



YoY  
Chg

12-Mo.  
Forecast

8.5%

Vacancy Rate



13.1K

Net Absorption, SF



\$19.04

Asking Rent, PSF



(Overall, All Property Classes)

#### ECONOMIC INDICATORS Q3 2023

YoY  
Chg

12-Mo.  
Forecast

420.6K

Columbia  
Employment

2.9%

Columbia  
Unemployment Rate

3.7%

U.S.  
Unemployment Rate

Source: BLS

#### ECONOMY: Office Sector Continues to Grow

The United States economy remained stable over the past twelve months, with unemployment rising by a minimal 10 basis points (bps) and total nonfarm labor figures growing by 2.0% year-over-year (YOY). The Columbia economy experienced similar labor market gains and low level of unemployment over the same period. Total nonfarm employment figures grew by another 3,500 jobs YOY with the Information (5.9%), Financial Activities (3.1%) and Professional & Business Services (0.7%) sectors driving office-using private employment growth. As well, Columbia unemployment fell by 20 bps YOY, reflecting a healthy labor market regionally.

#### SUPPLY and DEMAND: Occupancy Gains Lower Vacancy Rate

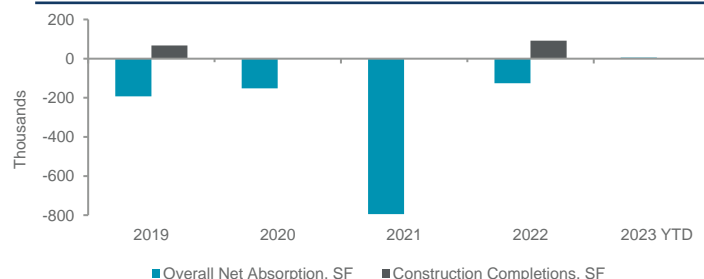
Columbia office vacancy ticked slightly downward, decreasing by 10 bps quarter-over-quarter (QOQ) to 8.5% in Q3. Occupancy gains of more than 13,000 square feet (sf) contributed to the drop in vacancy and a shift in historical vacancy occurred due to large vacant space being taken off market this quarter. Aflac removed nearly 81,000 sf of space listed for sublease at 1600 Williams St and leased 400 Laurel St to the City of Columbia to consolidate operations to a single building. As well, more than 102,000 sf of space was removed at the former Dominion Energy campus at 400 Otarre Pky as the building is under contract for sale. A major driver of occupancy gains this quarter was Receivable Solutions, a revenue cycle management company occupying 20,048 sf at 1441 Main St located in the Columbia Central Business District (CBD).

New leasing activity again reported an increase with nearly 200,000 sf of new deals inked in Q3, a 41.4% increase QOQ. Leasing activity continued to be concentrated in the CBD with an incredible 89.3% share of new deals signed across the market in Q3, bringing the year-to-date percentage share up to 66.2% for the submarket. The City of Columbia's sublease of the former Aflac space at 400 Laurel St for nearly 144,000 sf represented the second-largest deal in the Columbia market in over two years and represented 72.0% of leasing activity in Q3.

#### PRICING: Rates Rise for First time in Five Quarters

After five consecutive quarters of falling rental rates, the overall average asking rent experienced a minimal increase QOQ, rising to \$19.04 per square foot (psf) in Q3. Three submarkets recorded a significant uptick in pricing, with the Lexington (10.5%), Columbia CBD (3.5%) & Forest Acres (1.4%) submarkets increasing QOQ. In the Columbia CBD, the most significant driver of this was the aforementioned sublease at 400 Laurel which removed a large block of discounted sublease space, bringing the direct average asking rate in line with the overall asking rate in the submarket. Direct rates continued to carry a substantial premium over sublease rates with direct vacancies priced 12.1% higher than sublease vacancies on average. As well, Class A rates continued to command a higher asking rate compared to Class B with Class A rates asking a 26.0% premium over Class B.

#### SPACE DEMAND / DELIVERIES



#### OVERALL VACANCY & ASKING RENT



## Columbia, SC

Office Q3 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         | 559,304            | 113,001            | 8.2%                 | 24,513                                  | 32,330                      | 278,819                   | 0                       | \$22.22                                | \$23.38                            |
| Cayce/West Columbia  | 1,949,648         | 25,435             | 0                  | 1.3%                 | 0                                       | -4,616                      | 1,000                     | 0                       | \$18.95                                | -                                  |
| Chapin/Irmo          | 437,419           | 0                  | 0                  | 0.0%                 | 0                                       | 0                           | 11,215                    | 0                       | -                                      | -                                  |
| Forest Acres         | 1,265,956         | 59,660             | 0                  | 4.7%                 | -2,661                                  | -2,180                      | 15,747                    | 0                       | \$16.43                                | -                                  |
| Lexington            | 670,827           | 13,704             | 0                  | 2.0%                 | -2,257                                  | 275                         | 3,082                     | 0                       | \$17.73                                | -                                  |
| Northeast Columbia   | 4,544,960         | 549,358            | 48,236             | 13.2%                | 6,710                                   | -5,462                      | 26,252                    | 0                       | \$17.53                                | \$20.20                            |
| South Columbia       | 1,298,342         | 20,253             | 0                  | 1.6%                 | -3,224                                  | 1,152                       | 2,911                     | 0                       | \$18.08                                | -                                  |
| St. Andrews          | 3,967,804         | 327,524            | 179,321            | 12.8%                | -9,998                                  | -16,683                     | 82,294                    | 0                       | \$17.78                                | \$21.07                            |
| <b>MARKET TOTALS</b> | <b>22,310,043</b> | <b>1,555,238</b>   | <b>340,558</b>     | <b>8.5%</b>          | <b>13,083</b>                           | <b>4,816</b>                | <b>421,320</b>            | <b>0</b>                | <b>\$19.04</b>                         | <b>\$22.29</b>                     |

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q3 2023

| PROPERTY                       | SUBMARKET    | TENANT                   | RSF     | TYPE      |
|--------------------------------|--------------|--------------------------|---------|-----------|
| 400 Laurel St                  | Columbia CBD | City of Columbia         | 143,935 | Sublease  |
| 1556 Main St                   | Columbia CBD | Undisclosed              | 10,469  | New Lease |
| 1501 Main St                   | Columbia CBD | Undisclosed              | 8,366   | New Lease |
| 1501 Main St                   | Columbia CBD | Undisclosed              | 7,296   | New Lease |
| Liberty House/2001 Assembly St | Columbia CBD | Osmium Development Group | 3,251   | New Lease |

## KEY SALES TRANSACTIONS Q3 2023

| PROPERTY                | SUBMARKET          | SELLER   BUYER                                     | SF     | PRICE   \$ PSF    |
|-------------------------|--------------------|--|--------|-------------------|
| Pinnacle Point Center I | Northeast Columbia | Boss's Pinnacle Point LLC   Amnion of Longwood LLC | 41,000 | \$3.95M   \$96.34 |

## KEY METRIC YOY COMPARISON

| QUARTER | INVENTORY (SF) | OVERALL VACANCY RATE | OVERALL ASKING RENTS (ALL CLASSES)* | OVERALL ABSORPTION (SF) | NEW LEASING ACTIVITY (SF) | COMPLETIONS (SF) | UNDER CONSTRUCTION (SF) |
|---------|----------------|----------------------|-------------------------------------|-------------------------|---------------------------|------------------|-------------------------|
| Q2 2022 | 22,350,101     | 8.6%                 | \$19.20                             | -37,795                 | 75,287                    | 91,492           | 0                       |
| Q3 2023 | 22,310,043     | 8.5%                 | \$19.04                             | 13,083                  | 199,832                   | 0                | 0                       |

# Columbia, SC

Office Q3 2023

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