

### ECONOMY: Employment Grows as Labor Market Remains Tight

Amid changing tides and economic uncertainty across the nation, key indicators pointed toward the strength and health of the Charleston economy. The metro notched another quarter of strong employment expansion by adding 3,700 nonfarm jobs to the total payroll, bringing the total employment level to 417,200. This figure marks a 4.6% increase year-over-year (YOY) and places Charleston as the fastest-growing labor market in the nation in terms of employment. The strong labor force paired with excellent seaport infrastructure positions Charleston well for future business growth, specifically in the manufacturing sector as the reshoring of overseas industrial operations continues.

### SUPPLY and DEMAND: New Construction Outpacing Occupancy Gains

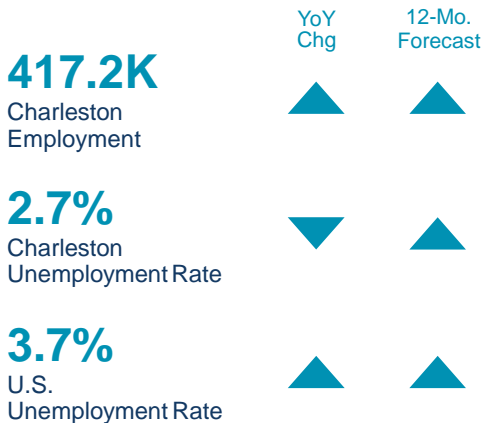
Supply of vacant space in the market climbed higher for the second consecutive quarter as multiple new construction projects were delivered with availability, pushing the overall vacancy rate higher by 60 basis points to 3.9%. With 2.4 million square feet (msf) of product delivered in the third quarter, bringing the year-to-date (YTD) total to 6.0 msf, Charleston is on pace to surpass its previous record for annual deliveries set in 2018 at 7.0 msf. The existing inventory has grown by 7.2% YTD, ranking Charleston as the fourth fastest-growing market out of 83 markets tracked nationally.

After a relatively modest Q2 in terms of demand, leasing activity in Q3 picked up with 1.5 msf of new deals signed. The majority of space demand was concentrated between two submarkets, Outlying Berkeley County (32.1%) and North Charleston (24.3%) with sizable full-building leases signed in each submarket. Despite the below-average quarterly leasing figures measured in recent quarters, occupier demand to lease or purchase space still exists and is poised to rebound in 2024.

### PRICING: Market Average Grows with New Supply Added

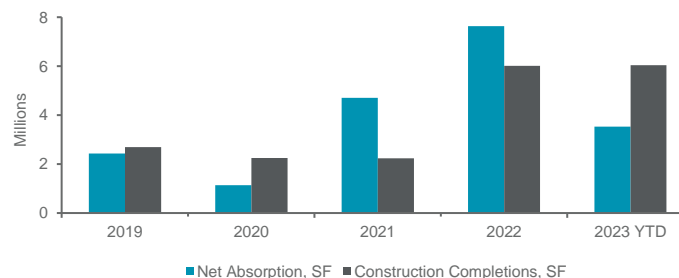
The average asking rent of vacant space in the market increased by 5.4% quarter-over-quarter to \$8.53 per square foot (psf) as the additional supply of new speculative product pulled the average higher. While most of the availabilities under 50,000 sf commanded \$10.00 psf or more, the asking rent growth is expected to decelerate in the first half of 2024 as supply and demand continue to rebalance. The average asking rent of available space under construction was measured at \$6.87 psf in Q3 and \$7.81 psf for projects less than 500,000 sf in total building size.

### ECONOMIC INDICATORS Q3 2023

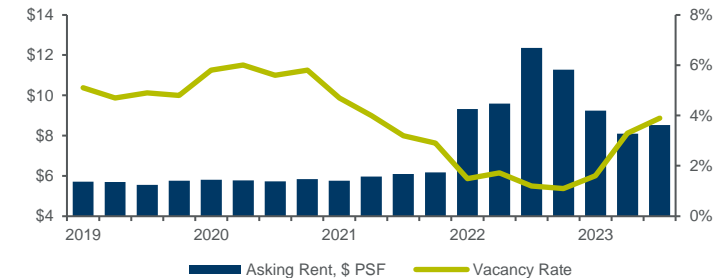


Source: BLS

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



## Industrial Q3 2023

## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	CONSTRUCTION COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)*	OVERALL WEIGHTED AVG NET RENT (FX)*	OVERALL WEIGHTED AVG NET RENT (W/D)*
Daniel Island	5,112,726	6,000	0.1%	-6,000	23,189	0	10,000	-	\$16.50	\$16.00
Dorchester County	12,192,662	481,465	4.0%	-50,293	29,375	2,856,513	351,740	-	-	\$7.78
Downtown Charleston/NOMO	1,793,504	0	0.0%	0	16,987	0	0	-	-	-
James Island/Johns Island/Hwy 17 S	836,530	38,040	4.6%	779	-19,645	0	0	-	\$13.25	\$9.50
Mt. Pleasant/Hwy 17 N	962,451	0	0.0%	0	0	0	0	-	-	-
North Charleston	33,733,128	1,197,928	3.6%	-82,216	397,044	1,321,840	1,304,155	\$9.75	\$17.20	\$8.13
Outlying Berkeley County	34,706,984	1,753,051	5.1%	1,976,786	3,085,107	4,876,061	4,380,393	-	\$12.00	\$8.04
West Ashley	957,802	0	0.0%	0	1,491	0	0	-	-	-
<b>MARKET TOTALS</b>	<b>90,295,787</b>	<b>3,476,484</b>	<b>3.9%</b>	<b>1,839,056</b>	<b>3,533,548</b>	<b>9,054,414</b>	<b>6,046,288</b>	<b>\$9.75</b>	<b>\$16.20</b>	<b>\$8.03</b>

\*Rental rates reflect weighted net asking \$psf/year

FX = Flex MF = Manufacturing W/D = Warehouse/Distribution

## KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Omni Industrial Park – Building 4	Outlying Berkeley County	Confidential	606,880	Pre-Lease
1020 Northpointe Industrial Blvd	Outlying Berkeley County	Confidential	305,423	New Lease
3191 Ashley Phosphate Rd	North Charleston	Confidential	246,735	New Lease
Eastport Distribution Center – Building 1	Dorchester County	AERO Logistics	80,592	New Lease
Camp Hall – Campus 4 – Building B	Outlying Berkeley County	Confidential	67,482	New Lease

## KEY CONSTRUCTION COMPLETIONS Q3 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SF	CONSTRUCTION TYPE	OWNER   DEVELOPER
Berkeley Charleston Tradeport Business Park – Building 6	Outlying Berkeley County	UNIS	574,789	Speculative	NorthPoint Development
Omni Industrial Park – Building 3	Outlying Berkeley County	N/A	364,700	Speculative	Stonemont Financial Group   Clarius Partners
1130 Newton Way	Outlying Berkeley County	Bosch	262,600	Speculative	Centerbridge Partners & GIC   Scannell Properties

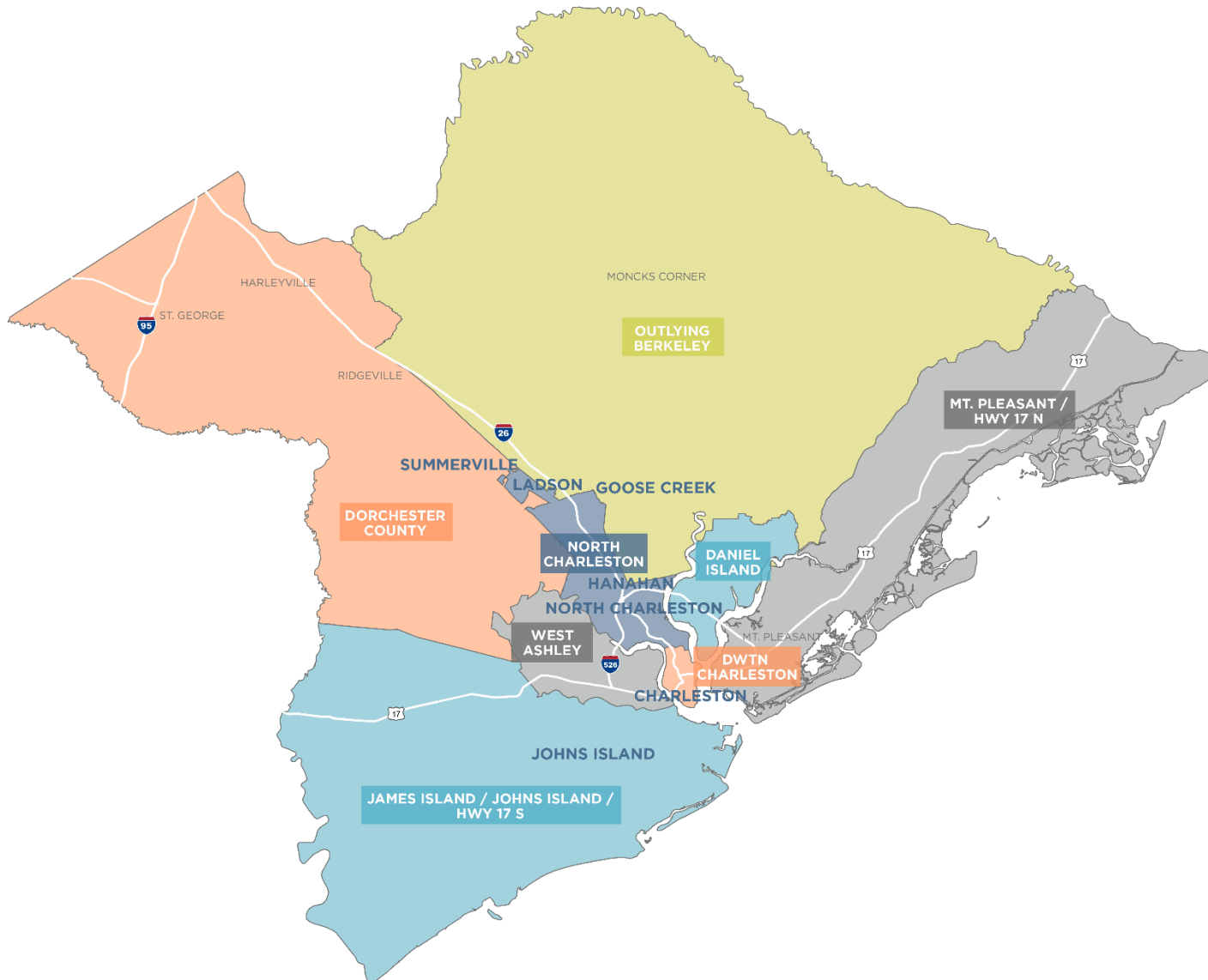
## KEY PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	CONSTRUCTION TYPE	OWNER   DEVELOPER
Palmetto Logistics	North Charleston	N/A	1,321,840	Speculative	Oaktree Capital Management   Dalfen Industrial
Camp Hall – Campus 4 – Building D	Outlying Berkeley County	Volvo	1,123,360	Speculative	Portman Industrial
Port 95 Business Park – Building 1	Dorchester County	N/A	978,120	Speculative	Cresset Partners   Janko Group
Camp Hall Campus 8 – Building A	Outlying Berkeley County	N/A	967,680	Speculative	Altus Equity   Childress Klein
Coastal Crossroads – Building 3	Outlying Berkeley County	N/A	846,711	Speculative	Citimark   Pure Development

# CHARLESTON, SC

Industrial Q3 2023

## INDUSTRIAL SUBMARKETS



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