

MARKETBEAT

Greenville, SC

Industrial Q2 2017



GREENVILLE OFFICE

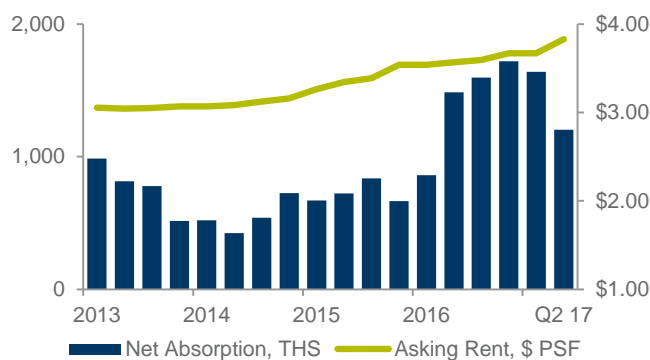
Economic Indicators

	Q2 16	Q2 17	12-Month Forecast
Greenville Employment	409k	411k	▲
Greenville Unemployment	4.7%	4.0%	▼
U.S. Unemployment	4.9%	4.4%	■

Market Indicators (Overall, All Product Types)

	Q2 16	Q2 17	12-Month Forecast
Overall Vacancy	6.7%	6.1%	▼
Net Absorption	3.1M	1.4M	▼
Under Construction	7.3M	4.8M	▼
Overall Average Asking Rent	\$3.53	\$4.17	▲

Overall Net Absorption/Overall Rent 4-QTR TRAILING AVERAGE



Economy

Through the first six months of 2017, the U.S. Economy added over 860,000 jobs and overall the unemployment rate remained under 4.5%. South Carolina added about 32,000 jobs since the start of the year and the Greenville/Spartanburg market added about 5,500. The strong employment gains and low interest rates have continued to be a boom for households as consumers remain optimistic and have money to spend. Locally Greenville/Spartanburg has seen tremendous growth in manufacturing and construction jobs.

Market Overview

The market continues to report strong investor and user activity approximately 1.6 million square feet (msf) of possible speculative activity. This figure considers buildings that are under construction or rumored to be considered for development. As mentioned in the last report, there is about 4.8 msf of space currently under construction and only 400,000 square feet (sf) that is being built on a speculative basis. With the vacancy rate dropping to 6.1% and upward pressure on construction costs, the next wave of development is likely to yield higher rental rates than the past couple years. There is talk the market may be heading to a slowdown, however, the impact may not hit until at least mid 2018 and perhaps beyond. One challenge for the market is the lack of developable industrial land with access to all utilities. Investment by the communities in additional infrastructure for water, sewer and roads is necessary to keep up with future development.

Outlook

Cushman & Wakefield | Thalhimers forecasts 2017 will finish strong and will start 2018 off with solid activity. Several large users are considering taking space in the market and there is not currently much product to accommodate those users. Some of the proposed spec activity will be necessary to attract these users and keep them from considering other markets. Several investment sales in are expected to close in the second half of the year from both new and existing landlords.

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CUSHMAN & WAKEFIELD

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SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD LEASING ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	OVERALL AVERAGE NET RENT (MF)	OVERALL AVERAGE NET RENT (OS)	OVERALL AVERAGE NET RENT (WD)
Anderson	314	22,913,300	16,123	5.2%	8,300	N/A	N/A	N/A
Northern Spartanburg	526	41,203,407	598,378	8.8%	698,766	\$3.19	\$7.54	\$3.58
Southern Spartanburg	176	11,980,560	0	4.9%	64,083	\$2.81	N/A	\$2.00
Greer	271	17,043,664	243,886	4.5%	371,671	\$4.50	\$7.50	\$4.10
Hwy. 290 Corridor	104	8,293,934	317,015	7.2%	152,687	\$3.95	\$7.90	\$3.91
Northern Greenville	401	23,725,738	167,500	9.5%	(232,409)	\$2.73	N/A	\$3.08
I-85 East Greenville	222	9,584,341	155,867	4.1%	(48,346)	\$5.80	N/A	\$5.14
West Greenville	121	3,591,475	38,577	3.7%	(7,372)	N/A	N/A	\$4.25
Southern Greenville	501	34,504,062	284,318	5.0%	373,649	\$3.59	N/A	\$3.36
Outlying Cherokee Laurens Pickens	219	21,009,778	73,097	7.2%	4,301	N/A	N/A	N/A
GREENVILLE TOTALS	2,855	193,850,259	1,894,761	6.1%	1,385,330	\$3.79	\$7.65	\$3.68

*Rental rates reflect asking \$psf/year

MF = Manufacturing OS = Office Services/Flex W/D = Warehouse/Distribution

Key Lease Transactions Q2 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
1201 Woods Chapel Road	198,081	Lear	Lease	Rt 101 Corridor
2988 Green Road	171,600	Rudolph Logistics	Lease	Rt. 101 Corridor
2781 New Cut Road	125,000	Groupo Antolin	Lease	Upper Spartanburg Cty. Ind.
1649 Pearman Dairy Road	115,000	First Quality Tissue	Lease	Outlying Anderson Co. Ind.
961 Berry Shoals Road	80,000	Lemans Karting	Lease	Rt. 101 Corridor
1627 S. Hwy. 14	80,000	Magna Mirrors	Lease	Rt. 14 Corridor
2723 White Horse Road	78,000	JSI Store Fixtures	Lease	W. Greenville Ind.
100 Technology Way	75,000	General Electric	Lease	Laurens County Ind
604 S Alabama Ave	59,320	Ste-Lar Textiles Inc.	Lease	Upper Spartanburg Cty. Ind.
45 Brookfield Oaks Drive	32,000	Caristrap America Inc.	Lease	I-385/Woodruff Rd / Hwy 14
1920 New Cut Road	30,105	Benjamin Thomas Corp	Lease	Upper Spartanburg Cty Ind
2819 Wade Hampton Blvd.	30,000	ZF Transmissions	Lease	Rt. 29 Rutherford Rd Ind.

Key Sales Transactions Q2 2017

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
780 Flatwood Industrial Road	901,350	Johnson Development Group / Eaton Vance Real Estate	\$64,960,343 / \$72	Upper Spartanburg Cty. Ind
200 Masters Blvd	161,155	Exopack Holding Corp / Plasteck Industries Inc.	\$3,800,000 / \$24	Outlying Anderson Co. Ind.
2836 Laurens Road	135,000	Quik Trip Corporation / Aljaouni, Ameen K.	\$2,975,000 / \$22	I-85/Wenwood/ICAR Ind.
15 Pelham Ridge Drive	60,000	Gerald Cafara / Circuit Board Medics	\$3,500,000 / \$58	1-385/Woodruff Rd. / Hwy. 14

Cushman & Wakefield | Thalhimer
Wells Fargo Center
15 South Main St. Suite 502
Greenville, SC 29601
www.thalhimer.com

For more information, contact:
Basil Hallberg
Tel: 804 697 3560
basil.hallberg@thalhimer.com

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