



Office Q2 2024

YoY Chg 12-Mo. Forecast

8.1%
Vacancy Rate

94.7K
Net Absorption, SF

\$30.72
Asking Rent, PSF

(Overall, All Property Classes)

**ECONOMIC INDICATORS
Q2 2024**

YoY Chg 12-Mo. Forecast

428.8K
Charleston Employment

2.7%
Charleston
Unemployment Rate

4.1%
U.S.
Unemployment Rate

Source: BLS, CoStar

ECONOMY: Charleston Labor Force Fastest Growing in the Nation

Charleston sustained a strong economy in, recording the largest employment growth year-over-year (YOY) out of all 102 U.S. markets tracked by Cushman & Wakefield Research. . Nonfarm employment grew by 4.3% YOY, an increase of 17,600 jobs. Though the unemployment rate recorded a modest 30-basis-point (bp) uptick to 2.7%, it climbed less than the national figure and remained well below the U.S. unemployment rate of 4.1%. While construction and transportation industries have expanded in the region due to the rise in development in Charleston’s MSA, office-using sectors such as information (6.4%) and financial activities (5.7%) have also grown YOY

SUPPLY and DEMAND: Vacant Supply Reaches Lowest Point in Five Quarters

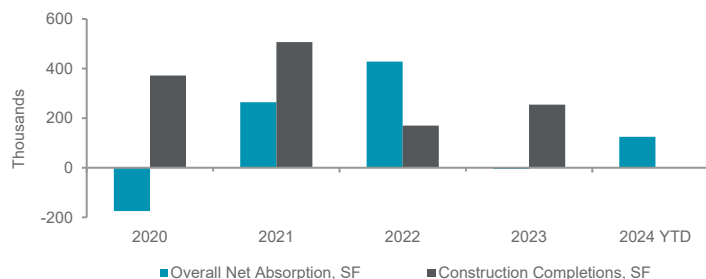
Vacant space in the Charleston office market shrank for the third consecutive quarter, dropping 50 bps quarter-over-quarter (QOQ) and 100 bps YOY to 8.1% overall, the lowest rate recorded since Q1 2023. For the fourth straight quarter, occupancy gains net occupancy gains were recorded, with nearly 95,000 square feet (sf) of positive absorption, bringing the year-to-date (YTD) total to nearly 125,000 sf. The largest contributor to occupancy gains this quarter was nonprofit organization the Movement Foundation, which occupied nearly 90,000 sf at 8085 Rivers Ave in the North Charleston submarket, a building it purchased in Q4 2023.

Demand continued to rise in 2024 with new leasing activity measured at nearly 175,000 sf in Q2, a 34.9% increase from Q2 2023. YTD new leasing reported at 356,713 sf, a 34.0% increase compared to the first two quarters of 2023. Leasing within the North Charleston and Downtown Charleston submarkets continued to rise in Q2, capturing 69.8% of new deals signed in Charleston. Notably, transactions above 11,000 sf were signed at the Morris, bringing the recently developed project in Downtown Charleston to 83.8% occupancy.

PRICING: Rates Shrink Minimally as Discounted Space Hits Market

Following three quarters of falling asking rents in the market, the overall average in Charleston recorded an uptick in Q2, increasing by 2.0% QOQ to \$30.72 per square foot (psf). Notably, Class A direct rates fell by 1.1% QOQ with Class A leasing representing 62.8% of deals done in Q2, removing vacancy with premium asking rates attached. Conversely, Class B direct asking rates rose by an impressive 8.5% QOQ as new availabilities that hit the market looked to keep pace with Class A rates. Class A averages in Charleston’s central business district continued to boast rates above \$40.00 psf, bringing the overall asking to \$39.45 psf in the submarket.

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	190,492	282,479	26.0%	24,336	58,057	47,655	0	\$31.92	\$32.87
Dorchester County	1,036,912	6,129	0	0.6%	4,569	10,684	6,069	0	\$20.49	-
Downtown Charleston	5,566,899	394,207	24,863	7.5%	-17,660	34,468	111,956	0	\$39.45	\$40.63
James Island/Johns Island	253,464	3,273	0	1.3%	0	0	0	0	-	-
Mt. Pleasant/East Charleston	2,990,889	134,369	25,311	5.3%	-10,338	-23,568	29,058	0	\$27.75	\$31.05
North Charleston	6,594,876	442,572	115,874	8.5%	109,793	49,267	141,188	0	\$24.49	\$27.53
Outlying Berkeley	1,400,311	15,878	0	1.1%	-3,700	-3,700	0	88,000	\$31.50	\$33.00
West Ashley	1,283,416	65,922	0	5.1%	-12,308	-469	20,787	0	\$25.75	\$27.03
MARKET TOTALS	20,949,051	1,252,842	448,527	8.1%	94,692	124,739	356,713	88,000	\$30.72	\$33.90

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Beresford Creek Executive Center - Building 400	Daniel Island	Guardian Pharmacy	14,698	New Lease
The Morris	Downtown Charleston	Pure Fishing	14,346	New Lease
The Morris	Downtown Charleston	Kimley-Horn	11,827	New Lease
Faber Crossing	North Charleston	Progressive Casualty Insurance Company	11,183	New Lease
The Morris	Downtown Charleston	Northwestern Mutual	11,025	New Lease

KEY METRIC YOY COMPARISON

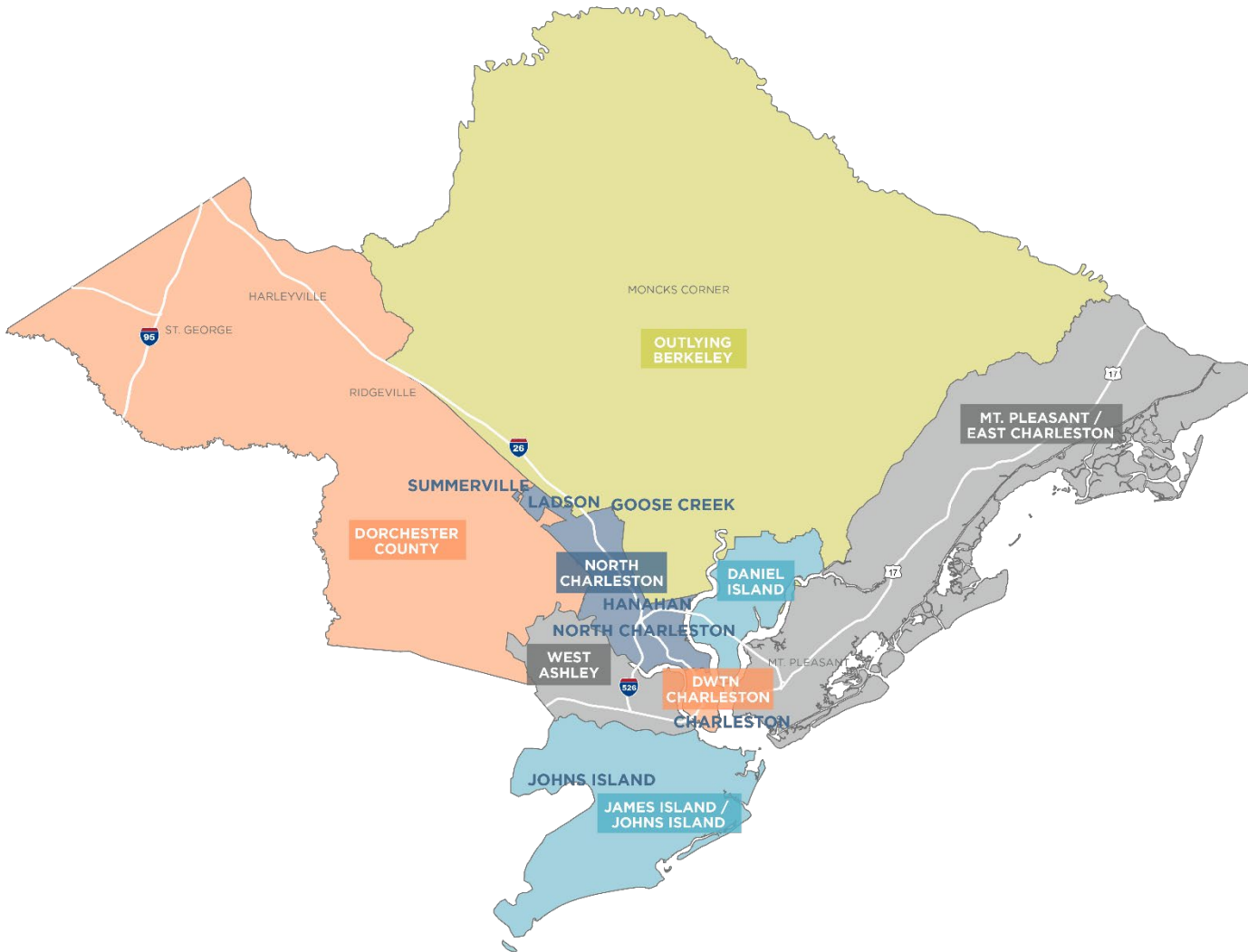
QUARTER	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL ASKING RENTS (ALL CLASSES)*	YTD OVERALL NET ABSORPTION (SF)	YTD NEW LEASING ACTIVITY (SF)	YTD COMPLETIONS (SF)	UNDER CONSTRUCTION (SF)
Q2 2023	20,834,051	9.1%	\$29.63	-192,104	266,296	139,340	309,336
Q2 2024	20,949,051	8.1%	\$30.72	124,739	356,713	0	88,000

CHARLESTON, SC

Office Q2 2024



OFFICE SUBMARKETS



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