

2021 | VOLUME 1



CORNER OFFICE

The State of Charleston's Office Market

April 2021

INTRODUCTION

By nature, commercial real estate's office segment is tied to economic drivers, and this has never been more apparent than in our year of lockdown. The state of the market took a hit caused by the COVID-fueled recession, but looking ahead, what goes down will come up again.

As vaccine options continue to become more widely available and some sense of normalcy begins to take hold, companies will follow suit with their real estate strategies. It's inevitable that we'll see massive shifts in how users occupy space, but the fact remains that physical offices will always be an instrumental part of the commercial real estate ecosystem.

Secondary and tertiary markets are poised to lead the comeback and Charleston is well-suited to be major player in that movement. While direct and sublease vacancy remains high, the momentum has palpably shifted surrounding a return to the office. As more vaccines are administered in the region, we are already seeing a dramatic increase in the number of showings and an uptick in office deal making. We expect strong positive absorption in Charleston's office market, especially in the 3rd and 4th quarters of 2021. It's also important to note that residential real estate, particularly within the luxury segment, has never been healthier and we anticipate seeing executives who relocated here during the pandemic look to secure Charleston addresses for their businesses.

The Charleston region will entice talent and companies back into office suites in many different ways, including high quality of life, low cost of living, conducive business environment, ample supply of Class A and B space, and lower rents when compared with major metros.

TABLE OF CONTENTS

01 CHARLESTON MARKET OVERVIEW

02 SUBMARKET BREAKDOWN

03 FUTURE OFFICE OUTLOOK

04 FEATURED LISTINGS

05 PROPERTY LOCATION MAP

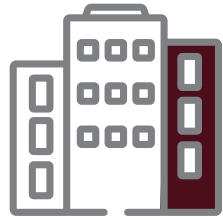
06 DELIVERED BUILDINGS

07 UNDER CONSTRUCTION

08 PROPOSED BUILDINGS

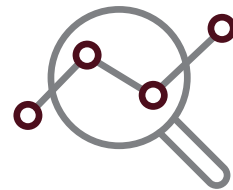
09 LEE & ASSOCIATES TEAM

Q1 2021 STATS



Total Market Square Footage

22.7 M



Vacancy %

12.96%



YTD Net Absorption (square footage)

-57,184



YTD Deliveries (square footage)

30,000



Under Construction (square footage)

647,368



Quoted Market Rate

\$24.17

MARKET HIGHLIGHTS

01 T-MOBILE EXPANDS IN NORTH CHARLESTON

The cellular retailer expanded operations in North Charleston adding 540 new positions at their new 168,000 SF customer service center on 8571 Rivers Avenue. The company invested \$10.2 M to successfully retrofit the former Kmart.

