

- Vacancy Rate up to 9.3% from 6.2% during the same period last year
- Landlords working with tenants who want to downsize
- Average asking rents hold steady at \$18.88 PSF

HIGHLIGHTS

Office Market Remains Uncertain as 30% of the U.S. population reportedly vaccinated from COVID-19

The office market continues to face uncertainty as we move past the one-year-anniversary of the COVID-19 pandemic in the United States. Regional firms with local leadership were the first to return to the office in 2020, implementing new protocols such as preventative screenings, staggered employee schedules, and new sanitation processes, while many national tenants continue to work from home and are expected to do so through mid-2021.

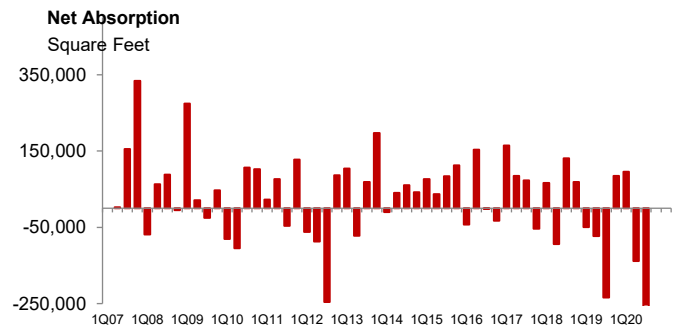
Office rent collections remain well above 90% nationally, despite the fact that most office-using jobs have shifted to a work-from-home model. Questions abound over future space needs and the utility of office space moving forward, and investors, for the most part, are taking a wait-and-see approach to 2021.

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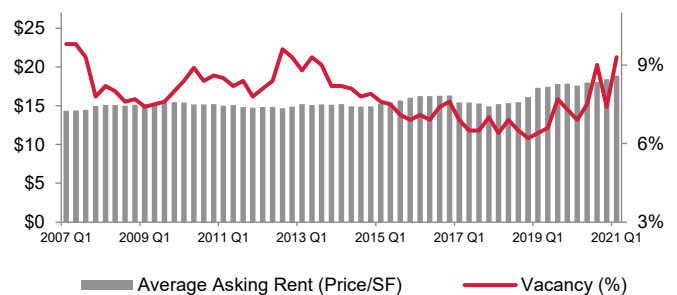
Historic Comparison

	Current Quarter	Prior Quarter	Year Ago Period	Trending Forecast
Total Inventory	27.95 MSF	27.95 MSF	27.94 MSF	↑
Vacancy Rate	9.3%	7.4%	6.2%	↔↔
Quarterly Net Absorption	-519,869	151,265	143,951	↔↔
Average Asking Rent	\$18.88	\$18.45	\$17.81	↑

Net Absorption (SF)



Asking Rent & Vacancy Trends




9.3%
VACANCY RATE (%)



-519K
NET ABSORPTION (SF)



\$18.88
ASKING RENT (\$/SF)



157.5k
UNDER CONSTRUCTION (SF)

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The vaccine rollout in January has many feeling hopeful for a return to normalcy soon. The Centers for Disease Control (CDC) released a promising statistic - nearly 30 percent of the U.S. population has already been fully-vaccinated by April.

Tier 1 markets – think San Francisco or Atlanta – have been the hardest hit by the pandemic, while tertiary markets like Columbia appear to be faring better. In fact, average asking rents in the Columbia market are up more than 6 percent to \$18.88/SF from \$17.81/SF during the same period last year.

The Central Business District and Northeast Columbia submarkets were the hardest hit, reporting a net absorption of -163,424 SF in the CBD and -383,131 SF in the Northeast. Overall, suburban submarkets saw a net absorption of negative 356,445 SF this quarter, bringing the vacancy rate up to 9.3% from 6.2% just one year ago.

Costs of tenant upfits have risen sharply during the pandemic due to increasing material costs and insufficient supply of skilled laborers, reducing the incentives property owners are willing to offer tenants. Due to the high cost of construction, some landlords have been forgoing requests for space removal made by existing tenants who want to down-size in lieu of simply lowering the rental rate to reflect the smaller space.

 **9.3%**
VACANCY RATE (%)

 **-519K**
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There are two buildings currently under construction in the Columbia market, the Westlawn Building in the CBD and Otarre Point in Cayce:

- Hughes Development Company broke ground on the Westlawn Building in the BullStreet District this quarter. The 79,000-square-foot Class A office property will be made of cross-laminated timber, a renewable commercial building material invented in the 1990s to reduce reliance on traditional construction materials like concrete and steel. It will be the first of its kind in South Carolina and one of merely 400 in the U.S.

Law firm Robinson Gray Stepp & Lafitte will occupy ±29,000 SF on the top two floors of the five-story building, while the remaining Class A office space and ground-floor retail opportunities have yet to be filled. The building is slated to open during second-quarter 2022.

- Otarre Point at 101 Clovis Point Way in Cayce, a 78,500-square-foot Class A office building, remains under construction and is expected to deliver later this year.



The Westlawn Building, Bull Street District

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Q1 2021 Submarket Statistics

	Inventory (SF)	Vacancy Rate	Availability Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Direct Asking Rent (Price/SF)	Sublet Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Cayce/W Columbia	2,614,260	6.9%	8.7%	4,811	4,811	\$20.18	-	\$20.18
Downtown (CBD)	8,800,505	8.9%	10.6%	-163,424	-163,424	\$21.79	\$24.54	\$22.10
Dutch Fork / Irmo	1,056,263	1.9%	1.9%	-	-	\$19.58	-	\$19.58
Forest Acres	1,868,612	15.7%	15.6%	7,156	7,156	\$16.13	-	\$16.13
Lexington	1,131,471	2.8%	4.0%	15,432	15,432	\$14.00	-	\$14.00
North Columbia	2,038,278	2.9%	3.0%	-	-	\$17.36	-	\$17.36
Northeast Columbia	8,535,194	19.4%	24.3%	-383,131	-383,131	\$17.29	\$18.00	\$17.30
Saint Andrews	14,802,126	7.8%	10.8%	19,198	19,198	\$16.62	\$18.19	\$16.66
Southeast Columbia	1,699,833	3.8%	7.9%	-21,420	-21,420	\$15.50	\$17.00	\$16.34
Suburban Total	19,152,321	9.4%	11.9%	-356,445	-190,445	\$17.58	\$17.30	\$17.56
Downtown (CBD)	8,800,505	8.9%	10.6%	-163,424	-163,424	\$21.79	\$24.54	\$22.10
Market	27,952,826	9.3%	11.5%	-519,869	-519,869	\$18.75	\$20.39	\$18.88

* Data set includes all known existing office properties over 5,000 SF in the Columbia MSA

* Asking rents are gross



9.3%

VACANCY RATE (%)



-519K

NET ABSORPTION (SF)



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ASKING RENT (\$/SF)



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HIGHLIGHTS

Select Lease Transactions

100 Center Pointe Cir



Submarket	Tenant	Type	Square Feet
Saint Andrews	Centene Management Company	New	±66,708

1600 Williams St



Central Business District	TMC Transportation	New	±8,471
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Select Sales Transactions

1410 Blanding St



Submarket	Square Feet	Sales Price	Price/SF
Central Business District	±21,701	\$1,500,000	\$69.12

101 W Main St



Central Business District	±10,266	\$2,400,000	\$233.78
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**Redevelopment Project*



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