



YoY
Chg

12-Mo.
Forecast

8.2%

Vacancy Rate



67K

Net Absorption, SF



\$28.21

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2022

YoY
Chg

12-Mo.
Forecast

384.1K

Charleston Employment



3.0%

Charleston
Unemployment Rate

3.6%

U.S.
Unemployment Rate

Source: BLS

ECONOMY: Employment Growth

The Charleston economy sustained its positive trajectory according to key indicators in the second quarter. Total employment in Charleston grew by approximately 3,400 during the Q2, bringing the year-over-year (YOY) increase to 4.2%. The market's unemployment rate continues to outpace the national average by 60 basis points (bps) and is forecasted to improve further and reach a sub-2% figure in the next 12 months.

SUPPLY and DEMAND: Occupancy Gains Outpacing New Supply

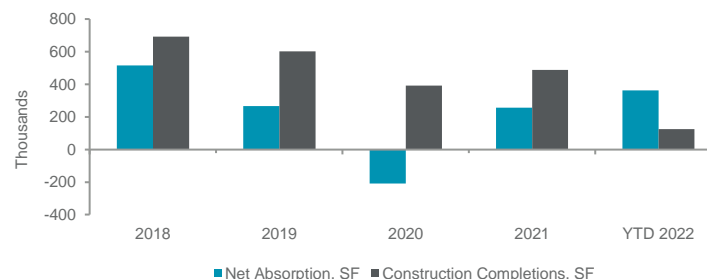
The vacancy rate in the market decreased by 20 bps to 8.2% in the second quarter, which is the lowest rate since the first quarter of 2020 and the onset of the pandemic. Of the available space in the market, 40.4% of the square footage resides in the North Charleston submarket. There were not any construction completions during the second quarter; however, more than 290,000 square feet (sf) of new supply is expected to deliver to the market during the second half of the year. Highly anticipated new construction projects such as The Morris and Morrison Yard have made substantial progress towards completion, along with the renovation of Port 26 in North Charleston which is scheduled for a Q3 delivery.

Leasing activity during the second quarter nearly reached 265,000 sf, bringing the total year-to-date activity to 486,000 sf for a 1.8% increase YOY. A majority of the quarterly leasing activity occurred in Class A properties within the Downtown Charleston and Daniel Island submarkets. Modest occupancy gains of 67,000 sf were recorded across the entire market, due to a positive net absorption figure of almost 85,000 sf in Downtown Charleston, balanced by tenants vacating Class B space in certain suburban submarkets such as Mt. Pleasant/East Charleston and Daniel Island.

PRICING: Asking Rents Signal Flight to Quality

The average asking rent for the market decreased by 4.2% quarter-over-quarter, to \$28.21 per square foot (psf). The retraction in average asking rents is due to higher-priced Class A space being leased and taken off-market, which often occurs during a "Flight to Quality" period. The average asking rent figure is expected to stabilize and then increase as the market continues to tighten further with occupancy gains outpacing construction completions. Tenants seeking to ink a deal in Class A office space will be asked to pay an 11.9% premium throughout the market. Those seeking relocation to the peninsula are expected to pay a 32.9% premium, on average, when compared to the surrounding submarkets.

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	116,947	58,149	10.8%	-7,872	2,152	81,346	0	\$27.81	\$28.25
Dorchester County	1,036,912	13,119	0	1.3%	-1,939	-1,939	5,175	0	\$19.12	N/A
Downtown Charleston	5,465,091	419,676	20,657	8.1%	84,636	92,005	202,809	283,308	\$34.58	\$36.33
James Island/Johns Island	253,464	3,273	0	1.3%	1,000	5,000	1,000	0	N/A	N/A
Mt. Pleasant/East Charleston	3,003,811	211,717	73,986	9.5%	-30,655	-90,498	44,086	8,379	\$28.62	\$30.42
North Charleston	6,667,491	636,271	52,174	10.3%	11,756	306,054	78,194	0	\$24.68	\$28.27
Outlying Berkeley	1,505,953	6,885	1,492	0.6%	0	12,295	0	110,000	\$31.00	N/A
West Ashley	1,311,561	88,214	0	6.7%	10,074	36,510	39,793	0	\$25.86	\$26.94
MARKET TOTALS	20,872,283	1,496,102	206,458	8.2%	67,000	361,579	452,403	401,687	\$28.21	\$31.56

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
2000 Daniel Island Drive	Daniel Island	Total Quality Logistics	40,589	New Lease
677 King St	Downtown Charleston	Industrious	34,028	New Lease
100 Benefitfocus Way	Daniel Island	Jear Logistics	32,500	Sublease
174 Meeting St	Downtown Charleston	THRIVE	14,502	Sublease
302 Wingo Way	Mt. Pleasant/East Charleston	Center Park Homes	8,855	New Lease

KEY SALES TRANSACTIONS Q2 2022

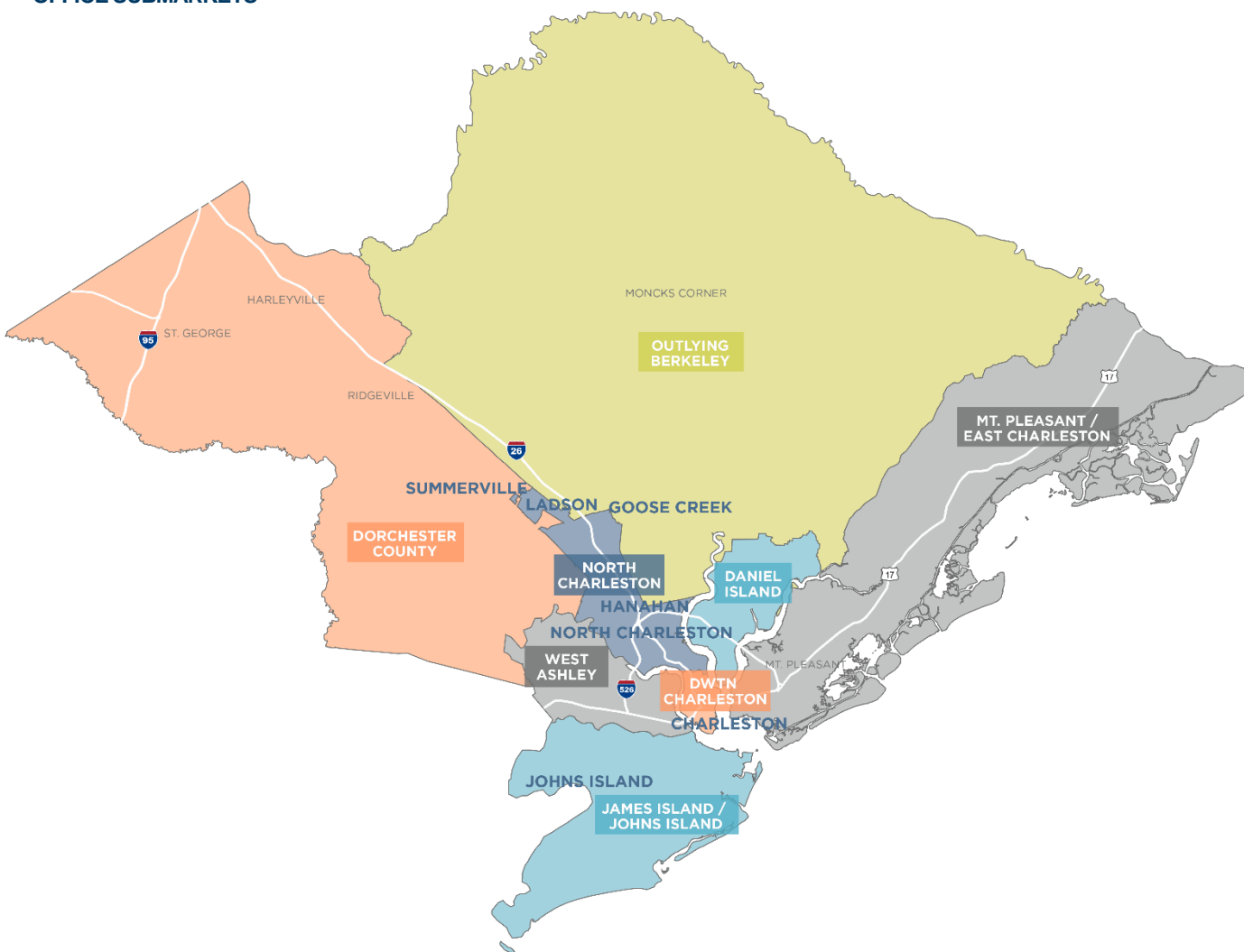
PROPERTY	SUBMARKET	Seller Buyer	SF	Price \$ PSF
1520 Old Trolley Rd	Dorchester County	Origin Development Partners Moultrieville Partners L.P.	11,034	\$2,500,000 \$226.57
3801 W Montague Ave	North Charleston	Blair Hahn Undisclosed	10,000	\$2,375,000 \$237.50
65 Gadsden St	Downtown Charleston	John Witty John Florence	9,743	\$2,775,000 \$284.82
401 Seacoast Pky	Mt. Pleasant/East Charleston	Robert Gerber Undisclosed	9,700	\$2,400,000 \$247.42

KEY METRIC YOY COMPARISON

QUARTER	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL ASKING RENTS (ALL CLASSES)*	OVERALL NET ABSORPTION (SF)	LEASING ACTIVITY (SF)	COMPLETIONS (SF)	UNDER CONSTRUCTION (SF)
Q2 2021	21,028,043	10.4%	\$29.70	149,606	298,788	68,479	644,633
Q2 2022	20,872,283	8.2%	\$28.21	67,000	264,251	0	401,687

CHARLESTON, SC

Office Q2 2022

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