

COLUMBIA
4Q17 INDUSTRIAL MARKET

RICHLAND COUNTY SEES SURGE IN CAPITAL INVESTMENT IN 2017

South Carolina continues to be recognized as a state high on several lists for capital investment. This quarter, South Carolina moved up a spot to number six in Site Selection’s business climate rankings, though the same site selectors and executives continue to perceive the Palmetto State as second-best in the country. In the executive survey, corporate officials are asked to rank the states based on their recent experience of locating facilities in them. South Carolina followed Texas in this ranking.

South Carolina also ranked fourth among the 50 states for having the best business climate in a recent survey of U.S. corporate executives conducted by Development Counsellors International. The survey, which is done every three years, draws responses from executives at large- and mid-sized companies, as well as location advisers.

These findings are in line with the industrial and manufacturing activity that’s been seen in the state’s capital market of Columbia this year, namely in Richland County. In August, Trane, which manufactures heating and air conditioning units announced an expansion of its Killian Road plant, investing \$96.0 million in the project and more than doubling its workforce. That announcement boosted the investment total to \$445.0 million in capital investment in Richland County alone in a 10-month timeframe.

In addition to Trane, other economic developments announced in Richland County this year include:

- The fiberglass manufacturer China Jushi is building a \$300.0-million plant in Richland County’s new Pineview Industrial Park. A second phase of this project will include an identical plant not included in initial plans.
- Hengshi, a Chinese manufacturer of fiberglass fabric, also plans to locate in Pineview Industrial park, investing \$11.1 million in a 111,000-square-foot facility.
- In November, Woodfield Systems USA, a design, manufacturing and sales organization, announced it will move into a 39,000-square-foot facility at 200 Business Park Boulevard. It will produce loading arms and metering and process skids to aid in the loading and unloading of tanker trucks and rail cars.
- Ritedose, a pharmaceutical products manufacturer, announced it is expanding its Richland County operations with a new \$10.0-million, 140,000-square-foot facility at Enterprise Industrial Campus of Midlands Technical College in northeast Columbia.

Factors attracting investment in Richland County include:

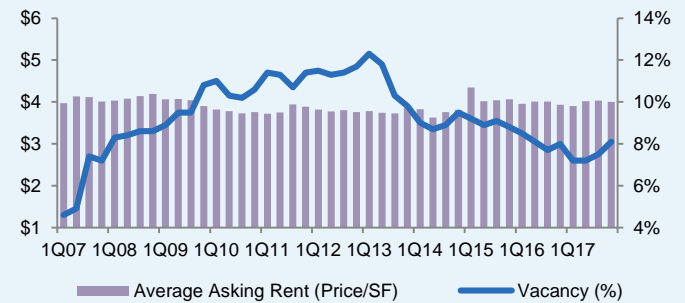
- **Location factors:** Richland County is at the intersection of three major interstates with ease of access to Greenville, Charleston, Charlotte and Atlanta.
- **Workforce:** Richland County features several technical colleges, as well as Fort Jackson, which retires an average of 75 soldiers per month who usually go on to take civilian jobs. Further, Richland County has the youngest workforce in South Carolina with a median age of 32.7.

Current Conditions

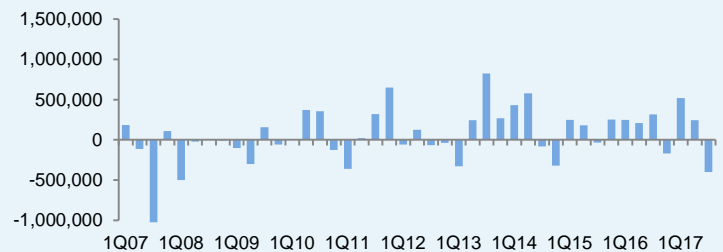
- Rates are highest market has seen since 2009 at \$4.00/SF
- Industrial rates: \$3.84/SF, Flex rates: \$5.15/SF
- Vacancy across the market holds steady at 8.1%
- Deliveries this quarter, including the Midway Logistics II building with 150,000 square feet of available space, leads to negative quarterly net absorption

Market Analysis

Asking Rent and Vacancy



Net Absorption
Square Feet



Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	60.3 MSF	60.1 MSF	60.1 MSF	↑
Vacancy Rate	8.1%	7.5%	8.5%	↓
Quarterly Net Absorption	-232,941	-204,817	-143,914	↑
Average Asking Rent	\$4.00	\$4.03	\$3.77	↑

