Leasing Activity Continues To Grow Despite Rising Vacancy

▲4.2% Vacancy Rate

▼(94K) SF Net Absorption

▼228K SF Construction Delivered

▼355K SF Under Construction

▲$6.06 NNN/YR Direct Lease Rate

▼$7.47 NNN/YR Class A Direct Lease Rate

Note: Arrows indicate change from previous quarter.

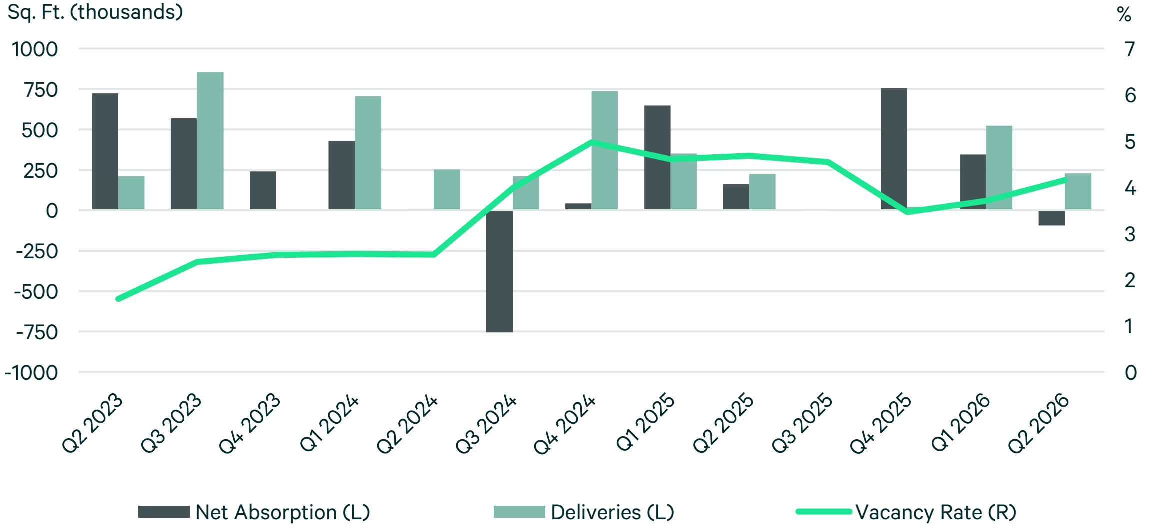
Market Overview

Columbia's industrial market posted mixed results in Q2 2026, as overall vacancy increased 50 basis points (bps) quarter-over-quarter to 4.2% following occupancy losses concentrated in Northeast and Southeast Columbia. Net absorption totaled negative 94,000 sq. ft. during the quarter, although tenant activity remained active with 714,000 sq. ft. of leasing completed, well above the market's recent quarterly average. Despite total net absorption being negative, Class A net absorption remained healthy at 580,000 sq. ft.

Market performance continued to vary by class. Class A vacancy fell to 1.8%, supported by several major occupancies and continued demand for modern industrial facilities. In contrast, Class B vacancy increased to 6.0%, largely due to LuLaRoe's departure from its 325,000 sq. ft. facility at 2000 Carolina Pines Drive, while Class C vacancy remained relatively stable at 3.6%.

Asking rents reached a record $6.06 per sq. ft., a more than 4.0% increase from the previous quarter and surpassing the $6.00 threshold for the first time. Meanwhile, development activity remained limited, with 228,000 sq. ft. of build-to-suit space delivered and no new speculative starts, reducing the active construction pipeline to 355,000 sq. ft. at quarter-end.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

Vacancy Rate

Overall vacancy rose to 4.2% in Q2 2026, increasing 50 bps from the previous quarter. The uptick was driven by newly vacated space in Northeast and Southeast Columbia, where occupancy losses totaled 724,000 sq. ft. during the quarter.

Class A vacancy posted the most significant quarter-over-quarter change, declining to 1.8% from 4.0% in Q1 2026. The segment has tightened considerably over the past 18 months, with vacancy falling 780 bps as sustained tenant demand for modern facilities has outpaced the delivery of new supply. A slower construction pipeline has further exacerbated vacancy decline within the region's highest-quality inventory.

Class B vacancy continued to move higher, increasing 200 bps quarter-over-quarter to 6.0%. The rise was largely attributable to LuLaRoe's recent departure from its 325,000-sq.-ft. facility at 2000 Carolina Pines Drive in Northeast Columbia, which added a substantial block of available space to the market. Meanwhile, Class C vacancy remained relatively stable quarter-over-quarter at 3.6% but has improved 70 bps over the past year.

Asking Rent

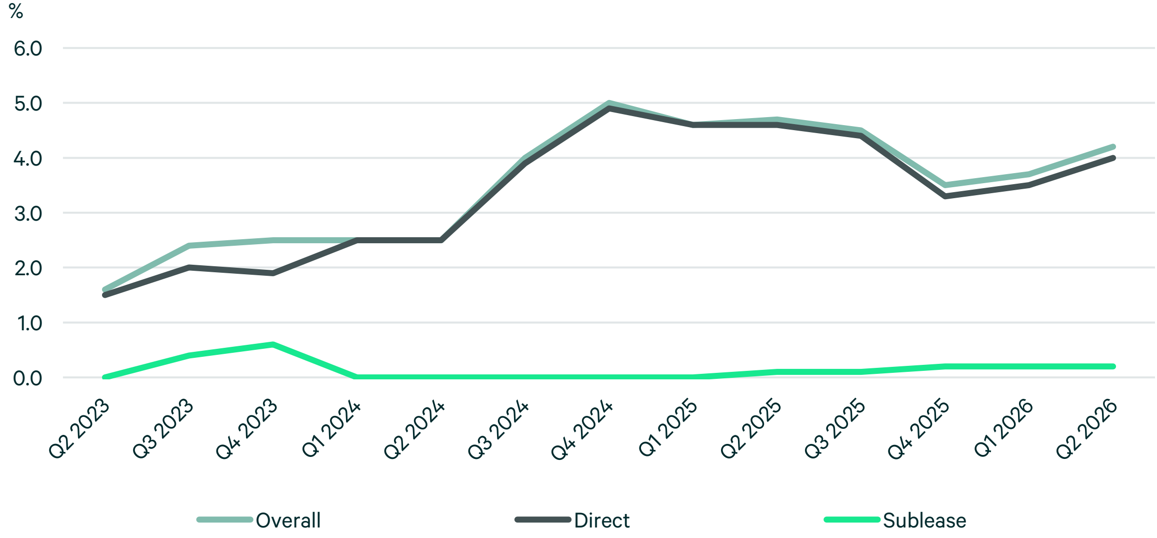
Overall asking rents averaged $6.06 per sq. ft. in Q2 2026, more than a 4.0% increase quarter-over-quarter. Over the last three years, asking rents increased 13.3% annually, on average, from $4.33 in Q2 2023, and have now surpassed the $6.00 per sq. ft. threshold for the first time in market history.

Class A warehouse rents fell slightly quarter-over-quarter to $7.10 but remained above the $7.00 per sq. ft. mark they broke through in Q2 2025. Class A space has become more sought after in recent years. Many new construction properties are delivering fully leased, which prevents high watermark rents - that would meaningfully lift and accelerate rental rate growth - from being applied to on-market availabilities .

Class B and Class C warehouse rents ended the quarter at $5.54 per sq. ft. and $6.12 per sq. ft, a healthy year-over-year growth of 8.8% and 3.8%, respectively. Small bay Class C warehouse space with above-average rents is currently pushing Class C to exceed Class B rental rates.

Flex asking rents were $9.71 per sq. ft. for the quarter. Although rents grew 14.0% from Q2 2023 to Q2 2025, they have remained practically unchanged since midyear 2025.

Figure 2: Vacancy Rate



Source: CBRE Research, Q2 2026

Figure 3: Average Direct Asking Rate

Source: CBRE Research, Q2 2026

Construction Activity

Construction activity in Columbia is becoming more measured, with 228,000 sq. ft. delivered and no new speculative starts recorded. All completed space was build-to-suit, bringing total under construction to 355,000 sq. ft. at quarter-end, its lowest level in five years. Of that total, just 85,000 sq. ft. is speculative, continuing to limit near-term supply options despite several planned developments expected to break ground in the second half of the year.

Both deliveries occurred within Saxe Gotha Industrial Park in Cayce/West Columbia and consisted of two build-to-suit manufacturing facilities: Cardiff's 101,000 sq. ft. facility at 4810 12th Street Ext. and ALLTAPE's 127,000 sq. ft. facility at 4922 12th Street Ext. These completions increased year-to-date deliveries to 751,000 sq. ft.

The largest project currently underway is Blanchard Machinery's 150,000 sq. ft. distribution facility at Sandy Run Industrial Park in Calhoun County, which is expected to deliver later this year. Additionally, Boyer Construction broke ground on a 30,000 sq. ft. warehouse in Southeast Columbia that is also slated for delivery later this year. In Blythewood, Scout Motors continued construction on its electric vehicle manufacturing campus. The campus is not tracked in statistical industrial inventory given that it is highly specialized and will not be competitive (leasable) for the foreseeable future.

Net Absorption

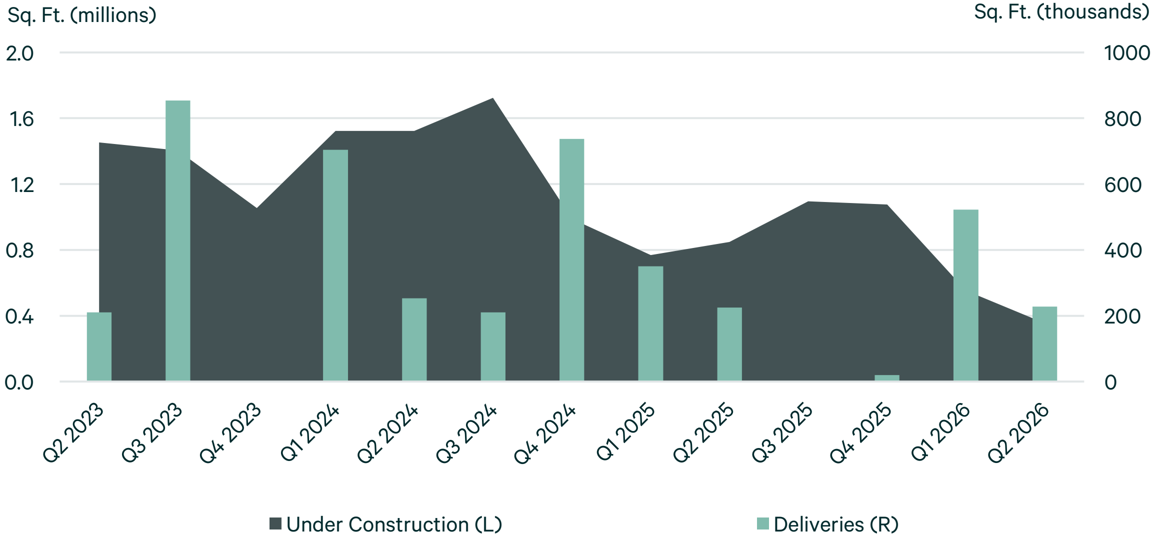
Net absorption totaled negative 94,000 sq. ft. in Q2 2026, compared with positive 344,000 sq. ft. in Q1 2026. Although the negative quarter brought down the trailing twelve-month total, the market has still seen 3.1 million sq. ft. of absorption since Q2 2023.

Class A net absorption totaled positive 580,000 sq. ft. for the quarter, bringing the trailing twelve-month total to 1.7 million sq. ft. In addition to the Cardiff and ALLTAPE move-ins, Class A absorption was supported by Arnord Mardix's 155,000 sq. ft. occupancy of the former CEE-US building and Local Boy Outfitters' 56,000 sq. ft. occupancy at Gateway 1 in 803 Industrial Park.

