

FIGURES | CHARLESTON INDUSTRIAL | Q3 2026

Rental Growth Eases and Recovery Continues Following Construction Wave



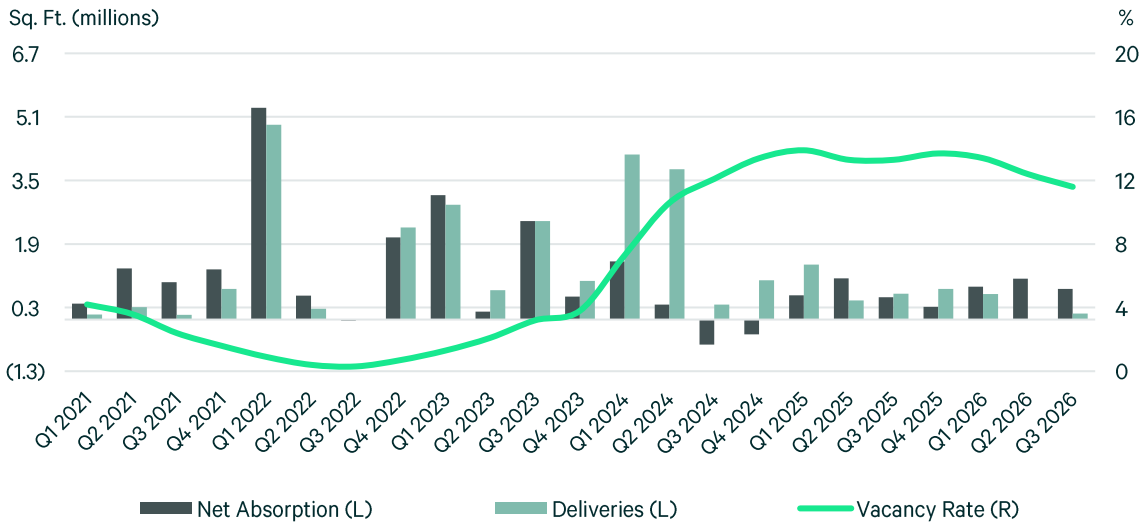
Note: Arrows indicate change from previous quarter.

Market Overview

The Charleston industrial market continued to rebalance in Q3 2026 as positive tenant demand gradually reduced vacancy created by the recent development cycle. Overall vacancy declined to 11.6%, down from 12.4% in Q2 and 13.3% one year ago, while availability remained elevated at 17.0%. Net absorption totaled approximately 773,000 sq. ft., marking the seventh consecutive positive quarter, and leasing activity reached 1.7 million sq. ft. and was driven by several large commitments in I-26 North. Average asking rents held steady quarter-over-quarter at \$8.43 per sq. ft., continuing its moderate improvement since 2025 as the market has recovered from its recent supply wave.

Current conditions remain closely tied to the significant construction cycle that followed an especially tight market between 2021 and 2022. The construction pipeline peaked at more than 12 million sq. ft. in late 2022, followed by substantial deliveries that pushed vacancy to nearly 14% in early 2025. By Q3 2026, construction declined to approximately 475,000 sq. ft., while only 145,000 sq. ft. delivered. While vacancy and availability remain elevated compared to earlier in the cycle, declining vacancy, sustained occupancy gains and a softening development pipeline indicate that supply and demand conditions are becoming more balanced.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



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Vacancy Rate

Vacancy continued to improve in Q3 2026, declining to 11.6% from 12.4% in Q2 and 13.3% in Q3 2025. Although it remains above the exceptionally tight levels recorded before the recent development cycle, the market continues to work through the wave of new supply delivered in recent years. Sustained positive net absorption, including approximately 773,000 sq. ft. in Q3, has gradually reduced excess availability. This trend is particularly evident in Class A properties, where vacancy declined to 16.8% from 18.2% in Q2 and 19.4% one year ago. While Class A vacancy remains elevated by historical standards, the recent improvement indicates that newer warehouse and distribution facilities are continuing to lease and absorb available space.

