

Charleston

Industrial market snapshot | Q3 2024

The Charleston industrial market remains active heading into the end of 2024. Asking rental rates are rising despite an increase in vacancy, and the construction pipeline is cooling with just 1.7 msf currently underway. As construction activity remains limited, and leasing activity picks up, this will allow the vacancy rate to begin to stabilize and put the market in a good position for 2025.

-81.7%

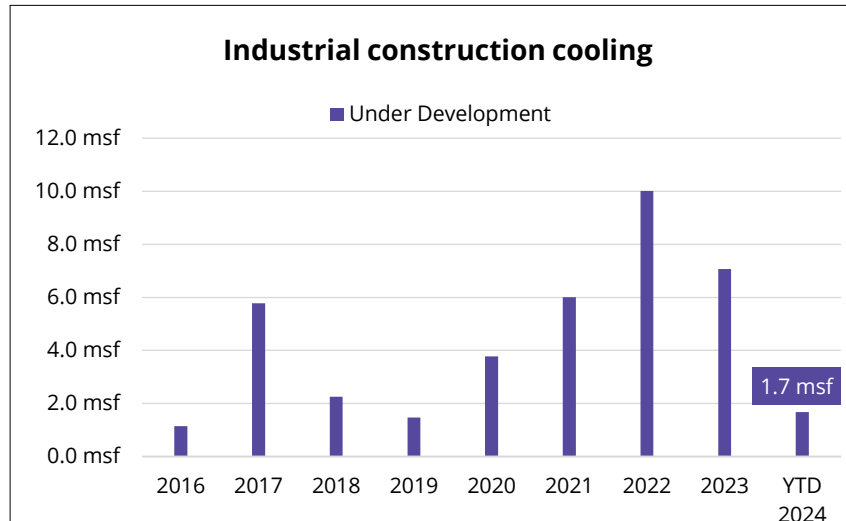
Charleston's industrial construction pipeline has significantly cooled year-over-year. **Down 81.7%**, this trend is being seen across the country.

2.7 msf

The market remains active as **2.7 msf** of new leases have been signed year-to-date.

4.7%

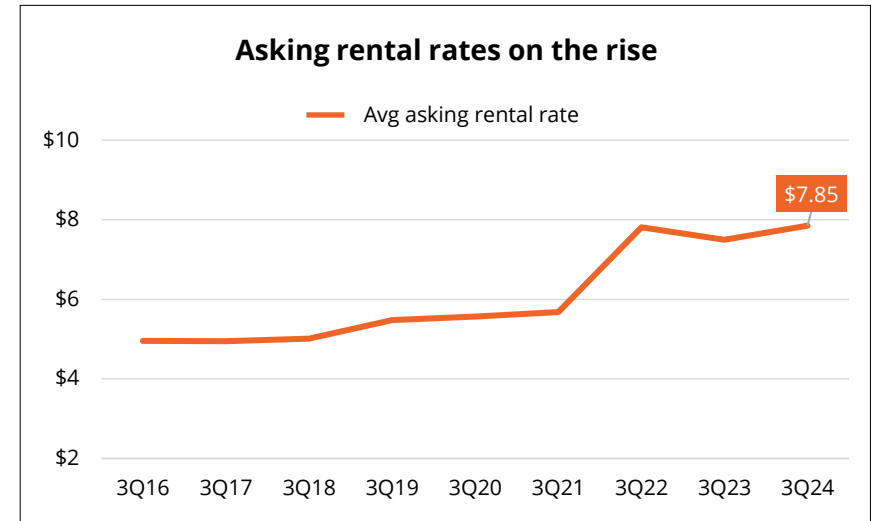
Asking rental rates continue to rise, **up 4.7%** year-over-year even though construction has slowed, and vacancy is trending upward.



Currently the Charleston industrial market has 1.7 msf under development. This is down 81.7% year-over-year and is expected to remain tempered going into 2025.

