

COLUMBIA INDUSTRIAL MARKET

ECONOMY ENTERS SECOND-LONGEST EXPANSION ON RECORD

As the midpoint of 2018 approaches, the economy has just passed a significant milestone: This is now officially the second-longest expansion on record. In fact, the stimulus of federal tax reform has increased the probability that this economic upturn could result in the longest expansion in history. Market fundamentals are strong and commercial real estate is performing well this year, and the latest forecasts predict that the cycle will not turn until as late as 2020 or 2021.

As a testament to South Carolina's steady economic growth, the state'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 Berkeley 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 add 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.

CURRENT CONDITIONS

Vacancy is down to 7.4%

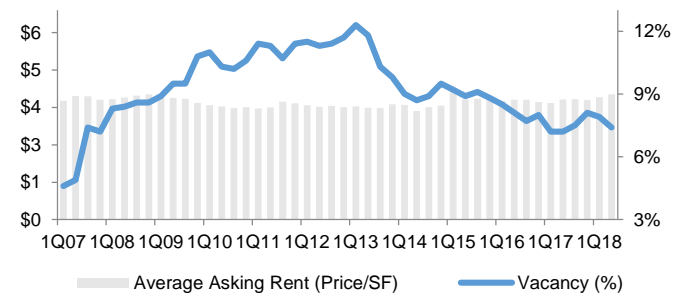
206,685 square feet positively absorbed in second-quarter 2018

1,035,187 square feet is currently under construction

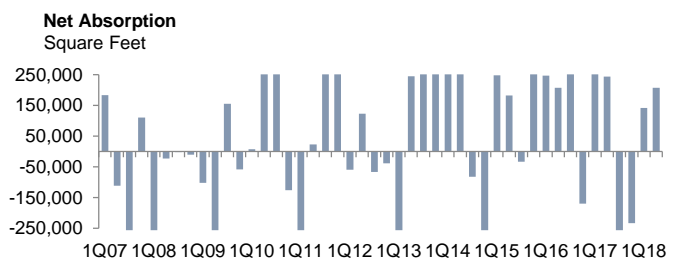
MARKET ANALYSIS

Asking Rent and Availability

Asking Rent and Vacancy



Net Absorption (SF, Millions)



MARKET SUMMARY

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	61.03 MSF	61.02 MSF	60.70 MSF	↑
Vacancy Rate	7.4%	7.9%	6.7%	↓
Quarterly Net Absorption	206,685	144,599	359,522	↑
Average Asking Rent	\$4.19	\$4.09	\$3.94	↑
Under Construction	1,035,187 SF	1,026,217 SF	818,056 SF	↑

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	16,109,599	3.9%	6.8%	73,816	-59,701	\$4.69	-	\$4.69
Downtown (CBD)	708,821	8.8%	10.1%	-163	8,837	\$4.45	\$15.31	\$5.55
Dutch Fork / Irmo	1,219,274	1.6%	2.4%	8,300	17,555	\$7.39	\$6.79	\$7.03
Fairfield County	2,495,303	41.0%	47.1%	-172,450	-172,450	\$2.56	-	\$2.56
Forest Acres	161,618	0.0%	0.0%	-	-	-	-	-
Kershaw County	6,977,365	1.6%	2.0%	168,000	270,085	\$2.53	-	\$2.53
Lexington	5,969,742	1.1%	1.3%	1,000	-27,367	\$6.04	\$6.34	\$6.16
North Columbia	3,803,174	6.7%	8.4%	37,013	26,670	\$4.18	\$5.02	\$4.25
Northeast Columbia	8,449,468	13.5%	14.5%	-350,430	-134,828	\$3.84	\$6.55	\$4.13
Saluda County	600,931	14.7%	14.7%	-	-13,200	-	-	-
Southeast Columbia	12,847,779	8.3%	8.4%	444,924	472,156	\$3.90	\$6.31	\$3.96
Saint Andrews	1,688,691	4.5%	4.9%	-3,325	-15,395	\$7.00	\$8.49	\$8.15
Market	61,031,765	7.4%	8.8%	206,685	372,362	\$4.07	\$5.22	\$4.19

SELECT LEASE TRANSACTIONS

Tenant	Building	Submarket	Type	Square Feet
Invista	2 Business Parkway	Kershaw County	New	168,000
Guardian Fueling Tech	155 Corporate Lane	Northeast Columbia	New	8,000

SELECT SALES TRANSACTIONS

Building	Submarket	Sales Price	Price/SF	Square Feet
845 Rosewood Drive	Southeast Columbia	\$3,250,000	\$37.09	87,623
1090 Shop Road	Southeast Columbia	\$850,000	Industrial Land	117,612 (Land)
100 Greystone Blvd.	St Andrews	\$795,000	\$30.16	26,360

Economic

Unemployment in South Carolina remains low at 4.2% as of April 2018. The national average for unemployment currently sits at 3.9%. Trade, government and professional services continue to dominate the state's employment sectors, as companies continue to migrate into and grow with South Carolina.

