

# SOUTH CAROLINA | INDUSTRIAL

## Q4 2020

Accelerating success.

## Industrial demand will exceed supply in the next few months: new development is essential

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### Key Takeaways

- > The South Carolina industrial market absorbed 6.41 million square feet throughout 2020, dropping the vacancy rate to 7.22%, despite 7.64 million square feet of construction deliveries.
- > There are 28 buildings totaling 5.51 million square feet under construction and 39 buildings proposed to be built which will add approximately 7.61 million square feet throughout the state upon completion.
- > Within the next three months, the delivered speculative construction will likely be absorbed and new development will be crucial to keep up with growing demand.

### Annual S.C. Market Overview

The South Carolina industrial market is comprised of 449.20 million square feet within 6,967 buildings. Throughout 2020, the market absorbed 6.41 million square feet, 3.05 million square feet was absorbed within manufacturing space and 2.98 million square feet was leased in South Carolina warehouses. Despite 7.64 million square feet of construction deliveries this year, the overall annual vacancy rate in South Carolina industrial properties decreased from 7.29% during the fourth quarter of 2019 to 7.22% this quarter. There are also 28 buildings totaling 5.51 million square feet under construction and 39 buildings proposed to be built which will add approximately 7.61 million square feet throughout the state upon completion. The South Carolina triple net weighted market rental rate for the remaining available industrial space increased 5.59% over the past year and averaged \$4.53 per square foot at year-end 2020.

### Augusta | Aiken (South Carolina portion)

The South Carolina portion of the Augusta | Aiken market is comprised of 13.59 million square feet, over half of which is

### Market Indicators

Relative to prior period	Q4 2020	Q1 2021*
VACANCY	↓	↓
NET ABSORPTION	+	+
CONSTRUCTION	↑	↑
RENTAL RATE	↑	↑

Note: Construction is the change in Under Construction.

\*Projected

### Summary Statistics

Q4 2020 Industrial	Market
Vacancy Rate	7.22%
Change From Q4 2019 (basis points)	-7
Quarterly Absorption (Million Square Feet)	+2.67
New Construction (Million Square Feet)	1.98
Under Construction (Million Square Feet)	5.51

\*New construction is newly delivered buildings

### Asking Rents

NNN Per Square Foot Per Year	
Market	\$4.53
Change From Q4 2019	+5.59%
Flex	\$7.84
Manufacturing	\$3.63
Warehouse	\$4.57

manufacturing space. No new industrial buildings were delivered to this market; however, the 40,000-square-foot AmbioPharm expansion continued construction. Augusta | Aiken submarkets absorbed 9,954 square feet during the fourth quarter of 2020; therefore, the vacancy rate dropped minimally from 13.14% during the third quarter of 2020 to 13.07% this quarter. The weighted rental rate for the South Carolina portion of the Augusta | Aiken region averaged \$2.96 per square foot during the fourth quarter of 2020.

## Charleston

The Charleston industrial market has 59.92 million square feet of industrial inventory with 1.23 million square feet under construction within six buildings. There are also approximately 15 buildings proposed to be built within the Charleston market which would add

an additional 4.02 million square feet to the industrial inventory. There were two buildings totaling approximately 1.24 million during the fourth quarter of 2020. Charleston submarkets absorbed 1.43 million square feet during the fourth quarter of 2020 led by the Summerville and Berkeley County submarkets. Due to positive absorption this quarter, the overall market vacancy decreased from 10.11% last quarter to 9.57% this quarter. The overall market average triple net weighted rental rate increased this quarter to \$6.57 per square foot.

