



COLUMBIA
3Q17 INDUSTRIAL MARKET

STATEWIDE INDUSTRIAL MARKET BENEFITS FROM RESHORING

Joining the likes of China Jushi and LuLaRoe (both in Richland County) were two companies that made major announcements this quarter regarding capital investment in Columbia’s industrial market:

- In August, Trane, which manufactures heating and air conditioning units, announced a \$96.0 million expansion of its Killian Road plant in Richland County. The Trane expansion brings Richland County’s sole investment total to \$445.0 million in the last 10 months.
- In June, Samsung announced it will open a new, state-of-the-art home appliance production facility at the 453,000-square-foot former Caterpillar facility in Newberry County, an investment of nearly \$380.0 million. Samsung Electronics America President and CEO Tim Baxter cited a desire to reaffirm its commitment to expanding U.S. operations and deepening its connection to American consumers as a driving force behind the company’s investment in Newberry.

A recent report from the Reshoring Initiative determined that the number of manufacturing jobs that returned to the U.S. increased in 2016, while fewer manufacturing jobs moved offshore. The South outpaced the rest of the nation in reshoring and foreign direct investment, with South Carolina benefitting the most.

The report found that 51,468 manufacturing jobs reshored in South Carolina between 2010 and 2016, while 152 companies provided foreign direct investment to the state during this time period. The report also found that the top three industries that were reshoring operations were transportation equipment, electrical equipment and plastic/rubber products.

The report added that the most compelling reasons cited by companies for reshoring or investing in a market include government incentives, skilled workforce/availability of training and proximity to customers/market. The Columbia market remains competitive in these areas in the following ways:

Government Incentives: South Carolina’s pro-business policies include special state discretionary incentives as well as property tax incentives and a range of sales tax exemptions to reduce startup and operating costs. The state also offers performance-based tax incentives that reward companies for job creation and investment.

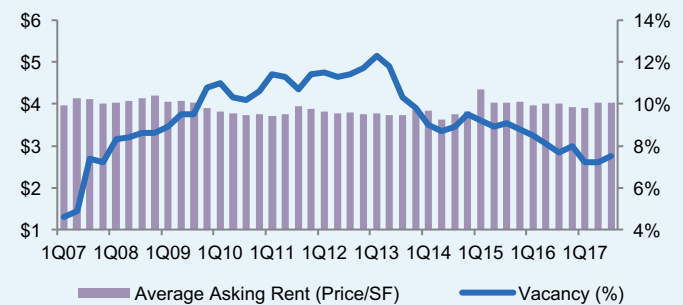
Skilled Workforce Availability/Training: Columbia’s density of skilled workers is bolstered by its proximity to the University of South Carolina

Current Conditions

- Average rates remain over \$4.00/SF
- Industrial rates: \$3.71/SF, Flex rates: \$6.83/SF
- Vacancy across the market at 7.5% - from 9.1% 3Q15

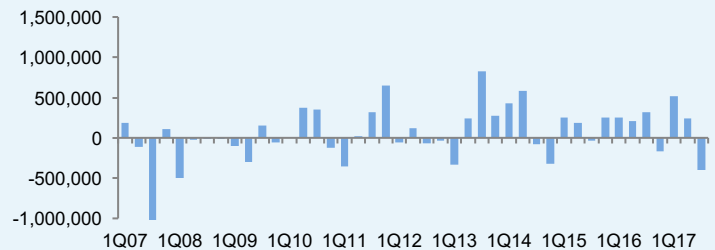
Market Analysis

Asking Rent and Vacancy



Net Absorption

Square Feet



Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	61.4MSF	61.4MSF	61.3MSF	↑
Vacancy Rate	7.5%	7.2%	7.8%	↓
Quarterly Net Absorption	-397,779	348,519	267,216	↑
Average Asking Rent	\$4.03	\$4.02	\$3.91	↑



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and Midland's Technical College. Statewide apprenticeship programs like readySC, which provide customized training for new and expanding businesses and industries, further incentivize corporations looking to relocate in the state.

Proximity to Customers/Market: Columbia's central location, with access to three major freeways, proximity to major markets in Charlotte and Atlanta and proximity to the Port of Charleston, offers

unparalleled ease-to-market advantages. This quarter, with the passage of the first two packages of the Roads Bill projects, \$65.5 million has been dedicated to resurfacing and rehabilitation on nearly 300 miles of roadway in 37 counties. \$4.2 million has been set aside to fund 13 miles of work on 25 roads exclusively in Lexington County.

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)
Cayce / West Columbia	16,068,185	2.3%	5.5%	-50,226	-23,377	\$4.55	\$4.87	\$4.38
Downtown (CBD)	673,978	11.8%	14.5%	5,880	-37,747	\$4.93	\$8.92	\$5.66
Dutch Fork / Irmo	1,370,189	8.9%	8.6%	7,160	-48,692	\$6.83	\$7.18	\$7.15
Fairfield County	2,418,999	46.0%	51.2%	-125,750	-348,770	\$2.35	-	\$2.35
Forest Acres	244,515	-	3.3%	-	2,500	-	\$13.92	\$13.92
Kershaw County	6,898,200	5.4%	5.7%	-97,500	-88,043	\$3.11	-	\$3.11
Lexington	6,261,846	0.8%	2.6%	-8,868	-19,451	\$6.12	\$9.89	\$7.66
North Columbia	3,896,165	6.6%	7.7%	-5,250	30,443	\$3.60	\$4.78	\$3.72
Northeast Columbia	8,621,352	9.9%	12.8%	-134,922	355,852	\$3.71	\$9.10	\$4.08
Saluda County	587,731	12.8%	12.8%	-	160,000	\$1.95	-	\$1.95
Southeast Columbia	12,684,490	9.5%	12.0%	4,786	433,725	\$3.86	\$5.99	\$3.94
Saint Andrews	1,688,302	4.4%	5.0%	6,911	-49	\$12.00	\$10.26	\$10.65
Total Market	61,413,952	7.5%	9.7%	-397,779	416,391	\$3.71	\$6.83	\$4.03

Lease/User Transactions

Tenant	Building	Submarket	Type	Square Feet
Jushi USA	1460 Pineview Dr.	Southeast Columbia	Move-In	818,056
FASTMILE Logistics	1517 Key Rd.	Southeast Columbia	Move-In	30,000
OTS Supply	2029-A Industrial Blvd.	Lexington	Move-In	7,500
Carrier	560 Chris Dr.	West Columbia	Move-In	3,656

Select Sales Transactions

Building	Submarket	Sale Price	Price/SF	Square Feet
2716 Shop Rd.	Southeast Columbia	\$2,300,000	\$135.29	17,000
1450 Bluff Rd.	Southeast Columbia	\$1,700,000	\$69.67	24,400
1440 Atlas Rd.	Southeast Columbia	\$3,550,000	\$28.97	122,552



**SOUTH CAROLINA
3Q17 LABOR STATISTICS**

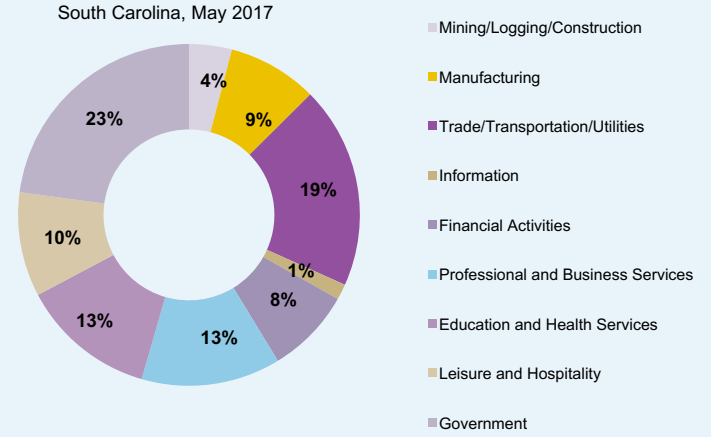
ECONOMIC CONDITIONS

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.

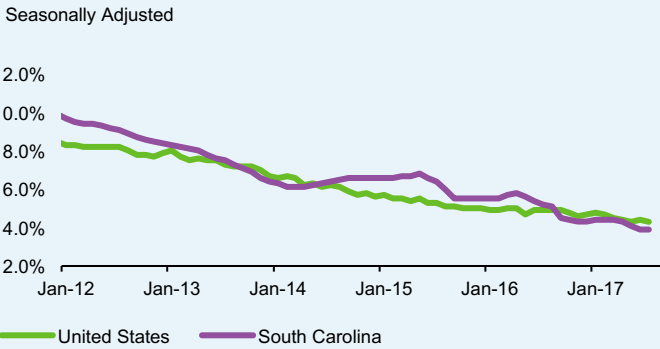
This year alone, 60 projects were announced in 25 different counties in the state, according to the South Carolina Department of Commerce. In June alone, three major projects were announced: BMW's expansion in Spartanburg; Samsung's new facility in Newberry; and T-Mobile US's expansion into North Charleston.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

