

# MARKETBEAT INDUSTRIAL SNAPSHOT

## CHARLESTON, SC

A Cushman & Wakefield Research Publication

Q1 2015



### ECONOMIC OVERVIEW

The Charleston metro ranked #18 with 34,230 (10.5% share) employees in advanced industries in 2014 according to The Brookings Institute.

Advanced industries range from automotive and aerospace manufacturing to energy activities to digital services like computer system design and

software. The technology sector continues to grow in Charleston, where the technology field now comprises 5% of the regional economy. Over 300 tech companies now call the area home, with 45% currently hiring at wages almost two times the regional per capita. The South Carolina Department of Commerce Secretary, Bobby Hitt, recently quoted, "the number of information technology jobs in South Carolina has increased by 45% over the past decade, with the need and demand for STEM-educated students to grow by 100% in the next three years."

### GROWTH

SC Ports Authority sustained double-digit container volume gains in March, reporting 14.3% fiscal year-to-date growth of twenty-foot equivalent units (TEUs) over the same period last year. The Charleston Industrial market presently has an overall vacancy rate of 7.3%. Sublease space availability decreased in the first quarter 2015 ending with only 553,584 square feet (sf). Rental rates continue to creep up as the first quarter showed a direct average asking rate of \$4.66 per square foot (psf). This rent was also an increase over the previous quarter. One newly constructed speculative building was delivered to the market totaling 273,000 sf, with over 62,500 sf still under construction at the end of the quarter. Overall net absorption totaled 508,258 sf in the first quarter.

### WAREHOUSE

Ability Tri-Modal Distribution recently leased 157,000 sf in the Summerville/ Ladson area and will be expanding into another 100,000 sf in the fall of 2015. Pierce Hardy LP purchased a 50,000-sf facility also in the Summerville area for \$3.4 million. Warehouse projects reported a vacancy rate of 8.2% with flex space vacancy hovering at 6.0% for the first quarter.

### MANUFACTURING

Mercedes-Benz Vans, a division of Daimler, announced plans to invest a half a billion dollars to establish a new, full van manufacturing plant in Charleston County. The new production plant in North Charleston, S.C. will supply the North American market with the

next-generation Sprinter, creating 1,300 new jobs over the next several years. Mercedes-Benz Vans will create a completely new body shop, a paint shop and an assembly line. Construction of the new factory is scheduled to begin in 2016. The company has operated its current van assembly operation in Charleston County since 2006.

Wabco, an air disc brake and compressor systems manufacturer will be building and expanding into a new \$17-million, 145,000-sf facility in Dorchester County. Manufacturing asking rates are \$4.25 psf which reflects an 8.0% increase from the previous quarter.

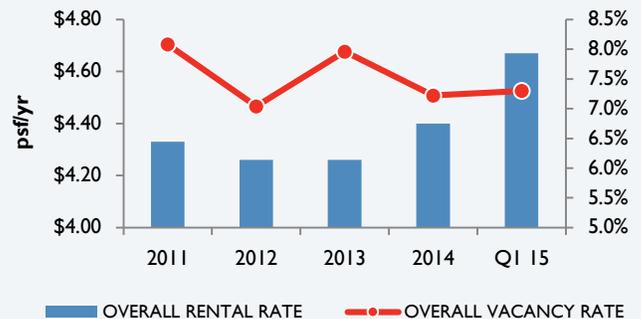
### OUTLOOK

New development continues to be an issue due to absorption of existing product while access to lending capital is easing.

### STATS ON THE GO

	Q1 2014	Q1 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	7.3%	7.3%	0.0pp	↕
Direct Asking Rents (psf/yr)	\$4.26	\$4.66	9.4%	↗
YTD Leasing Activity (sf)	696,224	284,419	-59.1%	↘

### OVERALL RENTAL VS. OVERALL VACANCY RATES



### OCCUPIER ACTIVITY

