

MARKETBEAT INDUSTRIAL SNAPSHOT

CHARLESTON, SC

A Cushman & Wakefield Research Publication

Q4 2013



ECONOMIC OVERVIEW

The year 2013 ended much as it began with “modest growth.” Activity in the market slowed at year-end on the distribution side with manufacturing slightly increasing. Land sales were on the increase but mainly confined to Palmetto Commerce Park in North Charleston. Plum Creek of Seattle had a \$1.1 billion purchase of over 500,000 acres of MeadWestvaco assets in the region. 4Q 2013 lease rates eased slightly with big box demand softening. This was primarily due to class B product coming back onto market. Lack of institutional product continues to affect our ability with Port activity for Charleston but container traffic did increase by 8.0% year over year. South Carolina State Ports face a number of challenges in years to come, including financing the North Charleston Terminal and deepening the harbor. Boeing projects took center stage on the manufacturing side with a number of other sectors making news; automotive and gun manufacturers were a few of those making announcements in late 2013.

DISTRIBUTION ACTIVITY

North Pointe Industrial Park in Hanahan with the Mead Westvaco Chemical Division continues to be under serious consideration for 300,000 plus square feet (sf). Cowboy Transportation / Logistics took 50,000 sf in Eastport Industrial park in Summerville. InterWrap took 80,000 sf of the existing Masisa facility on Clements Ferry Road in Berkeley County. Asking rates for institutional /class A product are still in the mid \$4.00 to \$5.25 per square foot (psf) range with class B product rates well under \$4.00 - \$3.25 psf.

MANUFACTURING ACTIVITY

Boeing announced another project in Palmetto Commerce Park with the new 737 Engine project and IFA Rotorion, a German drive shaft manufacturer, announced a \$25M expansion to their facility. IFA increased its footprint to 200,000 sf and added 30 new positions. Vacancy rates for class A manufacturing facilities remains flat at 10.6% with rates at \$5.25 psf. Class B is slightly under \$3.90 psf. American Tactical Imports (ATI) made its first foray into South Carolina, establishing a \$2.7M facility in Eastport Industrial Park creating 117 jobs. South Carolina has seen increased interest from gun manufacturers with three others looking in the market.

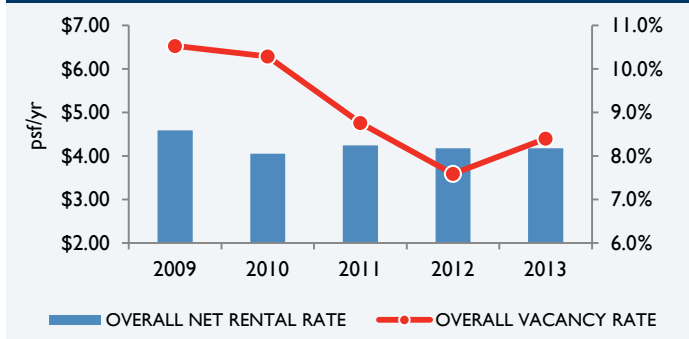
OUTLOOK

Port traffic volume increase should signal increased interest from logistics and 3PL firms. With sequestration resolved there is hope the effect on SPAWAR contractors will loosen and activity will increase. Pad ready opportunities are still online with delivery in the first quarter of 2014.

STATS ON THE GO

	Q4 2012	Q4 2013	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	7.6%	8.2%	0.6pp	↕
Direct Asking Rents (psf/yr)	\$4.12	\$4.14	0.5%	↕
YTD Leasing Activity (sf)	1,761,794	2,722,426	54.5%	↘

OVERALL RENTAL VS. VACANCY RATES



LEASING ACTIVITY VS. OVERALL NET ABSORPTION

