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RESEARCH SPOTLIGHT

Port Activity in South Carolina and Virginia



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EXECUTIVE SUMMARY 03 >

TOP U.S. SEAPORTS 04 >

PORT OF CHARLESTON 06 >

INLAND PORT GREER 08 >

PORT OF VIRGINIA 09 >

RICHMOND MARINE
TERMINAL 10 >

OUTLOOK 11 >

OCEAN FREIGHT
VOLUME & COMMERCIAL
REAL ESTATE 13 >

EXECUTIVE SUMMARY

Ports continue to benefit from increased traffic, largely a result from an improved global economy and the emergence of e-commerce.

Increased port activity is driving the demand for industrial space in surrounding areas. Cushman & Wakefield research believes the U.S. industrial market is facing an overall under-supply of space and it is expected to be a top performing asset class in 2018.

In 2017, imports increased 7.6% and represented 63% of the total loaded cargo volume during the year for the top 13 U.S. ports. The National Retail Federation predicts imports to increase 4.9% during the first half of 2018.

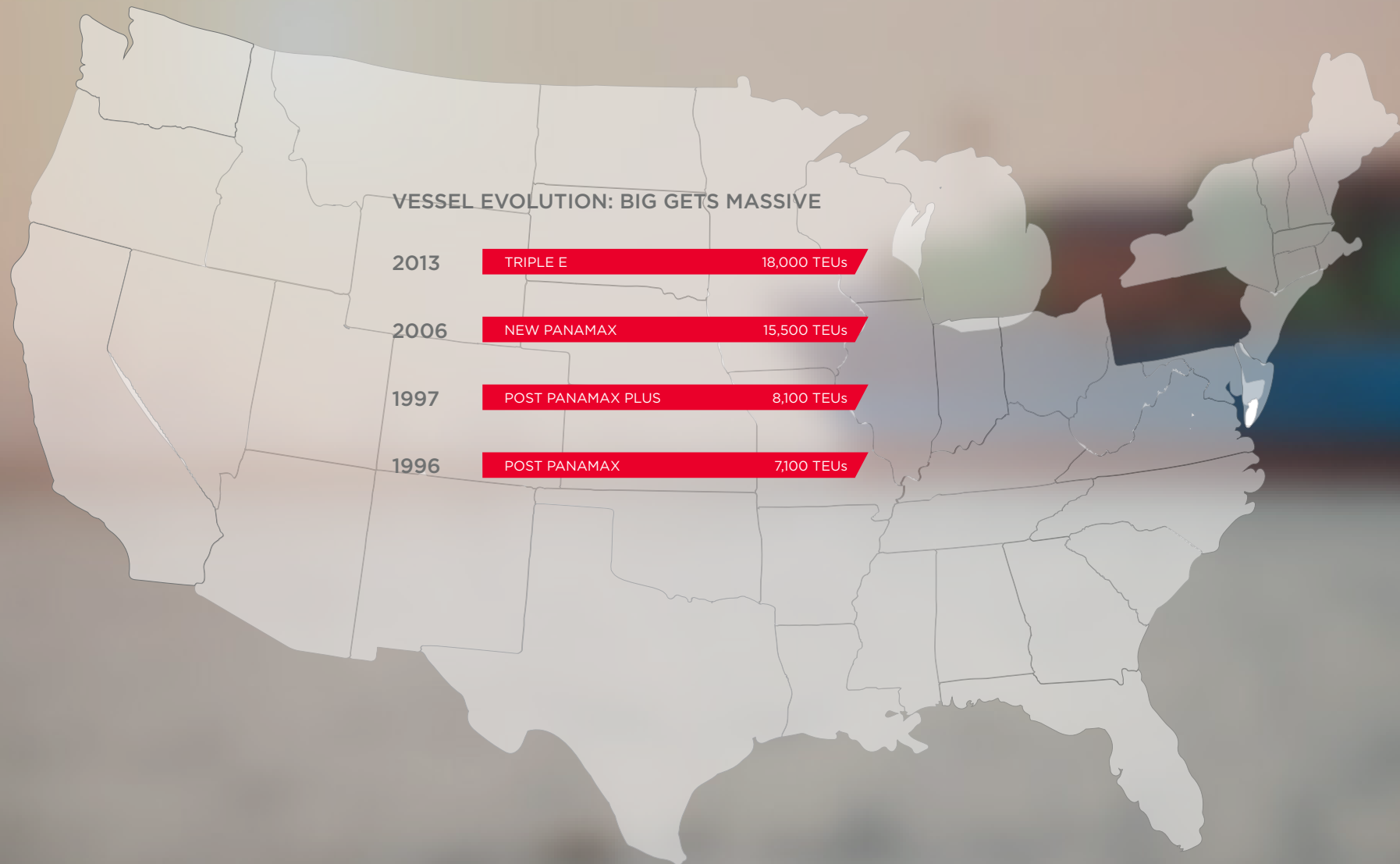
The Ports of Virginia and Charleston are poised to remain integral shipping markets. They are currently two of the deepest ports on the East Coast, with capital improvement projects underway to add more depth, support new shipping technology, and handle increased cargo loads in the future.

