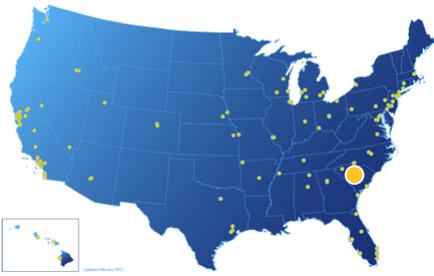


# COLUMBIA, SOUTH CAROLINA RESEARCH & FORECAST REPORT



## A Tighter Market in 2013

### MARKET OVERVIEW

The Columbia, SC industrial market ended 2013 with a low total vacancy rate of 7.37% after dropping 176 basis points and absorbing over 718,000 square feet of industrial space since year-end 2012. Despite a slight increase from the third quarter vacancy rate of 7.14%, the market continued to see improvements and remains optimistic for the year ahead.

The Northeast Columbia submarket held steady at a total vacancy rate of 15.31% through the fourth quarter of 2013 following consecutive quarters of positive absorption and declined vacancy rates. The submarket showed the greatest improvements through 2013, dropping 11.72 percentage points since year-end 2012, and remains home to some of the largest contiguous blocks of industrial space in the Columbia market. The I-77 corridor between Columbia and Charlotte was very active this year with the majority of the activity occurring in York County, however, the Northeast submarket experienced more activity from new prospects due to its availability of large blocks of high quality space.

Columbia's newest industrial construction projects are both in the Southeast submarket. A 38,500 square foot speculative industrial building is under construction at 1509 Key Road and a 450,000 SF build to suit distribution center is under construction for Mar's Pet Food on American Italian Way behind Mar's existing pet food plant. Johnson Development Company is the developer for the Mars project. The spec building at 1509 Key Road is scheduled to complete in the first quarter of 2014 and is already 100% leased.

### MARKET INDICATORS

	Q4 2013	Forecast
VACANCY	↑	↓
NET ABSORPTION	↓	↑
RENTAL RATES	↔	↑
CONSTRUCTION	↑	↑

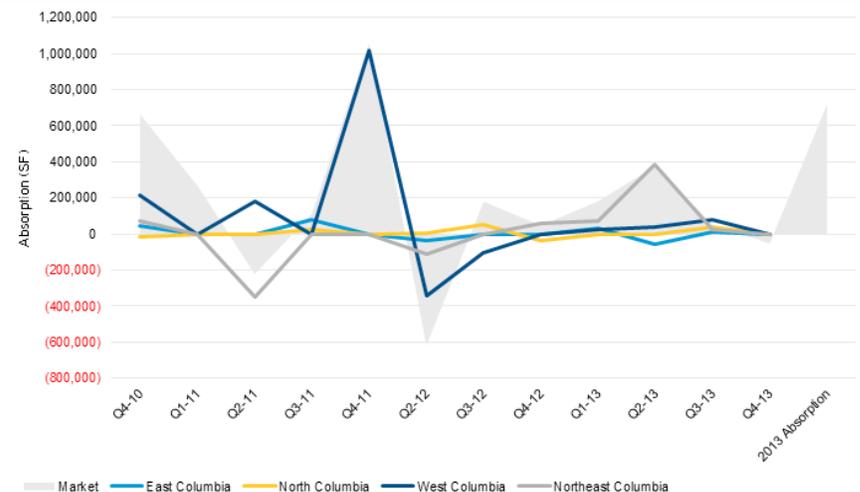
### ECONOMIC UPDATE

#### UNEMPLOYMENT RATE TRENDS



The unemployment rate was down to 6.5% in October 2013 from 6.8% in September and 7.3% the previous year. National and state unemployment levels were down to 7.3% and 7.5%, respectively in October 2013. Columbia, SC reported 28,300 manufacturing jobs in October 2013, 200 jobs more than September. Manufacturing employment in Columbia accounts for 12.6% of the total 224,000 manufacturing jobs in South Carolina. Greenville, SC reported 39,800 manufacturing jobs and Charleston, SC reported 24,100 positions.

#### ABSORPTION TRENDS



### 2013 - YEAR IN REVIEW

The industrial market was no stranger to the headlines in 2013 with announcements of relocations, expansions and new companies entering the market.

- > 1091 Carolina Pines Drive was acquired by Intertape Polymer Group with plans to fully occupy the 350,000 square foot industrial building as part of the company's expansion and modernization plan. Intertape Polymer Group was previously located on Beltline Boulevard in the Forest Acres/East Columbia submarket.
- > Canidae occupied 50,400 square feet at 128 McQueen St.
- > Construction continued on Nephron Pharmaceuticals which is anticipated to open early in 2014.
- > Bluff Industrial Park at 1020 Idlewild Boulevard underwent renovations and attracted tenants Transco, American Products, Hoosier Wheel and Jones School Supply which brought the 166,600 square foot building to full occupancy.
- > Wabtec Corp. expanded by moving into 71,400 square feet at 949 Rosewood Drive.
- > Constantia Hueck Foils, an Austria based manufacturer of foil and film based packaging, announced plans to add 15,000 square feet of space to its existing facility at 111 Northpoint Boulevard in Richland County. The \$12 million investment is to create 15 new jobs.
- > 2AM Group, a supplier of logistics and manufacturing services to automotive, aerospace and marine industries, is moving into an existing 25,200 square foot building at 110 Belk Court.
- > Creative Recycling Co. expanded to 33,600 square feet at 1091 Carolina Pines Drive.
- > Dayton Rogers Manufacturing, a Minnesota based full-service metal forming supplier, will enter the market and occupy two existing buildings totaling approximately 134,000 square feet at Columbia Industrial Park near Bluff Road and I-77. The manufacturer plans to invest \$11 million and create 135 jobs over the next five years.
- > Prime Materials Recovery, Inc. is investing \$1.2 million in its Crosscreek Drive facility, located off US 301 N., to double its business.

### SALES TRANSACTIONS

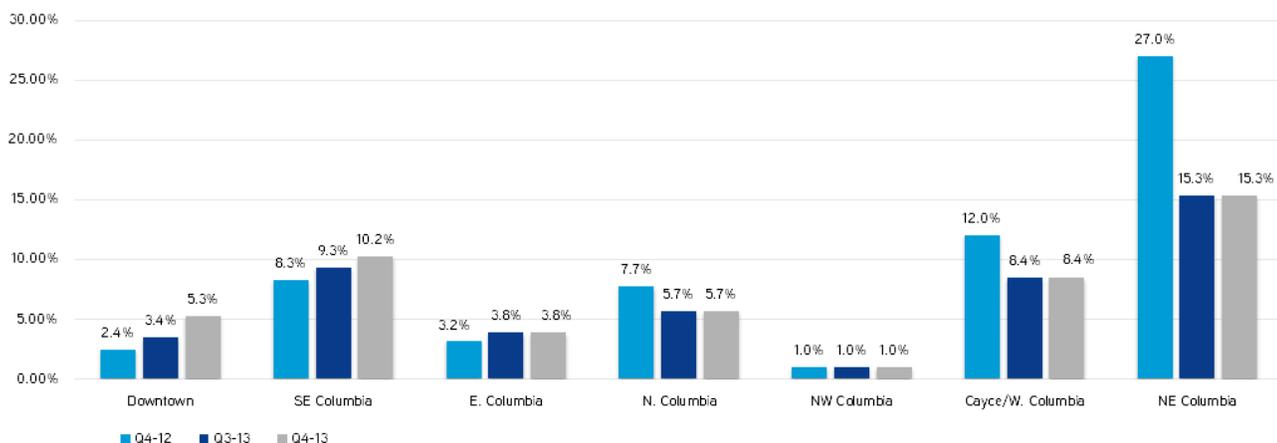
Sales transactions were up in 2013 as investors and companies saw the opportunity to take advantage of low interest rates and lower occupancy costs with ownership versus leasing.

- > 185 McQueen Street was acquired by Stag Partners for \$9.6 million. UTi Integrated Logistics leases the building.
- > Reger Holdings LLC purchased seven industrial buildings for \$13.3 million. The buildings totaling 502,000 square feet of industrial space, include:
  - > 1001, 1005 and 1025 Technology Court in the CAE Enterprise Park in Lexington County (139,300 square feet)
  - > 103 Lachicotte Road in Kershaw County (122,823 square feet)
  - > 7421 E. Spartan in Charleston County (96,613 square feet)
  - > 1235 Commerce Drive in Kershaw County (82,000 square feet)
  - > 1255 Commerce Drive in Kershaw County (153,000 square feet)
- > The Richland-Lexington Airport District Commission purchased three buildings in Foreign Trade Zone 127 for \$4.6 million. The buildings totaling 90,000 square feet of flex space are adjacent to the Columbia Metropolitan Airport in the Cayce/West Columbia submarket.



