

# MARKETBEAT

## Greenville

### Retail Q4 2017



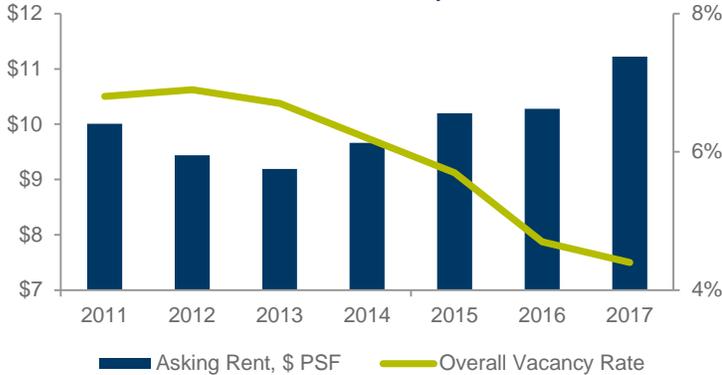
#### ECONOMIC INDICATORS

National	Q4 16	Q4 17	12-Month Forecast
GDP Growth	1.8%	2.3%*	▲
CPI Growth	1.8%	2.0%*	▲
Consumer Spending Growth	2.8%	2.6%*	▼
Retail Sales Growth	3.7%	4.3%*	▲

\*Q3 values Forecasted by Cushman & Wakefield. Values represent year-over-year % change.

Regional	Q3 16	Q3 17	12-Month Forecast
Household Income	\$51,488	\$53,455	▲
Population Growth	1%	1%	■
Unemployment	3.9%	3.6%	▼

#### Overall Rental Rate vs. Overall Vacancy



#### Market Overview

Continued grocery expansions in multiple states from the Sprouts label include the Southeast. The Simpsonville store makes SC their 16<sup>th</sup> state since the October announced expansion. The long-time vacant Greenville Memorial Auditorium site is getting a face-lift. Recently purchased, its prime location and planned mixed use development will bring a fresh look to the Central Business District's (CBD) entrance. Supplying the workforce of the Pettigru District with much needed retail within steps, instead of blocks. FINALLY. With the type of growth the CBD has seen in the past 10 years, rents are increasing while new space and buildable land are becoming scarce. Tenants are widening their scope, landing them outside the CBD to lock in lower rents. Although substantially lower than the National average, sustaining high rents at \$20 to \$30 per square-foot (sf) will become difficult. Spartanburg is seeing a major Downtown boom of their own: many would say was needed decades ago. Although we have seen recent population and job growth there, we are not seeing any correlation in rent growth. Rents range \$10 to \$20 per sf in the CBD, Power Centers, and Super Regional Mall.

#### Outlook

Although we have seen the number of job openings remain steady throughout the US, we are seeing the lack of qualified workers becoming a big concern for the small business owner (SBO). Leading to a National trend, this shortage has prompted many SBO's to raise compensation; leading to "the second highest" raise in history since March of 2000, according to the National Federation of Independent Business (NFIB). Leading to the SBO's becoming more confident in the economy and workers being the beneficiaries. Garrick Brown, Cushman & Wakefield VP of Retail Research for the Americas, says if the rally in sales we saw during the holiday season doesn't continue in the 1<sup>st</sup> and 2<sup>nd</sup> quarters, we will most likely see key retailers filing for bankruptcy. According to Bloomberg, coming out of the Holiday season, Amazon accounted for 89% of online spending from Thanksgiving through Christmas. That's right: Eighty. Nine. Percent. While some retailers are struggling to find steady ground in this new era of retail, others are investing in new technology, stores and programs. Surprisingly, Circuit City recently announced at a Consumer Technology Association press conference they will be relaunching in February. 2018 is looking to be the year of the Robot and Artificial Intelligence.

#### Economy

2017 saw strong asset price escalation as the Dow was up 25%, S&P up 19% and real estate continued to see higher returns with rising rents and falling CAP rates. Greenville/Spartanburg mirrored the national economy for job growth, declining unemployment and rising rental rates and lower CAP rates. We believe the market will continue to expand and create solid returns for investors. We also expect the tax reform will have a positive impact on corporations and occupiers in the long term.

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#### About Cushman & Wakefield

Cushman & Wakefield is a global leader in commercial real estate services, helping clients transform the way people work, shop, and live. The firm's 43,000 employees in more than 60 countries provide deep local and global insights that create significant value for occupiers and investors around the world. Cushman & Wakefield is among the largest commercial real estate services firms in the world with revenues of \$5 billion across core services of agency leasing, asset services, capital markets, facilities services (branded C&W Services), global occupier services, investment management (branded DTZ Investors), tenant representation and valuations & advisory. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @Cushwake on Twitter.

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