

## Industrial Q2 2024

**12.3%**  
Vacancy Rate



**-1.1M**  
YTD Net Absorption, SF



**\$7.58**  
Asking Rent, PSF



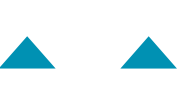
Overall, Net Asking Rent

### ECONOMIC INDICATORS Q2 2024

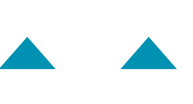
**428.8K**  
Charleston Employment



**2.7%**  
Charleston Unemployment Rate



**4.1%**  
U.S. Unemployment Rate



Source: BLS

### ECONOMY: Strong Labor Growth Continues

Amid uncertainty across the nation, key indicators pointed toward the resilience of the Charleston economy. The metro notched another quarter of strong employment expansion by adding 4,500 nonfarm jobs, bringing the total employment level to 428,800. This figure marks a 4.3% increase year-over-year (YOY) and cements Charleston as the fastest-growing labor market in the nation in terms of employment. The robust labor force paired with remarkable seaport infrastructure positions Charleston well for future economic growth, specifically in the manufacturing sector as the reshoring of overseas industrial operations continues.

### SUPPLY and DEMAND: Vacant Product Delivers to the Market

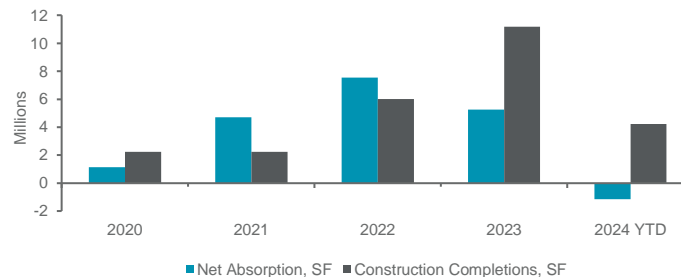
The market's vacancy rate pushed into the double digits for the first time since Q1 2013 as multiple new construction projects were delivered fully available. This propelled the vacancy rate higher by 310 basis points (bps) to 12.3%. With 2.9 million square feet (msf) of speculative product delivered in the second quarter, bringing the year-to-date deliveries total to 4.2 msf, Charleston was the fifth fastest-growing market out of 83 markets tracked nationally in the first half of 2024. A noteworthy construction completion in Q2 was the Palmetto Logistics Center located within the North Charleston submarket which was developed on a speculative basis and delivered vacant. The warehouse/distribution (W/D) facility measures a remarkable 1.3 msf and is one of the largest stand-alone buildings in the market.

After a quiet start to the year, tenant demand regained some momentum in Q2 with 1.0 msf of space transacted, a large share of which was concentrated in the Outlying Berkeley County submarkets which accounted for 43.6% of the quarterly total. Soft tenant demand for bulk W/D space persisted with only one deal surpassing the 200,000-sf mark in Q2 while leasing velocity for smaller spaces near the 100,000-sf mark was relatively healthy. A notable trade occurred between Foundry Commercial/Oakwood Real Estate Partners and Fundrise in the Dorchester County submarket with the sale of Dorchester Commerce Center. The 534,000-sf property sold for \$64.1 million and was fully vacant at the time of purchase.

### PRICING: Excess Supply Pulls Asking Rents Down

Asking rents fell further in Q2, reaching a new post-pandemic low of \$7.58 per square foot (psf) as available supply remained abundant. Tenants which listed space for sublease asked for \$7.39 psf on average, 3.0% below the direct average of \$7.62 psf. A slight decrease of 0.5% within flex space pricing was noted in Q2 after asking rent growth accelerated swiftly over the previous 18 months, though upward pressure due to limited supply remains. The average asking rent for W/D product is expected to hold near the \$7.50-psf mark over the next 12 months while the existing excess supply is absorbed and the development pipeline diminishes.

### 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	302,045	5.9%	-50,000	-110,000	0	0	-	\$17.90	\$7.82
Dorchester County	15,045,771	3,514,102	23.4%	-40,000	-399,891	635,328	2,534,113	\$7.50	-	\$6.99
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	35,234,477	2,807,947	8.0%	25,773	224,062	333,602	1,360,410	\$7.43	\$17.29	\$8.25
Outlying Berkeley County	40,803,892	5,700,972	14.0%	-414,587	-859,134	899,202	321,360	-	\$15.06	\$7.34
West Ashley	957,802	0	0.0%	0	2,000	0	0	-	-	-
<b>MARKET TOTALS</b>	<b>100,747,153</b>	<b>12,341,877</b>	<b>12.3%</b>	<b>-478,814</b>	<b>-1,142,963</b>	<b>1,868,132</b>	<b>4,215,883</b>	<b>\$7.46</b>	<b>\$17.03</b>	<b>\$7.43</b>

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

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

\*\*Market statistics include tracked properties larger than 10,000 sf

### KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Charleston Logistics Center – Building 200	Outlying Berkeley County	Zipto	228,783	New Lease
Jedburg Logistics Park – Building 2	Dorchester County	Amazon	158,340	New Lease
Crosspoint at Palmetto Commerce Park – Building 11	North Charleston	Chadwell Supply	131,195	Prelease
World Trade Center Charleston	North Charleston	Raycap	91,440	New Lease

### KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SELLER   BUYER	SF	PRICE   \$ PSF
Dorchester Commerce Center	Dorchester County	Foundry Commercial & Oakwood Real Estate Partners   Fundrise	534,081	\$64.1 M   \$120.00

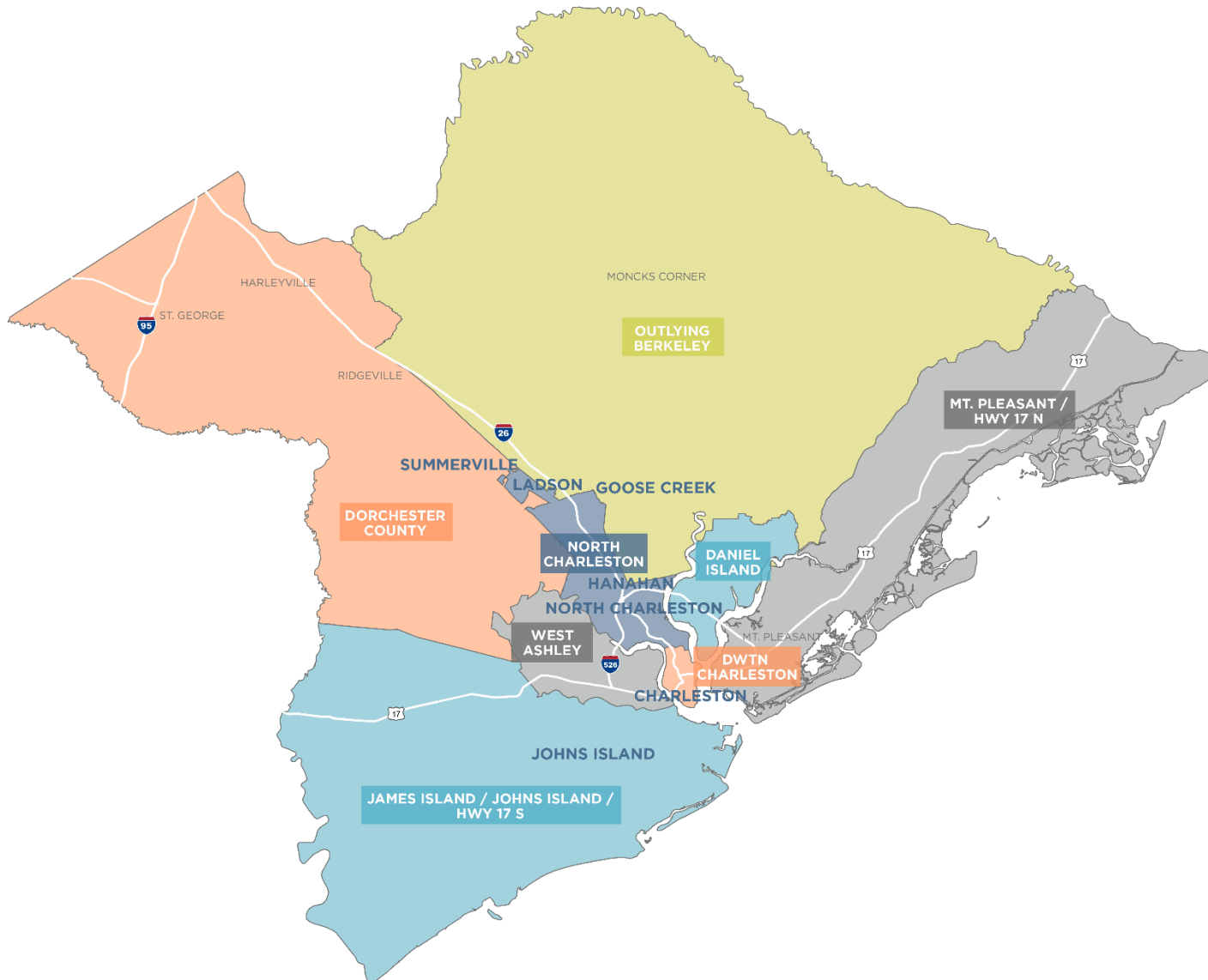
### KEY CONSTRUCTION COMPLETIONS 2024 YTD

PROPERTY	SUBMARKET	CONSTRUCTION TYPE	SF	OWNER   DEVELOPER
Palmetto Logistics	North Charleston	Speculative	1,321,840	Oaktree Capital Management   Dalfen Industrial
Port 95 Business Park – Buildings 1 & 2	Dorchester County	Speculative	1,216,800	Cresset Partners   Janko Group
Jedburg Logistics Park	Dorchester County	Speculative	780,260	Iconic Equities   Trinity Capital Advisors
Dorchester Commerce Center	Dorchester County	Speculative	534,081	Fundrise   Foundry Commercial
Port City Centre – Building 3	Outlying Berkeley County	Speculative	168,480	Barings   Landmark Industrial

# CHARLESTON, SC

Industrial Q2 2024

## INDUSTRIAL SUBMARKETS



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