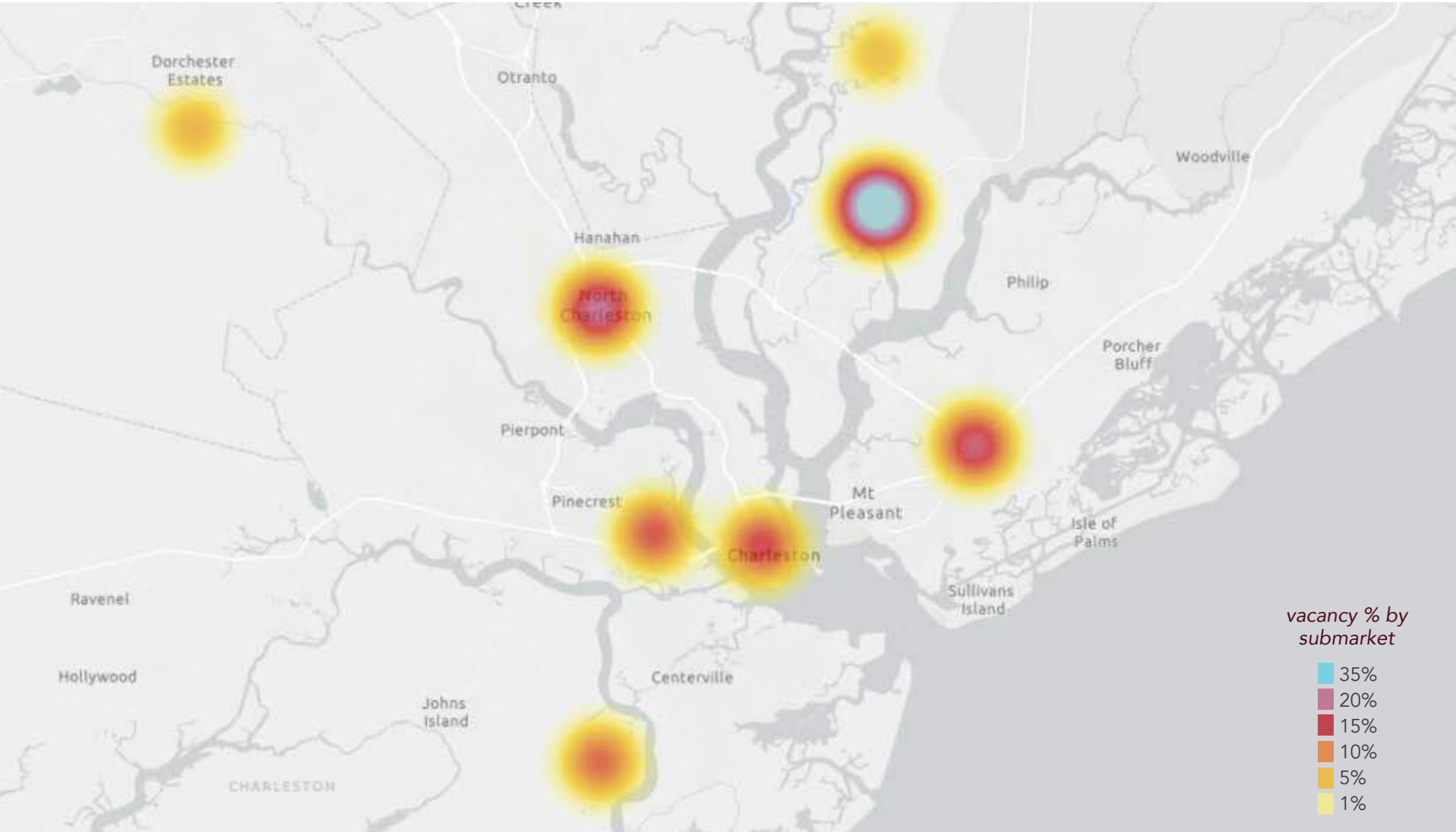
02 SERENDIPITY LABS OPENS 20K SF IN MT. PLEASANT

The flexible workspace provider opened 20,372 square feet in Portside Ferry Wharf in Mt. Pleasant.

03 LOCAL DEVELOPERS ACQUIRE SITE NEAR PARK CIRCLE

Cobalt Property Group and Paragon Commercial Development, two Charleston developers, buy 3-acre site at 4287 Spruill Avenue for a \$17M office and retail development. The first phase will include 22,000 SF, expanded to 24,000 SF.

SUBMARKET OVERVIEW




Submarket	Total Buildings	Total SF	Direct Vacant SF	% Vacancy	YTD Net Absorption SF	YTD Deliveries SF	Under Construction	Quoted Rates
Daniel Island	46	1,955,822	651,199	33.30%	-387	0	19,840	\$24.86
Dorchester County	40	795,780	31,397	3.95%	-6,630	0	0	\$19.00
Downtown Charleston	155	5,617,347	553,688	9.86%	-15,810	0	449,051	\$30.77
North Charleston	183	8,009,459	1,142,181	14.26%	-16,029	0	128,288	\$21.07
Outlying Berkeley County	58	1,730,404	58,486	3.38%	1,328	20,000	13,789	\$22.62
West Ashley	55	1,366,785	118,777	8.69%	-13,303	10,000	0	\$24.50
West Charleston County	10	245,579	18,849	7.68%	3,427	0	0	\$24.33
Mt. Pleasant/Awendaw	118	3,044,885	376,700	12.37%	-9,780	0	36,400	\$26.24
MARKET TOTAL	665	22,766,061	2,951,277	12.96%	-57,184	30,000	647,368	\$24.17

LOOKING AHEAD

Over the past year, the pandemic has turned our lives upside down and drastically changed the way the office market operates. But that year is over, and there can finally be a realistic discussion of “post-COVID”.

At the moment, what this sector needs most for recovery is the widespread distribution and vaccination of the American public. At its current rate, the US is on pace to achieve herd immunity via vaccination by Q3 or Q4. And as the vaccine has provided the path to normalcy, we are confident that while the new office landscape will look different, there is reason for optimism.



Activity, absorption and general office sentiment will normalize with the emergence and proliferation of vaccination options



Rather than reducing a property’s income by lowering rates, landlords will continue to offer concession packages (free rent, increased TI, flexible terms etc)



Office users and tenants who are proactive and willing to enter the market at this time will have leverage



The general trend of downsizing, consolidation and an increased focus on space efficiencies will be front-of-mind for occupiers



After a one-year trial period, companies and employees are becoming more cognizant of the limitations of remote working

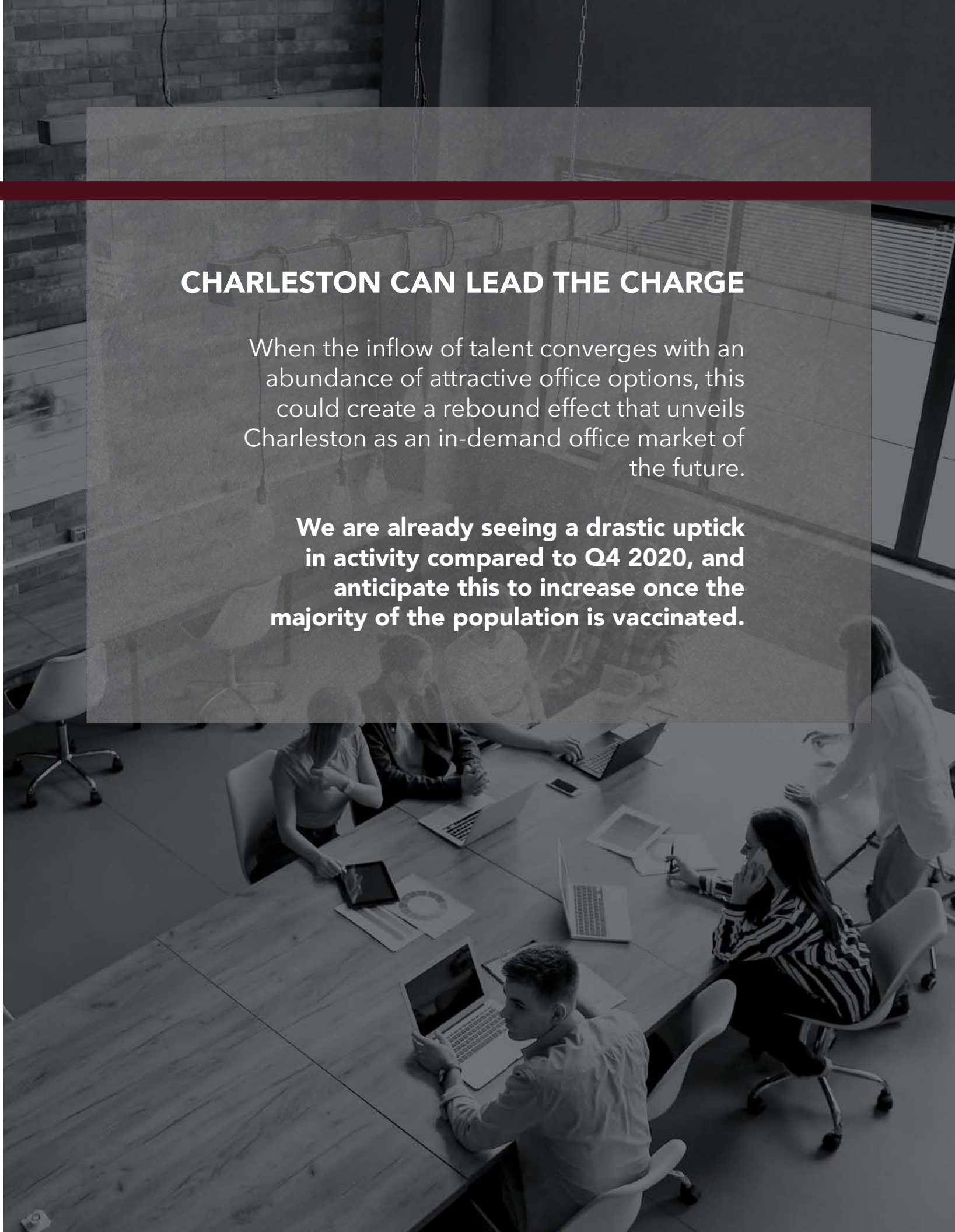


Flexiblity will be key to workers re-entering office environments, with co-working concepts likely becoming a fixture

CHARLESTON CAN LEAD THE CHARGE

When the inflow of talent converges with an abundance of attractive office options, this could create a rebound effect that unveils Charleston as an in-demand office market of the future.

