



CHARLESTON INDUSTRIAL

Economic Indicators

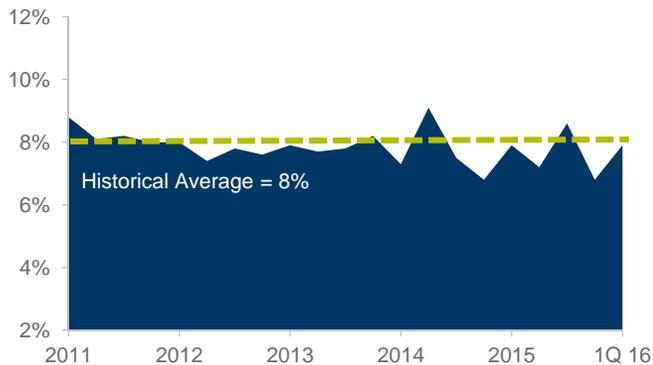
	Q1 15	Q1 16	12-Month Forecast
Charleston Employment	325k	332k	▲
Charleston Unemployment	5.4%	5.3%	▼
U.S. Unemployment	5.6%	4.9%	▼

Market Indicators (Overall, All Product Types)

	Q1 15	Q1 16	12-Month Forecast
Vacancy	7.9%	8.0%	▼
Net Absorption (sf)	627k	1.2M	▲
Under Construction (sf)	63k	3.1M	▲
Average Asking Rent*	\$4.45	\$4.96	▲

*Rental rates reflect net asking \$psf/year

Overall Vacancy



Economy

U.S. News and World Report analyzed 100 cities in the United States and found Charleston to be the 19th best place to live based on quality of life and the job opportunities. In addition, the state of South Carolina was named the "Second Best Business Climate" in the country by Site Selection Magazine. The Palmetto State received the second highest number of votes just behind

Texas. South Carolina also maintains, proudly, the lowest union membership in the United States at 2.1% of the states salaried and hourly workers, as reported in the latest federal Bureau of Labor Statistics. The Charleston economy is seeing record growth and continues to lead the other southeastern states in job creation. The average unemployment rate dropped again in the Q1 16 from 5.5% to 4.7%.

Market Overview

The Port of Charleston cargo growth took center stage in the first quarter 2016 by spurring new cold storage projects in the region. Lineage Logistics LLC opened the region's largest cold-storage warehouse, a 180,000-square-foot (sf) facility in Palmetto Commerce Park. In addition, New Orleans Cold Storage (NOCS) just announced the completion of an expansion moving their operation to a 136,000-sf facility located near the gates of the North Charleston terminal. Fruit of the Loom also expanded its existing operation to 400,000 sf, doubling the size of their existing warehouse. Advanced security and IT have become the largest users of Charleston flex space in the area, particularly as defense contractors and related firms have ranked among the region's largest employers. With new speculative product coming onto the market, the Charleston Industrial market vacancy rate bumped to 8.0%. Rental rates for class A industrial product rose to \$4.96 per square foot. Net absorption ended the quarter at 1.2 million sf (msf). Industrial Investment sales increased 16% year-to-date with over one msf sold. CAP rates hovered at 7.3% on mostly single tenant transactions.

Outlook

2016 is setting up to be an exceptional year for the industrial market in the region. Volvo and Daimler suppliers are making early in roads as contracts for both are scheduled to be secured by late 2016, early 2017. Both facilities should be operational in 2018. Investment sales will also be strong as owners take advantage higher occupancy and lease rates. Even with new product coming onto the market rental rates will increase as demand increases for institutional product.