

FIGURES | CHARLESTON INDUSTRIAL SECTOR | Q1 2025

Charleston Industrial Market Remained Stable

▲ 12.33%

Vacancy Rate

▲ 567,351 SF

SF Absorbed

▼ 2.5 M

SF Construction

▲ \$7.88 SF

AVG Class A Warehouse Rate

Note: Arrows indicate change from previous quarter.

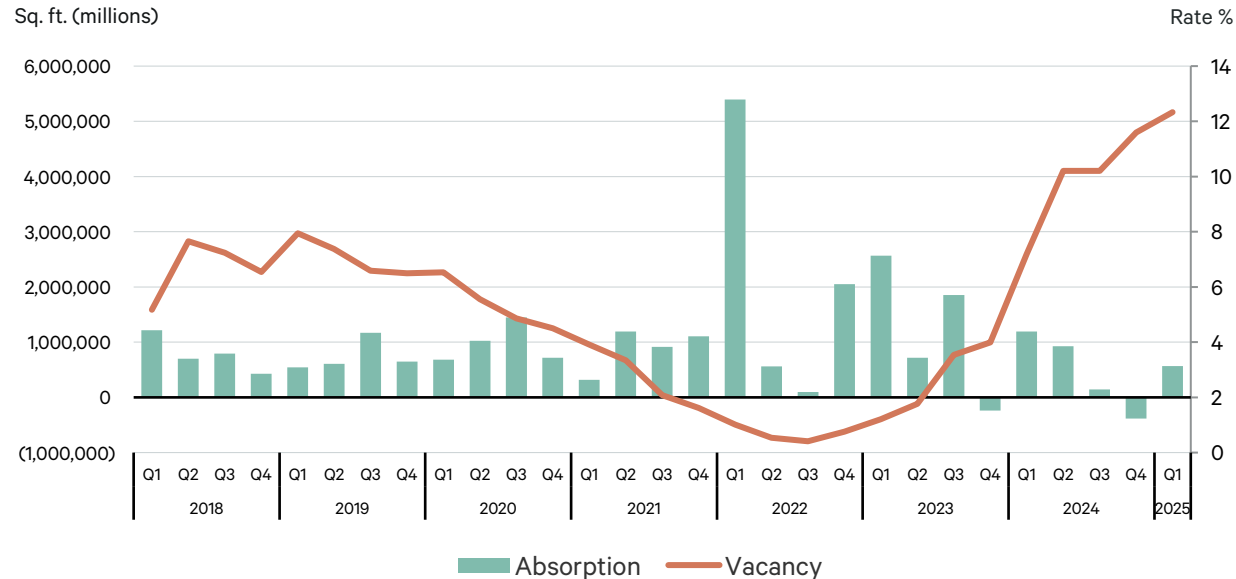
Key Takeaways

- Construction on the Redwood Materials battery recycling plant has started.
- Overall vacancy rate rose to 12.33% from 11.6% the prior quarter.
- High profile IOS land interest continues given high barriers to entry for the port market.
- Net Absorption rebounded to a positive 567,351 sq. ft. to start the year after negative 4th quarter.
- Delivery activity remains steady this quarter with just over 1.3-million sq. ft. delivered.

Market Overview

The Charleston market began the year on a positive note, achieving a net absorption of 567,351 sq. ft. and a total of 668,174 sq. ft. in leasing activity during the first quarter. This period included the completion of Road One’s 384,800 sq. ft. build-to-suit, which contributed to the positive absorption, while 4601 Franchise delivered 635,628 sq. ft. of vacant space. However, construction starts dropped to a low of 23,700 sq. ft. overall. Despite a slowdown in speculative groundbreakings, the Charleston market is experiencing steady leasing volume and positive absorption, leading to a more gradual increase in vacancy rates compared to previous quarters.

FIGURE 1: Historical Supply & Demand Dynamics



Source: CBRE Research, Q1 2025

Leasing Activity

In the first quarter of 2025, leasing activity totaled 668,174 sq. ft., comprising 16 new leases, including 3 subleases, with no renewals. The subleases accounted for 94,955 sq. ft., or 14.2% of the leasing volume, while new leases totaled 573,219 sq. ft. The largest new lease was by an undisclosed tenant, occupying 113,288 sq. ft. at 9735 Patriot Blvd. The average lease size grew to 41,761 sq. ft., a near 50% increase over Q4 2024’s 28,101 sq. ft. The North Charleston/Ladson area remains the leading submarket, with the highest leasing activity at 336,015 sq. ft. from 8 leases. Year-over-year rental rates in Q1 remained relatively flat at \$7.88, while Class A rates improved from \$7.27 to \$7.55. Class B rates saw the largest increase since Q1 2024, rising from \$7.21 to \$9.20 per sq. ft.

