

VOL. 2
2022

INDUSTRIAL INSIGHTS

The Definitive Guide on
Charleston's Warehouse Market



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” OPPORTUNITY IS HERE

Charleston’s massive under construction pipeline will likely quench sky-high tenant demand (at least for a little while).

For the Charleston industrial market, **OPPORTUNITY IS HERE.**

A little context: over the past several months, industrial markets across the world have been tightening. Land costs are skyrocketing, vacancy is plummeting, and tenants are scrambling for square footage. Investors have taken note, and sentiment on commercial real estate’s prized class wavered slightly. Charleston felt that, too. But now, our region is packed with excavators clearing massive sites, concrete foundations poured by the ton, and wall-tilting cranes working nonstop.

12.4 million SF of Class-A space is currently under construction in the Charleston market. This speaks to the resilience of industrial product, specifically in a prized port city like Charleston. The spike in availability will be a landmark opportunity for new tenants to lay down roots in a consistently progressing market.

Net absorption is another illuminating figure. Year-to-date, the Charleston market has absorbed 5.9m SF into industrial buildings. That’s a huge number, with a huge caveat: Walmart’s Ridgeville distribution center accounts for nearly 3m SF of that figure. Still,

the remainder of the absorption goes well beyond what a generally healthy market produces.

So, even with less lease availability, less land availability, and rising prices, Charleston is still signing major leases and making major progress. We’ve felt the global tightening of industrial real estate, but our local outlook is positive, and the influx of space in the coming quarters will bolster that stance.

Here are some brief but impactful snippets of where we are, and where we’re going:

- From 2017-22 there has been a 59% increase in industrial rent PSF
- From 2017-22 there has been a 77% decrease in industrial vacancy
- From 2017-22 there has been an 80% increase in industrial sale price PSF
- 6 million SF of new Class-A industrial product will be delivered before 2023
- Vacancy will swell slightly with delivery of new product, then immediately come back down
- Tenant demand in Charleston market will not decrease anytime soon
- Difficult to find land
- Construction costs are still high, but might soften in coming months
- Industrial outdoor storage is on the rise
- Charleston market transformation from small block space (10k - 50k SF), to a massive block space (250k+)
- SC Ports are still breaking records—highest ever TEU import volume in July
- Industrial development will keep sprawling up I-26 corridor due to land shortage
- Spec vs. BTS vs. Hybrid, will some owners attract different types of tenants by doing a spec building but offering a generous buildout package?

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CHARLESTON MARKET HIGHLIGHTS

