

MARKETBEAT INDUSTRIAL SNAPSHOT

GREENVILLE / SPARTANBURG, SC

A Cushman & Wakefield Research Publication

Q3 2013



ECONOMIC OVERVIEW

Heading into Q4, all eyes are on the political turmoil in Washington which has led to uncertainty in the market. Despite these headwinds, the economy continues to create new jobs and companies continue to consider

expansion and new investment. A prolonged delay will have a negative impact on GDP, which could lead to a softening of the market going into 2014.

INVESTOR ACTIVITY

Investor interest in the Greenville/Spartanburg market has been strong with several closed investment sales in Q3 and several more to close in Q4. The stability of the industrial market, strong diversification of manufacturing and proximity to major interstates and the port, have encouraged investor activity. The local market has seen declining vacancy and rising rental rates which also entices demand from investors. Over the past 12 months several new investor/developers have entered the market by acquiring product or providing for new build-to-suit opportunities.

NEW DEVELOPMENT

Demand for build to suit buildings has come to the forefront as well, given the decline in Class A space. As of the end of Q3, Cushman & Wakefield | Thalhimier is tracking about 3% vacancy for this product type. Laurens County has delivered their 50,000 SF spec building; meanwhile Liberty Property Trust will be delivering their new building by the end of 2013, which has 104,000 SF available. There are a number of users looking for space or land near the Inland Port, which is also planned to be delivered in Q4. Many of these users are trucking companies that desire to locate nearby to secure the anticipated demand for their services.

OUTLOOK

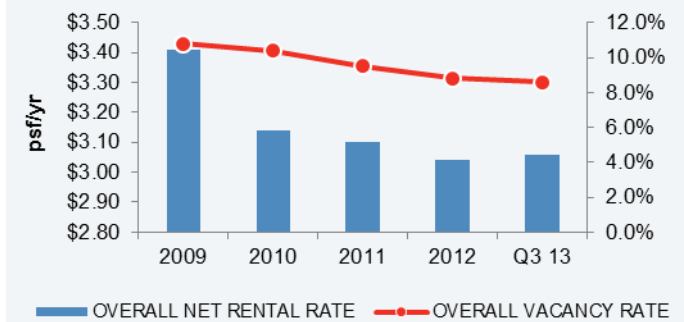
Rental rates have continued to grow through Q3 for all product types with Class A rental rates in the mid \$4 (psf) range and Class B rates in the high \$2 (psf) to the mid \$3 (psf) range. We have seen continued absorption and diminishing vacancy in the market. The expectation is for this trend to continue through the end of 2013.

Going into 2014, we expect to see several build to suit announcements as well as some additional speculative announcements.

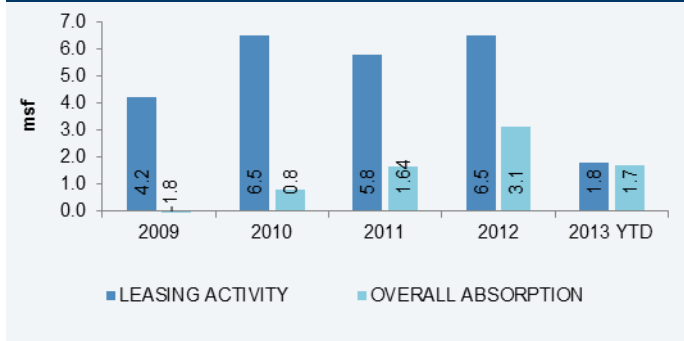
STATS ON THE GO

	Q3 2012	Q3 2013	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	9.0%	8.3%	-3.1pp	▼
Direct Asking Rents (psf/yr)	\$3.11	\$3.06	-0.6%	◄►
YTD Leasing Activity (sf)	4,824,740	2,692,150	-40.3%	▲

