

INVESTMENT FORECAST

Office
Charleston Metro Area

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2026

Unwavering Population Growth Coincides With Sparse Speculative Development

Tight fundamentals across market spectrum. Charleston’s demographic momentum continues into 2026 after the metro recorded its eighth consecutive year ranking among the top 10 major markets for population growth in 2025. This trend is supported, in part, by a steadily expanding business landscape that continues to attract smaller corporate relocations and office-using expansions. At the lower end of the market, vacant properties experienced longer lease-up times in 2024. This trend appeared to change direction in 2025, with Class B/C vacancy falling to around 5 percent – substantially lower than any other major market. Such limited availability should continue to keep this segment of the market competitive. Meanwhile, higher-quality assets have recorded accelerating net absorption since the start of 2024. Coupled with virtually no new speculative development over the past two years – a pattern expected to carry into 2026 – these dynamics suggest that vacancy will drop for a third consecutive year.

Investor sentiment rising. After a slow start to the year, transaction velocity accelerated in late 2025 amid a resurgence in trades over \$10 million. The market also saw a rebound in Class A and C trading after two relatively muted years, suggesting overall sentiment is improving heading into 2026. Class B/C properties in the CBD, particularly those between 10,000 and 20,000 square feet, should continue to garner heightened investor interest after the segment’s vacancy here declined in 2025 to its lowest level since 2017. The Interstate 526 corridor in Mount Pleasant also saw increasing activity last year after local vacancy fell at the fastest rate among submarkets over the past two years. Strong connectivity and a slight rent discount relative to the CBD should continue to draw tenants and investment appeal amid tightening metrowide availability.

2026 MARKET FORECAST

+1.8%



Employment: Broad-based employment gains are expected to continue in 2026, as the metro adds 8,000 jobs, with half from office-using sectors. The pace is the fastest among major markets.

157,000
sq. ft.



Construction: This year’s delivery slate nearly matches 2025’s, expanding inventory by 0.7 percent. Two pre-leased medical offices near Summerville will account for 120,000 square feet of new space.

-10 bps



Vacancy: Supply pressure remains minimal for the third straight year, helping the metro’s rate edge down to 7.8 percent, its lowest level since 2016 and the second lowest among major markets.

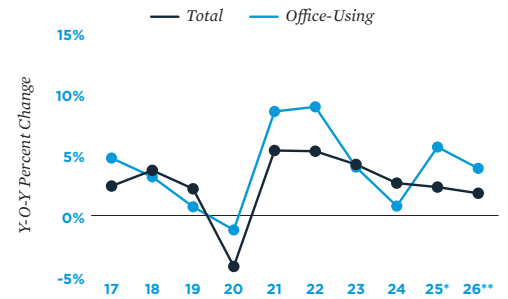
+2.9%



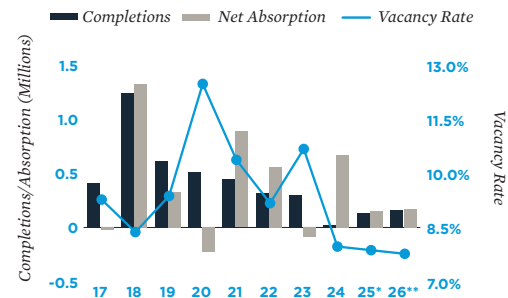
Rent: This year’s growth in average asking rent slightly outpaces 2025 and ranks among the fastest nationwide, lifting the year-end asking rate to \$31.90 per square foot.

INVESTMENT: Assets between 10,000 and 30,000 square feet remain attractive heading into 2026, with vacancy holding below 5 percent and growth in asking rent over the past three years well outpacing that of larger formats.

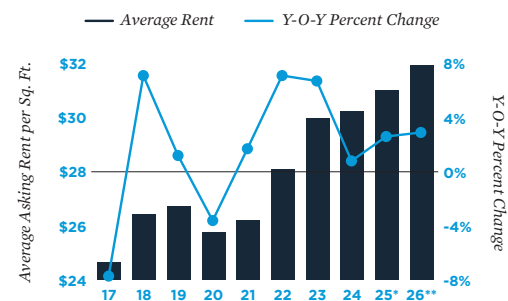
Employment Trends



Supply and Demand



Rent Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

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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.