Top U.S. Seaports

RANK	PORT NAME	2017 TOTAL CONTAINER VOLUME (TEUs)	ANNUAL CHANGE 2017 VS 2016	2016 TOTAL CONTAINER VOLUME (TEUs)
1	Los Angeles	9,343,194	5.5%	8,856,783
2	Long Beach	7,544,514	11.4%	6,775,172
3	New York / New Jersey	6,710,817	7.3%	6,251,953
4	Savannah, GA	4,046,216	11.0%	3,644,527
5	Northwest Seaport Alliance	3,665,329	1.4%	3,615,752
6	Virginia / Norfolk	2,841,016	7.0%	2,655,705
7	Houston	2,459,107	12.7%	2,182,720
8	Oakland, CA	2,420,837	2.2%	2,369,576
9	Charleston, SC	2,177,550	9.1%	1,996,276
10	Jacksonville	1,076,627	9.7%	981,348
11	Everglades (Fort Lauderdale)	1,074,885	1.5%	1,058,687
12	Miami	1,047,304	1.6%	1,030,758
13	Baltimore	962,480	10.6%	870,115

Top U.S. Seaports

HOVER OVER THE  TO VIEW SEAPORTS



Port of Charleston

The Port of Charleston is the fastest growing major port in the United States.

Setting a record high for container volume in CY 2017, with 2.2 million TEU, the Port of Charleston has experienced the fastest growth in the country since 2011. TEU and intermodal volumes have increased 58% and 180%, respectively, during that time. Traffic will continue to increase with the added capacity from investment. A \$2.3 billion CAPEX initiative by the state of South Carolina features heavy investments in existing facilities, including a new container terminal, harbor deepening, road construction, and intermodal rail. When construction is completed in 2020, the port will be the deepest on the East Coast at 52 feet. South Carolina's ports represent 10% of the state's economic output and have a \$53 billion statewide economic impact.

11B	Port-development investment since 2012
2B	CAPEX program in South Carolina
187,200	Jobs depend on SC ports
250k+	Finished vehicles exported in FY17
35	Crane moves per hour = most productive in the U.S.
29	Days from Shanghai to Memphis

Source: Data provided by the South Carolina Ports Authority



Major Companies Investing in Port of Charleston

HOVER OVER  TO VIEW COMPANIES & INVESTMENT



\$11 BILLION

In port-dependent
investment since 2012

25,000

New jobs created in
South Carolina

BROAD GROWTH

Import, export, manufacturing, retail,
omni-channel, cold chain

Inland Port Greer

Opened in 2013, Inland Port Greer is an intermodal facility that extends the Port of Charleston's reach by 212 miles inland.

Rail service to Greer increases truck productivity by reducing empty miles and providing reliable access to the 95 million consumers that live within 500 miles of the site. This helps firms minimize the risks associated with rising fuel costs, driver availability, or other factors. Companies can also expect a 70-85% reduction in emissions when using intermodal transport to reduce truck miles. Port-dependent firms have invested more than \$10 billion to continue improving South Carolina's logistics network.

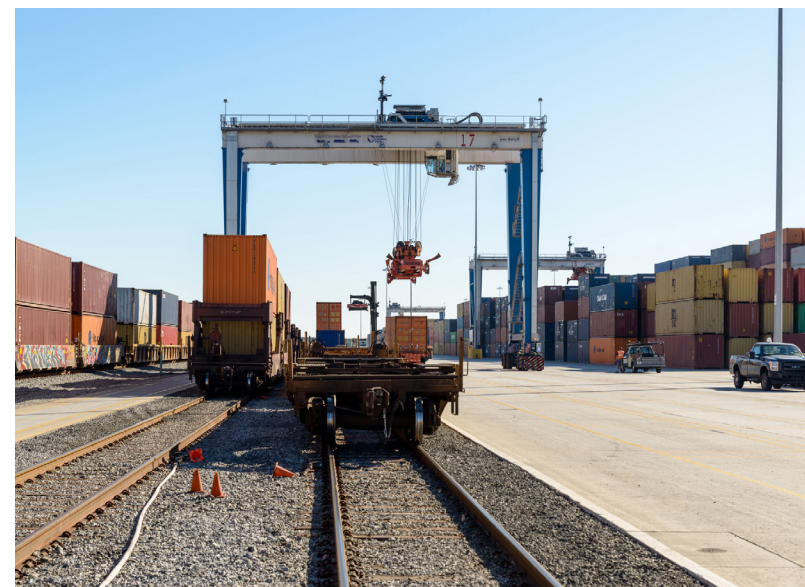
95M	Consumers within a one-day drive
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33%	Growth in traffic during FY17
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125,000	Rail lifts in CY2017
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7 Days	Free-time & 24/7 gates
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Source: Data provided by the South Carolina Ports Authority