81,161,746 SF
TOTAL MARKET SF

12,389,190 SF
UNDER CONSTRUCTION

5,900,416 SF
YTD NET ABSORPTION

4,799,161 SF
YTD DELIVERIES

2.3 %
VACANCY RATE

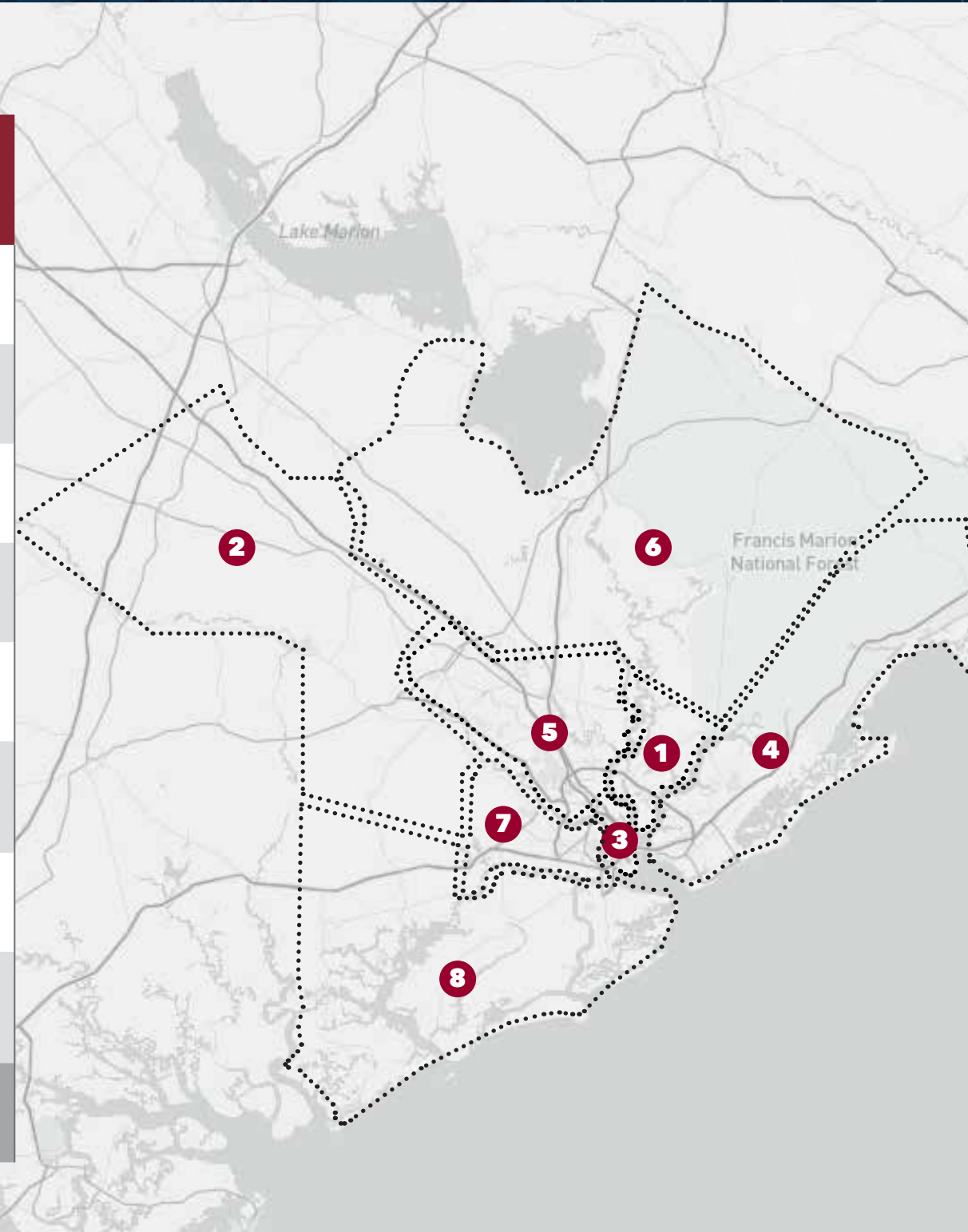
\$6.51
MARKET RENT (NNN)



SUBMARKET OVERVIEW

CURRENT STATS BY SUBMARKET - 10,000 SF AND ABOVE

Submarket	Total Buildings	Total SF	Total Vacant SF	% Vacant	YTD Net	NNN Rent Avg	YTD Sale Price/SF	YTD Deliveries SF	Under Construction SF
1 Daniel Island	55	4,724,573	151,470	3.2%	(150,515)	\$9.23	\$90.00	0	0
2 Dorchester County	153	11,298,716	49,400	0.4%	3,676,118	\$6.31	\$69.00	3,032,000	1,478,521
3 Downtown Charleston	57	1,581,697	37,800	2.4%	-	\$11.63	\$194.00	-	0
4 Mt. Pleasant/Awendaw	25	671,306	-	-	9,828	\$10.50	-	-	0
5 North Charleston	542	30,449,249	1,002,742	3.3%	1,045,381	\$7.89	\$80.00	653,081	3,261,070
6 Outlying Berkeley County	238	30,501,861	362,559	1.2%	1,317,211	\$5.01	\$128.00	1,025,080	7,649,599
7 West Ashley	27	617,053	-	-	0	0	0	0	0
8 West Charleston County	38	1,228,291	194,126	15.8%	(43,969)	\$14.50	-	-	0
MARKET TOTALS	1,136	81,161,746	1,846,655	2.3%		\$6.51	\$83.00	4,799,161	12,389,190