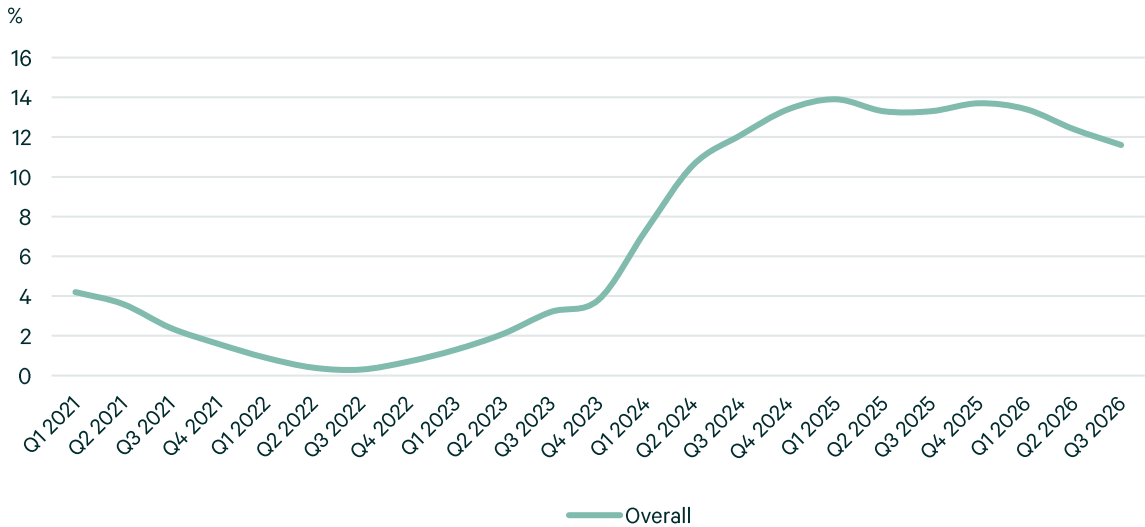
Vacancy varied by submarket, reflecting differences in inventory size and product type. The I-26 North had the highest vacancy at 16.8%, reflecting its concentration of larger distribution and logistics facilities and exposure to recent supply growth. North Charleston/Ladson recorded a lower vacancy rate of 10.1%. Overall, continued leasing and positive absorption are gradually reducing vacancy created during the 2022 through 2024 development cycle.

Asking Rent

Average asking rent remained stable in Q3 2026 at \$8.43 per sq. ft., unchanged from the Q2 2026 rate. Year-over-year, asking rents increased 1.3% from Q3 2025, continuing the steadier trend that emerged during 2025. Current pricing remains below the \$9.56 per sq. ft. peak recorded in Q3 2022, when limited availability and elevated tenant demand supported more rapid rent growth. Following that peak, a significant increase in industrial development introduced additional available space to the market, contributing to oversupply and downward pressure on asking rates. Rents subsequently reached a recent low of \$7.33 per sq. ft. in Q2 2024 before recovering. Holding steady quarter-over-quarter, asking rents showed continued stabilization following substantial volatility between 2021 and 2024.

