

MARKETBEAT

Charleston, SC

Industrial Q3 2018



CHARLESTON INDUSTRIAL

Economic Indicators

	Q3 17	Q3 18	12-Month Forecast
Charleston Employment	355k	361k	▲
Charleston Unemployment	3.5%	3.0%	■
U.S. Unemployment	4.4%	3.9%	▼

Numbers above are quarterly average; August 2018 data used to represent Q3 2018

Market Indicators (Overall, All Property Types)

	Q3 17	Q3 18	12-Month Forecast
Vacancy	8.0%	7.7%	▲
Net Absorption (sf)	-412k	3k	▼
Under Construction (sf)	5.7M	2.8M	▼
Average Asking Rent*	\$5.48	\$5.46	▲

*Rental rates reflect net asking \$psf/year

Overall Asking Rent/Overall Vacancy

4-QTR TRAILING AVERAGE



Economy

Recent data from the U.S. Bureau of Labor Statistics shows that the Charleston region is the ninth fastest growing mid-size economy in the United States. Growth was measured by the percentage change in employment between the annual average of 2016 and 2017. Headlight Data ranks employment growth for 55 mid-sized metros in the U.S. The Port of Charleston has been one of the nation's fastest-growing container ports since 2011 and grew at more than double the U.S. average in recent years. Traffic is up 14% since 2015, a larger leap than neighboring Port of Savannah's 6.5%. South Carolina Ports Authority announced the highest monthly container volume in its history, with 206,541 twenty-foot equivalent container units (TEUs) handled in August.

Market Overview

Demand for space has generally outpaced new deliveries, though 2018 is witnessing a reversal of the trend. A surplus of newly constructed space in the metro area will deliver, causing vacancies to rise in the short-term. Google confirmed plans to expand its campus in Berkeley County, which is projected to bring \$600 million of additional capital investment. Mercedes-Benz Vans opened its North American Sprinter plant in North Charleston, following a two-year construction period and \$500 million capital investment. To coincide with the opening, Mercedes-Benz Vans announced it will manufacture 20,000 Amazon branded Sprinter vans for the retail company's Delivery Service Partner program. Volvo opened its \$1.1 billion factory that will employ 4,000 in Berkeley County with vehicle production beginning later in 2018. Kuehne + Nagel, Inc., a global transport and logistics company, is launching operations in a new 140,000- square-foot (sf) facility in Charleston County. Exeter Property Group, one of the world's largest industrial real estate developers and property managers, plans to build an 800,000-sf speculative warehouse for distribution in three buildings on 75 acres at the Camp Hall Commerce Park in Berkeley County.

Outlook

Charleston's industrial sector is expected to continue its strong performance. Lease rates are anticipated to moderately rise, as new projects deliver and companies continue to seek properties in the region. The fast pace of growth is causing infrastructure concerns, as the region learns to cope with persistent development.

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