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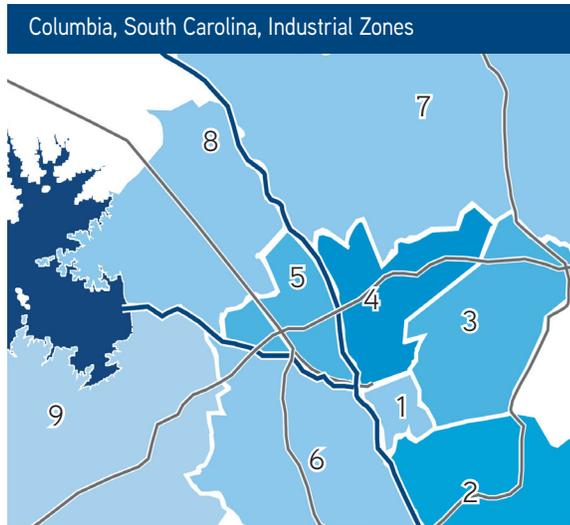
### VACANCY RATES



	Number of Buildings	Square Feet	Direct Vacant	Direct Vacancy	Sublease Vacant	Total Vacancy	Absorption
1 - CBD	83	2,461,405	109,700	4.46%	20,000	5.27%	(25,500)
2 - South East Columbia	181	7,420,211	719,834	9.70%	38,000	10.21%	(32,500)
3 - East Columbia	55	1,945,023	74,400	3.83%	-	3.83%	-
4 - North Columbia	59	1,931,144	109,668	5.68%	-	5.68%	-
5 - Northwest Columbia	19	594,404	5,850	0.98%	-	0.98%	-
6 - Cayce/West Columbia	89	6,304,835	531,753	8.43%	-	8.43%	-
7 - Northeast Columbia	44	5,392,439	825,553	15.31%	-	15.31%	-
8 - Irmo/Chapin	10	811,560	-	0.00%	-	0.00%	-
9 - Lexington	35	4,241,462	600	0.01%	10,500	0.26%	-
10 - Other	56	7,787,780	420,895	5.40%	-	5.40%	5,100
<b>Market</b>	<b>631</b>	<b>38,890,263</b>	<b>2,798,253</b>	<b>7.20%</b>	<b>68,500</b>	<b>7.37%</b>	<b>(52,900)</b>

**IN THE MONTHS AHEAD**

The months and year ahead are anticipated to bring further declines in vacancy and positive absorption to the Columbia, SC market. Most of the activity will be occurring in the Northeast, Southeast and Cayce/West Columbia submarkets due to the nature of their available inventory. As available large blocks of contiguous space become increasingly scarce, the demand for construction will increase with build-to-suit construction being the dominant source followed by limited speculative construction provided the market availability remains low and rental rates increase enough to support new construction.



482 offices in 62 countries on 6 continents

- \$2 billion in annual revenue
- 1.12 billion square feet under management
- Over 13,500 professionals
- 78,000 Lease/Sale Transactions
- \$71 Billion Total Transaction Value

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Sources: Bureau of Labor Statistics, Colliers International Research, CoStar Group, South Carolina Department of Commerce, South Carolina Ports Authority

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**AROUND THE STATE**

South Carolina is known to attract manufacturers through its skilled labor workforce and technical training programs, efficient logistics, and recently, its pro-Second Amendment view. As a result of changing gun laws in parts of the United States, three gun manufacturers have chosen to move to South Carolina investing a combined \$17.4 million and creating almost 400 jobs.

- > American Tactile Imports, an importer of firearms, ammunition and tactical equipment, announced plans to relocate from Syracuse, NY to Summerville, SC. The company chose to locate in Eastport Industrial Park due to its close proximity to the Port of Charleston as it is important for importing. The \$2.7 million investment for a warehouse and distribution center is anticipated to generate 117 jobs.
- > PTR Industries will be locating in a 58,000 square foot spec building at Cool Springs Business Park in Aynor, SC. The \$8 million investment is to generate 145 jobs.
- > Aynor will also be home to Ithaca Gun Co. which will be constructing a 20,000 square foot building locates near PTR Industries in Cool Springs Business Park. The company plans to invest \$6.7 million and create 120 jobs.

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