

COLUMBIA
4Q17 OFFICE MARKET

COLUMBIA EXPECTED TO SEE CONTINUED JOB GROWTH

Rental rates continue to rise in both the Central Business District and suburban markets. In the CBD, rents have reached an all-time high of \$20.14/SF, with Class A space leasing at \$21.57/SF. Demand for office space in Columbia remains strong.

On a statewide level, South Carolina's population officially surpassed the 5-million mark in June of this year. Officials estimate that the state is growing by 157 people per day, making it one of the fastest growing states in the country. One of the most important factors for this growth is jobs.

Job growth, one of the single best indicators of economic performance, is expected to continue in South Carolina at a rate of 2.1% annually going into 2018. Projected employment in Columbia is expected to grow by 12.03% by 2024.

People follow jobs, and the focus in Columbia for a long time has been creating jobs. Business leaders are now looking for ways to promote and increase the regional offerings that make Columbia capable of retaining, as well as attracting, top talent to these positions and offering a competitive quality of life.

The Midlands Business Leadership Group, a partnership of more than 40 executives from the region's largest employers, representing firms in sectors including healthcare, construction and design, recently established a set of seven action areas to address the livability factors affecting Columbia. The seven actionable goals represent the areas Columbia's largest employers wish to see change or improve in the region, including:

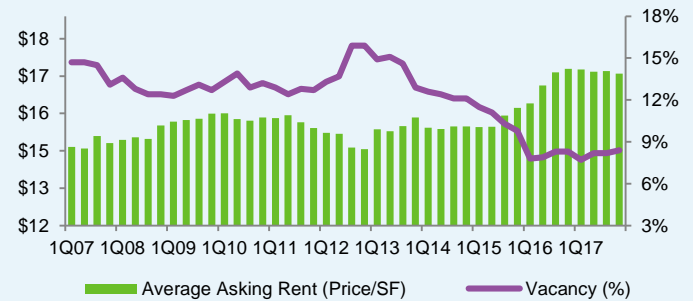
- Establishing a formal collaboration with the property owners from Gervais Street to Catawba Street to address the design, funding, development and operation of a regional waterfront amenity along the Congaree River.
- Designing and implementing a solution for regional branding that includes funding, ownership, coordination, collaboration and regional buy-in.
- Evaluating and accelerating the mission, structure, role and funding model for economic development in Lexington and Richland Counties.
- Convening a new "Coordinating Council" to enhance regional collaboration, regional economic development, downtown development groups and others, while leading the charge for greater integration of young leadership.
- Supporting efforts of Chambers of Commerce in both Lexington and Richland Counties to ensure greater collaboration between public entities and the business community.

Current Conditions

- Class A vacancy: 11.1% (from 10.6%) - \$19.89/SF
- Class B vacancy: 8.2% (from 8.1%) - \$16.60/SF
- Class C vacancy: 5.6% (from 6.4%) - \$15.97/SF
- Rates in the CBD continue to rise, coming in at an average of \$20.14/SF across classes and Class A space leasing at \$21.57/SF

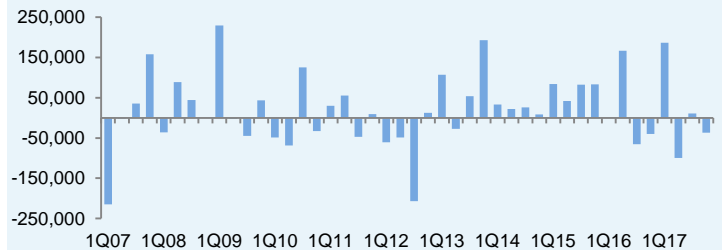
Market Analysis

Asking Rent and Vacancy



Net Absorption

Square Feet



Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	19.3 MSF	19.3 MSF	19.3 MSF	↔
Vacancy Rate	8.4%	8.2%	8.3%	↔
Quarterly Net Absorption	-36,493	11,071	-4,413	↑
Average Asking Rent	\$17.08	\$17.17	\$17.14	↔

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- Supporting the creation of a one-stop shop for resources available to entrepreneurs, with a goal of 80.0% completion by September 30, 2018.
 - Identifying an organization to take ownership of and design a plan for pedestrian connections along Assembly Street, including streetscaping and identifying funding sources.
- The action areas were advised by data from the Midlands Regional Competitiveness Report, which compares economic competitiveness in the Columbia MSA to nine other Southeast regions. In 2016, the report found Columbia ranked ahead of Greenville and Charleston in terms of livability.

