

Industrial Market Overview

According to a report produced by the Bureau of Economic Analysis; the state of South Carolina has one of the fastest growing manufacturing sectors in the region and nation. This is evident when you look at the trends of the market. Overall industrial projects experienced positive net absorption of 400,231 square feet - a significant change over the mild 6,530 square feet seen in first quarter. Vacancy landed at 7.3 percent - the fourth consecutive regression since reaching 8.8 percent in second quarter 2012. The Warehouse sector is approximately 78 percent of the total Industrial market while Flex has a 22 percent share. The trends reported in second quarter are due to the rise in Warehouse space demand. Net absorption in this sector was 399,925 square feet after experiencing negative net absorption of -25,637 during first quarter. Vacancy also shifted from 7.5 percent to 7.1 percent quarter over quarter. The Flex market remained basically flat with vacancy hovering at 9.1 percent and positive net absorption of 306 square feet. North Charleston had the biggest increase in net absorption of 353,042 square feet.

The overall Industrial market has seen an increase in quoted rental rates to \$4.81 per square foot for the third consecutive quarter – an increase of 5 percent from the end of last year. Again, the Warehouse sector has controlled the market trend and ended second quarter at \$4.31 per square foot – a successive increase experienced since second quarter 2012 when the rate was \$4.16 per square foot. East Islands/Mt Pleasant continues to report the highest average rental rates in the Charleston market at \$9.37 at the end of second quarter - down 4.5 percent from second quarter 2012 while Dorchester County reports at the lower end of the market at \$3.31 per square foot. Quoted rates for Flex space at the end of second quarter were \$10.66 per square foot - a significant decline of 3.5 percent from \$11.06 per square foot at the end of last year.

WAREHOUSE & FLEX MARKET STATISTICS

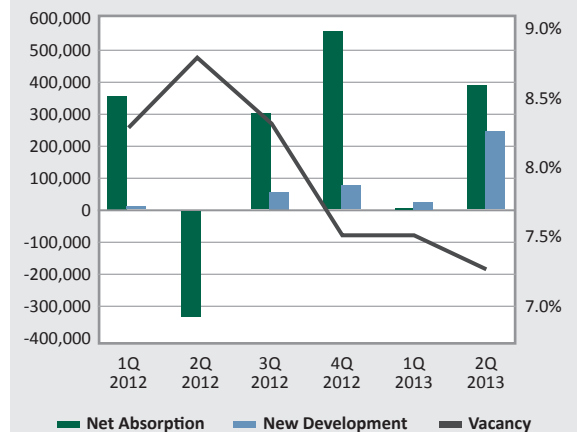
	1Q 2013	2Q 2013	FORECAST
Market Supply (SF)	61,604,785	61,829,167	▲
Vacancy (SF)	4,709,568	4,533,719	▼
Total Vacancy (%)	7.60%	7.30%	▼
Total Net Absorption (SF)	6,530	400,231	▲
Direct Asking Rent	\$4.59	\$4.81	▲

“ Even though rental rates are increasing, tenants are still reluctant to commit to longer lease terms. ”

Mike Ferrer, CCIM

Vice President of Office & Industrial Brokerage

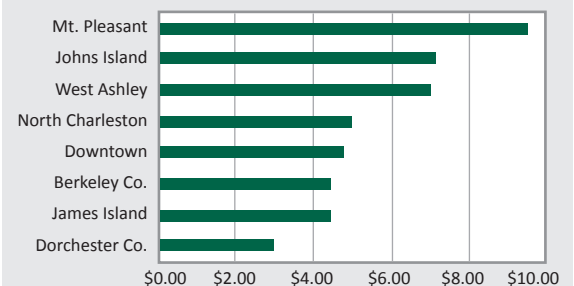
HISTORICAL VACANCY & NET ABSORPTION



NEWS UPDATE

- ▶ “Phase 2” of Boeing’s local expansion — a \$1.1 billion investment and 2,000 more jobs in exchange for a government incentives package that includes \$120 million from the state — began with a ceremony on May 11th, in which Michael Luttg announced his intentions for a Phase 3, 4 and 5 in North Charleston, SC
- ▶ Hapag-Lloyd Line’s Seattle Express vessel marked the first shipment of a new Asia-East Coast service that uses the Suez Canal in Egypt to move cargo to and from destinations like Hong Kong and Singapore. The ship arrived in Charleston on June 23rd
- ▶ Ashley Furniture moved in June to a 50,000 square foot building off of Deming Way and TCI Contracting, LLC moved to the 8302 Dorchester Road building where they will occupy 22,100 square feet
- ▶ In the overall Charleston Industrial market, there were a number of lease transactions completed during the second quarter – 66 percent of them signed in North Charleston and Dorchester County
- ▶ The SCSA leased a 175,080 SF building at 900 Commerce Circle for a 3-year lease commencing on May 1, 2013

SUBMARKET ASKING RATES - 2Q 2013



Source: CoStar; Lincoln Harris Research

INDUSTRIAL MARKET STATISTICS

	Buildings	Inventory	Vacant Space	Vacancy Rate	YTD 2013 Absorption	Asking Rent (PSF)
DORCHESTER COUNTY	286	5,844,109	1,258,250	21.50%	158,232	\$3.31
DOWNTOWN CHARLESTON	42	880,676	41,000	4.70%	35,498	\$4.95
E CHARLESTON COUNTY	3	46,066	0	0.00%	0	\$0.00
EAST ISLANDS/MT PLEASANT	104	865,600	114,483	13.20%	-178	\$9.37
GREATER CHARLESTON	462	7,870,498	358,801	4.60%	129,756	\$6.47
JAMES ISLAND/FOLLY BEACH	81	712,074	4,000	0.60%	5,100	\$4.32
NORTH CHARLESTON	1,120	25,540,818	1,618,079	6.30%	240,190	\$5.11
OUTLYING BERKELEY COUNTY	351	19,316,824	1,055,166	5.50%	-197,443	\$4.39
W CHARLESTON COUNTY	29	219,380	62,704	28.60%	18,726	\$3.87
WEST ISLANDS	48	533,122	21,236	4.00%	16,880	\$6.72
MARKET TOTALS	2,526	61,829,167	4,533,719	7.30%	406,761	\$4.81

INDUSTRIAL STATISTICS BY TYPE

Building Class	Buildings	Inventory	Vacant Space	Vacancy Rate	YTD 2013 Absorption	Asking Rent (PSF)
Warehouse	1,969	56,083,542	4,009,062	7.10%	374,288	\$4.31
Flex	557	5,745,625	524,657	9.10%	32,473	\$10.66
MARKET TOTALS	2,526	61,829,167	4,533,719	7.30%	406,761	\$4.81

CLOSED SALE TRANSACTIONS

Building	Address	RBA	Sale Price	Price/SF
517-A Wando Ln	Mt Pleasant	7,000	\$575,000	\$82.14
4669 Franchise St	North Charleston	5,569	\$344,000	\$61.77
5081 Coosaw Creek Blvd	North Charleston	12,500	\$382,500	\$30.60
4980 Appian Way	North Charleston	6,000	\$428,000	\$71.33

SIGNED LEASE TRANSACTIONS

Building	Submarket	Size	Asking Price/ SF
4301 Dorchester Rd	North Charleston	6,000	\$5.50
900 Commerce Circle	Hanahan	175,080	\$3.55
3074 Ashley Phosphate Rd	North Charleston	47,615	\$3.70
3034 Ashley Phosphate Rd	North Charleston	68,763	\$3.55

About Lincoln Harris

Lincoln Harris, an affiliate of Lincoln Property Company, is a full-service corporate real estate company focused on development, commercial brokerage, corporate real estate services, retail services, land services, project services, property management and asset management. Based in Charlotte, NC, Lincoln Harris has twenty-three service offices across the country.

Source: CoStar; Lincoln Harris Research

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