

CHARLESTON OFFICE MARKET REPORT

Q2 MARKET SNAPSHOT



15,026,670 SF ↑
Inventory



11.8% ↔
Vacancy



\$28.54 FS ↑
Asking Rents



460,457 SF ↓
Construction

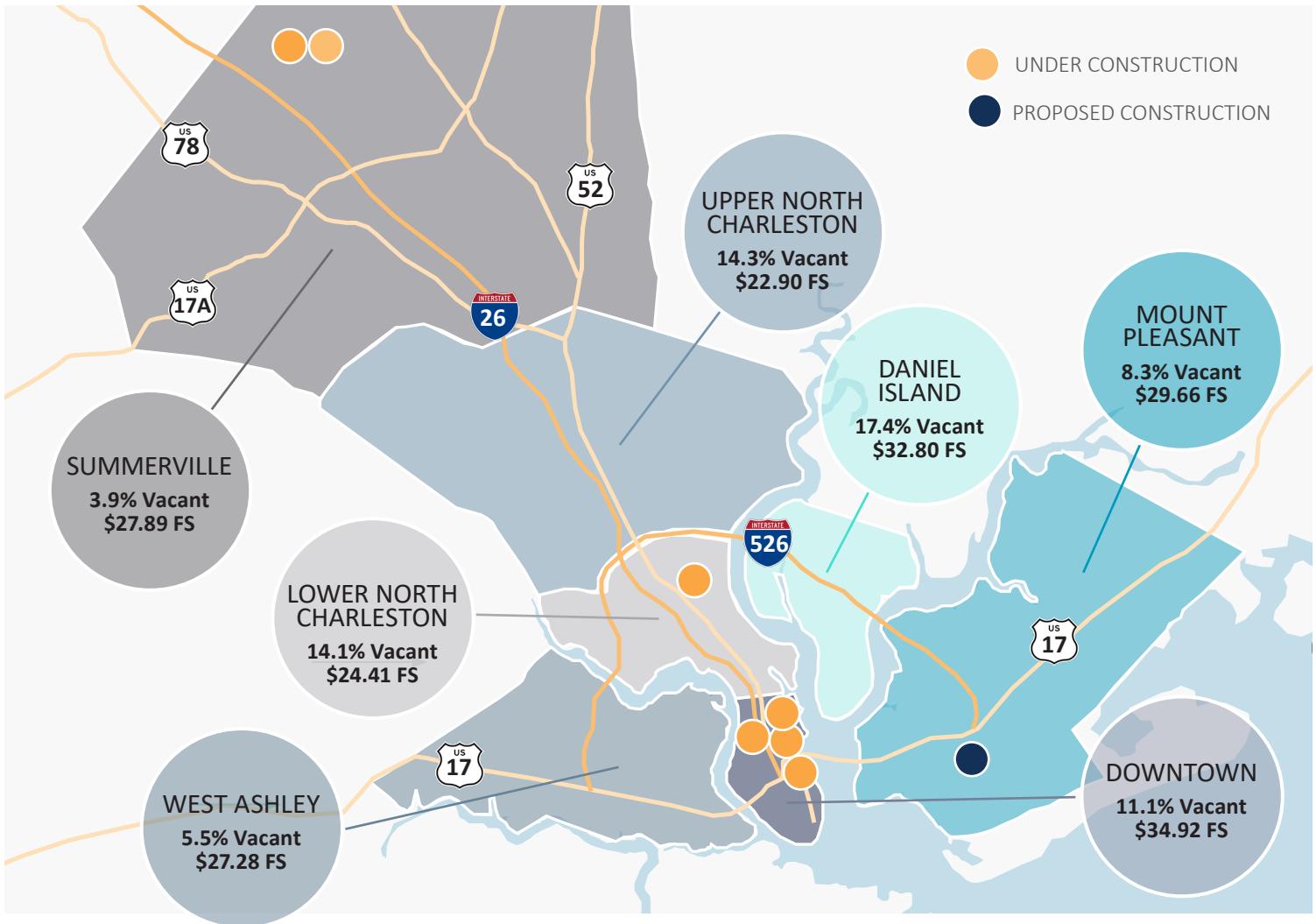


280,004 SF ↑
YTD Deliveries

Q2 HIGHLIGHTS & TRENDS

- LEASING ACTIVITY REMAINS CONSISTENT THROUGH 2022 WITH BOTH SMALL AND LARGE BLOCKS OF SPACE BEING ABSORBED.
- DOWNTOWN SPECULATIVE DEVELOPMENT SEEING SUCCESS WITH PROJECTS CURRENTLY PRE-LEASED AT 50% PRIOR TO DELIVERY.
- OPPORTUNITIES ARE BEING CREATED WITH SPECIFIC SUBLEASES COMING ONLINE.
- CO-WORKING AND EXECUTIVE SUITES ARE MAINTAINING HIGH OCCUPANCY AND EXPANDING WITHIN THE REGION.
- INVESTMENT SALES FOR OFFICE ARE STILL ACTIVE EVEN THOUGH INTEREST RATES ARE RISING.

