

# MARKETBEAT INDUSTRIAL SNAPSHOT

## GREENVILLE/SPARTANBURG, SC A Cushman & Wakefield Research Publication



### ECONOMIC OVERVIEW

Activity during the first quarter of 2015 was inconsistent. Not only from what was projected, but also from the perspective of the traditional real estate cycle. However, due to some larger tenants in the market we

believe things are trending up and remain optimistic for a larger volume of closed deals in Q2. With the impending delivery of BMW's X7 line to be in full production in 2017, we have seen several of the suppliers out 'kicking tires'. As these larger corporations tend to have a significant approval process, they have already initiated their search for space requirements despite occupancy dates well into 2016/2017. Several of these tenants will likely sign leases in Q3 and Q4 to secure the delivery of space by their desired date. The Inland Port and growth at the Port of Charleston will continue to be large economic drivers in 2015.

### INVESTOR OUTLOOK

While the strong dollar means it's a great time for a European Vacation, from an international manufacturing stand point, increased costs abroad mixed with a meek European economic recovery have led to manufacturing cost complications for some of typical foreign partners (and thus, possibly an explanation for the lag in closed deals in Q1). At home though, it is in fact a "Great day to be in South Carolina". Interest rates remain steady and CAP rates remain low. Large economic announcements statewide from Giti and Bridgestone solidify SC's place as the Tire King, while Boeing's expansion and the addition of the Mercedes Sprinter Van line spur significant interest from other OEMs. Since January of 2015, Cushman & Wakefield | Thalhimer has tracked over 8 million sf of tenants/users exploring locating or expanding in the Upstate.

### OUTLOOK

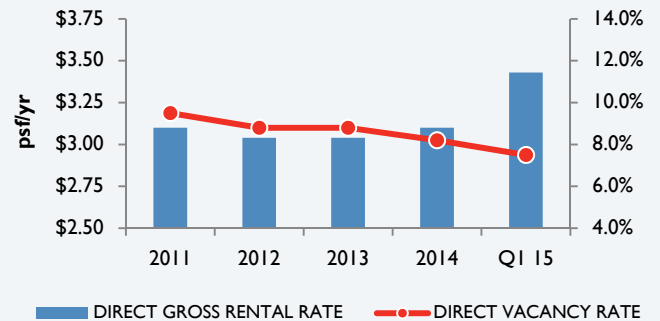
The class A market should be experiencing some new life by Q2 of 2015. Nearly 1M SF of space should be released with the delivery of spec buildings at Caliber Ridge, Wingo Park, Ben Hamby Court, White Horse Rd and Southchase Industrial Park. This new space while offering more choices for existing tenants in market should also lead to more overall interest and looks from users outside the market. Additionally, due to lack of product we are already seeing the rise in construction prices reflected in increasing rental rates. We believe we will continue to see a strong preference in existing building product vs. the pure build-to-suit route. Despite the ample new space, current demand still seems to be outpacing

the delivery of new product and we anticipate very strong leasing on all of the current and soon to be delivered spec buildings.

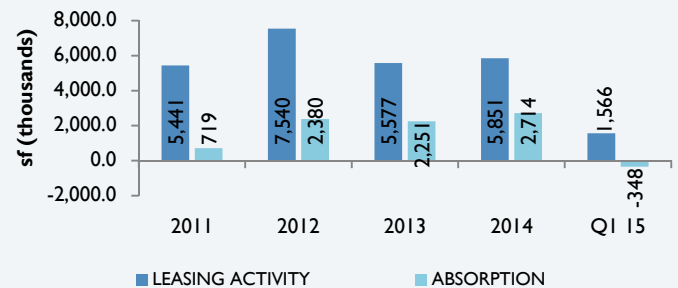
### STATS ON THE GO

	Q1 2014	Q1 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	7.9%	7.5%	-0.4pp	▼
Direct Asking Rents (psf/yr)	\$3.02	\$3.38	11.9%	▲
YTD Leasing Activity (sf)	1,072,220	1,566,291	46.1%	▲

