

Charleston

Industrial market snapshot | Q1 2025

The Charleston industrial market is in a period of recalibration. The record-high deliveries from 2022 and 2023 left the market oversaturated with product. As a result, the road to a healthy vacancy rate will take time. That being said, a few factors are helping to expedite that process. A slowdown in development will allow the market time and space to breathe, while strong occupier appetite for Class A space should help pick up leasing volume. Net absorption while modest, was positive for the quarter. Meanwhile, asking rents continue to grow, with continuous quarter-over-quarter growth consistent over the past 3 years. While it may take some time, Charleston is on the right path to a stabilized industrial market.

2.8 msf

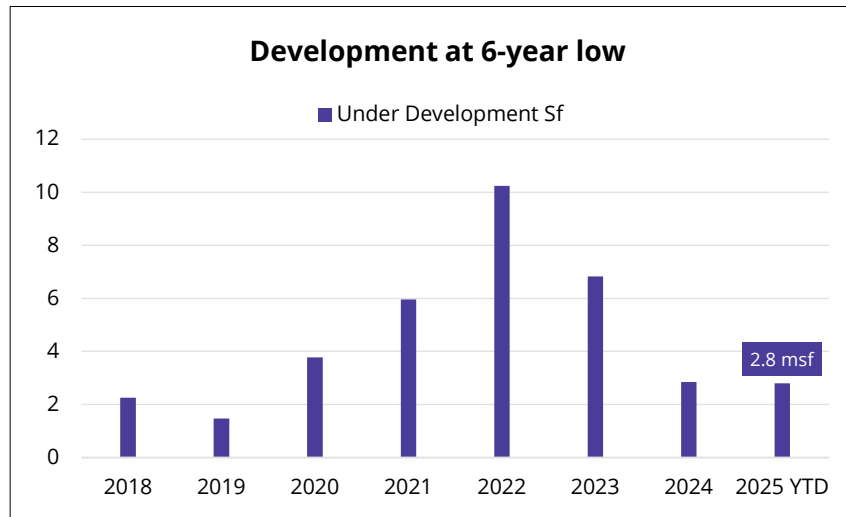
There is **2.8 msf** of industrial product under development, the lowest amount since 2019. With large amounts of space still yet to be absorbed since delivery, expect this to continue.

57%

Despite a modest leasing quarter, **57%** was in class A spaces. While down from a peak of 82% in 2022, tenants remain most interested in high-quality buildings.

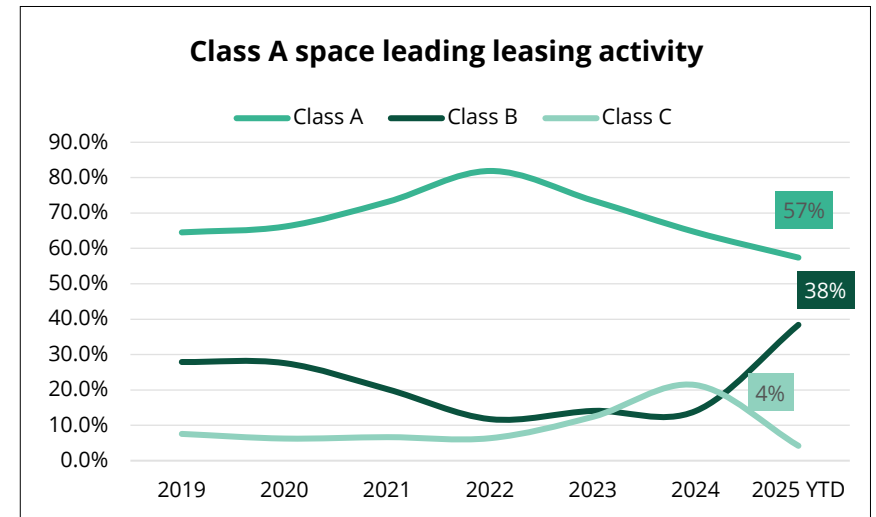
\$7.99

Average NNN asking rates are **\$7.99** in Q1 2025. This is up nearly 5% YoY, showcasing the growth of Charleston's industrial market.



There is 2.8 msf of industrial product is under development. This is the lowest mark since 2019 and 72% less than the peak in 2022. This reflects the Charleston industrial market settling into its new sweet spot, allowing the market time to absorb new product from 2022 and 2023.

