

COLUMBIA
1Q18 INDUSTRIAL MARKET

ECONOMIC EXPANSIONS DON'T
DIE OF OLD AGE

This year, the current economic expansion in the United States will become the second longest in the nation's history. Economists continue to echo the sentiment that expansions don't die of old age. An old expansion like the current one is not more likely to enter a recession than a young expansion. South Carolina's economy is in a very good position moving into 2018.

As a testament to the state's steady economic holding, South Carolina's total export sales set a record for the eighth consecutive year in 2017. The SC Export Incentives Program, which reimburses small and midsize businesses that participate in trade missions and exhibitions, has been credited with encouraging the steady export growth in the state, from \$24.7 billion in 2011 to \$32.0 billion in 2017. Vehicle exports dominated at \$11.0 billion, followed by aircraft at \$6.0 billion and machinery at nearly \$4.0 billion.

Expect these numbers to continue to grow, considering that South Carolina brought in 157 economic development projects and \$5.2 billion in capital investment last year. Unsurprisingly, automotive led the way. Volvo's investment in Berkley County and BMW's investment in Spartanburg County accounted for a combined \$1.2 billion in capital investment. Samsung's \$380.0 million manufacturing plant in Newberry, which launched production in January, represented the third-largest capital investment of the year. The South Korea-based electronics manufacturer announced this quarter it will be adding a second production line for the assembly of top-load washing machines at its Newberry plant, which is located in the former Caterpillar plant at 284 Mawsons Way.

As South Carolina approaches full employment, labor shortages constitute the largest hurdle to continued expansion. The unemployment rate in South Carolina increased slightly in December, from 3.9% to 4.1%, but the number of job openings rose by 2,500 that same month. Various workforce training programs exist to promote workforce development in the state. One such program, readySC, offers customized training for new or expanding businesses in South Carolina at little or no cost to qualifying companies.

Major announcements this quarter included:

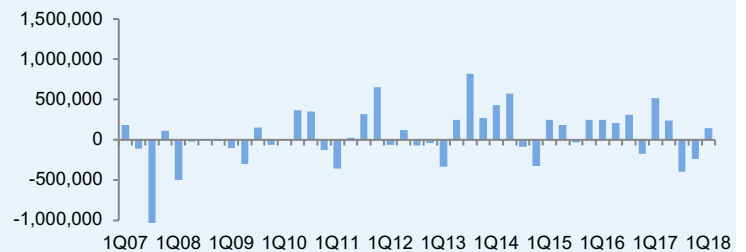
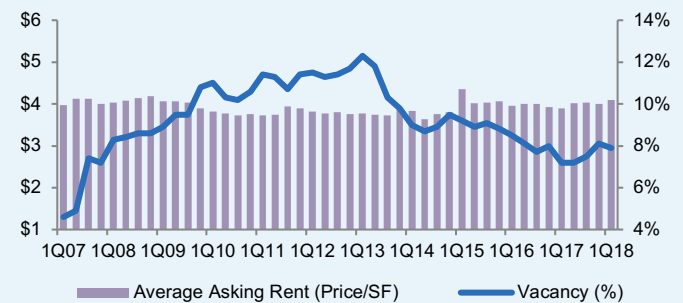
- Zeus Industrial Products, which manufactures polymer tubing for a variety of industries, announced in February that it is expanding its current operations in Orangeburg and Gaston, creating an additional 370 jobs over the next several years. The \$76.0 million Gaston expansion will contain 148,000 square feet of manufacturing space and is expected to be completed in 2019. The \$15.9 million Orangeburg expansion will add 64,000 square feet to the existing facility.

(cont'd)

Current Conditions

- Rates are highest market has seen since 2009 at \$4.29/SF
- Industrial rates: \$4.07/SF, Flex rates: \$7.08/SF
- Vacancy holds steady at 7.9%
- 141,732 SF positively absorbed in the first quarter

Market Analysis



Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	60.8 MSF	60.6 MSF	60.3 MSF	↑
Vacancy Rate	7.9%	8.1%	7.7%	↓
Quarterly Net Absorption	141,732	-232,941	519,065	↔
Average Asking Rent	\$4.29	\$4.00	\$4.01	↑

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- The Rite Dose Corporation, which specializes in the production of inhalation products, eye drops, ear drops and oral liquids, broke ground this quarter on a 153,000-square-foot facility at the Enterprise Industrial Campus of Midlands Technical College in Northeast Columbia. The expansion represents a \$10.0 million investment in Richland County.
- Magnus Development Partners broke ground on a third Midway Logistics speculative building in Lexington County Industrial Park this quarter. The 200,000-square-foot, multi-tenant building has been designed to accommodate Class A distribution and light manufacturing tenants and is set to be completed by fourth-quarter 2018.

