

CHARLESTON OFFICE MARKET REPORT

Q3 MARKET SNAPSHOT

 **13,581,783 SF** ↑
Inventory

 **8.7%** ↓
Vacancy

 **\$28.42 FS** ↑
Asking Rents

 **783,611 SF** ↑
Construction

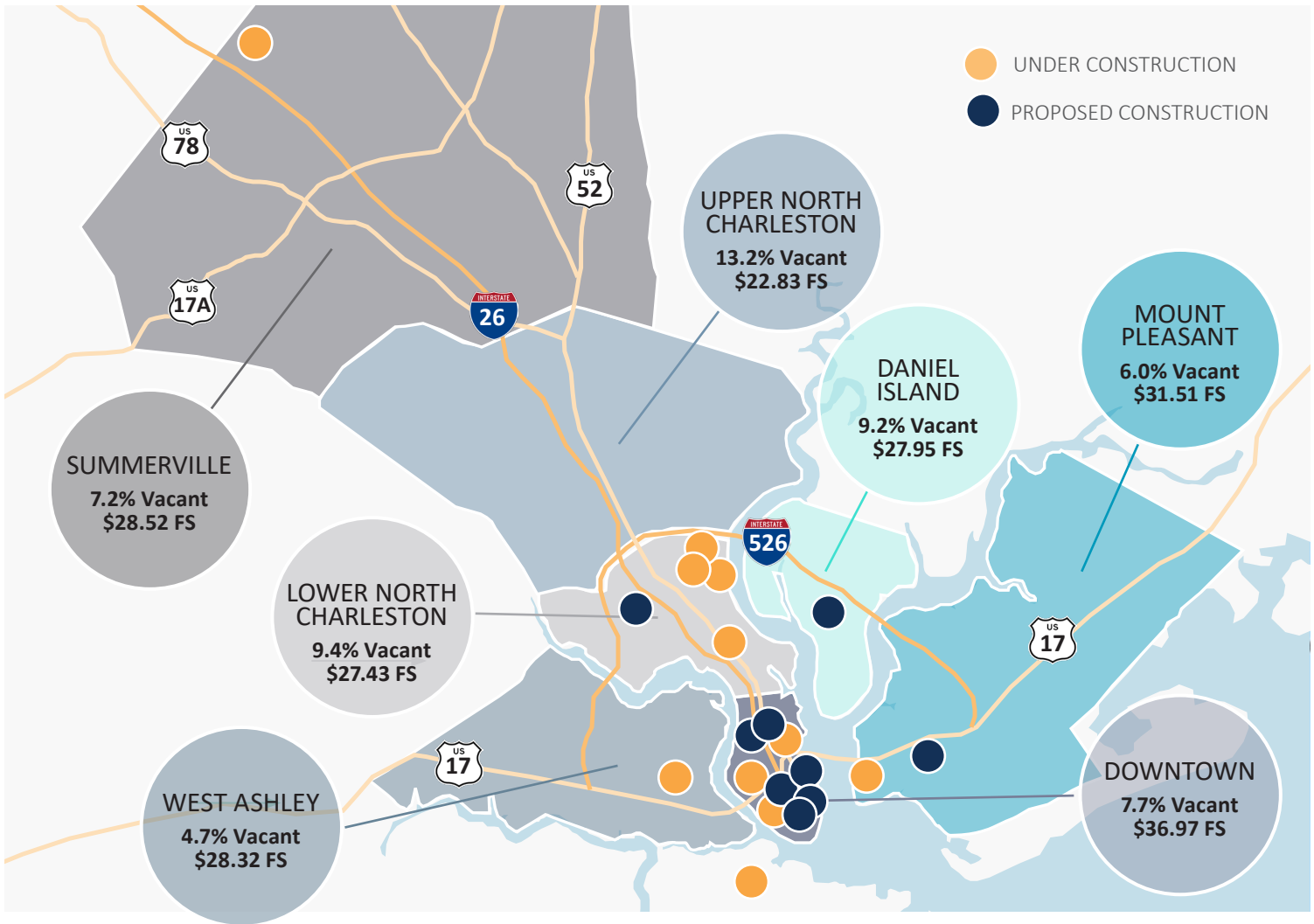
 **219,000 SF** ↑
YTD Deliveries

Q3 TRENDS & HIGHLIGHTS

- TWO DOWNTOWN DEVELOPMENTS UNDER CONSTRUCTION ARE NEARING COMPLETION. BOTH PROJECTS ARE OVER 60% PRE-LEASED.
- DOWNTOWN OFFICE MARKET REMAINS STRONG; NEW DEVELOPMENT FOCUSED ON UPPER PENINSULA.
- NEW DEVELOPMENTS ARE CATERING TOWARDS TENANT EXPERIENCE AND ACCESS TO AMENITIES.
- STRONG LEASING MARKET DRIVING NEW CONSTRUCTION AND INVESTMENT CAPITAL.



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	1,162,870	83,660	38,987	122,647	\$38.64	10.5%	305,000	70,000
TOTAL DOWNTOWN	2,694,979	168,922	38,987	207,909	\$36.97	7.7%	305,000	130,000
Daniel Island	1,693,853	120,286	36,000	156,286	\$27.95	9.2%	-	32,000
Lower North Charleston	2,824,645	226,790	39,287	266,077	\$27.43	9.4%	225,000	-
Mount Pleasant	1,991,530	99,619	20,354	119,973	\$31.51	6.0%	120,000	13,000
Summerville	840,921	25,645	35,000	60,645	\$28.52	7.2%	90,000	20,000
Upper North Charleston	2,443,796	318,591	4,458	323,049	\$22.83	13.2%	-	24,000
West Ashley	1,092,059	51,226	-	51,226	\$28.32	4.7%	43,611	-
TOTAL SUBURBAN	10,886,804	842,157	135,099	977,256	\$25.56	8.9%	478,611	33,000
TOTAL MARKET	13,581,783	1,011,079	174,086	1,185,165	\$28.42	8.7%	783,611	219,000

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

Source: Bridge Commercial

Q3 SPOTLIGHT: DEVELOPERS ARE REACTING TO STRONG OFFICE DEMAND ON THE PENINSULA

DEVELOPERS KNOW OFFICE DEMAND ON THE CHARLESTON PENINSULA IS STRONG

- Charleston's Peninsula currently has 2,694,979 SF of office inventory, of which 1,162,870 SF is Class A. Approximately +862,000 SF of office product is in the pipeline; which would nearly double the size of the Peninsula's Class A market.
- Demand for office space on the Peninsula remains strong. Vacancy rates consistently remain low in the single digits. Average asking rents continue to increase.
- Two projects are under construction, The Jasper and 22 Westedge, adding 213,000 SF of office space upon delivery. Both projects are over 60% pre-leased.

PROPOSED DEVELOPMENT CONCENTRATED ON THE UPPER PENINSULA

- Approximately 400,000 SF of office product is proposed on the Upper Peninsula.
- The Upper Peninsula is a viable location for office space because it's easily accessible from I-26 and Highway 17, however, minutes from "Downtown."
- The area is transitioning from industrial to a mix of office, multifamily and hotel products creating a unique vibe and sparking development activity.
- More diverse restaurants and amenities are opening in the area.

DEVELOPERS FOCUS ON AMENITIES AND TENANT EXPERIENCE

- Proposed amenities go beyond the traditional "modern interior finishes" and "ample parking" to adjacent parks, outdoor eating areas, fitness facilities, structured parking, rooftop amenities, ground floor retail and onsite restaurants.
- New office development compliments the live-work-play lifestyle of the Peninsula with adjacency of multifamily, restaurants, hotels and other amenities.
- As unemployment continues to remain at record lows, companies look for ways to attract and retain top talent as well as the millennial workforce.

 **783,611 SF**
TOTAL CONSTRUCTION &
PROPOSED PIPELINE



ONLY 16,000 SF REMAIN AT THE JASPER
Limited space remains at The Jasper, which is under construction and anticipated to deliver in Q3 2020.



PROPOSED DEVELOPMENTS COME WITH AMENITIES

The majority of proposed developments on the Peninsula include structured parking and adjacent green space.



TENANT EXPERIENCE AND AMENITIES ARE THE NEW OFFICE TREND

The Pacific Box & Crate development located at 1505 King Street Ext. has set the standard for new amenity-rich developments on the Peninsula.

CHARLESTON PENINSULA PIPELINE



22 WESTEDGE
22 Westedge
138,000 SF | 8 Stories
Structured Parking
Developer: Gateway Ventures
Status: Under Construction
Delivery: Q4 2019



THE JASPER
310 Broad Street
75,000 SF | 6 Stories
Structured Parking
Developer: The Beach Company
Status: Under Construction
Delivery: Q4 2020



CHARLESTON TECH CENTER
997 Morrison Drive
92,000 SF | 6 Stories
Structured Parking
Developer: Iron Bridge Capital
Status: Site Work



THE REFINERY
1640 Meeting Street
45,000 SF | 3 Stories
Surface Parking
Developer: Flyway
Status: Site Work



THE BELVIDERE
1510 Meeting Street
110,000 SF | 5 Stories
Structured Parking
Developer: White Point Partners
Status: Site Work



FREIGHT YARD STATION
82 Mary Street
120,000 SF | 9 Stories
Structured Parking
Developer: Cobalt Properties
Status: Final BAR Approval