Class B and Class C space continued to see less demand this quarter and totaled negative 640,000 sq. ft. and negative 34,000 sq. ft. of net absorption, respectively. The largest move-out of the quarter was LuLaRoe's 325,000 sq. ft. exit from 2000 Carolina Pines Drive, although a portion of that space has already been leased with occupancy expected later this year.

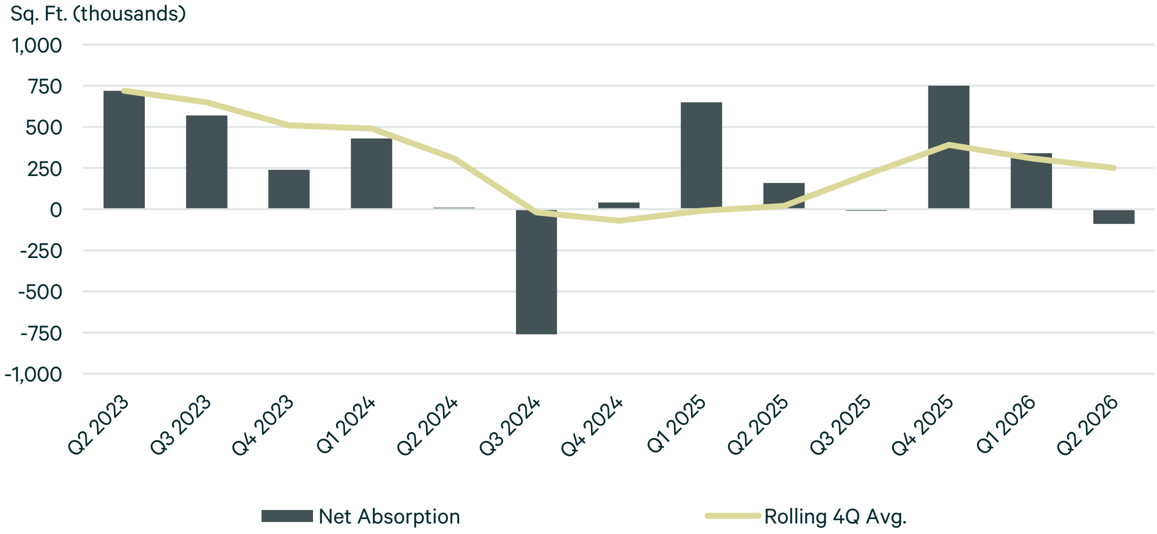
Cayce/West Columbia has experienced the most occupancy gains over the trailing twelve-month period with 990,000 sq. ft., driven largely by Class A properties.

Figure 4: Construction Activity



Source: CBRE Research, Q2 2026

Figure 5: Net Absorption Trend



Source: CBRE Research, Q2 2026

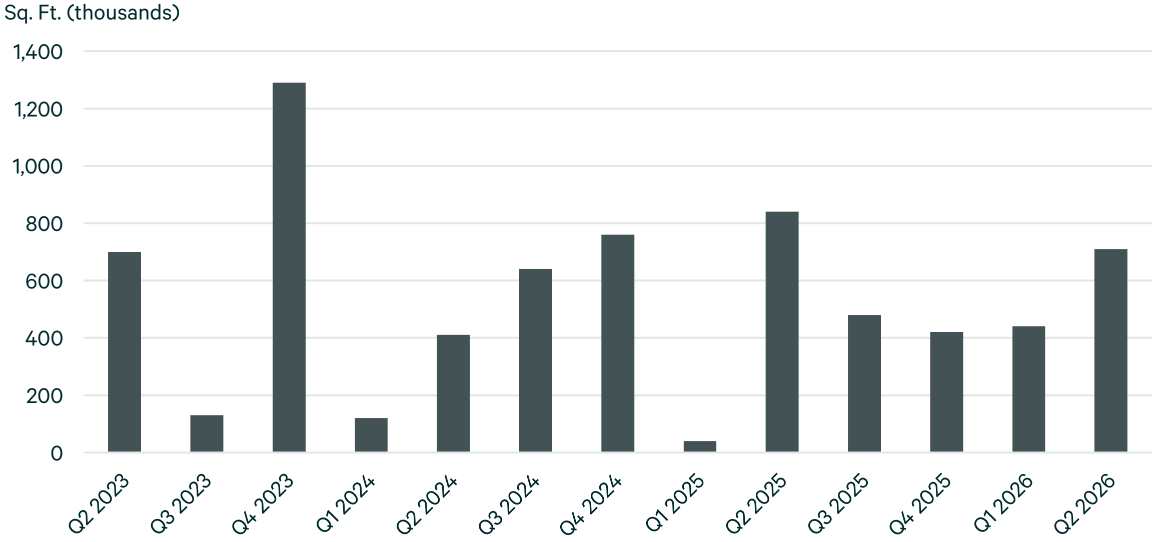
Leasing Activity

Leasing activity in Q2 2026 totaled 714,000 sq. ft., substantially higher than the quarterly average of 524,000 sq. ft. across the previous three years. Looking at a tighter time frame, leasing activity in this quarter brought the trailing twelve-month total to 2.0 million sq. ft., 5.9% lower than the trailing twelve-month total recorded in Q1 2026.

Class A leasing was virtually non-existent in Q2 2026 as most transactions that occurred were for Class B and Class C space. 538,000 sq. ft. of Class B space was taken off the market in the quarter, and the top three submarkets – Northeast Columbia, Dutch Fork/Irmo, and Kershaw – accounted for 460,000 sq. ft. of the Class B total. Class C properties saw an uptick in demand this quarter with 170,000 sq. ft. of leases signed, well above their trailing four-quarter average of 118,000 sq. ft. Renewal activity outpaced new leasing in the period, but only slightly, 375,000 sq. ft. to 336,000 sq ft.

The largest transaction of the quarter was at 2000 Carolina Pines Drive in Northeast Columbia where AESC – a BMW battery manufacturer – signed for a 173,000 sq. ft. expansion. Dutch Fork saw the second largest lease in the period as Sleep Number renewed their 151,000 sq. ft. at 621 Western Lane.

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q2 2026

Figure 7: Leasing Activity by Submarket (% of Total Activity)

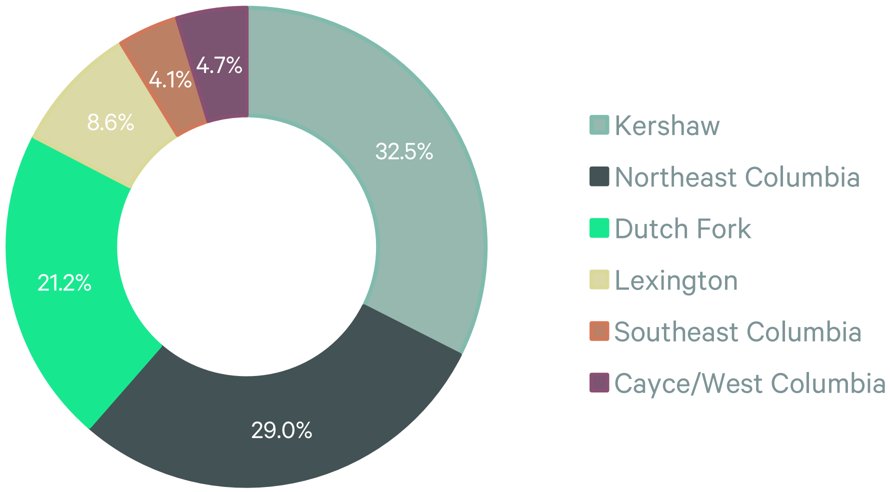


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Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
AESC	173,000	New Lease	2000 Carolina Pines Dr	Northeast Columbia
Sleep Number	151,000	Renewal	621 Western Ln	Dutch Fork
Sage International	122,000	Renewal	103 Lachicotte Rd	Kershaw
STL Tech	110,000	New Lease	235 Standard Warehouse Rd	Kershaw
Stratus Unlimited	61,000	Renewal	147 Litton Dr	Lexington
Johnson Controls Fire Protection	33,000	Renewal	3243 Sunset Blvd	Cayce/West Columbia

Source: CBRE Research, Q2 2026

Market Statistics by Product Type

Figure 9

Product Type	NRA (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/YR)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	38.56M	5.9	7.9	7.2	0.7	5.94	(84,000)	405,000	-	270,000
Manufacturing - General	26.52M	1.8	2.5	2.1	0.5	5.36	(17,000)	(154,000)	228,000	55,000
R&D/Flex	3.77M	2.0	5.1	3.7	1.4	9.72	7,000	(1,000)	-	30,000
Total	**68.85M**	**4.2**	**5.7**	**5.0**	**0.6**	**6.06**	**(94,000)**	**250,000**	**228,000**	**355,000**

Source: CBRE Research, Q2 2026

Market Statistics by Size

Figure 10

Size Range	NRA (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/YR)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	14.33M	5.0	6.7	6.2	0.4	7.47	(43,000)	(9,000)	-	30,000
50K-99,999 SF	9.12M	3.7	6.0	5.5	0.6	5.28	(50,000)	(115,000)	-	55,000
100K-249,999 SF	16.48M	6.0	8.8	6.8	2.0	5.69	75,000	38,000	228,000	270,000
250K-499,999 SF	13.91M	2.9	3.9	3.9	-	6.27	(185,000)	227,000	-	-
500K-749,999 SF	6.83M	6.0	6.0	6.0	-	4.50	110,000	110,000	-	-
750,000 SF +	8.17M	-	-	-	-	-	-	-	-	-
Total	**68.85M**	**4.2**	**5.7**	**5.0**	**0.6**	**6.06**	**(94,000)**	**250,000**	**228,000**	**355,000**

Source: CBRE Research, Q2 2026

Market Statistics by Class

Figure 11

Property Class	NRA (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	16.89M	1.8	3.1	3.0	0.1	7.47	580,000	1.09M	228,000	355,000
All Other Industrial	51.96M	4.9	6.5	5.7	0.8	5.89	(674,000)	(840,000)	-	-
Total	**68.85M**	**4.2**	**5.7**	**5.0**	**0.6**	**6.06**	**(94,000)**	**250,000**	**228,000**	**355,000**

