



**COLUMBIA  
3Q17 OFFICE MARKET**

# COLUMBIA OFFICE MARKET SEES INFLUX OF OUTSIDE INVESTMENT

Rental rates continued to rise across the market, in both the Central Business District and suburban markets. In the CBD, rents have reached an all-time high of \$18.42/SF, with Class A space leasing at \$21.36/SF.

Despite increased rental rates, Columbia has seen both an influx of new tenants and growth among existing tenants. Out-of-market investors are attracted to the momentum in the market, the relative affordability of space, and Columbia's highly educated workforce, which is due in large part to its proximity to the University of South Carolina.

According to a recent study by the Darla Moore School of Business, the annual statewide economic impact of the USC system now totals \$5.5 billion, with \$4.16 million directly impacting Columbia. The study further found that a total of 60,250 jobs are supported by the system—that is, one in every 35 jobs in the state.

The Columbia market offers investors an opportunity to purchase in a tertiary market with strong momentum and an array of locational and demographic advantages. This quarter alone, three Class A office towers traded in the CBD to outside investors.

Early in the quarter, Glenfield Capital of Atlanta purchased the 264,857-square-foot Wells Fargo Tower at 1441 Main Street for \$29.0 million, or \$109/SF.

In August, the 186,605-square-foot NBSC Building at 1221 Main Street sold for a record \$65.0 million, or \$349/SF, to KBS Realty Advisors of Newport Beach, California. A KBS press release announcing the purchase praised the following unique assets of the Columbia market:

- Presence of state government
- Transportation options, including the convergence of three major freeways, passenger and air cargo facilities at Columbia Metropolitan Airport and passenger and freight rail service provided by CSX and Norfolk Southern
- Proximity to the University of South Carolina

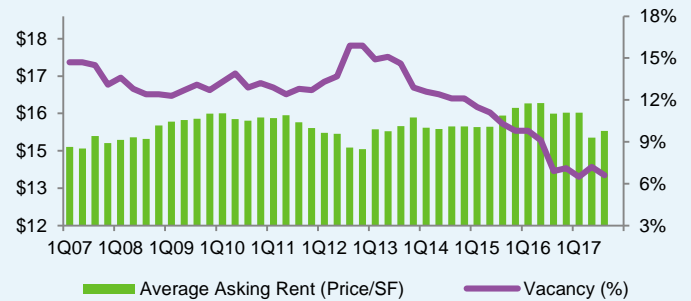
In September, the 298,926-square-foot Tower at Gervais at 1301 Gervais Street sold to Greenville's RealOp investments for \$28.1 million, or \$94/SF. The building boasts a high number of cutting-edge technology and media firms. Additional anchor tenants include the South Carolina Chamber of Commerce and the University of South Carolina, further highlighting the willingness of outside investors to align with higher education, state government and highly skilled workers in the Columbia market.

## Current Conditions

- Class A vacancy: 10.5% (from 9.7%) - \$21.36/SF
- Class B vacancy: 6.5% (from 7.1%) - \$14.28/SF
- Class C vacancy: 6.0% (from 6.4%) - \$12.19/SF
- Rates in the CBD continue to rise, coming in at \$18.42/SF across classes and Class A space leasing at \$21.36/SF

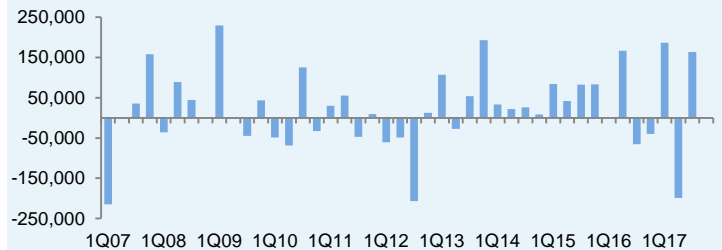
## Market Analysis

### Asking Rent and Vacancy



### Net Absorption

Square Feet



## Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	31.5 MSF	31.5 MSF	31.4 MSF	↔
Vacancy Rate	6.8%	7.2%	7.0%	↓
Quarterly Net Absorption	163,614	-198,816	-913	↑
Average Asking Rent	\$15.16	\$14.94	\$15.81	↑


