

# Columbia Industrial Market Shows Strong Growth, Rising Lease Activity, and Increased Rental Rates Through 2024



Note: Arrows indicate change from previous quarter.

## MARKET OVERVIEW

The Columbia industrial market has experienced significant growth and stability post-2019, with notable lease activity and increasing deal sizes. In 2022, lease activity surged by 68.5% compared to 2019, resulting in a substantial demand for new deliveries in 2023 and 2024. The market continues to show robust leasing momentum, with 1.5 million sq. ft. of lease velocity in 2024. The capital market sector has seen increased transaction volumes and higher industrial pricing, supported by expanded lending and investor confidence. Despite a temporary rise in vacant space due to new construction, the market's strong absorption rates indicate ongoing demand. Rental rates have also increased significantly, reflecting a healthy market environment.

## KEY TAKEAWAYS

- Despite a temporary rise in vacant industrial space due to a surge of project completions in 2023, the Columbia market has demonstrated strong demand and low vacancy rates, indicating a need for additional construction to meet tenant demand, with rental rates increasing significantly across various submarkets.
- Deal momentum remained steady, with 2024 recording 1.5 million sq. ft. in lease velocity and 357,385 sq. ft. of direct net absorption, with the Southeast Columbia submarket leading activity due to Jushi USA's new lease for 200,949 sq. ft. at Pineview Trade Center.

FIGURE 1: Columbia Industrial Historical Market Indicators

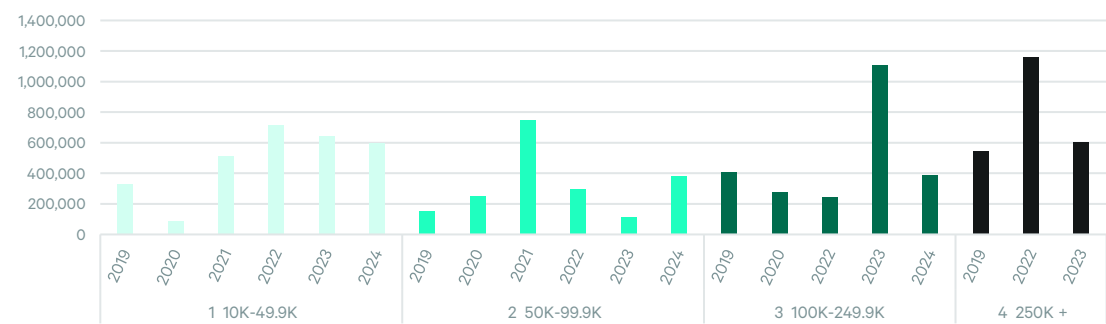


Source: CBRE Research, Q4 2024

## Leasing Activity and Absorption

Since 2019 deal size was dictated by the shifting economic climate in response to logistic and manufacturing needs and it became the benchmark year for deal activity comparisons following Covid-19 pandemic. In 2022, the benchmark was surpassed with 68.5% more lease activity than 2019 and boosting the need for the 1.2-million sq. ft. wave of new deliveries in 2023, which were rapidly absorbed. Deal momentum has continued at a steady pace; 2024 posted 1.5-million sq. ft. in lease velocity. Average deal size steadily increased in all size tranches from 2019 through 2024, except big box (over 250K sq. ft.), which peaked in 2022. In Q4 2024, the market posted 357,385 sq. ft. of direct net absorption with the Southeast Columbia submarket leading the way due to a new lease by Jushi USA for 200,949 sq. ft. at Pineview Trade Center.

FIGURE 2: Lease Velocity by Size 2019-2024



Source: CBRE Research, Q4 2024

## Sale Activity

The Columbia industrial sale sector saw increased transaction volume, but less square feet sold, to end the year indicative of ongoing industrial pricing increases. Sale activity has been positive in consecutive quarters due to expanded lending and increased investor confidence ahead of anticipated additional interest rate cuts. In Q4 2024, there were 9 property sales, in buildings over 10K sq. ft., totaling 434,575 square feet with \$54.8-million in sales volume. Owner-users purchased 274,233 sq. ft., or 63% of the total sale volume in Q4 2024. Due to anticipated loosened lending restrictions and portfolio restructuring, Columbia is likely to continue to see increases in industrial sales in 2025.

## Development Activity

The Columbia industrial market has seen a slowdown in new construction completions as projects initiated in 2020 and early 2021 concluded in 2023. This completion surge led to a temporary rise in vacant industrial space, which was quickly absorbed, indicating a significant demand increase anticipated for 2025. This quarter two new buildings totaling 736,792 sq. ft. were delivered, causing a brief increase in vacancy rates. However, with a vacancy rate below 5%, additional new construction will be necessary by 2025 to meet the growing tenant demand in the Midlands. There are currently 649,140 sq. ft. under construction in the Northeast Columbia submarket.

## Pricing and Availability

Average asking rental rates vary significantly by submarket, building size, and type. In the smaller Dutch Fork submarket, with predominantly flex rental rates, the overall average is \$8.63 per sq. ft., while the larger Northeast and Southeast Columbia submarkets have average rental rates of \$6.60 and \$5.85 per sq. ft., respectively. Overall, the market rental rate has increased to an average of \$5.79 per sq. ft., nearly 19% higher than Q4 of 2023. Warehouse rental rates average sq. ft. \$5.74 per sq. ft., manufacturing at \$5.47 per sq. ft., and flex/R&D at \$8.63 per sq. ft.

## Outlook

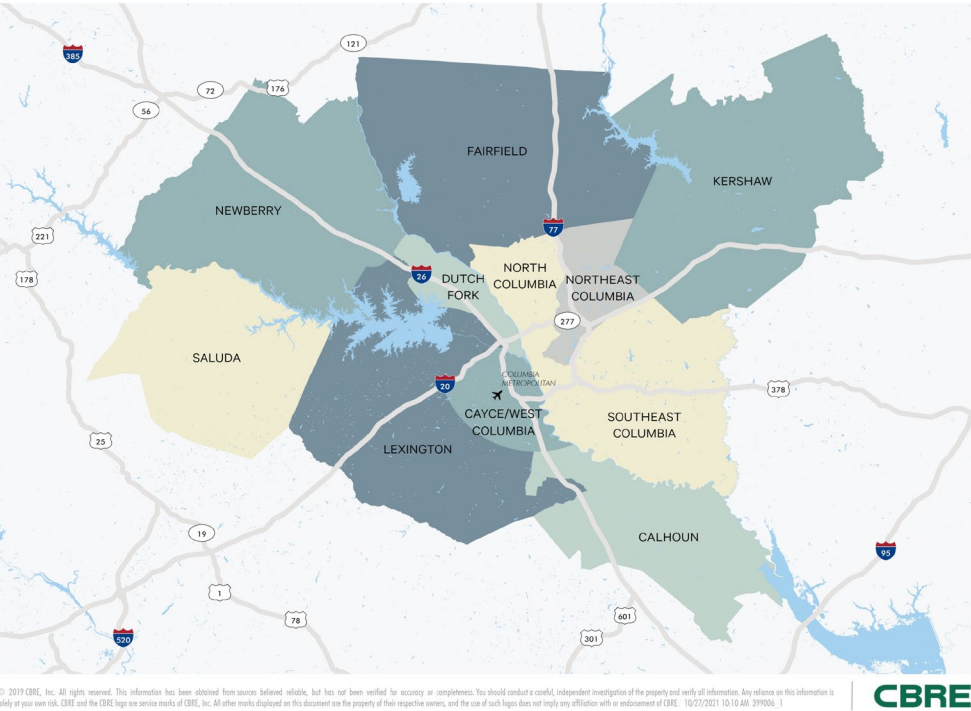
The U.S. economy's strong performance is mirrored in the Columbia industrial market ongoing manufacturing and warehouse demand. This economic vigor, combined with Federal Reserve rate cuts, albeit less than was previously anticipated, has significantly boosted the commercial real estate sector, particularly in the second half of 2024. Real estate capital markets have also shown progress with tightening lending spreads and rising credit issuance. Despite national economic uncertainties during an election year, the local market remains robust, buoyed by previously stalled deals now closing. This strong market appeal and solid fundamentals are likely to sustain activity into the next year, potentially leading to additional construction in 2025 to meet the demand and address space shortages.

FIGURE: Market Statistics

Submarket	Building SF	Direct Vacancy (%)	Total Availability (%)	Avg Asking Lease Rate (PSF/NNN)	Under Construction
Calhoun	1,754,073	29.63 %	29.6%	\$6.25	-
Cayce-West Columbia	15,989,476	2.3 %	4.8 %	\$7.16	-
Dutch Fork	1,143,549	2.81 %	3.7%	\$8.63	-
Fairfield	2,166,416	0 %	0 %	-	-
Kershaw	6,861,539	10.3 %	14.7 %	\$4.86	-
Lexington	8,564,942	1.16 %	1.6 %	\$5.09	-
Newberry	2,057,054	18.44 %	18.4 %	\$4.00	-
North Columbia	3,871,356	5.92 %	6.8 %	\$5.13	-
Northeast Columbia	10,119,551	1.59 %	7.9 %	\$6.60	649,140
Saluda County	476,181	0 %	0 %	-	-
Southeast Columbia	16,855,281	4.11 %	6.1 %	\$5.85	-
MARKET TOTAL	69,439,731	4.5	7.0	\$5.79	-

Source: CBRE Research, Q4 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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