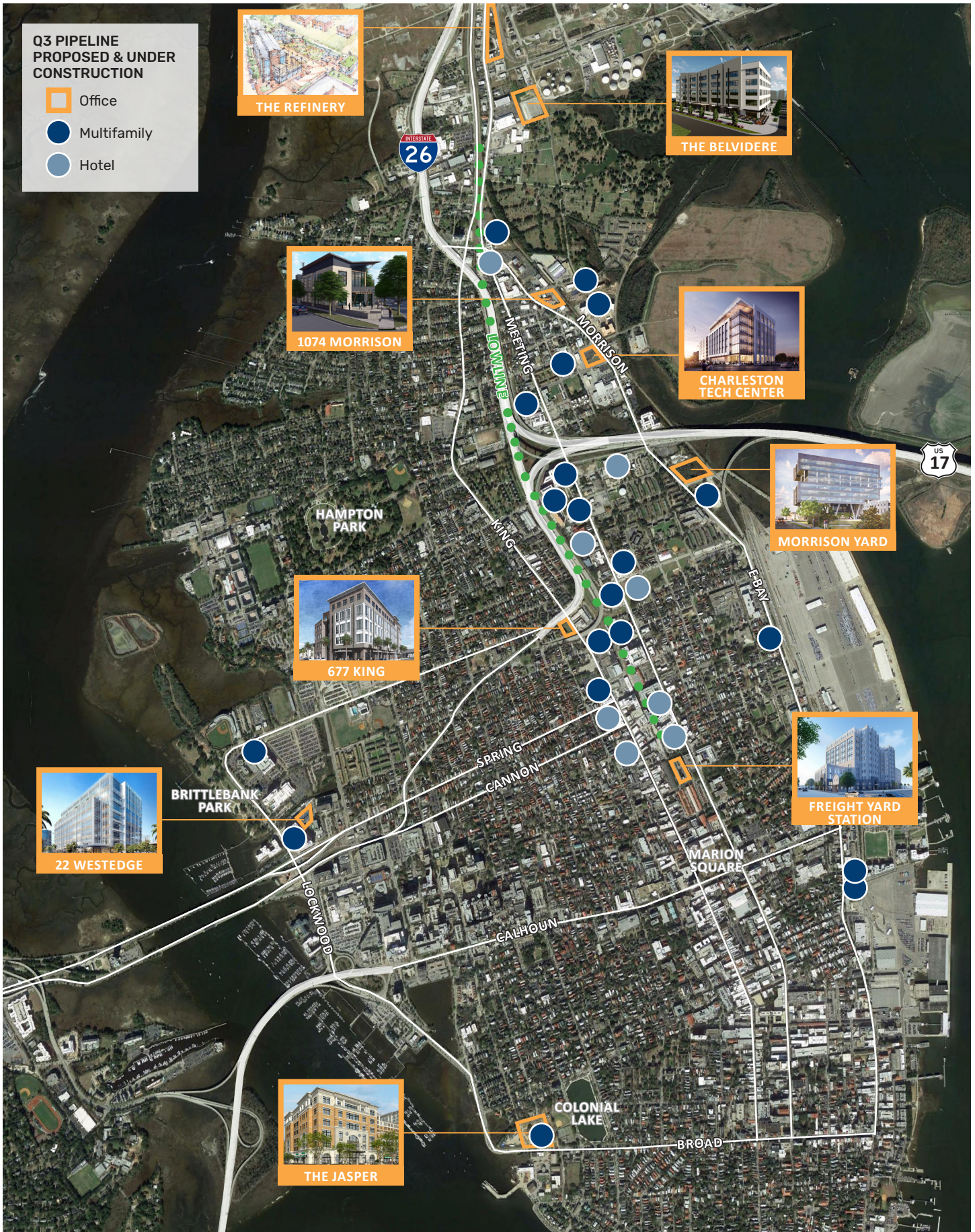
1074 MORRISON
1074 Morrison Drive
96,000 SF | 2 Stories
Structured Parking
Developer: Cowan Nakios
Status: Conceptual BAR Approval



677 KING
677 King Street
68,000 SF | 5 Stories
Stacked/Surface Parking
Developer: Atlantic South Development
Status: Final BAR Approval



MORRISON YARD
850 Morrison Drive
135,000 SF | 8 Stories
Structured Parking
Developer: Origin Development & Mixson Properties
Status: Final BAR Approval



OFFICE OPPORTUNITIES



ALBEMARLE POINT CENTER
West Ashley
26,313 SF Available

- Superior location
- Quick access to downtown Charleston
- Free onsite parking



THE LANDING
Daniel Island
35,601 SF Available

- Recently renovated Class A office building
- Ample onsite parking
- Outdoor collaborative workspaces



BELLE HALL
Mount Pleasant
21,521 SF Available

- Recently constructed
- Class A office building
- Located within Belle Hall shopping center



NEXTON
Summerville
14,575 SF Available

- Amenity-rich location
- Abundant parking
- Easy access to I-26

OFFICE ADVISORS



PETER FENNELLY, MCR, SIOR, SLCR
President
peter.fennelly@bridge-commercial.com



MARK A. MATTISON, CCIM, SIOR
Senior Vice President
mark.mattison@bridge-commercial.com



MIKE PALMER, CCIM
Senior Associate
mike.palmer@bridge-commercial.com



COLBY FARMER
Brokerage Associate
colby.farmer@bridge-commercial.com

INVESTMENT SALES



HAGOOD S. MORRISON, II
Vice President
hs.morrison@bridge-commercial.com



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REPORTS AT

WWW.BRIDGE-COMMERCIAL.COM

BRIDGE COMMERCIAL

25 Calhoun Street, Suite 220
Charleston, SC 29401
Tel +1 843 535 8600
info@bridge-commercial.com

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