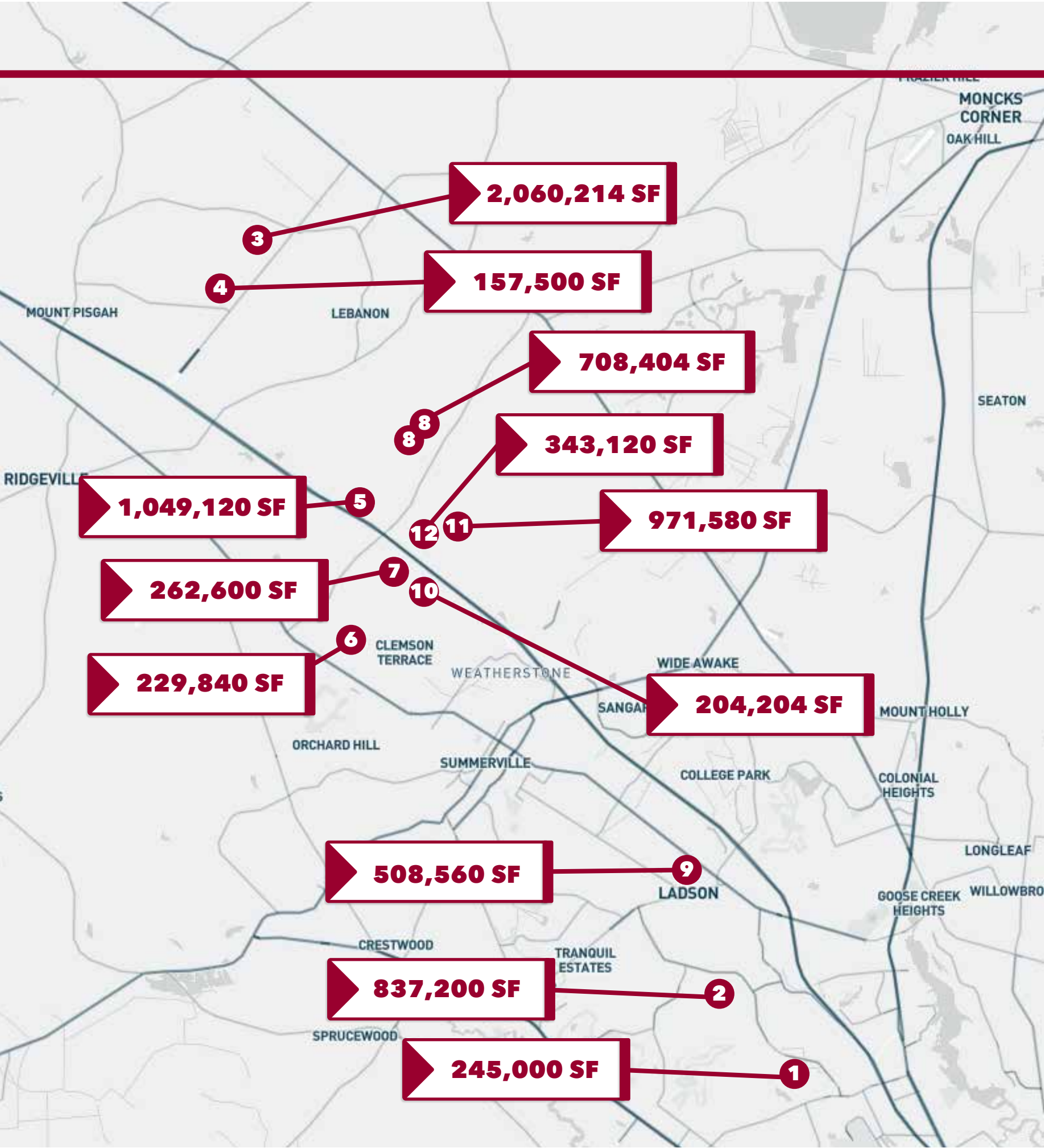


A FLURRY OF ACTIVITY

SPEC UNDER CONSTRUCTION PIPELINE

Right now, the indisputable highlight of this industrial cycle in Charleston is new speculative construction. A lot of these projects have been envisioned for years, but many are new responses to tenant and port momentum. The I-26 corridor near Summerville is a hot spot. In the map shown to the right, there are 13 speculative projects totaling 7.57 million SF. Camp Hall Commerce Park is another major mover, with 2.2 million SF currently under construction and a large chunk of pre-leasing already inked. Tenants seeking large blocks of space, close to a major port, and within South Carolina's business friendly environment will have ample opportunity with any of these developments.

- 1 PALMETTO TRADE CENTER - BLDG II
- 2 TRADEPARK EAST - BLDG 1, 2, 3, 4
- 3 CAMP HALL 4A - BLDG A, B, C, D
- 4 VANTAGE POINT I AT CAMP HALL
- 5 COASTAL CROSSROADS - BLDG 1 & 3
- 6 EASTPORT DISTRIBUTION CENTER
- 7 1130 NEWTON WAY
- 8 BERKELEY CHARLESTON TRADEPORT - BLDG 3 & 4
- 9 LADSON INDUSTRIAL PARK - BLDG 2, 3
- 10 PORTSIDE DISTRIBUTION CENTER - BLDG B
- 11 OMNI INDUSTRIAL CAMPUS - BLDG 3,4
- 12 CHARLESTON LOGISTICS CENTER - BLDG 200
- 13 BERKELEY CHARLESTON TRADEPORT - BLDG 3

