



Office Q4 2023

YoY Chg 12-Mo. Forecast

9.0%

Vacancy Rate



16.0K

YTD Net Absorption, SF



\$30.69

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2023

YoY Chg 12-Mo. Forecast

426.2K

Charleston Employment



2.5%

Charleston Unemployment Rate



3.7%

U.S. Unemployment Rate



Source: BLS, CoStar

ECONOMY: Labor Force Growth Top in the U.S.

Charleston's economy recorded strong growth in Q4 to cap off an already productive 2023 as labor markets increased significantly throughout the year. The labor force expanded rapidly with nonfarm employment growing by another 22,700 jobs year-over-year (YOY), a 5.6% increase over that time. Markedly, this figure represents the largest rate of increase out of all 102 U.S. markets tracked by Cushman & Wakefield Research. While industrial and tourism labor sectors have had the largest impact to this growth, office-using sectors such as Professional and Business Services (12.0%) and Information (4.5%) grew notably YOY. Though unemployment rose slightly quarter-over-quarter (QOQ) to 2.5% in Q4, it decreased by 40 basis points (bps) YOY and remained well below the national rate.

SUPPLY and DEMAND: Vacancy Drops Due to Strong Absorption

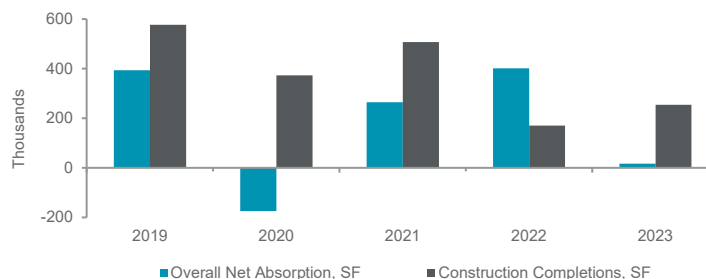
The supply of available office space shrank in Q4 with the overall vacancy rate decreasing to 9.0%, a 60-bp decrease QOQ. A few key submarkets reported net occupancy gains in Q4, contributing to the drop in the vacancy rate. Tenant move-ins in the Downtown Charleston, Mt. Pleasant/East Charleston, and North Charleston submarkets totaled more than 135,750 square feet (sf) of positive overall net absorption in Q4 and yielded the second consecutive quarter of occupancy gains, bringing the annual figure to more than 16,000 sf. Notable move-ins included Charleston County for 40,000 sf at 4340 Corporate Rd. in the North Charleston submarket and the Harbor Entrepreneurial Center for 14,426 sf at 11 Ewall St. in the Mt. Pleasant/East Charleston submarket.

Leasing activity fell in Q4 with total leasing figures (including renewals) reported at more than 79,600 sf, bringing the annual figure to more than 637,600 sf. These figures were the lowest quarterly total since Q4 2010 and echoed national leasing trends with activity depressed to end the year. Annual total leasing was focused heavily in the North Charleston submarket with 43.5% of all activity, followed by the Mt. Pleasant/East Charleston submarket with 17.0%.

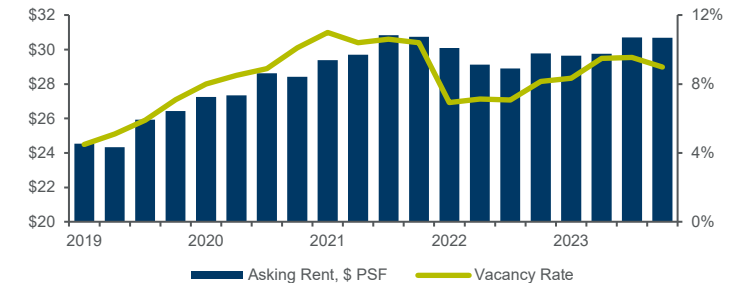
PRICING: Rebounded Rates Should Remain Stable

The overall asking rate in Charleston closed at \$30.69 per square feet (psf) in Q4, a 20.8% increase YOY. Class A rates closed the year at \$34.60 psf, a 38.1% premium compared to average Class B rates. Asking rates have rebounded from the post-pandemic downturn in 2022 and looking forward, should remain more or less flat in the coming year as new deliveries in the Nexton development and the renovations at Navy Yard at Noisette will bring new, premium priced office space to market while demand for these spaces will be high as tenants look to occupy high quality properties.

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	1,822,284	232,166	306,817	29.6%	-16,934	-203,059	81,507	0	\$31.11	\$32.97
Dorchester County	1,036,912	14,558	0	1.4%	-157	3,779	15,747	0	\$19.81	-
Downtown Charleston	5,554,056	440,792	23,936	8.4%	28,330	153,557	90,571	0	\$40.07	\$41.23
James Island/Johns Island	253,464	3,273	0	1.3%	0	0	0	0	-	-
Mt. Pleasant/East Charleston	3,022,288	151,403	28,728	6.0%	37,047	52,879	108,518	0	\$31.54	\$34.94
North Charleston	6,636,159	579,698	40,239	9.3%	70,385	-9,694	252,327	0	\$23.95	\$27.52
Outlying Berkeley	1,400,311	12,178	0	0.9%	0	4,875	20,900	198,000	\$31.87	\$33.00
West Ashley	1,279,561	55,337	0	4.3%	-1,798	13,669	29,503	0	\$25.04	\$26.58
MARKET TOTALS	21,005,035	1,489,405	399,720	9.0%	116,873	16,006	599,073	198,000	\$30.69	\$34.60

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
201 Sigma Dr	Outlying Berkeley	Clinical Education Shared Services	12,327	New Lease
5965 Core Rd	North Charleston	Undisclosed	10,000	New Lease
3860 Faber Place Dr	North Charleston	Undisclosed	7,413	New Lease
302 Wingo Way	Mt. Pleasant/East Charleston	Undisclosed	3,922	New Lease
3820 Faber Place Dr	North Charleston	Encore	3,541	New Lease

KEY SALES TRANSACTIONS 2023

PROPERTY	SUBMARKET	SELLER BUYER	SF	PRICE \$ PSF
Pacific Box & Crate Project / William St (Portfolio)	North Charleston	Raven Cliff Company, LLC Asana Partners	158,268	\$67.3M \$425.25
3251 Landmark Dr	North Charleston	Urban Core Advisor Syndication Comprehensive Auto Services, LLC	12,910	\$1.8M \$135.55

KEY METRIC YOY COMPARISON

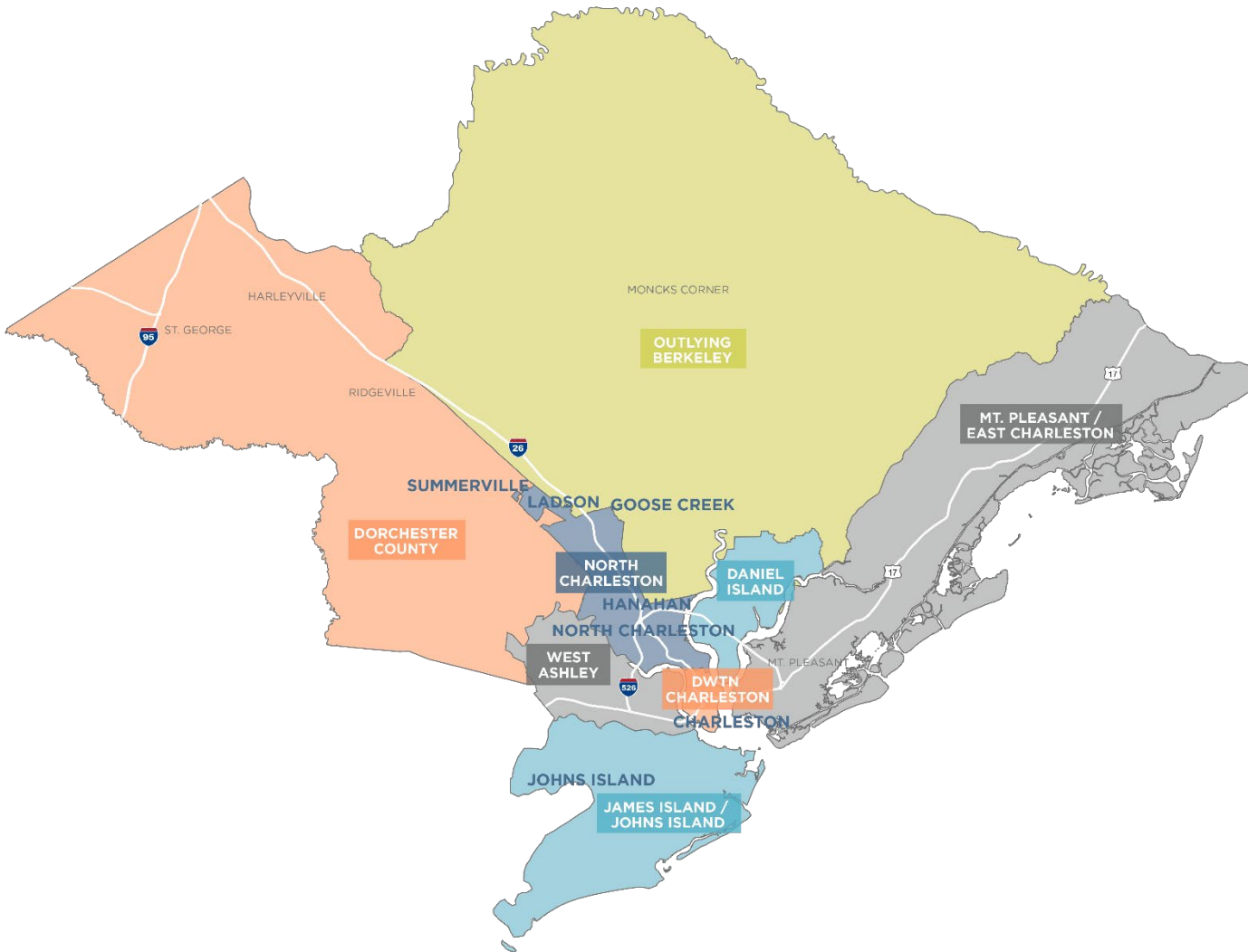
QUARTER	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL ASKING RENTS (ALL CLASSES)*	YTD OVERALL NET ABSORPTION (SF)	YTD NEW LEASING ACTIVITY (SF)	YTD COMPLETIONS (SF)	UNDER CONSTRUCTION (SF)
Q4 2022	20,882,695	8.2%	\$29.77	401,466	930,973	169,860	338,676
Q4 2023	21,005,035	9.0%	\$30.69	16,006	599,073	254,340	198,000

CHARLESTON, SC

Office Q4 2023



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