

	YoY Chg	12-Mo. Forecast
<b>9.4%</b> Vacancy Rate	▲	▬
<b>115K</b> Net Absorption, SF	▼	▼
<b>\$29.44</b> Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

## ECONOMIC INDICATORS Q3 2021

	YoY Chg	12-Mo. Forecast
<b>366.1k</b> Charleston Employment	▲	▲
<b>3.9%</b> Charleston Unemployment Rate	▼	▼
<b>5.2%</b> U.S. Unemployment Rate	▼	▼

Source: BLS, Moody's Analytics

## ECONOMY: Labor Shortage Affecting Major Industries

The national and Charleston unemployment rate decreased to 3.9% and 5.2% respectively, but many industries in Charleston are still having an extremely difficult time operating due to the lack of labor available. While tourism in Charleston has returned to pre-pandemic levels, the hospitality industry has suffered greatly from a lack of labor and consequently, some businesses have been forced to close temporarily or in some cases, shut their doors permanently. This lack of labor has also affected other industries in Charleston including the CHS International Airport, several manufacturing businesses as well as the tech industry. In addition to a diminished workforce, new policies regarding vaccination for COVID-19 are also distressing employers and employees throughout the country. Even though a high percentage of Charleston residents are fully vaccinated, new mandates for additional booster shots are disrupting organizations across the Tri-County area.

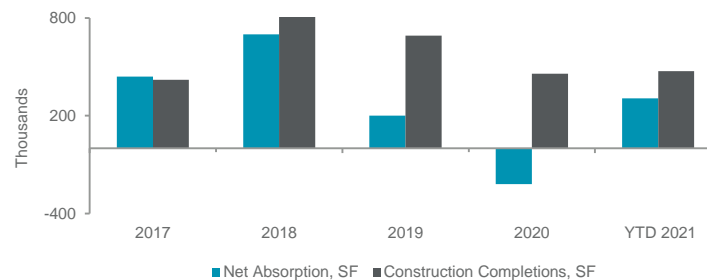
## SUPPLY AND DEMAND: News Deliveries on Their Way

Net Absorption was once again positive, but a significant amount of the leasing involved sublease space. While this activity is certainly positive, a decrease in vacancy rate and increase in absorption is still likely temporary as a substantial amount of new space is scheduled to deliver over the next several quarters. The bulk of leasing activity involved plug n' play sublease space, which does not compete with the new product currently under construction. Local and national investors continue to invest in Charleston and remain bullish on its future but do have some trepidation on how all the new space will eventually lease up. The Southeast remains an extremely popular geography for not only investors but also corporations looking to increase their national footprint. The question for office owners and developers is how many of these firms are coming to Charleston and are their space requirements large enough to absorb over 500,000 square feet of new construction. The hope is that the inevitable increase in vacancy and negative absorption due to these deliveries is temporary as typical lease-up time for new office construction is 18-24 months from delivery.

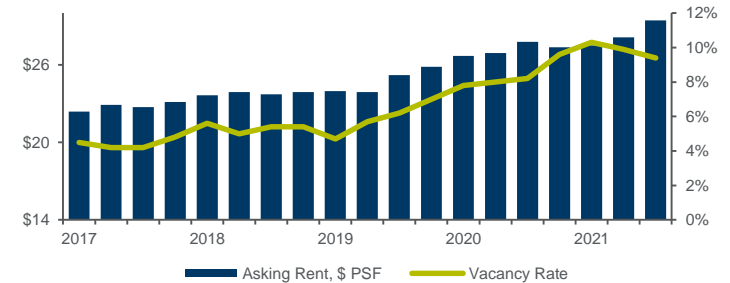
## PRICING: Rental Rates Continue to Escalate

The aforementioned new deliveries are resulting in record rental rates throughout every submarket in Charleston. Rates are approaching \$43.00 per square foot (psf) plus parking at several new projects on the peninsula and several suburban properties are seeing rates above \$36.00 psf. Land for new construction is becoming scarce as prominent locations are being redeveloped into multifamily, office and retail. These sites are seeing record sale prices and subsequently, rental rates continue to rise to account for not only the acquisition cost, but also the accelerating cost of construction. With new office product either proposed or under construction in nearly every submarket, rates will continue to ascend for class A space, but existing owners will likely need to lower their asking rates or offer additional concessions to maintain their tenancy and attract new prospects.

## 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	2,057,998	46,063	320,426	17.8%	62,684	96,762	101,564	19,840	\$29.68	\$29.58
Dorchester County	1,362,458	0	17,505	1.3%	7,337	3,734	30,959	0	\$26.62	-
Downtown Charleston	6,951,326	27,475	652,525	9.8%	-36,588	151,489	197,705	195,000	\$34.85	\$35.44
E Charleston County	35,000	0	0	0	0	0	0	0	-	-
East Islands/Mt Pleasant	3,879,996	71,415	223,913	7.6%	36,474	4,623	126,097	44,779	\$28.29	\$30.57
James Island/Folly Beach	286,487	0	22,124	7.7%	-2,100	1,668	7,135	0	\$27.00	\$27.00
North Charleston	9,019,262	70,321	985,872	11.7%	44,452	53,734	299,699	25,288	\$25.78	\$28.63
Outlying Berkeley County	2,160,646	36,657	53,437	4.2%	-850	-7,286	23,775	133,689	\$24.44	\$24.52
W Charleston County	58,975	0	2,568	4.4%	0	-2,568	0	0	-	-
West Ashley	1,978,897	0	106,867	5.4%	3,385	-8,122	35,233	25,000	\$27.90	\$30.97
West Islands	175,488	0	1,633	0.9%	678	12,470	8,604	60,100	\$26.01	-
<b>CHARLESTON TOTALS</b>	<b>27,966,533</b>	<b>582,685</b>	<b>2,386,870</b>	<b>9.4%</b>	<b>115,472</b>	<b>306,504</b>	<b>830,771</b>	<b>503,696</b>	<b>\$29.44</b>	<b>\$31.74</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
3450 Ingleside Blvd	North Charleston	Telus International	80,000	New
146 Fairchild	Daniel Island	Total Quality Logistics	22,419	Renewal

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
4401 Leeds Ave	North Charleston	Holder Properties / Jim Delaney	106,000	\$29,250,000/\$275.94
170 Meeting St	Downtown Charleston	Palmetto Commercial Properties, LLC / The Montford Group		\$13,850,000/\$417.17

## KEY CONSTRUCTION COMPLETIONS YTD 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
4920 O'Hear Ave	North Charleston	Ingevity	110,000	Wecco Development LLC / Wecco Development LLC
1940 Algonquin Rd – The Quin	Downtown Charleston	(Under Contract)	104,815	White Point Partners
997 Morrison Dr Charleston Tech Center	Downtown Charleston	Charleston Digital Corridor	93,000	City of Charleston
320 Broad St – The Jasper	Downtown Charleston	Wells Fargo Bank	75,000	The Beach company

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