

# CHARLESTON OFFICE MARKET REPORT

## Q2 MARKET SNAPSHOT



**14,191,829 SF** ↑  
Inventory



**11.0%** ↑  
Vacancy



**\$27.12 FS** ↓  
Asking Rents



**511,525 SF** ↑  
Construction

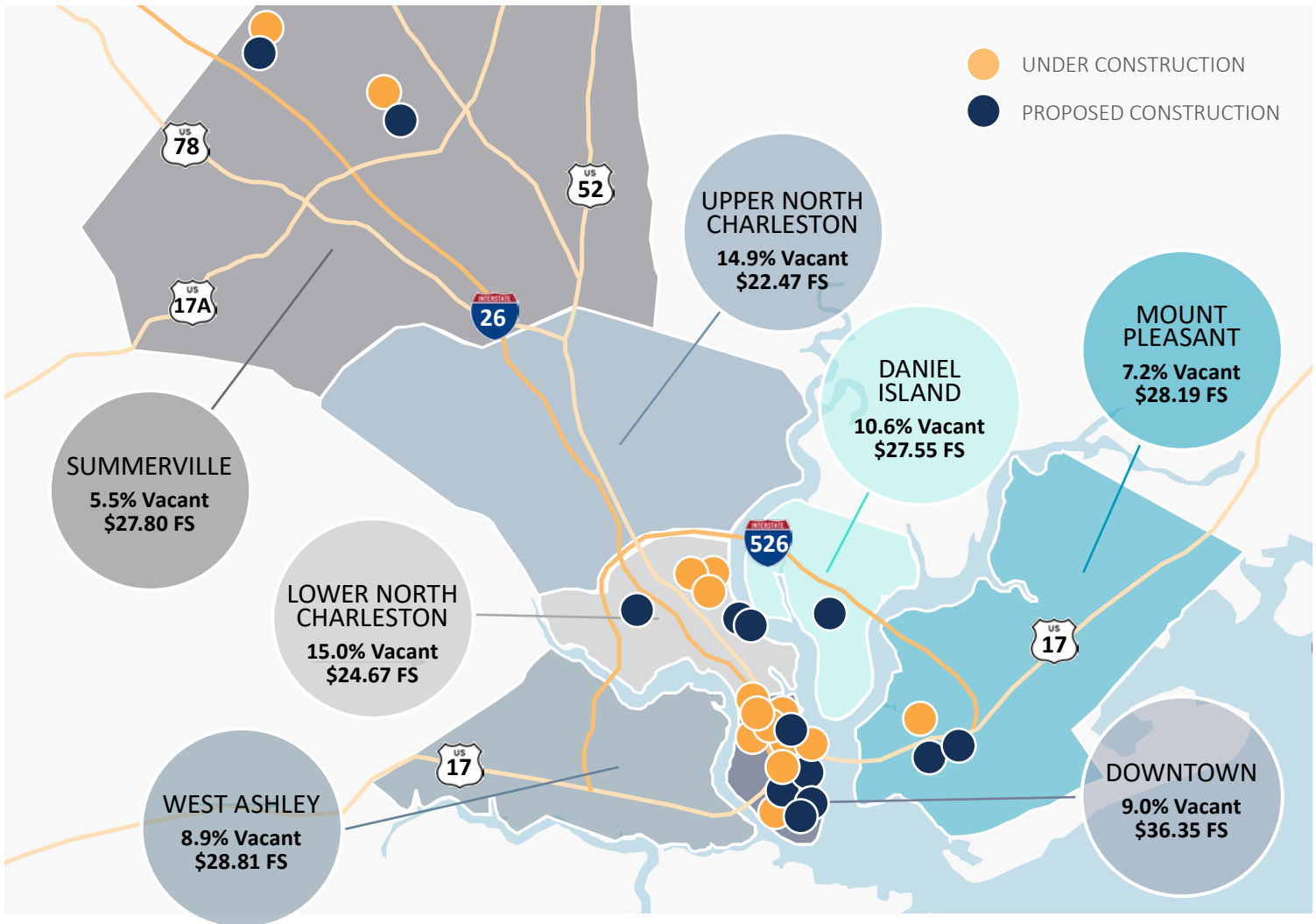


**473,369 SF** ↑  
YTD Deliveries

## Q2 HIGHLIGHTS & TRENDS

- RESURGENCE OF LEASING ACTIVITY AS TENANTS ARE EAGER TO RETURN TO THE OFFICE FOLLOWING QUARANTINE.
- NATIONAL TENANTS IN TIER 1 MARKETS ARE EVALUATING REGIONAL OFFICES IN CHARLESTON AS A RESULT OF COVID-19'S IMPACT ON LARGER METROPOLITAN AREAS.
- DOWNTOWN DEVELOPMENT REMAINS STEADY AS MULTIPLE PROJECTS BREAK GROUND.
- OFFICE INVENTORY ECLIPSES 14 MSF WITH DELIVERY OF GARCO MILL PHASE I AND 22 WESTEDGE.
- FERRY WHARF IS 100% LEASED AFTER DELIVERING IN Q4 2019.

