

# MARKETBEAT INDUSTRIAL SNAPSHOT

## GREENVILLE/SPARTANBURG, SC

A Cushman & Wakefield Research Publication

Q4 2014



### ECONOMIC OVERVIEW

During 2014 the market gained tremendous momentum for new construction as most of the class A and B buildings were leased or sold to users. We are tracking over one million square feet (msf) in spec construction that is in various stages of development and an additional 1.0 msf in build-to-suit construction. Some of the spec construction from 2014 was also leased, including Caliber Ridge, Parkway East and Logue Court, encouraging other developers that it is a prime market. There were also several large announcements for new construction including those made by BMW and Toray, each totaling over \$1 billion in investment. Trelborg, Plastic Omnium, KI Logistics and Precorp all announced plans to construct new facilities during the year.

### INVESTOR OUTLOOK

During the past two years, the market has seen rental rate growth which has been good for landlords, generating interest and enthusiasm from new investors and developers. Rental rates for class A warehouse space are in the \$4.50 per square foot range, class B is in the high \$3.00 psf range and even class C buildings are achieving rental rates in the mid to high \$2.00 psf range. The market has also absorbed a number of historically vacant or under-leased buildings with new tenants stabilizing these assets. Investors purchased a number of leased buildings including 25 Brookfield Oaks, 15 Tyger River, Buffington Road, 1201 Woods Chapel Road and 1375 Howell Road.

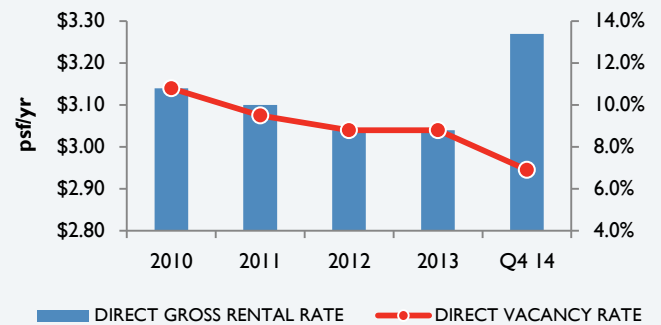
### OUTLOOK

We expect to see similar demand and growth in 2015 given the amount of velocity that has been in the market. The new speculative space will create some opportunities for companies that were struggling to identify quality space for their use. Finally, we expect to see additional demand from BMW suppliers as they ramp up production for 2016 increasing their capacity by 50%. The proliferation of manufacturing demand will likely generate new demands for supporting warehouse space leading to more 3PL business and additional leasing heading into 2016. We will monitor the labor market, which remains tight, as well as projected rises in construction costs leading to more upward pressure on rental rates. Finally, interest rates which have been flat for a number of years and have encouraged some of the lower cap rates and should remain stable in 2015.

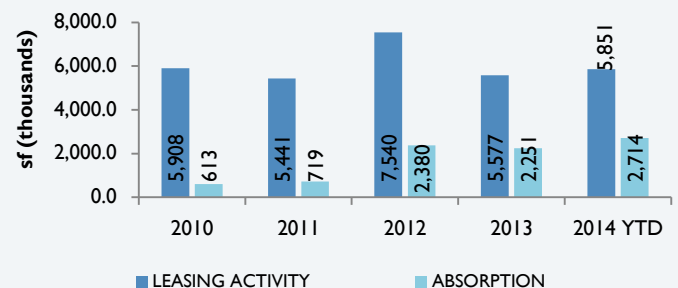
### STATS ON THE GO

	Q4 2013	Q4 2014	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	8.5%	6.9%	-1.6%	▼
Direct Asking Rents (psf/yr)	\$3.10	\$3.27	5.5%	▲
YTD Leasing Activity (sf)	3,740,575	5,851,786	56.4%	▲

### 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	32,834,489	6.9%	1,587,137	496,000	0	722,047	912,345	\$0.00	\$3.20	\$0.00	\$3.06
Northern Spartanburg	40,393,605	7.5%	1,329,474	512,000	70,000	80,148	80,148	\$0.00	\$3.30	\$0.00	\$3.12
Northern Greenville	20,844,742	10.8%	843,070	587,000	0	160,435	1,650,435	\$0.00	\$2.15	\$0.00	\$3.13
Greer	15,336,931	4.7%	821,456	575,000	878,000	75,200	75,200	\$0.00	\$4.20	\$0.00	\$4.05
Hwy. 290 Corridor	7,558,512	1.9%	521,874	262,800	0	30,300	32,300	\$0.00	\$3.00	\$0.00	\$3.20
I-85 East Greenville	7,725,540	4.0%	550,146	284,000	0	2,675	2,675	\$0.00	\$4.01	\$4.30	\$4.38
Southern Spartanburg	9,578,326	7.7%	409,371	0	446,000	1,561,195	1,561,195	\$0.00	\$2.26	\$0.00	\$1.46
Anderson	18,316,757	4.8%	37,695	267,000	0	40,000	42,000	\$0.00	\$0.00	\$0.00	\$2.09
West Greenville	3,276,800	1.8%	9,226	0	0	42,000	40,266	\$0.00	\$0.00	\$0.00	\$3.95
<b>TOTALS</b>	<b>184,992,440</b>	<b>6.9%</b>	<b>5,851,786</b>	<b>2,998,000</b>	<b>1,394,000</b>	<b>2,714,000</b>	<b>2,906,564</b>	<b>\$0.00</b>	<b>\$3.16</b>	<b>\$4.30</b>	<b>\$3.30</b>

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

## MARKET HIGHLIGHTS

SIGNIFICANT 2014 LEASE TRANSACTIONS	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
Nazareth Church Rd	Spartanburg	Pure Filter	Assembly	242,000
101 Harrison Bridge Rd	Simpsonville	SunLand	Distribution	202,000
140 Caliber Ridge Rd.	Greer	Bosch Security Systems	Distribution	156,000
201 Commerce Court	Duncan	Rochling	Distribution	150,000
2819 Wade Hampton Blvd.	Taylors	Gannett Pacific, Inc.	Distribution	107,000
110 Caliber Ridge Rd	Greer	Cardinal Health	Distribution	104,000
120 Caliber Ridge Rd	Greer	Pilot Freight	Distribution	41,600
SIGNIFICANT 2014 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
White Horse Rd	Greenville	Mid State Tire	\$2,200,000	100,000
108 Progressive Ct.	Greenville	Solar Atmosphere	\$2,500,000	60,000
SIGNIFICANT 2014 CONSTRUCTION COMPLETIONS	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET (% LEASED)
3288 N. Old Laurens Road	Laurens	Uniscite	Q4 2014	300,000
501 Matrix Parkway	Greenville	KI Logistics	Q3 2014	272,000
24 Tyger River Dr	Duncan	Morisette	Q4 2014	97,000
SIGNIFICANT 2014 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
Trellborg	Spartanburg	Trellborg	Q2 2015	430,000
Falling Creek	Spartanburg	FedEx	Q1 2015	350,000
Caliber Ridge	Greer	Bosch & Cardinal	Q1 2015	312,000
2722 White Horse Road & I-85	Greenville	Spec	Q1 2015	300,000
139 Southchase	Simpsonville	Spec	Q2 2015	200,000
Ben Hamby Court	Greenville	Spec	Q1 2015	190,000
Hood Road	Greenville	COTT	Q2 2015	180,000
Wingo Park	Spartanburg	Spec	Q2 2015	175,000
130 Caliber Ridge	Greer	Spec	Q2 2015	156,000
Southchase	Simpsonville	Sterlinger Sahn	Q2 2015	23,500

\* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS