

MIDLANDS SOUTH CAROLINA

4Q20 | OFFICE SNAPSHOT

VACANCY

▼ Q4: 7.15%
Q3: 7.59%

NET ABSORPTION

▲ Q4: 157,000
Q3: (345,110)

RENTAL RATE

▲ Q4: \$19.55
Q3: \$19.47

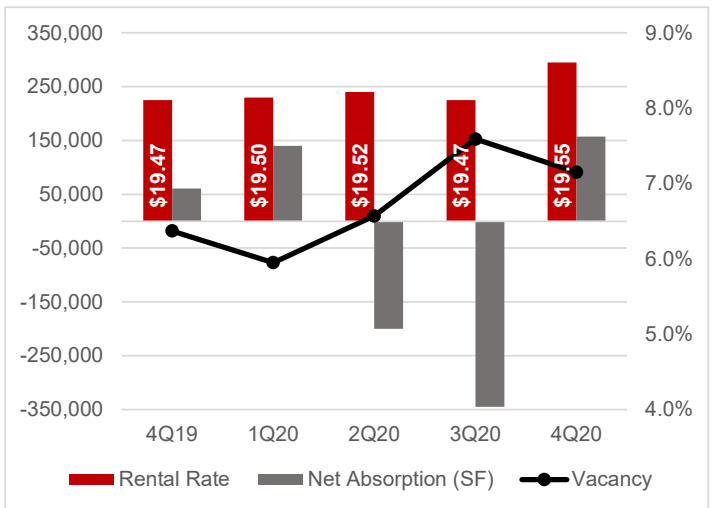
MARKET OUTLOOK

When the Coronavirus pandemic began to spread rapidly back in March of 2020, companies started sending their employees home and landlords across the world panicked. Reflecting almost a year later, Columbia office landlords have a lot for which to be thankful. While vacancy rates have risen by 0.7% according to CoStar's Q4 Market Report, this is well below the national average. Columbia saw negative net absorption through 2020, but the market has remained relatively consistent throughout the pandemic.

Columbia has seen a trend of its larger national tenants implement full remote-work policies while others are on a more hybrid schedule. Locally owned businesses are continuing to work in the office at a much higher rate than larger national tenants. This has created an increased demand in suburban office space as business leaders look to relocate closer to where their employees live.

2021 may see a rise in vacancy rates as leases begin to expire for tenants that have been effective in working remotely and therefore may choose to downsize. On the flip side, others may look to increase their footprint to allow for employees to enjoy the perks of working in the office while maintaining social distancing precautions. In 2020, many tenants with expiring leases opted to execute short-term renewals to "wait-and-see" what their future office space needs might look like. Office landlords will likely become more aggressive in 2021 as it relates to renewal terms. This will impact rental rates and concessions, especially in the CBD where higher rates and paid parking will become less tolerable by tenants who could otherwise move to suburban office space.

Columbia did not see many long-term leases in Q4 of 2020. However, the South Carolina Department of Social Services leased over 50,000 square feet at 1628 Browning Road. Michael Baker International executed a renewal of over 40,000 square feet in 700 Huger Street. The most notable transaction in the Columbia office market was the sale of the Landmark Office Park. Landmark Office Park consists of 215,000 square feet spread out over three buildings located at 3600 Forest Drive, 3700 Forest Drive, and 3710 Landmark Drive in the affluent Forest Acres submarket. These buildings were sold to a regional investment group with the occupancy rate hovering around 90%.



NOTABLE TRANSACTIONS



SOLD: COLUMBIA
LANDMARK DRIVE
±221,451 SF OFFICE PARK
SALE DATE: 12/23/2020



LEASE: ST ANDREWS
1628 BROWNING ROAD
±51,266 SF
SALE DATE: 11/1/2020
Tenant: SC Dept. of Social Services



LEASE: COLUMBIA
700 HUGER STREET
LEASE RENEWAL
±40,825 SF
Tenant: Michael Baker International



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4Q20 MIDLANDS SC OFFICE ANALYTICS

Inventory 2.4 MSF
Net Absorption (2,257) SF
Vacancy Rate 2.8%
Market Rent \$20.04/SF

Inventory 1.5 MSF
Net Absorption (1,641) SF
Vacancy Rate 4.8%
Market Rent \$20.18/SF

NORTHEAST COLUMBIA

Inventory 4.6 MSF
Net Absorption 96,245 SF
Vacancy Rate 9.6%
Market Rent \$20.12/SF

FAIRFIELD COUNTY

KERSHAW COUNTY

NORTH COLUMBIA

DUTCH FORK/IRMO

ST ANDREWS

SALUDA

Inventory 2.1 MSF
Net Absorption (1,524) SF
Vacancy Rate 14.6%
Market Rent \$18.37/SF

FOREST ACRES

COLUMBIA CBD

Inventory 9.5 MSF
Net Absorption (16,069) SF
Vacancy Rate 7.3%
Market Rent \$21.05/SF

OUTLYING LEXINGTON COUNTY

OUTLYING RICHLAND COUNTY

LEXINGTON

Inventory 1.7 MSF
Net Absorption (1,666) SF
Vacancy Rate 4.5%
Market Rent \$18.26/SF

OUTLYING CALHOUN COUNTY

CAYCE/WEST COLUMBIA

Inventory 3.3 MSF
Net Absorption 9,434 SF
Vacancy Rate 6.5%
Market Rent \$18.86/SF

SOUTHEAST COLUMBIA

Inventory 2.1 MSF
Net Absorption 14,098 SF
Vacancy Rate 2.8%
Market Rent \$19.04/SF

MIDLANDS SC DEMOGRAPHICS



POPULATION
859,753



HOUSEHOLDS
329,373



MEDIAN AGE
37.5



MEDIAN
HOUSEHOLD
INCOME
\$54,400



UNEMPLOYMENT
RATE
3.9%