



Charleston industrial market report

Q4 2023

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Charleston industrial market trends

8.7 msf

New inventory in 2023

The Charleston industrial market experienced a record-high increase in inventory in 2023, with 8.7 msf of deliveries. About 42% of this year's deliveries were composed of buildings greater than 500k sf. In 2024, the region will continue to see increased big box deliveries and a significant decrease in new inventory below 500k sf. Small to mid-size industrial properties may see increased demand as the velocity of deliveries for these assets slows.

21.4%

Availability for buildings delivered in the last 2 years

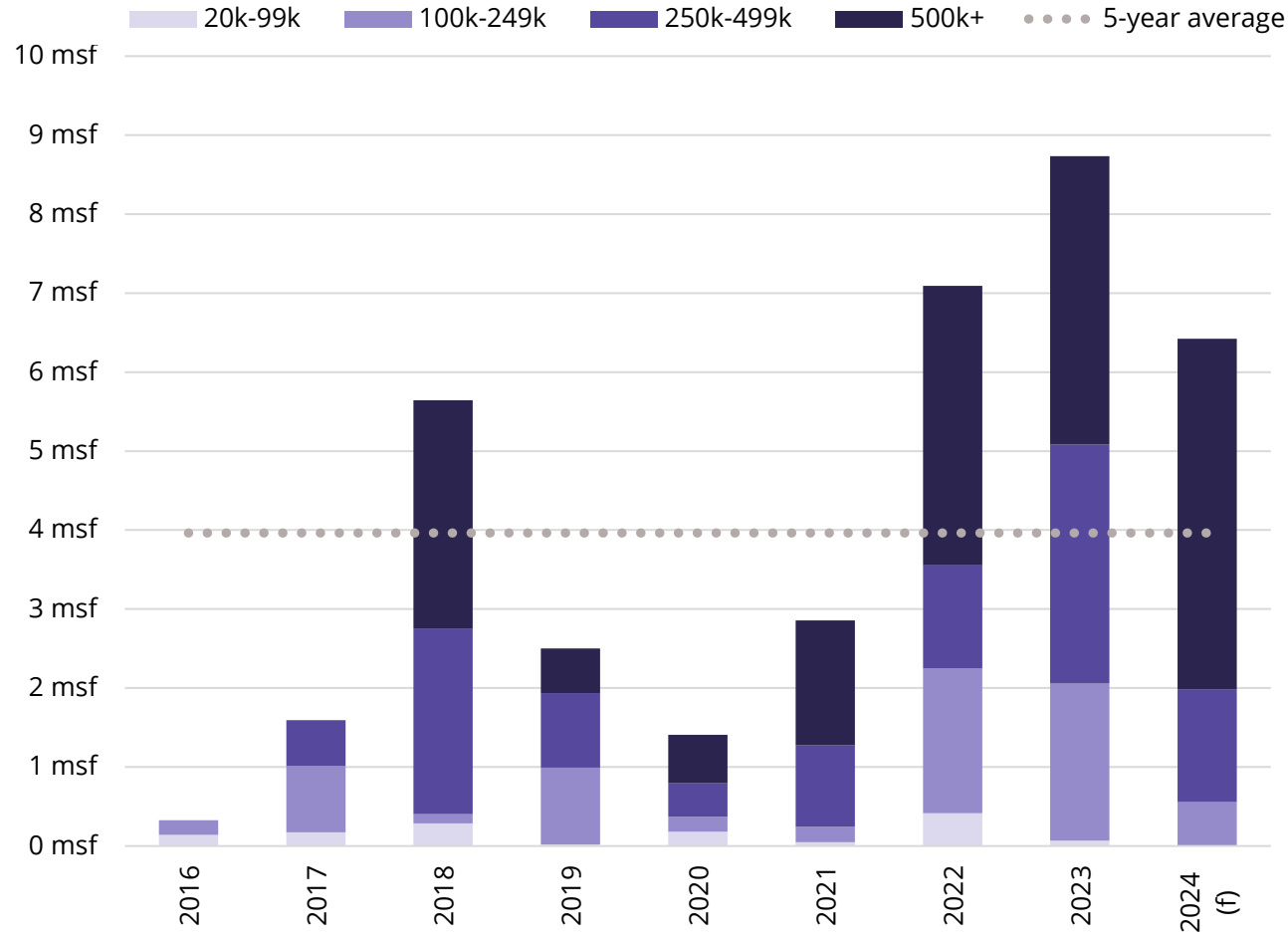
Industrial buildings delivered in the last 2 years have a total availability of 21.4%. Recently delivered properties are seeing the highest availability in the market, while those built before 2010 have an availability rate of about 4.1%. The market continues to see positive absorption, but tenant demand is not outpacing the recent surge in supply.

\$580.3M

Industrial sale volume

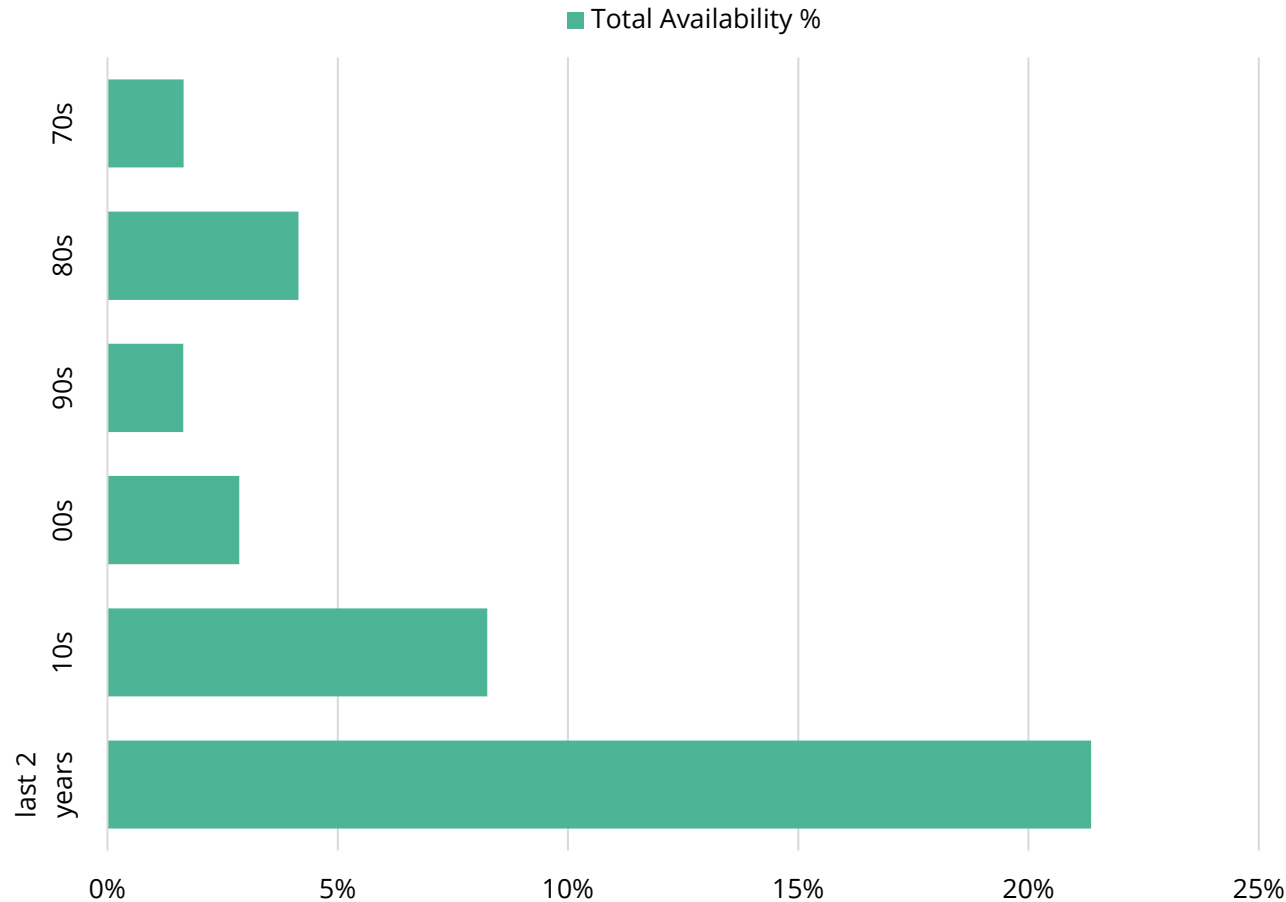
Despite increased interest rates, the Charleston industrial market experienced \$580.3M of investment activity in 2023 – the highest annual sale volume in history. Due to high demand for proximity to the port, distribution buildings account for 78% of the volume. Notably, warehouse facilities have experienced a surge in investment sale volume, increasing from \$91.3M at the end of 2022 to \$105.6M by the close of 2023.

Record-high deliveries



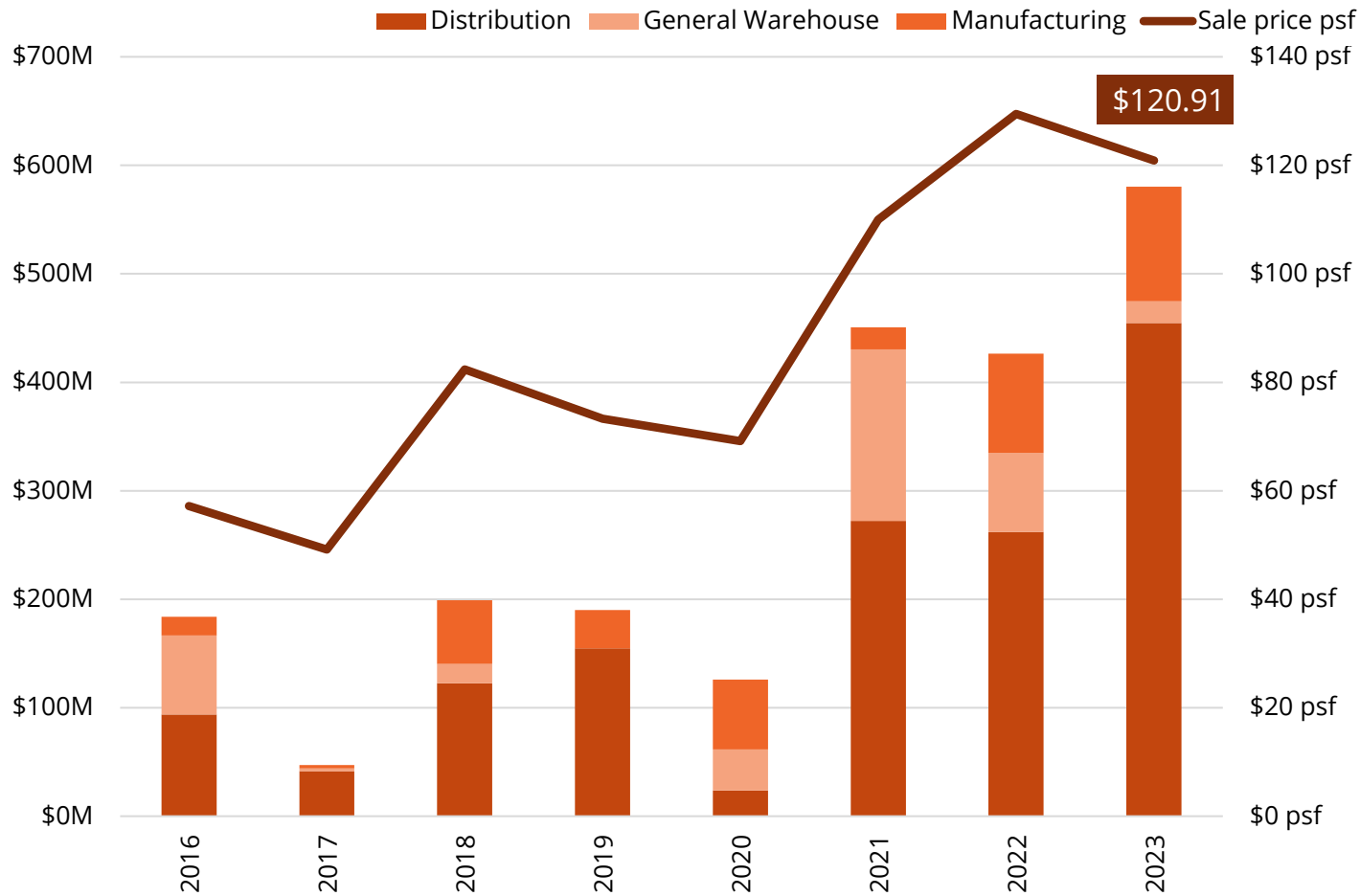
Industrial deliveries in 2023 outpaced the 5-year average by double, with most of the new inventory being 500k+ sf.

Industrial availability by build date



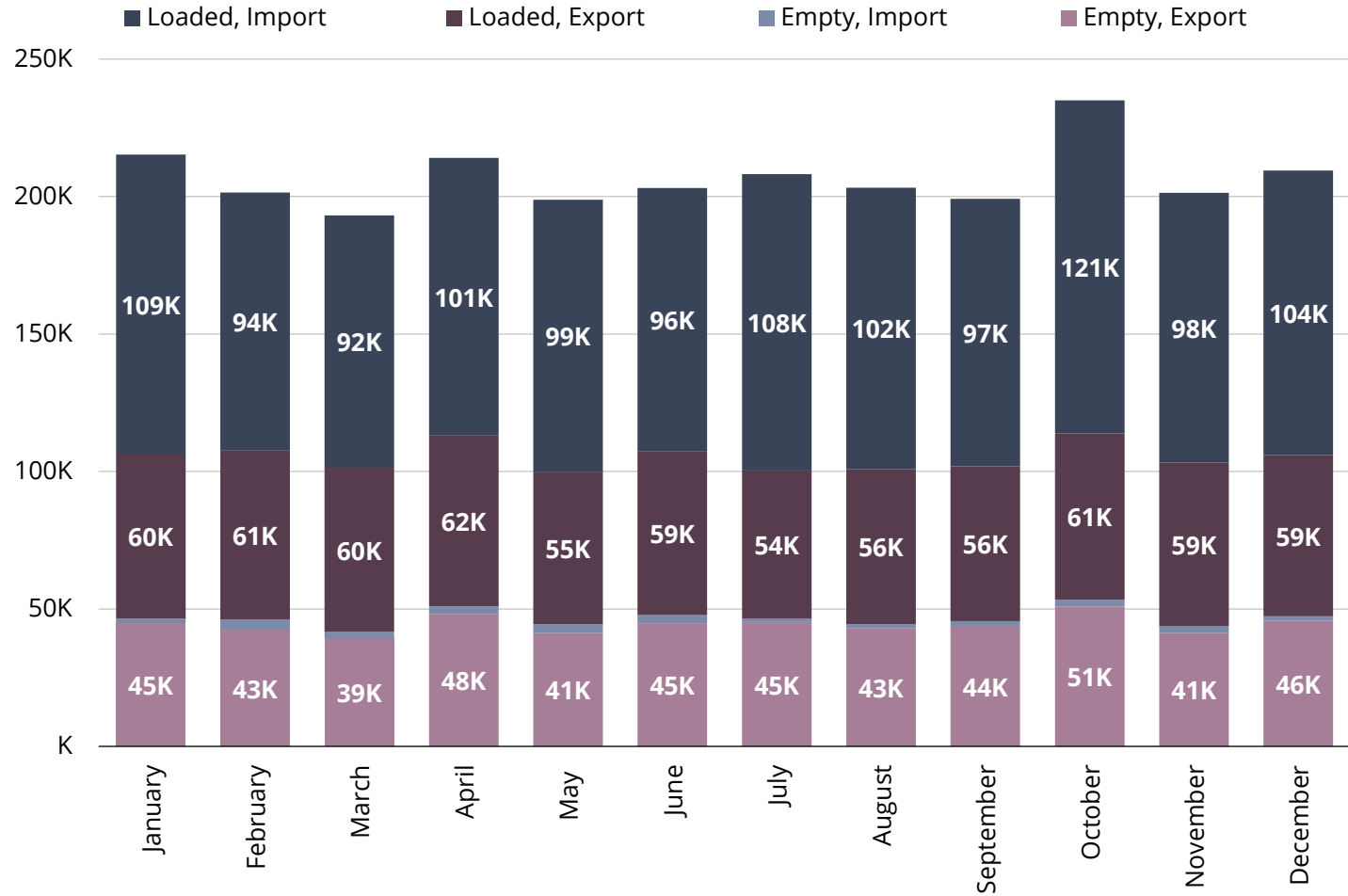
Buildings delivered in the last 2 years are experiencing the highest availability compared to older assets.

Historical industrial investment activity



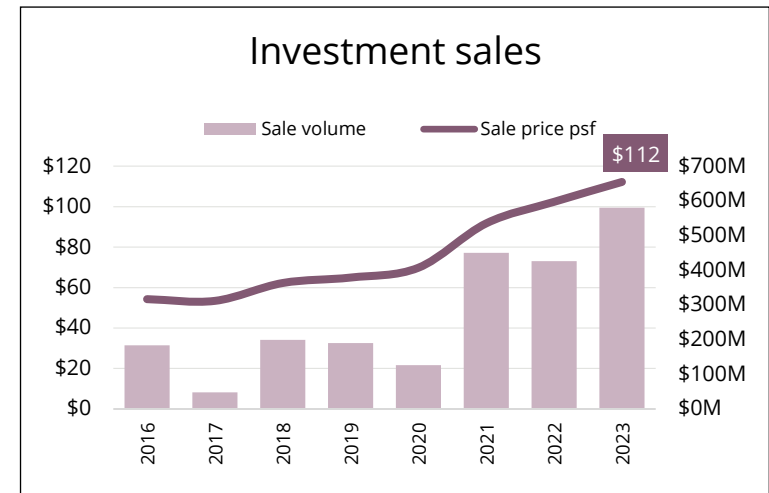
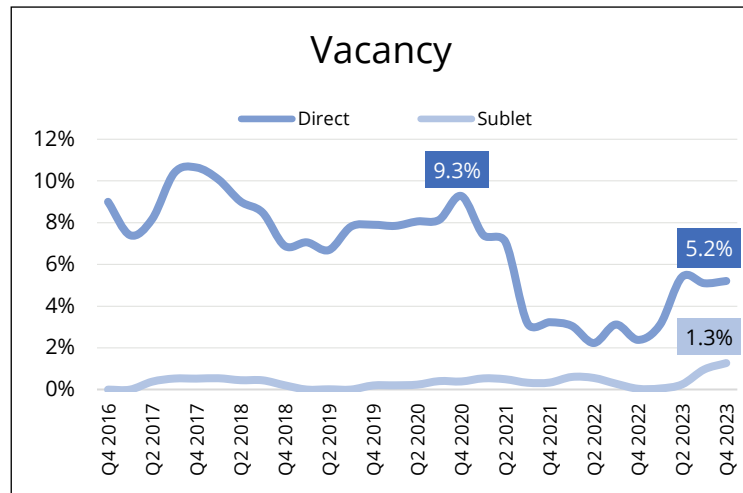
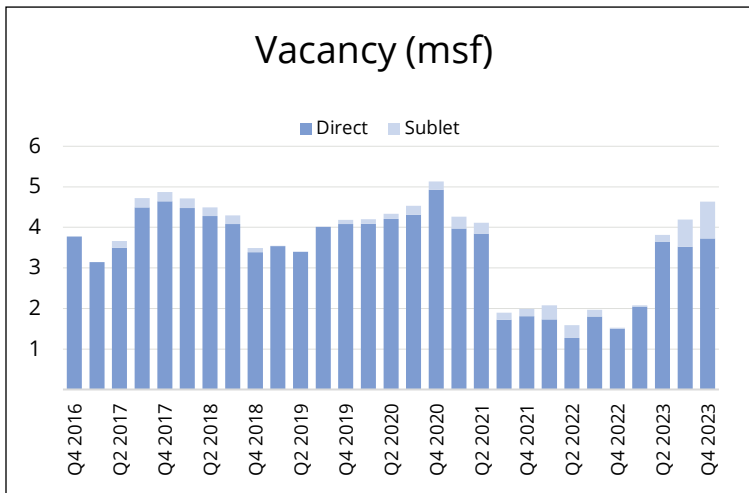
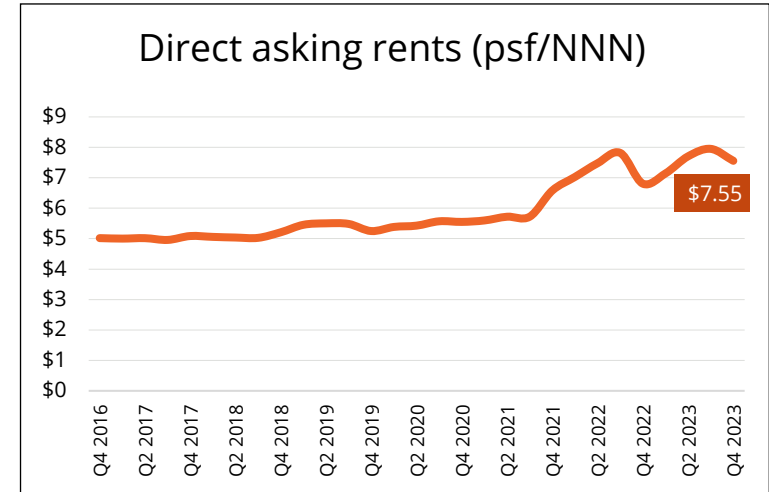
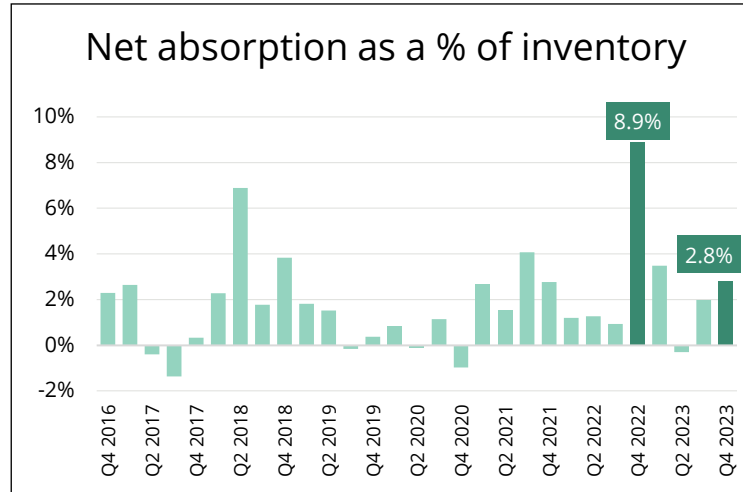
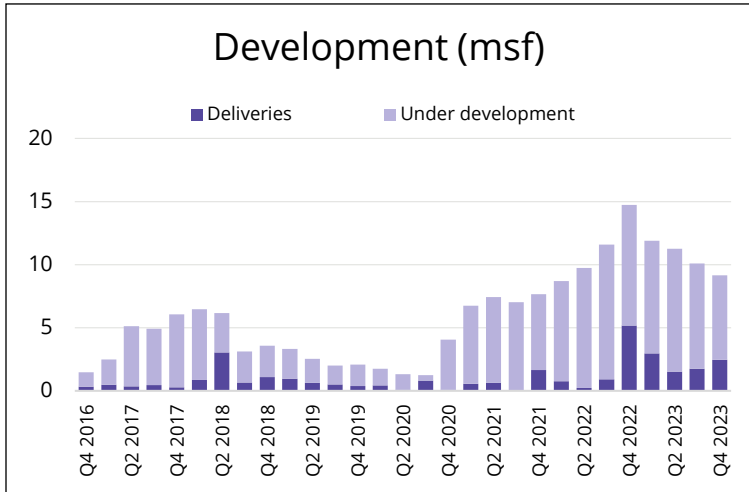
The Charleston market experienced a historically high sale volume in 2023, with distribution buildings contributing more than any subtype.

South Carolina 2023 TEU history



Loaded import container volumes rose to the highest level in 2023 during Q4.

Charleston industrial market indicators



Charleston industrial market activity

Recent leasing activity

Tenant	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Unknown Tenant	410 Tradeport Dr	Outlying Berkeley County	Oct 2023	174,600	New	Direct
NapQueen	334 Port City Center Drive	Outlying Berkeley County	Oct 2023	155,688	New	Direct
Cleveland Electric	1400 Garrott Ave	Outlying Berkeley County	Nov 2023	81,120	New	Direct

Recent sales activity

Buyer	Address	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
Rockpoint	Omni Industrial Campus Buildings 2 - 4	Oct 2023	1,331,900	\$159.0M	\$119	Stonemont Financial
Cummins	9051 Palmetto Commerce Pkwy	Oct 2023	122,755	\$16.3M	\$133	SMB Bradley

Top projects under development

Address	Submarket	Delivery date	Building size sf	Developer
Palmetto Logistics Center	North Charleston	Q2 2024	1,321,840	Dalfen Industrial
Port 95 Industrial Park Building 1	Dorchester County	Q1 2024	978,120	Janko Group
Camp Hall Campus 5 Building 2	Outlying Berkeley County	Q3 2024	550,000	RealtyLink/BGO

Charleston industrial market stats

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption sf (YTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf NNN
Outlying Berkeley County	33,053,142	2,270,000	2,329,176	7.2%	0.6%	7.8%	4,221,011	12.8%	\$ 7.27
North Charleston	22,405,205	200,000	1,321,840	6.9%	0.6%	7.5%	823,490	3.7%	\$ 8.50
Dorchester County	10,234,062		3,034,572	8.3%	0.1%	8.4%	484,206	4.7%	\$ 7.81
East Cooper	4,764,050			6.9%	0.7%	7.6%	(25,262)	(0.5%)	\$ 16.00
West Ashley	655,048			7.1%	0.0%	7.1%	(30,000)	(4.6%)	-
Downtown Charleston	606,918			7.1%	0.0%	7.1%	16,800	2.8%	\$ 10.00
Market total	71,718,425	2,740,000	6,685,588	5.2%	1.3%	6.5%	5,490,245	7.7%	\$7.55

Industrial insights glossary of terms

Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

Industrial rents and concessions

- **Triple net rents:** tenant is responsible for paying rent, utilities, taxes, operating expenses and common area maintenance
- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as triple net (NNN)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as triple net (NNN)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an industrial suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

Property subtypes

- **Distribution:** properties used primarily to ship good with higher proportions of dock doors and taller clear heights
- **General Warehouse:** properties used to store goods and materials
- **Manufacturing:** properties where goods are produced and assembled with heavier power and stronger floor loads for equipment

Capital markets

- **Investment volume:** industrial sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales

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Katherine Kopplin

Market Analyst

Katherine.kopplin@avisonyoung.com