

# INDUSTRIAL MARKET REPORT

## Q2 MARKET SNAPSHOT

	TOTAL MARKET	BULK (100,000 SF+)
	OVERALL INVENTORY* <b>51.5 MILLION SF</b>	OVERALL INVENTORY* <b>30.0 MILLION SF</b>
	VACANCY <b>5.21%</b>	VACANCY <b>7.91%</b>
	ASKING RENTS <b>\$5.76 PSF</b>	ASKING RENTS <b>\$5.23 PSF</b>

## Q2 CONSTRUCTION & DELIVERIES



CONSTRUCTION  
**2.3 MILLION SF**



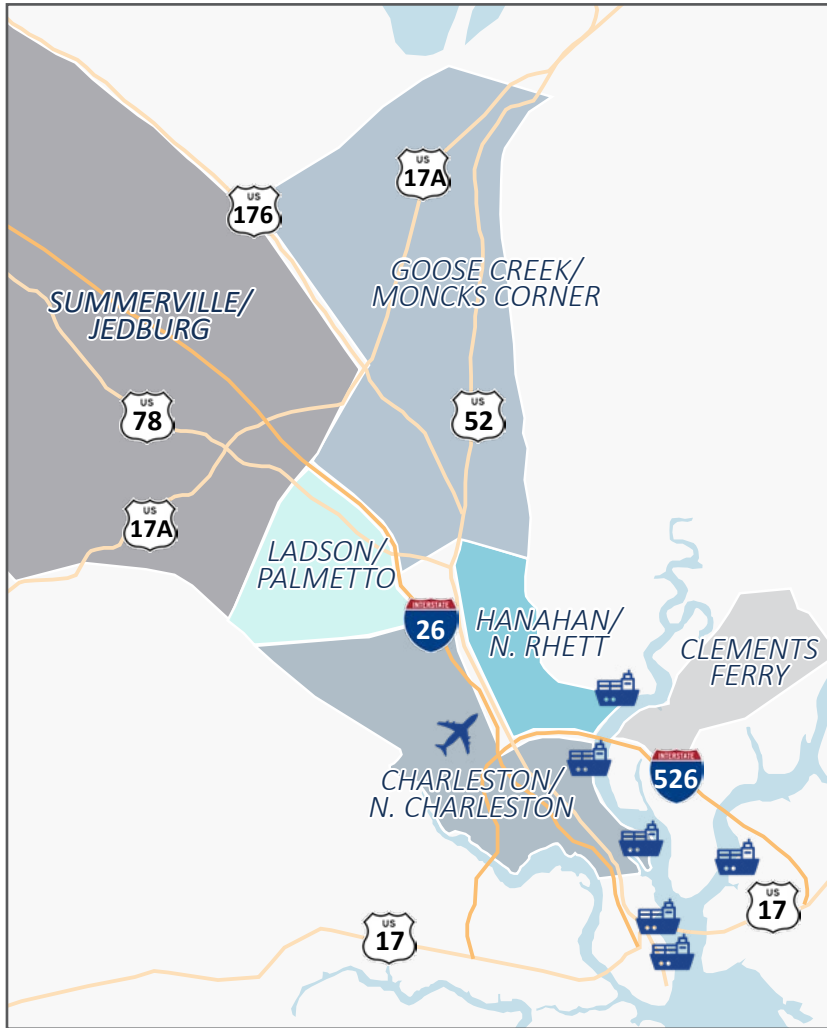
YTD DELIVERIES  
**0.9 MILLION SF**

\* 51.5 Million SF does not include 21.5 Million SF of specialized buildings.