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	1,203,771	5.5%	9.0%	1,400	-9,792	\$17.25	-	\$17.25
Downtown - CBD	7,233,176	7.5%	11.2%	-51,067	-45,179	\$20.24	\$18.02	\$20.14
Dutch Fork / Irmo	631,516	1.7%	1.7%	-	-1,979	\$17.75	-	\$17.75
Forest Acres	1,245,691	13.5%	16.9%	-2,730	23,160	\$15.89	\$16.25	\$15.90
Lexington	529,884	10.2%	10.2%	1,380	-51,530	\$11.09	-	\$11.09
North Columbia	1,624,996	3.5%	4.6%	-1,300	33,129	\$17.00	-	\$17.00
Northeast Columbia	2,381,969	12.9%	17.4%	-14,678	-104,827	\$15.36	\$15.39	\$15.36
Saint Andrews	3,394,695	10.5%	14.1%	20,502	113,559	\$15.90	\$13.91	\$15.70
Southeast Columbia	1,006,890	5.2%	6.0%	10,000	36,246	\$15.70	-	\$15.70
Suburban Total	12,019,412	8.9%	11.8%	14,574	37,966	\$15.69	\$14.72	\$15.60
CBD Total	7,233,176	7.5%	11.2%	-51,067	-45,179	\$20.24	\$18.02	\$20.14
Market	19,252,588	8.4%	11.6%	-36,493	-7,213	\$17.21	\$15.38	\$17.08

Lease/User Transactions

Tenant	Building	Submarket	Type	Square Feet
	3 Medical Park Rd	North Columbia	Move-In	2,709
	1300 12 th St	Cayce/West Columbia	Move-In	6,000
Fresenius Medical Care	131 Whispering Winds	Lexington	Renewal	8,150

Select Sales Transactions

Building	Submarket	Sale Price	Price/SF	Square Feet
1201 Main St - Capitol Center	CBD	\$43,000,000	\$92.27	466,000
1400 Huger St	CBD	\$4,000,000	\$226.96	17,624
810 Dutch Square Blvd	St Andrews	\$3,850,000	\$38.00	101,624
912 Lady Street – 3 rd Floor	CBD	\$1,225,000	\$222.73	5,500

SOUTH CAROLINA
4Q17 LABOR STATISTICS

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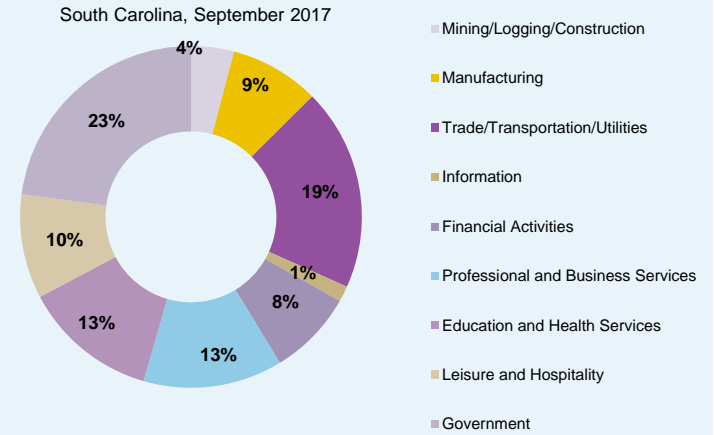
ECONOMIC CONDITIONS

Unemployment in South Carolina has reached a low of 3.9% as of August 2017. The national average for unemployment is currently at 4.1%. 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.

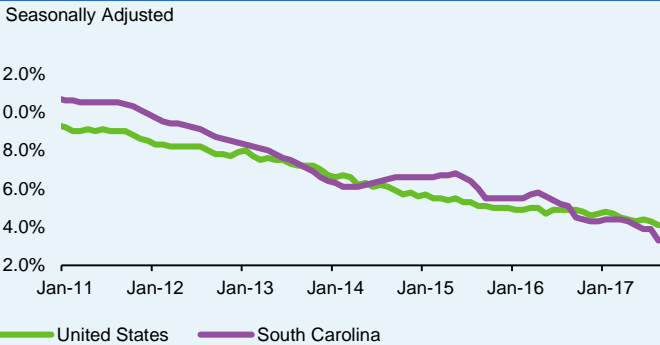
This year alone, 60 projects were announced in 25 different counties in the state, according to the South Carolina Department of Commerce. In June, three major projects were announced: BMW's expansion in Spartanburg; Samsung's new facility in Newberry; and T-Mobile US's expansion into North Charleston.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