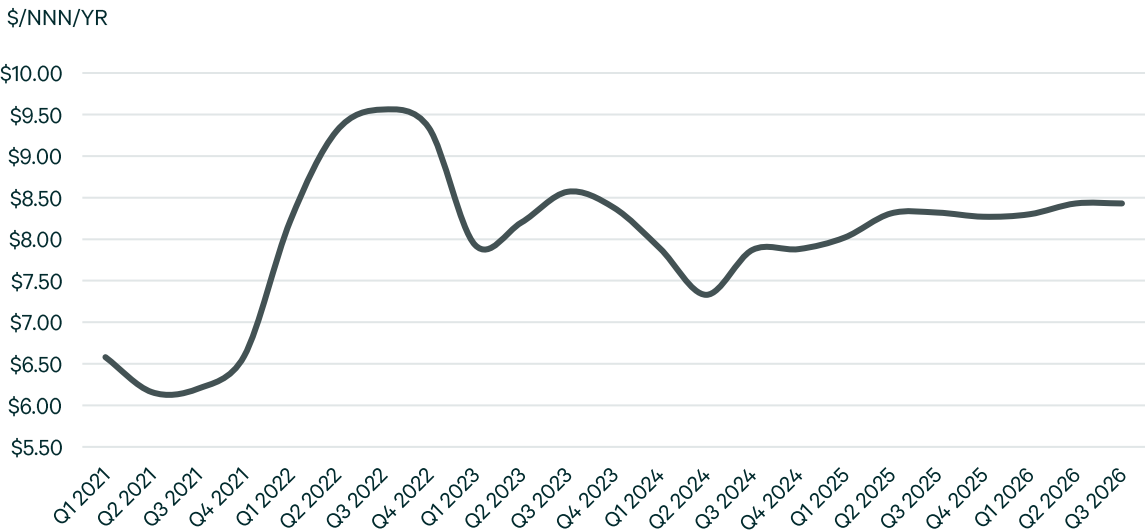
Asking rents continued to vary by submarket and product type: West Ashley maintained the highest average asking rate at \$18.21 per sq. ft., reflecting the submarket’s concentration of flex properties, which typically command higher rental rates. Charleston followed at \$12.61 per sq. ft., while Hwy 52 North averaged \$12.50 per sq. ft. and East Cooper averaged \$11.60 per sq. ft. Hanahan and North Charleston/Ladson both averaged \$8.95 per sq. ft. I-26 North remained the market’s lowest-priced submarket at \$7.04 per sq. ft., mirroring its greater concentration of larger distribution and logistics facilities.

Figure 2: Vacancy Rate



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Figure 3: Average Direct Asking Rate



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Net Absorption

Net absorption remained positive in the in Q3 2026, totaling approximately 773,000 sq. ft. While absorption moderated 25.1% from approximately 1.0 million sq. ft. in Q2, absorption increased 37.3% from 563,000 sq. ft. in Q3 2025. The market has recorded seven consecutive quarters of positive absorption, extending the recovery from the negative absorption experienced during the second half of 2024. On a rolling four-quarter basis, averages increased to approximately 740,000 sq. ft., reflecting sustained occupancy gains despite the quarter-over-quarter slowdown.

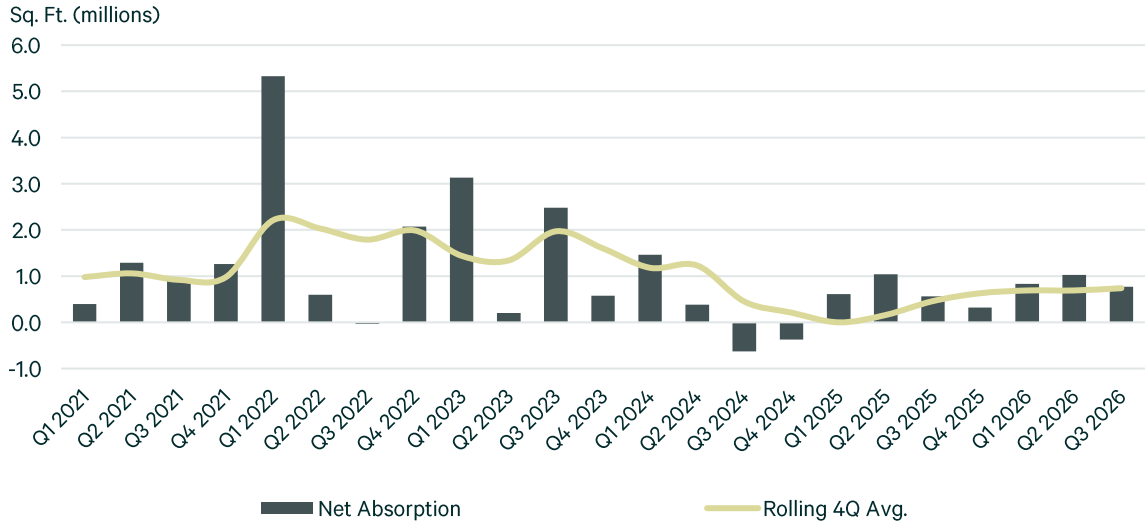
Activity was heavily concentrated in I-26 North, which recorded approximately 1.1 million sq. ft. of positive net absorption and offset move-outs elsewhere in the market. The largest occupancy included 545,000 sq. ft. at 759 Autonomous Dr, 283,000 sq. ft. at 175 McQueen Blvd and 156,000 sq. ft. at 334 Port City Centre Rd. Together, these three properties accounted for approximately 984,000 sq. ft. of positive absorption. Several submarkets gave back space during the quarter, led by North Charleston/Ladson at negative 120,000 sq. ft. and East Cooper at negative 60,000 sq. ft., with additional losses in Hanahan and Hwy 52 North. Overall, positive absorption continued in Q3, although occupancy growth was primarily driven by several large move-ins within the I-26 North corridor.

Construction Activity

Charleston’s industrial construction pipeline remained measured in Q3 2026, totaling approximately 475,000 sq. ft. across five projects, up 8.0% quarter-over-quarter but down 67.0% year-over-year. Development activity included the delivery of Lowcountry Logistics Building 1, a 145,000 sq. ft. speculative facility in North Charleston/Ladson. Meanwhile, construction starts totaled approximately 180,000 sq. ft., consisting of Lowcountry Logistics Building 2 at approximately 102,000 sq. ft. and Building 3 at approximately 79,000 sq. ft. Despite the modest increase in active construction from the prior quarter, the pipeline remains well below the recent expansion cycle, when more than 12 million sq. ft. was underway in late 2022.

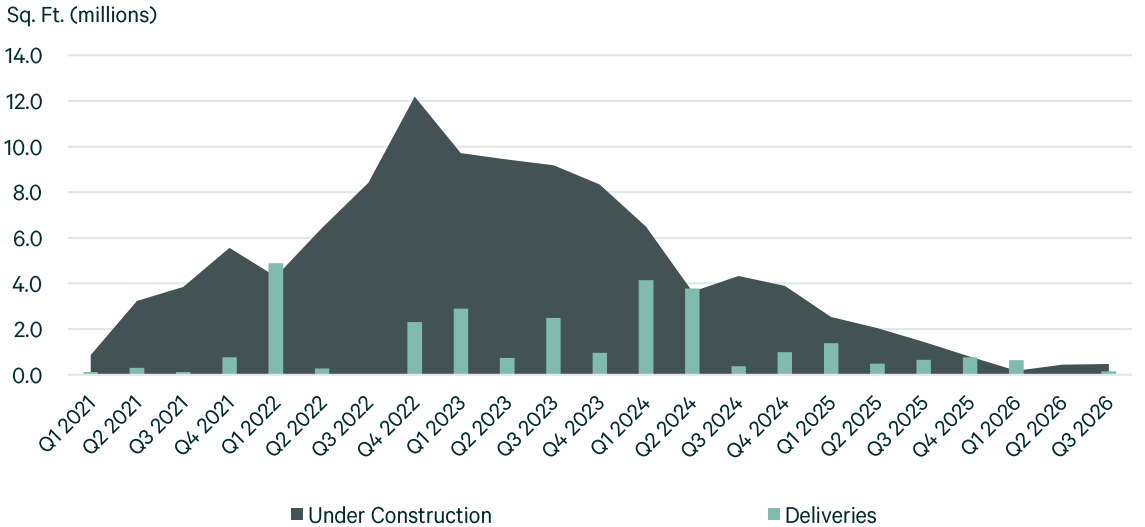
The 145,000 sq. ft. expansion at 9016 Palmetto Commerce Pkwy is the largest project underway and the only build-to-suit development, while the remaining pipeline consists of speculative facilities ranging from 30,000 sq. ft. to approximately 120,000 sq. ft. With all active projects at or below 145,000 sq. ft., current development favors smaller-format facilities compared with the large bulk projects prevalent in years prior.

