

2022 | VOLUME 1



THE CORNER OFFICE

A Definitive Guide on
Charleston's Office Market

JUNE 2022

INTRODUCTION

The Charleston office market fared well through the pandemic, and recent activity indicates that fundamentals are “back to normal”. While it is true that leasing and sales in the office sector are stable, we have to take a closer look at what “normal” is.

Despite the action in the market, there are still irreversible changes that have occurred within the broader economic landscape. These changes have, or will eventually have an impact on what it means to own or occupy office space in Charleston.

Remote work is now on the map as a foundational consideration for office owners and occupiers. Prior to 2020, working from home was a miniscule niche utilized by approximately 5% of the working population. By May 2020 that percentage skyrocketed to 35% (Forbes).

In the Charleston office market, the general consensus favors returning to the office. With a relatively small presence of major global firms likely to employ wide-reaching remote work policies, smaller Charleston-area users have opted to bring back workers. However, the work-from-home subject still looms. Will employees eventually push for hybrid models? What does space-use look like in 5 years? 10 years? Will companies be able to attract and retain talent with 100% in-office policies? These are questions that have yet to be answered, but that certainly have implications in secondary office markets like Charleston.

One of the many realities the pandemic has exposed is that **adaptability is rewarded**. So in the face of change, people and companies who are able to navigate with resilience are the ones who will come out ahead. Challenging traditional ideas of office work is tough, but necessary. Getting creative with occupancy takes planning and innovation, but offers huge upside. And understanding that everyone is ultimately facing the same obstacles will leave us all in a better position.

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Lee & Associates Team

Our team of experienced office professionals

Q2 2022 OVERALL MARKET STATISTICS

**buildings 10,000 SF and up*



22.78M
Total Inventory



7.8%
Vacancy Rate
Percentage



262,973
YTD Net Absorption
(in square footage)



119,028
YTD Deliveries
(in square footage)



488,517
Under Construction
(in square footage)



