



Office Q1 2024

YoY Chg 12-Mo. Forecast

**8.7%**  
Vacancy Rate



**29.3K**  
Q1 Net Absorption, SF



**\$30.16**  
Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q1 2024

YoY Chg 12-Mo. Forecast

**423.8K**  
Charleston Employment



**2.6%**  
Charleston Unemployment Rate



**3.8%**  
U.S. Unemployment Rate



Source: BLS, CoStar

## ECONOMY: Labor Force Continues to Drive Region's Economy

The Charleston economy continued to demonstrate strong employment growth as one of the fastest growing markets in the nation. Unemployment remained low in Q1, dropping by 10 basis points (bps) year-over-year (YOY) while the U.S. economy reported rising unemployment of 30 bps YOY. Conversely, nonfarm employment figures in the region grew by 4.1% YOY, with 16,700 jobs added over that same period, remaining the largest percent increase out of all 102 U.S. markets tracked by Cushman & Wakefield Research.

## SUPPLY and DEMAND: Vacancy Drops Due to Strong Absorption

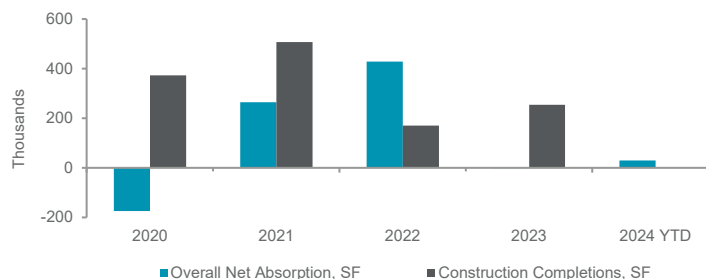
Charleston's overall office vacancy improved for the second quarter in a row, dropping 10 bps quarter-over-quarter (QOQ) to 8.7% as occupancy gains outweighed new supply for the third consecutive quarter. Substantial direct occupancy gains of more than 106,000 square feet (sf) were recorded in Q1, driven by HCA South Atlantic's move to the Marshside at Nowell Creek Village in the Daniel Island submarket for nearly 40,000 sf as well as multiple tenant move-ins at The Morris and Morrison Yard, two new Class A buildings in Downtown Charleston. Overall absorption, recorded at 29,344 sf in Q1, was tempered by Telus vacating and subleasing 80,000 sf at 3450 Ingleside Dr in North Charleston, causing the overall vacancy in that submarket to jump by 100 bps QOQ to 10.1%.

Leasing activity rebounded in Q1, with total leasing (including renewals) of more than 201,800 sf recorded, a 43.1% increase from Q1 2023 and 57.4% increase QOQ. The North Charleston and Downtown Charleston submarkets combined captured 68.1% of leasing activity in Q1. The lease at Port 26 in North Charleston was only the third lease to exceed 30,000 sf since 2022. Average deal size rose to 4,229 sf over 48 deals, up 31.4% when compared to Q1 2023.

## PRICING: Rates Shrink Minimally as Discounted Space Hits Market

The overall asking rate in Charleston held stable in Q1, falling by 0.6% QOQ to \$30.16 per square foot (psf). While direct rates continued to drive upwards, sublease space, which makes up 26.1% of the overall vacancy, fell by 3.1% QOQ with the aforementioned Telus campus adding space with discounted asking rents to market. Despite this, Class A rates continued to rise albeit minimally, a trend that is expected to persist as new deliveries and renovations complete in 2024.

## 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	198,445	306,817	27.7%	33,721	33,721	25,399	0	\$31.22	\$32.92
Dorchester County	1,036,912	10,698	0	1.0%	6,115	6,115	1,200	0	\$19.67	N/A
Downtown Charleston	5,554,056	391,606	26,216	7.5%	49,671	49,671	38,890	0	\$39.39	\$41.00
James Island/Johns Island	253,464	3,273	0	1.3%	0	0	0	0	-	-
Mt. Pleasant/East Charleston	3,022,288	139,024	26,501	5.5%	-6,689	-6,689	16,715	0	\$28.68	\$30.29
North Charleston	6,638,852	550,344	117,010	10.1%	-62,003	-62,003	82,037	0	\$23.69	\$27.38
Outlying Berkeley	1,400,311	12,178	0	0.9%	0	0	0	88,000	\$31.87	\$33.00
West Ashley	1,279,561	45,522	0	3.6%	8,529	8,529	3,932	0	\$25.76	\$27.28
<b>MARKET TOTALS</b>	<b>21,007,728</b>	<b>1,351,090</b>	<b>476,544</b>	<b>8.7%</b>	<b>29,344</b>	<b>29,344</b>	<b>168,173</b>	<b>88,000</b>	<b>\$30.16</b>	<b>\$34.30</b>

\*Rental rates reflect full service asking

**KEY LEASE TRANSACTIONS Q1 2024**

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Port 26	North Charleston	Confidential	31,038	New Lease
125 Fairchild	Daniel Island	Maxwood Furniture, Inc.	20,399	Sublease
Morrison Yard	Downtown Charleston	Burr & Forman	12,152	New Lease
Harbor Walk	Downtown Charleston	Raymond James & Associates	9,203	Renewal
Ashley Center	North Charleston	Moore Beauston & Woodham	8,630	New Lease

**KEY METRIC YOY COMPARISON**

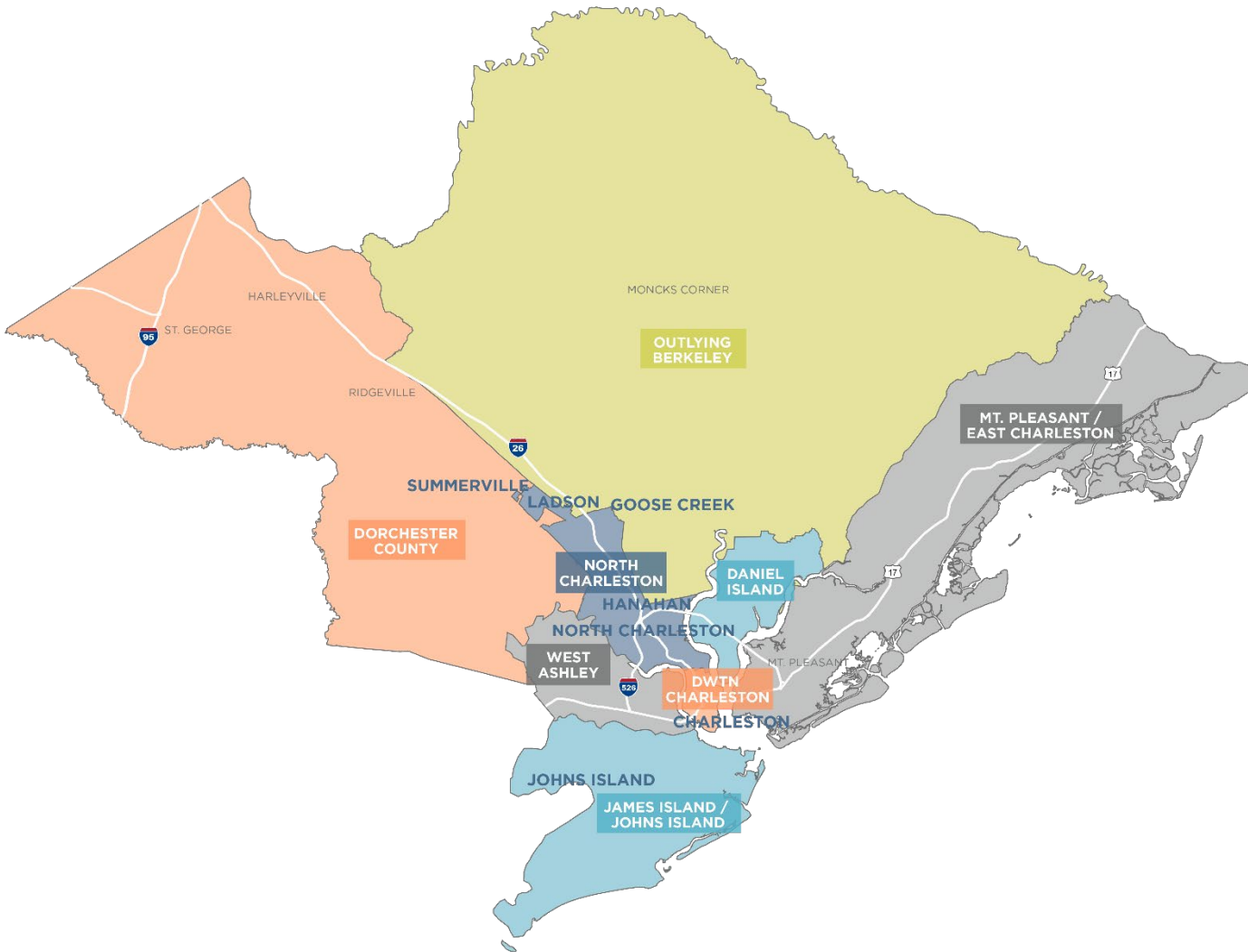
QUARTER	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL ASKING RENTS (ALL CLASSES)*	YTD OVERALL NET ABSORPTION (SF)	YTD NEW LEASING ACTIVITY (SF)	YTD COMPLETIONS (SF)	UNDER CONSTRUCTION (SF)
Q1 2023	20,759,196	8.1%	\$29.55	-71,845	138,452	5,808	442,868
Q1 2024	21,007,728	8.7%	\$30.16	29,344	168,173	0	88,000

# CHARLESTON, SC

Office Q1 2024



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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