Note 1: Tracking industrial buildings 20k sf+

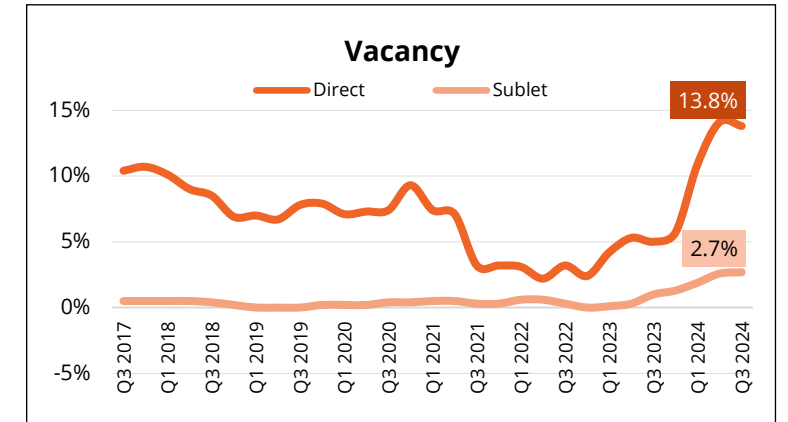
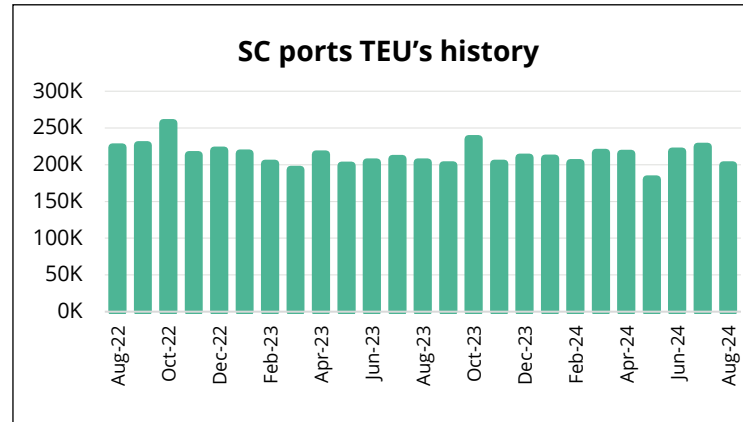
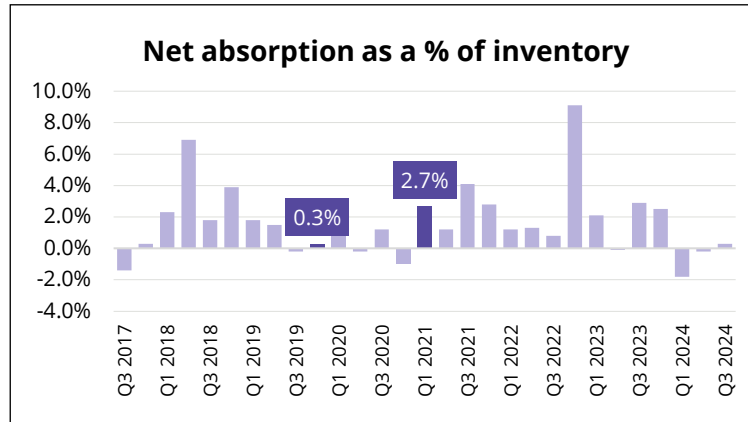
Source: Avant by Avison Young; CoStar



Asking rental rates have continued their upward trend since 2021, despite an increase in vacancy. As new construction continues to slow, and existing inventory is leased, rental rates may continue to rise.

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Absorption activity remains tempered

Absorption activity in Charleston has been strong post-COVID up until earlier this year. Now that construction activity has slowed, this will allow existing availabilities to be leased, and absorption will return to its upward trend.

TEU volume stays consistent

South Carolina's port activity continues to be strong post-COVID. Fortunately, the port strike was short lived, so TEU volumes are not anticipated to be heavily impacted. Following the historical trend, 4Q24 TEU volumes should increase driven by holiday shopping.

Vacancy on the rise

Charleston's industrial vacancy rate has risen significantly over the last year. This is in large part due to the amount of new construction inventory that has entered the market over the last 12 months, totaling approximately 11 msf. As this new space is leased the vacancy rate will begin to decline in 2025.

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Get in touch

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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption (QTD)	Net absorption (YTD)	Annual direct asking rent psf NNN
Dorchester County	12,959,593	2,776,450	635,328	26.5%	0.9%	27.4%	(61,309)	(445,471)	\$ 7.48
Downtown Charleston	537,981	-	-	7.0%	0.0%	7.0%	(15,566)	(17,566)	\$ 10.81
East Cooper	4,554,900	-	-	2.5%	2.1%	4.6%	15,000	(106,800)	\$ 9.75
North Charleston	23,616,147	1,341,840	501,077	10.9%	2.9%	13.8%	(182,235)	(447,809)	\$ 9.49
Outlying Berkeley County	34,890,585	2,403,719	544,644	13.0%	3.5%	16.4%	406,171	(343,315)	\$ 7.31
West Ashley	590,048	-	-	0.0%	0.0%	0.0%	30,000	30,000	-
Market total	77,149,254	6,522,009	1,681,049	13.8%	2.7%	16.5%	192,061	(1,330,961)	\$7.85

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption (QTD)	Net absorption (YTD)	Annual direct asking rent psf NNN
Warehouse	18,555,158	172,880	52,225	5.1%	0.9%	6.0%	(269,131)	(456,516)	\$10.00
Distribution	39,246,589	5,085,565	1,628,824	20.8%	4.2%	25.0%	494,020	(351,840)	\$7.48
Manufacturing	19,347,507	1,263,564	-	8.1%	1.6%	9.7%	(32,828)	(522,605)	\$7.79
Market total	77,149,254	6,522,009	1,681,049	13.8%	2.7%	16.5%	192,061	(1,330,961)	\$7.85