Leasing Momentum Strengthens Amid Short-Term Absorption Pullback

▼8.1%	▼5,000	▶130,000	▶0	▲$32.71
Vacancy Rate	SF Net Absorption	SF Under Construction	SF Construction Delivered	FSG/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

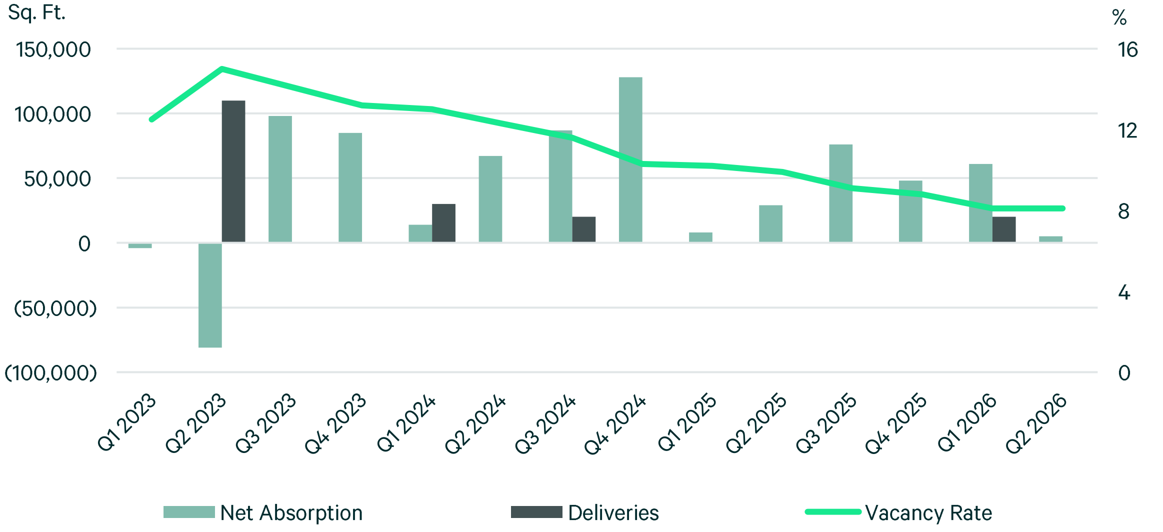
Market Overview

In Q2 2026, the market posted net absorption of 5,000 sq. ft., bringing year-to-date absorption to 67,000 sq. ft. Although Q2 2026 absorption is slightly lower from the 29,000 sq. ft. absorbed one year prior, absorption has remained positive each quarter since Q3 2023. Vacancy remained flat at 8.1%, while availability decreased from 13.5% to 11.9% from the previous quarter. Vacancy and availability have decreased from 9.9% and 15.0%, respectively, since Q2 2025, and availability is down overall from a peak of 18.4% in Q2 2023. Average asking rent reached $32.71 per sq. ft., up 2.0% from the prior quarter and 0.2% year-over-year.

While development activity remains limited, The Point - a 130,000 sq. ft. office project currently under construction - represents the market's only active pipeline project.

Leasing activity totaled 124,000 sq. ft. in Q2 2026, led by three major transactions. Boeing signed the largest lease at 80,000 sq. ft. in North Charleston, followed by a 34,000 sq. ft. confidential tenant lease on Daniel Island and Insight Global's 10,000 sq. ft. commitment in the Peninsula submarket.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



