Fundamentals Continue to Improve Despite Emerging Class A Supply Constraint

▼ 13.3	▲ 43K	▶ 0	▼ $19.52	▼ $21.16
Vacancy Rate	SF Net Absorption	SF Under Construction	FSG/YR Direct Lease Rate	FSG/YR Class A Direct Lease Rate

Note: Arrows indicate change from previous quarter.

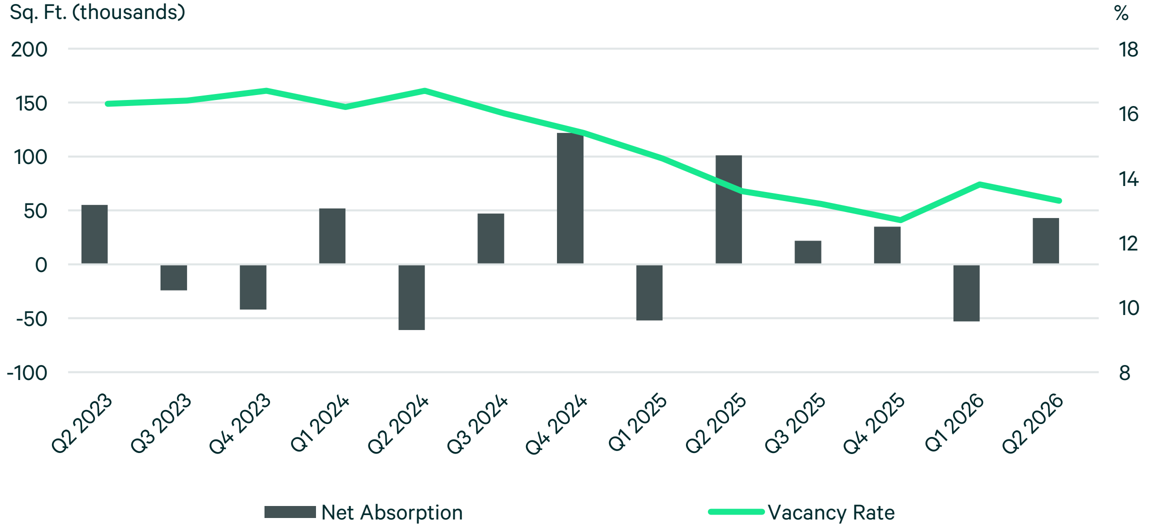
Market Overview

The Columbia office market continued to strengthen in Q2 2026, with overall vacancy declining to 13.3%, down 40 basis points (bps) from the previous quarter and 50 bps year-over-year. The market has now recorded vacancy declines in nine of the past 13 quarters and remains well below its recent peak of 16.7% in early 2023. Occupancy gains have been driven primarily by Class A and Class B properties, while tightening availability in and near the CBD points to growing supply constraints among the market's most desirable office inventory.

Net absorption totaled 43,000 sq. ft. during the quarter, bringing cumulative net absorption since Q2 2023 to 356,000 sq. ft. More than 60% of that growth has occurred in the CBD, where Class A vacancy has fallen to just 3.3%. Leasing activity reached 201,000 sq. ft., consistent with recent quarterly averages and supported by several large renewals.

Despite improving fundamentals, asking rents remained stable at $19.52 per sq. ft. As premium office options become increasingly limited, particularly downtown, tenants seeking high-quality space may face fewer choices.

Figure 1: Historical Net Absorption and Vacancy



Source: CBRE Research, Q2 2026

Vacancy

Overall vacancy closed Q2 2026 at 13.3%, declining 40 bps from the previous quarter and 50 bps year-over-year. Since reaching a five-year peak of 16.7% in Q1 2023, the market's vacancy rate has declined in nine of the past 13 quarters and has remained below 14.0% for more than a year.

By property class, Class B recorded the lowest vacancy rate at 12.6%, followed by Class A at 13.5%, while Class C posted the highest rate at 15.7%. Over the past three years, Class A vacancy has fallen by nearly 600 bps, while Class B vacancy has improved by 220 bps. In contrast, Class C vacancy has increased 240 bps over the same period and now sits 660 bps above its recent low of 9.0%, recorded in Q4 2024.

At the submarket level, Lexington remained the tightest with vacancy of 3.4%, followed by Cayce/West Columbia at 5.8%. Overall CBD vacancy was 10.3%, with more than one-fourth of the available space concentrated in the former Seibels Building at 1501 Lady Street.

CBD Class A vacancy declined to 3.3%, down significantly from Q2 2025 levels, supported largely by 51,000 sq. ft. of new occupancy across 1901 Main Street, Capitol Center, and 1501 Main Street.