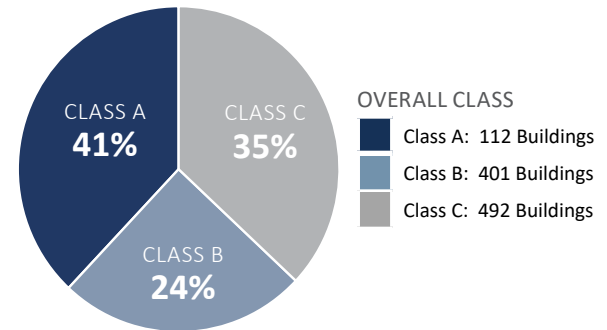
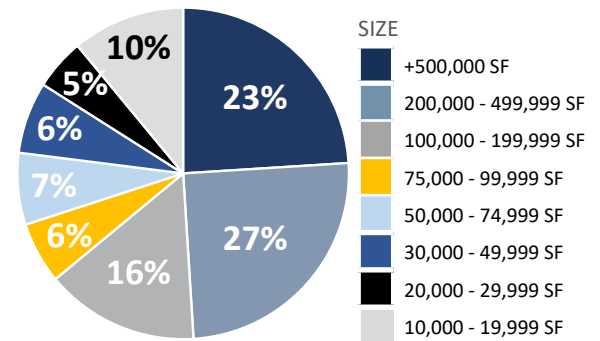
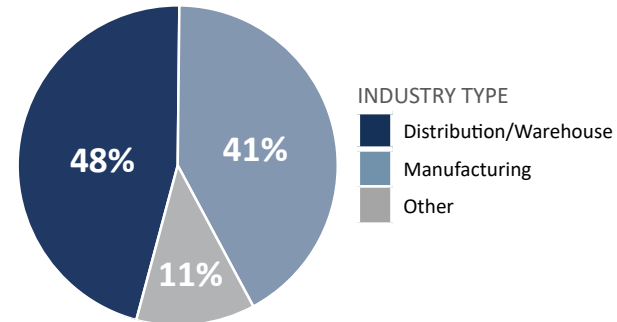
## Q2 TRENDS & HIGHLIGHTS

- CHARLESTON'S INDUSTRIAL FUNDAMENTALS ARE BOLSTERED BY THE EFFECTS OF RESHORING; LEADING TO DECREASING VACANCIES ACROSS THE MARKET.
- OEM TEMPORARY SHUTDOWNS HAVE LED TO RAPID ABSORPTION OF SPACE BY SUPPLIERS.
- LEASING ACTIVITY INCREASES THROUGHOUT THE MARKET.
- OPPORTUNITIES EXIST TO DEVELOP NEW PRODUCT.
- CAPITAL MARKETS REGAIN MOMENTUM WITH SEVERAL INVESTMENT AND USER TRANSACTIONS OCCURRING IN THE MARKET.

## Q2 SUBMARKET SUMMARY



PERCENTAGE BREAKDOWN BASED ON OVERALL SQUARE FOOTAGE BY TYPE, SIZE & CLASS



### ALL NON-SPECIALIZED BUILDINGS (+10,000 SF)

SUBMARKET	RBA SF	# OF BLDGS	TOTAL VACANT SF	VACANCY RATE	WEIGHTED AVG. ASKING BASE RENT	UNDER CONSTRUCTION SF	YTD DELIVERIES SF
Charleston/N. Charleston	16,056,029	478	442,014	2.75%	\$8.30	550,000	-
Hanahan/North Rhett	4,987,565	47	155,000	3.11%	\$5.35	-	-
Ladson/Palmetto	7,080,706	94	1,031,188	14.56%	\$5.93	124,800	795,703
Clements Ferry	5,641,491	105	82,823	1.47%	\$6.68	-	-
Summerville/Jedburg	13,230,140	166	747,846	5.65%	\$5.33	744,498	125,000
Goose Creek/Moncks Corner	2,680,087	44	240,000	8.95%	\$1.50	815,000	-
Other*	1,753,059	80	46,500	2.65%	\$6.25	-	-
<b>TOTAL MARKET**</b>	<b>51,429,077</b>	<b>1,014</b>	<b>2,678,645</b>	<b>5.21%</b>	<b>\$5.76</b>	<b>2,234,298</b>	<b>920,703</b>

Bridge tracks buildings 10,000 SF and greater.

