

CHARLESTON
4Q17 INDUSTRIAL MARKET

**SOUTH CAROLINA PORTS
AUTHORITY HANDLES
RECORD CONTAINER
VOLUME IN 2017**

The \$5.25-billion Panama Canal expansion project has increased the size of vessels able to traverse the Panama Canal from 5,000 20-foot equivalent (TEU) containers to 14,000 TEUs. The largest vessels, carrying 13,000 to 14,000 TEUs are known as “New Panamax” and have ushered in a new age in shipping.

While the East Coast has a lower share of import cargo than its West Coast counterparts (roughly 35% compared to 65% on the West Coast), someday the two coasts could potentially handle equal volume of inbound cargo. For shippers like BMW, Bosch and other suppliers, vendors and small businesses, this means ocean shipping is far cheaper than in years past.

In fiscal year 2017, the South Carolina Ports Authority handled 2.14 million TEUs, the most in its history. In September, the port handled 179,856 TEUs, a 10.0% growth from the previous month. This growth augments South Carolina’s economy and positions the state as a leading manufacturing location. The port is an important asset, not only for Charleston but for the entire state, and a powerful recruitment tool for companies considering investing in the South Carolina market.

This record growth in container shipments has led the SCPA’s board of directors to approve a \$69.5-million contract to purchase six new ship-to-shore cranes, the single largest order in SCPA history.

In another effort to maintain the port’s competitive edge, the State of South Carolina and the South Carolina Ports Authority are investing over \$2 billion over the next decade in port infrastructure to ensure it remains among the top 10 ports in the U.S.

Two contracts were awarded this quarter by the Army Corps of Engineers in the project to deepen the Charleston Harbor entrance channel so that the New Panamax vessels can dock at the port, regardless of tides.

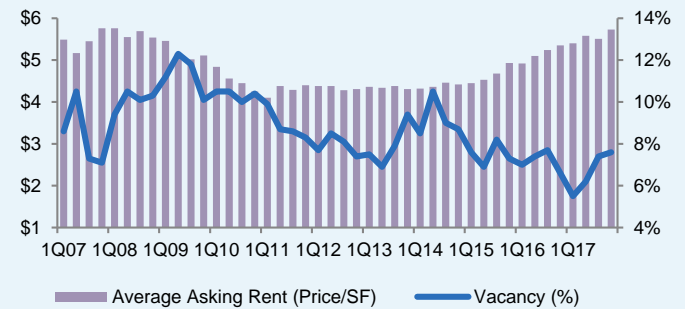
The contracts awarded \$260.0 million and will result in the removal of nearly 14 million cubic yards of material from the entrance channel. The dredging project will bring the 20-mile entrance channel to a depth of 54 feet. The dredging project is the first step in a \$529.0-million initiative to allow more and larger ships to use the port terminals without having to wait for high tide. Charleston’s deep-water harbor will soon be the deepest on the entire East Coast.

Current Conditions

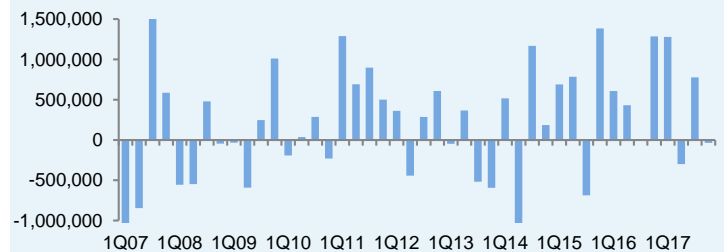
- 4.7 million square feet in 21 buildings under construction
- Industrial rates: \$5.09/SF, Flex rates: \$14.04/SF
- Overall rates up to \$5.73/SF from \$5.51/SF 3Q17

Market Analysis

Asking Rent and Vacancy



Net Absorption
Square Feet



Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	70.7	70.6	69.1MSF	↑
Vacancy Rate	7.6%	7.4%	6.2%	↑
Quarterly Net Absorption	-35,654	-392,566	1,220,032	↑
Average Asking Rent	\$5.73	\$5.51	\$5.42	↑