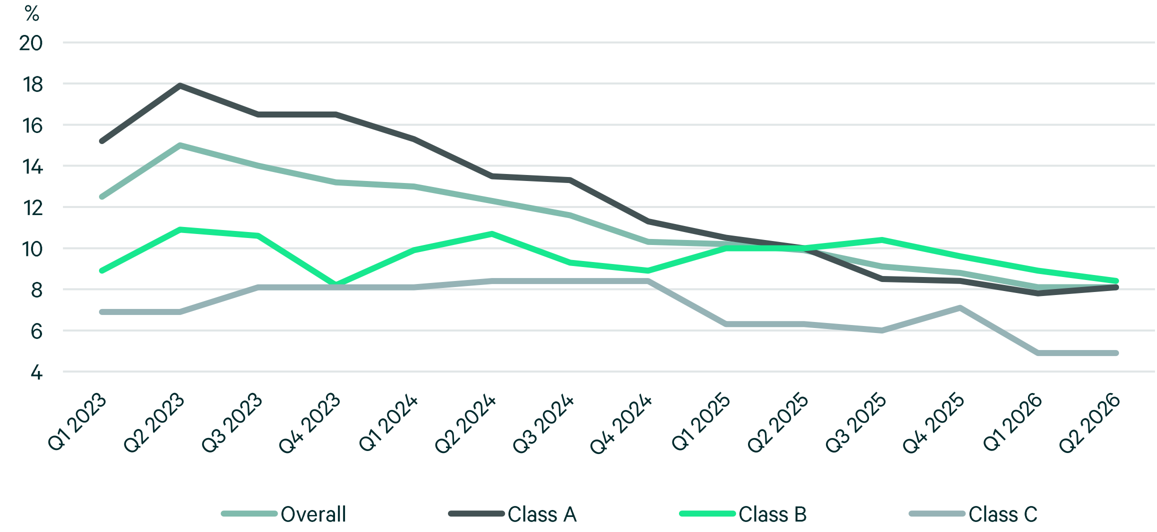
Source: CBRE Research, Q2 2026

Vacancy

In Q2 2026, Charleston's office market remained relatively tight, especially for larger space requirements. Overall vacancy measured 8.1%, with Class A vacancy also at 8.1% and Class B vacancy at 8.4%. Class A vacancy increased 60 basis points (bps) from the prior quarter but remained 200 bps below the 10.1% rate recorded one year prior. Compared to Q2 2023, Class A vacancy has fallen 985 bps, while Class B vacancy is down 250 bps.

Submarket performance remained varied, with East Cooper reporting the lowest vacancy at 4.4%, followed by West Ashley at 6.2%. Daniel Island posted the highest rate at 10.5%, while Peninsula and North Charleston submarkets registered 7.2% and 9.5%, respectively. As available options have become more limited, particularly within the Peninsula's Class A inventory, large blocks of space are increasingly difficult to find. In response, more occupiers are choosing to renew and expand in place rather than relocate, helping keep vacancy rates near historic lows despite slowing availability.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q2 2026

Asking Rent

Charleston office asking rents continued to trend upward in Q2 2026 as available space became more limited across much of the market. The overall average asking rent increased to $32.71, up 4.9% from Q1 2026 and 2.6% year-over-year. Class A rents rose to $36.15, representing a 5.0% quarterly increase and a 5.4% gain from one year ago. As vacancy continues to tighten, particularly among larger availabilities, tenants have fewer options to choose from than in previous years, helping support continued rent growth across the market.

Peninsula and East Cooper remained the market's most expensive office submarkets in Q2 2026. Peninsula asking rents led the market, with Class A space averaging $42.26 and Class B space reaching $39.06. East Cooper also posted strong pricing, with Class A and Class B rents at $34.12 and $33.53, respectively. Meanwhile, North Charleston, Daniel Island, and West Ashley continued to offer more affordable alternatives, with Class B rents ranging from $19.48 to $23.41. This gap between the highest- and lowest-priced submarkets remains notable, but recent rent growth suggests demand has held up even as quality space has become harder to find.

Figure 3: Average Direct Asking Rate by Class

Source: CBRE Research, Q2 2026

Net Absorption

Charleston's office market recorded 5,000 sq. ft. of direct net absorption in Q2 2026, a slower pace than the 62,000 sq. ft. absorbed in Q1 2026 and the 30,000 sq. ft. posted in Q2 2025. Performance varied by asset class, with Class B properties generating 19,000 sq. ft. of positive absorption, offsetting a 14,000 sq. ft. decline in Class A space.

The uncharacteristic dip in Class A absorption was caused by an isolated conversion of sublease space into a direct vacancy within Blackbaud Campus on Daniel Island, exacerbated by a few small-tenant moves out of Faber Place office park in North Charleston. By contrast, several properties contributed meaningfully to positive occupancy gains, including Long Point Center, Faber Centre, Bank of America Building at 200 Meeting Street, and Cigar Factory, each recording more than 10,000 sq. ft. of absorption during the quarter.

At the submarket level, Charleston and East Cooper led market performance with 28,000 sq. ft. and 18,000 sq. ft. of positive absorption, respectively, while Daniel Island recorded the quarter's largest decline at negative 40,000 sq. ft. Overall, the quarter remained in positive territory.