Bridge uses only internal research within its Charleston office for its market research.

\*Other includes Ridgeville, St. George and other outlying rural areas within +/-50 miles of I-26/526.

\*\*Total market statistics do not include specialty or specialty manufacturing buildings (21.4 Million SF).

Source: Bridge Commercial

## CHARLESTON'S INDUSTRIAL MARKET REMAINS STRONG IN Q2

### Q2 2020 RECAP

- Despite COVID-19 and shutdowns, Charleston had substantial net absorption in Q2. While a portion was short-term, the majority of the absorption was for longer term users.
- The market saw inbound opportunities with leasing activity coming from Northeast markets as well as increasing supply chain needs for manufacturers as they recover from closures.
- Leasing rates remain stable with most developers achieving close to asking rent status.
- Construction pricing continues to increase; putting further pressure on build-out costs for tenants.
- Compared to 2019, the market has a low supply of mid-to-large, modern buildings to handle the current demand in Q2 2020.
- Total square footage of projects under construction doubled in Q2 due to two pellet plants commencing construction.

### CURRENT SUPPLY & DEMAND

- With the significant absorption of industrial supply in this past quarter, there is an anticipated drop in supply which will prompt developers and speculators to develop more speculative product. There is significant opportunity in developing new distribution buildings north of 200,000 square feet.
- Due to the limited available product greater than 200,000 SF in both Charleston and Savannah markets, opportunities exist in the Upstate, where there are ample new and large facilities. Depending on the user, choosing a location further from the port, but among a large population, may be beneficial.

### Q3 AND Q4 FORECAST

- The smaller blocks of space that do remain in the Class A buildings will get leased in Q3 and Q4.
- Buildings in infill locations will get leased by the end of the year, regardless of class.
- We expect rental rates to increase due to limited availabilities.
- We forecast an imbalance of higher, local demand for larger occupier needs for 300,000 SF or greater for the next 12 months, until new construction deliveries catch up. However, most of the new deliveries are 250,000 SF or smaller.
- Volvo manufacturing comes back with a vengeance in Q4 2020 in order to meet pent-up demand.

## PROJECTS UNDER CONSTRUCTION



### A&R LOGISTICS

615,000 SF build-to-suit in Moncks Corner anticipated to be completed date Q3 2020.

- *Photo courtesy of Mcmilan Pazdan Smith*



### FRONTIER LOGISTICS

550,000 SF build-to-suit in North Charleston anticipated to be completed Q4 2020.



### PORTSIDE DISTRIBUTION CENTER

189,000 SF spec development in Summerville/Jedburg anticipated to be completed Q4 2020.

- *Photo courtesy of Frampton Construction*



### PATILLO BUILDING 2 EXPANSION

124,800 SF spec development in Palmetto Commerce Park anticipated to be completed Q4 2020.

- *Photo courtesy of Patillo*

## INDUSTRIAL OPPORTUNITIES



**CLARIUS BUILDING I**  
Summerville/Jedburg  
Up to 271,580 SF Available



**SUMMERVILLE DISTRIBUTION COMPLEX**  
Summerville/Jedburg  
24,000 - 180,000 SF Available



**NORTHPOINTE COMMERCE PARK**  
Hanahan/N. Rhett  
39,000 - 104,000 SF Available



**2550 W. 5TH NORTH STREET**  
Summerville/Jedburg  
50,000 - 600,000 SF Available



**CHARLESTON LOGISTICS CENTER**  
Summerville/Jedburg  
± 64,000 - 163,182 SF Available



**1020 NORTHPOINTE INDUSTRIAL BLVD**  
Hanahan/N. Rhett  
305,423 SF Available

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*Bridge Commercial uses only internal research within its Charleston office for its market data.*

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