

The Midlands | Q1 2024

RETAIL MARKET REPORT



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Market Indicators	Current Q1 2024		Prior Q4 2023	Year Ago Q1 2023
Inventory	56,333,412 SF	▲	56,985,472 SF	56,903,114 SF
Vacancy	3.2%	▼	4.3%	3.6%
Net Absorption	(30,177) SF	▲	(563,467) SF	158,880 SF
Market Rent/SF	\$14.17	▼	\$14.41	\$13.27
Availability	2.2 MSF 4.0%	▲	2.1 MSF 3.8%	2.2 MSF 4.0%
Under Construction Delivered	71,137 SF 31,800 SF	▼ ▼	97,587 SF 50,668 SF	133,593 SF 46,706 SF

RETAIL OVERVIEW

Steady absorption trends and very little supply side pressure have kept Columbia's retail vacancy rate the tightest on record. The market-wide vacancy rate in Columbia is now at 3.2% and is expected to remain near historic lows in the near term, as little new inventory is on the horizon.

Retailers and employers here benefit from a business-friendly environment, which has helped the state of South Carolina attract a diverse set of new employers. In recent years, large corporations including Aflac, Capgemini, Amazon, and Mark Anthony Brewing have relocated to or expanded in the Columbia market and added several thousand jobs. The University of South Carolina is also here and is home to over 30,000 students, with enrollment growing steadily.

Construction activity has been tepid in Columbia's retail market, and construction starts have been relatively nonexistent over the past 12 months. Very little new inventory is slated to break ground or deliver in the near term. In fact, Columbia has not seen more than 100,000-SF delivered in a quarter since 2017.

Rent growth has continued to outpace national trends here, though, and competition among retail owners remains low. Rents in the metro average roughly \$17.10/SF, making space here more affordable than nearby metros such as Charleston or Charlotte, but population and job growth in Columbia are less intense than in these other markets, slowing the trajectory of longer-term consumer spending growth.

Still, the University of South Carolina's continued enrollment growth and the relatively steady employment base created by state government agencies in the capital help produce steady if not slower returns. Investor interest in the market continues, and roughly \$205 million has traded over the past year, with much of the sales activity in the market being focused in the more suburban region of the Northeast Columbia Submarket.

Source:  CoStar

"What we are seeing play out in the Midlands is no different than what is occurring on a regional level in other strong Southeastern markets. A lack of new retail space, ever-increasing construction costs, and overall consolidation into the A+ submarkets have pushed rents (for both second-generation space and new construction projects) to record highs for well-located property. Provided we don't see a sudden dip in interest rates that would open the floodgates for new construction, expect this trend to continue. Pushing rents may not be enough at this point for tenants who are competing for quality space – I think we will find tenants getting creative with other aspects of their deal terms to incentivize developers and landlords."

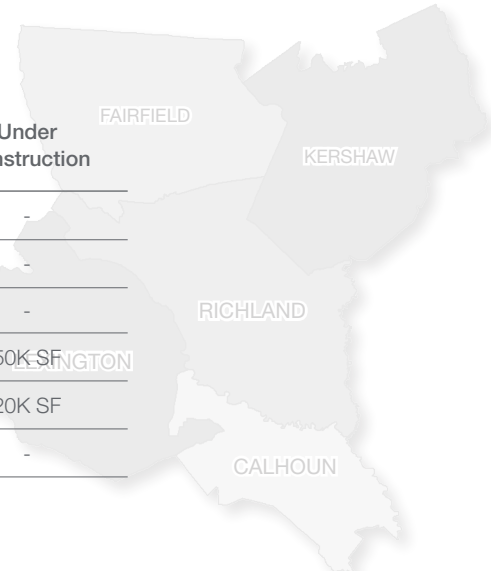


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	Inventory	Rental Rate	Vacancy	Availability	Net Absorption	Under Construction
Calhoun	407K SF	\$10.00	5.2%	6.3%	-	-
Fairfield	770K SF	\$7.50	0.7%	1.3%	3,138	-
Kershaw	3.5 MSF	\$15.47	2.2%	2.4%	(1.9K) SF	-
Lexington	20.6 MSF	\$15.68	2.7%	3.3%	34K SF	50K SF
Richland	30.4 MSF	\$13.99	3.7%	4.5%	(65K) SF	20K SF
Saluda	507K SF	\$6.22	8.5%	11.5%	-	-



COLUMBIA CBD & FOREST ACRES | INVENTORY 6.1 MSF

VACANCY Q1: 4.0% Q4: 13.7% RENTAL RATE Q1: \$16.44 Q4: \$19.54 ABSORPTION Q1: 4.6K SF Q4: (653K) SF

CAYCE/WEST COLUMBIA & LEXINGTON | INVENTORY 12.7 MSF

VACANCY Q1: 1.6% Q4: 1.8% RENTAL RATE Q1: \$18.21 Q4: \$18.47 ABSORPTION Q1: 31K SF Q4: 30K SF

DUTCH FORK/IRMO & ST ANDREWS | INVENTORY 11.5 MSF

VACANCY Q1: 3.8% Q4: 3.7% RENTAL RATE Q1: \$13.39 Q4: \$12.67 ABSORPTION Q1: (17K) SF Q4: 43K SF

Source: CoStar

NOTABLE TRANSACTIONS



8671 Hwy 17 Bypass | Surfside Beach, SC
3,500 SF
Bobby Balboni, CCIM | Patrick Palmer, CCIM



3412 Wrightsboro Road | Augusta, GA
7,150 SF
Bobby Balboni, CCIM | Patrick Palmer, CCIM



Village at Sandhill | Columbia, SC
4,162 SF
Bobby Balboni, CCIM | Patrick Palmer, CCIM

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.