

9.2%
Vacancy Rate



-664K
YTD Net Absorption, SF



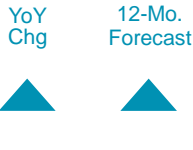
\$7.84
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2024

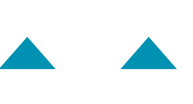
423.8K
Charleston
Employment



2.6%
Charleston
Unemployment Rate



3.8%
U.S.
Unemployment Rate



Source: BLS

ECONOMY: Employment Gains and Population Growth

Charleston kicked off 2024 with another quarter of economic expansion by adding 3,100 jobs resulting in a nonfarm employment total of 423,800. This figure marks a 4.1% increase year-over-year (YOY) and places Charleston as the fastest-growing labor market in the nation in terms of employment. Despite the metro's rapid employment gains, the unemployment rate climbed 10 basis points (bps) quarter-over-quarter to 2.6% due to the robust labor force growth outpacing job growth. Though forecasts predict a rising unemployment rate throughout 2024, the Charleston economy is well-positioned to endure headwinds as economic investment and population growth remain healthy. Notably, South Carolina was reported as the fastest-growing state in 2023 in terms of population due to strong domestic migration according to the United States Census Bureau.

SUPPLY and DEMAND: Space Options Mount as Leasing Velocity Slows

The supply of vacant space in the market rose sharply for the second consecutive quarter as multiple new construction projects were delivered fully available. These deliveries paired with occupancy losses of 664,000 square feet (sf) in existing product drove the vacancy rate upwards by 200 bps to 9.2%. With 1.3 million square feet (msf) of speculative product delivered in the first quarter, Charleston reached a new historical high for construction completions within a 12-month period at 12.1 msf of inventory added to the market. Vacancy is expected to push higher in the coming 12 months with 4.5 msf of speculative product currently under construction and minimal preleasing activity.

Demand for industrial space constricted further in Q1 with 433,300 sf of new deals signed, well-below the quarterly average. North Charleston accounted for most of the leasing activity. Only one transaction larger than 100,000 sf was signed as a renewal and two partial-building deals were inked at Palmetto Commerce Park. As space requirements have contracted in size, the flexibility of landlords to demise larger properties into multi-tenant configurations has become a key factor in an asset's lease-up velocity.

PRICING: Rents Balance with Excess Supply

Asking rents remained steady in Q1, with an overall market average of \$7.84 per square foot recorded as ample vacant supply remained available. Direct asking rents grew by 1.0% in Q1; however, sublease asking rents moved in the opposite direction, decreasing by 6.7% as many occupiers hold rent obligations that are below market pricing and possess flexibility. Rents for smaller warehouse/distribution (W/D) space are forecasted to follow a modest upward trend while bulk W/D pricing will feel downward pressure from the market until the excess supply is absorbed.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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	252,045	4.9%	-60,000	-60,000	0	0	-	\$17.90	\$7.75
Dorchester County	13,825,999	2,254,330	16.3%	-359,891	-359,891	1,852,128	1,314,341	\$8.50	-	\$7.74
Downtown Charleston/NOMO	1,793,504	1,650	0.1%	0	0	0	0	-	-	-
James Island/Johns Island/Hwy 17 S	836,530	15,161	1.8%	0	0	0	0	-	\$12.00	\$9.50
Mt. Pleasant/Hwy 17 N	962,451	0	0.0%	0	0	0	0	-	-	-
North Charleston	33,874,067	1,473,310	4.4%	198,289	198,289	1,405,410	0	\$8.35	\$17.39	\$8.66
Outlying Berkeley County	40,481,038	4,965,025	12.3%	-444,547	-444,547	1,220,562	0	-	\$15.06	\$7.37
West Ashley	957,802	0	0.0%	2,000	2,000	0	0	-	-	-
MARKET TOTALS	97,844,117	8,961,521	9.2%	-664,149	-664,149	4,478,100	1,314,341	\$8.43	\$17.11	\$7.60

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

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

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
Montague Commerce Park – 4500 Goer Dr	North Charleston	Quantix Supply Chain Solutions	203,000	Renewal
Palmetto Commerce Park – 9785 Patriot Blvd	North Charleston	Confidential	97,200	Sublease
Palmetto Commerce Park – 7054 Weber Blvd	North Charleston	Tri Star Freight System, Inc.	62,400	New Lease
Northwoods Industrial Park – 1930 Hanahan Rd	North Charleston	CLN Solutions	40,341	Renewal

*Renewals not included in leasing activity statistics

KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER BUYER	SF	PRICE \$ PSF
Camp Hall – Campus 4 – Building A	Outlying Berkeley County	Rockpoint International Intimates, Inc.	219,055	\$30.0 M \$136.95
Port City Centre – 311 Port City Centre Dr	Outlying Berkeley County	Bridgeview Properties, LLC Port City Centre 311, LLC	50,400	\$4.9 M \$97.12

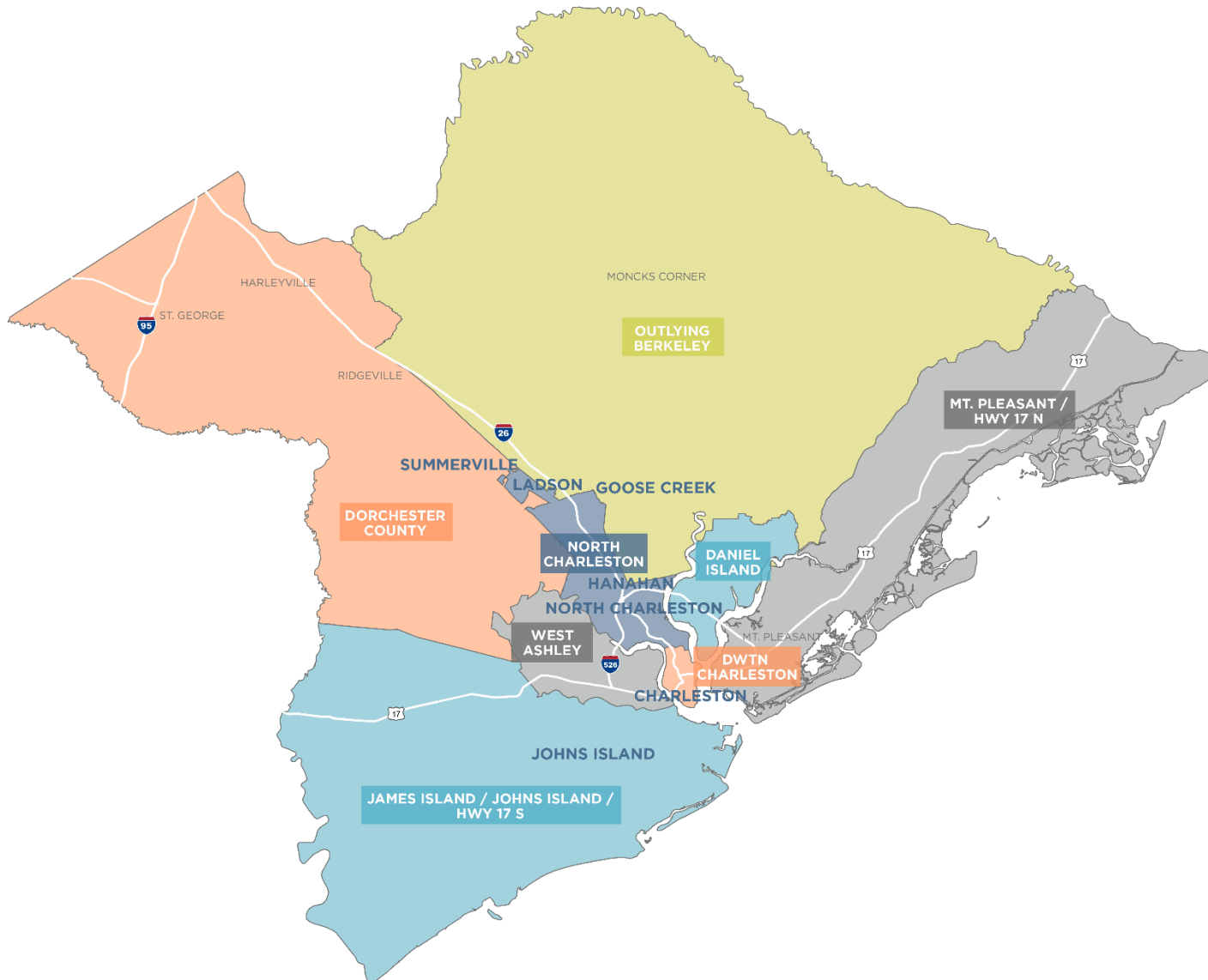
KEY PROJECTS UNDER CONSTRUCTION

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 – Buildings 1 & 2	Dorchester County	N/A	1,216,800	Speculative	Cresset Partners Janko Group
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
Camp Hall – Campus 1 – Vantage Point 2	Outlying Berkeley County	N/A	152,880	Speculative	Magnus Development Partners

CHARLESTON, SC

Industrial Q1 2024

INDUSTRIAL SUBMARKETS



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