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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)
Cayce / West Columbia	15,832,269	4.3%	7.3%	-151,487	-125,004	\$4.35	\$3.12	\$4.09
Downtown (CBD)	658,821	11.6%	13.6%	-	-36,985	\$4.71	\$4.75	\$4.71
Dutch Fork / Irmo	1,233,416	3.0%	3.8%	82,882	31,430	\$5.78	\$6.79	\$6.37
Fairfield County	2,418,999	35.2%	43.3%	230,000	-88,770	\$2.55	-	\$2.55
Forest Acres	68,877	-	-	-	-	-	-	-
Kershaw County	6,751,702	5.6%	5.8%	-	-88,043	\$3.20	-	\$3.20
Lexington	5,966,941	0.6%	3.5%	9,700	-9,400	\$6.55	\$10.00	\$7.94
North Columbia	3,759,369	6.5%	7.4%	-6,400	29,523	\$3.55	\$5.02	\$3.74
Northeast Columbia	8,495,922	12.4%	14.5%	-215,468	231,024	\$3.65	\$7.94	\$4.02
Saluda County	587,731	-	-	75,000	235,000	\$1.95	-	\$1.95
Southeast Columbia	12,770,136	11.7%	13.1%	-261,368	198,757	\$3.71	\$5.16	\$3.80
Saint Andrews	1,653,851	3.6%	4.2%	4,200	9,511	-	\$10.90	\$10.90
Total Market	60,290,802	8.1%	10.3%	-232,941	387,043	\$3.84	\$5.15	\$4.00

Lease/User Transactions

Tenant	Building	Submarket	Type	Square Feet
	200 Business Park Blvd.	Northeast Columbia	Move-In	39,353
	471 Old Barnwell Rd.	Cayce/West Columbia	Move-In	35,000
	17,652	1450 Bluff Rd.	Southeast Columbia	Move-In

Select Sales Transactions

Building	Submarket	Sale Price	Price/SF	Square Feet
501 Clemson Rd.	Northeast Columbia	\$2,000,000	\$25.84	77,400
720-724 Chris Dr.	Cayce/West Columbia	\$1,550,000	\$36.80	42,122
2759 Old Belleville Rd.	Outlying Calhoun County	\$1,200,000	\$14.00	85,725

SOUTH CAROLINA
4Q17 LABOR STATISTICS

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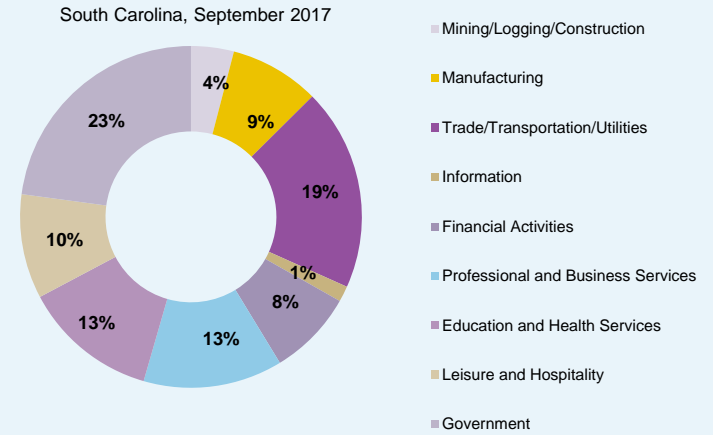
ECONOMIC CONDITIONS

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 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.

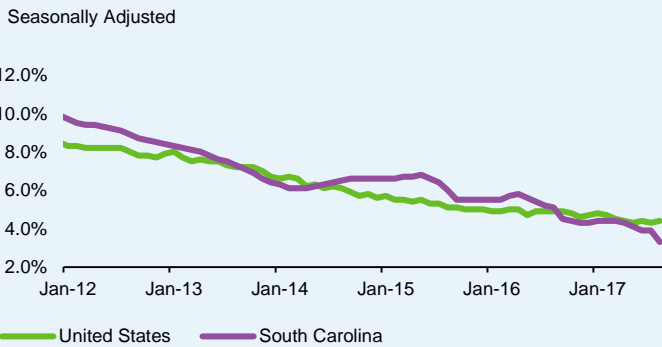
This year alone, 60 projects were announced in 25 different counties in the state, according to the South Carolina Department of Commerce. In June alone, three major projects were announced: BMW's expansion in Spartanburg; Samsung's new facility in Newberry; and T-Mobile US's expansion into North Charleston.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