OVERALL RENTAL VS. VACANCY RATES



LEASING AND ABSORPTION



GREENVILLE / SPARTANBURG

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	YTD LEASING ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD DIRECT NET ABSORPTION	YTD OVERALL NET ABSORPTION	DIRECT WEIGHTED AVERAGE NET RENTAL RATE			
								HT	MF	OS	W/D
Cherokee County	5,352,642	15.0%	5,956	0	6,000	150,604	150,604	\$0.00	\$2.28	\$3.25	\$2.61
Downtown Airport	3,118,215	3.3%	24,968	0	0	155,017	155,017	\$0.00	\$0.00	\$8.54	\$3.51
Downtown Greenville	344,528	1.7%	3,590	225,000	0	1,790	1,790	\$0.00	\$6.00	\$0.00	\$0.00
East Side	1,640,676	17.1%	0	0	0	65,500	65,500	\$0.00	\$1.00	\$2.23	\$2.23
Greenville CBD	294,774	0.0%	0	0	0	0	0	\$0.00	\$0.00	\$8.28	\$0.00
Greer/Taylors	4,800	100.0%	0	0	0	0	0	\$0.00	\$0.00	\$0.00	\$0.00
I-385/Simpsonville	10,542,760	4.8%	94,365	0	0	(5,121)	(5,121)	\$0.00	\$2.61	\$2.88	\$3.24
I-385/ Woodruff Rd Hwy14	7,869,672	4.7%	146,965	0	0	94,458	94,458	\$8.50	\$8.96	\$7.44	\$4.01
I-85 South/Donaldson	13,864,603	9.0%	356,613	0	0	(124,775)	(124,775)	\$4.12	\$3.75	\$2.00	\$3.06
I-85 Anderson County	267,219	0.0%	0	0	0	0	0	\$0.00	\$0.00	\$0.00	\$0.00
I-85 Wenwood/ICAR	11,377,243	18.2%	166,338	0	0	23,685	23,685	\$0.00	\$0.00	\$6.99	\$3.05
Laurens County	9,706,653	8.3%	1,000	0	0	60,006	60,006	\$0.00	\$0.00	\$0.00	\$2.44
Lower Spartanburg	10,535,961	6.6%	52,639	0	0	59,500	59,500	\$0.00	\$0.00	\$0.00	\$2.82
North Side/Rte9 Corridor	10,331,414	11.5%	106,336	0	0	(77,750)	(77,750)	\$0.00	\$0.00	\$6.00	\$2.44
Outlying Andersons County	18,196,563	5.3%	123,684	0	0	425,058	451,888	\$0.00	\$0.00	\$0.00	\$2.82
Outlying Pickens County	5,173,080	10.7%	139,141	0	0	41,602	41,602	\$0.00	\$0.00	\$5.10	\$3.02
Pelham Road	1,772,249	5.0%	44,295	0	0	17,676	17,676	\$0.00	\$0.00	\$7.36	\$3.61
Route 101 Corridor	8,474,860	5.6%	135,025	156,000	0	204,230	210,230	\$0.00	\$0.00	\$3.94	\$4.29
Route 14 Corridor	3,586,376	7.0%	88,553	0	0	23,405	23,405	\$0.00	\$0.00	\$6.50	\$3.78
Rte 153/Rte 123 Corridor	1,415,031	7.2%	28,697	0	0	46,300	46,300	\$0.00	\$0.00	\$2.40	\$2.78
Route 29 Rutherford Road	7,369,829	9.8%	250,952	0	0	14,643	14,643	\$0.00	\$0.00	\$7.00	\$2.96
Route 290 Corridor	7,478,539	.08%	50,422	120,000	0	183,967	183,967	\$0.00	\$0.00	\$5.22	\$3.06
South Greenville	436,584	0.0%	0	0	0	0	0	\$0.00	\$0.00	\$0.00	\$0.00
South Pleasantburg	1,800	0.0%	0	0	0	0	0	\$0.00	\$0.00	\$0.00	\$0.00
Spartanburg CBD	919,503	18.9%	0	0	0	148,200	148,200	\$0.00	\$0.00	\$0.00	\$0.00
Travelers Rest	3,085,318	6.4%	0	0	0	8,844	8,844	\$0.00	\$0.00	\$3.48	\$2.41
Upper Spartanburg City	20,501,043	7.5%	6,393,10	0	0	9,151	572,361	\$0.00	\$0.00	\$0.00	\$0.00
West End	437,565	1.1%	0	0	0	500	500	\$0.00	\$0.00	\$2.50	\$2.62
West Greenville	13,362,492	14.0%	90,577	0	0	(98,062)	(98,062)	\$0.00	\$0.00	\$0.00	\$0.00
West Side	9,404,659	10.5%	142,724	0	0	(145,892)	(145,892)	\$0.00	\$0.00	\$3.76	\$2.42
TOTALS	186,866,651	8.6%	2,692,150	501,000	6,000	1,282,536	1,988,576	\$8.50	\$2.52	\$6.20	\$2.95

*RENTAL RATES REFLECT ASKING \$PSF/YEAR HT= HIGH TECH MF= MANUFACTURING OS= OFFICE SERVICE W/D= WAREHOUSE/DISTRIBUTION

MARKET HIGHLIGHTS

SIGNIFICANT Q3 2013 LEASE TRANSACTIONS	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
280 Griffin Road	Greenville	Michelin	Industrial	135,000
6400 Augusta Road	Greenville	EDS	Industrial	90,000
1709 Old Georgia Road	Gaffney	ADS Logistics	Warehouse	75,000
SIGNIFICANT Q3 2013 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
7640 Pelham Road	Greenville	Meyer Tool	\$1,400,000	75,000
1750 Martin Road	Spartanburg	Edge Water Automation	\$965,000	43,000
390 Old Spartanburg Road	Spartanburg	Secco	\$1,050,000	30,000
SIGNIFICANT Q3 2013 CONSTRUCTION COMPLETIONS	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
416 A M Ellison Road	Greenville	Fraenkische Pipes	Unknown	20,000
SIGNIFICANT PROJECTS UNDER CONSTRUCTION	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
Inland Port	Greer	BMW	Q4 2013	415,000
Spartanburg	Spartanburg	Not named	Q1 2015	300,000
Caliber Ridge	Greer	AL Solutions	Q4 2013	156,000
Cherokee Industrial Park	Cherokee	Berricap	Q4 2014	90,000
New Cut Road	Spartanburg	Speculative	Q1 2014	30,000

* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS