

# Columbia industrial market outperforms expectations amid pandemic

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## Key Takeaways

- > The Columbia industrial market outperformed expectations with a total absorption of 479,072 square feet during the second quarter of 2020.
- > Due to positive absorption, the quarterly vacancy rate dropped from 4.86% during the first quarter of 2020 to 4.47% this quarter.
- > The actual effects of the outbreak of COVID-19 on the industrial real estate sector will not be realized for several quarters.

## Columbia industrial weathers the storm

Industrial activity throughout the nation was expected to perform better than other sectors due to essential employee services, e-commerce shopping and distribution centers remaining open while other businesses were forced to close at the onset of COVID-19. However, the Columbia industrial market outperformed expectations with a total absorption of 479,072 square feet. The activity was mainly concentrated within manufacturing and warehousing facilities. Manufacturing absorbed 352,700 square feet and the warehouse sector absorbed 113,960 square feet. Due to the positive activity, the overall market vacancy rate decreased to 4.47%. Also, construction activity continued and a 200,720-square-foot industrial building located at 145 Millennium Drive finished construction this quarter and 245,000 square feet are currently under construction. There are still many transactions expected to complete in the next few quarters despite the uncertainty surrounding COVID-19; therefore, Columbia industrial activity is anticipated to be strong enough to continue to weather the storm.

## Market Overview

### Overall Columbia

The Columbia industrial market is comprised of 73.10 million square feet. During the second quarter of 2020, the market absorbed 479,072 square feet. Orangeburg County was the submarket with the highest absorption of 200,720 square feet followed by

### Market Indicators

Relative to prior period

	Q2 2020	Q3 2020*
VACANCY	↓	↓
NET ABSORPTION	+	+
CONSTRUCTION	↑	↑
RENTAL RATE**	↓	↑

Note: Construction is the change in Under Construction.

\*Projected

\*\*Rental rates for current quarter are for CBD. Rent forecast is for metro-wide rents.

### Summary Statistics

Q2 2020 Columbia Industrial

Market

Vacancy Rate	4.47%
Change From Q2 2019 (basis points)	-111
Absorption (Thousand Square Feet)	479.07
New Construction (Thousand Square Feet)	200.72
Under Construction (Thousand Square Feet)	245.00

\*New construction is newly delivered buildings

### Asking Rents

NNN Per Square Foot Per Year

Market	\$4.12
Change From Q2 2019	0%
Flex	\$6.68
Manufacturing	\$3.18
Warehouse	\$4.33

*In the midst of the COVID-19 outbreak, information and data is emerging at a quick and uneven rate. The information contained herein has been obtained from sources deemed reliable at the time the report was written. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.*

Northeast Columbia where 146,735 square feet was absorbed. One 200,720-square-foot building located at 145 Millennium Drive was delivered to the Orangeburg submarket, and there are two buildings under construction which, upon completion, will add 245,000 square feet to the market. Due to positive absorption, the quarterly vacancy rate dropped from 4.86% during the first quarter of 2020 to 4.47% this quarter. The overall average market rental rate for available industrial space was \$4.12 per square foot this quarter.

### Warehouse/Distribution

The warehouse/distribution sector comprises the largest portion of the Midlands industrial market, with approximately 45.43 million square feet. This sector absorbed 113,960 square feet during the second quarter of 2020. The quarterly warehouse vacancy rate dropped to 3.33% and there are eight submarkets with a vacancy rate of less than 3%. The overall average weighted rent for warehouses rose from \$4.14 per square foot during the first quarter of this year to \$4.33 per square foot this quarter. Average weighted rental rates in the Columbia market range from \$1.95 per square foot in Saluda County to \$10.00 per square foot in the Northwest Columbia submarket.

### Manufacturing

The manufacturing sector in the Midlands has 25.14 million square feet and there are currently two manufacturing facilities located at Lexington Industrial Park and 397 Millennium Drive under construction that, upon completion, will add 245,000 square feet to the inventory. One fully-leased new manufacturing 200,720-square-foot building was delivered to the Columbia market this quarter at 145 Millennium Drive in Orangeburg. The overall manufacturing vacancy rate decreased from 6.38% during the first quarter of 2020 to 5.77% this quarter due to 151,980 square feet of absorption. Most of the positive absorption occurred within the Northeast Columbia submarket at 1080 Jenkins Brothers Road. The weighted rental rate for available manufacturing space averaged \$3.18 per square foot during the second quarter of this year.

