

MARKETBEAT INDUSTRIAL SNAPSHOT

CHARLESTON, SC

A Cushman & Wakefield Research Publication

Q4 2014



ECONOMIC OVERVIEW

Regional Forbes Magazine in the December 2014 edition named Charleston as the 7th best city in the United States for projected new job growth in 2015. Tied with the Austin, Texas, San Jose, CA and Seattle employment outlook is expected to top 21%. Unemployment has again

dropped to pre-recession numbers, now hovering at 6.2%. South Carolina State Ports Authority reported a 12% increase in traffic overall for 2014 with 2.34 million TEUS's being moved across their docks. International business interest has also seen an increase. With 17,200 jobs supplied by foreign-owned establishments, Charleston has become a magnet for European companies over the past 20 years. According to the Brookings Institution, Charleston ranks as the no. 9 U.S. metro area for the largest share of international jobs. UK companies, such as BAE Systems, BP and Cummins Turbo Technologies, have called Charleston home for decades employing thousands.

GROWTH

The Charleston industrial market ended the year with an overall vacancy rate of 6.8%, down from 7.5% at the end of the third quarter of 2013. Overall net absorption for the year was over 700,000 square feet (sf) and leasing activity was somewhat weak with approximately 3.5 million square feet (msf) leased throughout 2014. Class A space needs are now being addressed and as expected higher rates have followed. Two new opportunities are coming online with Childress Klein and Pattillo both going vertical with 270,000-sf and 150,000-sf, respectively.

WAREHOUSE

Transportation and logistics companies remain on the move. Lionhart Trucking recently purchased a four-acre site for a new warehouse and repair facility for \$1,150,000. Supply Chain Services International took 64,500 sf in Summerville and Professional Builders Supply leased 47,000 sf in North Charleston. Dupuy Storage of Charleston is moving into an 100,000-sf warehouse in Palmetto Commerce Parkway; and Superior Transportation is moving into 123,241 sf in Hanahan in Berkeley County. Terms are being accepted at a minimum of three years for existing product.

MANUFACTURING

Boeing has started final assembly of the 787-9 Dreamliner at its South Carolina facility. The team began joining large fuselage sections of the newest 787 on schedule in mid-November 2014. Intertex World Resources and Zapp Precision Wire each announced additional investments and jobs in the area during the Q4 2014. Hubner

Manufacturing Corporation is investing \$8.6 million to expand its manufacturing facility in Mount Pleasant, S.C. The investment is expected to create 50 new jobs. New Orleans Cold Storage & Warehouse Company is expanding in Charleston County, adding additional refrigerated cold storage space (for a total of 151,700 sf) and additional blast freeze capacity and truck platforms.

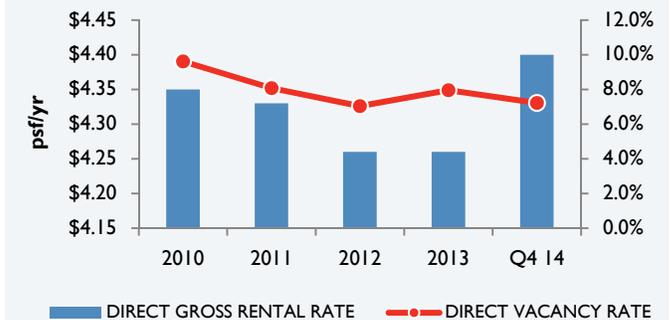
OUTLOOK

Port traffic volume is expected to remain strong. The Boeing supplier base should see an increase in activity. Pressure on lease rates for new and existing space will rise along with terms. New projects continue to look at Charleston and automotive may take the forefront.

STATS ON THE GO

	Q4 2013	Q4 2014	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	8.0%	6.8%	-1.8pp	◀
Direct Asking Rents (psf/yr)	\$4.26	\$4.40	3.3%	▶
YTD Leasing Activity (sf)	5,093,733	3,541,124	-21.3%	▼

OVERALL RENTAL VS. VACANCY RATES



OVERALL ACTIVITY VS. ABSORPTION