Figure 4: Net Absorption Trend



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Figure 5: Construction Activity



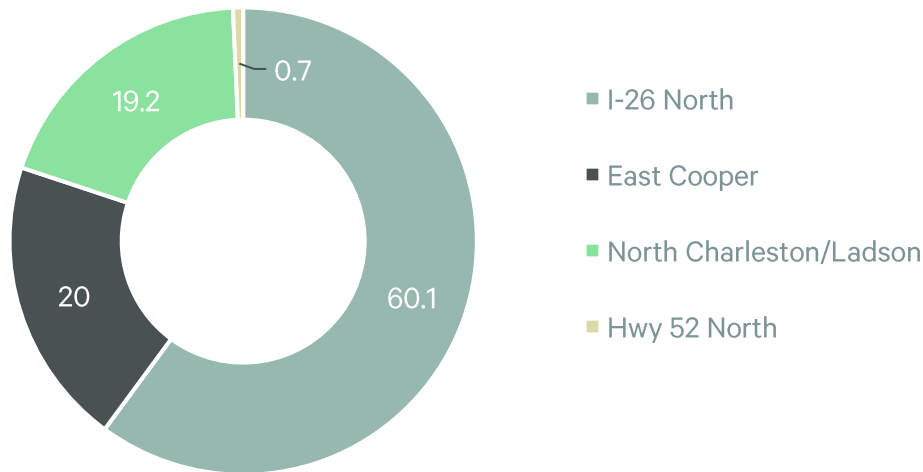
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Leasing Activity

Leasing activity totaled approximately 1.73 million sq. ft. Quarterly volume increased 45.5% from Q2 2026 and 84.4% compared with Q3 2025. New leases accounted for approximately 1.31 million sq. ft., or 76% of total volume, while renewals contributed another 421,000 sq. ft. The quarter was supported by several large transactions, including a 545,000 sq. ft. new lease at 759 Autonomous Dr, a 283,000 sq. ft. lease at 175 McQueen Blvd and a 156,000 sq. ft. lease at 334 Port City Centre Rd.

Activity remained concentrated within the market’s primary industrial corridors. I-26 North led all submarkets with approximately 1.04 million sq. ft. leased, accounting for roughly 60% of quarterly volume. East Cooper followed with approximately 346,000 sq. ft., while North Charleston/Ladson recorded 333,000 sq. ft. Overall, Q3 leasing reflected stronger activity market-wide, with sizable new commitments driving the quarterly increase.

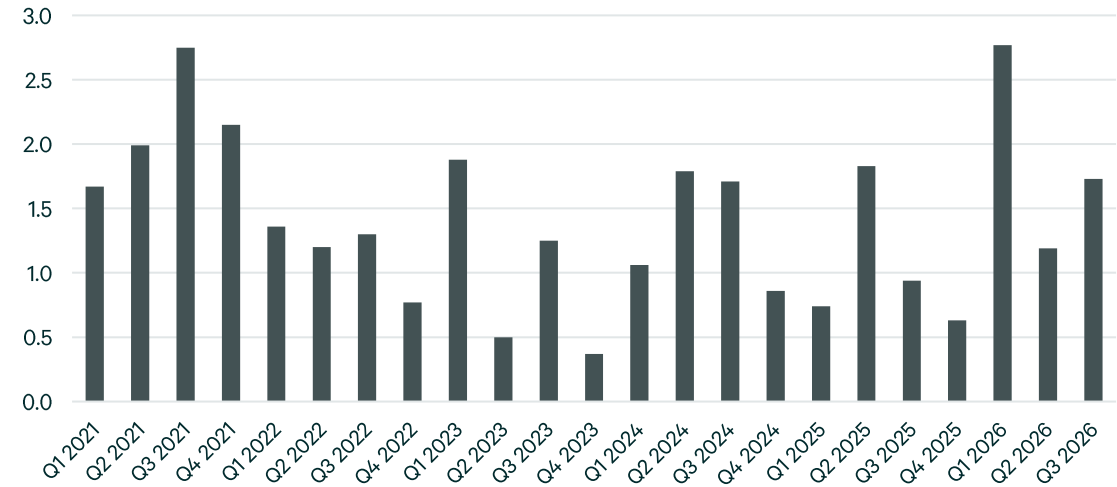
Figure 7: Leasing Activity by Submarket (% of Total Activity)