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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	7,020,870	2.5%	3.4%	-76,750	87,773	\$7.15	\$14.62	\$10.84
Downtown (CBD)	789,154	6.4%	6.4%	-	-	\$10.00	-	\$10.00
East Charleston / Mt. Pleasant	1,269,971	0.7%	0.9%	20,650	22,041	\$12.00	\$16.65	\$15.16
Greater Charleston	8,050,173	5.1%	7.4%	-13,810	351,997	\$7.09	\$12.99	\$7.52
James Island	616,948	12.0%	12.9%	4,000	-63,965	\$16.00	-	\$16.00
North Charleston	29,268,239	8.0%	9.8%	59,291	581,959	\$5.13	\$15.22	\$6.03
Outlying Berkeley County	22,957,050	10.0%	10.9%	-31,335	-417,711	\$4.38	\$8.56	\$4.47
West Charleston	715,720	0.6%	0.6%	2,300	57,433	\$12.85	\$18.50	\$13.96
Total Market	70,688,125	7.6%	9.0%	-35,654	619,527	\$5.09	\$14.04	\$5.73

Lease/User Transactions

Tenant	Building	Submarket	Type	Square Feet
	2650 Fassitt Rd.	North Charleston	Move-In	120,200
Continental Terminals, Inc.	201 Luken Rd.	Outlying Berkeley County	Renewal	101,750
	7246 Stall Rd.	North Charleston	Move-In	99,000
Wyse Logistics, Inc.	4400 Arco Ln.	North Charleston	Move-In	62,221

Select Sales Transactions

Building	Submarket	Sale Price	Price/SF	Square Feet
FedEx Distribution- 1892 Anfield Rd.	North Charleston	\$21,872,170	\$179.75	121,683
4500 Leeds Avenue (Buildings 1, 2, 3)	North Charleston	\$42,000,000	\$39.73	1,057,000

**SOUTH CAROLINA
4Q17 LABOR STATISTICS**

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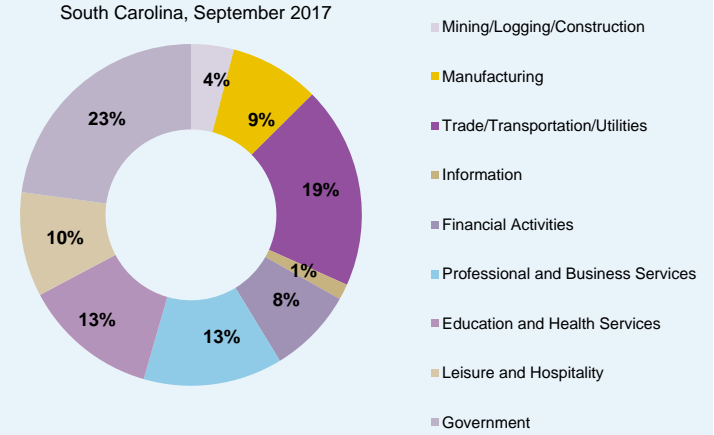
ECONOMIC CONDITIONS

Unemployment in South Carolina has reached an all-time low of 3.9% as of August 2017. The national average for unemployment is currently at 4.1%. 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.

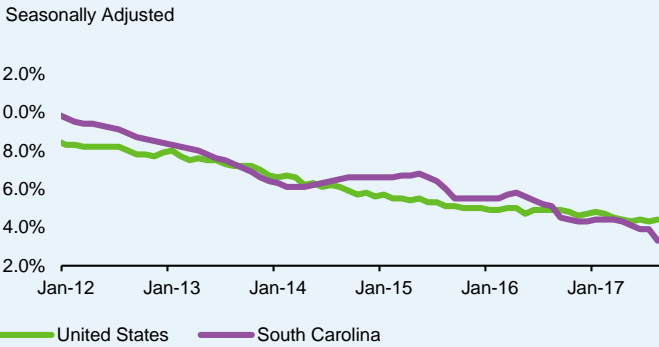
This year alone, 60 projects were announced in 25 different counties in the state, according to the South Carolina Department of Commerce. In June, three major projects were announced: BMW's expansion in Spartanburg; Samsung's new facility in Newberry; and T-Mobile US's expansion into North Charleston.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

