

# INVESTMENT OUTLOOK

Industrial  
Charleston Metro Area

IPA  
INSTITUTIONAL  
PROPERTY  
ADVISORS

MIDYEAR 2025

## Development Faces Steep Decline as Institutional Buyers Eye Emerging Submarkets

**Vacancy retreats slightly amid softening deliveries and infrastructure upgrade.** Following a brief slowdown in completions during the latter half of 2024, deliveries accelerated again in the first quarter of 2025. Fortunately, construction is set to decline sharply over the remainder of the year, likely alleviating near-term pressure on vacancy — including in northern outskirts like Berkeley and Dorchester counties, where nearly all of last year’s supply was concentrated. Looking forward, the mid-2025 opening of the Navy Base Intermodal Facility is expected to strengthen the metro’s position as a regional logistics hub by improving port-to-rail connectivity, potentially fostering greater demand for nearby industrial space. Still, a substantial share of imports at the Port of Charleston come from Northeast Asia. As such, local port volumes — and consequently logistics-related demand — could soften if tariffs on Chinese imports remain heightened. Despite this uncertainty, the market is slated to record positive net absorption in 2025, with supply and demand coming into alignment.

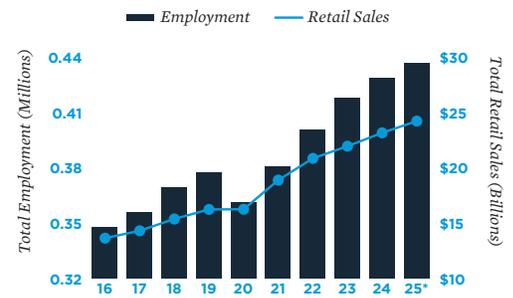
**Investment remains focused on key submarkets.** Transaction velocity increased 40 percent during the year ended in March, supporting a roughly 3 percent increase in the metro’s average price per square foot. North Charleston continued to account for more than half of all trades, followed by Berkeley County with just under a third, similar to the year prior. Dorchester County, however, experienced a sharp uptick in deal flow. Rapid local inventory growth attracted out-of-state institutional buyers looking to acquire newer distribution centers at a potential discount to larger East Coast markets. Re-tenanting opportunities may continue emerging in these pockets, given the metro’s vacancy rate, which ranked highest among major markets heading into April.

### 2025 MARKET FORECAST

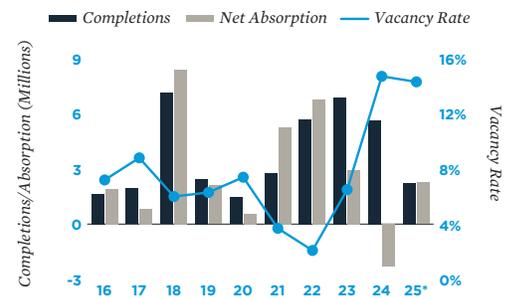
- +2.1%**  **EMPLOYMENT:** Charleston adds 9,000 positions during 2025 — its smallest addition since 2019. Still, the metro’s unemployment rate will remain well below its historical average of 4.8 percent.
- 2.2 million sq. ft.**  **CONSTRUCTION:** This year’s delivery slate is projected to total less than half of 2024’s volume. Approximately three-quarters of the space slated for 2025 completion was online heading into April.
- 40 bps**  **VACANCY:** A sharp pullback in completions and an improvement in net absorption will help reduce vacancy to 14.3 percent by year-end, though this rate is still among the highest in the nation.
- +3.5%**  **RENT:** Tightening vacancy will help asking rents move up to an average of \$12.22 per square foot by year-end. This metric falls roughly 4.4 percent shy of early 2024’s peak marketed rate.

**INVESTMENT:** Boeing’s \$1 billion North Charleston expansion is expected to spur demand for nearby space among suppliers and logistics firms, generating buyer competition for listings adjacent to the assembly facilities.

### Economic Trends



### Supply and Demand



### Rent Trends



\* Forecast  
Sources: CoStar Group, Inc.; Real Capital Analytics

### Al Pontius

Senior Vice President  
National Director IPA Industrial  
Tel: (415) 963-3000 | apontius@ipausa.com

Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of December 2023. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and apartment data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.