



3Q19 INDUSTRIAL MARKET REPORT WRITE-UP

By: John Gregory, PE, Broker

Richland County has delivered 775,000 square feet this year, predominantly from the completion and start-up of the 600,000 plus square foot China Jushi USA facility earlier in May this year. Additionally in Southeast Columbia, 115,000 square feet will have been delivered by end of 2019, with developers pushing Asking Rental Rate's (AskRR) up in the market to \$5.85 per square foot.

Lexington County has more speculative development, with the bulk of it in the Lexington County Industrial Park. Midway Logistics IV will be delivered before end of 2019 and AskRR is \$4.75 per square foot. Magnus Development Partners (MDP) recently announced an additional ground breaking in the Park, a fee development project consisting of a 180,000 square foot manufacturing facility for Kardex Remstar, a Switzerland-based automated storage and retrieval solutions supplier. Delivery is expected by second quarter of 2020. This is on the heels of the expected delivery in first quarter 2020 by Domino's 67,000 square foot processing facility still under construction, another MDP BTS development.

Some smaller but much needed speculative developments are starting to hit the market in the pre-leasing phase such as 50,000 square feet being developed off of Interstate-26 in Lexington County off Chris Drive. AskRR is \$5.95 for 40,000 square feet and \$6.25 for 10,000 square feet.

In Orangeburg, an opportunity zone development has broken ground at the Orangeburg County/City Industrial Park near the interchange of Highway 301 and Interstate-26. The developer is NAI Earle Furman out of Greenville, SC. Expected to be complete by end of second quarter 2020, the first building will be 200,000 plus square feet and is being identified as the Millennium Speculative Building. The second building will be 160,000 square feet and located next to the Millennium Building.

In Kershaw County, 78,000 plus square feet was recently absorbed. Additionally in Kershaw County, 50,000 square feet expandable to 200,000 square feet is available at the Heritage Pointe Spec Building.

Newberry County has seen a rise in activity as Marlboro Development Team (MDT) constructs the 100,000 plus square feet expandable to 200,000 square feet spec building at the Mid-Carolina Commerce Park, located off I-26 at Exit 82. Other activity in the Park is also in the plans/works. Heading further northwest on I-26, you will arrive at the Newberry County Industrial Park, home to Samsung's appliance manufacturing plant. Other activity is occurring in Aiken, Calhoun, Fairfield and Florence counties. Much of the speculative wdevelopment beginning to occur is pre-leased or leased up within 12 months of



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delivery. Speculative and BTS developers are beginning to circle the market to find the next success story. Developers are having success leasing speculative product and selling to the capital markets. We are seeing cap rates continue to depress due to historically low interest rates in the debt markets and more and more equity looking to be put to work in good deals. Their belief in the market is anchored by the lack of hyper-supply as perceived in nearby Greenville, Charlotte and Charleston markets, and strong demand as evidenced from some of the aforementioned statistics. Additional demand in the Columbia market can be explained by its central location to the Port of Charleston, Port of Savannah, interstates 20/26/77/95, access to a growing Columbia Metropolitan Airport (CAE), less than 90 miles to Charlotte Douglas International Airport, strong and diversified labor force, access to a first class research university at the University of South Carolina, and lastly being recognized as one of the most affordable places to live helps keep down operating expenses for any company looking to locate here to the Columbia MSA.

If you would like to speak to industrial expert John Gregory about the Market, schedule a market tour, learn more about investment opportunities or if you, yourself are a property owner and want to get a valuation or unbiased feedback on your industrial site or building, please feel free to reach out to John at jegregory@naicolumbia.com or directly on his cell at 803-873-1883.

*All of our numbers / data / results is based from 50,000 square foot buildings and larger. Any buildings smaller than 50,000 square feet are excluded from these reports and thus not accounted for in the numbers provided. Contact John Gregory for further clarification at jegregory@naicolumbia.com or 803-873-1883.

**All rental rates are expressed in terms of triple net (NNN), or net of property taxes, insurance, and common area maintenance (CAM). Contact John Gregory for further clarification at jegregory@naicolumbia.com or 803-873-1883.