



**CHARLESTON
3Q17 INDUSTRIAL MARKET**

**CHARLESTON MARKET SEES
RECORD 1.9 MILLION
SQUARE FEET DELIVERED
IN 3Q17**

Charleston's industrial market saw a record 1.9 million square feet delivered in the third quarter of 2017. Although only some of the new space was occupied immediately, causing a slight uptick in vacancy, the remainder is expected to be filled quickly. More than 4.7 million square feet of industrial space is currently under construction, indicating that the strong expansion of Charleston's industrial market will continue into the near future. Total inventory in the market now tops 74.9 million square feet, up nearly 7.0% from two years ago.

Representing 10.0% of the state's economic output, the Port of Charleston has a huge impact on the continued investment in South Carolina's industrial market by expediting delivery of goods and reducing the cost of transportation for manufacturers.

In June, the South Carolina Ports Authority unanimously approved the agency's largest capital spending plan to date, which includes \$262.3 million in projects. Among these projects are the deepening of the Charleston Harbor, improvements to Wando Welch Terminal and construction of a second inland port in Dillon County.

Inland Port Dillon is slated to open in early 2018 to support growing intermodal cargo volumes between the Port of Charleston and markets throughout the Carolinas, Northeast and Midwest. Located within the Carolina I-95 mega site, Inland Port Dillon is close to I-95, a critical transportation artery of the Southeast. The new facility will offer overnight access to and from Charleston via an existing CSX mainline. Coupled with the inland Port in Greer, this new facility will strengthen competitiveness by improving logistics for companies statewide.

Late in the quarter, Volvo Cars announced it will double its capital investment in Berkeley County to more than \$1.0 billion and add another 1,900 jobs to the region. The plant in Ridgeville will be the exclusive producer of Volvo's new S60 sedan. The first vehicle is expected to be produced by the end of this year with full production.

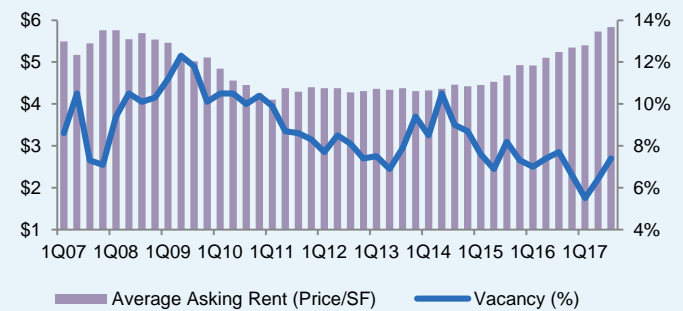
IFA Group, a German automotive supplier whose customers include BMW and Mercedes, also made a major announcement in Berkeley County this quarter. The driveshaft manufacturer announced it is planning to build a 234,000-square-foot manufacturing and distribution facility at 479 Trade Center Parkway in Summerville. The company also plans to invest \$69.0 million and hire 120 people in the coming years.

Current Conditions

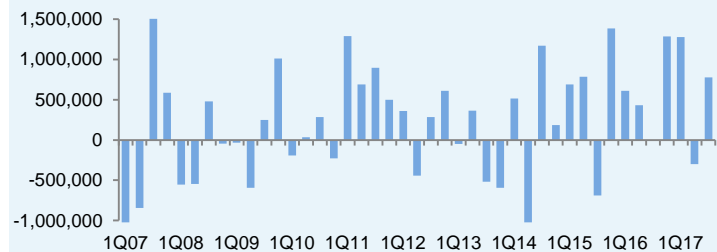
- 1.9 million SF in 4 buildings delivered 3Q17
- 4.7 million square feet in 21 buildings under construction
- Industrial rates: \$5.32/SF, Flex rates: \$15.60/SF
- Overall rates up to \$5.84/SF from \$5.73/SF 2Q17

Market Analysis

Asking Rent and Vacancy



Net Absorption
Square Feet



Market Summary

| | Current Quarter | Prior Quarter | Year Ago Period | 12 Month Forecast |
|--------------------------|-----------------|---------------|-----------------|-------------------|
| Total Inventory | 74.9MSF | 72.9MSF | 72.0MSF | ↑ |
| Vacancy Rate | 7.4% | 6.4% | 7.8% | ↓ |
| Quarterly Net Absorption | 777,932 | -299,434 | 158,039 | ↑ |
| Average Asking Rent | \$5.84 | \$5.73 | \$5.31 | ↑ |