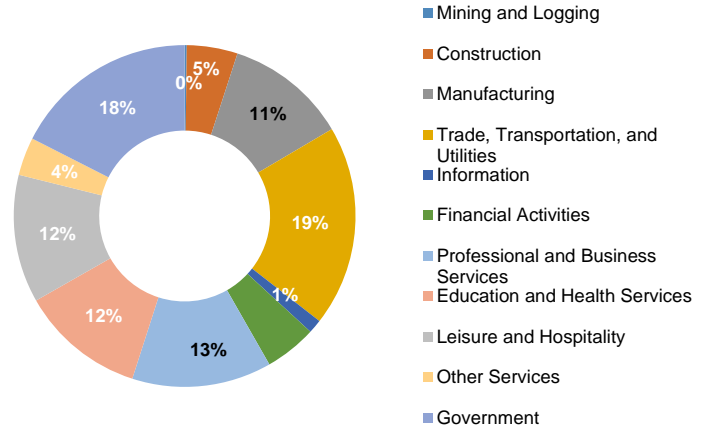
South Carolina was ranked *Business Facilities' 2017 State of the Year*. The magazine cited Samsung's new, \$380.0 million home appliance plant in Newberry County as well as BMW's and Volvo's expansions, which have catapulted South Carolina to one of the top places to do business in the country.

South Carolina brought in 157 economic development projects and \$5.2 billion in capital investment in 2017. This was also the state's eighth consecutive year of record-setting total export sales. The SC Export Incentives Program, which reimburses small and midsize businesses that participate in trade missions and exhibitions, has been credited with encouraging the state's steady export growth, 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.

Conditions

EMPLOYMENT BY INDUSTRY

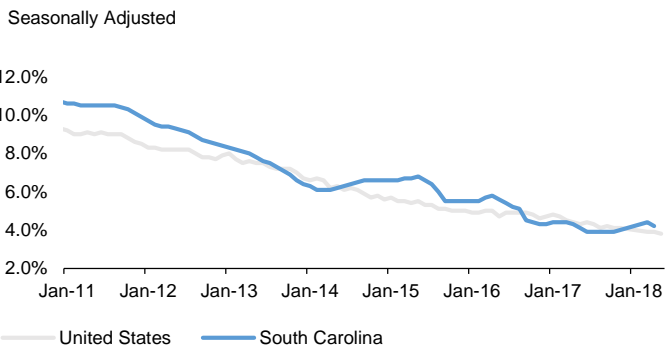
South Carolina, 2017



Source: U.S. Bureau of Labor Statistics

UNEMPLOYMENT RATE

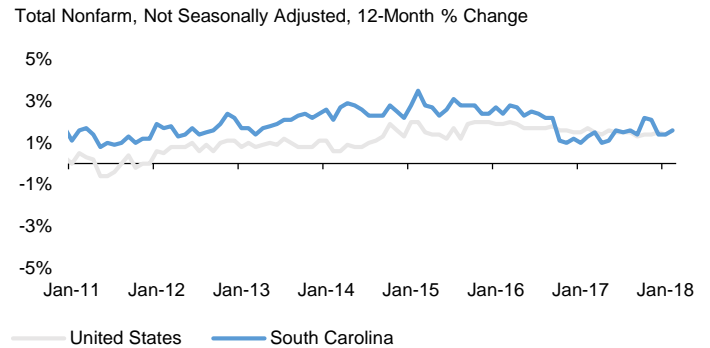
Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics

PAYROLL EMPLOYMENT

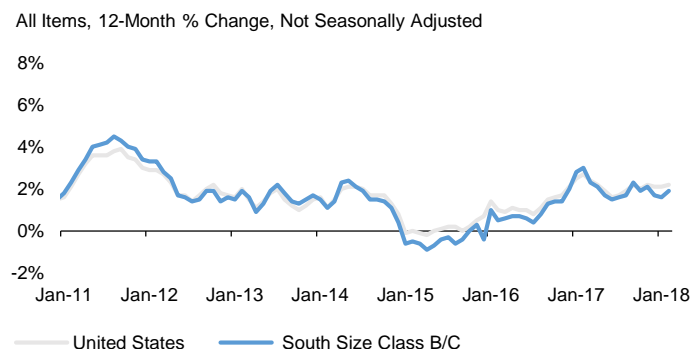
Total Nonfarm, Not Seasonally Adjusted, 12-Month % Change



Source: U.S. Bureau of Labor Statistics

CONSUMER PRICE INDEX (CPI)

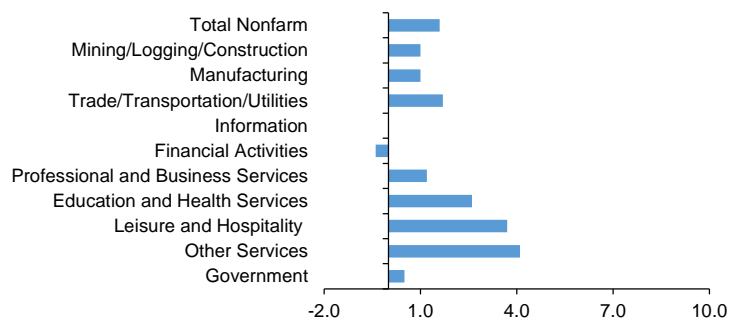
All Items, 12-Month % Change, Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics

EMPLOYMENT GROWTH BY INDUSTRY

South Carolina, April 2018, 12-Month % Change, Not Seasonally Adj.



Source: U.S. Bureau of Labor Statistics



ALYSE HOWARD

Marketing & Research Director
 803.255.8611
Alyse.howard@wilsonkibler.com

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