INVESTMENT FORECAST

Industrial

Charleston

IPA | INSTITUTIONAL PROPERTY ADVISORS

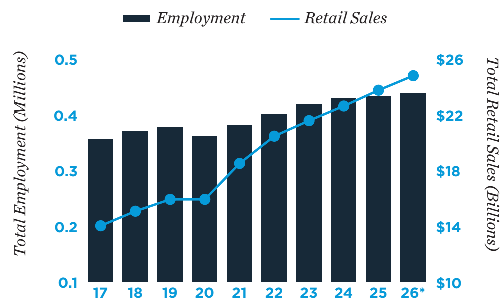
2026

Big-Box Leasing Returns Vacancy to Downward Trajectory, Keeping Investors Engaged

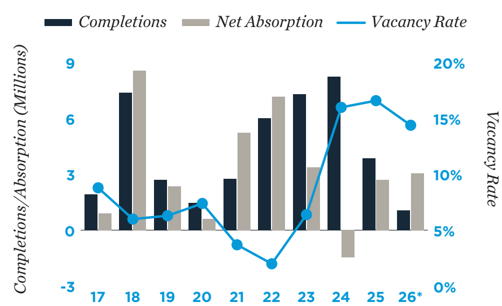
Slowing development coincides with rising port volumes. Between 2022 and 2025, Charleston's industrial stock expanded by nearly 35 percent, representing growth roughly in line with the previous decade. This wave of new supply is expected to subside in 2026, however, as the metro anticipates its smallest delivery slate since 2014. Meanwhile, quarterly net absorption has been consistently positive since the start of 2025, following more than 1.4 million square feet of net relinquishment the year prior. Much of this rebound has been driven by strengthening demand for mid- to large-format distribution space, with properties over 50,000 square feet recording sharply improved absorption in late 2025 and early 2026. In contrast, properties from 10,000 to 20,000 square feet continue to face softening demand. Looking ahead, broader industrial activity will remain supported by the metro's ability to attract new business and by the South Carolina Ports system, which recorded year-over-year cargo volume growth in 2025, despite evolving trade policy uncertainty.

Key submarkets maintain investment appeal. Vacancy in the mid-11 percent range — the lowest among major submarkets — and strong transportation access, including proximity to Charleston International Airport, should focus trading on the North Charleston area in 2026. Here, warehouses — typically trading below $5 million — accounted for more than two-thirds of transactions over the year ended in March, supported by improving net absorption in the segment in early 2026. Meanwhile, investors targeting manufacturing and distribution facilities at slight discounts to the aforementioned area have increasingly looked farther north to the U.S. Route 78 corridor in Dorchester County, which noted a sharply declining vacancy last year.

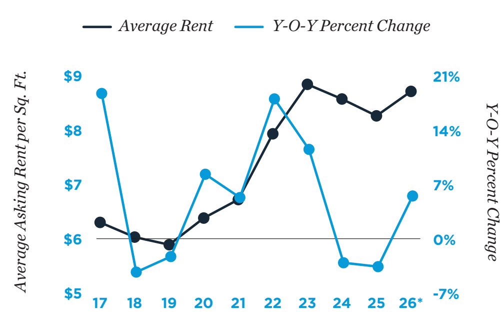
Economic Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

2026 MARKET FORECAST

+0.9% — **Employment:** Charleston's employment growth remains below its 3.6 percent long-term average in 2026, yet the metro still ranks among the five fastest-growing major markets, adding 5,000 jobs.

1.1 million *sq. ft.* — **Construction:** The 2026 delivery slate marks a sharp pullback from prior years, as inventory is projected to expand by just 1.1 percent, well below the trailing-decade average of 6.0 percent.

-220 bps — **Vacancy:** Sharply declining construction coupled with steady net absorption helps drive the metro's vacancy down to 14.4 percent by year-end, still well above the long-term average of 8.7 percent.

+5.5% — **Rent:** Tightening vacancy is expected to help the average asking rent return to growth in 2026, following two years of decline, pushing the rate up to $8.70 per square foot in December.

INVESTMENT: *Elevated vacancy, coupled with the eighth-consecutive year of a top-10 population growth ranking among major markets in 2026, will likely support lease-up and mark-to-market strategies ahead.*

IPA Industrial

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