We are already seeing a drastic uptick in activity compared to Q4 2020, and anticipate this to increase once the majority of the population is vaccinated.



FEATURED LISTINGS



THE MORRIS

1080-1090 Morrison Drive
Charleston, SC 29403

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

The building will feature 115,000 SF of office and 7,000 SF of retail surrounding a stunning outdoor courtyard in NoMo's hottest area.



302 WINGO WAY

302 Wingo Way
Mount Pleasant, SC 29464

Situated perfectly at the foot of the Ravenel Bridge on the Mt. Pleasant side, 302 Wingo Way is well under construction and slated to deliver September 2021.

36,400 SF of highly-amenitized office space well-suited for a wide variety of users who want to be close to everything.



877 ISLAND PARK

877 Island Park Dr.
Daniel Island, SC 29492

Located at the heart of Daniel Island, this mixed-use building will be available for occupancy July 2021.

This opportunity encompasses 4,250 SF of space in the most centrally located spot on Daniel Island.



910 JOHNNIE DODDS

910 Johnnie Dodds Blvd.
Mt. Pleasant, SC 29464

This property is currently undergoing redevelopment and is slated to be ready for occupancy May 2021. This former fitness center is undergoing complete transformation into 27,000 SF of Class A office space.

Designed by The Middleton Group, the space will be light, airy, and easily divisible to accommodate a variety of tenants.

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**LEADING
THE OFFICE
REVIVAL**

PROPERTY LIST

DELIVERED

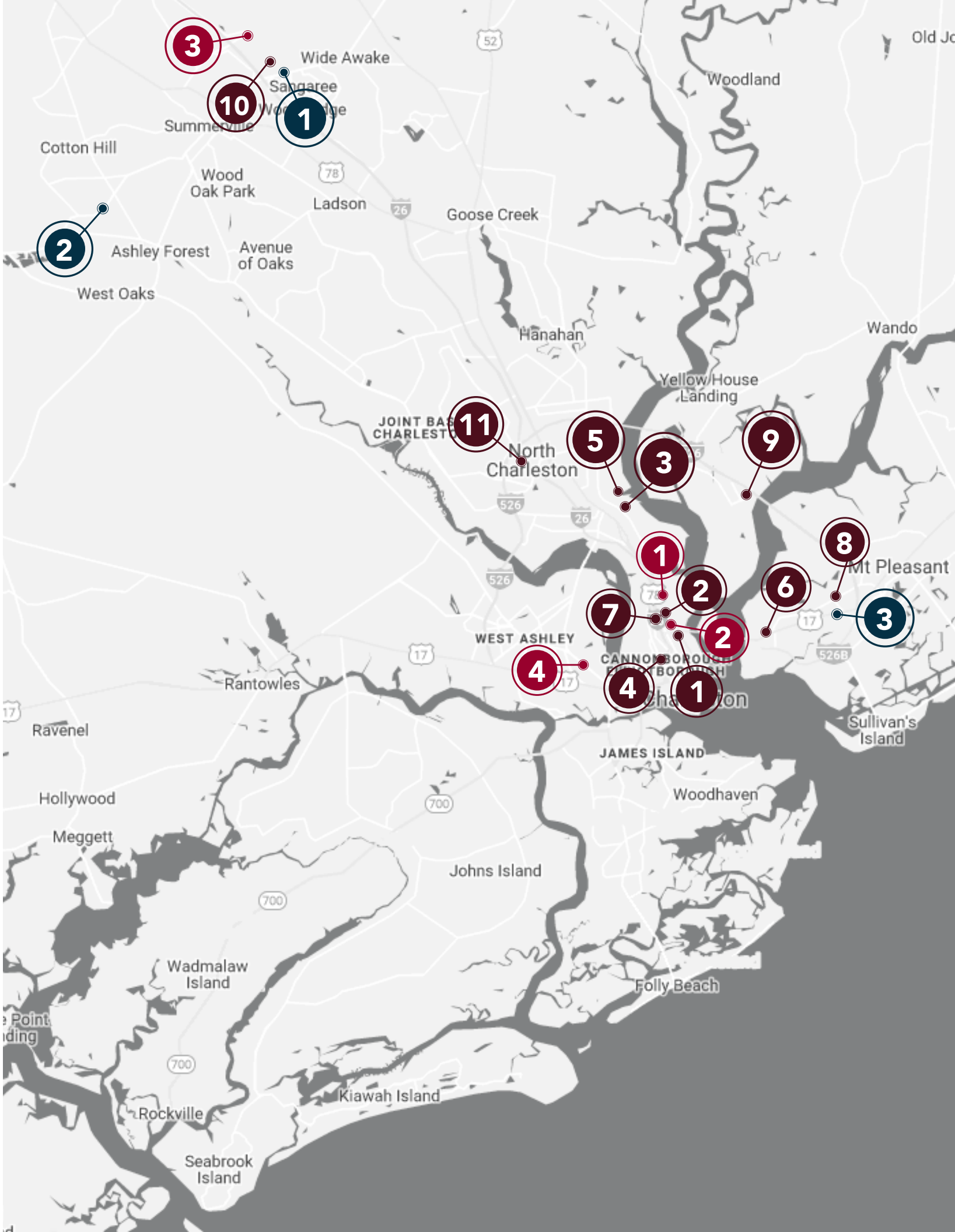
- 1 The Quin
- 2 Charleston Tech Center
- 3 Home Telecom
- 4 846 Saint Andrews Blvd