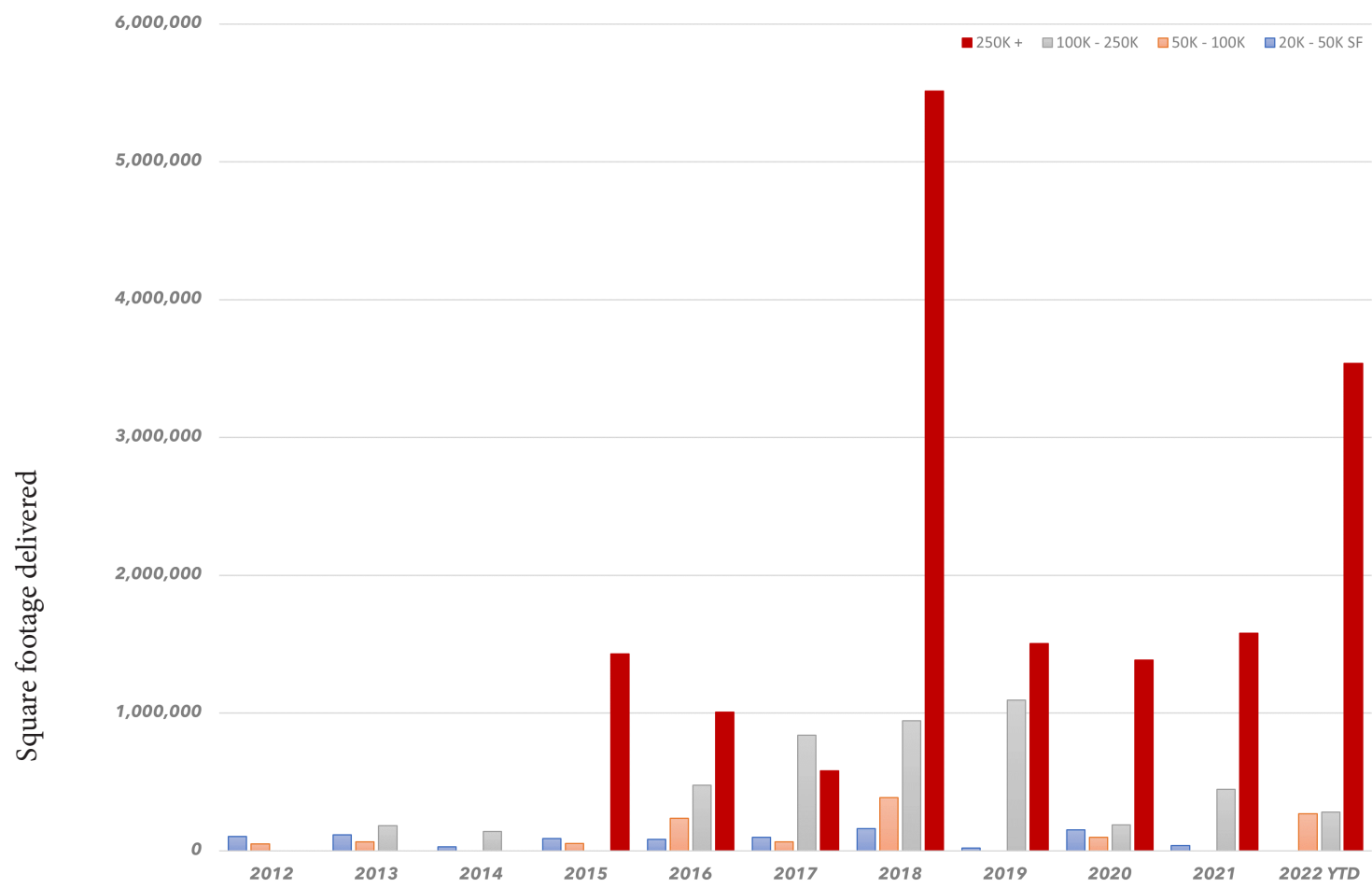


MARKET TRANSFORMATION

THE ROAD TO BIGGER BUILDINGS

In the past 10 years, there has been a clear-cut emergence of larger industrial buildings in the Charleston market. New construction has changed from smaller block to bigger block, and square footage is being pushed to new heights. With land becoming more scarce and industrial drivers showing no signs of slowing, owners and developers are maximizing land space and building larger warehouses. And the future is pointing towards more of the same.

SQUARE FOOTAGE DELIVERED BY BUILDING SIZE



HOW HAS THIS MARKET EVOLVED TO FAVOR BIGGER BUILDINGS? THERE ARE A VARIETY OF FACTORS THAT COME INTO PLAY:

- **SC PORTS** – the main driver of industrial growth in the region, showing no signs of slowing
- **PROXIMITY TO POPULATION GROWTH** – major industrial developments need to be near major population centers.
- **MOMENTUM** – the dominoes have been falling for several years, and with proof of concept comes bigger and better offerings
- **CONSUMER DEMAND** – closely tied with industrial real estate, consumer demand continues to shoot off the charts
- **SCARCITY OF LAND** – owners are maximizing land and shifting construction strategy to favor bigger buildings (while still being divisible)

ACTIVITY MAP

► DELIVERED CONSTRUCTION

- | | |
|-----------------------------------|----------------------------------|
| 1 Walmart Distribution Center | 3 Tradeport Logistics Facility |
| 2 Charleston Trade Center - Tract | 4 Barkley Palmetto Commerce Park |

► UNDER CONSTRUCTION

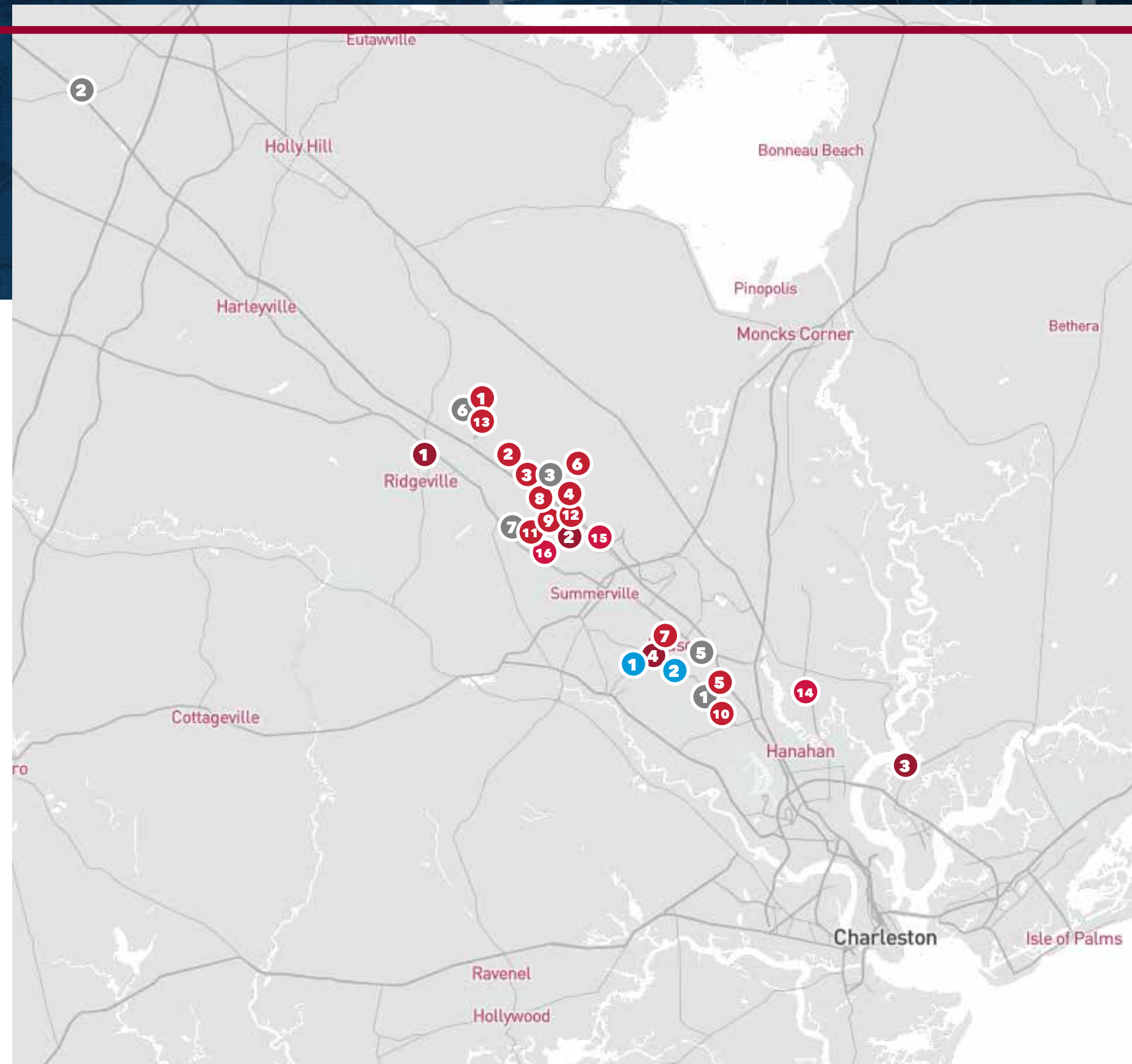
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|---|---|
| 1 Camp Hall 4A - BLDG. A, B, C, D | 9 1130 Newton Way |
| 2 Coastal Crossroads - BLDG. 1, 3 | 10 Palmetto Trade Center - BLDG. II |
| 3 Port95 Business Park - BLDG. I, II | 11 Eastport Distribution Center |
| 4 Omni Industrial Campus - BLDG. 3, 4 | 12 Portside Distribution Center - BLDG. B |
| 5 TradePark East - BLDG. 1, 2, 3, 4 | 13 Vantage Point I at Camp Hall |
| 6 Berkeley Charleston Tradeport | 14 North Pointe Commerce Park |
| 7 Ladson Industrial Park - BLDG. 2, 3 | 15 Omni Industrial Park - BLDG. 3 |
| 8 Charleston Logistics Center - BLDG. 200 | 16 McQueen Distribution Center |