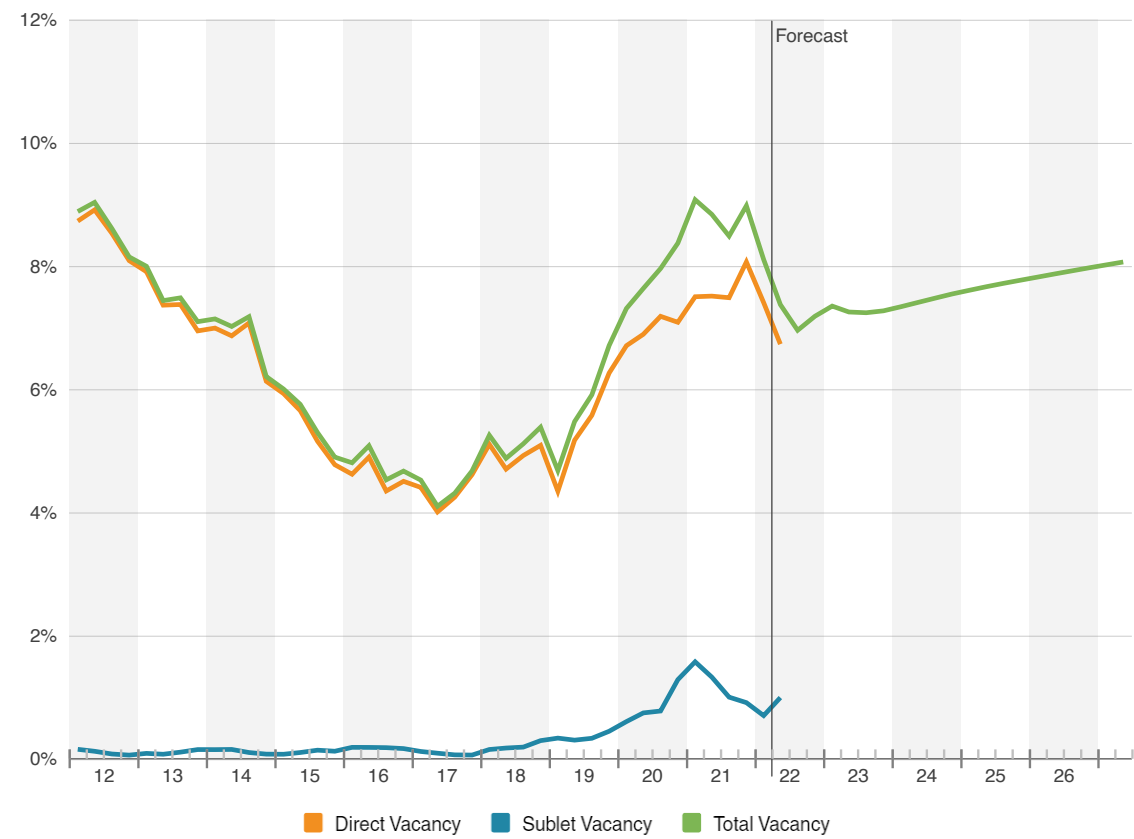
\$28.85/SF
Quoted Market
Rate

COVID REBOUND & SUBLEASING

FOR TENANTS: RIGHTSIZING THEIR FUTURE SPACE NEEDS
FOR LANDLORDS: KEEPING THEIR SPACE FILLED

Since the last half of 2021, the Charleston office market has shown strong signs of recovery. But as companies come out of the pandemic and take a hard look at what the future looks like for their employees, subleasing has picked back up. In the first part of 2022, we’ve seen an uptick in sublease availability, and our projection is that this trend of rightsizing office space will continue to be a consideration.

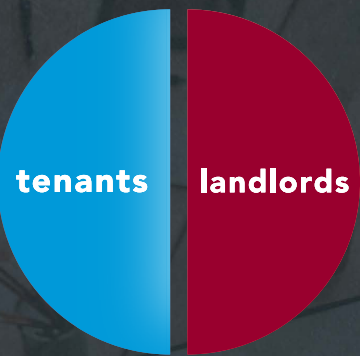
DIRECT, SUBLET & TOTAL VACANCY



What does the “new normal” look like for office users and owners in the Charleston area? No one really knows the answer yet. We appear to have arrived at a place of stability after 2 years of turbulence, but now, **tenants and landlords need to be prepared to evolve with the everchanging landscape**

SUBLEASE CONSIDERATIONS

- 01 Pinpoint a revised office footprint based off employee requirements
- 02 Ensure the current lease agreement allows for subleasing
- 03 Develop pricing & marketing plan that will minimize carrying costs
- 04 Prepare to become the “landlord”



- 01 Is the original tenant space appealing to the broader market?
- 02 What costs are you eating, and what are you placing on the primary tenant?
- 03 How does a the amount of sublet space effect the valuation of the building?
- 04 Is consistently high subleasing activity sustainable in a healthy office market?

CHARLESTON SUBMARKET OVERVIEW

The Charleston-area commercial real estate market is broken down into 8 distinct submarkets: **Daniel Island, Dorchester County, Downtown Charleston, North Charleston, Outlying Berkeley County, West Ashley, West Charleston County, and Mt. Pleasant/Awendaw.**

Each submarket is unique, and they all come together to create the landscape for Charleston’s commercial real estate community.

A complete breakdown on submarket stats is below:



Submarket	Total Buildings	Total SF	Direct Vacant SF	% Vacancy	YTD Net Absorption SF	YTD Deliveries SF	Under Construction	Quoted Rates
Daniel Island	48	1,819,599 SF	133,385 SF	9.9%	(173,327) SF	19,840 SF	0 SF	\$28.63/SF
Dorchester County	39	767,711 SF	10,904 SF	1.4%	(8,914) SF	0 SF	0 SF	\$32.09/SF
Downtown Charleston	156	6,143,673 SF	647,840 SF	11.0%	185,194 SF	12,500 SF	290,517 SF	\$36.01/SF
North Charleston	189	7,642,582 SF	875,596 SF	12.3%	255,937 SF	25,288 SF	0 SF	\$26.74/SF
Outlying Berkeley County	61	1,808,494 SF	20,068 SF	1.4%	25,080 SF	0 SF	198,000 SF	\$25.37/SF
West Ashley	52	1,344,948 SF	103,916 SF	7.7%	2,174 SF	25,000 SF	0 SF	\$26.03/SF
West Charleston County	12	267,063 SF	-	-	-	0 SF	0 SF	\$27.00/SF
Mt. Pleasant/Awendaw	115	2,983,301 SF	249,703 SF	10.8%	(23,171) SF	36,400 SF	0 SF	\$28.92/SF
MARKET TOTAL	678	23,249,882	2,274,684	9.0%	329,980	321,319	497,705	\$25.30/SF

* Stats are for existing buildings that are 10,000 SF and larger



FEATURED LISTINGS



THE MORRIS

1080-1090 Morrison Drive, Charleston, SC

The Morris officially broke ground in early February 2021, and will be one of Charleston's most sophisticated office buildings when complete near the end of 2022.

