

# INDUSTRIAL MARKET REPORT



## Q3 MARKET SNAPSHOT

### TOTAL MARKET



OVERALL INVENTORY\*

**54.3 MILLION SF**

### BULK (100,000 SF+)

OVERALL INVENTORY\*

**32.6 MILLION SF**



VACANCY

**2.4%**

VACANCY

**2.5%**

## Q3 CONSTRUCTION & DELIVERIES



CONSTRUCTION

**7.0 MILLION SF**



YTD DELIVERIES

**711,227 SF**

## Q3 TRENDS & HIGHLIGHTS

- DEMAND FOR DISTRIBUTION SPACE DRIVING VACANCY TO AN ALL TIME LOW.
- NEXT WAVE OF NEW INDUSTRIAL SUPPLY TARGETED THE SECOND HALF OF 2022.
- “FORWARD” INDUSTRIAL SALES ARE DRIVING SALES PRIOR TO BUILDING COMPLETION AND PRIOR TO BUILDING LEASING.
- OLDER BUILDINGS ON MARKET OUTSKIRTS ARE GETTING RENEWED ATTENTION.
- SUPPLY CHAIN ISSUES PERSIST; DRIVING DISTRIBUTERS, OEM’S AND GLOBAL CORPORATIONS TO ALL HOLD MORE LONG TERM INVENTORY.
- WORLDWIDE PORT CONGESTION IS CREATING NEW CHALLENGES AND MORE COST FOR SUPPLY CHAIN.

\* 54.3 Million SF does not include 22.2 Million SF of specialized buildings.

## Q3 SUBMARKET SUMMARY

### AVERAGE ASKING RENTAL RATES BY BUILDING TYPE/CLASS



#### CLASS A BULK WAREHOUSE

**100,000 - 350,000 SF**  
\$5.25 - \$5.75 PSF NNN

**350,000 SF +**  
\$4.75 - \$5.15 PSF NNN



#### CLASS B WAREHOUSE

**50,000 SF - 200,000 SF +**  
\$4.50 - \$5.00 PSF NNN

**200,000 SF +**  
\$4.00 - \$4.25 PSF NNN

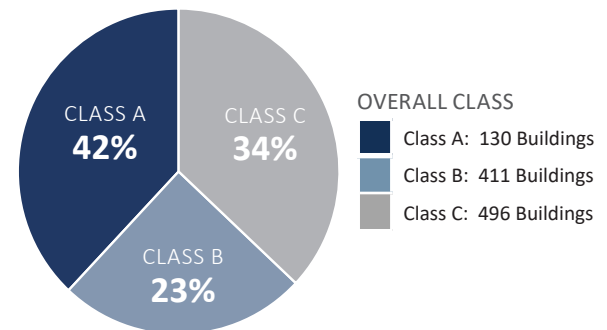
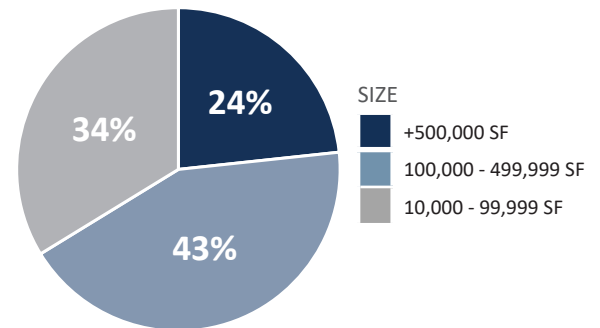
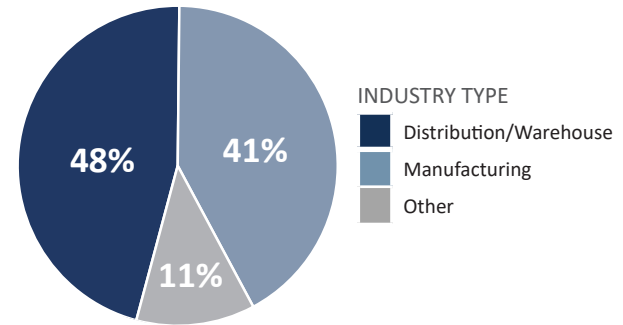


