

The Midlands | Q2 2024 **INDUSTRIAL MARKET REPORT**



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INDUSTRIAL MARKET REPORT

Market Indicators	Current Q2 2024		Prior Q1 2024	Year Ago Q2 2023
Inventory	69,356,243 SF	▲	69,145,643 SF	67,091,603 SF
Vacancy	5.1%	◀▶	5.1%	4.4%
Net Absorption	161,659 SF	▼	392,916	(200,793) SF
Market Rent/SF	\$6.40	▲	\$5.73	\$4.84
Availability	3.4MSF 7.5%	▲	3.1 MSF 7.5%	1.9 MSF 4.0%
Under Construction Delivered	1,864,248 SF 210,600 SF	▼ ▼	2,074,848 SF 704,040 SF	1,680,480 SF 544,202 SF

INDUSTRIAL OVERVIEW

Columbia's slower population growth and a less dynamic economy have kept speculative construction levels lower than in-state rivals such as Charleston and Greenville. Compared to historical levels, however, the Columbia market is amid its third consecutive year of record deliveries as of the second half of 2024.

A significant slowdown in net absorption since mid-2023 has led supply to outpace demand, lifting the vacancy rate by nearly 200 basis points to 4.8%. This is still well below the national average, the market's historical norm, and faster-growing industrial markets such as Charleston and Spartanburg, where a wave of speculative construction pushed vacancy rates into the double digits in the first half of the year.

A diverse group of manufacturers, logistics operations, and retail distributors occupy the metro's largest floor plans here. However, Columbia's economy is driven largely by the state government and the state's flagship University of South Carolina. As a result, private industry has clustered near more dynamic markets such as Greenville and Charleston.

More recently, though, Columbia stands to benefit from federal and state investments in attracting manufacturers, especially in the electric vehicle sector. Volkswagen subsidiary Scout Motors recently announced plans to add thousands of jobs at a 1,600-acre production facility in Blythewood by 2026. Once production begins there, demand from suppliers for manufacturing space could follow.

The Columbia market is connected to Interstates 77, 20, and 26 and enjoys a central location between Charlotte, the largest metro in the Carolinas, and Charleston, a top-10 national port. Still, most industrial users here are locally or regionally oriented, which keeps demand for smaller-bay space robust and has limited the speculative development of larger space that has lifted vacancies elsewhere.

Vacancy and availability are expected to tick upward with the addition of 1.9 million SF over the coming quarters. However, new groundbreakings are on pace for a much slower 2024, which will mean fewer new deliveries by late 2025.

The same financing challenges making it difficult for new industrial projects to break ground have also limited investment volume. Roughly \$85.8 million traded hands over the past 12 months, representing more than a 50% drop in sales volume.

Source:  CoStar

"The Columbia industrial market continues to see strong demand with key market drivers such as net positive population growth, the growth of the Ports of Charleston and Savannah, as well as the Scout Motors project progressing. Developers are looking at sites, investors are coming into the market and some tenant requirements remain out there, though it may have softened somewhat from the peak of 2022/2023. While vacancy rates have risen slightly to 5.1% in Q2 2024, they remain below the national average. Our market continues to see a healthy balance of manufacturing, warehousing and distribution projects."

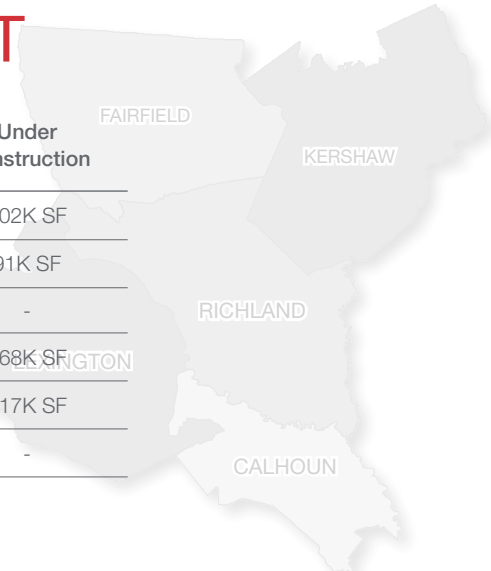


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	Inventory	Rental Rate	Vacancy	Availability	Net Absorption	Under Construction
Calhoun	2.1 MSF	\$6.91	2.5%	35%	49K SF	202K SF
Fairfield	3.0 MSF	\$2.50	0.3%	1.3%	-	91K SF
Kershaw	6.9 MSF	\$4.15	17.3%	17.5%	1.1K SF	-
Lexington	25.7 MSF	\$7.86	2.3%	2.2%	(13K) SF	168K SF
Richland	30.9 MSF	\$6.45	5.5%	5.5%	(27K) SF	217K SF
Saluda	607K SF	-	-	-	-	-



SOUTHEAST COLUMBIA | INVENTORY 15.9 MSF

VACANCY Q2: 5.1%
Q1: 4.9%

RENTAL RATE Q2: \$6.09
Q1: \$5.40

ABSORPTION Q2: (36K) SF
Q1: 371K SF

CAYCE/WEST COLUMBIA & LEXINGTON | INVENTORY 24.3 MSF

VACANCY Q2: 1.7%
Q1: 2.5%

RENTAL RATE Q2: \$7.84
Q1: \$7.60

ABSORPTION Q2: 195K SF
Q1: 182K SF

NORTH COLUMBIA & NE COLUMBIA | INVENTORY 12.7 MSF

VACANCY Q2: 6.6%
Q1: 5.0%

RENTAL RATE Q2: \$6.80
Q1: \$6.00

ABSORPTION Q2: 10K SF
Q1: (252K) SF

Source: CoStar

NOTABLE TRANSACTIONS



215 Northeast Drivet | Spartanburg, SC
16,000 SF | \$1,032,500
John Gregory, PE, CCIM | Bill Lamar
Tristan Lee



100 Old Barnwell Road | West Columbia, SC
13,764 SF
John Gregory, PE, CCIM | Bill Lamar
Tristan Lee



209 S Sumter Street | Columbia, SC
9,155 SF | \$625,000
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.