There is good news and bad news when it comes to the Midlands office market. The bad news is that we don’t have cranes in the sky, depicting construction and vibrant economic growth due to limited supply and an overabundance of demand. However, the good news is that the office market is still strong, the existing availabilities continue to be steady, and positive absorption exists in some submarkets like St. Andrews and Northeast Columbia.

Due to the large amount of education and government related business in the area, the outlook remains positive as businesses that support these sectors continue to expand and thrive in the marketplace. While many parts of the country expect some sort of downturn over the next 18 months, it is likely that the Midlands will remain strong for at least another 24 months, reducing the economic impact of a national “slowdown.”

All of that said, we expect vacancy rates to remain relatively low and rental rates to continue upwards as landlords invest capital to improve defunct spaces and make way for higher quality product in the area.

Peyton Bryant | Principal & Senior Broker
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Columbia is continuing to participate in the economic resurgence that the country has experienced over the last four years. Columbia’s retail sector as a whole is strong with vacancies still below 6% and rental rates increasing. The Downtown market has experienced a bit a shift recently as businesses have begun to focus on Main Street rather than The Vista. A few notable departures from the Vista have occurred at the lower end toward the river including Newks, Le Peep and Tin Lizzy’s. Main Street has continued to thrive with new, high end additions such as Halls Chophouse, Hendrix and the continued success of The Grand.

Columbia, like many other cities in the southeast, is battling with the redevelopment of the vacated grocery boxes from Bi-Lo’s bankruptcy. Owners are having to weigh the options of subdividing the boxes at a cost of $600,000 to $850,000 in order to get market rates or re-leasing the space at almost break even numbers.

Spaces from 1,200 - 3,000 SF are in high demand. In particular, restaurant spaces that already have grease traps, hoods and fire suppression systems are very desirable as these are usually the most costly items in up-fitting.

Patrick Palmer, CCIM | Principal & Director of Retail Services
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NOTABLE TRANSACTION

SOLD:
ST. ANDREWS
555 JAMIL ROAD
±41,169 SF
AUTO DEALERSHIP
SALE DATE: 03/07/2019
Price: $17,560,000
Price per SF: $426.53

NAIColumbia
807 Gervais Street, Suite 301 • Columbia, SC 29201
Speaking with experts in the capital markets, economic development, site selection, and industrial development sectors, the first quarter of 2019 has seen more buzz around the Columbia industrial market than has been seen in some time. There are also several bills in the State House that are currently being deliberated that would make South Carolina a more friendly state to do business. Specifically with regard to the Class A, investment grade industrial space in the Columbia market, business minds and local officials are taking note of historically low vacancy rates. There is a steady supply of activity and product being delivered to the market for both build-to-suit and speculative projects: a fully entitled and permitted, Class A industrial park in the engineering phase that will break ground in the next two quarters, several RFPs and leases being negotiated and signed, and the capital markets are increasing their focus on the market.

What is the economic driver of this buzz? The Columbia industrial market not only sits at a logistics crossroads for the Southeast but it also has a labor pool that has not been leveraged to its full potential. As the Charleston market and the Greenville/Spartanburg markets expand and absorb more and more supply, the ability to find skilled and unskilled labor in those markets becomes much more difficult. Coupled with the expanding industrial market in South Charlotte just an hour and a half to the North, users and tenants of industrial space are looking for labor just as much as they are looking for a piece of dirt. Columbia has a much more compelling labor story to tell, and that is just being realized. Lastly, we are seeing Opportunity Zone Funds have their impact on the market as developers and investors begin to realize this engine for tax benefits and economic development.

John Gregory, PE | Industrial Specialist
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NOTABLE TRANSACTION

SOLD: SOUTHEAST COLUMBIA
728 VINE STREET ±37,636 SF
CLASS B WAREHOUSE
SALE DATE: 01/10/2019
Price: $1,340,000
Price per SF: $35.60
NAI Columbia, a full service commercial real estate firm, officially launched on January 1, 2019. The new company is a partnership with NAI Earle Furman (Greenville, SC) and eight local principals, all of whom were senior brokers with NAI Avant, which served the midlands market for over fifty years. The new firm will build on the foundation and history of NAI Avant by adding new technology, tools, and personnel to preserve and grow the group’s position as a top firm in the region.

For more than 50 years, the NAI Columbia team has excelled in delivering superior service and performance for its commercial real estate clients. As a full-service company based in Columbia, SC, our brokerage, property management, development, and consulting services are tailor-made to meet the specific needs of each assignment - from single transactions to coordinating the delivery of multiple services over broad geographic areas.

As a member of the NAI Global network, NAI Columbia is able to provide commercial real estate services to our local Columbia clients, as well as national and international clients. We have immediate access to over 7,000 professionals working out of 400+ offices in 55 countries throughout the world. The NAI Global Network has annual sales and leasing transactions of $20 billion and manages 425 million square feet of property. Like no other network, we are global in our thinking, yet local in our approach.