Figure 2: Vacancy Rates by Class

Source: CBRE Research, Q2 2026

Asking Rent

The overall average asking rent in Q2 2026 was $19.52 per sq. ft., essentially unchanged from $19.54 per sq. ft. in Q1 2026, indicating continued pricing stability. While rents declined 90 bps year-over-year from $19.70 per sq. ft., they remain 250 bps above the recent low of $19.05 per sq. ft. recorded in Q1 2025.

Class A CBD asking rents averaged $23.54 per sq. ft. during the quarter. Rates have trended lower in recent periods as strong leasing activity has reduced the inventory of available premium space. Despite this moderation, Class A CBD assets continue to command a 15.9% premium over Class B product. At $30.00 per sq. ft., the First Citizens Building commands the highest rental rate in the CBD.

Across suburban submarkets, overall asking rents averaged $18.08 per sq. ft., up 60 bps year-over-year. Suburban Class A rents increased 1.1% to $20.06 per sq. ft., their highest level since Q2 2023. Dutch Fork/Irmo ($22.02 per sq. ft.), Lexington ($19.11 per sq. ft.), and St. Andrews ($18.27 per sq. ft.) reported the highest asking rents among suburban submarkets.

Figure 3: Average Direct Asking Rate by Class

Source: CBRE Research, Q2 2026

Net Absorption

Net absorption totaled 43,000 sq. ft. in Q2 2026, bringing the trailing 12-month total to 48,000 sq. ft. Class B properties accounted for most of the quarterly gains with 31,000 sq. ft. of positive absorption, while Class A space contributed another 12,000 sq. ft.

The CBD recorded the strongest occupancy growth among all submarkets, posting 28,000 sq. ft. of positive absorption. The gain was largely driven by four new lease signings and was further supported by the absence of any tenant move-outs during the period. St. Andrews followed with 10,000 sq. ft. of positive absorption; unlike CBD, the submarket did experience some occupancy losses, most notably at 3800 Fernandina Drive, where Brock & Scott PLLC vacated its remaining 8,000 sq. ft. of space.

Since Q2 2023, the market has accumulated 356,000 sq. ft. of positive net absorption, reflecting sustained occupancy growth over the past three years. More than 60.0% of that total, or 216,000 sq. ft., has occurred in the CBD alone. Class A properties have driven the market's recovery, accounting for 281,000 sq. ft. of occupancy gains. Class B and Class C properties have also posted positive figures, contributing 60,000 sq. ft. and 15,000 sq. ft., respectively.

Construction Activity

The construction pipeline remains largely nonexistent, aside from the under-construction Palmetto Citizens Federal Credit Union headquarters in CBD and AMAROK's planned 125,000 sq. ft. expansion in the BullStreet District. Both projects are excluded from the statistical office inventory as they are owner-occupied and not expected to be competitive for the foreseeable future.

While limited development reflects continued caution among developers, it has also intensified the shortage of high-quality Class A space available to tenants.

Sales Activity

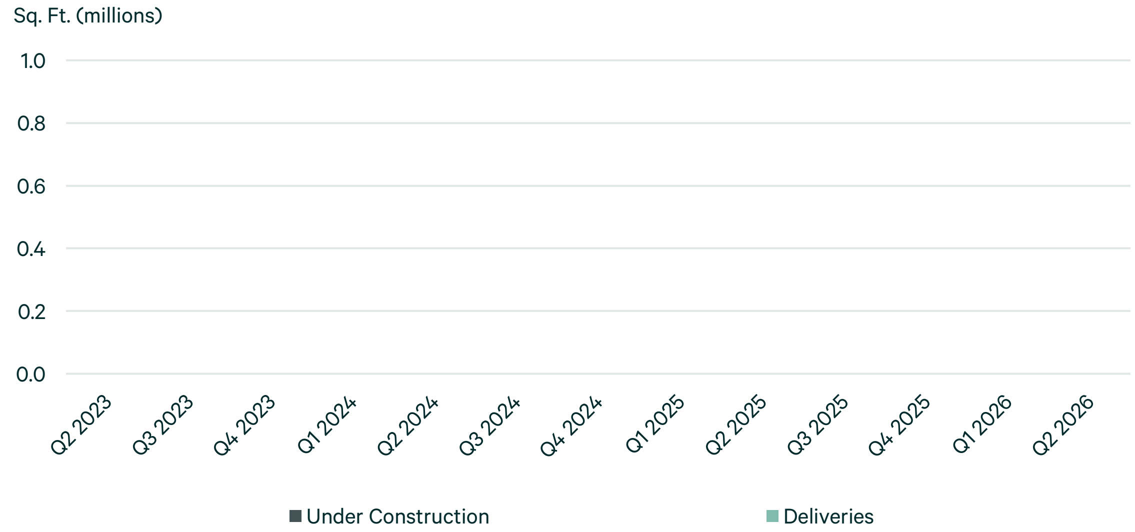
The market recorded its first quarter of significant investment activity in several years, driven largely by the sale of 1441 Main Street in CBD for $26.7 million ($101 per sq. ft.). The seller, Core Spaces, acquired the property in 2024 as a requirement for its adjacent student housing and residential development, ōLiv Columbia, that's under construction. Future plans for the tower have not been disclosed by the new owner.

