

Industrial Market Overview

The overall Charleston industrial market is showing signs of improvement in 2014 as year to date net absorption was 848,045 square feet as compared to last year's negative 670,165 square feet. Net absorption during fourth quarter was positive 282,560 square feet with the warehouse sector accountable for 92 percent of the net space demand. Overall vacancy during fourth quarter declined 50 basis points to 7.8 percent from the previous quarter and declined 120 basis points from the previous year. Vacancy in the warehouse sector dropped to 7.7 percent and vacancy in the flex sector is now 8.5 percent. Total vacancy equates to approximately 4.4 million square feet.

Outlying Berkeley County had some substantial activity during fourth quarter 2014. Total net absorption in the submarket was 708,883 square feet and total vacancy declined 390 basis points from 13.4 percent to 9.5 percent. The largest move-in was at 300 Eagle Road where MeadWestvaco Chemical occupied the entire 284,750 square foot Class A industrial building in November. Also, Intertex Transloading Services, Inc., a global distributor of synthetic rubber and tire filler materials, opened a new facility in Moncks Corner. The company occupied the 103,554 square foot building off of Cypress Garden Road in December. The Ohio based company plans to invest \$3.2 million in Berkeley County. At 315 Marymeade Drive, Lee Distributions LLC, a beverage distributor, relocated to a larger warehouse from Hanahan. The 162,000 square foot building sold back in March for \$8.75 million to Reyes Holdings. In addition, Davis & Small Decor moved into the entire 143,786 square foot building at 1100 N Steel Circle.

Only one industrial building delivered during fourth quarter 2014. In the Greater Charleston submarket, a 31,700 square foot building at 2094 Wambaw Creek Road was completed in October and now has 18,350 square feet available for lease. Donovan Marine Inc. is the owner and occupies 13,350 square feet in the new building. Throughout the year there has been a large demand for 15,000 to 30,000 square foot Industrial Warehouse buildings in the North Charleston market. More than one-third of the leased transactions this year have been within this square footage range. The high demand for this warehouse size is directly correlated to the industrial surge from Boeing.

The North Charleston plant is now assembling both versions of the 787 Dreamliner and is gearing to be the sole assembly site for the 787-10 model. The company is building a 230,000 square foot dual-bay paint hangar on the Boeing campus and has leased 466 acres between International Blvd and Dorchester Rd for future growth. Several companies are moving to the area, including Boxell Aerospace, which is building a \$750,000 facility, set to open Spring 2015.

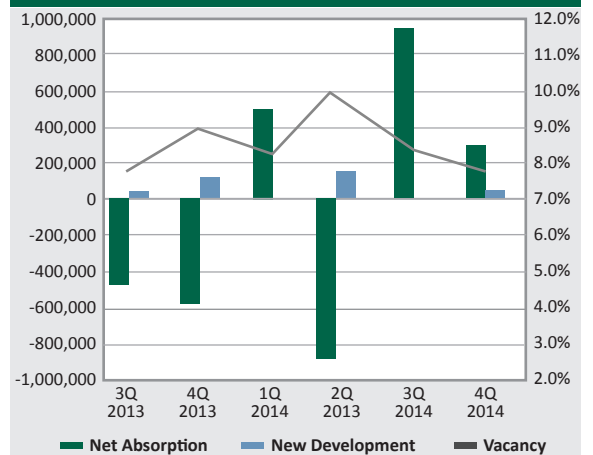
MARKET STATISTICS

	4Q 2014	3Q 2014	FORECAST
Market Supply (SF)	56,962,949	56,946,209	▲
Vacancy (SF)	4,429,578	4,712,138	▼
Total Vacancy (%)	7.8%	8.3%	▼
Total Net Absorption (SF)	282,560	958,661	▲
Average Asking Rent	\$4.44	\$4.45	▲

“The Industrial market has benefited from the construction boom in Charleston. Contractors, building suppliers and trades have made up a significant amount of the Industrial demand in 2014 and will continue to do so into 2015.”

Mike Ferrer, CCIM
Vice President of Office & Industrial Brokerage

HISTORICAL VACANCY & NET ABSORPTION



PROPERTY SPOTLIGHT



For Sale
Jafza Park
Santee, South Carolina

For Sale
1,322 Acres \$17,550,000

BTS Lease Options
100,000 SF \$3.95 psf NNN
200,000 SF \$3.90 psf NNN
300,000 SF \$3.85 psf NNN
400,000 SF \$3.80 psf NNN
500,000 SF \$3.75 psf NNN
1,000,000 SF \$3.50 psf NNN

The overall site is on 1,322 acres (535 hectares) and will be developed based on market demand.

SUBMARKET ASKING RATES - 4Q 2014



Source: CoStar as of 12.5.14; Charlotte Regional Business Journal; The Post and Courier; Lincoln Harris Research

INDUSTRIAL MARKET STATISTICS

	Buildings	Inventory	Vacant Space	Vacancy Rate	YTD 2014 Absorption	Asking Rent (PSF)
DOWNTOWN CHARLESTON	21	723,524	20,000	2.8%	(20,000)	-
DORCHESTER COUNTY	114	5,406,297	668,112	12.4%	382,121	\$3.89
E CHARLESTON COUNTY	2	43,466	0	0.0%	0	-
EAST ISLANDS/MT PLEASANT	38	894,369	55,972	6.3%	32,593	\$9.25
GREATER CHARLESTON	157	6,293,588	506,016	8.0%	(19,499)	\$5.24
JAMES ISLAND/FOLLY BEACH	17	484,282	0	0.0%	8,004	\$7.94
NORTH CHARLESTON	539	24,440,749	1,404,569	5.7%	40,461	\$4.48
OUTLYING BERKELEY COUNTY	188	18,146,380	1,717,176	9.5%	404,865	\$4.23
W CHARLESTON COUNTY	7	141,821	57,733	40.7%	12,000	\$2.78
WEST ISLANDS	13	388,473	0	0.0%	7,500	-
MARKET TOTALS	1,096	56,962,949	4,429,578	7.8%	848,045	\$4.44

INDUSTRIAL STATISTICS BY TYPE

Building Class	Buildings	Inventory	Vacant Space	Vacancy Rate	YTD 2014 Absorption	Asking Rent (PSF)
Flex	168	3,924,615	334,719	8.5%	95,247	\$9.83
Warehouse	928	53,038,334	4,094,859	7.7%	752,798	\$4.22
MARKET TOTALS	1,096	56,962,949	4,429,578	7.8%	848,045	\$4.44

RECENT INVESTMENT SALES

Building	Submarket	RBA	Sale Price	Price/SF
Piggly Wiggly Drive	N Charleston	15,000	\$1,150,000	\$76.67
7360 Pepperdam Avenue	N Charleston	11,200	\$872,500	\$77.90
3362 Navajo Street	N Charleston	9,487	\$375,000	\$39.53
4695 Franchise Street	Dorchester County	6,303	\$320,000	\$50.77
1151-A Cainhoy Drive	Greater Charleston	93,330	\$400,000	\$42.87

SIGNED LEASE TRANSACTIONS

Building	Submarket	Size	Asking Price/SF
2725 W 5th N Street	Dorchester County	100,000	\$3.50
1028 Legrand Boulevard	Greater Charleston	84,416	\$4.00
412 Industrial Road	Dorchester County	64,500	\$4.00
909-B Commerce Circle	Outlying Berkeley	28,364	\$5.25
4301-17B Dorchester Road	North Charleston	16,250	\$5.85

About Lincoln Harris

Lincoln Harris, an affiliate of Lincoln Property Company, is a full-service corporate real estate company focused on development, commercial brokerage, corporate real estate services, retail services, land services, project services, property management and asset management. Based in Charlotte, NC, Lincoln Harris has twenty-three service offices across the country.

Source: CoStar as of 12.5.14; Lincoln Harris Research

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