

Industrial Snapshot Q3 2015

Greenville, SC



GREENVILLE OFFICE

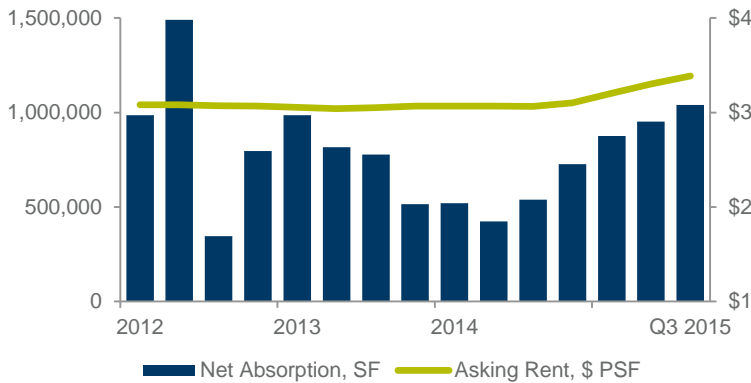
Economic Indicators

| | Q3 14 | Q3 15 | 12-Month Forecast |
|-------------------------|-------|-------|-------------------|
| Greenville Employment | 389k | 401k | ▲ |
| Greenville Unemployment | 5.6% | 5.9% | ▲ |
| U.S. Unemployment | 6.1% | 5.1% | ▼ |

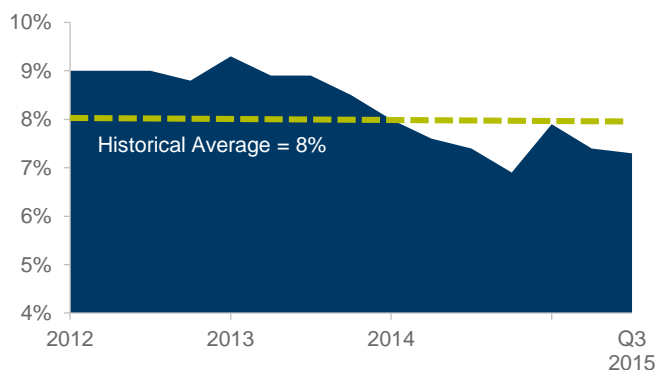
Market Indicators

| | Q3 14 | Q3 15 | 12-Month Forecast |
|-----------------------------|--------|--------|-------------------|
| Overall Vacancy | 7.4% | 7.3% | ▼ |
| Net Absorption | 657k | 1.0M | ▲ |
| Under Construction | 1.6M | 4.8M | ▲ |
| Overall Average Asking Rent | \$3.09 | \$3.44 | ▲ |

Net Absorption/Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

Despite the slowdown in China and the crisis in Greece, the U.S. and South Carolina economy remain on solid ground. The housing market has recovered one year ahead of schedule and inventory is down. Unemployment nationally stands at 5.1% and 5.9% in the Greenville metro area. Finally, higher spending should result for the U.S. family with lower gas and oil prices.

Market Overview

New construction projects are strong in the Upstate including new facilities for companies such as Kobelco, Marley Lilly, Sterling Packaging, Dollar General, and TTI. Simultaneously developers have completed or will soon completely nearly 1.7 million square feet of speculative construction. This begs the question, with so much available class A space, why are so many companies opting to build? What is the disconnect and why are the spec buildings not leasing?

As the Upstate is a manufacturing market, many users require significant building infrastructure. The need for this infrastructure combined with the competitive economic incentives the County and State are able to offer companies creating manufacturing jobs often make the build-to-suit path more cost-effective for companies entering the market. Rising construction costs also make new construction versus retrofitting an existing building more efficient due to economy of scale.

Companies remain slow to spend money, though an overall positive attitude persists in the market. The need to get it exactly right seems to overtake the clock and more deals are taking longer to come to fruition. The average cycle of a deal competed in 2015 is nearly double that of 2014, about 12 months. We anticipate a slow and steady cycle with positive growth for the foreseeable future.

Outlook

The good news for developers is that inevitably current manufacturing projects will lead to warehouse requirements necessitating buildings such as spec buildings. Landlords will have to consider that many warehouse contract terms tend to be one to three years, thus the decision making will be more challenging for landlords on taking a sure short-term lease or waiting for the right user to come later that is willing to sign a longer-term lease. We anticipate higher construction costs going forward and expect interest rates will also rise sometime in 2016. These two factors will likely lead to higher rental rates.

