	\$25.00	0.6%	0.6%	4.9K SF	-
Lexington	8.7 MSF	\$17.58	2.7%	4.3%	9.8K SF	76K SF
Richland	25.6 MSF	\$19.13	7.2%	9.8%	629K SF	20K SF
Saluda	33.6K SF	\$10.00	-	-	-	-



COLUMBIA CBD | INVENTORY 9.8 MSF

VACANCY \equiv Q3: 9.7%
Q2: 9.7%

RENTAL RATE \uparrow Q3: \$21.77
Q2: \$21.70

ABSORPTION \uparrow Q3: 117K SF
Q2: 9.6K SF

FOREST ACRES | INVENTORY 1.8 MSF

VACANCY \uparrow Q3: 7.5%
Q2: 7.0%

RENTAL RATE \downarrow Q3: \$18.01
Q2: \$18.10

ABSORPTION \uparrow Q3: (8.8K) SF
Q2: (22K) SF

CAYCE/WEST COLUMBIA & LEXINGTON | INVENTORY 5.9 MSF

VACANCY \downarrow Q3: 2.0%
Q2: 2.2%

RENTAL RATE \uparrow Q3: \$16.86
Q2: \$16.77

ABSORPTION \downarrow Q3: 9.4K SF
Q2: 139K SF

Source: CoStar

NOTABLE TRANSACTIONS



1132 Northpoint Boulevard | Blythewood, SC
6,240 SF
Jeff Hein, SIOR | Will DuPree
Hope Andrews



14 Monckton Boulevard | Columbia, SC
8,696 SF | \$1,095,500
John Gregory, PE, CCIM | Bill Lamar
Tristan Lee



851 Riverview Road | Rock Hill, SC
3,900 SF | \$550,000
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.