The building will feature 115,000 SF of office and 8,500 SF of retail surrounding a stunning outdoor courtyard in NoMo's hottest area.



302 WINGO WAY

Mount Pleasant, SC

Wingo Way is a Class A four-story suburban office development that sits at the base of the Arthur Ravenel Jr. Bridge in the desirable submarket of Mount Pleasant in Charleston, South Carolina.

We have seen a flurry of activity at this building in 2022, and currently have just under 10,000 SF available for lease.



910 JOHNNIE DODDS BLVD

Mount Pleasant, SC 29464

910 Johnnie Dodds Boulevard is a 27,000 SF adaptive re-use office and medical project located at one of the most highly visible locales in Mt. Pleasant.

The upside this property offers for Office and Medical Office users is significant, and will provide the best of all worlds: unbeatable location, contemporary design, flexible configurations, and abundant parking.



22 WESTEDGE

Charleston, SC

Eight-story office tower with ground floor retail which is the tallest and most modern of its kind in Charleston.

There is currently 42,320 SF of available space in a true Class-A, medical and innovation-centric office environment.



4340 CORPORATE ROAD

North Charleston, SC

4340 Corporate Road is a 2-story brick building that boasts 40,000 SF of recently renovated office space that comes furnished.

Located in the heart of North Charleston's most sought-after office location, this property is steeped in upgrades.



THE NAVY YARD

North Charleston, SC

Global developer Jamestown entered the mix in 2021, and North Charleston's Navy Yard is poised to become the region's next transformational destination.

We currently have over 100K SF for lease in former Storehouses 7, 8, & 9.