► PROPOSED CONSTRUCTION

- | | |
|--------------------------------------|---------------------------------------|
| 1 Coastal Crossroads - BLDG. 2, 4 | 4 Bowman Industrial Center |
| 2 Carolina Tradeport - BLDG. A, B, C | 5 Jedburg Logistics Park - BLDG. 1, 2 |
| 3 Palmetto Logistics Building | |

► BUILD-TO-SUIT CONSTRUCTION

- | |
|----------------------------------|
| 1 9785 Palmetto Commerce Pkwy |
| 2 New Facility for Elbit America |



DELIVERED CONSTRUCTION

(+50,000 SF)



1. WALMART DISTRIBUTION CENTER 1030 TIMOTHY CREEK ROAD, RIDGEVILLE, SC 29472 (DORCHESTER COUNTY)

Tenant: Walmart
RBA: 3,000,000 SF



2. CHARLESTON TRADE CENTER - TRACT 4B 574 TRADE CENTER PARKWAY, SUMMERVILLE, SC 29483 (BERKELEY COUNTY)

Tenant: Sagebrook Home
RBA: 430,920 SF



3. TRADEPORT LOGISTICS FACILITY 1025 CAINHOY VILLAGE ROAD, CHARLESTON, SC 29492 (BERKELEY COUNTY)

Tenant: Tradeport Logistics
RBA: 89,000 SF



4. BARKLEY PALMETTO COMMERCE PARK 9581 PALMETTO COMMERCE PARKWAY, N. CHARLESTON, SC 29456 (CHARLESTON COUNTY)

Tenant: Accelerated Courier, Inc.
RBA: 80,000 SF

BUILD-TO-SUIT CONSTRUCTION

(+50,000 SF)



1. 9785 PALMETTO COMMERCE PARKWAY 9785 PALMETTO COMMERCE PARKWAY LADSON, SC 29456 (CHARLESTON COUNTY)

Developer: Pattillo
Status: Expected Delivery Q2 2023
RBA: 209,045 SF



2. NEW FACILITY FOR ELBIT AMERICA CROSSPOINT DRIVE & PALMETTO COMMERCE PARKWAY LADSON, SC 29456 (DORCHESTER COUNTY)

Developer: Childress Klein
Status: Q4 2022
RBA: 135,000 SF

UNDER CONSTRUCTION

(+50,000 SF)



1. CAMP HALL 4A - BLDG A, B, C, D
2254, 2260, 2266 VOLVO CAR DRIVE,
RIDGEVILLE, SC 29472 (BERKELEY COUNTY)

Developer: Portman Industrial
Status: Expected Delivery Q4 2022
RBA: 2,060,214 SF (Total)



2. COASTAL CROSSROADS - BLDG 1, 3
460 STRATHMORE ROAD,
SUMMERVILLE, SC 29486 (BERKELEY COUNTY)

Developer: Citimark
Status: Expected Delivery Q1 2023
RBA: 1,049,120 SF



3. PORT95 BUSINESS PARK - BLDG I, II
4826-4820 HIGHWAY 78,
ST GEORGE, SC 29477 (DORCHESTER COUNTY)

Developer: Janko Group
Status: Expected Delivery Q2 2023
RBA: 978,120 SF (Total)



4. OMNI INDUSTRIAL CAMPUS - BLDG 3, 4
0 OMNI INDUSTRIAL BOULEVARD,
SUMMERVILLE, SC 29483 (BERKELEY COUNTY)

Developer: Clarius
Status: Expected Delivery Q4 2022
RBA: 971,580 SF (Total)



5. TRADE PARK EAST - BLDG 1, 2, 3, 4
6880, 6900, 6920 WEBER BOULEVARD,
LADSON, SC 29456 (CHARLESTON COUNTY)

Developer: Trinity Capital Advisors
Status: Expected Delivery Q3 2022
RBA: 837,200 SF (Total)



6. BERKELEY CHARLESTON TRADEPORT
TRADEPORT DRIVE, BLDGS 3 & 4,
SUMMERVILLE, SC 29483 (BERKELEY COUNTY)

Developer: NorthPoint Development
Status: Expected Delivery Q4 2022 & Q3 2023
RBA: 708,404 SF