Employment By Industry



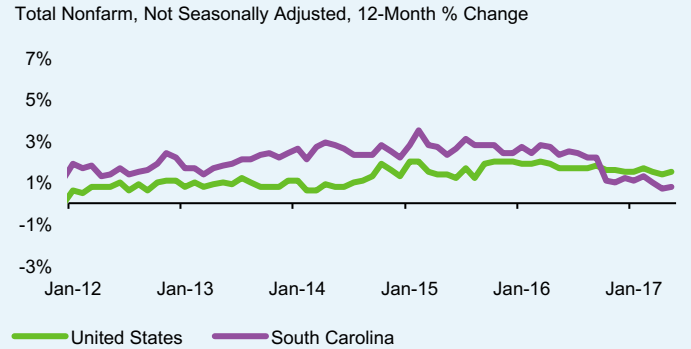
Source: U.S. Bureau of Labor Statistics

Unemployment Rate



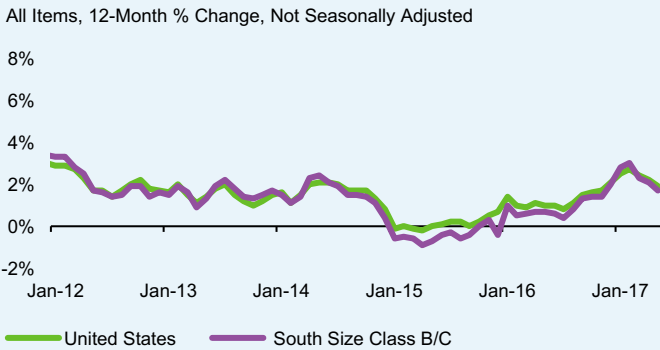
Source: U.S. Bureau of Labor Statistics

Payroll Employment



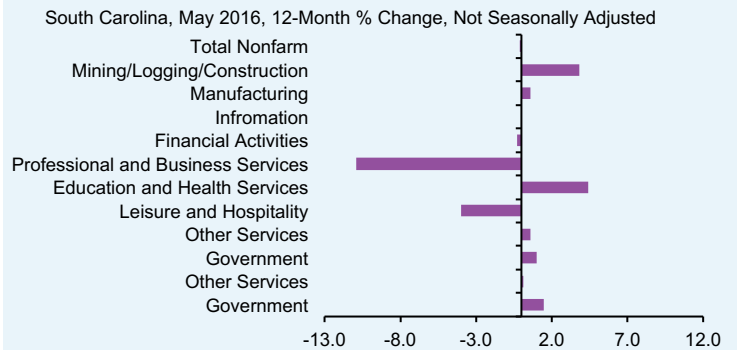
Source: U.S. Bureau of Labor Statistics

Consumer Price Index (CPI)



Source: U.S. Bureau of Labor Statistics

Employment Growth by Industry



Source: U.S. Bureau of Labor Statistics



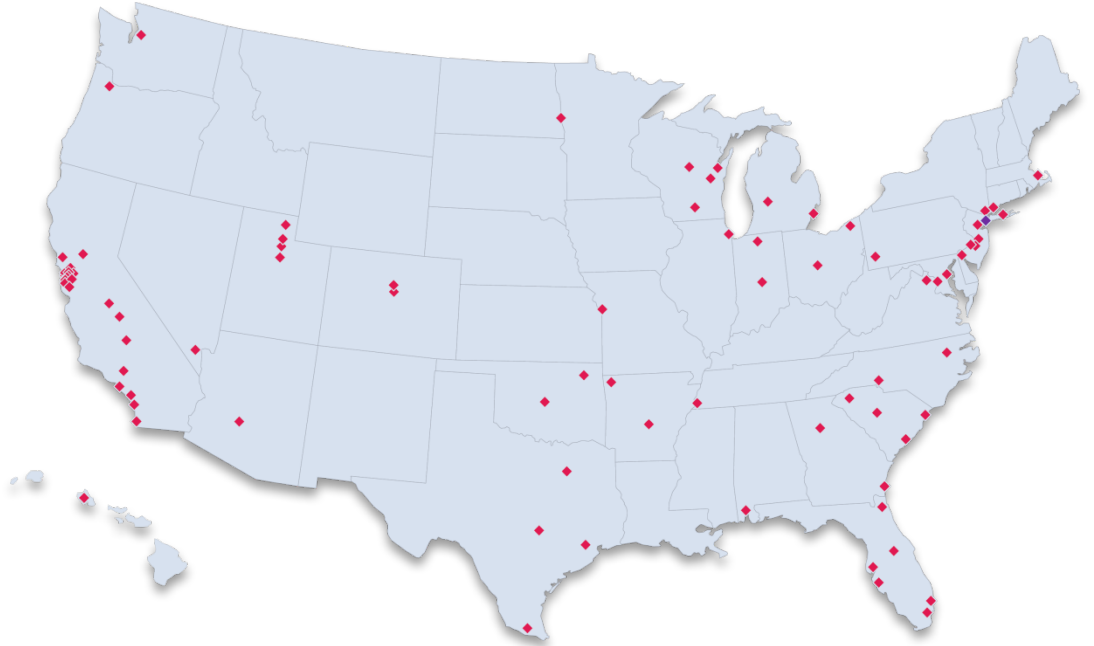
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