

CHARLESTON OFFICE MARKET REPORT



Q3 MARKET SNAPSHOT

 **14,826,748 SF** ↑
Inventory

 **11.5%** ↔
Vacancy

 **\$27.98 SF** ↑
Asking Rents

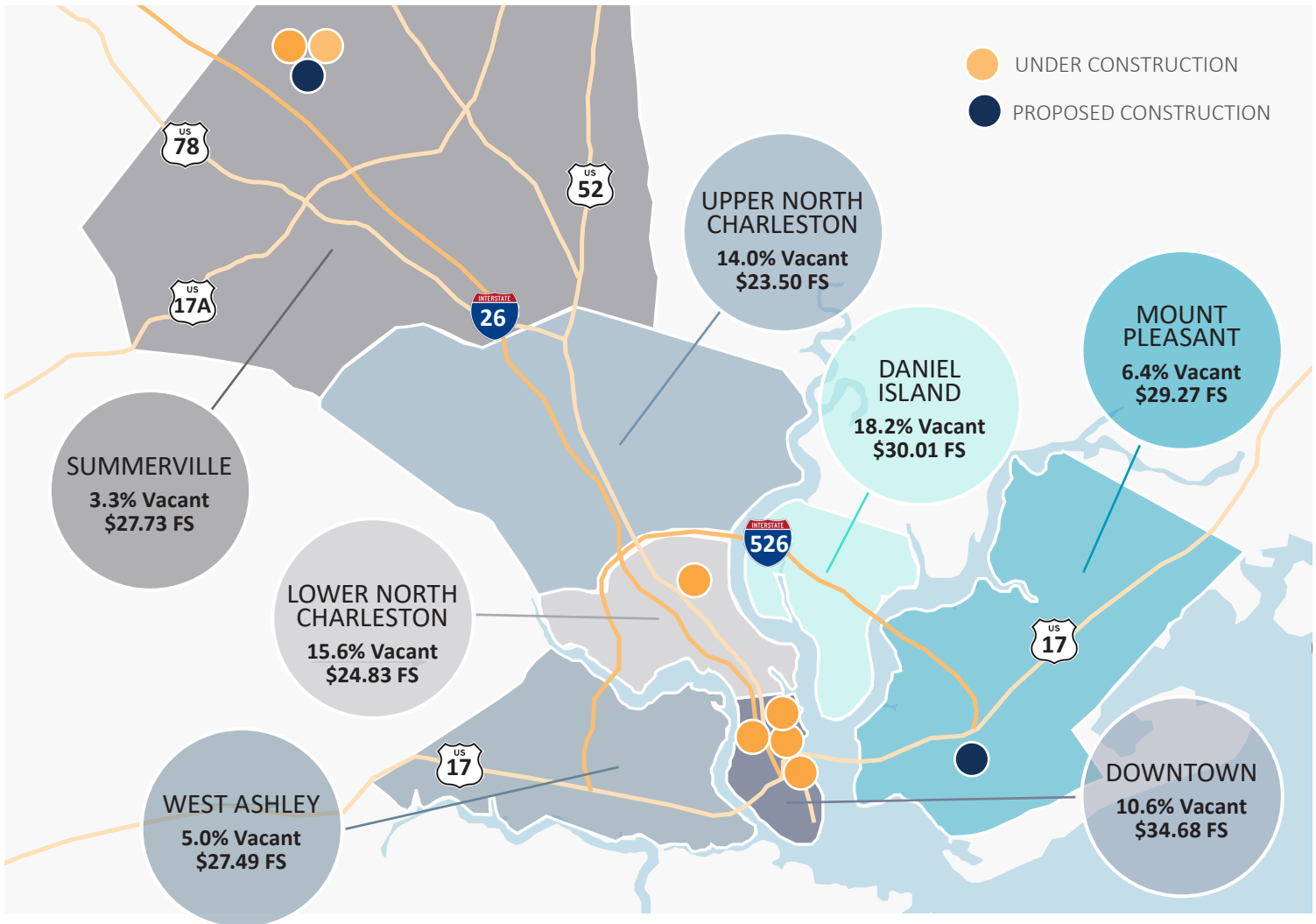
 **654,857 SF** ↑
Construction

 **39,288 SF** ↑
YTD Deliveries

Q3 HIGHLIGHTS & TRENDS

- SEVERAL NEW LARGE OFFICE LEASES HAVE STABILIZED VACANCY RATES AND PLANNED CORPORATE MOVES WILL MAINTAIN POSITIVE ABSORPTION FOR THE BALANCE OF 2022.
- NEW SUBLEASING OPPORTUNITIES HAVE BEEN CREATED DURING THE PAST QUARTER, WHICH CREATED 'TURN-KEY' AND 'READY TO OCCUPY' SPACES FOR NEW COMPANIES COMING INTO THE REGION.
- 650,000 SF OF NEW DEVELOPMENT IS COMING ONLINE OVER THE NEXT FEW QUARTERS WITH GREATER THAN 50% PRE-LEASED TO DATE.
- INVESTORS ARE STILL ACTIVELY PURSUING OPPORTUNITIES, BUT ARE NOW FACTORING IN CHANGING INTEREST RATES AND NEW YIELD REQUIREMENTS.