**COLUMBIA**  
**3Q17 OFFICE MARKET**

www.wilsonkibler.com

**Submarket Statistics**

	Total Inventory (SF)	Total Vacancy Rate	Total Availability Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Direct Asking Rent (Price/SF)	Sublet Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Cayce / West Columbia	3,113,031	4.9%	7.4%	62,982	29,391	\$13.70	-	\$13.70
Downtown - CBD	9,389,092	7.1%	10.4%	-10,762	11,534	\$18.42	\$18.48	\$18.42
Dutch Fork / Irmo	1,417,442	3.1%	5.4%	5,883	12,174	\$13.32	-	\$13.32
Forest Acres	1,996,656	9.2%	12.1%	9,675	41,478	\$15.56	\$16.25	\$15.57
Lexington	1,578,678	6.8%	8.1%	-39,766	-53,505	\$15.19	-	\$15.19
North Columbia	2,371,312	3.3%	4.3%	615	48,249	\$23.28	\$24.50	\$23.08
Northeast Columbia	4,495,851	7.3%	20.6%	-7,351	-67,127	\$12.24	\$15.54	\$12.34
Saint Andrews	4,975,716	9.6%	12.4%	101,466	133,241	\$14.85	\$13.91	\$14.80
Southeast Columbia	2,201,617	4.3%	6.4%	-6,297	55,209	\$10.94	\$8.00	\$10.94
<b>Suburban Total</b>	<b>22,142,203</b>	<b>6.7%</b>	<b>11.2%</b>	<b>158,639</b>	<b>166,052</b>	<b>\$14.11</b>	<b>\$13.16</b>	<b>\$14.11</b>
<b>CBD Total</b>	<b>9,389,096</b>	<b>7.0%</b>	<b>10.3%</b>	<b>4,975</b>	<b>27,271</b>	<b>\$18.41</b>	<b>\$18.48</b>	<b>\$18.41</b>
<b>Market</b>	<b>31,531,299</b>	<b>6.8%</b>	<b>10.9%</b>	<b>163,614</b>	<b>193,323</b>	<b>\$15.16</b>	<b>\$14.70</b>	<b>\$15.14</b>

**Lease/User Transactions**

Tenant	Building	Submarket	Type	Square Feet
Moore Orthopedic Clinic	104 Saluda Pointe Dr.	Lexington	Move-In	25,886
	1901 Main St.	CBD	Move-In	10,714
CEC	3740 Fernandina Rd.	St Andrews	Move-In	10,000

**Select Sales Transactions**

Building	Submarket	Sale Price	Price/SF	Square Feet
1221 Main St. – NBSC	CBD	\$65,000,000	\$348.33	186,605
1441 Main St. – Wells Fargo Tower	CBD	\$29,000,000	\$109.49	264,857
1301 Gervais St. – Tower at Gervais	CBD	\$28,125,000	\$94.09	298,926