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Figure 6: Leasing Activity Trend

Sq. Ft. (millions)



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Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Confidential Tenant	545,000	New Lease	759 Autonomous Dr	I-26 North
Translucent Energy	283,000	New Lease	175 McQueen Blvd	I-26 North
Kontane Logistics	187,000	Renewal	2310 Charleston Regional Pkwy	East Cooper
GXO Logistics	156,000	Expansion	334 Port City Centre Rd	I-26 North
ManTech International	130,000	Renewal	4801 Rivers Ave	North Charleston/Ladson
GWSI	104,000	Renewal	4289 Crosspoint Dr	North Charleston/Ladson
Unis	78,000	New Lease	1701 Charleston Regional Pkwy	East Cooper
Luonto Furniture	50,000	New Lease	1301 Charleston Regional Pkwy	East Cooper

Source: CBRE Research, Q3 2026

Market Statistics by Product Type

Figure 9

Product Type	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/NNN/YR)	Q3 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	68.45M	15.5	22.2	20.1	2.1	8.34	799,000	2.75M	145,000	475,000
Manufacturing - General	24.28M	1.5	3.3	3.0	0.3	8.70	12,000	(64,000)	-	-
R&D/Flex	2.17M	3.5	5.1	5.1	-	13.94	(37,000)	(48,000)	-	-
Total	94.89M	11.6	17.0	15.4	1.6	8.43	773,000	2.64M	145,000	475,000

Source: CBRE Research, Q3 2026

Market Statistics by Size

Figure 10

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/NNN/YR)	Q3 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	9.76M	3.6	7.8	7.2	0.6	14.13	(50,000)	16,000	-	30,000
50K-99,999 SF	8.78M	4.3	11.7	8.0	3.6	8.82	(138,000)	90,000	-	79,000
100K-249,999 SF	23.05M	11.2	14.3	12.9	1.4	9.95	(102,000)	(27,000)	145,000	366,000
250K-499,999 SF	21.91M	12.1	16.0	15.3	0.7	8.08	515,000	1.15M	-	-
500K-749,999 SF	12.45M	10.5	21.3	16.2	5.1	7.31	548,000	1.06M	-	-
750,000 SF +	18.95M	19.9	25.7	25.7	-	6.62	-	344,000	-	-
Total	94.89M	11.6	17.0	15.4	1.6	8.43	773,000	2.64M	145,000	475,000

Source: CBRE Research, Q3 2026

Market Statistics by Class

Figure 11

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/NNN/YR)	Q3 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	5.26M	10.1	18.8	15.2	3.6	8.44	50,000	25,000	-	300,000
Institutional	4.26M	11.9	22.2	17.8	4.4	7.50	50,000	50,000	-	-
Other Class A	997,000	2.5	4.1	4.1	-	14.31	-	(25,000)	-	300,000
All Other Industrial	89.64M	11.7	16.9	15.4	1.5	8.43	723,000	2.61M	145,000	175,000
Total	94.89M	11.6	17.0	15.4	1.6	8.43	773,000	2.64M	145,000	475,000

