

The Midlands | Q2 2024

RETAIL MARKET REPORT



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Market Indicators	Current Q2 2024		Prior Q1 2024	Year Ago Q2 2023
Inventory	56,472,815 SF	▲	56,458,015 SF	57,055,174 SF
Vacancy	3.2%	◀▶	3.2%	3.5%
Net Absorption	9,940 SF	▲	(27,527) SF	68,151 SF
Market Rent/SF	\$15.18	▼	\$15.99	\$13.87
Availability	1.7 MSF 3.1%	◀▶	1.7 MSF 3.1%	1.8 MSF 3.2%
Under Construction Delivered	57,737 SF 14,800 SF	▼ ▼	72,537 SF 32,650 SF	149,609 SF 27,320 SF

RETAIL OVERVIEW

Positive absorption trends and little supply-side pressure have kept Columbia's retail vacancy rate near record lows. The market-wide vacancy rate in Columbia is now at 3.3%. It is expected to remain near record lows in the near term, as little new inventory is on the horizon, and over 500,000 SF of retail obsolescence was removed from the market's inventory.

Retailers and employers here benefit from a business-friendly environment, which has helped the State of South Carolina attract diverse 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. That and the State's flagship University, the University of South Carolina, also home to over 30,000 students, have continued to drive consumer spending in the market as we approach the year's second half.

Construction activity has been minimal in Columbia's retail market, and construction starts over the past 12 months have been tepid, reflecting trends seen over the past decade. Columbia has not seen more than 100,000 SF delivered in a quarter since 2018, and with little new inventory slated to break ground or deliver in the near term, that trend is likely to continue.

However, rent growth in Columbia's retail sector has continued to outpace national trends, and competition among retail owners remains low. Over the past 12 months, retail asking rents in Columbia have grown 4.0% compared to just 2.5% growth nationally over the same period. Rents in the metro average roughly \$17.30/SF, making space here more affordable than nearby metros such as Charleston or Charlotte, but population and job growth in Columbia is 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 \$179 million has traded over the past year, with private, out-of-market buyers driving much of the sales volume over the past 12 months here. Private, out-of-market owners have also offloaded most of the market's retail assets in volume. Values for the market's retail assets have appreciated nearly 4% since last year, and cap rates have trended downward over the same period. Cap rates currently sit in the low-8% range as we approach the second half of this year.

Source:  CoStar

"Leasing activity for quality, second-generation retail space remains exceptionally strong throughout the Midlands. There has been a shortage of new multi-tenant retail space delivered over the last several quarters, and with the current interest rate and construction environment we should expect that trend to continue. Rents should continue to climb."

In addition to the traditionally strong sub-markets, the Spears Creek Rd and Hardscrabble Rd corridors of Northeast Columbia, the Red Bank submarket of Lexington, and Dutch Fork Rd corridor in Irmo, stand out as the fastest-growing retail corridors in the area."

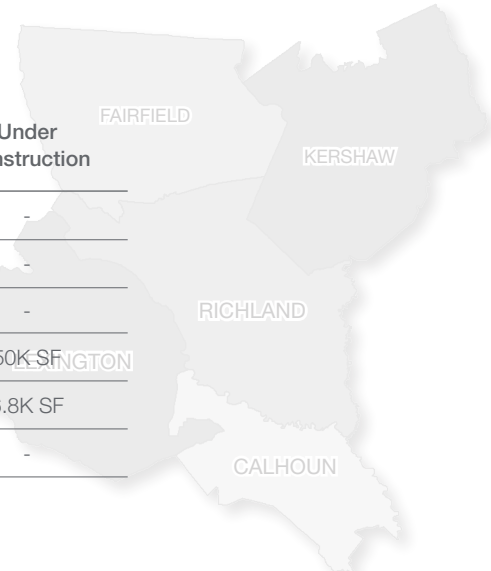


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	Inventory	Rental Rate	Vacancy	Availability	Net Absorption	Under Construction
Calhoun	407K SF	\$10.00	5.2%	6.3%	-	-
Fairfield	754K SF	\$7.50	1.7%	2.3%	(7.3K) SF	-
Kershaw	3.5 MSF	\$15.22	2.1%	2.1%	1.7K SF	ALUUDA
Lexington	20.7 MSF	\$15.50	2.8%	3.4%	(31K) SF	50K SF
Richland	30.5 MSF	\$15.68	3.6%	3.5%	47K SF	6.8K SF
Saluda	517K SF	\$7.13	8.3%	9.5%	-	-



COLUMBIA CBD & FOREST ACRES | INVENTORY 6.2 MSF

VACANCY Q2: 4.4%
Q1: 4.0%

RENTAL RATE Q2: \$18.03
Q1: \$17.44

ABSORPTION Q2: (7.1K) SF
Q1: 4.6K SF

CAYCE/WEST COLUMBIA & LEXINGTON | INVENTORY 12.8 MSF

VACANCY Q2: 1.8%
Q1: 1.6%

RENTAL RATE Q2: \$17.68
Q1: \$17.79

ABSORPTION Q2: (32K) SF
Q1: 33K SF

DUTCH FORK/IRMO & ST ANDREWS | INVENTORY 11.5 MSF

VACANCY Q2: 3.6%
Q1: 3.8%

RENTAL RATE Q2: \$14.21
Q1: \$13.97

ABSORPTION Q2: 30.6K SF
Q1: (17K) SF

Source: CoStar

NOTABLE TRANSACTIONS



2347 Augusta Road | West Columbia, SC
16,051 SF
Bobby Balboni, CCIM | Patrick Palmer, CCIM



841 Sparkleberry Road | Columbia, SC
2,157 SF
Bobby Balboni, CCIM | Patrick Palmer, CCIM



139 Westfield Street | Hartsville, SC
1,978 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 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.