#### SHALLOW BAY

**10,000 - 20,000 SF**  
\$8.00 - \$9.00 PSF NNN

**20,000 - 40,000 SF**  
\$7.00 - \$8.00 PSF NNN

### 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	UNDER CONSTRUCTION SF	YTD DELIVERIES SF
Charleston/N. Charleston	16,762,212	485	437,182	2.6%	-	10,227
Hanahan/North Rhett	4,987,565	47	0	0.0%	-	-
Ladson/Palmetto	7,435,558	96	306,970	4.1%	1,027,200	229,500
Clements Ferry	5,754,118	108	70,845	1.2%	-	-
Summerville/Jedburg	13,826,738	172	437,147	3.2%	2,970,738	321,500
Goose Creek/Moncks Corner	3,475,087	47	30,000	0.9%	50,000	150,000
Other*	2,055,969	82	18,230	0.9%	2,978,091	-
<b>TOTAL MARKET**</b>	<b>54,297,247</b>	<b>1,037</b>	<b>1,300,374</b>	<b>2.4%</b>	<b>7,026,029</b>	<b>711,227</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 (22.2 Million SF).

Source: Bridge Commercial

## CHARLESTON'S INDUSTRIAL MARKET SHOWS CONFIDENCE

### UNPRECEDENTED DEMAND

- Little to no vacant space remains in Charleston's industrial market with reported vacancy rates at 2.4%.
- Demand for warehousing has significantly increased over the past two years due to the unforeseen effects of COVID-19.
- Reliability in the global supply chain has diminished greatly and companies from auto to home care goods manufacturers are producing and holding three to five times more inventory than they have in recent history.
- Rental rates have surged in parallel with rising construction costs.
- Companies from the North and West continue to gravitate towards the Southeast in search of lower rents and operational costs.

### NEXT DEVELOPMENT WAVE IS COMING

- The next wave of development in the Charleston region is coming but not until mid-2022.
- Many developers are electing to build two (2) to four (4) buildings at the same time.
- This anomaly is in response to unprecedented tenant demand and the capital markets appetite for "forward" sales.

### THE YEAR OF THE FORWARD SALE

- Forward Sale: not speaking of the legendary Charles Barkley, but the concept of an investor buying speculative industrial buildings upon completion before any leasing has occurred.
- Investors are giving the properties value based on hypothetical tenants and future cap rates.
- Even though the buildings are vacant, Charleston's industrial market is performing well and there is a high level of confidence that these buildings will be leased quickly.
- This is another indicator of the vast amount of capital chasing industrial real estate coupled with projected ideas of future inflation.

### SUPPLY CHAIN WOES

- Pre-COVID, we had "just-in-time inventory," "operational reliability" and "2-Day Amazon delivery."
- Since COVID-19, manufacturers globally are working non-stop to increase inventory and their supplier base.
- Corporations are holding tremendous amounts of inventory, while at the same time trying to avoid losses caused by delays in their supply chain. This could ultimately affect their future profitability.
- This current mindset coupled with the compounding effect of inflation and insatiable consumer demand has increased our need for more distribution space.
- Port congestion in America is being exasperated by lack of drivers, new trucking regulations and extreme demand for goods.

## LARGER SCALE LAND DEVELOPMENT IN PLAY

- Charleston's industrial market continues to grow up the I-26 corridor with new projects available in Ridgeville and St. George, areas proximate to a growing population.
- Future growth in these area are due to Charleston's land-locked position, pro-business incentives and current confidence in the market.



### WALMART DISTRIBUTION CENTER

The 3 million square foot facility in Ridgeville will open in Q1 2022 and bring more than 1,000 jobs to the region.



### CAMP HALL

Master planned industrial development park. Home to Volvo Manufacturing Center and future of multiple distribution and manufacturing buildings.



### WINDING WOODS COMMERCE PARK

Approximately 486 acres that is 4 miles from I-95 is available in Dorchester County in St. George.

## INDUSTRIAL OPPORTUNITIES



**BERKELEY CHARLESTON TRADEPORT BLDG 2**  
Summerville/Jedburg  
±95,473 SF Available



**OMNI INDUSTRIAL CAMPUS**  
Summerville/Jedburg  
±971,580 SF Available



**FTZ III**  
Summerville/Jedburg  
±169,520 SF Available



**FREEZER/COOLER STORAGE**  
\*Other  
±273,803 SF Available (Expandable)



**1014 NORTHPOINTE INDUSTRIAL BLVD**  
Hanahan/N. Rhett  
±125,585 SF Available



**1130 NEWTON WAY (UNDER CONSTRUCTION)**  
Summerville/Jedburg  
±265,000 SF Available

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