PROPERTY LIST

DELIVERED

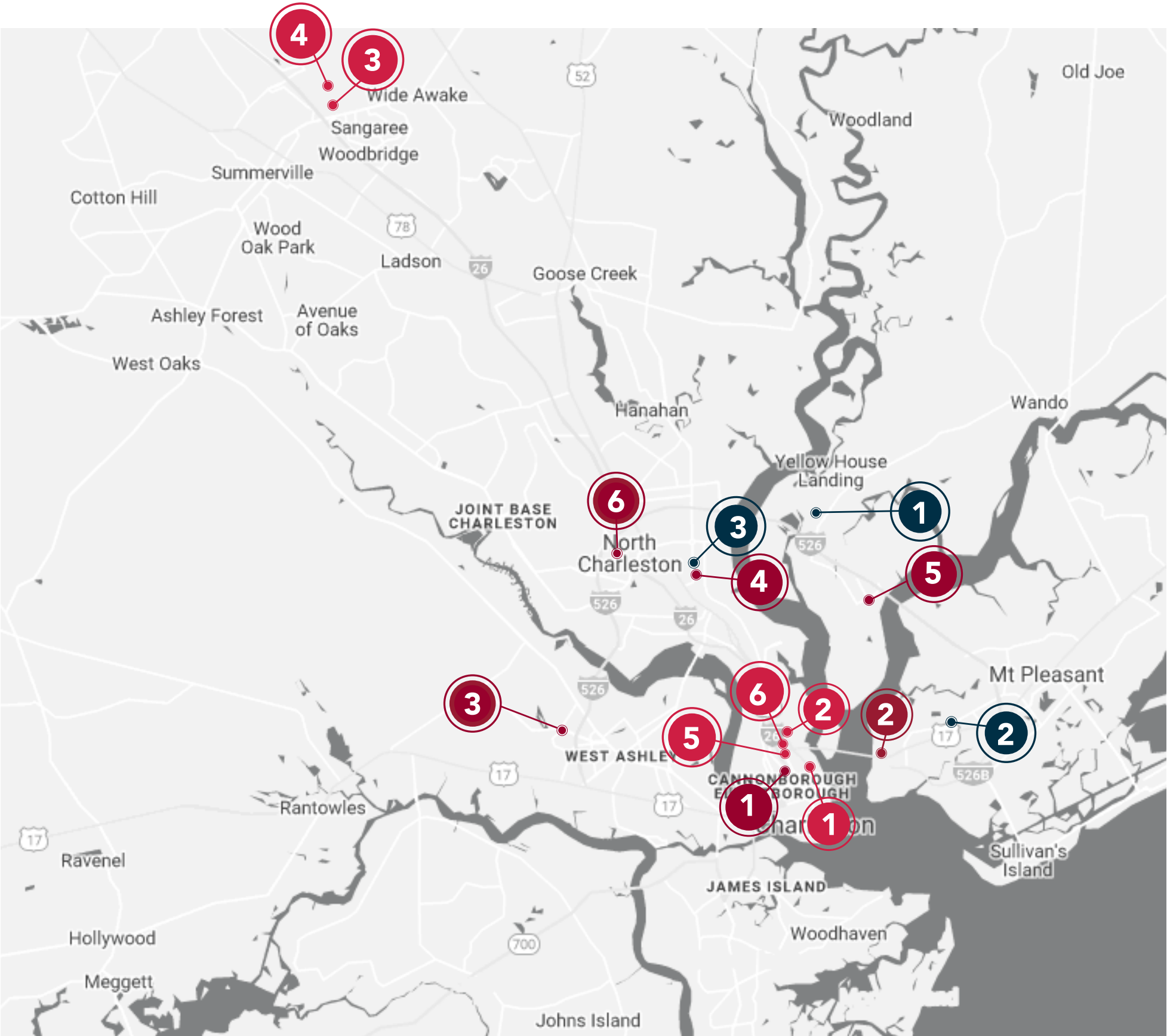
- 01** | 677 King Street
677 King Street, Charleston, SC
- 02** | 302 Wingo Way
302 Wingo Way, Mount Pleasant, SC
- 03** | We Are Sharing Hope Headquarters
2215 Henry Tecklenburg Drive, Charleston, SC
- 04** | Ice House @ Park Circle (Building 1&2)
4287 Spruill Ave, North Charleston, SC
- 05** | 877 Island Park Drive
877 Island Park Drive, Daniel Island, SC
- 06** | 4917 Centre Pointe Drive
4917 Centre Pointe Drive, North Charleston, SC

UNDER CONSTRUCTION

- 01** | Morrison Yard
850 Morrison Dr, Charleston, SC
- 02** | The Morris
1080-1090 Morrison Dr, Charleston, SC
- 03** | Downtown Nexton
Sigma Drive, Summerville, SC
- 04** | The Hub @ Nexton
1127 + 1137 Nexton Parkway, Summerville, SC
- 05** | 741 Meeting Street
741 Meeting Street, Charleston, SC
- 06** | 651 Meeting Street
651 Meeting Street, Charleston, SC

PROPOSED

- 01** | Flagship MOB
Clements Ferry Road, Charleston, SC
- 02** | 1081 Johnnie Dodds Blvd
1081 Johnnie Dodds Blvd, Mount Pleasant, SC
- 03** | Ice House @ Park Circle (Building 3)
4287 Spruill Ave, North Charleston, SC



DELIVERED CONSTRUCTION



677 KING STREET
677 King Street, Charleston, SC 29403
Status: Delivered
RBA: 68,479 SF
Floors: 5
Asking Rate: \$40.00 - \$42.00 / FS
Available: 30,468 SF
% Leased: 48.7%
Tenants: Industrious
Developer: Atlantic South



ICE HOUSE @ PARK CIRCLE (BLDG 1&2)
4287 Spruill Ave, North Charleston, SC 29405
Status: Delivered
RBA: 22,500 SF
Floors: 2
Asking Rate: \$29.50/FS
Available: 0
% Leased: 100%
Tenants: Colliers, Middleton Group, Samet Corp
Developer: Cobalt Property Group



302 WINGO WAY
302 Wingo Way, Mt. Pleasant, SC 29464
Status: Delivered
RBA: 36,400 SF
Floors: 4
Asking Rate: \$38.50/FS
Available: 18,690 SF
% Leased: 51.4%
Tenants: Center Park Homes, Dermatologist
Developer: Raines