7. LADSON INDUSTRIAL PARK - BLDG 2, 3
COMMERCE CENTER ROAD
LADSON, SC 29456 (CHARLESTON COUNTY)

Developer: Robinson Weeks
Status: Expected Delivery Q1 2023
RBA: 508,560 SF



8. CHARLESTON LOGISTICS CENTER
840 DROP OFF DRIVE, BLDG 200,
SUMMERVILLE, SC 29483 (BERKELEY COUNTY)

Developer: Transwestern
Status: Expected Delivery Q1 2023
RBA: 343,120 SF

UNDER CONSTRUCTION

(+50,000 SF)



9. 1130 NEWTON WAY
1130 NEWTON WAY,
SUMMERVILLE, SC 29483 (BERKELEY COUNTY)

Developer: Scannell Properties
Status: Expected Delivery Q3 2023
RBA: 262,600 SF



10. PALMETTO TRADE CENTER - BLDG II
3471 TRADE CENTER COURT,
N. CHARLESTON, SC 29420 (CHARLESTON COUNTY)

Developer: SunCap
Status: Expected Delivery Q3 2022
RBA: 245,000 SF



11. EASTPORT DISTRIBUTION CENTER
115 HORTON ROAD,
SUMMERVILLE, SC 29483 (DORCHESTER COUNTY)

Developer: Dalfen
Status: Expected Delivery Q4 2022
RBA: 229,840 SF



12. PORTSIDE DISTRIBUTION CENTER
168 PORTSIDE PARK DRIVE, BLDG B,
SUMMERVILLE, SC 29483 (BERKELEY COUNTY)

Developer: Randolph Development
Status: Expected Delivery Q4 2022
RBA: 204,204 SF



13. VANTAGE POINT I AT CAMP HALL
135 ELECTRIC AVENUE,
RIDGEVILLE, SC 29472 (BERKELEY COUNTY)

Developer: Magnus
Status: Expected Delivery Q4 2022
RBA: 157,000 SF



14. NORTH POINTE COMMERCE PARK
1014 NORTH POINTE INDUSTRIAL BOULEVARD,
HANAHAN, SC 29410 (BERKELEY COUNTY)

Developer: North Signal Capital
Status: Expected Delivery Q3 2022
RBA: 127,000 SF



15. OMNI INDUSTRIAL PARK - BLDG 3
259 DROP OFF DRIVE
SUMMERVILLE, SC 29483 (BERKELEY COUNTY)

Developer: Samet
Status: Expected Delivery Q4 2022
RBA: 126,687 SF



16. MCQUEEN DISTRIBUTION CENTER
450 INTERNATIONAL CIRCLE
SUMMERVILLE, SC 29483 (DORCHESTER COUNTY)

Status: Expected Delivery Q1 2023
RBA: 110,000 SF

PROPOSED CONSTRUCTION

(+50,000 SF)



1. COASTAL CROSSROADS - BLDG 2, 4
400, 440 STRATHMORE ROAD,
SUMMERVILLE, SC 29486 (BERKELEY COUNTY)

Developer: Citimark
Status: -
RBA: 1,525,200 SF



4. BOWMAN INDUSTRIAL CENTER
5234 VANCE ROAD,
BOWMAN, SC 29018 (ORANGEBURG COUNTY)

Status: Expected Delivery Q4 2023
RBA: 677,160 SF



2. CAROLINA TRADEPORT - BLDG A, B, C
8 CAMP HALL ROAD,
RIDGEVILLE, SC 29472 (BERKELEY COUNTY)

Developer: Childress Klein
Status: Expected Delivery Q4 2023
RBA: 1,444,800 SF



5. JEDBURG LOGISTICS PARK - BLDG 1, 2
MUCKENFUSS LANE,
SUMMERVILLE, SC 29483 (DORCHESTER COUNTY)

Developer: Trinity Capital
Status: Expected Delivery Q2 2023
RBA: 780,260 SF (Total)



3. PALMETTO LOGISTICS BUILDING
8100 PALMETTO COMMERCE PARKWAY,
LADSON, SC 29456 (CHARLESTON COUNTY)

Developer: Dalfen
Status: Expected Delivery Q2 2023
RBA: 1,321,840 SF

INDUSTRIAL EXPERTS

2021 INDUSTRIAL TEAM STATS:

588,215

TOTAL INDUSTRIAL
SQUARE FEET SOLD

\$32.3 M

INDUSTRIAL SALE
TRANSACTION VOLUME

1,092,378

TOTAL INDUSTRIAL
SQUARE FEET LEASED

\$25.2 M

INDUSTRIAL LEASE
TRANSACTION VOLUME



MILTON THOMAS, CCIM, SIOR | MANAGING PRINCIPAL

Milton is a twenty-nine year veteran of the commercial real estate industry in Charleston, SC. He leads commercial site selection and build-to-suit projects with integrity and a high degree of expertise and accountability. He has earned a solid reputation in the industrial market by listening to his clients and guarding their interests. Milton gets to know his client's business, their market and their goals, leading them to the best decisions for their needs.



RYAN WELCH, SIOR | PRINCIPAL

Ryan has experience and expertise encompassing the management of a diversity of commercial real estate types including land and industrial properties. Ryan has extensive agriculture experience with land and timber tracks, as well as sales of industrial buildings for landlords throughout the state of South Carolina.



MILES BARKLEY | PRINCIPAL

Miles is a Principal and Broker with over 40 years of experience in the commercial real estate market as an owner, broker, project manager, developer and property/asset manager. He specializes in project and client representation and business development. Miles is a native of Charleston, SC, and has been involved in over \$200 million in commercial real estate transactions, with a primary focus on downtown Charleston, Mount Pleasant, and North Charleston.



THOMAS BUIST, SIOR | VICE PRESIDENT

Thomas specializes in sales and leasing of industrial and warehouse inventory. He offers over 30 years of experience in industrial commercial real estate as a state-licensed broker and is a past South Carolina licensed appraiser. Thomas is a native of Charleston, South Carolina, giving him an exceptional range of personal and business contacts to draw upon. Thomas also has expertise in ports, 3PL, bulk commodities, intermodal and land acquisition/assembly.



JON-MICHAEL BROCK | VICE PRESIDENT

Jon-Michael joined Lee's Industrial Brokerage Team in 2018, where his primary focus is the sales and leasing of single tenant and multi-tenant industrial properties. Jon-Michael has represented sales & leasing of both national/local landlords and tenants. He graduated from the College of Charleston.



PAUL PASCHAL | VICE PRESIDENT

Paul has specialized in investment sales of office, flex, and industrial properties, for the past seven years. Paul is committed to long-term client relationships and brokering investment quality office and industrial assets in the southeastern United States. Paul graduated from the University of North Carolina - Chapel Hill in 2014 with a Bachelor's Degree in Communication and Media Studies. His multi-market experience, ability to drive out of state capital investments, and interpersonal communication skills have successfully built a book of repeat clients and investors targeting investment quality assets throughout the southeast.



ALEX POPOVICH | VICE PRESIDENT

Alex is a Vice President at Lee & Associates Charleston where he specializes in Class A industrial as well as office, land, and retail leasing and sales, representing both landlords and tenants. He has over 7 years of commercial real estate experience in Charleston and has completed numerous transactions throughout the country after graduating from the College of Charleston.



CLARKE ATTAWAY | ASSOCIATE

Clarke joined Lee's Industrial Team in 2019 after serving as a Transitional Researcher with the firm. He focuses on sales and leasing of industrial properties. Prior to joining Lee, Clarke lived in Austin, Texas where focused on single-tenant industrial properties.



JOHN KINCAID, CCIM | ASSOCIATE

John comes to Lee and Associates with several years of development experience. He graduated from Clemson University with a Master's Degree in Real Estate Development. As VP of Development for R.M. Thomas Co., Inc. for two years, John researched and composed project financials, debt/equity structures, market analysis, site selection, zoning entitlements and project design. John has worked on hundreds of multifamily, office and retail deals all over the US in major markets.



THOMAS FAWCETT | ASSOCIATE

Thomas Fawcett is an Associate at Lee & Associates Charleston. As an Associate, he specializes in industrial real estate with a focus on investment sales and leasing throughout the State of South Carolina. Thomas joined the brokerage team after a 2019 summer internship with the firm followed by a year as a Transitional Researcher. As a Transitional Researcher, he learned to develop agency sales and leasing plans for all product types based upon current market conditions, occupancy levels, capital budgets, and disposition strategies catered to the specific objectives of individual clients.



ALEX WHITTEMORE | ASSOCIATE

Alex specializes in industrial real estate with a focus on investment sales and leasing. Prior to brokerage, Alex was a Market Researcher for Lee & Associates. In this role, he routinely met with every agent to learn about their business in order to understand where assistance was needed. Alex developed and maintained tenant, comparable, and pipeline spreadsheets for each specialty, researched zoning-general plan land use throughout the Charleston MSA, canvassed the market, and helped create various reports for agents.



ASHLEY LUCAS | INDUSTRIAL CLIENT SERVICES SPECIALIST

As the Industrial Client Services Specialist, Ashley assists the industrial agents in all aspects of selling/leasing and buyer/tenant rep assignments. She performs in-depth market research, prepares important documentation, manages files, and coordinates the entire listing process from start to finish. Ashley also carries out various public relation's tasks and all aspects of marketing.

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COMMERCIAL REAL ESTATE SERVICES

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