

Office Q4 2020

YoY Chg 12-Mo. Forecast

9.4%
Vacancy Rate



-11.0K
Net Absorption, SF



\$27.61
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2020

YoY Chg 12-Mo. Forecast

355.3k
Charleston
Employment



4.2%
Charleston
Unemployment Rate



6.7%
U.S.
Unemployment Rate



Source: BLS
2020Q4 data are based on latest available data.

ECONOMY: Local and National Recovery

Unemployment rates continue to drop throughout the country, but some parts of the nation are recovering faster than others. Several states have reissued COVID-19 related restrictions while others continue to move forward despite surges in positive cases. Charleston lifted many of the restrictions other states have not, but positive cases continue to rise, and it remains to be seen how that will affect the economy in early 2021. Many corporations have mandated employees to continue to work from home well into 2021, but others have returned to the office at close to near capacity. On a national level, some of the country's larger corporations are reevaluating their real estate portfolios to determine not only the size of their office footprint, but the location, as more densely populated urban areas are now less attractive due to the pandemic. As a vaccine for COVID-19 is now being distributed and administered throughout the country, there is hope on the horizon.

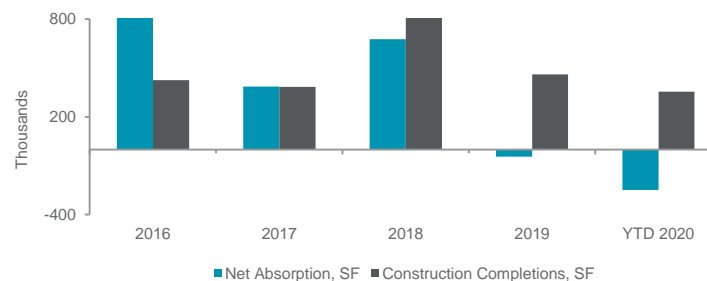
SUPPLY: More Deliveries on the Way

Construction continues on several new developments throughout the Charleston area despite concerns surrounding the pandemic. With numerous projects nearing completion in early 2021, some have seen healthy leasing activity while others are struggling to attract tenants. The overall vacancy rate increased to 9.4%, the highest Charleston has seen in several years. Much of that increase can be contributed to recent new deliveries, including the Jasper, but there has also been some movement within the market. The projects that are nearing completion that were able to secure tenants prior to the pandemic were extremely fortunate, as other developments will likely deliver with very little pre-leasing, some of which can be attributed to the effects of COVID-19. While many companies are still assessing their long-term office needs, there is optimism in Charleston. The delivery of brand-new Class A office space in Charleston is drawing interest from tenants already established in the market as well as corporations currently located in other parts of the country who are looking to relocate.

PRICING: Rental Rates Still Strong

Even a global pandemic has not caused rental rates in Charleston to decline. The cost of new construction remains extremely high, which is pushing rents into the lower \$40s per square foot in some submarkets. Tenants will have several projects to consider over the next couple of years, so owners of both new and existing properties will need to consider lowering their asking rates or offering additional concessions to entice prospects and maintain strong occupancy levels. Several new projects on the peninsula, including The Charleston Tech Center, The Refinery and The Quin are still on schedule to deliver in early 2021 and there is hope that the COVID-19 vaccine will accelerate leasing activity. The lease up time for new developments in Charleston has certainly been stalled by the pandemic, but the overall outlook for the future of Charleston's office market remains exceedingly optimistic.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)**	YTD OVERALL NET ABSORPTION (SF)**	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Daniel Island	2,101,952	243,062	156,506	19.0%	22,588	-254,388	69,724	19,840	\$24.95	\$23.76
Dorchester County	1,331,643	1,750	25,920	2.1%	7,471	16,115	26,772	0	\$20.93	-
Downtown Charleston	6,264,960	70,661	475,388	8.7%	1,416	-18,759	167,302	467,468	\$32.73	\$33.62
E Charleston County	33,000	0	0	0.0%	0	0	0	0	-	-
East Islands/Mt Pleasant	3,832,756	51,395	244,203	7.7%	-43,227	-10,975	169,530	43,600	\$29.33	\$31.83
James Island/Folly Beach	286,487	0	17,576	6.1%	-3,733	24,148	5,663	0	-	-
North Charleston	9,125,946	107,305	938,026	11.5%	1,986	-121,939	290,260	168,288	\$25.35	\$29.12
Outlying Berkeley County	2,135,569	37,295	71,512	5.1%	-3,302	79,278	64,920	78,722	\$25.56	\$23.69
W Charleston County	41,731	0	0	0.0%	0	0	0	0	-	-
West Ashley	1,961,900	8,000	88,045	4.9%	5,806	41,351	107,946	10,000	\$27.10	\$31.10
West Islands	168,877	0	20,176	11.9%	0	-906	960	0	-	-
CHARLESTON TOTALS	27,284,821	519,468	2,037,352	9.4%	-10,995	-248,075	903,077	787,918	\$27.61	\$29.61

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
311 Huger St	Downtown Charleston	Ethos Athletic Club, LLC	21,239	New Lease
1460 Tobias Gadson Blvd	West Ashley	World Overcomers Ministries	20,424	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
3725 Rivers Ave	North Charleston	Baker & Baker Real Estate/Easterly Government Properties, Inc.	78,000	Undisclosed
900 Island Park Dr	Daniel Island	Daniel Island Health LLC/900 Ipd Investors LLC	41,360	\$8,509,950/\$205.75
0 Brighton Park Blvd Bldg 6	Outlying Berkeley County	Sls Dev LLC/Nexton Bulldogs LLC	20,000	\$1,342,950/\$67.15
101 River Landing Dr	Daniel Island	Dibs-Sales Center LLC/Diyc Properties LLC	13,033	\$3,200,000/\$245.53
1520 Old Trolley Rd	Dorchester County	Kuznik Henry Trust/ES10LLC	10,993	\$1,400,000/\$127.35

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