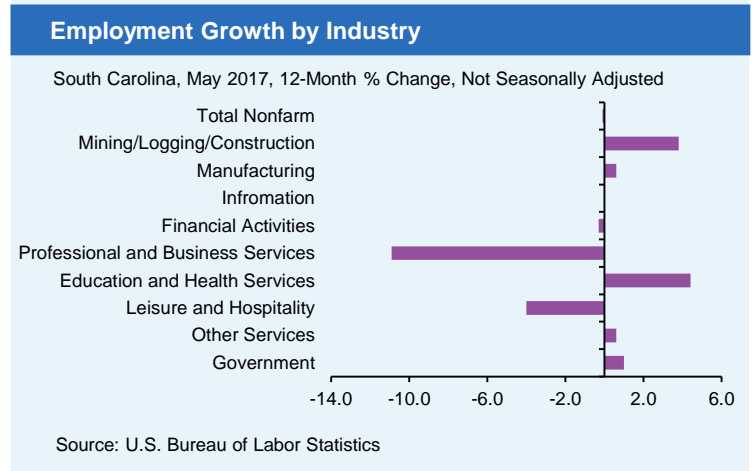
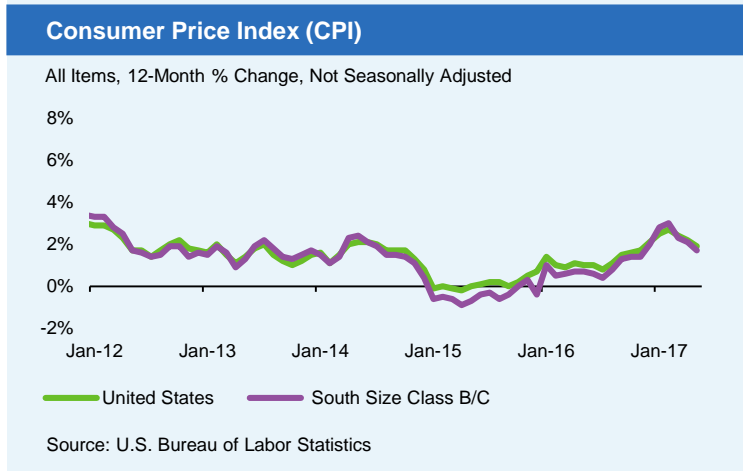
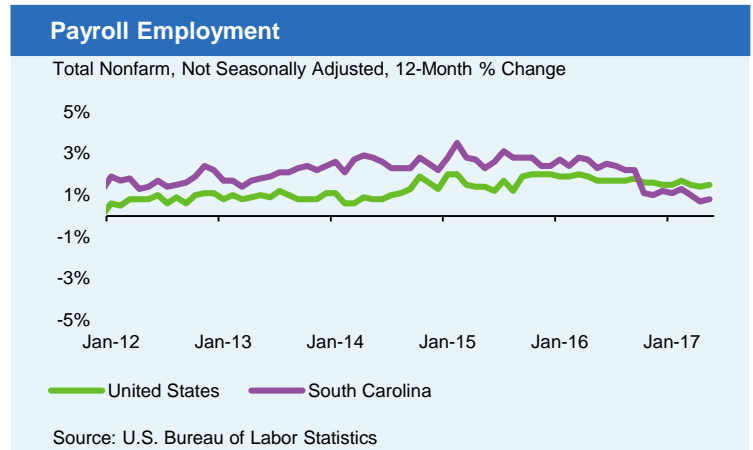
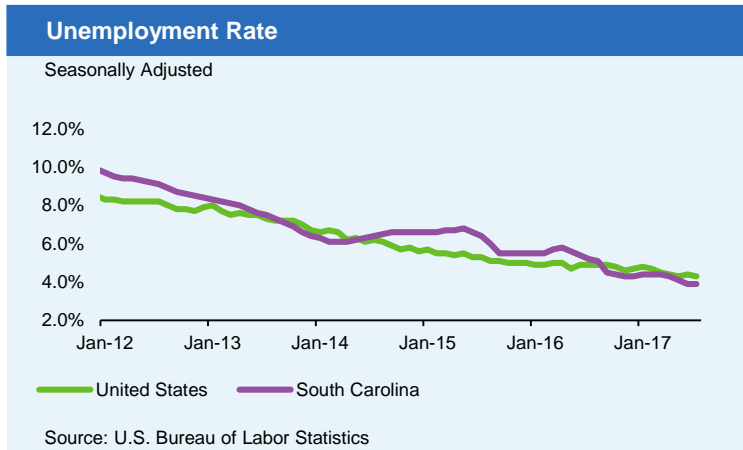
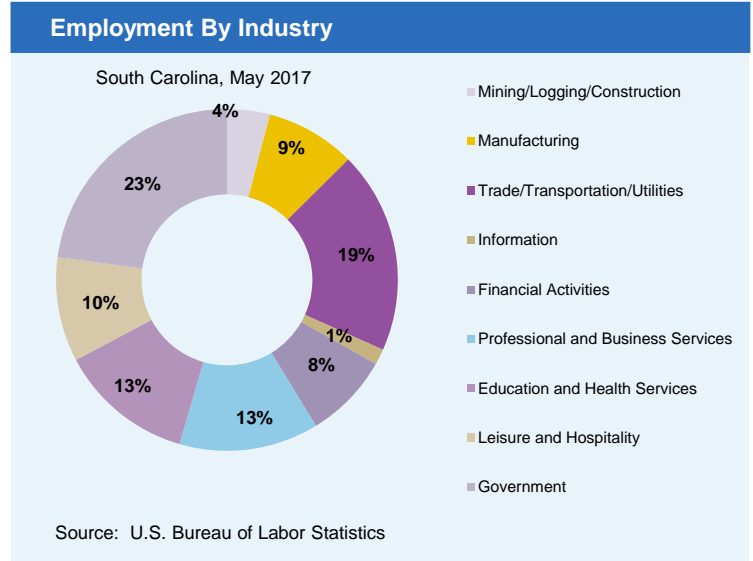
**SOUTH CAROLINA  
3Q17 LABOR STATISTICS**

**ECONOMIC CONDITIONS**

Unemployment in South Carolina has reached an all-time low of 3.9% as of May 2017. The national average for unemployment is currently at 4.3%. Trade, government and professional services continue to dominate the state's employment sectors, as companies continue to migrate into and grow with South Carolina.