Employment By Industry



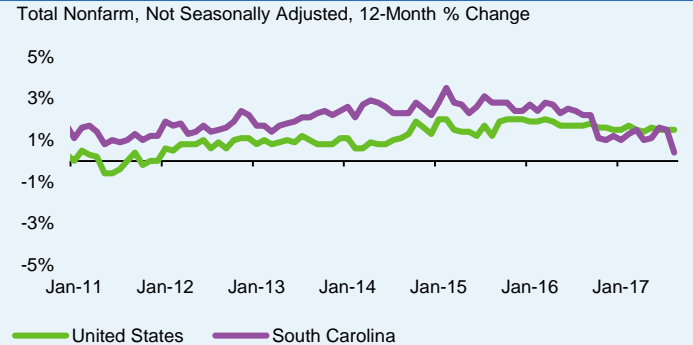
Source: U.S. Bureau of Labor Statistics

Unemployment Rate



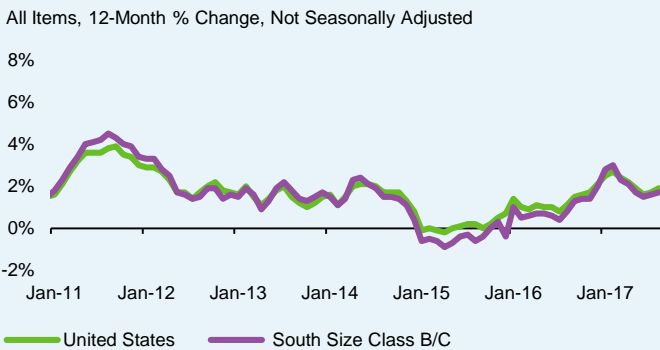
Source: U.S. Bureau of Labor Statistics

Payroll Employment



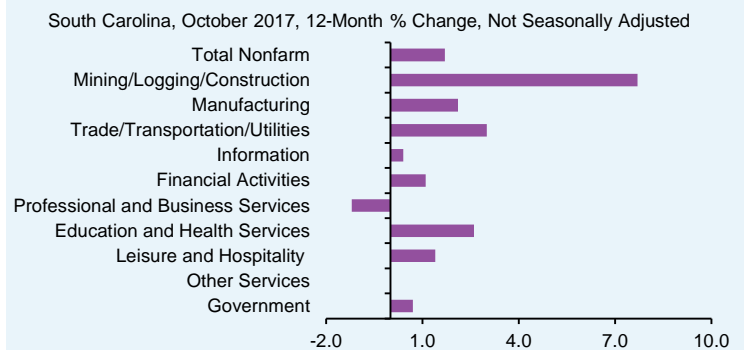
Source: U.S. Bureau of Labor Statistics

Consumer Price Index (CPI)



Source: U.S. Bureau of Labor Statistics

Employment Growth by Industry



Source: U.S. Bureau of Labor Statistics

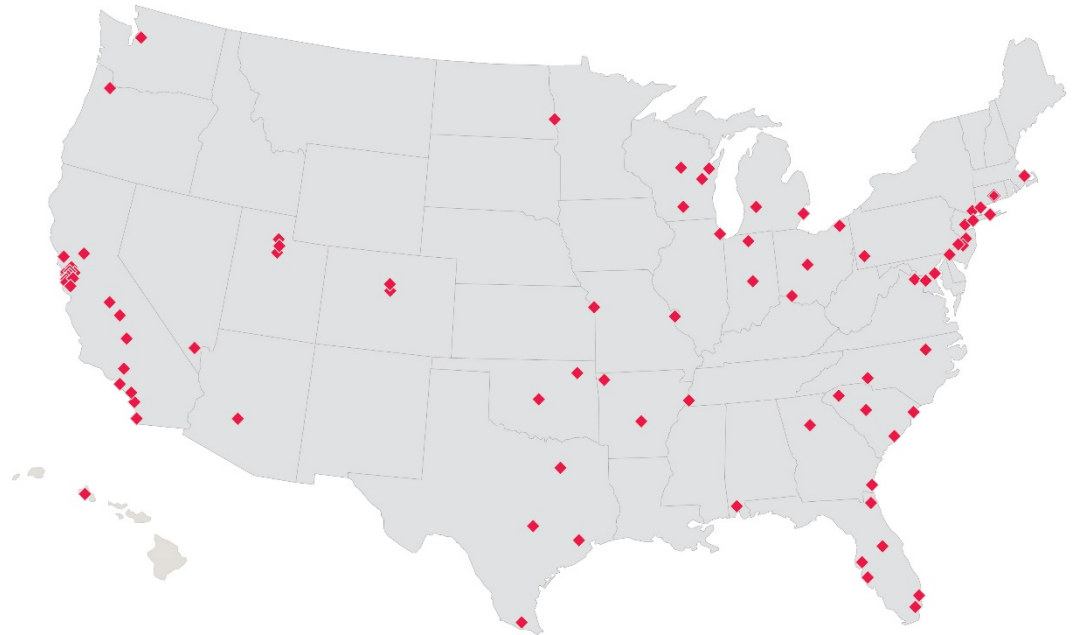
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