

## MARKETBEAT

# Charleston, SC

Industrial Q2 2018



### CHARLESTON INDUSTRIAL

#### Economic Indicators

	Q2 17	Q2 18	12-Month Forecast
Charleston Employment	353k	357k	▲
Charleston Unemployment	3.6%	3.6%	■
U.S. Unemployment	4.3%	3.8%	▼

Numbers above are quarterly average; May 2018 data used to represent Q2 2018

#### Market Indicators (Overall, All Property Types)

	Q2 17	Q2 18	12-Month Forecast
Vacancy	6.0%	7.2%	▲
Net Absorption (sf)	-289k	1.0M	▼
Under Construction (sf)	6.1M	4.5M	▼
Average Asking Rent*	\$5.35	\$5.52	▲

\*Rental rates reflect net asking \$psf/year

#### Overall Asking Rent/Overall Vacancy

##### 4-QTR TRAILING AVERAGE



## Economy

According to the Census Bureau, South Carolina was one of the fastest-growing states in the nation in 2017 and is continuing to attract workers and corporate investments. The South Carolina Department of Commerce says the state recruited more than \$3.4 billion of capital investment in 2017, largely in the manufacturing sector. Chief Executive Magazine rated South Carolina one of the Top Three Best States to do business and Brookings also announced Charleston as the 13th Best Metro to conduct business. Charleston's regional labor pool offers more opportunities for continued business growth. From 2010 to 2016, the labor force has grown four times faster than the U.S. average and twice as fast as South Carolina's average. The South Carolina Ports Authority (SCPA) announced record container volume of 2.2 million 20-foot equivalent container units (TEUs) handled during the 2018 fiscal year, an increase of 3.0% over the previous fiscal year. SCPA handled 201,163 TEUs in June, the single highest month for container volume in the Port's history and a 10% increase over June 2017. June was a strong finish to the Port's fiscal year, which began in July. SCPA president and CEO Jim Newsome says "We achieved the three highest months of container volume in the Port's history in March, May and June of 2018."

## Market Overview

Developers have been active in the metro in recent years, delivering more than a 1.0 million square feet (msf) annually since 2015. The trend of construction appears positioned to continue as more than 4.0 msf was under construction in 2018's second quarter. Absorption recently stumbled, with several large tenants vacating space leading to additional availabilities. However, rent growth has continued at roughly 4.5% year-over-year in Charleston and investment has generally trended upward, with transactions exceeding \$100 million each year since 2013.

## Outlook

The Charleston's warehouse and industrial sectors will continue to perform well. New industrial/warehouse product will be coming online just as inventory in existing developed product is being leased. Lease rates will continue to rise but moderately.

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