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	15,896,690	4.7%	7.6%	-152,917	-152,917	\$4.71	\$3.87	\$4.69
Downtown (CBD)	658,821	9.5%	11.7%	14,128	14,128	\$4.67	-	\$4.67
Dutch Fork / Irmo	1,219,274	2.2%	2.6%	9,255	9,255	-	\$7.00	\$7.00
Fairfield County	2,496,899	34.1%	42.0%	-	-	\$2.53	-	\$2.53
Forest Acres	161,618	-	-	-	-	-	-	-
Kershaw County	6,977,365	4.3%	4.5%	87,410	87,410	\$3.49	-	\$3.49
Lexington	5,969,692	1.0%	1.4%	-22,567	-22,567	\$6.27	\$10.00	\$7.40
North Columbia	3,797,326	7.8%	7.8%	-10,843	-10,843	\$4.06	\$5.02	\$4.17
Northeast Columbia	8,575,181	10.0%	13.5%	239,075	239,075	\$4.05	\$8.08	\$4.54
Saluda County	605,431	14.6%	14.6%	-88,200	-88,200	\$1.95	-	\$1.95
Southeast Columbia	12,804,046	11.3%	12.3%	68,991	68,991	\$3.69	\$5.83	\$3.82
Saint Andrews	1,642,691	3.8%	4.4%	-2,600	-2,600	-	\$10.90	\$10.90
Total Market	60,801,034	7.9%	9.8%	141,732	141,732	\$4.07	\$7.08	\$4.29

Lease/User Transactions

Tenant	Building	Submarket	Type	Square Feet
Concept Packaging	200 East Church St.	Fairfield County	Move-In	82,000
Woodfield Systems USA	200 Business Park Blvd.	Northeast Columbia	Move-In	39,353
Commercial Properties, LLC	100 Enterprise Pkwy.	Cayce/West Columbia	Move-In	35,000

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

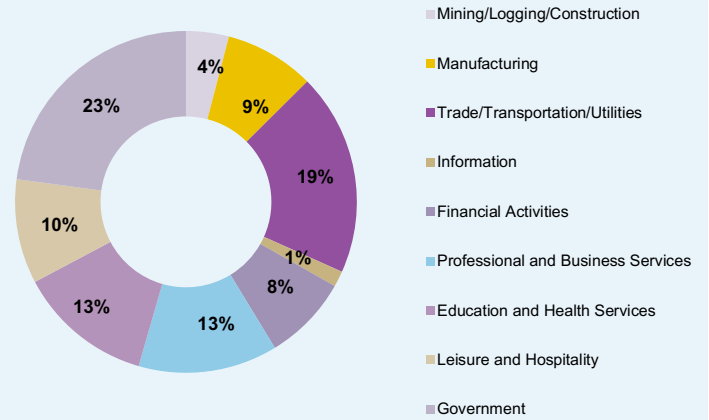
**SOUTH CAROLINA
1Q18 LABOR STATISTICS**

ECONOMIC CONDITIONS

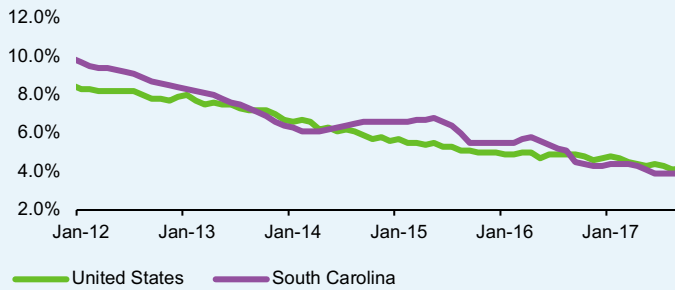
Unemployment in South Carolina has risen from 3.9% in August 2017 to 4.3% in January 2018. The national average for unemployment has held steady at 4.1%. Trade, government and professional services continue to dominate the state's employment sectors.

South Carolina was ranked *Business Facilities* magazine's 2017 state of the year. The magazine, which has targeted corporate site selectors and economic development professionals for more than 50 years, cited Samsung's new \$380 million home appliance plant in Newberry County, along with BMW and Volvo's expansions that have catapulted South Carolina to one of the top places to do business in the country.