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	1,990,682	238,766	9,996	248,762	\$37.24	12.5%	306,457	-
TOTAL DOWNTOWN	3,248,236	347,790	12,177	359,967	\$34.92	11.1%	306,457	-
Daniel Island	1,878,258	211,914	112,881	327,722	\$32.80	17.4%	-	230,316
Lower North Charleston	3,072,108	369,228	64,380	434,508	\$24.41	14.1%	26,000	13,288
Upper North Charleston	2,466,018	332,083	21,625	353,708	\$22.90	14.3%	-	-
Mount Pleasant	2,235,676	149,012	37,007	186,019	\$29.66	8.3%	-	36,400
Summerville	979,027	24,764	3,867	37,948	\$27.89	3.9%	128,000	-
West Ashley	1,147,347	63,522	5,941	69,415	\$27.28	5.5%	-	-
TOTAL SUBURBAN	11,778,434	1,150,523	245,701	1,409,320	\$26.53	11.9%	154,000	49,688
TOTAL MARKET	15,026,670	1,498,313	257,878	1,769,287	\$28.56	11.8%	460,457	280,004

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

Source: Bridge Commercial

CHARLESTON'S OFFICE MARKET BREAKS EVEN IN Q2

Q2 RECAP

- Overall vacancy has stabilized at 11.8% and rental rates have continued to increase due to rising construction costs and limited space available.
- Tenant activity has been vibrant with leasing across all size categories. 'Back to the office' practices are active and consistent with in-person training, collaborative meetings and networking.
- New product delivered in the second quarter and leasing has been brisk.
- Approximately 300,000 square feet of new speculative product is under construction and is anticipated to be delivered prior to the end of 2022.
- Notable new developments include Morrison Yard, The Morris and 741 Meeting Street, with each project significantly pre-leased.

FUTURE NEW OFFICE DEVELOPMENT SHOULD FOCUS ON THE TENANT

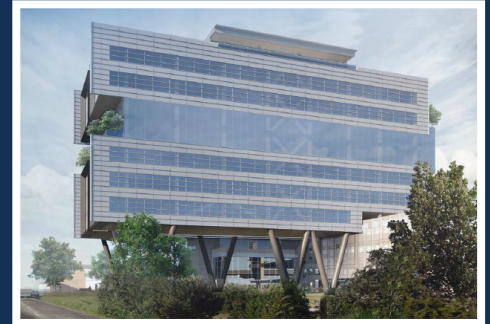
- During COVID, the population of the Charleston region grew significantly and brought new companies, families and individuals that are here to stay.
- This pivot in population has set the stage for a new range of office development in the downtown and suburban markets. Some exciting, large-scale developments in the near term include Magnolia and Laurel Island in the Upper Peninsula and Nexton in Summerville.
- Successful developers will be conscious of office tenant demands and deliver an office environment where companies will be able to recruit and maintain employees.

NEW OFFICE & MEDICAL OFFICE COMING TO CLEMENTS FERRY

- Developed by Flagship Properties, Towne @Cooper is a two-story, Class A office and medical office development consisting of 37,000 SF.
- Strategically located and well-positioned to capture the demand from the surrounding growing residential population. Nine new multifamily projects totaling 2,500 units are in the pipeline in this submarket.



DOWNTOWN SPECULATIVE OFFICE PROJECTS OVER 50% PRE-LEASED



MORRISON YARD

A 12-story, 138,000 SF office building featuring 10,000 SF of retail space. The building is raised five-stories so that each office floor will have water views. There will be an adjacent multi-family component as well as a restaurant/retail space. The project is scheduled to deliver in October 2022.



THE MORRIS

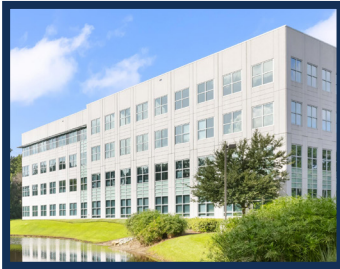
Located at 1080 Morrison Drive, The Morris is a mixed-use development and will provide approximately 108,000 SF of office, retail and restaurant space. The project is scheduled to deliver in October 2022.



741 MEETING STREET

Two-building, Class A development featuring 30,000 SF office and retail space. Middle Street Partners future headquarters building. Located within walking distance to multiple dining amenities including Lewis BBQ, Hometeam BBQ, Edmund's Oast and Tattooed Moose. The project is scheduled to deliver in October 2022.

OFFICE OPPORTUNITIES



FABER POINTE
North Charleston
18,500 SF Available



134 MEETING STREET
Downtown
4,500 SF Available



THE LANDING
Daniel Island
3,000 SF Available



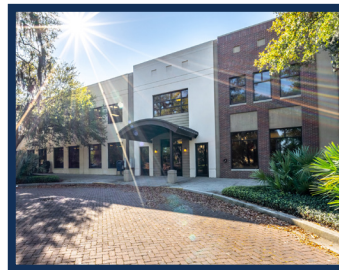
HUB@NEXTON
Summerville
50,000 SF Available



4360 CORPORATE ROAD
North Charleston
38,834 SF Available



ALBEMARLE POINT CENTER
West Ashley
3,650 SF Available



OAKS AT CENTRE POINTE
North Charleston
10,000 SF Available



1671 BELLE ISLE AVENUE
Mount Pleasant
8,582 SF Available

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