

# The Midlands | Q1 2024 **INDUSTRIAL MARKET REPORT**



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## INDUSTRIAL MARKET REPORT

| Market Indicators              | Current Q1 2024           |       | Prior Q4 2023             | Year Ago Q1 2023          |
|--------------------------------|---------------------------|-------|---------------------------|---------------------------|
| Inventory                      | 68,728,531 SF             | ▲     | 68,024,491 SF             | 66,594,849 SF             |
| Vacancy                        | 5.3%                      | ▲     | 4.9%                      | 3.4%                      |
| Net Absorption                 | 410,416 SF                | ▲     | (182,942) SF              | (44,465) SF               |
| Market Rent/SF                 | \$5.71                    | ▲     | \$5.40                    | \$4.81                    |
| Availability                   | 5.4MSF   7.7%             | ▲     | 4.9 MSF   7.0%            | 3.7 MSF   5.5%            |
| Under Construction   Delivered | 2,222,648 SF   704,040 SF | ▼   ▲ | 2,549,648 SF   350,000 SF | 1,932,182 SF   461,600 SF |

### INDUSTRIAL OVERVIEW

Columbia's steady economy and normally low level of speculative construction support a typically tight market. Pent-up demand, driven by the fast-paced growth of e-commerce and post-pandemic demographic trends, along with its relatively slow pace in terms of construction activity, has kept industrial availability below historical norms. However, a wave of supply beginning in the third quarter of last year has begun putting upward pressure on market-wide vacancy, which now sits at 5.1%. But vacancy here remains below the national average of 6.2% and is likely to remain for much of this year.

Demand for Columbia's industrial space has shrunk nearly 56% over the past 12 months as consumer trends have begun to normalize, lowering the need for larger swaths of warehouse and distribution space. The logistics segment has driven much of the demand more recently which is consistent with regional trends as well.

The market's segment of flex properties has outperformed the other segments including manufacturing space and logistics properties, over the past 12 months. Vacancies have shrunk nearly -1.8% over the past 12 months among flex properties. On the other hand, logistics properties, although partially supply-driven, have seen vacancy jump 3.9% in the same period.

Rents are growing at 6.6% year over year, which is a shift down from the record pace set in late 2022 of 12% and in line with the largest industrial markets in South

Carolina including Charleston and the Greenville-Spartanburg region. Availability is expected to tick upward with the addition of 2.2 million more industrial space to come on line here in the near term. The additional space is likely to stymie rent growth in the second half of the year.

A diverse group of manufacturing, logistics, and retail operations occupy the metro's largest floor plans, and the State of South Carolina's efforts to promote the life sciences sector have boosted that sector as Columbia taps into the talent at the state's flagship research university and medical school. Similar to national trends and trends in competitor metros such as Charleston and Greenville, South Carolina, investor activity has slowed. Roughly \$125 million traded hands over the past 12 months though and values of Columbia's industrial assets have appreciated for the past 12 months.

Though population growth in Columbia is slower than in comparable Southeastern markets, the market's connectivity, a secular shift toward e-commerce and a growing Electric Vehicle corridor should continue to boost demand and construction. Columbia's industrial market benefits from direct access to interstates 20, 77, and 26, which connect the region to major Southeastern population centers Charlotte and Atlanta, as well as the expanding and globally connected Port of Charleston

Source:  CoStar

*"The Columbia industrial market is getting looks from investors and developers all over the country. Some of these national developers are working on build-to-suit projects, and several are working to tee up speculative developments so they are ready to break ground when macro-economic conditions begin to swing back to the way they were in 2021 and 2022. The Scout Motors project ground breaking has continued to be a major headliner for the Columbia industrial market and you can certainly expect to see a trickle-down effect in the years to come. There is still a tremendous lack of quality supply for spaces 20,000 SF – 100,000 SF, which is the size range many of the tenant requirements fall within for our market."*

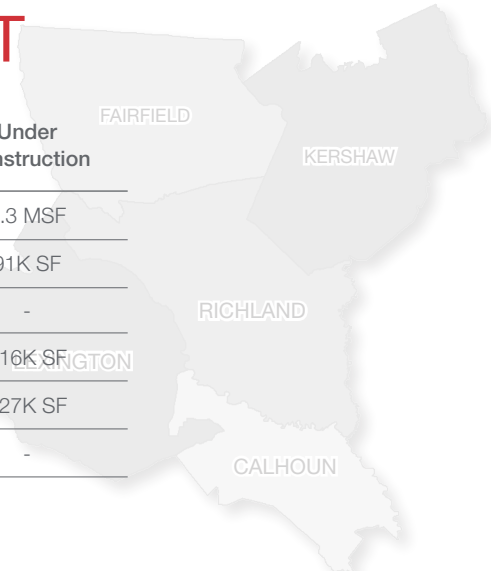


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|           | Inventory | Rental Rate | Vacancy | Availability | Net Absorption | Under Construction |
|-----------|-----------|-------------|---------|--------------|----------------|--------------------|
| Calhoun   | 2.1 MSF   | \$6.91      | 12.1%   | 40.5%        | 49K SF         | 1.3 MSF            |
| Fairfield | 3.0 MSF   | \$2.50      | 0.3%    | 0.3%         | -              | 91K SF             |
| Kershaw   | 6.9 MSF   | \$3.61      | 17.3%   | 15.9%        | (6.1K) SF      | -                  |
| Lexington | 25.3 MSF  | \$7.61      | 2.3%    | 1.3%         | 197K SF        | 316K SF            |
| Richland  | 30.7 MSF  | \$5.75      | 5.1%    | 7.1%         | 170K SF        | 427K SF            |
| Saluda    | 607K SF   | -           | -       | -            | -              | -                  |



### SOUTHEAST COLUMBIA | INVENTORY 15.8 MSF

VACANCY Q1: 4.8% Q4: 2.7%      RENTAL RATE Q1: \$5.35 Q4: \$5.20      ABSORPTION Q1: 386K SF Q4: 9.1K SF

### CAYCE/WEST COLUMBIA & LEXINGTON | INVENTORY 6.5 MSF

VACANCY Q1: 0.7% Q4: 0.8%      RENTAL RATE Q1: \$7.93 Q4: \$6.90      ABSORPTION Q1: 11K SF Q4: 355K SF

### NORTH COLUMBIA & NE COLUMBIA | INVENTORY 12.5 MSF

VACANCY Q1: 6.1% Q4: 4.1%      RENTAL RATE Q1: \$6.00 Q4: \$5.94      ABSORPTION Q1: (255K) SF Q4: 178K SF

Source: CoStar

### NOTABLE TRANSACTIONS



1114 First South Street | Columbia, SC  
3,500 SF  
John Gregory, PE, CCIM | Bill Lamar



5911 & 5921 Edmund Highway | Lexington, SC  
10,500 SF | \$235,675  
John Gregory, PE, CCIM | Bill Lamar



Carolina Regional Pkwy | Orangeburg, SC  
200,974 SF  
Appian Investments

### 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 eight 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](http://www.naicolumbia.com).