



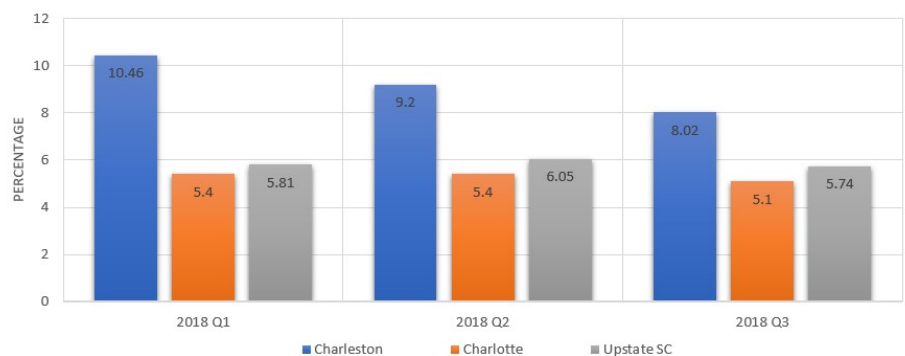
TOWER CAPITAL

Commercial Real Estate Services

Industrial Market Report: Carolinas

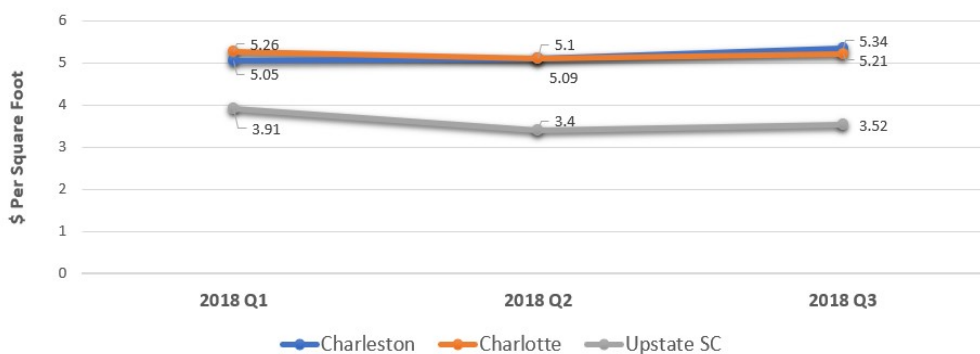
The industrial markets in the Carolinas are in full swing through Q3. As Charlotte continues to grow, 60+ people per day, so does industrial to support their needs. In Charleston, the port continues to grow. It was recently announced the addition of a new inter-modal transfer facility in North Charleston as well as Phase 1 of the new Hugh Leatherman Terminal (286 acres). Greenville/Spartanburg (Upstate SC) continues to build. Vacancy and rent rates remain steady and many end users are looking for a secondary market to do business. The opportunity is there for lower rent rates, compared to other immediate markets, and the Upstate also makes sense logistically. It is situated between Charlotte and Atlanta, has access to rail via Greer port, and is in close proximity to Charleston and Savannah ports.

VACANCY RATES: INDUSTRIAL



Vacancy rates remain low throughout the Carolinas. Charleston continues to show tightening capacity from over previous quarters. Charlotte and the Upstate SC markets are slightly changed. In Charlotte, buildings between 250k-500k SF hold the highest vacancy at 9% while buildings between 100k-250k SF are 6.9% and all buildings greater than 1 million SF, 7 in total, are fully leased.

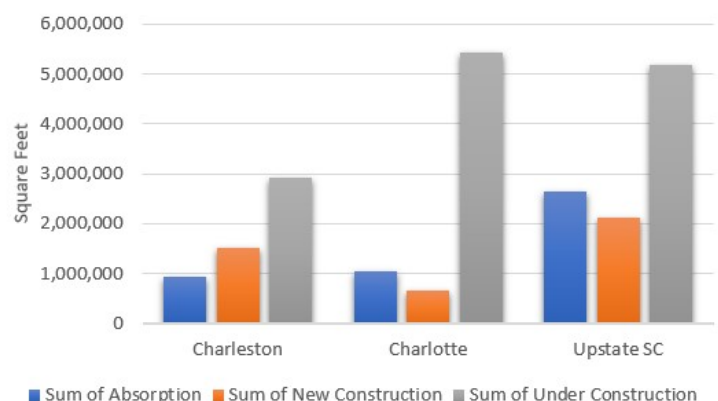
Industrial Rent Rates: Market Average



Average rent rates in all markets have increased slightly over the last quarter. Rent rates for warehouse and distribution buildings in Q3 are \$4.69 in Charlotte; \$3.22 in Upstate SC; \$5.45 in Charleston. Rates for flex spaces are \$9.91 in Charlotte; \$8.08 in Upstate SC; \$9.59 in Charleston.

After months of being ahead in construction, Upstate SC is now in a dead heat with Charlotte for square feet under construction. Demand is strong with all 3 markets showing positive absorption. Given all the new buildings, the market continues to lease even at the higher rent rates. This is a trend that figures to stay around for some time. Many project the industrial run to be sustained long term as more retailers move to the eCommerce model and supply chains reorganize to combat truck driver shortages and shorter length of hauls. These will take time and industrial properties expect to be a great long term investment.

2018 Q3



Data Source: Colliers International 2018 Q1,Q2,Q3 Industrial Reports