

FIGURES | CHARLESTON INDUSTRIAL | Q4 2025

# Positive absorption trend continues despite increasing vacancy

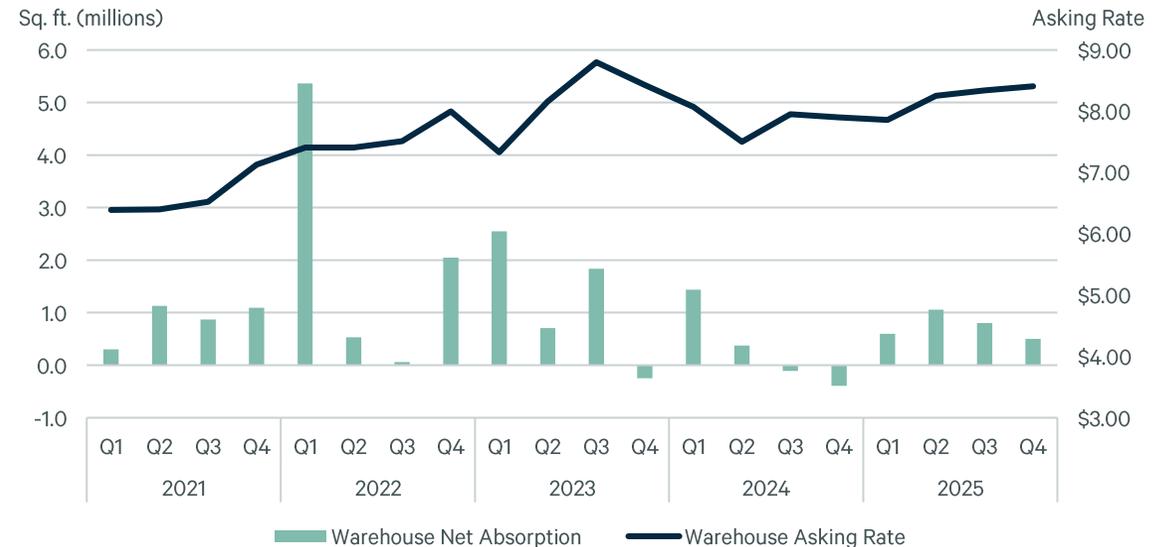


Note: Arrows indicate change from previous quarter.

## Key Takeaways

- The market posted 500,222 sq. ft. of positive absorption for the quarter. Class A space in the I-26 and North Charleston/Ladson submarkets contributed heavily to the total, combining for 489,168 sq. ft..
- Vacancy edged up to 12.9%, primarily due to new deliveries that have not yet been leased. Recent increases to vacancy can be attributed to construction carry over earlier in 2025 and is expected to stabilize as the pipeline has cooled substantially.
- Average warehouse asking rates experienced a slight quarter-over-quarter decrease but have grown gradually year-over-year.
- Leasing activity totaled 4.2 million sq. ft. for the year and was driven primarily by new leases. Average deal sizes have seen a sharp decline in recent years, signaling increased demand for smaller footprints.
- Sales rebounded with \$142.7 million across 12 deals, led by private investors and highlighted by NorthPoint's \$55.1 million acquisition of Airport Commerce Center in North Charleston/Ladson.

FIGURE 1: Historic Supply & Demand



Source: CBRE Research, Q4 2025

## Market Fundamentals

Charleston’s industrial market posted a vacancy rate of 12.9% this quarter, up 20-basis points (bps) from last quarter but unchanged year-over-year. The slight increase can be attributed to the 773,280 sq. ft. of newly delivered space that has not yet been leased. While the market has experienced an abundance of newly delivered projects, the construction pipeline is expected to simmer in the coming year, which should give the market the time it needs to lease up new product and stabilize vacancy.

Absorption remained positive at 500,222 sq. ft. and was driven largely by Class A warehouse activity in the I-26 and North Charleston/Ladson submarkets. The two submarkets accounted for 489,168 sq. ft. of gains, supported by new leases by Huntington Ingalls (168,480 sq. ft.), Certainteed (165,000 sq. ft.) and GXO Logistics (156,312 sq. ft.). While absorption slowed compared to last quarter, year-over-year gains were significant and reflected sustained tenant demand for modern facilities.

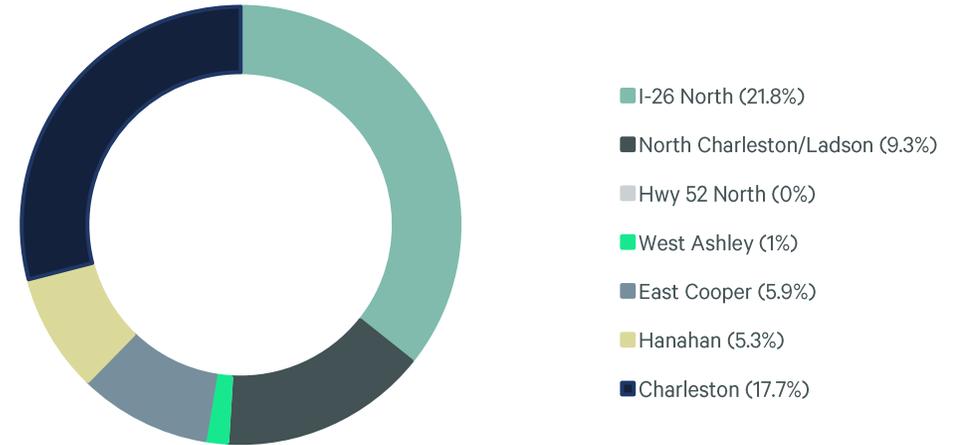
Average warehouse asking rates decreased slightly from last quarter to \$8.38 per sq. ft. but have increased 7.0% year-over-year, while flex rates have remained relatively stable in the same time period.

## Leasing Trends

Leasing activity in Charleston closed the year at 4.2 million sq. ft. with new deals accounting for 89.3% of the total. The average new lease size was 51,700 sq. ft., and while this was slightly higher than 2024, it remains well below the five-year peak of 118,489 sq. ft. recorded in 2023. This suggests that tenants are generally seeking smaller footprints than in prior years.

Sublease availability climbed to 2.7 million sq. ft., up 94.7% year-over-year, adding substantially more second-generation space options to the market. Meanwhile, of the 28.7 million sq. ft. delivered since 2023, 41.7% remains available, providing opportunities for tenants prioritizing modern facilities. Overall, leasing dynamics reflect a shift toward smaller deal sizes and increased sublease inventory, with location and building specifications continuing to drive decision-making.

FIGURE 2: Vacancy by Submarket



Source: CBRE Research, Q4 2025

FIGURE 3: Notable Lease Transactions

Type	Tenant	Address	Sq. ft.	Submarket
New Lease	Huntington Ingalls	412 Port City Centre Drive	168,480	I-26 North
New Lease	Certainteed	4500 Leeds Avenue	165,000	North Charleston/Ladson
New Lease	GXO Logistics	334 Port City Centre Drive	156,312	I-26 North
Renewal	Franklin Energy Services	1701 Charleston Regional Parkway	97,500	East Cooper
New Lease	4G Logistics	3120 Ashley Phosphate Road	75,080	North Charleston/Ladson

Source: CBRE Research, Q4 2025

## Development & Investment

Sales activity rebounded this quarter, and the market experienced a total of \$142.7 million across 12 transactions. This activity was predominantly driven by private investor buyers, and the largest sale included NorthPoint Development’s \$55.1 million (\$138.41 per sq. ft.) acquisition of Airport Commerce Center, a Class A three-building park built in 2017.

On the development front, construction commenced on one projects in the I-26 North submarket, a 145,463 sq. ft. building at 7651 Southrail Road within Lowcountry Logistics Park in North Charleston/Ladson.

Additionally, two significant completions added over 770,000 sq. ft. to the market, including Building 3 (505,440 sq. ft.) and Building 4 (267,840 sq. ft.) at Berkeley Commerce Center in the I-26 corridor. These deliveries and new starts reflect ongoing confidence in Charleston’s logistics infrastructure, even as developers work to maintain a measured approach to growth entering 2026.

## Market Outlook

The U.S. economy is sending some mixed signals: some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping to usher real estate into a new cycle. Data suggests that annual average U.S. GDP growth will be steady in 2026, at 2%, but a touch softer than in 2025. A key catalyst is a softer labor market, as companies are ‘slow to hire, slow to fire’—a trend that is likely to last a few quarters.

Locally, Charleston’s unemployment rate averaged 3.7% this quarter, outperforming the U.S. average of 4.4%. Logistics and construction remain the primary drivers of leasing growth, supported by port activity and regional infrastructure investment. These sectors continue to attract occupiers seeking modern, efficient facilities, sustaining steady demand despite broader economic caution.

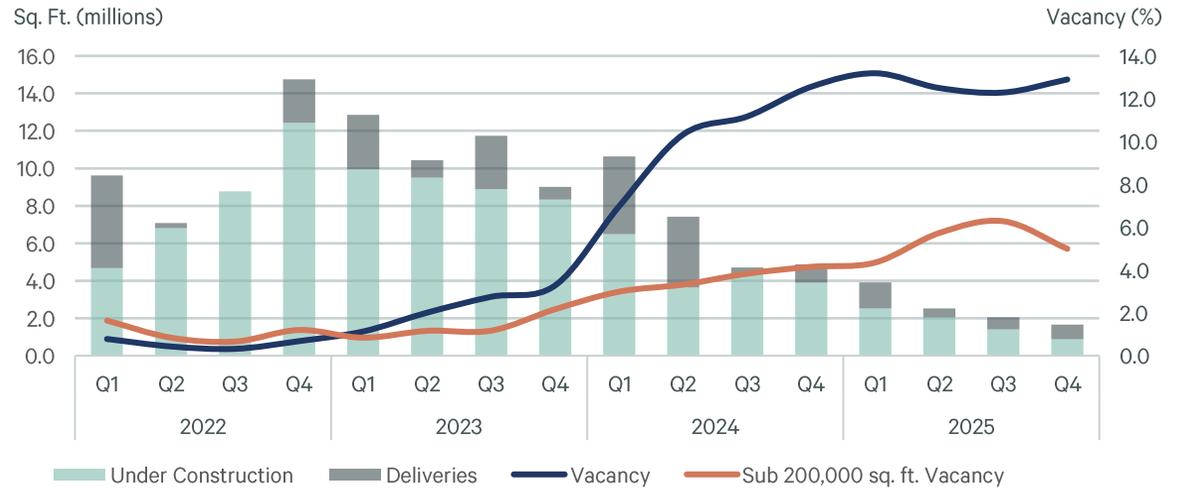
With active tenant requirements and a measured development pipeline, the market is expected to improve stability in the near term, with incremental absorption concentrated in Class A space across logistics-oriented submarkets.

FIGURE 4: Notable Sales Transactions

Building Name	Address	Sq. ft.	Sales Price (millions)	Price per Sq. Ft.	Submarket
Remount Business Park	4800 Remount Road	305,114	\$48.1	\$157.48	North Charleston/Ladson
Airport Commerce Center	2650 Fassitt Road	154,000	\$20.9	\$136.33	North Charleston/Ladson
Airport Commerce Center	7246 Stall Road	144,000	\$19.4	\$135.16	North Charleston/Ladson
Airport Commerce Center	7334 Stall Road	100,100	\$14.6	\$146.27	North Charleston/Ladson
1 Belknap Drive	1 Belknap Drive	24,400	\$3.8	\$156.76	North Charleston/Ladson

Source: CBRE Research, Q4 2025

FIGURE 5: Construction Pipeline and Vacancy



Source: CBRE Research, Q4 2025

FIGURE 6: Market Statistics

	TOTAL INVENTORY (Sq. Ft.)			VACANCY (%)			AVAILABILITY (%)			Q4 2025 NET ABSORPTION (Sq. Ft.)			UNDER CONSTRUCTION (Sq. Ft.)			AVG. DIRECT ASKING RATE (NNN per Sq. Ft./Yr)		
	Warehouse	Flex	Total	Warehouse	Flex	Total	Warehouse	Flex	Total	Warehouse	Flex	Total	Warehouse	Flex	Total	Warehouse	Flex	Total
North Charleston/Ladson	32,373,871	830,626	33,204,497	9.5	1.0	9.3	14.4	1.0	14.1	294,145	-1,888	292,257	217,724	-	217,724	9.36	14.50	9.37
I-26 North	36,840,442	271,365	37,143,207	21.9	5.9	21.8	28.4	5.9	28.3	312,348	-	337,348	548,864	-	638,864	7.31	18.00	7.32
Hwy 52 North	6,028,346	113,559	6,277,105	-	-	-	1.0	-	1.0	-	-	-	-	-	-	-	-	-
West Ashley	711,741	338,641	1,050,382	0.4	2.2	1.0	0.4	2.2	1.0	-	-	-	-	-	-	16.00	-	16.00
East Cooper	9,114,883	407,291	9,522,174	6.2	-	6.0	10.4	8.4	10.4	22,680	-	22,680	23,700	-	23,700	11.90	12.63	11.93
Hanahan	6,613,709	195,460	6,809,169	5.5	-	5.3	8.6	-	8.4	-152,063	-	-152,063	-	-	-	9.48	-	9.48
Charleston	308,695	-	308,695	17.7	-	17.7	17.7	-	17.7	-	-	-	-	-	-	13.64	-	13.64
<b>Market Totals</b>	<b>91,991,687</b>	<b>2,156,942</b>	<b>94,315,229</b>	<b>13.2</b>	<b>1.5</b>	<b>12.9</b>	<b>18.3</b>	<b>3.1</b>	<b>17.9</b>	<b>477,110</b>	<b>-1,888</b>	<b>500,222</b>	<b>790,288</b>	<b>-</b>	<b>880,288</b>	<b>8.38</b>	<b>13.12</b>	<b>8.41</b>

Source: CBRE Research, Q4 2025

### Submarket Map



#### CBRE Offices

##### CBRE | Charleston

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#### 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, 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.

Disclaimer: Absorption does not reflect preleasing demand or activity. Per CBRE Research transactions are not reflected or counted towards absorption until they are delivered. All prelease activity will be counted towards absorption in the quarter in which the building delivers. Buildings that deliver vacant do not negatively impact Net Absorption.

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