

FIGURES | CHARLESTON INDUSTRIAL SECTOR | Q2 2025

Charleston Industrial Market Has a Strong Q2

▼ 12.06%

Vacancy Rate

▲ 1,044,560 SF

SF Absorbed

▼ 2.05 M

SF Construction

▲ \$8.25/SF

AVG Class A Warehouse Rate

Note: Arrows indicate change from previous quarter.

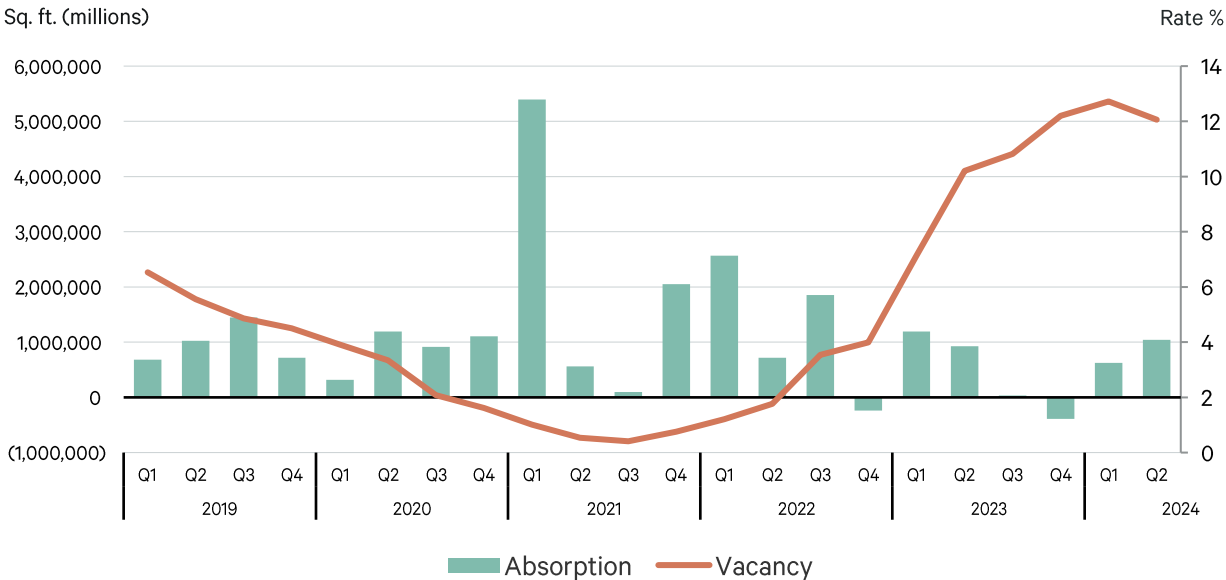
Key Takeaways

- The overall vacancy rate fell to 12.06% in Q2 2025, down from 12.72% in the prior quarter.
- Net absorption totaled 1,044,560 SF for Q2 2025, representing an 11.1% increase year-over-year.
- Investment activity surged in Q2, reaching \$91.6 million, signaling continued confidence despite macroeconomic uncertainty.
- Delivery activity softened with just 483,696 sq. ft. delivering, bringing YTD deliveries to 1,866,426 sq. ft.

Market Overview

Charleston's industrial market remains fundamentally strong, with leasing activity and absorption rates showing a marked improvement in early 2025, and over \$91 million in investment sales recorded in Q2 alone. While vacancy had previously risen due to a wave of new buildings constructed without pre-leasing agreements, it is declining, and developers are adapting quickly to evolving tenant demand. The declining vacancy, coupled with strong pre-leasing activity, underscores the market's robust prospects for long-term growth.

