

GREENVILLE OFFICE

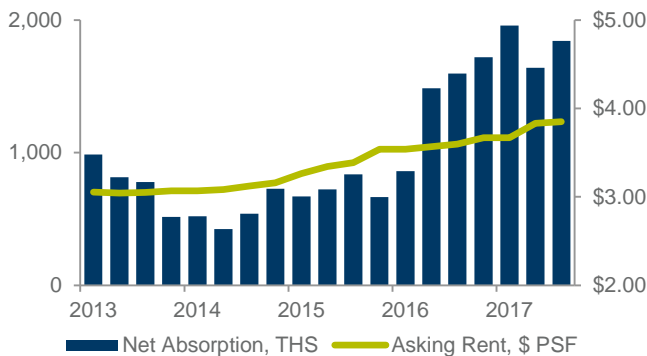
Economic Indicators

	Q3 16	Q3 17	12-Month Forecast
Greenville Employment	411k	415k	▲
Greenville Unemployment	4.1%	3.5%	■
U.S. Unemployment	4.9%	4.4%	▼

Market Indicators (Overall, All Product Types)

	Q3 16	Q3 17	12-Month Forecast
Overall Vacancy	6.9%	5.8%	▼
YTD Net Absorption	5.5M	6.0M	▲
Under Construction	3.6M	280k	▼
Overall Average Asking Rent	\$3.55	\$3.63	▲

Overall Net Absorption/Overall Rent  
4-QTR TRAILING AVERAGE



Economy

Third quarter 2017 reported more overall positive news for the U.S. and local economies. Employment in Greenville continued to grow and the unemployment rate has leveled off as the market appeared to be at full employment. Nationally, the U.S. showed a loss of jobs in September primarily based on the two hurricanes that hit Texas and Florida. It is expected the employment gains will pick back up in Q4 and interest rates will remain low, although the Federal Government may raise the primary rate at the December meeting.

Market Overview

Recent demographic reporting suggested there are about 1,400 people moving to the Upstate each month which is a great trend for many of the employers that continue to grow and expand and require more labor. The market has reported a significant amount of industrial demand since 2014 and this demand is expected to proceed into 2018. There are also a number of new developers interested in the region and many have plans to build speculative buildings between 150,000 and 600,000 square feet (sf) around the market. As the vacancy rate continued to drop, and with the amount of demand currently tracked, new speculative product will be a critical component to continue momentum.

The underlying fundamentals remained strong with low interest rates and cap rates that continue to drop for institutional quality product. There will be a sub 6% cap closing in early fourth quarter of 2017. Rental rates continued to rise in the market. Construction costs have increased and as a result, the cost for a new building is up 15 to 20% over the past couple years. Tenants also demand more amenities such as trailer parking, 30'+ ceiling height, more employee parking, energy efficiency and access to retail corridors with restaurants and hotel rooms.

Outlook

The market is optimistic going into 2018 and many of the speculative deliveries are forecasted to materialize allowing for many new users to locate here. Interest rates are predicted to increase next year, however, many of the current trends will continue such as declining vacancy and increasing rental rates. Things to watch include property taxes, especially within city boundaries, OPEX increases and additional investment by municipalities for roads, water and other utilities. Many retailers are expected to shift more of their sales to online sources which will place additional demand for warehouse solutions to solve the "last mile" challenge. Cushman & Wakefield is watching this trend very closely and believes this "New Commerce" will demand retailers better utilize the distribution channels to reach the end customer.

# MARKETBEAT

## Greenville, SC

Industrial Q3 2017



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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	318	23,051,878	261,023	4.1%	332,760	N/A	N/A	N/A
Northern Spartanburg	397	31,321,180	1,059,535	9.0%	1,118,403	\$3.35	\$5.40	\$3.23
Southern Spartanburg	177	12,210,560	18,000	4.5%	334,083	\$2.81	N/A	\$2.00
Greer	270	16,632,741	749,167	1.7%	860,611	\$4.65	\$6.25	\$3.10
Hwy. 290 Corridor	83	8,700,699	417,515	4.7%	341,769	\$3.95	\$6.40	\$3.21
Northern Greenville	397	22,736,762	233,315	9.1%	-156,065	\$2.85	N/A	\$3.08
I-85 East Greenville	222	9,590,887	215,315	5.1%	-137,315	\$5.85	N/A	\$4.35
West Greenville	121	3,591,712	44,992	3.7%	-7,371	N/A	N/A	\$4.20
Southern Greenville	498	34,594,007	677,799	5.6%	173,491	\$3.75	N/A	\$3.10
Outlying Cherokee   Laurens   Pickens	60	25,806,364	246,520	10.5%	3,154,088	N/A	N/A	N/A
<b>GREENVILLE TOTALS</b>	<b>2,543</b>	<b>188,236,790</b>	<b>3,923,181</b>	<b>5.8%</b>	<b>6,014,454</b>	<b>\$3.89</b>	<b>\$6.02</b>	<b>\$3.28</b>

\*Rental rates reflect asking \$psf/year

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

### Key Lease Transactions Q3 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
310 Genoble Road	500,000	Plastic Omnium Auto Exteriors	Lease	Rt. 101 Corridor Ind.
200 GSP Logistics Parkway	279,000	BMW	Lease	Rt. 290 Corridor Ind.
141 Southchase Blvd	205,738	Tower International	Lease	I-385/Simpsonville Ind.
257-399 Apple Valley Road	156,000	GAP	Lease	Rt. 101 Corridor Ind.
1335 Hayne Street	100,000	Walmart	Lease	North Side/Rt. 9 Corridor Ind.
5455 N. Blackstock Road	97,100	Newark	Lease	Upper Spartanburg Cty. Ind.
710 Duncan Reidville Road	60,000	Unknown Tenant	Lease	Rt. 101 Corridor Ind.

### Key Sales Transactions Q3 2017

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
545 Brookshire Road – Bldg 1	240,101	Beacon Partners / Gramercy Property Trust, Inc	\$7,965,950 / \$33	Rt. 101 Corridor Ind.
160 Discovery Drive	71,620	Longleaf Holdings LLC / GVC Realty Ltd	\$3,622,560 / \$51	West Side Ind.
297 Commerce Rd	58,245	297 Commerce, LLC / GVC Realty, LTD	\$2,400,000 / \$41	West Greenville Ind.
Pelham Road at Highland	48,000	Taconic Capital / Somera Road, Inc.	\$8,000,000 / \$167	Pelham Rd.

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#### 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.

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