Employment By Industry



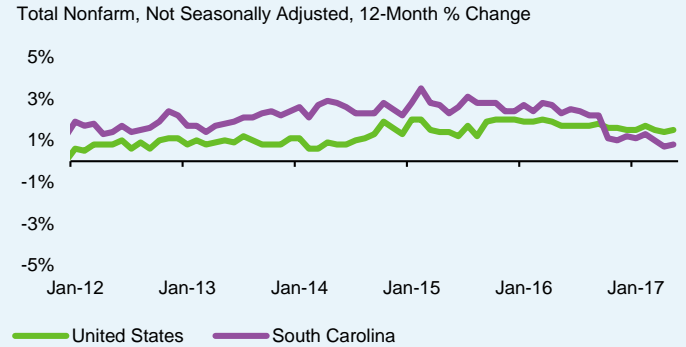
Source: U.S. Bureau of Labor Statistics

Unemployment Rate



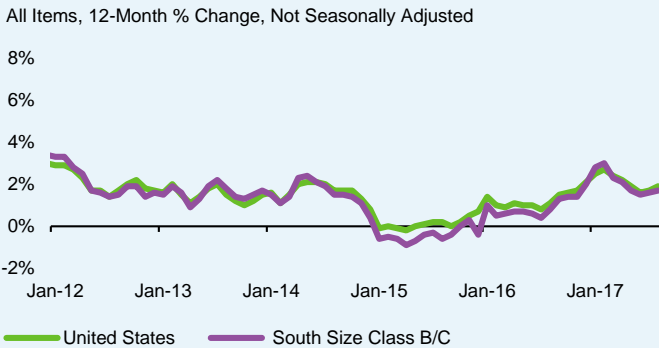
Source: U.S. Bureau of Labor Statistics

Payroll Employment



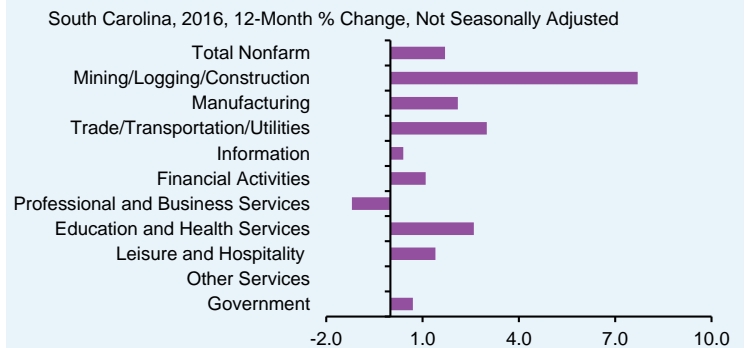
Source: U.S. Bureau of Labor Statistics

Consumer Price Index (CPI)



Source: U.S. Bureau of Labor Statistics

Employment Growth by Industry



Source: U.S. Bureau of Labor Statistics

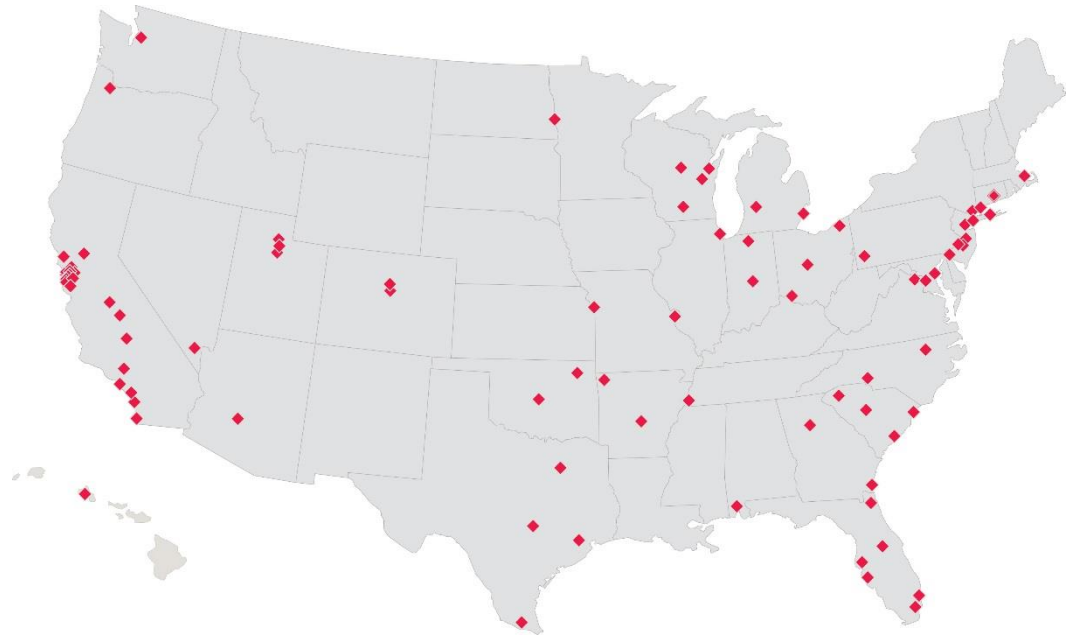
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