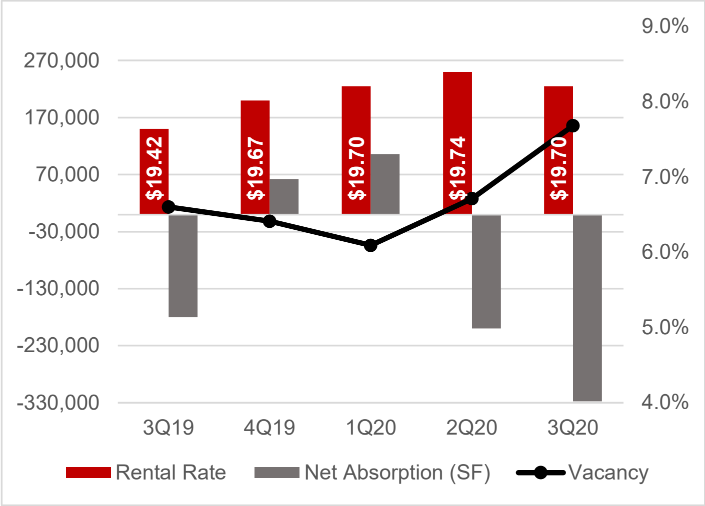
MIDLANDS SOUTH CAROLINA

3Q20 | OFFICE SNAPSHOT

VACANCY	NET ABSORPTION	RENTAL RATE
▲ Q3: 7.68% Q2: 6.70%	▼ Q3: (327,538) Q2: (199,981)	▼ Q3: $19.70 Q2: $19.74

MARKET OUTLOOK



Historically speaking, Columbia is a slow-moving yet steady market. However, a few sizable move-outs in 2019 resulted in the first negative annual absorption since 2012. Moving forward in 2020 and beyond in early 2021, the increased application of remote-work policies could place adverse pressure on space demand resulting in a higher vacancy rate. On the contrary, the opposite could occur and organizations may increase footprints in an effort to combat COVID-19 and mitigate employees' direct interaction by providing more private offices.

The COVID-19 outbreak is expected to cause significant economic disruption in Columbia. The trajectory of Columbia's economy and its commercial real estate sector will depend on how widely the virus spreads, and how long containment policies like social distancing need to be maintained.

The Columbia MSA has a diverse economic base centered on government, military, healthcare, and education. Several factors including low business and living costs, local tax incentives, and a central location near major interstates have attracted a variety of businesses to the area. Columbia is becoming an increasingly attractive location for technology companies in search of top talent, particularly graduates of the University of South Carolina. These factors have aided Columbia to report a vacancy below the market's historical average of 7.7%.

Rents in the Columbia MSA average roughly $19.60/SF, a similar number when compared to peer metros such as Greenville and Spartanburg. The market's 4 & 5 Star assets command rents about 20% higher than the market-wide average. However, rent growth has slowed from strong gains posted in earlier years. In 2016, rent growth hit a cyclical high at more than 4% annual gains. Now, that number hovers closer to 1.4% gains. With little in the construction pipeline, supply-side pressure is unlikely to impact rents significantly in the immediate term. However, rent growth is likely to continue to slow and even briefly dip into the red as the impact of the coronavirus pandemic continues to impact Columbia's economy.

