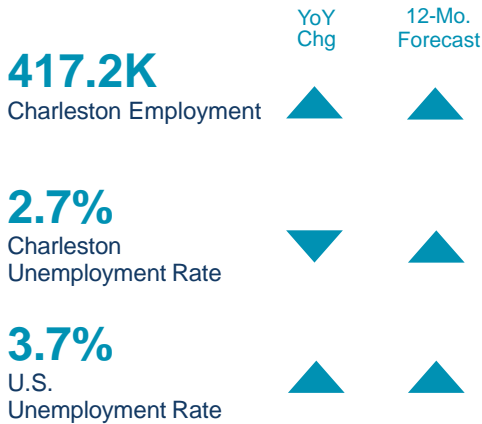


**ECONOMIC INDICATORS Q3 2023**



Source: BLS

**ECONOMY: Unemployment Remains Lowest in Carolinas**

Over the past twelve months, labor markets in the United States economy continued to grow as nonfarm payroll increased by 2.0% nationally by the end of Q3. The Charleston labor market outpaced the national rate as nonfarm payroll in the Metro grew by 4.6% or 18,500 jobs year-over-year (YOY). With an unemployment rate of 2.7% at the end of Q3, Charleston again reported the lowest unemployment rate among the six major metros within North & South Carolina for the second consecutive quarter.

**SUPPLY and DEMAND: Vacancy Spikes Due to Large New Additions**

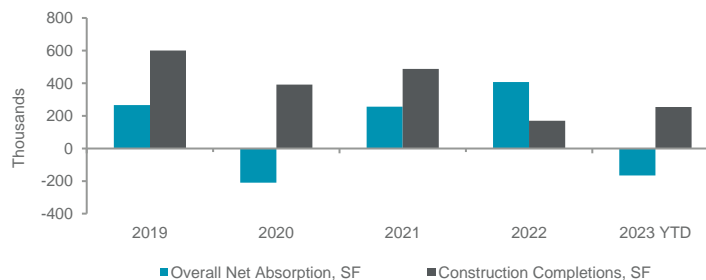
Following two quarters of substantial occupancy losses and rising vacancy in the Charleston market, Q3 recorded large occupancy gains and stabilized vacancy, with the overall vacancy rate unchanged quarter-over-quarter (QOQ) at 9.9%. All submarkets in Charleston reported positive overall absorption figures in Q3 leading to more than 105,000 square feet (sf) of occupancy gains in the market. Contradictory, total market vacancy did not drop, due to the delivery of The Morris, a 115,000-sf speculative office project in Downtown Charleston which was 31.2% pre-leased upon completion this quarter. While vacancy dropped in six out of the seven suburban submarkets, Downtown Charleston was the only submarket to see vacancy rise due to the aforementioned delivery.

New leasing activity increased for the first time in over two quarters, with nearly 237,000 sf of new leases signed, bringing the year-to-date (YTD) figure to more than 505,000 sf. This figure represented an 82.7% increase QOQ, and the second largest figure posted since the start of 2022. The North Charleston submarket reported the highest new leasing activity with more than 96,000 sf, bolstered by Charleston County taking 40,000 sf at 4340 Corporate Rd, the largest lease of the quarter. The North Charleston submarket also reported the most leasing YTD with 41.7% of total leasing activity, including renewals.

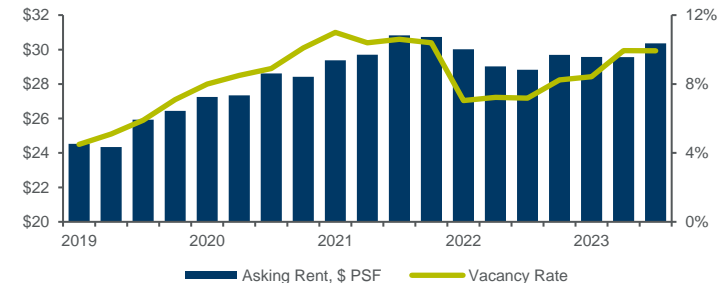
**PRICING: Asking Rents Grow as Class A Space Delivers**

Average asking rents in the market continued to tick upward for the second straight quarter to \$30.36 per square feet (psf), a substantial 2.7% increase QOQ and 5.3% increase YOY. Notably, this figure represents the first time since Q1 2022 that the average asking rent broke the \$30 psf mark, with four out of the eight submarkets reporting average rates above \$30 psf in Q3. The highest figures can be found in the Downtown Charleston submarket with Class A rates commanding \$41.12 psf, a 19.7% premium over Class B rates in that submarket. The aforementioned delivery of The Morris helped drive rents in the overall market as it completed 68.8% vacant, asking \$42-\$46 psf for the available spaces.

**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	1,787,921	214,643	308,948	29.3%	2,125	-188,256	69,875	0	\$31.59	\$32.53
Dorchester County	1,036,912	14,401	0	1.4%	2,600	3,936	11,020	0	\$18.50	N/A
Downtown Charleston	5,773,162	456,730	25,346	8.4%	20,862	138,944	80,010	0	\$40.07	\$41.12
James Island/Johns Island	253,464	3,273	0	1.3%	0	0	0	0	N/A	N/A
Mt. Pleasant/East Charleston	3,022,288	171,435	45,500	7.2%	20,761	15,832	97,358	0	\$31.66	\$35.09
North Charleston	6,636,159	729,064	67,697	12.0%	40,466	-151,843	210,777	0	\$23.96	\$26.58
Outlying Berkeley	1,400,311	12,178	0	0.9%	4,875	4,875	8,573	198,000	\$32.06	\$33.00
West Ashley	1,311,561	58,541	0	4.5%	13,426	10,465	27,508	0	\$25.84	\$27.90
<b>MARKET TOTALS</b>	<b>21,221,778</b>	<b>1,660,265</b>	<b>447,491</b>	<b>9.9%</b>	<b>105,115</b>	<b>-166,047</b>	<b>505,121</b>	<b>198,000</b>	<b>\$30.36</b>	<b>\$33.55</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
4340 Corporate Rd	North Charleston	Charleston County	40,000	New Lease
Marshside at Nowell Creek Village	Daniel Island	HCA South Atlantic	39,815	New Lease
11 Ewall St	Mt. Pleasant/East Charleston	The Harbor Entrepreneurial Center	14,426	Sublease
4105 Faber Place Dr	North Charleston	USLI	12,809	New Lease
1007 Johnnie Dodds Blvd	Mt. Pleasant/East Charleston	The Promise School	12,177	New Lease

## KEY SALES TRANSACTIONS 2023 YTD

PROPERTY	SUBMARKET	SELLER   BUYER	SF	PRICE   \$ PSF
3251 Landmark Dr - Pepperdam Corporate Centre	North Charleston	Urban Core Realty   Comprehensive Auto Services, LLC	12,910	\$1.8 M   \$135.55
3815 W Montague Ave	North Charleston	H. Blair Hahn & Michael Brickman   Stasmayer Incorporated	9,600	\$2.4 M   \$250.00

## KEY METRIC YOY COMPARISON

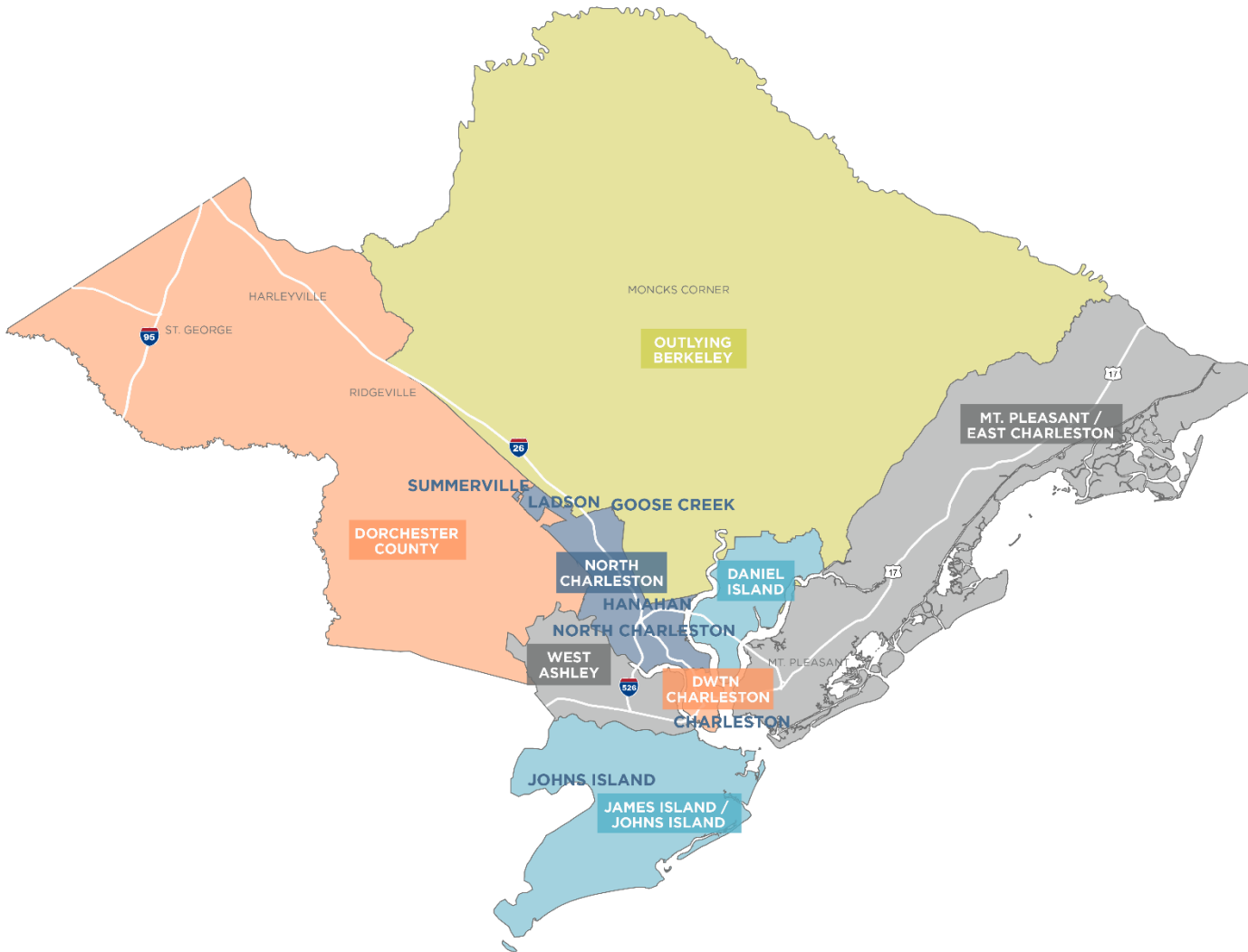
QUARTER	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL ASKING RENTS (ALL CLASSES)*	OVERALL NET ABSORPTION (SF)	NEW LEASING ACTIVITY (SF)	COMPLETIONS (SF)	UNDER CONSTRUCTION (SF)
Q3 2022	20,780,874	7.2%	\$28.83	-28,717	187,887	7,468	373,004
Q3 2023	21,221,778	9.9%	\$30.36	105,115	236,975	115,000	198,000

# CHARLESTON, SC

Office Q3 2023



OFFICE SUBMARKETS



**JP Price**

*Research Manager, Carolinas*

+1 704 335 4433 / [jp.price@cushwake.com](mailto:jp.price@cushwake.com)

**Drew Walters**

*Sr. Research Analyst*

+1 864 704 1345 / [andrew.walters@cushwake.com](mailto:andrew.walters@cushwake.com)

[cushmanwakefield.com](http://cushmanwakefield.com)

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