## Charlotte (South Carolina portion)

The South Carolina portion of the Charlotte submarket has an industrial inventory totaling 40.03 million square feet, and there are currently 87,500 square feet of warehouse space currently under construction. No new industrial buildings were delivered in

### Q4 2020 Significant Statewide Sales Transactions

NAME	ADDRESS	COUNTY	SIZE (SF)	PRICE   PRICE PSF	BUYER
-	479 Trade Center Parkway	Berkeley	448,765	\$55M   \$122.56	Laulima Families LLC
52-Property Portfolio	9 Properties in S.C.				Exeter Property Group
Fort Prince Commerce Building One	212 Fort Prince Road	Spartanburg	439,360	\$26.66M   \$60.68	Pacolet Milliken
Spartan Exchange	1021 Tyger Lake Road	Spartanburg	213,200	\$18.6M   \$87.24	Lexington Realty Trust
-	4136 Carolina Commerce Parkway	Charleston	117,000	\$17M   \$145.30	Easterly Government Properties, Inc.
Legacy Park East	2225 Williams Industrial Boulevard	York	129,600	\$14.7M   \$113.43	STAG Industrial, Inc.
-	74 Brook Oaks Drive	Greenville	148,643	\$13.43M   \$90.32	Pattillo Industrial Real Estate
-	1372 North Old Laurens Road	Laurens	525,262	\$13M   \$24.75	ABS Management & Development Corp

### Q4 2020 Significant Statewide Lease Transactions

ADDRESS	COUNTY	SIZE (SF)	TENANT
2550 West 5th North Street	Dorchester	316,000	Zinus
537 Omni Industrial Boulevard	Berkeley	217,580	3G Distribution Services
2021 Williams Industrial Boulevard	York	193,750	Arrival Automotive
1235 Commerce Drive	Kershaw	152,945	Dana Off Highway Products
1413 Lovers Lane	Richmond	150,000	CVS
809 Bookman Road	Kershaw	148,983	DSV Solutions
1121 Woods Chapel Road	Spartanburg	134,000	Minghua USA, Inc.
1601 Poplar Drive Ext.	Spartanburg	131,615	DHL
1031 Legrand Boulevard	Charleston	109,260	World Depot
1017 Northpointe Industrial Boulevard	Berkeley	104,000	Expeditors

Source: Colliers International, CoStar

the South Carolina portion of Charlotte this quarter. The Charlotte market posted negative 533,033 square feet at year-end, most of which was within two buildings. As a result, the overall quarterly market vacancy rate increased considerably from 9.76% last quarter to 11.09% during the fourth quarter of 2020. Average weighted rental rates for the remaining industrial space averaged \$4.32 per square foot at year-end 2020.

## Columbia

The Columbia industrial market is comprised of 73.21 million square feet. During the fourth quarter of 2020, the industrial market absorbed 187,125 square feet led by the manufacturing sector. No new industrial buildings were delivered to the Columbia market during the fourth quarter; however, five buildings are currently under construction which, upon completion, will add 1.82 million square feet to the market. Due to positive absorption, the quarterly vacancy rate dropped from 4.05% during the third quarter of 2020 to 3.81% during the fourth quarter of 2020. The overall average market weighted asking rental rate for available industrial space was \$4.80 per square foot during the fourth quarter of this year.

## Florence | Myrtle Beach

The Florence | Myrtle Beach market is comprised of 38.57 million square feet of industrial properties and absorbed 258,475 square feet during the fourth quarter of 2020; 350,000 square feet was absorbed within manufacturing space, while warehouse space

posted a negative 91,525 square feet. No new buildings were delivered to the market during the fourth quarter of 2020, but construction continues on one warehouse which, upon completion, will add 109,200 square feet to the market. The vacancy rate decreased from 7.03% during the third quarter of 2020 to 6.36% at year-end 2020. The overall Florence | Myrtle Beach weighted rental rates decreased to \$3.59 per square foot this quarter.

## Greenville-Spartanburg

Comprised of approximately 214 million square feet, there are approximately 2.51 million square feet among 14 buildings under construction and another 2.66 million square feet proposed to begin construction throughout the Greenville-Spartanburg market. There were two warehouses and one manufacturing facility delivered to the market this quarter adding 744,754 square feet to the overall inventory. During the fourth quarter of 2020, the market absorbed 1.73 million square feet. Highway 101 corridor was the most active submarket and absorbed 1.15 million square feet during the fourth quarter. The warehouse sector led the way in activity throughout the Greenville-Spartanburg industrial market and posted 90.39% of the absorption. Consequently, the quarterly vacancy rate decreased from 7.29% last quarter to 6.80% at year end. According to Costar, the overall asking weighted rental rate increased slightly from the third quarter and averaged \$3.89 per square foot this quarter.