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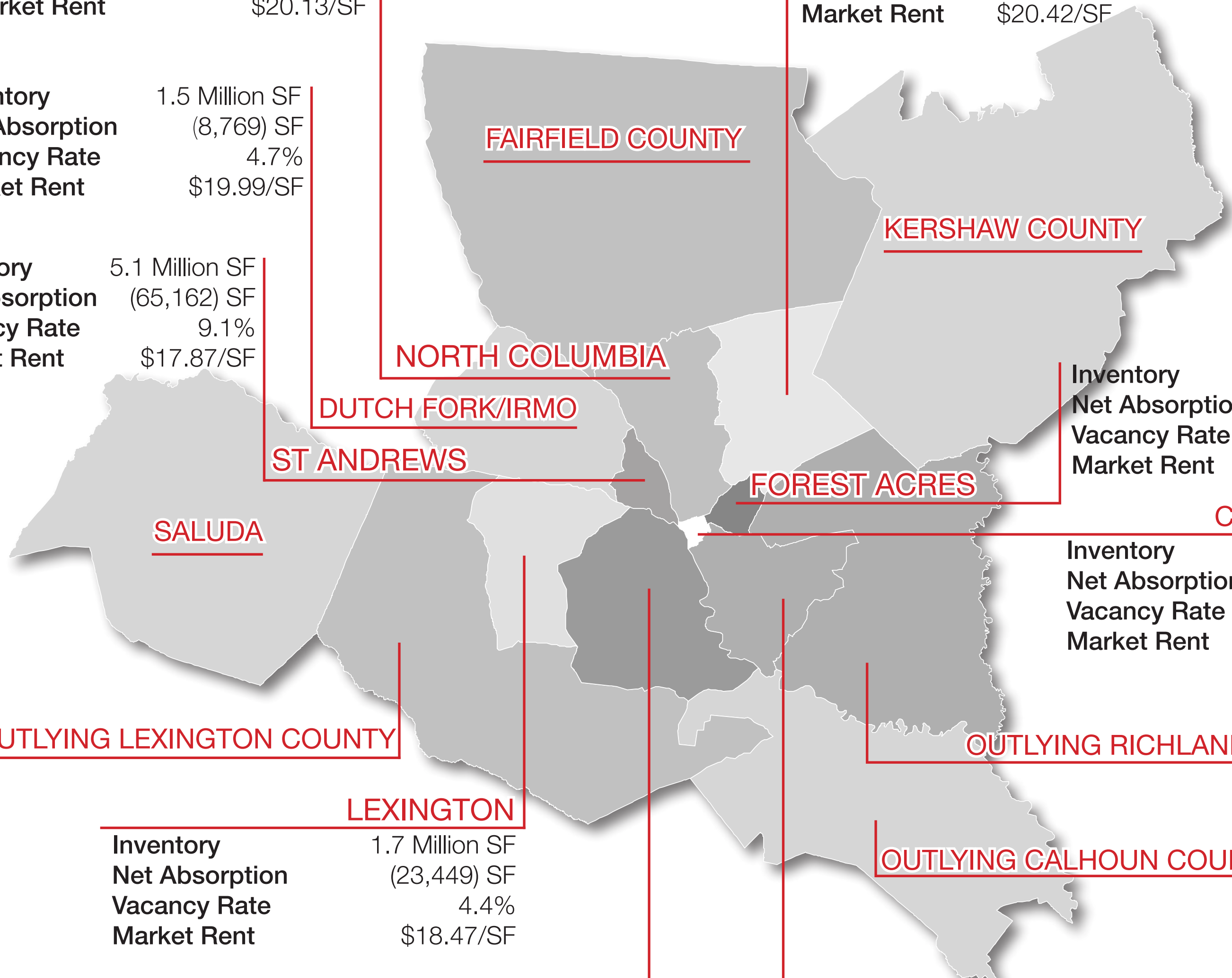
NOTABLE TRANSACTIONS

LEASE: COLUMBIA
7909 PARKLANE RD
±18,150 SF - 3rd Floor Sublease (Temporary)
±16,500 SF - 1st Floor Lease
START DATE: 10/12/2020
Tenant: WNS Global Services

SOLD: COLUMBIA
1022 CALHOUN ST
±15,456 SF CLASS B OFFICE
SALE DATE: 9/15/2020
Price: $1,330,000
Price per SF: $86.05

LEASE: COLUMBIA
700 HUGER ST
±40,825 SF
SIGN DATE: 8/2020
Tenant: Michael Baker International

3Q20 MIDLANDS SC OFFICE ANALYTICS



NORTH COLUMBIA

Inventory	2.4 Million SF
Net Absorption	(6,712) SF
Vacancy Rate	2.7%
Market Rent	$20.13/SF

DUTCH FORK/IRMO

Inventory	1.5 Million SF
Net Absorption	(8,769) SF
Vacancy Rate	4.7%
Market Rent	$19.99/SF

ST ANDREWS

Inventory	5.1 Million SF
Net Absorption	(65,162) SF
Vacancy Rate	9.1%
Market Rent	$17.87/SF

NORTHEAST COLUMBIA

Inventory	4.6 Million SF
Net Absorption	(486) SF
Vacancy Rate	11.7%
Market Rent	$20.42/SF

FOREST ACRES

Inventory	2.1 Million SF
Net Absorption	(58,934) SF
Vacancy Rate	14.5%
Market Rent	$18.61/SF

COLUMBIA CBD

Inventory	9.5 Million SF
Net Absorption	(185,177) SF
Vacancy Rate	7.5%
Market Rent	$21.17/SF

LEXINGTON

Inventory	1.7 Million SF
Net Absorption	(23,449) SF
Vacancy Rate	4.4%
Market Rent	$18.47/SF

CAYCE/WEST COLUMBIA

Inventory	3.3 Million SF
Net Absorption	7,713 SF
Vacancy Rate	6.8%
Market Rent	$19.08/SF

SOUTHEAST COLUMBIA

Inventory	2.1Million SF
Net Absorption	4,660 SF
Vacancy Rate	3.4%
Market Rent	$19.13/SF

MIDLANDS SC DEMOGRAPHICS

POPULATION	HOUSEHOLDS	MEDIAN AGE	MEDIAN HOUSEHOLD INCOME	UNEMPLOYMENT RATE
859,753	**329,373**	**37.5**	**$57,735**	**10.2%**

esri
October 2020

NAI Columbia
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