

Office Snapshot 2Q 2016

Charleston, SC



CUSHMAN & WAKEFIELD

THALHIMER

CHARLESTON OFFICE

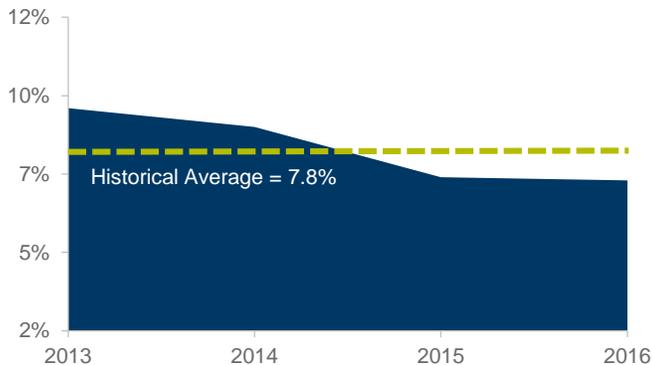
Economic Indicators

	2Q 15	2Q 16	12-Month Forecast
Charleston Employment	332k	339k	▲
Charleston Unemployment	5.2%	5.1%	▼
U.S. Unemployment	5.4%	4.9%	▼

Market Indicators (Overall, All Classes)

	2Q 15	2Q 16	12-Month Forecast
Overall Vacancy	6.7%	7.3%	▲
Net Absorption	142k	82k	▼
Under Construction	228k	251k	▲
Average Asking Rent	\$20.53	\$19.59	▼

Overall Vacancy



Economy and Market Overview

Forbes Magazine announced Charleston as the 3rd Best City in America for jobs in 2016. Charleston, South Carolina is now the second-most-popular destination for movers in the United States, according to United Van Lines' annual Movers study, averaging 45 newcomers a day and over 1,000 per month. Charleston's job market is one of the hottest in the nation, as nearly a third of the region's companies say they plan to hire more people in the coming months. Some 32% of Charleston-area employers plan to add staff in 3Q 2016, according to a recent survey by the human-resources consulting firm ManpowerGroup. The millennial population has grown 58% since 2005 with an average worker in the market now being 34 years of age.

Market Overview

The Charleston regions' overall vacancy crept up a bit from 6.8% in 1Q 16 to 7.3% in 2Q 16 as inventory increased 478,000 square feet (SF) from 1Q 16 totaling nearly 23.6 million square feet. Projects under construction totaled 251,000 SF as of 2Q 16. Class A average asking rates rose from \$26.28 per square foot (PSF) in 1Q 16 to \$26.88 PSF in 2Q 16 and overall rates increased from \$19.37 PSF in 1Q 16 to \$19.59 PSF in 2Q 16. Total market investment sales rose dramatically over 1Q 16 to 228,000 SF. Estimated speculative construction completions totaled 116,000 SF compared to 135,000 SF in 1Q 16.

Key Lease Transactions 2Q 16

PROPERTY	SF	TENANT	CLASS
385 Meeting St	53,936	Charleston School of Law	A
11 eWall St	33,000	Undisclosed	A
4355 Bridge View Dr	22,338	Undisclosed	B

Key Sales Transactions 2Q 16

PROPERTY	SF	BUYER	PRICE / \$PSF
4130 Faber Place Dr	54,261	Allegiancy	\$6,475,000 / \$119
2154 Noisette Blvd (Part of Portfolio Sale)	54,000	CMMC, LLC	\$812,148 / \$15
401 N Live Oak Dr	25,000	HCA Holdings, Inc.	\$5,860,000 / \$234

Outlook

Recently recognized again as one of the most desirable U.S. and world cities and ideally situated in a business-friendly state, Charleston continues to capture the attention of businesses throughout the country and beyond. With all market segments experiencing substantial solid growth (trade, tourist, military, tech, medical, university and manufacturing), the current tight market conditions for office space in the region are very likely to remain through year-end. Regional, national and international developers, anxious to serve the growing need, are beginning to face a shortage of desirable, available land sites. As such, investors and landlords are recognizing the opportunity to attract office tenants at highly competitive rental rates by upgrading existing properties. Vacancy should continue to decline, causing rental rates to continue to grow at a desirable pace. Also worth noting, recent Mercedes and Volvo projects confirm a trend that Boeing ignited in 2009. The expansion of business development of all kinds will also be felt north along I-26 towards Summerville and Goose Creek, some 15 to 30 miles outside the Charleston city limits.