UNDER CONSTRUCTION

- 1 Morrison Yard
- 2 The Morris
- 3 9 Storehouse Row
- 4 677 King Street
- 5 8 Storehouse Row
- 6 302 Wingo Way
- 7 741 Meeting Street
- 8 910 Johnnie Dodds
- 9 877 Island Park
- 10 0 Brighton Park
- 11 4917 Centre Point Drive

PROPOSED

- 1 The Hub @ Nexton
- 2 Summerville Greens
- 3 1081 Johnnie Dodds



DELIVERED CONSTRUCTION



THE QUIN

1940 Algonquin Road
Charleston, SC 29403

Status: Delivered
RBA: 110,000 SF
Floors: 5
Asking Rate: \$30.00/FS
Available: 110,000 SF
% Leased: 0%
Tenants: None
Developer: White Point Partners



CHARLESTON TECH CENTER

997 Morrison Drive
Charleston, SC 29403

Status: Delivered
RBA: 93,000 SF
Floors: 6
Asking Rate: Leased
Available: None
% Leased: 62.3%
Tenants: Insight Global, Charleston Digital Corridor,
Somo, Plansource, Gnosis, Atlatl Software, Palmetto
Digital, Comex, Workiva, Iron Bridge Capital
Developer: Iron Bridge Capital



HOME TELECOM

1247 Nexton Parkway
Summerville, SC 29486

Status: Delivered
RBA: 20,000 SF
Floors: 2
Asking Rate: \$30.00/NNN
Available: 3,813 SF
% Leased: 61.9%
Tenants: Pinnacle Bank, Home Telecom,
Hankin Pack and Concept



846 SAINT ANDREWS BLVD.

846 Saint Andrews Blvd.
Charleston, SC 29407


Status: Delivered
RBA: 10,000 SF
Floors: 2
Asking Rate: \$29.50/NNN
Available: 5,373 SF
% Leased: 46.3%
Tenants: Shelbourne &
Associates Oral Surgery Center




UNDER CONSTRUCTION



MORRISON YARD
850 Morrison Drive
Charleston, SC 29403




THE MORRIS
1080-1090 Morrison Drive
Charleston, SC 29403



9 STOREHOUSE ROW
2154 Avenue D
North Charleston, SC 29405



677 KING STREET
677 King Street
Charleston, SC 29403



8 STOREHOUSE ROW
2154 Noisette Blvd.
North Charleston, SC 29405

Status: Under Construction
RBA: 135,000 SF
Floors: 12
Asking Rate: \$30.00/NNN
Available: 123,000 SF
% Leased: 8.89%
Tenants: Parker Poe Adams & Bernstein
Developer: Origin Development Partners

Status: Under Construction
RBA: 115,000 SF
Floors: 3
Asking Rate: \$38.50/FS
Available: 115,000 SF
% Leased: 0%
Tenants: None
Developer: Cowan Nakios LLC

Status: Under Construction
RBA: 78,000 SF
Floors: 4
Asking Rate: \$32.00 - \$35.00/FS
Available: 78,000 SF
% Leased: 0%
Tenants: None
Developer: Navy Yard Development Co