877 ISLAND PARK DRIVE
877 Island Park Drive, Daniel Island, SC 29492
Status: Delivered
RBA: 19,840 SF
Floors: 2
Asking Rate: \$39.00/FS
Available: 0 SF
% Leased: 100%
Tenants: CVS, Ashton Woods, Sweetgrass Plastic Surgery
Developer: Lat Purser & Associates



WE ARE SHARING HOPE HEADQUARTERS
2215 Henry Tecklenburg Dr., Charleston, SC 29414
Status: Delivered
RBA: 25,000 SF
Floors: 2
Asking Rate: N/A (Build-To-Suit)
Available: N/A
% Leased: N/A
Tenants: We Are Sharing Hope SC
Developer: We Are Sharing Hope SC



4917 CENTRE POINTE DRIVE
4917 Centre Pointe Drive, North Charleston, SC 29418
Status: Delivered
RBA: 13,288 SF
Floors: 3
Asking Rate: \$35.00/FS
Available: 2,498 SF
% Leased: 81.2%
Tenants: David Aylor Law Offices
Developer: Coldwell Commercial

UNDER CONSTRUCTION



MORRISON YARD
850 Morrison Drive, Charleston, SC 29403
Status: Under Construction
RBA: 135,000 SF
Floors: 12
Asking Rate: \$31.00 - \$34.50/NNN
Available: 115,291 SF
% Leased: 14.6%
Tenants: Pinnacle Bank, Parker Poe Adams & Bernstein, Bond Street Advisors, JLL, Blaze Parnters
Developer: Origin Development Partners
Delivery Date: Q3 2022



THE HUB @ NEXTON
1127-1137 Nexton Pkwy, Summerville, SC 29486
Status: Under Construction
RBA: 88,000 SF
Floors: 2
Asking Rate: \$27.00/NNN
Available: 88,000 SF
% Leased: 0%
Tenants: None
Developer: SL Shaw
Delivery Date: Q2 2024



THE MORRIS
1080-1090 Morrison Drive, Charleston, SC 29403
Status: Under Construction
RBA: 115,000 SF
Floors: 3
Asking Rate: \$42.00/FS
Available: 115,000 SF
% Leased: 0%
Tenants: None
Developer: Cowan Nakios Group, LLC
Delivery Date: Q3 2022



741 MEETING STREET
Charleston, SC 29403
Status: Under Construction
RBA: 29,985 SF
Floors: 3
Asking Rate: \$34.00/NNN
Available: 29,985 SF
% Leased: 0%
Tenants: None
Developer: Middle Street Partners
Delivery Date: Q3 2022



DOWNTOWN NEXTON
Sigma Drive, Summerville, SC 29486
Status: Under Construction
RBA: 110,000 SF
Floors: 2
Asking Rate: \$35.00/NNN
Available: 110,000 SF
% Leased: 0%
Tenants: None
Developer: Sharbell Development Corp
Delivery Date: Q1 2023



651 MEETING STREET
651 Meeting Street, Charleston, SC 29403
Status: Under Construction
RBA: 10,532 SF
Floors: 1
Asking Rate: \$35.000/NNN
Available: 10,532 SF
% Leased: 0%
Developer: Madison Capital Group
Delivery Date: Q3 2022

PROPOSED CONSTRUCTION



FLAGSHIP MOB Clements Ferry Road, Charleston, SC 29462

Status: Proposed
RBA: 40,000 SF
Floors: TBD
Asking Rate: TBD
Available: 40,000 SF
% Leased: 0%
Tenants: None
Developer: Flagship Healthcare Properties
Construction Start: Q1 2024



ICE HOUSE @ PARK CIRCLE (BLDG 3) 4287 Spruill Ave, North Charleston, SC 29405

Status: Proposed
RBA: 26,000 SF
Floors: 3
Asking Rate: \$29.50/NNN
Available: 35,000 SF
% Leased: 0%
Tenants: None
Developer: Cobalt Property Group
Construction Start: Q4 2022



1081 JOHNNIE DODDS BLVD 1081 Johnnie Dodds Blvd, Mt. Pleasant, SC 29464

Status: Proposed
RBA: 35,000 SF
Floors: 3
Asking Rate: \$28.00/NNN
Available: 35,000 SF
% Leased: 0%
Tenants: None
Developer: Amplify
Construction Start: Q2 2022



WADE ALLEN, PRESIDENT

Wade is responsible for creating and executing the company business strategy in collaboration with the firm's Principals and shareholders. His leadership oversight includes recruiting high caliber talent, developing associates to their maximum potential, financial oversight, corporate engagement, managing company legal requirements and growing multiple business lines within defined markets.



