

MARKETBEAT

Greenville, SC

Industrial Q1 2018



GREENVILLE INDUSTRIAL

Economic Indicators

	*Q1 17	*Q1 18	12-Month Forecast
Greenville Employment	414k	422k	▲
Greenville Unemployment	4.0%	4.0%	■
U.S. Unemployment	4.7%	4.1%	▼

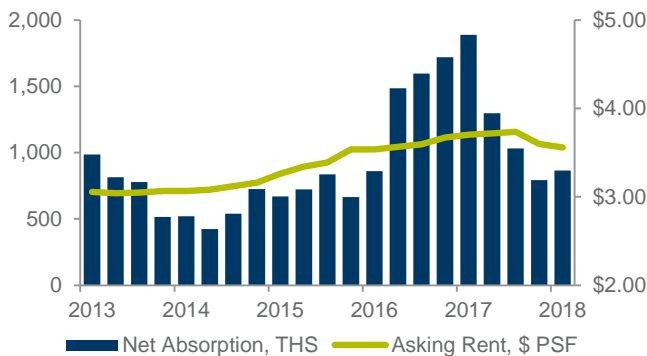
*Numbers above are quarterly averages; Jan 2018 data used to represent Q1 2018

Market Indicators (Overall, All Product Types)

	Q1 17	Q1 18	12-Month Forecast
Overall Vacancy	6.9%	5.5%	▼
Net Absorption (sf)	515k	1.8M	▲
Under Construction (sf)	5.0M	2.5M	▼
Average Asking Rent	\$3.44	\$3.43	▼

*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Rent 4-QTR TRAILING AVERAGE



Economy

The U.S. Economy has been on a hiring binge through Q1 2018 averaging over 200,000 jobs each month and totaling almost 750,000 since the start of the year. Locally, Greenville Spartanburg has added almost 13,000 new jobs since the start of 2017. There are some headwinds going forward as interest rates have risen since Q4 2017, the stock market has become more volatile and the new tariffs on imports may lead to an increase in the cost of goods made overseas or new tariffs on U.S. made goods. Overall the local and national economies are strong and should remain steady during 2018.

Market Overview

Currently the Greenville/Spartanburg market has approximately 3.8 million square feet (msf) of industrial spec product either under construction or proposed. With nearly 3.0 msf of users in market, demand remains strong and seems to support the gamble developers are taking. Additionally, with staggered scheduled delivery dates it is possible over the next 12 months that much of the space will be leased prior to building completion. Developers and brokers continue to look for viable land sites, with lack of utilities still being the biggest hurdle. Despite support from local governments, there is a struggle to keep up with the growing demand for additional infrastructure. The basic fundamentals of real estate still apply with location driving rates and transactions.

Outlook

South Carolina will remain a strong place for business and industry growth. The manufacturing-based economy will sustain it's growth despite headwinds on the horizon: rising interest rates, potential tariffs, and the looming inevitable end of the economic boom. The Upstate's geographic location on the I-85 corridor, proximity to the major city of Atlanta and financial hub in Charlotte as well as the existing port infrastructure in Greer, remain permanent assets. Not to forget the BMW assembly plant in Greer where every X model in the world is assembled. As the most popular model for BMW, it's drives the way for South Carolina's ranking among the top states in the nation for exports.

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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)	*OVERALL AVERAGE NET RENT (MF)	*OVERALL AVERAGE NET RENT (OS)	*OVERALL AVERAGE NET RENT (WD)
Anderson	320	23,176,130	7,200	4.4%	-29,975	\$1.67	\$4.84	\$2.69
Northern Spartanburg	530	41,715,045	59,378	7.6%	311,543	\$3.03	\$4.84	\$3.03
Southern Spartanburg	181	12,976,158	686,763	5.4%	463,232	\$2.39	\$4.84	\$2.39
Greer	274	16,986,548	26,266	1.1%	84,890	\$4.08	\$4.84	\$4.08
Hwy. 290 Corridor	85	8,919,205	6,400	6.6%	-174,000	\$4.00	\$4.84	\$4.00
Northern Greenville	397	22,839,921	29,250	7.0%	364,585	\$2.92	\$4.84	\$2.92
I-85 East Greenville	221	9,573,657	212,807	4.3%	-74,668	\$5.27	\$4.84	\$3.27
West Greenville	121	3,591,712	56,549	3.5%	-7,030	\$3.88	\$4.84	\$3.88
Southern Greenville	508	34,978,399	156,328	5.2%	654,186	\$3.84	\$4.84	\$3.84
Outlying Cherokee Laurens Pickens	113	16,123,584	554,178	5.4%	208,228	\$1.00	\$4.84	\$3.10
GREENVILLE TOTALS	2,750	190,880,359	1,795,119	5.5%	1,800,991	\$3.21	\$4.84	\$3.32

*Rental rates reflect asking \$psf/year

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

Key Lease Transactions Q1 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
120 Orion Street	320,000	Electrolux	New	I-85 South / Donaldson
112 Hidden Lake	313,000	AFL	New	Rt. 290 Corridor
1610 Old Grove Road	252,385	Android	New	I-85 South / Donaldson
White Horse Spec	156,000	OOBE	New	West Side Greenville
1428 Old Stage Road	80,000	Kimura	New	I-85 / Wenwood / ICAR
Fryml Drive	75,000	Cooper Standard	New	North Side / Rt. 9 Corridor
25 Brookfield Oaks Drive	45,600	Koop's	New	I-385 / Woodruff Rd. / Hwy. 14

Key Sales Transactions Q1 2018

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
625 South Old Piedmont Hwy.	400,000	Standard / Reger	\$6,800,000 / \$17	I-85 South / Donaldson
50 Beechtree Blvd.	243,500	Ellcon / ITW	\$8,250,000 / \$34	I-85 South / Donaldson
201 Forrester Drive Bldgs. Portfolio	168, 647	BMW Associates / Suncap Property Group	10,543,839 / \$61	I-85 / Wenwood / ICAR

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