

Industrial Q3 2020

	YoY Chg	12-Mo. Forecast
7.4% Vacancy Rate	▲	▲
159K Net Absorption, SF	▼	▲
\$5.68 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2020

	YoY Chg	12-Mo. Forecast
349.4K Charleston Employment	▼	▲
7.8% Charleston Unemployment Rate	▲	▼
8.8% U.S. Unemployment Rate	▲	▼

Source: BLS
2020Q3 data are based on latest available data.

ECONOMY: Big News!

After months of speculation about the move, Boeing Co. confirmed it will consolidate production of its 787 Dreamliner jet in South Carolina in mid-2021, marking a major shift for the company and the State's aerospace sector. The changes will close the 787 production line in Everett, WA which has been splitting final assembly with Boeing's plant in North Charleston. COVID caused significant disruption to global supply chain for the early part of the third quarter of 2020 but SC State ports saw an uptick in thru traffic in September. Volumes posted the strongest year-over-year activity since the pandemic hit, showing a continued recovery and strength in containers, vehicles and inland port moves, with the biggest gains are in furniture and electronics.

Upon the arrival of COVID-19 in the U.S., the economy entered a recession in March 2020, recording the worst decline in post-war history in Q2 2020. Mounting evidence indicates that the recovery began in May or June with Q3 2020 data likely reflecting that. But, until there is a public health resolution to the pandemic, the recovery is likely to remain uncertain and gradual. Only then can households and businesses become more confident. Access the most recent research on CRE and the state of economy [here](#)

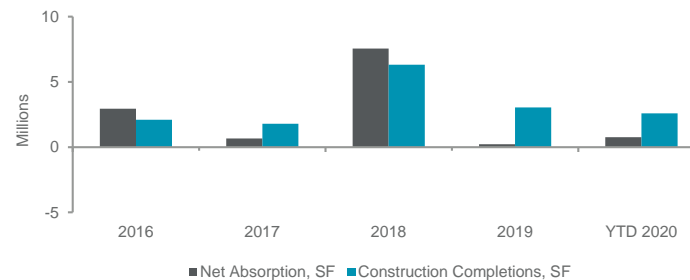
SUPPLY and DEMAND: Accelerated Demand

Over 2.5 million square feet (msf) of new inventory has been delivered in 2020 and with just under 1.0 msf being absorbed. Construction levels have slowed, although there is still roughly 2.0 msf in the pipeline. Vacancy rates did increase to 7.4% with lease rates hovering at \$5.68 per square foot (psf) triple net, an increase of 3.4% over the past year. Strong absorption, with ecommerce, 3PLs's and taking large blocks of space. Sales volume was tepid for the Quarter with CAP rates at 7.4%. The biggest deal to date is the 3,000,000-square foot (sf) Walmart distribution center to be located in the SC State Ports owned / Ridgeville Industrial park. The facility is scheduled to come online in Spring of 2022. Southern Current a solar panel company with as many 25+ solar fields in SC recently took 195,000 sf in Charleston Logistics Park / Jedburg, SC.

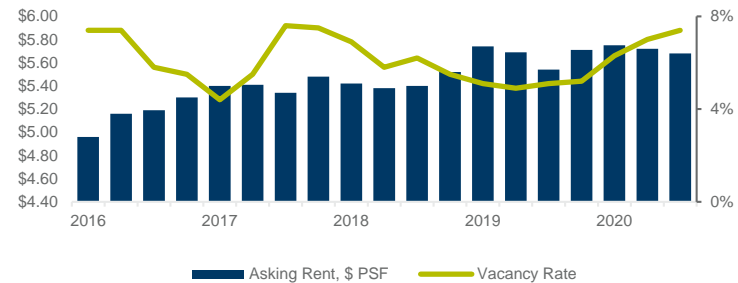
PRICING:

The Charleston warehouse market is poised for continued expansion and positive activity into the next quarter and beyond. With the new Leatherman Shipping Terminal coming online in March of 2021 adding an additional 700,000 TEUS of annual throughput capacity, 2021 could shape up for a strong year. Asking rates are averaging in the \$7.50 psf range which equate to almost \$1.50 psf below the national average. Current product under construction are in the \$6.00 psf range with some asking more than \$7.00 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION(SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Daniel Island	5,108,615	690,122	13.5%	-377,000	-405,089	0	21,600	-	-	\$8.46
Dorchester County	8,782,186	523,452	6.0%	6,979	141,874	606,666	18,176	\$5.16	-	\$6.08
Downtown Charleston	1,812,109	53,119	2.9%	0	-15,804	0	0	-	-	\$10.87
E Charleston County	42,295	0	0.0%	0	0	0	0	-	-	-
East Islands/Mt Pleasant	1,065,001	43,345	4.1%	-7,162	-7,211	0	0	-	-	\$11.38
James Island/Folly Beach	480,678	123,100	25.6%	-2,100	-16,100	0	0	-	-	\$12.17
North Charleston	31,546,380	2,139,195	6.8%	-23,161	-220,179	16,800	662,208	\$6.99	\$12.62	\$11.12
Outlying Berkeley County	29,573,525	2,160,847	7.3%	569,624	1,455,056	1,422,929	557,815	\$5.01	\$10.00	\$6.27
W Charleston County	203,074	0	0.0%	0	0	0	0	-	-	-
West Ashley	987,014	18,460	1.9%	-7,919	-11,256	0	0	-	\$10.50	\$15.22
West Islands	544,412	151,325	27.8%	102	-151,325	20,800	0	-	-	\$12.86
CHARLESTON TOTALS	80,145,289	5,902,965	7.4%	159,363	759,966	2,067,195	1,259,799	\$5.72	\$11.04	\$10.49

*Rental rates reflect weighted net asking \$psf/year

FX = Flex MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
537 Omni Industrial Blvd	Outlying Berkeley County	Wanxiang America	316,140	New Lease
8060 Commerce Center Rd	North Charleston	RW Stoney Ladson Industrial	310,128	New Lease
635 Omni Industrial Blvd	Outlying Berkeley County	WestRock Fulfillment Co	117,568	New Lease
9016 Palmetto Commerce Pky	North Charleston	Pattillo Construction Corp	78,330	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
5 Alliance Dr	Outlying Berkeley County	TRU Simulation Training Inc./Textron Systems Corp.	167,144	\$5,385,250/\$32.22
5001 Lacross Rd - Coburg Dairy	North Charleston	Borden Dairy Co/New Dairy South Carolina LLC	95,750	\$4,940,789/\$51.50
109 Old Depot Rd	Outlying Berkeley County	Santee River Facility LLC/Jet Pack Warehousing LLC	85,076	\$1,280,000/\$15.05
9516 Hamburg Rd	North Charleston	GBI Holdings LLC/BCP Hamburg LLC	36,000	\$2,935,000/\$81.53

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