

FIGURES | CHARLESTON OFFICE SECTOR | Q1 2025

Charleston Office Remained Stable

▼ 14.13%

Direct Vacancy Rate

▼ 18,437 sq. ft.

SF Net Absorption

▼ 18.45%

Availability Rate

► \$28.57

Average Direct Rate (PSF/Full-Service)

Note: Arrows indicate change from previous quarter.

Key Takeaways

- Leasing activity rose 9.5% year-over-year, with 38 leases totaling 189,284 sq. ft. North Charleston led all submarkets, accounting for over one-third of total volume.
- Net absorption reached 18,130 sq. ft., led by Class A space with 56,124 sq. ft. of positive absorption. Class B, however, saw 37,687 sq. ft. of move-outs.
- Overall vacancy dipped to 14.13%, with Class A at 12.85%. Peninsula Class A vacancy dropped sharply from 14.96% to 7.93% since Q1 2024.
- Asking rents remained flat at \$28.57 overall. Class B rents rose to \$24.40, reflecting increased demand as Class A space becomes more limited.

Market Overview

Charleston's office market is poised for continued tightening through 2025, driven by strong tenant demand, limited new supply, and a sustained flight to quality. While macroeconomic uncertainty and elevated interest rates may temper investment activity, the region's resilient economy and low unemployment support a stable outlook. As high-quality space becomes scarcer, both leasing and pricing power are expected to strengthen, particularly in Class A assets and active submarkets like North Charleston and the Peninsula.

FIGURE 1: Historical Supply & Demand Dynamics



Source: CBRE Research, Q1 2025

Leasing Activity

Leasing activity in Charleston’s office market began 2025 on a strong note, with 38 leases signed totaling 189,284 sq. ft.—representing a 9.5% increase over Q1 2024. Both new lease signings and renewals saw nearly 10% growth compared to the previous quarter, signaling sustained tenant demand. New leases accounted for 150,990 sq. ft., while renewals comprised 38,294 sq. ft. Only one sublease was recorded during the quarter: 9,977 sq. ft. at 115 Fairchild Street. The largest new lease was a 10,007-sq. ft. deal signed by an undisclosed tenant at 3955 Faber Place Road. The largest renewal was ADP’s commitment to remain in its 24,000-sq. ft. space. North Charleston led all submarkets in leasing activity, with 16 transactions totaling 60,546 sq. ft.—over one-third of the total leasing volume for the quarter.

Net Absorption

The Charleston market posted a relatively modest absorption rate, with a net gain of 18,130 square feet—closely in line with Q1 2024, which recorded 30,820 square feet of absorption. The Daniel Island submarket led the quarter, contributing 13,130 square feet of positive absorption, largely driven by Class A lease activity. Notably, Class A office space accounted for 56,124 square feet of positive absorption, while Class B space experienced 37,687 square feet of move-outs. In 2024, North Charleston emerged as the top-performing submarket, with nearly 107,000 square feet of net absorption, followed by the Peninsula with 94,000 square feet for the year. These gains were primarily fueled by the availability of high-quality Class A space, as tenants continued to upgrade their office environments—a trend expected to persist through 2025.

Vacancy and Asking Rate

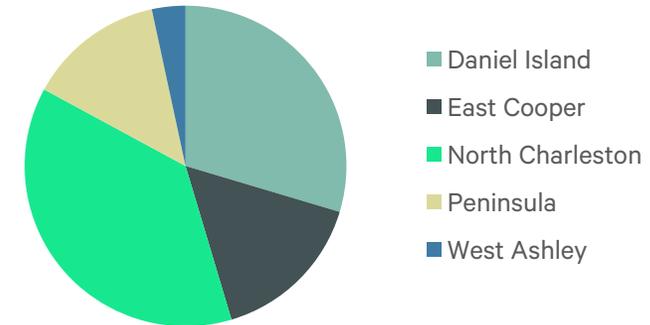
The office direct vacancy rate experienced a slight decline, edging down from 14.31% to 14.13%. The Class A segment continues to tighten, with vacancy now at 12.85%. This trend is driven by sustained demand and limited new supply, as only one 20,000-square-foot building is currently under construction, with no additional projects expected to break ground in the near term. On the Peninsula, Class A office space has seen significant improvement. Since Q1 2024, the vacancy rate has been nearly halved—from 14.96% to just 7.93%—highlighting the strong absorption in this submarket. Overall asking rents in the Charleston market remained stable quarter-over-quarter at \$28.57. However, this represents a modest decline from Q1 2024, when rates averaged \$28.89. In contrast, Class B office space has seen a notable increase in asking rents, rising by \$1.77 since Q1 2024 to reach \$24.40. This uptick reflects growing demand for Class B properties, as tenants face limited availability in the Class A segment and continue to pursue the "flight to quality" trend observed in other markets. Looking ahead, we anticipate continued growth across the market as available space becomes increasingly scarce.

FIGURE 3: Notable Q1 2025 Transactions

Transaction Type	Tenant	Location	Size (sq. ft.)	Submarket
Renewal	ADP	75 Port City Landing	24,000	East Cooper
New Lease	Undisclosed	3955 Faber Place Dr	10,007	North Charleston
Sublease	Undisclosed	115 Fairchild St	9,977	Daniel island

Source: CBRE Research, Q1 2025

Figure 2: Leasing Activity by Submarket Q1 2025



Source: CBRE Research, Q1 2025

Development Activity

Development activity in Charleston during the first quarter has stayed relatively flat, there is only one active project in the market: the 20,000 sq. ft. Building 2 of the Hub at Nexton, located in the Summerville submarket, which is expected to be completed in Q2 of 2025. Building 1 of the Hub at Nexton is projected to break ground in 2026, adding another 30,000 sq. ft. of space. Although the construction of new office buildings has slowed, the outlook remains positive. The Magnolia development near the Peninsula has kicked off and the planned Battery Park master plan in North Charleston looks to incorporate office components as the availability of new Class-A office space becomes limited.

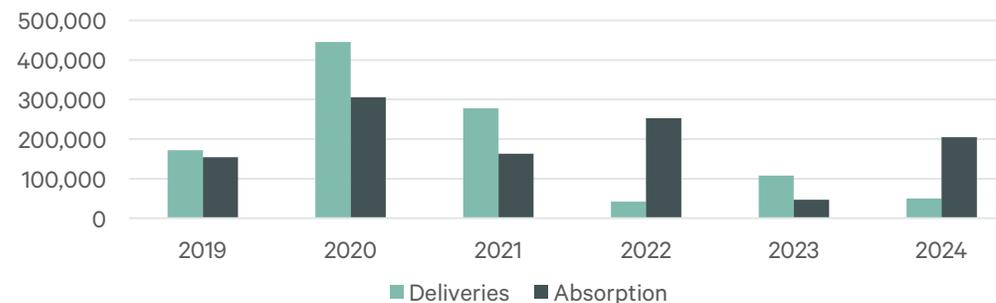
Capital Markets

During the first quarter of 2025, the capital markets in Charleston held steady within the office sector. A highlight was the sale of 5900 Core Rd, a 67,835 sq. ft. office building in North Charleston, for \$7,025,000, or \$103.56 a sq. ft. Office sales activity during the quarter reflected a cautiously optimistic investment climate. While elevated interest rates continued to weigh on underwriting, the Federal Reserve’s decision to hold rates steady provided a degree of predictability that helped stabilize buyer sentiment. Investor focus remained on well-leased, mid-sized assets in suburban submarkets, where tenant demand has been more consistent. Although overall transaction volume was modest, pricing held firm in key areas, supported by Charleston’s low unemployment rate of 3.5% and a resilient regional economy. Looking ahead, the market is expected to see steady, selective investment activity, particularly in assets offering long-term income stability and minimal capital expenditure requirements.

Economic Outlook

Policy speculation and announcements are now the key drivers of macro expectations and financial markets. The reality of material trade conflicts this year is now paired with realized softer economic data. Some of this could be due to firms taking a ‘wait-and-see’ approach as they digest changing trade policy. Consumer sentiment has declined noticeably, albeit much more than actual spending. Consequently, CBRE has revised its GDP growth outlook for this year down to just below 2%. Despite policy uncertainty, credit markets are more accommodative, with tighter spreads and more issuance compared to a few quarters ago. More fluid credit markets have yet to translate into stronger sales volume, as many institutional owners and reams of dry powder capital remain on the sidelines. The continuation of accretive credit trends and eventual deployment of dry powder will depend on the impact of new policies. Should they prove more inflationary, this would erode recent capital markets progress. If not, and macro impacts are limited, this could give the Fed a green light for further cuts and help unlock monies waiting on the sidelines.

FIGURE 4: Deliveries and Yearly Net Absorption



Source: CBRE Research Q1 2025

Notable Capital Investments (past 6 months)

Name	Type of Investment	County	Jobs Created	Investment \$
Mesa Land Services	New	Charleston	24	\$1.3M
Pole To Win	New	Berkeley	350	\$1.2M
Ingevity	Expansion	Charleston	N/A	\$53.3M
OhmIQ, Inc.	Expansion	Charleston	21	\$1.1
Eveon Containers	New	Charleston	25	N/A
Gigpro	Expansion	Charleston	N/A	\$16M

Source: CBRE Research, Q1 2025

FIGURE 5: Historical Statistics

Submarket	Building SF	Vacancy (%)	Availability (%)	Avg Asking Lease Rate (PSF/FSG)	Under Construction	Last 4 Qtrs. Net Absorption	Q1 2025 Net Absorption (SF)
Peninsula	2,624,596	10.69	15.26	39.26	-	79,511	7,303
Daniel Island	1,411,287	21.66	27.63	31.24	-	49,949	13,130
East Cooper	1,336,413	7.77	10.89	29.87	-	18,973	5,929
North Charleston	4,147,005	16.68	20.62	22.91	20,000	84,758	8,486
West Ashley	610,248	8.13	12.36	25.35	-	(17,436)	(16,411)
MARKET TOTAL	10,129,549	14.13%	18.43%	\$28.57	20,000	215,755	18,437
Class	Building SF	Vacancy (%)	Availability (%)	Avg Asking Lease Rate (PSF/FSG)	Under Construction	Last 4 Qtrs. Net Absorption	Q1 2025 Net Absorption (SF)
Class A	5,991,188	12.88	16.56	31.79	20,000	248,497	86,819
Class B	3,750,044	16.60	22.27	24.4	-	(31,855)	7,303
MARKET TOTAL	10,129,549	14.13%	18.43%	\$28.57	20,000	215,755	18,437

Source: CBRE Research, Q1 2025

Market Area Overview



Survey Criteria

The CBRE, Inc. Office Figures report provides statistics based on a revised set of inventory consisting of office properties in the following submarkets: the Peninsula, Daniel Island, East Cooper, North Charleston, and West Ashley. All properties are greater than 20 000 sq. ft. and are not owner occupied. 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.

Definitions:

Availability Rate- spaces being marketed for lease; occupied spaces that are available for lease in addition to all vacant spaces.

Vacancy Rate- spaces being marketed for lease that are not occupied.

Net Absorption- the sum of all leasing activity minus move-outs in the quarter.

Average Direct Rate- the weighted average of available space for lease and the full-service asking rate, excluding the sublease rate.

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