



YoY
Chg

12-Mo.
Forecast

9.2%

Vacancy Rate

**83K**

Net Absorption, SF

**\$29.39**

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2022

YoY
Chg

12-Mo.
Forecast

380.7KCharleston
Employment**3.0%**Charleston
Unemployment Rate**3.6%**U.S.
Unemployment Rate

Source: BLS

ECONOMY: Stout Employment Gains

After a strong economic recovery in the final quarter of 2021, Charleston again boasts attractive employment statistics in the first quarter of the year. The metro's unemployment rate declined by 50 basis points (bps) quarter-over-quarter (QOQ) to 3.0%, the lowest rate in the state for major metros. The unemployment rate remains 60 bps below the national unemployment rate. Employment gains of nearly 10,000 were noted during the quarter with additional gains projected in the coming 12 months. First-quarter national travel figures have increased by 82.1% year-over-year (YOY) signaling a recovering tourism industry, an integral piece of the Charleston economy.

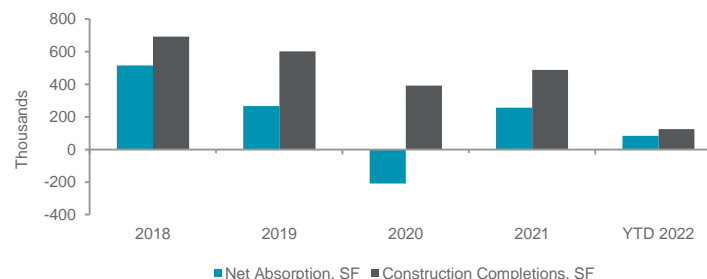
SUPPLY and DEMAND: Upper Peninsula Construction

A steady stream of newly constructed office space has been supplied to the market during the first three months of the year totaling more than 124,000 square feet (sf), 69.1% of which was completed on a speculative basis. An additional 408,000 sf of speculative product is currently under construction and already 17.9% pre-leased by tenants eager to secure a top-shelf and modern workspace. Developers are profoundly focused on the up-and-coming NoMo district with Charleston's Upper Peninsula Initiative underway. Notable projects include The Morris (115,000 sf), Morrison Yard (135,000 sf), 741 Meeting St (29,985), and 651 Meeting St (10,532 sf). Demand in the office market accelerated in the first quarter with a 120-bps decrease in overall vacancy to 9.2%, the largest QOQ decrease since Q1 of 2019. Leased square footage was split between Downtown Charleston and outlying submarkets almost one for one, with larger, less frequent deals occurring in the Central Business District. Average deal sizes recorded in Downtown Charleston and the outlying submarkets were 9,728 sf and 5,186 sf, respectively. The strong positive net absorption figure for the quarter was driven by tenant occupancy in the North Charleston submarket and leveled by tenants vacating Class B properties in the Mt. Pleasant/East Charleston submarket.

PRICING: High-Dollar Space Consumed, Asking Rents Retract

Asking rents shifted in favor of tenants as the overall average asking rent for the market pulled back during the first quarter. A 4.4% decrease was measured QOQ due to multiple high-priced availabilities that were leased during the quarter; however, upward pressure on pricing from dwindling vacant available space is expected to push rents in the direction of \$30.00 per square foot (psf) during 2022. The average asking rate for direct availabilities in the market was recorded at \$33.17 psf for Class A space and \$25.19 psf for Class B space.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Daniel Island	1,628,000	124,415	32,500	9.6%	8,914	8,914	3,995	0	\$30.63	\$32.39
Dorchester County	1,036,912	11,180	0	1.1%	0	0	3,384	0	\$23.50	-
Downtown Charleston	5,570,466	527,504	30,844	10.0%	(3,713)	(3,713)	68,099	297,500	\$35.37	\$36.41
James Island/Johns Island	253,464	4,273	0	1.7%	4,000	4,000	0	0	-	-
Mt. Pleasant/E Charleston	3,003,811	195,944	69,314	8.8%	(70,665)	(70,665)	16,581	8,379	\$26.04	\$28.41
North Charleston	6,817,491	788,729	46,686	12.3%	118,753	118,753	40,135	0	\$24.96	\$28.38
Outlying Berkeley	1,505,953	6,885	5,044	0.8%	0	0	0	110,000	\$31.00	-
West Ashley	1,311,561	96,703	0	7.4%	26,160	26,160	13,702	0	\$24.94	\$28.10
MARKET TOTALS	21,127,658	1,755,633	184,388	9.2%	83,449	83,449	145,896	415,879	\$29.39	\$32.95

*Rental rates reflect full-service asking

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
The Quin	Downtown Charleston	Amazon	33,000	New Lease
Charleston Gateway Center	Downtown Charleston	Rosen Hagood, LLC	9,027	New Lease
4055 Faber Place Dr	North Charleston	Undisclosed	9,020	Sublease
Ashley Center	North Charleston	Bear Cognition	8,972	New Lease
Faber Plaza	North Charleston	Meritage Homes	8,173	New Lease

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER BUYER	SF	PRICE \$ PSF
Albemarle Point Center	West Ashley	Insite Properties, LLC Porter-Gaud School	72,778	\$23,838,663 \$327.51
216 Seven Farms Dr	Daniel Island	Grove Property Fund Charleston Industrial	12,000	\$4,250,000 \$354.17
95 Cannon St	Downtown Charleston	Eastern Federal Corporation Undisclosed	8,424	\$3,025,000 \$359.09
4481 Leeds Place West Ave	North Charleston	Dominion Energy Zendt Family, LLC	7,683	\$950,000 \$123.65

KEY METRIC YOY COMPARISON

QUARTER	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL ASKING RENTS (ALL CLASSES)*	OVERALL NET ABSORPTION (SF)	TOTAL LEASING ACTIVITY (SF)	COMPLETIONS (SF)	UNDER CONSTRUCTION (SF)
Q1 2021	20,959,564	11.0%	\$29.38	68,002	179,771	295,200	603,112
Q1 2022	21,127,658	9.2%	\$29.39	83,449	145,896	124,028	415,879

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