CHARLESTON

3Q17 INDUSTRIAL MARKET

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Submarket Statistics

| | Total Inventory (SF) | Total Vacancy Rate | Total Availability Rate | Qtr Absorption (SF) | YTD Absorption (SF) | INDUSTRIAL Asking Rent (Price/SF) | FLEX Asking Rent (Price/SF) | Total Asking Rent (Price/SF) |
|--------------------------------|----------------------|--------------------|-------------------------|---------------------|---------------------|-----------------------------------|-----------------------------|------------------------------|
| Dorchester | 7,384,051 | 2.0% | 3.2% | 185,012 | 171,778 | \$3.92 | \$13.00 | \$5.34 |
| Downtown (CBD) | 831,809 | 6.5% | 6.5% | -3,011 | -3,011 | \$10.00 | - | \$10.00 |
| East Charleston / Mt. Pleasant | 1,408,871 | 2.2% | 1.2% | -6,900 | -109 | - | \$13.35 | \$13.35 |
| Greater Charleston | 8,537,793 | 5.0% | 7.1% | -9,107 | 324,189 | \$6.18 | \$19.96 | \$6.85 |
| James Island | 723,022 | 11.1% | 11.8% | -74,665 | -66,765 | \$7.12 | - | \$7.12 |
| North Charleston | 31,444,923 | 7.2% | 10.4% | 624,193 | 1,355,014 | \$5.72 | \$16.61 | \$6.45 |
| Outlying Berkeley County | 23,728,305 | 10.7% | 12.6% | 58,614 | -68,927 | \$4.79 | \$10.64 | \$4.85 |
| West Charleston | 796,857 | 0.3% | 0.5% | 3,796 | 44,713 | \$6.10 | \$18.50 | \$7.16 |
| Total Market | 74,856,631 | 7.4% | 10.0% | 777,932 | 1,756,882 | \$5.32 | \$15.60 | \$5.84 |

Lease/User Transactions

| Tenant | Building | Submarket | Type | Square Feet |
|------------------------------|----------------------|--------------------------|---------|-------------|
| Georgia Marine Warehouse Co. | 1770 Hock Ave. | North Charleston | Move-In | 88,288 |
| Professional Builder Supply | 7360 E Spartan Blvd. | North Charleston | Move-In | 89,998 |
| Murray Supply Company | 5802 N Rhett Ave. | Outlying Berkeley County | Move-In | 46,533 |
| CLN Solutions, LLC | 1930 Hanahan Rd. | North Charleston | Move-In | 40,341 |

Select Sales Transactions

| Building | Submarket | Sale Price | Price/SF | Square Feet |
|-------------------------|--------------------|-------------|----------|-------------|
| 1510 Meeting St. | Greater Charleston | \$7,900,000 | \$987.50 | 8,000 |
| 2284 Clements Ferry Rd. | Greater Charleston | \$4,438,000 | \$200.13 | 22,176 |



**SOUTH CAROLINA
3Q17 LABOR STATISTICS**

ECONOMIC CONDITIONS

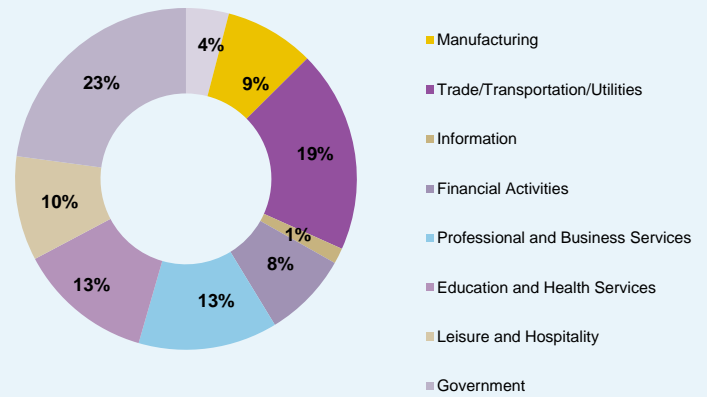
Unemployment in South Carolina has reached an all-time low of 3.9% as of May 2017. The national average for unemployment is currently at 4.3%. Trade, government and professional services continue to dominate the state's employment sectors, as companies continue to migrate into and grow with South Carolina.

South Carolina was ranked fourth for business in Chief Executive's 13th annual Best and Worst States for Business survey, an advancement of three spots from last year and its highest position yet. Additionally, South Carolina was ranked third for manufacturing and fifth for technology. The rankings, which reflect current CEO perceptions of South Carolina's business climate, are considered an accurate assessment of the state's ability to attract and retain business investment.

This year alone, 60 projects were announced in 25 different counties in the state, according to the South Carolina Department of Commerce. In June, three major projects were announced: BMW's expansion in Spartanburg; Samsung's new facility in Newberry; and T-Mobile US's expansion into North Charleston. These projects represent the creation of more than 2,300 new jobs and nearly \$1.0 billion in capital investment.