FIGURE 2: Notable Lease Transactions in Q1 2025

Transaction Type	Tenant	Address	Size (sq. ft.)	Submarket
New Lease	Undisclosed Tenant	9735 Patriot Blvd	113,288	North Charleston/Ladson
New Lease	Kontane Logistics Solutions	326 Deming Way	110,000	Hanahan
New Lease	Wear The Best Logistics	4289 Crosspoint Dr	104,000	North Charleston/Ladson

Source: CBRE Research, Q1 2025

Development Activity

New construction in the Charleston market has slowed, with only 23,700 sq. ft. completed this quarter. There are currently 14 projects in the pipeline, totaling 2.5 million sq. ft., with expected deliveries through 2025. Of this, about 689,445 sq. ft. is already pre-leased, which includes 654,979 sq. ft. of built-to-suit (BTS) projects and 34,466 sq. ft. of speculative (SPEC) construction.

Notably, 12 of these projects are under 300,000 sq. ft., making up 68% (1.7 million sq. ft.) of the total construction. The remaining 818,440 sq. ft. is spread across two larger buildings: Rushmark's 505,440 sq. ft. facility and Portman's 313,000 sq. ft. facility. Most of the construction activity is concentrated in the I-26 Corridor, with 1,605,180 sq. ft. expected to be completed by Q4 2025. Additionally, several key land sites are under contract and scheduled to close in 2025, as developers continue to seek new opportunities.

Capital Markets - Investment Sales

No class-A capital market transactions took place in Q1 2025 throughout the Charleston market. Capital market interest remains strong in the Charleston and there is anticipation that activity will increase during the second half of the year, along with leasing and further development throughout the market. Macroeconomic fundamentals are impacting the timing of sales. Both users and investors are proactively monitoring the potential impact of interest rates and market volatility, from the macroeconomy. Charleston fundamentals remain strong for continued investment.

IOS

Jadian IOS has been the most active of the IOS groups in Q1 2025 with multiple properties acquired YTD. These transactions indicate that the fundamentals remain strong in the Charleston MSA, driven by population growth, supply chain diversification, and robust employment trends.

Deliveries

Deliveries during the first quarter of 2025 came with a slight uptick to 1,382,730 sq. ft., more than the Q4 2024’s 988,858 sq. ft. However, this significantly down Y-o-Y, nearly 67% from Q1 2024’s high of 4,145,813 sq. ft. Delivering both speculative (SPEC) and build-to-suit (BTS) product. The largest SPEC completion being the 635,328 sq. ft. Charleston Global Crossing at 4601 Franchise St. This delivered vacant, applying upward pressure to the vacancy rate while the next largest SPEC completion, 4250 Crosspoint Dr. with 288,602 sq. ft., delivered with a tenant leasing about 50% of its overall sq. ft. Completion of BTS product showed an uptick and delivered 434,800 sq. ft. space, mostly concentrated in Road One’s BTS, comprised of 384,800 sq. ft. in Summerville.

FIGURE 3: Q1 2025 Notable SPEC Construction Completions

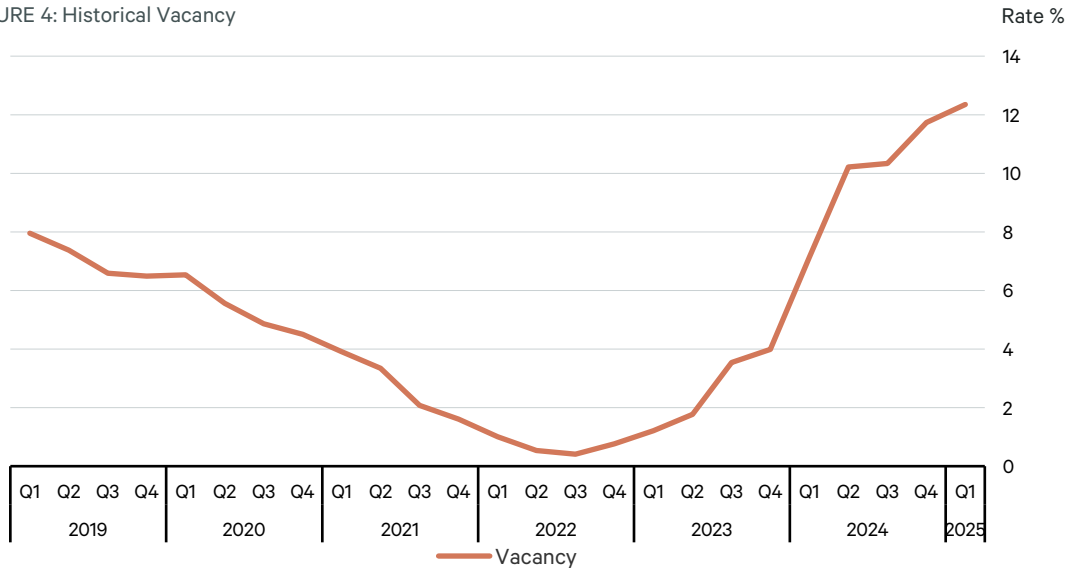
Building/Address	Size (sq. ft.)	Submarket	Activity
4601 Franchise St	635,328	I-26 North	Delivery – Vacant
1932 Dawson Branch Rd Ext	384,800	I-26 North	Build-to-suit – Occupied
4250 Crosspoint Dr	288,602	North Charleston/Ladson	Delivery – Partially Occupied

