

# MARKETBEAT INDUSTRIAL SNAPSHOT

## GREENVILLE/SPARTANBURG, SC

A Cushman & Wakefield Research Publication

Q3 2014



### ECONOMIC OVERVIEW

Thanks to the BMW ripple effect, more suppliers have to react and adjust their facilities accordingly, whether it be via expansions or complete relocations. The I-85 corridor in Spartanburg County remains the premiere location for the bulk of transactions and site visits. With the market creating more high level manufacturing employment, we must ask some new hard questions; can businesses find enough qualified employees? How can we recruit people to South Carolina? If underemployed personnel are getting trained up for higher paying jobs, will this have an impact on lower wage employers and will they have trouble hiring? New job creation is a great trend and we would look for this to lead to more people moving to the Upstate for employment.

### TRENDS

Like the punchline of a joke, timing is everything in the Greenville/Spartanburg Industrial market. The lack of class A space continues to stump users; we have seen projects go from having multiple options to one or none based on delayed decisiveness. This is great news for developers that are considering speculative buildings in our market or whom currently have spec projects under construction. This is not great news for users that don't have the time built into their business cycle to wait 12 months for a build-to-suit. Typically users want to see existing space vs. going the build-to-suit route and thus class A lease rates have and will remain at their current level or rise higher in the foreseeable future.

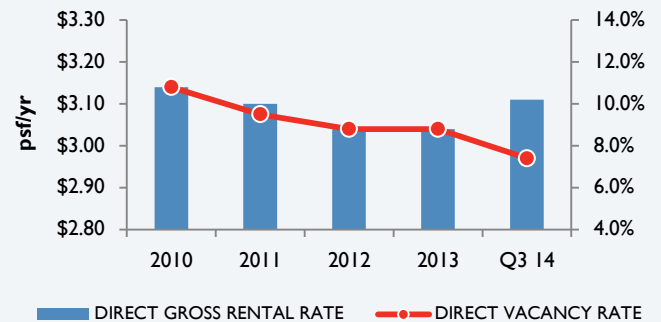
### OUTLOOK

Some good news: while BMW remains the bellwether, our market remains diversified with large leases from the manufacturing, logistics, and healthcare sectors. We will continue to see users and developers purchase land with plans for new industrial parks and speculative constructions. Look for users to speed up their decision making to stave off losing out on more space opportunities. This is a great time to invest in Greenville/Spartanburg.

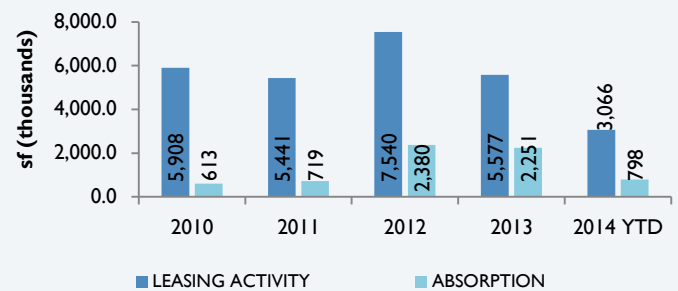
### STATS ON THE GO

	Q3 2013	Q3 2014	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	8.3%	7.4%	0.9%	▼
Direct Asking Rents (psf/yr)	\$3.06	\$3.12	0.19%	▲
YTD Leasing Activity (sf)	2,692,150	3,066,057	0.14%	▲

### 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	34,399,628	6.6%	867,167	250,000	0	294,858	486,058	\$0.00	\$3.21	\$0.00	\$3.67	
Northern Spartanburg	41,862,702	8.8%	800,444	254,000	48,000	19,615	19,615	\$0.00	\$2.82	\$5.47	\$2.64	
Northern Greenville	21,932,221	10.3%	365,070	306,000	0	(248,206)	(248,206)	\$0.00	\$2.26	\$12.00	\$2.76	
Greer	11,919,149	6.1%	311,365	312,000	570,000	275,099	275,099	\$0.00	\$4.50	\$0.00	\$3.73	
Hwy. 290 Corridor	7,409,878	8.1%	213,873	161,967	0	(390,717)	(390,717)	\$0.00	\$4.07	\$5.50	\$3.87	
I-85 East Greenville	9,166,382	3.3%	228,046	200,000	0	143,469	144,833	\$8.50	\$7.00	\$6.80	\$3.84	
Southern Spartanburg	10,018,243	8.8%	103,271	0	206,000	174,250	174,250	\$0.00	\$2.26	\$6.00	\$1.66	
Anderson	19,126,937	4.8%	26,695	150,000	0	(20,097)	(20,097)	\$0.00	\$0.00	\$3.00	\$2.66	
West Greenville	3,604,837	1.8%	8,126	0	0	15,796	15,796	\$0.00	\$0.00	\$6.63	\$4.13	
<b>TOTALS</b>	<b>159,439,977</b>	<b>6.51%</b>	<b>2,924,057</b>	<b>1,433,967</b>	<b>824,000</b>	<b>264,067</b>	<b>456,631</b>	<b>\$8.50</b>	<b>\$3.00</b>	<b>\$5.00</b>	<b>\$3.00</b>	

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

## MARKET HIGHLIGHTS

SIGNIFICANT Q3 2014 LEASE TRANSACTIONS	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
Nazareth Church Rd	Spartanburg	Pure Filter	Assembly	242,000 SF
101 Harrison Bridge Rd	Simpsonville	SunLand	Distribution	202,000 SF
140 Caliber Ridge Rd	Greer	Bosch Security Systems	Distribution	156,000 SF
201 Commerce Court	Duncan	Rochling	Distribution	150,000 SF
2819 Wade Hampton Blvd.	Taylors	Gannett Pacific, Inc.	Distribution	107,000 SF
110 Caliber Ridge Rd	Greer	Cardinal Health	Distribution	104,000 SF
120 Caliber Ridge Rd	Greer	Pilot Freight	Distribution	41,600 SF
SIGNIFICANT Q3 2014 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
White Horse Rd	Greenville	Mid State Tire	\$2,200,000	100,000 SF
108 Progressive Ct.	Greenville	Solar Atmosphere	\$2,500,000	60,000 SF
SIGNIFICANT Q3 2014 CONSTRUCTION COMPLETIONS	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET (% LEASED)
Matrix Parkway	Greenville	KI Logistics	Q3 2014	272,000 SF
Tyger River Dr	Duncan	Morisette	Q4 2014	97,000 SF
SIGNIFICANT PROJECTS UNDER CONSTRUCTION	SUBMARKET	TENANT	PROPERTY TYPE	BUILDING SQUARE FEET (% LEASED)
Hwy, 290	Moore	Toray	TBD	Unknown
Highway 101 and I-85	Spartanburg	BMW	Q4 2015	675,000 SF
Trellborg	Spartanburg	Trellborg	Q2 2014	430,000 SF
Falling Creek	Spartanburg	FedEx	Q1 2015	350,000 SF
Caliber Ridge	Greer	Bosch & Cardinal	Q1 2015	312,000 SF
White Horse Road & I-85	Greenville	Spec	Q1 2015	300,000 SF
Ben Hamby Court	Greenville	Spec	TBD	190,000 SF
Hood Road	Greenville	COTT	TBD	180,000 SF
Parkway East	Duncan	Kenco	Q1 2015	150,000 SF
Batesville Road	Greer	PreCorp	Q4 2014	60,000 SF

\* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS