

Opportunity for Development by 2025

2.9%▲

Direct Vacancy Rate

4.7%▲

Total Availability Rate

1.6M Sq. ft.▼

SF Under Construction.

18.7K▼

Total Net Absorption (sq. ft.)

Note: Arrows indicate change from previous quarter.

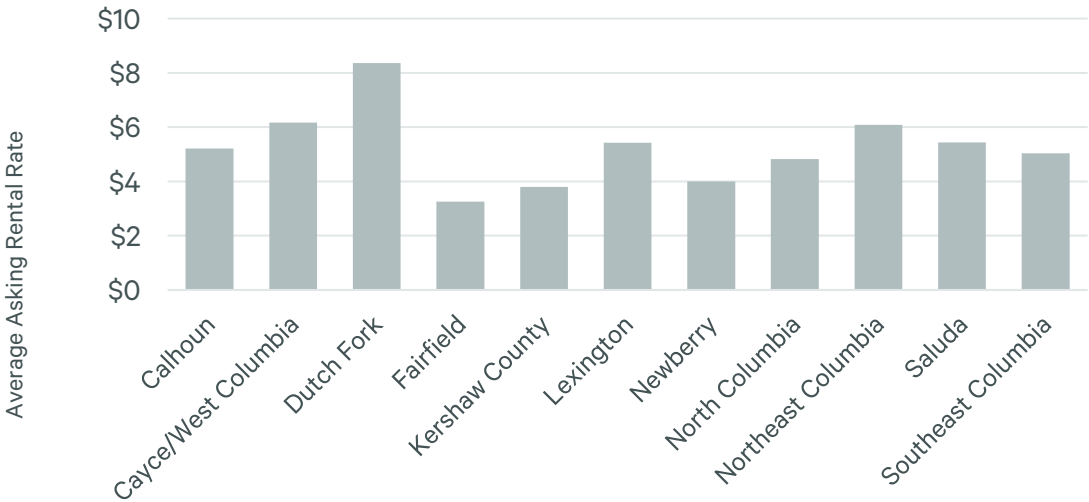
KEY TAKEAWAYS

- Due to the addition of a few large vacancies and modest leasing activity to begin the year, the Columbia industrial market posted 18,783 sq. ft. of absorption.
- The overall market rental rate averaged \$5.58 per sq. ft. for available space.

MARKET OVERVIEW

The Columbia industrial market has started the year with modest leasing activity and positive absorption, despite a sluggish capital market sector. The most favorable investments were industrial buildings under 50,000 sq. ft. Over the past five years, Columbia's industrial market has grown significantly, with Calhoun County emerging as a new submarket. Three buildings currently under construction are projected to lease quickly, opening opportunities for new construction next year. The industrial sector has maintained low vacancy rates due to better-than-expected growth over the past 18 months, despite a slowdown in GDP growth.

FIGURE 1: Average Asking Rental Rate by Submarket

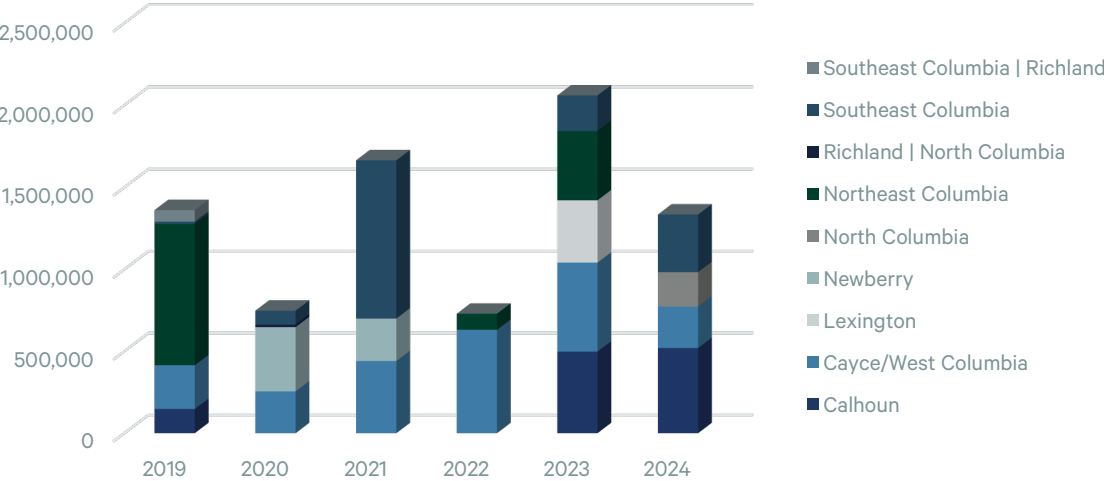


Source: CBRE Research, Q1 2024

Leasing Activity and Absorption

The Columbia industrial market saw limited leasing activity at the start of the year, with three new leases totaling 40,040 sq. ft. and one renewal of 2,520 sq. ft. This quarter the market posted 18,783 sq. ft of absorption. The 84,625 sq. ft. that became vacant at Carolina Pines II also negatively impacted absorption this quarter. There are few quality spaces remaining in the market that are available for lease.

FIGURE 2: Deliveries by Submarket 2019-2024



Source: CBRE Research, Q1 2024

Pricing and Availability

Average asking rental rates fluctuate quite a bit by submarket, building size and type. Dutch Fork is a smaller submarket with flex rental rates of \$8.36 per sq. ft., while the larger submarkets of Northeast and Southeast Columbia rental rates averaged \$6.09 per sq. ft. and \$5.03 per sq. ft., respectively. The overall market rental rate averaged \$5.58 per sq. ft. for available space.

Capital Markets

The capital market sector began the year slowly due to constrained lending and investor hesitation pending interest rate cuts. The market witnessed eight building sales, equating to 324,561 sq. ft. for a total sale volume of \$13,595,800. In addition to the 8 individual sale, there were two portfolio sales in North/Northeast Columbia submarkets, The largest sale was the 105,700 sq. ft. building at 180 Hobart Road. The preferable investment was noted to be in industrial buildings under 50,000 sq. ft.; the average sale size during Q1 2024 was 45,119 sq. ft. A boost in sales is expected after the commencement of the first round of interest rate cuts.

Development Activity

The Columbia industrial market has undergone a considerable expansion over the last five years by adding 11.6% of the current market, or 7.9M sq. ft. As evidenced in Figure 2, development was spread out throughout the entire market with the emerging submarket over the past two years being Calhoun County. Since 2019 consistent development occurred in three submarkets. The Cayce/West Columbia submarket added nearly 2.4M sq. ft., while both the Southeast and Northeast Columbia submarkets also added 1.6M sq. ft. and 1.4M sq. ft., respectively. There are currently three buildings under construction in three different submarkets and upon completion will add another 1.6 million sq. ft., which is anticipated to lease quickly.

Outlook

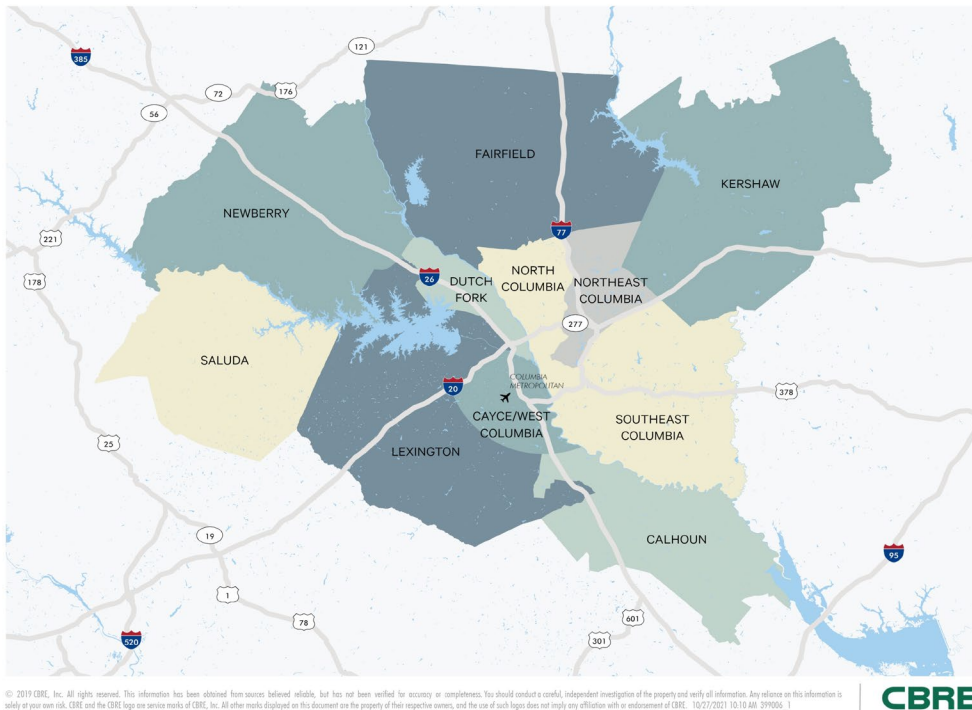
The U.S. economy is on track for a 'soft landing' due to continued economic growth and a more accommodating policy from the Federal Reserve. GDP growth is expected to be less than half of the rate in 2023 when it exceeded 3%. The slowdown is due to a more cautious consumer and a significant drop in hiring, especially in interest rate-sensitive sectors like tech start-ups and goods manufacturing. However, investment in Electric Vehicles (EV) which bodes well for the Columbia industrial market and its importance within the “EV Battery Belt.” The Federal Reserve is expected to make three cuts of 25 basis points this year, which is causing a downward pressure on long-term rate expectations, but it could provide some optimism for real estate capital markets. The recovery will only start after the first rate cut is delivered. There is an opportunity for new development late this year or early next year. The three properties currently under construction will be leased quickly leaving little to no quality space in the market until new product delivers.

FIGURE: Market Statistics

Submarket	Building SF	Direct Vacancy (%)	Total Availability (%)	Avg Asking Lease Rate (PSF/NNN)	Under Construction
Calhoun	1,234,281	0	20.4	5.21	-
Cayce-West Columbia	15,984,911	2.7	1.6	6.17	1,161,888
Dutch Fork	1,101,549	2.4	3.3	8.36	-
Fairfield	2,166,416	0	0	3.25	-
Kershaw	6,788,168	3.0	7.4	3.80	-
Lexington	8,545,626	1.0	1.3	5.42	-
Newberry	1,774,554	18.4	18.4	4.00	-
North Columbia	3,660,756	0.7	1.6	4.82	210,600
Northeast Columbia	10,082,449	1.7	6.7	6.09	-
Saluda County	476,181	0	0	5.44	
Southeast Columbia	16,558,827	4.5	6.0	5.12	217,000
MARKET TOTAL	68,373,718	3.0	4.7	5.58	1,589,488

Source: CBRE Research, Q1 2024

Market Area Overview



Survey Criteria

The CBRE, Inc. Columbia Industrial MarketView report provides statistics based on a revised set of inventory consisting of industrial properties in the following submarkets: Calhoun, Cayce-West Columbia, Dutch Fork, Fairfield, Kershaw, Lexington, Newberry, North Columbia, Northeast Columbia and Southeast Columbia. All properties are industrial properties greater than 10,000 sq. ft. Absorption is counted when a building delivers, not when the lease is signed and is based on physical occupancy. Historical data is reflective of the current set of inventory rather than previously published report figures and is subject to revision as additional information becomes available.

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