Port of Virginia

The Port of Virginia is the 6TH largest port in the United States by total trade.

The port is the only East Coast port with Congressional authorization to dredge to 55 feet offering direct service to 25+ countries worldwide. With its exceptional location, the port provides access to 75% of the US population within a two days drive. The port serves 16 midwest and southeast inland points by rail. Upon completion in 2020, the port will increase capacity 40%, adding the capacity for one million containers annually. Three container stacks increased Portsmouth terminal's capacity 20% in May, with plans for an additional three stacks and another 20% of capacity in June. Overall cargo in March 2018 increased nearly 9% from March 2017.

37%	Cargo arrives and departs the port by rail, the largest percentage of any U/S/ East Coast port
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7 Miles	On-dock rail track
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9.4%	Virginia's workforce is connected to port-related jobs
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4M SF	Industrial speculative development since 2016
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Source: Data provided by the Virginia Ports Authority



Richmond Marine Terminal

The Richmond Marine Terminal is a maritime alternative to I-64, transporting goods on the James River via barges.

The James River barge line utilizes low-emission tugboats that have reduced emissions by 34% on cargo moves to Richmond, VA. The Richmond Terminal has the potential to eliminate 17,820 trucks annually from interstate highways, reducing congestion and pollutants when transporting goods.

62%

Warehouse space at the terminal is rail serviced

300,105 SF

Warehouse space located at the terminal

Source: Data provided by the Virginia Ports Authority



Outlook



Charleston's development pipeline ranks 17TH in the US for total SF under construction. Only 18% of the construction pipeline is speculative development. Strong interest from companies has fueled the demand for modern facilities in the area.



Potential tariffs proposed by the Trump administration may cause some uncertainty but growth is expected to continue on the backbone of strong economic fundamentals. Virginia and South Carolina are poised to benefit from port investments and remain top destinations for commerce.

Sources: Cushman & Wakefield | Research, Data provided by the South Carolina Ports Authority



