

The Midlands | Q1 2024

# OFFICE MARKET REPORT





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Market Indicators	Current Q1 2024		Prior Q4 2023	Year Ago Q1 2023
Inventory	35,617,964 SF	◀▶	35,657,964 SF	35,643,964 SF
Vacancy	7.8%	▼	8.4%	9.2%
Net Absorption	161,991 SF	▼	172,849 SF	(82,423) SF
Market Rent/SF	\$18.63	▼	\$18.71	\$18.67
Availability	3.4 MSF   9.6%	▲	3.3 MSF   9.3%	3.7 MSF   10.4%
Under Construction   Delivered	70,690 SF   102,450 SF	▼   ▲	108,140 SF   0 SF	114,000 SF   0 SF

## OFFICE OVERVIEW

The Columbia market saw two consecutive quarters of solid demand for its office space to close out 2023, which was a dramatically different outcome from the first half of the year, when demand was largely negative.

Nearly 300,000 SF of office space was absorbed in each of the final two quarters of the year, driven mostly by office users in the public sector. With no new supply on the horizon, the market is expected to have relatively stable fundamentals for the next 12 to 18 months.

Market-wide vacancy has compressed over the past 12 months as a result of the rally in demand, and currently sits at 7.8%. The city's central business district, the St. Andrews Submarket, and the Northeast Columbia Submarket are the only regions experiencing double-digit vacancy as of the first quarter of the year.

The market has historically produced slower returns in comparison to 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 as of the opening months of the year. At \$22.00/SF, office rents in Columbia come at a significant discount, and at 1.2% 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 larger vacancy swings seen in many other markets across the nation.

Around \$69.7 million worth of office deals have closed over the past 12 months, and the market closed out the year with around \$87 million traded, which marked the lowest year for office sales in the region seen over the past decade. Private, out-of-state investors have been the most active group of investors in the region. Many of which 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 mid-9% range.

Source:  CoStar

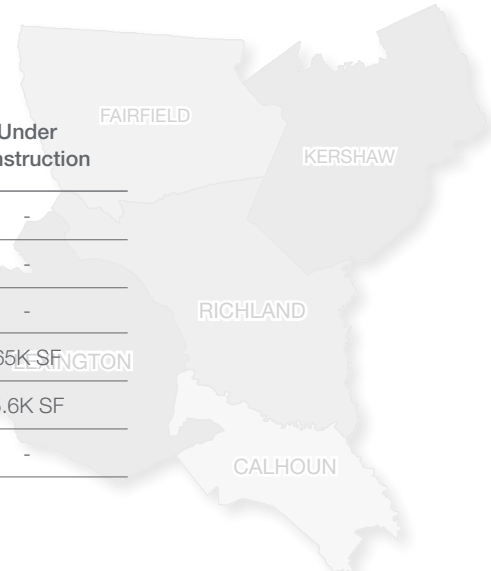
*"The Columbia office market continues to show strength as vacancy rates remain under 10% especially when compared to the national average of 18%. We also continue to see rental rates increase in the CBD and the surrounding sub markets. We foresee the office demand continuing to be stable in the as it is well insulated with consistent economic factors like the government, military, the university of South Carolina and new developments like Scout and the Richland Mall redevelopment project."*



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	Inventory	Rental Rate	Vacancy	Availability	Net Absorption	Under Construction
Calhoun	91K SF	\$9.00	-	-	-	-
Fairfield	297K SF	\$14.40	-	-	-	-
Kershaw	863K SF	\$25.00	0.9%	0.9%	(7.5K) SALUDA	-
Lexington	8.7 MSF	\$18.24	3.1%	3.0%	165K SF	65K SF
Richland	25.4 MSF	\$18.70	9.8%	11.8%	55K SF	5.6K SF
Saluda	33K SF	\$10.00	-	-	-	-



## COLUMBIA CBD | INVENTORY 9.8 MSF

VACANCY Q1: 9.9%  
Q4: 9.7%

RENTAL RATE Q1: \$21.53  
Q4: \$21.45

ABSORPTION Q1: (15K) SF  
Q4: 148K SF

## FOREST ACRES | INVENTORY 1.8 MSF

VACANCY Q1: 5.6%  
Q4: 14.4%

RENTAL RATE Q1: \$17.10  
Q4: \$16.99

ABSORPTION Q1: 42K SF  
Q4: (129K) SF

## CAYCE/WEST COLUMBIA & LEXINGTON | INVENTORY 5.8 MSF

VACANCY Q1: 2.1%  
Q4: 2.1%

RENTAL RATE Q1: \$18.43  
Q4: \$18.15

ABSORPTION Q1: 3.5K SF  
Q4: 9.6K SF

Source: CoStar

## NOTABLE TRANSACTIONS



3710 Forest Drive | Columbia, SC  
3,280 SF & 2,021 SF  
Jeff Hein, SIOR | Will DuPree



1607 St. Julian Place | Columbia, SC  
7,965 SF | \$1,175,000  
John Gregory, PE, CCIM | Bill Lamar



101 W Main Street | Lexington, SC  
2,450 SF  
Bobby Balboni, CCIM | Patrick Palmer, CCIM  
Will DuPree

## 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).