

# MARKETBEAT INDUSTRIAL SNAPSHOT

## CHARLESTON, SC

A Cushman & Wakefield Research Publication

Q2 2014



### ECONOMIC OVERVIEW

Charleston activity and interest is clearly on the increase and outperforming the national economy. The Charleston MSA had the lowest unemployment rate among metro areas of South Carolina in July, according to the latest data from the S.C. Department of Employment and Workforce. The unemployment rate was 4.6% in May. That is a 1.7 percentage point change from that same time in 2013. In South Carolina State Ports Authority news, May was the busiest month since 2007 and yearly traffic numbers show over 1.54 million containers moved since the beginning of the year. Vacancy and availability rates increased while asking rates remained stable. Speculative building is seeing renewed signs of life with two projects under consideration.

### GROWTH

The first half of 2014 saw resurgence in activity of the industrial/warehouse sector, with port traffic up over 7% year to year. With this news, warehousing and distribution led the way. Boeing supplier "interest" is on the increase, in part, because of the new FAA certification clearing the 787-9 for longer routes. Two new announcements took place, with Boeing taking 50,000 square feet (sf) in Palmetto Commerce Park for a research facility and JBE, a South Carolina based company, taking space in Berkeley County and hiring 20 new employees. Net absorption was negative (699,359 sf), with vacancy rates just above 9%. Asking rates have decreased slightly to \$4.46 per square foot (psf) from \$4.48 psf in the previous year.

### WAREHOUSE

Three cold storage projects announced this quarter with Linage Logistics breaking ground in July on a 340,000-sf facility in Palmetto Commerce Park. Agro Merchants took 120,000 sf in the former Piggly Wiggly warehouse in Berkeley County and New Orleans Cold Storage (NOCS) is expanding their facility by another 50,000 sf in North Charleston. Berkshire Hathaway-owned Fruit of the Loom is expanding another 350,000 sf and hiring 171 new full-time employees. Coastal Logistics expanded into Dorchester County by taking 100,000 sf. New speculative space is proposed, with Childress Klein and Patillo building 180,000 sf and 150,000 sf respectively, also in Palmetto Commerce Park. Asking rates for Institutional /class A product remain in the mid \$4.55 psf to \$5.25 psf range with class B product under \$4.00 psf.

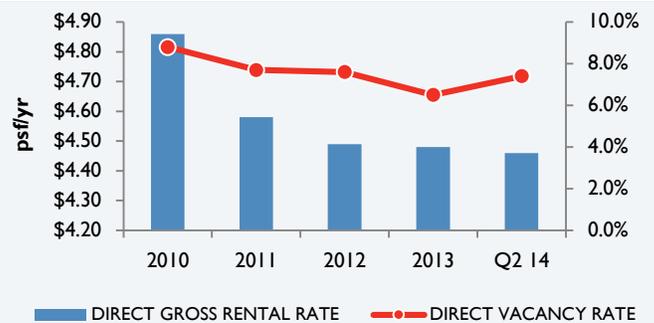
### MANUFACTURING

Boeing announced a 50,000 sf R&D project in Palmetto Commerce Park. Also, suppliers, Senior Aerospace AMT and PacRim announced new projects in the first half of 2014. In an unrelated Boeing announcement, Textron introduced TRU Simulation+Training Inc. The business is expected to generate annual revenue of more than \$100 million. Vacancy rates for Class A manufacturing facilities remains flat at 10.4% with rates at \$5.25 psf. Class B is slightly under \$3.90 psf. Pegasus Steel expanded another 67,000 sf to service a new contract.

### STATS ON THE GO

	Q2 2013	Q2 2014	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	6.8%	9.1%	2.3pp	▼
Direct Asking Rents (psf/yr)	\$4.48	\$4.46	-0.4%	◄►
YTD Leasing Activity (sf)	2,267,986	1,444,351	-36.3%	▼

### OVERALL RENTAL VS. VACANCY RATES



### OVERALL ACTIVITY VS. ABSORPTION

