

MARKETBEAT

Greenville, SC

Industrial Q3 2018



GREENVILLE INDUSTRIAL

Economic Indicators

	Q3 17	Q3 18	12-Month Forecast
Greenville Employment	570k	589k	▲
Greenville Unemployment	3.9%	3.1%	▼
U.S. Unemployment	4.4%	3.9%	▼

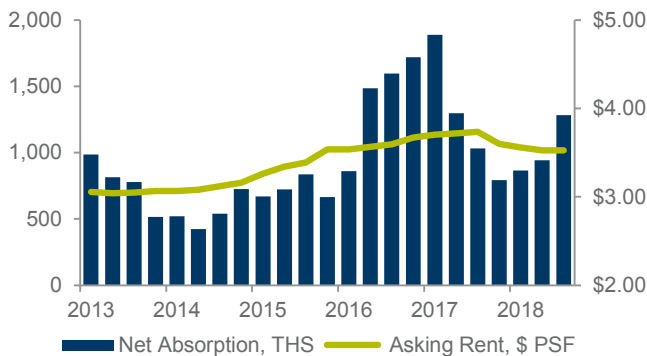
Numbers above are quarterly averages; May 2018 data used to represent Q3 2018

Market Indicators (Overall, All Product Types)

	Q3 17	Q3 18	12-Month Forecast
Overall Vacancy	5.8%	4.8%	▼
Net Absorption (sf)	2.4M	1.9M	▼
Under Construction (sf)	452k	3.6M	▲
Average Asking Rent	\$3.63*	\$3.63*	■

*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Rent 4-QTR TRAILING AVERAGE



Economy

Second quarter 2018 GDP growth was a robust 4.2% for the U.S., which was one of the strongest quarters since the expansion began. Massive tax cuts and government spending increases are helping bolster the growth. The national unemployment rate continues to drop below 4.0% showing no signs of downshifting. Locally the rate hovered around 3.1% throughout the quarter. A major shock would need to occur in order to derail the U.S. economy which remains firmly on track.

Market Overview

Greenville and Spartanburg remain very healthy with tremendous activity and new development. There are several large 1.0 million square foot (msf) users considering the market. In addition, there are many other smaller companies that are here and need to expand. There is demand from many of these users to occupy buildings within six to nine months which does not leave enough time for a full build to suit, which can take 12 to 15 months. That said, we are tracking over 5.0 msf of speculative space that has been delivered, is under construction or is planned with construction set to begin in the fourth quarter of 2018. This will help to alleviate the shortage of available space. We expect between 2.0 msf and 2.5 msf of this speculative space to be leased by the end of the year.

Vacancy continued to drop in third quarter 2018 as several of the speculative buildings were later delivered than expected. Rental rates also appear to have stabilized the past 12 months for both new construction as well as the second generation buildings that have come online. Developers and users alike are also watching national trends that include 36-foot or higher ceilings, more employee parking as well as trailer parking requirements, automation and the technology infrastructure that is demanded and sites that can accommodate all of the necessary infrastructure.

Outlook

Fourth quarter 2018 is expected to be active in terms of leasing and absorption, which should carry into the first quarter of 2019. We believe rents will remain stable for the balance of the year and there will be some additional speculative product announced by the end of the year that is not yet being tracked.

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CUSHMAN & WAKEFIELD

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SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD LEASING ACTIVITY (SF)*	OVERALL VACANCY RATE	OVERALL NET ABSORPTION (SF) CURRENT QUARTER	OVERALL AVERAGE NET RENT (MF)**	OVERALL AVERAGE NET RENT (OS)**	OVERALL AVERAGE NET RENT (WD)**
Anderson	326	23,630,344	247,640	3.0%	288,003	\$3.34	\$5.36	\$3.59
Northern Spartanburg	531	41,750,679	792,031	6.6%	546,034	\$3.34	\$5.36	\$3.59
Southern Spartanburg	180	12,939,589	0	7.9%	57,050	\$3.34	\$5.36	\$3.59
Greer	279	17,887,394	725,674	1.6%	508,830	\$3.34	\$5.36	\$3.59
Hwy. 290 Corridor	88	9,717,690	477,180	9.3%	197,780	\$3.34	\$5.36	\$3.59
Northern Greenville	392	22,434,686	233,600	4.1%	190,054	\$3.34	\$5.36	\$3.59
I-85 East Greenville	223	9,737,605	270,039	3.7%	68,677	\$3.34	\$5.36	\$3.59
West Greenville	122	3,618,533	95,077	2.2%	-813	\$3.34	\$5.36	\$3.59
Southern Greenville	512	3,485,7415	624,462	4.2%	34,188	\$3.34	\$5.36	\$3.59
Outlying Cherokee Laurens Pickens	250	21,270,020	70,400	5.4%	-21,660	\$3.34	\$5.36	\$3.59
GREENVILLE TOTALS	2,903	197,843,955	3,536,103	4.8%	1,868,143	\$3.34	\$5.36	\$3.59

*Only includes buildings 20,000 SF and larger

**Rental rates reflect asking \$psf/year

MF = Manufacturing

OS = Office Services/Flex

WD = Warehouse/Distribution

Key Lease Transactions Q3 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
1631 S. Highway 14	100,000 SF	Kimberly Clark	New	Rt. 14 Corridor Ind.
199 Black Hawk Road	58,600 SF	Landair	New	West Greenville Ind.
790 Duncan Reidville Road	40,000 SF	American Alue Pack	New	Rt. 101 Corridor Ind.
2980 Green Road	34,000 SF	ABB Group	New	Rt. 101 Corridor Ind.
36 Pelham Ridge Drive	33,450 SF	Greenville Hospital System	New	I-385/Woodruff Rd/Hwy 14 Ind
4260 Orchard Park Blvd.	32,500 SF	Austin Industrial	New	Upper Spartanburg Cty Ind

Key Sales Transactions Q3 2018

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
5795 N. Blackstock Road	342,630 SF	Johnson Dev./ Lexington Realty Trust	\$27,550,000/\$80	Upper Spartanburg Cty Ind
325 Wilcox Avenue	336,300 SF	Wellstone Holdings / Green Tech Solution, LLC	N/A	Cherokee County Ind
1610 Old Grove Road	331,845 SF	Lwv Augusta Grove 17/Nht Augusta Grove 17	\$21,050,000/\$63	I-85 S. Donaldson Ind
223 Pine Road	66,645 SF	Reid Bonnie Living Trust/ Jones Land Co.	\$2,250,000/\$34	Outlying Anderson Co. Ind
1089 Park West Blvd.	65,000 SF	Grove Associates/Brabham Oil Co.	\$3,900,000/\$60	West Greenville Ind
101 Pelham Davis Circle	32,300 SF	Megadyne America Inc./Augusta Arbor, LLC	\$1,600,000/\$50	I-385/Woodruff Rd/Hwy 14 Ind

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