### Flex/R&D

The flex/R&D sector in the Midlands has 2.52 million square feet within its submarkets and this sector absorbed 12,412 square feet and the quarterly vacancy rate increased to 12.97% during the second quarter of 2020. Flex/R&D average weighted rental rate for the remaining availabilities decreased from \$7.84 per square foot during the first quarter of 2020 to \$6.68 per square foot this quarter.

## Significant Transactions

### Sales

➤ For \$19.3 million, Reman LLC purchased a 388,000-square-foot Orangeburg warehouse located at 2500 Rowesville Road. They performed a sale/leaseback to Aco Distribution & Warehousing.

### Leases

➤ Allied Air signed a 200,720-square-foot lease at 145 Millennium Drive in Orangeburg.

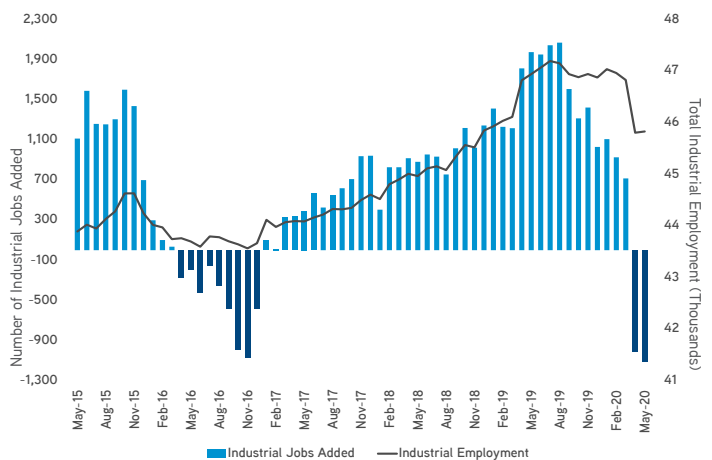
## Capital Investment & Employment

Over the past twelve months ending June 2020, there have been \$22.90 million in new capital investments and \$96.08 million in capital investment expansions, accounting for 816 jobs announced within the Columbia region. The types of investors include chemical manufacturing, advanced manufacturing | fabrication, marine manufacturing and health care. According to the Federal Reserve data through May of 2020, industrial employment comprises 12.20% of Columbia’s total employment, or about 45,800 jobs in the Midlands region. There were 1,112 less industrial jobs in the Columbia MSA over the past twelve months due to Coronavirus temporary closings and unemployment. Unemployment is expected to normalize upon Coronavirus restrictions being relaxed or lifted; the current employment rate in Columbia is 94.6%.

## Market Forecast

Columbia industrial properties performed well during the second quarter of 2020 despite the predicted slowdown caused by the Coronavirus. New construction completed this quarter and demand is high enough to expect projects in the pipeline to continue to progress. Record low vacancies will force the rental rates to rise. Due to the strong need of essential businesses using production and distribution facilities, and Columbia’s central location within the state, industrial activity is not expected to slow in the next few quarters amid COVID-19. While this seems positive for the industrial sector, the true effects of the pandemic will not be evident for several quarters.

### Industrial Employment | Columbia MSA



Source: Bureau of Labor Statistics, St. Louis Federal Reserve, Colliers International

## Q2 2020 Industrial Market Summary Statistics | Columbia, SC

MARKET	BUILDINGS	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLEASE VACANT (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE (%)	NET ABSORPTION (SF)	RENTAL RATE
<b>CALHOUN COUNTY</b>								
Flex/R&D	1	10,800	-	-	-	0.00%	-	-
Manufacturing	5	383,493	-	-	-	0.00%	-	-
Warehouse/Distribution	5	409,673	-	-	-	0.00%	-	-
<b>Calhoun County Total</b>	<b>11</b>	<b>803,966</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>
<b>CAYCE/WEST COLUMBIA</b>								
Flex/R&D	21	476,084	43,455	-	43,455	9.13%	-7,408	\$8.55
Manufacturing	45	3,216,630	13,500	-	13,500	0.42%	-	-
Warehouse/Distribution	195	9,465,629	154,543	-	154,543	1.63%	51,312	\$4.33
<b>Cayce/West Columbia Total</b>	<b>261</b>	<b>13,158,343</b>	<b>211,498</b>	<b>-</b>	<b>211,498</b>	<b>1.61%</b>	<b>43,904</b>	<b>\$5.04</b>
<b>CLARENDON COUNTY</b>								
Manufacturing	10	832,554	-	-	-	0.00%	-	-
Warehouse/Distribution	10	426,532	82,960	-	82,960	19.45%	-	\$3.00
<b>Clarendon County Total</b>	<b>20</b>	<b>1,259,086</b>	<b>82,960</b>	<b>-</b>	<b>82,960</b>	<b>6.59%</b>	<b>-</b>	<b>\$3.00</b>
<b>COLUMBIA-CBD</b>								
Flex/R&D	4	309,925	-	-	-	0.00%	-	-
Manufacturing	3	60,505	-	-	-	0.00%	-	-
Warehouse/Distribution	41	988,597	46,210	-	46,210	4.67%	-	\$5.24
<b>Columbia-CBD Total</b>	<b>48</b>	<b>1,359,027</b>	<b>46,210</b>	<b>-</b>	<b>46,210</b>	<b>3.40%</b>	<b>-</b>	<b>\$5.24</b>
<b>EAST COLUMBIA</b>								
Flex/R&D	11	312,068	33,577	-	33,577	10.76%	14,926	\$6.47
Manufacturing	3	265,205	-	-	-	0.00%	-	-
Warehouse/Distribution	48	1,211,175	247,185	-	247,185	20.41%	-	\$6.30
<b>East Columbia Total</b>	<b>62</b>	<b>1,788,448</b>	<b>280,762</b>	<b>-</b>	<b>280,762</b>	<b>15.70%</b>	<b>14,926</b>	<b>\$6.44</b>
<b>FAIRFIELD COUNTY</b>								
Manufacturing	9	710,487	18,816	-	18,816	2.65%	23,012	\$3.59
Warehouse/Distribution	9	989,866	-	-	-	0.00%	23,200	-
<b>Fairfield County Total</b>	<b>18</b>	<b>1,700,353</b>	<b>18,816</b>	<b>-</b>	<b>18,816</b>	<b>1.11%</b>	<b>46,212</b>	<b>\$3.59</b>
<b>IRMO/CHAPIN</b>								
Flex/R&D	4	85,500	6,000	-	6,000	7.02%	-	-
Manufacturing	6	353,113	-	-	-	0.00%	-	-
Warehouse/Distribution	31	610,327	29,085	-	29,085	4.77%	-	\$6.39
<b>Irmo/Chapin Total</b>	<b>41</b>	<b>1,048,940</b>	<b>35,085</b>	<b>-</b>	<b>35,085</b>	<b>3.34%</b>	<b>-</b>	<b>\$6.39</b>
<b>KERSHAW COUNTY</b>								
Manufacturing	18	1,561,896	181,043	-	181,043	11.59%	-	\$3.20
Warehouse/Distribution	40	4,392,699	-	-	-	0.00%	-	-
<b>Kershaw County Total</b>	<b>58</b>	<b>5,954,595</b>	<b>181,043</b>	<b>-</b>	<b>181,043</b>	<b>3.04%</b>	<b>-</b>	<b>\$3.20</b>
<b>LEE COUNTY</b>								
Manufacturing	6	708,115	-	-	-	0.00%	-	-
Warehouse/Distribution	6	187,740	-	-	-	0.00%	-	-
<b>Lee County Total</b>	<b>12</b>	<b>895,855</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>
<b>LEXINGTON</b>								
Flex/R&D	4	99,655	5,044	-	5,044	5.06%	-	-
Manufacturing	24	1,631,922	96,277	-	96,277	5.90%	-	-
Warehouse/Distribution	64	2,560,268	81,036	-	81,036	3.17%	-32,974	\$4.95
<b>Lexington Total</b>	<b>92</b>	<b>4,291,845</b>	<b>182,357</b>	<b>-</b>	<b>182,357</b>	<b>4.25%</b>	<b>-32,974</b>	<b>\$4.95</b>