Other notable sales included Echo Real Estate Capital's acquisition of Landmark Business Park in Forest Acres for $13.8 million ($90 per sq. ft.) and C.R. Jackson's purchase of 3800 Fernadina Road in St. Andrews for $2.8 million ($85 per sq. ft.).

Figure 4: Net Absorption Trend

Source: CBRE Research, Q2 2026

Figure 5: Construction Activity



Source: CBRE Research, Q2 2026

Leasing Activity

Leasing activity totaled 201,000 sq. ft. during the quarter, supported by 74,000 sq. ft. of new leasing, 119,000 sq. ft. of renewals, and 8,000 sq. ft. of expansions. Overall activity outpaced the three-year quarterly average of 176,000 sq. ft.

Class A properties captured nearly half of all leasing activity during the quarter with 97,000 sq. ft. of transactions, while Class B space accounted for the remaining 104,000 sq. ft. Renewals were the primary driver of activity across classes as 64,000 sq. ft. of Class A and 63,000 sq. ft. of Class B space was renewed. New leases for Class A space lagged Class B slightly, 33,000 sq. ft. compared to 41,000 sq. ft.

The largest lease of the quarter transacted in CBD where a confidential financial services firm renewed their 44,000 sq. ft. at 1301 Gervais Street. Northeast Columbia was the only submarket with more than one lease over 10,000 sq. ft., the first a 12,000 sq. ft. renewal by Ogletree, Deakins, Nash, Smoak, and Stewart at 2142 Boyce Street, and the second an 11,000 sq. ft. renewal by IMEG Consultants at 1331 Elmwood Avenue.

Figure 6: Leasing Activity Trend

Source: CBRE Research, Q2 2026

Figure 7: Leasing by Submarket (of Total Activity)

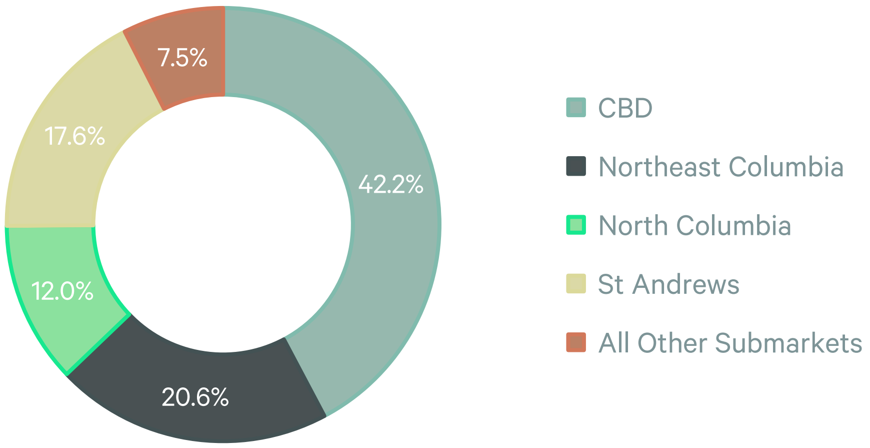


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Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Confidential	44,000	Renewal	1301 Gervais St	CBD
Federal Emergency Management Agency (FEMA)	29,000	Renewal	7909 Parklane Rd	Northeast Columbia
Ogletree, Deakins, Nash, Smoak and Stewart	12,000	Renewal	2142 Boyce St	North Columbia
IMEG Consultants	11,000	Renewal	1331 Elmwood Ave	North Columbia
Moore Beauston & Woodham	10,000	New Lease	1812 Lincoln St	CBD

Source: CBRE Research, Q2 2026

Market Statistics by Submarket

Figure 9

Submarket	NRA (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/YR)	Class A Asking Rate ($/SF FSG/YR)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
CBD	4.50M	10.3	13.8	12.5	1.3	22.54	23.54	28,000	-23,000	-	-
Cayce/West Columbia	740,000	5.8	13.5	13.5	0.0	16.23	22.00	-	2,000	-	-
Dutch Fork/Irmo	109,000	16.1	44.2	44.2	0.0	22.02	22.02	-	-	-	-
Forest Acres	864,000	11.3	12.0	11.4	0.6	17.65	21.33	5,000	13,000	-	-
Lexington	181,000	3.4	3.4	3.3	0.0	19.11	19.11	-	-	-	-
North Columbia	251,000	13.3	13.3	13.3	0.0	20.60	26.00	-	-	-	-
Northeast Columbia	1.26M	28.3	28.5	28.2	0.3	18.19	19.26	-	-4,000	-	-
Southeast Columbia	359,000	7.2	8.8	8.8	0.0	17.79	-	-	-6,000	-	-
St Andrews	3.06M	15.1	24.0	20.6	3.4	18.27	21.09	10,000	8,000	-	-
Total	**11.37M**	**13.3**	**18.0**	**16.5**	**1.5**	**19.52**	**21.16**	**43,000**	**-10,000**	**-**	**-**

