

Office Snapshot Q4 2015

Charleston, SC



CHARLESTON OFFICE

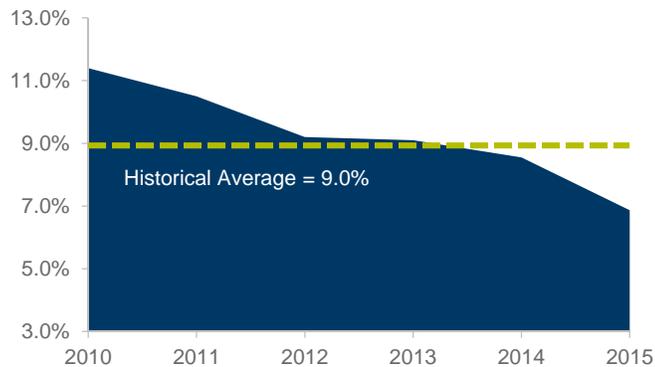
Economic Indicators

	Q4 14	Q4 15	12-Month Forecast
Charleston Employment	325k	332k	▲
Charleston Unemployment	5.4%	5.3%	▼
U.S. Unemployment	5.7%	5.0%	▼

Market Indicators (Overall, All Classes)

	2014	2015	12-Month Forecast
Overall Vacancy	7.7%	7.7%	■
Net Absorption	290k	248k	▼
Under Construction	388k	371k	▼
Overall Average Asking Rent	\$19.51	\$19.96	▲

Overall Vacancy



Economy & Market Overview

Charleston's economy remains strong with population growth continuing at its robust pace affecting every sector of its real estate market. The renewed job growth and confidence in the business community is inspiring acceptance of additional risk to achieve a foothold for what investors perceive to be a market with little future downside. As the accelerated growth continues, a burgeoning swell of investors will follow in the near future.

Charleston and its office market are well positioned and on solid ground for 2016 and in ensuing years.

About Cushman & Wakefield

Cushman & Wakefield is a global leader in commercial real estate services, helping clients transform the way people work, shop, and live. The firm's 43,000 employees in more than 60 countries provide deep local and global insights that create significant value for occupiers and investors around the world. Cushman & Wakefield is among the largest commercial real estate services firms in the world with revenues of \$5 billion across core services of agency leasing, asset services, capital markets, facilities services (branded C&W Services), global occupier services, investment management (branded DTZ Investors), tenant representation and valuations & advisory. To learn more, visit www.cushmanwakefield.com or follow @Cushwake on Twitter.

Market Overview

Overall vacancy rose from 7.3% in Q4 2014 to 7.7% in Q4 2015 due to the drop in net absorption. Overall rental rates rose from \$19.51 per square foot (psf) to \$19.96 psf as brand new class A product leased up well. Q4 2015 reported deliveries of 52,615 square feet (sf) with 370,884 sf under construction. The most significant sale of the year was MUSC Physicians purchase of Parkshore Centre, a 120,000-sf class A building for \$28.4M. Cushman & Wakefield | Thalhimer represented MUSC Physicians. Sonepar North America signed the largest lease in 2015 for 25,000 sf on the top floor of 4400 Leeds Avenue, the newest class A building under construction in Faber Place.

Key Lease Transactions 2015

PROPERTY	SF	TENANT	PROPERTY TYPE
4400 Leeds Ave	25,000	Sonepar North America	Class A
3 SouthPark Cir	19,425	MUSC Physicians	Class B
1821 Sam Rittenberg Blvd	16,713	U.S. Citizenship and Immigration Services	Class B
3484 Shelby Ray Ct	16,000	Charleston Veterinary	Class B

Key Sales Transactions 2015

PROPERTY	SF	BUYER	PRICE
1 Poston Rd - Parkshore Centre	117,062	MUSC Physicians	\$28,400,000
7410 Northside Dr	69,000	Northside Investments LLC	\$3,800,000
3955 Faber Place Dr	66,672	Faber Charleston LP	\$13,050,000
3860 Faber Place Dr	42,484	UIG First Properties LLC	\$6,853,000
8992 University Blvd	41,168	Healthcare Trust of America, Inc.	\$10,600,000

Outlook

The office market in 2016 should ride Q4's momentum to surpass its progress in 2015. High demand for unavailable space and increasing rental rates endures as prime drivers of a development swell in 2016. It is evident that tenants are in the market for new office space and will have fewer choices for their office needs near term. As a result, many are renewing existing leases as a precaution, and landlords are achieving high returns on minimum upgrades to existing buildings. Despite the increasing cost per square foot for both first and second generation space, tenants are demonstrating less reluctance in meeting landlord demands.

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