MARKETBEAT

Industrial Snapshot Q4 2015

Charleston, SC

CUSHMAN & WAKEFIELD | THALHIMER

CHARLESTON INDUSTRIAL

Economic Indicators

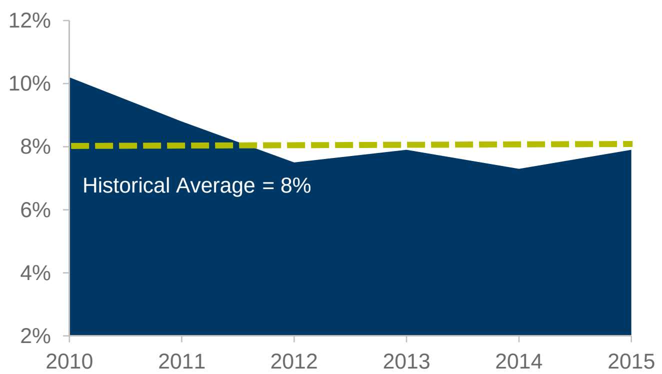
	Q4 14	Q4 15	12-Month Forecast
Charleston Employment	325k	332k	▲
Charleston Unemployment	5.4%	5.3%	▼
U.S. Unemployment	5.7%	5.0%	▼

Market Indicators (Overall, All Product Types)

	2014	2015	12-Month Forecast
Vacancy	6.8%	7.3%	▼
Net Absorption (sf)	724k	1.7M	▲
Under Construction (sf)	283k	4.3M	▲
Average Asking Rent*	$4.42	$4.93	▼

*Rental rates reflect net asking $psf/year

Overall Vacancy



Economy

The Charleston region's economy continues its momentum and strong performance earning new accolades and maintaining top rankings for business, international investment, lifestyle and more. In 2015, the Charleston Metro region experienced growth and economic diversification with multinational corporations in the automotive, aerospace and knowledge based sectors. The unemployment rate settled at 5.3%, the lowest in over seven years. In addition, the state of South Carolina was once again ranked in the top five states for business environment, labor climate, and infrastructure/global access by site selection consultants in Area Development's annual survey and ranking. Charleston cemented itself in the ever increasing automotive industry, in the U.S., with the announcement of over $1 billion in capital investment over the next six years in two projects- Daimler/Sprinter Vans and Volvo.

Market Overview

The Port of Charleston container volume maintained a 13% year-to-year increase. The Charleston Industrial market presently reported a direct vacancy rate of 6.2%. Asking rental rates for class A industrial product rose to $4.90 per square foot (psf), a 15% increase over last year. Net absorption increased 929,000 square feet (sf) in 2015 to 1.7 million square feet (msf). Noted projects included Gerber Childrenswear taking 480,000 sf in Berkeley County, Fruit of the Loom expanding into 400,000 sf and Sumter Packaging purchasing 80,000 sf in Hanahan.

Outlook

The industrial market is set to improve 2016 with over 1.2 msf of new speculative space coming onto the market in mid 2016. Interest in the region will remain strong and market conditions should strengthen. In addition, investment sales will continue to be strong as investors take into consideration higher occupancy and low interest rates in the open market. Rental rates should increase as vacancy rates drop and the costs of construction increase. Increased lease activity has left few options in the market with strong demand for spaces in the 100,000 to 150,000-sf range being a premium. Tenants in the market are relying on renewals as options decrease. Class B rental rates in the 100,000-sf product are hovering at $4.25 psf.

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