

INVESTMENT FORECAST

Retail
Charleston

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2026

Demographic Tailwinds Bolster Investor Confidence While Certain Areas Outperform

Limited new supply and stable demand maintain tight conditions. Charleston's retail market enters 2026 with a vacancy rate that remains among the lowest in major markets. Annual net absorption last year nearly matched the prior two years, despite slightly weaker leasing activity in single-tenant properties, primarily those over 10,000 square feet. This trend may persist in the near term, as lease signings in late 2025 trailed those in the same period in 2024, with only a handful of leases signed above 10,000 square feet. Geographically, focused demand in the CBD continues to be illustrated by asking rents priced more than 70 percent above the metro average. Well-located properties along key transportation routes in suburban pockets such as Summerville, Goose Creek, and West Ashley will likely continue to post positive net absorption in the coming year. Metrowide, the narrowest construction pipeline since at least 2007 is expected to keep conditions exceptionally tight.

Key areas drive accelerating trading. One of the fastest-growing populations among major markets, along with rising tourism spending in recent years, continues to buoy interest from both in-state and out-of-state investors. Transaction activity in 2025 was among the metro's highest on record. Pre-2000-built assets in suburban nodes that capture a disproportionate share of population growth — such as Dorchester County, Mount Pleasant, and areas around West Ashley — are likely to continue to see elevated transaction velocity. While population growth is slowing in the North Charleston area, Boeing's ongoing \$1 billion expansion of its 787 Dreamliner operations is expected to create more than 1,000 new jobs over the coming years, potentially attracting increased investor interest.

2026 MARKET FORECAST

+1.1%



Employment: While Charleston's forecasted employment growth ranks among the fastest across major markets in 2026, it still slightly lags the metro's trailing decade-long annual average.

160,000
sq. ft.



Construction: This year's delivery slate is expected to match 2023, representing the metro's slowest growth since at least 2007, as total inventory expands by just 0.4 percent.

-10 bps



Vacancy: Charleston's vacancy rate declines modestly to 3.3 percent by year-end, in line with its trailing-decade average and still well below the national 5.2 percent benchmark.

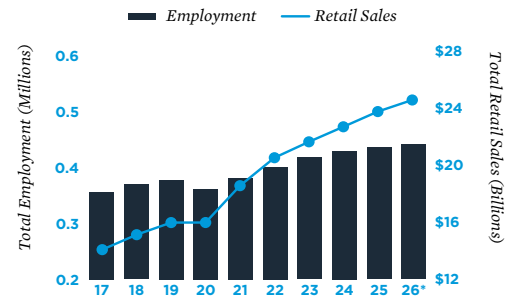
+3.1%



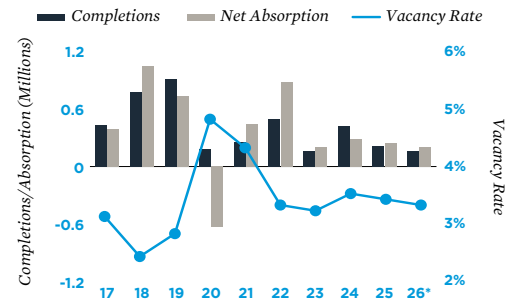
Rent: Tightening vacancy contributes to rent growth that ranks fifth-fastest among major markets. By December, the rate is expected to reach \$28.46 per square foot.

INVESTMENT: *Commuter traffic and single-tenant vacancy near 2 percent are poised to continue attracting investment in pockets northeast of Sangaree, where sub-10,000-square-foot properties are commonly trading.*

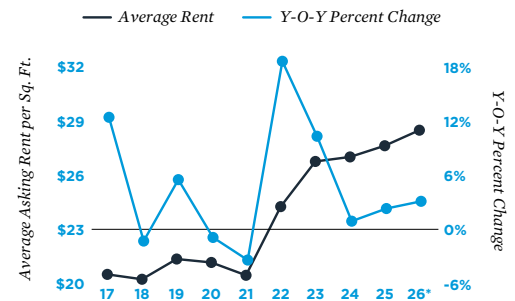
Economic Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

IPA Retail

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of January 2026. 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 office 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.