

# MARKETBEAT

# Charleston, SC

Office Q4 2016



## CHARLESTON OFFICE

### Economic Indicators

	Q4 15	Q4 16	12-Month Forecast
Charleston Employment	337k	347k	▲
Charleston Unemployment	4.7%	4.1%	▼
U.S. Unemployment	5.0%	4.8%	▼

### Market Indicators (Overall, All Classes)

	Q4 15	Q4 16	12-Month Forecast
Vacancy	7.7%	7.0%	▼
Net Absorption (sf)	78k	-76k	▼
Under Construction (sf)	371k	455k	▲
Average Asking Rent*	\$19.96	\$20.67	▲

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

### Overall Asking Rent/Overall Vacancy

#### 4-QTR TRAILING AVERAGE



## Economy

The Charleston economy finished the year in fine form. People continued to move to the region seeking milder climates and employment opportunities. Blackbaud, Snagajob, Boeing, Mercedes-Benz and Benefitfocus are among companies that added thousands of jobs during the past twelve months.

## Market Overview

As more job opportunities were created, the overall vacancy rate remained steady. With continued speculative and build-to-suit development, less space was absorbed, but that should catch up in 2017 as the built-to-suit projects deliver. The new project at 111 Coleman Boulevard is 100% preleased with tenant move in set for Q1 17. The 152,926-square-foot (SF) proposed Class A building at 22 West Edge will add 135,000 SF of new office space in the downtown market and is scheduled to deliver in late summer of 2018. More office product was delivered and under construction in Q4 compared to Q3.

Lowe Enterprises paid \$38M for the State Ports Authority headquarters downtown to build a 225 room luxury hotel. The SPA plans on building a new four-story headquarters in Mt. Pleasant at its Wando Welch Terminal.

SCDOT is studying the widenings of I-526 from Savannah Highway to Rivers Avenue to relieve the continued problems of increasing congestion and accidents. This study is separate from the I-526 extension project, which no longer has funding from the state.

## Key Lease Transactions 2016

PROPERTY	SF	TENANT	PROPERTY TYPE
Central Island St @ Fairchild St	172,000	Blackbaud, Inc.	Class A
1101 Remount Rd	110,496	Scientific Research	Class A
3450 Ingleside Blvd	80,000	Comcast of Carolina, LLC	Class B

## Key Sales Transactions 2016

PROPERTY	SF	BUYER	PRICE / PSF
1505 King St Ext	94,000	Raven Cliff Co, LLC	\$5,200,000 / \$55
18 Broad St	65,000	Undisclosed	\$2,775,000 / \$43
7301 Rivers Ave	54,613	Chris Weber	\$7,525,000 / \$138
4130 Faber Place Dr	54,261	Allegiancy	\$6,475,000 / \$119

## Outlook

The economic outlook for 2017 appears to favor the current office building owners and landlords. With vacancy rates decreasing and rental rates increasing there will not be much change until new product becomes available. Outdated buildings will add much needed improvements to interior finishes to attract tenants that may be on the fence in regards to expansion or relocation.

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