



Colliers Keenan 2006 Year-End Industrial Market Charleston, SC



January 2007

Industrial Market Overview	Warehouse > 25,000 SF	Flex 10,000 – 25,000 SF	Total
Total Market	21,487,582	2,647,025	24,134,607
Vacant SF	1,418,016	71,950	1,489,966
Vacancy Rate	6.60%	2.72%	6.17%
Gross Absorption	3,627,823	---	3,627,823
SF Under Construction	940,000	55,000	995,000
Average Rental Rates (NNN)	\$4.02	\$5.15	\$4.15*
Anticipated 2007 Rates	\$4.50	\$6.25	\$4.70*

* Weighted Average

Market Overview

The Greater Charleston Industrial Market continues its robust growth driven primarily by port related happenings and secondarily by a resurgence in manufacturing and defense related businesses. In 2006 we experienced a major wave of commitment on the part of institutional developers lifting Charleston's status to that of an attractive target investment market.

The Port of Charleston

Agreement has been reached on the location of the access road from Interstate I-26 to the future Naval Base Terminal. Construction is expected to commence on the terminal in 2007 and the facility is expected to be operable in 2011. The Port of Charleston also benefited from the recent "World Trade" magazine which ranked the Port of Charleston first in customer satisfaction. Additionally, the widening of the Panama Canal bodes well for the future of the Port of Charleston as shipping lines continue to seek alternative East Coast ports of entry. Charleston is preparing for the new class of Post Panamax ships by installing larger cranes necessary to service these vessels.

The surge in regional commercial construction led to the extraordinary expansions of the three cement plants outside of Charleston.

Kinder Morgan's terminal is operating near capacity transporting coal and raw material for these facilities.

The softening of the national residential market has reduced the domestic demand for some types of imported lumber. As a result, some logistics providers (3 PL's) leasing local distribution warehouses for lumber transshipment are not running at full capacity.

Manufacturing

On the manufacturing front, Daimler Chrysler's Sprinter Van Assembly plant in Ladson was recently completed. The national success of the Sprinter Vans should lead to continued influx of suppliers and the build out of the Palmetto Commerce Park in 2007/2008. Completion of the 512,000 SF American La France facility in Jedyburg is anticipated in the third quarter of 2007. Global Aeronautical completed its 334,000 SF facility in 2006 near the Charleston airport where they construct the fuselage assembly for the 787 Dreamliner. The State plans to capitalize on the new facility by creating a regional aerospace cluster in the Charleston area. Force Protection Company, engaged in the manufacturing of armored vehicles, was recently named the fastest growing state company for 2006. It expanded its workforce to 600 at its Ladson facility.

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Forecast

In 2007 Charleston's strong absorption rate will continue due to new construction of functional warehouse space designed to meet the larger truck court requirements. Despite the seemingly perpetual rise in construction costs, land costs and labor costs, the demand for "Big Box" (200,000 SF+) industrial space will remain strong. With the construction in 2007 of approximately 940,000 SF at three established industrial park locations; 463,000 SF at Charleston Regional Business Center, 350,000 SF at Jedburg Commerce Park and 127,000 SF at Palmetto Commerce Park, Charleston's industrial market will continue its robust growth into 2007.

In late 2007 Hillwood Properties and The Rockefeller Group Development Corporation are expected to commence construction on their industrial parks near Jedburg. These two projects alone will add significant industrial product to the market over the next few years.

The new Class A product coming to the market will elevate the overall quality of industrial warehouse space in the area. National tenants who previously passed on Charleston due to lack of functional space will now have the space necessary to accommodate their growth.

Under Construction

Developer	Location	SF	Delivery	Type
Pattillo Construction	Palmetto Commerce Park	127,000	Q3 2007	Warehouse
Johnson Development	Jedburg Commerce Park	350,000	Q3 2007	Warehouse
Childress Klein Properties	Charleston Regional	463,000	Q3 2007	Cross Dock
Totals		940,000		
Average Building SF		313,333		

Completed Buildings

Park Name/Location	Tenant	SF
Jedburg	Fruit of the Loom*	450,000
North Rhett	SSA Cooper	317,000
Palmetto Commerce	Shimano*	102,000
Palmetto Commerce	Holset Turbo Chargers*	150,000
Charleston International Airport	Vought Alenia I*	400,000
Charleston International Airport	Vought Alenia II*	400,000
Charleston Regional	Kontane Logistics	200,000
Charleston Regional	Dockside Logistics	200,000
Summerville	Linnear	162,000
Cummins/Faber Place	BEHR Heat Transfer*	90,000
Total Absorption		3,627,823**
Average Building SF		247,100
* Build-to-Suits		** includes smaller buildings

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