Source: CBRE Research, Q2 2026

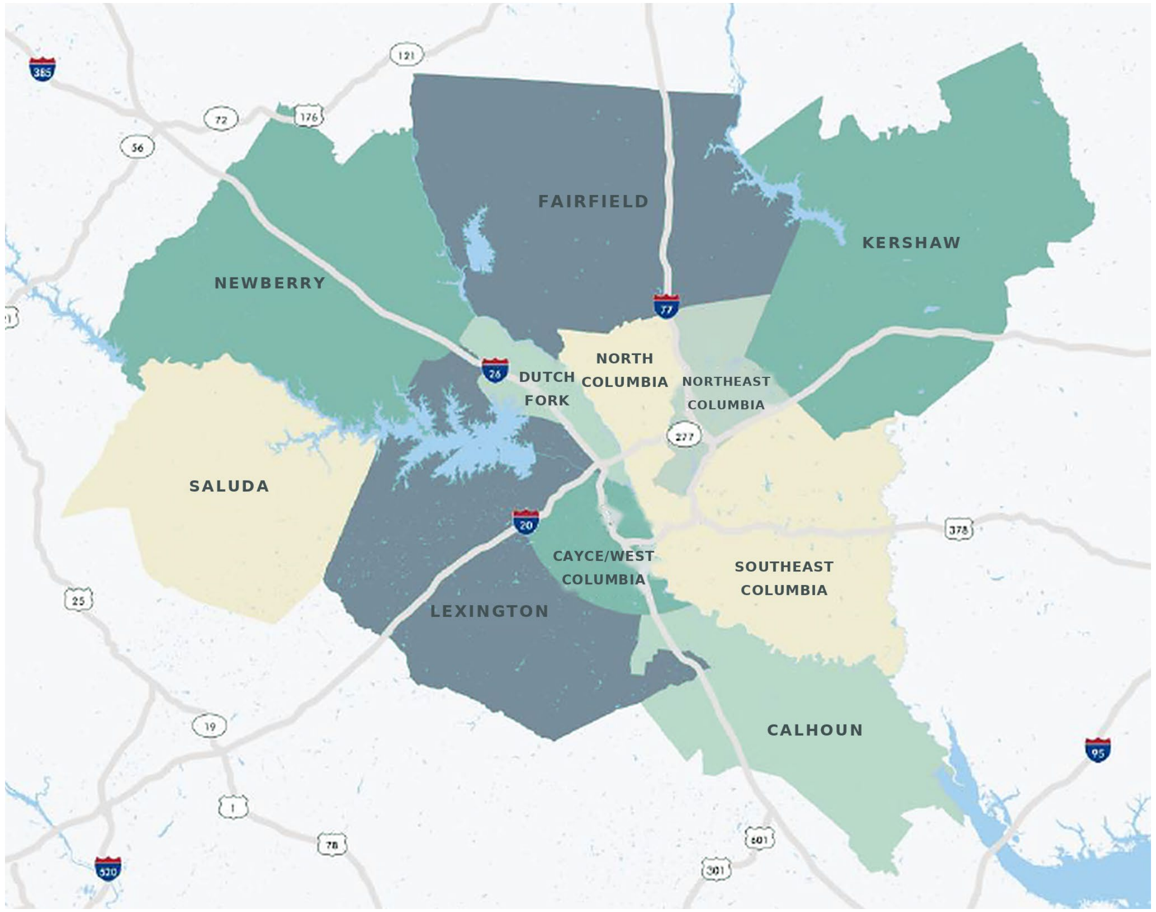
Market Statistics by District

Figure 12

Submarket	NRA (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Calhoun	1.85M	10.1	10.1	10.1	-	4.50	(50,000)	(187,000)	-	150,000
Cayce/West Columbia	16.61M	1.5	3.3	2.7	0.6	7.15	580,000	1.03M	228,000	120,000
Dutch Fork	1.10M	6.6	10.5	9.0	1.5	9.71	-	10,000	-	-
Fairfield	2.04M	-	-	-	-	-	-	100,000	-	-
Kershaw	6.37M	9.5	9.5	9.5	-	4.83	110,000	110,000	-	-
Lexington	8.89M	0.1	0.9	0.6	0.3	9.43	-	-	-	55,000
Newberry	1.79M	-	-	-	-	-	-	-	-	-
North Columbia	3.78M	4.4	5.3	5.3	-	5.32	(9,000)	(9,000)	-	-
Northeast Columbia	9.33M	7.9	8.4	7.0	1.4	6.30	(599,000)	(613,000)	-	-
Saluda	476,000	12.6	12.6	-	12.6	-	-	-	-	-
Southeast Columbia	16.60M	4.6	8.0	7.3	0.7	6.26	(125,000)	(193,000)	-	30,000
Total	**68.85M**	**4.2**	**5.7**	**5.0**	**0.6**	**6.06**	**(94,000)**	**250,000**	**228,000**	**355,000**

Source: CBRE Research, Q2 2026

Market Area Overview



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Survey Criteria

CBRE's competitive industrial inventory includes industrial and flex buildings greater than 20,000 sq. ft. located within Calhoun, Fairfield, Kershaw, Lexington, Newberry, Richland, and Saluda counties. Average asking rates are weighted by the amount of available space per building and are quoted on a triple net, per sq. ft. per year. Historical data is reflective of the current set of inventory rather than previously published report figures and is subject to revision as additional information becomes available.

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