MARKETBEAT

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| SUBMARKET | TOTAL BLDGS | INVENTORY | YTD LEASING ACTIVITY | OVERALL VACANCY RATE | YTD NET OVERALL ABSORPTION | UNDER CNSTR | YTD CNSTR COMPLETIONS | DIRECT WEIGHTED AVG. NET RENT (MF) | DIRECT WEIGHTED AVG. NET RENT (OS) | DIRECT WEIGHTED AVG. NET RENT (W/D) |
|--------------------------|--------------|--------------------|----------------------|----------------------|----------------------------|------------------|-----------------------|------------------------------------|------------------------------------|-------------------------------------|
| Anderson | 503 | 35,331,388 | 742,760 | 5.9% | (184,294) | 1,300,000 | 0 | \$3.00 | N/A | \$3.00 |
| Northern Spartanburg | 511 | 41,180,260 | 1,475,391 | 8.5% | 535,661 | 1,075,000 | 294,200 | \$3.43 | N/A | \$3.38 |
| Southern Spartanburg | 167 | 10,210,260 | 81,051 | 9.7% | 355,690 | 296,000 | 0 | \$2.47 | N/A | \$1.69 |
| Greer | 265 | 16,198,964 | 362,715 | 4.9% | 725,419 | 987,000 | 322,000 | \$4.00 | N/A | \$3.94 |
| Hwy. 290 Corridor | 80 | 7,659,131 | 518,520 | 7.4% | (76,830) | 534,000 | 0 | \$3.04 | \$4.66 | \$3.00 |
| Northern Greenville | 397 | 25,057,422 | 504,740 | 10.6% | 521,511 | 0 | 496,000 | \$2.44 | N/A | \$2.90 |
| I-85 East Greenville | 217 | 9,238,359 | 333,982 | 6.5% | 418,670 | 240,000 | 150,000 | \$3.20 | \$4.50 | \$3.90 |
| West Greenville | 123 | 3,576,660 | 45,612 | 4.9% | (38,124) | 0 | 0 | N/A | N/A | \$5.00 |
| Southern Greenville | 495 | 37,693,516 | 1,092,175 | 7.3% | 356,730 | 412,000 | 23,000 | \$3.17 | N/A | \$5.20 |
| GREENVILLE TOTALS | 2,758 | 186,145,960 | 5,156,946 | 7.3% | 2,614,433 | 4,844,000 | 1,285,200 | \$3.09 | \$4.58 | \$3.56 |

*Rental rates reflect asking \$psf/year

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

Key Lease Transactions Q3 2015

| PROPERTY | SF | TENANT | PROPERTY TYPE | SUBMARKET |
|--------------------------|---------|-----------------|---------------|---------------------|
| 525 Old Piedmont Highway | 260,000 | Kohler | Manufacturing | West Greenville |
| 160 National Avenue | 206,000 | Yusen Logistics | Warehouse | Upper Sptg Cty |
| 220 Commerce Center | 122,000 | Saddle Creek | Distribution | West Greenville |
| 304 John Martin Road | 101,000 | Magna | Manufacturing | Upper Sptg Cty |
| 141 Old Mill Road | 92,000 | Faurecia | Warehouse | I-85/ICAR |
| 1623 S. Highway 14 | 70,000 | Ramborg | Warehouse | Rt 14 Corridor |
| 120 Caliber Ridge | 31,200 | Ariens | Distribution | Greer |
| 65 Brookfield | 25,600 | Vivant | Warehouse | I-385/Woodruff Rd |
| 2819 Wade Hampton Blvd. | 14,000 | Waffle USA Inc. | Warehouse | Rt 29/Rutherford Rd |

Key Projects Under Construction Q3 2015

| PROPERTY | SF | TENANT/SPEC | DEVELOPER | DATE |
|---------------------------------------|-----------|-------------|---------------------|---------|
| TTI | 1,300,000 | TTI | Redrock | Q1 2016 |
| Wingo Park | 175,000 | Spec | Becknell Industrial | Q4 2015 |
| Kobelco Construction Machinery, USA | 173,000 | Kobelco | Kobelco | Q1 2016 |
| Hillside Enterprise Park Building One | 155,000 | Spec | Scannell Properties | Q4 2015 |
| Marleylilly | 69,400 | Marleylilly | Marleylilly | Q1 2016 |

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