

# MARKETBEAT INDUSTRIAL SNAPSHOT

## GREENVILLE/SPARTANBURG, SC

A Cushman & Wakefield Research Publication

Q2 2014



### ECONOMIC OVERVIEW

The national economy added over 800,000 jobs in Q2 and the unemployment rate dropped to 6.1%, which is the lowest level since the great recession. Locally, we have added almost 5,000 jobs to the labor market in Greenville/Spartanburg area and the unemployment rates stood at 4.3% and 4.9% respectively through May 2014.

### DIVERSIFICATION

The Greenville/Spartanburg market has seen activity from a diverse range of industries. While BMW and the automotive sector remain significant drivers, there has also been more interest from users in distribution, advanced manufacturing, plastics, healthcare, and food and beverage. Such diversification encourages investor interest and helps the market establish better stabilization.

The lack of class A and other quality space remains a challenge as users struggle to find the best opportunities. However, several developers have plans for construction of speculative space which will release some of the pent up pressure. For the developers that had already delivered spec space over 100,000 square feet, the space was 100% leased within six months of delivery, suggesting a robust appetite for the new product. The users are looking for more flexibility in their building including expansion options, trailer parking options and lease terms that allow for long term growth or contraction.

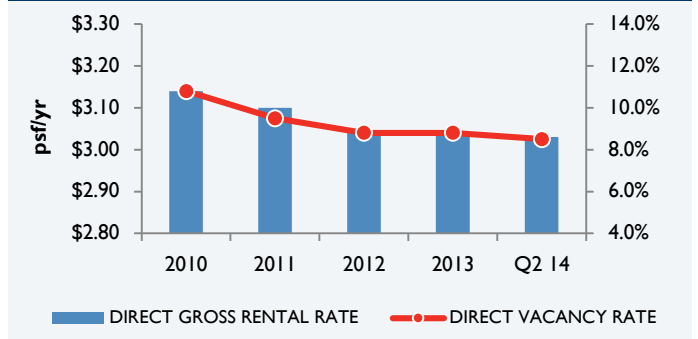
### OUTLOOK

With minimal headwinds on the horizon, tailwinds such as new speculative construction and low interest rates should drive interest across the industrial sector. There will be several new build-to-suit announcements during the second half of the year and there will likely be some additional speculative projects that are announced. We look for vacancy rates to decrease and asking rents to remain stable.

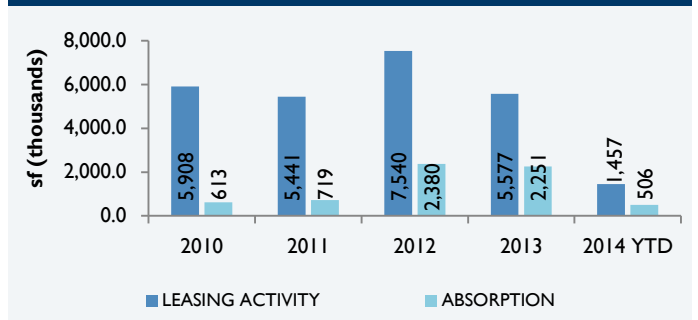
### STATS ON THE GO

	Q2 2013	Q2 2014	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	9.0%	8.5%	-0.5%	▼
Direct Asking Rents (psf/yr)	\$3.06	\$3.03	-1.0%	◄
YTD Leasing Activity (sf)	1,778,940	1,041,065	-41.5%	▲

### 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
Anderson	14,470,097	6.3%	0	0	0	(55,000)	(55,000)	\$0.00	\$2.28	\$3.25	\$2.61
Hwy 290 Corridor	6,924,417	2.8%	165,742	0	0	23,000	43,545	\$0.00	\$0.00	\$8.54	\$3.51
I-85 East Greenville	6,731,910	8.4%	30,225	0	0	12,800	12,800	\$0.00	\$6.00	\$0.00	\$0.00
Northern Greenville	26,980,292	9.4%	54,645	0	0	240,600	240,600	\$0.00	\$1.00	\$2.23	\$2.23
Southern Greenville	23,331,505	17.8%	209,506	0	0	218,175	231,921	\$0.00	\$0.00	\$8.28	\$0.00
West Greenville	10,698,335	18.1%	18,900	0	0	(242,951)	(110,998)	\$0.00	\$2.61	\$2.88	\$3.24
Northern Spartanburg	34,281,473	9.8%	298,280	0	0	(50,400)	(25,444)	\$8.50	\$8.96	\$7.44	\$4.01
Southern Spartanburg	25,277,542	10.6%	230,767	0	0	407,400	407,400	\$0.00	\$3.75	\$2.00	\$3.06
Greer	6,915,797	7.5%	33,000	0	0	12,000	12,000	\$0.00	\$0.00	\$0.00	\$0.00
<b>TOTALS</b>	<b>153,043,564</b>	<b>8.5%</b>	<b>1,041,065</b>	<b>0</b>	<b>0</b>	<b>565,624</b>	<b>756,824</b>	<b>\$8.50</b>	<b>\$2.77</b>	<b>\$5.05</b>	<b>\$3.14</b>

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

## MARKET HIGHLIGHTS

### SIGNIFICANT Q2 2014 LEASE TRANSACTIONS

SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET	
5675 N. Blackstock Rd	Spartanburg	Ebespacher	Manufacturing	280,000 SF
25 Old Mill Rd	Mauldin	RPA Development	Manufacturing	90,000 SF
40 Tyger River	Duncan	Aaron Industries	Distribution	156,000 SF
199 Keowee Business Parkway	Seneca	Plastic Products Co	Distribution	40,000 SF

### SIGNIFICANT Q2 2014 SALE TRANSACTIONS

SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET	
15 Tyger River Rd	Duncan	Exeter	\$7,700,000	202,000 SF
331 Garner Rd	Spartanburg	Action 3PL	Undisclosed	170,000 SF
561 Bessie Rd	Piedmont	O'Donnell Industries	\$1,181,556	50,000 SF

### SIGNIFICANT PROJECTS UNDER CONSTRUCTION

SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET	
Hwy 290	Moore	Toray	TBD	Unknown
Highway 101 and I-85	Spartanburg	BMW	Q4 2015	675,000 SF
White Horse Rd & I85	Greenville	Spec	Q1 2015	300,000 SF
Matrix Parkway	Greenville	KI Logistics	TBD	272,000 SF
Ben Hamby Court	Greenville	Spec	TBD	190,000 SF
Trelleborg	Spartanburg	Trelleborg	Q2 2014	430,000 SF
Hood Rd	Greenville	COTT	TBD	180,000 SF
Caliber Ridge	Greer	TBD	Q1 2015	312,000 SF
Batesville Rd	Hwy 290	PreCorp	Q4 2014	60,000 SF
Tyger River Dr	Duncan	Morisette	Q4 2014	97,000 SF
Falling Creek	Spartanburg	FedEx	Q1 2015	350,000 SF

\* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS