

# CHARLESTON OFFICE MARKET REPORT

## Q1 MARKET SNAPSHOT



**14,805,105 SF** ↑  
Inventory



**11.7%** ↓  
Vacancy



**\$27.27 FS** ↔  
Asking Rents



**654,857 SF** ↓  
Construction

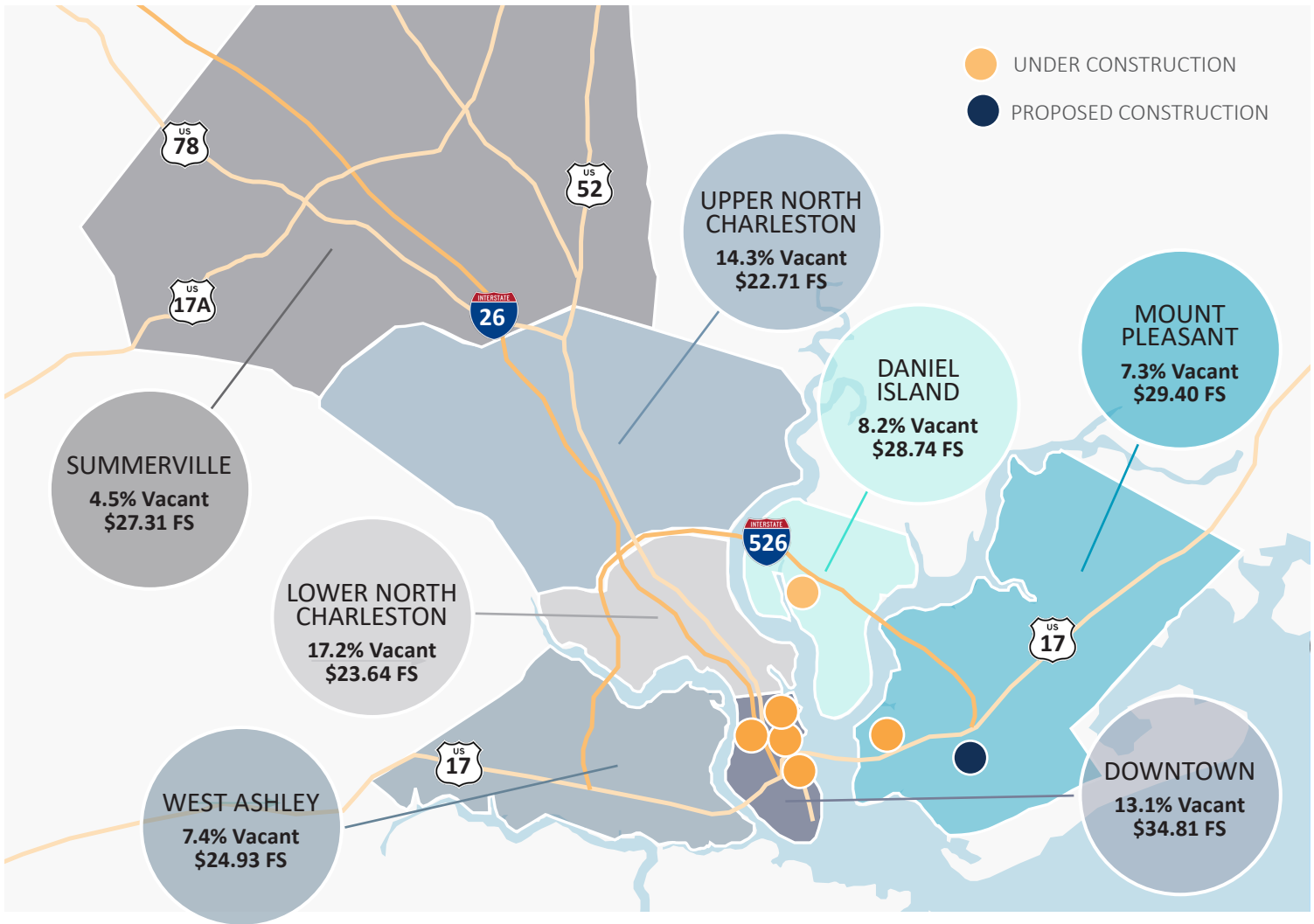


**35,788 SF** ↑  
YTD Deliveries

## Q1 HIGHLIGHTS & TRENDS

- THE CHARLESTON OFFICE MARKET HAS RECOVERED AND RETURNED TO ITS NORMAL PATTERNS.
- 2022 IS PREDICTED TO EXPERIENCE FURTHER GROWTH AS DEMAND FOR NEW OFFICE SPACE CONTINUES.
- LEASING ACTIVITY CONTINUES TO BE STRONG THROUGHOUT THE REGION.
- RECORD-BREAKING INVESTMENT SALES ACTIVITY CONTINUES THROUGHOUT THE REGION WITH BUILDINGS SELLING HIGHER THAN PRE-PANDEMIC LEVELS.
- MORE EMPLOYERS ENCOURAGE EMPLOYEES TO RETURN TO WORK IN-PERSON.

## SUBMARKET SUMMARY



SUBMARKET	TOTAL INVENTORY SF	DIRECT VACANT SF	SUBLEASE VACANT SF	TOTAL VACANT SF	WEIGHTED ASKING RENT	VACANCY RATE	UNDER CONSTRUCTION SF	YTD DELIVERIES SF
Downtown/Class A	1,990,682	306,931	9,674	316,605	\$37.24	15.9%	306,457	-
<b>TOTAL DOWNTOWN</b>	<b>3,248,236</b>	<b>412,677</b>	<b>11,855</b>	<b>424,532</b>	<b>\$34.81</b>	<b>13.1%</b>	<b>306,457</b>	<b>-</b>
Daniel Island	1,647,942	103,112	28,292	134,331	\$28.74	8.2%	184,000	-
Lower North Charleston	3,094,608	457,522	72,649	530,771	\$23.64	17.2%	-	35,788
Upper North Charleston	2,466,018	331,410	21,114	352,524	\$22.71	14.3%	-	-
Mount Pleasant	2,199,276	128,984	31,808	160,792	\$29.40	7.3%	36,400	-
Summerville	1,001,678	31,940	7,650	44,590	\$27.31	4.5%	128,000	-
West Ashley	1,147,347	84,940	-	84,940	\$24.93	7.4%	-	-
<b>TOTAL SUBURBAN</b>	<b>11,556,869</b>	<b>1,137,908</b>	<b>161,513</b>	<b>1,307,948</b>	<b>\$24.34</b>	<b>11.3%</b>	<b>348,400</b>	<b>35,788</b>
<b>TOTAL MARKET</b>	<b>14,805,105</b>	<b>1,550,585</b>	<b>173,368</b>	<b>1,732,480</b>	<b>\$27.27</b>	<b>11.7%</b>	<b>654,857</b>	<b>35,788</b>

Bridge tracks buildings 10,000 SF and greater, excluding medical office and user-owned buildings. Bridge uses only internal research within its Charleston office for its market research.

Source: Bridge Commercial

## CHARLESTON'S OFFICE MARKET: BACK ON TRACK AND BACK IN-PERSON

### Q1 RECAP

- Overall vacancy dropped to 11.7%, with over 100,000 SF of positive absorption downtown.
- Leasing activity increased throughout 2021 and continues to remain steady, while sublet vacancy continues to decline as office users backfilled space and others returned to the office.
- Over 650,000 SF of space is under construction with approximately 300,000 SF in downtown alone and 128,000 SF in Summerville's Nexton development.
- Two projects in the Lower North Charleston submarket delivered the first quarter, adding 35,788 SF to the market. 4917 Centre Pointe Drive and 4287 Spruill Avenue (The Ice House).

### INVESTMENT SALES ON PACE FOR RECORD-BREAKING YEAR

- Office building sales continue the momentum from 2021 and are expected to be strong in 2022. Albemarle Point Center, a 89,000 SF building in West Ashley sold for \$26 million.
- Higher cap rates have made Charleston an attractive place for investors looking for higher yields; approximately 60% of the sales volume over the past year has come from national buyers.
- Office buildings in Charleston are selling higher today than what they were pre-pandemic. This can be attributed to low interest rates, high inflation, scarcity of building materials, and the population shift to the Southeast.

### CHARLESTON GETS BACK TO WORK IN THE OFFICE

- Across the country, working remotely has been the trend since the onset of the pandemic and thanks to technology employers were able to monitor productivity.
- As a result, office space sat empty and sublet space increased giving the notion that office markets would not recover.
- However, in Charleston, more employers are realizing the importance of working in the office and encouraging employees return to work in-person.
- For many industries, working in the office is important for training, collaboration and community.
- As a result, Charleston's office market has returned to a fully functioning and operating market faster than the rest of the nation as evident of the increase in leasing activity over the last four quarters.



#### THE HUB AT NEXTON

Located in Summerville's Nexton, this office development is under construction and 50% pre-leased.



#### 677 KING STREET

The office development on the Peninsula has approximately 30,468 SF of office/retail space available for lease.



#### THE ICE HOUSE

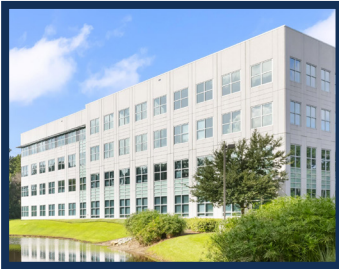
The office redevelopment at 4287 Spruill Avenue delivered in Q1 adding approximately 22,500 SF to the Lower North Charleston submarket.



#### ALBEMARLE POINT CENTER

176 Croghan Spur Road sold in Q1 for \$26 million. This was a two-building sale totaling 89,000 SF

## OFFICE OPPORTUNITIES



**FABER POINTE**  
North Charleston  
34,816 SF Available



**134 MEETING STREET**  
Downtown  
4,500 SF Available



**THE LANDING**  
Daniel Island  
10,579 SF Available



**HUB@NEXTON**  
Summerville  
92,000 SF Available



**OPPORTUNITY CENTER**  
North Charleston  
8,513 SF Available



**ALBEMARLE POINT CENTER**  
West Ashley  
7,067 SF Available



**2011 BROADBANK COURT**  
Ridgeville  
25,345 SF Available



**1671 BELLE ISLE AVENUE**  
Mount Pleasant  
8,582 SF Available

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