REID DAVIS, CCIM, SIOR, MANAGING PRINCIPAL

Reid's diverse and extensive background in real estate sales, leasing and marketing has led to a focus as an office specialist and investment sales. His efforts are concentrated primarily in landlord and owner representation, having served an extensive list of both small regional clients and large institutional investors on a national level.



BOB NUTTALL, SIOR, CPM, MANAGING PRINCIPAL

Bob specializes in two areas of our company's service lines: brokering and managing commercial properties for our clients. In the brokerage division, he primarily specializes in representing owners of office and medical office properties, from both a sales and leasing standpoint. He also works with select buyers and tenants on their behalf to locate property for them.



MILTON THOMAS, CCIM, SIOR, MANAGING PRINCIPAL

Milton is a twenty-nine year veteran of the commercial real estate industry in Charleston, SC. He leads office brokerage, commercial site selection and build-to-suit projects with integrity and a high degree of expertise and accountability. He has earned a solid reputation in the office and industrial markets by listening to his clients and guarding their interests. Milton gets to know his client's business, their market and their goals, leading them to the best decisions for their needs.



PETE HARPER, CCIM, PRINCIPAL

Pete is a Principal with Lee & Associates and has been in the commercial development and brokerage business for 33 years. Specializing in office and retail leasing and sales for third party owners and tenants, Mr. Harper represents clients in the acquisition, disposition and leasing of multi-tenant office buildings, retail centers and vacant land. Pete's civil engineering degree coupled with his MBA is a strong advantage to his clients in many ways including financial modeling, plan review, space planning and deal feasibility.



MILES BARKLEY, PRINCIPAL

Miles is a Principal and Broker with Lee & Associates Charleston with over 35 years of experience in the commercial real estate market as an owner, broker, project manager, and developer. He specializes in project and client representation and business development. Miles is a native of Charleston, SC, and has been involved in over \$200 million in commercial real estate transactions, with a primary focus on downtown Charleston, Mount Pleasant, and North Charleston.



PAUL PASCHAL, VICE PRESIDENT

Paul joined Lee & Associates Charleston as Vice President of our Brokerage business. For the past seven years, he has specialized in investment sales of office, flex, and industrial properties. Paul is committed to long-term client relationships and brokering investment quality office and industrial assets in the southeastern United States.



CAMERON YOST, CCIM, VICE PRESIDENT

Cameron is a Commercial Associate whose primary focus is the sale and lease of single and multi-tenant properties in South Carolina. She began working at Lee and Associates in 2015, immersing herself in Charleston's commercial real estate scene as Brokerage Services and Marketing Coordinator.



JUSTIN ROSS, ASSOCIATE

Justin specializes in both brokerage and investment sales in office and retail. He received his undergraduate degree from College of Charleston with a major in Corporate Communications and is currently pursuing a Master's degree in Real Estate Development from Georgetown University.



JOHN KINCAID, CCIM, ASSOCIATE

John comes to Lee & Associates with several years of development experience. He graduated from Clemson University with a Master's Degree in Real Estate Development. As VP of Development for R.M. Thomas Co., Inc. for two years, John researched and composed project financials, debt/equity structures, market analysis, site selection, zoning entitlements and project design. John has worked on hundreds of multifamily, office and retail deals all over the United States in major markets.



HUNTER HARTLEY, ASSOCIATE

Hunter Hartley is an Associate at Lee & Associates Charleston. Hunter works closely with the firm's partners and brokers, focusing on leasing and sales of office, industrial and medical office buildings across Charleston and the region. Prior to becoming an Associate, Hunter was first hired as a brokerage intern and later took on the role of Transitional Researcher with Lee & Associates. He brought with him knowledge from his previous internship with Trinity Partners in Columbia, SC

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