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	223,743	13,763	237,506	\$37.74	11.9%	306,457	-
TOTAL DOWNTOWN	3,248,236	327,560	15,944	343,504	\$34.68	10.6%	306,457	-
Daniel Island	1,688,736	119,395	187,719	307,114	\$30.01	18.2%	184,000	-
Lower North Charleston	3,098,108	407,413	76,337	483,750	\$24.83	15.6%	-	39,288
Upper North Charleston	2,466,018	322,540	21,625	344,165	\$23.50	14.0%	-	-
Mount Pleasant	2,199,276	111,597	30,108	141,705	\$29.27	6.4%	36,400	-
Summerville	979,027	30,128	2,375	32,503	\$27.73	3.3%	128,000	-
West Ashley	1,147,347	57,541	-	57,541	\$27.49	5.0%	-	-
TOTAL SUBURBAN	11,578,512	1,048,614	318,164	1,366,778	\$25.86	11.8%	348,400	39,288
TOTAL MARKET	14,826,748	1,376,174	334,108	1,710,282	\$27.98	11.5%	654,857	39,288

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 STRONG IN Q3

Q3 RECAP

- Larger lease activity was generated from users who are connected to the logistics, e-commerce and technology industries.
- New opportunities for subleasing have provided additional “turn key” space for migrating companies over the course of Q3.
- Charleston is continuing to be an attractive hub for remote tech and financial workers from larger, urban areas and the region's co-working facilities have benefitted greatly.
- Rent growth has been positive and is anticipated to continue to increase due to dwindling supply of quality space and higher construction cost.
- Downtown Charleston has seen new highs in rental rates close to \$50 per square foot for new construction. Suburban rates are expected to reach approximately \$40 per square foot for new construction.

CONSTRUCTION

- Approximately 600,000 SF of new speculative office space is under construction or ready to deliver with a considerable portion in Downtown Charleston.
- The next wave of new speculative construction is expected to be in the Summerville submarket in Nexton.
- Developers and investors are actively renovating outdated facilities or transforming creative spaces of former industrial buildings.

CONTINUED GROWTH IN CHARLESTON

- Employment and business growth appears positive for the Charleston region. Many office and manufacturing companies are providing well paying jobs with career advancements.
- Charleston's affordability, fast-growing population, and educated workforce have helped the market continue to grow.

LARGE LEASE TRANSACTIONS DOMINATE Q3



AMAZON LEASES 33,000 SF AT THE QUINN

Photo courtesy of ABC4News.



**TOTAL QUALITY LOGISTICS LEASES 41,000 SF
ON DANIEL ISLAND**

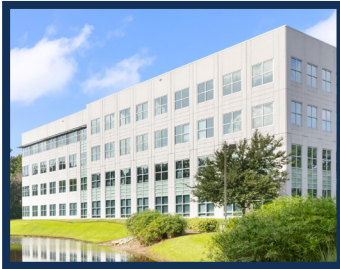


**INDUSTRIOUS LEASED 34,000 SF AT
677 KING STREET**



**JEAR LOGISTICS SUBLEASED 32,500 SF OF SPACE
ON DANIEL ISLAND'S BENEFITFOCUS BUILDING.**

OFFICE OPPORTUNITIES



FABER POINTE
North Charleston
18,500 SF Available



134 MEETING STREET
Downtown
4,500 SF Available



THE LANDING
Daniel Island
3,000 SF Available



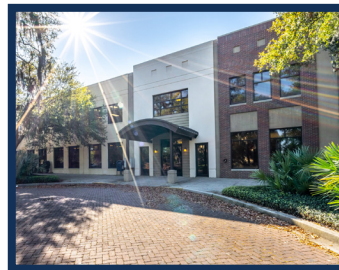
HUB@NEXTON
Summerville
50,000 SF Available



4360 CORPORATE ROAD
North Charleston
38,834 SF Available



ALBEMARLE POINT CENTER
West Ashley
3,650 SF Available



OAKS AT CENTRE POINTE
North Charleston
10,000 SF Available



1671 BELLE ISLE AVENUE
Mount Pleasant
8,582 SF Available

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