Figure 4: Net Absorption Trend

Source: CBRE Research, Q2 2026

Construction Activity

Construction activity in Charleston remained limited during Q2 2026, with The Point, a 130,000 sq. ft. office building at 2198 Milford Street, representing the market's only active office project. Part of the larger Magnolia Landing development, the building broke ground in Q1 2026 and is scheduled for delivery in Q1 2029.

The addition of The Point modestly expands a pipeline that had remained largely inactive in recent years. Prior to The Point, the last major multi-tenant office delivery was the 138,000 sq. ft. Morrison Yard project at 850 Morrison Drive, completed in 2022.

Figure 5: Notable Construction Activity

Property Name	Address	Sq. Ft.	Submarket	Status	Submarket
The Point	2198 Milford St	130,000	Charleston	Under Construction	2029
The Morris	1080 Morrison Dr	106,000	Charleston	Existing	2022
Morrison Yard	850 Morrison Dr	138,000	Charleston	Existing	2022

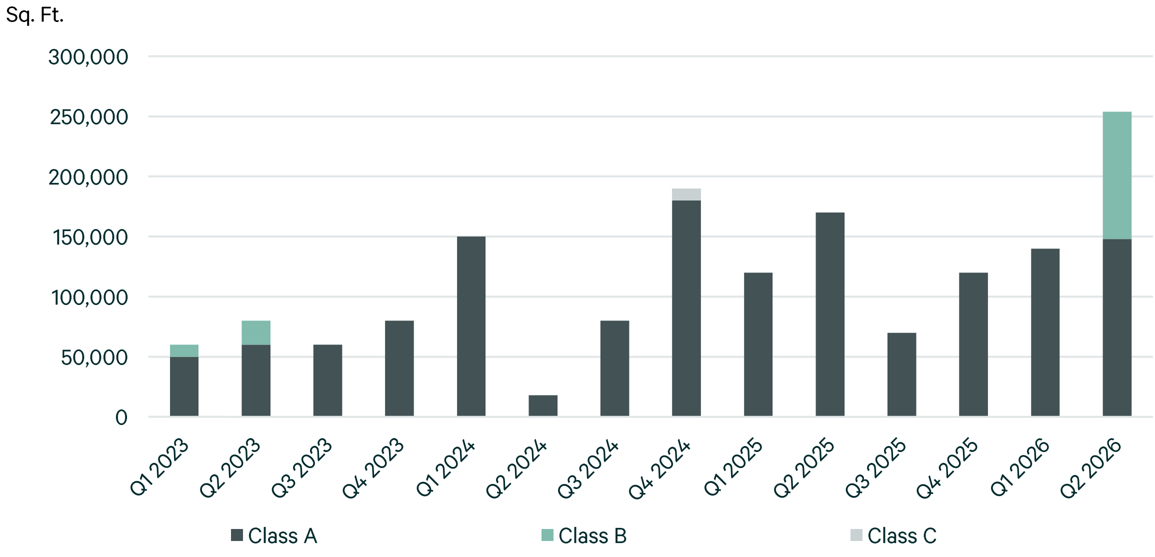
Source: CBRE Research, Q2 2026

Leasing Activity

Charleston's office leasing activity in Q2 2026 totaled 254,000 sq. ft., a notable increase from prior quarters, led by Boeing taking 80,000 sq. ft. at 3450 Ingleside Boulevard, a Class B property in Ladson. Another sizable transaction included a confidential tenant leasing 34,000 sq. ft. at 215 Benefitfocus Way through a long-term sublease. Downtown Charleston also recorded meaningful activity, including Insight Global's 10,000 sq. ft. lease at 701 E Bay Street and several additional Class A commitments at properties along the Morrison Drive and Fairchild Street corridors.

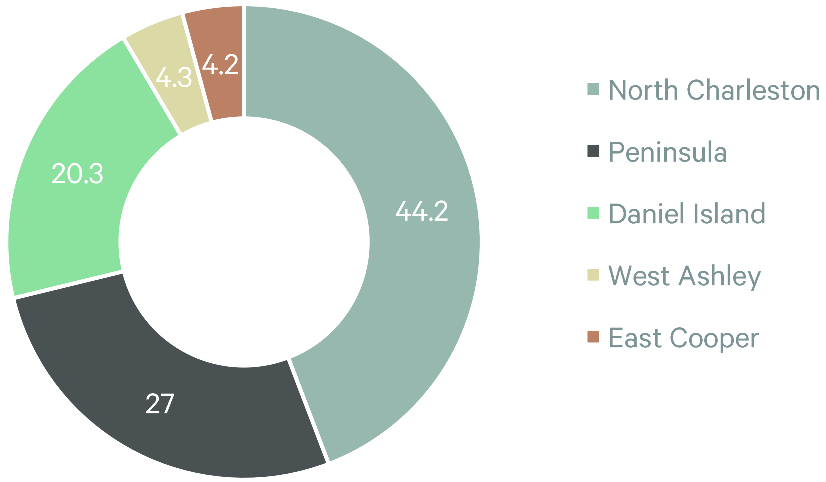
Renewal activity supplemented new leasing activity, including Elliott Davis' 21,000 sq. ft. renewal at 100 Calhoun Street and the Internal Revenue Service's 11,000 sq. ft. renewal in North Charleston. Beyond these larger transactions, the market recorded a steady flow of smaller leases and expansions across Charleston, Mount Pleasant, North Charleston, Summerville, and Ladson.

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q2 2026

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



Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Boeing	80,000	New Lease	3450 Ingleside Blvd	North Charleston
Confidential Tenant	34,000	New Lease	215 Benefitfocus Way	Daniel Island
Elliott Davis	21,000	Renewal	100 Calhoun St	Peninsula
Internal Revenue Service	11,000	Renewal	4400 Leeds Ave	North Charleston
Insight Global	10,000	New Lease	701 E Bay St	Peninsula
The Medical Univ Hospital Authority	9,000	New Lease	2 S Park Cir	West Ashley
Confidential Tenant	8,000	New Lease	1940 Algonquin Rd	Peninsula
Confidential Tenant	8,000	New Lease	3820 Faber Place Dr	North Charleston

Source: CBRE Research, Q2 2026

Market Statistics by Class

Figure 9: Metro Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	5.99M	8.1	13.2	10.0	3.2	36.15	(14,000)	18,000	-	130,000
Class B	3.55M	8.4	10.4	9.5	0.9	27.11	19,000	41,000	-	-
Class C	318,000	4.9	4.9	4.9	-	27.20	-	7,000	-	-
Total	**9.58M**	**8.1**	**11.9**	**9.6**	**2.2**	**32.71**	**5,000**	**67,000**	**-**	**130,000**

Source: CBRE Research, Q2 2026

Figure 10: Suburban Market Statistics by Class

Property Class	Net Rentable Area (SF)	Direct Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	3.85M	9.4	14.4	10.0	4.4	32.98	(23,000)	1,000	-	-
Class B	2.92M	7.6	9.7	8.7	0.9	22.91	2,000	13,000	-	-
Class C	261,000	4.4	4.4	4.4	-	28.00	-	6,000	-	-
Total	**7.03M**	**8.5**	**11.9**	**9.3**	**2.8**	**28.96**	**(21,000)**	**20,000**	**-**	**-**

Source: CBRE Research, Q2 2026

Figure 11: Urban Market Statistics by Class

Property Class	Net Rentable Area (SF)	Direct Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	1.85M	5.4	10.8	10.0	0.7	42.26	10,000	17,000	-	130,000
Class B	639,000	12.1	13.6	13.0	0.7	39.06	18,000	29,000	-	-
Class C	57,000	7.2	7.2	7.2	-	25.00	-	1,000	-	-
Total	**2.55M**	**7.2**	**11.4**	**10.7**	**0.7**	**41.02**	**28,000**	**47,000**	**-**	**130,000**

Source: CBRE Research, Q2 2026

Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (SF)	Direct Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Daniel Island	1.46M	10.5	17.7	10.3	7.3	36.06	(40,000)	(13,000)	-	-
East Cooper	1.33M	4.4	7.1	6.7	0.5	33.92	12,000	23,000	-	-
North Charleston	3.65M	9.5	12.5	10.2	2.3	24.88	(3,000)	3,000	-	-
Peninsula	2.55M	7.2	11.4	10.7	0.7	41.02	28,000	47,000	-	130,000
West Ashley	580,000	6.2	6.7	6.7	-	26.17	8,000	7,000	-	-
Total	**9.58M**	**8.1**	**11.9**	**9.7**	**2.2**	**32.71**	**5,000**	**67,000**	**-**	**130,000**

Source: CBRE Research, Q2 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. 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.

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