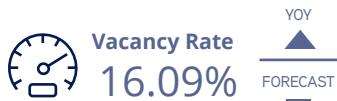




Charleston | Office
24Q3

Key Takeaways

- Rental rates for Class A space vary widely with top rates reaching above \$50 per square foot
- New construction is still limited as large occupancies remain uncommon
- Class B and C spaces face an uncertain short-term outlook



Performance mixed as top-end rents accelerate

Charleston's office market continues to experience high overall vacancy and record high rental rates as the market trends towards increasing bifurcation. Top-end rates now exceed \$50.00 per square foot for the most prominent Class A spaces, while Class B and C asking rents have remained essentially flat over the past three years as landlords struggle to fill vacancies. Demand is strongest for highly amenitized, modern spaces under 10,000 square feet offering easy interstate access and on-site parking as employers upgrade their offices while seeking to attract employees back to the office. After consistent strong performance from 2021 through the third quarter of 2023, net absorption has been negative over the past year, with -8,469 square feet of net absorption this quarter resulting primarily from new vacancies in Class B and C spaces.

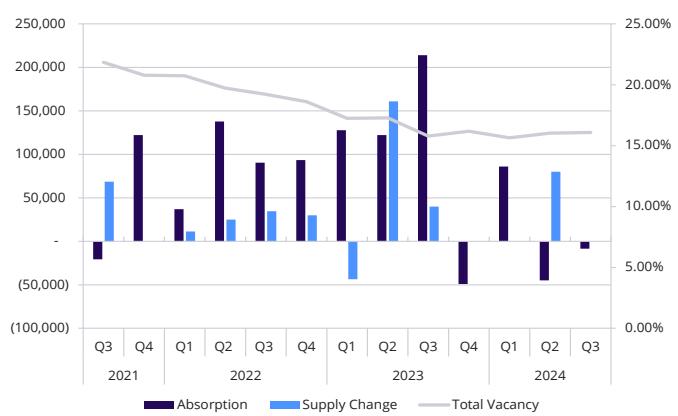
Market Indicators



Historic Comparison

	23Q3	24Q2	24Q3
Total Inventory (in millions of SF)	12.2	12.2	12.1
Supply Change (in Thousands of SF)	40.0	26.0	-
Net Absorption (in Thousands of SF)	213.9	(44.9)	(8.5)
Overall Vacancy	15.78%	16.02%	16.09%
Under Construction (in Thousands of SF)	120.0	54.0	54.0
Overall Class A Asking Lease Rates (FSG)	\$33.23	\$34.59	\$35.13

Market Graph



Class A asking rates ticked up to \$35.13 per square foot behind spiking high-end rates, while absorption remained negative at -8,469 square feet as demand remained mixed. Vacancy rose to 16.09% as the market enters a new stable state. Total inventory decreased to 12,110,616 square feet.

Recent Transactions



Lease
100 Coastal Dr.
Daniel Island
13.4K SF



Lease
4287 Spruill Ave.
Lower N. Charleston
5.2K SF



Lease
75 Port City Lndg.
Mount Pleasant
9.0K SF



Lease
4400 Leeds Ave.
Lower N. Charleston
12.0K SF



Lease
1859 Summerville Ave.
Downtown Charleston
4.6K SF



Sale
1315 Ashley River Rd.
West Ashley
7.4K SF | \$2.1M

Performance mixed as top-end rents accelerate

Tenant activity remains high, particularly within the professional services sector, creating some optimism for a Q4 rebound as landlords reposition large blocks of single-tenant Class A space. Beyond renovation activity expected to finish in Q4 at the Navy Yard development, the construction pipeline remains empty, though several proposed projects may see new life as the Federal Reserve's September interest rate cuts help to reactivate investors' dry powder. Sales volume is also likely to tick up over the coming quarters as activity has been minimal beyond small single-tenant properties.

121 Calhoun Street - Downtown Charleston



Source: Colliers

Charleston Capital Investments

Q4 2023 - Q3 2024

Date	Company	Investment	Jobs	County	Industry
11/14/2023	QuicksortRx	\$200,000	41	Charleston	Pharmacy supply chain management solutions
11/16/2023	Fisherman Woodworks, Inc. dba Carpenters Woodworks and Restoration	\$1,500,000	20	Charleston	Custom woodworking and restoration
11/21/2023	MD 3PL SC dba IronLink Logistics	\$16,500,000	250	Charleston	Logistics services
2/21/2024	MOONDOG Animation Studio	\$100,000	20	Charleston	Animation and immersive experiences
2/27/2024	Leonardo DRS (DRS Naval Power Systems)	\$120,000,000	58	Berkeley	Defense products and technologies provider
2/27/2024	Gnosis Companies, Inc. (Gnosis Freight)	\$400,000	51	Charleston	Supply chain and logistics software provider
4/25/2024	Tradd Advisory Company	\$100,000	100	Charleston	Third party logistics provider
5/7/2024	TTS Studios	\$800,000	14	Charleston	Custom project fabricator
5/22/2024	Allegiance Flag Supply	\$6,300,000	84	Charleston	Flag manufacturer
7/9/2024	Portside Technology	-	89	Charleston	Information technology services
8/20/2024	Eveon Containers	-	25	Charleston	Used shipping container broker
9/6/2024	East Coast Warehouse & Distribution	\$14,500,000	52	Charleston	Temperature-controlled logistics provider
9/26/2024	Google	\$1,300,000,000	-	Berkeley	Data center
9/26/2024	Google	\$2,000,000,000	200	Dorchester	Data center

Source: South Carolina Department of Commerce

Charleston | Q3 2024 Office Market Summary Statistics

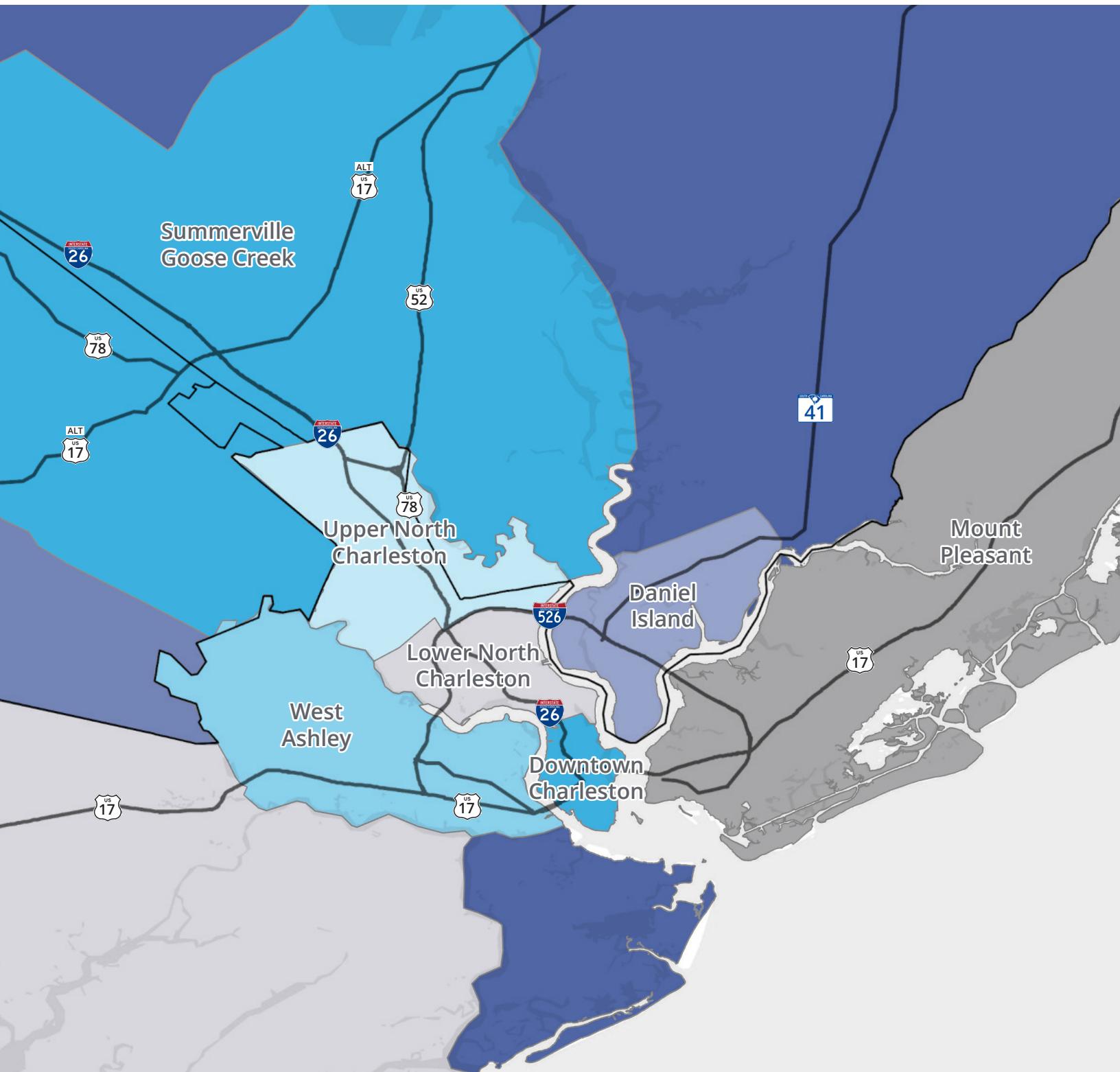


Market	Buildings	Inventory (SF)	Direct Vacant (SF)	Sublease Vacant (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Net Absorption (SF)	Average Asking Rental Rate (SF/YR)
Charleston CBD								
Class A	21	1,845,699	238,960	17,107	256,067	13.87%	1,466	\$41.18
Class B	25	1,185,076	179,461	11,609	191,070	16.12%	-16,048	\$35.72
Class C	12	434,984	5,408	-	5,408	1.24%	-	\$21.75
CBD Total	58	3,465,759	423,829	28,716	452,545	13.06%	-14,582	\$38.64
Suburban Submarkets								
Class A	46	3,147,417	488,892	329,235	818,127	25.99%	15,737	\$32.04
Class B	73	3,958,812	471,346	62,699	534,045	13.49%	-1,333	\$23.69
Class C	37	1,538,628	129,683	13,888	143,571	9.33%	-8,291	\$18.66
Suburban Total	156	8,644,857	1,089,921	405,822	1,495,743	17.30%	6,113	\$26.93
Market								
Class A	67	4,993,116	727,852	346,342	1,074,194	21.51%	17,203	\$35.13
Class B	98	5,143,888	650,807	74,308	725,115	14.10%	-17,381	\$27.16
Class C	49	1,973,612	135,091	13,888	148,979	7.55%	-8,291	\$18.79
Market Total	214	12,110,616	1,513,750	434,538	1,948,288	16.09%	-8,469	\$30.36

Submarkets

Market	Buildings	Inventory (SF)	Direct Vacant (SF)	Sublease Vacant (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Net Absorption (SF)	Average Asking Rental Rate (SF/YR)
Daniel Island								
Class A	9	880,631	152,150	233,913	386,063	43.84%	15,669	\$34.72
Class B	7	286,519	65,401	9,977	75,378	26.31%	-	\$31.02
Class C	1	25,000	6,064	-	6,064	24.26%	-	\$23.50
Daniel Island Total	17	1,192,150	223,615	243,890	467,505	39.22%	15,669	\$33.57
Lower North Charleston								
Class A	14	897,248	167,579	10,007	177,586	19.79%	-6,554	\$29.15
Class B	20	1,186,232	114,898	5,348	120,246	10.14%	5,770	\$25.77
Class C	13	566,016	30,327	-	30,327	5.36%	1,454	\$9.22
Lower N CHS Total	48	2,636,820	312,804	15,355	328,159	12.45%	670	\$24.54
Mount Pleasant								
Class A	10	610,349	76,181	5,315	81,496	13.35%	-19,593	\$32.65
Class B	17	559,428	71,728	17,374	89,102	15.93%	2,710	\$25.42
Class C	4	115,063	24,099	0	24,099	20.94%	1,696	\$27.20
Mt. Pleasant Total	31	1,284,840	172,008	22,689	194,697	15.15%	-15,187	\$26.73
Summerville / Goose Creek								
Class A	4	223,890	7,420	-	7,420	3.31%	-	\$30.00
Class B	5	205,483	-	-	-	-	-	-
Class C	4	102,174	2,184	-	2,184	2.14%	1,500	\$21.50
Summerville/Goose Creek Total	13	531,547	9,604	-	9,604	1.81%	1,500	\$28.07
Upper North Charleston								
Class A	8	510,299	85,562	80,000	165,562	32.44%	26,215	\$27.38
Class B	18	1,329,220	205,027	30,000	235,027	17.68%	-1,332	\$19.38
Class C	7	397,943	25,483	-	25,483	6.40%	-846	\$19.80
Upper N CHS Total	33	2,237,462	316,072	110,000	426,072	19.04%	24,037	\$19.88
West Ashley								
Class A	1	25,000	-	-	-	-	-	-
Class B	6	391,930	14,292	-	14,292	3.65%	-8,481	\$30.60
Class C	8	332,432	41,526	13,888	55,414	16.67%	-12,095	\$19.34
West Ashley Total	15	749,362	55,818	13,888	69,706	9.30%	-20,576	\$25.40

Submarket Map



501 offices in 66 countries on 6 continents



\$4.3B
Annual revenue



2B
Square feet managed



19,000
Professionals

In January 2021, Colliers benchmarked its office data set for South Carolina. The new standard includes all office buildings 20,000 square feet. Excluded are medical office, government-owned buildings and office condominiums. Due to adjustments to the building inventory, comparison of data included in previously published market reports should be avoided.

About Colliers | South Carolina

Colliers | South Carolina is the largest full-service commercial real estate firm in South Carolina with 62 licensed real estate professionals covering the state with locations in Charleston, Columbia, Greenville and Spartanburg. Colliers is an Accredited Management Organization (AMO) through the Institute of Real Estate Management (IREM) and is the largest manager of commercial real estate properties in South Carolina with a portfolio of over 18 million square feet of office, industrial, retail and healthcare properties. Colliers' staff hold the most professional designations of any firm in South Carolina. Colliers | South Carolina's partner, LCK, provides project management services for new facilities and renovations across South Carolina.

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