



VACANCY

3.3%

Over the past quarter, the market has seen an overall decrease in vacancy



NET ABSORPTION

±232,759 SF



AVERAGE RETAIL RATE

\$23.24 PSF

Averages rental rates from all retail categories



UNDER CONSTRUCTION

±430,601 SF

of retail space under construction at the end of 4Q22

Key Market Takeaways

"The Charleston retail market remains strong with a vacancy rate hovering at record lows. There is little expectation of much addition to the retail inventory despite the residential growth in the region. Developers are still challenged by land cost, construction costs and the continued difficulties surrounding entitlement and permitting within the area municipalities. The typical turnover of existing spaces will be the main opportunity for new retail users looking for real estate. The challenges facing retailers continue to mount with commodity price increases, labor costs, and occupancy costs all increasing faster than sales numbers. Lease rates and absorption rates are predicted to remain stable in 2023.

The net leased investment market in the area is seeing effects of the Fed's interest rate spikes and cap rates have seen a bump of at least 100 basis points. Some sellers have not adjusted as there are still available cash buyers but are becoming more selective in their purchases. The expectation for 2023 is that cap rates will continue to slide and have a softening impact on the net leased market. Until the Fed sees the inflation issue improve and stops the interest rate hikes, investors may sit and wait and sellers may see a more competitive market." – Will Sherrod, CCIM

Submarket Statistics

