

# MARKETBEAT INDUSTRIAL SNAPSHOT

## CHARLESTON, SC

A Cushman & Wakefield Research Publication

Q2 2015



### ECONOMIC OVERVIEW

Charleston ranked in the Top 10 Small American Cities of the Future 2015/16 for FDI Strategy; 421 locations were analyzed and ranked based on population size. Data for the report included economic potential, business friendliness, human capital and lifestyle, cost effectiveness and

connectivity. The Charleston unemployment rate is 6.4%, one of the lowest in the Southeast and overall is in the Top 25% of all States for being the best place to find a job. Aerospace, technology, automotive and port related jobs lead the community in job growth.

### GROWTH

Foreign container shipping firms are taking advantage of the strong dollar and its resulting boost in European exports to the U.S. as well as population and manufacturing gains in the Southeast by adding new routes that will call at Charleston and other East Coast ports.

Dubai-based United Arab Shipping Co. recently launched its NEU-I service that will have weekly sailings between five ports in Northern Europe and four U.S. ports: New York, Norfolk, Charleston and Savannah.

In other Port news, the Army Corps of Engineers' Civil Works Review Board (CWRB) approved the final integrated feasibility study report and Environmental Impact Statement (EIS) for the Charleston Harbor Deepening Project. This milestone allows the project to move forward, deepening the harbor to 52 feet.

The Charleston industrial market presently has an overall vacancy rate of 6.1%. Rental rates continue on an upward trend as the second quarter reported the overall average rate at \$4.80 per square feet (psf). Direct net absorption totaled 790,347 sf year-to-date.

### WAREHOUSE

Danger Boys Productions signed the largest lease in the second quarter by taking down 150,000 square feet (sf) in North Charleston. AZ East Transport also leased 91,000 sf in North Charleston. Warehouse projects reported a vacancy rate at 6.9% with flex space vacancy at 6.9%. One sale, Sumter Packaging purchased 80,000 sf at 916 Commerce Circle in Berkeley County. One project is underway for delivery in 2015. North Pointe Industrial Park Bldg. C will be 350,000 sf.

### MANUFACTURING

Volvo Car Corporation has selected Berkeley County, South Carolina for its first manufacturing facility in the Western hemisphere. The new \$500-million factory highlights the attraction of the United States as a location for high-technology manufacturing.

**Boeing Update:** Boeing would have to build 8,290 Dreamliners over the next 20 years to meet the worldwide demand for small to medium size wide body jets, the company said Thursday as it released a long-range forecast for its commercial airplane division. Dreamliners, which are made at Boeing's North Charleston campus and in Everett, Wash., could account for about 22% of airlines' global aircraft demands through 2034; a nearly \$2.5-trillion investment.

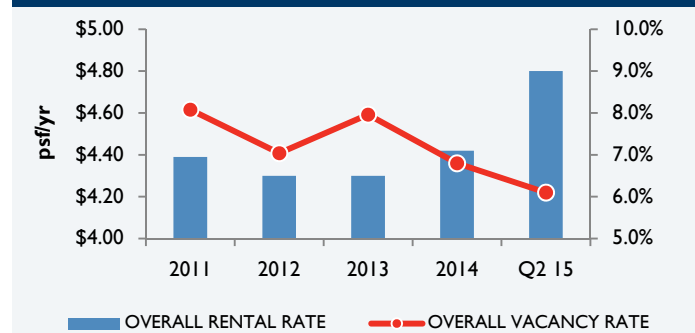
### OUTLOOK

As Port traffic continues to add new service lines and demand increases, the need for additional warehouse inventory will increase. New product coming online will only be a temporary fix. Banks and lending institutions will ease up on capital by year-end, thus providing a better funding resource for speculative product.

### STATS ON THE GO

	Q2 2014	Q2 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	9.1%	6.1%	-3.0 pp	▼
Direct Asking Rents (psf/yr)	\$4.30	\$4.78	11.2%	↕
YTD Leasing Activity (sf)	1,417,005	590,064	-58.4%	▼

### OVERALL RENTAL VS. OVERALL VACANCY RATES



### OCCUPIER ACTIVITY