### 2020 Q4 Industrial Construction Pipeline | South Carolina

PROPERTY NAME   LOCATION	BUILDING SF	COUNTY
<b>COMPLETIONS</b>		
IFA Rotorion Building   479 Trade Center	622,677	Berkeley
A&R Logistics   Gaillard Road	615,000	Berkeley
Carolina Commerce Center   1605 Poplar Drive	327,139	Spartanburg
Spartan Ridge Logistics Center   2000 Nazareth Church Road	286,000	Spartanburg
Carolina Commerce Park   1601 Popular Drive	131,615	Greenville
<b>UNDER CONSTRUCTION (+ 200,000 SF)</b>		
Mark Anthony Brewing   Pine View Industrial Park	1.26M	Richland
Meadvest Vaco Building III   Trade Zone Boulevard	520,000	Dorchester
Exchange Logistics   1800 Highway 86	289,173	Anderson
Charleston Trade Center   180 Trade Center Parkway	263,549	Berkeley
Berkeley Charleston Transport   Jedburg Road	247,830	Berkeley
859 Victor Hill Road	228,900	Greenville
Pelzer Point   1630 Easley Highway	212,500	Anderson
Frontage Road	210,000	Greenville
Fox Hill Business Park   189 Milacron Drive	206,410	Greenville
Nephron Expansion   Saxe Gotha Industrial Park	200,343	Lexington

Source: Colliers International, CoStar

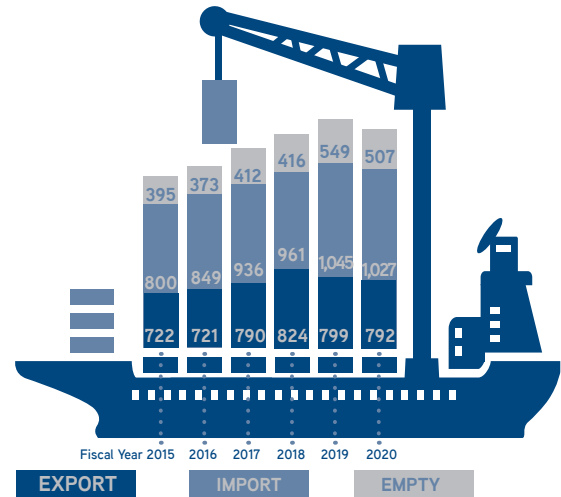
## Savannah (South Carolina portion)

The Savannah market within South Carolina has approximately 10.32 million square feet of industrial space and the market posted a net negative absorption of 415,879 square feet, most of which was in manufacturing space and within two buildings. There is one 17,500-square-foot warehouse under construction, however, no new buildings delivered to the market during the fourth quarter of 2020. Due to negative absorption, the overall quarterly vacancy rate increased significantly from 2.88% last quarter to 6.91% this quarter. Savannah's triple net weighted rental rate averaged \$3.46 per square foot during the fourth quarter of 2020.