Note: Tracking industrial buildings 20k+ sf
Source: Avison Young Market Intelligence, CoStar

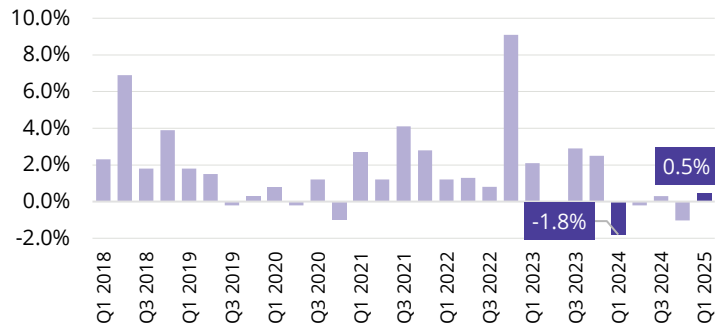


Class A space remains the most desirable, with the most leased space since 2019 despite 3% rent growth YoY. Tenants are seeking efficient buildings with higher clear heights and more dock doors for the operations, lending dominance in leasing volume to Class A construction.

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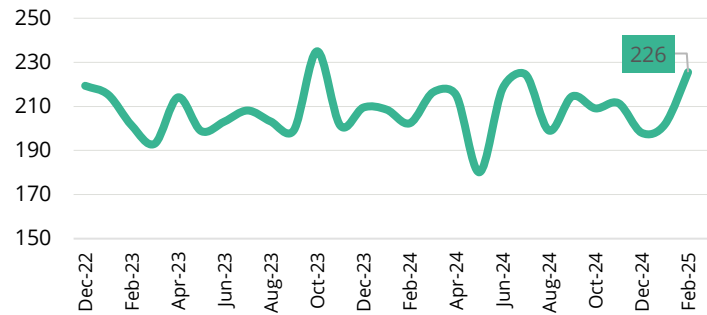
Net absorption as a % of inventory



Absorption activity ticks up

Charleston started off 2025 strong, recording positive absorption to kick off the year. Move-in's from tenants taking up larger space such as Amazon and Chadwell Supply contributed to the positive figure. With much Class A space still available on the market, tenants can continue taking advantage of the business-friendly environment.

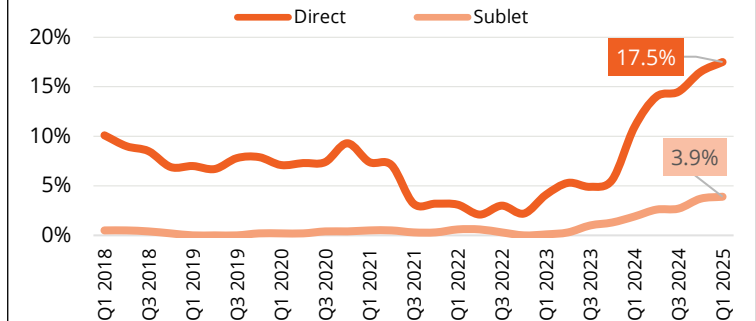
SC Ports TEU Volume (thousands)



TEU volume continues growth

SC Ports continue to grow, recording consecutive month-over-month growth throughout the quarter. The opening of the new Hugh Leatherman terminal in 2021, and the harbor deepening project the following year have positioned Charleston for continued capacity and growth. The port strike had a limited impact on SC ports, allowing a consistent flow of supplies.

Vacancy



Vacancy rate remains elevated

Both direct and sublet vacancy rates continued to climb in Q1, as the market remains in an adjustment period to the new deliveries that hit the market over the past 2 years. As development slows, consistent occupier demand stands to stabilize the vacancy rate before it begins to return to a healthy level.

Note: March TEU volume not available by time of posting

Source: Avison Young Market Intelligence, CoStar

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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
Outlying Berkeley County	35,672,294	384,400	773,280	17.4%	5.3%	22.7%	285,400	285,400	\$7.16
North Charleston	23,706,554	288,602	284,200	14.5%	2.7%	17.2%	(28,643)	(28,643)	\$9.79
Dorchester County	13,318,567	635,328	810,643	29.2%	0.9%	30.1%	198,900	198,900	\$7.60
East Cooper	4,554,900	-	483,696	3.1%	7.9%	10.9%	(74,566)	(74,566)	\$9.47
West Ashley	590,048	-	-	0.0%	0.0%	0.0%	-	-	-
Downtown Charleston	537,891	-	-	7.0%	0.0%	7.0%	-	-	\$10.80
Market total	78,380,344	1,308,330	2,351,819	17.5%	3.9%	20.9%	381,091	381,091	\$7.99

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption YTD	Net absorption % of inventory (YTD)	Annual direct asking rent psf NNN
Distribution	41,249,815	1,803,330	1,581,344	26.8%	6.1%	32.9%	469,471	1.1%	\$7.46
Warehouse	18,972,563	-	770,475	5.9%	1.5%	7.4%	(100,341)	(0.5%)	\$10.63
Manufacturing	18,157,966	-	-	8.3%	1.3%	9.6%	11,961	0.1%	\$8.17
Market total	78,380,344	1,803,330	2,351,819	17.5%	3.9%	21.3%	381,091	0.5%	\$7.99