### DIRECT RENTAL VS. VACANCY RATES



### LEASING ACTIVITY VS. ABSORPTION



## GREENVILLE, SOUTH CAROLINA

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
Southern Greenville	32,621,981	7.9%	337,800	200,000	0	(210,535)	(210,335)	\$0.00	\$2.72	\$5.50	\$4.06
Northern Spartanburg	42,725,471	7.0%	950,000	2,180,000	0	548,532	758,332	\$0.00	\$3.64	\$4.25	\$3.21
Northern Greenville	22,061,296	10.5%	19,400	0	0	(480,540)	(160,490)	\$0.00	\$2.04	\$0.00	\$2.76
Greer	21,313,694	4.1%	157,300	526,000	312,000	236,890	236,890	\$0.00	\$4.50	\$5.65	\$4.06
Hwy. 290 Corridor	11,692,214	6.5%	0	0	0	(259,419)	(259,499)	\$0.00	\$3.04	\$5.30	\$3.99
I-85 East Greenville	12,100,684	3.7%	16,470	0	0	4,087	4,087	\$10.00	\$5.12	\$4.25	\$4.00
Southern Spartanburg	14,099,241	8.6%	0	156,000	350,000	15,000	16,133	\$0.00	\$2.26	\$0.00	\$1.60
Anderson	20,772,856	5.7%	64,536	0	0	(196,464)	(176,498)	\$0.00	\$5.00	\$3.75	\$2.68
West Greenville	7,571,367	2.4%	17,785	300,000	0	(6,105)	(6,102)	\$0.00	\$0.00	\$10.00	\$5.50
<b>TOTALS</b>	<b>184,958,804</b>	<b>7.5%</b>	<b>1,566,291</b>	<b>3,362,000</b>	<b>662,000</b>	<b>(348,554)</b>	<b>(202,578)</b>	<b>\$10.00</b>	<b>\$3.15</b>	<b>\$4.30</b>	<b>\$3.54</b>

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

## MARKET HIGHLIGHTS

### SIGNIFICANT Q1 2015 LEASE TRANSACTIONS

	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
Johnson Land at Flatwood	N. Spartanburg	Rite Aid	Distribution	900,000
Nazareth Church Road	N. Spartanburg	Pure Filter	Assembly	242,000

### SIGNIFICANT Q1 2015 SALE TRANSACTIONS

	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
New Cut and Blackstock Road	N. Spartanburg	Contec	\$2,500,000/\$14	180,000
3054-3056 Fork Shoals Road	S. Greenville	General Equipment	\$1,800,000/\$14	133,000
White Horse Road	N. Greenville	Mid State Tire	\$2,200,000 / \$22	100,000
18 Page Court	N. Greenville	Passwaters Properties	\$1,600,000/\$16	99,000
1108 NE Main Street	S. Greenville	Unknown	\$1,025,000/\$12	82,380
108 Progressive Court	S. Greenville	Solar Atmosphere	\$2,500,000 / \$42	60,000

### SIGNIFICANT Q1 2015 CONSTRUCTION COMPLETIONS

	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
Falling Creek	S. Spartanburg	Fed Ex	Q1 2015	350,000
Caliber Ridge	Greer	Bosch & Cardinal	Q1 2015	312,000

### SIGNIFICANT 2015 PROJECTS UNDER CONSTRUCTION

	SUBMARKET	TENANT	COMPLETION DATE	BUILDING SQUARE FEET
Highway 290	N. Spartanburg	Torray	Q2 2016	Unknown
Johnson Land at Flatwood	N. Spartanburg	Rite Aid	Q1 2016	900,000 (100% Leased)
Highway 101 and I-85	N. Spartanburg	BMW	Q2 2016	675,000 (100% Leased)
Trellborg	N. Spartanburg	Trellborg	Q2 2015	430,000 (100% Leased)
2722 White Horse Road & I-85	W. Greenville	Spec	Q1 2015	300,000 (0% Leased)
139 Southchase	S. Greenville	Spec	Q2 2015	200,000 (0% Leased)
Ben Hamby Court	Greer	Spec	Q1 2015	190,000 (0% Leased)
Hood Road	Greer	COTT	Q2 2015	180,000 (100% Leased)
Wingo Park	N. Spartanburg	Spec	Q2 2015	175,000 (0% Leased)
130 Caliber Ridge	Greer	Spec	Q2 2015	156,000 (0% Leased)
Pacolet Land on Hwy. 290 near Hwy. 221	S. Spartanburg	Kobelco	Q1 2016	156,000 (100% Leased)