South Carolina was ranked fourth for business in Chief Executive's 13th annual Best and Worst States for Business survey, an advancement of three spots from last year and its highest position yet. Additionally, South Carolina was ranked third for manufacturing and fifth for technology. The rankings, which capture current CEO perceptions of South Carolina's business climate, are considered a good gauge of the state's ability to attract and retain business investment.

This year alone, 60 projects were announced in 25 different counties in the state, according to the South Carolina Department of Commerce. In June, three major projects were announced: BMW's expansion in Spartanburg; Samsung's new facility in Newberry; and T-Mobile US's expansion into North Charleston. These developments represent the creation of more than 2,300 new jobs and nearly \$1.0 billion in capital investment.





---

**Columbia, SC**

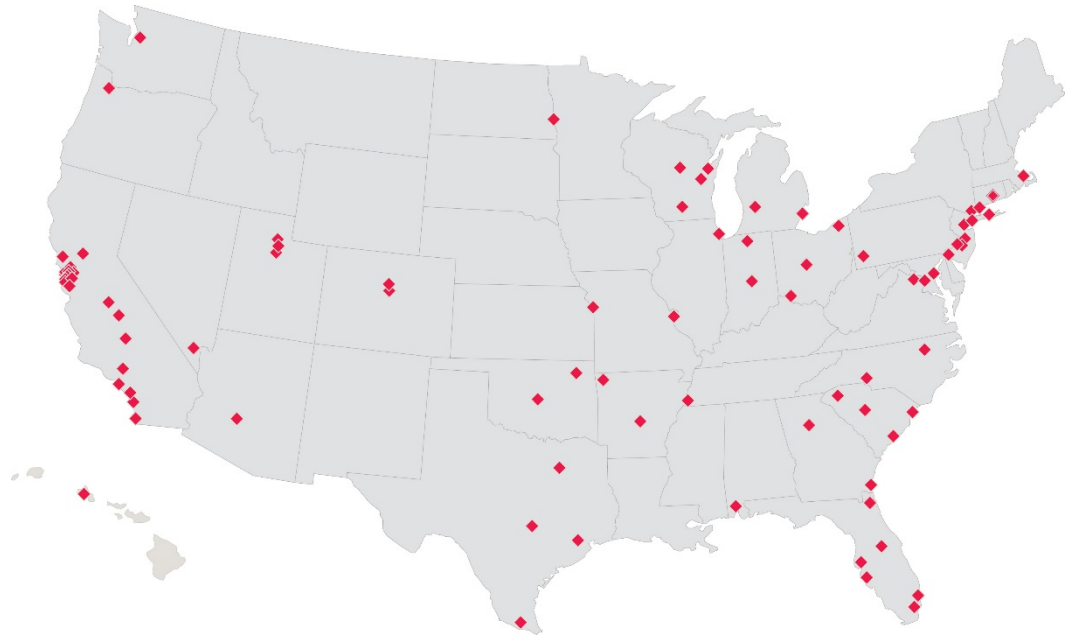
1111 Laurel Street  
Columbia, SC 29201  
803.779.8600  
[www.wilsonkibler.com](http://www.wilsonkibler.com)

---

**Alyse Cousins**

Marketing & Research Director  
803.779.8600  
[Alyse.cousins@wilsonkibler.com](mailto:Alyse.cousins@wilsonkibler.com)

**Newmark Grubb Knight Frank United States Office Locations**



**Newmark Grubb Knight Frank has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents.**

Newmark Grubb Knight Frank Research Reports are also available at [www.ngkf.com/research](http://www.ngkf.com/research)

All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark Grubb Knight Frank (NGKF) has not verified any such information, and the same constitutes the statements and representations only of the source thereof, and not of NGKF. Any recipient of this publication should independently verify such information and all other information that may be material to any decision that recipient may make in response to this publication, and should consult with professionals of the recipient's choice with regard to all aspects of that decision, including its legal, financial, and tax aspects and implications.

Any recipient of this publication may not, without the prior written approval of NGKF, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains.



Please recycle,  
whenever possible