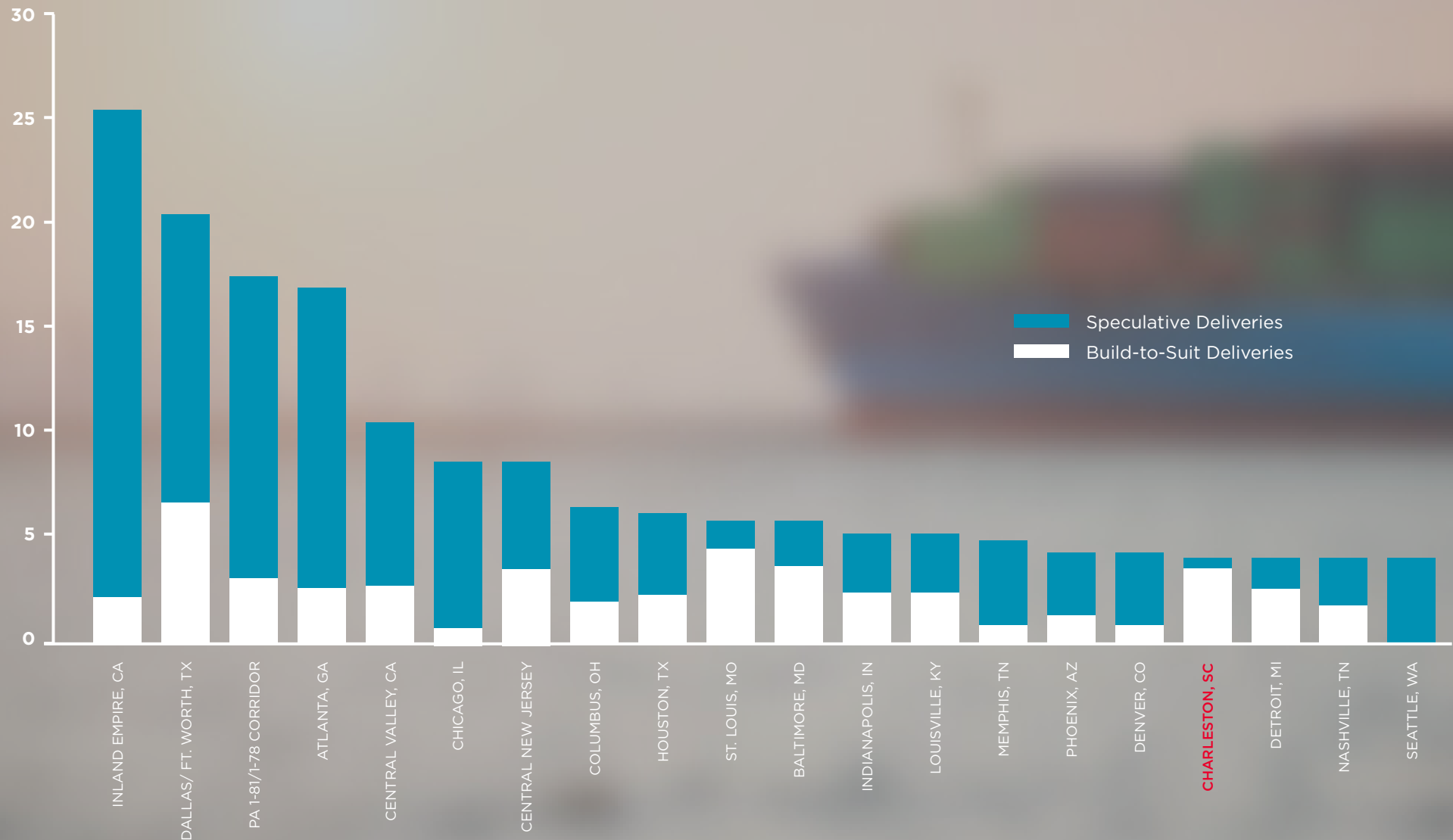
The US East Coast share of Asia/US trade is growing and is expected to continue, driving interest in secondary operations in the Southeast. Consumer proximate distribution centers are a necessity to deliver to consumer demands and the continued success of e-commerce.

Asia Trade Balance

- Compound annual growth rate (CAGR) of 6% on the East Coast compared to 2% on the West Coast from 2011-2017
- 64% of US/Asia trade growth moved via East Coast and Gulf Coast ports during the same six year period

Development Pipeline is Growing

UNDER CONSTRUCTION (MSF)



CHARLESTON & VIRGINIA

Ocean Freight Volume and Industrial Real Estate

PORT NAME	Q1 2018 TOTAL CONTAINER VOLUME (TEUs)	% OF TRAFFIC	ANNUAL CHANGE Q1 2018 VS Q1 2017	EXISTING INDUSTRIAL INVENTORY Q1 2018	OVERALL VACANCY Q1 2018	OVERALL NET RENTAL RATE Q1 2018	Q1 2018 LEASING ACTIVITY	2018 YTD TOTAL NET ABSORPTION	2018 YTD CONSTRUCTION COMPLETIONS	Q1 2018 UNDER CONSTRUCTION
PORT OF CHARLESTON	535,537	43.6%	-3.2%	67,701,399	9.4%	\$5.54	766,396	123,934	2,004,601	4,586,278
Import Volume	237,049	38.9%	-0.4%							
Export Volume	202,446	44.1%	-0.5%							
PORT OF VIRGINIA	691,491	56.4%	1.5%	98,264,807	4.2%	\$5.44	349,160	302,709	50,000	195,000
Import Volume	371,640	61.1%	6.6%							
Export Volume	257,046	55.9%	-4.1%							
TOTAL PORT VOLUME	1,227,028									
Import Volume	608,689									
Export Volume	459,492									
PORT MARKETS TOTAL				165,966,206			1,115,556	426,643	2,054,601	4,781,278
US TOTAL				14,410,824,692	5.0%	\$5.99	108,216,084	56,855,055	58,799,986	251,252,728
SOUTH TOTAL				4,455,891,503	6.0%	\$5.60	30,039,151	18,395,360	21,504,739	95,617,226
PORT MARKETS AS % OF U.S.				1.15%			1.03%	0.75%	3.49%	1.90%
PORT MARKETS AS % OF SOUTH				3.72%			3.71%	2.32%	9.55%	5.00%

Source: Data provided by Cushman & Wakefield | Thalhimer Research, South Carolina Ports Authority, Virginia Ports Authority

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