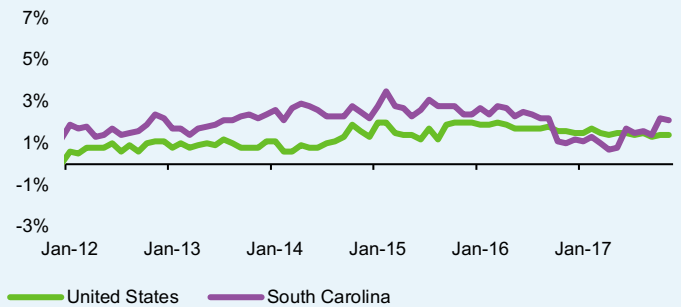
Employment By Industry



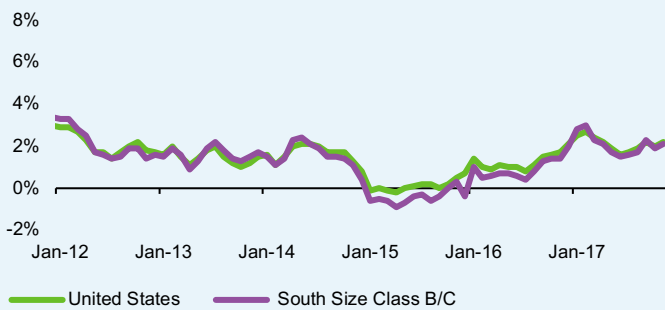
Unemployment Rate



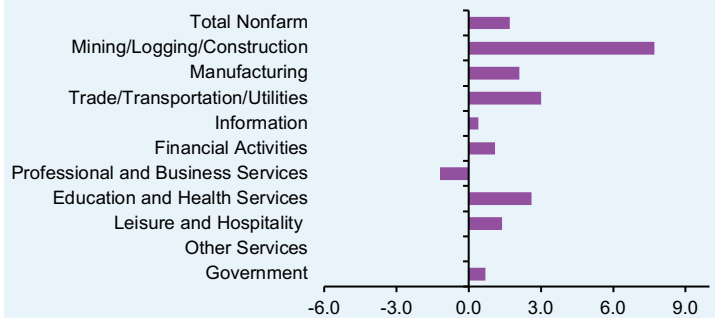
Payroll Employment



Consumer Price Index (CPI)



Employment Growth by Industry



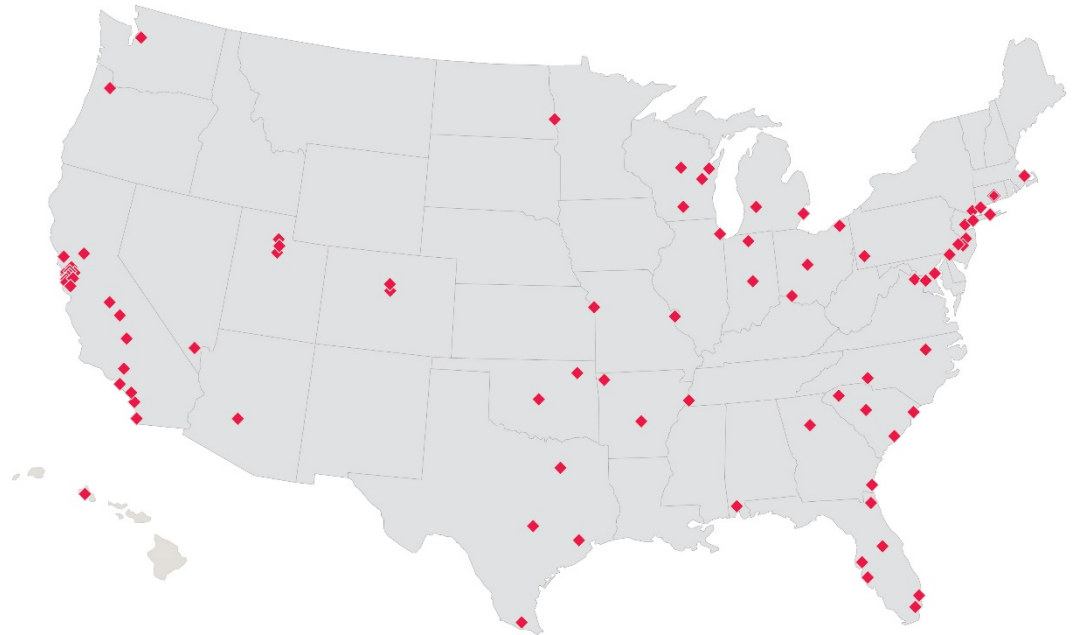
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