



9.8%

Vacancy Rate

YoY  
Chg12-Mo.  
Forecast

-23.4K

Net Absorption, SF



\$19.03

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS  
Q1 2023

415.7K

Columbia  
EmploymentYoY  
Chg12-Mo.  
Forecast

3.1%

Columbia  
Unemployment Rate

3.5%

U.S.  
Unemployment Rate

Source: BLS

## ECONOMY: Employment Gains Keep Unemployment Low

The Columbia region's total employment growth continued in Q1 with a 1.5% year-over-year (YOY) increase in non-farm employment numbers, a gain of 6,300 jobs. All office using labor pools have experienced growth with Information Services (4.0%), Financial Activities (3.5%) and Professional and Business Services (1.2%) sectors increasing YOY. Unemployment remained low at 3.1%, a net zero change quarter-over-quarter (QOQ) but was down by 20-basis-points (bps) YOY and 40 bps below the national average. This figure is expected to climb both nationally and locally as recessionary headwinds impact the nation.

## SUPPLY and DEMAND: New Vacancy Balanced by Strong Leasing

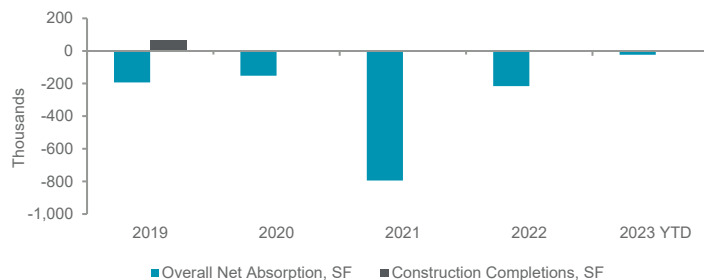
The supply of office space in the Columbia region ticked up slightly in Q1 with a reported 9.8% overall vacancy rate, a 10 bp increase QOQ. The sublease vacancy rate of 1.9% remained low and concentrated in a few select submarkets though sublease space represented 19.4% of all vacant space in the market. Columbia's Central Business District (CBD) saw a 50 bp increase QOQ to 10.2% overall, a figure that is expected to fall as new tenant that signed leases in Q1 occupy their space in future quarters. Overall, vacancy across suburban submarkets dipped slightly to 9.5% with the few vacancy additions balanced by positive absorption.

New leasing activity started off strong in 2023 with 101,054 square feet (sf) of deals signed in Q1, on pace with the quarterly leasing figure recorded over one year ago. The Columbia CBD continued to drive leasing with 62.7% of new deals signed. Tenants continued to seek Class A space close to city center, and consequently, Class A leases accounted for 69.3% of the new quarterly demand. The WestLawn Building, the Columbia market's sole delivery in 2022, signed a new lease with AECOM this quarter for 10,834 sf, with the building now 71.5% occupied. Overall absorption was modestly negative in Q1, with -23,354 sf of net occupancy losses reported as new vacancies slightly outweighed tenant move-ins throughout the quarter. The CBD experienced -38,729 in overall occupancy losses, driven by the addition of vacant space within Class B assets.

## PRICING: Asking Rents Continue to Shrink

Overall average rents in the Columbia market moved downward for the fourth consecutive quarter, dropping to \$19.03 per square feet (psf), a 2.9% decrease since the markets all-time high in Q1 2022. The addition of sublease space coupled with the leasing of Class A product has put downward pressure on the average asking rates in the Columbia region. Direct spaces, with an average rental rate of \$19.49 psf, command a significant premium to sublease space with an average of \$16.79 psf, a \$2.70-psf price difference. Class A direct asking rents stayed elevated in Q1 at \$22.39 psf, a significant \$4.14-psf premium compared to Class B product in the region.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY &amp; ASKING RENT



## Columbia, SC

Office Q1 2023



CUSHMAN &amp; WAKEFIELD

## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Columbia CBD	8,175,087	636,513	196,461	10.2%	-38,729	-38,729	63,338	0	\$21.20	\$22.15
Cayce/West Columbia	1,949,648	124,988	0	6.4%	-1,561	-1,561	0	0	\$20.54	N/A
Chapin/Irmo	437,419	0	0	0.0%	0	0	11,215	0	N/A	N/A
Forest Acres	1,265,956	75,340	0	6.0%	-1,540	-1,540	12,721	0	\$15.89	N/A
Lexington	670,827	11,289	0	1.7%	2,690	2,690	2,690	0	\$15.81	N/A
Northeast Columbia	4,592,770	542,041	48,236	12.9%	1,855	1,855	1,855	0	\$17.68	\$20.82
South Columbia	1,298,342	20,705	0	1.6%	2,465	2,465	1,000	0	\$18.24	N/A
St. Andrews	3,967,804	350,382	179,321	13.4%	11,466	11,466	8,235	0	\$17.58	\$20.92
<b>MARKET TOTALS</b>	<b>22,357,853</b>	<b>1,761,258</b>	<b>424,018</b>	<b>9.8%</b>	<b>-23,354</b>	<b>-23,354</b>	<b>101,054</b>	<b>0</b>	<b>\$19.03</b>	<b>\$21.74</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1441 Main St	Columbia CBD	Undisclosed	20,048	New Lease
2000 Center Point Rd	St. Andrews	Woolpert	11,541	Renewal
104 Snapdragon	Chapin/Irmo	Undisclosed	11,215	Pre-Lease
2151 Pickens St	Columbia CBD	AECOM	10,834	New Lease
3700 Forest Dr	Forest Acres	Gignilliat, Savitz & Bettis, LLP	6,806	New Lease

## KEY SALES TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	SELLER   BUYER	SF	PRICE   \$ PSF
1628 Browning Rd	St. Andrews	Mountain Crest Capital   SCDOT	200,000	\$4.0M   \$20.00

## KEY METRIC YOY COMPARISON

QUARTER	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL ASKING RENTS (ALL CLASSES)*	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	COMPLETIONS (SF)	UNDER CONSTRUCTION (SF)
Q1 2022	22,306,419	9.4%	\$19.59	-250,445	72,821	0	181,707
Q1 2023	22,357,853	9.8%	\$19.03	-23,354	101,054	0	0

# Columbia, SC

Office Q1 2023

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