

# MARKETBEAT

# Greenville, SC

Industrial Q1 2017



## GREENVILLE INDUSTRIAL

### Economic Indicators

	Q1 16	Q1 17	12-Month Forecast
Greenville Employment	407k	411k	▲
Greenville Unemployment	5.0%	4.1%	■
U.S. Unemployment	4.9%	4.8%	■

### Market Indicators (Overall, All Property Types)

	Q1 16	Q1 17	12-Month Forecast
Vacancy	7.4%	6.9%	▼
YTD Net Absorption (sf)	830k	515k	▲
Under Construction (sf)	7.1M	1.8M	▲
Average Asking Rent*	\$3.44	\$3.44	■

\*Rental rates reflect net asking \$psf/year

### Overall Asking Rent/Overall Vacancy

4-QTR TRAILING AVERAGE



## Economy

The U.S. added 2.3 million jobs from February 2016 to February 2017 of which 219,000 were in the construction industry. Housing starts increased 6.2% over the same time period. Improving economic fundamentals allowed the Federal Reserve to increase the Fed Funds Rate in March for the third time since December 2015. The Greenville MSA unemployment rate was at 3.7% through February 2017. Locally the construction sector continues to lead the way in the number of new jobs added.

## Market Overview

Greenville/Spartanburg/Anderson remains a strong market with tremendous activity from users and developers with over 4,000,000 MSF of built-to-suit space currently under construction and over 800,000 square feet (SF) of speculative space currently under construction. BMW and their suppliers continue to be a driving factor behind the new construction, however, the market is also reporting significant investment for plastics manufacturing, aerospace, and consumer goods. Developers further remain optimistic that recently completed spec space and rehabilitated space will lease in the near term based on current requirements. 3PL requirements are also active in the market which typically follow manufacturing and large import/export businesses. This trend is new in 2017 as there were not many 3PL lease transactions signed during the past two years.

Pricing is also up over the past two years as both acquisition and development costs are up and the scarcity of product is demanding higher price per SF for building sales. Class A buildings are trading in excess of \$60 per square foot (PSF) and as high as mid \$80's PSF. Class B product is selling in the \$40+ PSF range. This increase in pricing is leading to more owners considering their portfolios for sale. It has also brought several new institutional and private equity groups into the market as deal sizes are now significant enough to justify an entrance.

## Outlook

Cushman & Wakefield | Thalhimer is bullish on 2017. Indicators continue to remain positive for investors and developers as rents and lease terms remain stable for both new and existing buildings. Net absorption, an important indicator, was about 7 MSF last year. Through the first quarter of 2017, the market is tracking over 5 MSF of potential absorption. CAP rates are expected to remain steady and leasing activity will remain strong. Possible headwinds to be aware of will be tied to geopolitical events and potential trade wars that may affect manufacturing.

Cushman & Wakefield | Thalhimer  
Wells Fargo Center  
15 South Main St, Ste 925  
Greenville, SC 29601  
[thalhimer.com](http://thalhimer.com)

For more information, contact:  
Timothy Morris  
Director of Brokerage Services  
Tel: +1 804 344 7161  
[tim.morris@thalhimer.com](mailto:tim.morris@thalhimer.com)

### About Cushman & Wakefield

Cushman & Wakefield is a leading global real estate services firm that helps clients transform the way people work, shop, and live. Our 43,000 employees in more than 60 countries help investors and occupiers optimize the value of their real estate by combining our global perspective and deep local knowledge with an impressive platform of real estate solutions. Cushman & Wakefield is among the largest commercial real estate services firms with revenue of \$5 billion across core services of agency leasing, asset services, capital markets, facility services (C&W Services), global occupier services, investment & asset management (DTZ Investors), project & development services, tenant representation, and valuation & advisory. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

Copyright © 2017 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources considered to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy. Alliance firms are independently owned and operated.