

# MARKETBEAT

# Charleston, SC

Office Q2 2017



## CHARLESTON OFFICE

### Economic Indicators

	Q2 16	Q2 17	12-Month Forecast
Charleston Employment	345k	353k	▲
Charleston Unemployment	4.4%	3.7%	▼
U.S. Unemployment	4.9%	4.4%	■

### Market Indicators (Overall, All Classes)

	Q2 16	Q2 17	12-Month Forecast
Vacancy	7.0%	6.9%	▲
Net Absorption (sf)	149k	-19k	▼
Under Construction (sf)	248k	601k	▲
Average Asking Rent*	\$19.62	\$20.82	▲

\*Rental rates reflect gross asking \$psf/year

### Overall Asking Rent/Overall Vacancy

#### 4-QTR TRAILING AVERAGE



## Economy

Charleston's overall economy has continued strong growth through mid-year 2017. Current employment stands at 353,000, adding more than 1,000 jobs since Q1 2017 with 8,000 more individuals employed than Q2 2016. Unemployment continued to decrease to 3.7%, down from 3.8% in Q1. Charleston office vacancy rates remained steady at 6.9%. With an average of 48 new individuals calling the Lowcountry home every day, Charleston is currently experiencing a growth rate three times the

U.S. population average. The Charleston market is also experiencing a strong gain of well-educated young talent, adding to the growing labor force at a rate of four times the national average. Currently, one out of every four jobs created in the state of South Carolina is created in the Charleston region.

## Market Overview

Office development in Charleston has been on pace with the metro's historic levels but is being met by high demand. In recent years, new supply has been concentrated in the Downtown market, but as land is becoming scarcer, development is moving towards North Charleston and Mount Pleasant. There is currently close to 601,000 square feet (sf) of office space under construction in the Charleston market. Even with additional space coming to market, vacancy rates remain around 6.9%, well below historical levels of 9.0%. Office rents are the highest in the state by a considerable margin and continue to climb steadily, with rolling 12 month rent growth exceeding 3.0%. Capital markets and investment sales continue to flourish, with the past 12 months' sales volume doubling the historical average.

### Key Lease Transactions Q2 17

PROPERTY	SF	TENANT	PROPERTY TYPE
8960 University Blvd	24,999	Roper St. Francis	Class B
2431 Aviation Ave – Bldg VII	19,809	Southeastern Institute	Class B

### Key Sales Transactions Q2 17

PROPERTY	SF	BUYER	PRICE / PSF
8571 Rivers Ave	168,000	Aston Properties, Inc.	\$4,800,000 / \$29
Rose Dr – Nexton	30,000	SC Summerville Brighton LLC	\$5,012,100 / \$167

## Outlook

Charleston's office outlook remains steady for the foreseeable future. Rents are expected to continue on a slight upward trend while vacancy rates report a slight uptick. The 601,000 sf of office space set to deliver in 2018 will be the highest historically, but is expected to taper off in the years following to align with the 430,000 sf annual average. With downtown offering limited space and ability for growth, areas like Daniel Island are hotspots for developers and corporations alike. Phase I of the new Blackbaud campus consisting of 172,000 sf of office space is set to deliver early 2018 and will add 300 jobs to the local economy. Daniel Island Square will add 33,000 sf of office space to the Daniel Island Commercial district this upcoming fall upon completion. Lorelei, a \$1-billion mixed-use development planned for Charleston's Laurel island was set to deliver 650,000 sf of additional office space over the next 10 years, but was recently scrapped over accessibility concerns.

### About Cushman & Wakefield

Cushman & Wakefield is a leading global real estate services firm that helps clients transform the way people work, shop, and live. Our 43,000 employees in more than 60 countries help investors and occupiers optimize the value of their real estate by combining our global perspective and deep local knowledge with an impressive platform of real estate solutions. Cushman & Wakefield is among the largest commercial real estate services firms with revenue of \$5 billion across core services of agency leasing, asset services, capital markets, facility services (C&W Services), global occupier services, investment & asset management (DTZ Investors), project & development services, tenant representation, and valuation & advisory. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

Copyright © 2017 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources considered to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy. Alliance firms are independently owned and operated.

Cushman & Wakefield | Thalhimers  
 1 Central Island Plaza  
 115 Central Island Street, Suite 175  
 Charleston, SC 29492  
[www.thalhimers.com](http://www.thalhimers.com)

For more information, contact:  
**Basil Hallberg**  
 Tel: +1 804 697 3560  
[basil.hallberg@thalhimers.com](mailto:basil.hallberg@thalhimers.com)