FIGURE 1: Historical Supply & Demand Dynamics



Source: CBRE Research, Q1 2025

Leasing Activity

In Q2 2025, leasing activity totaled 1,869,969 sq. ft. across 25 leases, averaging 74,799 sq. ft. per lease. This included three renewals, totaling 105,225 sq. ft. (5.6% of the total volume), and no subleases, with the remaining 1,764,744 sq. ft. attributed to new leases. The largest deals accounted for 64% of all new leases, or 1,136,700 sq. ft. Leading the way, Harbor Logistics secured 621,920 sq. ft. at 241 Jedburg Rd. The average lease size nearly doubled from 41,761 sq. ft. in the previous quarter to 74,799 sq. ft. However, excluding the three largest deals, the average drops to 33,330 sq. ft., highlighting the impact of a few outsized transactions. Furthermore, although leases were completed in the 200,000+ sq. ft. size category, the majority of new leases—19 lease comps—were under 70,000 sq. ft. The I-26 North submarket led all areas with 824,297 sq. ft. leased across five deals. Meanwhile, rental rates in Q2 2025 rose 12.24% year-over-year, increasing from \$7.24 to \$8.25 per sq. ft.; Class A rates jumped 16% from \$6.81 to \$8.10, while Class B rates saw a more modest 9.8% increase, rising from \$8.23 to \$9.04 per sq. ft.

FIGURE 2: Notable Lease Transactions in Q2 2025

Transaction Type	Tenant	Address	Size (sq. ft.)	Submarket
New Lease	Harbor Logistics	241 Jedburg Rd	621,920	I – 26 North
New Lease	Sunland Logistics	300 Eagle Rd	284,750	Hanahan
New Lease	Coastal Logistics Group	0 Commerce Center Rd	230,030	North Charleston/Ladson

Source: CBRE Research, Q2 2025

Development Activity

New construction in the Charleston market has significantly slowed, with no new starts in Q2 2025 and only 23,700 sq. ft. breaking ground since the beginning of the year. Currently, there are 11 projects in the pipeline totaling 2,047,361 sq. ft., all expected to deliver by the end of 2025. Of this total, approximately 712,125 sq. ft. is already pre-leased, including 654,979 sq. ft. of build-to-suit (BTS). Notably, nine of the projects are under 300,000 sq. ft., accounting for 60% (roughly 1.2 million sq. ft.) of the total pipeline. The remaining 818,613 sq. ft. is concentrated in two larger facilities: Rushmark’s 505,440 sq. ft. building and Portman’s 313,173 sq. ft. project. Most construction activity is concentrated along the I-26 Corridor, where 1,605,180 sq. ft. is expected to be completed by Q4 2025. Additionally, several key land sites are under contract and scheduled to close later this year, as developers continue to pursue new opportunities despite the slowdown in starts.

Capital Markets - Investment Sales

Investment sales spiked during Q2 2025, totaling \$91,579,039 across 15 transactions. The combined sales volume covered 783,249 sq. ft. Furthermore, four buildings exceeded 90,000 sq. ft., while the remaining properties in the transactions were all under 30,000 sq. ft. The largest transaction was the sale of 3191 Ashley Phosphate Rd., a 246,735 sq. ft. facility sold by Dogwood Industrial Partners to Citimark Management for \$21,125,000, equating to \$85.62 per sq. ft. RCB Development was the most active, purchasing \$17,450,413 of industrial space across 3 transactions. Looking ahead, capital market interest remains strong in Charleston, and activity is expected to accelerate in the second half of the year, fueled by continued leasing momentum and increased investor confidence. Macroeconomic factors, including interest rate fluctuations and market volatility, continue to influence the timing of sales, prompting both users and investors to closely monitor broader economic trends. Despite these headwinds, Charleston’s market fundamentals remain solid, supporting continued investment interest

Deliveries

Deliveries during Q2 2025 totaled 483,696 sq. ft. across three projects, a significant decline from 1,382,730 sq. ft. in Q1 2025 and an 87% year-over-year decrease from 3,784,184 sq. ft. in Q2 2024. All three projects were speculative completions by Cameron Property Group at Carolina Business Park in Mount Pleasant. The two largest buildings delivered vacant, placing upward pressure on the market’s vacancy rate, while the smallest—427 Interlock Alley—delivered partially leased, with 22,680 sq. ft. already occupied.