Source: CBRE Research, Q2 2026

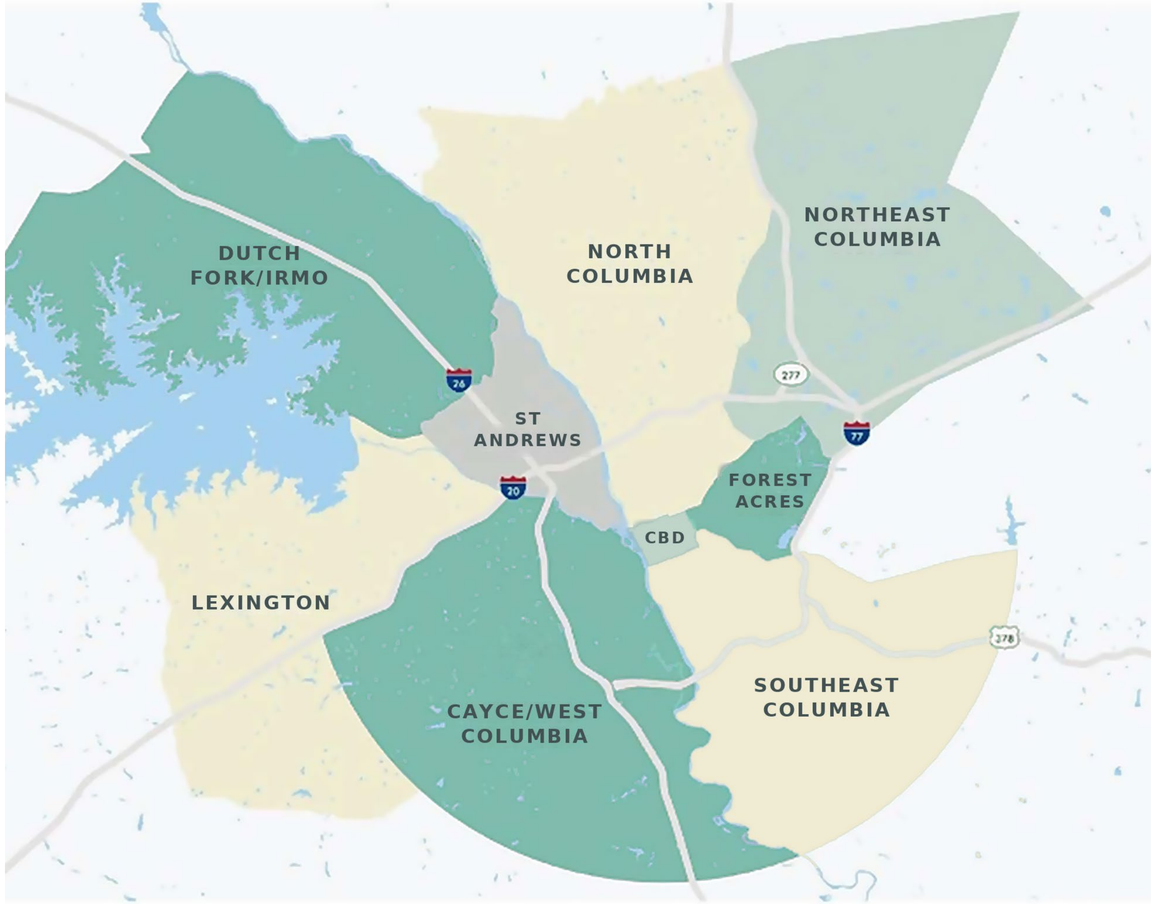
Market Statistics by Class

Figure 10: Metro Market Statistics by Class

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	4.13M	13.4	16.5	13.4	3.1	21.16	12,000	49,000	-	-
Class B	5.86M	12.6	19.3	18.6	0.7	18.25	31,000	28,000	-	-
Class C	1.38M	15.6	16.8	16.8	-	21.03	-	-87,000	-	-
Total	**11.37 M**	**13.3**	**18.0**	**16.5**	**1.5**	**19.52**	**43,000**	**-10,000**	**-**	**-**

Source: CBRE Research, Q2 2026

Market Area Overview



CBRE Offices

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Survey Criteria

CBRE's competitive office inventory includes buildings with 10,000 sq. ft. or more of office space located within Lexington and Richland counties. Owner-occupied, medical and life science properties are excluded. Average asking rates are weighted by the amount of available space per building and are quoted on a full-service basis, 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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