Status: Under Construction
RBA: 68,479 SF
Floors: 5
Asking Rate: \$39.00/FS
Available: 68,479 SF
% Leased: 0%
Tenants: None
Developer: Atlantic South Development

Status: Under Construction
RBA: 37,000 SF
Floors: 2
Asking Rate: \$32.00/FS
Available: 37,000 SF
% Leased: 0%
Tenants: None
Developer: Navy Yard Development Co



UNDER CONSTRUCTION



LEE & ASSOCIATES

302 WINGO WAY

302 Wingo Way
Mount Pleasant, SC 29464


Status: Under Construction
RBA: 36,400 SF
Floors: 4
Asking Rate: \$38.00/FS
Available: 36,400 SF
% Leased: 0%
Tenants: Raines Hospitality
Developer: Raines Hospitality



741 MEETING

741 Meeting Street
Charleston, SC 29403

Status: Under Construction
RBA: 29,985 SF
Floors: 3
Asking Rate: \$32 - 35/FS
Available: 29,985 SF
% Leased: 0%
Tenants: None
Developer: Middle Street Partners



LEE & ASSOCIATES

910 JOHNNIE DODDS

910 Johnnie Dodds Blvd.
Mt. Pleasant, SC 29464

Status: Under Construction
RBA: 27,000 SF
Floors: 2
Asking Rate: \$27.50/NNN
Available: 24,500 SF
% Leased: 10%
Tenants: Dr. Sonny O Plastic Surgery
Developer: STP3, LLC



LEE & ASSOCIATES

877 ISLAND PARK

877 Island Park Drive
Daniel Island, SC 29492

Status: Under Construction
RBA: 19,840 SF
Floors: 2
Asking Rate: \$33.00/FS
Available: 4,250 SF
% Leased: 79%
Tenants: Ashton Woods
Developer: Atlantic South



0 BRIGHTON PARK

0 Brighton Park Blvd.
Summerville, SC 29486

Status: Under Construction
RBA: 13,789 SF
Floors: 1
Asking Rate: Leased
Available: None
% Leased: 100%
Tenants: Edward Jones, PrimeLending, Shepherd Law Firm, QC Kinetix, Atlas Physical Therapy and Harvey & Vallini LLC
Developer: SLS Development



4917 CENTRE

4917 Centre Point Drive
North Charleston, SC 29418

Status: Under Construction
RBA: 13,288 SF
Floors: 3
Asking Rate: Leased
Available: None
% Leased: 100%
Tenants: David Aylor Law
Developer: Caldwell Commercial



PROPOSED CONSTRUCTION



THE HUB @ NEXTON

0 Nexton Parkway
Summerville, SC 29486

Status: Proposed

RBA: 88,000 SF

Floors: 2

Asking Rate: \$27.00/NNN

Available: 88,000 SF

% Leased: 0%

Developer: TBD



SUMMERVILLE GREENS

HWY 17-A
Summerville, SC 29486

Status: Proposed

RBA: 48,000 SF

Floors: 4

Asking Rate: \$25.00/NNN

Available: 48,000 SF

% Leased: 0%

Developer: SL Shaw



1081 JOHNNIE DODDS

1081 Johnnie Dodds Blvd.
Mount Pleasant, SC 29464

Status: Proposed

RBA: 35,000 SF

Floors: 3

Asking Rate: \$28.00-\$29.50/NNN

Available: 35,000 SF

% Leased: 0%

Developer: Amplify



OUR TEAM



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.



CAMERON YOST, CCIM, SENIOR ASSOCIATE

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.



CORI NUTTALL, ASSOCIATE

Cori Nuttall is an Associate at Lee & Associates Charleston. Cori specializes in tenant representation services for commercial real estate users and is highly-motivated, success-driven, and entrepreneurial-minded with a proven track record in the industry. Cori has represented office and retail tenants in a variety of industries from financial services, medical, construction, contractors, and corporate institutions.



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.



WESTON BRADLEY, ASSOCIATE

After completing the Transitional Researcher program with the firm, Lee & Associates welcomed Weston to the Brokerage Team in 2019. Along with land sales, he focuses on sales and leasing of office and industrial properties in South Carolina. In 2016, after graduating from The University of the South with an Economics degree and a concentration in Mathematics, he decided to make Charleston home. Weston currently holds a real estate license in South Carolina.



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

2021 | VOLUME 1



COMMERCIAL REAL ESTATE SERVICES

CORNER OFFICE

The State of Charleston's Office Market

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