

ECONOMY: Leading the Nation in Employment Growth

Charleston achieved another quarter of strong economic growth by adding 9,000 jobs which resulted in total nonfarm employment reaching 426,200. This figure marks a 5.7% increase year-over-year (YOY) and affirms Charleston as the fastest-growing labor market in the nation in terms of employment by a considerable margin. For perspective, the second fastest growing labor market (Boise) notched 3.8% YOY growth. The metro's unemployment rate declined 40 basis points (bps) YOY to 2.5%, a reading that was well below the national average. Many organizations have identified Charleston as an attractive market to establish new operations due to the healthy business environment, increasing labor pool, and the logistical benefit of collocating to a major seaport.

SUPPLY and DEMAND: Record-High Deliveries and Soft Demand Push Vacancy Higher

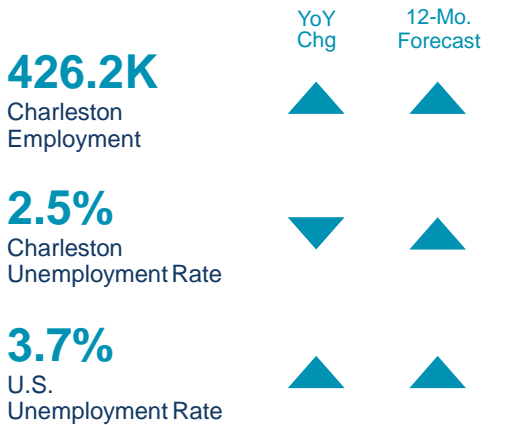
The market supply expanded further in Q4 as vacant space continued to mount with relatively soft quarterly demand. The overall vacancy rate increased by 320 bps to a five-year high of 7.6%, largely due to 11 speculative new construction deliveries totaling a record-setting 5.1 million square feet (msf). Of the new product added, 38.1% of the space was pre-leased by occupiers at the time of completion. The sublease vacancy rate receded slightly in Q4, by 10 bps to 0.6% of the total market inventory, after three consecutive quarters of mounting sublease space options. Vacant supply is expected to climb higher in 2024 as 5.0 msf of speculative product is currently under construction with minimal pre-leasing activity recorded.

Leasing activity for industrial space in Q4 was relatively low with 581,200 square feet (sf) of new deals signed, pushing the year-to-date figure past the 5.0-msf mark. The majority of space demand was concentrated in the Outlying Berkeley County submarket, accounting for 83.1% of the total market activity. Leasing volume in Q4 was the highest of the year, in terms of the number of deals signed, due to healthy activity in the flex product subtype where more than 70,000 sf of deals were transacted.

PRICING: Overall Average Recedes with Elevated Supply

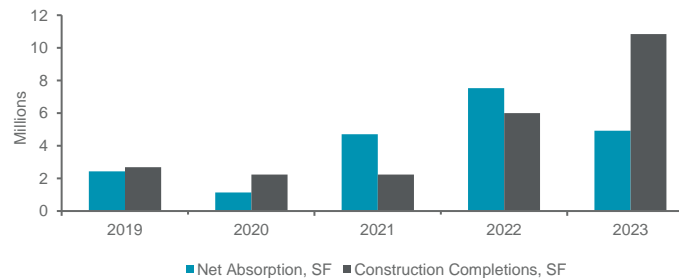
The average asking rent of vacant space in the market decreased by 7.1% quarter-over-quarter (QOQ) to \$7.84 per square foot (psf) with the added supply of warehouse/distribution (W/D) spaces larger than 100,000 sf. While the wave of construction deliveries peaked in Q4 and reset the supply and demand scale, additional construction deliveries scheduled for 2024 are forecasted to halt rent growth for bulk W/D product until a considerable amount of space is absorbed. The average asking rent of available space under construction was measured at \$7.23 psf. Asking rents for flex space reached \$16.92 psf on average in Q4, marking a 3.3% increase QOQ and an 11.9% increase in 2023.

ECONOMIC INDICATORS Q4 2023

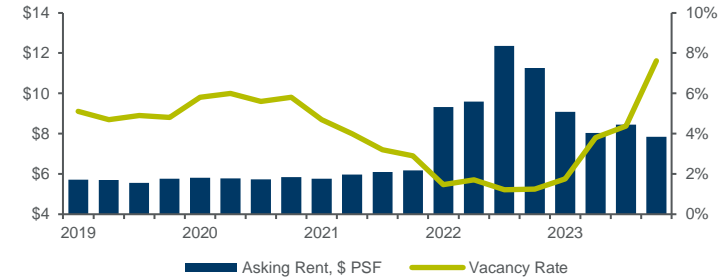


Source: BLS

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q4 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	192,045	3.8%	475	-67,856	0	10,000	-	\$19.00	\$7.75
Dorchester County	12,508,658	635,098	5.1%	112,592	232,098	2,531,141	710,096	-	-	\$7.90
Downtown Charleston/NOMO	1,793,504	1,650	0.1%	-1,650	15,337	0	0	-	\$35.00	-
James Island/Johns Island/Hwy 17 S	836,530	15,161	1.8%	22,879	3,234	0	0	-	\$13.25	\$9.50
Mt. Pleasant/Hwy 17 N	962,451	0	0.0%	0	0	0	0	-	-	-
North Charleston	33,813,399	1,671,599	4.9%	-186,590	-11,627	1,385,410	1,369,155	\$8.35	\$16.84	\$8.68
Outlying Berkeley County	40,503,821	4,825,901	11.9%	1,766,966	4,746,410	1,067,682	8,760,344	-	\$16.41	\$7.42
West Ashley	957,802	2,000	0.2%	-2,000	-509	0	0	-	\$15.00	-
MARKET TOTALS	96,488,891	7,343,454	7.6%	1,712,672	4,917,087	4,984,233	10,849,595	\$8.35	\$16.92	\$7.65

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

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

KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Berkeley Charleston Tradeport – Building 1	Outlying Berkeley County	Confidential	174,600	New Lease
Port City Centre – Building 1	Outlying Berkeley County	Confidential	155,000	New Lease
7555 Palmetto Commerce Pkwy	North Charleston	Raycap STEALTH	112,267	Renewal
Mount Holly Commerce Park – 1400 Garrott Ave	Outlying Berkeley County	Confidential	81,120	New Lease

KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER BUYER	SF	PRICE \$ PSF
Omni Industrial Park – Buildings 2, 3 & 4	Outlying Berkeley County	Stonemont Financial Group Rockpoint	1,331,900	\$158.3 M \$118.83
9051 Palmetto Commerce Pkwy	North Charleston	SMB Bradley Cummins	186,304	\$16.4 M \$87.77

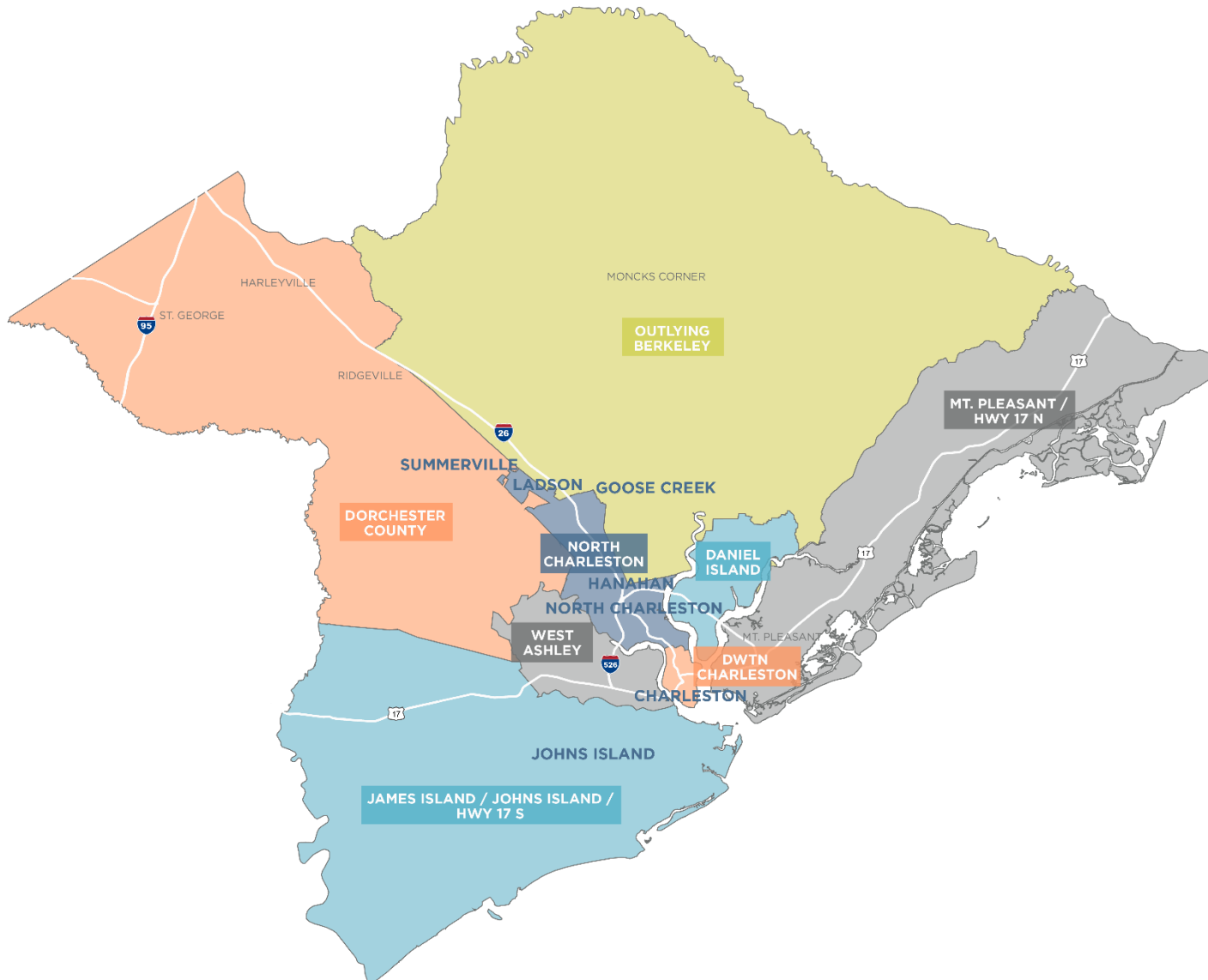
KEY PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	CONSTRUCTION TYPE	OWNER DEVELOPER
Palmetto Logistics	North Charleston	N/A	1,321,840	Speculative	Oaktree Capital Management Dalfen Industrial
Port 95 Business Park – Building 1	Dorchester County	N/A	978,120	Speculative	Cresset Partners Janko Group
Jedburg Logistics Park – Building 1	Dorchester County	N/A	621,920	Speculative	Trinity Capital Advisors
Camp Hall – Campus 5	Outlying Berkeley County	N/A	545,000	Speculative	BentallGreenOak RealtyLink
Berkeley Charleston Tradeport – Building 3	Outlying Berkeley County	N/A	354,202	Speculative	NorthPoint Development

CHARLESTON, SC

Industrial Q4 2023

INDUSTRIAL SUBMARKETS



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