Source: CBRE Research, Q3 2026

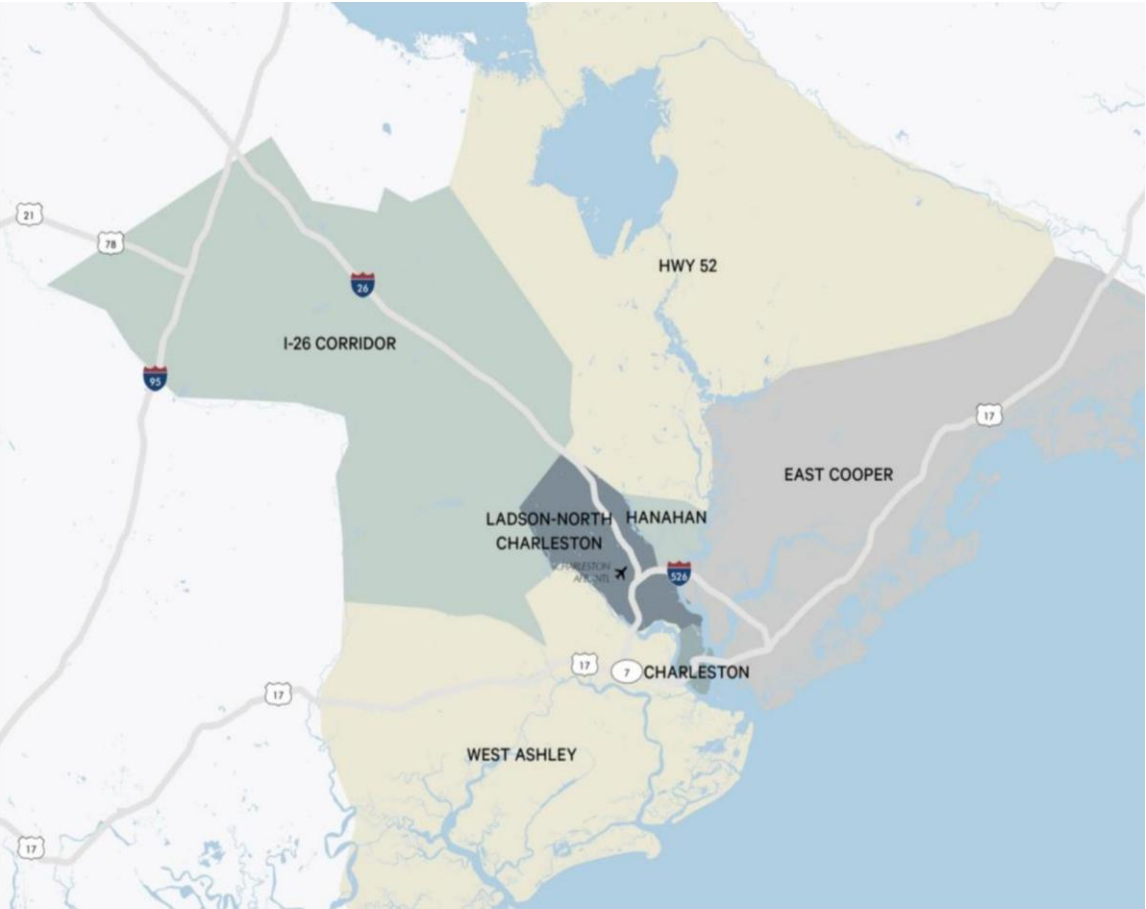
Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/NNN/YR)	Q3 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Charleston	309,000	17.7	17.7	17.7	-	12.61	-	-	-	-
East Cooper	9.55M	8.5	14.4	12.3	2.1	11.60	(60,000)	(128,000)	-	-
Hanahan	6.82M	6.2	9.6	8.1	1.5	8.95	(56,000)	(56,000)	-	-
Hwy 52 North	6.34M	0.6	6.1	5.1	0.9	12.50	(40,000)	(40,000)	-	-
I-26 North	38.05M	16.8	23.9	21.7	2.2	7.04	1.05M	2.47M	-	-
North Charleston/Ladson	32.77M	10.1	13.8	12.9	0.9	8.95	(120,000)	404,000	145,000	475,000
West Ashley	1.05M	1.9	2.3	2.3	-	18.21	-	(13,000)	-	-
Total	94.89M	11.6	17.0	15.4	1.6	8.43	773,000	2.64M	145,000	475,000

Source: CBRE Research, Q3 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

The CBRE, Inc. Industrial Figures report provides statistics based on a revised set of inventory consisting of industrial properties in the following submarkets: Charleston, West Ashley, Ladson-North Charleston, Hanahan, East Cooper, Hwy 52, and I-26 Corridor. 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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