Employment By Industry



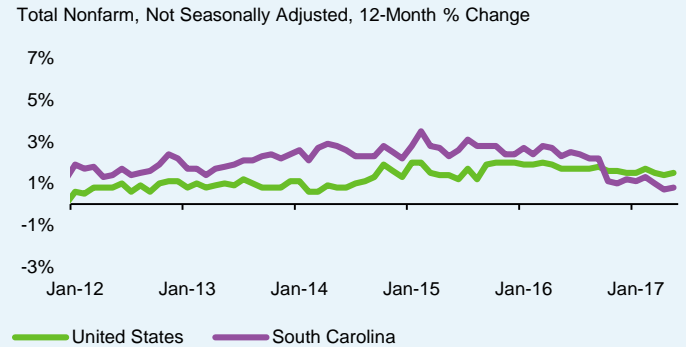
Source: U.S. Bureau of Labor Statistics

Unemployment Rate



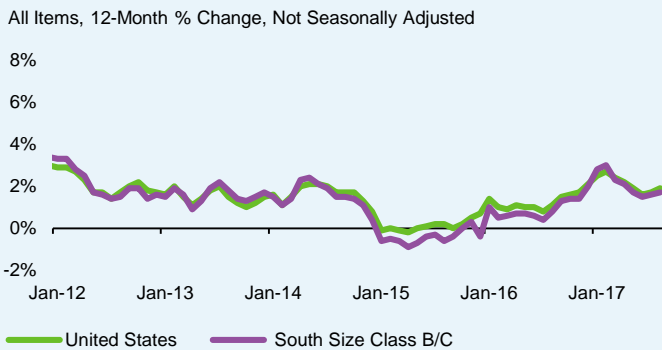
Source: U.S. Bureau of Labor Statistics

Payroll Employment



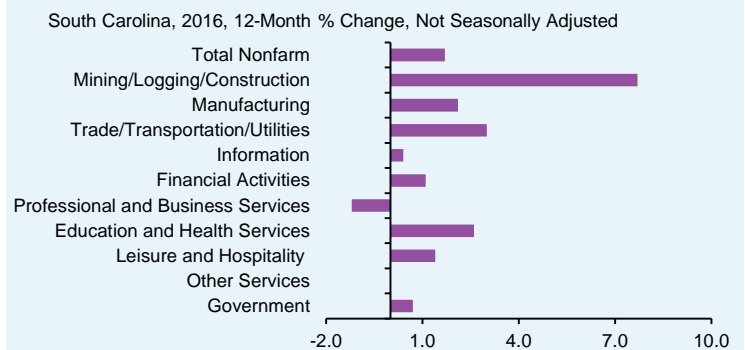
Source: U.S. Bureau of Labor Statistics

Consumer Price Index (CPI)



Source: U.S. Bureau of Labor Statistics

Employment Growth by Industry



Source: U.S. Bureau of Labor Statistics

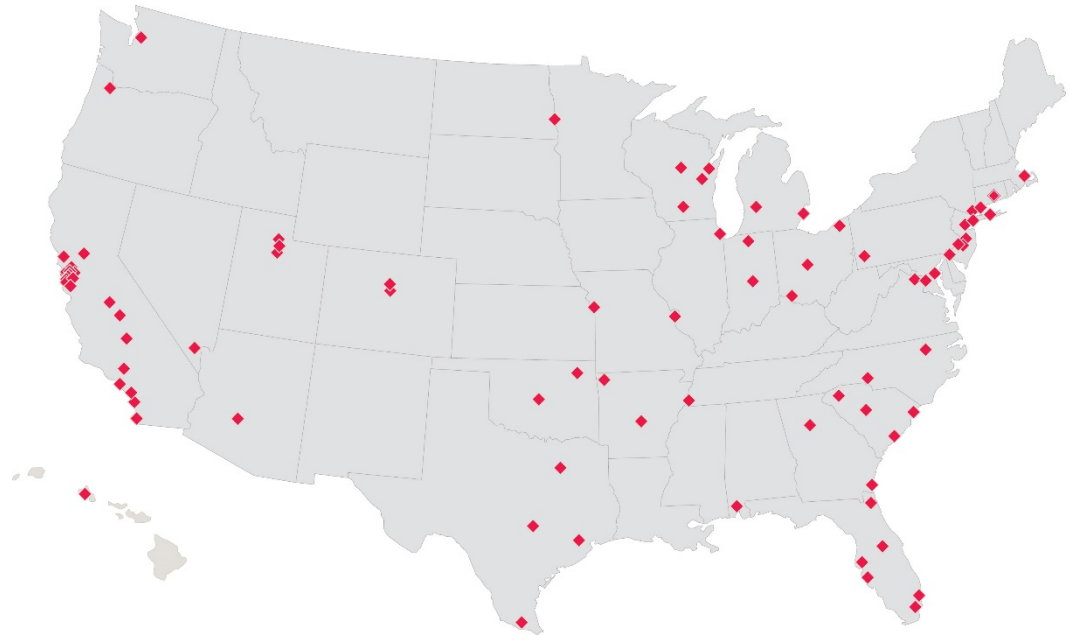
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