## Market Forecast

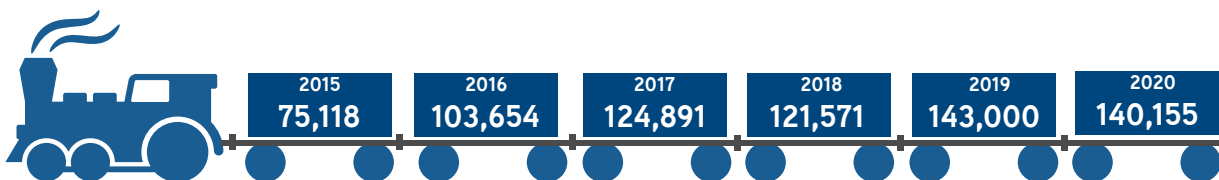
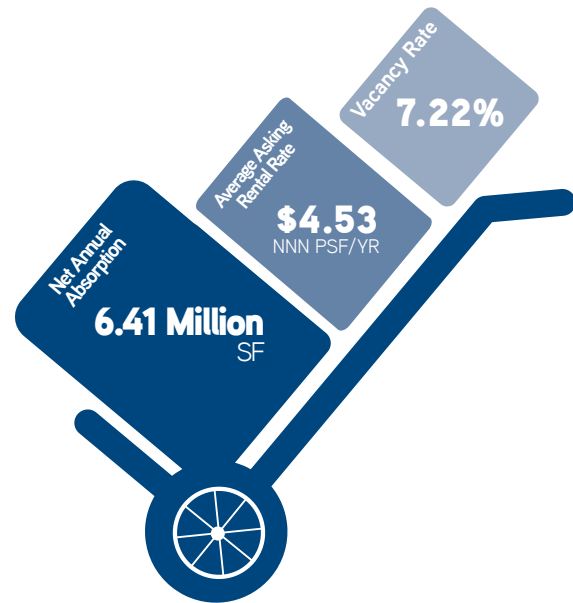
The Port of Charleston improvements are shifting industrial activity from the west coast to the east coast. Statewide planned infrastructure improvements and increased inland and coastal port activity will further boost industrial activity and demand. Supply chain optimization of existing manufacturers will increase demand throughout the state. Finally, a shift in logistics toward last-mile distribution is prompting industrial users to locate closer to residential areas for more efficient goods delivery versus existing around one main hub. South Carolina submarkets are a prime location to open new secondary hubs. Within the next few months, the speculative construction delivered will likely be absorbed and new development will be necessary to keep up with growing demand in South Carolina. Due to extraordinary growth; positive absorption, increasing rental rates and lowering vacancy rates are likely through 2021.

## Port of Charleston Annual Twenty-foot Equivalent Unit Volume (in Thousands)



Source: South Carolina Ports Authority

## 2020 Q4 South Carolina Industrial Market Conditions



According to the South Carolina Ports Authority, during the month of December 2020 the port handled a monthly container volume of 13,523 rail moves, a 26% increase year-over-year and the highest December in history.

## Inland Port Greer Rail Lifts (TEUs)

Sources: South Carolina Ports Authority, Colliers International

Q4 2020 Industrial Market Summary Statistics   South Carolina								
SUBMARKET	BUILDINGS	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLEASE VACANT (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE (%)	NET ABSORPTION (SF)	RENTAL RATE (PSF/YR)
<b>AUGUSTA   AIKEN</b> (SOUTH CAROLINA PORTION)								
Flex/R&D	2	25,500	-	-	-	0.00%	-	-
Manufacturing	40	9,107,073	655,351	-	655,351	7.20%	15,000	\$2.29
Warehouse	80	4,461,958	1,121,183	-	1,121,183	25.13%	-5,046	\$3.20
<b>Augusta   Aiken Total</b>	<b>122</b>	<b>13,594,531</b>	<b>1,776,534</b>	<b>-</b>	<b>1,776,534</b>	<b>13.07%</b>	<b>9,954</b>	<b>\$2.96</b>
<b>CHARLESTON</b>								
Flex/R&D	112	4,458,919	129,723	9,573	139,296	3.12%	15,298	\$11.32
Manufacturing	138	11,699,136	511,682	-	511,682	4.37%	649,677	\$5.79
Warehouse	851	43,766,322	4,740,703	345,217	5,085,920	11.62%	768,503	\$6.49
<b>Charleston Total</b>	<b>1,101</b>	<b>59,924,377</b>	<b>5,382,108</b>	<b>354,790</b>	<b>5,736,898</b>	<b>9.57%</b>	<b>1,433,478</b>	<b>\$6.57</b>
<b>CHARLOTTE</b> (SOUTH CAROLINA PORTION)								
Flex/R&D	14	593,052	216,000	-	216,000	36.42%	5,062	\$4.20
Manufacturing	108	12,023,516	963,591	-	963,591	8.01%	-231,850	\$3.40
Warehouse	326	27,414,702	3,058,522	201,788	3,260,310	11.89%	-306,245	\$5.06
<b>Charlotte Total</b>	<b>448</b>	<b>40,031,270</b>	<b>4,238,113</b>	<b>201,788</b>	<b>4,439,901</b>	<b>11.09%</b>	<b>-533,033</b>	<b>\$4.32</b>
<b>COLUMBIA</b>								
Flex/R&D	83	2,510,510	297,269	-	297,269	11.84%	19,140	\$8.99
Manufacturing	277	25,326,002	972,948	-	972,948	3.84%	262,800	\$3.19
Warehouse	946	45,374,858	1,501,876	18,000	1,519,876	3.35%	-94,815	\$5.15
<b>Columbia Total</b>	<b>1,306</b>	<b>73,211,370</b>	<b>2,772,093</b>	<b>18,000</b>	<b>2,790,093</b>	<b>3.81%</b>	<b>187,125</b>	<b>\$4.80</b>
<b>FLORENCE   MYRTLE BEACH</b>								
Flex/R&D	12	209,423	2,450	-	2,450	1.17%	-	\$8.32
Manufacturing	118	15,540,347	896,640	-	896,640	5.77%	350,000	\$1.54
Warehouse	533	22,824,848	1,538,830	17,000	1,555,830	6.82%	-91,525	\$4.25
<b>Florence   Myrtle Beach Total</b>	<b>663</b>	<b>38,574,618</b>	<b>2,437,920</b>	<b>17,000</b>	<b>2,454,920</b>	<b>6.36%</b>	<b>258,475</b>	<b>\$3.59</b>
<b>GREENVILLE   SPARTANBURG</b>								
Flex/R&D	163	5,452,573	454,972	18,304	473,276	8.68%	-2,007	\$8.33
Manufacturing	339	23,426,593	2,426,199	-	2,426,199	10.36%	168,352	\$6.37
Warehouse	2,580	184,671,475	10,588,543	1,036,682	11,625,225	6.30%	1,563,509	\$3.63
<b>Greenville   Spartanburg Total</b>	<b>3,082</b>	<b>213,550,641</b>	<b>13,469,714</b>	<b>1,054,986</b>	<b>14,524,700</b>	<b>6.80%</b>	<b>1,729,854</b>	<b>\$3.89</b>
<b>SAVANNAH</b> (SOUTH CAROLINA PORTION)								
Flex/R&D	13	244,664	3,000	-	3,000	1.23%	-	\$12.00
Manufacturing	35	4,946,658	479,771	-	479,771	9.70%	-448,179	\$3.50
Warehouse	197	5,125,294	230,557	-	230,557	4.50%	32,300	\$3.26
<b>Savannah Total</b>	<b>245</b>	<b>10,316,616</b>	<b>713,328</b>	<b>-</b>	<b>713,328</b>	<b>6.91%</b>	<b>-415,879</b>	<b>\$3.46</b>
<b>STATEWIDE MARKET TOTALS</b>								
Flex/R&D	399	13,494,641	1,103,414	27,877	1,131,291	8.38%	37,493	\$7.84
Manufacturing	1,055	102,069,325	6,906,182	-	6,906,182	6.77%	765,800	\$3.63
Warehouse	5,513	333,639,457	22,780,214	1,618,687	24,398,901	7.31%	1,866,681	\$4.57
<b>MARKET TOTALS</b>	<b>6,967</b>	<b>449,203,423</b>	<b>30,789,810</b>	<b>1,646,564</b>	<b>32,436,374</b>	<b>7.22%</b>	<b>2,669,974</b>	<b>\$4.53</b>

Source: Colliers International, CoStar

In January 2017, Colliers International benchmarked its industrial data set statewide. The new standard for collection is all industrial buildings 10,000 square feet or larger that can be readily adapted to an alternative industrial use. All properties were placed into a revised set of markets and submarkets and divided into three categories. **Warehouse/Distribution**, a facility primarily used for the storage or distribution or both of materials, goods and merchandise. **Manufacturing**, a facility used for the conversion, fabrication or assembly of raw or partly wrought materials into products or goods. **Flex/R&D**, a building designed to be used in a variety of ways with at least 30% of the rentable building area used as office. It is usually located in an industrial park setting. Specialized flex buildings can include service centers, showrooms, offices, warehouses and more. **Due to the adjustments of the building inventory, comparison of data included in previously published market reports should be avoided.**

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