

MARKETBEAT

Charleston

Industrial Q2 2017



CHARLESTON INDUSTRIAL

Economic Indicators

	Q2 16	Q2 17	12-Month Forecast
Charleston Employment	345k	353k	▲
Charleston Unemployment	4.4%	3.7%	▼
U.S. Unemployment	4.9%	4.4%	■

Market Indicators (Overall, All Property Types)

	Q2 16	Q2 17	12-Month Forecast
Vacancy	7.7%	6.0%	▼
Net Absorption (sf)	646k	-543k	▼
Under Construction (sf)	3.6M	6.1M	▲
Average Asking Rent*	\$5.31	\$5.35	▲

*Rental rates reflect net asking \$psf/year

Overall Asking Rent/Overall Vacancy

4-QTR TRAILING AVERAGE



Economy

In May 2017, Forbes Magazine named Charleston as the fourth ranked Best Small to Medium Sized City in America with a 3.2% job growth rate last year and 17.6% since 2011. Though the rate may be low, the actual number of unemployed is still pretty large with Charleston area's labor force at nearly

380,000. Forbes notes "Charleston has also emerged as something of a millennial draw as well, with the largest percentage of residents aged 25 to 34 of any midsized city." The Charleston area labor force is growing four times faster than the U.S. with 12,000 new people moving here each year, and two-thirds of them are prime workforce age (18-44) demographic. This growth will continue to help Charleston fill new technical jobs in the region and talent gaps. The S.C. State Port Authority board approved its fiscal year 2018 financial plan last week that includes a \$262.3 million capital project spending plan — the largest in the port's history.

Market Overview

South Carolina Ports Authority (SCPA) moved a record 2.14 million twenty-foot equivalent units (TEUs) in fiscal year 2017, an increase of 10% over the previous year's container volumes. Highest-ever June volumes of 183,237 TEUs gave SCPA a strong finish to its fiscal year (July - June). The Port's previous record was 1.98 million TEUs, achieved in fiscal year 2006.

Local expansions and new locations dominated the second quarter of 2017. Scout Boats plans to invest \$11 million to build a 100,000-square-foot (sf) facility and hire up to 320 people. JEAR Logistics LLC, a third-party logistics company headquartered in Charleston County, is expanding its existing operations with a \$2.8-million investment and creating 152 new jobs. Knapheide Truck Equipment Company Charleston Inc., a subsidiary of The Knapheide Manufacturing Company, is opening new operations in a 75,000-sf facility in Palmetto Commerce Park. Lastly, 3.2 million square feet of institutional product is under construction and is expected to be delivered in the third quarter of 2017 as the region continues trying to keep up with demand.

Outlook

High demand for employees in the manufacturing sector will take precedent. Mercedes-Benz Vans will hire 1,300 workers for its expanding van manufacturing campus in North Charleston by the end of the decade. Volvo Cars plans to hire at least 2,000 people by 2018 to build its new S60 sedans in Berkeley County. The bulk of production hiring is expected to ramp up this fall at the Sweden-based, Chinese-owned automaker's new campus.

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