FIGURE 3: Q2 2025 Notable SPEC Construction Completions

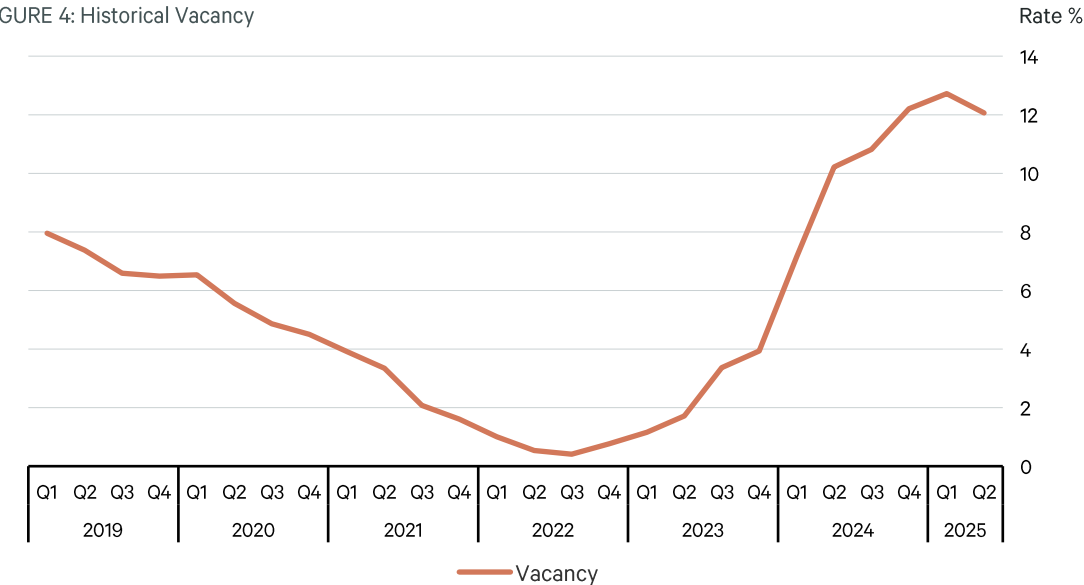
Building/Address	Size (sq. ft.)	Submarket	Activity
425 Faison Rd	189,107	East Cooper	Delivery – Vacant
437 Interlock Alley	181,106	East Cooper	Delivery – Vacant
427 Interlock Alley	113,483	East Cooper	Delivery – Partially Occupied

Source: CBRE Research, Q2 2025

Vacancy

Since the beginning of 2024, Charleston has experienced a notable rise in industrial vacancy, driven by the addition of nearly 11.2 million sq. ft. of speculative space. This has pushed the vacancy rate to 12.06% in Q2 2025, slightly down from the Q1 peak of 12.72%. Bulk assets over 300,000 sq. ft. account for the majority of this vacancy, with a rate of 17.31%, while smaller assets under 300,000 sq. ft. maintain a healthier rate of 7.07%. Class A properties currently hold a vacancy rate of 20.29%, compared to 8.8% for Class B and C assets combined. The record pace of new construction deliveries, coupled with increased supply from larger buildings and fewer transactions, has complicated the leasing landscape. In response to shifting demand dynamics, developers are increasingly pivoting toward smaller demising strategies; for example, a 250,000 sq. ft. multi-tenant rear-load facility may now prioritize leasing 50,000 sq. ft. spaces rather than waiting for larger contiguous tenants. This trend highlights the need for adaptability in market strategies amid a rapidly evolving industrial environment.

