

# NAR Commercial Real Estate Metro Market Report | 2021.Q2

## Florence, SC

Core-Based Statistical Area Code: 22500

The Florence, SC commercial real estate market is stronger compared to the overall U.S. market.  
NAR Commercial Real Estate Market Conditions Index\* 55.6

Overall economic conditions are weaker than nationally.  
The apartment property market is stronger than nationally.  
The office property market is stronger than nationally.  
The industrial property market is stronger than nationally.  
The retail property market is weaker than nationally.

The commercial real estate market is slowly getting back on track although the rise of Delta variant cases is casting a shadow on the path of the recovery. The multifamily, industrial, and retail property markets will continue to recover more quickly than the office property market where vacancy rates will likely remain elevated in 2021-2022 compared to the pre-pandemic level.

### I. Economic and Demographic

	Florence, SC			U.S.			
	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
<b>Economic</b>							
Total non-farm employment ('000)	89	88	86	146,603	143,315	138,501	
Y/Y chg.in nonfarm payroll employment ('000)	3	(3)	(7)	8,102	(6,637)	(13,215)	
Y/Y % chg. in nonfarm payroll employment	3.5%	-3.6%	-7.3%	5.8%	-4.4%	-8.7%	Job creation is weaker than nationally
Unemployment rate (%)	4.1%	5.0%	7.1%	5.9%	6.0%	11.1%	Unemployment rate is lower than nationally
Average weekly wages	\$730	\$751	\$724	\$1,059	\$1,046	\$1,016	
Wage growth, year-over-year (data are as of last month of the quarter)	0.8%	10.5%	-0.2%	4.3%	6.7%	5.6%	Wages are rising at a slower pace than nationally
	2019	2018	2017	2019	2018	2017	
GDP growth (%)	4.5%	0.9%	1.6%	2.3%	2.9%	2.3%	
Median household income	\$48,547	\$42,612	\$40,562	\$87,470	\$84,423	\$81,284	
<b>Demographic</b>							
Net domestic migration ('000)	(0.4)	(0.2)	(0.6)	0	0	0	Area is experiencing net domestic out-migration
Population ('000)	204	205	205	329,484	328,330	326,838	
Population growth (%)	-0.34%	-0.15%	-0.22%	0.35%	0.46%	0.53%	Population growth is slower than nationally

### II. Multifamily

	Florence, SC			U.S.			
	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
<b>Demand indicators</b>							
Vacancy rate	12.1%	4.3%	7.1%	4.2%	4.7%	5.5%	The area has a higher vacancy rate than nationally
Absorption of units over the quarter	96	(9)	65	226,871	169,053	78,282	The area has a lower pace of absorption than nationally
Absorption of units in past 12 months	238	207	(5)	603,925	455,336	255,168	
Market asking rent per unit	\$962	\$939	\$911	\$1,004	\$978	\$953	
Market asking rent per unit, y/y % chg	5.6%	3.2%	2.5%	6.1%	3.9%	1.8%	Rents are rising more slowly than nationally
Effective rent per unit	\$960	\$936	\$903	\$1,000	\$972	\$945	
Effective rent per unit, y/y % chg	6.2%	3.1%	2.4%	6.4%	3.7%	2.3%	Rents are rising more slowly than nationally
Rent as a percent of 2-person annual wage income	15.1%	14.4%	14.4%	10.9%	10.7%	10.7%	The rent to income ratio is higher than nationally
<b>Supply indicators</b>							
Inventory	5,613	5,053	5,053	17,259,876	17,168,283	16,881,961	
Net delivered units in past 12 months	560	68	68	377,954	387,779	389,240	Relatively more units are being delivered than nationally
Net delivered units, as % of inventory	10.0%	1.3%	1.3%	2.2%	2.3%	2.3%	
Units under construction	0	560	0	578,162	609,682	681,731	
Units under construction, as % of inventory	0.0%	11.1%	0.0%	3.3%	3.6%	4.0%	Construction activity is slower than nationally
12-month total: 5+ unit building permits	261	319	121	463,443	435,217	452,345	
12-month total: all building permits	972	1,014	599	1,642,586	1,574,266	1,361,395	Building permits are rising faster than nationally
Ratio of jobs created to permits	3.1	(3.3)	(11.4)	4.9	(4.2)	(9.7)	
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$11.9	\$1.5	\$1.4	\$41,291.4	\$28,735.4	\$13,346.3	Sales transactions are rising faster than nationally
Transaction sales price per unit	\$75,936	\$49,032	\$35,625	\$100,508	\$98,594	\$80,364	Prices are rising faster nationally
Cap rate	6.2%	-	-	6.4%	6.6%	6.6%	Cap rates are lower than nationally

### III. Office

	Florence, SC			U.S.			
	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
<b>Demand indicators</b>							
Vacancy rate	3.2%	3.5%	2.7%	6.1%	3.5%	2.7%	The area has a lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	20,169	(9,558)	(9,047)	(9,309,111)	(51,131,309)	(13,966,267)	The area has a lower pace of absorption than nationally
Absorption in sq.ft. over 12 months	(31,589)	(60,805)	46,104	(140,700,116)	(145,357,270)	19,961,128	
Asking rent per sq.ft.	\$16.3	\$16.2	\$16.0	\$18.9	\$18.9	\$18.8	
Asking rent growth, y/y % chg.	1.8%	1.4%	1.6%	0.3%	0.0%	1.3%	Rents are rising faster than nationally
Leasing activity in sq.ft.	30,269	30,499	1,500	100,568,800	81,175,252	81,276,145	Leasing volume is rising faster than nationally
Y/Y chg.in professional/business services jobs ('000) (as of last month of the quarter)	#N/A	#N/A	#N/A	1,260	(501)	(1,715)	
<b>Supply indicators</b>							
Inventory in sq. ft.	6,799,290	6,799,290	6,799,290	12,454,676,333	12,428,381,226	12,364,751,288	
Net delivered over 12 months, in sq.ft.	-	-	-	87,967,591	76,138,970	78,991,496	
Net delivered units, as % of inventory	0.0%	0.0%	0.0%	0.7%	0.6%	0.6%	
Under construction in sq.ft.	-	-	-	177,275,188	186,528,025	209,268,041	
Under construction, as % of inventory	0.0%	0.0%	0.0%	1.4%	1.5%	1.7%	Construction activity is slower than nationally
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$1.1	\$1.8	\$0.4	\$23,909.8	\$21,181.7	\$11,269.3	Sales transactions are rising faster than nationally
Transaction sale price per sq.ft.	\$54	\$54	\$69	\$108	\$106	\$105	Prices are not rising as fast than nationally
Cap rate	6.2%	-	-	6.4%	6.6%	6.6%	Cap rates are lower than nationally

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### IV. Industrial

	Florence, SC			U.S.			
	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
<b>Demand indicators</b>							
Vacancy rate	5.7%	5.9%	8.5%	4.2%	5.9%	8.5%	<i>The area has higher vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	49,367	80,257	(17,699)	146,182,325	119,411,326	56,883,324	<i>The area has lower pace of absorption than nationally</i>
Absorption in sq.ft. over 12 months	735,284	668,218	(334,193)	437,432,148	348,133,148	231,052,238	
Asking rent per sq.ft.	\$4.5	\$4.4	\$4.3	\$6.5	\$6.4	\$6.1	
Asking rent growth, y/y % chg.	5.2%	4.3%	4.1%	5.2%	4.3%	4.1%	<i>Rents are rising faster than nationally</i>
Leasing activity in sq.ft.	246,200	32,681	24,353	319,474,044	296,163,970	254,024,482	<i>Leasing volume is rising faster than nationally</i>
<b>Supply indicators</b>							
Inventory in sq. ft.	19,367,937	19,367,937	19,167,737	26,553,663,022	26,461,805,496	26,166,021,757	
Net delivered over 12 months, in sq.ft.	200,200	200,200	0	385,387,457	398,260,005	382,527,483	
Net delivered units, as % of inventory	1.0%	1.0%	0.0%	1.5%	1.5%	1.5%	
Under construction in sq.ft.	0	0	200,200	567,307,627	521,498,024	452,528,658	
Under construction, as % of inventory	0.0%	0.0%	1.0%	2.1%	2.0%	1.7%	<i>Construction activity is slower than nationally</i>
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$6.0	\$0.3	\$0.0	\$27,261.9	\$21,600.7	\$13,713.9	
Transaction sale price per sq.ft.	\$18	\$54	\$0	\$61	\$56	\$54	
Cap rate	0.0%	0.0%	9.0%	7.4%	0.0%	9.0%	<i>Cap rates are lower than nationally</i>

### V. Retail

	Florence, SC			U.S.			
	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
<b>Demand indicators</b>							
Vacancy rate	4.3%	4.6%	3.0%	4.3%	4.5%	4.2%	<i>The area has a lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	44,932	(14,999)	(17,387)	26,554,046	6,829,628	(12,969,003)	<i>The area has a lower pace of absorption than nationally</i>
Absorption in sq.ft. over 12 months	(154,336)	(216,655)	193,203	12,853,280	(26,669,769)	5,842,298	
Asking rent per sq.ft.	\$12.2	\$12.1	\$12.0	\$14.5	\$14.5	\$14.3	
Asking rent growth, y/y % chg.	2.3%	1.6%	1.4%	1.4%	1.0%	1.5%	<i>Rents are rising faster than nationally</i>
Leasing activity in sq.ft.	22,581	31,636	28,605	65,144,289	60,598,011	44,924,273	<i>Leasing volume is not rising as fast than nationally</i>
Y/Y chg. in retail trade payroll employment ('000) (as of last month of the quarter)	#N/A	#N/A	#N/A	822.30	(1,100.50)	(245.60)	
<b>Supply indicators</b>							
Inventory in sq. ft.	13,522,085	13,522,085	13,506,345	15,772,300,571	15,764,713,778	15,724,204,780	
Net delivered over 12 months, in sq.ft.	15,740	15,740	37,715	46,178,397	47,102,191	58,535,237	<i>Relatively fewer units are being delivered than nationally</i>
Net delivered units, as % of inventory	0.1%	0.1%	0.3%	0.3%	0.3%	0.4%	
Under construction in sq.ft.	68,200	68,200	15,740	55,829,483	58,628,746	71,303,691	
Under construction, as % of inventory	0.5%	0.5%	0.1%	0.4%	0.4%	0.5%	<i>Construction activity is more robust than nationally</i>
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$7.8	\$6.7	\$5.4	\$20,811.7	\$15,469.2	\$8,857.2	<i>Sales transactions are not rising as fast than nationally</i>
Transaction sale price per sq.ft.	\$190	\$64	\$101	\$134	\$136	\$134	<i>Prices are rising faster nationally</i>
Cap rate	8.1%	6.7%	0.0%	6.6%	6.6%	6.7%	<i>Cap rates are higher than nationally</i>

### VI. Hotel/Lodging

	Florence, SC			U.S.			
	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
Leisure and hospitality payroll workers ('000)	#N/A	#N/A	#N/A	15,395.0	13,448.0	12,637.0	
Y/Y change ('000)	#N/A	#N/A	#N/A	2,758.0	(2,297.0)	(4,590.0)	#N/A
% share to nonfarm payroll employment	#N/A	#N/A	#N/A	10.5%	9.4%	9.1%	#N/A

\*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally. NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 46 indicators if all the data are available. The fraction is multiplied by 100 to get the index.

Economic data may not be available for all markets. In some submarkets or metropolitan divisions (e.g., Long Island) reported by CoStar®, the economic data that is reported (e.g., employment) is of the metropolitan area (New York-Newark-Jersey City). The 390 markets in this report are based on the CoStar® market areas.

NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Sources of data used: National Association of Realtors®, CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

For information about this report, email data@nar.realtor.