## SUBMARKET SUMMARY



SUBMARKET	TOTAL INVENTORY SF	DIRECT VACANT SF	SUBLEASE VACANT SF	TOTAL VACANT SF	WEIGHTED ASKING RENT	VACANCY RATE	UNDER CONSTRUCTION SF	YTD DELIVERIES SF
Downtown/Class A	1,318,228	121,028	35,363	156,391	\$38.01	11.9%	375,479	155,358
<b>TOTAL DOWNTOWN</b>	<b>2,850,337</b>	<b>217,950</b>	<b>37,993</b>	<b>255,943</b>	<b>\$36.35</b>	<b>9.0%</b>	<b>375,479</b>	<b>155,358</b>
Daniel Island	1,693,853	130,954	48,347	179,301	\$27.55	10.6%	-	-
Lower North Charleston	3,019,645	393,809	59,668	453,477	\$24.67	15.0%	45,000	195,000
Mount Pleasant	2,115,930	116,634	35,193	151,827	\$28.19	7.2%	46,046	-
Summerville	930,921	19,148	31,750	50,898	\$27.80	5.5%	45,000	90,000
Upper North Charleston	2,443,796	351,557	11,447	363,004	\$22.47	14.9%	-	-
West Ashley	1,137,347	101,523	-	101,523	\$28.81	8.9%	-	33,011
<b>TOTAL SUBURBAN</b>	<b>11,341,492</b>	<b>1,113,625</b>	<b>186,405</b>	<b>1,300,030</b>	<b>\$24.433</b>	<b>11.46%</b>	<b>136,046</b>	<b>285,000</b>
<b>TOTAL MARKET</b>	<b>14,191,829</b>	<b>1,331,575</b>	<b>224,398</b>	<b>1,555,973</b>	<b>\$27.12</b>	<b>11.0%</b>	<b>511,525</b>	<b>473,369</b>

Bridge tracks buildings 10,000 SF and greater, excluding medical office and user-owned buildings. Bridge uses only internal research within it's Charleston office for it's market research.

Source: Bridge Commercial

## OFFICE ACTIVITY ON THE RISE AS MORE BUSINESSES GET BACK TO WORK

### Q2 RECAP

- Charleston's office market ended Q2 with increased inventory and vacancy due to delivery of new construction and tenants choosing to work remotely.
- Office activity paused during Q2 and we anticipate shorter term extensions and decisions deferred through the end of the year.
- More sublease space coming online provides opportunities for tenants seeking flexible lease terms with below market rents.

### TENANTS AND LANDLORDS ADAPT TO THE NEW ENVIRONMENT

- New protocols are being implemented due to COVID-19 in order to protect employees, customers and clients as we navigate through this new environment.
- Many office end users are eager to return to the office while others will continue to work from home long term.
- While office end users have adapted to working from home over the past few months, many are eager to return to the office.
- There will be a ramp up period during Q3 in which corporations will have reduced a number of employees working in the office. Some will choose to divide the workforce into shifts throughout the work week.
- Building operating expenses are likely to increase due to increased cleaning services relative to COVID-19.

### SIGNS OF OPTIMISM

- Capital is resurfacing for investment opportunities in the market as investors look to take on risk in exchange for yield.
- Developers press on with new projects throughout various submarkets.
- As a result of COVID-19's impact on larger metropolitan areas, Charleston will continue to draw people and businesses to the Lowcountry.

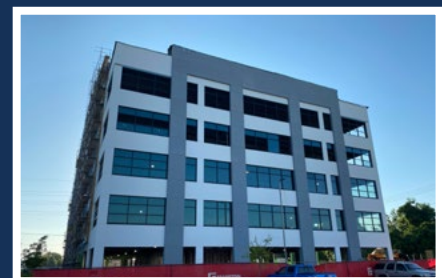
## DOWNTOWN DEVELOPMENT CONTINUES TO MOVE FORWARD WITH MULTIPLE BUILDINGS UNDER CONSTRUCTION



**CHARLESTON TECH CENTER**  
Six-story, 92,000 SF office building delivering in Q4 2020.



**THE REFINERY**  
Three-story, 30,000 SF office building delivering in Q4 2020.



**BELVIDERE**  
Five-story, 110,000 SF office building delivering in Q4 2020.



**677 KING**  
Five-story, 68,000 SF office building delivering in Q2 2021.

## OFFICE OPPORTUNITIES



**THE LANDING**  
Daniel Island  
35,601 SF Available

- Recently renovated Class A office building
- 6.5/1,000 SF parking ratio
- Outdoor collaborative workspaces
- Delivering spec suites on the 3rd floor in Q4 2020



**NEXTON**  
Summerville  
17,170 SF Available

- Two first floor suites available
- Amenity-rich location
- Abundant parking
- Easy access to I-26



**ALBEMARLE POINT CENTER**  
West Ashley  
24,404 SF Available

- Superior location
- Quick access to downtown Charleston
- Free on-site parking



**BELLE HALL**  
Mount Pleasant  
21,521 SF Available

- Recently constructed
- Class A office building
- Located within the Belle Hall live, work, play environment

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