Source: CBRE Research, Q1 2025

Vacancy

Since the beginning of 2024, Charleston has seen an uptick in industrial vacancy, adding nearly 9.1 million square feet of speculative space. This has driven the vacancy rate to 12.33% at the start of 2025, higher than Q4 2024's 11.62%. Notably, bulk assets greater than 300,000 square feet carry the majority of the vacancy (18.17%), while smaller assets, less than 300,000 sq. ft., maintain a much more favorable rate of 8.81%. While vacancy in Class A assets continues to grow, Class B and C assets represent 7.9% vacancy of the overall vacancy. The record number of new construction deliveries, coupled with increased supply from larger buildings and less transactions, has complicated the leasing landscape. Additionally, the evolving demand dynamics have prompted developers to pivot towards smaller demising sizes; for instance, a 250,000 square foot multi-tenant rear load space may now prioritize leasing approximately 50,000 square feet, instead of holding out for larger contiguous spaces. This trend underscores the necessity for adaptability in market strategies amidst a shifting industrial landscape.

FIGURE 4: Historical Vacancy



Source: CBRE Research, Q1 2025

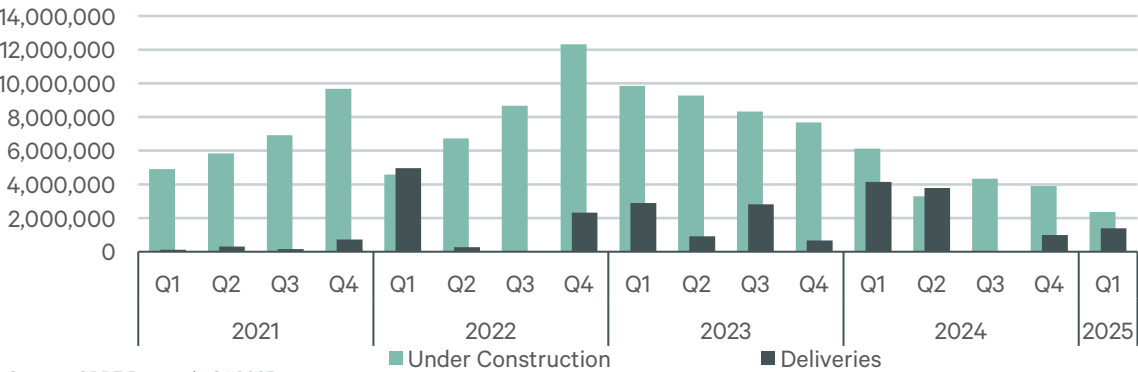
Market Outlook

Construction has started on the Redwood Materials battery recycling plant in Camp Hall, where the company has announced an investment of \$3.5 billion into the local economy and the creation of 1,500 new jobs. Virginia-based Huntington Ingalls Industries, the nation's largest military shipbuilder, recently expanded into the Charleston market with the acquisition of W International and nearly all of its existing complex at 2040 Bushy Park Rd in Goose Creek. W International had been a South Carolina based company that specialized in metal fabrication. Huntington Ingalls Industries will be using the Charleston acquisition to support the construction of nuclear-powered submarines and aircraft carrier modules. Simultaneously, the South Carolina Ports Authority's acquisition of the former WestRock plant in North Charleston, along with the planned expansion of the terminal and the continuation of the Leatherman Terminal's phase 2 development, is set to enhance logistics and shipping capabilities in the area. This expansion will likely improve supply chain efficiency for local manufacturers, including Boeing, and position the Port of Charleston as a critical hub for trade on the east coast. The port of CHS remains a top 10 U.S. port.