Employment By Industry

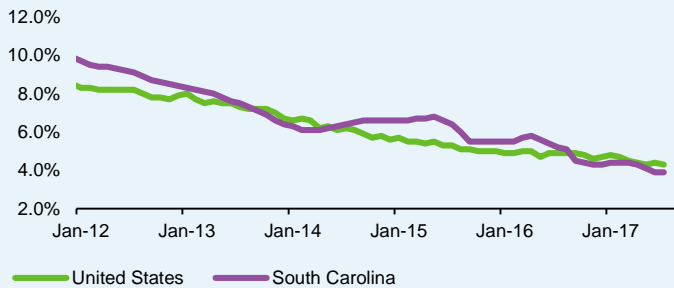
South Carolina, May 2017



Source: U.S. Bureau of Labor Statistics

Unemployment Rate

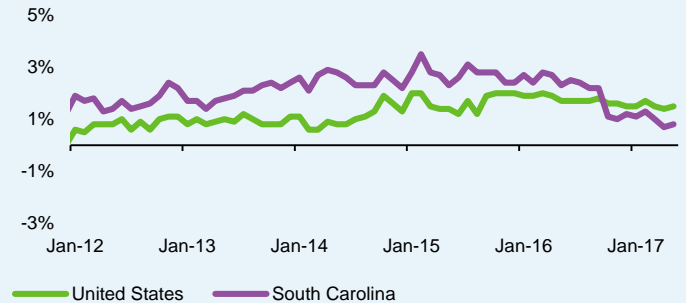
Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics

Payroll Employment

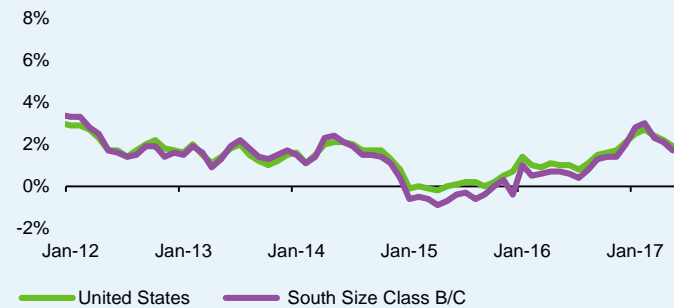
Total Nonfarm, Not Seasonally Adjusted, 12-Month % Change



Source: U.S. Bureau of Labor Statistics

Consumer Price Index (CPI)

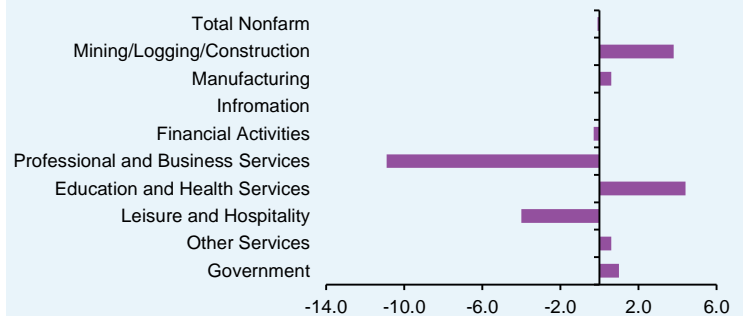
All Items, 12-Month % Change, Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics

Employment Growth by Industry

South Carolina, May 2017, 12-Month % Change, Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics



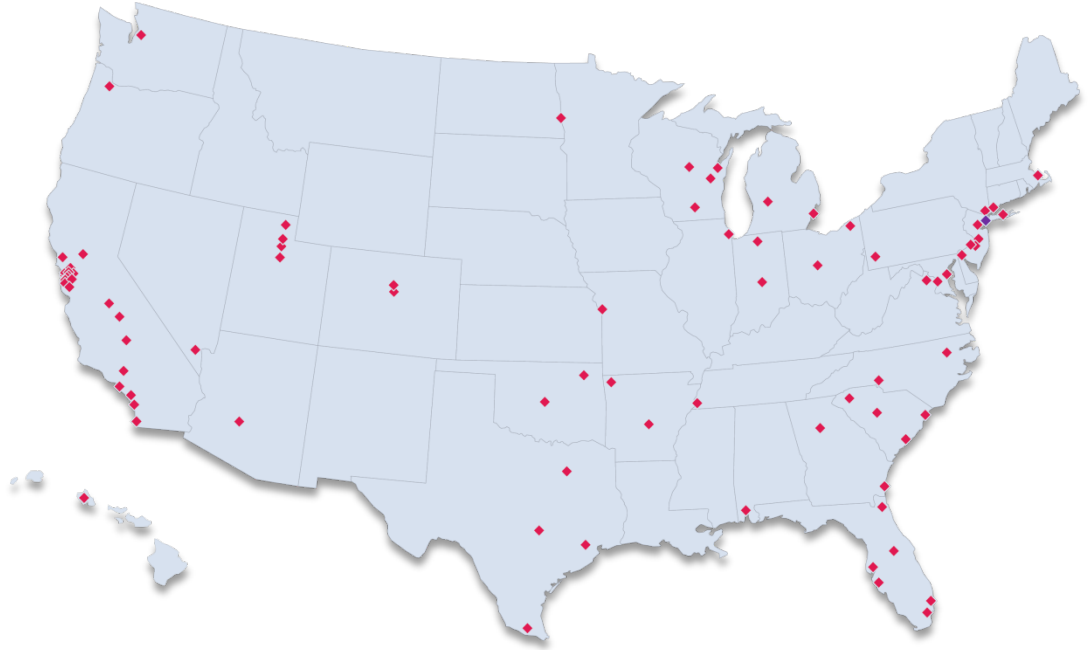
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