## Q2 2020 Industrial Market Summary Statistics | Columbia, SC

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<b>NEWBERRY COUNTY</b>								
Flex/R&D	1	15,000	-	-	-	0.00%	-	-
Manufacturing	5	1,479,744	189,600	-	189,600	12.81%	-	\$3.75
Warehouse/Distribution	20	906,316	-	-	-	0.00%	-	-
<b>Newberry County Total</b>	<b>26</b>	<b>2,401,060</b>	<b>189,600</b>	<b>-</b>	<b>189,600</b>	<b>7.90%</b>	<b>-</b>	<b>\$3.75</b>
<b>NORTH COLUMBIA</b>								
Flex/R&D	3	98,386	37,001	-	37,001	37.61%	-	\$10.00
Manufacturing	6	168,768	-	-	-	0.00%	15,000	-
Warehouse/Distribution	55	1,384,068	127,549	-	127,549	9.22%	-	\$4.45
<b>North Columbia Total</b>	<b>64</b>	<b>1,651,222</b>	<b>164,550</b>	<b>-</b>	<b>164,550</b>	<b>9.97%</b>	<b>15,000</b>	<b>\$5.82</b>
<b>NORTHEAST COLUMBIA</b>								
Flex/R&D	11	292,761	36,500	-	36,500	12.47%	20,000	\$4.65
Manufacturing	25	3,303,756	-	-	-	0.00%	100,000	-
Warehouse/Distribution	46	3,516,098	159,972	-	159,972	4.55%	26,735	\$4.29
<b>Northeast Columbia Total</b>	<b>82</b>	<b>7,112,615</b>	<b>196,472</b>	<b>-</b>	<b>196,472</b>	<b>2.76%</b>	<b>146,735</b>	<b>\$4.45</b>
<b>NORTHWEST COLUMBIA</b>								
Flex/R&D	10	175,157	26,650	-	26,650	12.36%	3,975	\$8.00
Manufacturing	4	272,248	3,000	-	3,000	1.10%	-	-
Warehouse/Distribution	13	508,536	35,500	-	35,500	6.98%	887	\$10.00
<b>Northwest Columbia Total</b>	<b>27</b>	<b>955,941</b>	<b>60,150</b>	<b>-</b>	<b>60,150</b>	<b>6.29%</b>	<b>4,826</b>	<b>\$9.51</b>
<b>ORANGEBURG COUNTY</b>								
Flex/R&D	3	81,233	29,150	-	29,150	35.89%	-	-
Manufacturing	39	4,921,645	906,658	-	906,658	18.42%	200,720	\$2.76
Warehouse/Distribution	86	5,750,697	172,087	-	172,087	2.99%	-	\$4.66
<b>Orangeburg County Total</b>	<b>127</b>	<b>10,753,565</b>	<b>1,107,895</b>	<b>-</b>	<b>1,107,895</b>	<b>10.30%</b>	<b>200,720</b>	<b>\$2.91</b>
<b>SALUDA COUNTY</b>								
Manufacturing	2	150,929	-	-	-	0.00%	-	-
Warehouse/Distribution	3	271,550	75,000	-	75,000	27.62%	-	\$1.95
<b>Saluda County Total</b>	<b>5</b>	<b>422,479</b>	<b>75,000</b>	<b>-</b>	<b>75,000</b>	<b>17.75%</b>	<b>-</b>	<b>\$1.95</b>
<b>SOUTHEAST COLUMBIA</b>								
Flex/R&D	10	262,744	89,081	-	89,081	33.90%	-19,081	\$5.85
Manufacturing	41	3,011,604	10,800	-	10,800	0.36%	-	\$4.00
Warehouse/Distribution	224	8,104,501	254,134	-	254,134	3.14%	28,800	\$5.12
<b>Southeast Columbia Total</b>	<b>275</b>	<b>11,378,849</b>	<b>354,015</b>	<b>-</b>	<b>354,015</b>	<b>3.11%</b>	<b>9,719</b>	<b>\$5.33</b>
<b>SUMTER COUNTY</b>								
Flex/R&D	1	104,600	-	-	-	0.00%	-	-
Manufacturing	26	2,312,419	31,600	-	31,600	1.37%	13,968	\$5.00
Warehouse/Distribution	51	3,744,769	48,274	-	48,274	1.29%	16,000	\$2.03
<b>Sumter County Total</b>	<b>78</b>	<b>6,161,788</b>	<b>79,874</b>	<b>-</b>	<b>79,874</b>	<b>1.30%</b>	<b>29,968</b>	<b>\$3.07</b>
<b>MARKET TOTAL</b>								
Flex/R&D	84	2,323,903	301,458	-	301,458	12.97%	12,412	\$6.68
Manufacturing	277	25,345,033	1,451,294	-	1,451,294	5.73%	352,700	\$3.18
Warehouse/Distribution	947	45,429,041	1,513,535	-	1,513,535	3.33%	113,960	\$4.33
<b>Market Total</b>	<b>1,308</b>	<b>73,097,977</b>	<b>3,266,287</b>	<b>-</b>	<b>3,266,287</b>	<b>4.47%</b>	<b>479,072</b>	<b>\$4.12</b>

Source: CoStar, Colliers International

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**68** countries on  
**6** continents

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**\$3.3**

billion in  
annual revenue

**2**

billion square feet  
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professionals  
and staff



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