Absorption

Absorption rebounded in Q1 2025, turning positive with 567,351 sq. ft. of space absorbed. Most of this absorption was in built-to-suit (BTS) projects, accounting for 434,800 sq. ft. The main drivers were Equity Industrial's delivery of Road One's BTS, adding 384,800 sq. ft., and HD Whitecap's new 50,000 sq. ft. building. Class A space saw the most gain with 622,031 sq. ft. of positive absorption, while Class B experienced a decline of 83,240 sq. ft.

FIGURE 5: Construction and Deliveries by Quarter



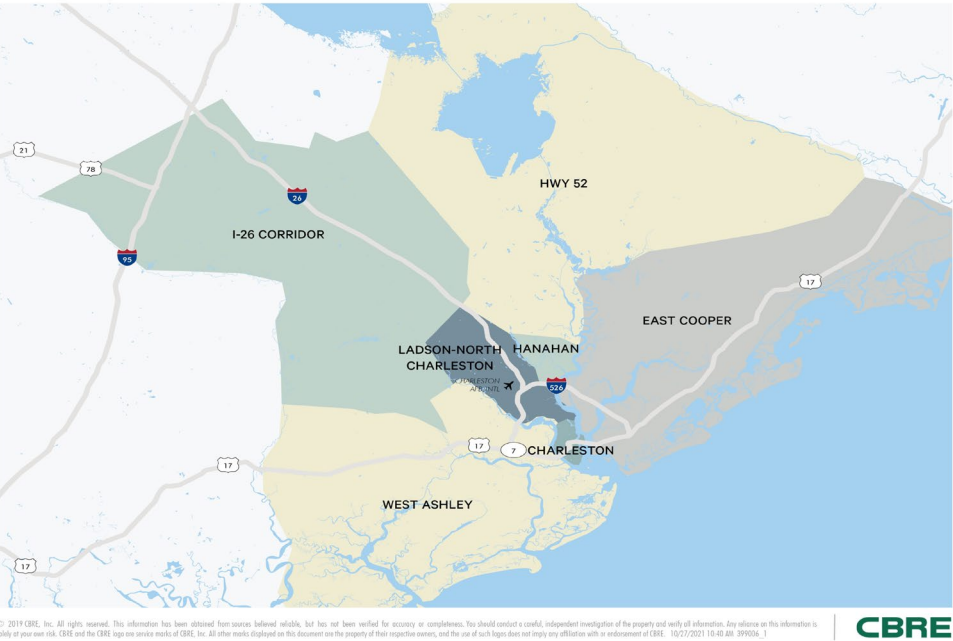
Source: CBRE Research, Q1 2025

FIGURE 6: Market Statistics

Submarket	Building SF	Vacancy (%)	Under Construction	Last 4 Qtrs. Net Absorption	Q1 2025 Net Absorption (SF)
Charleston	283,895	15.95	0	-45,295	0
East Cooper	8,838,629	1.46	607,396	29,222	20,966
Hanahan	6,809,169	0	0	25,000	0
Hwy 52 North	6,277,105	0	0	30,140	0
I-26 North	35,653,733	21.55	1,618,059	1,090,381	489,562
North Charleston/Ladson	32,881,527	10.5	305,738	130,578	62,262
West Ashley	1,050,382	1.23	0	-9,190	-5,439
MARKET TOTAL	91,794,440	12.33%	2,531,193	1,250,836	567,351
Asset Type	Building SF	Vacancy (%)	Under Construction	Last 4 Qtrs. Net Absorption	Q1 2025 Net Absorption (SF)
Manufacturing	24,316,690	2.17	100,000	17,547	-98,140
R&D/Flex	2,157,318	1.95	0	32,122	2,738
Warehouse/Distribution	65,420,432	16.44	2,169,414	1,201,167	662,753
MARKET TOTAL	91,794,440	12.33%	2,531,193	1,250,836	567,351

Source: CBRE Research, Q1 2025

Market Area Overview



Survey Criteria

The CBRE, Inc. Industrial MarketView report provides statistics based on a revised set of inventory consisting of industrial properties in the following submarkets: Charleston, East Cooper, Hanahan, Hwy 52 North, I-26 North, North Charleston/Ladson and West Ashley. All properties are industrial properties greater than 10,000 sq. ft. Absorption is counted when the lease is signed and is not based on physical occupancy; when a building delivers, preleases are counted as absorption in the quarter of delivery. Historical data is reflective of the current set of inventory rather than previously published report figures and is subject to revision as additional information becomes available.

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