FIGURE 4: Historical Vacancy



Source: CBRE Research, Q2 2025

Market Outlook

The first phase of Redwood Materials battery recycling plant in Camp Hall is nearing completion, 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 continued its upward trend in Q2 2025, with 1,044,560 sq. ft. of positive absorption—an 11.1% year-over-year increase. The majority of this gain came from Harbor Logistics’ lease of 621,920 sq. ft. at 241 Jedburg Rd., followed by Coastal Logistics Group leasing 230,030 sq. ft. at O Commerce Center Rd., Building 4. Class A space led the way with 1,046,441 sq. ft. of positive absorption, while Class B recorded a modest 45,186 sq. ft.. In contrast, Class C experienced negative absorption of 47,067 sq. ft., reflecting continued challenges in that segment.

FIGURE 5: Construction and Deliveries by Quarter



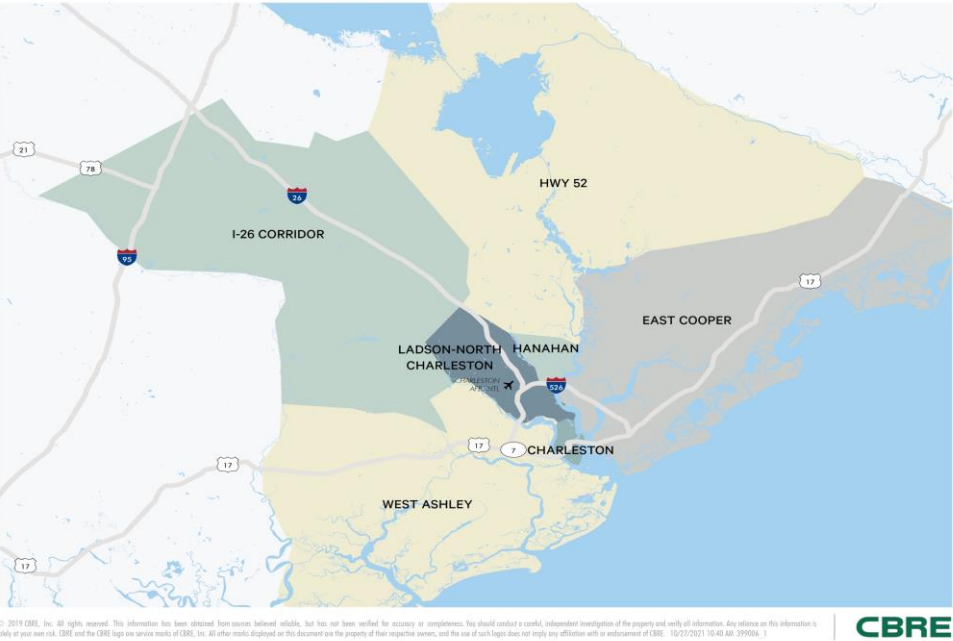
Source: CBRE Research, Q2 2025

FIGURE 6: Market Statistics

Submarket	Building SF	Vacancy (%)	Under Construction	Last 4 Qtrs. Net Absorption	Q2 2025 Net Absorption (SF)
Charleston	283,895	10.47	0	-29,729	15,566
East Cooper	9,322,325	5.72	123,700	153,326	73,714
Hanahan	6,809,169	0	0	25,000	0
Hwy 52 North	6,277,105	0	0	30,140	0
I-26 North	36,028,575	20.23	1,617,923	1,055,129	719,297
North Charleston/Ladson	32,941,619	10.1	305,738	120,755	238,758
West Ashley	1,050,382	1.94	0	-11,965	-2,775
MARKET TOTAL	92,713,070	12.06%	2,047,361	1,317,656	1,044,560
Asset Type	Building SF	Vacancy (%)	Under Construction	Last 4 Qtrs. Net Absorption	Q2 2025 Net Absorption (SF)
Manufacturing	24,227,728	2.3	100,000	-131,891	18,743
R&D/Flex	2,157,318	1.23	0	33,013	-3,853
Warehouse/Distribution	66,161,424	15.98	1,685,582	1,416,534	1,029,670
MARKET TOTAL	92,713,070	12.06%	2,047,361	1,317,656	1,044,560

Source: CBRE Research, Q2 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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